Brand, Rachel

From:	Brand, Rachel
Sent:	Tuesday, July 11, 2006 9:20 AM
To:	Gorsuch, Neil M; Taylor, Jeffrey (OAG); Moschella, William; Eisenberg, John
Cc:	Macklin, Kristi R
Subject:	FW: FT Article re Haynes
Attachments:	tmp.htm
Importance:	High

Don't want to bother Steve with this right now since he's about to testify.
You guys know anything about this?

-----Original Message-----
From: Macklin, Kristi R
Sent: Tuesday, July 11, 2006 9:18 AM
To: Brand, Rachel
Subject: FW: FT Article re Haynes
Importance: High

Did this come up at all in am meeting? I assume it will impact Steve's testimony

-----Original Message-----
From: [redacted]@judiciary-rep.senate.gov [mailto:[redacted]@judiciary-rep.senate.gov]
Sent: Tuesday, July 11, 2006 9:13 AM
To: Scott-Finan, Nancy; Macklin, Kristi R
Subject: FT Article re Haynes
Importance: High

Do we know if Haynes will be prepared to, able to, comment on this story? Will the Admin even confirm or deny the substance by this afternoon?

US reverses policy on military detainees

By Demetri Sevastopulo in Washington

Financial Times

Published: July 11 2006 05:39 | Last updated: July 11 2006 05:39 <http://www.ft.com/cms/s/e1de1572-1089-11db-8eec-0000779e2340.html>
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The Pentagon has decided in a major policy shift that all detainees held in US military custody around the world are entitled to protections under the Geneva Conventions, according to two people familiar with the move.

The FT has learned that Gordon England, deputy defence secretary, sent a memo to senior defence officials and military officers last Friday, telling them that Common Article 3 of the Geneva Conventions - which prohibits inhumane treatment of prisoners and requires certain basic legal rights at trial - would apply to all detainees held in US military custody.

This reverses the policy outlined by President George W. Bush in 2002 when he decided members of al-Qaeda and the Taliban did not qualify for Geneva protections because the war on terrorism had ushered in a "new paradigm...[that] requires new thinking in the law of war".

The policy U-turn comes on the heels of the Supreme Court ruling last month that the military commissions Mr Bush created to try prisoners at Guantanamo Bay contravened both US law and the Geneva Conventions.

The White House had argued that Mr Bush, as commander-in-chief, had the authority to convene the military commissions. Critics who rejected this interpretation said the commissions were unjust because, for instance, defendants were unable to see all the evidence levelled against them.

In a stunning rebuke of Mr Bush, the Supreme Court ruled 5-3 that his administration had overshot its authority in constituting the controversial commissions, concluding that they did not offer defendants sufficient legal rights.

The court also suggested that the administration work with Congress to reach a solution that would address the problems, including the introduction of evidence.

Arlen Specter, the Republican chairman of the Senate judiciary committee, is scheduled on Tuesday to kick off a series of Congressional hearings that will examine the Supreme Court ruling in the case of Salim Ahmed Hamdan - the former driver of Osama bin Laden who became the first detainee brought before a military commission - and its implications for dealing with the 450 detainees remaining at the Guantanamo.

In the wake of the Supreme Court decision, legal experts had disagreed about whether the ruling meant that Geneva protections should be given to only those detainees brought before the military commissions, or to all detainees held at Guantanamo Bay and other US military detention facilities around the world.

That question now appears moot in light of the Pentagon move. Congress could conceivably still rewrite US law to eliminate the Geneva protections, but such a move would generate huge international criticism.

"This memo was a prudent and responsible thing to do," said a former Bush administration official with knowledge of the memo.

"Humane treatment is at the centre of the Pentagon's directives and procedures, but the court's ruling expanded previous understanding of the applicability of Common Article 3 so this memo was an important next step. It is now up to Congress to provide statutory clarity if possible."

The move, which comes as Mr Bush gets ready to leave Washington for the G8 summit in Russia, is likely to be well received by his allies, including the UK, who have been very critical of Guantanamo Bay.

Alberto Mora, the former Navy judge-advocate general who was one of the most vocal internal critics of the Pentagon's detainee policies, told the FT the move was a "marvellous development".

"We have gained ground with the Detainee Treatment Act, with the Supreme Court [Hamdan] decision and with other intervening steps," said Mr Mora.
"But there is no question that this will be very well regarded both by the general public overseas and with our traditional allies and will strengthen to wage successful the war on terror."

The Pentagon has maintained that it treats detainees humanely, and investigates abuses when they come to light. In addition to international and domestic criticism following the Abu Ghraib prison scandal, however, the US military has come under renewed scrutiny recently following allegations that marines murdered 24 Iraqi civilians in Haditha last year and then covered up the incident.

The Pentagon is also investigating a separate allegation that US soldiers raped a young Iraqi woman, before murdering her and three family members, including a young girl.

The policy reversal reflects the increased difficulty the administration is having defending its view that Mr Bush should have unfettered ability to prosecute the war on terror.

In December, the White House lost another major policy battle after John McCain, the Arizona senator, essentially forced the administration to accept his Detainee Treatment Act which prohibited torture. Vice President Dick Cheney and David Addington, one of his top policy advisers, had opposed Mr McCain's legislation.

While Mr Bush declined to apply the Geneva conventions to Taliban and al-Qaeda captives, he ordered in 2002 that "detainees be treated humanely and, to the extent appropriate and consistent with military necessity, in a manner consistent with the principles of Geneva". But his critics argued that the wording of his order provided large loopholes that could be exploited to abuse prisoners.

While the Pentagon order applies to all detainees held by the US military, it does not apply to prisoners held outside the military detention system, such as Khaled Sheikh Mohammed, the alleged mastermind of the September 11 attacks who is being held in a secret Central Intelligence Agency prison. But the Pentagon move could increase pressure on the administration to re-examine CIA detention policies and practices.

The Pentagon memo, which requires senior military officers to ensure that their detention and interrogation policies are compliant with Common Article 3, was ordered by William Haynes, the Pentagon general counsel, who has attracted criticism for his role in developing controversial interrogation techniques.

Mr Haynes, who has been nominated to become a federal judge, faces a critical nomination hearing on Capitol Hill on Tuesday. Until now, he has consistently sided with Mr Cheney in internal disputes in arguing prisoners captured in the war on terror should not receive Geneva protections.

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McKenzie, Peggy (CIV)

From:	McKenzie, Peggy (CIV)
Sent:	Tuesday, July 11, 2006 11:29 AM
To:	Agarwal, Asheesh (CRT); Bahr, Dorothy (CIV); Baxter, Felix (CIV); Bordeaux, JoAnn (CIV); Bucholtz, Jeffrey (CIV); Calvert, Chris (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fishback, David (CIV); Flentje, August (CIV); Fowler, Liane (SMO); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Goldberg, Arthur (CIV); Gorsuch, Neil M; Gray, Towanda (CIV); Hertz, Michael (CIV); Hollis, Robert (CIV); Hudson, Lewis (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennings, Geraldine (CIV); Katsas, Gregory (CIV); Keener, Donald (CIV); Kent, Alexander (CIV); Kohl, Christine (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Liner, Linda (CIV); Lloyd, Shirley (CIV); Lucas, Regina E. (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Schiffer, Stuart (CIV); Shannen Coffin; Shaw, Aloma A; Swenson, Lily F; Thirolf, Eugene; Williams, Angela (CIV); Williams, Toni (CIV); Willis, Kerry (CIV); Zwick, Ken (CIV)
Subject:	7/11 CIV Weekly Report to the AG
Attachments:	CivDivWkly0711.wpd

U.S. Department of Justice

Civil Division

Assistant Attorney General *Washington, D.C. 20530*

July 11, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Peter D. Keisler
Assistant Attorney General

SUBJECT: Civil Division Weekly Report to the Attorney General

A. NEXT WEEK

- No items to report.

B. THIS WEEK

- ***Trial to Begin in Personal Injury Action Involving Four Women Who Went over a Dam***
  Carrie McMellon, Lori Dawn White, Kathy D. Templeton, and Cheri Call v. United States [Southern District of West Virginia] (Judge Goodwin). On July 11, trial will begin in this case involving an August 1999 accident where the plaintiffs, on two personal water craft, went over the Robert C. Byrd dam on the Ohio River in West Virginia. They argue that the 1995 removal of buoys upstream of the dam, and inadequate or obscured warning signs, caused their accident. On motion of the United States, the district court dismissed the case in 2002 on lack of duty grounds. The court also held that the discretionary function exception did not apply to admiralty actions in the 4th Circuit. Plaintiffs appealed and, in 2003, a panel of the 4th Circuit Court of Appeals agreed that the discretionary function exception was not available, reversed the district court's duty finding, and remanded. The United States was granted a rehearing *en banc* and, in 2004, the Court of Appeals held that the discretionary function exception now applies in that

Circuit, and remanded the case to the district court. On remand, the United States moved the district court to reconsider the United States' prior motion in light of the *en banc* decision. The district court granted the United States' motion on the buoy issue on discretionary function grounds, but largely relying on the vacated 4th Circuit panel decision, denied the motion regarding the sign issue on discretionary function and duty issues. Trial is expected to last three to four days.

C. LAST WEEK

- ***District Court Orders Continuation of Limited Assistance for Katrina Evacuees but Otherwise Dismisses Evacuees' Claims***
  Beatrice B. McWaters v. Federal Emergency Management Agency [Eastern District of Louisiana]. On June 16, Judge Stanwood R. Duval, Jr., dismissed nearly all of plaintiffs' claims. Plaintiffs, approximately four dozen Hurricane Katrina evacuees, alleged various errors and illegal actions by the Federal Emergency Management Agency (FEMA) in administering housing assistance for Katrina victims. They pled seventeen causes of action for violation of the Robert T. Stafford Disaster Relief and Emergency Assistance Act and the Due Process Clause.

  The court entered a preliminary injunction on December 12, 2005, regarding two of plaintiffs' claims, ordering FEMA to continue its hotel program for Katrina evacuees throughout the country and prohibiting the agency from requiring any applicant to apply for a loan from the Small Business Administration (SBA) in order to receive housing assistance under the Stafford Act. Following a two-day trial on plaintiffs' claims in February, the court's final order and opinion reiterates its earlier order regarding the hotel program and the lack of any requirement to apply for an SBA loan, but dismissed all of plaintiffs' other claims. Most notably, the court rejected plaintiffs' allegations that the pace of FEMA's processing of requests for housing assistance violated the Stafford Act and the Constitution, that the agency failed to provide certain types of notice to applicants, that the agency illegally denied assistance when other members of the same pre-disaster household had already received assistance, and that the agency's local rates for housing assistance illegally failed to reflect market conditions. The order significantly narrows the application of its earlier holding regarding the scope of the Stafford Act's non-liability provision, which will be helpful in any future challenge to FEMA's processing of applications for housing assistance.

- ***AT&T Settles General Services Administration Fraud Case for $2.9 million***
  United States ex rel. JA Russo Associates, Inc. v. AT&T Corporation, Civil Action No. 04-1142-DOC (FMOx)[C.D. Cal.]. On June 27, AT&T Communications-East, Inc. paid the United States $2,946,000 as part of a settlement of False Claims Act allegations. The complaint alleged that AT&T defrauded the General Services Administration by inflating the Presubscribed Interexchange Carrier Charges that AT&T passed through to the Government under the FTS 2000 Bridge contract.

- ***Seventh Circuit Rules that Board May Rely on FBI Rap Sheet As Proof of Alien's Prior Drug Conviction***
  Rosales-Pineda v. Gonzales [7th Cir.]. On June 19, the Seventh Circuit held that the Board could rely upon an FBI rap sheet to prove a drug conviction, even though a rap

sheet is not among the documents listed in 8 U.S.C. § 1229a(c)(3)(B) as acceptable for proof of a conviction for removal. The Court deferred to the Board's interpretation of its regulation at 8 C.F.R. § 1003.41(d), which is broader than the statute. The rap sheet was not used to establish by clear and convincing evidence the fact of a drug conviction for removal, but the rap sheet "reasonably indicated the existence of a criminal conviction" for discretionary relief.

- ***Second Circuit Remands Asylum Claim for Explanation Why Wife Was Denied Asylum on Same Facts As Husband Who Was Previously Granted***
  Zhang v. Gonzales [2nd Cir.]. On June 21, the Second Circuit denied in part and granted in part a petition for review filed by a Chinese woman who had sought asylum and withholding of removal based on past persecution for "union activities" and alleged fear of future persecution due to China's "One Child Policy." The court ruled that the past persecution was economic and personal in nature. Addressing the claimed fear of future persecution, the Court ruled that the Board of Immigration Appeals did not address the fact that the alien's husband had previously been granted asylum on the very same facts that alien had based her claim on even though it knew about this. The court remanded for further review by the Board in light of the relief afforded to alien's husband.

- ***Eleventh Circuit Holds that* Buckhannon*'s Rejection of the Catalyst Theory for Purposes of Determining "Prevailing Party" Status in Fee-Shifting Cases Applies to the Equal Access to Justice Act***
  Morillo-Cedron v. District Director [11th Cir.]. On June 21, the Eleventh Circuit reversed an award of attorneys' fees under the Equal Access to Justice Act (EAJA). Plaintiffs filed a complaint for mandamus, seeking to compel the United States Citizenship and Immigration Service to act on their applications for adjustment of status. After receiving the complaint, the Service voluntarily processed the applications. The district court dismissed the case as moot, but awarded plaintiffs fees on the theory that their lawsuit acted as a catalyst in their achieving the relief they sought. The Eleventh Circuit reversed, holding that the Supreme Court's decision in *Buckhannon* applies to EAJA and bars awards of attorneys' fees under these circumstances.

- ***NASA Scientist Pays a $7,500 Penalty for Conflict of Interest Violation***
  On June 23, now-retired NASA scientist, William L. Smith, Sr., paid a $7,500 civil penalty under 18 U.S.C. §§ 208(a) and 216(b), to resolve allegations that he had engaged in employment discussions with the University of Wisconsin while he remained responsible as Principle Investigator on two University of Wisconsin contracts.

- ***Ninth Circuit Holds Battery Conviction for Beating Wife Was not Crime of Domestic Violence***
  Cisneros-Perez v. Gonzales [9th Cir.]. On June 26, the Ninth Circuit remanded the case to the Board to determine if the alien was otherwise eligible for cancellation and merited a favorable exercise of discretion. The alien had been convicted under California's Sec. 242 battery statute and had admitted in his cancellation application that the victim was his wife. The Board found that he had been convicted for a "crime of domestic violence," which rendered him ineligible for cancellation. The majority, relying on language in *Tokatly v. Ashcroft*, held that only the conviction record could be examined under the modified categorical approach to determine the nature of the crime, that the record did not

state that the victim was his wife, and therefore the Board erred in classifying the crime as "domestic."

- ***Challenge to Firearms Bureau Policy on Expungement of Convictions Dismissed***
Kegler v. Department of Justice [District of Wyoming]. On June 27, Judge Alan B. Johnson dismissed a lawsuit challenging a Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) interpretation of a Wyoming expungement statute, which ATF concludes does not meet the federal standard for expungement. Plaintiff was convicted in 2001 of a misdemeanor crime of domestic violence in Wyoming state court. Under the Brady Act, he would be prohibited from purchasing firearms unless he receives a pardon, set aside, or expungement of his conviction. While Wyoming passed an expungement law designed only to restore firearms rights, it continues to allow expunged convictions to be used by criminal justice and law enforcement agencies for purposes such as sentencing enhancement. ATF interprets the Wyoming law as being insufficient to meet the federal standard of expungement for purposes of the Brady Act. We argued that Plaintiff lacks standing to challenge the interpretation because while Plaintiff has obtained a Wyoming expungement, he has not alleged any harm stemming from ATF's legal interpretation, nor has he alleged any credible threat of prosecution. The court entirely agreed with our argument and fully adopted our analysis in a 32-page opinion. For this reason, the Court did not reach the ultimate legal question in the case where we argued that Plaintiff fails to state a claim because the Wyoming statute does not meet the common understanding of expungement under federal law. ATF's policy is also currently being challenged by the Wyoming Attorney General's office with briefing set to conclude in September.

- ***Court Denies National Guardsman's Motion to Enjoin His Deployment to Iraq***
Klein v. Rumsfeld [D. Ariz.]. On June 27, Judge Susan R. Bolton denied plaintiff's motion for preliminary injunction, in which a Chief Warrant Officer in the Army National Guard seeks to enjoin orders that he report to Texas in preparation for a deployment to Iraq. Plaintiff argued that he has a right to resign from the military because his term of service, set by 10 U.S.C. § 651(a), has expired. The Court rejected this argument and instead adopted the government's position that Reserve Chief Warrant Officers such as the plaintiff serve for an "indefinite term" under 10 U.S.C. § 12247(a), and therefore have no right to resign. Because the Court held that plaintiff had failed to demonstrate a likelihood of success on the merits, it did not address the issue of balance of hardships.

- ***Multi-Million Dollar Penalty Enforced Against "Blast Fax" Operator and Its Officers***
People of the State of California v. Fax.com, Inc. [S.D. Cal.]. On June 27, Judge Dana Sabraw entered a judgment that had been stipulated to by the parties. While it existed, Fax.com was the most prolific violator of the Telephone Consumer Protection Act (TCPA), which prohibits the transmission of unsolicited commercial facsimiles. It has stipulated to sending at least 750 million unsolicited faxes during its existence, and likely sent many more. The FCC accordingly issued an order of forfeiture in the amount of $5.38 million – the largest penalty that it has imposed under the TCPA – against Fax.com and its officers for their repeated and willful violations of the statute. The United States intervened in a pending lawsuit brought by the States of California and Indiana to enforce the forfeiture order. The judgment holds Fax.com, four of its five officers, and a series of successor corporations that they created to be jointly and severally liable for the forfeiture penalty, and enjoins them from further violations of the TCPA. (The government's

motion for summary judgment remains pending as to a fifth officer.)

- ***Court Upholds Defense Department Search for Records Pertaining to Media Consultants***

Judicial Watch, Inc. v. Department of Defense [District of Columbia]. On June 28, Judge Henry H. Kennedy granted the government's motion for summary judgment, a Freedom of Information Act case in which plaintiff sought information on the Defense Department's involvement with media consultants after September 11, 2001. No responsive records were found for four of the seven items in plaintiff's request. The plaintiff challenged the adequacy of the defendant's search as to those items, and the parties cross-moved for summary judgment. The court found that the Defense Department's declarations satisfied its burden of showing that the search was reasonably calculated to discover the requested documents. The court rejected plaintiff's arguments that one of the declarations was contradicted by a Defense Department letter and that the piecemeal search for and release of documents undermined the adequacy of the search. The court also found that the plaintiff had construed one of the items in its request too broadly, and that news articles relied on by plaintiff constituted mere speculation insufficient to raise a genuine issue of material fact regarding the adequacy of the agency's search. Finally, the court ruled that the agency's production of a newly discovered, potentially responsive document during the course of briefing did not undermine the adequacy of the agency's search, that discovery into the agency's search was unwarranted, and that its decision was confirmed by the agency's voluntary search even of offices unlikely to contain responsive documents.

- ***Tenet Healthcare Corp. and Its Hospitals Settle False Claims Act Cases for $900 million***

United States v. Tenet Healthcare Corp. On June 28, the United States executed a settlement agreement with Texas-based defendant Tenet Healthcare Corp. and its hospitals ("Tenet"). The settlement resolves four principal types of allegations. Of the $900 million settlement amount, more than $788 million resolves allegations that Tenet submitted false claims to the federal Medicare program seeking inpatient and outpatient outlier payments based on artificially inflated charges; more than $47 million resolves claims that Tenet paid kickbacks to physicians to get Medicare patients referred to its facilities and that Tenet billed Medicare for services that were ordered or referred by physicians with whom Tenet had an improper financial relationship; and more than $46 million resolves claims that Tenet engaged in upcoding certain patient diagnoses codes in order to improperly increase reimbursement from Medicare. Several of the issues resolved as part of the agreement arose from lawsuits filed by relators. Additionally, the settlement resolves claims brought by the United States against Tenet in three cases pending in the Central District of California, *United States v. Tenet Healthcare Corp., et al*, 03-206 GAF, 04-857-GAF, 04-859-GAF (C.D. Ca.) [Feess, J.]. The defendants agreed to pay $900 million, payable over four years, plus interest, to the United States and

have agreed to enter into a Corporate Integrity Agreement with the Department of Health and Human Services.

- ***Third Circuit Determines that New Jersey Child Endangering Statute Is not Sexual Abuse of a Minor***

Stubbs v. Gonzales [3d Cir.]. On June 29, the Third Circuit ruled that a New Jersey conviction for "endangering welfare of children" did not constitute the aggravated felony of sexual abuse of a minor. The Court held that because the record contained no information as to the underlying facts of the offense and because the New Jersey statute was written in the disjunctive, the Board properly departed from the formal categorical approach and reviewed the charging document to determine under which portion of the statute the alien was convicted. The Court ruled that the Board erred in concluding that the alien had engaged in sexual conduct with a child under the age of 16 because neither the record of conviction nor the indictment alleged that the alien had engaged in sexual conduct with a minor. The Court also determined that while the Board's definition of sexual abuse of a minor required that a past act with a child actually occurred, the statute of conviction did not necessarily require that an act with a child occur.

- ***Eleventh Circuit Holds that the Filing of a Motion for Reopening Tolls the Running of a Voluntary Departure Period***

  Ugokwe v. U.S. Atty. General [11th Cir.]. On June 29, the Eleventh Circuit joined the Third, Eighth, and Ninth Circuits in holding that 8 U.S.C. § 1229c(d), which renders an alien ineligible for nearly all forms of relief if the alien fails to depart the United States in accordance with the terms of a grant of voluntary departure, may not be used to bar a timely motion for reopening filed during the voluntary departure period. The Court held that when such a motion has been filed, the voluntary departure period is tolled until such time as the Board or Immigration Judge rules on the request for additional proceedings.

- ***Court Dismisses Challenge to Enrollment of Medicaid Recipients in Medicare Prescription Drug Plan***

  Independent Living Center v. Leavitt [Eastern District of California]. On June 29, Judge Morrison C. England Jr. granted our motion to dismiss. (The Court had earlier denied a motion for preliminary injunction.) The case challenged various aspects of the way the new Medicare prescription drug benefit is being implemented with respect to low-income beneficiaries who previously received a drug benefit under Medicaid and now receive coverage under Medicare. The Court held that it lacked subject-matter jurisdiction because plaintiffs had failed to meet exhaustion requirements, an issue on which it did not rule at the preliminary injunction stage. The Court also repeated its holdings that: (1) private individuals did not have standing to challenge a portion of the statutory scheme that reduces Medicaid funding to states and, in any event, the provision did not violate any rights of the States under the Tenth Amendment; (2) the standards for approving drug plans did not violate the non-delegation doctrine; (3) provisions requiring low-income persons to pay small co-payments did not violate equal protection; (4) the provisions for automatic enrollment of Medicaid recipients in Medicare drug plans did not violate due process; (4) and the Court did not have jurisdiction under the Eleventh Amendment to order the State of California to revive its Medicaid drug coverage for the "dual eligible" beneficiaries.

- ***Stay Granted in Tort Litigation Regarding NASA Space Shuttle Property Loss Claim***

  SPACEHAB, Inc. v. United States [Southern District of Texas] (Judge Hoyt). On June 30, the court granted the United States' motion to stay this Federal Tort Claims Act (FTCA) action that seeks damages for the destruction of SPACEHAB's private research module that was onboard the ill-fated Space Shuttle Columbia. The Columbia was

destroyed on reentry into the earth's atmosphere on February 1, 2003, causing the deaths of the astronauts and the loss of the shuttle and its cargo. NASA had provided $8 million in property loss coverage under its contract with SPACEHAB, and believes this is the limit of the government's liability. SPACEHAB disagrees, and has sued in tort (for negligent destruction of property) to recover an additional $79 million in damages, despite the fact that it is concurrently seeking the same relief in a breach of contract claim before the Board of Contract Appeals (BCA). The United States moved to stay the district court tort litigation pending resolution of the BCA proceedings, and the court granted the government's motion in all respects, holding that the two actions are undistinguishable, seek the same relief, and would result in needless duplicative litigation. The case is stayed and administratively closed until the BCA proceedings are completed; this saves NASA massive duplicative discovery of overlapping documents and witnesses by a second team of SPACEHAB lawyers.

- ***Defendant Pled Guilty in $17,000,000 Business Opportunity Scam***
  United States v. Jay Mayne [Southern District of Florida] (Judge Martinez). On June 30, Jay Mayne, a/k/a "Jay Maine," pled guilty to conspiracy to commit mail and wire fraud in connection with business opportunity sales at Pantheon Holdings, a/k/a Internet Machine Company (Pantheon). Mayne was a salesman and also managed others at the company. Prior to his indictment, Mayne fled to Costa Rica, but returned to the United States 15 months later not knowing that he had been charged. Pantheon purported to sell Internet kiosks and support services. Potential purchasers were told that for approximately $18,000, Pantheon would, among other things: perform all the legwork of the business; find viable, high-traffic locations to place the kiosks; relocate any kiosk that underperformed; and place national advertisements on the kiosk. In fact, the locations where machines were placed drew almost no business, and no advertising was done on the machines. Pantheon victimized over 700 people and caused more than $17,000,000 in losses.

- ***Boeing Settles Fraud Allegations for $615 Million, Including $565 Million in Civil Recovery***
  Boeing and the United States reached final agreement on June 30 on a $565 million civil fraud settlement. In addition, Boeing agreed to pay a $50 million monetary penalty under a criminal deferred prosecution agreement. The settlement resolved two investigations. The first involved allegations that Boeing obtained more than 22,000 pages of Lockheed documents, many containing confidential, competition sensitive information, in competitions with the Air Force and NASA to win billions of dollars in launch services contracts. The second involved allegations that Boeing violated the Procurement Integrity Act by recruiting Darleen A. Druyun, the Air Force's top career procurement officer, for an executive position after her retirement, while she remained responsible for Boeing procurements, including the controversial $23 billion Tanker Deal that has since been canceled. The government also alleged that Boeing violated the gratuities statute by acceding to Druyun's requests to hire her future son-in-law and daughter without recusing herself from Boeing matters.

- ***Sixth Circuit En Banc Affirms Dismissal of Bivens Suit Against Agents of the Bureau of Alcohol, Tobacco, Firearms, and Explosives***
  Baranski, et al. v. Fifteen Unknown Agents of the Bureau of Alcohol, Tobacco, and

Firearms, et al. [United States Court of Appeals for the Sixth Circuit; United States District Court for the Western District of Kentucky]. On July 3, the court of appeals en banc (10-4) upheld the district court's dismissal of a *Bivens* suit against a number of the Bureau of Alcohol, Tobacco, Firearms, and Explosives agents who executed a search warrant that, with respect to the items to be seized, cross-referenced an affidavit that was not attached to the warrant because it was under seal. Plaintiffs contended that the warrant was defective under "clearly established" Fourth Amendment law, relying extensively on the decision in *Gro. v. Ramirez*, 540 U.S. 551 (2004), to support their contention that the law was clearly established when the agents acted. Ten judges agreed with our argument that the pre-*Gro.* law of the circuit, which was *not* overruled by *Gro.*, justified the agents' actions and thus supported dismissal based on qualified immunity. In addition, eight judges went further and held that there was no Fourth Amendment violation at all because the warrant was valid when issued inasmuch as: (1) it clearly cross-referenced the affidavit that specifically identified the items to be seized and (2) the magistrate signed both the warrant and the affidavit, indicating without question that the magistrate was aware of the limitations on the agents' authority.

- ***Fourth Circuit Upholds FDA Decision Permitting Marketing of "Authorized Generic" Version of Macrobid***
  Mylan v. Food and Drug Administration [Fourth Circuit] (Michael, Motz and Shedd). On July 5, the Fourth Circuit rejected the bid of generic manufacturer Mylan Pharmaceuticals to prohibit Procter & Gamble from marketing an "authorized generic" version of nitrofurantoin (brand name Macrobid), a drug used to treat urinary tract infections. Mylan argued that Procter & Gamble could not market an unbranded "generic" version of nitrofurantoin until after the expiration of Mylan's 6-month period of marketing exclusivity. The Fourth Circuit agreed with Food and Drug Administration (FDA) and the district court, however, that the statutory "exclusivity" provision at issue only affects other generic manufacturers and does not authorize FDA to prohibit brand-name companies like Procter & Gamble from marketing lower-priced, unbranded versions of their own drugs. Accordingly, the court affirmed the district court's decision.

- ***Court of Appeals for Federal Circuit Forecloses Attempt to Create New Jurisdictional Avenue for International Trade Challenges***
  Forest Prods. Northwest, Inc. v. United States, No. 05-5007 (Clevenger, SJ, Schall, Prost, JJ). On July 5, the Court of Appeals for the Federal Circuit held that an importer may not contest the imposition of antidumping duties in the Court of Federal Claims, even if the Court of International Trade lacks jurisdiction to consider the importer's claim. The importer contended that the Bureau of Customs and Border Protection had erroneously imposed duties upon its entries of Canadian lumber and that a jurisdictional "gap" prevented it from asserting claims at the Court of International Trade, opening the door to jurisdiction at the Court of Federal Claims. Affirming the Court of Federal Claims, the appellate court held that the importer's failure to satisfy the requirements for invoking the exclusive jurisdiction of the Court of International Trade did not create jurisdiction in the Court of Federal Claims.

- ***Reference for Fraudulent Business Opportunity Pleads Guilty***
  United States v. Jason Kowal [Southern District of Florida] (Judge Cohn). On July 6, Jason Kowal pled guilty to conspiracy to commit mail fraud. Kowal and others

fraudulently sold business opportunities through Cash Link Systems, Inc., which purported to sell cash-less ATMs to the public, along with assistance in establishing, maintaining, and operating a cash-less ATM business. Potential purchasers were told that after being placed in locations Cash Link provided, the cash-less ATMs would be used by the public to swipe debit cards and receive a receipt which would be taken to the store's cash register for cash or store credit. Potential purchasers were falsely told that for approximately $12,000, Cash Link would secure viable high traffic locations to place the cash-less ATMs; relocate any kiosk that underperformed; and give distributors geographic exclusivity. In fact, distributors for the most part were unable to find good locations for the machines and made almost no money. Kowal served as a reference, who falsely told potential purchasers that he was a successful Cash Link distributor. Cash Link fraudulently induced over 800 consumers nationwide to invest a total of approximately $15 million.

- ***Investment Scam Defendant Pleads Guilty to Conspiracy***
  United States v. Chester Potash [Southern District of Florida] (Judge Altonaga). On July 7, Chester Potash pled guilty to conspiracy to commit mail and wire fraud in connection with the solicitation of investments in CheckMate Financial, Inc. Potash was President and Chief Executive Officer of CheckMate Financial. Potash and others misrepresented that CheckMate Financial had an operational mobile check cashing business when CheckMate Financial did not have any real business outside of soliciting investments. Potential investors were falsely told that CheckMate Financial was cashing checks at places such as construction sites, hospitals, cruise ships, and large factories. CheckMate Financial promoted the investment opportunity across the country through unsolicited telephone calls to potential investors. At the plea hearing, Potash admitted that CheckMate Financial took in over $2,500,000 from more than 50 victims.

- ***Government Files Motion to Permit Review of Communications Between Guantanamo Detainees and Their Counsel***
  In re Guantanamo Bay Detainee Cases [District of Columbia]. On July 7, the government filed a motion seeking court authorization to review written materials of Guantanamo Bay detainees that include attorney-client communications. As part of an ongoing Naval Criminal Investigative Service investigation into the recent Guantanamo detainee suicides and any planning with respect to other past or future suicide attempts, all detainees' written materials were impounded for review. This action was based on evidence of coordination of the suicides among various detainees. Under an applicable protective order, communications between detainees and their *habeas* counsel are privileged and not subject to substantive review by Guantanamo authorities. However, in light of the fact that the ongoing investigation uncovered various suicide-related communications between detainees that were written on stationery marked as attorney-client confidential communications, the government in its motion is seeking court authorization for review of attorney-client communications in the impounded detainee documents. Such review would be conducted by a team of Department of Defense personnel who could not disclose privileged information without court permission, unless the information concerned a threat of imminent violence or danger to national security. The government has asked that petitioners' counsel respond to the motion by July 17.

- ***Notice Regarding Effect of Hamdan v. Rumsfeld Decision Filed***

Hamdan v. Rumsfeld [United States Supreme Court]. On July 7, the government filed a notice regarding the recent decision, which declared illegal the system of military commissions for trying Guantanamo Bay detainees accused of war crimes and held that provisions of the Detainee Treatment Act of 2005, stripping the district courts of *habeas corpus* jurisdiction, did not apply to cases pending on the date of enactment of the Act. The notice explained that the *Hamdan* decision does not fully dispose of the issue of whether the district court retains jurisdiction to consider *habeas* petitions challenging the detention of Guantanamo Bay detainees. Specifically, the *Hamdan* decision reserved the question of whether other provisions of the Detainee Treatment Act creating exclusive review in the United States Court of Appeals for the District of Columbia Circuit for enemy combatant status determinations would require that cases involving challenges to such determinations be transferred from district court to the Court of Appeals. The government's notice was filed in response to comments from various judges that the *Hamdan* decision had disposed of the Detainee Treatment Act jurisdictional issue.

- ***D.C. Circuit Holds that an Alleged Establishment Clause Violation States a Per Se Irreparable Harm for Purposes of Obtaining a Preliminary Injunction***
  Chaplaincy of Full Gospel Churches v. *England* [United States Court of Appeals for the District of Columbia Circuit; United States District Court for the District of Columbia]. On July 7, the District of Columbia Circuit (Henderson, Rogers and Brown, JJ.) reversed the district court's rejection of plaintiffs' requested preliminary injunction based on the lack of an irreparable injury, and remanded for the district court to consider the remaining preliminary injunction factors. Plaintiffs, current and former Navy chaplains of "non-liturgical Protestant" faiths brought suit alleging the Navy has unconstitutionally established and maintained a religious quota system for the promotion, assignment, and retention of Navy chaplains that disadvantages chaplains of non-liturgical Protestant faiths. Plaintiffs sought a preliminary injunction and the district court denied it based on the lack of any irreparable injury. The court of appeals agreed that the alleged employment discrimination injuries were not irreparable, but held that in an alleged Establishment Clause violation itself *per se* satisfies the irreparable injury requirement and that irreparable personal injury was, therefore, not required.

Contact: Daniel Davis, Counsel, 514.4678

Grider, Mark (ODAG)

Subject:	Updated: Anti-Methamphetamine Coordination Committee Meeting
Location:	Main Justice - Room 4525
Start:	Wednesday, August 09, 2006 2:00 PM
End:	Wednesday, August 09, 2006 3:30 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Grider, Mark (ODAG)
Required Attendees:	Anti-Methamphetamine Coordination Committee

When: Wednesday, August 09, 2006 2:00 PM-3:30 PM (GMT-05:00) Eastern Time (US & Canada).
Where: Main Justice - Room 4525

~~*~*~*~*~*~*~*~*~*

The meeting on Thursday, July 13, 2006, at 2:00 has been cancelled. An agenda for the 8/9/06 meeting will be forthcoming. Thanks.

USDOJ- Office of Public Affairs

From: USDOJ- Office of Public Affairs
Sent: Tuesday, July 11, 2006 6:28 PM
To: USDOJ- Office of Public Affairs
Subject: DOJ Daily News Wrap

PUBLIC AFFAIRS DAILY NEWS WRAP
July 11, 2006

Contact: Brian Roehrkasse, Deputy Director, Office of Public Affairs (202) 514-2007

TOMORROW'S EXPECTED NEWS STORIES:

Senate Judiciary Committee Testimony (OPA)
Stephen Bradbury, Acting Assistant Attorney General for the Office of Legal Counsel, testified before the Senate Judiciary Committee regarding *Hamdan v. Rumsfeld: Establishing a Constitutional Process.*

Justice Department Reaches Agreement with Juvenile Services Provider (Civil Rights)
The Justice Department announced an agreement with Youth Services International, Inc. (YSI), to resolve a lawsuit filed by the Department under Title III of the Americans with Disabilities Act (ADA). The agreement requires YSI to ensure that youth who are deaf or hard of hearing have an equal opportunity to participate in its programs. The agreement resolves allegations that YSI, a company that provides services at juvenile justice facilities and in community non-residential programs in several states, failed to provide a sign language interpreter for a deaf youth at the Victor Cullen Center in Sabillasville, Maryland.

Talking Points:

- Under the agreement, YSI will ensure that all youth who are deaf or hard of hearing will be provided appropriate auxiliary aids and services, including sign language interpreters, telecommunication devices for the deaf and visual alarms. The company will also implement a company-wide training program on the ADA and communicating with persons who are deaf or hard of hearing.

- The Justice Department's lawsuit resulted partly from YSI's failure to comply with a number of similar provisions to which YSI agreed in a 2004 settlement agreement with the Department. In the papers filed, the parties asked the court to place the case on its docket for three and a half years, at which time the case will be dismissed if YSI has met the terms of the agreement.

- Juveniles with disabilities must be afforded the same opportunity to receive services designed to further their education, health, and well-being.

Massachusetts Couple Charged With Engaging in Child Prostitution Scheme (Criminal)

Evelyn Diaz, 22, of Chelsea and Victor Diaz, 23, of East Boston, were arrested on sex trafficking charges on Friday, July 7, 2006, and held in custody pending detention hearings. Both defendants are charged in the indictment with one count of conspiracy to engage in a child prostitution scheme. Additionally, Evelyn Diaz is charged with two counts of transportation of a minor to engage in prostitution and three counts of sex trafficking of children.

Houston Man Sentenced to 90 Months in Prison for Identity Theft (Criminal)
Chad Hatten, 36, of Houston, Texas, was sentenced today to 90 months in prison, to be followed by three years of supervised release. Hatten was sentenced by U.S. District Judge Lee H. Rosenthal in the Southern District of Texas to 66 months on four counts of access device fraud. He was also sentenced to 24 additional months for aggravated identity theft, which will be served consecutively to the access device fraud counts, pursuant to the Identity Theft Penalty Enhancement Act enacted in July 2004.

Media Inquiries into India Bombing (FBI)
CNN, *Reuters* and other media organizations are working on stories regarding the India explosions and FBI assistance. A joint FBI-DHS bulletin is being prepared.

Talking Points:

- At this point, we see no specific or credible threat to the U.S. mass transportation system. As with the Madrid bombings, the London bombings and the recent potential plot to the New York City transportation system, the FBI and DHS are assessing what has occurred in India today. DHS and the FBI will provide guidance to representatives in the state and local systems and to the over 100 Joint Terrorism Task Forces throughout the country.

Natural Gas Pipeline Construction Company and Executive Agree to Plead Guilty to Participating in Bid-rigging Conspiracy (Antitrust)
A natural gas pipeline construction company headquartered in Tulsa, Oklahoma and one of its executives have agreed to plead guilty to participating in a conspiracy to restrain trade by rigging bids submitted to BP America Production Company for the construction of natural gas pipelines in the Upper San Juan Basin in Colorado. According to the charge filed in the U.S. District Court in Denver, Flint Energy Services Inc. (Flint) and Kenneth L. Rains, former regional manager of Flint's Farmington, N.M. office, violated Section One of the Sherman Act by engaging in a conspiracy to rig bids from approximately June 2005 until December 2005.

Media Inquiry into Terrorist Motivations (FBI)
FBI Assistant Director John Miller will participate in an interview with ABC's "Nightline" tonight regarding the status of threats in America and terrorist motivations.

Former U.S. Soldier Rape/Murder Case (FBI)
USA Today and other media organizations continue to work on stories related to the rape/murder case involving U.S. soldier Steven Green.

Media Inquiry into Muslim Attacks (FBI)

The Associated Press is working on a story regarding the number of attacks on Muslims in the U.S. It is unclear when this story will run.

Extradition of Bankers Charged in Connection with Enron Case (FBI)
Local Houston media organizations are working on stories regarding the July 13th expected extradition of David Bermingham, Gary Mulgiew and Giles Darby, British bankers charged in connection with the Enron case. The three have been fighting extradition for years and are expected to travel to Houston, Texas to appear before a magistrate judge for a detention hearing this Friday.

WEDNESDAY'S EXPECTED EVENTS/RELEASES:

Stephen Bradbury, Acting Assistant Attorney General for the Office of Legal Counsel, will testify before the House Armed Services Committee regarding Standards of Military Commissions and Tribunals.

There will be a Tunney Act hearing to discuss the proposed Final Judgment in the Department of Justice's cases against Verizon-MCI and AT&T-SBC. The hearing will begin at 9:00 A.M. EDT.

EC to Announce Fine Against Microsoft (Antitrust)
The European Commission is expected to announce the penalty against Microsoft Corp. for failing to honor the antitrust ruling against it. The Department is determining if we will comment on the decision.

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, July 12, 2006 8:03 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, July 12, 2006
Attachments:	agnb060712.pdf; agnb060712.doc

This morning's Attorney General's News Briefing is attached.

Website: You can also read today's briefing, including searchable archive of past editions, at http://www.BulletinNews.com/justice.

Full-text Links: Clicking the hypertext links in our write-ups will take you to the newspapers' original full-text articles.

Interactive Table of Contents: Clicking a page number on the table of contents page will take you directly to that story.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JULY 12, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Administration Grants Geneva Protections To Terror Detainees....4
Senate Panel Opens Hearings On Guantanamo Detainees....5
Hammoud Lived Life Of Playboy To Hide Radicalism....6
San Francisco Reviews AT&T Contracts Over Domestic Surveillance....6
Administration Mulls Requiring Banks To Report All International Wire Transfers....7
DOJ Official Calls Hamdan Ruling "An Opportunity."....7
Terrorists Bomb Mumbai Commuter Trains....7
Judge Vacates 9/11 Default Judgment Against Qatari Minister....9

Patriot Act:

Kurdish Man Pleads Guilty To Violating Patriot Act....10

Homeland Response:

DHS IG Questions "Unusual" Sites On List Of US Terror Targets....10
Passengers Traveling To US To Be Checked Against Terror Watch Lists Before Takeoff....10
Senate Adds To Bush Proposal For Port Security....10
Senate Votes To Replace FEMA With New Agency....10

War News:

Attorneys For Soldier Accused Of Rape-Murder Seek Gag Order....11
Fifty More People Killed In Baghdad As Violence Continues....11
GAO Criticizes Administration Iraq Strategy....12
Biden, Reed Paint Pessimistic Picture Of Iraq After Trip....13
Rumsfeld Makes Unannounced Visit To Iraq....13
Rumsfeld Seeks To Smooth Relations Between Afghanistan, Pakistan....13
US To Continue To Play Key Role As NATO Takes Control In Afghanistan....13
Misconduct By US Troops Blamed On Stress Of Combat....14

DOJ:

Main Justice Still Struggling To Recover From Flooding....14

Corporate Scandals:

Monster Worldwide May Restate Earnings After Stock Option Review....14
Treasury Moves Closer To Limiting Fannie Mae, Freddie Mac Debt....14

Criminal Law:

Jefferson Appeals Ruling On FBI Raid....15
Novak Says Rove Was One Of His Sources On Plame Identity....15
Scanlon Did Millions Of Dollars Of Business With Top DC Lobbying, PR Firms....16
Former Florida Prisons Chief Pleads Guilty To Taking Kickbacks....16
FBI To Investigate Rise In Las Vegas-Area Police Shootings 16
Federal Prosecutors Say Gotti Still Living On Mob Money....17
Federal Prosecutors Make Closing Arguments At Aryan Brotherhood Trial....17
House Votes To Crack Down On Online Gambling....17
Tennessee Professor Under Investigation For Possible PRC Technology Transfer....18
Lawmakers Debate Crackdown On Community Web Sites....18
Texas Woman Pleads Guilty To FEMA Fraud....18
Connecticut Man Sentenced To Seven Years In Prison In Murder-For-Hire Plot....19
Texas Man Sentenced To Two Years In Prison For Threatening Lawyers....19
FBI, IRS Raid New Jersey Jewish School In Fraud Investigation Of Property Developer....19
Kansas Real Estate Broker Pleads Guilty To Mortgage Fraud....19

Three Suspects Indicted, Plead Not Guilty In Coke Trade Secrets Case 19
"Crime Emergency" Declared After DC Homicides 20
SCOTUS Uncertainty On Death Penalty Echoes 1972 Ruling 20

Civil Law:

Odyssey Healthcare Settles DOJ Investigations 21

Civil Rights:

Euclid, OH, Mayor Rejects DOJ Claims Of Voting Rights Violations 21
GOP Lawmakers Divided Over Renewal Of Voting Rights Act 21
Pastor Decries Mortgage Bias 21

Antitrust:

EU Expected To Fine Microsoft Today For Antitrust Violations 22
Xstrata Boosts Falconbridge Takeover Bid 22
German Antitrust Authorities Delay KLA-Tencor Deal 22
9th Circuit Judge's Trademark Rulings Challenged Over Conflict Allegation 23

Environment/Indian Affairs:

Judicial Panel Removes Lamberth From Indian Trust Case . 23
EPA Tightening Lead Monitoring Rules 23
WSJournal Says Courts Should Add "Dose Of Sanity" To Clean Air Debate 23

FBI/DEA/ATF/USMS:

With President's Support, More Schools Are Testing For Drugs 24
Afghan "Drug Lord" Pleads Guilty In Heroin Conspiracy Case 24
Illinois Man Pleads Guilty In Federal Cocaine Case 24
In Maine, Doctor Accused Of Writing Illegal Prescriptions Faces Numerous Charges 24
Former Friend Seen As "Key Figure" In Investigation Of Bonds 24
In Chile, Pinochet's Son Files Lawsuit In Response To Drug-Related Accusations 25
WPost Says Senate Should Reject House-Approved Gun Measures 25

Immigration:

Rove Outlines Bush Immigration Principles In Address To La Raza 25

Tax:

Former KPMG Employees Sue For Legal Fees 26

Congress-Administration:

Democrats Consider Filibuster Of Haynes Judicial Nomination 26
Bush Credits Tax Cuts For Lower-Than-Expected Deficit Figures 27
Hayden Appoints Former Tenet Aide As CIA Number Three . 29
Despite Veto Threat, Senate Likely To Approve Stem Cell Bill 29
Sullivan To Be Named White House Communications Director 29
Investigator Criticizes Top VA Officials For Data Theft 30
State Department Recovering From Computer System Hackings 30
Environmentalists Oppose Dudley As Head Of OMB's Regulatory Office 30
Senate Approves Drug Reimportation Plan 30
Portman Says Administration May Pursue Entitlement, Tax Reform Next Year 30
Army To End Exclusive Deal With Halliburton 30
Energy Department Raises Prediction For Summer Gasoline Prices 31
House GOP Pushing HHS Bill Containing 1,700 Earmarks ... 31
GOP To Push Lobbying Reform Without 527 Restrictions 31
Grassley Tells Wolfowitz To Stay Out Of Trade Issues 31
Bush Speaks To Space Shuttle Astronauts 31
Pentagon Seeks To Groom Civilian Leaders 32
Supreme Court Said To Follow Inconsistent Approaches To Reading Statutes 32

Other News:

Stocks Up 32
Labor, Business Groups To Push Trade As Election Issue 32
Bush Headlines Fundraiser For Wisconsin Gubernatorial Candidate 32
NARAL Offers Latest Round Of Endorsements 33
Underage Intern Served Alcohol At Kolbe Margarita Party 33
Democrats Hope "Do Nothing" Label Will Hurt Republicans In November 33
Democratic, GOP Strategists Join Forces To Create Web Site 33
Health Industry Donating Thousands To Clinton 33
Jeb Bush Doesn't Rule Out Run For VP With McCain 34
Meyerson Says Democrats Find Lieberman's Causes "Repugnant." 34
New Jersey Lawsuit Seeks To Give Parents Funds From Failing Schools 34
Woman Killed By Falling Concrete In Boston "Big Dig" Tunnel 34

DOJ_NMG_0040049

American Wheat Farmers Sue AWB For $1 Billion 34
Toyota Officials Accused Of Failing to Recall Faulty Model .. 35
China Increases Pressure On North Korea To Return To Six-Party Talks 35
Iran Continues To Delay Responding To International Deadlines 36
Israel Expands Incursion Into Gaza 36
Security Issues To Top G8 Agenda 37
White House Urges Congress To Pass Trade Deals 38
Video Shows No Evidence Of Election Fraud In Mexico 38
Two US Diplomats Expelled From Kyrgyzstan 39
Peruvian President Calls For US Senate To Pass Trade Deal 39
Pro-Democracy Movement Faces Setback In Ukraine 39
Serbia Opposes Independence For Kosovo 39
China Releases Religious Filmmaker 39

The Big Picture:

Headlines From Today's Front Pages 40

Washington's Schedule:

Today's Events In Washington 41

DOJ_NMG_0040050

TERRORISM NEWS:

Administration Grants Geneva Protections To Terror Detainees. The Financial Times (7/12, Sevastopulo, Yeager) reports, "Responding to news broken on FT.com, the White House on Tuesday confirmed that Gordon England, deputy defence secretary, sent a memorandum to senior defence officials and military officers last week, telling them that Common article III of the Geneva Convention – which prohibits inhumane treatment of prisoners and requires certain basic legal rights at trial – would apply to all detainees held in US military custody. … The policy U-turn comes on the heels of the Supreme Court ruling last month that the military commissions Mr Bush created to try prisoners at Guantánamo Bay contravened both US law and the Geneva convention." The Los Angeles Times (7/12, Spiegel, Reynolds, 918K) reports England's memo "acknowledged that a recent Supreme Court decision had forced its hand."

USA Today (7/12, 6A, Diamond, Biskupic, 2.27M) also reports the Administration acted "bowing to the Supreme Court," while the Chicago Tribune (7/12, Hedges, 623K) says "the treatment of suspects at Guantanamo "has become an international issue for the administration. Roundly criticized by human rights groups and war opponents, the White House has defended the military commissions as a necessary process in the fight against terrorism."

The AFP (7/11, Raab) says the move "appeared to be a reversal" of Administration's "long-held stance that the Geneva Conventions do not apply to Taliban, al-Qaeda and other combatants targeted in the US-led 'war on terror.'" The AFP also calls the move "unexpected." Likewise, the Washington Post (7/12, A1, Babington, Abramowitz, 748K) headlines its report "US Shifts Policy On Geneva Conventions," and says "the developments underscored how the administration has been forced to retreat from its long-standing position that…Bush be given extensive leeway to determine how to interrogate and prosecute terrorism suspects captured in Iraq, in Afghanistan and elsewhere." The Post adds, "Until recently, the White House and Defense Department have pursued such anti-terrorism policies with little interference from Congress and the courts, but that has begun to change. … Administration officials indicated that they had little choice but to act in the aftermath of that Supreme Court ruling."

ABC World News Tonight (7/11, story 2, 1:50, Moran, 8.78M) said the England memo was "an acknowledgment of the obvious … But it's more than that. This memo is also a directive – it is a stern directive to combatant commanders around the world to make sure their practices and policies adhere to the Geneva Conventions, and that's because now, any violation of the Geneva Convention by American personnel is a crime -- Federal crime -- prosecutable in the United States.""

The CBS Evening News (7/11, story 2, 3:25, Schieffer, 7.66M) reported, "Pentagon officials finally conceded today what they have never been willing to concede before: That international law does apply to terrorist suspects being held in US prisons. They had no choice, really, in light of a recent Supreme Court ruling."

NBC Nightly News (7/11, story 3, 3:25, Williams, 9.87M) reported, "There was a major shift today from the Bush Administration in the war on terror. The Administration reversed its long-standing policy on detainees and said they are indeed covered by a provision of the Geneva Conventions requiring humane treatment. Gene Fidell, military law expert: "This document is an example of eating crow by a government agency, because the Administration has taken a very hard line on the inapplicability of the Geneva Conventions."

However, White House spokesman Tony Snow said yesterday the move is "not really a reversal of policy." The AP (7/12, Flaherty) notes Snow "said that the instruction manuals used by the Department of Defense already comply with the humane-treatment provisions of Article 3 of the Geneva Conventions. They are currently being updated to reflect legislation passed by Congress and sponsored by Sen. John McCain…to more expressly rule out torture." USA Today (7/12, 6A, Diamond, Biskupic, 2.27M) also notes Snow "says the move is not a shift," and the Washington Times (7/12, Hurt, Scarborough, 88K) reports the White House "was quick to dispute that it was any sort of policy shift."

The New York Times (7/12, Mazzetti, Zernike, 1.21M) reports the England memorandum "appears to settle continuing battles within the administration over a long-awaited Pentagon directive on the treatment of detainees." The directive, called "D.o.D. Program for Enemy Prisoners of

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War and Other Detainees," has been "held up for months because of wrangling over the types of treatment that ought to be prohibited." The Times adds, "In the past, Vice President Dick Cheney's chief of staff, David S. Addington, pressed Pentagon officials to eliminate specific language from the document that cited the Geneva Conventions in prohibiting cruel and degrading treatment. Since becoming the Pentagon's No. 2 official in 2005, Mr. England has repeatedly expressed concerns about the detention of enemy combatants and has told colleagues that he advocates closing the military prison at Guantánamo Bay because of the negative impact it has on the United States' reputation."

The New York Times (7/12, Shane, 1.21M), in a story titled "Terror And Presidential Power: Bush Takes A Step Back," reports, "If there has been a retreat, it may partly reflect a change in the perceived threat from Al Qaeda since the disorienting days after Sept. 11. As months, then years, passed without a new attack in the United States, the toughest measures seemed steadily less justifiable." But "in retrospect, all the contradictions that have emerged in the last four years were present in embryo in the 2002 presidential order."

Bloomberg (7/12) reports that "the administration released a Defense Department memo that said the Supreme Court ruling means the Geneva Conventions apply to terrorist suspects. The U.S. has previously argued that they aren't bound by the conventions in dealing with accused al-Qaeda terrorists and Taliban fighters." Bloomberg continues, "Daniel Collins, a former Justice Department official in the Bush administration, said Congress could easily satisfy the Geneva Conventions' requirement that prisoners of war be tried before 'a regularly constituted court.' … Steven G. Bradbury, acting head of the Justice Department's Office of Legal Counsel, testified that 'there are sound policy reasons' for using the military tribunals to prosecute terrorists."

NYTimes Says Administration Claims False. The New York Times (7/12, 1.21M) editorializes, "We were pleased to see the Defense Department finally recognize the power of the Supreme Court over prisoners of the military and order the armed forces to follow the Geneva Conventions requirement of decent treatment for all prisoners, even terrorism suspects. It was a real step forward for an administration that tossed aside the Geneva rules years ago and then tried to place itself beyond the reach of the courts." However, "the Pentagon memo released yesterday claimed, falsely, that its prisoner policies already generally complied with the Geneva Conventions." That "disingenuousness may have simply been an attempt to save face. If so, it was distressing but ultimately not all that significant. What really matters is that Congress bring the military prisons back under the rule of law, and create military tribunals for terrorism suspects that will meet the requirements of the Constitution and the Geneva Conventions. The other thing that really matters is that the White House actually agrees to obey the law this time."

Move Seen As Making US Soldiers' Jobs Easier. The Washington Post (7/12, A5, Ricks, 748K) reports, "The biggest effect of the Pentagon's acceptance of a recent Supreme Court ruling that requires it to abide by the Geneva Conventions on the treatment of prisoners is likely to be not at the Guantanamo Bay prison camp or in US courtrooms but on the battlefields of Iraq and Afghanistan, military lawyers and other experts said yesterday." The Post adds, "Experts said the justices' ruling removes much of the ambiguity about what sort of protections detained Iraqis, Afghans and foreign fighters enjoy and what rules apply to the actions of US troops. … For years, these experts said, U.S. military personnel in Iraq and Afghanistan were operating under guidelines that were not clear. … This murkiness has been cited by some critics of the administration's operations in Iraq as contributing to a culture of abuse that led to inhumane treatment of prisoners at Abu Ghraib prison and other sites."

Senate Panel Opens Hearings On Guantanamo Detainees. CNN's The Situation Room (7/11, Koppel) reported, "Today the Senate Judiciary Committee opened the first of several hearings that will happen this week, both in the Senate and the House, to try to decide what kind of legislation might be needed, might be necessary to alloy the Bush administration to move forward with giving hundreds of detainees in Guantanamo and elsewhere their day in court." Senate Judiciary Committee Chairman Arlen Specter "laid out a marker telling two government witnesses it will be up to Congress, not the Bush administration, to lay down the law. At issue, how the Pentagon should try suspected terrorists captured overseas."

Fox News' Special Report (7/11, Garrett) reported, "Top Bush Administration officials told the Senate Judiciary Committee that prisoners do not deserve more military rights. … A top Justice Department lawyer said detainees captured in Afghanistan or plotting on behalf of al Qaeda also do not deserve Geneva Convention protections against

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mistreatment. Primarily he said because they don't adhere to Geneva Convention rules of war."

Dana Milbank, in his "Washington Sketch" column in the Washington Post (7/12, A2, 748K), "As Congress opened hearings yesterday on the treatment of terrorism detainees, the Bush administration's view was neatly summarized by Steven Bradbury, the Justice Department lawyer serving as lead witness. 'The president,' Bradbury said, 'is always right.'" While "the Supreme Court rebuked the administration by rejecting military tribunals for prisoners at Guantanamo Bay…the officials who came before the Senate Judiciary Committee yesterday -- Bradbury and Pentagon lawyer Daniel Dell'Orto -- were unrepentant. … Rather than regard it as a defeat, Bradbury said it presents Bush with an "opportunity to work together" with Congress."

The Wall Street Journal (7/12, Bravin, 2.03M) says the hearing "made clear that…the Bush administration and key Republican lawmakers are at odds over how to prosecute suspected terrorists swept up in military operations in Afghanistan and elsewhere."

Durbin Says Guantanamo Prison Should Be Closed. Sen. Dick Durbin said on CNN's The Situation Room (7/11) that he was impressed by what he saw on a recent visit to Gitmo, but "I understand the powerful negative image of Guantanamo around the world. And I do believe we should close down that facility over a few months' period of time. We're down to about 300-plus detainees who would have to be transferred to some other facility. But it would say to the world the Supreme Court decision has been a break with the past. And from this point forward, the United States is going to be much more open and transparent in its treatment of prisoners, and we're going to live consistent with the Geneva Conventions standards." The AP (7/12, Conrad) also reports Durbin's comments.

Hammoud Lived Life Of Playboy To Hide Radicalism. CNN's Paula Zahn Now (7/11) reported on Assem Hammoud's hiding of his religious radicalism, noting, "According to the FBI, the scenes we just saw in India could have played out right here in New York some time in maybe a few months." CNN showed Assistant Director in Charge Mark Mershon saying at the Friday press conference: "They were about to go to a -- a phase where they would attempt to surveil targets, establish a regimen of -- of attack, and -- and acquire the -- the resources necessary to effectuate the attacks." CNN (Griffin) added, "Authorities say that, to mask his identity as a religious zealot who was willing to murder innocent people for Islam, Hammoud lived like a heathen, a playboy. … Former FBI Assistant Director and terror expert Pat D'Amuro says it all fits into the training of al Qaeda." D'Amuro: "We know, in this particular case, the professor was told…to get a girlfriend, to start drinking, to be carousing, so that he would not be taken as an extremist and a zealot. … It makes it more difficult for intelligence services, for law enforcement authorities to identify these individuals."

Analyst Says FBI Could Not Delay Miami, Hammoud Arrests. On CNN's Paula Zahn Now (7/11), Zahn asked terrorism analyst Steve Emerson whether "the feds jumped the gun" on the Miami and Hammoud arrests. Emerson replied, "No. I think they couldn't afford to wait until they took action. And they had to jump -- if they tried to play it out, they would be playing with people's lives. Look, before 9/11, if people thought that four terrorist commanders with 15 supporters could take over airplanes and plow into buildings and take them down, people would have thought they were crazy."

San Francisco Reviews AT&T Contracts Over Domestic Surveillance. The AP (7/12, Lindlaw) reports, "City officials are examining San Francisco's telecommunications contracts with AT&T Inc. and whether to take action against the company for its alleged cooperation with the National Security Agency, Mayor Gavin Newsom said Tuesday. … 'If what I'm reading is true, I've got some serious problems as a San Franciscan, as a taxpayer and as mayor,' Newsom said in interview with The Associated Press. 'And I don't like it.'" The AP continues, "A federal lawsuit filed by Internet privacy advocate Electronic Frontier Foundation accuses the telecommunications giant of illegally cooperating with the NSA to make communications on AT&T networks available to the spy agency without warrants. According to the lawsuit, AT&T allowed the NSA to install data-mining equipment in secret rooms at AT&T offices in San Francisco and a handful of other cities. … Last month, the government urged a federal judge to dismiss the suit, saying it threatens to reveal state secrets. The judge's decision is pending." The AP adds, "Newsom said he has asked City Attorney Dennis Herrera to conduct 'fact-finding' on the matter. But the mayor also said he has completed his own compilation of 'all of our current business relationships the city has with AT&T.' … That review, which includes expiration dates and other obligations,

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'may be suggestive that if we conclude that this is sincerely problematic, there may be a desire to not just make a symbolic statement of opposition, but to make a substantive one.'"

Administration Mulls Requiring Banks To Report All International Wire Transfers. The Los Angeles Times (7/12, Schmitt, 918K) reports, "The Bush administration is considering requiring U.S. banks, for the first time, to inform the government of all their customers' international wire transfers, regardless of possible terrorist ties, a Treasury Department official said Tuesday." The Times says that this kind of mandatory reporting would be a "major expansion of the government's efforts to comb financial data to fight terrorism and other international crimes. … Officials now say they are within a few weeks of deciding whether to proceed."

US Official Says NYTimes Report On Terror Tracking Program Hurt War On Terror. The Washington Times (7/12, Scarborough, 88K) reports, "The Bush administration yesterday kept the heat on the New York Times, saying the newspaper's disclosure of a secret financial tracking system 'compromised one of our most valuable' weapons against al Qaeda." Stuart Levey, undersecretary of Treasury for terrorism and financial intelligence, told the House Financial Services subcommittee on oversight and investigations, "This is a very formidable enemy. … They are intelligent. They do what they can to cover their tracks. The fact that we've now made explicit the information that we're looking at to track their money trails is definitely damaging." He "said in his prepared statement that 'this disclosure compromised one of our most valuable programs and will only make our efforts to track terrorist financing -- and to prevent terrorist attacks -- harder.'"

The AP (7/12) reports, "Levey said the program played an important role in an investigation that eventually led to the capture of Indonesian Riduan Isamuddin, or Hambali, the operations chief of the al Qaeda linked Jemaah Islamiya, a Southeast Asian terror group. Hambali allegedly masterminded the deadly 2002 Bali bombings.Concerns about lack of briefings ... Both Republicans and Democrats on the panel -- which has oversight over financial matters -- expressed concern that they weren't briefed early on about the program."

DOJ Official Calls Hamdan Ruling "An Opportunity." AFP (7/12, Raab) reports, "The June 29 Supreme Court ruling on the Hamdan v. Rumsfeld case faulted the administration for establishing the tribunals without congressional authorization. Snow said Tuesday that would soon be resolved. … Justice Department acting assistant attorney general Steve Bradbury told the Senate panel that the high court ruling -- seen by some as a stunning setback for the Bush administration -- was actually an opportunity. … 'The decision in Hamdan gives the political branches an opportunity to work as one to establish the legitimate authority of the US to rely on military commissions to bring the terrorists to justice,' Bradbury said."

Terrorists Bomb Mumbai Commuter Trains. The series of bombings on commuter rail lines in Mumbai, India led all the major network newscasts and was covered by the major newspapers and wires. While reports noted that there was no link yet found to a terrorist group, much of the coverage noted the pattern appears to fit that of Kashmiri Islamic Militants. ABC World News Tonight (7/11, lead story, 3:30, Snow, 8.78M) reported, "Terrorists unleashed a devastating and highly coordinated attack today in one of largest cities in the world. In the space of about 11 minutes, seven bombs ripped through trains during the evening rush hour in the Indian city of Mumbai. At least 147 people were killed in those attacks, more than 400 injured. Mumbai, formerly known as Bombay, is the financial capital of India, a nation of more than 1 billion people." Sajjan Gohel, Asia-Pacific Foundation: "It was coordinated, multiple, synchronized, mass casualty atrocities. These are often the hallmarks of a powerful, transnational group, not necessarily al Qaeda central but a group affiliated to the ideology and ideas of Osama bin Laden." NBC (Ross): "There have been no claims of responsibility but bin Laden had called for attacks on India at least 6 times since 2001, aligning himself with militant Islamic groups that seek independence for the disputed Kashmir region." Ross continued, "all of India's major cities were put on a state of high alert as rumors of more attacks quickly spread."

The CBS Evening News (7/11, story 1, 2:00, Schieffer, 7.66M) reported, "In today's hair-trigger world, the episode caused security to be increased for a time from London to the New York subways and Capitol Hill. We're beginning tonight with Richard Roth." CBS (Roth) added, "Just hours earlier, a grenade attack by Islamic extremists killed eight people in the

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Indian part of Kashmir, the province divided between India and Pakistan. Muslim rebel groups have been fighting for years to push India out of Kashmir. Pakistan has been accused of training and funding the militants who have been implicated before in bomb attacks in India. Pakistan tonight insists it had nothing to do with this and has nothing but sympathy for India's tragedy."

NBC Nightly News (7/11, lead story, 2:50, Williams, 9.87M) reported, "Factoring in today's large loss of life, the larger threat to all of us here is clear. Over the past four years, terrorists have killed over 400 people in attacks on trains. NBC (Francis) added, "The terrorist blasts crippled India's largest city, temporarily knocking out the phone system. Senior US intelligence officials tell NBC News today's attack is more likely than not the work of Kashmiri rebels."

NBC Nightly News (7/11, story 2, 1:00, Williams, 9.87M) reported, "For more on the threat of terror attacks on transit systems here and around the world, we turn now to Steve Emerson, an expert in counterterrorism and an analyst for us here at NBC News. And, Steve, why this apparent concentration on the part of the terrorists on this mode of transportation?" NBC (Emerson) added, "The train system, Brian, is the softest of all soft targets. It's impossible to protect against. They are moving targets, and they provide a wonderful opportunity for terrorists to inflict mass casualties, and at the same time, most importantly, they want to disrupt the economy and they've done so." Williams: "Isn't there another, Steve, another prevalent location here, this one's more geographic, and that is their tendency to look for financial districts wherever they strike?" Emerson: "There's no doubt about that -- 9/11 was clearly aimed at disrupting the US economy and the attacks in Mumbai today clearly showed what terrorists could do in the United States. In Washington, in New York or Chicago, it would cripple the economy and cause mass hysteria. It's a very difficult problem, and it's impossible to protect against."

CNN's The Situation Room (7/11, Perry) reported that the bombing "was timed for maximum effect and maximum carnage." Fox News' Special Report (7/11, Hume) reported, "While there was no immediate claim of responsibility for today's attacks, tensions between Hindus and Muslims on the continent have been a fact of life for decades. Fingers to blame are an al Qaeda affiliated group believed to be based in Pakistan. Pakistan, however, condemned the attack."

The New York Times (7/12, Rai, Sengupta, 1.21M) calls the bombings as "cold-blooded as they were well-coordinated," and notes they "bore an obvious resemblance to the terrorist attacks on the London public transportation system last July and the Madrid train bombings in March 2004." However, "there was no concrete evidence linking Tuesday's explosions in Mumbai to any particular group, nor any claim of responsibility," so "it was impossible to draw immediate conclusions about the forces behind the attacks." Still, "the pattern of the Mumbai train bombings, however, has fueled unsubstantiated speculation that Islamic militants, fighting Indian rule in Kashmir, could be behind the attacks." President Bush said, "The United States stands with the people and the government of India and condemns in the strongest terms these atrocities."

The Wall Street Journal (7/12, A3, Bellman, Wonacott, 2.03M) adds, "Washington's ambassador to India, David Mulford, said he found it 'unlikely' that tensions between India and Pakistan will increase substantially due to the Mumbai attacks." However, the Financial Times (7/12, Merchant, Johnson) notes, "the attacks in Mumbai…if linked to Islamabad-backed Kashmiri groups such as Lashkar-e-Toiba, have the potential to derail a slow-moving peace process," and "the blasts came in quick succession – a tactic employed both by Kashmiri militants, who have repeatedly targeted India's cities, and al-Qaeda."

The Los Angeles Times (7/12, Chu, 918K) reports that the explosions were timed with "frightening precision." It reports that "Home Minister Shivraj Patil told reporters that the government had previously received information of a planned assault, but the 'place and time was not known.'" The Times also notes that the bombing's pattern is common to Kashmiri militants.

The AP (7/12, Gedda) adds, "Secretary of State Condoleezza Rice said she had no information on who was responsible," but added, "we condemn thoroughly this terrible terrorist incident," noting, "This kind of hideous incident can happen anywhere in the world against innocent people." Previously, "State Department spokesman Sean McCormack said the United States would provide help should Indian authorities request it." The USA Today (7/12, 5A, Moritsugu, 2.27M) adds that McCormack said, "the United States 'condemns the attacks in the strongest possible terms.'" The AFP (7/11) reports, "British Prime Minister Tony Blair condemned the deadly bomb attacks on commuter trains in India's financial capital Mumbai as 'brutal and shameful,'" adding, "There can never be any justification for terrorism." The Washington Post (7/12, A8, Naqvi, 748K), the Christian

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Science Monitor (7/12, Chopra, 58K), and the Washington Times/AP (7/12, A1, Badam) also report on this story.

US Cities Increase Transit Security In Wake Of India Bombings. CNN's The Situation Room (7/11, Blitzer) reported, "The attacks in India are being felt right now in New York City. Hundreds of extra police officers are being positioned in the subways and random bag searches are being stepped up." CNN (Snow) added, "Because the bombings did happen during evening rush hour. The city's police commissioner, Ray Kelly saying that he's taking these steps out of an abundance of caution for the 4.5 million people who ride the city's transit system every day. What the city is doing is doubling its number of random bag searches. Hundreds of extra police officers will be on the subways during the evening rush hour. Also explosive detection units are going to be used, sweeps by police officers. And we are also hearing from Atlanta that it too is going to be adding extra security. Also, once again, saying there are no specific threats, this is just being done out of precautionary measures, and in Los Angeles some officers are being redeployed to busier sites."

The New York Times (7/12, Times, 1.21M) reports, "In Los Angeles, extra sheriff's deputies and bomb-sniffing dogs checked major transit hubs." The AP (7/11, Butler) adds, "In Washington, the Metro service was not increasing police presence because of the Bombay bombings … However, officers were donning high-visibility vests and announcements urging travelers to be alert for suspicious activity were being played more frequently."

More Commentary. The Los Angeles Times (7/12, 918K) editorializes, "just as London has, Mumbai can be expected to endure and thrive, not just as a symbol of India's promise but of its resolve." The city "has long been a tempting terrorist target," but "India's growth…has pressed on despite terrorist attacks intended to give investors the jitters." India should "remain committed to the peace process with Pakistan." Even if a Kashmiri terrorist group "is responsible, India and Pakistan should maintain confidence-building measures … Pakistani President Pervez Musharraf's quick condemnation of the attacks was a welcome sign that the bombs, devastating though they were, need not change the region's positive course."

Xenia Dormandy, executive director for research with the Belfer Center for Science and International Affairs at Harvard's Kennedy School of Government and former director for South Asia at the National Security Council, writes in an op-ed in the Washington Post (7/12, A15, 748K), "how long can India, Indians and the Singh government withstand the constant pressure from militant groups before they have to react?" They have "been extraordinarily patient," and "now is a moment when Pakistan really needs to respond." If Pakistan "wants to be taken seriously as an important player on the international scene" and seek "a nuclear energy deal similar to the one we are working on with India," then it must get "get serious about shutting down, arresting and otherwise dismantling the militant groups that operate from its territory." Pakistan "needs to do more" to remove the region's volatility. "In return, India would need to step up in a real, substantive way on bilateral issues such as Kashmir."

Naresh Fernandes, editor of Time Out Mumbai, writes in an op-ed in the New York Times (7/12, 1.21M) that before the blasts, the "illogical faith in Bombay's innate resilience" was "saluted so frequently of late, all the praise was beginning to annoy me." Now, "Perhaps the newspapers have it right after all. An anguished night has fallen over Mumbai, but when the city eventually sleeps it will do so secure in the knowledge that its spirit is unbroken, that it is, exactly like the myth has it, indomitable and undying."

The Wall Street Journal (7/12, 2.03M) editorializes, "this attack has the al Qaeda stamp" and is "another reminder of the global scope of the war on terror." While, "Inevitably, someone is going to interpret this latest attack as a protest against New Delhi's recent cozying up to the Bush Administration," Osama bin Laden "long considered democratic, secular India as his biggest enemy after the U.S. and Israel," as "the three countries form the hard core in the front-line battles against the jihadists." These "murders remind us that natural allies have common enemies, and deserve each other's support in fighting them."

Judge Vacates 9/11 Default Judgment Against Qatari Minister. The AP (7/12, Neumeister) reports, "A judge presiding over Sept. 11 lawsuits has agreed to vacate a default judgment he had issued against a member of the ruling family of Qatar who was accused of harboring al-Qaida members. U.S. District Judge Richard C. Casey, in a two-page order issued Friday, said Sheikh Abdullah Bin Khalid Al-Thani, Qatar's interior minister, can challenge the claims made against him in a lawsuit in Manhattan." The AP notes, "Lawsuits filed on behalf of victims of the Sept. 11 attacks say FBI officials have speculated that Khalid Shaikh Mohammed, al-Qaida's former

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No. 3 man, may have been tipped off by Al-Thani before agents were granted permission to enter Qatar to try to arrest him in 1996."

PATRIOT ACT:

Kurdish Man Pleads Guilty To Violating Patriot Act. The AP (7/12) reports, "The last of four Kurdish men who transferred hundreds of thousands of dollars to the Middle East in violation of the nation's anti-terrorism law pleaded guilty (in Roanoke, VA) Tuesday to one charge." The AP continues, "Fadhil Noroly and the three other men, all of whom have been granted asylum in the United States, said they were sending money to help relatives and friends in the Kurdish provinces of northern Iraq. They said they also helped other Kurdish families in the U.S. through the complicated process of sending money to a country that does not have a functioning banking or mail system." The AP adds, "The charge of operating an unlicensed money-transfer business carries a punishment of up to five years in prison, but the U.S. attorney's office said in a plea agreement it would not recommend incarceration for Noroly. Sentencing is scheduled Sept. 26 in U.S. District Court in Harrisonburg. … The three others received fines and probation last month. … The U.S. attorney's office characterized the transfers as a danger to national security, but said it had no evidence that Noroly 'intended that any of the money he transferred would assist terrorist activity.' … The charges were brought under the Patriot Act, adopted in the aftermath of Sept. 11, which allows people who transfer money to be charged even if they don't know their actions are illegal."

HOMELAND RESPONSE:

DHS IG Questions "Unusual" Sites On List Of US Terror Targets. The New York Times (7/12, Lipton, 1.21M) reports an audit released yesterday by DHS' IG finds that the agency's National Asset Database includes a number of "'unusual or out-of-place' sites 'whose criticality is not readily apparent.'" Sen. Charles Schumer said the report showed why DHS' "grant formula came out as wacky as it was." The audit blamed the problems on "insufficient definitions or standards for inclusion provided to the states, which submit lists of locations for the database." DHS Deputy Press Secretary Jarrod Agen "said that he agreed that his agency should provide better directions for the states and that it would do so in the future."

Pataki To Seek State Money For NYC, Buffalo Anti-Terror Funding. In an article appearing on no fewer than 33 news websites, the AP (7/11, Barrett) reported that following DHS' announcement in May that New York City and Buffalo would see less money in Urban Area Security Initiative grants this year, New York Gov. George Pataki moved yesterday to gather "state funds to make up for some of what Washington won't be sending. … The new state package would likely provide about $700,000 more to Buffalo. State officials also are in talks to provide relief to New York City, which could amount to nearly $25 million." The AP added that the UASI program "lost funding from Congress this year, but New York City and Buffalo absorbed a disproportionately large share of the cuts."

Passengers Traveling To US To Be Checked Against Terror Watch Lists Before Takeoff. USA Today (7/12, Hall, 2.27M) reports DHS announced a new rule yesterday that will require US-bound international air travelers to "be checked against lists of suspected terrorists before their planes take off." DHS Deputy Secretary Michael Jackson said the rule, "to go into effect by the end of the year, aims to allow US authorities more time to check passengers' information against the FBI's comprehensive terrorist watch lists." The rule could also "halt the practice of diverting or sending back planes once they're in the air because current rules don't give authorities enough time to check if a passenger is on a watch list before a plane departs."

Senate Adds To Bush Proposal For Port Security. The Wall Street Journal (7/12, Rogers, 2.03M) reports that the Senate has added billions of dollars to President Bush's budget, approving "almost $1 billion in added port- and border-security funding that would be partially offset by increased fees charged to foreign citizens entering the U.S. Off the floor, the Senate Appropriations Committee gave initial approval to a second spending measure adding an additional $1.4 billion to the president's requests for Justice, Commerce and science agencies."

Senate Votes To Replace FEMA With New Agency. The New York Times (7/12, Lipton, 1.21M) reports voting on an amendment to the domestic security budget bill last night, the Senate approved the creation of "a

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new federal entity to replace the much-criticized Federal Emergency Management Agency" by a vote of 87 to 11. "The new agency, called the Emergency Management Authority, would remain in the Homeland Security Department," but would report directly to the President "in times of major disasters." However, "Final passage of the bill by Congress is far from assured. The House is still considering legislation proposed by Representative Don Young, Republican of Alaska, that would keep FEMA but move it outside the Homeland Security Department, returning it to the more prominent, stand-alone status it had during the Clinton administration."

Updated Emergency Alert System Will Reach Computers, Handheld Devices. The AP (7/11, Jordan) reported, "The government will soon be pinging cell phones and posting on Web sites to warn Americans of impending disasters as it updates its Cold War-era emergency alert system. By the end of next year, the Homeland Security Department expects to be able to send emergency alerts to cell phones, Internet sites and hand-held computers to reach as many people as possible before a catastrophe strikes, spokesman Aaron Walker said Tuesday." The national emergency alert system "was initially designed to warn Americans of a nuclear attack, but President Bush last month ordered Homeland Security to extend the alert 'for situations of war, terrorist attack, natural disaster or other hazards to public safety and well-being.'"

Army Corps Outlines Plans To Protect New Orleans. The Washington Post (7/12, A3, Eilperin, 748K) reports on Capitol Hill Monday, the Army Corps of Engineers "outlined a preliminary plan to protect Louisiana from hurricanes and their storm surges," which avoided "specific recommendations" while describing "a patchwork of levees and natural barriers aimed at withstanding a range of storms." The Post continues, "While an engineering appendix to the report includes an outline for levees that would stretch all across the state, project manager Al Naomi said in an interview yesterday that the agency has not decided where to construct levees." The Post adds, "The report came under immediate fire from both environmentalists and lawmakers, who questioned whether the plan was feasible and would protect the state's residents."

HUD Approves $4.2 Billion For Louisiana Housing. The AP (7/11) reported the Department of Housing and Urban Development announced Tuesday that it "will pay $4.2 billion into a program to help Louisiana residents rebuild or sell houses severely damaged by Hurricanes Katrina and Rita" and will "provide $1 billion for hurricane-related housing needs in Mississippi, Texas, Alabama and Florida." The funding for Louisiana "will be added to federal allocations that the state has received to fully fund its more-than-$9-billion 'Road Home' program for hurricane recovery." HUD Deputy Secretary Roy A. Bernardi said in a joint federal and state press release that the agency "will work very closely with Gov. Blanco and the Louisiana Recovery Authority to help pave the road home for thousands of residents desperate to rebuild their own lives."

WAR NEWS:

Attorneys For Soldier Accused Of Rape-Murder Seek Gag Order. CNN.com (7/12) reports, "Defense attorneys for a former U.S. soldier charged with raping and killing a young Iraqi female and murdering her family requested a gag order in the case -- applying all the way up to President Bush. … 'This case has received prominent and often sensational coverage in virtually all print, electronic and Internet news media in the world,' said the motion filed Tuesday in federal court in Louisville, Kentucky." CNN continues, "Public defenders Scott Wendelsdorf and Patrick Bouldin filed the papers on behalf of former Pfc. Steven D. Green. … The court papers cited a Thursday interview of Bush on CNN's 'Larry King Live,' in which the president referred to the alleged incident as a 'despicable crime' and offered an opinion that Green was 'staining the image, the honorable image of the United States military.' … In addition, the motion said Gen. Peter Pace, chairman of the Joint Chiefs of Staff, was quoted in the Los Angeles Times as saying the alleged incident was 'totally unacceptable.' … 'Clearly, the publicity and public passions surrounding this case present the "clear and imminent danger to the fair administration of justice,"' the motion said. … It requested that the gag order cover Bush, Attorney General Alberto Gonzales and Defense Secretary Donald Rumsfeld, as well as their employees. It also would apply to participants in the trial, attorneys, members of civilian or military law enforcement, and investigators. … Prosecutors have until July 25 to file their responses to the request, according to a court clerk."

Fifty More People Killed In Baghdad As Violence Continues. The New York Times (7/12,

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Semple, 1.21M) reports, "More than 50 people were killed in Baghdad on Tuesday in violence that included a double suicide bombing near busy entrances to the fortified Green Zone, scattered shootings, mortar attacks, a series of car bombs and the ambush of a bus with Shiite mourners returning from a burial." Yesterday's killings, "many of them apparently carried out with sectarian vengeance, raised the three-day death toll in the capital alone to well over 100, magnified the daunting challenges facing the new government and deepened a sense of dread among Iraqis."

All three major network newscasts reported on the violence in Iraq. ABC World News Tonight (7/11, story 3, 1:50, McCarthy, 8.78M) said, "No warnings, no mercy and no let-ups in the terror." The CBS Evening News (7/11, story 8, 0:15, Schieffer, 7.66M) reported, "The violence in Iraq only gets worse." NBC Nightly News (7/11, story 4, 0:15, Williams, 9.87M) also mentioned Tuesday's attacks.

USA Today (7/12, 4A, Jervis, 2.27M) says "a month-long security crackdown in Iraq's capital has barely dented rampant violence in the city of more than 6 million. Frustrated by the lack of results, Iraqi lawmakers called on the country's Defense and Interior ministers to explain why the security operation hasn't led to a decline in violence."

The Christian Science Monitor (7/12, Murphy, 58K) also reports that "in the month since a new security plan was unveiled in the capital involving 10,000 Iraqi soldiers and police, sectarian murders and tit-for-tat mosque bombings by Shiite and Sunni militias have surged. … There is still hope that Iraqi Prime Minister Nouri al-Maliki will be able to stem the tide by getting the Army and police to act as peacekeepers between warring Muslim sects." But "it appears that his political honeymoon, in Baghdad at least, may be over."

The Washington Post (7/12, A8, Partlow, Al-Izzi, 748K) recounts a recent attack, "According to witnesses and a Washington Post special correspondent, carloads of men in tracksuits, suspected by residents to be members of the powerful Shiite militia known as the Mahdi Army, pulled up outside the Malouki mosque and fired rocket-propelled grenades at the house of worship. During the firefight, a bullet pierced the shoulder of a mosque guard. Cars were gutted and burned. Residents said they did not know how many people died." Saleh Muhammed, "an Amiriyah resident, told a Post special correspondent that he dialed 130 into his cellphone, Baghdad's emergency number. 'The Mahdi Army has attacked Amiriyah,' he told the Interior Ministry dispatcher. 'The Mahdi Army are not terrorists like you,' said the dispatcher at the ministry, which is controlled by a Shiite party and operates closely with militias."

Increasing Use Of IEDs Seen As Evidence of Insurgent Determination. The New York Times (7/12, Gordon, 1.21M) reports on the efforts of US soldiers to identify and eliminate IEDs in Iraq. The US "has spent millions of dollars on technology to counter the bombs, which the insurgents have continued to install at a furious rate." But it "is often a matter of memorizing the location of trash heaps, bomb craters, dirt mounds and construction sites in Hit, a garbage-strewn city of 40,000." IEDs "have become the insurgents' primary weapon, and the number of explosives they plant is an important measure of their activity and determination to fight. The number is on the rise nationwide."

US Military In Ramadi Using Diplomatic Approach To Quell Insurgency. In a positive article on the US military's efforts to reduce instability in Iraq, the Los Angeles Times (7/12, Barnes, 918K) reports, "Here, in the capital of Al Anbar province, the U.S. military is attempting to clear and pacify an insurgent stronghold without leveling the city in the process." Instead of gauging "success by blocks cleared, military officials here take heart from softer measurements -- neighborhoods that have become safe enough for garbage collection to have resumed, stores that have reopened." The idea "is to compel the insurgents not to fight and make sure the military does little to create new insurgents. When they are fired at, these Marines do not always shoot back."

GAO Criticizes Administration Iraq Strategy.

CNN's The Situation Room (7/11, Roberts) reported, "The Government Accountability Office delivered a sharp rebuke to the White House, concluding that while its 2005 national strategy for victory in Iraq is an improvement over the original post war plan, it still lacks all of the key characteristics of an effective national strategy. … The GAO was particularly critical about the price tag of war in Iraq, stating 'The strategy neither identifies the current and future cost of US involvement in Iraq.' That cost, by the way, through 2007 is $374 billion, including some funding for Afghanistan. The GAO also criticized strategy for battling corruption. Particularly in the oil sector which was supposed to help play for rebuilding. The report found as much as 10 percent of refined fuels are diverted to the black market. What's more, 30 percent of imported oil was smuggled out of Iraq and sold for

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profit. It all made an incendiary election year issue even hotter."

The Washington Times (7/12, Bellantoni, 88K) reports David M. Walker, the US comptroller general, "told lawmakers that President Bush did not give proper consideration to conditions on the ground and said the administration is not demanding accountability for the $1.5 billion per week that the United States spends in Iraq." The Times adds, "Details from the report, which included descriptions of a bloated Iraqi bureaucracy and widespread mismanagement of reconstruction funding, were revealed at a House subcommittee hearing called by Rep. Christopher Shays, Connecticut Republican."

Biden, Reed Paint Pessimistic Picture Of Iraq After Trip. The Hill (7/12, Eisele) reports, "Two key Democratic senators just back from Iraq painted a bleak picture yesterday of the situation there, saying the failure of the country's emerging government to stop the escalating violence and provide basic services has brought the country to the edge of civil war." Sen. Joseph Biden, ranking member of the Foreign Relations Committee, "cited Sunday's killing of some 40 Sunni Arabs by Shiite militia 'in broad daylight'" in Baghdad, "a city that has 60,000 Iraqi security forces' and 'is in tatters.'" Sen. Jack Reed, a member of the Armed Services Committee and "one of his party's point men on Iraq, said that while the country 'has not degenerated to the point where they've got large-scale Iraqi forces fighting with each other,' it is close to an all-out conflict."

Rumsfeld Makes Unannounced Visit To Iraq. The AP (7/12) reports, "Defense Secretary Donald H. Rumsfeld said Wednesday on an unannounced visit to an air base north of Baghdad that the new Iraqi government is not yet ready to decide on security issues that will determine the pace of U.S. troop reductions this year." The brief article says that Rumsfeld's words "suggested that the timing and scope of troops cuts [are] still in doubt."

CNN (7/12) reports on its website that Rumsfeld arrived in Balad and that his 'last unannounced visit" to Iraq was on April 26, with Secretary of State Rice. The article also notes a Sunni official's complaint about slow US response time (six hours, 4.03M) to the killing of "at least 40 unarmed Sunnis" on Sunday and US Ambassador Khalilzad's acknowledgment to a CSIS audience that the Baghdad security crackdown had not worked at the "expected" level.

Rumsfeld Seeks To Smooth Relations Between Afghanistan, Pakistan. The Washington Times (7/12, Sands, 88K) reports that in response to charges by Afghan officials, "Pakistani Foreign Minister Khurshid Mahmood Kasuri said yesterday that his country has '10,000 reasons' to promote peace and stability in neighboring Afghanistan, rejecting charges that Pakistan has not done enough to combat rising Islamist violence along the border." Meanwhile, "U.S. officials have tried desperately to cool a war of words between Pakistan and Afghanistan." And in Afghanistan, Defense Secretary Rumsfeld "also tried to strike an even-handed pose." Rumsfeld said Afghanistan's neighbors have "not yet completely reduced the cross-border violence, and it is something that needs to continue to be worked on on both sides of the border."

Afghan Struggle Against Drug Trade Noted. ABC World News Tonight (7/11, story 4, 2:35, Snow, 8.78M) reported, "Rumsfeld said Afghanistan's drug trade is a major concern. … Tonight, ABC's senior correspondent Jim Sciutto on why fighting the drug trade has become so important and why it's proving so difficult. Sciutto: "In the arid fields of southern and eastern Afghanistan, the war on drugs meets the war on terror. These poppy plants are the source of 90% of the world's heroin and estimated tens of millions of dollars a year for Taliban fighters." Sciutto added, "Acre by acre, the Afghan government is trying to fight back. Supervised by private American security contractors, poppy fields are being destroyed." The report continued, "The US and other foreign donors are trying to give farmers new ways to support themselves, turning poppy farmers into road builders and carpenters … But the US is losing this war on drugs. Production has actually risen 27% in the last 5 years. It's now a $2.7 billion business in an extremely poor country. Many here say the solution will come only with long-term rebuilding of an economy destroyed by decades of war."

US To Continue To Play Key Role As NATO Takes Control In Afghanistan. Defense Secretary Donald Rumsfeld pledged a continued presence in Afghanistan as NATO's prepares to take over of security in Southern Afghanistan. The Washington Post (7/12, A10, White, 748K) describes US forces as meeting increasing resistance from an "increasingly aggressive Taliban movement" as it conducts Operation Mountain Thrust, which "has had real consequences for U.S. troops: June was the second-deadliest month for U.S. forces in Afghanistan since

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Taliban rule was toppled." At a joint press conference with Afghan President Hamid Karzai in Kabul, Rumsfeld said, "They do not like to see a country like Afghanistan become a successful democracy. And they would like to do everything they can to stop it." He "spent much of the day in Kabul meeting with government officials and NATO leaders and assuring them that the United States will maintain a robust presence even as NATO works toward taking over ISAF."

US Seen As Losing War Against Drug Trade In Afghanistan. ABC World News Tonight (7/11, story 4, 2:35, Snow, 8.78M) reported, "In Afghanistan, Secretary of Defense Donald Rumsfeld was there today, an unannounced visit to show support for President Hamid Karzai. Rumsfeld said Afghanistan's drug trade is a major concern." ABC (Sciutto): "The US and other foreign donors are trying to give farmers new ways to support themselves, turning poppy farmers into road builders and carpenters … But the US is losing this war on drugs. Production has actually risen 27% in the last 5 years. It's now a $2.7 billion business in an extremely poor country. Many here say the solution will come only with long-term rebuilding of an economy destroyed by decades of war."

Misconduct By US Troops Blamed On Stress Of Combat. The Christian Science Monitor (7/12, Sappenfield, 58K) cites Rep. John Murtha's "provocative" remarks from a few months ago that alleged misconduct by US forces in Iraq is the result of the strain of redeployments which "has caused them to crack in situations like this." Critics dismissed his remarks, yet "the underlying statement has gone largely unanswered." A number of Iraq veterans suggest "the seemingly endless nature of this war could, in some cases, cause frustration to boil over into criminal violence."

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Main Justice Still Struggling To Recover From Flooding. Scripps Howard (7/12, Hernandez, Last) reports, "Three federal government buildings will remain closed, or mostly closed, for up to several months because of flood damage from record-breaking storms in late June. Several thousand workers have been displaced." Scripps Howard continues, "Employees at the Internal Revenue Service headquarters are unlikely to return to their offices until the beginning of next year, officials announced Tuesday. More than 2,700 employees have been affected, leaving them to work from home, telework centers or at one of 13 other IRS offices in the D.C. metropolitan area. … The National Archives officials had hoped to reopen this week, but will not." Scripps Howard adds, "Senior Justice Department officials have returned to their building, but most other Justice Department employees have been working in nearby offices. … The IRS and Justice Department buildings had extensive basement flooding, and it took three days for crews to pump the water out. The IRS basement and sub-basement were under 24 feet of water, while the Justice building's basement was under 20 feet."

CORPORATE SCANDALS:

Monster Worldwide May Restate Earnings After Stock Option Review. The AP (7/12) reports, "Online job recruitment firm Monster Worldwide Inc. said Tuesday that although an internal review of stock options practices is still in its early stages, the company believes it may need to restate financial results for the year ended Dec. 31, 2005 and prior years to record additional stock-based compensation charges." The AP continues, "The company said that it hasn't determined exactly which results would have to be restated, or the magnitude of such charges, but does forecast that a potential restatement would not materially hurt 2006 earnings. … Monster will report second-quarter results on July 26 and discuss market trends and its outlook on a related conference call on that date." The AP adds, "Due to the ongoing independent review and potential impact of stock-based compensation expense to prior periods, Monster said it may not be able to file its 10-Q for the quarter ended June 30, 2006 on a timely basis. … As of July 10, at 58 companies are under SEC or Justice Department scrutiny for stock option practices, and at least 6 other companies not under federal investigation have launched internal probes."

Treasury Moves Closer To Limiting Fannie Mae, Freddie Mac Debt. The Wall Street Journal (7/12, Paletta, 2.03M) reports, "Senior Treasury officials scheduled separate meetings with Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks during the next week to discuss potential new reporting requirements." The Journal says the meetings indicate that Treasury is moving closer to "limiting the debt issued by the mortgage-finance giants, a stick it has waved for years." At the meetings,

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"Treasury officials will discuss plans to begin requiring them to report at the beginning of each quarter exactly how much debt they plan to issue and retire over the next three months."

CRIMINAL LAW:

Jefferson Appeals Ruling On FBI Raid. The Baton Rouge Advocate (7/12, Shields) reports, "U.S. Rep. William Jefferson appealed a ruling Tuesday that the FBI raid on his office was legal, throwing access to the material seized in the search into a legal limbo." The Advocate continues, "Jefferson's attorney, Robert Trout, called the May 20-21 search of Jefferson's congressional office 'unprecedented, unnecessary and unconstitutional.' … Jefferson, D-New Orleans, had filed a motion asking to have the computer files and two boxes of documents taken from his office returned, calling the search an infringement by the executive branch. … U.S. District Judge Thomas Hogan ruled against him, saying the raid was legal." The Advocate adds, "In additional to filing the appeal Tuesday, Trout has asked the judge to stay his own order that directs the seized items to be given to the Justice Department. … President Bush had asked the material be sealed for a 45-day 'cooling off' period between the executive and legislative branches. … That ended Sunday. … The Justice Department has said it will wait for Hogan's decision on the stay before examining the material." The New Orleans Times-Picayune (7/12, Alpert) adds that two unnamed DOJ officials "said the department definitely would not do anything with the material until Hogan decides whether to stay his ruling. They said no decision has been made on whether the examination would begin if Hogan rejects the stay or whether the agency would wait for the appeals process to be completed." CNN's The Situation Room (7/11, Verjee) reported, "Lawyers for the Louisiana Democrat today filed papers to keep materials seized from his office sealed, while the appeals process goes forward." CNN.com (7/11) added, "Justice Department officials told CNN that they would not touch the documents until Jefferson's request for a stay is resolved -- a development they said could happen by Wednesday. … Meanwhile, congressional negotiators and Justice Department officials are close to reaching an agreement on procedures for future searches of lawmakers' offices by federal agents."

Ornstein Calls Hogan Ruling "Dead Wrong," "Reckless." In a Roll Call (7/12) column, Norman Ornstein calls US District Judge Thomas Hogan's ruling on the constitutionality of the FBI search of Rep. William Jefferson's office "dead wrong and, frankly, reckless." Ornstein adds that "he, and the rest of us, should step back and think about the consequences of his ruling. Regardless of whether the raid itself is constitutional, the way in which the Justice Department and the FBI carried it out was itself reckless and foolish and a clear affront to Congress, setting an extraordinarily dangerous precedent." Ornstein concludes, "I hope the appeals court judges, and ultimately the Supreme Court, show more common sense, restraint and respect for the constitutional balance."

NYTimes Hails Hogan Decision. The New York Times (7/12, 1.21M) editorializes, "When the F.B.I. searched the offices of William Jefferson…it produced a rare moment of bipartisanship. Leaders of both parties insisted that the search infringed on the rights of Congress," but US District Judge Thomas Hogan "gave Congress a much-needed reminder that no one is above the law." The Times adds, "The power to investigate Congress could be abused," but the Jefferson probe "is a run-of-the-mill criminal case, and as the Supreme Court has said, members of Congress are not 'super-citizens, immune from criminal responsibility.'"

LATimes Calls Hogan Ruling "Embarrassment" For Congress, Bush. The Los Angeles Times (7/12, 918K) editorializes, "Hogan's decision upholding the search is an embarrassment not only for Congress but for President Bush. The president capitulated to congressional whining by "sealing" Jefferson's records and computer discs for 45 days so the FBI wouldn't have access to them." The Times adds, "Jefferson's lawyers are expected to seek a court order preventing the FBI from examining Jefferson's records while he appeals Hogan's ruling. The Bush administration can atone for its previous coddling of Congress by opposing any such relief."

Novak Says Rove Was One Of His Sources On Plame Identity. MSNBC's Hardball (7/11, Matthews) reported, "Bob Novak, the nationally syndicated columnist who first revealed the role of CIA operative Valerie Wilson has identified now two of what he says were his three sources. They are Bush top political aide Karl Rove and CIA official Bill Harlow. … Novak does not reveal the name of his primary source, and the source has not come forward. Thus far, no one has confirmed Novak's recitation of the events."

The Washington Post (7/12, A4, Kurtz, 748K) reports that Novak "acknowledged for the first time yesterday that he

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identified three confidential administration sources during testimony in the CIA leak investigation, saying he did so because they had granted him legal waivers to testify and because Special Counsel Patrick J. Fitzgerald already knew of their role. In a column to be published today, Novak said he told Fitzgerald in early 2004 that White House senior adviser Karl Rove and then-CIA spokesman Bill Harlow had confirmed for him, at his request, information about CIA operative Valerie Plame. Novak said he also told Fitzgerald about another senior administration official who originally provided him with the information about Plame, and whose identity he says he cannot reveal even now."

The Washington Times (7/12, Seper, 88K) reports, "In his column, posted yesterday on the Human Events Web site, Mr. Novak said he cooperated with special prosecutor Patrick J. Fitzgerald's investigation 'while trying to protect journalistic privileges' and to shield sources who had not revealed themselves. 'Published reports that I took the Fifth Amendment, made a plea bargain with the prosecutors or was a prosecutorial target were all untrue,' he said. 'Fitzgerald has informed my attorneys that, after two and one-half years, his investigation of the CIA leak case concerning matters directly relating to me has been concluded. That frees me to reveal my role in the federal inquiry that, at the request of Fitzgerald, I have kept secret."

The New York Times (7/12, Johnston, 1.21M) reports that Novak "said his decision to discuss his sources with Mr. Fitzgerald had been made reluctantly, after he realized that the prosecutor had learned independently of those sources and his lawyers had advised him that he faced a costly and probably unsuccessful legal fight if he refused to cooperate."

The AP (7/12, Yost) reports, "A spokesman for Rove's legal team, Mark Corallo, said that Rove did not even know Plame's name at the time he spoke with Novak, that the columnist called Rove, not the other way around, and that Rove simply said he had heard the same information that Novak passed along to him regarding Plame."

Editor & Publisher (7/12) also reports this story.

Scanlon Did Millions Of Dollars Of Business With Top DC Lobbying, PR Firms. Roll Call (7/12, Kane) reports that Michael Scanlon, a former aide to former Rep. Tom DeLay, meant millions of dollars in business to some of Washington's most established legal and PR firms. From 2001 to early 2004, "some of Washington, D.C.'s most storied firms and their subsidiaries did more than $2.1 million worth of business with Scanlon, the high-flying former flack for then-Rep. Tom DeLay (R-Texas). Renowned law firms such as Patton Boggs and PR giant Edelman performed work on behalf of Scanlon — and in many cases indirectly for his criminal associate, ex-lobbyist Jack Abramoff — most of it coming on projects that the duo later would concede were part of their criminal conspiracy." Roll Call adds, "The financial figures were revealed as part of the Senate Indian Affairs Committee's final report on its two-year probe of Abramoff's dealings with his tribal clients. In addition to a more than 350-page final report, the panel released hundreds of pages of new materials, including a 102-page financial ledger that detailed every single transaction Scanlon made over three and a half years."

Former Florida Prisons Chief Pleads Guilty To Taking Kickbacks. The AP (7/12, Word) reports, "Florida's former prisons chief pleaded guilty Tuesday to taking thousands of dollars in kickbacks from a prison contractor, blaming some of his actions on alcohol abuse. After entering his guilty plea, James Crosby told reporters he was ashamed. He had already been forced to resign amid a wide-ranging investigation into criminal activity in the state corrections system." The Tallahassee Democrat (7/12, Cotterell, 52K) adds, "He agreed to pay $130,000 for the kickbacks he took between October 2003 and last February. … Crosby's plea also requires him to continue cooperating in state and federal investigations of corruption in the prison system." Leaving the courthouse, "Crosby praised Department of Corrections employees and Gov. Jeb Bush, who stood by him for more than a year before firing him Feb. 10. … 'I absolutely misled Gov. Bush,'" he said. The St. Petersburg Times (7/12, Bousquet) notes defense lawyer Steve Andrews "said he hoped Crosby could get a shorter prison sentence by agreeing to enter an alcohol treatment program under federal court supervision."

FBI To Investigate Rise In Las Vegas-Area Police Shootings. The AP (7/12, Garcia) reports, "The FBI will open an investigation into the increased number of officer-involved shootings this year," Clark County Sheriff Bill Young "confirmed Tuesday as local activists called for changes to hearings that review cases in which people die at the hands of police. … Eleven people have been killed in 20 officer-involved shootings so far this year, surpassing the total for all of 2005 when 13 police shootings resulted in nine

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deaths. In the latest incident, police shot and killed a man Sunday outside a convenience store." The AP notes, "An FBI official said it is standard practice for the federal agency to look into each individual shooting incident, but would not comment on a broader investigation."

Federal Prosecutors Say Gotti Still Living On Mob Money. The New York Post (7/12, Cornell, 608K) reports, "John 'Junior' Gotti may claim he's out of the mob but he continues to live large on cash he raked in over years running the Gambino crime family, prosecutors argued yesterday. 'Gotti received so much illicit money that he literally had a cash "overflow" problem,' Assistant U.S. Attorneys Victor Hou and Miriam Rocah wrote in a letter to Manhattan federal judge Shira Scheindlin. Lawyers for Gotti have asked the judge to dismiss money-laundering charges they say fall outside the statute of limitations since their client has not committed new crimes in the past five years. But the feds claim Gotti invested millions of dollars in ill-gotten gains in real estate through two holding companies - and then transferred his assets to friends and family to hide his wealth." The New York Daily News (7/12, Zambito, 729K) notes, "Prosecutors said Gotti boasted to an associate how to hide dirty cash in a March 2003 prison visit. 'Invested money is clean money,' Gotti said, according to court papers."

Federal Prosecutors Make Closing Arguments At Aryan Brotherhood Trial. In a widely-distributed story, the AP (7/12, Risling) reports, "Federal prosecutors said Tuesday that the Aryan Brotherhood maintained its reputation as one of the nation's most notorious prison gangs by killing rivals and even its own members if they violated gang rules. During closing arguments in the trial of four suspected gang ringleaders, Assistant U.S. Attorney Terri Flynn said the white-supremacist organization was ruthless in prison and on the streets. 'They killed all those who threatened the criminal enterprise,' Flynn said." The AP notes, "It's believed to be one of the largest death penalty cases in U.S. history. … Closing arguments were expected to last until Friday in the trial of Barry 'The Baron' Mills, Tyler 'The Hulk' Bingham, Edgar 'The Snail' Hevle and Christopher Overton Gibson."

House Votes To Crack Down On Online Gambling. The New York Times (7/12, Phillips, 1.21M) reports, "With bipartisan support and the Jack Abramoff lobbying scandal haunting Republican efforts to pass antigambling legislation, the House approved a crackdown on Internet wagering that would ban not only sports bets but also online poker and other games that have become increasingly popular." The House "approved a bill that would make it illegal for financial institutions or intermediaries to process payments to offshore casinos through bettors' electronic funds, checks, debits and other e-wallet transactions. In addition, the bill updates the Wire Act of 1961, which forbade the transmission of betting over telephone lines, to specifically outlaw online gambling through any communication network. Criminal penalties would increase to a maximum of five years in prison, from two years." The Washington Times (7/12, DeBose, 88K) reports the bill "would task the Justice Department, Treasury secretary and the Federal Reserve Board to establish regulations requiring banks or other designated payment companies to establish policies and procedures to block restricted gambling transactions."

The Washington Post (7/12, A1, Murray, Grimaldi, 748K) notes the vote "came nearly six years to the day after a similar measure went down to surprise defeat. At the time, unknown to its conservative supporters, the bill was derailed by lobbyist Jack Abramoff and the office of then-House Majority Leader Tom DeLay, on behalf of the disgraced lobbyist's gambling clients." Critics "said the bill overreaches and would be difficult to enforce."

The AP (7/12, Zuckerbrod) also reports opponents of the bill "said it wouldn't work and decried exceptions for state-run lotteries and a horse racing industry that has powerful patrons in Congress" The vote was 317-93.

Bloomberg (7/12) reports, "Online gambling is a growing $12 billion-a-year business that includes companies such as PartyGaming Plc and 888 Holdings Plc. operating in locations such as Gibraltar and Antigua. Shares of PartyGaming, the world's biggest Web poker company, fell 5.9 percent last week after the American Gaming Association said it expected the measure to win House approval. … The bill now goes to the Senate, where similar measures have failed. U.S. casino operators including MGM Mirage and Harrah's Entertainment Inc. have urged Congress to consider legalizing and regulating online gambling." Bloomberg adds, "The bill would use federal authority to regulate payment systems to attack online gambling, most of which is conducted in offshore tax havens. The bill would require the Treasury Department and Federal Reserve to develop

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systems to identify payments to internet gambling. … The U.S. Justice Department would have authority to block money transfers to offshore gaming sites and seek injunctions against persons who foster illegal gambling via the Internet." Bloomberg notes, "Online gambling is already deemed illegal in the U.S. under a 1961 law against using telephone lines to place interstate bets. The House bill clarifies the applicability of the wire statute to online gaming. … The Justice Department has used that law to prosecute offshore Web-site operators and seek injunctions against U.S.- based companies that foster online gambling by accepting advertising or providing Internet links."

Tennessee Professor Under Investigation For Possible PRC Technology Transfer. The Knoxville News-Sentinel (7/11, Kenner, Chester) reported retired University of Tennessee engineering professor J. Reece Roth "is under investigation of potentially violating a federal law barring the transfer of sensitive technology to other countries, according to interviews and documents obtained by the News Sentinel." Roth "had his laptop computer seized by agents from the FBI, U.S. Customs and Border Patrol and Department of Commerce when he arrived in Knoxville from China on May 26. Earlier the same day, agents searched his office at UT and the university's Plasma Sciences Laboratory, seizing and copying numerous items." The News-Sentinel noted, "Both Roth and the university said Monday that neither had violated federal law."

Lawmakers Debate Crackdown On Community Web Sites. CNET News (7/12, McCullagh) reports, "Politicians on Tuesday accused MySpace.com and other social-networking sites of failing to protect minors from sexual predators and other malign influences and said a legislative crackdown may be necessary." CNET continues, "During a hearing before a House of Representatives subcommittee, politicians argued over the merits of compelling schools and libraries to cordon off access to social-networking sites, requiring some form of an Internet ID that would prove a person's age, or doing nothing at the moment. … 'MySpace.com has been a center of drug activity, of gang activity, and of Internet predators,' said Rep. Mark Kirk, an Illinois Republican. 'Isn't it entirely appropriate that the state get involved?'" CNET adds, "One bill introduced in May would cordon off access from schools and libraries to commercial Web sites that let users create public 'Web pages or profiles' and also offer a discussion board, chat room or e-mail service. … MySpace and other social-networking sites like LiveJournal.com and Facebook have come under increasing pressure from members of Congress hoping to appeal to voters before the November elections. The school and library filtering bill--called the Deleting Online Predators Act, or DOPA--is a centerpiece of a poll-driven Republican effort called the 'Suburban Agenda.' … DOPA defines a broad category that covers far more than social-networking sites such as Friendster and Google's Orkut.com. It would also sweep in a wide range of interactive Web sites and services that allow 'users to create Web pages or profiles,' including Blogger.com, AOL and Yahoo's instant-messaging features, and Microsoft's Xbox 360, which permits in-game chat. … Another idea that surfaced on Tuesday was to slap some form of age verification on social-networking sites."

Texas Woman Pleads Guilty To FEMA Fraud. The AP (7/12) reports, "A Dallas woman pleaded guilty Tuesday to defrauding the Federal Emergency Management Agency of $80,000 through false claims for Hurricane Katrina benefits, the U.S. Department of Justice said." The AP continues, "Lakietha Hall, 35, faces up to 12 years in prison, a $750,000 fine and restitution on federal conspiracy and identity theft charges, authorities said. … Hall admitted in court documents that she conspired with nine others between August and December, said a spokeswoman for the justice department." The AP adds, "Hall was accused of leading a scam in which she submitted online claims for disaster and unemployment assistance on behalf several of the other defendants, falsely stating that their primary homes were in areas devastated by Katrina and that the hurricane caused them to lose their jobs. … All of Hall's co-defendants have either pleaded guilty or agreed to plead guilty."

Two Arkansas Women Indicted On FEMA Relief Fraud Charges. The AP (7/12) reports, "A federal jury on Tuesday indicted two Arkansas women on charges that they defrauded the Federal Emergency Management Agency." Sakithia Dawn Slaughter "was charged with filing a false claim against the government and four counts of wire fraud. The indictment says she filed for FEMA benefits and falsely said her primary home was in New Orleans." Marteisha Renee Monts "was charged with filing a false claim against the government. The indictment says that Monts also filed for FEMA benefits and said her primary home was in New

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Orleans. Slaughter's case was investigated by the FBI; Monts' case was investigated by the U.S. Secret Service, U.S. Attorney Bud Cummins said in a news release."

Connecticut Man Sentenced To Seven Years In Prison In Murder-For-Hire Plot. The AP (7/12) reports Nathaniel Muniz of East Hartford, Conn., "was sentenced Tuesday to more than seven years in federal prison for trying to hire a hit man to kill the mother of his four children. … He was sentenced to 87 months in prison, followed by three years of supervised release. Muniz offered a Springfield, Mass., man $10,000 to kill his longtime companion, Madeline Serrano, before a custody hearing last year, prosecutors said. The man was a police informant who worked with the FBI to catch Muniz, according to court documents."

Texas Man Sentenced To Two Years In Prison For Threatening Lawyers. The Texoma Herald Democrat (7/6, Whiteley) reported, "Arthur Marcus Boyd showed little emotion Wednesday as Federal District Judge Richard Schell sentenced him to more than two years in prison for mailing threatening letters to state District Judge Rayburn Nall and attorneys Scott Pelley and Mike Wynne. The threats concerned the men's reputations, but Assistant United States Attorney Maureen Smith said they still feared for their safety after getting them." Defense lawyer Neil Durrance "argued that his client should get a lighter sentence because he suffers from diminished capacity," but "Smith said Boyd's mental capacity was strong enough for him to listen to FBI agents when they told him he couldn't demand money to stop distributing information that disparaged the men's reputation." The Durant Democrat (7/6) added that Boyd was sentenced "to 27 months imprisonment and one year of supervised release," and he was "ordered to pay a $5,000 fine and $2,200 in restitution. … This case was investigated by the Federal Bureau of Investigation."

FBI, IRS Raid New Jersey Jewish School In Fraud Investigation Of Property Developer. The Newark Star-Ledger (7/12, Martin, Spoto) reports, "Federal agents yesterday seized records from the business offices of the Deal Yeshiva, the latest signal of a widening investigation into the dealings of Solomon Dwek, a multimillionaire developer and school administrator. FBI and IRS agents spent hours combing through the Brighton Avenue business office of the private Jewish school and removing boxes and other items." The Star-Legder notes, "Earlier this year, PNC Bank accused Dwek of trying to shortchange the financial institution by passing a $25 million bad check at a drive-through window. He also is battling lawsuits from relatives who contend he mismanaged or misspent millions of dollars of their money." The Asbury Park Press (7/12, Roberts) and AP (7/12) also report on the FBI and IRS raid.

Kansas Real Estate Broker Pleads Guilty To Mortgage Fraud. The Kansas City Star (7/7, Morris, 278K) reported, "A Kansas City real estate investor pleaded guilty in federal court Thursday to masterminding a $17.5 million mortgage fraud scheme." Jeffrey Tyler Wine "admitted that he and others prepared fraudulent loan applications and persuaded lenders to grant mortgages on 280 properties that he had sold to investors wanting rental properties. Through his companies, Wine had purchased the properties at tax and bankruptcy sales and then rehabilitated them, although often the repairs were of poor quality, prosecutors said. He sold the properties to investors, guaranteeing that rents on the homes would offset the mortgage payments." The Kansas City Business Journal (7/6) also reported on Wine's guilty plea.

Three Suspects Indicted, Plead Not Guilty In Coke Trade Secrets Case. In a widely-distributed story, the AP (7/12, Weber) reports, "A federal grand jury indicted three people Tuesday on a conspiracy charge alleging they tried to sell Coca-Cola trade secrets to Pepsi and were willing to give the information to the 'highest bidder.'" Joya Williams, Ibrahim Dimson and Edmund Duhaney pleaded not guilty, and "U.S. Magistrate Judge Joel Feldman then ordered Duhaney and Dimson, who served time together at a federal prison in Alabama, held without bail pending trial. Williams was previously granted bond and remains free." The Atlanta Journal-Constitution (7/12, Wilbert, 399K) notes, "New details about the alleged plot…emerged Tuesday, including how the three suspects may have known each other and that two product samples — not one — were taken. … Veronica Duhaney testified that she is old friends with Williams and invited Williams to a party to celebrate her husband's release from prison about a year ago. … Veronica Duhaney also testified that her husband and Dimson became friends while serving time together." Also testifying yesterday, "the FBI agent who worked on the case testified that he put a

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tap on the cellphone Dimson was using. The agent said he listened to more than 100 calls," although "he didn't provide information during the hearing about the content of those calls." Atlanta Business Chronicle (7/11) also reports on the indictments and recounts the details of the FBI undercover investigation.

The Wall Street Journal (7/12, Terhune, 2.03M) reports, "A former Coca-Cola Co. employee and two others charged with stealing company trade secrets had allegedly taken two secret product samples, new court filings show." The Journal continues, "Federal prosecutors in Atlanta last week described the former administrative assistant, Joya Williams, as removing one product sample and trying to sell it to an undercover federal agent posing as a PepsiCo Inc. executive with her co-defendants. .. A grand-jury indictment released Tuesday also says Ms. Williams printed out a Coke email with the subject line 'Project N*******', with the full word blocked out in the court filing. … Ms. Williams and the other two defendants, Edmund Duhaney and Ibrahim Dimson, pleaded not guilty to the charges in court Tuesday afternoon."

"Crime Emergency" Declared After DC Homicides. The Washington Post (7/12, A1, Klein, 748K) reports, "D.C. Police Chief Charles H. Ramsey reacted yesterday to a recent surge in homicides by declaring a 'crime emergency,' a move that gives him the freedom to quickly adjust officers' schedules and restrict their days off." The Post continues, "Thirteen people have been killed since July 1 in the District, and police are being pressured to take action by residents at community meetings and vigils to honor the dead. The victims included a popular store owner slain at closing time, a community activist killed in a park and a British citizen whose throat was slit in Georgetown. … 'You can't make sense of it because it doesn't make any sense,' Ramsey said of the slayings, which have occurred in all four quadrants of the city. 'Thirteen people is simply unacceptable by anyone's standards. We have to do something right now.'" The Post adds, "The declaration came on the same day that Ramsey transferred a police official who was accused of making a racially insensitive remark at a community meeting Monday night in Georgetown. Ramsey temporarily reassigned Inspector Andy Solberg, who urged residents to report suspicious activity and said, 'This is not a racial thing to say that black people are unusual in Georgetown.' … Ramsey had declared three previous crime emergencies since becoming chief in 1998, the most recent in December after four people were killed in six hours. The declaration gives him the power to quickly shift the department's 3,800 officers to areas and times they are needed most. He can change schedules without giving officers 14 days' notice, as required under the union contract. Ramsey said he will increase patrols in hard-hit neighborhoods and put nonuniformed officers on the streets to help provide the increased coverage. … Ten men, two women and a 16-year-old youth have been killed in the city since July 1. The most recent killing occurred at 1:25 a.m. yesterday in the 3600 block of 22nd Street SE, where Laquanda Johnson, 24, was found fatally shot. A suspect was arrested about 12 hours later in Suitland." The Washington Times (7/12, McElhatton, 88K) also reports on this story.

SCOTUS Uncertainty On Death Penalty Echoes 1972 Ruling. The Legal Times (7/12, Mauro) reports, "Criticism of capital punishment is mounting. States are executing fewer death row inmates. Two new Republican appointees have joined the Supreme Court. But other justices are palpably uncomfortable with the death penalty. … The year was 1972. … It was the year when the Court suddenly declared the death penalty unconstitutional in Furman v. Georgia -- a 'constitutional earthquake,' one commentator said at the time." The Times continues, "Today, in the wake of a batch of conflicting Supreme Court decisions on the death penalty this past term, abolitionists are beginning to draw parallels with that period more than a third of a century ago, when the Court's long-standing support for capital punishment dissolved, at least for a while. (The Court allowed states to resume executions in Gregg v. Georgia in 1976.) … 'The Court is increasingly concerned about error in capital cases -- error that raises fundamental concerns about reliability,' says Bryan Stevenson, executive director of the Equal Justice Initiative, who has been representing Alabama death row inmates on appeal for nearly 20 years. 'The doubts and criticisms are beginning to echo the concerns of Furman.' … The parallel with 1972 may reflect a good dose of wishful thinking; some of the decisions of this past term supported states seeking to limit inmate appeals, and executions have certainly gone forward. In Furman, five justices viewed capital punishment as unconstitutional, creating a slim but bankable majority. On the current Court, by contrast, the number of justices expressing serious doubts may have maxed out at four -- especially since Samuel Alito Jr. replaced Sandra Day O'Connor in January."

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CIVIL LAW:

Odyssey Healthcare Settles DOJ Investigations. The AP (7/12) reports, "Hospice care provider Odyssey Healthcare Inc. said Tuesday it has reached final agreements on its $13 million settlement to resolve probes by the Justice Department and other federal authorities." The AP continues, "The Justice Department, Health and Human Services Department and Office of the Inspector General investigated the company's patient certification, patient referral and coordination of benefits practices." The AP adds, "Odyssey agreed to pay $13 million, without acknowledging any wrongdoing. The company recorded the $13 million charge in the fourth quarter of 2005."

CIVIL RIGHTS:

Euclid, OH, Mayor Rejects DOJ Claims Of Voting Rights Violations. The AP (7/12) reports that the mayor of Euclid, OH, "bristled Tuesday at a Justice Department lawsuit over the city's election system, calling the attempt to block elections premature and unwarranted." The AP continues, "The lawsuit, filed Monday in U.S. District Court in Cleveland, alleges that majority whites voting as a bloc in an at-large election setup have made it impossible for a black candidate to get elected. It's the third time the Bush administration has filed a civil rights lawsuit on behalf of black voters, Justice Department spokesman Eric Holland said. … 'Euclid has been proactive in fostering racial harmony and full participation of all residents through programs sponsored by city government, nonprofit organizations and the many churches and congregations throughout our community,' Mayor Bill Cervenik said in a news release Tuesday." The AP adds, "The Lake Erie city of roughly 53,000 is 30 percent black, but no black person has been elected to a local seat. There have been eight recent black city council candidates, but the council's four wards and four at-large seats dilute black voters' power, the Justice Department lawsuit alleges. … Euclid's law director, Chris Frey, said the city would cooperate with the Justice Department to avoid litigation. He suggested voter education seminars, increased voter registration efforts and a review by a local commission. … The lawsuit was filed one business day after the city promised the Justice Department it would form a commission to consider ways to aid black candidates. Assistant Attorney General Wan J. Kim, who heads up the Justice Department's Civil Rights Division, had warned city officials in a letter in March that he was prepared to sue."

GOP Lawmakers Divided Over Renewal Of Voting Rights Act. The Los Angeles Times (7/12, Wallsten, Neuman, 918K) that a group of conservative lawmakers are staging a revolt as Congress prepares to vote on the renewal of the Voting Rights Act. They argue "that certain provisions of the law are out of sync with party principles and are insulting to the South. The result is another emotional standoff within a party already fractured over how to deal with illegal immigration." The dispute "pits the 'big tent' political aims of President Bush's closest political advisors against conservatives who argue that they are being asked to vote against their values." The Times adds, "On Tuesday, Republican leaders were waging a fierce, behind-the-scenes fight to persuade recalcitrant conservatives that backing the act would benefit the party. But the conservatives weren't buying the argument, pressing their belief that Congress should change sections that impose federal oversight of states with histories of institutional racism and those that require bilingual ballots."

Pastor Decries Mortgage Bias. In an op-ed in USA Today (7/12, 2.27M), Bishop T.D. Jakes, who heads the Potter's House Church in Dallas, writes about "the recent study from the national non-profit organization Center for Responsible Lending that black and Hispanic home buyers in the booming market for subprime mortgages 'tend to pay higher interest rates than whites with similar credit ratings.' The study reveals that blacks and Hispanics are 30% more likely than whites to be charged the highest rate. Adding insult to injury, high-interest lenders, spurred by incentives, appear to focus on minority neighborhoods, steering unsuspecting customers to the most expensive loans." Jakes continues, "Fold in 2005 figures from the National Association of Realtors that only 48% of African-Americans own their own homes compared with 76% of whites, and I fail to see the logic in raising the bar on those with the farthest to leap by making them pay the highest interest rate. I ask myself: What year is this? Will well-meaning Americans stand by and send millions of people to the back of the lending bus while institutions target the neediest and pocket the money?" Jakes adds, "As America grapples with contemporary challenges of immigration, same-sex marriage, conflict in the Middle East

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and threats in Iran, it is time to put to bed our ancient ghosts and insist on freedom and justice for all. I call on all Americans, white and black and brown, rich and poor, to insist on nothing less than lending that serves all, works for all. Insist on equality. Support no institution whose greed victimizes single mothers, hard-working fathers and struggling people who want a home to call their own."

ANTITRUST:

EU Expected To Fine Microsoft Today For Antitrust Violations. The New York Times (7/12, Meller, 1.21M) reports, "As it has threatened to do, the European Commission is expected to fine Microsoft hundreds of millions of euros on Wednesday for failing to provide information to its competitors. … And if Microsoft continues to withhold the information, even higher fines will be imposed, a person close to the commission's antitrust division said Tuesday." The Times continues, "The commission is expected to fine Microsoft up to 2 million euros ($2.56 million) a day, covering the period from Dec. 15, 2005, through Wednesday. That fine could total about 400 million euros ($511 million), almost as much as the 497 million euros Microsoft was fined in 2004 for violating European antitrust law." The Times adds, "If Microsoft fails to provide the information, the commission is likely to increase the daily fine after Wednesday to 3 million euros, the person close to the commission said, speaking on condition of anonymity because a decision had not yet been made. … The 2004 antitrust ruling ordered Microsoft to reveal technical information about its PC operating system, Windows, to rival software makers. Withholding the information was an abuse of the dominance of Windows, the commission ruled."

CNET News (7/12, Kawamoto) reports that two sources familiar with the situation "said Microsoft must be in full compliance with the European Commission's landmark antitrust decision of March 2004 by the end of the month, or face a further fine of up to 3 million euros, or $3.8 million, a day. … The penalty could be backdated to Dec. 15, when the European Commission set a deadline for the company to comply with its antitrust order to share information with rivals to allow interoperability. … 'We have never, ever, had to fine a company for failure to respect an antitrust decision,' said Jonathan Todd, a spokesman for the European Commission. 'This is the first time since the European Union was formed' approximately 50 years ago, he said. … Microsoft has pledged to deliver documents by July 18 to be in compliance."

Xstrata Boosts Falconbridge Takeover Bid. The Wall Street Journal (7/12, Heinzl, 2.03M) reports, "Xstrata PLC raised its takeover offer for the 80% of Falconbridge Ltd. that it doesn't already own to about 18.1 billion Canadian dollars (US$16 billion), heating up an intense takeover battle for two big Canadian mining companies." The Journal continues, "Xstrata, a Swiss mining concern with headquarters in London, raised its Falconbridge offer to C$59 a share from C$52.50 a share. Xstrata's move is aimed at luring Falconbridge shareholders away from a competing bid by Inco Ltd., of Toronto. Inco itself is the target of a friendly takeover offer by U.S. copper giant Phelps Dodge Corp. and an unsolicited bid by Vancouver, British Columbia, mining company Teck Cominco Ltd." The Journal adds, "Falconbridge and Inco, both nickel and copper miners, are coveted at a time when prices for those and other metals are soaring amid scarce supply and surging demand, particularly in China. Nickel is used in stainless steel and other products such as batteries and jet engines. … But the stakes to acquire Falconbridge, of Toronto, and Inco have soared as well. Xstrata and Phelps Dodge, a Phoenix company, are betting that the industry is in the midst of a boom that will far outlast previous upswings, which typically have run out of steam after a few years. Yesterday, shares of aluminum maker Alcoa Inc. fell amid concerns by some that the flush times for the metals industry may be easing."

German Antitrust Authorities Delay KLA-Tencor Deal. The San Jose Business Journal (7/12) reports, "KLA-Tencor Corp. and ADE Corp. said Tuesday the acquisition of ADE has been delayed pending approval from German antitrust authorities." The Journal continues, "San Jose-based KLA-Tencor and Westwood, Mass.-based ADE said the acquisition has already been cleared by the antitrust authorities in the United States and in all other applicable jurisdictions. … German authorities have notified KLA-Tencor that a second-phase investigation has begun, and both companies said they will continue to cooperate with the German authorities to facilitate a timely review."

The AP (7/12) reports, "KLA, a maker of semiconductor manufacturing equipment, plans to buy ADE, which supplies metrology and inspection systems used to make chip wafers,

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for $32.50 cash per share. The company had earlier agreed to buy ADE in a stock-for-stock deal valued at about $488 million, but in May offered to pay cash instead. … The acquisition has already been cleared by U.S. and other applicable antitrust authorities, KLA said."

9th Circuit Judge's Trademark Rulings Challenged Over Conflict Allegation. The California Recorder (7/12, Kobylarz) reports, "After losing two trademark cases, an attorney for a software company is trying to get the rulings thrown out because one of the 9th Circuit judges hearing the case apparently had a financial conflict." The Recorder continues, "Judge Harry Pregerson wrote opinions favoring Time Warner in two cases in which M2 Software fought the multimedia giant over the trademark to the name 'M2.' Mark Pettinari, representing M2 of Los Angeles, says Pregerson owned stock in Time Warner at the time he heard the cases and issued the rulings." The Recorder adds, "The motion to vacate the 2005 rulings in M2 Software v. Madacy Entertainment and M2 Software v. M2 Communications was filed Friday. M2 Software, which makes online billing software for Internet music downloads, alleged that Pregerson violated judicial ethics rules in failing to recuse himself from the multimillion-dollar trademark infringement suits. … Pettinari said the motion was prompted by a story in The Washington Post that revealed that Pregerson owned stock in Time Warner. The April 18 story named Pregerson as one of several judges who presided over lawsuits in which they had financial interests."

ENVIRONMENT/INDIAN AFFAIRS:

Judicial Panel Removes Lamberth From Indian Trust Case. The AP (7/12, Talhelm) reports, "Federal Judge Royce Lamberth has long been known for speaking his mind -- most notably in rulings siding with American Indians in their battle with the government over their trust funds." But "Lamberth went a step too far, an appeals court said Tuesday, citing one particularly harsh decision last July in which he accused the government of racism." The AP adds, "In a rare move, a panel of judges from the US Court of Appeals for the District of Columbia Circuit ordered Lamberth removed from the 10-year-old Indian trust case, saying he had lost his objectivity. 'We conclude, reluctantly, that this is one of those rare cases in which reassignment is necessary,' the judges wrote in a decision reversing two other Lamberth rulings."

The Los Angeles Times (7/12, Weinstein, 918K) says that "at the same time, the court blasted Interior officials for their 'deplorable record' in managing trust money for Indians." In its 3-0 ruling, the panel "noted that it had reversed…Lamberth eight times in the case and that this record, combined with harsh language Lamberth had used to describe the Interior Department and its officials, warranted the 'extraordinary' step of removing him from the case."

The Washington Post (7/12, A13, Weiss, 748K) describes Lamberth as "a sharp-tongued Texan appointed to the bench by President Ronald Reagan. He has defenders from all points of the political spectrum and has repeatedly been ranked by lawyers as among the most skilled judges on the court."

The Wall Street Journal (7/12, Fialka, 2.03M) reports the panel "determined" that Lamberth "appeared to have lost his objectivity." Lamberth "had held two former secretaries of Interior and one former Treasury secretary in contempt in the tangled, 10-year-old case. It was brought as a class action by five Indians who had accounts held by Interior's Bureau of Indian Affairs, which holds money in trust that is earned from rentals of Indian-owned land and use of other resources." The New York Times (7/12, Files, 1.21M) runs a similar report.

EPA Tightening Lead Monitoring Rules. The Wall Street Journal (7/12, 2.03M) reports that the EPA is tightening federal lead monitoring rules in an effort to reduce people's exposure to lead in drinking water. EPA's plan "would require more-extensive monitoring once high lead levels have been found, would revise water sampling to show whether lead treatments have been effective and would require utilities to tell customers the results of water tests done in their homes. The planned rules will be published in the Federal Register by early next week, agency officials said. The public will have 60 days to comment on the proposal."

WSJournal Says Courts Should Add "Dose Of Sanity" To Clean Air Debate. The Wall Street Journal (7/12, 2.03M) editorializes, "One of the great revolutions in environmental policy has been the adoption of the 'cap-and-trade' method for controlling air pollution, starting with the 1990 Clean Air Act. … Yet that achievement is now threatened by federal, state and private lawsuits asking

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the courts to impose a command-and-control approach to air pollution by judicial fiat. The trouble started in the late 1990s when the Clinton Administration's Environmental Protection Agency seized on a clause that dates from the 1970s' Clean Air Act rules known as New Source Review." A New Source Review ruling "is due shortly from the Seventh Circuit Court of Appeals in United States v. Cinergy Corp. During a hearing last month, the three-judge panel seemed to understand the broader stakes, exploring such questions as what other programs exist to control emissions under Cinergy's interpretation of NSR. The answer: plenty. Let's hope the Seventh Circuit contributes another dose of legal sanity to this debate, which may yet end up in the Supreme Court."

FBI/DEA/ATF/USMS:

With President's Support, More Schools Are Testing For Drugs. USA Today (7/12, Leinwand, 2.27M) reports, "The number of schools testing students for drug use is rising as legal barriers to testing have fallen, funding for it has jumped and schools have begun to expand the categories of students who can be screened." The Bush administration has "made testing middle- and high-school students a priority." Federal funding was awarded to 373 high schools last year, "up from 79 schools two years ago." And President Bush has "asked Congress to increase grant money for testing by 45% next year, to $15 million." But "it's unclear how many students are testing positive for drugs. The results are secret, and schools are not required to report them to the U.S. government." White House drug czar John Walters said that "testing gives teens a reason to reject peer pressure to use drugs."

Afghan "Drug Lord" Pleads Guilty In Heroin Conspiracy Case. The AP (7/11) reports an Afghan drug lord "accused of plotting to poison U.S. neighborhoods with heroin pleaded guilty to a federal drug charge Tuesday without mention of the terrorism or Taliban links cited in his indictment. Haji Baz Mohammad, 48, pleaded guilty in U.S. District Court in Manhattan to one count of conspiracy to violate drug laws from 1990 to 2005 by shipping heroin from Afghanistan as he led others based in Pakistan and Afghanistan. … Within minutes of the plea, the Drug Enforcement Administration distributed a press release citing the allegations about holy war, the Taliban and other claims in the indictment."

In its New York/Region section, the New York Times (7/12, 1.21M) reports that according to the indictment, Mr. Mohammad, who lived in Karachi, Pakistan, led the organization since 1990. The group provided financial support to the Taliban from 1994 to 2000, [a US attorney] said, adding that Mr. Mohammad had told followers that smuggling heroin to the United States was a form of jihad."

Illinois Man Pleads Guilty In Federal Cocaine Case. The Springfield (IL) State Journal Register (7/11) reports another man "indicted last fall in connection with a Springfield cocaine operation pleaded guilty Monday to conspiracy to distribute the drug. Dondi D. McIntosh…acknowledged in U.S. District Court that he participated in a conspiracy to distribute more than five kilograms of powder cocaine in the Springfield area in 2004 and 2005. … McIntosh is one of eight people indicted on federal cocaine charges in connection with the alleged ring." The Journal Register notes the DEA's involvement in the investigation.

In Maine, Doctor Accused Of Writing Illegal Prescriptions Faces Numerous Charges. WCSH-TV, Portland (7/12) reports on its Web site that a nationally known drug treatment doctor "went on trial Tuesday in Portland. Doctor Marc Shinderman is facing a total of 68 criminal counts for allegedly handing out illegal prescriptions to patients at his wife's methadone clinic in Westbrook. Federal agents raided the offices of Cap Quality Care two years ago. The government accuses Shinderman of forging the name of another doctor at the clinic, and using that doctor's DEA registration number to write prescriptions."

Blethen Maine Newspapers (7/12) writes that former employees and patients of Dr. Marc Shinderman "testified Tuesday that they saw the drug addiction specialist write prescriptions for controlled substances even though he did not have the legal right to do so."

Former Friend Seen As "Key Figure" In Investigation Of Bonds. The New York Times (7/12, Pogash, 1.21M) reports that as a federal grand jury "moved toward a possible indictment of Giants outfielder Barry Bonds on either perjury or tax-evasion charges, a former close friend and business partner of Bonds has emerged as a key figure in the investigation. Bonds's lawyer, Michael Rains…is one of two main witnesses against Bonds in the investigation that

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grew out the allegations of steroid use that have swirled around Major League Baseball. The other witness, Rains said, is Bonds's former girlfriend Kimberly Bell, who has twice testified before the grand jury about Bonds."

In Chile, Pinochet's Son Files Lawsuit In Response To Drug-Related Accusations. According to the AP (7/12), the son of former Chilean dictator Augusto Pinochet "filed a criminal defamation suit Tuesday against the general's former intelligence chief, rejecting published accusations that Pinochet became rich off the production and sale of cocaine. Gen. Manuel Contreras was head of Pinochet's repressive police force from the 1973 coup until 1976. 'There is a whole family affected, you understand, with this slander and defamation,' Marco Antonio Pinochet told a Santiago court, adding that Contreras' accusation -- published in a newspaper report -- was especially distressing to his elderly parents."

WPost Says Senate Should Reject House-Approved Gun Measures. An editorial in the Washington Post (7/12, A14, 748K) says, "We don't expect common-sense gun laws from this Congress, but a couple of House-passed riders to the Justice Department's 2007 budget are especially noxious -- and ripe for Senate repair. One bars enforcement of a law that requires trigger locks to be sold with all new handguns. The other restricts law enforcement officials' access to gun-tracking information collected by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). The Senate Appropriations Committee, scheduled to consider the budget tomorrow, should keep both measures out." The Post adds, Requiring the sale of trigger locks with handguns and sharing federal gun-tracking data would save lives, and the costs of doing either are marginal. The Senate Appropriations Committee should keep this in mind tomorrow."

IMMIGRATION:

Rove Outlines Bush Immigration Principles In Address To La Raza. The Los Angeles Times (7/12, Watanabe, Finnegan, 918K) reports, "White House Deputy Chief of Staff Karl Rove touted 'shared values' of faith and family between Hispanics and Republicans and reiterated President Bush's support of broad immigration reform in an address here Tuesday to one of the largest US Hispanic civil rights organizations." In "a lunchtime talk at the National Council of La Raza's annual conference," Rove "outlined Bush's plan for stronger border security, workplace enforcement, a guest worker program and earned legalization for undocumented immigrants." Said Rove, "He understands immigration is a positive force in this country...vital to keep this country going." Rove's statement prompted "applause from the crowd of a few thousand." But "he drew scattered boos when he highlighted Bush's recent approval of $1.9 billion in funding for more border security, including deployment of National Guard troops, and was disrupted twice by hecklers who unfurled anti-war and anti-Bush banners."

The AP (7/12, Blood) reports, "Rove's appearance before La Raza comes at a time when both political parties are vigorously courting Hispanics, the fastest-growing segment of the US population and a key voting bloc that could determine whether Republicans maintain control of Congress." Bush "has urged Republicans to broaden the party's appeal but the GOP's divisions over immigration reform threaten the effort with Hispanics." In his "20-minute speech, Rove gave an energetic endorsement for Bush's plan," and "was applauded politely by most of the audience." Rove also "ignored a smattering of anti-war protesters who were escorted from the cavernous hall."

Senate To Boost Border Security Spending. The AP (7/12, Jordan) reports, "The Senate agreed Tuesday to boost spending at U.S. ports and borders by nearly $1 billion next year to pay for additional security and staffing. The funds would bring Homeland Security Department spending to $32.7 billion for the fiscal year that begins Oct. 1 -- about $1.7 billion more than what the White House requested."

Boehner To Announce More Hearings. The Hill (7/12, O'Connor) reports, "House Majority Leader John Boehner (R-Ohio) today will announce further immigration hearings along with Homeland Security Committee Chairman Peter King (R-N.Y.) and Education and the Workforce Committee Chairman Buck McKeon(R-Calif.) at 11 a.m. in the House Radio-Television Correspondents Gallery."

Colorado Approves Tough New Law Against Illegal Immigration. The AP (7/12, Paulson, Sarche) reports, "Colorado lawmakers ended a five-day special session on illegal immigration with a resounding approval of several bills that Democrats call the toughest in the nation and Republicans say don't go far enough." The legislation

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"sent late Monday to Republican Gov. Bill Owens would force a million people receiving state or federal aid in Colorado to verify their citizenship." It "would deny most non-emergency state benefits to illegal immigrants 18 years old and older -- forcing people to prove legal residency when applying for benefits or renewing their eligibility. The state Senate passed it 22-13 and the House voted 48-15 in favor. Both chambers are controlled by Democrats." Republicans "said the legislation still left glaring loopholes, including allowing benefits for minors and denying voters the chance to have a direct say on the issue."

USA Today (7/12, Jones, 2.27M) reports Owens "called the special session to address the issue of about 250,000 undocumented immigrants living and working in Colorado. 'I think the vast majority of illegal immigrants in Colorado are good people,' Owens said Tuesday. 'However, at some point, a state has to look out for the interest of its own citizens.'"

The Los Angeles Times (7/12, Riccardi, 918K) also reports on the Colorado bill under the headline "Immigration Hard-Liners on a High," while the Wall Street Journal (7/12, Jordan, 2.03M) says that "as immigration legislation stalls in a divided Congress, states and towns across the nation are taking matters into their own hands, pursuing a range of measures aimed at cracking down on illegal immigrants. Driven in part by election-year pressures, politicians from Massachusetts to California are drawing up laws and ordinances to limit illegal immigrants' access to jobs, housing and government services." This year, "more than 500 pieces of immigration-related legislation have been introduced in state legislatures, and 57 of them have been enacted in 27 states, according to the National Conference of State Legislatures."

TAX:

Former KPMG Employees Sue For Legal Fees. The New York Law Journal (7/12, Bar) reports, "Sixteen former employees of accounting firm KPMG have sued to compel the company to advance their legal fees and expenses in connection with a federal probe of an illegal tax shelter scheme." The Journal continues, "Jeffrey M. Stein v. KPMG, S106 Civ. 5007, was filed in federal court late Monday. It follows an invitation last month by Southern District of New York Judge Lewis A. Kaplan, who ruled in United States v. Stein, S105 Crim. 0888, that prosecutors had violated the defendant employees' Fifth and Sixth Amendment rights by coercing KPMG into capping legal fees for the former employees. … Thomas Fitzgerald, a spokesperson for KPMG, said his company is 'presently reviewing the complaint,' but would not say whether KPMG is considering reversing its position on advancing legal fees to the former employees. In his decision, Kaplan urged KPMG to do just that. And he took jurisdiction over the civil case as well as the related criminal case." The Journal notes, "According to the complaint joined by all the former employees, the action was based on findings by Kaplan that KPMG would have advanced legal fees and expenses to the employees 'but for unconstitutional interference with KPMG's practice and policy of advancing such expenses' by the U.S. Attorney for the Southern District through the application of the Thompson Memorandum and the conduct of Assistant U.S. Attorneys assigned to the case."

CONGRESS-ADMINISTRATION:

Democrats Consider Filibuster Of Haynes Judicial Nomination. The Washington Times (7/12, Hurt, 88K) reports, "Senate Democrats said yesterday that they are considering a filibuster of President Bush's latest nominee to the federal appeals court. 'We'll do whatever is necessary to protect the judiciary,' Senate Minority Leader Harry Reid told reporters yesterday when asked whether Democrats would block the nomination of William J. Haynes II to the U.S. Court of Appeals for the 4th Circuit, based in Richmond."

The New York Times (7/12, Hernandez, 1.21M) says Haynes "sought to tamp down the furor over his role in devising the Bush administration's policy on torture, telling senators on Tuesday that 'even terrorists must be treated humanely.'" In an appearance before the Senate Judiciary Committee, Haynes "offered an account of the efforts that he and other officials made to ensure that the administration's guidelines on coercive interrogation of terror suspects fell within the confines of the law." He also "noted the context in which the administration was operating: the aftermath of the Sept. 11 terror attacks, against enemies who 'don't follow any rules other than to exploit the rules of civilized society.'" The Washington Post (7/12, A5, Lane, 748K), meanwhile, notes "a key Senate Republican clashed yesterday with" Haynes, saying he "had pushed for the tactics over the objections of

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top uniformed military lawyers who considered the policy process a 'sham.'"

The Richmond Times-Dispatch (7/12, Hardin) reports, "Two Democrats blistered Haynes, the Pentagon general counsel, over his role helping shape Bush administration policies on treatment of enemy detainees, and one Republican senator sharply questioned Haynes' role too. … Sen. Richard J. Durbin, D-Ill., said Haynes recommended to the secretary of defense the use of dogs to intimidate detainees at the U.S.-run prison at Guantanamo Bay. At least two service members were prosecuted for using dogs to frighten detainees elsewhere, while Haynes was getting "promoted" to the 4th Circuit Court of Appeals, Durbin protested. … 'You made your decision, which history will not judge kindly,' Durbin told Haynes, staking out his opposition. … Said Sen. Edward M. Kennedy, D-Mass.: 'Time and time again . . . Mr. Haynes has displayed a shocking failure of legal and moral leadership. … It is astounding that the administration would continue to press his nomination, even though the subordinates who have followed the policies he authorized have gone to prison.'" The Times-Dispatch adds, "Haynes testified that allegations of prisoner abuse from the Abu Ghraib facility in Iraq have been investigated thoroughly. The abuse was not authorized, was not part of Pentagon policy and he deplored it, he said. … 'It was the work of the night shift without any authority whatsoever -- for sport,' Haynes testified. … The 48-year-old Northern Virginia resident said his work has been guided by a rule that 'even the terrorists must be treated humanely and within the law.'"

Bloomberg (7/12) reports that Senate Democrats "suggested they may try to block the nomination", but notes that they "may not need to use parliamentary tactics to defeat Haynes's nomination" because Senator Graham "said he wasn't satisfied with Haynes's answers today about his role in approving techniques to interrogate suspected terrorists. Graham might give Democrats enough votes to block the nomination in committee." Bloomberg notes, "In a separate letter today, four retired Army judge advocates urged the committee to approve Haynes's nomination. The four retired major generals, Michael Marchand, Michael Nardotti Jr., Hugh Overholt and William Suter, pointed to Haynes's almost 20 years of service as an Army officer or civilian employee of the Defense Department, calling his record exemplary."

Maureen Dowd, in her column in the New York Times (7/12, 1.21M), says Graham "is reported to oppose Mr. Haynes behind the scenes." Dowd adds, "If all the Democrats are opposed and even one Republican is willing to vote no, the nomination could stall on a 9-to-9 vote. Harry Reid, the minority leader, hinted that Democrats might try to filibuster it if it is reported to the full Senate."

Bush Credits Tax Cuts For Lower-Than-Expected Deficit Figures. The AP (7/12, Taylor) reports, "President Bush is crediting his tax cuts for new deficit figures that are far lower than earlier White House estimates, but the red ink is expected to climb again next year and the longer-term outlook is more bleak." White House "figures released Tuesday estimate the federal deficit for the 2006 budget year ending Sept. 30 will be $296 billion -- much better than the $423 billion Bush predicted in February but only a slight improvement over last year's $318 billion."

The President's announcement was reported by all three major network newscasts, and is receiving extensive -- and generally negative – coverage in this morning's newspapers. ABC World News Tonight (7/11, story 6, 0:20, Snow, 8.78M) reported, "There's encouraging news about Federal budget tonight. The Bush Administration said that this year's deficit will be $296 billion, much smaller than the $423 billion forecast six months ago. President Bush said the improvement is the result of strong economic growth which led to an unexpected the surge of tax payments by corporations and wealthy Americans." The CBS Evening News (7/11, story 5, 0:15, Schieffer, 7.66M) reported Bush "gave the credit to his tax cuts, saying they stimulated the economy and boosted the amount of money coming into the Treasury."

Meanwhile, NBC Nightly News (7/11, story 6, 1:05, Williams, 9.87M) said "many economists and Administration critics say the White House has deliberately inflated its own deficit projections in the past few years to score political points when the actual numbers came in lower." NBC's tone was typical of much of the negative coverage on the Administration's announcement. CNN's The Situation Room (7/11, Henry) said, "The President's tone was, 'I told you so,' reminding Democrats he predicted cutting taxes would spark economic growth and end up slashing the deficit. … It's still the fourth largest deficit in American history, $296 billion this year, forcing the President to get a little creative."

The Los Angeles Times (7/12, Havemann, 918K) headlines its story "Bush Gives Deficit News a Positive Spin," and says "most Democrats were unimpressed." Rep. John M. Spratt Jr., the top Democrat on the House Budget

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Committee, "said that when Bush came into office in January 2001, the official White House budget projection showed a $305-billion surplus. So the new projected deficit of $296 billion represents a swing of $600 billion, Spratt said." Sen. Kent Conrad, the ranking Democrat on the Senate Budget Committee, "said that the 2006 deficit comes as the baby boom generation is about to retire, with its oldest members beginning to qualify for Social Security benefits in 2008 and Medicare coverage in 2011." The Times adds, "Adjusted for inflation, tax revenue has only now surpassed its level of 2000, Conrad said. In 2002, the White House estimated that revenue would reach $2.5 trillion in 2006 under the tax laws then in effect." USA Today (7/12, Wolf, 2.27M) reports Senate Minority Leader Harry Reid "said Bush 'has played the old expectations game' by using gloomy deficit forecasts three years in a row."

The New York Times (7/12, Peters, 1.21M) reports "Democrats and independent budget analysts say that government revenues are now only barely above their level of six years ago, before the economy went into a brief recession. They say that this year's tax receipts appear to be a surge only because the last five years were so weak." The Times adds, "Since Mr. Bush took office in 2001, total federal debt has soared to $8.3 trillion from $5.6 trillion at the end of the Clinton administration. Over all, collection of taxes from businesses and individuals has not kept up with economic growth over the past five years, but government spending has grown much faster than the economy. The war in Iraq has added considerably to the financial burden: some $300 billion has been spent on it since 2003."

The Wall Street Journal (7/12, Solomon, 2.03M) reports "economic-policy experts said that while the Bush tax cuts have helped spur some economic growth, they aren't going to create enough growth either to solve the nation's long-term fiscal challenges or to erase what is still a significant budget deficit." The deficit "is projected to widen again in 2007 to $339 billion, in large part because revenue growth is expected to slow."

The Washington Post (7/12, D1, Blustein, 748K) reports Bush's "overall message was to claim credit, which so far has eluded him, for the strength of the economy and the resulting near-term improvement in the budget." Bush "noted that the projected $296 billion deficit would be about 2.3 percent of the gross domestic product, and he likened it to a mortgage that could be easily borne by a homeowner with a rising income. 'When the economy expands, our nation's income goes up and the burden of the deficit shrinks,' he said."

The Washington Times (7/12, Dinan, 88K) notes Bush also said that "tackling the deficit in the long run will require action on Social Security, and he challenged Congress to stop posturing on the issue and instead to have a 'sense of obligation' to fix it." Said Bush, "The time of playing politics with Social Security and Medicare and Medicaid is over. … We need to fix this for younger generations of Americans to come."

In an analysis piece, the New York Times (6/12, Stolberg, 1.21M) says, "Blessed with a growing economy but facing voters who do not give him much credit for it, President Bush is intensifying efforts to persuade the public that things are looking up, with the aim of giving Republicans a boost in the midterm elections." After noting Bush "was announcing that this year's budget deficit would be $296 billion, as opposed to the earlier estimate of $423 billion," the Times adds "some economists say that the picture is not all that rosy and that this is one reason Mr. Bush is not getting the customary bump in the polls from what his advisers call 'robust economic growth and job creation.' High gasoline prices, rising interest rates and unease over the war in Iraq are mostly to blame."

Portman Says Bush On Track To Cut Deficit In Half By 2008. The Financial Times (7/12, Swann, Guha) reports "Rob Portman, the new director of the Office of Management and Budget, said that the president was on track to meet his goal of cutting the deficit in half by 2008, a year ahead of schedule, from its projected 2004 peak of 4.5 per cent of GDP or $521bn." Portman said on CNN's The Situation Room (7/11), "In terms of budget priorities, what this President has said is we have to keep spending under control but we need to be sure that we are protecting our homeland and that's why we've increased spending there and be sure that our troops get what they need and that's why defense spending has increased as well. But even so, we have kept the day to day appropriations spending, which is the annual spending that Congress approves just below inflation. Where we haven't done as good a job is on the entitlement side, which is now about 40 to 50 percent of the budget and that's Medicare, Medicaid and social security, that's grown at more than twice inflation."

USA Today, WPost Skeptical About Deficit News. USA Today (7/12, 2.27M), in an editorial titled "Hold Your Applause: Deficit Dip Is But A Drop In Bucket," says, "Forgive

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us if we don't break out the party hats. It is hard to get excited about an abysmally large deficit in the range of $300 billion that is somewhat less gargantuan than earlier predicted. Even accepting the administration's assurances that it does not purposefully overestimate the numbers in a Wall Street-like game of beating expectations, this habitual mid-year crowing masks the seriousness of the nation's bleak fiscal outlook."

Under the headline "Deficit Of Candor," the Washington Post (7/12, A14, 748K) editorializes that the Administration "had a great time patting itself on the back yesterday over its stewardship of the federal budget." Bush "proclaimed, the administration is a full year ahead of schedule on its goal of cutting the deficit in half by 2009." But "this a phony goal. What's important is getting the federal budget on a sustainable fiscal course for the long term. Yesterday's news doesn't get the country closer to that objective."

The Wall Street Journal (7/12, 2.03M), on the other hand, says "the real news, and where the policy credit belongs, is with the 2003 tax cuts. They've succeeded even beyond Art Laffer's dreams, if that's possible. In the nine quarters preceding that cut on dividend and capital gains rates and in marginal income-tax rates, economic growth averaged an annual 1.1%. In the 12 quarters -- three full years -- since the tax cut passed, growth has averaged a remarkable 4%. Monetary policy has also fueled this expansion, but the tax cuts were perfectly targeted to improve the incentives to take risks among businesses shell-shocked by the dot-com collapse, 9/11 and Sarbanes-Oxley."

Hayden Appoints Former Tenet Aide As CIA Number Three. The Washington Post (7/12, A6, Pincus, 748K) reports, "CIA Director Gen. Michael V. Hayden announced yesterday that he has appointed to the No. 3 job at the agency Michael J. Morell, a longtime intelligence official and onetime executive assistant to former director George J. Tenet." In naming Morell, Hayden also "said he was changing the role for that position, a move that recognizes the CIA's loss of leadership of the entire intelligence community to Director of National Intelligence John D. Negroponte." The Post adds, "Under the old system, when the CIA director was also director of central intelligence, he and his top deputy spent much of their time working with the rest of the intelligence community, leaving the No. 3 person, called the executive director, to supervise most of the CIA's day-to-day operations. Previous 'ExDirs,' as they were called, often supervised major personnel issues including hiring, firing and promotions.'

Despite Veto Threat, Senate Likely To Approve Stem Cell Bill. The Wall Street Journal (7/12, Lueck, 2.03M) reports, "Despite repeated veto threats, the Senate is likely to vote next week to send President Bush a bill to expand federal funding for embryonic stem-cell research. But Mr. Bush may get a chance to seek political cover with an alternative measure promoting research that doesn't destroy embryos." The House "last year passed the bill the Senate is about to consider, which would ease limits Mr. Bush placed on federal funding of stem-cell research in 2001. Many Democratic backers of the legislation, sponsored by Sen. Arlen Specter (R., Pa.), are eager to debate it and to paint Republican opponents as antiscience and out of touch with constituents." The Journal adds, "To counter that, some Republicans who oppose Mr. Specter's bill will instead vote for one offered by Sen. Rick Santorum (R., Pa.) that promotes stem-cell research methods that don't destroy embryos." The White House "plans to support Mr. Santorum's bill."

CNN's The Situation Room (7/11, Todd) reported, "The showdown looms as early as next week. The President ready to pull the veto pen out and likely cause a stir in his own political ranks. Willing to use his first veto, a move that might anger Republican royalty like Nancy Reagan, the President stands firm. Mr. Bush's top political strategist Karl Rove says his boss is emphatic. He will veto an upcoming bill in Congress that would give more money to embryonic stem cell research. It's a threat the President has made before." CNN added, "Politically, analysts say, going against Republicans like Nancy Reagan, Senate Majority Leader Bill Frist and California Governor Schwarzenegger will cost Mr. Bush. … But analysts also say the President needs to shore up his conservative base before appealing to moderates for the midterm election campaign. They say the White House may feel this is the time to do that with a bill that may not have the votes to override Mr. Bush's first veto."

Sullivan To Be Named White House Communications Director. The Washington Post (7/12, A13, Kamen, 748K) reports in its "In the Loop" column, "Kevin Sullivan , former chief spokesman at NBC Universal and more recently assistant secretary for communications

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and outreach at the Department of Education, has been tapped to be White House director of communications."

Investigator Criticizes Top VA Officials For Data Theft. Federal investigators said yesterday that a career analyst and top officials at the Department of Veterans Affairs share the blame for the theft of personal data on millions of veterans. The Washington Post (7/12, A13, Lee, 748K) reports, "In a 68-page report, VA Inspector General George J. Opfer recommended that VA Secretary Jim Nicholson 'take whatever administrative action deemed appropriate' to punish officials who were slow to report and investigate the May 3 theft of a laptop computer and an external hard drive from the analyst's Aspen Hill home. Opfer wrote that new security measures since the theft are 'a positive step' but are inadequate. Nicholson should establish 'one clear, concise VA policy on safeguarding protected information,' he wrote."

State Department Recovering From Computer System Hackings. USA Today/AP (7/12, 4A) reports, "The State Department is recovering from large-scale computer break-ins worldwide over the past several weeks that appeared to target its headquarters and offices dealing with China and North Korea." Investigators "believe hackers stole sensitive U.S. information and passwords and implanted backdoors in unclassified government computers to allow them to return at will, said U.S. officials familiar with the hacking. These people spoke on condition of anonymity because of the sensitivity of the widespread intrusions and the resulting investigation." The Washington Post (7/12, A6, Wright, 748K) adds, "The break-in represented a 'concerted effort' from hackers in East Asia to penetrate the State Department and seize data, a senior official said. But no large-scale thefts have yet been detected."

The CBS Evening News (7/11, story 3, 1:30, Stewart, 7.66M) referred to the AP report, and says "all the State Department will confirm is that something seemed wrong with their computers a few weeks ago and it's not some kind of virus."

Environmentalists Oppose Dudley As Head Of OMB's Regulatory Office. The Washington Post (7/12, A13, Kamen, 748K) reports in its "In the Loop" column, "Worried enviros say the Bush administration is about ready to announce its pick to head the Office of Management and Budget's powerful regulatory office and the front-runner is Susan Dudley, director of the regulatory studies program at George Mason University's Mercatus Center. Dudley would head the OMB Office of Information and Regulatory Affairs, which approves all environmental, health and safety and other government regulations. … Some enviros are already pining for the days of John Graham, whose nomination they bitterly opposed. Frank O'Donnell of Clean Air Watch called Dudley 'a true anti-regulatory zealot' who 'makes John Graham look like Ralph Nader.'"

Senate Approves Drug Reimportation Plan. The New York Times/AP (7/12, Jordan) reports, "The Senate opened the way Tuesday to let Americans import prescription drugs into the United States from Canada, seeking to ease a regulatory ban on cheaper medicine crossing the border." The proposal, which was approved 68-32, "would create a Canadian loophole on a Food and Drug Administration ban on importing prescription medicine into the United States. It was offered as part of a $31.7 billion Homeland Security Department spending blueprint for the fiscal year that begins Oct. 1."

Portman Says Administration May Pursue Entitlement, Tax Reform Next Year. OMB Director Rob Portman indicated yesterday that the Bush Administration is considering plans to pursue entitlement and tax reform after this year's midterm elections. The Hill (7/12, Young) reports that during a speech on OMB's midsession review of the fiscal 2006 budget, Portman "hinted that the administration's efforts on the two controversial areas could be combined next year. … Portman said election politics kept congressional Democrats from negotiating seriously with the administration on entitlements and taxes but predicted that talks would begin in earnest next year. … Portman said Congress would return to entitlement reform because lawmakers in both parties recognize the need to act."

Army To End Exclusive Deal With Halliburton. A front page story in the Washington Post (7/12, A1, Witte, 748K) reports that the Army is ending its multi-billion dollar deal with Halliburton Co. to provide logistical support to US troops worldwide. According to the Post, the move" could cut deeply into the firm's dominance of government contracting in Iraq. … Under the deal, Halliburton had exclusive rights to provide the military with a wide range of work that included keeping soldiers around the

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world fed, sheltered and in communication with friends and family back home." The Post adds, "The decision on Halliburton comes as the U.S. contribution to Iraq's reconstruction begins to wane, reducing opportunities for U.S. companies after nearly four years of massive payouts to the private sector."

Energy Department Raises Prediction For Summer Gasoline Prices. The CBS Evening News (7/11, story 7, 0:10, Schieffer, 7.66M) reported, "The news isn't always surprising or shocking. Sometimes it's predictable and annoying, like this today from the Energy Department. It raised its prediction for summer gasoline prices by 12 cents and now says it expects prices to average $2.88 gallon. That is half a dollar more than last summer."

NBC Nightly News (7/11, story 5, 2:30, Williams, 9.87M) reported, "Every barrel of oil carries a so-called terror premium as par to the cost built in. Experts put that premium at anywhere between $10 to $30 a barrel; add to that the usual summer season price hikes and the current pressures on gas prices and you have the situation we are now seeing at gas pumps across this country." NBC (Thompson) added "the added cost that once seemed temporary is now a permanent fixture in American budgets for both businesses and families, because for all our complaining, our appetite for gasoline has only increased."

House GOP Pushing HHS Bill Containing 1,700 Earmarks. The Hill (7/12, Allen) reports, "House Republicans are struggling to move a labor, health and human services (HHS) appropriations bill containing more than 1,700 earmarks that would help lawmakers of both parties in their November reelection bids. The district-specific projects, totaling about half a billion dollars, are tied to a Democratic minimum-wage increase that is anathema to the GOP, and no proposed solution has taken root. … Few, if any, lawmakers expect the largest domestic spending bill to become law before the election, but many would like the House to pass it by then."

GOP To Push Lobbying Reform Without 527 Restrictions. The Hill (7/12, Bolton) reports that GOP leaders in Congress believe the pending lobbying reform bill cannot pass with language aimed at restricting 527 groups. According to the Hill, "House and Senate GOP lawmakers, seeking a political victory heading into the November elections, are looking to move the lobbying bill without the controversial campaign-finance provision, knowledgeable sources say. But the plan, at least for now, is to bring lobbying reform with regulations on 527s to the Senate floor first for a vote that is expected to be filibustered by Democrats. … Word has already filtered out to political allies outside the negotiating room not to expect 527 legislation during this Congress."

Lobbying Industry Continues To Thrive Despite Recent Scandals. The Washington Times (7/12, Pfeiffer, 88K) reports that a new report from PoliticalMoneyLine indicates that lobbying in Washington continues to thrive despite recent scandals. The report found that "lobbying of Congress and the executive branch reached a record $2.36 billion last year. During the last half of 2005, lobbying averaged more than $200 million per month -- another first." The Times adds, "The health care industry had the highest federal lobbying expenditure tab, spending $183,324,757 in the last six months of 2005. The other top industry spenders were communications/technology and the finance/insurance industry, who spent more than $158 million and $155 million respectively."

Grassley Tells Wolfowitz To Stay Out Of Trade Issues. The Hill (7/12, Schor) reports that Senate Finance Committee Chairman Chuck Grassley blasted World Bank President Paul Wolfowitz "for urging the United States to offer farm-subsidy cuts and other agricultural concessions as a means of jump-starting the stalled Doha round of world-trade talks. 'I would ask Paul Wolfowitz, who I have a great deal of respect for, to keep his nose out of trade issues,' Grassley told farm reporters yesterday. 'He's got a bank to run that's got plenty of problems. He's got a full-time job there.'"

Bush Speaks To Space Shuttle Astronauts. The AP (7/12) reports that President Bush spoke with astronauts aboard the space shuttle Discovery yesterday. Bush called the shuttle to "wish the astronauts well, congratulate them on their space walks and invite them to the White House. Bush told crew members he had watched closely as astronauts Piers Sellers and Michael Fossum executed a space walk, said White House spokeswoman Dana Perino. … Perino said Bush told the astronauts: 'When you're back, I hope you can come to the White House. Please bring your families. I want to welcome you to the White House.'"

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Pentagon Seeks To Groom Civilian Leaders. The Washington Post (7/12, D4, Barr, 748K) reports in its "Federal Diary" column, "Last year, Robert J. Conner became the first civilian director of the Oklahoma City Air Logistics Center at Tinker Air Force Base. It's a job usually held by a two-star general, not by a civil service executive. Conner's appointment is a sign that Pentagon officials are starting to look for ways to free up more military personnel for war-fighting, pay more attention to grooming civilian leaders and shake up pay and promotion systems." President Bush and Defense Secretary Donald Rumsfeld "have championed 'transformation' as a way to field a more agile military that can take on new threats, such as terrorism, and to shake up resistance to change in military and civil service circles."

Supreme Court Said To Follow Inconsistent Approaches To Reading Statutes. Richard Epstein, the James Parker Hall Distinguished Service Professor of law at the University of Chicago and the Peter and Kirsten Bedford Senior Fellow at the Hoover Institution, writes in the Wall Street Journal (7/12, 2.03M), "In reading statutes," Supreme Court Justices "oscillate uneasily between two inconsistent approaches. … Sometimes they distill the meaning of a disputed provision by making their best independent judgment about its structure and function. … Alternatively, they lament the imprecision of language, doubt their own expertise about social and political complexities, and defer to whatever reading the official gives to the statute that empowers him. It is instructive to ask how consistently the four conservative justices -- Roberts, Scalia, Thomas and Alito -- and their four liberal colleagues -- Stevens, Souter, Ginsburg and Breyer -- apply these approaches in the battle for supremacy, with Justice Kennedy frequently the swing voter. Answer: not at all. … We will get consistent and reliable statutory construction only when all justices put aside the naïve fantasy that they lack expertise and information to read the common language found in congressional enactments."

OTHER NEWS:

Stocks Up. The Wall Street Journal (7/12, Browning, 2.03M) reports, "Stocks bounced back after the bombings in India, as well as some disappointing corporate-profit news, and finished the day with solid gains. After being down more than 75 points in morning trading, the Dow Jones Industrial Average finished ahead 31.22 points, or 0.28%, at 11134.77, now up 3.9% for 2006. … The chip rally sparked a broader turnaround. The Nasdaq Composite Index, heavy in tech stocks, finished up 0.56%, or 11.93 points, at 2128.86, although it still is down 3.5% this year." The Standard & Poor's 500-stock index rose 0.41%, or 5.18 points, to 1272.52, "up 1.9% in 2006." USA Today (7/12, 2.27M), among other newspapers, also notes the stock numbers.

Labor, Business Groups To Push Trade As Election Issue. Roll Call (7/12, Ackley) reports that the AFL-CIO and the US Business and Industry council today will hold a "trade summit" today in the hope of highlighting criticisms of US foreign trade policy in advance of this year's elections. The groups "will discuss how to make trade a bigger issue in the 2006 elections and will suggest the possibility of radical new tariffs as a reaction to the growing trade deficit, according to participants in the 'Trade Summit 2006: Crisis and Opportunity,' scheduled for today at the National Press Club."

Bush Headlines Fundraiser For Wisconsin Gubernatorial Candidate. The AP (7/12, Loven) reports, "President Bush aimed to give his party a boost Tuesday in closely watched Wisconsin, mingling before cameras with hard-toiling shoe factory workers and tossing much-needed cash to the state's Republican gubernatorial candidate. This year, eyes are on Wisconsin because of a tight race for the governor's mansion." GOP Rep. Mark Green "is leaving Congress in hopes of ousting incumbent Gov. Jim Doyle, seen as one of the country's most vulnerable Democratic chief executives in a state important to 2008 presidential politics." Polls "give Doyle an edge, and he also has a sizable fundraising advantage over Green." Bush "sought to help close that gap by headlining a $1,000-a-plate dinner at a downtown Milwaukee hotel. Republicans weren't releasing fundraising figures, but Democrats said the event for about 600 people brought in about $1 million for Green's campaign."

The Milwaukee Journal Sentinel (7/12, Borowski, Schultze, 259K) says Bush's Milwaukee speech "did double duty: He gave a spirited defense of his war with Iraq and bolstered…Green's campaign for governor by portraying him as a loyal and like-minded political soul mate." Democrats "seized on the pairing of the two at a $1,000-a-plate fund-raiser for Green, declaring Green was a Bush 'clone,' 'rubber stamp' and 'twin,' among other comparisons." The

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president's trip "included a stop in Port Washington, where Bush toured the Allen-Edmonds shoe factory, then touted his tax cuts and better-then-expected progress on reducing the federal deficit."

NARAL Offers Latest Round Of Endorsements. Roll Call (7/12, Whittington) reports, "NARAL Pro-Choice America unveiled its latest round of Congressional endorsements Tuesday, as the abortion rights group vowed to be more active than it has been previously. … In its newest endorsements, NARAL backed two Democratic Senate challengers — businessman Jim Pederson, running against Sen. Jon Kyl (R-Ariz.) and state Sen. Jon Tester, who faces Sen. Conrad Burns (R-Mont.). The group had previously announced its support for one other Democratic Senate challenger, Rep. Sherrod Brown (Ohio), who faces Sen. Mike DeWine (R-Ohio). NARAL is also supporting Sens. Joe Lieberman (D-Conn.) and Lincoln Chafee (R-R.I.) in hotly contested primaries." NARAL also announced endorsements of four House candidates: "Tammy Duckworth (D) in Illinois' open 6th district race, Iraq veteran and attorney Patrick Murphy (D) in Pennsylvania's 8th district, former Congressional aide Dan Maffei (D) in New York's 25th district and Oneida County District Attorney Michael Arcuri (D) in New York's 24th district. More candidate endorsements are expected this cycle."

Underage Intern Served Alcohol At Kolbe Margarita Party. The Washington Times (7/12, McCaslin, 88K) reports in its "Inside the Beltway" column that at a recent margarita cocktail party held "in the hallowed halls of Congress," by Rep. Jim Kolbe, "at least one female congressional intern under the legal drinking age of 21 was served margaritas" to "to the point of becoming 'intoxicated,' according to one source. … Reached yesterday, Mr. Kolbe's press secretary, Korenna Cline, read us this statement: 'The invitation to the Kolbe margarita party clearly stated that no one under the age of 21 would be admitted, and the event was by invitation only. The night of the event someone was posted at the door with the guest list.'"

Democrats Hope "Do Nothing" Label Will Hurt Republicans In November. Bloomberg (7/12) reports, "Republicans head into the final stretch of what Democrats are calling a 'do-nothing Congress' that has achieved none of the key items of President George W. Bush's agenda." Bloomberg notes that Bush's Social Security overhaul plan "has been shelved, his vow to restructure the tax code postponed indefinitely and his calls for reshaping medical malpractice long-forgotten. The administration's current major initiative, an overhaul of the nation's immigration laws, is hanging by a thread on Capitol Hill. Republicans may pay a price for their inaction in this November's election, said David Mayhew, a congressional scholar at Yale University in New Haven, Connecticut. 'If they get into September and they still have not done anything on immigration, then they are heavily subject to the charge that they can't tie their shoes,' he said."

Democratic, GOP Strategists Join Forces To Create Web Site. Mark McKinnon and Matthew Dowd, who were senior advisers in President Bush's last two campaigns, have joined g forces with Joe Lockhart, who was a spokesman for President Bill Clinton, and Carter Eskew, a top strategist in Al Gore's presidential campaign, to create HotSoup.com. The Washington Post (7/12, A4, Kurtz, 748K) reports that the political strategists hope the site "will eventually reach 30 million opinion leaders, elevate public discussion on matters from politics to sports to culture and, in the process, make them some money." The Post also notes that the site "faces a substantial challenge in a cluttered online marketplace. The most popular political Web sites and blogs are fiercely partisan on both the left and the right, which is precisely what attracts their fans. McKinnon, Lockhart and their partners, who are investing their own money while seeking outside financing, say they will be a regular presence on the site but will not be exchanging partisan blows."

Health Industry Donating Thousands To Clinton. The New York Times (7/12, Hernandez, Pear, 1.21M) reports that despite their past adversarial relationship, the health industry is receiving hundreds of thousands of dollars in campaign contributions from doctors, hospitals, drug makers and insurers. The Times reports, "Nationwide, she is the No. 2 recipient of donations from the industry, trailing only Senator Rick Santorum of Pennsylvania, a member of the Republican leadership. Some of the same interests that tried to derail Mrs. Clinton's health care overhaul are providing support for her Senate re-election bid." Clinton "has received $150,600 in contributions from insurance and pharmaceutical companies, which she accused in 1993 of 'price gouging' and 'unconscionable profiteering.'"

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Jeb Bush Doesn't Rule Out Run For VP With McCain. The Washington Times (7/12, Pierce, 88K) reports in its "Inside Politics" column that Florida Gov. Jeb Bush "repeatedly has said he won't run for president in the next election, but he's never ruled out the No. 2 job and didn't on Monday when asked about teaming up with Sen. John McCain of Arizona. 'I like Senator McCain. I think he's a good guy,' Mr. Bush told reporters in Tallahassee after returning from a vacation in Maine with his family. When prodded about the likelihood of a McCain-Bush ticket, Mr. Bush hedged just slightly, the Associated Press reports. 'There's all sorts of time to worry about the 2008 election,' he said."

Meyerson Says Democrats Find Lieberman's Causes "Repugnant." Harold Meyerson writes in the Washington Post (7/12, A15, 748K) that Sen. Joe Lieberman "has simply and rightly been caught up in the fundamental dynamics of Politics 2006, in which Democrats are doing their damnedest to unseat all the President's enablers in this year's elections. As well, Lieberman's broader politics are at odds with those of his fellow Northeastern Democrats. He is not being opposed because he doesn't reflect the views of his Democratic constituents 100 percent of the time. He is being opposed because he leads causes many of them find repugnant." Lieberman's problem "is that Bush, and the war that both he and Bush have championed, is speeding the ongoing realignment of the Northeast. His problem, dear colleagues, is Connecticut."

New Jersey Lawsuit Seeks To Give Parents Funds From Failing Schools. Clint Bolick, president of the Alliance for School Choice, writes in the Wall Street Journal (7/12, 2.03M), "A world of education reform will change tomorrow when a group of families files a class action lawsuit in Chancery Court in Newark, N.J." The case is Crawford v. Davy. The plaintiffs are seeking that "children be allowed to leave public schools where fewer than half of the students pass the state math and language literacy assessments" and that "the parents of these children be permitted to take the pro rata share of the public money spent on their children, to seek better opportunities in other public or private schools." For it is "only by giving parents control over their children's education funds" that they can "secure good schooling when their children need it -- today."

Woman Killed By Falling Concrete In Boston "Big Dig" Tunnel. NBC Nightly News (7/11, story 10, 1:40, Williams, 9.87M) reported that in Boston, a woman "was killed last night when a section of a Big Dig tunnel came down and fell on her car." NBC (Allen) added, "It was around 11:00 PM in the heart of Boston when some 12 tons of concrete from the ceiling of a highway tunnel crashed onto a car below. The passenger, Milena Delvalle, 38, was killed. Her husband, Angel, escaped through a window. … Massachusetts Governor Mitt Romney called for the dismissal of the state official in charge of the project. … The attorney general went further -- warning whoever is responsible may face charges of neglect homicide.

USA Today (7/12, Koch, 2.27M) reports that in the wake of a woman's death from falling concrete slabs in one of Boston's "Big Dig" tunnels yesterday, new questions are being raised about the project's safety. The collapse of a ceiling late Monday "was the latest in a series of construction problems for the $14.6 billion underground highway project, which took more than two decades to plan and 14 years to build." USA adds, "Federal officials began inspecting the accident site, and Massachusetts Attorney General Thomas Reilly announced a criminal investigation that could lead to charges of negligent homicide. Reilly's office began issuing subpoenas to those involved in design, manufacturing, testing, construction and oversight of the ceiling and tunnel."

American Wheat Farmers Sue AWB For $1 Billion. CNN (7/12) reports on its Web site American farmers filed a class action lawsuit this week in US District Court seeking $1 billion in damages from AWB, alleging the Australian wheat exporter used bribery and other corrupt activities to corner grain markets, the Australian Associated Press reports. The farmers filed suit in Washington DC in a case which "will draw on evidence obtained by Australia's Cole inquiry, which has probed allegations the Australian wheat company paid $220 million in kickbacks to the former Iraqi regime of Saddam Hussein." The US case also will use documents "unearthed by a United Nations investigation into its oil-for-food program under which AWB says it unwittingly made the illicit payments to Baghdad." The farmers claim also "goes further, alleging AWB used similar methods to secure grain sales in other markets in Asia and the Middle East," AAP reports.

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Toyota Officials Accused Of Failing to Recall Faulty Model. The Wall Street Journal (7/12, Sapsford, 2.03M) reports, "Japanese police have accused three executives at Toyota Motor Corp., a company that built a global business on a reputation for quality, of failing to recall a model they knew was faulty and might cause injuries in an accident. Toyota disputes the accusation." The Journal continues, "Akitoshi Takahashi, a spokesman for a regional police office of Kumamoto, on the southern Japanese island of Kyushu, said police have filed papers with Japan's prosecutors' office. The papers allege that three Toyota officials, all responsible for quality control, failed to recall faulty models of the Hilux Surf, a recreational vehicle sold in Japan. … The papers weren't made public, and neither police nor Toyota disclosed the names of the executives." The Journal adds, "Mr. Takahashi said that the problem, a faulty relay system of rods in the steering column, started surfacing in Hilux models built from 1992, and that Toyota knew about the problem from around 1995 or 1996. He further alleged that Toyota officials knew the problem might lead to an accident. But the officials failed to issue a notice of recall, the police said. … The filing to the prosecutors' office alleges that the fault may have lead to an accident on Aug. 12, 2004, when a Hilux veered out of control and hit an oncoming car. Five people were injured in the accident, including one who required more than 50 days of hospital treatment."

China Increases Pressure On North Korea To Return To Six-Party Talks. China increased pressure on North Korea as top US nuclear envoy Christopher Hill made an unscheduled visit in Beijing, "saying efforts to resolve the crisis have reached a crucial point," in tandem with a delegation from North Korea. The AP (7/11, Olesen) reports, "China's president on Tuesday urged North Korea to refrain from increasing tensions over its nuclear program and to return to disarmament talks as diplomats worked to forestall U.N. sanctions against the regime." Meanwhile, "China's Foreign Ministry criticized a Japanese-proposed Security Council resolution that would demand the North stop developing, testing and selling ballistic missiles as 'an overreaction.'" Chinese President Hu Jintao "said Beijing is 'seriously concerned' and called for progress in stalled six-nation talks." Hu's warning "represented an unusually firm stance by Beijing and appeared to reflect growing frustration with its ally."

The Washington Post (7/12, A11, Cody, 748K) notes the US "was particularly keen to see progress from the Chinese mission because Beijing, arguing the need for dialogue, has objected to the tough Security Council resolution proposed by Japan and supported by the United States, Britain and France. In its place, China proposed a council statement -- without the force of law or threat of sanctions -- that would urge countries to voluntarily impose a ban on trade in ballistic missiles and other technology to North Korea that could be used to produce nuclear arms and other weapons of mass destruction."

Putin Says North Korean Response Based On Self-Interest. Russian President Vladimir Putin in an interview on NBC Nightly News (7/11, story 9, 1:00, Williams, 9.87M) was asked, "Do you trust Kim Jung Il if he develops a delivery system for that nuclear weapon that he won't destabilize the region and other parts of the world?" Russian President Vladimir Putin (via translator): "I don't trust anybody but myself. How can I trust or distrust? We base our option on the objective information on our interests. We should not trouble them on purpose."

GOP Seeks To Boost Spending For Missile Defense In Response To North Korea Threat. The AP (7/11, Abrams) reports, "Responding to North Korea's missile tests, congressional Republicans urged greater efforts to build a national missile defense system and proposed new sanctions on nations doing weapons business with North Korea." House Armed Services Committee Chairman Duncan Hunter said, "We have to have a defense that allows us to shoot down incoming ballistic missiles." Hunter has the support of House Majority Leader John Boehner and "Senate Majority Leader Bill Frist…said he planned to introduce legislation that would add North Korea to a nonproliferation act that currently outlines sanctions against foreign individuals who supply weapons technology to Iran and Syria."

Hunter Says Bush Withdrawal From ABM Treaty Validated. The Washington Times (7/12, Gertz, 88K) reports Hunter said North Korea's missile launch "validated President Bush's decision in 2001 to withdraw from the 1972 Anti-Ballistic Missile Treaty (ABM), despite Democratic criticism of the move." Hunter said, "It's important to understand the ABM treaty prohibited us by law from defending any American city from incoming ballistic missiles. … And it was only by withdrawing from that treaty that we were able to proceed with the missile tests that we have ongoing right now." Hunter "quoted Sen. Joseph R. Biden…who stated in 2001 that 'the

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premise that one day, North Korean President Kim Jong-il or someone else will wake up one morning and say: "Aha, San Francisco!" is specious.'"

Iran Continues To Delay Responding To International Deadlines. EU diplomats are becoming "impatient" as Iran continues to reject calls to responds to international negotiations over its nuclear programs. The AP (7/12, Lekic) reports, "Iran ruled out responding this week to international incentives to suspend its nuclear program, saying Tuesday that the offer contains too many 'ambiguities.'" Top Iranian nuclear negotiator Ali Larijani's "comments dashed any hope that that Iran would meet a Wednesday deadline on a six-nation offer of incentives aimed at dissuading Tehran from uranium enrichment." EU foreign policy chief Javier Solana "had been hoping for a positive reply from Larijani." Meanwhile, "Secretary of State Condoleezza Rice raised anew the possibility of punishment but gave no specifics." Rice said, "We hope that the Iranians choose the path before them for cooperation, but of course we can always return to the other path should we need to."

The Financial Times (7/12, Dombey, Khalaf) adds, "Foreign ministers from the five permanent United Nations Security Council members and Germany will meet in Paris on Wednesday to discuss next steps, but so far the US and the EU have failed to persuade Russia and China to contemplate imposing sanctions on Tehran." A European diplomat said Wednesday's meeting was likely to be 'more straightforward for ministers' because of the general discontent with Iran's response."

The New York Times (7/12, Sciolino, 1.21M) notes that at the talks between Solana and Larijani, diplomats "simply talked past each other, again dashing expectations that the incentives proposal would reinvigorate negotiations. Instead, the talks have stalled." Afterward, "European officials were furious, saying their governments had been lured into talking to Iran while that country was still enriching uranium and while action at the United Nations Security Council was on hold."

Administration Decision To Rely On Diplomacy Faces Test. David Ignatius in his column in the Washington Post (7/12, A15, 748K) writes, "The Bush administration had been expecting an ambiguous Iranian response, and it agreed weeks ago with its allies that anything short of a clear 'yes' would be taken as a 'no.' But for administration officials who had argued for the diplomatic opening to Iran, Tehran's non-response was still a disappointment." Ignatius concludes, "The Bush administration, in the new post-cowboy phase of its diplomacy, has made a big bet on the steadfastness of its friends and allies. It has decided, for now, to rely on the United Nations and its ability to respond seriously to the crisis posed by Iran's nuclear program. The next few weeks will show whether that bet was wise."

WPost Calls For Russia And China To Take Action On Iran. The Washington Post (7/12, A14, 748K) writes in an editorial that after calling for more negotiations, Iran's latest rejection puts the onus on Russia and China who "now have to decide whether to tolerate this prevarication any further. As he hosts the G-8 summit in St. Petersburg this weekend, is Russian President Vladimir Putin going to contribute to the solution of Iran's nuclear crisis? Or will he instead prolong it?"

Israel Expands Incursion Into Gaza. Highlighting the seriousness of the continuing violence in the Mideast, the CBS Evening News (7/11, story 4, 3:35, Schieffer, 7.66M) reported, "The battle in the Gaza Strip is on the verge of blowing wide open tonight." CBS (Logan) added, "the Israeli army has actually confirmed that Israeli ground troops, tanks, and armored personnel carriers have moved into central Gaza. This is the first time since this crisis began just over two weeks ago that they have moved that far into Palestinian territory. And it's clear that this is going to escalate tensions here in Gaza."

The AP (7/11, Barzak) reports, "Israeli tanks and troops moved into southern Gaza early Wednesday in a new phase of a two-week offensive aimed at militants holding a captured soldier and firing rockets, Palestinians and the military said." Meanwhile, the EU "began delivering aid to Gaza in a bid to repair some of the damage. Moderate Palestinian President Mahmoud Abbas said he had received $50 million from the Arab League." The aid will be "delivered under internationally backed funding restrictions that bypass the Palestinian government led by the militant group Hamas."

In a story sympathetic to the plight of Palestinians in Gaza, the New York Times (7/12, Erlanger, 1.21M) in an article titled "Once Again, Gazans Are Displaced By Israeli Occupiers" reports the UN Relief and Works Agency "has opened two schools in Rafah to house the displaced people of Shuka and southern Gaza. There are about 1,000 people in 136 families at the two schools, sleeping on thin

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mattresses in empty classrooms, said Jamal Hamad, an agency spokesman, 'but the numbers are increasing every day.'"

Security Issues To Top G8 Agenda. Knight Ridder (7/12, Douglas) reports, "Energy security is scheduled to be the main formal topic" at the G8 meeting, yet "Bush will be pushing hardest to forge unity on North Korea's missile firings and Iran's nuclear ambitions. His effort could founder, especially if he confronts Putin over Russia's retreat from democratic practices. That could transform the normally routine, heavily scripted G-8 session into an unpredictable affair." He "must walk a fine line," with Putin, "making his point firmly enough to honor his commitment to spreading democracy -- the over-arching theme of his second inaugural address -- but gently enough to not upset the strong-willed Russian, who could be a crucial actor in the months to come." Washington University professor Steven Smith predicts Bush "will be a good guest and will not name issues that will be a problem for his host. … The president has other things that he wants from Putin more than internal changes in Russia. He wants Russia to come through for him on Iran and North Korea."

USA Today (7/12, 6A, 2.27M) in a brief story notes that while the G-8 was initially created to respond to economic issues, "North Korea, Iran and Iraq -- named by Bush in 2002 as the 'axis of evil' -- are expected to be major discussion topics." In 2005, the summit was interrupted by terrorist attacks in London and Russian President Vladimir Putin "plans a heavy police presence for this year's summit at the remote Konstantin Palace outside St. Petersburg. Security plans take into account the possibility that Chechen rebels might try to attack."

Russia Seen As Falling Short Of Expectations After Joining G8. The Washington Times (7/12, Kralev, 88K) reports that while "U.S. officials say Russia has conducted itself 'very professionally' as a G-8 chair so far, and they expect the St. Petersburg summit to be a success," others "say the meetings will expose fundamental differences between Russia and the West." The Times states, "If the White House were deciding today whether Moscow should chair the G-8, the verdict should be 'absolutely not,' said Michael McFaul, a Russia specialist at Stanford University and former colleague of Secretary of State Condoleezza Rice." McFaul said, "Expectations were quite high in 2002, when the decision was made, about Russia's ability to become a contributing member of the club."

Deal On Russian WTO Membership May Be Announced During G8. The Financial Times (7/12, Buckley) reports, "Moscow and Washington are close to a deal on Russian entry to the World Trade Organisation, which could provide the country with cause for celebration at this weekend's Group of Eight summit in St Petersburg." Experts "have speculated that announcing the WTO and Shtokman deals could enable Russia and the US to portray the summit as a success. They could compensate for an otherwise modest package of measures on energy security – the main theme of Russia's G8 presidency – and what may be terse exchanges behind the scenes on Moscow's democratic record."

USTR Headed To Russia. In its "Washington Wire" column on its web site, the Wall Street Journal (7/11, 2.03M) reported, "US Trade Representative Susan Schwab is heading to Moscow today as trade talks with Russia intensify. At issue are the terms of Russia's proposed entry into the World Trade Organization, the Geneva-based body that oversees global trade rules and negotiations. Russia has long coveted membership in the WTO, and US officials are mounting a major effort this week to come to terms on a pact that would allow Russia's bid to go forward. A Schwab spokesman said no deal had been reached, but said Schwab will be flying to Moscow to take the lead in talks ahead of this weekend's summit of leaders of the Group of Eight industrial powers."

US Diplomats Ignore Kremlin Warning Against Attending Pro-Democracy Meeting In Russia. The New York Times (7/12, Chivers, 1.21M) reports that hundreds of civil rights advocates met in Russia to highlight their concerns about the direction President Putin was taking. At the meeting the US "was represented by two senior diplomats: Daniel Fried, the assistant secretary of state for European and Eurasian affairs, and Barry Lowenkron, the assistant secretary of state for democracy, human rights and labor." They did not address the conference but in remarks to Western journalists they "mixed concerns about elements of the Kremlin's rule with reminders that the United States and Russia had a range of shared interests and areas of productive cooperation." Yet "their presence carried an implicit message of support for a wider civil dialogue and a freer society than the Kremlin accepts, and they dismissed Russian warnings about Western attendance."

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The Washington Post (7/12, A11, Finn, 748K) reports, "A coalition of opposition figures from across the political spectrum gathered at a Moscow hotel Tuesday to lambaste President Vladimir Putin. The Kremlin warned foreign diplomats not to attend the event -- a caution that was ignored." US diplomat Daniel Fried told the AP, "Let's put it this way: If Russian officials attended a summit organized by the Democrats…the American opposition, we wouldn't regard it as anything other than doing their job."

Administration Accused Of Failing To Respond To Russian Democracy Crackdown. Dick Morris and Eileen McGann in an op-ed in The Hill (7/12) write, "While President Bush and Secretary of State Condoleezza Rice content themselves with lamenting 'backsliding' on democracy, the naked truth is that Russia is now as repressive as it was under communism." In response to Putin's crackdowns, "No real pressure is coming from Washington, and Bush's approach is pathetically weak. Putin is buying them off with a commitment to take our used nuclear fuel off our hands and by seductive temporizing over the Iranian nuclear issue. If Bush were to stand up to Putin as President Reagan did to Soviet leader Leonid Brezhnev, Putin would be unable to get away with the mayhem he is undertaking in Russia and its former empire."

LATimes Urges Administration To Adopt Pragmatic Approach To Russia. The Los Angeles Times (7/12, editorializes, "Russia may not be the sterling democracy or reliable friend some had hoped it would become in the aftermath of the Cold War. But neither is it the 'evil empire' it once was. The West needs to prod Putin into seeing areas of common interest, while treating Russia as an important, independent power."

White House Urges Congress To Pass Trade Deals.

The Washington Times (7/12, Sparshott, 88K) reports the Bush administration is "pressing Congress to pass at least three trade deals this year, although limited time, November elections and stiff Democratic opposition mean that only one final vote is nearly certain." House lawmakers are expected to vote on a free-trade agreement with Oman as soon as next week, and separate hearings begin today on free trade with Peru and allowing Vietnam into the World Trade Organization. "We're going to get as much as we can get done in July. What we don't get done in July we're going to try and get done in September. What we don't get done in September we're going to get done in a lame duck [session]," said a US trade official told the Times.

Rubin Urges Congress To Support Normal Trade Relations With Vietnam. Robert Rubin, a director of Citigroup, in an op-ed in the Wall Street Journal (7/12, 2.03M) writes that "the U.S. Congress has the opportunity to make a relatively uncontroversial yet major contribution to our economic well-being and national security: adoption of a trade measure called Permanent Normal Trade Relations (PNTR) for Vietnam. Our economy has benefited greatly from relatively open trade and capital markets and openness to immigration. PNTR for Vietnam would be one more step in that direction."

NYTimes Says Colombia Must Respect Workers' Rights Before US Agrees To Trade Deal. The New York Times (7/12, 1.21M) in an editorial writes, "With President Álvaro Uribe of Colombia at his side at the White House last month, President Bush promised action, soon, on a bilateral trade agreement. We strongly support free trade, but before an agreement can be completed, Americans need reassurance that Mr. Uribe's government will do more to protect workers' rights, instead of standing aside as union leaders are systematically killed." The Times adds, "Colombia wants to further cement the special relationship with a free trade agreement. It can begin by treating workers' rights as human rights."

Video Shows No Evidence Of Election Fraud In Mexico.

The Wall Street Journal (7/12, De Córdoba, Luhnow, 2.03M) reports, "Mexico's leftist presidential candidate suffered an embarrassing setback yesterday in his push to overturn the contested July 2 presidential election when a piece of ostensible evidence -- a video purportedly showing proof of fraud on election day -- turned out to be innocuous." An election worker "is shown simply depositing three votes for congressional races that voters had mistakenly put in the box for the presidential race."

Calderon Dismisses Snow's Remarks On Border Wall. The Washington Post (7/12, A1, Roig-Franzia, 748K) in a front page story on the Mexican election also reports that during a "wide-ranging interview" Calderon "took exception to remarks made Monday by President Bush's spokesman, Tony Snow, about Calderon's opposition to building more walls on the U.S.-Mexico border. Snow told reporters that the 'last time I checked, Calderon did not have any official authority over the activities of the United States government.'"

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Caldron said Snow "is someone who does not have the authority to tell me what I should be saying." He "also repeated his contention that the immigration problem 'cannot be solved with walls.' And he said he would rather see 'one kilometer of road built in Michoacan or Zacatecas than 10 kilometers of wall in Texas or California.'" Reiterating his campaign promises, he "said he would try to persuade Canada and the United States to invest in Mexican development projects to create jobs and stem illegal immigration. He also said he planned to stiffen enforcement of Mexico's southern border -- a major gateway for Central American migrants on their way to Washington and other major cities -- by increasing the use of technology, such as sensors."

Two US Diplomats Expelled From Kyrgyzstan. The New York Times (7/12, Greenberg, 1.21M) reports, "The Foreign Ministry confirmed that it had expelled two American diplomats for what it termed inappropriate contact with nongovernmental organizations, the first expulsion of American diplomats in a region where the United States increasingly has been struggling to maintain influence. The American Embassy said in a statement that the expulsions 'are clearly in the interest of those who would wish to harm relations between the Kyrgyz Republic and the United States.'"

Peruvian President Calls For US Senate To Pass Trade Deal. AFP (7/11) reports, "Outgoing Peruvian President Alejandro Toledo said goodbye to US President George W. Bush at the White House and urged the US Senate to ratify a bilateral trade pact." He "has been lobbying both Democratic and Republican legislators since Monday and said the deal would be ratified before July 28, when his term ends and a US congressional recess begins."

Pro-Democracy Movement Faces Setback In Ukraine. The Christian Science Monitor (7/12, Weir, 58K) reports, "Orange is out, at least for the moment, as Ukraine's political roller coaster seems set to reject at least some results of 2004's pro-democracy revolt and vault Moscow-leaning politician Viktor Yanukovich back into the country's driver's seat." The Monitor continues, "After a week of wild surprises in the 450-seat Supreme Rada, Mr. Yanukovich's Party of Regions announced Tuesday that it had formed a new 'anticrisis coalition,' holding a slender 12-seat majority, with the Communists and the formerly Orange-allied Socialists. Oleksandr Moroz, the Socialist leader, announced that he had forwarded Yanukovich's name to President Viktor Yushchenko as the new coalition's choice for prime minister. Mr. Moroz defected last week from a tentative Orange Coalition and was subsequently elected parliamentary speaker with Regions Party support." Center for Political Information director Alexei Mukhin said, "This news will give Putin a big boost, just before the G-8 summit."

Serbia Opposes Independence For Kosovo. The Washington Times (7/12, Kralev, 88K) reports, "Serbian Prime Minister Vojislav Kostunica told Secretary of State Condoleezza Rice yesterday that Belgrade would not agree to Kosovo's independence, offering instead 'the highest possible autonomy' for the United Nations-run province." The US "has avoided making definitive statements that would prejudge the outcome, but along with other Western countries, it supports the aspirations for independence among Kosovo's ethnic Albanian majority. Russia has sided with Serbia." And Serbian Prime Minister Vojislav Kostunica writes in an op-ed in the Washington Post (7/12, A15, 748K), "Depriving a democratic country of a part of its territory simply because one ethnic group that has aspirations for that territory threatens violence is impermissible, not only morally but also from the perspective of historical experience. Indeed, tragic occurrences have taught mankind that a policy of appeasement toward those who threaten force only opens the way to more and even greater violence."

China Releases Religious Filmmaker. The Wall Street Journal (7/12, Fowler, 2.03M) reports, "Hao Wu, a Chinese independent filmmaker and blogger arrested by Beijing police in February, was released from detention yesterday, according to a post on the Web log of his sister, Nina Wu." His "friends and family have said they believe he was detained over his work on a documentary film about Christian churches that aren't recognized by the Chinese government. Lawyers representing detained underground-church leaders say crackdowns have been increasing in recent months, amid a more general tightening of restrictions by Chinese authorities on some Internet and media activities."

Chinese Children Using Internet To Complain About Parent's Treatment. The Wall Street Journal (7/12, Fowler, Qin, 2.03M) reports, "In April, a vocal group of Chinese Internet users banded together to speak out against oppression and censorship. They posted a list of 10

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'outrageous and intolerable crimes' on a popular Web site." They were all posted "by children, and they were rebelling against their parents." It "raises a potent question: Will some kids make a jump from discussing 'democracy' within the family to democracy in the state?"

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"L.A. In Peril Of Another Rampart Scandal, Panel Finds."
"Administration Says It's Meeting Geneva Convention Standard."
"Laws For An Outlaw Culture."
"Marines Try Lighter Touch In Ramadi."
"Immigration Hard-Liners On A High."
"India Calls For Calm As Rail Bombings Kill At Least 190."

USA Today:
"TV Brings High Fashion Down To The Everyday."
"Fliers Headed To USA Face Scrutiny."
"More Schools Test For Drugs."

New York Times:
"White House Says Terror Detainees Hold Basic Rights."
"Series Of Bombs Explode On 7 Trains In India, Killing Scores."
"Wave Of Violence In Baghdad Puts 3-Day Death Toll Past 100."
"Olympics Imperil Historic Beijing Neighborhood."
"Once An Enemy, Health Industry Warms To Clinton."
"Come One, Come All, Join The Terror Target List."

Washington Post:
"U.S. Shifts Policy On Geneva Conventions."
"Police Chief Declares D.C. Crime Emergency."
"House Passes Bill To Restrict Internet Poker."
"Army To End Expansive, Exclusive Halliburton Deal."
"Calderón Says He Would Accept Partial Recount."
"Ballet School Founder With An Eye For Talent."

Washington Times:
"Blast Kills 147 In Bombay."
"Geneva Cover For Gitmo Detainees."
"'06 Projected Federal Deficit Falls To $296 Billion."
"Maryland Utilities Designated Near Junk."
"St. Petersburg Gets Gussied Up For Guests."
"When 'Open' Gets A New Definition."
"'Obsessed' Bag Ladies."

Detroit Free Press:
"GM's Wagoner Speaks Out."
"Google Brings In New Jobs And Hope."
"Dog Buyers Beware."
"Hunt For Poultry Raises Flu Concern."

Atlanta Journal-Constitution:
"Pass Or Fail? Parents Find Out."
"Bombs Shred Indian Trains."
"Thrashers, Hawks Freed Of Shackles On Player Deals."
"Bush Concedes Terror Detainee Rights Under Geneva Conventions."

Houston Chronicle:
"U.S. Accepts Rights For Detainees."
"O'Brien Executed For Rape-Murders."
"Coordinated Blasts On Railway Kills Scores."
"Army To End Its Exclusive Deal With Halliburton."
"Novak: Rove A Source For Column That Led To CIA Leak Probe."

Story Lineup From Last Night's Network News:
ABC: India-Train Attacks; Bush Administration-Terror Detainees; Iraq Violence; Afghan Drug Trade; Prescription Drugs-Cancer Patients; Bush-Deficit; American Saving Habits; Advertiser-Sponsored Weddings.
CBS: India-Train Attacks; Bush Administration-Terror Detainees; State Department Security Breach; Israel-Gaza Offensive; Bush-Deficit; Prescription Drugs-Cancer Patients; Gas Prices; Iraq Violence; US Soldiers-Personality Disorders; New York-Klimt Painting.
NBC: India-Train Attacks; India Attacks-Analysis; Bush Administration-Terror Detainees; Iraq Violence; Gas Prices; Bush-Deficit; Stock Markets; Women-Lung Cancer; G-8 Summit-Putin; Boston-Tunnel Collapse; Mothers-Workplace Hours.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: India-Train Attacks; Chicago-Subway Derailment; Israel-Gaza Attack; Rumsfeld-Iraq; Military Tribunals; Space Shuttle Mission.
CBS: Chicago-Subway Derailment; India-Train Bombings; New York City-Subway Security; Israel-Gaza Attack; House-Internet Gambling; MLB All-Star Game.

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NPR: India-Train Attacks; CA-Wildfire; Europe-Microsoft Sanctions; Wall Street; Senate-Port Security; SwissRe-Job Cuts.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — The President and The First Lady depart the White House via Marine One, on firest leg of trip to Rostock-Laage Airport, Rostock, Germany, where they will arrive at 9:50 a.m. local time.

VICE PRESIDENT CHENEY — Unavailable

US Senate:

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on multilateral development banks and infrastructure projects. Assistant Treasury Secretary Clay Lowery; Jaime Quijandria, World Bank; Carlos Herrera Descalzi, National Engineers Association of Peru; Korinna Horta, Environmental Defense; Manish Bapna, Bank Information Center. Location: Room 419, Dirksen.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Hearing on acknowledgement of the Lumbee Tribe of North Carolina. Location: Room 485, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on immigration issues. Commerce Secretary Gutierrez; Michael W. Cutler, Center for Immigration Studies; Ben Johnson, Immigration Policy Center; William McDonald, Georgetown University Law Center; Niall O'Dowd, The Irish Lobby for Immigration Reform, New York. Location: Room 226, Dirksen.

10 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full committee. Hearing on dairy programs at the Dept. of Agriculture. Location: Room 328-A, Russell

10 a.m. FINANCE _ Full committee. Meets to hear testimony on S.3495 - a bill to authorize the extension of normal trade relations treatment to the products of Vietnam. Deputy USTR Karan K. Bhatia; Eric John, Deputy Assistant Secretary of State; Jon Caspers, former President, National Pork Producers Council; Christian Schlect, President, Northwest Horticultural Council; Jeffrey R. Shafer, Citigroup Global Markets; Augustine D. Tantillo, American Manufacturing Trade Action Coalition; Chris Seiple, President, Institute for Global Engagement; T. Kumar, Amnesty International; Virginia B. Foote, President, U.S.-Vietnam Trade Council. Location: Room 215, Dirksen

10:30 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Confirmation hearing on pending nominations. Location: Room 538, Dirksen.

10:30 a.m. SMALL BUSINESS AND ENTREPRENEURSHIP _ Full committee. Hearing on ways to strengthen participation of small businesses in federal contracting and innovation research programs. Location: Room 428-A, Russell

US House:

10 a.m. FLOOR SCHEDULE _ Convenes for legislative business. Highlights: H.R. 2990 - Credit Rating Agency Duopoly Relief Act of 2006.

10 a.m. ARMED SERVICES _ Full Committee. Hearing on standartds of military commissions and tribunals. Acting Assistant Attorney General Steven Bradbury; Principal Deputy General Counsel Daniel Dell'Otyo of the Defense Department; former Solicitor-General Theodore Olson; retired Rear Adm. John Hutson, dean, Franklin Pierce Law Center. Location: Room 2118, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Markup of pending legislation, including, H.R. 2567, the Antifreeze Bittering Act; H.R. 4591, the Stockholm and Rotterdam Toxics Treaty Act; and H.R. 5337, the Reform of National Security Review of Foreign Direct Investments Act. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Financial Institutions and Consumer Credit Subcommittee. Hearing on industrial loan companies. Scott G. Alvarez, General Counsel, FRB; Douglas H. Jones, Acting General Counsel, FDIC; G. Edward Leary, Commissioner for the Utah Department of Financial Institutions; Rick Hillman, GAO; George Sutton, former Commissioner for the Utah Department of Financial Institutions; Terry Jorde, Chairman, President/CEO, CountryBank USA; attorney John L. Douglas. Location: Room 2128, Rayburn.

10 a.m. RESOURCES _ Water and Power Subcommittee. Hearing on HR 3558, Cheyenne River Sioux Tribe Equitable Compensation Act; HR 5282, Southern California Desert Region Integrated Water and Economic Sustainability Plan Act; HR 5299, Fort McDowell Indian Community Water Rights Settlement Revision Act of 2006; HR 5715, A bill to make amendments to the Reclamation Projects Authorization and Adjustment Act of 1992. Location: Room 1324, Longworth

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10:30 a.m. EDUCATION AND THE WORKFORCE _ Full Committee. Hearing on the No Child Left Behind law which is scheduled to be reauthorized next year. Keith Buchanan, Fairfax County, Va. Public Schools; Margaret McLeod, District of Columbia Public Schools; Kristine Neuber, George Mason University; Rachel Quenemoen, National Center on Educational Outcomes, University of Minnesota; Don Soifer, Lexington Institute, Arlington, Va. Location: Room 2175, Rayburn.

10:30 a.m. JUDICIARY _ Full committee. Markup of legislation: H.R. 2965, A bill to amend Title 18, United States Code, to require Federal Prison Industries to compete for its contracts, and other purposes. HR 1704, Second Chance Act of 2005: Community Safety Through Recidivism Prevention or the Second Chance Act of 2005. HR 1369, A bill to prevent certain discriminatory taxation of natural gas pipeline property. HR 4772, Private Property Rights Implementation Act of 2005. HR 4132, Law Enforcement Cooperation Act of 2005. Location: Room 2141, Rayburn

10:30 a.m. WAYS AND MEANS _ Full committee. Hearing on the implementation of the U.S.-Peru Trade Promotion Agreement. Everett Eissenstat, Assistant U.S. Trade Representative for the Americas, and others. Location: Room 1100, Longworth

1 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Economic Development, Public Buildings and Emergency Managemewnt Subcommittee. Hearing on reauthorization of the applachian Regional Commission and proposals to create more, similar agencies. Anne B. Pope, federal co-chairman, Appalachian Regional Commission; Steve Robertson, commissioner, Governor's Office for Local Development, State of Kentucky; Edward Silvetti, executive director, Southern Alleghenies Planning and Development Commission, National Association of Development Organizations; Jonathan Daniels, president and CEO, Eastern Main Development Corp.; Albert A. Delia, East Carolina University; Jake Brisbin Jr., executive director, Rio Grande Council of Governments. Location: Room 2253, Rayburn.

2 p.m. FINANCIAL SERVICES _ Oversight and Investigations Subcommittee. Hearing on the GAO's viewpoint on diversity. Location: Room 2128, Rayburn.

2 p.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Oversight hearing on areas of vulnerability in the nation's electricity supply system this summer. FERC Chairman Joseph T. Kelliher; Yakout Mansour, President and CEO, California Independent System Operator; Mark S. Lynch, President and CEO, New York Independent System Operator; Pete Brandien, Vice President of System Operations, ISO New England; Phyllis E. Currie, General Manager, Pasadena Water and Power. Location: Room 2154, Rayburn.

2 p.m. HOMELAND SECURITY _ Management, Integration and Oversight Subcommittee. Hearing on lessons learned in fraud detection, prevention and control from federal 9/11 assistance to New York. Location: Room 311, Cannon.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Aviation Subcommittee. Oversight hearing on ``Reforming the Wright Amendment." Michael Cirillo, FAA; Dallas Mayor Laura Miller; Fort Worth Mayor Mike Moncrief; Gerard Arpey - chairman and CEO, American Airlines; Herb Kelleher, chairman of the board, Southwest Airlines; Kevin Cox, chief operating officer, Dallas/Fort Worth International Airport. Location: Room 2167, Rayburn

2:30 p.m. SELECT INTELLIGENCE _ Closed briefing on intelligence matters. Location: Room 219, Hart.

3 p.m. RULES _ Full Committee. Meeting to set rules for floor debatefor the Voting Rights Act Reauthorization bill. Location: Room H-313, Capitol.

Other:

July 11 - 12. PERUVIAN PRESIDENT ALEJANDRO TOLEDO Highlights: 10 a.m. Holds a press conference. National Press Club.

July 8 - 12. CANCER CONFERENCE _ The International Union Against Cancer and the American Cancer Society hold the 2006 World Cancer Conference, international cancer and tobacco control conferences.

July 11 - 12. HUGGING SAINT _ Humanitarian and Indian mystic Mata Amritanandamayi, better known as ``Amma" or ``The Hugging Saint," visits Washington and holds events to meet members of the public.

July 11 - 12. SOY ISSUES SUMMIT _ The American Soybean Association hosts a Capitol Hill Soy Issues Summit.

STUDENT PROGRESSIVES CONFERENCE _ The Center for American Progress hosts the 2nd annual Campus Progress National Student Conference. Sessions on policy, communications, media skills, and networking for students working to provide progressive voices on college campuses.

July 12 - 14. BLACK CHURCH SEXUALITY CONFERENCE _ The Religious Coalition for Reproductive Choice sponosrs the 10th annual National Black Religious

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Summit on Sexuality. Three days of workshops and discussion on teen pregnancy prevention, faith-based sexuality, domestic violence, HIV/AIDS, teen leadership, family life and other topics. Location: Howard University School of Divinity, 1400 Shepherd St. NE.

July 12 - 15. SISTER CITIES CONFERENCE _ Sister Cities International 50th anniversary conference on citizen diplomacy. Speakers and workshops on international city-to-city partnerships. In conjunction with the Inaugural National Summit on Citizen Diplomacy, sponsored by the Coalition for Citizens Diplomacy. Location: Hyatt Regency-Washington on Capitol Hill, 400 New Jersey Ave. NW

July 12 - 15. WORLD CONFERENCE ON TOBACCO OR HEALTH _ Three day convention on building a tobacco-free world. Workshops and session on tobacco control and regulation, the human cost of tobacco, smoking prevention, and the tobacco industry. Location: Washington Convention Center, Mt. Vernon Square.

9 a.m. - 2 p.m. TRADE DEFICIT _ The AFL-CIO and the U.S. Business and Industry Council hold a conference on the nation's trade deficit.

11 a.m. - 2 p.m. CHINA-ENERGY _ The Worldwatch Institute and the Heinrich Boll Foundation hosts a discussion on the foreign policy implications of China's energy policy. With Jurgen Trittin, vice chairman, German Parliament group of Alliance 60/The Greens; Minxin Pei, senior associate, China Program, Carnegie Endowment for International Peace; and others. Location: Room 2325, Rayburn

9 a.m. - 12 p.m. DIVERSITY-WOMEN _ Members of the Bush Cabinet, House, and Senate salute diversity and mark the release of WOW! Facts 2006, a compendium of demographic data on women and minorities. With Sen. Hillary Clinton; Sen. Ted Stevens; Sen. Dianne Feinstein; Secretary of Labor Elaine Chao; EEOC Chairwoman Cari Dominguez; Rep. Ileana Ros-Lehtinen; and others. Location: Room SDG-50, Dirksen

9:30 a.m. NATIONAL GUARD _ The Center for Strategic and International Studies holds a discussion on new study on the future of the National Guard and Reserves, with author Christine Wormuth. Location: B-1 conference level, 1800 K St. NW.

10 a.m. DEMOCRATS-ECONOMY _ House Democratic leadership holds a news conference on the Bush deficit economy. Location: Outside the Cannon Caucus Room.

10 a.m. EDUCATION _ The Information Technology Industry Council holds an RFID educational news briefing. Location: Room 2, Suite 200, 1250 Eye St. NW.

10 a.m. EMERGENCY ALERTS _ The Association of Public Television Stations and the Homeland Security Department hold a demonstration of the new Digital Emergency Alert System. With David Paulson, Director, FEMA. Location: WETA, 3620 S. 27th St., Arlington.

10 a.m. EMERGENCY SERVICES _ The E9-1-1 Institute, the National Emergency Number Association, others, hold a news conference on federal funding for E9-1-1. Participants include Sens. Conrad Burns, Hillary Clinton, Reps. John Shimkus, Anna Eshoo, others. Location: Room 628, Dirksen.

10 a.m. HOUSE REPUBLICANS _ House Republican leadership holds a news conference on ``protecting American values." Location: Stakeout area outside the Capitol Hill Club.

10 a.m. - 11:30 a.m. COLUMBIA _ Andres Pastrana, former president of Columbia and current Columbian Ambassador to the U.S., speaks on ``Columbia: Challenges for the 2nd Uribe Administration." With commentary by Phillip McLean, professor, George Washington University. Location: Kendall Auditorium, GWU, 2201 G St. NW

12 p.m. FOREIGN AREA OFFICERS _ The Army opens a Foreign Area Officer media discussion to the media as Operation Iraqi Freedom and other programs are discussed.

Location: Room 1E462, Pentagon.

12 p.m. LAZEAR-ECONOMY _ Edward Lazear, chairman of the Council of Economic Advisors, speaks at the National Economists Club luncheon on American productivity. Location: Chinatown Garden Restaurant, 618 H St., N.W.

12 p.m. OIL INDUSTRY _ Former Rep. Geraldine Ferraro holds a brieing on a pending lawsuit dealing with business, the energy industry, foreign policy and overseas investments. Location: Room 2218, Rayburn.

12 p.m. - 1 p.m. WORLDWATCH-VITAL SIGNS _ The Worldwatch Institute holds a teleconference to present findings from Vital Signs 2006-2007, trends and indicators on topics such as climate change, world population, energy, transgenic crops, HIV/AIDS, trade, production and Internet use. With Christopher Flavin, president, and Erik Assadourian, research associate, Worldwatch.

1 p.m. SERBIA-KOSTUNICA _ Vojislav Kostunica, President of the Republic of Serbia, speaks on Serbia-U.S.

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bilateral relations and Serbia's European future. Location: National Press Club, 14th and F Sts. NW

2 p.m. VIRGINIA INDIAN CHIEFS-JAMESTOWN _ Eight Virginia Indian Chiefs and a delegation of 60 Virginia Indians hold a news conference and departure ceremony as they leave for London to mark the 400th anniversary of Jamestown, Virginia. Location: National Museum of the American Indian. 4th St. and Independence Ave., SW.

3:30 p.m. BUSINESS-DIPLOMACY _ President Keith Reinhard of Business for Diplomatic Action speaks to the National Summit on Citizen Diplomacy. Location: Hyatt Regency-Washington on Captiol Hill, 400 New Jersey Ave. NW

5:30 p.m. VOTING RIGHTS _ The Black Leadership Forum and the National Coalition on Black Civic Participation lead a vigil calling on Congress to quickly pass the Voting Rights Act Reauthorization bill. Location: In front of the Longworth building, New Jersey Ave. and S. Capitol St.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JULY 12, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Administration Grants Geneva Protections To Terror Detainees .. 3
Senate Panel Opens Hearings On Guantanamo Detainees 4
Hammoud Lived Life Of Playboy To Hide Radicalism 5
San Francisco Reviews AT&T Contracts Over Domestic Surveillance 5
Administration Mulls Requiring Banks To Report All International Wire Transfers 5
DOJ Official Calls Hamdan Ruling "An Opportunity." 6
Terrorists Bomb Mumbai Commuter Trains 6
Judge Vacates 9/11 Default Judgment Against Qatari Minister 8

Patriot Act:
Kurdish Man Pleads Guilty To Violating Patriot Act 8

Homeland Response:
DHS IG Questions "Unusual" Sites On List Of US Terror Targets 8
Passengers Traveling To US To Be Checked Against Terror Watch Lists Before Takeoff 8
Senate Adds To Bush Proposal For Port Security 8
Senate Votes To Replace FEMA With New Agency 9

War News:
Attorneys For Soldier Accused Of Rape-Murder Seek Gag Order 9
Fifty More People Killed In Baghdad As Violence Continues 9
GAO Criticizes Administration Iraq Strategy 10
Biden, Reed Paint Pessimistic Picture Of Iraq After Trip 11
Rumsfeld Makes Unannounced Visit To Iraq 11
Rumsfeld Seeks To Smooth Relations Between Afghanistan, Pakistan 11
US To Continue To Play Key Role As NATO Takes Control In Afghanistan 11
Misconduct By US Troops Blamed On Stress Of Combat 11

DOJ:
Main Justice Still Struggling To Recover From Flooding 12

Corporate Scandals:
Monster Worldwide May Restate Earnings After Stock Option Review 12
Treasury Moves Closer To Limiting Fannie Mae, Freddie Mac Debt 12

Criminal Law:
Jefferson Appeals Ruling On FBI Raid 12
Novak Says Rove Was One Of His Sources On Plame Identity. 13
Scanlon Did Millions Of Dollars Of Business With Top DC Lobbying, PR Firms 13
Former Florida Prisons Chief Pleads Guilty To Taking Kickbacks14
FBI To Investigate Rise In Las Vegas-Area Police Shootings..... 14
Federal Prosecutors Say Gotti Still Living On Mob Money..... 14
Federal Prosecutors Make Closing Arguments At Aryan Brotherhood Trial 14
House Votes To Crack Down On Online Gambling 14
Tennessee Professor Under Investigation For Possible PRC Technology Transfer 15
Lawmakers Debate Crackdown On Community Web Sites 15
Texas Woman Pleads Guilty To FEMA Fraud 15
Connecticut Man Sentenced To Seven Years In Prison In Murder-For-Hire Plot 16
Texas Man Sentenced To Two Years In Prison For Threatening Lawyers 16
FBI, IRS Raid New Jersey Jewish School In Fraud Investigation Of Property Developer 16
Kansas Real Estate Broker Pleads Guilty To Mortgage Fraud ... 16
Three Suspects Indicted, Plead Not Guilty In Coke Trade Secrets Case 16
"Crime Emergency" Declared After DC Homicides 17
SCOTUS Uncertainty On Death Penalty Echoes 1972 Ruling.... 17

Civil Law:
Odyssey Healthcare Settles DOJ Investigations 17

Civil Rights:
Euclid, OH, Mayor Rejects DOJ Claims Of Voting Rights Violations 18
GOP Lawmakers Divided Over Renewal Of Voting Rights Act... 18
Pastor Decries Mortgage Bias 18

Antitrust:
EU Expected To Fine Microsoft Today For Antitrust Violations .. 18
Xstrata Boosts Falconbridge Takeover Bid 19
German Antitrust Authorities Delay KLA-Tencor Deal..... 19
9th Circuit Judge's Trademark Rulings Challenged Over Conflict Allegation 19

Environment/Indian Affairs:

Judicial Panel Removes Lamberth From Indian Trust Case 20
EPA Tightening Lead Monitoring Rules 20
WSJournal Says Courts Should Add "Dose Of Sanity" To Clean Air Debate 20

FBI/DEA/ATF/USMS:

With President's Support, More Schools Are Testing For Drugs 20
Afghan "Drug Lord" Pleads Guilty In Heroin Conspiracy Case.... 20
Illinois Man Pleads Guilty In Federal Cocaine Case 21
In Maine, Doctor Accused Of Writing Illegal Prescriptions Faces Numerous Charges 21
Former Friend Seen As "Key Figure" In Investigation Of Bonds . 21
In Chile, Pinochet's Son Files Lawsuit In Response To Drug-Related Accusations 21
WPost Says Senate Should Reject House-Approved Gun Measures 21

Immigration:

Rove Outlines Bush Immigration Principles In Address To La Raza 21

Tax:

Former KPMG Employees Sue For Legal Fees 22

Congress-Administration:

Democrats Consider Filibuster Of Haynes Judicial Nomination .. 23
Bush Credits Tax Cuts For Lower-Than-Expected Deficit Figures23
Hayden Appoints Former Tenet Aide As CIA Number Three..... 25
Despite Veto Threat, Senate Likely To Approve Stem Cell Bill ... 25
Sullivan To Be Named White House Communications Director.. 25
Investigator Criticizes Top VA Officials For Data Theft..... 25
State Department Recovering From Computer System Hackings26
Environmentalists Oppose Dudley As Head Of OMB's Regulatory Office 26
Senate Approves Drug Reimportation Plan 26
Portman Says Administration May Pursue Entitlement, Tax Reform Next Year 26
Army To End Exclusive Deal With Halliburton 26
Energy Department Raises Prediction For Summer Gasoline Prices 26
House GOP Pushing HHS Bill Containing 1,700 Earmarks 27
GOP To Push Lobbying Reform Without 527 Restrictions..... 27
Grassley Tells Wolfowitz To Stay Out Of Trade Issues..... 27
Bush Speaks To Space Shuttle Astronauts 27
Pentagon Seeks To Groom Civilian Leaders..... 27
Supreme Court Said To Follow Inconsistent Approaches To Reading Statutes 27

Other News:

Stocks Up 28
Labor, Business Groups To Push Trade As Election Issue 28
Bush Headlines Fundraiser For Wisconsin Gubernatorial Candidate 28
NARAL Offers Latest Round Of Endorsements 28
Underage Intern Served Alcohol At Kolbe Margarita Party 28
Democrats Hope "Do Nothing" Label Will Hurt Republicans In November 28
Democratic, GOP Strategists Join Forces To Create Web Site .. 29
Health Industry Donating Thousands To Clinton 29
Jeb Bush Doesn't Rule Out Run For VP With McCain 29
Meyerson Says Democrats Find Lieberman's Causes "Repugnant." 29
New Jersey Lawsuit Seeks To Give Parents Funds From Failing Schools 29
Woman Killed By Falling Concrete In Boston "Big Dig" Tunnel... 29
American Wheat Farmers Sue AWB For $1 Billion 30
Toyota Officials Accused Of Failing to Recall Faulty Model 30
China Increases Pressure On North Korea To Return To Six-Party Talks 30
Iran Continues To Delay Responding To International Deadlines31
Israel Expands Incursion Into Gaza 31
Security Issues To Top G8 Agenda 32
White House Urges Congress To Pass Trade Deals 33
Video Shows No Evidence Of Election Fraud In Mexico..... 33
Two US Diplomats Expelled From Kyrgyzstan 33
Peruvian President Calls For US Senate To Pass Trade Deal ... 34
Pro-Democracy Movement Faces Setback In Ukraine 34
Serbia Opposes Independence For Kosovo..... 34
China Releases Religious Filmmaker 34

The Big Picture:

Headlines From Today's Front Pages 34

Washington's Schedule:

Today's Events In Washington 35

DOJ_NMG_0040093

TERRORISM NEWS:

Administration Grants Geneva Protections To Terror Detainees. The Financial Times (7/12, Sevastopulo, Yeager) reports, "Responding to news broken on FT.com, the White House on Tuesday confirmed that Gordon England, deputy defence secretary, sent a memorandum to senior defence officials and military officers last week, telling them that Common article III of the Geneva Convention – which prohibits inhumane treatment of prisoners and requires certain basic legal rights at trial – would apply to all detainees held in US military custody. … The policy U-turn comes on the heels of the Supreme Court ruling last month that the military commissions Mr Bush created to try prisoners at Guantánamo Bay contravened both US law and the Geneva convention." The Los Angeles Times (7/12, Spiegel, Reynolds, 918K) reports England's memo "acknowledged that a recent Supreme Court decision had forced its hand."

USA Today (7/12, 6A, Diamond, Biskupic, 2.27M) also reports the Administration acted "bowing to the Supreme Court," while the Chicago Tribune (7/12, Hedges, 623K) says "the treatment of suspects at Guantanamo "has become an international issue for the administration. Roundly criticized by human rights groups and war opponents, the White House has defended the military commissions as a necessary process in the fight against terrorism."

The AFP (7/11, Raab) says the move "appeared to be a reversal" of Administration's "long-held stance that the Geneva Conventions do not apply to Taliban, al-Qaeda and other combatants targeted in the US-led 'war on terror.'" The AFP also calls the move "unexpected." Likewise, the Washington Post (7/12, A1, Babington, Abramowitz, 748K) headlines its report "US Shifts Policy On Geneva Conventions," and says "the developments underscored how the administration has been forced to retreat from its long-standing position that…Bush be given extensive leeway to determine how to interrogate and prosecute terrorism suspects captured in Iraq, in Afghanistan and elsewhere." The Post adds, "Until recently, the White House and Defense Department have pursued such anti-terrorism policies with little interference from Congress and the courts, but that has begun to change. … Administration officials indicated that they had little choice but to act in the aftermath of that Supreme Court ruling."

ABC World News Tonight (7/11, story 2, 1:50, Moran, 8.78M) said the England memo was "an acknowledgment of the obvious … But it's more than that. This memo is also a directive – it is a stern directive to combatant commanders around the world to make sure their practices and policies adhere to the Geneva Conventions, and that's because now, any violation of the Geneva Convention by American personnel is a crime -- Federal crime -- prosecutable in the United States.""

The CBS Evening News (7/11, story 2, 3:25, Schieffer, 7.66M) reported, "Pentagon officials finally conceded today what they have never been willing to concede before: That international law does apply to terrorist suspects being held in US prisons. They had no choice, really, in light of a recent Supreme Court ruling."

NBC Nightly News (7/11, story 3, 3:25, Williams, 9.87M) reported, "There was a major shift today from the Bush Administration in the war on terror. The Administration reversed its long-standing policy on detainees and said they are indeed covered by a provision of the Geneva Conventions requiring humane treatment. Gene Fidell, military law expert: "This document is an example of eating crow by a government agency, because the Administration has taken a very hard line on the inapplicability of the Geneva Conventions."

However, White House spokesman Tony Snow said yesterday the move is "not really a reversal of policy." The AP (7/12, Flaherty) notes Snow "said that the instruction manuals used by the Department of Defense already comply with the humane-treatment provisions of Article 3 of the Geneva Conventions. They are currently being updated to reflect legislation passed by Congress and sponsored by Sen. John McCain…to more expressly rule out torture." USA Today (7/12, 6A, Diamond, Biskupic, 2.27M) also notes Snow "says the move is not a shift," and the Washington Times (7/12, Hurt, Scarborough, 88K) reports the White House "was quick to dispute that it was any sort of policy shift."

The New York Times (7/12, Mazzetti, Zernike, 1.21M) reports the England memorandum "appears to settle continuing battles within the administration over a long-awaited Pentagon directive on the treatment of detainees." The directive, called "D.o.D. Program for Enemy Prisoners of War and Other Detainees," has been "held up for months because of wrangling over the types of treatment that ought to be prohibited." The Times adds, "In the past, Vice President Dick Cheney's chief of staff, David S. Addington, pressed Pentagon officials to eliminate specific language from the document that cited the Geneva Conventions in prohibiting cruel and degrading treatment. Since becoming the Pentagon's No. 2 official in 2005, Mr. England has repeatedly expressed concerns about the detention of enemy combatants and has told colleagues that he advocates closing the military prison at Guantánamo Bay because of the negative impact it has on the United States' reputation."

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The New York Times (7/12, Shane, 1.21M), in a story titled "Terror And Presidential Power: Bush Takes A Step Back," reports, "If there has been a retreat, it may partly reflect a change in the perceived threat from Al Qaeda since the disorienting days after Sept. 11. As months, then years, passed without a new attack in the United States, the toughest measures seemed steadily less justifiable." But "in retrospect, all the contradictions that have emerged in the last four years were present in embryo in the 2002 presidential order."

Bloomberg (7/12) reports that "the administration released a Defense Department memo that said the Supreme Court ruling means the Geneva Conventions apply to terrorist suspects. The U.S. has previously argued that they aren't bound by the conventions in dealing with accused al-Qaeda terrorists and Taliban fighters." Bloomberg continues, "Daniel Collins, a former Justice Department official in the Bush administration, said Congress could easily satisfy the Geneva Conventions' requirement that prisoners of war be tried before 'a regularly constituted court.' … Steven G. Bradbury, acting head of the Justice Department's Office of Legal Counsel, testified that 'there are sound policy reasons' for using the military tribunals to prosecute terrorists."

NYTimes Says Administration Claims False. The New York Times (7/12, 1.21M) editorializes, "We were pleased to see the Defense Department finally recognize the power of the Supreme Court over prisoners of the military and order the armed forces to follow the Geneva Conventions requirement of decent treatment for all prisoners, even terrorism suspects. It was a real step forward for an administration that tossed aside the Geneva rules years ago and then tried to place itself beyond the reach of the courts." However, "the Pentagon memo released yesterday claimed, falsely, that its prisoner policies already generally complied with the Geneva Conventions." That "disingenuousness may have simply been an attempt to save face. If so, it was distressing but ultimately not all that significant. What really matters is that Congress bring the military prisons back under the rule of law, and create military tribunals for terrorism suspects that will meet the requirements of the Constitution and the Geneva Conventions. The other thing that really matters is that the White House actually agrees to obey the law this time."

Move Seen As Making US Soldiers' Jobs Easier. The Washington Post (7/12, A5, Ricks, 748K) reports, "The biggest effect of the Pentagon's acceptance of a recent Supreme Court ruling that requires it to abide by the Geneva Conventions on the treatment of prisoners is likely to be not at the Guantanamo Bay prison camp or in US courtrooms but on the battlefields of Iraq and Afghanistan, military lawyers and other experts said yesterday." The Post adds, "Experts said the justices' ruling removes much of the ambiguity about what sort of protections detained Iraqis, Afghans and foreign fighters enjoy and what rules apply to the actions of US troops. … For years, these experts said, U.S. military personnel in Iraq and Afghanistan were operating under guidelines that were not clear. … This murkiness has been cited by some critics of the administration's operations in Iraq as contributing to a culture of abuse that led to inhumane treatment of prisoners at Abu Ghraib prison and other sites."

Senate Panel Opens Hearings On Guantanamo Detainees. CNN's The Situation Room (7/11, Koppel) reported, "Today the Senate Judiciary Committee opened the first of several hearings that will happen this week, both in the Senate and the House, to try to decide what kind of legislation might be needed, might be necessary to alloy the Bush administration to move forward with giving hundreds of detainees in Guantanamo and elsewhere their day in court." Senate Judiciary Committee Chairman Arlen Specter "laid out a marker telling two government witnesses it will be up to Congress, not the Bush administration, to lay down the law. At issue, how the Pentagon should try suspected terrorists captured overseas."

Fox News' Special Report (7/11, Garrett) reported, "Top Bush Administration officials told the Senate Judiciary Committee that prisoners do not deserve more military rights. … A top Justice Department lawyer said detainees captured in Afghanistan or plotting on behalf of al Qaeda also do not deserve Geneva Convention protections against mistreatment. Primarily he said because they don't adhere to Geneva Convention rules of war."

Dana Milbank, in his "Washington Sketch" column in the Washington Post (7/12, A2, 748K), "As Congress opened hearings yesterday on the treatment of terrorism detainees, the Bush administration's view was neatly summarized by Steven Bradbury, the Justice Department lawyer serving as lead witness. 'The president,' Bradbury said, 'is always right.'" While "the Supreme Court rebuked the administration by rejecting military tribunals for prisoners at Guantanamo Bay…the officials who came before the Senate Judiciary Committee yesterday -- Bradbury and Pentagon lawyer Daniel Dell'Orto -- were unrepentant. … Rather than regard it as a defeat, Bradbury said it presents Bush with an "opportunity to work together" with Congress."

The Wall Street Journal (7/12, Bravin, 2.03M) says the hearing "made clear that…the Bush administration and key Republican lawmakers are at odds over how to prosecute suspected terrorists swept up in military operations in Afghanistan and elsewhere."

Durbin Says Guantanamo Prison Should Be Closed. Sen. Dick Durbin said on CNN's The Situation Room (7/11) that he was impressed by what he saw on a recent visit to Gitmo, but "I understand the powerful negative image of Guantanamo around the world. And I do believe we should

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close down that facility over a few months' period of time. We're down to about 300-plus detainees who would have to be transferred to some other facility. But it would say to the world the Supreme Court decision has been a break with the past. And from this point forward, the United States is going to be much more open and transparent in its treatment of prisoners, and we're going to live consistent with the Geneva Conventions standards." The AP (7/12, Conrad) also reports Durbin's comments.

Hammoud Lived Life Of Playboy To Hide Radicalism. CNN's Paula Zahn Now (7/11) reported on Assem Hammoud's hiding of his religious radicalism, noting, "According to the FBI, the scenes we just saw in India could have played out right here in New York some time in maybe a few months." CNN showed Assistant Director in Charge Mark Mershon saying at the Friday press conference: "They were about to go to a -- a phase where they would attempt to surveil targets, establish a regimen of -- of attack, and -- and acquire the -- the resources necessary to effectuate the attacks." CNN (Griffin) added, "Authorities say that, to mask his identity as a religious zealot who was willing to murder innocent people for Islam, Hammoud lived like a heathen, a playboy. … Former FBI Assistant Director and terror expert Pat D'Amuro says it all fits into the training of al Qaeda." D'Amuro: "We know, in this particular case, the professor was told…to get a girlfriend, to start drinking, to be carousing, so that he would not be taken as an extremist and a zealot. … It makes it more difficult for intelligence services, for law enforcement authorities to identify these individuals."

Analyst Says FBI Could Not Delay Miami, Hammoud Arrests. On CNN's Paula Zahn Now (7/11), Zahn asked terrorism analyst Steve Emerson whether "the feds jumped the gun" on the Miami and Hammoud arrests. Emerson replied, "No. I think they couldn't afford to wait until they took action. And they had to jump -- if they tried to play it out, they would be playing with people's lives. Look, before 9/11, if people thought that four terrorist commanders with 15 supporters could take over airplanes and plow into buildings and take them down, people would have thought they were crazy."

San Francisco Reviews AT&T Contracts Over Domestic Surveillance. The AP (7/12, Lindlaw) reports, "City officials are examining San Francisco's telecommunications contracts with AT&T Inc. and whether to take action against the company for its alleged cooperation with the National Security Agency, Mayor Gavin Newsom said Tuesday. … 'If what I'm reading is true, I've got some serious problems as a San Franciscan, as a taxpayer and as mayor,' Newsom said in interview with The Associated Press. 'And I don't like it.'" The AP continues, "A federal lawsuit filed by Internet privacy advocate Electronic Frontier Foundation accuses the telecommunications giant of illegally cooperating with the NSA to make communications on AT&T networks available to the spy agency without warrants. According to the lawsuit, AT&T allowed the NSA to install data-mining equipment in secret rooms at AT&T offices in San Francisco and a handful of other cities. … Last month, the government urged a federal judge to dismiss the suit, saying it threatens to reveal state secrets. The judge's decision is pending." The AP adds, "Newsom said he has asked City Attorney Dennis Herrera to conduct 'fact-finding' on the matter. But the mayor also said he has completed his own compilation of 'all of our current business relationships the city has with AT&T.' … That review, which includes expiration dates and other obligations, 'may be suggestive that if we conclude that this is sincerely problematic, there may be a desire to not just make a symbolic statement of opposition, but to make a substantive one.'"

Administration Mulls Requiring Banks To Report All International Wire Transfers. The Los Angeles Times (7/12, Schmitt, 918K) reports, "The Bush administration is considering requiring U.S. banks, for the first time, to inform the government of all their customers' international wire transfers, regardless of possible terrorist ties, a Treasury Department official said Tuesday." The Times says that this kind of mandatory reporting would be a "major expansion of the government's efforts to comb financial data to fight terrorism and other international crimes. … Officials now say they are within a few weeks of deciding whether to proceed."

US Official Says NYTimes Report On Terror Tracking Program Hurt War On Terror. The Washington Times (7/12, Scarborough, 88K) reports, "The Bush administration yesterday kept the heat on the New York Times, saying the newspaper's disclosure of a secret financial tracking system 'compromised one of our most valuable' weapons against al Qaeda." Stuart Levey, undersecretary of Treasury for terrorism and financial intelligence, told the House Financial Services subcommittee on oversight and investigations, "This is a very formidable enemy. … They are intelligent. They do what they can to cover their tracks. The fact that we've now made explicit the information that we're looking at to track their money trails is definitely damaging." He "said in his prepared statement that 'this disclosure compromised one of our most valuable programs and will only make our efforts to track terrorist financing -- and to prevent terrorist attacks -- harder.'"

The AP (7/12) reports, "Levey said the program played an important role in an investigation that eventually led to the capture of Indonesian Riduan Isamuddin, or Hambali, the operations chief of the al Qaeda linked Jemaah Islamiya, a

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Southeast Asian terror group. Hambali allegedly masterminded the deadly 2002 Bali bombings.Concerns about lack of briefings ... Both Republicans and Democrats on the panel -- which has oversight over financial matters -- expressed concern that they weren't briefed early on about the program."

DOJ Official Calls Hamdan Ruling "An Opportunity." AFP (7/12, Raab) reports, "The June 29 Supreme Court ruling on the Hamdan v. Rumsfeld case faulted the administration for establishing the tribunals without congressional authorization. Snow said Tuesday that would soon be resolved. … Justice Department acting assistant attorney general Steve Bradbury told the Senate panel that the high court ruling -- seen by some as a stunning setback for the Bush administration -- was actually an opportunity. … 'The decision in Hamdan gives the political branches an opportunity to work as one to establish the legitimate authority of the US to rely on military commissions to bring the terrorists to justice,' Bradbury said."

Terrorists Bomb Mumbai Commuter Trains. The series of bombings on commuter rail lines in Mumbai, India led all the major network newscasts and was covered by the major newspapers and wires. While reports noted that there was no link yet found to a terrorist group, much of the coverage noted the pattern appears to fit that of Kashmiri Islamic Militants. ABC World News Tonight (7/11, lead story, 3:30, Snow, 8.78M) reported, "Terrorists unleashed a devastating and highly coordinated attack today in one of largest cities in the world. In the space of about 11 minutes, seven bombs ripped through trains during the evening rush hour in the Indian city of Mumbai. At least 147 people were killed in those attacks, more than 400 injured. Mumbai, formerly known as Bombay, is the financial capital of India, a nation of more than 1 billion people." Sajjan Gohel, Asia-Pacific Foundation: "It was coordinated, multiple, synchronized, mass casualty atrocities. These are often the hallmarks of a powerful, transnational group, not necessarily al Qaeda central but a group affiliated to the ideology and ideas of Osama bin Laden." NBC (Ross): "There have been no claims of responsibility but bin Laden had called for attacks on India at least 6 times since 2001, aligning himself with militant Islamic groups that seek independence for the disputed Kashmir region." Ross continued, "all of India's major cities were put on a state of high alert as rumors of more attacks quickly spread."

The CBS Evening News (7/11, story 1, 2:00, Schieffer, 7.66M) reported, "In today's hair-trigger world, the episode caused security to be increased for a time from London to the New York subways and Capitol Hill. We're beginning tonight with Richard Roth." CBS (Roth) added, "Just hours earlier, a grenade attack by Islamic extremists killed eight people in the Indian part of Kashmir, the province divided between India and Pakistan. Muslim rebel groups have been fighting for years to push India out of Kashmir. Pakistan has been accused of training and funding the militants who have been implicated before in bomb attacks in India. Pakistan tonight insists it had nothing to do with this and has nothing but sympathy for India's tragedy."

NBC Nightly News (7/11, lead story, 2:50, Williams, 9.87M) reported, "Factoring in today's large loss of life, the larger threat to all of us here is clear. Over the past four years, terrorists have killed over 400 people in attacks on trains. NBC (Francis) added, "The terrorist blasts crippled India's largest city, temporarily knocking out the phone system. Senior US intelligence officials tell NBC News today's attack is more likely than not the work of Kashmiri rebels."

NBC Nightly News (7/11, story 2, 1:00, Williams, 9.87M) reported, "For more on the threat of terror attacks on transit systems here and around the world, we turn now to Steve Emerson, an expert in counterterrorism and an analyst for us here at NBC News. And, Steve, why this apparent concentration on the part of the terrorists on this mode of transportation?" NBC (Emerson) added, "The train system, Brian, is the softest of all soft targets. It's impossible to protect against. They are moving targets, and they provide a wonderful opportunity for terrorists to inflict mass casualties, and at the same time, most importantly, they want to disrupt the economy and they've done so." Williams: "Isn't there another, Steve, another prevalent location here, this one's more geographic, and that is their tendency to look for financial districts wherever they strike?" Emerson: "There's no doubt about that -- 9/11 was clearly aimed at disrupting the US economy and the attacks in Mumbai today clearly showed what terrorists could do in the United States. In Washington, in New York or Chicago, it would cripple the economy and cause mass hysteria. It's a very difficult problem, and it's impossible to protect against."

CNN's The Situation Room (7/11, Perry) reported that the bombing "was timed for maximum effect and maximum carnage." Fox News' Special Report (7/11, Hume) reported, "While there was no immediate claim of responsibility for today's attacks, tensions between Hindus and Muslims on the continent have been a fact of life for decades. Fingers to blame are an al Qaeda affiliated group believed to be based in Pakistan. Pakistan, however, condemned the attack."

The New York Times (7/12, Rai, Sengupta, 1.21M) calls the bombings as "cold-blooded as they were well-coordinated," and notes they "bore an obvious resemblance to the terrorist attacks on the London public transportation system last July and the Madrid train bombings in March 2004." However, "there was no concrete evidence linking Tuesday's explosions in Mumbai to any particular group, nor any claim of responsibility," so "it was impossible to draw

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immediate conclusions about the forces behind the attacks." Still, "the pattern of the Mumbai train bombings, however, has fueled unsubstantiated speculation that Islamic militants, fighting Indian rule in Kashmir, could be behind the attacks." President Bush said, "The United States stands with the people and the government of India and condemns in the strongest terms these atrocities."

The Wall Street Journal (7/12, A3, Bellman, Wonacott, 2.03M) adds, "Washington's ambassador to India, David Mulford, said he found it 'unlikely' that tensions between India and Pakistan will increase substantially due to the Mumbai attacks." However, the Financial Times (7/12, Merchant, Johnson) notes, "the attacks in Mumbai…if linked to Islamabad-backed Kashmiri groups such as Lashkar-e-Toiba, have the potential to derail a slow-moving peace process," and "the blasts came in quick succession – a tactic employed both by Kashmiri militants, who have repeatedly targeted India's cities, and al-Qaeda."

The Los Angeles Times (7/12, Chu, 918K) reports that the explosions were timed with "frightening precision." It reports that "Home Minister Shivraj Patil told reporters that the government had previously received information of a planned assault, but the 'place and time was not known.'" The Times also notes that the bombing's pattern is common to Kashmiri militants.

The AP (7/12, Gedda) adds, "Secretary of State Condoleezza Rice said she had no information on who was responsible," but added, "we condemn thoroughly this terrible terrorist incident," noting, "This kind of hideous incident can happen anywhere in the world against innocent people." Previously, "State Department spokesman Sean McCormack said the United States would provide help should Indian authorities request it." The USA Today (7/12, 5A, Moritsugu, 2.27M) adds that McCormack said, "the United States 'condemns the attacks in the strongest possible terms.'" The AFP (7/11) reports, "British Prime Minister Tony Blair condemned the deadly bomb attacks on commuter trains in India's financial capital Mumbai as 'brutal and shameful,'" adding, "There can never be any justification for terrorism." The Washington Post (7/12, A8, Naqvi, 748K), the Christian Science Monitor (7/12, Chopra, 58K), and the Washington Times/AP (7/12, A1, Badam) also report on this story.

US Cities Increase Transit Security In Wake Of India Bombings. CNN's The Situation Room (7/11, Blitzer) reported, "The attacks in India are being felt right now in New York City. Hundreds of extra police officers are being positioned in the subways and random bag searches are being stepped up." CNN (Snow) added, "Because the bombings did happen during evening rush hour. The city's police commissioner, Ray Kelly saying that he's taking these steps out of an abundance of caution for the 4.5 million people who ride the city's transit system every day. What the city is doing is doubling its number of random bag searches. Hundreds of extra police officers will be on the subways during the evening rush hour. Also explosive detection units are going to be used, sweeps by police officers. And we are also hearing from Atlanta that it too is going to be adding extra security. Also, once again, saying there are no specific threats, this is just being done out of precautionary measures, and in Los Angeles some officers are being redeployed to busier sites."

The New York Times (7/12, Times, 1.21M) reports, "In Los Angeles, extra sheriff's deputies and bomb-sniffing dogs checked major transit hubs." The AP (7/11, Butler) adds, "In Washington, the Metro service was not increasing police presence because of the Bombay bombings … However, officers were donning high-visibility vests and announcements urging travelers to be alert for suspicious activity were being played more frequently."

More Commentary. The Los Angeles Times (7/12, 918K) editorializes, "just as London has, Mumbai can be expected to endure and thrive, not just as a symbol of India's promise but of its resolve." The city "has long been a tempting terrorist target," but "India's growth…has pressed on despite terrorist attacks intended to give investors the jitters." India should "remain committed to the peace process with Pakistan." Even if a Kashmiri terrorist group "is responsible, India and Pakistan should maintain confidence-building measures … Pakistani President Pervez Musharraf's quick condemnation of the attacks was a welcome sign that the bombs, devastating though they were, need not change the region's positive course."

Xenia Dormandy, executive director for research with the Belfer Center for Science and International Affairs at Harvard's Kennedy School of Government and former director for South Asia at the National Security Council, writes in an op-ed in the Washington Post (7/12, A15, 748K), "how long can India, Indians and the Singh government withstand the constant pressure from militant groups before they have to react?" They have "been extraordinarily patient," and "now is a moment when Pakistan really needs to respond." If Pakistan "wants to be taken seriously as an important player on the international scene" and seek "a nuclear energy deal similar to the one we are working on with India," then it must get "get serious about shutting down, arresting and otherwise dismantling the militant groups that operate from its territory." Pakistan "needs to do more" to remove the region's volatility. "In return, India would need to step up in a real, substantive way on bilateral issues such as Kashmir."

Naresh Fernandes, editor of Time Out Mumbai, writes in an op-ed in the New York Times (7/12, 1.21M) that before the blasts, the "illogical faith in Bombay's innate resilience" was "saluted so frequently of late, all the praise was beginning to annoy me." Now, "Perhaps the newspapers have it right after all. An anguished night has fallen over Mumbai, but when the city eventually sleeps it will do so

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secure in the knowledge that its spirit is unbroken, that it is, exactly like the myth has it, indomitable and undying."

The Wall Street Journal (7/12, 2.03M) editorializes, "this attack has the al Qaeda stamp" and is "another reminder of the global scope of the war on terror." While, "Inevitably, someone is going to interpret this latest attack as a protest against New Delhi's recent cozying up to the Bush Administration," Osama bin Laden "long considered democratic, secular India as his biggest enemy after the U.S. and Israel," as "the three countries form the hard core in the front-line battles against the jihadists." These "murders remind us that natural allies have common enemies, and deserve each other's support in fighting them."

Judge Vacates 9/11 Default Judgment Against Qatari Minister. The AP (7/12, Neumeister) reports, "A judge presiding over Sept. 11 lawsuits has agreed to vacate a default judgment he had issued against a member of the ruling family of Qatar who was accused of harboring al-Qaida members. U.S. District Judge Richard C. Casey, in a two-page order issued Friday, said Sheikh Abdullah Bin Khalid Al-Thani, Qatar's interior minister, can challenge the claims made against him in a lawsuit in Manhattan." The AP notes, "Lawsuits filed on behalf of victims of the Sept. 11 attacks say FBI officials have speculated that Khalid Shaikh Mohammed, al-Qaida's former No. 3 man, may have been tipped off by Al-Thani before agents were granted permission to enter Qatar to try to arrest him in 1996."

PATRIOT ACT:

Kurdish Man Pleads Guilty To Violating Patriot Act. The AP (7/12) reports, "The last of four Kurdish men who transferred hundreds of thousands of dollars to the Middle East in violation of the nation's anti-terrorism law pleaded guilty (in Roanoke, VA) Tuesday to one charge." The AP continues, "Fadhil Noroly and the three other men, all of whom have been granted asylum in the United States, said they were sending money to help relatives and friends in the Kurdish provinces of northern Iraq. They said they also helped other Kurdish families in the U.S. through the complicated process of sending money to a country that does not have a functioning banking or mail system." The AP adds, "The charge of operating an unlicensed money-transfer business carries a punishment of up to five years in prison, but the U.S. attorney's office said in a plea agreement it would not recommend incarceration for Noroly. Sentencing is scheduled Sept. 26 in U.S. District Court in Harrisonburg. … The three others received fines and probation last month. … The U.S. attorney's office characterized the transfers as a danger to national security, but said it had no evidence that Noroly 'intended that any of the money he transferred would assist terrorist activity.' … The charges were brought under the Patriot Act, adopted in the aftermath of Sept. 11, which allows people who transfer money to be charged even if they don't know their actions are illegal."

HOMELAND RESPONSE:

DHS IG Questions "Unusual" Sites On List Of US Terror Targets. The New York Times (7/12, Lipton, 1.21M) reports an audit released yesterday by DHS' IG finds that the agency's National Asset Database includes a number of "'unusual or out-of-place' sites 'whose criticality is not readily apparent.'" Sen. Charles Schumer said the report showed why DHS' "grant formula came out as wacky as it was." The audit blamed the problems on "insufficient definitions or standards for inclusion provided to the states, which submit lists of locations for the database." DHS Deputy Press Secretary Jarrod Agen "said that he agreed that his agency should provide better directions for the states and that it would do so in the future."

Pataki To Seek State Money For NYC, Buffalo Anti-Terror Funding. In an article appearing on no fewer than 33 news websites, the AP (7/11, Barrett) reported that following DHS' announcement in May that New York City and Buffalo would see less money in Urban Area Security Initiative grants this year, New York Gov. George Pataki moved yesterday to gather "state funds to make up for some of what Washington won't be sending. … The new state package would likely provide about $700,000 more to Buffalo. State officials also are in talks to provide relief to New York City, which could amount to nearly $25 million." The AP added that the UASI program "lost funding from Congress this year, but New York City and Buffalo absorbed a disproportionately large share of the cuts."

Passengers Traveling To US To Be Checked Against Terror Watch Lists Before Takeoff. USA Today (7/12, Hall, 2.27M) reports DHS announced a new rule yesterday that will require US-bound international air travelers to "be checked against lists of suspected terrorists before their planes take off." DHS Deputy Secretary Michael Jackson said the rule, "to go into effect by the end of the year, aims to allow US authorities more time to check passengers' information against the FBI's comprehensive terrorist watch lists." The rule could also "halt the practice of diverting or sending back planes once they're in the air because current rules don't give authorities enough time to check if a passenger is on a watch list before a plane departs."

Senate Adds To Bush Proposal For Port Security. The Wall Street Journal (7/12, Rogers, 2.03M)

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reports that the Senate has added billions of dollars to President Bush's budget, approving "almost $1 billion in added port- and border-security funding that would be partially offset by increased fees charged to foreign citizens entering the U.S. Off the floor, the Senate Appropriations Committee gave initial approval to a second spending measure adding an additional $1.4 billion to the president's requests for Justice, Commerce and science agencies."

Senate Votes To Replace FEMA With New Agency. The New York Times (7/12, Lipton, 1.21M) reports voting on an amendment to the domestic security budget bill last night, the Senate approved the creation of "a new federal entity to replace the much-criticized Federal Emergency Management Agency" by a vote of 87 to 11. "The new agency, called the Emergency Management Authority, would remain in the Homeland Security Department," but would report directly to the President "in times of major disasters." However, "Final passage of the bill by Congress is far from assured. The House is still considering legislation proposed by Representative Don Young, Republican of Alaska, that would keep FEMA but move it outside the Homeland Security Department, returning it to the more prominent, stand-alone status it had during the Clinton administration."

Updated Emergency Alert System Will Reach Computers, Handheld Devices. The AP (7/11, Jordan) reported, "The government will soon be pinging cell phones and posting on Web sites to warn Americans of impending disasters as it updates its Cold War-era emergency alert system. By the end of next year, the Homeland Security Department expects to be able to send emergency alerts to cell phones, Internet sites and hand-held computers to reach as many people as possible before a catastrophe strikes, spokesman Aaron Walker said Tuesday." The national emergency alert system "was initially designed to warn Americans of a nuclear attack, but President Bush last month ordered Homeland Security to extend the alert 'for situations of war, terrorist attack, natural disaster or other hazards to public safety and well-being.'"

Army Corps Outlines Plans To Protect New Orleans. The Washington Post (7/12, A3, Eilperin, 748K) reports on Capitol Hill Monday, the Army Corps of Engineers "outlined a preliminary plan to protect Louisiana from hurricanes and their storm surges," which avoided "specific recommendations" while describing "a patchwork of levees and natural barriers aimed at withstanding a range of storms." The Post continues, "While an engineering appendix to the report includes an outline for levees that would stretch all across the state, project manager Al Naomi said in an interview yesterday that the agency has not decided where to construct levees." The Post adds, "The report came under immediate fire from both environmentalists and lawmakers, who questioned whether the plan was feasible and would protect the state's residents."

HUD Approves $4.2 Billion For Louisiana Housing. The AP (7/11) reported the Department of Housing and Urban Development announced Tuesday that it "will pay $4.2 billion into a program to help Louisiana residents rebuild or sell houses severely damaged by Hurricanes Katrina and Rita" and will "provide $1 billion for hurricane-related housing needs in Mississippi, Texas, Alabama and Florida." The funding for Louisiana "will be added to federal allocations that the state has received to fully fund its more-than-$9-billion 'Road Home' program for hurricane recovery." HUD Deputy Secretary Roy A. Bernardi said in a joint federal and state press release that the agency "will work very closely with Gov. Blanco and the Louisiana Recovery Authority to help pave the road home for thousands of residents desperate to rebuild their own lives."

WAR NEWS:

Attorneys For Soldier Accused Of Rape-Murder Seek Gag Order. CNN.com (7/12) reports, "Defense attorneys for a former U.S. soldier charged with raping and killing a young Iraqi female and murdering her family requested a gag order in the case -- applying all the way up to President Bush. … 'This case has received prominent and often sensational coverage in virtually all print, electronic and Internet news media in the world,' said the motion filed Tuesday in federal court in Louisville, Kentucky." CNN continues, "Public defenders Scott Wendelsdorf and Patrick Bouldin filed the papers on behalf of former Pfc. Steven D. Green. … The court papers cited a Thursday interview of Bush on CNN's 'Larry King Live,' in which the president referred to the alleged incident as a 'despicable crime' and offered an opinion that Green was 'staining the image, the honorable image of the United States military.' … In addition, the motion said Gen. Peter Pace, chairman of the Joint Chiefs of Staff, was quoted in the Los Angeles Times as saying the alleged incident was 'totally unacceptable.' … 'Clearly, the publicity and public passions surrounding this case present the "clear and imminent danger to the fair administration of justice,"' the motion said. … It requested that the gag order cover Bush, Attorney General Alberto Gonzales and Defense Secretary Donald Rumsfeld, as well as their employees. It also would apply to participants in the trial, attorneys, members of civilian or military law enforcement, and investigators. … Prosecutors have until July 25 to file their responses to the request, according to a court clerk."

Fifty More People Killed In Baghdad As Violence Continues. The New York Times (7/12,

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Semple, 1.21M) reports, "More than 50 people were killed in Baghdad on Tuesday in violence that included a double suicide bombing near busy entrances to the fortified Green Zone, scattered shootings, mortar attacks, a series of car bombs and the ambush of a bus with Shiite mourners returning from a burial." Yesterday's killings, "many of them apparently carried out with sectarian vengeance, raised the three-day death toll in the capital alone to well over 100, magnified the daunting challenges facing the new government and deepened a sense of dread among Iraqis."

All three major network newscasts reported on the violence in Iraq. ABC World News Tonight (7/11, story 3, 1:50, McCarthy, 8.78M) said, "No warnings, no mercy and no let-ups in the terror." The CBS Evening News (7/11, story 8, 0:15, Schieffer, 7.66M) reported, "The violence in Iraq only gets worse." NBC Nightly News (7/11, story 4, 0:15, Williams, 9.87M) also mentioned Tuesday's attacks.

USA Today (7/12, 4A, Jervis, 2.27M) says "a month-long security crackdown in Iraq's capital has barely dented rampant violence in the city of more than 6 million. Frustrated by the lack of results, Iraqi lawmakers called on the country's Defense and Interior ministers to explain why the security operation hasn't led to a decline in violence."

The Christian Science Monitor (7/12, Murphy, 58K) also reports that "in the month since a new security plan was unveiled in the capital involving 10,000 Iraqi soldiers and police, sectarian murders and tit-for-tat mosque bombings by Shiite and Sunni militias have surged. … There is still hope that Iraqi Prime Minister Nouri al-Maliki will be able to stem the tide by getting the Army and police to act as peacekeepers between warring Muslim sects." But "it appears that his political honeymoon, in Baghdad at least, may be over."

The Washington Post (7/12, A8, Partlow, Al-Izzi, 748K) recounts a recent attack, "According to witnesses and a Washington Post special correspondent, carloads of men in tracksuits, suspected by residents to be members of the powerful Shiite militia known as the Mahdi Army, pulled up outside the Malouki mosque and fired rocket-propelled grenades at the house of worship. During the firefight, a bullet pierced the shoulder of a mosque guard. Cars were gutted and burned. Residents said they did not know how many people died." Saleh Muhammed, "an Amiriyah resident, told a Post special correspondent that he dialed 130 into his cellphone, Baghdad's emergency number. 'The Mahdi Army has attacked Amiriyah,' he told the Interior Ministry dispatcher. 'The Mahdi Army are not terrorists like you,' said the dispatcher at the ministry, which is controlled by a Shiite party and operates closely with militias."

Increasing Use Of IEDs Seen As Evidence of Insurgent Determination. The New York Times (7/12, Gordon, 1.21M) reports on the efforts of US soldiers to identify and eliminate IEDs in Iraq. The US "has spent millions of dollars on technology to counter the bombs, which the insurgents have continued to install at a furious rate." But it "is often a matter of memorizing the location of trash heaps, bomb craters, dirt mounds and construction sites in Hit, a garbage-strewn city of 40,000." IEDs "have become the insurgents' primary weapon, and the number of explosives they plant is an important measure of their activity and determination to fight. The number is on the rise nationwide."

US Military In Ramadi Using Diplomatic Approach To Quell Insurgency. In a positive article on the US military's efforts to reduce instability in Iraq, the Los Angeles Times (7/12, Barnes, 918K) reports, "Here, in the capital of Al Anbar province, the U.S. military is attempting to clear and pacify an insurgent stronghold without leveling the city in the process." Instead of gauging "success by blocks cleared, military officials here take heart from softer measurements -- neighborhoods that have become safe enough for garbage collection to have resumed, stores that have reopened." The idea "is to compel the insurgents not to fight and make sure the military does little to create new insurgents. When they are fired at, these Marines do not always shoot back."

GAO Criticizes Administration Iraq Strategy.

CNN's The Situation Room (7/11, Roberts) reported, "The Government Accountability Office delivered a sharp rebuke to the White House, concluding that while its 2005 national strategy for victory in Iraq is an improvement over the original post war plan, it still lacks all of the key characteristics of an effective national strategy. … The GAO was particularly critical about the price tag of war in Iraq, stating 'The strategy neither identifies the current and future cost of US involvement in Iraq.' That cost, by the way, through 2007 is $374 billion, including some funding for Afghanistan. The GAO also criticized strategy for battling corruption. Particularly in the oil sector which was supposed to help play for rebuilding. The report found as much as 10 percent of refined fuels are diverted to the black market. What's more, 30 percent of imported oil was smuggled out of Iraq and sold for profit. It all made an incendiary election year issue even hotter."

The Washington Times (7/12, Bellantoni, 88K) reports David M. Walker, the US comptroller general, "told lawmakers that President Bush did not give proper consideration to conditions on the ground and said the administration is not demanding accountability for the $1.5 billion per week that the United States spends in Iraq." The Times adds, "Details from the report, which included descriptions of a bloated Iraqi bureaucracy and widespread mismanagement of reconstruction funding, were revealed at a House subcommittee hearing called by Rep. Christopher Shays, Connecticut Republican."

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Biden, Reed Paint Pessimistic Picture Of Iraq After Trip. The Hill (7/12, Eisele) reports, "Two key Democratic senators just back from Iraq painted a bleak picture yesterday of the situation there, saying the failure of the country's emerging government to stop the escalating violence and provide basic services has brought the country to the edge of civil war." Sen. Joseph Biden, ranking member of the Foreign Relations Committee, "cited Sunday's killing of some 40 Sunni Arabs by Shiite militia 'in broad daylight'" in Baghdad, "a city that has 60,000 Iraqi security forces' and 'is in tatters.'" Sen. Jack Reed, a member of the Armed Services Committee and "one of his party's point men on Iraq, said that while the country 'has not degenerated to the point where they've got large-scale Iraqi forces fighting with each other,' it is close to an all-out conflict."

Rumsfeld Makes Unannounced Visit To Iraq. The AP (7/12) reports, "Defense Secretary Donald H. Rumsfeld said Wednesday on an unannounced visit to an air base north of Baghdad that the new Iraqi government is not yet ready to decide on security issues that will determine the pace of U.S. troop reductions this year." The brief article says that Rumsfeld's words "suggested that the timing and scope of troops cuts [are] still in doubt."

CNN (7/12) reports on its website that Rumsfeld arrived in Balad and that his 'last unannounced visit" to Iraq was on April 26, with Secretary of State Rice. The article also notes a Sunni official's complaint about slow US response time (six hours, 4.03M) to the killing of "at least 40 unarmed Sunnis" on Sunday and US Ambassador Khalilzad's acknowledgment to a CSIS audience that the Baghdad security crackdown had not worked at the "expected" level.

Rumsfeld Seeks To Smooth Relations Between Afghanistan, Pakistan. The Washington Times (7/12, Sands, 88K) reports that in response to charges by Afghan officials, "Pakistani Foreign Minister Khurshid Mahmood Kasuri said yesterday that his country has '10,000 reasons' to promote peace and stability in neighboring Afghanistan, rejecting charges that Pakistan has not done enough to combat rising Islamist violence along the border." Meanwhile, "U.S. officials have tried desperately to cool a war of words between Pakistan and Afghanistan." And in Afghanistan, Defense Secretary Rumsfeld "also tried to strike an even-handed pose." Rumsfeld said Afghanistan's neighbors have "not yet completely reduced the cross-border violence, and it is something that needs to continue to be worked on on both sides of the border."

Afghan Struggle Against Drug Trade Noted. ABC World News Tonight (7/11, story 4, 2:35, Snow, 8.78M) reported, "Rumsfeld said Afghanistan's drug trade is a major concern. … Tonight, ABC's senior correspondent Jim Sciutto on why fighting the drug trade has become so important and why it's proving so difficult. Sciutto: "In the arid fields of southern and eastern Afghanistan, the war on drugs meets the war on terror. These poppy plants are the source of 90% of the world's heroin and estimated tens of millions of dollars a year for Taliban fighters." Sciutto added, "Acre by acre, the Afghan government is trying to fight back. Supervised by private American security contractors, poppy fields are being destroyed." The report continued, "The US and other foreign donors are trying to give farmers new ways to support themselves, turning poppy farmers into road builders and carpenters … But the US is losing this war on drugs. Production has actually risen 27% in the last 5 years. It's now a $2.7 billion business in an extremely poor country. Many here say the solution will come only with long-term rebuilding of an economy destroyed by decades of war."

US To Continue To Play Key Role As NATO Takes Control In Afghanistan. Defense Secretary Donald Rumsfeld pledged a continued presence in Afghanistan as NATO's prepares to take over of security in Southern Afghanistan. The Washington Post (7/12, A10, White, 748K) describes US forces as meeting increasing resistance from an "increasingly aggressive Taliban movement" as it conducts Operation Mountain Thrust, which "has had real consequences for U.S. troops: June was the second-deadliest month for U.S. forces in Afghanistan since Taliban rule was toppled." At a joint press conference with Afghan President Hamid Karzai in Kabul, Rumsfeld said, "They do not like to see a country like Afghanistan become a successful democracy. And they would like to do everything they can to stop it." He "spent much of the day in Kabul meeting with government officials and NATO leaders and assuring them that the United States will maintain a robust presence even as NATO works toward taking over ISAF."

US Seen As Losing War Against Drug Trade In Afghanistan. ABC World News Tonight (7/11, story 4, 2:35, Snow, 8.78M) reported, "In Afghanistan, Secretary of Defense Donald Rumsfeld was there today, an unannounced visit to show support for President Hamid Karzai. Rumsfeld said Afghanistan's drug trade is a major concern." ABC (Sciutto): "The US and other foreign donors are trying to give farmers new ways to support themselves, turning poppy farmers into road builders and carpenters … But the US is losing this war on drugs. Production has actually risen 27% in the last 5 years. It's now a $2.7 billion business in an extremely poor country. Many here say the solution will come only with long-term rebuilding of an economy destroyed by decades of war."

Misconduct By US Troops Blamed On Stress Of Combat. The Christian Science Monitor (7/12,

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Sappenfield, 58K) cites Rep. John Murtha's "provocative" remarks from a few months ago that alleged misconduct by US forces in Iraq is the result of the strain of redeployments which "has caused them to crack in situations like this." Critics dismissed his remarks, yet "the underlying statement has gone largely unanswered." A number of Iraq veterans suggest "the seemingly endless nature of this war could, in some cases, cause frustration to boil over into criminal violence."

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Main Justice Still Struggling To Recover From Flooding. Scripps Howard (7/12, Hernandez, Last) reports, "Three federal government buildings will remain closed, or mostly closed, for up to several months because of flood damage from record-breaking storms in late June. Several thousand workers have been displaced." Scripps Howard continues, "Employees at the Internal Revenue Service headquarters are unlikely to return to their offices until the beginning of next year, officials announced Tuesday. More than 2,700 employees have been affected, leaving them to work from home, telework centers or at one of 13 other IRS offices in the D.C. metropolitan area. … The National Archives officials had hoped to reopen this week, but will not." Scripps Howard adds, "Senior Justice Department officials have returned to their building, but most other Justice Department employees have been working in nearby offices. … The IRS and Justice Department buildings had extensive basement flooding, and it took three days for crews to pump the water out. The IRS basement and sub-basement were under 24 feet of water, while the Justice building's basement was under 20 feet."

CORPORATE SCANDALS:

Monster Worldwide May Restate Earnings After Stock Option Review. The AP (7/12) reports, "Online job recruitment firm Monster Worldwide Inc. said Tuesday that although an internal review of stock options practices is still in its early stages, the company believes it may need to restate financial results for the year ended Dec. 31, 2005 and prior years to record additional stock-based compensation charges." The AP continues, "The company said that it hasn't determined exactly which results would have to be restated, or the magnitude of such charges, but does forecast that a potential restatement would not materially hurt 2006 earnings. … Monster will report second-quarter results on July 26 and discuss market trends and its outlook on a related conference call on that date." The AP adds, "Due to the ongoing independent review and potential impact of stock-based compensation expense to prior periods, Monster said it may not be able to file its 10-Q for the quarter ended June 30, 2006 on a timely basis. … As of July 10, at 58 companies are under SEC or Justice Department scrutiny for stock option practices, and at least 6 other companies not under federal investigation have launched internal probes."

Treasury Moves Closer To Limiting Fannie Mae, Freddie Mac Debt. The Wall Street Journal (7/12, Paletta, 2.03M) reports, "Senior Treasury officials scheduled separate meetings with Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks during the next week to discuss potential new reporting requirements." The Journal says the meetings indicate that Treasury is moving closer to "limiting the debt issued by the mortgage-finance giants, a stick it has waved for years." At the meetings, "Treasury officials will discuss plans to begin requiring them to report at the beginning of each quarter exactly how much debt they plan to issue and retire over the next three months."

CRIMINAL LAW:

Jefferson Appeals Ruling On FBI Raid. The Baton Rouge Advocate (7/12, Shields) reports, "U.S. Rep. William Jefferson appealed a ruling Tuesday that the FBI raid on his office was legal, throwing access to the material seized in the search into a legal limbo." The Advocate continues, "Jefferson's attorney, Robert Trout, called the May 20-21 search of Jefferson's congressional office 'unprecedented, unnecessary and unconstitutional.' … Jefferson, D-New Orleans, had filed a motion asking to have the computer files and two boxes of documents taken from his office returned, calling the search an infringement by the executive branch. … U.S. District Judge Thomas Hogan ruled against him, saying the raid was legal." The Advocate adds, "In additional to filing the appeal Tuesday, Trout has asked the judge to stay his own order that directs the seized items to be given to the Justice Department. … President Bush had asked the material be sealed for a 45-day 'cooling off' period between the executive and legislative branches. … That ended Sunday. … The Justice Department has said it will wait for Hogan's decision on the stay before examining the material." The New Orleans Times-Picayune (7/12, Alpert) adds that two unnamed DOJ officials "said the department definitely would not do anything with the material until Hogan decides whether to stay his ruling. They said no decision has been made on whether the examination would begin if Hogan rejects the stay or whether the agency would wait for the appeals process to be completed." CNN's The Situation Room (7/11, Verjee) reported, "Lawyers for the Louisiana Democrat today filed papers to keep materials seized from his office sealed, while the appeals process goes forward."

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CNN.com (7/11) added, "Justice Department officials told CNN that they would not touch the documents until Jefferson's request for a stay is resolved -- a development they said could happen by Wednesday. … Meanwhile, congressional negotiators and Justice Department officials are close to reaching an agreement on procedures for future searches of lawmakers' offices by federal agents."

Ornstein Calls Hogan Ruling "Dead Wrong," "Reckless." In a Roll Call (7/12) column, Norman Ornstein calls US District Judge Thomas Hogan's ruling on the constitutionality of the FBI search of Rep. William Jefferson's office "dead wrong and, frankly, reckless." Ornstein adds that "he, and the rest of us, should step back and think about the consequences of his ruling. Regardless of whether the raid itself is constitutional, the way in which the Justice Department and the FBI carried it out was itself reckless and foolish and a clear affront to Congress, setting an extraordinarily dangerous precedent." Ornstein concludes, "I hope the appeals court judges, and ultimately the Supreme Court, show more common sense, restraint and respect for the constitutional balance."

NYTimes Hails Hogan Decision. The New York Times (7/12, 1.21M) editorializes, "When the F.B.I. searched the offices of William Jefferson…it produced a rare moment of bipartisanship. Leaders of both parties insisted that the search infringed on the rights of Congress," but US District Judge Thomas Hogan "gave Congress a much-needed reminder that no one is above the law." The Times adds, "The power to investigate Congress could be abused," but the Jefferson probe "is a run-of-the-mill criminal case, and as the Supreme Court has said, members of Congress are not 'super-citizens, immune from criminal responsibility.'"

LATimes Calls Hogan Ruling "Embarrassment" For Congress, Bush. The Los Angeles Times (7/12, 918K) editorializes, "Hogan's decision upholding the search is an embarrassment not only for Congress but for President Bush. The president capitulated to congressional whining by "sealing" Jefferson's records and computer discs for 45 days so the FBI wouldn't have access to them." The Times adds, "Jefferson's lawyers are expected to seek a court order preventing the FBI from examining Jefferson's records while he appeals Hogan's ruling. The Bush administration can atone for its previous coddling of Congress by opposing any such relief."

Novak Says Rove Was One Of His Sources On Plame Identity. MSNBC's Hardball (7/11, Matthews) reported, "Bob Novak, the nationally syndicated columnist who first revealed the role of CIA operative Valerie Wilson has identified now two of what he says were his three sources. They are Bush top political aide Karl Rove and CIA official Bill Harlow. … Novak does not reveal the name of his primary source, and the source has not come forward. Thus far, no one has confirmed Novak's recitation of the events."

The Washington Post (7/12, A4, Kurtz, 748K) reports that Novak "acknowledged for the first time yesterday that he identified three confidential administration sources during testimony in the CIA leak investigation, saying he did so because they had granted him legal waivers to testify and because Special Counsel Patrick J. Fitzgerald already knew of their role. In a column to be published today, Novak said he told Fitzgerald in early 2004 that White House senior adviser Karl Rove and then-CIA spokesman Bill Harlow had confirmed for him, at his request, information about CIA operative Valerie Plame. Novak said he also told Fitzgerald about another senior administration official who originally provided him with the information about Plame, and whose identity he says he cannot reveal even now."

The Washington Times (7/12, Seper, 88K) reports, "In his column, posted yesterday on the Human Events Web site, Mr. Novak said he cooperated with special prosecutor Patrick J. Fitzgerald's investigation 'while trying to protect journalistic privileges' and to shield sources who had not revealed themselves. 'Published reports that I took the Fifth Amendment, made a plea bargain with the prosecutors or was a prosecutorial target were all untrue,' he said. 'Fitzgerald has informed my attorneys that, after two and one-half years, his investigation of the CIA leak case concerning matters directly relating to me has been concluded. That frees me to reveal my role in the federal inquiry that, at the request of Fitzgerald, I have kept secret."

The New York Times (7/12, Johnston, 1.21M) reports that Novak "said his decision to discuss his sources with Mr. Fitzgerald had been made reluctantly, after he realized that the prosecutor had learned independently of those sources and his lawyers had advised him that he faced a costly and probably unsuccessful legal fight if he refused to cooperate."

The AP (7/12, Yost) reports, "A spokesman for Rove's legal team, Mark Corallo, said that Rove did not even know Plame's name at the time he spoke with Novak, that the columnist called Rove, not the other way around, and that Rove simply said he had heard the same information that Novak passed along to him regarding Plame."

Editor & Publisher (7/12) also reports this story.

Scanlon Did Millions Of Dollars Of Business With Top DC Lobbying, PR Firms. Roll Call (7/12, Kane) reports that Michael Scanlon, a former aide to former Rep. Tom DeLay, meant millions of dollars in business to some of Washington's most established legal and PR firms. From 2001 to early 2004, "some of Washington, D.C.'s most storied firms and their subsidiaries did more than $2.1 million worth of business with Scanlon, the high-flying former flack for then-Rep. Tom DeLay (R-Texas). Renowned law firms

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such as Patton Boggs and PR giant Edelman performed work on behalf of Scanlon — and in many cases indirectly for his criminal associate, ex-lobbyist Jack Abramoff — most of it coming on projects that the duo later would concede were part of their criminal conspiracy." Roll Call adds, "The financial figures were revealed as part of the Senate Indian Affairs Committee's final report on its two-year probe of Abramoff's dealings with his tribal clients. In addition to a more than 350-page final report, the panel released hundreds of pages of new materials, including a 102-page financial ledger that detailed every single transaction Scanlon made over three and a half years."

Former Florida Prisons Chief Pleads Guilty To Taking Kickbacks. The AP (7/12, Word) reports, "Florida's former prisons chief pleaded guilty Tuesday to taking thousands of dollars in kickbacks from a prison contractor, blaming some of his actions on alcohol abuse. After entering his guilty plea, James Crosby told reporters he was ashamed. He had already been forced to resign amid a wide-ranging investigation into criminal activity in the state corrections system." The Tallahassee Democrat (7/12, Cotterell, 52K) adds, "He agreed to pay $130,000 for the kickbacks he took between October 2003 and last February. … Crosby's plea also requires him to continue cooperating in state and federal investigations of corruption in the prison system." Leaving the courthouse, "Crosby praised Department of Corrections employees and Gov. Jeb Bush, who stood by him for more than a year before firing him Feb. 10. … 'I absolutely misled Gov. Bush,'" he said. The St. Petersburg Times (7/12, Bousquet) notes defense lawyer Steve Andrews "said he hoped Crosby could get a shorter prison sentence by agreeing to enter an alcohol treatment program under federal court supervision."

FBI To Investigate Rise In Las Vegas-Area Police Shootings. The AP (7/12, Garcia) reports, "The FBI will open an investigation into the increased number of officer-involved shootings this year," Clark County Sheriff Bill Young "confirmed Tuesday as local activists called for changes to hearings that review cases in which people die at the hands of police. … Eleven people have been killed in 20 officer-involved shootings so far this year, surpassing the total for all of 2005 when 13 police shootings resulted in nine deaths. In the latest incident, police shot and killed a man Sunday outside a convenience store." The AP notes, "An FBI official said it is standard practice for the federal agency to look into each individual shooting incident, but would not comment on a broader investigation."

Federal Prosecutors Say Gotti Still Living On Mob Money. The New York Post (7/12, Cornell, 608K) reports, "John 'Junior' Gotti may claim he's out of the mob but he continues to live large on cash he raked in over years running the Gambino crime family, prosecutors argued yesterday. 'Gotti received so much illicit money that he literally had a cash "overflow" problem,' Assistant U.S. Attorneys Victor Hou and Miriam Rocah wrote in a letter to Manhattan federal judge Shira Scheindlin. Lawyers for Gotti have asked the judge to dismiss money-laundering charges they say fall outside the statute of limitations since their client has not committed new crimes in the past five years. But the feds claim Gotti invested millions of dollars in ill-gotten gains in real estate through two holding companies - and then transferred his assets to friends and family to hide his wealth." The New York Daily News (7/12, Zambito, 729K) notes, "Prosecutors said Gotti boasted to an associate how to hide dirty cash in a March 2003 prison visit. 'Invested money is clean money,' Gotti said, according to court papers."

Federal Prosecutors Make Closing Arguments At Aryan Brotherhood Trial. In a widely-distributed story, the AP (7/12, Risling) reports, "Federal prosecutors said Tuesday that the Aryan Brotherhood maintained its reputation as one of the nation's most notorious prison gangs by killing rivals and even its own members if they violated gang rules. During closing arguments in the trial of four suspected gang ringleaders, Assistant U.S. Attorney Terri Flynn said the white-supremacist organization was ruthless in prison and on the streets. 'They killed all those who threatened the criminal enterprise,' Flynn said." The AP notes, "It's believed to be one of the largest death penalty cases in U.S. history. … Closing arguments were expected to last until Friday in the trial of Barry 'The Baron' Mills, Tyler 'The Hulk' Bingham, Edgar 'The Snail' Hevle and Christopher Overton Gibson."

House Votes To Crack Down On Online Gambling. The New York Times (7/12, Phillips, 1.21M) reports, "With bipartisan support and the Jack Abramoff lobbying scandal haunting Republican efforts to pass antigambling legislation, the House approved a crackdown on Internet wagering that would ban not only sports bets but also online poker and other games that have become increasingly popular." The House "approved a bill that would make it illegal for financial institutions or intermediaries to process payments to offshore casinos through bettors' electronic funds, checks, debits and other e-wallet transactions. In addition, the bill updates the Wire Act of 1961, which forbade the transmission of betting over telephone lines, to specifically outlaw online gambling through any communication network. Criminal penalties would increase to a maximum of five years in prison, from two years." The Washington Times (7/12, DeBose, 88K) reports the bill

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"would task the Justice Department, Treasury secretary and the Federal Reserve Board to establish regulations requiring banks or other designated payment companies to establish policies and procedures to block restricted gambling transactions."

The Washington Post (7/12, A1, Murray, Grimaldi, 748K) notes the vote "came nearly six years to the day after a similar measure went down to surprise defeat. At the time, unknown to its conservative supporters, the bill was derailed by lobbyist Jack Abramoff and the office of then-House Majority Leader Tom DeLay, on behalf of the disgraced lobbyist's gambling clients." Critics "said the bill overreaches and would be difficult to enforce."

The AP (7/12, Zuckerbrod) also reports opponents of the bill "said it wouldn't work and decried exceptions for state-run lotteries and a horse racing industry that has powerful patrons in Congress" The vote was 317-93.

Bloomberg (7/12) reports, "Online gambling is a growing $12 billion-a-year business that includes companies such as PartyGaming Plc and 888 Holdings Plc. operating in locations such as Gibraltar and Antigua. Shares of PartyGaming, the world's biggest Web poker company, fell 5.9 percent last week after the American Gaming Association said it expected the measure to win House approval. … The bill now goes to the Senate, where similar measures have failed. U.S. casino operators including MGM Mirage and Harrah's Entertainment Inc. have urged Congress to consider legalizing and regulating online gambling." Bloomberg adds, "The bill would use federal authority to regulate payment systems to attack online gambling, most of which is conducted in offshore tax havens. The bill would require the Treasury Department and Federal Reserve to develop systems to identify payments to internet gambling. … The U.S. Justice Department would have authority to block money transfers to offshore gaming sites and seek injunctions against persons who foster illegal gambling via the Internet." Bloomberg notes, "Online gambling is already deemed illegal in the U.S. under a 1961 law against using telephone lines to place interstate bets. The House bill clarifies the applicability of the wire statute to online gaming. … The Justice Department has used that law to prosecute offshore Web-site operators and seek injunctions against U.S.- based companies that foster online gambling by accepting advertising or providing Internet links."

Tennessee Professor Under Investigation For Possible PRC Technology Transfer. The Knoxville News-Sentinel (7/11, Kenner, Chester) reported retired University of Tennessee engineering professor J. Reece Roth "is under investigation of potentially violating a federal law barring the transfer of sensitive technology to other countries, according to interviews and documents obtained by the News Sentinel." Roth "had his laptop computer seized by agents from the FBI, U.S. Customs and Border Patrol and Department of Commerce when he arrived in Knoxville from China on May 26. Earlier the same day, agents searched his office at UT and the university's Plasma Sciences Laboratory, seizing and copying numerous items." The News-Sentinel noted, "Both Roth and the university said Monday that neither had violated federal law."

Lawmakers Debate Crackdown On Community Web Sites. CNET News (7/12, McCullagh) reports, "Politicians on Tuesday accused MySpace.com and other social-networking sites of failing to protect minors from sexual predators and other malign influences and said a legislative crackdown may be necessary." CNET continues, "During a hearing before a House of Representatives subcommittee, politicians argued over the merits of compelling schools and libraries to cordon off access to social-networking sites, requiring some form of an Internet ID that would prove a person's age, or doing nothing at the moment. … 'MySpace.com has been a center of drug activity, of gang activity, and of Internet predators,' said Rep. Mark Kirk, an Illinois Republican. 'Isn't it entirely appropriate that the state get involved?'" CNET adds, "One bill introduced in May would cordon off access from schools and libraries to commercial Web sites that let users create public 'Web pages or profiles' and also offer a discussion board, chat room or e-mail service. … MySpace and other social-networking sites like LiveJournal.com and Facebook have come under increasing pressure from members of Congress hoping to appeal to voters before the November elections. The school and library filtering bill--called the Deleting Online Predators Act, or DOPA--is a centerpiece of a poll-driven Republican effort called the 'Suburban Agenda.' … DOPA defines a broad category that covers far more than social-networking sites such as Friendster and Google's Orkut.com. It would also sweep in a wide range of interactive Web sites and services that allow 'users to create Web pages or profiles,' including Blogger.com, AOL and Yahoo's instant-messaging features, and Microsoft's Xbox 360, which permits in-game chat. … Another idea that surfaced on Tuesday was to slap some form of age verification on social-networking sites."

Texas Woman Pleads Guilty To FEMA Fraud. The AP (7/12) reports, "A Dallas woman pleaded guilty Tuesday to defrauding the Federal Emergency Management Agency of $80,000 through false claims for Hurricane Katrina benefits, the U.S. Department of Justice said." The AP continues, "Lakietha Hall, 35, faces up to 12 years in prison, a $750,000 fine and restitution on federal conspiracy and identity theft charges, authorities said. … Hall admitted in court documents that she conspired with nine others between August and December, said a spokeswoman for the justice

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department." The AP adds, "Hall was accused of leading a scam in which she submitted online claims for disaster and unemployment assistance on behalf several of the other defendants, falsely stating that their primary homes were in areas devastated by Katrina and that the hurricane caused them to lose their jobs. … All of Hall's co-defendants have either pleaded guilty or agreed to plead guilty."

Two Arkansas Women Indicted On FEMA Relief Fraud Charges. The AP (7/12) reports, "A federal jury on Tuesday indicted two Arkansas women on charges that they defrauded the Federal Emergency Management Agency." Sakithia Dawn Slaughter "was charged with filing a false claim against the government and four counts of wire fraud. The indictment says she filed for FEMA benefits and falsely said her primary home was in New Orleans." Marteisha Renee Monts "was charged with filing a false claim against the government. The indictment says that Monts also filed for FEMA benefits and said her primary home was in New Orleans. Slaughter's case was investigated by the FBI; Monts' case was investigated by the U.S. Secret Service, U.S. Attorney Bud Cummins said in a news release."

Connecticut Man Sentenced To Seven Years In Prison In Murder-For-Hire Plot. The AP (7/12) reports Nathaniel Muniz of East Hartford, Conn., "was sentenced Tuesday to more than seven years in federal prison for trying to hire a hit man to kill the mother of his four children. … He was sentenced to 87 months in prison, followed by three years of supervised release. Muniz offered a Springfield, Mass., man $10,000 to kill his longtime companion, Madeline Serrano, before a custody hearing last year, prosecutors said. The man was a police informant who worked with the FBI to catch Muniz, according to court documents."

Texas Man Sentenced To Two Years In Prison For Threatening Lawyers. The Texoma Herald Democrat (7/6, Whiteley) reported, "Arthur Marcus Boyd showed little emotion Wednesday as Federal District Judge Richard Schell sentenced him to more than two years in prison for mailing threatening letters to state District Judge Rayburn Nall and attorneys Scott Pelley and Mike Wynne. The threats concerned the men's reputations, but Assistant United States Attorney Maureen Smith said they still feared for their safety after getting them." Defense lawyer Neil Durrance "argued that his client should get a lighter sentence because he suffers from diminished capacity," but "Smith said Boyd's mental capacity was strong enough for him to listen to FBI agents when they told him he couldn't demand money to stop distributing information that disparaged the men's reputation." The Durant Democrat (7/6) added that Boyd was sentenced "to 27 months imprisonment and one year of supervised release," and he was "ordered to pay a $5,000 fine and $2,200 in restitution. … This case was investigated by the Federal Bureau of Investigation."

FBI, IRS Raid New Jersey Jewish School In Fraud Investigation Of Property Developer. The Newark Star-Ledger (7/12, Martin, Spoto) reports, "Federal agents yesterday seized records from the business offices of the Deal Yeshiva, the latest signal of a widening investigation into the dealings of Solomon Dwek, a multimillionaire developer and school administrator. FBI and IRS agents spent hours combing through the Brighton Avenue business office of the private Jewish school and removing boxes and other items." The Star-Legder notes, "Earlier this year, PNC Bank accused Dwek of trying to shortchange the financial institution by passing a $25 million bad check at a drive-through window. He also is battling lawsuits from relatives who contend he mismanaged or misspent millions of dollars of their money." The Asbury Park Press (7/12, Roberts) and AP (7/12) also report on the FBI and IRS raid.

Kansas Real Estate Broker Pleads Guilty To Mortgage Fraud. The Kansas City Star (7/7, Morris, 278K) reported, "A Kansas City real estate investor pleaded guilty in federal court Thursday to masterminding a $17.5 million mortgage fraud scheme." Jeffrey Tyler Wine "admitted that he and others prepared fraudulent loan applications and persuaded lenders to grant mortgages on 280 properties that he had sold to investors wanting rental properties. Through his companies, Wine had purchased the properties at tax and bankruptcy sales and then rehabilitated them, although often the repairs were of poor quality, prosecutors said. He sold the properties to investors, guaranteeing that rents on the homes would offset the mortgage payments." The Kansas City Business Journal (7/6) also reported on Wine's guilty plea.

Three Suspects Indicted, Plead Not Guilty In Coke Trade Secrets Case. In a widely-distributed story, the AP (7/12, Weber) reports, "A federal grand jury indicted three people Tuesday on a conspiracy charge alleging they tried to sell Coca-Cola trade secrets to Pepsi and were willing to give the information to the 'highest bidder.'" Joya Williams, Ibrahim Dimson and Edmund Duhaney pleaded not guilty, and "U.S. Magistrate Judge Joel Feldman then ordered Duhaney and Dimson, who served time together at a federal prison in Alabama, held without bail pending trial. Williams was previously granted bond and remains free." The Atlanta Journal-Constitution (7/12, Wilbert, 399K) notes, "New details about the alleged plot…emerged Tuesday, including how the three suspects may have known each other and that two product samples —

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not one — were taken. … Veronica Duhaney testified that she is old friends with Williams and invited Williams to a party to celebrate her husband's release from prison about a year ago. … Veronica Duhaney also testified that her husband and Dimson became friends while serving time together." Also testifying yesterday, "the FBI agent who worked on the case testified that he put a tap on the cellphone Dimson was using. The agent said he listened to more than 100 calls," although "he didn't provide information during the hearing about the content of those calls." Atlanta Business Chronicle (7/11) also reports on the indictments and recounts the details of the FBI undercover investigation.

The Wall Street Journal (7/12, Terhune, 2.03M) reports, "A former Coca-Cola Co. employee and two others charged with stealing company trade secrets had allegedly taken two secret product samples, new court filings show." The Journal continues, "Federal prosecutors in Atlanta last week described the former administrative assistant, Joya Williams, as removing one product sample and trying to sell it to an undercover federal agent posing as a PepsiCo Inc. executive with her co-defendants. .. A grand-jury indictment released Tuesday also says Ms. Williams printed out a Coke email with the subject line 'Project N*******', with the full word blocked out in the court filing. … Ms. Williams and the other two defendants, Edmund Duhaney and Ibrahim Dimson, pleaded not guilty to the charges in court Tuesday afternoon."

"Crime Emergency" Declared After DC Homicides. The Washington Post (7/12, A1, Klein, 748K) reports, "D.C. Police Chief Charles H. Ramsey reacted yesterday to a recent surge in homicides by declaring a 'crime emergency,' a move that gives him the freedom to quickly adjust officers' schedules and restrict their days off." The Post continues, "Thirteen people have been killed since July 1 in the District, and police are being pressured to take action by residents at community meetings and vigils to honor the dead. The victims included a popular store owner slain at closing time, a community activist killed in a park and a British citizen whose throat was slit in Georgetown. … 'You can't make sense of it because it doesn't make any sense,' Ramsey said of the slayings, which have occurred in all four quadrants of the city. 'Thirteen people is simply unacceptable by anyone's standards. We have to do something right now.'" The Post adds, "The declaration came on the same day that Ramsey transferred a police official who was accused of making a racially insensitive remark at a community meeting Monday night in Georgetown. Ramsey temporarily reassigned Inspector Andy Solberg, who urged residents to report suspicious activity and said, 'This is not a racial thing to say that black people are unusual in Georgetown.' … Ramsey had declared three previous crime emergencies since becoming chief in 1998, the most recent in December after four people were killed in six hours. The declaration gives him the power to quickly shift the department's 3,800 officers to areas and times they are needed most. He can change schedules without giving officers 14 days' notice, as required under the union contract. Ramsey said he will increase patrols in hard-hit neighborhoods and put nonuniformed officers on the streets to help provide the increased coverage. … Ten men, two women and a 16-year-old youth have been killed in the city since July 1. The most recent killing occurred at 1:25 a.m. yesterday in the 3600 block of 22nd Street SE, where Laquanda Johnson, 24, was found fatally shot. A suspect was arrested about 12 hours later in Suitland." The Washington Times (7/12, McElhatton, 88K) also reports on this story.

SCOTUS Uncertainty On Death Penalty Echoes 1972 Ruling. The Legal Times (7/12, Mauro) reports, "Criticism of capital punishment is mounting. States are executing fewer death row inmates. Two new Republican appointees have joined the Supreme Court. But other justices are palpably uncomfortable with the death penalty. … The year was 1972. … It was the year when the Court suddenly declared the death penalty unconstitutional in Furman v. Georgia -- a 'constitutional earthquake,' one commentator said at the time." The Times continues, "Today, in the wake of a batch of conflicting Supreme Court decisions on the death penalty this past term, abolitionists are beginning to draw parallels with that period more than a third of a century ago, when the Court's long-standing support for capital punishment dissolved, at least for a while. (The Court allowed states to resume executions in Gregg v. Georgia in 1976.) … 'The Court is increasingly concerned about error in capital cases -- error that raises fundamental concerns about reliability,' says Bryan Stevenson, executive director of the Equal Justice Initiative, who has been representing Alabama death row inmates on appeal for nearly 20 years. 'The doubts and criticisms are beginning to echo the concerns of Furman.' … The parallel with 1972 may reflect a good dose of wishful thinking; some of the decisions of this past term supported states seeking to limit inmate appeals, and executions have certainly gone forward. In Furman, five justices viewed capital punishment as unconstitutional, creating a slim but bankable majority. On the current Court, by contrast, the number of justices expressing serious doubts may have maxed out at four -- especially since Samuel Alito Jr. replaced Sandra Day O'Connor in January."

CIVIL LAW:

Odyssey Healthcare Settles DOJ Investigations. The AP (7/12) reports, "Hospice care provider Odyssey Healthcare Inc. said Tuesday it has

reached final agreements on its $13 million settlement to resolve probes by the Justice Department and other federal authorities." The AP continues, "The Justice Department, Health and Human Services Department and Office of the Inspector General investigated the company's patient certification, patient referral and coordination of benefits practices." The AP adds, "Odyssey agreed to pay $13 million, without acknowledging any wrongdoing. The company recorded the $13 million charge in the fourth quarter of 2005."

CIVIL RIGHTS:

Euclid, OH, Mayor Rejects DOJ Claims Of Voting Rights Violations. The AP (7/12) reports that the mayor of Euclid, OH, "bristled Tuesday at a Justice Department lawsuit over the city's election system, calling the attempt to block elections premature and unwarranted." The AP continues, "The lawsuit, filed Monday in U.S. District Court in Cleveland, alleges that majority whites voting as a bloc in an at-large election setup have made it impossible for a black candidate to get elected. It's the third time the Bush administration has filed a civil rights lawsuit on behalf of black voters, Justice Department spokesman Eric Holland said. … 'Euclid has been proactive in fostering racial harmony and full participation of all residents through programs sponsored by city government, nonprofit organizations and the many churches and congregations throughout our community,' Mayor Bill Cervenik said in a news release Tuesday." The AP adds, "The Lake Erie city of roughly 53,000 is 30 percent black, but no black person has been elected to a local seat. There have been eight recent black city council candidates, but the council's four wards and four at-large seats dilute black voters' power, the Justice Department lawsuit alleges. … Euclid's law director, Chris Frey, said the city would cooperate with the Justice Department to avoid litigation. He suggested voter education seminars, increased voter registration efforts and a review by a local commission. … The lawsuit was filed one business day after the city promised the Justice Department it would form a commission to consider ways to aid black candidates. Assistant Attorney General Wan J. Kim, who heads up the Justice Department's Civil Rights Division, had warned city officials in a letter in March that he was prepared to sue."

GOP Lawmakers Divided Over Renewal Of Voting Rights Act. The Los Angeles Times (7/12, Wallsten, Neuman, 918K) that a group of conservative lawmakers are staging a revolt as Congress prepares to vote on the renewal of the Voting Rights Act. They argue "that certain provisions of the law are out of sync with party principles and are insulting to the South. The result is another emotional standoff within a party already fractured over how to deal with illegal immigration." The dispute "pits the 'big tent' political aims of President Bush's closest political advisors against conservatives who argue that they are being asked to vote against their values." The Times adds, "On Tuesday, Republican leaders were waging a fierce, behind-the-scenes fight to persuade recalcitrant conservatives that backing the act would benefit the party. But the conservatives weren't buying the argument, pressing their belief that Congress should change sections that impose federal oversight of states with histories of institutional racism and those that require bilingual ballots."

Pastor Decries Mortgage Bias. In an op-ed in USA Today (7/12, 2.27M), Bishop T.D. Jakes, who heads the Potter's House Church in Dallas, writes about "the recent study from the national non-profit organization Center for Responsible Lending that black and Hispanic home buyers in the booming market for subprime mortgages 'tend to pay higher interest rates than whites with similar credit ratings.' The study reveals that blacks and Hispanics are 30% more likely than whites to be charged the highest rate. Adding insult to injury, high-interest lenders, spurred by incentives, appear to focus on minority neighborhoods, steering unsuspecting customers to the most expensive loans." Jakes continues, "Fold in 2005 figures from the National Association of Realtors that only 48% of African-Americans own their own homes compared with 76% of whites, and I fail to see the logic in raising the bar on those with the farthest to leap by making them pay the highest interest rate. I ask myself: What year is this? Will well-meaning Americans stand by and send millions of people to the back of the lending bus while institutions target the neediest and pocket the money?" Jakes adds, "As America grapples with contemporary challenges of immigration, same-sex marriage, conflict in the Middle East and threats in Iran, it is time to put to bed our ancient ghosts and insist on freedom and justice for all. I call on all Americans, white and black and brown, rich and poor, to insist on nothing less than lending that serves all, works for all. Insist on equality. Support no institution whose greed victimizes single mothers, hard-working fathers and struggling people who want a home to call their own."

ANTITRUST:

EU Expected To Fine Microsoft Today For Antitrust Violations. The New York Times (7/12, Meller, 1.21M) reports, "As it has threatened to do, the European Commission is expected to fine Microsoft hundreds of millions of euros on Wednesday for failing to provide information to its competitors. … And if Microsoft continues to withhold the information, even higher fines will be imposed, a person close to the commission's antitrust division said

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Tuesday." The Times continues, "The commission is expected to fine Microsoft up to 2 million euros ($2.56 million) a day, covering the period from Dec. 15, 2005, through Wednesday. That fine could total about 400 million euros ($511 million), almost as much as the 497 million euros Microsoft was fined in 2004 for violating European antitrust law." The Times adds, "If Microsoft fails to provide the information, the commission is likely to increase the daily fine after Wednesday to 3 million euros, the person close to the commission said, speaking on condition of anonymity because a decision had not yet been made. … The 2004 antitrust ruling ordered Microsoft to reveal technical information about its PC operating system, Windows, to rival software makers. Withholding the information was an abuse of the dominance of Windows, the commission ruled."

CNET News (7/12, Kawamoto) reports that two sources familiar with the situation "said Microsoft must be in full compliance with the European Commission's landmark antitrust decision of March 2004 by the end of the month, or face a further fine of up to 3 million euros, or $3.8 million, a day. … The penalty could be backdated to Dec. 15, when the European Commission set a deadline for the company to comply with its antitrust order to share information with rivals to allow interoperability. … 'We have never, ever, had to fine a company for failure to respect an antitrust decision,' said Jonathan Todd, a spokesman for the European Commission. 'This is the first time since the European Union was formed' approximately 50 years ago, he said. … Microsoft has pledged to deliver documents by July 18 to be in compliance."

Xstrata Boosts Falconbridge Takeover Bid. The Wall Street Journal (7/12, Heinzl, 2.03M) reports, "Xstrata PLC raised its takeover offer for the 80% of Falconbridge Ltd. that it doesn't already own to about 18.1 billion Canadian dollars (US$16 billion), heating up an intense takeover battle for two big Canadian mining companies." The Journal continues, "Xstrata, a Swiss mining concern with headquarters in London, raised its Falconbridge offer to C$59 a share from C$52.50 a share. Xstrata's move is aimed at luring Falconbridge shareholders away from a competing bid by Inco Ltd., of Toronto. Inco itself is the target of a friendly takeover offer by U.S. copper giant Phelps Dodge Corp. and an unsolicited bid by Vancouver, British Columbia, mining company Teck Cominco Ltd." The Journal adds, "Falconbridge and Inco, both nickel and copper miners, are coveted at a time when prices for those and other metals are soaring amid scarce supply and surging demand, particularly in China. Nickel is used in stainless steel and other products such as batteries and jet engines. … But the stakes to acquire Falconbridge, of Toronto, and Inco have soared as well. Xstrata and Phelps Dodge, a Phoenix company, are betting that the industry is in the midst of a boom that will far outlast previous upswings, which typically have run out of steam after a few years. Yesterday, shares of aluminum maker Alcoa Inc. fell amid concerns by some that the flush times for the metals industry may be easing."

German Antitrust Authorities Delay KLA-Tencor Deal. The San Jose Business Journal (7/12) reports, "KLA-Tencor Corp. and ADE Corp. said Tuesday the acquisition of ADE has been delayed pending approval from German antitrust authorities." The Journal continues, "San Jose-based KLA-Tencor and Westwood, Mass.-based ADE said the acquisition has already been cleared by the antitrust authorities in the United States and in all other applicable jurisdictions. … German authorities have notified KLA-Tencor that a second-phase investigation has begun, and both companies said they will continue to cooperate with the German authorities to facilitate a timely review."

The AP (7/12) reports, "KLA, a maker of semiconductor manufacturing equipment, plans to buy ADE, which supplies metrology and inspection systems used to make chip wafers, for $32.50 cash per share. The company had earlier agreed to buy ADE in a stock-for-stock deal valued at about $488 million, but in May offered to pay cash instead. … The acquisition has already been cleared by U.S. and other applicable antitrust authorities, KLA said."

9th Circuit Judge's Trademark Rulings Challenged Over Conflict Allegation. The California Recorder (7/12, Kobylarz) reports, "After losing two trademark cases, an attorney for a software company is trying to get the rulings thrown out because one of the 9th Circuit judges hearing the case apparently had a financial conflict." The Recorder continues, "Judge Harry Pregerson wrote opinions favoring Time Warner in two cases in which M2 Software fought the multimedia giant over the trademark to the name 'M2.' Mark Pettinari, representing M2 of Los Angeles, says Pregerson owned stock in Time Warner at the time he heard the cases and issued the rulings." The Recorder adds, "The motion to vacate the 2005 rulings in M2 Software v. Madacy Entertainment and M2 Software v. M2 Communications was filed Friday. M2 Software, which makes online billing software for Internet music downloads, alleged that Pregerson violated judicial ethics rules in failing to recuse himself from the multimillion-dollar trademark infringement suits. … Pettinari said the motion was prompted by a story in The Washington Post that revealed that Pregerson owned stock in Time Warner. The April 18 story named Pregerson as one of several judges who presided over lawsuits in which they had financial interests."

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ENVIRONMENT/INDIAN AFFAIRS:

Judicial Panel Removes Lamberth From Indian Trust Case. The AP (7/12, Talhelm) reports, "Federal Judge Royce Lamberth has long been known for speaking his mind -- most notably in rulings siding with American Indians in their battle with the government over their trust funds." But "Lamberth went a step too far, an appeals court said Tuesday, citing one particularly harsh decision last July in which he accused the government of racism." The AP adds, "In a rare move, a panel of judges from the US Court of Appeals for the District of Columbia Circuit ordered Lamberth removed from the 10-year-old Indian trust case, saying he had lost his objectivity. 'We conclude, reluctantly, that this is one of those rare cases in which reassignment is necessary,' the judges wrote in a decision reversing two other Lamberth rulings."

The Los Angeles Times (7/12, Weinstein, 918K) says that "at the same time, the court blasted Interior officials for their 'deplorable record' in managing trust money for Indians." In its 3-0 ruling, the panel "noted that it had reversed…Lamberth eight times in the case and that this record, combined with harsh language Lamberth had used to describe the Interior Department and its officials, warranted the 'extraordinary' step of removing him from the case."

The Washington Post (7/12, A13, Weiss, 748K) describes Lamberth as "a sharp-tongued Texan appointed to the bench by President Ronald Reagan. He has defenders from all points of the political spectrum and has repeatedly been ranked by lawyers as among the most skilled judges on the court."

The Wall Street Journal (7/12, Fialka, 2.03M) reports the panel "determined" that Lamberth "appeared to have lost his objectivity." Lamberth "had held two former secretaries of Interior and one former Treasury secretary in contempt in the tangled, 10-year-old case. It was brought as a class action by five Indians who had accounts held by Interior's Bureau of Indian Affairs, which holds money in trust that is earned from rentals of Indian-owned land and use of other resources." The New York Times (7/12, Files, 1.21M) runs a similar report.

EPA Tightening Lead Monitoring Rules. The Wall Street Journal (7/12, 2.03M) reports that the EPA is tightening federal lead monitoring rules in an effort to reduce people's exposure to lead in drinking water. EPA's plan "would require more-extensive monitoring once high lead levels have been found, would revise water sampling to show whether lead treatments have been effective and would require utilities to tell customers the results of water tests done in their homes. The planned rules will be published in the Federal Register by early next week, agency officials said. The public will have 60 days to comment on the proposal."

WSJournal Says Courts Should Add "Dose Of Sanity" To Clean Air Debate. The Wall Street Journal (7/12, 2.03M) editorializes, "One of the great revolutions in environmental policy has been the adoption of the 'cap-and-trade' method for controlling air pollution, starting with the 1990 Clean Air Act. … Yet that achievement is now threatened by federal, state and private lawsuits asking the courts to impose a command-and-control approach to air pollution by judicial fiat. The trouble started in the late 1990s when the Clinton Administration's Environmental Protection Agency seized on a clause that dates from the 1970s' Clean Air Act rules known as New Source Review." A New Source Review ruling "is due shortly from the Seventh Circuit Court of Appeals in United States v. Cinergy Corp. During a hearing last month, the three-judge panel seemed to understand the broader stakes, exploring such questions as what other programs exist to control emissions under Cinergy's interpretation of NSR. The answer: plenty. Let's hope the Seventh Circuit contributes another dose of legal sanity to this debate, which may yet end up in the Supreme Court."

FBI/DEA/ATF/USMS:

With President's Support, More Schools Are Testing For Drugs. USA Today (7/12, Leinwand, 2.27M) reports, "The number of schools testing students for drug use is rising as legal barriers to testing have fallen, funding for it has jumped and schools have begun to expand the categories of students who can be screened." The Bush administration has "made testing middle- and high-school students a priority." Federal funding was awarded to 373 high schools last year, "up from 79 schools two years ago." And President Bush has "asked Congress to increase grant money for testing by 45% next year, to $15 million." But "it's unclear how many students are testing positive for drugs. The results are secret, and schools are not required to report them to the U.S. government." White House drug czar John Walters said that "testing gives teens a reason to reject peer pressure to use drugs."

Afghan "Drug Lord" Pleads Guilty In Heroin Conspiracy Case. The AP (7/11) reports an Afghan drug lord "accused of plotting to poison U.S. neighborhoods with heroin pleaded guilty to a federal drug charge Tuesday without mention of the terrorism or Taliban links cited in his indictment. Haji Baz Mohammad, 48, pleaded guilty in U.S. District Court in Manhattan to one count of conspiracy to violate drug laws from 1990 to 2005 by shipping heroin from

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Afghanistan as he led others based in Pakistan and Afghanistan. … Within minutes of the plea, the Drug Enforcement Administration distributed a press release citing the allegations about holy war, the Taliban and other claims in the indictment."

In its New York/Region section, the New York Times (7/12, 1.21M) reports that according to the indictment, Mr. Mohammad, who lived in Karachi, Pakistan, led the organization since 1990. The group provided financial support to the Taliban from 1994 to 2000, [a US attorney] said, adding that Mr. Mohammad had told followers that smuggling heroin to the United States was a form of jihad."

Illinois Man Pleads Guilty In Federal Cocaine Case. The Springfield (IL) State Journal Register (7/11) reports another man "indicted last fall in connection with a Springfield cocaine operation pleaded guilty Monday to conspiracy to distribute the drug. Dondi D. McIntosh…acknowledged in U.S. District Court that he participated in a conspiracy to distribute more than five kilograms of powder cocaine in the Springfield area in 2004 and 2005. … McIntosh is one of eight people indicted on federal cocaine charges in connection with the alleged ring." The Journal Register notes the DEA's involvement in the investigation.

In Maine, Doctor Accused Of Writing Illegal Prescriptions Faces Numerous Charges. WCSH-TV, Portland (7/12) reports on its Web site that a nationally known drug treatment doctor "went on trial Tuesday in Portland. Doctor Marc Shinderman is facing a total of 68 criminal counts for allegedly handing out illegal prescriptions to patients at his wife's methadone clinic in Westbrook. Federal agents raided the offices of Cap Quality Care two years ago. The government accuses Shinderman of forging the name of another doctor at the clinic, and using that doctor's DEA registration number to write prescriptions."

Blethen Maine Newspapers (7/12) writes that former employees and patients of Dr. Marc Shinderman "testified Tuesday that they saw the drug addiction specialist write prescriptions for controlled substances even though he did not have the legal right to do so."

Former Friend Seen As "Key Figure" In Investigation Of Bonds. The New York Times (7/12, Pogash, 1.21M) reports that as a federal grand jury "moved toward a possible indictment of Giants outfielder Barry Bonds on either perjury or tax-evasion charges, a former close friend and business partner of Bonds has emerged as a key figure in the investigation. Bonds's lawyer, Michael Rains…is one of two main witnesses against Bonds in the investigation that grew out the allegations of steroid use that have swirled around Major League Baseball. The other witness, Rains said, is Bonds's former girlfriend Kimberly Bell, who has twice testified before the grand jury about Bonds."

In Chile, Pinochet's Son Files Lawsuit In Response To Drug-Related Accusations. According to the AP (7/12), the son of former Chilean dictator Augusto Pinochet "filed a criminal defamation suit Tuesday against the general's former intelligence chief, rejecting published accusations that Pinochet became rich off the production and sale of cocaine. Gen. Manuel Contreras was head of Pinochet's repressive police force from the 1973 coup until 1976. 'There is a whole family affected, you understand, with this slander and defamation,' Marco Antonio Pinochet told a Santiago court, adding that Contreras' accusation -- published in a newspaper report -- was especially distressing to his elderly parents."

WPost Says Senate Should Reject House-Approved Gun Measures. An editorial in the Washington Post (7/12, A14, 748K) says, "We don't expect common-sense gun laws from this Congress, but a couple of House-passed riders to the Justice Department's 2007 budget are especially noxious -- and ripe for Senate repair. One bars enforcement of a law that requires trigger locks to be sold with all new handguns. The other restricts law enforcement officials' access to gun-tracking information collected by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). The Senate Appropriations Committee, scheduled to consider the budget tomorrow, should keep both measures out." The Post adds, Requiring the sale of trigger locks with handguns and sharing federal gun-tracking data would save lives, and the costs of doing either are marginal. The Senate Appropriations Committee should keep this in mind tomorrow."

IMMIGRATION:

Rove Outlines Bush Immigration Principles In Address To La Raza. The Los Angeles Times (7/12, Watanabe, Finnegan, 918K) reports, "White House Deputy Chief of Staff Karl Rove touted 'shared values' of faith and family between Hispanics and Republicans and reiterated President Bush's support of broad immigration reform in an address here Tuesday to one of the largest US Hispanic civil rights organizations." In "a lunchtime talk at the National Council of La Raza's annual conference," Rove "outlined Bush's plan for stronger border security, workplace enforcement, a guest worker program and earned legalization for undocumented immigrants." Said Rove, "He understands immigration is a positive force in this country...vital to keep

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this country going." Rove's statement prompted "applause from the crowd of a few thousand." But "he drew scattered boos when he highlighted Bush's recent approval of $1.9 billion in funding for more border security, including deployment of National Guard troops, and was disrupted twice by hecklers who unfurled anti-war and anti-Bush banners."

The AP (7/12, Blood) reports, "Rove's appearance before La Raza comes at a time when both political parties are vigorously courting Hispanics, the fastest-growing segment of the US population and a key voting bloc that could determine whether Republicans maintain control of Congress." Bush "has urged Republicans to broaden the party's appeal but the GOP's divisions over immigration reform threaten the effort with Hispanics." In his "20-minute speech, Rove gave an energetic endorsement for Bush's plan," and "was applauded politely by most of the audience." Rove also "ignored a smattering of anti-war protesters who were escorted from the cavernous hall."

Senate To Boost Border Security Spending. The AP (7/12, Jordan) reports, "The Senate agreed Tuesday to boost spending at U.S. ports and borders by nearly $1 billion next year to pay for additional security and staffing. The funds would bring Homeland Security Department spending to $32.7 billion for the fiscal year that begins Oct. 1 -- about $1.7 billion more than what the White House requested."

Boehner To Announce More Hearings. The Hill (7/12, O'Connor) reports, "House Majority Leader John Boehner (R-Ohio) today will announce further immigration hearings along with Homeland Security Committee Chairman Peter King (R-N.Y.) and Education and the Workforce Committee Chairman Buck McKeon(R-Calif.) at 11 a.m. in the House Radio-Television Correspondents Gallery."

Colorado Approves Tough New Law Against Illegal Immigration. The AP (7/12, Paulson, Sarche) reports, "Colorado lawmakers ended a five-day special session on illegal immigration with a resounding approval of several bills that Democrats call the toughest in the nation and Republicans say don't go far enough." The legislation "sent late Monday to Republican Gov. Bill Owens would force a million people receiving state or federal aid in Colorado to verify their citizenship." It "would deny most non-emergency state benefits to illegal immigrants 18 years old and older -- forcing people to prove legal residency when applying for benefits or renewing their eligibility. The state Senate passed it 22-13 and the House voted 48-15 in favor. Both chambers are controlled by Democrats." Republicans "said the legislation still left glaring loopholes, including allowing benefits for minors and denying voters the chance to have a direct say on the issue."

USA Today (7/12, Jones, 2.27M) reports Owens "called the special session to address the issue of about 250,000 undocumented immigrants living and working in Colorado. 'I think the vast majority of illegal immigrants in Colorado are good people,' Owens said Tuesday. 'However, at some point, a state has to look out for the interest of its own citizens.'"

The Los Angeles Times (7/12, Riccardi, 918K) also reports on the Colorado bill under the headline "Immigration Hard-Liners on a High," while the Wall Street Journal (7/12, Jordan, 2.03M) says that "as immigration legislation stalls in a divided Congress, states and towns across the nation are taking matters into their own hands, pursuing a range of measures aimed at cracking down on illegal immigrants. Driven in part by election-year pressures, politicians from Massachusetts to California are drawing up laws and ordinances to limit illegal immigrants' access to jobs, housing and government services." This year, "more than 500 pieces of immigration-related legislation have been introduced in state legislatures, and 57 of them have been enacted in 27 states, according to the National Conference of State Legislatures."

TAX:

Former KPMG Employees Sue For Legal Fees.

The New York Law Journal (7/12, Bar) reports, "Sixteen former employees of accounting firm KPMG have sued to compel the company to advance their legal fees and expenses in connection with a federal probe of an illegal tax shelter scheme." The Journal continues, "Jeffrey M. Stein v. KPMG, S106 Civ. 5007, was filed in federal court late Monday. It follows an invitation last month by Southern District of New York Judge Lewis A. Kaplan, who ruled in United States v. Stein, S105 Crim. 0888, that prosecutors had violated the defendant employees' Fifth and Sixth Amendment rights by coercing KPMG into capping legal fees for the former employees. … Thomas Fitzgerald, a spokesperson for KPMG, said his company is 'presently reviewing the complaint,' but would not say whether KPMG is considering reversing its position on advancing legal fees to the former employees. In his decision, Kaplan urged KPMG to do just that. And he took jurisdiction over the civil case as well as the related criminal case." The Journal notes, "According to the complaint joined by all the former employees, the action was based on findings by Kaplan that KPMG would have advanced legal fees and expenses to the employees 'but for unconstitutional interference with KPMG's practice and policy of advancing such expenses' by the U.S. Attorney for the Southern District through the application of the Thompson Memorandum and the conduct of Assistant U.S. Attorneys assigned to the case."

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CONGRESS-ADMINISTRATION:

Democrats Consider Filibuster Of Haynes Judicial Nomination. The Washington Times (7/12, Hurt, 88K) reports, "Senate Democrats said yesterday that they are considering a filibuster of President Bush's latest nominee to the federal appeals court. 'We'll do whatever is necessary to protect the judiciary,' Senate Minority Leader Harry Reid told reporters yesterday when asked whether Democrats would block the nomination of William J. Haynes II to the U.S. Court of Appeals for the 4th Circuit, based in Richmond."

The New York Times (7/12, Hernandez, 1.21M) says Haynes "sought to tamp down the furor over his role in devising the Bush administration's policy on torture, telling senators on Tuesday that 'even terrorists must be treated humanely.'" In an appearance before the Senate Judiciary Committee, Haynes "offered an account of the efforts that he and other officials made to ensure that the administration's guidelines on coercive interrogation of terror suspects fell within the confines of the law." He also "noted the context in which the administration was operating: the aftermath of the Sept. 11 terror attacks, against enemies who 'don't follow any rules other than to exploit the rules of civilized society.'" The Washington Post (7/12, A5, Lane, 748K), meanwhile, notes "a key Senate Republican clashed yesterday with" Haynes, saying he "had pushed for the tactics over the objections of top uniformed military lawyers who considered the policy process a 'sham.'"

The Richmond Times-Dispatch (7/12, Hardin) reports, "Two Democrats blistered Haynes, the Pentagon general counsel, over his role helping shape Bush administration policies on treatment of enemy detainees, and one Republican senator sharply questioned Haynes' role too. … Sen. Richard J. Durbin, D-Ill., said Haynes recommended to the secretary of defense the use of dogs to intimidate detainees at the U.S.-run prison at Guantanamo Bay. At least two service members were prosecuted for using dogs to frighten detainees elsewhere, while Haynes was getting "promoted" to the 4th Circuit Court of Appeals, Durbin protested. … 'You made your decision, which history will not judge kindly,' Durbin told Haynes, staking out his opposition. … Said Sen. Edward M. Kennedy, D-Mass.: 'Time and time again . . . Mr. Haynes has displayed a shocking failure of legal and moral leadership. … It is astounding that the administration would continue to press his nomination, even though the subordinates who have followed the policies he authorized have gone to prison.'" The Times-Dispatch adds, "Haynes testified that allegations of prisoner abuse from the Abu Ghraib facility in Iraq have been investigated thoroughly. The abuse was not authorized, was not part of Pentagon policy and he deplored it, he said. … 'It was the work of the night shift without any authority whatsoever -- for sport,' Haynes testified. … The 48-year-old Northern Virginia resident said his work has been guided by a rule that 'even the terrorists must be treated humanely and within the law.'"

Bloomberg (7/12) reports that Senate Democrats "suggested they may try to block the nomination", but notes that they "may not need to use parliamentary tactics to defeat Haynes's nomination" because Senator Graham "said he wasn't satisfied with Haynes's answers today about his role in approving techniques to interrogate suspected terrorists. Graham might give Democrats enough votes to block the nomination in committee." Bloomberg notes, "In a separate letter today, four retired Army judge advocates urged the committee to approve Haynes's nomination. The four retired major generals, Michael Marchand, Michael Nardotti Jr., Hugh Overholt and William Suter, pointed to Haynes's almost 20 years of service as an Army officer or civilian employee of the Defense Department, calling his record exemplary."

Maureen Dowd, in her column in the New York Times (7/12, 1.21M), says Graham "is reported to oppose Mr. Haynes behind the scenes." Dowd adds, "If all the Democrats are opposed and even one Republican is willing to vote no, the nomination could stall on a 9-to-9 vote. Harry Reid, the minority leader, hinted that Democrats might try to filibuster it if it is reported to the full Senate."

Bush Credits Tax Cuts For Lower-Than-Expected Deficit Figures. The AP (7/12, Taylor) reports, "President Bush is crediting his tax cuts for new deficit figures that are far lower than earlier White House estimates, but the red ink is expected to climb again next year and the longer-term outlook is more bleak." White House "figures released Tuesday estimate the federal deficit for the 2006 budget year ending Sept. 30 will be $296 billion -- much better than the $423 billion Bush predicted in February but only a slight improvement over last year's $318 billion."

The President's announcement was reported by all three major network newscasts, and is receiving extensive -- and generally negative – coverage in this morning's newspapers. ABC World News Tonight (7/11, story 6, 0:20, Snow, 8.78M) reported, "There's encouraging news about Federal budget tonight. The Bush Administration said that this year's deficit will be $296 billion, much smaller than the $423 billion forecast six months ago. President Bush said the improvement is the result of strong economic growth which led to an unexpected the surge of tax payments by corporations and wealthy Americans." The CBS Evening News (7/11, story 5, 0:15, Schieffer, 7.66M) reported Bush "gave the credit to his tax cuts, saying they stimulated the economy and boosted the amount of money coming into the Treasury."

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Meanwhile, NBC Nightly News (7/11, story 6, 1:05, Williams, 9.87M) said "many economists and Administration critics say the White House has deliberately inflated its own deficit projections in the past few years to score political points when the actual numbers came in lower." NBC's tone was typical of much of the negative coverage on the Administration's announcement. CNN's The Situation Room (7/11, Henry) said, "The President's tone was, 'I told you so,' reminding Democrats he predicted cutting taxes would spark economic growth and end up slashing the deficit. … It's still the fourth largest deficit in American history, $296 billion this year, forcing the President to get a little creative."

The Los Angeles Times (7/12, Havemann, 918K) headlines its story "Bush Gives Deficit News a Positive Spin," and says "most Democrats were unimpressed." Rep. John M. Spratt Jr., the top Democrat on the House Budget Committee, "said that when Bush came into office in January 2001, the official White House budget projection showed a $305-billion surplus. So the new projected deficit of $296 billion represents a swing of $600 billion, Spratt said." Sen. Kent Conrad, the ranking Democrat on the Senate Budget Committee, "said that the 2006 deficit comes as the baby boom generation is about to retire, with its oldest members beginning to qualify for Social Security benefits in 2008 and Medicare coverage in 2011." The Times adds, "Adjusted for inflation, tax revenue has only now surpassed its level of 2000, Conrad said. In 2002, the White House estimated that revenue would reach $2.5 trillion in 2006 under the tax laws then in effect." USA Today (7/12, Wolf, 2.27M) reports Senate Minority Leader Harry Reid "said Bush 'has played the old expectations game' by using gloomy deficit forecasts three years in a row."

The New York Times (7/12, Peters, 1.21M) reports "Democrats and independent budget analysts say that government revenues are now only barely above their level of six years ago, before the economy went into a brief recession. They say that this year's tax receipts appear to be a surge only because the last five years were so weak." The Times adds, "Since Mr. Bush took office in 2001, total federal debt has soared to $8.3 trillion from $5.6 trillion at the end of the Clinton administration. Over all, collection of taxes from businesses and individuals has not kept up with economic growth over the past five years, but government spending has grown much faster than the economy. The war in Iraq has added considerably to the financial burden: some $300 billion has been spent on it since 2003."

The Wall Street Journal (7/12, Solomon, 2.03M) reports "economic-policy experts said that while the Bush tax cuts have helped spur some economic growth, they aren't going to create enough growth either to solve the nation's long-term fiscal challenges or to erase what is still a significant budget deficit." The deficit "is projected to widen again in 2007 to $339 billion, in large part because revenue growth is expected to slow."

The Washington Post (7/12, D1, Blustein, 748K) reports Bush's "overall message was to claim credit, which so far has eluded him, for the strength of the economy and the resulting near-term improvement in the budget." Bush "noted that the projected $296 billion deficit would be about 2.3 percent of the gross domestic product, and he likened it to a mortgage that could be easily borne by a homeowner with a rising income. 'When the economy expands, our nation's income goes up and the burden of the deficit shrinks,' he said."

The Washington Times (7/12, Dinan, 88K) notes Bush also said that "tackling the deficit in the long run will require action on Social Security, and he challenged Congress to stop posturing on the issue and instead to have a 'sense of obligation' to fix it." Said Bush, "The time of playing politics with Social Security and Medicare and Medicaid is over. … We need to fix this for younger generations of Americans to come."

In an analysis piece, the New York Times (6/12, Stolberg, 1.21M) says, "Blessed with a growing economy but facing voters who do not give him much credit for it, President Bush is intensifying efforts to persuade the public that things are looking up, with the aim of giving Republicans a boost in the midterm elections." After noting Bush "was announcing that this year's budget deficit would be $296 billion, as opposed to the earlier estimate of $423 billion," the Times adds "some economists say that the picture is not all that rosy and that this is one reason Mr. Bush is not getting the customary bump in the polls from what his advisers call 'robust economic growth and job creation.' High gasoline prices, rising interest rates and unease over the war in Iraq are mostly to blame."

Portman Says Bush On Track To Cut Deficit In Half By 2008. The Financial Times (7/12, Swann, Guha) reports "Rob Portman, the new director of the Office of Management and Budget, said that the president was on track to meet his goal of cutting the deficit in half by 2008, a year ahead of schedule, from its projected 2004 peak of 4.5 per cent of GDP or $521bn." Portman said on CNN's The Situation Room (7/11), "In terms of budget priorities, what this President has said is we have to keep spending under control but we need to be sure that we are protecting our homeland and that's why we've increased spending there and be sure that our troops get what they need and that's why defense spending has increased as well. But even so, we have kept the day to day appropriations spending, which is the annual spending that Congress approves just below inflation. Where we haven't done as good a job is on the entitlement side, which is now about 40 to 50 percent of the budget and that's Medicare, Medicaid and social security, that's grown at more than twice inflation."

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USA Today, WPost Skeptical About Deficit News. USA Today (7/12, 2.27M), in an editorial titled "Hold Your Applause: Deficit Dip Is But A Drop In Bucket," says, "Forgive us if we don't break out the party hats. It is hard to get excited about an abysmally large deficit in the range of $300 billion that is somewhat less gargantuan than earlier predicted. Even accepting the administration's assurances that it does not purposefully overestimate the numbers in a Wall Street-like game of beating expectations, this habitual mid-year crowing masks the seriousness of the nation's bleak fiscal outlook."

Under the headline "Deficit Of Candor," the Washington Post (7/12, A14, 748K) editorializes that the Administration "had a great time patting itself on the back yesterday over its stewardship of the federal budget." Bush "proclaimed, the administration is a full year ahead of schedule on its goal of cutting the deficit in half by 2009." But "this a phony goal. What's important is getting the federal budget on a sustainable fiscal course for the long term. Yesterday's news doesn't get the country closer to that objective."

The Wall Street Journal (7/12, 2.03M), on the other hand, says "the real news, and where the policy credit belongs, is with the 2003 tax cuts. They've succeeded even beyond Art Laffer's dreams, if that's possible. In the nine quarters preceding that cut on dividend and capital gains rates and in marginal income-tax rates, economic growth averaged an annual 1.1%. In the 12 quarters -- three full years -- since the tax cut passed, growth has averaged a remarkable 4%. Monetary policy has also fueled this expansion, but the tax cuts were perfectly targeted to improve the incentives to take risks among businesses shell-shocked by the dot-com collapse, 9/11 and Sarbanes-Oxley."

Hayden Appoints Former Tenet Aide As CIA Number Three. The Washington Post (7/12, A6, Pincus, 748K) reports, "CIA Director Gen. Michael V. Hayden announced yesterday that he has appointed to the No. 3 job at the agency Michael J. Morell, a longtime intelligence official and onetime executive assistant to former director George J. Tenet." In naming Morell, Hayden also "said he was changing the role for that position, a move that recognizes the CIA's loss of leadership of the entire intelligence community to Director of National Intelligence John D. Negroponte." The Post adds, "Under the old system, when the CIA director was also director of central intelligence, he and his top deputy spent much of their time working with the rest of the intelligence community, leaving the No. 3 person, called the executive director, to supervise most of the CIA's day-to-day operations. Previous 'ExDirs,' as they were called, often supervised major personnel issues including hiring, firing and promotions.'

Despite Veto Threat, Senate Likely To Approve Stem Cell Bill. The Wall Street Journal (7/12, Lueck, 2.03M) reports, "Despite repeated veto threats, the Senate is likely to vote next week to send President Bush a bill to expand federal funding for embryonic stem-cell research. But Mr. Bush may get a chance to seek political cover with an alternative measure promoting research that doesn't destroy embryos." The House "last year passed the bill the Senate is about to consider, which would ease limits Mr. Bush placed on federal funding of stem-cell research in 2001. Many Democratic backers of the legislation, sponsored by Sen. Arlen Specter (R., Pa.), are eager to debate it and to paint Republican opponents as antiscience and out of touch with constituents." The Journal adds, "To counter that, some Republicans who oppose Mr. Specter's bill will instead vote for one offered by Sen. Rick Santorum (R., Pa.) that promotes stem-cell research methods that don't destroy embryos." The White House "plans to support Mr. Santorum's bill."

CNN's The Situation Room (7/11, Todd) reported, "The showdown looms as early as next week. The President ready to pull the veto pen out and likely cause a stir in his own political ranks. Willing to use his first veto, a move that might anger Republican royalty like Nancy Reagan, the President stands firm. Mr. Bush's top political strategist Karl Rove says his boss is emphatic. He will veto an upcoming bill in Congress that would give more money to embryonic stem cell research. It's a threat the President has made before." CNN added, "Politically, analysts say, going against Republicans like Nancy Reagan, Senate Majority Leader Bill Frist and California Governor Schwarzenegger will cost Mr. Bush. … But analysts also say the President needs to shore up his conservative base before appealing to moderates for the midterm election campaign. They say the White House may feel this is the time to do that with a bill that may not have the votes to override Mr. Bush's first veto."

Sullivan To Be Named White House Communications Director. The Washington Post (7/12, A13, Kamen, 748K) reports in its "In the Loop" column, "Kevin Sullivan , former chief spokesman at NBC Universal and more recently assistant secretary for communications and outreach at the Department of Education, has been tapped to be White House director of communications."

Investigator Criticizes Top VA Officials For Data Theft. Federal investigators said yesterday that a career analyst and top officials at the Department of Veterans Affairs share the blame for the theft of personal data on millions of veterans. The Washington Post (7/12, A13, Lee, 748K) reports, "In a 68-page report, VA Inspector General George J. Opfer recommended that VA Secretary Jim Nicholson 'take

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whatever administrative action deemed appropriate' to punish officials who were slow to report and investigate the May 3 theft of a laptop computer and an external hard drive from the analyst's Aspen Hill home. Opfer wrote that new security measures since the theft are 'a positive step' but are inadequate. Nicholson should establish 'one clear, concise VA policy on safeguarding protected information,' he wrote."

State Department Recovering From Computer System Hackings. USA Today/AP (7/12, 4A) reports, "The State Department is recovering from large-scale computer break-ins worldwide over the past several weeks that appeared to target its headquarters and offices dealing with China and North Korea." Investigators "believe hackers stole sensitive U.S. information and passwords and implanted backdoors in unclassified government computers to allow them to return at will, said U.S. officials familiar with the hacking. These people spoke on condition of anonymity because of the sensitivity of the widespread intrusions and the resulting investigation." The Washington Post (7/12, A6, Wright, 748K) adds, "The break-in represented a 'concerted effort' from hackers in East Asia to penetrate the State Department and seize data, a senior official said. But no large-scale thefts have yet been detected."

The CBS Evening News (7/11, story 3, 1:30, Stewart, 7.66M) referred to the AP report, and says "all the State Department will confirm is that something seemed wrong with their computers a few weeks ago and it's not some kind of virus."

Environmentalists Oppose Dudley As Head Of OMB's Regulatory Office. The Washington Post (7/12, A13, Kamen, 748K) reports in its "In the Loop" column, "Worried enviros say the Bush administration is about ready to announce its pick to head the Office of Management and Budget's powerful regulatory office and the front-runner is Susan Dudley, director of the regulatory studies program at George Mason University's Mercatus Center. Dudley would head the OMB Office of Information and Regulatory Affairs, which approves all environmental, health and safety and other government regulations. … Some enviros are already pining for the days of John Graham, whose nomination they bitterly opposed. Frank O'Donnell of Clean Air Watch called Dudley 'a true anti-regulatory zealot' who 'makes John Graham look like Ralph Nader.'"

Senate Approves Drug Reimportation Plan. The New York Times/AP (7/12, Jordan) reports, "The Senate opened the way Tuesday to let Americans import prescription drugs into the United States from Canada, seeking to ease a regulatory ban on cheaper medicine crossing the border." The proposal, which was approved 68-32, "would create a Canadian loophole on a Food and Drug Administration ban on importing prescription medicine into the United States. It was offered as part of a $31.7 billion Homeland Security Department spending blueprint for the fiscal year that begins Oct. 1."

Portman Says Administration May Pursue Entitlement, Tax Reform Next Year. OMB Director Rob Portman indicated yesterday that the Bush Administration is considering plans to pursue entitlement and tax reform after this year's midterm elections. The Hill (7/12, Young) reports that during a speech on OMB's midsession review of the fiscal 2006 budget, Portman "hinted that the administration's efforts on the two controversial areas could be combined next year. … Portman said election politics kept congressional Democrats from negotiating seriously with the administration on entitlements and taxes but predicted that talks would begin in earnest next year. … Portman said Congress would return to entitlement reform because lawmakers in both parties recognize the need to act."

Army To End Exclusive Deal With Halliburton. A front page story in the Washington Post (7/12, A1, Witte, 748K) reports that the Army is ending its multi-billion dollar deal with Halliburton Co. to provide logistical support to US troops worldwide. According to the Post, the move" could cut deeply into the firm's dominance of government contracting in Iraq. … Under the deal, Halliburton had exclusive rights to provide the military with a wide range of work that included keeping soldiers around the world fed, sheltered and in communication with friends and family back home." The Post adds, "The decision on Halliburton comes as the U.S. contribution to Iraq's reconstruction begins to wane, reducing opportunities for U.S. companies after nearly four years of massive payouts to the private sector."

Energy Department Raises Prediction For Summer Gasoline Prices. The CBS Evening News (7/11, story 7, 0:10, Schieffer, 7.66M) reported, "The news isn't always surprising or shocking. Sometimes it's predictable and annoying, like this today from the Energy Department. It raised its prediction for summer gasoline prices by 12 cents and now says it expects prices to average $2.88 gallon. That is half a dollar more than last summer."

NBC Nightly News (7/11, story 5, 2:30, Williams, 9.87M) reported, "Every barrel of oil carries a so-called terror premium as par to the cost built in. Experts put that premium at anywhere between $10 to $30 a barrel; add to that the usual summer season price hikes and the current pressures on gas prices and you have the situation we are now seeing at gas pumps across this country." NBC (Thompson) added "the added cost that once seemed temporary is now a permanent fixture in American budgets for both businesses

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and families, because for all our complaining, our appetite for gasoline has only increased."

House GOP Pushing HHS Bill Containing 1,700 Earmarks. The Hill (7/12, Allen) reports, "House Republicans are struggling to move a labor, health and human services (HHS) appropriations bill containing more than 1,700 earmarks that would help lawmakers of both parties in their November reelection bids. The district-specific projects, totaling about half a billion dollars, are tied to a Democratic minimum-wage increase that is anathema to the GOP, and no proposed solution has taken root. … Few, if any, lawmakers expect the largest domestic spending bill to become law before the election, but many would like the House to pass it by then."

GOP To Push Lobbying Reform Without 527 Restrictions. The Hill (7/12, Bolton) reports that GOP leaders in Congress believe the pending lobbying reform bill cannot pass with language aimed at restricting 527 groups. According to the Hill, "House and Senate GOP lawmakers, seeking a political victory heading into the November elections, are looking to move the lobbying bill without the controversial campaign-finance provision, knowledgeable sources say. But the plan, at least for now, is to bring lobbying reform with regulations on 527s to the Senate floor first for a vote that is expected to be filibustered by Democrats. … Word has already filtered out to political allies outside the negotiating room not to expect 527 legislation during this Congress."

Lobbying Industry Continues To Thrive Despite Recent Scandals. The Washington Times (7/12, Pfeiffer, 88K) reports that a new report from PoliticalMoneyLine indicates that lobbying in Washington continues to thrive despite recent scandals. The report found that "lobbying of Congress and the executive branch reached a record $2.36 billion last year. During the last half of 2005, lobbying averaged more than $200 million per month -- another first." The Times adds, "The health care industry had the highest federal lobbying expenditure tab, spending $183,324,757 in the last six months of 2005. The other top industry spenders were communications/technology and the finance/insurance industry, who spent more than $158 million and $155 million respectively."

Grassley Tells Wolfowitz To Stay Out Of Trade Issues. The Hill (7/12, Schor) reports that Senate Finance Committee Chairman Chuck Grassley blasted World Bank President Paul Wolfowitz "for urging the United States to offer farm-subsidy cuts and other agricultural concessions as a means of jump-starting the stalled Doha round of world-trade talks. 'I would ask Paul Wolfowitz, who I have a great deal of respect for, to keep his nose out of trade issues,' Grassley told farm reporters yesterday. 'He's got a bank to run that's got plenty of problems. He's got a full-time job there.'"

Bush Speaks To Space Shuttle Astronauts. The AP (7/12) reports that President Bush spoke with astronauts aboard the space shuttle Discovery yesterday. Bush called the shuttle to "wish the astronauts well, congratulate them on their space walks and invite them to the White House. Bush told crew members he had watched closely as astronauts Piers Sellers and Michael Fossum executed a space walk, said White House spokeswoman Dana Perino. … Perino said Bush told the astronauts: 'When you're back, I hope you can come to the White House. Please bring your families. I want to welcome you to the White House.'"

Pentagon Seeks To Groom Civilian Leaders. The Washington Post (7/12, D4, Barr, 748K) reports in its "Federal Diary" column, "Last year, Robert J. Conner became the first civilian director of the Oklahoma City Air Logistics Center at Tinker Air Force Base. It's a job usually held by a two-star general, not by a civil service executive. Conner's appointment is a sign that Pentagon officials are starting to look for ways to free up more military personnel for war-fighting, pay more attention to grooming civilian leaders and shake up pay and promotion systems." President Bush and Defense Secretary Donald Rumsfeld "have championed 'transformation' as a way to field a more agile military that can take on new threats, such as terrorism, and to shake up resistance to change in military and civil service circles."

Supreme Court Said To Follow Inconsistent Approaches To Reading Statutes. Richard Epstein, the James Parker Hall Distinguished Service Professor of law at the University of Chicago and the Peter and Kirsten Bedford Senior Fellow at the Hoover Institution, writes in the Wall Street Journal (7/12, 2.03M), "In reading statutes," Supreme Court Justices "oscillate uneasily between two inconsistent approaches. … Sometimes they distill the meaning of a disputed provision by making their best independent judgment about its structure and function. … Alternatively, they lament the imprecision of language, doubt their own expertise about social and political complexities, and defer to whatever reading the official gives to the statute that empowers him. It is instructive to ask how consistently the four conservative justices -- Roberts, Scalia, Thomas and Alito -- and their four liberal colleagues -- Stevens, Souter, Ginsburg and Breyer -- apply these approaches in the battle for supremacy, with Justice Kennedy frequently the swing voter. Answer: not at all. … We will get consistent and reliable statutory construction only when all justices put aside the naïve fantasy that they lack expertise and information to

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read the common language found in congressional enactments."

OTHER NEWS:

Stocks Up. The Wall Street Journal (7/12, Browning, 2.03M) reports, "Stocks bounced back after the bombings in India, as well as some disappointing corporate-profit news, and finished the day with solid gains. After being down more than 75 points in morning trading, the Dow Jones Industrial Average finished ahead 31.22 points, or 0.28%, at 11134.77, now up 3.9% for 2006. … The chip rally sparked a broader turnaround. The Nasdaq Composite Index, heavy in tech stocks, finished up 0.56%, or 11.93 points, at 2128.86, although it still is down 3.5% this year." The Standard & Poor's 500-stock index rose 0.41%, or 5.18 points, to 1272.52, "up 1.9% in 2006." USA Today (7/12, 2.27M), among other newspapers, also notes the stock numbers.

Labor, Business Groups To Push Trade As Election Issue. Roll Call (7/12, Ackley) reports that the AFL-CIO and the US Business and Industry council today will hold a "trade summit" today in the hope of highlighting criticisms of US foreign trade policy in advance of this year's elections. The groups "will discuss how to make trade a bigger issue in the 2006 elections and will suggest the possibility of radical new tariffs as a reaction to the growing trade deficit, according to participants in the 'Trade Summit 2006: Crisis and Opportunity,' scheduled for today at the National Press Club."

Bush Headlines Fundraiser For Wisconsin Gubernatorial Candidate. The AP (7/12, Loven) reports, "President Bush aimed to give his party a boost Tuesday in closely watched Wisconsin, mingling before cameras with hard-toiling shoe factory workers and tossing much-needed cash to the state's Republican gubernatorial candidate. This year, eyes are on Wisconsin because of a tight race for the governor's mansion." GOP Rep. Mark Green "is leaving Congress in hopes of ousting incumbent Gov. Jim Doyle, seen as one of the country's most vulnerable Democratic chief executives in a state important to 2008 presidential politics." Polls "give Doyle an edge, and he also has a sizable fundraising advantage over Green." Bush "sought to help close that gap by headlining a $1,000-a-plate dinner at a downtown Milwaukee hotel. Republicans weren't releasing fundraising figures, but Democrats said the event for about 600 people brought in about $1 million for Green's campaign."

The Milwaukee Journal Sentinel (7/12, Borowski, Schultze, 259K) says Bush's Milwaukee speech "did double duty: He gave a spirited defense of his war with Iraq and bolstered…Green's campaign for governor by portraying him as a loyal and like-minded political soul mate." Democrats "seized on the pairing of the two at a $1,000-a-plate fund-raiser for Green, declaring Green was a Bush 'clone,' 'rubber stamp' and 'twin,' among other comparisons." The president's trip "included a stop in Port Washington, where Bush toured the Allen-Edmonds shoe factory, then touted his tax cuts and better-then-expected progress on reducing the federal deficit."

NARAL Offers Latest Round Of Endorsements. Roll Call (7/12, Whittington) reports, "NARAL Pro-Choice America unveiled its latest round of Congressional endorsements Tuesday, as the abortion rights group vowed to be more active than it has been previously. … In its newest endorsements, NARAL backed two Democratic Senate challengers — businessman Jim Pederson, running against Sen. Jon Kyl (R-Ariz.) and state Sen. Jon Tester, who faces Sen. Conrad Burns (R-Mont.). The group had previously announced its support for one other Democratic Senate challenger, Rep. Sherrod Brown (Ohio), who faces Sen. Mike DeWine (R-Ohio). NARAL is also supporting Sens. Joe Lieberman (D-Conn.) and Lincoln Chafee (R-R.I.) in hotly contested primaries." NARAL also announced endorsements of four House candidates: "Tammy Duckworth (D) in Illinois' open 6th district race, Iraq veteran and attorney Patrick Murphy (D) in Pennsylvania's 8th district, former Congressional aide Dan Maffei (D) in New York's 25th district and Oneida County District Attorney Michael Arcuri (D) in New York's 24th district. More candidate endorsements are expected this cycle."

Underage Intern Served Alcohol At Kolbe Margarita Party. The Washington Times (7/12, McCaslin, 88K) reports in its "Inside the Beltway" column that at a recent margarita cocktail party held "in the hallowed halls of Congress," by Rep. Jim Kolbe, "at least one female congressional intern under the legal drinking age of 21 was served margaritas" to "to the point of becoming 'intoxicated,' according to one source. … Reached yesterday, Mr. Kolbe's press secretary, Korenna Cline, read us this statement: 'The invitation to the Kolbe margarita party clearly stated that no one under the age of 21 would be admitted, and the event was by invitation only. The night of the event someone was posted at the door with the guest list.'"

Democrats Hope "Do Nothing" Label Will Hurt Republicans In November. Bloomberg (7/12) reports, "Republicans head into the final stretch of what Democrats are calling a 'do-nothing Congress' that has achieved none of the key items of President George W. Bush's agenda." Bloomberg notes that Bush's Social Security overhaul plan "has been shelved, his vow to restructure the tax code

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postponed indefinitely and his calls for reshaping medical malpractice long-forgotten. The administration's current major initiative, an overhaul of the nation's immigration laws, is hanging by a thread on Capitol Hill. Republicans may pay a price for their inaction in this November's election, said David Mayhew, a congressional scholar at Yale University in New Haven, Connecticut. 'If they get into September and they still have not done anything on immigration, then they are heavily subject to the charge that they can't tie their shoes,' he said."

Democratic, GOP Strategists Join Forces To Create Web Site. Mark McKinnon and Matthew Dowd, who were senior advisers in President Bush's last two campaigns, have joined g forces with Joe Lockhart, who was a spokesman for President Bill Clinton, and Carter Eskew, a top strategist in Al Gore's presidential campaign, to create HotSoup.com. The Washington Post (7/12, A4, Kurtz, 748K) reports that the political strategists hope the site "will eventually reach 30 million opinion leaders, elevate public discussion on matters from politics to sports to culture and, in the process, make them some money." The Post also notes that the site "faces a substantial challenge in a cluttered online marketplace. The most popular political Web sites and blogs are fiercely partisan on both the left and the right, which is precisely what attracts their fans. McKinnon, Lockhart and their partners, who are investing their own money while seeking outside financing, say they will be a regular presence on the site but will not be exchanging partisan blows."

Health Industry Donating Thousands To Clinton. The New York Times (7/12, Hernandez, Pear, 1.21M) reports that despite their past adversarial relationship, the health industry is receiving hundreds of thousands of dollars in campaign contributions from doctors, hospitals, drug makers and insurers. The Times reports, "Nationwide, she is the No. 2 recipient of donations from the industry, trailing only Senator Rick Santorum of Pennsylvania, a member of the Republican leadership. Some of the same interests that tried to derail Mrs. Clinton's health care overhaul are providing support for her Senate re-election bid." Clinton "has received $150,600 in contributions from insurance and pharmaceutical companies, which she accused in 1993 of 'price gouging' and 'unconscionable profiteering.'"

Jeb Bush Doesn't Rule Out Run For VP With McCain. The Washington Times (7/12, Pierce, 88K) reports in its "Inside Politics" column that Florida Gov. Jeb Bush "repeatedly has said he won't run for president in the next election, but he's never ruled out the No. 2 job and didn't on Monday when asked about teaming up with Sen. John McCain of Arizona. 'I like Senator McCain. I think he's a good guy,' Mr. Bush told reporters in Tallahassee after returning from a vacation in Maine with his family. When prodded about the likelihood of a McCain-Bush ticket, Mr. Bush hedged just slightly, the Associated Press reports. 'There's all sorts of time to worry about the 2008 election,' he said."

Meyerson Says Democrats Find Lieberman's Causes "Repugnant." Harold Meyerson writes in the Washington Post (7/12, A15, 748K) that Sen. Joe Lieberman "has simply and rightly been caught up in the fundamental dynamics of Politics 2006, in which Democrats are doing their damnedest to unseat all the President's enablers in this year's elections. As well, Lieberman's broader politics are at odds with those of his fellow Northeastern Democrats. He is not being opposed because he doesn't reflect the views of his Democratic constituents 100 percent of the time. He is being opposed because he leads causes many of them find repugnant." Lieberman's problem "is that Bush, and the war that both he and Bush have championed, is speeding the ongoing realignment of the Northeast. His problem, dear colleagues, is Connecticut."

New Jersey Lawsuit Seeks To Give Parents Funds From Failing Schools. Clint Bolick, president of the Alliance for School Choice, writes in the Wall Street Journal (7/12, 2.03M), "A world of education reform will change tomorrow when a group of families files a class action lawsuit in Chancery Court in Newark, N.J." The case is Crawford v. Davy. The plaintiffs are seeking that "children be allowed to leave public schools where fewer than half of the students pass the state math and language literacy assessments" and that "the parents of these children be permitted to take the pro rata share of the public money spent on their children, to seek better opportunities in other public or private schools." For it is "only by giving parents control over their children's education funds" that they can "secure good schooling when their children need it -- today."

Woman Killed By Falling Concrete In Boston "Big Dig" Tunnel. NBC Nightly News (7/11, story 10, 1:40, Williams, 9.87M) reported that in Boston, a woman "was killed last night when a section of a Big Dig tunnel came down and fell on her car." NBC (Allen) added, "It was around 11:00 PM in the heart of Boston when some 12 tons of concrete from the ceiling of a highway tunnel crashed onto a car below. The passenger, Milena Delvalle, 38, was killed. Her husband, Angel, escaped through a window. … Massachusetts Governor Mitt Romney called for the dismissal of the state official in charge of the project. … The attorney general went further -- warning whoever is responsible may face charges of neglect homicide.

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USA Today (7/12, Koch, 2.27M) reports that in the wake of a woman's death from falling concrete slabs in one of Boston's "Big Dig" tunnels yesterday, new questions are being raised about the project's safety. The collapse of a ceiling late Monday "was the latest in a series of construction problems for the $14.6 billion underground highway project, which took more than two decades to plan and 14 years to build." USA adds, "Federal officials began inspecting the accident site, and Massachusetts Attorney General Thomas Reilly announced a criminal investigation that could lead to charges of negligent homicide. Reilly's office began issuing subpoenas to those involved in design, manufacturing, testing, construction and oversight of the ceiling and tunnel."

American Wheat Farmers Sue AWB For $1 Billion. CNN (7/12) reports on its Web site American farmers filed a class action lawsuit this week in US District Court seeking $1 billion in damages from AWB, alleging the Australian wheat exporter used bribery and other corrupt activities to corner grain markets, the Australian Associated Press reports. The farmers filed suit in Washington DC in a case which "will draw on evidence obtained by Australia's Cole inquiry, which has probed allegations the Australian wheat company paid $220 million in kickbacks to the former Iraqi regime of Saddam Hussein." The US case also will use documents "unearthed by a United Nations investigation into its oil-for-food program under which AWB says it unwittingly made the illicit payments to Baghdad." The farmers claim also "goes further, alleging AWB used similar methods to secure grain sales in other markets in Asia and the Middle East," AAP reports.

Toyota Officials Accused Of Failing to Recall Faulty Model. The Wall Street Journal (7/12, Sapsford, 2.03M) reports, "Japanese police have accused three executives at Toyota Motor Corp., a company that built a global business on a reputation for quality, of failing to recall a model they knew was faulty and might cause injuries in an accident. Toyota disputes the accusation." The Journal continues, "Akitoshi Takahashi, a spokesman for a regional police office of Kumamoto, on the southern Japanese island of Kyushu, said police have filed papers with Japan's prosecutors' office. The papers allege that three Toyota officials, all responsible for quality control, failed to recall faulty models of the Hilux Surf, a recreational vehicle sold in Japan. … The papers weren't made public, and neither police nor Toyota disclosed the names of the executives." The Journal adds, "Mr. Takahashi said that the problem, a faulty relay system of rods in the steering column, started surfacing in Hilux models built from 1992, and that Toyota knew about the problem from around 1995 or 1996. He further alleged that Toyota officials knew the problem might lead to an accident. But the officials failed to issue a notice of recall, the police said. … The filing to the prosecutors' office alleges that the fault may have lead to an accident on Aug. 12, 2004, when a Hilux veered out of control and hit an oncoming car. Five people were injured in the accident, including one who required more than 50 days of hospital treatment."

China Increases Pressure On North Korea To Return To Six-Party Talks. China increased pressure on North Korea as top US nuclear envoy Christopher Hill made an unscheduled visit in Beijing, "saying efforts to resolve the crisis have reached a crucial point," in tandem with a delegation from North Korea. The AP (7/11, Olesen) reports, "China's president on Tuesday urged North Korea to refrain from increasing tensions over its nuclear program and to return to disarmament talks as diplomats worked to forestall U.N. sanctions against the regime." Meanwhile, "China's Foreign Ministry criticized a Japanese-proposed Security Council resolution that would demand the North stop developing, testing and selling ballistic missiles as 'an overreaction.'" Chinese President Hu Jintao "said Beijing is 'seriously concerned' and called for progress in stalled six-nation talks." Hu's warning "represented an unusually firm stance by Beijing and appeared to reflect growing frustration with its ally."

The Washington Post (7/12, A11, Cody, 748K) notes the US "was particularly keen to see progress from the Chinese mission because Beijing, arguing the need for dialogue, has objected to the tough Security Council resolution proposed by Japan and supported by the United States, Britain and France. In its place, China proposed a council statement -- without the force of law or threat of sanctions -- that would urge countries to voluntarily impose a ban on trade in ballistic missiles and other technology to North Korea that could be used to produce nuclear arms and other weapons of mass destruction."

Putin Says North Korean Response Based On Self-Interest. Russian President Vladimir Putin in an interview on NBC Nightly News (7/11, story 9, 1:00, Williams, 9.87M) was asked, "Do you trust Kim Jung Il if he develops a delivery system for that nuclear weapon that he won't destabilize the region and other parts of the world?" Russian President Vladimir Putin (via translator): "I don't trust anybody but myself. How can I trust or distrust? We base our option on the objective information on our interests. We should not trouble them on purpose."

GOP Seeks To Boost Spending For Missile Defense In Response To North Korea Threat. The AP (7/11, Abrams) reports, "Responding to North Korea's missile tests, congressional Republicans urged greater efforts to build a national missile defense system and proposed new sanctions on nations doing weapons business with North Korea."

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House Armed Services Committee Chairman Duncan Hunter said, "We have to have a defense that allows us to shoot down incoming ballistic missiles." Hunter has the support of House Majority Leader John Boehner and "Senate Majority Leader Bill Frist…said he planned to introduce legislation that would add North Korea to a nonproliferation act that currently outlines sanctions against foreign individuals who supply weapons technology to Iran and Syria."

Hunter Says Bush Withdrawal From ABM Treaty Validated. The Washington Times (7/12, Gertz, 88K) reports Hunter said North Korea's missile launch "validated President Bush's decision in 2001 to withdraw from the 1972 Anti-Ballistic Missile Treaty (ABM), despite Democratic criticism of the move." Hunter said, "It's important to understand the ABM treaty prohibited us by law from defending any American city from incoming ballistic missiles. … And it was only by withdrawing from that treaty that we were able to proceed with the missile tests that we have ongoing right now." Hunter "quoted Sen. Joseph R. Biden…who stated in 2001 that 'the premise that one day, North Korean President Kim Jong-il or someone else will wake up one morning and say: "Aha, San Francisco!" is specious.'"

Iran Continues To Delay Responding To International Deadlines. EU diplomats are becoming "impatient" as Iran continues to reject calls to responds to international negotiations over its nuclear programs. The AP (7/12, Lekic) reports, "Iran ruled out responding this week to international incentives to suspend its nuclear program, saying Tuesday that the offer contains too many 'ambiguities.'" Top Iranian nuclear negotiator Ali Larijani's "comments dashed any hope that that Iran would meet a Wednesday deadline on a six-nation offer of incentives aimed at dissuading Tehran from uranium enrichment." EU foreign policy chief Javier Solana "had been hoping for a positive reply from Larijani." Meanwhile, "Secretary of State Condoleezza Rice raised anew the possibility of punishment but gave no specifics." Rice said, "We hope that the Iranians choose the path before them for cooperation, but of course we can always return to the other path should we need to."

The Financial Times (7/12, Dombey, Khalaf) adds, "Foreign ministers from the five permanent United Nations Security Council members and Germany will meet in Paris on Wednesday to discuss next steps, but so far the US and the EU have failed to persuade Russia and China to contemplate imposing sanctions on Tehran." A European diplomat said Wednesday's meeting was likely to be 'more straightforward for ministers' because of the general discontent with Iran's response."

The New York Times (7/12, Sciolino, 1.21M) notes that at the talks between Solana and Larijani, diplomats "simply talked past each other, again dashing expectations that the incentives proposal would reinvigorate negotiations. Instead, the talks have stalled." Afterward, "European officials were furious, saying their governments had been lured into talking to Iran while that country was still enriching uranium and while action at the United Nations Security Council was on hold."

Administration Decision To Rely On Diplomacy Faces Test. David Ignatius in his column in the Washington Post (7/12, A15, 748K) writes, "The Bush administration had been expecting an ambiguous Iranian response, and it agreed weeks ago with its allies that anything short of a clear 'yes' would be taken as a 'no.' But for administration officials who had argued for the diplomatic opening to Iran, Tehran's non-response was still a disappointment." Ignatius concludes, "The Bush administration, in the new post-cowboy phase of its diplomacy, has made a big bet on the steadfastness of its friends and allies. It has decided, for now, to rely on the United Nations and its ability to respond seriously to the crisis posed by Iran's nuclear program. The next few weeks will show whether that bet was wise."

WPost Calls For Russia And China To Take Action On Iran. The Washington Post (7/12, A14, 748K) writes in an editorial that after calling for more negotiations, Iran's latest rejection puts the onus on Russia and China who "now have to decide whether to tolerate this prevarication any further. As he hosts the G-8 summit in St. Petersburg this weekend, is Russian President Vladimir Putin going to contribute to the solution of Iran's nuclear crisis? Or will he instead prolong it?"

Israel Expands Incursion Into Gaza. Highlighting the seriousness of the continuing violence in the Mideast, the CBS Evening News (7/11, story 4, 3:35, Schieffer, 7.66M) reported, "The battle in the Gaza Strip is on the verge of blowing wide open tonight." CBS (Logan) added, "the Israeli army has actually confirmed that Israeli ground troops, tanks, and armored personnel carriers have moved into central Gaza. This is the first time since this crisis began just over two weeks ago that they have moved that far into Palestinian territory. And it's clear that this is going to escalate tensions here in Gaza."

The AP (7/11, Barzak) reports, "Israeli tanks and troops moved into southern Gaza early Wednesday in a new phase of a two-week offensive aimed at militants holding a captured soldier and firing rockets, Palestinians and the military said." Meanwhile, the EU "began delivering aid to Gaza in a bid to repair some of the damage. Moderate Palestinian President Mahmoud Abbas said he had received $50 million from the Arab League." The aid will be "delivered under internationally backed funding restrictions that bypass the Palestinian government led by the militant group Hamas."

In a story sympathetic to the plight of Palestinians in Gaza, the New York Times (7/12, Erlanger, 1.21M) in an article titled "Once Again, Gazans Are Displaced By Israeli

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Occupiers" reports the UN Relief and Works Agency "has opened two schools in Rafah to house the displaced people of Shuka and southern Gaza. There are about 1,000 people in 136 families at the two schools, sleeping on thin mattresses in empty classrooms, said Jamal Hamad, an agency spokesman, 'but the numbers are increasing every day.'"

Security Issues To Top G8 Agenda. Knight Ridder (7/12, Douglas) reports, "Energy security is scheduled to be the main formal topic" at the G8 meeting, yet "Bush will be pushing hardest to forge unity on North Korea's missile firings and Iran's nuclear ambitions. His effort could founder, especially if he confronts Putin over Russia's retreat from democratic practices. That could transform the normally routine, heavily scripted G-8 session into an unpredictable affair." He "must walk a fine line," with Putin, "making his point firmly enough to honor his commitment to spreading democracy -- the over-arching theme of his second inaugural address -- but gently enough to not upset the strong-willed Russian, who could be a crucial actor in the months to come." Washington University professor Steven Smith predicts Bush "will be a good guest and will not name issues that will be a problem for his host. … The president has other things that he wants from Putin more than internal changes in Russia. He wants Russia to come through for him on Iran and North Korea."

USA Today (7/12, 6A, 2.27M) in a brief story notes that while the G-8 was initially created to respond to economic issues, "North Korea, Iran and Iraq -- named by Bush in 2002 as the 'axis of evil' -- are expected to be major discussion topics." In 2005, the summit was interrupted by terrorist attacks in London and Russian President Vladimir Putin "plans a heavy police presence for this year's summit at the remote Konstantin Palace outside St. Petersburg. Security plans take into account the possibility that Chechen rebels might try to attack."

Russia Seen As Falling Short Of Expectations After Joining G8. The Washington Times (7/12, Kralev, 88K) reports that while "U.S. officials say Russia has conducted itself 'very professionally' as a G-8 chair so far, and they expect the St. Petersburg summit to be a success," others "say the meetings will expose fundamental differences between Russia and the West." The Times states, "If the White House were deciding today whether Moscow should chair the G-8, the verdict should be 'absolutely not,' said Michael McFaul, a Russia specialist at Stanford University and former colleague of Secretary of State Condoleezza Rice." McFaul said, "Expectations were quite high in 2002, when the decision was made, about Russia's ability to become a contributing member of the club."

Deal On Russian WTO Membership May Be Announced During G8. The Financial Times (7/12, Buckley) reports, "Moscow and Washington are close to a deal on Russian entry to the World Trade Organisation, which could provide the country with cause for celebration at this weekend's Group of Eight summit in St Petersburg." Experts "have speculated that announcing the WTO and Shtokman deals could enable Russia and the US to portray the summit as a success. They could compensate for an otherwise modest package of measures on energy security – the main theme of Russia's G8 presidency – and what may be terse exchanges behind the scenes on Moscow's democratic record."

USTR Headed To Russia. In its "Washington Wire" column on its web site, the Wall Street Journal (7/11, 2.03M) reported, "US Trade Representative Susan Schwab is heading to Moscow today as trade talks with Russia intensify. At issue are the terms of Russia's proposed entry into the World Trade Organization, the Geneva-based body that oversees global trade rules and negotiations. Russia has long coveted membership in the WTO, and US officials are mounting a major effort this week to come to terms on a pact that would allow Russia's bid to go forward. A Schwab spokesman said no deal had been reached, but said Schwab will be flying to Moscow to take the lead in talks ahead of this weekend's summit of leaders of the Group of Eight industrial powers."

US Diplomats Ignore Kremlin Warning Against Attending Pro-Democracy Meeting In Russia. The New York Times (7/12, Chivers, 1.21M) reports that hundreds of civil rights advocates met in Russia to highlight their concerns about the direction President Putin was taking. At the meeting the US "was represented by two senior diplomats: Daniel Fried, the assistant secretary of state for European and Eurasian affairs, and Barry Lowenkron, the assistant secretary of state for democracy, human rights and labor." They did not address the conference but in remarks to Western journalists they "mixed concerns about elements of the Kremlin's rule with reminders that the United States and Russia had a range of shared interests and areas of productive cooperation." Yet "their presence carried an implicit message of support for a wider civil dialogue and a freer society than the Kremlin accepts, and they dismissed Russian warnings about Western attendance."

The Washington Post (7/12, A11, Finn, 748K) reports, "A coalition of opposition figures from across the political spectrum gathered at a Moscow hotel Tuesday to lambaste President Vladimir Putin. The Kremlin warned foreign diplomats not to attend the event -- a caution that was ignored." US diplomat Daniel Fried told the AP, "Let's put it this way: If Russian officials attended a summit organized by the Democrats…the American opposition, we wouldn't regard it as anything other than doing their job."

Administration Accused Of Failing To Respond To Russian Democracy Crackdown. Dick Morris and Eileen

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McGann in an op-ed in The Hill (7/12) write, "While President Bush and Secretary of State Condoleezza Rice content themselves with lamenting 'backsliding' on democracy, the naked truth is that Russia is now as repressive as it was under communism." In response to Putin's crackdowns, "No real pressure is coming from Washington, and Bush's approach is pathetically weak. Putin is buying them off with a commitment to take our used nuclear fuel off our hands and by seductive temporizing over the Iranian nuclear issue. If Bush were to stand up to Putin as President Reagan did to Soviet leader Leonid Brezhnev, Putin would be unable to get away with the mayhem he is undertaking in Russia and its former empire."

LATimes Urges Administration To Adopt Pragmatic Approach To Russia. The Los Angeles Times (7/12, editorializes, "Russia may not be the sterling democracy or reliable friend some had hoped it would become in the aftermath of the Cold War. But neither is it the 'evil empire' it once was. The West needs to prod Putin into seeing areas of common interest, while treating Russia as an important, independent power."

White House Urges Congress To Pass Trade Deals. The Washington Times (7/12, Sparshott, 88K) reports the Bush administration is "pressing Congress to pass at least three trade deals this year, although limited time, November elections and stiff Democratic opposition mean that only one final vote is nearly certain." House lawmakers are expected to vote on a free-trade agreement with Oman as soon as next week, and separate hearings begin today on free trade with Peru and allowing Vietnam into the World Trade Organization. "We're going to get as much as we can get done in July. What we don't get done in July we're going to try and get done in September. What we don't get done in September we're going to get done in a lame duck [session]," said a US trade official told the Times.

Rubin Urges Congress To Support Normal Trade Relations With Vietnam. Robert Rubin, a director of Citigroup, in an op-ed in the Wall Street Journal (7/12, 2.03M) writes that "the U.S. Congress has the opportunity to make a relatively uncontroversial yet major contribution to our economic well-being and national security: adoption of a trade measure called Permanent Normal Trade Relations (PNTR) for Vietnam. Our economy has benefited greatly from relatively open trade and capital markets and openness to immigration. PNTR for Vietnam would be one more step in that direction."

NYTimes Says Colombia Must Respect Workers' Rights Before US Agrees To Trade Deal. The New York Times (7/12, 1.21M) in an editorial writes, "With President Álvaro Uribe of Colombia at his side at the White House last month, President Bush promised action, soon, on a bilateral trade agreement. We strongly support free trade, but before an agreement can be completed, Americans need reassurance that Mr. Uribe's government will do more to protect workers' rights, instead of standing aside as union leaders are systematically killed." The Times adds, "Colombia wants to further cement the special relationship with a free trade agreement. It can begin by treating workers' rights as human rights."

Video Shows No Evidence Of Election Fraud In Mexico. The Wall Street Journal (7/12, De Córdoba, Luhnow, 2.03M) reports, "Mexico's leftist presidential candidate suffered an embarrassing setback yesterday in his push to overturn the contested July 2 presidential election when a piece of ostensible evidence -- a video purportedly showing proof of fraud on election day -- turned out to be innocuous." An election worker "is shown simply depositing three votes for congressional races that voters had mistakenly put in the box for the presidential race."

Calderon Dismisses Snow's Remarks On Border Wall. The Washington Post (7/12, A1, Roig-Franzia, 748K) in a front page story on the Mexican election also reports that during a "wide-ranging interview" Calderon "took exception to remarks made Monday by President Bush's spokesman, Tony Snow, about Calderon's opposition to building more walls on the U.S.-Mexico border. Snow told reporters that the 'last time I checked, Calderon did not have any official authority over the activities of the United States government.'" Caldron said Snow "is someone who does not have the authority to tell me what I should be saying." He "also repeated his contention that the immigration problem 'cannot be solved with walls.' And he said he would rather see 'one kilometer of road built in Michoacan or Zacatecas than 10 kilometers of wall in Texas or California.'" Reiterating his campaign promises, he "said he would try to persuade Canada and the United States to invest in Mexican development projects to create jobs and stem illegal immigration. He also said he planned to stiffen enforcement of Mexico's southern border -- a major gateway for Central American migrants on their way to Washington and other major cities -- by increasing the use of technology, such as sensors."

Two US Diplomats Expelled From Kyrgyzstan. The New York Times (7/12, Greenberg, 1.21M) reports, "The Foreign Ministry confirmed that it had expelled two American diplomats for what it termed inappropriate contact with nongovernmental organizations, the first expulsion of American diplomats in a region where the United States increasingly has been struggling to maintain influence. The American Embassy said in a statement that the expulsions 'are clearly in the interest of those who would wish to harm relations between the Kyrgyz Republic and the United States.'"

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Peruvian President Calls For US Senate To Pass Trade Deal. AFP (7/11) reports, "Outgoing Peruvian President Alejandro Toledo said goodbye to US President George W. Bush at the White House and urged the US Senate to ratify a bilateral trade pact." He "has been lobbying both Democratic and Republican legislators since Monday and said the deal would be ratified before July 28, when his term ends and a US congressional recess begins."

Pro-Democracy Movement Faces Setback In Ukraine. The Christian Science Monitor (7/12, Weir, 58K) reports, "Orange is out, at least for the moment, as Ukraine's political roller coaster seems set to reject at least some results of 2004's pro-democracy revolt and vault Moscow-leaning politician Viktor Yanukovich back into the country's driver's seat." The Monitor continues, "After a week of wild surprises in the 450-seat Supreme Rada, Mr. Yanukovich's Party of Regions announced Tuesday that it had formed a new 'anticrisis coalition,' holding a slender 12-seat majority, with the Communists and the formerly Orange-allied Socialists. Oleksandr Moroz, the Socialist leader, announced that he had forwarded Yanukovich's name to President Viktor Yushchenko as the new coalition's choice for prime minister. Mr. Moroz defected last week from a tentative Orange Coalition and was subsequently elected parliamentary speaker with Regions Party support." Center for Political Information director Alexei Mukhin said, "This news will give Putin a big boost, just before the G-8 summit."

Serbia Opposes Independence For Kosovo. The Washington Times (7/12, Kralev, 88K) reports, "Serbian Prime Minister Vojislav Kostunica told Secretary of State Condoleezza Rice yesterday that Belgrade would not agree to Kosovo's independence, offering instead 'the highest possible autonomy' for the United Nations-run province." The US "has avoided making definitive statements that would prejudge the outcome, but along with other Western countries, it supports the aspirations for independence among Kosovo's ethnic Albanian majority. Russia has sided with Serbia." And Serbian Prime Minister Vojislav Kostunica writes in an op-ed in the Washington Post (7/12, A15, 748K), "Depriving a democratic country of a part of its territory simply because one ethnic group that has aspirations for that territory threatens violence is impermissible, not only morally but also from the perspective of historical experience. Indeed, tragic occurrences have taught mankind that a policy of appeasement toward those who threaten force only opens the way to more and even greater violence."

China Releases Religious Filmmaker. The Wall Street Journal (7/12, Fowler, 2.03M) reports, "Hao Wu, a Chinese independent filmmaker and blogger arrested by Beijing police in February, was released from detention yesterday, according to a post on the Web log of his sister, Nina Wu." His "friends and family have said they believe he was detained over his work on a documentary film about Christian churches that aren't recognized by the Chinese government. Lawyers representing detained underground-church leaders say crackdowns have been increasing in recent months, amid a more general tightening of restrictions by Chinese authorities on some Internet and media activities."

Chinese Children Using Internet To Complain About Parent's Treatment. The Wall Street Journal (7/12, Fowler, Qin, 2.03M) reports, "In April, a vocal group of Chinese Internet users banded together to speak out against oppression and censorship. They posted a list of 10 'outrageous and intolerable crimes' on a popular Web site." They were all posted "by children, and they were rebelling against their parents." It "raises a potent question: Will some kids make a jump from discussing 'democracy' within the family to democracy in the state?"

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"L.A. In Peril Of Another Rampart Scandal, Panel Finds."
"Administration Says It's Meeting Geneva Convention Standard."
"Laws For An Outlaw Culture."
"Marines Try Lighter Touch In Ramadi."
"Immigration Hard-Liners On A High."
"India Calls For Calm As Rail Bombings Kill At Least 190."

USA Today:
"TV Brings High Fashion Down To The Everyday."
"Fliers Headed To USA Face Scrutiny."
"More Schools Test For Drugs."

New York Times:
"White House Says Terror Detainees Hold Basic Rights."
"Series Of Bombs Explode On 7 Trains In India, Killing Scores."
"Wave Of Violence In Baghdad Puts 3-Day Death Toll Past 100."
"Olympics Imperil Historic Beijing Neighborhood."
"Once An Enemy, Health Industry Warms To Clinton."
"Come One, Come All, Join The Terror Target List."

Washington Post:
"U.S. Shifts Policy On Geneva Conventions."
"Police Chief Declares D.C. Crime Emergency."
"House Passes Bill To Restrict Internet Poker."
"Army To End Expansive, Exclusive Halliburton Deal."

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"Calderón Says He Would Accept Partial Recount."
"Ballet School Founder With An Eye For Talent."

Washington Times:
"Blast Kills 147 In Bombay."
"Geneva Cover For Gitmo Detainees."
"'06 Projected Federal Deficit Falls To $296 Billion."
"Maryland Utilities Designated Near Junk."
"St. Petersburg Gets Gussied Up For Guests."
"When 'Open' Gets A New Definition."
"'Obsessed' Bag Ladies."

Detroit Free Press:
"GM's Wagoner Speaks Out."
"Google Brings In New Jobs And Hope."
"Dog Buyers Beware."
"Hunt For Poultry Raises Flu Concern.""

Atlanta Journal-Constitution:
"Pass Or Fail? Parents Find Out."
"Bombs Shred Indian Trains."
"Thrashers, Hawks Freed Of Shackles On Player Deals."
"Bush Concedes Terror Detainee Rights Under Geneva Conventions."

Houston Chronicle:
"U.S. Accepts Rights For Detainees."
"O'Brien Executed For Rape-Murders."
"Coordinated Blasts On Railway Kills Scores."
"Army To End Its Exclusive Deal With Halliburton."
"Novak: Rove A Source For Column That Led To CIA Leak Probe."

Story Lineup From Last Night's Network News:
ABC: India-Train Attacks; Bush Administration-Terror Detainees; Iraq Violence; Afghan Drug Trade; Prescription Drugs-Cancer Patients; Bush-Deficit; American Saving Habits; Advertiser-Sponsored Weddings.
CBS: India-Train Attacks; Bush Administration-Terror Detainees; State Department Security Breach; Israel-Gaza Offensive; Bush-Deficit; Prescription Drugs-Cancer Patients; Gas Prices; Iraq Violence; US Soldiers-Personality Disorders; New York-Klimt Painting.
NBC: India-Train Attacks; India Attacks-Analysis; Bush Administration-Terror Detainees; Iraq Violence; Gas Prices; Bush-Deficit; Stock Markets; Women-Lung Cancer; G-8 Summit-Putin; Boston-Tunnel Collapse; Mothers-Workplace Hours.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: India-Train Attacks; Chicago-Subway Derailment; Israel-Gaza Attack; Rumsfeld-Iraq; Military Tribunals; Space Shuttle Mission.
CBS: Chicago-Subway Derailment; India-Train Bombings; New York City-Subway Security; Israel-Gaza Attack; House-Internet Gambling; MLB All-Star Game.
NPR: India-Train Attacks; CA-Wildfire; Europe-Microsoft Sanctions; Wall Street; Senate-Port Security; SwissRe-Job Cuts.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — The President and The First Lady depart the White House via Marine One, on firest leg of trip to Rostock-Laage Airport, Rostock, Germany, where they will arrive at 9:50 a.m. local time.

VICE PRESIDENT CHENEY — Unavailable

US Senate:

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on multilateral development banks and infrastructure projects. Assistant Treasury Secretary Clay Lowery; Jaime Quijandria, World Bank; Carlos Herrera Descalzi, National Engineers Association of Peru; Korinna Horta, Environmental Defense; Manish Bapna, Bank Information Center. Location: Room 419, Dirksen.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Hearing on acknowledgement of the Lumbee Tribe of North Carolina. Location: Room 485, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on immigration issues. Commerce Secretary Gutierrez; Michael W. Cutler, Center for Immigration Studies; Ben Johnson, Immigration Policy Center; William McDonald, Georgetown University Law Center; Niall O'Dowd, The Irish Lobby for Immigration Reform, New York. Location: Room 226, Dirksen.

10 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full committee. Hearing on dairy programs at the Dept. of Agriculture. Location: Room 328-A, Russell

10 a.m. FINANCE _ Full committee. Meets to hear testimony on S.3495 - a bill to authorize the extension of normal trade relations treatment to the products of Vietnam. Deputy USTR Karan K. Bhatia; Eric John, Deputy Assistant Secretary of State; Jon Caspers, former President, National Pork Producers Council; Christian Schlect, President, Northwest Horticultural Council; Jeffrey R. Shafer, Citigroup Global Markets; Augustine D. Tantillo, American Manufacturing Trade Action Coalition; Chris Seiple, President, Institute for Global Engagement; T. Kumar, Amnesty International; Virginia B. Foote, President, U.S.-Vietnam Trade Council. Location: Room 215, Dirksen

10:30 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Confirmation hearing on pending nominations. Location: Room 538, Dirksen.

10:30 a.m. SMALL BUSINESS AND ENTREPRENEURSHIP _ Full committee. Hearing on ways

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to strengthen participation of small businesses in federal contracting and innovation research programs. Location: Room 428-A, Russell

US House:

10 a.m. FLOOR SCHEDULE _ Convenes for legislative business. Highlights: H.R. 2990 - Credit Rating Agency Duopoly Relief Act of 2006.

10 a.m. ARMED SERVICES _ Full Committee. Hearing on standartds of military commissions and tribunals. Acting Assistant Attorney General Steven Bradbury; Principal Deputy General Counsel Daniel Dell'Otyo of the Defense Department; former Solicitor-General Theodore Olson; retired Rear Adm. John Hutson, dean, Franklin Pierce Law Center. Location: Room 2118, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Markup of pending legislation, including, H.R. 2567, the Antifreeze Bittering Act; H.R. 4591, the Stockholm and Rotterdam Toxics Treaty Act; and H.R. 5337, the Reform of National Security Review of Foreign Direct Investments Act. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Financial Institutions and Consumer Credit Subcommittee. Hearing on industrial loan companies. Scott G. Alvarez, General Counsel, FRB; Douglas H. Jones, Acting General Counsel, FDIC; G. Edward Leary, Commissioner for the Utah Department of Financial Institutions; Rick Hillman, GAO; George Sutton, former Commissioner for the Utah Department of Financial Institutions; Terry Jorde, Chairman, President/CEO, CountryBank USA; attorney John L. Douglas. Location: Room 2128, Rayburn.

10 a.m. RESOURCES _ Water and Power Subcommittee. Hearing on HR 3558, Cheyenne River Sioux Tribe Equitable Compensation Act; HR 5282, Southern California Desert Region Integrated Water and Economic Sustainability Plan Act; HR 5299, Fort McDowell Indian Community Water Rights Settlement Revision Act of 2006; HR 5715, A bill to make amendments to the Reclamation Projects Authorization and Adjustment Act of 1992. Location: Room 1324, Longworth

10:30 a.m. EDUCATION AND THE WORKFORCE _ Full Committee. Hearing on the No Child Left Behind law which is scheduled to be reauthorized next year. Keith Buchanan, Fairfax County, Va. Public Schools; Margaret McLeod, District of Columbia Public Schools; Kristine Neuber, George Mason University; Rachel Quenemoen, National Center on Educational Outcomes, University of Minnesota; Don Soifer, Lexington Institute, Arlington, Va. Location: Room 2175, Rayburn.

10:30 a.m. JUDICIARY _ Full committee. Markup of legislation: H.R. 2965, A bill to amend Title 18, United States Code, to require Federal Prison Industries to compete for its contracts, and other purposes. HR 1704, Second Chance Act of 2005: Community Safety Through Recidivism Prevention or the Second Chance Act of 2005. HR 1369, A bill to prevent certain discriminatory taxation of natural gas pipeline property. HR 4772, Private Property Rights Implementation Act of 2005. HR 4132, Law Enforcement Cooperation Act of 2005. Location: Room 2141, Rayburn

10:30 a.m. WAYS AND MEANS _ Full committee. Hearing on the implementation of the U.S.-Peru Trade Promotion Agreement. Everett Eissenstat, Assistant U.S. Trade Representative for the Americas, and others. Location: Room 1100, Longworth

1 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Economic Development, Public Buildings and Emergency Managemewnt Subcommittee. Hearing on reauthorization of the applachian Regional Commission and proposals to create more, similar agencies. Anne B. Pope, federal co-chairman, Appalachian Regional Commission; Steve Robertson, commissioner, Governor's Office for Local Development, State of Kentucky; Edward Silvetti, executive director, Southern Alleghenies Planning and Development Commission, National Association of Development Organizations; Jonathan Daniels, president and CEO, Eastern Main Development Corp.; Albert A. Delia, East Carolina University; Jake Brisbin Jr., executive director, Rio Grande Council of Governments. Location: Room 2253, Rayburn.

2 p.m. FINANCIAL SERVICES _ Oversight and Investigations Subcommittee. Hearing on the GAO's viewpoint on diversity. Location: Room 2128, Rayburn.

2 p.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Oversight hearing on areas of vulnerability in the nation's electricity supply system this summer. FERC Chairman Joseph T. Kelliher; Yakout Mansour, President and CEO, California Independent System Operator; Mark S. Lynch, President and CEO, New York Independent System Operator; Pete Brandien, Vice President of System Operations, ISO New England; Phyllis E. Currie, General Manager, Pasadena Water and Power. Location: Room 2154, Rayburn.

2 p.m. HOMELAND SECURITY _ Management, Integration and Oversight Subcommittee. Hearing on lessons learned in fraud detection, prevention and control from federal 9/11 assistance to New York. Location: Room 311, Cannon.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Aviation Subcommittee. Oversight hearing on ``Reforming the Wright Amendment." Michael Cirillo, FAA; Dallas Mayor Laura Miller; Fort Worth Mayor Mike Moncrief; Gerard Arpey - chairman and CEO, American Airlines; Herb Kelleher, chairman of the board, Southwest Airlines; Kevin Cox, chief operating officer, Dallas/Fort Worth International Airport. Location: Room 2167, Rayburn

2:30 p.m. SELECT INTELLIGENCE _ Closed briefing on intelligence matters. Location: Room 219, Hart.

DOJ_NMG_0040127

3 p.m. RULES _ Full Committee. Meeting to set rules for floor debatefor the Voting Rights Act Reauthorization bill. Location: Room H-313, Capitol.

Other:

July 11 - 12. PERUVIAN PRESIDENT ALEJANDRO TOLEDO Highlights: 10 a.m. Holds a press conference. National Press Club.

July 8 - 12. CANCER CONFERENCE _ The International Union Against Cancer and the American Cancer Society hold the 2006 World Cancer Conference, international cancer and tobacco control conferences.

July 11 - 12. HUGGING SAINT _ Humanitarian and Indian mystic Mata Amritanandamayi, better known as ``Amma" or ``The Hugging Saint," visits Washington and holds events to meet members of the public.

July 11 - 12. SOY ISSUES SUMMIT _ The American Soybean Association hosts a Capitol Hill Soy Issues Summit.

STUDENT PROGRESSIVES CONFERENCE _ The Center for American Progress hosts the 2nd annual Campus Progress National Student Conference. Sessions on policy, communications, media skills, and networking for students working to provide progressive voices on college campuses.

July 12 - 14. BLACK CHURCH SEXUALITY CONFERENCE _ The Religious Coalition for Reproductive Choice sponosrs the 10th annual National Black Religious Summit on Sexuality. Three days of workshops and discussion on teen pregnancy prevention, faith-based sexuality, domestic violence, HIV/AIDS, teen leadership, family life and other topics. Location: Howard University School of Divinity, 1400 Shepherd St. NE.

July 12 - 15. SISTER CITIES CONFERENCE _ Sister Cities International 50th anniversary conference on citizen diplomacy. Speakers and workshops on international city-to-city partnerships. In conjunction with the Inaugural National Summit on Citizen Diplomacy, sponsored by the Coalition for Citizens Diplomacy. Location: Hyatt Regency-Washington on Capitol Hill, 400 New Jersey Ave. NW

July 12 - 15. WORLD CONFERENCE ON TOBACCO OR HEALTH _ Three day convention on building a tobacco-free world. Workshops and session on tobacco control and regulation, the human cost of tobacco, smoking prevention, and the tobacco industry. Location: Washington Convention Center, Mt. Vernon Square.

9 a.m. - 2 p.m. TRADE DEFICIT _ The AFL-CIO and the U.S. Business and Industry Council hold a conference on the nation's trade deficit.

11 a.m. - 2 p.m. CHINA-ENERGY _ The Worldwatch Institute and the Heinrich Boll Foundation hosts a discussion on the foreign policy implications of China's energy policy. With Jurgen Trittin, vice chairman, German Parliament group of Alliance 60/The Greens; Minxin Pei, senior associate, China Program, Carnegie Endowment for International Peace; and others. Location: Room 2325, Rayburn

9 a.m. - 12 p.m. DIVERSITY-WOMEN _ Members of the Bush Cabinet, House, and Senate salute diversity and mark the release of WOW! Facts 2006, a compendium of demographic data on women and minorities. With Sen. Hillary Clinton; Sen. Ted Stevens; Sen. Dianne Feinstein; Secretary of Labor Elaine Chao; EEOC Chairwoman Cari Dominguez; Rep. Ileana Ros-Lehtinen; and others. Location: Room SDG-50, Dirksen

9:30 a.m. NATIONAL GUARD _ The Center for Strategic and International Studies holds a discussion on new study on the future of the National Guard and Reserves, with author Christine Wormuth. Location: B-1 conference level, 1800 K St. NW.

10 a.m. DEMOCRATS-ECONOMY _ House Democratic leadership holds a news conference on the Bush deficit economy. Location: Outside the Cannon Caucus Room.

10 a.m. EDUCATION _ The Information Technology Industry Council holds an RFID educational news briefing. Location: Room 2, Suite 200, 1250 Eye St. NW.

10 a.m. EMERGENCY ALERTS _ The Association of Public Television Stations and the Homeland Security Department hold a demonstration of the new Digital Emergency Alert System. With David Paulson, Director, FEMA. Location: WETA, 3620 S. 27th St., Arlington.

10 a.m. EMERGENCY SERVICES _ The E9-1-1 Institute, the National Emergency Number Association, others, hold a news conference on federal funding for E9-1-1. Participants include Sens. Conrad Burns, Hillary Clinton, Reps. John Shimkus, Anna Eshoo, others. Location: Room 628, Dirksen.

10 a.m. HOUSE REPUBLICANS _ House Republican leadership holds a news conference on ``protecting American values." Location: Stakeout area outside the Capitol Hill Club.

10 a.m. - 11:30 a.m. COLUMBIA _ Andres Pastrana, former president of Columbia and current Columbian Ambassador to the U.S., speaks on ``Columbia: Challenges for the 2nd Uribe Administration." With commentary by Phillip McLean, professor, George Washington University. Location: Kendall Auditorium, GWU, 2201 G St. NW

12 p.m. FOREIGN AREA OFFICERS _ The Army opens a Foreign Area Officer media discussion to the media as Operation Iraqi Freedom and other programs are discussed.

Location: Room 1E462, Pentagon.

12 p.m. LAZEAR-ECONOMY _ Edward Lazear, chairman of the Council of Economic Advisors, speaks at the National Economists Club luncheon on American productivity. Location: Chinatown Garden Restaurant, 618 H St., N.W.

DOJ_NMG_0040128

12 p.m. OIL INDUSTRY _ Former Rep. Geraldine Ferraro holds a brieing on a pending lawsuit dealing with business, the energy industry, foreign policy and overseas investments. Location: Room 2218, Rayburn.

12 p.m. - 1 p.m. WORLDWATCH-VITAL SIGNS _ The Worldwatch Institute holds a teleconference to present findings from Vital Signs 2006-2007, trends and indicators on topics such as climate change, world population, energy, transgenic crops, HIV/AIDS, trade, production and Internet use. With Christopher Flavin, president, and Erik Assadourian, research associate, Worldwatch.

1 p.m. SERBIA-KOSTUNICA _ Vojislav Kostunica, President of the Republic of Serbia, speaks on Serbia-U.S. bilateral relations and Serbia's European future. Location: National Press Club, 14th and F Sts. NW

2 p.m. VIRGINIA INDIAN CHIEFS-JAMESTOWN _ Eight Virginia Indian Chiefs and a delegation of 60 Virginia Indians hold a news conference and departure ceremony as they leave for London to mark the 400th anniversary of Jamestown, Virginia. Location: National Museum of the American Indian. 4th St. and Independence Ave., SW.

3:30 p.m. BUSINESS-DIPLOMACY _ President Keith Reinhard of Business for Diplomatic Action speaks to the National Summit on Citizen Diplomacy. Location: Hyatt Regency-Washington on Captiol Hill, 400 New Jersey Ave. NW

5:30 p.m. VOTING RIGHTS _ The Black Leadership Forum and the National Coalition on Black Civic Participation lead a vigil calling on Congress to quickly pass the Voting Rights Act Reauthorization bill. Location: In front of the Longworth building, New Jersey Ave. and S. Capitol St.

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Block, Jonathan

From:	Block, Jonathan
Sent:	Wednesday, July 12, 2006 8:53 AM
To:	Gorsuch, Neil M
Cc:	Scolinos, Tasia
Subject:	FW: DoD Update - England Detainee Treatment Memo
Attachments:	07-11-06 England Detainee Treatment Memo.doc

Neil,

Tasia asked that I pass this DOD memo along to you.

Please let me know if there is anything else I can do.

Jonathan

-----Original Message-----
From: Scolinos, Tasia
Sent: Tuesday, July 11, 2006 6:20 PM
To: Block, Jonathan
Subject: FW: DoD Update - England Detainee Treatment Memo

US Department of Defense

DoD Update: July 11, 2006 – England Detainee Treatment Memo

- **A Department of Defense memorandum from Deputy Secretary of Defense Gordon England reiterates Department of Defense policy that detainees held by the U.S. military shall be treated humanely and orders commanders to review their practices to ensure they are in compliance.**
  - The memorandum does not reverse DoD policy. Humane treatment has always been the standard for detention and interrogation operations of the Defense Department.
  - The memorandum underscores the department's standing policy of treating detainees humanely, but emphasizes that it is now also a matter of law.

- **The July 7, 2006, memorandum does two things for commands and departments with detention responsibilities:**
  - First, it assesses that existing Defense Department directives, regulations, polices, practices and procedures in existence do comply with Common Article 3 of the Geneva Conventions of 1949.
    - The essence of Common Article 3 is humane treatment.
    - The memorandum requires those commands and departments with detention responsibilities to review and report back that they are complying.

  - Second, the memorandum informs these commands and departments that the June 29, 2006, Supreme Court *Hamdan* ruling determined that Common Article 3 applies as a matter of law to the conflict with al Qaeda.
    - The court found that military commissions as they are currently constituted by the Defense Department regarding detainees at U.S. Naval Base Guantanamo Bay are not consistent with Common Article 3, in essence ruling that military commissions for detainees charged with war crimes would violate the Geneva Conventions.
    - The court did not say that the full protections of the Geneva Conventions apply to al Qaeda or the Taliban; rather, it limited its ruling to Common Article 3.
    - The Supreme Court decision directly affects only 14 detainees at Guantanamo Bay. Ten already were facing commissions on charges of violating the laws of war. Ultimately 40 to 80 detainees who are expected to be charged in the future could be affected.
    - The Administration has indicated in a very strong way that it is going to abide by the Supreme Court decision.

- **As a practical matter, the England memorandum does not change the way in which individual service members are expected to carry out their duties and responsibilities with detention operations or interrogation operations because the doctrine, policies, instructions and procedures that have been in effect have always had humane treatment as their standard.**
  - Except for military commission procedures, all other DoD orders, policies and doctrine comply with Common Article 3, including U.S. Army Field Manual 34-52, "Intelligence Interrogation;" DoD Directive 3115.09, "DoD Intelligence Interrogation, Detainee Debriefings and Tactical Questioning;" DoD Directive 2311.01E, "DoD Law of War Program," and DoD Instruction 2310.08E, "Medical Program Support for Detainee Operations." (link: American Forces Information Service story on www.dod.mil)

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 8:56 AM
To: Block, Jonathan
Subject: Re: DoD Update - England Detainee Treatment Memo

Thx!

-----Original Message-----
From: Block, Jonathan
To: Gorsuch, Neil M
CC: Scolinos, Tasia
Sent: Wed Jul 12 08:52:51 2006
Subject: FW: DoD Update - England Detainee Treatment Memo

Neil,

Tasia asked that I pass this DOD memo along to you.

Please let me know if there is anything else I can do.

Jonathan

-----Original Message-----
From: Scolinos, Tasia
Sent: Tuesday, July 11, 2006 6:20 PM
To: Block, Jonathan
Subject: FW: DoD Update - England Detainee Treatment Memo

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 10:18 AM
To: Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); Scolinos, Tasia; McNulty, Paul J; McCallum, Robert (SMO)
Subject: DoD Memo on Geneva
Attachments: england tps.doc

Attached is a first draft of some potential talking pts on the DoD Memo, per our discussion with the AG this morning. I'd appreciate your input. Obviously, these are close hold, not for dissemination. Thanks.

DRAFT - DRAFT - DRAFT

DOD Secretary England Memo Talking Points

- We are *not* giving al Qaeda the protections of POW status under the Geneva Conventions. The England Memo discusses only Art. 3's minimal humanitarian protections applicable even to those not entitled to POW status.

- Al Qaeda unlawful enemy combatants are not entitled to POW status. They have nothing but contempt for the laws of war and the Geneva Conventions. They kidnap relief aid workers, behead contractors, journalists, and U.S. military personnel, and bomb religious shrines, wedding parties, and restaurants. They openly mock the rule of law, the Geneva Conventions, and the standards of civilized people everywhere.

- There's nothing really new about the England Memo. Since February 2002, the President instructed the USG as a matter of policy to follow Art. 3, consistent with military necessity. The England Memo merely draws attention to the Supreme Court's decision that held Art. 3 applies to al Qaeda not just as a matter of policy but as a matter of law.

- DoD detainees at GTMO *already* receive treatment complaint with Art. 3. DoD treats detainees at GTMO humanely and with respect -- much better, in fact, than Art. 3 requires. At Tuesday's Senate Judiciary Committee hearing, Senator Durbin commented on this fact based on his recent trip to GTMO.

- The England Memo was designed merely to alert the field to the Supreme Court's decision that Art. 3 now applies, after the Supreme Court's ruling, not just as a matter of policy but also as a matter of law. The Supreme Court has spoken and, under our rule of law, we follow its rulings.

- The Supreme Court's decision that Art. 3 applies as a matter of law to our men and women in the Armed Forces makes it critical to be clear about exactly what is required. Terms like "outrages upon personal dignity" are susceptible of different interpretations. And once Art. 3 applies as a matter of law, we are obligated -- absent a Congressional statute -- to look to how other countries interpret its terms. So a judge in another country could decide that something is an "outrage" and potentially influence what constitutes criminal behavior for American troops.

- To ensure that our Armed Services operate under clear standards now that the Supreme Court has spoken, it is imperative that Congress address this issue.

- Congress has before it several options. One might be to make clear that the terms of Art. 3 and the terms of the McCain Amendment mean the same thing. Our troops have long complied with the rules set forth in the McCain Amendment for humane treatment of detainees ("cruel, inhumane, degrading treatment") and

understand their obligations under its terms. Another option might be to make clear that the term "international" armed conflict in Art. 3 includes our global fight on al Qaeda.

- We stand ready to work with Congress to help clarify the situation for our troops in the aftermath of the Supreme Court's decision.

From: Ames, Andrew
Sent: Wednesday, July 12, 2006 10:24 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: Civil Division News 7/12/06

Appeals Court Removes Judge from Indian Trust Fund Case; The government is also reprimanded for what justices call 'deplorable' money mismanagement

Appeals Panel Removes Judge Presiding Over Indian Lawsuit

Federal judge removed from Indian trust case

Lawyer takes on Bush, feds for widow of slain reporter

Press Release: Odyssey HealthCare Agrees To Pay $13 Mln To Settle Federal Investigation

Haleyville couple to pay $3.14 million to settle fraud claims

San Francisco reviews AT&T contracts

Los Angeles Times

July 12, 2006

Appeals Court Removes Judge from Indian Trust Fund Case; The government is also reprimanded for what justices call 'deplorable' money mismanagement

By Henry Weinstein
Times Staff Writer

A federal appeals court on Tuesday removed a judge in Washington from a long-running, contentious legal battle between American Indians and the Interior Department, concluding that the judge was prejudiced against the government. At the same time, the court blasted Interior officials for their "deplorable record" in managing trust money for Indians.

In its 3-0 ruling, the U.S. Court of Appeals for the District of Columbia Circuit noted that it had reversed U.S. District Judge Royce C. Lamberth eight times in the case and that this record, combined with harsh language Lamberth had used to describe the Interior Department and its officials, warranted the "extraordinary" step of removing him from the case.

The action came in the case of the Indian Trust Fund, which was established more than a century ago to hold and distribute fees from oil, grazing, drilling and logging leases on 11 million acres of land west of the Mississippi River.

DOJ_NMG_0040136

Government reports show that the trust fund has been plagued with problems since at least 1915. The fund is believed to generate about $500 million a year on behalf of about 500,000 individuals, though lost or mismanaged records have made a complete accounting difficult. Lawyers for the American Indians said government mismanagement had cost their clients billions of dollars.

In its decision Tuesday, the appeals court reversed a July 2005 decision by Lamberth ordering that correspondence from the Interior Department to beneficiaries of the disputed trusts include a disclaimer saying information from the government about the trust "may be unreliable." The judges agreed with government attorneys that Lamberth's order exceeded his authority.

Appellate Judge David S. Tatel, writing for the court, quoted some of Lamberth's rulings in the case, including this one from July 2005:

"For those harboring hope that the stories of murder, dispossession, forced marches, assimilationist policy programs, and other incidents of cultural genocide against the Indians are merely the echoes of a horrible, bigoted government past that has been sanitized by the good deeds of more recent history, this case serves as an appalling reminder of the evils that result when large numbers of the politically powerless are placed at the mercy of institutions engendered and controlled by a politically powerful few."

Government attorneys argued, "No reasonable observer would believe that a court that has viciously and baselessly denounced a Cabinet department and its leadership as villainous racists could properly oversee its activities and adjudicate further claims."

Lawyers for the American Indians opposed the motion to remove Lamberth, saying the judge's comments were justified.

But the appeals court said that Lamberth's views had become "so extreme as to display clear inability to render fair judgment," and that removal "is essential to preserve both the appearance and reality of fairness."

Nonetheless, Tatel emphasized that the "Interior's deplorable record deserves condemnation in the strongest terms. Words like 'ignominious' and 'incompetent' " — used by Lamberth — "and 'malfeasance' and 'recalcitrance' " — used by the appeals court in earlier decisions — "are fair and well-supported by the record."

Tatel reiterated a 2001 appeals court ruling that, "The federal government has failed time and again to discharge its fiduciary duties" to the American Indians, "resulting in a serious injustice that cries out for redress."

In Tuesday's ruling, he emphasized, "No remedy is in sight." He urged the two sides to make a "fresh start" toward resolving the case.

The plaintiffs have indicated a willingness to settle the case and have been working with Senate Indian Affairs Committee Chairman John McCain (R-Ariz.) to reach a resolution.

END

New York Times

July 12, 2006

Appeals Panel Removes Judge Presiding Over Indian Lawsuit

By JOHN FILES

WASHINGTON, July 11 — A federal appeals panel on Tuesday ordered the removal of the judge from a decade-long lawsuit involving trust accounts that the Interior Department administers for Indians.

The panel found that the judge, Royce C. Lamberth of Federal District Court here, lacked objectivity and ordered the case reassigned.

“Reasonable observers must have confidence that judicial decisions flow from the impartial application of law to fact, not from a judge’s animosity toward a party — we conclude, reluctantly, that this is one of those rare cases in which reassignment is necessary,” the court said. “Our ruling today presents an opportunity for a fresh start.”

The unanimous panel of the United States Court of Appeals for the District of Columbia Circuit was made up of Judges Laurence H. Silberman, Janice Rogers Brown and David S. Tatel.

The trust dispute stems from a suit filed in 1996 by Elouise Cobell, a banker and a Blackfoot from Montana, on behalf of nearly 500,000 Indians who say the government has squandered more than $100 billion in grazing, energy and mineral royalties from Indian lands.

Judge Lamberth had consistently sided with the Indians, holding two former interior secretaries, Gale A. Norton and her predecessor in the Clinton administration, Bruce Babbitt, in contempt for failing to account for the money.

Judge Lamberth issued a ruling last July that called the Interior Department a dinosaur, adding that it was “the morally and culturally oblivious hand-me-down of a disgracefully racist and imperialist government that should have been buried a century ago.”

The Justice Department asked in August that another judge be assigned, contending that Judge Lamberth had been an obstacle.

In 1994, Congress passed the American Indian Trust Fund Management Reform Act, requiring the department to account for all the money in the fund. The Indian plaintiffs, who offered to settle the case last year, are working with the Senate Indian Affairs Committee to reach a pact with the government.

END

AP

July 12, 2006

Federal judge removed from Indian trust case

By JENNIFER TALHELM

Associated Press Writer

WASHINGTON_Federal Judge Royce Lamberth has long been known for speaking his mind _ most notably in rulings siding with American Indians in their battle with the government over their trust funds.

But Lamberth went a step too far, an appeals court said Tuesday, citing one particularly harsh decision last July in which he accused the government of racism.

In a rare move, a panel of judges from the U.S. Court of Appeals for the District of Columbia Circuit ordered Lamberth removed from the 10-year-old Indian trust case, saying he had lost his objectivity.

"We conclude, reluctantly, that this is one of those rare cases in which reassignment is necessary," the judges wrote in a decision reversing two other Lamberth rulings.

When he lambasted the Interior Department in a decision last July, the government petitioned to remove him from the case, arguing he was too biased to continue.

The department, Lamberth wrote in the opinion, "is a dinosaur _ the morally and culturally oblivious hand-me-down of a disgracefully racist and imperialist government that should have been buried a century ago."

Writing for the three-judge panel, Circuit Judge David Tatel said Lamberth was understandably frustrated. But the July decision _ combined with eight rulings the court said were evidence of bias _ went too far, Tatel wrote.

Lamberth did not immediately return a call to his office for comment.

Led by Blackfeet Indian Elouise Cobel, the plaintiffs claim the government has mismanaged oil, gas, timber and other royalties from their lands since 1887 costing them tens of billions of dollars.

Her lawsuit was filed in June 1996 and was assigned to Lamberth, a conservative Reagan appointee from Texas. Over the past decade, Lamberth has surprised many with his severe rulings accusing the government of malfeasance and incompetence in its dealings with Indians.

The case has bounced between the district and appeals courts. Lamberth has held interior secretaries Gale Norton and Bruce Babbitt in contempt and twice ordered the Interior Department to disconnect its computers.

Many of his decisions have been overturned by the appeals court, including the contempt charge against Norton.

Lawyers familiar with Lamberth say he is known for holding the government to a high standard, a principle he developed in the U.S. Attorney's office and later as a judge overseeing wiretap warrants for the U.S. Foreign Intelligence Surveillance Court.

But they also said he had become very invested in the Indians' case.

Tatel wrote that the appellate ruling "presents an opportunity for a fresh start" and urged both sides to work on a solution.

Interior officials said they look forward to moving on.

But Cobell said the plaintiffs will appeal part of the decision. She added: "With any new judge, we will continue to prevail."

Congress may ultimately decide the case, however. The plaintiffs have offered to settle, and are working with Senate Indian Affairs Committee Chairman John McCain, R-Ariz., to come up with an amount.

Joining Tatel in the ruling were Circuit Judge Janice Rogers Brown, appointed by President George W. Bush, and Senior Circuit Judge Laurence H. Silberman, appointed by President Ronald Reagan. Tatel was appointed by President Bill Clinton.

END

Herald News (Hackensack, NJ)

July 12, 2006

Lawyer takes on Bush, feds for widow of slain reporter

By HEATHER HADDON
HERALD NEWS

A Clifton attorney has been chosen to try a lawsuit pegging the federal government as responsible for the high-profile death of a Palestinian journalist in Iraq in April 2003.

Hamdi M. Rifai, a local trial attorney, filed a notice of claim on Tuesday against the U.S. Department of Defense and President Bush, in his capacity as commander in chief, for the death of Tareq Ayyoub. A correspondent for the Al-Jazeera satellite television network, Ayyoub was killed in a U.S. attack while reporting from the TV station's offices in Baghdad.

Rifai was selected earlier this year by Ayyoub's widow, Dima Tahboub, to handle the case. The suit is petitioning for $30 million in compensation for Ayyoub's death.

Rifai would not say why Tahboub chose him, but he has previously taken on controversial cases of a more local nature on behalf of the Arab-American community. In 2004, Rifai represented Abdulrahman Odeh, who was arrested for running the Paterson office of a charity suspected of funneling money to Palestinian militants. He also filed a discrimination suit against Marriott International in 2002 on behalf of a Bergen County Islamic center.

Aref Assaf, president of the American Arab Forum, a think tank based in Paterson, supported the litigation. "We welcome the opportunity to see this case resolved and heard by a jury," said Assaf. "It gives credence to the argument that the killing was perhaps intentional."

The U.S. government has argued that the bombing was accidental. The Daily Mirror of London, however, reported last year that President Bush told British Prime Minister Tony Blair that he sought to bomb Al Jazeera's headquarters in Qatar. The account cited a memo leaked to the Mirror from the British government.

Rifai argues that the circumstances around the bombing seem intentional. "These smart bombs don't land miles and miles away from their targets," he said in a telephone interview Tuesday. "Al-Jazeera had previously provided coordinates of their building (to the military)."

While the Notice of Claim cited violations of the Federal Tort Claims Act, Rifai is also arguing that the bombing violated the international Geneva Conventions, which protect civilians in armed conflicts. He said the $30 million figure was an arbitrary amount reflecting punitive damages. Ayyoub was survived by Tahboub, a professor who taught English Literature at the University of Jordan, and Fatima, their 4-year-old daughter.

Rifai said he was awaiting the government response to the claim, and did not expect an immediate settlement. He anticipated that the case would take years.

A spokeswoman for the Department of Defense said they were not aware of the suit. Charles Miller, a spokesman for the Department of Justice, also said he has yet to see it. "Once we've been served, we'll take a look at it and determine how we will respond," Miller said.

END

PRNewswire

Tuesday, July 11, 2006; Posted: 06:36 PM

Press Release: Odyssey HealthCare Agrees To Pay $13 Mln To Settle Federal Investigation

(RTTNews) - Tuesday, Odyssey HealthCare, Inc. (ODSY | charts | news | PowerRating), a provider of hospice care, said it agreed to pay $13 million to settle federal investigations related to US Department of Justice and US Department of Health and Human Services, Office of the Inspector General. The company noted that the investigations were initiated from two whistleblower actions filed under the federal civil False Claims Act. As per the agreement the company has not acknowledged any wrong doing. The company expects to record $13 million charge in the fourth quarter.

Further revealing the terms of the agreement the company said it worked closely with Office of the Inspector general and negotiated a corporate integrity agreement that will enhance its compliance program. In recognition of the effectiveness of its compliance program and the complexities surrounding end of life clinical determinations, the corporate integrity agreement will incorporate a first-of-its kind clinical review protocol that was developed by the Company. As part of its corporate integrity agreement, the clinical review protocol will be administered by Odyssey's clinical affairs and compliance personnel and findings will be verified by an Independent Verification Organization.

Commenting on the settlement, CEO and President Robert Lefton said, "We are pleased to have permanently resolved these matters with the federal government and to have avoided protracted and expensive federal litigation."

Further on, the company stated that it seeks to improve the quality of life of terminally ill patients and their families by providing care directed at managing pain and other discomforting symptoms and by addressing the psychosocial and spiritual needs of patients and their families.

ODSY finished Tuesday's regular trading session at $17.31, down $0.01 or 0.06% on a volume of 231,826 shares.

END

AP

July 12, 2006

Haleyville couple to pay $3.14 million to settle fraud claims

MONTGOMERY, Ala._A Haleyville couple have agreed to pay $3.14 million to the federal government to settle health care fraud claims.

Gerald M. "Max" Burleson and his wife, Frances R. Burleson, agreed to settle the civil charges, the U.S. Attorney's office announced Tuesday.

The Burlesons, who own five pharmacy and medical equipment businesses, were accused in a lawsuit of paying kickbacks to people who improperly referred patients to the couple for medical equipment and respiratory medication. Gerald Burleson was also accused of defrauding Medicare by improperly dispensing prescribed medication.

He has pleaded guilty to criminal health\l "l" care\l "l" fraud\l "l" and drug misbranding charges stemming from the lawsuit. He was sentenced last week to 18 months in prison.

A representative for the Burlesons could not reached for comment Tuesday night.

U.S. Attorney Alice Martin said the government has already collected $2.3 million of the settlement. The balance is expected in 60 days.

"It is critical not only to send offenders to prison but to recover money illegally obtained," she said in a written statement. "This settlement equals twice what these defendants received from submitting false claims to Medicare."

The Burlesons own Haleyville Medical Supplies, Inc., City Pharmacy of Haleyville, Inc., Care Medical of Jasper, Inc., Care Pharmacy, Inc., and Winfield Medical Supply, Inc.

END

AFX

July 12, 2006

San Francisco reviews AT&T contracts

SAN FRANCISCO (AFX) - City officials are examining San Francisco's telecommunications contracts with AT&T Inc. and whether to take action against the company for its alleged cooperation with the National Security Agency, Mayor Gavin Newsom said Tuesday.

'If what I'm reading is true, I've got some serious problems as a San Franciscan, as a taxpayer and as mayor,' Newsom said in interview with The Associated Press. 'And I don't like it.'

A federal lawsuit filed by Internet privacy advocate Electronic Frontier Foundation accuses the telecommunications giant of illegally cooperating with the NSA to make communications on AT&T networks available to the spy agency without warrants. According to the lawsuit, AT&T allowed the NSA to install data-mining equipment in secret rooms at AT&T offices in San Francisco and a handful of other cities.

Last month, the government urged a federal judge to dismiss the suit, saying it threatens to reveal state secrets. The judge's decision is pending.

Newsom said he has asked City Attorney Dennis Herrera to conduct 'fact-finding' on the matter. But the mayor also said he has completed his own compilation of 'all of our current business relationships the city has with AT&T.'

That review, which includes expiration dates and other obligations, 'may be suggestive that if we conclude that this is sincerely problematic, there may be a desire to not just make a symbolic statement of opposition, but to make a substantive one.'

The mayor said he did not know the value of AT&T's contracts with San Francisco. Nor would he provide a timetable for completion of the city attorney's probe.

'I recognize the ability, (from) a local perspective, to perhaps have a little more influence because we do have a strong relationship with AT&T and I'd like to continue that,' he said.

'But I also think it's a two-way street,' Newsom said. 'If you're going do business with us, and San Francisco always has, we say, please help represent the values of the people that are actually purchasing those goods and services, meaning the taxpayers of this city.'

The city attorney has not spoken directly to the NSA about its program, he said. A spokesman for the city attorney said his office does not comment on the existence or progress of investigations.

A spokesman for San Antonio-based AT&T, Michael Coe, declined to comment on the city review or the mayor's remarks.

'Over the span of several decades, AT&T and the city of San Francisco have enjoyed strong partnership,' Coe said in an e-mail message. 'We value this relationship and we look forward to serving the telecommunications needs of the city and its residents in the future.'

The Justice Department has said more than 20 lawsuits have been filed around the country alleging that the phone companies illegally assisted the NSA. But a move to change contracts with AT&T over domestic spying would apparently be the first of its kind by a government entity. Newsom said he knew of no other similar efforts.

New Jersey Attorney General Zulima Farber and other state officials sent subpoenas to five telecoms on May 17, asking for documents that would explain whether telecoms including AT&T supplied customer records to the NSA.

The federal government sued the New Jersey officials last month to stop them from seeking information about telephone companies' cooperation with the National Security Agency.

END

Image not available for this document, ID: 0.7.10316.51090-000001

Engel, Steve

From: Engel, Steve
Sent: Wednesday, July 12, 2006 10:40 AM
To: Gorsuch, Neil M
Subject: Re: DoD Memo on Geneva

Ie, complaint should compliant.

-----Original Message-----
From: Gorsuch, Neil M
To: Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); Scolinos, Tasia; McNulty, Paul J; McCallum, Robert (SMO)
Sent: Wed Jul 12 10:17:55 2006
Subject: DoD Memo on Geneva

Attached is a first draft of some potential talking pts on the DoD Memo, per our discussion with the AG this morning. I'd appreciate your input. Obviously, these are close hold, not for dissemination. Thanks.

Roehrkasse, Brian

From: Roehrkasse, Brian
Sent: Wednesday, July 12, 2006 11:59 AM
To: Gorsuch, Neil M; Scolinos, Tasia; Monheim, Thomas; Blomquist, Kathleen M
Cc: 'Dana_M._Perino@who.eop.gov'
Subject: FW: Questions about Gitmo detainees

AP is working on a story to see what impact the Hamdan decision will have on the following issues. Is there anything we can say here? I tried to steer towards DOD, but apparently Bryan Whitman said these are questions best addressed by 'the lawyers'.

-----Original Message-----
From: MSherman@ap.org [mailto:MSherman@ap.org]
Sent: Wednesday, July 12, 2006 11:43 AM
To: Roehrkasse, Brian
Subject: Questions about Gitmo detainees

Brian,

We're looking for answers to any and all of the following questions, in light of the Hamdan decision and announcement that Geneva Convention common article 3 applies to the Gitmo detainees:

Do we now call them prisoners, not detainees?
Are different interrogation techniques now in order?
Are there any changes in their judicial rights?

Any other specifics you might be able to offer would be welcome.

Thanks,
Mark

The information contained in this communication is intended for the use of the designated recipients named above. If the reader of this communication is not the intended recipient, you are hereby notified that you have received this communication in error, and that any review, dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify The Associated Press immediately by telephone at +1-212-621-1898 and delete this email. Thank you.

Scolinos, Tasia

From: Scolinos, Tasia
Sent: Wednesday, July 12, 2006 12:14 PM
To: Gorsuch, Neil M; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); McNulty, Paul J; McCallum, Robert (SMO)
Subject: RE: DoD Memo on Geneva

These are very helpful. Please let me know when they are cleared within DOJ as I would like to distribute them to the NSC, DOD, and State communicators. Thanks!

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 10:18 AM
To: Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); Scolinos, Tasia; McNulty, Paul J; McCallum, Robert (SMO)
Subject: DoD Memo on Geneva

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<< File: england tps.doc >>

Gorsuch, Neil M

From:	Gorsuch, Neil M
Sent:	Wednesday, July 12, 2006 12:36 PM
To:	Roehrkasse, Brian; Scolinos, Tasia; Monheim, Thomas; Blomquist, Kathleen M; Bradbury, Steve; Engel, Steve; Eisenberg, John
Cc:	'Dana_M._Perino@who.eop.gov'
Subject:	RE: Questions about Gitmo detainees

Adding OLC who should probably craft our response.

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Sent: Wednesday, July 12, 2006 11:59 AM
To: Gorsuch, Neil M; Scolinos, Tasia; Monheim, Thomas; Blomquist, Kathleen M
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Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 12:51 PM
To: Scolinos, Tasia; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); McNulty, Paul J; McCallum, Robert (SMO)
Subject: RE: DoD Memo on Geneva

I've emailed WHCO, NSC and DOD to get their input; will let you know when they clear.

From: Scolinos, Tasia
Sent: Wednesday, July 12, 2006 12:14 PM
To: Gorsuch, Neil M; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); McNulty, Paul J; McCallum, Robert (SMO)
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John_B._Wiegmann@nsc.eop.gov

From:	John_B._Wiegmann@nsc.eop.gov
Sent:	Wednesday, July 12, 2006 12:54 PM
To:	Gorsuch, Neil M
Subject:	FW: DoD Update - England Detainee Treatment Memo
Attachments:	07-11-06 England Detainee Treatment Memo.doc

-

Subject: DoD Update - England Detainee Treatment Memo

Attached please find the most recent DoD Update from the Department of Defense Office of Public Affairs.

Ø A Department of Defense memorandum from Deputy Secretary of Defense Gordon England reiterates Department of Defense policy that detainees held by the U.S. military shall be treated humanely and orders commanders to review their practices to ensure they are in compliance.
* The memorandum does not reverse DoD policy. Humane treatment has always been the standard for detention and interrogation operations of the Defense Department.
* The memorandum underscores the department's standing policy of treating detainees humanely, but emphasizes that it is now also a matter of law.

Ø The July 7, 2006, memorandum does two things for commands and departments with detention responsibilities:
* First, it assesses that existing Defense Department directives, regulations, polices, practices and procedures in existence do comply with Common Article 3 of the Geneva Conventions of 1949.
* The essence of Common Article 3 is humane treatment.
* The memorandum requires those commands and departments with detention responsibilities to review and report back that they are complying.

* Second, the memorandum informs these commands and departments that the June 29, 2006, Supreme Court Hamdan ruling determined that Common Article 3 applies as a matter of law to the conflict with al Qaeda.
* The court found that military commissions as they are currently constituted by the Defense Department regarding detainees at U.S. Naval Base Guantanamo Bay are not consistent with Common Article 3, in essence ruling that military commissions for detainees charged with war crimes would violate the Geneva Conventions.
* The court did not say that the full protections of the Geneva Conventions apply to al Qaeda or the Taliban; rather, it limited its ruling to Common Article 3.
* The Supreme Court decision directly affects only 14 detainees at Guantanamo Bay. Ten already were facing commissions on charges of violating the laws of war. Ultimately 40 to 80 detainees who are expected to be charged in the future could be affected.

* The Administration has indicated in a very strong way that it is going to abide by the Supreme Court decision.

Ø As a practical matter, the England memorandum does not change the way in which individual service members are expected to carry out their duties and responsibilities with detention operations or interrogation operations because the doctrine, policies, instructions and procedures that have been in effect have always had humane treatment as their standard.

* Except for military commission procedures, all other DoD orders, policies and doctrine comply with Common Article 3, including U.S. Army Field Manual 34-52, "Intelligence Interrogation;" DoD Directive 3115.09, "DoD Intelligence Interrogation, Detainee Debriefings and Tactical Questioning;" DoD Directive 2311.01E, "DoD Law of War Program," and DoD Instruction 2310.08E, "Medical Program Support for Detainee Operations." (link: American Forces Information Service story on www.dod.mil)

US Department of Defense

DoD Update: July 11, 2006 – England Detainee Treatment Memo

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Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 12:58 PM
To: 'John_B._Wiegmann@nsc.eop.gov'
Subject: RE: DoD Update - England Detainee Treatment Memo

Thanks, we have those but AG wanted to make some additional pts which I've tried to capture in what I sent through. Would appreciate your review/sign off.

-----Original Message-----
From: John_B._Wiegmann@nsc.eop.gov [mailto:John_B._Wiegmann@nsc.eop.gov]
Sent: Wednesday, July 12, 2006 12:54 PM
To: Gorsuch, Neil M
Subject: FW: DoD Update - England Detainee Treatment Memo

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Warwick, Brian

From:	Warwick, Brian
Sent:	Wednesday, July 12, 2006 2:24 PM
To:	Gorsuch, Neil M
Subject:	Fw: Schumer ltr to Gonzales
Attachments:	Gonzales letter 2.pdf

Neil:

Will has asked if you can draft a response to this letter in advance of the AG's hrg next Tuesday. He sent it out awhile back, but nobody responded and Schumer brought it up during Steve's hrg yesterday.

Let me know

Thanks

Sent from my BlackBerry Wireless Handheld

-----Original Message-----
From: Moschella, William <William.Moschella@SMOJMD.USDOJ.gov>
To: Bradbury, Steve <Steve.Bradbury@SMOJMD.USDOJ.gov>; Warwick, Brian <Brian.Warwick@SMOJMD.USDOJ.gov>; Gorsuch, Neil M <Neil.Gorsuch@SMOJMD.USDOJ.gov>
Sent: Wed Jul 05 15:23:45 2006
Subject: FW: Schumer ltr to Gonzales

We need an answer to this gem before Steve's hearing also.

CHARLES E. SCHUMER
NEW YORK

COMMITTEES:
BANKING
JUDICIARY
RULES
FINANCE

United States Senate

WASHINGTON, DC 20510

July 2, 2006

The Honorable Alberto Gonzales
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Dear Attorney General Gonzales:

I write to urge you, in the wake of the Supreme Court's decision last week in *Hamdan v. Rumsfeld*, to establish an independent commission for the purpose of conducting a top-to-bottom legal review of all of the Administration's ongoing anti-terror measures.

Given the Supreme Court's decision striking down the creation – without Congressional approval – of military commissions to try detainees held at Guantanamo Bay and the existence of various other legal challenges wending their way through the courts, I am growing increasingly concerned about the Administration's stubbornly unilateral approach to these types of issues. The Administration has not only largely ignored the Congress, but has also badly miscalculated how its efforts would be evaluated by the Supreme Court. As the *Hamdan* decision demonstrates, however, attempts by the President to marginalize the other two branches of government threaten to undermine, rather than promote, counter-terrorism efforts.

Accordingly, before another Administration procedure or policy is struck down by the Supreme Court, dealing another potential setback to the war on terror and the prosecution of terrorists, I urge you to establish an independent commission to examine those policies and procedures. Such a commission would ideally be comprised of legal scholars, Administration officials, members of Congress, and distinguished judges, who would be in a position to conduct a comprehensive review of all of the Administration's anti-terror measures to ensure that they follow the law. We should not wait until the Court throws out another program before committing to working together going forward.

I firmly believe that we can prosecute the war on terror in a way that protects both security and liberty. In order to do so, however, we need to sit down and widen the circle beyond a few people in the Administration debating this issue in private.

I appreciate your attention to this matter, and I look forward to your prompt reply.

Sincerely,

Chuck Schumer

Charles E. Schumer
United States Senator

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 3:10 PM
To: Warwick, Brian
Subject: RE: Schumer ltr to Gonzales

I am happy to do so if someone can tell me what our position it! I wonder whether OLC or OLP might wish to draft/have input since this implicates a policy question.

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Sent: Wed Jul 05 15:23:45 2006
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Card, Jean

From: Card, Jean
Sent: Wednesday, July 12, 2006 3:14 PM
To: Gorsuch, Neil M; Scolinos, Tasia
Subject: RE: 07-18-06 senate judiciary hearing2 (2).doc

Thanks, Neil. You put me to shame!
I'm working on my framing document… stay tuned.

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 2:37 PM
To: Scolinos, Tasia; Card, Jean
Subject: 07-18-06 senate judiciary hearing2 (2).doc

Tasia and Jean - This is a very, very rough cut and perhaps too heavy on Hamdan at the expense of TSP and other items. But I thought getting something to you sooner rather than later so that you'd have more time to review/critique/comment/edit. Let me know what you think. NMG

<< File: 07-18-06 senate judiciary hearing2 (2).doc >>

Bucholtz, Jeffrey (CIV)

From: Bucholtz, Jeffrey (CIV)
Sent: Wednesday, July 12, 2006 3:16 PM
To: Gorsuch, Neil M
Subject: Hamdan legislation

Neil: I don't know whether you're the right person to contact about this, but I have a few questions/suggestions on the most recent draft of our bill (or at least the most recent draft that I have; it's dated 7/6). I'll be at the FBI for a meeting from now til about 5; would I be able to stop by to talk to you around 5? Thanks,

Jeff

Warwick, Brian

From: Warwick, Brian
Sent: Wednesday, July 12, 2006 3:17 PM
To: Gorsuch, Neil M
Subject: Re: Schumer ltr to Gonzales

I just cornered Steve and he said he would start it. Thanks for responding. If they still need some help I will come back to you. Thanks!

Sent from my BlackBerry Wireless Handheld

-----Original Message-----
From: Gorsuch, Neil M <Neil.Gorsuch@SMOJMD.USDOJ.gov>
To: Warwick, Brian <Brian.Warwick@SMOJMD.USDOJ.gov>
Sent: Wed Jul 12 15:10:28 2006
Subject: RE: Schumer ltr to Gonzales

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Jeff

Goodling, Monica

From: Goodling, Monica
Sent: Wednesday, July 12, 2006 3:25 PM
To: Goodling, Monica
Subject: The Daily Update: 7/12/06

Hello, folks. When you get a chance, please welcome Rick Beckner to DOJ, who joined the Civil Division as a Deputy Assistant Attorney General this week. Also, for your information, I'm pleased to share some facts regarding the strength of our economy below. The White House's daily update follows. Best, Monica

9 Fast Facts Regarding the Economy:

1. The economy has created **almost 2 million new jobs over the last 12 months** – and more than **5.4 million jobs since August 2003.** There have now been 34 months of consecutive job growth.

2. The **unemployment rate is 4.6 percent,** lower than the average of the 1960s, 1970s, 1980s and 1990s.

3. GDP grew at an annual rate of **5.6 percent** in the first quarter of 2006 – the fastest rate in 2 1/2 years.

4. **Productivity** increased at a strong annual rate of **3.7 percent** in the first quarter.

5. Real hourly compensation rose at a 3.2 percent annual rate in the first quarter.

6. **Real consumer spending** increased at an annual rate of **5.1 percent** in the first quarter.

7. **Employment increased in 48 of 50 States** over the past 12 months ending in May.

8. **Industrial production** increased **4.3 percent** over the past 12 months.

9. Since August 2003, the **U.S. has created more than 5.4 million news jobs – more than Japan and the 25 nations of the European Union combined.**

****

<http://www.whitehouse.gov/>
JULY 12, 2006

There are no public events scheduled today.

President Bush Says Tax Relief Has Helped Drive Down The Deficit.
"Surprisingly high tax revenues will help the federal government reduce its budget deficit faster than planned, President Bush said today, as his administration delivered its annual mid-year review to Congress. ... Mr. Bush said the latest budget figures were evidence that his administration's program of tax cuts was behind the country's prosperity. 'Together, these tax cuts left nearly $1.1 trillion in the hands of American workers and families and small business owners,' he said. 'They used this money to help fuel an economic resurgence
<http://www.nytimes.com/2006/07/11/business/11cnd-prexy.html?_r=1&oref=s

login> .'... 'We cannot depend on just a growing economy to keep cutting the deficit,' Mr. Bush said. 'That's just one part of the equation. We've got to cut out wasteful spending.'" (Jeremy Peters, "Bush Cheers High Tax Revenues," The New York Times, 7/12/06)

President Bush Highlights Strong Economy During Tour Of Shoe Company. "He spent about a half-hour touring the floor of the high-end men's dress shoe manufacturer, chatting with dozens of excited workers and getting an up-close look as they wrapped plastic around leather uppers, carved grooves in soles and got them ready for shoe stores. ... 'This is an American - an American-based company making good American products. And I'm proud - proud of what you're doing here, <http://news.yahoo.com/s/ap/20060712/ap_on_el_gu/bush_wisconsin_1> ' Bush said. ... 'The tax cuts we've passed have helped this company, and made a lot of sense,' Bush said. 'They've also helped our country.'" (Jennifer Loven, "Bush Headlines Wis. Fundraiser For Green," The Associated Press, 7/11/06)

The Wall Street Journal Says The President's 2003 Tax Cuts Helped Produce A "Record Flood Of Tax Revenues." "The real news, and where the policy credit belongs, is with the 2003 tax cuts. They've succeeded even beyond Art Laffer's dreams, if that's possible. In the nine quarters preceding that cut on dividend and capital gains rates and in marginal income-tax rates, economic growth averaged an annual 1.1%. In the 12 quarters - three full years - since the tax cut passed, growth has averaged a remarkable 4%. Monetary policy has also fueled this expansion, but the tax cuts were perfectly targeted to improve the incentives to take risks among businesses shell-shocked by the dot-com collapse, 9/11 and Sarbanes-Oxley <http://online.wsj.com/article/SB115266525660504120.html?mod=opinion_main_review_and_outlooks> ." (Editorial, "Soaking The Rich," The Wall Street Journal, 7/12/06)

Secretary Of Defense Rumsfeld Rallies U.S. Troops And Meets With Government Officials In Iraq. "In a whirlwind trip through Iraq, Rumsfeld arrived early Wednesday morning and rallied about 500 troops at LSA Anaconda near Balad before heading by helicopter to the capital to meet with Gen. George Casey and other top U.S. commanders. ... Rumsfeld urged the Iraqi government to continue reconciliation efforts with the minority Sunni population while also working to politically disarm Shia militias. The remnants, he said, will then be left to Iraqi security forces and coalition military units. 'They're going to have to pursuade as many people as possible that it's in their interest to support the government and participate in the political process,' <http://www.washingtonpost.com/wp-dyn/content/article/2006/07/12/AR2006071200190_pf.html> Rumsfeld said." (Josh White, "Rumsfeld Makes Unannounced Visit To Iraq," The Washington Post, 7/12/06)

U.S. Military Strategy In Ramadi Promotes Commerce And Normal Lives For Iraqis. "Here, in the capital of Al Anbar province, the U.S. military is attempting to clear and pacify an insurgent stronghold without leveling the city in the process. ... Rather than gauge success by blocks cleared, military officials here take heart from softer measurements - neighborhoods that have become safe enough for garbage collection to have resumed, stores that have reopened. <http://www.latimes.com/news/printedition/front/la-fg-ramadi12jul12,1,890193.story?coll=la-headlines-frontpage> 'When we did Fallouja,

everything shut down,' said Army Maj. Gen. William B. Caldwell IV, the chief spokesman for U.S. forces in Iraq. 'In Ramadi, it is the exact opposite. Shops are opening up and commerce is increasing.'" (Julian Barnes, "Marines Try Lighter Touch In Ramadi," Los Angeles Times, 7/12/06)

President Bush Speaks To Astronauts Aboard Space Shuttle Discovery. "President Bush called the space shuttle Discovery on Tuesday to wish the astronauts well, congratulate them on their space walks and invite them to the White House. Bush told crew members he had watched closely as astronauts Piers Sellers and Michael Fossum executed a space walk, said White House spokeswoman Dana Perino. 'He said that the astronauts represent the best of service and exploration and thanked them for what they're doing,' Perino said <http://news.yahoo.com/s/ap/20060711/ap_on_go_pr_wh/bush_space_shuttle&printer=1;_ylt=AmsqVdMND.IgmlN.LGl_j5YGw_IE;_ylu=X3oDMTA3MXN1bHE0BHNlYwN0bWE> ." ("Bush Chats With Discovery Astronauts," The Associated Press, 7/11/06)

Undersecretary Of Treasury Stuart Levey Criticizes Media Disclosure Of Terrorist Finance Tracking Program. "'This is a very formidable enemy,' Stuart Levey, undersecretary of Treasury for terrorism and financial intelligence, told the House Financial Services subcommittee on oversight and investigations. 'They are intelligent. They do what they can to cover their tracks. The fact that we've now made explicit the information that we're looking at to track their money trails is definitely damaging.' He said in his prepared statement that 'this disclosure compromised one of our most valuable programs and will only make our efforts to track terrorist financing - and to prevent terrorist attacks - harder.' <http://www.washingtontimes.com/national/20060711-110118-9527r.htm> " (Rowan Scarborough, "Treasury Official Condemns Report Of Terror Tracking," The Washington Times, 7/12/06)

Administration Agrees To Apply Geneva Conventions To All Terrorism Suspects In U.S. Custody. "'We strongly believe that terrorists picked up off the battlefield - who don't represent a nation, revel in killing the innocent, and refuse to wear uniforms - do not qualify for protections under Geneva,' White House counselor Dan Bartlett said. 'Five members of the Supreme Court disagreed. As the president said, we will comply with the ruling <http://www.washingtonpost.com/wp-dyn/content/article/2006/07/11/AR2006071100094.html> .'" (Charles Babington and Michael Abramowitz, "U.S. Shifts Policy On Geneva Conventions," The Washington Post, 7/12/06)

Assistant Secretary of State Christopher Hill Says North Korea Is Failing To Cooperate With Diplomatic Efforts. "The U.S. nuclear envoy accused North Korea on Wednesday of refusing to cooperate in efforts to end the uproar over its missile and nuclear programs - a sign that Pyongyang had rebuffed lobbying by ally China. ... 'China's really trying. We're trying. Everyone is trying except, unfortunately, the DPRK <http://www.redorbit.com/news/general/568373/us_envoy_n_korea_failing_to_cooperate/index.html?source=r_general> ,' Hill told reporters, referring to the North by the initials of its formal name. 'So far the DPRK seems to want to choose a road of deeper isolation.'" (Audra Ang, "U.S. Envoy: N. Korea Failing To Cooperate," The Associated Press, 7/12/06)

White House Advisor Karl Rove Discusses Comprehensive Immigration Reform. "'Everything that this country is, everything that we have achieved, everything that we hold, everything that we promise, is because we are a nation of diversity, brought together by immigration, and sharing a common dream,' Rove told members of the nation's largest Hispanic civil rights group, the National Council of La Raza. ... In a 20-minute speech, Rove gave an energetic endorsement for Bush's plan, which calls for stricter border enforcement along with a way for those who have been in the United States for some time to become citizens. <http://www.mercurynews.com/mld/mercurynews/news/local/states/california/northern_california/15016001.htm> " (Michael Blood, "Rove: Hispanics Are 'Real Americans,'" The Mercury News, 7/12/06)

Department Of Housing And Urban Development Approves Additional Funding To Help Rebuild Gulf Coast Housing. "The federal government will pay $4.2 billion into a program to help Louisiana residents rebuild or sell houses severely damaged by Hurricanes Katrina and Rita, officials said Tuesday. <http://abcnews.go.com/Politics/print?id=2179009> The Department of Housing and Urban Development also announced it would provide $1 billion for hurricane-related housing needs in Mississippi, Texas, Alabama and Florida, and called on those states to apply for the additional money. ... 'It was clear to me that Louisiana desperately needs this additional funding to implement its plans to bring its citizens back home,' Deputy Secretary Roy A. Bernardi said in a joint federal and state press release." (Brett Martel, "HUD OKs $4.2B For La. Rebuilding Program," The Associated Press, 7/12/06)

Increased Federal Funding Encourages More Schools To Test For Drugs. "The number of schools testing students for drug use is rising as legal barriers to testing have fallen, funding for it has jumped and schools have begun to expand the categories of students who can be screened. ... In the 2005-06 school year, 373 public secondary schools got federal money for testing, up from 79 schools two years ago, U.S. Department of Education records show. The government has not tracked the rise of locally funded programs as closely, but the White House estimates that an additional 225 schools have them. President Bush has asked Congress to increase grant money for testing by 45% next year, to $15 million <http://www.usatoday.com/printedition/news/20060712/1a_lede12.art.htm> ." (Donna Leinwand, "More Schools Test For Drugs," USA Today, 7/12/06)

Department Of Homeland Security Develops Digital Emergency Alert System. "By the end of next year, the Homeland Security Department expects to be able to send emergency alerts to cell phones, Internet sites and hand-held computers to reach as many people as possible before a catastrophe strikes, spokesman Aaron Walker said Tuesday. ... 'Anything that can receive a text message will receive the alert,' <http://news.yahoo.com/s/ap/20060711/ap_on_go_ca_st_pe/alert_system&printer=1;_ylt=ApXTnEzaxTQyHmBxZckVgEOWwvIE;_ylu=X3oDMTA3MXN1bHE0BHNlYwN0bWE> said Walker, a spokesman for the Federal Emergency Management Agency, which is running the alert system for Homeland Security. 'We find that the new digital system is more secure, it's faster and it enables us to reach a wide array of citizens and alert them to pending disasters.'" (Lara Jakes Jordan, "Agency Works On Emergency Alert System," The Associated Press, 7/11/06)

Department Of Homeland Security Announces New Rule Requiring Name Check

For Passengers Flying To U.S. "Passengers abroad will soon be checked against lists of suspected terrorists before their planes take off for American cities, the Homeland Security Department said Tuesday. <http://www.usatoday.com/printedition/news/20060712/1a_offlede12_dom.art.htm> The new rule, to go into effect by the end of the year, aims to allow U.S. authorities more time to check passengers' information against the FBI's comprehensive terrorist watch lists, according to Homeland Security Deputy Secretary Michael Jackson." (Mimi Hall, "Fliers Headed To USA Face Scrutiny," USA Today, 7/12/06)

Citigroup Director Robert Rubin Calls On Congress To Pass Vietnam Trade Agreement. "At a time when our country has the potential for a bright economic future but also for serious difficulty - depending on how effectively we address a host of complex challenges - the U.S. Congress has the opportunity to make a relatively uncontroversial yet major contribution to our economic well-being and national security: adoption of a trade measure called Permanent Normal Trade Relations (PNTR) for Vietnam. Our economy has benefited greatly from relatively open trade and capital markets and openness to immigration. PNTR for Vietnam would be one more step in that direction." <http://online.wsj.com/article/SB115266738867104170.html?mod=opinion_main_commentaries> (Robert Rubin, Op-Ed, "Good Morning Vietnam," The Wall Street Journal, 7/12/06)

President Bush Discusses Mid-Session Review
<http://www.whitehouse.gov/news/releases/2006/07/20060711-1.html>

* Fact Sheet: Strong Economic Growth and Fiscal Discipline Help Reduce Budget Deficit
<http://www.whitehouse.gov/news/releases/2006/07/20060711.html>

* In Focus: Jobs & Economy
<http://www.whitehouse.gov/infocus/economy/>

President Bush Discusses the Economy in Wisconsin
<http://www.whitehouse.gov/news/releases/2006/07/20060711-9.html>

President's Statement on Explosions on Commuter Rail Lines in Mumbai
<http://www.whitehouse.gov/news/releases/2006/07/20060711-10.html>

President Signs H.R. 889, the Coast Guard and Maritime Transportation Act of 2006
<http://www.whitehouse.gov/news/releases/2006/07/20060711-5.html>

Roundtable Interview of the President by Foreign Print Media
<http://www.whitehouse.gov/news/releases/2006/07/20060711-3.html>

Setting the Record Straight: The President's Policies Are Increasing Tax Revenues and Growing Our Economy
<http://www.whitehouse.gov/news/releases/2006/07/20060711-8.html>

* Setting the Record Straight
<http://www.whitehouse.gov/news/setting-record-straight/>

Setting the Record Straight: President Bush's Strong Record of Addressing Climate Change
<http://www.whitehouse.gov/news/releases/2006/07/20060711-7.html>

Personnel Announcement
<http://www.whitehouse.gov/news/releases/2006/07/20060711-4.html>

Personnel Announcement
<http://www.whitehouse.gov/news/releases/2006/07/20060711-6.html>

Remarks by the President at "Green for Wisconsin" Reception
<http://www.whitehouse.gov/news/releases/2006/07/20060711-11.html>

Bucholtz, Jeffrey (CIV)

From: Bucholtz, Jeffrey (CIV)
Sent: Wednesday, July 12, 2006 3:38 PM
To: Gorsuch, Neil M
Subject: Re: Hamdan legislation

Sure. Will do later today.

-----Original Message-----
From: Gorsuch, Neil M <Neil.Gorsuch@SMOJMD.USDOJ.gov>
To: Bucholtz, Jeffrey (CIV) <JBucholt@CIV.USDOJ.GOV>
Sent: Wed Jul 12 15:23:15 2006
Subject: RE: Hamdan legislation

Would you mind e-mailing them?

From: Bucholtz, Jeffrey (CIV)
Sent: Wednesday, July 12, 2006 3:16 PM
To: Gorsuch, Neil M
Subject: Hamdan legislation

Neil: I don't know whether you're the right person to contact about this, but I have a few questions/suggestions on the most recent draft of our bill (or at least the most recent draft that I have; it's dated 7/6). I'll be at the FBI for a meeting from now til about 5; would I be able to stop by to talk to you around 5? Thanks,

Jeff

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 3:41 PM
To: Bucholtz, Jeffrey (CIV)
Subject: RE: Hamdan legislation

Thanks so much; am harried at moment and email will be easier to share anyway.

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Sent: Wednesday, July 12, 2006 3:38 PM
To: Gorsuch, Neil M
Subject: Re: Hamdan legislation

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Jeff

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 3:48 PM
To: Engel, Steve; Bradbury, Steve; Eisenberg, John
Subject: Goldsmith Letter

Exec Sec just sent me a copy of a letter from Jack offering some thoughts on Hamdan (ES Workflow ID 1029125). If you haven't seen it already, you may wish to do so. While it doesn't offer any dramatic new insights, I think it does have a few nuggets worth adding to the draft legislation. For example: (1) a suggestion for an additional congressional finding on p. 2 in the penultimate paragraph; (2) a thought about how to address the intl law implications of Hamdan on p.3.

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 4:46 PM
To: Engel, Steve
Subject: RE: Goldsmith Letter

You can call Debbie Alexander, 6-0075.

From: Engel, Steve
Sent: Wednesday, July 12, 2006 4:16 PM
To: Gorsuch, Neil M
Subject: RE: Goldsmith Letter

How do we get a copy? Not familiar with the ES system.

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 3:48 PM
To: Engel, Steve; Bradbury, Steve; Eisenberg, John
Subject: Goldsmith Letter

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Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 4:54 PM
To: Scolinos, Tasia; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); McNulty, Paul J; McCallum, Robert (SMO)
Subject: RE: DoD Memo on Geneva
Attachments: england tps.doc

Revised tps, reflecting NSC-Legal and OLC comments.

From: Scolinos, Tasia
Sent: Wednesday, July 12, 2006 12:14 PM
To: Gorsuch, Neil M; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); McNulty, Paul J; McCallum, Robert (SMO)
Subject: RE: DoD Memo on Geneva

These are very helpful. Please let me know when they are cleared within DOJ as I would like to distribute them to the NSC, DOD, and State communicators. Thanks!

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 10:18 AM
To: Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); Scolinos, Tasia; McNulty, Paul J; McCallum, Robert (SMO)
Subject: DoD Memo on Geneva

Attached is a first draft of some potential talking pts on the DoD Memo, per our discussion with the AG this morning. I'd appreciate your input. Obviously, these are close hold, not for dissemination. Thanks.

<< File: england tps.doc >>

DRAFT - DRAFT - DRAFT

DOD Secretary England Memo Talking Points

- We are *not* giving al Qaeda the protections of POW status under the Geneva Conventions. The England Memo discusses only Art. 3's minimal humanitarian protections applicable even to those not entitled to POW status.

- Al Qaeda unlawful enemy combatants are not entitled to POW status. They have nothing but contempt for the laws of war and the Geneva Conventions. They kidnap relief aid workers, behead contractors, journalists, and U.S. military personnel, and bomb religious shrines, wedding parties, and restaurants. They openly mock the rule of law, the Geneva Conventions, and the standards of civilized people everywhere.

- There's nothing remarkable about the England Memo. In February 2002, the President instructed the Armed Forces as a matter of policy to "treat detainees humanely and, to the extent appropriate and consistent with military necessity, in a manner consistent with the principles of Geneva." The England Memo alerts the field that, after the Supreme Court's recent decision, Art. 3 applies to al Qaeda not merely as a matter of policy but as a matter of law.

- DoD detainees at GTMO *already* receive treatment compliant with Art. 3. DoD treats detainees at GTMO humanely and with respect -- much better, in fact, than Art. 3 requires. At Tuesday's Senate Judiciary Committee hearing, Senator Durbin commented on this fact based on his recent trip to GTMO.

- The Supreme Court's decision that Art. 3 applies as a matter of law to the conflict with al Qaeda makes it critical to be clear about exactly what is required. Terms like "outrages upon personal dignity" are susceptible of different interpretations. And once Art. 3 applies as a matter of law, we are obligated -- absent a congressional statute -- to look to how other countries interpret its terms. So a judge in another country could decide that some benign conduct is an "outrage" and potentially influence what constitutes a war crime under American law for the men and women on the front lines in the war on terror.

- To ensure that our personnel operate under clear standards now that the Supreme Court has spoken, it is imperative that Congress address this issue. We stand ready to work with Congress to help clarify the situation for our personnel.

Bradbury, Steve

From: Bradbury, Steve
Sent: Wednesday, July 12, 2006 5:00 PM
To: Gorsuch, Neil M; Scolinos, Tasia; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); McNulty, Paul J; McCallum, Robert (SMO)
Subject: RE: DoD Memo on Geneva

Looks good to me.

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 4:54 PM
To: Scolinos, Tasia; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); McNulty, Paul J; McCallum, Robert (SMO)
Subject: RE: DoD Memo on Geneva

Revised tps, reflecting NSC-Legal and OLC comments.

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Sent: Wednesday, July 12, 2006 12:14 PM
To: Gorsuch, Neil M; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); McNulty, Paul J; McCallum, Robert (SMO)
Subject: RE: DoD Memo on Geneva

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Sent: Wednesday, July 12, 2006 10:18 AM
To: Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); Scolinos, Tasia; McNulty, Paul J; McCallum, Robert (SMO)
Subject: DoD Memo on Geneva

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Taylor, Jeffrey (OAG)

From: Taylor, Jeffrey (OAG)
Sent: Wednesday, July 12, 2006 5:13 PM
To: Gorsuch, Neil M; Scolinos, Tasia; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; McNulty, Paul J; McCallum, Robert (SMO)
Subject: RE: DoD Memo on Geneva

Looks good to me.

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 4:54 PM
To: Scolinos, Tasia; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); McNulty, Paul J; McCallum, Robert (SMO)
Subject: RE: DoD Memo on Geneva

Revised tps, reflecting NSC-Legal and OLC comments.

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To: Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); Scolinos, Tasia; McNulty, Paul J; McCallum, Robert (SMO)
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Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 5:17 PM
To: Katsas, Gregory (CIV)
Subject: FW: Draft Hamdan Legislation
Attachments: Enemy Combatant Detention Act_Draft15.doc; Legislative Options4.doc

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From: Engel, Steve
Sent: Wednesday, July 05, 2006 4:44 PM
To: Sampson, Kyle; Elwood, Courtney; McNulty, Paul J; Rowan, Patrick (ODAG); Clement, Paul D; Garre, Gregory G; Elston, Michael (ODAG); Moschella, William; Keisler, Peter D (CIV); Nichols, Carl (CIV); Hertling, Richard; McIntosh, Brent; Katsas, Gregory (CIV); Letter, Douglas (CIV)
Cc: Bradbury, Steve; Gorsuch, Neil M; Elwood, John; Marshall, C. Kevin; Eisenberg, John; Sobota, Luke
Subject: Draft Hamdan Legislation

I attach a draft memorandum detailing legislative options on Hamdan as well as the latest draft of the proposed legislation.

Per the WH's request, we intend to circulate drafts to the NSC this evening. Comments before then are particularly welcome.

Thanks,

Steve

FOR DISCUSSION PURPOSES ONLY
DRAFT—7/05/06

ENEMY COMBATANT MILITARY COMMISSIONS ACT

SECTION 1. SHORT TITLE; AUTHORITY; FINDINGS.

(a) SHORT TITLE.—This Act may be cited as the "Enemy Combatant Military Commissions Act of 2006."

(b) AUTHORITY.—The requirements, conditions, and restrictions established by this Act are made under the authority of Congress under Clauses 1, 10, 12, 13, 14, and 18 of Article I, Section 8 of the Constitution of the United States.

(c) FINDINGS.—Congress finds the following:

(1) For more than 10 years, the al Qaeda terrorist organization has waged an unlawful war of violence and terror against the citizens of the United States and their allies abroad. Al Qaeda was involved in the bombing of the World Trade Center in New York City in 1993, the bombing of the Khobar Towers in Saudi Arabia in 1996, the bombing of the U.S. Embassies in Kenya and Tanzania in 1998, and the attack on the U.S.S. *Cole* in Yeman in 2000. On September 11, 2001, members of al Qaeda hijacked commercial airplanes and attacked the World Trade Center in New York City and the Pentagon in Washington, DC, and downed United Airlines Flight 93. Approximately 3,000 civilians were killed.

(2) Following September 11, Congress recognized the existing hostilities with al Qaeda and affiliated terrorist organizations and authorized the President "to use all necessary and appropriate force against those nations, organizations, or persons he determines planned, authorized, committed, or aided the terrorist attacks that occurred on September 11, 2001 . . . in order to prevent any future acts of international terrorism against the United States by such nations, organizations or persons." Authorization for Use of Military Force (AUMF), 115 Stat. 224, note following 50 U.S.C. § 1541.

(3) The President has the authority to convene military tribunals arising from his role as Commander in Chief of the Armed Forces under Article II of the Constitution. As the Supreme Court of the United States has recognized, "[s]ince our nation's earliest days, such tribunals have been constitutionally recognized agencies for meeting many urgent governmental responsibilities related to war. . . . They have taken many forms and borne many names. Neither their procedure nor their jurisdiction has been prescribed by statute. It has been adapted in each

instance to the need that called it forth." *Madsen v. Kinsella*, 343 U.S. 341 (1952).

(4) Article I, Section 8, of the Constitution provides that Congress has the power to "constitute Tribunals inferior to the Supreme Court; . . . define and punish . . . Offenses against the Law of Nations; . . . make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof."

(5) Pursuant to the President's constitutional authority and to the AUMF, the President issued a comprehensive military order to govern the "Detention, Treatment, and Trial of Certain Non-Citizens in the War Against Terrorism" and authorized the Secretary of Defense to establish military commissions to try detained enemy combatants for violations of the laws of war. 66 Fed. Reg. 57833 (2001).

(6) In *Hamdan v. Rumsfeld*, the Supreme Court held that the military commissions established under the President's authority conflicted with the Uniform Code of Military Justice, 10 U.S.C. § 801 *et seq*. As Justice Kennedy recognized in his concurring opinion, the Court's decision was premised upon "domestic statutes," and therefore if Congress "deems it appropriate to change the controlling statutes, in conformance with the Constitution and other laws, it has the power and prerogative to do so."

(7) This Act is in direct response to the Supreme Court's decision in *Hamdan*. The Act authorizes the President to prosecute by military commission enemy combatants captured by United States forces during the War on Terror. The prosecution of enemy combatants by military commissions established under the procedures set out in this Act fully complies with United States law and United States treaty obligations.

(8) The Act also resolves any uncertainties that may have arisen under the Supreme Court's decision in *Hamdan* by clarifying that the standards for treating detainees under the Detainee Treatment Act of 2005 fully satisfy United States obligations under international law, and the Geneva Conventions shall not be applied to confer rights on members of al Qaeda and affiliated terrorist organizations whose activities, by definition, demonstrate no respect for the laws of war.

(9) The use of military commissions is particularly important because the War on Terror makes other alternatives, such as courts martial, impracticable. Al Qaeda terrorists have demonstrated their commitment to the destruction of the United States and to the abuse of our legal processes. In a time of ongoing conflict, it is neither practicable nor appropriate for illegal enemy

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combatants like Al Qaeda terrorists to be tried like American citizens under federal law. Recent events, including the evidentiary difficulties associated with the trial of admitted al Qaeda terrorist Zacharias Moussaoui confirm and illustrate some of the problems that would be encountered if military commissions were not employed.

(10) Unlawful enemy combatants are not entitled to be treated and should not be treated in a manner equivalent to members of the Armed Forces of the United States, who are subject to military law. The members of al Qaeda simply have no right to be tried in the same courts as those men and women of the Armed Forces whom they have fought against, and the procedures for courts martial simply would not be practicable here. For instance, courts martial proceedings would require the Government to share classified information with the accused, but members of Al Qaeda cannot be trusted with our Nation's secrets. Courts martial also would restrict the use of hearsay beyond that provided in this Act. The hearsay statements of fellow terrorists are often the only evidence available in this conflict, and the commissions will only consider statements that are probative and reliable. Our enemies in the War on Terror do not fight or declare their intentions openly but often pursue their objectives in secret conspiracies whose objectives are often discernible only through hearsay statements made by captured collaborators. Securing properly sworn and authenticated evidence in every instance would require members of the Armed Forces to leave the front lines and their duty stations to attend legal proceedings, distracting members of the Armed Forces from their primary role in protecting the American people. The guarantee of a speedy trial, likewise, may not be practicable when, during wartime, members of the Armed Forces must focus first on protecting the American people by detaining enemy combatants and only later on gathering the evidence for war crimes trials.

(11) The right to habeas corpus is not suspended by this Act or the Detainee Treatment Act but is channeled in a manner appropriately tailored to the circumstances of this conflict. Each detainee is entitled to petition for judicial review of his or her detention, as well as any conviction by military commission, exclusively in the U.S. Court of Appeals for the D.C. Circuit and, thereafter, to the United States Supreme Court. The Congress finds that this level of judicial review is appropriate to balance the fair treatment of detainees without imposing an undue litigation burden on the Nation's military. This level of civilian court judicial review is more generous than what has historically been provided for military commission proceedings; indeed, it is without precedent in the history of armed conflict in this country.

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SEC. 2. DEFINITIONS.

As used in this Act, the following definitions apply:

(1) CLASSIFIED INFORMATION.—The term "classified information" has the meaning given that term in section 1(a) of the Classified Information Procedures Act (18 U.S.C. App.).

(2) COMMISSION.—The term "commission" means a military commission established pursuant to section 4 of this Act.

(3) ENEMY COMBATANT.—The term "enemy combatant" means a person determined by the President or the Secretary of Defense to have actively associated himself with the military arm of an organization engaged in armed conflict with the United States and who poses a risk of return to hostilities.

(4) GENEVA CONVENTIONS.—The term "Geneva Conventions" means the international conventions signed at Geneva, 12 August 1949, including common Article 3.

SEC. 3. AUTHORIZATION AND PROCEDURES FOR DETENTIONS.

(a) The President is authorized to detain enemy combatants for a period of up to ten years from the date of this Act or until such time as the President determines that hostilities with al Qaeda and affiliated terrorist organizations have ceased, whichever comes first. If, after ten years, the President believes hostilities continue, Congress may renew this authorization.

(b) Enemy combatants shall be held under conditions that do not involve cruel, inhuman, and degrading treatment as defined in the Detainee Treatment Act of 2005, and in such places, including within the United States, as the President deems appropriate.

(c) With respect to detainees in the custody of the Department of Defense, the Secretary of Defense shall apply the procedures promulgated under the Detainee Treatment Act of 2005, subject to review and modification by Congress as therein specified, for:

(1) Combatant Status Review Tribunals to determine each detainee's enemy combatant status;

(2) Administrative Review Boards to review annually whether each detainee continues to pose a risk of return to hostilities.

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SEC. 4. AUTHORIZATION FOR MILITARY COMMISSIONS.

(a) The President is authorized to establish military commissions for the trial of alien enemy combatants for violations of the laws and customs of war, including for the crime of conspiracy to violate the laws and customs of war.

(b) Military commissions shall have authority to impose upon any defendant found guilty after a proceeding under this Act a sentence that is appropriate to the offense or offenses for which there was a finding of guilt, which sentence may include death, imprisonment for life or term of years, payment of fine or restitution, or such other lawful punishment or condition of punishment as the Commission shall determine to be proper.

(c) The Secretary of Defense shall be authorized to carry out a sentence of punishment decreed by a military commission pursuant to such procedures.

(d) The military commissions established under this Act shall be deemed to satisfy the obligations of the United States under the Geneva Conventions and any other treaty or statute relating to the detention, treatment, or prosecution of enemy combatants.

(e) The Secretary of Defense shall submit to Congress an annual report on the conduct of trials by military commissions under this Act. Each such report shall be submitted in unclassified form, with classified annex, if necessary and consistent with national security. The report shall be submitted not later than December 31 of each year.

SEC. 5. MILITARY COMMISSION PROCEDURES.

(a) COMMISSION PERSONNEL.

(1) MEMBERS.—The Secretary of Defense shall appoint the members of each military commission. Each member shall be a commissioned officer of the United States Armed Forces, including without limitation reserve personnel on active duty, National Guard personnel on active duty in Federal service, or retired personnel recalled to active duty.

(2) NUMBER.—Each commission shall consist of three military officers. The commission also shall include an alternate member who shall attend all sessions and take the place of a commission member in the case of incapacity, resignation, or removal of any member.

(3) PRESIDING OFFICER.—From among the members of each Commission, the Secretary of Defense shall designate a Presiding Officer to preside over

DOJ_NMG_0040182

the proceedings of that Commission. The Presiding Officer shall be a United States military judge.

(4) DUTIES OF THE PRESIDING OFFICER.—

(A) The Presiding Officer shall admit or exclude evidence in accordance with rules of evidence established by the Secretary of Defense and by this Act.

(B) The Presiding Officer shall have the authority to close proceedings or portions of proceedings in accordance with this Act.

(C) The Presiding Officer shall ensure that the discipline, dignity, and decorum of the proceedings are maintained, shall exercise control over the proceedings to ensure proper implementation of the President's Military Order and this Act, and shall have authority to act upon any contempt or breach of commission rules or procedures. The Presiding Officer shall have the authority to discipline attorneys authorized to appear before the commission for violations of the laws, rules, regulations, or orders governing the proceedings, including but not limited to revocation of eligibility to appear before that commission or to appear before any other commission convened under this Act.

(D) The Presiding Officer shall ensure the expeditious conduct of the trial.

(E) The Presiding Officer may certify all interlocutory questions, the disposition of which would effect a termination of proceedings with respect to a charge, to the United States Court of Appeals for the District of Columbia Circuit for expedited consideration.

(b) POWERS OF A COMMISSION.—A commission shall have the following powers:

(1) To summon witnesses to trial and to require their attendance and testimony to put questions to them;

(2) To require the production of documents and other evidentiary material;

(3) To administer oaths to witnesses;

(4) To appoint officers for the carrying out of any task designated by the commission, including the power to have evidence taken.

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(c) OTHER PROCEDURES.

(1) The military commissions shall be conducted pursuant to procedures promulgated by the Secretary of Defense, consistent with the requirements of this Act. The Secretary of Defense need not rely upon the procedures for courts martial pursuant to the Uniform Code of Military Justice, where he deems alternative procedures appropriate.

(2) EVIDENCE.—Evidence is admissible if the Presiding Officer determines that the evidence would have probative value to a reasonable person. Hearsay evidence shall be admissible in the discretion of the Presiding Officer where its probative value is not substantially outweighed by its prejudicial impact.

(3) STANDARD OF PROOF.—All 3 members of a commission shall agree that the defendant is guilty of a charge beyond a reasonable doubt for a defendant to be found guilty of it.

(4) OPEN PROCEEDINGS.—The military commission shall hold open proceedings except as noted in this subsection.

(A) The Presiding Officer may close all or a portion of the proceeding upon a determination that closing of the proceeding is necessary to protect classified information; the physical safety of the participants in the proceeding; intelligence and law enforcement sources, methods, or activities; or other national security interests.

(B) The Presiding Officer may close all or part of a proceeding on his own initiative or based upon a presentation, including an *ex parte* or *in camera* presentation, by either the prosecution or the defense.

(C) A decision to close a proceeding or portion thereof may include a decision to exclude the defendant when necessary for national security or the safety of individuals, provided that one defense counsel shall be present for all trial proceedings, and the exclusion shall be no broader than necessary.

(D) If the defendant is denied access to evidence, a redacted or unclassified summary of evidence shall be provided, if possible. The evidence shall not be admitted if the admission of the evidence would result in the denial of a full and fair trial.

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(d) COUNSEL.—The Secretary of Defense shall have the authority to promulgate regulations for the appointment of the prosecution, counsel for the defense, and any other commission personnel.

(e) SUBMITTAL OF PROCEDURES.—Not later than 90 days after the date of enactment of this Act, the Secretary of Defense shall submit to the House of Representatives and the Senate a report setting forth the procedures for military commissions promulgated under this section. Thereafter, the Secretary of Defense shall submit to the same committees a report on any modification of such procedures, no later than 60 days before the date on which such modifications shall go into effect.

SEC. 6. MILITARY COMMISSION JURISDICTION.

(a) A military commission shall have jurisdiction to hear any criminal prosecution involving international terrorism, including any offense under chapter 113B of title 18, United States Code.

(b) A military commission shall have exclusive jurisdiction over violations of the laws of war, including conspiracy to violate the laws of war, committed by alien enemy combatants engaged in hostilities against the United States or its allies.

(c) A military commission shall have jurisdiction over other offenses traditionally triable by military commissions or pursuant to the Department of Defense's Military Commission Instruction Number Two.

SEC. 7. JUDICIAL REVIEW.

(a) Except as provided for in this section, and notwithstanding any other law, no court, justice, or judge shall have jurisdiction to hear or consider any claim or cause of action whatsoever, including any application for a writ of habeas corpus pending or filed after the date of enactment of this Act, relating to any aspect of an alien's detention, classification as an enemy combatant, or conditions of confinement:

(1) COMBAT STATUS REVIEW TRIBUNALS.—The United States Court of Appeals for the District of Columbia Circuit shall have exclusive jurisdiction to determine the validity of any final decision of a Combatant Status Review Tribunal. The scope of such review is defined in section 1005(e)(2) of the Detainee Treatment Act of 2005. If the Court grants an alien's petition for review, the Department of Defense may conduct a new Combat Status Review Tribunal.

(2) MILITARY COMMISSIONS.—Pursuant to Section 1005(e)(3) of the Detainee Treatment Act of 2005, the United States Court of Appeals for the District of Columbia Circuit shall have exclusive jurisdiction to determine the

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validity of a final judgment rendered by a military commission. In addition, the D.C. Circuit may review on an expedited basis any interlocutory appeal certified by the Presiding Officer of a military commission.

(3) INFORMATION CONSIDERED.—The court may consider classified information submitted *in camera* and *ex parte* in making any determination under this section.

SEC. 8. SATISFACTION OF TREATY OBLIGATIONS.

(a) For all purposes under federal law, including with respect to the treaty obligations of the United States, the phrase "armed conflict not of an international character" under the Geneva Conventions, including common Article 3, shall not apply to armed conflicts between the United States and an international terrorist organization. In particular, and without limitation, common Article 3 shall not apply to the worldwide armed conflict with al Qaeda and affiliated terrorist organizations.

(b) Except as provided in 18 U.S.C. § 2441, no court shall apply the Geneva Conventions or Protocol I to the Geneva Conventions, directly or indirectly, as a source of rights or obligations in any habeas action or any other action.

(c) Satisfaction of the prohibitions against cruel, inhuman, and degrading treatment found in Section 1003 of the Detainee Treatment Act of 2005 (10 U.S.C. 801 note) shall fully satisfy United States obligations under section 1 of common Article 3 of the international conventions signed at Geneva, 12 August 1949, with the exception of the obligations imposed by subsections 1(b) and 1(d).

SEC. 9. RULES OF CONSTRUCTION; RETROACTIVE APPLICATION; CONFORMING AMENDMENTS.

(a) CONSTRUCTION.—This Act shall be construed in accordance with its plain language and without any reference to the doctrine of constitutional avoidance or to the judgments or opinions of foreign or international courts.

(b) RETROACTIVE APPLICATION.—This Act shall take effect on the date of the enactment of this Act and shall apply to any aspect of the detention, treatment, or trial of any alien detained as an enemy combatant by the United States at any time since September 11, 2001, and to any claim or cause of action whatsoever relating to an alien detained as an enemy combatant by the United States that is pending on or after the date of the enactment of this Act.

(c) Section 1005 of the Detainee Treatment Act of 2005 (10 U.S.C. 801 note) is amended to conform with this Act as follows—

DOJ_NMG_0040186

(1) by striking subsection (e)(3)(B) and renumbering subsections (e)(3)(C) and (e)(3)(D) as subsections (e)(3)(B) and (e)(3)(C), respectively; and

(2) in subsection (e)(3)(A), by striking "pursuant to Military Commission Order No. 1, August 31, 2005 (or any successor military order)" and inserting by a military commission constituted under the Enemy Combatant Detention Act of 2004; and

(3) in former subsection (e)(3)(C)(i), by striking "pursuant to the military order" and inserting "by a military commission"; and

(4) in former subsection (e)(3)(C)(ii), by striking "pursuant to such military order" and inserting "by such a military commission"; and

(5) former subsection (e)(3)(D)(i) by striking "specified in the military order" and inserting "specified for a military commission"; and

(6) and in former subsection (e)(3)(C)(i), by striking "at Guantanamo Bay, Cuba"; and

(7) in former subsection (e)(2)(B)(i) by replacing "the Department of Defense at Guantanamo Bay, Cuba" with "United States".

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LEGISLATIVE OPTIONS TO ADDRESS *HAMDAN V. RUMSFELD*

The Supreme Court held in *Hamdan v. Rumsfeld* that the military commissions established to try captured al Qaeda terrorists are inconsistent with the Uniform Code of Military Justice (UCMJ), 10 U.S.C. § 801 et seq., and common Article 3 of the Geneva Conventions. The Court's rationale for deciding the case, as well as questions that the Court left open, may invite future legal challenges to the detention and prosecution of enemy combatants. Because *Hamdan* turns solely upon federal law and the domestic impact of treaties, Congress may act to resolve certain outstanding issues by legislation.

Members of Congress have asked the Administration to propose a legislative package to address the issues raised by *Hamdan*. This memorandum identifies the key issues and discusses the legislative options to address them. A draft bill, incorporating the recommendations discussed below, is attached as Exhibit A.

MILITARY COMMISSION AUTHORITY

Hamdan held that the UCMJ requires military commissions to follow court martial procedures except where a specific procedure is impracticable. Unless commission procedures are revised to track those for courts martial, *Hamdan* requires renewed statutory authorization. The proposed draft bill would authorize the establishment of commissions with distinct procedures to try enemy combatants.

ISSUE FOR DECISION: Whether to seek statutory authorization for military commissions separate from the UCMJ.

- Assessment. Because al Qaeda detainees have no right to be tried in the courts established for the United States troops whom they have fought against, and because judicial scrutiny of every departure from those procedures is impractical and inappropriate, the draft bill should seek statutory authorization for commissions that need not hew to the UCMJ procedures.

- The President also might consider satisfying *Hamdan* by making specific determinations of the impracticability of certain courts martial procedures. This alternative, however, would create too much uncertainty and risk that commission determinations could be struck down by courts after trials. Another alternative would be to continue to hold enemy combatants without bringing any charges. This open-ended detention, without trial, has been a source of criticism, however. It is clearly appropriate to try and punish detainees where there is evidence that they have committed war crimes.

- A declaration of war, as discussed below, might also make specific authorization unnecessary by authorizing a departure from peacetime procedures.

RECOMMENDATION: We recommend seeking express statutory authorization for military commissions.

DETENTION AUTHORITY

Hamdan raises concern over whether, absent legislative action, the Court would accept the President's ongoing authority to detain enemy combatants. In *Hamdi v. Rumsfeld*, 542 U.S. 507 (2004), the Court held that the Authorization for the Use of Military Force (AUMF) provided the detention authority for the duration of hostilities in Afghanistan; a plurality recognized, however, that what constitutes "active hostilities" could be subject to future challenge. *Id.* at 521. *Hamdan* expressly noted that Hamdan did not challenge his detention in the case before the Court (suggesting that there might be grounds for such a challenge), and the decision otherwise read the President's authority under the AUMF narrowly.

ISSUE FOR DECISION: Whether to seek statutory authorization for detention and whether to include a sunset provision limiting legislative endorsement to ten years.

- Pros. The proposed bill would strengthen the President's detention authority against legal challenges. It would make clear that the President has the sole discretion to determine whether hostilities continue and where individuals may be detained. The sunset provision would help mollify legislative and judicial skeptics concerned about an open-ended detention authority, while ensuring that this authority remains strong well into the future.

- Cons. Seeking statutory authority could suggest that the President's Article II authority is insufficient. In addition, as *Hamdan* demonstrates, courts could read a statute to set a ceiling on executive authority. The proposed language provides the President with sufficient authority, but there is the risk that Congress might water down the bill. Seeking specific authority here also might weaken the argument that the AUMF clearly empowered the President in other contexts, such as the Terrorist Surveillance Program.

- Granting the President the authority to detain enemy combatants in the United States, as well as in Guantanamo Bay, also may prove controversial.

RECOMMENDATION: While recognizing the risk of codifying the President's authority, we believe that the risk of judicial challenge is not trivial and therefore believe it prudent to seek statutory authorization for the detention authority.

DECLARATION OF WAR

Although the AUMF broadly authorizes the President to use military force, *Hamdan* read the President's authority narrowly, holding that the AUMF does not grant the authority to conduct commissions apart from peacetime standards. To make clear that the President enjoys his full constitutional authority as Commander in Chief in the War on Terror, the proposed bill could include a declaration confirming that a state of war exists between the United States and al Qaeda, including affiliates who associate themselves with al Qaeda's war against the United States.

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- Pros. A declaration of war would make clear that the President enjoys all the inherent powers of a wartime President, including the authority to use force, detain enemy combatants, interrogate detainees, and conduct surveillance on the enemy. The declaration could itself authorize commissions and detention and therefore avoid the need for specific authorizations.

- Cons. A declaration of war may be unnecessary because the AUMF should provide full authority to the President to take all measures incident to waging war, and *Hamdan* addressed only military commissions. In addition, should a declaration be proposed, but not adopted, courts could infer further limitations on the President's authority. Some might also question the need for an express declaration five years after September 11.

RECOMMENDATION: Because the AUMF should make a declaration of war unnecessary, and because the failure to adopt a declaration might be viewed as limiting the AUMF, we believe that the proposed act should not contain a formal declaration.

MILITARY COMMISSION PROCEDURES

The *Hamdan* opinion and Justice Kennedy's concurrence expressed concern over military commission procedures. Although resting its holding upon federal statutes, the Court could find in a future case that these procedures are unconstitutional or *ultra vires*, absent amendment and clear statutory authority. The proposed bill makes clear that the DOD has general authority over commission procedures, but proposes codifying some to address the justices' concerns and to strengthen commissions against future challenges.

ISSUE FOR DECISION: Whether to propose general DOD authority over the commissions, and whether to codify procedures as detailed below.

- *Military judge; unanimity*. Ensuring that the presiding officer is a military judge, with greater independence from the prosecution, and that the vote of conviction be unanimous responds to Justice Kennedy's concerns about the fairness of the proceeding and strengthens the commissions against judicial scrutiny.

- *Closing of the proceedings*. The *Hamdan* plurality and Justice Kennedy expressed concern that the accused might be convicted based on secret evidence that he had never seen. On the other hand, the Government has a strong interest in preventing detained al Qaeda terrorists from gaining access to highly classified information. The proposed statute makes clear that the accused shall be present at all proceedings, except where it is strictly necessary to exclude him.

- *Use of hearsay*. Justice Kennedy's concurrence questioned the use of unreliable hearsay in the proceeding. Hearsay reports from the battlefield, however, may often be the best evidence against the accused. The proposed rule permits hearsay, but only where its probative value outweighs its prejudicial effects.

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- *Counsel.* Detainees could be given the right to choose their own counsel, regardless of nationality. Such counsel would not have access to classified information, but could otherwise assist in the representation. Granting such a right to detainees, however, could create significant problems, because DOD has a strong interest in limiting detainee access to approved individuals. In addition, granting detainees their chosen counsel would suggest that they cannot be fairly represented by military lawyers, when in fact, those lawyers have proven to be zealous advocates.

RECOMMENDATION: The proposed bill seeks a middle ground, as detailed above, between preserving flexibility in establishing procedures and providing clear statutory authorization. We do not recommend granting the accused counsel of their choice.

THE GENEVA CONVENTIONS

Hamdan held that the military commissions must follow common Article 3 of the Geneva Conventions, which sets standards for "armed conflicts not of an international character." The Court rejected the President's view that common Article 3 applies only to internal civil conflicts, not to conflicts with international terrorists. Four justices went further and would have required the commissions to follow the optional Protocol I to the Geneva Conventions, even though the United States has not ratified that protocol.

If common Article 3 applies, the War Crimes Act, 18 U.S.C. § 2441, makes violations of its provisions a war crime. Those provisions would require that detainees be treated "humanely" and prohibit "outrages upon personal dignity," including "humiliating and degrading treatment." Such vague terms are susceptible to unpredictable interpretation, and such ambiguity is unacceptable to those charged with fighting the War on Terror for the United States. In addition, because the Detainee Treatment Act of 2005 (DTA) already prohibits "cruel, inhuman, or degrading treatment," the direct application of Article 3 is likely unnecessary.

ISSUES FOR DECISION: Whether to restore, by statute, the President's interpretation of Article 3 and to prevent courts from applying vague standards from international law to give privileges to al Qaeda terrorists and create a risk of liability for U.S. persons.

- Pros. To protect United States personnel, the proposed bill should make clear, at a minimum, that the DTA's standards satisfy common Article 3.

- A bill also may restore the President's interpretation of common Article 3 for domestic purposes and prevent terrorists from invoking rights under international treaties that they themselves condemn.

- Cons. Critics might charge that the United States is seeking to breach its treaty obligations or seeking to treat detainees inhumanely. The proposed bill responds

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by making clear that even if comment Article 3 applied, the treatment standards of the DTA would fully satisfy that standard.

RECOMMENDATION: Propose a bill that both makes clear that existing protections will satisfy common Article 3 and that restores the political Branches' control over treaty obligations and prevents detainees from invoking the Geneva Conventions.

PROTECTION OF SERVICE PERSONNEL

Hamdan's determination that common Article 3 applies here could mean that United States personnel have unknowingly violated the Convention in holding enemy combatants. The DTA provides a defense to civil or criminal prosecution for government agents who have acted in the good faith belief that their actions were lawful, such as those who relied upon the prior treaty interpretation of the United States. A proposed bill might expressly confer immunity if there is a concern that U.S. personnel are at risk.

ISSUE FOR DECISION: Whether to grant express immunity from claims based on *Hamdan*'s interpretation of Article 3 to United States personnel.

- Pros. The proposed bill grants immunity indirectly by providing that no court shall find in the Geneva Conventions a source of rights and obligations and making clear that this applies to conduct undertaken since September 11, 2001. United States personnel will also be able to rely upon the DTA's good faith defense.

- Cons. An express immunity is unnecessary and could suggest, by implication, a belief that U.S. personnel in fact have treated detainees inhumanely. Further, if an immunity proposal is not adopted, then courts may infer from the legislative history a limit upon the good faith defense.

RECOMMENDATION: Confirm indirect immunity by making clear that common Article 3 does not provide a source of rights and obligations in United States courts.

STATUS DETERMINATION PROCEDURES

Hamdan raises some concern over existing procedures for determining the status of detainees. Combat Status Review Tribunals ("CSRTs") currently make the initial determination of enemy combatant status, and Administrative Review Boards ("ARBs") review whether there is a continued risk that the detainee might return to battle. The DTA requires that the procedures governing these bodies be reported to Congress and provides for limited judicial review of CSRTs. The Act, however, does not specify procedures for either body. Legislation could create a new framework for these tribunals, establishing procedures and fixed timelines for initial and subsequent reviews, and permitting judicial review of those determinations. Legislation also might strengthen the United States position in existing legal challenges to these bodies.

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ISSUES FOR DECISION: Whether to seek statutory authorization for CSRTs and ARBs, whether to codify procedures for CSRTs and ARBs, and whether to expand existing judicial review to ARBs.

- Pros. Expressly codifying procedures for CSRTs and ARBs would strengthen them against legal challenge and could strengthen political and international support for the long-term detention of enemy combatants.

- Cons. The DTA already acknowledges CSRTs and ARBs, and opening the door to these procedures would give legislative critics a chance to impose new limits on the tribunals. The issues *Hamdan* does address are of more immediate need for legislative attention. Expanding judicial review to ARBs would permit detainees to file annual petitions, greatly increasing the number of pending court challenges to detention and thereby burdening the DOJ and the courts.

RECOMMENDATION: Because the DTA already touches on these tribunals by requiring reporting, and because *Hamdan* does not directly put these tribunals into question, we believe on balance that the proposed bill need not address their procedures.

JUDICIAL REVIEW

The DTA provides that no court shall have jurisdiction over petitions for habeas corpus except for a narrow review by the D.C. Circuit to ensure that existing procedures were followed and that the procedures are constitutional. *Hamdan* held that this provision did not apply to some petitions pending when the DTA was enacted, and Justice Kennedy expressed some concern that the existing procedures for judicial review may not be adequate. A proposed bill could reaffirm the limits on judicial review and, if appropriate, extend judicial review.

ISSUES FOR DECISION: Whether to reaffirm that federal law does not permit enemy combatants to file habeas petitions outside the limited review procedures of the DTA and whether to modify the existing standards for judicial review.

- Assessment. The proposed bill provides that the judicial review provisions limit federal court jurisdiction over pending habeas petitions. The detainees may argue that such limited judicial review constitutes an unlawful suspension of habeas corpus. The DTA review procedures merely channel judicial review; they do not deprive the detainees of a meaningful chance to challenge their detention or prosecution and thus do not implicate the Suspension Clause.

- The proposed bill preserves the existing DTA standards of review. Such a limited review standards may be challenged, particularly for military commissions. We believe it preferable, however, to defend the current standards rather than, by legislative act, to invite greater judicial scrutiny.

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RECOMMENDATION: Reaffirm the DTA's limits on judicial review and preserve the existing limited review for military commissions and CSRTs.

IMMEDIATE JUDICIAL REVIEW

The statute could invite immediate judicial review to expedite legal challenges. Such a procedure has been followed for other legislation, such as the McCain-Feingold Act, where constitutional challenges are inevitable and it is desirable to have them resolved as soon as possible. The bill could provide that a three-judge district court develop a record and issue a decision to be reviewed immediately by the Supreme Court.

ISSUE FOR DECISION: Whether to provide for immediate judicial review.

- Pros. Immediate judicial review would resolve many issues quickly and within one judicial proceeding. The Supreme Court would have one opportunity to pass on the legislation and then the military commissions could presumably proceed.

- Cons. Such a provision could invite a broader review than would otherwise occur. The DTA and the draft bill contemplate review only of final decisions, yet this provision would provide for immediate, pre-trial review. This provision also would not end litigation, because new issues and specific challenges will undoubtedly arise once trials are actually held.

RECOMMENDATION: On balance, we believe the costs of expedited review outweigh its benefits. It would be better for courts to review completed trials by military commissions rather than to speculate about due process requirements in the abstract.

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Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 5:22 PM
To: Taylor, Jeffrey (OAG)
Subject: RE: DoD Memo on Geneva

Would you mind passing them along?

From: Taylor, Jeffrey (OAG)
Sent: Wednesday, July 12, 2006 5:13 PM
To: Gorsuch, Neil M; Scolinos, Tasia; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; McNulty, Paul J; McCallum, Robert (SMO)
Subject: RE: DoD Memo on Geneva

Looks good to me.

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 4:54 PM
To: Scolinos, Tasia; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); McNulty, Paul J; McCallum, Robert (SMO)
Subject: RE: DoD Memo on Geneva

Revised tps, reflecting NSC-Legal and OLC comments.

<< File: england tps.doc >>

From: Scolinos, Tasia
Sent: Wednesday, July 12, 2006 12:14 PM
To: Gorsuch, Neil M; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); McNulty, Paul J; McCallum, Robert (SMO)
Subject: RE: DoD Memo on Geneva

These are very helpful. Please let me know when they are cleared within DOJ as I would like to distribute them to the NSC, DOD, and State communicators. Thanks!

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 10:18 AM
To: Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); Scolinos, Tasia; McNulty, Paul J; McCallum, Robert (SMO)
Subject: DoD Memo on Geneva

Attached is a first draft of some potential talking pts on the DoD Memo, per our discussion with the AG this morning. I'd appreciate your input. Obviously, these are close hold, not for dissemination. Thanks.

<< File: england tps.doc >>

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 5:23 PM
To: Katsas, Gregory (CIV)
Subject: FW: DoD Memo on Geneva
Attachments: england tps.doc

fyi

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 4:54 PM
To: Scolinos, Tasia; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); McNulty, Paul J; McCallum, Robert (SMO)
Subject: RE: DoD Memo on Geneva

Revised tps, reflecting NSC-Legal and OLC comments.

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Sent: Wednesday, July 12, 2006 12:14 PM
To: Gorsuch, Neil M; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); McNulty, Paul J; McCallum, Robert (SMO)
Subject: RE: DoD Memo on Geneva

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From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 10:18 AM
To: Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); Scolinos, Tasia; McNulty, Paul J; McCallum, Robert (SMO)
Subject: DoD Memo on Geneva

Attached is a first draft of some potential talking pts on the DoD Memo, per our discussion with the AG this morning. I'd appreciate your input. Obviously, these are close hold, not for dissemination. Thanks.

<< File: england tps.doc >>

DRAFT - DRAFT - DRAFT

DOD Secretary England Memo Talking Points

- We are *not* giving al Qaeda the protections of POW status under the Geneva Conventions. The England Memo discusses only Art. 3's minimal humanitarian protections applicable even to those not entitled to POW status.

- Al Qaeda unlawful enemy combatants are not entitled to POW status. They have nothing but contempt for the laws of war and the Geneva Conventions. They kidnap relief aid workers, behead contractors, journalists, and U.S. military personnel, and bomb religious shrines, wedding parties, and restaurants. They openly mock the rule of law, the Geneva Conventions, and the standards of civilized people everywhere.

- There's nothing remarkable about the England Memo. In February 2002, the President instructed the Armed Forces as a matter of policy to "treat detainees humanely and, to the extent appropriate and consistent with military necessity, in a manner consistent with the principles of Geneva." The England Memo alerts the field that, after the Supreme Court's recent decision, Art. 3 applies to al Qaeda not merely as a matter of policy but as a matter of law.

- DoD detainees at GTMO *already* receive treatment compliant with Art. 3. DoD treats detainees at GTMO humanely and with respect -- much better, in fact, than Art. 3 requires. At Tuesday's Senate Judiciary Committee hearing, Senator Durbin commented on this fact based on his recent trip to GTMO.

- The Supreme Court's decision that Art. 3 applies as a matter of law to the conflict with al Qaeda makes it critical to be clear about exactly what is required. Terms like "outrages upon personal dignity" are susceptible of different interpretations. And once Art. 3 applies as a matter of law, we are obligated -- absent a congressional statute -- to look to how other countries interpret its terms. So a judge in another country could decide that some benign conduct is an "outrage" and potentially influence what constitutes a war crime under American law for the men and women on the front lines in the war on terror.

- To ensure that our personnel operate under clear standards now that the Supreme Court has spoken, it is imperative that Congress address this issue. We stand ready to work with Congress to help clarify the situation for our personnel.

Taylor, Jeffrey (OAG)

From: Taylor, Jeffrey (OAG)
Sent: Wednesday, July 12, 2006 5:28 PM
To: Gorsuch, Neil M
Subject: RE: DoD Memo on Geneva

Will do. To Judge I assume?

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 5:22 PM
To: Taylor, Jeffrey (OAG)
Subject: RE: DoD Memo on Geneva

Would you mind passing them along?

From: Taylor, Jeffrey (OAG)
Sent: Wednesday, July 12, 2006 5:13 PM
To: Gorsuch, Neil M; Scolinos, Tasia; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; McNulty, Paul J; McCallum, Robert (SMO)
Subject: RE: DoD Memo on Geneva

Looks good to me.

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To: Scolinos, Tasia; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); McNulty, Paul J; McCallum, Robert (SMO)
Subject: RE: DoD Memo on Geneva

Revised tps, reflecting NSC-Legal and OLC comments.

<< File: england tps.doc >>

From: Scolinos, Tasia
Sent: Wednesday, July 12, 2006 12:14 PM
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Katsas, Gregory (CIV)

From:	Katsas, Gregory (CIV)
Sent:	Wednesday, July 12, 2006 7:10 PM
To:	Gorsuch, Neil M
Subject:	Read: Draft Hamdan Legislation

Katsas, Gregory (CIV)

From: Katsas, Gregory (CIV)
Sent: Wednesday, July 12, 2006 7:11 PM
To: Gorsuch, Neil M
Subject: RE: DoD Memo on Geneva

Thanks.

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 5:23 PM
To: Katsas, Gregory (CIV)
Subject: FW: DoD Memo on Geneva

fyi

From: Gorsuch, Neil M
Sent: Wednesday, July 12, 2006 4:54 PM
To: Scolinos, Tasia; Bradbury, Steve; Engel, Steve; Eisenberg, John; Moschella, William; Taylor, Jeffrey (OAG); McNulty, Paul J; McCallum, Robert (SMO)
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Elwood, Courtney

From: Elwood, Courtney
Sent: Wednesday, July 12, 2006 7:28 PM
To: Gorsuch, Neil M
Subject: Fw: Specter letter

FYI

-----Original Message-----
From: Goodling, Monica
To: Sampson, Kyle; Elwood, Courtney
Sent: Wed Jul 12 17:15:44 2006
Subject: Specter letter

FYI - Specter sent a letter to the AG listing 10 questions that he would like the AG to address in his opening statement, "in order to save time on the question and answer period." As you'd expect, the questions focus on Hamdan, media prosecutions, shield laws, signing statements, terrorism programs, and OPR/TSP. It came in on my fax and I provided copies to OLA and OPA, and of course to Jeff and the AG. If you have an interest in seeing it, let me know if you have fax capabilities. Hope all is well.

Card, Jean

From:	Card, Jean
Sent:	Wednesday, July 12, 2006 7:33 PM
To:	Scolinos, Tasia; Roehrkasse, Brian; Sampson, Kyle; Elwood, Courtney; Brand, Rachel; Taylor, Jeffrey (OAG); Gorsuch, Neil M; McIntosh, Brent; Elston, Michael (ODAG); Moschella, William; Seidel, Rebecca; Bradbury, Steve; Clement, Paul D
Cc:	Masugi, Ken (OPA); Nichols, Grant W; Block, Jonathan; Sours, Raquel
Subject:	STAFFING: For Staff Review - Judiciary Hearing Statement Draft #2
Attachments:	07-18-06 senate judiciary hearing4.doc

Please provide comments to me no later than 4:00 PM tomorrow, July 14.

Topic: Senate Judiciary Oversight Hearing: Opening Statement Date: July 18, 2006

Staffed to:
OAG: Kyle Sampson, Courtney Elwood, Jeffrey Taylor OPA: Tasia Scolinos, Brian Roehrkasse Legal Policy: Rachel Brand, Brent McIntosh OLC: Steve Bradbury OSG: Paul Clement
OASG: Neil Gorsuch
ODAG: Michael Elston
Leg: William Moschella, Rebecca Seidel

Please let me know if you have any questions. Thank you.

Jean Card
Office: 307-2016
Cell: 532-5388

PREPARED REMARKS FOR ATTORNEY GENERAL ALBERTO R. GONZALES AT THE DOJ OVERSIGHT HEARING OF THE SENATE JUDICIARY COMMITTEE

TUESDAY, JULY 18TH

Event:	**Annual DOJ Oversight Hearing**
Venue:	**Senate Judiciary Committee**
Audience:	**Committee Members, Staff, Press**
Length Requested:	**10 - 15 minutes**
Length Prepared:	**11 minutes; 46 seconds**
Press:	**Open**

Prepared by: Jean Card
202-307-2016

DOJ_NMG_0040206

Good morning. Thank you, Chairman Specter and Ranking Member Leahy, for having me here today for this annual oversight hearing.

The Department is doing important and honorable work in each of our priority areas including significant corporate fraud convictions, successful public corruption investigations, advances against gangs, human trafficking, and the exploitation of children. My written testimony details our progress on these and many other important fronts and I hope we will have a chance to discuss some of them today.

But the No. 1 priority for the Department – as it is for this committee, I know – is protecting America from terrorist attacks.

For the purpose of this short time together, I want to focus on some of the most significant current issues we collectively face in the fight against terrorism. One of these, of course, concerns the contours of the military commission process in light of the Supreme Court's recent decision in Hamdan.

I know the Congress is working hard on this issue, and the President and I deeply appreciate your efforts. We look forward to collaborating on these efforts under the shared beliefs that it is vital we bring terrorists to justice for their crimes against humanity, and that we do so in a trial process that is worthy of our country.

I've come here today with an outline of principles and preferences for the legislation governing military commissions, but allow me to first give our discussion some historic context.

In the fall of 2001, as you are all well aware, I was in the White House Counsel's office. The President had asked me, immediately following the horrors of September 11th, to determine everything the Executive Branch could do, both quickly and within the framework of the Constitution, to protect the American people.

Those were intense, purposeful times. We – all of us in government – had just seen our brothers and sisters murdered in New York, Arlington and Pennsylvania. We were anxious about the possibility of more attacks and

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determined that more acts of violence against our nation could not, would not, be tolerated as long as any of us held public office.

Here on the Hill, you acted quickly to pass the Patriot Act, and the President was grateful for your speed in doing so. In the Executive Branch we began to exercise powers of investigation and prosecution to stop terrorist plots before they could kill again.

We were of one mind then, in public service. And I cannot emphasize this enough: I hope that we will be of one mind going forward because I know we have the same goal: to protect the American people and to bring their attackers to justice.

****

When the war in Afghanistan began, an obvious question was on the White House situation room table: what will happen when we catch bin Laden?

In deciding how, with strict deference to the Constitution, to set up a process that would deal justly with a man who led the massacre of thousands of our countrymen, military commissions were born. They were born of necessity.

We believed – and still believe – that the President had the Constitutional authority to establish military commissions. The DC Circuit also ruled in favor of the President's authority to establish military commissions by a vote of 3-0 -- a panel that included now-Chief Justice Roberts.

All that said, the Court has spoken. We respect the process and know that while the results of court decisions are not always on the side that the Department argues, the chance for both sides to argue at all makes this a fair and civilized nation.

With that context in mind, I'd like to give you a few specifics about what the Administration would like to see as Congress acts – we hope quickly – to establish a solid statutory basis for the military commission process, so that trials of captured al Qaeda terrorists can move forward. I'd like to suggest three basic guideposts for your consideration as we work together on this complicated subject.

First, I think you will find that the procedures devised by the Department of Defense are a useful resource as you consider what the military commission process should look like. You will find that the basic procedures crafted by DoD carefully balance the rights of the accused with the needs of national security and military necessity. They carefully and fairly address some concerns that I have regarding hearsay evidence, the protection of classified materials, and the like. I think you will find them a thoughtful and valuable starting point.

Second, we do not need hundreds of lawsuits from terrorists clogging our court system. We believe military commissions are the appropriate place to try terrorists, not our civilian courts. Our courts are currently burdened with habeas suits, class actions, and tort claims on behalf of every single detainee at Guantanamo Bay challenging everything from the food they are fed to access to reading materials. In some cases, they even seek money damages. The Detainee Treatment Act recognized the need for balance in this area. It afforded detainees the opportunity to appeal military commission and CSRT decisions in the U.S. Court of Appeals for the D.C. Circuit as well as the United States Supreme Court. At the same time, it ruled out class actions, tort suits, and the endless stream of conditions of confinement challenges. We believe the DTA struck an appropriate balance and Congress should make clear that its provisions apply not just prospectively but to all of the proliferating pending cases.

Third, we need to address the Geneva Convention question in a sensible and balanced manner. In Hamdan, the Supreme Court held that common Article 3 applies to al Qaeda. Let me be clear, however. The Court did not hold that al Qaeda terrorists are entitled the protections of POW status under the Geneva Conventions. The Court's decision pertains only to the minimal humanitarian guarantees enumerated in Article 3. And we feel strongly that al Qaeda terrorists are not entitled to full POW status. They have nothing but contempt for the laws of war and the Geneva Conventions. They kidnap relief aid workers, behead contractors, journalists, and U.S. military personnel, and bomb religious shrines, wedding parties, and restaurants. They openly mock the rule of law, the Geneva Conventions, and the standards of civilized people everywhere. While the Court held common Article 3 applies, that does not mean al Qaeda is entitled to the protection of all the other rights associated with the Geneva Conventions.

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Let me also address briefly other important aspects of our war efforts. Recently the media has published details of classified surveillance programs vital to our national security. We are, of course, disappointed that anyone would choose to reveal to our enemies programs so essential to the prevention of another terrorist attack on our shores.

And let there be no doubt about how vital these programs are. Imagine, for example, what a program like the terrorist surveillance program might have accomplished before 9-11. Terrorists were clustered throughout the United States preparing their assault. We know from the 9-11 Commission Report that they communicated with their superiors abroad using e-mail, the Internet, and cell phones. What might New York and Washington and, really, the whole world look like today if we had intercepted a communication revealing their location and plans? Of course, we cannot answer that question. But General Hayden, Director of the CIA, has disclosed to the Senate that the terrorist surveillance program instituted after 9-11 has helped us detect and prevent terror plots in the United States and abroad.

Some have questioned the legal analysis underlying these programs. We strongly believe, as I have previously explained, that the programs are consistent with the President's constitutional authority as Commander in Chief and the Congress's prior statutory commands. At the same time, however, we welcome Congress's attention to this issue and we appreciate your efforts, Mr. Chairman, to update our statutory laws in this area to reflect the novel nature of the terror threat we all face. It is all to the good when the elected branches of government can work cooperatively to protect the American people and I am pleased to lend strong support to S. ___.

Finally, because it is central to the goal of protecting the American people from terror, I would be remiss today if I did not include a call, once again, for the confirmation of Alice Fisher head of the Department's Criminal Division and Ken Wainstein, to be head of the National Security Division.

The National Security Division -- something called for by the 9-11 commission -- cannot be stood up until Ken is confirmed. Every day that

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Ken's nomination is delayed is therefore a day wasted in responding to the Commission's vital recommendations.

Similarly, for Alice to have an "acting" status undermines her authority in running a division that is devoted to disrupting terrorism, fighting corporate corruption, and protecting the integrity of our public institutions. She has done a marvelous job in all these areas, as you know, and she deserves swift confirmation.

Mr. Chairman, today is September 12th for the people of the Department of Justice. And tomorrow will be September 12th again. We are fighting this battle for the security and safety of Americans one day at a time. We appreciate your support in our efforts and the support of this entire Committee. Thank you for having me here today to discuss the important work of protecting the American people that concerns us all. I'd be very glad to take your questions.

###

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Thursday, July 13, 2006 7:04 AM
To: Elwood, Courtney; Goodling, Monica
Subject: Re: Specter letter

Monica, please may I get a copy? I'm helping Tasia and Jean with the opening remarks. Many thanks.

-----Original Message-----
From: Elwood, Courtney
To: Gorsuch, Neil M
Sent: Wed Jul 12 19:27:46 2006
Subject: Fw: Specter letter

FYI

-----Original Message-----
From: Goodling, Monica
To: Sampson, Kyle; Elwood, Courtney
Sent: Wed Jul 12 17:15:44 2006
Subject: Specter letter

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From: Gorsuch, Neil M
Sent: Thursday, July 13, 2006 7:04 AM
To: Elwood, Courtney
Subject: Re: Specter letter

Thanks v much for the heads up!

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Goodling, Monica

From:	Goodling, Monica
Sent:	Thursday, July 13, 2006 7:38 AM
To:	Gorsuch, Neil M
Subject:	Fw: PDF of Specter letter
Attachments:	Specter Letter-071206.pdf

Of course, here you go!

-----Original Message-----
From: Goodling, Monica
To: Sampson, Kyle
Sent: Wed Jul 12 21:03:27 2006
Subject: PDF of Specter letter

ARLEN SPECTER, PENNSYLVANIA, CHAIRMAN

ORRIN G. HATCH, UTAH
CHARLES E. GRASSLEY, IOWA
JON KYL, ARIZONA
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RICHARD J. DURBIN, ILLINOIS

MICHAEL O'NEILL, *Chief Counsel and Staff Director*
BRUCE A. COHEN, *Democratic Chief Counsel and Staff Director*

DLA

United States Senate

COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20510-6275

July 12, 2006

Honorable Alberto R. Gonzales
Attorney General
United States Department of Justice
Washington, DC

Dear Attorney General Gonzales:

There have been many issues which have piled up since your last appearance before the Judiciary Committee and I want to give you notice about the subjects which the Committee will want to cover. We would appreciate it if you would respond to these issues in your opening statement to save time on the question and answer period.

1. Recognizing that the President does not have a blank check, what factors should be considered, including on possible judicial review, on the constitutionality of the Terrorist Surveillance Program in the balancing of national security interests versus civil rights in determining the extent of the President's inherent Article II powers?

2. On my inquiry to you about media reports on telephone records being turned over to the Government, you advised that you were not authorized to confirm or deny the existence of such a program. You added that, aside from the Terrorist Surveillance Program, there was no program which was not authorized by judicial process with a reference by you to the FISA Court. That raises the inference that, if the Government is getting telephone company records, that it is judicially authorized. To the extent you can comment on this matter, we would appreciate it.

3. What considerations or contentions did the Government raise with the New York Times, the Los Angeles Times, the Wall Street Journal and USA Today in urging them not to publish their stories on the Terrorist Finance Tracking Program, including the responses from the newspapers and the dialogue between the Government and the newspapers on that subject?

4. What is your position on House Resolution 895 which condemns the unauthorized disclosure of the Terrorist Finance Tracking Program?

5. What is your position on Senate Resolution 524 which condemns damaging leaks and subsequent publication of the Terrorist Finance Tracking Program and the Terrorist Surveillance Program that expresses the sense of the Senate that the Department of Justice should be investigating and prosecuting all persons responsible for that unauthorized disclosure?

6. On ABC on May 21, 2006, you were asked whether a journalist can be prosecuted for publishing classified information and you responded that you were engaged in an investigation about what would be the appropriate course of action in that particular case but you would not discuss it further. We would appreciate your response on what would be the statutory basis for such a prosecution.

7. What is the legal authority for the Administration's position that presidential signing statements may be issued where the President states which provisions of the legislation will not be enforced?

8. Why was the Office of Professional Responsibility in the Department of Justice not given appropriate clearance so that OPR could complete the inquiry which it initiated into whether there was a violation when the Department of Justice gave approval on the legality of the Terrorist Surveillance Program?

9. When considering the Reporter's Shield law, does the Department of Justice support jailing a reporter like Judith Miller for declining to reveal a source where the grand jury inquiry has shifted away from a national security issue like who disclosed the identity of Valerie Plame to a grand jury investigation where the issue involved perjury or obstruction of justice?

10. What legislation does the Administration propose to deal with the Supreme Court's decision in Hamdan v. Rumsfeld and the continued detention of enemy combatants at Guantanamo?

Sincerely,

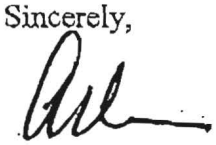

Arlen Specter

AS/ph

Via Facsimile

DOJ_NMG_0040216

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, July 13, 2006 8:02 AM
Subject:	Attorney General's News Briefing for Thursday, July 13, 2006
Attachments:	agnb060713.pdf; agnb060713.doc

This morning's Attorney General's News Briefing is attached.

Website: You can also read today's briefing, including searchable archive of past editions, at http://www.BulletinNews.com/justice.

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Interactive Table of Contents: Clicking a page number on the table of contents page will take you directly to that story.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JULY 13, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

At Senate Hearing, Administration Rejects Courts-Martial For Detainees....4

Britain Said To Use Officials Secrets Act As "Bludgeon" Against Leakers....6

Homeland Response:

DHS IG Report Says Terror Target List Too All-Inclusive....7

DHS Unveils Digital Emergency Broadcast System....7

DHS Cybersecurity Position Remains Vacant One Year After Creation....7

Spouses, Partners Of 9/11 Victims To Recite Their Names At Fifth Anniversary....8

Three Leaders Of Effort To Aid Gulf Churches Resign....8

War News:

Casey Says More US Troops May Be Needed In Baghdad....8

Gunmen Kill 22 During Raid On Iraqi Bus Station....9

Closing Arguments Made At Trial Of Alleged Unregistered Agent For Iraq....9

Rumsfeld Pays Surprise Visit To Iraq....9

Military Spokesman Says Saddam Is On A Hunger Strike....9

Army To Rebid KBR Contract....9

Official Says 150,000 Troops Are Needed To Secure Afghanistan....10

Army Reduces Attrition Rate Of New Recruits....10

Military Seeks To Address Needs Of Soldiers Suffering From PTSD....10

DOJ:

Senate Subcommittee Passes $51.2 Billion Commerce-Justice Spending Bill....10

Corporate Scandals:

UK Banker Interviewed By FBI In Enron Case Found Dead In London Park....10

Barnes & Noble To Review Stock Options Grants....13

Former FBI Agent Sentenced For Insider Trading....13

Criminal Law:

Novak Discusses His Role In Plame Leak Case....13

US Probing Fatal Boston Big Dig Collapse....14

Former Georgia Schools Chief Sentenced To Eight Years In Prison For Embezzlement....14

Connecticut Whistleblower's Husband Sentenced Pleads Guilty To Bribery Charges....14

FBI Investigating Kickback Allegations Against Former New Mexico Senate President....14

Chicago Builder Indicted On Bribery Charges....15

Reputed Bonanno Solder, Two Codefendants Convicted In Mob Murders....15

Peter Gotti Loses Appeal, But May Win Sentence Reduction 15

New England Mob Figure Pleads Guilty To Extortion....16

New York Man Sentenced For Bribery Scheme....16

Federal Prosecutors Working With Attorneys Who Bring Counterfeiting, Trademark Suits....16

ALF Targets UCLA Researcher With Molotov Cocktail....17

DC Police Disturbed By Changing Crime Trends....17

Juveniles Fueling Increase In Crime Nationwide....18

Civil Law:

Convertino Seeks Newspaper's Sources In Suit Against US..18

Civil Rights:

FBI Investigating Excessive Force Allegation Against Washington Police Officer....18

House Prepares Debate On Renewal Of Voting Rights Act....19

Family Sues Florida Agencies Over Boot Camp Death....20

EEOC Moves To Compel Testimony In Age Bias Suit Against Sidley....20

Amendment Would Overturn Gay Marriage In Massachusetts....20

Federal Judge Considers Blocking Georgia Voter ID Law 20
Transgender Scientist Sheds Light On Industry Bias Against Women 21

Antitrust:

Federal Judge To Review Phone Merger Deal 21
Oklahoma Firm To Plead Guilty To Bid-Rigging Scheme 22
DOJ, FTC Give Antitrust Clearance To Phelps Dodge Takeover Of Inco, Falconbridge 22
EU Fines Microsoft Over Antitrust Ruling Noncompliance 23
Aviva To Purchase AmerUS For $2.9 Billion 24
Televisa In Talks With Rival Bidder For Univision 24

Environment/Indian Affairs:

Senate Reach Agreement On Oil Drilling Legislation 24
Drought Drives Wheat, Corn Prices To 10-Year Highs..... 25
LATimes Says Administration Gave States Too Much Authority On Roadless Areas..... 25
Indian Tribe Sues Abramoff Over Casino Closing..... 25
Navajo Nation Head Start Program Employees Dismissed After Background Checks 25
Virginia Indian Tribes Seek Recognition With Trip To England 26

FBI/DEA/ATF/USMS:

Former Bonds Friend Cooperating With US In Steroids Probe 26
Former Wisconsin Police Detective To Plead Guilty To Cocaine Distribution 26
Doctor To Be Sentenced For Conspiring To Illegally Prescribe Steroids To NFL Players 27
County Supervisors In California Approve Medical Marijuana Ordinance..... 27
Suspected Supplier Of Fentanyl-Laced Heroin To Stand Trial..... 27
"Jacob The Jeweler" Enters Plea In Money Laundering Case27
Lancaster County, PA, Gets Federal Help To Fight Gang Violence 28
Northern Virginia Gun, Drug Sweep Nets Dozens Of Arrests . 28

Immigration:

Jury Deliberations Begin In Trial Of Bosnian Charged With Immigration Fraud 28
Gutierrez Promotes Bush Immigration Reform Before Senate Judiciary Committee..... 29

Tax:

Federal Appeals Court Rules For IRS In Tax Shelter Case ... 30
Former KPMG Employees Sue For Legal Fees..... 31
Wessel Rails Against The "Proliferation Of Tiny Tax Breaks."31

Congress-Administration:

4th Circuit Nominee Concedes He "Missed" Appearance Of Conflict In Four Cases 31
Gang Of 14 To Discuss Haynes Nomination 31
Senate To Test Bush's Veto Threat On Stem Cell Measure .32
House Approves Credit-Rating Industry Bill 32
Pentagon To Switch 66,000 More Employees To NSPS 32
Lower Deficit Figure Reignites Tax Cut Debate 32
Bush, Gerson Relationship Examined 32
Miller Borrowed $7.5 Million From Contributor To Finance Land Deal..... 33
Group To Honor Cunningham's Service..... 33
Kennedy Living Under Strict Court-Ordered Rules Following Guilty Plea 33
Miller, Obey Feud Suggests Deeper Tensions Among Democrats 33
House Democrats Top $18 Million In Dues 33
Pelosi Promises Fiscal Restraint If Democrats Take House Majority..... 33
Senate Democrats Launch Five-Issue Message Strategy..... 34
Democrats Begin Push To Raise Minimum Wage 34
House Republicans More Optimistic About Their 2006 Prospects 34
Holtz-Eakin Argues Against Fast Tracking CFIUS Reform 34
NYTimes Criticizes Automatic Congressional Pay Raises 34

Other News:

Petroleum Imports Fuel Trade Deficit Growth 35
Taylor Says Bernanke's Start Holds "Powerful Lessons."..... 35
Georgia's GOP Lawmakers Staying Out Of Lieutenant Gubernatorial Primary 35
Voters Express Doubts About Clinton Presidential Bid..... 35
Bush En Route To G-8 Meeting Marked By International Crises 36
Putin Offers Bitter Reaction To Cheney Speech..... 36
Russia, China, West Unite To Refer Iran To Security Council38
Israeli Troops Sweep Into Lebanon As White House Blames Iran, Syria For Instability..... 39
China, Russia Introduce UN Resolution That Wouldn't Impose Sanctions On North Korea 41
Kashmiri Terror Group Suspected In Mumbai Bombings 42

The Big Picture:

Headlines From Today's Front Pages 43

DOJ_NMG_0040219

Washington's Schedule:

Today's Events In Washington 44

TERRORISM NEWS:

At Senate Hearing, Administration Rejects Courts-Martial For Detainees. The Los Angeles Times (7/13, Spiegel, 918K) reports lawyers from the Defense and Justice departments told a House Armed Services Committee hearing yesterday, in the "most detailed description of administration policy since the Supreme Court struck down the Pentagon's special war crimes tribunals last month," that "their ability to introduce evidence gathered through coercion or through sensitive intelligence sources would be compromised if they were forced to use the Uniform Code of Military Justice," adding that "military courts provide protections for defendants that are unwarranted in the war on terrorism." While key lawmakers in the debate "offered to amend the code to deal with some of the administration's concerns," the lawyers said "such a plan was unworkable." Instead, they "urged lawmakers to adopt wholesale the system put in place by President Bush four years ago, despite the court's finding that it did not provide the accused with the basic rights that are guaranteed by U.S. law and the Geneva Conventions." This "is the latest sign that…the administration is likely to be just as aggressive in asserting its authority over detainee treatment as it has been in the past."

However, the New York Times (7/13, Zernike, 1.21M) adds "some leading senators said they believed that the White House stance might still be evolving," and that "the White House might be open to a solution that would abandon the tribunal approach in favor of one that would modify court-martial procedures to reflect the realities of putting terror suspects on trial," an outcome that "several scholars and military lawyers have said that the best way to meet the court's requirements." Still, while the Administration statement about the Geneva Convention "had been widely interpreted as a retreat," the Administration lawyers' testimony "made clear that the picture was more complicated." In fact, the Washington Post (7/13, A6, Weisman, 748K) notes that Sen. John McCain "said yesterday that at a long White House meeting" with Sen. Lindsey Graham "and national security adviser Stephen J. Hadley an agreement was reached that legislation would use the military code -- not the administration's plan -- as the framework, and a final bill would adhere to Common Article 3 of the Geneva Conventions."

The Hill (7/13, Tiron) adds "lawmakers are unlikely to move legislation until this fall at the earliest," and "it could be extremely difficult to enact a detainee measure this election year." Already, "both Republican and Democratic lawmakers indicate that they wanted to examine the issue properly before moving on the administration's suggestion." But according to Roll Call (7/13, Stanton), "Senate Majority Leader Bill Frist (Tenn.) and other GOP leaders are hoping to produce a legislative package before the August recess that would address the Supreme Court's recent ruling that the Bush administration's tribunal system for accused terrorists is unconstitutional." He "intends to set in motion a relatively quick and bipartisan debate at the beginning of September." According to GOP aides, "Frist's decision is a reflection of election-year scheduling realities and that if Congress is to act lawmakers will need to wrap up work early in September." While Frist and Minority Leader Harry Reid "currently are hoping to avoid partisan fights over the legislation," it still "remains to be seen how long détente can last during a hotly contested election year" when "both parties already have signaled that they are gearing up to use the issue in this year's election."

The Christian Science Monitor (7/13, Chaddock, 58K) focuses on the conflict between the branches of government, and says "detainees are likely to be the first proving ground for Congress to determine the president's license in the war on terror." While "it's not clear that other Republicans, including the chairmen of the House and Senate Armed Services Committees, will back a plan that forces the Bush administration to give detainees more rights - or to alter administration policy in any significant way," in their testimony, "administration officials signaled that - even if Congress speaks with one voice in revamping the Bush plan for military commissions - the president and the Pentagon don't need lawmakers' advice. Asked repeatedly to engage senators on what should be proper standards for the treatment of detainees, administration witnesses declined to respond."

House, Senate Seen As Likely To Disagree Over Approaches. The Washington Post (7/13, A6, Weisman, 748K) reports, "House Republicans signaled a coming clash with the Senate over the future of military tribunals yesterday when Armed Service Committee members indicated they

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were inclined to give the Bush administration largely what it wants in the conduct of terrorism trials." The House's hearing on the issue "was markedly different from Tuesday's Senate hearing," as most House Armed Services Republicans agree "that Congress should start with the administration's system, make a few minor changes, then pass a law creating the tribunals." With this "friendlier Republican audience," Daniel J. Dell'Orto, the Pentagon's principal deputy general counsel, and acting Assistant Attorney General Steven G. Bradbury "turned pugnacious in their defense of the administration's plan."

The Washington Times (7/13, Fagan, 88K) focuses upon chairman of the House Armed Services Committee Duncan Hunter's support for the Administration's military tribunals. The Times notes Hunter "warned against making it difficult for the military to question and prosecute terrorist suspects," and "criticized the full court-martial idea." The AP (7/13, Flaherty) notes that both sides in Congress "have not said exactly what they have in mind, giving the administration time to offer its proposal. But McCain and other GOP moderates have said the Pentagon's handling of detainees needs closer scrutiny by Congress — a suggestion Hunter has protested."

Long Island Newsday (7/13, Brune, 428K) reports, "Congress appears to be deeply divided on how to fix the president's war crime tribunals for terrorists after the Supreme Court struck them down for failing to conform with military and international law. … The split, emerging from congressional hearings this week, cuts across party lines and already has pitted at least one influential Republican senator against the White House agenda." Newsday continues, "Witnesses offered several solutions in hearings in the House yesterday and in the Senate on Tuesday, as the administration turned to Congress to comply with the June 29 Supreme Court ruling that rejected the tribunals for the trial of Osama bin Laden's driver. … But the discussion focused mostly on two broad approaches: patch and ratify the rejected tribunals, or start over and use military courts-martial either as the forum or as a framework." Newsday adds, "This week, the Bush administration urged Congess to take the first approach to fix its tribunals, formally known as military commissions. … 'All Congress needs to do -- assuming it has taken the opportunity to review the commission processes currently configured -- is to ratify that process, and we can move on very, very quickly,' Pentagon lawyer Daniel Dell'Orto told the House Armed Services Committee yesterday. … Dell'Orto and Steve Bradbury of the Justice Department warned that the due-process rights of terrorists should be limited, as they are in the commissions, to protect intelligence operations in the war on terror. … They argued that the Supreme Court's ruling does not require Congress to reconfigure the tribunals or base them on the Uniform Code of Military Justice. … But many current and former military lawyers disagreed, including Sen. Lindsey Graham (R-S.C.), who is expected to play a key role in crafting the final tribunal legislation."

The Dallas Morning News/AP (7/13) reports, "Democrats and some moderate Republicans believe military courts-martial have more credibility, setting up a potential showdown this fall in Congress when GOP lawmakers hope to pass detainee legislation." The AP adds, "The White House said Wednesday it was voiding elements of a 2002 executive order signed by the president that said the Geneva Conventions would not apply to al-Qaeda or Taliban prisoners. … 'Obviously, parts of it will no longer apply in light of our commitment to comply with the court's decision,' said a White House spokeswoman, Dana Perino."

Few Sweeping Changes Expected In Military Practices. The Christian Science Monitor (7/13, Sappenfield, 58K) reports that former Army interrogator Mike Ritz feels the Pentagon memo that officially extended the protections of the Geneva Conventions to detainees "will not usher in sweeping changes in how the military treats" them, as "many of the Geneva requirements are already in place." Instead, "its significance is in the message that the United States is abandoning its efforts to exploit a legal gray area outside the Geneva Conventions and is willing to embrace the increased safeguards against torture that the document represents." However, "others aren't so convinced that the military has been on its best behavior." John Hutson, former Judge Advocate General of the Navy, notes that when Deputy Secretary England added to the memo "the rules of the Geneva Conventions and demand a militarywide review," he was "acknowledging the reality that compliance has not been perfect."

The AP (7/13, Locy) lists a number of questions and answers about how the Supreme Court decision will affect the treatment of detainees. Many of the answers note that how things will actually be affected is unclear.

More Commentary. The Wall Street Journal (7/13, 2.03M) editorializes, "five years after 9/11, the U.S. is about to give to people who ram commercial jets into buildings many of the same legal privileges and immunities as the average

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GI." The Journal "can't recall another situation in which Presidential power was so freely handed away," and it "has the smell of a bureaucratic fiasco." The Journal finds it "hard to imagine a greater self-inflicted setback to counterterror efforts," as the Geneva Conventions' Common Article 3 "can be read so expansively as to forbid the U.S. from so much as shouting at captured al Qaeda suspects," and "according such rights to terrorists who murder women and children gives them moral legitimacy that will make winning this war that much harder." The Journal declares "we are now heading toward the European model where terrorism is seen as just another fact of life" and predicts "it won't be very long until some European magistrate indicts Donald Rumsfeld or National Security Adviser Stephen Hadley or some other U.S. official for 'war crimes.'" The Journal advises Congress to "fix this royal mess by" passing a new set of procedures and rules for handling unlawful combatants" and making them "not Geneva Common Article 3…the controlling law in America."

USA Today (7/13, 2.27M) editorializes that, in "a welcome change," after "a stinging rebuke from the Supreme Court…the Bush administration has finally acknowledged for the first time that the Geneva Conventions apply to the war on terror." This "sends a clear message to the world about American values and to U.S. troops about how prisoners must be treated." However, a "strong indicator of the administration's deeper views was evident in testimony before the Senate Judiciary Committee" when "Justice Department lawyer Steven Bradbury said using the military courts-martial process as a model — an option the court suggested - is not 'appropriate' or 'feasible.'" This "grudging shift…will lead nowhere unless it follows with a system to try detainees that complies with the law and international obligations. That can be done without going soft on terrorists, and without the problems the administration's previous high-handed approach so needlessly created."

The Los Angeles Times (7/13, 918K) editorializes, "Grudgingly and gracelessly, the Bush administration has acknowledged that detainees in the war on terror are covered by a provision of the Geneva Convention prohibiting 'humiliating and degrading treatment.'" This change in policy is "doubly welcome," although "predictably, the administration minimized the importance of the new policy." The administration's previous "refusal to recognize the constraints of the Geneva Convention made it appear that the U.S. lacked what the Declaration of Independence called 'a decent respect [for] the opinions of mankind.' Better late then never, the administration has moved to correct that impression."

The Washington Post (7/13, A22, 748K) editorializes, "It's encouraging that administration officials, in hearings this week, did not ask Congress to undo the court decision with regard to Common Article 3," and, "If the administration is really prepared to have Congress implement Common Article 3 in federal law, that is a significant development." Still, there is a "question…whether the administration means to treat detainees in the CIA's secret prisons in accordance with the treaty," and Mr. Bradbury's testimony, along with that of a Pentagon official, is "worrying," as "they essentially asked House and Senate committees to ratify the commissions already set up." These "past five years have shown the grave difficulty of trying to build a legal system from scratch," a process that "produced international suspicion and has eroded the perception of American justice" even as it "produced no trials." Instead, "Congress ought not start with that failed model but should work off the court-martial system the military uses every day, tailoring it as need be."

Herbert Criticizes Administration's Treatment Of Detainees To Date. Bob Herbert writes in his column in the New York Times (7/13, 1.21M), "Is the post-9/11 American Inquisition beginning to come undone?" For the administration, the detainees "had no rights," and for their tribunals, "the entire system was rigged." Now we've learned that "many of them…were no danger to the United States at all," and "the courts…have slowed the administration's descent into barbarism at Guantánamo." Herbert adds that upon hearing the ruling in Hamdan v. Rumsfeld, "The word 'civilized' drew blank stares from baffled Bush administration staffers, who had to run to their dictionaries to see what it meant."

Britain Said To Use Officials Secrets Act As "Bludgeon" Against Leakers. The New York Times (7/13, Lyall, 1.21M) reports, "In a country where there is no presumption of the public's right to know," Britain's Official Secrets Act "is a bludgeon with which to forestall dissent. It is also a deterrent against government workers and newspapers." Recent "disclosures have alarmed the Blair government," and civil servant David Keogh and parliamentary researcher Leo O'Connor have now been charged with leaking a memo in which President Bush, "shockingly, suggested that allied forces should bomb the Arab television network Al Jazeera." However, "it is hard to

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see why the government is taking such a strong step," considering "the gravity of some of the other leaked memos" that didn't inspire prosecution. "It seems odd that the government is pushing so hard on Mr. Keogh and Mr. O'Connor," especially as O'Connor just gave it to his Member of Parliament boss, who returned it to the government.

HOMELAND RESPONSE:

DHS IG Report Says Terror Target List Too All-Inclusive. ABC World News Tonight (7/12, story 8, 3:20, Snow, 8.78M) reported on the "new controversy" over DHS' database of potential terror targets, which includes "everything from a ground hog zoo to a kangaroo conservation and an apple and pork festival." ABC (Reynolds) continued that a DHS Inspector General "audit of the data criticized what it called 'an abundance of unusual or out of place assets whose criticality is not readily apparent.' … Indiana officials insist they have 8,500 sites worth noting, more than any other state, including New York and California." But with federal funding an important issue, "states may be motivated to pad their lists." Sen. Charles Schumer was shown saying, "The federal government and DHS should have compiled the list themselves and not asked the localities for what they thought was a terrorist target."

NBC Nightly News (7/12, story 13, 2:20, Williams, 9.87M) reported, "Given all we know about terrorism and the targets they have already hilt and would like to hit, common sense would certainly tell us it is not as dangerous, say, in Indiana, as it is here in Midtown Manhattan or in Washington DC." However, part of DHS' National Asset Database "reads like a back roads summer tour – Indiana's Amish Country Popcorn farm, the Kangaroo Conservation Center in Georgia and the Groundhog Zoo in Punxsutawney, Pennsylvania -- more than 77,000 listings, so all-inclusive, the Inspector general says that it's of questionable relevance in setting security priorities."

The Kansas City Star (7/13, Helling, 278K) reports DHS Wednesday "called the list…just a 'tool' used to protect critical infrastructure. … 'It's not our list,' insisted department spokesman Jarrod Agen. 'We look at it, then pull the information we need from it' to put together a separate threat assessment."

NPR's All Things Considered (7/12, Fessler) reported, "The Department of Homeland Security's inspector general has found some pretty curious things on the agency's list of sites that could be terrorist targets." Agen was heard saying, "This is a spread-sheet, a database, where state and local authorities give us information about assets within their communities, and we compile it in an area where we can use it as a tool and as information, but it is not our list of critical infrastructure within the US."

DHS Unveils Digital Emergency Broadcast System. Describing the Emergency Broadcast System as "a relic of the Cold War," NBC Nightly News (7/12, story 12, 1:00, Williams, 9.87M) reported "today in Washington, Homeland Security officials unveiled a new digital emergency broadcast system, one for our new century, our new digital age, designed to send alerts to pagers and cell phones and BlackBerries and the like. Oh and one more thing – it's more like something they are working on for the future. It doesn't work yet. But, we want to assure you, had this been an actual change in emergency broadcast system policy or procedure, you would have been told where to turn to figure out just how you could sign up for your very own alert."

The New York Times (7/13, Lipton, 1.21M) reports, "By the end of 2007, all PBS affiliates should be able to receive and transmit the signal, said Kevin G. Briggs, a Federal Emergency Management Agency official." Thought the digital signal "can already be sent by satellite to cellphone companies," Briggs said "trying to simultaneously transmit the information as a text message to every subscriber would probably overload the system, …so federal officials are exploring technological solutions, meaning that this option may not be available for some time."

The Washington Times (7/13, Lively, 88K) describes the new system as "a departure from the government's plan of shutting down cell-phone service to thwart threats of terrorism." FEMA Director R. David Paulison said the "system will better serve first-responders and government officials, as well as provide the American public timely information so they can safeguard themselves and loved ones in times of emergencies."

DHS Cybersecurity Position Remains Vacant One Year After Creation. The Washington Post (7/13, A21, Krebs, 748K) reports, "One year after the Department of Homeland Security created a high-level post for coordinating U.S. government efforts to deal with attacks on the nation's critical technological infrastructure, the agency still has not identified a candidate for the job." The

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ongoing vacancy at the position, announced July 13, 2005 by DHS Secretary Michael Chertoff, is seen by critics as "further evidence that the administration is no better prepared for responding to a major cyber-attack than it was for dealing with Hurricane Katrina." However, "George W. Foresman, DHS undersecretary for preparedness, assured critics that DHS is "in the final stretch" of approving a candidate."

Hacking Of State Department Computers Originated In Asia. The AP (7/13, Bridis) reports, "Computer break-ins at the State Department that caused broad disruptions in recent weeks apparently originated in the East Asia-Pacific region, a department spokesman said Wednesday." It was "unclear who was responsible, said Sean McCormack." He "defended the department's response to the computer break-ins as 'a textbook example of how you detect, monitor and immediately address a challenge to the integrity of a computer system.'"

Spouses, Partners Of 9/11 Victims To Recite Their Names At Fifth Anniversary. USA Today/AP (7/13, Kugler) reports, "People who lost husbands, wives or partners in the Sept. 11 terrorist attacks will recite their loved ones' names at the World Trade Center site this year on the fifth anniversary of 9/11. Each year, the names of the Trade Center victims have been read by a different group." Following the tradition, "the fifth anniversary ceremony will begin with a moment of silence at 8:46 a.m. ET, the minute the first jet hit the north tower, and will pause for the moments the second jet hit the south tower and each tower collapsed."

Three Leaders Of Effort To Aid Gulf Churches Resign. The Washington Post (7/13, A6, Fears, 748K) reports Bishop T.D. Jakes and the Rev. William H. Gray III, co-chairs of Interfaith Advisory Committee, "set up to distribute $20 million to churches affected by Hurricane Katrina," submitted their resignations last week, "saying their grant-making decisions were being undermined by the directors of the Bush-Clinton Katrina Fund. … Another committee member, the Rev. William J. Shaw, said by telephone that he resigned over the weekend; he declined to comment further." Gray "said that he, Jakes and Shaw resigned when the staff sent $35,000 to a church without their knowledge, then refused to explain why. That particular church had not been inspected to determine its need, Gray said." In his letter of resignation, "Jakes wrote that he could not 'continue to participate in an initiative that ignores my recommendations, decisions and opinions.'"

WAR NEWS:

Casey Says More US Troops May Be Needed In Baghdad. Gen. George Casey, the senior US commander in Iraq said yesterday that there may be a need to move American forces into Baghdad to prevent the recent surge in sectarian killings from worsening. The New York Times (7/13, von Zielbauer, Cloud, 1.21M) reports that Casey said "'terrorists and death squads' were responsible for the surge in sectarian killings" in Baghdad. Casey "said Sunni terrorist groups affiliated with Al Qaeda were killing Shiite civilians in Baghdad to show their continued power in the aftermath of an American missile strike last month that killed the leader of Al Qaeda in Mesopotamia, Abu Musab al-Zarqawi. In response to killings by Sunnis, he said, Shiite 'death squads' in Baghdad had begun indiscriminately killing Sunni Arab residents, including dozens who were seemingly pulled from their cars and homes at random on Sunday and killed on the street."

US-Led Coalition Said To Need Local Politicians' Support. Former British Foreign Service Officer Rory Stewart writes in the New York Times (7/13, 1.21M), "A great many of the failures in Afghanistan and Iraq arise from a single problem: the American-led coalitions' lack of trust in local politicians. … The coalitions cannot achieve political change in the absence of strong local support. And when they try to do so, they undermine their local allies." Stewart adds that Afghanistan and Iraq "are likely to remain, by our standards, corrupt and weak. But only their own legitimate leaders can create more humane, democratic and prosperous states. And they can succeed only if we respect local politicians, allow them to deal with our enemies, and drop our utopian dreams."

Broder Says Bush Is To Blame For Situation In Iraq. David Broder Writes in his column in the Washington Post (7/13, A23, 748K) that there are trouble spots all over the world for the US, and "Bush is largely blameless for all these troubles. The nations involved have made their own choices for their own reasons and probably would be behaving that way no matter who was in the White House. But the same cannot be said of the final and largest trouble spot," Iraq. "More than anything else in the world, this deteriorating situation in Iraq must worry the man on Air Force One. If he

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has any smart ideas about how to resolve it, they are a well-kept secret."

Gunmen Kill 22 During Raid On Iraqi Bus Station. The Washington Post (7/13, A20, Partlow, White, 748K) reports that Iraqi police and military officials say gunmen kidnapped a group of people in a bus station parking lot and killed 22 of them. The early morning raid "took place in Muqdadiyah, about 60 miles northeast of Baghdad. The Iraqi military said four people were rescued but that the other captives had been killed by the time Iraqi soldiers arrived on the scene."

The Los Angeles Times (7/13, Kennedy, 918K) reports, "Accounts of the deadly kidnappings were fragmented and contradictory, reflecting the deep sectarian divisions. According to the most authoritative accounts, the abductions occurred about 6 a.m. in the bus terminal of the religiously mixed town of Muqdadiya, about 60 miles northeast of Baghdad. Witnesses said many of those kidnapped were Shiite bus drivers who, along with others in the terminal, were loaded onto four commandeered vehicles and driven away."

Closing Arguments Made At Trial Of Alleged Unregistered Agent For Iraq. The AP (7/13, Neumeister) reports, "A defense lawyer urged a jury on Wednesday to look past Iraq, Saddam Hussein and weapons of mass destruction as it studies evidence in the trial of a South Korean businessman accused of being an Iraqi agent and trying to influence the United Nations' oil-for-food program." Michael Kim "said the government's claim that Tongsun Park acted as an unregistered agent for Iraq in the mid-1990s 'defies common sense.' But Assistant U.S. Attorney Stephen Miller told jurors…that Park joined a conspiracy from 1992 through late 2002 to lift economic sanctions imposed on Iraq," and he "said Park 'lied in every possible way' when he spoke with FBI agents in December 2004." The AP adds, "Park did not have to register as an agent of a foreign government because he was not working for Iraq, Kim said. … Park was closely associated with the United Nations and was 'not just a friend of Boutros-Ghali, but an adviser,' he said."

Rumsfeld Pays Surprise Visit To Iraq. The CBS Evening News (7/12, story 5, 0:10, Schieffer, 7.66M) reported, "Defense Secretary Donald Rumsfeld visited US troops in Iraq. He said it is too early now to predict when the number of Americans serving in Iraq might start to come down." The AP (7/12, Burns) adds that Rumsfeld, who was making his 12th visit to Iraq since the US invasion in March 2003, "said US forces remain committed to helping stabilize the country, but he stressed that the key concern now is political rather than military. 'It's as much a political task as anything,' he told reporters."

Military Spokesman Says Saddam Is On A Hunger Strike. CNN's The Situation Room (7/12, Blitzer) reported, "Saddam Hussein is on a hunger strike. A US military spokesman says he has refused all meals since Friday, drinking only coffee with sugar and fortified water. The strike is to protest poor security for his defense attorneys, three of whom have been killed since Saddam Hussein's trial. This is also Saddam Hussein's third hunger strike since then."

Army To Rebid KBR Contract. The Army has announced plans to rebid a multi-billion dollar contract under which Halliburton subsidiary Kellogg Brown & Root has been providing services to troops around the world. The AP (7/13) reports that the Army's decision comes "after years of complaints over how the deal has worked in Iraq. Critics of the contract said that the move was overdue and that hundreds of millions of dollars had probably been wasted." Under the 2001 contract, KBR "provides food, water, shelter and other logistical support for troops."

The Financial Times (7/13, Yeager) reports, "Under a new contracting scheme, to be launched late this year, three contractors will be used for the army's contracted logistics work, such as providing meals, washing clothes, transporting fuel and delivering mail. An additional contract will be awarded to a single company to manage the workload. Army officials said the change would improve planning and accountability, and provide better contingency options if one contractor performed poorly. But the shift comes amid charges from government auditors and Democrats in Congress about high costs and poor quality of some of the work carried out by Halliburton, where Vice-President Dick Cheney was formerly chief executive."

The New York Times (7/13, Glanz, 1.21M) reports that the changes "await final Pentagon approval, said Linda K. Theis, a spokeswoman for the Army Field Support Command in Rock Island, Ill., which oversees the contract. But they have already received extensive review and are moving through the upper echelons of the Army, she said. … The Army said it hoped this approach would foster competition and lower the

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risks of having one large contractor in charge of critical military programs."

Official Says 150,000 Troops Are Needed To Secure Afghanistan. The AP (7/13) reports that Afghanistan's Defense Minister Abdul Rahim Wardak said yesterday that the Afghan Army cannot secure the country without at least 150,000 troops. Wardak "said that a plan to increase the army to 70,000 troops from 27,000 was inadequate, and that the American-led coalition should divert funds from its own operations to strengthen Afghan forces. Mr. Wardak said a 70,000-member army could not end a surge of Taliban-led violence like the one that flared recently, or protect the country from outside threats. The minimum number, he said in an interview, was 150,000 to 200,000, 'which should also be well-trained and equipped, with mobility and firepower and logistical and training institutions.'"

Army Reduces Attrition Rate Of New Recruits. USA Today (7/13, Brook, 2.27M) reports, "The Army has slashed the rate at which young soldiers wash out, allowing it to keep more of the recruits it has struggled to find. That's due largely to changes in how the Army treats enlistees. Gone are the days when trainees run till they drop. Soldiers who need counseling get extra attention, not a screaming drill sergeant. The attrition rate within the soldier's first six months plummeted from 18.1% in May 2005 to 7.6% a year later."

Military Seeks To Address Needs Of Soldiers Suffering From PTSD. In a story emphasizing the personal struggles of US soldiers as they attempt to receive treatment for post-traumatic stress disorders, the CBS Evening News (7/12, story 6, 3:30, Schieffer, 7.66M) reported, "The Veterans Administration says more than 50,000 veterans of the Iraq and Afghanistan wars are suffering from mental health problems." CBS (Keteyian) describes the problems faced by Privates Tyler Jennings and Corey Davis and notes that "in the face of what some are calling an epidemic of PTSD in the military, nearly a dozen soldiers here at Fort Carson told us their cries for mental help either went unanswered or they found themselves subject to unrelenting abuse and ridicule." Kaye Baron, clinical psychiatrist: "It's a tremendous concern. You don't want a soldier not to seek help for anything. They are our number one asset and leaders have to engage that everyday. And in my experience here, we do." But after seeking treatment Keteyian concludes that both Jennings and Davis "face dishonorable discharges. Forced to seek treatment off base, both have been diagnosed with posttraumatic stress disorder. Like so many soldiers, they feel deserted by the Army they once so proudly served."

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Senate Subcommittee Passes $51.2 Billion Commerce-Justice Spending Bill. Congress Daily (7/13, Posner) reports, "A Senate Appropriations subcommittee rejected President Bush's plan to end a popular police grant program to localities Tuesday as it easily approved a $51.2 billion fiscal 2007 bill to fight crime, boost oceanic research programs, and fund space flight." CD continues, "The measure (H.R. 5672) swept through the Senate Commerce-Justice-Science Appropriations Subcommittee without dissent on a voice vote. The bill, which funds the departments of Commerce and Justice, NASA and a host of independent agencies, moves to the full committee for action on Thursday." CD adds, "Bush had proposed no funds and eliminated the Edward Byrne Justice Assistance Grants, a well-liked program that gives money to localities and states to address crime programs, including the rising epidemic of methamphetamine addiction. But the panel restored $555 million for the Byrne grants, which is $143 million above this fiscal year. … In all, Bush asked for $1.2 billion in cuts in various Justice Department programs, including the Byrne aid, the so-called COPS program to help localities hire police, juvenile justice programs and help to curb violence against women. A committee source said after the meeting the committee restored $900 million of those proposed $1.2 billion cutbacks."

CORPORATE SCANDALS:

UK Banker Interviewed By FBI In Enron Case Found Dead In London Park. The Washington Post (7/13, A3, Sullivan, 748K) reports, "A British banker who had been questioned by the FBI in a matter related to the Enron Corp. fraud case was found dead in a park in East London on Wednesday, British media reported." Former Royal Bank of Scotland executive Neil Coulbeck "was found in a wooded area near his home." The Post notes, "The three bankers' case has re-ignited a political furor here, with

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opponents of Prime Minister Tony Blair's government arguing that Britain has a one-sided extradition agreement with the United States." The New York Times (7/13, Timmons, 1.21M) adds that Scotland Yard "said the death was being treated as 'unexplained' and that officers from its homicide and serious crime units were investigating. The man appeared to have committed suicide, the British Press Association said." The AP (7/13) notes, "The FBI said it would not comment on any aspect of the case. A formal identification was expected Thursday, police said."

The story receives widespread coverage in the UK press, which takes a decidedly negative tone toward the FBI and the US prosecution of the "NatWest Three." Under the headline "Witness 'Hounded By FBI' Found Dead In Woodland," The Times (7/13, Tendler, Charter) reports, "Shami Chakrabarti, the director of the civil rights group Liberty, said: 'I am troubled by reports from Mr Coulbeck's friends that he was hounded by the FBI. I have been told that he had been interviewed more than once by the FBI and was under pressure partly for this reason. We are entitled to ask serious questions about the nature of FBI operations on British soil.' FBI sources said that Mr Coulbeck would have been called to give evidence at the trial. Police sources said that there was no evidence of foul play and detectives said that he had attempted suicide before."

The Guardian (7/13, Pallister, Kundnani) reports, "There were conflicting accounts yesterday about Mr Coulbeck's reaction to being drawn into the US investigation and the way he was treated. Sources familiar with the US investigation, as well as the NatWest Three's London lawyer, Mark Spragg, said Mr Coulbeck was a peripheral figure in the fraud case. It is understood the FBI last interviewed Mr Coulbeck in 2002, and he signed a witness statement in November 2003." However, The Sun (7/13, King, Parker) notes, "His suspected suicide came after he was said to have been 'aggressively questioned'" by American FBI officers. … Last night the FBI denied it hounded him." The Daily Telegraph adds that David Bermingham, one of the three NatWest executives facing US charges, "said one of the witnesses, who was not Mr Coulbeck, 'was very aggressively interviewed by the FBI and was quite traumatised by the entire experience'. In the Commons, Tony Blair tried to defuse the mounting political and public concern over the fate of the three men by telling MPs that the Government had received assurances that US prosecutors would not oppose conditional bail for them."

The Scotsman (7/13, Peev) reports that "Coulbeck approved the transaction that is at the heart of the investigation into the NatWest Three. He told the FBI he had been aware of the deal but insisted he 'had no recollection' of being approached by any of the NatWest Three, or anyone else, concerning the sale. … RBS said there was 'no evidence' that Mr Coulbeck had been involved in the transaction under investigation." The Herald (7/13 MacDonald) notes, "In the aftermath of Mr Coulbeck's death it was claimed he was 'hounded' by FBI agents investigating the Enron case. No-one yet knows why Mr Coulbeck killed himself, or if his death was suicide, but friends were concerned about the effect the investigation was having on his state of mind." The Independent (7/13, Milmo, Kollewe, Judd) similarly reports on Coulbeck's death.

USA Today (7/13, Stinson, 2.27M) reports, "On the same day that mourners said farewell to former Enron founder Ken Lay in Houston, the saga of the collapsed energy giant played on dramatically and tragically (in Britain). In Parliament, lawmakers in the House of Commons unsuccessfully sought to pressure Prime Minister Tony Blair into delaying the extradition today of three former British investment bankers to Houston to face trial on Enron-related fraud charges. … And in a park area in east London, police found the body of a former banker who had been associated with the so-called NatWest Three bankers. The three men face charges of wire fraud in connection with the sale of an Enron company for allegedly less than its worth. The death was an apparent suicide." The AP (7/13) also reports this story.

NatWest Three Becoming Cause Célèbre In UK. MarketWatch (7/13, Goldstein) reports, "If the name Enron, to Americans, is synonymous with corporate fraud, it's quickly becoming a codeword for American overreach to Europeans." MarketWatch continues, "An impulse to skirt the U.S.'s Sarbanes-Oxley Act of 2002, passed in the wake of Enron's collapse, has driven international companies to list in London instead of on the New York Stock Exchange or the Nasdaq. … Concern these rules could apply to Continental European companies has led politicians -- include France's Jacques Chirac -- to oppose the NYSE Group's planned acquisition of the multinational stock-exchange operator Euronext. … And now opposition to the extradition of three of Enron's bankers to the U.S. is growing in the country that is America's closest European ally, Great Britain." MarketWatch adds, "The bankers -- dubbed the 'NatWest Three' -- have

DOJ_NMG_0040228

become a cause celebre in certain circles here, with the conservative Daily Telegraph newspaper even mounting a petition against current U.K. extradition laws. … The opposition Conservative Party, as well as ex-Minister David Blunkett of the Labour Party and left-wing London Mayor Ken Livingstone, also have pressed the Blair government not to extradite the three."

Broad Coalition Of MPs Press Blair To Overturn Extradition Treaty. The Guardian (7/13, Branigan) reports, "MPs stepped up pressure on the government yesterday to overturn the 'unfair, imbalanced' treaty under which the NatWest Three will be extradited to the United States today, following peers in a resounding rejection of the agreement. A bizarre coalition -- including the Liberal Democrats, Labour backbenchers, former Tory leader Michael Howard and George Galloway -- opposed the treaty, which has never been ratified by the US." The Guardian notes, "Tony Blair told MPs he had been informed that US prosecutors would not oppose conditional bail for David Bermingham, Gary Mulgrew and Giles Darby, but rejected demands to renegotiate the extradition arrangements." The Daily Telegraph (7/13, Jones, Carlin) adds, "The Government risked defeat for the second day after the Lords had voted by two to one to block further extraditions of British subjects to America until the US Senate ratified a new treaty. But Labour MPs were instructed to sit on their hands when Opposition MPs demanded a vote. The surprise 246 to four vote, a majority of 242, resulted in the Commons adjourning early and the Tories losing a scheduled debate on Government plans to introduce home information packs for house sellers."

US Opposes Skilling's Bid To Have Conviction Overturned. The AP (7/13) reports, "The federal government wants former Enron Corp. Chief Executive Jeffrey Skilling to remain a felon, prosecutors said in court filings." The AP continues, "Prosecutors, not surprisingly, said as much in response to Skilling's request filed last month that a judge overturn a jury's May verdict that found him guilty of 19 criminal counts related to fraud at the energy company before it crashed into bankruptcy proceedings in 2001." The AP adds, "In court papers, Skilling's lead lawyer, Daniel Petrocelli, had argued that evidence presented at the four-month trial that ended in May was 'legally insufficient' to support Skilling's convictions. Petrocelli asked that U.S. District Judge Sim Lake dismiss the verdict and acquit Skilling of all charges, or throw out the result and order a new trial. … On Tuesday, prosecutors responded in court papers that said trial evidence 'overwhelmingly' established Skilling's guilt and 'ample evidence' showed he perpetuated a conspiracy to lie about Enron's health to hide financial tricks used to create an illusion of strength and success. … Lake has yet to issue a ruling."

Mourners Remember Lay At Memorial Service. USA Today/Bloomberg (7/13) reports, "Enron founder Ken Lay, convicted of a fraud that destroyed his company, was called a victim of 'a lynching' by a mourner at a memorial service marred by the collapse of former Houston mayor Bob Lanier." Bloomberg continues, "Guests among the several hundred mourners in Houston included former president George Bush and wife Barbara, former U.S. secretary of State James A. Baker III, ex-secretary of Commerce Robert Mosbacher, former Enron president John Seidl, Lay's defense lawyer Mike Ramsey and Drayton McLane, owner of the Houston Astros baseball team. … 'Ken Lay was neither black nor poor, but he was a victim of a lynching,' the Rev. William Lawson, a civil rights leader, said Wednesday at the service." Bloomberg adds, "Lay and his successor as Enron's CEO, Jeff Skilling, 52, were convicted May 25 of spearheading the fraud that plunged Enron into bankruptcy in December 2001. They were scheduled to be sentenced in October. Lay, who died last week near Aspen, Colo., at age 64, could have spent the rest of his life in prison. … Seidl, who left Enron in 1989, criticized 'over-zealous federal prosecutors and media who vilified an exceedingly good man.' Seidl said that while Lay would be remembered for his role in the collapse of Enron, he hoped history would eventually restore Lay's reputation. 'Ken Lay wouldn't do anything illegal, even if you put a gun to his head,' Seidl said."

The Washington Post (7/13, A3, Moreno, 748K) reports, "Wednesday's service was delayed after former Houston mayor Bob Lanier collapsed as he walked down the aisle of the sanctuary with his wife. Lanier, 81, worked closely with Lay during his six-year mayoral tenure in the 1990s. They collaborated on the renaissance of downtown, which included a new ballpark for the Houston Astros. The stadium, called Enron Field until the company imploded in 2001, is now called Minute Maid Park. … Lanier, who testified as a character witness during Lay's fraud and conspiracy trial, has a history of heart problems. He was taken to a hospital by ambulance. A Lanier family spokeswoman later said he was awake, alert and 'in good spirits.'"

DOJ_NMG_0040229

Barnes & Noble To Review Stock Options Grants. The Wall Street Journal (7/13, Hechinger, Buckman, 2.03M) reports, "Barnes & Noble Inc. said its board's audit committee will conduct a review of the company's stock-option practices after a shareholder filed a lawsuit alleging that the New York-based bookseller improperly backdated dozens of options grants to executives." The Journal continues, "Federal authorities are investigating the options practices of more than 50 companies to determine whether they backdated or otherwise manipulated grant dates to make them more lucrative. Stock options give employees the right to buy shares in the future at current prices, so retroactively giving executives lower-priced options can translate into significant additional pay for executives." The Journal adds, "Barnes & Noble said there was 'no merit' to the lawsuit and that 'its practices with respect to the issuance of stock options have always been entirely appropriate and in full compliance with all applicable laws and regulations.' But the company said it would investigate 'as a matter of good corporate governance.' … A review of securities filings shows that Barnes & Noble granted stock options to senior executives at monthly lows. One such grant of 700,000 options to Leonard Riggio, its founder and chairman, was dated March 12, 2001, when shares plunged to $23.65. Ten trading days later, Barnes & Noble shares had risen 6%. Another grant of 215,300 options for his brother, the current chief executive, Stephen Riggio, hit the low price for the month of April in 1997."

Former FBI Agent Sentenced For Insider Trading. The New York Times/Bloomberg (7/13) reports, "A federal judge sentenced a former agent for the Federal Bureau of Investigation to three years probation yesterday for obstruction of justice related to the insider-trading prosecution of a stock picker." 'the Times continues, "The former agent, Lynn Wingate, was also sentenced to 550 hours of community service and fined $2,500 in Brooklyn federal court, said Bob Nardoza, a spokesman for Roslynn R. Mauskopf, the United States attorney in Brooklyn. Prosecutors had asked Judge Raymond J. Dearie of the United States District Court to impose a 10- to 16-month prison term on Ms. Wingate, who pleaded guilty to making unauthorized computer searches on behalf of the stock picker, Anthony Elgindy, and an accomplice, court papers said." The Times adds, "On June 13, Judge Dearie sentenced Mr. Elgindy to 11 years and three months in prison for using inside information to make short sales and extort money from companies he criticized in an online newsletter. He was convicted last year of racketeering conspiracy, securities fraud, wire fraud and extortion. … Mr. Elgindy used information supplied by Jeffrey A. Royer, then an F.B.I. agent, to spread negative publicity about companies through his Web site. When Mr. Royer left the bureau in 2002 to work with Mr. Elgindy, he instructed Ms. Wingate, whom he had been dating, to run his and Mr. Elgindy's names in an F.B.I. database, according to court papers."

CRIMINAL LAW:

Novak Discusses His Role In Plame Leak Case. NBC Nightly News (7/12, story 9, 0:50, Williams, 9.87M) reported, "Now to the CIA leak case, a story that received so much coverage a while back – today, the newspaper columnist who started it all, Robert Novak, finally went public with most of his side of the story. And a warning – you may need a map here. Novak confirmed in his column today that he voluntarily told the grand jury investigating the leak the three names of the three sources he used when he revealed the identity of CIA agent Valerie Plame. Novak named two of those sources today – presidential adviser Karl Rove and former CIA spokesman Bill Harlow. There have been reports that Harlow warned Novak not to publish Plame's name. Harlow has since left the CIA. He is these days a consultant for NBC News. Novak's original source is still a mystery, however. He says because the source hasn't spoken out, he still won't name him or her."

The Los Angeles Times (7/13, Schmitt, 918K) reports that Novak ""has left one crucial question unanswered: Who was the administration official who gave him the tip that has occupied a special prosecutor and Beltway pundits for three years?" The "failure to publicly name the person who initially identified Plame and her employer has left open major questions of motive and circumstances behind one of the biggest scandals of the Bush years — whether the disclosure was a political dirty trick, a momentary lapse in judgment or something in between."

Novak said on Fox News' Special Report yesterday (7/12) that he saw no evidence of an Administration campaign to discredit Joe Wilson, Novak noted, "Nobody in the Administration ever said anything critical about Wilson to me. And my column was not critical of Wilson. The information came out to me in the course of an interview by a

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person who was not, believe me, not in the business of playing political dirty tricks. I initiated the call to Karl Rove. We talked about Joe Wilson's wife for maybe 20 seconds in the course of the conversation, which I took as a confirmation."

Novak made the same point on Fox News' Hannity and Colmes (7/12), saying, "I have no indications that there was any such retribution. There has been some anonymous quotes of supposed Administration officials. But, again, the special prosecutor has never found any such plot involved and I have no reason to believe there was such a plot."

US Probing Fatal Boston Big Dig Collapse. The AP (7/13, Lindsay) reports, "Federal investigators are probing whether contractors who worked in the area of a fatal Big Dig tunnel collapse actually delivered the goods and services they promised, the U.S. attorney said Wednesday." The AP continues, "In an interview with The Associated Press, U.S. Attorney Michael Sullivan said a yearlong investigation by his office into the massive highway project is now focusing on the section of a highway tunnel where 12 tons of cement ceiling panels collapsed on a newlywed couple's car Monday, killing the woman." The AP adds, "Sullivan's office brought the first criminal charges in the trouble-plagued Big Dig project in May, accusing six men who worked for its largest concrete supplier of falsifying records to hide the inferior quality of concrete. … 'We obviously want to identify any public safety risks ... but also to ensure that what the government paid for - through tax dollars - is in fact what was delivered,' Sullivan said." The AP notes, "A section of the tunnel remained closed to commuters Wednesday morning as investigators tried to determine what caused the massive cement panels to fall. … Melina Del Valle's death could lead to charges of negligent homicide, said Massachusetts Attorney General Tom Reilly, who is treating the section of Interstate 90 eastbound, near the entrance of a connector tunnel to Logan International Airport, as a crime scene. … Angel Del Valle, 46, and his 38-year-old wife were driving to the airport Monday night to pick up relatives when four of the slabs dropped on their car just after 11 p.m."

Former Georgia Schools Chief Sentenced To Eight Years In Prison For Embezzlement. The Atlanta Journal-Constitution (7/13, Warren, 399K) reports, "Former state schools superintendent Linda Schrenko was sentenced Wednesday to eight years in federal prison and ordered to pay more than $400,000 in restitution for her part in a scheme to swindle taxpayers out of more than $600,000. … Schrenko pleaded guilty to fraud and money laundering in exchange for testifying against her co-defendants. Prosecutors maintained the stolen federal money was funneled into Schrenko's 2002 campaign for governor and spent on a face lift." The Journal-Constitution notes, "The judge did not set a date for her to report to federal prison, and she remains free on bond until she is told to report." The AP (7/13) adds that during the sentencing, US District Judge Clarence Cooper "called Schrenko's offenses, 'an egregious abuse of the public's trust,' and said acts like hers are why the public is losing trust in public officials. … Schrenko's November 2004 indictment made her the state's highest-ranking elected official in decades to face such serious charges."

Connecticut Whistleblower's Husband Sentenced Pleads Guilty To Bribery Charges. The New York Times (7/13, Cowan, 1.21M) reports, "When Bonnie Nichols lost her job with the City of Bridgeport in 2002, she claimed in a still-pending lawsuit and arbitration that the pink slip was in retaliation for blowing the whistle on the corrupt goings-on of the city's mayor at the time, Joseph P. Ganim, and his associates. On Wednesday, another former city employee, her husband, Frederick W. Tynes…pleaded guilty to one count of having solicited and accepted $8,000 in bribes in exchange for doing some of the same things his wife claimed to have helped expose in the course of her cooperating with federal authorities in their investigation of the Ganim administration." The Times notes, "Two former federal agents who were instrumental in Mr. Ganim's prosecution confirmed on Wednesday in interviews that Ms. Nichols was interviewed as part of the investigation, as were many city employees, but noted that the government did not use her testimony at Mr. Ganim's trial. 'People were convicted based on evidence presented at trial,' said Robert Marston, who ran the F.B.I.'s Bridgeport office when it was investigating Mr. Ganim, 'and we didn't put in any evidence through Bonnie Nichols.'"

FBI Investigating Kickback Allegations Against Former New Mexico Senate President. The Albuquerque Tribune (7/12, Gran, Nash, Shepard) reported, "For weeks, rumors have swirled about a major investigation into what could be the biggest case of

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public corruption in New Mexico history. At the heart are three of the largest public building projects in Bernalillo County" and former New Mexico Senate President Manny Aragon. "FBI spokesman Bill Elwell will say only that agents have been collecting evidence for a grand jury in a 'white-collar, public corruption case.' … However, state Auditor Domingo Martinez said the FBI asked him for documents related to the building of Metro Court," and "former Bernalillo County Manager Juan Vigil said he was interviewed a month-and-a-half ago by FBI agents about construction of the jail, and the primary subject of their questions was Aragon. 'They had allegations that somebody had given Manny $70,000 to ensure a contractor…got the job,' he said."

Chicago Builder Indicted On Bribery Charges. The Chicago Tribune (7/13, Bush, Olszewski, 623K) reports, "A construction company president and longtime Democratic Party fundraiser has been charged in federal court with bribing a former Chicago Public Schools official to get millions of dollars in contracting work. According to an indictment released Wednesday, James Levin, the former president of Tru-Link Fence & Products, bribed James Picardi, an ex-assistant operations manager for the city schools, to secure more than $3.2 million in fence construction and snow removal contracts from 1998 to 2001. Picardi, the politically connected brother of Streets and Sanitation Commissioner Michael Picardi, was rewarded with $1,000 weekly payments over an unspecified period of time, the indictment alleged." The Tribune notes, "Chicago Public Schools Inspector General James Sullivan and his staff first uncovered the alleged fencing and snow removal scams. They turned their findings over to the FBI, Sullivan said Wednesday." The Chicago Sun-Times (7/13, Korecki) adds, "CPS paid more than $2.6 million to Tru-Link between 1998 and 2000 for 106 fencing projects." The New York Sun (7/13, Gerstein) emphasizes that Levin was "major fund-raiser for Senator Clinton's 2000 campaign and self-described close friend of President Clinton," and reports that Levin, "who formerly owned a Chicago strip club…has been cooperating with prosecutors." The AP (7/13) also reports on Levin's indictment.

Reputed Bonanno Solder, Two Codefendants Convicted In Mob Murders. Newsday (7/13, DeStefano) reports, "A legendary reputed Bonanno crime family soldier and two other men were convicted by a Brooklyn federal court jury Wednesday of racketeering and other charges." Baldassare Amato, Stephen Locurto and Anthony Basile were convicted for their roles "in the murder of Robert Perrino, a New York Post employee who investigators said was involved in the crime family's control of the newspaper's delivery system. Amato was also convicted of murder and conspiracy to murder Sebastiano DiFalco, a Queens restaurant owner." The New York Times (7/13, Rashbaum, 1.21M) notes that Amato, "who is from the old school of the family, remained unmoved — even tranquil — when the jury foreman began reading through the verdict sheet." Trial "testimony detailed not just the killings and other crimes, but the decimation of the Bonanno clan over the last four years by the F.B.I. and federal prosecutors, with testimony from a half-dozen Mafia turncoats about the crimes and the crime family's declining fortunes. Prosecutors, in hailing the guilty verdicts, noted that more than 70 Bonanno organized crime family members and associates have been convicted since March 2002."

The New York Daily News (7/13, Marzulli, 729K) adds, "Perrino was missing and presumed dead for years. His skeletal remains were unearthed in Staten Island two years ago. … The government charged that Perrino was lured to Basile's social club in Brooklyn, where Amato shot him in the head. Then another thug finished him off with an ice pick in the ear." The New York Post (7/13, Haberman, 608K) also briefly reports on the verdict, under the headline "Two Guilty In Post Whack."

Peter Gotti Loses Appeal, But May Win Sentence Reduction. In a widely-distributed story, the AP (7/13) reports, "The older brother of the late mob boss John Gotti lost his appeal Wednesday of a 2004 conviction for crimes linked to the Gambino family's domination of the Brooklyn waterfront." The 2nd US Circuit Court "did find that Peter Gotti might be entitled to a lesser sentence" and "upheld a $3.7 million forfeiture order imposed as part of Gotti's sentence. Gotti's attorney, Joseph Bondy, was optimistic that the 67-year-old former garbage man -- who became head of the organized crime family once led by his brother and his nephew -- could win a significant sentence reduction." The New York Post (7/13, Cornell, 608K) adds that "the appeals court ordered Brooklyn federal Judge Frederic Block to revisit the 91/2-year prison term he imposed in 2004 based on changes in the laws governing sentencing guidelines. Whatever Block decides, Gotti likely faces the

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same fate as his late brother…who died in prison." The New York Daily News (7/13, Marzulli, 729K) reports on the ruling, under the headline "Gotti Kin's Appeal Called Trash."

New England Mob Figure Pleads Guilty To Extortion. The Providence Journal (7/13, Malinowski, 168K) reports, "Anthony 'The Saint' St. Laurent Sr., for decades a key figure in the New England underworld, yesterday pleaded guilty in federal court to conspiring to extort more than $200,000 from two Massachusetts men last spring." The Journal continues, "The plea is expected to send the ailing mobster to federal prison for a lengthy period of time. … But the extortion conviction is the least of St. Laurent's problems. Documents filed in U.S. District Court, Providence, indicate that he may face more serious murder conspiracy charges in state court. … '[St. Laurent] is aware that he may be charged by the State of Rhode Island for an alleged solicitation for murder,' the plea agreement from the U.S. Attorney's office states. 'This agreement does not affect these possible charges in any way." The Journal adds, "A law enforcement official said yesterday that investigators have evidence that St. Laurent offered to pay two men $20,000 to kill a rival mobster. He declined to name the mobster. … Assistant U.S. Attorney Peter F. Neronha told the court that had St. Laurent gone to trial the government could prove that St. Laurent directed two men to collect $100,000 each from two Massachusetts men. If they did not produce $50,000 immediately and another $50,000 within a week, St. Laurent's men should 'give them a smack.'"

New York Man Sentenced For Bribery Scheme. The Albany Times Union (7/13, Lyons, 103K) reports, "A former Clifton Park (NY) real estate broker has become the first person sentenced to prison in a bribery scheme involving a failed multimillion-dollar state lease in Troy." The Times-Union continues, "Richard B. Sawyer, who was accused of fleeing to Mexico to avoid prosecution, was sentenced last week to 15 months in federal prison and three years probation. He was not fined." The Times-Union adds, "Sawyer, 56, who has lived in Saratoga County and Las Vegas, was arrested Dec. 15 in Mexico after FBI agents tracked him to a coastal resort town. Sawyer allegedly fled there last year as he was about to be indicted. … Sawyer was the broker who helped set up an illicit real estate deal worth hundreds of thousands of dollars between a corrupt former state leasing agent and Ronald H. Laberge, a prominent Capital Region engineer and founder of Laberge Group in Colonie. … The scheme centered on the state's now-scuttled plan to transform the former Stanleys department store in Troy into a regional Health Department headquarters. The deal fell apart in early 2001 as the FBI's investigation was made public."

Federal Prosecutors Working With Attorneys Who Bring Counterfeiting, Trademark Suits. The National Law Journal (7/13, Bronstad) reports, "When Michael Holihan first filed suit against two Colombia-born brothers who allegedly had been importing counterfeit Nokia cellphone accessories into Miami, he got a permanent injunction and a $130,000 settlement. … But a few years later, officials at U.S. Immigration and Customs Enforcement started an investigation of the brothers and seized up to 10 suitcases full of counterfeit Nokia merchandise." The Journal continues, "Holihan said he assisted prosecutors by providing copies of Nokia's trademark registrations and witnesses at Nokia who verified that the products that were seized were counterfeit. … After both brothers pleaded guilty to illegal trafficking, Holihan, who represents Nokia Corp., filed a motion to hold one of the brothers and his company in contempt. In May, he received a $1.3 million judgment in the case. Nokia Corp. v. AH Wireless LLC, No. 03-CV-20329 (S.D. Fla.)." The Journal adds, "Holihan, a lawyer at Holihan Law, in Maitland, Fla., said the guilty pleas helped in his civil contempt motion because the government had done most of the legwork in the case. … 'It's evidence they did something wrong,' he said of the guilty pleas. 'And that makes it easy for me.' … In the past two years, lawyers who file counterfeit and trademark lawsuits on behalf of the world's largest corporations have been working more closely with federal prosecutors, U.S. customs officials and local law enforcement authorities, all of whom have stepped up their efforts significantly to bring criminal actions against counterfeiters. … Much of the increase comes as counterfeiting has become a global problem and recent revelations show that profits derived from counterfeiting have been used to fund terrorist organizations. To assist the government, civil lawyers provide client testimonies and hire private investigators, who give tips to law enforcement. In exchange, U.S. customs officials alert lawyers if their clients' merchandise gets seized, and prosecutors obtain convictions, which could significantly enhance the success of a civil case."

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ALF Targets UCLA Researcher With Molotov Cocktail. KNBC-TV Los Angeles (7/12) reports on its Web site, "The Animal Liberation Front took credit for leaving a 'Molotov cocktail' outside the Bel-Air home of a UCLA primate researcher," Lynn Fairbanks, "but apparently hit the wrong house, an FBI official said Wednesday." FBI spokeswoman Laura Eimiller "said the bottle had actually been left at the home of one of Fairbanks' 70-year-old neighbors. 'According to arson investigators, they believe that, had the device functioned properly, the inhabitants would have had a very difficult time escaping,' she said, adding the house is backed against a hillside. The FBI is offering a reward up $10,000 for information leading to the culprit who left the would-be fire bomb at the house." UPI (7/13) notes, "ALF said it targeted Fairbanks because she keeps 'hundreds of Vervet monkeys in cages, purportedly to study pscyhological, psychiatric and social problems' and alleged that 'she has killed thousands of her subjects.'"

The Los Angeles Times (7/13, 918K) reports, "Investigators with the Los Angeles Joint Terrorism Task Force say they are trying to track down the would-be arsonist or arsonists." Eimiller "said the task force is investigating the case as 'an act of domestic terrorism.' She provided few details about the device, saying only that it resembled those that have been used by animal rights extremists and eco-terrorists." The Times adds, "The Animal Liberation Front has been linked by the FBI to fire bombings and vandalism causing millions of dollars in damage and is considered by federal authorities as a domestic terrorist organization." KCAL-TV Los Angeles (7/12) also reports the story, including the comment from Eimiller quoted by KNBC.

DC Police Disturbed By Changing Crime Trends. The Washington Post (7/13, Klein, Dvorak, 748K) reports, "D.C. Police Chief Charles H. Ramsey warned yesterday that criminals increasingly are following money to places in the city once considered safe, such as the Mall, where two robbers lay in wait near the Washington Monument before surprising tourists Tuesday night." The Post continues, "The city also recorded its 14th homicide of the month -- a burst of violence that led Ramsey to declare a "crime emergency" Tuesday. A spike in robberies is generating concern in neighborhoods in all quadrants of the District. … 'This is a big difference from what we've seen in years past,' Ramsey said, noting that criminals tended to stick within a mile of their homes when setting out for a night of robbery or burglary. 'And it's a pattern that we've been tracking.'" The Post adds, "D.C. Mayor Anthony A. Williams (D), back in town after a two-week trip through Africa and Europe, said he and his deputies are working on a strategy to deal with crime and underlying social problems. D.C. Council members, meanwhile, promoted a plan to add 350 officers to the 3,800-member force. … Business leaders fretted about the impact of the recent crimes on tourism, and Rep. Frank R. Wolf (R-Va.) called for a White House summit on safety. Ramsey was planning a series of forums, too, vowing that police will meet within a week with residents in all parts of the city."

The Washington Times (7/13, Doolittle, Emerling, 88K) reports, "Metropolitan Police Chief Charles H. Ramsey yesterday said police officials will be examining officer deployment and crime trends to curtail a recent increase in homicides, robberies and assaults that prompted him to declare a citywide crime emergency Tuesday. … 'We will be going back to the drawing board,' Chief Ramsey said. 'One thing we have seen is a difference in terms of the pattern of people being arrested in crimes. … It used to be almost 80 percent of criminals, if not higher, were arrested in areas near where they live,' he said. 'Now we're starting to see a trend where more and more people are being arrested in places they do not live in.'" The Times adds, "About 40 percent of suspects arrested for crimes in the 3rd Police District since January do not live there, Chief Ramsey noted. … Within the first 13 hours of the crime emergency, the District had four shootings, one of which was fatal, and two armed robberies on the Mall, which is patrolled by the U.S. Park Police. … Chief Ramsey announced the crime emergency Tuesday afternoon, noting an 18 percent increase in robberies, a 14 percent increase in assaults and 13 homicides this month, including the stabbing of British political activist Alan Senitt in Georgetown. The suspects in that slaying are from Southeast."

More Commentary. The Washington Post (7/13, A22, 748K) editorializes, "With 14 people killed within the first 11 days of July, D.C. Police Chief Charles H. Ramsey was on solid ground in declaring a 'crime emergency' Tuesday. A 14 percent rise in robberies over the same period last year also argues forcefully for a step up in policing. As this latest surge amply demonstrates, no quadrant of the city is beyond the reach of crime. The emergency declaration will allow the chief to quickly deploy the department's 3,800 officers to crime hot spots or wherever additional patrols and plainclothes police are needed. … But will this be enough?

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The answer is no, as the chief will tell you himself." The Post adds, 'The police department can certainly increase coverage in hard-hit neighborhoods. But a 3,800-member police force cannot be everywhere at once. And it cannot do the job alone. … Citizens, who unlike the police are everywhere, can help by being vigilant and by reporting suspicious activity before, not after, the fact. … Citizens can also help the police and themselves by insisting on better rehabilitation programs within prisons and more support services for returning inmates. They can also demand a frontal attack on the pipeline that produces the kind of people who end up robbing, stealing and ultimately killing. Within that pipeline can be found poor parenting, inferior education and lack of values, a drug culture, and an environment where bad behavior is tolerated, if not encouraged."

Juveniles Fueling Increase In Crime Nationwide. USA Today (7/13, Johnson, 2.27M) reports, "Police in cities across the USA are linking the recent jump in the nation's violent-crime rate to an increasing number of juveniles involved in armed robberies, assaults and other incidents." USA continues, "In Minneapolis, Milwaukee, Washington, Boston and elsewhere, police are reporting spikes in juvenile crime as a surge in violence involving gangs and weapons has raised crime rates from historical lows early this decade. The rising concern about juveniles comes a month after the FBI said the nation's rate for violent crimes — murder, rape, robbery and aggravated assault — rose in 2005, the first time in five years. … Minneapolis police estimate that this year, juveniles will account for 63% of all suspects in violent and property offenses there, up from 45% in 2002." USA adds, "In Washington and Boston, police say there have been alarming increases in robberies by juveniles. This year, 42% of all robbery suspects in Washington have been juveniles, up from 25% in 2004, the police department says. A series of homicides — 14 in July — has led D.C. Police Chief Charles Ramsey to declare an emergency that allows him to put more cops in troubled areas. Four suspects have been arrested in the slaying of a British man in the upscale Georgetown area Sunday; they include a 15-year-old. … In Boston, juvenile arrests for robbery rose 54% in 2005; weapons arrests involving youths rose 103%."

CIVIL LAW:

Convertino Seeks Newspaper's Sources In Suit Against US. The AP (7/13, Karush) reports, "A former federal prosecutor facing criminal charges over his handling of a high-profile terrorism trial demanded Wednesday that the Detroit Free Press reveal its sources as part of his lawsuit against the government." The AP continues, "A lawyer for Richard Convertino, a former assistant U.S. attorney in Detroit, subpoenaed the information from the paper's owner, McLean, Va.-based Gannett Co. … Convertino was the lead prosecutor in the nation's first post-Sept. 11 terrorism trial. He won convictions of three of the four defendants in 2003, but they were overturned the following year at the request of the government, which said the prosecutors had failed to turn over some documents that could have aided the defense." The AP adds, "The Justice Department had been investigating Convertino's handling of the terrorism case and two 1990s drug cases when he resigned last year. In March, he was indicted on charges of conspiracy, obstruction of justice and making false declarations. … Wednesday's subpoena is part a lawsuit Convertino filed in U.S. District Court in Washington against the Justice Department in 2004. He accuses officials there of violating the federal Privacy Act by leaking information about him to the Free Press. … The subpoena demands that Gannett provide the names of anonymous Justice Department officials cited in a January 2004 Free Press article, in which the internal investigation into Convertino's conduct in the terrorism trial and other cases was first detailed."

CIVIL RIGHTS:

FBI Investigating Excessive Force Allegation Against Washington Police Officer. The Seattle Post-Intelligencer (7/13, Shukovsky, 129K) reports, "The FBI has opened a preliminary criminal inquiry into whether the Lake Forest Park Police Department violated the civil rights of a young North Seattle couple when an officer entered their home without permission or a search warrant in an effort to find a friend wanted on a misdemeanor DUI warrant." Miciah Massey and Tashawntay Wade "are suing the police department in U.S. District Court alleging illegal search and excessive force. … But Richard Jolley, the attorney for the

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Police Department, said his clients have nothing to fear from the FBI inquiry that he characterized as a routine response to allegations that ultimately will prove to be without substance. FBI Special Agent Robbie Burroughs said Wednesday that the bureau is 'mandated by...policy that whenever there is credible information that a civil rights violation may have occurred, that we open a preliminary inquiry.'"

Former Seattle Police Officer Denies Cocaine Allegation. The Seattle Post-Intelligencer (7/13, Castro, 129K) reports, "Former Seattle police Officer John C. Powers on Wednesday adamantly denied ever taking cocaine, whether as a civilian or a cop. … Powers was the subject of a criminal investigation by the FBI's Public Integrity Task Force that began in 2001 and was not completed until early 2005. A secret inquiry court in King County reviewed his case. No criminal charges were ever filed. But an investigation by the Office of Professional Accountability found reason to sustain several of the allegations against him, and Chief Gil Kerlikowske ultimately fired the officer. Powers is fighting to get his job back."

House Prepares Debate On Renewal Of Voting Rights Act. Knight Ridder distributes a Chicago Tribune story (7/13, James) that reports, "When it comes to renewing key parts of the Voting Rights Act, the landmark 1965 law that allowed many African-Americans to cast ballots in places where they previously couldn't because of racism, the situation is far from black and white." The Tribune continues, "Most members of Congress want to renew the law, set to expire next year, for 25 years, with exactly the same provisions as currently exist. But a group of House members, many from the South, is seeking changes and has so far put the issue on hold, though a House debate and vote on renewal are scheduled for Thursday. Approval would send the measure to the Senate. … That some House Southerners appear to be standing in the way of renewing the law allows the situation to be easily caricatured as a fight between congressional supporters of civil rights and retro Southern obstructionists. … There's just one problem. Even some left-of-center legal scholars agree with the Southerners that the provisions should not be renewed without modifications." The Tribune adds, "Election-law experts who think an update is essential say Congress runs a high risk of seeing the Supreme Court overturn the act if lawmakers simply renew it as is. … The reason? The court's judicial philosophy shifted to the right when Justice Sandra Day O'Connor retired. Even before she left, the court was placing limits on Congress' ability to legislate civil rights laws, experts say."

Jesse Jackson Urges Extension Of VRA. The AP (7/13) reports, "The Rev. Jesse Jackson still believes the New Orleans elections were unfair, he said Wednesday, although he never went through with a plan to challenge the results. … 'We cannot unscramble that egg, but certainly, it was not fair,' Jackson said when asked about the election prior to his address to the annual meeting of the Full Gospel Baptist Church Fellowship International." The AP continues, "Jackson was among activists who had said prior to the spring elections that the results would be challenged, arguing that hurricane evacuees from the predominantly black city were not given ample opportunity to vote. Among the complaints: that satellite voting stations were not set up in other states for evacuees. … Incumbent Ray Nagin and Lt. Gov. Mitch Landrieu faced off in a May runoff after leading a field of more than 20 candidates in the city's post-Katrina mayoral election. Nagin, who is black, defeated Landrieu, who is white. … A May 30 deadline for challenges passed with none being filed." The AP adds, "Jackson's remarks came during a news conference called to decry Congress' failure so far to extend the 1965 Voting Rights Act. Extension of the act has been caught up in the Congressional battle over immigration reform. … Jackson said groups of ministers are mobilizing nationwide to urge extension of the act."

Watts Makes Case For Voting Rights Act Reauthorization. In an op-ed in Roll Call (7/13), Rep. Mel Watt, chairman of the Congressional Black Caucus, makes the case for reforming the Voting Rights Act, arguing, "Republicans and Democrats alike cannot play politics with voting rights. We have worked too hard to craft a bipartisan bill. GOP leaders in the House must honor the agreement despite pressures from ideologues to do otherwise. Voting is a fundamental right. Denying the right to vote is a fundamental wrong, one that must be eliminated." Congress "made a moral decision that" the bill "was the right thing to do for our democracy. It is time to reaffirm that decision."

Professor Dispels Myth About Norwood's VRA Amendment. Ronald Keith Gaddie, a professor of political science at the University of Oklahoma, writes in Roll Call (7/13), "There is a myth abounding in the debate about the renewal of the Voting Rights Act that the Norwood amendment, by Rep. Charlie Norwood (R-Ga.), guts Section 5, limiting its scope to only Hawaii and largely removing

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Section 5 oversight in the 16 states currently covered in whole or in part. … This myth is simply wrong." Gaddie adds, "The politics of the VRA renewal dictate that the Norwood amendment will not pass in the House. But on its face the Norwood amendment is not predatory. Rather, it acknowledges a political reality of significant gains in participation in areas long-covered by the VRA, while also continuing and extending coverage in areas where voters are not participating, and where the need for stricter scrutiny of voting and registration practices could be in order."

Family Sues Florida Agencies Over Boot Camp Death. The AP (7/13, Kallestad) reports, "The family of a 14-year-old boy who died hours after being manhandled by guards at a juvenile boot camp sued Wednesday, seeking more than $40 million in damages from state and local agencies, their attorney said." The AP continues, "Ben Crump, who represents the family of Martin Lee Anderson, filed the suit against the Department of Juvenile Justice and the Bay County Sheriff's Office, which ran the camp under contract with the state. He said Bay County sheriff's officials rejected an offer to settle for its insurance policy limit of $3 million." The AP adds, "The boy's January death led to protests in the Capitol and Gov. Jeb Bush's office, the resignation of the head of the state's law enforcement agency and the elimination of military-style boot camps. Anderson died in Pensacola after his videotaped ordeal with guards in the Panama City boot camp. … 'A video proves that as seven guards punished Martin by kicking, punching, kneeing, choking and slamming him while they jammed ammonia tablets up his nose and covered his mouth, a nurse watched him slip in and out of consciousness,' Crump said. 'These heinous, malicious, and torturous treatments led to his death.' … The lawsuit was filed late Wednesday in Leon County Circuit Court, which includes the capital city of Tallahassee." The AP notes, "A special prosecutor, Hillsborough County State Attorney Mark Ober, is still investigating the death to determine whether to charge any of the guards. … The head of the Florida Department of Law Enforcement, Guy Tunnell, resigned in April after questions arose about his involvement in the investigation. He started the boot camp in his previous job as Bay County sheriff."

EEOC Moves To Compel Testimony In Age Bias Suit Against Sidley. The New York Law Journal (7/13, Lin) reports, "The Equal Employment Opportunity Commission, which is suing Sidley Austin Brown & Wood for age discrimination on behalf of 31 partners demoted or expelled in 1999, has moved to compel the law firm to produce a deposition witness to testify about the firm's specific reasons for changing the partners' status." The Journal continues, "The Chicago firm, which claims the demotions were due to performance, has already produced under seal an exhibit outlining the factors in its decision, supplemented by billings and realization records, historic compensation data and other sensitive information, but the EEOC says the firm's response fails to provide necessary information about the relative weight assigned the various factors by the individual executive and management committee members who participated in the discussions. … . Sidley has objected to the deposition request on the grounds it is burdensome and duplicative of other discovery. … A hearing is scheduled for today."

Amendment Would Overturn Gay Marriage In Massachusetts. The CBS Evening News (7/12, story 8, 2:20, Schieffer, 7.66M) reported, "Congress failed this year to pass a constitutional amendment that would ban same-sex marriage. The battle has now moved to the only state where it is legal but where, if opponents have their way, it won't be for long." CBS (Pitts) added, "For believers on both sides today was a day of protest. It's all about their constitution and the fight to overturn gay marriage in Massachusetts. … For supporters of gay marriage nationwide, this proposed amendment in Massachusetts couldn't come at a worse time. Much of that momentum first generated here a few years ago now seems headed the other way. 19 states have already adopted a constitutional ban on gay marriage. Six more could have it on their ballot this November."

Federal Judge Considers Blocking Georgia Voter ID Law. The AP (7/13, Haines) reports, "The state's top elections official testified Wednesday that about 675,000 registered voters have neither a Georgia driver license nor state identification, as a federal court considers a request to block a Georgia law that requires voters to show photo ID." The AP continues, "U.S. District Judge Harold Murphy was hearing the civil rights groups' motion less than a week before the new law would apply for the first time at the polls." The AP adds, "Georgia Secretary of State Cathy Cox

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testified that her agency cross-referenced state voter rolls against records from the Georgia Department of Driver Services to establish that 675,000 of the state's 4.26 million registered voters don't have the proper ID to vote. … She said her office did it in hopes of alerting people who lacked IDs, but plans for a direct-mail campaign were scrapped because the agency couldn't afford it." The AP notes, "Cox called the photo ID requirement 'an additional step that someone has to go through. To some extent, that could be a deterrent to fraud.' But she added that it is hard to say whether that would deter them from voting. … Groups including the American Civil Liberties Union, the National Association for the Advancement of Colored People, the AARP and the Mexican American Legal Defense and Educational Fund are asking Murphy to stop the state from advising voters or elections officials that voters cannot cast a ballot without one of the state-approved IDs."

Transgender Scientist Sheds Light On Industry Bias Against Women. The Washington Post (7/13, A10, Vedantam, 748K) reports, "Neurobiologist Ben Barres has a unique perspective on former Harvard president Lawrence Summers's assertion that innate differences between the sexes might explain why many fewer women than men reach the highest echelons of science. … That's because Barres used to be a woman himself." The Post continues, "In a highly unusual critique published yesterday, the Stanford University biologist -- who used to be Barbara -- said his experience as both a man and a woman had given him an intensely personal insight into the biases that make it harder for women to succeed in science. … After he underwent a sex change nine years ago at the age of 42, Barres recalled, another scientist who was unaware of it was heard to say, 'Ben Barres gave a great seminar today, but then his work is much better than his sister's.' … And as a female undergraduate at MIT, Barres once solved a difficult math problem that stumped many male classmates, only to be told by a professor: 'Your boyfriend must have solved it for you.' … 'By far,' Barres wrote, 'the main difference I have noticed is that people who don't know I am transgendered treat me with much more respect' than when he was a woman. 'I can even complete a whole sentence without being interrupted by a man.' … Barres's salvo, bolstered with scientific studies, marks a dramatic twist in a controversy that began with Summers's suggestion last year that 'intrinsic aptitude' may explain why there are relatively few tenured female scientists at Harvard. After a lengthy feud with the Faculty of Arts and Sciences, Summers resigned earlier this year. … The episode triggered a fierce fight between those who say talk of intrinsic differences reflects sexism that has held women back and those who argue that political correctness is keeping scientists from frankly discussing the issue."

ANTITRUST:

Federal Judge To Review Phone Merger Deal. The Wall Street Journal (7/13, Searcey, Anderson, 2.03M) reports, "In a hearing that may raise questions about AT&T Inc.'s planned takeover of BellSouth Corp., a federal judge said he would extensively review the antitrust agreements in two recent megamergers of Bell phone companies and long-distance companies." The Journal continues, "U.S. District Judge Emmet Sullivan is reviewing Verizon Communications Inc.'s acquisition of MCI Inc. as well as the former SBC Communications Inc.'s takeover of AT&T Corp. (SBC adopted AT&T's moniker to become AT&T Inc.)" The Journal adds, "The judge could decide whether to impose new conditions on the deals by Verizon and AT&T. He said that on July 25 he may announce whether he will require additional hearings and call in expert witnesses and government officials who initially scrutinized the deals. … Both mergers closed months ago, and the new companies are fully operational. It isn't likely the judge has legal authority to outright undo the deals, say attorneys. But his actions could impede future mergers, including AT&T's planned takeover of BellSouth."

The New York Times (7/13, Labaton, 1.21M) reports, "Lawyers for the nation's two largest telephone companies and the Justice Department urged a federal judge on Wednesday to swiftly approve the antitrust settlements that permitted SBC Communications to acquire AT&T and Verizon to buy MCI. … But the federal district judge, Emmet G. Sullivan, rebuffed the request and repeatedly emphasized that he was 'not a rubber stamp.'" The Times continues, "In a courtroom packed with telecommunications lawyers, analysts and major investors, Judge Sullivan spent the day trying to figure out the extent of his authority. He indicated through his questioning that he might hold more extensive hearings and take testimony from experts and government officials before concluding whether the deals were in the public interest. … But in what appeared to be a partial victory for the two large phone companies, the judge also suggested that he would

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limit the scope of the proceedings, not permit extensive pretrial fact-finding known as discovery, and not embark on an attempt to rewrite the settlements."

CNET News (7/13, Broache, McCullagh) reports that Judge Sullivan "said at the start of the hearing that he may not have enough information to permit the mergers to remain intact without major modifications. … Sullivan told attorneys for the telecommunications companies and the U.S. Justice Department, which was defending the two deals, that he has 'doubts' the mergers would boost competition. 'The public indeed has to have some confidence in these proceedings,' Sullivan said." CNET adds, "After hearing nearly seven hours of arguments and interjecting often with his own questions, Sullivan said he would take the case 'under advisement.' The judge scheduled a July 25 status conference where he promised to 'inform the parties exactly what I intend to do.' … Sullivan, who was appointed to the federal bench by former President Clinton, said he's considering extra steps--such as requiring the administration to republish the merger agreements in national newspapers or holding another hearing where expert witnesses would describe the mergers' potential impact on competition."

Oklahoma Firm To Plead Guilty To Bid-Rigging Scheme. The Tulsa (OK) World (7/13) reports, "Flint Energy Services Inc., a pipeline construction company with U.S. operations based in Tulsa, will plead guilty to conspiring to rig bids for pipeline projects in Colorado, the U.S. Justice Department announced Tuesday." The World continues, "The Justice Department's Anti-Trust Division filed a criminal charge earlier Tuesday in U.S. District Court in Denver, charging the firm with conspiracy to suppress and eliminate competition in violation of the Sherman Anti-Trust Act. … Flint's alleged conspiracy with unidentified co-conspirators occurred between June and December last year, according to the Justice Department. The pipelines were to transport natural gas from wells in the Upper San Juan Basin in southwestern Colorado, according to the charging document." The World adds, "Flint will assist the government with its ongoing investigation, the Justice Department said in a prepared statement from its headquarters in Washington. … Bids that were rigged were submitted to BP America Production Co. offices in Durango, Colo., and Houston, the charge alleges. … Also charged with the same crime is Kenneth L. Rains, Flint's former regional manager in Farmington, N.M., which is near Durango. Court documents show Rains' current address as Mounds."

The AP (7/13, Schafer) reports, "Flint and Rains would also have to assist the government in its ongoing investigation into the matter. The U.S. District Court would have to approve the plea agreement, the Justice Department said in a Tuesday news release." The AP adds, "Flint President Paul Boechler said the company quickly took action when confronting the possible bid rigging. … 'Upon discovery of the improper acts we took immediate steps to eliminate the activity,' Boechler said Wednesday. 'We have responded quickly and cooperated fully with the investigation.' … The government said the company and Rains took part in manipulating pipeline construction bids that were submitted to BP America's offices in Durango, Colo., and Houston between June and December 2005. During that time, Flint was awarded at least four contracts worth $672,036. … 'Within 24 hours, we contacted the customer,' Boechler said. 'We have worked to make sure that our customer was not financially harmed by these actions.' … According to the charges, which were filed in Denver, the company and unnamed co-conspirators discussed the bids, allocated the projects among themselves, designated a low and a high bidder and tried to hide the alleged conspiracy."

DOJ, FTC Give Antitrust Clearance To Phelps Dodge Takeover Of Inco, Falconbridge. The Phoenix Business Journal (7/13) reports, "Federal antitrust regulators have given Phelps Dodge Corp. early clearance for its proposed $40 billion takeover of Inco Ltd. and Falconbridge." The Journal continues, "The Justice Department and U.S. Federal Trade Commission granted early termination of the mandatory waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, according to an announcement Wednesday by the Phoenix-based copper miner."

The AP (7/13) reports, "The takeover, combined with Inco's pending offer for Canadian competitor Falconbridge, would create a dominant copper and nickel producer in the North American market. … Phelps Dodge spokesman Peter J. Faur said the U.S. Department of Justice and the U.S. Federal Trade Commission granted the company early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. … However, a recent hostile bid for Falconbridge by Xstrata PLC could hamper the plan. On Tuesday, the Swiss mining company offered

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Falconbridge stockholders $52.73 a share in cash -- an increase of $6.70 for the 80.2 percent of the company's shares it has yet to own."

EU Fines Microsoft Over Antitrust Ruling Noncompliance. The Financial Times (7/13, Buck) reports, "Microsoft was fined €280.5m (£194m) yesterday for failing to comply with a landmark European Commission antitrust ruling two years ago, dealing another blow to the US software group in its long battle with the Brussels regulator." The Times continues, "The punishment comes on top of the record €497m fine imposed by the Commission in March 2004, when Microsoft was found guilty of abusing its dominant position in the market for computer operating systems, bringing the company's total fines to date to €777.5m. It is the first time a group has been penalised for failing to comply with a Brussels antitrust ruling." The Times adds, "Neelie Kroes, the European Union competition commissioner, said: 'The European Commission cannot allow such illegal conduct to continue indefinitely. No company is above the law.' … Microsoft said it would appeal against the Commission's decision. Brad Smith, the group's general counsel, said: 'We do not believe any fine, let alone a fine of this magnitude, is appropriate given the lack of clarity in the Commission's original decision and our good-faith efforts over the past two years.'" The Times notes, "Yesterday's move was the latest in a battle that started when the Commission probed Microsoft's business practices more than seven years ago. Brussels ruled that the US software group had broken EU competition rules by, among other things, failing to disclose technical information about Windows to rival companies. That information, according to the verdict, was necessary so that other developers could design server software that ran smoothly with Windows."

The Wall Street Journal (7/13, Jacoby, 2.03M) reports, "EU antitrust commissioner Neelie Kroes said that until recently, Microsoft 'had not come close' to complying with orders by her predecessor, Mario Monti, to help rival companies understand how to make their products work with Microsoft Windows. 'I sincerely regret that the company still has not put an end to its illegal conduct," she said. "I don't buy Microsoft's line that they don't know what we asked of them.' Asked if she believes the EU's 2004 decision gives her broad authority to regulate future Microsoft technology, Ms. Kroes answered simply, 'Yes.'" The Journal adds, "In the 2004 decision, the EU found that Microsoft illegally exploited Windows to elbow aside two kinds of competitors -- those trying to sell multimedia software and those trying to sell software and operating systems for computer servers that link together groups of personal computers in office systems. It leveled a €497 million fine, at the time valued at about $610 million. The EU ordered the company to take corrective measures, including producing a workable technical manual for rival firms trying to write software that meshes well with Windows, the closely guarded software brains of more than 90% of the world's personal computers."

USA Today (7/13, Acohido, 2.27M) reports, "The censure did little to change the software giant's defiant stance. Microsoft general counsel Brad Smith contended the impasse revolves around 'documentation requirements,' not legal performance. 'The real issue here is not about compliance,' he said, 'it is about clarity.'" USA adds, "Smith said Microsoft remains 'totally committed to full compliance' and has assigned 300 people to supply more data by July 24. Still, the company intends to appeal the latest fine. And it continues to separately pursue a reversal of the commission's overall ruling that it engaged in illegal practices to maintain dominance of the desktop PC software market."

The New York Times (7/13, Meller, Lohr, 1.21M) reports, "In letters to the company this year, the European authorities have also raised concerns and asked questions about Windows Vista, the next version of the operating system, focusing on Microsoft's plans to build in new Internet search features, security software and document formats. … The most recent letter from the commission came on July 4, requesting answers to an additional 79 questions, Bradford L. Smith, Microsoft's general counsel, said in an interview on Wednesday." The Times adds, "Microsoft now anticipates regulatory reviews as just another step in its development of Windows, the dominant PC operating system. In the United States, Mr. Smith noted, Microsoft has heard repeatedly from the independent technical committee set up to monitor the company, as part of the settlement of the long-running federal antitrust suit against Microsoft."

The Washington Post (7/13, D1, Anderson, Goo, 748K) reports, "Several technology organizations joined Microsoft in criticizing the fine and said the European Commission had created an over-regulated environment that would stifle innovation. … 'The precedent is greatly concerning,' said Mike Wendy, spokesman for the Computing Technology Industry Association, which represents 20,000 firms, including Microsoft, Intel Corp., Xerox Corp. and Lenovo Group Ltd.. 'It

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reveals the European Commission's flawed process in arriving at regulatory and compliance matters as it seeks to impose itself into the industry.' … Smith cited other cases, such as the French government's legislation requiring Apple Computer Corp. to make its popular iTunes music store more compatible with other portable devices and Germany's recent raid on Intel offices, as part of an investigation into anti-competitive practices."

Aviva To Purchase AmerUS For $2.9 Billion. The Wall Street Journal (7/13, Pleven, Berman, 2.03M) reports, "Aviva PLC is expected to announce today the acquisition of Iowa-based life insurer AmerUs Group Co. for roughly $2.9 billion, say people familiar with the matter, in a deal that would significantly expand the British firm's presence in the U.S." The Journal continues, "Aviva, one of the United Kingdom's largest insurers, is expected to finance the deal by issuing shares valued at about $1.6 billion, with cash and debt funding the rest. Aviva and AmerUs said last week that they were in talks on a possible deal. Aviva's market capitalization is roughly $35 billion." The Journal adds, "Aviva has about $6.5 billion in assets in its U.S. operations, which are based in Quincy, Mass., and which are focused on universal, term and whole life insurance, as well as annuities. The company has a higher profile in Europe and has been pursuing opportunities that would give it greater access to the savings market in the U.S. … AmerUs, based Des Moines, is a major player in that arena, as a leader in the U.S. market for life insurance and equity-indexed annuities. The company has $24.7 billion in total assets."

Televisa In Talks With Rival Bidder For Univision. The New York Times (7/13, Sorkin, 1.21M) reports, "Grupo Televisa, the Mexican broadcaster that recently lost an auction to buy Univision, met here Wednesday with the consortium that won the bidding and discussed the prospect of continuing its investment in Univision, people involved in the discussions said Wednesday night." The Times continues, "The meeting, the first between the groups, was held somewhat openly in a dining room at the Sun Valley resort where Allen & Company, the investment bank, has an annual conference for media moguls." The Times adds, "The meeting comes after Televisa, a client of Allen & Company, said two weeks ago that it intended to sell its 11.4 percent stake in Univision 'as soon as possible' and suggested that it might start a rival online programming outlet in the United States. … Televisa provides much of Univision's most profitable programming through a deal that continues through 2017; it is unclear whether the contract allows for Televisa to provide programming online."

ENVIRONMENT/INDIAN AFFAIRS:

Senate Reach Agreement On Oil Drilling Legislation. The Wall Street Journal (7/13, Randal, 2.03M) reports, "Senate Majority Leader Bill Frist and other senators yesterday announced an agreement on legislation to open more federal waters to oil and natural-gas exploration." With lawmakers "under pressure to help ease fuel prices, the agreement was presented as a breakthrough on stalled energy legislation. It would allow drilling in an area of the eastern Gulf of Mexico that is rich in natural gas, and open the way for coastal states to share in royalty revenue that otherwise would go to the federal government." The Journal adds, "Addressing Florida lawmakers' concerns, the agreement includes a ban on energy development within 125 miles of Florida's coastline through 2022 and protections for an area near Florida used by the Defense Department. Sen. Bill Nelson (D., Fla.) said he would be willing to support the measure if certain conditions are met, but held out the possibility of a filibuster."

The Washington Times (7/13, Bellantoni, 88K) reports Nelson, "who was not invited to the press conference, arrived late and squeezed through the crowd to huddle privately with Mr. Frist and then took the podium to speak to reporters. 'I don't want this thing to go over to the House and then go into a conference and suddenly it comes out a lot different from this,' he said." Nelson "said he will support the measure only if House Speaker J. Dennis Hastert agrees it will get a vote on the House floor instead of sending the bill to a conference committee, where the details of the drilling compromise could slip through the cracks." The Hill (7/13, Allen) quotes Nelson saying, "The devil's in the details."

The CBS Evening News (7/12, story 7, 1:00, Attkisson, 7.66M) reported on the "surprise deal to open up new areas in the Gulf of Mexico to drilling for oil and natural gas. The area we're talking about holds more than a billion barrels of crude oil and more than five trillion cubic feet of natural gas. … It can take years to actually bring up the oil and gas, but things could move fast if the House and Senate pass this bill quickly and if it becomes law, we're told the leases are ready to go immediately."

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Study Says Ethanol Won't Solve US Energy Problems. The New York Times (7/13, Barrionuevo, 1.21M) reports, "Biodiesel produced from soybeans produces more usable energy and reduces greenhouse gases more than corn-based ethanol, making it more deserving of subsidies," according to a study being published this month in by the National Academy of Sciences. The study, conducted by researchers at the University of Minnesota, also concludes that "the future of replacing oil and gas lies with cellulosic ethanol produced from low-cost materials like switch grass or wheat straw, if it is grown on agriculturally marginal land or from waste plant material." Neither ethanol nor biodiesel can replace much petroleum "without having an impact on food supply," it warned.

Drought Drives Wheat, Corn Prices To 10-Year Highs. In a story that has been receiving widespread coverage throughout the Midwest this week, the Wall Street Journal (7/13, A2, Martin, 2.03M) says wheat and corn prices "are climbing to what could be their highest annual average level in a decade, helping to send an inflationary ripple through grocery aisles." Rising prices, "due partly to drought conditions in farming areas," has put increased cost pressure on food makers that "already face higher costs for everything from fuel to sugar." The Agriculture Department yesterday said it expects a smaller wheat harvest, while the "booming ethanol industry's ravenous appetite for corn is helping to lift prices of the nation's largest crop." The Financial Times (7/13, Morrison) also reports on the rising prices.

Hagel Presses GOP Leadership On Drought Aid. The Grand Island (NE) Independent (7/13, Pore) reports that as drought conditions worsen Sen. Chuck Hagel, R-Neb., is pressing the Senate Republican leadership to pass drought assistance by the end of July. Hagel spoke this week with Majority Leader Bill Frist and Senate Appropriations Committee Chairman Thad Cochran in regard to the $4 billion in disaster assistance.

LATimes Says Administration Gave States Too Much Authority On Roadless Areas. An editorial in the Los Angeles Times (7/13, 918K) says, "Two things about Gov. Arnold Schwarzenegger's push against new roads in untouched areas of California's national forests: It was an environmentally sound decision for a state that reveres its wilderness areas. And it was a decision the governor shouldn't have had to make in the first place. The Bush administration, after initially vowing to barely tweak a Clinton-era ban on road building in almost 60 million acres of forest, instead ended up delegating too much authority to individual states. Roadless areas were potentially stripped of all protection, unless governors of individual states petitioned for protection of specific areas."

Indian Tribe Sues Abramoff Over Casino Closing. The New York Times (7/13, Lyman, 1.21M) reports that an Indian tribe has filed a lawsuit in federal court against former lobbyist Jack Abramoff and Georgia lieutenant governor candidate Ralph Reed "seeking millions of dollars in lost revenues from a casino that the Texas tribe said had been fraudulently closed. The suit, in Federal District Court in Austin, says Mr. Abramoff, Mr. Reed and three other men mounted a fake religiously themed moral crusade in 2001 to defeat a bill in the Texas Legislature that would have legalized gambling in Indian casinos. Their real motive, the suit adds, was to promote the gambling interests of a tribe in Louisiana that was paying them to represent its interest in a competing casino."

Roll Call (7/13, Bresnahan) reports, "The Alabama-Coushatta Tribe of Livingston, Texas, located 75 miles north of Houston, had their casino shut down by a federal judge in early 2002. Reed, Scanlon and Abramoff, who at that time was representing the Louisiana Coushattas of Vinton, La., had worked behind the scenes to block the Texas tribe from persuading Lone Star State legislators to reopen the casino. The tribe did not disclose how much it is seeking in monetary damages, but the amount could run into the millions of dollars."

Navajo Nation Head Start Program Employees Dismissed After Background Checks. The AP (7/13) reports from Window Rock, AZ, "The Navajo Nation has fired 15 employees from its troubled Head Start program after doing background checks on them." The AP continues, "Federal funding for the tribe's Head Start program was suspended May 2 by the Administration for Children and Families, which said the tribe failed to perform background checks and that an investigation turned up dozens of employees with criminal records." The AP adds, 'Darren Tungovia, human resources manager for the Navajo Head Start Program, said 594 employees have been cleared through background checks and 104 employees still need

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the checks. … Twenty-four workers have resigned and 19 employees are on a 90-day probation, Tungovia said in the news release. … The figures come as Navajo Nation President Joe Shirley Jr. met with Head Start officials, including Director Channell Wilkins, who traveled from Washington, D.C., to the reservation." The AP notes, "Shirley said the Navajo Nation presented its corrective action plan to the federal officials. … Under the plan to correct the deficiencies in the Head Start program, the Navajo Nation has directed the program's human resources manager to ensure that fingerprinting and background checks are done in a timely manner."

Virginia Indian Tribes Seek Recognition With Trip To England. The Washington Post (7/13, B1, Schulte, 748K) reports, "In the history books, there is the story of Pocahontas, the lovely Indian maiden who became a Christian, married an Englishman in Virginia and sailed away with him to England. Beyond that, there is little mention of the Virginia Indians who greeted the first settlers. … It is as if an entire Indian nation that had lived here for thousands of years had simply vanished. … And so it was with a measure of astonishment to some onlookers that the chiefs of Virginia's eight remaining tribes and many of their members gathered yesterday at the National Museum of the American Indian in Washington in a 'departure ceremony' to bless their trip to England -- the first major delegation to make the trip since that day, centuries ago, when Pocahontas sailed." The Post continues, "Virginia's Native Americans are still here, though in greatly diminished numbers than the 40 tribes that were around in 1607 when settlers established the first permanent English colony at Jamestown. And if awareness of the Virginia Indians is all that comes of this historic trip to England as part of Jamestown's 400th anniversary festivities, to Stephen Adkins, chief of the Chickahominy tribe, the trip will have been a success. … The idea for the trip, as well as its funding, came from the British foundation involved in the Jamestown anniversary planning. … Although the English are interested in promoting ties and tourism between Virginia and Kent County, where the Jamestown settlers sailed from, organizer Alex King sees the same opportunity for self-definition that Adkins does. … The Virginia tribes have been so invisible, Adkins said, that although they were the first tribes the colonists encountered four centuries ago, they have yet to be officially recognized by the federal government -- unlike 562 other tribes, primarily in the West, that are considered sovereign nations. Those tribes are offered federal health, education and housing benefits. … Six of the eight Virginia tribes are lobbying Congress for that federal recognition."

FBI/DEA/ATF/USMS:

Former Bonds Friend Cooperating With US In Steroids Probe. The New York Times (7/13, Wilson, 1.21M) reports, "The former best friend and business partner of Barry Bonds has told federal investigators that Bonds was a heavy steroids user and flew into 'roid rages,' his lawyer, Michael Cardoza, said yesterday." The Times continues, "The man, Steve K. Hoskins, 44, of Redwood City, Calif., also says Bonds gave him thousands of dollars to pass on to two of Bonds's girlfriends, Cardoza said in telephone interviews. … Two lawyers for Bonds responded yesterday that Hoskins was lying to get back at Bonds for accusing him of financial misconduct in their memorabilia business. The lawyers acknowledged that Bonds and Hoskins had been best friends before a falling-out in mid-2003, when Bonds reported Hoskins to the F.B.I." The Times adds, "Bonds is widely expected to be indicted soon by a federal grand jury, which meets today and again next Thursday at the federal courthouse in San Francisco. After that, its 18-month term apparently expires, providing impetus to wrap up the case. … Witnesses who have testified say the grand jury is investigating whether Bonds engaged in income-tax evasion, and if he committed perjury in denying steroid usage. Other sports figures are also being investigated, but Bonds is the biggest target."

USA Today (7/13, Nightengale, 2.27M) also reports on the testimony of Hoskins.

The AP (7/13, Kravets) writes, "Bonds' attorney, Michael Rains, has said that if the outfielder was to be indicted, it would come in July."

Former Wisconsin Police Detective To Plead Guilty To Cocaine Distribution. The Milwaukee Journal-Sentinel (7/13, Barton) reports, "A former Milwaukee Police detective has agreed to plead guilty to distribution of cocaine, a federal felony, according to a plea agreement filed Wednesday in federal court in Milwaukee." Larry D. White "faces a mandatory minimum sentence of five years in prison and up to $2 million in fines, according to the plea agreement." The Journal-Sentinel notes, "White made several trips with drugs and money between Illinois and

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Wisconsin from late 2004 through summer 2005, according to an FBI affidavit in the case. White was paid $1,000 for each trip, the affidavit said."

Doctor To Be Sentenced For Conspiring To Illegally Prescribe Steroids To NFL Players. From Columbia, South Carolina, the AP (7/13) reports a former West Columbia doctor is "scheduled to be sentenced next week for conspiring to illegally prescribe steroids to NFL players." However, his lawyer says he "shouldn't receive any federal prison time. … In a motion filed Tuesday, federal public defender Allen Burnside asked the court to reject a request by prosecutors to give James Shortt a sentence longer than the maximum recommended sentence of six months. … Shortt pleaded guilty in March to one count of conspiracy to distribute anabolic steroids and human growth hormone. Prosecutors have said current and former members of the Carolina Panthers were some of Shortt's patients."

County Supervisors In California Approve Medical Marijuana Ordinance. Bakersfield, California's KGET-TV (7/12) reports on its Web site that Kern County Supervisors "have approved an ordinance that will give sheriff's deputies the power to view the sales records of businesses that dispense medical marijuana. The new ordinance will also allow deputies, who have a warrant, to find out the names of the patients using the drug."

Marijuana ID Cards To Be Issued By Alameda County. From Oakland, California, the AP (7/13) reports Alameda County "is joining the list of counties issuing marijuana identification cards. The Alameda County Board of Supervisors voted to issue the I-D cards beginning August First. County officials say the cards will be part of a statewide identification system and will be recognized by state and local law enforcement."

The Oakland (CA) Tribune (7/12) reports the public health department "estimates about 10,000 of the cards will be issued in the county each year, and that about a quarter of the people applying for the cards will qualify for a Medi-Cal fee reduction that will cut the cost of the card in half. Patients will need to provide proof of identity, a doctor's recommendation for the marijuana and proof of Alameda County residency."

City Council Extends Dispensary Moratorium. In Livermore, the Tri-Valley Herald (7/12) reports the City Council has "approved what Mayor Marshall Kamena called a 'recipe' for another year of a medical marijuana dispensary moratorium. The council voted 4-0 Monday…to direct city staff members to prepare an ordinance extending the moratorium for an additional year. … City staff will bring the item back to the council before the current moratorium — set in October 2005 — ends, when the Council will hold a public hearing."

San Francisco Marijuana Dispensary May Receive Permit. The AP (7/12) reports San Francisco city planners "are considering whether to issue a permit for a medical marijuana dispensary in the heart of the city's tourist hub, despite outrage from neighbors and businesses. The Planning Commission is scheduled to vote Thursday, and some have vowed to appeal any permit the city grants. … The Green Cross is the first cannabis club to seek a permit under strict guidelines the city adopted in November to curb street crime around its roughly 30 dispensaries and prevent sales to non-patients."

Suspected Supplier Of Fentanyl-Laced Heroin To Stand Trial. The Detroit News (7/12) reports a Detroit man "accused of being a major supplier of deadly fentanyl-laced heroin will stand trial on 10 counts of drug and weapons violations. Daren Reese, 45, was arrested June 22 by Wayne County Sheriff's deputies and Drug Enforcement Administration agents…carrying 83 packets of the mixed drug. In a raid of his home…police confiscated an undisclosed amount of drugs, powder suspected to be fentanyl, and items used to market drugs."

The Detroit Free Press (7/13, Schaefer, 346K) reports a man Detroit authorities "have called a significant dealer of the deadly painkiller fentanyl was ordered to stand trial. Daren Reese, 45, is charged with 10 criminal counts involving guns and drugs. Wayne County Sheriff's Office officials have said he was a supplier of heroin laced with fentanyl in and around the Jeffries public housing project."

"Jacob The Jeweler" Enters Plea In Money Laundering Case. The AP (7/13) reports the man "known throughout the hip-hop world as Jacob Arabo or 'Jacob the Jeweler' pleaded not guilty Wednesday to money laundering charges." Yakov Arabov "was arrested June 15 at his store in New York on a warrant issued in Detroit by federal authorities, who accuse him of conspiring with others to launder money in connection with a jewelry business.

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Authorities say the 16 people indicted for conspiracy and laundering are connected to a drug organization called the 'Black Mafia Family.'"

Lancaster County, PA, Gets Federal Help To Fight Gang Violence. The Lancaster (PA) Intelligencer Journal (7/13, Lovelace) reports, "The names of the gangs are meant to convey power and intimidate. … They call themselves the Black Dragons, the Bloods, the Cash Money Boys, the Crips, the Gangster Disciples, Hells Angels, International Posse, the Latin Kings, the Outlaws, the Pagans, Vatos Locos and 50 Million Soldiers." The Journal continues, "For years, members of these gangs have wreaked havoc along the 87-mile Route 222 corridor that stretches from Easton to Lancaster, according to the U.S. Department of Justice. … Since 2005, the Justice department blames gang members for 50 homicides, 1,119 aggravated assaults, 1,163 robberies, 2,667 burglaries and 2,594 drug-related crimes in the cities, including Lancaster, along Route 222. … Assistant U.S. Attorney Robert K. Reed summed up the problem in March when he wrote a federal grant proposal for an antigang initiative. … 'Because of the proximity of the five cities in the 222 Corridor, combined with easy access by major thoroughfares to New York, Philadelphia, Newark and Baltimore,' Reed wrote, 'gang members easily move from one city in the corridor to another buying and selling primarily heroin, cocaine and crack cocaine. … Gang violence along the Route 222 Corridor, primarily involving drug trafficking and armed robberies, dates back more than a decade and has been a chronic problem infecting each of the five cities in the target area.'" The Journal notes, "Reed's analysis helped secure $1 million in federal grants for Lancaster, Berks, Lehigh and Northampton counties, it was announced Tuesday morning at a City Hall press conference. … The money is part of $2.5 million in funds that will be used to attack the gang problem along Route 222."

Northern Virginia Gun, Drug Sweep Nets Dozens Of Arrests. The Washington Post (7/13, B9, Vargas, 748K) reports, "About 40 people have been arrested and more than 20 are being sought in Prince William County in what law enforcement officials said yesterday was one of the largest crackdowns on gun and drug trafficking in Northern Virginia." The Post continues, "The operation, dubbed 'the Highway Men' because much of the activity occurred near the Jefferson Davis Highway (Route 1) corridor, involved more than 250 federal, state and local officials over 18 months. Officers began rounding up suspects Tuesday, with about 40 arrests made by yesterday and more than 31 firearms seized. … 'We think it's well past time that we get serious with these people, and that's what we're doing today,' U.S. Attorney Chuck Rosenberg said at a news conference attended by other top law enforcement officials." The Post notes, "Those charged in the operation were not part of an organized syndicate, and most do not know each other. Rather, the operation was an effort to clean up drug dealing and gun sales along the Route 1 corridor, including in Woodbridge, Dale City, Lake Ridge, Dumfries and Occoquan. … Officers said that many of the people who face charges have prior convictions, with one man having been arrested 30 times. Altogether, the suspects have 400 prior arrests and 150 prior convictions, Rosenberg said."

The Richmond Times-Dispatch (7/13) reports, "The Bureau of Alcohol, Tobacco, Firearms and Explosives, Virginia State Police, Prince William Sheriff's Office, U.S. Marshals and the U.S. Drug Enforcement Administration sent teams of officers and agents to arrest people suspected of being drug and gun dealers, officials said. … Those arrested were processed and interrogated at Potomac High School. … Since 2005, an undercover ATF agent has lived in the community and gained the trust of local drug dealers, ATF officials said. The undercover agent obtained 1½ kilos of cocaine, 4½ pounds of marijuana, 525 synthetic heroin pills, 235 Oxycontin pills, 90 Ecstasy pills and $12,500."

The Manassas (VA) Journal Messenger (7/13, Glushefski, Kafka) reports, "An undercover ATF agent has lived in the community since 2005 and gained the trust of local drug dealers, said ATF officials. That undercover agent got 1½ kilos of cocaine, 4½ pounds of marijuana, 525 synthetic heroin pills, 235 Oxycontin pills, 90 Ecstasy pills and $12,500. … Prince William police Chief Charlie T. Deane said police have listened to residents' complaints of drug dealing and seemingly weren't responding. … Deane said the arrests were not an indicator of increased drug trafficking in the area but of a cohesive multi-agency effort to eradicate drug dealers - some whom had previous arrests and convictions."

IMMIGRATION:

Jury Deliberations Begin In Trial Of Bosnian Charged With Immigration Fraud. The AP (7/13,

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Lavoie) reports, "A Bosnian man who admitted participating in the Srebrenica massacre of thousands of civilians should be convicted of violating U.S. immigration laws, a prosecutor said in closing arguments, the 11th anniversary of the ethnic cleansing killings." The AP continues, "Marko Boskic's defense attorney argued that his client was not guilty of lying on immigration forms about his military service and had been forced to participate in the killings." The AP adds, "Boskic, 41, was arrested in 2004 while living in Peabody, Massachusetts, and working in construction. He was charged with lying on his refugee application and later on his application for permanent U.S. residency. … Jurors began deliberating Tuesday afternoon but adjourned for the day without reaching a verdict." The AP notes, "Assistant U.S. Attorney Kim West said Boskic admitted his role at Srebrenica after he was shown a video of himself at an awards ceremony for the Bosnian Serbs' 10th Sabotage Detachment. .. Boskic acknowledged he had helped kill 1,200 Muslim men and boys at a farm outside Srebrenica, where about 8,000 Bosnian Muslims were murdered in 1995 by Serb separatists. It was the largest massacre in Europe since World War II."

Gutierrez Promotes Bush Immigration Reform Before Senate Judiciary Committee. The Administration continued its efforts to promote comprehensive immigration reform as Commerce Secretary Carlos Gutierrez testified before the Senate Judiciary Committee about the importance of immigrant workers to the US economy. Meanwhile, GOP leaders in the House have scheduled new hearings focusing on border security concerns. The New York Times (7/13, Swarns, 1.21M) in a brief article focuses on Gutierrez' testimony noting he "urged Congress to pass legislation that would put illegal immigrants on a path to citizenship and create a temporary worker program to ensure that American companies could meet their labor needs." He "said that 500 of the nation's top economists recently sent a letter to the Bush administration stating that immigration had been a net gain for Americans."

The San Antonio Express News (7/13, Martin) in a more extensive article focused on Gutierrez' remarks titled "Commerce secretary says immigrant labor critical to economy" reports, "Immigrant labor is critical to the nation's economy and underscores the need for a guest worker program" according to Gutierrez. The debate "between the House and Senate is expected to continue through the summer, leaving doubt whether Congress can pass a bill before the mid-term elections in November." Advancing the President's agenda, "Bush administration officials, including Gutierrez and Attorney General Alberto Gonzales, have publicly pushed immigration reforms that mirror those in the Senate bill." Gutierrez said, "Immigrants aren't crossing our borders to look for a handout. They're seeking jobs that are available." And "Specter told Gutierrez he should be a witness at the House hearings over the next two weeks." Specter said, "I hope they call you as a witness – so you can set them straight."

Bloomberg (7/13, Johnston) similarly focuses on Gutierrez, reporting, "Gutierrez said there were 4.1 million U.S. job openings in May, many in the hospitality industry, that immigrants are needed to fill because Americans can't or won't do that work." He "told senators today that a guest-worker program would be an integral component of securing the border because providing a legal pathway for immigrants looking for work would keep them from attempting to enter the U.S. illegally." Gutierrez said, "The biggest thing we can do for our border is have a temporary-worker permit for the interior of our country."

House GOP Leaders See Support For Strengthening Border Security. But the AP (7/13, Gamboa) in an article published by hundreds of media outlets including the Washington Post focuses first on conflict between the Administration and GOP House leaders who "are scheduling a new round of immigration hearings, saying three already held have strengthened their case for enforcement-heavy legislation." For example, "Majority Leader John Boehner, R-Ohio, said Wednesday the hearings have made clear that a Senate bill that opens an avenue toward citizenship for millions of illegal immigrants would undermine border security." Boehner "contended that members of both parties are moving toward the House position that the nation's estimated 12 million illegal immigrants should be offered no guarantees against being deported." But Gutierrez said "Bush wants a comprehensive bill. He said an approach of only enforcement does not encourage immigrants to learn English, assimilate or be part of society." Gutierrez said, "The more this issue becomes one of enforcement only, we're driving them farther and farther underground. What we want for our national security is to drive them above the shadows so we know who they are."

Similarly focusing first on House GOP lawmakers the Dallas Morning News (7/13, Mittelstadt, 500K) reports they "are apparently convinced that their push for an enforcement-

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only plan was helped by sessions last week in Texas and California." Boehner "contended that 'troubling' Senate provisions exposed during hearings in Laredo and San Diego are causing the tide to turn in favor of the House's enforcement-only approach." Meanwhile, Gutierrez sought to "underscore the Bush administration's support for a comprehensive immigration solution." Gutierrez said, "All elements of this problem must be addressed together, or none of them will be solved at all."

Santorum Sees Problems With House Immigration Bill. Sen. Rick Santorum was asked on CNN's Lou Dobbs Tonight (7/12) if he would be willing to support the House-passed immigration reform bill without any addendums. Santorum said, "I have a couple of problems with the House passed bill. Actually, one of them is very interesting. This whole provision saying that crossing the border would be a felony. … So I guess my point is, with some of the changes that people have talked about, I could support it. But not as originally passed because I think there's some problems in original passed House bill."

Senate's Republican Policy Committee "Harshly Critical" Of Senate Bill. The Washington Times (7/13, Hurt, 88K) reports, "The Senate immigration bill would require that foreign construction laborers here under the guest-worker program be paid well above the minimum wage, even as American workers at the same work site could earn less. The bill 'would guarantee wages to some foreign workers that could be higher than those paid to American workers at the same work site,' says a policy paper released this week by the Senate's Republican Policy Committee. 'This is unfair to US workers, inappropriate, and unnecessary.'" The "harshly critical analysis of the Senate immigration bill on this one point reveals how torn Senate Republicans are over the larger issue of immigration."

Immigrant Groups Seek To Mobilize Voters. USA Today (7/13, Kasindorf, 2.27M) reports, "The promise was splashed across signs that hundreds of thousands of immigrants carried in marches this spring: Hoy marchamos, mañana votamos. The message in Spanish to Congress that 'today we march, tomorrow we vote' was as American as balloons popping at a political convention." USA Today adds, "For organizers of those nationwide demonstrations over changes to immigration law, mañana dawns with the Nov. 7 elections. Whatever action Congress may take, activists are pledging to mobilize 1 million new voters from newcomers to the USA: Hispanics, mostly, but also Koreans in Los Angeles, Hmong in Minnesota, Irish in New York City." A second USA Today story (7/13, Kasindorf) deals with "a band of Spanish-language radio disc jockeys" who "got much of the credit when 500,000 demonstrators rallied at City Hall on March 25 over immigration proposals in Congress." Mike Garcia, president of Service Employees International Union Local 877 in Los Angeles, is quoted saying DJs "are a huge way of communicating to the masses," because "they have access to so many more people than we can get."

TAX:

Federal Appeals Court Rules For IRS In Tax Shelter Case. The New York Times (7/13, Browning, 1.21M) reports, "A federal appeals court handed a victory to the Internal Revenue Service yesterday in its war on questionable tax shelters, ruling that a shelter bought in 1996 by a former subsidiary of the Goodrich Corporation was abusive." The Times continues, "The case involving the Goodrich subsidiary, Coltec Industries, has been closely watched by tax lawyers and lobbyists as they argue over what constitutes an abusive shelter." The Times adds, "In the ruling, three judges on the United States Court of Appeals for the Federal Circuit overturned a lower court's ruling in 2004, which said that Coltec was entitled to a $83 million refund from the I.R.S. stemming from its use of the shelter. That original ruling dealt a blow to I.R.S. efforts against abusive shelters. … Tax shelters like the one that Coltec bought through Arthur Andersen, were available in the last decade through large accounting firms. The shelter, known as a continent liability shelter, is intended to generate losses and was barred by the I.R.S. in 2001. … Tax lawyers regard yesterday's ruling as significant because it addresses a disputed area known as the economic substance doctrine. … Under the doctrine, which is not a formal part of the tax code, the I.R.S. considers invalid any shelter that follows the letter of the tax code, but violates its spirit by existing only to engineer tax losses. … In the ruling, the judges wrote that 'the law does not permit the taxpayer to reap tax benefits from a transaction that lacks economic reality' and that 'a lack of economic substance is sufficient to disqualify the transaction without proof that the taxpayer's sole motive is tax avoidance.' … Eileen J. O'Connor, an assistant attorney general, said in a statement yesterday that the latest ruling 'confirms that illusionary losses purportedly created by the so-called

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"contingent liability" tax shelter are not deductible against actual taxable income.'"

Former KPMG Employees Sue For Legal Fees. The Wall Street Journal (7/13, Davies, 2.03M) reports, "Sixteen former employees of KPMG LLP have filed a civil suit against the accounting firm seeking payment of legal fees and expenses to defend themselves against criminal-fraud charges related to their tax-shelter work." The Journal continues, "Filed in federal court in Manhattan on Monday, the suit alleges that KPMG responded to pressure from federal prosecutors by violating a longstanding practice of paying such fees. The suit cites past and recent instances where the firm has paid the fees." The Journal adds, "The suit comes on the heels of a ruling last month by U.S. District Judge Lewis A. Kaplan that the government violated due process of the 16, who are accused of marketing allegedly fraudulent tax shelters, by pressuring the firm to stop paying their legal expenses. Judge Kaplan declined to dismiss the indictment against the former employees, but said they could pursue a civil action against KPMG. … In his ruling, Judge Kaplan found KPMG refused to pay additional legal costs for the employees 'because the government held the proverbial gun to its head' by threatening to indict the firm unless it cooperated. KPMG avoided indictment by reaching a deferred-prosecution agreement with the government in August and paying a $456 million settlement. … Federal prosecutors deny they pressured the firm to cut off the fees."

Wessel Rails Against The "Proliferation Of Tiny Tax Breaks." David Wessel writes in the Wall Street Journal (7/13, 2.03M) that Congress "has turned the tax code into a theme park, with a tax break for every good cause. Each one makes sense. … So what's the problem? Add this tax break to the dozens of others that decorate the tax code, and we get higher tax rates than otherwise needed to bring in the same sum. We get a lot of hassle and complexity that chews up time and money. And, I suspect, the government creates tax breaks that are claimed far more often by sophisticated, upper-income taxpayers than by others." Wessel adds, "The proliferation of tiny tax breaks, each with its own complexity and paperwork, doesn't rank up there on the worry list with persistent poverty, stagnating wages, mounting debt or deadly disease. On the other hand, it ought to be easier to fix."

CONGRESS-ADMINISTRATION:

4th Circuit Nominee Concedes He "Missed" Appearance Of Conflict In Four Cases. The AP (7/13, Kellman) reports, "President Bush's nominee to an appellate judgeship acknowledged missing the appearance of a conflict of interest in four cases in which he is accused of ruling on litigants in whose companies his family held stock." The AP continues, 'Terrence Boyle, Bush's pick for the 4th U.S. Circuit Court of Appeals in Richmond, Va., said Wednesday that his aides' routine screening of cases for conflicts of interest 'missed' the appearance in these instances. … 'These situations were an oversight, an inadvertent mistake,' Boyle wrote in a letter responding to questions by Senate Majority Leader Bill Frist, R-Tenn., and Judiciary Committee Chairman Arlen Specter, R-Pa. … 'Accordingly, I unknowingly and unintentionally participated in these cases while I held a minimal number of shares in one of the parties,' Boyle added. 'Whatever minor financial interest I may have had in the case in no way affected my decision-making or the outcome of the case.'" The AP notes, "Boyle added that since the allegations were first raised in a story on Salon.com, he has substituted an electronic screening process for the manual process. … It was not clear that Boyle's letter had improved his prospects for confirmation. Democratic leader Harry Reid of Nevada has said his party would filibuster Boyle's nomination if it came to the floor. Specter has not indicated how he would vote or whether to have hearings, saying he wanted to first receive Boyle's answers. And Frist, who earlier this year had promised to confirm Boyle before Congress adjourns, has not scheduled a vote."

Gang Of 14 To Discuss Haynes Nomination. Roll Call (7/13, Billings, Stanton) reports, "The bipartisan 'Gang of 14' will meet for the first time in two months this afternoon in a gathering intended to determine group members' attitudes on a series of outstanding judicial nominations, according to sources." The seven Democratic and seven Republican Senators "will meet at 1:15 p.m. in the office of Sen. Mark Pryor (D-Ark.). While organizers said there was no firm agenda outlined for the meeting, Senators and aides speculated the session largely would focus on the pending nomination of William Haynes to the 4th U.S. Circuit Court of Appeals."

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Senate To Test Bush's Veto Threat On Stem Cell Measure. The AP (7/13, Kellman) reports the Senate "will vote next week on three bills related to stem-cell research, including a measure that would expand federal funding for a procedure that uses and destroys human embryos in the drive to cure diseases that afflict millions of Americans." The Senate "is expected to pass that bill, which would send it to the White House for…Bush's signature." Bush 'has promised to veto the measure, effectively killing it because neither chamber of Congress has displayed the two-thirds majority needed to override it."

The Financial Times (7/13, Yeager) reports, "Bush's threat to veto legislation aimed at expanding federal funding of embryonic stem cell research will be put to the test next week when the Senate votes on the issue." The debate "is expected to be contentious and, because of the scientific promise many believe stem cell research offers, it will put many of Mr Bush's usually loyal supporters at odds with the president." Bush "has yet to use his veto power. But Karl Rove, his top political strategist, and others at the White House have reiterated the threat to veto any legislation that expands the embryonic stem cell research eligible for federal funding." That stance "puts the White House at odds with most Democrats and some Republicans, including Nancy Reagan, widow of former president Ronald Reagan, and Bill Frist, the Senate majority leader, who say the research could lead to treatments for several serious illnesses, including diabetes and Parkinson's."

House Approves Credit-Rating Industry Bill. The House has approved legislation aimed at encouraging more companies to enter the credit rating industry. According to the Washington Post (7/13, D1, Day, 748K), the industry, which rates the creditworthiness of corporations and their debt, is "now dominated by two firms. The bill, passed by a vote of 255 to 166, would also require credit-rating companies to give investors more information about how credit risk is calculated. And it would give the Securities and Exchange Commission oversight of the industry for the first time. Thirty-one Democrats voted for the measure. No Republicans voted against it."

Pentagon To Switch 66,000 More Employees To NSPS. The Washington Post (7/13, D4, Barr, 748K) reports in its "Federal Diary" column, "About 66,000 Defense Department civil service employees will make up the second wave of workers converting to a new personnel system that more closely ties pay raises to occupations, locations and job performance, the Pentagon announced yesterday. The Defense employees will shift into the National Security Personnel System from October to January. The first phase of 11,000 employees converted over a two-week period that began April 28."

Lower Deficit Figure Reignites Tax Cut Debate. The Washington Times (7/13, Dinan, 88K) reports that congressional tax cutters have been energized by this week's lower deficit figure. The Times adds that the deficit figure "has reignited the debate over supply-side economics and whether President Bush's 2001 and 2003 tax cuts helped or hurt the federal budget. 'Supply-side economics are alive and well,' said Rep. Jeb Hensarling, Texas Republican and the budget point man for House conservatives, who added that tax cuts are the only explanation for the declining deficit. 'Spending's not down; spending has increased every single budget. What happened is we're awash in tax revenue because supply-side economics is alive and well.'" Democrats "said the tax cuts don't deserve credit for the declining deficit, and said federal revenue only now is returning to where it was when Mr. Bush took office."

Report Says "Cost Of Government Day" Arrived Later This Year. The Washington Times (7/13, Pfeiffer, 88K) reports that the group Americans for Tax Reform yesterday released its annual report, entitled "Cost of Government Day." According to the report, as of yesterday, "the average American had amassed enough gross income to pay his share of taxes for the year." The report "said that federal spending required 86.5 days of work from the average person this year, compared with 78.5 days in 2000, a 10.2 percent increase in the burden on the taxpayer. The burdens of state and local taxation and regulation pushed the Cost of Government Day to July 12, compared with July 11 last year."

Bush, Gerson Relationship Examined. The Christian Science Monitor (7/13, Cook, 58K) reports on the departure of presidential speechwriter Michael Gerson, who recently left his post. The Monitor reports that "friends and foes alike agree" that Bush and Gerson had "perhaps the closest intellectual relationship between a president and his speechwriter since Theodore Sorensen's mind meld with John F. Kennedy." The Monitor adds, "For the seven years he wrote for Bush, Gerson brought an unembarrassed deep faith

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to that role. He studied theology at Wheaton College in Illinois, a Christian liberal arts institution whose alums include evangelist Billy Graham and whose motto is 'for Christ and his Kingdom.'" The Monitor notes, "By all accounts, Gerson has argued within the White House that faith must bear fruit in works."

Miller Borrowed $7.5 Million From Contributor To Finance Land Deal. The Hill (7/13, Crabtree) reports, "Rep. Gary Miller (R-Calif.) took out nearly $7.5 million in promissory notes in 2004 from his top campaign contributor and business partner, Lewis Operating Corp., which he used to purchase real estate from the company. He then sold some of the land to a Southern California city and some back to the contributor, according to property records, information in financial disclosure documents and responses from his spokesman." The Hill adds, "Shaun Martin, a law professor at the University of San Diego who specializes in professional ethics, said Miller's business arrangement with Lewis 'screams out' as an abuse and is particularly troubling because the land deals were seller-financed."

Group To Honor Cunningham's Service. The Hill (7/13) reports in its "Under the Dome" column, "The US Capitol Historical Society will hold a reception next week to honor a select group of lawmakers 'for their hard work, service, time and the sacrifices made in upholding the office with which they were entrusted.' One of the people slated to receive such accolades is former Rep. Randy 'Duke' Cunningham (R-Calif.)," who resigned his seat and is now "serving a prison term of eight-plus years for a bribery scandal you may have heard about." Cunningham "qualifies for the Capitol Historical Society because he is a retiring member of Congress. The society opted not to exclude anyone, even convicted felons. The group did not comment by press time about its rationale for keeping Cunningham on the list."

Kennedy Living Under Strict Court-Ordered Rules Following Guilty Plea. Roll Call (7/13, Akers) reports in its "Heard on the Hill" column, "A month after pleading guilty to driving under the influence, Rep. Patrick Kennedy (D-R.I.) now follows a strict court-ordered script that includes, among other things, weekly urine tests, twice-weekly meetings with a probation officer, near-daily Alcoholics Anonymous meetings and a weekly meeting of recovering addicts led by a Navy captain. Kennedy, sources say, has to report to a probation officer twice a week at the Washington, D.C., courthouse complex. And on one of those days he has to, ahem, relieve himself in a cup. And even when the Congressman isn't checking in with the probation officers, they check in on him. One source tells HOH that by order of the District of Columbia Superior Court, where Kennedy was sentenced last month, a probation officer accompanied by a D.C. police officer pays random visits to Kennedy's Capitol Hill apartment on as little as 10-minutes notice."

Miller, Obey Feud Suggests Deeper Tensions Among Democrats. The Hill (7/13, Bolton, Hearn) reports on a feud between Rep. George Miller, the ranking Democrat on the House Education and the Workforce Committee, and Rep. David Obey, the ranking Democrat on the Appropriations Committee. Just before the July 4 recess, "Miller got angry because he thought Obey had struck an agreement with Republicans that would have cut Miller's ability to employ delaying tactics to protest the bill under consideration, according to witnesses. As it turned out, Miller had bad information. … But the quickness with which Miller flew off the handle at Obey was evidence of deeper tension, say Democrats who know them." The Hill adds, "A simmering rift between Miller and Obey could be significant in internal Democratic politics. Miller is viewed as one of Pelosi's closest political deputies, and while Obey has been in Pelosi's camp in the past two Democratic leadership elections, an antagonistic relationship with Miller could make Obey more open to entreaties from Hoyer's camp."

House Democrats Top $18 Million In Dues. Roll Call (7/13, Kornacki) reports, "House Democrats have contributed more than $18 million in dues to their party's 2006 election effort, slightly more than half of the $33.7 million the Democratic Congressional Campaign Committee is aiming to collect from Members this cycle. Still, less than four months from midterm elections that will determine control of their chamber, 53 of the 205 House Democrats have met one-quarter or less of their obligation to the DCCC. And of that group, 37 have paid 10 percent or less. Thirteen haven't contributed a nickel."

Pelosi Promises Fiscal Restraint If Democrats Take House Majority. The Wall Street Journal (7/13, Rogers, Lueck, 2.03M) reports, "House Minority Leader Nancy Pelosi pledged that if Democrats succeed next

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year in rolling back President Bush's tax cuts for the wealthiest Americans, the money would be used to reduce the federal deficit -- not for new spending." Pelosi "anticipates some resistance from within her party, but returned to the theme of fiscal prudence in an interview with The Wall Street Journal. When asked to outline the Democrats' agenda, she listed initiatives that she said wouldn't strain the government's coffers: cutting interest rates on student loans, raising the minimum wage and demanding higher royalties from oil companies."

Senate Democrats Launch Five-Issue Message Strategy. Roll Call (7/13, Billings) reports, "Senate Democratic leaders have hatched a four-week, pre-August strategy that gambles on five issues they believe best define party differences and can best win over their base and independent voters this fall. The pre-election plan, kicked off by Minority Leader Harry Reid (Nev.) on Tuesday, will include daily floor speeches and exchanges by Democratic Senators, as well as frequent press events, according to leadership sources. Those efforts will focus on what Democratic leaders call 'a record of inaction' by the Republican Party, and their push for Congressional movement on stem-cell research, gas prices, college affordability, renewal of the Voting Rights Act and a 'real debate' on the war in Iraq."

Democratic Senate Hopefuls Focus On Winning Rural Voters. USA Today (7/13, Stone, 2.27M) reports that Missouri state Auditor Claire McCaskill, who is trying to unseat GOP Sen. Jim Talent, admits she was wrong to focus on Kansas City and St. Louis in her unsuccessful gubernatorial bid last year. McCaskill "notes rural voters are just as concerned about high prices for gas, health care and college tuition, as well as the war in Iraq." USA adds, "Attracting rural voters is key not only in Missouri, it's also a test Democrats must pass if they hope to pick up the six seats they need to win control of the Senate this fall. They have been inspired by the back-to-back victories of moderates Mark Warner and Tim Kaine, who became Virginia governors by appealing to rural 'NASCAR voters.' Montana, Ohio and Arizona Democrats also are spending more time in rural areas, says Phil Singer of the party's Senate campaign committee."

Democrats Begin Push To Raise Minimum Wage. The New York Times (7/13, Andrews, 1.21M) reports that Democrats "have begun a broad campaign to raise the minimum wage and focus attention on income inequality. The Democratic argument is straightforward: it has been more than eight years since Congress last raised the minimum wage, to $5.15 an hour, and inflation has reduced its real value to the lowest level in more than 20 years. At the same time, Democrats say, executive pay has risen to ever-higher levels and Congress has regularly approved pay raises for itself." The Times adds, "The issue is playing a role in Missouri, Ohio, Pennsylvania and Arizona — all states where Republican senators are fighting for survival."

House Republicans More Optimistic About Their 2006 Prospects. The Hill (7/13, O'Connor) reports that House Republicans are becoming more optimistic about their chances this November. The Hill says Republicans' "newfound optimism is grounded in what Republicans say is a shift in the political winds — and their fundraising prowess." The Hill adds, "In preparation for midterm elections, Rep. Eric Cantor (R-Va.) has been tapped to helm the Battleground program, the GOP's final fundraising push of the 2006 election cycle. … National Republican Congressional Committee (NRCC) Chairman Tom Reynolds (R-N.Y.) named Cantor as chairman for the final fundraising drive during yesterday's regular weekly House GOP meeting."

Holtz-Eakin Argues Against Fast Tracking CFIUS Reform. Douglas Holtz-Eakin, who was chief economist of the President's Council of Economic Advisers from 2001 to 2002, writes in the Wall Street Journal (7/13, 2.03M), "The ongoing legislative effort to reform the Committee on Foreign Investment in the United States (CFIUS) has suddenly been put on the fast track. In particular, Senate Banking Committee Chairman Richard Shelby is asking for unanimous consent by the full Senate to vote on his bill with no debate over whether key provisions are in the national interest. Unfortunately, there is a big downside risk in precipitous action."

NYTimes Criticizes Automatic Congressional Pay Raises. An editorial in the New York Times (7/13, 1.21M) says, "The Capitol will recess at the end of September, leaving a world of unfinished business. You'll be relieved to know, however, that among the House items already seen to was a pay increase — 2 percent over the current base salary of $168,500. … Although we have always

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believed that lawmakers should draw decent salaries, it is hard to have patience with a body that allows its own pay to rise automatically while systematically stonewalling any increase in the national minimum wage. The private-sector workers who need a pay raise the most have been waiting nine years and counting for some kind of increase to offset the rising cost of living." The Times adds, "This is a debate well worth having before members of Congress hurry off to brag to voters of the job they've done."

OTHER NEWS:

Petroleum Imports Fuel Trade Deficit Growth. The Financial Times (7/13, Swann) reports, "The US trade deficit widened again in May, largely due to record oil imports, but a substantial rise in exports kindled hopes that strong growth overseas would help contain the shortfall." The deficit "climbed by just $500m to $63.8bn. This was despite a $4.4bn increase to $25.4bn in the deficit on petroleum products, reflecting rises in the oil price." The Times adds, "Excluding petroleum, the deficit shrank from $42.3bn to $38.4bn."

The New York Times (7/13, Peters, 1.21M) also says "a surge in American exports helped keep the imbalance between exports and imports in check, suggesting that trade is starting to stabilize," adding that "economists noted that because energy prices exaggerated the overall deficit figure, the trade imbalance report was not as grim as it appeared at first glance. In fact, exports reached a record high. And when energy prices are removed from the trade gap calculation, the numbers suggest the imbalance is actually leveling off."

USA Today (7/13, Lynch, 2.27M) says the trade deficit "wasn't as bad as economists expected in May, but that isn't saying much." So far this year, "the trade deficit is running at an annual rate of $763 billion, 6.5% above last year's record gap."

The Wall Street Journal (7/13, Hitt, 2.03M) reports, "The deficit's growth is fueling an election-year debate in Congress over President Bush's trade agenda." On Capitol Hill, "many lawmakers, Republicans and Democrats, worry that American businesses and workers are at a disadvantage in the world marketplace." The debate has "cast uncertainty over the prospects for passage in the House of several narrower free-trade pacts, including a deal with Oman."

Stocks Sharply Down. NBC Nightly News (7/12, story 10, 0:15, Williams, 9.87M) reported, "We will take a look at Wall Street today. Earnings worries weighed on investors and stocks were down sharply in today's trading. The Dow lost more than 121 points [to close at 11,013.18]. NASDAQ lost more than 38 points on the day [to close 2,090.24]."

Taylor Says Bernanke's Start Holds "Powerful Lessons." John B. Taylor, who was undersecretary of Treasury for international affairs from 2001-2005, writes in the Wall Street Journal (7/13, 2.03M), "It's too early to write a similar piece on a Ben Bernanke era, but lessons have already been learned in the last half-year. Compared to the starts of his two predecessors, he has had to deal with a smaller (but still potentially disruptive) increase in inflation. Explanations for this increase range from a global commodity boom to the Fed veering off its principles in 2004 and 2005 by increasing the funds rate too slowly." Taylor adds that "powerful lessons can be learned from Mr. Bernanke's start. Keep to the proven principles. Talk about the economy, not about the future of the federal funds rate. Commit to price stability without adding uncertainty about the meaning of a new inflation target."

Georgia's GOP Lawmakers Staying Out Of Lieutenant Gubernatorial Primary. Roll Call (7/13, Whittington) reports that Georgia's congressional Republicans are "largely staying out" of the state's lieutenant gubernatorial primary between Ralph Reed and Casey Cagle. According to The Hill, Reed "has been tarnished by his link to the Jack Abramoff lobbying scandal." The Hill adds, "At the outset, the race appeared to be Reed's to lose. But it has garnered increasing national attention as the scope of the federal Abramoff probe has expanded, uncovering more details of Reed's relationship with the convicted lobbyist. The latest polls have shown the contest to be a dead heat. Only two of the state's seven GOP House Members have made public endorsements."

Voters Express Doubts About Clinton Presidential Bid. A front page story in the Washington Post (7/13, A1, Romano, 748K) reports that advisers to Sen. Hillary Clinton are confronting voter reservations about Clinton "as they seek to position the former first lady for a possible 2008 presidential run. … Never has a politician stepped onto a presidential stage before an audience of voters who already have so many strong and personal opinions about her, or amid arguments that revolve around the intangibles of

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personality and the ways people react to it." While Clinton's "assets are formidable," there is "evidence of unease -- about her personal history, demeanor and motives -- among the very Democratic and independent voters she would need to win the presidency."

Bush En Route To G-8 Meeting Marked By International Crises. The Washington Post (7/13, A14, Baker, 748K) says President Bush arrived in Germany last night "trailed by crisis as he began a delicate diplomatic mission to hold together fragile international coalitions he has been building while tensions rise from Asia to the Middle East." The Post adds "crisis issues often overshadow the official agenda at G-8 summits, but this weekend's meetings will be especially sensitive for Bush because of the host." Bush "appears to hope" his indirect pressure on Russian democratization "allows him to get business done with Putin on Iran, North Korea and other areas." The AP (7/13, Hunt) reports, "The stack of problems grew as Bush" traveled to Europe.

ABC World News Tonight (7/12, story 3, 2:15, Snow, 8.78M) reported, "Aboard Air Force One today, reporters pressed his spokesman on with questions on no less than three international hot spots." So many hot spots on the radar, is this crisis overload for the White House?" ABC News' George Stephanopoulos: "It sure looks like it -- all crisis, all the time. … It's hard to think of a time since World War II where a US president faced so many dangerous challenges on so many fronts." Stephanopoulos added, "You just deal. White House aides can see that this is no ordinary time. They're trying to buy time and bring our allies in. That's why they think this summit this weekend is a real opportunity to unify the Europeans and get Vladimir Putin on board."

NBC Nightly News (7/12, story 4, 0:20, Williams, 9.87M) reported, "President Bush is spending this night in Germany on his way to the G-8 summit of world powers this weekend in Russia. The President and the First Lady will have a short visit with the German Chancellor Angela Merkel, who has become one of this nation's strongest allies in all of Europe. USA Today (7/13, Jackson, 2.27M) says Bush and Merkel "plan to spend time today burnishing a relationship that is becoming one of the administration's most important in Europe." Even as "other Bush allies lose office or struggle politically, Merkel is emerging as Bush's new best friend and a key world player." Now, "foreign policy analysts say Merkel is now a Bush favorite on a par with British Prime Minister Tony Blair."

In an analysis piece, the New York Times (7/13, Rutenberg, 1.21M) says Bush will face "much more challenging terrain at the Group of 8 summit meeting in St. Petersburg, Russia, this weekend. It is widely expected to be one of the meatier and trickier summit meetings of Mr. Bush's presidency — with his popularity touching lows at home and in Europe, and flashpoints from North Korea to the Middle East demanding cooperation with allies now." In the past year, Bush "has shed some of his swagger and (American) Western rhetoric and has instead reached out to allies in the diplomatic parlance he has previously eschewed — a transition that was marked this week by the Time magazine cover headline 'The End of Cowboy Diplomacy.'" The Times notes, however, that "consultation does not mean agreement, and Mr. Bush will find himself working hard to bring his allies along with him as he tries to take a tougher line with Iran" and with North Korea."

Russian Energy Issues To Figure Prominently In Summit. The New York Times (7/13, Myers, Kramer, 1.21M) details at length what it calls Russian President Vladimir Putin's "single-minded drive to put the reins of the country's vast natural resources in the Kremlin's hands," his "strategy to enrich the state and recover Russia's claim to superpower status, lost in the Soviet collapse." On the eve of the G-8 Summit, "Putin and his deputies are talking with a newfound confidence and swagger that plays well at home and leaves many Western officials frustrated." His "energy polices have caused growing concern and criticism. Despite calls from European and American leaders for the Kremlin to open up Russia's market, allowing greater foreign investment and unfettered access to its network of oil and gas pipelines, Mr. Putin has made it clear that he will not bend on the energy issue, which he has put at the top of the St. Petersburg agenda." The Times says Putin and his staff continue to "reflect a new Russian confidence — even assertiveness — after 15 years of tumult following the collapse of the Soviet Union. It is buoyed by energy prices, certainly, but also by a desire to define a new role for Russia as an independent power, separate and equal to its larger and still wealthier partners."

Putin Offers Bitter Reaction To Cheney Speech. CNN's The Situation Room (7/12, Henry) reported that Russian President Vladimir Putin "is reacting

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bitterly to a speech Vice President Cheney recently delivered in Lithuania, charging Russia may be backsliding on the way to full democracy." Putin (through a translator): "I think your vice president's expression there is like his bad shot on his hunting trip." CNN added, "An obvious reference to the vice president's recent hunting mishap back in the United States. The vice president's office today would not comment on that blast from Mr. Putin. It may only add to the pressure on President Bush to actually address some of this directly with his Russian counterpart."

A brief article in the New York Times (7/13, 1.21M) notes Putin "took an acerbic jab at the White House on Wednesday, likening a speech by Vice President Dick Cheney criticizing Russian policy to Mr. Cheney's much publicized hunting accident in February." The Times continues, "Mr. Putin ascribed 'political motives' to Mr. Cheney's comments, and suggested, 'This is the leftover of the cold war.'" The AP (7/13, Heintz) adds, "Putin, who is sensitive about growing U.S. influence in former Soviet republics and satellites that have turned westward since the Soviet collapse, said he believed Cheney's comments were driven by 'political considerations, the desire to support certain political forces in Eastern Europe' at Russia's expense." He also "offered his standard arguments against Cheney's criticism, saying Moscow has always fulfilled its natural gas supply contracts with European countries."

Business, Congressmen Concerned Over Talks For Russia Joining WTO. The Washington Post (7/13, A17, Blustein, 748K) reports, "business groups and members of Congress are warning the Bush administration not to rush into a deal with Russia over one of Moscow's cherished goals -- entry into the World Trade Organization" even as "top U.S. and Russian officials are hunkered down in last-ditch efforts to reach an agreement on Russia's WTO membership" and, "in an indication that the negotiations are reaching an intense stage, U.S. Trade Representative Susan C. Schwab has joined the talks." Currently, "the United States is the only nation among the 149 members that is balking at approving Russia's entry, in part because of concerns that the Russian economy is still autocratically run with too much favoritism shown to state-run companies and other powerful interests."

Russia Said To Be Constraining Political Freedom. The Washington Post (7/13, A1, Finn, 748K) reports "political freedom is severely constrained in Russia. While tolerating dissent in some pockets of society, the state is relentlessly tightening its control in parliament, political parties, regional governments, courts, activist organizations and the mass media. And it is bringing strategic industries such as energy, aircraft and automobiles back under its control or delivering them into the hands of compliant tycoons." The Kremlin's" fear of political challenge is felt in every corner of Russian life." Now "opposition parties sometimes find that the entire bureaucracy seems to be conspiring to block even their most basic operations," and "since the arrest and imprisonment on fraud charges of Mikhail Khodorkovsky…activists say it has been almost impossible to persuade business leaders to finance opposition parties or nongovernmental organizations whose work could be construed as political." The system "called a 'managed democracy.' Critics use the term to mean a drift toward authoritarianism under cover of law."

The Washington Times (7/13, Mainville, 88K) adds that opposition figures say "the lead-up to the summit has provided "proof of…authoritarian tendencies." A statement released yesterday by participants in the "Other Russia" conference, a meeting of opposition figures held in Moscow this week, says, "Systematic repression against the Russian opposition has become in fact the prelude to the G-8 summit in St. Petersburg -- that is to say, part of its agenda." Notably, four participants were seized "from the hotel lobby before taking them away in unmarked cars." The Administration "irritated Moscow by sending two senior State Department officials to the conference." Next, "Activists are planning to demonstrate on the streets of St. Petersburg on Saturday as G-8 leaders arrive, but it is not clear how much support they will be able to muster and authorities have yet to grant them permission for the protest."

Investor's Inability To Get Visa Seen As Litmus Of Foreigners' Vulnerability To Corruption. The Washington Post (7/13, D1, Mufson, 748K) reports that Sens. John McCain, Bill Frist, and Charles E. Schumer "have written a letter to President Bush urging him to make" William Browder's "case an issue at the Group of Eight summit in St. Petersburg this week 'to ensure that U.S. investments in Russia are secure.'" Even though "he's been -- and still is -- one of Putin's staunchest defenders," Browder "was turned away at the Moscow airport" without explanation in November, and "he's been unable to get a visa to return to Russia, even though his Hermitage Capital Management Ltd. has $4 billion invested in the country, making it the largest foreign institutional investor there." Browder "says he believes he ran afoul of someone influential because of his outspoken criticism of Russian corporate governance." Now, "Most

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observers see his visa battle as a measure of how bad. It has become a litmus test of how open Russia's political system is to criticism and how vulnerable foreign investors might be to corruption and capricious events."

More Commentary On Russia. Stephen Sestanovich, former U.S. ambassador at large for the former Soviet Union, senior fellow at the Council on Foreign Relations, and a professor of international diplomacy at Columbia University, writes in an op-ed in the Washington Post (7/13, A23, 748K), "No club has an easy time handling members who have gone astray, and the brothers of the G-8 long ago decided, probably without even discussing it, not to make a scene in St. Petersburg about Russia's authoritarian drift." This "stands in sharp contrast, however, to the approach that Russian and American policymakers have recently taken toward membership issues involving other bodies." Russia over gaining membership in the World Trade Organization and "the prospect that at their fall summit NATO leaders might move a step closer to inviting two of Russia's neighbors, Ukraine and Georgia, to join the alliance." Defense Secretary Donald Rumsfeld has made objections to Iran gaining full membership in the Shanghai Cooperation Organization. "The reason these membership issues are so acute, of course, is that unlike the G-8, the organizations actually matter," and therefore "Bush ought to clarify American thinking about them to Putin, even amid the empty pomp of the weekend ahead. First, he should make clear that such disputes cannot be resolved in the G-8 style, by brothers doing each other favors." Second, "outsiders can have no say in what they decide." Still, "one favor Bush can do for his friend Vladimir: Call off the defense secretary."

Patricia Thompson, professor at Lehman College of the City University of New York and daughter of Russian poet Vladimir V. Mayakovsky, writes in a op-ed in USA Today (7/13, 2.27M), "I have long been perplexed by the lack of insight Americans have for Russians' dilemma." It is not "reasonable to expect Russia to morph suddenly into a participatory democracy," as "it takes years of exposure to the notion, and a lot of practice, to be a comfortable citizen of a democratic state with a shared concept of the 'common good.'" Right now President Vladimir Putin "has a comprehensive vision for taking the country forward," so "let's stop asking Russians, and President Putin, to dance to our tune. If we do, both of us can prosper and flourish."

The USA Today (7/13, 2.27M) editorializes, "In May, Vice President Cheney told it like it is" when "he accused the Kremlin of backsliding on reforms and using energy supplies to blackmail and intimidate neighbors that want to be more democratic." Our "staying virtually silent on democracy at the G8 sends Putin a signal that he can continue to press his authoritarian rule. That's particularly troubling because Russia — and China — are attempting to create a new system that undermines real democracy," which "allows a lot of entrepreneurial leeway, fostering economic growth, but it suppresses political freedoms." It was thought that "inviting Russia and China into clubs like the G8 would speed the transition from communism to democratic capitalism," but it just "is making them richer, more assertive — and defiant." With Russia, just as "as Western leaders make tradeoffs essential to restrain radical Islam, they can't forget the long-term goal is to spawn democracies that share our commitment to freedom."

Russia, China, West Unite To Refer Iran To Security Council. The New York Times (7/13, Cooper, 1.21M) adds, "Russia and China, crossing a diplomatic threshold in the effort to curb Tehran's nuclear ambitions, joined the United States and Europe on Wednesday by agreeing to seek a United Nations Security Council resolution ordering Iran to freeze some nuclear activities, or face sanctions." The deal "represented increased anger over Iran's refusal to respond to an offer of economic and energy incentives." The Times notes, "Though punitive sanctions are in no way certain, agreeing to start down a road that could lead to them is a huge step for Moscow and Beijing, commercial partners of Tehran that have long resisted attempts by the United States and Europe to punish Iran at the United Nations."

The Washington Post (7/13, A14, Moore, 748K) reports Ambassador Bolton "said Wednesday that informal discussions about a resolution ordering Iran to suspend its uranium enrichment program were already beginning and that he hoped the Security Council would take action next week." The Post cautions that "tensions among the world leaders could likely resurface during Security Council debates over how much more time to give Iran to respond, as well as over the potential next stage of the debate -- the severity of any measures that could be used to punish Iran if it continues enriching uranium." The Financial Times (7/13, Dombey) adds, "The EU and the US still say the offer to Iran remains open, even though Ali Larijani, Iran's top nuclear negotiator, failed to give even a partial response" to EU

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foreign policy chief Javier Solana. Secretary Rice is quoted saying, "Negotiation is still the best path and negotiation is still open."

USA Today (7/13, Nichols, 2.27M) reports the foreign ministers of the United States, Britain, China, France, Germany and Russia says they acted with "profound disappointment" because Iran "has failed to take the steps necessary to allow negotiations to begin." The Wall Street Journal (7/13, Champion, Ramstad, Fairclough, 2.03M) says the statement contained "unusually blunt language." If Iran "fails to comply with the Security Council's demand, the foreign ministers agreed to draw up a further resolution imposing sanctions against the country. This second resolution would fall under a legal clause that permits the Council to impose sanctions, but not to use force against Iran."

An earlier 1,200-word piece in the New York Times (7/13, Cooper, Sciolino, 1.21M) reports Secretary Rice "suggested" Wednesday "that she will encourage foreign ministers from Europe, Russia and China to bring Iran back before the United Nations Security Council because of its 'disappointing" response to an international proposal aimed at resolving a crisis over its nuclear program." The AP (7/13, Gearan) headlines its coverage, "Frustrated World Powers Send Iran To U.N."

Exiled Leader Says Iran Boosting WMD Program, Terror Links Targeting US. The Wall Street Journal (7/13, A1, Solomon, Higgins, 2.03M) reports, "As tensions rise between the US and Iran, Manucher Ghorbanifar has been fanning the flames. Twenty years after gaining brief notoriety during the Iran-Contra scandal, the France-based Iranian exile has once again found an audience in Washington for insights into his native country -- to the dismay of some US officials who dealt with him in the past." The CIA "blacklisted Mr. Ghorbanifar in 1984 for providing allegedly bogus information on threats against President Reagan. It soured on him further after the exiled Iranian businessman helped set up an arms-for-hostage deal with Iran that in 1986 rocked the Reagan administration and embarrassed the CIA." Since 9/11, however, Ghorbanifar has "met envoys from the Pentagon in Rome with the blessing of the White House, and shared his views with Republican and Democratic congressmen who traveled to France to meet him and his longtime confidant, Fereidoun Mahdavi, a former Iranian minister, according to American intelligence and congressional officials. His message: Iran's weapons programs and terrorism connections are expanding, and Tehran is directly targeting the US."

More Commentary On Iran. Robert Kagan, a senior associate at the Carnegie Endowment for International Peace and transatlantic fellow at the German Marshall Fund, writes in the Washington Post (7/13, A23, Kagan, 748K), "Let's imagine, and this is purely hypothetical, that President Bush has already decided that he will not leave office in January 2009 without a satisfactory resolution of the Iranian nuclear problem. … What would he be doing right now? The answer is that he might be doing exactly what he is doing." He "might be engaging in a prodigious and extended diplomatic effort to bring together the international community and, failing that, America's leading democratic allies in a unified effort to convince the Iranians that they should voluntarily give up their pursuit of nuclear weapons. And he would have learned from his Iraq experience that, to be successful in the present, profoundly unserious international environment, a diplomatic effort requires two things: evident sincerity and almost infinite patience." Kagan adds that "if and" when diplomacy "failed, he would be able to choose the military course, and no fair person could accuse him of not having tried to bring the world along to do what had to be done. At least he would know in his own mind that he had sincerely given diplomacy a chance. And when he ordered the strike on Iran, he would know that, whatever else could be said about him, he would not go down in history as the man who let the mullahs have the bomb."

Israeli Troops Sweep Into Lebanon As White House Blames Iran, Syria For Instability. NBC Nightly News (7/12, lead story, 2:55, Williams, 9.87M) reported, "Two Israeli soldiers were snatched by forces connected with Hezbollah." Israel "responded by hitting targets in southern Lebanon with planes, tanks and gun ships. So now, there is fighting on two fronts -- Gaza on one end and Lebanon on the other." ABC World News Tonight (7/12, lead story, 2:40, Snow, 8.78M) said "the Middle East is approaching a state of war tonight. … Israeli forces swept into Lebanon. Eight Israeli soldiers were killed. The White House is demanding the immediate and unconditional release of those Israeli soldiers. The Bush Administration is also blaming Iran and Syria." CNN's The Situation Room (7/12, Henry) reported "the White House released a blistering statement putting the blame squarely on Iran and Syria for the escalating violence in the Mideast." CNN's The Situation

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Room (7/12, Blitzer) noted "the White House says it's holding Syria and Iran responsible because they support Hezbollah."

The Washington Times (7/13, Kralev, 88K) reports Israel "said it held the government in Beirut equally responsible with the Hezbollah militants for the kidnapping of two Israeli soldiers. But Washington withheld criticism of the government while placing the blame squarely on Hezbollah and its backers in Iran and Syria."

The CBS Evening News (7/12, lead story, 3:15, Schieffer, 7.66M) reported, "There is no good news from the Middle East tonight." CBS (Logan) added "the Israeli army has told CBS News that their operations inside Lebanon are still ongoing because they're still trying to retrieve the bodies of four Israeli soldiers who were killed there. And Israel's political leaders have told their people to prepare themselves for difficult days ahead. For the first time in six years, Israeli troops were fighting on Lebanese soil in major combat operations, on the hunt for two Israeli soldiers captured in the surprise attack by Hezbollah guerrillas that begin early Wednesday."

ABC World News Tonight (7/12, story 2, 2:50, Snow, 8.78M) noted "the Israeli army's chief of staff said Israel will intensify the assault if the soldiers aren't returned safely. He threatened to turn the back the clock in the capital of Beirut tonight."

On its front page, the Washington Post (7/13, A1, Shadid, Wilson, 748K) reports "Israeli tanks and troops moved toward the Lebanese border throughout the day. In Lebanon and elsewhere, the attack emboldened Hezbollah's supporters, who greeted the news by handing out sweets and setting off fireworks." Israeli Prime Minister Ehud Olmert predicted a "painful and far-reaching response," and said the "murderous attack this morning was not a terrorist act, it was an act of war." The Financial Times (7/13, Wallis, Biedermann) says Israel "was preparing on Wednesday for escalating military confrontation on two fronts" as it "simultaneously broadened its military offensive in the Gaza strip." Secretary Rice "said Hizbollah actions undermined regional stability and called on Syria to press for a positive outcome."

A Financial Times (7/13, Khalaf) analysis piece called Hezbollah's Lebanon border action "one of their boldest attacks," and says its "timing and scale of its attack suggest it was partly intended to reduce the pressure on the Palestinians by forcing Israel to fight on two fronts simultaneously." The Wall Street Journal (7/13, Leggett, 2.03M) reports the Israeli offensive "escalat[es] regional fighting and underscore[s] the growing ability of Islamic extremists to provoke a broader security crisis."

The New York Times (7/13, Myre, Erlanger, 1.21M), meanwhile, says "even though Israel has overwhelming military superiority in both southern Lebanon and Gaza, the new fighting signaled the emergence of a conflict that has blown past the limits of local confrontation into a regional crisis. Some analysts suggested that the similarity between the Hezbollah raid and the one in Gaza by fighters with the Islamic faction Hamas and its allies, both intended to gain leverage through captured Israeli soldiers, pointed to increasingly closer relations between the groups." The Los Angeles Times (7/13, King, Bekker, 918K), AP (7/13, Nessman), USA Today (7/13, 2.27M), Washington Times (7/13, Prothero, 88K) and Christian Science Monitor (7/13, Halpern, Blanford, 58K) run similar reports.

The Washington Post (7/13, A19, Wright, 748K) reports, "The Bush administration suddenly faces three rapidly expanding crises in the Middle East, but it has limited options to defuse tensions in any of them anytime soon, US officials and Middle East experts say. … A common thread in the three crises is Iran -- for its support of the two Islamist groups, its alleged funding and arming of Iraqi militias and extremist groups, and its refusal to give a final response to the Western package of incentives designed to prevent it from converting a peaceful energy program into one to develop nuclear weapons."

In an analysis piece, the New York Times (7/13, Erlanger, 1.21M) says "the expansion of the Gaza crisis into southern Lebanon, confronting Israel with a conflict on its northern and southern borders, has demonstrated that the central issue at stake is regional, not local." For Israel "the issue is not simply the Palestinians and their actions, including the rocket fire into Israel. It is the broader problem of radical Islam -- of Hamas, as a part of the regional Muslim Brotherhood, and of Iran, a serious regional power with considerable influence on Syria, Hezbollah, Islamic Jihad and the military wing of Hamas."

The CBS Evening News (7/12, story 2, 1:10, Simon, 7.66M) reported last night Hamas and Hezbollah "are separate organizations entirely. Hamas is from Gaza. It's Palestinian. Hezbollah is from Lebanon. It is Lebanese. In fact, Hezbollah is a Shiite organization and Hamas is a Sunni organization and we know how different that is from Iraq. But they are very similar with their aims. They are both radical

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Islamic organizations dedicated to the elimination of Israel from the map." Schieffer: "It's very different, isn't it, than other conflicts in that in this war they seem to be going back to the same battlefields over and over. … Over and over -- when you think about it, there's no such thing as a withdrawal in this part of the world, Bob. When we fought in Vietnam, when the Vietnam War was over, we left and that was the end of it. Here, the Israelis pulled out of Gaza a year ago, they pulled out of Lebanon six years ago after an 18-year involvement, and here they are being dragged back into old battlefields. Nothing has changed -- same enemies, same battlefields; same war."

Hamas Leader Wounded. The Washington Times/AP (7/13, Wagner) reports, "A Hamas militant leader who has topped Israel's most-wanted list for a decade was badly wounded and underwent four hours of spinal surgery yesterday after an Israeli F-16 warplane dropped a quarter-ton bomb that killed nine members of one family, security officials said." The "top fugitive," Mohammed Deif, "could end up paralyzed, Palestinian security officials said on the condition of anonymity because they were not authorized to discuss his condition. Yesterday's blast marked the army's fourth attempt to kill Mr. Deif, held responsible for suicide bombings in Israel. In a 2002 missile strike, he lost an eye." The New York Times (7/13, Erlanger, 1.21M) says the bombing "killed 9 members of the Salmiyeh family, a father, mother and 7 of the couple's 10 children, ages 7 to 18, who were on the upper floors of the house." It was "another example of Israeli disregard for Palestinian life, in the views of neighbors and onlookers. From Israel's point of view, the meeting was a perfectly justified target and another example of Hamas's irresponsibility in putting civilian lives at risk."

NYTimes Urges Israel To Act "Wisely And Proportionately." The New York Times (7/13, 1.21M) editorializes that "even when acting justifiably in the face of aggression, Israel best serves its long-term security interests by acting wisely and proportionately. Its guiding principle must always be to focus military actions as narrowly as possible on those individuals, organizations and governments directly complicit in the attacks, while sparing the civilian populations that surround them." The Times ads Israel "needs to make careful distinctions between Hezbollah guerrillas and Lebanese civilians; calling the rockets an 'act of war' by Lebanon's government was not a good idea." Israel "should not back off its efforts to secure the release of its kidnapped soldier. But it needs to refocus its Gaza operations on that very specific goal."

Christian Group To Call For Greater US Support For Israel. The Washington Times (7/13, Duin, 88K) reports, "More than 3,000 pro-Israel evangelical Christians will be in town next week for a 'Washington/Israel summit' to push the Bush administration toward stronger support for the Jewish state." Starting with "a banquet July 18 at the Hilton Washington and visits to Capitol Hill the next morning, the inaugural gathering of Christians United for Israel (CUFI) will showcase a deeper cooperation between evangelical Christians and Jews in the face of Iranian President Mahmoud Ahmadinejad's suggestion in October, often reiterated since, that Israel 'be wiped off the map.'" The Times adds, "Organizers say Israeli Ambassador Daniel Ayalon, retired Israeli defense chief Lt. Gen. Moshe Yaalon and Republican National Committee Chairman Ken Mehlman -- all of whom are Jewish -- will be at the dinner. Several members of Congress also are scheduled to attend, including Republican Sens. Sam Brownback of Kansas and Rick Santorum of Pennsylvania, both Catholics. Leading evangelicals that have confirmed their invitations include the Rev. Jerry Falwell and Gary Bauer."

China, Russia Introduce UN Resolution That Wouldn't Impose Sanctions On North Korea.

The New York Times (7/13, Hoge, Kahn, 1.21M) reports Beijing and Moscow "introduced a draft resolution on North Korea in the Security Council on Wednesday and asked the Council's members to consider it in place of a Japanese-sponsored resolution, to which they both have objected, that would have allowed for military enforcement and sanctions. In offering the new measure, Wang Guangya, the Chinese ambassador, said he had instructions from his government to veto the Japanese resolution if it were put to a vote." The Times notes the Chinese-Russian draft "significantly" does not invoke Chapter VII of the United Nations Charter. Ambassador Bolton "said the United States still backed the Japanese resolution but welcomed the new measure because it was in the form of a resolution rather than a nonbinding presidential statement that the Chinese and Russians had earlier insisted was sufficient. He said it 'puts us on an apples-to-apples and oranges-to-oranges basis and now we can talk about a resolution, which is the appropriate measure through which the Security Council should act.'"

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The Washington Post (7/13, A20, Lynch, 748K) adds Russia and China authored a draft resolution "that 'strongly deplores' North Korea's July 4 missile tests. But it endorses only voluntary measures aimed at restraining Pyongyang's ballistic missile and nuclear weapons programs. The move threatens to head off a US-backed effort to impose mandatory sanctions on North Korea, and places the United States, Japan and their European allies in the difficult position of having to offer concessions to secure Beijing's and Moscow's support or face a certain veto of their tougher sanctions resolution."

The AP (7/13, Lederer) reports, "Japan's UN Ambassador Kenzo Oshima called the Chinese-Russian draft a move in the right direction'" and Bolton said "we view this as a significant step and think it's important." But "both envoys made clear it had serious deficiencies. 'A quick glance shows that there are very serious gaps on very important issues,' Oshima said of the Chinese-Russian draft."

Rumsfeld Says North Korea Has Up To Five Additional Long-Range Missiles. The Washington Times (7/13, Gertz, 88K) reports, "Defense Secretary Donald H. Rumsfeld has disclosed that North Korea has produced up to five additional long-range missiles, but that none appears ready for launch. 'We do believe and they're assessed to have something like three or four or five additional Taepodong-2 airframes somewhere in their country,' Mr. Rumsfeld said in an interview Saturday with radio talk-show host Monica Crowley." However, "the defense secretary said that 'there are no Taepodong-2s on launching pads at the present time.'"

WSJournal Says Crisis Could Lead To Militarily Assertive, Nuclear-Armed Japan. The Wall Street Journal (7/13, 2.03M) editorializes, "No one knows how long it would take Japan to go nuclear, though estimates are days or weeks. But for 60 years Japan has refrained from becoming a nuclear power and remained militarily quiescent. That particular sun may be rising again, however, thanks to the support by China and South Korea for the military threats of North Korean dictator Kim Jong Il." North Korea's "provocations have introduced a threatening new instability" in the region. Tokyo "has wisely understood the benefits of staying under the American nuclear umbrella, but once domestic political and nationalist impulses start to stir, they can be hard to contain. … If North Korea continues to defy the world and the world continues to do nothing, a more militarily assertive, and probably nuclear-armed, Japan is inevitable."

Kashmiri Terror Group Suspected In Mumbai Bombings. ABC World News Tonight (7/12, story 5, 0:10, Snow, 8.78M) reported, "The trains are on running again in the city of Mumbai after a devastating bombing yesterday. An Indian official tells ABC News a radical Islamic group with links to al Qaeda was behind that move. At least 200 people died. More than 700 injured." The CBS Evening News (7/12, story 3, 0:20, Schieffer, 7.66M) reported 'investigators are going through the shattered rail cars searching for evidence that might lead to the terrorists who did it."

Meanwhile, the Financial Times (7/13, Johnson, Bokhari) reports the bombings "bore the hallmarks of Pakistan-based Kashmiri militant groups, Indian police said on Wednesday. A senior police official said investigators had some leads and were looking into a possible link with Lashkar-e-Toiba, one of two prominent Kashmiri groups that on Wednesday denied any role."

The Washington Post (7/13, A14, Naqvi, 748K) also says police "said they were investigating whether the radical Pakistan-based Islamic group Lashkar-e-Taiba, blamed for other terrorist bombings in India, played a role in the attacks. But officials said that they had nothing conclusive." The group "has been banned by the Pakistani government, but many analysts say it continues to operate under different names." USA Today (7/13, For, 2.27M) reiterates "a spokesman for Lashkar, Abdullah Ghaznavi, denied the group was involved. He said in a statement that 'Indian security forces blame Lashkar in an attempt to defame (the) Kashmir freedom struggle.'"

NBC Nightly News (7/12, story 3, 2:30, Fratangelo, 9.87M) said the attack "sent shockwaves to the United States, where security has been stepped up on trains and subways in many cities. Every day, 32 million people take mass transit and the threat of terrorism has riders balancing fear with necessity. On the country's largest system in New York, extra officers are patrolling and conducting more random bag checks. Those searches began last summer after the London subway bombings. Since then, cities are using other measures like this surveillance system in Los Angeles, in Washington today, an evacuation drill."

Bombers Appear To Have Targeted White-Collar Passengers. Under the headline "Bombs Aimed At India's

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Well-Off," the New York Times (7/13, Sengupta, 1.21M) reports, "As India's magnet city quietly arose Wednesday on the morning after a series of eight bombings along its suburban commuter train line, a closer portrait of a carefully calibrated crime emerged. The bombers, it turned out, systematically chose first-class men's compartments, poking a poisoned finger in the eye of the city's white-collar establishment."

In Wake Of Attacks, "Growing Maturity" Seen As India-Pakistan Ties. The Financial Times (7/13, Johnson, Bokhari) reports, "In a sign of the growing maturity of political relations between New Delhi and Islamabad, the worst terrorist atrocity in India since 1993 seemed unlikely to precipitate a sharp reversal of the three-year-old peace process, analysts said. In 2001, India and Pakistan almost went to war over an attack on the Indian parliament by Lashkar militants."

The Christian Science Monitor (7/13, Baldauf, Chopra, 58K) notes the attacks "come at a time of increasingly warm relations between India and Pakistan, two rival nuclear states that have fought four wars in their 57-year history. Peace talks between India and Pakistan, begun in 2004, were due to resume this month, and security analysts now speculate that these blasts were intended to disrupt talks, or to punish India for its deepening US alliance."

More Commentary. Swapan Dasgupta, a Delhi-based political commentator and former managing editor of India Today, writes in the Wall Street Journal (7/13, 2.03M), "The suggestion that Islamist terrorism has developed strong roots within India is one that the government in New Delhi does not relish." India "has often boasted that its vibrant democracy ensured that there was no Indian to be found in al Qaeda. Nominally, the claim is incontrovertible, but Islamist terrorism is not manifested through the direct control of bin Laden alone. The LeT, HuJI and SIMI are carbon copies of al Qaeda. They all have Indian Muslim adherents, including educated professionals, many of whom have received arms training in Pakistan and Bangladesh." Indian "politicians frequently blame a 'foreign hand' for terrorism. The assertion is not untrue." But "after Tuesday's savagery, they would also do well to look at a burgeoning homegrown menace. The Mumbai blasts may symbolize the coming of age of Islamism in India."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Israel Strikes Lebanon After Militants Capture 2 Soldiers."
"Rampart's Redemption Rooted In Complex Forces."
"USC Center Is Latest With Transplant Woes."
"Illusions On Sale In Shanghai."
"The Nation Of Hezbollah."
"Home-Price Leader Sees Slight Drop."
"Rape Case Is Latest Sports Scandal In Fresno."

USA Today:

"Police Tie Jump In Crime To Juveniles."
"Immigrant Groups' Aim: Turn Marchers To Voters."
"Smoking Bans May Have No Borders."
"Army Reshapes Training To Spare Enlistees The Boot."

New York Times:

"Clashes Spread To Lebanon As Hezbollah Raids Israel."
"Administration Prods Congress To Curb The Rights Of Detainees."
"Schoolbooks Are Given F's In Originality."
"Wide Flaws Found In Boston Tunnel After Death."
"2 Holdouts Willing To Threaten Tehran."
"Paralyzed Man Uses Thoughts To Move A Cursor."
"Out Of College, But Now Living In Urban Dorms."

Washington Post:

"Hezbollah Raid Opens 2nd Front For Israel."
"Robberies On Mall A Trend, Chief Says."
"One Big Honking Goodbye To Bridge."
"FDA Clears Once-A-Day AIDS Drug."
"Putin Will Host G-8 In A Russia Under Ever Tighter Control."
"Beyond The Poll Numbers, Voter Doubts About Clinton."

Washington Times:

"Hezbollah Abducts Two Israeli Soldiers."
"Senate Bill Seeks More Pay For Aliens."
"D.C. Cops To Study Trends In Crime."
"Deficit Figure Jump-Starts Tax-Cut Debate."
"Idyllic French Area Seeks Haven By Becoming A Park."
"Christian Group To Advocate More Support For Israel."

Detroit Free Press:

"Industry Abuzz As Auto Minds Meet."
"Michigan Combs For Bird Flu."
"It's About Charisma, Bonding."
"Chip In Brain Lets Paralyzed Man Move."

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Atlanta Journal-Constitution:
"Enraged Israelis Hit Back."
"A Break From The Mud."
"Schrenko Gets 8 Years, Big Fine."
"Terrorists Eyeing Georgia's Outback?"
"One-A-Day Pill For AIDS Expected To Help Millions."

Houston Chronicle:
"Sugar Land Suspects Caught Near Canada."
"Israel Enters Lebanon After Hezbollah Attack."
"Ken Lay Praised And Defended By Family And Friends."
"FDA Approves A 1-A-Day AIDS Pill."
"Another Enron Case Takes An Odd Twist."

Story Lineup From Last Night's Network News:
ABC: Israel-Lebanon Offensive; Mideast Violence Escalation; Bush-Multiple Crises; Rumsfeld-Iraq; India-Train Bombings; Western Wildfires; AIDS Treatment Pill; DHS Terror Target List; Drug Research-Oceans; World Cup Controversy.
CBS: Israel-Lebanon Offensive; Hezbollah, Hamas-Analysis; India-Train Bombings; Iraq Violence; Rumsfeld-Iraq; US Soldiers-PTSD; Gas Prices; Massachusetts-Gay Marriage; Western Wildfires; Global Warming-Wine Industry; World Cup Controversy; Potential Penny Phase-Out.
NBC: Israel-Lebanon Offensive; Gaza-Israeli Lockdown; India Bombings-US Reaction; Bush-G-8 Summit; Western Wildfires; New York-Tornado; Breast Cancer Drug; AIDS Treatment Pill; Novak-CIA Leak Case; Stock Markets; Space Shuttle Launch Video; DHS Alert System; DHS Terror Target List.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Israel-Lebanon Offensive; India-Train Bombing Investigation; Phoenix-Serial Killer; DC-Crime Wave; CA-Wildfire.
CBS: Israel-Lebanon Offensive; North Korea Missile Crisis; CA-Wildfire; NY-Tornado; FDA-AIDS Pill.
NPR: Israel-Lebanon Offensive; UN Security Council-Iran Nuclear Program; India-Train Bombing Investigation; Wall Street; Army-Halliburton Contract; Spain-Iberia Strike Averted.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Arrival ceremony. Stralsund Mqrket Square.

Guest book signing. Town Hall, Stralsund Market Square.

Meeting with German chancellor Angela Merkel. Mayor's office, Stralsund Mqrket Square.

Press availability with chancellor of Germany. Eight Mann Kammer Room, Straslund Stralsund Market Square.

Visit St. Nikolia Church. Stralsund Market Square.

Air Force One departs Stralsund Germany, en route Heiligendamm, Germany.

Depart Heiligendamm, Germany en route Trinwillershagen, Germany.

Dinner. Zu Den Linden, Trinwillershagen, Germany.

Arrive back in Heiligendamm, Germany for overnight.

VICE PRESIDENT CHENEY — Unavailable

US Senate: BUDGET _ Full Committee. Vote on pending nominations. Location: Location TBA off the Senate floor.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Clean Air, Climate Change and Nuclear Safety Subcommittee. Hearing on proposed changes in EPA's particulate air quality standards. Location: Room 406, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the status of Iraq. Amb. Zalmay Khalilzad. Location: Room 216, Hart.

9:30 a.m. JUDICIARY _ Full committee. Mark-up on pending legislation and votes on pending nominations. Location: Room 226, Dirksen

10 a.m. ARMED SERVICES _ Full Committee. Hearing on the Hamdan v. Runsfeld Supreme Court case. Maj. Gen. Scott C. Black, Judge Advocate General of the Army; Rear Adm. James E. McPherson, Judge Advocate General of the Navy; Maj. Gen. Jack L. Rives, Judge Advocate General of the Air Force; Brig, Gen. Kevin M. Sandkulher, Staff Judge Advocate to the Commandant of the Marine Corps; retired Maj. Gen. Thomas J. Romig, former Judge Advocate General of the Army; retired Rear Adm. John D. Hutson, former Judge Advocate General of the Navy. Location: Room 216, Hart.

10 a.m. ENERGY AND NAUTRAL RESOURCES _ Full committee. Hearing on pending legislation, HR-5254, Refinery permit Process Schedule Act. Bob Meyers, associate assistant administrator for air and radiation, EPA; Glenn McGinnis, CEO, Arizona Clean Fuels; Bob Slaughter, president, National Petrochemical and Refineries Association; and William Becker, executive director, State

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and Territorial Air Pollution Program Administrators. Location: Room 366, Dirksen

10 a.m. FINANCE _ Full Committee. Hearing on pending nominations. Location: Room 215, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on Medicaid retiree benefits. Richard Wagoner, Chairman and CEO of General Motors; Arizona Gov. Janet Napolitano; Acting CBO Director Donald Marron. Location: Room 106, Dirksen.

10 a.m. VETERANS AFFAIRS _ Full committee. Hearing on challenges facing the U.S. Court of Appeals for Veterans' claims. Chief Judge of the U.S. Circuit Court of Appeals for Veterans Claims William Greene, Jr.; James Terry, Board of Veterans' Appeals; Joseph Violante, Disabled American Veterans. Location: Room 418, Russell

2 p.m. APPROPRIATIONS _ Full Committee. Mark-up of legislation, HR 5672 - Commerce and Justice appropriations bill; and the D.C. appropriations bill. Location: Room 106, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on unmanned aerial systems in Alaska. NOAA Administrator Conrad Lautenbacher; Alaska Homeland Security Director John Madden; Nicholas Sabatini, FAA; Rear Adm. Wayne Justice, Assistant Coast Guard Commandant. Location: Room 562, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on pending nominations. Location: Room 342, Dirksen.

2:30 p.m. JUDICIARY _ Constitution, Civil Rights and Property Rights Subcommittee. Hearing on temporary renewal of the Voting Rights Act and Texas congressional redistricting. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Meeting on pending business. Location: Room 219, Hart.

US House: 10 a.m. FLOOR SCHEDULE _ Meets for legislative business. Highlights: H.R. 9 - Fannie Lou Hamer, Risa Parks and Coretta Scott King VCotring Rights Act Reauthorization bill.

9 a.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on global trouble areas. Location: Room H-405, Capitol.

9:30 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on on foreign influences on security clearance investigations. Robert Andrews, deputy undersecretary of Defense; Robert Rogalski, special assistant to the undersecretary of Defense; J. William Leonard, National Archives and Records Administration; Mark S. Zaid, Krieger and Zaid; Doug Wagoner, Information Technology Association of America; Walter S. Nagurny, EDS U.S. Government Solutions. Location: Room 2154, Rayburn.

10 a.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing on GAO report on ways to improve the Chesapeake Bay Program. Ben Grumbles, EPA; Anu Mittal, GAO. Location: Room B-308, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on innovative solutions to medical liability. Location: Room 2123, Rayburn.

10 a.m. HOMELAND SECURITY _ Management, Integration and Oversight Subcommittee. Hearing on lessons learned about fraud detection, prevention and control regarding federal 9/11 assistance to New York. SBA Inspector General Eric Thorson; Ruth Ritzema, HUD; Douglas Small, deputy assistant secretary of Labor; Leroy Frazer, Office of the District Attorney, New York County; John Bacheller, Empire State Development Corp.; John Wang, Asian American Business Development Center; Bettina Damiani, Good Jobs New York. Location: Room 311, Cannon.

10 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on the sale of F-16 aircraft and weapons systems to Pakistan. Assistant Secretary of State John Hillen. Location: Room 2172, Rayburn.

10 a.m. RESOURCES _ Energy and Minerals Subcommittee. Hearing on ``Opportunities for Good Samaritan Cleanup of Hard Rock Abandoned Mine Lands." Brent Fewell, deputy assistant administrator for water, EPA; Joseph Pizarchik, Pennsylvania Department of Environmental Protection; Joan Card, Western Governors' Association; Tim Brown, Center of the American West, University of Colorado; Hal Quinn, National Mining Association; Laura Skaer, Northwest Mining Association; Velma M. Smith, National Environmental Trust. Location: Room 1324, Longworth

10 a.m. SMALL BUSINESS _ Regulatory Reform and Oversight Subcommittee. Hearing on administration actions to reduce regulatory burdens on America's small manufacturers. Location: Room 2360, Rayburn.

10 a.m. WAYS AND MEANS _ Health Subcommittee. Hearing on price transparency in the health care sector. Location: Room 1100, Longworth.

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10:30 a.m. VETERAN'S AFFAIRS _ Full committee. Mark-up of pending legislation. Location: Room 334, Cannon.

10:30 a.m. WAYS AND MEANS _ Select Revenue Measures Subcommittee. Hearing on issues relating to the patenting of tax advice. Location: Room B-318, Rayburn

1 p.m. WAYS AND MEANS _ Health Subcommittee. Hearing on Medicare reimbursement of physician-administered drugs. Location: Room 1100, Longworth

2 p.m. HOMELAND SECURITY _ Management, Integration and Oversight Subcommittee. Hearing on lessons learned in fraud detection, prevention and control from federal 9/11 aid to New York. Bernard Cohen, Federal Transit Administration; Todd J. Zinser, acting inspector general, Department of Transportation; Ron Calvosa, Lower Manhattan Construction Command Center; Thomas McCormack, Business Integrity Commission, New York; Michael Nestor, Port Authority of New York and New Jersey. Location: Room 311, Cannon.

2 p.m. INTERNATIONAL RELATIONS _ International Terrorism and Nonproliferation Subcommittee. Hearing on whether Venezuela is the terrorism hub of South America. Frank Urbancic, Jr., State Department; Charles Shapiro, principal deputy assistant Secretary of State. Location: Room 2172, Rayburn.

2 p.m. RESOURCES _ National Parks Subcommittee. Hearing on pending legislation. HR 383, Ice Age Floods National Geologic Trail Designation Act of 2005; HR 4581, A bill to amend the National Trails System Act relating to the statute of limitations that applies to certain claims; HR 5132, River Raisin National Battlefield Study Act. Location: Room 1324, Longworth

Other: 9 a.m. - 1:30 p.m. G-8-FOREIGN POLICY _ The American Enterprise Institute holds a forum to assess the current state of U.S. foreign policy and look at challenges in the year ahead. Location: 12th floor, AEI, 1150 17th St. NW.

11:30 a.m. - 6 p.m. HIV-AIDS _ The Center for Strategic and International Studies HIV/AIDS Task Force holds a conference on sustaining U.S. global leadership on HIV/AIDS Location: Room G-50, Dirksen.

8:30 a.m. - 12 p.m. INTELLIGENCE-HUMAN RIGHTS _ The Center for International Policy hosts a discussion, ``The National Security State Part II: Intelligence Gathering and Its Challenges for Human Rights." With Admiral Stansfield Turner, former director, CIA; David Cole, professor, Georetown Law Center; Elisa Massimino, Human Rights First; and Dr. Melvin Goodman, director, National Security Program at the Center for International Policy. Location: 1779 Massachusetts Ave. NW.

9 a.m. AFRICAN AMERICANS-CANCER _ The American Institute for Cancer Research holds a news conference to present new data suggesting that high colon cancer rates observed among African-Americans have a biological underpinning related to diet. It will also review the socio-economic and cultural factors responsible for higher rates of cancer among African-Americans. The data suggest that diets high in meat encourage ``bad" bacteria linked to colon cancer. Location: Executive Room, Omni-Shoreham Hotel, 2500 Calvert St. NW.

9 a.m. DISASTER RELIEF-BUSINESS _ The U.S. Chamber of Commerce hosts a breakfast address by Senator David Vitter, R-La., on the role of the business community in national disaster relief. With Maureen Donahue, former chairwoman, U.S. Chamber of Commerce and president, Donahue-Favret Construction of Louisiana. Location: 1615 H St. NW.

9:30 a.m. NUCLEAR WEAPONS-ELECTRICITY _ News conference to discuss the completion of a successful non-proliferation program to convert weapons-grade highly enriched uranium into low-enriched uranium fuel used by commercial nuclear power plants. With John Welch, President, USEC Inc.; John Fees, President, BWX Technologies; Linton Brooks, Administrator, National Nuclear Security Administration; and others. Location: National Press Club, 14th and F Sts. NW

10 a.m. CHILDREN-ABORTION _ The Susan B. Anthony List holds a news conference with Reps. Ileana Ros-Lehtinen, Melissa Hart, Virginia Foxx, Jo Ann Davis, Marsha Blackburn, Candice Miller, Cathy McMorris, Jean Schmidt, to discuss the Child Custody Protection Act to prohibit transporation of minors across state lines to avoid state abortion laws. Location: Cannon Terrace.

10 a.m. WORLD BANK-EDUCATION _ The World Bank releases an evaluation report of World Bank assistance on education: ``From Schooling Access to Learning Outcomes: An Unfinished Agenda." With Vinod Thomas, director-general, Independent Evaluation Group, World Bank; and Dean Nielsen, lead report author. Location: National Press Club, 14th and F Sts. NW

10:30 a.m. - 12 p.m. UNITED NATIONS-REFORM _ Public discussion on United Nations reform, management and accountability. With Paul Volcker, chairman, Independent

DOJ_NMG_0040263

Inquiry Committee into the U.N. Oil for Food Programme, former chairman of the Federal Reserve; Roderick Hills, member, Task Force of the United Nations, former chairman of the SEC; Donald Hays, United States Institute for Peace (U.S.I.P), former U.S. ambassador for UN Reform; and Gary Matthews, U.S.I.P. Location: 2nd floor conference room, 1200 17th St. NW.

10:45 a.m. PELOSI _ House Democratic leader Rep. Nancy Pelosi holds her weekly news conference. Location: Room H-206, Capitol.

11 a.m. BANKRUPTCY _ The National Association of Consumer Bankruptcy Attorneys holds a news teleconference to announce a step they are taking to widen the availability of consumer bankruptcy to those who need it and announce their opposition to a federal bankruptcy fee hike. With Ike Shulman, attorney; Carey Ebert, attorney; and others.

11 a.m. CHILDREN'S REPORT _ The National Institute of Child Health and Human Development holds an embargoed telephone briefing on the upcoming annual America's Children report, compiled by the Federal Interagency Forum on Child and Family Statistics.

11 a.m. CHINA-STEEL _ There will be a teleconference on a new study on what is described as the artificial advantages fueling the unprecedented 170 percent growth rate of the Chinese steel industry from 2000 to 2005. The report, ``The China Syndrome: How Subsidies and Government Intervention Created the Worlds Largest Steel Industry," details the effect on the U.S. economy of subsidies in the form of tax refunds, cash grants, preferential loans, currency manipulation, discounted interest rates and other preferential Chinese policies on the competitiveness of the international steel market.

11 a.m. IRAQ-TROOPS _ Members of the ``Out of Iraq" Congressional Caucus hold a news conference to join the national ``Troops Home Fast" hunger strike. Location: Cannon Terrace.

11 a.m. SCOTUS TERM _ The Heritage Foundation holds a review of the 2005-06 Supreme Court term, with Principal Deputy Solicitor General Gregory Garre, others. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

12:30 p.m. HISPANICS-IMMIGRATION _ The Pew Hispanic Center holds a telephone briefing to release a survey on Latino views on the ongoing immigration policy debate.

Contacts: Angela Luben, 202-419-3606

12:30 p.m. SURGEON GENERAL _ Surgeon General Richard Carmona delivers remarks on priorities for health. Location: National Press Club, 14th and F Sts. NW

1 p.m. EPA _ Civil rights and whistleblower groups gather at the EPA in an attempt to meet with EPA Administrator Steve Johnson to discuss civil but human rights violations they say are occurring under his leadership. Sponsors say EPA swiftly retaliated against Dr. Marsha Coleman-Adebayo, the subject of the Washington Post article. Location: EPA headquarters.

1 p.m. WHISTLEBLOWERS-EPA _ Civil Rights and Whistleblower groups meet to attempt to meet with EPA Administrator Steve Johnson to discuss civil and human rights problems at the agency. Location: Administrator's Office, EPA, Rios Building North.

1:30 p.m. GOP-DEMOCRATIC VIDEO _ Members of the House Republican Conference hold a press conference to discuss what they says a ``despicable fundraising video" sent out by the Democratic Congressional Campaign Committee and its chairman, Rep. Rahm Emanuel. Location: Lobby of RNC, 320 First St. SE.

1:45 p.m. PENTAGON-AFGHAN SECURITY _ Army Maj. Gen. Robert Durbin, commander of Combined Security Transition Command-Afghanistan, will brief the news media to provide an update on ongoing training and equipping of Afghan security forces. Location: DOD Briefing Studio, Pentagon 2E579.

2 p.m. BOLIVIA _ George Washington University holds a discussion with the five of the nine inaugural directly-elected governors in Bolivia's history. Location: Room 602, 1957 E St. NW.

2 p.m. HUMAN RIGHTS _ The Congressional Human Rights Caucus and the Russia Working Group hold a briging on human rights and democracy in Russia. Location: Room TBA.

2 p.m. - 3:30 p.m. RUSSIAN-HUMAN RIGHTS _ The Congressional Human Rights Caucus holds a briefing on the status of human rights and democracy in Russia. Location: Room 2247, Rayburn House Office Building.

2 p.m. - 7 p.m. EMERGENCY COMMUNICATIONS-TECHNOLOGY FAIR _ The Congressional E9-1-1 Caucus, the Congressional Internet Caucus, the Internet Caucus Advisory Committee and the E9-1-1 Institute co-host a technology fair on emergency communications technology. Location: Foyer, Rayburn HOB.

DOJ_NMG_0040264

3 p.m. COMMUNICATIONS-TERRORISM _ The Congressional Muslim Staffers Association holds a vbriefing with author Douglas Streusand of the Marine Corps University on contradictions in thetoric and policy in the war on terror. Location: Room HC-9, Capitol.

5 p.m. HURRICANE-AID _ The Central America and Mexico Hurricane Relief Fund announces $3.8 million in frants to four non-governmental agencies to help in hurricane relief efforts, following the close of the U.S. Chamber Business Civic Leadership Center's Disaster Assistance Working Conference. Location: 1615 H St. NW.

6:30 p.m. - 8:30 p.m. U.S.-INDIA NUCLEAR PACT _ The World Affairs Council hosts a talk on the U.S.-India nuclear deal and U.S. foreign policy. With George Perkovich, Vice President for Studies and Director for Non-Proliferation, Carnegie Endowment. Location: CSIS, B1 Conference Center, 1800 K St, NW, Washington, DC

7 p.m. - 9 p.m. TRADE AWARDS _ The Washington International Trade Association and the Washington International Trade Foundation hold an awards dinner for Rep. Charles Rangel, D-NY, and Rep. Jim Kolber, R-Ariz., for their leadership in advancing free trade. Location: Ronald Reagan Building and International Trade Center, 1300 Pennsylvania Ave., NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JULY 13, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

At Senate Hearing, Administration Rejects Courts-Martial For Detainees ... 3
Britain Said To Use Officials Secrets Act As "Bludgeon" Against Leakers ... 5

Homeland Response:

DHS IG Report Says Terror Target List Too All-Inclusive ... 5
DHS Unveils Digital Emergency Broadcast System ... 6
DHS Cybersecurity Position Remains Vacant One Year After Creation ... 6
Spouses, Partners Of 9/11 Victims To Recite Their Names At Fifth Anniversary ... 6
Three Leaders Of Effort To Aid Gulf Churches Resign ... 6

War News:

Casey Says More US Troops May Be Needed In Baghdad ... 7
Gunmen Kill 22 During Raid On Iraqi Bus Station ... 7
Closing Arguments Made At Trial Of Alleged Unregistered Agent For Iraq ... 7
Rumsfeld Pays Surprise Visit To Iraq ... 7
Military Spokesman Says Saddam Is On A Hunger Strike ... 7
Army To Rebid KBR Contract ... 8
Official Says 150,000 Troops Are Needed To Secure Afghanistan ... 8
Army Reduces Attrition Rate Of New Recruits ... 8
Military Seeks To Address Needs Of Soldiers Suffering From PTSD ... 8

DOJ:

Senate Subcommittee Passes $51.2 Billion Commerce-Justice Spending Bill ... 8

Corporate Scandals:

UK Banker Interviewed By FBI In Enron Case Found Dead In London Park ... 9
Barnes & Noble To Review Stock Options Grants ... 10
Former FBI Agent Sentenced For Insider Trading ... 11

Criminal Law:

Novak Discusses His Role In Plame Leak Case ... 11
US Probing Fatal Boston Big Dig Collapse ... 11
Former Georgia Schools Chief Sentenced To Eight Years In Prison For Embezzlement ... 12
Connecticut Whistleblower's Husband Sentenced Pleads Guilty To Bribery Charges ... 12
FBI Investigating Kickback Allegations Against Former New Mexico Senate President ... 12
Chicago Builder Indicted On Bribery Charges ... 12
Reputed Bonanno Solder, Two Codefendants Convicted In Mob Murders ... 13
Peter Gotti Loses Appeal, But May Win Sentence Reduction ... 13
New England Mob Figure Pleads Guilty To Extortion ... 13
New York Man Sentenced For Bribery Scheme ... 13
Federal Prosecutors Working With Attorneys Who Bring Counterfeiting, Trademark Suits ... 14
ALF Targets UCLA Researcher With Molotov Cocktail ... 14
DC Police Disturbed By Changing Crime Trends ... 14
Juveniles Fueling Increase In Crime Nationwide ... 15

Civil Law:

Convertino Seeks Newspaper's Sources In Suit Against US ... 15

Civil Rights:

FBI Investigating Excessive Force Allegation Against Washington Police Officer ... 16
House Prepares Debate On Renewal Of Voting Rights Act ... 16
Family Sues Florida Agencies Over Boot Camp Death ... 17
EEOC Moves To Compel Testimony In Age Bias Suit Against Sidley ... 17
Amendment Would Overturn Gay Marriage In Massachusetts ... 17
Federal Judge Considers Blocking Georgia Voter ID Law ... 17
Transgender Scientist Sheds Light On Industry Bias Against Women ... 18

Antitrust:

Federal Judge To Review Phone Merger Deal ... 18
Oklahoma Firm To Plead Guilty To Bid-Rigging Scheme ... 19
DOJ, FTC Give Antitrust Clearance To Phelps Dodge Takeover Of Inco, Falconbridge ... 19
EU Fines Microsoft Over Antitrust Ruling Noncompliance ... 19
Aviva To Purchase AmerUS For $2.9 Billion ... 20
Televisa In Talks With Rival Bidder For Univision ... 20

Environment/Indian Affairs:

Senate Reach Agreement On Oil Drilling Legislation 21
Drought Drives Wheat, Corn Prices To 10-Year Highs 21
LATimes Says Administration Gave States Too Much Authority On Roadless Areas 21
Indian Tribe Sues Abramoff Over Casino Closing 21
Navajo Nation Head Start Program Employees Dismissed After Background Checks 22
Virginia Indian Tribes Seek Recognition With Trip To England ... 22

FBI/DEA/ATF/USMS:

Former Bonds Friend Cooperating With US In Steroids Probe ... 22
Former Wisconsin Police Detective To Plead Guilty To Cocaine Distribution 23
Doctor To Be Sentenced For Conspiring To Illegally Prescribe Steroids To NFL Players 23
County Supervisors In California Approve Medical Marijuana Ordinance 23
Suspected Supplier Of Fentanyl-Laced Heroin To Stand Trial 23
"Jacob The Jeweler" Enters Plea In Money Laundering Case 24
Lancaster County, PA, Gets Federal Help To Fight Gang Violence 24
Northern Virginia Gun, Drug Sweep Nets Dozens Of Arrests 24

Immigration:

Jury Deliberations Begin In Trial Of Bosnian Charged With Immigration Fraud 24
Gutierrez Promotes Bush Immigration Reform Before Senate Judiciary Committee 25

Tax:

Federal Appeals Court Rules For IRS In Tax Shelter Case 26
Former KPMG Employees Sue For Legal Fees 26
Wessel Rails Against The "Proliferation Of Tiny Tax Breaks." 27

Congress-Administration:

4th Circuit Nominee Concedes He "Missed" Appearance Of Conflict In Four Cases 27
Gang Of 14 To Discuss Haynes Nomination 27
Senate To Test Bush's Veto Threat On Stem Cell Measure 27
House Approves Credit-Rating Industry Bill 27
Pentagon To Switch 66,000 More Employees To NSPS 28
Lower Deficit Figure Reignites Tax Cut Debate 28
Bush, Gerson Relationship Examined 28
Miller Borrowed $7.5 Million From Contributor To Finance Land Deal 28
Group To Honor Cunningham's Service 28
Kennedy Living Under Strict Court-Ordered Rules Following Guilty Plea 28
Miller, Obey Feud Suggests Deeper Tensions Among Democrats 29
House Democrats Top $18 Million In Dues 29
Pelosi Promises Fiscal Restraint If Democrats Take House Majority 29
Senate Democrats Launch Five-Issue Message Strategy 29
Democrats Begin Push To Raise Minimum Wage 29
House Republicans More Optimistic About Their 2006 Prospects29
Holtz-Eakin Argues Against Fast Tracking CFIUS Reform 30
NYTimes Criticizes Automatic Congressional Pay Raises 30

Other News:

Petroleum Imports Fuel Trade Deficit Growth 30
Taylor Says Bernanke's Start Holds "Powerful Lessons." 30
Georgia's GOP Lawmakers Staying Out Of Lieutenant Gubernatorial Primary 30
Voters Express Doubts About Clinton Presidential Bid 31
Bush En Route To G-8 Meeting Marked By International Crises 31
Putin Offers Bitter Reaction To Cheney Speech 32
Russia, China, West Unite To Refer Iran To Security Council 33
Israeli Troops Sweep Into Lebanon As White House Blames Iran, Syria For Instability 34
China, Russia Introduce UN Resolution That Wouldn't Impose Sanctions On North Korea 36
Kashmiri Terror Group Suspected In Mumbai Bombings 36

The Big Picture:

Headlines From Today's Front Pages 37

Washington's Schedule:

Today's Events In Washington 38

DOJ_NMG_0040267

TERRORISM NEWS:

At Senate Hearing, Administration Rejects Courts-Martial For Detainees. The Los Angeles Times (7/13, Spiegel, 918K) reports lawyers from the Defense and Justice departments told a House Armed Services Committee hearing yesterday, in the "most detailed description of administration policy since the Supreme Court struck down the Pentagon's special war crimes tribunals last month," that "their ability to introduce evidence gathered through coercion or through sensitive intelligence sources would be compromised if they were forced to use the Uniform Code of Military Justice," adding that "military courts provide protections for defendants that are unwarranted in the war on terrorism." While key lawmakers in the debate "offered to amend the code to deal with some of the administration's concerns," the lawyers said "such a plan was unworkable." Instead, they "urged lawmakers to adopt wholesale the system put in place by President Bush four years ago, despite the court's finding that it did not provide the accused with the basic rights that are guaranteed by U.S. law and the Geneva Conventions." This "is the latest sign that…the administration is likely to be just as aggressive in asserting its authority over detainee treatment as it has been in the past."

However, the New York Times (7/13, Zernike, 1.21M) adds "some leading senators said they believed that the White House stance might still be evolving," and that "the White House might be open to a solution that would abandon the tribunal approach in favor of one that would modify court-martial procedures to reflect the realities of putting terror suspects on trial," an outcome that "several scholars and military lawyers have said that the best way to meet the court's requirements." Still, while the Administration statement about the Geneva Convention "had been widely interpreted as a retreat," the Administration lawyers' testimony "made clear that the picture was more complicated." In fact, the Washington Post (7/13, A6, Weisman, 748K) notes that Sen. John McCain "said yesterday that at a long White House meeting" with Sen. Lindsey Graham "and national security adviser Stephen J. Hadley an agreement was reached that legislation would use the military code -- not the administration's plan -- as the framework, and a final bill would adhere to Common Article 3 of the Geneva Conventions."

The Hill (7/13, Tiron) adds "lawmakers are unlikely to move legislation until this fall at the earliest," and "it could be extremely difficult to enact a detainee measure this election year." Already, "both Republican and Democratic lawmakers indicate that they wanted to examine the issue properly before moving on the administration's suggestion." But according to Roll Call (7/13, Stanton), "Senate Majority Leader Bill Frist (Tenn.) and other GOP leaders are hoping to produce a legislative package before the August recess that would address the Supreme Court's recent ruling that the Bush administration's tribunal system for accused terrorists is unconstitutional." He "intends to set in motion a relatively quick and bipartisan debate at the beginning of September." According to GOP aides, "Frist's decision is a reflection of election-year scheduling realities and that if Congress is to act lawmakers will need to wrap up work early in September." While Frist and Minority Leader Harry Reid "currently are hoping to avoid partisan fights over the legislation," it still "remains to be seen how long détente can last during a hotly contested election year" when "both parties already have signaled that they are gearing up to use the issue in this year's election."

The Christian Science Monitor (7/13, Chaddock, 58K) focuses on the conflict between the branches of government, and says "detainees are likely to be the first proving ground for Congress to determine the president's license in the war on terror." While "it's not clear that other Republicans, including the chairmen of the House and Senate Armed Services Committees, will back a plan that forces the Bush administration to give detainees more rights - or to alter administration policy in any significant way," in their testimony, "administration officials signaled that - even if Congress speaks with one voice in revamping the Bush plan for military commissions - the president and the Pentagon don't need lawmakers' advice. Asked repeatedly to engage senators on what should be proper standards for the treatment of detainees, administration witnesses declined to respond."

House, Senate Seen As Likely To Disagree Over Approaches. The Washington Post (7/13, A6, Weisman, 748K) reports, "House Republicans signaled a coming clash with the Senate over the future of military tribunals yesterday when Armed Service Committee members indicated they were inclined to give the Bush administration largely what it wants in the conduct of terrorism trials." The House's hearing on the issue "was markedly different from Tuesday's Senate hearing," as most House Armed Services Republicans agree "that Congress should start with the administration's system, make a few minor changes, then pass a law creating the tribunals." With this "friendlier Republican audience," Daniel J. Dell'Orto, the Pentagon's principal deputy general counsel, and acting Assistant Attorney General Steven G. Bradbury "turned pugnacious in their defense of the administration's plan."

The Washington Times (7/13, Fagan, 88K) focuses upon chairman of the House Armed Services Committee

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Duncan Hunter's support for the Administration's military tribunals. The Times notes Hunter "warned against making it difficult for the military to question and prosecute terrorist suspects," and "criticized the full court-martial idea." The AP (7/13, Flaherty) notes that both sides in Congress "have not said exactly what they have in mind, giving the administration time to offer its proposal. But McCain and other GOP moderates have said the Pentagon's handling of detainees needs closer scrutiny by Congress — a suggestion Hunter has protested."

Long Island Newsday (7/13, Brune, 428K) reports, "Congress appears to be deeply divided on how to fix the president's war crime tribunals for terrorists after the Supreme Court struck them down for failing to conform with military and international law. … The split, emerging from congressional hearings this week, cuts across party lines and already has pitted at least one influential Republican senator against the White House agenda." Newsday continues, "Witnesses offered several solutions in hearings in the House yesterday and in the Senate on Tuesday, as the administration turned to Congress to comply with the June 29 Supreme Court ruling that rejected the tribunals for the trial of Osama bin Laden's driver. … But the discussion focused mostly on two broad approaches: patch and ratify the rejected tribunals, or start over and use military courts-martial either as the forum or as a framework." Newsday adds, "This week, the Bush administration urged Congess to take the first approach to fix its tribunals, formally known as military commissions. … 'All Congress needs to do -- assuming it has taken the opportunity to review the commission processes currently configured -- is to ratify that process, and we can move on very, very quickly,' Pentagon lawyer Daniel Dell'Orto told the House Armed Services Committee yesterday. … Dell'Orto and Steve Bradbury of the Justice Department warned that the due-process rights of terrorists should be limited, as they are in the commissions, to protect intelligence operations in the war on terror. … They argued that the Supreme Court's ruling does not require Congress to reconfigure the tribunals or base them on the Uniform Code of Military Justice. … But many current and former military lawyers disagreed, including Sen. Lindsey Graham (R-S.C.), who is expected to play a key role in crafting the final tribunal legislation."

The Dallas Morning News/AP (7/13) reports, "Democrats and some moderate Republicans believe military courts-martial have more credibility, setting up a potential showdown this fall in Congress when GOP lawmakers hope to pass detainee legislation." The AP adds, "The White House said Wednesday it was voiding elements of a 2002 executive order signed by the president that said the Geneva Conventions would not apply to al-Qaeda or Taliban prisoners. … 'Obviously, parts of it will no longer apply in light of our commitment to comply with the court's decision,' said a White House spokeswoman, Dana Perino."

Few Sweeping Changes Expected In Military Practices. The Christian Science Monitor (7/13, Sappenfield, 58K) reports that former Army interrogator Mike Ritz feels the Pentagon memo that officially extended the protections of the Geneva Conventions to detainees "will not usher in sweeping changes in how the military treats" them, as "many of the Geneva requirements are already in place." Instead, "its significance is in the message that the United States is abandoning its efforts to exploit a legal gray area outside the Geneva Conventions and is willing to embrace the increased safeguards against torture that the document represents." However, "others aren't so convinced that the military has been on its best behavior." John Hutson, former Judge Advocate General of the Navy, notes that when Deputy Secretary England added to the memo "the rules of the Geneva Conventions and demand a militarywide review," he was "acknowledging the reality that compliance has not been perfect."

The AP (7/13, Locy) lists a number of questions and answers about how the Supreme Court decision will affect the treatment of detainees. Many of the answers note that how things will actually be affected is unclear.

More Commentary. The Wall Street Journal (7/13, 2.03M) editorializes, "five years after 9/11, the U.S. is about to give to people who ram commercial jets into buildings many of the same legal privileges and immunities as the average GI." The Journal "can't recall another situation in which Presidential power was so freely handed away," and it "has the smell of a bureaucratic fiasco." The Journal finds it "hard to imagine a greater self-inflicted setback to counterterror efforts," as the Geneva Conventions' Common Article 3 "can be read so expansively as to forbid the U.S. from so much as shouting at captured al Qaeda suspects," and "according such rights to terrorists who murder women and children gives them moral legitimacy that will make winning this war that much harder." The Journal declares "we are now heading toward the European model where terrorism is seen as just another fact of life" and predicts "it won't be very long until some European magistrate indicts Donald Rumsfeld or National Security Adviser Stephen Hadley or some other U.S. official for 'war crimes.'" The Journal advises Congress to "fix this royal mess by" passing a new set of procedures and rules for handling unlawful combatants" and making them "not Geneva Common Article 3…the controlling law in America."

USA Today (7/13, 2.27M) editorializes that, in "a welcome change," after "a stinging rebuke from the Supreme Court…the Bush administration has finally acknowledged for the first time that the Geneva Conventions apply to the war on terror." This "sends a clear message to the world about American values and to U.S. troops about how prisoners must be treated." However, a "strong indicator of the administration's deeper views was evident in testimony

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before the Senate Judiciary Committee" when "Justice Department lawyer Steven Bradbury said using the military courts-martial process as a model — an option the court suggested - is not 'appropriate' or 'feasible.'" This "grudging shift…will lead nowhere unless it follows with a system to try detainees that complies with the law and international obligations. That can be done without going soft on terrorists, and without the problems the administration's previous high-handed approach so needlessly created."

The Los Angeles Times (7/13, 918K) editorializes, "Grudgingly and gracelessly, the Bush administration has acknowledged that detainees in the war on terror are covered by a provision of the Geneva Convention prohibiting 'humiliating and degrading treatment.'" This change in policy is "doubly welcome," although "predictably, the administration minimized the importance of the new policy." The administration's previous "refusal to recognize the constraints of the Geneva Convention made it appear that the U.S. lacked what the Declaration of Independence called 'a decent respect [for] the opinions of mankind.' Better late then never, the administration has moved to correct that impression."

The Washington Post (7/13, A22, 748K) editorializes, "It's encouraging that administration officials, in hearings this week, did not ask Congress to undo the court decision with regard to Common Article 3," and, "If the administration is really prepared to have Congress implement Common Article 3 in federal law, that is a significant development." Still, there is a "question…whether the administration means to treat detainees in the CIA's secret prisons in accordance with the treaty," and Mr. Bradbury's testimony, along with that of a Pentagon official, is "worrying," as "they essentially asked House and Senate committees to ratify the commissions already set up." These "past five years have shown the grave difficulty of trying to build a legal system from scratch," a process that "produced international suspicion and has eroded the perception of American justice" even as it "produced no trials." Instead, "Congress ought not start with that failed model but should work off the court-martial system the military uses every day, tailoring it as need be."

Herbert Criticizes Administration's Treatment Of Detainees To Date. Bob Herbert writes in his column in the New York Times (7/13, 1.21M), "Is the post-9/11 American Inquisition beginning to come undone?" For the administration, the detainees "had no rights," and for their tribunals, "the entire system was rigged." Now we've learned that "many of them…were no danger to the United States at all," and "the courts…have slowed the administration's descent into barbarism at Guantánamo." Herbert adds that upon hearing the ruling in Hamdan v. Rumsfeld, "The word 'civilized' drew blank stares from baffled Bush administration staffers, who had to run to their dictionaries to see what it meant."

Britain Said To Use Officials Secrets Act As "Bludgeon" Against Leakers. The New York Times (7/13, Lyall, 1.21M) reports, "In a country where there is no presumption of the public's right to know," Britain's Official Secrets Act "is a bludgeon with which to forestall dissent. It is also a deterrent against government workers and newspapers." Recent "disclosures have alarmed the Blair government," and civil servant David Keogh and parliamentary researcher Leo O'Connor have now been charged with leaking a memo in which President Bush, "shockingly, suggested that allied forces should bomb the Arab television network Al Jazeera." However, "it is hard to see why the government is taking such a strong step," considering "the gravity of some of the other leaked memos" that didn't inspire prosecution. "It seems odd that the government is pushing so hard on Mr. Keogh and Mr. O'Connor," especially as O'Connor just gave it to his Member of Parliament boss, who returned it to the government.

HOMELAND RESPONSE:

DHS IG Report Says Terror Target List Too All-Inclusive. ABC World News Tonight (7/12, story 8, 3:20, Snow, 8.78M) reported on the "new controversy" over DHS' database of potential terror targets, which includes "everything from a ground hog zoo to a kangaroo conservation and an apple and pork festival." ABC (Reynolds) continued that a DHS Inspector General "audit of the data criticized what it called 'an abundance of unusual or out of place assets whose criticality is not readily apparent.' … Indiana officials insist they have 8,500 sites worth noting, more than any other state, including New York and California." But with federal funding an important issue, "states may be motivated to pad their lists." Sen. Charles Schumer was shown saying, "The federal government and DHS should have compiled the list themselves and not asked the localities for what they thought was a terrorist target."

NBC Nightly News (7/12, story 13, 2:20, Williams, 9.87M) reported, "Given all we know about terrorism and the targets they have already hilt and would like to hit, common sense would certainly tell us it is not as dangerous, say, in Indiana, as it is here in Midtown Manhattan or in Washington DC." However, part of DHS' National Asset Database "reads like a back roads summer tour – Indiana's Amish Country Popcorn farm, the Kangaroo Conservation Center in Georgia and the Groundhog Zoo in Punxsutawney, Pennsylvania -- more than 77,000 listings, so all-inclusive, the Inspector general says that it's of questionable relevance in setting security priorities."

The Kansas City Star (7/13, Helling, 278K) reports DHS Wednesday "called the list…just a 'tool' used to protect

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critical infrastructure. … 'It's not our list,' insisted department spokesman Jarrod Agen. 'We look at it, then pull the information we need from it' to put together a separate threat assessment."

NPR's All Things Considered (7/12, Fessler) reported, "The Department of Homeland Security's inspector general has found some pretty curious things on the agency's list of sites that could be terrorist targets." Agen was heard saying, "This is a spread-sheet, a database, where state and local authorities give us information about assets within their communities, and we compile it in an area where we can use it as a tool and as information, but it is not our list of critical infrastructure within the US."

DHS Unveils Digital Emergency Broadcast System. Describing the Emergency Broadcast System as "a relic of the Cold War," NBC Nightly News (7/12, story 12, 1:00, Williams, 9.87M) reported "today in Washington, Homeland Security officials unveiled a new digital emergency broadcast system, one for our new century, our new digital age, designed to send alerts to pagers and cell phones and BlackBerries and the like. Oh and one more thing – it's more like something they are working on for the future. It doesn't work yet. But, we want to assure you, had this been an actual change in emergency broadcast system policy or procedure, you would have been told where to turn to figure out just how you could sign up for your very own alert."

The New York Times (7/13, Lipton, 1.21M) reports, "By the end of 2007, all PBS affiliates should be able to receive and transmit the signal, said Kevin G. Briggs, a Federal Emergency Management Agency official." Thought the digital signal "can already be sent by satellite to cellphone companies," Briggs said "trying to simultaneously transmit the information as a text message to every subscriber would probably overload the system, …so federal officials are exploring technological solutions, meaning that this option may not be available for some time."

The Washington Times (7/13, Lively, 88K) describes the new system as "a departure from the government's plan of shutting down cell-phone service to thwart threats of terrorism." FEMA Director R. David Paulison said the "system will better serve first-responders and government officials, as well as provide the American public timely information so they can safeguard themselves and loved ones in times of emergencies."

DHS Cybersecurity Position Remains Vacant One Year After Creation. The Washington Post (7/13, A21, Krebs, 748K) reports, "One year after the Department of Homeland Security created a high-level post for coordinating U.S. government efforts to deal with attacks on the nation's critical technological infrastructure, the agency still has not identified a candidate for the job." The ongoing vacancy at the position, announced July 13, 2005 by DHS Secretary Michael Chertoff, is seen by critics as "further evidence that the administration is no better prepared for responding to a major cyber-attack than it was for dealing with Hurricane Katrina." However, "George W. Foresman, DHS undersecretary for preparedness, assured critics that DHS is "in the final stretch" of approving a candidate."

Hacking Of State Department Computers Originated In Asia. The AP (7/13, Bridis) reports, "Computer break-ins at the State Department that caused broad disruptions in recent weeks apparently originated in the East Asia-Pacific region, a department spokesman said Wednesday." It was "unclear who was responsible, said Sean McCormack." He "defended the department's response to the computer break-ins as 'a textbook example of how you detect, monitor and immediately address a challenge to the integrity of a computer system.'"

Spouses, Partners Of 9/11 Victims To Recite Their Names At Fifth Anniversary. USA Today/AP (7/13, Kugler) reports, "People who lost husbands, wives or partners in the Sept. 11 terrorist attacks will recite their loved ones' names at the World Trade Center site this year on the fifth anniversary of 9/11. Each year, the names of the Trade Center victims have been read by a different group." Following the tradition, "the fifth anniversary ceremony will begin with a moment of silence at 8:46 a.m. ET, the minute the first jet hit the north tower, and will pause for the moments the second jet hit the south tower and each tower collapsed."

Three Leaders Of Effort To Aid Gulf Churches Resign. The Washington Post (7/13, A6, Fears, 748K) reports Bishop T.D. Jakes and the Rev. William H. Gray III, co-chairs of Interfaith Advisory Committee, "set up to distribute $20 million to churches affected by Hurricane Katrina," submitted their resignations last week, "saying their grant-making decisions were being undermined by the directors of the Bush-Clinton Katrina Fund. … Another committee member, the Rev. William J. Shaw, said by telephone that he resigned over the weekend; he declined to comment further." Gray "said that he, Jakes and Shaw resigned when the staff sent $35,000 to a church without their knowledge, then refused to explain why. That particular church had not been inspected to determine its need, Gray said." In his letter of resignation, "Jakes wrote that he could not 'continue to participate in an initiative that ignores my recommendations, decisions and opinions.'"

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WAR NEWS:

Casey Says More US Troops May Be Needed In Baghdad. Gen. George Casey, the senior US commander in Iraq said yesterday that there may be a need to move American forces into Baghdad to prevent the recent surge in sectarian killings from worsening. The New York Times (7/13, von Zielbauer, Cloud, 1.21M) reports that Casey said "'terrorists and death squads' were responsible for the surge in sectarian killings" in Baghdad. Casey "said Sunni terrorist groups affiliated with Al Qaeda were killing Shiite civilians in Baghdad to show their continued power in the aftermath of an American missile strike last month that killed the leader of Al Qaeda in Mesopotamia, Abu Musab al-Zarqawi. In response to killings by Sunnis, he said, Shiite 'death squads' in Baghdad had begun indiscriminately killing Sunni Arab residents, including dozens who were seemingly pulled from their cars and homes at random on Sunday and killed on the street."

US-Led Coalition Said To Need Local Politicians' Support. Former British Foreign Service Officer Rory Stewart writes in the New York Times (7/13, 1.21M), "A great many of the failures in Afghanistan and Iraq arise from a single problem: the American-led coalitions' lack of trust in local politicians. … The coalitions cannot achieve political change in the absence of strong local support. And when they try to do so, they undermine their local allies." Stewart adds that Afghanistan and Iraq "are likely to remain, by our standards, corrupt and weak. But only their own legitimate leaders can create more humane, democratic and prosperous states. And they can succeed only if we respect local politicians, allow them to deal with our enemies, and drop our utopian dreams."

Broder Says Bush Is To Blame For Situation In Iraq. David Broder Writes in his column in the Washington Post (7/13, A23, 748K) that there are trouble spots all over the world for the US, and "Bush is largely blameless for all these troubles. The nations involved have made their own choices for their own reasons and probably would be behaving that way no matter who was in the White House. But the same cannot be said of the final and largest trouble spot," Iraq. "More than anything else in the world, this deteriorating situation in Iraq must worry the man on Air Force One. If he has any smart ideas about how to resolve it, they are a well-kept secret."

Gunmen Kill 22 During Raid On Iraqi Bus Station. The Washington Post (7/13, A20, Partlow, White, 748K) reports that Iraqi police and military officials say gunmen kidnapped a group of people in a bus station parking lot and killed 22 of them. The early morning raid "took place in Muqdadiyah, about 60 miles northeast of Baghdad. The Iraqi military said four people were rescued but that the other captives had been killed by the time Iraqi soldiers arrived on the scene."

The Los Angeles Times (7/13, Kennedy, 918K) reports, "Accounts of the deadly kidnappings were fragmented and contradictory, reflecting the deep sectarian divisions. According to the most authoritative accounts, the abductions occurred about 6 a.m. in the bus terminal of the religiously mixed town of Muqdadiya, about 60 miles northeast of Baghdad. Witnesses said many of those kidnapped were Shiite bus drivers who, along with others in the terminal, were loaded onto four commandeered vehicles and driven away."

Closing Arguments Made At Trial Of Alleged Unregistered Agent For Iraq. The AP (7/13, Neumeister) reports, "A defense lawyer urged a jury on Wednesday to look past Iraq, Saddam Hussein and weapons of mass destruction as it studies evidence in the trial of a South Korean businessman accused of being an Iraqi agent and trying to influence the United Nations' oil-for-food program." Michael Kim "said the government's claim that Tongsun Park acted as an unregistered agent for Iraq in the mid-1990s 'defies common sense.' But Assistant U.S. Attorney Stephen Miller told jurors…that Park joined a conspiracy from 1992 through late 2002 to lift economic sanctions imposed on Iraq," and he "said Park 'lied in every possible way' when he spoke with FBI agents in December 2004." The AP adds, "Park did not have to register as an agent of a foreign government because he was not working for Iraq, Kim said. … Park was closely associated with the United Nations and was 'not just a friend of Boutros-Ghali, but an adviser,' he said."

Rumsfeld Pays Surprise Visit To Iraq. The CBS Evening News (7/12, story 5, 0:10, Schieffer, 7.66M) reported, "Defense Secretary Donald Rumsfeld visited US troops in Iraq. He said it is too early now to predict when the number of Americans serving in Iraq might start to come down." The AP (7/12, Burns) adds that Rumsfeld, who was making his 12th visit to Iraq since the US invasion in March 2003, "said US forces remain committed to helping stabilize the country, but he stressed that the key concern now is political rather than military. 'It's as much a political task as anything,' he told reporters."

Military Spokesman Says Saddam Is On A Hunger Strike. CNN's The Situation Room (7/12, Blitzer) reported, "Saddam Hussein is on a hunger strike. A US military spokesman says he has refused all meals since Friday, drinking only coffee with sugar and fortified water. The strike is to protest poor security for his defense attorneys,

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three of whom have been killed since Saddam Hussein's trial. This is also Saddam Hussein's third hunger strike since then."

Army To Rebid KBR Contract. The Army has announced plans to rebid a multi-billion dollar contract under which Halliburton subsidiary Kellogg Brown & Root has been providing services to troops around the world. The AP (7/13) reports that the Army's decision comes "after years of complaints over how the deal has worked in Iraq. Critics of the contract said that the move was overdue and that hundreds of millions of dollars had probably been wasted." Under the 2001 contract, KBR "provides food, water, shelter and other logistical support for troops."

The Financial Times (7/13, Yeager) reports, "Under a new contracting scheme, to be launched late this year, three contractors will be used for the army's contracted logistics work, such as providing meals, washing clothes, transporting fuel and delivering mail. An additional contract will be awarded to a single company to manage the workload. Army officials said the change would improve planning and accountability, and provide better contingency options if one contractor performed poorly. But the shift comes amid charges from government auditors and Democrats in Congress about high costs and poor quality of some of the work carried out by Halliburton, where Vice-President Dick Cheney was formerly chief executive."

The New York Times (7/13, Glanz, 1.21M) reports that the changes "await final Pentagon approval, said Linda K. Theis, a spokeswoman for the Army Field Support Command in Rock Island, Ill., which oversees the contract. But they have already received extensive review and are moving through the upper echelons of the Army, she said. … The Army said it hoped this approach would foster competition and lower the risks of having one large contractor in charge of critical military programs."

Official Says 150,000 Troops Are Needed To Secure Afghanistan. The AP (7/13) reports that Afghanistan's Defense Minister Abdul Rahim Wardak said yesterday that the Afghan Army cannot secure the country without at least 150,000 troops. Wardak "said that a plan to increase the army to 70,000 troops from 27,000 was inadequate, and that the American-led coalition should divert funds from its own operations to strengthen Afghan forces. Mr. Wardak said a 70,000-member army could not end a surge of Taliban-led violence like the one that flared recently, or protect the country from outside threats. The minimum number, he said in an interview, was 150,000 to 200,000, 'which should also be well-trained and equipped, with mobility and firepower and logistical and training institutions.'"

Army Reduces Attrition Rate Of New Recruits. USA Today (7/13, Brook, 2.27M) reports, "The Army has slashed the rate at which young soldiers wash out, allowing it to keep more of the recruits it has struggled to find. That's due largely to changes in how the Army treats enlistees. Gone are the days when trainees run till they drop. Soldiers who need counseling get extra attention, not a screaming drill sergeant. The attrition rate within the soldier's first six months plummeted from 18.1% in May 2005 to 7.6% a year later."

Military Seeks To Address Needs Of Soldiers Suffering From PTSD. In a story emphasizing the personal struggles of US soldiers as they attempt to receive treatment for post-traumatic stress disorders, the CBS Evening News (7/12, story 6, 3:30, Schieffer, 7.66M) reported, "The Veterans Administration says more than 50,000 veterans of the Iraq and Afghanistan wars are suffering from mental health problems." CBS (Keteyian) describes the problems faced by Privates Tyler Jennings and Corey Davis and notes that "in the face of what some are calling an epidemic of PTSD in the military, nearly a dozen soldiers here at Fort Carson told us their cries for mental help either went unanswered or they found themselves subject to unrelenting abuse and ridicule." Kaye Baron, clinical psychiatrist: "It's a tremendous concern. You don't want a soldier not to seek help for anything. They are our number one asset and leaders have to engage that everyday. And in my experience here, we do." But after seeking treatment Keteyian concludes that both Jennings and Davis "face dishonorable discharges. Forced to seek treatment off base, both have been diagnosed with posttraumatic stress disorder. Like so many soldiers, they feel deserted by the Army they once so proudly served."

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Senate Subcommittee Passes $51.2 Billion Commerce-Justice Spending Bill. Congress Daily (7/13, Posner) reports, "A Senate Appropriations subcommittee rejected President Bush's plan to end a popular police grant program to localities Tuesday as it easily approved a $51.2 billion fiscal 2007 bill to fight crime, boost oceanic research programs, and fund space flight." CD continues, "The measure (H.R. 5672) swept through the Senate Commerce-Justice-Science Appropriations Subcommittee without dissent on a voice vote. The bill, which funds the departments of Commerce and Justice, NASA and a host of independent agencies, moves to the full committee for action on Thursday." CD adds, "Bush had proposed no funds and eliminated the Edward Byrne Justice Assistance Grants, a well-liked program that gives money to localities and states to address crime programs, including the rising epidemic of methamphetamine addiction. But the panel restored $555 million for the Byrne grants, which is $143

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million above this fiscal year. … In all, Bush asked for $1.2 billion in cuts in various Justice Department programs, including the Byrne aid, the so-called COPS program to help localities hire police, juvenile justice programs and help to curb violence against women. A committee source said after the meeting the committee restored $900 million of those proposed $1.2 billion cutbacks."

CORPORATE SCANDALS:

UK Banker Interviewed By FBI In Enron Case Found Dead In London Park. The Washington Post (7/13, A3, Sullivan, 748K) reports, "A British banker who had been questioned by the FBI in a matter related to the Enron Corp. fraud case was found dead in a park in East London on Wednesday, British media reported." Former Royal Bank of Scotland executive Neil Coulbeck "was found in a wooded area near his home." The Post notes, "The three bankers' case has re-ignited a political furor here, with opponents of Prime Minister Tony Blair's government arguing that Britain has a one-sided extradition agreement with the United States." The New York Times (7/13, Timmons, 1.21M) adds that Scotland Yard "said the death was being treated as 'unexplained' and that officers from its homicide and serious crime units were investigating. The man appeared to have committed suicide, the British Press Association said." The AP (7/13) notes, "The FBI said it would not comment on any aspect of the case. A formal identification was expected Thursday, police said."

The story receives widespread coverage in the UK press, which takes a decidedly negative tone toward the FBI and the US prosecution of the "NatWest Three." Under the headline "Witness 'Hounded By FBI' Found Dead In Woodland," The Times (7/13, Tendler, Charter) reports, "Shami Chakrabarti, the director of the civil rights group Liberty, said: 'I am troubled by reports from Mr Coulbeck's friends that he was hounded by the FBI. I have been told that he had been interviewed more than once by the FBI and was under pressure partly for this reason. We are entitled to ask serious questions about the nature of FBI operations on British soil.' FBI sources said that Mr Coulbeck would have been called to give evidence at the trial. Police sources said that there was no evidence of foul play and detectives said that he had attempted suicide before."

The Guardian (7/13, Pallister, Kundnani) reports, "There were conflicting accounts yesterday about Mr Coulbeck's reaction to being drawn into the US investigation and the way he was treated. Sources familiar with the US investigation, as well as the NatWest Three's London lawyer, Mark Spragg, said Mr Coulbeck was a peripheral figure in the fraud case. It is understood the FBI last interviewed Mr Coulbeck in 2002, and he signed a witness statement in November 2003." However, The Sun (7/13, King, Parker) notes, "His suspected suicide came after he was said to have been 'aggressively questioned'" by American FBI officers. … Last night the FBI denied it hounded him." The Daily Telegraph adds that David Bermingham, one of the three NatWest executives facing US charges, "said one of the witnesses, who was not Mr Coulbeck, 'was very aggressively interviewed by the FBI and was quite traumatised by the entire experience'. In the Commons, Tony Blair tried to defuse the mounting political and public concern over the fate of the three men by telling MPs that the Government had received assurances that US prosecutors would not oppose conditional bail for them."

The Scotsman (7/13, Peev) reports that "Coulbeck approved the transaction that is at the heart of the investigation into the NatWest Three. He told the FBI he had been aware of the deal but insisted he 'had no recollection' of being approached by any of the NatWest Three, or anyone else, concerning the sale. … RBS said there was 'no evidence' that Mr Coulbeck had been involved in the transaction under investigation." The Herald (7/13 MacDonald) notes, "In the aftermath of Mr Coulbeck's death it was claimed he was 'hounded' by FBI agents investigating the Enron case. No-one yet knows why Mr Coulbeck killed himself, or if his death was suicide, but friends were concerned about the effect the investigation was having on his state of mind." The Independent (7/13, Milmo, Kollewe, Judd) similarly reports on Coulbeck's death.

USA Today (7/13, Stinson, 2.27M) reports, "On the same day that mourners said farewell to former Enron founder Ken Lay in Houston, the saga of the collapsed energy giant played on dramatically and tragically (in Britain). In Parliament, lawmakers in the House of Commons unsuccessfully sought to pressure Prime Minister Tony Blair into delaying the extradition today of three former British investment bankers to Houston to face trial on Enron-related fraud charges. … And in a park area in east London, police found the body of a former banker who had been associated with the so-called NatWest Three bankers. The three men face charges of wire fraud in connection with the sale of an Enron company for allegedly less than its worth. The death was an apparent suicide." The AP (7/13) also reports this story.

NatWest Three Becoming Cause Célèbre In UK. MarketWatch (7/13, Goldstein) reports, "If the name Enron, to Americans, is synonymous with corporate fraud, it's quickly becoming a codeword for American overreach to Europeans." MarketWatch continues, "An impulse to skirt the U.S.'s Sarbanes-Oxley Act of 2002, passed in the wake of Enron's collapse, has driven international companies to list in London instead of on the New York Stock Exchange or the Nasdaq. … Concern these rules could apply to Continental European companies has led politicians -- include France's Jacques Chirac -- to oppose the NYSE Group's planned acquisition of

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the multinational stock-exchange operator Euronext. … And now opposition to the extradition of three of Enron's bankers to the U.S. is growing in the country that is America's closest European ally, Great Britain." MarketWatch adds, "The bankers -- dubbed the 'NatWest Three' -- have become a cause celebre in certain circles here, with the conservative Daily Telegraph newspaper even mounting a petition against current U.K. extradition laws. … The opposition Conservative Party, as well as ex-Minister David Blunkett of the Labour Party and left-wing London Mayor Ken Livingstone, also have pressed the Blair government not to extradite the three."

Broad Coalition Of MPs Press Blair To Overturn Extradition Treaty. The Guardian (7/13, Branigan) reports, "MPs stepped up pressure on the government yesterday to overturn the 'unfair, imbalanced' treaty under which the NatWest Three will be extradited to the United States today, following peers in a resounding rejection of the agreement. A bizarre coalition -- including the Liberal Democrats, Labour backbenchers, former Tory leader Michael Howard and George Galloway -- opposed the treaty, which has never been ratified by the US." The Guardian notes, "Tony Blair told MPs he had been informed that US prosecutors would not oppose conditional bail for David Bermingham, Gary Mulgrew and Giles Darby, but rejected demands to renegotiate the extradition arrangements." The Daily Telegraph (7/13, Jones, Carlin) adds, "The Government risked defeat for the second day after the Lords had voted by two to one to block further extraditions of British subjects to America until the US Senate ratified a new treaty. But Labour MPs were instructed to sit on their hands when Opposition MPs demanded a vote. The surprise 246 to four vote, a majority of 242, resulted in the Commons adjourning early and the Tories losing a scheduled debate on Government plans to introduce home information packs for house sellers."

US Opposes Skilling's Bid To Have Conviction Overturned. The AP (7/13) reports, "The federal government wants former Enron Corp. Chief Executive Jeffrey Skilling to remain a felon, prosecutors said in court filings." The AP continues, "Prosecutors, not surprisingly, said as much in response to Skilling's request filed last month that a judge overturn a jury's May verdict that found him guilty of 19 criminal counts related to fraud at the energy company before it crashed into bankruptcy proceedings in 2001." The AP adds, "In court papers, Skilling's lead lawyer, Daniel Petrocelli, had argued that evidence presented at the four-month trial that ended in May was 'legally insufficient' to support Skilling's convictions. Petrocelli asked that U.S. District Judge Sim Lake dismiss the verdict and acquit Skilling of all charges, or throw out the result and order a new trial. … On Tuesday, prosecutors responded in court papers that said trial evidence 'overwhelmingly' established Skilling's guilt and 'ample evidence' showed he perpetuated a conspiracy to lie about Enron's health to hide financial tricks used to create an illusion of strength and success. … Lake has yet to issue a ruling."

Mourners Remember Lay At Memorial Service. USA Today/Bloomberg (7/13) reports, "Enron founder Ken Lay, convicted of a fraud that destroyed his company, was called a victim of 'a lynching' by a mourner at a memorial service marred by the collapse of former Houston mayor Bob Lanier." Bloomberg continues, "Guests among the several hundred mourners in Houston included former president George Bush and wife Barbara, former U.S. secretary of State James A. Baker III, ex-secretary of Commerce Robert Mosbacher, former Enron president John Seidl, Lay's defense lawyer Mike Ramsey and Drayton McLane, owner of the Houston Astros baseball team. … 'Ken Lay was neither black nor poor, but he was a victim of a lynching,' the Rev. William Lawson, a civil rights leader, said Wednesday at the service." Bloomberg adds, "Lay and his successor as Enron's CEO, Jeff Skilling, 52, were convicted May 25 of spearheading the fraud that plunged Enron into bankruptcy in December 2001. They were scheduled to be sentenced in October. Lay, who died last week near Aspen, Colo., at age 64, could have spent the rest of his life in prison. … Seidl, who left Enron in 1989, criticized 'over-zealous federal prosecutors and media who vilified an exceedingly good man.' Seidl said that while Lay would be remembered for his role in the collapse of Enron, he hoped history would eventually restore Lay's reputation. 'Ken Lay wouldn't do anything illegal, even if you put a gun to his head,' Seidl said."

The Washington Post (7/13, A3, Moreno, 748K) reports, "Wednesday's service was delayed after former Houston mayor Bob Lanier collapsed as he walked down the aisle of the sanctuary with his wife. Lanier, 81, worked closely with Lay during his six-year mayoral tenure in the 1990s. They collaborated on the renaissance of downtown, which included a new ballpark for the Houston Astros. The stadium, called Enron Field until the company imploded in 2001, is now called Minute Maid Park. … Lanier, who testified as a character witness during Lay's fraud and conspiracy trial, has a history of heart problems. He was taken to a hospital by ambulance. A Lanier family spokeswoman later said he was awake, alert and 'in good spirits.'"

Barnes & Noble To Review Stock Options Grants. The Wall Street Journal (7/13, Hechinger, Buckman, 2.03M) reports, "Barnes & Noble Inc. said its board's audit committee will conduct a review of the company's stock-option practices after a shareholder filed a lawsuit alleging that the New York-based bookseller improperly backdated dozens of options grants to executives." The Journal continues, "Federal authorities are investigating the options practices of more than 50 companies to determine whether they backdated or otherwise

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manipulated grant dates to make them more lucrative. Stock options give employees the right to buy shares in the future at current prices, so retroactively giving executives lower-priced options can translate into significant additional pay for executives." The Journal adds, "Barnes & Noble said there was 'no merit' to the lawsuit and that 'its practices with respect to the issuance of stock options have always been entirely appropriate and in full compliance with all applicable laws and regulations.' But the company said it would investigate 'as a matter of good corporate governance.' … A review of securities filings shows that Barnes & Noble granted stock options to senior executives at monthly lows. One such grant of 700,000 options to Leonard Riggio, its founder and chairman, was dated March 12, 2001, when shares plunged to $23.65. Ten trading days later, Barnes & Noble shares had risen 6%. Another grant of 215,300 options for his brother, the current chief executive, Stephen Riggio, hit the low price for the month of April in 1997."

Former FBI Agent Sentenced For Insider Trading. The New York Times/Bloomberg (7/13) reports, "A federal judge sentenced a former agent for the Federal Bureau of Investigation to three years probation yesterday for obstruction of justice related to the insider-trading prosecution of a stock picker." 'the Times continues, "The former agent, Lynn Wingate, was also sentenced to 550 hours of community service and fined $2,500 in Brooklyn federal court, said Bob Nardoza, a spokesman for Roslynn R. Mauskopf, the United States attorney in Brooklyn. Prosecutors had asked Judge Raymond J. Dearie of the United States District Court to impose a 10- to 16-month prison term on Ms. Wingate, who pleaded guilty to making unauthorized computer searches on behalf of the stock picker, Anthony Elgindy, and an accomplice, court papers said." The Times adds, "On June 13, Judge Dearie sentenced Mr. Elgindy to 11 years and three months in prison for using inside information to make short sales and extort money from companies he criticized in an online newsletter. He was convicted last year of racketeering conspiracy, securities fraud, wire fraud and extortion. … Mr. Elgindy used information supplied by Jeffrey A. Royer, then an F.B.I. agent, to spread negative publicity about companies through his Web site. When Mr. Royer left the bureau in 2002 to work with Mr. Elgindy, he instructed Ms. Wingate, whom he had been dating, to run his and Mr. Elgindy's names in an F.B.I. database, according to court papers."

CRIMINAL LAW:

Novak Discusses His Role In Plame Leak Case. NBC Nightly News (7/12, story 9, 0:50, Williams, 9.87M) reported, "Now to the CIA leak case, a story that received so much coverage a while back – today, the newspaper columnist who started it all, Robert Novak, finally went public with most of his side of the story. And a warning – you may need a map here. Novak confirmed in his column today that he voluntarily told the grand jury investigating the leak the three names of the three sources he used when he revealed the identity of CIA agent Valerie Plame. Novak named two of those sources today – presidential adviser Karl Rove and former CIA spokesman Bill Harlow. There have been reports that Harlow warned Novak not to publish Plame's name. Harlow has since left the CIA. He is these days a consultant for NBC News. Novak's original source is still a mystery, however. He says because the source hasn't spoken out, he still won't name him or her."

The Los Angeles Times (7/13, Schmitt, 918K) reports that Novak ""has left one crucial question unanswered: Who was the administration official who gave him the tip that has occupied a special prosecutor and Beltway pundits for three years?" The "failure to publicly name the person who initially identified Plame and her employer has left open major questions of motive and circumstances behind one of the biggest scandals of the Bush years — whether the disclosure was a political dirty trick, a momentary lapse in judgment or something in between."

Novak said on Fox News' Special Report yesterday (7/12) that he saw no evidence of an Administration campaign to discredit Joe Wilson, Novak noted, "Nobody in the Administration ever said anything critical about Wilson to me. And my column was not critical of Wilson. The information came out to me in the course of an interview by a person who was not, believe me, not in the business of playing political dirty tricks. I initiated the call to Karl Rove. We talked about Joe Wilson's wife for maybe 20 seconds in the course of the conversation, which I took as a confirmation."

Novak made the same point on Fox News' Hannity and Colmes (7/12), saying, "I have no indications that there was any such retribution. There has been some anonymous quotes of supposed Administration officials. But, again, the special prosecutor has never found any such plot involved and I have no reason to believe there was such a plot."

US Probing Fatal Boston Big Dig Collapse. The AP (7/13, Lindsay) reports, "Federal investigators are probing whether contractors who worked in the area of a fatal Big Dig tunnel collapse actually delivered the goods and services they promised, the U.S. attorney said Wednesday." The AP continues, "In an interview with The Associated Press, U.S. Attorney Michael Sullivan said a yearlong investigation by his office into the massive highway project is now focusing on the section of a highway tunnel where 12 tons of cement ceiling panels collapsed on a newlywed couple's car Monday, killing the woman." The AP adds, "Sullivan's office brought the first criminal charges in the trouble-plagued Big Dig project in

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May, accusing six men who worked for its largest concrete supplier of falsifying records to hide the inferior quality of concrete. … 'We obviously want to identify any public safety risks ... but also to ensure that what the government paid for - through tax dollars - is in fact what was delivered,' Sullivan said." The AP notes, "A section of the tunnel remained closed to commuters Wednesday morning as investigators tried to determine what caused the massive cement panels to fall. … Melina Del Valle's death could lead to charges of negligent homicide, said Massachusetts Attorney General Tom Reilly, who is treating the section of Interstate 90 eastbound, near the entrance of a connector tunnel to Logan International Airport, as a crime scene. … Angel Del Valle, 46, and his 38-year-old wife were driving to the airport Monday night to pick up relatives when four of the slabs dropped on their car just after 11 p.m."

Former Georgia Schools Chief Sentenced To Eight Years In Prison For Embezzlement. The Atlanta Journal-Constitution (7/13, Warren, 399K) reports, "Former state schools superintendent Linda Schrenko was sentenced Wednesday to eight years in federal prison and ordered to pay more than $400,000 in restitution for her part in a scheme to swindle taxpayers out of more than $600,000. … Schrenko pleaded guilty to fraud and money laundering in exchange for testifying against her co-defendants. Prosecutors maintained the stolen federal money was funneled into Schrenko's 2002 campaign for governor and spent on a face lift." The Journal-Constitution notes, "The judge did not set a date for her to report to federal prison, and she remains free on bond until she is told to report." The AP (7/13) adds that during the sentencing, US District Judge Clarence Cooper "called Schrenko's offenses, 'an egregious abuse of the public's trust,' and said acts like hers are why the public is losing trust in public officials. … Schrenko's November 2004 indictment made her the state's highest-ranking elected official in decades to face such serious charges."

Connecticut Whistleblower's Husband Sentenced Pleads Guilty To Bribery Charges. The New York Times (7/13, Cowan, 1.21M) reports, "When Bonnie Nichols lost her job with the City of Bridgeport in 2002, she claimed in a still-pending lawsuit and arbitration that the pink slip was in retaliation for blowing the whistle on the corrupt goings-on of the city's mayor at the time, Joseph P. Ganim, and his associates. On Wednesday, another former city employee, her husband, Frederick W. Tynes…pleaded guilty to one count of having solicited and accepted $8,000 in bribes in exchange for doing some of the same things his wife claimed to have helped expose in the course of her cooperating with federal authorities in their investigation of the Ganim administration." The Times notes, "Two former federal agents who were instrumental in Mr. Ganim's prosecution confirmed on Wednesday in interviews that Ms. Nichols was interviewed as part of the investigation, as were many city employees, but noted that the government did not use her testimony at Mr. Ganim's trial. 'People were convicted based on evidence presented at trial,' said Robert Marston, who ran the F.B.I.'s Bridgeport office when it was investigating Mr. Ganim, 'and we didn't put in any evidence through Bonnie Nichols.'"

FBI Investigating Kickback Allegations Against Former New Mexico Senate President. The Albuquerque Tribune (7/12, Gran, Nash, Shepard) reported, "For weeks, rumors have swirled about a major investigation into what could be the biggest case of public corruption in New Mexico history. At the heart are three of the largest public building projects in Bernalillo County" and former New Mexico Senate President Manny Aragon. "FBI spokesman Bill Elwell will say only that agents have been collecting evidence for a grand jury in a 'white-collar, public corruption case.' … However, state Auditor Domingo Martinez said the FBI asked him for documents related to the building of Metro Court," and "former Bernalillo County Manager Juan Vigil said he was interviewed a month-and-a-half ago by FBI agents about construction of the jail, and the primary subject of their questions was Aragon. 'They had allegations that somebody had given Manny $70,000 to ensure a contractor…got the job,' he said."

Chicago Builder Indicted On Bribery Charges. The Chicago Tribune (7/13, Bush, Olszewski, 623K) reports, "A construction company president and longtime Democratic Party fundraiser has been charged in federal court with bribing a former Chicago Public Schools official to get millions of dollars in contracting work. According to an indictment released Wednesday, James Levin, the former president of Tru-Link Fence & Products, bribed James Picardi, an ex-assistant operations manager for the city schools, to secure more than $3.2 million in fence construction and snow removal contracts from 1998 to 2001. Picardi, the politically connected brother of Streets and Sanitation Commissioner Michael Picardi, was rewarded with $1,000 weekly payments over an unspecified period of time, the indictment alleged." The Tribune notes, "Chicago Public Schools Inspector General James Sullivan and his staff first uncovered the alleged fencing and snow removal scams. They turned their findings over to the FBI, Sullivan said Wednesday." The Chicago Sun-Times (7/13, Korecki) adds, "CPS paid more than $2.6 million to Tru-Link between 1998 and 2000 for 106 fencing projects." The New York Sun (7/13, Gerstein) emphasizes that Levin was "major fund-raiser for Senator Clinton's 2000 campaign and self-described close friend of

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President Clinton," and reports that Levin, "who formerly owned a Chicago strip club…has been cooperating with prosecutors." The AP (7/13) also reports on Levin's indictment.

Reputed Bonanno Solder, Two Codefendants Convicted In Mob Murders. Newsday (7/13, DeStefano) reports, "A legendary reputed Bonanno crime family soldier and two other men were convicted by a Brooklyn federal court jury Wednesday of racketeering and other charges." Baldassare Amato, Stephen Locurto and Anthony Basile were convicted for their roles "in the murder of Robert Perrino, a New York Post employee who investigators said was involved in the crime family's control of the newspaper's delivery system. Amato was also convicted of murder and conspiracy to murder Sebastiano DiFalco, a Queens restaurant owner." The New York Times (7/13, Rashbaum, 1.21M) notes that Amato, "who is from the old school of the family, remained unmoved — even tranquil — when the jury foreman began reading through the verdict sheet." Trial "testimony detailed not just the killings and other crimes, but the decimation of the Bonanno clan over the last four years by the F.B.I. and federal prosecutors, with testimony from a half-dozen Mafia turncoats about the crimes and the crime family's declining fortunes. Prosecutors, in hailing the guilty verdicts, noted that more than 70 Bonanno organized crime family members and associates have been convicted since March 2002."

The New York Daily News (7/13, Marzulli, 729K) adds, "Perrino was missing and presumed dead for years. His skeletal remains were unearthed in Staten Island two years ago. … The government charged that Perrino was lured to Basile's social club in Brooklyn, where Amato shot him in the head. Then another thug finished him off with an ice pick in the ear." The New York Post (7/13, Haberman, 608K) also briefly reports on the verdict, under the headline "Two Guilty In Post Whack."

Peter Gotti Loses Appeal, But May Win Sentence Reduction. In a widely-distributed story, the AP (7/13) reports, "The older brother of the late mob boss John Gotti lost his appeal Wednesday of a 2004 conviction for crimes linked to the Gambino family's domination of the Brooklyn waterfront." The 2nd US Circuit Court "did find that Peter Gotti might be entitled to a lesser sentence" and "upheld a $3.7 million forfeiture order imposed as part of Gotti's sentence. Gotti's attorney, Joseph Bondy, was optimistic that the 67-year-old former garbage man -- who became head of the organized crime family once led by his brother and his nephew -- could win a significant sentence reduction." The New York Post (7/13, Cornell, 608K) adds that "the appeals court ordered Brooklyn federal Judge Frederic Block to revisit the 91/2-year prison term he imposed in 2004 based on changes in the laws governing sentencing guidelines. Whatever Block decides, Gotti likely faces the same fate as his late brother…who died in prison." The New York Daily News (7/13, Marzulli, 729K) reports on the ruling, under the headline "Gotti Kin's Appeal Called Trash."

New England Mob Figure Pleads Guilty To Extortion. The Providence Journal (7/13, Malinowski, 168K) reports, "Anthony 'The Saint' St. Laurent Sr., for decades a key figure in the New England underworld, yesterday pleaded guilty in federal court to conspiring to extort more than $200,000 from two Massachusetts men last spring." The Journal continues, "The plea is expected to send the ailing mobster to federal prison for a lengthy period of time. … But the extortion conviction is the least of St. Laurent's problems. Documents filed in U.S. District Court, Providence, indicate that he may face more serious murder conspiracy charges in state court. … '[St. Laurent] is aware that he may be charged by the State of Rhode Island for an alleged solicitation for murder,' the plea agreement from the U.S. Attorney's office states. 'This agreement does not affect these possible charges in any way." The Journal adds, "A law enforcement official said yesterday that investigators have evidence that St. Laurent offered to pay two men $20,000 to kill a rival mobster. He declined to name the mobster. … Assistant U.S. Attorney Peter F. Neronha told the court that had St. Laurent gone to trial the government could prove that St. Laurent directed two men to collect $100,000 each from two Massachusetts men. If they did not produce $50,000 immediately and another $50,000 within a week, St. Laurent's men should 'give them a smack.'"

New York Man Sentenced For Bribery Scheme. The Albany Times Union (7/13, Lyons, 103K) reports, "A former Clifton Park (NY) real estate broker has become the first person sentenced to prison in a bribery scheme involving a failed multimillion-dollar state lease in Troy." The Times-Union continues, "Richard B. Sawyer, who was accused of fleeing to Mexico to avoid prosecution, was sentenced last week to 15 months in federal prison and three years probation. He was not fined." The Times-Union adds, "Sawyer, 56, who has lived in Saratoga County and Las Vegas, was arrested Dec. 15 in Mexico after FBI agents tracked him to a coastal resort town. Sawyer allegedly fled there last year as he was about to be indicted. … Sawyer was the broker who helped set up an illicit real estate deal worth hundreds of thousands of dollars between a corrupt former state leasing agent and Ronald H. Laberge, a prominent Capital Region engineer and founder of Laberge Group in Colonie. … The scheme centered on the state's now-scuttled plan to transform the former Stanleys department store in Troy into a regional Health Department

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headquarters. The deal fell apart in early 2001 as the FBI's investigation was made public."

Federal Prosecutors Working With Attorneys Who Bring Counterfeiting, Trademark Suits. The National Law Journal (7/13, Bronstad) reports, "When Michael Holihan first filed suit against two Colombia-born brothers who allegedly had been importing counterfeit Nokia cellphone accessories into Miami, he got a permanent injunction and a $130,000 settlement. … But a few years later, officials at U.S. Immigration and Customs Enforcement started an investigation of the brothers and seized up to 10 suitcases full of counterfeit Nokia merchandise." The Journal continues, "Holihan said he assisted prosecutors by providing copies of Nokia's trademark registrations and witnesses at Nokia who verified that the products that were seized were counterfeit. … After both brothers pleaded guilty to illegal trafficking, Holihan, who represents Nokia Corp., filed a motion to hold one of the brothers and his company in contempt. In May, he received a $1.3 million judgment in the case. Nokia Corp. v. AH Wireless LLC, No. 03-CV-20329 (S.D. Fla.)." The Journal adds, "Holihan, a lawyer at Holihan Law, in Maitland, Fla., said the guilty pleas helped in his civil contempt motion because the government had done most of the legwork in the case. … 'It's evidence they did something wrong,' he said of the guilty pleas. 'And that makes it easy for me.' … In the past two years, lawyers who file counterfeit and trademark lawsuits on behalf of the world's largest corporations have been working more closely with federal prosecutors, U.S. customs officials and local law enforcement authorities, all of whom have stepped up their efforts significantly to bring criminal actions against counterfeiters. … Much of the increase comes as counterfeiting has become a global problem and recent revelations show that profits derived from counterfeiting have been used to fund terrorist organizations. To assist the government, civil lawyers provide client testimonies and hire private investigators, who give tips to law enforcement. In exchange, U.S. customs officials alert lawyers if their clients' merchandise gets seized, and prosecutors obtain convictions, which could significantly enhance the success of a civil case."

ALF Targets UCLA Researcher With Molotov Cocktail. KNBC-TV Los Angeles (7/12) reports on its Web site, "The Animal Liberation Front took credit for leaving a 'Molotov cocktail' outside the Bel-Air home of a UCLA primate researcher," Lynn Fairbanks, "but apparently hit the wrong house, an FBI official said Wednesday." FBI spokeswoman Laura Eimiller "said the bottle had actually been left at the home of one of Fairbanks' 70-year-old neighbors. 'According to arson investigators, they believe that, had the device functioned properly, the inhabitants would have had a very difficult time escaping,' she said, adding the house is backed against a hillside. The FBI is offering a reward up $10,000 for information leading to the culprit who left the would-be fire bomb at the house." UPI (7/13) notes, "ALF said it targeted Fairbanks because she keeps 'hundreds of Vervet monkeys in cages, purportedly to study pscyhological, psychiatric and social problems' and alleged that 'she has killed thousands of her subjects.'"

The Los Angeles Times (7/13, 918K) reports, "Investigators with the Los Angeles Joint Terrorism Task Force say they are trying to track down the would-be arsonist or arsonists." Eimiller "said the task force is investigating the case as 'an act of domestic terrorism.' She provided few details about the device, saying only that it resembled those that have been used by animal rights extremists and eco-terrorists." The Times adds, "The Animal Liberation Front has been linked by the FBI to fire bombings and vandalism causing millions of dollars in damage and is considered by federal authorities as a domestic terrorist organization." KCAL-TV Los Angeles (7/12) also reports the story, including the comment from Eimiller quoted by KNBC.

DC Police Disturbed By Changing Crime Trends. The Washington Post (7/13, Klein, Dvorak, 748K) reports, "D.C. Police Chief Charles H. Ramsey warned yesterday that criminals increasingly are following money to places in the city once considered safe, such as the Mall, where two robbers lay in wait near the Washington Monument before surprising tourists Tuesday night." The Post continues, "The city also recorded its 14th homicide of the month -- a burst of violence that led Ramsey to declare a "crime emergency" Tuesday. A spike in robberies is generating concern in neighborhoods in all quadrants of the District. … 'This is a big difference from what we've seen in years past,' Ramsey said, noting that criminals tended to stick within a mile of their homes when setting out for a night of robbery or burglary. 'And it's a pattern that we've been tracking.'" The Post adds, "D.C. Mayor Anthony A. Williams (D), back in town after a two-week trip through Africa and Europe, said he and his deputies are working on a strategy to deal with crime and underlying social problems. D.C. Council members, meanwhile, promoted a plan to add 350 officers to the 3,800-member force. … Business leaders fretted about the impact of the recent crimes on tourism, and Rep. Frank R. Wolf (R-Va.) called for a White House summit on safety. Ramsey was planning a series of forums, too, vowing that police will meet within a week with residents in all parts of the city."

The Washington Times (7/13, Doolittle, Emerling, 88K) reports, "Metropolitan Police Chief Charles H. Ramsey yesterday said police officials will be examining officer deployment and crime trends to curtail a recent increase in

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homicides, robberies and assaults that prompted him to declare a citywide crime emergency Tuesday. … 'We will be going back to the drawing board,' Chief Ramsey said. 'One thing we have seen is a difference in terms of the pattern of people being arrested in crimes. … It used to be almost 80 percent of criminals, if not higher, were arrested in areas near where they live,' he said. 'Now we're starting to see a trend where more and more people are being arrested in places they do not live in.'" The Times adds, "About 40 percent of suspects arrested for crimes in the 3rd Police District since January do not live there, Chief Ramsey noted. … Within the first 13 hours of the crime emergency, the District had four shootings, one of which was fatal, and two armed robberies on the Mall, which is patrolled by the U.S. Park Police. … Chief Ramsey announced the crime emergency Tuesday afternoon, noting an 18 percent increase in robberies, a 14 percent increase in assaults and 13 homicides this month, including the stabbing of British political activist Alan Senitt in Georgetown. The suspects in that slaying are from Southeast."

More Commentary. The Washington Post (7/13, A22, 748K) editorializes, "With 14 people killed within the first 11 days of July, D.C. Police Chief Charles H. Ramsey was on solid ground in declaring a 'crime emergency' Tuesday. A 14 percent rise in robberies over the same period last year also argues forcefully for a step up in policing. As this latest surge amply demonstrates, no quadrant of the city is beyond the reach of crime. The emergency declaration will allow the chief to quickly deploy the department's 3,800 officers to crime hot spots or wherever additional patrols and plainclothes police are needed. … But will this be enough? The answer is no, as the chief will tell you himself." The Post adds, 'The police department can certainly increase coverage in hard-hit neighborhoods. But a 3,800-member police force cannot be everywhere at once. And it cannot do the job alone. … Citizens, who unlike the police are everywhere, can help by being vigilant and by reporting suspicious activity before, not after, the fact. … Citizens can also help the police and themselves by insisting on better rehabilitation programs within prisons and more support services for returning inmates. They can also demand a frontal attack on the pipeline that produces the kind of people who end up robbing, stealing and ultimately killing. Within that pipeline can be found poor parenting, inferior education and lack of values, a drug culture, and an environment where bad behavior is tolerated, if not encouraged."

Juveniles Fueling Increase In Crime Nationwide. USA Today (7/13, Johnson, 2.27M) reports, "Police in cities across the USA are linking the recent jump in the nation's violent-crime rate to an increasing number of juveniles involved in armed robberies, assaults and other incidents." USA continues, "In Minneapolis, Milwaukee, Washington, Boston and elsewhere, police are reporting spikes in juvenile crime as a surge in violence involving gangs and weapons has raised crime rates from historical lows early this decade. The rising concern about juveniles comes a month after the FBI said the nation's rate for violent crimes — murder, rape, robbery and aggravated assault — rose in 2005, the first time in five years. … Minneapolis police estimate that this year, juveniles will account for 63% of all suspects in violent and property offenses there, up from 45% in 2002." USA adds, "In Washington and Boston, police say there have been alarming increases in robberies by juveniles. This year, 42% of all robbery suspects in Washington have been juveniles, up from 25% in 2004, the police department says. A series of homicides — 14 in July — has led D.C. Police Chief Charles Ramsey to declare an emergency that allows him to put more cops in troubled areas. Four suspects have been arrested in the slaying of a British man in the upscale Georgetown area Sunday; they include a 15-year-old. … In Boston, juvenile arrests for robbery rose 54% in 2005; weapons arrests involving youths rose 103%."

CIVIL LAW:

Convertino Seeks Newspaper's Sources In Suit Against US. The AP (7/13, Karush) reports, "A former federal prosecutor facing criminal charges over his handling of a high-profile terrorism trial demanded Wednesday that the Detroit Free Press reveal its sources as part of his lawsuit against the government." The AP continues, "A lawyer for Richard Convertino, a former assistant U.S. attorney in Detroit, subpoenaed the information from the paper's owner, McLean, Va.-based Gannett Co. … Convertino was the lead prosecutor in the nation's first post-Sept. 11 terrorism trial. He won convictions of three of the four defendants in 2003, but they were overturned the following year at the request of the government, which said the prosecutors had failed to turn over some documents that could have aided the defense." The AP adds, "The Justice Department had been investigating Convertino's handling of the terrorism case and two 1990s drug cases when he resigned last year. In March, he was indicted on charges of conspiracy, obstruction of justice and making false declarations. … Wednesday's subpoena is part a lawsuit Convertino filed in U.S. District Court in Washington against the Justice Department in 2004. He accuses officials there of violating the federal Privacy Act by leaking information about him to the Free Press. … The subpoena demands that Gannett provide the names of anonymous Justice Department officials cited in a January 2004 Free Press article, in which the internal investigation

DOJ_NMG_0040280

into Convertino's conduct in the terrorism trial and other cases was first detailed."

CIVIL RIGHTS:

FBI Investigating Excessive Force Allegation Against Washington Police Officer. The Seattle Post-Intelligencer (7/13, Shukovsky, 129K) reports, "The FBI has opened a preliminary criminal inquiry into whether the Lake Forest Park Police Department violated the civil rights of a young North Seattle couple when an officer entered their home without permission or a search warrant in an effort to find a friend wanted on a misdemeanor DUI warrant." Miciah Massey and Tashawntay Wade "are suing the police department in U.S. District Court alleging illegal search and excessive force. … But Richard Jolley, the attorney for the Police Department, said his clients have nothing to fear from the FBI inquiry that he characterized as a routine response to allegations that ultimately will prove to be without substance. FBI Special Agent Robbie Burroughs said Wednesday that the bureau is 'mandated by...policy that whenever there is credible information that a civil rights violation may have occurred, that we open a preliminary inquiry.'"

Former Seattle Police Officer Denies Cocaine Allegation. The Seattle Post-Intelligencer (7/13, Castro, 129K) reports, "Former Seattle police Officer John C. Powers on Wednesday adamantly denied ever taking cocaine, whether as a civilian or a cop. … Powers was the subject of a criminal investigation by the FBI's Public Integrity Task Force that began in 2001 and was not completed until early 2005. A secret inquiry court in King County reviewed his case. No criminal charges were ever filed. But an investigation by the Office of Professional Accountability found reason to sustain several of the allegations against him, and Chief Gil Kerlikowske ultimately fired the officer. Powers is fighting to get his job back."

House Prepares Debate On Renewal Of Voting Rights Act. Knight Ridder distributes a Chicago Tribune story (7/13, James) that reports, "When it comes to renewing key parts of the Voting Rights Act, the landmark 1965 law that allowed many African-Americans to cast ballots in places where they previously couldn't because of racism, the situation is far from black and white." The Tribune continues, "Most members of Congress want to renew the law, set to expire next year, for 25 years, with exactly the same provisions as currently exist. But a group of House members, many from the South, is seeking changes and has so far put the issue on hold, though a House debate and vote on renewal are scheduled for Thursday. Approval would send the measure to the Senate. … That some House Southerners appear to be standing in the way of renewing the law allows the situation to be easily caricatured as a fight between congressional supporters of civil rights and retro Southern obstructionists. … There's just one problem. Even some left-of-center legal scholars agree with the Southerners that the provisions should not be renewed without modifications." The Tribune adds, "Election-law experts who think an update is essential say Congress runs a high risk of seeing the Supreme Court overturn the act if lawmakers simply renew it as is. … The reason? The court's judicial philosophy shifted to the right when Justice Sandra Day O'Connor retired. Even before she left, the court was placing limits on Congress' ability to legislate civil rights laws, experts say."

Jesse Jackson Urges Extension Of VRA. The AP (7/13) reports, "The Rev. Jesse Jackson still believes the New Orleans elections were unfair, he said Wednesday, although he never went through with a plan to challenge the results. … 'We cannot unscramble that egg, but certainly, it was not fair,' Jackson said when asked about the election prior to his address to the annual meeting of the Full Gospel Baptist Church Fellowship International." The AP continues, "Jackson was among activists who had said prior to the spring elections that the results would be challenged, arguing that hurricane evacuees from the predominantly black city were not given ample opportunity to vote. Among the complaints: that satellite voting stations were not set up in other states for evacuees. … Incumbent Ray Nagin and Lt. Gov. Mitch Landrieu faced off in a May runoff after leading a field of more than 20 candidates in the city's post-Katrina mayoral election. Nagin, who is black, defeated Landrieu, who is white. … A May 30 deadline for challenges passed with none being filed." The AP adds, "Jackson's remarks came during a news conference called to decry Congress' failure so far to extend the 1965 Voting Rights Act. Extension of the act has been caught up in the Congressional battle over immigration reform. … Jackson said groups of ministers are mobilizing nationwide to urge extension of the act."

Watts Makes Case For Voting Rights Act Reauthorization. In an op-ed in Roll Call (7/13), Rep. Mel Watt, chairman of the Congressional Black Caucus, makes the case for reforming the Voting Rights Act, arguing, "Republicans and Democrats alike cannot play politics with voting rights. We have worked too hard to craft a bipartisan bill. GOP leaders in the House must honor the agreement despite pressures from ideologues to do otherwise. Voting is a fundamental right. Denying the right to vote is a fundamental wrong, one that must be eliminated." Congress "made a moral decision that" the bill "was the right thing to do for our democracy. It is time to reaffirm that decision."

Professor Dispels Myth About Norwood's VRA Amendment. Ronald Keith Gaddie, a professor of political science at the University of Oklahoma, writes in Roll Call (7/13), "There is a myth abounding in the debate about the

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renewal of the Voting Rights Act that the Norwood amendment, by Rep. Charlie Norwood (R-Ga.), guts Section 5, limiting its scope to only Hawaii and largely removing Section 5 oversight in the 16 states currently covered in whole or in part. … This myth is simply wrong." Gaddie adds, "The politics of the VRA renewal dictate that the Norwood amendment will not pass in the House. But on its face the Norwood amendment is not predatory. Rather, it acknowledges a political reality of significant gains in participation in areas long-covered by the VRA, while also continuing and extending coverage in areas where voters are not participating, and where the need for stricter scrutiny of voting and registration practices could be in order."

Family Sues Florida Agencies Over Boot Camp Death. The AP (7/13, Kallestad) reports, "The family of a 14-year-old boy who died hours after being manhandled by guards at a juvenile boot camp sued Wednesday, seeking more than $40 million in damages from state and local agencies, their attorney said." The AP continues, "Ben Crump, who represents the family of Martin Lee Anderson, filed the suit against the Department of Juvenile Justice and the Bay County Sheriff's Office, which ran the camp under contract with the state. He said Bay County sheriff's officials rejected an offer to settle for its insurance policy limit of $3 million." The AP adds, "The boy's January death led to protests in the Capitol and Gov. Jeb Bush's office, the resignation of the head of the state's law enforcement agency and the elimination of military-style boot camps. Anderson died in Pensacola after his videotaped ordeal with guards in the Panama City boot camp. … 'A video proves that as seven guards punished Martin by kicking, punching, kneeing, choking and slamming him while they jammed ammonia tablets up his nose and covered his mouth, a nurse watched him slip in and out of consciousness,' Crump said. 'These heinous, malicious, and torturous treatments led to his death.' … The lawsuit was filed late Wednesday in Leon County Circuit Court, which includes the capital city of Tallahassee." The AP notes, "A special prosecutor, Hillsborough County State Attorney Mark Ober, is still investigating the death to determine whether to charge any of the guards. … The head of the Florida Department of Law Enforcement, Guy Tunnell, resigned in April after questions arose about his involvement in the investigation. He started the boot camp in his previous job as Bay County sheriff."

EEOC Moves To Compel Testimony In Age Bias Suit Against Sidley. The New York Law Journal (7/13, Lin) reports, "The Equal Employment Opportunity Commission, which is suing Sidley Austin Brown & Wood for age discrimination on behalf of 31 partners demoted or expelled in 1999, has moved to compel the law firm to produce a deposition witness to testify about the firm's specific reasons for changing the partners' status." The Journal continues, "The Chicago firm, which claims the demotions were due to performance, has already produced under seal an exhibit outlining the factors in its decision, supplemented by billings and realization records, historic compensation data and other sensitive information, but the EEOC says the firm's response fails to provide necessary information about the relative weight assigned the various factors by the individual executive and management committee members who participated in the discussions. … . Sidley has objected to the deposition request on the grounds it is burdensome and duplicative of other discovery. … A hearing is scheduled for today."

Amendment Would Overturn Gay Marriage In Massachusetts. The CBS Evening News (7/12, story 8, 2:20, Schieffer, 7.66M) reported, "Congress failed this year to pass a constitutional amendment that would ban same-sex marriage. The battle has now moved to the only state where it is legal but where, if opponents have their way, it won't be for long." CBS (Pitts) added, "For believers on both sides today was a day of protest. It's all about their constitution and the fight to overturn gay marriage in Massachusetts. … For supporters of gay marriage nationwide, this proposed amendment in Massachusetts couldn't come at a worse time. Much of that momentum first generated here a few years ago now seems headed the other way. 19 states have already adopted a constitutional ban on gay marriage. Six more could have it on their ballot this November."

Federal Judge Considers Blocking Georgia Voter ID Law. The AP (7/13, Haines) reports, "The state's top elections official testified Wednesday that about 675,000 registered voters have neither a Georgia driver license nor state identification, as a federal court considers a request to block a Georgia law that requires voters to show photo ID." The AP continues, "U.S. District Judge Harold Murphy was hearing the civil rights groups' motion less than a week before the new law would apply for the first time at the polls." The AP adds, "Georgia Secretary of State Cathy Cox testified that her agency cross-referenced state voter rolls against records from the Georgia Department of Driver Services to establish that 675,000 of the state's 4.26 million registered voters don't have the proper ID to vote. … She said her office did it in hopes of alerting people who lacked IDs, but plans for a direct-mail campaign were scrapped because the agency couldn't afford it." The AP notes, "Cox called the photo ID requirement 'an additional step that someone has to go through. To some extent, that could be a deterrent to fraud.' But she added that it is hard to say whether that would deter them from voting. … Groups including the American Civil

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Liberties Union, the National Association for the Advancement of Colored People, the AARP and the Mexican American Legal Defense and Educational Fund are asking Murphy to stop the state from advising voters or elections officials that voters cannot cast a ballot without one of the state-approved IDs."

Transgender Scientist Sheds Light On Industry Bias Against Women. The Washington Post (7/13, A10, Vedantam, 748K) reports, "Neurobiologist Ben Barres has a unique perspective on former Harvard president Lawrence Summers's assertion that innate differences between the sexes might explain why many fewer women than men reach the highest echelons of science. … That's because Barres used to be a woman himself." The Post continues, "In a highly unusual critique published yesterday, the Stanford University biologist -- who used to be Barbara -- said his experience as both a man and a woman had given him an intensely personal insight into the biases that make it harder for women to succeed in science. … After he underwent a sex change nine years ago at the age of 42, Barres recalled, another scientist who was unaware of it was heard to say, 'Ben Barres gave a great seminar today, but then his work is much better than his sister's.' … And as a female undergraduate at MIT, Barres once solved a difficult math problem that stumped many male classmates, only to be told by a professor: 'Your boyfriend must have solved it for you.' … 'By far,' Barres wrote, 'the main difference I have noticed is that people who don't know I am transgendered treat me with much more respect' than when he was a woman. 'I can even complete a whole sentence without being interrupted by a man.' … Barres's salvo, bolstered with scientific studies, marks a dramatic twist in a controversy that began with Summers's suggestion last year that 'intrinsic aptitude' may explain why there are relatively few tenured female scientists at Harvard. After a lengthy feud with the Faculty of Arts and Sciences, Summers resigned earlier this year. … The episode triggered a fierce fight between those who say talk of intrinsic differences reflects sexism that has held women back and those who argue that political correctness is keeping scientists from frankly discussing the issue."

ANTITRUST:

Federal Judge To Review Phone Merger Deal. The Wall Street Journal (7/13, Searcey, Anderson, 2.03M) reports, "In a hearing that may raise questions about AT&T Inc.'s planned takeover of BellSouth Corp., a federal judge said he would extensively review the antitrust agreements in two recent megamergers of Bell phone companies and long-distance companies." The Journal continues, "U.S. District Judge Emmet Sullivan is reviewing Verizon Communications Inc.'s acquisition of MCI Inc. as well as the former SBC Communications Inc.'s takeover of AT&T Corp. (SBC adopted AT&T's moniker to become AT&T Inc.)" The Journal adds, "The judge could decide whether to impose new conditions on the deals by Verizon and AT&T. He said that on July 25 he may announce whether he will require additional hearings and call in expert witnesses and government officials who initially scrutinized the deals. … Both mergers closed months ago, and the new companies are fully operational. It isn't likely the judge has legal authority to outright undo the deals, say attorneys. But his actions could impede future mergers, including AT&T's planned takeover of BellSouth."

The New York Times (7/13, Labaton, 1.21M) reports, "Lawyers for the nation's two largest telephone companies and the Justice Department urged a federal judge on Wednesday to swiftly approve the antitrust settlements that permitted SBC Communications to acquire AT&T and Verizon to buy MCI. … But the federal district judge, Emmet G. Sullivan, rebuffed the request and repeatedly emphasized that he was 'not a rubber stamp.'" The Times continues, "In a courtroom packed with telecommunications lawyers, analysts and major investors, Judge Sullivan spent the day trying to figure out the extent of his authority. He indicated through his questioning that he might hold more extensive hearings and take testimony from experts and government officials before concluding whether the deals were in the public interest. … But in what appeared to be a partial victory for the two large phone companies, the judge also suggested that he would limit the scope of the proceedings, not permit extensive pretrial fact-finding known as discovery, and not embark on an attempt to rewrite the settlements."

CNET News (7/13, Broache, McCullagh) reports that Judge Sullivan "said at the start of the hearing that he may not have enough information to permit the mergers to remain intact without major modifications. … Sullivan told attorneys for the telecommunications companies and the U.S. Justice Department, which was defending the two deals, that he has 'doubts' the mergers would boost competition. 'The public indeed has to have some confidence in these proceedings,' Sullivan said." CNET adds, "After hearing nearly seven hours of arguments and interjecting often with his own questions, Sullivan said he would take the case 'under advisement.' The judge scheduled a July 25 status conference where he promised to 'inform the parties exactly what I intend to do.' … Sullivan, who was appointed to the federal bench by former President Clinton, said he's considering extra steps--such as requiring the administration to republish the merger agreements in national newspapers or holding another hearing where expert witnesses would describe the mergers' potential impact on competition."

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Oklahoma Firm To Plead Guilty To Bid-Rigging Scheme. The Tulsa (OK) World (7/13) reports, "Flint Energy Services Inc., a pipeline construction company with U.S. operations based in Tulsa, will plead guilty to conspiring to rig bids for pipeline projects in Colorado, the U.S. Justice Department announced Tuesday." The World continues, "The Justice Department's Anti-Trust Division filed a criminal charge earlier Tuesday in U.S. District Court in Denver, charging the firm with conspiracy to suppress and eliminate competition in violation of the Sherman Anti-Trust Act. … Flint's alleged conspiracy with unidentified co-conspirators occurred between June and December last year, according to the Justice Department. The pipelines were to transport natural gas from wells in the Upper San Juan Basin in southwestern Colorado, according to the charging document." The World adds, "Flint will assist the government with its ongoing investigation, the Justice Department said in a prepared statement from its headquarters in Washington. … Bids that were rigged were submitted to BP America Production Co. offices in Durango, Colo., and Houston, the charge alleges. … Also charged with the same crime is Kenneth L. Rains, Flint's former regional manager in Farmington, N.M., which is near Durango. Court documents show Rains' current address as Mounds."

The AP (7/13, Schafer) reports, "Flint and Rains would also have to assist the government in its ongoing investigation into the matter. The U.S. District Court would have to approve the plea agreement, the Justice Department said in a Tuesday news release." The AP adds, "Flint President Paul Boechler said the company quickly took action when confronting the possible bid rigging. … 'Upon discovery of the improper acts we took immediate steps to eliminate the activity,' Boechler said Wednesday. 'We have responded quickly and cooperated fully with the investigation.' … The government said the company and Rains took part in manipulating pipeline construction bids that were submitted to BP America's offices in Durango, Colo., and Houston between June and December 2005. During that time, Flint was awarded at least four contracts worth $672,036. … 'Within 24 hours, we contacted the customer,' Boechler said. 'We have worked to make sure that our customer was not financially harmed by these actions.' … According to the charges, which were filed in Denver, the company and unnamed co-conspirators discussed the bids, allocated the projects among themselves, designated a low and a high bidder and tried to hide the alleged conspiracy."

DOJ, FTC Give Antitrust Clearance To Phelps Dodge Takeover Of Inco, Falconbridge. The Phoenix Business Journal (7/13) reports, "Federal antitrust regulators have given Phelps Dodge Corp. early clearance for its proposed $40 billion takeover of Inco Ltd. and Falconbridge." The Journal continues, "The Justice Department and U.S. Federal Trade Commission granted early termination of the mandatory waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, according to an announcement Wednesday by the Phoenix-based copper miner."

The AP (7/13) reports, "The takeover, combined with Inco's pending offer for Canadian competitor Falconbridge, would create a dominant copper and nickel producer in the North American market. … Phelps Dodge spokesman Peter J. Faur said the U.S. Department of Justice and the U.S. Federal Trade Commission granted the company early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. … However, a recent hostile bid for Falconbridge by Xstrata PLC could hamper the plan. On Tuesday, the Swiss mining company offered Falconbridge stockholders $52.73 a share in cash -- an increase of $6.70 for the 80.2 percent of the company's shares it has yet to own."

EU Fines Microsoft Over Antitrust Ruling Noncompliance. The Financial Times (7/13, Buck) reports, "Microsoft was fined €280.5m (£194m) yesterday for failing to comply with a landmark European Commission antitrust ruling two years ago, dealing another blow to the US software group in its long battle with the Brussels regulator." The Times continues, "The punishment comes on top of the record €497m fine imposed by the Commission in March 2004, when Microsoft was found guilty of abusing its dominant position in the market for computer operating systems, bringing the company's total fines to date to €777.5m. It is the first time a group has been penalised for failing to comply with a Brussels antitrust ruling." The Times adds, "Neelie Kroes, the European Union competition commissioner, said: 'The European Commission cannot allow such illegal conduct to continue indefinitely. No company is above the law.' … Microsoft said it would appeal against the Commission's decision. Brad Smith, the group's general counsel, said: 'We do not believe any fine, let alone a fine of this magnitude, is appropriate given the lack of clarity in the Commission's original decision and our good-faith efforts over the past two years.'" The Times notes, "Yesterday's move was the latest in a battle that started when the Commission probed Microsoft's business practices more than seven years ago. Brussels ruled that the US software group had broken EU competition rules by, among other things, failing to disclose technical information about Windows to rival companies. That information, according to the verdict, was necessary so that other developers could design server software that ran smoothly with Windows."

The Wall Street Journal (7/13, Jacoby, 2.03M) reports, "EU antitrust commissioner Neelie Kroes said that until

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recently, Microsoft 'had not come close' to complying with orders by her predecessor, Mario Monti, to help rival companies understand how to make their products work with Microsoft Windows. 'I sincerely regret that the company still has not put an end to its illegal conduct," she said. "I don't buy Microsoft's line that they don't know what we asked of them.' Asked if she believes the EU's 2004 decision gives her broad authority to regulate future Microsoft technology, Ms. Kroes answered simply, 'Yes.'" The Journal adds, "In the 2004 decision, the EU found that Microsoft illegally exploited Windows to elbow aside two kinds of competitors -- those trying to sell multimedia software and those trying to sell software and operating systems for computer servers that link together groups of personal computers in office systems. It leveled a €497 million fine, at the time valued at about $610 million. The EU ordered the company to take corrective measures, including producing a workable technical manual for rival firms trying to write software that meshes well with Windows, the closely guarded software brains of more than 90% of the world's personal computers."

USA Today (7/13, Acohido, 2.27M) reports, "The censure did little to change the software giant's defiant stance. Microsoft general counsel Brad Smith contended the impasse revolves around 'documentation requirements,' not legal performance. 'The real issue here is not about compliance,' he said, 'it is about clarity.'" USA adds, "Smith said Microsoft remains 'totally committed to full compliance' and has assigned 300 people to supply more data by July 24. Still, the company intends to appeal the latest fine. And it continues to separately pursue a reversal of the commission's overall ruling that it engaged in illegal practices to maintain dominance of the desktop PC software market."

The New York Times (7/13, Meller, Lohr, 1.21M) reports, "In letters to the company this year, the European authorities have also raised concerns and asked questions about Windows Vista, the next version of the operating system, focusing on Microsoft's plans to build in new Internet search features, security software and document formats. … The most recent letter from the commission came on July 4, requesting answers to an additional 79 questions, Bradford L. Smith, Microsoft's general counsel, said in an interview on Wednesday." The Times adds, "Microsoft now anticipates regulatory reviews as just another step in its development of Windows, the dominant PC operating system. In the United States, Mr. Smith noted, Microsoft has heard repeatedly from the independent technical committee set up to monitor the company, as part of the settlement of the long-running federal antitrust suit against Microsoft."

The Washington Post (7/13, D1, Anderson, Goo, 748K) reports, "Several technology organizations joined Microsoft in criticizing the fine and said the European Commission had created an over-regulated environment that would stifle innovation. … 'The precedent is greatly concerning,' said Mike Wendy, spokesman for the Computing Technology Industry Association, which represents 20,000 firms, including Microsoft, Intel Corp., Xerox Corp. and Lenovo Group Ltd.. 'It reveals the European Commission's flawed process in arriving at regulatory and compliance matters as it seeks to impose itself into the industry.' … Smith cited other cases, such as the French government's legislation requiring Apple Computer Corp. to make its popular iTunes music store more compatible with other portable devices and Germany's recent raid on Intel offices, as part of an investigation into anti-competitive practices."

Aviva To Purchase AmerUS For $2.9 Billion. The Wall Street Journal (7/13, Pleven, Berman, 2.03M) reports, "Aviva PLC is expected to announce today the acquisition of Iowa-based life insurer AmerUs Group Co. for roughly $2.9 billion, say people familiar with the matter, in a deal that would significantly expand the British firm's presence in the U.S." The Journal continues, "Aviva, one of the United Kingdom's largest insurers, is expected to finance the deal by issuing shares valued at about $1.6 billion, with cash and debt funding the rest. Aviva and AmerUs said last week that they were in talks on a possible deal. Aviva's market capitalization is roughly $35 billion." The Journal adds, "Aviva has about $6.5 billion in assets in its U.S. operations, which are based in Quincy, Mass., and which are focused on universal, term and whole life insurance, as well as annuities. The company has a higher profile in Europe and has been pursuing opportunities that would give it greater access to the savings market in the U.S. … AmerUs, based Des Moines, is a major player in that arena, as a leader in the U.S. market for life insurance and equity-indexed annuities. The company has $24.7 billion in total assets."

Televisa In Talks With Rival Bidder For Univision. The New York Times (7/13, Sorkin, 1.21M) reports, "Grupo Televisa, the Mexican broadcaster that recently lost an auction to buy Univision, met here Wednesday with the consortium that won the bidding and discussed the prospect of continuing its investment in Univision, people involved in the discussions said Wednesday night." The Times continues, "The meeting, the first between the groups, was held somewhat openly in a dining room at the Sun Valley resort where Allen & Company, the investment bank, has an annual conference for media moguls." The Times adds, "The meeting comes after Televisa, a client of Allen & Company, said two weeks ago that it intended to sell its 11.4 percent stake in Univision 'as soon as possible' and suggested that it might start a rival online programming outlet in the United States. … Televisa provides much of Univision's most profitable programming through a deal that continues through 2017; it is unclear

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whether the contract allows for Televisa to provide programming online."

ENVIRONMENT/INDIAN AFFAIRS:

Senate Reach Agreement On Oil Drilling Legislation. The Wall Street Journal (7/13, Randal, 2.03M) reports, "Senate Majority Leader Bill Frist and other senators yesterday announced an agreement on legislation to open more federal waters to oil and natural-gas exploration." With lawmakers "under pressure to help ease fuel prices, the agreement was presented as a breakthrough on stalled energy legislation. It would allow drilling in an area of the eastern Gulf of Mexico that is rich in natural gas, and open the way for coastal states to share in royalty revenue that otherwise would go to the federal government." The Journal adds, "Addressing Florida lawmakers' concerns, the agreement includes a ban on energy development within 125 miles of Florida's coastline through 2022 and protections for an area near Florida used by the Defense Department. Sen. Bill Nelson (D., Fla.) said he would be willing to support the measure if certain conditions are met, but held out the possibility of a filibuster."

The Washington Times (7/13, Bellantoni, 88K) reports Nelson, "who was not invited to the press conference, arrived late and squeezed through the crowd to huddle privately with Mr. Frist and then took the podium to speak to reporters. 'I don't want this thing to go over to the House and then go into a conference and suddenly it comes out a lot different from this,' he said." Nelson "said he will support the measure only if House Speaker J. Dennis Hastert agrees it will get a vote on the House floor instead of sending the bill to a conference committee, where the details of the drilling compromise could slip through the cracks." The Hill (7/13, Allen) quotes Nelson saying, "The devil's in the details."

The CBS Evening News (7/12, story 7, 1:00, Attkisson, 7.66M) reported on the "surprise deal to open up new areas in the Gulf of Mexico to drilling for oil and natural gas. The area we're talking about holds more than a billion barrels of crude oil and more than five trillion cubic feet of natural gas. … It can take years to actually bring up the oil and gas, but things could move fast if the House and Senate pass this bill quickly and if it becomes law, we're told the leases are ready to go immediately."

Study Says Ethanol Won't Solve US Energy Problems. The New York Times (7/13, Barrionuevo, 1.21M) reports, "Biodiesel produced from soybeans produces more usable energy and reduces greenhouse gases more than corn-based ethanol, making it more deserving of subsidies," according to a study being published this month in by the National Academy of Sciences. The study, conducted by researchers at the University of Minnesota, also concludes that "the future of replacing oil and gas lies with cellulosic ethanol produced from low-cost materials like switch grass or wheat straw, if it is grown on agriculturally marginal land or from waste plant material." Neither ethanol nor biodiesel can replace much petroleum "without having an impact on food supply," it warned.

Drought Drives Wheat, Corn Prices To 10-Year Highs. In a story that has been receiving widespread coverage throughout the Midwest this week, the Wall Street Journal (7/13, A2, Martin, 2.03M) says wheat and corn prices "are climbing to what could be their highest annual average level in a decade, helping to send an inflationary ripple through grocery aisles." Rising prices, "due partly to drought conditions in farming areas," has put increased cost pressure on food makers that "already face higher costs for everything from fuel to sugar." The Agriculture Department yesterday said it expects a smaller wheat harvest, while the "booming ethanol industry's ravenous appetite for corn is helping to lift prices of the nation's largest crop." The Financial Times (7/13, Morrison) also reports on the rising prices.

Hagel Presses GOP Leadership On Drought Aid. The Grand Island (NE) Independent (7/13, Pore) reports that as drought conditions worsen Sen. Chuck Hagel, R-Neb., is pressing the Senate Republican leadership to pass drought assistance by the end of July. Hagel spoke this week with Majority Leader Bill Frist and Senate Appropriations Committee Chairman Thad Cochran in regard to the $4 billion in disaster assistance.

LATimes Says Administration Gave States Too Much Authority On Roadless Areas. An editorial in the Los Angeles Times (7/13, 918K) says, "Two things about Gov. Arnold Schwarzenegger's push against new roads in untouched areas of California's national forests: It was an environmentally sound decision for a state that reveres its wilderness areas. And it was a decision the governor shouldn't have had to make in the first place. The Bush administration, after initially vowing to barely tweak a Clinton-era ban on road building in almost 60 million acres of forest, instead ended up delegating too much authority to individual states. Roadless areas were potentially stripped of all protection, unless governors of individual states petitioned for protection of specific areas."

Indian Tribe Sues Abramoff Over Casino Closing. The New York Times (7/13, Lyman, 1.21M) reports that an Indian tribe has filed a lawsuit in federal court against former lobbyist Jack Abramoff and Georgia lieutenant governor candidate Ralph Reed "seeking millions of dollars in lost revenues from a casino that the Texas tribe said had been fraudulently closed. The suit, in Federal District Court in

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Austin, says Mr. Abramoff, Mr. Reed and three other men mounted a fake religiously themed moral crusade in 2001 to defeat a bill in the Texas Legislature that would have legalized gambling in Indian casinos. Their real motive, the suit adds, was to promote the gambling interests of a tribe in Louisiana that was paying them to represent its interest in a competing casino."

Roll Call (7/13, Bresnahan) reports, "The Alabama-Coushatta Tribe of Livingston, Texas, located 75 miles north of Houston, had their casino shut down by a federal judge in early 2002. Reed, Scanlon and Abramoff, who at that time was representing the Louisiana Coushattas of Vinton, La., had worked behind the scenes to block the Texas tribe from persuading Lone Star State legislators to reopen the casino. The tribe did not disclose how much it is seeking in monetary damages, but the amount could run into the millions of dollars."

Navajo Nation Head Start Program Employees Dismissed After Background Checks. The AP (7/13) reports from Window Rock, AZ, "The Navajo Nation has fired 15 employees from its troubled Head Start program after doing background checks on them." The AP continues, "Federal funding for the tribe's Head Start program was suspended May 2 by the Administration for Children and Families, which said the tribe failed to perform background checks and that an investigation turned up dozens of employees with criminal records." The AP adds, 'Darren Tungovia, human resources manager for the Navajo Head Start Program, said 594 employees have been cleared through background checks and 104 employees still need the checks. … Twenty-four workers have resigned and 19 employees are on a 90-day probation, Tungovia said in the news release. … The figures come as Navajo Nation President Joe Shirley Jr. met with Head Start officials, including Director Channell Wilkins, who traveled from Washington, D.C., to the reservation." The AP notes, "Shirley said the Navajo Nation presented its corrective action plan to the federal officials. … Under the plan to correct the deficiencies in the Head Start program, the Navajo Nation has directed the program's human resources manager to ensure that fingerprinting and background checks are done in a timely manner."

Virginia Indian Tribes Seek Recognition With Trip To England. The Washington Post (7/13, B1, Schulte, 748K) reports, "In the history books, there is the story of Pocahontas, the lovely Indian maiden who became a Christian, married an Englishman in Virginia and sailed away with him to England. Beyond that, there is little mention of the Virginia Indians who greeted the first settlers. … It is as if an entire Indian nation that had lived here for thousands of years had simply vanished. … And so it was with a measure of astonishment to some onlookers that the chiefs of Virginia's eight remaining tribes and many of their members gathered yesterday at the National Museum of the American Indian in Washington in a 'departure ceremony' to bless their trip to England -- the first major delegation to make the trip since that day, centuries ago, when Pocahontas sailed." The Post continues, "Virginia's Native Americans are still here, though in greatly diminished numbers than the 40 tribes that were around in 1607 when settlers established the first permanent English colony at Jamestown. And if awareness of the Virginia Indians is all that comes of this historic trip to England as part of Jamestown's 400th anniversary festivities, to Stephen Adkins, chief of the Chickahominy tribe, the trip will have been a success. … The idea for the trip, as well as its funding, came from the British foundation involved in the Jamestown anniversary planning. … Although the English are interested in promoting ties and tourism between Virginia and Kent County, where the Jamestown settlers sailed from, organizer Alex King sees the same opportunity for self-definition that Adkins does. … The Virginia tribes have been so invisible, Adkins said, that although they were the first tribes the colonists encountered four centuries ago, they have yet to be officially recognized by the federal government -- unlike 562 other tribes, primarily in the West, that are considered sovereign nations. Those tribes are offered federal health, education and housing benefits. … Six of the eight Virginia tribes are lobbying Congress for that federal recognition."

FBI/DEA/ATF/USMS:

Former Bonds Friend Cooperating With US In Steroids Probe. The New York Times (7/13, Wilson, 1.21M) reports, "The former best friend and business partner of Barry Bonds has told federal investigators that Bonds was a heavy steroids user and flew into 'roid rages,' his lawyer, Michael Cardoza, said yesterday." The Times continues, "The man, Steve K. Hoskins, 44, of Redwood City, Calif., also says Bonds gave him thousands of dollars to pass on to two of Bonds's girlfriends, Cardoza said in telephone interviews. … Two lawyers for Bonds responded yesterday that Hoskins was lying to get back at Bonds for accusing him of financial misconduct in their memorabilia business. The lawyers acknowledged that Bonds and Hoskins had been best friends before a falling-out in mid-2003, when Bonds reported Hoskins to the F.B.I." The Times adds, "Bonds is widely expected to be indicted soon by a federal grand jury, which meets today and again next Thursday at the federal courthouse in San Francisco. After that, its 18-month term apparently expires, providing impetus to wrap up the case. … Witnesses who have testified say the grand jury is

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investigating whether Bonds engaged in income-tax evasion, and if he committed perjury in denying steroid usage. Other sports figures are also being investigated, but Bonds is the biggest target."

USA Today (7/13, Nightengale, 2.27M) also reports on the testimony of Hoskins.

The AP (7/13, Kravets) writes, "Bonds' attorney, Michael Rains, has said that if the outfielder was to be indicted, it would come in July."

Former Wisconsin Police Detective To Plead Guilty To Cocaine Distribution. The Milwaukee Journal-Sentinel (7/13, Barton) reports, "A former Milwaukee Police detective has agreed to plead guilty to distribution of cocaine, a federal felony, according to a plea agreement filed Wednesday in federal court in Milwaukee." Larry D. White "faces a mandatory minimum sentence of five years in prison and up to $2 million in fines, according to the plea agreement." The Journal-Sentinel notes, "White made several trips with drugs and money between Illinois and Wisconsin from late 2004 through summer 2005, according to an FBI affidavit in the case. White was paid $1,000 for each trip, the affidavit said."

Doctor To Be Sentenced For Conspiring To Illegally Prescribe Steroids To NFL Players. From Columbia, South Carolina, the AP (7/13) reports a former West Columbia doctor is "scheduled to be sentenced next week for conspiring to illegally prescribe steroids to NFL players." However, his lawyer says he "shouldn't receive any federal prison time. … In a motion filed Tuesday, federal public defender Allen Burnside asked the court to reject a request by prosecutors to give James Shortt a sentence longer than the maximum recommended sentence of six months. … Shortt pleaded guilty in March to one count of conspiracy to distribute anabolic steroids and human growth hormone. Prosecutors have said current and former members of the Carolina Panthers were some of Shortt's patients."

County Supervisors In California Approve Medical Marijuana Ordinance. Bakersfield, California's KGET-TV (7/12) reports on its Web site that Kern County Supervisors "have approved an ordinance that will give sheriff's deputies the power to view the sales records of businesses that dispense medical marijuana. The new ordinance will also allow deputies, who have a warrant, to find out the names of the patients using the drug."

Marijuana ID Cards To Be Issued By Alameda County. From Oakland, California, the AP (7/13) reports Alameda County "is joining the list of counties issuing marijuana identification cards. The Alameda County Board of Supervisors voted to issue the I-D cards beginning August First. County officials say the cards will be part of a statewide identification system and will be recognized by state and local law enforcement."

The Oakland (CA) Tribune (7/12) reports the public health department "estimates about 10,000 of the cards will be issued in the county each year, and that about a quarter of the people applying for the cards will qualify for a Medi-Cal fee reduction that will cut the cost of the card in half. Patients will need to provide proof of identity, a doctor's recommendation for the marijuana and proof of Alameda County residency."

City Council Extends Dispensary Moratorium. In Livermore, the Tri-Valley Herald (7/12) reports the City Council has "approved what Mayor Marshall Kamena called a 'recipe' for another year of a medical marijuana dispensary moratorium. The council voted 4-0 Monday…to direct city staff members to prepare an ordinance extending the moratorium for an additional year. … City staff will bring the item back to the council before the current moratorium — set in October 2005 — ends, when the Council will hold a public hearing."

San Francisco Marijuana Dispensary May Receive Permit. The AP (7/12) reports San Francisco city planners "are considering whether to issue a permit for a medical marijuana dispensary in the heart of the city's tourist hub, despite outrage from neighbors and businesses. The Planning Commission is scheduled to vote Thursday, and some have vowed to appeal any permit the city grants. … The Green Cross is the first cannabis club to seek a permit under strict guidelines the city adopted in November to curb street crime around its roughly 30 dispensaries and prevent sales to non-patients."

Suspected Supplier Of Fentanyl-Laced Heroin To Stand Trial. The Detroit News (7/12) reports a Detroit man "accused of being a major supplier of deadly fentanyl-laced heroin will stand trial on 10 counts of drug and weapons violations. Daren Reese, 45, was arrested June 22 by Wayne County Sheriff's deputies and Drug Enforcement Administration agents…carrying 83 packets of the mixed drug. In a raid of his home…police confiscated an undisclosed amount of drugs, powder suspected to be fentanyl, and items used to market drugs."

The Detroit Free Press (7/13, Schaefer, 346K) reports a man Detroit authorities "have called a significant dealer of the deadly painkiller fentanyl was ordered to stand trial. Daren Reese, 45, is charged with 10 criminal counts involving guns and drugs. Wayne County Sheriff's Office officials have said he was a supplier of heroin laced with fentanyl in and around the Jeffries public housing project."

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"Jacob The Jeweler" Enters Plea In Money Laundering Case. The AP (7/13) reports the man "known throughout the hip-hop world as Jacob Arabo or 'Jacob the Jeweler' pleaded not guilty Wednesday to money laundering charges." Yakov Arabov "was arrested June 15 at his store in New York on a warrant issued in Detroit by federal authorities, who accuse him of conspiring with others to launder money in connection with a jewelry business. Authorities say the 16 people indicted for conspiracy and laundering are connected to a drug organization called the 'Black Mafia Family.'"

Lancaster County, PA, Gets Federal Help To Fight Gang Violence. The Lancaster (PA) Intelligencer Journal (7/13, Lovelace) reports, "The names of the gangs are meant to convey power and intimidate. … They call themselves the Black Dragons, the Bloods, the Cash Money Boys, the Crips, the Gangster Disciples, Hells Angels, International Posse, the Latin Kings, the Outlaws, the Pagans, Vatos Locos and 50 Million Soldiers." The Journal continues, "For years, members of these gangs have wreaked havoc along the 87-mile Route 222 corridor that stretches from Easton to Lancaster, according to the U.S. Department of Justice. … Since 2005, the Justice department blames gang members for 50 homicides, 1,119 aggravated assaults, 1,163 robberies, 2,667 burglaries and 2,594 drug-related crimes in the cities, including Lancaster, along Route 222. … Assistant U.S. Attorney Robert K. Reed summed up the problem in March when he wrote a federal grant proposal for an antigang initiative. … 'Because of the proximity of the five cities in the 222 Corridor, combined with easy access by major thoroughfares to New York, Philadelphia, Newark and Baltimore,' Reed wrote, 'gang members easily move from one city in the corridor to another buying and selling primarily heroin, cocaine and crack cocaine. … Gang violence along the Route 222 Corridor, primarily involving drug trafficking and armed robberies, dates back more than a decade and has been a chronic problem infecting each of the five cities in the target area.'" The Journal notes, "Reed's analysis helped secure $1 million in federal grants for Lancaster, Berks, Lehigh and Northampton counties, it was announced Tuesday morning at a City Hall press conference. … The money is part of $2.5 million in funds that will be used to attack the gang problem along Route 222."

Northern Virginia Gun, Drug Sweep Nets Dozens Of Arrests. The Washington Post (7/13, B9, Vargas, 748K) reports, "About 40 people have been arrested and more than 20 are being sought in Prince William County in what law enforcement officials said yesterday was one of the largest crackdowns on gun and drug trafficking in Northern Virginia." The Post continues, "The operation, dubbed 'the Highway Men' because much of the activity occurred near the Jefferson Davis Highway (Route 1) corridor, involved more than 250 federal, state and local officials over 18 months. Officers began rounding up suspects Tuesday, with about 40 arrests made by yesterday and more than 31 firearms seized. … 'We think it's well past time that we get serious with these people, and that's what we're doing today,' U.S. Attorney Chuck Rosenberg said at a news conference attended by other top law enforcement officials." The Post notes, "Those charged in the operation were not part of an organized syndicate, and most do not know each other. Rather, the operation was an effort to clean up drug dealing and gun sales along the Route 1 corridor, including in Woodbridge, Dale City, Lake Ridge, Dumfries and Occoquan. … Officers said that many of the people who face charges have prior convictions, with one man having been arrested 30 times. Altogether, the suspects have 400 prior arrests and 150 prior convictions, Rosenberg said."

The Richmond Times-Dispatch (7/13) reports, "The Bureau of Alcohol, Tobacco, Firearms and Explosives, Virginia State Police, Prince William Sheriff's Office, U.S. Marshals and the U.S. Drug Enforcement Administration sent teams of officers and agents to arrest people suspected of being drug and gun dealers, officials said. … Those arrested were processed and interrogated at Potomac High School. … Since 2005, an undercover ATF agent has lived in the community and gained the trust of local drug dealers, ATF officials said. The undercover agent obtained 1½ kilos of cocaine, 4½ pounds of marijuana, 525 synthetic heroin pills, 235 Oxycontin pills, 90 Ecstasy pills and $12,500."

The Manassas (VA) Journal Messenger (7/13, Glushefski, Kafka) reports, "An undercover ATF agent has lived in the community since 2005 and gained the trust of local drug dealers, said ATF officials. That undercover agent got 1½ kilos of cocaine, 4½ pounds of marijuana, 525 synthetic heroin pills, 235 Oxycontin pills, 90 Ecstasy pills and $12,500. … Prince William police Chief Charlie T. Deane said police have listened to residents' complaints of drug dealing and seemingly weren't responding. … Deane said the arrests were not an indicator of increased drug trafficking in the area but of a cohesive multi-agency effort to eradicate drug dealers - some whom had previous arrests and convictions."

IMMIGRATION:

Jury Deliberations Begin In Trial Of Bosnian Charged With Immigration Fraud. The AP (7/13, Lavoie) reports, "A Bosnian man who admitted participating in the Srebrenica massacre of thousands of civilians should be convicted of violating U.S. immigration laws, a prosecutor

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said in closing arguments, the 11th anniversary of the ethnic cleansing killings." The AP continues, "Marko Boskic's defense attorney argued that his client was not guilty of lying on immigration forms about his military service and had been forced to participate in the killings." The AP adds, "Boskic, 41, was arrested in 2004 while living in Peabody, Massachusetts, and working in construction. He was charged with lying on his refugee application and later on his application for permanent U.S. residency. … Jurors began deliberating Tuesday afternoon but adjourned for the day without reaching a verdict." The AP notes, "Assistant U.S. Attorney Kim West said Boskic admitted his role at Srebrenica after he was shown a video of himself at an awards ceremony for the Bosnian Serbs' 10th Sabotage Detachment. .. Boskic acknowledged he had helped kill 1,200 Muslim men and boys at a farm outside Srebrenica, where about 8,000 Bosnian Muslims were murdered in 1995 by Serb separatists. It was the largest massacre in Europe since World War II."

Gutierrez Promotes Bush Immigration Reform Before Senate Judiciary Committee. The Administration continued its efforts to promote comprehensive immigration reform as Commerce Secretary Carlos Gutierrez testified before the Senate Judiciary Committee about the importance of immigrant workers to the US economy. Meanwhile, GOP leaders in the House have scheduled new hearings focusing on border security concerns. The New York Times (7/13, Swarns, 1.21M) in a brief article focuses on Gutierrez' testimony noting he "urged Congress to pass legislation that would put illegal immigrants on a path to citizenship and create a temporary worker program to ensure that American companies could meet their labor needs." He "said that 500 of the nation's top economists recently sent a letter to the Bush administration stating that immigration had been a net gain for Americans."

The San Antonio Express News (7/13, Martin) in a more extensive article focused on Gutierrez' remarks titled "Commerce secretary says immigrant labor critical to economy" reports, "Immigrant labor is critical to the nation's economy and underscores the need for a guest worker program" according to Gutierrez. The debate "between the House and Senate is expected to continue through the summer, leaving doubt whether Congress can pass a bill before the mid-term elections in November." Advancing the President's agenda, "Bush administration officials, including Gutierrez and Attorney General Alberto Gonzales, have publicly pushed immigration reforms that mirror those in the Senate bill." Gutierrez said, "Immigrants aren't crossing our borders to look for a handout. They're seeking jobs that are available." And "Specter told Gutierrez he should be a witness at the House hearings over the next two weeks." Specter said, "I hope they call you as a witness – so you can set them straight."

Bloomberg (7/13, Johnston) similarly focuses on Gutierrez, reporting, "Gutierrez said there were 4.1 million U.S. job openings in May, many in the hospitality industry, that immigrants are needed to fill because Americans can't or won't do that work." He "told senators today that a guest-worker program would be an integral component of securing the border because providing a legal pathway for immigrants looking for work would keep them from attempting to enter the U.S. illegally." Gutierrez said, "The biggest thing we can do for our border is have a temporary-worker permit for the interior of our country."

House GOP Leaders See Support For Strengthening Border Security. But the AP (7/13, Gamboa) in an article published by hundreds of media outlets including the Washington Post focuses first on conflict between the Administration and GOP House leaders who "are scheduling a new round of immigration hearings, saying three already held have strengthened their case for enforcement-heavy legislation." For example, "Majority Leader John Boehner, R-Ohio, said Wednesday the hearings have made clear that a Senate bill that opens an avenue toward citizenship for millions of illegal immigrants would undermine border security." Boehner "contended that members of both parties are moving toward the House position that the nation's estimated 12 million illegal immigrants should be offered no guarantees against being deported." But Gutierrez said "Bush wants a comprehensive bill. He said an approach of only enforcement does not encourage immigrants to learn English, assimilate or be part of society." Gutierrez said, "The more this issue becomes one of enforcement only, we're driving them farther and farther underground. What we want for our national security is to drive them above the shadows so we know who they are."

Similarly focusing first on House GOP lawmakers the Dallas Morning News (7/13, Mittelstadt, 500K) reports they "are apparently convinced that their push for an enforcement-only plan was helped by sessions last week in Texas and California." Boehner "contended that 'troubling' Senate provisions exposed during hearings in Laredo and San Diego are causing the tide to turn in favor of the House's enforcement-only approach." Meanwhile, Gutierrez sought to "underscore the Bush administration's support for a comprehensive immigration solution." Gutierrez said, "All elements of this problem must be addressed together, or none of them will be solved at all."

Santorum Sees Problems With House Immigration Bill. Sen. Rick Santorum was asked on CNN's Lou Dobbs Tonight (7/12) if he would be willing to support the House-passed immigration reform bill without any addendums. Santorum said, "I have a couple of problems with the House

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passed bill. Actually, one of them is very interesting. This whole provision saying that crossing the border would be a felony. … So I guess my point is, with some of the changes that people have talked about, I could support it. But not as originally passed because I think there's some problems in original passed House bill."

Senate's Republican Policy Committee "Harshly Critical" Of Senate Bill. The Washington Times (7/13, Hurt, 88K) reports, "The Senate immigration bill would require that foreign construction laborers here under the guest-worker program be paid well above the minimum wage, even as American workers at the same work site could earn less. The bill 'would guarantee wages to some foreign workers that could be higher than those paid to American workers at the same work site,' says a policy paper released this week by the Senate's Republican Policy Committee. 'This is unfair to US workers, inappropriate, and unnecessary.'" The "harshly critical analysis of the Senate immigration bill on this one point reveals how torn Senate Republicans are over the larger issue of immigration."

Immigrant Groups Seek To Mobilize Voters. USA Today (7/13, Kasindorf, 2.27M) reports, "The promise was splashed across signs that hundreds of thousands of immigrants carried in marches this spring: Hoy marchamos, mañana votamos. The message in Spanish to Congress that 'today we march, tomorrow we vote' was as American as balloons popping at a political convention." USA Today adds, "For organizers of those nationwide demonstrations over changes to immigration law, mañana dawns with the Nov. 7 elections. Whatever action Congress may take, activists are pledging to mobilize 1 million new voters from newcomers to the USA: Hispanics, mostly, but also Koreans in Los Angeles, Hmong in Minnesota, Irish in New York City." A second USA Today story (7/13, Kasindorf) deals with "a band of Spanish-language radio disc jockeys" who "got much of the credit when 500,000 demonstrators rallied at City Hall on March 25 over immigration proposals in Congress." Mike Garcia, president of Service Employees International Union Local 877 in Los Angeles, is quoted saying DJs "are a huge way of communicating to the masses," because "they have access to so many more people than we can get."

TAX:

Federal Appeals Court Rules For IRS In Tax Shelter Case. The New York Times (7/13, Browning, 1.21M) reports, "A federal appeals court handed a victory to the Internal Revenue Service yesterday in its war on questionable tax shelters, ruling that a shelter bought in 1996 by a former subsidiary of the Goodrich Corporation was abusive." The Times continues, "The case involving the Goodrich subsidiary, Coltec Industries, has been closely watched by tax lawyers and lobbyists as they argue over what constitutes an abusive shelter." The Times adds, "In the ruling, three judges on the United States Court of Appeals for the Federal Circuit overturned a lower court's ruling in 2004, which said that Coltec was entitled to a $83 million refund from the I.R.S. stemming from its use of the shelter. That original ruling dealt a blow to I.R.S. efforts against abusive shelters. … Tax shelters like the one that Coltec bought through Arthur Andersen, were available in the last decade through large accounting firms. The shelter, known as a continent liability shelter, is intended to generate losses and was barred by the I.R.S. in 2001. … Tax lawyers regard yesterday's ruling as significant because it addresses a disputed area known as the economic substance doctrine. … Under the doctrine, which is not a formal part of the tax code, the I.R.S. considers invalid any shelter that follows the letter of the tax code, but violates its spirit by existing only to engineer tax losses. … In the ruling, the judges wrote that 'the law does not permit the taxpayer to reap tax benefits from a transaction that lacks economic reality' and that 'a lack of economic substance is sufficient to disqualify the transaction without proof that the taxpayer's sole motive is tax avoidance.' … Eileen J. O'Connor, an assistant attorney general, said in a statement yesterday that the latest ruling 'confirms that illusionary losses purportedly created by the so-called "contingent liability" tax shelter are not deductible against actual taxable income.'"

Former KPMG Employees Sue For Legal Fees. The Wall Street Journal (7/13, Davies, 2.03M) reports, "Sixteen former employees of KPMG LLP have filed a civil suit against the accounting firm seeking payment of legal fees and expenses to defend themselves against criminal-fraud charges related to their tax-shelter work." The Journal continues, "Filed in federal court in Manhattan on Monday, the suit alleges that KPMG responded to pressure from federal prosecutors by violating a longstanding practice of paying such fees. The suit cites past and recent instances where the firm has paid the fees." The Journal adds, "The suit comes on the heels of a ruling last month by U.S. District Judge Lewis A. Kaplan that the government violated due process of the 16, who are accused of marketing allegedly fraudulent tax shelters, by pressuring the firm to stop paying their legal expenses. Judge Kaplan declined to dismiss the indictment against the former employees, but said they could pursue a civil action against KPMG. … In his ruling, Judge Kaplan found KPMG refused to pay additional legal costs for the employees 'because the government held the proverbial gun to its head' by threatening to indict the firm unless it cooperated. KPMG avoided indictment by reaching a deferred-prosecution agreement with the government in August and paying a $456 million settlement. … Federal prosecutors deny they pressured the firm to cut off the fees."

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Wessel Rails Against The "Proliferation Of Tiny Tax Breaks." David Wessel writes in the Wall Street Journal (7/13, 2.03M) that Congress "has turned the tax code into a theme park, with a tax break for every good cause. Each one makes sense. … So what's the problem? Add this tax break to the dozens of others that decorate the tax code, and we get higher tax rates than otherwise needed to bring in the same sum. We get a lot of hassle and complexity that chews up time and money. And, I suspect, the government creates tax breaks that are claimed far more often by sophisticated, upper-income taxpayers than by others." Wessel adds, "The proliferation of tiny tax breaks, each with its own complexity and paperwork, doesn't rank up there on the worry list with persistent poverty, stagnating wages, mounting debt or deadly disease. On the other hand, it ought to be easier to fix."

CONGRESS-ADMINISTRATION:

4th Circuit Nominee Concedes He "Missed" Appearance Of Conflict In Four Cases. The AP (7/13, Kellman) reports, "President Bush's nominee to an appellate judgeship acknowledged missing the appearance of a conflict of interest in four cases in which he is accused of ruling on litigants in whose companies his family held stock." The AP continues, 'Terrence Boyle, Bush's pick for the 4th U.S. Circuit Court of Appeals in Richmond, Va., said Wednesday that his aides' routine screening of cases for conflicts of interest 'missed' the appearance in these instances. … 'These situations were an oversight, an inadvertent mistake,' Boyle wrote in a letter responding to questions by Senate Majority Leader Bill Frist, R-Tenn., and Judiciary Committee Chairman Arlen Specter, R-Pa. … 'Accordingly, I unknowingly and unintentionally participated in these cases while I held a minimal number of shares in one of the parties,' Boyle added. 'Whatever minor financial interest I may have had in the case in no way affected my decision-making or the outcome of the case.'" The AP notes, "Boyle added that since the allegations were first raised in a story on Salon.com, he has substituted an electronic screening process for the manual process. … It was not clear that Boyle's letter had improved his prospects for confirmation. Democratic leader Harry Reid of Nevada has said his party would filibuster Boyle's nomination if it came to the floor. Specter has not indicated how he would vote or whether to have hearings, saying he wanted to first receive Boyle's answers. And Frist, who earlier this year had promised to confirm Boyle before Congress adjourns, has not scheduled a vote."

Gang Of 14 To Discuss Haynes Nomination. Roll Call (7/13, Billings, Stanton) reports, "The bipartisan 'Gang of 14' will meet for the first time in two months this afternoon in a gathering intended to determine group members' attitudes on a series of outstanding judicial nominations, according to sources." The seven Democratic and seven Republican Senators "will meet at 1:15 p.m. in the office of Sen. Mark Pryor (D-Ark.). While organizers said there was no firm agenda outlined for the meeting, Senators and aides speculated the session largely would focus on the pending nomination of William Haynes to the 4th U.S. Circuit Court of Appeals."

Senate To Test Bush's Veto Threat On Stem Cell Measure. The AP (7/13, Kellman) reports the Senate "will vote next week on three bills related to stem-cell research, including a measure that would expand federal funding for a procedure that uses and destroys human embryos in the drive to cure diseases that afflict millions of Americans." The Senate "is expected to pass that bill, which would send it to the White House for…Bush's signature." Bush 'has promised to veto the measure, effectively killing it because neither chamber of Congress has displayed the two-thirds majority needed to override it."

The Financial Times (7/13, Yeager) reports, "Bush's threat to veto legislation aimed at expanding federal funding of embryonic stem cell research will be put to the test next week when the Senate votes on the issue." The debate "is expected to be contentious and, because of the scientific promise many believe stem cell research offers, it will put many of Mr Bush's usually loyal supporters at odds with the president." Bush "has yet to use his veto power. But Karl Rove, his top political strategist, and others at the White House have reiterated the threat to veto any legislation that expands the embryonic stem cell research eligible for federal funding." That stance "puts the White House at odds with most Democrats and some Republicans, including Nancy Reagan, widow of former president Ronald Reagan, and Bill Frist, the Senate majority leader, who say the research could lead to treatments for several serious illnesses, including diabetes and Parkinson's."

House Approves Credit-Rating Industry Bill. The House has approved legislation aimed at encouraging more companies to enter the credit rating industry. According to the Washington Post (7/13, D1, Day, 748K), the industry, which rates the creditworthiness of corporations and their debt, is "now dominated by two firms. The bill, passed by a vote of 255 to 166, would also require credit-rating companies to give investors more information about how credit risk is calculated. And it would give the Securities and Exchange Commission oversight of the industry for the first time. Thirty-

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one Democrats voted for the measure. No Republicans voted against it."

Pentagon To Switch 66,000 More Employees To NSPS. The Washington Post (7/13, D4, Barr, 748K) reports in its "Federal Diary" column, "About 66,000 Defense Department civil service employees will make up the second wave of workers converting to a new personnel system that more closely ties pay raises to occupations, locations and job performance, the Pentagon announced yesterday. The Defense employees will shift into the National Security Personnel System from October to January. The first phase of 11,000 employees converted over a two-week period that began April 28."

Lower Deficit Figure Reignites Tax Cut Debate. The Washington Times (7/13, Dinan, 88K) reports that congressional tax cutters have been energized by this week's lower deficit figure. The Times adds that the deficit figure "has reignited the debate over supply-side economics and whether President Bush's 2001 and 2003 tax cuts helped or hurt the federal budget. 'Supply-side economics are alive and well,' said Rep. Jeb Hensarling, Texas Republican and the budget point man for House conservatives, who added that tax cuts are the only explanation for the declining deficit. 'Spending's not down; spending has increased every single budget. What happened is we're awash in tax revenue because supply-side economics is alive and well.'" Democrats "said the tax cuts don't deserve credit for the declining deficit, and said federal revenue only now is returning to where it was when Mr. Bush took office."

Report Says "Cost Of Government Day" Arrived Later This Year. The Washington Times (7/13, Pfeiffer, 88K) reports that the group Americans for Tax Reform yesterday released its annual report, entitled "Cost of Government Day." According to the report, as of yesterday, "the average American had amassed enough gross income to pay his share of taxes for the year." The report "said that federal spending required 86.5 days of work from the average person this year, compared with 78.5 days in 2000, a 10.2 percent increase in the burden on the taxpayer. The burdens of state and local taxation and regulation pushed the Cost of Government Day to July 12, compared with July 11 last year."

Bush, Gerson Relationship Examined. The Christian Science Monitor (7/13, Cook, 58K) reports on the departure of presidential speechwriter Michael Gerson, who recently left his post. The Monitor reports that "friends and foes alike agree" that Bush and Gerson had "perhaps the closest intellectual relationship between a president and his speechwriter since Theodore Sorensen's mind meld with John F. Kennedy." The Monitor adds, "For the seven years he wrote for Bush, Gerson brought an unembarrassed deep faith to that role. He studied theology at Wheaton College in Illinois, a Christian liberal arts institution whose alums include evangelist Billy Graham and whose motto is 'for Christ and his Kingdom.'" The Monitor notes, "By all accounts, Gerson has argued within the White House that faith must bear fruit in works."

Miller Borrowed $7.5 Million From Contributor To Finance Land Deal. The Hill (7/13, Crabtree) reports, "Rep. Gary Miller (R-Calif.) took out nearly $7.5 million in promissory notes in 2004 from his top campaign contributor and business partner, Lewis Operating Corp., which he used to purchase real estate from the company. He then sold some of the land to a Southern California city and some back to the contributor, according to property records, information in financial disclosure documents and responses from his spokesman." The Hill adds, "Shaun Martin, a law professor at the University of San Diego who specializes in professional ethics, said Miller's business arrangement with Lewis 'screams out' as an abuse and is particularly troubling because the land deals were seller-financed."

Group To Honor Cunningham's Service. The Hill (7/13) reports in its "Under the Dome" column, "The US Capitol Historical Society will hold a reception next week to honor a select group of lawmakers 'for their hard work, service, time and the sacrifices made in upholding the office with which they were entrusted.' One of the people slated to receive such accolades is former Rep. Randy 'Duke' Cunningham (R-Calif.)," who resigned his seat and is now "serving a prison term of eight-plus years for a bribery scandal you may have heard about." Cunningham "qualifies for the Capitol Historical Society because he is a retiring member of Congress. The society opted not to exclude anyone, even convicted felons. The group did not comment by press time about its rationale for keeping Cunningham on the list."

Kennedy Living Under Strict Court-Ordered Rules Following Guilty Plea. Roll Call (7/13, Akers) reports in its "Heard on the Hill" column, "A month after pleading guilty to driving under the influence, Rep. Patrick Kennedy (D-R.I.) now follows a strict court-ordered script that includes, among other things, weekly urine tests, twice-weekly meetings with a probation officer, near-daily Alcoholics Anonymous meetings and a weekly meeting of recovering addicts led by a Navy captain. Kennedy, sources say, has to report to a probation officer twice a week at the Washington, D.C., courthouse complex. And on one of those days he has to, ahem, relieve himself in a cup. And even when the Congressman isn't checking in with the probation officers, they check in on him. One source tells HOH that by order of the District of Columbia Superior Court, where

DOJ_NMG_0040293

Kennedy was sentenced last month, a probation officer accompanied by a D.C. police officer pays random visits to Kennedy's Capitol Hill apartment on as little as 10-minutes notice."

Miller, Obey Feud Suggests Deeper Tensions Among Democrats. The Hill (7/13, Bolton, Hearn) reports on a feud between Rep. George Miller, the ranking Democrat on the House Education and the Workforce Committee, and Rep. David Obey, the ranking Democrat on the Appropriations Committee. Just before the July 4 recess, "Miller got angry because he thought Obey had struck an agreement with Republicans that would have cut Miller's ability to employ delaying tactics to protest the bill under consideration, according to witnesses. As it turned out, Miller had bad information. … But the quickness with which Miller flew off the handle at Obey was evidence of deeper tension, say Democrats who know them." The Hill adds, "A simmering rift between Miller and Obey could be significant in internal Democratic politics. Miller is viewed as one of Pelosi's closest political deputies, and while Obey has been in Pelosi's camp in the past two Democratic leadership elections, an antagonistic relationship with Miller could make Obey more open to entreaties from Hoyer's camp."

House Democrats Top $18 Million In Dues. Roll Call (7/13, Kornacki) reports, "House Democrats have contributed more than $18 million in dues to their party's 2006 election effort, slightly more than half of the $33.7 million the Democratic Congressional Campaign Committee is aiming to collect from Members this cycle. Still, less than four months from midterm elections that will determine control of their chamber, 53 of the 205 House Democrats have met one-quarter or less of their obligation to the DCCC. And of that group, 37 have paid 10 percent or less. Thirteen haven't contributed a nickel."

Pelosi Promises Fiscal Restraint If Democrats Take House Majority. The Wall Street Journal (7/13, Rogers, Lueck, 2.03M) reports, "House Minority Leader Nancy Pelosi pledged that if Democrats succeed next year in rolling back President Bush's tax cuts for the wealthiest Americans, the money would be used to reduce the federal deficit -- not for new spending." Pelosi "anticipates some resistance from within her party, but returned to the theme of fiscal prudence in an interview with The Wall Street Journal. When asked to outline the Democrats' agenda, she listed initiatives that she said wouldn't strain the government's coffers: cutting interest rates on student loans, raising the minimum wage and demanding higher royalties from oil companies."

Senate Democrats Launch Five-Issue Message Strategy. Roll Call (7/13, Billings) reports, "Senate Democratic leaders have hatched a four-week, pre-August strategy that gambles on five issues they believe best define party differences and can best win over their base and independent voters this fall. The pre-election plan, kicked off by Minority Leader Harry Reid (Nev.) on Tuesday, will include daily floor speeches and exchanges by Democratic Senators, as well as frequent press events, according to leadership sources. Those efforts will focus on what Democratic leaders call 'a record of inaction' by the Republican Party, and their push for Congressional movement on stem-cell research, gas prices, college affordability, renewal of the Voting Rights Act and a 'real debate' on the war in Iraq."

Democratic Senate Hopefuls Focus On Winning Rural Voters. USA Today (7/13, Stone, 2.27M) reports that Missouri state Auditor Claire McCaskill, who is trying to unseat GOP Sen. Jim Talent, admits she was wrong to focus on Kansas City and St. Louis in her unsuccessful gubernatorial bid last year. McCaskill "notes rural voters are just as concerned about high prices for gas, health care and college tuition, as well as the war in Iraq." USA adds, "Attracting rural voters is key not only in Missouri, it's also a test Democrats must pass if they hope to pick up the six seats they need to win control of the Senate this fall. They have been inspired by the back-to-back victories of moderates Mark Warner and Tim Kaine, who became Virginia governors by appealing to rural 'NASCAR voters.' Montana, Ohio and Arizona Democrats also are spending more time in rural areas, says Phil Singer of the party's Senate campaign committee."

Democrats Begin Push To Raise Minimum Wage. The New York Times (7/13, Andrews, 1.21M) reports that Democrats "have begun a broad campaign to raise the minimum wage and focus attention on income inequality. The Democratic argument is straightforward: it has been more than eight years since Congress last raised the minimum wage, to $5.15 an hour, and inflation has reduced its real value to the lowest level in more than 20 years. At the same time, Democrats say, executive pay has risen to ever-higher levels and Congress has regularly approved pay raises for itself." The Times adds, "The issue is playing a role in Missouri, Ohio, Pennsylvania and Arizona — all states where Republican senators are fighting for survival."

House Republicans More Optimistic About Their 2006 Prospects. The Hill (7/13, O'Connor) reports that House Republicans are becoming more optimistic about their chances this November. The Hill says Republicans' "newfound optimism is grounded in what Republicans say is a shift in the political winds — and their

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fundraising prowess." The Hill adds, "In preparation for midterm elections, Rep. Eric Cantor (R-Va.) has been tapped to helm the Battleground program, the GOP's final fundraising push of the 2006 election cycle. … National Republican Congressional Committee (NRCC) Chairman Tom Reynolds (R-N.Y.) named Cantor as chairman for the final fundraising drive during yesterday's regular weekly House GOP meeting."

Holtz-Eakin Argues Against Fast Tracking CFIUS Reform. Douglas Holtz-Eakin, who was chief economist of the President's Council of Economic Advisers from 2001 to 2002, writes in the Wall Street Journal (7/13, 2.03M), "The ongoing legislative effort to reform the Committee on Foreign Investment in the United States (CFIUS) has suddenly been put on the fast track. In particular, Senate Banking Committee Chairman Richard Shelby is asking for unanimous consent by the full Senate to vote on his bill with no debate over whether key provisions are in the national interest. Unfortunately, there is a big downside risk in precipitous action."

NYTimes Criticizes Automatic Congressional Pay Raises. An editorial in the New York Times (7/13, 1.21M) says, "The Capitol will recess at the end of September, leaving a world of unfinished business. You'll be relieved to know, however, that among the House items already seen to was a pay increase — 2 percent over the current base salary of $168,500. … Although we have always believed that lawmakers should draw decent salaries, it is hard to have patience with a body that allows its own pay to rise automatically while systematically stonewalling any increase in the national minimum wage. The private-sector workers who need a pay raise the most have been waiting nine years and counting for some kind of increase to offset the rising cost of living." The Times adds, "This is a debate well worth having before members of Congress hurry off to brag to voters of the job they've done."

OTHER NEWS:

Petroleum Imports Fuel Trade Deficit Growth. The Financial Times (7/13, Swann) reports, "The US trade deficit widened again in May, largely due to record oil imports, but a substantial rise in exports kindled hopes that strong growth overseas would help contain the shortfall." The deficit "climbed by just $500m to $63.8bn. This was despite a $4.4bn increase to $25.4bn in the deficit on petroleum products, reflecting rises in the oil price." The Times adds, "Excluding petroleum, the deficit shrank from $42.3bn to $38.4bn."

The New York Times (7/13, Peters, 1.21M) also says "a surge in American exports helped keep the imbalance between exports and imports in check, suggesting that trade is starting to stabilize," adding that "economists noted that because energy prices exaggerated the overall deficit figure, the trade imbalance report was not as grim as it appeared at first glance. In fact, exports reached a record high. And when energy prices are removed from the trade gap calculation, the numbers suggest the imbalance is actually leveling off."

USA Today (7/13, Lynch, 2.27M) says the trade deficit "wasn't as bad as economists expected in May, but that isn't saying much." So far this year, "the trade deficit is running at an annual rate of $763 billion, 6.5% above last year's record gap."

The Wall Street Journal (7/13, Hitt, 2.03M) reports, "The deficit's growth is fueling an election-year debate in Congress over President Bush's trade agenda." On Capitol Hill, "many lawmakers, Republicans and Democrats, worry that American businesses and workers are at a disadvantage in the world marketplace." The debate has "cast uncertainty over the prospects for passage in the House of several narrower free-trade pacts, including a deal with Oman."

Stocks Sharply Down. NBC Nightly News (7/12, story 10, 0:15, Williams, 9.87M) reported, "We will take a look at Wall Street today. Earnings worries weighed on investors and stocks were down sharply in today's trading. The Dow lost more than 121 points [to close at 11,013.18]. NASDAQ lost more than 38 points on the day [to close 2,090.24]."

Taylor Says Bernanke's Start Holds "Powerful Lessons." John B. Taylor, who was undersecretary of Treasury for international affairs from 2001-2005, writes in the Wall Street Journal (7/13, 2.03M), "It's too early to write a similar piece on a Ben Bernanke era, but lessons have already been learned in the last half-year. Compared to the starts of his two predecessors, he has had to deal with a smaller (but still potentially disruptive) increase in inflation. Explanations for this increase range from a global commodity boom to the Fed veering off its principles in 2004 and 2005 by increasing the funds rate too slowly." Taylor adds that "powerful lessons can be learned from Mr. Bernanke's start. Keep to the proven principles. Talk about the economy, not about the future of the federal funds rate. Commit to price stability without adding uncertainty about the meaning of a new inflation target."

Georgia's GOP Lawmakers Staying Out Of Lieutenant Gubernatorial Primary. Roll Call (7/13, Whittington) reports that Georgia's congressional Republicans are "largely staying out" of the state's lieutenant gubernatorial primary between Ralph Reed and Casey Cagle. According to The Hill, Reed "has been tarnished by his link to

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the Jack Abramoff lobbying scandal." The Hill adds, "At the outset, the race appeared to be Reed's to lose. But it has garnered increasing national attention as the scope of the federal Abramoff probe has expanded, uncovering more details of Reed's relationship with the convicted lobbyist. The latest polls have shown the contest to be a dead heat. Only two of the state's seven GOP House Members have made public endorsements."

Voters Express Doubts About Clinton Presidential Bid. A front page story in the Washington Post (7/13, A1, Romano, 748K) reports that advisers to Sen. Hillary Clinton are confronting voter reservations about Clinton "as they seek to position the former first lady for a possible 2008 presidential run. … Never has a politician stepped onto a presidential stage before an audience of voters who already have so many strong and personal opinions about her, or amid arguments that revolve around the intangibles of personality and the ways people react to it." While Clinton's "assets are formidable," there is "evidence of unease -- about her personal history, demeanor and motives -- among the very Democratic and independent voters she would need to win the presidency."

Bush En Route To G-8 Meeting Marked By International Crises. The Washington Post (7/13, A14, Baker, 748K) says President Bush arrived in Germany last night "trailed by crisis as he began a delicate diplomatic mission to hold together fragile international coalitions he has been building while tensions rise from Asia to the Middle East." The Post adds "crisis issues often overshadow the official agenda at G-8 summits, but this weekend's meetings will be especially sensitive for Bush because of the host." Bush "appears to hope" his indirect pressure on Russian democratization "allows him to get business done with Putin on Iran, North Korea and other areas." The AP (7/13, Hunt) reports, "The stack of problems grew as Bush" traveled to Europe.

ABC World News Tonight (7/12, story 3, 2:15, Snow, 8.78M) reported, "Aboard Air Force One today, reporters pressed his spokesman on with questions on no less than three international hot spots." So many hot spots on the radar, is this crisis overload for the White House?" ABC News' George Stephanopoulos: "It sure looks like it -- all crisis, all the time. … It's hard to think of a time since World War II where a US president faced so many dangerous challenges on so many fronts." Stephanopoulos added, "You just deal. White House aides can see that this is no ordinary time. They're trying to buy time and bring our allies in. That's why they think this summit this weekend is a real opportunity to unify the Europeans and get Vladimir Putin on board."

NBC Nightly News (7/12, story 4, 0:20, Williams, 9.87M) reported, "President Bush is spending this night in Germany on his way to the G-8 summit of world powers this weekend in Russia. The President and the First Lady will have a short visit with the German Chancellor Angela Merkel, who has become one of this nation's strongest allies in all of Europe. USA Today (7/13, Jackson, 2.27M) says Bush and Merkel "plan to spend time today burnishing a relationship that is becoming one of the administration's most important in Europe." Even as "other Bush allies lose office or struggle politically, Merkel is emerging as Bush's new best friend and a key world player." Now, "foreign policy analysts say Merkel is now a Bush favorite on a par with British Prime Minister Tony Blair."

In an analysis piece, the New York Times (7/13, Rutenberg, 1.21M) says Bush will face "much more challenging terrain at the Group of 8 summit meeting in St. Petersburg, Russia, this weekend. It is widely expected to be one of the meatier and trickier summit meetings of Mr. Bush's presidency — with his popularity touching lows at home and in Europe, and flashpoints from North Korea to the Middle East demanding cooperation with allies now." In the past year, Bush "has shed some of his swagger and (American) Western rhetoric and has instead reached out to allies in the diplomatic parlance he has previously eschewed — a transition that was marked this week by the Time magazine cover headline 'The End of Cowboy Diplomacy.'" The Times notes, however, that "consultation does not mean agreement, and Mr. Bush will find himself working hard to bring his allies along with him as he tries to take a tougher line with Iran" and with North Korea."

Russian Energy Issues To Figure Prominently In Summit. The New York Times (7/13, Myers, Kramer, 1.21M) details at length what it calls Russian President Vladimir Putin's "single-minded drive to put the reins of the country's vast natural resources in the Kremlin's hands," his "strategy to enrich the state and recover Russia's claim to superpower status, lost in the Soviet collapse." On the eve of the G-8 Summit, "Putin and his deputies are talking with a newfound confidence and swagger that plays well at home and leaves many Western officials frustrated." His "energy polices have caused growing concern and criticism. Despite calls from European and American leaders for the Kremlin to open up Russia's market, allowing greater foreign investment and unfettered access to its network of oil and gas pipelines, Mr. Putin has made it clear that he will not bend on the energy issue, which he has put at the top of the St. Petersburg agenda." The Times says Putin and his staff continue to "reflect a new Russian confidence — even assertiveness — after 15 years of tumult following the collapse of the Soviet Union. It is buoyed by energy prices, certainly, but also by a desire to define a new role for Russia as an independent

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power, separate and equal to its larger and still wealthier partners."

Putin Offers Bitter Reaction To Cheney Speech.

CNN's The Situation Room (7/12, Henry) reported that Russian President Vladimir Putin "is reacting bitterly to a speech Vice President Cheney recently delivered in Lithuania, charging Russia may be backsliding on the way to full democracy." Putin (through a translator): "I think your vice president's expression there is like his bad shot on his hunting trip." CNN added, "An obvious reference to the vice president's recent hunting mishap back in the United States. The vice president's office today would not comment on that blast from Mr. Putin. It may only add to the pressure on President Bush to actually address some of this directly with his Russian counterpart."

A brief article in the New York Times (7/13, 1.21M) notes Putin "took an acerbic jab at the White House on Wednesday, likening a speech by Vice President Dick Cheney criticizing Russian policy to Mr. Cheney's much publicized hunting accident in February." The Times continues, "Mr. Putin ascribed 'political motives' to Mr. Cheney's comments, and suggested, 'This is the leftover of the cold war.'" The AP (7/13, Heintz) adds, "Putin, who is sensitive about growing U.S. influence in former Soviet republics and satellites that have turned westward since the Soviet collapse, said he believed Cheney's comments were driven by 'political considerations, the desire to support certain political forces in Eastern Europe' at Russia's expense." He also "offered his standard arguments against Cheney's criticism, saying Moscow has always fulfilled its natural gas supply contracts with European countries."

Business, Congressmen Concerned Over Talks For Russia Joining WTO. The Washington Post (7/13, A17, Blustein, 748K) reports, "business groups and members of Congress are warning the Bush administration not to rush into a deal with Russia over one of Moscow's cherished goals -- entry into the World Trade Organization" even as "top U.S. and Russian officials are hunkered down in last-ditch efforts to reach an agreement on Russia's WTO membership" and, "in an indication that the negotiations are reaching an intense stage, U.S. Trade Representative Susan C. Schwab has joined the talks." Currently, "the United States is the only nation among the 149 members that is balking at approving Russia's entry, in part because of concerns that the Russian economy is still autocratically run with too much favoritism shown to state-run companies and other powerful interests."

Russia Said To Be Constraining Political Freedom. The Washington Post (7/13, A1, Finn, 748K) reports "political freedom is severely constrained in Russia. While tolerating dissent in some pockets of society, the state is relentlessly tightening its control in parliament, political parties, regional governments, courts, activist organizations and the mass media. And it is bringing strategic industries such as energy, aircraft and automobiles back under its control or delivering them into the hands of compliant tycoons." The Kremlin's" fear of political challenge is felt in every corner of Russian life." Now "opposition parties sometimes find that the entire bureaucracy seems to be conspiring to block even their most basic operations," and "since the arrest and imprisonment on fraud charges of Mikhail Khodorkovsky…activists say it has been almost impossible to persuade business leaders to finance opposition parties or nongovernmental organizations whose work could be construed as political." The system "called a 'managed democracy.' Critics use the term to mean a drift toward authoritarianism under cover of law."

The Washington Times (7/13, Mainville, 88K) adds that opposition figures say "the lead-up to the summit has provided "proof of…authoritarian tendencies." A statement released yesterday by participants in the "Other Russia" conference, a meeting of opposition figures held in Moscow this week, says, "Systematic repression against the Russian opposition has become in fact the prelude to the G-8 summit in St. Petersburg -- that is to say, part of its agenda." Notably, four participants were seized "from the hotel lobby before taking them away in unmarked cars." The Administration "irritated Moscow by sending two senior State Department officials to the conference." Next, "Activists are planning to demonstrate on the streets of St. Petersburg on Saturday as G-8 leaders arrive, but it is not clear how much support they will be able to muster and authorities have yet to grant them permission for the protest."

Investor's Inability To Get Visa Seen As Litmus Of Foreigners' Vulnerability To Corruption. The Washington Post (7/13, D1, Mufson, 748K) reports that Sens. John McCain, Bill Frist, and Charles E. Schumer "have written a letter to President Bush urging him to make" William Browder's "case an issue at the Group of Eight summit in St. Petersburg this week 'to ensure that U.S. investments in Russia are secure.'" Even though "he's been -- and still is -- one of Putin's staunchest defenders," Browder "was turned away at the Moscow airport" without explanation in November, and "he's been unable to get a visa to return to Russia, even though his Hermitage Capital Management Ltd. has $4 billion invested in the country, making it the largest foreign institutional investor there." Browder "says he believes he ran afoul of someone influential because of his outspoken criticism of Russian corporate governance." Now, "Most observers see his visa battle as a measure of how bad. It has become a litmus test of how open Russia's political system is to criticism and how vulnerable foreign investors might be to corruption and capricious events."

More Commentary On Russia. Stephen Sestanovich, former U.S. ambassador at large for the former Soviet Union, senior fellow at the Council on Foreign Relations, and a professor of international diplomacy at Columbia University,

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writes in an op-ed in the Washington Post (7/13, A23, 748K), "No club has an easy time handling members who have gone astray, and the brothers of the G-8 long ago decided, probably without even discussing it, not to make a scene in St. Petersburg about Russia's authoritarian drift." This "stands in sharp contrast, however, to the approach that Russian and American policymakers have recently taken toward membership issues involving other bodies." Russia over gaining membership in the World Trade Organization and "the prospect that at their fall summit NATO leaders might move a step closer to inviting two of Russia's neighbors, Ukraine and Georgia, to join the alliance." Defense Secretary Donald Rumsfeld has made objections to Iran gaining full membership in the Shanghai Cooperation Organization. "The reason these membership issues are so acute, of course, is that unlike the G-8, the organizations actually matter," and therefore "Bush ought to clarify American thinking about them to Putin, even amid the empty pomp of the weekend ahead. First, he should make clear that such disputes cannot be resolved in the G-8 style, by brothers doing each other favors." Second, "outsiders can have no say in what they decide." Still, "one favor Bush can do for his friend Vladimir: Call off the defense secretary."

Patricia Thompson, professor at Lehman College of the City University of New York and daughter of Russian poet Vladimir V. Mayakovsky, writes in a op-ed in USA Today (7/13, 2.27M), "I have long been perplexed by the lack of insight Americans have for Russians' dilemma." It is not "reasonable to expect Russia to morph suddenly into a participatory democracy," as "it takes years of exposure to the notion, and a lot of practice, to be a comfortable citizen of a democratic state with a shared concept of the 'common good.'" Right now President Vladimir Putin "has a comprehensive vision for taking the country forward," so "let's stop asking Russians, and President Putin, to dance to our tune. If we do, both of us can prosper and flourish."

The USA Today (7/13, 2.27M) editorializes, "In May, Vice President Cheney told it like it is" when "he accused the Kremlin of backsliding on reforms and using energy supplies to blackmail and intimidate neighbors that want to be more democratic." Our "staying virtually silent on democracy at the G8 sends Putin a signal that he can continue to press his authoritarian rule. That's particularly troubling because Russia — and China — are attempting to create a new system that undermines real democracy," which "allows a lot of entrepreneurial leeway, fostering economic growth, but it suppresses political freedoms." It was thought that "inviting Russia and China into clubs like the G8 would speed the transition from communism to democratic capitalism," but it just "is making them richer, more assertive — and defiant." With Russia, just as "as Western leaders make tradeoffs essential to restrain radical Islam, they can't forget the long-term goal is to spawn democracies that share our commitment to freedom."

Russia, China, West Unite To Refer Iran To Security Council. The New York Times (7/13, Cooper, 1.21M) adds, "Russia and China, crossing a diplomatic threshold in the effort to curb Tehran's nuclear ambitions, joined the United States and Europe on Wednesday by agreeing to seek a United Nations Security Council resolution ordering Iran to freeze some nuclear activities, or face sanctions." The deal "represented increased anger over Iran's refusal to respond to an offer of economic and energy incentives." The Times notes, "Though punitive sanctions are in no way certain, agreeing to start down a road that could lead to them is a huge step for Moscow and Beijing, commercial partners of Tehran that have long resisted attempts by the United States and Europe to punish Iran at the United Nations."

The Washington Post (7/13, A14, Moore, 748K) reports Ambassador Bolton "said Wednesday that informal discussions about a resolution ordering Iran to suspend its uranium enrichment program were already beginning and that he hoped the Security Council would take action next week." The Post cautions that "tensions among the world leaders could likely resurface during Security Council debates over how much more time to give Iran to respond, as well as over the potential next stage of the debate -- the severity of any measures that could be used to punish Iran if it continues enriching uranium." The Financial Times (7/13, Dombey) adds, "The EU and the US still say the offer to Iran remains open, even though Ali Larijani, Iran's top nuclear negotiator, failed to give even a partial response" to EU foreign policy chief Javier Solana. Secretary Rice is quoted saying, "Negotiation is still the best path and negotiation is still open."

USA Today (7/13, Nichols, 2.27M) reports the foreign ministers of the United States, Britain, China, France, Germany and Russia says they acted with "profound disappointment" because Iran "has failed to take the steps necessary to allow negotiations to begin." The Wall Street Journal (7/13, Champion, Ramstad, Fairclough, 2.03M) says the statement contained "unusually blunt language." If Iran "fails to comply with the Security Council's demand, the foreign ministers agreed to draw up a further resolution imposing sanctions against the country. This second resolution would fall under a legal clause that permits the Council to impose sanctions, but not to use force against Iran."

An earlier 1,200-word piece in the New York Times (7/13, Cooper, Sciolino, 1.21M) reports Secretary Rice "suggested" Wednesday "that she will encourage foreign ministers from Europe, Russia and China to bring Iran back before the United Nations Security Council because of its

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'disappointing" response to an international proposal aimed at resolving a crisis over its nuclear program." The AP (7/13, Gearan) headlines its coverage, "Frustrated World Powers Send Iran To U.N."

Exiled Leader Says Iran Boosting WMD Program, Terror Links Targeting US. The Wall Street Journal (7/13, A1, Solomon, Higgins, 2.03M) reports, "As tensions rise between the US and Iran, Manucher Ghorbanifar has been fanning the flames. Twenty years after gaining brief notoriety during the Iran-Contra scandal, the France-based Iranian exile has once again found an audience in Washington for insights into his native country -- to the dismay of some US officials who dealt with him in the past." The CIA "blacklisted Mr. Ghorbanifar in 1984 for providing allegedly bogus information on threats against President Reagan. It soured on him further after the exiled Iranian businessman helped set up an arms-for-hostage deal with Iran that in 1986 rocked the Reagan administration and embarrassed the CIA." Since 9/11, however, Ghorbanifar has "met envoys from the Pentagon in Rome with the blessing of the White House, and shared his views with Republican and Democratic congressmen who traveled to France to meet him and his longtime confidant, Fereidoun Mahdavi, a former Iranian minister, according to American intelligence and congressional officials. His message: Iran's weapons programs and terrorism connections are expanding, and Tehran is directly targeting the US."

More Commentary On Iran. Robert Kagan, a senior associate at the Carnegie Endowment for International Peace and transatlantic fellow at the German Marshall Fund, writes in the Washington Post (7/13, A23, Kagan, 748K), "Let's imagine, and this is purely hypothetical, that President Bush has already decided that he will not leave office in January 2009 without a satisfactory resolution of the Iranian nuclear problem. … What would he be doing right now? The answer is that he might be doing exactly what he is doing." He "might be engaging in a prodigious and extended diplomatic effort to bring together the international community and, failing that, America's leading democratic allies in a unified effort to convince the Iranians that they should voluntarily give up their pursuit of nuclear weapons. And he would have learned from his Iraq experience that, to be successful in the present, profoundly unserious international environment, a diplomatic effort requires two things: evident sincerity and almost infinite patience." Kagan adds that "if and" when diplomacy "failed, he would be able to choose the military course, and no fair person could accuse him of not having tried to bring the world along to do what had to be done. At least he would know in his own mind that he had sincerely given diplomacy a chance. And when he ordered the strike on Iran, he would know that, whatever else could be said about him, he would not go down in history as the man who let the mullahs have the bomb."

Israeli Troops Sweep Into Lebanon As White House Blames Iran, Syria For Instability. NBC Nightly News (7/12, lead story, 2:55, Williams, 9.87M) reported, "Two Israeli soldiers were snatched by forces connected with Hezbollah." Israel "responded by hitting targets in southern Lebanon with planes, tanks and gun ships. So now, there is fighting on two fronts -- Gaza on one end and Lebanon on the other." ABC World News Tonight (7/12, lead story, 2:40, Snow, 8.78M) said "the Middle East is approaching a state of war tonight. … Israeli forces swept into Lebanon. Eight Israeli soldiers were killed. The White House is demanding the immediate and unconditional release of those Israeli soldiers. The Bush Administration is also blaming Iran and Syria." CNN's The Situation Room (7/12, Henry) reported "the White House released a blistering statement putting the blame squarely on Iran and Syria for the escalating violence in the Mideast." CNN's The Situation Room (7/12, Blitzer) noted "the White House says it's holding Syria and Iran responsible because they support Hezbollah."

The Washington Times (7/13, Kralev, 88K) reports Israel "said it held the government in Beirut equally responsible with the Hezbollah militants for the kidnapping of two Israeli soldiers. But Washington withheld criticism of the government while placing the blame squarely on Hezbollah and its backers in Iran and Syria."

The CBS Evening News (7/12, lead story, 3:15, Schieffer, 7.66M) reported, "There is no good news from the Middle East tonight." CBS (Logan) added "the Israeli army has told CBS News that their operations inside Lebanon are still ongoing because they're still trying to retrieve the bodies of four Israeli soldiers who were killed there. And Israel's political leaders have told their people to prepare themselves for difficult days ahead. For the first time in six years, Israeli troops were fighting on Lebanese soil in major combat operations, on the hunt for two Israeli soldiers captured in the surprise attack by Hezbollah guerrillas that begin early Wednesday."

ABC World News Tonight (7/12, story 2, 2:50, Snow, 8.78M) noted "the Israeli army's chief of staff said Israel will intensify the assault if the soldiers aren't returned safely. He threatened to turn the back the clock in the capital of Beirut tonight."

On its front page, the Washington Post (7/13, A1, Shadid, Wilson, 748K) reports "Israeli tanks and troops moved toward the Lebanese border throughout the day. In Lebanon and elsewhere, the attack emboldened Hezbollah's supporters, who greeted the news by handing out sweets and setting off fireworks." Israeli Prime Minister Ehud Olmert predicted a "painful and far-reaching response," and said the "murderous attack this morning was not a terrorist act, it was an act of war." The Financial Times (7/13, Wallis, Biedermann) says Israel "was preparing on Wednesday for

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escalating military confrontation on two fronts" as it "simultaneously broadened its military offensive in the Gaza strip." Secretary Rice "said Hizbollah actions undermined regional stability and called on Syria to press for a positive outcome."

A Financial Times (7/13, Khalaf) analysis piece called Hezbollah's Lebanon border action "one of their boldest attacks," and says its "timing and scale of its attack suggest it was partly intended to reduce the pressure on the Palestinians by forcing Israel to fight on two fronts simultaneously." The Wall Street Journal (7/13, Leggett, 2.03M) reports the Israeli offensive "escalat[es] regional fighting and underscore[s] the growing ability of Islamic extremists to provoke a broader security crisis."

The New York Times (7/13, Myre, Erlanger, 1.21M), meanwhile, says "even though Israel has overwhelming military superiority in both southern Lebanon and Gaza, the new fighting signaled the emergence of a conflict that has blown past the limits of local confrontation into a regional crisis. Some analysts suggested that the similarity between the Hezbollah raid and the one in Gaza by fighters with the Islamic faction Hamas and its allies, both intended to gain leverage through captured Israeli soldiers, pointed to increasingly closer relations between the groups." The Los Angeles Times (7/13, King, Bekker, 918K), AP (7/13, Nessman), USA Today (7/13, 2.27M), Washington Times (7/13, Prothero, 88K) and Christian Science Monitor (7/13, Halpern, Blanford, 58K) run similar reports.

The Washington Post (7/13, A19, Wright, 748K) reports, "The Bush administration suddenly faces three rapidly expanding crises in the Middle East, but it has limited options to defuse tensions in any of them anytime soon, US officials and Middle East experts say. … A common thread in the three crises is Iran -- for its support of the two Islamist groups, its alleged funding and arming of Iraqi militias and extremist groups, and its refusal to give a final response to the Western package of incentives designed to prevent it from converting a peaceful energy program into one to develop nuclear weapons."

In an analysis piece, the New York Times (7/13, Erlanger, 1.21M) says "the expansion of the Gaza crisis into southern Lebanon, confronting Israel with a conflict on its northern and southern borders, has demonstrated that the central issue at stake is regional, not local." For Israel "the issue is not simply the Palestinians and their actions, including the rocket fire into Israel. It is the broader problem of radical Islam -- of Hamas, as a part of the regional Muslim Brotherhood, and of Iran, a serious regional power with considerable influence on Syria, Hezbollah, Islamic Jihad and the military wing of Hamas."

The CBS Evening News (7/12, story 2, 1:10, Simon, 7.66M) reported last night Hamas and Hezbollah "are separate organizations entirely. Hamas is from Gaza. It's Palestinian. Hezbollah is from Lebanon. It is Lebanese. In fact, Hezbollah is a Shiite organization and Hamas is a Sunni organization and we know how different that is from Iraq. But they are very similar with their aims. They are both radical Islamic organizations dedicated to the elimination of Israel from the map." Schieffer: "It's very different, isn't it, than other conflicts in that in this war they seem to be going back to the same battlefields over and over. … Over and over -- when you think about it, there's no such thing as a withdrawal in this part of the world, Bob. When we fought in Vietnam, when the Vietnam War was over, we left and that was the end of it. Here, the Israelis pulled out of Gaza a year ago, they pulled out of Lebanon six years ago after an 18-year involvement, and here they are being dragged back into old battlefields. Nothing has changed -- same enemies, same battlefields; same war."

Hamas Leader Wounded. The Washington Times/AP (7/13, Wagner) reports, "A Hamas militant leader who has topped Israel's most-wanted list for a decade was badly wounded and underwent four hours of spinal surgery yesterday after an Israeli F-16 warplane dropped a quarter-ton bomb that killed nine members of one family, security officials said." The "top fugitive," Mohammed Deif, "could end up paralyzed, Palestinian security officials said on the condition of anonymity because they were not authorized to discuss his condition. Yesterday's blast marked the army's fourth attempt to kill Mr. Deif, held responsible for suicide bombings in Israel. In a 2002 missile strike, he lost an eye." The New York Times (7/13, Erlanger, 1.21M) says the bombing "killed 9 members of the Salmiyeh family, a father, mother and 7 of the couple's 10 children, ages 7 to 18, who were on the upper floors of the house." It was "another example of Israeli disregard for Palestinian life, in the views of neighbors and onlookers. From Israel's point of view, the meeting was a perfectly justified target and another example of Hamas's irresponsibility in putting civilian lives at risk."

NYTimes Urges Israel To Act "Wisely And Proportionately." The New York Times (7/13, 1.21M) editorializes that "even when acting justifiably in the face of aggression, Israel best serves its long-term security interests by acting wisely and proportionately. Its guiding principle must always be to focus military actions as narrowly as possible on those individuals, organizations and governments directly complicit in the attacks, while sparing the civilian populations that surround them." The Times ads Israel "needs to make careful distinctions between Hezbollah guerrillas and Lebanese civilians; calling the rockets an 'act of war' by Lebanon's government was not a good idea." Israel "should not back off its efforts to secure the release of its kidnapped soldier. But it needs to refocus its Gaza operations on that very specific goal."

Christian Group To Call For Greater US Support For Israel. The Washington Times (7/13, Duin, 88K) reports,

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"More than 3,000 pro-Israel evangelical Christians will be in town next week for a 'Washington/Israel summit' to push the Bush administration toward stronger support for the Jewish state." Starting with "a banquet July 18 at the Hilton Washington and visits to Capitol Hill the next morning, the inaugural gathering of Christians United for Israel (CUFI) will showcase a deeper cooperation between evangelical Christians and Jews in the face of Iranian President Mahmoud Ahmadinejad's suggestion in October, often reiterated since, that Israel 'be wiped off the map.'" The Times adds, "Organizers say Israeli Ambassador Daniel Ayalon, retired Israeli defense chief Lt. Gen. Moshe Yaalon and Republican National Committee Chairman Ken Mehlman -- all of whom are Jewish -- will be at the dinner. Several members of Congress also are scheduled to attend, including Republican Sens. Sam Brownback of Kansas and Rick Santorum of Pennsylvania, both Catholics. Leading evangelicals that have confirmed their invitations include the Rev. Jerry Falwell and Gary Bauer."

China, Russia Introduce UN Resolution That Wouldn't Impose Sanctions On North Korea. The New York Times (7/13, Hoge, Kahn, 1.21M) reports Beijing and Moscow "introduced a draft resolution on North Korea in the Security Council on Wednesday and asked the Council's members to consider it in place of a Japanese-sponsored resolution, to which they both have objected, that would have allowed for military enforcement and sanctions. In offering the new measure, Wang Guangya, the Chinese ambassador, said he had instructions from his government to veto the Japanese resolution if it were put to a vote." The Times notes the Chinese-Russian draft "significantly" does not invoke Chapter VII of the United Nations Charter. Ambassador Bolton "said the United States still backed the Japanese resolution but welcomed the new measure because it was in the form of a resolution rather than a nonbinding presidential statement that the Chinese and Russians had earlier insisted was sufficient. He said it 'puts us on an apples-to-apples and oranges-to-oranges basis and now we can talk about a resolution, which is the appropriate measure through which the Security Council should act.'"

The Washington Post (7/13, A20, Lynch, 748K) adds Russia and China authored a draft resolution "that 'strongly deplores' North Korea's July 4 missile tests. But it endorses only voluntary measures aimed at restraining Pyongyang's ballistic missile and nuclear weapons programs. The move threatens to head off a US-backed effort to impose mandatory sanctions on North Korea, and places the United States, Japan and their European allies in the difficult position of having to offer concessions to secure Beijing's and Moscow's support or face a certain veto of their tougher sanctions resolution."

The AP (7/13, Lederer) reports, "Japan's UN Ambassador Kenzo Oshima called the Chinese-Russian draft a move in the right direction'" and Bolton said "we view this as a significant step and think it's important." But "both envoys made clear it had serious deficiencies. 'A quick glance shows that there are very serious gaps on very important issues,' Oshima said of the Chinese-Russian draft."

Rumsfeld Says North Korea Has Up To Five Additional Long-Range Missiles. The Washington Times (7/13, Gertz, 88K) reports, "Defense Secretary Donald H. Rumsfeld has disclosed that North Korea has produced up to five additional long-range missiles, but that none appears ready for launch. 'We do believe and they're assessed to have something like three or four or five additional Taepodong-2 airframes somewhere in their country,' Mr. Rumsfeld said in an interview Saturday with radio talk-show host Monica Crowley." However, "the defense secretary said that 'there are no Taepodong-2s on launching pads at the present time.'"

WSJournal Says Crisis Could Lead To Militarily Assertive, Nuclear-Armed Japan. The Wall Street Journal (7/13, 2.03M) editorializes, "No one knows how long it would take Japan to go nuclear, though estimates are days or weeks. But for 60 years Japan has refrained from becoming a nuclear power and remained militarily quiescent. That particular sun may be rising again, however, thanks to the support by China and South Korea for the military threats of North Korean dictator Kim Jong Il." North Korea's "provocations have introduced a threatening new instability" in the region. Tokyo "has wisely understood the benefits of staying under the American nuclear umbrella, but once domestic political and nationalist impulses start to stir, they can be hard to contain. … If North Korea continues to defy the world and the world continues to do nothing, a more militarily assertive, and probably nuclear-armed, Japan is inevitable."

Kashmiri Terror Group Suspected In Mumbai Bombings. ABC World News Tonight (7/12, story 5, 0:10, Snow, 8.78M) reported, "The trains are on running again in the city of Mumbai after a devastating bombing yesterday. An Indian official tells ABC News a radical Islamic group with links to al Qaeda was behind that move. At least 200 people died. More than 700 injured." The CBS Evening News (7/12, story 3, 0:20, Schieffer, 7.66M) reported 'investigators are going through the shattered rail cars searching for evidence that might lead to the terrorists who did it."

Meanwhile, the Financial Times (7/13, Johnson, Bokhari) reports the bombings "bore the hallmarks of Pakistan-based Kashmiri militant groups, Indian police said on Wednesday. A senior police official said investigators had some leads and were looking into a possible link with

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Lashkar-e-Toiba, one of two prominent Kashmiri groups that on Wednesday denied any role."

The Washington Post (7/13, A14, Naqvi, 748K) also says police "said they were investigating whether the radical Pakistan-based Islamic group Lashkar-e-Taiba, blamed for other terrorist bombings in India, played a role in the attacks. But officials said that they had nothing conclusive." The group "has been banned by the Pakistani government, but many analysts say it continues to operate under different names." USA Today (7/13, For, 2.27M) reiterates "a spokesman for Lashkar, Abdullah Ghaznavi, denied the group was involved. He said in a statement that 'Indian security forces blame Lashkar in an attempt to defame (the) Kashmir freedom struggle.'"

NBC Nightly News (7/12, story 3, 2:30, Fratangelo, 9.87M) said the attack "sent shockwaves to the United States, where security has been stepped up on trains and subways in many cities. Every day, 32 million people take mass transit and the threat of terrorism has riders balancing fear with necessity. On the country's largest system in New York, extra officers are patrolling and conducting more random bag checks. Those searches began last summer after the London subway bombings. Since then, cities are using other measures like this surveillance system in Los Angeles, in Washington today, an evacuation drill."

Bombers Appear To Have Targeted White-Collar Passengers. Under the headline "Bombs Aimed At India's Well-Off," the New York Times (7/13, Sengupta, 1.21M) reports, "As India's magnet city quietly arose Wednesday on the morning after a series of eight bombings along its suburban commuter train line, a closer portrait of a carefully calibrated crime emerged. The bombers, it turned out, systematically chose first-class men's compartments, poking a poisoned finger in the eye of the city's white-collar establishment."

In Wake Of Attacks, "Growing Maturity" Seen As India-Pakistan Ties. The Financial Times (7/13, Johnson, Bokhari) reports, "In a sign of the growing maturity of political relations between New Delhi and Islamabad, the worst terrorist atrocity in India since 1993 seemed unlikely to precipitate a sharp reversal of the three-year-old peace process, analysts said. In 2001, India and Pakistan almost went to war over an attack on the Indian parliament by Lashkar militants."

The Christian Science Monitor (7/13, Baldauf, Chopra, 58K) notes the attacks "come at a time of increasingly warm relations between India and Pakistan, two rival nuclear states that have fought four wars in their 57-year history. Peace talks between India and Pakistan, begun in 2004, were due to resume this month, and security analysts now speculate that these blasts were intended to disrupt talks, or to punish India for its deepening US alliance."

More Commentary. Swapan Dasgupta, a Delhi-based political commentator and former managing editor of India Today, writes in the Wall Street Journal (7/13, 2.03M), "The suggestion that Islamist terrorism has developed strong roots within India is one that the government in New Delhi does not relish." India "has often boasted that its vibrant democracy ensured that there was no Indian to be found in al Qaeda. Nominally, the claim is incontrovertible, but Islamist terrorism is not manifested through the direct control of bin Laden alone. The LeT, HuJI and SIMI are carbon copies of al Qaeda. They all have Indian Muslim adherents, including educated professionals, many of whom have received arms training in Pakistan and Bangladesh." Indian "politicians frequently blame a 'foreign hand' for terrorism. The assertion is not untrue." But "after Tuesday's savagery, they would also do well to look at a burgeoning homegrown menace. The Mumbai blasts may symbolize the coming of age of Islamism in India."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Israel Strikes Lebanon After Militants Capture 2 Soldiers."
"Rampart's Redemption Rooted In Complex Forces."
"USC Center Is Latest With Transplant Woes."
"Illusions On Sale In Shanghai."
"The Nation Of Hezbollah."
"Home-Price Leader Sees Slight Drop."
"Rape Case Is Latest Sports Scandal In Fresno."

USA Today:
"Police Tie Jump In Crime To Juveniles."
"Immigrant Groups' Aim: Turn Marchers To Voters."
"Smoking Bans May Have No Borders."
"Army Reshapes Training To Spare Enlistees The Boot."

New York Times:
"Clashes Spread To Lebanon As Hezbollah Raids Israel."
"Administration Prods Congress To Curb The Rights Of Detainees."
"Schoolbooks Are Given F's In Originality."
"Wide Flaws Found In Boston Tunnel After Death."
"2 Holdouts Willing To Threaten Tehran."
"Paralyzed Man Uses Thoughts To Move A Cursor."
"Out Of College, But Now Living In Urban Dorms."

Washington Post:
"Hezbollah Raid Opens 2nd Front For Israel."
"Robberies On Mall A Trend, Chief Says."
"One Big Honking Goodbye To Bridge."
"FDA Clears Once-A-Day AIDS Drug."

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"Putin Will Host G-8 In A Russia Under Ever Tighter Control."
"Beyond The Poll Numbers, Voter Doubts About Clinton."

Washington Times:
"Hezbollah Abducts Two Israeli Soldiers."
"Senate Bill Seeks More Pay For Aliens."
"D.C. Cops To Study Trends In Crime."
"Deficit Figure Jump-Starts Tax-Cut Debate."
"Idyllic French Area Seeks Haven By Becoming A Park."
"Christian Group To Advocate More Support For Israel."

Detroit Free Press:
"Industry Abuzz As Auto Minds Meet."
"Michigan Combs For Bird Flu."
"It's About Charisma, Bonding."
"Chip In Brain Lets Paralyzed Man Move."

Atlanta Journal-Constitution:
"Enraged Israelis Hit Back."
"A Break From The Mud."
"Schrenko Gets 8 Years, Big Fine."
"Terrorists Eyeing Georgia's Outback?"
"One-A-Day Pill For AIDS Expected To Help Millions."

Houston Chronicle:
"Sugar Land Suspects Caught Near Canada."
"Israel Enters Lebanon After Hezbollah Attack."
"Ken Lay Praised And Defended By Family And Friends."
"FDA Approves A 1-A-Day AIDS Pill."
"Another Enron Case Takes An Odd Twist."

Story Lineup From Last Night's Network News:
ABC: Israel-Lebanon Offensive; Mideast Violence Escalation; Bush-Multiple Crises; Rumsfeld-Iraq; India-Train Bombings; Western Wildfires; AIDS Treatment Pill; DHS Terror Target List; Drug Research-Oceans; World Cup Controversy.
CBS: Israel-Lebanon Offensive; Hezbollah, Hamas-Analysis; India-Train Bombings; Iraq Violence; Rumsfeld-Iraq; US Soldiers-PTSD; Gas Prices; Massachusetts-Gay Marriage; Western Wildfires; Global Warming-Wine Industry; World Cup Controversy; Potential Penny Phase-Out.
NBC: Israel-Lebanon Offensive; Gaza-Israeli Lockdown; India Bombings-US Reaction; Bush-G-8 Summit; Western Wildfires; New York-Tornado; Breast Cancer Drug; AIDS Treatment Pill; Novak-CIA Leak Case; Stock Markets; Space Shuttle Launch Video; DHS Alert System; DHS Terror Target List.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Israel-Lebanon Offensive; India-Train Bombing Investigation; Phoenix-Serial Killer; DC-Crime Wave; CA-Wildfire.
CBS: Israel-Lebanon Offensive; North Korea Missile Crisis; CA-Wildfire; NY-Tornado; FDA-AIDS Pill.
NPR: Israel-Lebanon Offensive; UN Security Council-Iran Nuclear Program; India-Train Bombing Investigation; Wall Street; Army-Halliburton Contract; Spain-Iberia Strike Averted.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Arrival ceremony. Stralsund Mqrket Square.

Guest book signing. Town Hall, Stralsund Market Square.

Meeting with German chancellor Angela Merkel. Mayor's office, Stralsund Mqrket Square.

Press availability with chancellor of Germany. Eight Mann Kammer Room, Straslund Stralsund Market Square.

Visit St. Nikolia Church. Stralsund Market Square.

Air Force One departs Stralsund Germany, en route Heiligendamm, Germany.

Depart Heiligendamm, Germany en route Trinwillershagen, Germany.

Dinner. Zu Den Linden, Trinwillershagen, Germany.

Arrive back in Heiligendamm, Germany for overnight.

VICE PRESIDENT CHENEY — Unavailable

US Senate: BUDGET _ Full Committee. Vote on pending nominations. Location: Location TBA off the Senate floor.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Clean Air, Climate Change and Nuclear Safety Subcommittee. Hearing on proposed changes in EPA's particulate air quality standards. Location: Room 406, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the status of Iraq. Amb. Zalmay Khalilzad. Location: Room 216, Hart.

9:30 a.m. JUDICIARY _ Full committee. Mark-up on pending legislation and votes on pending nominations. Location: Room 226, Dirksen

10 a.m. ARMED SERVICES _ Full Committee. Hearing on the Hamdan v. Runsfeld Supreme Court case. Maj. Gen. Scott C. Black, Judge Advocate General of the Army; Rear Adm. James E. McPherson, Judge Advocate General of the Navy; Maj. Gen. Jack L. Rives, Judge Advocate General of the Air Force; Brig, Gen. Kevin M. Sandkulher, Staff Judge Advocate to the Commandant of the Marine Corps; retired Maj. Gen. Thomas J. Romig, former Judge Advocate General of the Army; retired Rear Adm. John D. Hutson, former Judge Advocate General of the Navy. Location: Room 216, Hart.

10 a.m. ENERGY AND NAUTRAL RESOURCES _ Full committee. Hearing on pending legislation, HR-5254, Refinery permit Process Schedule Act. Bob Meyers,

DOJ_NMG_0040303

associate assistant administrator for air and radiation, EPA; Glenn McGinnis, CEO, Arizona Clean Fuels; Bob Slaughter, president, National Petrochemical and Refineries Association; and William Becker, executive director, State and Territorial Air Pollution Program Administrators. Location: Room 366, Dirksen

10 a.m. FINANCE _ Full Committee. Hearing on pending nominations. Location: Room 215, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on Medicaid retiree benefits. Richard Wagoner, Chairman and CEO of General Motors; Arizona Gov. Janet Napolitano; Acting CBO Director Donald Marron. Location: Room 106, Dirksen.

10 a.m. VETERANS AFFAIRS _ Full committee. Hearing on challenges facing the U.S. Court of Appeals for Veterans' claims. Chief Judge of the U.S. Circuit Court of Appeals for Veterans Claims William Greene, Jr.; James Terry, Board of Veterans' Appeals; Joseph Violante, Disabled American Veterans. Location: Room 418, Russell

2 p.m. APPROPRIATIONS _ Full Committee. Mark-up of legislation, HR 5672 - Commerce and Justice appropriations bill; and the D.C. appropriations bill. Location: Room 106, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on unmanned aerial systems in Alaska. NOAA Administrator Conrad Lautenbacher; Alaska Homeland Security Director John Madden; Nicholas Sabatini, FAA; Rear Adm. Wayne Justice, Assistant Coast Guard Commandant. Location: Room 562, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on pending nominations. Location: Room 342, Dirksen.

2:30 p.m. JUDICIARY _ Constitution, Civil Rights and Property Rights Subcommittee. Hearing on temporary renewal of the Voting Rights Act and Texas congressional redistricting. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Meeting on pending business. Location: Room 219, Hart.

US House: 10 a.m. FLOOR SCHEDULE _ Meets for legislative business. Highlights: H.R. 9 - Fannie Lou Hamer, Risa Parks and Coretta Scott King VCotring Rights Act Reauthorization bill.

9 a.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on global trouble areas. Location: Room H-405, Capitol.

9:30 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on on foreign influences on security clearance investigations. Robert Andrews, deputy undersecretary of Defense; Robert Rogalski, special assistant to the undersecretary of Defense; J. William Leonard, National Archives and Records Administration; Mark S. Zaid, Krieger and Zaid; Doug Wagoner, Information Technology Association of America; Walter S. Nagurny, EDS U.S. Government Solutions. Location: Room 2154, Rayburn.

10 a.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing on GAO report on ways to improve the Chesapeake Bay Program. Ben Grumbles, EPA; Anu Mittal, GAO. Location: Room B-308, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on innovative solutions to medical liability. Location: Room 2123, Rayburn.

10 a.m. HOMELAND SECURITY _ Management, Integration and Oversight Subcommittee. Hearing on lessons learned about fraud detection, prevention and control regarding federal 9/11 assistance to New York. SBA Inspector General Eric Thorson; Ruth Ritzema, HUD; Douglas Small, deputy assistant secretary of Labor; Leroy Frazer, Office of the District Attorney, New York County; John Bacheller, Empire State Development Corp.; John Wang, Asian American Business Development Center; Bettina Damiani, Good Jobs New York. Location: Room 311, Cannon.

10 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on the sale of F-16 aircraft and weapons systems to Pakistan. Assistant Secretary of State John Hillen. Location: Room 2172, Rayburn.

10 a.m. RESOURCES _ Energy and Minerals Subcommittee. Hearing on ``Opportunities for Good Samaritan Cleanup of Hard Rock Abandoned Mine Lands." Brent Fewell, deputy assistant administrator for water, EPA; Joseph Pizarchik, Pennsylvania Department of Environmental Protection; Joan Card, Western Governors' Association; Tim Brown, Center of the American West, University of Colorado; Hal Quinn, National Mining Association; Laura Skaer, Northwest Mining Association; Velma M. Smith, National Environmental Trust. Location: Room 1324, Longworth

10 a.m. SMALL BUSINESS _ Regulatory Reform and Oversight Subcommittee. Hearing on administration actions to reduce regulatory burdens on America's small manufacturers. Location: Room 2360, Rayburn.

10 a.m. WAYS AND MEANS _ Health Subcommittee. Hearing on price transparency in the health care sector. Location: Room 1100, Longworth.

10:30 a.m. VETERAN'S AFFAIRS _ Full committee. Mark-up of pending legislation. Location: Room 334, Cannon.

10:30 a.m. WAYS AND MEANS _ Select Revenue Measures Subcommittee. Hearing on issues relating to the patenting of tax advice. Location: Room B-318, Rayburn

1 p.m. WAYS AND MEANS _ Health Subcommittee. Hearing on Medicare reimbursement of physician-administered drugs. Location: Room 1100, Longworth

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2 p.m. HOMELAND SECURITY _ Management, Integration and Oversight Subcommittee. Hearing on lessons learned in fraud detection, prevention and control from federal 9/11 aid to New York. Bernard Cohen, Federal Transit Administration; Todd J. Zinser, acting inspector general, Department of Transportation; Ron Calvosa, Lower Manhattan Construction Command Center; Thomas McCormack, Business Integrity Commission, New York; Michael Nestor, Port Authority of New York and New Jersey. Location: Room 311, Cannon.

2 p.m. INTERNATIONAL RELATIONS _ International Terrorism and Nonproliferation Subcommittee. Hearing on whether Venezuela is the terrorism hub of South America. Frank Urbancic, Jr., State Department; Charles Shapiro, principal deputy assistant Secretary of State. Location: Room 2172, Rayburn.

2 p.m. RESOURCES _ National Parks Subcommittee. Hearing on pending legislation. HR 383, Ice Age Floods National Geologic Trail Designation Act of 2005; HR 4581, A bill to amend the National Trails System Act relating to the statute of limitations that applies to certain claims; HR 5132, River Raisin National Battlefield Study Act. Location: Room 1324, Longworth

Other: 9 a.m. - 1:30 p.m. G-8-FOREIGN POLICY _ The American Enterprise Institute holds a forum to assess the current state of U.S. foreign policy and look at challenges in the year ahead. Location: 12th floor, AEI, 1150 17th St. NW.

11:30 a.m. - 6 p.m. HIV-AIDS _ The Center for Strategic and International Studies HIV/AIDS Task Force holds a conference on sustaining U.S. global leadership on HIV/AIDS Location: Room G-50, Dirksen.

8:30 a.m. - 12 p.m. INTELLIGENCE-HUMAN RIGHTS _ The Center for International Policy hosts a discussion, ``The National Security State Part II: Intelligence Gathering and Its Challenges for Human Rights." With Admiral Stansfield Turner, former director, CIA; David Cole, professor, Georetown Law Center; Elisa Massimino, Human Rights First; and Dr. Melvin Goodman, director, National Security Program at the Center for International Policy. Location: 1779 Massachusetts Ave. NW.

9 a.m. AFRICAN AMERICANS-CANCER _ The American Institute for Cancer Research holds a news conference to present new data suggesting that high colon cancer rates observed among African-Americans have a biological underpinning related to diet. It will also review the socio-economic and cultural factors responsible for higher rates of cancer among African-Americans. The data suggest that diets high in meat encourage ``bad" bacteria linked to colon cancer. Location: Executive Room, Omni-Shoreham Hotel, 2500 Calvert St. NW.

9 a.m. DISASTER RELIEF-BUSINESS _ The U.S. Chamber of Commerce hosts a breakfast address by Senator David Vitter, R-La., on the role of the business community in national disaster relief. With Maureen Donahue, former chairwoman, U.S. Chamber of Commerce and president, Donahue-Favret Construction of Louisiana. Location: 1615 H St. NW.

9:30 a.m. NUCLEAR WEAPONS-ELECTRICITY _ News conference to discuss the completion of a successful non-proliferation program to convert weapons-grade highly enriched uranium into low-enriched uranium fuel used by commercial nuclear power plants. With John Welch, President, USEC Inc.; John Fees, President, BWX Technologies; Linton Brooks, Administrator, National Nuclear Security Administration; and others. Location: National Press Club, 14th and F Sts. NW

10 a.m. CHILDREN-ABORTION _ The Susan B. Anthony List holds a news conference with Reps. Ileana Ros-Lehtinen, Melissa Hart, Virginia Foxx, Jo Ann Davis, Marsha Blackburn, Candice Miller, Cathy McMorris, Jean Schmidt, to discuss the Child Custody Protection Act to prohibit transporation of minors across state lines to avoid state abortion laws. Location: Cannon Terrace.

10 a.m. WORLD BANK-EDUCATION _ The World Bank releases an evaluation report of World Bank assistance on education: ``From Schooling Access to Learning Outcomes: An Unfinished Agenda." With Vinod Thomas, director-general, Independent Evaluation Group, World Bank; and Dean Nielsen, lead report author. Location: National Press Club, 14th and F Sts. NW

10:30 a.m. - 12 p.m. UNITED NATIONS-REFORM _ Public discussion on United Nations reform, management and accountability. With Paul Volcker, chairman, Independent Inquiry Committee into the U.N. Oil for Food Programme, former chairman of the Federal Reserve; Roderick Hills, member, Task Force of the United Nations, former chairman of the SEC; Donald Hays, United States Institute for Peace (U.S.I.P), former U.S. ambassador for UN Reform; and Gary Matthews, U.S.I.P. Location: 2nd floor conference room, 1200 17th St. NW.

10:45 a.m. PELOSI _ House Democratic leader Rep. Nancy Pelosi holds her weekly news conference. Location: Room H-206, Capitol.

11 a.m. BANKRUPTCY _ The National Association of Consumer Bankruptcy Attorneys holds a news teleconference to announce a step they are taking to widen the availability of consumer bankruptcy to those who need it and announce their opposition to a federal bankruptcy fee hike. With Ike Shulman, attorney; Carey Ebert, attorney; and others.

11 a.m. CHILDREN'S REPORT _ The National Institute of Child Health and Human Development holds an embargoed telephone briefing on the upcoming annual America's Children report, compiled by the Federal Interagency Forum on Child and Family Statistics.

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11 a.m. CHINA-STEEL _ There will be a teleconference on a new study on what is described as the artificial advantages fueling the unprecedented 170 percent growth rate of the Chinese steel industry from 2000 to 2005. The report, ``The China Syndrome: How Subsidies and Government Intervention Created the Worlds Largest Steel Industry," details the effect on the U.S. economy of subsidies in the form of tax refunds, cash grants, preferential loans, currency manipulation, discounted interest rates and other preferential Chinese policies on the competitiveness of the international steel market.

11 a.m. IRAQ-TROOPS _ Members of the ``Out of Iraq" Congressional Caucus hold a news conference to join the national ``Troops Home Fast" hunger strike. Location: Cannon Terrace.

11 a.m. SCOTUS TERM _ The Heritage Foundation holds a review of the 2005-06 Supreme Court term, with Principal Deputy Solicitor General Gregory Garre, others. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

12:30 p.m. HISPANICS-IMMIGRATION _ The Pew Hispanic Center holds a telephone briefing to release a survey on Latino views on the ongoing immigration policy debate.

Contacts: Angela Luben, 202-419-3606

12:30 p.m. SURGEON GENERAL _ Surgeon General Richard Carmona delivers remarks on priorities for health. Location: National Press Club, 14th and F Sts. NW

1 p.m. EPA _ Civil rights and whistleblower groups gather at the EPA in an attempt to meet with EPA Administrator Steve Johnson to discuss civil but human rights violations they say are occurring under his leadership. Sponsors say EPA swiftly retaliated against Dr. Marsha Coleman-Adebayo, the subject of the Washington Post article. Location: EPA headquarters.

1 p.m. WHISTLEBLOWERS-EPA _ Civil Rights and Whistleblower groups meet to attempt to meet with EPA Administrator Steve Johnson to discuss civil and human rights problems at the agency. Location: Administrator's Office, EPA, Rios Building North.

1:30 p.m. GOP-DEMOCRATIC VIDEO _ Members of the House Republican Conference hold a press conference to discuss what they says a ``despicable fundraising video" sent out by the Democratic Congressional Campaign Committee and its chairman, Rep. Rahm Emanuel. Location: Lobby of RNC, 320 First St. SE.

1:45 p.m. PENTAGON-AFGHAN SECURITY _ Army Maj. Gen. Robert Durbin, commander of Combined Security Transition Command-Afghanistan, will brief the news media to provide an update on ongoing training and equipping of Afghan security forces. Location: DOD Briefing Studio, Pentagon 2E579.

2 p.m. BOLIVIA _ George Washington University holds a discussion with the five of the nine inaugural directly-elected governors in Bolivia's history. Location: Room 602, 1957 E St. NW.

2 p.m. HUMAN RIGHTS _ The Congressional Human Rights Caucus and the Russia Working Group hold a briging on human rights and democracy in Russia. Location: Room TBA.

2 p.m. - 3:30 p.m. RUSSIAN-HUMAN RIGHTS _ The Congressional Human Rights Caucus holds a briefing on the status of human rights and democracy in Russia. Location: Room 2247, Rayburn House Office Building.

2 p.m. - 7 p.m. EMERGENCY COMMUNICATIONS-TECHNOLOGY FAIR _ The Congressional E9-1-1 Caucus, the Congressional Internet Caucus, the Internet Caucus Advisory Committee and the E9-1-1 Institute co-host a technology fair on emergency communications technology. Location: Foyer, Rayburn HOB.

3 p.m. COMMUNICATIONS-TERRORISM _ The Congressional Muslim Staffers Association holds a vbriefing with author Douglas Streusand of the Marine Corps University on contradictions in thetoric and policy in the war on terror. Location: Room HC-9, Capitol.

5 p.m. HURRICANE-AID _ The Central America and Mexico Hurricane Relief Fund announces $3.8 million in frants to four non-governmental agencies to help in hurricane relief efforts, following the close of the U.S. Chamber Business Civic Leadership Center's Disaster Assistance Working Conference. Location: 1615 H St. NW.

6:30 p.m. - 8:30 p.m. U.S.-INDIA NUCLEAR PACT _ The World Affairs Council hosts a talk on the U.S.-India nuclear deal and U.S. foreign policy. With George Perkovich, Vice President for Studies and Director for Non-Proliferation, Carnegie Endowment. Location: CSIS, B1 Conference Center, 1800 K St, NW, Washington, DC

7 p.m. - 9 p.m. TRADE AWARDS _ The Washington International Trade Association and the Washington International Trade Foundation hold an awards dinner for Rep. Charles Rangel, D-NY, and Rep. Jim Kolber, R-Ariz., for their leadership in advancing free trade. Location: Ronald Reagan Building and International Trade Center, 1300 Pennsylvania Ave., NW.

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found on the Web at BulletinNews.com, or called at (703) 749-0040.

DOJ_NMG_0040307

Gorsuch, Neil M

From:	Gorsuch, Neil M
Sent:	Thursday, July 13, 2006 8:22 AM
To:	Scolinos, Tasia; Card, Jean
Subject:	FW: PDF of Specter letter
Attachments:	Specter Letter-071206.pdf

In case you haven't already seen it, attached are issues the Chairman would like the AG to address in his remarks.

-----Original Message-----
From: Goodling, Monica
Sent: Thursday, July 13, 2006 7:38 AM
To: Gorsuch, Neil M
Subject: Fw: PDF of Specter letter

Of course, here you go!

-----Original Message-----
From: Goodling, Monica
To: Sampson, Kyle
Sent: Wed Jul 12 21:03:27 2006
Subject: PDF of Specter letter

ARLEN SPECTER, PENNSYLVANIA, CHAIRMAN

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BRUCE A. COHEN, *Democratic Chief Counsel and Staff Director*

DLA

United States Senate

COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20510-6275

July 12, 2006

Honorable Alberto R. Gonzales
Attorney General
United States Department of Justice
Washington, DC

Dear Attorney General Gonzales:

There have been many issues which have piled up since your last appearance before the Judiciary Committee and I want to give you notice about the subjects which the Committee will want to cover. We would appreciate it if you would respond to these issues in your opening statement to save time on the question and answer period.

1. Recognizing that the President does not have a blank check, what factors should be considered, including on possible judicial review, on the constitutionality of the Terrorist Surveillance Program in the balancing of national security interests versus civil rights in determining the extent of the President's inherent Article II powers?

2. On my inquiry to you about media reports on telephone records being turned over to the Government, you advised that you were not authorized to confirm or deny the existence of such a program. You added that, aside from the Terrorist Surveillance Program, there was no program which was not authorized by judicial process with a reference by you to the FISA Court. That raises the inference that, if the Government is getting telephone company records, that it is judicially authorized. To the extent you can comment on this matter, we would appreciate it.

3. What considerations or contentions did the Government raise with the New York Times, the Los Angeles Times, the Wall Street Journal and USA Today in urging them not to publish their stories on the Terrorist Finance Tracking Program, including the responses from the newspapers and the dialogue between the Government and the newspapers on that subject?

4. What is your position on House Resolution 895 which condemns the unauthorized disclosure of the Terrorist Finance Tracking Program?

5. What is your position on Senate Resolution 524 which condemns damaging leaks and subsequent publication of the Terrorist Finance Tracking Program and the Terrorist Surveillance Program that expresses the sense of the Senate that the Department of Justice should be investigating and prosecuting all persons responsible for that unauthorized disclosure?

6. On ABC on May 21, 2006, you were asked whether a journalist can be prosecuted for publishing classified information and you responded that you were engaged in an investigation about what would be the appropriate course of action in that particular case but you would not discuss it further. We would appreciate your response on what would be the statutory basis for such a prosecution.

7. What is the legal authority for the Administration's position that presidential signing statements may be issued where the President states which provisions of the legislation will not be enforced?

8. Why was the Office of Professional Responsibility in the Department of Justice not given appropriate clearance so that OPR could complete the inquiry which it initiated into whether there was a violation when the Department of Justice gave approval on the legality of the Terrorist Surveillance Program?

9. When considering the Reporter's Shield law, does the Department of Justice support jailing a reporter like Judith Miller for declining to reveal a source where the grand jury inquiry has shifted away from a national security issue like who disclosed the identity of Valerie Plame to a grand jury investigation where the issue involved perjury or obstruction of justice?

10. What legislation does the Administration propose to deal with the Supreme Court's decision in Hamdan v. Rumsfeld and the continued detention of enemy combatants at Guantanamo?

Sincerely,

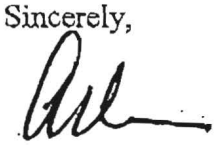

Arlen Specter

AS/ph

Via Facsimile

DOJ_NMG_0040310

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Thursday, July 13, 2006 10:32 AM
To: Scolinos, Tasia; Card, Jean
Subject: 07-18-06 senate judiciary hearing4.doc
Attachments: 07-18-06 senate judiciary hearing4.doc

My comments on latest draft are embodied in the attached.

PREPARED REMARKS FOR ATTORNEY GENERAL ALBERTO R. GONZALES AT THE DOJ OVERSIGHT HEARING OF THE SENATE JUDICIARY COMMITTEE

TUESDAY, JULY 18TH

Event:	**Annual DOJ Oversight Hearing**
Venue:	**Senate Judiciary Committee**
Audience:	**Committee Members, Staff, Press**
Length Requested:	**10 - 15 minutes**
Length Prepared:	**11 minutes; 46 seconds**
Press:	**Open**

Prepared by: Jean Card
202-307-2016

DOJ_NMG_0040312

Good morning. Thank you, Chairman Specter and Ranking Member Leahy, for having me here today to discuss the Department's work over the last year.

Since the Committee's last annual oversight hearing, the Department has achieved important successes in areas of critical concern to the American people -- including significant corporate fraud convictions, successful public integrity investigations, as well as advances against gangs, human trafficking, and the exploitation of children. My written testimony details our progress on these and many other important fronts and I hope we will have a chance to discuss some of them today.

But the No. 1 priority for the Department – as it is for this committee, I know – remains protecting America from terrorist attacks. In just the last few weeks we have disrupted plots in Miami and Canada as well as a cell in Lebanon seeking to attack New York City once again. Recent attacks in India, the one-year anniversary of the London bombings, and the upcoming 5th year anniversary of 9-11 remind us all that the foe we face remains far too real and deadly. So for the purpose of this short time together, I want to focus on some of the most significant current issues we collectively face in the war on terror.

One of these, of course, concerns the contours of the military commission process in light of the Supreme Court's recent decision in Hamdan. I know the Congress is working hard on this issue, and the President and I deeply appreciate your efforts. We look forward to collaborating on these efforts with the shared conviction that it is vital we bring terrorists to justice for their crimes against humanity, and that we do so in a trial process that is worthy of our country.

I have a few specific thoughts and principles I'd like to share with you about the legislation you are considering, but allow me first to offer some context to our discussion.

***

Immediately following the horrors of September 11th, the President asked all of us in the Executive Branch to do, both quickly and within the framework of the Constitution, everything we could to protect the American people. Those were intense, purposeful times. We had just seen our

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brothers and sisters murdered in New York, Arlington and Pennsylvania. We were anxious about the possibility of more attacks and determined that more acts of violence against our nation could not, would not, be tolerated.

Here on the Hill, you acted quickly to pass the Patriot Act, and the President was grateful for your speed in doing so. In the Executive Branch we began to exercise powers of investigation and prosecution to stop terrorist plots before they could kill again -- and to ensure their war crimes would be appropriately addressed.

So, when the war in Afghanistan began, the question arose in the White House situation room: what will happen when we catch bin Laden or his associates? How do we ensure that they are fairly and appropriately tried for their crimes against humanity? That's how the military commission process was born.

We concluded that the President had the Constitutional authority to establish military commissions. Since the Revolutionary War, the United States has used military commissions in time of armed conflict to bring unlawful combatants to justice. Before *Hamdan*, the process of convening military commissions had always been left to the President. Indeed, in Hamdan itself the DC Circuit ruled in favor of the President's authority to establish military commissions by a vote of 3-0 -- a panel that included now-Chief Justice Roberts. Following the precedent set forth by prior Administrations, the President established fair and thoughtful commission procedures.

Of course, the Supreme Court has now spoken and said that Congress should review and pass on military commission procedures. We accept the Court's decision, knowing that while judicial decisions are not always in favor of the Government, it is fundamental to our system of justice and the hallmark of civilized nations that both sides of any issue have a chance to be heard and make their case in our legal system.

***

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With that context in mind, I'd like to give you a few specific concepts to consider as we work together to establish a statutory basis for the military commission process, so that trials of captured al Qaeda terrorists can move forward promptly.

First, I think you will find that the commission procedures devised by the Department of Defense are a very useful resource in your deliberations. Though there are many ways to arrive at a good statute in this arena, DoD's procedures reflect a great many hours of work by a great many able and devoted public servants. They carefully address in a balanced fashion concerns we have about hearsay evidence, the protection of classified materials, and the like.

Second, we do not need hundreds of lawsuits from terrorists clogging our court system. Military commissions are the appropriate place to try terrorists, not our civilian courts. Right now, our courts are burdened with habeas suits, class actions, and tort claims on behalf of every single detainee at Guantanamo Bay. Those suits challenge everything from the meals detainees are fed to the reading materials they received. In some cases, detainees even seek money damages from our troops. In the Detainee Treatment Act, Congress recognized the need for balance in this area. It afforded detainees the opportunity to appeal military commission and CSRT decisions in the U.S. Court of Appeals for the D.C. Circuit as well as the United States Supreme Court -- something never before provided to enemy combatants in time of war. At the same time, the DTA ruled out class actions, tort suits, and the endless stream of conditions of confinement challenges. We believe the DTA struck an appropriate balance and I call on Congress to make clear that these provisions for limited and appropriate judicial review apply not just prospectively but to all of the existing proliferation of detainee lawsuits.

Third, we need to address the Geneva Convention question in a sensible and balanced manner. In *Hamdan*, the Supreme Court held that common Article 3 applies to al Qaeda. Let me be clear, however. The Court did not hold that al Qaeda terrorists are entitled the protections of POW status under the Geneva Conventions. The Court's decision pertains only to the basic humanitarian guarantees enumerated in Article 3. And we feel strongly that al Qaeda terrorists are not entitled to full POW status which would include, for example, payment of wages. [confirm] They have

DOJ_NMG_0040315

nothing but contempt for the laws of war and the Geneva Conventions. They kidnap relief aid workers, behead contractors, journalists, and U.S. military personnel. They bomb religious shrines, wedding parties, and restaurants. They openly mock the rule of law, the Geneva Conventions, and the standards of civilized people everywhere. While the Court held common Article 3 applies, that does not mean al Qaeda is entitled to the protection of all the other rights associated with the Geneva Conventions.

Now that Article 3 does apply as a matter of law to our Armed Forces, it is imperative for us as a nation to be clear about exactly what it requires of our men and women in uniform. After all, to violate Article 3 now becomes a criminal matter exposing our countrymen to potential prosecution under our War Crimes statutes. We owe it to our brave men and women on the front lines of the War on Terror to be clear about their responsibilities.

Article 3 uses a number of terms like - quote - "outrages upon personal dignity" - that are susceptible of different interpretations to different people. Making matters more confusing still, treaties can be interpreted by reference to how other countries interpret their terms. So, for example, if a judge in another country decide that some benign form conduct amounts in his opinion to an "outrage," that decision could potentially influence what constitutes a punishable war crime for American troops in our court system. That degree of uncertainty is unfair for our men and women and I encourage you to clarify the situation for them.

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Let me also address some other important aspects of our war efforts. Recently the media has published details of classified surveillance programs vital to our national security. We are very disappointed that anyone would choose to reveal to our enemies programs so essential to the prevention of another terrorist attack on our shores.

And let there be no doubt about how vital these programs are. Imagine, for example, what a program like the terrorist surveillance program might have accomplished before 9-11. Terrorists were clustered throughout the United States preparing their assault. We know from the 9-11 Commission Report that they communicated with their superiors abroad using e-mail, the Internet, and cell phones. What might New York and Washington and, really, the whole world look like today if we had intercepted a communication revealing their location and plans? Or tracked the flow of money among the plotters? Of course, we cannot

DOJ_NMG_0040316

answer those questions. But General Hayden, Director of the CIA, has disclosed to the Senate that the terrorist surveillance program instituted after 9-11 has helped us detect and prevent terror plots in the United States and abroad.

Some have questioned the legal analysis underlying these programs. We strongly believe, as I have previously explained, that the programs are consistent with the President's constitutional authority as Commander in Chief and the Congress's statutory commands. At the same time, however, we welcome Congress's attention to this issue and we appreciate your efforts, Mr. Chairman, to update our statutory laws in this area to reflect the novel nature of the terror threat we face. It is all to the good when the elected branches of government can work cooperatively to protect the American people and I am pleased to lend strong support to S. 2453, the National Security Surveillance Act of 2006, which represents an excellent, collaborative and, we hope, bipartisan resolution to this issue.

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Finally, because it is central to the goal of protecting the American people from terror, I would be remiss today if I did not include a call, once again, for the confirmation of Alice Fisher head of the Department's Criminal Division and Ken Wainstein, to be head of the National Security Division.

The National Security Division -- something called for by the 9-11 commission -- cannot be stood up until Ken is confirmed. Every day that Ken's nomination is delayed is therefore a day wasted in responding to the Commission's vital recommendations.

Similarly, for Alice to continue laboring under "acting" status undermines her authority in running a division that is devoted to disrupting terrorism, fighting corporate corruption, and protecting the integrity of our public institutions. She has done a marvelous job in all these areas, as you know, and she deserves swift confirmation.

***

Mr. Chairman, today is September 12th for the people of the Department of Justice. And tomorrow will be September 12th again. We are fighting this battle for the security and safety of Americans one day at a time. We appreciate your support in our efforts and the support of this entire Committee. Thank you for having me here today to discuss the important work of protecting the American people that concerns us all. I'd be very glad to take your questions.

###

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Thursday, July 13, 2006 10:46 AM
To: Scolinos, Tasia; Card, Jean
Subject: 07-18-06 senate judiciary hearing4.doc
Attachments: 07-18-06 senate judiciary hearing4.doc

Slightly revised - please refer to this version.

PREPARED REMARKS FOR ATTORNEY GENERAL ALBERTO R. GONZALES AT THE DOJ OVERSIGHT HEARING OF THE SENATE JUDICIARY COMMITTEE

TUESDAY, JULY 18TH

Event:	**Annual DOJ Oversight Hearing**
Venue:	**Senate Judiciary Committee**
Audience:	**Committee Members, Staff, Press**
Length Requested:	**10 - 15 minutes**
Length Prepared:	**11 minutes; 46 seconds**
Press:	**Open**

Prepared by: Jean Card
202-307-2016

DOJ_NMG_0040320

Good morning. Thank you, Chairman Specter and Ranking Member Leahy, for having me here today to discuss the Department's work over the last year.

Since the Committee's last annual oversight hearing, the Department has achieved important successes in areas of critical concern to the American people -- including significant corporate fraud convictions, successful public integrity investigations, as well as advances against gangs, human trafficking, and the exploitation of children. My written testimony details our progress on these and many other important fronts and I hope we will have a chance to discuss some of them today.

But the No. 1 priority for the Department – as it is for this committee, I know – remains protecting America from terrorist attacks. In just the last few weeks we have disrupted plots in Miami and Canada as well as a cell in Lebanon seeking to attack New York City once again. Recent attacks in India, the one-year anniversary of the London bombings, and the upcoming 5th year anniversary of 9-11 remind us all that the foe we face remains far too real and deadly. So for the purpose of this short time together, I want to focus on some of the most significant current issues we collectively face in the war on terror.

One of these, of course, concerns the contours of the military commission process in light of the Supreme Court's recent decision in Hamdan. I know the Congress is working hard on this issue, and the President and I deeply appreciate your efforts. We look forward to collaborating on these efforts with the shared conviction that it is vital we bring terrorists to justice for their crimes against humanity, and that we do so in a trial process that is worthy of our country.

I have a few specific thoughts and principles I'd like to share with you about the legislation you are considering, but allow me first to offer some context to our discussion.

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Immediately following the horrors of September 11th, the President asked all of us in the Executive Branch to do, both quickly and within the framework of the Constitution, everything we could to protect the American people. Those were intense, purposeful times. We had just seen our

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brothers and sisters murdered in New York, Arlington and Pennsylvania. We were anxious about the possibility of more attacks and determined that more acts of violence against our nation could not, would not, be tolerated.

Here on the Hill, you acted quickly to pass the Patriot Act, and the President was grateful for your speed in doing so. In the Executive Branch we began to exercise powers of investigation and prosecution to stop terrorist plots before they could kill again -- and to ensure their war crimes would be appropriately addressed.

So, when the war in Afghanistan began, the question arose in the White House situation room: what will happen when we catch bin Laden or his associates? How do we ensure that they are fairly and appropriately tried for their crimes against humanity? That's how the military commission process was born.

We concluded that the President had the Constitutional authority to establish military commissions. Since the Revolutionary War, the United States has used military commissions in time of armed conflict to bring unlawful combatants to justice. Before *Hamdan*, the process of convening military commissions had always been left to the President. Indeed, in Hamdan itself the DC Circuit ruled in favor of the President's authority to establish military commissions by a vote of 3-0 -- a panel that included now-Chief Justice Roberts. Following the precedent set forth by prior Administrations, the President established fair and thoughtful commission procedures.

Of course, the Supreme Court has now spoken and said that Congress should review and pass on military commission procedures. We accept the Court's decision, knowing that while judicial decisions are not always in favor of the Government, it is fundamental to our system of justice and the hallmark of civilized nations that both sides of any issue have a chance to be heard and make their case in our legal system.

****

With that context in mind, I'd like to give you a few specific concepts to consider as we work together to establish a statutory basis for the military commission process, so that trials of captured al Qaeda terrorists can move forward promptly.

First, I think you will find that the commission procedures devised by the Department of Defense are a very useful resource in your deliberations. Though there are many ways to arrive at a good statute in this arena, DoD's procedures reflect a great many hours of work by a great many able and devoted public servants. They carefully address in a balanced fashion concerns we have. For example, no one can expect members of the U.S. Armed Forces to read *Miranda warnings*, provide terrorists on the battlefield immediate access to counsel, tag evidence, or maintain a strict chain of custody. Nor can we compromise sources and methods in the trials of terrorists or expect to be able to avoid hearsay evidence. The procedures we adopt must be fair but they must also be balanced, reflecting that our men and women on the front lines operate in the fog of war, not in the controlled environment of an FBI forensics lab.

Second, we do not need hundreds of lawsuits from terrorists clogging our court system. Military commissions are the appropriate place to try terrorists, not our civilian courts. Right now, our courts are burdened with habeas suits, class actions, and tort claims on behalf of every single detainee at Guantanamo Bay. Those suits challenge everything from the meals detainees are fed to the reading materials they received. In some cases, detainees even seek money damages from our troops. In the Detainee Treatment Act, Congress recognized the need for balance in this area. It afforded detainees the opportunity to appeal military commission decisions and Combatant Status Review Tribunal rulings in the U.S. Court of Appeals for the D.C. Circuit as well as the United States Supreme Court -- something never before provided to enemy combatants in time of war. At the same time, the DTA ruled out class actions, tort suits, and the endless stream of conditions of confinement challenges. We believe the DTA struck an appropriate balance and I call on Congress to make clear that these provisions for limited and appropriate judicial review apply not just prospectively but to all of the existing proliferation of detainee lawsuits.

Third, we need to address the Geneva Convention question in a sensible and balanced manner. In *Hamdan*, the Supreme Court held that common

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###

DOJ_NMG_0040326

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Thursday, July 13, 2006 2:38 PM
To: Gorsuch, Neil M; Scolinos, Tasia; Card, Jean
Subject: RE: 07-18-06 senate judiciary hearing4.doc

Tasia and Jean, I'm afraid I will be out of pocket tomorrow, but I can look at the doc again over the weekend if you'd like. I think it looks pretty good. You will see that, in the latest version I added back in a couple paras on Art 3 that you had deleted. There may be ways to polish this material, but much of it is pretty key stuff. When do you plan to walk the AG through it?

From: Gorsuch, Neil M
Sent: Thursday, July 13, 2006 10:46 AM
To: Scolinos, Tasia; Card, Jean
Subject: 07-18-06 senate judiciary hearing4.doc

Slightly revised - please refer to this version.

<< File: 07-18-06 senate judiciary hearing4.doc >>

Card, Jean

From: Card, Jean
Sent: Thursday, July 13, 2006 2:46 PM
To: Gorsuch, Neil M; Scolinos, Tasia
Subject: Couple of Kyle points on hearing statement draft

Neil: can you address/answer Kyle's first point/question for me?
Tasia: I will re-work the Alice graph if you are in agreement with his second point.

-----Original Message-----
From: Sampson, Kyle
Sent: Thursday, July 13, 2006 1:48 PM
To: Card, Jean
Subject: Re: STAFFING: For Staff Review - Judiciary Hearing Statement Draft #2

I like it. Two comments:

1. I think that it was the WMD Comm'n, not the 9/11 Comm'n, that called for the creation of an NSD.
2. Can we beef up the Alice paragraph somehow -- I personally am less worried about the fact that she has an "Acting" in front of her title and am more worried that her recess appointment will expire this fall, at the end of this Congress.

-----Original Message-----
From: Card, Jean
To: Scolinos, Tasia; Roehrkasse, Brian; Sampson, Kyle; Elwood, Courtney; Brand, Rachel; Taylor, Jeffrey (OAG); Gorsuch, Neil M; McIntosh, Brent; Elston, Michael (ODAG); Moschella, William; Seidel, Rebecca; Bradbury, Steve; Clement, Paul D
CC: Masugi, Ken (OPA); Nichols, Grant W; Block, Jonathan; Sours, Raquel
Sent: Wed Jul 12 19:33:11 2006
Subject: STAFFING: For Staff Review - Judiciary Hearing Statement Draft #2

Please provide comments to me no later than 4:00 PM tomorrow, July 14.

Topic: Senate Judiciary Oversight Hearing: Opening Statement Date: July 18, 2006

Staffed to:
OAG: Kyle Sampson, Courtney Elwood, Jeffrey Taylor OPA: Tasia Scolinos, Brian Roehrkasse Legal Policy: Rachel Brand, Brent McIntosh OLC: Steve Bradbury OSG: Paul Clement
OASG: Neil Gorsuch
ODAG: Michael Elston
Leg: William Moschella, Rebecca Seidel

Please let me know if you have any questions. Thank you.

Jean Card

Jean Card
Office: 307-2016
Cell: 532-5388

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Thursday, July 13, 2006 2:50 PM
To: Card, Jean; Scolinos, Tasia
Subject: RE: Couple of Kyle points on hearing statement draft

Kyle may be right abt 1. Brent McIntosh in OLP can confirm. Agree that we should work in 2, but wouldn't drop much (if any) of existing language.

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To: Scolinos, Tasia; Roehrkasse, Brian; Sampson, Kyle; Elwood, Courtney; Brand, Rachel; Taylor, Jeffrey (OAG); Gorsuch, Neil M; McIntosh, Brent; Elston, Michael (ODAG); Moschella, William; Seidel, Rebecca; Bradbury, Steve; Clement, Paul D
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Leg: William Moschella, Rebecca Seidel

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Jean Card
Office: 307-2016
Cell: 532-5388

Brett_C._Gerry@who.eop.gov

From:	Brett_C._Gerry@who.eop.gov
Sent:	Thursday, July 13, 2006 2:52 PM
To:	Gorsuch, Neil M
Subject:	Fw: Conservative Commentary on Hamdan
Attachments:	Guantanamo- Good Quotes.doc

-----Original Message-----
From: Jonathan.Block@usdoj.gov <Jonathan.Block@usdoj.gov>
To: Tasia.Scolinos@usdoj.gov <Tasia.Scolinos@usdoj.gov>; Brian.Roehrkasse@usdoj.gov <Brian.Roehrkasse@usdoj.gov>; Martin, Catherine <Catherine_Martin@who.eop.gov>; Gerry, Brett C. <Brett_C._Gerry@who.eop.gov>
Sent: Thu Jul 13 14:37:42 2006
Subject: Conservative Commentary on Hamdan

A <<Guantanamo- Good Quotes.doc>> ttached, please find a document with excerpted quotes supporting the Administration's position in Hamdan v. Rumsfeld.

For the most part, entire articles have been pasted into this document with particularly salient quotes highlighted. When appropriate, precise quotes have been pulled out of various articles and included here as well.

Please let me know if you have any questions or concerns.

Jonathan Block

202-616-0503 (Work)
202-353-5328 (Mobile)

<<Guantanamo- Good Quotes.doc>>

Centre Daily Times
July 1, 2006 Saturday

SECTION: A; Pg. 1
HEADLINE: Ruling puts spotlight on terror efforts;
Supreme Court decision may affect other measures feds use to fight enemy
BYLINE: McClatchy Newspapers

"The advocates of diminishing his office now have a powerful public relations tool to say that the most powerful court in the land has said he is a law breaker," said Douglas Kmiec, a professor of constitutional law at Pepperdine University Law School and a legal counsel for former presidents George H.W. Bush and Ronald Reagan.

Fox News Network
SHOW: JOURNAL EDITORIAL REPORT 11:00 PM EST
July 1, 2006 Saturday

TRANSCRIPT: 070101cb.267
SECTION: NEWS; Domestic
LENGTH: 1422 words
HEADLINE: Interview With Ted Olson
BYLINE: Paul Gigot
GUESTS: Ted Olson

GIGOT: Welcome to "The Journal Editorial Report. I'm Paul Gigot.

The Supreme Court finished its term this week and handed down two big rulings. The first validated most of Tom Delay's redistricting plan in Texas and might clear the way for more redistricting in other states.

The second invalidated the president's plan to use military tribunals for trying detainees at Guantanamo Bay in Cuba.

We got exclusive reaction to these rulings and analysis about the new look Supreme Court from former Solicitor General Ted Olson.

We have the end of the Supreme Court term. We had the big **Hamdan** case this week with the Supreme Court overruling the Bush Administration's military tribunals. How big a set back is this for presidential war making power?

TED OLSON, FORMER SOLICITOR GENERAL: It is very serious. Combined with a decision a couple years ago giving the courts jurisdiction over enemy combatants who have never set foot on American soil.

GIGOT: That was the Hamdi decision.

OLSON: That was Rasul. They called it Rasul, had to do with the Guantanamo Bay case. For the first time the courts claimed jurisdiction to consider the rights of people captured by American soldiers who never set foot on United States soil, who were not U.S. citizens, who are being held abroad.

The dissent in that case pointed out that there were two million people in that situation at the end of World War II. None of whom were thought to have had rights to American courts. They were just enemy combatants.

Well, the courts took jurisdiction over those individuals in that decision two years ago. This extends it further. The president decided that we will have a military commission to decide whether those individuals violated rules of war or...

GIGOT: Just to be clear, these are al-Qaeda detainees or other suspects who try to do harm to Americans in the field, not wearing military uniforms, for example in Afghanistan.

OLSON: That's right. These are terrorists. These are people -- I don't know About Hamden particularly. But that's the group of people that we're talking about.

These are people that were not wearing uniforms. These are people that try to kill, maim, destroy as many people as possible. They are enemies of the United States. They belong to no country. They follow no rules of war. They are just in it to do damage to the United States or other innocent people attending a Bar-mitzvah or whatever it might be.

They are captured. The United States Supreme Court has now said they have rights to United States Supreme Courts. And they have rights to Bill of Rights protections. The rights to lawyers. The rights to confront the evidence against them. The right to see classified information, if necessary. That's in this decision this week.

GIGOT: Now there is -- some people are saying, if they are looking at the fine print, particularly if Justice Kennedy's decision the swing justice in this case, the fifth justice, that there is maybe an out for the executive and the Congress, that they could reconstitute military tribunals if they rewrite the rules of these tribunals to allow them to conform to what are essentially U.S. court-martials. What do you think about that?

OLSON: Well, every time Congress tries to correct it -- and in the first place, that's a very difficult process and compromises are made.

We have to remember that our Constitution is set up to let the courts have the last word on some things, Congress the last word on some things and the president the last word on some things. One of which, the area where the president should have the last word is when to send the troops in. Who to capture on the battlefield? How long to take someone off the battlefield if they're throwing hand grenades at...

GIGOT: You don't want courts intervening in that.

OLSON: Can you imagine? No. Now, taking that person who is throwing the hand grenade at your soldiers, put him in a brig some place. Now, that brig is visited by lawyers and visitors from the United States, maybe the press has to be their. Maybe they have the right to confront evidence. You have to take people off the battlefield to testify, well, he was really throwing a hand grenade.

Can you imagine importing the rules of our U.S. justice system and making that justice available to someone who is captured in combat with a tank?

GIGOT: Are you saying we are on that path to getting to that situation with these set of Supreme Court rules?

OLSON: That is certainly the direction. First of all, the court decided it did have jurisdiction, overruling a 50-year-old precedent, saying the courts had no business in these matters. Then the decision this week saying that certain rules had to apply. The Geneva Convention had to apply even though the Geneva Convention does not apply to enemy combatants who don't work for a particular country and are not in uniform, and are not complying with the rules of war.

The court talks about the right to counsel. The right to have evidence presented to them. The right to confront witnesses against them. Those are the things we accord our own citizens in criminal trials. But you can imagine the difficulty, complication and inefficiency, although that's the least of the problems, of doing something like that in wartime.

GIGOT: Is this a Justice Kennedy court now? Is he the swing vote on this court, because he went -- depending on where he went on a lot of these really contentious decisions, that's where the court went?

OLSON: That's certainly proven to be true in the last few weeks of the court term. Those four justices were on one side, four on the other and whichever side Justice Kennedy was on was the prevailing side.

And Justice Kennedy, in most cases, in a lot of these controversial cases, doesn't like hard and fast rules and he -- he develops formulas that are amenable to interpretation and subjectivity so that you can see the outcome coming out differently depending upon what the facts were and so forth.

GIGOT: You are saying they are ambiguous -- often ambiguous.

OLSON: Very often ambiguous and very often not clear as to where they tie in with previous precedents.

GIGOT: Is there any consistency to his jurisprudence? I noticed on the clean water case, for example, he went with the Liberals. On the death penalty case and on some of the rules of criminal evidence, he went with the conservatives. And of course, on Hamden again, back to the Liberals.

Is there any consistency in his jurisprudence?

OLSON: There is consistency on some questions. On other questions it is hard to say how he's going to come out. If they are matters of deep social concern, like the case a couple years ago, involving the rights of homosexuals, the sodomy case.

And other cases like that, including his enemy combatant case that we had just a day or two ago, he agonizes. He said he agonizes over the decision and tries to come out with the right result. But sometimes it's difficult for you or I to figure out what is the right result as opposed to what's the right consistent jurisprudential result.

GIGOT: Is it too much to say that this is now the Justice Anthony Kennedy court? That he'll determine where the court goes?

OLSON: I think it is too soon to tell. I think that Chief Justice Roberts, who is highly respected by his colleagues, and Justice Alito, who is and will be, may make a difference with respect to the court.

But Justice Kennedy is in the middle. He replaced Justice O'Connor. The last few terms both Justice Kennedy and Justice O'Connor were squarely in the middle. You had to pick up one or both to win in a close case.

Now on close cases it is Justice Kennedy all by himself.

GIGOT: Ted Olson, thanks very much for being here.

OLSON: Paul, thank you.

The Baltimore Sun, Maryland
Distributed by Knight/Ridder Tribune News Service
June 30, 2006 Friday

SECTION: STATE AND REGIONAL NEWS
ACC-NO: 20060630-BZ-0630-Justices-limit-wartime-powers
LENGTH: 1410 words
HEADLINE: Justices limit wartime powers: Bush dealt setback in 5-3 ruling against military tribunals
BYLINE: Gail Gibson and Siobhan Gorman, The Baltimore Sun

Douglas W. Kmiec, a Pepperdine University law professor who served in the Justice Department under President Ronald Reagan, said the ruling demonstrated that "the court has simply failed to grasp that we are at war."

Christian Science Monitor
June 30, 2006, Friday

SECTION: USA; Pg. 1
HEADLINE: Supreme Court rejects military tribunals
BYLINE: Warren RicheyStaff writer of The Christian Science Monitor
DATELINE: WASHINGTON
HIGHLIGHT: The high court's 5-to-3 ruling Thursday scuttled US plans for Guant mo detainees.

BODY:

Mr. McBride called this part of the court's ruling "startling."

He adds: "Given the strictures of Common Article 3, it's just outrageous to say that a terrorist organization whose sole purpose is to violate the laws of war should be given the protection of the Geneva Conventions."

Financial Times (London, England)
June 30, 2006 Friday

SECTION: WORLD NEWS; Pg. 7
LENGTH: 646 words
HEADLINE: **Supreme Court** blow to Bush on military tribunals
BYLINE: By DEMETRI SEVASTOPULO and PATTI WALDMEIR
DATELINE: WASHINGTON

John Hutson, a former navy judge advocate-general, said: "If the president doesn't have the inherent authority as commander in chief, he doesn't have authority under the (congressional) authority to use military force, and the Geneva Conventions apply, that really pulls the rugs from under him."

Mr Hutson said the administration could create military commissions acceptable to the Supreme Court, but he said the new rules of evidence might lead them to abandon the cases. "The last thing the administration wants is for there to be a bunch of acquittals because the evidence isn't there," said Mr Hutson. "Rather than risking acquittals they may say we are just going to quit."

Los Angeles Times
June 30, 2006 Friday

SECTION: MAIN NEWS; National Desk; Part A; Pg. 1
LENGTH: 1533 words
HEADLINE: THE GUANTANAMO DECISION;
Military Fought to Abide by War Rules
BYLINE: Julian E. Barnes, Times Staff Writer
DATELINE: WASHINGTON

"Military commissions are measures presidents from Washington to [Franklin] Roosevelt have used," said John Yoo, former Deputy Assistant Attorney General who now teaches at UC Berkeley's law school. "I don't think it's a question of the president trying to seize power. The administration acted in good faith. The **Supreme Court** pulled the rug out from under the administration and changed the law."

Yoo argued that the commissions were intended to protect intelligence and provide a reasonable way to bring terrorists to justice. The federal trial of Zacarias Moussaoui, which nearly derailed over defense requests to question Al Qaeda captives, showed why it was impossible to use standard legal venues to try terrorism suspects, Yoo said.

"How do you try terrorists without blowing intelligence?" Yoo said.

The New York Times
June 30, 2006 Friday

SECTION: Section A; Column 1; National Desk; THE RULING ON TRIBUNALS: THE CONTEXT; Pg. 21
LENGTH: 1150 words
HEADLINE: Court's Ruling Is Likely To Force Negotiations Over Presidential Power
BYLINE: By DAVID E. SANGER and SCOTT SHANE
DATELINE: WASHINGTON, June 29

BODY:

"Nothing about the administration's solution was radical or even particularly aggressive," said Bradford A. Berenson, who served from 2001 to 2003 as associate White House counsel. "What is truly radical is the **Supreme Court's** willingness to bend to world opinion and undermine some of the most important foundations of American national security law in the middle of a war."

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Supporters of the president emphasized that the question of how to balance suspects' rights against the need for intelligence on imminent attacks was always a daunting challenge, and that the ruling did not change that.

In fact, said Jack Goldsmith, who headed the Justice Department's Office of Legal Counsel in 2003 and 2004, the fact that no second attack has occurred on American soil is an achievement of the administration that is now complicating its political situation.

"The longer the president and the administration successfully prevent another attack," Mr. Goldsmith said, "the more people think the threat has abated and the more they demand that the administration adhere to traditional civil liberties protections."

Newsday (New York)
June 30, 2006 Friday

SECTION: NEWS; Pg. A07
LENGTH: 714 words
HEADLINE: Bush loss in high court;
Justices rule that commissions set up by his administration to try Guantanamo detainees are illegal, but president has a range of options
BYLINE: BY TOM BRUNE. NEWSDAY WASHINGTON BUREAU

Former Reagan justice attorney Douglas Kmiec also said the decision appears to apply the Geneva Conventions to all aspects of the war on terror, a result he called "harmful" in granting al-Qaida and other terrorists the very protections they ignore in their tactics.

"As I read it, it applies across the board to the people who we are going to be at war with in the war on terror," Kmiec said.

Voice of America
June 30, 2006 Friday

LENGTH: 786 words
HEADLINE: VOA NEWS: LIMITS OF PRESIDENTIAL POWER AT ISSUE IN U.S **SUPREME COURT** RULING
BYLINE: US Fed News

The Voice of America issued the following story:

By Jim Malone

Three of the **Supreme Court** justices dissented in the case. One of them, Justice Clarence Thomas, argued that denying the administration the right to try detainees through military tribunals would hamper the president's ability to fight the war on terror.

Some conservative activists agree, including Richard Samp of the Washington Legal Foundation.

"The American people ought to be rebuking the Supreme Court for ignoring the will of the elected branches of government," he said.

The Washington Post
June 30, 2006 Friday

SECTION: A Section; A01
LENGTH: 1093 words
HEADLINE: A Governing Philosophy Rebuffed;
Ruling Emphasizes Constitutional Boundaries
BYLINE: Peter Baker and Michael Abramowitz, Washington Post Staff Writers

"There is a strain of legal reasoning in this administration that believes in a time of war the other two branches have a diminished role or no role," Sen. Lindsey O. Graham (R-S.C.), who has resisted the administration's philosophy, said in an interview. "It's sincere, it's heartfelt, but after today, it's wrong."

The administration's allies, however, were disturbed that Bush's hands now may be tied by the ruling, written by Justice John Paul Stevens. "Stevens's opinion was quite shocking in its lack of discussion of the president's independent authority," said Andrew McBride, a former Justice Department official who wrote a brief supporting the administration on behalf of former attorneys general and military lawyers.

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The Associated Press State & Local Wire
June 30, 2006 Friday
SECTION: POLITICAL NEWS
LENGTH: 424 words
HEADLINE: Mass. governor disagrees with ruling on detainees in Cuba
BYLINE: By ED SHEARER, Associated Press Writer
DATELINE: ATLANTA

Gov. Mitt Romney of Massachusetts said Thursday that the U.S. **Supreme Court** ruling on **Guantanamo Bay** detainees was just another reason why the nation should elect a Republican president again in 2008 to get more conservative judges on the high court.

The **Supreme Court** ruled that President Bush overstepped his authority in ordering military war crimes trials for **Guantanamo Bay** detainees, saying in a strong rebuke that the trials were illegal under U.S. and international law.

The court declared 5-3 that the trials for 10 foreign terror suspects violate U.S. law and the Geneva conventions.

"To apply the Geneva accords is very strange in my view," Romney said during a question-and-answer session with about 150 people attending his speech sponsored by the Georgia Public Policy Foundation at The Commerce Club of Atlanta.

Romney said he hadn't seen the ruling and didn't want to be too specific, but he said he knew the votes broke down between liberal and conservative judges.

"It's hard to understand how a party who's not a nation comes under the Geneva convention," he said.

Romney, chairman of the Republican Governors Association, said he's been to Guantanamo, adding that the prisoners "are treated very well."

Copley News Service
June 30, 2006 Friday 12:25 PM EST

SECTION: DAILY EDITORIALS
LENGTH: 591 words
HEADLINE: Court overreaches in Guantanamo ruling
BYLINE: The Detroit News

The U.S. Supreme Court, in a stunning instance of judicial overreach, said the United States doesn't have the authority to try an al-Qaida operative in a military tribunal. However, the court left intact the nation's ability to detain him indefinitely.

And the court left the door open to Congress to specifically authorize military tribunals for the trial of al-Qaida members. While the ruling doesn't immediately damage the nation's ability to fight terrorists, it does show how willing some court members are to limit a president's powers in wartime and flatly disregard Congress.

The court made its ruling Thursday in the case of Salim Ahmed **Hamdan,** a Yemeni who was captured in Afghanistan and transferred to the U.S. detention facility in Guantanamo, Cuba. **Hamdan** filed a writ of habeas corpus and challenged the military commission set up to try him. A federal district judge granted him a hearing, but the U.S. Court of Appeals threw out his case, saying federal courts didn't have the authority to hear his claims.

In the meantime, Congress passed a statute denying federal courts jurisdiction to hear habeas corpus cases from Guantanamo detainees. That statute said effective Dec. 30, 2005, "no court, justice or judge" shall have jurisdiction to hear habeas corpus pleas.

The president earlier issued an executive order stating that such detainees would be tried by military commissions and their appeals would be heard by the U.S. Court of Appeals.

Congress is specifically granted the authority to limit the Supreme Court's appellate jurisdiction in Article III, Section 2 of the Constitution. Nevertheless, the court's majority, in a brazen act of linguistic legerdemain, reached around that statute and a line of its own rulings to grab control of this case.

It then ruled the president's military tribunals were not authorized by Congress, did not conform to standard procedures in U.S. military courts and did not conform to an article of the Geneva Conventions.

In doing so, the court's majority overruled a panel of the U.S. Court of Appeals that contained current Chief Justice John Roberts. The panel held that the section of the Geneva Conventions at issue was not applicable. Roberts recused himself from this case.

Hamdan was charged with serving as bodyguard for Osama bin Laden, transporting weapons used by al-Qaida members, driving bin Laden to al-Qaida training camps and receiving weapons training at these camps. All of these acts were part of his participation in al-Qaida's terrorism conspiracy, with **Hamdan** believing that bin Laden and his associates were involved in terrorists acts prior to and including the September 11 attacks on the United States.

Amazingly, four of the justices - John Paul Stevens, David Souter, Ruth Bader Ginsburg and Stephen Breyer - held that this alleged conspiracy did not constitute a violation of "the laws of war" which a military commission could hear a prosecution. Justice Anthony Kennedy could not bring himself to sign on to this part of the majority's ruling.

Justice Clarence Thomas reacted with incredulity: "Today, a plurality of this court would hold that conspiracy to massacre innocent civilians does not violate the laws of war."

Ironically, by leaving the power to detain terrorism suspects intact, the ruling may slow the

administration's ability to shut down the Guantanamo prison. Congress can always grant the president new authority to set up tribunals. In the meantime, let the detainees sit in Guantanamo as long as they are deemed a threat.

Reprinted from The Detroit News.

Daily Oklahoman
Distributed by Knight/Ridder Tribune News Service
June 30, 2006 Friday
SECTION: COMMENTARY
ACC-NO: 20060630-OK-0630-EDITORIAL-Court-ruling-downplays-war-realities
LENGTH: 373 words
HEADLINE: EDITORIAL: Court ruling downplays war realities
BYLINE: The Daily Oklahoman

BODY:

Jun. 30--AT SOME point, when the donkey laden with the U.S. Supreme Court's 185-page decision in **Hamdan** v. Rumsfeld reaches the cave housing Osama bin Laden, al-Qaida's leader doubtless will enjoy a big belly laugh thanks to the American judicial system.

The high court's ruling Thursday, that President Bush exceeded authority in ordering military trials for Salim Ahmed **Hamdan** and others held at Guantanamo Bay, Cuba, surely will encourage bin Laden that there's a disconnect between the court's majority and reality about the war on terror.

The decision suggests five justices have a disconcerting, pre-9/11 view of the role of law and the courts in the neutralizing of dangerous characters like **Hamdan,** bin Laden's former driver.

The court's four liberal justices and conservative/moderate Justice Anthony Kennedy ruled Bush lacked congressional authority to place the Guantanamo detainees before military tribunals, that **Hamdan** was charged with a crime -- conspiracy -- that can't be tried by a military court under the "common law of war," and that the detainees are due rights and privileges under the Geneva Conventions.

The majority opinion by Justice John Paul Stevens is an academic argument about captives under the rules of war. It suggests justices clashed on the definitions of a "theater of war" and in trying to pinpoint when the war on terror began -- both critical in trying to fit the conflict into pre-existing legal models on the treatment of enemy combatants.

It's interesting, but it seems to lack appreciation for the unprecedented nature, and danger, of this war. Indeed, reading Stevens' opinion, there's a focus on the ground rules that one can't help but think is completely lost on America's enemies.

It's a setback for the Bush administration's aggressive prosecution of the war, but not an insurmountable one. Bush said he'll work with Congress for the proper tribunal authorization, and lawmakers should cooperate.

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The following editorial appeared in the New York Daily News on Friday, June 30:

SUPREME COURT GOES OVERBOARD

Even Osama bin Laden's driver and bodyguard, a man believed to have witnessed the planning of Sept. 11 and received weapons training at al-Qaeda camps, has his rights, the U.S. Supreme Court declared Thursday in ruling that President Bush had not extended every procedural consideration that the court felt the U.S. owes a gentleman.

We exaggerate _ slightly. The majority in the court's long-awaited decision regarding the use of military tribunals to adjudicate the futures of prisoners captured on the Afghanistan field took offense that Bush did what he felt he had to in defense of the United States. No, Mr. Commander in Chief, the justices said, the history of military jurisprudence places a higher value on prosecuting Osama's buds with full legal protections as recognized down through the ages.

And that's where they went wrong. Not that it wouldn't be nice, if it were possible, to give every prisoner a full-dress "Law and Order" trial. What five justices failed to comprehend is that America is at war with an enemy unlike any other we have faced, one that does not abide by the Geneva Conventions or wear uniforms or represent any one nation or limit themselves to killing only opposing forces. And so the court concluded even that the U.S. charge against Salim Hamdam _ conspiracy _ was not a proper war crime. After all, he hadn't fueled the planes for 9/11 or anything like that.

Generals are often accused of fighting yesterday's wars. Justice John Paul Stevens and his fellow thinkers Thursday fell into the same trap even while specifically assuming that Hamdam "is a dangerous individual whose beliefs, if acted upon, would cause great harm and even death to innocent civilians." Far more apt was the thinking of Justice Antonin Scalia, who pointed out that Bush had stated that forming the tribunals was necessary to "prevent terrorist attacks." Wrote Scalia: "It is not clear where the court derives the authority _ or the audacity _ to contradict this determination."

The court's opinion is being widely touted as a rebuke to Bush and as a check on what some believe is unbridled executive power. It strikes us more as unhelpful overreaching. There are, indeed, shortcomings in the rules by which evidence is presented and rebutted in the tribunals as approved by Bush. An order to straighten them out would have sufficed. Instead, the president will now have to ask Congress, which tried to bar this appeal by law, to write new laws that explicitly permit him to do pretty much as he has been doing all along. Fine. Then let the tribunals proceed.

National Review
June 30, 2006 Friday

SECTION: National Review Online
LENGTH: 1069 words
HEADLINE: An Outrage
BYLINE: The Editors

BODY:

The Supreme Court's decision to impose by judicial fiat a treaty that no politically accountable official would dare propose -- a one-sided compact wherein the United States gives elevated due process to al Qaeda's terrorists while they continue slaughtering civilians and torturing their captives to death -- is an abomination.

The extent of the abomination is difficult to quantify. Thursday's decision in **Hamdan** v. Rumsfeld gets worse the more one studies it.

To begin with, the Court had no business deciding this case at all. Not only did it target the president's commander-in-chief authority to determine what is militarily necessary in wartime, it also imperiously slapped down the U.S. Congress. In last December's Detainee Treatment Act (DTA), Congress -- acting on its constitutional prerogative -- rescinded the unprecedented jurisdiction that the Supreme Court, in the 2004 Rasul case, had tried claimed over alien enemy combatants captured in wartime and held outside the U.S. (that is, outside the jurisdiction of U.S. courts). This Court, however, acknowledges no limits on its powers -- whether imposed by Congress or by the English language, which it had to torture in order to construe the DTA's unambiguous limitation of its jurisdiction as an invitation to meddle.

And meddle it did. It rewrote legislation that clearly authorized the military commissions for captured terrorists that President Bush ordered in late 2001. It rewrote the Geneva Conventions. And it claimed for itself the mantle of final authority over both international relations and military necessity -- matters in which it is wholly lacking institutional competence and which the Framers committed singularly to the chief executive.

The result was somehow to find that the military commissions are unauthorized under federal law and unfair under international law. Never mind that they guaranteed our enemies the rights to counsel, to the presumption of innocence, to proof beyond a reasonable doubt before conviction, to the privilege against self-incrimination, to confront the government's witnesses and summon witnesses in their defense, and to prepare a defense with broad discovery of the government's evidence and investigative file.

How could this conceivably be insufficient due process for alien combatants with no legitimate claim on Bill of Rights? The Court fretted that the procedures might not permit captives like Salim Ahmed **Hamdan** -- the driver and bodyguard of Osama bin Laden -- to be present at every stage of their trials. This is perhaps the most deplorable of the excesses endorsed in Justice John Paul Stevens's majority opinion (joined by Anthony Kennedy, David Souter, Ruth Bader Ginsburg, and Stephen Breyer). First, the concern is sheer speculation. There hasn't been a commission trial yet, and there is no way to know whether **Hamdan** would have been excluded from any part of a trial, much less whether the degree of exclusion would have been unjustifiable. Second, the rules allow for the combatant's military lawyer to be present even when he is not. But third, and most fundamentally, safeguarding national security is the highest obligation of government. The commissions wouldn't have guaranteed **Hamdan's** right to be present at every stage of the trial in order to preserve the government's ability to conceal from the enemy, during wartime, our national-security secrets, as well as our methods of obtaining them. Protecting Americans from attack depends on that ability. But five justices of the Supreme Court, completely unaccountable to the Americans whom the government is obliged to protect, have subordinated that obligation to the hypothetical interests of enemy operatives who have no judicially enforceable rights

under American law.

In deciding as it did, the Court also ignored its own venerable precedent -- of over a half-century's standing -- that the Geneva Conventions, even when they do create binding obligations on governments, do not create judicially enforceable rights for individuals. Disputes over their application are, rather, to be worked out diplomatically, among the political representatives of sovereigns. Moreover, the Geneva Conventions were irrelevant to **Hamdan's** case. He is a terrorist combatant who fails to meet the conventions' definition of a prisoner of war; consequently, he is not entitled to the conventions' POW protections. In order to get around this inconvenient fact, the Court had to invoke (and distort) "Common Article 3" of the conventions, which applies only to civil wars taking place within the territory of a single country, as opposed to international conflicts. The Court argued, absurdly, that because al Qaeda is not a nation, it cannot be in an international conflict: so the global War on Terror is not "international," despite having been fought in the United States, Somalia, Yemen, Kenya, Tanzania, Afghanistan, and Iraq. As for Article 3's requirement that the conflicts to which it applies be confined to a single country, the Court's majority found an easy way to get around it: by ignoring it.

Hard as it may be to believe that the Court, without any grounding in either American law or the Geneva Conventions, has effectively signed a treaty with al Qaeda for the protection of its terrorists, there may be a silver lining. The case implicates only trials of enemy combatants, whom the president remains authorized to detain until the end of hostilities -- however long that takes. In addition, the Court held that military commissions would be permissible if Congress authorized their precise terms and procedures. Sens. Lindsay Graham and John Kyl, who were the engines behind the Detainee Treatment Act that the Court cashiered, have already indicated they are ready to get to work on this. Arlen Specter also has a proposal. There is no issue more important than national security, and with the 2006 elections beckoning it is essential that Republicans move quickly on legislation. Our elected representatives need to be on record, now, about what rights they would give to Qaeda terrorists in wartime.

As yesterday's decision again demonstrates, this Court would rather impose its preferences on us than simply follow the law. We should find this unacceptable in any case. But when the consequences of the Court's arrogance rise to the level of life and death, there is only one word to describe what it is: an outrage.

National Review
June 30, 2006 Friday

SECTION: National Review Online
LENGTH: 1490 words
HEADLINE: Five, Wrong
BYLINE: An NRO Symposium

BODY:

John Eastman
-- John C. Eastman is Henry Salvatori Professor Law & Community Service at Chapman University School of Law and director of the Claremont Institute's Center for Constitutional Jurisprudence.

The Detainee Treatment Act of 2005, enacted last December, gives the U.S. Court of Appeals in Washington, D.C., exclusive jurisdiction to review habeas-corpus petitions from the terrorists detained at Guantanamo Bay. The act also expressly provides that, other than that court, "no court, justice, or judge shall have jurisdiction to hear or consider . . . an application for a writ of habeas corpus filed by or on behalf of an alien detained by the Department of Defense at Guantanamo Bay, Cuba . . ." Legislative word-smithing does not get much clearer than that. Equally clear is Congress's authority to restrict the appellate jurisdiction of the Supreme Court; Article III, Section 2, of the Constitution describes that the appellate jurisdiction of the Supreme Court is subject to "such Exceptions, and under such Regulations as the Congress shall make."

Yet despite this clear mandate from Congress and equally clear constitutional authority for it, Justice Stevens and a majority of the Supreme Court proceeded to hear and consider, and today decided, the application for a writ of habeas corpus filed by Salim Ahmed **Hamdan,** currently a resident of Guantanamo Bay and formerly Osama Bin Laden's driver (allegedly). For Justice Stevens, the law didn't really mean what it said because Congress did not, in this section of the act, go out of its way to say that it applied to cases already pending, and interpreting the statute as plainly written would, in his view, raise serious constitutional concerns. The lawlessness of the Court's action is manifest.

This is not the first time in our history when Congress has sought to revoke the appellate jurisdiction of the Supreme Court in a certain class of war-related cases. As Justice Scalia correctly noted in dissent, the Civil-War-era Court confronted the issue in Ex Parte McCardle, which involved an act of Congress removing the Court's appellate jurisdiction over the habeas claim of a convicted war deserter. As here, that case was also pending at the time Congress acted. Indeed, the Supreme Court had already heard oral argument in the case and was already drafting an opinion. Yet that Court, unlike the current one, recognized the constitutional limits on its authority, noting:

Without jurisdiction the Court cannot proceed at all in any cause. Jurisdiction is power to declare the law, and when it ceases to exist, the only function remaining to the court is that of announcing the fact and dismissing the cause.

In a case which has been reported as the Court's rebuke to the nation's commander-in-chief for acting "above the law," the Court's own lawlessness should not go unnoticed.

The merits portion of the Court's holding is even more troubling, as Justice Stevens and the Court majority seem bent not only on ignoring congressional mandates but on assuming to themselves the powers of the office of president as well. Article II of the Constitution makes absolutely clear that the president, not the courts, is commander-in-chief. His power in this arena is particularly strong when Congress has lent its own support, as it did with the Authorization for the Use of Military Force, enacted shortly after September 11, 2001. That Act of Congress authorized the president to use all necessary and proper force to capture or kill those who had a hand in the attacks on the United States and to prevent

similar attacks in the future. The power to detain enemy combatants has always been considered as incident to the war-making power, as a matter of both domestic and international law. That power has also included the power to try detainees for violations of the laws of war, without having to submit to the oversight of civilian courts in the process. The Constitution even permits trials of our own servicemen in military rather than civilian courts, yet Justice Stevens and the Court majority seem intent on extending greater protections to our terrorist enemies than the Constitution affords to our own men in uniform.

As erroneous as the Court's opinion is, it is important not to overstate its actual holding. At the heart of the controversy is the president's decision to utilize military tribunals rather than courts martial for the trial of detainees charged with violating the laws of war, and to utilize a different set of procedures in those tribunals than in courts martial. Justice Stevens specifically recognized that, under the Uniform Code of Military Justice, the president can authorize different sets of procedures for military tribunals if it is impracticable to apply the same procedures as are utilized in courts martial and in civilian courts. Although the president had specifically found that court-martial procedures were impracticable in the trial of terror suspects, Justice Stevens insisted on more detail from the president, noting that "nothing in the record . . . demonstrates that it would be impracticable to apply court-martial rules." Some things are obvious enough that the Court should take judicial notice of them even without detailed evidence in the record. I would have thought the danger posed by international terrorism would have qualified for that treatment (particularly when combined with the assertion of the president, the constitutional officer who is actually assigned the task of making such determinations), but apparently the Court requires more of a tutorial from the president than what he provided on the dangers he has to address every day. He should give it to them, and then get on with the serious business of defending this country against those who would destroy our cities, our citizens, and our very civilization.

Julian Ku
-- Julian Ku is an associate professor of law at Hofstra University School of law and a co-founder of the international law blog opiniojuris.org.

There are many reasons to criticize the Supreme Court's reasoning in **Hamdan,** but my particular concern arises from the Court's refusal to give deference to the president's reasonable interpretation of international law. There is nothing illegitimate, of course, about applying international law in cases where it is appropriate. In many cases, however, international law is simply not supposed to be invoked by private individuals in civilian domestic courts. This is clearly one of those cases. Treaties like the Geneva Conventions of 1949, for instance, have diplomatic enforcement mechanisms. For this reason, courts will often leave the interpretation of such treaties and the enforcement of rights under those treaties to the president.

The **Hamdan** Court's rationale for departing from this usual practice is the claim that Congress has, by statute, intended to limit military commissions to whatever the customary law of war requires -- e.g., the Geneva Conventions. Plainly, Congress could limit the president's use of military commissions. But it is hard to see how Congress's mere use of the phrase "laws of war" empowers the Court to overrule the president's reasonable interpretations of international law.

In the end, the Court had a choice between aggrandizing to itself more power or deferring to the president on a matter implicating complex foreign policy and international law determinations. It is not exactly surprising, although somewhat disheartening, that the Court made the choice it did.

Ed Whelan
Ed Whelan, an NRO contributor, is president of the Ethics and Public Policy Center.

"At the heart of liberty is the right to define one's own concept of existence, of meaning, of the universe, and of the mystery of human life." Any sound mind would recognize this infamous "mystery" passage to be gibberish. But five justices on the Supreme Court -- Stevens, Kennedy, Souter, Ginsburg, and Breyer -- have expounded it (the first three in 1992 in Planned Parenthood v. Casey, and all five in 2003 in

Lawrence v. Texas) as their license to override, in the name of "substantive due process," whatever democratic enactments they disfavor.

It should come as no surprise that it was these same five justices in **Hamdan** who disregarded the fact that Congress, in the Detainee Treatment Act, plainly deprived the Court of jurisdiction in the case and who arrogantly and illegitimately intruded on the president's conduct of military operations. The Mystery Five have simply practiced once again the utterly lawless willfulness that they have proclaimed to be their mission. And they undoubtedly know that they will receive ample cover, in the form of fawning accolades, from legal academia and the liberal media.

Our country (loosely defined) may well survive these continuing judicial depredations. But our Constitution -- and the system of representative government, separated powers, and federalism that it established -- won't.

National Review
June 30, 2006 Friday

SECTION: National Review Online
LENGTH: 943 words
HEADLINE: Too Much Disbelief to Suspend
BYLINE: Matthew J. Franck

BODY:

It is a standard element in the art of fiction that the reader of a story (or the viewer of a movie or play) is called upon to engage in the "suspension of disbelief" -- to still the voice whispering "preposterous" in the mind's ear, to entertain the unlikely and even the fantastic, so long as there is some element of internal consistency, plot logic, and verisimilitude, this last understood not as real-world plausibility but as conformity with reasonable expectations, within the world conjured by the artist, about events, characters' actions and motivations, and so forth.

So, in the six decades since the invention of Superman, the reader or viewer has been asked, for the sake of the story and its message, to suspend disbelief in the planet Krypton, in the hero's speed, strength, invulnerability, X-ray vision, and so on. Little things can undermine verisimilitude: Accept everything else about him, and isn't it just too much that none of Clark Kent's friends notices that he looks just like Superman with glasses on?

Whether it's little things or big ones, the fiction of Justice John Paul Stevens needs a lot of work before most American citizens -- if they had the patience to wade through his 73-page novella masquerading as the plurality opinion in **Hamdan** v. Rumsfeld -- would accept the tale and take its message to heart.

Here are the things in which the reader is required to suspend disbelief, in order to take Stevens's "opinion" seriously as a story of law and war:

#*#That when Congress enacted a statute in December 2005 providing that "no court, justice, or judge shall have jurisdiction to hear or consider" habeas-corpus petitions from detainees at Guantanamo, without exception or qualification, it really meant to include an exception that all detainees whose lawyers were clever enough to file petitions before the statute's enactment could still press their claims, and the Court will act on that exception that Congress surely intended but did not say.

#*#That when the same law gave "exclusive jurisdiction" for the review of detainees' status, and of their trials by military commissions, to a federal appellate court, it didn't really mean that either.

#*#That Congress's explicit, unquestioning references in this law to those military commissions and their trials did not indicate a legislative approval of the president's orders creating those commissions and their trial procedures.

#*#That the Authorization for Use of Military Force passed by Congress, when it gave the president power to use "all necessary and appropriate force" against the enemies who attacked us on September 11, 2001, was intended to give no authority to the president to try combatants, captured by U.S. forces, for violations of the laws of war.

#*#That no overt acts undertaken by Osama bin Laden and his gang prior to September 11, 2001, can be prosecuted as violations of the laws of war, since such acts occurred before the commencement of a state of war.

#*#That conspiracy to violate the laws of war is not itself, and never has been, an offense that can be charged as a violation of the laws of war.

#*#That the previous statement represents a fixed principle because, unlike the Constitution, which is infinitely malleable at the hands of the Court, the common law of war is frozen in place and cannot be adjusted by military officers and their civilian superiors to the changing circumstances of modern war against terrorists.

#*#That an unspecific reference, in the Uniform Code of Military Justice, to "the laws of war" as governing trials before military commissions, implicitly incorporates any terms of the Geneva Conventions that might be brought to bear on such trials, making those Geneva principles enforceable individual rights in American courts even though Geneva by its own terms contemplates no such enforceability.

#*#That by virtue of this move, military commissions are to be condemned as not "regularly constituted" under Geneva, despite their recognition in American law and their active, orderly, rule-bound use in American wars since 1847.

#*#That under Geneva, our conflict with al Qaeda is not "international" in character, because al Qaeda is not a nation, nor was it ever an auxiliary force in support of a national regime in Afghanistan.

#*#That departures, in the military commissions, from some trial procedures used in courts martial, even though such departures are permitted by the law where abiding by those procedures strikes the president as not "practicable," are to be condemned because the president did not say "Simon says" and declare any particular court-martial procedures "impracticable."

#*#That anyway, if he had said "Simon says," it doesn't matter because the Supreme Court gets to say what is "practicable" and "impracticable" in time of war.

#*#That the Court cannot think of any departures from court-martial procedures for which there is any "evident need" dictated by "military necessity," which last is another thing the Court knows better than the president and his military and intelligence advisers.

#*#That it is unthinkable that there could ever be a need to conceal from the terrorist unlawful combatant defendant, on trial before a military commission, what is the precise provenance of the evidence brought to bear against him, even when it is known to his appointed military defense lawyer who has a "secret" security clearance.

I think I'm going to go see the new Superman movie. There I might find a story I can pretend to believe for two hours.

-- Matthew J. Franck is professor and chairman of political science at Radford University, and a regular contributor to NRO's Bench Memos blog.

LOAD-DATE: July 1, 2006

Through the Looking Glass
National Review
June 30, 2006 Friday

SECTION: National Review Online
LENGTH: 1673 words
HEADLINE: Through the Looking Glass
BYLINE: Hadley Arkes

BODY:

Time again for Tom Stoppard's "Reporter Doll": You wind it up -- and it gets it wrong. The news of the Hamdan case broke on Thursday, and the headlines have offered an account almost the reverse of what has actually taken place. The main message, coming out quickly, was that the Court had checked an executive running beyond control, breaking past the boundaries of its powers under the Constitution and the laws. That was the version through the Looking Glass. The more sober version was that five judges, under the pretext of reining in the president, had defied the restraints that the Congress had placed, quite emphatically, on the courts. Those restraints had been enacted precisely to keep the judges from extending their power into the domain of military judgments. More than an attack on the executive, the decision in Hamdan showed contempt for the Congress. The Court treated as a mere trifle, to be put aside, the clear power of Congress under the Constitution to grant, to shape -- and to withhold -- the jurisdiction of the courts. We might ask, where is the outrage from Arlen Specter, so quick to take offense on other occasions when the Court seems to be disparaging the force of reason in his legislative handiwork?

What Legal Protection for Terrorists? Salim Hamdan was a driver and bodyguard for Osama bin Laden, before he was captured in Afghanistan. He was charged with providing protection, running weapons, and discharging other services for people involved in a design to kill Americans. Justice Stevens insisted that Hamdan had not exactly been found guilty of any overt act that fitted the definition of a war crime. But that did not prevent Stevens from declaring at the end that "Hamdan is a dangerous individual whose beliefs, if acted upon, would cause great harm and even death to innocent civilians, and who would act upon those beliefs if given the opportunity." Stevens and his colleagues would not challenge then the authority of the executive to "detain him for the duration of active hostilities in order to prevent such harm."

Then what was the issue? If the government sought to try Hamdan and punish him through a military commission, the rules there would not be as protective of defendants as the procedures in courts martial or in other courts. The military commissions could admit hearsay evidence, or evidence with probative value that would be thrown out in other courts. There would also be more restrictions in seeking judicial review, along with a host of other differences.

But why could the commissions not have a different cast, dealing with combatants who were not part of national armies, respecting the rules of war? After all, during the Second World War, FDR himself ordered military commissions to try Nazi saboteurs who had landed in New Jersey and Florida. Hamdan could be charged with overt acts far clearer than the acts that could be plausibly charged or proved against those saboteurs. And yet they were tried and executed with remarkable dispatch. But Justice Stevens and the majority argued that Congress had acted since then to make such procedures more exacting, to make the military commissions come closer, in their legal regimen, to that of the courts martial.

That reading, however, was not at all so clear to Clarence Thomas and his colleagues in the minority. The majority was imputing to Congress an intention of making all military tribunals more "legal" and fastidious in the same way, a reading that depended on conjectures plausible or implausible. In striking contrast was the intention made unmistakably clear by Congress in December 2005, when it enacted the Detainee Treatment Act. And enacted it with the Hamdan case very much in mind. That act offered some restrictions on the treatment and interrogation of detainees, but it was also quite emphatic in stipulating

that "no court, justice, or judge" shall have jurisdiction to consider petitions for habeas corpus emanating from detainees held in places like **Guantanamo Bay.**

A "Rebuke" Without Precedent As if to soften the sting of the decision for the executive, Justices Breyer, Kennedy, Ginsburg, and Souter pointed out that "nothing prevents the President from returning to Congress to seek the authority he believes necessary." With the same expansive gesture, Justice Kennedy noted that "Congress has the power and responsibility to determine the necessity for military courts, and to provide the jurisdiction and procedures applicable to them." Nicely filtered out of his gesture was the recognition that Congress had done just that -- and done it forcefully: no courts or judges in fact have jurisdiction to hear these cases.

That was the central, dominant point that Justice Scalia would make in leading the dissents. He would make it with a clarity that was penetrating, precise, and unanswerable. The Detainee Treatment Act was signed on December 30, 2005, and governed all cases as of that date. The majority would affect to believe that Congress intended to cover only those cases arising on or after December 30. But as Scalia showed, the plain meaning of the act was to govern all cases in this field, including the cases that were already underway.

Years ago, Felix Frankfurter had reviewed the history of Congress governing the jurisdiction of the Court, and as he recalled the days of Reconstruction, after the Civil War, he recalled the lesson of Ex parte McCardle (1869): that the Congress, in controlling the jurisdiction of the courts, could remove that jurisdiction even for a case that was sub judice, under judicial review, even at the time. As Scalia sought to show, this understanding, carried through, had been confirmed in a long line of precedents. What had happened, suddenly, to "stare decisis," to that veneration for precedents long settled, of which we had heard so much, expressed so feelingly, during the recent hearings for Samuel Alito? But now Scalia had to remind his colleagues that when Congress said, unequivocally, that "no court, justice, or judge" was authorized to hear a petition for habeas corpus in these cases, the Congress had evidently meant the **Supreme Court** as well.

From Unaccountable Judges
What was so deftly masked by the Court was the truth that almost never speaks its name: that when it comes to the preservation of a constitutional government, it is far more critical to restrain judges seeking to extend their controls to the military, than it was to rein in the executive's command of the military. When judges pronounce on cases, our attention is usually drawn to the justice that is done to the people on either side. In the trick-of-the-eye we may fail to notice that when the judges take a case, the first impulse is to assign to themselves the power to govern.

In the case of Hamdan and the military, the shift was so subtle that even Justice Stevens hardly seemed to notice: The executive argued that it was impracticable to apply to cases like Hamdan's the rules that apply in courts-martial, but Stevens and his colleagues did not see such practical difficulties. "It is not evident to us," he wrote, "why it should require, in the case of Hamdan's trial, any variance from the rules that govern courts-martial." It was not evident to Stevens and his colleagues? But why would they have the competence to make that judgment, and even if they did, how would they claim the authority to make it? If a president were wrong, he could be held responsible. But the judges could not be readily removed, as they are there these days nearly for life. The judges were claiming nothing less than the authority to judge "military necessity," not from their involvement, every day, in the direction of operations, but from their cloisters in the Court, surrounded by clerks. As Scalia aptly warned, this kind of case brings the Court into conflict with the executive "in an area where the Executive's competence is maximal and ours is virtually nonexistent."

Al Qaeda's Conclusions, and the Military's Congress may swing into action now to make clear again that the president has the authority to set up military commissions. Yet, that fine tuning belies the grosser truth, evident to the rest of the world, and evident even more to al Qaeda: The risks have been diminished for making war on the United States. "If you are captured, you may be detained for a long while. But if there is any effort made to try or -- gasp! -- to punish you, you will have access to lawyers and you may readily tie up the government in litigation. You will come under the rule of judges. You will become, in that

respect, like other Americans, and that is gravest punishment you will suffer." On the other hand, the lesson drawn by the military may be this: If you wish to call down three 500-pound bombs to dispatch Zarqawi, the Constitution imposes not the slightest restraint. But if you take him into custody, he is in the hands of the lawyers, and the leverage may shift to him.

If we weren't living in such pusillanimous times, the Congress would recognize that the decision in Hamdan was a deeper affront to the Congress than to the executive. It would respond by making a cosmetic change in the Detainee Treatment Act, firming up the power of the executive, affirming the military commissions -- and inviting the Court to try it one more time, but this time to get it right. In the best of worlds, with the best writers, the Congress might also add a preamble to remind the judges that, in the design of the Constitution, the judges, no less than presidents, must respect the boundaries to their own reach.

If there is any principle at the heart of the American revolution, and bound up with the very idea of government by the consent, it is the principle stated and restated by Clarence Thomas in these cases: The safety of the American people cannot be put in the hands of officials who bear no direct responsibility to the very people whose lives are at stake in their judgments.

--Hadley Arkes is the Edward Ney Professor of Jurisprudence at Amherst College.

Judicial Interference
National Review
June 30, 2006 Friday

SECTION: National Review Online
LENGTH: 684 words
HEADLINE: Judicial Interference
BYLINE: Rich Lowry

BODY:

Children play a game called "opposite day." Whatever someone says is taken to mean the opposite. Some **Supreme Court** justices have apparently never grown out of their appreciation of this game, to judge by their ruling in the Hamdan case involving military tribunals at **Guantanamo Bay.**

Last year, Congress (you might have heard of it -- it writes the nation's laws) passed a bill signed into law by the president of the United States (he also should be familiar -- the nation's commander in chief). It said that "no court, justice or judge" shall have the jurisdiction to consider habeas-corpus applications of detainees at Gitmo. It would take a legal escape artist on par with David Blaine to wiggle out of that one, but, sure enough, five **Supreme Court** justices were up to the task.

The **Supreme Court** has an important role in our constitutional scheme, but it is not fit to, nor was it ever meant to, render fundamental judgments about matters of war and peace. For that we have the elected branches, primarily the executive, which has the flexibility and the focus to prosecute wars. But today's Court knows no bounds.

In writing for the majority in Hamdan, Justice John Paul Stevens ripped off his black robe and beat his chest, declaring to the world, "Stand aside Congress, stand aside Mr. President, you constitutional weaklings. We, the Court, can win the War on Terror and will do it with judicial overreaching, tendentious statutory construction and implausible renderings of international law."

The saving grace of Hamdan is that it preserves the option of trying al Qaeda members before military commissions, as long as Congress and the president work to craft the commissions just so. Otherwise, the decision is a disgrace and is a step toward affording members of al Qaeda the full panoply of rights and protections criminal suspects enjoy in the American civil court system.

Or, as Nancy Pelosi put it in a statement hailing the decision, it "reaffirms the American ideal that all are entitled to the basic guarantees of our justice system." That "all" is quite literal, whether someone is a foreigner or an American, an al Qaeda warrior or a shoplifter. Never have enemy fighters -- especially fighters belonging to a criminal band with no regard for the laws of war -- had it so good.

The court moves in this direction by effectively reading al Qaeda into the Geneva Conventions. The conventions are a treaty to which nations voluntarily bind themselves. Al Qaeda has never signed on, since 1) it isn't a nation; and 2) it would be an obstacle to practices that are central to its organization, including slaughtering civilians and beheading prisoners. But the court bestows a bonus membership to al Qaeda, because it furthers the court's goal of dictating how captured al Qaeda members should be tried.

It's not that the court's reading of the Geneva Conventions is entirely implausible, but that the president has another, more reasonable reading of Geneva that there is no reason for the court to trample on. But trample it does, a quality of its decision throughout.

Justice Clarence Thomas writes in dissent, "Those Justices who today disregard the commander-in-chief's wartime decisions, only 10 days ago deferred to the judgment of the Corps of Engineers with regard to a matter much more within the competence of lawyers, upholding that agency's wildly implausible conclusions that a storm drain is a tributary of the water of the United States. It goes without

saying that there is much more at stake here than storm drains."

From its conclusion that Geneva applies to al Qaeda, the Court works its way toward mandating that military commissions must duplicate the structure of courts-martial. This in itself needn't be disastrous, but the court is on a dangerous path. The decision sets the table for more severe judicial interference in the war-making of the executive branch and Congress. Justice Stevens surely has many impressive talents, but fighting al Qaeda isn't one of them.

-- Rich Lowry is author of Legacy: Paying the Price for the Clinton Years. (c) 2006 King Features Syndicate.

The Oklahoman (Oklahoma City, OK)
June 30, 2006 Friday
City Edition

SECTION: OPINION; OUR VIEWS; Pg. 14A
LENGTH: 322 words
HEADLINE: Disconnect? Court ruling downplays war realities

BODY:

AT SOME point, when the donkey laden with the U.S. Supreme Court's 185-page decision in **Hamdan** v. Rumsfeld reaches the cave housing Osama bin Laden, al-Qaida's leader doubtless will enjoy a big belly laugh thanks to the American judicial system.

The high court's ruling Thursday, that President Bush exceeded authority in ordering military trials for Salim Ahmed **Hamdan** and others held at Guantanamo Bay, Cuba, surely will encourage bin Laden that there's a disconnect between the court's majority and reality about the war on terror.

The decision suggests five justices have a disconcerting, pre 9/11 view of the role of law and the courts in the neutralizing of dangerous characters like **Hamdan,** bin Laden's former driver.

The court's four liberal justices and conservative/moderate Justice Anthony Kennedy ruled Bush lacked congressional authority to place the Guantanamo detainees before military tribunals, that **Hamdan** was charged with a crime — conspiracy — that can't be tried by a military court under the "common law of war," and that the detainees are due rights and privileges under the Geneva Conventions.

The majority opinion by Justice John Paul Stevens is an academic argument about captives under the rules of war. It suggests justices clashed on the definitions of a "theater of war" and in trying to pinpoint when the war on terror began — both critical in trying to fit the conflict into pre-existing legal models on the treatment of enemy combatants.

It's interesting, but it seems to lack appreciation for the unprecedented nature, and danger, of this war. Indeed, reading Stevens' opinion, there's a focus on the ground rules that one can't help but think is completely lost on America's enemies.

It's a setback for the Bush administration's aggressive prosecution of the war, but not an insurmountable one. Bush said he'll work with Congress for the proper tribunal authorization, and lawmakers should cooperate.

The Union Leader (Manchester NH)
June 30, 2006 Friday
STATE EDITION

SECTION: OPINION; Pg. A16
LENGTH: 406 words
HEADLINE: EDITORIAL: Tribunals and error; Al-Qaida to get Club Med treatment

BODY:

Thanks to the U.S. Supreme Court, as of yesterday the Geneva Conventions no longer offer an incentive for terrorist thugs to abide by the rules of war. The court has afforded al-Qaida members the protections of a treaty their leaders never signed and they have never followed.

The Supreme Court ruled 5-3 yesterday that the military tribunals used to try prisoners at Guantanamo Bay were unconstitutional and violated the Geneva Conventions. The court made some sense with its constitutional argument, but none at all when it applied the Geneva Conventions to al-Qaida.

The court declared that Guantanamo Bay detainees could be tried in military tribunals, but only in ones explicity authorized by Congress. President Bush could work with Congress to create a tribunal that would pass Supreme Court review, except that the court seems to have ruled that out by applying the Geneva Conventions to Guantanamo detainees. And therein lies the real importance of this ruling.

To be classified as a prisoner of war protected by the conventions, combatants have to meet certain criteria, which include "having a fixed distinctive sign recognizable at a distance" and "conducting their operations in accordance with the laws and customs of war."

The Geneva Conventions intentionally exclude people who operate outside the rules of warfare, which includes al-Qaida terrorists. Yet the court applied the conventions to al-Qaida operative Salim Ahmed **Hamdan** anyway, arguing absurdly that a provision written to cover civil wars -- armed conflicts "not of an international character" -- somehow covered the War on Terror, plainly a conflict of an international character.

If the Geneva Conventions apply to captured terrorists, as the court ruled, then our ability to track these enemies is severely handicapped, as we will be unable to use coercive measures to make them talk. We are not for torture. But in a war against a barbaric enemy that ignores the rules of war, coercive interrogation techinques are justified.

Also, by offering their protections only to combatants who abide by the rules of war, the conventions are supposed to encourage non-conventional combatants to follow the rules. The court, by extending convention protections to terrorists who routinely emerge from the shadows to slaughter innocent civilians before slinking back to their caves, has eliminated whatever incentive to civilized behavior the conventions might have offered.

USA TODAY
June 30, 2006 Friday
FIRST EDITION

SECTION: EDIT; Pg. 22A
LENGTH: 378 words
HEADLINE: 5 wrong justices;
Ruling mistakes war for familiarity of nation's criminal justice system.

BYLINE: John Yoo

BODY:

By putting on hold military commissions to try terrorists for war crimes, five Supreme Court justices have made the legal system part of the problem, rather than part of the solution to the challenges of the war on terrorism. They tossed aside centuries of American history, judicial decisions of long standing, and a December 2005 law ordering them not to interfere with the military trials.

As commander in chief, President Bush has the authority to decide on wartime tactics and strategies. Presidents Washington, Jackson, Lincoln and FDR settled on military commissions, sometimes with congressional approval and sometimes without, as the best tool to punish and deter enemy war crimes. Bush used them to solve a difficult tension: how to try terrorists fairly without blowing intelligence sources and methods.

The circus that was the trial of Zacarias Moussaoui shows the dangers in trying to use normal courtroom rules to prosecute terrorists intent on harming the USA. Bush's decision was supported by Congress, which authorized the president to use force in response to the Sept. 11 attacks. Earlier, Congress had recognized commissions in the Uniform Code of Military Justice, and last year it created an appeals process for them.

What the justices did would have been unthinkable in prior military conflicts: Judicial intervention in the decisions of the president and Congress on how best to wage war. They replaced his wartime judgment and Congress' support with their own speculation that open trials would not run intelligence risks. Their decision to impose specific rules and override political judgments about military necessity mistakes war -- inherently unpredictable, and where our government must act quickly and sometimes secretly to protect national security -- for the familiarity of the criminal justice system.

Two years ago, the same justices declared they would review the military's detention of terrorists at Guantanamo Bay. Congress and the president expended time and energy to overrule them. **Hamdan** will force our elected leaders to go through the same exercise again, effort better spent preventing the next terrorist attack.

John Yoo, a law professor at the University of California, Berkeley, served in the Justice Department in 2001-03.

The Philadelphia Inquirer
July 10, 2006 Monday

SECTION: EDITORIAL; Pg. A11
LENGTH: 744 words
HEADLINE: High court made a premature ruling on tribunals;
It essentially decreed a return to normalcy. But the war on terror is still being waged.

BODY:

Charles Krauthammer is a Washington Post columnist

1861. 1941. 2001. Our big wars - and the war on terror ranks with the big ones - have a way of starting on the first year of a decade. Supreme Courts, which historically have been loath to intervene against presidential war powers in the midst of conflict, have tended to give the president until mid-decade to do what he wishes to the Constitution in order to win the war.

During the Civil War, Lincoln suspended the writ of habeas corpus - trashing the Bill of Rights or exercising necessary emergency executive power, depending on your point of view. But he got the whole troublesome business done by 1865.

During World War II, FDR interned Japanese Americans, but he got his war wrapped up by 1945.

Had the current war on terror ended in 2005, the sensational just-decided Hamdan case concerning military tribunals for Guantanamo prisoners would have either been rendered moot or drawn a yawn.

But, of course, the war on terror is different. The enemy is shadowy, scattered and therefore more likely to survive and keep the war going for years. What the Supreme Court essentially did in Hamdan was to say to the president: Time's up. We gave you the customary half-decade of emergency powers, but that's as far as we go. From now on, the emergency is over, at least judicially, and you're going to have to operate by peacetime rules.

Or as Justice Anthony Kennedy, the new Sandra Day O'Connor, put it, Guantanamo (and by extension, war-on-terror) jurisprudence must henceforth be governed by "the customary operation of the Executive and Legislative Branches." This case may be "of extraordinary importance," but it is to be "resolved by ordinary rules."

All rise: The Supreme Court has decreed a return to normality. A lovely idea, except that al-Qaeda has other ideas. The war does go on. One can sympathize with the court's desire for a Harding-like restoration to normalcy, but the robed eminences are premature. And even if they weren't, they really didn't have to issue a ruling this bad.

They declared illegal Bush's military tribunals for the likes of Salim Ahmed Hamdan, Osama bin Laden's driver and bodyguard. First, because they were not established in accordance with congressional authority. And second, because they violated the Geneva Conventions.

The first rationale is an odd but fixable misreading of congressional intent. The second is a grotesque and unfixable misreading of the Geneva Conventions.

The court feels that the president slighted Congress by unilaterally establishing military commissions. What is odd about this solicitousness for the powers of the legislature is that Congress, which is populated entirely by adults, had explicitly told the judiciary just six months ago that when it comes to Guantanamo prisoners, the judiciary should bug off.

The Detainee Treatment Act in December 2005 not only implicitly endorsed what the administration was doing with prisoners, it explicitly told the judiciary to leave the issue to Congress and the president to resolve, as they have historically.

The court's wanton overriding of Congress and the president is another in a long string of breathtaking acts of judicial arrogance. But it is fixable. The Republican leadership of the Senate responded to the court's highhandedness by immediately embarking on writing legislation establishing military tribunals.

The unfixable part of the Hamdan ruling, however, is the court's reading of Common Article 3 of the Geneva Conventions. The Geneva Conventions, which were designed to protect civilian populations and those combatants who respect them, were never intended to apply to unlawful combatants, terrorists of the al-Qaeda kind. The court tortures the reading of Common Article 3 to confer upon Hamdan - and by extension the man for whom he rode shotgun, bin Laden - the kind of elaborate legal protections that one expects from "civilized peoples."

This infinitely elastic concept will allow courts to usurp from Congress and the president the authority to fashion the procedures for military tribunals - an arrogation that mocks the court's previously expressed solicitousness for congressional authority.

But no matter. Logic has little place here. The court has decreed: There is no war - or we will pretend so - and henceforth it shall be conducted by the court. God save the United States. (This honorable court can fend for itself.)

Contact Charles Krauthammer at letters@charleskrauthammer.com.

Chicago Tribune
July 3, 2006 Monday
Chicagoland Final Edition

SECTION: COMMENTARY ; ZONE CN; Pg. 23
LENGTH: 714 words
HEADLINE: Contorting the law as a rebuke
BYLINE: Dennis Byrne, a Chicago-area writer and consultant

BODY:

Now that we've exhausted ourselves arguing the politics of the U.S. Supreme Court's "repudiation" of the Bush administration's handling of detainees at Guantanamo Bay, maybe we can take a closer look at the decision itself.

Whatever you think of Thursday's ruling that gives Osama bin Laden's driver and bodyguard the same protections as prisoners of war who fight in uniform and by the rules, the path to this conclusion was twisting, indeed.

For example: Justice John Paul Stevens, who wrote the decision, said the war against terror is not an "international conflict." He had to say this to arrive at the conclusion that the detainee, Salim Ahmed **Hamdan,** is just another prisoner of war who deserves the same legal protections as our own soldiers under the Uniform Code of Military Justice. You'd have to read his opinion to fathom his reasoning, but to suggest that the terrorist war being waged against us is just some localized conflict defies fact.

He also said (as paraphrased from the case syllabus):

- It is "unsound" to presume that the field-grade military officer who would preside over **Hamdan's** case would conduct the proceedings "in good faith and according to law." Why? Because if his prison sentence is "less than 10 years," he has no right to a federal court review of the commission's decision. (In other words, a military judge would be so biased that he would allow **Hamdan** off with less than a 10-year sentence, just to escape an appeal. Amazing.) And because he "will be and, indeed, already has been excluded from his own trial." Excluded?

Read on.

- It is a violation of the Geneva Conventions to prevent **Hamdan** from sitting and listening to classified evidence against him. That would include information about who turned him in, how the government tracks terrorists and a load of other intelligence useful to them. It's not enough that **Hamdan's** appointed military counsel has access to all that information. Never mind that the judge is not required to exclude **Hamdan;** the rules only gave the judge the discretion to--but then again, we can't trust the judge.

- While **Hamdan** is charged with conspiracy, that crime has "rarely if ever been tried as such" by any U.S. military commission, nor does the charge appear in the Geneva or The Hague Conventions. Here I guess that Stevens means that because war criminals are rarely tried for conspiracy, **Hamdan** and others should never be tried for it. By the way, our own soldiers can be tried for conspiracy under the UCMJ, but I guess that part of the code doesn't apply to **Hamdan.**

- Even if he could be charged with conspiracy, the commission wouldn't have jurisdiction to try **Hamdan** on it because he is not "alleged to have committed any overt act in a theater of war or on any specified date after Sept. 11, 2001." As if the United States isn't in the theater of war. As if post-Sept. 11 acts are beyond the commission's reach.

- Common Article 2 of Geneva Conventions doesn't apply; Common Article 3 does. This takes some

explaining. Article 2 says signatories to the convention (meaning us) have to abide by the provisions of the convention only if the other side (Al Qaeda) accepts those provisions. Since we can't just dial up bin Laden to ask whether he would refrain from taking hostages--as if we didn't know the answer--it's clear, to me anyway, that the Geneva Conventions don't apply. Stevens, however, just brushes aside Article 2, as if it didn't exist. Article 3, which provides some protections for **Hamdan,** applies, Stevens said, because the war on terror isn't an international war (there it is again).

By most accounts, Article 3 was meant for internal civil wars, and Article 2 for international wars. Here's the exact language of the convention: Article 3 applies in cases of "armed conflict not of an international character occurring in the territory of one or more of the [signatories]." Article 2 says signatories shall be "bound by the Convention in relation to the [non-signer], if the latter accepts and applies the provisions there of."

I'm not a lawyer, but I can read. And what I read is a desperate effort by one of the court's most liberal members to twist the law to obtain the desired outcome, which is "a stunning rebuke" to the Bush administration.

The Philadelphia Inquirer
June 30, 2006 Friday

SECTION: EDITORIAL; Pg. A27
LENGTH: 660 words
HEADLINE: U.S. government must renew quest for permanent solution

BODY:

James Jay Carafano

Coauthor of "Winning the Long War: Lessons From the Cold War for Defeating Terrorism and Preserving Freedom."

Legal scholars will be wrangling for some time over the **Supreme Court's** questionable split ruling that declared unconstitutional the military tribunals the United States planned to use at **Guantánamo Bay.** Whatever the legal merits of the decision, here's what we can say for sure:

The decision helps nobody, not even the terrorists.

First, some background. After the invasion of Afghanistan, the United States established a detention facility at the Marine base in **Guantánamo Bay,** Cuba, to detain unlawful combatants - enemies picked up on the battlefield and other places who did not qualify as traditional prisoners of war under the Geneva Conventions.

The administration created the camp to make everybody safe. Isolating dangerous people in modern facilities ensured that the soldiers guarding them were safe from the prisoners and anyone that might try to free them. The prisoners were safer because they could be properly cared for, rather than being left in a Third World jail or turned over to legal systems that might summarily execute or torture them as a matter of convenience. The prisoners' lawyers would be safer because they could see their clients without flying halfway around the world into a war zone.

The only problem with the whole idea was figuring out what to do with the prisoners over the long term. The government decided on using military tribunals to see if further detention was warranted or if the prisoners could be safely released. Now, that isn't going to happen. Everybody loses.

The prisoners lose because a process that could have adjudicated their status has been struck down by the court. They will just sit in Cuba longer. That's because the decision did not call into question the legitimacy of the camp or the government's right to detain unlawful combatants.

The administration's critics lose. Cries to close Guantánamo, especially shrill from Europe these days, will no doubt get even shriller. While critics may feel emboldened by the decision, they shouldn't be. The court did not order the government to release anyone, and odds are the government won't.

The critics, however, will no doubt just keep on harping, which is a useless exercise. They will continue to lose out on an opportunity to do something really useful - work with the United States to develop appropriate means to capture, detain and punish suspected terrorists who seek to find a shadow land where they can kill and maim with impunity beyond the reach of the law enforcement and judiciary we use to deal with everyday crimes.

The government loses because it has invested three years in developing a fair procedure that both safeguards the national security interests of the United States and humanely dispenses justice. It will have to start over to come up with a process the **Supreme Court** can accept.

Realizing that very little will change in Guantánamo as a result of the court, we need to ask where we go from here. That's simple:

We should recognize that we can't solve the problem by wishing it away. The battlefield of transnational terrorists is, essentially, everywhere, and we have to have practical means to find them and imprison them.

We can't treat unlawful combatants as regular criminals or traditional prisoners of war. That simply rewards individuals for breaking the rules of the civilized world.

We are going to have to come up with a long-term solution for adjudicating the status of the detainees that satisfies both U.S. national security interests and the rule of law.

The **Supreme Court** put the fate of the Guantánamo detainees back to square one. Let's hope the government's next attempt to get to square two is a step in the right direction.

James Jay Carafano (JamesCarafano@heritage.org) is a senior research fellow for national security and homeland security at the Heritage Foundation (heritage.org).

The Washington Times
June 30, 2006 Friday

SECTION: EDITORIALS; Pg. A22
LENGTH: 512 words
HEADLINE: A war-time precedent
BYLINE: By THE WASHINGTON TIMES

BODY:

In stark contrast to Ex parte Quirin the 1942 decision that upheld the constitutionality of a military tribunal established to try, and ultimately convict, German saboteurs the **Supreme Court** yesterday issued an appalling 5-3 decision that encroaches on the authority of a president during a time of war. In its ruling against the Bush administration's use of military commissions at **Guantanamo Bay,** the court imposed an unprecedented restriction on President Bush's prerogatives as commander in chief.

Salim Ahmed Hamdan, a driver and bodyguard to Osama bin Laden, can be detained for the "duration of active hostilities," the court ruled, making note of the threat he poses to the United States. But he will not be tried by military commission. The court contends that the broad authorization passed by Congress shortly after September 11 and the Detainee Treatment Act (DTA) passed in December "at most acknowledge a general Presidential authority to convene military commissions." None of these congressional mandates can, the court concludes, "be read to authorize this commission." Moreover, the court concludes that the military commission is invalid because its "structure and procedures violate both the UCMJ and the Geneva Conventions."

The Justice Department used the DTA as the basis for its argument that Hamdan was no longer under **Supreme Court** jurisdiction. The DTA specifically prohibits the **Supreme Court** from hearing "application for a writ of habeas corpus filed by or on behalf of an alien detained by the Department of Defense at **Guantanamo Bay,** Cuba." Justice Antonin Scalia sharply criticized the court for undermining the "unambiguous" language of the DTA with legislative history and for ruling against the limitations imposed by the DTA.

Two implications from court's ruling on military commissions are particularly disruptive to the war on terror. First, al Qaeda and other enemy combatants receive the protection of the Geneva Convention, even though al Qaeda is not itself a signatory of the convention. The court does not address this argument; instead, it impairs foreign policy with an interpretation of Article 3 that runs contrary to the administration's interpretation.

Second, the ruling implies that when Congress authorized the president to use "all necessary and appropriate force" to protect America, it did not, in fact, mean precisely that. Thus, as the president's ability to exercise his executive authority has been curtailed, the administration must consider the danger that other necessary programs may be undermined by the same flawed reasoning.

This is an "unprecedented departure from the traditionally limited role of the courts with respect to war and an unwarranted intrusion on executive authority," as Justice Clarence Thomas wrote in his dissent. The ruling will significantly undercut the president's ability to protect the United States. We believe that, in the long war against radical Islam that is still in its early stages, this is not a leading indicator but a trailing one a last gasp of the pre-September 11 mindset.

Card, Jean

From: Card, Jean
Sent: Thursday, July 13, 2006 2:57 PM
To: Gorsuch, Neil M
Subject: RE: Couple of Kyle points on hearing statement draft

Roger that; thanks!

-----Original Message-----
From: Gorsuch, Neil M
Sent: Thursday, July 13, 2006 2:50 PM
To: Card, Jean; Scolinos, Tasia
Subject: RE: Couple of Kyle points on hearing statement draft

Kyle may be right abt 1. Brent McIntosh in OLP can confirm. Agree that we should work in 2, but wouldn't drop much (if any) of existing language.

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From: Card, Jean
Sent: Thursday, July 13, 2006 2:46 PM
To: Gorsuch, Neil M; Scolinos, Tasia
Subject: Couple of Kyle points on hearing statement draft

Neil: can you address/answer Kyle's first point/question for me?
Tasia: I will re-work the Alice graph if you are in agreement with his second point.

-----Original Message-----
From: Sampson, Kyle
Sent: Thursday, July 13, 2006 1:48 PM
To: Card, Jean
Subject: Re: STAFFING: For Staff Review - Judiciary Hearing Statement Draft #2

I like it. Two comments:

1. I think that it was the WMD Comm'n, not the 9/11 Comm'n, that called for the creation of an NSD.
2. Can we beef up the Alice paragraph somehow -- I personally am less worried about the fact that she has an "Acting" in front of her title and am more worried that her recess appointment will expire this fall, at the end of this Congress.

-----Original Message-----
From: Card, Jean
To: Scolinos, Tasia; Roehrkasse, Brian; Sampson, Kyle; Elwood, Courtney; Brand, Rachel; Taylor, Jeffrey (OAG); Gorsuch, Neil M; McIntosh, Brent; Elston, Michael (ODAG); Moschella, William; Seidel, Rebecca; Bradbury, Steve; Clement, Paul D
CC: Masugi, Ken (OPA); Nichols, Grant W; Block, Jonathan; Sours, Raquel
Sent: Wed Jul 12 19:33:11 2006

Sent: Wed Jul 12 19:55:11 2006
Subject: STAFFING: For Staff Review - Judiciary Hearing Statement Draft #2

Please provide comments to me no later than 4:00 PM tomorrow, July 14.

Topic: Senate Judiciary Oversight Hearing: Opening Statement Date: July 18, 2006

Staffed to:
OAG: Kyle Sampson, Courtney Elwood, Jeffrey Taylor OPA: Tasia Scolinos, Brian Roehrkasse Legal Policy: Rachel Brand, Brent McIntosh OLC: Steve Bradbury OSG: Paul Clement
OASG: Neil Gorsuch
ODAG: Michael Elston
Leg: William Moschella, Rebecca Seidel

Please let me know if you have any questions. Thank you.

Jean Card
Office: 307-2016
Cell: 532-5388

Brett_C._Gerry@who.eop.gov

From:	Brett_C._Gerry@who.eop.gov
Sent:	Thursday, July 13, 2006 3:09 PM
To:	Gorsuch, Neil M
Subject:	Could you give me a quick ring?
Attachments:	tmp.htm

Thanks. 456-2721.

Thanks. 456-2721.

Scolinos, Tasia

From: Scolinos, Tasia
Sent: Thursday, July 13, 2006 3:17 PM
To: Gorsuch, Neil M; Card, Jean
Subject: RE: Couple of Kyle points on hearing statement draft

I agree with Kyle that the "Acting" point is not the strongest - I think the fact that she will be pulled out of her job in the fall unless conformed leaving Crim without a leader is a better message point

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CC: Masugi, Ken (OPA); Nichols, Grant W; Block, Jonathan; Sours, Raquel

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Leg: William Moschella, Rebecca Seidel

Please let me know if you have any questions. Thank you.

Jean Card
Office: 307-2016
Cell: 532-5388

Card, Jean

From: Card, Jean
Sent: Thursday, July 13, 2006 3:20 PM
To: Scolinos, Tasia; Gorsuch, Neil M
Subject: RE: Couple of Kyle points on hearing statement draft

Excellent. Will re-work and send to you.

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From: Scolinos, Tasia
Sent: Thursday, July 13, 2006 3:17 PM
To: Gorsuch, Neil M; Card, Jean
Subject: RE: Couple of Kyle points on hearing statement draft

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To: Scolinos, Tasia; Roehrkasse, Brian; Sampson, Kyle; Elwood, Courtney; Brand, Rachel; Taylor, Jeffrey (OAG); Gorsuch, Neil M; McIntosh, Brent; Elston, Michael (ODAG); Moschella, William; Seidel, Rebecca; Bradbury, Steve; Clement, Paul D
CC: Masugi, Ken (OPA); Nichols, Grant W; Block, Jonathan; Sours, Raquel
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OASG: Neil Gorsuch
ODAG: Michael Elston
Leg: William Moschella, Rebecca Seidel

Please let me know if you have any questions. Thank you.

Jean Card
Office: 307-2016
Cell: 532-5388

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Thursday, July 13, 2006 3:27 PM
To: 'Brett_C._Gerry@who.eop.gov'
Subject: Re: Could you give me a quick ring?

Am in mtg w ag. Do I need to duck out or can this wait 30 mins or so?

-----Original Message-----
From: Brett_C._Gerry@who.eop.gov <Brett_C._Gerry@who.eop.gov>
To: Gorsuch, Neil M
Sent: Thu Jul 13 15:08:46 2006
Subject: Could you give me a quick ring?

Thanks. 456-2721.

McIntosh, Brent

From:	McIntosh, Brent
Sent:	Thursday, July 13, 2006 3:56 PM
To:	Card, Jean; Scolinos, Tasia; Roehrkasse, Brian; Sampson, Kyle; Elwood, Courtney; Taylor, Jeffrey (OAG); Gorsuch, Neil M; Elston, Michael (ODAG); Moschella, William; Seidel, Rebecca; Bradbury, Steve; Clement, Paul D
Cc:	Masugi, Ken (OPA); Nichols, Grant W; Block, Jonathan; Sours, Raquel; Brand, Rachel
Subject:	RE: STAFFING: For Staff Review - Judiciary Hearing Statement Draft #2
Attachments:	07-18-06 senate judiciary hearing4.doc

Some OLP suggestions are reflected in the attached.

-----Original Message-----
From: Card, Jean
Sent: Wednesday, July 12, 2006 7:33 PM
To: Scolinos, Tasia; Roehrkasse, Brian; Sampson, Kyle; Elwood, Courtney; Brand, Rachel; Taylor, Jeffrey (OAG); Gorsuch, Neil M; McIntosh, Brent; Elston, Michael (ODAG); Moschella, William; Seidel, Rebecca; Bradbury, Steve; Clement, Paul D
Cc: Masugi, Ken (OPA); Nichols, Grant W; Block, Jonathan; Sours, Raquel
Subject: STAFFING: For Staff Review - Judiciary Hearing Statement Draft #2

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ODAG: Michael Elston
Leg: William Moschella, Rebecca Seidel

Please let me know if you have any questions. Thank you.

Jean Card
Office: 307-2016
Cell: 532-5388

PREPARED REMARKS FOR ATTORNEY GENERAL ALBERTO R. GONZALES AT THE DOJ OVERSIGHT HEARING OF THE SENATE JUDICIARY COMMITTEE

TUESDAY, JULY 18TH

Event:	**Annual DOJ Oversight Hearing**
Venue:	**Senate Judiciary Committee**
Audience:	**Committee Members, Staff, Press**
Length Requested:	**10 - 15 minutes**
Length Prepared:	**11 minutes; 46 seconds**
Press:	**Open**

Prepared by: Jean Card
202-307-2016

DOJ_NMG_0040382

Good morning. Thank you, Chairman Specter and Ranking Member Leahy, for having me here today for this annual oversight hearing.

The Department is doing important and honorable work in each of our priority areas including significant corporate fraud convictions, successful public corruption investigations, advances against gangs, human trafficking, and the exploitation of children. My written testimony details our progress on these and many other important fronts and I hope we will have a chance to discuss some of them today.

But the No. 1 priority for the Department – as it is for this committee, I know – is protecting America from terrorist attacks.

For the purpose of this short time together, I want to focus on some of the most significant current issues we collectively face in the fight against terrorism. One of these, of course, concerns the contours of the military commission process in light of the Supreme Court's recent decision in Hamdan.

I know the Congress is working hard on this issue, and the President and I deeply appreciate your efforts. We look forward to collaborating on these efforts under the shared beliefs that it is vital we bring terrorists to justice for their crimes against humanity, and that we do so in a trial process that is worthy of our country.

I've come here today with an outline of principles and preferences for the legislation governing military commissions, but allow me to first give our discussion some historic context.

In the fall of 2001, as you are all well aware, I was in the White House Counsel's office. The President had asked me, immediately following the horrors of September 11th, to determine everything the Executive Branch could do, both quickly and within the framework of the Constitution, to protect the American people.

Those were intense, purposeful times. We – all of us in government – had just seen our brothers and sisters murdered in New York, Arlington and Pennsylvania. We were anxious about the possibility of more attacks and

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determined that more acts of violence against our nation could not, would not, be tolerated as long as any of us held public office.

Here on the Hill, you acted quickly to pass the Patriot Act, and the President was grateful for your speed in doing so. In the Executive Branch we began to exercise powers of investigation and prosecution to stop terrorist plots before they could kill again.

We were of one mind then, in public service. And I cannot emphasize this enough: I hope that we will be of one mind going forward because I know we have the same goal: to protect the American people and to bring their attackers to justice.

****

When the war in Afghanistan began, an obvious question was on the White House situation room table: what will happen when we catch bin Laden?

In deciding how, with strict deference to the Constitution, to set up a process that would deal justly with a man who led the massacre of thousands of our countrymen, military commissions were born. They were born of necessity.

We believed – and still believe – that the President had the Constitutional authority to establish military commissions. Applying Supreme Court precedent as it then stood, the DC Circuit also ruled that the President had authority to establish military commissions — by a unanimous vote of a panel that included now-Chief Justice Roberts.

All that said, the Court has now announced a new set of principles to govern establishment of military commissions. We respect the process and know that while the results of court decisions are not always on the side that the Department argues, the opportunity for both sides to present their case is one of the things that makes this a fair and civilized nation.

With that context in mind, I'd like to give you a few specifics about what the Administration would like to see as Congress acts – we hope quickly – to establish a solid statutory basis for the military commission process, so that trials of captured al Qaeda terrorists can move forward. I'd like to

DOJ_NMG_0040384

suggest three basic guideposts for your consideration as we work together on this complicated subject.

First, I think you will find that the procedures devised by the Department of Defense are a useful resource as you consider what the military commission process should look like. You will find that the basic procedures crafted by DoD carefully balance the rights of the accused with the needs of national security and military necessity. They carefully and fairly address some concerns that I have regarding hearsay evidence, the protection of classified materials, and the like. I think you will find them a thoughtful and valuable starting point.

Second, we do not need hundreds of lawsuits from terrorists clogging our court system. We believe military commissions, not civilian courts or courts martial, are the appropriate place to try terrorists. Our courts are currently burdened with habeas suits, class actions, and tort claims on behalf of every single detainee at Guantanamo Bay challenging everything from the food they are fed to access to reading materials. In some cases, they even seek money damages. The Detainee Treatment Act recognized the need for balance in this area. It afforded detainees the opportunity to appeal military commission and CSRT decisions in the U.S. Court of Appeals for the D.C. Circuit as well as the United States Supreme Court. At the same time, it ruled out class actions, tort suits, and the endless stream of conditions of confinement challenges. We believe the DTA struck an appropriate balance and Congress should confirm that its provisions apply not just prospectively but to all of the proliferating pending cases.

Third, we need to address the Geneva Convention question in a sensible and balanced manner. In Hamdan, the Supreme Court held that common Article 3 applies to al Qaeda. Let me be clear, however. The Court did not hold that al Qaeda terrorists are entitled the protections of POW status under the Geneva Conventions. The Court's decision pertains only to the humanitarian guarantees enumerated in Article 3. And there is no question but that al Qaeda terrorists are not entitled to full POW status. They have nothing but contempt for the laws of war and the Geneva Conventions. They kidnap relief aid workers, behead contractors, journalists, and U.S. military personnel, and bomb religious shrines, wedding parties, and restaurants. They openly mock the rule of law, the Geneva Conventions, and the standards of civilized people everywhere. While the Court held

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common Article 3 applies, that does not mean al Qaeda is entitled to the protection of all the other rights sometimes applicable under the Geneva Conventions.

Let me also address briefly other important aspects of our war efforts. Recently the media has published details of classified surveillance programs vital to our national security. We are, of course, disappointed that anyone would choose to reveal to our enemies programs so essential to the prevention of another terrorist attack on our shores and, by doing so, endanger American lives.

And let there be no doubt about how vital these programs are. Imagine, for example, what a program like the terrorist surveillance program might have accomplished before 9-11. Terrorists were clustered throughout the United States preparing their assault. We know from the 9-11 Commission Report that they communicated with their superiors abroad using e-mail, the Internet, and cell phones. What might New York and Washington and, really, the whole world look like today if we had intercepted a communication revealing their location and plans? Of course, we cannot answer that question. But General Hayden, now Director of the CIA, has disclosed to the Senate that the terrorist surveillance program instituted after 9-11 has helped us detect and prevent terror plots in the United States and abroad.

Some have questioned the legal analysis underlying these programs. We strongly believe, as I have previously explained, that the programs are consistent with the President's constitutional authority as Commander in Chief and the Congress's prior statutory commands. At the same time, however, we welcome Congress's attention to this issue and we appreciate your efforts, Mr. Chairman, to update old statutory laws in this area to reflect the novel nature of the terror threat we all face. It is all to the good when the elected branches of government can work cooperatively to protect the American people, and I am pleased to lend strong support to S. ___.

Finally, because it is central to the goal of protecting the American people from terror, I would be remiss today if I did not include a call, once again, for the confirmation of Alice Fisher, head of the Department's

Criminal Division, and Ken Wainstein, to be head of the National Security Division.

The National Security Division -- something called for by the 9-11 commission -- cannot be stood up until Ken is confirmed. Every day that Ken's nomination is delayed is therefore a day wasted in responding to the Commission's vital recommendations.

Similarly, for Alice to have an "acting" status undermines her authority in running a division that is devoted to disrupting terrorism, fighting corporate corruption, and protecting the integrity of our public institutions. She has done a marvelous job in all these areas, as you know, and she deserves swift confirmation.

Mr. Chairman, today is September 12th for the people of the Department of Justice. And tomorrow will be September 12th again. We are fighting this battle for the security and safety of Americans one day at a time. We appreciate your support in our efforts and the support of this entire Committee. Thank you for having me here today to discuss the important work of protecting the American people that concerns us all. I'd be very glad to take your questions.

###

DOJ_NMG_0040387

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Thursday, July 13, 2006 4:07 PM
To: Todd, Gordon (SMO)
Subject: Fw: Conservative Commentary on Hamdan
Attachments: Guantanamo- Good Quotes.doc

-----Original Message-----
From: Brett_C._Gerry@who.eop.gov <Brett_C._Gerry@who.eop.gov>
To: Gorsuch, Neil M
Sent: Thu Jul 13 14:52:08 2006
Subject: Fw: Conservative Commentary on Hamdan

-----Original Message-----
From: Jonathan.Block@usdoj.gov <Jonathan.Block@usdoj.gov>
To: Tasia.Scolinos@usdoj.gov <Tasia.Scolinos@usdoj.gov>; Brian.Roehrkasse@usdoj.gov <Brian.Roehrkasse@usdoj.gov>; Martin, Catherine <Catherine_Martin@who.eop.gov>; Gerry, Brett C. <Brett_C._Gerry@who.eop.gov>
Sent: Thu Jul 13 14:37:42 2006
Subject: Conservative Commentary on Hamdan

A <<Guantanamo- Good Quotes.doc>> ttached, please find a document with excerpted quotes supporting the Administration's position in Hamdan v. Rumsfeld.

For the most part, entire articles have been pasted into this document with particularly salient quotes highlighted. When appropriate, precise quotes have been pulled out of various articles and included here as well.

Please let me know if you have any questions or concerns.

Jonathan Block

202-616-0503 (Work)
202-353-5328 (Mobile)

<<Guantanamo- Good Quotes.doc>>

Centre Daily Times
July 1, 2006 Saturday

SECTION: A; Pg. 1
HEADLINE: Ruling puts spotlight on terror efforts;
Supreme Court decision may affect other measures feds use to fight enemy
BYLINE: McClatchy Newspapers

"The advocates of diminishing his office now have a powerful public relations tool to say that the most powerful court in the land has said he is a law breaker," said Douglas Kmiec, a professor of constitutional law at Pepperdine University Law School and a legal counsel for former presidents George H.W. Bush and Ronald Reagan.

Fox News Network
SHOW: JOURNAL EDITORIAL REPORT 11:00 PM EST
July 1, 2006 Saturday

TRANSCRIPT: 070101cb.267
SECTION: NEWS; Domestic
LENGTH: 1422 words
HEADLINE: Interview With Ted Olson
BYLINE: Paul Gigot
GUESTS: Ted Olson

GIGOT: Welcome to "The Journal Editorial Report. I'm Paul Gigot.

The Supreme Court finished its term this week and handed down two big rulings. The first validated most of Tom Delay's redistricting plan in Texas and might clear the way for more redistricting in other states.

The second invalidated the president's plan to use military tribunals for trying detainees at Guantanamo Bay in Cuba.

We got exclusive reaction to these rulings and analysis about the new look Supreme Court from former Solicitor General Ted Olson.

We have the end of the Supreme Court term. We had the big **Hamdan** case this week with the Supreme Court overruling the Bush Administration's military tribunals. How big a set back is this for presidential war making power?

TED OLSON, FORMER SOLICITOR GENERAL: It is very serious. Combined with a decision a couple years ago giving the courts jurisdiction over enemy combatants who have never set foot on American soil.

GIGOT: That was the Hamdi decision.

OLSON: That was Rasul. They called it Rasul, had to do with the Guantanamo Bay case. For the first time the courts claimed jurisdiction to consider the rights of people captured by American soldiers who never set foot on United States soil, who were not U.S. citizens, who are being held abroad.

The dissent in that case pointed out that there were two million people in that situation at the end of World War II. None of whom were thought to have had rights to American courts. They were just enemy combatants.

Well, the courts took jurisdiction over those individuals in that decision two years ago. This extends it further. The president decided that we will have a military commission to decide whether those individuals violated rules of war or...

GIGOT: Just to be clear, these are al-Qaeda detainees or other suspects who try to do harm to Americans in the field, not wearing military uniforms, for example in Afghanistan.

OLSON: That's right. These are terrorists. These are people -- I don't know About Hamden particularly. But that's the group of people that we're talking about.

These are people that were not wearing uniforms. These are people that try to kill, maim, destroy as many people as possible. They are enemies of the United States. They belong to no country. They follow no rules of war. They are just in it to do damage to the United States or other innocent people attending a Bar-mitzvah or whatever it might be.

They are captured. The United States Supreme Court has now said they have rights to United States Supreme Courts. And they have rights to Bill of Rights protections. The rights to lawyers. The rights to confront the evidence against them. The right to see classified information, if necessary. That's in this decision this week.

GIGOT: Now there is -- some people are saying, if they are looking at the fine print, particularly if Justice Kennedy's decision the swing justice in this case, the fifth justice, that there is maybe an out for the executive and the Congress, that they could reconstitute military tribunals if they rewrite the rules of these tribunals to allow them to conform to what are essentially U.S. court-martials. What do you think about that?

OLSON: Well, every time Congress tries to correct it -- and in the first place, that's a very difficult process and compromises are made.

We have to remember that our Constitution is set up to let the courts have the last word on some things, Congress the last word on some things and the president the last word on some things. One of which, the area where the president should have the last word is when to send the troops in. Who to capture on the battlefield? How long to take someone off the battlefield if they're throwing hand grenades at...

GIGOT: You don't want courts intervening in that.

OLSON: Can you imagine? No. Now, taking that person who is throwing the hand grenade at your soldiers, put him in a brig some place. Now, that brig is visited by lawyers and visitors from the United States, maybe the press has to be their. Maybe they have the right to confront evidence. You have to take people off the battlefield to testify, well, he was really throwing a hand grenade.

Can you imagine importing the rules of our U.S. justice system and making that justice available to someone who is captured in combat with a tank?

GIGOT: Are you saying we are on that path to getting to that situation with these set of Supreme Court rules?

OLSON: That is certainly the direction. First of all, the court decided it did have jurisdiction, overruling a 50-year-old precedent, saying the courts had no business in these matters. Then the decision this week saying that certain rules had to apply. The Geneva Convention had to apply even though the Geneva Convention does not apply to enemy combatants who don't work for a particular country and are not in uniform, and are not complying with the rules of war.

The court talks about the right to counsel. The right to have evidence presented to them. The right to confront witnesses against them. Those are the things we accord our own citizens in criminal trials. But you can imagine the difficulty, complication and inefficiency, although that's the least of the problems, of doing something like that in wartime.

GIGOT: Is this a Justice Kennedy court now? Is he the swing vote on this court, because he went -- depending on where he went on a lot of these really contentious decisions, that's where the court went?

OLSON: That's certainly proven to be true in the last few weeks of the court term. Those four justices were on one side, four on the other and whichever side Justice Kennedy was on was the prevailing side.

And Justice Kennedy, in most cases, in a lot of these controversial cases, doesn't like hard and fast rules and he -- he develops formulas that are amenable to interpretation and subjectivity so that you can see the outcome coming out differently depending upon what the facts were and so forth.

GIGOT: You are saying they are ambiguous -- often ambiguous.

OLSON: Very often ambiguous and very often not clear as to where they tie in with previous precedents.

GIGOT: Is there any consistency to his jurisprudence? I noticed on the clean water case, for example, he went with the Liberals. On the death penalty case and on some of the rules of criminal evidence, he went with the conservatives. And of course, on Hamden again, back to the Liberals.

Is there any consistency in his jurisprudence?

OLSON: There is consistency on some questions. On other questions it is hard to say how he's going to come out. If they are matters of deep social concern, like the case a couple years ago, involving the rights of homosexuals, the sodomy case.

And other cases like that, including his enemy combatant case that we had just a day or two ago, he agonizes. He said he agonizes over the decision and tries to come out with the right result. But sometimes it's difficult for you or I to figure out what is the right result as opposed to what's the right consistent jurisprudential result.

GIGOT: Is it too much to say that this is now the Justice Anthony Kennedy court? That he'll determine where the court goes?

OLSON: I think it is too soon to tell. I think that Chief Justice Roberts, who is highly respected by his colleagues, and Justice Alito, who is and will be, may make a difference with respect to the court.

But Justice Kennedy is in the middle. He replaced Justice O'Connor. The last few terms both Justice Kennedy and Justice O'Connor were squarely in the middle. You had to pick up one or both to win in a close case.

Now on close cases it is Justice Kennedy all by himself.

GIGOT: Ted Olson, thanks very much for being here.

OLSON: Paul, thank you.

The Baltimore Sun, Maryland
Distributed by Knight/Ridder Tribune News Service
June 30, 2006 Friday

SECTION: STATE AND REGIONAL NEWS
ACC-NO: 20060630-BZ-0630-Justices-limit-wartime-powers
LENGTH: 1410 words
HEADLINE: Justices limit wartime powers: Bush dealt setback in 5-3 ruling against military tribunals
BYLINE: Gail Gibson and Siobhan Gorman, The Baltimore Sun

Douglas W. Kmiec, a Pepperdine University law professor who served in the Justice Department under President Ronald Reagan, said the ruling demonstrated that "the court has simply failed to grasp that we are at war."

Christian Science Monitor
June 30, 2006, Friday

SECTION: USA; Pg. 1
HEADLINE: Supreme Court rejects military tribunals
BYLINE: Warren RicheyStaff writer of The Christian Science Monitor
DATELINE: WASHINGTON
HIGHLIGHT: The high court's 5-to-3 ruling Thursday scuttled US plans for Guant mo detainees.

BODY:

Mr. McBride called this part of the court's ruling "startling."

He adds: "Given the strictures of Common Article 3, it's just outrageous to say that a terrorist organization whose sole purpose is to violate the laws of war should be given the protection of the Geneva Conventions."

Financial Times (London, England)
June 30, 2006 Friday

SECTION: WORLD NEWS; Pg. 7
LENGTH: 646 words
HEADLINE: **Supreme Court** blow to Bush on military tribunals
BYLINE: By DEMETRI SEVASTOPULO and PATTI WALDMEIR
DATELINE: WASHINGTON

John Hutson, a former navy judge advocate-general, said: "If the president doesn't have the inherent authority as commander in chief, he doesn't have authority under the (congressional) authority to use military force, and the Geneva Conventions apply, that really pulls the rugs from under him."

Mr Hutson said the administration could create military commissions acceptable to the Supreme Court, but he said the new rules of evidence might lead them to abandon the cases. "The last thing the administration wants is for there to be a bunch of acquittals because the evidence isn't there," said Mr Hutson. "Rather than risking acquittals they may say we are just going to quit."

Los Angeles Times
June 30, 2006 Friday

SECTION: MAIN NEWS; National Desk; Part A; Pg. 1
LENGTH: 1533 words
HEADLINE: THE GUANTANAMO DECISION;
Military Fought to Abide by War Rules
BYLINE: Julian E. Barnes, Times Staff Writer
DATELINE: WASHINGTON

"Military commissions are measures presidents from Washington to [Franklin] Roosevelt have used," said John Yoo, former Deputy Assistant Attorney General who now teaches at UC Berkeley's law school. "I don't think it's a question of the president trying to seize power. The administration acted in good faith. The **Supreme Court** pulled the rug out from under the administration and changed the law."

Yoo argued that the commissions were intended to protect intelligence and provide a reasonable way to bring terrorists to justice. The federal trial of Zacarias Moussaoui, which nearly derailed over defense requests to question Al Qaeda captives, showed why it was impossible to use standard legal venues to try terrorism suspects, Yoo said.

"How do you try terrorists without blowing intelligence?" Yoo said.

The New York Times
June 30, 2006 Friday

SECTION: Section A; Column 1; National Desk; THE RULING ON TRIBUNALS: THE CONTEXT; Pg. 21
LENGTH: 1150 words
HEADLINE: Court's Ruling Is Likely To Force Negotiations Over Presidential Power
BYLINE: By DAVID E. SANGER and SCOTT SHANE
DATELINE: WASHINGTON, June 29

BODY:

"Nothing about the administration's solution was radical or even particularly aggressive," said Bradford A. Berenson, who served from 2001 to 2003 as associate White House counsel. "What is truly radical is the **Supreme Court's** willingness to bend to world opinion and undermine some of the most important foundations of American national security law in the middle of a war."

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Supporters of the president emphasized that the question of how to balance suspects' rights against the need for intelligence on imminent attacks was always a daunting challenge, and that the ruling did not change that.

In fact, said Jack Goldsmith, who headed the Justice Department's Office of Legal Counsel in 2003 and 2004, the fact that no second attack has occurred on American soil is an achievement of the administration that is now complicating its political situation.

"The longer the president and the administration successfully prevent another attack," Mr. Goldsmith said, "the more people think the threat has abated and the more they demand that the administration adhere to traditional civil liberties protections."

Newsday (New York)
June 30, 2006 Friday

SECTION: NEWS; Pg. A07
LENGTH: 714 words
HEADLINE: Bush loss in high court;
Justices rule that commissions set up by his administration to try Guantanamo detainees are illegal, but president has a range of options
BYLINE: BY TOM BRUNE. NEWSDAY WASHINGTON BUREAU

Former Reagan justice attorney Douglas Kmiec also said the decision appears to apply the Geneva Conventions to all aspects of the war on terror, a result he called "harmful" in granting al-Qaida and other terrorists the very protections they ignore in their tactics.

"As I read it, it applies across the board to the people who we are going to be at war with in the war on terror," Kmiec said.

Voice of America
June 30, 2006 Friday

LENGTH: 786 words
HEADLINE: VOA NEWS: LIMITS OF PRESIDENTIAL POWER AT ISSUE IN U.S **SUPREME COURT** RULING
BYLINE: US Fed News

The Voice of America issued the following story:

By Jim Malone

Three of the **Supreme Court** justices dissented in the case. One of them, Justice Clarence Thomas, argued that denying the administration the right to try detainees through military tribunals would hamper the president's ability to fight the war on terror.

Some conservative activists agree, including Richard Samp of the Washington Legal Foundation.

"The American people ought to be rebuking the Supreme Court for ignoring the will of the elected branches of government," he said.

The Washington Post
June 30, 2006 Friday

SECTION: A Section; A01
LENGTH: 1093 words
HEADLINE: A Governing Philosophy Rebuffed;
Ruling Emphasizes Constitutional Boundaries
BYLINE: Peter Baker and Michael Abramowitz, Washington Post Staff Writers

"There is a strain of legal reasoning in this administration that believes in a time of war the other two branches have a diminished role or no role," Sen. Lindsey O. Graham (R-S.C.), who has resisted the administration's philosophy, said in an interview. "It's sincere, it's heartfelt, but after today, it's wrong."

The administration's allies, however, were disturbed that Bush's hands now may be tied by the ruling, written by Justice John Paul Stevens. "Stevens's opinion was quite shocking in its lack of discussion of the president's independent authority," said Andrew McBride, a former Justice Department official who wrote a brief supporting the administration on behalf of former attorneys general and military lawyers.

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The Associated Press State & Local Wire
June 30, 2006 Friday
SECTION: POLITICAL NEWS
LENGTH: 424 words
HEADLINE: Mass. governor disagrees with ruling on detainees in Cuba
BYLINE: By ED SHEARER, Associated Press Writer
DATELINE: ATLANTA

Gov. Mitt Romney of Massachusetts said Thursday that the U.S. **Supreme Court** ruling on **Guantanamo Bay** detainees was just another reason why the nation should elect a Republican president again in 2008 to get more conservative judges on the high court.

The **Supreme Court** ruled that President Bush overstepped his authority in ordering military war crimes trials for **Guantanamo Bay** detainees, saying in a strong rebuke that the trials were illegal under U.S. and international law.

The court declared 5-3 that the trials for 10 foreign terror suspects violate U.S. law and the Geneva conventions.

"To apply the Geneva accords is very strange in my view," Romney said during a question-and-answer session with about 150 people attending his speech sponsored by the Georgia Public Policy Foundation at The Commerce Club of Atlanta.

Romney said he hadn't seen the ruling and didn't want to be too specific, but he said he knew the votes broke down between liberal and conservative judges.

"It's hard to understand how a party who's not a nation comes under the Geneva convention," he said.

Romney, chairman of the Republican Governors Association, said he's been to Guantanamo, adding that the prisoners "are treated very well."

Copley News Service
June 30, 2006 Friday 12:25 PM EST

SECTION: DAILY EDITORIALS
LENGTH: 591 words
HEADLINE: Court overreaches in Guantanamo ruling
BYLINE: The Detroit News

The U.S. Supreme Court, in a stunning instance of judicial overreach, said the United States doesn't have the authority to try an al-Qaida operative in a military tribunal. However, the court left intact the nation's ability to detain him indefinitely.

And the court left the door open to Congress to specifically authorize military tribunals for the trial of al-Qaida members. While the ruling doesn't immediately damage the nation's ability to fight terrorists, it does show how willing some court members are to limit a president's powers in wartime and flatly disregard Congress.

The court made its ruling Thursday in the case of Salim Ahmed **Hamdan,** a Yemeni who was captured in Afghanistan and transferred to the U.S. detention facility in Guantanamo, Cuba. **Hamdan** filed a writ of habeas corpus and challenged the military commission set up to try him. A federal district judge granted him a hearing, but the U.S. Court of Appeals threw out his case, saying federal courts didn't have the authority to hear his claims.

In the meantime, Congress passed a statute denying federal courts jurisdiction to hear habeas corpus cases from Guantanamo detainees. That statute said effective Dec. 30, 2005, "no court, justice or judge" shall have jurisdiction to hear habeas corpus pleas.

The president earlier issued an executive order stating that such detainees would be tried by military commissions and their appeals would be heard by the U.S. Court of Appeals.

Congress is specifically granted the authority to limit the Supreme Court's appellate jurisdiction in Article III, Section 2 of the Constitution. Nevertheless, the court's majority, in a brazen act of linguistic legerdemain, reached around that statute and a line of its own rulings to grab control of this case.

It then ruled the president's military tribunals were not authorized by Congress, did not conform to standard procedures in U.S. military courts and did not conform to an article of the Geneva Conventions.

In doing so, the court's majority overruled a panel of the U.S. Court of Appeals that contained current Chief Justice John Roberts. The panel held that the section of the Geneva Conventions at issue was not applicable. Roberts recused himself from this case.

Hamdan was charged with serving as bodyguard for Osama bin Laden, transporting weapons used by al-Qaida members, driving bin Laden to al-Qaida training camps and receiving weapons training at these camps. All of these acts were part of his participation in al-Qaida's terrorism conspiracy, with **Hamdan** believing that bin Laden and his associates were involved in terrorists acts prior to and including the September 11 attacks on the United States.

Amazingly, four of the justices - John Paul Stevens, David Souter, Ruth Bader Ginsburg and Stephen Breyer - held that this alleged conspiracy did not constitute a violation of "the laws of war" which a military commission could hear a prosecution. Justice Anthony Kennedy could not bring himself to sign on to this part of the majority's ruling.

Justice Clarence Thomas reacted with incredulity: "Today, a plurality of this court would hold that conspiracy to massacre innocent civilians does not violate the laws of war."

Ironically, by leaving the power to detain terrorism suspects intact, the ruling may slow the

administration's ability to shut down the Guantanamo prison. Congress can always grant the president new authority to set up tribunals. In the meantime, let the detainees sit in Guantanamo as long as they are deemed a threat.

Reprinted from The Detroit News.

Daily Oklahoman
Distributed by Knight/Ridder Tribune News Service
June 30, 2006 Friday
SECTION: COMMENTARY
ACC-NO: 20060630-OK-0630-EDITORIAL-Court-ruling-downplays-war-realities
LENGTH: 373 words
HEADLINE: EDITORIAL: Court ruling downplays war realities
BYLINE: The Daily Oklahoman

BODY:

Jun. 30--AT SOME point, when the donkey laden with the U.S. Supreme Court's 185-page decision in **Hamdan** v. Rumsfeld reaches the cave housing Osama bin Laden, al-Qaida's leader doubtless will enjoy a big belly laugh thanks to the American judicial system.

The high court's ruling Thursday, that President Bush exceeded authority in ordering military trials for Salim Ahmed **Hamdan** and others held at Guantanamo Bay, Cuba, surely will encourage bin Laden that there's a disconnect between the court's majority and reality about the war on terror.

The decision suggests five justices have a disconcerting, pre-9/11 view of the role of law and the courts in the neutralizing of dangerous characters like **Hamdan,** bin Laden's former driver.

The court's four liberal justices and conservative/moderate Justice Anthony Kennedy ruled Bush lacked congressional authority to place the Guantanamo detainees before military tribunals, that **Hamdan** was charged with a crime -- conspiracy -- that can't be tried by a military court under the "common law of war," and that the detainees are due rights and privileges under the Geneva Conventions.

The majority opinion by Justice John Paul Stevens is an academic argument about captives under the rules of war. It suggests justices clashed on the definitions of a "theater of war" and in trying to pinpoint when the war on terror began -- both critical in trying to fit the conflict into pre-existing legal models on the treatment of enemy combatants.

It's interesting, but it seems to lack appreciation for the unprecedented nature, and danger, of this war. Indeed, reading Stevens' opinion, there's a focus on the ground rules that one can't help but think is completely lost on America's enemies.

It's a setback for the Bush administration's aggressive prosecution of the war, but not an insurmountable one. Bush said he'll work with Congress for the proper tribunal authorization, and lawmakers should cooperate.

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The following editorial appeared in the New York Daily News on Friday, June 30:

SUPREME COURT GOES OVERBOARD

Even Osama bin Laden's driver and bodyguard, a man believed to have witnessed the planning of Sept. 11 and received weapons training at al-Qaeda camps, has his rights, the U.S. Supreme Court declared Thursday in ruling that President Bush had not extended every procedural consideration that the court felt the U.S. owes a gentleman.

We exaggerate _ slightly. The majority in the court's long-awaited decision regarding the use of military tribunals to adjudicate the futures of prisoners captured on the Afghanistan field took offense that Bush did what he felt he had to in defense of the United States. No, Mr. Commander in Chief, the justices said, the history of military jurisprudence places a higher value on prosecuting Osama's buds with full legal protections as recognized down through the ages.

And that's where they went wrong. Not that it wouldn't be nice, if it were possible, to give every prisoner a full-dress "Law and Order" trial. What five justices failed to comprehend is that America is at war with an enemy unlike any other we have faced, one that does not abide by the Geneva Conventions or wear uniforms or represent any one nation or limit themselves to killing only opposing forces. And so the court concluded even that the U.S. charge against Salim Hamdam _ conspiracy _ was not a proper war crime. After all, he hadn't fueled the planes for 9/11 or anything like that.

Generals are often accused of fighting yesterday's wars. Justice John Paul Stevens and his fellow thinkers Thursday fell into the same trap even while specifically assuming that Hamdam "is a dangerous individual whose beliefs, if acted upon, would cause great harm and even death to innocent civilians." Far more apt was the thinking of Justice Antonin Scalia, who pointed out that Bush had stated that forming the tribunals was necessary to "prevent terrorist attacks." Wrote Scalia: "It is not clear where the court derives the authority _ or the audacity _ to contradict this determination."

The court's opinion is being widely touted as a rebuke to Bush and as a check on what some believe is unbridled executive power. It strikes us more as unhelpful overreaching. There are, indeed, shortcomings in the rules by which evidence is presented and rebutted in the tribunals as approved by Bush. An order to straighten them out would have sufficed. Instead, the president will now have to ask Congress, which tried to bar this appeal by law, to write new laws that explicitly permit him to do pretty much as he has been doing all along. Fine. Then let the tribunals proceed.

National Review
June 30, 2006 Friday

SECTION: National Review Online
LENGTH: 1069 words
HEADLINE: An Outrage
BYLINE: The Editors

BODY:

The Supreme Court's decision to impose by judicial fiat a treaty that no politically accountable official would dare propose -- a one-sided compact wherein the United States gives elevated due process to al Qaeda's terrorists while they continue slaughtering civilians and torturing their captives to death -- is an abomination.

The extent of the abomination is difficult to quantify. Thursday's decision in **Hamdan** v. Rumsfeld gets worse the more one studies it.

To begin with, the Court had no business deciding this case at all. Not only did it target the president's commander-in-chief authority to determine what is militarily necessary in wartime, it also imperiously slapped down the U.S. Congress. In last December's Detainee Treatment Act (DTA), Congress -- acting on its constitutional prerogative -- rescinded the unprecedented jurisdiction that the Supreme Court, in the 2004 Rasul case, had tried claimed over alien enemy combatants captured in wartime and held outside the U.S. (that is, outside the jurisdiction of U.S. courts). This Court, however, acknowledges no limits on its powers -- whether imposed by Congress or by the English language, which it had to torture in order to construe the DTA's unambiguous limitation of its jurisdiction as an invitation to meddle.

And meddle it did. It rewrote legislation that clearly authorized the military commissions for captured terrorists that President Bush ordered in late 2001. It rewrote the Geneva Conventions. And it claimed for itself the mantle of final authority over both international relations and military necessity -- matters in which it is wholly lacking institutional competence and which the Framers committed singularly to the chief executive.

The result was somehow to find that the military commissions are unauthorized under federal law and unfair under international law. Never mind that they guaranteed our enemies the rights to counsel, to the presumption of innocence, to proof beyond a reasonable doubt before conviction, to the privilege against self-incrimination, to confront the government's witnesses and summon witnesses in their defense, and to prepare a defense with broad discovery of the government's evidence and investigative file.

How could this conceivably be insufficient due process for alien combatants with no legitimate claim on Bill of Rights? The Court fretted that the procedures might not permit captives like Salim Ahmed **Hamdan** -- the driver and bodyguard of Osama bin Laden -- to be present at every stage of their trials. This is perhaps the most deplorable of the excesses endorsed in Justice John Paul Stevens's majority opinion (joined by Anthony Kennedy, David Souter, Ruth Bader Ginsburg, and Stephen Breyer). First, the concern is sheer speculation. There hasn't been a commission trial yet, and there is no way to know whether **Hamdan** would have been excluded from any part of a trial, much less whether the degree of exclusion would have been unjustifiable. Second, the rules allow for the combatant's military lawyer to be present even when he is not. But third, and most fundamentally, safeguarding national security is the highest obligation of government. The commissions wouldn't have guaranteed **Hamdan's** right to be present at every stage of the trial in order to preserve the government's ability to conceal from the enemy, during wartime, our national-security secrets, as well as our methods of obtaining them. Protecting Americans from attack depends on that ability. But five justices of the Supreme Court, completely unaccountable to the Americans whom the government is obliged to protect, have subordinated that obligation to the hypothetical interests of enemy operatives who have no judicially enforceable rights

under American law.

In deciding as it did, the Court also ignored its own venerable precedent -- of over a half-century's standing -- that the Geneva Conventions, even when they do create binding obligations on governments, do not create judicially enforceable rights for individuals. Disputes over their application are, rather, to be worked out diplomatically, among the political representatives of sovereigns. Moreover, the Geneva Conventions were irrelevant to **Hamdan's** case. He is a terrorist combatant who fails to meet the conventions' definition of a prisoner of war; consequently, he is not entitled to the conventions' POW protections. In order to get around this inconvenient fact, the Court had to invoke (and distort) "Common Article 3" of the conventions, which applies only to civil wars taking place within the territory of a single country, as opposed to international conflicts. The Court argued, absurdly, that because al Qaeda is not a nation, it cannot be in an international conflict: so the global War on Terror is not "international," despite having been fought in the United States, Somalia, Yemen, Kenya, Tanzania, Afghanistan, and Iraq. As for Article 3's requirement that the conflicts to which it applies be confined to a single country, the Court's majority found an easy way to get around it: by ignoring it.

Hard as it may be to believe that the Court, without any grounding in either American law or the Geneva Conventions, has effectively signed a treaty with al Qaeda for the protection of its terrorists, there may be a silver lining. The case implicates only trials of enemy combatants, whom the president remains authorized to detain until the end of hostilities -- however long that takes. In addition, the Court held that military commissions would be permissible if Congress authorized their precise terms and procedures. Sens. Lindsay Graham and John Kyl, who were the engines behind the Detainee Treatment Act that the Court cashiered, have already indicated they are ready to get to work on this. Arlen Specter also has a proposal. There is no issue more important than national security, and with the 2006 elections beckoning it is essential that Republicans move quickly on legislation. Our elected representatives need to be on record, now, about what rights they would give to Qaeda terrorists in wartime.

As yesterday's decision again demonstrates, this Court would rather impose its preferences on us than simply follow the law. We should find this unacceptable in any case. But when the consequences of the Court's arrogance rise to the level of life and death, there is only one word to describe what it is: an outrage.

National Review
June 30, 2006 Friday

SECTION: National Review Online
LENGTH: 1490 words
HEADLINE: Five, Wrong
BYLINE: An NRO Symposium

BODY:

John Eastman
-- John C. Eastman is Henry Salvatori Professor Law & Community Service at Chapman University School of Law and director of the Claremont Institute's Center for Constitutional Jurisprudence.

The Detainee Treatment Act of 2005, enacted last December, gives the U.S. Court of Appeals in Washington, D.C., exclusive jurisdiction to review habeas-corpus petitions from the terrorists detained at Guantanamo Bay. The act also expressly provides that, other than that court, "no court, justice, or judge shall have jurisdiction to hear or consider . . . an application for a writ of habeas corpus filed by or on behalf of an alien detained by the Department of Defense at Guantanamo Bay, Cuba . . ." Legislative word-smithing does not get much clearer than that. Equally clear is Congress's authority to restrict the appellate jurisdiction of the Supreme Court; Article III, Section 2, of the Constitution describes that the appellate jurisdiction of the Supreme Court is subject to "such Exceptions, and under such Regulations as the Congress shall make."

Yet despite this clear mandate from Congress and equally clear constitutional authority for it, Justice Stevens and a majority of the Supreme Court proceeded to hear and consider, and today decided, the application for a writ of habeas corpus filed by Salim Ahmed **Hamdan,** currently a resident of Guantanamo Bay and formerly Osama Bin Laden's driver (allegedly). For Justice Stevens, the law didn't really mean what it said because Congress did not, in this section of the act, go out of its way to say that it applied to cases already pending, and interpreting the statute as plainly written would, in his view, raise serious constitutional concerns. The lawlessness of the Court's action is manifest.

This is not the first time in our history when Congress has sought to revoke the appellate jurisdiction of the Supreme Court in a certain class of war-related cases. As Justice Scalia correctly noted in dissent, the Civil-War-era Court confronted the issue in Ex Parte McCardle, which involved an act of Congress removing the Court's appellate jurisdiction over the habeas claim of a convicted war deserter. As here, that case was also pending at the time Congress acted. Indeed, the Supreme Court had already heard oral argument in the case and was already drafting an opinion. Yet that Court, unlike the current one, recognized the constitutional limits on its authority, noting:

Without jurisdiction the Court cannot proceed at all in any cause. Jurisdiction is power to declare the law, and when it ceases to exist, the only function remaining to the court is that of announcing the fact and dismissing the cause.

In a case which has been reported as the Court's rebuke to the nation's commander-in-chief for acting "above the law," the Court's own lawlessness should not go unnoticed.

The merits portion of the Court's holding is even more troubling, as Justice Stevens and the Court majority seem bent not only on ignoring congressional mandates but on assuming to themselves the powers of the office of president as well. Article II of the Constitution makes absolutely clear that the president, not the courts, is commander-in-chief. His power in this arena is particularly strong when Congress has lent its own support, as it did with the Authorization for the Use of Military Force, enacted shortly after September 11, 2001. That Act of Congress authorized the president to use all necessary and proper force to capture or kill those who had a hand in the attacks on the United States and to prevent

similar attacks in the future. The power to detain enemy combatants has always been considered as incident to the war-making power, as a matter of both domestic and international law. That power has also included the power to try detainees for violations of the laws of war, without having to submit to the oversight of civilian courts in the process. The Constitution even permits trials of our own servicemen in military rather than civilian courts, yet Justice Stevens and the Court majority seem intent on extending greater protections to our terrorist enemies than the Constitution affords to our own men in uniform.

As erroneous as the Court's opinion is, it is important not to overstate its actual holding. At the heart of the controversy is the president's decision to utilize military tribunals rather than courts martial for the trial of detainees charged with violating the laws of war, and to utilize a different set of procedures in those tribunals than in courts martial. Justice Stevens specifically recognized that, under the Uniform Code of Military Justice, the president can authorize different sets of procedures for military tribunals if it is impracticable to apply the same procedures as are utilized in courts martial and in civilian courts. Although the president had specifically found that court-martial procedures were impracticable in the trial of terror suspects, Justice Stevens insisted on more detail from the president, noting that "nothing in the record . . . demonstrates that it would be impracticable to apply court-martial rules." Some things are obvious enough that the Court should take judicial notice of them even without detailed evidence in the record. I would have thought the danger posed by international terrorism would have qualified for that treatment (particularly when combined with the assertion of the president, the constitutional officer who is actually assigned the task of making such determinations), but apparently the Court requires more of a tutorial from the president than what he provided on the dangers he has to address every day. He should give it to them, and then get on with the serious business of defending this country against those who would destroy our cities, our citizens, and our very civilization.

Julian Ku
-- Julian Ku is an associate professor of law at Hofstra University School of law and a co-founder of the international law blog opiniojuris.org.

There are many reasons to criticize the Supreme Court's reasoning in **Hamdan,** but my particular concern arises from the Court's refusal to give deference to the president's reasonable interpretation of international law. There is nothing illegitimate, of course, about applying international law in cases where it is appropriate. In many cases, however, international law is simply not supposed to be invoked by private individuals in civilian domestic courts. This is clearly one of those cases. Treaties like the Geneva Conventions of 1949, for instance, have diplomatic enforcement mechanisms. For this reason, courts will often leave the interpretation of such treaties and the enforcement of rights under those treaties to the president.

The **Hamdan** Court's rationale for departing from this usual practice is the claim that Congress has, by statute, intended to limit military commissions to whatever the customary law of war requires -- e.g., the Geneva Conventions. Plainly, Congress could limit the president's use of military commissions. But it is hard to see how Congress's mere use of the phrase "laws of war" empowers the Court to overrule the president's reasonable interpretations of international law.

In the end, the Court had a choice between aggrandizing to itself more power or deferring to the president on a matter implicating complex foreign policy and international law determinations. It is not exactly surprising, although somewhat disheartening, that the Court made the choice it did.

Ed Whelan
Ed Whelan, an NRO contributor, is president of the Ethics and Public Policy Center.

"At the heart of liberty is the right to define one's own concept of existence, of meaning, of the universe, and of the mystery of human life." Any sound mind would recognize this infamous "mystery" passage to be gibberish. But five justices on the Supreme Court -- Stevens, Kennedy, Souter, Ginsburg, and Breyer -- have expounded it (the first three in 1992 in Planned Parenthood v. Casey, and all five in 2003 in

Lawrence v. Texas) as their license to override, in the name of "substantive due process," whatever democratic enactments they disfavor.

It should come as no surprise that it was these same five justices in **Hamdan** who disregarded the fact that Congress, in the Detainee Treatment Act, plainly deprived the Court of jurisdiction in the case and who arrogantly and illegitimately intruded on the president's conduct of military operations. The Mystery Five have simply practiced once again the utterly lawless willfulness that they have proclaimed to be their mission. And they undoubtedly know that they will receive ample cover, in the form of fawning accolades, from legal academia and the liberal media.

Our country (loosely defined) may well survive these continuing judicial depredations. But our Constitution -- and the system of representative government, separated powers, and federalism that it established -- won't.

National Review
June 30, 2006 Friday

SECTION: National Review Online
LENGTH: 943 words
HEADLINE: Too Much Disbelief to Suspend
BYLINE: Matthew J. Franck

BODY:

It is a standard element in the art of fiction that the reader of a story (or the viewer of a movie or play) is called upon to engage in the "suspension of disbelief" -- to still the voice whispering "preposterous" in the mind's ear, to entertain the unlikely and even the fantastic, so long as there is some element of internal consistency, plot logic, and verisimilitude, this last understood not as real-world plausibility but as conformity with reasonable expectations, within the world conjured by the artist, about events, characters' actions and motivations, and so forth.

So, in the six decades since the invention of Superman, the reader or viewer has been asked, for the sake of the story and its message, to suspend disbelief in the planet Krypton, in the hero's speed, strength, invulnerability, X-ray vision, and so on. Little things can undermine verisimilitude: Accept everything else about him, and isn't it just too much that none of Clark Kent's friends notices that he looks just like Superman with glasses on?

Whether it's little things or big ones, the fiction of Justice John Paul Stevens needs a lot of work before most American citizens -- if they had the patience to wade through his 73-page novella masquerading as the plurality opinion in **Hamdan** v. Rumsfeld -- would accept the tale and take its message to heart.

Here are the things in which the reader is required to suspend disbelief, in order to take Stevens's "opinion" seriously as a story of law and war:

#*#That when Congress enacted a statute in December 2005 providing that "no court, justice, or judge shall have jurisdiction to hear or consider" habeas-corpus petitions from detainees at Guantanamo, without exception or qualification, it really meant to include an exception that all detainees whose lawyers were clever enough to file petitions before the statute's enactment could still press their claims, and the Court will act on that exception that Congress surely intended but did not say.

#*#That when the same law gave "exclusive jurisdiction" for the review of detainees' status, and of their trials by military commissions, to a federal appellate court, it didn't really mean that either.

#*#That Congress's explicit, unquestioning references in this law to those military commissions and their trials did not indicate a legislative approval of the president's orders creating those commissions and their trial procedures.

#*#That the Authorization for Use of Military Force passed by Congress, when it gave the president power to use "all necessary and appropriate force" against the enemies who attacked us on September 11, 2001, was intended to give no authority to the president to try combatants, captured by U.S. forces, for violations of the laws of war.

#*#That no overt acts undertaken by Osama bin Laden and his gang prior to September 11, 2001, can be prosecuted as violations of the laws of war, since such acts occurred before the commencement of a state of war.

#*#That conspiracy to violate the laws of war is not itself, and never has been, an offense that can be charged as a violation of the laws of war.

#*#That the previous statement represents a fixed principle because, unlike the Constitution, which is infinitely malleable at the hands of the Court, the common law of war is frozen in place and cannot be adjusted by military officers and their civilian superiors to the changing circumstances of modern war against terrorists.

#*#That an unspecific reference, in the Uniform Code of Military Justice, to "the laws of war" as governing trials before military commissions, implicitly incorporates any terms of the Geneva Conventions that might be brought to bear on such trials, making those Geneva principles enforceable individual rights in American courts even though Geneva by its own terms contemplates no such enforceability.

#*#That by virtue of this move, military commissions are to be condemned as not "regularly constituted" under Geneva, despite their recognition in American law and their active, orderly, rule-bound use in American wars since 1847.

#*#That under Geneva, our conflict with al Qaeda is not "international" in character, because al Qaeda is not a nation, nor was it ever an auxiliary force in support of a national regime in Afghanistan.

#*#That departures, in the military commissions, from some trial procedures used in courts martial, even though such departures are permitted by the law where abiding by those procedures strikes the president as not "practicable," are to be condemned because the president did not say "Simon says" and declare any particular court-martial procedures "impracticable."

#*#That anyway, if he had said "Simon says," it doesn't matter because the Supreme Court gets to say what is "practicable" and "impracticable" in time of war.

#*#That the Court cannot think of any departures from court-martial procedures for which there is any "evident need" dictated by "military necessity," which last is another thing the Court knows better than the president and his military and intelligence advisers.

#*#That it is unthinkable that there could ever be a need to conceal from the terrorist unlawful combatant defendant, on trial before a military commission, what is the precise provenance of the evidence brought to bear against him, even when it is known to his appointed military defense lawyer who has a "secret" security clearance.

I think I'm going to go see the new Superman movie. There I might find a story I can pretend to believe for two hours.

-- Matthew J. Franck is professor and chairman of political science at Radford University, and a regular contributor to NRO's Bench Memos blog.

LOAD-DATE: July 1, 2006

Through the Looking Glass
National Review
June 30, 2006 Friday

SECTION: National Review Online
LENGTH: 1673 words
HEADLINE: Through the Looking Glass
BYLINE: Hadley Arkes

BODY:

Time again for Tom Stoppard's "Reporter Doll": You wind it up -- and it gets it wrong. The news of the Hamdan case broke on Thursday, and the headlines have offered an account almost the reverse of what has actually taken place. The main message, coming out quickly, was that the Court had checked an executive running beyond control, breaking past the boundaries of its powers under the Constitution and the laws. That was the version through the Looking Glass. The more sober version was that five judges, under the pretext of reining in the president, had defied the restraints that the Congress had placed, quite emphatically, on the courts. Those restraints had been enacted precisely to keep the judges from extending their power into the domain of military judgments. More than an attack on the executive, the decision in Hamdan showed contempt for the Congress. The Court treated as a mere trifle, to be put aside, the clear power of Congress under the Constitution to grant, to shape -- and to withhold -- the jurisdiction of the courts. We might ask, where is the outrage from Arlen Specter, so quick to take offense on other occasions when the Court seems to be disparaging the force of reason in his legislative handiwork?

What Legal Protection for Terrorists? Salim Hamdan was a driver and bodyguard for Osama bin Laden, before he was captured in Afghanistan. He was charged with providing protection, running weapons, and discharging other services for people involved in a design to kill Americans. Justice Stevens insisted that Hamdan had not exactly been found guilty of any overt act that fitted the definition of a war crime. But that did not prevent Stevens from declaring at the end that "Hamdan is a dangerous individual whose beliefs, if acted upon, would cause great harm and even death to innocent civilians, and who would act upon those beliefs if given the opportunity." Stevens and his colleagues would not challenge then the authority of the executive to "detain him for the duration of active hostilities in order to prevent such harm."

Then what was the issue? If the government sought to try Hamdan and punish him through a military commission, the rules there would not be as protective of defendants as the procedures in courts martial or in other courts. The military commissions could admit hearsay evidence, or evidence with probative value that would be thrown out in other courts. There would also be more restrictions in seeking judicial review, along with a host of other differences.

But why could the commissions not have a different cast, dealing with combatants who were not part of national armies, respecting the rules of war? After all, during the Second World War, FDR himself ordered military commissions to try Nazi saboteurs who had landed in New Jersey and Florida. Hamdan could be charged with overt acts far clearer than the acts that could be plausibly charged or proved against those saboteurs. And yet they were tried and executed with remarkable dispatch. But Justice Stevens and the majority argued that Congress had acted since then to make such procedures more exacting, to make the military commissions come closer, in their legal regimen, to that of the courts martial.

That reading, however, was not at all so clear to Clarence Thomas and his colleagues in the minority. The majority was imputing to Congress an intention of making all military tribunals more "legal" and fastidious in the same way, a reading that depended on conjectures plausible or implausible. In striking contrast was the intention made unmistakably clear by Congress in December 2005, when it enacted the Detainee Treatment Act. And enacted it with the Hamdan case very much in mind. That act offered some restrictions on the treatment and interrogation of detainees, but it was also quite emphatic in stipulating

that "no court, justice, or judge" shall have jurisdiction to consider petitions for habeas corpus emanating from detainees held in places like **Guantanamo Bay.**

A "Rebuke" Without Precedent As if to soften the sting of the decision for the executive, Justices Breyer, Kennedy, Ginsburg, and Souter pointed out that "nothing prevents the President from returning to Congress to seek the authority he believes necessary." With the same expansive gesture, Justice Kennedy noted that "Congress has the power and responsibility to determine the necessity for military courts, and to provide the jurisdiction and procedures applicable to them." Nicely filtered out of his gesture was the recognition that Congress had done just that -- and done it forcefully: no courts or judges in fact have jurisdiction to hear these cases.

That was the central, dominant point that Justice Scalia would make in leading the dissents. He would make it with a clarity that was penetrating, precise, and unanswerable. The Detainee Treatment Act was signed on December 30, 2005, and governed all cases as of that date. The majority would affect to believe that Congress intended to cover only those cases arising on or after December 30. But as Scalia showed, the plain meaning of the act was to govern all cases in this field, including the cases that were already underway.

Years ago, Felix Frankfurter had reviewed the history of Congress governing the jurisdiction of the Court, and as he recalled the days of Reconstruction, after the Civil War, he recalled the lesson of Ex parte McCardle (1869): that the Congress, in controlling the jurisdiction of the courts, could remove that jurisdiction even for a case that was sub judice, under judicial review, even at the time. As Scalia sought to show, this understanding, carried through, had been confirmed in a long line of precedents. What had happened, suddenly, to "stare decisis," to that veneration for precedents long settled, of which we had heard so much, expressed so feelingly, during the recent hearings for Samuel Alito? But now Scalia had to remind his colleagues that when Congress said, unequivocally, that "no court, justice, or judge" was authorized to hear a petition for habeas corpus in these cases, the Congress had evidently meant the **Supreme Court** as well.

From Unaccountable Judges
What was so deftly masked by the Court was the truth that almost never speaks its name: that when it comes to the preservation of a constitutional government, it is far more critical to restrain judges seeking to extend their controls to the military, than it was to rein in the executive's command of the military. When judges pronounce on cases, our attention is usually drawn to the justice that is done to the people on either side. In the trick-of-the-eye we may fail to notice that when the judges take a case, the first impulse is to assign to themselves the power to govern.

In the case of Hamdan and the military, the shift was so subtle that even Justice Stevens hardly seemed to notice: The executive argued that it was impracticable to apply to cases like Hamdan's the rules that apply in courts-martial, but Stevens and his colleagues did not see such practical difficulties. "It is not evident to us," he wrote, "why it should require, in the case of Hamdan's trial, any variance from the rules that govern courts-martial." It was not evident to Stevens and his colleagues? But why would they have the competence to make that judgment, and even if they did, how would they claim the authority to make it? If a president were wrong, he could be held responsible. But the judges could not be readily removed, as they are there these days nearly for life. The judges were claiming nothing less than the authority to judge "military necessity," not from their involvement, every day, in the direction of operations, but from their cloisters in the Court, surrounded by clerks. As Scalia aptly warned, this kind of case brings the Court into conflict with the executive "in an area where the Executive's competence is maximal and ours is virtually nonexistent."

Al Qaeda's Conclusions, and the Military's Congress may swing into action now to make clear again that the president has the authority to set up military commissions. Yet, that fine tuning belies the grosser truth, evident to the rest of the world, and evident even more to al Qaeda: The risks have been diminished for making war on the United States. "If you are captured, you may be detained for a long while. But if there is any effort made to try or -- gasp! -- to punish you, you will have access to lawyers and you may readily tie up the government in litigation. You will come under the rule of judges. You will become, in that

respect, like other Americans, and that is gravest punishment you will suffer." On the other hand, the lesson drawn by the military may be this: If you wish to call down three 500-pound bombs to dispatch Zarqawi, the Constitution imposes not the slightest restraint. But if you take him into custody, he is in the hands of the lawyers, and the leverage may shift to him.

If we weren't living in such pusillanimous times, the Congress would recognize that the decision in Hamdan was a deeper affront to the Congress than to the executive. It would respond by making a cosmetic change in the Detainee Treatment Act, firming up the power of the executive, affirming the military commissions -- and inviting the Court to try it one more time, but this time to get it right. In the best of worlds, with the best writers, the Congress might also add a preamble to remind the judges that, in the design of the Constitution, the judges, no less than presidents, must respect the boundaries to their own reach.

If there is any principle at the heart of the American revolution, and bound up with the very idea of government by the consent, it is the principle stated and restated by Clarence Thomas in these cases: The safety of the American people cannot be put in the hands of officials who bear no direct responsibility to the very people whose lives are at stake in their judgments.

--Hadley Arkes is the Edward Ney Professor of Jurisprudence at Amherst College.

Judicial Interference
National Review
June 30, 2006 Friday

SECTION: National Review Online
LENGTH: 684 words
HEADLINE: Judicial Interference
BYLINE: Rich Lowry

BODY:

Children play a game called "opposite day." Whatever someone says is taken to mean the opposite. Some **Supreme Court** justices have apparently never grown out of their appreciation of this game, to judge by their ruling in the Hamdan case involving military tribunals at **Guantanamo Bay.**

Last year, Congress (you might have heard of it -- it writes the nation's laws) passed a bill signed into law by the president of the United States (he also should be familiar -- the nation's commander in chief). It said that "no court, justice or judge" shall have the jurisdiction to consider habeas-corpus applications of detainees at Gitmo. It would take a legal escape artist on par with David Blaine to wiggle out of that one, but, sure enough, five **Supreme Court** justices were up to the task.

The **Supreme Court** has an important role in our constitutional scheme, but it is not fit to, nor was it ever meant to, render fundamental judgments about matters of war and peace. For that we have the elected branches, primarily the executive, which has the flexibility and the focus to prosecute wars. But today's Court knows no bounds.

In writing for the majority in Hamdan, Justice John Paul Stevens ripped off his black robe and beat his chest, declaring to the world, "Stand aside Congress, stand aside Mr. President, you constitutional weaklings. We, the Court, can win the War on Terror and will do it with judicial overreaching, tendentious statutory construction and implausible renderings of international law."

The saving grace of Hamdan is that it preserves the option of trying al Qaeda members before military commissions, as long as Congress and the president work to craft the commissions just so. Otherwise, the decision is a disgrace and is a step toward affording members of al Qaeda the full panoply of rights and protections criminal suspects enjoy in the American civil court system.

Or, as Nancy Pelosi put it in a statement hailing the decision, it "reaffirms the American ideal that all are entitled to the basic guarantees of our justice system." That "all" is quite literal, whether someone is a foreigner or an American, an al Qaeda warrior or a shoplifter. Never have enemy fighters -- especially fighters belonging to a criminal band with no regard for the laws of war -- had it so good.

The court moves in this direction by effectively reading al Qaeda into the Geneva Conventions. The conventions are a treaty to which nations voluntarily bind themselves. Al Qaeda has never signed on, since 1) it isn't a nation; and 2) it would be an obstacle to practices that are central to its organization, including slaughtering civilians and beheading prisoners. But the court bestows a bonus membership to al Qaeda, because it furthers the court's goal of dictating how captured al Qaeda members should be tried.

It's not that the court's reading of the Geneva Conventions is entirely implausible, but that the president has another, more reasonable reading of Geneva that there is no reason for the court to trample on. But trample it does, a quality of its decision throughout.

Justice Clarence Thomas writes in dissent, "Those Justices who today disregard the commander-in-chief's wartime decisions, only 10 days ago deferred to the judgment of the Corps of Engineers with regard to a matter much more within the competence of lawyers, upholding that agency's wildly implausible conclusions that a storm drain is a tributary of the water of the United States. It goes without

saying that there is much more at stake here than storm drains."

From its conclusion that Geneva applies to al Qaeda, the Court works its way toward mandating that military commissions must duplicate the structure of courts-martial. This in itself needn't be disastrous, but the court is on a dangerous path. The decision sets the table for more severe judicial interference in the war-making of the executive branch and Congress. Justice Stevens surely has many impressive talents, but fighting al Qaeda isn't one of them.

-- Rich Lowry is author of Legacy: Paying the Price for the Clinton Years. (c) 2006 King Features Syndicate.

The Oklahoman (Oklahoma City, OK)
June 30, 2006 Friday
City Edition

SECTION: OPINION; OUR VIEWS; Pg. 14A
LENGTH: 322 words
HEADLINE: Disconnect? Court ruling downplays war realities

BODY:

AT SOME point, when the donkey laden with the U.S. Supreme Court's 185-page decision in **Hamdan** v. Rumsfeld reaches the cave housing Osama bin Laden, al-Qaida's leader doubtless will enjoy a big belly laugh thanks to the American judicial system.

The high court's ruling Thursday, that President Bush exceeded authority in ordering military trials for Salim Ahmed **Hamdan** and others held at Guantanamo Bay, Cuba, surely will encourage bin Laden that there's a disconnect between the court's majority and reality about the war on terror.

The decision suggests five justices have a disconcerting, pre 9/11 view of the role of law and the courts in the neutralizing of dangerous characters like **Hamdan,** bin Laden's former driver.

The court's four liberal justices and conservative/moderate Justice Anthony Kennedy ruled Bush lacked congressional authority to place the Guantanamo detainees before military tribunals, that **Hamdan** was charged with a crime — conspiracy — that can't be tried by a military court under the "common law of war," and that the detainees are due rights and privileges under the Geneva Conventions.

The majority opinion by Justice John Paul Stevens is an academic argument about captives under the rules of war. It suggests justices clashed on the definitions of a "theater of war" and in trying to pinpoint when the war on terror began — both critical in trying to fit the conflict into pre-existing legal models on the treatment of enemy combatants.

It's interesting, but it seems to lack appreciation for the unprecedented nature, and danger, of this war. Indeed, reading Stevens' opinion, there's a focus on the ground rules that one can't help but think is completely lost on America's enemies.

It's a setback for the Bush administration's aggressive prosecution of the war, but not an insurmountable one. Bush said he'll work with Congress for the proper tribunal authorization, and lawmakers should cooperate.

The Union Leader (Manchester NH)
June 30, 2006 Friday
STATE EDITION

SECTION: OPINION; Pg. A16
LENGTH: 406 words
HEADLINE: EDITORIAL: Tribunals and error; Al-Qaida to get Club Med treatment

BODY:

Thanks to the U.S. Supreme Court, as of yesterday the Geneva Conventions no longer offer an incentive for terrorist thugs to abide by the rules of war. The court has afforded al-Qaida members the protections of a treaty their leaders never signed and they have never followed.

The Supreme Court ruled 5-3 yesterday that the military tribunals used to try prisoners at Guantanamo Bay were unconstitutional and violated the Geneva Conventions. The court made some sense with its constitutional argument, but none at all when it applied the Geneva Conventions to al-Qaida.

The court declared that Guantanamo Bay detainees could be tried in military tribunals, but only in ones explicity authorized by Congress. President Bush could work with Congress to create a tribunal that would pass Supreme Court review, except that the court seems to have ruled that out by applying the Geneva Conventions to Guantanamo detainees. And therein lies the real importance of this ruling.

To be classified as a prisoner of war protected by the conventions, combatants have to meet certain criteria, which include "having a fixed distinctive sign recognizable at a distance" and "conducting their operations in accordance with the laws and customs of war."

The Geneva Conventions intentionally exclude people who operate outside the rules of warfare, which includes al-Qaida terrorists. Yet the court applied the conventions to al-Qaida operative Salim Ahmed **Hamdan** anyway, arguing absurdly that a provision written to cover civil wars -- armed conflicts "not of an international character" -- somehow covered the War on Terror, plainly a conflict of an international character.

If the Geneva Conventions apply to captured terrorists, as the court ruled, then our ability to track these enemies is severely handicapped, as we will be unable to use coercive measures to make them talk. We are not for torture. But in a war against a barbaric enemy that ignores the rules of war, coercive interrogation techinques are justified.

Also, by offering their protections only to combatants who abide by the rules of war, the conventions are supposed to encourage non-conventional combatants to follow the rules. The court, by extending convention protections to terrorists who routinely emerge from the shadows to slaughter innocent civilians before slinking back to their caves, has eliminated whatever incentive to civilized behavior the conventions might have offered.

USA TODAY
June 30, 2006 Friday
FIRST EDITION

SECTION: EDIT; Pg. 22A
LENGTH: 378 words
HEADLINE: 5 wrong justices;
Ruling mistakes war for familiarity of nation's criminal justice system.

BYLINE: John Yoo

BODY:

By putting on hold military commissions to try terrorists for war crimes, five Supreme Court justices have made the legal system part of the problem, rather than part of the solution to the challenges of the war on terrorism. They tossed aside centuries of American history, judicial decisions of long standing, and a December 2005 law ordering them not to interfere with the military trials.

As commander in chief, President Bush has the authority to decide on wartime tactics and strategies. Presidents Washington, Jackson, Lincoln and FDR settled on military commissions, sometimes with congressional approval and sometimes without, as the best tool to punish and deter enemy war crimes. Bush used them to solve a difficult tension: how to try terrorists fairly without blowing intelligence sources and methods.

The circus that was the trial of Zacarias Moussaoui shows the dangers in trying to use normal courtroom rules to prosecute terrorists intent on harming the USA. Bush's decision was supported by Congress, which authorized the president to use force in response to the Sept. 11 attacks. Earlier, Congress had recognized commissions in the Uniform Code of Military Justice, and last year it created an appeals process for them.

What the justices did would have been unthinkable in prior military conflicts: Judicial intervention in the decisions of the president and Congress on how best to wage war. They replaced his wartime judgment and Congress' support with their own speculation that open trials would not run intelligence risks. Their decision to impose specific rules and override political judgments about military necessity mistakes war -- inherently unpredictable, and where our government must act quickly and sometimes secretly to protect national security -- for the familiarity of the criminal justice system.

Two years ago, the same justices declared they would review the military's detention of terrorists at Guantanamo Bay. Congress and the president expended time and energy to overrule them. **Hamdan** will force our elected leaders to go through the same exercise again, effort better spent preventing the next terrorist attack.

John Yoo, a law professor at the University of California, Berkeley, served in the Justice Department in 2001-03.

The Philadelphia Inquirer
July 10, 2006 Monday

SECTION: EDITORIAL; Pg. A11
LENGTH: 744 words
HEADLINE: High court made a premature ruling on tribunals;
It essentially decreed a return to normalcy. But the war on terror is still being waged.

BODY:

Charles Krauthammer is a Washington Post columnist

1861. 1941. 2001. Our big wars - and the war on terror ranks with the big ones - have a way of starting on the first year of a decade. Supreme Courts, which historically have been loath to intervene against presidential war powers in the midst of conflict, have tended to give the president until mid-decade to do what he wishes to the Constitution in order to win the war.

During the Civil War, Lincoln suspended the writ of habeas corpus - trashing the Bill of Rights or exercising necessary emergency executive power, depending on your point of view. But he got the whole troublesome business done by 1865.

During World War II, FDR interned Japanese Americans, but he got his war wrapped up by 1945.

Had the current war on terror ended in 2005, the sensational just-decided Hamdan case concerning military tribunals for Guantanamo prisoners would have either been rendered moot or drawn a yawn.

But, of course, the war on terror is different. The enemy is shadowy, scattered and therefore more likely to survive and keep the war going for years. What the Supreme Court essentially did in Hamdan was to say to the president: Time's up. We gave you the customary half-decade of emergency powers, but that's as far as we go. From now on, the emergency is over, at least judicially, and you're going to have to operate by peacetime rules.

Or as Justice Anthony Kennedy, the new Sandra Day O'Connor, put it, Guantanamo (and by extension, war-on-terror) jurisprudence must henceforth be governed by "the customary operation of the Executive and Legislative Branches." This case may be "of extraordinary importance," but it is to be "resolved by ordinary rules."

All rise: The Supreme Court has decreed a return to normality. A lovely idea, except that al-Qaeda has other ideas. The war does go on. One can sympathize with the court's desire for a Harding-like restoration to normalcy, but the robed eminences are premature. And even if they weren't, they really didn't have to issue a ruling this bad.

They declared illegal Bush's military tribunals for the likes of Salim Ahmed Hamdan, Osama bin Laden's driver and bodyguard. First, because they were not established in accordance with congressional authority. And second, because they violated the Geneva Conventions.

The first rationale is an odd but fixable misreading of congressional intent. The second is a grotesque and unfixable misreading of the Geneva Conventions.

The court feels that the president slighted Congress by unilaterally establishing military commissions. What is odd about this solicitousness for the powers of the legislature is that Congress, which is populated entirely by adults, had explicitly told the judiciary just six months ago that when it comes to Guantanamo prisoners, the judiciary should bug off.

The Detainee Treatment Act in December 2005 not only implicitly endorsed what the administration was doing with prisoners, it explicitly told the judiciary to leave the issue to Congress and the president to resolve, as they have historically.

The court's wanton overriding of Congress and the president is another in a long string of breathtaking acts of judicial arrogance. But it is fixable. The Republican leadership of the Senate responded to the court's highhandedness by immediately embarking on writing legislation establishing military tribunals.

The unfixable part of the Hamdan ruling, however, is the court's reading of Common Article 3 of the Geneva Conventions. The Geneva Conventions, which were designed to protect civilian populations and those combatants who respect them, were never intended to apply to unlawful combatants, terrorists of the al-Qaeda kind. The court tortures the reading of Common Article 3 to confer upon Hamdan - and by extension the man for whom he rode shotgun, bin Laden - the kind of elaborate legal protections that one expects from "civilized peoples."

This infinitely elastic concept will allow courts to usurp from Congress and the president the authority to fashion the procedures for military tribunals - an arrogation that mocks the court's previously expressed solicitousness for congressional authority.

But no matter. Logic has little place here. The court has decreed: There is no war - or we will pretend so - and henceforth it shall be conducted by the court. God save the United States. (This honorable court can fend for itself.)

Contact Charles Krauthammer at letters@charleskrauthammer.com.

Chicago Tribune
July 3, 2006 Monday
Chicagoland Final Edition

SECTION: COMMENTARY ; ZONE CN; Pg. 23
LENGTH: 714 words
HEADLINE: Contorting the law as a rebuke
BYLINE: Dennis Byrne, a Chicago-area writer and consultant

BODY:

Now that we've exhausted ourselves arguing the politics of the U.S. Supreme Court's "repudiation" of the Bush administration's handling of detainees at Guantanamo Bay, maybe we can take a closer look at the decision itself.

Whatever you think of Thursday's ruling that gives Osama bin Laden's driver and bodyguard the same protections as prisoners of war who fight in uniform and by the rules, the path to this conclusion was twisting, indeed.

For example: Justice John Paul Stevens, who wrote the decision, said the war against terror is not an "international conflict." He had to say this to arrive at the conclusion that the detainee, Salim Ahmed **Hamdan,** is just another prisoner of war who deserves the same legal protections as our own soldiers under the Uniform Code of Military Justice. You'd have to read his opinion to fathom his reasoning, but to suggest that the terrorist war being waged against us is just some localized conflict defies fact.

He also said (as paraphrased from the case syllabus):

- It is "unsound" to presume that the field-grade military officer who would preside over **Hamdan's** case would conduct the proceedings "in good faith and according to law." Why? Because if his prison sentence is "less than 10 years," he has no right to a federal court review of the commission's decision. (In other words, a military judge would be so biased that he would allow **Hamdan** off with less than a 10-year sentence, just to escape an appeal. Amazing.) And because he "will be and, indeed, already has been excluded from his own trial." Excluded?

Read on.

- It is a violation of the Geneva Conventions to prevent **Hamdan** from sitting and listening to classified evidence against him. That would include information about who turned him in, how the government tracks terrorists and a load of other intelligence useful to them. It's not enough that **Hamdan's** appointed military counsel has access to all that information. Never mind that the judge is not required to exclude **Hamdan;** the rules only gave the judge the discretion to--but then again, we can't trust the judge.

- While **Hamdan** is charged with conspiracy, that crime has "rarely if ever been tried as such" by any U.S. military commission, nor does the charge appear in the Geneva or The Hague Conventions. Here I guess that Stevens means that because war criminals are rarely tried for conspiracy, **Hamdan** and others should never be tried for it. By the way, our own soldiers can be tried for conspiracy under the UCMJ, but I guess that part of the code doesn't apply to **Hamdan.**

- Even if he could be charged with conspiracy, the commission wouldn't have jurisdiction to try **Hamdan** on it because he is not "alleged to have committed any overt act in a theater of war or on any specified date after Sept. 11, 2001." As if the United States isn't in the theater of war. As if post-Sept. 11 acts are beyond the commission's reach.

- Common Article 2 of Geneva Conventions doesn't apply; Common Article 3 does. This takes some

explaining. Article 2 says signatories to the convention (meaning us) have to abide by the provisions of the convention only if the other side (Al Qaeda) accepts those provisions. Since we can't just dial up bin Laden to ask whether he would refrain from taking hostages--as if we didn't know the answer--it's clear, to me anyway, that the Geneva Conventions don't apply. Stevens, however, just brushes aside Article 2, as if it didn't exist. Article 3, which provides some protections for **Hamdan,** applies, Stevens said, because the war on terror isn't an international war (there it is again).

By most accounts, Article 3 was meant for internal civil wars, and Article 2 for international wars. Here's the exact language of the convention: Article 3 applies in cases of "armed conflict not of an international character occurring in the territory of one or more of the [signatories]." Article 2 says signatories shall be "bound by the Convention in relation to the [non-signer], if the latter accepts and applies the provisions there of."

I'm not a lawyer, but I can read. And what I read is a desperate effort by one of the court's most liberal members to twist the law to obtain the desired outcome, which is "a stunning rebuke" to the Bush administration.

The Philadelphia Inquirer
June 30, 2006 Friday

SECTION: EDITORIAL; Pg. A27
LENGTH: 660 words
HEADLINE: U.S. government must renew quest for permanent solution

BODY:

James Jay Carafano

Coauthor of "Winning the Long War: Lessons From the Cold War for Defeating Terrorism and Preserving Freedom."

Legal scholars will be wrangling for some time over the **Supreme Court's** questionable split ruling that declared unconstitutional the military tribunals the United States planned to use at **Guantánamo Bay.** Whatever the legal merits of the decision, here's what we can say for sure:

The decision helps nobody, not even the terrorists.

First, some background. After the invasion of Afghanistan, the United States established a detention facility at the Marine base in **Guantánamo Bay,** Cuba, to detain unlawful combatants - enemies picked up on the battlefield and other places who did not qualify as traditional prisoners of war under the Geneva Conventions.

The administration created the camp to make everybody safe. Isolating dangerous people in modern facilities ensured that the soldiers guarding them were safe from the prisoners and anyone that might try to free them. The prisoners were safer because they could be properly cared for, rather than being left in a Third World jail or turned over to legal systems that might summarily execute or torture them as a matter of convenience. The prisoners' lawyers would be safer because they could see their clients without flying halfway around the world into a war zone.

The only problem with the whole idea was figuring out what to do with the prisoners over the long term. The government decided on using military tribunals to see if further detention was warranted or if the prisoners could be safely released. Now, that isn't going to happen. Everybody loses.

The prisoners lose because a process that could have adjudicated their status has been struck down by the court. They will just sit in Cuba longer. That's because the decision did not call into question the legitimacy of the camp or the government's right to detain unlawful combatants.

The administration's critics lose. Cries to close Guantánamo, especially shrill from Europe these days, will no doubt get even shriller. While critics may feel emboldened by the decision, they shouldn't be. The court did not order the government to release anyone, and odds are the government won't.

The critics, however, will no doubt just keep on harping, which is a useless exercise. They will continue to lose out on an opportunity to do something really useful - work with the United States to develop appropriate means to capture, detain and punish suspected terrorists who seek to find a shadow land where they can kill and maim with impunity beyond the reach of the law enforcement and judiciary we use to deal with everyday crimes.

The government loses because it has invested three years in developing a fair procedure that both safeguards the national security interests of the United States and humanely dispenses justice. It will have to start over to come up with a process the **Supreme Court** can accept.

Realizing that very little will change in Guantánamo as a result of the court, we need to ask where we go from here. That's simple:

We should recognize that we can't solve the problem by wishing it away. The battlefield of transnational terrorists is, essentially, everywhere, and we have to have practical means to find them and imprison them.

We can't treat unlawful combatants as regular criminals or traditional prisoners of war. That simply rewards individuals for breaking the rules of the civilized world.

We are going to have to come up with a long-term solution for adjudicating the status of the detainees that satisfies both U.S. national security interests and the rule of law.

The **Supreme Court** put the fate of the Guantánamo detainees back to square one. Let's hope the government's next attempt to get to square two is a step in the right direction.

James Jay Carafano (JamesCarafano@heritage.org) is a senior research fellow for national security and homeland security at the Heritage Foundation (heritage.org).

The Washington Times
June 30, 2006 Friday

SECTION: EDITORIALS; Pg. A22
LENGTH: 512 words
HEADLINE: A war-time precedent
BYLINE: By THE WASHINGTON TIMES

BODY:

In stark contrast to Ex parte Quirin the 1942 decision that upheld the constitutionality of a military tribunal established to try, and ultimately convict, German saboteurs the **Supreme Court** yesterday issued an appalling 5-3 decision that encroaches on the authority of a president during a time of war. In its ruling against the Bush administration's use of military commissions at **Guantanamo Bay,** the court imposed an unprecedented restriction on President Bush's prerogatives as commander in chief.

Salim Ahmed Hamdan, a driver and bodyguard to Osama bin Laden, can be detained for the "duration of active hostilities," the court ruled, making note of the threat he poses to the United States. But he will not be tried by military commission. The court contends that the broad authorization passed by Congress shortly after September 11 and the Detainee Treatment Act (DTA) passed in December "at most acknowledge a general Presidential authority to convene military commissions." None of these congressional mandates can, the court concludes, "be read to authorize this commission." Moreover, the court concludes that the military commission is invalid because its "structure and procedures violate both the UCMJ and the Geneva Conventions."

The Justice Department used the DTA as the basis for its argument that Hamdan was no longer under **Supreme Court** jurisdiction. The DTA specifically prohibits the **Supreme Court** from hearing "application for a writ of habeas corpus filed by or on behalf of an alien detained by the Department of Defense at **Guantanamo Bay,** Cuba." Justice Antonin Scalia sharply criticized the court for undermining the "unambiguous" language of the DTA with legislative history and for ruling against the limitations imposed by the DTA.

Two implications from court's ruling on military commissions are particularly disruptive to the war on terror. First, al Qaeda and other enemy combatants receive the protection of the Geneva Convention, even though al Qaeda is not itself a signatory of the convention. The court does not address this argument; instead, it impairs foreign policy with an interpretation of Article 3 that runs contrary to the administration's interpretation.

Second, the ruling implies that when Congress authorized the president to use "all necessary and appropriate force" to protect America, it did not, in fact, mean precisely that. Thus, as the president's ability to exercise his executive authority has been curtailed, the administration must consider the danger that other necessary programs may be undermined by the same flawed reasoning.

This is an "unprecedented departure from the traditionally limited role of the courts with respect to war and an unwarranted intrusion on executive authority," as Justice Clarence Thomas wrote in his dissent. The ruling will significantly undercut the president's ability to protect the United States. We believe that, in the long war against radical Islam that is still in its early stages, this is not a leading indicator but a trailing one a last gasp of the pre-September 11 mindset.

Warwick, Brian

From: Warwick, Brian
Sent: Thursday, July 13, 2006 4:11 PM
To: Moschella, William; Gorsuch, Neil M
Subject: Hamdan language
Importance: High

Here is my proposed insertion into the AG's opening stmt re: Hamdan. Bradbury says he is fine with it, but I would like your perspective:

_____

Another very important, related issue remains our ability to capture terrorists, remove them from the battlefield, and when appropriate, prosecute those who seek to violently harm innocent people around the world. On June 29th, the Supreme Court in *Hamdan v. Rumsfeld* held that the military commissions the President established for this purpose were inconsistent with the Uniform Code of Military Justice and the Geneva Conventions.

The Administration will, of course, as the President has said, abide by the decision of the Court. The *Hamdan* decision now gives Congress and the Administration a clear opportunity to work together to reestablish the legitimate authority of the United States to rely on military commissions to bring the terrorists to justice. Taking this cooperative approach will allow us to structure an effective system that the world will look to with both appreciation and admiration.

In the wake of the *Hamdan* decision there have been many commentators, legal scholars, and even Members of Congress advocating different positions and paths toward solving this issue. Regardless of where we choose as a starting point, we all have a common goal: to provide flexible but fair procedures that will enable us to try al Qaeda terrorists for their war crimes, without compromising our values or the safety of the American people. It is imperative that we move quickly to resolve this issue and the Administration stands prepared to provide assistance.

_____

Thanks

Brian Warwick
Attorney-Advisor
Office of Legislative Affairs
US Department of Justice

Todd, Gordon (SMO)

From: Todd, Gordon (SMO)
Sent: Thursday, July 13, 2006 4:32 PM
To: Gorsuch, Neil M; 'Brett_C._Gerry@who.eop.gov'
Subject: Hamdan Critiques

Sending seriatim as requested:

Rich Lowrey, *Judicial Interference: The Supreme Court goes to war*, National Review Online, (June 30, 2006)

The saving grace of *Hamdan* is that it preserves the option of trying al Qaeda members before military commissions, as long as Congress and the president work to craft the commissions just so. Otherwise, the decision is a disgrace and is a step toward affording members of al Qaeda the full panoply of rights and protections criminal suspects enjoy in the American civil court system.

Or, as Nancy Pelosi put it in a statement hailing the decision, it "reaffirms the American ideal that all are entitled to the basic guarantees of our justice system." That "all" is quite literal, whether someone is a foreigner or an American, an al Qaeda warrior or a shoplifter. Never have enemy fighters — especially fighters belonging to a criminal band with no regard for the laws of war — had it so good.

The court moves in this direction by effectively reading al Qaeda into the Geneva Conventions. The conventions are a treaty to which nations voluntarily bind themselves. Al Qaeda has never signed on, since 1) it isn't a nation; and 2) it would be an obstacle to practices that are central to its organization, including slaughtering civilians and beheading prisoners. But the court bestows a bonus membership to al Qaeda, because it furthers the court's goal of dictating how captured al Qaeda members should be tried.

It's not that the court's reading of the Geneva Conventions is entirely implausible, but that the president has another, more reasonable reading of Geneva that there is no reason for the court to trample on. But trample it does, a quality of its decision throughout.

Justice Clarence Thomas writes in dissent, "Those Justices who today disregard the commander-in-chief's wartime decisions, only 10 days ago deferred to the judgment of the Corps of Engineers with regard to a matter much more within the competence of lawyers, upholding that agency's wildly implausible conclusions that a storm drain is a tributary of the water of the United States. It goes without saying that there is much more at stake here than storm drains."

From its conclusion that Geneva applies to al Qaeda, the Court works its way toward mandating that military commissions must duplicate the structure of courts-martial. This in itself needn't be disastrous, but the court is on a dangerous path. The decision sets the table for more severe

judicial interference in the war-making of the executive branch and Congress. Justice Stevens surely has many impressive talents, but fighting al Qaeda isn't one of them.

Todd, Gordon (SMO)

From: Todd, Gordon (SMO)
Sent: Thursday, July 13, 2006 4:36 PM
To: Gorsuch, Neil M; 'Brett_C._Gerry@who.eop.gov'
Subject: RE: Hamdan Critiques

Matthew J. Franck, Too Much Disbelief to Suspend: **How would the Daily Planet report Hamdan? National Review Online (June 30, 2006)**

"Here are the things in which the reader is required to suspend disbelief, in order to take Stevens's "opinion" seriously as a story of law and war:

* * *

- That an unspecific reference, in the Uniform Code of Military Justice, to "the laws of war" as governing trials before military commissions, implicitly incorporates any terms of the Geneva Conventions that might be brought to bear on such trials, making those Geneva principles enforceable individual rights in American courts even though Geneva by its own terms contemplates no such enforceability.

- That by virtue of this move, military commissions are to be condemned as not "regularly constituted" under Geneva, despite their recognition in American law and their active, orderly, rule-bound use in American wars since 1847.

- That under Geneva, our conflict with al Qaeda is not "international" in character, because al Qaeda is not a nation, nor was it ever an auxiliary force in support of a national regime in Afghanistan.
-

Todd, Gordon (SMO)

From: Todd, Gordon (SMO)
Sent: Thursday, July 13, 2006 5:01 PM
To: Gorsuch, Neil M; 'Brett_C._Gerry@who.eop.gov'
Subject: RE: Hamdan Critiques

From the Green Little Footballs blog - I'm not sure who writes this, but it's apparently well read in conservative circles:

"By extending Geneva Convention protections to illegal, non-uniformed combatants, the Supreme Court has violated not only the spirit, but the letter of the Conventions. The clauses about non-protection of illegal combatants are specifically designed to protect civilians, from terrorists and brigands who would otherwise hide among civilian populations to escape justice. The harshest penalties are allowed for those who abuse this convention, up to and including summary execution on the field of battle.

"Today the Supreme Court ruled, in effect, that there's no difference between a terrorist dressed in civilian clothes and a uniformed soldier, and that civilians deserve no protection from war criminals."
http://littlegreenfootballs.com/weblog/?entry=21284_Supreme_Court_Rules_in_Favor_of_Jihad&only

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To: Gorsuch, Neil M; 'Brett_C._Gerry@who.eop.gov'
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Now that we've exhausted ourselves arguing the politics of the U.S. Supreme Court's "repudiation" of the Bush administration's handling of detainees at Guantanamo Bay, maybe we can take a closer look at the decision itself.

Whatever you think of Thursday's ruling that gives Osama bin Laden's driver and bodyguard the same protections as prisoners of war who fight in uniform and by the rules, the path to this conclusion was twisting, indeed.

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By most accounts, Article 3 was meant for internal civil wars, and Article 2 for international wars. Here's the exact language of the convention: Article 3 applies in cases of "armed conflict not of an international character occurring in the territory of one or more of the [signatories]." Article 2 says signatories shall be "bound by the Convention in relation to the [non-signer], if the latter accepts and applies the provisions there of."

I'm not a lawyer, but I can read. And what I read is a desperate effort by one of the court's most liberal members to twist the law to obtain the desired outcome, which is "a stunning rebuke" to the Bush administration.

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To: Todd, Gordon (SMO); 'Brett_C._Gerry@who.eop.gov'
Subject: RE: Hamdan Critiques

Charles Krauthhammer, Emergency Over, Saith the Court, Wash Post July 7, 2006:

The unfixable part of the *Hamdan* ruling, however, is the court's reading of Common Article 3 of the Geneva Conventions. The Geneva Conventions, which were designed to protect civilian populations and those combatants who respect them, were never intended to apply to unlawful combatants, terrorists of the al-Qaeda kind. The court tortures the reading of Common Article 3 to confer upon Hamdan -- and by extension the man for whom he rode shotgun, bin Laden -- the kind of elaborate legal protections that one expects from "civilized peoples."

This infinitely elastic concept will allow courts to usurp from Congress and the president the authority to fashion the procedures for military tribunals -- an arrogation that mocks the court's previously expressed solicitousness for congressional authority.

But no matter. Logic has little place here. The court has decreed: There is no war -- or we will pretend so -- and henceforth it shall be conducted by the court. God save the United States. (This honorable court can fend for itself.)

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Sent: Thursday, July 13, 2006 5:18 PM
To: Gorsuch, Neil M; Todd, Gordon (SMO); 'Brett_C._Gerry@who.eop.gov'
Subject: RE: Hamdan Critiques

Tracking:

Recipient	Read
Gorsuch, Neil M	Deleted: 7/17/2006 3:02 PM
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'Brett_C._Gerry@who.eop.gov'	

National Review Online

Hamdan Back-Down

By The Editors

Administration critics are understandably crowing over the Pentagon's announcement that enemy combatants at Guantanamo Bay will be accorded Geneva Convention protections. The announcement represents a back-down from one of the most central contentions in the administration's legal theory in waging the War on Terror — that Geneva does not, and was never meant to, apply to terrorists acting in blatant violation of the rules of war. **The administration's hand was forced, of course, by the Supreme Court's execrable *Hamdan* decision, which imperiously and implausibly said that al Qaeda detainees get Common Article 3 protection under Geneva.** There is an argument within the administration about how broadly the decision should be read (the Department of Justice reads it more narrowly than the Pentagon), and the Pentagon announcement wasn't handled deftly—deputy secretary of defense Gordon England apparently issued his memo without sign-off from the White House or the Department of Justice.

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Hamdan Back-Down 07/13

The L Word 07/12

A Taxing Time 07/11

First Things First 07/10

Window on The Week – 7/7/06 07/07

Failure to Launch 07/06

Editors: *Hamdan* Back-Down

Kerpen: Our *Off*-the-Books Fiscal Problem

Ledeen: The Same War

Blum: Don't Split the Baby

Macomber: Digging

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Lukas: Single-Sex Hysteria

Derbyshire: George Gilder, Metaphysic

Schulz: Make Way for France!

Arkes: Paging Dr. Weldon

Out

Mannes: Been Here Before

Editors: The L Word

Norquist: We Can't Keep Spending Like This

But the most important question is how to go forward from here, since *Hamdan* can be worked with, despite its overreaching. Giving al Qaeda detainees Common Article 3 protection appears to mean only that they must be treated humanely, a basic requirement that the administration was already committed to honoring. But the provision is vague enough to lend itself to a much more prescriptive interpretation, under which all effective interrogation techniques — including only slight psychological pressure — would be barred. On the other hand, it doesn't make unlawful combatants traditional prisoners of war, or exempt them from being tried in military commissions. The Supreme Court ruled that the administration's commissions as currently constituted are illegal, but left the door open to such commissions, declining to say what acceptable trials would look like or what rights exactly terrorists must be accorded. It is here that the administration has room to work with Congress in forging alternative commissions.

The administration and Congress can still craft commissions with rules that protect national-security information in the course of trials and keep U.S. soldiers from having to be mindful of the evidentiary standards of America's civil-court system while waging war. A debate over such rules could even be useful, forcing liberals to say exactly what rights they think terrorists deserve. Congress should make it clear that its new military-commission statute overrides Common Article 3. This would serve to

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repudiate the Court's attempt to effectively sign a treaty with al Qaeda that no one in the U.S. would have ever favored and would also delineate precisely what the standards and requirements for handling unlawful enemy combatants are. If Common Article 3 had been meant to apply to terrorists in the first place, there never would have been a need for the 1977 Protocol I Additional, which the U.S. has never accepted — exactly because it afford terrorists Geneva rights.

Unfortunately, the debate hasn't gotten off to an auspicious start. Reacting with justifiable anger to the Court's high-handed treatment of Congress's past legislative actions, particularly the Detainee Treatment Act, numerous House and Senate members — Republicans and even Democrats — said in the decision's immediate wake that they wanted to move rapidly to enact a new statute authorizing military commissions to try unlawful combatants and establishing fair, but tough-minded, procedures for them. The administration had an opportunity to lead, by quickly proposing draft legislation and helping to structure the hearings process. Instead it took a laissez-faire attitude, putting forward no legislative proposals or even broad principles to inform legislation. This laid-back strategy helped delay the legislative process: Military-commissions legislation can no longer be enacted within the next three months and may not be finalized until after the November elections.

The glee over the Pentagon's announcement won't help matters. The White House, to try to keep the debate from getting farther away from it, should quickly introduce appropriate military-commissions legislation. Time is of the essence because the military-commission trials of Hamdan and others should be restarted quickly, and also because a debate over the commissions now will help clarify the choices before the American people in November. This legislation should strike a reasonable balance between humanitarian and national-security imperatives. It should close the door, as much as possible, to judicial second-guessing of that balance. And it should make crystal clear that the Geneva Conventions, in all of their aspects, do not apply to unlawful combatants and do not govern their

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treatment.

The *Hamdan* decision is part of an unfortunate tendency to exalt international law as the font of all legal and policy wisdom, not to be disturbed by the decisions of the elected representatives of the American people. That is an especially pernicious trend to reinforce in the middle of a long and difficult war against a ruthless and elusive enemy. The administration and Congress should fight it, and it is within their power to do so.

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Subject: RE: Hamdan Critiques

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Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Thursday, July 13, 2006 5:20 PM
To: Gorsuch, Neil M; Todd, Gordon (SMO); 'Brett_C._Gerry@who.eop.gov'
Subject: RE: Hamdan Critiques

WSJ Opinion Journal

BY JAMES TARANTO
Thursday, June 29, 2006 3:10 p.m. EDT

Justice Delayed
The Supreme Court's decision in *Hamdan v. Rumsfeld* (link above in HTML or here in PDF) weighs in at 185 pages, and we'll confess we haven't had time to read every word. But here are the major points:

- Although Justice John Paul Stevens wrote the court's primary opinion, Justice Anthony Kennedy decided the case. Kennedy joined Stevens and the three other "liberal" justices in some aspects of the case, yielding a 5-3 majority, but declined to join others, producing an inconclusive result on those issues. (Because Chief Justice John Roberts joined the lower-court decision the Supreme Court was overturning, he did not participate in today's ruling but can be assumed to agree with the three dissenters.)

- The Kennedy majority agreed that the Detainee Treatment Act of 2005, which grants the U.S. Court of Appeals for the District of Columbia sole jurisdiction over habeas corpus petitions filed by Guantanamo detainees, does not strip the Supreme Court of jurisdiction in this case, because Hamdan had already filed for the writ when Congress passed the act.

- The Kennedy majority held that the military commission the Pentagon set up to try Hamdan was not authorized by the Uniform Code of Military Justice.

- The Stevens plurality wanted to go further and hold that Common Article 3 of the Geneva Conventions--which provides that war crimes trials be conducted by "a regularly constituted court"--requires that Hamdan be present at his trial, even if sensitive intelligence is being aired. But Kennedy thought it unnecessary to reach a conclusion on this question.

- The Stevens plurality also wanted to declare the charge against Hamdan--conspiracy--invalid under international law. Kennedy again saw no reason to

reach the question.

The court did *not* decide that unlawful combatants at Guantanamo are entitled to Geneva Convention protections as either civilians or prisoners of war, only that Common Article 3, which governs "conflict not of an international character occurring in the territory of one of the [signatories]," applies--though because of Kennedy's demurral, precisely how it applies is an open question.

(In dissent, Justices Antonin Scalia and Clarence Thomas argued that Common Article 3 does not apply to the conflict with al Qaeda--a position Roberts also took in the lower court's decision [PDF]. Scalia and Thomas, along with Justice Samuel Alito, also take the position that even if Common Article 3 does apply, the commission qualified as "regularly constituted.")

The court also did not hold that the government is under any obligation to release Hamdan. Justice Stevens:

> We have assumed . . . the truth of the message implicit in that charge--viz., that Hamdan is a dangerous individual whose beliefs, if acted upon, would cause great harm and even death to innocent civilians, and who would act upon those beliefs if given the opportunity. It bears emphasizing that Hamdan does not challenge, and we do not today address, the Government's power to detain him for the duration of active hostilities in order to prevent such harm.

For now at least, the court has not mandated that terrorist detainees be granted the rights of either ordinary criminal defendants (who cannot be held indefinitely unless charged and convicted) or prisoners of war (who, among other things, cannot be interrogated).

The chief result of this ruling will be to delay the trials of Guantanamo detainees until Congress or the Pentagon establishes a regime of military commissions that meets the court's approval. For those concerned with the duration of terrorists' captivity--a perverse thing to worry about anyway--there's little to cheer here.

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National Review Online

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Editors: *Hamdan* Back-Down
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Ledeen: The Same War
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Blum: Don't Split the

Kerpen: Our *Off*-the-Books Fiscal Problem
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Lukas: Single-Sex Hysteria
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Derbyshire: George Gilder, Metaphysic
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Schulz: Make Way for France!
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Arkes: Paging Dr. Weldon
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Baby
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Macomber: Digging Out
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Mannes: Been Here Before
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Editors: The L Word
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Norquist: We Can't Keep Spending Like This
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But the most important question is how to go forward from here, since *Hamdan* can be worked with, despite its overreaching. Giving al Qaeda detainees Common Article 3 protection appears to mean only that they must be treated humanely, a basic requirement that the administration was already committed to honoring. But the provision is vague enough to lend itself to a much more prescriptive interpretation, under which all effective interrogation techniques — including only slight psychological pressure — would be barred. On the other hand, it doesn't make unlawful combatants traditional prisoners of war, or exempt them from being tried in military commissions. The Supreme Court ruled that the administration's commissions as currently constituted are illegal, but left the door open to such commissions, declining to say what acceptable trials would look like or what rights exactly terrorists must be accorded. It is here that the administration has room to work with Congress in forging alternative commissions.

The administration and Congress can still craft commissions with rules that protect national-security information in the course of trials and keep U.S. soldiers from having to be mindful of the evidentiary standards of America's civil-court system while waging war. A debate over such rules could even be useful, forcing liberals to say exactly what rights they think terrorists deserve. Congress should make it clear that its new military-commission statute overrides Common Article 3. This would serve to repudiate the Court's attempt to effectively sign a treaty with al Qaeda that no one in the U.S. would have ever favored and would also delineate precisely what the standards and requirements for handling unlawful enemy combatants are. If Common Article 3 had been meant to apply to terrorists in the first place, there never would have been a need for the 1977 Protocol I Additional, which the U.S. has never accepted — exactly because it afford terrorists Geneva rights.

Unfortunately, the debate hasn't gotten off to an auspicious start. Reacting with justifiable anger to the Court's high-handed treatment of Congress's past legislative actions, particularly the Detainee Treatment Act, numerous House and Senate members — Republicans and even Democrats — said in the decision's immediate wake that they wanted to move rapidly to enact a new statute authorizing military commissions to try unlawful combatants and establishing fair, but tough-minded, procedures for them. The administration had an opportunity to lead, by quickly proposing draft legislation and helping to structure the hearings process. Instead it took a laissez-faire attitude, putting forward no legislative proposals or even broad principles to inform legislation. This laid-back strategy helped delay the legislative process:
Military-commissions legislation can no longer be enacted within the next three months and may not be finalized until after the November elections.

The glee over the Pentagon's announcement won't help matters. The White House, to try to keep the debate from getting farther away from it, should quickly introduce appropriate military-commissions legislation. Time is of the essence because the military-commission trials of Hamdan and others should be restarted quickly, and also because a debate over the commissions now will help clarify the choices before the American people in November. This legislation should strike a reasonable balance between humanitarian and national-security imperatives. It should close the door, as much as possible, to judicial second-guessing of that balance. And it should make crystal clear that the Geneva Conventions, in all of their aspects, do not apply to unlawful combatants and do not govern their treatment.

The *Hamdan* decision is part of an unfortunate tendency to exalt international law as the font of all legal and policy wisdom, not to be disturbed by the decisions of the elected representatives of the American people. That is an especially pernicious trend to reinforce in the middle of a long and difficult war against a ruthless and elusive enemy. The administration and Congress should fight it, and it is within their power to do so.

From: Gorsuch, Neil M
Sent: Thursday, July 13, 2006 5:15 PM
To: Todd, Gordon (SMO); 'Brett_C._Gerry@who.eop.gov'
Subject: RE: Hamdan Critiques

Charles Krauthhammer, Emergency Over, Saith the Court, Wash Post July 7, 2006:

The unfixable part of the *Hamdan* ruling, however, is the court's reading of Common Article 3 of the Geneva Conventions. The Geneva Conventions, which were designed to protect civilian populations and those combatants who respect them, were never intended to apply to unlawful combatants, terrorists of the al-Qaeda kind. The court tortures the reading of Common Article 3 to confer upon Hamdan -- and by extension the man for whom he rode shotgun, bin Laden -- the kind of elaborate legal protections that one expects from "civilized peoples."

This infinitely elastic concept will allow courts to usurp from Congress and the president the

authority to fashion the procedures for military tribunals -- an arrogation that mocks the court's previously expressed solicitousness for congressional authority.

But no matter. Logic has little place here. The court has decreed: There is no war -- or we will pretend so -- and henceforth it shall be conducted by the court. God save the United States. (This honorable court can fend for itself.)

From: Todd, Gordon (SMO)
Sent: Thursday, July 13, 2006 5:13 PM
To: Gorsuch, Neil M; 'Brett_C._Gerry@who.eop.gov'
Subject: RE: Hamdan Critiques

Dennis Byrne, *Contorting the law as a rebuke*, Op-ed, Chicago Tribune (July 3, 2006)

Now that we've exhausted ourselves arguing the politics of the U.S. Supreme Court's "repudiation" of the Bush administration's handling of detainees at Guantanamo Bay, maybe we can take a closer look at the decision itself.

Whatever you think of Thursday's ruling that gives Osama bin Laden's driver and bodyguard the same protections as prisoners of war who fight in uniform and by the rules, the path to this conclusion was twisting, indeed.

* * *

- Common Article 2 of Geneva Conventions doesn't apply; Common Article 3 does. This takes some explaining. Article 2 says signatories to the convention (meaning us) have to abide by the provisions of the convention only if the other side (Al Qaeda) accepts those provisions. Since we can't just dial up bin Laden to ask whether he would refrain from taking hostages--as if we didn't know the answer--it's clear, to me anyway, that the Geneva Conventions don't apply. Stevens, however, just brushes aside Article 2, as if it didn't exist. Article 3, which provides some protections for Hamdan, applies, Stevens said, because the war on terror isn't an international war (there it is again).

By most accounts, Article 3 was meant for internal civil wars, and Article 2 for international wars. Here's the exact language of the convention: Article 3 applies in cases of "armed conflict not of an international character occurring in the territory of one or more of the [signatories]." Article 2 says signatories shall be "bound by the Convention in relation to the [non-signer], if the latter accepts and applies the provisions there of."

I'm not a lawyer, but I can read. And what I read is a desperate effort by one of the court's most liberal members to twist the law to obtain the desired outcome, which is "a stunning rebuke" to the Bush administration.

Seidel, Rebecca

From: Seidel, Rebecca
Sent: Thursday, July 13, 2006 6:55 PM
To: Card, Jean; Scolinos, Tasia; Roehrkasse, Brian; Sampson, Kyle; Elwood, Courtney; Brand, Rachel; Taylor, Jeffrey (OAG); Gorsuch, Neil M; McIntosh, Brent; Elston, Michael (ODAG); Moschella, William; Bradbury, Steve; Clement, Paul D
Cc: Masugi, Ken (OPA); Nichols, Grant W; Block, Jonathan; Sours, Raquel
Subject: FW: AG's Written Statement for Senate Judiciary Committee Oversight Hearing on Tuesday 7/18
Attachments: AG Oversight Testimony 4 0 (7 13 06).doc

We just sent out the written statement for full DOJ clearance. Wanted to shortcut and get to you directly. Attached below.

From: Blackwood, Kristine
Sent: Thursday, July 13, 2006 6:38 PM
To: Elston, Michael (ODAG); Lofton, Betty; Massie, Patricia; Opl, Legislation; Samuels, Julie; Greenland, Brandon; Slover, George; Cummings, Holly (CIV); Little, Kimani (CRT); Day, Regina (ENRD); Rowan, Pearlie (ENRD); Wardzinski, Karen (ENRD); Williams, Kim (ENRD); Woolner, Rhodora (ENRD); Levine, Larry (EOIR); Benderson, Judith (USAEO); Montrese, Jeanne (USAEO); Smith, David L. (USAEO); Voris, Natalie (USAEO); Dillingham, Steven; Santos, Patricia; Atwell, Tonya M; Barksdale, Gwen; Hardin, Gail; Horkan, Nancy; Lauria-Sullens, Jolene; Nowicki, Genevieve A; Santangelo, Mari (JMD); Schultz, Walter H; Csontos, Stephen J. (TAX); Murray, Fred F. (TAX); Ashworth, Jennifer H; Chason, Kenneth D; Creighton, Kelly M (OIPR); Walter, Sheryl; Bernhardt, Gena; Brien, Peter; Carradini, Rosemary Cavanagh; Daley, Cybele; Dirham, Sue; Ridgway, George; Segerdahl-Ayers, Nancy; Baca, Lawrence; Toulou, Tracy; Weckenmann, Rose (USAEO); Caballero, Luis (ODAG); Rybicki, James E; Koett, Imelda M.; Stephen Rubenstein; Akers, Eric J.; Dudley, John A.; Flaherty, Connor; Jameson, Dana B; Kripp, Joseph W.; Newman, Yvette; Shoemaker, Sheldon R; Whelan, Colleen; Miller, Charles (NDIC); 'Beth Beers'; Carol. Keeley (carol.keeley@ic.fbi.gov); Coates, Denise (LEO); Erin.Sanford@ic.fbi.gov; Kristan.Mack@ic.fbi.gov; Marian. Howell (Marian.Howell@ic.fbi.gov); Rene (Rene.Nevens@ic.fbi.gov); Theresa Spinola (Theresa.spinola@ic.fbi.gov); Conway, Janice (USMS); McNulty, John (USMS); Noory, John (USMS); Boardman, Michelle; Smith, George; Jackson, Wykema C; Tyler, Joyce (OLP); Wilcox, Matrina (OLP); Bronick, Matthew; Ross, Ed; Elwood, Courtney; Jezierski, Crystal; Simmons, Carolyn M
Cc: Silas, Adrien; Clifton, Deborah J; Seidel, Rebecca; Clinger, James H; Moschella, William; Warwick, Brian; Taylor, Jeffrey (OAG); Jaffer, Jamil N
Subject: AG's Written Statement for Senate Judiciary Committee Oversight Hearing on Tuesday 7/18

ATTACHED IS THE DRAFT TESTIMONY FOR THE ATTORNEY GENERAL FOR A SENATE JUDICIARY OVERSIGHT HEARING ON TUESDAY, 7/18. PLEASE PROVIDE ME ANY COMMENTS YOU MAY HAVE NO LATER THAN NOON ON FRIDAY, JULY 14TH.

Kristine Blackwood
Attorney-Adviser
Office of Legislative Affairs
U.S. Department of Justice
950 Pennsylvania Ave. N.W.
Washington, DC 20530
(202) 514-2113

Kristine.Blackwood@usdoj.gov

WRITTEN STATEMENT
OF
ATTORNEY GENERAL
ALBERTO R. GONZALES

BEFORE THE

COMMITTEE ON THE JUDICIARY

UNITED STATES SENATE

JANUARY 18, 2006

Good morning. Thank you, Chairman Specter and Ranking Member Leahy for having me here today for this annual oversight hearing.

As a country we are approaching a very painful anniversary. We are less than two months shy of the five-year anniversary of September 11. On the anniversary, we will be reminded of the horror of that day, of the profound loss of life. We will recall how we felt to see thousands of innocent Americans, our beloved brothers, sisters, friends, and colleagues, murdered on a day when evil seemed to rain down from a clear-blue sky. It is true that we will never forget how we felt on September 11 and on the days that followed. But I must be straightforward with members of this Committee: I think that sometimes we are forgetful of the threat that has persisted, every day since.

On the five-year anniversary, we will once again be reminded and haunted by the images: mighty towers plummeting into deadly rubble. Desperate souls jumping from the inferno. We will remember the dead and we will mourn. But will we remember to renew our resolve?

I assure you that our enemy will not need to renew theirs. While we look back on September 11, the terrorists will be looking forward to something even more unthinkable. The human body and soul have great capabilities to heal themselves. The passage of time has a healing effect, and this is good. But while September 11, for us, was a wound from which to heal, for terrorists it was a victory to build upon. So the fact remains: Our efforts as a government to protect our citizens from September-11 levels of slaughter and destruction, as well as our efforts to bring terrorists to justice for their heinous acts, are far from over.

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I am extremely proud of the fact that the employees of the Department of Justice function as if every day were September 12 – with a level of dedication, resolve, and love of country that is deeply moving. We at the Department are inspired by our troops abroad who really lead this fight. On a personal note, my nephew (insert name) will go to Iraq next week, and I know that his desire to prevent another September 11, to protect this great nation while helping another country achieve freedom, will fuel his daily efforts.

Since the war on terror is our No. 1 priority at Justice, I'd like to make that the initial focus of my testimony, but I would also like to discuss in some detail the significant progress that the Department is making on five other priority areas this year: Violent crime, drug trafficking, cyber crime, civil rights, and public and corporate corruption.

The most telling measure of the Department's performance since September 11, 2001, is this: In the nearly five years since, there has not been a single terrorist attack on U.S. soil.

To be sure, the Department of Justice is just one of the many contributors to this singular success — much credit must go to the Congress, for providing the tools to combat terrorist threats; to the White House, for its unfailing leadership in this fight; to other federal agencies, for the creativity and dedication in combating terrorism; and to our state and local law enforcement partners, for their constant vigilance.

But we at the Department of Justice are proud of our accomplishments in fighting the war on terrorism. Congress gave us the tools to fight the war on terror in the USA PATRIOT Act and in its reauthorization, and we have used those tools wisely and effectively.

Over the past five years, we at the Department of Justice have expanded our efforts to combat terrorism. To support these expanded efforts, we have reorganized the components that are focused on national security; recruited essential personnel, such as intelligence analysts, investigators, and linguists; leveraged new technologies; and developed and implemented comprehensive training programs.

The Federal Bureau of Investigation (FBI) not only reorganized its counterterrorism and intelligence components, it fundamentally rethought its approach to national security matters. We have greatly increased the number of

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Joint Terrorism Task Forces (JTTFs) around the country and established at FBI headquarters the National Joint Terrorism Task Force (NJTTF) to coordinate interagency investigative efforts. And in each of the 94 federal districts, a senior prosecutor has been designated as the district's Anti Terrorism Advisory Council (ATAC) Coordinator to spearhead local counterterrorism efforts.

Congress also authorized the creation of a National Security Division (NSD) to centralize Main Justice's core national security functions. The NSD's creation fulfills a recommendation of the WMD Commission, and the Administration regards the establishment of this entity as the logical next step in the Department's continuing efforts to protect national security. But 15 months after the WMD Commission recommended that the NSD be created, we are still unable to make the NSD operational because of delays in confirming the nominee to serve as its head. Because it is the business of this Committee and central to the goal of protecting the American people from terror, I would be remiss today if I did not call, once again, for the swift confirmation of Ken Wainstein as the Assistant Attorney General for National Security. We hope that it will not be long before we finally can institute this important advance in the way the Department handles its vital national security responsibilities. Similarly, I must also call for the swift confirmation of Alice Fisher to be the head of the Department's Criminal Division. For Alice to have an "acting" status unnecessarily weakens the perception of our Criminal Division.

To delay both of these confirmations is to handicap law enforcement, and I implore the Committee not to be reckless in a time when the aggressive pursuit of those who would harm our citizens is a national imperative. As I mentioned at the beginning of my statement, today is September 12 for the people of the Department of Justice. And tomorrow will be September 12 again. To be any less vigilant would be an insult to the three thousand innocent civilians we lost five years ago.

In terms of operational successes in the war on terror, there is much to be proud of within the Department of Justice. Though the highly classified nature of the Department's foreign intelligence surveillance litigation means that its successes are rarely publicized, it is not an overstatement to say that these efforts have helped disrupt terrorist enterprises and saved American lives.

The results of the Department's counterterrorism prosecutions are more public but no less impressive. To thwart terrorist enterprises, we use terrorism charges where they are available — but we do not, and should not, hesitate to

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charge other, non-terrorism charges where those charges are the most effective way to secure convictions. Criticism of our willingness to use non-terrorism charges in terrorism-related cases is misplaced: Our strategy is one of prevention. We cannot wait for terrorists to strike. We must use the full range of charges at our disposal to ensure that the awful events of September 11 never occur again.

The successes of this approach are worth noting: As of June 22, 2006, 441 defendants have been charged with crimes related to international terrorism. So far we have secured 261 convictions in 45 different jurisdictions, including 218 guilty pleas — and 150 cases are still pending. Some of these prosecutions have been heavily publicized, such as the guilty pleas from the Lackawanna Six; others have garnered less attention. But they are all part and parcel of the Department's aggressive pursuit of terrorists, would-be terrorists, and terrorist supporters.

Notwithstanding these successes, there is no room for complacency in fighting the War on Terror. The United States has not been attacked at home since September 11, 2001, but other nations have. One need only look at events in England, Spain, Indonesia, Iraq, or, most recently, India, to see that the threat of horrific terrorist attacks is very real and very present. Now is not the time to deprive our hardworking law enforcement and intelligence professionals of the tools they need to prevent and disrupt terrorist plots. Now is not the time to leak to our enemies the most sensitive sources and methods we use to thwart terrorists. To the contrary, we must continue to stand guard against the evils of international terrorism, and we must strive to preserve our record of zero terrorist attacks on U.S. soil since September 11. I can assure you that the Department of Justice will do so.

Another very important, related issue remains our ability to capture terrorists, remove them from the battlefield, and when appropriate, prosecute those who seek to violently harm innocent people around the world. On June 29th, the Supreme Court in *Hamdan v. Rumsfeld* held that the military commissions the President established for this purpose were inconsistent with the Uniform Code of Military Justice and the Geneva Conventions.

The Administration will, of course, as the President has said, abide by the decision of the Court. The *Hamdan* decision now gives Congress and the Administration a clear opportunity to work together to reestablish the legitimate authority of the United States to rely on military commissions to bring the terrorists to justice. Taking this cooperative approach will allow us to structure an effective system that the world will look to with both appreciation and admiration.

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In the wake of the *Hamdan* decision there have been many commentators, legal scholars, and even Members of Congress advocating different positions and paths toward solving this issue. Regardless of where we choose as a starting point, we all have a common goal: to provide flexible but fair procedures that will enable us to try al Qaeda terrorists for their war crimes, without compromising our values or the safety of the American people. It is imperative that we move quickly to resolve this issue and the Administration stands prepared to provide assistance.

Gang Crime

Just as the Department has played a key role in the war on terror, we are working to protect Americans from the daily threat of those who would threaten the safety and security of our nation's citizens within their own communities. Violent crime, fomented by gangs, is a serious threat to the social fabric of our nation.

Gangs have become an increasingly deadly threat to our citizens, and they represent a growing problem: Seventy-five percent of the United States Attorneys report that their communities currently have a moderate or significant gang presence. The Department has been carefully tracking the spread of gangs, and after becoming Attorney General, I made combating gangs one of my first priorities.

Among my earliest actions, I directed the Department to take several important steps to address the prevalence of gang violence. First, I established an Anti-Gang Coordination Committee to organize the Department's wide-ranging efforts to combat the scourge of gangs. Second, I directed each United States Attorney to appoint an Anti-Gang Coordinator to provide leadership and focus to our anti-gang efforts at the district level. And third, I directed the Anti-Gang Coordinators, in consultation with their local law enforcement and community partners, to develop a comprehensive district-wide strategy to address the gang problem in their districts.

On February 15, 2006, I unveiled the Department's comprehensive plan to combat gangs across America. The strategy is twofold: First, prioritize prevention programs to provide America's youth, as well as offenders returning to the community, with opportunities that help them resist gang involvement. Second, ensure robust enforcement policies when gang-related violence does occur. The

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plan incorporates these two elements and provides necessary resources to local task forces on the front lines in the war against gang violence.

In implementing this plan, the Department has expanded the successful Project Safe Neighborhoods initiative to include new and enhanced anti-gang efforts. To support those efforts, the Department has provided approximately $30 million in state and local grants and training and technical assistance. The grants, administered by the Office of Justice Programs, support a comprehensive approach to fighting gang violence and gun crime in America. In addition, in March, I announced the Comprehensive Anti-Gang Initiative, which focuses anti-gang resources on prevention, enforcement, and offender reentry efforts in six sites throughout the country: Los Angeles, Tampa, Cleveland, Dallas/Ft. Worth, Milwaukee, and the "222 Corridor", which stretches from Easton to Lancaster in Pennsylvania. In addition, the Department will make available approximately $2.5 million in grants per community to support comprehensive prevention efforts such as the Gang Reduction Program, enforcement programs that will focus law enforcement efforts on the most significant violent gang offenders, and mentor-based reentry assistance programs that will provide critical help to prisoners re-entering society.

The Department is also in the process of creating a new national Gang Targeting, Enforcement, and Coordination Center (GangTECC) bringing together all of the operational components of the Department, as well as other agencies within the Federal government. GangTECC will be led by the Department's Criminal Division and will coordinate overlapping investigations, ensure that tactical and strategic intelligence is shared among law enforcement agencies, and serve as a central coordinating center for multi-jurisdictional gang investigations. In addition, GangTECC will work hand-in-hand with the new National Gang Intelligence Center (NGIC).

I have also directed each U.S. Attorney to convene a Gang Prevention Summit in his or her district to explore additional opportunities in the area of gang prevention. At the national level, the Department is hosting two gang prevention webcasts that are accessible to the public, which will share best practices on gang prevention, identify resources, and support and complement the Department's anti-gang initiative. The Department, in partnership with the Ad Council, has also created two new public service announcements (PSAs) titled "Sounds of Gun Crime" and "Time Served." These PSAs are intended to educate youth about the perils of gun crime and the consequences of joining gangs.

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Finally, as you know, the Department has worked closely with this Committee as well as the House Judiciary Committee to develop legislation to enhance the tools available to Federal law enforcement in its ongoing efforts to disrupt and dismantle gangs and we look forward to continuing this important work.

Drug Trafficking

Just as the Department has combated the scourge of gangs in our communities, we are working aggressively to prevent and to minimize the pernicious effects of drug trafficking and abuse. Indeed, today, drug cases represent the single largest share of federal prosecutions. In 2005, 34.2% of all defendants sentenced in Federal district court were convicted of drug-related offenses.

Addressing the problem of drug trafficking continues to be one of the top priorities of the Department of Justice, and our efforts to reduce the demand for, and supply of, methamphetamine and controlled substance prescription drugs have special priority.

On June 1, 2006, the Administration released the National Synthetic Drug Control Strategy. Among other things, the Synthetics Strategy outlines a three-tiered approach to the United States' international efforts: improving intelligence and information on the global market for precursor chemicals; effective implementation of the Combat Meth Act; and strengthening law enforcement and border control activities, particularly with Mexico.

To carry out the Department's part of the Synthetics Strategy, I have established the Anti-Methamphetamine Coordination Committee to harmonize the many ongoing efforts of the Department of Justice in combating meth. The Committee is simultaneously pursuing initiatives to reduce supply through coordinated interdiction efforts, and to reduce demand by supporting effective prevention and treatment programs.

The Department has principally focused on combating meth through six methods: (1) increasing law enforcement operations and arrests; (2) making meth prosecutions a priority for U.S. Attorneys; (3) working closely with State and local law enforcement to ensure that the meth problem is brought to an end; (4) providing information and creating awareness within communities about the irreversible harm that meth leaves in its wake; (5) strengthening international

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partnerships to combat meth; and (6) using additional tools to target meth traffickers, including the "Combat Methamphetamine Act" which Congress passed as part of the reauthorization of the USA Patriot Act.

The use of meth and other similar drugs is not the only problem the nation faces with respect to controlled substances. Indeed, the only category of drugs in which abuse has increased for youths in recent years is the nonmedical use of prescription drugs. We are working hard to reverse this trend. The 2006 Synthetic Drug Control Strategy sets the ambitious goal of reducing prescription drug abuse by 15 percent over three years. Our approach to this problem combines education, prevention, and enforcement, while avoiding unduly hampering the lawful purchase of such prescription drugs.

The purchase of these prescription drugs on the Internet is of great concern. The Internet is widely accessible and provides anonymity to those seeking prescription drugs and to those dispensing them. Rogue pharmacy sites give drug abusers the ability to circumvent the law as well as sound medical practice, and they dispense dangerous and unregulated drugs. Because there is often no identifying information on these rogue online pharmacy websites, it is very difficult for law enforcement to track any of the individuals behind them.

The Department is using all available tools to shut down these sites. We are conducting investigations of rogue online pharmacies and working to intercept such prescription drugs illegally sent into the United States through the mail system. For example, the DEA's Internet investigations unit within the Special Operations Division continues to coordinate internet cases, and the DEA has issued a number of suspensions of the DEA registrations of doctors and pharmacies operating illegally over the internet. The Department has prosecuted doctors and pharmacies that illegally distribute via the internet.

Despite these successes, new federal legislation is required to give law enforcement the complete set of tools it needs to shut down rogue online pharmacies. We believe that better regulations are needed to control the practices of rogue online pharmacies, pharmacists, and doctors in order to protect the public. Online pharmacies should be required to register and follow the same regulations and reporting requirements of traditional brick-and mortar pharmacies. These pharmacies should be required to disclose the names of the individuals and corporations that operate the online sites. We must end the practice of dispensing controlled substance prescription drugs solely on the basis of Internet questionnaires by doctors who have no relationship with and have never personally

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examined their patients. The Department very much looks forward to working with Congress to craft legislation to achieve this goal. With additional tools and the continued efforts of state and federal authorities, we will succeed in dismantling rogue online pharmacies and in reducing the number of people illicitly using these prescription drugs.

Cyber Crime

As these efforts to combat gangs and drugs are making headway, we are also using the successful model of Project Safe Neighborhoods to protect our children and communities in other areas, such as the Internet, where the twin threats of sexual predators and child pornography have become all too real and commonplace. Project Safe Childhood, which I announced in February of this year, is aimed at preventing the exploitation of our children on the Internet. Just like Project Safe Neighborhoods, this new program will bring together the resources of Federal, State, and local law enforcement.

I cannot overemphasize the importance of this effort. Oftentimes in the public arena, the true nature and scope of this type of criminal activity is not fully aired. It has been estimated that at any given time there are 50,000 sexual predators on the Internet prowling for children. I have personally seen the efforts we make to capture these individuals, and I have been astonished by how many predators there are, and how aggressively they act.

With respect to child pornography – a closely related problem – let me be very clear. This is not a victimless crime. Most images of child pornography depict actual sexual abuse of real children. Each image literally documents a crime scene. Working with the Child Exploitation and Obscenity Section, I've seen some of the shocking and vulgar images we've uncovered. We're talking about a young toddler, tied up with towels, desperately crying in pain while she is being brutally raped and sodomized by an adult man. This is the reality of child pornography and sexual exploitation on the Internet today.

I cannot emphasize strongly enough the pernicious nature of these offenses, the harm they do to our society, and the need to ensure that those who commit these crimes are kept away from our children. Experts agree that the Internet is responsible for a significant increase in both the proliferation and severity of child pornography and sexual exploitation. The Internet provides child pornographers with an easily accessible and relatively anonymous means for collecting and distributing these images, and the vast community of fellow pedophiles on the

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Internet serves to validate and encourage their behavior. Eventually, as offenders collect more and more child porn images, many turn to themselves abusing children and producing their own pictures or images. The result has been that images of child sexual abuse today are more disturbing, more graphic, and more sadistic than ever before, and they involve younger and younger children — in some cases, as I just mentioned, involving the brutal rape of mere infants.

We have made progress in this area: For example, between 1996 and 2005, the number of cases investigated by the FBI rose by more than 2000 percent, as did the number of arrests for child pornography and child enticement offenses; in total, since 1996, the FBI has opened more than 15,000 cases, leading to more that 6,000 arrests and nearly 5,000 convictions.

But there is more to be done because there is, in short, an epidemic involving child pornography and sexual exploitation in America today. It is our collective responsibility to curtail this epidemic and I look forward to working with this Committee and others to address this critical problem.

In addition to combating violent crime and keeping the Internet safe for our children, we at the Department of Justice take extremely seriously the protection of intellectual property. With an estimated two hundred and fifty billion dollars in losses to American corporations every year and 750,000 American jobs lost, the impact on our economic well-being is simply too great not to take action. To that end, early last year, I appointed new members to the Task Force on Intellectual Property that was established by my predecessor, John Ashcroft. In the 2006 Progress Report issued last month, we proudly announced that the Department has implemented all thirty-one recommendations made by the Task Force in 2004. In fact, recognizing the threat that intellectual property theft poses not only to our economy but also to the health and safety of consumers, the Department has gone well beyond these recommendations, taking additional steps to protect and enforce intellectual property rights.

I would like to take a moment to detail a few of our efforts in this regard. First, we have increased the number of prosecutors in the field by nearly doubling, in the past two years, the number of Computer Hacking and Intellectual Property (CHIP) Units to focus on fighting intellectual property and cyber offenses. The Department has prosecuted a number of significant cases, ranging from individuals selling counterfeit cholesterol medication to a racketeering enterprise that supported the terrorist organization Hezbollah. In addition, we have dispatched a federal prosecutor to serve as an Intellectual Property Law Enforcement

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Coordinator in Southeast Asia, and have funded a similar position in Eastern Europe to provide training and technical assistance to foreign judges and prosecutors. Finally, in recognition of the key role of education in stemming the tide of intellectual property theft, we have partnered with the U.S. Patent and Trademark Office to dedicate $900,000 over three years to a program with three national nonprofit educational organizations. By increasing public awareness of individual responsibility in this area, we believe we can prevent a sizeable portion of the intellectual property theft which occurs today.

I am also proud that the Department of Justice is taking a lead role in the President's Task Force on Identity Theft. The President established the Task Force with the goal of strengthening federal efforts to protect against identity theft and directed that I serve as a Co-Chair along with the Chairman of the Federal Trade Commission. The work of the Task Force is well underway. We are on track to present the President with a Strategic Plan to further improve the effectiveness and efficiency of the Federal government's activities in the areas of identity theft awareness, prevention, detection, and prosecution by November 6, 2006, as directed by Executive Order.

The substantial growth of identity theft in recent years has made it necessary for many law enforcement agencies at all levels of government to devote increased resources to investigation of identity theft-related crimes. The FBI, for example, reports that identity theft impacts almost every financial crime it investigates, from health care fraud to securities fraud. The FBI currently has more than 1,550 pending identity theft-related cases. In 2005, the FBI opened more than 660 identity theft-related cases, and to date in 2006 has opened more than 270 such cases. The FBI also has a Financial Crimes Intelligence Unit at headquarters with investigative analysts dedicated to identity theft matters.

The Department is also participating in successful collaborative efforts, including the Regional Identity Theft Working Group in the Eastern District of Pennsylvania, the Identity Theft Crimes Working Group in the District of New Hampshire, and the Los Angeles Identity Theft and Economic Crimes Task Force. In May 2002, the Department conducted its first initiative focused on identity theft, involving 73 criminal prosecutions by United States Attorneys' Offices against 135 individuals in 24 districts.

I am proud of the Department's efforts to date and look forward to continuing our efforts and implementing the recommendations of the Identity Theft Task Force.

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Civil Rights Enforcement

As we work to combat terrorism, violent crime, and economic crimes, we must not forget that a key part of the Department's law enforcement mission involves protecting critical rights of our citizens and ensuring that all Americans have the opportunity to participate in the American Dream.

To this end, I want to note today that the Civil Rights Division has achieved record levels of enforcement protecting the right to vote, ensuring the disabled can fully participate in their communities, and providing the highest standard of care for institutionalized persons. And we vigorously work to stop one of the most pernicious ills imaginable: human trafficking.

The Civil Rights Division recently brought more criminal civil rights cases in a single year than in any other year in the Division's history and the Department has obtained convictions against 30 percent more law enforcement officials for criminal civil rights violations than during the comparable period of the previous administration. The Division has also authorized over 30 percent more investigations under the Civil Rights of Institutionalized Persons Act (CRIPA) in the past five and one-half years than in the previous comparable time frame. And in matters involving children committed to juvenile justice facilities, this Administration has increased the number of settlement agreements by 50 percent and has more than doubled the number of investigations and findings letters issued.

In protecting disability rights, since January 2001, when President Bush signed the New Freedom Initiative, the Division has achieved results for persons with disabilities in over 2,000 ADA actions. Moreover, the Division has brought lawsuits to create more than 12,000 housing opportunities for persons with disabilities in the past five and one-half years – a number that far outpaces previous figures. The Division has also nearly doubled the number of pattern or practice sexual harassment cases brought against landlords, one of which resulted in the highest jury verdict ever obtained under the Fair Housing Act. Finally, the Division has launched the most extensive election monitoring effort in history to protect the right to vote, while also filing more cases in this Administration to protect the rights of voters under the minority language provisions of the Voting Rights Act than in the previous 26 year history of the Act.

The Administration's fight against human trafficking deserves special mention. Each year, thousands of the most vulnerable persons, primarily women

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and children, are trafficked into the United States. The President has declared this pernicious crime a moral and national security imperative requiring an effective strategy to combat it. This effort has been declared a civil rights priority for the Department because it strikes at one of our Nation's core values – the right to freedom as promised in the Declaration of Independence and guaranteed by the Thirteenth Amendment to the Constitution.

I am pleased to say that the Department's prosecutorial efforts have produced impressive results. In the last five fiscal years, the Civil Rights Division, in conjunction with United States Attorneys' Offices, has quadrupled the number of trafficking investigations, tripled the number of defendants charged, and doubled the number of defendants convicted. Between fiscal years 2001 and 2005, federal prosecutors charged 189 defendants with sex trafficking, an increase of more than 450 percent over the previous five years. And, with three months remaining in the current fiscal year, the Department already has set a record by convicting more trafficking defendants than in any other single year on record.

Another area of civil rights enforcement that merits special mention is fair housing. On February 15 of this year, I announced a major new civil rights initiative: Operation Home Sweet Home, which expands and strengthens the Department's fair housing testing program. Under this program, persons pose as prospective renters or purchasers of a home for the purpose of gathering information regarding a housing provider's compliance with the Fair Housing Act, which prohibits discrimination in housing on the basis of race, color, religion, sex, national origin, familial status, or disability by housing providers. For example, a "test" may involve an African-American person and a Caucasian person each inquiring separately about the availability of the same apartment. We then compare their experiences to determine if the real estate agents or landlords misrepresented the availability of rental units or offered different terms and conditions to our testers to rent or buy the home. Such comparisons may reveal that the housing provider is illegally treating persons differently based on race, national origin, or familial status.

Through Operation Home Sweet Home, the Department will improve the effectiveness and reach of its testing program over the next two years. First, we will concentrate testing for housing discrimination in areas recovering from the effects of Hurricane Katrina and in areas where Katrina victims have been relocated. As you all know, Hurricane Katrina displaced a large number of persons, many of them minorities, who are seeking new housing. Our efforts seek to ensure that these displaced residents do not face discrimination in their search

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for housing. Second, we will concentrate testing in areas that, based on federal data, have experienced a significant volume of bias-related crimes like cross burnings or assaults on minorities. We do this because in areas where there has been an up-tick of bias crimes, housing discrimination may also be occurring. Lastly, we will increase our outreach to state and local agencies and organizations to better target our testing to problematic areas. Through these and other measures, the Department will conduct an all-time high number of fair housing tests over the next two years in an effort to ensure the rights of all Americans to fair housing.

From fair housing opportunities, equal access to the ballot box, and criminal civil rights prosecutions to desegregation in America's schools and protection of the rights of the disabled, the noble mission of the Civil Rights Division continues forward.

Public and Corporate Corruption

We continue to strive to preserve the integrity of our public institutions and corporations. We recognize that one of the things that makes America the land of opportunity is our unique commitment to the rule of law that allows ordinary citizens to rely on and expect the honesty and integrity of government officials, corporate executives, and other holders of the public's trust. So at every level – federal, state, and local – The Department is enforcing the laws that protect the integrity of our government and corporate institutions.

In doing so, we have made significant progress. Since 2002, we have convicted more than 1000 corporate insiders who have engaged in illegal activities, including more than 160 chief executive officers and corporate presidents.

In addition, the Department has successfully prosecuted a number of high-profile public figures, and continues to work on additional investigations and prosecutions involving illegal contributions, lobbying, and abuse of the public trust.

Now, this list of priorities is not exhaustive. We have other responsibilities that are no less important to the American dream. Comprehensive immigration reform will restore faith in the rule of law and prevent terrorists from crossing our borders while at the same time honoring our tradition as a nation of immigrants. And this is the beauty of well-constructed laws – they protect what we value most while keeping pace with changing times, circumstances, and challenges.

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Federal Sentencing

Advocating for a tough and fair sentencing system will give teeth to our enforcement objectives, improve our deterrence efforts, and ensure that every defendant is treated fairly. One of the most critical issues relates to the impact of the Supreme Court's decision in *United States v. Booker*. While much of the immediate impact of this decision has already been felt in America's courtrooms, there are important policy issues that must be addressed.

In the wake of *Booker*, the Department of Justice has engaged in a careful assessment of trends in federal sentencing and an in-depth review of various sentencing reform proposals. The Department's key goal in this effort has been to find a way to preserve the principles and protections of the Sentencing Reform Act of 1984, which itself was a product of a bipartisan effort to focus our judicial system on punishment, incapacitation, and deterrence in sentencing.

Unfortunately, this review of recent trends in sentencing has yielded some troubling results. Over the past year, we have seen a decrease in within-guidelines sentences and an increase in inter-circuit and intra-district disparities in sentencing. Given the emergence and possible acceleration of such trends, the Department has recommended legislation to Congress implementing a Minimum Guideline System.

Under such a system, the lower range of a sentence prescribed by the guidelines would be mandatory, as it was prior to *Booker*, unless a departure is authorized by the guidelines. The top of the guideline range would remain advisory, as required by *Booker*, but in no instance, of course, could a sentence exceed the statutory maximum set by Congress. Such a system would vindicate Congress' intent in passing the Sentencing Reform Act, while remaining fully consistent with the Supreme Court's jurisprudence.

Conclusion

Each of these priorities is important, and behind each one is a nationwide network of highly dedicated Department of Justice employees and law enforcement officials who work together to protect lives and freedoms. I am proud to work with these individuals every day and to be a part of the effort to protect our nation from those that would harm our citizens – both domestically and abroad.

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Thank you, Mr. Chairman, members of the Committee. I would be glad to take your questions now.

DOJ_NMG_0040492

USDOJ- Office of Public Affairs

From: USDOJ- Office of Public Affairs
Sent: Thursday, July 13, 2006 7:27 PM
To: USDOJ- Office of Public Affairs
Subject: DOJ DAILY NEWS WRAP

PUBLIC AFFAIRS DAILY NEWS WRAP
July 13, 2006

Contact: Brian Roehrkasse, Deputy Director, Office of Public Affairs (202) 514-2007

TOMORROW'S EXPECTED NEWS STORIES:

Attorney General Holds Media Roundtable (OPA)
Today, the Attorney General held a media roundtable with Justice Department beat reporters. Most of the discussion focused on the recent Hamdan ruling, Senator Specter's proposed Terrorist Surveillance Program legislation, and the Defense Department memo applying Article 3 of the Geneva Convention to detainees in the War on Terror. Other topics included the investigation of Congressman William Jefferson and the DOJ policy for issuing subpoenas to journalists.

Plame Files Suit Against Cheney, Rove and Libby (Civil)
Former CIA agent Valerie Plame Wilson and her husband, former Ambassador Joseph Wilson, filed suit in federal court in Washington today against Vice President Dick Cheney, his former Chief of Staff I. Lewis "Scooter" Libby, Presidential advisor Karl Rove and other unnamed senior White House officials, for their role in the public disclosure of Valerie Wilson's classified CIA status. The suit accuses the defendants of violating the Wilsons' constitutional and other legal rights as a result of "a conspiracy among current and former high-level officials in the White House" to "discredit, punish and seek revenge against" Mr. Wilson for publicly disputing statements made by President Bush in his 2003 State of the Union address justifying the war in Iraq. The Complaint specifies that each of the Wilsons has been deprived of their First and Fifth Amendment rights; each has suffered a gross invasion of their privacy; each has been impaired in pursuing professional opportunities; and that they fear for their safety and the safety of their children as a result of the wrongful public disclosures. In addition, the Complaint alleges that Valerie Wilson was impaired in her ability to carry out her duties at the CIA, and to pursue her career at the agency in further service to her country, as she had planned. While no specific dollar amount is requested, the suit seeks compensatory damages, punitive damages and attorneys' fees and costs.

Talking Points:

- The suit has just been filed and the Department will review it once served to determine how to respond.

Government Opposes Rep. Jefferson's Motion for Stay Pending Appeal (Criminal)
Federal prosecutors filed opposition today to Congressman Bill Jefferson's motion to deny review by anyone in the Executive Branch of material seized during a search of his congressional office, as he continues to challenge the legality of that search. Jefferson says that materials seized by the Justice Department and FBI investigators should remain in the custody of the Solicitor General as he continues his appeals process. The Justice Department said in its filing today that in the wake of a District Court's previous order rejecting Jefferson's challenge, the Attorney General has directed the FBI to take custody of the documents from the Solicitor General, but not allow review by a filter team for two weeks in order to allow the Court, and if necessary the D.C. Circuit Court of Appeals, to consider any further requests for stays by Jefferson.

Wall Street Financier Mario Gabelli & Affiliate Companies Pay U.S. $130 Million for Defrauding F.C.C. (Civil)
The Justice Department, on behalf of the Federal Communications Commission (FCC), has reached a settlement of $130 million with Wall Street money manager Mario Gabelli and affiliated entities and individuals to resolve civil allegations of fraud in connection with the wireless spectrum license auctions conducted by the FCC. According to the government's complaint, the FCC established rules for certain auctions that, depending on the auction, permitted only "small" or "very small" businesses to participate in the auction or to qualify for bidding credits and favorable financing. The United States alleges that Gabelli and his affiliated companies did not qualify as small or very small businesses in these auctions. In order to participate in the auctions, the complaint alleges that various friends and relatives of Gabelli were recruited to serve as officers of bogus small or very small businesses that existed only on paper, solely to certify that they met the FCC's eligibility rules.

Odyssey HealthCare Agrees to Pya U.S. $12.9 Million to Resolve Hospice Fraud Allegations (Civil)
Odyssey HealthCare, a national hospice provider, has paid the United States $12.9 million to settle allegations that the company submitted false claims to Medicare. The Dallas-based company is alleged to have billed Medicare for services provided to hospice patients who were not terminally ill and therefore were ineligible for the Medicare hospice benefit.

Media Inquiries into Death of Enron Witness (Criminal)
Media continue to cover the death of Neil Coulbeck, a witness in the Enron fraud case against three British bankers who arrived in the United States today for a detention hearing tomorrow in Houston.

Former Memphis, Tenn. Officer Sentenced for Criminal Civil Rights Charges of Stealing Money During Traffic Stop (Civil Rights)
The Department of Justice announced that Adam Gagnier, a former officer with the Memphis, Tennessee Police Department, was sentenced by a federal judge to 72 months imprisonment on civil rights and mail fraud charges. Gagnier pleaded guilty on December 14, 2005, to involvement in a conspiracy to deprive individuals of their civil rights and to willfully using his position as a police officer to steal money during a traffic stop in Memphis, Tenn. He also pleaded guilty to committing mail fraud by filing false claims based on false police reports.

Former FBI Contractor Sentenced (FBI)
Joseph T. Colon, Former IT contractor with the FBI Springfield Office, was sentenced today to 3 years probation, $20,000 in restitution, and 6 months of home detention for unauthorized access to FBI computer systems. Colon pleaded guilty in March after he obtained unauthorized access to the e-mail passwords of all FBI employees, including the Director, several times in 2004.

Inquiries into War's Effect on Domestic Security (FBI)
NBC News Producer Jim Popkin and CNN's Terry Frieden inquired as to whether the increased violence in the Middle East has impacted domestic security, and what the FBI is doing in the area of domestic security.

Talking Points:

- With the increased military activity in the Middle East, the FBI remains vigilant by constantly working through our Joint Terrorism Task Forces and Field Intelligence Groups to fulfill the FBI's number one priority of preventing an act of terrorism against the United States.

Inquiries into Examination of VA Laptop (FBI)
Several media outlets sought comment regarding the forensic examination of the laptop containing the personal data of more than 26 million veterans.

Talking Points:

- On June 28, 2006, the stolen laptop computer and external hard drive were recovered intact. Based on all of the facts gathered thus far during the investigation, as well as on the results of the FBI and VA OIG computer forensics examinations, the FBI and VA OIG are highly confident that the files on the external hard drive were not compromised.

FRIDAY'S EXPECTED EVENTS/RELEASES:

No events or releases expected.

Scolinos, Tasia

From: Scolinos, Tasia
Sent: Thursday, July 13, 2006 8:06 PM
To: Gorsuch, Neil M
Subject: Not read: Hamdan Guide revised

Bradbury, Steve

From: Bradbury, Steve
Sent: Thursday, July 13, 2006 8:12 PM
To: Seidel, Rebecca; Card, Jean; Scolinos, Tasia; Roehrkasse, Brian; Sampson, Kyle; Elwood, Courtney; Brand, Rachel; Taylor, Jeffrey (OAG); Gorsuch, Neil M; McIntosh, Brent; Elston, Michael (ODAG); Moschella, William; Clement, Paul D
Cc: Masugi, Ken (OPA); Nichols, Grant W; Block, Jonathan; Sours, Raquel
Subject: RE: AG's Written Statement for Senate Judiciary Committee Oversight Hearing on Tuesday 7/18

Similar comment to my earlier comment: In the reference to Alice Fisher, it is not correct to talk about her "acting status"; she is not acting. Pls see my earlier note on that and two other points. Thx

---

From: Seidel, Rebecca
Sent: Thursday, July 13, 2006 6:55 PM
To: Card, Jean; Scolinos, Tasia; Roehrkasse, Brian; Sampson, Kyle; Elwood, Courtney; Brand, Rachel; Taylor, Jeffrey (OAG); Gorsuch, Neil M; McIntosh, Brent; Elston, Michael (ODAG); Moschella, William; Bradbury, Steve; Clement, Paul D
Cc: Masugi, Ken (OPA); Nichols, Grant W; Block, Jonathan; Sours, Raquel
Subject: FW: AG's Written Statement for Senate Judiciary Committee Oversight Hearing on Tuesday 7/18

We just sent out the written statement for full DOJ clearance. Wanted to shortcut and get to you directly. Attached below.

From: Blackwood, Kristine
Sent: Thursday, July 13, 2006 6:38 PM
To: Elston, Michael (ODAG); Lofton, Betty; Massie, Patricia; Opl, Legislation; Samuels, Julie; Greenland, Brandon; Slover, George; Cummings, Holly (CIV); Little, Kimani (CRT); Day, Regina (ENRD); Rowan, Pearlie (ENRD); Wardzinski, Karen (ENRD); Williams, Kim (ENRD); Woolner, Rhodora (ENRD); Levine, Larry (EOIR); Benderson, Judith (USAEO); Montrese, Jeanne (USAEO); Smith, David L. (USAEO); Voris, Natalie (USAEO); Dillingham, Steven; Santos, Patricia; Atwell, Tonya M; Barksdale, Gwen; Hardin, Gail; Horkan, Nancy; Lauria-Sullens, Jolene; Nowicki, Genevieve A; Santangelo, Mari (JMD); Schultz, Walter H; Csontos, Stephen J. (TAX); Murray, Fred F. (TAX); Ashworth, Jennifer H; Chason, Kenneth D; Creighton, Kelly M (OIPR); Walter, Sheryl; Bernhardt, Gena; Brien, Peter; Carradini, Rosemary Cavanagh; Daley, Cybele; Dirham, Sue; Ridgway, George; Segerdahl-Ayers, Nancy; Baca, Lawrence; Toulou, Tracy; Weckenmann, Rose (USAEO); Caballero, Luis (ODAG); Rybicki, James E; Koett, Imelda M.; Stephen Rubenstein; Akers, Eric J.; Dudley, John A.; Flaherty, Connor; Jameson, Dana B; Kripp, Joseph W.; Newman, Yvette; Shoemaker, Sheldon R; Whelan, Colleen; Miller, Charles (NDIC); 'Beth Beers'; Carol. Keeley (carol.keeley@ic.fbi.gov); Coates, Denise (LEO); Erin.Sanford@ic.fbi.gov; Kristan.Mack@ic.fbi.gov; Marian. Howell (Marian.Howell@ic.fbi.gov); Rene (Rene.Nevens@ic.fbi.gov); Theresa Spinola (Theresa.spinola@ic.fbi.gov); Conway, Janice (USMS); McNulty, John (USMS); Noory, John (USMS); Boardman, Michelle; Smith, George; Jackson, Wykema C; Tyler, Joyce (OLP); Wilcox, Matrina (OLP); Bronick, Matthew; Ross, Ed; Elwood, Courtney; Jezierski, Crystal; Simmons, Carolyn M
Cc: Silas, Adrien; Clifton, Deborah J; Seidel, Rebecca; Clinger, James H; Moschella, William; Warwick, Brian; Taylor, Jeffrey (OAG); Jaffer, Jamil N
Subject: AG's Written Statement for Senate Judiciary Committee Oversight Hearing on Tuesday 7/18

ATTACHED IS THE DRAFT TESTIMONY FOR THE ATTORNEY GENERAL FOR A SENATE JUDICIARY OVERSIGHT HEARING ON TUESDAY, 7/18. PLEASE PROVIDE ME ANY COMMENTS YOU MAY HAVE NO LATER THAN NOON ON FRIDAY, JULY 14TH.

Kristine Blackwood << File: AG Oversight Testimony 4 0 (7 13 06).doc >>
Attorney-Adviser
Office of Legislative Affairs
U.S. Department of Justice
950 Pennsylvania Ave. N.W.
Washington, DC 20530
(202) 514-2113
Kristine.Blackwood@usdoj.gov

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, July 14, 2006 8:07 AM
Subject:	Attorney General's News Briefing for Friday, July 14, 2006
Attachments:	agnb060714.pdf; agnb060714.doc

This morning's Attorney General's News Briefing is attached.

Website: You can also read today's briefing, including searchable archive of past editions, at http://www.BulletinNews.com/justice.

Full-text Links: Clicking the hypertext links in our write-ups will take you to the newspapers' original full-text articles.

Interactive Table of Contents: Clicking a page number on the table of contents page will take you directly to that story.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JULY 14, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Bush Agrees To FISA Court Review Of NSA Surveillance Program 4
Lawmakers Discussed Monitoring Terrorist Finances In 2002 5
Testimony Reveals Administration Divisions On Detainees 5
House Republicans Signal Coming Clash Over Military Tribunals 6
Padilla Allowed Access To Classified Documents 7
DOJ Argues For Dismissal Of Suit Over AT&T Phone Records 7
Judge Again Denies Bail For New York Imam Facing Terrorism Charges 8
Utah Relatives Of Terror Suspect Indicted On Fraud Charges 8

Homeland Response:

SBA Official Says 9/11 Loan Program Was "A Disaster In the Making." 8
Pilots Groups Call For Improved Cargo Aircraft Safety 8
Unofficial "Shrine" Near 9/11 Site To Close Temporarily 8
WPost Says DHS Should Stop Defending Terror Target Database 9
Senate Spending Bill Would Replace FEMA With New Agency 9

War News:

Military Control Of Province Handed Over To Iraqis 9
Iraqi Politicians Tell Sects To Meet 10
CBO Estimates War's Current, Future Cost 10
Accused GI Entered Army With Problems 10
Businessman Convicted Over Oil-For-Food Scandal 10

DOJ:

Senate Appropriations Committee Approves DOJ, Commerce And NASA Budgets 11
DOJ, DHS Issue Updated National Information Exchange Model 11

Corporate Scandals:

UK Bankers Extradited To US As Blair Sends Baroness To Lobby For Treaty 11
US Attorney Launches Task Force To Investigate Silicon Valley Options Backdating 12

Criminal Law:

DOJ Opposes Delays In Jefferson Probe 13
Safavian Seeks New Trial 13
Judge Give New Hampshire Democrats Go-Ahead For Phone-Jamming Questions 14
FBI Subpoenas New Jersey Township Records In Ongoing Corruption Probe 14
Gotti Said He Was Prepared To Plead Guilty To Sliwa Hit Charges 14
FBI Computer Contractor Sentenced To Probation For Password Hacking 15
House Committee Passes Bill Requiring FBI To Report Felonies Committed By Informants 15
Missouri May Delay Executions While Searching For Doctors To Assist 15
House Committee Identities Child Pornography Consumers 15
Senate Committee Approves Budget Increase For Anti-Crime Grants 15

Civil Law:

Plame And Wilson File Suit Against Cheney, Rove And Libby 16
DOJ Settles Civil Fraud Suit With Gabelli For $130 Million 17

Civil Rights:

House Votes To Extend Voting Rights Act 390-33 17
Activists Use Lawsuits In Bid To Stop Electronic Voting 18

Plain Dealer Says DOJ Suit Highlights Euclid Voting Problems 19
California Women Plead Guilty To Sex Slavery Charges 19
Rationale For New York Ruling On Gay Marriage Analyzed .. 19

Antitrust:

States To File Price-Fixing Suit Against Chip Makers 20
FCC Clears Cable Giants' Bid For Adelphia Systems 21
FTC Charges Texas Realtors With Restraining Competition 21
California Businessman Seeks To Block McClatchy Sale 22
FTC Clears Morgan Stanley Purchase Of Transmontaigne . 22
European Court Overturns EU Approval Of Sony-BMG Merger 22

Environment/Indian Affairs:

Canada Confirms Seventh Mad-Cow Disease 23
House Committee's Report Faults Global Warming Studies . 23
California Wildfires Continue To Expand 24
Judicial Panel Cites Mismanagement Of Indian Trust Accounts 24

FBI/DEA/ATF/USMS:

At Least 8 Heroin Overdoses Reported In New Jersey 24
Spokane Task Force Seeks To Thwart Gang Violence 25
Iowa Brothers Sentenced In Meth Case 25
Judge Blocks Changes To California's Drug Treatment Program 25
Reporting Continues On Possible Indictment Of Bonds 25
San Francisco Marijuana Club Denied Permit By Planning Commission 25

Immigration:

Senate Votes Against Amendment Funding Border Wall 71-29 26

Tax:

Judge In KPMG Case Raises New Concerns About Prosecutorial Tactics 27

Congress-Administration:

Haynes Faces Bipartisan Criticism Over Detainee Policies .. 27
Democrats Question Suitability Of Bush CPB Nominee 27
IG Report Examinees VA Data Theft 28
Roberts Says Courts Must Reach Out To Congress 28
Members Of Congress Show Little Inclination To Bailout GM 28
Bush's "Bounce" Among Hispanic Voters In 2004 Said To Have Evaporated 28
DOL Reports Increased Claims For Unemployment Benefits 29
Blakey Said To Be Eyeing Mineta's Post 29
Hastert Hospitalized With Cellulitis 29
Shuttle Crew To Look For Space Debris Damage As Foam Fears Subside 30

Other News:

Federal Deficit Down 17% Compared To First Nine Months Of Last Fiscal Year 30
Mideast Violence Expected To Push Oil Prices Even Higher 30
Wall Street Sell-Off Attributed To Concern Over Oil Prices And War Fears 31
US Economic Growth Said To Benefit The Rich Disproportionately 31
GOP Expresses Outrage Over Democratic Ad Featuring Troops' Coffins 31
Aide Says Giuliani Will Likely Run For President In 2008 32
Connecticut Republicans Ask Schlesinger To Reconsider Senate Bid 32
RGA Has Raised $11.5 Million In 2006 32
New Orleans Drops Bid To Host 2008 Democratic National Convention 32
Schwarzenegger Says He Would Conditionally Back Easing Of Term Limits 32
NYTimes Pleased With Judge's Ruling On DeLay Ballot Issue 32
Bush Says Israel Has Right To Defend Itself, But Urges Restraint 33
Israel Expands Air Campaign Against Lebanese Targets 35
Israel Threatens To Wage War On Syria, Iran 37
Hezbollah Rockets Hit Israel, Including Haifa 39
Bush-Putin Relationship Dominates G-8 Summit 40
Bush Leaves Door Open For Tehran To Rejoin Talks 41
Seoul-Pyongyang Talks Collapse 42
Watchdog Group Warns Of Terrorist Access To Nuclear Material 42
Indian Authorities Detain Hundreds In Bombing Probe 43
Lantos Has Security Concerns About F-16 Sale To Pakistan 43
Obrador Says Video Proves Fraud In Mexican Presidential Election 44
Publication Of Thai PM's Letter To Bush Sparks Outrage 44
Steelmakers Call For US Action Against China 44
US Imposing New Controls On High-Tech Exports To China 44
Venezuela, Argentina Seek To Create An IMF Alternative 44
Airbus Scrambles To Unveil A350 45
Aida Says Election Will Determine Future Of Japan's "Asiaist" Traditions 45
LATimes Decries Rising "American Protectionism." 45
Brazil's Lula Urges Congress To Repeal Ethanol Tariff 45

DOJ_NMG_0040501

The Big Picture:

Headlines From Today's Front Pages..... 45

Washington's Schedule:

Today's Events In Washington..... 46

TERRORISM NEWS:

Bush Agrees To FISA Court Review Of NSA Surveillance Program. In what is being reported as a policy reversal, President Bush has agreed to sign legislation proposed by Sen. Arlen Specter allowing the FISA court to review intelligence collection under the NSA surveillance program. CNN's The Situation Room (7/13, Koppel) reported that Bush "has made an about-face." White House spokeswoman Dana Perino said Bush "recognized that this as an optional choice; it wasn't a mandatory decision that he submit this to the FISA court." The Financial Times (7/14, Sevastopulo, Daniel, Germany) notes that the decision marks "the White House's second recent big policy reversal. … The compromise is the second recent policy U-turn by a White House that has argued the President should have unfettered ability to prosecute the war on terror. Earlier this week, the FT reported that the administration had decided to give all detainees in US military custody some protection under the Geneva convention, that followed a Supreme Court ruling that the military commissions at Guantánamo Bay violate US law and the Geneva convention."

USA Today (7/14, Diamond, 2.27M) reports, "Attorney General Alberto Gonzales said Specter's legislation 'could be very helpful' and would 'continue to allow the president to gather up information to protect the country.' … By agreeing to a court review, Specter said, Bush is in effect saying 'that the president does not have a blank check.'" The New York Times (7/14, Lichtblau, 1.21M) reports, "If approved by Congress, the deal would put the court… in the unusual position of deciding whether the wiretapping program is a legitimate use of the president's power to fight terrorism. The aim of the plan…Gonzales told reporters, would be to 'test the constitutionality' of the program." The plan was "brokered over the last three weeks in negotiations between Senator Arlen Specter and senior White House officials, including President Bush himself." The Los Angeles Times (7/14, Schmitt, Gerstenzang, 918K) notes, "One provision would make it easier in individual surveillance cases for the Justice Department and the FBI to act in emergencies without the approval of the court by extending the timing of temporary surveillance from three to seven days."

Under the headline "Bush Compromises on Spying Program," a front page story in the Washington Post (7/14, Babington, Baker, 748K) reports that Bush is "switching course on one of his most controversial anti-terrorism policies," but is "insisting that Congress first give him new leeway in some areas of surveillance and that all lawsuits challenging his eavesdropping policy be funneled to a Washington-based intelligence court that operates in secret." The Post adds that the deal "is a reversal of Bush's position that he would not submit his program to court review." McClatchy Newspapers (7/14, Landay) reports Specter "said the legislation he's sponsoring strikes a balance between the president's inherent constitutional authority to protect the country and citizens' right to privacy," but "civil liberties groups called the measure a ruse designed to keep Congress and the public in the dark about the full extent of what they condemned as an illegal program run by the National Security Agency, which conducts electronic eavesdropping."

The Wall Street Journal (7/14, Winograd, Squeo, 2.03M) reports administration officials "called the bill a victory," noting, "the expansion of wiretapping possibilities and language emphasizing that the Foreign Intelligence Services Act doesn't limit the president's inherent constitutional authority." However, "Democrats and civil-liberties groups criticized the agreement." Sen. Patrick Leahy "told the Associated Press that President Bush is 'saying, if you do every single thing I tell you to do, I'll do what I should have done anyway.'" The AP (7/14, Shrader) notes, "An administration official who spoke on condition of anonymity said the bill's language gives the president the option of submitting the program to the intelligence court, rather than making the review a requirement. The official said that Bush will submit to the court review as long the bill is not changed, adding that the legislation preserves the right of future presidents to skip the court review."

A New York Times (7/14, Sanger, 1.21M) analysis reports that the decision amounts "to a tactical retreat for a White House that has aggressively asserted that new kinds of wars call for a restoration of presidential powers of a kind unseen since Abraham Lincoln suspended the right of habeas corpus during the Civil War. … White House officials on Thursday played down their concessions. … Yet that is a new approach for an administration that in the aftermath of

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the Sept. 11 attacks took an expansive view of the president's powers under Article II of the Constitution."

Bloomberg (7/14, Schmidt) reports that Specter "said his legislation will direct a special court set up to authorize intelligence wiretaps to decide whether the program is lawful. … The measure upholds the principle that 'there has to be judicial review before you can wiretap,' Specter said. The bill wouldn't require individual warrants, which the administration contends are impractical, 'because I can't deal with that, not knowing what the program is,' Specter said." Bloomberg adds, "The measure 'recognizes the president's constitutional authority to gather up information,' Gonzales said. 'I am confident in the constitutionality of everything that we are doing in the executive branch,' he said. … Specter qualified that analysis. 'The bill does not say the president has the constitutional authority to ignore FISA,' he told reporters, referring to the 1978 surveillance law."

CNN (7/14) reports, "White House spokesman Dana Perino hailed the agreement as a sign that President Bush and Congress 'are coming together to codify the capacity for future presidents to take actions to protect the country. … The bill recognizes the president's constitutional authority and modernizes FISA to meet the threat we face from an enemy who recognizes no bounds, kills with abandon, hides and masquerades while they plot attacks against our citizens,' Perino said."

Lawmakers Discussed Monitoring Terrorist Finances In 2002. The Washington Post (7/14, A4, Pincus, 748K) reports that in the five months following the September 11 attacks, a House subcommittee discussed plans to "give the government a highly secure, real-time electronic capability to request and receive data from financial institutions about suspected terrorists or terrorist organizations. … In February 2002, Jeffrey P. Neubert, president and chief executive of the New York Clearing House Association LLC, described the intelligence-gathering system at a hearing of the House Financial Services subcommittee on oversight and investigations. Neubert said under the proposed system, government agencies would electronically send the names of suspected terrorists or terrorist organization to financial institutions 'seeking account and/or transaction "hits" which would be returned to the respective [government] organizations.'"

Soldier Who Criticized NYT For Leaks Does Exist. Bill Gertz and Rowan Scarborough write in their column in the Washington Times (7/14, 88K), "Ever since Powerline.com posted a letter from Lt. Tom Cotton in Iraq to the New York Times, some on the left have insisted no such person exists." However, "the Army assures us that one Tom Cotton does exist. He is fighting today as a member of the 101st Airborne Division, 506th Infantry Regiment." In fact, "Gen. Peter Schoomaker, Army chief of staff, was so taken by Lt. Cotton's umbrage at the [New York] Times for revealing how the United States tracks al Qaeda cash that the four-star general sent it to soldiers via e-mail."

Testimony Reveals Administration Divisions On Detainees. The Washington Post (7/14, A4, Smith, Weisman, 748K) reports, "Three days of congressional testimony this week by senior Bush administration officials about U.S. treatment of detainees in the war on terrorism have made clear that the administration remains deeply divided on the issue" and "interagency divisions normally kept hidden from public view have been on unusual display as officials from the Justice Department and the Pentagon have offered starkly different accounts of the administration's reaction to the court's opinion." The Justice Department "is eager to sharply limit the impact of the Supreme Court's decision, while military lawyers and some other Pentagon officials are celebrating it as a vindication of their long-held concerns about U.S. detainee policy." This is just "the latest flowering of tensions that have persisted for more than three years."

The New York Times (7/14, Zernike, 1.21M) also notes "divisions within the Administration." The Times notes, "The top lawyers from the Army, Navy, Air Force and Marines contradicted the Bush administration on Thursday on how to bring terror suspects to trial, endorsing an approach that extends more human and legal rights to detainees than one that administration lawyers have pressed Congress to authorize," and calls this "a new indication of divisions within the administration" that seems "to reflect the same disagreements between White House conservatives and the military that have long left the government split on questions about the treatment of terror suspects."

McCain, Warner Says Administration Will Back Courts-Martial. The AP (7/14, Flaherty) reports, "administration officials indicated a willingness to look at new protections for detainees in CIA and Pentagon custody" even as they "maintained, these 'enemy combatants' must not be granted certain legal rights that would expose classified information or hinder interrogations." Sens. John McCain

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and John Warner, citing recent meetings with Stephen Hadley, the president's national security adviser, said "they were told the administration would back legislation based on the Pentagon's Uniform Code of Military Justice."

The Los Angeles Times (7/14, Reynolds, 918K) notes that Sen. John Warner said, "I'm somewhat perplexed at some of the testimony that was offered both to the Senate Judiciary and the House Armed Services Committee." He added that "he expected the White House to work to resolve the apparent divisions within the administration when the president returns from the" G8 conference.

The Washington Times/AP (7/14) reports, "Mr. Warner said he thinks the administration needs time to smooth over 'some honest differences of opinions' and will propose legislation soon after senior officials return from the Group of Eight summit this month. It is 'absolutely imperative' Congress pass legislation before adjourning this year, he said."

WPost Says Congress Should Not Rubber-Stamp Administration's Plan For Tribunals. An editorial in the Washington Post (7/14, A20, 748K) says Congress must "rigorously identify and define the necessary modifications to the military justice system so that trials can, at long last, begin. Committee members appeared to understand the gravity of the task and, unlike some commentators and legislators, key members did not seem in a hurry to undo the Supreme Court's ruling and rubber-stamp the administration's plans. That's good. The goal is bipartisan legislation that will authorize fair trials that honor American values while accommodating the unusual nature of this conflict."

House Republicans Signal Coming Clash Over Military Tribunals. The Washington Post (7/13, Weisman, 748K) reports, "House Republicans signaled a coming clash with the Senate over the future of military tribunals yesterday when Armed Service Committee members indicated they were inclined to give the Bush administration largely what it wants in the conduct of terrorism trials." At the first House hearing since the Supreme Court tossed out President Bush's tribunals last month, Rep. Candace Miller "proudly announced she has neither a law degree nor a college degree as she denounced the high court's 5 to 3 decision against the tribunals as 'incredibly counterintuitive.' 'We could just ratify what the executive branch and the [Department of Defense] have done and move on.'"

Administration Said To Be Sending Mixed Signals On Tribunals. Knight Ridder (7/14, Talev) reports, "Leading Republican senators were scratching their heads Thursday as they tried to make sense of what the Bush administration wants Congress to do about setting rules for military tribunals to try terrorism suspects. … Every time administration officials addressed the topic this week, they seemed to contradict each other. Thursday's testimony before the Senate Armed Services Committee twisted the knots of confusion tighter." Knight Ridder notes, "On Tuesday, the Pentagon said it would accept the court's ruling that any such commissions must apply Common Article Three of the Geneva Conventions to ensure that prisoners get minimal rights. On Wednesday, the White House said that would apply to prisoners held by any executive branch agency, although spokesmen couldn't cite an executive order or other documentary evidence to support the assertion, and questions remained as to whether the CIA was bound by it. … But on both days as well, Daniel J. Dell'Orto and Steven G. Bradbury, top lawyers for the Pentagon and Justice Department, told the House Armed Services and Senate Judiciary committees that it would be best if Congress would endorse the administration's original approach to makeshift military commissions, with only minor adjustments."

The AP (7/14, Flaherty) reports, "Negotiations on how to treat enemies captured in President Bush's war on terror spilled into the open Thursday as administration officials indicated a willingness to look at new protections for detainees in CIA and Pentagon custody. … But, officials maintained, these 'enemy combatants'' must not be granted certain legal rights that would expose classified information or hinder interrogations." The AP continues, "The Supreme Court on June 29 ruled that the Pentagon's military tribunal system was not authorized by Congress and violates international law. The decision prompted a Pentagon memo acknowledging that military detainees must be afforded basic protections under the Geneva Conventions. Left unclear by the administration was whether detainees held by the CIA also would be protected. … The CIA has never acknowledged that it holds any members of al-Qaida. However, senior administration officials and intelligence lawyers have been in extensive meetings since the court's decision to determine how it applies to all detainees, including those considered the most dangerous followers of Osama bin Laden. … 'The court made a ruling that Common Article 3 applies to our conflict with al-Qaida,'

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Attorney General Alberto Gonzales said, referring to an article of the Geneva Conventions dealing with the treatment for prisoners of war. His comment came in what was the clearest statement yet from the administration that the court ruling applies to all suspected al-Qaida members in U.S. custody, not just those at the U.S. naval base at Guantanamo Bay, Cuba."

Gonzales Critical Of SCOTUS Detainee Ruling. McClatchy Newspapers (7/14, Zajac) reports, "Atty. Gen. Alberto Gonzales, who as White House counsel played a key role in shaping aggressive policies on the treatment of prisoners in the war on terror, said Thursday he was surprised by the Supreme Court's ruling that they were entitled to some protections under the Geneva Conventions. … In particular, Gonzales took issue with the court's reasoning that al-Qaida combatants were covered by a section of the conventions, Common Article 3, that guarantees humane treatment and sets minimum standards for court proceedings even though the terror network is neither a nation nor a signatory to the international treaty that outlines rules for war. … 'As a lawyer, I think words should mean something, so when I read a treaty that says it applies to conflicts "not of an international character," I take those words to mean what they say. . . . I give advice on words as I read them, as I interpret them.'" McClatchy adds, "The Bush administration had argued that al-Qaida was an international organization and the war on terror was international in scope; hence, it failed to fit the definition of 'a conflict not of an international character' covered by Common Article 3. … But on June 29 the high court, ruling in the case of detainee Salim Hamdan, said, in essence, that based on how the term was used elsewhere in the conventions, 'international' as used in Common Article 3 means 'between nations' and not 'global.'"

Padilla Allowed Access To Classified Documents. The AP (7/14, Anderson) reports, "Amid tight security, alleged al-Qaida operative Jose Padilla is being permitted to personally view U.S. government secrets in advance of his trial on charges of conspiring to wage and support international terrorism." The AP continues, "Under a federal judge's order, Padilla is being allowed to examine classified documents and videotapes detailing his statements during 3 1/2 years in Defense Department custody as an unlawful 'enemy combatant.' That designation was dropped last fall when he was charged in a Miami terrorism case." The AP adds, "Defense lawyers in terrorism cases are regularly permitted to examine such classified material if they obtain government security clearances, but it is unusual for an actual terror suspect to be given direct access to secrets. … 'There is not a long history of this. There have not been a lot of terrorist prosecutions in civilian courts,' said Aitan Goelman, a former Justice Department terrorism prosecutor now in private practice in Washington. … U.S. District Judge Marcia Cooke's order, issued July 5, allows Padilla to view 32 Defense Department documents that summarize statements Padilla made during his years in military custody. He also can examine 57 videotapes of interrogations he underwent during that same period. … Padilla's attorneys said in court papers that they must examine the materials with their client to discover whether he was mistreated by interrogators, to refresh his memory and find possible leads for their defense, and to ensure that prosecutors have turned over all necessary material."

DOJ Argues For Dismissal Of Suit Over AT&T Phone Records. The AP (7/14, Robinson) reports, "A lawsuit aimed at stopping AT&T Inc. from giving telephone records to government terrorist hunters without legal authorization is a wrong number and should be dismissed, a federal attorney said Thursday." The AP continues, "Without confirming that any phone records have been turned over, Deputy Assistant Attorney General Carl J. Nichols told U.S. District Judge Matthew F. Kennelly that the issue is covered by the government's right to prevent disclosure of state secrets. … He said San Antonio-based AT&T is barred from even answering questions on whether it has given phone records to the National Security Agency because such information could tip off terrorists and increase the risk of an attack. … 'The present situation involves a risk of terrorist attacks against the United States,' Nichols said in urging Kennelly to dismiss the lawsuit. 'So even the smallest risk is not a risk that we should tolerate.'" The AP notes, "The lawsuit was filed by the American Civil Liberties Union on behalf of author Studs Terkel, health care reform activist Dr. Quentin Young and others. It asks the court to force AT&T to refuse to provide phone records to the government without warrants, national security letters or the like."

The Chicago Tribune (7/14, Bush) reports, "Nichols said that AT&T won't be able to defend itself against the allegations because the government is invoking the secrets privilege, which effectively shuts down any confirmation or denial of allegations in the suit. … Nichols said such

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information would empower terrorists and endanger national security. … Because AT&T can't present a defense, the suit, filed by Chicago author Studs Terkel among others, must be dismissed, Nichols argued." The Tribune notes, "U.S. District Judge Matthew Kennelly said today that he will take the parties' arguments under advisement and rule at a later date on whether the suit can go forward."

Judge Again Denies Bail For New York Imam Facing Terrorism Charges. Capital News 9 Albany (7/13) reports on its Web site from a story broadcast yesterday, "A federal judge in Albany has denied the latest bail request by a Muslim cleric awaiting trial in an FBI anti-terrorism sting. The judge rejected arguments that mistranslations of journals were used by prosecutors to make Yassin Aref appear dangerous. The judge said Aref should stay in jail until his trial." The AP (7/14) adds that US Magistrate Judge David Homer wrote in his decision, "The alleged mistranslations are immaterial," and "he found no new or persuasive evidence in defense arguments that taken in context, Aref's 1999 writings showed he actually supported the American plan to remove Iraqi leader Saddam Hussein from power and that Aref strongly disagreed with terrorist philosophy." The AP notes, "Aref had been free on $250,000 bond for 13 months when Homer concluded Sept. 30 that he 'espouses and has adopted the goals of terrorist organizations and has had an ongoing relationship with terrorist organizations,'" and ordered him jailed.

Utah Relatives Of Terror Suspect Indicted On Fraud Charges. The Deseret News (7/14) reports, "Two relatives of a man under investigation for ties to al-Qaida in Iraq have been indicted by a federal grand jury on more fraud charges." Sharif Omar, the brother of terror suspect Shawqi Omar, "and Alaa 'Alex' Ramadan were charged Thursday in U.S. District Court with bank fraud, aiding and abetting and misuse of a Social Security number. The indictment alleges Ramadan, 29, cashed a pair of balance transfer checks from the credit card account of Sharif Omar. Federal prosecutors said that Omar then claimed to the credit card company that the checks were stolen and he did not know Ramadan. Ramadan is Omar's nephew." The News notes, "The FBI's Joint Terrorism Task Force has been investigating whether Sharif Omar funneled money to banks in Jordan, and if it found its way into terrorist hands."

HOMELAND RESPONSE:

SBA Official Says 9/11 Loan Program Was "A Disaster In the Making." The AP (7/14, Barrett) reports that Eric Thorson, the inspector general for the Small Business Administration, testified yesterday that a post-9/11 loan program "was a disaster in the making because the government could not verify that most loans actually went to businesses affected by the attacks." Thorson "said his office could not determine in 85 percent of the loan cases it examined whether the businesses qualified for some of the billions of dollars handed out after the terrorist attacks on New York and Washington." Thorson "said the program was not intended to be limited to businesses in the New York or Washington area. But he said he was offended when he heard about some of the places the money was going."

The New York Times (7/14, Baker, 1.21M) reports that Thorson said there were "a lot of examples that showed minimal involvement or minimal effect by the disaster."

Pilots Groups Call For Improved Cargo Aircraft Safety. The Washington Post (7/14, D2, Wilber, 748K) reports pilots groups called yesterday for Congress and regulators to "bring safety standards for cargo aircraft in line with those for passenger planes." The pilots groups, whose "request came as the National Transportation Safety Board concluded a two-day hearing about a fire that destroyed a UPS plane at Philadelphia's airport in February," said fire suppression systems, required on passenger planes, "should be installed on all cargo planes. … NTSB Board Member Deborah A.P. Hersman, who chaired the hearing on the Philadelphia incident, said the board is evaluating potential recommendations dealing with air cargo safety."

Unofficial "Shrine" Near 9/11 Site To Close Temporarily. The New York Times (7/14, Dunlap, 1.21M) reports, "The closest thing New York has to a 9/11 shrine for everyone, the Church Street viewing fence, will be partly veiled to the public in coming weeks as the sidewalk is moved to allow construction along the eastern edge of the World Trade Center site. For want of an official memorial, the 13-foot-high, galvanized steel fence has served for four years as the main gathering place for those wishing to see where the horror unfolded. They frequently leave mementos, often wedged into the bars."

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WPost Says DHS Should Stop Defending Terror Target Database. Commenting on a DHS IG report released this week that found a database of potential terror targets contains "an abundance of…assets whose criticality is not readily apparent, the Washington Post (7/14, A20, 748K) editorializes that the Washington, DC, area may be able to get more anti-terrorism funding if it were to "establish more petting zoos. That seems like a lesson to be drawn from an absurd list of possible targets that the federal government has established to help decide where to direct anti-terror funds." The Post states that "it is worrying that this database was used in any way in calculating the anti-terrorism grants announced in May, which (as it turns out, not surprisingly) cut funding to the District and New York City. Rather than defend the list as 'a valuable tool,' Homeland Security officials should engage in serious risk assessment."

Stephen Colbert said on Comedy Central's Colbert Report (7/13), "This week, the Department of Homeland Security released its list of the country's top potential terror targets. They use this list to allocate the antiterrorism money, how it is distributed. And it is no secret that the states with the most terror targets are Indiana and Wisconsin. Of course, the "Alec Baldwineers" on the left are saying this is just partisan pork barrel politics. Well, nothing could be further from the truth. These grants are fairly distributed, as evidenced in this United States map with the country's hot targets in red, and the cold, safe areas in blue." A graphic of a red state/blue state map of the US was shown. Colbert: "Folks, what could be fairer."

Senate Spending Bill Would Replace FEMA With New Agency. Knight Ridder (7/14, Clark) reports, "The much-mocked Federal Emergency Management Agency would cease to exist - replaced by an agency with a greater ability to plan for disasters under a spending bill approved Thursday by the Senate." The US Emergency Management Authority would have "direct access to the president during emergencies - akin, its supporters said, to the US Coast Guard." However, the Senate bill, which would keep the agency within the Department of Homeland Security, faces an "uncertain" fate in the House, where "one of two dueling…bills…would give the agency standalone, Cabinet-level status."

WAR NEWS:

Military Control Of Province Handed Over To Iraqis. The Washington Post (7/14, A16, Partlow, 748K) reports, "The Iraqi government assumed full military control of a province Thursday for the first time since the U.S.-led invasion in 2003," taking over from British forces. "U.S. ambassador to Iraq, Zalmay Khalilzad, and the top U.S. commander in Iraq, Army Gen. George W. Casey Jr., issued a joint statement calling the handover 'a milestone in the successful development of Iraq's capability to govern and protect itself as a sovereign and democratic nation.'" The AP (7/14, Abdul-Zahra) calls it "a milestone in the American plan to transfer control of the entire country by the end of next year." USA Today (7/14, 2.27M) also runs an abbreviated form of the AP story, and the Washington Times (7/14, Sands, 88K) covers this story as well.

Democrats Challenge Khalizad's Characterization Of Iraq. The AP (7/14) reports, "Senate Democrats, including several prospective presidential candidates, charged Thursday that the Bush administration's optimistic assessments on Iraq are not borne out by events on the ground." While "U.S. ambassador to Iraq, Zalmay Khalizad, said the political progress that has been made in Iraq 'has created opportunities and put Iraq on the right trajectory,'" Sen. Joseph Biden "complained there was a lack of a coordinated plan to combat violence in Iraq." Khalilzad "acknowledged that serious problems exist but said that 'a path exists to success in Iraq.'"

Biden Says Administration Has Not Provided Resources For Iraq Reconstruction. Sen. Joe Biden said on PBS' Newshour with Jim Lehrer (7/13), "The Administration has significantly underperformed when it came to providing the real resources, in terms of both advisers, in terms of civilian advisers, and real dollars to reconstruct and help the country of Iraq."

Reed Says Administration Does Not Have A Plan For Iraq. Sen. Jack Reed, who has just returned from visiting Iraq, said on PBS' Newshour with Jim Lehrer (7/13), "My concern is: I don't see a plan. I don't see an initiative from the Administration that indicates to me how they're going to lead their way through this, by disarming the militia, getting a Sunni buy-in, and keeping the neighbors out."

Al-Maliki To Visit White House. The AP (7/14) reports that, following Secretary Rumsfeld's visit to Iraq, the White

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House announced that Iraqi Prime Minister Nouri al-Maliki will visit the US on July 25.

NYTimes Criticizes Makili's Performance During The Week. The New York Times (7/14, 1.21M) editorializes, "Once again, Iraqis fear their country may be slipping toward civil war as a particularly gruesome and deadly series of sectarian massacres and countermassacres spins out of control with the country's new national unity government looking on almost helplessly" – "scarcely what Americans were led to expect last month when President Bush flew to Baghdad to celebrate the completion of a national unity cabinet." As "the Maliki government probably represents Iraq's last chance to fulfill its people's hopes for a better, more secure life," the "fearful Iraqis have every right to expect a more competent and reassuring performance than they have seen this week." Instead, "for the past few days Mr. Maliki has been almost as invisible as he has been ineffective."

Iraqi Politicians Tell Sects To Meet. The Los Angeles Times (7/14, Daragahi, 918K) reports that in the face of continuing violence "Iraqi lawmakers scrambled Thursday to maintain their relevancy, calling for a series of meetings between leaders of rival Shiite and Sunni Arab groups whose gunmen hold sway over the streets." They "also held a closed session of parliament Thursday, grilling the defense and interior ministers, who said they were hamstrung by poor intelligence, inferior equipment and communication problems." Mahmoud Othman, a Kurdish member of parliament, told reporters after the closed session, "By the time they coordinate with [U.S.] forces and start to react to an incident, the [assailants] have already vanished and moved to another place."

CBO Estimates War's Current, Future Cost. The Los Angeles Times/AP (7/14) reports that a Congressional Budget Office analysis found that "the war in Iraq has cost $291 billion so far and would total almost half a trillion dollars even if all U.S. troops were withdrawn by the end of 2009." The report "estimated future appropriations based on two scenarios provided by Rep. John Spratt Jr. (D-S.C.), who commissioned the report." Pulling out by 2009 "would cost an additional $184 billion for the 2007-2010 budget years," but "a slower drawdown of troops and a continued U.S. presence of 40,000 over the long term…would cost $406 billion over the next decade." These "costs far exceed early estimates."

Dionne Says With Age Of War And Poor Results, GOP Needs To Justify Remaining. E. J. Dionne writes in his column in the Washington Post (7/14, A21, 748K) that the debate over the war should be about "how to limit and, if possible, undo some of the damage" it has done. Instead, "those in charge of Republican campaigns this year" decided "upon the brilliant strategy of pushing any serious discussion of the failure of American foreign policy past Election Day" and offering "just two options on the ballot…firmness or 'cut and run.'" However, "by late November of this year, the United States will have been at war in Iraq for as long as we were involved in World War II. Under those circumstances, the burden of proof should not be on those who argue for changing what we're doing. It should be on those who set a failed policy in motion and keep promising, despite the evidence, that it will somehow pay off if only we 'stay the course.'"

Accused GI Entered Army With Problems. The New York Times (7/14, Dwyer, Worth, 1.21M) reports that Steven D. Green, the former Army private accused of raping a 14-year-old Iraqi girl and murdering her family," enlisted just as "the Army was increasing by nearly half the rate at which it granted what it calls 'moral waivers' to potential recruits." These let him and others "with minor criminal records and weak educational backgrounds" enter "the heart of a war that bore little resemblance to its original declared purposes, but which continued to need thousands of fresh recruits." While Green's time in Iraq was "a grim, violent and chaotic stretch," he had problems prior to entering the army. Besides his arrests and jail time, ", his problems were emerging by junior high school, say people who knew him then."

Businessman Convicted Over Oil-For-Food Scandal. The Washington Times/AP (7/14) reports that the South Korean businessman, Tongsun Park, "accused of being an Iraqi agent and trying to influence the United Nations' oil-for-food program was found guilty yesterday of conspiracy" and "could face more than a dozen years in prison for his role in the decadelong conspiracy." Park's lawyer, Michael Kim "had argued that Park was not an Iraqi agent and did not think he was violating U.S. laws by acting as a middleman in an effort to help the oil-for-food program supply food and medicine to suffering Iraqis," and is "hopeful that Judge Chin might reverse the verdict and conclude

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during post-trial motions that there was not enough evidence to convict him."

DOJ:

Senate Appropriations Committee Approves DOJ, Commerce And NASA Budgets. The AP (7/14, Taylor) reports, "The Senate Appropriations Committee on Thursday cut into President Bush's budget by $2.4 billion as it approved budget increases for NASA and for crime-fighting grants to state and local governments. Senators approved $1 billion, which Bush did not request, to pay back NASA for about half of the cost of returning the Columbia space shuttle to flight. The committee also rejected Bush's plan to virtually eliminate about $1.3 billion in grants to state and local governments. Winning unanimous bipartisan approval was a $52.2 billion bill that covers the departments of Justice and Commerce in addition to the National Aeronautics and Space Administration." The AP adds, "the add-ons probably will draw a White House veto threat and the bill is unlikely to make it to the floor for debate before Election Day in November."

DOJ, DHS Issue Updated National Information Exchange Model. The Federal Computer Week (7/14, Arnone) reports, "The Homeland Security and Justice departments issued a beta version of their National Information Exchange Model (NIEM) June 30, DOJ officials announced today." FCW continues, "NIEM allows federal, state, local and tribal law governments to share information through common standards, DOJ officials said in a statement. .. DHS and DOJ participated in creating the standard, along with law enforcement, public safety, emergency and disaster management, and intelligence partners, according to the statement. Private-sector partners also participated." FCW adds, "NIEM currently has seven domains: justice, intelligence, immigration, emergency management, international trade, infrastructure protection and information assurance. It defines a core set of Extensible Markup Language schema terminology and builds on the Global Justice XML Data Model and the Federal Enterprise Architecture Data Reference Model."

CORPORATE SCANDALS:

UK Bankers Extradited To US As Blair Sends Baroness To Lobby For Treaty. The AP (7/14, Hays) reports British bankers David Bermingham, Gary Mulgrew and Giles Darby "were extradited to Texas on Thursday to face Enron Corp.-related charges filed more than four years ago in a case that sparked a political storm over a treaty used to bring them across the Atlantic Ocean." The AP notes that the extradition comes a day after Royal Bank of Scotland banker Neil Coulbeck, "who gave evidence to U.S. authorities investigating the case was found dead. … The FBI said Thursday that Coulbeck was one of hundreds of individuals interviewed as part of the investigation into Enron corporate fraud. 'Mr. Coulbeck was considered a witness in the investigation and the interview that took place was voluntary,' the FBI said in a statement issued in Washington, D.C. 'He was not considered a suspect in the investigation.'" Bloomberg (7/14, Murphy) notes, "Before departing from the U.K., the men criticized the government of Prime Minister Tony Blair for failing to uphold the rights of British citizens by allowing the extradition. … The three men's case has been further clouded" by Coulbeck's death, and Bermingham said yesterday that Coulbeck "had provided a short statement to the Federal Bureau of Investigation about his role at the bank in connection with the bankers' extradition."

AFP (7/14) reports, "Hours before they had bid an emotional farewell to their families amid a media circus, as their departure was covered live by British all-news television channels." Meanwhile, "the British government has dispatched a justice minister, Baroness Patricia Scotland, to Washington to lobby Congress to ratify the treaty. … Scotland met several US senators Wednesday and is due to meet US Attorney General Alberto Gonzales Friday to press home the British concerns." The Houston Chronicle (7/14, Fowler, 535K) notes, "Dan Cogdell, a Houston attorney representing David Bermingham, said he has met with prosecutors from the Enron Task Force and is hopeful that 'the general parameters of bond have been agreed to in principle.'"

The story again received heavy coverage in the UK press, which focused as much on the controversy over the treaty as on the actual extradition. The Times (7/14, Doran, Bird, Baldwin) reports that the three "were handed over to American law enforcement officials...amid claim and counter-claim of human rights abuses. … Speaking in

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Washington, Baroness Scotland of Asthal yesterday accused lawyers for the three of confusing the issue surrounding the fast-track extradition process introduced three years ago. Lady Scotland accused the lawyers of a 'frenzy of misinformation' that had mangled the extradition." The Daily Telegraph (7/14, Hope) notes, "The full might of the American criminal justice system was unleashed on the NatWest Three…as soon as their plane hit the Texas tarmac. Flanked by burly US marshals," they "were shackled in heavy metal ankle chains, handcuffed and rushed to the courthouse in Houston to be fingerprinted and strip-searched. … There they were placed in two-man wire cage cells next to drug traffickers. The cells were bare except for a bed without sheets and a seatless lavatory. They will be in total lockdown for 23 out of 24 hours, with little space for exercise in the prison's small recreation ground."

The Guardian (7/14, Addley) reports, "While the men were saying their goodbyes, police continued to search the home of their former colleague, Neil Coulbeck, who was found dead following an apparent suicide this week. He had been interviewed by the FBI in connection with the case but it is not clear that it was a factor in his death. 'We got screwed, but there's real tragedy in the world,' Mr Bermingham told reporters yesterday. 'A man died yesterday. I'm coming home one day, he's not. Let's get a sense of perspective.'" The Independent (7/14, Milmo, Kollewe) adds, "They will learn this afternoon whether an American judge will grant them bail," and "their lawyer said the conditions likely to be imposed, including a $1m (£540,000) bail bond and the deeds of their homes as security, would be financially ruinous and make it difficult for them to receive a fair trial. They would be unable to work in America to while they incur additional legal bills of $2m (£1.1m) including air fares to bring defence witnesses from Britain."

BBC News (7/13, Kay) reports, "The American authorities are being secretive about exactly where the men are spending the night. They know that the extradition row means many in Britain are watching closely to see how the men are treated here, so the Three might be spared a night in Houston's Downtown Detention Center where they may have been forced to share a cell with violent offenders."

Coulbeck Family "Extremely Angry" With FBI. In its coverage of the extradition, The Scotsman (7/14, Peev, Massie) notes it was revealed yesterday that Neil Coulbeck "left a suicide note for his wife when he disappeared last Thursday. … A friend of the family said: 'She knew he would not be coming back and she told the police why. He had been put through the wringer by the FBI and he was in a very fragile emotional state. The family are extremely angry with the way the FBI dealt with things. They feel he was put under unbearable pressure.' In Washington, Baroness Scotland admitted that coverage of the accused bankers' public relations campaign had damaged the 'special relationship' between the United States and the United Kingdom."

Coulbeck Family Await Autopsy As FBI Says He Was Not Suspect. The Daily Telegraph (7/14, Gardham) reports Coulbeck's "family…were waiting last night for the results of a post mortem examination to tell them how he committed suicide." Coulbeck "was said to have had no history of depression but had come under increasing stress in the past few days. … It is understood that Mr Coulbeck had made a previous attempt to take his life last week." The Daily Telegraph notes, "The FBI issued a statement saying that it had spoken to Mr Coulbeck four years ago as part of the Enron investigation but that he was not a suspect." The Independent (7/14, Milmo, Judd) adds, "Scotland Yard said last night that an initial post-mortem examination of his body…had proved inconclusive, and the results of toxicology tests were being awaited." The civil rights group Liberty "said it was 'troubled' by a claim from friends of Mr Coulbeck that he had been 'hounded' by FBI investigators pursuing the NatWest Three. But the FBI last night took the unusual step of announcing that it had only interviewed him once, and had not considered him a suspect."

Under the headline "Dead Executive 'Not A Suspect'," The Times (7/14, Bird) reports Coulbeck "killed himself by cutting his throat, police sources said. Last night officers were searching a recycling centre in Chigwell, Essex, close to Neil Coulbeck's home, to see if he had disposed of any documents linked to the Enron fraud investigation." NatWest Three "supporters…have claimed that Mr Coulbeck was put under immense pressure when questioned by FBI investigators. But the FBI said that Mr Coulbeck had been considered a witness, not a suspect."

US Attorney Launches Task Force To Investigate Silicon Valley Options Backdating. The San Jose Mercury News (7/14, Poletti, 242K) reports US Attorney Kevin Ryan "Thursday unveiled a task force to focus on investigating stock options practices by companies in Silicon Valley, the most high-profile federal action yet in the widening controversy over stock options …

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The task force is made up of 11 members and growing, including federal attorneys and FBI agents. It will look at whether or not executives retroactively changed the grant dates of stock options with the intent to mislead or defraud shareholders." The Mercury News adds, "None of the attorneys at a press conference at the U.S. Attorney's office in San Francisco would confirm any investigations into specific companies, only that they were 'investigating several companies.'" CNET News.com (7/13, McCullagh) notes that with the task force, "the FBI and federal prosecutors…are escalating their investigation into possibly illegal stock option backdating by area companies. … Ryan also said that the investigation would look into whether executives engaged in 'spring-loading,' the practice of awarding stock options before a positive announcement expected to boost share prices."

Silicon Valley/San Jose Business Journal (7/13) reports that in addition to US Attorney's office representatives, "also on the task force are FBI Acting Special Agent in Charge Arthur Balizan, FBI Assistant Special Agent in Charge David Johnson, FBI Supervisory Special Agent Tamara Neiman, FBI Supervisory Special Agent Barbara J. Sullivan. Balizan said the FBI 'has a duty to the investing public to examine whether companies, both in the past and present, are violating securities laws. Illegally backdating options give the company insiders an unfair advantage over the investing public and contributes to shareholders' lack of trust in those executives who are running these companies.'" The AP (7/14, Goodin) reports, "Setting up the task force, made up of four assistant U.S. attorneys and an undisclosed number of FBI agents, comes as more than 65 companies have said in recent days that they are under investigation for retroactively changing the date stock options were granted. … Cnet Networks Inc., KLA-Tencor Corp. and Mercury Interactive Corp. are among the companies in Ryan's district that have disclosed that their stock option practices are under investigation by the Securities and Exchange Commission or the Justice Department." The Wall Street Journal (7/14, Hechinger, 2.03M) and MarketWatch (7/14, Hunt) also report this story.

CRIMINAL LAW:

DOJ Opposes Delays In Jefferson Probe. The AP (7/14) reports, "The Justice Department on Thursday opposed further delays in the bribery investigation of Rep. William Jefferson, saying the agency should be allowed to review documents seized in a search of the congressman's office." The AP continues, "On Monday, Chief U.S. District Judge Thomas F. Hogan rejected requests from Jefferson and fellow lawmakers seeking the return of the material from the May raid on Capitol Hill. Jefferson, D-La., is now seeking to delay the judge's ruling while he appeals. … Hogan dismissed arguments by Jefferson and a bipartisan group of House leaders that the raid violated the Constitution's protections against intimidation of elected officials." The AP adds, "At issue is whether a review of the seized documents can begin by an FBI "filter team" unconnected to the prosecution team looking into the bribery allegations. Jefferson says no one in the executive branch of government should examine the documents until the question of returning the material to Jefferson is resolved on appeal. … Attorney General Alberto Gonzales has directed that any review of documents by the filter team not begin for two weeks to allow Hogan to consider Jefferson's arguments for a delay pending an appeal. … In a 14-page court filing, the department said the public has a substantial stake in knowing promptly whether Jefferson accepted bribes and paid bribes to high-ranking foreign officials."

The Baton Rouge Advocate (7/14, Shields) adds, "The Justice Department said that granting a stay…would delay what they called a 'very serious' investigation. 'A stay would run contrary to the interests of the congressman's constituents and the public at large, who have a substantial stake in prompt determination about whether one of their elected representatives accepted bribes — and also paid out bribes to high-ranking foreign officials — in exchange for personal gain,' Justice Department attorneys wrote in their request to deny Jefferson's motion to return the seized material."

Safavian Seeks New Trial. Congress Daily (7/14, May) reports, "Convicted former Bush administration official David Safavian has requested a new trial, arguing the inclusion of e-mails between him and lobbyist Jack Abramoff as evidence constituted hearsay that might have prejudiced jurors. … '[T]he e-mails remain hearsay since the truth or credibility of the matter asserted must be weighed by the jury,' Safavian attorney Barbara Van Gelder wrote in papers filed Monday with the U.S. District Court for the District of Columbia." CD continues, "Safavian, the former administrator of the Office of Federal Procurement Policy, was found guilty last month of three counts of making false statements to

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investigators and one count of obstruction of justice surrounding a golf trip to Scotland he and others, including Rep. Bob Ney, R-Ohio, took with Abramoff in 2002. … In Safavian's trial, District Judge Paul Friedman allowed as evidence more than 200 e-mails between Abramoff and Safavian -- largely on the grounds that the documents either showed Abramoff's lobbying work, provided context for Safavian's statements, showed Safavian's state of mind or were evidence of a conspiracy. … 'Lobbying is conducted through words,' Friedman wrote in May to an earlier response to Safavian's request to exclude the e-mails as hearsay. 'Whether the lobbyist is seeking favors for his client through oral or written communication, it is necessarily communication that constitutes the work -- unlike, say, carpentry work which could involve the physical swinging of a hammer, or drug dealing work which involves the physical exchange of drugs for money.' … Friedman instructed jurors to view certain e-mails only in light of what they showed about Safavian's state of mind or motives to make false statements or obstruct investigations."

Judge Give New Hampshire Democrats Go-Ahead For Phone-Jamming Questions. The AP (7/13, Saunders) reports, "A judge gave (New Hampshire) Democrats the go-ahead Thursday to question high-ranking Republicans in a civil suit over the jamming of Democrats' phones on Election Day 2002." The AP continues, "Three former GOP officials have already been sentenced in the phone jamming scheme. In the civil suit, state Democrats want to know who knew about the plan. … They point to a record of phone calls that show national GOP official James Tobin, one of those convicted, made two dozen calls to the White House within a three-day period as the phone jamming operation was finalized, carried out and then abruptly shut down." The AP adds, "The national Republican Party, which paid millions to defend Tobin, said the contacts involved routine election business and that it was 'preposterous' to suggest they involved phone jamming. … Robert Kelner, a Washington, D.C., lawyer representing the Republican National Committee, said some of the officials the Democrats want to question may fight being deposed." The AP notes, "Democrats want to question the former associate director of the White House Political Affairs Office, Alicia Davis, and to see her phone records and those of her then-boss, Ken Mehlman, now RNC chairman. … Also on their list: Edward Gillespie, who was RNC chairman when the decision was made to pay Tobin's legal expenses; Terry Nelson, former executive director of political operations for the RNC and now a political strategist for Sen. John McCain; and Chris LaCivita, former national political director for the National Republican Senatorial Committee who went on to develop the Swift Boat veterans TV campaign against Democratic presidential nominee John Kerry in 2004. … An aide to Mehlman referred questions to the Justice Department, which won convictions in the criminal case."

FBI Subpoenas New Jersey Township Records In Ongoing Corruption Probe. The weekly Brick Township (NJ) Bulletin (7/14, Lutolf) reports in a front-page story, "The FBI has subpoenaed records from Brick three times in the past two weeks, township officials confirmed earlier this week. Two subpoenas were received by Municipal Clerk Virginia Lampman July 6, ordering officials to release records related to federal funds Brick received between Jan. 1, 1998, and Dec. 31, 2005, Lampman said. … The second subpoena sought any correspondence, memoranda and disclosure statements made to the state Department of Community Affairs pertaining to the township's former Public Works Director John H. Nydam, between Jan. 1 1998, through Dec. 31, 2002, Lampman said." Nydam "pleaded guilty to theft, official misconduct and witness tampering" in the FBI's Operation Bid Rig, and he is cooperating with federal and state investigators.

Gotti Said He Was Prepared To Plead Guilty To Sliwa Hit Charges. The New York Daily News (7/14, Zambito, 729K) reports, "Despite years of denials that he ordered a hit on Guardian Angels founder Curtis Sliwa, mob scion John A. (Junior) Gotti was prepared two years ago to plead guilty to the crime. … 'Let's suppose that they want me to cop ... to this Sliwa thing, and they want to add another year or two to my sentence,' Gotti told a friend visiting him in September 2003 at an upstate prison, where he was serving time for racketeering. The conversation was recorded. 'I'll do it,' he said. 'I'm not saying I did it, but I'll do it. I'll take the blame for everything.'" The New York Post (7/14, Cornell, 608K) notes, "Defense lawyer Charles Carnesi provided details of the incriminating Sept. 5, 2003, conversation in a letter asking Manhattan federal Judge Shira Scheindlin to block prosecutors from introducing the tapes into evidence at Gotti's racketeering trial next month. 'Admission of these plea

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discussions, particularly…involving the Curtis Sliwa allegations, would be extremely prejudicial to Gotti,' Carnesi wrote."

FBI Computer Contractor Sentenced To Probation For Password Hacking. The Washington Post (7/14, A9, Weiss, 748K) reports, "A government consultant who cracked the FBI's classified computer network and learned the passwords of 38,000 employees, including that of the director, was spared a prison sentence yesterday. U.S. District Judge Richard J. Leon sentenced Joseph Thomas Colon to six months of home detention after finding that the computer consultant did not try to harm national security or use the information for his own benefit or profit." The Post adds, "'As with any IT systems administrator, whether in government or private business, Joseph T. Colon was granted a substantial level of trust,' said Charles S. Phalen Jr., assistant director of the FBI's security division. 'He betrayed that trust.'"

House Committee Passes Bill Requiring FBI To Report Felonies Committed By Informants. The Boston Globe (7/13, Klein, 425K) reported that the House Judiciary Committee on Wednesday "approved a bill that would send FBI agents to prison for up to five years if they ignore violent crimes committed by their confidential informants, a stern reaction to abuses involving a former agent and Boston gangsters James 'Whitey' Bulger and Stephen Flemmi. The bill…would require FBI officials to give local authorities information about any 'serious violent felonies'…committed by their informants or other individuals." Rep. William Delahunt said that "the measure was drafted in part as a response to the case of former Boston FBI agent John J. Connolly Jr.," who "protected Bulger and Flemmi and tipped them off about law enforcement investigations." Delahunt added, "This really was totally unacceptable. Vicious criminals were murdering and wreaking violence with impunity because of the lack of accountability that existed and continues to exist within the FBI."

Missouri May Delay Executions While Searching For Doctors To Assist. The AP (7/14, Wittenauer) reports, "State officials said Thursday they will comply with a judge's order to have doctors oversee executions to ensure the condemned do not suffer unnecessarily, but difficulty in finding a doctor to perform such a task is likely to delay executions. … 'We always intended to comply with the deadline,' Director of Missouri's Department of Corrections Larry Crawford said in telephone interview. 'We can put together a plan, but if it's a plan we couldn't carry out ... we wouldn't be able to meet our statutory duty to carry out executions.'" The AP continues, "Crawford said his department has sent letters to hundreds of board-certified anesthesiologists in Missouri and southern Illinois asking if they would be willing to oversee lethal injections, as required by a district judge's ruling last month. So far, no one has responded, he said. … The Death Penalty Information Center says no other state with the death penalty requires the involvement of an anesthesiologist in carrying out an execution." The AP notes, "Missouri's Corrections Department was ordered last month to make sweeping changes to its execution protocol by this Saturday. … Ruling in the case of death row inmate Michael Taylor, U.S. District Judge Fernando Gaitan Jr. halted executions until he was satisfied that Missouri's procedures posed no risk of unnecessary pain and suffering."

House Committee Identities Child Pornography Consumers. The New York Times (7/14, Eichenwald, 1.21M) reports the Oversight and Investigations Subcommittee of the House Energy and Commerce Committee, "investigating the growth of online child pornography has referred the names of hundreds of people who purchased illegal images to state prosecutors around the country, according to government officials. … The information provided to prosecutors included names, credit card information and identifying details of the computers used to purchase monthly memberships at an illegal child pornography site. The records were turned over to the committee by Justin Berry, a 19-year-old California man who, beginning at age 13, ran a pornographic Web site featuring images of himself streamed onto the Internet through inexpensive Webcams. Mr. Berry was the committee's major witness in its opening day of hearings, during which he described his descent into Webcam pornography and his decision to turn against that business."

Senate Committee Approves Budget Increase For Anti-Crime Grants. The AP (7/14) reports the Senate Appropriations Committee on Thursday "cut into President Bush's budget by $2.4 billion as it approved budget increases for NASA and for crime-fighting grants to

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state and local governments. … There's widespread support…for restoring Bush's proposed cuts in grants to local police departments and other anti-crime programs. The bill also roughly doubled Bush's request for grants to help states and local government combat the methamphetamine scourge."

CIVIL LAW:

Plame And Wilson File Suit Against Cheney, Rove And Libby. NBC Nightly News (7/13, story 6, 0:30, Williams, 9.87M) reported, "Valerie Plame Wilson, the ex-CIA agent whose cover was blown after her husband criticized the Bush Administration claims about Iraq's weapons of mass destruction, is suing Vice President Dick Cheney, his former Chief of Staff Scooter Libby and presidential advisor Karl Rove. This lawsuit says they all conspired to discredit, punish and seek revenge against the couple and claims their constitutional and legal rights were violated. A spokesman for Karl Rove says the allegations are 'absolutely and utterly without merit.'" NBC was the only network to mention the Plame suit last night.

Fox News' Special Report (7/13, Hume) reported Plame's suit says "White House officials conspired to destroy her career."

CNN's The Situation Room (7/13, Todd) reported that in "the injuries listed…they claim that the defendants, as we said, conspired to take away their constitutional rights. But it says here, Mr. and Mrs. Wilson have suffered gross invasions of privacy, that they fear for their safety and that of their children, that, as a result of the defendants' actions, Mrs. Wilson was impaired in her ability to carry out her duties at the CIA and to pursue her career there, and also that she and former Ambassador Wilson were impaired in their ability to seek professional opportunities elsewhere."

The Washington Times (7/14, Seper, 88K) reports the suit "said the couple suffered violations of their First Amendment and Fifth Amendment rights as a result of 'a conspiracy among current and former high-level officials in the White House,' calling the leak an 'intentional and malicious exposure by senior officials of the federal government' of Mrs. Plame, 'whose job it was to gather intelligence to make the nation safer, and who risked her life for her country.' 'But for Mr. Wilson coming forward, it is unlikely that the administration ever would have acknowledged its error,' according to the suit. 'The fact that the administration had to admit its mistake is one likely reason why the defendants chose to attack the Wilsons.'"

USA Today (7/14, 2.27M) reports, "The suit, filed in U.S. District Court, also named 10 unidentified federal officials or political operatives. It did not say how much the couple was seeking in damages."

The Los Angeles Times (7/14, Schmitt, 918K) reports Wilson and Plame "announced Thursday that they were setting up a fund to pay the costs of the litigation and a website for contributions. Any money obtained from the suit above and beyond their legal bills will go to charity, they said."

Wilson And Plame To Hold Press Conference Today. Bloomberg (7/14, O'Reilly) reports Plame and Wilson "plan to hold a news conference tomorrow in Washington."

Defendants Likely To Claim Immunity. The New York Times (7/14, Lewis, 1.21M) reports, "The lawsuit, filed in Federal District Court, accused" Cheney, Rove and Libby "of conspiring to destroy Ms. Wilson's career by leaking her identity as an undercover C.I.A. operative to the press. It says the three men had conspired to punish Mr. Wilson for his public assertions that the Bush administration had twisted intelligence to justify the invasion of Iraq." The Times notes prosecutor Patrick J. Fitzgerald "did not bring any charges in connection with laws that prohibit the willful disclosure of the identity of a Central Intelligence Agency officer. … As a result, the Wilsons' suit has the potential to keep alive those issues in a civil case, which generally allows a wider scope of evidence. But the suit is also likely to face major hurdles, notably the issue of whether the officials have any immunity for their actions."

The AP (7/14, Locy) reports Mark Corallo, a spokesman for Rove, "said, 'Without even having had a chance to review the complaint, it is clear that the allegations are absolutely and utterly without merit.'"

Discovery Process Could Include Cheney Deposition. The Washington Post (7/14, A3, Weiss, Lane, 748K) reports, "Legal analysts said the suit could open new avenues for extracting information from the administration, because Plame and Wilson could conduct discovery if the U.S. District Court in Washington lets the suit proceed. Plame and Wilson might be entitled to demand documents from Cheney and others, as well as to require them to sit for sworn depositions, much as President Bill Clinton had to answer questions under oath in Paula Jones's sexual harassment lawsuit."

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DOJ Settles Civil Fraud Suit With Gabelli For $130 Million. Dow Jones (7/14, Bray) reports, "Mario Gabelli and 38 affiliated companies or individuals will pay $130 million to settle civil-fraud allegations that the money manager was behind an effort to deceive the Federal Communications Commission in auctions of wireless licenses, prosecutors said Thursday." Dow Jones continues, "In a press release, the U.S. Attorney's office in Manhattan said the civil settlement with Gabelli and the other individuals or entities was approved by U.S. District Judge Paul A. Crotty on Thursday. … 'The public airwaves are a scarce and valuable resource,' U.S. Attorney Michael J. Garcia said. 'This settlement protects the integrity of the FCC auction program and reminds all those who seek to benefit from the use of public resources that they must turn square corners when dealing with the government.'" Dow Jones adds, "The lawsuit was originally brought under the False Claims Act by private plaintiff R.C. Taylor III, who will be entitled to receive about $32.2 million of the recovery, prosecutors said. The Justice Department joined Taylor's lawsuit in March. … Taylor, who brought a whistle-blower claim, said he witnessed the alleged fraud while working as a paralegal and a lawyer at a law firm. … The complaint had alleged that friends and relatives of Gabelli were recruited to serve as officers of bogus small or very small businesses in order to participate in eight FCC auctions for wireless licenses for cellular phones between 1995 and 2000. Those individuals included Gabelli client and former New York Knicks basketball player Trent Tucker, the caretaker of Gabelli's vacation home and a one-time aerobics instructor, the government said."

The Washington Post (7/14, D01, Masters) reports, "Money manager Mario Gabelli and companies affiliated with him agreed yesterday to pay $130 million to settle allegations that he used sham companies to buy cellphone licenses under a federal program for small and minority-owned businesses." The Post continues, "The federal government alleged that 38 individuals and companies backed by Gabelli's money improperly participated in eight wireless spectrum auctions under special Federal Communications Commission rules reserved for small businesses. The Gabelli-backed entrepreneurs included his relatives, a former aerobics instructor, the caretaker of his vacation home and a retired professional basketball player, the government alleged. Gabelli was not eligible. … 'The FCC and all government agencies should be able to trust companies which certify information about eligibility to participate in government programs,' Assistant Attorney General Peter D. Keisler said in a statement announcing the deal. 'This settlement is an example of the government's determination to ensure that valuable federal resources are protected from fraud and abuse.'"

The New York Times (7/14, Creswell) reports, "The settlement, approved yesterday by Judge Paul A. Crotty of the Federal District Court in Manhattan, is the latest move by the quick-witted and quick-tempered Mr. Gabelli to try to put a series of lawsuits and bad press behind him. … Known as Super Mario for his acumen in stock picking, Mr. Gabelli, 63, who sits atop a complex public- and private-investment empire, has seen his reputation dented in recent months as he faced lawsuits that challenged his business ethics, corporate governance and pay package." The Times adds, "Last year, as chairman and chief executive of the publicly traded Gamco Investors, Mr. Gabelli received a pay package worth $55.5 million. Gamco was not part of the auctions, which involved licenses for wireless spectrum, or in the Justice Department settlement yesterday. … How much of the $130 million settlement will come out of Mr. Gabelli's own pocket is unclear. A lawyer for Mr. Gabelli, Lanny A. Breuer, declined to provide details. But earlier this week, Lynch Interactive, a communications holding company run by Mr. Gabelli, said its share of the settlement would be $34 million."

CIVIL RIGHTS:

House Votes To Extend Voting Rights Act 390-33. The Washington Post (7/14, A1, Murray, 748K) reports, "The House yesterday easily approved an extension of key provisions of the landmark Voting Rights Act, after GOP leaders quelled a rebellion within the party's Southern ranks that threatened to become a political embarrassment. Before the 390 to 33 vote to extend the measure for a quarter-century, the House defeated four amendments that would have diluted two expiring provisions and possibly derailed final passage before the November congressional elections. With the House hurdle now cleared, Senate Judiciary Chairman Arlen Specter (R-Pa.) said he hoped to bring the extension to the Senate floor before the August recess." According to the Post, "Yesterday's votes put a dent in" House Speaker "Hastert's principle of moving major legislation only with a 'majority of the majority' -- that is, with most of the chamber's 231 Republicans supporting it. Overwhelming

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Democratic support was crucial to defeating three of the potentially killer amendments introduced by dissident Republicans and opposed by Hastert."

USA Today (7/14, Stone, 2.27M) reports, "Supporters said the law is needed because minorities can still be treated unfairly when legislatures change rules or redraw districts. 'I gave blood. Some of my colleagues gave their very lives,' said Rep. John Lewis, D-Ga., an activist in the Civil Rights Movement that led to the act's passage."

The Roll Call (7/14, Yachnin) reports, "Voting against the reauthorization measure…were a handful of Republican lawmakers who had pushed unsuccessfully for a series of four amendments to the legislation."

GOP Support For Extension Seen As Appeal To Minority Voters. The AP (7/14, Kellman) reports the House "reject[ed] efforts by Southern conservatives to relax federal oversight of their states in a debate haunted by the ghosts of the civil rights movement. The 390-33 vote sent to the Senate a bill that represented a Republican appeal to minority voters who doubt the GOP's 'big-tent' image. All of the 'no' votes came from Republicans, in defiance of their own leaders. … Southern conservatives complained that the act punishes their states for racist voting histories they say they've overcome." The AP notes, "Republican leaders…were forced to postpone a House vote last month when conservatives rebelled during a closed meeting."

The New York Times (7/14, Hernandez, 1.21M) reports, "For weeks, the outcome of the battle to extend the act had been in doubt. Republican leaders had planned a vote in June. But they abruptly canceled it after conservative lawmakers objected to several provisions of the act, including one that requires the Justice Department to review any proposed changes to voting procedures in states covered by the law, most of them in the South. They said the provisions were unnecessary. The rebellion was an embarrassment for the Republican leadership. In early May, House and Senate leaders of both parties assembled on the steps of the Capitol to pledge their support for the act and celebrate what they described as its imminent approval. President Bush had also thrown his support behind it."

The Los Angeles Times (7/14, Neuman, 918K) reports, "Republican conservatives defied party leaders by pressing ahead with unsuccessful — and controversial — efforts to revise the measure. Their attempts to modify what is often called the crown jewel of the civil rights movement included shortening the bill's life and repealing its requirement that bilingual ballots be provided to minority voters. The modifications, derided by the bill's sponsors as 'stabbing the Voting Rights Act in the heart,' were defeated by an unusual coalition of virtually all of the chamber's 201 Democrats and its Republican leaders. … The rare public display of GOP dissension was a blow to strategists at the White House, who had hoped an election-year renewal of the act would boost Republicans' appeal to minority voters in the fall elections."

Scripps Howard (7/14, Doyle) reports, "The House similarly rejected two different proposals to revise the law's "pre-clearance" provisions. While pushed by Southern conservatives, these efforts could have affected California counties. … The existing Voting Rights Act requires that 837 counties nationwide -- including the four in California -- receive Justice Department approval before making electoral changes. These could be anything from hiring new poll workers, buying new voting machines or making new political annexations."

VRA Debate Exposes Rift Among Georgians. The Wall Street Journal (7/14, Rogers, 2.03M) reports, "Tensions in the Georgia delegation surfaced yesterday in angry exchanges between black and white lawmakers, who openly accused one another of deceit and 'dastardly' conduct. Among Republicans, the debate was colored by divisions over immigration overhaul that have strained the party's relations with Latino voters. Pressed by conservative groups, 181 Republicans, including several top leaders, joined in an attempt to strip out bilingual-ballot provisions in the act."

The Christian Science Monitor (7/14, Jonsson, 58K) reports, "The debate in the public square that preceded the House's vote on Thursday shows how emotionally charged the issue remains. Here in Georgia - where white congressional representatives have taken the lead in arguing for a softened Voting Rights Act (VRA) and black representatives have defended the need for oversight - positions gelled along the familiar racial and party lines. … Those who argue for amending the VRA say the changes it wrought are now steeped in Southern culture. The region, despite widespread social segregation, has in many ways come to terms with its past - exemplified by political opportunity for all, they say."

Activists Use Lawsuits In Bid To Stop Electronic Voting. The AP (7/14, Hastings) reports, "Computerized voting was supposed to be the cure for ballot fiascos such as the 2000 presidential election, but activist

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groups say it has only worsened the problem and they've gone to court across the country to ban the new machines. Lawsuits have been filed in at least nine states, alleging that the machines are wide open to computer hackers and prone to temperamental fits of technology that have assigned votes to the wrong candidate." Manufacturers "face a determined opponent in Voter Action, which has filed lawsuits in Colorado, California, Arizona and New Mexico. Similar bans have been sought by voters in Texas, Ohio, Florida and Pennsylvania. On Thursday, a coalition of groups filed a lawsuit in Georgia. … Voter Action's lawsuits target the most popular machine manufacturers: California-based Sequoia Voting Systems, Nebraska-based Electronic Systems & Software, and the biggest of them all, Diebold Election Systems of Ohio, a subsidiary of giant ATM maker Diebold Inc."

Plain Dealer Says DOJ Suit Highlights Euclid Voting Problems. The Cleveland Plain Dealer (7/14) editorializes, "The Bush administration doesn't run all over the country filing Voting Rights Act lawsuits. On Monday, Euclid became only the second jurisdiction to earn such dubious recognition. … The suit, filed in U.S. District Court, represents the third racially tinged public relations blow to the city in the past three years. This is also by far the most potentially damaging litigation the rapidly changing city has been forced to confront." The Plain Dealer continues, "It's easy to see why the Department of Justice is interested: No black candidate has ever been elected to any Euclid city office, even though the 2000 census showed Euclid to be a little more than 30 percent black. Current estimates suggest the figure is now up to 40 percent. … The lack of black participation has led Justice to conclude that the ward system has historically and systematically diluted the black vote and unfairly denied African-Americans the opportunity to win office. … Euclid officials deny the charge. They argue that the Justice Department has taken a simplistic snapshot of the city that ignores historic residential and transient living patterns that explain the lack of blacks in public office. … There may be some merit to these claims. City officials say only two blacks have ever even run for office. … But the fact remains that a city with a considerable and growing black population has not a single black on its nine-member City Council. That makes the city's argument an exceedingly tough sell. … Euclid must prove that it can solve its own problem without a protracted legal fight with the federal government. That's in everyone's best interest."

California Women Plead Guilty To Sex Slavery Charges. The San Francisco Chronicle (7/9, B2, Estrella, 405K) reported, "Two women who operated San Francisco brothels that forcibly employed undocumented immigrant women from Asia have pleaded guilty to conspiring to harbor aliens, the state Department of Justice said Friday. The pleas are the result of a joint investigation and prosecution by federal and local agencies, including the U.S. attorney's office, U.S. Immigration and Customs Enforcement, the FBI and San Francisco police." Yon Suk Pang "pleaded guilty to an additional charge of money laundering and has agreed to forfeit $1.2 million in profits from her criminal activity." Min Sung Kim "has admitted to employing illegal aliens as prostitutes" and "will forfeit $70,000 in profits." Bay City News (7/9) noted, "The two women are among 29 people who were indicted last year on charges of participating in a large human trafficking ring that allegedly transported young women from Korea to San Francisco for coerced prostitution."

Rationale For New York Ruling On Gay Marriage Analyzed. In an op-ed for the New York Times (7/14, 1.21M) Kenji Yoshino, professor at Yale Law School, writes, "Last week, New York's highest court voted 4-to-2 that a legislative ban on same-sex marriage did not violate the state Constitution. … What's noteworthy about the New York decision…is that it became the second ruling by a state high court to assert a startling rationale for prohibiting same-sex marriage — that straight couples may be less stable parents than their gay counterparts and consequently require the benefits of marriage to assist them." The court "put forth [an] argument, sometimes called the 'reckless procreation' rationale. … Gays become parents, the opinion said, in a variety of ways, including adoption and artificial insemination, 'but they do not become parents as a result of accident or impulse.' Consequently, 'the Legislature could find that unstable relationships between people of the opposite sex present a greater danger that children will be born into or grow up in unstable homes than is the case with same-sex couples.'"

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ANTITRUST:

States To File Price-Fixing Suit Against Chip Makers. The New York Times (7/14, Flynn) reports, "At least 34 states are expected to file a lawsuit on Friday against seven semiconductor makers, accusing the companies of overcharging their customers for computer memory chips. … Separately, Elliot Spitzer, the attorney general of New York, filed a lawsuit on Thursday to recover damages for consumers in the state." The Times continues, "The legal cases will open a new chapter in the four-year-old investigation that has already led to large fines for the companies and prison sentences for several executives. … The multistate suit, which is to be filed in Federal District Court in San Francisco, accuses the chip makers of conspiring to fix prices and manipulate supply from 1998 to 2002. … 'They met and conspired to artificially increase prices, to reduce competition and to allocate market share,' Bill Lockyer, the attorney general of California, said. 'The result was that consumers got overcharged, and equipment manufacturers got overcharged.' … Mr. Lockyer, who is taking a lead role in the multistate lawsuit, said the end users — the consumers — might have overpaid for the memory chips by hundreds of millions of dollars because of the price fixing. The case involves dynamic random access memory, or DRAM, chips, which are commonly used in personal computers, printers and electronics devices like cellphones and digital cameras."

The AP (7/14, Johnson) reports, "The lawsuits follow a long-running U.S. Justice Department investigation that has resulted in more than $730 million in fines and guilty pleas from four companies _ Samsung Electronics Co., Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc. … Boise, Idaho-based Micron Technology Inc. was granted immunity from criminal charges in the DOJ case in exchange for its cooperation. … 'I have never seen a price-fixing case where there is so widespread, so continuous an exchange of confidential price information among competitors or over so long a time period,' said Assistant New York Attorney General Richard Schwartz." The AP adds, "The New York suit, filed in Manhattan federal court, claims the companies colluded to fix prices on dynamic random access memory, or DRAM, chips from 1998 until 2002. The defendants are Micron, Samsung, Infineon, Elpida, Hynix, Mosel-Vitelic Corp., Nanya Technology Corp. and NEC Electronics America Inc."

Bloomberg (7/14, Cho) reports, "The cases open a new chapter of antitrust claims against memory chipmakers, who were fined $731 million after they pleaded guilty in a U.S. Justice Department probe. The states are seeking reimbursement for the extra cost of computers, which Lockyer estimated at 'hundreds of millions of dollars' nationwide. Antitrust law allows plaintiffs to seek triple-damages. … 'It's difficult to calculate the damage, but it's definitely negative,' said Michael Min, an analyst at Korea Investment & Securities Co. in Seoul. 'This turns into reality the initial fears that the guilty plea would lead to a string of lawsuits.' … Suwon, South Korea-based Samsung won't be sued in the San Francisco case because the state wants 'to foster a potential settlement,' said Lockyer spokesman Tom Dressler. … Hynix plans to try to settle the lawsuits, Seoul-based spokesman Park Hyun said today."

The California Recorder (7/14, Miller) reports, "Lockyer accused the manufacturers of restraining supplies, coordinating prices and rigging bids for their dynamic random access memory chips, or DRAM, from 1998 through June 2002. Damages suffered by California consumers and government agencies could reach into the tens of millions of dollars, according to an AG spokesman. … 'It's a pretty simple case,' said spokesman Tom Dresslar. 'It's a group of companies conspiring to rig the market ... all to inflate their profits and to inflate their prices at the expense of their victims.'"

The Salem (OR) Statesman Journal (7/14) reports, "Oregon Attorney General Hardy Myers on Friday will join a multi-state lawsuit that accuses the world's largest manufacturers of Dynamic Random Access Memory chips of price-fixing. … 'As a result of a price-fixing conspiracy by companies that make memory chips that are a crucial component of many high-tech products, Oregon consumers and state agencies have paid more for computers,' Attorney General Myers said. 'With this lawsuit, we hope to stop the manufacturers from manipulating prices in the future and to recoup some of the public's losses.' … The Oregon Department of Justice and more than 30 other attorneys general are seeking damages, restitution, civil penalties and injunctive relief for consumers and public entities that paid higher prices for electronics from 1998 to 2002 as a result of alleged price-fixing."

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The Milwaukee Journal Sentinel (7/14, Lank) reports, "Wisconsin is among 34 states that intend to file a multimillion-dollar price-fixing lawsuit against seven memory-chip makers today, Attorney General Peg Lautenschlager announced." The Sentinel continues, "In her news release, Lautenschlager said the case is about 'conduct that takes advantage of consumers - and unfairly raises prices for everyone.'"

The San Jose Mercury News (7/14, Takahashi) reports, "Lockyer said that published reports have placed damages to consumers at hundreds of millions of dollars. The suit alleges that dozens of employees and executives at the companies exchanged pricing information with each other. So far, Samsung, Elpida, Hynix, and Infineon have pleaded guilty to price-fixing charges and agreed to pay fines to the U.S. Department of Justice."

The Financial Times (7/14, Allison) also reports on the suit.

FCC Clears Cable Giants' Bid For Adelphia Systems. The Los Angeles Times (7/14, Puzzanghera, Granelli) reports, "The cable TV market in Los Angeles is poised for a radical makeover after federal regulators Thursday approved the sale of Adelphia Communications Corp. to Time Warner Inc. and Comcast Corp." The Times continues, "Time Warner will become Southern California's largest cable TV provider under the deal, acquiring Adelphia's 1.2 million subscribers in the region along with 500,000 from Comcast in a complicated swap of assets arising from Adelphia's collapse into bankruptcy in 2002 amid an accounting scandal. … With the switch, customers can expect enhanced programming and services, notably faster high-speed Internet service. Time Warner said any price changes would mostly 'be favorable' to subscribers, but consumer advocates warned of higher bills down the line." The Times adds, "Time Warner's share of the Greater Los Angeles market will jump from 15% to 75% as its subscribers in the area balloon to 1.9 million. In the city of Los Angeles, the company will control 98% of the market when the deal closes, most likely by the end of the month. … New York-based Time Warner plans to spend millions of dollars to promote itself in the L.A. area, said Roger Keating, the company's head of Los Angeles cable operations." The Times notes, "The 4-1 vote by the Federal Communications Commission removed the last hurdle to the $17.6-billion sale of Adelphia. Comcast and Time Warner, the nation's two largest cable TV providers, agreed as part of the deal to divvy up the subscribers of No. 5 Adelphia and to swap some of their own to consolidate each buyer's operations in several areas nationwide."

FTC Charges Texas Realtors With Restraining Competition. Inman News (7/14, Swesey) reports, "The Austin, Texas, Board of Realtors illegally restrained competition by preventing consumers from putting certain types of home listings on public Web sites, the Federal Trade Commission charged today." Inman continues, "The 5,000-member Realtor board operates a multiple listing service in the Austin metropolitan area. The group's rules make property listings information available for public Web site searches only when a home seller enters into a traditional style of real estate broker listing agreement, typically associated with a non-discounted commission, according to the charges." Inman adds, "Home sellers who enter into low-cost listing agreements are allegedly blocked from having information about their home shown on Web sites such as Realtor.com, the board-owned Austinhomesearch.com, and other sites operated by board members. … The FTC charges that the MLS rules restrain competition among central Texas real estate brokers and are a joint action by a group of competitors to withhold listing information from publicly accessible Web sites. … The FTC and the Justice Department have been critical of other industry practices, which the agencies allege restrict competition from low-cost and Internet brokerage services. The DOJ last year filed a lawsuit against the National Association of Realtors, charging that the trade group's policies for displaying property listings online restrain competition. … The FTC and DOJ also have criticized and opposed various state bill and rule proposals that would require brokers to perform a minimum level of services, effectively eliminating bare-bones agreements in which a broker performs minimal tasks at lower prices."

The Washington Post (7/14, D02, Fleishman) reports, "In another sign that federal regulators want the real estate establishment to open competition to discount brokers, the Federal Trade Commission yesterday announced its first restraint of trade action against a professional real estate association in 11 years." The Post continues, "The FTC charged that the 5,000-member Austin Board of Realtors violated antitrust laws by 'effectively blocking' sellers who listed with discount brokers from marketing their homes on

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Web sites associated with the board, including Realtor.com, a national site." The Post adds, "Yesterday's action was the latest in a series of moves by the FTC and the Justice Department to press real estate associations to allow discounters more access. … The Justice Department last year sued the National Association of Realtors over its Internet multiple listings policy; the parties are still in talks over the litigation. Federal regulators have also weighed in against recent state laws that protect the traditional real estate business model. Nine states, including Texas, require brokers to provide full services."

The Wall Street Journal (7/14, Hagerty) reports, "Under a consent order settling FTC charges that the rule violated antitrust law, the Austin board can't give preferential treatment to any type of listing agreement. The Austin board said in a statement that it scrapped the rule last August and added: 'We are disappointed that the FTC's press release implies that we are guilty of wrongdoing.'" The Journal adds, "FTC officials said they are investigating several other MLS operators that have similar rules and hope at least some will voluntarily change them. Justice Department officials also have contacted some MLS operators to inquire about such rules. MLS organizations that block exclusive-agency or limited-service listings from the public Web sites include those in Indianapolis, Detroit, Cleveland and Columbus, Ohio. … Realtor officials in Cleveland, Columbus and Indianapolis said they would review their policies in light of the FTC's move. The Greater Tulsa Association of Realtors in Oklahoma dropped a rule similar to the one in Austin last year after Justice Department officials raised questions."

California Businessman Seeks To Block McClatchy Sale. The AP (7/14, Leff) reports, "A prominent businessman who turned the sale of the San Francisco Chronicle into a drawn-out legal drama six years ago is now suing to prevent McClatchy Inc. from completing a $737 million deal to sell three of the newspapers it picked up in its recent acquisition of Knight Ridder Inc." The AP continues, "Clinton Reilly, a millionaire real estate investor, plans to file an antitrust lawsuit Friday that could derail or at least delay McClatchy's plan to unload the San Jose Mercury News, Contra Costa Times and Monterey Herald, according to his lawyer, Joseph A. Alioto. … The lawsuit, to be filed in U.S. District Court in San Francisco, names as defendants MediaNews Group, publisher of The Oakland Tribune and other newspapers; the Hearst Corp., which publishes the San Francisco Chronicle; Gannett Corp. and Stephens Media Group, a privately held a company." The AP adds, "Sacramento, Calif.-based McClatchy reached an agreement in late April to sell the three San Francisco Bay area papers to MediaNews with backing from Hearst and the other publishers. The resulting partnership, which already is under review by the U.S. Justice Department and California's attorney general, creates a monopoly that would drive up newspaper prices and reduce jobs in the industry, Alioto said. … 'By entering into these combinations, the partners immediately eliminate themselves as potential competitors in the Bay Area,' Alioto said."

FTC Clears Morgan Stanley Purchase Of Transmontaigne. MarketWatch (7/14) reports, "Morgan Stanley Capital Group Inc., a unit of Morgan Stanley (MS), has received antitrust clearance from the Federal Trade Commission to acquire TransMontaigne Inc. (TMG) for $11.35 a share." MarketWatch continues, "The FTC said Thursday that it granted early termination on Wednesday of the waiting period required under the Hart-Scott-Rodino antitrust law. … Denver-based TransMontaigne, an oil and gas company, said in a press release June 22 that it had terminated its merger agreement with SemGroup L.P. and its affiliates, and TransMontaigne will pay a $15 million breakup fee." MarketWatch adds, "TransMontaigne expects its acquisition by Morgan Stanley to close between mid-August and mid-September, and its shares will no longer be traded. … The Hart-Scott-Rodino law requires under certain circumstances that prospective acquirers of voting securities or assets apply for clearance from regulators. Requests for early termination or clearance are granted when the FTC and the Justice Department's antitrust division have determined that they won't take enforcement action during the waiting period."

European Court Overturns EU Approval Of Sony-BMG Merger. USA Today (7/14, Lieberman) reports, "Europe's second-highest court alarmed music executives and investors on Thursday with a highly unusual ruling that ordered reconsideration of the merger creating Sony BMG Music Entertainment - and cast doubt on the combination being discussed by Warner Music and EMI." USA continues, "Warner Music shares plummeted 17.6% to $24.53, while EMI, which trades in London, dropped 9.2% to the equivalent of $5.12 after the European Court of First

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Instance annulled the European Commission's 2004 approval of Sony and BMG's music joint venture." USA adds, "The court, responding to an appeal from an organization that represents independent music companies, said that antitrust officials at the European Union had failed to adequately justify their approval. … A Sony BMG statement said that the ruling 'does not affect the validity' of the company. It said it is studying the judgment 'and shall discuss the appropriate next steps with the European Commission.'"

The AP (7/14, White) reports, "The surprise ruling is the first time the courts have overturned a commission decision to clear a deal and analysts said it could raise the stakes for other such mergers or even lead companies to call off talks. EMI Group PLChas been trading takeover offers with Warner Music Group in recent months." The AP adds, "The Court of First Instance – the EU's second-highest court – backed a challenge by the independent record label group Impala, which represents 2,500 independent music companies. The court said regulators did not properly show in 2004 that there was not a monopoly position before the deal or that there would not be one afterward. … Either one would be enough to strike down regulatory approval. … The European Commission had unconditionally approved the 50-50 joint venture between Japan's Sony Music Corp. and BMG, Bertelsmann's music unit, in July 2004 after finding insufficient evidence the deal would harm consumers."

The Los Angeles Times (7/14, Duhigg) reports, "The decision, which came in response to a challenge filed on behalf of 2,500 independent music labels, caught executives at Sony, Bertelsmann and Sony BMG by surprise. Sources at the companies said they would re-submit the deal for approval within a week. A decision could take as long as five months." The Times adds, 'If that petition fails, executives may be forced to undo the partnership that collected $4.2 billion in revenue last year and was responsible for more than 25% of U.S. album sales. The Sony BMG combination reduced the world's major record companies to four and brought such artists as Aerosmith, Barbra Streisand and Elvis Presley under one roof. … Whatever the outcome, Thursday's decision put an immediate chill on negotiations between EMI Group and Warner Music Group — the world's third- and fourth-largest music companies, respectively. Insiders at both companies said further talks about combining them were unlikely until the Sony BMG issue was resolved. … The court's complete annulment — the first of its kind — could remake landscapes within the industry and elsewhere."

ENVIRONMENT/INDIAN AFFAIRS:

Canada Confirms Seventh Mad-Cow Disease. Bloomberg (7/14, Donville) reports Canadian authorities "said tests confirmed the nation's seventh case of mad-cow disease in a 50-month-old dairy animal born after feed restrictions were imposed in 1997 to curb the spread of the ailment." Other cattle born on the Edmonton farm are being located for testing. "The announcement comes less than two weeks after Canada found its sixth case of" BSE, and the Canadian Food Inspection Agency "last month tightened its animal feed restrictions to speed up eradication" of BSE there.

The AP (7/14, Duff-Brown) adds USDA "said it would send an inspector to aid in the investigation into the death." Agriculture Secretary Mike Johanns "said the deaths 'raise questions that must be answered. We need a thorough understanding of all the circumstances involved in this case to assure our consumes that Canada's regulatory system is effectively providing the utmost protections to consumers and livestock.'" Discussing the importation to the US of Canadian beef, United Stockgrowers of America's Chuck Kiker "believes the USDA ordered the border reopened to Canadian cattle too soon. 'In order to protect the US cattle herd and US beef consumers, USDA must ... close the Canadian border to all beef and cattle, and work with Canada to scientifically determine the full scope of Canada's BSE problem through mandatory testing of at least every high-risk animal in Canada.'"

Johanns Expresses Concern Over Latest Mad Cow Case. The Dow Jones Newswire (7/14, Tomson) reports Johanns "expressed concern Thursday over Canada's confirmation of a new case of mad-cow disease because the infected animal was born well after Canada put a preventive feed ban in place." He is quoted saying, "While the United States and Canada have a strong system in place to protect animal and human health, the diagnosis of BSE in an animal born roughly four and a half years after the implementation of the 1997 ruminant-to-ruminant feed ban does raise questions that must be answered." Johanns "said he is particularly concerned about 'how this animal may have been exposed to BSE-infected material.'"

House Committee's Report Faults Global Warming Studies. The Wall Street Journal (7/14,

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2.03M) editorializes, "It is routine these days to read in newspapers or hear…that the 1990s were the 'warmest decade in a millennium' and that 1998 was the warmest year in the last 1,000. … But a report soon to be released by the House Energy and Commerce Committee by three independent statisticians underlines yet again just how shaky this 'consensus' view is, and how recent its vintage."

California Wildfires Continue To Expand. NBC Nightly News (7/13, story 5, 2:35, Williams, 9.87M) reported, "The numbers are up tonight in Southern California -- more acres burned, more people driven out of their homes by wildfires. The biggest fire of them all -- the Sawtooth fire east of LA has now consumed more than 40,000 acres, more than 1,500 homes have been evacuated and this fire is on a kind of collision course with yet another one."

ABC World News Tonight (7/13, story 6, 0:20, Moran, 8.78M) reported, "There are new fears tonight about the wildfire raging 100 miles east of Los Angeles. 40,000 acres have burned. High winds and triple digit heat are making it difficult to battle the flames. But officials are now concerned the fire could merge with a smaller blaze several miles away and create a bigger threat to the San Bernardino national forest."

Schwarzenegger Declares State Of Emergency In San Bernardino County. The AP (7/14, Almeida) reports, "A 40,000-acre fire chewed through desert wilderness Thursday after destroying 100 homes and buildings and was on course to possibly merge with a blaze in the San Bernardino National Forest." Gov. Arnold Schwarzenegger "declared a state of emergency in San Bernardino County to better coordinate and expedite state efforts to help people affected."

Judicial Panel Cites Mismanagement Of Indian Trust Accounts. The Christian Science Monitor (7/14, Knickerbocker) reports, "The lawsuit's name is innocuous enough. But Cobell v. Kempthorne carries 119 years of historical baggage, and its outcome could affect hundreds of thousands of people at a cost of billions of dollars. It's also thorny as a prickly pear, so contentious that a panel of federal jurists this week ruled that the case needs a different judge to oversee it." The Monitor continues, "The dispute involves royalties due native Americans dating back to 1887. That's when Uncle Sam took control of some 11 million acres of tribal lands in the West as part of the federal policy of forced assimilation. The US was supposed to be paying into Indian trust accounts what now amounts to billions of dollars in revenues from oil, gas, timber, minerals, and grazing on those acres, then disbursing payments to native account holders. … But the whole thing has been mismanaged, federal courts have declared several times since the case began in 1996, and the last three Interior secretaries have failed to fix it. Idahoan Dirk Kempthorne, who recently became Interior secretary, follows both Bruce Babbitt and Gale Norton as lead defendant." The Monitor adds, "On the other side is Elouise Cobell of Browning, Mont., a member of the Blackfeet Indian Tribe, a rancher and banker, and a recipient of a MacArthur 'genius' grant for her work in economic development. She's the lead plaintiff in the class-action lawsuit that bears her name. 'The government has abused trust beneficiaries and has failed to fulfill the most basic trust responsibilities owed to us,' she said this week. … The courts and most experts have agreed with that assessment. The US Circuit Court of Appeals for the District of Columbia declared this week that 'the [US] government has an obligation to rise above its deplorable record and help fashion an effective remedy.' … Words like 'ignominious,' 'incompetent,' 'malfeasance,' and 'recalcitrance,' the three-judge panel wrote, 'are fair and well supported by the record.' Still, the judges decided, after nearly 10 years on the case US District Judge Royce Lamberth had 'exceeded the role of impartial arbiter' in hearing Cobell v. Kempthorne."

FBI/DEA/ATF/USMS:

At Least 8 Heroin Overdoses Reported In New Jersey. The Bridgeton (NJ) News (7/13, Dunn) reports from Vineland that there "have been at least eight heroin overdoses in the city in the last week, none of which has been fatal, but it is a possibility that it is related to the bad heroin that has caused several deaths in the tri-state area. Two overdoses occurred Monday evening."

The Press of Atlantic City (7/13) reports, "The number of heroin overdoses…continued to spike Wednesday, with police reporting two more incidents where users were found unconscious. The incidents on Tuesday brought the number of overdoses in the city during the past week to 10, according to Vineland police reports."

March Death Tied To Fentanyl-Laced Heroin. The Park Ridge (IL) Herald Advocate (7/13) reports Park Ridge police "have confirmed that the death in March of a 22-year-old Park Ridge man was caused by a lethal dose of heroin.

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Park Ridge Deputy Police Chief Tom Swoboda said toxicology tests show that Jonathan Krischke died after taking heroin mixed with the narcotic fentanyl on March 9."

Lack Of Money Leads To Shutdown Of Paramedic Unit. According to Wilmington, Delaware's News Journal (7/13), "An extra New Castle County paramedic unit put together in May to help with a spate of heroin overdose calls was deactivated this week because there isn't enough money to pay for it. Public Safety Director Guy Sapp said it would have cost $100,000 to run Medic 9 for six months because it was paid for mainly with overtime."

Man Accused Of Selling Drug Mixture To Stand Trial. WHNS-TV, Greenville-Spartanburg, SC-Asheville,NC (7/13, 10:00 p.m.) reported, "DEA agents in Detroit say Daren Reese sold a lethal combination of heroin with the prescription painkiller fentanyl that may have resulted in more than 200 deaths. The man is charged with ten counts of drugs and weapons charges."

WATE-TV, Knoxville, Tennessee (7/13, 12:00 p.m.) reported, "Federal drug investigators are building a case against a Detroit man suspected of mixing up a deadly batch of drugs that are sweeping the nation. Daren Reese is accused of dealing a mix of heroin and the prescription painkiller fentanyl. More than two-hundred people have died after taking the drug. Reese appeared in court yesterday.

WTOL-TV, Toledo, Ohio (7/13, 5:00 a.m.) reported, "federal Drug Enforcement Agency officials have made a break in the case of contaminated heroin responsible for dozens of deaths. In a raid of the home of a suspected drug dealer officials found 80 packets of the deadly mix of heroin and the painkiller fentanyl. Forty-five year-old Daren Reese has been ordered to stand trial on the charges. The deadly drug mix has been linked to over 200 deaths."

Spokane Task Force Seeks To Thwart Gang Violence. The AP (7/13) reports, "Responding to an increase in violent crime committed by armed gang members, local and federal police agencies in Spokane have formed a task force. … Federal agencies participating in the task force include the Bureau of Alcohol, Tobacco, Firearms and Explosives, the United States Marshal's office, the FBI and the Drug Enforcement Administration."

Iowa Brothers Sentenced In Meth Case. The Marshalltown (IA) Times Republican (7/14) reports two Marshalltown brothers "were sentenced to prison Wednesday, one for life and the other for 20 years, after being found guilty for conspiring and distributing methamphetamine. U.S. District Judge Ronald E. Longstaff sentenced Martin Ruiz Singh, 36, to life imprisonment. His brother, David Ruiz Singh, 41, was sentenced to 20 years in prison. … The case against the Singh brothers was investigated by the Drug Enforcement Administration" and others.

Judge Blocks Changes To California's Drug Treatment Program. The Los Angeles Times (7/14) reports a Northern California judge on Thursday "blocked, at least temporarily, sweeping changes to the state's landmark treatment program for drug offenders signed into law by Gov. Arnold Schwarzenegger this week. The new law, SB 1137, adds tough provisions to Proposition 36, which gives tens of thousands of drug offenders the option of entering treatment facilities instead of going to jail. The changes championed by Schwarzenegger would allow judges to incarcerate offenders who relapse for up to five days. Drug treatment advocates say that the measure…is illegal because it would change an initiative approved by voters without their consent."

Reporting Continues On Possible Indictment Of Bonds. The San Francisco Chronicle (7/14, Williams, Fainaru-Wada) reports Giants star Barry Bonds' "emphatic denial that he had used banned drugs -- repeated under oath in December 2003 before the grand jury that investigated the BALCO steroids conspiracy -- is the focus of a continuing federal probe that soon could result in his indictment for perjury before the grand jury or for making false statements to the FBI."

The AP (7/14, Robertson) reports a grand jury "considering possible perjury charges against Bonds met again Thursday in San Francisco."

In the New York Times (7/14), sports writer Murray Chass writes, "The growing feeling is that the government, specifically the United States attorney in San Francisco, will get [Bonds]. The grand jury investigating the possibility that Bonds lied to another grand jury two and a half years ago did not act yesterday. It is scheduled to meet again Thursday."

San Francisco Marijuana Club Denied Permit By Planning Commission. The San Francisco Chronicle (7/14, Selna) reports, "A pot club seeking to set up shop near Fisherman's Wharf was denied a permit by the San

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Francisco Planning Commission in a 4-2 vote Thursday night. The Green Cross was the first medical marijuana outlet in San Francisco to undergo the city's new permit process, which was approved by the Board of Supervisors last year in an effort to more tightly regulate medical pot sales. … The cannabis club faced strong opposition from neighbors and community groups at Thursday's commission meeting."

The San Jose Mercury News (7/13, Ostrom) writes, "The proprietor of the Green Cross dispensary agrees that the wharf is hardly an ideal location for his customers -- terrible parking for one thing. But, he says, new city rules created zones so confining that about the only places to legally sell marijuana now are around the wharf or in the Financial District."

IMMIGRATION:

Senate Votes Against Amendment Funding Border Wall 71-29. The Washington Times (7/14, A1, Hurt, 88K) reports, "Less than two months after voting overwhelmingly to build 370 miles of new fencing along the border with Mexico, the Senate yesterday voted against providing funds to build it." The Senate defeated an amendment from Sen. Jeff Sessions 71-29. Sessions "offered his amendment to authorize $1.8 billion to pay for the fencing that the Senate voted 83-16 to build along high-traffic areas of the border with Mexico. In the same vote on May 17, the Senate also directed 500 miles of vehicle barriers to be built along the border. But the May vote simply authorized the fencing and vehicle barriers, which on Capitol Hill is a different matter from approving the federal expenditures needed to build it. 'If we never appropriate the money needed to construct these miles of fencing and vehicle barriers, those miles of fencing and vehicle barriers will never actually be constructed,' Mr. Sessions told his colleagues yesterday before the vote." The Times notes, "Only two Democrats" -- Sens. Ben Nelson and Thomas Carper "supported funding the fence. All told, 34 senators -- including most of the Republican leadership -- voted in May to build the fence but yesterday opposed funding it."

$32.7 Billion DHS Budget Approved By Unanimous Senate. The AP (7/14, Jordan) reports, "The Senate voted unanimously Thursday to bolster security at U.S. borders by pumping hundreds of millions of dollars into more patrols, surveillance flights and sensors to catch illegal immigrants sneaking into the country. Senators approved the $32.7 billion budget for Homeland Security Department next year by a vote of 100-0. … The spending plan included a $1 billion increase for security staff and equipment at borders and ports. A third of the cost would be covered through higher immigration fees. The Senate bill is about $1.7 billion more than President Bush requested and $700 million larger than a bill passed by the House last month. For the second straight year, the Senate joined the House in rejecting Bush's call for $1.3 billion in new taxes on airline tickets to pay for homeland security spending increases."

DHS Budget Bill Called A "Border Security Bill." The Los Angeles Times (7/14, Gaouette, 918K), in an article titled, "Senate Approves Border Security Bill," reports, "Even as prospects for a sweeping overhaul of immigration policy remain in doubt, Congress is moving on other fronts to bolster security along the border with Mexico and to toughen enforcement against illegal immigrants already in the United States. The latest steps came Thursday with the Senate's approval" of the DHS funding bill "that includes additional border agents and more beds in detention centers to facilitate deportation of illegal immigrants. The discovery in January of a tunnel nearly half a mile long connecting an industrial building in Tijuana with a warehouse in Otay Mesa, just north of the border, prompted another measure that would make building underground border conduits a criminal offense. … The Homeland Security bill demonstrates that even as the House and the Senate remain at an impasse over separate legislation to rewrite immigration laws, Congress is still likely to produce measures to tighten enforcement along the nation's 2,000-mile southern border and inside the country."

GOP House Members Seeking Tighter Border Security Called "Extremist Xenophobes." The Washington Post's Eugene Robinson (7/14, A21) writes that "extremist xenophobes in the Republican-controlled Congress -- the likes of Tom Tancredo (R-Colo.), Steve King (R-Iowa) and J.D. Hayworth (R-Ariz.) -- rail at the government of Mexico for supposedly encouraging illegal migration to the United States. If Mexicans want to leave their country, for any reason, what right does the Mexican government have to stop them? The only answer, of course, is no right at all. Imagine the situation in reverse: Imagine that before boarding a plane for a vacation in Cancun or a cruise ship heading to the Bahamas, Americans had to ask permission from government officers who could arbitrarily say no, you're not going anywhere."

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TAX:

Judge In KPMG Case Raises New Concerns About Prosecutorial Tactics. The New York Times (7/14, Browning) reports, "The federal judge overseeing a huge tax shelter trial raised new concerns yesterday about how prosecutors were handling the case, suggesting that he might consider postponing the trial or even dismissing the case." The Times continues, "The judge, Lewis A. Kaplan of United States District Court in Manhattan, said that he had originally ordered the trial to begin in September but that 'the government has made a mess for themselves, and we'll see where that goes.'" The Times adds, "Judge Kaplan is overseeing the criminal trial of 19 former tax professionals — 17 former employees of the accounting firm KPMG and 2 others — who are accused of defrauding the government through abusive tax shelters that were sold by KPMG. … Judge Kaplan made his criticisms after hearing requests by lawyers for the defendants, who include several former high-ranking KPMG executives, to postpone the trial to January or drop the charges. … The judge indicated his displeasure over two issues: how and when prosecutors turned over evidence to the defendants, and the pressure exerted by prosecutors on KPMG to cut off the payment of legal fees for the defendants."

Attorney Says KPMG Will Not Pay Ex-Partners' Legal Fees. The AP (7/14, Bray) reports, "A lawyer for KPMG LLP said Thursday that the accounting firm plans to fight efforts to force it to pay legal fees for a group of former partners facing charges in a criminal tax-shelter fraud probe." The AP continues, "At a hearing in federal court in Manhattan, Robert Bennett, KPMG's lawyer, said the firm plans to oppose a lawsuit filed earlier this week by the former partners seeking defense costs. … The complaint was filed after U.S. District Judge Lewis A. Kaplan ruled earlier this month that prosecutors put undue pressure on the firm not to advance attorneys fees to some partners and violated the partners' constitutional rights as a result of that pressure. … 'KPMG has no legal obligation to pay these fees,' Bennett said. 'KPMG has no intention to pay these fees.'" The AP adds, "Bennett said the firm plans to ask the court to allow the legal-fee dispute to be handled in an arbitration proceeding, rather than a lawsuit. … At Thursday's hearing, Kaplan ordered KPMG, the government and the former partners to sit down with another federal judge in a mediation session in hopes of resolving the dispute. … Prosecutors have charged 16 former KPMG tax partners and two other individuals with conspiracy and tax evasion, alleging they participated in a scheme that allowed wealthy people to avoid paying billions of dollars in taxes to the Internal Revenue Service. The case is expected to go to trial in September."

CONGRESS-ADMINISTRATION:

Haynes Faces Bipartisan Criticism Over Detainee Policies. The Washington Times (7/14, Hurt, 88K) reports, "Senators from both parties expressed concern yesterday over President Bush's nomination of William J. Haynes II to the Richmond-based circuit bench, heightening the likelihood that the nomination will be filibustered or outright defeated. 'I have a lot of concerns about Haynes based on his role at the Pentagon when the legal memoranda on detainees' treatment was drafted,' Sen. Susan Collins…said yesterday. 'That is a major issue for me.'" Collins "left open the possibility that she would support a filibuster of the Haynes nomination." Sen. Ken Salazar is quoted as saying, "I'm opposed to his confirmation, and I think the Senate Judiciary Committee will probably vote him down." The Times notes, "Among those with the most pointed questions about Mr. Haynes is Sen. Lindsey Graham, South Carolina Republican and avid White House supporter, who earlier this week questioned Mr. Haynes over his involvement in drafting Department of Defense policies for handling terror suspects captured on the battlefield.

Democrats Question Suitability Of Bush CPB Nominee. The Los Angeles Times (7/14, Gold, 918K) reports, "Less than a year after the chairman of the Corporation for Public Broadcasting was forced to resign amid charges that he injected partisanship into the agency, President Bush has nominated to the nonprofit's board a television sitcom producer who has described himself as 'thoroughly conservative in ways that strike horror into the hearts of my Hollywood colleagues.' The nomination of Warren Bell, executive producer of ABC's 'According to Jim' and a contributor to the online edition of the conservative National Review magazine, has puzzled and alarmed some public broadcasters, who fear he would revive the sharp political debate that engulfed the system last year." According to the Times, "Bell's past comments have raised eyebrows among some Democrats who serve on the Senate

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Commerce Committee, which must approve his nomination. Questions about his qualifications are expected to dominate his confirmation hearing, which has not yet been scheduled. 'Based on what we know right now, this nominee doesn't appear to have the credentials and background one would expect for this position, which is in contrast to the other nominees,' said California Sen. Barbara Boxer, a committee member."

IG Report Examinees VA Data Theft. The Washington Post (7/14, D4, Barr, 748K) reports in its "Federal Diary" column that Veterans Administration IG George Opfer's report on "what went wrong in the recent theft of sensitive personal data on 26.5 million veterans," is "a powerful reminder that common sense and clear policies can help avert damaging mistakes." Opfer's report notes that the VA employee who took the VA data to h is home was not authorized to do so. Also, "The VA failed to quickly determine the scope of the problem." Opfer's report also notes that "office politics probably got in the way of an orderly response."

Roberts Says Courts Must Reach Out To Congress. The Los Angeles Times (7/14, Lin, 918K) reports, "In a wide-ranging speech that touched on issues personal and professional, Chief Justice John G. Roberts Jr. said he wanted to improve relations between the courts and Congress to ensure the judiciary remained independent. The comments came during a talk Thursday before a packed ballroom of about 400 people at the 9th Circuit Judicial Conference in Huntington Beach. … When one judge read from a newspaper editorial saying that Congress could use a lesson in judicial independence, the chief justice agreed that the relationship between the two branches of government needed improvement. 'I bet we're not going to do it by promoting myself as the teacher and Congress as the students,' he cautioned. Roberts said he was trying to meet with legislators more often."

Members Of Congress Show Little Inclination To Bailout GM. The Wall Street Journal (7/14, McKinnon, 2.03M) reports, "Even the possibility of French and Japanese auto makers gaining a substantial voice in running General Motors Corp. doesn't seem enough to stir politicians here to rescue Detroit. 'If you forced me to bet, I'd bet that Congress ain't going to do anything,' said Rep. John Dingell of Michigan, the top-ranking Democrat on the House Energy and Commerce Committee and longtime guardian of the U.S. auto industry's interests on Capitol Hill. It is the latest example of Washington's disinclination to aid domestic auto makers."

Bush's "Bounce" Among Hispanic Voters In 2004 Said To Have Evaporated. USA Today (7/14, Jones, 2.27M) reports, "Hispanics say they are suffering more discrimination because of the debate over illegal immigration but feel that the controversy has sparked greater unity among them, according to a survey released Thursday. The poll, conducted by the Pew Hispanic Center, a non-partisan research group, is the first national survey of Hispanics since the spring, when debate over the nation's estimated 12 million illegal immigrants escalated in Congress. … Among the survey's findings: 54% say the debate about immigration policy has led to an increase in discrimination against Hispanics" and "58% say Hispanics are working together toward shared goals, an increase from 2002 when only 43% of those surveyed saw such unity." According to USA Today, "Three-fourths say the policy debate will spur more Hispanics to vote in November, but it is unclear which political party might benefit most. One in four say that neither Republicans nor Democrats have the best position on immigration." Roberto Suro, the Pew Center's director, is quoted as saying, "What we see in the survey is the bounce the Republicans got off the Bush election in 2004 is basically gone. … On the other hand, there are no clear Democratic gains."

Top California Hispanic Republican Retracts Criticism Of Schwarzenegger. The Los Angeles Times (7/14, Finnegan, 918K) reports, "The Legislature's top-ranking Latino Republican apologized to Gov. Arnold Schwarzenegger on Thursday for questioning his loyalty to Latinos. 'The governor and I have worked together for the past three years on important issues beneficial to California's Latinos,' state Sen. Abel Maldonado of Santa Maria said in a statement released by his office. … In remarks published Wednesday in The Times, Maldonado accused the Republican governor of showing 'a lack of respect' to Latinos by spending too little time in Mexico. He also said: 'Our governor cares about one thing only, and that's Arnold Schwarzenegger.' Schwarzenegger had irked Maldonado by declining to back him for state controller in last month's Republican primary election."

Pennsylvania Mayor Initiates Crackdown On Illegals. NBC Nightly News (7/13, story 7, 2:25, Williams, 9.87M) reported, "NBC News 'In Depth' tonight, a big fight in a

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small town -- the subject is immigration. Immigrants have actually helped revive the dying coal town of Hazleton, PA, but the mayor wants those who are there illegally to get out. It is one of half a dozen communities across the country that has decided not to wait for Washington." Louis Barletta, Hazleton, PA Mayor: "We welcome immigration, legal immigrants, to the city, but illegal immigrants, I want them out." NBC added, "To force them out, the Mayor wants to shut down businesses that hire illegal immigrants, impose $1,000 fines on landlords who rent to them, and make English the city's official language. Why here and why now? Attracted to the city by affordable housing and jobs, Hazleton's Hispanic population has soared from 5 to 30% in just six years. Violent crime involving illegal immigrants has also increased." Mayor Barletta: "When people move into a community and start destroying small-town America, I am not going to sit back and allow that to happen."

The Los Angeles Times (7/14, Barry, 918K) reports, "By a vote of 4 to 1, Hazleton's City Council on Thursday approved the Illegal Immigration Relief Act, which imposes severe penalties on landlords who rent space to illegal immigrants, suspends the licenses of businesses that employ them, and declares English the city's official language. The ordinance has brought celebrity status to Hazleton's mayor, Louis J. Barletta, and has prompted a ripple of proposed new laws in neighboring communities. In Florida, the communities of Avon Park and Palm Bay will vote on similar laws, as will the city of Escondido in California."

Illegal Laborers Impose $15/Hr Minimum Wage. The New York Times (7/14, Greenhouse, 1.21M) reports that a day laborer site north of Los Angles has imposed a $15/hr. minimum wage. According to the Times, "At a few dozen other sites across the country, day laborers have set minimums, usually $8 or $10. But only at this corner in Agoura Hills, a well-to-do town 40 miles northwest of Los Angeles, experts say, have they been bold enough to insist on $15, nearly three times the federal minimum wage. Some laborers who are particularly skilled at plumbing or hanging drywall get $18 or more. … It is uncertain if laborers at other sites will join the move to a $15 minimum or even whether the workers at this corner, the intersection of Kanan and Agoura Roads, can make it stick. When they raised their rates last month, the demand for their services went down."

The Wall Street Journal (7/14, Jordan, 2.03M) reports on the very same laborer site, and notes, "Steering this initiative is" Pablo Alvarado, national coordinator of the National Day Laborer Organizing Network "a former undocumented immigrant determined to prepare this diffuse underground work force for a role in the political debate over immigration. … Last month, the Laborers' International Union of North America, which represents construction workers, announced it would collaborate with Mr. Alvarado's network to create hiring sites, lobby for immigration reform and protect day laborers' rights."

DOL Reports Increased Claims For Unemployment Benefits. The AP (7/14) reports, "The number of people filing new claims for unemployment benefits jumped last week, apparently reflecting the spring slowdown in the economy. The Labor Department said Thursday applications for jobless benefits totaled 332,000 last week, an increase of 19,000 from the previous week that exceeded market expectations. Economists had forecast a rise of 7,000."

Blakey Said To Be Eyeing Mineta's Post. The Wall Street Journal (7/14, Harwood, 2.03M) reports in its "Washington Wire" column, "Ex-Kansas Gov. Graves, now top trucking industry lobbyist, rules out succeeding Mineta as Transportation Secretary by affirming commitment to recent contract extension. FAA chief Marion Blakey says she has 'no speculation' about White House thinking, but insiders say she's quietly seeking the post."

Hastert Hospitalized With Cellulitis. The CBS Evening News (7/13, story 9, 0:10, Schieffer, 7.66M) reported, "House Speaker Dennis Hastert is in hospital tonight, he has a potentially dangerous skin condition called cellulitis on his left leg. Hastert, who is second in line to presidential succession, is 64. His office said he should be back to work next week." CNN's The Situation Room (7/13, Whitfield) reported "the expectation is he will be back to his normal schedule as early as next week."

The AP (7/14) reports Hastert "was expected to be treated with intravenous antibiotics at Bethesda Naval Hospital in suburban Maryland through the weekend, according to his spokesman Ron Bonjean. Hastert, 64, discovered the infection on his lower left leg and applied a topical ointment. After a few days, Hastert's doctor examined the infection at Bethesda and diagnosed it as cellulitis, a skin infection that appears as a swollen, red area that feels hot and tender, and that can spread rapidly without treatment, the spokesman said."

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Shuttle Crew To Look For Space Debris Damage As Foam Fears Subside. The Christian Science Monitor (7/14, Spotts, 58K) reports, "NASA appears to have licked the worst of its launch-debris problem, clearing the way for shuttle flights needed to finish construction of the International Space Station." The Monitor explains that the inspections with photos and video cameras showed "this launch to be the cleanest in the shuttle program's history." But NASA is said to be "cautious in declaring success." The article notes that two of NASA's top officials disagreed with the decision to launch and that engineers will also now have to address the foam problems in a different part of the tank called ice frost ramps.

USA Today (7/14, 3A, Watson, 2.27M) adds that the crew "aboard space shuttle Discovery today will for the first time inspect their vehicle in advance of landing to look for damage from the tiny pieces of debris whizzing through space." The inspection will employ "a sensor strapped to the shuttle's robot arm over Discovery's left wing, looking for dings or cracks inflicted on the shuttle by space debris. Saturday, after Discovery undocks from the International Space Station, the shuttle's nose and right wing will be inspected. The shuttle is scheduled to land Monday in Florida."

OTHER NEWS:

Federal Deficit Down 17% Compared To First Nine Months Of Last Fiscal Year. The AP (7/14, Gordon) reports, "The federal deficit through June held below last year's pace, helped by a strong influx of corporate taxes and other revenues, the Treasury Department reported Thursday. Through the first nine months of the budget year, the deficit was $206.5 billion, down 17 percent from the same period in 2005, when the government's red ink totaled $249.4 billion. The deficit for the nine months puts the government on track to turn in a smaller deficit this year than last, when it was $319 billion for the full year."

June Surplus Down 11% From Last Year. The Wall Street Journal (7/14, 2.03M) reports, "The government ran a monthly budget surplus of $20.47 billion in June, down 11% from the $22.92 billion surplus a year earlier, the Treasury Department said. Receipts were $264.36 billion for the month, up 13% from a year earlier, and outlays were $243.89 billion, up 15%, the department said. Receipts and outlays for the month were all-time highs."

Mideast Violence Expected To Push Oil Prices Even Higher. The CBS Evening News (7/13, story 4, 1:50, Schieffer, 7.66M) reported, "When there is trouble in the Middle East, you can expect the price of oil to go up, and it did today." CBS added, "That $3 a gallon you're paying at the pump may soon look cheap. … American drivers who use 40% of the world's gasoline used more gas last month than ever before, over 9.5 million barrels every day."

ABC World News Tonight (7/13, story 4, 1:30, Moran, 8.78M) reported, "Oil prices soared to a record close. Israel and Lebanon don't produce oil, but there are fears it could disrupt supplies from the rest of the region. We are joined now by Betsy Stark. A lot of Americans may look at that, say, no oil in Israel, no oil in Lebanon. Why is the price going up? How to the oil traders sort this out?" ABC's Stark responded, "Traders do not like to see trouble the Mideast produces 30% of the world's oil. And today, traders were worrying about all of the ways that supply may be disrupted. If another Mideast nation is drawn into the conflict, if a shipping channel is cut off, that fear factor is what set the prices to a record."

NBC Nightly News (7/13, story 4, 1:05, Williams, 9.87M) reported, "Oil prices are way up and stocks way down. NBC's Anne Thompson added, "This is all about nerves, nerves rattled by the fighting between Israel and Lebanon. Oil hit a record high today closing at $76.70, that's up $1.75 in one day. … Tonight that has some analysts talking about the very real possibility of $80-a-barrel oil. What does all this mean for drivers? Well, one analyst predicts that the average gallon of gasoline across the country could top $3 as soon as next week."

The Washington Post (7/14, D1, Mufson, 748K) reports, "Oil prices rose as fighting spread in Lebanon, the standoff continued over Iran's nuclear program and a Nigerian newspaper reported that explosions had rocked two pipelines in the West African nation. Although supplies of oil were virtually unaffected, traders and analysts said anxiety about political violence and tension around the world had once again driven up the 'political premium' for oil."

Bloomberg (7/14, Evans) reports, "Oil has gained 6 percent in four straight sessions. Prices rose after the U.S. and its allies resolved to refer their dispute over Iran's nuclear research to the United Nations Security Council, and after a government report showed U.S. oil and gasoline stockpiles fell more than expected last week."

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Wall Street Sell-Off Attributed To Concern Over Oil Prices And War Fears. NBC Nightly News (7/13, story 4, 1:05, Williams, 9.87M) reported, "As for Wall Street, when you have a slowing economy, rising interest rates, rising oil prices, that's a formula for a sell-off. The Dow was down almost 167 points [to close at 10,846.29]. The NASDAQ lost more than 36 points [to close at 2,054.11]."

The New York Times (7/14, Peters, 1.21M) reports, "The anxiety in global commodities markets swept through equity markets as well, with stock prices in the United States and Europe posting broad declines. According to preliminary figures, the Standard & Poor's 500-stock index fell 16.31 points, or 1.3 percent, to close at 1,242.29. … Meanwhile, major stock indexes in Britain, France and Germany fell more than 1.5 percent for the day."

Bloomberg (7/14) reports, "U.S. stocks tumbled for a second day as oil climbed to a record, fighting between Israel and Lebanon escalated and second-quarter earnings failed to meet estimates. … Concern that turmoil in the Middle East may broaden, along with North Korea's refusal to resume negotiations over its nuclear program, weighed on stocks worldwide. The Morgan Stanley Capital International World Index dropped 1.2 percent. Israel's Tel Aviv 25 Index plunged 4.3 percent."

The Washington Times (7/14, Hill, 88K) reports, "With gasoline prices hovering near last fall's highs of more than $3 a gallon, analysts say, consumers are likely to see new records at the pump in the weeks ahead, reflecting surging oil prices and hurricane threats. … Worries that high oil prices and political tensions will add further weight to the slowing U.S. economy and cut into corporate profits triggered a sell-off in the stock market and sent investors scurrying into safe-haven investments such as gold and bonds."

US Economic Growth Said To Benefit The Rich Disproportionately. The New York Times' Paul Krugman (7/14) writes, "Many observers, even if they acknowledge the growing concentration of income in the hands of the few, find it hard to believe that this concentration could be proceeding so rapidly as to deny most Americans any gains from economic growth. Yet newly available data show that that's exactly what happened in 2004. … Here's what happened in 2004. The U.S. economy grew 4.2 percent, a very good number. Yet last August the Census Bureau reported that real median family income — the purchasing power of the typical family — actually fell. Meanwhile, poverty increased, as did the number of Americans without health insurance." However, "in 2004 the real income of the richest 1 percent of Americans surged by almost 12.5 percent."

GOP Expresses Outrage Over Democratic Ad Featuring Troops' Coffins. The New York Times (7/14, Kornblut, 1.21M) reports that an ad "featuring coffins coming home from war," which is appearing on the website of the DCCC, "is being attacked by Republicans as tasteless and disrespectful of American troops in Iraq." The short film "shows rows of coffins covered by American flags and lined up inside a military transport plane. The image is one of a montage of shots illustrating troubles that Democrats attribute to Republican leadership. Others include a gas pump displaying a price of $3.35 a gallon, and New Orleans residents stranded outside the Superdome after Hurricane Katrina. 'Things have taken a turn for the worse,' a line of opening text says." NRCC Chairman Tom Reynolds "has demanded that Democrats apologize for the clip." Also, ex-House Majority Leader Tom DeLay, "who has said little publicly since his resignation from the House last month, has issued a statement describing the ad as an act of 'pathetic desperation.'"

The Washington Times (7/14, Pfeiffer, Bellantoni, 88K) notes, "Democrats defended the video, titled 'America Needs a New Direction,' saying Republicans have previously exploited images of the September 11 terrorist attacks for campaign purposes." Some Democrats "denied the video is a fundraising pitch, even though it asks for the support of Democratic voters and is featured on the DCCC Web site. House Minority Leader Nancy Pelosi of California yesterday said she had not seen the ad, but stressed it is 'not a fundraiser' and noted she thinks it 'speaks truth to power about what's happening in Iraq.'" Reynolds said that Pelosi and DCCC Chairman Rahm Emanuel "'should be ashamed of themselves' for appearing in the video. … 'It makes my stomach turn to see national Democrats so blatantly exploit the sacrifices made by the men and women of our armed forces,' Mr. Reynolds said."

The AP relates that Reynolds "noted that Emanuel has on occasion appeared on the House floor to remember fallen soldiers by reading their names into the Congressional Record. 'It takes a galling level of smug self- righteousness for Rahm Emanuel to invoke our honored dead one day and put their coffins in an ad the next.' The outrage is reminiscent of Democratic complaints in 2004 when President Bush's

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campaign launched an ad that included an image of firefighters carrying a flag-draped coffin from the ruins of the World Trade Center. 'It was despicable when the Republicans used the photos of 9/11 for political purposes. Was that despicable?'" Pelosi "said to reporters Thursday. 'I think it is despicable that young peoples' lives are being lost more than 2,500. Republicans are in denial about that. Yet they talk about politicizing war.'"

South Carolina Democrat Calls On DCCC To Pull Video. The AP (7/14, Adcox) reports that SC5 Rep. John Spratt (D), in a letter to Emanuel on Thursday, called on the DCCC to pull the ad, which "shows caskets draped with American flags and a soldier standing at a grave." Spratt wrote in his letter to Emanuel, "I strongly recommend that you pull this ad and delete both of these clips before running it again." The AP notes, "In the two-paragraph letter, Spratt said he would discuss his feelings about the ad in greater detail later, 'but I urge you to pull the ad immediately.' The letter was sent one day after the video's release prompted Spratt's Republican challenger, state Rep. Ralph Norman, to ask South Carolina's longest-serving congressman to 'repudiate the new lows your party leaders have sunken to.'"

Aide Says Giuliani Will Likely Run For President In 2008. The Washington Times (7/14, 88K) reports in its "Inside the Beltway" column, "We are told this week that former New York Mayor Rudolph W. Giuliani most likely will enter the 2008 Republican presidential sweepstakes. 'At this stage, it's more likely that he will run than not,' a top adviser to Mr. Giuliani tells Inside the Beltway."

Connecticut Republicans Ask Schlesinger To Reconsider Senate Bid. The Washington Times (7/14, Pierce, 88K) reports in its "Inside Politics" column, "Connecticut Republican leaders have asked the Republican seeking to unseat U.S. Sen. Joe Lieberman to reconsider his campaign because he used a fake name to gamble at a casino in the 1990s, a newspaper reported. Alan Schlesinger acknowledged he had used a bogus name to obtain a card that Foxwoods Resort Casino patrons can use to win rewards. Gov. M. Jodi Rell and Republican State Chairman George Gallo asked him to reconsider running, the Hartford Courant reported."

RGA Has Raised $11.5 Million In 2006. The Wall Street Journal (7/14, Harwood, 2.03M) reports in its "Washington Wire" column, "Republican governors' group, led by 2008 White House hopeful Romney of Massachusetts, today will report year-to-date fund raising of $11.5 million in 2006. That tops $7.3 million to be filed by Democrats, who have been aiming for gains since a dozen Republican statehouse seats are considered vulnerable."

New Orleans Drops Bid To Host 2008 Democratic National Convention. The Washington Times (7/14, Pierce, 88K) reports in its "Inside Politics" column, "New Orleans has dropped out of the race to host the 2008 Democratic National Convention, saying the cost of holding the event after Hurricane Katrina last year was too massive. The announcement yesterday leaves Denver, Minneapolis-St. Paul and New York as the remaining competitors to host the party's nominating convention."

Schwarzenegger Says He Would Conditionally Back Easing Of Term Limits. The Los Angeles Times (7/14, Nicholas, 918K) reports that California Gov. Arnold Schwarzenegger (R) "plans to offer lawmakers a deal: He'll support an easing of term limits if they'll agree to change the way California draws voting districts. Schwarzenegger said in an interview Thursday he does not believe term limits have improved Sacramento's political culture. Allowing legislators to stay in office longer would be worthwhile, he said, if it induced them to put a proposal on the ballot that would strip them of the power to carve political boundaries." Schwarzenegger "says that he wants to make California elections more competitive, and that a new method of redistricting would help. He is backing a measure by Sen. Alan Lowenthal (D-Long Beach) that would transfer political map-making powers to a panel of 11 citizens, chosen by a bipartisan group of lawmakers and judges, and take effect after the 2010 census." Schwarzenegger "hopes to build a consensus in the Capitol in the next month for his new plan, including an extension of the time state lawmakers can serve, and put the package before voters in November."

NYTimes Pleased With Judge's Ruling On DeLay Ballot Issue. An editorial in the New York Times (7/14, 1.21M) relates that ex-House Majority Leader Tom DeLay "quit Congress earlier this year, clearly fearing political defeat as he faced trial on charges of campaign money laundering." Before leaving, however, DeLay "could not resist a final power play." He "ran in his party's primary

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and won. Then he resigned, angling to have his precinct bosses anoint a noncontroversial and hand-picked replacement for the November ballot." DeLay "pronounced himself a newly dedicated son of suburban Virginia and no longer eligible to run for office in Texas." But in a ruling that would require DeLay to appear on the November ballot in the TX22 District, U.S. District Judge Sam Sparks wrote, "There is no evidence that DeLay will still be living in Virginia tomorrow, let alone November 7." DeLay "has gamed the system so many times…that he may have presumed a minor thing like fixing the Republican nomination for his own seat was his to control. It might be a fitting punishment to force him to run for Congress while explaining to his constituents why he tried so hard to abandon them for the green fields of the Washington suburbs."

Bush Says Israel Has Right To Defend Itself, But Urges Restraint. ABC World News Tonight (7/13, story 3, 3:50, Moran, 8.78M) reported, "This crisis in the Middle East is yet another problem confronts President Bush and other world leaders as they head to Russia for the Group of Eight summit this weekend. In Germany today, President Bush said Israel's reaction was justified, but he added a note of caution." Bush: "Israel has a right to defend herself. Every nation must defend herself against terrorist attacks and the killing of innocent life. Whatever Israel does, though, should not weaken the government in Lebanon. We're concerned about the fragile democracy in Lebanon. We've been working very hard through the United Nations and with partners to strengthen the democracy in Lebanon." The CBS Evening News (7/13, story 2, 3:10, Schieffer, 7.66M) noted Bush "called the kidnapping of the soldiers 'pathetic' and defended Israel's reaction." Bush: "Israel has a right to defend itself. Every nation must defend herself against terrorist attacks and the killing of innocent life." CBS added, "That was this morning, and a few hours ago, Condoleezza Rice told reporters it is important that Israel exercise restraint and she demanded also that Syria bring pressure on Hezbollah to stop the attacks on Israel.

NBC Nightly News (7/13, lead story, 3:30, Williams, 9.87M) reported, "Today, President Bush backed Israel's right to self-defense while Russia and France condemned Israel's strikes. Greece says Israel is using excessive and pointless force. Tonight, the waters off Lebanon are under blockade. The US Secretary of State is now urging restraint. A lot of nations are calling on both sides to calm this situation down." CNN's The Situation Room (7/13, Malveaux) reported, "We heard President Bush quite boldly and frankly say that he believes that Israel is doing the right thing in terms of the attacks, and Lebanon -- saying that Israel has a right to defend herself but at the same time warning against any kind of movement that would undermine or weaken the Lebanese government." Bush "is putting quite a bit of pressure on the Syrian government, specifically President Assad, saying that that is a government and regime that is supporting Hamas, as well as Hezbollah. Do not be surprised if we hear more details about President Bush reaching out to some of the Middle Eastern allies to put pressure on the Syrian government, essentially to take responsibility and accountability for what is happening in Israel and Lebanon right now."

The Washington Post (7/14, A14, Baker, 748K) notes, "President Bush and his top diplomats scrambled Thursday night to quell spiraling violence in the Middle East and protect the new democratic government in Lebanon as Israeli forces escalated their strikes. Bush initially told reporters that 'Israel has a right to defend herself,'" but "the White House grew increasingly anxious" as the day wore on and "issued a late-night appeal to Israel. 'We just continue to ask that the Israelis exercise restraint, be concerned about civilian casualties, be concerned of course about civilian infrastructure,' [Secretary Rice] told reporters at a hastily called news conference [in Germany], 10 hours after Bush's original comments." The AP (7/14, Hunt) also notes, "Bush strongly defended Israel's attacks," but ten hours later, "Rice held a news conference and emphasized that Israel should exercise restraint to avoid civilian casualties and damage." The Washington Times (7/14, A1, Prothero, 88K) adds that Bush "urged Israel not to destabilize the pro-Western government in Beirut, even as he acknowledged the nation's right to defend itself."

The Wall Street Journal (7/14, A1, Leggett, Solomon, King, 2.03M) describes Bush as placing the blame on the renewed violence "firmly on Hezbollah and Hamas, while cautioning Israel not to do anything that would weaken the 'fragile democracy' in Lebanon." The New York Times (7/14, Rutenberg, 1.21M) reports Bush "gave qualified support on Thursday for Israel's strikes on Lebanon" and "placed the blame for the tensions squarely on Syria for housing leaders of Hezbollah. Even as he cautioned Israel to be careful not to destabilize the young democracy in Lebanon, Mr. Bush's

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position immediately put him at odds with European nations just before the [G-8 Summit.]"

"Senior Official" Says US Told Israel To "Target Very Carefully, But…Keep Going." ABC World News Tonight anchor Terry Moran (7/13, story 3, 3:50) asked correspondent Martha Raddatz, "This is clearly a terrific challenge for the Bush Administration. So, what are they doing now to try to get on top of it?" Raddatz responded: "There are two US envoys in Israel. They have been in the region for a couple of days, talking to the Jordanians, the Egyptians, tomorrow the Palestinians, trying to calm the situation down. But essentially, they are letting Israel apply the pressure. One senior official told me, there is a difference between telling the Israelis to stop and telling them to be careful. We are not telling them to stop. We are telling them to be careful. In other words, target very carefully, but a wink, keep going."

US, Some G-8 Members Split Over Israeli Actions. The New York Times (7/14, Knowlton, 1.21M) reports that the US "and several of its allies split today over the Israeli invasion of Lebanon. President Bush defended the incursion as a justified response to a terrorist act, while the European Union and Russia, the G-8 host, condemned it as 'disproportionate.' That division will add a new fault line to an already thorny and complex set of international issues awaiting the eight leading countries when they meet this weekend… The reaction also separates the United States from two other members of the so-called Quartet — the group also includes the EU, the UN and Russia — that has worked to pursue an Israeli-Palestinian peace." The Washington Times (7/14, Curl, 88K) notes German Chancellor Angela Merkel "supported Mr. Bush and also put the blame squarely on terrorist groups that have launched missile attacks on Israel and killed and kidnapped Israeli soldiers." But "Russia condemned Israel's strikes in Lebanon, calling the acts a dangerous escalation of the Middle East conflict" and "French Foreign Minister Philippe Douste-Blazy called Israel's bombardment of Beirut airport 'a disproportionate act of war,' saying there was a real risk of a regional conflict." Meanwhile, "British Prime Minister Tony Blair called on all sides in the Middle East crisis to exercise restraint, act proportionately and get back to the negotiating table as soon as possible."

NBC Nightly News (7/13, story 3, 2:15, Williams, 9.87M) noted President Bush "is overseas and at odds with several allies over Israel's military actions." NBC's Andrea Mitchell reported, "In Germany today, the President strongly supported Israel's right to defend itself, blaming Syria for harboring terror groups active in both Lebanon and Gaza." President Bush: "There are a group of terrorists who want to stop the advance of peace. Syria needs to be held to account. Syria's housing the militant wing of Hamas. Hezbollah has got an active presence in Syria." Mitchell added, "The Secretary of State blamed Iran as well, but tonight cautioned Israel not to go too far. … But all day, the US was alone in defending Israel, at the UN, exercising the sole veto against a resolution condemning Israel's Gaza incursion. The European Union called Israel's attacks on Lebanon 'disproportionate.' In fact, diplomatic sources tell NBC News Israel has been looking for an excuse to clean out Hezbollah strongholds after weeks of rocket attacks into Israel."

US Vetoes UN Resolution Demanding Israeli Withdrawal From Gaza. The AP (7/14, Wadhams) reports the US "blocked an Arab-backed resolution Thursday that would have demanded Israel halt its military offensive in the Gaza Strip, the first U.N. Security Council veto in nearly two years. The draft, sponsored by Qatar on behalf of other Arab nations, accused Israel of a 'disproportionate use of force' that endangered Palestinian civilians, and demanded Israel withdraw its troops from Gaza." While ten nations supported the resolution, Denmark, Peru, Slovakia and permanent member Britain abstained. Ambassador Bolton is quoted calling the draft "unbalanced" and saying, "It placed demands on one side in the Middle East conflict but not the other. This draft resolution would have exacerbated tensions in the region." CNN's The Situation Room (7/13, Roth) reported that US Ambassador to the UN John Bolton issued the first US' veto of a UN Security Council resolution in nearly two years to block "a resolution which would have condemned Israel for its Gaza incursion." Bolton "said the resolution was outdated and unbalanced."

US May Rely On UN To Broker Peace. The Wall Street Journal (7/14, A1, Leggett, Solomon, King, 2.03M) reports, "While the Bush administration is largely sympathetic with Israel's plight, and also eager to restrain Iran, it is unlikely to be as keen to directly confront Tehran now." The Journal notes, "As a result, the Bush administration faces an immediate decision on what it can do to contain the violence while allowing Israel to defend itself and its soldiers. … Two senior American officials -- Assistant Secretary of State David Welch and White House Middle East adviser Elliott Abrams -- met with Israeli Prime Minister Ehud Olmert Thursday. The U.S. said the best vehicle to defuse the crisis might be a

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United Nations delegation that is heading to the region at the behest of Secretary General Kofi Annan."

Resurgent Violence Raises Questions About Bush Foreign Policy Vision. The Wall Street Journal (7/14, Dreazen, 2.03M) reports under the headline "Mideast Violence Darkens Bush's Policy Successes" that "the surge in Mideast violence means conditions are deteriorating in the very places -- Israel, Palestinian territories, Lebanon and Afghanistan -- that President Bush had been able to point to as bright spots for his policies." The violence is not only overshadowing his G8 trip, but "the deeper problem is that it could leave him few success stories in an area that has become a focus of his presidency." The violence "is raising questions about the central thrust of the Bush administration's Mideast policy: the belief that spreading democracy in the Arab world will help moderate tensions and clear the way for a resumption of negotiations to end decades of Arab-Israeli violence."

Ignatius Warns US Against Engaging In Spreading Conflict. David Ignatius in his column in the Washington Post (7/14, A21, 748K) writes, "Israeli and American doctrine is premised on the idea that military force will deter adversaries. But as more force has been used in recent years, the deterrent value has inevitably gone down." Ignatius concludes, "In the Lebanon crisis we have a terrifying glimpse of the future: Iran and its radical allies are pushing toward war. That's the chilling reality behind this week's events. On Tuesday the Iranians spurned an American offer of talks on their nuclear program; on Wednesday their Hezbollah proxy committed what Israel rightly called 'an act of war.' The radicals want to lure America and Israel deeper into the killing ground, confident that they have the staying power to prevail. We should not play their game."

Israel Expands Air Campaign Against Lebanese Targets. ABC World News Tonight (7/13, lead story, 3:10, Moran, 8.78M) opened its broadcast by noting, "Israel's assault on Lebanon has reached a dangerous stage tonight, threatening to draw other countries into the conflict. Israel is bombing Lebanon by air, land and sea. … Tonight, U.N. negotiators are on their way, and the Bush Administration is scrambling to contain the violence." ABC added, "Israeli war planes knocked huge craters in all three runways at Beirut international airport. The airport is shut until further notice. Israeli warships enforced a naval blockade. Israel bombed a TV station, and south, struck at villages, bridges and roads close to the border. Today, as many as 50 were killed, includes two entire families." ABC went on to report, "Tonight, Israel struck Beirut airport again, destroying the fuel tanks. The fire could be seen for miles." The CBS Evening News (7/13, lead story, 4:00, Schieffer, 7.66M) reported, "The Middle East is on fire tonight." IDF Chief of Staff Lt. Gen. Dan Halutz: "We strike Beirut international airfield to hint to the Lebanese government that nothing is safe once they're operating against Israel. And nothing is safe; as simple as that."

NBC Nightly News (7/13, lead story, 3:30, Williams, 9.87M) reported, "The casualty count today in this conflict -- 55 dead in Lebanon, over 100 wounded. In Israel, 10 dead, over 35 wounded. … As for calls for a ceasefire, both sides say 'no.' The violence escalated all day. … Hezbollah fired volleys of Katyusha rockets at Nahariya, on Israel's coast. One rocket hit a woman sipping coffee on her balcony. She died instantly. Israel shot back from sea, air and land, hitting more than a hundred targets -- both Hezbollah buildings, like its TV station in Beirut, and infrastructure like roads, bridges as well as two Lebanese army bases. Lebanon's information minister said Lebanon requests an immediate and complete ceasefire. No one listened." Fox News' Special Report (7/13, Hume) noted, "Israel seems bent tonight on doing as much damage to the terrorist group Hezbollah as it can short of an outright invasion of Lebanon."

Under the headline, "Threat Of Wider Mideast War Grows," the Wall Street Journal (7/14, A1, Leggett, Solomon, King, 2.03M) reports, "Israel's escalating incursion into Lebanon…could turn its border fight with militant Islamists into a regional war that Israel is openly warning might lead to Syria, and beyond that to Iran." With this week's escalation of violence, "the stakes have grown starkly higher. Israel now is fighting not with Palestinians or Arab nations, as in the past, but with the forces of radical Islam." Israel's claim that Tehran and Damascus are to blame "could put the U.S. and Israel on diverging paths in the crisis." The Journal adds, "The growing conflict could become a significant setback for the Bush administration's vision for the region. Mr. Bush and many of his neoconservative strategists said in the months leading up to the Iraq invasion that toppling Saddam Hussein would make Israel and secular Arab states safer."

The Washington Post (7/14, A1, Shadid, Wilson, 748K) reports, "For both sides, the fighting appeared to cross a psychological barrier that had earlier contained the frequent clashes between Israel and Hezbollah. The Israeli attacks on

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Beirut's airport…were the first since Israel's 1982 invasion of Lebanon. … Across Lebanon, residents expressed fear that the conflict might drag on days, even weeks." Knight Ridder (7/14, Raad, Nissenbaum) adds, "In a search for a diplomatic solution and an immediate cease-fire," Lebanese President Fouad Siniora "met with diplomats from France, the United States and England. But Israel's ambassador to the United Nations, Dan Gillerman, harshly criticized Siniora's government in a letter to U.N. Secretary-General Kofi Annan, calling Wednesday's attack 'a clear declaration of war.'" The AP (7/14, Ghattas) notes, "Egypt launched a diplomatic bid to resolve the crisis, amid apparent frustration among moderate Arab nations that Hezbollah -- and by implication its top ally Syria -- had started the fight with Israel." Meanwhile, Saudi Arabia "accused Hezbollah guerrillas -- without naming them -- of 'uncalculated adventures' that precipitated the latest Middle East crisis."

The New York Times (7/14, A1, Fattah, Erlanger, 1.21M) notes, "Neither Israel's prime minister, Ehud Olmert, nor its defense minister, Amir Peretz, has the kind of long military experience previous holders of their positions have had, and the two have been in power for only several months. Some Israeli commentators argued that this made it all the more necessary for an unambiguous military response." The Christian Science Monitor (7/14, Murphy, 58K), USA Today (7/14, For, 2.27M) Financial Times (7/14, Wallis, Tassell, Tett, Morrison) also report on the Israeli escalation.

Lebanese Civilian Casualties Mount. The CBS Evening News (7/13, lead story, 4:00, Schieffer, 7.66M) reported, "Israeli forces attack Lebanon in close to 200 targets, including two military air bases. Bridges were torn apart, and roads destroyed. Panic erupted on the streets of the capital as Israel targeted Hezbollah buildings, including their TV station. Entire homes were destroyed in border villages as southern Lebanon was pounded relentlessly. As the Israeli air campaign intensified, the number of dead and wounded kept rising. Bodies piling up in mortuaries like this one in Beirut." NBC Nightly News (7/13, lead story, 3:30, Williams, 9.87M) reported, "Most of the damage in Lebanon was done by Israeli artillery. They're firing shells at the rate of at least one a minute. … Israelis say they're trying hard to avoid civilian casualties, but Lebanese casualties have been high in the two days of fighting -- 12 dead in just one family. It isn't clear how many Hezbollah fighters have died."

Beirut Airport Bombing Complicates Evacuation Of US Citizens. The CBS Evening News (7/13, story 3, 1:20, Schieffer, 7.66M) reported, "The State Department says there are about 25,000 Americans who live in Lebanon, many of them with a dual citizenship." CBS added, "The options for evacuating got a lot more complicated when the Israelis caught the US by surprise and bombed the international airport, cratering the runways, and making it impossible to fly in commercial airliners and simply bring Americans out that way. The Pentagon is looking at two options: One is send a task force of 200 Marines conducting an exercise in Jordan, back to Sudan to bring the Americans out. … The other option is to bring helicopters down from bases in Europe and stage an evacuation from the island of Cyprus."

Pentagon Plans For Possible Evacuation Of Americans From Lebanon. CNN's The Situation Room (7/14, Starr) reported, "Bombed out runways at Beirut International Airport, now forcing the Pentagon to plan for a worst case scenario. How to evacuate 25,000 Americans living in Lebanon without using the airport. Military officials tell CNN, it's just prudent contingency planning. But if an evacuation were ordered, it could involve sending in Marines by helicopters from ships off shore in the Mediterranean."

Outbreak Heightens Lebanese Debate About Hezbollah. The Washington Post (7/14, A1, Shadid, 748K) reports that "in the wake of Syria's withdrawal of its troops from Lebanon in 2005, the disarmament of Hezbollah has emerged as one of the foremost issues in Lebanese politics. Since the fighting with Israel started Wednesday, calls for Hezbollah to relinquish its weapons have gathered urgency." The Post notes, "After a cabinet meeting Thursday, the government said it had a right and duty to extend its control over all Lebanese territory. Interior Minister Ahmed Fatfat said the statement marked a step toward the government reasserting itself." And other government officials "went further, calling it a first move in possibly sending the Lebanese army to the border, a U.N.-endorsed proposal that Hezbollah has rejected. The officials described the meeting as stormy and contentious but said both sides -- Hezbollah and its government critics -- were especially wary of public divisions at a time of crisis. The Financial Times (7/14, Biedermann) notes, "While Israel is certainly getting blamed in Lebanon for causing more than 50 civilian casualties in retaliation for the capture of two of its soldiers in a cross-border Hizbollah attack on Wednesday, not many people in this part of the country appeared enthusiastic on Thursday about the group's provocation.

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The AP (7/14, Hendawi) reports, "Wracked by divisions over relations with Syria, the Western-backed government of Prime Minister Fuad Saniora has yet to muster the political will, or the courage, to disarm the guerrillas of the Shiite Hezbollah, allowing them to continue to operate with almost total autonomy in southern Lebanon." Many Lebanese "resent Hezbollah's free hand and feel that the government should do more to assert its authority. However, the dangers of taking on the group over its arms and the state-within-state role it has assumed in southern Lebanon carries serious risks." The New York Times (7/14, Fattah, 1.21M) reports, "The attack strained the fragile ties binding Lebanon, whose population of Sunni and Shiite Muslims, Christians and Druse, had begun recovering from the wounds of civil war. Lebanese reactions varied, in many cases along sectarian lines." In Shiite areas, the kidnapping of Israeli soldiers was celebrated, but "in many other parts of the city, many expressed indignation at having to pay for what they saw as a ruinous escapade." And it "has underscored the weakness of the government of Prime Minister Fouad Siniora, who for the past year has struggled to build legitimacy and focus the country inward, hoping to settle growing sectarian squabbles and improve the Lebanese economy."

Moderates Overshadowed By Extremists In Mideast. The New York Times (7/14, Slackman, 1.21M) reports "there is for now less room in the Middle East for moderate voices, voices of peace, according to political analysts, government officials and security officials in Syria, Jordan and Egypt. The region's agenda, as often in the past, is largely being set by militants -- with the masses swept along in emotion, anger and vengeance." And the trend has expanded to include regional governments as the "leaders of Egypt and Jordan, the only two Arab countries with peace treaties with Israel, are facing increasing hostility in the news media and on their own streets, while Iran and Syria, strong opponents of peace with Israel, have seen their credibility on the street increase. Sensing the tension among their people, Egyptian and Jordanian officials have stepped up domestic security efforts. In Egypt officials have moved to rein in the news media and stop street demonstrations. In Jordan, officials have pressed older members of the Islamic Action Front, the political arm of the Muslim Brotherhood, to rein in its more militant young members."

Olmert Agenda Threatened By Violence. The Los Angeles Times (7/14, Ellingwood, 918K) reports, "The ability of Israeli Prime Minister Ehud Olmert to carry out the main goal of his 2-month-old government — setting permanent and defensible borders for Israel — hinges on how well he handles the twin crises in Lebanon and the Gaza Strip." He "says he remains committed to that idea as the only way Israel and a Palestinian state will ever live in peace. But its prospects have been thrown into doubt by the two recent cross-border attacks by Islamic militants and the capture of three Israeli soldiers. The assaults may bolster the case of those Israelis who say unilateral pullouts without concessions are a boon to militants."

Friedman Says Democracy In Arab World At Risk. Thomas Friedman in his column in the New York Times (7/14, 1.21M) writes, "This is not a conflict about Palestinian or Lebanese prisoners in Israel. This is a power struggle within Lebanon, Palestine and Iraq over who will call the shots in their newly elected 'democratic' governments and whether they will be real democracies." The skeptics may be correct that "democracy, while it is the most powerful form of legitimate government, simply can't be implemented everywhere. It certainly is never going to work in the Arab-Muslim world if the U.S. and Britain are alone in pushing it in Iraq, if Europe dithers on the fence, if the moderate Arabs cannot come together and make a fist, and if Islamist parties are allowed to sit in governments and be treated with respect -- while maintaining private armies." Friedman Warns, "The whole democracy experiment in the Arab-Muslim world is at stake here, and right now it's going up in smoke."

Krauthammer Says Palestinian Goal Is Eradication Of Israel. Charles Krauthammer in his column in the Washington Post (7/14, A21, 748K) writes, "As the Palestinian excuses for continuing their war disappear one by one, the rhetoric is becoming more bold and honest. Just Tuesday, Palestinian Prime Minister Ismail Haniyeh, writing in The Post, referred to Israel as 'a supposedly 'legitimate' state.'" Haniyeh "made clear what he wants done with this bastard entity. 'Contrary to popular depictions of the crisis in the American media,' he writes, 'the dispute is not only about Gaza and the West Bank.' It is about 'a wider national conflict' that requires the vindication of 'Palestinian national rights.'" Which "means the right to all of Palestine, with no Jewish state."

Israel Threatens To Wage War On Syria, Iran.

ABC's World News Tonight (7/13, lead story, 3:10, Moran) noted, "If there were any doubt this conflict may spread further tonight, Israel is threatening Hezbollah's sponsors, Iran and

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Syria, warning they are playing with fire, and will bear the consequences. And late tonight the Iranian president shot back, saying that any Israeli strike on Syria would be considered an attack on the whole Islamic world, and he said Israel would face a fierce response." NBC Nightly News (7/13, story 2, 1:55, Engel, 9.87M) reported, "bombing the airport has a specific motivation, what Israel believes and what the United States also maintains is that for decades, Iran has used this airport to land 747s full of weapons and money for Hezbollah. Now, Israel, now that it is fighting Hezbollah, does not want the organization to be resupplied at this moment. Also, there are concerns across the region tonight that this conflict could quickly escalate to include Hezbollah's main sponsors, Iran and Syria." The Washington Times (7/14, Kralev, 88K) notes, "Israel's ambassador to Washington said yesterday that Iran and Syria are 'playing with fire' and 'will bear the consequences' if Hezbollah transfers two kidnapped Israeli soldiers to either of its patron nations." But a second "Israeli official said privately that there were no immediate plans to attack Iran's nuclear facilities, although the country previously has hinted at such action and has armed itself with aircraft capable of mounting such a strike."

Israeli Ambassador Says Iran, Syria Responsible For Escalation. Israel's Ambassador to the United States, Daniel Ayalon, said on CNN's The Situation Room (7/13) said Syria and Iran "are very much responsible for the major escalation that we see. And if we connect the dots of what happened in Gaza with Hamas operations just two weeks ago, what's happening with the Hezbollah, what's happening in Damascus, we see that there is a drive by Damascus and Tehran to upset things in the Middle East, divert attention from the nuclear ambition and the program that they're working on in Tehran, and to upset any chance for political dialogue. I think it is high time for the internal community to call Iran and Syria to the task and make them understand that there will be consequences that they will pay. And I think with a unified international position, now with the upcoming of the G-8, the UN, I think it will be very, very effective to stop the escalation."

Syrian Ambassador Says Israel Is To Blame For Escalation. Syria's Ambassador to the United States, Imad Moustapha was asked on CNN's The Situation Room (7/13) how worried he is that Israel could take retaliatory action against targets in Syria. Moustapha said, "This is pretty preposterous. The only party to blame for this collision of violence in the Middle East is Israel itself with its continuous occupation and with the atrocities it has committed against the Palestinians, particularly in the past two months. Now, suddenly, it is Damascus once again, and it's Iran once again. Who is to blame for the results of their occupation?"

Ahmadinejad Promises Assad Support If Israel Attacks. The AP (7/14, Karimi) notes Iranian President Mahmoud Ahmadinejad "warned Israel against extending its offensive in Lebanon to neighboring Syria, saying such a move would be regarded as an attack on the whole Islamic world and be met with a 'crushing response.'" He is quoted telling Syrian President Bashar Assad, "If the occupying regime of Jerusalem attacks Syria, it will be equivalent to an attack on the whole Islamic world and the regime (Israel) will face a crushing response."

Iran Accused Of Employing Hezbollah To Create Diversion. ABC World News Tonight (7/13, story 3, 3:50, Moran, 8.78M) reported Hezbollah "gets most of its arms through Syria, where it has a headquarters, and freely admits it gets much of its funding from Iran -- between $20 million and $40 million a month according to diplomatic sources. And whether its raid into Israel and capture of the soldiers was done at the request of Iran or not, few observers doubt that Iran signed off on the attack." Former US ambassador to Israel Martin Indyk contended, "This suits Iran's broader strategy as it finds itself pressed by the United States and our allies to negotiate over its nuclear program, to create a side issue." On the CBS Evening News (7/13, story 2, 3:10, Schieffer, 7.66M) reporter Bob Simon alleged, "Hamas and Hezbollah could exist without the Iranians. They supply support and money and weapons. And Iran's interest is to keep the pot boiling here, to open up another front between Iran and the west, and to divert attention from the pressure on Iran to come to terms with the nuclear issue."

Frist Blames Iran, Syria For Escalation. Senate Majority Leader Bill Frist said on CNN's The Situation Room (7/13), "Iran has been supporting Hezbollah, and Hezbollah is a terrorist organization that is behind much of the activity that is underway, so I do hold Iran responsible and Syria, and because of that very direct relationship in financially and otherwise supporting Hezbollah."

Biden Doubts Situation Will "Spiral Into A Full Blown War." Sen. Joe Biden said on MSNBC's Hardball (7/13) that the situation in the Middle East will not "spiral into a full-blown war, but I do think there's going to be an awful lot of trouble for the next several months." Biden added, "I'm not prepared to inspect Israel's response to what is an outright

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aggression and after they have in both cases, both in Gaza and in southern Lebanon, done the right thing. So I mean, once again, the focus is on the wrong group of actors, but do I think that this is going to result in Israel concluding that they need a full scale invasion of Lebanon and or of Syria and or of Iran, I don't think that's a reasonable option for them. And so I think you're going to see this low grade, but very, very serious kind of conflict for a while."

Some Question Whether Iran, Syria Were Behind Kidnappings. The Los Angeles Times (7/14, Richter, Meyer, Rotella, 918K) reports, "The Bush administration was quick to pin responsibility on Iran and Syria when Hezbollah militants captured two Israeli soldiers this week. Yet those countries may not have specifically planned and ordered the raid that has brought the Middle East to the edge of war, U.S. officials and terrorism experts say." The Times adds, "U.S. officials declined to offer specific evidence of Iranian or Syrian involvement in Wednesday's raid, in which eight Israeli soldiers were killed. But the Bush administration, in a statement afterward, said the two nations 'bear responsibility' based on their longtime ties and support."

Khalilzad Says Israel-Lebanon Situation Is Related To Iranian Nuclear Issue. US Ambassador to Iraq Zalmay Khalilzad said on CNN's The Situation Room (7/13) that the situation in the Middle East is "very dangerous," adding, "I believe that it has a lot to do with the evolving situation with regard to the Iranian nuclear issue. It is possible that as the Iranians refuse to cooperate with the proposal that was offered to them and as they come under more pressure to cooperate, that they may escalate things in Lebanon, in Israel, the Palestinian area, as well as in Iraq. So we have to be very careful and be resolute in terms of the future circumstances that we will face."

WSJ, WPost Support Retaliation Against Hezbollah Supporters. The Wall Street Journal (7/14, 2.03M) editorializes, "Israel can and will handle the immediate military threats on its two borders. But ultimately there will be no resolution in Lebanon and Gaza until the regimes in Syria and Iran believe they will pay a price for the wars they are waging through their proxies. The referral this week of Iran's nuclear file to the U.N. Security Council is a start, although we have little confidence it will lead anywhere. The White House has cited Syria and Iran as the culprits behind this week's events, but more forceful words and action are called for. The Middle East stands on the cusp of its worst crisis in a generation, and this is no time for formulaic statements calling for 'restraint from both sides.'"

Similarly, The Washington Post (7/14, A20, 748K) in an editorial writes that "even if Hezbollah is punished politically at home for its wild irresponsibility, the underlying problem -- its benefactors in Iran and Syria -- remains. That's where American and allied diplomacy and influence should be focused. Tehran should be called to account in the U.N. Security Council not only for its program to enrich uranium but also for its support of Hezbollah. Damascus, which hosts Hezbollah and Hamas, should also come under renewed international pressure, including sanctions. In all the diplomacy, the false lure of 'evenhandedness' must not be allowed to obscure the fact that Hezbollah and its backers have instigated the current fighting and should be held responsible for the consequences."

LAT Criticizes Israel For "Disproportionate" Response. The Los Angeles Times (7/14, 918K) disagrees with the Wall Street Journal and Washington Post, writing in an editorial that "Bush pointedly said Thursday that Syrian President Bashar Assad 'needs to show some leadership toward peace,' and other administration officials blamed Syria and Iran for supporting Hezbollah. It will be easier for the United States and Arab states such as Egypt and Jordan to bring pressure on Tehran and Damascus to rein in Hezbollah if Israel keeps its retaliation in proportion."

Hezbollah Rockets Hit Israel, Including Haifa.

The CBS Evening News (7/13, lead story, 4:00, Schieffer, 7.66M) reported, "Lebanese Hezbollah terrorists is fired more than 100 rockets into Israel, and Israel says one of them fell in the city of Haifa. … Rockets rained down on northern Israel, in the heaviest bombardment from Lebanon in decades, killing two Israelis, and wounding more than 100. Hezbollah militants went deeper into Israel than ever before, striking the poor city of Haifa 13 miles away. Israeli television said they used an Iranian rocket." ABC World News Tonight (7/13, story 2, 1:50, Moran, 8.78M) reported, "in recent years" the "border area between Lebanon and Syria has been quiet. That calm has now been shattered, too. Rockets have been raining down." ABC noted, "Nahariya is a seaside town, just 10 miles from the Lebanese border. And it has almost emptied. Tourists are gone. Businesses are shut. And the locals who are staying, are staying indoors. … Although these rockets are highly inaccurate, it makes it no less frightening for the

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people living here, because they never know where the next will land."

NBC Nightly News (7/13, lead story, 3:30, Williams, 9.87M) reported, "Israel threatened to hit Hezbollah targets in Beirut. … So Hezbollah retaliated by firing rockets at Haifa, Israel's third largest town. At least one rocket hit, doing little damage. But in many parts of northern Israel, there was serious damage. Residents were told to sleep in the bomb shelters." USA Today (7/14, Frank, 2.27M) reports, "Hundreds of Israelis fled Israel's suddenly volatile border with Lebanon" and many residents "urged a ferocious Israeli military response to the rocket fire along the border."

The New York Times (7/14, Myre, 1.21M) reports, "For Israelis who have endured the rocket fire in north since the 1970's, it was not supposed to turn out this way. When Israel pulled out of southern Lebanon in 2000, ending two decades of occupation, many believed, or at least hoped, that the rural Galilee would once again become a tranquil retreat known for its hiking and horseback riding rather than as the front line of a relentless conflict." The Los Angeles Times (7/14, Bekker, 918K) reports similar details.

Bush-Putin Relationship Dominates G-8 Summit. President Bush's trip to the G8 summit was overshadowed by the increasing violence in the Mideast, with coverage mainly focused on Bush's response to Israel's counterattacks during his stop in Germany. Stories on Bush's G8 trip focused on his complicated approach to dealing with Russian President Vladimir Putin. Providing the most extensive coverage in a 1,991-word feature, the Wall Street Journal (7/14, Dreazen, Cullison, White, 2.03M) says Presidents Bush and Putin enjoy a "complicated relationship between two highly competitive men with differing views of how their two countries should interact," and notes, "These days, relations between the U.S. and Russia are cooler than they've been since the end of the Cold War." Despite this, the Administration "is showing little interest in confronting him directly. At the moment, the U.S. needs Russia far more than Russia needs the U.S." Besides Moscow's diplomatic levers, Washington "is eager to keep Russia from using its considerable oil and gas holdings as a political weapon against the fragile democratic governments of neighboring countries like Ukraine." The Journal says "the tensions between Messrs. Bush and Putin hang heavily over" the G-8 Summit, however, both men "likely will try to patch over their problems and reach some economic deals."

Similarly, Knight Ridder (7/14, Douglas) reports, "Bush said he will talk firmly, but privately, to…Putin this weekend about the West's concern that he's retreating on democratic reforms when the two men meet in St. Petersburg." In Germany "Bush warned that his session with Putin wouldn't be a finger-wagging lecture on freedom and democracy."

The Los Angeles Times (7/14, Gerstenzang, 918K) says Bush's "comments went to the heart of what has become a growing debate over the course on which Putin is leading Russia and whether his government is blocking the growth of democracy there by restricting media freedom and the operations of nongovernmental organizations." He "said it was the United States' role 'to continually remind Russia' that if it wants to maintain good relations, it should 'share common values with us.'"

USA Today (7/14, Jackson, 2.27M) notes, "Unlike his warm relationship with German Chancellor Angela Merkel, Bush and Putin have sometimes had tense dealings. Bush said he doesn't want to 'scold' Putin over alleged democratic backsliding in Russia and is seeking Russia's help with 'common problems' such as Iran, North Korea, Iraq, trade and energy development." Noting the contrast between their first meeting in 2001, USA today notes, "Bush's handling of the Iraq war and other political problems have limited his ability to influence events overseas. Putin, meanwhile, enjoys approval ratings of more than 70% in Russia, even amid global protests that he is consolidating power for himself.

US WTO, Nuclear Deals With Russia Could Form Basis Of New Global Security Infrastructure. The Christian Science Monitor (7/14, LaFranchi, 58K) in an article describing how economic issues have become overshadowed by global security concerns also examines the Administration's possible strategy for engaging Russia with agreements on the WTO and civilian nuclear cooperation. Some experts are concerned such agreements would allow Russia to ignore human rights concerns, but others "say this 'carrot' that the White House is dangling is really more about Iran, and winning Russia's support for a tougher stance toward Tehran's nuclear ambitions." And Center for Strategic and International Studies nonproliferation expert Robert Einhorn "says the prospects for a Russia deal, taken together with the civilian nuclear agreement the White House wants to conclude with India, could form the basis of a new nuclear security architecture for a world of galloping energy needs. 'The common thread behind this is a world relying more all the time on nuclear energy,' he says."

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Ivanov Warns West Not To Bully Russia. The Financial Times (7/14, Ostrovsky, Daniel, Williamson) says Russian Defense Minister Sergei Ivanov "on Thursday warned the west to stay out of its internal affairs saying it would use its 'military might' as a deterrent and a guarantor of its sovereignty." Ivanov's newspaper interview "hailed Russia's resurgence as a great power, underpinned by a triad of 'sovereign democracy, a strong economy and military might.' He said Russia must hold its own 'in the face of those who criticise us or are our open enemies.'" The Times says Ivanov's "hawkish article is the latest sign of deterioration in Russia's relationship with the west."

Russian Clout Grows With European Demand For Energy. The Wall Street Journal (7/14, Kahn, Champion, White, 2.03M) reports, "Europe's dilemma reflects how dramatically the balance of power between the world's energy importing and exporting countries has changed as oil and gas prices have soared in the past few years, turning Russia from a supplicant for foreign aid to a cash-rich power courted for its energy resources." The Journal notes, "How to respond to the dilemma has split the European Union, further increasing Russia's leverage. Instead of scrambling to find new sources of gas, countries such as Germany and Italy, both of which will be attending the G-8 summit in St. Petersburg, are racing to become Russia's preferred partners to lock in long-term supplies."

Former Diplomat Encourages Bush To Confront Putin Over Democratic Reforms. Stuart Eizenstat, a former diplomatic official in the Carter and Clinton administrations, in an op-ed in the Wall Street Journal (7/14, 2.03M) writes, "President Bush and his G-7 colleagues should forcefully remind Mr. Putin that the G-8 is not a social club but a grouping of the world's leading 'industrialized democracies.' To ensure Russia's great power status, Mr. Putin must understand that there are fundamental principles to which great countries must adhere. The use of energy resources to threaten global stability, for one, is unacceptable and will invite retaliation." Eizenstat concludes, "Many of these messages were contained in Vice President Cheney's speech two months ago in Vilnius, where he warned Russia against using its energy resources to 'blackmail' its neighbors and the Kremlin's power to clamp down on enemies at home. These same messages should be delivered again in St. Petersburg. Otherwise, the Yukos affair and all it represents will continue to cast a long and dark shadow over Russia's relations with the West.

WSJ Says Russia Has Failed To Live Up To Expectations. The Wall Street Journal (7/14, 2.03M) editorializes, "Russia doesn't deserve its place among the G-8 democratic nations, and the task of the U.S. and other members is to encourage reform that will make it worthy of membership. Political and economic freedom aren't only nice words to be hauled out at gatherings like this weekend's St. Petersburg summit. For Russia they are the key to future prosperity and stability, a future that Mr. Putin has put in jeopardy."

Chirac Unveils French Agenda For G8. French President Jacques Chirac in an op-ed in the Christian Science Monitor (7/14, 58K) writes, "At the G-8 summit on July 15-17 in St. Petersburg, the first chaired by Russia, I will present four goals: to refocus the rich and the emerging countries on the imperative of addressing global warming; convince them of the urgent need for new funding to overcome poverty and pandemics; support Africa at a time when it is beginning to recover; and combat terrorism as well as the proliferation of weapons of mass destruction, particularly by dealing with the Iranian and North Korean issues. Indeed, we must seize the opportunities of globalization in this extraordinary period of global growth that is transforming the future of mankind, while correcting its unacceptable social and ecological excesses."

Bush Leaves Door Open For Tehran To Rejoin Talks. The New York Times (7/14, Hauser, 1.21M) reports remarks by President Bush "that the time has passed for Iran to respond to a package of incentives to stop uranium enrichment, but that there could still be opportunities for negotiations even though the case is now being referred to the" UNSC. Bush is quoted saying, "Their deadline passed. That's why we're going to the U.N. Security Council. They can show up any time and say, 'Wait a minute, now we'd like to go back and negotiate.' We're not precluding any further negotiations with the Iranians." The Times notes, "It is not certain whether the unity of" the US, the UK, France, Russia, China, and Germany on the Iranian issue "will hold."

The Washington Times (7/14, Curl, 88K) adds that German Chancellor Angela Merkel "strongly supported Mr. Bush's stance on Iran."

The AP (7/14, Lederer) reports on the public unveiling of the incentives package offered to Tehran last month, saying, "The world powers are prepared to provide Iran with advanced technology and possibly even nuclear research

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reactors if it agrees to suspend uranium enrichment… The full proposal showed a broader range of economic, political and energy incentives. They include promoting Tehran's membership in the [WTO] and the possible lifting of U.S. and European restrictions on the export of civilian aircraft and telecommunications equipment. Under the incentives, the six powers are prepared to help Iran build state-of-the-art light water nuclear power reactors and to give legally binding guarantees that nuclear fuel will be provided for these civilian reactors meant to produce energy."

The Washington Post (7/14, A18, Lynch, 748K) adds, "The package presented to the council Thursday provides no explicit assurances Tehran has sought to bar U.S. military strikes on its territory. Instead, it pledges the major powers' support for a vaguely defined international conference to 'promote dialogue and cooperation' on regional security." President Bush "has resisted European appeals to provide Iran with such security assurances, insisting that the military option not be taken off the table.

Seoul-Pyongyang Talks Collapse. The New York Times/IHT (7/14, Sang-hun, 1.21M) reports, "High-level talks between South and North Korea collapsed in acrimony today, as the North rejected South Korea's call for it to end missile tests and return to negotiations, instead countering with a demand for more economic aid." In addition, Beijing "appeared to have made little headway in its own efforts to bring the North Koreans to the negotiating table and the United States and Japan called for the [UNSC] to act." Assistant Secretary Chris Hill "said today that Washington was likely to allow more time for Chinese diplomatic efforts before pushing for a tough United Nations resolution. 'My sense is we're down to a number of days,' Mr. Hill told reporters." Of Pyongyang's responses, Hill is quoted saying, "So far they don't seem to be interested in listening, much less doing anything. I think the Chinese are as baffled as we are." Ambassador Bolton "said the United States still backed the Japanese resolution, but welcomed the Chinese-Russian measure because it was in the form of a resolution rather than a nonbinding statement."

The Washington Times (7/14, Salmon, 88K) in an article titled "Missile Crisis Diplomacy Crumbles" reports, "Diplomatic maneuvers to resolve the North Korean missile crisis collapsed yesterday, with Chinese talks in Pyongyang fruitless, the U.S. chief negotiator flying home empty-handed and a North Korean Cabinet-level delegation walking out of talks with South Korean counterparts."

The Washington Post (7/14, A18, Faiola, 748K) adds Seoul's suspension of food aid "infuriated visiting North Korean officials, who immediately cut off high-level talks in South Korea and stormed back home." The suspension "marked the South's first punitive action against its impoverished communist neighbor since" the July 4 missile tests. However, Seoul "also reiterated its deep opposition to a push by Japan and the United States to impose broader sanctions on North Korea through a draft resolution at the" UNSC. The "decision to follow through with a previous threat to suspend food aid if North Korea tested missiles -- a threat many experts doubted the Seoul government would stick to -- displayed a new willingness by the South to use its significant economic clout to apply pressure on the North."

An analysis piece in the Wall Street Journal (7/14, Fairclough, Blumenstein, Ramstad, 2.03M) notes Pyongyang's "barrage of missile tests has exacerbated political tensions in Northeast Asia, putting the Korean Peninsula at the center of a power struggle between a rising China, a more assertive Japan and a Russia eager to regain influence in the region." The situation "is complicated by the shifting balance of power between China and Japan, which are on a more equal economic and political footing than at any time in recent history and are competing for regional ascendance."

Japanese Ambassador Calls For UN Security Council To Act On North Korea. USA Today (7/14, 2.27M) reports, "Japan's ambassador to the United Nations pressed Thursday for Security Council action by the end of the week on North Korea's missile launches, though he said key differences remain with China and Russia on how to confront Pyongyang. 'We are not ready to spend a lot of time on these negotiations,' Kenzo Oshima said. Chinese Ambassador Wang Guangya said that the council needs more time and that the most important factor was to agree on a unified approach."

Watchdog Group Warns Of Terrorist Access To Nuclear Material. The AP (7/14, Hebert) reports the Nuclear Threat Initiative warned Thursday that while progress has been made in securing nuclear materials, tons remain "dangerously vulnerable" to theft by international terrorists. The NTI blames world leaders for failing "to provide money promised for or to pay strict attention to securing materials

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that could be used for a nuclear device or 'dirty' bomb." Meanwhile, "the Energy Department said Thursday it had reaffirmed in an agreement with Russia the 2000 commitment by each country to dispose of 34 tons of excess plutonium. The joint effort had stalled in recent years with talk that it was falling apart because of disagreements between the two nations on how to proceed." The AP notes, "Energy Secretary Samuel Bodman called Thursday's joint statement 'a clear sign of our mutual commitment to keeping dangerous nuclear material out of the hands of terrorists.'"

Indian Authorities Detain Hundreds In Bombing Probe. Indian authorities yesterday detained hundreds of people for questioning about this week's train bombings. Officials also released photographs of two other suspects. The Washington Post (7/14, A16, Naqvi, 748K) reports that many of the people detained "are activists from a banned organization called the Students Islamic Movement of India, officials said. Its members are also being investigated regarding bombings in this city, also called Mumbai, in 2003 that killed 55 people."

The AP (7/14, George) reports, "The government's Anti-Terror Squad released photos of young, lightly bearded men identified as Sayyad Zabiuddin and Zulfeqar Fayyaz, said Sunil Mane, an anti-terror official. Officials did not provide their nationalities, and it wasn't clear where the photos — head shots which appeared to have been taken for identification documents — originated. But officials said earlier Thursday that the prime suspect in Tuesday's bombings is Lashkar-e-Tayyaba, a Pakistan-based Islamic militant group that operates in Kashmir, the Himalayan region at the center of the long-running India-Pakistan conflict."

The Christian Science Monitor (7/14, Montero, 58K) reports that "suspicions are beginning to point to Lashkar-e-Tayyaba, or the Army of the Righteous, a Pakistani-based militant outfit with a long history of terrorist attacks inside India. It is too early to say whether the group was directly responsible for masterminding the violence. A Lashkar-e-Tayyaba spokesperson, Abdullah Ghaznavi, denied that the group was involved in the attack." Analysts say that whether or not Lashkar-e-Tayyaba "was directly involved…the group has achieved a kind of inspirational leadership role, becoming an operational template for militant splinter groups in India in much the same way that Al Qaeda has on the global stage."

The Los Angeles Times (7/14, Chu, 918K) reports that India blames Lashkar-e-Taiba "for several bombings that rocked New Delhi in October and accuses archrival Pakistan of sponsoring the group. The regime in Islamabad denies that allegation, but sharp words between the two countries since the attack Tuesday have spurred fears that their slow peace process could bog down further."

The New York Times (7/14, Sengupta, 1.21M) reports that "a man identifying himself as a member of a newly formed chapter of Al Qaeda in the disputed territory of Kashmir, which Pakistan and India both claim, telephoned a news agency to congratulate the perpetrators. Intelligence officials said they had not verified whether the caller was authentic, and some in the government voiced their skepticism about the claim. But the call raised the specter that groups claiming affinity with Al Qaeda had taken up the cause of the predominantly Muslim area."

Musharraf Pledges Support For Indian Bombing Investigation. AFP (7/14, Peachey) reports, "Amid a swirl of accusations that Pakistan has not done enough to curb the activity of Islamic militants operating on its soil, [President Pervez] Musharraf pledged his full support to the Indian investigation. 'I assure (Indian) Prime Minister Manmohan Singh that the Pakistan government and I myself are with him in any investigation he wants to carry out,' Musharraf said in an interview with Business Plus Television."

Mumbai Businesses Rebound Quickly After Attacks. USA Today (7/14, For, 2.27M) reports, "Terrorist attacks often depress stocks elsewhere in the world, but the bulls roared in Mumbai, India's financial capital, after bomb blasts killed at least 200 commuters this week. The Sensex stock exchange index rose nearly 316 points -- 3% -- the day after Tuesday's blasts, before sliding back about 72 points Thursday to 10,858.50. The market reaction was typical of a city and people known for resilience in the face of natural and man-made disasters."

Lantos Has Security Concerns About F-16 Sale To Pakistan. Rep. Tom Lantos called on Thursday called on the Bush Administration to address security concerns over a proposed sale of F-16 fighter jets to Pakistan. The AP (7/14, Klug) reports that Lantos "emphasized in an interview that he supported the $5 billion proposal, 'but my support is contingent on providing the United States with total security with respect to the non-leaking of any of our high-tech capabilities to any other party.'" Lawmakers "worry that China, which has close military ties with Pakistan, might gain access to F-16 technology. Lantos

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said that 'in view of the very unfortunate A.Q. Khan history, we have to be absolutely convinced that the provisions in place will prevent any conceivable leakage of technology to anybody.'"

Obrador Says Video Proves Fraud In Mexican Presidential Election. Leftist Mexican Presidential candidate Andrés Manuel López Obrador released a video showing a man inside a polling station stuffing votes into a ballot box. The New York Times (7/14, Thompson, McKinley, 1.21M) reports Obrador called the video "proof that poll workers had taken part in a conspiracy of fraud that robbed him of victory and handed it to his conservative rival, Felipe Calderón." The Times adds that "the Federal Electoral Institute, or IFE, and Mr. López Obrador's own representative at the polling station said Mr. López Obrador was misrepresenting the video. The tape, they said, showed a poll worker putting misplaced ballots where they belonged, a common procedure that was perfectly legal."

The Financial Times (7/14, Thomson, Authers) reports that a top aide to Obrador "promised mass protests in the event of an unfavourable ruling by the country's electoral tribunal."

O'Grady Says Mexico's Left Must Accept the Rule Of Law. Mary Anastasia O'Grady writes in the he Wall Street Journal (7/14, 2.03M) that Obrador, "like Shakespeare's Richard III, sees himself the victim of a world out to get him." An Obrador aide "said this week that if the judicial tribunal of the Federal Electoral Institute does not approve a full recount, this time opening every one of the sealed packages of votes totaling 41 million, 'we are not going to let him [Calderón] govern.' Legal channels are only one path, he suggested. 'The other road is insurrection.'" O'Grady adds, "The modern wing of the Mexican left knows that if it ever wants to get back in power it has to unload the dinosaurs and recognize that the rule of law matters. That's what makes this a test case not only for the IFE tribunal but for all of Mexico."

Publication Of Thai PM's Letter To Bush Sparks Outrage. The Washington Times (7/14, Ehrlich, 88K) reports, "The publication of a confidential letter to President Bush from Thailand's prime minister, warning of a 'threat to democracy in Thailand,' has provoked outrage, satire and indignation. In a 544-word letter dated June 23, Prime Minister Thaksin Shinawatra said his political opponents are trying to 'provoke violence' through 'chaos' in the streets. Mr. Bush sent a 138-word reply on July 3 which said: 'I appreciate your assurance that our good cooperation on issues of vital importance to us both will continue.' … Thaksin's critics were especially distressed by the prime minister's description of peaceful street demonstrations, which called for Mr. Thaksin's resignation and snarled Bangkok traffic during March."

Steelmakers Call For US Action Against China. The US steel industry is asking US trade officials to take action against China for continuing to subsidize its steelmakers. The Wall Street Journal (7/14, Scinta, 2.03M) reports, "A study prepared for industry groups says China's forgiveness of steel-company debt, preferential loan practices, targeted infrastructure development and currency manipulation give Chinese producers a huge advantage over companies that operate under free-market rules. … The American Iron & Steel Institute, the Steel Manufacturers Association, the Specialty Steel Industry of North America, and the Committee on Pipe and Tube Imports supported the study, which was prepared by a Washington-based law firm. The groups said on a conference call that they provided the study to U.S. trade officials."

US Imposing New Controls On High-Tech Exports To China. The Washington Times (7/14, Gertz, 88K) reports, "The Bush administration is imposing new controls on high-technology exports to China, aimed at preventing illegal diversion of goods that are boosting Beijing's large-scale military buildup, a senior commerce official says. David H. McCormick, commerce undersecretary for industry and security, said in an interview that the proposed restrictions, announced last week, are a 'substantial' revision of export controls that would limit 47 areas of high-technology exports, ranging from aircraft to machine tools, to composite materials used in radar-evading stealth aircraft."

Venezuela, Argentina Seek To Create An IMF Alternative. The Washington Times (7/14, Hearn, 88K) reports that Venezuela and Argentina have plans to establish a new regional bank for nations frustrated with IMF conditions. Argentine President Nestor Kirchner "announced recently that the countries will cooperate on a 'binational' bond issue that will serve as a precursor to a regionwide

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financial institution, an idea promoted by Venezuelan President Hugo Chavez. Regional news outlets said the so-called 'bond of the South' would be valued at about $2 billion and be used to finance infrastructure projects."

Airbus Scrambles To Unveil A350. The Wall Street Journal (7/14, Michaels, Lunsford, 2.03M) reports that Airbus is scrambling to unveil its new long-haul jetliner, the A350, at next week's Farnborough Air Show. The Journal says that even Airbus meets this deadline, "it remains to be seen whether airlines like the new jet enough for Airbus to start building soon and avoid trailing Boeing for years to come." The A350 "is part of a new generation of airplanes that will carry the bulk of long-haul travelers for the next 20 years -- a highly profitable market likely to top 6,000 planes during the period, at $150 million to $200 million each. At a time of high fuel costs and plunging fares, the world's airlines are leaning heavily on manufacturers to design faster, lighter planes."

Aida Says Election Will Determine Future Of Japan's "Asiaist" Traditions. Hiro Aida, a senior writer at Japan's Kyodo News, writes in the Wall Street Journal (7/14, 2.03M), "For the last century and a half, Japanese political and intellectual leaders have tried to convert a negative image of a 'backward' Asia (imposed by the West) into a vigorous regionalism. … The future of Japanese Asianism will be decided during the prime ministerial elections in September. Whoever wins will have the chance to reinvigorate or further neglect the country's Asianist traditions, and thus influence the country's identity. Frontrunner Shinzo Abe, chief cabinet secretary to Prime Minister Junichiro Koizumi, is expected to inherit the incumbent's foreign policy, which is more pro-American than Asianist. The second most popular -- but still undeclared -- candidate is Yasuo Fukuda, a former chief cabinet secretary who would likely set a new trend by leaning toward Asianism."

LATimes Decries Rising "American Protectionism." An editorial in the Los Angeles Times (7/14, 918K) says, "If there's anything truly controversial about the Congressional French Caucus on this, the 217th anniversary of the storming of the Bastille, it's that the members' interests -- or more accurately, the interests of the French lobbyists who interact with them -- are now more aligned with what's good for America than the protectionist, election-year sausage being created and contemplated by the 109th Congress. … France, in addition to being the United States' oldest ally (albeit a nettlesome one), is one of the five largest foreign investors in the U.S., and French companies are rightly alarmed by rising American protectionism. But it's American consumers and workers who are most hurt when foreign capital is turned away, so more power to the French Caucus if it can help Congress block senseless legislation."

Brazil's Lula Urges Congress To Repeal Ethanol Tariff. In the Wall Street Journal (7/14, 2.03M) Brazilian President Luiz Inácio Lula da Silva opines, "The sharp rise in international oil prices, political instability in producing regions and the environmental impact of fossil fuels have combined to evoke a growing interest in alternative energy sources." In this context, Lula says Brazil's "success story" with ethanol fuel "will be of interest during the G-8 summit in St. Petersburg." The Brazilian leader says he is "delighted" to see President Bush "actively promote" ethanol, noting that "both Brazil and the US have a lot to gain if we can work together to promote a global market for ethanol." He notes that while Brazil is "often seen as a model in the ethanol sector, it does not wish to achieve a dominant global position." Nevertheless, Lula says Brazil "hopes to see the day when the secondary tariff on US ethanol imports (now 54 cents per gallon) is eliminated, as that would foster the goal of globalization of the ethanol market and enhance bilateral trade."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Israel Blocks Lebanese Coast."
"A Land Of Racial Harmony?"
"City Vents Anger At Illegal Immigrants."
"Limit Cellphones In Cars Or Just Let Freedom Ring?"
"Despite Hezbollah's Ties To Iran And Syria, It Also Acts Alone."
"Gov. Seeks Deal That Would Ease Term Limits."

USA Today:

"Mideast Nears Regional War."
"Rents Could Fall As New Condos Become Apartments."
"Serious Female Singers Harder To Find On The Charts."

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New York Times:
"Israel Blockades Lebanon; Wide Strikes By Hezbollah."
"Bush Would Let Secret Court Sift Wiretap Process."
"For Accused G.I., Iraq Only Added To His Woes."
"Videos, Doubts, And A Backlash In Mexico Vote."
"Top Grades And No Class Time For Auburn Players."

Washington Post:
"Israel Blockades, Bombs Lebanon While Hezbollah Rains Rocket Fire."
"Each Death In The City's Violent July Has A Story."
"Voting Rights Act Extensions Pass House Despite GOP Infighting."
"Bush Compromises On Spying Program."

Washington Times:
"Israel Moves To Seal Off Lebanon."
"Chances Fade For Barbaro's Survival."
"Iran, Syria Seen 'Playing With Fire.'"
"Senate Denies Funds For New Border Fence."
"Crime Types Vary By D.C. Division."
"Survivor Injured, Alone."

Detroit Free Press:
"Q: Would This Auto Alliance Be Good For GM? 53% Say Yes."
"Intense Mideast Fighting Worsens."
"Executives Guarded But Eager For Meeting."

Atlanta Journal-Constitution:
"Voting Act OK'd In Tense House."
"Israelis Strike Hard At Hezbollah."
"Home Schooled Kids Hit Campaign Trail For GOP."

Houston Chronicle:
"Falling TVs Pose A Growing Danger."
"Oil Surges To A Record; Experts See No Relief."
"Israel Blockades Lebanon In Escalation Of Violence."
'Border Raid Could Mean 'High Price' For Lebanon."
"Bush Poised To Accept 2 Curbs On His Authority."
"Web Sites Shed Light On Sugar Land Suspects."

Story Lineup From Last Night's Network News:
ABC: Mideast Violence; Mideast Violence-Civilian Impact; Bush-Mideast Challenge; Oil Prices; Premature Births; CA-Wildfires; Racehorse-Medical Status; Buttons Obit; Eagle Scout-Afghan Charity.
CBS: Mideast Violence; Mideast Violence-Hezbollah; Americans In Lebanon; Gas Prices; Premature Births; Western Wildfires; Racehorse-Medical Status; Quadriplegic-Medical Advancement; Dennis Hastert Hospitalized.
NBC: Mideast Violence; Mideast Violence-Lebanon; Mideast Violence-Bush Administration; Oil Prices; CA-Wildfires; CIA Leak Case; Hazleton, PA-Illegal Immigration; Premature Births; Racehorse-Medical Status; Buttons Obit; United-Ground Crew Training.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Israel-Lebanon Attacks; Israel-Gaza Incursion; Bush-Russia; Oil Prices; Heat Wave; CA-Wildfire.
CBS: Israel-Lebanon Attacks; Pentagon-Lebanon Evacuation Plans; CA-wildfire; India-Train Bombing Investigation; Space Shuttle Mission; Coors-Drunk Driving Arrest; Oil Prices; Wall Street.
NPR: Israel-Lebanon Attacks; Israel-Gaza Incursion; Iran-Nuclear Program; Mexico-Election; House-Voting Rights Act; Economists Survey-Economic Activity; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Departs hotel in Heiligendamm, Germany en route Rostock, Germany.

Visits the Monument to th Heroic Defenders of Leningrad.

Arrives at Consul General's residence. St. Petersburg.

Begins participation in roundtable discussion with Civil Society.

Departs en route Kostantinovsky Palace Complex.

Has dinner with President and Mrs. Putin. President's Cottage.

VICE PRESIDENT CHENEY — Speaks at a reception for congressional candidate Ray Meier. Hotel Utica, Utica, N.Y.

US Senate: No scheduled events.

US House: No scheduled events.

Other: July 12 - 14. BLACK CHURCH SEXUALITY CONFERENCE _ The Religious Coalition for Reproductive Choice sponosrs the 10th annual National Black Religious Summit on Sexuality. Three days of workshops and discussion on teen pregnancy prevention, faith-based sexuality, domestic violence, HIV/AIDS, teen leadership, family life and other topics. Location: Howard University School of Divinity, 1400 Shepherd St. NE.

July 12 - 15. SISTER CITIES CONFERENCE _ Sister Cities International 50th anniversary conference on citizen diplomacy. Speakers and workshops on international city-to-city partnerships. In conjunction with the Inaugural National

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Summit on Citizen Diplomacy, sponsored by the Coalition for Citizens Diplomacy. Location: Hyatt Regency-Washington on Capitol Hill, 400 New Jersey Ave. NW

July 12 - 15. WORLD CONFERENCE ON TOBACCO OR HEALTH _ Three day convention on building a tobacco-free world. Workshops and session on tobacco control and regulation, the human cost of tobacco, smoking prevention, and the tobacco industry. Location: Washington Convention Center, Mt. Vernon Square.

9:30 a.m. - 4 p.m. MEDICARE _ The National Academy of Social Insurance holds a Medicare Academy for students and interns. Location: Jordan Conference Center, Kaiser Family Foundation, 1330 G St. NW.

8 a.m. - 9 a.m. NUCLEAR TERRORISM _ The National Defense University Foundation hosts a breakfast seminar on the threat of nuclear terroism. With Ambassador Robert Joseph, Under Secretary of State for Arms Control. Location: Capitol Hill Club, 300 First Avenue, SE.

8:30 a.m. - 10 a.m. EXPORT CONTROLS ENFORCEMENT _ Women in International Trade host a talk by Wendy Wysong, deputy assistant Secretary of Commerce for export enforcement. Topic: Enforcement activities against violators of U.S. export controls. Location: Manatt, Phelps and Phillips, LLP. Suite 1100, One Metro Center, 700 12th St. NW.

9 a.m. PENTAGON-IRAQ SECURITY _ Army Col. Sean B. MacFarland, commander of 1st Brigade Combat Team, 1st Armored Division, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

9:45 a.m. GUARD-BORDER SECURITY _ Lt. Gen. H Steven Blum, chief of the National Guard Bureau, holds a news briefing to provide an update on Operation Jump Start, involving deployment of United States National Guard troops along the United States-Mexico border. Location: DOD Briefing Studio, Pentagon 2E579.

10 a.m. PLAME-WILSON LAWSUIT _ CIA officer Valerie Plame and her husband,former Ambassador Joe Wilson, make statements on their lawsuit against Vice President Dick Cheney and presidential aide Karl Rove that was filed in US District Court on Thursday. Location: National Press Club, Holeman Lounge.

11 a.m. MARRIED PRIESTS _ News conference to announce the new organization Married priests Now!, an international coalition of married priests and to call on the Roman Catholic Church to reconcile with married priests, with Archbishop Emmanuel Milingo, Archbishop George Stallings, founder of the Imani Temple African American Catholic Congregation, others. Location: Imani Temple African American Catholic Congregation, 609-611 Maryland Ave. NE.

July 14 - 15. 11 a.m. HOMELAND SECURITY _ The Heritage Foundation holds a discussion with Assistant Defense Secretary Paul McHale on homeland security achievements and the future. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

11:30 a.m. WOMEN-ACTIVISM _ The Network of enlightened Women announces plans for four new college chapters at its first annual national conference and honors one women asa its leader of the year. Location: Room 2203, Rayburn.

12 p.m. SCHOOMAKER _ Defense Forum Foundation holds a luncheon with Army Chief of Staff Gen. Peter Schoomaker. Location: Room B-339, Rayburn.

12:30 p.m. - 2 p.m. PRIVATE INVESTMENT-ACADEMIA _ The National Academies hosts a seminar debate on issues of academic freedom in research, potential conflicts of interest, and long-term impacts of university-industry partnerships. Location: Room 100, Keck Center, 500 5th St. NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JULY 14, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Bush Agrees To FISA Court Review Of NSA Surveillance Program ... 3
Lawmakers Discussed Monitoring Terrorist Finances In 2002 ... 4
Testimony Reveals Administration Divisions On Detainees ... 4
House Republicans Signal Coming Clash Over Military Tribunals 5
Padilla Allowed Access To Classified Documents ... 5
DOJ Argues For Dismissal Of Suit Over AT&T Phone Records ... 6
Judge Again Denies Bail For New York Imam Facing Terrorism Charges ... 6
Utah Relatives Of Terror Suspect Indicted On Fraud Charges ... 6

Homeland Response:
SBA Official Says 9/11 Loan Program Was "A Disaster In the Making." ... 6
Pilots Groups Call For Improved Cargo Aircraft Safety ... 7
Unofficial "Shrine" Near 9/11 Site To Close Temporarily ... 7
WPost Says DHS Should Stop Defending Terror Target Database ... 7
Senate Spending Bill Would Replace FEMA With New Agency ... 7

War News:
Military Control Of Province Handed Over To Iraqis ... 7
Iraqi Politicians Tell Sects To Meet ... 8
CBO Estimates War's Current, Future Cost ... 8
Accused GI Entered Army With Problems ... 8
Businessman Convicted Over Oil-For-Food Scandal ... 9

DOJ:
Senate Appropriations Committee Approves DOJ, Commerce And NASA Budgets ... 9
DOJ, DHS Issue Updated National Information Exchange Model 9

Corporate Scandals:
UK Bankers Extradited To US As Blair Sends Baroness To Lobby For Treaty ... 9
US Attorney Launches Task Force To Investigate Silicon Valley Options Backdating ... 10

Criminal Law:
DOJ Opposes Delays In Jefferson Probe ... 11
Safavian Seeks New Trial ... 11
Judge Give New Hampshire Democrats Go-Ahead For Phone-Jamming Questions ... 11
FBI Subpoenas New Jersey Township Records In Ongoing Corruption Probe ... 12
Gotti Said He Was Prepared To Plead Guilty To Sliwa Hit Charges ... 12
FBI Computer Contractor Sentenced To Probation For Password Hacking ... 12
House Committee Passes Bill Requiring FBI To Report Felonies Committed By Informants ... 12
Missouri May Delay Executions While Searching For Doctors To Assist ... 13
House Committee Identities Child Pornography Consumers ... 13
Senate Committee Approves Budget Increase For Anti-Crime Grants ... 13

Civil Law:
Plame And Wilson File Suit Against Cheney, Rove And Libby ... 13
DOJ Settles Civil Fraud Suit With Gabelli For $130 Million ... 14

Civil Rights:
House Votes To Extend Voting Rights Act 390-33 ... 15
Activists Use Lawsuits In Bid To Stop Electronic Voting ... 16
Plain Dealer Says DOJ Suit Highlights Euclid Voting Problems .. 16
California Women Plead Guilty To Sex Slavery Charges ... 16
Rationale For New York Ruling On Gay Marriage Analyzed ... 16

Antitrust:
States To File Price-Fixing Suit Against Chip Makers ... 17
FCC Clears Cable Giants' Bid For Adelphia Systems ... 18
FTC Charges Texas Realtors With Restraining Competition ... 18
California Businessman Seeks To Block McClatchy Sale ... 19
FTC Clears Morgan Stanley Purchase Of Transmontaigne ... 19
European Court Overturns EU Approval Of Sony-BMG Merger . 19

Environment/Indian Affairs:
Canada Confirms Seventh Mad-Cow Disease ... 20
House Committee's Report Faults Global Warming Studies ... 20
California Wildfires Continue To Expand ... 20
Judicial Panel Cites Mismanagement Of Indian Trust Accounts . 20

FBI/DEA/ATF/USMS:
At Least 8 Heroin Overdoses Reported In New Jersey ... 21

Spokane Task Force Seeks To Thwart Gang Violence 21
Iowa Brothers Sentenced In Meth Case 21
Judge Blocks Changes To California's Drug Treatment Program21
Reporting Continues On Possible Indictment Of Bonds..... 22
San Francisco Marijuana Club Denied Permit By Planning Commission 22

Immigration:

Senate Votes Against Amendment Funding Border Wall 71-29 . 22

Tax:

Judge In KPMG Case Raises New Concerns About Prosecutorial Tactics..... 23

Congress-Administration:

Haynes Faces Bipartisan Criticism Over Detainee Policies 23
Democrats Question Suitability Of Bush CPB Nominee 23
IG Report Examinees VA Data Theft..... 24
Roberts Says Courts Must Reach Out To Congress..... 24
Members Of Congress Show Little Inclination To Bailout GM 24
Bush's "Bounce" Among Hispanic Voters In 2004 Said To Have Evaporated..... 24
DOL Reports Increased Claims For Unemployment Benefits..... 25
Blakey Said To Be Eyeing Mineta's Post..... 25
Hastert Hospitalized With Cellulitis 25
Shuttle Crew To Look For Space Debris Damage As Foam Fears Subside..... 25

Other News:

Federal Deficit Down 17% Compared To First Nine Months Of Last Fiscal Year 26
Mideast Violence Expected To Push Oil Prices Even Higher 26
Wall Street Sell-Off Attributed To Concern Over Oil Prices And War Fears 26
US Economic Growth Said To Benefit The Rich Disproportionately..... 27
GOP Expresses Outrage Over Democratic Ad Featuring Troops' Coffins..... 27
Aide Says Giuliani Will Likely Run For President In 2008 27
Connecticut Republicans Ask Schlesinger To Reconsider Senate Bid 27
RGA Has Raised $11.5 Million In 2006 28
New Orleans Drops Bid To Host 2008 Democratic National Convention..... 28
Schwarzenegger Says He Would Conditionally Back Easing Of Term Limits 28
NYTimes Pleased With Judge's Ruling On DeLay Ballot Issue .. 28
Bush Says Israel Has Right To Defend Itself, But Urges Restraint..... 28
Israel Expands Air Campaign Against Lebanese Targets..... 30
Israel Threatens To Wage War On Syria, Iran 32
Hezbollah Rockets Hit Israel, Including Haifa..... 34
Bush-Putin Relationship Dominates G-8 Summit..... 34
Bush Leaves Door Open For Tehran To Rejoin Talks 36
Seoul-Pyongyang Talks Collapse..... 36
Watchdog Group Warns Of Terrorist Access To Nuclear Material37
Indian Authorities Detain Hundreds In Bombing Probe 37
Lantos Has Security Concerns About F-16 Sale To Pakistan..... 38
Obrador Says Video Proves Fraud In Mexican Presidential Election 38
Publication Of Thai PM's Letter To Bush Sparks Outrage 38
Steelmakers Call For US Action Against China..... 38
US Imposing New Controls On High-Tech Exports To China..... 38
Venezuela, Argentina Seek To Create An IMF Alternative 38
Airbus Scrambles To Unveil A350 39
Aida Says Election Will Determine Future Of Japan's "Asiaist" Traditions 39
LATimes Decries Rising "American Protectionism."..... 39
Brazil's Lula Urges Congress To Repeal Ethanol Tariff 39

The Big Picture:

Headlines From Today's Front Pages 39

Washington's Schedule:

Today's Events In Washington 40

DOJ_NMG_0040548

TERRORISM NEWS:

Bush Agrees To FISA Court Review Of NSA Surveillance Program. In what is being reported as a policy reversal, President Bush has agreed to sign legislation proposed by Sen. Arlen Specter allowing the FISA court to review intelligence collection under the NSA surveillance program. CNN's The Situation Room (7/13, Koppel) reported that Bush "has made an about-face." White House spokeswoman Dana Perino said Bush "recognized that this as an optional choice; it wasn't a mandatory decision that he submit this to the FISA court." The Financial Times (7/14, Sevastopulo, Daniel, Germany) notes that the decision marks "the White House's second recent big policy reversal. … The compromise is the second recent policy U-turn by a White House that has argued the President should have unfettered ability to prosecute the war on terror. Earlier this week, the FT reported that the administration had decided to give all detainees in US military custody some protection under the Geneva convention, that followed a Supreme Court ruling that the military commissions at Guantánamo Bay violate US law and the Geneva convention."

USA Today (7/14, Diamond, 2.27M) reports, "Attorney General Alberto Gonzales said Specter's legislation 'could be very helpful' and would 'continue to allow the president to gather up information to protect the country.' … By agreeing to a court review, Specter said, Bush is in effect saying 'that the president does not have a blank check.'" The New York Times (7/14, Lichtblau, 1.21M) reports, "If approved by Congress, the deal would put the court… in the unusual position of deciding whether the wiretapping program is a legitimate use of the president's power to fight terrorism. The aim of the plan…Gonzales told reporters, would be to 'test the constitutionality' of the program." The plan was "brokered over the last three weeks in negotiations between Senator Arlen Specter and senior White House officials, including President Bush himself." The Los Angeles Times (7/14, Schmitt, Gerstenzang, 918K) notes, "One provision would make it easier in individual surveillance cases for the Justice Department and the FBI to act in emergencies without the approval of the court by extending the timing of temporary surveillance from three to seven days."

Under the headline "Bush Compromises on Spying Program," a front page story in the Washington Post (7/14, Babington, Baker, 748K) reports that Bush is "switching course on one of his most controversial anti-terrorism policies," but is "insisting that Congress first give him new leeway in some areas of surveillance and that all lawsuits challenging his eavesdropping policy be funneled to a Washington-based intelligence court that operates in secret." The Post adds that the deal "is a reversal of Bush's position that he would not submit his program to court review." McClatchy Newspapers (7/14, Landay) reports Specter "said the legislation he's sponsoring strikes a balance between the president's inherent constitutional authority to protect the country and citizens' right to privacy," but "civil liberties groups called the measure a ruse designed to keep Congress and the public in the dark about the full extent of what they condemned as an illegal program run by the National Security Agency, which conducts electronic eavesdropping."

The Wall Street Journal (7/14, Winograd, Squeo, 2.03M) reports administration officials "called the bill a victory," noting, "the expansion of wiretapping possibilities and language emphasizing that the Foreign Intelligence Services Act doesn't limit the president's inherent constitutional authority." However, "Democrats and civil-liberties groups criticized the agreement." Sen. Patrick Leahy "told the Associated Press that President Bush is 'saying, if you do every single thing I tell you to do, I'll do what I should have done anyway.'" The AP (7/14, Shrader) notes, "An administration official who spoke on condition of anonymity said the bill's language gives the president the option of submitting the program to the intelligence court, rather than making the review a requirement. The official said that Bush will submit to the court review as long the bill is not changed, adding that the legislation preserves the right of future presidents to skip the court review."

A New York Times (7/14, Sanger, 1.21M) analysis reports that the decision amounts "to a tactical retreat for a White House that has aggressively asserted that new kinds of wars call for a restoration of presidential powers of a kind unseen since Abraham Lincoln suspended the right of habeas corpus during the Civil War. … White House officials on Thursday played down their concessions. … Yet that is a new approach for an administration that in the aftermath of the Sept. 11 attacks took an expansive view of the president's powers under Article II of the Constitution."

Bloomberg (7/14, Schmidt) reports that Specter "said his legislation will direct a special court set up to authorize intelligence wiretaps to decide whether the program is lawful. … The measure upholds the principle that 'there has to be judicial review before you can wiretap,' Specter said. The bill wouldn't require individual warrants, which the administration contends are impractical, 'because I can't deal with that, not knowing what the program is,' Specter said." Bloomberg adds, "The measure 'recognizes the president's constitutional authority to gather up information,' Gonzales said. 'I am confident in the constitutionality of everything that we are doing in the executive branch,' he said. … Specter qualified that analysis. 'The bill does not say the president has the

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constitutional authority to ignore FISA,' he told reporters, referring to the 1978 surveillance law."

CNN (7/14) reports, "White House spokesman Dana Perino hailed the agreement as a sign that President Bush and Congress 'are coming together to codify the capacity for future presidents to take actions to protect the country. … The bill recognizes the president's constitutional authority and modernizes FISA to meet the threat we face from an enemy who recognizes no bounds, kills with abandon, hides and masquerades while they plot attacks against our citizens,' Perino said."

Lawmakers Discussed Monitoring Terrorist Finances In 2002. The Washington Post (7/14, A4, Pincus, 748K) reports that in the five months following the September 11 attacks, a House subcommittee discussed plans to "give the government a highly secure, real-time electronic capability to request and receive data from financial institutions about suspected terrorists or terrorist organizations. … In February 2002, Jeffrey P. Neubert, president and chief executive of the New York Clearing House Association LLC, described the intelligence-gathering system at a hearing of the House Financial Services subcommittee on oversight and investigations. Neubert said under the proposed system, government agencies would electronically send the names of suspected terrorists or terrorist organization to financial institutions 'seeking account and/or transaction "hits" which would be returned to the respective [government] organizations.'"

Soldier Who Criticized NYT For Leaks Does Exist. Bill Gertz and Rowan Scarborough write in their column in the Washington Times (7/14, 88K), "Ever since Powerline.com posted a letter from Lt. Tom Cotton in Iraq to the New York Times, some on the left have insisted no such person exists." However, "the Army assures us that one Tom Cotton does exist. He is fighting today as a member of the 101st Airborne Division, 506th Infantry Regiment." In fact, "Gen. Peter Schoomaker, Army chief of staff, was so taken by Lt. Cotton's umbrage at the [New York] Times for revealing how the United States tracks al Qaeda cash that the four-star general sent it to soldiers via e-mail."

Testimony Reveals Administration Divisions On Detainees. The Washington Post (7/14, A4, Smith, Weisman, 748K) reports, "Three days of congressional testimony this week by senior Bush administration officials about U.S. treatment of detainees in the war on terrorism have made clear that the administration remains deeply divided on the issue" and "interagency divisions normally kept hidden from public view have been on unusual display as officials from the Justice Department and the Pentagon have offered starkly different accounts of the administration's reaction to the court's opinion." The Justice Department "is eager to sharply limit the impact of the Supreme Court's decision, while military lawyers and some other Pentagon officials are celebrating it as a vindication of their long-held concerns about U.S. detainee policy." This is just "the latest flowering of tensions that have persisted for more than three years."

The New York Times (7/14, Zernike, 1.21M) also notes "divisions within the Administration." The Times notes, "The top lawyers from the Army, Navy, Air Force and Marines contradicted the Bush administration on Thursday on how to bring terror suspects to trial, endorsing an approach that extends more human and legal rights to detainees than one that administration lawyers have pressed Congress to authorize," and calls this "a new indication of divisions within the administration" that seems "to reflect the same disagreements between White House conservatives and the military that have long left the government split on questions about the treatment of terror suspects."

McCain, Warner Says Administration Will Back Courts-Martial. The AP (7/14, Flaherty) reports, "administration officials indicated a willingness to look at new protections for detainees in CIA and Pentagon custody" even as they "maintained, these 'enemy combatants' must not be granted certain legal rights that would expose classified information or hinder interrogations." Sens. John McCain and John Warner, citing recent meetings with Stephen Hadley, the president's national security adviser, said "they were told the administration would back legislation based on the Pentagon's Uniform Code of Military Justice."

The Los Angeles Times (7/14, Reynolds, 918K) notes that Sen. John Warner said, "I'm somewhat perplexed at some of the testimony that was offered both to the Senate Judiciary and the House Armed Services Committee." He added that "he expected the White House to work to resolve the apparent divisions within the administration when the president returns from the" G8 conference.

The Washington Times/AP (7/14) reports, "Mr. Warner said he thinks the administration needs time to smooth over 'some honest differences of opinions' and will propose legislation soon after senior officials return from the Group of Eight summit this month. It is 'absolutely imperative' Congress pass legislation before adjourning this year, he said."

WPost Says Congress Should Not Rubber-Stamp Administration's Plan For Tribunals. An editorial in the Washington Post (7/14, A20, 748K) says Congress must "rigorously identify and define the necessary modifications to the military justice system so that trials can, at long last, begin. Committee members appeared to understand the gravity of the task and, unlike some commentators and legislators, key members did not seem in a hurry to undo the Supreme Court's ruling and rubber-stamp the administration's

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plans. That's good. The goal is bipartisan legislation that will authorize fair trials that honor American values while accommodating the unusual nature of this conflict."

House Republicans Signal Coming Clash Over Military Tribunals. The Washington Post (7/13, Weisman, 748K) reports, "House Republicans signaled a coming clash with the Senate over the future of military tribunals yesterday when Armed Service Committee members indicated they were inclined to give the Bush administration largely what it wants in the conduct of terrorism trials." At the first House hearing since the Supreme Court tossed out President Bush's tribunals last month, Rep. Candace Miller "proudly announced she has neither a law degree nor a college degree as she denounced the high court's 5 to 3 decision against the tribunals as 'incredibly counterintuitive.' 'We could just ratify what the executive branch and the [Department of Defense] have done and move on.'"

Administration Said To Be Sending Mixed Signals On Tribunals. Knight Ridder (7/14, Talev) reports, "Leading Republican senators were scratching their heads Thursday as they tried to make sense of what the Bush administration wants Congress to do about setting rules for military tribunals to try terrorism suspects. … Every time administration officials addressed the topic this week, they seemed to contradict each other. Thursday's testimony before the Senate Armed Services Committee twisted the knots of confusion tighter." Knight Ridder notes, "On Tuesday, the Pentagon said it would accept the court's ruling that any such commissions must apply Common Article Three of the Geneva Conventions to ensure that prisoners get minimal rights. On Wednesday, the White House said that would apply to prisoners held by any executive branch agency, although spokesmen couldn't cite an executive order or other documentary evidence to support the assertion, and questions remained as to whether the CIA was bound by it. … But on both days as well, Daniel J. Dell'Orto and Steven G. Bradbury, top lawyers for the Pentagon and Justice Department, told the House Armed Services and Senate Judiciary committees that it would be best if Congress would endorse the administration's original approach to makeshift military commissions, with only minor adjustments."

The AP (7/14, Flaherty) reports, "Negotiations on how to treat enemies captured in President Bush's war on terror spilled into the open Thursday as administration officials indicated a willingness to look at new protections for detainees in CIA and Pentagon custody. … But, officials maintained, these 'enemy combatants'' must not be granted certain legal rights that would expose classified information or hinder interrogations." The AP continues, "The Supreme Court on June 29 ruled that the Pentagon's military tribunal system was not authorized by Congress and violates international law. The decision prompted a Pentagon memo acknowledging that military detainees must be afforded basic protections under the Geneva Conventions. Left unclear by the administration was whether detainees held by the CIA also would be protected. … The CIA has never acknowledged that it holds any members of al-Qaida. However, senior administration officials and intelligence lawyers have been in extensive meetings since the court's decision to determine how it applies to all detainees, including those considered the most dangerous followers of Osama bin Laden. … 'The court made a ruling that Common Article 3 applies to our conflict with al-Qaida,' Attorney General Alberto Gonzales said, referring to an article of the Geneva Conventions dealing with the treatment for prisoners of war. His comment came in what was the clearest statement yet from the administration that the court ruling applies to all suspected al-Qaida members in U.S. custody, not just those at the U.S. naval base at Guantanamo Bay, Cuba."

Gonzales Critical Of SCOTUS Detainee Ruling. McClatchy Newspapers (7/14, Zajac) reports, "Atty. Gen. Alberto Gonzales, who as White House counsel played a key role in shaping aggressive policies on the treatment of prisoners in the war on terror, said Thursday he was surprised by the Supreme Court's ruling that they were entitled to some protections under the Geneva Conventions. … In particular, Gonzales took issue with the court's reasoning that al-Qaida combatants were covered by a section of the conventions, Common Article 3, that guarantees humane treatment and sets minimum standards for court proceedings even though the terror network is neither a nation nor a signatory to the international treaty that outlines rules for war. … 'As a lawyer, I think words should mean something, so when I read a treaty that says it applies to conflicts "not of an international character," I take those words to mean what they say. . . . I give advice on words as I read them, as I interpret them.'" McClatchy adds, "The Bush administration had argued that al-Qaida was an international organization and the war on terror was international in scope; hence, it failed to fit the definition of 'a conflict not of an international character' covered by Common Article 3. … But on June 29 the high court, ruling in the case of detainee Salim Hamdan, said, in essence, that based on how the term was used elsewhere in the conventions, 'international' as used in Common Article 3 means 'between nations' and not 'global.'"

Padilla Allowed Access To Classified Documents. The AP (7/14, Anderson) reports, "Amid tight security, alleged al-Qaida operative Jose Padilla is being permitted to personally view U.S. government secrets in advance of his trial on charges of conspiring to wage and

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support international terrorism." The AP continues, "Under a federal judge's order, Padilla is being allowed to examine classified documents and videotapes detailing his statements during 3 1/2 years in Defense Department custody as an unlawful 'enemy combatant.' That designation was dropped last fall when he was charged in a Miami terrorism case." The AP adds, "Defense lawyers in terrorism cases are regularly permitted to examine such classified material if they obtain government security clearances, but it is unusual for an actual terror suspect to be given direct access to secrets. … 'There is not a long history of this. There have not been a lot of terrorist prosecutions in civilian courts,' said Aitan Goelman, a former Justice Department terrorism prosecutor now in private practice in Washington. … U.S. District Judge Marcia Cooke's order, issued July 5, allows Padilla to view 32 Defense Department documents that summarize statements Padilla made during his years in military custody. He also can examine 57 videotapes of interrogations he underwent during that same period. … Padilla's attorneys said in court papers that they must examine the materials with their client to discover whether he was mistreated by interrogators, to refresh his memory and find possible leads for their defense, and to ensure that prosecutors have turned over all necessary material."

DOJ Argues For Dismissal Of Suit Over AT&T Phone Records. The AP (7/14, Robinson) reports, "A lawsuit aimed at stopping AT&T Inc. from giving telephone records to government terrorist hunters without legal authorization is a wrong number and should be dismissed, a federal attorney said Thursday." The AP continues, "Without confirming that any phone records have been turned over, Deputy Assistant Attorney General Carl J. Nichols told U.S. District Judge Matthew F. Kennelly that the issue is covered by the government's right to prevent disclosure of state secrets. … He said San Antonio-based AT&T is barred from even answering questions on whether it has given phone records to the National Security Agency because such information could tip off terrorists and increase the risk of an attack. … 'The present situation involves a risk of terrorist attacks against the United States,' Nichols said in urging Kennelly to dismiss the lawsuit. 'So even the smallest risk is not a risk that we should tolerate.'" The AP notes, "The lawsuit was filed by the American Civil Liberties Union on behalf of author Studs Terkel, health care reform activist Dr. Quentin Young and others. It asks the court to force AT&T to refuse to provide phone records to the government without warrants, national security letters or the like."

The Chicago Tribune (7/14, Bush) reports, "Nichols said that AT&T won't be able to defend itself against the allegations because the government is invoking the secrets privilege, which effectively shuts down any confirmation or denial of allegations in the suit. … Nichols said such information would empower terrorists and endanger national security. … Because AT&T can't present a defense, the suit, filed by Chicago author Studs Terkel among others, must be dismissed, Nichols argued." The Tribune notes, "U.S. District Judge Matthew Kennelly said today that he will take the parties' arguments under advisement and rule at a later date on whether the suit can go forward."

Judge Again Denies Bail For New York Imam Facing Terrorism Charges. Capital News 9 Albany (7/13) reports on its Web site from a story broadcast yesterday, "A federal judge in Albany has denied the latest bail request by a Muslim cleric awaiting trial in an FBI anti-terrorism sting. The judge rejected arguments that mistranslations of journals were used by prosecutors to make Yassin Aref appear dangerous. The judge said Aref should stay in jail until his trial." The AP (7/14) adds that US Magistrate Judge David Homer wrote in his decision, "The alleged mistranslations are immaterial," and "he found no new or persuasive evidence in defense arguments that taken in context, Aref's 1999 writings showed he actually supported the American plan to remove Iraqi leader Saddam Hussein from power and that Aref strongly disagreed with terrorist philosophy." The AP notes, "Aref had been free on $250,000 bond for 13 months when Homer concluded Sept. 30 that he 'espouses and has adopted the goals of terrorist organizations and has had an ongoing relationship with terrorist organizations,'" and ordered him jailed.

Utah Relatives Of Terror Suspect Indicted On Fraud Charges. The Deseret News (7/14) reports, "Two relatives of a man under investigation for ties to al-Qaida in Iraq have been indicted by a federal grand jury on more fraud charges." Sharif Omar, the brother of terror suspect Shawqi Omar, "and Alaa 'Alex' Ramadan were charged Thursday in U.S. District Court with bank fraud, aiding and abetting and misuse of a Social Security number. The indictment alleges Ramadan, 29, cashed a pair of balance transfer checks from the credit card account of Sharif Omar. Federal prosecutors said that Omar then claimed to the credit card company that the checks were stolen and he did not know Ramadan. Ramadan is Omar's nephew." The News notes, "The FBI's Joint Terrorism Task Force has been investigating whether Sharif Omar funneled money to banks in Jordan, and if it found its way into terrorist hands."

HOMELAND RESPONSE:

SBA Official Says 9/11 Loan Program Was "A Disaster In the Making." The AP (7/14, Barrett)

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reports that Eric Thorson, the inspector general for the Small Business Administration, testified yesterday that a post-9/11 loan program "was a disaster in the making because the government could not verify that most loans actually went to businesses affected by the attacks." Thorson "said his office could not determine in 85 percent of the loan cases it examined whether the businesses qualified for some of the billions of dollars handed out after the terrorist attacks on New York and Washington." Thorson "said the program was not intended to be limited to businesses in the New York or Washington area. But he said he was offended when he heard about some of the places the money was going."

The New York Times (7/14, Baker, 1.21M) reports that Thorson said there were "a lot of examples that showed minimal involvement or minimal effect by the disaster."

Pilots Groups Call For Improved Cargo Aircraft Safety. The Washington Post (7/14, D2, Wilber, 748K) reports pilots groups called yesterday for Congress and regulators to "bring safety standards for cargo aircraft in line with those for passenger planes." The pilots groups, whose "request came as the National Transportation Safety Board concluded a two-day hearing about a fire that destroyed a UPS plane at Philadelphia's airport in February," said fire suppression systems, required on passenger planes, "should be installed on all cargo planes. … NTSB Board Member Deborah A.P. Hersman, who chaired the hearing on the Philadelphia incident, said the board is evaluating potential recommendations dealing with air cargo safety."

Unofficial "Shrine" Near 9/11 Site To Close Temporarily. The New York Times (7/14, Dunlap, 1.21M) reports, "The closest thing New York has to a 9/11 shrine for everyone, the Church Street viewing fence, will be partly veiled to the public in coming weeks as the sidewalk is moved to allow construction along the eastern edge of the World Trade Center site. For want of an official memorial, the 13-foot-high, galvanized steel fence has served for four years as the main gathering place for those wishing to see where the horror unfolded. They frequently leave mementos, often wedged into the bars."

WPost Says DHS Should Stop Defending Terror Target Database. Commenting on a DHS IG report released this week that found a database of potential terror targets contains "an abundance of…assets whose criticality is not readily apparent, the Washington Post (7/14, A20, 748K) editorializes that the Washington, DC, area may be able to get more anti-terrorism funding if it were to "establish more petting zoos. That seems like a lesson to be drawn from an absurd list of possible targets that the federal government has established to help decide where to direct anti-terror funds." The Post states that "it is worrying that this database was used in any way in calculating the anti-terrorism grants announced in May, which (as it turns out, not surprisingly) cut funding to the District and New York City. Rather than defend the list as 'a valuable tool,' Homeland Security officials should engage in serious risk assessment."

Stephen Colbert said on Comedy Central's Colbert Report (7/13), "This week, the Department of Homeland Security released its list of the country's top potential terror targets. They use this list to allocate the antiterrorism money, how it is distributed. And it is no secret that the states with the most terror targets are Indiana and Wisconsin. Of course, the "Alec Baldwineers" on the left are saying this is just partisan pork barrel politics. Well, nothing could be further from the truth. These grants are fairly distributed, as evidenced in this United States map with the country's hot targets in red, and the cold, safe areas in blue." A graphic of a red state/blue state map of the US was shown. Colbert: "Folks, what could be fairer."

Senate Spending Bill Would Replace FEMA With New Agency. Knight Ridder (7/14, Clark) reports, "The much-mocked Federal Emergency Management Agency would cease to exist - replaced by an agency with a greater ability to plan for disasters under a spending bill approved Thursday by the Senate." The US Emergency Management Authority would have "direct access to the president during emergencies - akin, its supporters said, to the US Coast Guard." However, the Senate bill, which would keep the agency within the Department of Homeland Security, faces an "uncertain" fate in the House, where "one of two dueling…bills…would give the agency standalone, Cabinet-level status."

WAR NEWS:

Military Control Of Province Handed Over To Iraqis. The Washington Post (7/14, A16, Partlow, 748K) reports, "The Iraqi government assumed full military control of a province Thursday for the first time since the U.S.-led invasion in 2003," taking over from British forces. "U.S. ambassador to Iraq, Zalmay Khalilzad, and the top U.S. commander in Iraq, Army Gen. George W. Casey Jr., issued a joint statement calling the handover 'a milestone in the successful development of Iraq's capability to govern and protect itself as a sovereign and democratic nation.'" The AP (7/14, Abdul-Zahra) calls it "a milestone in the American plan to transfer control of the entire country by the end of next year." USA Today (7/14, 2.27M) also runs an abbreviated form of the AP story, and the Washington Times (7/14, Sands, 88K) covers this story as well.

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Democrats Challenge Khalizad's Characterization Of Iraq. The AP (7/14) reports, "Senate Democrats, including several prospective presidential candidates, charged Thursday that the Bush administration's optimistic assessments on Iraq are not borne out by events on the ground." While "U.S. ambassador to Iraq, Zalmay Khalizad, said the political progress that has been made in Iraq 'has created opportunities and put Iraq on the right trajectory,'" Sen. Joseph Biden "complained there was a lack of a coordinated plan to combat violence in Iraq." Khalilzad "acknowledged that serious problems exist but said that 'a path exists to success in Iraq.'"

Biden Says Administration Has Not Provided Resources For Iraq Reconstruction. Sen. Joe Biden said on PBS' Newshour with Jim Lehrer (7/13), "The Administration has significantly underperformed when it came to providing the real resources, in terms of both advisers, in terms of civilian advisers, and real dollars to reconstruct and help the country of Iraq."

Reed Says Administration Does Not Have A Plan For Iraq. Sen. Jack Reed, who has just returned from visiting Iraq, said on PBS' Newshour with Jim Lehrer (7/13), "My concern is: I don't see a plan. I don't see an initiative from the Administration that indicates to me how they're going to lead their way through this, by disarming the militia, getting a Sunni buy-in, and keeping the neighbors out."

Al-Maliki To Visit White House. The AP (7/14) reports that, following Secretary Rumsfeld's visit to Iraq, the White House announced that Iraqi Prime Minister Nouri al-Maliki will visit the US on July 25.

NYTimes Criticizes Makili's Performance During The Week. The New York Times (7/14, 1.21M) editorializes, "Once again, Iraqis fear their country may be slipping toward civil war as a particularly gruesome and deadly series of sectarian massacres and countermassacres spins out of control with the country's new national unity government looking on almost helplessly" – "scarcely what Americans were led to expect last month when President Bush flew to Baghdad to celebrate the completion of a national unity cabinet." As "the Maliki government probably represents Iraq's last chance to fulfill its people's hopes for a better, more secure life," the "fearful Iraqis have every right to expect a more competent and reassuring performance than they have seen this week." Instead, "for the past few days Mr. Maliki has been almost as invisible as he has been ineffective."

Iraqi Politicians Tell Sects To Meet. The Los Angeles Times (7/14, Daragahi, 918K) reports that in the face of continuing violence "Iraqi lawmakers scrambled Thursday to maintain their relevancy, calling for a series of meetings between leaders of rival Shiite and Sunni Arab groups whose gunmen hold sway over the streets." They "also held a closed session of parliament Thursday, grilling the defense and interior ministers, who said they were hamstrung by poor intelligence, inferior equipment and communication problems." Mahmoud Othman, a Kurdish member of parliament, told reporters after the closed session, "By the time they coordinate with [U.S.] forces and start to react to an incident, the [assailants] have already vanished and moved to another place."

CBO Estimates War's Current, Future Cost. The Los Angeles Times/AP (7/14) reports that a Congressional Budget Office analysis found that "the war in Iraq has cost $291 billion so far and would total almost half a trillion dollars even if all U.S. troops were withdrawn by the end of 2009." The report "estimated future appropriations based on two scenarios provided by Rep. John Spratt Jr. (D-S.C.), who commissioned the report." Pulling out by 2009 "would cost an additional $184 billion for the 2007-2010 budget years," but "a slower drawdown of troops and a continued U.S. presence of 40,000 over the long term…would cost $406 billion over the next decade." These "costs far exceed early estimates."

Dionne Says With Age Of War And Poor Results, GOP Needs To Justify Remaining. E. J. Dionne writes in his column in the Washington Post (7/14, A21, 748K) that the debate over the war should be about "how to limit and, if possible, undo some of the damage" it has done. Instead, "those in charge of Republican campaigns this year" decided "upon the brilliant strategy of pushing any serious discussion of the failure of American foreign policy past Election Day" and offering "just two options on the ballot…firmness or 'cut and run.'" However, "by late November of this year, the United States will have been at war in Iraq for as long as we were involved in World War II. Under those circumstances, the burden of proof should not be on those who argue for changing what we're doing. It should be on those who set a failed policy in motion and keep promising, despite the evidence, that it will somehow pay off if only we 'stay the course.'"

Accused GI Entered Army With Problems. The New York Times (7/14, Dwyer, Worth, 1.21M) reports that Steven D. Green, the former Army private accused of raping a 14-year-old Iraqi girl and murdering her family," enlisted just as "the Army was increasing by nearly half the rate at which it granted what it calls 'moral waivers' to potential recruits." These let him and others "with minor criminal records and weak educational backgrounds" enter "the heart of a war that bore little resemblance to its original declared purposes, but which continued to need thousands of fresh recruits." While Green's time in Iraq was "a grim, violent and chaotic stretch," he had problems prior to entering the army. Besides his arrests and jail time, ", his problems were emerging by junior high school, say people who knew him then."

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Businessman Convicted Over Oil-For-Food Scandal. The Washington Times/AP (7/14) reports that the South Korean businessman, Tongsun Park, "accused of being an Iraqi agent and trying to influence the United Nations' oil-for-food program was found guilty yesterday of conspiracy" and "could face more than a dozen years in prison for his role in the decadelong conspiracy." Park's lawyer, Michael Kim "had argued that Park was not an Iraqi agent and did not think he was violating U.S. laws by acting as a middleman in an effort to help the oil-for-food program supply food and medicine to suffering Iraqis," and is "hopeful that Judge Chin might reverse the verdict and conclude during post-trial motions that there was not enough evidence to convict him."

DOJ:

Senate Appropriations Committee Approves DOJ, Commerce And NASA Budgets. The AP (7/14, Taylor) reports, "The Senate Appropriations Committee on Thursday cut into President Bush's budget by $2.4 billion as it approved budget increases for NASA and for crime-fighting grants to state and local governments. Senators approved $1 billion, which Bush did not request, to pay back NASA for about half of the cost of returning the Columbia space shuttle to flight. The committee also rejected Bush's plan to virtually eliminate about $1.3 billion in grants to state and local governments. Winning unanimous bipartisan approval was a $52.2 billion bill that covers the departments of Justice and Commerce in addition to the National Aeronautics and Space Administration." The AP adds, "the add-ons probably will draw a White House veto threat and the bill is unlikely to make it to the floor for debate before Election Day in November."

DOJ, DHS Issue Updated National Information Exchange Model. The Federal Computer Week (7/14, Arnone) reports, "The Homeland Security and Justice departments issued a beta version of their National Information Exchange Model (NIEM) June 30, DOJ officials announced today." FCW continues, "NIEM allows federal, state, local and tribal law governments to share information through common standards, DOJ officials said in a statement. .. DHS and DOJ participated in creating the standard, along with law enforcement, public safety, emergency and disaster management, and intelligence partners, according to the statement. Private-sector partners also participated." FCW adds, "NIEM currently has seven domains: justice, intelligence, immigration, emergency management, international trade, infrastructure protection and information assurance. It defines a core set of Extensible Markup Language schema terminology and builds on the Global Justice XML Data Model and the Federal Enterprise Architecture Data Reference Model."

CORPORATE SCANDALS:

UK Bankers Extradited To US As Blair Sends Baroness To Lobby For Treaty. The AP (7/14, Hays) reports British bankers David Bermingham, Gary Mulgrew and Giles Darby "were extradited to Texas on Thursday to face Enron Corp.-related charges filed more than four years ago in a case that sparked a political storm over a treaty used to bring them across the Atlantic Ocean." The AP notes that the extradition comes a day after Royal Bank of Scotland banker Neil Coulbeck, "who gave evidence to U.S. authorities investigating the case was found dead. … The FBI said Thursday that Coulbeck was one of hundreds of individuals interviewed as part of the investigation into Enron corporate fraud. 'Mr. Coulbeck was considered a witness in the investigation and the interview that took place was voluntary,' the FBI said in a statement issued in Washington, D.C. 'He was not considered a suspect in the investigation.'" Bloomberg (7/14, Murphy) notes, "Before departing from the U.K., the men criticized the government of Prime Minister Tony Blair for failing to uphold the rights of British citizens by allowing the extradition. … The three men's case has been further clouded" by Coulbeck's death, and Bermingham said yesterday that Coulbeck "had provided a short statement to the Federal Bureau of Investigation about his role at the bank in connection with the bankers' extradition."

AFP (7/14) reports, "Hours before they had bid an emotional farewell to their families amid a media circus, as their departure was covered live by British all-news television channels." Meanwhile, "the British government has dispatched a justice minister, Baroness Patricia Scotland, to Washington to lobby Congress to ratify the treaty. … Scotland met several US senators Wednesday and is due to meet US Attorney General Alberto Gonzales Friday to press home the British concerns." The Houston Chronicle (7/14, Fowler, 535K) notes, "Dan Cogdell, a Houston attorney representing David Bermingham, said he has met with prosecutors from the Enron Task Force and is hopeful that 'the general parameters of bond have been agreed to in principle.'"

The story again received heavy coverage in the UK press, which focused as much on the controversy over the treaty as on the actual extradition. The Times (7/14, Doran, Bird, Baldwin) reports that the three "were handed over to American law enforcement officials…amid claim and counter-claim of human rights abuses. … Speaking in Washington, Baroness Scotland of Asthal yesterday accused lawyers for the three of confusing the issue surrounding the fast-track

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extradition process introduced three years ago. Lady Scotland accused the lawyers of a 'frenzy of misinformation' that had mangled the extradition." The Daily Telegraph (7/14, Hope) notes, "The full might of the American criminal justice system was unleashed on the NatWest Three…as soon as their plane hit the Texas tarmac. Flanked by burly US marshals," they "were shackled in heavy metal ankle chains, handcuffed and rushed to the courthouse in Houston to be fingerprinted and strip-searched. … There they were placed in two-man wire cage cells next to drug traffickers. The cells were bare except for a bed without sheets and a seatless lavatory. They will be in total lockdown for 23 out of 24 hours, with little space for exercise in the prison's small recreation ground."

The Guardian (7/14, Addley) reports, "While the men were saying their goodbyes, police continued to search the home of their former colleague, Neil Coulbeck, who was found dead following an apparent suicide this week. He had been interviewed by the FBI in connection with the case but it is not clear that it was a factor in his death. 'We got screwed, but there's real tragedy in the world,' Mr Bermingham told reporters yesterday. 'A man died yesterday. I'm coming home one day, he's not. Let's get a sense of perspective.'" The Independent (7/14, Milmo, Kollewe) adds, "They will learn this afternoon whether an American judge will grant them bail," and "their lawyer said the conditions likely to be imposed, including a $1m (£540,000) bail bond and the deeds of their homes as security, would be financially ruinous and make it difficult for them to receive a fair trial. They would be unable to work in America to while they incur additional legal bills of $2m (£1.1m) including air fares to bring defence witnesses from Britain."

BBC News (7/13, Kay) reports, "The American authorities are being secretive about exactly where the men are spending the night. They know that the extradition row means many in Britain are watching closely to see how the men are treated here, so the Three might be spared a night in Houston's Downtown Detention Center where they may have been forced to share a cell with violent offenders."

Coulbeck Family "Extremely Angry" With FBI. In its coverage of the extradition, The Scotsman (7/14, Peev, Massie) notes it was revealed yesterday that Neil Coulbeck "left a suicide note for his wife when he disappeared last Thursday. … A friend of the family said: 'She knew he would not be coming back and she told the police why. He had been put through the wringer by the FBI and he was in a very fragile emotional state. The family are extremely angry with the way the FBI dealt with things. They feel he was put under unbearable pressure.' In Washington, Baroness Scotland admitted that coverage of the accused bankers' public relations campaign had damaged the 'special relationship' between the United States and the United Kingdom."

Coulbeck Family Await Autopsy As FBI Says He Was Not Suspect. The Daily Telegraph (7/14, Gardham) reports Coulbeck's "family…were waiting last night for the results of a post mortem examination to tell them how he committed suicide." Coulbeck "was said to have had no history of depression but had come under increasing stress in the past few days. … It is understood that Mr Coulbeck had made a previous attempt to take his life last week." The Daily Telegraph notes, "The FBI issued a statement saying that it had spoken to Mr Coulbeck four years ago as part of the Enron investigation but that he was not a suspect." The Independent (7/14, Milmo, Judd) adds, "Scotland Yard said last night that an initial post-mortem examination of his body…had proved inconclusive, and the results of toxicology tests were being awaited." The civil rights group Liberty "said it was 'troubled' by a claim from friends of Mr Coulbeck that he had been 'hounded' by FBI investigators pursuing the NatWest Three. But the FBI last night took the unusual step of announcing that it had only interviewed him once, and had not considered him a suspect."

Under the headline "Dead Executive 'Not A Suspect'," The Times (7/14, Bird) reports Coulbeck "killed himself by cutting his throat, police sources said. Last night officers were searching a recycling centre in Chigwell, Essex, close to Neil Coulbeck's home, to see if he had disposed of any documents linked to the Enron fraud investigation." NatWest Three "supporters…have claimed that Mr Coulbeck was put under immense pressure when questioned by FBI investigators. But the FBI said that Mr Coulbeck had been considered a witness, not a suspect."

US Attorney Launches Task Force To Investigate Silicon Valley Options Backdating.

The San Jose Mercury News (7/14, Poletti, 242K) reports US Attorney Kevin Ryan "Thursday unveiled a task force to focus on investigating stock options practices by companies in Silicon Valley, the most high-profile federal action yet in the widening controversy over stock options … The task force is made up of 11 members and growing, including federal attorneys and FBI agents. It will look at whether or not executives retroactively changed the grant dates of stock options with the intent to mislead or defraud shareholders." The Mercury News adds, "None of the attorneys at a press conference at the U.S. Attorney's office in San Francisco would confirm any investigations into specific companies, only that they were 'investigating several companies.'" CNET News.com (7/13, McCullagh) notes that with the task force, "the FBI and federal prosecutors…are escalating their investigation into possibly illegal stock option backdating by area companies. … Ryan also said that the investigation would look into whether executives engaged in 'spring-

DOJ_NMG_0040556

loading,' the practice of awarding stock options before a positive announcement expected to boost share prices."

Silicon Valley/San Jose Business Journal (7/13) reports that in addition to US Attorney's office representatives, "also on the task force are FBI Acting Special Agent in Charge Arthur Balizan, FBI Assistant Special Agent in Charge David Johnson, FBI Supervisory Special Agent Tamara Neiman, FBI Supervisory Special Agent Barbara J. Sullivan. Balizan said the FBI 'has a duty to the investing public to examine whether companies, both in the past and present, are violating securities laws. Illegally backdating options give the company insiders an unfair advantage over the investing public and contributes to shareholders' lack of trust in those executives who are running these companies.'" The AP (7/14, Goodin) reports, "Setting up the task force, made up of four assistant U.S. attorneys and an undisclosed number of FBI agents, comes as more than 65 companies have said in recent days that they are under investigation for retroactively changing the date stock options were granted. … Cnet Networks Inc., KLA-Tencor Corp. and Mercury Interactive Corp. are among the companies in Ryan's district that have disclosed that their stock option practices are under investigation by the Securities and Exchange Commission or the Justice Department." The Wall Street Journal (7/14, Hechinger, 2.03M) and MarketWatch (7/14, Hunt) also report this story.

CRIMINAL LAW:

DOJ Opposes Delays In Jefferson Probe. The AP (7/14) reports, "The Justice Department on Thursday opposed further delays in the bribery investigation of Rep. William Jefferson, saying the agency should be allowed to review documents seized in a search of the congressman's office." The AP continues, "On Monday, Chief U.S. District Judge Thomas F. Hogan rejected requests from Jefferson and fellow lawmakers seeking the return of the material from the May raid on Capitol Hill. Jefferson, D-La., is now seeking to delay the judge's ruling while he appeals. … Hogan dismissed arguments by Jefferson and a bipartisan group of House leaders that the raid violated the Constitution's protections against intimidation of elected officials." The AP adds, "At issue is whether a review of the seized documents can begin by an FBI "filter team" unconnected to the prosecution team looking into the bribery allegations. Jefferson says no one in the executive branch of government should examine the documents until the question of returning the material to Jefferson is resolved on appeal. … Attorney General Alberto Gonzales has directed that any review of documents by the filter team not begin for two weeks to allow Hogan to consider Jefferson's arguments for a delay pending an appeal. … In a 14-page court filing, the department said the public has a substantial stake in knowing promptly whether Jefferson accepted bribes and paid bribes to high-ranking foreign officials."

The Baton Rouge Advocate (7/14, Shields) adds, "The Justice Department said that granting a stay…would delay what they called a 'very serious' investigation. 'A stay would run contrary to the interests of the congressman's constituents and the public at large, who have a substantial stake in prompt determination about whether one of their elected representatives accepted bribes — and also paid out bribes to high-ranking foreign officials — in exchange for personal gain,' Justice Department attorneys wrote in their request to deny Jefferson's motion to return the seized material."

Safavian Seeks New Trial. Congress Daily (7/14, May) reports, "Convicted former Bush administration official David Safavian has requested a new trial, arguing the inclusion of e-mails between him and lobbyist Jack Abramoff as evidence constituted hearsay that might have prejudiced jurors. … '[T]he e-mails remain hearsay since the truth or credibility of the matter asserted must be weighed by the jury,' Safavian attorney Barbara Van Gelder wrote in papers filed Monday with the U.S. District Court for the District of Columbia." CD continues, "Safavian, the former administrator of the Office of Federal Procurement Policy, was found guilty last month of three counts of making false statements to investigators and one count of obstruction of justice surrounding a golf trip to Scotland he and others, including Rep. Bob Ney, R-Ohio, took with Abramoff in 2002. … In Safavian's trial, District Judge Paul Friedman allowed as evidence more than 200 e-mails between Abramoff and Safavian -- largely on the grounds that the documents either showed Abramoff's lobbying work, provided context for Safavian's statements, showed Safavian's state of mind or were evidence of a conspiracy. … 'Lobbying is conducted through words,' Friedman wrote in May to an earlier response to Safavian's request to exclude the e-mails as hearsay. 'Whether the lobbyist is seeking favors for his client through oral or written communication, it is necessarily communication that constitutes the work -- unlike, say, carpentry work which could involve the physical swinging of a hammer, or drug dealing work which involves the physical exchange of drugs for money.' … Friedman instructed jurors to view certain e-mails only in light of what they showed about Safavian's state of mind or motives to make false statements or obstruct investigations."

Judge Give New Hampshire Democrats Go-Ahead For Phone-Jamming Questions. The AP (7/13, Saunders) reports, "A judge gave (New Hampshire) Democrats the go-ahead Thursday to question high-ranking Republicans in a civil suit over the jamming of Democrats'

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phones on Election Day 2002." The AP continues, "Three former GOP officials have already been sentenced in the phone jamming scheme. In the civil suit, state Democrats want to know who knew about the plan. … They point to a record of phone calls that show national GOP official James Tobin, one of those convicted, made two dozen calls to the White House within a three-day period as the phone jamming operation was finalized, carried out and then abruptly shut down." The AP adds, "The national Republican Party, which paid millions to defend Tobin, said the contacts involved routine election business and that it was 'preposterous' to suggest they involved phone jamming. … Robert Kelner, a Washington, D.C., lawyer representing the Republican National Committee, said some of the officials the Democrats want to question may fight being deposed." The AP notes, "Democrats want to question the former associate director of the White House Political Affairs Office, Alicia Davis, and to see her phone records and those of her then-boss, Ken Mehlman, now RNC chairman. … Also on their list: Edward Gillespie, who was RNC chairman when the decision was made to pay Tobin's legal expenses; Terry Nelson, former executive director of political operations for the RNC and now a political strategist for Sen. John McCain; and Chris LaCivita, former national political director for the National Republican Senatorial Committee who went on to develop the Swift Boat veterans TV campaign against Democratic presidential nominee John Kerry in 2004. … An aide to Mehlman referred questions to the Justice Department, which won convictions in the criminal case."

FBI Subpoenas New Jersey Township Records In Ongoing Corruption Probe. The weekly Brick Township (NJ) Bulletin (7/14, Lutolf) reports in a front-page story, "The FBI has subpoenaed records from Brick three times in the past two weeks, township officials confirmed earlier this week. Two subpoenas were received by Municipal Clerk Virginia Lampman July 6, ordering officials to release records related to federal funds Brick received between Jan. 1, 1998, and Dec. 31, 2005, Lampman said. … The second subpoena sought any correspondence, memoranda and disclosure statements made to the state Department of Community Affairs pertaining to the township's former Public Works Director John H. Nydam, between Jan. 1 1998, through Dec. 31, 2002, Lampman said." Nydam "pleaded guilty to theft, official misconduct and witness tampering" in the FBI's Operation Bid Rig, and he is cooperating with federal and state investigators.

Gotti Said He Was Prepared To Plead Guilty To Sliwa Hit Charges. The New York Daily News (7/14, Zambito, 729K) reports, "Despite years of denials that he ordered a hit on Guardian Angels founder Curtis Sliwa, mob scion John A. (Junior) Gotti was prepared two years ago to plead guilty to the crime. … 'Let's suppose that they want me to cop ... to this Sliwa thing, and they want to add another year or two to my sentence,' Gotti told a friend visiting him in September 2003 at an upstate prison, where he was serving time for racketeering. The conversation was recorded. 'I'll do it,' he said. 'I'm not saying I did it, but I'll do it. I'll take the blame for everything.'" The New York Post (7/14, Cornell, 608K) notes, "Defense lawyer Charles Carnesi provided details of the incriminating Sept. 5, 2003, conversation in a letter asking Manhattan federal Judge Shira Scheindlin to block prosecutors from introducing the tapes into evidence at Gotti's racketeering trial next month. 'Admission of these plea discussions, particularly…involving the Curtis Sliwa allegations, would be extremely prejudicial to Gotti,' Carnesi wrote."

FBI Computer Contractor Sentenced To Probation For Password Hacking. The Washington Post (7/14, A9, Weiss, 748K) reports, "A government consultant who cracked the FBI's classified computer network and learned the passwords of 38,000 employees, including that of the director, was spared a prison sentence yesterday. U.S. District Judge Richard J. Leon sentenced Joseph Thomas Colon to six months of home detention after finding that the computer consultant did not try to harm national security or use the information for his own benefit or profit." The Post adds, "'As with any IT systems administrator, whether in government or private business, Joseph T. Colon was granted a substantial level of trust,' said Charles S. Phalen Jr., assistant director of the FBI's security division. 'He betrayed that trust.'"

House Committee Passes Bill Requiring FBI To Report Felonies Committed By Informants. The Boston Globe (7/13, Klein, 425K) reported that the House Judiciary Committee on Wednesday "approved a bill that would send FBI agents to prison for up to five years if they ignore violent crimes committed by their confidential informants, a stern reaction to abuses involving a former agent and Boston gangsters James 'Whitey' Bulger and Stephen Flemmi. The bill…would require FBI officials to give local authorities information about any 'serious violent felonies'…committed by their informants or other individuals." Rep. William Delahunt said that "the measure was drafted in part as a response to the case of former Boston FBI agent John J. Connolly Jr.," who "protected Bulger and Flemmi and tipped them off about law enforcement investigations." Delahunt added, "This really was totally unacceptable. Vicious criminals were murdering and wreaking violence with impunity because of the lack of accountability that existed and continues to exist within the FBI."

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Missouri May Delay Executions While Searching For Doctors To Assist. The AP (7/14, Wittenauer) reports, "State officials said Thursday they will comply with a judge's order to have doctors oversee executions to ensure the condemned do not suffer unnecessarily, but difficulty in finding a doctor to perform such a task is likely to delay executions. … 'We always intended to comply with the deadline,' Director of Missouri's Department of Corrections Larry Crawford said in telephone interview. 'We can put together a plan, but if it's a plan we couldn't carry out ... we wouldn't be able to meet our statutory duty to carry out executions.'" The AP continues, "Crawford said his department has sent letters to hundreds of board-certified anesthesiologists in Missouri and southern Illinois asking if they would be willing to oversee lethal injections, as required by a district judge's ruling last month. So far, no one has responded, he said. … The Death Penalty Information Center says no other state with the death penalty requires the involvement of an anesthesiologist in carrying out an execution." The AP notes, "Missouri's Corrections Department was ordered last month to make sweeping changes to its execution protocol by this Saturday. … Ruling in the case of death row inmate Michael Taylor, U.S. District Judge Fernando Gaitan Jr. halted executions until he was satisfied that Missouri's procedures posed no risk of unnecessary pain and suffering."

House Committee Identities Child Pornography Consumers. The New York Times (7/14, Eichenwald, 1.21M) reports the Oversight and Investigations Subcommittee of the House Energy and Commerce Committee, "investigating the growth of online child pornography has referred the names of hundreds of people who purchased illegal images to state prosecutors around the country, according to government officials. … The information provided to prosecutors included names, credit card information and identifying details of the computers used to purchase monthly memberships at an illegal child pornography site. The records were turned over to the committee by Justin Berry, a 19-year-old California man who, beginning at age 13, ran a pornographic Web site featuring images of himself streamed onto the Internet through inexpensive Webcams. Mr. Berry was the committee's major witness in its opening day of hearings, during which he described his descent into Webcam pornography and his decision to turn against that business."

Senate Committee Approves Budget Increase For Anti-Crime Grants. The AP (7/14) reports the Senate Appropriations Committee on Thursday "cut into President Bush's budget by $2.4 billion as it approved budget increases for NASA and for crime-fighting grants to state and local governments. … There's widespread support…for restoring Bush's proposed cuts in grants to local police departments and other anti-crime programs. The bill also roughly doubled Bush's request for grants to help states and local government combat the methamphetamine scourge."

CIVIL LAW:

Plame And Wilson File Suit Against Cheney, Rove And Libby. NBC Nightly News (7/13, story 6, 0:30, Williams, 9.87M) reported, "Valerie Plame Wilson, the ex-CIA agent whose cover was blown after her husband criticized the Bush Administration claims about Iraq's weapons of mass destruction, is suing Vice President Dick Cheney, his former Chief of Staff Scooter Libby and presidential advisor Karl Rove. This lawsuit says they all conspired to discredit, punish and seek revenge against the couple and claims their constitutional and legal rights were violated. A spokesman for Karl Rove says the allegations are 'absolutely and utterly without merit.'" NBC was the only network to mention the Plame suit last night.

Fox News' Special Report (7/13, Hume) reported Plame's suit says "White House officials conspired to destroy her career."

CNN's The Situation Room (7/13, Todd) reported that in "the injuries listed…they claim that the defendants, as we said, conspired to take away their constitutional rights. But it says here, Mr. and Mrs. Wilson have suffered gross invasions of privacy, that they fear for their safety and that of their children, that, as a result of the defendants' actions, Mrs. Wilson was impaired in her ability to carry out her duties at the CIA and to pursue her career there, and also that she and former Ambassador Wilson were impaired in their ability to seek professional opportunities elsewhere."

The Washington Times (7/14, Seper, 88K) reports the suit "said the couple suffered violations of their First Amendment and Fifth Amendment rights as a result of 'a conspiracy among current and former high-level officials in the White House,' calling the leak an 'intentional and malicious exposure by senior officials of the federal government' of Mrs. Plame, 'whose job it was to gather intelligence to make the nation safer, and who risked her life for her country.' 'But for Mr. Wilson coming forward, it is unlikely that the administration ever would have acknowledged its error,' according to the suit. 'The fact that the administration had to admit its mistake is one likely reason why the defendants chose to attack the Wilsons.'"

USA Today (7/14, 2.27M) reports, "The suit, filed in U.S. District Court, also named 10 unidentified federal officials or political operatives. It did not say how much the couple was seeking in damages."

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The Los Angeles Times (7/14, Schmitt, 918K) reports Wilson and Plame "announced Thursday that they were setting up a fund to pay the costs of the litigation and a website for contributions. Any money obtained from the suit above and beyond their legal bills will go to charity, they said."

Wilson And Plame To Hold Press Conference Today. Bloomberg (7/14, O'Reilly) reports Plame and Wilson "plan to hold a news conference tomorrow in Washington."

Defendants Likely To Claim Immunity. The New York Times (7/14, Lewis, 1.21M) reports, "The lawsuit, filed in Federal District Court, accused" Cheney, Rove and Libby "of conspiring to destroy Ms. Wilson's career by leaking her identity as an undercover C.I.A. operative to the press. It says the three men had conspired to punish Mr. Wilson for his public assertions that the Bush administration had twisted intelligence to justify the invasion of Iraq." The Times notes prosecutor Patrick J. Fitzgerald "did not bring any charges in connection with laws that prohibit the willful disclosure of the identity of a Central Intelligence Agency officer. … As a result, the Wilsons' suit has the potential to keep alive those issues in a civil case, which generally allows a wider scope of evidence. But the suit is also likely to face major hurdles, notably the issue of whether the officials have any immunity for their actions."

The AP (7/14, Locy) reports Mark Corallo, a spokesman for Rove, "said, 'Without even having had a chance to review the complaint, it is clear that the allegations are absolutely and utterly without merit.'"

Discovery Process Could Include Cheney Deposition. The Washington Post (7/14, A3, Weiss, Lane, 748K) reports, "Legal analysts said the suit could open new avenues for extracting information from the administration, because Plame and Wilson could conduct discovery if the U.S. District Court in Washington lets the suit proceed. Plame and Wilson might be entitled to demand documents from Cheney and others, as well as to require them to sit for sworn depositions, much as President Bill Clinton had to answer questions under oath in Paula Jones's sexual harassment lawsuit."

DOJ Settles Civil Fraud Suit With Gabelli For $130 Million. Dow Jones (7/14, Bray) reports, "Mario Gabelli and 38 affiliated companies or individuals will pay $130 million to settle civil-fraud allegations that the money manager was behind an effort to deceive the Federal Communications Commission in auctions of wireless licenses, prosecutors said Thursday." Dow Jones continues, "In a press release, the U.S. Attorney's office in Manhattan said the civil settlement with Gabelli and the other individuals or entities was approved by U.S. District Judge Paul A. Crotty on Thursday. … 'The public airwaves are a scarce and valuable resource,' U.S. Attorney Michael J. Garcia said. 'This settlement protects the integrity of the FCC auction program and reminds all those who seek to benefit from the use of public resources that they must turn square corners when dealing with the government.'" Dow Jones adds, "The lawsuit was originally brought under the False Claims Act by private plaintiff R.C. Taylor III, who will be entitled to receive about $32.2 million of the recovery, prosecutors said. The Justice Department joined Taylor's lawsuit in March. … Taylor, who brought a whistle-blower claim, said he witnessed the alleged fraud while working as a paralegal and a lawyer at a law firm. … The complaint had alleged that friends and relatives of Gabelli were recruited to serve as officers of bogus small or very small businesses in order to participate in eight FCC auctions for wireless licenses for cellular phones between 1995 and 2000. Those individuals included Gabelli client and former New York Knicks basketball player Trent Tucker, the caretaker of Gabelli's vacation home and a one-time aerobics instructor, the government said."

The Washington Post (7/14, D01, Masters) reports, "Money manager Mario Gabelli and companies affiliated with him agreed yesterday to pay $130 million to settle allegations that he used sham companies to buy cellphone licenses under a federal program for small and minority-owned businesses." The Post continues, "The federal government alleged that 38 individuals and companies backed by Gabelli's money improperly participated in eight wireless spectrum auctions under special Federal Communications Commission rules reserved for small businesses. The Gabelli-backed entrepreneurs included his relatives, a former aerobics instructor, the caretaker of his vacation home and a retired professional basketball player, the government alleged. Gabelli was not eligible. … 'The FCC and all government agencies should be able to trust companies which certify information about eligibility to participate in government programs,' Assistant Attorney General Peter D. Keisler said in a statement announcing the deal. 'This settlement is an example of the government's determination to ensure that valuable federal resources are protected from fraud and abuse.'"

The New York Times (7/14, Creswell) reports, "The settlement, approved yesterday by Judge Paul A. Crotty of the Federal District Court in Manhattan, is the latest move by the quick-witted and quick-tempered Mr. Gabelli to try to put a series of lawsuits and bad press behind him. … Known as Super Mario for his acumen in stock picking, Mr. Gabelli, 63, who sits atop a complex public- and private-investment empire, has seen his reputation dented in recent months as he faced lawsuits that challenged his business ethics, corporate governance and pay package." The Times adds, "Last year, as chairman and chief executive of the publicly traded Gamco Investors, Mr. Gabelli received a pay package worth $55.5 million. Gamco was not part of the auctions,

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which involved licenses for wireless spectrum, or in the Justice Department settlement yesterday. … How much of the $130 million settlement will come out of Mr. Gabelli's own pocket is unclear. A lawyer for Mr. Gabelli, Lanny A. Breuer, declined to provide details. But earlier this week, Lynch Interactive, a communications holding company run by Mr. Gabelli, said its share of the settlement would be $34 million."

CIVIL RIGHTS:

House Votes To Extend Voting Rights Act 390-33. The Washington Post (7/14, A1, Murray, 748K) reports, "The House yesterday easily approved an extension of key provisions of the landmark Voting Rights Act, after GOP leaders quelled a rebellion within the party's Southern ranks that threatened to become a political embarrassment. Before the 390 to 33 vote to extend the measure for a quarter-century, the House defeated four amendments that would have diluted two expiring provisions and possibly derailed final passage before the November congressional elections. With the House hurdle now cleared, Senate Judiciary Chairman Arlen Specter (R-Pa.) said he hoped to bring the extension to the Senate floor before the August recess." According to the Post, "Yesterday's votes put a dent in" House Speaker "Hastert's principle of moving major legislation only with a 'majority of the majority' -- that is, with most of the chamber's 231 Republicans supporting it. Overwhelming Democratic support was crucial to defeating three of the potentially killer amendments introduced by dissident Republicans and opposed by Hastert."

USA Today (7/14, Stone, 2.27M) reports, "Supporters said the law is needed because minorities can still be treated unfairly when legislatures change rules or redraw districts. 'I gave blood. Some of my colleagues gave their very lives,' said Rep. John Lewis, D-Ga., an activist in the Civil Rights Movement that led to the act's passage."

The Roll Call (7/14, Yachnin) reports, "Voting against the reauthorization measure…were a handful of Republican lawmakers who had pushed unsuccessfully for a series of four amendments to the legislation."

GOP Support For Extension Seen As Appeal To Minority Voters. The AP (7/14, Kellman) reports the House "reject[ed] efforts by Southern conservatives to relax federal oversight of their states in a debate haunted by the ghosts of the civil rights movement. The 390-33 vote sent to the Senate a bill that represented a Republican appeal to minority voters who doubt the GOP's 'big-tent' image. All of the 'no' votes came from Republicans, in defiance of their own leaders. … Southern conservatives complained that the act punishes their states for racist voting histories they say they've overcome." The AP notes, "Republican leaders…were forced to postpone a House vote last month when conservatives rebelled during a closed meeting."

The New York Times (7/14, Hernandez, 1.21M) reports, "For weeks, the outcome of the battle to extend the act had been in doubt. Republican leaders had planned a vote in June. But they abruptly canceled it after conservative lawmakers objected to several provisions of the act, including one that requires the Justice Department to review any proposed changes to voting procedures in states covered by the law, most of them in the South. They said the provisions were unnecessary. The rebellion was an embarrassment for the Republican leadership. In early May, House and Senate leaders of both parties assembled on the steps of the Capitol to pledge their support for the act and celebrate what they described as its imminent approval. President Bush had also thrown his support behind it."

The Los Angeles Times (7/14, Neuman, 918K) reports, "Republican conservatives defied party leaders by pressing ahead with unsuccessful — and controversial — efforts to revise the measure. Their attempts to modify what is often called the crown jewel of the civil rights movement included shortening the bill's life and repealing its requirement that bilingual ballots be provided to minority voters. The modifications, derided by the bill's sponsors as 'stabbing the Voting Rights Act in the heart,' were defeated by an unusual coalition of virtually all of the chamber's 201 Democrats and its Republican leaders. … The rare public display of GOP dissension was a blow to strategists at the White House, who had hoped an election-year renewal of the act would boost Republicans' appeal to minority voters in the fall elections."

Scripps Howard (7/14, Doyle) reports, "The House similarly rejected two different proposals to revise the law's "pre-clearance" provisions. While pushed by Southern conservatives, these efforts could have affected California counties. … The existing Voting Rights Act requires that 837 counties nationwide -- including the four in California -- receive Justice Department approval before making electoral changes. These could be anything from hiring new poll workers, buying new voting machines or making new political annexations."

VRA Debate Exposes Rift Among Georgians. The Wall Street Journal (7/14, Rogers, 2.03M) reports, "Tensions in the Georgia delegation surfaced yesterday in angry exchanges between black and white lawmakers, who openly accused one another of deceit and 'dastardly' conduct. Among Republicans, the debate was colored by divisions over immigration overhaul that have strained the party's relations with Latino voters. Pressed by conservative groups, 181 Republicans, including several top leaders, joined in an attempt to strip out bilingual-ballot provisions in the act."

The Christian Science Monitor (7/14, Jonsson, 58K) reports, "The debate in the public square that preceded the House's vote on Thursday shows how emotionally charged

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the issue remains. Here in Georgia - where white congressional representatives have taken the lead in arguing for a softened Voting Rights Act (VRA) and black representatives have defended the need for oversight - positions gelled along the familiar racial and party lines. … Those who argue for amending the VRA say the changes it wrought are now steeped in Southern culture. The region, despite widespread social segregation, has in many ways come to terms with its past - exemplified by political opportunity for all, they say."

Activists Use Lawsuits In Bid To Stop Electronic Voting. The AP (7/14, Hastings) reports, "Computerized voting was supposed to be the cure for ballot fiascos such as the 2000 presidential election, but activist groups say it has only worsened the problem and they've gone to court across the country to ban the new machines. Lawsuits have been filed in at least nine states, alleging that the machines are wide open to computer hackers and prone to temperamental fits of technology that have assigned votes to the wrong candidate." Manufacturers "face a determined opponent in Voter Action, which has filed lawsuits in Colorado, California, Arizona and New Mexico. Similar bans have been sought by voters in Texas, Ohio, Florida and Pennsylvania. On Thursday, a coalition of groups filed a lawsuit in Georgia. … Voter Action's lawsuits target the most popular machine manufacturers: California-based Sequoia Voting Systems, Nebraska-based Electronic Systems & Software, and the biggest of them all, Diebold Election Systems of Ohio, a subsidiary of giant ATM maker Diebold Inc."

Plain Dealer Says DOJ Suit Highlights Euclid Voting Problems. The Cleveland Plain Dealer (7/14) editorializes, "The Bush administration doesn't run all over the country filing Voting Rights Act lawsuits. On Monday, Euclid became only the second jurisdiction to earn such dubious recognition. … The suit, filed in U.S. District Court, represents the third racially tinged public relations blow to the city in the past three years. This is also by far the most potentially damaging litigation the rapidly changing city has been forced to confront." The Plain Dealer continues, "It's easy to see why the Department of Justice is interested: No black candidate has ever been elected to any Euclid city office, even though the 2000 census showed Euclid to be a little more than 30 percent black. Current estimates suggest the figure is now up to 40 percent. … The lack of black participation has led Justice to conclude that the ward system has historically and systematically diluted the black vote and unfairly denied African-Americans the opportunity to win office. … Euclid officials deny the charge. They argue that the Justice Department has taken a simplistic snapshot of the city that ignores historic residential and transient living patterns that explain the lack of blacks in public office. … There may be some merit to these claims. City officials say only two blacks have ever even run for office. … But the fact remains that a city with a considerable and growing black population has not a single black on its nine-member City Council. That makes the city's argument an exceedingly tough sell. … Euclid must prove that it can solve its own problem without a protracted legal fight with the federal government. That's in everyone's best interest."

California Women Plead Guilty To Sex Slavery Charges. The San Francisco Chronicle (7/9, B2, Estrella, 405K) reported, "Two women who operated San Francisco brothels that forcibly employed undocumented immigrant women from Asia have pleaded guilty to conspiring to harbor aliens, the state Department of Justice said Friday. The pleas are the result of a joint investigation and prosecution by federal and local agencies, including the U.S. attorney's office, U.S. Immigration and Customs Enforcement, the FBI and San Francisco police." Yon Suk Pang "pleaded guilty to an additional charge of money laundering and has agreed to forfeit $1.2 million in profits from her criminal activity." Min Sung Kim "has admitted to employing illegal aliens as prostitutes" and "will forfeit $70,000 in profits." Bay City News (7/9) noted, "The two women are among 29 people who were indicted last year on charges of participating in a large human trafficking ring that allegedly transported young women from Korea to San Francisco for coerced prostitution."

Rationale For New York Ruling On Gay Marriage Analyzed. In an op-ed for the New York Times (7/14, 1.21M) Kenji Yoshino, professor at Yale Law School, writes, "Last week, New York's highest court voted 4-to-2 that a legislative ban on same-sex marriage did not violate the state Constitution. … What's noteworthy about the New York decision…is that it became the second ruling by a state high court to assert a startling rationale for prohibiting same-sex marriage — that straight couples may be less stable parents than their gay counterparts and consequently require the benefits of marriage to assist them." The court "put forth [an] argument, sometimes called the 'reckless procreation' rationale. … Gays become parents, the opinion said, in a variety of ways, including adoption and artificial insemination, 'but they do not become parents as a result of accident or impulse.' Consequently, 'the Legislature could find that unstable relationships between people of the opposite sex present a greater danger that children will be born into or grow up in unstable homes than is the case with same-sex couples.'"

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ANTITRUST:

States To File Price-Fixing Suit Against Chip Makers. The New York Times (7/14, Flynn) reports, "At least 34 states are expected to file a lawsuit on Friday against seven semiconductor makers, accusing the companies of overcharging their customers for computer memory chips. … Separately, Elliot Spitzer, the attorney general of New York, filed a lawsuit on Thursday to recover damages for consumers in the state." The Times continues, "The legal cases will open a new chapter in the four-year-old investigation that has already led to large fines for the companies and prison sentences for several executives. … The multistate suit, which is to be filed in Federal District Court in San Francisco, accuses the chip makers of conspiring to fix prices and manipulate supply from 1998 to 2002. … 'They met and conspired to artificially increase prices, to reduce competition and to allocate market share,' Bill Lockyer, the attorney general of California, said. 'The result was that consumers got overcharged, and equipment manufacturers got overcharged.' … Mr. Lockyer, who is taking a lead role in the multistate lawsuit, said the end users — the consumers — might have overpaid for the memory chips by hundreds of millions of dollars because of the price fixing. The case involves dynamic random access memory, or DRAM, chips, which are commonly used in personal computers, printers and electronics devices like cellphones and digital cameras."

The AP (7/14, Johnson) reports, "The lawsuits follow a long-running U.S. Justice Department investigation that has resulted in more than $730 million in fines and guilty pleas from four companies _ Samsung Electronics Co., Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc. … Boise, Idaho-based Micron Technology Inc. was granted immunity from criminal charges in the DOJ case in exchange for its cooperation. … 'I have never seen a price-fixing case where there is so widespread, so continuous an exchange of confidential price information among competitors or over so long a time period,' said Assistant New York Attorney General Richard Schwartz." The AP adds, "The New York suit, filed in Manhattan federal court, claims the companies colluded to fix prices on dynamic random access memory, or DRAM, chips from 1998 until 2002. The defendants are Micron, Samsung, Infineon, Elpida, Hynix, Mosel-Vitelic Corp., Nanya Technology Corp. and NEC Electronics America Inc."

Bloomberg (7/14, Cho) reports, "The cases open a new chapter of antitrust claims against memory chipmakers, who were fined $731 million after they pleaded guilty in a U.S. Justice Department probe. The states are seeking reimbursement for the extra cost of computers, which Lockyer estimated at 'hundreds of millions of dollars' nationwide. Antitrust law allows plaintiffs to seek triple-damages. … 'It's difficult to calculate the damage, but it's definitely negative,' said Michael Min, an analyst at Korea Investment & Securities Co. in Seoul. 'This turns into reality the initial fears that the guilty plea would lead to a string of lawsuits.' … Suwon, South Korea-based Samsung won't be sued in the San Francisco case because the state wants 'to foster a potential settlement,' said Lockyer spokesman Tom Dressler. … Hynix plans to try to settle the lawsuits, Seoul-based spokesman Park Hyun said today."

The California Recorder (7/14, Miller) reports, "Lockyer accused the manufacturers of restraining supplies, coordinating prices and rigging bids for their dynamic random access memory chips, or DRAM, from 1998 through June 2002. Damages suffered by California consumers and government agencies could reach into the tens of millions of dollars, according to an AG spokesman. … 'It's a pretty simple case,' said spokesman Tom Dresslar. 'It's a group of companies conspiring to rig the market ... all to inflate their profits and to inflate their prices at the expense of their victims.'"

The Salem (OR) Statesman Journal (7/14) reports, "Oregon Attorney General Hardy Myers on Friday will join a multi-state lawsuit that accuses the world's largest manufacturers of Dynamic Random Access Memory chips of price-fixing. … 'As a result of a price-fixing conspiracy by companies that make memory chips that are a crucial component of many high-tech products, Oregon consumers and state agencies have paid more for computers,' Attorney General Myers said. 'With this lawsuit, we hope to stop the manufacturers from manipulating prices in the future and to recoup some of the public's losses.' … The Oregon Department of Justice and more than 30 other attorneys general are seeking damages, restitution, civil penalties and injunctive relief for consumers and public entities that paid higher prices for electronics from 1998 to 2002 as a result of alleged price-fixing."

The Milwaukee Journal Sentinel (7/14, Lank) reports, "Wisconsin is among 34 states that intend to file a multimillion-dollar price-fixing lawsuit against seven memory-chip makers today, Attorney General Peg Lautenschlager announced." The Sentinel continues, "In her news release, Lautenschlager said the case is about 'conduct that takes advantage of consumers - and unfairly raises prices for everyone.'"

The San Jose Mercury News (7/14, Takahashi) reports, "Lockyer said that published reports have placed damages to consumers at hundreds of millions of dollars. The suit alleges that dozens of employees and executives at the companies exchanged pricing information with each other. So far, Samsung, Elpida, Hynix, and Infineon have pleaded guilty to

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price-fixing charges and agreed to pay fines to the U.S. Department of Justice."

The Financial Times (7/14, Allison) also reports on the suit.

FCC Clears Cable Giants' Bid For Adelphia Systems. The Los Angeles Times (7/14, Puzzanghera, Granelli) reports, "The cable TV market in Los Angeles is poised for a radical makeover after federal regulators Thursday approved the sale of Adelphia Communications Corp. to Time Warner Inc. and Comcast Corp." The Times continues, "Time Warner will become Southern California's largest cable TV provider under the deal, acquiring Adelphia's 1.2 million subscribers in the region along with 500,000 from Comcast in a complicated swap of assets arising from Adelphia's collapse into bankruptcy in 2002 amid an accounting scandal. … With the switch, customers can expect enhanced programming and services, notably faster high-speed Internet service. Time Warner said any price changes would mostly 'be favorable' to subscribers, but consumer advocates warned of higher bills down the line." The Times adds, "Time Warner's share of the Greater Los Angeles market will jump from 15% to 75% as its subscribers in the area balloon to 1.9 million. In the city of Los Angeles, the company will control 98% of the market when the deal closes, most likely by the end of the month. … New York-based Time Warner plans to spend millions of dollars to promote itself in the L.A. area, said Roger Keating, the company's head of Los Angeles cable operations." The Times notes, "The 4-1 vote by the Federal Communications Commission removed the last hurdle to the $17.6-billion sale of Adelphia. Comcast and Time Warner, the nation's two largest cable TV providers, agreed as part of the deal to divvy up the subscribers of No. 5 Adelphia and to swap some of their own to consolidate each buyer's operations in several areas nationwide."

FTC Charges Texas Realtors With Restraining Competition. Inman News (7/14, Swesey) reports, "The Austin, Texas, Board of Realtors illegally restrained competition by preventing consumers from putting certain types of home listings on public Web sites, the Federal Trade Commission charged today." Inman continues, "The 5,000-member Realtor board operates a multiple listing service in the Austin metropolitan area. The group's rules make property listings information available for public Web site searches only when a home seller enters into a traditional style of real estate broker listing agreement, typically associated with a non-discounted commission, according to the charges." Inman adds, "Home sellers who enter into low-cost listing agreements are allegedly blocked from having information about their home shown on Web sites such as Realtor.com, the board-owned Austinhomesearch.com, and other sites operated by board members. … The FTC charges that the MLS rules restrain competition among central Texas real estate brokers and are a joint action by a group of competitors to withhold listing information from publicly accessible Web sites. … The FTC and the Justice Department have been critical of other industry practices, which the agencies allege restrict competition from low-cost and Internet brokerage services. The DOJ last year filed a lawsuit against the National Association of Realtors, charging that the trade group's policies for displaying property listings online restrain competition. … The FTC and DOJ also have criticized and opposed various state bill and rule proposals that would require brokers to perform a minimum level of services, effectively eliminating bare-bones agreements in which a broker performs minimal tasks at lower prices."

The Washington Post (7/14, D02, Fleishman) reports, "In another sign that federal regulators want the real estate establishment to open competition to discount brokers, the Federal Trade Commission yesterday announced its first restraint of trade action against a professional real estate association in 11 years." The Post continues, "The FTC charged that the 5,000-member Austin Board of Realtors violated antitrust laws by 'effectively blocking' sellers who listed with discount brokers from marketing their homes on Web sites associated with the board, including Realtor.com, a national site." The Post adds, "Yesterday's action was the latest in a series of moves by the FTC and the Justice Department to press real estate associations to allow discounters more access. … The Justice Department last year sued the National Association of Realtors over its Internet multiple listings policy; the parties are still in talks over the litigation. Federal regulators have also weighed in against recent state laws that protect the traditional real estate business model. Nine states, including Texas, require brokers to provide full services."

The Wall Street Journal (7/14, Hagerty) reports, "Under a consent order settling FTC charges that the rule violated antitrust law, the Austin board can't give preferential treatment to any type of listing agreement. The Austin board said in a statement that it scrapped the rule last August and added: 'We are disappointed that the FTC's press release implies that we are guilty of wrongdoing.'" The Journal adds, "FTC officials said they are investigating several other MLS operators that have similar rules and hope at least some will voluntarily change them. Justice Department officials also have contacted some MLS operators to inquire about such rules. MLS organizations that block exclusive-agency or limited-service listings from the public Web sites include those in Indianapolis, Detroit, Cleveland and Columbus, Ohio. … Realtor officials in Cleveland, Columbus and Indianapolis said they would review their policies in light of the FTC's move. The Greater Tulsa Association of Realtors in

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Oklahoma dropped a rule similar to the one in Austin last year after Justice Department officials raised questions."

California Businessman Seeks To Block McClatchy Sale. The AP (7/14, Leff) reports, "A prominent businessman who turned the sale of the San Francisco Chronicle into a drawn-out legal drama six years ago is now suing to prevent McClatchy Inc. from completing a $737 million deal to sell three of the newspapers it picked up in its recent acquisition of Knight Ridder Inc." The AP continues, "Clinton Reilly, a millionaire real estate investor, plans to file an antitrust lawsuit Friday that could derail or at least delay McClatchy's plan to unload the San Jose Mercury News, Contra Costa Times and Monterey Herald, according to his lawyer, Joseph A. Alioto. … The lawsuit, to be filed in U.S. District Court in San Francisco, names as defendants MediaNews Group, publisher of The Oakland Tribune and other newspapers; the Hearst Corp., which publishes the San Francisco Chronicle; Gannett Corp. and Stephens Media Group, a privately held a company." The AP adds, "Sacramento, Calif.-based McClatchy reached an agreement in late April to sell the three San Francisco Bay area papers to MediaNews with backing from Hearst and the other publishers. The resulting partnership, which already is under review by the U.S. Justice Department and California's attorney general, creates a monopoly that would drive up newspaper prices and reduce jobs in the industry, Alioto said. … 'By entering into these combinations, the partners immediately eliminate themselves as potential competitors in the Bay Area,' Alioto said."

FTC Clears Morgan Stanley Purchase Of Transmontaigne. MarketWatch (7/14) reports, "Morgan Stanley Capital Group Inc., a unit of Morgan Stanley (MS), has received antitrust clearance from the Federal Trade Commission to acquire TransMontaigne Inc. (TMG) for $11.35 a share." MarketWatch continues, "The FTC said Thursday that it granted early termination on Wednesday of the waiting period required under the Hart-Scott-Rodino antitrust law. … Denver-based TransMontaigne, an oil and gas company, said in a press release June 22 that it had terminated its merger agreement with SemGroup L.P. and its affiliates, and TransMontaigne will pay a $15 million breakup fee." MarketWatch adds, "TransMontaigne expects its acquisition by Morgan Stanley to close between mid-August and mid-September, and its shares will no longer be traded. … The Hart-Scott-Rodino law requires under certain circumstances that prospective acquirers of voting securities or assets apply for clearance from regulators. Requests for early termination or clearance are granted when the FTC and the Justice Department's antitrust division have determined that they won't take enforcement action during the waiting period."

European Court Overturns EU Approval Of Sony-BMG Merger. USA Today (7/14, Lieberman) reports, "Europe's second-highest court alarmed music executives and investors on Thursday with a highly unusual ruling that ordered reconsideration of the merger creating Sony BMG Music Entertainment - and cast doubt on the combination being discussed by Warner Music and EMI." USA continues, "Warner Music shares plummeted 17.6% to $24.53, while EMI, which trades in London, dropped 9.2% to the equivalent of $5.12 after the European Court of First Instance annulled the European Commission's 2004 approval of Sony and BMG's music joint venture." USA adds, "The court, responding to an appeal from an organization that represents independent music companies, said that antitrust officials at the European Union had failed to adequately justify their approval. … A Sony BMG statement said that the ruling 'does not affect the validity' of the company. It said it is studying the judgment 'and shall discuss the appropriate next steps with the European Commission.'"

The AP (7/14, White) reports, "The surprise ruling is the first time the courts have overturned a commission decision to clear a deal and analysts said it could raise the stakes for other such mergers or even lead companies to call off talks. EMI Group PLChas been trading takeover offers with Warner Music Group in recent months." The AP adds, "The Court of First Instance – the EU's second-highest court – backed a challenge by the independent record label group Impala, which represents 2,500 independent music companies. The court said regulators did not properly show in 2004 that there was not a monopoly position before the deal or that there would not be one afterward. … Either one would be enough to strike down regulatory approval. … The European Commission had unconditionally approved the 50-50 joint venture between Japan's Sony Music Corp. and BMG, Bertelsmann's music unit, in July 2004 after finding insufficient evidence the deal would harm consumers."

The Los Angeles Times (7/14, Duhigg) reports, "The decision, which came in response to a challenge filed on behalf of 2,500 independent music labels, caught executives at Sony, Bertelsmann and Sony BMG by surprise. Sources at the companies said they would re-submit the deal for approval within a week. A decision could take as long as five months." The Times adds, 'If that petition fails, executives may be forced to undo the partnership that collected $4.2 billion in revenue last year and was responsible for more than 25% of U.S. album sales. The Sony BMG combination reduced the world's major record companies to four and brought such artists as Aerosmith, Barbra Streisand and Elvis Presley under one roof. … Whatever the outcome,

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Thursday's decision put an immediate chill on negotiations between EMI Group and Warner Music Group — the world's third- and fourth-largest music companies, respectively. Insiders at both companies said further talks about combining them were unlikely until the Sony BMG issue was resolved. … The court's complete annulment — the first of its kind — could remake landscapes within the industry and elsewhere."

ENVIRONMENT/INDIAN AFFAIRS:

Canada Confirms Seventh Mad-Cow Disease. Bloomberg (7/14, Donville) reports Canadian authorities "said tests confirmed the nation's seventh case of mad-cow disease in a 50-month-old dairy animal born after feed restrictions were imposed in 1997 to curb the spread of the ailment." Other cattle born on the Edmonton farm are being located for testing. "The announcement comes less than two weeks after Canada found its sixth case of" BSE, and the Canadian Food Inspection Agency "last month tightened its animal feed restrictions to speed up eradication" of BSE there.

The AP (7/14, Duff-Brown) adds USDA "said it would send an inspector to aid in the investigation into the death." Agriculture Secretary Mike Johanns "said the deaths 'raise questions that must be answered. We need a thorough understanding of all the circumstances involved in this case to assure our consumes that Canada's regulatory system is effectively providing the utmost protections to consumers and livestock.'" Discussing the importation to the US of Canadian beef, United Stockgrowers of America's Chuck Kiker "believes the USDA ordered the border reopened to Canadian cattle too soon. 'In order to protect the US cattle herd and US beef consumers, USDA must ... close the Canadian border to all beef and cattle, and work with Canada to scientifically determine the full scope of Canada's BSE problem through mandatory testing of at least every high-risk animal in Canada.'"

Johanns Expresses Concern Over Latest Mad Cow Case. The Dow Jones Newswire (7/14, Tomson) reports Johanns "expressed concern Thursday over Canada's confirmation of a new case of mad-cow disease because the infected animal was born well after Canada put a preventive feed ban in place." He is quoted saying, "While the United States and Canada have a strong system in place to protect animal and human health, the diagnosis of BSE in an animal born roughly four and a half years after the implementation of the 1997 ruminant-to-ruminant feed ban does raise questions that must be answered." Johanns "said he is particularly concerned about 'how this animal may have been exposed to BSE-infected material.'"

House Committee's Report Faults Global Warming Studies. The Wall Street Journal (7/14, 2.03M) editorializes, "It is routine these days to read in newspapers or hear…that the 1990s were the 'warmest decade in a millennium' and that 1998 was the warmest year in the last 1,000. … But a report soon to be released by the House Energy and Commerce Committee by three independent statisticians underlines yet again just how shaky this 'consensus' view is, and how recent its vintage."

California Wildfires Continue To Expand. NBC Nightly News (7/13, story 5, 2:35, Williams, 9.87M) reported, "The numbers are up tonight in Southern California -- more acres burned, more people driven out of their homes by wildfires. The biggest fire of them all -- the Sawtooth fire east of LA has now consumed more than 40,000 acres, more than 1,500 homes have been evacuated and this fire is on a kind of collision course with yet another one."

ABC World News Tonight (7/13, story 6, 0:20, Moran, 8.78M) reported, "There are new fears tonight about the wildfire raging 100 miles east of Los Angeles. 40,000 acres have burned. High winds and triple digit heat are making it difficult to battle the flames. But officials are now concerned the fire could merge with a smaller blaze several miles away and create a bigger threat to the San Bernardino national forest."

Schwarzenegger Declares State Of Emergency In San Bernardino County. The AP (7/14, Almeida) reports, "A 40,000-acre fire chewed through desert wilderness Thursday after destroying 100 homes and buildings and was on course to possibly merge with a blaze in the San Bernardino National Forest." Gov. Arnold Schwarzenegger "declared a state of emergency in San Bernardino County to better coordinate and expedite state efforts to help people affected."

Judicial Panel Cites Mismanagement Of Indian Trust Accounts. The Christian Science Monitor (7/14, Knickerbocker) reports, "The lawsuit's name is innocuous enough. But Cobell v. Kempthorne carries 119 years of historical baggage, and its outcome could affect hundreds of thousands of people at a cost of billions of dollars. It's also thorny as a prickly pear, so contentious that a panel of federal jurists this week ruled that the case needs a different judge to oversee it." The Monitor continues, "The dispute involves royalties due native Americans dating back to 1887. That's when Uncle Sam took control of some 11 million acres of tribal lands in the West as part of the federal policy of forced assimilation. The US was supposed to be paying into Indian trust accounts what now amounts to billions of dollars in revenues from oil, gas, timber, minerals, and grazing on those acres, then disbursing payments to native account holders. … But the whole thing has been mismanaged,

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federal courts have declared several times since the case began in 1996, and the last three Interior secretaries have failed to fix it. Idahoan Dirk Kempthorne, who recently became Interior secretary, follows both Bruce Babbitt and Gale Norton as lead defendant." The Monitor adds, "On the other side is Elouise Cobell of Browning, Mont., a member of the Blackfeet Indian Tribe, a rancher and banker, and a recipient of a MacArthur 'genius' grant for her work in economic development. She's the lead plaintiff in the class-action lawsuit that bears her name. 'The government has abused trust beneficiaries and has failed to fulfill the most basic trust responsibilities owed to us,' she said this week. … The courts and most experts have agreed with that assessment. The US Circuit Court of Appeals for the District of Columbia declared this week that 'the [US] government has an obligation to rise above its deplorable record and help fashion an effective remedy.' … Words like 'ignominious,' 'incompetent,' 'malfeasance,' and 'recalcitrance,' the three-judge panel wrote, 'are fair and well supported by the record.' Still, the judges decided, after nearly 10 years on the case US District Judge Royce Lamberth had 'exceeded the role of impartial arbiter' in hearing Cobell v. Kempthorne."

FBI/DEA/ATF/USMS:

At Least 8 Heroin Overdoses Reported In New Jersey. The Bridgeton (NJ) News (7/13, Dunn) reports from Vineland that there "have been at least eight heroin overdoses in the city in the last week, none of which has been fatal, but it is a possibility that it is related to the bad heroin that has caused several deaths in the tri-state area. Two overdoses occurred Monday evening."

The Press of Atlantic City (7/13) reports, "The number of heroin overdoses…continued to spike Wednesday, with police reporting two more incidents where users were found unconscious. The incidents on Tuesday brought the number of overdoses in the city during the past week to 10, according to Vineland police reports."

March Death Tied To Fentanyl-Laced Heroin. The Park Ridge (IL) Herald Advocate (7/13) reports Park Ridge police "have confirmed that the death in March of a 22-year-old Park Ridge man was caused by a lethal dose of heroin. Park Ridge Deputy Police Chief Tom Swoboda said toxicology tests show that Jonathan Krischke died after taking heroin mixed with the narcotic fentanyl on March 9."

Lack Of Money Leads To Shutdown Of Paramedic Unit. According to Wilmington, Delaware's News Journal (7/13), "An extra New Castle County paramedic unit put together in May to help with a spate of heroin overdose calls was deactivated this week because there isn't enough money to pay for it. Public Safety Director Guy Sapp said it would have cost $100,000 to run Medic 9 for six months because it was paid for mainly with overtime."

Man Accused Of Selling Drug Mixture To Stand Trial. WHNS-TV, Greenville-Spartanburg, SC-Asheville,NC (7/13, 10:00 p.m.) reported, "DEA agents in Detroit say Daren Reese sold a lethal combination of heroin with the prescription painkiller fentanyl that may have resulted in more than 200 deaths. The man is charged with ten counts of drugs and weapons charges."

WATE-TV, Knoxville, Tennessee (7/13, 12:00 p.m.) reported, "Federal drug investigators are building a case against a Detroit man suspected of mixing up a deadly batch of drugs that are sweeping the nation. Daren Reese is accused of dealing a mix of heroin and the prescription painkiller fentanyl. More than two-hundred people have died after taking the drug. Reese appeared in court yesterday.

WTOL-TV, Toledo, Ohio (7/13, 5:00 a.m.) reported, "federal Drug Enforcement Agency officials have made a break in the case of contaminated heroin responsible for dozens of deaths. In a raid of the home of a suspected drug dealer officials found 80 packets of the deadly mix of heroin and the painkiller fentanyl. Forty-five year-old Daren Reese has been ordered to stand trial on the charges. The deadly drug mix has been linked to over 200 deaths."

Spokane Task Force Seeks To Thwart Gang Violence. The AP (7/13) reports, "Responding to an increase in violent crime committed by armed gang members, local and federal police agencies in Spokane have formed a task force. … Federal agencies participating in the task force include the Bureau of Alcohol, Tobacco, Firearms and Explosives, the United States Marshal's office, the FBI and the Drug Enforcement Administration."

Iowa Brothers Sentenced In Meth Case. The Marshalltown (IA) Times Republican (7/14) reports two Marshalltown brothers "were sentenced to prison Wednesday, one for life and the other for 20 years, after being found guilty for conspiring and distributing methamphetamine. U.S. District Judge Ronald E. Longstaff sentenced Martin Ruiz Singh, 36, to life imprisonment. His brother, David Ruiz Singh, 41, was sentenced to 20 years in prison. … The case against the Singh brothers was investigated by the Drug Enforcement Administration" and others.

Judge Blocks Changes To California's Drug Treatment Program. The Los Angeles Times (7/14) reports a Northern California judge on Thursday "blocked, at least temporarily, sweeping changes to the state's landmark treatment program for drug offenders signed into law by Gov. Arnold Schwarzenegger this week. The new law, SB 1137, adds tough provisions to Proposition 36, which gives tens of

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thousands of drug offenders the option of entering treatment facilities instead of going to jail. The changes championed by Schwarzenegger would allow judges to incarcerate offenders who relapse for up to five days. Drug treatment advocates say that the measure…is illegal because it would change an initiative approved by voters without their consent."

Reporting Continues On Possible Indictment Of Bonds. The San Francisco Chronicle (7/14, Williams, Fainaru-Wada) reports Giants star Barry Bonds' "emphatic denial that he had used banned drugs -- repeated under oath in December 2003 before the grand jury that investigated the BALCO steroids conspiracy -- is the focus of a continuing federal probe that soon could result in his indictment for perjury before the grand jury or for making false statements to the FBI."

The AP (7/14, Robertson) reports a grand jury "considering possible perjury charges against Bonds met again Thursday in San Francisco."

In the New York Times (7/14), sports writer Murray Chass writes, "The growing feeling is that the government, specifically the United States attorney in San Francisco, will get [Bonds]. The grand jury investigating the possibility that Bonds lied to another grand jury two and a half years ago did not act yesterday. It is scheduled to meet again Thursday."

San Francisco Marijuana Club Denied Permit By Planning Commission. The San Francisco Chronicle (7/14, Selna) reports, "A pot club seeking to set up shop near Fisherman's Wharf was denied a permit by the San Francisco Planning Commission in a 4-2 vote Thursday night. The Green Cross was the first medical marijuana outlet in San Francisco to undergo the city's new permit process, which was approved by the Board of Supervisors last year in an effort to more tightly regulate medical pot sales. … The cannabis club faced strong opposition from neighbors and community groups at Thursday's commission meeting."

The San Jose Mercury News (7/13, Ostrom) writes, "The proprietor of the Green Cross dispensary agrees that the wharf is hardly an ideal location for his customers -- terrible parking for one thing. But, he says, new city rules created zones so confining that about the only places to legally sell marijuana now are around the wharf or in the Financial District."

IMMIGRATION:

Senate Votes Against Amendment Funding Border Wall 71-29. The Washington Times (7/14, A1, Hurt, 88K) reports, "Less than two months after voting overwhelmingly to build 370 miles of new fencing along the border with Mexico, the Senate yesterday voted against providing funds to build it." The Senate defeated an amendment from Sen. Jeff Sessions 71-29. Sessions "offered his amendment to authorize $1.8 billion to pay for the fencing that the Senate voted 83-16 to build along high-traffic areas of the border with Mexico. In the same vote on May 17, the Senate also directed 500 miles of vehicle barriers to be built along the border. But the May vote simply authorized the fencing and vehicle barriers, which on Capitol Hill is a different matter from approving the federal expenditures needed to build it. 'If we never appropriate the money needed to construct these miles of fencing and vehicle barriers, those miles of fencing and vehicle barriers will never actually be constructed,' Mr. Sessions told his colleagues yesterday before the vote." The Times notes, "Only two Democrats" -- Sens. Ben Nelson and Thomas Carper "supported funding the fence. All told, 34 senators -- including most of the Republican leadership -- voted in May to build the fence but yesterday opposed funding it."

$32.7 Billion DHS Budget Approved By Unanimous Senate. The AP (7/14, Jordan) reports, "The Senate voted unanimously Thursday to bolster security at U.S. borders by pumping hundreds of millions of dollars into more patrols, surveillance flights and sensors to catch illegal immigrants sneaking into the country. Senators approved the $32.7 billion budget for Homeland Security Department next year by a vote of 100-0. … The spending plan included a $1 billion increase for security staff and equipment at borders and ports. A third of the cost would be covered through higher immigration fees. The Senate bill is about $1.7 billion more than President Bush requested and $700 million larger than a bill passed by the House last month. For the second straight year, the Senate joined the House in rejecting Bush's call for $1.3 billion in new taxes on airline tickets to pay for homeland security spending increases."

DHS Budget Bill Called A "Border Security Bill." The Los Angeles Times (7/14, Gaouette, 918K), in an article titled, "Senate Approves Border Security Bill," reports, "Even as prospects for a sweeping overhaul of immigration policy remain in doubt, Congress is moving on other fronts to bolster security along the border with Mexico and to toughen enforcement against illegal immigrants already in the United States. The latest steps came Thursday with the Senate's approval" of the DHS funding bill "that includes additional border agents and more beds in detention centers to facilitate deportation of illegal immigrants. The discovery in January of a tunnel nearly half a mile long connecting an industrial building in Tijuana with a warehouse in Otay Mesa, just north of the border, prompted another measure that would make building underground border conduits a criminal offense. … The Homeland Security bill demonstrates that even as the House and the Senate remain at an impasse over separate

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legislation to rewrite immigration laws, Congress is still likely to produce measures to tighten enforcement along the nation's 2,000-mile southern border and inside the country."

GOP House Members Seeking Tighter Border Security Called "Extremist Xenophobes." The Washington Post's Eugene Robinson (7/14, A21) writes that "extremist xenophobes in the Republican-controlled Congress -- the likes of Tom Tancredo (R-Colo.), Steve King (R-Iowa) and J.D. Hayworth (R-Ariz.) -- rail at the government of Mexico for supposedly encouraging illegal migration to the United States. If Mexicans want to leave their country, for any reason, what right does the Mexican government have to stop them? The only answer, of course, is no right at all. Imagine the situation in reverse: Imagine that before boarding a plane for a vacation in Cancun or a cruise ship heading to the Bahamas, Americans had to ask permission from government officers who could arbitrarily say no, you're not going anywhere."

TAX:

Judge In KPMG Case Raises New Concerns About Prosecutorial Tactics. The New York Times (7/14, Browning) reports, "The federal judge overseeing a huge tax shelter trial raised new concerns yesterday about how prosecutors were handling the case, suggesting that he might consider postponing the trial or even dismissing the case." The Times continues, "The judge, Lewis A. Kaplan of United States District Court in Manhattan, said that he had originally ordered the trial to begin in September but that 'the government has made a mess for themselves, and we'll see where that goes.'" The Times adds, "Judge Kaplan is overseeing the criminal trial of 19 former tax professionals — 17 former employees of the accounting firm KPMG and 2 others — who are accused of defrauding the government through abusive tax shelters that were sold by KPMG. … Judge Kaplan made his criticisms after hearing requests by lawyers for the defendants, who include several former high-ranking KPMG executives, to postpone the trial to January or drop the charges. … The judge indicated his displeasure over two issues: how and when prosecutors turned over evidence to the defendants, and the pressure exerted by prosecutors on KPMG to cut off the payment of legal fees for the defendants."

Attorney Says KPMG Will Not Pay Ex-Partners' Legal Fees. The AP (7/14, Bray) reports, "A lawyer for KPMG LLP said Thursday that the accounting firm plans to fight efforts to force it to pay legal fees for a group of former partners facing charges in a criminal tax-shelter fraud probe." The AP continues, "At a hearing in federal court in Manhattan, Robert Bennett, KPMG's lawyer, said the firm plans to oppose a lawsuit filed earlier this week by the former partners seeking defense costs. … The complaint was filed after U.S. District Judge Lewis A. Kaplan ruled earlier this month that prosecutors put undue pressure on the firm not to advance attorneys fees to some partners and violated the partners' constitutional rights as a result of that pressure. … 'KPMG has no legal obligation to pay these fees,' Bennett said. 'KPMG has no intention to pay these fees.'" The AP adds, "Bennett said the firm plans to ask the court to allow the legal-fee dispute to be handled in an arbitration proceeding, rather than a lawsuit. … At Thursday's hearing, Kaplan ordered KPMG, the government and the former partners to sit down with another federal judge in a mediation session in hopes of resolving the dispute. … Prosecutors have charged 16 former KPMG tax partners and two other individuals with conspiracy and tax evasion, alleging they participated in a scheme that allowed wealthy people to avoid paying billions of dollars in taxes to the Internal Revenue Service. The case is expected to go to trial in September."

CONGRESS-ADMINISTRATION:

Haynes Faces Bipartisan Criticism Over Detainee Policies. The Washington Times (7/14, Hurt, 88K) reports, "Senators from both parties expressed concern yesterday over President Bush's nomination of William J. Haynes II to the Richmond-based circuit bench, heightening the likelihood that the nomination will be filibustered or outright defeated. 'I have a lot of concerns about Haynes based on his role at the Pentagon when the legal memoranda on detainees' treatment was drafted,' Sen. Susan Collins…said yesterday. 'That is a major issue for me.'" Collins "left open the possibility that she would support a filibuster of the Haynes nomination." Sen. Ken Salazar is quoted as saying, "I'm opposed to his confirmation, and I think the Senate Judiciary Committee will probably vote him down." The Times notes, "Among those with the most pointed questions about Mr. Haynes is Sen. Lindsey Graham, South Carolina Republican and avid White House supporter, who earlier this week questioned Mr. Haynes over his involvement in drafting Department of Defense policies for handling terror suspects captured on the battlefield.

Democrats Question Suitability Of Bush CPB Nominee. The Los Angeles Times (7/14, Gold, 918K) reports, "Less than a year after the chairman of the Corporation for Public Broadcasting was forced to resign amid charges that he injected partisanship into the agency, President Bush has nominated to the nonprofit's board a television sitcom producer who has described himself as 'thoroughly conservative in ways that strike horror into the hearts of my Hollywood colleagues.' The nomination of Warren Bell, executive producer of ABC's 'According to Jim'

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and a contributor to the online edition of the conservative National Review magazine, has puzzled and alarmed some public broadcasters, who fear he would revive the sharp political debate that engulfed the system last year." According to the Times, "Bell's past comments have raised eyebrows among some Democrats who serve on the Senate Commerce Committee, which must approve his nomination. Questions about his qualifications are expected to dominate his confirmation hearing, which has not yet been scheduled. 'Based on what we know right now, this nominee doesn't appear to have the credentials and background one would expect for this position, which is in contrast to the other nominees,' said California Sen. Barbara Boxer, a committee member."

IG Report Examinees VA Data Theft. The Washington Post (7/14, D4, Barr, 748K) reports in its "Federal Diary" column that Veterans Administration IG George Opfer's report on "what went wrong in the recent theft of sensitive personal data on 26.5 million veterans," is "a powerful reminder that common sense and clear policies can help avert damaging mistakes." Opfer's report notes that the VA employee who took the VA data to h is home was not authorized to do so. Also, "The VA failed to quickly determine the scope of the problem." Opfer's report also notes that "office politics probably got in the way of an orderly response."

Roberts Says Courts Must Reach Out To Congress. The Los Angeles Times (7/14, Lin, 918K) reports, "In a wide-ranging speech that touched on issues personal and professional, Chief Justice John G. Roberts Jr. said he wanted to improve relations between the courts and Congress to ensure the judiciary remained independent. The comments came during a talk Thursday before a packed ballroom of about 400 people at the 9th Circuit Judicial Conference in Huntington Beach. … When one judge read from a newspaper editorial saying that Congress could use a lesson in judicial independence, the chief justice agreed that the relationship between the two branches of government needed improvement. 'I bet we're not going to do it by promoting myself as the teacher and Congress as the students,' he cautioned. Roberts said he was trying to meet with legislators more often."

Members Of Congress Show Little Inclination To Bailout GM. The Wall Street Journal (7/14, McKinnon, 2.03M) reports, "Even the possibility of French and Japanese auto makers gaining a substantial voice in running General Motors Corp. doesn't seem enough to stir politicians here to rescue Detroit. 'If you forced me to bet, I'd bet that Congress ain't going to do anything,' said Rep. John Dingell of Michigan, the top-ranking Democrat on the House Energy and Commerce Committee and longtime guardian of the U.S. auto industry's interests on Capitol Hill. It is the latest example of Washington's disinclination to aid domestic auto makers."

Bush's "Bounce" Among Hispanic Voters In 2004 Said To Have Evaporated. USA Today (7/14, Jones, 2.27M) reports, "Hispanics say they are suffering more discrimination because of the debate over illegal immigration but feel that the controversy has sparked greater unity among them, according to a survey released Thursday. The poll, conducted by the Pew Hispanic Center, a non-partisan research group, is the first national survey of Hispanics since the spring, when debate over the nation's estimated 12 million illegal immigrants escalated in Congress. … Among the survey's findings: 54% say the debate about immigration policy has led to an increase in discrimination against Hispanics" and "58% say Hispanics are working together toward shared goals, an increase from 2002 when only 43% of those surveyed saw such unity." According to USA Today, "Three-fourths say the policy debate will spur more Hispanics to vote in November, but it is unclear which political party might benefit most. One in four say that neither Republicans nor Democrats have the best position on immigration." Roberto Suro, the Pew Center's director, is quoted as saying, "What we see in the survey is the bounce the Republicans got off the Bush election in 2004 is basically gone. … On the other hand, there are no clear Democratic gains."

Top California Hispanic Republican Retracts Criticism Of Schwarzenegger. The Los Angeles Times (7/14, Finnegan, 918K) reports, "The Legislature's top-ranking Latino Republican apologized to Gov. Arnold Schwarzenegger on Thursday for questioning his loyalty to Latinos. 'The governor and I have worked together for the past three years on important issues beneficial to California's Latinos,' state Sen. Abel Maldonado of Santa Maria said in a statement released by his office. … In remarks published Wednesday in The Times, Maldonado accused the Republican governor of showing 'a lack of respect' to Latinos by spending too little time in Mexico. He also said: 'Our governor cares about one thing only, and that's Arnold Schwarzenegger.' Schwarzenegger had irked Maldonado by declining to back him for state controller in last month's Republican primary election."

Pennsylvania Mayor Initiates Crackdown On Illegals. NBC Nightly News (7/13, story 7, 2:25, Williams, 9.87M) reported, "NBC News 'In Depth' tonight, a big fight in a small town -- the subject is immigration. Immigrants have actually helped revive the dying coal town of Hazleton, PA, but the mayor wants those who are there illegally to get out. It is one of half a dozen communities across the country that has decided not to wait for Washington." Louis Barletta,

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Hazleton, PA Mayor: "We welcome immigration, legal immigrants, to the city, but illegal immigrants, I want them out." NBC added, "To force them out, the Mayor wants to shut down businesses that hire illegal immigrants, impose $1,000 fines on landlords who rent to them, and make English the city's official language. Why here and why now? Attracted to the city by affordable housing and jobs, Hazleton's Hispanic population has soared from 5 to 30% in just six years. Violent crime involving illegal immigrants has also increased." Mayor Barletta: "When people move into a community and start destroying small-town America, I am not going to sit back and allow that to happen."

The Los Angeles Times (7/14, Barry, 918K) reports, "By a vote of 4 to 1, Hazleton's City Council on Thursday approved the Illegal Immigration Relief Act, which imposes severe penalties on landlords who rent space to illegal immigrants, suspends the licenses of businesses that employ them, and declares English the city's official language. The ordinance has brought celebrity status to Hazleton's mayor, Louis J. Barletta, and has prompted a ripple of proposed new laws in neighboring communities. In Florida, the communities of Avon Park and Palm Bay will vote on similar laws, as will the city of Escondido in California."

Illegal Laborers Impose $15/Hr Minimum Wage. The New York Times (7/14, Greenhouse, 1.21M) reports that a day laborer site north of Los Angles has imposed a $15/hr. minimum wage. According to the Times, "At a few dozen other sites across the country, day laborers have set minimums, usually $8 or $10. But only at this corner in Agoura Hills, a well-to-do town 40 miles northwest of Los Angeles, experts say, have they been bold enough to insist on $15, nearly three times the federal minimum wage. Some laborers who are particularly skilled at plumbing or hanging drywall get $18 or more. … It is uncertain if laborers at other sites will join the move to a $15 minimum or even whether the workers at this corner, the intersection of Kanan and Agoura Roads, can make it stick. When they raised their rates last month, the demand for their services went down."

The Wall Street Journal (7/14, Jordan, 2.03M) reports on the very same laborer site, and notes, "Steering this initiative is" Pablo Alvarado, national coordinator of the National Day Laborer Organizing Network "a former undocumented immigrant determined to prepare this diffuse underground work force for a role in the political debate over immigration. … Last month, the Laborers' International Union of North America, which represents construction workers, announced it would collaborate with Mr. Alvarado's network to create hiring sites, lobby for immigration reform and protect day laborers' rights."

DOL Reports Increased Claims For Unemployment Benefits. The AP (7/14) reports, "The number of people filing new claims for unemployment benefits jumped last week, apparently reflecting the spring slowdown in the economy. The Labor Department said Thursday applications for jobless benefits totaled 332,000 last week, an increase of 19,000 from the previous week that exceeded market expectations. Economists had forecast a rise of 7,000."

Blakey Said To Be Eyeing Mineta's Post. The Wall Street Journal (7/14, Harwood, 2.03M) reports in its "Washington Wire" column, "Ex-Kansas Gov. Graves, now top trucking industry lobbyist, rules out succeeding Mineta as Transportation Secretary by affirming commitment to recent contract extension. FAA chief Marion Blakey says she has 'no speculation' about White House thinking, but insiders say she's quietly seeking the post."

Hastert Hospitalized With Cellulitis. The CBS Evening News (7/13, story 9, 0:10, Schieffer, 7.66M) reported, "House Speaker Dennis Hastert is in hospital tonight, he has a potentially dangerous skin condition called cellulitis on his left leg. Hastert, who is second in line to presidential succession, is 64. His office said he should be back to work next week." CNN's The Situation Room (7/13, Whitfield) reported "the expectation is he will be back to his normal schedule as early as next week."

The AP (7/14) reports Hastert "was expected to be treated with intravenous antibiotics at Bethesda Naval Hospital in suburban Maryland through the weekend, according to his spokesman Ron Bonjean. Hastert, 64, discovered the infection on his lower left leg and applied a topical ointment. After a few days, Hastert's doctor examined the infection at Bethesda and diagnosed it as cellulitis, a skin infection that appears as a swollen, red area that feels hot and tender, and that can spread rapidly without treatment, the spokesman said."

Shuttle Crew To Look For Space Debris Damage As Foam Fears Subside. The Christian Science Monitor (7/14, Spotts, 58K) reports, "NASA appears to have licked the worst of its launch-debris problem, clearing the way for shuttle flights needed to finish construction of the International Space Station." The Monitor explains that the inspections with photos and video cameras showed "this launch to be the cleanest in the shuttle program's history." But NASA is said to be "cautious in declaring success." The article notes that two of NASA's top officials disagreed with the decision to launch and that engineers will also now have to address the foam problems in a different part of the tank called ice frost ramps.

USA Today (7/14, 3A, Watson, 2.27M) adds that the crew "aboard space shuttle Discovery today will for the first time inspect their vehicle in advance of landing to look for

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damage from the tiny pieces of debris whizzing through space." The inspection will employ "a sensor strapped to the shuttle's robot arm over Discovery's left wing, looking for dings or cracks inflicted on the shuttle by space debris. Saturday, after Discovery undocks from the International Space Station, the shuttle's nose and right wing will be inspected. The shuttle is scheduled to land Monday in Florida."

OTHER NEWS:

Federal Deficit Down 17% Compared To First Nine Months Of Last Fiscal Year. The AP (7/14, Gordon) reports, "The federal deficit through June held below last year's pace, helped by a strong influx of corporate taxes and other revenues, the Treasury Department reported Thursday. Through the first nine months of the budget year, the deficit was $206.5 billion, down 17 percent from the same period in 2005, when the government's red ink totaled $249.4 billion. The deficit for the nine months puts the government on track to turn in a smaller deficit this year than last, when it was $319 billion for the full year."

June Surplus Down 11% From Last Year. The Wall Street Journal (7/14, 2.03M) reports, "The government ran a monthly budget surplus of $20.47 billion in June, down 11% from the $22.92 billion surplus a year earlier, the Treasury Department said. Receipts were $264.36 billion for the month, up 13% from a year earlier, and outlays were $243.89 billion, up 15%, the department said. Receipts and outlays for the month were all-time highs."

Mideast Violence Expected To Push Oil Prices Even Higher. The CBS Evening News (7/13, story 4, 1:50, Schieffer, 7.66M) reported, "When there is trouble in the Middle East, you can expect the price of oil to go up, and it did today." CBS added, "That $3 a gallon you're paying at the pump may soon look cheap. … American drivers who use 40% of the world's gasoline used more gas last month than ever before, over 9.5 million barrels every day."

ABC World News Tonight (7/13, story 4, 1:30, Moran, 8.78M) reported, "Oil prices soared to a record close. Israel and Lebanon don't produce oil, but there are fears it could disrupt supplies from the rest of the region. We are joined now by Betsy Stark. A lot of Americans may look at that, say, no oil in Israel, no oil in Lebanon. Why is the price going up? How to the oil traders sort this out?" ABC's Stark responded, "Traders do not like to see trouble the Mideast produces 30% of the world's oil. And today, traders were worrying about all of the ways that supply may be disrupted. If another Mideast nation is drawn into the conflict, if a shipping channel is cut off, that fear factor is what set the prices to a record."

NBC Nightly News (7/13, story 4, 1:05, Williams, 9.87M) reported, "Oil prices are way up and stocks way down. NBC's Anne Thompson added, "This is all about nerves, nerves rattled by the fighting between Israel and Lebanon. Oil hit a record high today closing at $76.70, that's up $1.75 in one day. … Tonight that has some analysts talking about the very real possibility of $80-a-barrel oil. What does all this mean for drivers? Well, one analyst predicts that the average gallon of gasoline across the country could top $3 as soon as next week."

The Washington Post (7/14, D1, Mufson, 748K) reports, "Oil prices rose as fighting spread in Lebanon, the standoff continued over Iran's nuclear program and a Nigerian newspaper reported that explosions had rocked two pipelines in the West African nation. Although supplies of oil were virtually unaffected, traders and analysts said anxiety about political violence and tension around the world had once again driven up the 'political premium' for oil."

Bloomberg (7/14, Evans) reports, "Oil has gained 6 percent in four straight sessions. Prices rose after the U.S. and its allies resolved to refer their dispute over Iran's nuclear research to the United Nations Security Council, and after a government report showed U.S. oil and gasoline stockpiles fell more than expected last week."

Wall Street Sell-Off Attributed To Concern Over Oil Prices And War Fears. NBC Nightly News (7/13, story 4, 1:05, Williams, 9.87M) reported, "As for Wall Street, when you have a slowing economy, rising interest rates, rising oil prices, that's a formula for a sell-off. The Dow was down almost 167 points [to close at 10,846.29]. The NASDAQ lost more than 36 points [to close at 2,054.11]."

The New York Times (7/14, Peters, 1.21M) reports, "The anxiety in global commodities markets swept through equity markets as well, with stock prices in the United States and Europe posting broad declines. According to preliminary figures, the Standard & Poor's 500-stock index fell 16.31 points, or 1.3 percent, to close at 1,242.29. … Meanwhile, major stock indexes in Britain, France and Germany fell more than 1.5 percent for the day."

Bloomberg (7/14) reports, "U.S. stocks tumbled for a second day as oil climbed to a record, fighting between Israel and Lebanon escalated and second-quarter earnings failed to meet estimates. … Concern that turmoil in the Middle East may broaden, along with North Korea's refusal to resume negotiations over its nuclear program, weighed on stocks worldwide. The Morgan Stanley Capital International World Index dropped 1.2 percent. Israel's Tel Aviv 25 Index plunged 4.3 percent."

The Washington Times (7/14, Hill, 88K) reports, "With gasoline prices hovering near last fall's highs of more than $3 a gallon, analysts say, consumers are likely to see new

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records at the pump in the weeks ahead, reflecting surging oil prices and hurricane threats. … Worries that high oil prices and political tensions will add further weight to the slowing U.S. economy and cut into corporate profits triggered a sell-off in the stock market and sent investors scurrying into safe-haven investments such as gold and bonds."

US Economic Growth Said To Benefit The Rich Disproportionately. The New York Times' Paul Krugman (7/14) writes, "Many observers, even if they acknowledge the growing concentration of income in the hands of the few, find it hard to believe that this concentration could be proceeding so rapidly as to deny most Americans any gains from economic growth. Yet newly available data show that that's exactly what happened in 2004. … Here's what happened in 2004. The U.S. economy grew 4.2 percent, a very good number. Yet last August the Census Bureau reported that real median family income — the purchasing power of the typical family — actually fell. Meanwhile, poverty increased, as did the number of Americans without health insurance." However, "in 2004 the real income of the richest 1 percent of Americans surged by almost 12.5 percent."

GOP Expresses Outrage Over Democratic Ad Featuring Troops' Coffins. The New York Times (7/14, Kornblut, 1.21M) reports that an ad "featuring coffins coming home from war," which is appearing on the website of the DCCC, "is being attacked by Republicans as tasteless and disrespectful of American troops in Iraq." The short film "shows rows of coffins covered by American flags and lined up inside a military transport plane. The image is one of a montage of shots illustrating troubles that Democrats attribute to Republican leadership. Others include a gas pump displaying a price of $3.35 a gallon, and New Orleans residents stranded outside the Superdome after Hurricane Katrina. 'Things have taken a turn for the worse,' a line of opening text says." NRCC Chairman Tom Reynolds "has demanded that Democrats apologize for the clip." Also, ex-House Majority Leader Tom DeLay, "who has said little publicly since his resignation from the House last month, has issued a statement describing the ad as an act of 'pathetic desperation.'"

The Washington Times (7/14, Pfeiffer, Bellantoni, 88K) notes, "Democrats defended the video, titled 'America Needs a New Direction,' saying Republicans have previously exploited images of the September 11 terrorist attacks for campaign purposes." Some Democrats "denied the video is a fundraising pitch, even though it asks for the support of Democratic voters and is featured on the DCCC Web site. House Minority Leader Nancy Pelosi of California yesterday said she had not seen the ad, but stressed it is 'not a fundraiser' and noted she thinks it 'speaks truth to power about what's happening in Iraq.'" Reynolds said that Pelosi and DCCC Chairman Rahm Emanuel "'should be ashamed of themselves' for appearing in the video. … 'It makes my stomach turn to see national Democrats so blatantly exploit the sacrifices made by the men and women of our armed forces,' Mr. Reynolds said."

The AP relates that Reynolds "noted that Emanuel has on occasion appeared on the House floor to remember fallen soldiers by reading their names into the Congressional Record. 'It takes a galling level of smug self- righteousness for Rahm Emanuel to invoke our honored dead one day and put their coffins in an ad the next.' The outrage is reminiscent of Democratic complaints in 2004 when President Bush's campaign launched an ad that included an image of firefighters carrying a flag-draped coffin from the ruins of the World Trade Center. 'It was despicable when the Republicans used the photos of 9/11 for political purposes. Was that despicable?'" Pelosi "said to reporters Thursday. 'I think it is despicable that young peoples' lives are being lost more than 2,500. Republicans are in denial about that. Yet they talk about politicizing war.'"

South Carolina Democrat Calls On DCCC To Pull Video. The AP (7/14, Adcox) reports that SC5 Rep. John Spratt (D), in a letter to Emanuel on Thursday, called on the DCCC to pull the ad, which "shows caskets draped with American flags and a soldier standing at a grave." Spratt wrote in his letter to Emanuel, "I strongly recommend that you pull this ad and delete both of these clips before running it again." The AP notes, "In the two-paragraph letter, Spratt said he would discuss his feelings about the ad in greater detail later, 'but I urge you to pull the ad immediately.' The letter was sent one day after the video's release prompted Spratt's Republican challenger, state Rep. Ralph Norman, to ask South Carolina's longest-serving congressman to 'repudiate the new lows your party leaders have sunken to.'"

Aide Says Giuliani Will Likely Run For President In 2008. The Washington Times (7/14, 88K) reports in its "Inside the Beltway" column, "We are told this week that former New York Mayor Rudolph W. Giuliani most likely will enter the 2008 Republican presidential sweepstakes. 'At this stage, it's more likely that he will run than not,' a top adviser to Mr. Giuliani tells Inside the Beltway."

Connecticut Republicans Ask Schlesinger To Reconsider Senate Bid. The Washington Times (7/14, Pierce, 88K) reports in its "Inside Politics" column, "Connecticut Republican leaders have asked the Republican seeking to unseat U.S. Sen. Joe Lieberman to reconsider his campaign because he used a fake name to gamble at a

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casino in the 1990s, a newspaper reported. Alan Schlesinger acknowledged he had used a bogus name to obtain a card that Foxwoods Resort Casino patrons can use to win rewards. Gov. M. Jodi Rell and Republican State Chairman George Gallo asked him to reconsider running, the Hartford Courant reported."

RGA Has Raised $11.5 Million In 2006. The Wall Street Journal (7/14, Harwood, 2.03M) reports in its "Washington Wire" column, "Republican governors' group, led by 2008 White House hopeful Romney of Massachusetts, today will report year-to-date fund raising of $11.5 million in 2006. That tops $7.3 million to be filed by Democrats, who have been aiming for gains since a dozen Republican statehouse seats are considered vulnerable."

New Orleans Drops Bid To Host 2008 Democratic National Convention. The Washington Times (7/14, Pierce, 88K) reports in its "Inside Politics" column, "New Orleans has dropped out of the race to host the 2008 Democratic National Convention, saying the cost of holding the event after Hurricane Katrina last year was too massive. The announcement yesterday leaves Denver, Minneapolis-St. Paul and New York as the remaining competitors to host the party's nominating convention."

Schwarzenegger Says He Would Conditionally Back Easing Of Term Limits. The Los Angeles Times (7/14, Nicholas, 918K) reports that California Gov. Arnold Schwarzenegger (R) "plans to offer lawmakers a deal: He'll support an easing of term limits if they'll agree to change the way California draws voting districts. Schwarzenegger said in an interview Thursday he does not believe term limits have improved Sacramento's political culture. Allowing legislators to stay in office longer would be worthwhile, he said, if it induced them to put a proposal on the ballot that would strip them of the power to carve political boundaries." Schwarzenegger "says that he wants to make California elections more competitive, and that a new method of redistricting would help. He is backing a measure by Sen. Alan Lowenthal (D-Long Beach) that would transfer political map-making powers to a panel of 11 citizens, chosen by a bipartisan group of lawmakers and judges, and take effect after the 2010 census." Schwarzenegger "hopes to build a consensus in the Capitol in the next month for his new plan, including an extension of the time state lawmakers can serve, and put the package before voters in November."

NYTimes Pleased With Judge's Ruling On DeLay Ballot Issue. An editorial in the New York Times (7/14, 1.21M) relates that ex-House Majority Leader Tom DeLay "quit Congress earlier this year, clearly fearing political defeat as he faced trial on charges of campaign money laundering." Before leaving, however, DeLay "could not resist a final power play." He "ran in his party's primary and won. Then he resigned, angling to have his precinct bosses anoint a noncontroversial and hand-picked replacement for the November ballot." DeLay "pronounced himself a newly dedicated son of suburban Virginia and no longer eligible to run for office in Texas." But in a ruling that would require DeLay to appear on the November ballot in the TX22 District, U.S. District Judge Sam Sparks wrote, "There is no evidence that DeLay will still be living in Virginia tomorrow, let alone November 7." DeLay "has gamed the system so many times…that he may have presumed a minor thing like fixing the Republican nomination for his own seat was his to control. It might be a fitting punishment to force him to run for Congress while explaining to his constituents why he tried so hard to abandon them for the green fields of the Washington suburbs."

Bush Says Israel Has Right To Defend Itself, But Urges Restraint. ABC World News Tonight (7/13, story 3, 3:50, Moran, 8.78M) reported, "This crisis in the Middle East is yet another problem confronts President Bush and other world leaders as they head to Russia for the Group of Eight summit this weekend. In Germany today, President Bush said Israel's reaction was justified, but he added a note of caution." Bush: "Israel has a right to defend herself. Every nation must defend herself against terrorist attacks and the killing of innocent life. Whatever Israel does, though, should not weaken the government in Lebanon. We're concerned about the fragile democracy in Lebanon. We've been working very hard through the United Nations and with partners to strengthen the democracy in Lebanon." The CBS Evening News (7/13, story 2, 3:10, Schieffer, 7.66M) noted Bush "called the kidnapping of the soldiers 'pathetic' and defended Israel's reaction." Bush: "Israel has a right to defend itself. Every nation must defend herself against terrorist attacks and the killing of innocent life." CBS added, "That was this morning, and a few hours ago, Condoleezza Rice told reporters it is important that Israel exercise restraint and she demanded also that Syria bring pressure on Hezbollah to stop the attacks on Israel.

NBC Nightly News (7/13, lead story, 3:30, Williams, 9.87M) reported, "Today, President Bush backed Israel's right to self-defense while Russia and France condemned Israel's strikes. Greece says Israel is using excessive and pointless force. Tonight, the waters off Lebanon are under blockade. The US Secretary of State is now urging restraint. A lot of nations are calling on both sides to calm this situation down." CNN's The Situation Room (7/13, Malveaux) reported, "We heard President Bush quite boldly and frankly say that he believes that Israel is doing the right thing in terms of the attacks, and Lebanon -- saying that Israel has a right to

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defend herself but at the same time warning against any kind of movement that would undermine or weaken the Lebanese government." Bush "is putting quite a bit of pressure on the Syrian government, specifically President Assad, saying that that is a government and regime that is supporting Hamas, as well as Hezbollah. Do not be surprised if we hear more details about President Bush reaching out to some of the Middle Eastern allies to put pressure on the Syrian government, essentially to take responsibility and accountability for what is happening in Israel and Lebanon right now."

The Washington Post (7/14, A14, Baker, 748K) notes, "President Bush and his top diplomats scrambled Thursday night to quell spiraling violence in the Middle East and protect the new democratic government in Lebanon as Israeli forces escalated their strikes. Bush initially told reporters that 'Israel has a right to defend herself,'" but "the White House grew increasingly anxious" as the day wore on and "issued a late-night appeal to Israel. 'We just continue to ask that the Israelis exercise restraint, be concerned about civilian casualties, be concerned of course about civilian infrastructure,' [Secretary Rice] told reporters at a hastily called news conference [in Germany], 10 hours after Bush's original comments." The AP (7/14, Hunt) also notes, "Bush strongly defended Israel's attacks," but ten hours later, "Rice held a news conference and emphasized that Israel should exercise restraint to avoid civilian casualties and damage." The Washington Times (7/14, A1, Prothero, 88K) adds that Bush "urged Israel not to destabilize the pro-Western government in Beirut, even as he acknowledged the nation's right to defend itself."

The Wall Street Journal (7/14, A1, Leggett, Solomon, King, 2.03M) describes Bush as placing the blame on the renewed violence "firmly on Hezbollah and Hamas, while cautioning Israel not to do anything that would weaken the 'fragile democracy' in Lebanon." The New York Times (7/14, Rutenberg, 1.21M) reports Bush "gave qualified support on Thursday for Israel's strikes on Lebanon" and "placed the blame for the tensions squarely on Syria for housing leaders of Hezbollah. Even as he cautioned Israel to be careful not to destabilize the young democracy in Lebanon, Mr. Bush's position immediately put him at odds with European nations just before the [G-8 Summit.]"

"Senior Official" Says US Told Israel To "Target Very Carefully, But…Keep Going." ABC World News Tonight anchor Terry Moran (7/13, story 3, 3:50) asked correspondent Martha Raddatz, "This is clearly a terrific challenge for the Bush Administration. So, what are they doing now to try to get on top of it?" Raddatz responded: "There are two US envoys in Israel. They have been in the region for a couple of days, talking to the Jordanians, the Egyptians, tomorrow the Palestinians, trying to calm the situation down. But essentially, they are letting Israel apply the pressure. One senior official told me, there is a difference between telling the Israelis to stop and telling them to be careful. We are not telling them to stop. We are telling them to be careful. In other words, target very carefully, but a wink, keep going."

US, Some G-8 Members Split Over Israeli Actions. The New York Times (7/14, Knowlton, 1.21M) reports that the US "and several of its allies split today over the Israeli invasion of Lebanon. President Bush defended the incursion as a justified response to a terrorist act, while the European Union and Russia, the G-8 host, condemned it as 'disproportionate.' That division will add a new fault line to an already thorny and complex set of international issues awaiting the eight leading countries when they meet this weekend… The reaction also separates the United States from two other members of the so-called Quartet — the group also includes the EU, the UN and Russia — that has worked to pursue an Israeli-Palestinian peace." The Washington Times (7/14, Curl, 88K) notes German Chancellor Angela Merkel "supported Mr. Bush and also put the blame squarely on terrorist groups that have launched missile attacks on Israel and killed and kidnapped Israeli soldiers." But "Russia condemned Israel's strikes in Lebanon, calling the acts a dangerous escalation of the Middle East conflict" and "French Foreign Minister Philippe Douste-Blazy called Israel's bombardment of Beirut airport 'a disproportionate act of war,' saying there was a real risk of a regional conflict." Meanwhile, "British Prime Minister Tony Blair called on all sides in the Middle East crisis to exercise restraint, act proportionately and get back to the negotiating table as soon as possible."

NBC Nightly News (7/13, story 3, 2:15, Williams, 9.87M) noted President Bush "is overseas and at odds with several allies over Israel's military actions." NBC's Andrea Mitchell reported, "In Germany today, the President strongly supported Israel's right to defend itself, blaming Syria for harboring terror groups active in both Lebanon and Gaza." President Bush: "There are a group of terrorists who want to stop the advance of peace. Syria needs to be held to account. Syria's housing the militant wing of Hamas. Hezbollah has got an active presence in Syria." Mitchell added, "The Secretary of State blamed Iran as well, but tonight cautioned Israel not to go too far. … But all day, the US was alone in defending Israel, at the UN, exercising the sole veto against a resolution condemning Israel's Gaza incursion. The European Union called Israel's attacks on Lebanon 'disproportionate.' In fact, diplomatic sources tell NBC News Israel has been looking for an excuse to clean out Hezbollah strongholds after weeks of rocket attacks into Israel."

US Vetoes UN Resolution Demanding Israeli Withdrawal From Gaza. The AP (7/14, Wadhams) reports the US "blocked an Arab-backed resolution Thursday that

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would have demanded Israel halt its military offensive in the Gaza Strip, the first U.N. Security Council veto in nearly two years. The draft, sponsored by Qatar on behalf of other Arab nations, accused Israel of a 'disproportionate use of force' that endangered Palestinian civilians, and demanded Israel withdraw its troops from Gaza." While ten nations supported the resolution, Denmark, Peru, Slovakia and permanent member Britain abstained. Ambassador Bolton is quoted calling the draft "unbalanced" and saying, "It placed demands on one side in the Middle East conflict but not the other. This draft resolution would have exacerbated tensions in the region." CNN's The Situation Room (7/13, Roth) reported that US Ambassador to the UN John Bolton issued the first US' veto of a UN Security Council resolution in nearly two years to block "a resolution which would have condemned Israel for its Gaza incursion." Bolton "said the resolution was outdated and unbalanced."

US May Rely On UN To Broker Peace. The Wall Street Journal (7/14, A1, Leggett, Solomon, King, 2.03M) reports, "While the Bush administration is largely sympathetic with Israel's plight, and also eager to restrain Iran, it is unlikely to be as keen to directly confront Tehran now." The Journal notes, "As a result, the Bush administration faces an immediate decision on what it can do to contain the violence while allowing Israel to defend itself and its soldiers. … Two senior American officials -- Assistant Secretary of State David Welch and White House Middle East adviser Elliott Abrams -- met with Israeli Prime Minister Ehud Olmert Thursday. The U.S. said the best vehicle to defuse the crisis might be a United Nations delegation that is heading to the region at the behest of Secretary General Kofi Annan."

Resurgent Violence Raises Questions About Bush Foreign Policy Vision. The Wall Street Journal (7/14, Dreazen, 2.03M) reports under the headline "Mideast Violence Darkens Bush's Policy Successes" that "the surge in Mideast violence means conditions are deteriorating in the very places -- Israel, Palestinian territories, Lebanon and Afghanistan -- that President Bush had been able to point to as bright spots for his policies." The violence is not only overshadowing his G8 trip, but "the deeper problem is that it could leave him few success stories in an area that has become a focus of his presidency." The violence "is raising questions about the central thrust of the Bush administration's Mideast policy: the belief that spreading democracy in the Arab world will help moderate tensions and clear the way for a resumption of negotiations to end decades of Arab-Israeli violence."

Ignatius Warns US Against Engaging In Spreading Conflict. David Ignatius in his column in the Washington Post (7/14, A21, 748K) writes, "Israeli and American doctrine is premised on the idea that military force will deter adversaries. But as more force has been used in recent years, the deterrent value has inevitably gone down." Ignatius concludes, "In the Lebanon crisis we have a terrifying glimpse of the future: Iran and its radical allies are pushing toward war. That's the chilling reality behind this week's events. On Tuesday the Iranians spurned an American offer of talks on their nuclear program; on Wednesday their Hezbollah proxy committed what Israel rightly called 'an act of war.' The radicals want to lure America and Israel deeper into the killing ground, confident that they have the staying power to prevail. We should not play their game."

Israel Expands Air Campaign Against Lebanese Targets. ABC World News Tonight (7/13, lead story, 3:10, Moran, 8.78M) opened its broadcast by noting, "Israel's assault on Lebanon has reached a dangerous stage tonight, threatening to draw other countries into the conflict. Israel is bombing Lebanon by air, land and sea. … Tonight, U.N. negotiators are on their way, and the Bush Administration is scrambling to contain the violence." ABC added, "Israeli war planes knocked huge craters in all three runways at Beirut international airport. The airport is shut until further notice. Israeli warships enforced a naval blockade. Israel bombed a TV station, and south, struck at villages, bridges and roads close to the border. Today, as many as 50 were killed, includes two entire families." ABC went on to report, "Tonight, Israel struck Beirut airport again, destroying the fuel tanks. The fire could be seen for miles." The CBS Evening News (7/13, lead story, 4:00, Schieffer, 7.66M) reported, "The Middle East is on fire tonight." IDF Chief of Staff Lt. Gen. Dan Halutz: "We strike Beirut international airfield to hint to the Lebanese government that nothing is safe once they're operating against Israel. And nothing is safe; as simple as that."

NBC Nightly News (7/13, lead story, 3:30, Williams, 9.87M) reported, "The casualty count today in this conflict -- 55 dead in Lebanon, over 100 wounded. In Israel, 10 dead, over 35 wounded. … As for calls for a ceasefire, both sides say 'no.' The violence escalated all day. … Hezbollah fired volleys of Katyusha rockets at Nahariya, on Israel's coast. One rocket hit a woman sipping coffee on her balcony. She died instantly. Israel shot back from sea, air and land, hitting more than a hundred targets -- both Hezbollah buildings, like its TV station in Beirut, and infrastructure like roads, bridges as well as two Lebanese army bases. Lebanon's information minister said Lebanon requests an immediate and complete ceasefire. No one listened." Fox News' Special Report (7/13, Hume) noted, "Israel seems bent tonight on doing as much damage to the terrorist group Hezbollah as it can short of an outright invasion of Lebanon."

Under the headline, "Threat Of Wider Mideast War Grows," the Wall Street Journal (7/14, A1, Leggett, Solomon, King, 2.03M) reports, "Israel's escalating incursion into Lebanon…could turn its border fight with militant Islamists

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into a regional war that Israel is openly warning might lead to Syria, and beyond that to Iran." With this week's escalation of violence, "the stakes have grown starkly higher. Israel now is fighting not with Palestinians or Arab nations, as in the past, but with the forces of radical Islam." Israel's claim that Tehran and Damascus are to blame "could put the U.S. and Israel on diverging paths in the crisis." The Journal adds, "The growing conflict could become a significant setback for the Bush administration's vision for the region. Mr. Bush and many of his neoconservative strategists said in the months leading up to the Iraq invasion that toppling Saddam Hussein would make Israel and secular Arab states safer."

The Washington Post (7/14, A1, Shadid, Wilson, 748K) reports, "For both sides, the fighting appeared to cross a psychological barrier that had earlier contained the frequent clashes between Israel and Hezbollah. The Israeli attacks on Beirut's airport…were the first since Israel's 1982 invasion of Lebanon. … Across Lebanon, residents expressed fear that the conflict might drag on days, even weeks." Knight Ridder (7/14, Raad, Nissenbaum) adds, "In a search for a diplomatic solution and an immediate cease-fire," Lebanese President Fouad Siniora "met with diplomats from France, the United States and England. But Israel's ambassador to the United Nations, Dan Gillerman, harshly criticized Siniora's government in a letter to U.N. Secretary-General Kofi Annan, calling Wednesday's attack 'a clear declaration of war.'" The AP (7/14, Ghattas) notes, "Egypt launched a diplomatic bid to resolve the crisis, amid apparent frustration among moderate Arab nations that Hezbollah -- and by implication its top ally Syria -- had started the fight with Israel." Meanwhile, Saudi Arabia "accused Hezbollah guerrillas -- without naming them -- of 'uncalculated adventures' that precipitated the latest Middle East crisis."

The New York Times (7/14, A1, Fattah, Erlanger, 1.21M) notes, "Neither Israel's prime minister, Ehud Olmert, nor its defense minister, Amir Peretz, has the kind of long military experience previous holders of their positions have had, and the two have been in power for only several months. Some Israeli commentators argued that this made it all the more necessary for an unambiguous military response." The Christian Science Monitor (7/14, Murphy, 58K), USA Today (7/14, For, 2.27M) Financial Times (7/14, Wallis, Tassell, Tett, Morrison) also report on the Israeli escalation.

Lebanese Civilian Casualties Mount. The CBS Evening News (7/13, lead story, 4:00, Schieffer, 7.66M) reported, "Israeli forces attack Lebanon in close to 200 targets, including two military air bases. Bridges were torn apart, and roads destroyed. Panic erupted on the streets of the capital as Israel targeted Hezbollah buildings, including their TV station. Entire homes were destroyed in border villages as southern Lebanon was pounded relentlessly. As the Israeli air campaign intensified, the number of dead and wounded kept rising. Bodies piling up in mortuaries like this one in Beirut." NBC Nightly News (7/13, lead story, 3:30, Williams, 9.87M) reported, "Most of the damage in Lebanon was done by Israeli artillery. They're firing shells at the rate of at least one a minute. … Israelis say they're trying hard to avoid civilian casualties, but Lebanese casualties have been high in the two days of fighting -- 12 dead in just one family. It isn't clear how many Hezbollah fighters have died."

Beirut Airport Bombing Complicates Evacuation Of US Citizens. The CBS Evening News (7/13, story 3, 1:20, Schieffer, 7.66M) reported, "The State Department says there are about 25,000 Americans who live in Lebanon, many of them with a dual citizenship." CBS added, "The options for evacuating got a lot more complicated when the Israelis caught the US by surprise and bombed the international airport, cratering the runways, and making it impossible to fly in commercial airliners and simply bring Americans out that way. The Pentagon is looking at two options: One is send a task force of 200 Marines conducting an exercise in Jordan, back to Sudan to bring the Americans out. … The other option is to bring helicopters down from bases in Europe and stage an evacuation from the island of Cyprus."

Pentagon Plans For Possible Evacuation Of Americans From Lebanon. CNN's The Situation Room (7/14, Starr) reported, "Bombed out runways at Beirut International Airport, now forcing the Pentagon to plan for a worst case scenario. How to evacuate 25,000 Americans living in Lebanon without using the airport. Military officials tell CNN, it's just prudent contingency planning. But if an evacuation were ordered, it could involve sending in Marines by helicopters from ships off shore in the Mediterranean."

Outbreak Heightens Lebanese Debate About Hezbollah. The Washington Post (7/14, A1, Shadid, 748K) reports that "in the wake of Syria's withdrawal of its troops from Lebanon in 2005, the disarmament of Hezbollah has emerged as one of the foremost issues in Lebanese politics. Since the fighting with Israel started Wednesday, calls for Hezbollah to relinquish its weapons have gathered urgency." The Post notes, "After a cabinet meeting Thursday, the government said it had a right and duty to extend its control over all Lebanese territory. Interior Minister Ahmed Fatfat said the statement marked a step toward the government reasserting itself." And other government officials "went further, calling it a first move in possibly sending the Lebanese army to the border, a U.N.-endorsed proposal that Hezbollah has rejected. The officials described the meeting as stormy and contentious but said both sides -- Hezbollah and its government critics -- were especially wary of public divisions at a time of crisis. The Financial Times (7/14, Biedermann) notes, "While Israel is certainly getting blamed in Lebanon for causing more than 50 civilian casualties in retaliation for the capture of two of its soldiers in a cross-border Hizbollah attack on Wednesday, not many people in

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this part of the country appeared enthusiastic on Thursday about the group's provocation.

The AP (7/14, Hendawi) reports, "Wracked by divisions over relations with Syria, the Western-backed government of Prime Minister Fuad Saniora has yet to muster the political will, or the courage, to disarm the guerrillas of the Shiite Hezbollah, allowing them to continue to operate with almost total autonomy in southern Lebanon." Many Lebanese "resent Hezbollah's free hand and feel that the government should do more to assert its authority. However, the dangers of taking on the group over its arms and the state-within-state role it has assumed in southern Lebanon carries serious risks." The New York Times (7/14, Fattah, 1.21M) reports, "The attack strained the fragile ties binding Lebanon, whose population of Sunni and Shiite Muslims, Christians and Druse, had begun recovering from the wounds of civil war. Lebanese reactions varied, in many cases along sectarian lines." In Shiite areas, the kidnapping of Israeli soldiers was celebrated, but "in many other parts of the city, many expressed indignation at having to pay for what they saw as a ruinous escapade." And it "has underscored the weakness of the government of Prime Minister Fouad Siniora, who for the past year has struggled to build legitimacy and focus the country inward, hoping to settle growing sectarian squabbles and improve the Lebanese economy."

Moderates Overshadowed By Extremists In Mideast. The New York Times (7/14, Slackman, 1.21M) reports "there is for now less room in the Middle East for moderate voices, voices of peace, according to political analysts, government officials and security officials in Syria, Jordan and Egypt. The region's agenda, as often in the past, is largely being set by militants -- with the masses swept along in emotion, anger and vengeance." And the trend has expanded to include regional governments as the "leaders of Egypt and Jordan, the only two Arab countries with peace treaties with Israel, are facing increasing hostility in the news media and on their own streets, while Iran and Syria, strong opponents of peace with Israel, have seen their credibility on the street increase. Sensing the tension among their people, Egyptian and Jordanian officials have stepped up domestic security efforts. In Egypt officials have moved to rein in the news media and stop street demonstrations. In Jordan, officials have pressed older members of the Islamic Action Front, the political arm of the Muslim Brotherhood, to rein in its more militant young members."

Olmert Agenda Threatened By Violence. The Los Angeles Times (7/14, Ellingwood, 918K) reports, "The ability of Israeli Prime Minister Ehud Olmert to carry out the main goal of his 2-month-old government — setting permanent and defensible borders for Israel — hinges on how well he handles the twin crises in Lebanon and the Gaza Strip." He "says he remains committed to that idea as the only way Israel and a Palestinian state will ever live in peace. But its prospects have been thrown into doubt by the two recent cross-border attacks by Islamic militants and the capture of three Israeli soldiers. The assaults may bolster the case of those Israelis who say unilateral pullouts without concessions are a boon to militants."

Friedman Says Democracy In Arab World At Risk. Thomas Friedman in his column in the New York Times (7/14, 1.21M) writes, "This is not a conflict about Palestinian or Lebanese prisoners in Israel. This is a power struggle within Lebanon, Palestine and Iraq over who will call the shots in their newly elected 'democratic' governments and whether they will be real democracies." The skeptics may be correct that "democracy, while it is the most powerful form of legitimate government, simply can't be implemented everywhere. It certainly is never going to work in the Arab-Muslim world if the U.S. and Britain are alone in pushing it in Iraq, if Europe dithers on the fence, if the moderate Arabs cannot come together and make a fist, and if Islamist parties are allowed to sit in governments and be treated with respect -- while maintaining private armies." Friedman Warns, "The whole democracy experiment in the Arab-Muslim world is at stake here, and right now it's going up in smoke."

Krauthammer Says Palestinian Goal Is Eradication Of Israel. Charles Krauthammer in his column in the Washington Post (7/14, A21, 748K) writes, "As the Palestinian excuses for continuing their war disappear one by one, the rhetoric is becoming more bold and honest. Just Tuesday, Palestinian Prime Minister Ismail Haniyeh, writing in The Post, referred to Israel as 'a supposedly 'legitimate' state.'" Haniyeh "made clear what he wants done with this bastard entity. 'Contrary to popular depictions of the crisis in the American media,' he writes, 'the dispute is not only about Gaza and the West Bank.' It is about 'a wider national conflict' that requires the vindication of 'Palestinian national rights.'" Which "means the right to all of Palestine, with no Jewish state."

Israel Threatens To Wage War On Syria, Iran.

ABC's World News Tonight (7/13, lead story, 3:10, Moran) noted, "If there were any doubt this conflict may spread further tonight, Israel is threatening Hezbollah's sponsors, Iran and Syria, warning they are playing with fire, and will bear the consequences. And late tonight the Iranian president shot back, saying that any Israeli strike on Syria would be considered an attack on the whole Islamic world, and he said Israel would face a fierce response." NBC Nightly News (7/13, story 2, 1:55, Engel, 9.87M) reported, "bombing the airport has a specific motivation, what Israel believes and what the United States also maintains is that for decades, Iran has used this airport to land 747s full of weapons and money for Hezbollah. Now, Israel, now that it is fighting Hezbollah, does not want the organization to be resupplied at this moment. Also, there are concerns across

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the region tonight that this conflict could quickly escalate to include Hezbollah's main sponsors, Iran and Syria." The Washington Times (7/14, Kralev, 88K) notes, "Israel's ambassador to Washington said yesterday that Iran and Syria are 'playing with fire' and 'will bear the consequences' if Hezbollah transfers two kidnapped Israeli soldiers to either of its patron nations." But a second "Israeli official said privately that there were no immediate plans to attack Iran's nuclear facilities, although the country previously has hinted at such action and has armed itself with aircraft capable of mounting such a strike."

Israeli Ambassador Says Iran, Syria Responsible For Escalation. Israel's Ambassador to the United States, Daniel Ayalon, said on CNN's The Situation Room (7/13) said Syria and Iran "are very much responsible for the major escalation that we see. And if we connect the dots of what happened in Gaza with Hamas operations just two weeks ago, what's happening with the Hezbollah, what's happening in Damascus, we see that there is a drive by Damascus and Tehran to upset things in the Middle East, divert attention from the nuclear ambition and the program that they're working on in Tehran, and to upset any chance for political dialogue. I think it is high time for the internal community to call Iran and Syria to the task and make them understand that there will be consequences that they will pay. And I think with a unified international position, now with the upcoming of the G-8, the UN, I think it will be very, very effective to stop the escalation."

Syrian Ambassador Says Israel Is To Blame For Escalation. Syria's Ambassador to the United States, Imad Moustapha was asked on CNN's The Situation Room (7/13) how worried he is that Israel could take retaliatory action against targets in Syria. Moustapha said, "This is pretty preposterous. The only party to blame for this collision of violence in the Middle East is Israel itself with its continuous occupation and with the atrocities it has committed against the Palestinians, particularly in the past two months. Now, suddenly, it is Damascus once again, and it's Iran once again. Who is to blame for the results of their occupation?"

Ahmadinejad Promises Assad Support If Israel Attacks. The AP (7/14, Karimi) notes Iranian President Mahmoud Ahmadinejad "warned Israel against extending its offensive in Lebanon to neighboring Syria, saying such a move would be regarded as an attack on the whole Islamic world and be met with a 'crushing response.'" He is quoted telling Syrian President Bashar Assad, "If the occupying regime of Jerusalem attacks Syria, it will be equivalent to an attack on the whole Islamic world and the regime (Israel) will face a crushing response."

Iran Accused Of Employing Hezbollah To Create Diversion. ABC World News Tonight (7/13, story 3, 3:50, Moran, 8.78M) reported Hezbollah "gets most of its arms through Syria, where it has a headquarters, and freely admits it gets much of its funding from Iran -- between $20 million and $40 million a month according to diplomatic sources. And whether its raid into Israel and capture of the soldiers was done at the request of Iran or not, few observers doubt that Iran signed off on the attack." Former US ambassador to Israel Martin Indyk contended, "This suits Iran's broader strategy as it finds itself pressed by the United States and our allies to negotiate over its nuclear program, to create a side issue." On the CBS Evening News (7/13, story 2, 3:10, Schieffer, 7.66M) reporter Bob Simon alleged, "Hamas and Hezbollah could exist without the Iranians. They supply support and money and weapons. And Iran's interest is to keep the pot boiling here, to open up another front between Iran and the west, and to divert attention from the pressure on Iran to come to terms with the nuclear issue."

Frist Blames Iran, Syria For Escalation. Senate Majority Leader Bill Frist said on CNN's The Situation Room (7/13), "Iran has been supporting Hezbollah, and Hezbollah is a terrorist organization that is behind much of the activity that is underway, so I do hold Iran responsible and Syria, and because of that very direct relationship in financially and otherwise supporting Hezbollah."

Biden Doubts Situation Will "Spiral Into A Full Blown War." Sen. Joe Biden said on MSNBC's Hardball (7/13) that the situation in the Middle East will not "spiral into a full-blown war, but I do think there's going to be an awful lot of trouble for the next several months." Biden added, "I'm not prepared to inspect Israel's response to what is an outright aggression and after they have in both cases, both in Gaza and in southern Lebanon, done the right thing. So I mean, once again, the focus is on the wrong group of actors, but do I think that this is going to result in Israel concluding that they need a full scale invasion of Lebanon and or of Syria and or of Iran, I don't think that's a reasonable option for them. And so I think you're going to see this low grade, but very, very serious kind of conflict for a while."

Some Question Whether Iran, Syria Were Behind Kidnappings. The Los Angeles Times (7/14, Richter, Meyer, Rotella, 918K) reports, "The Bush administration was quick to pin responsibility on Iran and Syria when Hezbollah militants captured two Israeli soldiers this week. Yet those countries may not have specifically planned and ordered the raid that has brought the Middle East to the edge of war, U.S. officials and terrorism experts say." The Times adds, "U.S. officials declined to offer specific evidence of Iranian or Syrian involvement in Wednesday's raid, in which eight Israeli soldiers were killed. But the Bush administration, in a statement afterward, said the two nations 'bear responsibility' based on their longtime ties and support."

Khalilzad Says Israel-Lebanon Situation Is Related To Iranian Nuclear Issue. US Ambassador to Iraq Zalmay Khalilzad said on CNN's The Situation Room (7/13) that the situation in the Middle East is "very dangerous," adding, "I

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believe that it has a lot to do with the evolving situation with regard to the Iranian nuclear issue. It is possible that as the Iranians refuse to cooperate with the proposal that was offered to them and as they come under more pressure to cooperate, that they may escalate things in Lebanon, in Israel, the Palestinian area, as well as in Iraq. So we have to be very careful and be resolute in terms of the future circumstances that we will face."

WSJ, WPost Support Retaliation Against Hezbollah Supporters. The Wall Street Journal (7/14, 2.03M) editorializes, "Israel can and will handle the immediate military threats on its two borders. But ultimately there will be no resolution in Lebanon and Gaza until the regimes in Syria and Iran believe they will pay a price for the wars they are waging through their proxies. The referral this week of Iran's nuclear file to the U.N. Security Council is a start, although we have little confidence it will lead anywhere. The White House has cited Syria and Iran as the culprits behind this week's events, but more forceful words and action are called for. The Middle East stands on the cusp of its worst crisis in a generation, and this is no time for formulaic statements calling for 'restraint from both sides.'"

Similarly, The Washington Post (7/14, A20, 748K) in an editorial writes that "even if Hezbollah is punished politically at home for its wild irresponsibility, the underlying problem -- its benefactors in Iran and Syria -- remains. That's where American and allied diplomacy and influence should be focused. Tehran should be called to account in the U.N. Security Council not only for its program to enrich uranium but also for its support of Hezbollah. Damascus, which hosts Hezbollah and Hamas, should also come under renewed international pressure, including sanctions. In all the diplomacy, the false lure of 'evenhandedness' must not be allowed to obscure the fact that Hezbollah and its backers have instigated the current fighting and should be held responsible for the consequences."

LAT Criticizes Israel For "Disproportionate" Response. The Los Angeles Times (7/14, 918K) disagrees with the Wall Street Journal and Washington Post, writing in an editorial that "Bush pointedly said Thursday that Syrian President Bashar Assad 'needs to show some leadership toward peace,' and other administration officials blamed Syria and Iran for supporting Hezbollah. It will be easier for the United States and Arab states such as Egypt and Jordan to bring pressure on Tehran and Damascus to rein in Hezbollah if Israel keeps its retaliation in proportion."

Hezbollah Rockets Hit Israel, Including Haifa. The CBS Evening News (7/13, lead story, 4:00, Schieffer, 7.66M) reported, "Lebanese Hezbollah terrorists is fired more than 100 rockets into Israel, and Israel says one of them fell in the city of Haifa. … Rockets rained down on northern Israel, in the heaviest bombardment from Lebanon in decades, killing two Israelis, and wounding more than 100. Hezbollah militants went deeper into Israel than ever before, striking the poor city of Haifa 13 miles away. Israeli television said they used an Iranian rocket." ABC World News Tonight (7/13, story 2, 1:50, Moran, 8.78M) reported, "in recent years" the "border area between Lebanon and Syria has been quiet. That calm has now been shattered, too. Rockets have been raining down." ABC noted, "Nahariya is a seaside town, just 10 miles from the Lebanese border. And it has almost emptied. Tourists are gone. Businesses are shut. And the locals who are staying, are staying indoors. … Although these rockets are highly inaccurate, it makes it no less frightening for the people living here, because they never know where the next will land."

NBC Nightly News (7/13, lead story, 3:30, Williams, 9.87M) reported, "Israel threatened to hit Hezbollah targets in Beirut. … So Hezbollah retaliated by firing rockets at Haifa, Israel's third largest town. At least one rocket hit, doing little damage. But in many parts of northern Israel, there was serious damage. Residents were told to sleep in the bomb shelters." USA Today (7/14, Frank, 2.27M) reports, "Hundreds of Israelis fled Israel's suddenly volatile border with Lebanon" and many residents "urged a ferocious Israeli military response to the rocket fire along the border."

The New York Times (7/14, Myre, 1.21M) reports, "For Israelis who have endured the rocket fire in north since the 1970's, it was not supposed to turn out this way. When Israel pulled out of southern Lebanon in 2000, ending two decades of occupation, many believed, or at least hoped, that the rural Galilee would once again become a tranquil retreat known for its hiking and horseback riding rather than as the front line of a relentless conflict." The Los Angeles Times (7/14, Bekker, 918K) reports similar details.

Bush-Putin Relationship Dominates G-8 Summit. President Bush's trip to the G8 summit was overshadowed by the increasing violence in the Mideast, with coverage mainly focused on Bush's response to Israel's counterattacks during his stop in Germany. Stories on Bush's G8 trip focused on his complicated approach to dealing with Russian President Vladimir Putin. Providing the most extensive coverage in a 1,991-word feature, the Wall Street Journal (7/14, Dreazen, Cullison, White, 2.03M) says Presidents Bush and Putin enjoy a "complicated relationship between two highly competitive men with differing views of how their two countries should interact," and notes, "These days, relations between the U.S. and Russia are cooler than they've been since the end of the Cold War." Despite this, the Administration "is showing little interest in confronting him directly. At the moment, the U.S. needs Russia far more than Russia needs the U.S." Besides Moscow's diplomatic levers, Washington "is eager to keep Russia from using its

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considerable oil and gas holdings as a political weapon against the fragile democratic governments of neighboring countries like Ukraine." The Journal says "the tensions between Messrs. Bush and Putin hang heavily over" the G-8 Summit, however, both men "likely will try to patch over their problems and reach some economic deals."

Similarly, Knight Ridder (7/14, Douglas) reports, "Bush said he will talk firmly, but privately, to…Putin this weekend about the West's concern that he's retreating on democratic reforms when the two men meet in St. Petersburg." In Germany "Bush warned that his session with Putin wouldn't be a finger-wagging lecture on freedom and democracy."

The Los Angeles Times (7/14, Gerstenzang, 918K) says Bush's "comments went to the heart of what has become a growing debate over the course on which Putin is leading Russia and whether his government is blocking the growth of democracy there by restricting media freedom and the operations of nongovernmental organizations." He "said it was the United States' role 'to continually remind Russia' that if it wants to maintain good relations, it should 'share common values with us.'"

USA Today (7/14, Jackson, 2.27M) notes, "Unlike his warm relationship with German Chancellor Angela Merkel, Bush and Putin have sometimes had tense dealings. Bush said he doesn't want to 'scold' Putin over alleged democratic backsliding in Russia and is seeking Russia's help with 'common problems' such as Iran, North Korea, Iraq, trade and energy development." Noting the contrast between their first meeting in 2001, USA today notes, "Bush's handling of the Iraq war and other political problems have limited his ability to influence events overseas. Putin, meanwhile, enjoys approval ratings of more than 70% in Russia, even amid global protests that he is consolidating power for himself.

US WTO, Nuclear Deals With Russia Could Form Basis Of New Global Security Infrastructure. The Christian Science Monitor (7/14, LaFranchi, 58K) in an article describing how economic issues have become overshadowed by global security concerns also examines the Administration's possible strategy for engaging Russia with agreements on the WTO and civilian nuclear cooperation. Some experts are concerned such agreements would allow Russia to ignore human rights concerns, but others "say this 'carrot' that the White House is dangling is really more about Iran, and winning Russia's support for a tougher stance toward Tehran's nuclear ambitions." And Center for Strategic and International Studies nonproliferation expert Robert Einhorn "says the prospects for a Russia deal, taken together with the civilian nuclear agreement the White House wants to conclude with India, could form the basis of a new nuclear security architecture for a world of galloping energy needs. 'The common thread behind this is a world relying more all the time on nuclear energy,' he says."

Ivanov Warns West Not To Bully Russia. The Financial Times (7/14, Ostrovsky, Daniel, Williamson) says Russian Defense Minister Sergei Ivanov "on Thursday warned the west to stay out of its internal affairs saying it would use its 'military might' as a deterrent and a guarantor of its sovereignty." Ivanov's newspaper interview "hailed Russia's resurgence as a great power, underpinned by a triad of 'sovereign democracy, a strong economy and military might.' He said Russia must hold its own 'in the face of those who criticise us or are our open enemies.'" The Times says Ivanov's "hawkish article is the latest sign of deterioration in Russia's relationship with the west."

Russian Clout Grows With European Demand For Energy. The Wall Street Journal (7/14, Kahn, Champion, White, 2.03M) reports, "Europe's dilemma reflects how dramatically the balance of power between the world's energy importing and exporting countries has changed as oil and gas prices have soared in the past few years, turning Russia from a supplicant for foreign aid to a cash-rich power courted for its energy resources." The Journal notes, "How to respond to the dilemma has split the European Union, further increasing Russia's leverage. Instead of scrambling to find new sources of gas, countries such as Germany and Italy, both of which will be attending the G-8 summit in St. Petersburg, are racing to become Russia's preferred partners to lock in long-term supplies."

Former Diplomat Encourages Bush To Confront Putin Over Democratic Reforms. Stuart Eizenstat, a former diplomatic official in the Carter and Clinton administrations, in an op-ed in the Wall Street Journal (7/14, 2.03M) writes, "President Bush and his G-7 colleagues should forcefully remind Mr. Putin that the G-8 is not a social club but a grouping of the world's leading 'industrialized democracies.' To ensure Russia's great power status, Mr. Putin must understand that there are fundamental principles to which great countries must adhere. The use of energy resources to threaten global stability, for one, is unacceptable and will invite retaliation." Eizenstat concludes, "Many of these messages were contained in Vice President Cheney's speech two months ago in Vilnius, where he warned Russia against using its energy resources to 'blackmail' its neighbors and the Kremlin's power to clamp down on enemies at home. These same messages should be delivered again in St. Petersburg. Otherwise, the Yukos affair and all it represents will continue to cast a long and dark shadow over Russia's relations with the West.

WSJ Says Russia Has Failed To Live Up To Expectations. The Wall Street Journal (7/14, 2.03M) editorializes, "Russia doesn't deserve its place among the G-8 democratic nations, and the task of the U.S. and other members is to encourage reform that will make it worthy of membership. Political and economic freedom aren't only nice words to be hauled out at gatherings like this weekend's St.

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Petersburg summit. For Russia they are the key to future prosperity and stability, a future that Mr. Putin has put in jeopardy."

Chirac Unveils French Agenda For G8. French President Jacques Chirac in an op-ed in the Christian Science Monitor (7/14, 58K) writes, "At the G-8 summit on July 15-17 in St. Petersburg, the first chaired by Russia, I will present four goals: to refocus the rich and the emerging countries on the imperative of addressing global warming; convince them of the urgent need for new funding to overcome poverty and pandemics; support Africa at a time when it is beginning to recover; and combat terrorism as well as the proliferation of weapons of mass destruction, particularly by dealing with the Iranian and North Korean issues. Indeed, we must seize the opportunities of globalization in this extraordinary period of global growth that is transforming the future of mankind, while correcting its unacceptable social and ecological excesses."

Bush Leaves Door Open For Tehran To Rejoin Talks. The New York Times (7/14, Hauser, 1.21M) reports remarks by President Bush "that the time has passed for Iran to respond to a package of incentives to stop uranium enrichment, but that there could still be opportunities for negotiations even though the case is now being referred to the" UNSC. Bush is quoted saying, "Their deadline passed. That's why we're going to the U.N. Security Council. They can show up any time and say, 'Wait a minute, now we'd like to go back and negotiate.' We're not precluding any further negotiations with the Iranians." The Times notes, "It is not certain whether the unity of" the US, the UK, France, Russia, China, and Germany on the Iranian issue "will hold."

The Washington Times (7/14, Curl, 88K) adds that German Chancellor Angela Merkel "strongly supported Mr. Bush's stance on Iran."

The AP (7/14, Lederer) reports on the public unveiling of the incentives package offered to Tehran last month, saying, "The world powers are prepared to provide Iran with advanced technology and possibly even nuclear research reactors if it agrees to suspend uranium enrichment… The full proposal showed a broader range of economic, political and energy incentives. They include promoting Tehran's membership in the [WTO] and the possible lifting of U.S. and European restrictions on the export of civilian aircraft and telecommunications equipment. Under the incentives, the six powers are prepared to help Iran build state-of-the-art light water nuclear power reactors and to give legally binding guarantees that nuclear fuel will be provided for these civilian reactors meant to produce energy."

The Washington Post (7/14, A18, Lynch, 748K) adds, "The package presented to the council Thursday provides no explicit assurances Tehran has sought to bar U.S. military strikes on its territory. Instead, it pledges the major powers' support for a vaguely defined international conference to 'promote dialogue and cooperation' on regional security." President Bush "has resisted European appeals to provide Iran with such security assurances, insisting that the military option not be taken off the table.

Seoul-Pyongyang Talks Collapse. The New York Times/IHT (7/14, Sang-hun, 1.21M) reports, "High-level talks between South and North Korea collapsed in acrimony today, as the North rejected South Korea's call for it to end missile tests and return to negotiations, instead countering with a demand for more economic aid." In addition, Beijing "appeared to have made little headway in its own efforts to bring the North Koreans to the negotiating table and the United States and Japan called for the [UNSC] to act." Assistant Secretary Chris Hill "said today that Washington was likely to allow more time for Chinese diplomatic efforts before pushing for a tough United Nations resolution. 'My sense is we're down to a number of days,' Mr. Hill told reporters." Of Pyongyang's responses, Hill is quoted saying, "So far they don't seem to be interested in listening, much less doing anything. I think the Chinese are as baffled as we are." Ambassador Bolton "said the United States still backed the Japanese resolution, but welcomed the Chinese-Russian measure because it was in the form of a resolution rather than a nonbinding statement."

The Washington Times (7/14, Salmon, 88K) in an article titled "Missile Crisis Diplomacy Crumbles" reports, "Diplomatic maneuvers to resolve the North Korean missile crisis collapsed yesterday, with Chinese talks in Pyongyang fruitless, the U.S. chief negotiator flying home empty-handed and a North Korean Cabinet-level delegation walking out of talks with South Korean counterparts."

The Washington Post (7/14, A18, Faiola, 748K) adds Seoul's suspension of food aid "infuriated visiting North Korean officials, who immediately cut off high-level talks in South Korea and stormed back home." The suspension "marked the South's first punitive action against its impoverished communist neighbor since" the July 4 missile tests. However, Seoul "also reiterated its deep opposition to a push by Japan and the United States to impose broader sanctions on North Korea through a draft resolution at the" UNSC. The "decision to follow through with a previous threat to suspend food aid if North Korea tested missiles -- a threat many experts doubted the Seoul government would stick to -- displayed a new willingness by the South to use its significant economic clout to apply pressure on the North."

An analysis piece in the Wall Street Journal (7/14, Fairclough, Blumenstein, Ramstad, 2.03M) notes Pyongyang's "barrage of missile tests has exacerbated political tensions in Northeast Asia, putting the Korean Peninsula at the center of a power struggle between a rising

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China, a more assertive Japan and a Russia eager to regain influence in the region." The situation "is complicated by the shifting balance of power between China and Japan, which are on a more equal economic and political footing than at any time in recent history and are competing for regional ascendance."

Japanese Ambassador Calls For UN Security Council To Act On North Korea. USA Today (7/14, 2.27M) reports, "Japan's ambassador to the United Nations pressed Thursday for Security Council action by the end of the week on North Korea's missile launches, though he said key differences remain with China and Russia on how to confront Pyongyang. 'We are not ready to spend a lot of time on these negotiations,' Kenzo Oshima said. Chinese Ambassador Wang Guangya said that the council needs more time and that the most important factor was to agree on a unified approach."

Watchdog Group Warns Of Terrorist Access To Nuclear Material. The AP (7/14, Hebert) reports the Nuclear Threat Initiative warned Thursday that while progress has been made in securing nuclear materials, tons remain "dangerously vulnerable" to theft by international terrorists. The NTI blames world leaders for failing "to provide money promised for or to pay strict attention to securing materials that could be used for a nuclear device or 'dirty' bomb." Meanwhile, "the Energy Department said Thursday it had reaffirmed in an agreement with Russia the 2000 commitment by each country to dispose of 34 tons of excess plutonium. The joint effort had stalled in recent years with talk that it was falling apart because of disagreements between the two nations on how to proceed." The AP notes, "Energy Secretary Samuel Bodman called Thursday's joint statement 'a clear sign of our mutual commitment to keeping dangerous nuclear material out of the hands of terrorists.'"

Indian Authorities Detain Hundreds In Bombing Probe. Indian authorities yesterday detained hundreds of people for questioning about this week's train bombings. Officials also released photographs of two other suspects. The Washington Post (7/14, A16, Naqvi, 748K) reports that many of the people detained "are activists from a banned organization called the Students Islamic Movement of India, officials said. Its members are also being investigated regarding bombings in this city, also called Mumbai, in 2003 that killed 55 people."

The AP (7/14, George) reports, "The government's Anti-Terror Squad released photos of young, lightly bearded men identified as Sayyad Zabiuddin and Zulfeqar Fayyaz, said Sunil Mane, an anti-terror official. Officials did not provide their nationalities, and it wasn't clear where the photos — head shots which appeared to have been taken for identification documents — originated. But officials said earlier Thursday that the prime suspect in Tuesday's bombings is Lashkar-e-Tayyaba, a Pakistan-based Islamic militant group that operates in Kashmir, the Himalayan region at the center of the long-running India-Pakistan conflict."

The Christian Science Monitor (7/14, Montero, 58K) reports that "suspicions are beginning to point to Lashkar-e-Tayyaba, or the Army of the Righteous, a Pakistani-based militant outfit with a long history of terrorist attacks inside India. It is too early to say whether the group was directly responsible for masterminding the violence. A Lashkar-e-Tayyaba spokesperson, Abdullah Ghaznavi, denied that the group was involved in the attack." Analysts say that whether or not Lashkar-e-Tayyaba "was directly involved…the group has achieved a kind of inspirational leadership role, becoming an operational template for militant splinter groups in India in much the same way that Al Qaeda has on the global stage."

The Los Angeles Times (7/14, Chu, 918K) reports that India blames Lashkar-e-Taiba "for several bombings that rocked New Delhi in October and accuses archrival Pakistan of sponsoring the group. The regime in Islamabad denies that allegation, but sharp words between the two countries since the attack Tuesday have spurred fears that their slow peace process could bog down further."

The New York Times (7/14, Sengupta, 1.21M) reports that "a man identifying himself as a member of a newly formed chapter of Al Qaeda in the disputed territory of Kashmir, which Pakistan and India both claim, telephoned a news agency to congratulate the perpetrators. Intelligence officials said they had not verified whether the caller was authentic, and some in the government voiced their skepticism about the claim. But the call raised the specter that groups claiming affinity with Al Qaeda had taken up the cause of the predominantly Muslim area."

Musharraf Pledges Support For Indian Bombing Investigation. AFP (7/14, Peachey) reports, "Amid a swirl of accusations that Pakistan has not done enough to curb the activity of Islamic militants operating on its soil, [President Pervez] Musharraf pledged his full support to the Indian investigation. 'I assure (Indian) Prime Minister Manmohan Singh that the Pakistan government and I myself are with him in any investigation he wants to carry out,' Musharraf said in an interview with Business Plus Television."

Mumbai Businesses Rebound Quickly After Attacks. USA Today (7/14, For, 2.27M) reports, "Terrorist attacks often depress stocks elsewhere in the world, but the bulls roared in Mumbai, India's financial capital, after bomb blasts killed at least 200 commuters this week. The Sensex stock exchange index rose nearly 316 points -- 3% -- the day after Tuesday's blasts, before sliding back about 72 points Thursday to 10,858.50. The market reaction was typical of a city and people known for resilience in the face of natural and man-made disasters."

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Lantos Has Security Concerns About F-16 Sale To Pakistan. Rep. Tom Lantos called on Thursday called on the Bush Administration to address security concerns over a proposed sale of F-16 fighter jets to Pakistan. The AP (7/14, Klug) reports that Lantos "emphasized in an interview that he supported the $5 billion proposal, 'but my support is contingent on providing the United States with total security with respect to the non-leaking of any of our high-tech capabilities to any other party.'" Lawmakers "worry that China, which has close military ties with Pakistan, might gain access to F-16 technology. Lantos said that 'in view of the very unfortunate A.Q. Khan history, we have to be absolutely convinced that the provisions in place will prevent any conceivable leakage of technology to anybody.'"

Obrador Says Video Proves Fraud In Mexican Presidential Election. Leftist Mexican Presidential candidate Andrés Manuel López Obrador released a video showing a man inside a polling station stuffing votes into a ballot box. The New York Times (7/14, Thompson, McKinley, 1.21M) reports Obrador called the video "proof that poll workers had taken part in a conspiracy of fraud that robbed him of victory and handed it to his conservative rival, Felipe Calderón." The Times adds that "the Federal Electoral Institute, or IFE, and Mr. López Obrador's own representative at the polling station said Mr. López Obrador was misrepresenting the video. The tape, they said, showed a poll worker putting misplaced ballots where they belonged, a common procedure that was perfectly legal."

The Financial Times (7/14, Thomson, Authers) reports that a top aide to Obrador "promised mass protests in the event of an unfavourable ruling by the country's electoral tribunal."

O'Grady Says Mexico's Left Must Accept the Rule Of Law. Mary Anastasia O'Grady writes in the he Wall Street Journal (7/14, 2.03M) that Obrador, "like Shakespeare's Richard III, sees himself the victim of a world out to get him." An Obrador aide "said this week that if the judicial tribunal of the Federal Electoral Institute does not approve a full recount, this time opening every one of the sealed packages of votes totaling 41 million, 'we are not going to let him [Calderón] govern.' Legal channels are only one path, he suggested. 'The other road is insurrection.'" O'Grady adds, "The modern wing of the Mexican left knows that if it ever wants to get back in power it has to unload the dinosaurs and recognize that the rule of law matters. That's what makes this a test case not only for the IFE tribunal but for all of Mexico."

Publication Of Thai PM's Letter To Bush Sparks Outrage. The Washington Times (7/14, Ehrlich, 88K) reports, "The publication of a confidential letter to President Bush from Thailand's prime minister, warning of a 'threat to democracy in Thailand,' has provoked outrage, satire and indignation. In a 544-word letter dated June 23, Prime Minister Thaksin Shinawatra said his political opponents are trying to 'provoke violence' through 'chaos' in the streets. Mr. Bush sent a 138-word reply on July 3 which said: 'I appreciate your assurance that our good cooperation on issues of vital importance to us both will continue.' … Thaksin's critics were especially distressed by the prime minister's description of peaceful street demonstrations, which called for Mr. Thaksin's resignation and snarled Bangkok traffic during March."

Steelmakers Call For US Action Against China. The US steel industry is asking US trade officials to take action against China for continuing to subsidize its steelmakers. The Wall Street Journal (7/14, Scinta, 2.03M) reports, "A study prepared for industry groups says China's forgiveness of steel-company debt, preferential loan practices, targeted infrastructure development and currency manipulation give Chinese producers a huge advantage over companies that operate under free-market rules. … The American Iron & Steel Institute, the Steel Manufacturers Association, the Specialty Steel Industry of North America, and the Committee on Pipe and Tube Imports supported the study, which was prepared by a Washington-based law firm. The groups said on a conference call that they provided the study to U.S. trade officials."

US Imposing New Controls On High-Tech Exports To China. The Washington Times (7/14, Gertz, 88K) reports, "The Bush administration is imposing new controls on high-technology exports to China, aimed at preventing illegal diversion of goods that are boosting Beijing's large-scale military buildup, a senior commerce official says. David H. McCormick, commerce undersecretary for industry and security, said in an interview that the proposed restrictions, announced last week, are a 'substantial' revision of export controls that would limit 47 areas of high-technology exports, ranging from aircraft to machine tools, to composite materials used in radar-evading stealth aircraft."

Venezuela, Argentina Seek To Create An IMF Alternative. The Washington Times (7/14, Hearn, 88K) reports that Venezuela and Argentina have plans to establish a new regional bank for nations frustrated with IMF conditions. Argentine President Nestor Kirchner "announced recently that the countries will cooperate on a 'binational' bond issue that will serve as a precursor to a regionwide financial institution, an idea promoted by Venezuelan President Hugo Chavez. Regional news outlets said the so-called 'bond of the South' would be valued at about $2 billion and be used to finance infrastructure projects."

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Airbus Scrambles To Unveil A350. The Wall Street Journal (7/14, Michaels, Lunsford, 2.03M) reports that Airbus is scrambling to unveil its new long-haul jetliner, the A350, at next week's Farnborough Air Show. The Journal says that even Airbus meets this deadline, "it remains to be seen whether airlines like the new jet enough for Airbus to start building soon and avoid trailing Boeing for years to come." The A350 "is part of a new generation of airplanes that will carry the bulk of long-haul travelers for the next 20 years -- a highly profitable market likely to top 6,000 planes during the period, at $150 million to $200 million each. At a time of high fuel costs and plunging fares, the world's airlines are leaning heavily on manufacturers to design faster, lighter planes."

Aida Says Election Will Determine Future Of Japan's "Asiaist" Traditions. Hiro Aida, a senior writer at Japan's Kyodo News, writes in the Wall Street Journal (7/14, 2.03M), "For the last century and a half, Japanese political and intellectual leaders have tried to convert a negative image of a 'backward' Asia (imposed by the West) into a vigorous regionalism. … The future of Japanese Asianism will be decided during the prime ministerial elections in September. Whoever wins will have the chance to reinvigorate or further neglect the country's Asianist traditions, and thus influence the country's identity. Frontrunner Shinzo Abe, chief cabinet secretary to Prime Minister Junichiro Koizumi, is expected to inherit the incumbent's foreign policy, which is more pro-American than Asianist. The second most popular -- but still undeclared -- candidate is Yasuo Fukuda, a former chief cabinet secretary who would likely set a new trend by leaning toward Asianism."

LATimes Decries Rising "American Protectionism." An editorial in the Los Angeles Times (7/14, 918K) says, "If there's anything truly controversial about the Congressional French Caucus on this, the 217th anniversary of the storming of the Bastille, it's that the members' interests -- or more accurately, the interests of the French lobbyists who interact with them -- are now more aligned with what's good for America than the protectionist, election-year sausage being created and contemplated by the 109th Congress. … France, in addition to being the United States' oldest ally (albeit a nettlesome one), is one of the five largest foreign investors in the U.S., and French companies are rightly alarmed by rising American protectionism. But it's American consumers and workers who are most hurt when foreign capital is turned away, so more power to the French Caucus if it can help Congress block senseless legislation."

Brazil's Lula Urges Congress To Repeal Ethanol Tariff. In the Wall Street Journal (7/14, 2.03M) Brazilian President Luiz Inácio Lula da Silva opines, "The sharp rise in international oil prices, political instability in producing regions and the environmental impact of fossil fuels have combined to evoke a growing interest in alternative energy sources." In this context, Lula says Brazil's "success story" with ethanol fuel "will be of interest during the G-8 summit in St. Petersburg." The Brazilian leader says he is "delighted" to see President Bush "actively promote" ethanol, noting that "both Brazil and the US have a lot to gain if we can work together to promote a global market for ethanol." He notes that while Brazil is "often seen as a model in the ethanol sector, it does not wish to achieve a dominant global position." Nevertheless, Lula says Brazil "hopes to see the day when the secondary tariff on US ethanol imports (now 54 cents per gallon) is eliminated, as that would foster the goal of globalization of the ethanol market and enhance bilateral trade."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Israel Blocks Lebanese Coast."
"A Land Of Racial Harmony?"
"City Vents Anger At Illegal Immigrants."
"Limit Cellphones In Cars Or Just Let Freedom Ring?"
"Despite Hezbollah's Ties To Iran And Syria, It Also Acts Alone."
"Gov. Seeks Deal That Would Ease Term Limits."

USA Today:
"Mideast Nears Regional War."
"Rents Could Fall As New Condos Become Apartments."
"Serious Female Singers Harder To Find On The Charts."

New York Times:
"Israel Blockades Lebanon; Wide Strikes By Hezbollah."
"Bush Would Let Secret Court Sift Wiretap Process."
"For Accused G.I., Iraq Only Added To His Woes."
"Videos, Doubts, And A Backlash In Mexico Vote."
"Top Grades And No Class Time For Auburn Players."

Washington Post:
"Israel Blockades, Bombs Lebanon While Hezbollah Rains Rocket Fire."
"Each Death In The City's Violent July Has A Story."
"Voting Rights Act Extensions Pass House Despite GOP Infighting."
"Bush Compromises On Spying Program."

Washington Times:
"Israel Moves To Seal Off Lebanon."
"Chances Fade For Barbaro's Survival."

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"Iran, Syria Seen 'Playing With Fire.'"
"Senate Denies Funds For New Border Fence."
"Crime Types Vary By D.C. Division."
"Survivor Injured, Alone."

Detroit Free Press:
"Q: Would This Auto Alliance Be Good For GM? 53% Say Yes."
"Intense Mideast Fighting Worsens."
"Executives Guarded But Eager For Meeting."

Atlanta Journal-Constitution:
"Voting Act OK'd In Tense House."
"Israelis Strike Hard At Hezbollah."
"Home Schooled Kids Hit Campaign Trail For GOP."

Houston Chronicle:
"Falling TVs Pose A Growing Danger."
"Oil Surges To A Record; Experts See No Relief."
"Israel Blockades Lebanon In Escalation Of Violence."
'Border Raid Could Mean 'High Price' For Lebanon."
"Bush Poised To Accept 2 Curbs On His Authority."
"Web Sites Shed Light On Sugar Land Suspects."

Story Lineup From Last Night's Network News:
ABC: Mideast Violence; Mideast Violence-Civilian Impact; Bush-Mideast Challenge; Oil Prices; Premature Births; CA-Wildfires; Racehorse-Medical Status; Buttons Obit; Eagle Scout-Afghan Charity.
CBS: Mideast Violence; Mideast Violence-Hezbollah; Americans In Lebanon; Gas Prices; Premature Births; Western Wildfires; Racehorse-Medical Status; Quadriplegic-Medical Advancement; Dennis Hastert Hospitalized.
NBC: Mideast Violence; Mideast Violence-Lebanon; Mideast Violence-Bush Administration; Oil Prices; CA-Wildfires; CIA Leak Case; Hazleton, PA-Illegal Immigration; Premature Births; Racehorse-Medical Status; Buttons Obit; United-Ground Crew Training.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Israel-Lebanon Attacks; Israel-Gaza Incursion; Bush-Russia; Oil Prices; Heat Wave; CA-Wildfire.
CBS: Israel-Lebanon Attacks; Pentagon-Lebanon Evacuation Plans; CA-wildfire; India-Train Bombing Investigation; Space Shuttle Mission; Coors-Drunk Driving Arrest; Oil Prices; Wall Street.
NPR: Israel-Lebanon Attacks; Israel-Gaza Incursion; Iran-Nuclear Program; Mexico-Election; House-Voting Rights Act; Economists Survey-Economic Activity; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Departs hotel in Heiligendamm, Germany en route Rostock, Germany.

Visits the Monument to th Heroic Defenders of Leningrad.

Arrives at Consul General's residence. St. Petersburg.

Begins participation in roundtable discussion with Civil Society.

Departs en route Kostantinovsky Palace Complex.

Has dinner with President and Mrs. Putin. President's Cottage.

VICE PRESIDENT CHENEY — Speaks at a reception for congressional candidate Ray Meier. Hotel Utica, Utica, N.Y.

US Senate: No scheduled events.

US House: No scheduled events.

Other: July 12 - 14. BLACK CHURCH SEXUALITY CONFERENCE _ The Religious Coalition for Reproductive Choice sponosrs the 10th annual National Black Religious Summit on Sexuality. Three days of workshops and discussion on teen pregnancy prevention, faith-based sexuality, domestic violence, HIV/AIDS, teen leadership, family life and other topics. Location: Howard University School of Divinity, 1400 Shepherd St. NE.

July 12 - 15. SISTER CITIES CONFERENCE _ Sister Cities International 50th anniversary conference on citizen diplomacy. Speakers and workshops on international city-to-city partnerships. In conjunction with the Inaugural National Summit on Citizen Diplomacy, sponsored by the Coalition for Citizens Diplomacy. Location: Hyatt Regency-Washington on Capitol Hill, 400 New Jersey Ave. NW

July 12 - 15. WORLD CONFERENCE ON TOBACCO OR HEALTH _ Three day convention on building a tobacco-free world. Workshops and session on tobacco control and regulation, the human cost of tobacco, smoking prevention, and the tobacco industry. Location: Washington Convention Center, Mt. Vernon Square.

9:30 a.m. - 4 p.m. MEDICARE _ The National Academy of Social Insurance holds a Medicare Academy for students and interns. Location: Jordan Conference Center, Kaiser Family Foundation, 1330 G St. NW.

8 a.m. - 9 a.m. NUCLEAR TERRORISM _ The National Defense University Foundation hosts a breakfast seminar on the threat of nuclear terroism. With Ambassador Robert Joseph, Under Secretary of State for Arms Control. Location: Capitol Hill Club, 300 First Avenue, SE.

8:30 a.m. - 10 a.m. EXPORT CONTROLS ENFORCEMENT _ Women in International Trade host a talk by Wendy Wysong, deputy assistant Secretary of Commerce for export enforcement. Topic: Enforcement activities against violators of U.S. export controls. Location: Manatt, Phelps and Phillips, LLP. Suite 1100, One Metro Center, 700 12th St. NW.

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9 a.m. PENTAGON-IRAQ SECURITY _ Army Col. Sean B. MacFarland, commander of 1st Brigade Combat Team, 1st Armored Division, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

9:45 a.m. GUARD-BORDER SECURITY _ Lt. Gen. H Steven Blum, chief of the National Guard Bureau, holds a news briefing to provide an update on Operation Jump Start, involving deployment of United States National Guard troops along the United States-Mexico border. Location: DOD Briefing Studio, Pentagon 2E579.

10 a.m. PLAME-WILSON LAWSUIT _ CIA officer Valerie Plame and her husband,former Ambassador Joe Wilson, make statements on their lawsuit against Vice President Dick Cheney and presidential aide Karl Rove that was filed in US District Court on Thursday. Location: National Press Club, Holeman Lounge.

11 a.m. MARRIED PRIESTS _ News conference to announce the new organization Married priests Now!, an international coalition of married priests and to call on the Roman Catholic Church to reconcile with married priests, with Archbishop Emmanuel Milingo, Archbishop George Stallings, founder of the Imani Temple African American Catholic Congregation, others. Location: Imani Temple African American Catholic Congregation, 609-611 Maryland Ave. NE.

July 14 - 15. 11 a.m. HOMELAND SECURITY _ The Heritage Foundation holds a discussion with Assistant Defense Secretary Paul McHale on homeland security achievements and the future. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

11:30 a.m. WOMEN-ACTIVISM _ The Network of enlightened Women announces plans for four new college chapters at its first annual national conference and honors one women asa its leader of the year. Location: Room 2203, Rayburn.

12 p.m. SCHOOMAKER _ Defense Forum Foundation holds a luncheon with Army Chief of Staff Gen. Peter Schoomaker. Location: Room B-339, Rayburn.

12:30 p.m. - 2 p.m. PRIVATE INVESTMENT-ACADEMIA _ The National Academies hosts a seminar debate on issues of academic freedom in research, potential conflicts of interest, and long-term impacts of university-industry partnerships. Location: Room 100, Keck Center, 500 5th St. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JULY 14, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Bush Agrees To Court Review Of Surveillance Program (USAT) 5
Bush Would Let Secret Court Sift Wiretap Process (NYT) 5
Bush Agrees To Review Of Domestic Spying Program (LAT) ..7
Bush Compromises On Spying Program (WP) 8
Bush Agrees To Have Domestic Eavesdropping Program Reviewed (MCT) 10
Bush To Allow Court Review Of Eavesdropping Program (WSJ) 12
Specter Touts Deal On Eavesdropping Review (AP-Y) 13
Restoring A Constitutional Balance (NYT) 14
Bush Will Accept Court Review Of U.S. Spying Program (Update3) (BLOOM) 15
Specter: Deal Reached With White House On Wiretaps (CNN) 16
Watching Finances Of Terror Suspects Discussed In 2002 (WP) 18
Inside The Ring (WT) 19
Policy Rewrite Reveals Rift In Administration (WP) 21
Military Lawyers Urge Protections For Detainees (NYT) 22
Admin. Willing To Adjust Detainee Policies (AP) 24
Issue Of Detainees Splits Bush Administration (LAT) 25
Senators Push For Military Code (WT/AP) 26
Wisdom On Detainees (WP) 27
Battle Looms In Congress Over Military Tribunals (WP) 27
Bush Officials Send Congress Mixed Signals About Military Tribunals (KRT) 29
Negotiations On Terrorism Detainees Spill Into Open (AP) 30
Attorney General Criticizes Supreme Court Ruling On Detainees (MCT) 31
Suspect Padilla Gets Access To Secrets (AP) 31
Feds Call Lawsuit Over Phone Records A Wrong Number (AP) 32
Government Invokes 'secrets' Privilege (CHIT) 33
Yassin Aref Denied Bail (CAPNEW9) 34
Judge Rejects Latest Bail Request In Mosque Case (AP) 34
Terror Suspect's Relatives Indicted (DESERET) 35

Homeland Response:

SBA Official Blasts 9/11 Loan Program (AP-Y) 35
Development Corporations Dispute Criticism Over Their Handing Out Of 9/11 Federal Aid (NYT) 36
Pilots Ask Government To Tighten Cargo Plane Fire Safety Rules (WP) 37
A Site For 9/11 Sentiment To Be Veiled For A While (NYT) 37
Off-Target On Terror (WP) 38
Senate Bill Would Replace FEMA With New Agency (KRT) ..38

War News:

Iraq Given Control Of Province (WP) 40
Iraqi Forces Take Over Province's Security (AP) 40
Coalition Forces Hand Over First Entire Province To Iraqis (USAT/AP) 42
Security Transfer Celebrated (WT) 42
Democrats Challenge Assessment Of Iraq (AP-Y) 43
Iraqi Prime Minister To Visit White House (AP-Y) 43
Iraq's Helpless Government (NYT) 44
Iraq Politicians Seek Talks Between Sects (LAT) 44
Cost Of Iraq War $291 Billion So Far (LAT/AP) 45
Big Bang Theory In Ruins (WP) 46
For Accused G.I., Iraq Only Added To His Woes (NYT) 47
Korean Guilty In Oil-for-food Scam (WT/AP) 49

DOJ:

Senate Ups Money For NASA, Crime Fighting (AP-Y) 50
DHS, DOJ Update National Info Exchange Model (FCW) 50

Corporate Scandals:

3 British Bankers Extradited To Texas On Enron-related Charges (FWST) 51
U.K. Bankers Extradited Over Enron Charges Arrive In Houston (BLOOM) 52
Extradited British Bankers Arrive In US For Enron-related Case (AFP) 53
British Trio Touches Down (HC) 54
NatWest Three Land In US And Prepare To Meet Their Accusers (TIMES) 56
With Hands And Feet In Chains, They Are Led Into US Court (DAILYTEL) 56
Houston, We Have Three Bankers (GUARD) 57
NatWest 3 Flown To Uncertain Fate In Texas (INDEP) 58
Heat Turned Up For NatWest Three (BBC) 59
NatWest Three Set For Bail Bid As Storm Over Extradition To US Intensifies (SCOTSMAN) 60
Family Await Post Mortem Results On Suicide Banker (DAILYTEL) 61
Cause Of Banker's Death Still Not Clear (INDEP) 62
Dead Executive 'not A Suspect' (TIMES) 62
Silicon Valley Option Grants To Be Probed By Task Force (MERCN) 62
Feds Ramp Up Silicon Valley Stock Option Probe (CNET) ... 63
Feds Launch Bay Area Stock-options Task Force (SANJOBIZ) 64
Task Force Will Investigate Silicon Valley Stock Options (AP) 64
Prosecutor Forms Task Force To Probe Stock-Option Grants (WSJ) 65
U.S. Attorney Launches Task Force On Stock Options (MRKTWTCH) 65

Criminal Law:

Justice Dept. Pushes On In Jefferson Case (AP) 66
Feds Oppose Jefferson's Request (BRADV) 66
Convicted Former Procurement Chief Requests New Trial (CD) 67
Democrats Seek Answers In Phone Jamming (WP) 68
FBI Subpoenas Records From Brick Town Hall (BRICKTB) 68
Gotti Jr. Was Willing To Admit Sliwa Rap (NYDN) 70
'JUNIOR' TAPE: I'D COP TO CURTIS PLEA (NYPOST) 70
No Prison For FBI Network Hacker, Judge Decides (WP) 70
House Panel Backs Bill On FBI Ignoring Crimes (BOS) 71
Missouri Cannot Find Doctor To Assist With Executions (FINDLAW/AP) 72
Congress Identifies Pornography Purchasers (NYT) 72
Senate Ups Money For NASA, Crime Fighting (AP) 73

Civil Law:

Plame, Husband Sue Cheney, Libby, Rove (WT) 74
Plame Sues Cheney, Others Over CIA Leak (USAT) 75
Cheney, Rove And Libby Are Sued In Agent's Unmasking (LAT) 75
Cheney, Rove, Libby Sued By Ex-CIA Agent Over Leak (Update2) (BLOOM) 77
Ex-C.I.A. Officer Sues Cheney And Others Over Leak (NYT) .. 78
Former CIA Officer Sues Cheney Over Leak (AP-Y) 78
Vice President Sued By Plame And Husband (WP) 79
DOJ: Gabelli, Cos To Pay $130 Million To Settle Suit (DOW) 80
Gabelli Settles FCC Auction Charges (WP) 81
Gabelli To Pay $130 Million To Settle Lawsuit (NYT) 82

Civil Rights:

Voting Rights Act Extensions Pass House Despite GOP Infighting (WP) 83
House Renews 1965 Voting Rights Act (USAT) 84
House Approves 25-Year VRA Extension (RC) 85
House OKs Renewing 1965 Voting Rights Act (AP-Y) 86
After Challenges, House Approves Renewal Of Voting Act (NYT) 87
Voting Rights Act Renewal Wins House Approval (LAT) 88
House Renews Voting Rights Act (SCRIPPS) 89
Voting-Rights Act Extension Clears House After Bitter Battle (WSJ) 90
South Seeks New Status In Voting Rights Act (CSM) 91
Activists Sue To Block Electronic Voting (AP-Y) 93
Euclid's Challenge (CLPD) 94
SAN FRANCISCO 2 Brothel Operators Enter Guilty Pleas (SFC) 94
SF Brothel Owners Convicted Of Human Trafficking (BCN) .. 95
Too Good For Marriage (NYT) 96

Antitrust:

34 States To Sue Chip Makers, Charging Broad Price Fixing (NYT) 97
NY AG Sues Chip Makers Over Price Fixing (AP) 98
Hynix, Samsung, Memory Chipmaker Shares Drop On U.S. Lawsuit (BLOOM) 98
Calif. AG Joins Antitrust Suit Against Chip-Makers (LAW) 100
Oregon, 30 Other States To Sue Memory Chip Makers (SALEMSJ) 100
Wisconsin To Join Lawsuit Against Computer Chip Makers (MJS) 101
State Officials Pursue Memory-chip Makers (MERCN) 102
Chipmakers Face Suit For Price-fixing (FT) 103

DOJ_NMG_0040590

Cable Giants Cleared To Buy Systems Of Adelphia (LAT)...104
FTC Charges Austin Realtors With Restraining Competition (INMAN)...105
Austin Realtors Restricted Listings, FTC Charges (WP)...106
FTC Targets Home-Listing Limits (WSJ)...107
Businessman Wants To Block Sale Of Three Bay Area Newspapers (AP)...108
Morgan Stanley Has Antitrust OK To Buy Transmontaigne (MRKTWTCH)...109
Court Annuls European Commission's OK Of Sony-BMG Union (USAT)...109
EU Court Overturns Approval Of Sony BMG Music Unit Merger (AP)...110
Sony BMG Loses EU's Merger OK (LAT)...111

Environment/Indian Affairs:

Canada Confirms Seventh Mad-Cow Disease Infection (BLOOM)...113
Canada Reports New Case Of Mad Cow Disease (AP)...114
USDA Secretary Expresses Concern Over Latest Canada BSE Case (DJ)...115
Hockey Stick Hokum (WSJ)...115
Forest Fire Leads To State Of Emergency (AP-Y)...116
A Quest For Cooler Heads In Indian Suit Against US (CSM) 117

FBI/DEA/ATF/USMS:

Eight Heroin Overdoses Are Reported In Week (BNNJ)...118
Heroin Overdose Cases Continue To Rise In Vineland (PAC)119
Fentanyl-heroin Mix Blamed For March Death Here (PRHA)119
Newscast Heroin OD Medic Unit Shut Down New Castle County Blames Lack Of Funds For Deactivation (NJ) .120
Spokane Agencies Form Gang Task Force (AP)...121
Two Are Sentenced To Life In Meth Case (MTR)...121
Judge Bars Measure To Tighten Law On Treating Drug Offenders (LAT)...121
SAN FRANCISCO Old Friend Seen As Key Witness Against Bonds Ex-business Manager Ready To Testify About Star's Use Of Steroids (SFC)...122
Bonds' Ex-Friend May Affect Jury Probe (AP)...124
As Bonds Faces Possible Day In Court, Selig Faces A Quandary (NYT)...125
SAN FRANCISCO Pot Club Loses Bid To Set Up Shop Near Fisherman's Wharf Neighbors Pack Planning Commission Meeting To Oppose Cannabis Dispensary (SFC)...127
Fisherman's Wharf Shops Fume Over Pot Club (MERCN)..128

Immigration:

Senate Denies Funds For New Border Fence (WT)...129
Senate Moves To Bolster Border Security (AP-Y)...130
Senate Approves Border Security Bill (LAT)...131
Secure Borders: The Cuban Solution (WP)...132

Tax:

Judge Raises New Concerns About Tactics In Shelter Case (NYT)...133
Lawyer: KPMG Won't Pay Legal Fees (AP)...134

Congress-Administration:

'Gang Of 14' Wary Of Haynes (WT)...135
Another Battle For The CPB (LAT)...135
Report Breaks Down VA Security Lapse (WP)...138
Roberts Stresses Courts' Independence (LAT)...139
In Washington, Scant Sympathy For GM (WSJ)...140
Poll: Political Debate Spurs Hispanic Unity (USAT)...141
Maldonado Apologizes To Governor (LAT)...142
City Vents Anger At Illegal Immigrants (LAT)...142
On Dusty Corner, Laborers Band Together For More Pay (NYT)...144
Organizer Hopes That For Day Laborers, A New Day Is Coming Very Soon (WSJ)...146
Claims For Jobless Benefits Jump (NYT/AP)...147
Republicans Vie For Cash Advantage (WSJ)...148
Hastert Hospitalized For Skin Infection (AP-Y)...149
NASA Clears Key Hurdle As Foam Fears Ebb (CSM)...150
Shuttle Crew To Scan For Damage (USAT)...151

Other News:

Agency: Federal Deficit Shows Improvement (AP-Y)...151
U.S. Budget Surplus Fell In June (WSJ)...152
A Price Inflamed By Fear (WP)...152
Crude Oil Surges Above $78 As Middle East Violence Escalates (BLOOM)...154
Stocks Drop As Oil Prices Reach Record High (NYT)...155
U.S. Stocks Fall As Oil Prices, Mideast Turmoil Hurt Confidence (BLOOM)...156
Oil Hits Record Near $77; Dow Dives Below 11,000 (WT)...157
Left Behind Economics (NYT)...158
Ad Showing Troop Coffins Causes Clash Of The Parties (NYT)...159
Campaign Ad Draws GOP Ire (WT)...160
GOP Howling Over Democratic Web Ad (AP)...161
Spratt Asks Democrats To Pull Video (AP)...162
Inside The Beltway (WT)...163
Inside Politics (WT)...164

DOJ_NMG_0040591

Gov. Seeks Deal That Would Ease Term Limits (LAT).....166
Chained To The Ballot (NYT) 167
U.S. Urges Restraint By Israel (WP).....167
Bush Defends Israeli Attacks In Lebanon (AP) 169
Israel Moves To Seal Off Lebanon (WT).....170
On The Borderline Threat Of Wider Mideast War Grows (WSJ) 172
Bush Gives Qualified Support For Israel's Strikes (NYT).....174
Allies At Summit Divided On Israeli Incursion (NYT).....175
Bush Asks Israel Not To Disrupt Beirut (WT).....177
U.S. Vetoes U.N. Condemnation Of Israel (AP).....178
Mideast Violence Darkens Bush's Policy Successes (WSJ) 179
Behind The Crisis, A Push Toward War (WP).....180
Israel Blockades, Bombs Lebanon While Hezbollah Rains Rocket Fire (WP).....181
Fighting Escalates Between Israel, Hezbollah (KRT).....183
Israel Intensifies Attacks Against Lebanon (AP-Y).....185
Israel Blockades Lebanon; Wide Strikes By Hezbollah (NYT)186
Escalation Ripples Through Middle East (CSM) 188
Mideast Nears Regional War (USAT).....190
Israel Broadens Offensive In Lebanon (FT).....191
Attacks Could Erode Faction's Support (WP) 192
Fears Of A Return To Harsh Old Days (FT) 194
Lebanon Says It Doesn't Control Hezbollah (AP) 195
Violence Opens Old Wounds From Lebanon's Past (NYT) .196
Voices Of Peace Muffled By Rising Mideast Strife (NYT).....197
Olmert's Political Fate Tied To Israeli Military Campaigns (LAT).....199
The Kidnapping Of Democracy (NYT).....201
Why They Fight (WP).....202
Iran, Syria Called 'Playing With Fire' (WT).....203
Iranian President Warns Israel About Syria (AP).....204
Despite Hezbollah's Ties To Iran And Syria, It Also Acts Alone (LAT).....204
States Of Terror (WSJ).....206
The Mideast Erupts (WP) 207
Israel's Risky Response (LAT).....208
Rocket Fire Shatters Peace In Israeli Border Towns (USAT)208
Hezbollah Rains 120 Rockets On Israel (NYT).....209
Fear As Missiles Strike Israeli Town (LAT).....210
Relations Between Bush And Putin Show Strain As G-8 Summit Nears (WSJ).....211
Bush Will Talk With Putin Privately About Democratic Reform (KRT).....214
Bush Says He'll Be `Firm' With Putin On Rights (LAT).....215
Plates Full For Bush, Putin At Private Talks Today (USAT)..216
For G-8, Geopolitics Likely To Trump Economics (CSM)...217
Russia Warns West Not To Interfere (FT) 219
Russian Gas Proves Irresistible To Europe (WSJ) 219
Putin Inc. (WSJ).....221
Putin Village (WSJ).....222
Moving Toward A Cooperative Future At The G-8 Summit (CSM).....224
Bush Says Iran Still Has Time To Respond To Offer (NYT) 225
Bush Says Iran's Nukes Now An Issue For U.N. (WT).....226
Western Incentives For Iran Released (AP).....227
Incentives Offered To Iran Detailed At Security Council (WP)228
Talks Between North And South Korea Collapse (NYT).....229
Missile Crisis Diplomacy Crumbles (WT) 230
S. Korea Suspends Food Aid To North (WP).....231
Pyongyang Missile Tests Fuel China-Japan Strains (WSJ)..232
Japan Presses U.N. To Act On North Korea (USAT) 233
Nuclear Materials 'Dangerously Vulnerable' (AP) 234
Bombay Police Detain Hundreds In Probe (WP).....235
India Names 2 Suspects In Train Attacks (AP).....235
Pakistan-based Group Eyed After Mumbai (CSM) 236
India Identifies Suspects In Railway Attack (LAT) 237
2 Suspects Sought In Connection With India Train Blasts (NYT).....238
Bomber Hunt Continues As Pakistan Backs Train Blast Probe (AFP) 240
Business Quickly Returns To Usual In Mumbai (USAT).....241
Lawmaker Questions F-16 Sale To Pakistan (AP).....242
Videos, Doubts, And A Backlash In Mexico Vote (NYT).....243
Obrador Plans Protests Over Mexican Poll (FT) 244
AMLO's Last Stand (WSJ).....245
Thaksin Letter Sparks Outrage (WT) 246
U.S. Steelmakers Seek Trade Action On China (WSJ) 247
U.S. Eyes New Controls On China Exports (WT).....248
S. American Nations Eye Alternative To IMF (WT).....249
New Course Under Pressure, Airbus Redesigns A Troubled Plane (WSJ).....249
Japanese Asianism (WSJ).....252
Sometimes The French Are Right (LAT).....253
Fuel For Thought (WSJ) 254

DOJ_NMG_0040592

TERRORISM NEWS:

Bush Agrees To Court Review Of Surveillance Program (USAT)

By John Diamond

USA Today, July 14, 2006

WASHINGTON — President Bush has agreed to legislation that would permit a secret federal court to test the constitutionality of the administration's warrantless domestic surveillance program, according to a deal announced Thursday by the chairman of the Senate Judiciary Committee.

The deal would allow the Foreign Intelligence Surveillance Court to review the program, which is aimed at finding people suspected of links to terrorism, but that depends on the bill passing unchanged, said the committee chairman, Sen. Arlen Specter, R-Pa.

The legislation would grant greater flexibility to the National Security Agency (NSA) to track terrorists and intercept purely foreign calls that pass through telephone call-switching stations in the USA.

Attorney General Alberto Gonzales said Specter's legislation "could be very helpful" and would "continue to allow the president to gather up information to protect the country."

At issue is what the administration calls the "Terrorist Surveillance Program," which Bush began soon after the Sept. 11, 2001, terrorist attacks. Under the program, the NSA has intercepted international phone calls and e-mails of people in the USA when one party is suspected of ties to al-Qaeda or a related terror group. This occurs without the court-approved warrants normally required in cases of domestic intelligence-gathering.

Specter's legislation would not change the warrantless feature of the surveillance.

The court, established by the 1978 Foreign Intelligence Surveillance Act (FISA), could rule the program unconstitutional. That would force the White House to revise it and resubmit it for court approval, Specter said.

If the FISA court upheld the surveillance program, it would continue unchanged.

The program was disclosed in December by The New York Times and subsequently acknowledged by Bush. It sparked opposition from civil liberties groups, including the ACLU, and concern among some lawmakers, including Specter, that the president had overstepped his authority.

By agreeing to a court review, Specter said, Bush is in effect saying "that the president does not have a blank check."

Among the provisions:

•Bush would agree to submit the surveillance program voluntarily so as not to bind future presidents to a requirement that all intelligence programs pass similar muster.

•The administration would have to show how the privacy of innocent Americans is protected and what steps the NSA takes to ensure that intercepted communications involve a terrorist or someone reasonably believed to be linked to a terrorist.

•Foreign-to-foreign communications that pass through telephone call-switching centers inside the USA would not be subject to FISA's provisions.

•The administration would be required to brief the House and Senate Intelligence Committees on any electronic surveillance programs in effect.

Under the bill, Gonzales would have the option of consolidating scores of legal challenges to the surveillance program into a single case and putting that before the FISA court for a decision.

Bush Would Let Secret Court Sift Wiretap Process (NYT)

By Eric Lichtblau

The New York Times, July 14, 2006

DOJ_NMG_0040593

WASHINGTON, July 13 — After months of resistance, the White House agreed Thursday to allow a secret intelligence court to review the legality of the National Security Agency's program to conduct wiretaps without warrants on Americans suspected of having ties to terrorists.

If approved by Congress, the deal would put the court, the Foreign Intelligence Surveillance Court, in the unusual position of deciding whether the wiretapping program is a legitimate use of the president's power to fight terrorism. The aim of the plan, Attorney General Alberto R. Gonzales told reporters, would be to "test the constitutionality" of the program.

The plan, brokered over the last three weeks in negotiations between Senator Arlen Specter and senior White House officials, including President Bush himself, would apparently leave the secretive intelligence court free to consider the case in closed proceedings, without the kind of briefs and oral arguments that are usually part of federal court consideration of constitutional issues. The court's ruling in the matter could also remain secret.

The court would be able to determine whether the program is "reasonably designed" to focus on the communications of actual terrorism suspects and people in the United States who communicate with them. That determination is now left entirely in the hands of the security agency under an internal checklist.

If the court were to rule the program unconstitutional, the attorney general could refine and resubmit it or, conversely, appeal the decision to the FISA appellate court and ultimately perhaps the Supreme Court, officials said.

Mr. Specter, a Pennsylvania Republican who is chairman of the Senate Judiciary Committee, predicted that the proposal, with the White House's backing, would win approval in the Senate and the House. But it met with some immediate skepticism on Thursday from both Republicans and Democrats over whether it went far enough — or too far — in checking the president's authority.

The proposed legislation represents a middle-ground approach among the myriad proposals in Congress for dealing with the wiretapping controversy, which has allowed the security agency to eavesdrop on the international phone calls and e-mail of thousands of people in the United States with ties to terrorism suspects.

Some Democratic critics of the program have proposed that it effectively be banned and that all wiretapping should have to be approved by the intelligence court. Some Republican supporters have sought to sanction its continued use without any judicial oversight at all.

By giving the intelligence court a clear role in the program, Mr. Specter said, the proposal seeks to create balance between giving the president the powers he needs to fight terrorism and ensuring some measure of judicial oversight to guard against abuses.

"It's an acknowledgment to the president that he can fight terrorism and still have the court review his program," Mr. Specter said. "And I think it allays a lot of concerns."

The Bush administration had argued since the program's disclosure last December that no Congressional or judicial oversight was needed because the surveillance fell within the president's constitutional authority.

Some critics of the program saw the White House's reversal on that issue as a significant concession. But Representative Heather A. Wilson, Republican of New Mexico, who leads the intelligence subcommittee that oversees the National Security Agency, said Thursday in an interview that she found the idea of the court ruling on the legality of the entire program "a little odd."

"That to me is not what the FISA court is set up to do," she said. "The judges approve warrants — they're not there to rule on matters of constitutionality."

Ms. Wilson plans to announce a legislative proposal of her own on Friday that will seek to toughen Congressional oversight of the program and "modernize" electronic surveillance tools.

In a separate interview, Representative Jane Harman of California, the ranking Democrat on the House Intelligence Committee, said she saw the Specter-White House agreement as an "end run" around the FISA law requiring the approval of individual wiretapping warrants.

"I have great respect for this guy," she said of Mr. Specter, "but he hasn't been briefed on this program, and he's giving away in this legislation a core Fourth Amendment protection by basically saying that the FISA court has permission to bless the entire program, which will abandon as best I can tell the requirement of individualized warrants."

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Ms. Harman, who has introduced legislation of her own to restrict the program, said, "If we want to abandon a core Fourth Amendment protection, we should get on the Specter train, and I don't plan to get on that train." Similarly, the American Civil Liberties Union called the agreement a "sham" that was "nothing short of a capitulation by Chairman Specter to the White House."

Mr. Specter, however, saw the deal as an effective compromise that would bring needed judicial oversight to the program. "I think we've got a result which is really good for the country," he said.

The deal was a result of more than three weeks of intense discussions between his staff and the White House, Mr. Specter said. The discussions followed a public flare-up between him and Vice President Dick Cheney over what the senator saw as the vice president's meddling in his efforts to subpoena telephone company executives to appear before his committee about their role in the security agency activities.

After an exchange of tense letters on the issue, Mr. Cheney indicated in a phone conversation with Mr. Specter that "the White House was serious on negotiating" about the possibility of having the FISA court review the security agency program, the senator told reporters.

The White House has said for months that while it was open to listening to ideas from Congress on the program, it saw no need for Congress or the courts to intervene. Mr. Cheney said in a television interview in February, for instance, that he was confident "we have all the legal authority we need" and that "legislation would not be helpful."

But in the recent discussions the White House, which has come under fire even from some Republicans over the program, agreed to support the FISA court's review. The White House insisted that the language of Mr. Specter's proposal make it optional, rather than mandatory, for the administration to submit the program to the court because Mr. Bush was concerned about lessening "the institutional authority of his office," Mr. Specter said.

Nonetheless, Mr. Bush committed to taking the program before the court if the legislation was enacted as now drafted, Mr. Specter and administration officials said.

But there is no assurance that any determination by the FISA court on the program will ever be made public. Mr. Specter said he hoped that such a decision would become public, but he acknowledged that the decision was up to the court. The court, whose 11 members are appointed by the chief justice of the United States, operates in secret, and while the FISA appellate panel did issue one public ruling in 2002, the court itself has never publicly issued a decision.

While some critics brand the FISA court as a "rubber stamp" for government wiretapping, the judge who leads the court, Colleen Kollar-Kotelly, is known to have voiced strong concerns about aspects of the security agency program while it was still secret. After it was publicly disclosed last December, another member of the court, Judge James Robertson, resigned in apparent protest over the fact that the full court had never been informed of the program.

The proposal does include some concessions sought by the White House. In a bow to the president's inherent authority as commander in chief, the measure states that it "does not unconstitutionally retract any constitutional authority the president has" to collect information from foreign nations and their agents.

It would also give the Justice Department greater flexibility to impose "emergency" wiretaps with a retroactive court order and to conduct "roving" wiretaps and use other technology in surveillance, and it would allow the FISA court to hear all challenges to the program, including several civil suits pending in the federal courts by the A.C.L.U. and other groups. Some critics of the program said the consolidation of the civil suits before the secret court could effectively derail them.

"This is the president and the Congress coming together to codify the capacity for future presidents to take actions to protect the country," said Dana Perino, a White House spokeswoman.

Bush Agrees To Review Of Domestic Spying Program (LAT)

By Richard B. Schmitt And James Gerstenzang

The Los Angeles Times, July 14, 2006

WASHINGTON — President Bush has agreed on a plan to submit the National Security Agency's controversial domestic electronic surveillance program to a secret court for a limited review of its constitutionality, senators and White House officials said Thursday.

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Under the plan, Bush would sign legislation allowing the Foreign Intelligence Surveillance Court, which reviews government requests for wiretaps, to decide whether the administration has the legal authority in terrorism investigations to eavesdrop on American citizens without first obtaining warrants.

The tentative agreement would mark a concession by the administration, which has insisted the president has the constitutional authority to authorize the warrantless surveillance, initiated after the Sept. 11 attacks. But lawmakers have questioned the absence of congressional approval and have proposed ways of providing oversight and control of the program.

The deal announced Thursday between Bush and Sen. Arlen Specter (R-Pa.), chairman of the Senate Judiciary Committee, provides the White House with a key congressional ally. However, it's not clear that Specter's proposal will be agreeable to the whole Senate. Other proposals, such as one backed by a group of Republicans including Sen. Lindsey Graham of South Carolina, would require more extensive NSA review.

Specter's approach stands to be amended during the legislative process, which could make it unacceptable to the White House. And key members of the Senate Intelligence Committee and the chamber's leadership have yet to declare their support for Specter's approach.

Specter, who has criticized the administration over the NSA operation, said his proposal would achieve his goal of getting the program reviewed by a U.S. court.

The legislation also has an upside for the administration, giving it the power to transfer a number of lawsuits challenging the program around the country to the Foreign Intelligence Surveillance Court. Administration officials think they would have a better chance of winning those cases in the secretive court than in disparate forums.

Specter acknowledged the unusual negotiations with Bush and Vice President Dick Cheney that led to the agreement. Under the deal, Bush is not legally obligated under all circumstances to submit the warrantless surveillance program for review. If the legislation outlined by Specter undergoes any changes opposed by the administration, Bush could refuse to let the court review the program.

"The bill does not mandate the president to submit the program to the court because the president did not want to institutionally bind presidents in the future," Specter said at a news conference, citing Bush's constitutional rights. "And I respect that and understood his point of view."

The White House said it agreed to the deal because Specter recognized the president's constitutional authority to conduct intelligence operations.

"This agreement is the president and Congress coming together to codify the capacity of future presidents to take action to protect the country," said Dana Perino, a deputy White House press secretary traveling with Bush. "The bill recognizes the president's constitutional authority and modernizes [the Foreign Intelligence Surveillance Act] to meet the threat we face from an enemy that kills with abandon and hides as they plot attacks."

However, civil liberties groups questioned the deal and the administration's motives.

"This Specter-Cheney bill is nothing short of a capitulation by Chairman Specter to the White House," said Anthony Romero, executive director of the American Civil Liberties Union. "The 'review' contained in the bill is nothing more than a sham. The president could still choose to ignore the optional court oversight on the program."

If the Foreign Intelligence Surveillance Court were to reject the program, the legislation gives the administration the right to make changes in the program and resubmit it for review. The administration would also have the right to make an immediate appeal.

Specter said there was no requirement that the secret federal court disclose its decisions concerning the spying program.

At a briefing with reporters, U.S. Atty. Gen. Alberto R. Gonzales said the legislation had other benefits for the administration.

"It recognizes the president's constitutional authority to gather up information," Gonzales said. "It reflects changes in technology. There are changes … that I think will allow us to remain efficient and effective in gathering up information."

One provision would make it easier in individual surveillance cases for the Justice Department and the FBI to act in emergencies without the approval of the court by extending the timing of temporary surveillance from three to seven days.

Bush Compromises On Spying Program (WP)

By Charles Babington And Peter Baker

The Washington Post, July 14, 2006

Switching course on one of his most controversial anti-terrorism policies, President Bush agreed yesterday to submit the administration's warrantless surveillance program to a court for constitutional review.

A deal negotiated between the White House and Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) came with conditions. Bush is insisting that Congress first give him new leeway in some areas of surveillance and that all lawsuits challenging his eavesdropping policy be funneled to a Washington-based intelligence court that operates in secret.

Even so, the accord is a reversal of Bush's position that he would not submit his program to court review. The administration has contended that the executive branch already has the wartime authority it needs to order the National Security Agency to monitor e-mails and telephone calls between the United States and foreign countries when at least one party is suspected of terrorist ties.

Specter has disputed that assertion, and many Democrats and civil liberties groups responded with outrage after the surveillance program was disclosed in news accounts last winter.

Bush agreed voluntarily to submit his program to the court named for the 1978 Foreign Intelligence Surveillance Act, or FISA, contingent on Congress passing legislation drafted by Specter and administration lawyers.

The legislation would allow the Justice Department unlimited attempts to revise the program to meet the court's approval and would allow it to appeal adverse court rulings. It would also give the NSA in emergency situations a week rather than the current 72 hours to eavesdrop on a domestic target without requesting a warrant, and it would allow the government to send to the FISA court all lawsuits challenging the program's legality. Some suits, filed by groups such as the American Civil Liberties Union, are already pending in various federal courts.

Consolidating lawsuits under the FISA system, Specter said, would prevent federal courts "all over the country" from issuing contradictory rulings on the NSA program.

Yesterday's agreement is the latest in a series of concessions Bush has made in recent days in his hard-line anti-terrorism tactics. On Tuesday, the administration agreed to apply key provisions of the Geneva Conventions to all terrorism suspects in U.S. custody, bowing to the Supreme Court's rejection of its policies involving the treatment of detainees. That move unleashed a congressional debate, which continued yesterday, on how best to provide legal protections to detainees at Guantanamo Bay and other U.S. prisons without compromising national security.

Specter told reporters that Bush agreed to the plan's basic outlines before the Supreme Court's decision on detainees was announced.

Although the deal represented a clear retreat by Bush, White House aides traveling with him in Germany put an upbeat face on the move. The president approved it in an Oval Office meeting with Specter on Tuesday.

"The bill recognizes the president's constitutional authority and modernizes FISA to meet the threats we face from an enemy that kills with abandon and hides as they plot attacks," said spokeswoman Dana M. Perino.

But Specter, briefing reporters at the Capitol, said his bill would recognize the president's constitutional powers only in general terms and would make it clear that the administration must defer to judicial restraints. "The proposed legislation acknowledges, as we must, the president's inherent Article II authority," he said. "But when the court makes a decision, the court will make a decision in the traditional context that the president does not have a blank check.

"Unless the court finds it's constitutional," he said of the warrantless wiretap program, "it cannot function."

Specter said it is unclear whether a FISA court decision will be made public.

Several Democrats denounced the proposed legislation. "The Specter bill is an end run around the Foreign Intelligence Surveillance Act and provides the president a blank check to conduct warrantless surveillance of Americans," said Rep. Jane Harman (Calif.), ranking Democrat on the House intelligence committee.

The FISA court is composed of seven federal district judges, who are appointed by the chief justice. Congress established it to authorize secret surveillance of espionage and terrorism suspects within the United States. The 1978 law required the Justice Department to show probable cause for targeting people.

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But after the Sept. 11, 2001, attacks, Bush said warrantless wiretaps were justified in the name of national security. For months, Specter has pushed to have the FISA court review the NSA program's constitutionality.

Some civil libertarians think Specter's approach invites FISA to give broad approval to surveillance efforts on an unknown number of Americans, whereas the original law presumed that there would be a case-by-case review of individual situations.

Specter said his intent is to get a "determination on constitutionality of the overall program." He added: "It is suggested, but I do not know, that it is impractical to have individual warrants."

He said the bill would direct the attorney general to tell the FISA court what steps NSA takes to minimize the surveillance program's scope and possible privacy invasions, and to explain "how the program is reasonably designed to ensure that the communications intercepted involve a terrorist, agent of a terrorist, or someone reasonably believed to have communicated or associated with a terrorist."

At the administration's insistence, the bill would impose higher penalties for "officials who knowingly misuse foreign intelligence information."

Consolidating lawsuits under the FISA system, he said, would prevent federal courts "all over the country" from issuing contradictory rulings on the NSA program.

Specter predicted that Congress will pass his bill, even though its two chambers have clashed over immigration, the USA Patriot Act and other matters. If Congress amends the bill in any way that Bush disapproves, he will not be obligated to submit the wiretap program to the FISA court for review, Specter said.

The Bush-Specter deal was reached after intense negotiations over the past few weeks following a public dustup over the issue between the senator and Vice President Cheney. Bush dispatched aides to Capitol Hill to calm tempers and find a compromise.

The White House balked at an early draft that would have mandated the president submit the NSA program to the FISA court for review. Specter agreed to make it voluntary as long as Bush promised to submit the program if Congress passes the bill. Aides privately acknowledged it was a big concession by a president who until now has resisted judicial interference in how he wages war against terrorists.

The White House conceded in part because it believes the NSA program will survive constitutional muster and the Specter bill will make it easier to argue that the program complies with congressional statutes as well. "We've always said it's constitutional," said one administration official who was not authorized to speak on the record.

The language acknowledging the president's constitutional authority to conduct intelligence operations also was important to the White House. "We see it as historic because here's a statute recognizing an authority the president says he has," the administration official said.

Still, that language alone might mean little because it did not define the scope of the authority or explicitly suggest that a president did not need to seek court approval for warrants. But at the same time, Specter agreed to repeal a section of the original FISA law that made it the exclusive statute governing such intelligence programs.

The combination of the statement acknowledging presidential authority and the deletion of the exclusivity clause left open the interpretation that Bush has the power to conduct other surveillance outside FISA's purview, a possibility administration officials noted with approval.

Sen. Russell Feingold (D-Wis.) criticized the agreement, saying he will oppose "any bill that would grant blanket approval for warrantless surveillance of Americans, particularly when this administration has never explained why it believes that current law allowing surveillance of terrorist suspects is inadequate."

Rep. Edward J. Markey (D-Mass.) said: "While I am pleased that President Bush finally has conceded that the domestic surveillance program should be subjected to FISA court scrutiny, this should not exempt the secret program from thorough congressional scrutiny."

Baker reported from Stralsund, Germany.

Bush Agrees To Have Domestic Eavesdropping Program Reviewed (MCT)

By Jonathan S. Landay

DOJ_NMG_0040598

McClatchy Newspapers, July 14, 2006

WASHINGTON - In a policy reversal, President Bush has agreed to sign legislation allowing a secret federal court to assess the constitutionality of his warrantless domestic eavesdropping program, a senior Republican senator announced Thursday.

By having the Foreign Intelligence Surveillance Court conduct the review instead of a regular federal court, the Bush administration would ensure the secrecy of details of the highly classified program. The administration has argued that making details of the program public would compromise national security.

However, such details could include politically explosive disclosures that the government has kept tabs on people it shouldn't have been monitoring.

Senate Judiciary Committee Chairman Arlen Specter, R-Pa., who's questioned the program's legality, said the legislation he's sponsoring strikes a balance between the president's inherent constitutional authority to protect the country and citizens' right to privacy.

"It is a weighing of the interests in security to fight terrorism with the privacy interests which are involved," Specter said. "You have here a recognition by the president that he doesn't have a blank check."

Specter said the FISA court wouldn't have to make it findings public.

Bush agreed to sign the bill only if it passed Congress without major changes, Specter said.

The bill was the result of weeks of negotiations between Specter and the White House.

Attorney General Alberto Gonzales welcomed the measure, saying it "recognizes the president's constitutional authority to gather up information."

Civil liberties groups called the measure a ruse designed to keep Congress and the public in the dark about the full extent of what they condemned as an illegal program run by the National Security Agency, which conducts electronic eavesdropping.

"Senator Specter's proposal would set up a sham judicial review," charged Kate Martin, the director of the Center for National Security Studies. "It gives them a blank check and legal cover for what they have been doing."

Lee Tien, an attorney with the Electronic Frontier Foundation, a civil liberties group that's suing AT&T over its cooperation with the NSA program, called the bill "terrible" in part because it provides no opportunity for outside attorneys to contest the program's legality before FISA court.

"This bill says nothing about how any outsider or the folks that we represent would have any kind of a voice in this," he said. "It's almost alien to the concept of judicial review in this country."

The NSA has been monitoring overseas telephone and Internet communications of Americans suspected of supporting or belonging to al-Qaida or other terrorist groups without court orders since just after the Sept. 11, 2001, terrorist attacks.

Bush confirmed the existence of the Terrorist Surveillance Program after its disclosure by The New York Times in November. He said the revelation had seriously damaged national security, and he rejected charges that the program was illegal.

Democrats and civil liberties advocates contended that Bush violated the Fourth Amendment protection against unreasonable searches and the Foreign Intelligence Surveillance Act of 1978. The act requires federal officials to obtain warrants from the Foreign Intelligence Surveillance Court to monitor overseas communications of U.S. citizens.

Some Republicans, including Specter, also expressed concerns that the program violated FISA.

The administration said Bush could authorize warrantless wiretaps under his constitutional authority to protect the nation's security and a congressional resolution empowering him to use force against al-Qaida.

The bill would allow the secret court to determine the constitutionality of foreign intelligence surveillance operations, but wouldn't make such reviews mandatory.

Specter said Bush insisted on that language "because the president does not want to bind presidents in the future" to having to seek the court's permission to conduct warrantless eavesdropping programs.

The bill also:

-Would make changes to FISA that are sought by the administration. They include extending the period in which federal officials could conduct emergency surveillance programs before asking the secret court to approve a warrant from three days to a week.

-Require the attorney general to certify that the information gathered through surveillance was being used for national security purposes and that the information couldn't be obtained through "normal investigative techniques."

He also would have to explain how the program conformed to the Constitution and what steps were being taken to ensure the destruction of information mistakenly gathered on Americans with no connections to terrorism.

If the FISA court found the program unconstitutional, the attorney general could make modifications and resubmit them for approval.

-Would also allow the attorney general to seek the transfer of all regular federal court challenges to federal surveillance programs to the FISA court for adjudication. If the FISA court found problems, the cases would be sent back to the original court.

There are about 100 such cases pending.

Sending all the legal challenges to the FISA court would vastly reduce the number of judicial authorities weighing in on their legality, said Tien, the civil liberties group attorney.

McClatchy correspondents Stephen Henderson and Marisa Taylor contributed to this report.

Bush To Allow Court Review Of Eavesdropping Program (WSJ)

By Ben Winograd And Anne Marie Squeo

The Wall Street Journal, July 14, 2006

WASHINGTON -- President Bush agreed to let a court review the administration's domestic-surveillance program if Congress approves legislation giving the government more leeway to conduct such activities.

Sen. Arlen Specter (R., Pa.) announced the deal, which was brokered over the past month, to members of the Senate Judiciary Committee yesterday, saying the president doesn't possess a "blank check" in fighting terrorism. Administration officials called the bill a victory, however, noting the expansion of wiretapping possibilities and language emphasizing that the Foreign Intelligence Services Act doesn't limit the president's inherent constitutional authority.

White House officials have argued that President Bush has authority to conduct warrantless wiretaps under the Constitution as well as the 2001 authorization by Congress to use force to respond to the Sept. 11 attacks. But criticism has mounted, even from Republicans, that the White House has assumed sweeping executive authority and failed to consult with Congress on its domestic-surveillance program.

The agreement to work with congressional leaders follows a Supreme Court decision striking down the administration's use of military tribunals to prosecute suspected terrorists. The administration is working with Congress to come up with a system for adjudicating such cases. Yesterday, Sens. John McCain (R., Ariz.) and John Warner (R., Va.) said recent meetings with the president's national security advisers led to an agreement for the White House to back legislation that would prosecute terrorists using a system based on the Uniform Code of Military Justice.

After the court's ruling on military tribunals, Mr. Specter questioned the legitimacy of the eavesdropping program on the Senate floor, stepping up pressure on the White House. With the agreement, Mr. Specter said, the president will have "greater flexibility" to conduct surveillance, extending the time in which the government could conduct surveillance before seeking an emergency warrant and updating the 1978 FISA law to include cellphones and the Internet as electronic communication covered by the act. The draft bill also would allow officials outside the Justice Department to seek a warrant, permit "roving wiretaps" and clarify that officials didn't need warrants to monitor calls between international parties routed through U.S. terminals.

The bill doesn't contain language requiring Mr. Bush to submit the wiretapping program for review, Mr. Specter said. "But the president has made that commitment" as long as he consents to the final bill, he added.

Democrats and civil-liberties groups criticized the agreement. "In exchange for the president saying he will go to the FISA court, Specter lowers the bar so there's no cost for him to go," said Lisa Graves, senior counsel for the American Civil Liberties Union. Sen. Patrick Leahy of Vermont told the Associated Press that President Bush is "saying, if you do every single thing I tell you to do, I'll do what I should have done anyway."

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Mr. Specter met with President Bush this week to discuss the new legislation. White House spokeswoman Dana Perino, in Germany with Mr. Bush, said the administration backed the legislation and would be willing to submit the eavesdropping program to court review if certain conditions were met.

Specter Touts Deal On Eavesdropping Review (AP-Y)

By Katherine Shrader

AP2, July 14, 2006

The White House has conditionally agreed to a court review of its controversial eavesdropping program, Senate Judiciary Chairman Arlen Specter said Thursday.

Specter said President Bush has agreed to sign legislation that would authorize the secretive Foreign Intelligence Surveillance Court to review the constitutionality of the National Security Agency's most high-profile monitoring operations.

"You have here a recognition by the president that he does not have a blank check," the Pennsylvania Republican told his committee

Since shortly after Sept. 11, 2001, the NSA has been eavesdropping on the international calls and e-mails of people inside the United States when terrorism is suspected. Breaking with historic norms, the president authorized the actions without a court warrant.

The disclosure of the program in December sparked outrage among Democrats and civil liberties advocates who said Bush overstepped his authority as president.

Specter said the legislation, which has not yet been made public, was the result of "tortuous" negotiations with the White House since June.

"If the bill is not changed, the president will submit the Terrorist Surveillance Program to the Foreign Intelligence Surveillance Court," Specter said. "That is the president's commitment."

It wasn't immediately clear how strong or enduring the judicial oversight would be.

An administration official who spoke on condition of anonymity said the bill's language gives the president the option of submitting the program to the intelligence court, rather than making the review a requirement.

The official said that Bush will submit to the court review as long the bill is not changed, adding that the legislation preserves the right of future presidents to skip the court review.

Vermont Sen. Patrick Leahy of Vermont, the committee's senior Democrat, said Bush could submit the program to the court right now, if he wished. He called the potential legislation "an interesting bargain."

"He's saying, if you do every single thing I tell you to do, I'll do what I should have done anyway," Leahy said.

White House spokeswoman Dana Perino said the administration still does not believe changes in law are necessary, but added that it remains willing to work with Congress.

"The key point in the bill is that it recognizes the president's constitutional authority," she said. "It modernizes (the Foreign Intelligence Surveillance Act) to meet the threat we face from an enemy who kills with abandon."

Specter told the committee that the bill, among other things, would:

• Require the attorney general to give the intelligence court information on the program's constitutionality, the government's efforts to protect Americans' identities and the basis used to determine that the intercepted communications involve terrorism.

_Expand the time for emergency warrants secured under the Foreign Intelligence Surveillance Act from three to seven days.

_Create a new offense if government officials misuse information.

_At the NSA's request, clarify that international calls that merely pass through terminals in the United States are not subject to the judicial process established under the Foreign Intelligence Surveillance Act.

The administration official, who asked not to be identified because discussions are still ongoing, said the bill also would give the attorney general power to consolidate the 100 lawsuits filed against the surveillance operations into one case before the Foreign Intelligence Surveillance Court.

Specter did not explain to his committee that detail, which is likely to raise the ire of civil liberties groups.

Sen. Dianne Feinstein, D-Calif., said in an interview that Specter's agreement with the White House raises the "thorny question" about whether the content of conversations should be subject to individual courts warrants.

"I really need to see the bill," said Feinstein, one of a select group of lawmakers who has been fully briefed on the monitoring operations.

Restoring A Constitutional Balance (NYT)

By David E. Sanger

The New York Times, July 14, 2006

WASHINGTON, July 13 — Twice in the past few weeks, President Bush has been forced to negotiate with Congress over a subject that until recently he has insisted was nonnegotiable: his powers as commander in chief in prosecuting what he often calls "a new kind of war."

In one case, his hand was forced by the Supreme Court, which ruled two weeks ago that Mr. Bush's creation of "military tribunals" to handle terror suspects from Al Qaeda and the Taliban was a violation of both law and the Geneva Conventions. In another, his hand was forced by Senate Republicans, who told Mr. Bush and Vice President Dick Cheney, in a series of tense confrontations, that they had overstepped their bounds by sidestepping a secret court Congress had established to issue warrants for domestic wiretapping in sensitive national security cases.

The developments amount to a tactical retreat for a White House that has aggressively asserted that new kinds of wars call for a restoration of presidential powers of a kind unseen since Abraham Lincoln suspended the right of habeas corpus during the Civil War — a step that Congress later approved, retroactively.

They are also a turning point in the broader clash over the balance of power that has intensified as the scale and nature of Mr. Bush's assertions of authority have faced growing challenges.

The circumstances of Mr. Bush's two concessions are quite different. In what may turn out to be an echo of Lincoln's experience, it is possible that the outcome will be to confer legislative and judicial approval on the handling of terror detainees and the eavesdropping program.

Both Congressional leaders and senior White House officials said Thursday that when the negotiations were over, American spy agencies might still have as much latitude to listen in on calls that originate or end in American territory. Similarly, when detainees are put on trial at the makeshift prison camp at Guantánamo Bay, Cuba, it could be under a system that looks similar to the military tribunals Mr. Bush created in December 2002.

But in both cases something dramatically different will have happened: Congress will have played a major role in setting the rules. White House officials on Thursday played down their concessions. "We've said all along that we are willing to work with the legislative branch after the Supreme Court ruling," Stephen J. Hadley, Mr. Bush's national security adviser, said in a telephone conversation from Germany, where he is traveling with Mr. Bush. "And I think you are seeing our sincerity in doing exactly that."

Yet that is a new approach for an administration that in the aftermath of the Sept. 11 attacks took an expansive view of the president's powers under Article II of the Constitution.

When Mr. Bush set out the rules for treating terrorist suspects, and then for putting detainees on trial, there was virtually no consultation with Congress. Mr. Bush issued a series of executive orders, drafted by his Justice Department and heavily influenced by Mr. Cheney and Mr. Cheney's chief aide on these issues, David Addington.

In speeches, Mr. Cheney has made little secret of his view that Congress impinged on presidential powers after Vietnam, Watergate and the intelligence scandals of the 1970's and 1980's, and that he was determined to reverse the trend.

As recently as last month he was still advocating that view. In a letter to Senator Arlen Specter, the Pennsylvania Republican who is chairman of the Senate Judiciary Committee, Mr. Cheney insisted that there was no need for legislation to carry out the domestic spying operation after its existence was revealed in The New York Times.

From the morning after that article was published, Attorney General Alberto Gonzales Jr. and General Michael V. Hayden, who has since been appointed the director of the Central Intelligence Agency, argued vociferously that the president already had all the authority he needed to order the wiretapping program without court approval.

At other moments, Mr. Gonzales has mentioned what may have been the real reason that the Bush administration sidelined Congress: It believed that to seek permission to conduct domestic wiretapping would expose a covert program.

"There was some consideration" about seeking legislation, Mr. Gonzales told the House Judiciary Committee in April, but "ultimately there was a collective agreement that that would not be possible without compromising the effectiveness of the program."

Now, some administration officials say that strategy may have been flawed. "It puts you at the mercy of what gets leaked," said one senior official who requested anonymity because he was discussing internal business of the White House. The military tribunals were a different issue, one driven by a defeat at the Supreme Court.

As early as late 2001, the issue of how to treat detainees became a subject of heated debate inside the White House. Secretary of State Colin L. Powell argued that the White House had to acknowledge that international law, not the administration's desires, had to govern how fighters were treated, even if they were not in uniform and represented no legitimate government. To do otherwise, said Mr. Powell, a former chairman of the joint chiefs of staff, would be to invite the mistreatment of captured American soldiers.

The White House response was to dismiss the arguments as an abstruse debate among government lawyers, rather than a split among top administration officials.

Mr. Cheney, who took on Mr. Powell on that and other issues, told an audience in Cincinnati in January 2002 that captives were treated in a manner "consistent" with the Geneva Conventions, and added, "It's probably better than they deserve."

Now, more than four years later, Mr. Powell is in retirement, telling an audience at the Aspen Institute in Colorado last weekend that "Guantánamo ought to be closed immediately."

The value of holding prisoners there is murky at best, he said, but the price America is paying for holding them is simply too high.

Even now, the administration is not willing to go that far. But it has begun to concede, after the court ruling, that the system it constructed cannot bear legal scrutiny and that Congress will have to play a role in fixing the problem. That alone is a major change, one Mr. Bush would have considered anathema just months ago.

Bush Will Accept Court Review Of U.S. Spying Program (Update3) (BLOOM)

By William Robertsrobert Schmidt

Bloomberg, July 14, 2006

July 13 (Bloomberg) -- The Bush administration, consenting to some oversight of its conduct of the war on terrorism, has agreed to allow a federal court to review the constitutionality of its secret National Security Agency domestic eavesdropping program.

President George W. Bush will support legislation that calls for review and updates the 1978 Foreign Intelligence Surveillance Act to take into account new eavesdropping techniques, U.S. Attorney General Alberto Gonzales said today. Senator Arlen Specter, chairman of the Senate Judiciary Committee, will introduce the measure.

The legislation ``reflects the fact that we're in a new kind of war," Gonzales told reporters at the Justice Department in Washington. ``My understanding from the president is that this legislation can be very helpful in protecting Americans."

Specter, a Pennsylvania Republican who has been critical of the warrantless eavesdropping program instituted after the Sept. 11, 2001, attacks, said his legislation will direct a special court set up to authorize intelligence wiretaps to decide whether the program is lawful.

The measure upholds the principle that ``there has to be judicial review before you can wiretap," Specter said. The bill wouldn't require individual warrants, which the administration contends are impractical, ``because I can't deal with that, not knowing what the program is," Specter said.

The Foreign Intelligence Surveillance Court, set up by the 1978 law, will review the program. The court governs electronic surveillance and physical searches of foreign powers and their agents inside the U.S. It is the court that the Bush administration bypassed in creating the domestic eavesdropping program.

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After a month of negotiations, Specter and the president met July 11 to hammer out their compromise. Bush had insisted that Article II of the Constitution allows him to take emergency steps to protect the American people from terrorist threats.

`Constitutional Authority'

The measure ``recognizes the president's constitutional authority to gather up information," Gonzales said. ``I am confident in the constitutionality of everything that we are doing in the executive branch," he said.

Specter qualified that analysis. ``The bill does not say the president has the constitutional authority to ignore FISA," he told reporters, referring to the 1978 surveillance law.

The proposed legislation wouldn't require the president to submit the NSA's electronic surveillance of terrorist phone calls to court review, Specter said. Instead, Bush agreed with Specter to submit the program for court review if Congress enacts the bill as drafted. This way, future presidents wouldn't be bound to submit any potential future surveillance program for review, Specter said.

The court review envisioned by the agreement between Specter and the White House doesn't cover the NSA's data mining of telephone company records, Specter said.

Rather than confirm whether there are additional NSA programs, Specter said he was assured by Gonzalez that there are no other spy programs that have not been court approved.

The bill as proposed would give the administration additional surveillance tools, including expanding to seven days from three days the amount of time the U.S. can conduct warrantless wiretaps. It would further authorize roving wiretaps that follow individuals from device to device, Specter said.

Streamline Procedures

It would also streamline the procedures the Department of Justice must follow for obtaining wiretap warrants from the intelligence court by allowing the attorney general to designate an applicant and specifying the considerations that must be met, Specter said.

``The bill has to be passed in the form negotiated," Specter said. Bush ``has agreed to it" and expressed a ``willingness to cooperate" with the Congress on any additional requirements sought by Congress.

Specter predicted the both Senate and the House would agree to the legislation and said he hoped the Judiciary Committee will act this month.

In a statement, Anthony Romero, executive director of the American Civil Liberties Union, called said the oversight in the proposed legislation ``a sham" that would codify Bush's ``abuse of power" by ignoring laws passed by Congress. The ACLU has challenged the program's legality in a lawsuit.

Specter said the measure leaves to the intelligence court the decision of whether to make public the results of its review. He noted that the intelligence court doesn't announce its decisions on secret warrants.

Appeal Process

If the intelligence court rules the NSA surveillance program unconstitutional, the attorney general would have an opportunity to revise and resubmit it, Specter said. The administration may also appeal the court's decision, ultimately to the U.S. Supreme Court.

``One thing about this country, when the Supreme Court rules, that's it," Specter said.

Bush and Vice President Dick Cheney have previously argued that the president has the legal authority under the Constitution and a law authorizing the use of force in response to the terrorist attacks to order surveillance of telephone calls and e-mails from inside the U.S. to suspected terrorists overseas.

Specter said the believed the agreement with the White House was a ``pragmatic" approach that would ``balance" the president's responsibilities to protect national security with the privacy rights of U.S. citizens.

Specter: Deal Reached With White House On Wiretaps (CNN)

CNN, July 14, 2006

Legislation would let FISA court decide legality of NSA program

WASHINGTON (CNN) -- The top Republican on the Senate Judiciary Committee said Thursday that he had struck a deal with the White House to resolve a dispute over the constitutionality of conducting electronic surveillance with court approval.

Sen. Arlen Specter of Pennsylvania revealed a bill that would allow the same secret court that OK's wiretaps under the 1978 Foreign Intelligence Surveillance Act to judge whether the National Security Agency's domestic eavesdropping program is allowed under the Constitution.

The NSA program has been under fire since December, when The New York Times disclosed that the government was listening in -- without obtaining a court order -- on international phone calls, e-mails and other communications between people in the United States and people overseas suspected of having ties to terrorists.

Some legal scholars have said the program is an illegal and unwarranted intrusion on Americans' privacy, but the Bush administration has defended it as a necessary tool in the battle against the al Qaeda terrorist network.

Specter said Thursday that the Bush administration has agreed to accept his legislation, barring any significant changes by Congress. Specter unveiled the bill at a meeting of the Senate Judiciary Committee, which he chairs.

"I believe this is a very important matter to balance the country's needs for fighting terrorism ... with the traditional judicial review which protects civil rights," he said.

In February, Specter said FISA "flatly prohibits any kind of electronic surveillance without a court order."

Sen. Orrin Hatch, a Utah Republican and member of the committee, said the agreement reflects "a major, major change" in the White House's approach to the issue.

White House spokesman Dana Perino hailed the agreement as a sign that President Bush and Congress "are coming together to codify the capacity for future presidents to take actions to protect the country." Legislative compromise

"The bill recognizes the president's constitutional authority and modernizes FISA to meet the threat we face from an enemy who recognizes no bounds, kills with abandon, hides and masquerades while they plot attacks against our citizens," Perino said.

Specter said his bill would give the FISA court the jurisdiction to review the constitutionality of the program and its design -- including the criteria that must be met for communications to be monitored.

In addition, the legislation would give the administration greater flexibility in making emergency applications to the FISA court, expanding its window for doing so from three to seven days. Currently, applications must be made by the attorney general or a deputy; the bill would allow a designee to make an application, Specter said.

The measure would allow for roving wiretaps instead of taps of a phone at a fixed point, he said, and spells out that monitoring a telephone call between two overseas locations that is transmitted through a U.S. terminal would not be subject to FISA approval.

Although the legislation does not mandate that the president submit the program for the court to review, Bush has agreed to do so, Specter said.

Attorney General Alberto Gonzales said the bill "recognizes the president's constitutional authority to gather up information."

He added: "My understanding from the president is that the legislation could be very helpful in protecting America if it passes in its current form, or if it passes without changes that are harmful according to the administration, that the president would be inclined to submit the program to the FISA court to test its constitutionality."

Gonzales has previously said that the 2001 congressional resolution authorizing military action against al Qaeda and the president's "inherent constitutional authority" gave the administration the power to enact wiretaps without a court order.Contentious program

A CNN poll in May, conducted by Opinion Research Corp., found Americans were wary of the program, with half of poll respondents saying the government should obtain a warrant before eavesdropping on phone calls of suspected terrorists.

Also in May, USA Today reported the NSA has scrutinized records listing millions of telephone calls made by Americans.

The issue also came up during Senate confirmation hearings in May for Gen. Michael Hayden, who since has been sworn in as the new director of the CIA.

Hayden told the Senate Intelligence Committee that government experts, including three NSA lawyers, concluded the program disclosed by the Times was legal. The wiretaps, he said, were carried out with close government oversight and no improper activity was found.

"True accountability is not served by inaccurate, harmful and illegal public disclosures," Hayden said. "I will draw a clear line between what we owe the American public by way of openness and what must remain secret in order for us to continue to do our jobs."

CNN's Ted Barrett and Dana Bash contributed to this report.

Watching Finances Of Terror Suspects Discussed In 2002 (WP)

By Walter Pincus

The Washington Post, July 14, 2006

At a House subcommittee hearing five months after the Sept. 11 attacks, plans were openly discussed to give the government a highly secure, real-time electronic capability to request and receive data from financial institutions about suspected terrorists or terrorist organizations. The approach was closely similar to the effort described in news reports last month, which the Bush administration has said endangered national security.

In February 2002, Jeffrey P. Neubert, president and chief executive of the New York Clearing House Association LLC, described the intelligence-gathering system at a hearing of the House Financial Services subcommittee on oversight and investigations. Neubert said under the proposed system, government agencies would electronically send the names of suspected terrorists or terrorist organization to financial institutions "seeking account and/or transaction 'hits' which would be returned to the respective [government] organizations."

Neubert's New York Clearing House runs the CHIPS payment system, which describes itself as "the leading private-sector payment system infrastructure for clearing and settling U.S. dollar payments." Providing payment services to more than 1,600 financial institutions worldwide, CHIPS handles $1.5 trillion through about 8 million domestic and international transactions each day. Neubert told the subcommittee how a task force of government and financial industry personnel was also focused "on the issue beyond our borders" and proposed to "work globally to remove obstacles to the flow of information" to government entities.

The testimony was one of several examples where government and industry officials have publicly described how counterterrorism agencies access financial records to track terrorists and shut down their funding, leading some lawmakers and counterterrorism specialists to doubt assertions that the most recent revelations have significantly helped al-Qaeda or other terrorists by disclosing valuable new information.

Last month, the New York Times, followed quickly by other newspapers, including The Washington Post, published articles about how the Bush administration has been secretly tapping into a global database of financial transactions to track the identities and activities of suspected terrorists. The reports named the Society for Worldwide Interbank Financial Telecommunications (SWIFT) as one cooperating organization. SWIFT is a Belgium-based company that operates a financial messaging system used by 7,800 financial institutions in 200 countries.

Bush administration officials attacked the newspapers for publishing the articles, which they said hurt the war on terrorism. Vice President Cheney said at a campaign fundraiser on June 30, "Publishing this highly classified information about our sources and methods for collecting intelligence will enable the terrorists to look for ways to defeat our efforts."

But over several years, public testimony and documents have described those kinds of methods for tracking terror suspects.

The U.N. Security Council Monitoring Group, set up after Sept. 11, 2001, to encourage countries and international organizations to follow and block al-Qaeda financing worldwide, filed a public report in 2002 that drew attention to U.S. monitoring of international transactions, and identified SWIFT -- as well as the U.S.-based CHIPS system -- as likely sources of data.

"The U.S. has begun to apply new monitoring techniques to spot and verify suspicious transactions," the group's December 2002 report said, pointing specifically to international transactions "handled through correspondent banking relationships or large-value message and payments systems, such as SWIFT, Fedwire or CHIPS systems in the United States of America. Such international clearance centers are critical to processing international banking transactions and are rich with payment information."

"I don't think anyone who deals with this topic could have been surprised" about using those organizations, said Victor D. Comras, a retired U.S. Foreign Service officer who participated in the U.N. group. "What it was at best was an open secret" that

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SWIFT was involved, he added. Comras, who helped draft the report, said those details came from unclassified sources and were "vetted with the U.S. government" before being published.

The report noted that even at that date, al-Qaeda was aware of "increased vigilance over traditional bank transfers and the increased ability of law enforcement agencies in a number of countries to trace such transactions."

As a result, the terrorist group "often routed [funds] through a combination of bank transfers and informal transfer mechanisms such as hawala [which involves passing money person to person] and through multiple intermediaries in order to further obscure their origins and final destinations," the report said.

Subsequent government reports have also highlighted counterterrorism officials' reliance on financial records. The FBI's Terrorist Financing Operations Section, according to an August 2004 report by the 9/11 commission, has a list of contacts "within the financial community, banks, brokerage house, credit card vendors, and money services businesses -- to whom it can turn to get financial information on an expedited basis at any time, including nights, weekends and holidays" after serving them "with a subpoena or other legal process."

The 9/11 commission, in its July 2004 report, publicly praised the cooperation that financial institutions worldwide were providing to the U.S. government: "The U.S. financial community and some international financial institutions have generally provided law enforcement and intelligence agencies with extraordinary cooperation, particularly in supplying information to support quickly developing investigations."

At a House Financial Services Committee hearing on Tuesday, lawmakers challenged Treasury Undersecretary Stuart Levey on whether the recent articles about SWIFT had jeopardized national security.

We announced that "it's a critical part of the overall campaign against al-Qaeda, following the money," said Rep. Barney Frank (D-Mass.). "Did they not infer from that we would be looking at their bank accounts? . . . I mean, was this really not known to them that we were carefully tracking financial records?"

Levey responded: "What was done very commonly was that we would discuss that we're following the money. But that leaves people in some doubt as to what exactly we're able to look at. Once the SWIFT program is disclosed, it's my fear that they'll now know exactly what it is."

Levey added that there has been no evidence yet that the program has been harmed "because the data that we're accessing right now was data that was created before the news stories." He added that logically "public discussion of this will be harmful to the program. But . . . I'm hopeful that we have some value from the program, and we intend to continue with it."

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, July 14, 2006

Damage assessment

Congress has been asked to conduct a damage assessment of the intelligence compromise caused by former Defense Intelligence Agency (DIA) analyst Ronald N. Montaperto, who pleaded guilty last month to illegally retaining classified information and who told investigators he passed secrets to China.

"I am deeply concerned about the damage that has been done by Ronald N. Montaperto to our country's formulation and implementation of foreign policy related to the People's Republic of China [PRC]," said Rep. Dana Rohrabacher, California Republican and chairman of the House International Relations oversight and investigations subcommittee.

Mr. Rohrabacher stated in a letter to David M. Walker, the chief of the Government Accountability Office (GAO), that the agency should check policy documents that were "prepared and influenced" by Montaperto and that affected U.S. policy toward China.

The July 6 letter also asked GAO to investigate propaganda themes Montaperto supported throughout his career in speeches, scholarly work and conference roles.

Montaperto was a senior China analyst at DIA who came under suspicion of being a Chinese spy in 1991 but who continued to hold a security clearance at the National Defense University and U.S. Pacific Command until his dismissal in 2004.

"In addition, I need to know whether he was in a position of authority that enabled him to hire and/or fire employees whose views concerning the PRC differed from his," Mr. Rohrabacher stated, noting that the review should include Montaperto's role in analysis of Chinese intentions.

The report was requested "as soon as possible" in both classified and unclassified forms.

According to court papers, Montaperto admitted during a ruse by FBI and Naval Criminal Investigative Service agents that he passed top-secret information to Chinese military intelligence officer Yu Zenghe.

Friends of Montaperto in the U.S. intelligence and policy communities have sought to defend the former analyst and have criticized the FBI. One of the supporters, Lonnie Henley, deputy national intelligence officer for East Asia, recently defended Montaperto in an e-mail and as a result has come under scrutiny by the office of Director of National Intelligence John D. Negroponte.

New counterspy chief

Director of National Intelligence (DNI) John D. Negroponte is expected in the next few days to name a new national counterintelligence executive, the government's most senior counterspy, and neither of the two candidates has counterintelligence experience, we are told.

The leading candidate is said to be Mike Pritchard, a former U.S. Secret Service agent who is now a security specialist with Hunt Oil Co. in Texas. Another candidate is Howard J. Krongard, the State Department's inspector general.

A DNI spokesman said yesterday that no decision on the appointment has been made. Neither candidate could be reached for comment.

The counterintelligence post has been vacant since the resignation of Michelle Van Cleave in January. Miss Van Cleave left after her independent post was folded into the new Office of Director of National Intelligence. The office has sought to downgrade the counterintelligence function from that of an independent strategic capability of countering foreign spies and their activities to one that is more limited to supporting U.S. foreign intelligence collection.

President Bush signed a new counterintelligence strategy last year that calls for conducting aggressive activities against foreign spies, but little has been done to implement the strategy.

100 percent Cotton

Ever since Powerline.com posted a letter from Lt. Tom Cotton in Iraq to the New York Times, some on the left have insisted no such person exists. It's too neat, they say. A Harvard law graduate gives up his law practice to enlist in the Army to fight terrorists? Can't be.

But the Army assures us that one Tom Cotton does exist. He is fighting today as a member of the 101st Airborne Division, 506th Infantry Regiment. Maybe the left cannot imagine that such men exist. But there are likely many more out there, men and women who put aside promising civilian careers to join the military after the September 11, 2001, attacks.

Gen. Peter Schoomaker, Army chief of staff, was so taken by Lt. Cotton's umbrage at the Times for revealing how the United States tracks al Qaeda cash that the four-star general sent it to soldiers via e-mail.

Said an Army spokesman: "The Army chief of staff routinely communicates with the Army's generals and soldiers about subjects of great concern. One of those subjects is operational security. In fact, he has been emphasizing for over a year not posting on personal Web sites photographs of bomb damage from attacks on soldiers and not Web logging information that could assist enemies targeting our soldiers."

A senior Treasury Department official told Congress this week that the Times disclosure has had negative effects on the U.S. government's ability to trace al Qaeda financing.

"This disclosure compromised one of our most valuable programs and will only make our efforts to track terrorist financing — and to prevent terrorist attacks — harder," said Stuart Levey, undersecretary of Treasury for terrorism and financial intelligence.

Laser JDAM

The Boeing Co. conducted a successful test-firing of an upgraded Joint Direct Attack Munition (JDAM), which blasted a moving target using a laser targeting device, the company said.

The new guided bomb, called the LJDAM, provides the military with precision bombing power that is an improvement over the already highly accurate satellite-guided JDAM.

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During a test, an Air Force F-16 flying at 20,000 feet hit an armored personnel carrier (APC) moving at 25 mph. The F-16 used an on-board targeting pod to laser-designate the APC and hit the vehicle with the 500-pound guided bomb four miles from the target.

The laser designator is part of a kit that fits existing JDAMs and boosts the accuracy of the Global Positioning System guidance package. Deliveries of the laser- and satellite-guided version of the bomb could be deployed as early as next year.

Policy Rewrite Reveals Rift In Administration (WP)

By R. Jeffrey Smith And Jonathan Weisman

The Washington Post, July 14, 2006

Three days of congressional testimony this week by senior Bush administration officials about U.S. treatment of detainees in the war on terrorism have made clear that the administration remains deeply divided on the issue and unsure how to replace a key policy that the Supreme Court declared illegal two weeks ago.

Interagency divisions normally kept hidden from public view have been on unusual display as officials from the Justice Department and the Pentagon have offered starkly different accounts of the administration's reaction to the court's opinion, baffling members of Congress and other interested parties about U.S. intentions.

The testimony has shown that the Justice Department -- which had insisted on the legality of the existing policy -- is eager to sharply limit the impact of the Supreme Court's decision, while military lawyers and some other Pentagon officials are celebrating it as a vindication of their long-held concerns about U.S. detainee policy.

The conflicting testimony followed Tuesday's announcement of a Pentagon policy to follow Geneva Conventions requirements granting basic human and legal protections to all terrorism suspects in U.S. custody. Several members of Congress said they had been told that the dispute will not be resolved for some time.

At issue is how to repair the hole blown in administration policy by the Supreme Court's double-barreled June 29 critique of orders signed by Bush in 2001 and 2002. The Bush orders held that terrorism suspects are not subject to the protections of an international treaty governing wartime detentions because they are not part of a regular army. They also established a system of military tribunals to assess detainees' guilt and mete out punishments.

The court held that, contrary to Bush's orders, the government must heed the demands of a 56-year-old international treaty, Common Article 3 of the Geneva Conventions, that detainees "shall in all circumstances be treated humanely" and without "outrages upon personal dignity" such as humiliating and degrading treatment -- even though the suspects are not regular soldiers and may routinely mistreat their own captured soldiers. It also said the military tribunals, as formulated by the Pentagon under White House guidance, were illegal.

Senate Armed Services Committee chairman John W. Warner (R-Va.), who yesterday opened a series of congressional hearings meant to produce new legislation on the issue, said at the outset that "the eyes of the world are upon us, and we must set the standards."

But Warner added that National Security Adviser Stephen J. Hadley and White House legal counsel Harriet Miers told him recently that "there were some honest differences . . . as to approach within the administration," and no uniform position will be reached before next week.

The dispute now being waged over detainee treatment is the latest flowering of tensions that have persisted for more than three years, as officials from different departments have tried to reconcile a long history of U.S. support for humane treatment of detainees with pressures to use extraordinary means to acquire intelligence from suspected terrorists who might pose large risks to civilians.

Some of the administration's more conservative appointees, including Steven G. Bradbury, the Justice Department Office of Legal Counsel's acting chief, have been openly scornful of the Supreme Court's opinion, and suggested writing new legislation that would narrowly construe U.S. detainee treatment obligations and clearly exempt U.S. personnel from criminal liability if they violate Common Article 3.

Other officials, including top military lawyers at the Defense Department who testified at Warner's hearing yesterday and policymakers at the State Department, have solidly backed the Supreme Court's decision that previous administration legal

reasoning on the issue -- supported by Chief Justice John G. Roberts while serving on an appellate court in a June 2005 opinion -- was "erroneous."

"I do agree with the reinforcement of the message that Common Article 3 is a baseline standard. And I would say that, at least in the United States Army -- and I'm confident in the other services -- we've been training to that standard and living to that standard since the beginning of our Army, and we continue to do so," said Major Gen. Scott C. Black, judge advocate general of the Army.

Black's testimony contrasted with Bradbury's testimony before House and Senate committees on Tuesday and Wednesday that the Supreme Court had overturned a U.S. detainee policy that the administration considered settled in 2002 and reaffirmed in legislation passed last year that was meant to obviate any Supreme Court objections.

"The United States has never before applied Common Article 3 in the context of an armed conflict with international terrorists," Bradbury complained, adding that this was not foreseen by those who drafted the Geneva Conventions. The "application of Common Article 3 will create a degree of uncertainty for those who fight to defend us from terrorist attack," raising the possibility of felony prosecution for violators, Bradbury said.

Bradbury also expressed concern that foreign interpretations of the meaning of Article 3 might unduly hamper U.S. conduct and urged legislation that would insulate the government from that consequence. The military lawyers, in contrast, testified that it was appropriate to consider foreign interpretations and that U.S. conduct must in any event follow a higher standard of conduct than other nations.

Sen. Lindsey O. Graham (R-S.C.) said in an interview that he is optimistic that a consensus will be formed on new legislation. "The current situation is terrible," he said. "We don't have the legal infrastructure in place that will effectively prosecute people, and our image has suffered."

Senate Majority Leader Bill Frist (R-Tenn.) said he still believes tribunal legislation could be ready for passage by early September. Indeed, House Armed Services Committee Chairman Duncan Hunter (R-Calif.) said a quick compromise based on the president's initial tribunal structure could be amended to the annual defense policy bill and passed before the August recess.

But Hunter said administration officials asked him to slow down the process to allow for more deliberation. "At end of the day, the administration isn't going to say, 'Let's bet on a 50-50 proposition on tribunals and hope it doesn't get struck down again' " by the Supreme Court, said a senior Senate Republican aide. "They will want this to hold."

Several members of Congress expressed concern that political posturing on the issue will become fierce in the meantime.

The Republican aide complained in particular about testimony Wednesday by Daniel J. Dell'Orto, the Pentagon's principal deputy general counsel, who complained about soldiers having to read Miranda rights when they knock down doors in Afghanistan or fill out paperwork before seizing a laptop computer.

Similar concerns about "Miranda" warnings were expressed yesterday by White House spokeswoman Dana Perino while traveling with Bush in Germany en route to the Group of Eight summit in Russia.

But Graham said rhetoric involving Miranda was inappropriate because the policy at issue primarily concerns how to conduct interrogations of detainees.

Military Lawyers Urge Protections For Detainees (NYT)

By Kate Zernike

The New York Times, July 14, 2006

WASHINGTON, July 13 — The top lawyers from the Army, Navy, Air Force and Marines contradicted the Bush administration on Thursday on how to bring terror suspects to trial, endorsing an approach that extends more human and legal rights to detainees than one that administration lawyers have pressed Congress to authorize.

Testimony by the military lawyers to the Senate Armed Services Committee provided a new indication of divisions within the administration about how far to extend the protections of the Geneva Conventions to terror suspects. Those fissures appear to reflect the same disagreements between White House conservatives and the military that have long left the government split on questions about the treatment of terror suspects.

Senators complained that they were hearing mixed messages from the administration. Even as administration lawyers have been publicly urging Congress to ratify the president's plan for trials that offer few rights, they said, other White House officials have privately said that they would go along with an approach similar to what the military lawyers support, offering broader protection for detainees.

Senator John W. Warner, Republican of Virginia, the committee chairman, said he was "somewhat perplexed" by the testimony of administration lawyers this week, given his conversations with some White House advisers. "I do not believe we in Congress have received the last words by any means," Mr. Warner said.

In the two weeks since the Supreme Court struck down the president's plan for tribunals for terror suspects, sending the issue to Congress, administration lawyers appearing on Capitol Hill have encouraged Congress to simply pass legislation ratifying those tribunals. They have suggested that Congress could pass legislation establishing that an important provision of the Geneva Conventions does not apply to terror suspects or limiting the protections under that provision. The provision, known as Common Article Three, guarantees rights to prisoners.

But several Republican senators have said the best way to reassure the world that the United States shares common notions of human rights would be to shape the trials using procedures laid out in the Uniform Code of Military Justice, to which the court referred.

The military lawyers, who were repeatedly rebuffed by the administration starting in 2001 in discussions about how to treat detainees, were welcomed as heroes at the hearing on Thursday by Republicans and Democrats alike, suggesting the Senate's disinclination to go along with the president's approach.

Brig. Gen. Kevin M. Sandkuhler, the top lawyer for the Marines, called the code of military justice "the gold standard."

Of the president's tribunals, Rear Adm. James McPherson, the top Navy lawyer, said, "I think the existing procedures are wanting."

Senator John McCain, Republican of Arizona, said Thursday that Stephen J. Hadley, the president's national security adviser, had told him and Senator Lindsey Graham, Republican of South Carolina, that the military code would be "the basis of the proceeding." But a White House spokeswoman, Dana Perino, questioned that account, saying there was a consensus that the code would not be used to try detainees.

Mr. Hadley, in an interview from Germany, said: "What we are trying to do is come up with a system by which we can bring under the laws of war, in a military context, charges against terrorists. The goal is to get something that provides as many rights as we can, but that recognizes the nature of the people we are dealing with and recognizes the constraints, including legal proceedings that deal with classified information.''

The White House has seemed divided on the central question of whether detainees should be granted legal and human rights under the Geneva Conventions. Last week, Deputy Defense Secretary Gordon R. England sent out a memorandum acknowledging that detainees were entitled to those rights under Common Article Three, prompting the White House on Tuesday to reverse a February 2002 order saying that the conventions did not apply.

Pentagon and White House officials took issue with an editorial in The Wall Street Journal on Thursday that cited sources saying Mr. England's memorandum "was issued without any wide deliberation with, or even particular awareness by, the White House counsel's office or the Justice Department." A senior Defense Department official said the memorandum "was coordinated across the interagency." Ms. Perino would say only that "the White House was notified" and not whether the president himself was informed.

Administration lawyers have continued to resist extending the protections, saying in testimony this week that the memorandum reflected only an announcement of the court's decision, not a policy change.

While another hearing this week featured sharp exchanges between administration lawyers and senators from both parties — Mr. Graham told the lawyers that they should "forget about" the tribunals President Bush tried to set up — the hearing with the military lawyers consisted mostly of senators and witnesses affirming their shared views.

Senator Warner told the military lawyers that "there's certainly no consensus here to just rubber-stamp what's in place."

When Senator Carl Levin of Michigan, the senior Democrat on the committee, suggested that "none of you believe we should simply ratify" the president's approach, he was met with a string of nods from the uniformed lawyers on the panel.

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And when Mr. McCain asked if Secretary England had done the right thing in declaring that the Geneva Conventions extended to detainees, the panel nodded again.

"This panel has got it right," Senator Graham said.

Mr. McCain cautioned against narrowing the protections granted to detainees, arguing that the debate was not about extending rights to terrorists, but promoting a high standard. "America's image in the world is suffering," he said.

"We will have more wars, and there will be more Americans who are taken captive," said Mr. McCain, who was a prisoner of war for six years in Vietnam. "If we somehow carve out exceptions to treaties to which we are signatories, then it will make it very easy for our enemies to do the same in the case of American prisoners."

But other senators cautioned that the issue was far from settled.

"Some people at this table and others are going to go dancing to the media and say we now know where we're going with this thing, when in fact, we don't," said Senator James M. Inhofe, Republican of Oklahoma.

Mr. Inhofe and several other Republicans said any system based on the military code would grant detainees the same rights as members of the military.

Some senators also said, as administration lawyers have argued, that Common Article Three was too vague and could lead to American troops being prosecuted under the War Crimes Act for treatment that might seem too harsh.

"Ambiguity is not our friend here," said Senator John Cornyn, Republican of Texas.

Admin. Willing To Adjust Detainee Policies (AP)

By Anne Plummer Flaherty, Associated Press Writer

AP, July 14, 2006

Negotiations on how to treat enemies captured in President Bush's war on terror spilled into the open Thursday as administration officials indicated a willingness to look at new protections for detainees in CIA and Pentagon custody.

But, officials maintained, these "enemy combatants" must not be granted certain legal rights that would expose classified information or hinder interrogations.

The Supreme Court on June 29 ruled that the Pentagon's military tribunal system was not authorized by Congress and violates international law. The decision prompted a Pentagon memo acknowledging that military detainees must be afforded basic protections under the Geneva Conventions. Left unclear by the administration was whether detainees held by the CIA also would be protected.

The CIA has never acknowledged that it holds any members of al-Qaida. However, senior administration officials and intelligence lawyers have been in extensive meetings since the court's decision to determine how it applies to all detainees, including those considered the most dangerous followers of Osama bin Laden.

"The court made a ruling that Common Article 3 applies to our conflict with al-Qaida," Attorney General Alberto Gonzales said, referring to an article of the Geneva Conventions dealing with the treatment for prisoners of war. His comment came in what was the clearest statement yet from the administration that the court ruling applies to all suspected al-Qaida members in U.S. custody, not just those at the U.S. naval base at Guantanamo Bay, Cuba.

Also at issue has been whether Congress should pass legislation authorizing the Pentagon's more stringent tribunal system struck down by the court, or create a new system with trials similar to courts-martial used for prosecuting members of the military.

Stephen Hadley, the president's national security adviser, described the discussion with lawmakers as ongoing.

"We've had some very good conversations on the subject of how we move forward," Hadley said at a news conference in Stralsund, Germany, where he is accompanying Bush. "Where it's going to come out is still to be worked out."

Citing recent meetings with Hadley, Sens. John McCain and John Warner said Thursday they were told the administration would back legislation based on the Pentagon's Uniform Code of Military Justice. Hadley also had met recently with Sen. Lindsey Graham, R-S.C., another GOP moderate who has been open to using the military's court-martial system as a guide for developing a court system to prosecute detainees.

"At that time, I was under the impression that that was the administration's position," McCain said of his meetings with the White House. "I hope that hadn't changed."

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But publicly, the administration continued to insist that Congress legalize the Pentagon-established military commissions.

Gonzales cited several concerns with extending rights provided by the military code of justice to al-Qaida detainees. Among them, he said, were having to tell terrorism suspects they have a right to remain silent, providing them with the military equivalent of grand jury proceedings and excluding hearsay evidence.

"There are a series of procedures and processes and rights ... that I think it is appropriate to ask, is this what we want to provide to terrorists? I don't think that they are necessarily required to be provided to terrorists."

Warner, a Virginia Republican who chairs the Senate Armed Services Committee, said he was "somewhat perplexed" by comments this week by administration figures that the administration needs time to smooth over "some honest differences of opinions."

He said he expected administration officials to submit a proposal to Congress soon after they return with Bush next week from the G-8 summit. Vowing to work on the matter through lawmakers' August vacation, Warner said it was "absolutely imperative" that Congress pass legislation before adjourning this year.

"The eyes of the world are upon us and we must set the standards," Warner said.

McCain, an Arizona Republican and a likely 2008 presidential contender who last year led the charge to prohibit abuse of military detainees, said America's image was suffering because of how its war and terrorism prisoners are treated.

"We will have more wars and there will be Americans who will be taken captive," said McCain, who was a Vietnam War POW. "If we somehow carve out exceptions to treaties to which we are signatories, then it will make it very easy for enemies to do the same to American prisoners."

Issue Of Detainees Splits Bush Administration (LAT)

By Maura Reynolds

The Los Angeles Times, July 14, 2006

WASHINGTON — White House officials believe that Congress should use traditional military law rather than President Bush's special military tribunals as the basis for bringing charges against detainees at Guantanamo Bay, key senators said today.

That position would put the White House officials at odds with testimony earlier this week from Pentagon and other administration lawyers.

The different positions reflect apparent divisions that are emerging within the Bush administration and the two houses of Congress.

On one side, the administration's civilian lawyers and House Republicans generally express a preference for keeping Bush's system of military tribunals, which were criticized in a landmark Supreme Court decision last month as violating the Uniform Code of Military Justice, which governs courts martial, and the Geneva Conventions, which regulate treatment of persons arrested on the battlefield.

On the other side, the administration's military lawyers and the Senate prefer a system based on military law, in particular the Uniform Code of Military Justice.

At a Senate Armed Services Committee hearing, Sen. John McCain (R-Ariz.) and Sen. John Warner (R-Va.) said Stephen Hadley, Bush's national security advisor, had told them this week that the White House would not simply ask Congress to rubber-stamp the system of military commissions that the Supreme Court has ruled violates the law.

"We did agree at that time, according to Mr. Hadley, that the basis of proceeding on applicable legislation would be the Uniform Code of Military Justice," McCain told a Senate Armed Services Committee hearing. "At that time, I was under the impression that that was the administration's position. I hope that it hasn't changed."

Civilian lawyers from the departments of Defense and Justice testified in two congressional hearings this week that the military code was largely inappropriate for terrorist suspects and recommended that Congress approve the administration-designed military tribunal system.

"I'm somewhat perplexed at some of the testimony that was offered both to the Senate Judiciary and the House Armed Services Committee," Warner said as he chaired the Senate committee hearing. "But, in due course, we'll work that out."

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Warner said he expected the White House to work to resolve the apparent divisions within the administration when the president returns from the annual G8 conference of the world's seven leading industrial democracies plus Russia. The conference is being held this weekend in Russia.

Last month, the Supreme Court ruled that the administration's military commissions for Guantanamo Bay — designed to try terrorist suspects for war crimes — were illegal because they did not conform to the law — in particular, the military code and the Geneva Conventions. The court held that the administration could not devise a legal system independent of Congress, and that it was up to lawmakers to pass legislation on how to process and try the 450 terrorist suspects held at Guantanamo.

Warner asked six of the country's top military lawyers — the judge advocates general of the Army, Navy and Air Force, a staff judge advocate of the Marine Corps and two retired JAGs — to propose a system that would pass muster with the Supreme Court. Each said that Congress should not rubber-stamp the military commissions designed by the administration but should use the Uniform Code of Military Justice to a greater extent than has been the case.

"We have a military commissions procedure that was established that attempted to provide fundamental rights. We have the UCMJ, which we know is the gold standard, that achieve the protection of fundamental rights. My view is that we are looking for a leveling between the two," said Brig. Gen. Kevin Sandkuhler, a staff judge advocate in the Marine Corps.

Senators Push For Military Code (WT/AP)

The Washington Times, July 14, 2006

ASSOCIATED PRESS

Two Senate Republicans said yesterday that senior Bush administration officials agreed to back legislation that would prosecute terrorism suspects under a court system based on the Uniform Code of Military Justice.

Sens. John McCain of Arizona and John W. Warner of Virginia cited recent meetings with Stephen J. Hadley, the president's national security adviser, and other top administration officials.

"At that time, I was under the impression that that was the administration's position," Mr. McCain said of his meetings with the White House. "I hope that hadn't changed."

Publicly, the administration continued to insist that Congress legalize the Pentagon-established military commissions that were struck down by the Supreme Court two weeks ago.

"It is our sincere hope that within a relatively short period of time, we can have some legislation from Congress that will allow military commissions to go forward," Attorney Alberto R. Gonzales told reporters.

Administration officials told lawmakers in hearings earlier this week that using the Uniform Code of Military Justice would grant terrorists too many freedoms and would be impractical on the battlefield.

Mr. Warner, who chairs the Armed Services Committee, said he was "somewhat perplexed" by this week's testimony by administration figures and said he hoped to set the record straight.

"But, in due course, we'll work that out," Mr. Warner said.

Both senators made their remarks at the beginning of a committee hearing on detainee policies. Testifying were several active and retired judge advocates general; the administration was not represented.

Mr. Warner said he thinks the administration needs time to smooth over "some honest differences of opinions" and will propose legislation soon after senior officials return from the Group of Eight summit this month. It is "absolutely imperative" Congress pass legislation before adjourning this year, he said.

"The eyes of the world are upon us, and we must set the standards," Mr. Warner said.

The judge advocates general said Congress should not ratify the military tribunals, as the administration had suggested, because that would not be an appropriate response to the Supreme Court ruling. The ruling determined that detainees should be protected under the Geneva Conventions.

Mr. McCain, who last year led the charge to ban abuse of military detainees and was a prisoner of war in Vietnam, said the nation's image was suffering because of the treatment of its war prisoners.

"We will have more wars, and there will be Americans who will be taken captive. If we somehow carve out exceptions to treaties to which we are signatories, then it will make it very easy for enemies to do the same to American prisoners," he said.

Wisdom On Detainees (WP)

The Washington Post, July 14, 2006

SENATE TESTIMONY yesterday by the judge advocates general of the four military services was illuminating -- so illuminating, you wanted to weep that they hadn't been listened to four years ago or more.

The setting was the Armed Services Committee's opening hearing into how terrorists should face trial, following the Supreme Court decision that struck down the administration's scheme. Testimony from the leaders of the Army, Navy, Air Force and Marines' justice systems showed how foolish the administration was to sideline both Congress and the existing military justice system in crafting its plan for terrorism trials. Had the conversation that began yesterday taken place soon after the Sept. 11 attacks, many terrorists might today be serving prison sentences instead of being warehoused -- and some innocent men being warehoused might be free.

Not one of the six active-duty and retired judge advocates general who testified yesterday would endorse the administration's request that Congress simply ratify the military commissions it had set up unilaterally. All emphasized, to different degrees, that it was a mistake not to incorporate more of the normal rules of military justice in creating the commissions. Some argued, as we have, that Congress should start with the court-martial system and amend it as needed. Others want to incorporate elements of President Bush's commissions, of courts-martial and of international war crimes tribunals. None, however, contended that the system the administration set up offers an appropriate balance between wartime needs and American values.

At the same time, every witness also agreed that the system of courts-martial, as normally used to try U.S. service personnel, can't be used for alleged terrorists without changes. The rules must adapt to accommodate defendants who are captured in war, not arrested, and who may be detained for long periods before trial, they said. The strict requirements of the rules of evidence applied in a general court-martial also would need tweaking. But as a former Navy JAG, Rear Adm. John Hutson, said, "Those modifications should be very narrow and very specific and well articulated and based on absolute necessity."

Finally, the judge advocates general all agreed that detainees can be treated humanely without damaging this country's war-fighting ability. In other words: Common Article 3 of the Geneva Conventions, which mandates humane treatment and which the Supreme Court applied to the conflict with al-Qaeda, poses no obstacle to the military. "In fact," said Adm. Hutson, "I'd turn it around and say I don't think we can win the war unless we live within Common Article 3."

The challenge for Congress is to rigorously identify and define the necessary modifications to the military justice system so that trials can, at long last, begin. Committee members appeared to understand the gravity of the task and, unlike some commentators and legislators, key members did not seem in a hurry to undo the Supreme Court's ruling and rubber-stamp the administration's plans. That's good. The goal is bipartisan legislation that will authorize fair trials that honor American values while accommodating the unusual nature of this conflict.

Battle Looms In Congress Over Military Tribunals (WP)

By Jonathan Weisman

The Washington Post, July 13, 2006

House Republicans signaled a coming clash with the Senate over the future of military tribunals yesterday when Armed Service Committee members indicated they were inclined to give the Bush administration largely what it wants in the conduct of terrorism trials.

The tone at the first House hearing since the Supreme Court tossed out President Bush's tribunals last month was markedly different from Tuesday's Senate hearing, where lawmakers from both parties said they wanted to make significant changes to the White House's plans.

"This could be easy," said Rep. Candice S. Miller (R-Mich.), who proudly announced she has neither a law degree nor a college degree as she denounced the high court's 5 to 3 decision against the tribunals as "incredibly counterintuitive." "We could just ratify what the executive branch and the [Department of Defense] have done and move on."

"That would be a very desirable way to proceed," said Daniel J. Dell'Orto, the Pentagon's principal deputy general counsel.

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Contrast that with Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), who told Dell'Orto and acting Assistant Attorney General Steven G. Bradbury the previous day, "I doubt very much that Congress is going to be disposed to leave these issues to the Department of Defense."

At the root of the dispute are differing interpretations about the Supreme Court's mandate when it ruled June 29 that a Yemeni detainee at the military prison in Guantanamo Bay, Cuba, could not be tried by a special military commission established by the administration. The court held that the commissions violate U.S. law and the Geneva Conventions, especially the conventions' Common Article 3, which prohibits "outrages upon personal dignity, in particular humiliating and degrading treatment."

Administration officials asserted yesterday that the court found no real problems with the tribunal rules, only that those rules need to be voted into law by Congress. Dell'Orto and Bradbury maintain -- and most House Armed Services Republicans agree -- that Congress should start with the administration's system, make a few minor changes, then pass a law creating the tribunals.

Dell'Orto and Bradbury had respectfully accepted senators' skepticism Tuesday, but before a friendlier Republican audience yesterday, they turned pugnacious in their defense of the administration's plan.

"I don't want a soldier when he kicks down a door in a hut in Afghanistan searching for Osama bin Laden to have to worry about . . . whether he's got to advise them of some rights before he takes a statement," Dell'Orto said. "I don't want him to have to worry about filling out some form that is going to support the chain of custody when he picks up a laptop computer that has the contact information for all manner of cells around the world, while he's still looking over his shoulder to see whether there's not an enemy coming in after him."

Democrats dismissed such assertions as hyperbolic "red herrings," but Republicans played along. "It may not be practical on the battlefield to read the enemy their Miranda warnings," said House Armed Services Committee Chairman Duncan Hunter (R-Calif.). "We have to give the executive the tools to fight this war. This is not a separation of powers issue. It is an issue of how to defeat the enemy."

Key Senate Republicans -- including Specter, Armed Services Chairman John W. Warner (Va.); Lindsey O. Graham (S.C.), a reserve military lawyer; and John McCain (Ariz.) -- say Congress should start with the existing Uniform Code of Military Justice and the rules that govern courts-martial, then adapt them to the war on terrorism.

Dell'Orto said to do that and meet national security needs, 73 military rules of evidence and 145 to 150 articles of the Uniform Code of Military Justice would have to be amended, effectively "gutting" the military legal code.

But McCain said yesterday that at a long White House meeting, with Graham and national security adviser Stephen J. Hadley an agreement was reached that legislation would use the military code -- not the administration's plan -- as the framework, and a final bill would adhere to Common Article 3 of the Geneva Conventions.

The bill could adopt language crafted by McCain last year to ban torture at U.S. detention facilities that makes some changes to Common Article 3. For instance, it could drop the phrase "outrages upon personal dignity," which the administration sees as overly vague. But McCain said the legislation would remain faithful to the conventions.

"We're moving along very well," he said.

The problem may be the House, which has taken a harder line and clashed repeatedly with the Senate over immigration legislation, McCain's torture ban, renewal of the USA Patriot Act and budget priorities. Rep. Barney Frank (D-Mass.) called House-Senate tension "the main dynamic of Congress this year."

"The House thinks the Senate is the cowardly lion, and the Senate thinks the House is the scarecrow without a brain," he said.

Hunter said he "instinctively" sees a problem with using the military justice code -- "a body of law meant to extend privileges to the men and women who wear the uniform of the United States" -- as the basis for trying suspects in the war on terrorism.

Rep. Joel Hefley (R-Colo.), an Armed Services Committee member who favors using the administration's tribunal plan, said an ugly clash with the Senate appears inevitable.

"As I sat there [in the hearing], I found myself struggling with whether we're going to be able to get anything done this year," Hefley said. As the election approaches, senators and House members from both parties will "demagogue this issue," he said, accusing opponents of being either soft on terrorism or lap dogs of the White House.

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Bush Officials Send Congress Mixed Signals About Military Tribunals (KRT)

By Margaret Talev

Knight Ridder, July 14, 2006

WASHINGTON - Leading Republican senators were scratching their heads Thursday as they tried to make sense of what the Bush administration wants Congress to do about setting rules for military tribunals to try terrorism suspects.

The Supreme Court struck down the Bush administration's original design for such tribunals last month as unconstitutional and in violation of the Geneva Conventions, which guarantee minimal rights to prisoners. Every time administration officials addressed the topic this week, they seemed to contradict each other. Thursday's testimony before the Senate Armed Services Committee twisted the knots of confusion tighter.

On Tuesday, the Pentagon said it would accept the court's ruling that any such commissions must apply Common Article Three of the Geneva Conventions to ensure that prisoners get minimal rights. On Wednesday, the White House said that would apply to prisoners held by any executive branch agency, although spokesmen couldn't cite an executive order or other documentary evidence to support the assertion, and questions remained as to whether the CIA was bound by it. The CIA wouldn't comment.

But on both days as well, Daniel J. Dell'Orto and Steven G. Bradbury, top lawyers for the Pentagon and Justice Department, told the House Armed Services and Senate Judiciary committees that it would be best if Congress would endorse the administration's original approach to makeshift military commissions, with only minor adjustments.

They also argued against letting the tribunals operate under the Uniform Code of Military Justice, which would meet the Supreme Court's legal standard, saying that could trigger a wave of problems, giving terrorists too many rights and jeopardizing prosecutions.

On Thursday, six of the nation's top military judges - from the Army, Navy, Air Force and Marines - told senators that Congress shouldn't ratify the Bush administration's original military commissions.

Two key Republican senators listening to them testify before the Senate Armed Services Committee voiced confusion.

Committee Chairman John Warner, R-Va., and Sen. John McCain, R-Ariz., said National Security Adviser Stephen Hadley had told them privately that the administration was prepared to revise rules governing the tribunals to conform with the Uniform Code of Military Justice. They couldn't understand why Dell'Orto and Bradbury were telling other congressional committees the opposite.

Warner said he was "somewhat perplexed" by the apparent contradiction.

"I do not believe that we, the Congress, have received the last word by any means as to where and how the administration would like to see this legislation proceed," he said.

McCain said he hoped Hadley had spoken with authority.

"At that time, I was under the impression that was the administration's position. I hope that it hasn't changed," McCain said.

Most of the six military judge advocates general said the Uniform Code of Military Justice should be the basis for new legislation setting up tribunals. Some said that how the U.S. treated detainees could affect how American soldiers were treated in future wars.

All six agreed, however, that the code should be amended for these tribunals. They said it would be impractical to give combatants taken from the battlefield the equivalent of Miranda rights or immediate access to lawyers and that accommodations would be needed to allow more hearsay evidence and to protect witnesses and their families.

Some advocated borrowing rules from international criminal tribunals such as Nuremberg or those dealing with Rwanda and the former Yugoslavia.

Brigadier Gen. Kevin M. Sandkuhler, staff judge advocate for the commandant of the Marine Corps, said it "could be workable" to use the administration's policy as a starting point for legislation, but only if provisions from the uniform code were added.

The current and former military judges conceded it could be more difficult to convict terrorism suspects if they had human-rights protections that made certain confessions or evidence inadmissible.

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Maj. Gen. Thomas J. Romig, former judge advocate general of the Army, testified that "it would be a stretch" to apply the Supreme Court's ruling broadly to circumstances such as secret CIA prisons overseas.

To that, Sen. Robert Byrd, D-W.Va., asked whether the U.S. could circumvent the ruling by moving detainees to a secret facility in Eastern Europe.

"If that were to happen," Romig said, "we'd probably have another case" before the Supreme Court.

Negotiations On Terrorism Detainees Spill Into Open (AP)

By Anne Plummer Flaherty, Associated Press Writer

AP, July 14, 2006

WASHINGTON (AP) -- Negotiations on how to treat enemies captured in President Bush's war on terror spilled into the open Thursday as administration officials indicated a willingness to look at new protections for detainees in CIA and Pentagon custody.

But, officials maintained, these "enemy combatants" must not be granted certain legal rights that would expose classified information or hinder interrogations.

The Supreme Court on June 29 ruled that the Pentagon's military tribunal system was not authorized by Congress and violates international law. The decision prompted a Pentagon memo acknowledging that military detainees must be afforded basic protections under the Geneva Conventions. Left unclear by the administration was whether detainees held by the CIA also would be protected.

The CIA has never acknowledged that it holds any members of al-Qaida. However, senior administration officials and intelligence lawyers have been in extensive meetings since the court's decision to determine how it applies to all detainees, including those considered the most dangerous followers of Osama bin Laden.

"The court made a ruling that Common Article 3 applies to our conflict with al-Qaida," Attorney General Alberto Gonzales said, referring to an article of the Geneva Conventions dealing with the treatment for prisoners of war. His comment came in what was the clearest statement yet from the administration that the court ruling applies to all suspected al-Qaida members in U.S. custody, not just those at the U.S. naval base at Guantanamo Bay, Cuba.

Also at issue has been whether Congress should pass legislation authorizing the Pentagon's more stringent tribunal system struck down by the court, or create a new system with trials similar to courts-martial used for prosecuting members of the military.

Stephen Hadley, the president's national security adviser, described the discussion with lawmakers as ongoing.

"We've had some very good conversations on the subject of how we move forward," Hadley said at a news conference in Stralsund, Germany, where he is accompanying Bush. "Where it's going to come out is still to be worked out."

Citing recent meetings with Hadley, Sens. John McCain and John Warner said Thursday they were told the administration would back legislation based on the Pentagon's Uniform Code of Military Justice. Hadley also had met recently with Sen. Lindsey Graham, R-S.C., another GOP moderate who has been open to using the military's court-martial system as a guide for developing a court system to prosecute detainees.

"At that time, I was under the impression that that was the administration's position," McCain said of his meetings with the White House. "I hope that hadn't changed."

But publicly, the administration continued to insist that Congress legalize the Pentagon-established military commissions.

Gonzales cited several concerns with extending rights provided by the military code of justice to al-Qaida detainees. Among them, he said, were having to tell terrorism suspects they have a right to remain silent, providing them with the military equivalent of grand jury proceedings and excluding hearsay evidence.

"There are a series of procedures and processes and rights ... that I think it is appropriate to ask, is this what we want to provide to terrorists? I don't think that they are necessarily required to be provided to terrorists."

Warner, a Virginia Republican who chairs the Senate Armed Services Committee, said he was "somewhat perplexed" by comments this week by administration figures that the administration needs time to smooth over "some honest differences of opinions."

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He said he expected administration officials to submit a proposal to Congress soon after they return with Bush next week from the G-8 summit. Vowing to work on the matter through lawmakers' August vacation, Warner said it was "absolutely imperative" that Congress pass legislation before adjourning this year.

"The eyes of the world are upon us and we must set the standards," Warner said.

McCain, an Arizona Republican and a likely 2008 presidential contender who last year led the charge to prohibit abuse of military detainees, said America's image was suffering because of how its war and terrorism prisoners are treated.

"We will have more wars and there will be Americans who will be taken captive," said McCain, who was a Vietnam War POW. "If we somehow carve out exceptions to treaties to which we are signatories, then it will make it very easy for enemies to do the same to American prisoners."

Attorney General Criticizes Supreme Court Ruling On Detainees (MCT)

By Andrew Zajac, Chicago Tribune

McClatchy Newspapers, July 14, 2006

WASHINGTON - Atty. Gen. Alberto Gonzales, who as White House counsel played a key role in shaping aggressive policies on the treatment of prisoners in the war on terror, said Thursday he was surprised by the Supreme Court's ruling that they were entitled to some protections under the Geneva Conventions.

In particular, Gonzales took issue with the court's reasoning that al-Qaida combatants were covered by a section of the conventions, Common Article 3, that guarantees humane treatment and sets minimum standards for court proceedings even though the terror network is neither a nation nor a signatory to the international treaty that outlines rules for war.

"As a lawyer, I think words should mean something, so when I read a treaty that says it applies to conflicts `not of an international character,' I take those words to mean what they say. . . . I give advice on words as I read them, as I interpret them."

The Bush administration had argued that al-Qaida was an international organization and the war on terror was international in scope; hence, it failed to fit the definition of "a conflict not of an international character" covered by Common Article 3.

But on June 29 the high court, ruling in the case of detainee Salim Hamdan, said, in essence, that based on how the term was used elsewhere in the conventions, "international" as used in Common Article 3 means "between nations" and not "global."

The justices also ruled that Common Article 3 applied even when only one side had signed the conventions.

The upshot is that a system of military commissions devised by the administration for trying Hamdan, once Osama bin Laden's driver, and other detainees is an illegal overreach of executive branch power.

Gonzales was an author of a signal January 2002 memo that recommended against extending Geneva Conventions protections to al-Qaida and Taliban fighters. He argued that "the war against terrorism is a new kind of war" that "renders obsolete Geneva's strict limitations on questioning of enemy prisoners and renders quaint" certain other provisions.

Speaking generally of his counsel to Bush on the treatment of enemy combatants, Gonzales said, "I believe the advice was sound when it was given. The court disagreed and, of course, as the president said, we're going to comply with the directive of the court."

That directive is to either try Hamdan and other detainees according to long-established rules of courts-martial or work with Congress on another set of procedures.

In recent days, administration lawyers have urged Congress to sign off on a tweaked version of the system of military commissions, also known as tribunals.

Some in Congress, along with human-rights groups and detainees' lawyers, are pushing for using courts-martial, which has more protections built in for defendants, as the starting point of a new system.

Gonzales said he was more concerned with "where we end up than how we get there." But like other administration officials, he expressed misgivings about the relatively expansive rights that courts-martial would give alleged terrorists.

Suspect Padilla Gets Access To Secrets (AP)

By Curt Anderson

AP, July 14, 2006

DOJ_NMG_0040619

MIAMI - Amid tight security, alleged al-Qaida operative Jose Padilla is being permitted to personally view U.S. government secrets in advance of his trial on charges of conspiring to wage and support international terrorism.

Under a federal judge's order, Padilla is being allowed to examine classified documents and videotapes detailing his statements during 3 1/2 years in Defense Department custody as an unlawful "enemy combatant." That designation was dropped last fall when he was charged in a Miami terrorism case.

Defense lawyers in terrorism cases are regularly permitted to examine such classified material if they obtain government security clearances, but it is unusual for an actual terror suspect to be given direct access to secrets.

"There is not a long history of this. There have not been a lot of terrorist prosecutions in civilian courts," said Aitan Goelman, a former Justice Department terrorism prosecutor now in private practice in Washington.

Padilla is a U.S. citizen once accused by the Bush administration of plotting to detonate a radioactive "dirty bomb."

U.S. District Judge Marcia Cooke's order, issued July 5, allows Padilla to view 32 Defense Department documents that summarize statements Padilla made during his years in military custody. He also can examine 57 videotapes of interrogations he underwent during that same period.

Padilla's attorneys said in court papers that they must examine the materials with their client to discover whether he was mistreated by interrogators, to refresh his memory and find possible leads for their defense, and to ensure that prosecutors have turned over all necessary material.

The attorneys and a spokesman for the U.S. attorney's office in Miami declined to comment Thursday on the arrangement. It was unclear whether Padilla had already begun examining the documents.

Security will be extraordinarily tight for the sessions. Padilla will be brought to a secure inner area in the court complex but the door must remain open so a U.S. marshal can keep constant watch.

Cooke's order said the marshal must maintain "an appropriate distance" to prevent overhearing defense trial strategy. But if the marshal does overhear, "those communications shall not be communicated to any member of the government prosecution team," the judge said.

The challenge in national security cases is in striking a balance between a defendant's right to prepare an adequate defense and the government's interest in protecting its secrets, particularly sources and methods used to obtain intelligence.

"I think the government, in an abundance of caution these days, is protecting as much as it can," said Carl Tobias, law professor at the University of Richmond. "There is a tension between his constitutional rights to defend himself and see the evidence against him on the one hand and national security on the other hand."

Padilla and two co-defendants are scheduled to go to trial in September on charges of conspiracy and providing material support to Islamic extremist groups around the country. All three have pleaded not guilty.

Padilla, a former Chicago gang member and south Florida resident, was arrested in 2002 at O'Hare Airport. Authorities claimed then he had plotted to set off a "dirty bomb" as an al-Qaida soldier, but the Miami indictment does not mention that.

A co-defendant, Kifah Wael Jayyousi, had sought dismissal of the charges against him on grounds that they were based on his newsletter, the Islam Report, which he contended deserved free speech protections.

But a federal magistrate ruled Monday that the charges also involved terror fundraising and recruitment, and said the indictment should stand.

Feds Call Lawsuit Over Phone Records A Wrong Number (AP)

By Mike Robinson, AP Legal Affairs Writer

AP, July 14, 2006

CHICAGO — A lawsuit aimed at stopping AT&T Inc. from giving telephone records to government terrorist hunters without legal authorization is a wrong number and should be dismissed, a federal attorney said Thursday.

Without confirming that any phone records have been turned over, Deputy Assistant Attorney General Carl J. Nichols told U.S. District Judge Matthew F. Kennelly that the issue is covered by the government's right to prevent disclosure of state secrets.

He said San Antonio-based AT&T is barred from even answering questions on whether it has given phone records to the National Security Agency because such information could tip off terrorists and increase the risk of an attack.

"The present situation involves a risk of terrorist attacks against the United States," Nichols said in urging Kennelly to dismiss the lawsuit. "So even the smallest risk is not a risk that we should tolerate."

The lawsuit was filed by the American Civil Liberties Union on behalf of author Studs Terkel, health care reform activist Dr. Quentin Young and others. It asks the court to force AT&T to refuse to provide phone records to the government without warrants, national security letters or the like.

After the hearing, Kennelly said he would take the government's request for dismissal of the lawsuit under advisement.

The government was not initially a party to the ACLU's lawsuit. But the Justice Department stepped into the case because the matter involves the National Security Agency, the supersecret spy agency that specializes in intercepting communications of terrorists and others.

The lawsuit was one of more than two dozen filed around the nation after a May 11 USA Today story that said AT&T, Verizon Communications Inc. and BellSouth Corp. have provided telephone records to NSA. Atlanta-based BellSouth has denied it has done so. AT&T and New York-based Verizon have declined to confirm or deny the report.

Many of the lawsuits seek monetary damages. But the Chicago lawsuit merely asked the court to issue an injunction barring AT&T from turning over such records without legal authorization.

"The remedy here is not awarding monetary damages to Studs Terkel," said Harvey Grossman, ACLU of Illinois legal director. "The remedy here is AT&T being required to comply with the law."

AT&T attorneys have argued that the lawsuit should be dismissed because Terkel, Young and the other plaintiffs cannot prove that anyone spied on them as a result of such a program.

Nichols said the lawsuit should be dismissed because AT&T has no way of presenting a defense since it can't admit the existence of such a program.

"Then AT&T basically has to put duct tape over its mouth?" Kennelly asked Nichols, drawing his finger across his mouth. He said the government's theory would furnish it with unusual power to avoid lawsuits.

Grossman urged Kennelly to reject the government's request for a quick dismissal of the lawsuit. He scoffed at the notion that disclosure of the program would aid terrorists.

"We believe that the secret is out of the barn," Grossman said.

But Nichols said published reports concerning the phone records do not amount to disclosure that such a program exists.

Grossman told Kennelly that terrorists already know that their phones are likely to be monitored and thus disclosure wouldn't help them.

Nichols replied that "Mr. Grossman is trying to substitute his own judgment for the judgment of the director of national intelligence as to the harm that would be caused" by disclosure of the program's existence.

Justice Department attorneys furnished Kennelly with secret materials to read before the hearing. After the hearing, the government attorneys answered questions from the judge in chambers with Grossman and the other lawyers for the ACLU excluded.

Government Invokes 'secrets' Privilege (CHIT)

By Rudolph Bush, Tribune Staff Reporter

Chicago Tribune, July 14, 2006

Justice Department lawyers asserted a rarely used "state secrets" privilege in federal court this morning in arguing for the dismissal of a lawsuit that alleges AT&T improperly handed over massive amounts of phone records to the government.

Deputy Assistant Atty. General Carl Nichols said that AT&T won't be able to defend itself against the allegations because the government is invoking the secrets privilege, which effectively shuts down any confirmation or denial of allegations in the suit.

Nichols said such information would empower terrorists and endanger national security.

Because AT&T can't present a defense, the suit, filed by Chicago author Studs Terkel among others, must be dismissed, Nichols argued.

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"We are facing a threat right now from Al Qaeda," Nichols said. "Even the smallest risk is not a risk we should tolerate." Harvey Grossman, legal director of the American Civil Liberties Union in Illinois, answered that his clients simply want to know that AT&T is acting lawfully.

"If it's done lawfully, we'll walk out the door," Grossman said.

Questions about the Bush administration's domestic intelligence activities have come to the fore after a series of published reports revealed the government has gathered telephone records without obtaining court approval.

Terkel's suit charges AT&T gave the NSA access to those records improperly.

AT&T has not confirmed or denied handing over records without a court order.

U.S. District Judge Matthew Kennelly said today that he will take the parties' arguments under advisement and rule at a later date on whether the suit can go forward.

Yassin Aref Denied Bail (CAPNEW9)

Capital News 9, July 14, 2006

A federal judge in Albany has denied the latest bail request by a Muslim cleric awaiting trial in an FBI anti-terrorism sting.

The judge rejected arguments that mistranslations of journals were used by prosecutors to make Yassin Aref appear dangerous. The judge said Aref should stay in jail until his trial.

The defense argues that Aref's writings show he strongly disagreed with terrorism.

Judge Rejects Latest Bail Request In Mosque Case (AP)

By Michael Virtanen, Associated Press Writer

The AP, July 14, 2006

ALBANY, N.Y. -- A federal judge Thursday denied the latest bail request by a Muslim cleric awaiting trial in an FBI anti-terrorism sting, rejecting arguments that mistranslations of his private journals were used by prosecutors to make Yassin Aref appear dangerous.

"The alleged mistranslations are immaterial," U.S. Magistrate Judge David Homer wrote in reaffirming his decision last year that Aref posed a danger to the community and should remain jailed until trial. He found no new or persuasive evidence in defense arguments that taken in context, Aref's 1999 writings showed he actually supported the American plan to remove Iraqi leader Saddam Hussein from power and that Aref strongly disagreed with terrorist philosophy.

Assistant U.S. Attorney William Pericek had submitted side-by-side comparisons of both sides' translations of eight journal entries, saying most differences were superficial. "The utterly false allegations of prosecutorial misconduct contained in Aref's filing thinly disguise its lack of merit," he wrote.

Trial is scheduled to start Sept. 6 for Aref, imam of Masjid as-Salam in Albany. The judge wrote Thursday that it would have started in June if the defendants hadn't asked for the later date.

Co-defendant Mohammed Hossain, an Albany pizzeria owner and mosque member, remains free on bond. Both men have denied allegations they conspired to provide support to Jaish-e-Mohammed, a Pakistan-based group listed by the federal government as a terrorist organization. They were arrested in August 2004 after a yearlong investigation.

Aref and Hossain are accused of laundering money for an FBI informant, a Pakistani businessman in the area claiming to have a sideline as an arms dealer. Neither is accused of actual violence.

Aref had been free on $250,000 bond for 13 months when Homer concluded Sept. 30 that he "espouses and has adopted the goals of terrorist organizations and has had an ongoing relationship with terrorist organizations." On Feb. 10, Homer refused to change his mind.

Defense attorney Terence Kindlon requested bail so Aref could rejoin his wife and four small children in Albany. A refugee in the United States, Aref is a native of the Kurdish region of northern Iraq.

Kindlon said prosecutors last year omitted the first half of a 1999 poem Aref wrote shortly before coming to the U.S. that was a tribute to the forefathers of Kurdistan, where Saddam Hussein brutally put down a revolt in the early 1990s. He said the poem was an appeal "to raise a Jihad to free Iraq and Kurdistan from Saddam Hussein _ precisely what the Americans were calling for at the same time."

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The memorandum filed by prosecutors contained part of the poem that said: "Raise the Jihad sword ... Raise the Koran with blood ... So we can bring back the freedom for ourselves and the entire people of this Earth." Prosecutors said that showed Aref's "predisposition," and their sting was meant to test what he would do when presented with an opportunity to support terrorism.

Terror Suspect's Relatives Indicted (DESERET)

Deseret News, July 14, 2006

Two relatives of a man under investigation for ties to al-Qaida in Iraq have been indicted by a federal grand jury on more fraud charges.

Sharif Omar and Alaa "Alex" Ramadan were charged Thursday in U.S. District Court with bank fraud, aiding and abetting and misuse of a Social Security number. The indictment alleges Ramadan, 29, cashed a pair of balance transfer checks from the credit card account of Sharif Omar. Federal prosecutors said that Omar then claimed to the credit card company that the checks were stolen and he did not know Ramadan. Ramadan is Omar's nephew.

The men are facing fraud charges in a separate case involving a group of people. The FBI's Joint Terrorism Task Force has been investigating whether Sharif Omar funneled money to banks in Jordan, and if it found its way into terrorist hands.

Omar, 37, is the brother of Shawqi Omar, who is in military custody on suspicion of terrorism.

HOMELAND RESPONSE:

SBA Official Blasts 9/11 Loan Program (AP-Y)

By Devlin Barrett, Associated Press Writer

AP2, July 14, 2006

A post-Sept. 11 loan program was a disaster in the making because the government could not verify that most loans actually went to businesses affected by the attacks, a federal official told Congress on Thursday.

One lawmaker noted that money even made its way to a custard shop in Texas.

"This was really a program that had potential for disaster," said Eric Thorson, the inspector general for the Small Business Administration. The agency administered the program.

Thorson said his office could not determine in 85 percent of the loan cases it examined whether the businesses qualified for some of the billions of dollars handed out after the terrorist attacks on New York and Washington.

In stories last year, The Associated Press showed how the SBA program spread money far and wide across the country.

Lawmakers conducting a review of $21 billion in aid for New York ridiculed the notion that many of the far-flung recipients of the loans had suffered any negative impact from the attacks.

Rep. Michael McCaul, R-Texas, noted that in his district, a custard shop was one of 122 businesses in the Austin area that received such loans, which totaled $47 million.

"I for one could hardly argue that any of these loans are in any way, shape or form related to the Sept. 11 attacks," McCaul said at a hearing of a House Homeland Security subcommittee.

Reached by telephone by the AP, the owner of Shakes Frozen Custard shop outside Austin, Texas, said he was never told his $635,000 loan through a private lender was intended for businesses affected by Sept. 11.

"No one was more surprised than me, and I don't want to get something I'm not entitled to," said Mark Blankenship. "As a matter of fact, I would love to get rid of that loan because it's eating me up with the variable interest rate."

At the hearing, Thorson said the program was not intended to be limited to businesses in the New York or Washington area. But he said he was offended when he heard about some of the places the money was going.

Early in the loan program, lawmakers complained the SBA was not getting enough financial aid to businesses in need. The agency then loosened the rules and said businesses from across the country could apply.

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Thorson said the SBA sent a signal to lenders that "virtually every small business had suffered some direct or indirect adverse impact and could likely qualify for a STAR loan," and that the agency told lenders they "would not second-guess their eligibility justifications."

An audit of the program found that 50 of 59 borrowers' samples were unable to show whether the borrowers were adversely affected by the attacks and the economic downturn that followed.

Of 42 borrowers that were interviewed, only two said they were aware they had received a loan intended for businesses hurt by Sept. 11.

The AP reported many loans went to local outlets of some of America's most famous and lucrative companies, including Dunkin' Donuts, Quiznos, Subway and Dairy Queen. Other recipients included dentists and chiropractors.

The inspector general recommended that any future special loan programs should:

_require applicants to justify how their business was harmed.

_require lenders to submit documentation.

_have effective internal controls and oversight in place.

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Associated Press writer Dirk Lammers contributed to this report.

Development Corporations Dispute Criticism Over Their Handing Out Of 9/11 Federal Aid (NYT)

By Al Baker

The New York Times, July 14, 2006

WASHINGTON, July 13 — Government watchdogs on Thursday criticized the Empire State Development Corporation and its subsidiary, the Lower Manhattan Development Corporation, for the way the two entities disbursed certain federal grants after the terrorist attacks of Sept. 11, 2001.

But the criticisms, which came on the final day of Congressional hearings into the waste and mismanagement of federal dollars that streamed into New York City after the attack, were not limited to state entities or the programs intended to benefit New Yorkers.

A federal loan program for small businesses affected by the attacks, for instance, was singled out by one committee member as particularly nettlesome since it was opened to merchants across the nation and, in one case, guaranteed $635,000 for a frozen custard stand in the area of Austin, Tex. So said Representative Michael T. McCaul, a Republican from Texas who spoke at the hearings conducted by a House subcommittee in charge of management and oversight of the Department of Homeland Security.

The loan to the custard stand represented only a small part of the $47 million in loans given to Austin-area businesses, including a car repair shop and a shoe store, officials said.

“There were a lot of examples that showed minimal involvement or minimal effect by the disaster,” Eric M. Thorson, the inspector general of the federal Small Business Association, said regarding audits of the federal loan program from the Supplemental Terrorist Activity Relief Act, better known as STAR. He warned, however, that it was hard to quickly identify the far-reaching effects on businesses hurt in the attacks.

Like some other economic assistance systems in place in the days after the terrorist attacks nearly five years ago, the STAR program was bedeviled by loose rules and faulty oversight, officials said.

In her testimony, Ruth A. Ritzema, the special agent in New York in charge of the inspector general’s office of the federal Department of Housing and Urban Development, focused on the $700 million allocated to the Empire State Development Corporation and the $2.78 billion that went to the entity it spawned after 9/11, the Lower Manhattan Development Corporation. Audits of $1 billion worth of disbursements included “findings of duplication of benefits and payments, of overpayments, of ineligible and unsupported costs, and of improvements needed in collection efforts,” she said.

Officials from both development corporations defended their efforts to assist small businesses and improve the economy in Lower Manhattan in the days after the attack on the World Trade Center, saying the criticisms seemed out of context.

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Specifically, Eileen Mildenberger, Empire State's chief operating officer, said any notion that companies could not get both small business loans and development corporation business recovery grants was wrong.

"Companies were eligible for either or both as long as they could substantiate enough economic loss," she said. "The point is, they were not going to be enriched beyond their losses."

Of the 1,400 companies that got both forms of assistance, six did not sustain enough economic loss to get both, and so $58,000 that was initially lost in a $573 million program was later recovered, she said.

A spokesman for the Lower Manhattan Development Corporation said that internal monitors had identified about $160,000 worth of problematic spending in the residential grant program before federal auditors called it into question. And roughly half of that, or $75,000 out of a $2.8 billion program, has now been recovered, he said.

Stefan Pryor, the president of the Lower Manhattan entity, told lawmakers that HUD's inspector general, in testimony to the Senate two weeks ago, praised the Lower Manhattan corporation's fraud-busting abilities as an effective concept for those engaged in continuing disaster relief efforts in the Gulf region.

Over all, said Representative Peter T. King, a Republican from Long Island and the chairman of the House Committee on Homeland Security, the most egregious things he had heard were related to the criminals who preyed on the good will of many, including those in government, like "people who were claiming dead relatives or who were having phony memorial services."

Mr. King added: "It's a wake-up call that we have to be more alert to that in the future, that no matter how terrible something is, no matter how tragic it is, no matter how much we think everyone is dedicated to doing the right thing, that there are people out there who are just trying to game the system from the first moment."

Pilots Ask Government To Tighten Cargo Plane Fire Safety Rules (WP)

By Del Quentin Wilber

The Washington Post, July 14, 2006

Congress and regulators should bring safety standards for cargo aircraft in line with those for passenger planes, pilots groups said yesterday.

The request came as the National Transportation Safety Board concluded a two-day hearing about a fire that destroyed a UPS plane at Philadelphia's airport in February.

That cargo jet did not have a fire suppression system. Passenger planes are required to have such devices in their cargo holds. Pilots groups said the systems should be installed on all cargo planes.

"There is a double standard here," said Shannon Jipsen, a UPS pilot and official with the Independent Pilots Association, the union that represents United Parcel Service pilots.

Jipsen and the Air Line Pilots Association, another pilots union, said they were also seeking training requirements for firefighters who would respond to cargo fires.

FAA regulations focus mostly on how to handle passenger jet fires, and Philadelphia firefighters received no training on cargo fires before the February incident, according to testimony at the hearing.

Rep. Curt Weldon (R-Pa.) introduced legislation last year that would require training and equipment improvements at airports handling large cargo planes.

The NTSB has not concluded what started the fire in the cargo hold of the DC-8 jet as it was flying from Atlanta to Philadelphia late on Feb. 7. The crew smelled smoke about 25 minutes before landing, but a smoke alarm did not sound until about four minutes before landing, the NTSB found.

The crew landed and escaped serious injury before the fire consumed much of the plane. It took fire crews about four hours to extinguish the blaze.

Investigators are looking at the possibility that lithium ion batteries were responsible for the fire.

NTSB Board Member Deborah A.P. Hersman, who chaired the hearing on the Philadelphia incident, said the board is evaluating potential recommendations dealing with air cargo safety.

A Site For 9/11 Sentiment To Be Veiled For A While (NYT)

By David W. Dunlap

DOJ_NMG_0040625

The New York Times, July 14, 2006

The closest thing New York has to a 9/11 shrine for everyone, the Church Street viewing fence, will be partly veiled to the public in coming weeks as the sidewalk is moved to allow construction along the eastern edge of the World Trade Center site.

For want of an official memorial, the 13-foot-high, galvanized steel fence has served for four years as the main gathering place for those wishing to see where the horror unfolded. They frequently leave mementos, often wedged into the bars.

Each day, deeply private moments unfold in front of panels that enumerate the last hours of the trade center and the roster of the dead. In the background, tourists pose for pictures, advocates hold curbside news conferences, vendors surreptitiously peddle terror-themed souvenirs and a street flutist, Philip Belpasso, plays "Amazing Grace."

Paradoxically, as popular as the Church Street viewing fence has been, it offers just about the worst vantage of the site. It is too far from the edge of the pit to permit anyone on the sidewalk to look down directly into the trade center foundations.

There are better views from Liberty Street, between Greenwich and Washington Streets. And Kenneth J. Ringler Jr., the executive director of the Port Authority of New York and New Jersey, which owns the site, wanted those viewing areas preserved and highlighted by new signs.

Over the next month and a half, beginning tomorrow, the westernmost lane of Church Street will be taken over as a temporary sidewalk between Liberty and Cortlandt Streets, with barriers to separate pedestrians from traffic. A new fence will be built near the curb.

A scrim will cover this fence to discourage bystanders from blocking the narrow pathway. It will also cover the existing fence between Cortlandt and Dey Streets.

Between Dey and Vesey Streets, around the temporary PATH terminal canopy, the fence will remain uncovered.

Off-Target On Terror (WP)

The Washington Post, July 14, 2006

PERHAPS ONE way the District can get more federal money to guard against possible terrorist attacks is to establish more petting zoos. That seems like a lesson to be drawn from an absurd list of possible targets that the federal government has established to help decide where to direct anti-terror funds.

The inspector general of the Department of Homeland Security, in a report released this week and described first in the New York Times, spotlighted problems with the department's database of sites deemed to be of national or local importance. Among the sites listed: the Amish Country Popcorn Factory (in Berne, Ind.), the Groundhog Zoo (in Punxsutawney, Pa.), Sweetwater Flea Market (in Sweetwater, Tenn.) and Old MacDonald's Petting Zoo (in Woodville, Ala.). Among the anomalies cited: Washington state lists more national monuments and icons (65) than Washington, D.C. (37); New Mexico claims the lion's share of the information technology sector (553 assets), with Virginia coming in second (68); Indiana boasts more assets (8,591) than any other state, including New York (5,687). Among the questions raised: Why are mortuaries, water parks and jails included in the inventory?

The Apple and Pork Festival of Clinton, Ill., made the list, but festival official Larry Buss didn't seem reassured. "Seems like someone has gone overboard," Mr. Buss told the Times. "Their time could be better spent doing other things, like providing security for the country."

The best defense of this sad exercise seems to be that the list is not the sole basis for deciding how funds are distributed. But it is worrying that this database was used in any way in calculating the anti-terrorism grants announced in May, which (as it turns out, not surprisingly) cut funding to the District and New York City. Rather than defend the list as "a valuable tool," Homeland Security officials should engage in serious risk assessment. And as the inspector general suggests, better communication with local officials would be a helpful step.

Senate Bill Would Replace FEMA With New Agency (KRT)

By Lesley Clark

Knight Ridder, July 14, 2006

WASHINGTON - The much-mocked Federal Emergency Management Agency would cease to exist - replaced by an agency with a greater ability to plan for disasters under a spending bill approved Thursday by the Senate.

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The proposal, the result of a seven-month Senate investigation that rebuked FEMA for its fumbling response to Hurricane Katrina, would create the U.S. Emergency Management Authority, with direct access to the president during emergencies - akin, its supporters said, to the U.S. Coast Guard.

The agency would stay within the Department of Homeland Security - unlike one of two dueling House bills, which would give the agency standalone, Cabinet-level status.

But even as the Senate measure met with easy passage - it was amended to the Senate bill Tuesday night by a vote of 87-11 - its fate in the House is uncertain.

The House Transportation Committee backs an independent agency, arguing that emergency response would be sharper with a standalone agency that reports directly to the president. The committee has circulated a letter from former FEMA director James Lee Witt endorsing FEMA's return to independent status. Witt, a popular director, said independence would allow the agency to act "without waiting for approval or instructions to flow down through layers of bureaucracy."

But proponents of keeping FEMA where it is, including the White House, argue that it would be more effective ensconced in the anti-terrorism agency where it would have better access to resources.

"Removing the agency from the department will only create additional problems, duplications and disconnectedness," Sen. Joe Lieberman of Connecticut, the ranking Democrat on the Senate Homeland Security Committee, said during floor debate.

The House Homeland Security Committee backs keeping the agency within DHS, a dispute Rep. Christopher Shays, R-Conn., a member of the Homeland Security Committee, attributed in part to a turf battle over which House committee would oversee the agency's budget.

An independent FEMA would fall under the Transportation Committee.

House Majority Leader John Boehner acknowledged the tug of war between the two committees and said he had yet to choose a side.

Louisiana Democratic Sen. Mary Landrieu said she wasn't taking a position on independence, but she simply wanted "the most effective, streamlined agency possible."

"It's a shame that FEMA's reorganization is tied up in turf battles when people's lives could be on the line," said Landrieu, who backed the Senate measure keeping the agency intact, but also backed an unsuccessful measure by Sen. Hillary Rodham Clinton, D-N.Y., to pull FEMA out of the homeland security agency. "We shouldn't let the perfect stand in the way of the good."

The chambers won't reach a deal that would affect this year's hurricane season, but Florida's emergency preparedness chief - a veteran of countless hurricanes - said the Senate legislation would improve the agency by restoring its role in preparing for emergencies.

"If FEMA is not the one working with the states they start losing those relationships that start with preparedness," said Craig Fugate. "A big failing has been that the relationship that gets built before an emergency arrives was taken from the agency."

Fugate poked fun at the name change, dubbing it the "Prince effect," for the rock star who changed his name to a symbol, only to be referred to as the "artist formerly known as Prince."

"You know no matter what they call it, it's going to be `The agency formerly known as FEMA,'" Fugate said. "You can come up with different names, but it does nothing to change the outcome."

According to the Senate committee, the bill also requires that the head of the new agency report to the DHS secretary but have direct access to the president on emergency management matters, similar to the role played the chairman of the Joint Chiefs of Staff on military issues.

And in a nod to former FEMA chief Michael Brown, whose prior experience as commissioner of the International Arabian Horse Association drew ridicule, the Senate bill requires that the chief and other agency officials be qualified to hold the jobs.

"It's unbelievable, in many ways, that that has not been the statutory requirement," Lieberman said in remarks prepared for the floor. "To have people who don't have emergency management experience is really irresponsible. In other words, (the new agency) would not be plagued by unqualified appointees as FEMA has been in the past."

WAR NEWS:

DOJ_NMG_0040627

Iraq Given Control Of Province (WP)

By Joshua Partlow

The Washington Post, July 14, 2006

BAGHDAD, July 13 -- The Iraqi government assumed full military control of a province Thursday for the first time since the U.S.-led invasion in 2003, but a spate of bombings and assassinations underscored the persistent policing challenges in most of the country.

Prime Minister Nouri al-Maliki attended a ceremony in the southern province of Muthanna to formalize the handover from British-led troops to Iraqi forces. Muthanna, one of Iraq's 18 provinces, has been relatively peaceful throughout the conflict, but Maliki warned that insurgents might stage attacks to mar the transfer.

"Terrorists who want to disrupt the handover of security and the success of the national unity government will not spare any effort to sabotage this step," Maliki said in the provincial capital of Samawa, according to news services.

The U.S. ambassador to Iraq, Zalmay Khalilzad, and the top U.S. commander in Iraq, Army Gen. George W. Casey Jr., issued a joint statement calling the handover "a milestone in the successful development of Iraq's capability to govern and protect itself as a sovereign and democratic nation."

Violence flared again in Baghdad and other Iraqi cities Thursday, leaving at least 32 people dead as sectarian violence continued this week. In one incident, a bomb tethered to a bicycle exploded outside the city council office in Abi Saida, a town about 60 miles north of Baghdad, killing four people and wounding three, said Lt. Adnan Lefta of the Muqdadiyah police major crimes unit.

In the predominantly Shiite Muslim slum of Sadr City in Baghdad, a car bomb blew up near a gas station, killing seven people and injuring 16, according to Interior Ministry officials.

The coach of the national wrestling team, Mohammed Karim Abid Sahib, was killed when gunmen attempted to abduct him and one of his wrestlers near a sports center in the northern part of Baghdad, the Associated Press reported. The wrestler escaped.

Iraqi Defense Minister Abdul Qadir Muhammed Jassim acknowledged that violence had "really escalated lately in Baghdad" and that Shiite and Sunni Arab extremists were responsible. He said daily reports of the civilian death toll indicated that Sunnis and Shiites were dying in "almost equal numbers" in attacks "faster than we can take action to stop it."

Car bomb attacks targeting police patrols killed nine people, including four policemen, and wounded 13 in the northern cities of Kirkuk and Mosul.

Meanwhile, a U.S. Apache Longbow helicopter crashed in Yusufiyah, an insurgent stronghold southwest of Baghdad, but the two pilots escaped unharmed and returned to duty, the U.S. military said. The cause of the crash was under investigation, a military spokesman said.

Also Thursday, the U.S. military said a Navy sailor was killed the previous day in fighting in the western province of Anbar. The military did not release the name of the sailor, who was part of the 9th Naval Construction Regiment, pending notification of relatives.

Iraqi Forces Take Over Province's Security (AP)

By Qassim Abdul-Zahra

AP, July 14, 2006

Iraqi forces for the first time took over security responsibility for an entire province Thursday, a milestone in the American plan to transfer control of the entire country by the end of next year.

British Maj. Gen. John Cooper signed the document turning over responsibility for Muthanna province, a relatively peaceful, sparsely populated Shiite province that had been under British and Australian control.

"It is a great national day that will be registered in the history of Iraq," Prime Minister Nouri al-Maliki said in a ceremony in the provincial capital of Samawah. "This step will bring happiness to all Iraqis."

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The strategy of transferring all 18 provinces to Iraqi control depends on the capability of Iraq's newly trained police and army to maintain order against threats by Sunni insurgents and sectarian militias. During the handover ceremony, al-Maliki warned that "the terrorists" were bent on upsetting the process and destroying Iraq's national unity.

"They will spare no effort to destroy this step and ensure that no further steps are taken," al-Maliki said. "But, with solidarity and patience, you will cut off the hands that want to sabotage this region."

Iraqi forces marched in formation past the prime minister and other dignitaries at a stadium in Samawah, a city about 230 miles southeast of Baghdad. Local tribal leaders wearing traditional Arab headdresses and robes then approached the dignitaries' tent, waving rifles and chanting, "We are ready to die defending this soil."

"We were and are helping to build a strong peaceful democratic society in Iraq," Cooper said. "Today is an important step in that process."

Only about 700 British and Australian troops were stationed in Muthanna, along with about 600 Japanese soldiers on a separate humanitarian mission. The Japanese troops are in the process of leaving the country, while the British and Australians will redeploy elsewhere in southern Iraq to stand in reserve in case the Iraqis need help with security.

Nevertheless, the handover marked a major step in the transformation of Iraq since the 2003 U.S.-led invasion and the collapse of Saddam Hussein's regime.

Coalition forces are expected to hand over responsibility soon in other quiet southern provinces. If all goes well, the U.S.-led coalition plans to transfer responsibility for the 17 other provinces by the end of next year.

U.S. and other international troops would then step back, allowing the Iraqis to run security while staying in reserve in case of a crisis. That would be followed by a third stage in which U.S. troops would leave Iraq.

National security adviser Mouwafak al-Rubaie said he was confident the Iraqis could meet the challenge in Muthanna, where he acknowledged the threat of violence was low.

"But with this particular province, I believe this is a huge step forward in Iraqis taking control of the fate of their country," al-Rubaie told CNN's "American Morning."

Gen. George Casey, the top American commander in Iraq, and U.S. Ambassador Zalmay Khalilzad welcomed the handover.

"The handover represents a milestone in the successful development of Iraq's capability to govern and protect itself as a sovereign and democratic nation," they said in a statement.

British Defense Secretary Des Browne said the move puts the Iraqis "one step nearer to assuming full responsibility for their own security and to building a stable and democratic future for their country."

Nevertheless, violence continued Thursday, although at a lower level than in recent days. At least 25 people were killed, mostly in Baghdad and surrounding provinces, police said,

A U.S. Army attack helicopter crashed Thursday during a combat patrol southwest of Baghdad but the two pilots survived, the U.S. command said. The statement did not say why the AH-64D Apache Longbow crashed or give a specific location.

Iraqi authorities said the helicopter was shot down near Youssifiyah, 12 miles southwest of Baghdad in an area where al-Qaida in Iraq and other insurgents operate. The Iraqis spoke on condition of anonymity because they are not authorized to talk to media.

The U.S. military announced that an American sailor was killed Wednesday in Anbar province west of the capital.

U.S. deaths have dropped sharply this month, with 11 American fatalities reported so far in July. The military said 62 Americans died in June and 69 in May.

But the decline in U.S. losses has been coupled with a sharp rise in sectarian violence in Baghdad and surrounding provinces targeting civilians from the Shiite and Sunni communities.

The ministers of defense and interior appeared before parliament Thursday to discuss the security crisis in Baghdad. Most of the session was closed for security reasons.

During the public part, Defense Minister Abdul-Qader al-Mifarji, a Sunni, acknowledged that security in the capital was worsening. He said Iraqi forces were trying their best to curb the unrest but "those extremists kill in a very swift way so that we cannot react quickly."

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Coalition Forces Hand Over First Entire Province To Iraqis (USAT/AP)

USA Today, July 14, 2006

BAGHDAD — British and Australian forces handed over security responsibility for relatively peaceful Muthanna province to Iraqi forces on Thursday, the first such transfer of an entire province.

Prime Minister Nouri al-Maliki hailed it as a step toward the goal of full Iraqi responsibility for all 18 provinces by the end of next year. Al-Maliki's plan would pave the way for the eventual withdrawal of all U.S.-led coalition forces.

Still, at least 19 people were killed in attacks nationwide, illustrating the security challenge.

U.S. strategy is to have coalition forces hand over security for specific regions and redeploy to larger bases — where they can act in a support role.

Britain said its troops in Muthanna — a mainly Shiite desert province of 550,000 — were being redeployed within Iraq. Other developments:

•In Washington, the Bush administration said al-Maliki will visit the White House on July 25. Bush has praised the new prime minister for his commitment to advancing democracy and reform.

Also, Zalmay Khalilzad, the U.S. ambassador to Iraq, told a Senate Foreign Relations Committee hearing that Iraq's political process has put it "on the right trajectory."

But Sen. Joseph Biden of Delaware complained there was a lack of a coordinated plan to combat violence in Iraq and said Sunni Arab participation in the political process remains marginal. "If we do not meet these challenges, we risk trading a maniacal dictator for chaos," said Biden, the committee's top Democrat.

•A U.S. Apache helicopter crashed southwest of Baghdad. Its two crewmembers survived and were taken to a medical facility for treatment. The cause of the crash is unknown, the U.S. military said.

•A U.S. sailor with the 9th Naval Construction Regiment died from enemy action in Anbar province on July 12, the U.S. military said.

•Iraq's parliament speaker Thursday accused "Jews" of financing acts of violence in Iraq in order to discredit Islamists who control the parliament and government.

Mahmoud al-Mashhadani hinted that Americans and Israelis did not want to see officials of Sunni and Shiite parties running the country because "this is not their agenda."

Meanwhile, sectarian violence continued to escalate. A bicycle bomb struck the headquarters of a village council near Baqouba, 35 miles northeast of Baghdad. The bodies of four council members were found under the rubble.

In Baghdad, Shiite militiamen drove into the Ghazaliyah neighborhood and called on Sunnis to leave. The influential Sunni Association of Muslim Scholars later said "terrorist members of a sectarian militia" opened fire on their headquarters in the Umm al-Qura mosque.

Security Transfer Celebrated (WT)

By David R. Sands

The Washington Times, July 14, 2006

Iraq's new unity government celebrated a milestone yesterday, formally taking over control of security in the southern province of Muthanna from British-led forces -- the first region outside the Kurdish-dominated north to be handed over to full Iraqi control since 2003.

Prime Minister Nouri al-Maliki, who attended the turnover ceremony, called the transfer "a great national day that will be registered in the history of Iraq."

An international force of about 1,300 British, Australian and Japanese troops has been stationed in Muthanna, one of Iraq's 18 provinces. The Japanese are returning home, while the other contingents are being redeployed to other parts of southern Iraq.

Despite the transfer, U.S. Ambassador to Iraq Zalmay Khalilzad said at a Capitol Hill hearing yesterday that the U.S.-backed government in Baghdad has six months to curb sectarian violence or risk losing popular support both at home and in the United States.

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Mr. Khalilzad told the Senate Foreign Relations Committee that the formation of Mr. al-Maliki's unity government, with representatives from Iraq's Shi'ite, Sunni and Kurdish populations, was "necessary but not sufficient" to contain the violent insurgency that began shortly after the U.S.-led invasion of 2003.

He said terrorists and insurgent groups increasingly have turned to religion-based violence to undermine the al-Maliki government.

"I think the government has six months to bring sectarian violence under control," Mr. Khalilzad said in response to questioning by Sen. Barack Obama, Illinois Democrat. "If it doesn't, if the people come to view that their government cannot deal with the violence, then we will have serious problems."

Mr. Khalilzad said Americans should remain "strategically optimistic" about Iraq's long-term prospects, despite skeptical questioning from both Democrats and Republicans on the Senate panel.

He said the decision of Sunni Arabs to end their boycott of the government in Baghdad amounted to a "tectonic shift" in the political landscape, finally putting the government on the "right trajectory" toward stability and defeating the insurgency.

But he acknowledged that sectarian violence had increased in Iraq in recent days, and that a highly touted security crackdown by Mr. al-Maliki in Baghdad had not made the capital safer. But Mr. Khalilzad resisted calls by Democratic lawmakers to set a timeline for the withdrawal of U.S. troops.

The American people "are impatient, and they are entitled to be impatient," the Afghan-born Mr. Khalilzad said. "They want to know that we are heading in the right direction, that we know what we're doing."

In Iraq yesterday, a string of car bombings and other attacks left at least 25 persons dead and nearly 50 wounded. U.S. military officials said an American sailor had been killed in action Wednesday in the restive Anbar province, while two U.S. crew members survived when their Apache helicopter crashed southwest of Baghdad.

Mr. al-Maliki will make his first trip to Washington since taking office in May to discuss the security situation, the White House announced yesterday.

Democrats Challenge Assessment Of Iraq (AP-Y)

AP2, July 14, 2006

Senate Democrats, including several prospective presidential candidates, charged Thursday that the Bush administration's optimistic assessments on Iraq are not borne out by events on the ground.

Testifying for the administration at a Senate Foreign Relations Committee hearing, the U.S. ambassador to Iraq, Zalmay Khalizad, said the political progress that has been made in Iraq "has created opportunities and put Iraq on the right trajectory."

But Sen. Joseph Biden of Delaware complained there was a lack of a coordinated plan to combat violence in Iraq and said Sunni Arab participation in the political process remains marginal.

"If we do not meet these challenges, we risk trading a maniacal dictator for chaos," said Biden, the committee's ranking Democrat.

Sen. John Kerry, the defeated Democratic nominee for president in 2004, cited figures to show that violence in Iraq is up sharply since Saddam Hussein was forced from power in April 2003.

Kerry, D-Mass., said the violence is such that some Iraqis are saying the country is in a state of civil war.

Wisconsin's Sen. Russ Feingold, another prospective Democratic presidential candidate, said there is "no real clarity" as yet on when American forces in Iraq will come home.

Khalilzad acknowledged that serious problems exist but said that "a path exists to success in Iraq."

"The struggle for the future of Iraq is vital to the future of the world," he said. "If Iraqis work together against terrorism and sectarianism, and if Americans and other friends of Iraq support them, we will succeed."

Iraqi Prime Minister To Visit White House (AP-Y)

AP2, July 14, 2006

President Bush sneaked over to Baghdad to meet him last month. Now he plans to welcome Iraqi Prime Minister Nouri al-Maliki to the White House for the first time.

Al-Maliki will visit July 25, the White House announced Thursday as Bush visited Germany.

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Bush has praised the new prime minister for his commitment to advancing democracy and reform. Al-Maliki has promised to crack down on militias and sectarian violence, promote national reconciliation, accelerate reconstruction efforts and restore essential services such as electricity.

Secretary of Defense Donald H. Rumsfeld visited there this week.

Tensions have arisen over allegations that U.S. soldiers raped and murdered an Iraqi teenager and killed her family. Al-Maliki has demanded an independent investigation into the case and a review of the agreement granting U.S. forces immunity from prosecution by Iraqi courts. Bush has vowed that if the charges are proved, those responsible will be punished.

Bush and al-Maliki first met on June 13, when the president showed up in Iraq unexpectedly. Al-Maliki had only five minutes notice that the president would talk to him in person, rather than on a videoconference as he expected. He told the prime minister that the United States is committed to helping the new democracy succeed.

Iraq's Helpless Government (NYT)

The New York Times, July 14, 2006

Once again, Iraqis fear their country may be slipping toward civil war as a particularly gruesome and deadly series of sectarian massacres and countermassacres spins out of control with the country's new national unity government looking on almost helplessly.

All the much-praised parceling out of cabinet posts among Shiites, Kurds and Sunnis is not worth very much unless it produces a government capable of holding Iraq together and yanking it back from the precipice.

Even by the bloody standards of Iraq, this has been a terrible week. On Sunday, Shiite militiamen invaded a Sunni neighborhood, herded Sunni men into side streets and executed them. Two days later, Sunni gunmen retaliated in kind by emptying a bus carrying a Shiite funeral party through a Sunni neighborhood and executing the mourners. More than 140 people in Baghdad alone were killed in such incidents in the first four days of this week.

This is scarcely what Americans were led to expect last month when President Bush flew to Baghdad to celebrate the completion of a national unity cabinet. The very day of that visit, Prime Minister Nuri Kamal al-Maliki announced a huge military drive that was supposed to secure Baghdad against such sectarian killings. And Mr. Maliki had earlier pledged to halt "sectarian cleansing" in Baghdad and eliminate nongovernmental militias and death squads.

Why were the tens of thousands of Iraqi and American troops who were mobilized for this operation so ineffective at stopping this week's organized mayhem? And why are sectarian militias still the ultimate power in Baghdad's residential neighborhoods?

Nobody expected Iraq to turn into the peaceable kingdom overnight. But it is not too much to insist that this government live up to its own fine words. Instead, for the past few days Mr. Maliki has been almost as invisible as he has been ineffective.

As everyone from the White House to the streets of Baghdad now recognizes, the Maliki government probably represents Iraq's last chance to fulfill its people's hopes for a better, more secure life. Fearful Iraqis have every right to expect a more competent and reassuring performance than they have seen this week.

Iraq Politicians Seek Talks Between Sects (LAT)

By Borzou Daragahi

The Los Angeles Times, July 14, 2006

BAGHDAD — Iraqi lawmakers scrambled Thursday to maintain their relevancy, calling for a series of meetings between leaders of rival Shiite and Sunni Arab groups whose gunmen hold sway over the streets.

The elected officials want religious leaders of the main Sunni political groups and militiamen loyal to radical Shiite cleric Muqtada Sadr to settle their differences. Sadr's militia has been blamed for a series of revenge attacks against Sunni civilians, often after Sunni insurgent bombings of Shiite religious sites.

Lawmakers inside the heavily fortified Green Zone also held a closed session of parliament Thursday, grilling the defense and interior ministers, who said they were hamstrung by poor intelligence, inferior equipment and communication problems when trying to halt attacks such as the execution-style slayings Sunday of about three dozen Sunnis, allegedly by Shiite militiamen in the Jihad neighborhood here.

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"By the time they coordinate with [U.S.] forces and start to react to an incident, the [assailants] have already vanished and moved to another place," Mahmoud Othman, a Kurdish member of parliament, told reporters after the closed session.

Defense and interior officials told lawmakers that a monthlong security effort to take control of the capital was in its first phase, consisting chiefly of increased checkpoints, lawmakers said after the session. Subsequent phases will include neighborhood raids and other offensive operations, the officials said.

The officials said they would reevaluate the jobs of ranking security officials who are deemed corrupt.

Sectarian and insurgent violence continued Thursday across the nation, with at least 28 Iraqis and a U.S. sailor reported killed.

In what has become almost a daily occurrence, gunmen at an illegal checkpoint ordered a group of seven Shiites out of their minibus on the southern outskirts of Baghdad, blindfolded them, walked them to a nearby riverbank and shot them through the back of the head at close range.

One victim was a 12-year-old boy.

A hospital official reported the discovery of at least four additional bodies in and around south and west Baghdad.

A suicide bombing outside a local government building northeast of Baghdad left six police officers dead, and gunmen killed a police colonel on the road between the capital and Baqubah, to the northeast.

Explosions killed seven Iraqis in the northern cities of Kirkuk and Mosul.

Four Shiite police officers were shot to death a day earlier while traveling through the volatile Dora district in southern Baghdad, authorities said Thursday.

The Iraqi Islamic Party, the main Sunni political bloc, issued a statement saying that "well-known militias," a reference to Sadr's Al Mahdi army, had taken over the last two Sunni mosques in the capital's mostly Shiite neighborhood of Sadr City and booted the clerics out of their homes.

Sadr's movement has been accused by U.S. and Iraqi officials of fueling the violence in Iraq. Before going into the closed session, the defense minister told lawmakers it was wrong to blame the country's problems on militias.

"We have to deal with [the security situation] politically more than militarily," said Gen. Abdul-Qader Mohammed Jassim Mifarji. "There are extremists on both sides."

Sadr's father and uncle, both ayatollahs based in Najaf, were executed by Saddam Hussein's Sunni-dominated government. Hussein's security forces killed tens of thousands of Shiites in the south after a failed 1991 uprising just after the Persian Gulf War, resulting in a sectarian rift that has yet to heal.

Lawmakers called on the religious and political leaders among Sunnis and Sadr's followers to discuss their differences.

"I think it will help soothe tensions," parliament speaker Mahmoud Mashadani told reporters. "Without transparency we can't reconcile with each other."

Elsewhere in Iraq, two U.S. pilots walked away unhurt from the crash Thursday afternoon of an AH-64D Apache Longbow helicopter south of the capital, the military said. The pilots were rescued within 10 minutes by a passing U.S. helicopter.

The slain sailor, assigned to the 9th Naval Construction Regiment, "died due to enemy action while operating in Al Anbar province" Wednesday, according to a news release.

On Thursday, U.S. and Iraqi officials formally handed over the peaceful and sparsely populated Shiite-dominated Muthanna province to the authority of Iraqi forces, in what the U.S. Embassy called "progress toward self-governance."

The U.S. said it would contribute $10 million to improve the quality of life for the population of 550,000, where contingents of British, Australian and Japanese troops have been stationed.

"You should be proud that the history of Iraq will register that the first step to hand over security happened in your city," Prime Minister Nouri Maliki told residents of Samawah, the provincial capital, according to a translation of his remarks.

The Iraqi army also took over security duties in the religiously mixed Turkmen city of Tall Afar, in Nineveh province to the north.

Cost Of Iraq War $291 Billion So Far (LAT/AP)

By From The Associated Press

DOJ_NMG_0040633

The Los Angeles Times, July 14, 2006

WASHINGTON — The war in Iraq has cost $291 billion so far and would total almost half a trillion dollars even if all U.S. troops were withdrawn by the end of 2009, according to a Congressional Budget Office analysis released Thursday.

The nonpartisan CBO analysis comes after congressional debate over whether to set goals or timetables for U.S. troops to withdraw from Iraq. Congress declined to set a timetable, but the Pentagon hopes to start drawing down forces by the end of the year.

The CBO study estimated future appropriations based on two scenarios provided by Rep. John Spratt Jr. (D-S.C.), who commissioned the report.

The more optimistic scenario is based on the U.S. maintaining troop levels in Iraq at 140,000 through next year, but quickly dropping them thereafter and pulling out most of them by the end of 2009. Under this schedule, the Iraq war would cost an additional $184 billion for the 2007-2010 budget years.

Under a more pessimistic scenario, with a slower drawdown of troops and a continued U.S. presence of 40,000 over the long term, the Iraq war would cost $406 billion over the next decade, the CBO said.

Costs far exceed early estimates. Former White House economic advisor Lawrence Lindsey initially predicted that the war could cost $100 billion to $200 billion. Other administration officials dismissed the figure as too high, and Lindsey was fired.

Big Bang Theory In Ruins (WP)

By E. J. Dionne Jr.

The Washington Post, July 14, 2006

The most intellectually honest case for the war in Iraq was never about Saddam Hussein's alleged stockpiling of weapons of mass destruction. It was the Big Bang Theory.

Not to be confused with theories about the origins of the universe, the Middle East Big Bang idea was simple and seductive. Unlike other arguments for the war, it was based on some facts, though also on some wishful thinking. The point was that the Middle East was a mess. A nest of authoritarian regimes bred opposition movements rebelling against the conditions under which too many people lived and energized by a radical Islamist ideology. Some of them turned to terror. In this bog of failure, moderate Muslims were powerless. They were frequently jailed or killed.

The situation's hopelessness argued for a hard shove from the United States to create a new dynamic. Installing a democratic government in Iraq would force a new dawn. Newly empowered Muslim democrats would reform their societies, negotiate peace with Israel and get on with the business of building prosperous, middle-class societies.

It was a beautiful dream, and even when the administration was asserting things that turned out not to be true, it held the dream out there for all to contemplate.

Consider Vice President Cheney's address before the Veterans of Foreign Wars on Aug. 26, 2002, one of the earliest major public arguments the administration made for war. The lead of the news stories was Cheney's claim that there was "no doubt" that Saddam Hussein had weapons of mass destruction and was prepared to use them. "The risks of inaction are far greater than the risk of action," Cheney declared.

But then there was the delightful promise of what American success in Iraq could achieve. "Extremists in the region would have to rethink their strategy of jihad," Cheney said. "Moderates throughout the region would take heart, and our ability to advance the Israeli-Palestinian peace process would be enhanced."

Today, with Israeli troops battling on their northern and southern borders, with Iran ignoring calls for negotiations on nuclear weapons, with Baghdad in flames and with many of Iraq's moderates living in fear, those Cheney sentences stand as the most telling indictment of the administration's failures.

If Israelis and Palestinians were closer to peace, if Iraqi democracy showed signs of stability -- these might justify a war fought in part on the basis of false premises.

But when the Big Bang happened, the wreckage left behind took the form of reduced American influence, American armed forces stretched to their limit and a Middle East more dangerously unstable than it was at the beginning of 2003. Whether one

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ascribes these troubles to the flawed implementation of the Big Bang Theory or to the theory itself, what matters now is how to limit and, if possible, undo some of the damage.

That is what the American debate should be about, but those in charge of Republican campaigns this year have another idea. They have hit upon the brilliant strategy of pushing any serious discussion of the failure of American foreign policy past Election Day. For the next 3 1/2 months, they want the choice before the voters to be binary: staying the course and being "tough," or breaking with President Bush's policy and being "soft." There are just two options on the ballot, they say: firmness or "cut and run."

If I were a Republican strategist, I'd probably do the same thing. But Democrats (and, yes, the media) risk playing into Republican hands if they fail to force a discussion of the administration's larger failures or let the debate focus narrowly on exactly what date we should set for getting out of Iraq.

The case for reducing our commitment to Iraq in the interest of other and larger foreign policy purposes -- has anyone noticed the growing mess in Afghanistan? -- is built on a compelling proposition: that the administration made a huge bet on Iraq and it lost. American voters can decide to keep the gamble going, to risk more lives and money, and hope that something turns up. Or they can decide that this gamble will never deliver the winnings that those who took it on our behalf promised.

By late November of this year, the United States will have been at war in Iraq for as long as we were involved in World War II. Under those circumstances, the burden of proof should not be on those who argue for changing what we're doing. It should be on those who set a failed policy in motion and keep promising, despite the evidence, that it will somehow pay off if only we "stay the course."

For Accused G.I., Iraq Only Added To His Woes (NYT)

By Jim Dwyer And Robert F. Worth

The New York Times, July 14, 2006

On the last day of January 2005, Steven D. Green, the former Army private accused of raping a 14-year-old Iraqi girl and murdering her family, sat in a Texas jail on alcohol-possession charges, an unemployed 19-year-old high school dropout who had just racked up his third misdemeanor conviction.

Days later, Mr. Green enlisted in a soldier-strapped Army, and was later assigned to a star-crossed unit to serve on an especially murderous patch of earth.

He arrived at the very moment that the Army was increasing by nearly half the rate at which it granted what it calls “moral waivers” to potential recruits. The change opened the ranks to more people like Mr. Green, those with minor criminal records and weak educational backgrounds. In Mr. Green’s case, his problems were emerging by junior high school, say people who knew him then.

Mr. Green’s Army waiver allowed a troubled young man into the heart of a war that bore little resemblance to its original declared purposes, but which continued to need thousands of fresh recruits.

Now, there is shame and rage in the Army — from the ranks of the enlisted to the officer corps — over the crimes attributed to Mr. Green, who was discharged in April on psychiatric grounds, and four other soldiers charged with a rape and four killings in March in Mahmudiya, a town about 20 miles south of Baghdad. A sixth soldier was charged with failing to report the matter after learning about it.

Mr. Green’s commanding officer, Lt. Col. Thomas Kunk, told his brother in a recent letter that “his worst fears, the nightmare every commander dreams of, has basically come true,’’ the brother, Peter Kunk, said in an interview describing the letter.

“The three or four people have apparently been involved in a situation that reflects so badly on the Army and all the people in these brigades and companies,” Mr. Kunk said.

In early 2005, a few weeks after enlisting, Private Green immersed himself in a baptismal pool in the back of an Army chapel in Fort Benning, Ga., one of hundreds of young recruits who embraced religion as they faced certain violence.

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By year's end, Private Green, then 20, was patrolling streets in one of the most bloodily contested corridors of Iraq, the so-called "triangle of death" south of Baghdad where thousands had died in sectarian violence since 2003. He served with Bravo Company, First Battalion, 502nd Infantry, part of the Army's 101st Division.

In a photograph released by the Army on Dec. 9, Private Green can be seen laden with gear and aiming a weapon at a lock at an abandoned house. One of his sergeants, Ken Casica, was quoted on the subject of house searches in a news release that accompanied the picture.

The next day, Sergeant Casica and Sgt. Travis Nelson, also of Bravo Company, were shot dead at a checkpoint. Less than two weeks later, two more members of the company were killed by a roadside bomb.

Steven Green lasted only another four months in the Army, but it was a grim, violent and chaotic stretch. Seventeen battalion members were killed, two of them mutilated after being kidnapped; of those killed, eight belonged to Mr. Green's Bravo Company of about 110 soldiers.

Even the modest quarters taken over the Bravo Company, an abandoned potato warehouse, burned to the ground in an accidental fire, destroying letters, video players, and the small personal tokens the soldiers had slipped into their war gear.

Mr. Kunk, the brother of the commanding officer of the battalion, said that Colonel Kunk had regarded this deployment as the most brutal stretch of his 22 years in the service.

"This is the toughest tour of duty he has ever had," Mr. Kunk said. "You can tell by his letters. It has taken a terrible toll on him and his men. We're heartsick about it. There's been so many deaths, loss of limbs, injuries."

Born May 2, 1985, Steven Dale Green spent some of his earliest years in Midland, Tex., in the western part of the state. His parents, John Green and Roxanne Simolke, divorced while he was a child, and Mr. Green moved with his mother to Seabrook, southeast of Houston on the Gulf Coast. She married Daniel Carr when Steven was around 8.

Willy Godfrey, a classmate of Mr. Green at Seabrook Intermediate School, remembered when Mr. Green moved into the area for sixth grade in 1997.

"He was always, like, in trouble, doing something in school," said Mr. Godfrey, 21, an emergency medical technician. "He was always getting into a fight or saying something mean to a teacher. Something weird. It was just out of place. Gradewise and stuff, I don't know if he did good or bad. But he did not mix well with other people. He was basically mad, or something like that."

Lisa Godfrey, Mr. Godfrey's mother, said she had worked with Mr. Green's mother at Seabrook Classic Cafe and they had spoken often about their boys. His mother had trouble with Steven, Ms. Godfrey, 46, said.

"He was disruptive in his house," she said. "I don't know if he killed small cats or anything, but that's the kind of kid he was. His mom had a lot of issues."

Another schoolmate, Danielle Mundine, said Mr. Green used drugs at an unusually young age for Seabrook. "I think he did drugs and drink in junior high school," Ms. Mundine, 19, said. "He did have some friends."

In 2000, Mr. Green's mother spent six months in jail on a drunken-driving conviction, records show. Around that time, Mr. Green returned to Midland, where his father still lived. There, he attended Viola M. Coleman High School, which offers courses for students who have difficulty with regular academic programs. He dropped out by 2002, around the 10th grade, but received a graduate equivalency diploma in 2003 from Midland Community College.

Mr. Green was convicted in October 2001 of possession of drug paraphernalia and fined $350. Five months later, he was charged as a minor in possession of tobacco, and was fined $300, according to records in Midland Municipal Court. On Jan. 31, 2005, he was arrested and charged as a minor in possession of alcohol, and again was fined $350. This time, he did not pay the fine, but served jail time.

"He laid off the fine in jail," Sheriff Gary Painter of Midland County said. Mr. Green did not volunteer to work in the kitchen or at other jobs, which would have shortened his stay, Sheriff Painter said. He served four days.

The jail records hint at some complications in his family life. Mr. Green did not list either parent as a contact, but listed a man in Denver City, Tex., about 80 miles away. Sheriff Painter said he was not permitted to release the name of the contact. But Mr. Green had lived in Denver City with Daniel Carr, his former stepfather, who was estranged from Mr. Green's mother.

In Denver City, B. J. Carr, the father of Daniel Carr, said Mr. Green had lived there with his son, who works in oil fields in Oklahoma.

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The Army has released little information about its review of Mr. Green's background before he joined the service.

The share of Army recruits who received "moral waivers" for criminal records increased last year and through the first half of 2006 by 15 percent from 10 percent or 11 percent before the war, according to statistics released this week. (According to the Pentagon, the number of waivers in 2001 totaled 7,640. The figure increased to 11,018 in 2005, and for the first six months of this fiscal year totaled 5,636.)

Asked how the Green situation might apply to someone who tried to enlist today, Douglas Smith, a spokesman for the Army Recruiting Command at Fort Knox, Ky., said it was not possible to apply the Army's standards to a hypothetical case.

"A waiver is based on the actuality of the person, the totality of their life, the information we have on them — what have been their shortcomings, what have they done in their life to overcome a previous minor mistake," Mr. Smith said.

On March 13, two months afte he was released from the Midland jail, Mr. Green was one of eight soldiers baptized during a Church of Christ service at Fort Benning.

"You hold that weapon for the first time, a lot of guys are holding weapons for the first time in their lives, and you know this M-16 is meant for engaging the enemy," said Jason Garber, 19, who was baptized that day but did not complete training. "You wonder, if I do die, where am I going to go?"

A year later almost to the day, a federal criminal complaint says, Mr. Green and the four other soldiers charged in the case drank alcohol, changed into black clothes and then raided the home of a husband and wife and their two daughters.

Mr. Green, the complaint charges, went into a room and killed the parents and the younger daughter. Then, it says, he and a second soldier sexually assaulted the 14-year-old, shot her and tried to burn her body.

Korean Guilty In Oil-for-food Scam (WT/AP)

The Washington Times, July 14, 2006

NEW YORK (AP) -- A South Korean businessman accused of being an Iraqi agent and trying to influence the United Nations' oil-for-food program was found guilty yesterday of conspiracy.

Tongsun Park, 71, arrested last year, was the first to go on trial in the criminal case stemming from a scandal involving the U.N., Iraq and a group of purported conspirators who included Saddam Hussein.

Park could face more than a dozen years in prison for his role in the decadelong conspiracy. U.S. District Judge Denny Chin set sentencing for Oct. 26.

Park's lawyer, Michael Kim, said Park was "very disappointed" but hopeful that Judge Chin might reverse the verdict and conclude during post-trial motions that there was not enough evidence to convict him.

Assistant U.S. Attorney Stephen Miller told jurors Park had arranged to receive millions of dollars in cash to influence top U.N. officials, including former U.N. Secretary-General Boutros Boutros-Ghali.

"We're not talking about France or Mexico here," Mr. Miller said. "Saddam Hussein's government was an international pariah."

An independent panel concluded last year that Iraq had a scheme to bribe Mr. Boutros-Ghali but found no evidence the secretary-general was aware of the plot or received the money.

Mr. Miller said Park provided the conspiracy with high-level connections within the U.N. while Samir A. Vincent, an Iraqi-American, kept in touch with Iraqi leaders, all in a bid to get the sanctions lifted and receive a big payday from the Iraqi government.

The conspiracy purportedly stretched from 1992 until 2002.

Mr. Kim had argued that Park was not an Iraqi agent and did not think he was violating U.S. laws by acting as a middleman in an effort to help the oil-for-food program supply food and medicine to suffering Iraqis.

The program from 1996 to 2003 permitted the Iraqi government to sell oil primarily to buy humanitarian goods. It was designed to help Iraqis cope with U.N. sanctions, but authorities said the program was corrupted because Saddam was allowed to choose the buyers of Iraqi oil and the sellers of humanitarian goods.

The trial included no references to Park's role in the 1970s in the influence-peddling scandal known as Koreagate.

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In that scandal, Park was accused of helping intelligence services in his native South Korea funnel bribes and favors to U.S. politicians. He was granted immunity in exchange for his cooperation with prosecutors. He testified that he doled out $850,000 in bribes.

DOJ:

Senate Ups Money For NASA, Crime Fighting (AP-Y)

By Andrew Taylor

AP2, July 14, 2006

The Senate Appropriations Committee on Thursday cut into President Bush's budget by $2.4 billion as it approved budget increases for NASA and for crime-fighting grants to state and local governments.

Senators approved $1 billion, which Bush did not request, to pay back NASA for about half of the cost of returning the Columbia space shuttle to flight. The committee also rejected Bush's plan to virtually eliminate about $1.3 billion in grants to state and local governments.

Winning unanimous bipartisan approval was a $52.2 billion bill that covers the departments of Justice and Commerce in addition to the National Aeronautics and Space Administration.

The add-ons probably will draw a White House veto threat and the bill is unlikely to make it to the floor for debate before Election Day in November. Senate GOP leaders have made it plain that they want to save contentious debates on spending for a postelection lame duck session or even next year.

The additional NASA money would bring the agency's budget to $17.8 billion and would go toward research, aeronautics and exploration programs and other NASA accounts tapped for funds to finance the shuttle's return to flight. The July 4 launch of Discovery marked NASA's second shuttle flight since the since the Columbia was destroyed in 2003.

The shuttle-related money was deemed emergency spending by the panel, which means it is exempt from budget limits. That drew protests from fiscal conservatives such as Sen. Pete Domenici, R-N.M., who said it hardly was an emergency since the shuttle has already launched.

"To call it an emergency is just a very big stretch," Domenici said.

There's widespread support, however, for restoring Bush's proposed cuts in grants to local police departments and other anti-crime programs. The bill also roughly doubled Bush's request for grants to help states and local government combat the methamphetamine scourge.

Senators endorsed Bush's plan to double spending for basic research programs in the physical sciences over the next 10 years and improve training and recruitment of math and science teachers.

DHS, DOJ Update National Info Exchange Model (FCW)

By Michael Arnone

Federal Computer Week, July 14, 2006

The Homeland Security and Justice departments issued a beta version of their National Information Exchange Model (NIEM) June 30, DOJ officials announced today.

NIEM allows federal, state, local and tribal law governments to share information through common standards, DOJ officials said in a statement.

DHS and DOJ participated in creating the standard, along with law enforcement, public safety, emergency and disaster management, and intelligence partners, according to the statement. Private-sector partners also participated.

NIEM currently has seven domains: justice, intelligence, immigration, emergency management, international trade, infrastructure protection and information assurance. It defines a core set of Extensible Markup Language schema terminology and builds on the Global Justice XML Data Model and the Federal Enterprise Architecture Data Reference Model.

The beta release shows significant progress toward improving information sharing according to the president's homeland security strategy, said Charlie Armstrong, deputy CIO at DHS, in the statement.

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NIEM will improve information-sharing across agencies, Justice's CIO, Vance Hitch, said in the statement. The standard will help major DOJ IT programs including the Litigation Case Management System and Sentinel, the FBI's comprehensive data-management system.

The official release of NIEM 1.0 is scheduled for October, according to the statement.

CORPORATE SCANDALS:

3 British Bankers Extradited To Texas On Enron-related Charges (FWST)

By Kristen Hays

The Fort Worth Star-Telegram, July 14, 2006

HOUSTON - Three British bankers were extradited to Texas on Thursday to face Enron Corp.-related charges filed more than four years ago in a case that sparked a political storm over a treaty used to bring them across the Atlantic Ocean.

The trio arrived Thursday afternoon, in custody of U.S. marshals, and were transported to a federal detention center in downtown Houston to await their first appearance in court Friday.

Their years-long extradition battle ended earlier this year when they lost the last of a string of appeals. The trio, former executives at Greenwich NatWest, a unit of Royal Bank of Scotland Group PLC, became a cause celebre in Britain because of the controversial legislation used to pursue their extradition.

David Bermingham, Gary Mulgrew and Giles Darby are accused of colluding with former Enron Chief Financial Officer Andrew Fastow in a secret financial scam to enrich themselves at their employers' expense. They have consistently denied any wrongdoing.

They were initially charged in June 2002, just a few months into the Justice Department's sweeping investigation of Enron's December 2001 collapse.

That probe reached its summit in May when a jury convicted company founder Kenneth Lay and former CEO Jeffrey Skilling of perpetuating fraud through lies to investors and employees about the failed energy giant's financial health. Lay died last week of heart disease, but Skilling faces decades in prison and is to be sentenced Oct. 23.

Enron, once the nation's seventh-largest company, crumbled into bankruptcy proceedings amid revelations of convoluted finances that hid debt and inflated profits.

Fastow, the architect of myriad fraudulent schemes at Enron, was the government's most high-profile witness against Lay and Skilling. The initial charges filed against the bankers alerted Fastow and his minions that they were in the government's crosshairs by noting their involvement in the alleged scam.

Fastow's former top aide, Michael Kopper, cut a plea deal in August 2002. Fastow was indicted in October that year, and pleaded guilty in January 2004 to two counts of conspiracy. If the bankers go to trial, Fastow and Kopper could testify against them.

The bankers have fought extradition since their April 2004 arrest in London. Their case has garnered heavy interest in Britain, with the BBC broadcasting their plane's takeoff live from London after they surrendered. But in the United States, it's a loose end in the investigation.

Both the House of Lords and the House of Commons mounted symbolic debates this week before the three men's departure to protest Britain's compliance with a 2003 extradition treaty that has not been ratified by the U.S. Senate. Several legislators lambasted Prime Minister Tony Blair's government and the American failure to ratify the treaty.

Blair has repeatedly defended the agreement.

"We've been let down by our government," Bermingham said shortly before he boarded the plane for Texas.

On Friday, U.S. Magistrate Stephen Smith in Houston is likely to consider whether to grant bail that would allow the bankers to return to Britain to await trial.

Court records showed that Mulgrew had retained Reid Figel, a Washington, D.C., attorney, who didn't return calls for comment. It wasn't clear who would represent Bermingham and Darby.

The men are each charged with seven counts of wire fraud and face a maximum of 35 years in prison if convicted.

Their extradition came a day after a banker who gave evidence to U.S. authorities investigating the case was found dead. The Royal Bank of Scotland identified the dead man as Neil Coulbeck, 53, and said he had no role in approving the transaction at the heart of the U.S. case.

The FBI said Thursday that Coulbeck was one of hundreds of individuals interviewed as part of the investigation into Enron corporate fraud.

"Mr. Coulbeck was considered a witness in the investigation and the interview that took place was voluntary," the FBI said in a statement issued in Washington, D.C. "He was not considered a suspect in the investigation."

U.K. Bankers Extradited Over Enron Charges Arrive In Houston (BLOOM)

By Megan Murphy

Bloomberg, July 14, 2006

July 13 (Bloomberg) -- Three British bankers facing Enron Corp.-related fraud charges arrived in the U.S. to stand trial after an unsuccessful three-year fight to avoid extradition.

David Bermingham, Giles Darby and Gary Mulgrew, former executives of Royal Bank of Scotland Group Plc's Greenwich NatWest unit, arrived at George Bush Intercontinental Airport this afternoon, said Marlene McClinton, a spokeswoman for the Houston facility. They were taken off the plan by federal officials before other passengers disembarked, she said.

Before departing from the U.K., the men criticized the government of Prime Minister Tony Blair for failing to uphold the rights of British citizens by allowing the extradition. They are scheduled to appear at a bail hearing in federal court tomorrow.

``It's a sad day," Bermingham told reporters today outside a police station in Croydon, south London, where he, Darby and Mulgrew gathered before leaving. ``You got let down today by your government. Get them out."

The three bankers are accused by U.S. prosecutors of bilking their former employer out of millions of dollars from the sale of an Enron partnership. They were extradited over protests by prominent business executives and opposition politicians, who say Britain's ``fast-track" extradition arrangements with the U.S. are one-sided and fail to protect U.K. citizens.

The men argued that as British citizens, accused of defrauding a British bank, any prosecution against them should have been brought in the U.K.

``All they've ever asked is to be treated in accordance with U.K. laws," Mark Spragg, the men's lawyer, said today outside the police station. ``What on Earth it's got to do with America, we just don't know."

Bermingham, Darby and Mulgrew departed on a commercial air flight at 9:38 a.m. London time.

Group Treasury

The three men's case has been further clouded by the discovery of a body that police say is likely to be that of Neil Coulbeck, a former Royal Bank of Scotland banker who might have given evidence about the Enron fraud. Coulbeck, 53, was reported missing July 6 and a body was found near his home in east London yesterday, according to the Metropolitan Police, speaking on the usual condition of anonymity.

Coulbeck, the former head of group treasury at Royal Bank of Scotland, left the lender in 2004. He had provided a short statement to the Federal Bureau of Investigation about his role at the bank in connection with the bankers' extradition, Bermingham said yesterday.

The body will be formally identified today, according to the police.

Bermingham, dressed in jeans and carrying a small blue duffel bag, told reporters today that reports of Coulbeck's death had put his own case in perspective.

`A Man Died'

``A man died yesterday," the former banker said. ``I'll be coming home someday, but he won't. Let's get some perspective."

He also said he was still ``optimistic" that he and the two others would get bail at the hearing tomorrow in Houston, scheduled for 2 p.m. local time.

The three men arrived this morning in Croydon in separate cars. Darby and Mulgrew were taken into the police station through a back entrance and didn't speak with reporters. They were taken to Gatwick airport in a white police van, escorted by U.S. marshals.

Bermingham's wife, Emma, said she felt ``sad to be British'' while leaving the police station. ``I think these guys have been totally let down,'' she said.

The three bankers were charged with seven counts of wire fraud in 2002 for allegedly pocketing around $2 million each by duping Greenwich NatWest over the value of an Enron partnership known as Swap Sub. They deny any wrongdoing over the transaction.

Fastow, Kopper

Former Enron executives Andrew Fastow and Michael Kopper, who received $12.3 million from the same deal, have admitted involvement in the Swap Sub partnership and are cooperating with U.S. prosecutors.

Spragg today told reporters that it was looking ``extremely unlikely'' the men would be allowed to return to Britain after posting bail, as they had hoped.

The three men, who have 10 children between them, say they may spend as long as two years in a U.S. prison awaiting trial if they aren't allowed back to the U.K. Preparing their defense from Texas, when nearly all of the case documentation is in London, would likely bankrupt the three men, Spragg said.

Spragg also said that he was ``putting pressure'' on Britain's Serious Fraud Office to retrieve any documents related to the case from the Royal Bank of Scotland.

Conditional Bail

Blair yesterday told lawmakers in the House of Commons that he had received assurances that U.S. prosecutors will not oppose bail for the three men as long a ``appropriate conditions'' were in place.

Under Britain's fast-track extradition process, implemented in 2004, the U.S. was added to a group of countries that no longer have to produce ``prima facie'' evidence of a crime when seeking the extradition of U.K. suspects.

Critics say the arrangements are lopsided because the U.S. government has yet to ratify the treaty prescribing the new fast-track rules. The U.K. government must still show ``probable cause'' that an offence has been committed when requesting the extradition of a U.S. citizen.

Blair's government has consistently defended the legislation, saying that it has modernized the extradition process and sets forth ``broadly similar'' evidentiary requirements.

Extradited British Bankers Arrive In US For Enron-related Case (AFP)

AFP, July 14, 2006

HOUSTON, United States (AFP) - Three former British bankers arrived in Houston, Texas to stand trial on Enron-related fraud charges after a waging a long court battle in Britain against their extradition.

They left behind them a furor over the bilateral treaty -- originally intended for terrorism suspects -- by which they were extradited, and the mysterious death of a fellow banker in London.

David Bermingham, Giles Darby and Gary Mulgrew, the so-called "NatWest Three", arrived in Texas on a Continental airlines flight from London escorted by US marshals.

Hours before they had bid an emotional farewell to their families amid a media circus, as their departure was covered live by British all-news television channels.

They are due to appear in court on Friday and hope to be released on bail.

"This is a very sad day," their lawyer Mark Spragg said in London. "They have said goodbye to their families and they have no idea when they are going to come back."

Their extradition under the US-British treaty followed a protracted but unsuccessful struggle by the trio in British courts to overturn the order.

It also came just one day after a memorial service in Texas for Enron founder and chief executive Kenneth Lay, who died of a heart attack not long after he himself was convicted of fraud and conspiracy.

Bermingham, Mulgrew and Darby are accused by the US Justice Department of pocketing millions of dollars after advising NatWest -- now a unit of the Royal Bank of Scotland -- to dispose of an obscure Enron-related offshore company for less than it was worth.

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The trio and their supporters, including top British business executives, argue they should be tried in Britain, as it is alleged the fraud took place in Britain, against a British bank.

The story took a tragic twist Wednesday, just as parliament was debating the extradition, when it emerged that the body of another NatWest banker had been discovered the day before in an east London park.

Neil Coulbeck, 53, was reportedly questioned by the US Federal Bureau of Investigation (FBI) about the "NatWest Three" case.

Police said detectives were keeping an "open mind" about Coulbeck's death.

Bermingham earlier Thursday expressed veiled anger at Prime Minister Tony Blair's government for refusing to block the extradition.

"It is a very sad day because, most of you are British, and you got let down today by your own government," he said, adding that he was "hopeful" he and his colleagues would get bail.

Under the fast-track extradition treaty, which grew out of the September 11 attacks in 2001, the United States is not obliged to present prima facie evidence to British authorities to back up an extradition request.

Blair's government has come under intense political pressure, stoked by backers of the "Natwest Three", over the treaty because it has not been ratified by the US Congress.

However, the British government has dispatched a justice minister, Baroness Patricia Scotland, to Washington to lobby Congress to ratify the treaty.

"She will want to discuss the fact that the United States hasn't ratified that extradition treaty three years after it was signed," said Paul Johnston, a spokesman at the British Embassy in Washington.

"Obviously the case of the three (bankers) themselves is an individual case for the US authorities, but it really is the general issue of the United States non-ratification of the extradition treaty that she is here to discuss," he said.

Scotland met several US senators Wednesday and is due to meet US Attorney General Alberto Gonzales Friday to press home the British concerns.

Thousands of people in the United States lost their jobs and life savings when Enron collapsed in late 2001 with an estimated 40 billion dollars in debt, hidden through financial deals and often kept off the books of the Houston-based energy trading group.

It is not the first time the "Natwest Three" have visited Houston, as the US government alleges they traveled to the city in 2000 to meet with former Enron chief financial officer Andrew Fastow to plan their alleged scam.

This time round, however, their reception is likely to be very different.

British Trio Touches Down (HC)

By Tom Fowler

Houston Chronicle, July 14, 2006

Ex-bankers to appear today before judge in Enron case

Three former British bankers charged with defrauding their bank via an Enron-related scheme are scheduled to appear before a Houston magistrate judge this afternoon where they are likely to enter not-guilty pleas and ask for release on bond.

The NatWest Three — a name given the trio by the British press for their former employer, National Westminster Bank — flew nonstop from London's Gatwick airport to Houston on Thursday under escort of U.S. marshals. They were taken downtown to the Federal Detention Center, a place they may have to call home for some time unless attorneys can persuade a judge to let them free on bond.

Dan Cogdell, a Houston attorney representing David Bermingham, said he has met with prosecutors from the Enron Task Force and is hopeful that "the general parameters of bond have been agreed to in principle."

"There are a few items on which we may have to agree to disagree, but my specific goal is to have Mr. Bermingham leave the federal building at the same time I do," Cogdell said.

U.S. attorneys for the other men did not return calls. Prosecutors declined comment.

The case against the three bankers has been somewhat of an afterthought in the broader Enron drama. They were among the first to be charged, back in June 2002, and were largely seen as stepping stones to get at key Enron executives, namely former Enron Chief Financial Officer Andrew Fastow and his right-hand man, Michael Kopper.

They were accused of colluding with Fastow and Kopper to sell NatWest's stake in an Enron partnership for much less than it was worth. The three were investors in the entity that bought the stake, which was later sold to another party, reaping profits of up to $12 million for the Enron executives and a combined $7.3 million for the bankers.

"The government had just started working its way up the ladder back then and had hoped that these three would have been quick flips, would have agreed to work with the government to help reach Kopper and Fastow," said Philip Hilder, a Houston attorney who represents Sherron Watkins, a former Enron vice president.

But Kopper and then Fastow agreed to cooperate with prosecutors first, making the bankers more or less irrelevant.

"And now, unfortunately for the bankers, Mr. Kopper and Mr. Fastow could be star witnesses against them," Hilder said.

Wrongdoing deniedBermingham and his colleagues, Gary Mulgrew and Giles Darby, have consistently denied any wrongdoing. They pointed out in interviews that neither NatWest nor British finance regulators have sought charges against them.

America's ambivalence is a stark contrast to Britain's fascination with the case.

Since 2004, the men have been fighting tooth and nail against extradition to the U.S. The treaty used to bring them here has sparked outrage because it lowers the criteria for proof officials need to show to extradite criminal suspects from one country to the other.

The treaty, which was created post-Sept. 11, has been ratified by British Parliament but not by Congress, leading many to call it an example of the U.S. taking advantage of a close ally's goodwill.

Detention center conditionsFor weeks media reports have detailed the legal battle in England. Of particular interest to many newspapers and broadcasters have been accounts of Draconian conditions in Houston's detention center. A recent London Sunday Telegraph article was typical:

"They will find little comfort in the cages they will share with porn kings and drug traffickers," the article said. "There is no furniture but for a sheetless bed and a seatless lavatory."

The controversy reached a climax this week in England when both houses of Parliament debated the extradition and Prime Minister Tony Blair defended his position to not block the move.

BBC broadcast the takeoff of the ex-bankers' plane from London live on Thursday. At least one news outlet had a reporter on the plane, while more than a dozen reporters from the U.K. descended on Houston.

The trio's flight landed in Houston on Thursday at 1:39 p.m., according to Continental Airlines. They were expected to come straight to the detention center at Texas Avenue and San Jacinto where more than a dozen reporters waited, taking shelter during intermittent rain.

At about 3:15 p.m., the van carrying the men drove by the detention center but was rear-ended by a car following it. Part of the car's front bumper fell off, but neither driver got out. The van continued to the Federal Courthouse a few blocks away, where the men were escorted inside through a back entrance.

Blue jeans and shacklesAll three wore blue jeans, collared shirts without ties, and shackles around their ankles and wrists. It's not clear why they went to the courthouse, but after a few minutes they were escorted back out and taken to the detention center.

Getting the men out of jail before the weekend may be a challenge.

Confirming dataPretrial services, an independent arm of the courts that evaluates a defendant's background to make recommendations for terms of a bond, must file a report before the men can be released. This often includes confirming data about their personal and professional background.

"Pretrial services will have its work cut out for them to get it done by day's end Friday," Hilder said. "There are a lot of checks and balances that need to be completed, a lot of paper work before they can make sure they're not a flight risk."

Among possible scenarios are that the men could be set free on bond but have their passports confiscated and be required to stay in Houston or elsewhere in the United States under electronic surveillance.

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NatWest Three Land In US And Prepare To Meet Their Accusers (TIMES)

By James Doran In Houston, Steve Bird And Tom Baldwin

The Times, July 14, 2006

THE NatWest Three were led into an American court in shackles last night before being led away to spend at least one night in a Texas jail.

After a ten-hour journey on a Continental Airlines jet, David Bermingham, Gary Mulgrew and Giles Darby were handed over to American law enforcement officials in Houston, Texas, amid claim and counter-claim of human rights abuses.

The former bankers are due to appear in court again today aftr last night's processing formalities to discover whether they will be granted bail or whether they face months in custody pending their trial.

The men are charged with conspiring with executives of the collapsed American energy giant Enron to cheat NatWest, their former employer, out of £11 million. They all deny the charges.

The men face a wait of up to two years before the complex fraud case is likely to come to trial, a daunting prospect if they are remanded in custody. If they are eventually found guilty they could be jailed for more than 20 years.

After losing a bitter and lengthy battle to persuade the British Government to block their extradition and have the trial held in Britain, the men were taken to Gatwick to board Flight CO35 to Houston yesterday morning.

Shackled to US air marshals, the three were ushered on to the Boeing 777 aircraft before any other passengers and seated at the back. They wore grim expressions throughout the ten-hour flight and talked little to each other or the guards that sat beside them.

Despite the length of the flight, the extradited men — who were not handcuffed or shackled in the customary fashion — did not listen to music or watch any in-flight movies, although one was seen dipping into a book. One of the federal marshals, however, played on a video game from time to time.

Dressed in jeans and casual shirts, the men were spared the shame of being forced to wear orange jumpsuits in which federal prisoners are generally dressed. Midway through the flight they were served a meal of chicken or beef.

Upon their arrival at George Bush Intercontinental airport in Houston, the three were forced to take a "walk of shame" down the aircraft aisle accompanied by the six marshals while the other passengers were ordered to stay in their seats. They were taken on to the tarmac where a Houston police car was waiting.

It is understood that the three passed through US immigration in a separate area from other passengers.

Legal experts in Houston told The Times that the three would have been taken directly from the airport to the federal detention centre in central Houston, where they would be fingerprinted, photographed, strip-searched and assigned to a small cell for the night. Once taken to a cell they would discover whether they were lucky enough to have one of the few private "rooms" in the detention centre. Such a cell is barely big enough to contain the single bed and lavatory that each man will use.

More likely they will be in a similarly sized cell for two people, with a sliding barred door, a bunk bed, lavatory and sink. There will be no murderers or rapists in their federal facility but the majority of inmates will be awaiting trial for drug trafficking, human trafficking or pornography-related crimes.

The three will be confined to their cells for 23 hours a day but will be allowed out for an hour of exercise under close supervision. Speaking in Washington, Baroness Scotland of Asthal yesterday accused lawyers for the three of confusing the issue surrounding the fast-track extradition process introduced three years ago.

Lady Scotland accused the lawyers of a "frenzy of misinformation" that had mangled the extradition.

With Hands And Feet In Chains, They Are Led Into US Court (DAILYTEL)

By Christopher Hope

The Daily Telegraph, July 14, 2006

The full might of the American criminal justice system was unleashed on the NatWest Three last night as soon as their plane hit the Texas tarmac.

Flanked by burly US marshals, Giles Darby, Gary Mulgrew and David Bermingham were shackled in heavy metal ankle chains, handcuffed and rushed to the courthouse in Houston to be fingerprinted and strip-searched.

Giles Darby and Gary Mulgrew arrive at Croydon police station

Once they were kitted out in green jumpsuits, they were taken to a federal detention centre outside Houston.

They were initially supposed to be taken to their cells in the Houston Federal Detention Centre, a huge white hulk of a building in the centre of the city. A US marshal said the change of venue was due to excessive media attention.

There they were placed in two-man wire cage cells next to drug traffickers. The cells were bare except for a bed without sheets and a seatless lavatory. They will be in total lockdown for 23 out of 24 hours, with little space for exercise in the prison's small recreation ground.

"The food will be basic prison food, and the regime will be tough," said Douglas McNabb, a leading Houston lawyer who has appeared as an expert witness in the case.

The three had had an early start to the day when they said goodbye to their families before meeting up at Croydon police station, south London, at 6am.

Mr Darby had hoped to sneak out of his house near Bath without waking his wife and children. But his wife Deborah heard him preparing to leave before dawn. "We had a huge hug," she said. "There was nothing left we could say to each other."

Mrs Darby said her husband had found it most difficult to say goodbye to the couple's young daughters Ellenor, 10, and Katie, eight. "I have not seen Elle cry as much as she did last night," she said. "It broke her heart."

There were similarly emotional scenes in the Bermingham household.

Mr Bermingham's wife Emma said her three children were "upset, obviously". She had "no idea" when she would see her husband again.

"It is a sad day to be British," she added. "We were hoping all along that somebody would take this to court in England. All they have ever wanted is to have their case heard in this country. They have been denied that right."

Mr Mulgrew, 44, was the first to arrive at the police station, just before the appointed time of 6am, and was driven through gates to the back of the police station.

Minutes later, Mr Bermingham, 44, arrived with his wife. He said he had been "absolutely bowled over" by the support he had received. "We have had messages from people we have never met.

"It is a very sad day because most of you are British and you got let down by your own Government," he said.

Mr Darby, 44, was the last to arrive, at 6.20am, and was driven round to the back of the station.

After the three men were searched, their possessions were logged by officers at the station and the trio was taken in a white police van with blacked-out windows on to the runway at Gatwick airport.

They were led on to the aircraft by six US marshals before everyone else on the scheduled flight and sat at the back, away from the other passengers.

Mark Spragg, the solicitor for the three men, was with them in the police station.

He said: "It is a very sad day. The men were as cheerful as they can be and were resigned to their fate."

The chances of the three men being granted bail to return to Britain was "extremely unlikely". He said: "At the moment they will have to put all of their property and money on the line just to get bail in Houston.

"The Government has made no contact with me at all. Tony Blair's spokesman said he would do everything he could to ensure they got bail to return to the UK. But so far we have seen no evidence of that."

Mr Bermingham, Mr Darby and Mr Mulgrew are charged with defrauding National Westminster Bank of £4 million.

Houston, We Have Three Bankers (GUARD)

By Esther Addley

The Guardian, July 14, 2006

Of all the obstacles that the NatWest Three will need to overcome in their attempt to clear their names, it was by no means clear yesterday morning that the first - a frenzied scramble of photographers, reporters and TV cameras - would be the easiest to navigate. "Come on guys, come on guys," David Bermingham, one of the trio, pleaded weakly to the scrum as he and his wife Emma attempted to cover the short distance from a friend's car to the door of Croydon police station, where the men had been required to present themselves at 6am.

Article continues

The guys were having none of it, however, treading on toes and clambering on bollards for a better view. After a few minutes Mr Bermingham, having fought his way to the steps of the station, turned and addressed the mob in tones that left little doubt about how he felt about his very imminent extradition. "It's a very sad day. Sad for you guys because I guess most of you are British and you have been let down by your government. Get them out."

A fortnight ago the case of three multimillionaire bankers accused of amassing further multimillions in a complicated fraud against their employers, the Royal Bank of Scotland subsidiary Greenwich NatWest (GNW), was a relatively obscure financial story relegated to most papers' business pages. But such has been the building interest in their case - thanks to a well-organised PR campaign, a number of high-profile supporters and an unconventional march by businessmen through central London - that one news organisation yesterday even chartered a helicopter to record their last seconds on British soil.

In the absence of other developments, the 9.38am takeoff of Continental flight CO35 from Gatwick to Houston George Bush International was screened again and again.

The question of how long the three - Mr Bermingham, Gary Mulgrew and Giles Darby - will be required to stay in Texas will be addressed by a Houston bail hearing today. Tony Blair this week raised hopes that they would be granted bail, but the bankers' lawyer, Mark Spragg, said yesterday that he thought it was "extremely unlikely" bail conditions, even if offered, would allow them to return to Britain before their trial, as they have requested.

As well as raising bonds of six or seven figures, it is likely the men will have to surrender the deeds to their respective mansions in order to win release even to the Houston area.

While the men were saying their goodbyes, police continued to search the home of their former colleague, Neil Coulbeck, who was found dead following an apparent suicide this week. He had been interviewed by the FBI in connection with the case but it is not clear that it was a factor in his death. "We got screwed, but there's real tragedy in the world," Mr Bermingham told reporters yesterday. "A man died yesterday. I'm coming home one day, he's not. Let's get a sense of perspective."

The case against the three men centres on $7.3m they are accused of defrauding from GNW in 2000, when they allegedly sold a NatWest subsidiary for a fraction of its worth, each pocketing a chunky windfall when it was bought for rather more than the original sale price a few months later.

The fact that the buyer was the scandal-hit US energy giant Enron, however, may have been what brought the full fury of the US courts down on their heads. American juries have not proved sympathetic to those found guilty in the scandal; they may face more than 20 years in prison without parole if found guilty.

The gathering fury of the Commons and the Lords this week, meanwhile, has been directed at the treaty under which the men were extradited. Because the American Senate has not ratified the Extradition Act 2003, the requirement that the US need no longer establish a prima facie case when requesting the extradition of a Briton does not apply in the opposite direction, angering opposition MPs. Tony Blair has insisted that the present circumstances do not mean that the arrangment is non-reciprocal.

Ten hours after taking off - Mr Bermingham revealed he would be passing the time reading Sebastian Faulks' novel Human Traces - the jet delivering the unhappy three landed on the scorching hot tarmac of Houston's George Bush Intercontinental airport where they were met by another media scrum.

At least on arrival the men did not have to waste time at the luggage carousel - thanks to the green, prison-issue uniforms their new hosts will provide, they were advised that however long their stay, each would need only a single change of clothing.

NatWest 3 Flown To Uncertain Fate In Texas (INDEP)

By Cahal Milmo And Julia Kollewe

The Independent, July 14, 2006

It was the fate the "NatWest Three" spent nearly three years trying to avoid. Shortly after dawn yesterday they arrived at a police station, emptied their pockets and surrendered to the US Department of Justice.

The British former bankers, accused of making £1.4m each from a fraud involving the collapsed American energy giant Enron, will appear in a Houston courtroom today after a 10-hour flight across the Atlantic and a night in the cells.

They will learn this afternoon whether an American judge will grant them bail, the conditions of which, their lawyers said, werelikely to require them to remain in the US for up to two years while their case goes to trial.

The hearing at the Houston Federal District Court will be the culmination of a tumultuous 36 hours for David Bermingham, 43, and Giles Darby and Gary Mulgrew, both 44. Yesterday, in front of the massed media, the men travelled to a police station in Croydon, south London, from their large rural homes after bidding farewell to the 10 young children they have between them.

Mr Darby and Mr Mulgrew avoided the cameras by using a rear entrance shortly after 6am. But Mr Bermingham, a former Army officer who arrived with his wife, Emma, 39, pulled up at the front entrance to once more criticise the Government for the fast-track extradition procedure. He said: "It's a very sad day because most of you are British and you got let down today by your own Government."

Once inside the station the men were searched, made to empty their pockets, and had their possessions logged. They were then handed over to US federal marshals and driven in a van to Gatwickto board Continental Airlines flight CO35 to George Bush International Airport in Houston. Their lawyer, Mark Spragg, said: "They were resigned to their fate. They think it's terribly unfair. They are preparing for a very difficult road."

The three men were first on and first off the flight, but gone were the business class seats they would have occupied on their way to Houston in 2000 to allegedly negotiate the deal with senior Enron executives which netted the three Britons $7.3m. They were seated in the central bank of seats, one behind the other, taking up the back three rows of the aeroplane. They sat boxed in by officers from the US Marshal Service. Giles Darby and Gary Mulgrew were flanked by male officers. David Birmingham, who has been the most vocal, was flanked by two female officers. The marshals dressed casually and one played computer games. But the NatWest three sat grimfaced. None of the were handcuffed at any point during the flight, which touched down at 1.40pm local time. The three, carrying small rucksacks, were met by law enforcement officers. "They looked terrible," said one passenger. "They made no eye contact."

The trio were then taken into downtown Houston to the Federal Detention Centre, where they stayed ahead of their hearing today. A sign in the reception warned of a terrorist threat in the US. It said: "National threat level yellow [elevated]. Have a great day." Their bail hearing is scheduled for 2pm local time (8pm BST). Mr Bermingham said yesterday he was "very optimistic" that he and his two former colleagues at Greenwich NatWest would be granted conditional bail. Tony Blair said yesterday that he had received assurances that American prosecutors would not oppose them.

Representatives of the men said they had been told by American lawyers that it would be very unlikely they would be allowed to return to Britain on bail. Their lawyer said the conditions likely to be imposed, including a $1m (£540,000) bail bond and the deeds of their homes as security, would be financially ruinous and make it difficult for them to receive a fair trial. They would be unable to work in America to while they incur additional legal bills of $2m (£1.1m) including air fares to bring defence witnesses from Britain. It is understood one witnesses would have been Neil Coulbeck, 53, the former NatWest colleague found on Tuesday after he apparently took his life in a London park.

The trio are accused of conspiring with Enron executives, including the head of finance, Andrew Fastow, currently serving a 10-year jail term, to complete a $20m (£11m) fraud by selling NatWest's stake in a debt vehicle for $1m (£540,000). Prosecutors say this was far less than its worth and the fraud was completed when the three men bought it back at a profit of $7.3m (£3.95m). The Britons all deny any wrongdoing.

The extradition last night brought disquiet from British business. The CBI warned that the 2003 Extradition Act was putting at risk Britain's position as a leading business centre.

Heat Turned Up For NatWest Three (BBC)

By John Kay, BBC News, Houston

BBC News, July 14, 2006

The former NatWest executives have been extradited to the USA Houston is hot. Almost unbearably so. Close to 100F, it's a sticky, humid heat - which will make the lives of the NatWest Three even more uncomfortable.

David Bermingham, Giles Darby and Gary Mulgrew flew into the city's George Bush Intercontinental Airport on Thursday afternoon local time, to face the heat - after fighting their extradition for two years.

It was a regular commercial flight, but, instead of sitting in first class, the wealthy bankers were forced to sit at the rear of the plane - separated from the rest of the passengers by a team of US Marshals sent to accompany them to Texas.

Several British journalists spent the 10-hour flight trying to get past the officials, to snatch a shot of the three, but anyone with a camera was warned by the marshalls to stay away.

Dirty word

Once they'd touched down in Texas, the men were taken by an escorted prison van to the downtown area of Houston - speeding past the giant sky-scrapers where the Enron company was once based.

Enron is now a dirty word in this town.

Banker David Bermingham and his ex-colleagues are accused of fraud

See the trio

The huge energy firm collapsed in December 2001 - owing billions of dollars and putting thousands of local people out of work. Mr Bermingham, Mr Darby and Mr Mulgrew are accused of being minor players in the huge fraud that took place within Enron HQ.

The men were expected to be taken straight to Houston's Federal Courthouse to be finger-printed and photographed, so that's where the pale British paparazzi were waiting, covering their sun-burnt bald-spots with newspaper as they tried to get a glimpse.

But this was fast becoming a game of cat-and-mouse. The prison van only stayed for a few seconds - before it sped off to another location.

Cameramen who normally spend their working lives focussing their lenses on Hollywood stars were now chasing City bankers accused of fraud.

If the NatWest Three have become minor celebrities in the UK, they are pretty much unknown in the US. So far the American media has given the story little attention.

Bemused passers-by, who remember the huge Enron corruption trials of last year here, shrug with disinterest when they hear about this pending case.

Either way, the NatWest Three had better get used to the heat

The American authorities are being secretive about exactly where the men are spending the night. They know that the extradition row means many in Britain are watching closely to see how the men are treated here, so the Three might be spared a night in Houston's Downtown Detention Center where they may have been forced to share a cell with violent offenders.

But they are known to be in custody - probably dressed in the green boiler-suit uniforms that are worn by all those facing trial.

Later on Friday David Bermingham, Giles Darby and Gary Mulgrew will be back in court. They will ask the judge to release them on bail.

Last week they told the BBC that they expected to be detained in custody here for many months, pending a full trial.

It now seems more likely that they will be released by the court, although they will almost certainly have to stay in Texas.

The trial could happen this autumn, but it may take longer for the case to be prepared.

Either way, the NatWest Three had better get used to the heat.

NatWest Three Set For Bail Bid As Storm Over Extradition To US Intensifies (SCOTSMAN)

By Gerri Peev Alex Massie

The Scotsman, July 14, 2006

THE NatWest Three were due to apply for bail today after spending last night in a Texas prison cell as the political storm over their extradition to the United States refused to subside.

Bankers Gary Mulgrew, the son of Labour MSP Trish Godman, David Bermingham and Giles Darby were separated and flanked by US marshals on the trans-Atlantic flight early yesterday morning after the British government refused to intervene in the case.

The men were banned from talking to each other or the press. Before his departure from Gatwick airport yesterday, Mr Bermingham said he had been let down by the government.

The row intensified after Baroness Scotland, a Home Office minister, flew to Washington in an effort to urge Senators to ratify the 2003 extradition treaty at the centre of the controversy, which critics claim is skewed in favour of the US.

She also accused the bankers of mounting a highly skilled PR campaign to win over the public. She said the government's opponents were guilty of "political posturing" while the press had "distorted" the facts of the case.

The men hope to be granted bail today, although if their application is refused they could face up to two years in detention until their case goes to trial.

Mark Spragg, the men's lawyer, said he did not believe the three former bankers would get a fair trial because they would struggle to get witnesses to travel from the UK. He added:

They would definitely get a fair fight in England."

The controversy took a dramatic turn on Monday when the body of Neil Coulbeck, a former executive at the Royal Bank of Scotland was discovered in a park in East London. Mr Coulbeck had been interviewed by the FBI in relation to the case and friends said he described the experience as "traumatising".

It was alleged yesterday that his evidence could have helped the NatWest Three, who stand accused of an £11 million fraud connected to the collapse of Enron. Mr Coulbeck had left a suicide note for his wife when he disappeared last Thursday.

It emerged yesterday he had attempted suicide days before, but on the first occasion he was apparently disturbed by his wife at home. On 6 July, he left the house saying that he was going for a walk. His wife found a suicide note several hours later in which he described how he loved her and apologised for what he was about to do.

A friend of the family said: "She knew he would not be coming back and she told the police why. He had been put through the wringer by the FBI and he was in a very fragile emotional state. The family are extremely angry with the way the FBI dealt with things. They feel he was put under unbearable pressure."

In Washington, Baroness Scotland admitted that coverage of the accused bankers' public relations campaign had damaged the "special relationship" between the United States and the United Kingdom.

The bankers, she said, have "done one of the best PR jobs I have ever seen" helped by what she described as "a frenzy of misunderstanding and distortion".

Her visit, she said, was an "opportunity to explain the anger and concern that has been expressed in the UK" as well as a chance for the government to hear a "better explanation" for the delay in ratifying the treaty signed three years ago.

The Irish-American lobby has expressed concerns that updating the extradition arrangements between the two countries could make it easier for the UK to extradite Irish terrorist suspects. The minister dismissed those concerns out of hand. "That's another dead duck" she said, noting that there were no outstanding warrants to extradite anyone for trial on terrorism charges pertaining to Northern Ireland.

Baroness Scotland held meetings with Alberto Gonzales, the US attorney general, and White House officials, as well as with Bill Frist, the Senate majority leader, and five other senators.

Other senators, including John Kerry and Connecticut's Chris Dodd, who have helped delay the treaty's ratification, declined the opportunity to meet the minister.

Baroness Scotland said she would use the fact that as pro-American a politician as Lady Thatcher had voted with the majority in the House of Lords to suspend the treaty pending US ratification as a way of demonstrating the depth of feeling in Britain over the matter. "If that doesn't concentrate minds I don't know what will," she said.

Family Await Post Mortem Results On Suicide Banker (DAILYTEL)

By Duncan Gardham

The Daily Telegraph, July 14, 2006

The family of a former National Westminster banker were waiting last night for the results of a post mortem examination to tell them how he committed suicide.

Neil Coulbeck, 53, was said to have had no history of depression but had come under increasing stress in the past few days.

The FBI confirmed that it had interviewed him in connection with the case of Gary Mulgrew, Giles Darby, and David Bermingham.

It is understood that Mr Coulbeck had made a previous attempt to take his life last week.

He later disappeared from his home in Woodford Green, east London, last Thursday.

His body was found in nearby woods five days later. He had left a suicide note for his wife, Susan, and sons Christopher, 27, and 25-year-old Ralph.

The FBI issued a statement saying that it had spoken to Mr Coulbeck four years ago as part of the Enron investigation but that he was not a suspect.

Cause Of Banker's Death Still Not Clear (INDEP)

By Cahal Milmo And Terri Judd

The Independent, July 14, 2006

Detectives investigating the death of a NatWest banker, who was to be called as a defence witness in the trial of the NatWest Three, yesterday searched a recycling bin near his home for documents linked to the case. The body of Neil Coulbeck, 53, was found in parkland close to his home in Woodford Green, east London, on Tuesday morning.

Scotland Yard said last night that an initial post-mortem examination of his body, which may have lain undiscovered for five days, had proved inconclusive, and the results of toxicology tests were being awaited.

Liberty said it was "troubled" by a claim from friends of Mr Coulbeck that he had been "hounded" by FBI investigators pursuing the NatWest Three. But the FBI last night took the unusual step of announcing that it had only interviewed him once, and had not considered him a suspect.

The apparent suicide of the former NatWest senior executive came just 24 hours before his three former colleagues were extradited to America.

Dead Executive 'not A Suspect' (TIMES)

By Steve Bird

The Times, July 14, 2006

A FORMER banking executive who was due to give evidence at the trial of the NatWest Three killed himself by cutting his throat, police sources said.

Last night officers were searching a recycling centre in Chigwell, Essex, close to Neil Coulbeck's home, to see if he had disposed of any documents linked to the Enron fraud investigation. Mr Coulbeck's body was found on Tuesday in parkland. The 53-year-old former Royal Bank of Scotland executive was identified yesterday after a post-mortem examination. Police were still awaiting the result of toxicology tests.

Officers believe that Mr Coulbeck, a father of two, committed suicide. He went missing five days before his body was found. It is understood that he had made an earlier attempt on his life. Supporters of David Bermingham, Gary Mulgrew and Giles Darby have claimed that Mr Coulbeck was put under immense pressure when questioned by FBI investigators. But the FBI said that Mr Coulbeck had been considered a witness, not a suspect.

He was interviewed last month in his solicitor's office as part of the Enron investigation.

Silicon Valley Option Grants To Be Probed By Task Force (MERCN)

By Therese Poletti

The San Jose Mercury News, July 14, 2006

The top federal prosecutor in Northern Calfornia Thursday unveiled a task force to focus on on investigating stock options practices by companies in Silicon Valley, the most high-profile federal action yet in the widening controversy over stock options.

U.S. Attorney Kevin Ryan said that the group will investigate whether companies or their executives committed intentional fraud by backdating stock option grants. The task force is made up of 11 members and growing, including federal attorneys and

FBI agents. It will look at whether or not executives retroactively changed the grant dates of stock options with the intent to mislead or defraud shareholders.

Because of the number of companies in Silicon Valley being investigated by the Securities and Exchange Commission for their stock options granting practices, Ryan said it was appropriate for his office to focus special attention on the issue.

``We are unique here for many reasons," Ryan said. ``In this particular area we have a unique environment in which if there is criminal conduct and if it is widespread then this may be a place that you might find it because of those dynamics."

The U.S. Attorney's office will be joined in the investigation by several special agents of the Federal Bureau of Investigation in Northern California.

The task force will be headed up by U.S. Attorney Eumi Choi.

None of the attorneys at a press conference at the U.S. Attorney's office in San Francisco would confirm any investigations into specific companies, only that they were ``investigating several companies." They would not confirm any allegations or impending charges of criminal activity related to stock options backdating.

``We want to make sure we are not ignoring a problem in our own backyard," Ryan said.

Feds Ramp Up Silicon Valley Stock Option Probe (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News.com, July 14, 2006

FBI, prosecutors form task force to look into backdating of stock options, which is illegal in some circumstances.

The FBI and federal prosecutors in San Francisco said Wednesday that they are escalating their investigation into possibly illegal stock option backdating by area companies.

U.S. Attorney Kevin Ryan announced that a new eight-person task force will try to determine whether Northern California companies retroactively changed the grant date of stock options with intent to defraud investors. It appears to be the only such task force in the nation.

"We will evaluate the facts of each case, and we will bring criminal charges when appropriate," Ryan said.

Allegations about stock option backdating, while not necessarily illegal, have ensnared dozens of companies and drawn the attention of securities regulators and plaintiffs' lawyers.

Stock option backdating

Some Bay Area companies have announced that they've been contacted by the U.S. Attorney's office in northern California. Typically the contact comes in the form of a grand jury subpoena. They include:

During a conference call with reporters, Ryan declined to say which companies are being targeted. At least 15 companies, though, have publicly said they have received grand jury subpoenas from Ryan's office (see related chart).

Ryan also said that the investigation would look into whether executives engaged in "spring-loading," the practice of awarding stock options before a positive announcement expected to boost share prices.

"Then you have both insider trading and you have an accounting issue," Ryan said. "An old-fashioned cooking-the-books fraud."

Stock options give the recipient the right to buy a share of a company's stock at a price called the strike price, the value of the stock on a certain date. If the strike price is $10 and the shares now trade at $15, each option would be worth $5. (The options would be worthless if the stock fell below $10.)

If an executive is able to change the grant date retroactively to when the stock was trading at a lower price, the options would become more lucrative.

That's precisely what federal investigators are looking into. Some academic research has suggested that many companies have engaged in the practice--which could be a securities fraud violation if the disclosures accompanying stock option grants were intentionally misleading. Tax laws could also be triggered because of different rates for deducting different types of stock options.

Erik Lie, a finance professor at the University of Iowa's business school, has evaluated thousands of option grants and found that for many companies, it was statistically improbable for them not to have been backdated. Lie estimates that at least 10 percent of option grants to chief executives between 1996 and August 2002 were backdated.

Lie said in an interview on Thursday that three company features contribute to backdating. "Small firms tend to do it more than large firms," he said. "Firms with higher stock price volatility tend to do it more than others. Tech firms tend to do it more than others."

Some technology companies including Apple Computer and CA (formerly Computer Associates International) have announced internal investigations of stock option grants. CNET Networks, the publisher of News.com, said in a statement this week that its own investigation is ongoing and it expects to restate earnings for 2003, 2004, and 2005.

Feds Launch Bay Area Stock-options Task Force (SANJOBIZ)

Silicon Valley/San Jose Business Journal, July 14, 2006

U.S. Attorney Kevin V. Ryan said Thursday his office and the FBI have joined to form a local stock options backdating task force.

The task force will investigate allegations of companies and individuals in the Bay Area who retroactively changed the grant dates of stock options with the intent to defraud, and Ryan's office said "several Bay Area companies" are currently being probed "to determine the extent of the intent to mislead or defraud shareholders in the dating and awarding of stock option grants."

Ryan's office has already issued subpoenas to at least a dozen companies, according to SEC filings.

Chairing the task force is First Assistant U.S. Attorney Eumi Choi. Also participating are Assistant U.S. Attorney Haywood Gilliam, chief of the Securities Fraud Section; Assistant U.S. Attorney Michael Wang, chief of the White Collar Section; and Assistant U.S. Attorney Christopher Steskal.

Also on the task force are FBI Acting Special Agent in Charge Arthur Balizan, FBI Assistant Special Agent in Charge David Johnson, FBI Supervisory Special Agent Tamara Neiman, FBI Supervisory Special Agent Barbara J. Sullivan.

Balizan said the FBI "has a duty to the investing public to examine whether companies, both in the past and present, are violating securities laws. Illegally backdating options give the company insiders an unfair advantage over the investing public and contributes to shareholders' lack of trust in those executives who are running these companies."

Task Force Will Investigate Silicon Valley Stock Options (AP)

By Dan Goodin, THE ASSOCIATED PRESS

AP, July 14, 2006

SAN JOSE, CALIF. — Northern California's top federal prosecutor said Thursday that he has set up a task force to look into whether companies based in Silicon Valley committed crimes by improperly issuing employee stock options.

The task force, formed by U.S. Attorney Kevin Ryan in San Francisco, is investigating "several companies," Ryan said at a press conference. He wouldn't identify which companies are under investigation or give details.

Setting up the task force, made up of four assistant U.S. attorneys and an undisclosed number of FBI agents, comes as more than 65 companies have said in recent days that they are under investigation for retroactively changing the date stock options were granted. About two dozen of those companies are located in Northern California.

Cnet Networks Inc., KLA-Tencor Corp. and Mercury Interactive Corp. are among the companies in Ryan's district that have disclosed that their stock option practices are under investigation by the Securities and Exchange Commission or the Justice Department.

While those two agencies often look for instances in which civil laws were broken, Ryan's office will be looking for violations of criminal laws.

Ryan said the need for criminal oversight is especially important in Silicon Valley, where initial public offerings and rapidly rising technology stocks regularly turn college dropouts into overnight billionaires.

Stock options are a common form of employee compensation designed to align the interests of workers with those of shareholders. They give people the right to buy shares at a set price at a future date, typically one to four years after the options were issued. They can represent a windfall if the stock price rises in coming years.

Federal investigators are looking into a practice known as backdating, in which company insiders pin the grant date of options to a low point in their stock price. Because the options become more valuable as the price of shares rises above the exercise price, backdating to a low point fattens the recipient's profit.

The practice can run afoul of federal laws governing accounting and taxes if the benefits aren't properly reported.

Prosecutor Forms Task Force To Probe Stock-Option Grants (WSJ)

By John Hechinger

The Wall Street Journal, July 14, 2006

The U.S. attorney for the Northern District of California launched a task force focused on stock-options backdating by companies, ratcheting up the government's probes of possible manipulation of a form of executive pay.

At a news conference yesterday, U.S. Attorney Kevin Ryan, whose office is based in San Francisco, said alleged backdating is an issue that "needs to be investigated aggressively." Mr. Ryan said possible charges could include securities fraud, mail fraud, wire fraud and violations of tax laws.

MORE ON OPTIONS

• Options Scorecard: Companies under scrutiny1

• Perfect Payday: Complete coverage2

Federal prosecutors around the country and the Securities and Exchange Commission are investigating more than 50 companies because executives received options grants at low prices just before steep jumps in company share prices. Investigators suspect companies may have backdated, or otherwise changed, the timing of options to make them more lucrative. An option gives its holder the right to buy shares at an exercise price -- typically the market value of a company's stock on the date of the award. Any subsequent rise in the share price allows the option holder to cash in the option and pocket the difference between the exercise and market prices.

Mr. Ryan's office covers Silicon Valley, the epicenter of the technology industry, which has long used stock options as a way to lure executives and other employees with the promise of big paydays. His office already has issued subpoenas to more than a dozen companies, according to SEC filings. These firms include KLA-Tencor Corp., a semiconductor-equipment manufacturer; Web-site operator CNET Networks Inc.; and Altera Corp., a chip maker.

The task force will include a dozen prosecutors and federal agents.

In a statement, Mr. Ryan said he would investigate "whether individuals and companies may have deliberately backdated stock options with the intent to defraud," adding, "It is integral to the public trust in our financial markets that books and records are maintained honestly, and that the true financial condition of public companies is disclosed accurately."

Backdating could "constitute fraud on the company, shareholders, and the market, and may give rise to tax violations," he added. "We will evaluate the facts of each case, and we will bring criminal charges when appropriate."

Federal prosecutors in New York, Massachusetts and elsewhere also are conducting criminal stock-option-timing investigations, while the SEC focuses on potential civil violations.

U.S. Attorney Launches Task Force On Stock Options (MRKTWTCH)

By Katherine Hunt, MarketWatch

MarketWatch, July 14, 2006

SAN FRANCISCO (MarketWatch) - The U.S. Attorney for Northern California said late Thursday he has formed a local task force to investigate allegations that companies and individuals in the Bay Area retroactively changed the grant dates of stock options with the intent to defraud or mislead shareholders.

"Falsification or backdating of financial documents may call the integrity of companies' financial statements into question, can constitute fraud on the company, shareholders, and the market, and may give rise to tax violations," said U.S. Attorney Kevin Ryan in a statement. "We will evaluate the facts of each case, and we will bring criminal charges when appropriate."

A number of companies have announced they are looking into their past stock option practices. The Justice Department and the Securities and Exchange Commission have launched investigations into some of the companies.

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The task force will include four members of the U.S. Attorney's Office and four supervisory agents of the Federal Bureau of Investigation, along with several special agents assigned throughout the Bay Area, the U.S. Attorney said.

"Illegally backdating options give the company insiders an unfair advantage over the investing public and contributes to shareholders' lack of trust in those executives who are running these companies," said Arthur Balizan, special agent in charge, in a statement.

The San Francisco-based U.S. Attorney's Offices is one of two in the country with a standalone securities fraud section. Katherine Hunt is a reporter for MarketWatch in San Francisco.

CRIMINAL LAW:

Justice Dept. Pushes On In Jefferson Case (AP)

AP, July 14, 2006

WASHINGTON (AP) - The Justice Department on Thursday opposed further delays in the bribery investigation of Rep. William Jefferson, saying the agency should be allowed to review documents seized in a search of the congressman's office.

On Monday, Chief U.S. District Judge Thomas F. Hogan rejected requests from Jefferson and fellow lawmakers seeking the return of the material from the May raid on Capitol Hill. Jefferson, D-La., is now seeking to delay the judge's ruling while he appeals.

Hogan dismissed arguments by Jefferson and a bipartisan group of House leaders that the raid violated the Constitution's protections against intimidation of elected officials.

At issue is whether a review of the seized documents can begin by an FBI "filter team" unconnected to the prosecution team looking into the bribery allegations. Jefferson says no one in the executive branch of government should examine the documents until the question of returning the material to Jefferson is resolved on appeal.

Attorney General Alberto Gonzales has directed that any review of documents by the filter team not begin for two weeks to allow Hogan to consider Jefferson's arguments for a delay pending an appeal.

In a 14-page court filing, the department said the public has a substantial stake in knowing promptly whether Jefferson accepted bribes and paid bribes to high-ranking foreign officials.

For 16 months, investigators have been looking into whether the congressman promoted the sale of telecommunications equipment and services in exchange for stock and cash.

Even a swift review of the case by an appeals court would likely take months to resolve, the department said.

Feds Oppose Jefferson's Request (BRADV)

By Gerard Shields, Advocate Washington Bureau

Baton Rouge Advocate, July 14, 2006

Government against granting stay in material seized in FBI raid

WASHINGTON — The federal government filed its opposition Thursday to the request by U.S. Rep. William Jefferson, D-New Orleans, to keep material seized in an FBI raid of his office sealed.

The Justice Department said that granting a stay to a recent order of a federal judge to give the material to the government would delay what they called a "very serious" investigation.

"A stay would run contrary to the interests of the congressman's constituents and the public at large, who have a substantial stake in prompt determination about whether one of their elected representatives accepted bribes — and also paid out bribes to high-ranking foreign officials — in exchange for personal gain," Justice Department attorneys wrote in their request to deny Jefferson's motion to return the seized material.

President Bush has ordered computer files and two boxes of documents taken during the May 20 raid of Jefferson's office to be sealed for a 45-day "cooling off" period after Jefferson and U.S. House of Representatives leaders called the search unconstitutional.

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But on Monday, U.S. District Judge Thomas Hogan ruled the raid was legal, saying that no lawmaker is above the law. Hogan ordered the material immediately returned to federal agents. Jefferson's attorney quickly filed a stay of the order.

Judy Smith, a Jefferson attorney, said the defense team expected the government's opposition to their motion. "The pleadings speak for themselves," she said.

Federal authorities allege that Jefferson requested hundreds of thousands of dollars in cash and stock for himself and his family in return for arranging communications deals with African nations in the first half of this decade.

Two of Jefferson's former associates have pleaded guilty to bribing him or aiding in a bribe. Federal officials say they have Jefferson on audiotape and videotape accepting a $100,000 bribe, $90,000 of which was found in the freezer of his Washington, D.C., home.

Jefferson has not been charged with a crime and he has repeatedly denied any wrongdoing.

Attorney General Alberto Gonzales has ordered the Justice Department to refrain from reviewing the material for two weeks in order to give the court time to rule on the stay. If the court denies the stay within that time frame, the federal government's review of the material would immediately begin.

A substantial delay in ruling on the stay would prejudice the investigation, the government attorneys wrote.

Story originally published in The Advocate

Convicted Former Procurement Chief Requests New Trial (CD)

By Michaela May, CongressDaily

Congress Daily, July 14, 2006

Convicted former Bush administration official David Safavian has requested a new trial, arguing the inclusion of e-mails between him and lobbyist Jack Abramoff as evidence constituted hearsay that might have prejudiced jurors.

"[T]he e-mails remain hearsay since the truth or credibility of the matter asserted must be weighed by the jury," Safavian attorney Barbara Van Gelder wrote in papers filed Monday with the U.S. District Court for the District of Columbia.

Safavian, the former administrator of the Office of Federal Procurement Policy, was found guilty last month of three counts of making false statements to investigators and one count of obstruction of justice surrounding a golf trip to Scotland he and others, including Rep. Bob Ney, R-Ohio, took with Abramoff in 2002.

In Safavian's trial, District Judge Paul Friedman allowed as evidence more than 200 e-mails between Abramoff and Safavian -- largely on the grounds that the documents either showed Abramoff's lobbying work, provided context for Safavian's statements, showed Safavian's state of mind or were evidence of a conspiracy.

"Lobbying is conducted through words," Friedman wrote in May to an earlier response to Safavian's request to exclude the e-mails as hearsay. "Whether the lobbyist is seeking favors for his client through oral or written communication, it is necessarily communication that constitutes the work -- unlike, say, carpentry work which could involve the physical swinging of a hammer, or drug dealing work which involves the physical exchange of drugs for money."

Friedman instructed jurors to view certain e-mails only in light of what they showed about Safavian's state of mind or motives to make false statements or obstruct investigations.

In her motion filed Monday, Van Gelder objected to the "work" exemption. She wrote federal evidence rules do not exempt "work" from hearsay rules because a juror cannot determine whether an e-mail constitutes "work" -- rather than "leisure" or "friendship" -- without evaluating the truth of statements made.

Jurors, she argued, would have been unable to consider e-mails within the narrow constraints Friedman had ordered.

Van Gelder also labeled "hearsay within hearsay" an advisory opinion issued by a General Services Administration ethics officer clearing the way for Safavian, then GSA's chief of staff, for the golf trip based on Safavian's statements that Abramoff was not seeking to do business with GSA. The e-mails showed, among other things, that Abramoff sought Safavian's assistance in obtaining government-owned property for a school.

Also Monday, Van Gelder submitted a request to dismiss the jury's guilty verdict, arguing federal prosecutors had failed to prove their case.

Justice Department officials have until July 31 to respond to the motions.

A hearing is planned for Aug. 24. Sentencing is set for October.

Democrats Seek Answers In Phone Jamming (WP)

By Anne Saunders

The Washington Post, July 14, 2006

MANCHESTER, N.H. -- A judge gave state Democrats the go-ahead Thursday to question high-ranking Republicans in a civil suit over the jamming of Democrats' phones on Election Day 2002.

Three former GOP officials have already been sentenced in the phone jamming scheme. In the civil suit, state Democrats want to know who knew about the plan.

They point to a record of phone calls that show national GOP official James Tobin, one of those convicted, made two dozen calls to the White House within a three-day period as the phone jamming operation was finalized, carried out and then abruptly shut down.

The national Republican Party, which paid millions to defend Tobin, said the contacts involved routine election business and that it was "preposterous" to suggest they involved phone jamming.

Robert Kelner, a Washington, D.C., lawyer representing the Republican National Committee, said some of the officials the Democrats want to question may fight being deposed.

Democrats want to question the former associate director of the White House Political Affairs Office, Alicia Davis, and to see her phone records and those of her then-boss, Ken Mehlman, now RNC chairman.

Also on their list: Edward Gillespie, who was RNC chairman when the decision was made to pay Tobin's legal expenses; Terry Nelson, former executive director of political operations for the RNC and now a political strategist for Sen. John McCain; and Chris LaCivita, former national political director for the National Republican Senatorial Committee who went on to develop the Swift Boat veterans TV campaign against Democratic presidential nominee John Kerry in 2004.

An aide to Mehlman referred questions to the Justice Department, which won convictions in the criminal case. Gillespie was not immediately available for comment Thursday.

The Democratic National Committee praised the judge's decision.

"Today's ruling brings us one step closer to finding out who knew what and when they knew it on the criminal scheme to disenfranchise New Hampshire voters," said Karen Finney, the DNC's communications director.

The lawsuit seeks compensation for alleged GOP interference with telephone systems amid a hotly contested U.S. Senate race between then-Gov. Jeanne Shaheen and Republican John Sununu. Sununu won by about 20,000 votes.

The calls tied up phone lines for more than an hour as Democrats and the nonpartisan Manchester firefighters' union were offering rides to the polls.

Tobin was convicted in December on two felony telephone harassment charges. He was sentenced to 10 months in prison but is free while his appeals are pending.

Former GOP Marketplace president Allen Raymond and former state Republican Committee Executive Director Charles McGee pleaded guilty in the case and testified against Tobin. McGee served seven months, and Raymond received a three-month sentence.

FBI Subpoenas Records From Brick Town Hall (BRICKTB)

By Colleen Lutolf, Staff Writer

Brick Township (NJ) Bulletin, July 14, 2006

Federal grant records, DCA memos, truck purchases sought

The FBI has subpoenaed records from Brick three times in the past two weeks, township officials confirmed earlier this week.

Two subpoenas were received by Municipal Clerk Virginia Lampman July 6, ordering officials to release records related to federal funds Brick received between Jan. 1, 1998, and Dec. 31, 2005, Lampman said.

The township has received less than $4 million in federal grants during the dates specified in the subpoena, the township's Chief Financial Officer Scott Pezarras said Monday.

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"The CDBG [Community Development Block Grant] funding alone is probably about $2,100,000," he said.

The second subpoena sought any correspondence, memoranda and disclosure statements made to the state Department of Community Affairs pertaining to the township's former Public Works Director John H. Nydam, between Jan. 1 1998, through Dec. 31, 2002, Lampman said.

"Basically they requested the entire personnel file from Jack Nydam and any correspondence between the DCA and the township regarding Jack Nydam," Pezarras said. "The only thing I can think of, is they just want to look through his file to see if there's anything in there.

"The only reason the DCA would be involved would be applications for permits for work done at the yard," he said. "They also handle disciplinary action. I can't speculate. Whatever they ask for, we're going to provide them."

One week before, on June 30, the FBI ordered township officials to release any correspondences or miscellaneous documents relating to the purchase of trucks, vehicles, equipment and parts from International Trucks of Central Jersey, or its affiliates Air Brake & Equipment and Air Brake Exchange, between Jan. 1, 1999, to the present, Lampman said.

"I really have no idea what the federal authorities are looking for," Mayor Joseph C. Scarpelli said last week.

The documents ordered June 30 are the same documents the Ocean County Prosecutor's Office obtained last year, Scarpelli said.

"Brick already shared that information with the Ocean County Prosecutor's Office," he said.

The township paid International Trucks approximately $1.9 million between 1998 and April 2005; and $84,850 to Air Brake & Equipment during that time, former Business Administrator Scott MacFadden said last April.

Since April 2005, the township has paid $432,603 to International Trucks for three recycling vehicles, a bid the Township Council awarded Oct. 25, 2005, the township's assistant purchasing agent, Garry Houman, said Monday.

Since January 2006, the township has paid International Trucks $1,806,302, Pezarras said. That figure includes the $432,603 for the recycling trucks because although the bid was awarded last year and those funds were encumbered, the truck dealer was not paid until 2006.

The Howell-based trucking company was formerly co-owned by Stephen Appolonia, who was arrested by the FBI in March, 2005, for allegedly laundering over $350,000.

The Route 9 truck dealership is now owned by Appolonia's brother, Michael.

Appolonia's arrest came two weeks after the FBI, the U.S. Attorney General's Office and the Monmouth County Prosecutor's Office arrested 11 Monmouth County officials in a federal corruption probe, "Operation Bid Rig."

One month later, in April, 2005, officials at the Ocean County Prosecutors office confirmed the FBI had joined the county agency in an investigation into "Brick Township matters."

At the time, officials said the FBI was looking into links between Nydam, who pleaded guilty to theft, official misconduct and witness tampering in April, and International Trucks.

Nydam's sentencing is scheduled for Sept. 15. His ongoing cooperation with state and federal authorities is a term of his plea deal.

"Evidently, it transcends just Brick," Scarpelli said last week about the federal probe. "Maybe it's part of a larger probe they're in the middle of to see if there's a pattern or certain link somewhere."

An Ocean County grand jury had already indicted Jack Nydam on charges of official misconduct, four counts of compensation for past official behavior, and witness tampering in Feb. 2004.

Nydam's troubles with the law in his capacity as DPW director began after he was placed on administrative leave in Aug. 2003, after allegedly directing township employees to erect a board-on-board fence between his property and a park next to his Brick Township home.

Federal authorities have described Nydam's cooperation in the investigation as "substantial," Ocean County Assistant Prosecutor William Porter said after Nydam pleaded guilty April 3 of this year.

The scandal surrounding the trucking company would not deter Brick from doing business with the company, Pezarras said.

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"We've done nothing wrong on our end," Pezarras said. "We did everything we were supposed to do. We put a bid out there and if they're the low bidder, they get the bid. If they're not, whoever the low bidder is gets the bid."

Gotti Jr. Was Willing To Admit Sliwa Rap (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, July 14, 2006

Despite years of denials that he ordered a hit on Guardian Angels founder Curtis Sliwa, mob scion John A. (Junior) Gotti was prepared two years ago to plead guilty to the crime.

Gotti apparently saw the plea deal as a way to head off a lengthy prison sentence and possibly prompt prosecutors to leave him alone.

"Let's suppose that they want me to cop ... to this Sliwa thing, and they want to add another year or two to my sentence," Gotti told a friend visiting him in September 2003 at an upstate prison, where he was serving time for racketeering. The conversation was recorded.

"I'll do it," he said. "I'm not saying I did it, but I'll do it. I'll take the blame for everything."

Gotti eventually rejected the plea deal.

His comments were included in court papers filed by his attorneys yesterday in an attempt to get a judge to bar prosecutors from using those statements and others at his upcoming trial.

Two previous federal prosecutions of Gotti's alleged role in the failed attack on Sliwa have ended in mistrials.

In another prison snippet in February 2004, the son of Teflon Don John Gotti said his dad had the manpower to off Sliwa, who had railed against the senior Gotti on the radio.

"He has 200 guys to do it," Gotti said. "He don't need me to do it.... The government can say and make up any story they want to make up.... And they'll cram it, they'll cram it down juries' throats."

In other conversations, Gotti Jr. said of his kids, "Thank God they're not like me," and griped that his father's friends "weren't my friends."

'JUNIOR' TAPE: I'D COP TO CURTIS PLEA (NYPOST)

By Kati Cornell

The New York Post, July 14, 2006

John "Junior" Gotti was secretly caught on tape planning to cop a plea to the near-fatal kidnapping of radio host Curtis Sliwa - explosive recordings the mob scion's lawyers are fighting to keep jurors from hearing.

Huddled in an upstate prison visiting room, Gotti told a pal that he'd instructed his lawyer, "Talk to the judge. I'll take 10 years' supervised release - a couple more years [in prison] on top of this and I'll cop out to the Sliwa thing tomorrow."

Defense lawyer Charles Carnesi provided details of the incriminating Sept. 5, 2003, conversation in a letter asking Manhattan federal Judge Shira Scheindlin to block prosecutors from introducing the tapes into evidence at Gotti's racketeering trial next month.

"Admission of these plea discussions, particularly . . . involving the Curtis Sliwa allegations, would be extremely prejudicial to Gotti," Carnesi wrote.

Even as Gotti told his pal about the various prison terms he would consider, the former Gambino leader stopped short of making a full confession, according to court papers. "Let's suppose that they want me to cop out to this Sliwa thing . . . I'll do it. I'm not saying I did it, but I'll do it. I'll take the blame for everything," Gotti told his visitor at the Ray Brook prison.

No Prison For FBI Network Hacker, Judge Decides (WP)

By Eric M. Weiss

The Washington Post, July 14, 2006

A government consultant who cracked the FBI's classified computer network and learned the passwords of 38,000 employees, including that of the director, was spared a prison sentence yesterday.

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U.S. District Judge Richard J. Leon sentenced Joseph Thomas Colon to six months of home detention after finding that the computer consultant did not try to harm national security or use the information for his own benefit or profit.

"This is not a case of al-Qaeda people trying to sneak into the FBI system," Leon said. Instead, it was a case of someone being "too clever by half."

Colon, 29, pleaded guilty in March to four counts of intentionally accessing a computer while exceeding authorized access and obtaining information from any department of the United States. He could have received as much as 18 months in prison.

Colon admitted he entered the system using the identity of an FBI special agent and two computer hacking programs found on the Internet to get into one of the nation's most secret databases. As a result, the bureau said it was forced to shut down its network temporarily and commit thousands of hours and millions of dollars to ensure no sensitive information was lost or misused.

During sentencing, Colon said he used the passwords and other information to bypass bureaucratic obstacles and better help the FBI install its new "Trilogy" computer system. He said he hoped to impress superiors and become an FBI agent.

"As with any IT systems administrator, whether in government or private business, Joseph T. Colon was granted a substantial level of trust," said Charles S. Phalen Jr., assistant director of the FBI's security division. "He betrayed that trust."

Colon has since lost his job as a consultant for BAE Systems and his top-secret clearance.

Prosecutors said Colon asked for additional clearances and was denied. They say he also used access to the system for "curiosity hacks" that were not related to his job.

House Panel Backs Bill On FBI Ignoring Crimes (BOS)

By Rick Klein, Globe Staff

The Boston Globe, July 14, 2006

Bulger-Flemmi case cited; agents would serve time

WASHINGTON -- A key House panel yesterday approved a bill that would send FBI agents to prison for up to five years if they ignore violent crimes committed by their confidential informants, a stern reaction to abuses involving a former agent and Boston gangsters James ``Whitey'' Bulger and Stephen Flemmi.

The bill, approved on a voice vote by the House Judiciary Committee, would require FBI officials to give local authorities information about any ``serious violent felonies'' -- including murder, sexual assault, kidnapping, and carjacking -- committed by their informants or other individuals.

The measure was drafted in part as a response to the case of former Boston FBI agent John J. Connolly Jr., whose informants included Bulger, reputed leader of an organized crime operation, and Flemmi, his top lieutenant, said US Representative William Delahunt, a Quincy Democrat. Connolly, currently serving time in federal prison, protected Bulger and Flemmi and tipped them off about law enforcement investigations even as the two led a violent organization believed to have been responsible for numerous murders in the Boston area during the 1970s and '80s.

``This really was totally unacceptable,'' said Delahunt, who wrote the bill along with US Representative Dan Lungren, a California Republican. ``Vicious criminals were murdering and wreaking violence with impunity because of the lack of accountability that existed and continues to exist within the FBI.''

In 2002, Connolly was convicted in federal court on racketeering and obstruction of justice charges for warning Bulger and Flemmi to flee in January 1995, just before they were indicted.

Bulger, who is accused of killing 19 people, remains a fugitive. Flemmi is serving a life sentence for 10 murders.

Tougher FBI guidelines adopted after Connolly's conviction require FBI agents to share information about possible felonies their informants or others may have committed. But a Justice Department review last year found that, during a three-month period in 2004, agents failed to follow the rules in 87 percent of the cases that were analyzed.

The measure has not yet come for a vote in Senate. The Justice Department, which has oversight of the FBI, has lobbied against the bill, arguing that the bureau's own rules are sufficient. Department officials declined to comment yesterday.

Last month, the Justice Department defended itself in a wrongful death suit brought by kin of Quincy fisherman John McIntyre, who was killed in 1984. Flemmi has testified that he killed McIntyre after Connolly warned them that McIntyre had implicated them in a plot to ship guns to the Irish Republican Army.

During the trial, Justice Department attorney Bridget Bailey Lipscomb said the department can't be held responsible for the actions of informants. ``You cannot monitor them and figure out what they are doing at all times," she said.

The judge has not yet ruled in the case.

Missouri Cannot Find Doctor To Assist With Executions (FINDLAW/AP)

By Cheryl Wittenauer, Associated Press Writer

AP, July 14, 2006

(AP) - ST. LOUIS-State officials said Thursday they will comply with a judge's order to have doctors oversee executions to ensure the condemned do not suffer unnecessarily, but difficulty in finding a doctor to perform such a task is likely to delay executions.

"We always intended to comply with the deadline," Director of Missouri's Department of Corrections Larry Crawford said in telephone interview. "We can put together a plan, but if it's a plan we couldn't carry out ... we wouldn't be able to meet our statutory duty to carry out executions.

Crawford said his department has sent letters to hundreds of board-certified anesthesiologists in Missouri and southern Illinois asking if they would be willing to oversee lethal injections, as required by a district judge's ruling last month. So far, no one has responded, he said.

The Death Penalty Information Center says no other state with the death penalty requires the involvement of an anesthesiologist in carrying out an execution.

Missouri's Corrections Department was ordered last month to make sweeping changes to its execution protocol by this Saturday.

Ruling in the case of death row inmate Michael Taylor, U.S. District Judge Fernando Gaitan Jr. halted executions until he was satisfied that Missouri's procedures posed no risk of unnecessary pain and suffering.

In his ruling, Gaitan expressed grave concerns that a surgeon, a self-described dyslexic identified only as "John Doe 1," had much discretion and worked under no written protocol in mixing the lethal drugs and overseeing the executions, despite his lack of training in anesthesiology.

Under the judge's ruling, the anesthesiologist would play a central role in carrying out Missouri executions. The specialist would mix the drugs; administer them or observe those who do; and determine and monitor the inmate's level of consciousness, either by being in the execution room or with the help of monitoring equipment.

The anesthesiologist also would serve as a consultant in drafting the state's protocol, contingency plan and auditing process.

But the medical profession is decidedly uncomfortable with such a role. Doctors risk violating medical ethics if they assist.

And the president of the American Society of Anesthesiologists wrote to his colleagues that doctors shouldn't help put inmates to death by lethal injection or work with the legal system to ensure inmates don't feel pain when they are executed.

"The legal system has painted itself into this corner and it is not our obligation to get it out," Dr. Orin F. Guidry, president of the 40,000-member group, wrote in a messaged posted on the organization's Web site on June 30. Patients could lose trust in their doctors if they see them as executioners, he wrote.

Congress Identifies Pornography Purchasers (NYT)

By Kurt Eichenwald

The New York Times, July 14, 2006

A Congressional subcommittee investigating the growth of online child pornography has referred the names of hundreds of people who purchased illegal images to state prosecutors around the country, according to government officials.

The referrals for possible prosecution were made late last month to attorneys general in 46 states by the Oversight and Investigations Subcommittee of the House Energy and Commerce Committee. The information provided to prosecutors included

names, credit card information and identifying details of the computers used to purchase monthly memberships at an illegal child pornography site.

The records were turned over to the committee by Justin Berry, a 19-year-old California man who, beginning at age 13, ran a pornographic Web site featuring images of himself streamed onto the Internet through inexpensive Webcams. Mr. Berry was the committee's major witness in its opening day of hearings, during which he described his descent into Webcam pornography and his decision to turn against that business.

The subcommittee provided the attorneys general with records involving residents of their states, along with a cover letter signed by Representative Edward Whitfield, the Kentucky Republican who heads the subcommittee, and Representative Bart Stupak, the Michigan Democrat who is the ranking minority member. In the letter, the representatives invited prosecutors to "further investigate and analyze the information set forth in these documents." The documents were not sent to Montana, North Dakota, South Dakota and Rhode Island because no residents of those four states were named in the records.

Prosecutors from more than a dozen state attorneys general offices have already contacted the subcommittee, saying that they intend to pursue the cases, Mr. Whitfield said in an interview yesterday.

Mr. Berry was the subject of an article in The New York Times last December, which Congressional staff members said led to the continuing hearings.

Since last July, Mr. Berry has been cooperating with the Justice Department in an investigation of adults who helped market, promote and support his Webcam business. In his Congressional testimony, he criticized federal prosecutors for failing to pursue the 1,500 people who subscribed to the multiple sites he ran. Department officials responded that they were conducting an active investigation of Mr. Berry's allegations.

As part of his testimony, Mr. Berry provided the subcommittee with 1,071 credit card transactions for one of his Web sites, called mexicofriends.com. Subcommittee staffers said that there were fewer subscribers in the records than transactions, because the documents included renewals and names of people who tried to sign up several times with different credit cards.

Stephen Ryan, a partner with Manatt, Phelps & Phillips who represents Mr. Berry, said "we are thrilled" by the subcommittee's decision to make the referrals.

Three men who were involved in the business with Mr. Berry have been charged by federal prosecutors in the case. State prosecutors in Michigan have also arrested another man, Ken Gourlay, for what prosecutors said was his role in working on some sites as well as for molesting Mr. Berry. In his testimony before the subcommittee, Mr. Berry identified Mr. Gourlay as someone who had sexually abused him in the past.

A hearing for Mr. Gourlay is scheduled for today in Detroit.

Senate Ups Money For NASA, Crime Fighting (AP)

AP, July 14, 2006

WASHINGTON (AP) -- The Senate Appropriations Committee on Thursday cut into President Bush's budget by $2.4 billion as it approved budget increases for NASA and for crime-fighting grants to state and local governments.

Senators approved $1 billion, which Bush did not request, to pay back NASA for about half of the cost of returning the Columbia space shuttle to flight. The committee also rejected Bush's plan to virtually eliminate about $1.3 billion in grants to state and local governments.

Winning unanimous bipartisan approval was a $52.2 billion bill that covers the departments of Justice and Commerce in addition to the National Aeronautics and Space Administration.

The add-ons probably will draw a White House veto threat and the bill is unlikely to make it to the floor for debate before Election Day in November. Senate GOP leaders have made it plain that they want to save contentious debates on spending for a postelection lame duck session or even next year.

The additional NASA money would bring the agency's budget to $17.8 billion and would go toward research, aeronautics and exploration programs and other NASA accounts tapped for funds to finance the shuttle's return to flight. The July 4 launch of Discovery marked NASA's second shuttle flight since the since the Columbia was destroyed in 2003.

The shuttle-related money was deemed emergency spending by the panel, which means it is exempt from budget limits. That drew protests from fiscal conservatives such as Sen. Pete Domenici, R-N.M., who said it hardly was an emergency since the shuttle has already launched.

"To call it an emergency is just a very big stretch," Domenici said.

There's widespread support, however, for restoring Bush's proposed cuts in grants to local police departments and other anti-crime programs. The bill also roughly doubled Bush's request for grants to help states and local government combat the methamphetamine scourge.

Senators endorsed Bush's plan to double spending for basic research programs in the physical sciences over the next 10 years and improve training and recruitment of math and science teachers.

CIVIL LAW:

Plame, Husband Sue Cheney, Libby, Rove (WT)

By Jerry Seper

The Washington Times, July 14, 2006

Former CIA employee Valerie Plame and her husband, ex-Ambassador Joseph C. Wilson IV, yesterday filed a lawsuit accusing Vice President Dick Cheney, his former Chief of Staff I. Lewis "Scooter" Libby and presidential adviser Karl Rove of violating their rights by leaking her name and CIA role to reporters.

The suit, filed in U.S. District Court for the District of Columbia, said the White House officials improperly disclosed Mrs. Plame's CIA role in an effort to "discredit, punish and seek revenge against" Mr. Wilson for disputing President Bush's 2003 State of the Union address justifying the war in Iraq.

It said the couple suffered violations of their First Amendment and Fifth Amendment rights as a result of "a conspiracy among current and former high-level officials in the White House," calling the leak an "intentional and malicious exposure by senior officials of the federal government" of Mrs. Plame, "whose job it was to gather intelligence to make the nation safer, and who risked her life for her country."

"But for Mr. Wilson coming forward, it is unlikely that the administration ever would have acknowledged its error,"according to the suit. "The fact that the administration had to admit its mistake is one likely reason why the defendants chose to attack the Wilsons."

The suit charges that the couple suffered a "gross invasion" of their privacy, have been impaired in pursuing professional opportunities, and fear for their safety and the safety of their children as a result of the public disclosure of Mrs. Plame's CIA role. It names Mr. Cheney, Mr. Libby, Mr. Rove and 10 unnamed administration officials and seeks unspecified compensatory and punitive damages.

The couple's attorney, Christopher Wolf, was not available yesterday for comment, but scheduled a press conference for today.

Mrs. Plame's CIA identity was disclosed in a July 14, 2003, column by conservative commentator Robert Novak, who identified the sources as two senior Bush administration officials and an unspecified CIA source. Earlier this week, in his first public comments on the case, Mr. Novak identified Mr. Rove and CIA spokesman Bill Harlow as two of the sources but said: "My primary source has not come forward to identify himself."

In his 2003 column, Mr. Novak wrote that Mrs. Plame had helped initiate her husband's 2002 mission to Niger to investigate reports that Iraqi dictator Saddam Hussein had tried to acquire uranium from there. The column appeared just days after Mr. Wilson, in a New York Times opinion column, accused the administration of misusing intelligence to justify invading Iraq.

In his syndicated column this week, Mr. Novak said he had cooperated with special prosecutor Patrick J. Fitzgerald's investigation "while trying to protect journalistic privileges" and to shield sources who had not revealed themselves. Mr. Fitzgerald was appointed to investigate the leak after Attorney General John Ashcroft recused himself because of his close relationships with White House officials.

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Mr. Libby is the only administration official charged so far in the leak investigation, and he faces trial in January on charges of perjury, obstruction of justice and lying to FBI agents and a federal grand jury. Last month, Mr. Fitzgerald told Mr. Rove's attorneys that he did not intend to seek criminal charges against their client.

Mr. Cheney has been described in court filings in the Rove case as a key player in White House attempts to counter Mr. Wilson's charges. Mr. Libby told the grand jury that the vice president was upset about Mr. Wilson's accusations in the New York Times and that they discussed the story daily.

Plame Sues Cheney, Others Over CIA Leak (USAT)

USA Today, July 14, 2006

Former CIA officer Valerie Plame and her husband, retired diplomat Joseph Wilson, sued Vice President Cheney and 12 other current or former officials Thursday, accusing them of trying to ruin Plame's career by publicly disclosing that she worked at the CIA.

The lawsuit says Cheney, White House political chief Karl Rove and I. Lewis "Scooter" Libby, who was then Cheney's chief of staff, conspired to "discredit, punish, and seek revenge" because Wilson had emerged in 2003 as a harsh critic of the administration on Iraq. The suit, filed in U.S. District Court, also named 10 unidentified federal officials or political operatives. It did not say how much the couple was seeking in damages.

Rove's spokesman, Mark Corallo, said "the allegations are absolutely and utterly without merit." Lea Anne McBride, a Cheney spokeswoman, declined to comment. Barbara Comstock, a spokeswoman for Libby, said his legal team would comment later. Libby is awaiting trial on federal charges that he lied to investigators and obstructed the leak investigation. — Mark Memmott

House Speaker Dennis Hastert, R-Ill., was hospitalized for treatment of a potentially serious bacterial skin infection on his lower left leg. He was expected to receive intravenous antibiotics at Bethesda Naval Hospital in suburban Maryland through the weekend, said his spokesman, Ron Bonjean. He said Hastert, 64, has cellulitis, which can spread rapidly if untreated.

Senior Bush administration officials may back legislation that would prosecute terrorism suspects under a court system based on the Pentagon's Uniform Code of Military Justice, two Senate Republicans said. Arizona's John McCain and Virginia's John Warner cited recent meetings with Stephen Hadley, the president's national security adviser, and other top administration officials. "I was under the impression that that was the administration's position," McCain said. National Security Council spokesman Frederick Jones confirmed the talks but wouldn't discuss details.

The administration has insisted that Congress legalize military tribunals for detainees that the Supreme Court ruled unlawful June 29.

Cheney, Rove And Libby Are Sued In Agent's Unmasking (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, July 14, 2006

WASHINGTON — The former CIA operative at the center of a three-year federal leak investigation fought back Thursday, suing Vice President Dick Cheney, his former top aide and presidential counselor Karl Rove — accusing them of ruining her career and seeking revenge against her husband, an administration critic.

The onetime operative, Valerie Plame, and her husband, former envoy Joseph C. Wilson IV, alleged in a lawsuit filed in U.S. District Court that administration officials illegally conspired to violate their constitutional rights and other laws by leaking Plame's identity to reporters.

The civil suit — filed almost three years to the day after syndicated columnist Robert Novak publicly identified Plame — seeks unspecified financial damages.

Wilson and Plame announced Thursday that they were setting up a fund to pay the costs of the litigation and a website for contributions. Any money obtained from the suit above and beyond their legal bills will go to charity, they said.

But they and their lawyers said they would not comment about the suit until a news conference scheduled for today. Their legal team includes Erwin Chemerinsky, a professor at Duke University law school and a widely respected authority on constitutional law.

The suit marks a new front in a Washington scandal that only a month ago seemed to have run its course — after a federal prosecutor said he had decided not to bring charges against Rove, a primary focus of the three-year probe.

In addition to Rove and Cheney, the suit names former Cheney aide I. Lewis "Scooter" Libby, who faces a trial early next year on charges of perjury and obstruction in connection with his role in the case.

"The lawsuit concerns the intentional and malicious exposure by senior officials of the federal government of one such human source at the CIA, Valerie Plame Wilson, whose job it was to gather intelligence to make the nation safer, and who risked her life for her country," according to the complaint.

A spokesman for Rove, Mark Corallo, called the allegations "absolutely and utterly without merit."

Lea Anne McBride, Cheney's spokeswoman, said her boss would have no comment. "It relates to a matter that is already before the courts, so we are just going to follow standard policy and not comment on a matter that is in litigation," she said.

A lawyer for Libby, William Jeffress, also declined to comment.

Though legal experts were divided over the strength of the allegations, the suit is likely to become a rallying point for administration critics — in a similar manner, perhaps, to the focus by partisans a decade ago on Paula Jones' sexual harassment litigation against President Clinton. In this case, the charges are rooted in one of the most divisive and intensely debated issues of the Bush presidency: whether the administration twisted the intelligence it used to justify the war in Iraq.

Novak published Plame's name and employment in his syndicated column July 14, 2003 — eight days after an op-ed article by her husband ran in the New York Times. Wilson challenged Bush's assertion in the State of the Union address that year that Saddam Hussein had sought nuclear material in Africa. In 2002, Wilson was sent on a CIA-backed mission to Niger to assess the claim; he concluded in his article that it was unfounded.

Plame had worked as a covert operative on weapons issues; in some circumstances, disclosing the identity of an undercover officer is a federal crime. Wilson and Plame say that her identity was leaked in retaliation for her husband's criticism.

Although Rove and Libby initially denied that they had anything to do with exposing Plame, an investigation by special prosecutor Patrick J. Fitzgerald showed that both men had spoken with reporters about her — and that Cheney himself was one of the people who gave information about Plame to Libby.

Fitzgerald's probe also revealed that Cheney was acutely concerned about Wilson's criticism and was insinuating privately that his wife had arranged the Africa trip as a "junket."

There has been no evidence that Cheney urged anyone to expose Plame. But her name surfaced as administration officials were speaking with reporters about Wilson and his column.

According to the lawsuit, the leak caused widespread personal and professional damage. Plame resigned from the CIA last year, citing the fallout from the scandal. The suit alleges that the disclosure has left Wilson and Plame fearing for their family's safety because of concerns that they had become targets of people hostile to the U.S. or the intelligence community.

The suit also alleges that by retaliating against Wilson for writing the column, the officials violated the couple's 1st Amendment rights, and that by disclosing Plame's identity, they violated her right to privacy. The suit was brought in part under a theory that allows citizens to sue federal officials for violating their constitutional rights.

Such suits, known as Bivens actions, are difficult to win. The law affords federal officials immunity from lawsuits when they are acting within the scope of their duties.

The law also requires that the officials know that their conduct affects the exercise of particular constitutional rights. Some legal scholars said it would be hard for Wilson to show that his right to speak out was affected by the decision of Rove and Libby to reveal the CIA affiliation of his wife.

"If you are going to be out there criticizing the government, then the government, just like anybody else, will often try to explain why you are in the wrong. That is part of the public debate," said Eugene Volokh, a law professor at UCLA.

Though Plame's status as an operative was classified, even Fitzgerald did not find that the disclosure broke a federal law protecting covert agents, Volokh said, adding that "not every violation of federal criminal law is a constitutional violation."

But other experts said the ultimate success of the lawsuit, measured in dollars, might be beside the point. They said it would be difficult for the officials to get the suit quickly thrown out, giving Plame, Wilson and their legal team an opportunity to

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question them under oath and obtain their notes, documents and even statements and grand jury testimony given as part of the Fitzgerald probe.

That could help answer the major unanswered question in the case: the identity of a senior administration official who told Novak about Plame. Novak discussed his role in the investigation this week, but has declined to reveal his main source.

"The key point is that filing the lawsuit will permit Plame Wilson to subpoena witnesses — such as Robert Novak — to provide testimony," said John T. Nockleby, a professor at Loyola Law School. "As a result, we may finally learn who is the mystery person who first spoke to Novak."

Cheney, Rove, Libby Sued By Ex-CIA Agent Over Leak (Update2) (BLOOM)

By Cary O'reilly

Bloomberg, July 14, 2006

July 13 (Bloomberg) -- Vice President Dick Cheney, White House Deputy Chief of Staff Karl Rove and former Cheney assistant I. Lewis Libby were sued by a former covert CIA agent who says they illegally conspired to reveal her identity.

Valerie Plame, who worked at the agency's headquarters in Langley, Virginia, and her husband, former U.S. ambassador Joseph Wilson, filed the lawsuit today in federal court in Washington. They are seeking unspecified financial damages.

The couple accused Cheney, Rove and Libby of violating their constitutional rights by conspiring to retaliate against Wilson for accusing President George W. Bush's administration of twisting intelligence to justify the invasion of Iraq. Libby also faces criminal charges of lying and obstructing an investigation of the leak of Plame's identity in 2003.

``The defendants reached an agreement to discredit, punish, and seek revenge against'' Plame and Wilson, the suit said. The agreement ``was motivated by an invidiously discriminatory animus towards those who had publicly criticized the administration's stated justifications for going to war with Iraq,'' according to the complaint.

Plame and Wilson plan to hold a news conference tomorrow in Washington. Calls to their lawyer, Christopher Wolf of Proskauer Rose LLP in Washington, were not immediately returned. Libby's lawyer, William Jeffress, didn't return a call seeking comment.

`Without Merit'

``Without even having had a chance to review the complaint, it is clear that the allegations are absolutely and utterly without merit,'' Rove spokesman Mark Corallo said in a statement.

Cheney spokeswoman Lea Anne McBride declined to comment.

Rove, Bush's top political adviser, was told last month he won't face criminal charges in the three-year investigation into the leak of Plame's identity in 2003. No one has been charged with revealing her name.

Special Counsel Patrick Fitzgerald's decision not to seek indictment of Rove removed a legal cloud from him and suggested that Libby, Cheney's former chief of staff, may be the only person to face criminal charges in the investigation. Libby resigned after he was indicted Oct. 28. He pleaded not guilty and his trial is set for January.

Wilson, who served in Africa and was acting U.S. ambassador to Iraq under former President George H.W. Bush, was sent by the CIA in February 2002 to investigate reports that Saddam Hussein's regime was seeking yellowcake uranium from Niger. Wilson wrote in an opinion article published in the New York Times July 6, 2003, that it was ``highly doubtful'' that any sale of uranium took place.

`Pioneering Claims'

Plame, who continued to work at the CIA until January of this year, and Wilson claim in the suit that their constitutional rights to freedom of speech and privacy were violated by the alleged conspiracy.

``These are pioneering claims being advanced by Valerie Plame,'' said Jamin Raskin, law professor at American University in Washington. ``Ordinarily we don't think of the disclosure of someone's government employment as being a violation of their rights.''

Raskin said Plame and Wilson may have difficulty pressing their case against Cheney and Rove.

``These are sitting state officials who will assert their personal immunity and state sovereign immunity and lack of subject matter jurisdiction'' by the court, he said. ``This is a very tough case for the plaintiff.''

The case is Plame v. Cheney, 06-1258, U.S. District Court for the District of Columbia (Washington).

Ex-C.I.A. Officer Sues Cheney And Others Over Leak (NYT)

By Neil A. Lewis

The New York Times, July 14, 2006

WASHINGTON, July 13 — Valerie Wilson and her husband, Joseph C. Wilson IV, filed suit on Thursday against Vice President Dick Cheney, Mr. Cheney's former top aide and the senior presidential adviser Karl Rove, charging they had conspired to violate their constitutional rights.

The lawsuit, filed in Federal District Court, accused Mr. Cheney, Mr. Rove and the former Cheney aide, I. Lewis Libby Jr., of conspiring to destroy Ms. Wilson's career by leaking her identity as an undercover C.I.A. operative to the press. It says the three men had conspired to punish Mr. Wilson for his public assertions that the Bush administration had twisted intelligence to justify the invasion of Iraq.

The civil lawsuit, which does not specify any amount of damages being sought, is the latest chapter in a complicated legal and political story that began when Valerie Plame, Ms. Wilson's unmarried name, first appeared publicly in a newspaper column by Robert D. Novak on July 14, 2003.

The fallout from that disclosure led to an investigation by a special prosecutor into whether the leak violated any laws and whether Ms. Wilson's name was leaked as part of a campaign to punish Mr. Wilson, a former ambassador, for his criticism of the White House.

The prosecutor, Patrick J. Fitzgerald, did not bring any charges in connection with laws that prohibit the willful disclosure of the identity of a Central Intelligence Agency officer. But he did indict Mr. Libby, also known as Scooter, on perjury and obstruction of justice charges, saying he had testified untruthfully to a grand jury and federal agents when he said he learned about Ms. Wilson's role at the C.I.A. from reporters rather than from several officials, including Mr. Cheney.

Mr. Libby's trial is scheduled to begin in February. The judge has narrowed the issues in the case to whether Mr. Libby lied and has excluded almost all evidence about the politics surrounding the leak of Ms. Wilson's name.

As a result, the Wilsons' suit has the potential to keep alive those issues in a civil case, which generally allows a wider scope of evidence.

But the suit is also likely to face major hurdles, notably the issue of whether the officials have any immunity for their actions. The general standard from a 1982 Supreme Court case is that federal officials may be sued for violating someone's constitutional rights if a reasonable person would believe they had violated "clearly established law."

The pretrial motions in the Libby case have not, as yet, produced evidence that there was any willful effort to leak Ms. Wilson's identity.

The lawsuit says the officials' actions have led to "gross invasions of privacy" for the Wilsons and caused them to fear for their children's safety because Ms. Wilson is now a target for those who hate the United States. The suit says the officials violated the couple's right to privacy, freedom of speech and equal protection of the laws.

Mr. Cheney's spokeswoman, Lea Anne McBride, declined to comment, noting that the issues were before a court in the Libby trial. Robert D. Luskin, Mr. Rove's lawyer, said in an interview: "The allegations are without merit. We may comment further when we have an opportunity to review the complaint."

Former CIA Officer Sues Cheney Over Leak (AP-Y)

By Toni Locy

AP2, July 14, 2006

The CIA officer whose identity was leaked to reporters sued Vice President Dick Cheney, his former top aide and presidential adviser Karl Rove on Thursday, accusing them and other White House officials of conspiring to destroy her career.

In a lawsuit filed in U.S. District Court, Valerie Plame and her husband, Joseph Wilson, a former U.S. ambassador, accused Cheney, Rove and I. Lewis "Scooter" Libby of participating in a "whispering campaign" to reveal Plame's CIA identity and punish Wilson for criticizing the Bush administration's motives in Iraq.

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Several news organizations wrote about Plame after syndicated columnist Robert Novak named her in a column on July 14, 2003. Novak's column appeared eight days after Wilson alleged in an opinion piece in The New York Times that the administration had twisted prewar intelligence on Iraq to justify going to war.

The CIA had sent Wilson to Niger in early 2002 to determine whether there was any truth to reports that Saddam Hussein's government had tried to buy yellowcake uranium from Niger to make a nuclear weapon. Wilson discounted the reports, but the allegation nevertheless wound up in President Bush's 2003 State of the Union address.

Mark Corallo, a spokesman for Rove, said, "Without even having had a chance to review the complaint, it is clear that the allegations are absolutely and utterly without merit."

The lawsuit accuses Cheney, Libby, Rove and 10 unnamed administration officials or political operatives of putting the Wilsons and their children's lives at risk by exposing Plame.

"This lawsuit concerns the intentional and malicious exposure by senior officials of the federal government of ... (Plame), whose job it was to gather intelligence to make the nation safer and who risked her life for her country," the Wilsons' lawyers said in the lawsuit.

Specifically, the lawsuit accuses the White House officials of violating the Wilsons' constitutional rights to equal protection and freedom of speech. It also accuses the officials of violating the couple's privacy rights.

Libby, Cheney's former chief of staff, is the only administration official charged in connection with the leak investigation. He faces trial in January on perjury and obstruction-of-justice charges, accused of lying to FBI agents and a federal grand jury about when he learned Plame's identity and what he subsequently told reporters.

Special Counsel Patrick Fitzgerald told Rove's lawyer last month that he had decided not to seek criminal charges against Rove.

The lawsuit alleges that Cheney, Libby and Rove used Plame to punish Wilson for his public statements about the administration's portrayal of the intelligence on Iraq.

"As their chief method of punishment, the White House officials destroyed (Plame's) cover by revealing her classified employment with the CIA to reporters," the lawsuit said.

Instead of confronting Wilson on the issue, the lawsuit said, the White House officials "embarked on an anonymous 'whispering campaign' designed to discredit ... (the Wilsons) and to deter other critics from speaking out."

According to court filings in Libby's case, Cheney played a key role in a White House effort to counter Wilson's charges.

Cheney cut out Wilson's New York Times article and scribbled on it, "Have they done this sort of thing before? Send an ambassador to answer a question? Do we ordinarily send people out pro bono to work for us? Or did his wife send him on a junket?"

Libby told a grand jury that Cheney was so upset about Wilson's allegations that they discussed them daily after the article appeared. "He was very keen to get the truth out," Libby testified, quoting Cheney as saying, "Let's get everything out."

The charges against Libby grew out of conversations he had with three reporters: former New York Times reporter Judith Miller, Time magazine reporter Matthew Cooper and NBC's Tim Russert.

A key aspect of Libby's defense is whose memory is accurate: Libby's or the reporters'.

Vice President Sued By Plame And Husband (WP)

By Eric M. Weiss And Charles Lane

The Washington Post, July 14, 2006

Former CIA officer Valerie Plame and her husband, former ambassador Joseph C. Wilson IV, filed a lawsuit yesterday against Vice President Cheney, presidential adviser Karl Rove and former vice presidential aide I. Lewis "Scooter" Libby, accusing the three of violating their constitutional rights in retaliation for Wilson's criticism of President Bush.

Plame and Wilson say that, after Wilson accused Bush of twisting intelligence about Iraq's pursuit of weapons of mass destruction, Cheney, Rove and Libby conspired to "discredit, punish and seek revenge against the plaintiffs that included, among other things, disclosing to members of the press Plaintiff Valerie Plame Wilson's classified CIA employment."

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Plame and Wilson ask for unspecified monetary compensation for what they described as a "gross invasion of privacy" that could jeopardize the safety of their children and target Plame for retribution by enemies of the United States. They also allege that the incident has impaired their professional opportunities. Plame has since retired from the agency.

The White House declined to comment on the suit, as did the vice president's office. Plame, Wilson and their attorneys declined to comment yesterday, saying they will answer questions at a news conference scheduled for 10 a.m. today.

Libby has been indicted by a federal grand jury for allegedly illegally obstructing Special Counsel Patrick J. Fitzgerald's investigation of the leak.

But legal analysts said the suit could open new avenues for extracting information from the administration, because Plame and Wilson could conduct discovery if the U.S. District Court in Washington lets the suit proceed.

Plame and Wilson might be entitled to demand documents from Cheney and others, as well as to require them to sit for sworn depositions, much as President Bill Clinton had to answer questions under oath in Paula Jones's sexual harassment lawsuit.

And, because the accusations in the suit are separate from the issue Fitzgerald was looking into -- whether anyone violated a federal law against disclosing CIA officers' identities -- Plame and Wilson "could go out and look into a lot of things that Fitzgerald didn't look into," said Eugene Volokh, a law professor at the University of California at Los Angeles.

First, though, Plame and Wilson would probably have to overcome a claim by Cheney that the vice president is immune from suit.

There is no clear legal rule on that point, but the Supreme Court ruled in 1982 that a fired whistle-blower could not sue the president, and Cheney would be likely to argue that the same should apply to him, legal analysts said.

Though Plame alleges her opportunities to work undercover for the CIA have been permanently spoiled, she was not fired.

As a result, said Akhil Amar, a law professor at Yale University, Cheney can claim that "what he did was merely speak rather than fire. . . . He can wrap himself in the First Amendment."

The lawsuit uses the timeline and many of the facts uncovered during Fitzgerald's three-year investigation.

Libby, who resigned as Cheney's chief of staff, faces a perjury and obstruction of justice trial next year. Fitzgerald cleared Rove of criminal jeopardy last month.

The filing alleges that White House officials revealed Plame's identity to "to punish Mr. Wilson" for his public statements questioning whether Bush had twisted prewar intelligence to justify an invasion of Iraq.

Wilson had been sent by the CIA to investigate whether Iraq had sought nuclear weapons material from Niger. He reported that the charge could not be proved, but Bush nevertheless asserted in his 2003 State of the Union address that intelligence existed that Iraq had tried to buy uranium in Africa.

Instead of publicly addressing Wilson's charge, White House officials "embarked on an anonymous 'whispering campaign' designed to discredit and injure the plaintiffs and deter other critics from speaking out," the suit said.

"The audacity and malevolence of that campaign is compounded by the fact that at the same time the Wilsons were being attacked, the administration in fact was acknowledging the validity of Mr. Wilson's public statements," the suit said. "The fact that the administration had to admit its mistake is one likely reason why the Defendants chose to attack the Wilsons."

DOJ: Gabelli, Cos To Pay $130 Million To Settle Suit (DOW)

By Chad Bray, Of DOW JONES NEWSWIRES

Dow Jones, July 14, 2006

NEW YORK -(Dow Jones)- Mario Gabelli and 38 affiliated companies or individuals will pay $130 million to settle civil-fraud allegations that the money manager was behind an effort to deceive the Federal Communications Commission in auctions of wireless licenses, prosecutors said Thursday.

In a press release, the U.S. Attorney's office in Manhattan said the civil settlement with Gabelli and the other individuals or entities was approved by U.S. District Judge Paul A. Crotty on Thursday.

DOJ_NMG_0040668

"The public airwaves are a scarce and valuable resource," U.S. Attorney Michael J. Garcia said. "This settlement protects the integrity of the FCC auction program and reminds all those who seek to benefit from the use of public resources that they must turn square corners when dealing with the government."

The lawsuit was originally brought under the False Claims Act by private plaintiff R.C. Taylor III, who will be entitled to receive about $32.2 million of the recovery, prosecutors said. The Justice Department joined Taylor's lawsuit in March.

Taylor, who brought a whistle-blower claim, said he witnessed the alleged fraud while working as a paralegal and a lawyer at a law firm.

"This is a very satisfying result and a great result for the taxpayers," said Taylor's lawyer Paul Gaffney, of Williams & Connolly in Washington.

The complaint had alleged that friends and relatives of Gabelli were recruited to serve as officers of bogus small or very small businesses in order to participate in eight FCC auctions for wireless licenses for cellular phones between 1995 and 2000. Those individuals included Gabelli client and former New York Knicks basketball player Trent Tucker, the caretaker of Gabelli's vacation home and a one-time aerobics instructor, the government said.

The FCC had established rules for certain auctions that permitted only small or very small businesses to participate or to qualify for bidding credits and favorable financing, prosecutors said.

The lawsuit alleged that control of these supposed businesses always remained with Gabelli and his affiliated companies and the licenses were ultimately transferred to third parties at a substantial profit.

The settlement was initially announced by federal prosecutors at a court hearing in Manhattan last month, but details weren't disclosed until Thursday.

"My clients and I believe this is a fair resolution of the case," said Lanny Breuer, an attorney at Covington & Burling in Washington, D.C., who represented the Gabelli affiliates and negotiated the $130 million settlement with the Justice Department. Breuer added that the settlement doesn't prohibit Gabelli or his affiliates from participating in future auctions of cell phone licenses.

Gabelli is chairman of mutual-fund empire Gamco Investors Inc., which isn't a party to the lawsuit. The lawsuit focused on his role as chairman of telecommunications firm Lynch Interactive.

-By Chad Bray, Dow Jones Newswires; 212-227-2017; chad.bray@dowjones.com

(Paul Davies of The Wall Street Journal contributed to this report.)

Gabelli Settles FCC Auction Charges (WP)

By Brooke A. Masters

The Washington Post, July 14, 2006

Money Manager and Affiliated Firms to Pay $130 Million

NEW YORK, July 13 -- Money manager Mario Gabelli and companies affiliated with him agreed yesterday to pay $130 million to settle allegations that he used sham companies to buy cellphone licenses under a federal program for small and minority-owned businesses.

The federal government alleged that 38 individuals and companies backed by Gabelli's money improperly participated in eight wireless spectrum auctions under special Federal Communications Commission rules reserved for small businesses. The Gabelli-backed entrepreneurs included his relatives, a former aerobics instructor, the caretaker of his vacation home and a retired professional basketball player, the government alleged. Gabelli was not eligible.

"The FCC and all government agencies should be able to trust companies which certify information about eligibility to participate in government programs," Assistant Attorney General Peter D. Keisler said in a statement announcing the deal. "This settlement is an example of the government's determination to ensure that valuable federal resources are protected from fraud and abuse."

The settlement stems from a five-year-old private lawsuit filed under the federal False Claims Act by a whistle-blower, Rufus C. Taylor III, who will receive $32.2 million for his efforts to expose problems with the Gabelli-backed bidders.

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At the time of the auctions, in 1995 to 2000, Taylor was a lawyer representing a rival bidder, and he thought the Gabelli-backed companies were improperly taking advantage of special credits and financing designed to help entrepreneurs. Under the rules, small companies were allowed to take loans from larger ones but had to be actively involved in running their companies. "The issue was whether these small businesses were true small businesses or whether Gabelli really had control of them," said Yale University law professor Jonathan Macey.

Under the terms of the settlement, Gabelli and his affiliates did not admit wrongdoing, and they continued to assert that they complied with all the relevant FCC rules and procedures. Gabelli's money management firm, Gamco Investors Inc., which has more than $25 billion under management in the Gabelli Funds and other accounts, was not implicated in the lawsuit.

Lawyers for Gabelli and his affiliates did not return phone calls and e-mails seeking comment.

The wireless spectrum case was unusual because it focused on a government sales program. Most False Claims Act cases involve government purchasing and contractors that fail to deliver what they owe.

Taylor took his concerns and his evidence to John R. Phillips, a Washington lawyer who specialized in the False Claims Act, a statute from the Civil War era that explicitly rewards whistle-blowers who expose government fraud by giving them a share of any money recovered. The Justice Department initially declined to join Taylor and Phillips's lawsuit, but federal officials announced in March that they had changed their mind after reviewing the evidence uncovered by Phillips and the firm of Williams & Connolly LLP.

Lawyers for Gabelli, who had fought the lawsuit zealously before then, quickly changed their tactics and sought a settlement.

Taylor has since left the legal profession and has been studying in England, his lawyers said. "It's a great result for the taxpayer. We're very satisfied," said Paul B. Gaffney, one of Taylor's attorneys.

In April, the FCC tightened the rules for its wireless spectrum auctions to screen out sham companies fronting for big telecommunication firms. Small-business bidders can no longer turn around and immediately resell spectrum they have just acquired. The next auction begins Aug. 9.

"This settlement protects the integrity of the FCC auction program and reminds all those who seek to benefit from the use of public resources that they must turn square corners when dealing with the government," said Michael J. Garcia, U.S. attorney for Southern New York, whose office handled the case. "Mr. Taylor performed a true public service by blowing the whistle here."

Shares of Gabelli's Gamco Investors closed at $34.90, down 33 cents, or 0.9 percent.

Gabelli To Pay $130 Million To Settle Lawsuit (NYT)

By Julie Creswell

The New York Times, July 14, 2006

One of the country's best-known money managers, Mario J. Gabelli, and affiliated companies have agreed to pay $130 million to settle a civil fraud lawsuit that accused him of orchestrating a scheme to deceive the Federal Communications Commission in its auction of cellphone licenses in the late 1990's.

The settlement, approved yesterday by Judge Paul A. Crotty of the Federal District Court in Manhattan, is the latest move by the quick-witted and quick-tempered Mr. Gabelli to try to put a series of lawsuits and bad press behind him.

Known as Super Mario for his acumen in stock picking, Mr. Gabelli, 63, who sits atop a complex public- and private-investment empire, has seen his reputation dented in recent months as he faced lawsuits that challenged his business ethics, corporate governance and pay package.

Last year, as chairman and chief executive of the publicly traded Gamco Investors, Mr. Gabelli received a pay package worth $55.5 million. Gamco was not part of the auctions, which involved licenses for wireless spectrum, or in the Justice Department settlement yesterday.

How much of the $130 million settlement will come out of Mr. Gabelli's own pocket is unclear. A lawyer for Mr. Gabelli, Lanny A. Breuer, declined to provide details. But earlier this week, Lynch Interactive, a communications holding company run by Mr. Gabelli, said its share of the settlement would be $34 million.

Still, Mr. Gabelli can claim some victories. The settlement, in which he denies any wrongdoing, does not restrict him or any of his companies from bidding in future F.C.C. spectrum auctions. Nor does it force him to give up all of the $205 million in profit he is estimated to have made from reselling the licenses he was accused of obtaining fraudulently.

"I'm glad that we've been able to resolve this in a fair and equitable manner and in a way that allows our clients to move on with their businesses," Mr. Breuer said.

Mr. Gabelli, who was hobnobbing yesterday with the tech and media elite at the investment bank Allen & Company's annual conference in Sun Valley, Idaho, said he did not know about the settlement when questioned by reporters. A message left in his office in Rye, N.Y., was not returned.

The lawsuit against Mr. Gabelli was filed more than five years ago by a whistle-blower, Russell Taylor III, a lawyer who was involved in the wireless spectrum auction.

The lawsuit was filed under the False Claims Act, a Civil War-era law that was intended to uncover fraud against the government. Mr. Taylor, who is studying for a doctorate at Oxford University and whose lawyers said he was not willing to speak about the case, will receive $32.2 million of the $130 million settlement. That amount will be much smaller after he pays taxes and his lawyers' contingency-based fees.

The lawsuit accused Mr. Gabelli and other Gabelli affiliates — mostly friends and associates of Mr. Gabelli with scant, if any, experience in the communications field — of creating a series of sham companies that bid for F.C.C. licenses at a discount under a program that favored minorities and small businesses. Many of those licenses were later resold at hefty profits, the lawsuit asserted.

A number of Lynch Interactive subsidiaries have applied to bid for wireless licenses in an F.C.C. auction in August. They are not seeking minority- or small-business discounts.

This is the second legal battle that Mr. Gabelli has settled in recent months. Earlier this summer, he agreed to pay two investors more than $100 million to settle a legal fight that had raised questions about his pay package and his stance on shareholder rights.

Mr. Gabelli agreed to pay Frederick J. Mancheski, who was Mr. Gabelli's first investor in 1976, and David M. Perlmutter, a former lawyer for Mr. Gabelli, cash and 2.1 million shares in Gamco worth about $80 million.

The men accused Mr. Gabelli of preventing them from selling, at fair market value, their stake in his private company, Gabelli Group Capital Partners. That company is the controlling shareholder of Gamco Investors.

CIVIL RIGHTS:

Voting Rights Act Extensions Pass House Despite GOP Infighting (WP)

By Shailagh Murray

The Washington Post, July 14, 2006

The House yesterday easily approved an extension of key provisions of the landmark Voting Rights Act, after GOP leaders quelled a rebellion within the party's Southern ranks that threatened to become a political embarrassment.

Before the 390 to 33 vote to extend the measure for a quarter-century, the House defeated four amendments that would have diluted two expiring provisions and possibly derailed final passage before the November congressional elections. With the House hurdle now cleared, Senate Judiciary Chairman Arlen Specter (R-Pa.) said he hoped to bring the extension to the Senate floor before the August recess.

The act's temporary provisions do not expire until next year, but Republican leaders had hoped that early action would earn goodwill from minority voters as members of Congress head into a brutally competitive fall campaign season.

"Today, Republicans and Democrats have united in a historic vote to preserve and protect one of America's most important fundamental rights -- the right to vote," said House Speaker J. Dennis Hastert (R-Ill.).

Yesterday's votes put a dent in Hastert's principle of moving major legislation only with a "majority of the majority" -- that is, with most of the chamber's 231 Republicans supporting it. Overwhelming Democratic support was crucial to defeating three of the potentially killer amendments introduced by dissident Republicans and opposed by Hastert.

The Voting Rights Act is a cornerstone of the civil rights era and was adopted in 1965 to stop the systematic disenfranchisement of black voters, particularly in the South, through barriers such as poll taxes and literacy tests. Much of the legislation, including a section that bans racial discrimination at the ballot box, is permanent law.

But several key provisions are temporary. One requires certain states and jurisdictions with a history of voter discrimination to gain federal approval for voting-law changes. Another imposes a language-assistance requirement on jurisdictions with a high percentage of voters whose native language is not English.

It is those two provisions that drew the ire of some Republican lawmakers, mainly from the South. Some of these Republicans had objected to approving the provisions and, in recent weeks, had blocked the bill from going to the floor. To move it forward, GOP leaders allowed the four amendments to be considered. Most of the disgruntled Republicans swallowed their complaints and voted for final passage.

One of the 33 holdouts was Rep. Patrick T. McHenry (R-N.C.). "Some politicians in Washington wouldn't dare vote against this bill because they'd be lambasted by the media and liberal interest groups," McHenry said. "I will not go along with bad public policy in the name of political correctness. . . . This bill is a 1960s solution for a 21st-century world."

Two of the amendments the dissenting Republicans brought forward addressed the required approval of changes in states' voting laws. "It's true that when the Voting Rights Act was first passed in 1965, Georgia needed federal intervention to correct decades of discrimination," said freshman Rep. Lynn A. Westmoreland (R-Ga.), whose amendment to ease the pre-clearance requirement failed 302 to 118, although a majority of Republicans backed it.

Westmoreland noted that voter registration and turnout in Georgia are higher today among black voters than among white voters. One-third of officials elected statewide are black, including the attorney general and the chief justice, and black representation in the state legislature is in proportion to Georgia's black population.

"Georgia's record on voter equality can stand up against any other state in the union," he said.

But Rep. David Scott (D-Ga.), whose Atlanta district abuts Westmoreland's, called the measure "the most treacherous and dangerous" of the four amendments, its goal being "to kill the Voting Rights Act."

A second amendment, offered by Rep. Charles Whitlow Norwood Jr. (R-Ga.), would have made every district potentially subject to the pre-clearance requirement, by including any jurisdiction where voter turnout fell below 50 percent in a presidential election. It would have eased the pre-clearance requirement for jurisdictions with voter turnout above 50 percent in three consecutive presidential elections, presuming that no court had found that discriminatory voting practices were employed. The measure failed 318 to 96.

Republicans also sought to strip the act of a provision that requires jurisdictions to print ballots in a second language if the local population includes a large enough percentage of Latinos, American Indians, Asian Americans and Native Alaskans -- groups that Congress found to have faced barriers in the political process.

The bilingual amendment, offered by Rep. Steve King (R-Iowa), had a particular potency, given the simmering debate over overhauling the nation's immigration laws. King and his supporters called the bilingual-ballot requirement an affront to states' rights and "a horrible attack on the unity of the United States of America." Said Rep. Dana Rohrabacher (R-Calif.): "This is multiculturalism at its worst."

Powerful Republicans, such as House Judiciary Chairman F. James Sensenbrenner Jr. (R-Wis.), helped block the amendment, which failed 238 to 185. A significant GOP majority -- 181 to 44 -- supported the amendment. "This is a poison-pill amendment," Sensenbrenner said. He added: "We're dealing here with United States citizens. Certainly we ought to give these people assistance."

A fourth amendment, offered by Rep. Louie Gohmert (R-Tex.), would have shortened the extension to 10 years from 25 years; it failed 288 to 134.

House Renews 1965 Voting Rights Act (USAT)

By Andrea Stone

USA Today, July 14, 2006

DOJ_NMG_0040672

WASHINGTON — The House of Representatives voted overwhelmingly Thursday to renew the 1965 Voting Rights Act, overcoming an attempt by conservatives to ease restrictions they said are no longer necessary.

The 390-33 vote preserves for 25 years a law enacted at a time when Southern states employed tactics to suppress black voting and was designed to ensure no state deny people the right to vote based on their race or color.

The act was due to expire in 2007. The Senate is likely to vote on the measure this month.

Supporters said the law is needed because minorities can still be treated unfairly when legislatures change rules or redraw districts.

"I gave blood. Some of my colleagues gave their very lives," said Rep. John Lewis, D-Ga., an activist in the Civil Rights Movement that led to the act's passage.

Lewis displayed photos of himself and others being beaten by state troopers in 1965 during a march from Selma to Alabama's capital of Montgomery in support of black voting rights. At the time, Alabama used intimidation to prevent blacks from voting.

"We must pass this act without any amendment, it is the right thing to do," he said to applause.

The law's renewal had attracted bipartisan support and the approval of President Bush. But representatives from states singled out by the act because of past discriminatory practices wanted changes.

Rep. Charlie Norwood, R-Ga., and a handful of conservatives proposed amendments to eliminate provisions requiring states like his to get federal approval before changing their voting procedures. They also proposed an end to multilingual ballots in certain states, saying it is unnecessary because proficiency in English is required for citizenship.

The South was being treated "as if nothing has changed in the last 41 years," said Rep. Lynn Westmoreland, R-Ga.

He said black Georgians today register to vote at higher percentages than whites and that elected black officials serve in the highest levels of state government.

"We have repented, and we have reformed, and as Fannie Lou Hamer famously said, 'I am sick and tired of being sick and tired,' " he said, invoking the name of the black Mississippi civil rights activist.

The measure has been renamed the Fannie Lou Hamer, Rosa Parks and Coretta Scott King Voting Rights Act to honor the civil rights activists.

House Judiciary Chairman F. James Sensenbrenner, R-Wis., led supporters in blocking the amendments. Among those defeated was a proposal to limit the act's renewal period to 10 years and elimination of a provision that requires the Justice Department to monitor some local elections.

Just before the vote, Rep. Maxine Waters, D-Calif., said the act should remain as is. She said that while voter poll taxes and literacy tests are now illegal, a federal judge as recently as Wednesday ruled that Georgia's law to require government-issued identification cards discriminated against minorities.

"Don't disrespect the civil rights movement," Waters said. "Show the world that America is sincere about democracy."

House Approves 25-Year VRA Extension (RC)

Roll Call, July 14, 2006

Following weeks of delays sparked by Republican infighting, House lawmakers overwhelming approved a 25-year extension of the Voting Rights Act on Thursday.

Voting against the reauthorization measure, which passed 390-33, were a handful of Republican lawmakers who had pushed unsuccessfully for a series of four amendments to the legislation.

House Members defeated an amendment aimed to reduce the extension of the law to a 10-year period, as well as a proposal to eliminate federal mandates for multilingual ballots. The House also voted down two additional amendments tied to Section 5 of the law, commonly known as the "pre-clearance" provision, which requires states with a documented history of discrimination to acquire the approval of the Justice Department before altering any election procedures.

The Senate Judiciary Committee is scheduled to mark up its version of the voting rights law next week, Judiciary Chairman Arlen Specter (R-Pa.) said Thursday. The Senator said he hopes the chamber will complete its work on the measure before the August recess.

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House OKs Renewing 1965 Voting Rights Act (AP-Y)

By Laurie Kellman, Associated Press Writer

AP2, July 14, 2006

The House voted Thursday to renew the 1965 Voting Rights Act, rejecting efforts by Southern conservatives to relax federal oversight of their states in a debate haunted by the ghosts of the civil rights movement.

The 390-33 vote sent to the Senate a bill that represented a Republican appeal to minority voters who doubt the GOP's "big-tent" image.

All of the "no" votes came from Republicans, in defiance of their own leaders.

"The liberties and freedom embedded in the right to vote must remain sacred," House Speaker Dennis Hastert, R-Ill., said in a statement. "Principles like these cannot wait for discrimination to rear its ugly head."

Southern conservatives complained that the act punishes their states for racist voting histories they say they've overcome.

"By passing this rewrite of the Voting Rights Act, Congress is declaring from on high that states with voting problems 40 years ago can simply never be forgiven," said Rep. Lynn Westmoreland, R-Ga., one of several lawmakers pressing for changes to the law to ease its requirements on Southern states.

"I sincerely hope the U.S. Senate corrects these problems so when the bill returns to the House for final passage I can vote for it," said Rep. John Shadegg, R-Ariz., whose state is one of those under federal scrutiny.

The House overwhelmingly rejected amendments that would have shortened the renewal from 25 years to a decade and would have struck its requirement that ballots in some states be printed in several languages.

Supporters of the law as written called the amendments "poison pills" designed to kill the renewal because if any were adopted by the full House, the underlying renewal might have failed.

Supporters used stark images and emotional language to make clear that the pain of racial struggle — and racist voting practices — still stings.

Rep. John Lewis, D-Ga., displayed photos of civil rights activists, including himself, who were beaten by Alabama state troopers in 1965 as they marched from Selma to Montgomery in support of voting rights.

"I have a concussion. I almost died. I gave blood; some of my colleagues gave their very lives," Lewis shouted from the House floor, while the Rev. Jesse Jackson, another veteran of the civil rights movement, looked on from the gallery.

"Yes, we've made some progress; we have come a distance," Lewis added. "The sad truth is, discrimination still exists. That's why we still need the Voting Rights Act and we must not go back to the dark past."

The very debate over changes to the act is testament to the influence of Southern conservatives, even over their own GOP leaders who had hoped to pass the renewal as a fresh appeal for support from minorities on Election Day.

With rare bipartisan support among leaders of the House and Senate, the renewal was widely expected to sail through Congress and on to the White House for President Bush's signature.

Republican leaders, however, were forced to postpone a House vote last month when conservatives rebelled during a closed meeting.

Unable to satisfy the dissenters and eager to pass the bill this week, Republican leaders announced late Wednesday they would allow the House to consider amendments, none of which passed.

The amendment that would have extended the act for a decade, rather than the 25 years in the bill, was rejected 288-134. The proposal to strike requirements in the law that ballots in districts with large populations of non-English speakers be printed in other languages failed 238-185.

"What unites us? It's our language, the English language," said Rep. Dana Rohrabacher, R-Calif. Without the amendment, the act is "hurting America by making it easier not to learn English."

Democrats made clear early in the day they would vote against the renewal if any of the amendments were added.

"Any one of them would be a weakening of the Voting Rights Act," said Democratic leader Nancy Pelosi of California.

The White House also weighed in during the debate, saying in a statement that the Bush administration "supports the intent" of the renewal. The statement did not take a position on the amendments proposed by lawmakers who represented the GOP's conservative base.

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Their objections to the renewal already were being echoed by some Senate colleagues from the same states.

Sen. Tom Coburn, R-Okla., noted that the act doesn't expire until next year.

"It's 13 months away and we're creating a political situation that doesn't need to be created," Coburn said in an interview. He said changes such as those proposed by the House amendments needed time for consideration.

Rep. Alcee Hastings, D-Fla., called lawmakers who wanted to loosen the requirements in the law "ideological soul mates" of lawmakers who opposed the 1964 Civil Rights Act.

"For them, this is not a debate about fairness, it is about ideology. Ideology has no place in today's debate," Hastings said. "We should do this not for the partisan benefit but because, as John Kennedy said, it is right."

The states identified in the bill as still in need of federal oversight are Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas and Virginia.

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The bill is HR-9.

After Challenges, House Approves Renewal Of Voting Act (NYT)

By Raymond Hernandez

The New York Times, July 14, 2006

WASHINGTON, July 13 — The House voted overwhelmingly on Thursday to renew expiring provisions of the Voting Rights Act after supporters of it defeated challenges mounted by conservative opponents.

The 390-to-33 vote on the landmark civil rights act capped a day of impassioned debate that heightened the politically charged atmosphere surrounding race and ethnicity, already aggravated by the recent fight in Congress over immigration.

In urging adoption of the act, Representative John Lewis, Democrat of Georgia, recalled marching on Bloody Sunday, a turning point in the movement for black voting rights in 1965, when the police in Selma, Ala., beat 600 civil rights demonstrators.

“I gave blood,” Mr. Lewis said, his voice rising, as he stood alongside photographs of the clash. “Some of my colleagues gave their very lives.”

“Yes, we’ve made some progress; we have come a distance,” he added. “The sad truth is, discrimination still exists. That’s why we still need the Voting Rights Act, and we must not go back to the dark past.”

For weeks, the outcome of the battle to extend the act had been in doubt. Republican leaders had planned a vote in June. But they abruptly canceled it after conservative lawmakers objected to several provisions of the act, including one that requires the Justice Department to review any proposed changes to voting procedures in states covered by the law, most of them in the South. They said the provisions were unnecessary.

The rebellion was an embarrassment for the Republican leadership. In early May, House and Senate leaders of both parties assembled on the steps of the Capitol to pledge their support for the act and celebrate what they described as its imminent approval. President Bush had also thrown his support behind it.

To mollify those conservatives, House leaders agreed to allow them to offer four amendments on Thursday, including one that would have required the Justice Department to demonstrate why the voting procedures in certain states should still be under federal oversight.

Representative Phil Gingrey, Republican of Georgia, argued that his state, for one, had made great strides in voting rights for minorities. “A lot has changed in 40-plus years,” Mr. Gingrey said. “We should have a law that fits the world in 2006.”

But in the end, Republicans joined with Democrats to defeat the amendments, allowing both parties to cast themselves as champions of minority voters.

“This legislation proves our unbending commitment to voting rights,” said Representative F. James Sensenbrenner Jr., Republican of Wisconsin and chairman of the Judiciary Committee.

The focus now shifts to the Senate, where the Judiciary Committee is expected to take up the Voting Rights Act next week.

Senate Democrats urged quick passage.

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"For two months, we have wasted precious time as the Republican leadership played to its conservative base," said Senator Harry Reid of Nevada, the Democratic leader. "There are only 21 legislative days left in this Congress, and the time to act is now."'

President Lyndon B. Johnson signed the Voting Rights Act into law in August 1965 after a string of violence in Southern states surrounding efforts to ensure that blacks were afforded full rights to vote.

The law instituted a nationwide prohibition against voting discrimination based on race, eliminated poll taxes and literacy tests and put added safeguards in regions where discrimination had been especially pronounced.

Those included the requirement for the Justice Department to review any proposed changes to voting procedures to determine whether they would be discriminatory. That "preclearance" requirement would be retained for the nine states entirely covered by the law, most of them in the South, and parts of seven others.

While critics of that requirement say it is now outdated, supporters of the act said the history of discrimination in those particular states justified their status. Beyond that, they argued that leaders who believed their states or localities should be exempt from the requirements could apply to "bail out" through a federal review.

On the floor Thursday, many Democrats, as well as Republicans, denounced the amendments offered by conservatives as an effort to derail renewal of the act. Democrats had warned from the start that they would vote against the act if any of the amendments were tacked on to it.

"Their goal has been one thing and one thing only: to kill the Voting Rights Act," said Representative David Scott, Democrat of Georgia.

Another provision of the act that drew fire from conservatives requires bilingual ballots in political jurisdictions with a high number of citizens who have difficulty with English. Representative Steve King, Republican of Iowa, offered an amendment that would have eliminated it.

Mr. King and his supporters argued that naturalized citizens should have had to prove English proficiency as part of their citizenship test. In the end the amendment, which would have allowed local voting officials to provide language assistance at the polls, was defeated 238 to 185.

"This is multiculturalism at its worst," Representative Dana Rohrabacher, Republican of California, said, referring to bilingual ballots. "When we come from various ethnic groups and races, what unites us? It's our language, the English language. We're hurting America by making it easier for people not to learn English."

Voting Rights Act Renewal Wins House Approval (LAT)

By Johanna Neuman

The Los Angeles Times, July 14, 2006

WASHINGTON — The House on Thursday overwhelmingly approved a 25-year renewal of the landmark Voting Rights Act, but only after a cadre of Republican conservatives defied party leaders by pressing ahead with unsuccessful — and controversial — efforts to revise the measure.

Their attempts to modify what is often called the crown jewel of the civil rights movement included shortening the bill's life and repealing its requirement that bilingual ballots be provided to minority voters.

The modifications, derided by the bill's sponsors as "stabbing the Voting Rights Act in the heart," were defeated by an unusual coalition of virtually all of the chamber's 201 Democrats and its Republican leaders.

"Republicans and Democrats have united in a historic vote to preserve and protect one of America's most important fundamental rights — the right to vote," House Speaker J. Dennis Hastert (R-Ill.) said in a statement after the 390-33 vote, without mentioning that a majority of Republicans voted for most of the efforts to modify the law.

The rare public display of GOP dissension was a blow to strategists at the White House, who had hoped an election-year renewal of the act would boost Republicans' appeal to minority voters in the fall elections.

The bill still faces turmoil in the Senate. The chairman of the Senate Judiciary Committee, Sen. Arlen Specter (R-Pa.), said he wanted the committee to consider the bill on Wednesday, but Senate Majority Leader Bill Frist (R-Tenn.) has not scheduled floor action. And some senators, like Tom Coburn (R-Okla.), are echoing some concerns raised by their House counterparts.

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The all-day House debate was emotional, resonating with the echoes of the nation's violent history of voter discrimination.

"I was beaten; I have a concussion; I almost died," said Rep. John Lewis (D-Ga.), holding a photo of the 1965 civil rights march from Selma to Montgomery, Ala., where state troopers attacked protesters with fire hoses and batons. "I gave a little blood, but some of my colleagues gave their very lives."

But those who wanted to modify the law's expiring features — including a requirement for Justice Department oversight of voting laws in states, most of them Southern, with a history of discrimination — argued that the South had been punished enough.

"The House is voting today to keep my state in the penalty box for 25 more years based on the actions of people who are now dead," said Rep. Lynn Westmoreland (R-Ga.), who urged changes to make it easier for states and cities to be exempted.

In the initial decades after the Civil War, African Americans voted in record numbers. But early in the 20th century, as the number of lynchings grew, so did state-sanctioned poll taxes, literacy tests and even violence against blacks who attempted to register to vote. Only after the civil rights movement of the 1960s — including the passage of the Voting Rights Act in 1965 — did African Americans again vote in great numbers, electing record numbers of black officials.

Opponents argued that Florida and Ohio, infamous for electoral irregularities in the last few years, should also be required to clear their voting law changes with the Justice Department. Otherwise, they said, the law unfairly targets the South for its history, not its present record.

"This is blatant discrimination, based on nothing more than where they live, and unconstitutional," said Rep. Charlie Norwood (R-Ga). "Georgia now outperforms the nation in every area of black voting — turnout, registration and the success rate of black candidates. Clearly, by all measurable standards, the injustices targeted under the Voting Rights Act have been remedied."

But one of Norwood's fellow Georgians, Democratic Rep. David Scott, argued that black voters still needed protection.

"No state needs the Voting Rights Act more than Georgia," he said. Even though one-third of statewide elected officials are African American, Scott added, the recent enactment of a state voter identity bill "gives ample evidence that Georgia is still discriminating."

The other hot-button issue was an attempt to repeal the law's requirement that states and localities provide bilingual ballots and materials to minority voters in places where they represent at least 5% of the electorate. The state of California prints ballots in seven languages, according to the secretary of state's office in Sacramento.

Proponents argued that bilingual ballots were needed mostly by U.S.-born citizens who were more comfortable reading a ballot in their parents' language. Rep. Linda T. Sanchez (D-Lakewood) said during a news conference Thursday that her mother, who teaches English, sometimes prefers a Spanish-language ballot to understand the nuances of complex ballot measures.

But opponents countered that bilingual ballots were an unfunded mandate, which forced states to pick up the costs. Rep. Dana Rohrabacher (R-Huntington Beach) called them "a travesty" and "a terrible long-term attack on the unity of America."

"What unites us is English," he said. "This is multiculturalism at its worst."

Of the four amendments defeated in the House, three had the support of a majority of the chamber's 231 Republicans. Only the suggestion that the Voting Rights Act be extended to cover other jurisdictions was defeated by majorities of both Republicans and Democrats.

In the California delegation, five Republicans voted against the bill: Reps. John Campbell of Irvine, John T. Doolittle of Roseville, Wally Herger of Chico, Rohrabacher and Ed Royce of Fullerton. All other delegation members voted in favor.

House Renews Voting Rights Act (SCRIPPS)

By Michael Doyle, Fresno Bee

Scripps Howard, July 14, 2006

WASHINGTON -- The House on Thursday approved a new Voting Rights Act that provokes Southern conservatives and keeps several Central Valley counties under Justice Department control.

The House passed the bill with deceptive ease after fending off conservatives' efforts to eliminate bilingual ballots and curtail federal electoral oversight. But the 390-33 margin of approval also masked sharp divisions among Republicans, as well as some parochial ambivalence among Valley lawmakers.

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"I think it needs to be reauthorized," said Rep. Devin Nunes, R-Calif., but "I do have a concern because of some California counties."

Electoral decisions in California's Merced, Kings, Yuba and Monterey counties _ along with more than 800 other counties nationwide _ still will be overseen by the Justice Department under the updated law. That irks local officials, who hoped to escape the regulation they consider archaic and unnecessary.

"We were looking for a chance to get out, to not have to spend several hundred thousand dollars a year on attorneys fees," said M. Stephen Jones, Merced County's auditor-controller.

A legislative icon since 1965, the Voting Rights Act is being rewritten to cover the next 25 years. The Bush administration calls it "the most successful civil rights legislation ever adopted," and credits the law with boosting minority voting turnout.

In 1964, 60 percent of African-American adults nationwide were registered to vote, but in Southern states, only about 30 percent of African Americans were registered. By 2004, nationwide African-American voter registration had risen to 64.4 percent, with dramatic increases in Southern states.

In 1964, the House of Representatives included five African-American members and three Hispanic members. Now, the House's 435 members include 40 African Americans and 22 Hispanics.

"The right to vote is fundamental in our system of government," said Rep. James Sensenbrenner, the Wisconsin Republican who chairs the House Judiciary Committee, and "since its enactment, the Voting Rights Act has been instrumental in remedying past injustices."

Although certain provisions don't expire until August 2007, GOP leaders want to finish the legislation before the November 2006 congressional elections. Congressional Democrats, too, are among the bill's most vehement supporters.

"Our history is filled with efforts to prevent people from voting," said Rep. Doris Matsui, D-Calif., citing "literacy tests, poll taxes, threats and even violence."

The Bush administration declared in a statement that it "supports the intent" of the Voting Acts Right rewrite, but it did not stake a detailed position on the most controversial issues. The Senate will next take up its own version of the bill.

Republican leaders' efforts to pass the bill last month stumbled when conservatives insisted on pushing several controversial amendments.

One amendment, rejected Thursday 238-185, would have eliminated the Voting Rights Act requirement that bilingual ballots be provided in political subdivisions where more than 5 percent of voting-age citizens lack adequate English skills.

In California, this existing requirement requires Chinese ballots in Alameda County, Filipino ballots in Santa Clara County, Vietnamese ballots in Orange County and Spanish ballots statewide, among others.

"The federal government doesn't need to be imposing foreign language ballots on any jurisdiction," said Rep. Steve King, R-Iowa. "Let local governments do what they choose."

But Sensenbrenner, though not generally known as an immigrants' advocate, called King's amendment a political "poison pill" that would cause special problems in states like California that have many complicated ballot measures.

The House similarly rejected two different proposals to revise the law's "pre-clearance" provisions. While pushed by Southern conservatives, these efforts could have affected California counties.

The existing Voting Rights Act requires that 837 counties nationwide _ including the four in California _ receive Justice Department approval before making electoral changes. These could be anything from hiring new poll workers, buying new voting machines or making new political annexations.

(Distributed by Scripps-McClatchy Western Service, http://www.shns.com.)

Voting-Rights Act Extension Clears House After Bitter Battle (WSJ)

By David Rogers

The Wall Street Journal, July 14, 2006

WASHINGTON -- The House voted to extend the Voting Rights Act and add new language that implicitly rebukes a 2003 Supreme Court ruling giving states greater flexibility in satisfying the civil-rights protections under the 1965 law.

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The 390-33 vote came as the Senate approved a nearly $34 billion Homeland Security budget, after adding $1 billion for port and border security.

Voting Rights Act provisions, due to expire next year, would be extended into 2032, and the House built on a substantial hearing record and compromises reached between its Judiciary Committee Chairman James Sensenbrenner (R., Wis.) and the Congressional Black Caucus.

Senate Judiciary Committee Chairman Arlen Specter (R., Pa.) has pledged to take up the measure quickly this month, and Senate Majority Leader Bill Frist (R., Tenn.) is determined to complete passage as one of his last acts before leaving the Senate this year.

Nonetheless, because of its impact on congressional redistricting every 10 years, the Voting Rights Act remains a contentious issue in the House. The final vote followed weeks of Republican infighting that forced Speaker Dennis Hastert (R., Ill.) to pull the measure from the floor last month.

Tensions in the Georgia delegation surfaced yesterday in angry exchanges between black and white lawmakers, who openly accused one another of deceit and "dastardly" conduct. Among Republicans, the debate was colored by divisions over immigration overhaul that have strained the party's relations with Latino voters.

Pressed by conservative groups, 181 Republicans, including several top leaders, joined in an attempt to strip out bilingual-ballot provisions in the act. "Support the unifying force of a common language, the English language," said Rep. Ernest Istook (R., Okla.)

But Mr. Sensenbrenner prevailed, 238-185 with strong Democratic support and a final appeal from Rep. Mike Pence (R., Ind.), urging fellow conservatives to back away. "Language requirements belong in immigration law, not in the ballot box," Mr. Pence said. "That curtained ballot booth is sacred soil."

Most important is new statutory language to clarify the standard Congress wants applied when the Justice Department reviews redistricting plans under the act for violations of minority rights.

At issue is a 5-4 Supreme Court decision, Georgia v. Ashcroft, which sought to give states more flexibility to meet legal requirements, but which roiled the civil-rights community because of what critics said was the vagueness of the court's "totality" test. The House provision now spells out that the first priority should be to protect the rights of minority voters to elect "their preferred candidates of choice" and is intended to restore what had been the ruling legal doctrine prior to 2003.

"What we're saying is when you come to that fork in the road, you can't compromise the ability to elect candidates of choice," said Rep. Mel Watt (D., N.C.) a member of the Judiciary panel and leader in the Black Caucus.

In a colloquy on the floor, he and Mr. Sensenbrenner said that this determination should be made without consideration of political party. But critics, including Theodore Olson, President Bush's former solicitor general, say the phrasing invites a greater politicization, "by entrenching" the so-called "candidates of choice."

"We are putting into code the apparent propensity by the Supreme Court to politicize their decisions based upon the outcome of elections...not based upon the right of individuals to vote," said Rep. Tom Price (R., Ga.).

The primary focus has been in the South but the impact could be as great over time in the West with its rapidly growing Latino population. Rep. John Shadegg (R., Ariz.) said that in states like his, it could become harder to redraw the lines of a district with, for example, 35% Hispanic voters, if it means reducing that percentage.

South Seeks New Status In Voting Rights Act (CSM)

By Patrik Jonsson

The Christian Science Monitor, July 14, 2006

ATLANTA

Matters of race still roil the South, but any more than in the rest of America? And when it comes to ballot access for minorities, do Southern states still deserve to be singled out for federal oversight - 41 years after passage of the Voting Rights Act became the crowning achievement of the civil rights movement?

On the way to renewing the Voting Rights Act this week, the House was forced by a group of Republican congressmen - primarily from the South - to consider those questions, touching off a rousing debate over whether the region is ready for electoral emancipation.

"It's a question of, how long does someone or some state get punished for past sins?" says David Domke, a political communications professor at the University of Washington in Seattle. "Today, there is a pretty good argument made by Southerners that there should at least be a decrease in the amount of [federal] oversight" of elections.

The debate in the public square that preceded the House's vote on Thursday shows how emotionally charged the issue remains. Here in Georgia - where white congressional representatives have taken the lead in arguing for a softened Voting Rights Act (VRA) and black representatives have defended the need for oversight - positions gelled along the familiar racial and party lines.

The amendment in question - intended to make it easier for 837 counties, mostly in the South, to exit federal receivership and regain control of their elections - was not expected to pass. The vote came after the Monitor went to press.

But the Senate has yet to take up the VRA, and some senators have said they feel sympathetic toward the view that the former slave-holding states deserve to know how they can win redemption.

Those who argue for amending the VRA say the changes it wrought are now steeped in Southern culture. The region, despite widespread social segregation, has in many ways come to terms with its past - exemplified by political opportunity for all, they say.

"One problem is, how do you come up with evidence of [racial injustice] when the VRA has been such a good deterrent?" says Richard L. Hasen, an election law professor at Loyola Law School in Los Angeles, who had a hand in crafting the amendment put forward by Rep. Lynn Westmoreland (R) of Georgia.

The House also considered other VRA amendments. One would expand the law's purview from 16 states to all 50. Another called for revisiting the law in 10 years instead of 25. But the most hotly contested was the bid to soften Section 5 of the law, which requires counties under federal supervision to submit all election changes - as small as the number of ballot boxes - to the US Justice Department.

The Westmoreland amendment required that Justice compile a list of counties with clean records that would get an automatic "bailout" from the law. Only 11 counties, all in northern Virginia, have gained bailout since 1965.

To many, especially Southern blacks who remember the days of Jim Crow, watering down the act could result in an eventual slide toward tactics like poll taxes and literacy tests intended to marginalize the black vote.

Rep. David Scott (D), whose 13th District abuts Representative Westmoreland's in the Atlanta suburbs, rattles off a long list of unresolved injustices, from the days of disfranchisement to Jim Crow-era "whippings and lynchings" at the hands of whites. Rep. John Lewis (D) of Georgia has branded Westmoreland and fellow Republican Rep. Charlie Norwood "saboteurs," saying they aren't taking into account the feelings of African-Americans, who make up about one-third of Georgia's population.

Representative Scott says racial progress has come not from white Southerners, but from the act itself. Since the law was renewed last in 1982, Georgia has had 91 VRA violations, including a 1992 effort by Effingham County, outside Savannah, to remove the vice-chairman slot on its county board - a post that had been held for five years by a black commissioner.

More proof, Scott says, is Georgia's controversial Voter ID law, which a federal judge on Wednesday ruled unconstitutional. "Georgia is a poster child for why we still need the VRA," says Scott.

Proponents of the Westmoreland change say Georgia shows how much progress has been made. Today, it has more than 600 black elected officials, a number surpassed only in Mississippi. There were three in 1964. The percentage of blacks who turn out to vote is regularly higher than the percentage of whites. Two black House members, including Scott, are elected from majority-white districts.

"We do not believe we should wear a scarlet letter forever," says Brian Robinson, Westmoreland's press secretary. "All we're saying is that we're being treated differently even though there's no record to say we are different. We want the law to reflect today's reality as opposed to the 1960s."

Loyola's Mr. Hasen, for his part, says the law is necessary in a country still battling racial inequities. His support of the Westmoreland measure, he says, is motivated by a desire to protect the VRA from the new Supreme Court under Chief Justice

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John Roberts. Some legal analysts predict that the Roberts court would be less likely than the former Rehnquist court to uphold Section 5 unless there's compelling evidence that specific counties are engaging in disfranchisement.

Activists Sue To Block Electronic Voting (AP-Y)

By Deborah Hastings

AP2, July 14, 2006

Computerized voting was supposed to be the cure for ballot fiascos such as the 2000 presidential election, but activist groups say it has only worsened the problem and they've gone to court across the country to ban the new machines.

Lawsuits have been filed in at least nine states, alleging that the machines are wide open to computer hackers and prone to temperamental fits of technology that have assigned votes to the wrong candidate.

Manufacturers say their machines are more reliable than punch cards and other traditional voting technologies.

But they face a determined opponent in Voter Action, which has filed lawsuits in Colorado, California, Arizona and New Mexico. Similar bans have been sought by voters in Texas, Ohio, Florida and Pennsylvania. On Thursday, a coalition of groups filed a lawsuit in Georgia.

"The designers of video games have built far more sophisticated security into their systems than have the manufacturers of voting machines," said Lowell Finley, co-director of Voter Action, a nonprofit and nonpartisan group based in Berkeley, Calif. "The biggest problem is security against tampering."

About 80 percent of American voters will use some form of electronic voting in the November election, where every seat in the House of Representatives is up for re-election, as are 33 Senate offices and 36 governorships.

New York University's Brennan Center for Justice released a one-year study last month that determined that the three most popular types of U.S. voting machines "pose a real danger" to election integrity.

The survey examined optical scanners, which electronically read ballots, and touch-screen machines, which operate like ATMs. Some produced paper receipts, others didn't.

More than 120 security threats were identified, including wireless machines that could be hacked "by virtually any member of the public with some (computer) knowledge" and a PC card; the failure of most states to install software that could detect outside attacks; and the failure of many states to audit their electronic systems.

Voter Action's lawsuits target the most popular machine manufacturers: California-based Sequoia Voting Systems, Nebraska-based Electronic Systems & Software, and the biggest of them all, Diebold Election Systems of Ohio, a subsidiary of giant ATM maker Diebold Inc.

Diebold spokesman David Bear said his company's technology "has proven to be more accurate" than punch cards, and most Americans prefer to vote electronically. He also dismissed recent studies that showed computerized systems were vulnerable to hackers, saying "those are what-if scenarios."

The company's former CEO, Wally O'Dell, authored a 2003 Republican fundraising letter that promised, "I am committed to helping Ohio deliver its electoral votes to the president next year."

As it turned out, Ohio did push George Bush over the top, but only after problems at voting precincts — including malfunctioning Diebold machines — prompted lines as long as 11 hours. Diebold denied any wrongdoing, as did the other machine makers, who say e-voting problems are coincidental, reflecting expected glitches in new technology.

The jump to electronic voting was spurred by the 2002 Help America Vote Act, which reworked election standards and encouraged states to get rid of punch-card systems by making $3.9 billion available to states for upgrading election equipment.

Manufacturers of touch-screen machines and optical scanners touted their young technology to election officials as the best way to get those funds, and to avoid the chaos caused by punch cards in the 2000 election.

But according to voters' rights groups, much the money was disbursed well before a mandated HAVA committee published its stringent new election standards.

Bear said there has been no evidence in any election of hackers breaching electronic security measures and manipulating votes. However, Finley said Voter Action has documented other problems with e-voting.

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"We had dozens of affidavits from voters in New Mexico who said they touched one candidate's name, but the machine picked the opponent," he said. In the state's biggest county, home to Albuquerque, touch-screens machines purchased from Sequoia lost 13,000 votes, Finley said.

In the end, Voter Action agreed to drop its New Mexico lawsuit when the state stopped purchases of the machines and reverted to paper ballots that would be electronically scanned for results.

Other states had similar problems during the current primary season. In Arkansas, for example, one county's results were delayed for four days because of faulty software, machines that wouldn't boot up and a shortage of technicians to fix the $15.9 million system recently purchased from ES&S.

The company's machines also drew complaints from officials in Indiana, Oregon and West Virginia, where Secretary of State Betty Ireland blamed ES&S for "vast delays" and "broken promises" and reported the firm to the Federal Election Assistance Commission.

Finley says there is an easy solution to the problems.

"The best and simplest way is to have voters vote on paper," he said. "You can use modern technology — like scanners — to verify the vote," he said. "But you always have the assurance that you can go back and hand count those ballots."

Euclid's Challenge (CLPD)

The Cleveland Plain Dealer, July 14, 2006

The solution to a lack of blacks in municipal government should be a local creation, not a federal imposition

The Bush administration doesn't run all over the country filing Voting Rights Act lawsuits. On Monday, Euclid became only the second jurisdiction to earn such dubious recognition.

The suit, filed in U.S. District Court, represents the third racially tinged public relations blow to the city in the past three years. This is also by far the most potentially damaging litigation the rapidly changing city has been forced to confront.

It's easy to see why the Department of Justice is interested: No black candidate has ever been elected to any Euclid city office, even though the 2000 census showed Euclid to be a little more than 30 percent black. Current estimates suggest the figure is now up to 40 percent.

The lack of black participation has led Justice to conclude that the ward system has historically and systematically diluted the black vote and unfairly denied African-Americans the opportunity to win office.

Euclid officials deny the charge. They argue that the Justice Department has taken a simplistic snapshot of the city that ignores historic residential and transient living patterns that explain the lack of blacks in public office.

There may be some merit to these claims. City officials say only two blacks have ever even run for office.

But the fact remains that a city with a considerable and growing black population has not a single black on its nine-member City Council. That makes the city's argument an exceedingly tough sell.

There is no disputing that Euclid's demographics are changing quickly. And it is that trend - increased numbers of African-Americans - that could naturally rectify the lack of black political involvement. At least that's what the city contends. On the flip side, forcing a consent degree down the city's throat by eliminating all at-large council seats and breaking four current wards into eight smaller ones, as Justice has proposed, could create even greater instability in a city already experiencing severe growing pains.

A local solution is preferable, yet the numbers don't lie. That is why the Bush administration saw no recourse but to file suit.

The city says it plans to form an elections-review commission to search for ways to boost the chances of black candidates seeking office. But proactive - not reactive - measures are needed at this point.

If Euclid does not act quickly to adopt a system of elections that leads to more racially balanced outcomes, it can expect an arduous, expensive court battle that would be better avoided.

Euclid must prove that it can solve its own problem without a protracted legal fight with the federal government. That's in everyone's best interest.

SAN FRANCISCO 2 Brothel Operators Enter Guilty Pleas (SFC)

By Cicero A. Estrella

San Francisco Chronicle, July 14, 2006

Two women who operated San Francisco brothels that forcibly employed undocumented immigrant women from Asia have pleaded guilty to conspiring to harbor aliens, the state Department of Justice said Friday.

The pleas are the result of a joint investigation and prosecution by federal and local agencies, including the U.S. attorney's office, U.S. Immigration and Customs Enforcement, the FBI and San Francisco police.

Yon Suk Pang, 56, pleaded guilty to an additional charge of money laundering and has agreed to forfeit $1.2 million in profits from her criminal activity. The San Francisco resident ran the Suk Hee Oriental Massage Parlor on the 400 block of Broadway since 1995. She obtained women from Asia through brokers and forced them into prostitution, partly by withholding their passports as they worked off their debts to the brokers, officials said.

Min Sung Kim, 50, of Cupertino, operated the Golden Dragon Spa on the 100 block of Mason Street as a front for a brothel beginning in 1997. She has admitted to employing illegal aliens as prostitutes. Kim will forfeit $70,000 in profits.

Kim is scheduled to be sentenced on Sept. 6 and Pang on Oct. 18.

The maximum statutory penalty for alien-harboring conspiracy includes 10 years imprisonment, a $250,000 fine and three years of supervised release. The money-laundering conspiracy charges could mean 20 years in prison, a $500,000 fine (or twice the value of funds involved, whichever is greater) and five years of supervised release.

Page B - 2

SF Brothel Owners Convicted Of Human Trafficking (BCN)

Bay City News, July 14, 2006

SAN FRANCISCO -- Federal prosecutors announced today that two owners of San Francisco brothels who were indicted following an investigation of prostitution of young Korean women have pleaded guilty to alien harboring charges.

U.S. Attorney Kevin Ryan said that Yon Suk Pang, 56, of San Francisco, and Min Sung Kim, 50, of Cupertino, entered the pleas before U.S. District Judge Charles Breyer in San Francisco on July 5.

Ryan said the two woman also agreed to forfeit $1,270,000 in criminal proceeds.

Pang, owner of the Suk Hee Oriental Massage Parlor at 483 Broadway, will forfeit $1.2 million in profits from the brothel she operated at the parlor between 2003 and 2005. Kim, owner of the Golden Dragon Spa at 136 Mason St., will forfeit $70,000.

Pan pleaded guilty to charges of conspiring to harbor aliens and conspiring to launder money. She will be sentenced by Breyer on Oct. 18. Kim pleaded guilty to a charge of harboring aliens and will be sentenced on Sept. 6.

The two women are among 29 people who were indicted last year on charges of participating in a large human trafficking ring that allegedly transported young women from Korea to San Francisco for coerced prostitution.

Ryan said that eight other defendants have pleaded guilty thus far.

The U.S. attorney said that Pang admitted in a written plea that she employed women from other countries, most of whom were Korean, as prostitutes.

Pang said in the plea document that she obtained some of the women through brokers and paid the brokers for the debts the women incurred, which usually ranged from $10,000 to $15,000.

She held the women's passports until they paid their debts and required them to live in a concealed apartment adjacent to the brothel, according to plea agreement.

Ryan said that Kim admitted to employing Korean women to work as prostitutes at the Golden Dragon Spa. She would conceal the women by ringing an alarm to signal them to hide from authorities in an adjacent apartment that she had rented, according to Kim's plea agreement.

Pang faces a theoretical maximum sentence of 30 years in prison and Kim faces up to five years, but the actual penalty will be determined after consideration of federal sentencing guidelines.

Charles DeMore, special agent in charge of U.S. Immigration and Customs Enforcement investigations in San Francisco, said, "This investigation has graphically demonstrated the callous disregard that those who harbor aliens have for their victims."

DeMore said, "The criminal enterprise uncovered in this case was hugely lucrative for the defendants involved and it is entirely appropriate that they pay a high price for their illegal activities."

Too Good For Marriage (NYT)

By Kenji Yoshino

The New York Times, July 14, 2006

New Haven

LAST week, New York's highest court voted 4-to-2 that a legislative ban on same-sex marriage did not violate the state Constitution. In doing so, it added to the patchwork of state rulings on the issue, including those of Indiana and Arizona (which similarly upheld legislative bans) and Massachusetts (which struck down a legislative ban).

What's noteworthy about the New York decision, however, is that it became the second ruling by a state high court to assert a startling rationale for prohibiting same-sex marriage — that straight couples may be less stable parents than their gay counterparts and consequently require the benefits of marriage to assist them.

The critical question, expressed in a plurality opinion by three members of the New York court, is whether a "rational legislature" could decide that the benefits of marriage should be granted to opposite-sex couples but not to same-sex couples. The opinion then answered in the affirmative with two different arguments. While both related to the interests of children, they differed significantly in vintage and tone.

The more traditional argument stated that the Legislature could reasonably suppose that children would fare better under the care of a mother and father. Like most arguments against gay marriage, this "role model" argument assumes straight couples are better guides to life than gay couples.

And like other blatantly anti-gay arguments, it falls apart under examination. In a decision last month in a case concerning gay foster parents, the Arkansas Supreme Court found no evidence that children raised by gay couples were disadvantaged compared with children raised by straight couples.

But the New York court also put forth another argument, sometimes called the "reckless procreation" rationale. "Heterosexual intercourse," the plurality opinion stated, "has a natural tendency to lead to the birth of children; homosexual intercourse does not." Gays become parents, the opinion said, in a variety of ways, including adoption and artificial insemination, "but they do not become parents as a result of accident or impulse."

Consequently, "the Legislature could find that unstable relationships between people of the opposite sex present a greater danger that children will be born into or grow up in unstable homes than is the case with same-sex couples."

To shore up those rickety heterosexual arrangements, "the Legislature could rationally offer the benefits of marriage to opposite-sex couples only." Lest we miss the inversion of stereotypes about gay relationships here, the opinion lamented that straight relationships are "all too often casual or temporary."

When an Indiana court introduced this seemingly heterophobic logic last year in upholding a state ban on same-sex marriage, I thought it was a cockeyed aberration. But after both New York City and New York State presented similar logic in oral arguments, and the court followed suit, I began to understand the argument's appeal: it sounds nicer to gays.

It also sounds more desperate. New York's ban on same-sex marriage is based on provisions enacted in 1909. It is preposterous to suggest the Legislature promulgated and retained the law because it believed gays to be better parents. Moreover, as New York's chief judge, Judith Kaye, pointed out in her dissent, even if marriage were a response to the dangers of "reckless procreation," excluding gay couples from marriage in no way advances the goal of responsible heterosexual child-rearing. "There are enough marriage licenses to go around for everyone," Judge Kaye noted.

This is not the first time courts have restricted rights with a flourish of fond regards. In 1873, the United States Supreme Court upheld an Illinois statute prohibiting women from practicing law. Concurring in that judgment, Justice Joseph Bradley observed that the "natural and proper timidity and delicacy" of women better suited them to "the noble and benign offices of wife and mother."

Hostile rulings delivered in friendly tones can take longer to overturn, as evidenced by the century that passed before members of the Supreme Court reversed their thinking about women and, in a 1973 opinion in a sex discrimination case, recognized that confining women in the name of cherishing them put them "not on a pedestal, but in a cage."

DOJ_NMG_0040684

We should not need a century to unmask the "reckless procreation" argument as a new guise for an old prejudice. The "reckless procreation" argument sounds nicer — and may even be nicer — than the plainly derogatory "role model" argument. But equality would be nicer still.

ANTITRUST:

34 States To Sue Chip Makers, Charging Broad Price Fixing (NYT)

By Laurie J. Flynn

The New York Times, July 14, 2006

SAN FRANCISCO, July 13 — At least 34 states are expected to file a lawsuit on Friday against seven semiconductor makers, accusing the companies of overcharging their customers for computer memory chips.

Separately, Elliot Spitzer, the attorney general of New York, filed a lawsuit on Thursday to recover damages for consumers in the state.

The legal cases will open a new chapter in the four-year-old investigation that has already led to large fines for the companies and prison sentences for several executives.

The multistate suit, which is to be filed in Federal District Court in San Francisco, accuses the chip makers of conspiring to fix prices and manipulate supply from 1998 to 2002.

"They met and conspired to artificially increase prices, to reduce competition and to allocate market share," Bill Lockyer, the attorney general of California, said. "The result was that consumers got overcharged, and equipment manufacturers got overcharged."

Mr. Lockyer, who is taking a lead role in the multistate lawsuit, said the end users — the consumers — might have overpaid for the memory chips by hundreds of millions of dollars because of the price fixing. The case involves dynamic random access memory, or DRAM, chips, which are commonly used in personal computers, printers and electronics devices like cellphones and digital cameras.

The chip companies expected to be named in the multistate suit include Infineon Technologies, Hynix Semiconductor, Micron Technology, Mosel Vitelic, Nanya Technology, Elpida Memory and NEC Electronics America.

Samsung, the world's largest maker of memory chips, was excluded from the suit to "foster a potential settlement," Mr. Lockyer said.

Illinois is acting as a co-leader in the suit, which involves 34 states, including Florida, Massachusetts, Maryland, Ohio and Pennsylvania. Mr. Schwartz said New York filed a separate suit in large part because the state and city governments were direct buyers of memory chips. He said it was possible the suits would be combined.

The computer makers that bought the chips include Apple Computer, Dell, Gateway, I.B.M., Hewlett-Packard and Compaq Computer, which merged with Hewlett-Packard in 2002.

The civil lawsuit grew out of criminal case brought by the Justice Department in 2002 charging Hynix, Samsung, Infineon and Elpida of conspiring to fix prices of DRAM chips. In that case, Micron agreed to cooperate with investigators in exchange for amnesty from criminal charges, while Samsung, Hynix, Infineon, Elpida and 12 chip company executives pleaded guilty to price fixing. Collectively, the companies and individuals paid more than $730 million in fines and several executives received prison sentences.

In November 2005, Samsung agreed to a $300 million fine and three executives pleaded guilty and were sentenced to prison.

Dan Francisco, a spokesman for Micron in Boise, Idaho, said that while the company had not yet received a copy of the lawsuit, it had been cooperating with investigators for the states for some time.

A spokesman for Infineon said the company could not comment because executives had not seen the lawsuit.

A statement released Thursday by Mr. Lockyer's office said the complaint detailed specific meetings between rival executives in which they had agreed to reduce chip supplies to artificially raise prices.

DOJ_NMG_0040685

"The manufacturers did not limit this pricing coordination to isolated or occasional conversations," a statement from Mr. Lockyer's office says. "On the contrary, during a roughly four-year period, there were frequent pricing communications among the conspiring manufacturers," many of them intensifying in the days just before the companies submitted bids to their customers, the PC makers.

"I've never seen a case where there was so widespread and so regular price fixing among competitors," said Richard Schwartz, assistant attorney general for antitrust issues in the New York attorney general's office.

NY AG Sues Chip Makers Over Price Fixing (AP)

By Mark Johnson, The Associated Press

AP, July 14, 2006

ALBANY, N.Y. -- New York's attorney general sued leading makers of memory chips Thursday, claiming they made secret price-fixing arrangements that inflated the cost of personal computers and other electronic devices.

More than 30 other states were expected to file a separate but similar lawsuit against chip makers Friday in San Francisco federal court, California Attorney General Bill Lockyer said.

The lawsuits follow a long-running U.S. Justice Department investigation that has resulted in more than $730 million in fines and guilty pleas from four companies _ Samsung Electronics Co., Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc.

Boise, Idaho-based Micron Technology Inc. was granted immunity from criminal charges in the DOJ case in exchange for its cooperation.

"I have never seen a price-fixing case where there is so widespread, so continuous an exchange of confidential price information among competitors or over so long a time period," said Assistant New York Attorney General Richard Schwartz.

The New York suit, filed in Manhattan federal court, claims the companies colluded to fix prices on dynamic random access memory, or DRAM, chips from 1998 until 2002. The defendants are Micron, Samsung, Infineon, Elpida, Hynix, Mosel-Vitelic Corp., Nanya Technology Corp. and NEC Electronics America Inc.

Micron spokesman Daniel Francisco had not yet seen the lawsuit Thursday and said it was not appropriate for him to comment on it. Other companies also declined to comment or did not immediately return phone calls.

Francisco said state attorneys general have been investigating the matter for several months, and the company is discussing "possible resolutions."

The lawsuit to be filed Friday in San Francisco names Hynix, Infineon, Elpida, NEC Electronics America, Micron, Mosel-Vitelic and Nanya.

Samsung is not being sued in that case because the company has indicated a willingness to settle the allegations, Lockyer spokesman Tom Dresslar said. Similar agreements have been made with Winbond Electronics Corp., Toshiba Corp., Hitachi Ltd. and Mitsubishi Electric Corp., Dresslar said.

Computer makers such as Dell Inc., Hewlett-Packard Co., Apple Computer Inc., International Business Machines Corp. and Gateway Inc. had to raise PC prices or reduce the amount of memory installed on their systems to compensate for the higher costs, prosecutors said.

The latest lawsuits will ask the companies to compensate consumers who paid higher prices and demand that the companies not collude in the future.

Worldwide sales of dynamic random access memory chips alone totaled more than $24 billion in 2005, according to separate reports from the research companies iSuppli Corp. and Semico Research Corp.

Associated Press Writer Don Thompson contributed to this report from Sacramento, Calif.

Hynix, Samsung, Memory Chipmaker Shares Drop On U.S. Lawsuit (BLOOM)

By Karen Gulloyoung-sam Cho

Bloomberg, July 14, 2006

July 14 (Bloomberg) -- Shares of Samsung Electronics Co., Hynix Semiconductor Inc. and Elpida Memory Inc. fell after the world's biggest memory chipmakers were sued by U.S. state governments that claim they conspired to fix prices.

New York Attorney General Eliot Spitzer sued Samsung and seven other chipmakers including Micron Technology Inc. in Manhattan federal court yesterday. California Attorney General Bill Lockyer said 34 states plan to file a separate suit in San Francisco today against the companies, excluding Samsung.

The cases open a new chapter of antitrust claims against memory chipmakers, who were fined $731 million after they pleaded guilty in a U.S. Justice Department probe. The states are seeking reimbursement for the extra cost of computers, which Lockyer estimated at ``hundreds of millions of dollars" nationwide. Antitrust law allows plaintiffs to seek triple-damages.

``It's difficult to calculate the damage, but it's definitely negative," said Michael Min, an analyst at Korea Investment & Securities Co. in Seoul. ``This turns into reality the initial fears that the guilty plea would lead to a string of lawsuits."

Suwon, South Korea-based Samsung won't be sued in the San Francisco case because the state wants ``to foster a potential settlement," said Lockyer spokesman Tom Dressler.

Hynix plans to try to settle the lawsuits, Seoul-based spokesman Park Hyun said today. He declined to comment further, saying the company hadn't received notification.

Shares of Samsung Electronics, the world's largest maker of computer-memory chips, declined 2 percent to 588,000 won as of 10:43 a.m. in Seoul. Hynix dropped 2.4 percent. Elpida Memory Inc. slid 2 percent to 4,430 yen in Tokyo. Mosel Vitelic Inc. shares sank 1.9 percent in Taipei; Nanya Technology Corp. shed 2.2 percent.

Inflated Prices

The state governments claim that consumers and state governments overpaid for products containing memory chips from 1998 to 2002 because the companies collaborated to inflate prices.

``The defendants in this case conspired to rig the market for this essential computer product, working together to keep prices artificially high," Lockyer said yesterday in a statement, which didn't identify the other states. ``They victimized individual consumers, governmental agencies, schools and taxpayers."

Spitzer said his suit is part of a coordinated effort with the other attorneys general. Maryland Attorney General Joseph Curran and Texas Attorney General Greg Abbott said their states will join the San Francisco lawsuit.

Boise-Idaho Micron, the biggest U.S. computer memory chipmaker, fell 3.3 percent to $14.32. U.S.-traded shares of Infineon Technologies AG, the biggest producer of the chip in Europe, fell 2.8 percent to $10.76.

The Complaint

The California complaint will name Infineon, Hynix, Micron, Elpida Memory Inc., Nanya Technology, NEC Electronics America Inc. and Mosel Vitelic. Spitzer's lawsuit names the same seven companies, and Samsung.

Micron has been discussing a settlement for many months with the state attorney generals, spokesman Dan Francisco said.

``They want to get these cases on file while we continue to discuss a potential resolution," Francisco said. He declined to comment on the California suit because it hasn't been filed yet.

``We have not yet received the complaint," said Infineon spokesman Matthew Schmidt in an e-mailed statement.

Chris Goodhart, a spokeswoman for Samsung, declined to comment on the lawsuits or any settlement talks. Hisashi Saito, an NEC Electronics spokesman in Kawasaki, near Tokyo, and Tomoko Kobayashi, an Elpida spokeswoman, said they are checking details of the case and declined to comment further.

Mosel spokesman C.S. Jou in Hsinchu, Taiwan, couldn't be immediately reached for comments.

Nanya spokesman Pai Pei-Lin denied any wrongdoing in a telephone interview from Taipei today.

``Our company didn't do any price-fixing or discuss prices with other companies," said Pai, declining to elaborate.

The attorneys general said the companies conspired to limit chip supplies and agreed on what to charge customers in an effort to artificially drive up prices.

Global Price Fixing

The lawsuits grew out of a global price fixing conspiracy investigation by the U.S. Justice Department. Samsung, Hynix, Infineon, Elpida and 12 individuals have pleaded guilty and paid $731 million in fines in that probe. Micron cooperated with investigators in exchange for amnesty from criminal charges, Abbott said.

U.S. prosecutors have said the leading victims of the conspiracy include computer makers such as Dell Inc., Hewlett-Packard Co. and International Business Machines Corp., which use dynamic random access memory, or DRAM, chips, in their products. U.S. sales of DRAM chips total $5 billion annually, Lockyer said.

Abbott said the chip makers, as a group, were ``virtually the sole sources for the acquisition of DRAM chips."

Samsung, Hynix, Micron and other chip companies face similar claims in a civil lawsuit pending in San Francisco federal court on behalf of companies representing computer-repair shops and manufacturers that purchased chips from 1999 to 2002. Some of the chip makers, such as Samsung and Hynix, agreed to pay $160 million in May to resolve claims in those suits.

Calif. AG Joins Antitrust Suit Against Chip-Makers (LAW)

By Cheryl Miller, The Recorder

California Recorder, July 14, 2006

California Attorney General Bill Lockyer said he will file an antitrust lawsuit in federal court today that charges seven computer chip-makers with conspiring to inflate prices.

Lockyer is expected to join 33 other attorneys general in a complaint, filed in the U.S. District Court for the Northern District of California, against Infineon Technologies AG; Hynix Semiconductor Inc.; Micron Technology Inc.; Mosel Vitelic Inc.; Nanya Technology Corp.; Elpida Memory Inc.; and NEC Electronics America Inc.

Lockyer accused the manufacturers of restraining supplies, coordinating prices and rigging bids for their dynamic random access memory chips, or DRAM, from 1998 through June 2002. Damages suffered by California consumers and government agencies could reach into the tens of millions of dollars, according to an AG spokesman.

"It's a pretty simple case," said spokesman Tom Dresslar. "It's a group of companies conspiring to rig the market ... all to inflate their profits and to inflate their prices at the expense of their victims."

Micron spokesman Dan Francisco said he had not seen the complaint and could not specifically address its allegations.

"As we understand it, [the AGs] wanted to get the cases on file while we continue working toward a resolution," Francisco said.

Representatives of other companies named in the lawsuit declined to comment, either because they had not seen the filings or because of the pending litigation.

The state prosecutors' lawsuit is the latest in a four-year wave of legal attacks against the chip-makers. Federal investigators launched an investigation of the alleged conspiracy in 2002, which ultimately led to Samsung, Hynix, Infineon, Elpida and 12 individuals pleading guilty to criminal price-fixing and paying more than $730 million in collective fines. Micron, originally a subject of the federal investigation, cooperated with the U.S. Department of Justice in exchange for immunity from criminal charges.

In 2004, rival chip designer Rambus Inc. sued Micron, Hynix, Infineon and Samsung for allegedly fixing their products' prices in a way that discouraged computer-makers from buying Rambus' version of DRAM. In March 2005, Rambus reached a global settlement with Infineon on price-fixing and patent infringement allegations but is still suing the other three manufacturers.

In April, a federal jury handed Rambus a $306.9 million verdict in a separate patent infringement case against Hynix. And last month, a federal district court judge approved a price-fixing class action against six chip-makers brought by repair shops and computer manufacturers. Three other companies named in that action previously settled for a combined $160 million.

Despite the lawsuits, "the well's pretty deep," Dresslar said, noting that chip sales in the U.S. alone totaled $5 billion in 2003.

The federal investigation and related civil cases present the 34 state prosecutors with a valuable roadmap for pursuing their antitrust claim. For instance, in the Rambus price-fixing case, discovery made public last month uncovered e-mails among competitors discussing possible "measures to stabilize the market price" of DRAM, according to the Wall Street Journal.

The antitrust case filed today does not name Samsung, which with three other companies controls about 70 percent of the U.S. market and is also facing litigation from Rambus. Prosecutors reached tolling agreements with Samsung, Dresslar said, and four other manufacturers -- Winbond Electronics Corp., Toshiba Corp., Hitachi Ltd. and Mitsubishi Electric -- that leave them out of the case while settlement talks continue.

Oregon, 30 Other States To Sue Memory Chip Makers (SALEMSJ)

Salem (OR) Statesman Journal, July 14, 2006

Oregon Attorney General Hardy Myers on Friday will join a multi-state lawsuit that accuses the world's largest manufacturers of Dynamic Random Access Memory chips of price-fixing.

New York's attorney general got the ball rolling today, suing chip-makers and claiming they made secret price-fixing arrangements that inflated the cost of personal computers and other electronic devices.

More than 30 other states, including Oregon, are expected to file a separate lawsuit Friday in San Francisco federal court, California Attorney General Bill Lockyer said.

DRAM is a widely used form of computer memory that is found in personal computers, servers and other electronic devices.

"As a result of a price-fixing conspiracy by companies that make memory chips that are a crucial component of many high-tech products, Oregon consumers and state agencies have paid more for computers," Attorney General Myers said. "With this lawsuit, we hope to stop the manufacturers from manipulating prices in the future and to recoup some of the public's losses."

The Oregon Department of Justice and more than 30 other attorneys general are seeking damages, restitution, civil penalties and injunctive relief for consumers and public entities that paid higher prices for electronics from 1998 to 2002 as a result of alleged price-fixing.

The lawsuits follow a long-running U.S. Justice Department investigation that has resulted in more than $730 million in fines and guilty pleas from four companies — Samsung Electronics Co., Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc.

Boise, Idaho-based Micron was granted immunity from criminal charges in the federal case in exchange for its cooperation.

"I have never seen a price-fixing case where there is so widespread, so continuous an exchange of confidential price information among competitors or over so long a time period," said Assistant New York Attorney General Richard Schwartz.

The New York suit, filed in Manhattan federal court, claims the companies colluded to fix prices on DRAM chips. The defendants are Micron, Samsung, Infineon, Elpida, Hynix, Mosel-Vitelic Corp., Nanya Technology Corp. and NEC Electronics America Inc.

The lawsuit to be filed Friday in San Francisco names Hynix, Infineon, NEC Electronics America, Micron as well as Mosel-Vitelic and Nanya.

Samsung is not being sued in that case because the company has indicated a willingness to settle the allegations, Lockyer spokesman Tom Dresslar said. Similar agreements have been made with Winbond Electronics Corp., Toshiba Corp., Hitachi Ltd. and Mitsubishi Electric Corp., Dresslar said.

Computer makers such as Dell Inc., Hewlett-Packard Co., Apple Computer Inc., International Business Machines Corp. and Gateway Inc. had to raise PC prices or reduce the amount of memory installed on their systems to compensate for the higher costs, prosecutors said.

The latest lawsuits will ask the companies to compensate consumers who paid higher prices and demand that the companies not collude in the future.

Worldwide sales of dynamic random access memory chips alone totaled more than $24 billion in 2005, according to separate reports from the research companies iSuppli Corp. and Semico Research Corp.

Wisconsin To Join Lawsuit Against Computer Chip Makers (MJS)

By Avrum D. Lank Alank@journalsentinel.com

Milwaukee Journal Sentinel, July 14, 2006

Firms conspired to fix prices, 34 states say

Wisconsin is among 34 states that intend to file a multimillion-dollar price-fixing lawsuit against seven memory-chip makers today, Attorney General Peg Lautenschlager announced.

The lawsuit, to be filed in San Francisco federal court, says that consumers and state governments overpaid for computers, servers and other electronic products from 1998 to 2002 because the chip makers artificially inflated prices.

It is not known how much might be paid to consumers if the case is settled.

Involved are dynamic random access memory microchips, often called D-RAMs. They are used in products such as computers, servers, fax machines and printers. The global market for them was $17 billion in 2003, including about $5 billion in the United States, according to a Thursday news release from Lautenschlager's office.

"The defendants in this case conspired to rig the market for this essential computer product, working together to keep prices artificially high," said Tom Dressler, a spokesman for California Attorney General Bill Lockyer. "They victimized individual consumers, governmental agencies, schools and taxpayers."

In her news release, Lautenschlager said the case is about "conduct that takes advantage of consumers - and unfairly raises prices for everyone."

Lockyer said that the companies conspired to limit chip supplies and agreed on what to charge customers in an effort to artificially drive up prices.

The suit opens a new chapter of antitrust claims against memory-chip makers, which have been fined $731 million in a four-year U.S. investigation. The states are seeking reimbursement for what Lockyer called "hundreds of millions of dollars" in overcharges nationwide. Antitrust law allows plaintiffs to seek triple-damages.

To be named as defendants are Infineon Technologies AG, Munich, Germany; Infineon Technologies North America Corp., San Jose, Calif.; Hynix Semiconductor Inc., Seoul, South Korea; Hynix Semiconductor America, Inc., San Jose; Micron Technology Inc., Boise, Idaho, and its subsidiary Micron Semiconductor Products Inc.; Mosel Vitelic Corp., San Jose, and its subsidiary Mosel Vitelic (USA) Inc.; Nanya Technology Corp., Taiwan, and its subsidiary, Nanya Technology Corp. USA Inc.; Elpida Memory Inc., Tokyo, and its Elpida Memory (USA) Inc. subsidiary; and NEC Electronics America Inc., Santa Clara, Calif.

Samsung Electronics Co. in Seoul, the No. 1 memory-chip maker, is not being sued because "we are in discussions with Samsung," said Gwendolyn Cooley, the assistant attorney general representing Wisconsin in the case. Micron has been discussing a settlement for many months with the state attorneys general, company spokesman Dan Francisco said.

Gerhard Zimmermann, a spokesman at Infineon, didn't return a call seeking comment. Denise Garibaldi, a spokeswoman for NEC, had no immediate comment. Pai Pei-Lin, a spokesman for Nanya, Hynix spokeswoman Kim Ah Young and a representative for Elpida couldn't be reached for comment after business hours. A message left at Mosel Vitelic's offices in San Jose, Calif., wasn't immediately returned. Chris Goodhart, a Samsung spokeswoman, didn't immediately return a message left on voice mail.

The lawsuit grew out of a global price-fixing-conspiracy investigation by the U.S. Justice Department.

U.S. prosecutors have said leading victims include computer makers such as Dell Inc., Hewlett-Packard Co. and International Business Machines Corp., all of which use chips in their products.

Bloomberg News contributed to this report.

From the July 14, 2006 editions of the Milwaukee Journal Sentinel

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State Officials Pursue Memory-chip Makers (MERCN)

By Dean Takahashi, Mercury News

The San Jose Mercury News, July 14, 2006

Thirty-four state attorneys general plan to file an antitrust lawsuit Friday against seven manufacturers for allegedly fixing prices for memory chips that store data in personal computers and a wide variety of other gadgets.

California State Attorney General Bill Lockyer and 33 other states allege the companies hurt consumers by artificially inflating the price of dynamic random access memory (DRAM) chips over a four-year period, from the spring of 1998 through June 2002. As a result, consumers and government agencies were bilked out of hundreds of millions of dollars, Lockyer said in an interview Thursday.

``This is a big one," Lockyer said.

The pending suit follows on the heels of a federal investigation into the same companies, some of whom have admitted guilt and paid record fines of $730 million to federal antitrust regulators who described it as ``one of the largest cartels ever discovered."

The defendants include Infineon Technologies of Germany; Hynix Semiconductor of South Korea; Micron Technology of Boise, Idaho; Mosel Vitelic and Nanya Technology, both based in Taiwan; Elpida Memory of Tokyo, and NEC Electronics America. The states have entered into a ``tolling" agreement to settle a case against an eighth chip maker, Samsung Electronics, Lockyer said.

Most of the chip makers did not respond to requests for comment Thursday. A spokesman for Infineon said, ``We have not yet received the complaint and therefore have not yet had an opportunity to review the claims."

Lockyer said that settlement talks are under way with a number of the chip makers.

Four chip makers -- Infineon, Samsung, Micron, and Hynix -- control more than 70 percent of the $5 billion U.S. market for DRAM chips, according to Lockyer.

DRAM chips store data while a device is turned on. In computers, DRAM chips store programs loaded into main memory.

Lockyer said that published reports have placed damages to consumers at hundreds of millions of dollars. The suit alleges that dozens of employees and executives at the companies exchanged pricing information with each other. So far, Samsung, Elpida, Hynix, and Infineon have pleaded guilty to price-fixing charges and agreed to pay fines to the U.S. Department of Justice.

The direct victims of the price-fixing scheme included Apple Computer, Compaq Computer, Dell, Inc., Gateway, Hewlett-Packard, and IBM.

In separate litigation, Los Altos-based memory chip design company Rambus alleges that some of the same companies conspired to keep Rambus out of the market.

Chipmakers Face Suit For Price-fixing (FT)

By Kevin Allison

Financial Times, July 14, 2006

Thirty-four US states are on Friday set to file suit against Micron Technology, Infineon Technologies and other makers of computer memory chips in response to allegations of price-fixing in the market for dynamic random access memory, or D-Ram.

The complaint, revealed by California's state attorney-general on Thursday, is similar to a lawsuit filed by Eliot Spitzer, New York attorney-general, also on Thursday, in a Manhattan court. A federal investigation into price-fixing earlier in the year had led to more than $730m in fines.

Bill Lockyer, the California state attorney-general, said Micron, Infineon, Hynix Semiconductor and a handful of other chipmakers allegedly engaged in a four-year conspiracy to fix prices and artificially constrict supply of D-Ram chips to computer makers such as Dell, Apple and Hewlett-Packard between 1998 and 2002.

Mr Spitzer's lawsuit also names South Korea's Samsung Electronics.

Mr Lockyer said the damages suffered by consumers in the state and government offices alone "could total in the tens of millions of dollars". He said Friday's complaint would ask the court to order the chipmakers to pay three times that amount in damages.

"The defendants in this case conspired to rig the US market for this essential computer product, working together to keep prices artificially high," Mr Lockyer said.

Over the past several years, D-Ram has emerged as a key component in modern computers, video game consoles and workstations.

Shares in Micron, which received immunity in the federal case in return for co-operating with prosecutors, fell more than 3 per cent on Thursday to close at $14.36. American Depositary Receipts of Infineon, which is based in Germany, fell 2.9 per cent to $10.75.

Micron played down news of the lawsuits, saying they were part of an ongoing legal process.

"We've been involved in discussions with the state attorneys-general for a lengthy period of time," it said.

"As we understand it, they wanted to get these cases on file while we continue to discuss the potential for a solution."

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Samsung shares were down 2 per cent at Won588,000 on Friday morning, mainly due to disappointing second-quarter results.

Cable Giants Cleared To Buy Systems Of Adelphia (LAT)

By Jim Puzzanghera And James S. Granelli, Times Staff Writers

The Los Angeles Times, July 14, 2006

Time Warner will serve 98% of the L.A. city market after the sale and a swap with Comcast.

WASHINGTON — The cable TV market in Los Angeles is poised for a radical makeover after federal regulators Thursday approved the sale of Adelphia Communications Corp. to Time Warner Inc. and Comcast Corp.

Time Warner will become Southern California's largest cable TV provider under the deal, acquiring Adelphia's 1.2 million subscribers in the region along with 500,000 from Comcast in a complicated swap of assets arising from Adelphia's collapse into bankruptcy in 2002 amid an accounting scandal.

With the switch, customers can expect enhanced programming and services, notably faster high-speed Internet service. Time Warner said any price changes would mostly "be favorable" to subscribers, but consumer advocates warned of higher bills down the line.

Time Warner's share of the Greater Los Angeles market will jump from 15% to 75% as its subscribers in the area balloon to 1.9 million. In the city of Los Angeles, the company will control 98% of the market when the deal closes, most likely by the end of the month.

New York-based Time Warner plans to spend millions of dollars to promote itself in the L.A. area, said Roger Keating, the company's head of Los Angeles cable operations.

"When you only serve 15% of the Los Angeles area, it's hard to justify buying newspaper, TV and radio ads," he said. "We have been out-shouted by satellite TV and phone companies that have spent $15 for every dollar we've spent in marketing."

After checking its inherited networks and fixing any problems, Time Warner plans to start launching new services by October, including faster Internet service, more high-definition channels and free on-demand programming, as well as additional Latino-oriented content, Keating said. Digital phone service is expected to be available by December.

"There's a lot of work to be done," said Keating, who would not reveal how much Time Warner planned to spend. "This won't all happen overnight, but we're sure that if our customers see that we're honest and posting progress every day, they will be patient."

The 4-1 vote by the Federal Communications Commission removed the last hurdle to the $17.6-billion sale of Adelphia. Comcast and Time Warner, the nation's two largest cable TV providers, agreed as part of the deal to divvy up the subscribers of No. 5 Adelphia and to swap some of their own to consolidate each buyer's operations in several areas nationwide.

In addition to Southern California, Time Warner will bulk up its presence in New York, Ohio and the Carolinas. Comcast will grow in Boston, Pittsburgh, South Florida and the suburbs of Washington, D.C.

Concerned that Time Warner and Comcast would have more clout, the FCC included several conditions in its approval. The companies will be prohibited from trying to lure viewers by refusing to distribute their regional sports channels to rival providers such as satellite TV systems. In addition, independent programmers will have the right to binding arbitration if the cable systems decline to carry their channels.

"It's a mixed day for the cable guys," said industry analyst Blair Levin of Stifel Nicolaus & Co. "They got it done, but they don't like the conditions."

Commission Chairman Kevin J. Martin said the deal promised to improve cable service significantly for Adelphia's approximately 5 million subscribers. The company has fallen behind other operators in improving its systems since filing for Chapter 11.

"Comcast and Time Warner have committed to make long-needed upgrades to those systems to enable the rapid and widespread deployment of advanced services to Adelphia subscribers," Martin said. In Los Angeles, Time Warner is vowing to spend millions to offer residential phone service and high-speed Internet access.

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Executives at Time Warner and Comcast said they were pleased that the FCC had approved their purchase of Adelphia, which had been before the commission since June 2005. But they declined to comment on the conditions imposed.

Those conditions were not enough for Commissioner Michael J. Copps, who voted against the deal because he said he feared that reduced competition would lead to higher prices for some customers.

"This decision is about big media getting bigger, with consumers left holding the bag," said Copps, one of two Democrats on the Republican-controlled commission.

Andrew Jay Schwartzman, president of the Media Access Project, a Washington-based public policy law firm, said the conditions made the deal more acceptable, but he predicted it would lead to higher prices.

Time Warner plans to boost basic cable modem Internet connection speeds for Adelphia customers by a third to 6 megabits per second, or more than 100 times faster than standard dial-up service. It will increase Comcast's high-end service from 8 to 10 megabits per second. The company plans to keep contracts in place so that third-party providers such as EarthLink Inc. can offer Internet service on Time Warner's system.

Cable companies believe that the lack of a dominant player in Southern California has allowed satellite TV to capture 28% of the pay TV market. DirecTV Inc., the biggest satellite firm, disputed that assertion.

"It's not so much the splintered market as it is more about consumers seeing the value and choice they receive when compared to cable," spokesman Robert G. Mercer said. "They want choice and value — more channels at a fair price — and we've been able to deliver that."

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Puzzanghera reported from Washington and Granelli from Los Angeles.

FTC Charges Austin Realtors With Restraining Competition (INMAN)

By Jessica Swesey, Inman News

Inman News, July 14, 2006

Real estate board settles charges with no admission of wrongdoing

The Austin, Texas, Board of Realtors illegally restrained competition by preventing consumers from putting certain types of home listings on public Web sites, the Federal Trade Commission charged today.

The 5,000-member Realtor board operates a multiple listing service in the Austin metropolitan area. The group's rules make property listings information available for public Web site searches only when a home seller enters into a traditional style of real estate broker listing agreement, typically associated with a non-discounted commission, according to the charges.

Home sellers who enter into low-cost listing agreements are allegedly blocked from having information about their home shown on Web sites such as Realtor.com, the board-owned Austinhomesearch.com, and other sites operated by board members.

The FTC charges that the MLS rules restrain competition among central Texas real estate brokers and are a joint action by a group of competitors to withhold listing information from publicly accessible Web sites.

The Austin Board of Realtors agreed in a settlement not to interfere with members' ability to enter into any kind of lawful listing agreement with home sellers, the FTC said. Under the agreement, the board also is prohibited from adopting or enforcing any rule that gives one type of property listing agreement an advantage over another.

The Austin board consented to the agreement without admitting or denying wrongdoing.

"As an association that supports members of all business models, we feel the approach outlined in the FTC ruling is correct," David M. Foster, president and CEO of the Austin Board of Realtors, said in a statement.

However, Foster said the FTC's announcement misrepresented the purpose of the board's rule.

"The rule was initially established to ensure that our consumer Web site was used to promote listings to benefit members. We realized, however, that the rule was confusing and did not work as well as we'd intended, which was why it was rescinded so quickly," Foster said.

According to the Realtor board, a rule preventing homes under "exclusive agency listings" from being displayed on Austinhomesearch.com was established on May 31, 2005 and rescinded on Aug. 31, 2005.

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The FTC and the Justice Department have been critical of other industry practices, which the agencies allege restrict competition from low-cost and Internet brokerage services. The DOJ last year filed a lawsuit against the National Association of Realtors, charging that the trade group's policies for displaying property listings online restrain competition.

The FTC and DOJ also have criticized and opposed various state bill and rule proposals that would require brokers to perform a minimum level of services, effectively eliminating bare-bones agreements in which a broker performs minimal tasks at lower prices.

In today's charges against the Austin Realtors, Jeffrey Schmidt, directory of the FTC's Bureau of Competition, said: "ABOR's Web site rules create significant roadblocks for real estate brokers to offer consumers alternatives to full-service brokerage agreements."

Schmidt added that the federal agency "is not saying that one form of brokerage agreement is better than another. We are just saying that the consumer should be able to decide."

John Roberti, an attorney at Mayer, Brown, Rowe & Maw LLP and former staff attorney with the FTC, said today that it is very unusual for the agency to host a press conference for a consent agreement, which it did this morning.

"I would look at this as a wake-up call for the MLSs," Roberti said, adding that this could be a signal that the FTC is placing priority on real estate competition enforcement. "If I were running an MLS with a rule like the one in the consent order I would spend some serious time thinking about whether this rule is necessary," the attorney said.

Inman News reported in September that the FTC contacted the Austin Board of Realtors to inquire about the local MLS policy that prevents the display of some for-sale property listings at some home-search Web sites.

Specifically, the Austin policy places restrictions on exclusive agency listings, which allow an agent to list and market a property for sale and also allow the seller to personally seek out a buyer for the property. If the seller finds the buyer, the seller is not obligated to pay a commission to the agent. Because these listings can function as a for-sale-by-owner property listing, some MLSs have adopted or considered restrictions to the online dissemination of the listings.

In North Carolina, several discount real estate companies complained to the Attorney General's Office in June about a similar proposal by the Raleigh Regional Association of Realtors' Triangle Multiple Listing Service, though the association backed away from the proposal pending any action by the Justice Department.

Heartland MLS in Kansas and the Monmouth-Ocean MLS in New Jersey are also among the MLSs that adopted policies restricting the online distribution of exclusive agency listings.

The Northern Ohio Regional MLS in November 2004 amended MLS policy to provide that home sellers cannot place a "for sale by owner" sign at their home or advertise the home in any medium as "for sale by owner" if they participate in an exclusive-right-to-sell listing. Under this type of listing agreement, home sellers have the right to sell their own home but must pay the listing agent regardless of how the home is sold.

Realtor groups have said that such MLS policies seek to eliminate confusion over whether a property is a for-sale-by-owner property or whether the home seller is working with an agent, while opponents have said that such policies seem to target discount real estate companies that allow home sellers to take on a lot of personal responsibility in the real estate transaction.

Austin Realtors Restricted Listings, FTC Charges (WP)

By Sandra Fleishman

The Washington Post, July 14, 2006

In another sign that federal regulators want the real estate establishment to open competition to discount brokers, the Federal Trade Commission yesterday announced its first restraint of trade action against a professional real estate association in 11 years.

The FTC charged that the 5,000-member Austin Board of Realtors violated antitrust laws by "effectively blocking" sellers who listed with discount brokers from marketing their homes on Web sites associated with the board, including Realtor.com, a national site.

Discount brokers offer fewer services than traditional firms and charge less. The Austin policy "denies sellers low-cost options and forces them to pay for services they may not want," said Jeffrey Schmidt, director of the FTC's Bureau of Competition.

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Regulators said the Texas group consented to drop the practice and settled the case without admitting wrongdoing. The Austin Board of Realtors said in a statement that it dropped its rule last year and that the FTC misrepresented its aim.

The action does not affect listings in the Washington area, according to Mary Jo Powell, spokeswoman for Metropolitan Regional Information Systems Inc., the region's multiple listing service. "We accept all kinds of [listing] agreements," she said. "Our only condition is that you be a licensed practitioner."

It's not clear how many of the nation's more than 800 multiple listing services limit discounters, but Schmidt said the FTC is investigating several.

Yesterday's action was the latest in a series of moves by the FTC and the Justice Department to press real estate associations to allow discounters more access.

The Justice Department last year sued the National Association of Realtors over its Internet multiple listings policy; the parties are still in talks over the litigation. Federal regulators have also weighed in against recent state laws that protect the traditional real estate business model. Nine states, including Texas, require brokers to provide full services.

FTC Targets Home-Listing Limits (WSJ)

By James R. Hagerty

The Wall Street Journal, July 14, 2006

As part of a broader push by antitrust regulators to promote competition among real-estate brokers, the Federal Trade Commission is cracking down on rules that prevent data about some homes for sale from appearing on Realtor.com and other popular Web sites.

The FTC and the Justice Department are targeting what they say are anticompetitive practices in residential real-estate brokerage, which generates more than $60 billion a year in commissions.

The FTC action announced yesterday involves the Austin (Texas) Board of Realtors, a local affiliate of the National Association of Realtors, the dominant trade group for real-estate agents and brokers. Like most local Realtor groups, the Austin board operates a multiple-listing service, or MLS, that lets brokers share data on homes for sale.

In February 2005, the Austin board adopted a rule preventing homes listed under a certain type of contract, known as exclusive agency, from being sent from the MLS to Realtor.com and other sites accessible to the public. Exclusive-agency listing contracts often are used by discount brokers charging flat fees rather than a percentage of the sales price.

Under a consent order settling FTC charges that the rule violated antitrust law, the Austin board can't give preferential treatment to any type of listing agreement. The Austin board said in a statement that it scrapped the rule last August and added: "We are disappointed that the FTC's press release implies that we are guilty of wrongdoing."

FTC officials said they are investigating several other MLS operators that have similar rules and hope at least some will voluntarily change them. Justice Department officials also have contacted some MLS operators to inquire about such rules. MLS organizations that block exclusive-agency or limited-service listings from the public Web sites include those in Indianapolis, Detroit, Cleveland and Columbus, Ohio.

Realtor officials in Cleveland, Columbus and Indianapolis said they would review their policies in light of the FTC's move. The Greater Tulsa Association of Realtors in Oklahoma dropped a rule similar to the one in Austin last year after Justice Department officials raised questions.

John Roberti, a former FTC attorney who is now a lawyer at Mayer, Brown, Rowe & Maw LLP in Washington, said some Realtor boards are likely to change rules as a result of the consent order, but the FTC still may have to take some to court. He said the case shows the FTC is putting a high priority on real-estate competition.

A spokesman for the National Association of Realtors said the NAR doesn't have a policy on such rules.

Discount brokers want their listings to be displayed on Realtor.com and other popular sites where many consumers look for homes. Discounters also want to be able to display on their own Web sites listings generated by rival firms, including the traditional, full-service brokers that dominate the market.

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Last year, the Justice Department filed a suit alleging that the NAR's national policy on Internet displays of listings data -- which allows brokers to block their listings from being displayed on other brokers' Web sites -- "restrains competition" from firms that rely mainly on Web sites to engage with their customers. The Realtors deny that charge and are fighting the suit.

Over the past few years, about a dozen states, including Texas and Missouri, have enacted laws requiring all brokers to perform certain services, including negotiation, whether or not consumers want to pay for them. State Realtor associations have pushed for these "minimum service" laws. About 15 states ban or restrict rebates, which are offered by some discounters as a way of reducing commission costs for consumers.

Write to James R. Hagerty at bob.hagerty@wsj.com1

Businessman Wants To Block Sale Of Three Bay Area Newspapers (AP)

By Lisa Leff

AP, July 14, 2006

SAN FRANCISCO - A prominent businessman who turned the sale of the San Francisco Chronicle into a drawn-out legal drama six years ago is now suing to prevent McClatchy Inc. from completing a $737 million deal to sell three of the newspapers it picked up in its recent acquisition of Knight Ridder Inc.

Clinton Reilly, a millionaire real estate investor, plans to file an antitrust lawsuit Friday that could derail or at least delay McClatchy's plan to unload the San Jose Mercury News, Contra Costa Times and Monterey Herald, according to his lawyer, Joseph A. Alioto.

The lawsuit, to be filed in U.S. District Court in San Francisco, names as defendants MediaNews Group, publisher of The Oakland Tribune and other newspapers; the Hearst Corp., which publishes the San Francisco Chronicle; Gannett Corp. and Stephens Media Group, a privately held a company.

Sacramento, Calif.-based McClatchy reached an agreement in late April to sell the three San Francisco Bay area papers to MediaNews with backing from Hearst and the other publishers. The resulting partnership, which already is under review by the U.S. Justice Department and California's attorney general, creates a monopoly that would drive up newspaper prices and reduce jobs in the industry, Alioto said.

"By entering into these combinations, the partners immediately eliminate themselves as potential competitors in the Bay Area," Alioto said.

William Dean Singleton's MediaNews Group Inc. already owns 22 newspapers in Northern California, including the Tribune, the Marin Independent Journal and The Vacaville Reporter. It is that concentration of publishing power that Reilly's suit seeks to stop, Alioto said.

Reilly is seeking an injunction that would block MediaNews from taking the papers off McClatchy's hands, arguing the deal would hurt readers and advertisers by consolidating so many neighboring newspapers under the same owner.

MediaNews President Jody Lodovic said Thursday that he had not seen the lawsuit, but he dismissed the suggestion that Bay Area readers would be ill-served by the sale. He said the newspapers McClatchy is selling have "virtually no overlap" in terms of circulation with the papers Singleton already owns.

"The efficiencies created from this should more than offset any of those competitive issues," Lodovic said. He added that since state and federal authorities already are reviewing the sale, "I don't know what (Reilly's) assuming he is going to accomplish."

Reilly spent more than $1 million pursuing a private antitrust lawsuit to block Hearst from acquiring the San Francisco Chronicle in 2000. A judge ultimately rejected Reilly's claims that the sale created a monopoly for Hearst, which already owned the rival San Francisco Examiner. But the litigation delayed and complicated the deal.

Under the proposed agreement with McClatchy, announced April 26, MediaNews would acquire the San Jose Mercury News and the Contra Costa Times, which will then be folded into the California Newspaper Partnership, an entity in which it has a 54 percent stake.

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The other two stakeholders in the partnership, industry leader Gannett Co. and the privately held Stephens Media Group, have agreed to contribute their share of paying for the two papers, according to a joint statement from McClatchy and MediaNews.

Separately, Hearst will buy the Monterey County Herald, as well as the St. Paul Pioneer Press, and then transfer them to MediaNews in exchange for a stake in all newspapers that MediaNews owns outside of the Bay Area.

The deal would make MediaNews the fourth-largest newspaper company in the country in terms of circulation, with about 2.7 million daily circulation and 53 daily newspapers.

Morgan Stanley Has Antitrust OK To Buy Transmontaigne (MRKTWTCH)

By Get Quote:Find Symbol Search: Advanced Search VSE Kick-Off Game: Play For A Chance To Win A Palm! My Alerts My Account My Stories(0) Empty Clear All | Clear Visited Click The Page Icons To Store Articles In This Menu. Latest News E-mail Disable Live Quote

MarketWatch, July 14, 2006

WASHINGTON (MarketWatch) -- Morgan Stanley Capital Group Inc., a unit of Morgan Stanley (MS), has received antitrust clearance from the Federal Trade Commission to acquire TransMontaigne Inc. (TMG) for $11.35 a share.

The FTC said Thursday that it granted early termination on Wednesday of the waiting period required under the Hart-Scott-Rodino antitrust law.

Denver-based TransMontaigne, an oil and gas company, said in a press release June 22 that it had terminated its merger agreement with SemGroup L.P. and its affiliates, and TransMontaigne will pay a $15 million breakup fee.

TransMontaigne expects its acquisition by Morgan Stanley to close between mid-August and mid-September, and its shares will no longer be traded.

The Hart-Scott-Rodino law requires under certain circumstances that prospective acquirers of voting securities or assets apply for clearance from regulators. Requests for early termination or clearance are granted when the FTC and the Justice Department's antitrust division have determined that they won't take enforcement action during the waiting period.

TransMontaigne Partners L.P. (TLP) will remain a public company.

Court Annuls European Commission's OK Of Sony-BMG Union (USAT)

By David Lieberman, USA TODAY

USA Today, July 14, 2006

Europe's second-highest court alarmed music executives and investors on Thursday with a highly unusual ruling that ordered reconsideration of the merger creating Sony BMG Music Entertainment - and cast doubt on the combination being discussed by Warner Music and EMI.

Warner Music shares plummeted 17.6% to $24.53, while EMI, which trades in London, dropped 9.2% to the equivalent of $5.12 after the European Court of First Instance annulled the European Commission's 2004 approval of Sony and BMG's music joint venture.

The court, responding to an appeal from an organization that represents independent music companies, said that antitrust officials at the European Union had failed to adequately justify their approval.

A Sony BMG statement said that the ruling "does not affect the validity" of the company. It said it is studying the judgment "and shall discuss the appropriate next steps with the European Commission."

Few analysts expect the European Commission to unravel Sony BMG. But the decision could significantly complicate Warner Music and EMI's strained but persistent efforts to join forces. They've made several attempts since 2000 as they've grappled with an industrywide slowdown and watched merging rivals take center stage.

Last month, Warner Music - whose roster includes Madonna, Red Hot Chili Peppers and Gnarls Barkley - rejected a $4.7 billion offer from EMI. And London-based EMI - which has The Beatles, Norah Jones and KT Tunstall - sniffed at a $4.6 billion offer from Warner.

In the first half of this year, Warner Music had 19.3% of music sales in the USA, and EMI had 10%, putting them behind Universal Music's 31.7% and Sony BMG's 26.3%, according to Nielsen SoundScan.

The commission's endorsement of Sony BMG "was widely cited as meaning it would also be amenable" to a merger of Warner Music and EMI, Merrill Lynch's Jessica Reif Cohen said in a note Thursday. The new ruling "could force the commission to give greater scrutiny to future deals."

Even if it doesn't, the decision delays the process, says Soleil Securities' Laura Martin. "We'd presume (Warner and EMI) bidding will now await the EU's review of the Sony BMG joint venture."

In statements, Warner Music and EMI said that they'll respond after studying the ruling.

But EMI Group Chairman Eric Nicoli told reporters after his company's annual meeting Thursday, "We would not have made a proposal if we thought we could not receive regulatory approval. There's no reason at this stage to change that view."

Independent record companies, represented by the trade group Impala, continued to fight Sony BMG in part to prevent Warner and EMI from combining.

That would give three companies about 75% of the global music market share.

EMI also is the No. 1 music publisher. If it merged with Warner Music, the new venture could control about half of that business.

EU Court Overturns Approval Of Sony BMG Music Unit Merger (AP)

By Aoife White, Associated Press

AP, July 14, 2006

Companies Must Apply Again

BRUSSELS, Belgium – An EU court overturned the European Commission's approval of the merger between the music units of Sony and Bertelsmann AG on Thursday, forcing the companies to request clearance for the deal again.

Both Sony and BMG said they would study the ruling and discuss next steps with the commission, but did not believe the decision undermined their business.

“Today's judgment does not affect the validity of the Sony BMG joint venture, which has been up and running since August 2004,” Bertelsmann said in a statement.

The surprise ruling is the first time the courts have overturned a commission decision to clear a deal and analysts said it could raise the stakes for other such mergers or even lead companies to call off talks. EMI Group PLC has been trading takeover offers with Warner Music Group in recent months.

The Court of First Instance – the EU's second-highest court – backed a challenge by the independent record label group Impala, which represents 2,500 independent music companies. The court said regulators did not properly show in 2004 that there was not a monopoly position before the deal or that there would not be one afterward.

Either one would be enough to strike down regulatory approval.

The European Commission had unconditionally approved the 50-50 joint venture between Japan's Sony Music Corp. and BMG, Bertelsmann's music unit, in July 2004 after finding insufficient evidence the deal would harm consumers.

The court said regulators did not clearly show why they made a late U-turn after alleging in May 2004 that the deal could exacerbate “tacit collusion” in the industry, leading to higher CD prices and less choice for consumers in a market where there is already too little competition.

Even after it cleared the merger, regulators warned that they would watch the industry closely.

The deal, which reduced the number of major music companies from five to four, brought Sony artists like Aerosmith, George Michael and Barbra Streisand and BMG's Avril Lavigne and Elvis Presley under one roof. Sony and BMG argued they needed to join forces to deal with declining CD sales and the threat from illegal downloading on the Internet.

Regulators had assumed there was no record industry monopoly because there were a variety of products on the market and no open disputes between the five main companies.

But the court found that regulators did not properly support a theory that promotional discounts ultimately prevent a monopoly from occurring.

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It also said regulators were wrong to rely on the absence of evidence that record companies had used retaliatory measures in the past. The court said that it found proof of "effective deterrent mechanisms" such as the possibility of hurting an errant record company by excluding it from compilations.

Sony and BMG must now resubmit their applications for antitrust clearance – based on current market conditions – within seven days, said EU spokesman Jonathan Todd.

"We will study the ruling carefully, but it is clear that we will have to re-examine the merger," he said.

The EU must carry out a new analysis of the deal, looking at current market share, customer base and contracts with artists. It will have to stick to deadlines used before it reformed merger rules in 2004 – meaning regulators will have one month from Sony BMG's new filing to approve it or open an in-depth probe. However an incomplete filing could slow down the process.

If the EU eventually clears the deal again, there is a legal precedent for it to demand sell-offs or changes to business behavior to overcome antitrust concerns. It is unusual for it to block mergers but such a decision could also see it force Sony and BMG to undo their joint venture.

That's something that shouldn't happen after two years, said antitrust lawyer Johan Ysewyn of Linklaters. "The whole process is just too slow. It's unacceptable. You can't have a judicial procedure in merger control that takes a year and a half. It needs speed."

Todd said the Commission had two months to decide if it would appeal the court ruling.

The ruling is likely to raise the stakes for companies to provide an "incredible level of detail" on their business to satisfy regulators' hunger for information, Ysewyn said.

Shares in EMI Group PLC plunged 9.2 percent to close at 277.75 pence ($5.11) on the London Stock Exchange at the news.

EMI said "detailed study" would be required before any wider conclusions about a merger could be made, but noted that the ruling was about the "particular evidence" presented in the Sony BMG case. Warner Music Group did not immediately return calls seeking comment.

Patrick Wellington, a media analyst with Morgan Stanley, said that he expected talks to be put on hold. "To pile another music industry merger on top of this would be silly," he told Dow Jones Newswires.

Warner and EMI scrapped a proposed hookup four years ago on EU antitrust concerns.

Impala said it would fight any mergers between big record labels, saying it believed EU approval for EMI-Warner was unlikely. "This locks the door for an EMI/Warner merger, thankfully, and keeps the doors of market access open for the little guy," said Hein van der Ree, Impala vice president and managing director of U.S.-Dutch label Epitaph Europe.

A combination of EMI and Warner Music would control about 25 percent of the recorded music market, surpassing Sony BMG in the rankings and moving into second place behind Universal, according to the International Federation of the Phonographic Industry.

Sony BMG Loses EU's Merger OK (LAT)

By Charles Duhigg, Times Staff Writer

The Los Angeles Times, July 14, 2006

A court throws out '04 approval by regulators, ruling that a monopoly investigation fell short.

In an unexpected move that rocked the global music industry, one of Europe's highest courts Thursday threw out regulators' approval of the 2004 merger that created Sony BMG Music Entertainment, the second-largest music company in the world.

The European Union's Court of First Instance ruled that regulators had made a "manifest error" when they approved uniting the music units of Japan's Sony Corp. and Germany's Bertelsmann. The court found that regulators did not sufficiently investigate whether the combination would create a monopoly.

The decision, which came in response to a challenge filed on behalf of 2,500 independent music labels, caught executives at Sony, Bertelsmann and Sony BMG by surprise. Sources at the companies said they would re-submit the deal for approval within a week. A decision could take as long as five months.

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If that petition fails, executives may be forced to undo the partnership that collected $4.2 billion in revenue last year and was responsible for more than 25% of U.S. album sales. The Sony BMG combination reduced the world's major record companies to four and brought such artists as Aerosmith, Barbra Streisand and Elvis Presley under one roof.

Whatever the outcome, Thursday's decision put an immediate chill on negotiations between EMI Group and Warner Music Group — the world's third- and fourth-largest music companies, respectively. Insiders at both companies said further talks about combining them were unlikely until the Sony BMG issue was resolved.

The court's complete annulment — the first of its kind — could remake landscapes within the industry and elsewhere.

"This is uncharted territory," said Ian Forrester, a Brussels-based antitrust attorney at White & Case. "This could signal that there will be many fewer European mergers. It could call into question approval of mergers from the past half-decade."

Sony's U.S.-listed shares fell 3.9%, while EMI slid 9.2% in London, its biggest decline since February 2005. Warner shares fell $5.23, or 18%, their largest one-day drop since the company went public last year. Bertelsmann is not publicly traded.

In an e-mail to employees, Sony BMG Chairman Rolf Schmidt-Holtz said the court's decision "will have no immediate effect on the day-to-day running of the Sony BMG joint venture, which continues with business as usual."

What effect the decision will have on consumers is less clear. Sony BMG has lost more than 3% of its world market share since the companies were combined and has been racked by internal power struggles.

"I don't think consumers would even notice if this merger was undone," said Geoff Mayfield, an analyst at Billboard magazine. "Before the industry consolidated, labels released about 30,000 albums a year. Now there are fewer companies, but digital distribution makes it possible for even the smallest independent musician to release an album. Last year, over 61,000 albums were released. You can't tell me that consolidation has created less choice."

This is not the first time that decisions by European regulators have threatened to scuttle a deal. In 2001, General Electric Co. called off its purchase of Honeywell International Inc. in what would have been the largest industrial acquisition in history after European regulators failed to approve the deal, citing fears that it would stifle competition for aircraft jet engines.

The same court that issued the Sony BMG ruling is also examining part of a 2004 ruling by the EU ordering Microsoft Corp. to end anti-competitive practices and to share sensitive information with rivals.

Thursday's 80-page ruling said the 2004 European Commission examination of the Sony BMG deal was inadequate, and "did not include all the relevant data that ought to have been taken into account by the commission."

The court said evidence produced by Impala, the independent trade group challenging the merger, suggested that the commission had not sufficiently shown that the merger would not encourage monopolistic behavior. For instance, Sony BMG theoretically could force rivals to conspire on pricing by threatening to exclude them from compilation CDs, the court said.

Once the companies have reapplied, the European Commission will have five months to consider the matter again.

"We may very well reapprove the Sony BMG merger," commission spokesman Jonathan Todd said. "But it's also possible that we'll reach different conclusion. We have more data about the merger now."

Some Bertelsmann executives said they were confident that the deal would be reapproved.

"The fact is that Sony BMG has lost market share," said one senior Bertelsmann official who requested anonymity to avoid drawing regulators' attention. "If anything, the merger has made us weaker."

But other executives appeared more concerned. Sony Corp. Chairman Howard Stringer, who was attending Herb Allen's media summit in Sun Valley, Idaho, huddled with Sony Chief Financial Officer Rob Wiesenthal after the ruling came out. Wiesenthal said neither of them had read the ruling.

Executives at Sony BMG said they were in shock. "Nobody expected this," said one Sony BMG executive who requested anonymity. "If we had to, we could split the company. But it would be enormously expensive."

In the months after the Sony BMG merger, executives shuttered dozens of overlapping departments and fired more than 2,000 employees.

An Impala spokeswoman, Helen Smith, said the group was "delighted and amazed" by the ruling and called it "a victory for music and cultural diversity." In its challenge, the group had alleged that a consolidated music industry sidelined non-mainstream musicians whose work did not have worldwide appeal.

Independent U.S. labels saw opportunity in the legal fracas.

"For the next two years, Sony BMG is going to be distracted by defending its merger and coming up with restructuring plans in case they are forced to break up," said Steve Gottlieb, president of TVT Records, one of the nation's most successful indie labels. That, he added, "will give us a chance to capture their sales."

Two companies that are far less enthusiastic about the decision are Warner Music and EMI. Since May, the rivals have been trading acquisition bids of as much as $4.6 billion apiece. Until Thursday, insiders at both companies said a deal would probably occur within the month.

After the ruling, EMI Chairman Eric Nicoli told reporters in London that his company would not have bid on Warner "if we thought we could not receive regulatory approval. There's no reason at this stage to change that view."

But Warner executives say such optimism is unwarranted.

"Everything is completely on hold now," said one Warner insider who requested anonymity. "Overnight, the chances of this deal happening anytime soon just plummeted."

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Times staff writer Sallie Hofmeister contributed to this report.

ENVIRONMENT/INDIAN AFFAIRS:

Canada Confirms Seventh Mad-Cow Disease Infection (BLOOM)

By Christopher Donville

Bloomberg, July 14, 2006

July 13 (Bloomberg) -- Canada said tests confirmed the nation's seventh case of mad-cow disease in a 50-month-old dairy animal born after feed restrictions were imposed in 1997 to curb the spread of the ailment.

Inspectors are tracing other cattle born on the same farm as the infected animal near Edmonton, Alberta, the Canadian Food Inspection Agency said today in a statement. The government announced July 10 that the animal might be infected, pending further tests on tissue samples.

The announcement comes less than two weeks after Canada found its sixth case of the disease, which cattle contract by eating feed tainted with parts of an infected animal and which has a rare and fatal human form.

``This animal did not enter into either the human or the animal feed system," George Luterbach, a senior veterinarian with the food inspection agency, said on a conference call.

The CFIA last month tightened its animal feed restrictions to speed up eradication in Canada of mad-cow disease, or bovine spongiform encephalopathy.

The U.S., which is currently considering easing some restrictions on beef trade with Canada, will send an expert to participate in the investigation into how the diseased animal was infected, U.S. Agriculture Secretary Mike Johanns said.

``We need a thorough understanding of all the circumstances involved in this case to assure our consumers that Canada's regulatory system is effectively providing the utmost protections to consumers and livestock," he said in a statement.

`Four-D Animals'

The CFIA's Luterbach, in response to a question, suggested that more BSE cases have emerged in Canada compared with the U.S. because Canada is doing a better job of seeking out potentially infected animals.

``One of the contributors to finding these cases is a very robust surveillance program that is targeted at what we call the four-D animals; the dead, down, distressed or diseased," Luterbach said. ``I guess in one sense, it is a product of our robust surveillance program."

Canada, which slaughtered 3.93 million cattle last year, has tested about 115,000 animals for BSE since its initial case was found in May 2003, according to the CFIA. The U.S., which processes 35 million cattle a year, has screened almost 700,000 animals since finding its first mad-cow case in December 2003. Two additional U.S. cases were discovered.

Both Canada and the U.S. require meatpackers to remove and discard the tissues suspected of harboring BSE-causing agents when cattle are slaughtered.

Beef Trade

DOJ_NMG_0040701

The USDA is currently considering whether to allow imports of Canadian cattle older than 30 months along with beef on bones.

The U.S., which buys most of Canada's exported cattle and beef, banned imports from its northern neighbor after Canada found its first case in May 2003. Three months later, the U.S. began easing import restrictions and in July 2005 it allowed Canada to resume shipments of younger cattle after a court found the animals posed little risk to U.S. livestock or consumers.

Canada's exports of cattle and beef dropped to C$1.9 billion ($1.7 billion) in 2004, from C$3.9 billion in 2002, before the U.S. imposed its ban, according to Statistics Canada. Exports climbed to an annual C$2.23 billion by the end of 2005, after the U.S. had lifted many of its restrictions, StatsCan said in February.

``Diagnosis of a few additional cases of BSE in Canada is not unexpected and should not impact current trade in beef or cattle," the Canadian Cattlemen's Association said in a statement.

More than 150 people worldwide have died from the human form of BSE, which is known as Creutzfeldt-Jakob Disease. Most of the deaths were in the U.K., where mad-cow disease surfaced in the 1980s.

Canada Reports New Case Of Mad Cow Disease (AP)

By Beth Duff-Brown

AP, July 14, 2006

TORONTO — Canada on Thursday confirmed its second case of mad cow disease in as many weeks _ and seventh since 2003.

Shipments of cattle to the United States were halted in 2003 after the first reported cases of mad cow in Canada. Trade in cows younger than 30 months resumed last July.

The latest case was of a 50-month-old dairy cow from a farm in western Alberta, and the U.S. Department of Agriculture said it would send an inspector to aid in the investigation into the death.

Last week, Canadian officials another Albertan cow died of bovine spongiform encephalopathy, an extremely rare disease that can be fatal in humans.

U.S. Agriculture Secretary Mike Johanns said the deaths "raise questions that must be answered."

"We need a thorough understanding of all the circumstances involved in this case to assure our consumes that Canada's regulatory system is effectively providing the utmost protections to consumers and livestock," Johanns said, adding he was dispatching a USDA expert to help with the investigation.

The carcass of the animal was incinerated and did not enter the human or animal feed system, Canadian Food Inspection Agency officials said in Ottawa.

The cow, part of a herd of 300 head of cattle on an Edmonton-area farm, was among 170 other cows that will now be tested for the disease. Those animals were born within a year of the diseased cow and are either on the same farm or have been sold to other farms.

The food inspection agency's senior veterinarian George Luterbach said milk from the dairy cow that might have been consumed by humans was not a threat.

"Milk is not known to be a risk of transmission of the disease," Luterbach said.

Eating meat products contaminated with BSE has been linked to more than 150 human deaths, mostly in Britain, from variant Creutzfeldt-Jakob Disease, a rare and fatal nerve disease.

Chuck Kiker, president of Billings, Mont.-based R-CALF United Stockgrowers of America, believes the USDA ordered the border reopened to Canadian cattle too soon.

"In order to protect the U.S. cattle herd and U.S. beef consumers, USDA must ... close the Canadian border to all beef and cattle, and work with Canada to scientifically determine the full scope of Canada's BSE problem through mandatory testing of at least every high-risk animal in Canada," Kiker said in a statement.

The Canadian Cattlemen's Association estimated its 90,000 members had lost more than $5.6 billion in the 30-month ban.

DOJ_NMG_0040702

Canada implemented a feed ban in 1997 that prohibited the use of cattle parts in certain animal feeds. Last month, that ban was extended to include all types of animal feed, pet food and fertilizers, in an effort to help eliminate BSE from Canada's herd in the next decade.

The latest case discovered means the four-year-old cow came into contact with BSE after the 1997 feed ban. Government officials said this is typical and that sporadic cases will continue to be found. Since the 1997 feed ban, close to 120,000 cows have been tested for BSE.

USDA Secretary Expresses Concern Over Latest Canada BSE Case (DJ)

By Bill Tomson

Dow Jones Newswire, July 14, 2006

WASHINGTON (Dow Jones)--U.S. Department of Agriculture Secretary Mike Johanns expressed concern Thursday over Canada's confirmation of a new case of mad-cow disease because the infected animal was born well after Canada put a preventive feed ban in place.

"While the United States and Canada have a strong system in place to protect animal and human health, the diagnosis of BSE in an animal born roughly four and a half years after the implementation of the 1997 ruminant-to-ruminant feed ban does raise questions that must be answered," Johanns said.

Johanns said he will be dispatching USDA officials to Canada to monitor the country's investigation into its latest BSE case, discovered in a 50-month-old dairy cow from Alberta.

"We need a thorough understanding of all the circumstances involved in this case to assure our consumers that Canada's regulatory system is effectively providing the utmost protections to consumers and livestock," he said.

Johanns said he is particularly concerned about "how this animal may have been exposed to BSE-infected material."

The Canadian feed ban, similar to the one in the U.S., prohibits the use of bovine material in cattle feed because infected feed is believed to be the primary means of spreading the disease among animals. Both the U.S. and Canada implemented their respective feed bans in 1997.

The USDA still bans the importation of Canadian cattle that are older than 30 months, but the department is in the midst of creating a new federal rule that would lift the prohibition.

The USDA banned all Canadian beef and cattle in May 2003 after Canada announced its first native-born case of BSE. Shortly afterward, USDA began allowing in Canadian beef back into the U.S., but didn't ease its ban on some cattle until 2005.

The USDA lifted its ban on Canadian cattle under 30 months of age in July 2005.

Hockey Stick Hokum (WSJ)

The Wall Street Journal, July 14, 2006

It is routine these days to read in newspapers or hear -- almost anywhere the subject of climate change comes up -- that the 1990s were the "warmest decade in a millennium" and that 1998 was the warmest year in the last 1,000.

This assertion has become so accepted that it is often recited without qualification, and even without giving a source for the "fact." But a report soon to be released by the House Energy and Commerce Committee by three independent statisticians underlines yet again just how shaky this "consensus" view is, and how recent its vintage.

The claim originates from a 1999 paper by paleoclimatologist Michael Mann. Prior to Mr. Mann's work, the accepted view, as embodied in the U.N.'s 1990 report from the Intergovernmental Panel on Climate Change (IPCC), was that the world had undergone a warming period in the Middle Ages, followed by a mid-millennium cold spell and a subsequent warming period -- the current one. That consensus, as shown in the first of the two IPCC-provided graphs nearby, held that the Medieval warm period was considerably warmer than the present day.

Mr. Mann's 1999 paper eliminated the Medieval warm period from the history books, with the result being the bottom graph you see here. It's a man-made global-warming evangelist's dream, with a nice, steady temperature oscillation that persists for centuries followed by a dramatic climb over the past century. In 2001, the IPCC replaced the first graph with the second in its third report on climate change, and since then it has cropped up all over the place. Al Gore uses it in his movie.

DOJ_NMG_0040703

The trouble is that there's no reason to believe that Mr. Mann, or his "hockey stick" graph of global temperature changes, is right. Questions were raised about Mr. Mann's paper almost as soon as it was published. In 2003, two Canadians, Ross McKitrick and Steven McIntyre, published an article in a peer-reviewed journal showing that Mr. Mann's methodology could produce hockey sticks from even random, trendless data.

The report commissioned by the House Energy Committee, due to be released today, backs up and reinforces that conclusion. The three researchers -- Edward J. Wegman of George Mason University, David W. Scott of Rice University and Yasmin H. Said of Johns Hopkins University -- are not climatologists; they're statisticians. Their task was to look at Mr. Mann's methods from a statistical perspective and assess their validity. Their conclusion is that Mr. Mann's papers are plagued by basic statistical errors that call his conclusions into doubt. Further, Professor Wegman's report upholds the finding of Messrs. Mc Intyre and McKitrick that Mr. Mann's methodology is biased toward producing "hockey stick" shaped graphs.

Mr. Wegman and his co-authors are careful to point out that doubts about temperatures in the early part of the millennium do not call into question more-recent temperature increases. But as you can see looking at these two charts, it's all about context. In the first, the present falls easily within a range of natural historical variation. The bottom chart looks alarming and discontinuous with the past, which is why global-warming alarmists have adopted it so eagerly.

In addition to debunking the hockey stick, Mr. Wegman goes a step further in his report, attempting to answer why Mr. Mann's mistakes were not exposed by his fellow climatologists. Instead, it fell to two outsiders, Messrs. McIntyre and McKitrick, to uncover the errors.

Mr. Wegman brings to bear a technique called social-network analysis to examine the community of climate researchers. His conclusion is that the coterie of most frequently published climatologists is so insular and close-knit that no effective independent review of the work of Mr. Mann is likely. "As analyzed in our social network," Mr. Wegman writes, "there is a tightly knit group of individuals who passionately believe in their thesis." He continues: "However, our perception is that this group has a self-reinforcing feedback mechanism and, moreover, the work has been sufficiently politicized that they can hardly reassess their public positions without losing credibility."

In other words, climate research often more closely resembles a mutual-admiration society than a competitive and open-minded search for scientific knowledge. And Mr. Wegman's social-network graphs suggest that Mr. Mann himself -- and his hockey stick -- is at the center of that network.

Mr. Wegman's report was initially requested by the House Energy Committee because some lawmakers were concerned that major decisions about our economy could be made on the basis of the dubious research embodied in the hockey stick. Some of the more partisan scientists and journalists howled that this was an attempt at intimidation. But as Mr. Wegman's paper shows, Congress was right to worry; his conclusions make "consensus" look more like group-think. And the dismissive reaction of the climate-research establishment to the McIntyre-McKitrick critique of the hockey stick confirms that impression.

Forest Fire Leads To State Of Emergency (AP-Y)

By Christina Almeida, Associated Press Writer

AP2, July 14, 2006

A 40,000-acre fire chewed through desert wilderness Thursday after destroying 100 homes and buildings and was on course to possibly merge with a blaze in the San Bernardino National Forest.

The huge fire edged northwest toward the forest, burning greasewood, Joshua trees, pinon pines and brush on the desert floor. Containment was just 20 percent. Five miles away, a 1,200-acre fire in the forest was 5 percent surrounded.

Gov. Arnold Schwarzenegger declared a state of emergency in San Bernardino County to better coordinate and expedite state efforts to help people affected.

Evacuation orders were lifted for several communities, including the old Western film locale of Pioneertown, but new evacuations were ordered for dozens of homes in Morongo Valley, and residents of Burns Canyon and Rimrock remained unable to return home.

"We're very, very lucky," said Sandy Dugan, whose Pioneertown home still stood while the charred remains of others smoldered. "It's hard to see your neighbors' homes gone."

DOJ_NMG_0040704

Authorities said the odor of smoke from the blazes 100 miles east of Los Angeles could be detected in Las Vegas and Ogden, Utah.

Fire officials said that both fires could link up on the desert floor. Higher up in the mountains, millions of dead trees carried the potential for even more destruction, but they were at least 15 miles from either fire.

Kevin Olson, deputy chief of operations in the headquarters of the California Department of Forestry, said it was possible "but not very likely at this time" that the fires would reach the timber stands.

Swaths of Southern California forests have been weakened by drought and killed by bark beetles. For several years, workers have been cutting down dead trees near communities and roads. Thousands of acres have been cleared but experts say it will take up to 20 years to remove all the deadwood.

However, Olson said there have been contingency plans for several years on how to fight fires and evacuate people in the beetle-infested areas.

The larger fire was ignited by lightning during the weekend and roared into an inferno Tuesday, racing through tiny high desert communities. Forty-two houses, 55 other buildings and 91 vehicles were destroyed in Pioneertown and other communities near Yucca Valley.

About 1,350 firefighters worked the blaze with the help of bulldozers, helicopters and air tankers. Nine firefighters and two civilians have been treated for minor burns or smoke inhalation.

Pioneertown, established in the 1940s as a location for filming cowboy movies, lost none of its Western-style storefronts, but some residents weren't so lucky.

Rex Davis, 55, was told his nearby vacation home was destroyed but had to see it for himself.

"You're still thinking maybe it didn't burn," he said.

The two fires were each about 30 miles from Big Bear, one of several communities atop the San Bernardino Mountains that were evacuated when wildfires swept Southern California in 2003.

Those 15 fires were collectively the most devastating in recent state history, killing 22 people, destroying 3,640 homes and blackening 750,000 acres.

Robert Vinson, 51, brought his wife and two sons to the Big Bear Lakefront Lodge on Tuesday for a vacation to escape the 105-degree heat in his Riverside County town of Menifee. He planned to stay until Saturday unless things got hotter.

"When I see the flames from my hotel room and they get within 10 miles, I'm leaving. I'm not going to wait until they're under my balcony," he said.

A Quest For Cooler Heads In Indian Suit Against US (CSM)

By Brad Knickerbocker

The Christian Science Monitor, July 14, 2006

The lawsuit's name is innocuous enough. But Cobell v. Kempthorne carries 119 years of historical baggage, and its outcome could affect hundreds of thousands of people at a cost of billions of dollars. It's also thorny as a prickly pear, so contentious that a panel of federal jurists this week ruled that the case needs a different judge to oversee it.

The dispute involves royalties due native Americans dating back to 1887. That's when Uncle Sam took control of some 11 million acres of tribal lands in the West as part of the federal policy of forced assimilation. The US was supposed to be paying into Indian trust accounts what now amounts to billions of dollars in revenues from oil, gas, timber, minerals, and grazing on those acres, then disbursing payments to native account holders.

But the whole thing has been mismanaged, federal courts have declared several times since the case began in 1996, and the last three Interior secretaries have failed to fix it. Idahoan Dirk Kempthorne, who recently became Interior secretary, follows both Bruce Babbitt and Gale Norton as lead defendant.

On the other side is Elouise Cobell of Browning, Mont., a member of the Blackfeet Indian Tribe, a rancher and banker, and a recipient of a MacArthur "genius" grant for her work in economic development. She's the lead plaintiff in the class-action lawsuit that bears her name. "The government has abused trust beneficiaries and has failed to fulfill the most basic trust responsibilities owed to us," she said this week.

DOJ_NMG_0040705

The courts and most experts have agreed with that assessment. The US Circuit Court of Appeals for the District of Columbia declared this week that "the [US] government has an obligation to rise above its deplorable record and help fashion an effective remedy."

Words like "ignominious," "incompetent," "malfeasance," and "recalcitrance," the three-judge panel wrote, "are fair and well supported by the record." Still, the judges decided, after nearly 10 years on the case US District Judge Royce Lamberth had "exceeded the role of impartial arbiter" in hearing Cobell v. Kempthorne.

In an opinion last summer, Judge Lamberth had written: "The ... record ... tells the dreary story of Interior's degenerate tenure as Trustee-Delegate for the Indian trust, a story shot through with bureaucratic blunders, flubs, goofs and foul-ups, and peppered with scandals, deception, dirty tricks and outright villainy, the end of which is nowhere in sight."

What the appellate court wants, the panel implied, are cooler heads in the courtroom. As the case has dragged on, some native American leaders also have urged that a settlement be reached rather than continuing to fight it out in court.

"Continued litigation will cost many more millions of dollars and take many more years to reach completion," Joe Garcia, president of the National Congress of American Indians, told a joint House- Senate hearing in March. "It is in the best interests of tribes and individual account holders that tribal leaders participate in the resolution of trust-related claims."

That's what congressional leaders of both parties hope to do, though the job is daunting. The House Resources Committee has found that the government's recordkeeping of "Indian Individual Money" accounts "has been so poorly handled that Indian account holders cannot receive a full and accurate accounting of whether monies generated from their lands were correctly collected, deposited, tracked, and disbursed."

Many individual trust accounts have been divided among heirs over the decades, to the point where management costs are greater than the value of some accounts. The number of accounts is estimated to be between 300,000 and 500,000 - as many as 20 percent of all American Indians.

Among other things, bills in the House and Senate would create a new senior position in the Interior Department, set up a settlement fund to be administered by a Treasury Department special master, establish a management review commission, and require the Comptroller General to contract with an independent external auditor.

The Interior Department agrees that $13 billion was collected between 1909 and 2001. The Indian plaintiffs have said they'd settle for $27.5 billion, including interest accrued on the amount supposed to have been held in trust. What the proposed legislation does not do is set a settlement figure. "This is deliberate," says Rep. Richard Pombo (R) of California, chairman of the Resources Committee. "It is one of the trickier issues to resolve."

FBI/DEA/ATF/USMS:

Eight Heroin Overdoses Are Reported In Week (BNNJ)

By Colleen P. Dunn, Staff Writer

Bridgeton News (NJ), July 13, 2006

VINELAND -- There have been at least eight heroin overdoses in the city in the last week, none of which has been fatal, but it is a possibility that it is related to the bad heroin that has caused several deaths in the tri-state area.

Two overdoses occurred Monday evening.

Javier Feliciano, 36, of Bellair Avenue, was found by his brother laying unconscious in the bathroom, according to a police report.

Police were called to their home around 8 p.m. after his brother found him pale and unresponsive.

He was awake by the time help arrived, and police noticed fresh needle marks on his arms.

Paramedics took him to the South Jersey Healthcare-Regional Medical Center and he was arrested after he was treated.

He was charged with use of heroin.

Feliciano told police he bought the drugs from a man at the Park Towne Apartments on West Chestnut Avenue.

The second overdose happened at the Days Inn on West Landis Avenue around 8:30 p.m.

Robert Maldonado, 25, of Quince Street, was found in a hotel room unconscious and covered in ice, according to a police report.

A manager told police he left the room unsecured, and when he came back he saw Maldonado on the floor.

Vineland EMS came and said he wasn't breathing, but they were able to resuscitate him. His eyes rolled back into his head and he passed out, however, when they tried to question him.

Police were able to speak with him at RMC, where Maldonado said he got the heroin from a friend he only knows as "Son," according to the report.

At first he said he entered the hotel room when he noticed it wasn't locked, but later he said he was in the hotel room with about five people, including the person the room was rented to.

Maldonado was charged with possession of heroin, use of a dangerous drug, possession of a syringe, burglary, and disorderly conduct.

Heroin Overdose Cases Continue To Rise In Vineland (PAC)

By Tom Namako

Press Of Atlantic City, July 13, 2006

VINELAND â€" The number of heroin overdoses in the city continued to spike Wednesday, with police reporting two more incidents where users were found unconscious and rushed to the emergency room.

The incidents on Tuesday brought the number of overdoses in the city during the past week to 10, according to Vineland police reports. In almost every instance, the user was found passed out with either a syringe or small bag containing a white powdery substance nearby. None of the 10 has died.

Law-enforcement officials said they believe that fentanyl, an extremely strong pain reliever used to treat cancer patients, may have made its way into the street supply of heroin in Vineland.

Fentanyl works though the central nervous system and could be addictive if it's not used for pain, according to Medline Plus, the National Institutes of Health medication database.

The fentanyl-laced heroin was first seen regionally in Camden, where it claimed the lives of several people earlier this year. Authorities said many drug dealers use it to supplement the drug so they can create more doses to sell.

It's unclear whether fentanyl-laced heroin was involved in either of the most recent incidents. Calls to Lt. Tom Ulrich at the Vineland Police Department went unanswered Wednesday.

Vineland resident Robert Maldonado, 25, was found Tuesday passed out in an unlocked room and covered in ice at the Days Inn on Landis Avenue, a police report said.

The room was unlocked by a supervisor after an employee said he was going to use it, according to the report. Moldonado later told police he and some friends were looking for a place to buy and use drugs and found the open door.

Police said Maldonado was shaking so violently after being taken to the South Jersey Regional Medical Center that he couldn't sign his Miranda rights form.

He was charged with possession and use of heroin, possession of a syringe and a separate burglary warrant.

Javier Feliciano, 36, was found by his brother, Hector Feliciano, lying unconscious Tuesday in his Park Town apartment complex bathroom.

Hector Feliciano told police that his brother had track marks on his arm from injecting heroin, which he took 10 minutes before passing out. Emergency medical services took Javier Feliciano to the South Jersey Regional Medical Center, where he told police he used the drug.

Feliciano was charged with using and possessing heroin and a syringe. He was released pending a court date.

Fentanyl-heroin Mix Blamed For March Death Here (PRHA)

Park Ridge Heral Advocate, July 14, 2006

Park Ridge police have confirmed that the death in March of a 22-year-old Park Ridge man was caused by a lethal dose of heroin.

DOJ_NMG_0040707

Park Ridge Deputy Police Chief Tom Swoboda said toxicology tests show that Jonathan Krischke died after taking heroin mixed with the narcotic fentanyl on March 9.

Krischke, a Maine South graduate, was found unconscious by a family member inside his home, Swoboda said. He was taken to Resurrection Medical Center in Chicago, where he was pronounced dead about 30 minues after his arrival, Swoboda said.

Although the police department learned of the cause of death from the Cook County Medical Examiner in early May, the information was not released to the press. Swoboda said the department normally does not release information on death investigations.

Swoboda did report on the cause of Krischke's death to the Park Ridge Health Commission and Maine Community Youth Assistance Foundation (MCYAF) at meetings in May.

Swoboda said investigators were unable to determine where Krischke had obtained the heroin.

Fentanyl-laced heroin has been blamed for dozens of deaths in Cook County this year, and members of the Park Ridge Health Commission have stated that the community needs to be alerted if such deaths are reported in Park Ridge.

Heroin is also the suspected cause of death of 17-year-old Joseph Krecker of Park Ridge on June 6 in Chicago. Toxicology test results in that case are not yet available, according to the Cook County Medical Examiner's Office said.

Newscast Heroin OD Medic Unit Shut Down New Castle County Blames Lack Of Funds For Deactivation (NJ)

News Journal, July 13, 2006

An extra New Castle County paramedic unit put together in May to help with a spate of heroin overdose calls was deactivated this week because there isn't enough money to pay for it.

Public Safety Director Guy Sapp said it would have cost $100,000 to run Medic 9 for six months because it was paid for mainly with overtime.

"Given the current situation in the budget, we cannot continue to staff Medic 9," Sapp said.

The unit was not dedicated solely to heroin calls. It operated from 8 a.m. to 6 p.m. to ease the workload on the county's other eight paramedic units, which were dealing with a spike in calls.

Medic 9 stopped Sunday.

The decision has drawn questions and criticism from County Council members and the city of Newark, where the unit was based.

"If you've got to take money away from bark parks, screw it," County Councilman Timothy Sheldon said. "The real thing is saving lives."

County paramedics and police agencies have said a purer-than-usual batch of heroin -- as well as some laced with fentanyl -- hit the streets in late April, spawning an increase in traffic accidents, overdoses and deaths.

Nine deaths have been linked to the drug in the past several months, including two last weekend. However, officials said heroin-related calls are on the decline, except during weekends.

"This is adding stress to an already stressful situation for Newark residents," said Jon Townley, chief of Aetna Hose, Hook & Ladder Company, which housed Medic 9.

Medic 9 responded to 135 calls in June. That was a few more than the 128 calls handled in same month by the 24-hour unit in Middletown, which typically has the lowest call volume in the county.

But Townley said Medic 9 helped improve emergency response times for Newark because the two closest paramedic stations are in Glasgow and along Kirkwood Highway.

Townley appealed Monday to the Newark City Council for help keeping the unit. Newark Councilman Jerry Clifton said the issue was "a matter of public safety" and directed the city manager to send a letter to the county asking them to continue funding Medic 9.

Newark's concerns were echoed this week by several County Council members who were unaware the extra unit existed.

A temporary unit

DOJ_NMG_0040708

Councilman David Tackett and Councilwoman Karen Venezky admonished Sapp for not letting them know about the unit or its deactivation.

"If I had walked into a civic meeting and been asked about this," Tackett said. "I wouldn't have been able to answer their questions."

County Paramedic Chief Lawrence Tan said Medic 9 was never intended to be permanent.

"The department has had a longstanding plan to expand the number of units out in the field," Tan said, citing a University of Delaware study that is examining staffing levels.

"But with the county's budget process, everyone was asked to tighten their belts," he said. "If we want to keep a unit up and make that commitment, then additional funding is going to have to be made available to cover that unit."

The county is grappling with a growing deficit that is expected to reach $38 million by 2009.

Sapp said the unit was paid for through overtime because the force is short 28 paramedics.

Seventeen are on the payroll but still in training. Nine of those 17 are expected to graduate by August, and the rest will graduate next year.

Of the remaining vacancies, one paramedic is out with an injury, another is pregnant and nine are unfilled positions.

"We just don't have the people," Sapp said.

Spokane Agencies Form Gang Task Force (AP)

AP, July 13, 2006

SPOKANE -- Responding to an increase in violent crime committed by armed gang members, local and federal police agencies in Spokane have formed a task force.

The Spokane Police Department, Spokane County Sheriff's Office and several federal law enforcement agencies announced Thursday they will target crimes where guns are shown or used.

Police officials say the task force will place renewed emphasis on prosecuting crimes involving violent crimes, guns or gang activity.

Federal agencies participating in the task force include the Bureau of Alcohol, Tobacco, Firearms and Explosives, the United States Marshal's office, the FBI and the Drug Enforcement Administration.

Spokane police say they have noticed an increase in violent crimes over the past nine months.

Two Are Sentenced To Life In Meth Case (MTR)

By Ryan Brinks

Marshalltown Times Republican, July 14, 2006

Two Marshalltown brothers were sentenced to prison Wednesday, one for life and the other for 20 years, after being found guilty for conspiring and distributing methamphetamine.

U.S. District Judge Ronald E. Longstaff sentenced Martin Ruiz Singh, 36, to life imprisonment for conspiracy to distribute meth, distribution of meth and being a felon in possession of a firearm, according to an announcement by U.S. Attorney Matthew G. Whitaker.

His brother, David Ruiz Singh, 41, was sentenced to 20 years in prison for conspiracy to distribute meth and distribution of meth. Each brother was also ordered to serve 10 years of supervised release after their incarceration, Whitaker said.

A three-day jury trial found the Singh brothers guilty of the drug and firearm charges on Feb. 9, and Longstaff at the sentencing found them responsible for distributing about 20 pounds of meth between March 1998 and June 2005. Both of their sentences were enhanced due to prior felony drug convictions.

The case against the Singh brothers was investigated by the Drug Enforcement Administration, the Iowa Division of Narcotics Enforcement and the Mid Iowa Drug Task Force, and the U.S. Attorney's Office for the Southern District of Iowa in Des Moines prosecuted them.

Judge Bars Measure To Tighten Law On Treating Drug Offenders (LAT)

By Evan Halper

DOJ_NMG_0040709

The Los Angeles Times, July 14, 2006

SACRAMENTO — A Northern California judge on Thursday blocked, at least temporarily, sweeping changes to the state's landmark treatment program for drug offenders signed into law by Gov. Arnold Schwarzenegger this week.

The new law, SB 1137, adds tough provisions to Proposition 36, which gives tens of thousands of drug offenders the option of entering treatment facilities instead of going to jail.

The changes championed by Schwarzenegger would allow judges to incarcerate offenders who relapse for up to five days.

Drug treatment advocates say that the measure, which was written by Sen. Denise Ducheny (D-San Diego) and passed by the Legislature last month, is illegal because it would change an initiative approved by voters without their consent. Proposition 36 was passed in 2000.

The drug treatment advocates filed a lawsuit as soon as the governor signed it into law Wednesday.

By Thursday afternoon, Alameda County Superior Court Judge Winifred Smith had issued a temporary restraining order against the measure.

Smith wrote in her order that the plaintiffs in the case, which include the nonprofit Drug Policy Alliance and the California Society of Addiction Medicine, "have a substantial likelihood of success" of overturning the new law in court. The order prevents any implementation or enforcement of the measure pending litigation. The next hearing in the case is scheduled for July 28.

Daniel Abrahamson, director of legal affairs for the alliance, said: "Proposition 36 is very clear that people are supposed to receive treatment, not incarceration."

Voters may have the ultimate say over whether the new changes take effect. The Legislature included language in the new law that sends the measure to the ballot if any part of it is overturned in court.

Supporters of the measure expressed confidence that they will prevail.

"Our intention is not to punish, but to give judges tools to encourage successful treatment," said Ducheny spokesman John D. Ferrera. "That's what California voters wanted."

SAN FRANCISCO Old Friend Seen As Key Witness Against Bonds Ex-business Manager Ready To Testify About Star's Use Of Steroids (SFC)

By Lance Williams And Mark Fainaru-wada, Chronicle Staff Writers

San Francisco Chronicle, July 14, 2006

In July 2003, midway through a stellar season in which he would win the National League Most Valuable Player award for an unprecedented sixth time, an angry Barry Bonds sat down with an FBI agent and a federal prosecutor.

The Giants star wanted action, according to federal documents reviewed by The Chronicle. He urged the FBI to investigate his longtime business manager, whom he accused of selling bogus baseball memorabilia embossed with forged Bonds autographs.

But the interview in the Federal Building in San Francisco took an unexpected turn. Had Bonds ever used steroids? the lawmen asked.

Bonds denied doing so. He had "never" used steroids, he declared.

Now, three years later, Bonds' visit to the FBI has created immense legal difficulties for the Giants star.

Bonds' emphatic denial that he had used banned drugs -- repeated under oath in December 2003 before the grand jury that investigated the BALCO steroids conspiracy -- is the focus of a continuing federal probe that soon could result in his indictment for perjury before the grand jury or for making false statements to the FBI.

The FBI has exonerated Bonds' former business manager, Steve Hoskins, in connection with Bonds' complaint, said Hoskins' lawyer, Michael Cardoza, and Hoskins has been interviewed by investigators in connection with the Bonds perjury probe.

Hoskins, who was Bonds' friend since boyhood and his business manager for a decade, has direct knowledge of Bonds' use of steroids, Cardoza said. He also knows of Bonds' receipt of large sums of cash for the sale of baseball memorabilia, the lawyer said.

If Bonds is put on trial, Hoskins is prepared to testify, Cardoza said.

"This is a fight started by Barry Bonds' false allegations," Cardoza said. "If the fight continues into a courtroom and my client is subpoenaed to testify, he will tell the truth."

In a round of television interviews this week, Bonds' lawyer, Michael Rains, has identified Hoskins as the prime witness in the case and predicted he would be discredited as a vengeful ex-friend with a motive to lie.

He told The Chronicle on Thursday that Hoskins was a "vindictive" person, contending he had been "a constant source of information to the feds" in the Bay Area Laboratory Co-Operative investigation.

"Barry has told me about a breakup, if you will, that he had with Hoskins over the fact that Hoskins was forging Barry's name to merchandise and then pocketing the money," Rains said.

The lawyer also criticized the government for interrogating Bonds about steroids after encouraging him to come in and make a crime report about Hoskins and the memorabilia.

The government's conduct was "a double-cross," and "flat-out dishonest and unethical," he contended, and could raise important legal issues if the government moves forward with an indictment.

Hoskins declined to be interviewed for this story. According to people who know him, he is the son of Bob Hoskins, a star lineman for the 49ers in the 1960s who was a friend of Bobby Bonds, then the Giants centerfielder and Barry Bonds' father. The Hoskins and Bonds families lived in San Carlos, and the boys became friends.

While Bonds went on to his career in baseball, Hoskins studied graphic design and became a commercial artist, creating a line of greeting cards decorated with the images of NFL players, according to a biography he once posted on his Web site.

In 1993, when Bonds left the Pittsburgh Pirates for the Giants, he reconnected with Hoskins. Hoskins set up a business, Kent Collectibles, to market autographed Bonds balls, bats and jerseys along with lithographs depicting Bonds in action.

Eventually, Hoskins also became Bonds' business manager. He advised Bonds on endorsement deals. In 2000, at Hoskins' urging, Bonds hired the sports agent Scott Boras, who then negotiated Bonds' $18 million-per-year contract with the Giants.

Hoskins served as chief financial officer of the Barry Bonds Family Foundation, and he became Bonds' public relations adviser. For years, reporters who wanted an interview with Bonds put in their requests with Hoskins, a frequent presence in the Giants clubhouse.

Bonds and Hoskins were close friends -- Hoskins was best man at his wedding in 1998 -- but the relationship began to fray. Bonds became increasingly demanding of Hoskins' time, Hoskins has told acquaintances.

But a bigger stumbling block was Bonds' use of steroids, said Cardoza, the lawyer. He said Hoskins had urged Bonds not to use the drugs, arguing that Bonds was risking his health and that he was already a great player without steroids.

Hoskins consulted doctors about the risks of steroid use and informed Bonds' father, asking for help in persuading him Bonds not to use drugs.

Hoskins "was Barry's good friend, and he was very concerned," the lawyer said. "He told him, 'you're going to kill yourself -- stop.' "

But Bonds persisted in using steroids, Cardoza said. Bonds became prone to " 'roid rage" -- uncontrolled angry outbursts -- that further strained the relationship, the lawyer said.

When the breakup came early in the 2003 baseball season, it was extraordinarily bitter, said Kimberly Bell, a former Bonds girlfriend who has testified before the grand jury that is investigating Bonds.

In a 2004 interview, Bell recalled that Bonds had angrily vowed to ruin Hoskins financially and "put him in the street."

On his visit to the FBI, Bonds charged that Hoskins had forged his signature on a collection of Giants jerseys that he described as cheap knockoffs and not genuine "game-used" gear.

The FBI took the allegations seriously. At one point in 2003, Bonds accompanied FBI agents on a visit to the Long Island, N.Y., home of memorabilia dealer Jeff Kranz, and pointed out items that he claimed were fake, the Wall Street Journal reported in May.

But according to his lawyer, Hoskins kept detailed records of the memorabilia sales and even had photos of Bonds autographing some of the items he said were forged.

The lawyer said Hoskins also documented the sums of cash that Bonds allegedly collected from memorabilia sales and funneled to Bell, who was then his girlfriend.

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She told the grand jury she received $80,000 cash to make a down payment on a house in Arizona, The Chronicle has reported.

In 2005, the FBI informed Hoskins they had closed their investigation of Bonds' allegations, the lawyer said. After that, Hoskins was interviewed by federal agents seeking information about Bonds and perjury.

By the time Bonds testified before the BALCO grand jury on Dec. 4, 2003, prosecutors had been briefed on Bonds' statement to the FBI five months before, according to Rains, Bonds' lawyer.

In the weeks before Bonds' grand jury testimony, Rains said prosecutors had led him to believe Bonds would be permitted to review documents that had been seized by agents in raids on BALCO and the house of trainer Greg Anderson in September.

The government had provided that courtesy to other witnesses, hoping to encourage their truthful testimony. But a few days before Bonds' appearance, Rains said Assistant U.S. Attorney Jeffrey Nedrow left a message on his voice mail canceling the meeting.

Prosecutors told him "they believed Barry had been dishonest with the FBI earlier in the year," Rains said, and Bonds was never permitted to see any of the documents before he testified.

Although Rains has identified Hoskins as the prime witness in the perjury case, federal prosecutors have said in court that their probe is based on a "mountain" of documentary evidence seized in the raid on the Burlingame home of Anderson, who pleaded guilty to steroid dealing in the BALCO case and served three months in prison.

In the raid, investigators seized doping calendars, price lists and other documents that reflected Bonds' use of steroids and human growth hormone, The Chronicle has reported.

The Bonds grand jury subpoenaed Anderson to testify about the documents, but he refused, claiming the subpoena violated the terms of his plea bargain in the BALCO case, which did not require him to become a government witness.

On July 5, he was found in contempt of court and sentenced to an indefinite term in federal prison.

Bonds' Ex-Friend May Affect Jury Probe (AP)

By Jordan Robertson

AP, July 14, 2006

SAN FRANCISCO -- Barry Bonds and Steve Hoskins were boyhood friends who went into business together and made a lot of money selling the San Francisco slugger's autographs. But the relationship collapsed when Bonds accused Hoskins of stealing from him and took the case to federal prosecutors.

Now, the Redwood City businessman might be getting his revenge by talking to investigators about Bonds' alleged steroid use and the alleged diversion of proceeds from memorabilia sales to Bonds' girlfriends.

A grand jury considering possible perjury charges against Bonds met again Thursday in San Francisco, and Bonds' lawyer, Michael Rains, has identified Hoskins and the player's former girlfriend, Kimberly Bell, as key witnesses in the probe.

Hoskins' lawyer, Michael Cardoza, declined to say Thursday whether his client had testified before the grand jury, but he discussed the falling out between his client and Bonds and said Hoskins believes the slugger's angry outbursts at the time were caused by steroids.

"It appeared he was in a sort of steroid rage, the way he was acting," Cardoza said. "That's what we thought was causing him to act that way."

Steroid allegations surrounding Bonds intensified in 2003 when he testified before a different federal grand jury about his relationship to the Bay Area Laboratory Co-Operative, the nutritional supplement lab at the center of doping scandals in both track and field and baseball.

Hoskins did not return messages left Thursday at his home and business, Kent Collectibles, in San Carlos.

He and Bonds grew up together outside San Francisco and after Bonds signed with the Giants as a free agent in 1993, the ballplayer helped Hoskins go into business selling sports memorabilia bearing Bonds' signature.

Hoskins became a fixture in the Giants' clubhouse, but a rift opened during spring training 2003 when Bonds spotted a fan wearing a jersey bearing his autograph that he claimed was a fake, Cardoza said.

He flew into a rage, and Hoskins had to convince him the autograph was authentic, but simmering tensions between the two came to a head, Cardoza said.

"That's what started the big rift," Cardoza said. "And the big rift was already going on, because Barry was demanding more from Steve. He was being even more demanding and abusive of Steve. The chasm between Barry and Steve really started to widen then."

Some of the tension can be traced to an arrangement Bonds had requested for delivering money to two girlfriends, Cardoza said.

Bonds gave more than $100,000 of his profits from the business to Hoskins to pass along to those girlfriends, including down payments on homes and a car for Bell, Cardoza said.

Rains could not be reached Thursday to respond to Cardoza's claims.

Bonds claimed Hoskins was forging the player's signature on contracts and keeping proceeds from sales of memorabilia that was to have been split between the two partners, according to Cardoza.

Bonds made "an obscene amount of money that would make a normal human being cringe" for the autographs, but felt Hoskins was not paying him what he was owed, Cardoza said.

Soon after, Bonds went to the U.S. Attorney's Office in San Francisco and filed a complaint about Hoskins, Cardoza said.

Hoskins met with federal prosecutors, according to his lawyer. He presented detailed records of all disputed transactions and the investigation was dropped a year later, Cardoza said.

Hoskins did not know whether Bonds was paying taxes on profits from the memorabilia business, Cardoza said.

The timing of the dispute between Bonds and his former friend raises questions about whether Hoskins agreed to cooperate with federal prosecutors investigating whether Bonds lied to a grand jury in December 2003, when he reportedly said he never knowingly used performance-enhancing drugs.

A grand jury has been meeting in secret for months to consider charges against Bonds. Witnesses known to have testified in the probe include Giants trainer Stan Conte and Bonds' surgeon, Arthur Ting.

Bonds' personal trainer, Greg Anderson, who served three months in prison after pleading guilty last year for his role in the BALCO scandal, has been jailed since July 5 for refusing a judge's order to testify before the grand jury.

In court papers filed with a federal appeals court Monday, Anderson's attorney Mark Geragos argued that his client shouldn't have to testify because previous grand jury testimony has been publicly disclosed. Geragos also argued that Anderson's plea agreement last year stipulated that he will not cooperate with the government's investigation and stated the trainer was a target of an illegal wiretap.

The government filed papers with the appeals court Thursday arguing against releasing Anderson, but asked that the submission be kept sealed. The court declined to release the government's papers pending a ruling from a judge, expected Friday.

With the grand jury widely expected to deliver its findings soon, the relationship that boiled over between Bonds and Hoskins could play a key role in any indictment against one of baseball's greatest sluggers.

Bonds hit 12 home runs in the first half of this season to give him 720 for his career, 35 from tying home run king Hank Aaron's record of 755. He passed Babe Ruth and moved into second place on the career list with No. 715 on May 28.

He's batting .249 this season with 38 RBIs, and has missed 20 games with knee problems.

If charged with perjury and convicted, he could face up to five years in prison. He could face another five years if charged and convicted of money laundering.

As Bonds Faces Possible Day In Court, Selig Faces A Quandary (NYT)

By Murray Chass

The New York Times, July 14, 2006

EARLIER in the season, Barry Bonds's chase of Babe Ruth was the focus of baseball enthusiasts. These days, the focus is still on Bonds, but it has nothing to do with him hitting home runs. Now the focus is on the government's pursuit of Bonds.

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The growing feeling is that the government, specifically the United States attorney in San Francisco, will get him. The grand jury investigating the possibility that Bonds lied to another grand jury two and a half years ago did not act yesterday. It is scheduled to meet again Thursday.

Bonds plods on, experiencing his worst season since 1989 and moving toward Hank Aaron's career home run record more slowly than a tortoise. He could be indicted before he hits another home run for the San Francisco Giants. He could wind up in jail before he reaches the Hall of Fame.

The immediate question, though, isn't Bonds's guilt or innocence. It's whether Commissioner Bud Selig will take disciplinary action against Bonds if he is indicted on charges of perjury, tax evasion, money laundering, evading banking laws or anything else.

Selig has repeatedly refused to discuss Bonds, most recently in Pittsburgh the day before the All-Star Game at a meeting with baseball writers.

But an official in the commissioner's office, granted anonymity because he was not authorized to speak about the situation, said the commissioner was torn in his considerations of the matter. One minute, Selig is prepared to suspend Bonds; the next, he changes his mind.

Selig could use an alternative plan. He could induce the Giants to pressure Bonds to step aside while continuing to be paid, so he could concentrate on the preparation of his defense. That's often an approach used in the corporate world.

Given the allegations of steroid use surrounding the prodigious increase in Bonds's home run production from 2000 through 2004, many fans and politicians may very well call for Selig to suspend Bonds and erase his records.

"I think that it's very difficult to imagine that he can do anything until the criminal case is disposed of," Fay Vincent, Selig's predecessor as the commissioner, said yesterday in a telephone interview. "I think some people will be screaming that he should suspend Bonds, but I don't think the union will permit that. I don't think it's a viable alternative under the collective-bargaining agreement."

Richard Moss, who once fought Vincent over a suspension of Steve Howe, agreed with him this time.

"It would be very improper" if Bonds were suspended, Moss said, "because he would prejudice the legal proceeding. Until there is some finality, it would be improper for the commissioner to do anything."

James Quinn, a New York lawyer, who has represented sports unions and players, also said Selig could not do anything until Bonds was proven guilty. Quinn cited a precedent, a case involving Bernard King, whose suspension by the N.B.A.'s Utah Jazz for an alleged improper relationship with a woman was overturned.

The baseball commissioner, under the labor agreement, can suspend a player for just cause, but the player can challenge the action through a grievance procedure. More often than not, arbitrators have overturned or curtailed suspensions by the commissioner.

Bonds, with the union's support, would unquestionably challenge a suspension. The union would argue that Selig did not have just cause because Bonds hadn't been convicted of any crime.

But Selig could act under his "best interests of baseball" authority, finding that allowing Bonds to continue to participate in games, especially on the road, would create potentially dangerous circumstances for him and players who would be on the field with him.

Commissioner Kenesaw Mountain Landis yanked Joe Medwick of the St. Louis Cardinals out of a game in the 1934 World Series — "for his own safety" — because Detroit fans unleashed a barrage of fruit and other garbage at him after he slid roughly into third base. Baseball didn't have a union then to protest Landis's action.

The union today may have a more difficult task in overcoming a suspension on the basis of safety. Not only would safety be involved, but ugly scenes at ballparks could have a detrimental economic effect on the game.

To discipline an employee in a case involving conduct away from the workplace, a company would probably have to demonstrate that the employee's actions caused economic damage to the employer.

An arbitrator overturned Commissioner Bowie Kuhn's suspension of pitcher Ferguson Jenkins after a drug arrest in 1980 in part because Jenkins had been placed on administrative leave and the arbitrator found that management had demonstrated no effect on baseball's business.

Fans aren't likely to stop attending games or watching them on television if Bonds is indicted. While San Francisco fans would probably continue to support him, fans of opposing teams would probably become nastier to him than they have been.

Bonds's absence for any part of the rest of the season would slow his march toward Aaron's record. Bonds, who will be 42 on July 24, has 720 career home runs, including 12 this season, a pace that would give him 22 for a full season. At that rate, he would have to play into the 2008 season to get to Aaron's 755.

Indictment, conviction and jail would slow his quest even more.

SAN FRANCISCO Pot Club Loses Bid To Set Up Shop Near Fisherman's Wharf Neighbors Pack Planning Commission Meeting To Oppose Cannabis Dispensary (SFC)

By Robert Selna, Chronicle Staff Writer

San Francisco Chronicle, July 14, 2006

A pot club seeking to set up shop near Fisherman's Wharf was denied a permit by the San Francisco Planning Commission in a 4-2 vote Thursday night.

The Green Cross was the first medical marijuana outlet in San Francisco to undergo the city's new permit process, which was approved by the Board of Supervisors last year in an effort to more tightly regulate medical pot sales. Currently, 20 to 30 marijuana clubs operate in the city, planning officials say. All will need to submit applications by next June to continue operations.

The cannabis club faced strong opposition from neighbors and community groups at Thursday's commission meeting.

Opponents filled a City Hall hearing room to capacity and said they were concerned that a medical marijuana business situated at 2701 Leavenworth St. -- where the Wharf's bustling tourist trade meets residential Russian Hill -- would impair the quality of life in their neighborhood.

"The nature of pot clubs right now brings an element that's not appropriate for this neighborhood," Ryan Chamberlin, a nearby resident, said before the meeting. "There's myriad quality-of-life crimes associated with these clubs. ... This is a family neighborhood -- it's not right for such an adult-oriented and, to a great degree, counter-culture environment."

Commissioners seemed swayed by the public outcry.

"The people who were against granting the permit were from the neighborhood where it would have been located, and those in favor of it were mainly coming from the outside and asking that it be imposed on that area," said Planning Commissioner Michael J. Antonini, who voted against the permit.

Antonini said another reason he rejected the pot club's permit application was that he doesn't believe a marijuana dispensary is the best type of business for a heavy tourist area.

While many at Thursday's meeting spoke out against the Green Cross, others cautioned the commission not to be swayed by the majority view.

"This is a test case for the medical cannabis dispensaries, and you are going to hear vociferous opposition from neighborhood groups," said Michael Aldridge, who said he lives near the proposed location and would buy marijuana there for unspecified ailments. "Remember, in each place there are people like me who need the dispensary, and Green Cross meets your requirements."

Federal law prohibits the possession and use of medical marijuana. But California is one of 11 states with voter-approved laws that allow dispensing pot to treat specific medical problems.

San Franciscans overwhelmingly favored Proposition 215 in 1996. That statewide legislation legalized the use and sale of marijuana to those suffering illness, infirmity and chronic pain.

Nonetheless, some pot club operators have struggled to weave their cannabis commerce into the fabric of neighborhoods and commercial districts. Neighbors have complained that customers purchase pot not for health problems, but to resell it on the street, and that the outlets are a magnet for general drug use and increases in overall crime, traffic and noise.

Green Cross owner Kevin Reed had to close his first cannabis club in the Mission District last year after neighbors complained to the city that crime and noise had escalated after the club opened for business.

The city's new permitting laws, finalized in November, require owners to undergo employment and criminal background checks and to devise security plans and rules to control customer behavior. The permit process also includes land use

provisions, which are reviewed by the Planning Commission. The laws prohibit pot clubs within 1,000 feet of a school or recreation center and force owners to comply with zoning restrictions, said Dan Sider, legislative liaison for the city Planning Department.

Sider said that given the combination of zoning restrictions, very few places in San Francisco meet the criteria for pot clubs. Chamberlin said he believed that regardless of how the commission voted, there would be an appeal.

Fisherman's Wharf Shops Fume Over Pot Club (MERCN)

By Mary Anne Ostrom

The San Jose Mercury News, July 13, 2006

Millions of people come to San Francisco's Fisherman's Wharf each year for their fix of crab and sourdough. Now one Generation X businessman wants to open a medicinal marijuana dispensary in the Bay Area's most-visited tourist mecca.

Many locals, however, are not too high on the concept.

``It's all about fish, not pot," steams Chris Martin, owner of the Cannery, who says the wharf should be about history and for kids. A medical pot shop, he worries, would create ``more of a carnival atmosphere and may increase crime."

Plans by the Green Cross to sell marijuana to patients with a doctor's permission is pitting the Dungeness vs. the cannabis crowd in a battle as hot as a boiling crab pot. San Francisco's planning commissioners today will take a crucial vote on the proposal.

The proprietor of the Green Cross dispensary agrees that the wharf is hardly an ideal location for his customers -- terrible parking for one thing. But, he says, new city rules created zones so confining that about the only places to legally sell marijuana now are around the wharf or in the Financial District.

Will it add to the carnival atmosphere at Fisherman's Wharf?

Hardly, says Green Cross owner Kevin Reed. ``There are 30 different bars and different restaurants within two blocks of here," he said.

He pointed out that he must comply with dozens of regulations, including hiring security guards and controlling odor emissions, before he can open on Leavenworth Street just down the block from the Cannery, a century-old building with stores, restaurants and bars.

``We are playing by the rules," said Reed, 32, whose earlier marijuana dispensary on the edge of Noe Valley was closed in a compromise with city officials after San Francisco clamped down on pot clubs.

Wharf battles are not new. In-N-Out Burger ticked off the fishmongers at its opening. The addition of a Hooters restaurant was a frontal assault to traditionalists.

Now, the dispensary debate comes as local crab and salmon fishermen are under siege and cannot afford to berth their picturesque floating crafts. The city is threatening to tear down a century-old pier. And tourism, while rebounding, has not reached pre-Sept. 11 levels, dispensary opponents say.

One merchant complained that bringing a pot club to the neighborhood is akin to the headaches of ``a big-box retailer or fast-food drive-in."

Supporters of the Green Cross laugh. ``It's metro-chic," said Kathleen Prevost, a medicinal marijuana user who dropped by Wednesday to check out the proposed new digs. ``It's in Amsterdam, in Paris."

Reed said he is not targeting tourists. In fact, the only customers who will be allowed through the fortified front door must carry state or city-issued medicinal marijuana cards, which require a doctor's written permission. There will be a one-ounce per customer limit.

And no marijuana smoking will be allowed on or near the premises.

But perhaps the biggest only-in-San Francisco irony is that the Cannery, the pot club's biggest opponent, has served as the temporary home to a museum that celebrates one of San Francisco's original joint-toting countercultures -- the Beat Generation.

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Senate Denies Funds For New Border Fence (WT)

By Charles Hurt

The Washington Times, July 14, 2006

Less than two months after voting overwhelmingly to build 370 miles of new fencing along the border with Mexico, the Senate yesterday voted against providing funds to build it.

"We do a lot of talking. We do a lot of legislating," said Sen. Jeff Sessions, the Alabama Republican whose amendment to fund the fence was killed on a 71-29 vote. "The things we do often sound very good, but we never quite get there."

Mr. Sessions offered his amendment to authorize $1.8 billion to pay for the fencing that the Senate voted 83-16 to build along high-traffic areas of the border with Mexico. In the same vote on May 17, the Senate also directed 500 miles of vehicle barriers to be built along the border.

But the May vote simply authorized the fencing and vehicle barriers, which on Capitol Hill is a different matter from approving the federal expenditures needed to build it.

"If we never appropriate the money needed to construct these miles of fencing and vehicle barriers, those miles of fencing and vehicle barriers will never actually be constructed," Mr. Sessions told his colleagues yesterday before the vote.

Virtually all Democrats were joined by the chamber's lone independent and 28 Republicans in opposing Mr. Session's amendment to the Homeland Security Appropriations Act. Only two Democrats -- Sens. Ben Nelson of Nebraska and Thomas R. Carper of Delaware -- supported funding the fence.

All told, 34 senators -- including most of the Republican leadership -- voted in May to build the fence but yesterday opposed funding it.

The overall bill, which appropriates more than $32 billion to the Homeland Security Department, including $2.2 billion for border security and control, passed on a 100-0 vote last night.

Sen. Judd Gregg, the New Hampshire Republican who historically has fought to increase border security and enforcement of federal immigration laws, was among those who opposed Mr. Session's amendment.

"We should build these walls; there's no question about it," he said. "But the real issue here is the offset that's being used, and the offset creates a Hobson's choice for almost everyone here."

Mr. Session's amendment would have required across-the-board cuts to the rest of the Homeland Security appropriations bill, Mr. Gregg said, which would mean cutting 750 new border-patrol agents and 1,200 new detention beds for illegal aliens that he included in the bill.

"We've attempted very hard to increase Border Patrol agents in this bill, increase detention beds," he said. "And, yes, we haven't funded the wall specifically as a result of our efforts to do these increases."

Mr. Sessions said that if his colleagues were serious about building the fence that they promised, they would find the funding.

"We will rightly be accused of not being serious about the commitments we've made to the American people with regard to actually enforcing the laws of immigration in America, which many Americans already believe we're not serious about," he said. "They don't respect what we've done in the past, and they should not. We have failed, and it's time for us to try to fix it and do better."

To prove his point, Mr. Sessions offered another amendment, which appropriated another $85.7 million to enable Homeland Security to hire 800 more full-time investigators to probe immigration-law violations. The vote against that amendment was 66-34.

Kris Kobach, who was a counsel to the attorney general under John Ashcroft, told a House subcommittee last week that one of the most unusual aspects of the Senate bill is a provision -- slipped into the more-than-800-page bill moments before the final vote -- that would require the United States to consult with the Mexican government before constructing the fencing.

"I know of no other provision in U.S. law where the federal government requires state and local governments -- every state and local government on the border -- to consult with state and local governments of a foreign power before the federal government can act," he said.

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"Now, from my experience as a Justice Department official, when we had consultation requirements with the State Department, just getting two agencies in the executive branch to consult took months or years," said Mr. Kobach, now a professor at the University of Missouri-Kansas City School of Law. "If you add this, three levels of government and a foreign power, your delay" will never end.

Senate Moves To Bolster Border Security (AP-Y)

By Lara Jakes Jordan

AP2, July 14, 2006

The Senate voted unanimously Thursday to bolster security at U.S. borders by pumping hundreds of millions of dollars into more patrols, surveillance flights and sensors to catch illegal immigrants sneaking into the country.

Senators approved the $32.7 billion budget for Homeland Security Department next year by a vote of 100-0. But they rejected proposals to boost funds for cities and states at high risk of terrorism attacks, a sore subject amid a recent spate of terrorism-related arrests and threats targeting metropolitan areas.

With border security and immigration reform a top election-year priority, the Senate also agreed to make digging tunnels under the border a felony but rejected adding another 370 miles of fencing along the 2,000-mile U.S.-Mexico border. About 75 miles of the border is now fenced. The House has voted to add 700 miles of fencing.

"The fact of the matter is that South America and Mexico itself have become a land bridge for people from around the world seeking to come through our southern border into the United States," said Sen. John Cornyn, R-Texas.

Security gaps at U.S. borders "allow gang members, allow common criminals, allow narco traffickers, and yes, even terrorists to enter our country without our knowing it," Cornyn said.

Senators from states that border Canada also demanded additional surveillance flights and patrol officers along that 4,000-mile stretch.

Noting efforts on the southern border to combat immigration, Sen. Max Baucus, D-Mont., said security programs "on the northern border are more to combat terrorism."

The spending plan included a $1 billion increase for security staff and equipment at borders and ports. A third of the cost would be covered through higher immigration fees.

The Senate bill is about $1.7 billion more than President Bush requested and $700 million larger than a bill passed by the House last month. For the second straight year, the Senate joined the House in rejecting Bush's call for $1.3 billion in new taxes on airline tickets to pay for homeland security spending increases.

Democrats were largely unsuccessful in trying to provide more money to first responders and counterterror and disaster relief programs in states and cities. Republicans cited budget restraints. But senators from both parties argued against a plan by Sen. Robert Menendez, D-N.J., to shift the bulk of funds to the 14 largest and most vulnerable states.

"Let's put the money where the risk is," said Sen. Frank Lautenberg, D-N.J. "That's what this ought to be about — nothing more."

Critics, including Sen. Susan Collins, R-Maine, said some states would only be assured of about $2 million annually under Menendez's plan. That "is simply too low," she said.

Congress would like to finish and send to Bush both the homeland security and military spending bills before the November election.

The Senate's homeland security spending bill also:

_Prohibits law enforcement officials from seizing firearms from law-abiding citizens during a declared state of emergency. Sen. David Vitter, R-La., said that guns were taken from thousands of people trying to protect themselves during the chaos of Hurricane Katrina, but Democrats protested the plan as a threat to police trying to maintain order.

_Scraps the Federal Emergency Management Agency and rebuilds it under another name in the wake of widespread criticism to its response to last year's hurricanes. The new agency would remain part of Homeland Security. It would combine emergency preparedness and response missions and could report directly to the president during catastrophes.

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_Gives the Homeland Security Department temporary authority to regulate security at chemicals plants and storage facilities. The chemical industry is believed to be a top target of terrorist organizations. Both the House and Senate are considering legislation to make this authority permanent.

_Allows Americans to import prescription drugs from Canada despite a Food and Drug Administration ban on importing prescription medicine into the United States. U.S. Customs and Border Protection, an arm of Homeland Security, began aggressively enforcing the ban last November by seizing incoming medications at borders.

Prescription drugs — even those manufactured in the United States — are generally sold at cheaper prices in Canada and other countries because of government price controls.

Senate Approves Border Security Bill (LAT)

By Nicole Gaouette

The Los Angeles Times, July 14, 2006

WASHINGTON — Even as prospects for a sweeping overhaul of immigration policy remain in doubt, Congress is moving on other fronts to bolster security along the border with Mexico and to toughen enforcement against illegal immigrants already in the United States.

The latest steps came Thursday with the Senate's approval, 100-0, of a $32.8-billion funding bill for the Department of Homeland Security that includes additional border agents and more beds in detention centers to facilitate deportation of illegal immigrants.

The discovery in January of a tunnel nearly half a mile long connecting an industrial building in Tijuana with a warehouse in Otay Mesa, just north of the border, prompted another measure that would make building underground border conduits a criminal offense. Currently, no law specifically targets such tunnels.

The Homeland Security bill demonstrates that even as the House and the Senate remain at an impasse over separate legislation to rewrite immigration laws, Congress is still likely to produce measures to tighten enforcement along the nation's 2,000-mile southern border and inside the country.

The main challenge of border enforcement "is a question of appropriations," said Sen. Jon Kyl (R-Ariz.).

Kyl said that enforcement provisions in the Senate's immigration legislation act as "a blueprint for what we are already doing, and we can continue to do that."

Throughout four days of debate on the bill, lawmakers raked the department over the coals for its performance, particularly in its response to Hurricane Katrina, and tussled over how to best allocate the bill's limited funds, given a long roster of priorities.

Attempts by Senate Democrats to rewrite the formula for terrorism grants failed, as lawmakers from smaller states complained that the move would deprive them of funds. Amendments to pay for walls along the border with Mexico and to increase the number of immigration investigators also fell short, due to concerns about funding.

"The problem is, a big job of this bill is choosing where we're going to protect ourselves: Is it the border, ports, transportation, airports?" said Sen. Rick Santorum (R-Pa.), who sponsored a failed amendment to increase the number of Border Patrol agents.

The bill provides $14.3 billion for defense of U.S. sea and land borders and enforcement of immigration and customs laws — including $2.1 billion for 1,000 more Border Patrol agents and $1.3 billion for 1,000 new detention beds.

An amendment sponsored by Kyl and passed by the Senate would add 1,700 bed spaces, bringing the total number for 2007 to the 27,500 requested by Homeland Security.

The legislation passed Thursday comes on top of an emergency bill, passed last month in the Senate, for $1.9 billion to fund capital improvements along the border. The money in that bill was subsequently redirected to send up to 6,000 National Guard troops to support Border Patrol agents along the southern border.

The Senate bill will have to be reconciled with the $31-billion Homeland Security funding measure that the House passed in June. The House measure provides $1.7 billion more than the White House sought. Like the House, the Senate rejected an administration effort to raise taxes on airline tickets to generate an additional $1.3 billion for the department.

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Some border security amendments did pass the Senate this week, including a $350-million proposal approved Tuesday for the purchase of helicopters, cars, trucks and other equipment.

Another amendment passed Tuesday allocated $648 million for port security.

And in a voice vote Thursday, lawmakers passed a border tunnel measure sponsored by Sen. Dianne Feinstein (D-Calif.) and co-sponsored by Sen. Barbara Boxer (D-Calif.). It would impose a 20-year prison sentence for building or financing a cross-border underground passageway and would jail for 10 years landowners who displayed a reckless disregard for the construction or use of a tunnel on their land.

Since Sept. 11, 2001, 43 tunnels have been discovered in the U.S., all but one spanning the border with Mexico. Eleven tunnels have been found near San Diego this year, ranging from short, cramped "gopher holes" right at the border to paved half-mile mega-tunnels with electric lighting, like the one officials discovered in January.

That tunnel started in Tijuana and "was incredible," Feinstein said.

"The danger is clear, and you can be sure there are more tunnels out there."

Other provisions added to the bill included a measure to allow Americans to import cheaper prescription drugs from Canada as long as they were for personal use.

And by a vote of 87-11, senators agreed Tuesday to do away with the Federal Emergency Management Agency and rebuild it with a new name — the U.S. Emergency Management Authority — and with more control over disaster programs, along with the ability to communicate directly with the president during a crisis.

Secure Borders: The Cuban Solution (WP)

By Eugene Robinson

The Washington Post, July 14, 2006

It was 6 a.m., I was at JosÃ© Marti International Airport in Havana, and there was a problem.

This was a few years ago. I had spent two weeks in Cuba, one of several trips to research a book, and the first leg of my trip home was an early-morning hop to Mexico. I had just slipped my passport through a teller-style window to a uniformed officer who would examine it, check his computer to make sure I wasn't some notorious Enemy of the Revolution, then push a buzzer that opened a locked door. Beyond the door lay the departure gates -- and, more urgently, a little cafe where I could get a desperately needed cup of coffee.

Except the unsmiling officer wasn't pushing the buzzer. As I said, there was a problem.

"Step back against the wall, please," he said, and then he picked up his telephone to make a call. I did as I was told. The exit door remained firmly locked.

I'm not what you'd call a morning person, so it was a while before it dawned on me what the problem was. The few words I'd exchanged with the officer had been in Spanish, and after two weeks on the island I was speaking pretty fluently, with a Cuban accent. I was wearing jeans, a loose silk shirt and loafers -- not your typical American tourist garb, the officer must have figured, since I displayed neither sandals nor fanny pack. My passport is thicker and more battered than most. And of course the typical visitor from America is white, and I'm not.

The guy suspected I was a Cuban trying to escape the island.

He kept me cooling my heels for a while, then called me back up to the window. He asked in Spanish what had been the purpose of my stay in Havana, but now that I had figured it out, I pretended not to understand. From then on, my side of the conversation was English only. He asked where I was from, I told him Washington, and he began quizzing me about current events. It was like one of those old war movies where they unmask the German spy because he didn't know who won the 1937 World Series. (Then they shoot him.) "What is the important news of this week that has reached you from home?" the officer asked.

Too easy. "The sniper," I said. My trip had coincided with the Washington area sniper shootings. The killings were covered even in Cuba's tightly controlled press, so my knowing about them didn't prove anything, but by then the guy was probably just prolonging the encounter to save face. He handed back my passport and pressed the buzzer, opening the magic door. I was free to leave the country.

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The episode lasted no more than 15 minutes, though it seemed longer at the time, and in the end amounted to nothing more than a minor inconvenience. It left an impression, though. And I tell the story to explain why I get so angry when the extremist xenophobes in the Republican-controlled Congress -- the likes of Tom Tancredo (R-Colo.), Steve King (R-Iowa) and J.D. Hayworth (R-Ariz.) -- rail at the government of Mexico for supposedly encouraging illegal migration to the United States.

If Mexicans want to leave their country, for any reason, what right does the Mexican government have to stop them? The only answer, of course, is no right at all. Imagine the situation in reverse: Imagine that before boarding a plane for a vacation in Cancun or a cruise ship heading to the Bahamas, Americans had to ask permission from government officers who could arbitrarily say no, you're not going anywhere.

Our congressional right-wingers don't quite call for Mexico to imprison its citizens. But they sputter with rage when Mexican officials provide migrants with practical advice on how to avoid dying of thirst in the Arizona desert, or try to look after Mexican citizens' practical needs at consulates in Phoenix and elsewhere.

This is no revanchist Mexican "invasion of America," as the xenophobes claim. It's just a matter of the Mexican government doing what any reasonable government would do, and in fact must do -- let citizens leave whenever they want and try to provide for their health and safety abroad.

What if I had been a Cuban that morning at the Havana airport? I'd have been detained, though probably not sentenced to prison. And if I still wanted to leave the island, I would have had to build myself a raft.

I guess some House Republicans don't see why that would be a problem.

TAX:

Judge Raises New Concerns About Tactics In Shelter Case (NYT)

By Lynnley Browning

The New York Times, July 14, 2006

The federal judge overseeing a huge tax shelter trial raised new concerns yesterday about how prosecutors were handling the case, suggesting that he might consider postponing the trial or even dismissing the case.

The judge, Lewis A. Kaplan of United States District Court in Manhattan, said that he had originally ordered the trial to begin in September but that “the government has made a mess for themselves, and we’ll see where that goes.”

Judge Kaplan is overseeing the criminal trial of 19 former tax professionals — 17 former employees of the accounting firm KPMG and 2 others — who are accused of defrauding the government through abusive tax shelters that were sold by KPMG.

During the court hearing yesterday, KPMG asserted that it would not pay legal fees for its indicted former employees.

Judge Kaplan made his criticisms after hearing requests by lawyers for the defendants, who include several former high-ranking KPMG executives, to postpone the trial to January or drop the charges.

The judge indicated his displeasure over two issues: how and when prosecutors turned over evidence to the defendants, and the pressure exerted by prosecutors on KPMG to cut off the payment of legal fees for the defendants.

Last month, Judge Kaplan ruled that KPMG’s decision to cut off the payment of legal fees in early 2004 — when prosecutors began scrutinizing the firm — violated the constitutional rights of the former employees. Prosecutors and KPMG have denied any wrongdoing.

His ruling last month was the first major criticism from the bench of the tactics adopted by prosecutors in recent years to combat corporate fraud. Those tactics, outlined in a Justice Department document known as the Thompson memorandum, recommend, among other things, cutting off payment of legal fees to employees caught up in criminal investigations.

Yesterday, defense lawyers sought to capitalize on the judge’s attack on the Thompson memorandum guideline, saying that prosecutorial pressure extended to interviews of the defendants conducted by prosecutors last spring and fall.

The defense lawyers argue that KPMG wanted to curry favor with prosecutors to avoid indictment and that both coerced the defendants to make statements that should not be used as evidence in the trial.

Referring to employees caught up in criminal inquiries, Judge Kaplan said that the Thompson memorandum suggested that corporations under criminal investigation “had better get them to talk, or it’s a black mark against them.”

He ordered a hearing for Wednesday to decide whether statements made by three defendants — the former KPMG partners Carol Warley and Mark Watson, and the former vice chairman of tax operations, Richard Smith — were coerced.

Defense lawyers also complained that the government was supposed to produce all of its evidence against them by last October, but that millions of pages of documents had arrived in recent months.

Prosecutors say that they have turned over documents as they have received and compiled them, and that some entities caught up in the investigation, including Deutsche Bank, have turned over documents late. Deutsche Bank is the subject of a separate criminal investigation as well.

Comparing the flow of documents to a giant rogue wave, Judge Kaplan said: "There used to be a time when big cases were investigated a different way in this country. Maybe something's gone horribly wrong."

A spokesman for the United States attorney's office in Manhattan declined to comment on the judge's remarks.

At yesterday's hearing, a top lawyer for KPMG, Robert S. Bennett, said that "KPMG has no intention of paying these fees."

Mr. Bennett said that the firm had previously paid $12 million in legal fees for the defendants but that they had cost the firm $500 million by breaching their fiduciary duty. On Wednesday, the defendants filed a civil lawsuit seeking the fees.

Judge Kaplan gave KPMG 20 days to respond to the complaint. Judge Kaplan also ordered KPMG and lawyers for the defendants to work through another judge in the Federal District Court in Manhattan, Miriam Goldman Cedarbaum, to try to resolve the fee issue.

Lawyer: KPMG Won't Pay Legal Fees (AP)

By Chad Bray, Dow Jones Newswires

AP, July 14, 2006

KPMG Won't Pay Legal Fees for Ex-Partners, Lawyer Says

NEW YORK (AP) -- A lawyer for KPMG LLP said Thursday that the accounting firm plans to fight efforts to force it to pay legal fees for a group of former partners facing charges in a criminal tax-shelter fraud probe.

At a hearing in federal court in Manhattan, Robert Bennett, KPMG's lawyer, said the firm plans to oppose a lawsuit filed earlier this week by the former partners seeking defense costs.

The complaint was filed after U.S. District Judge Lewis A. Kaplan ruled earlier this month that prosecutors put undue pressure on the firm not to advance attorneys fees to some partners and violated the partners' constitutional rights as a result of that pressure.

"KPMG has no legal obligation to pay these fees," Bennett said. "KPMG has no intention to pay these fees."

Bennett said the firm plans to ask the court to allow the legal-fee dispute to be handled in an arbitration proceeding, rather than a lawsuit.

At Thursday's hearing, Kaplan ordered KPMG, the government and the former partners to sit down with another federal judge in a mediation session in hopes of resolving the dispute.

Prosecutors have charged 16 former KPMG tax partners and two other individuals with conspiracy and tax evasion, alleging they participated in a scheme that allowed wealthy people to avoid paying billions of dollars in taxes to the Internal Revenue Service. The case is expected to go to trial in September.

The former partners have alleged that KPMG abruptly changed its long-standing practice of advancing legal fees without a preset cap or condition of cooperation with the government in 2004 under pressure from the government.

Lawyers for the former partners had argued that KPMG felt undue pressure not to advance fees because of a 2003 Justice Department memo by then-Deputy Attorney General Larry Thompson that advised prosecutors that a company's willingness to advance defense costs to "culpable employees" may signal a lack of cooperation and misconduct by prosecutors in implementing that policy.

Prosecutors have claimed that they never told KPMG that paying legal fees was improper or that it shouldn't pay fees for employees or for its former partners who refused to cooperate in the government's probe.

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In August 2005, KPMG agreed to pay $456 million as part of a deferred prosecution agreement with the government in which it admitted to committing fraudulent conduct in the design and marketing of certain tax shelters. If it complies with the agreement, the firm will avoid prosecution.

CONGRESS-ADMINISTRATION:

'Gang Of 14' Wary Of Haynes (WT)

By Charles Hurt

The Washington Times, July 14, 2006

Senators from both parties expressed concern yesterday over President Bush's nomination of William J. Haynes II to the Richmond-based circuit bench, heightening the likelihood that the nomination will be filibustered or outright defeated.

"I have a lot of concerns about Haynes based on his role at the Pentagon when the legal memoranda on detainees' treatment was drafted," Sen. Susan Collins, Maine Republican, said yesterday. "That is a major issue for me."

Miss Collins attended a meeting yesterday of the so-called "Gang of 14" senators to discuss deepening concerns over Mr. Haynes' nomination to the 4th U.S. Circuit Court of Appeals. The group -- consisting of seven Republicans and seven Democrats -- is credited with ending the string of filibusters against Mr. Bush's federal nominees.

But this is the first time the group has been so openly hostile toward one of Mr. Bush's nominees. At least half of the members have expressed public doubts about supporting Mr. Haynes.

"I'm opposed to his confirmation, and I think the Senate Judiciary Committee will probably vote him down," Sen. Ken Salazar, Colorado Democrat and member of the centrist group, said yesterday. "He may not see the light of day."

Among those with the most pointed questions about Mr. Haynes is Sen. Lindsey Graham, South Carolina Republican and avid White House supporter, who earlier this week questioned Mr. Haynes over his involvement in drafting Department of Defense policies for handling terror suspects captured on the battlefield.

In particular, Mr. Graham said those policies -- later repudiated by the administration -- created confusion that contributed to the prison abuses at Abu Ghraib in Iraq.

At his hearing earlier this week, Mr. Haynes told Mr. Graham that judge advocate general officers, or JAGs, had been consulted in the drafting of detainee policies.

Yesterday, Maj. Gen. Jack L. Rives, the Air Force's top JAG, testified that he had not seen the detainee policy until it was finished.

"I saw the April 2003 report about 14 months after it was issued," he told Mr. Graham during a Senate Armed Services Committee meeting. "No one in the Air Force JAG had seen it before then, to my knowledge."

Beyond the detainee policy, the centrists who met yesterday also said they are worried that Mr. Haynes was evasive or less than truthful during his two hearings before the Senate Judiciary Committee.

Miss Collins left open the possibility that she would support a filibuster of the Haynes nomination.

"I haven't made a decision," Miss Collins said. "But in general I think it really does take extraordinary circumstances before I would support a judicial filibuster."

Another Battle For The CPB (LAT)

By Matea Gold

The Los Angeles Times, July 14, 2006

NEW YORK — Less than a year after the chairman of the Corporation for Public Broadcasting was forced to resign amid charges that he injected partisanship into the agency, President Bush has nominated to the nonprofit's board a television sitcom producer who has described himself as "thoroughly conservative in ways that strike horror into the hearts of my Hollywood colleagues."

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The nomination of Warren Bell, executive producer of ABC's "According to Jim" and a contributor to the online edition of the conservative National Review magazine, has puzzled and alarmed some public broadcasters, who fear he would revive the sharp political debate that engulfed the system last year.

Bell said he was surprised by his nomination but stressed that he had no intention of letting his personal political beliefs influence his role on the board. He asked skeptics to withhold judgment until they have a chance to hear about his goals for the post.

"I have every intention of working in a nonpartisan fashion with CPB," he said. "Anybody who spends 15 minutes talking to me will find that I am an eminently reasonable man."

But Bell's past comments have raised eyebrows among some Democrats who serve on the Senate Commerce Committee, which must approve his nomination. Questions about his qualifications are expected to dominate his confirmation hearing, which has not yet been scheduled.

"Based on what we know right now, this nominee doesn't appear to have the credentials and background one would expect for this position, which is in contrast to the other nominees," said California Sen. Barbara Boxer, a committee member. "I am also concerned about some of the partisan statements Mr. Bell has made over the years."

The disquiet over Bell's nomination comes on the heels of last year's controversy, triggered by then-board Chairman Kenneth Y. Tomlinson, who worked aggressively to right what he saw as a liberal slant at PBS and NPR.

Tomlinson was ultimately forced to resign in November after an internal investigation by the corporation's inspector general found that his push for more conservative viewpoints on the air broke federal law and violated the agency's policies. The CPB, a private nonprofit responsible for distributing federal funds to local television and radio stations, is supposed to serve as a political buffer for public broadcasting.

Bush nominated Bell in late June to fill Tomlinson's former slot on the nine-member board (although he would not serve as chairman, a position that the board selects separately). After reading his postings on the National Review Online, public broadcasters grew worried that he has his own partisan agenda.

"We are definitely concerned about Warren Bell's nomination," said John Lawson, president of the Assn. of Public Television Stations. "After the damage caused by Ken Tomlinson's activities, the last thing we need on the CPB board is another ideologue of any stripe."

There's no question Bell has been outspoken in his political views. In frequent postings to the National Review Online during the last two years, he described himself as a "not-so-secret conservative" and lamented the liberalism of his colleagues in the entertainment industry.

In one particularly controversial blog entry last August, he expressed frustration at being asked by Disney executives to cast more minorities on "According to Jim."

(Bell said this week that he apologized for the posting at the time and that he "wholeheartedly" supports the company's diversity policy.)

Most of Bell's pieces for National Review Online have been jocular essays on topics as varied as Carol Burnett, his Maserati and condom commercials. But some contained partisan gibes.

"I could reach across the aisle and hug Nancy Pelosi, and I would, except this is a new shirt, and that sort of thing leaves a stain," he wrote in May 2005.

In a phone interview this week, Bell said the statement was a joke intended for the website's conservative readers. "If Congresswoman Pelosi would like a hug, it's there for her," he said.

"What I do for the National Review is speak my mind and generally try to be funny," Bell added. "My intent for my service with CPB is to ensure a strong healthy, vibrant public broadcasting system for everyone to be proud of. My politics can't enter into it. It's not a partisan position."

Many public broadcasting officials were perplexed last month when the White House tapped Bell to be on the board, along with two other expected nominees: former Arkansas Sen. David H. Pryor and Chris Boskin, a board member of San Francisco's KQED. Although he has worked for 17 years as a writer and producer for sitcoms such as "Life's Work," "Ellen" and "Coach," Bell, 43, does not have any public broadcasting experience.

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"So far as we can tell, Mr. Bell only brings a history of questionable comments about women, minorities and the media, and no discernible relevant achievement, involvement or commitment to public broadcasting," said NPR spokeswoman Andi Sporkin. "It's curious to us that a nomination process that has forwarded such qualified candidates as Sen. Pryor and Ms. Boskin has also put forth Mr. Bell."

White House spokesman Blair Jones said Bush believes Bell is well-qualified for the post.

"Warren Bell has enjoyed a productive career in television," Jones said. "He has amassed a wealth of experience in the industry and his background makes him a natural choice for the position."

For his part, Bell said he does not know why he was chosen for the CPB board, a position he said he did not seek out, but speculated that he came to the attention of the White House because of his writings for the National Review.

He said he first learned of the nomination last fall, when a White House official e-mailed him to say that he was being considered.

"It took me by surprise, but I was deeply honored by it," he said. "I think what I bring is leadership and a knowledge and understanding of the media world that we live in. I see this as an opportunity to give back and serve the country and do something for public broadcasting, which has a long and honorable tradition."

He took a lighter tone last month in a blog posting after his nomination, writing: "I intend to open my confirmation hearing thusly: 'Ladies and Gentlemen of the Senate, three words: No. More. Elmo.' " He added: "Other than getting rid of high-pitched-talking red monsters, I have no agenda."

Bell said his comment was "completely facetious," but his flippant tenor offended some broadcasters.

In fact, Bell said he is a big supporter of programs like "Sesame Street," which one of his sons watched avidly when he was younger, and that he has been "blown away" by some recent PBS programs, including the "American Masters" series.

He said he'd like PBS to concentrate more on scripted programming, an area that he believes he could help, and on developing a stronger schedule throughout the week.

"PBS is the only American television network not bound by the strictures of commercialism," he said. "It ought to be the best TV we have."

Bell admitted that he has "limited" familiarity with NPR, adding that he usually listens to sports talk radio during his 20-minute commute to his Studio City office.

"It's something I have to work on," he said. "I expect to do an enormous amount of learning in the next few months."

Some of Warren Bell's postings on the National Review magazine website have been colorful, some have been controversial. Here are a few examples:

On his nomination, June 20

"I intend to open my confirmation hearing thusly: 'Ladies and Gentlemen of the Senate, three words: No. More. Elmo.' Seriously, I am deeply honored that the President has appointed me to this prestigious post and I am eager to serve my country in any way I can."

On his political beliefs, May 11, 2005

"The truth is, I was a left-wing wacko, a closet Communist, a card-carrying (or at least card-misplacing) member of the ACLU. Please forgive me, Mr. Buckley. I was so young."

"I am thoroughly conservative in ways that strike horror into the hearts of my Hollywood colleagues. I support a woman's right to choose what movie we should see, but not that other one."

"I could reach across the aisle and hug Nancy Pelosi, and I would, except this is a new shirt, and that sort of thing leaves a stain."

On why he thinks men in the television industry

are funnier than women, Jan. 31, 2005

"The funniest woman of all time in any aspect of the business probably doesn't crack the top ten of all-time funniest people…. Young girls who want attention have other weapons — they can scream, they can cry, they can grow breasts. They can be heartbreakingly beautiful and call me a nerd for imitating the Coneheads all the time. Learning to be funny would seem, for girls, to be more of a last resort."

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Report Breaks Down VA Security Lapse (WP)

By Stephen Barr

The Washington Post, July 14, 2006

Bad judgment. Poor communication. Office politics.

Those are key themes in a report by George J. Opfer , the inspector general at the Veterans Affairs Department, recounting what went wrong in the recent theft of sensitive personal data on 26.5 million veterans.

Opfer's report, released this week, serves as a powerful reminder that common sense and clear policies can help avert damaging mistakes.

The VA case began on May 3, when the Maryland home of a technology specialist was burglarized. The employee's personal laptop computer and an external hard drive were stolen. The employee quickly reported the theft and indicated that the hard drive contained files on living military veterans.

Thirteen days later, VA Secretary Jim Nicholson was told of the theft. Six days after that, Congress and veterans learned that personal records might have been compromised -- setting off a huge uproar about identity theft and feeding fears that the government can't be trusted to do the right thing.

Fortunately, police recovered the laptop and hard drive last month, and the VA and FBI said tests show that the thieves did not access the data.

Here are snapshots from Opfer's account:

-- The employee was not authorized to take VA data to his home.

The employee -- who is not named in the report -- told investigators that most of the data was for a "fascination project" that "he self-initiated and worked on at home during his own time."

He had started the project in response to criticism about the reliability of the 2001 National Survey of Veterans and was trying to identify 7,000 veterans who participated in the survey to compare the accuracy of their responses with information in VA files. He started his effort in 2003 but could not recall spending time on it in 2006.

The employee acknowledged that he took the data's security for granted and did not protect the files with encryption or with passwords.

Opfer's report concluded that "the employee used extremely poor judgment." But it also pointed out that VA managers knew little about the employee's work. "It was not clear who actually supervised him," the report said.

-- The VA failed to quickly determine the scope of the problem.

Two days after the theft, a VA information security officer interviewed the employee. He found the employee "flustered" and "going in so many directions he could not take good notes." The officer told the employee to provide an account in writing.

When later questioned about the case, the officer said, "I'm not an investigator. I'm a computer tech guy that has a job."

Once the officer got the employee's statement, he drafted a "white paper on lost data" that he e-mailed to Dennis Duffy , a career federal manager, and Michael McLendon , a political appointee. McLendon rewrote the employee's report and, without consulting the employee or a programming expert, incorrectly said that a statistical software program would make it difficult to access the data.

No one on the senior staff ever followed up and interviewed the employee.

-- Office politics probably got in the way of an orderly response.

McLendon did not inform Duffy, his supervisor, when he learned of the theft. "Mr. Duffy said that Mr. McLendon had a very strong belief that, as a political appointee, he reported in some fashion to the secretary and that there was no need for a 'careerist' to supervise him. Mr. McLendon characterized the office as one of the most dysfunctional organizations in VA, and that it was one of the most hostile work environments he ever worked in."

Duffy told investigators that he knew the VA had a responsibility to mitigate any harm to veterans but also knew how the VA operated: "They do not do crisis management." He expressed regret that he "failed to recognize the magnitude of the whole thing."

In the wake of the data loss, Duffy has retired and McLendon has resigned, according to the VA.Talk Shows

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Darryl Perkinson , president of the Federal Managers Association, and Mike Causey , columnist for Federal News Radio, will be among the guests on "FEDtalk" at 11 a.m. today on federalnewsradio.com and WFED radio (1050 AM).

James F. Sloan , assistant commandant at the U.S. Coast Guard for intelligence and criminal investigations, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Stephen Barr's e-mail address isbarrs@washpost.com.

Roberts Stresses Courts' Independence (LAT)

By Sara Lin, Times Staff Writer

The Los Angeles Times, July 14, 2006

The chief justice tells a 9th Circuit conference he wants to build better relations with Congress.

In a wide-ranging speech that touched on issues personal and professional, Chief Justice John G. Roberts Jr. said he wanted to improve relations between the courts and Congress to ensure the judiciary remained independent.

The comments came during a talk Thursday before a packed ballroom of about 400 people at the 9th Circuit Judicial Conference in Huntington Beach. The annual conference was attended by federal judges and lawyers from throughout the 9th Circuit, which includes nine Western states.

Roberts opened the lunchtime conversation with a 10-minute speech sprinkled with humor. The chief justice, who President Bush nominated to his post last year, recounted some of his favorite moments from his first term.

He said he had always wondered what was in the notes that justices passed during hearings.

He found out the day a light bulb exploded during a session, showering the court clerk with glass shards. A justice passed Roberts a note. Roberts wondered what constitutional law question his colleague was pondering.

"Have you checked the other light bulbs yet?" the justice wanted to know.

A few weeks later, Roberts recalled, a chunk of marble the size of a basketball fell from the ceiling, prompting references in the news media to the court "losing its marbles."

Roberts' appearance was the concluding event of the four-day conference at the Hyatt Regency Resort and Spa. Panel sessions covered such topics as sentencing guidelines, disaster planning and "Oh, My Aching Back," a session on preventing lower back pain.

After his speech, Roberts sat in a brown leather armchair beside a lawyer and two judges. The three asked Roberts his thoughts on topics such as judicial salary increases and what it was like to be the chief justice and, at 51, the youngest person on the court.

Roberts said his colleagues had been extremely helpful and accepting.

"There was not the slightest hint of 'I've been here a lot longer than you have,' " he said.

When one judge read from a newspaper editorial saying that Congress could use a lesson in judicial independence, the chief justice agreed that the relationship between the two branches of government needed improvement.

"I bet we're not going to do it by promoting myself as the teacher and Congress as the students," he cautioned.

Roberts said he was trying to meet with legislators more often.

How does Roberts, who has a 5- and a 6-year-old, juggle his judicial duties with parenting?

With the same difficulty as any working parent, he said.

When contemplating spending time away from home to attend conferences or give talks, Roberts said he reminded himself that there was always going to be another conference.

"But the kids are going to be 5 only once," he said.

Roberts, who has what one law professor described as "a conservative mind but a diplomat's nature," is known for building a consensus. He took pride in the number of unanimously decided cases this term.

"I do think it promotes the rule of law to have the court speaking, as much as possible, with one voice," he said.

Roberts steered clear of discussing recent split verdicts that grabbed headlines, such as last month's declaration that Bush had overstepped his authority by setting up special military trials at the Guantanamo Bay prison in Cuba without congressional approval.

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The chief justice also said not to expect televised Supreme Court proceedings soon. The cameras might have an adverse effect on the institution, he said.

"We don't have oral arguments to show people, the public, how we function," he said. The court releases audiotapes of its hearings.

But many in the crowd were most interested to hear that he planned to improve the courts' relationship with Congress — a concern on many judges' minds.

U.S. District Judge Consuelo B. Marshall said she was pleased to hear Roberts would work to maintain the judiciary's independence.

"Some of us have become concerned as we hear some of the comments from our policymakers about the judiciary," Marshall said. "We think, have they forgotten the Constitution? That there are three branches of government and that we're co-equals?"

In Washington, Scant Sympathy For GM (WSJ)

By John D. Mckinnon

The Wall Street Journal, July 14, 2006

WASHINGTON -- Even the possibility of French and Japanese auto makers gaining a substantial voice in running General Motors Corp. doesn't seem enough to stir politicians here to rescue Detroit.

"If you forced me to bet, I'd bet that Congress ain't going to do anything," said Rep. John Dingell of Michigan, the top-ranking Democrat on the House Energy and Commerce Committee and longtime guardian of the U.S. auto industry's interests on Capitol Hill.

It is the latest example of Washington's disinclination to aid domestic auto makers. GM, Ford Motor Co. and dozens of suppliers are threatened by foreign rivals, by health-care and pension costs for hundreds of thousands of retirees, and by a surge in gasoline prices that cut into sales of profitable sport-utility vehicles.

Three years after lawmakers banned the words "French fries" from Capitol cafeterias to protest France's objections to U.S. strategy in Iraq, and months after tiffs over Chinese and Dubai investments in U.S. companies, there are few signs of concern, at least among Republicans, over the proposal that France's Renault SA and corporate cousin Japan's Nissan Motor Co. each buy a 10% stake in GM. Last week, Mr. Bush gave a ringing endorsement of foreign investment in U.S. firms. "I have no problem with foreign capital buying U.S. companies," he said in Chicago.

A senior administration official this week said, "These are shareholder decisions. It's been proven over and over and over again that the private sector is better at figuring this out than the government is."

The Bush White House has veered from a free-trade, free-markets course only occasionally, such as when it boosted tariffs on imported steel to help the domestic steel industry, a move that brought attacks from free-market allies and didn't generate as much political benefit as some in the administration had hoped. Beyond occasional aid to defense companies, the White House has been reluctant to rescue ailing industries. It signed on to loan guarantees for U.S. airlines after Sept. 11, but structured the program in ways that meant few guarantees were granted. Most important for GM, the administration has done little to address rising employee health-care costs except to pick up some retiree drug costs as part of the expansion of Medicare.

The decline of big unions -- particularly the United Auto Workers -- has further diminished domestic car makers' clout. So have Japanese and German rivals, by sprinkling factories across the U.S. "One plant; two senators," quips one union official. As a result, headlines about the possibility that GM or Ford may end up in bankruptcy court have produced little more than expressions of concern -- and no move toward, for example, the loan guarantees offered to Chrysler 25 years ago.

In the case of GM's possible alliance with Renault-Nissan, another factor appears to be at work: The fear among lawmakers that without new investors, the auto makers could go into bankruptcy court and stick the already strapped federal Pension Benefit Guaranty Corp. with some of the tab for their pension plans.

A French-Japanese investment could significantly lessen the chances that GM would file for bankruptcy -- a prerequisite to dumping its pension plan on the PBGC. "Are you kidding? [The lawmakers] would love this," said Kent Smetters, a professor at

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the University of Pennsylvania's Wharton School and former Bush Treasury official. A Renault-Nissan-GM alliance "would be like Santa Claus for the PBGC," he added.

Perhaps in light of the unfavorable political climate, the auto industry isn't asking for much from Washington these days anyway. At a Senate Aging Committee hearing yesterday, GM Chairman and Chief Executive Rick Wagoner made a plea for health-care reform, but later conceded to reporters that disagreement persists over how to accomplish that. Even without much government help, he said, "We're turning the business at a rapid rate."

The latest GM news could improve the company's hand as it seeks to influence pension legislation. Among the points in contention is a proposal to eliminate an accounting break for companies, such as GM, that made bigger-than-necessary contributions to their pension plans in the past. GM also is concerned about another change that would require companies with junk-status debt ratings to pony up more money for their pension plans.

A few Democrats are raising concerns about the effect of a possible Renault-Nissan partnership floated by Kirk Kerkorian, GM's biggest shareholder. Mr. Dingell worries that Renault and Nissan could essentially take over GM and replace its top executives, much as Germany's Daimler Benz did when it merged with Chrysler. An alliance could even slow GM's turnaround, he said.

Other Democrats see GM's plight as a symptom of the broader erosion of U.S. competitiveness. "Remember the old saying, 'What's good for GM is good for America?'" said Sen. Barack Obama of Illinois. "When you start seeing GM getting in big trouble and the prospect of mergers or buyouts...by foreigners, it stirs up anxiety that our relative position in the global economy is slipping." Mr. Obama has been considering financial incentives to encourage U.S. auto makers to, for instance, make more vehicles that run on fuels other than gasoline.

Poll: Political Debate Spurs Hispanic Unity (USAT)

By Charisse Jones

USA Today, July 14, 2006

Hispanics say they are suffering more discrimination because of the debate over illegal immigration but feel that the controversy has sparked greater unity among them, according to a survey released Thursday.

The poll, conducted by the Pew Hispanic Center, a non-partisan research group, is the first national survey of Hispanics since the spring, when debate over the nation's estimated 12 million illegal immigrants escalated in Congress. A House bill that would make illegal immigrants felons helped spark protest marches on behalf of immigrants in dozens of cities.

“By any measure, the spring of 2006 … (was) a historical period for the Latino population here,” says Roberto Suro, the Pew Center's director. “Clearly, both the marches and the immigration debate have made deep impressions.”

Among the survey's findings:

•54% say the debate about immigration policy has led to an increase in discrimination against Hispanics. A majority of those surveyed, regardless of income, education or gender, hold this view, including 51% of foreign-born Hispanics and 57% of those born in the USA.

•63% say the marches were the start of a social movement that will continue.

•58% say Hispanics are working together toward shared goals, an increase from 2002 when only 43% of those surveyed saw such unity.

•Three-fourths say the policy debate will spur more Hispanics to vote in November, but it is unclear which political party might benefit most. One in four say that neither Republicans nor Democrats have the best position on immigration.

“What we see in the survey is the bounce the Republicans got off the Bush election in 2004 is basically gone,” Suro says. President Bush received 40% of the Hispanic vote in 2004, according to the center's analysis of exit poll data. “On the other hand, there are no clear Democratic gains.”

While a majority of Hispanics sees the street demonstrations as a galvanizing force in their community, some supporters of tighter immigration controls say the marches made many Americans less sympathetic toward the undocumented.

“Americans who didn't march but watched on TV got really ticked off,” says John Keeley, spokesman for the Center for Immigration Studies. “You are, generally speaking, talking about illegal aliens and their supporters making demands of rights and

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invoking the language of the 1960s civil rights marches, which, of course, involved U.S. citizens. And I think whatever the goals of those marches, it dramatically backfired."

Maldonado Apologizes To Governor (LAT)

By Michael Finnegan

The Los Angeles Times, July 14, 2006

The Legislature's top-ranking Latino Republican apologized to Gov. Arnold Schwarzenegger on Thursday for questioning his loyalty to Latinos.

"The governor and I have worked together for the past three years on important issues beneficial to California's Latinos," state Sen. Abel Maldonado of Santa Maria said in a statement released by his office. "I will continue to support the governor in his efforts to strengthen California."

In remarks published Wednesday in The Times, Maldonado accused the Republican governor of showing "a lack of respect" to Latinos by spending too little time in Mexico. He also said: "Our governor cares about one thing only, and that's Arnold Schwarzenegger."

Schwarzenegger had irked Maldonado by declining to back him for state controller in last month's Republican primary election.

Maldonado, who lost, told The Times that Schwarzenegger also left him "holding the bag" on legislation by getting him to sponsor a bill to raise the minimum wage, a move that cost the lawmaker support among conservatives.

Maldonado made his remarks hours after the governor's appearance at a Mexican restaurant to introduce his reelection campaign's Latino "leadership team."

Katie Levinson, communications director for the Schwarzenegger campaign, said: "The senator's apology is accepted."

Roger Salazar, a spokesman for the state Democratic Party, said Maldonado's "original sentiments are more in line with where most California Latinos are. They feel abandoned and rejected by this governor."

City Vents Anger At Illegal Immigrants (LAT)

By Ellen Barry

The Los Angeles Times, July 14, 2006

HAZLETON, Pa. — Standing outside City Hall in the gathering dark, Norman Tarantino felt, for once, that he was lucky to live in Hazleton.

Most of his friends had moved away, over the years, convinced that the old coal city's best days were behind it. But as of Thursday night, Tarantino said, Hazleton once again has something to be proud of: It is the most hostile environment in America for illegal immigrants.

Not 20 feet away stood Daniel Jorge, a Dominican immigrant who moved his family to Hazleton last year after 25 years in New York City. Jorge, a real estate agent, was wondering how he would break the news to his wife, who had been enchanted with the small-town friendliness she found in Hazleton, a small city in the hills 80 miles northwest of Philadelphia.

"I'm sad. I loved it here," Jorge said. He gazed at the police officers lined up in the middle of Church Street, separating crowds of white and Latino demonstrators. "I never in my wildest dreams thought I would see this here in this city."

By a vote of 4 to 1, Hazleton's City Council on Thursday approved the Illegal Immigration Relief Act, which imposes severe penalties on landlords who rent space to illegal immigrants, suspends the licenses of businesses that employ them, and declares English the city's official language.

The ordinance has brought celebrity status to Hazleton's mayor, Louis J. Barletta, and has prompted a ripple of proposed new laws in neighboring communities.

In Florida, the communities of Avon Park and Palm Bay will vote on similar laws, as will the city of Escondido in California.

The law has also attracted a legal challenge from the Puerto Rican Legal Defense and Education Fund, which has promised to sue the city on the grounds that the ordinance unconstitutionally infringes on federal jurisdiction over immigration.

Local Latino activists warn that the vote could mark an ugly turning point in Hazleton, whose Latino minority has grown over the last decade to constitute about 30% of the population.

"What I worry is that this will be a pretext for people to allow their racist feelings to show," said David Vaida, an attorney in Allentown, Pa., who signed the legal challenge to Barletta. "It will allow people to take that deep, dark side of them and let it come out. It will pit neighbor against neighbor, and then the city will be worse off."

But the mood in City Hall was upbeat Thursday; white residents exploded into applause when Barletta strode into the chamber, wearing a bulletproof vest under his suit jacket. They yelled "Yes!" when a local Latino leader asked whether they would deport U.S.-born children of illegal immigrants, and cheered again when City Council President Joe Yannuzzi compared illegal immigrants to burglars.

"If I come home and find someone in my home, is he just an unwanted guest? Must I keep him there and take care of him?" he asked. "I say he has committed a crime, and should be treated like a criminal."

Under the new law — which is a modified version of a ballot initiative proposed in San Bernardino — anyone seeking to rent a dwelling in the city will have to apply to the city for a residency license, and submit to an investigation of citizenship status. Landlords found renting to people without licenses will be fined $1,000 a day. Business owners found hiring, renting property to, or providing goods and services to illegal immigrants will lose their business permit for five years on a first offense and 10 years on a second.

Barletta, whose grandfather hauled coal with a horse and wagon, said Thursday's vote was the culmination of years of complaints from constituents.

"There's no place for me to hide in a small city," he said. "I get it in the grocery store, I get it at the lunch counter, when I get my morning coffee, when I'm pumping gas.

"People are begging me, because we are losing the one asset that this city has to offer — our quality of life."

Hazleton was a shrinking and mostly white city when Latinos began to arrive.

Older residents reminisce about the miners who emerged every evening from the "40 shaft" and streamed down Diamond Avenue past the Italian bars — Andruzzi's, Fidule's, Yannuzzi's — while the smell of meatballs hung in the air. People lived in tight ethnic clusters — Donegal Hill for the Irish immigrants and Nanny Goat Hill for the Italians.

The city reached its peak population in the 1940s, at 38,000, then began a steady decline as mining and textiles work disappeared. The 2000 census showed a population of 23,000, with a median age of 40.

Immigrants, flowing in from New York and New Jersey, changed that trajectory, bringing the city's population back up to between 30,000 and 31,000.

The influx brought economic growth. Donna Palermo, president of the Greater Hazleton Chamber of Commerce, said Latino immigrants built 50 to 60 new businesses in the city's downtown and helped boost the value of some homes to $90,000 from $40,000. In an October 2005 interview with the Northeast Pennsylvania Business Journal, Barletta said the population boom had brought the city's economy to its healthiest state in decades.

But tension surrounded the newcomers from the beginning. Elderly residents on fixed incomes struggled to catch up with the higher cost of living; a school built for 1,800 students tried to absorb 2,500.

When John Quigley, a Democratic mayor, lost his reelection bid in 1995, it was amid rumors that he had rented billboards in New York to recruit Latinos to move to town in exchange for government payments of $1,000 a head. Quigley called that rumor "an urban legend … conjured up by some gutter politicians," but many in Hazleton believe it.

The most persistent complaints center on crime, which most residents interviewed agreed had become a more serious problem in the last year.

"They try to recruit these children into gangs; we're having graffiti sprayed on houses now," Barletta said. "This is not the same population I was defending when they moved in here."

Barletta, 50, said he could put his finger on the exact moment when his perspective on immigration changed. On May 10, a 29-year-old man, Derek Kichline, was fatally shot outside his home on East Chestnut Street, culminating in the arrest of four illegal Dominican immigrants; that same day, a 14-year-old fired a gun at the Pine Street playground.

Barletta said he stayed awake that whole night, thinking about the city he grew up in, where "a playground was sacred ground."

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"I laid there and stared at the ceiling. I literally prayed. I realized I had to do something drastic to save the city. If I just let this go and sat back, this wouldn't be a city that anyone wanted to live in," he said. "I felt almost hopeless at that point, watching my city being destroyed right before my eyes."

Latino advocates say Barletta has never produced evidence that illegal immigrants are responsible for a disproportionate number of crimes.

Agapito Lopez, an eye surgeon originally from Puerto Rico, said the two crimes most often cited by Barletta — fatal shootings on October 20, 2005, and May 10 — involved a total of eight illegal immigrants, and should not be applied to a population of 11,000.

"Crime has been here for a long time. It has been white crime, and now we're starting to see brown crime," Lopez said.

Statistics compiled by the Pennsylvania State Police Uniform Crime Reporting System show a reduction in the number of total arrests in Hazleton over the last five years, from 1,458 in 2000 to 1,263 in 2005. Whereas the number of thefts and drugrelated crimes has risen from a low point of 80 in 2001 to 127 in 2005, the total number of reported rapes, robberies, homicides and assaults has decreased since 2000.

Barletta acknowledges that he can't point to data proving that illegal immigrants are responsible for most of the city's crimes, or even establish how many illegal immigrants live here. But he said that any time police spent responding to calls involving illegal immigrants was a waste of city money, and "we are arresting illegal individuals much more often than we ever have."

Over the last month — since Barletta introduced his proposed ordinance — relationships in Hazleton have been remapped, Latinos say.

White people feel free to speak openly about their annoyance with immigrants, said Jessica Cruz, who waits tables in two local diners.

Cruz sputtered with anger recalling a recent day when she greeted three friends in Spanish, and a customer looked up from his seat, pointed his finger at her and told her to speak English. Another customer looked into the kitchen and said he couldn't wait until Immigration came to take away the Mexicans.

"Every day, he is eating, and the Mexicans are cooking," said Cruz, 26. It's the mayor, she said, who "gives support for talking like that."

Kim Resovszky, 35, feels edgy too, but for different reasons. A family that looks Latino just moved into a house across the street — mother, father, two kids. They seem nice, she said. But who knows what to expect from the rest of the summer?

"It's scary. Are you going to see more gunfire?" she asked. "There have been drive-by shootings, for example."

Resovszky said she supported the ordinance, as did virtually all of the city's white residents.

"The only ones who are against it are the Hispanics," she said, "and that's because it's against them."

On Dusty Corner, Laborers Band Together For More Pay (NYT)

By Steven Greenhouse

The New York Times, July 14, 2006

AGOURA HILLS, Calif., July 12 — The black Lexus stopped just yards from a large, shady oak tree, and eight copper-skinned Guatemalan men rushed over.

For a minute, the woman in the car and the men haggled feverishly before the Lexus drove off — without any day laborers to help with her gardening.

The woman had offered to pay $10 an hour, not realizing what she had stumbled into: the only day labor site in the nation that has set a $15-an-hour minimum wage.

At a few dozen other sites across the country, day laborers have set minimums, usually $8 or $10. But only at this corner in Agoura Hills, a well-to-do town 40 miles northwest of Los Angeles, experts say, have they been bold enough to insist on $15, nearly three times the federal minimum wage. Some laborers who are particularly skilled at plumbing or hanging drywall get $18 or more.

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"There are always employers who look for cheap workers," said Virgilio Vicente, 47, a Guatemala immigrant who spent the week framing walls for a small contractor. "But we have an agreement, and no one is going to go for less. We don't feel bad when someone drives away because we know other clients will always come."

Their move is a risky experiment, reminiscent of crude unionization efforts of a century ago. It is uncertain if laborers at other sites will join the move to a $15 minimum or even whether the workers at this corner, the intersection of Kanan and Agoura Roads, can make it stick. When they raised their rates last month, the demand for their services went down as some homeowners and contractors began seeking workers at another corner five miles away.

Luis Cap, 32, a stocky Guatemalan immigrant who has been a mainstay of the corner for 14 years, is not worried. "The employers complain, but we explain that it is very expensive to live in this city," Mr. Cap said. "We tell them: 'Gas is expensive. Rent is expensive. Insurance is expensive. Everything is expensive.' "

The increase may have slowed business somewhat, but many workers are still hired for four or five days each week. Others find work only two or three days, but that is still lucrative enough to persuade some to make the 80-minute bus trip from Los Angeles.

On Monday and Tuesday, about half the 50 laborers who showed up were hired to paint, garden, dig swimming pools, lay foundations or hang drywall. In the spring, regulars on the corner said, the percentage of those hired is greater.

Abel Valenzuela Jr., a professor at the University of California, Los Angeles, who did a nationwide study of day laborers, said it was not surprising that the Agoura Hills workers were ahead of the pack.

"It's a unique site," Professor Valenzuela said. "It's one of the older sites. It's remote. It has a sense of stability for employers. These workers have high skill levels. They've gone through a lot. They've been chased by helicopters. They are very disciplined."

The Agoura Hills site seems straight out of a Cézanne painting — a dry, sun-beaten spot with a sharp-peaked mountain as a backdrop. In summer, some men — mostly illegal immigrants — sit hour after hour under the generous-limbed oaks.

In 1991, Agoura Hills became one of the first communities to prohibit day laborers from soliciting work. Some residents complained of litter and of day laborers sleeping on the mountain's slopes.

After a state court upheld the ban in 1994, the police began arresting workers and fining them $275. Police helicopters chased those who tried to escape up the mountain.

"I must have been arrested at least 20 times," Mr. Vicente said. "And I paid thousands of dollars in fines."

The number of laborers, meanwhile, plunged to a hearty dozen from around 100. After a federal judge, citing the First Amendment, invalidated a Los Angeles ordinance restricting day laborers in 2000, the police stopped enforcing this town's ban, and the number of day laborers started to balloon again.

The laborers who stuck it out here have developed a strong sense of community that is reflected in their slogan: "First, it's God. Then it's our mother. Then it's this corner." Mr. Vicente called it "a place that feeds us and feeds our families."

When the workers here decided last month to adopt the $15 minimum, up from the $12.50 they set in 2003, the process resembled a New England town meeting held in a dirt-covered Western lot.

On a Saturday morning, 100 men gathered, with several arguing that the higher minimum would chase away employers. Others argued that laborers who spoke only Spanish would be at a disadvantage. "Some workers who don't speak good English were against $15," said Victor González, 20. "It's harder for them to negotiate to get work."

Despite such arguments, the vote was 85 to 15 in favor of the $15 minimum. Marvin Martínez, a Salvadoran immigrant, said, "We sweat our butts off, and they were only paying us $100 a day."

Gesturing toward the gas station across the street, he said: "Every single day it seems they add three cents to the price of gas. I think $15 an hour is only fair."

Pablo Alvarado, director of the National Day Laborer Organizing Network, applauded the vote. "It's a wonderful thing when impoverished people take a step like that," Mr. Alvarado said.

Discipline is taken seriously on the corner. Some veteran laborers have bought trash cans and chained them to trees. They browbeat anyone who litters or drinks.

They also try to chase away laborers who do inferior work and hurt the corner's reputation. And anyone who tries to accept work for less than $15 faces the wrath of dozens.

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Mr. Cap and his fellow laborers applaud the new minimum. “We’d like to see $15 spread to every corner,” he said

But Professor Valenzuela said that was unlikely, given the lower skill levels at other corners. “At other sites, many of these guys would easily undercut $15,” he said. “They’d be happy to go out for $12 or for $10.”

Around 10:30 a.m., Marie Caupisch drove up in a Mercedes-Benz 300D Turbo Diesel, offering to hire one or two men for $10 an hour — and a free lunch. But she left empty-handed when the workers insisted on $15.

“Fifteen dollars an hour, I can’t afford it,” Ms. Caupisch said. “They’re not going to get work at that price.”

As she drove away, Mr. Cap glanced at the Mercedes and nodded knowingly. “She could afford $15,” he said.

Organizer Hopes That For Day Laborers, A New Day Is Coming Very Soon (WSJ)

By Miriam Jordan

The Wall Street Journal, July 14, 2006

AGOURA HILLS, Calif. -- The driver of a black Honda thought he would quickly enlist some guys to load furniture and boxes onto a truck -- until he heard the men wanted $15 an hour. "What? You don't even have papers," the driver told a clutch of Latino day laborers clustered around his car earlier this week. But they stood firm.

"We do hard jobs other people won't do," Luis Cap, a Guatemalan, told the man behind the wheel. "If you want to save money, that's OK. You will have to find other workers." The Honda drove off, the odd jobs unfilled.

Three months ago, about 120 immigrants who solicit work along a sun-drenched road in this town outside Los Angeles decided among themselves to only accept work for a minimum hourly wage of $15 -- about $2.50 higher than the previous, informal rate. "What they have here is the essence of a union," says Pablo Alvarado, national coordinator of the National Day Laborer Organizing Network, who supervised the workers' roadside vote.

Day laborers, who are often regarded as the face of illegal immigration and the so-called informal economy, are organizing themselves. Steering this initiative is Mr. Alvarado, a former undocumented immigrant determined to prepare this diffuse underground work force for a role in the political debate over immigration. "Organizing immigrants and other low-wage workers can improve conditions for all workers," says Mr. Alvarado, 38 years old, who co-founded the Network in 2002.

About 117,600 day laborers in the U.S., most of them from Mexico and Central America, seek work on any given day, according to a study released this January by researchers from UCLA, the University of Illinois and New School University in New York. The national study also found that three-quarters of day laborers are illegal immigrants.

Congregating at hundreds of sites across the country, day laborers sometimes form the backbone of local residential construction, and also work in landscaping, food service and at odd jobs. But they have recently become the target of anti-illegal immigrant groups, like the volunteer border patrol Minutemen, and town ordinances seeking to eject them.

Partly to fight back, Mr. Alvarado and his team of organizers at 30 affiliated groups -- which include day-laborer centers, immigrant-advocacy organizations and church-based groups -- are striving to integrate the immigrant workers into the broader labor movement.

Last month, the Laborers' International Union of North America, which represents construction workers, announced it would collaborate with Mr. Alvarado's network to create hiring sites, lobby for immigration reform and protect day laborers' rights. To be sure, day laborers could bolster the 700,000-member union's presence in residential building. "Employers abuse immigrant workers because of their status and bring down wages for everyone," says Yanira Merino, the union's immigration coordinator. "They can less easily manipulate organized workers."

The powerful AFL-CIO is also courting day laborers. A few weeks ago, a delegation of senior federation officials flew to Los Angeles to meet with Mr. Alvarado and his team of organizers. They made the one-hour road trip from downtown to Agoura Hills for a close look at the impact of the network's organizing efforts.

"Through Pablo, we have a whole new cadre of worker advocates," says Ana Avendaño, associate general counsel of the AFL-CIO.

Sources familiar with discussions between the federation and Mr. Alvarado's network say they are on the verge of a historic agreement to put day-laborer representatives in several cities at the table alongside local AFL-CIO bosses as they shape

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strategies on a variety of worker-related issues. The day-laborer representatives would be there to participate in votes at the local level; some of the representatives would most likely be undocumented workers.

Of course, not everyone endorses the idea of allowing undocumented day laborers to hook up with the mainstream labor movement. "They're so desperate for new members that they're selling out to the aliens," says John Keeley, a spokesman for the Center for Immigration Studies in Washington, a think tank that favors more restrictive immigration policies.Adds Dan Stein, president of the Federation for American Immigration Reform: "[Organized labor] is desperately trying to reclaim some relevance."

For their part, some day laborers are wary of linking up with unions because of negative perceptions about organized labor from their home countries.

Mr. Alvarado, a native of El Salvador, worked in factories, construction and gardening after sneaking across the border from Mexico into the U.S. 16 years ago. He became a legal permanent resident of the U.S. after marrying a U.S. citizen in 1997. He and his wife have two children.

He honed his skills as an organizer in the 1990s, first as a volunteer filing wage claims for day laborers and then as a staffer of the Coalition for Humane Immigrant Rights, an advocacy group.

In towns trying to ban day laborers from soliciting jobs in the streets, Mr. Alvarado has helped the workers file lawsuits based on their First Amendment right to freedom of expression.

The first such lawsuit -- filed in 1998 against a Los Angeles county ordinance -- enabled the Agoura Hills laborers to remain at their location. Until the day laborers won that case in 2000, they were pursued by law-enforcement officers who used helicopters and patrol cars to hound them, and then arrested, jailed and fined them.

Aware of the negative image day laborers have in many areas, Mr. Alvarado encourages them to show good citizenry. In Agoura Hills, the workers -- who gather in several groups along a hilly road -- have bought trash cans and set rules of conduct. In one spot, they have chained the can to a big Oak tree that provides them with shade. The last day laborer to leave the site each afternoon takes the garbage. Card-playing, drinking and drugs are prohibited. "If you don't abide by the rules, you leave this spot," says Jorge Santos, one of the laborers. The rules, and the $15-an-hour minimum wage, are enforced by peer pressure.

Thanks to organizing efforts, thousands of day laborers participated in immigration marches that took place earlier this year. "Not a single worker showed up here on May 1," boasts Mr. Cap, the Guatemalan immigrant in Agoura Hills.

Mr. Alvarado and his staff have also been holding teach-ins to ensure that the day laborers stay abreast of the bills and the debate over the issue of immigration. On a recent Saturday in Los Angeles, about 70 men gave up a day's work for a U.S. civics lesson. In Spanish, Mr. Alvarado engaged the group of men with paint-splattered trousers and sawdust under their nails in a discussion about the branches of government, the two main political parties and immigration legislation. A similar four-hour lesson took place in several U.S. cities.

"They need to understand their place and role in this debate," said Mr. Alvarado.

Claims For Jobless Benefits Jump (NYT/AP)

By The Associated Press

The New York Times, July 14, 2006

WASHINGTON (AP) -- The number of people filing new claims for unemployment benefits jumped last week, apparently reflecting the spring slowdown in the economy.

The Labor Department said Thursday applications for jobless benefits totaled 332,000 last week, an increase of 19,000 from the previous week that exceeded market expectations. Economists had forecast a rise of 7,000.

The level of unemployment claims was near a high of 337,000 in late May, a time of markedly weak job growth.

The latest weekly figure included some 4,000 claims for jobless benefits filed by workers in New Jersey during the weeklong state government shutdown there. Casino and racetrack employees, road construction workers and others who do not draw paychecks directly from the state lost wages as a result of the shutdown. State workers will be paid for the days they did not work.

The jobless figure also included an unspecified number of claims stemming from seasonal shutdowns in the auto industry.

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The four-week moving average for claims increased to 317,250 from 308,500 in the previous week.

Several recent indicators have provided evidence the economy slowed in the spring under the impact of surging gasoline prices, rising interest rates and a cooling housing market.

The slowing economy, soaring oil prices and interest rate jitters have soured Wall Street. Stocks plummeted for a second straight session, with the Dow Jones industrial average dropping almost 167 points Thursday for a two-day loss of 288.

Escalating violence in the Middle East carried oil to a new high, near $77 a barrel. The latest surge shook investors' confidence, though economists said most U.S. consumers and businesses appear to be absorbing higher energy costs surprisingly well.

Consumers' attitudes regarding the economy's future fluctuated slightly and consumer confidence has slipped this month, according to a survey. The RBC CASH Index, based on a poll of 1,000 people conducted by Ipsos, showed consumer confidence dipping to 80.1 in July from 84.1 in June.

The confidence level still is well above May's 78.2 -- the lowest reading since October 2003.

The confidence index is benchmarked to a 100 reading in January 2002, when Ipsos started the gauge. Economists keep tabs on confidence for clues about consumers' willingness to spend. Consumer spending accounts for two-thirds of all economic activity.

The CASH index, short for Consumer Attitudes and Spending by Household, was conducted for the Royal Bank of Canada.

U.S. employers, wary of bulking up payrolls with the economy slowing and energy prices rising, added a disappointing 121,000 jobs in June. Yet while job growth was tepid, growth in wages heated up -- fanning inflation worries.

Employment data released last week also showed that the civilian unemployment rate held steady at 4.6 percent.

Slowing economic growth might justify the Federal Reserve taking a break in its two-year campaign to tighten credit by raising interest rates. On the other hand, rising prices and wages might warrant another rate increase to prevent inflation from taking off.

The count of new jobs added to the economy in June did mark an improvement from the 92,000 new positions logged in May -- the fewest in seven months. But it still fell short of economists' forecasts for an increase of around 175,000.

For the week ended July 1, the state with the largest increase in unemployment claims was Kentucky, with a rise of 6,153. The increase was attributed to layoffs in manufacturing.

Connecticut, Indiana, Massachusetts, Michigan, Mississippi, New York and Pennsylvania all reported increases in jobless claims of more than 1,000.

Four states had a decline in jobless claims exceeding 1,000, led by North Carolina -- which posted a drop of 7,197, which it attributed to fewer layoffs in industries including construction, metals, textiles and lumber. The others were California, Florida and Missouri.

The state data lag behind the national jobless claims data by one week.

Republicans Vie For Cash Advantage (WSJ)

By John Harwood

The Wall Street Journal, July 14, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

REPUBLICANS DIG for donations to survive hostile election environment.

Republican governors' group, led by 2008 White House hopeful Romney of Massachusetts, today will report year-to-date fund raising of $11.5 million in 2006. That tops $7.3 million to be filed by Democrats, who have been aiming for gains since a dozen Republican statehouse seats are considered vulnerable.

Senate Democrats aim to keep cash advantage through June, but Republican counterparts raised $12 million at recent Bush dinner; vulnerable Sen. DeWine of Ohio has $6.6 million cash on hand. House Democrats say a dozen challengers have raised at least $1 million, as House Republicans blast Democrats' use of U.S. flag-draped soldiers' coffins in fund-raising video as "beyond the pale."

October closer: Republican National Committee next week will report $44.6 million in cash, dwarfing DNC's $9.9 million.

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RALPH REED STRUGGLES in campaign tinged by Abramoff scandal.

A federal suit this week by a Texas Indian tribe accuses ex-Christian Coalition director and Abramoff of fraud in working to close its casino. Before next week's Republican primary for Georgia lieutenant governor, fund-raising reports show a surge for Reed opponent Casey Cagle, allowing the state senator to match Reed's $2.5 million.

"My values aren't for sale," Cagle says in TV ad. Reed counts on potent turnout operation. One late poll shows Cagle leading 41% to 36%, but 23% of likely Republican voters are undecided.

NEGOTIATIONS CONTINUE on estate tax deal to keep hitting super-rich.

Senate backers of "death tax" reduction discuss merging Republican and Democratic proposals. One plan under consideration would tax estates above $100 million at 40% rate, essentially unchanged from today.

Smaller estates would be taxed at 15% and 30%. The deal would shave tens of billions from the $280 billion, 10-year cost of the House bill Democratic leaders resist as too pricey.

Lacking 60 votes needed to break filibuster, Majority Leader Frist floats plan with 35% top rate.

EXTRAORDINARY SECURITY for Bush's meeting with German leader Merkel fails to keep away all protesters. With government snipers posted on rooftops, Straslund residents were warned not to open windows. But Greenpeace managed to briefly display a yellow "No War, No Nukes, No Bush" banner from a church clock tower.

EARLY RISER: Treasury Secretary Paulson surprises rank and file with pre-7 a.m. arrivals. He spent first week consulting Hill leaders and counterparts in 35 countries including the G-7 nations, Cheney and other members of administration economic team. He sets September trip to Singapore and Vietnam.

NOT TRAVELING THERE: Ex-Kansas Gov. Graves, now top trucking industry lobbyist, rules out succeeding Mineta as Transportation Secretary by affirming commitment to recent contract extension. FAA chief Marion Blakey says she has "no speculation" about White House thinking, but insiders say she's quietly seeking the post.

BURNS WINS strong reviews as potential successor to Zoellick as Rice's deputy at State. The department sent two aides to Boston to prep the career foreign service officer for last week's talk shows, and liked the result. "People watched closely on Sunday, and he did well," one diplomat says.

VIETNAM RISES on Washington's trade agenda.

Kissinger and other former secretaries of state ask lawmakers for action ending old economic restrictions, calling it "the logical next step" in improving relations. Bush will attend November summit of Pacific Rim nations in Vietnam.

U.S. Trade Representative Schwab continues Moscow negotiations, timed for G-8 summit, to seal Russia's entry into WTO. But Senate Democrats urge White House not to rush, citing backsliding on democracy. Any legislation lifting Cold War trade limits -- required for Russia's entry -- likely won't be considered in Congress until 2007.

Bush aides increase appeals to House Democrats for U.S.-Oman trade pact, citing national security.

MINOR MEMOS: Lampooning Bush values agenda, satirist Andy Borowitz cites reason to fight gay marriage: "Traditional divorce must always be defined as a divorce between a man and a woman."... Head butt? After World Cup disappointment, Laura Bush tells German audience you can tell soccer's new to America "by the way our team plays."

Hastert Hospitalized For Skin Infection (AP-Y)

AP2, July 14, 2006

House Speaker Dennis Hastert was hospitalized Thursday for treatment of a bacterial skin infection.

Hastert was expected to be treated with intravenous antibiotics at Bethesda Naval Hospital in suburban Maryland through the weekend, according to his spokesman Ron Bonjean.

Hastert, 64, discovered the infection on his lower left leg and applied a topical ointment. After a few days, Hastert's doctor examined the infection at Bethesda and diagnosed it as cellulitis, a skin infection that appears as a swollen, red area that feels hot and tender, and that can spread rapidly without treatment, the spokesman said.

Hastert is a 10-term congressman from Yorkville, Ill., in Chicago's suburbs. He has been speaker since 1999, succeeding Newt Gingrich of Georgia, who was the first Republican speaker in four decades. Recently, Hastert's tenure became the longest of any Republican speaker.

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NASA Clears Key Hurdle As Foam Fears Ebb (CSM)

By Peter N. Spotts

The Christian Science Monitor, July 14, 2006

HOUSTON

NASA appears to have licked the worst of its launch-debris problem, clearing the way for shuttle flights needed to finish construction of the International Space Station.

To the delight of rocket technicians, Discovery's latest launch was relatively free of the loose foam which led to the destruction of the shuttle Columbia and the death of its seven crew members. On-orbit photos and dramatic video from new cameras on the solid-rocket boosters and main fuel tank have shown this launch to be the cleanest in the shuttle program's history.

Agency officials and astronauts alike are encouraged by the progress. But NASA is cautious in declaring success.

Friday and Saturday, the orbiter Discovery undergoes one more round of inspections for damage to the tile heat shield on the underside of its wings before the shuttle reenters Earth's atmosphere during its planned return on Monday. This time, however, managers will focus on dings and dents from space junk or tiny meteoroids.

After a three-year, $1.3 billion effort to resolve the problem, changes to the external tank "seemed to be very successful" so far, says John Shannon, deputy program manager for the shuttle program. But, it's only "one data point," he adds.

"I'm fairly confident we will never finish redesigning the external tank," says Mr. Shannon. "Now that we are so sensitive to the foam, we're going to be in a state of continual improvement on the external tank" through the end of the program in 2010.

Prelaunch dissent from two top officials at NASA regarding the orbiter's readiness to fly suggests that the struggle with foam debris isn't over, notes John Logsdon, director of the Space Policy Institute at George Washington University in Washington and member of the Columbia Accident Investigation Board. Still, he says, "they've made impressive progress."

In February 2003, the shuttle Columbia broke up on reentry. The accident was traced to a suitcase-size chunk of foam that was jarred from the external tank and had smacked into Columbia's left wing soon after launch. The impact damaged several reinforced carbon panels that shield the wing's leading edge from the heat of reentry.

The damage allowed superheated air to eat its way through the wing during reentry. Additional foam losses during last year's first "return to flight" mission prompted yet another round of analyses and tank modifications.

Concerns center not just on the tank shedding foam, but on the size, mass, location, and time during the ascent when the foam comes loose, says John Chapman, manager of the external tank program at NASA's Marshall Space Flight Center in Huntsville, Ala. For example, during Discovery's climb through the atmosphere, the largest piece of foam the tank lost was about the size of a legal pad. It tipped the scales at less than an ounce, well within acceptable limits. It came off in three pieces, at an altitude where the air was too thin to push it to damaging speeds.

"We're pleased with the performance of the tank," Mr. Chapman says. But perhaps the most significant result was that the flight confirmed NASA's "understanding of the physics behind foam loss," which could benefit future efforts to minimize foam debris. Prior to the Columbia accident, those physics were poorly understood.

"We've been really impressed as a team with the way they were able to analyze the issues they needed to resolve," adds Ralph Roe, director of NASA's Engineering and Safety Center at the agency's facilities in Langley, Va. The center was established in response to a Columbia Accident Investigation Board recommendation and is charged with conducting rigorous safety and engineering studies for particular shuttle or space station systems, independent of their respective NASA facilities.

The work isn't over. Mr. Chapman notes that engineers are trying to first reduce, then eliminate, foam ice-frost ramps that surround a series of fixtures that run along the side of the tank.

Beyond the ice frost ramps, engineers are looking at ways to improve the way workers apply complex foam shapes to tank hardware. The odd nooks and crannies these shapes present can lead to voids in the foam that can increase the risk of shedding on launch.

The experience has left many in the agency with some hard-earned lessons: Make sure technical issues related to a launch decision get openly debated at the highest levels of the agency and with the new round of rockets and capsules being designed, don't place astronauts in the way of launch debris.

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To which Chapman adds a third, rather topical lesson: Don't become so fixated on one problem that you ignore other potential disasters.

Shuttle Crew To Scan For Damage (USAT)

By Traci Watson

USA Today, July 14, 2006

Astronauts aboard space shuttle Discovery today will for the first time inspect their vehicle in advance of landing to look for damage from the tiny pieces of debris whizzing through space.

The crew plans to sweep a sensor strapped to the shuttle's robot arm over Discovery's left wing, looking for dings or cracks inflicted on the shuttle by space debris. Saturday, after Discovery undocks from the International Space Station, the shuttle's nose and right wing will be inspected.

The shuttle is scheduled to land Monday in Florida.

Millions of specks of rock, called micrometeoroids, and bits of old satellites orbit the Earth. Often no bigger than a grain of sand, they seem an unlikely hazard to a 115-ton spacecraft, and for years, NASA did little to protect the shuttle against such orbital detritus.

Now the agency realizes it can't ignore the risk.

Space debris is one of "our major hazards today … believe it or not, right behind the foam," NASA chief Michael Griffin told USA TODAY before Discovery's launch July 4.

NASA has tried to limit damage from foam debris since a piece of insulation from shuttle Columbia's fuel tank punched a hole in the ship's wing in 2003. The spacecraft disintegrated during re-entry, killing the crew of seven. The accident sensitized NASA not only to the dangers of foam but also to the risks posed by debris of all kinds.

Before the accident, "we as an agency didn't know any better," Discovery astronaut Piers Sellers said from space this week. "NASA has done a lot of heart-searching in how to go about this (orbital debris inspection) and come up with a pretty good solution."

The crew has inspected the ship twice for damage inflicted during the launch and found none.

Mission managers on Sunday declared the shuttle sturdy enough for the rigors of re-entry based on the two inspections early in the mission.

A late inspection cuts the odds that orbital debris will destroy the shuttle by roughly 25%, orbiter project manager Steve Poulos said.

OTHER NEWS:

Agency: Federal Deficit Shows Improvement (AP-Y)

By Marcy Gordon

AP2, July 14, 2006

The federal deficit through June held below last year's pace, helped by a strong influx of corporate taxes and other revenues, the Treasury Department reported Thursday.

Through the first nine months of the budget year, the deficit was $206.5 billion, down 17 percent from the same period in 2005, when the government's red ink totaled $249.4 billion.

The deficit for the nine months puts the government on track to turn in a smaller deficit this year than last, when it was $319 billion for the full year. That was third-highest deficit in dollar terms; the record deficit was $413 billion set in 2004.

The government posted a budget surplus of $20.5 billion in June, smaller than the $22.9 billion surplus a year earlier.

The government took in $264.3 billion in June and spent $243.9 billion — both record highs for the month of June, according to Treasury.

Receipts from corporate taxes typically are at high levels in June, experts say, because many companies pay their estimated taxes for the second quarter of the year then.

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Despite the surge in revenues, the deficit for the 2006 budget year ending Sept. 30 is projected to be only a bit better than last year's. War spending for the year well exceeds $100 billion, while Congress has appropriated $87 billion in hurricane aid within the past year.

The red ink is expected to climb again next year — and the longer-term outlook is more bleak.

President Bush credited his tax cuts earlier this week as he basked in new deficit figures that were far lower than earlier White House estimates.

White House figures released Tuesday estimate that the deficit for 2006 will be $296 billion — much better than the $423 billion Bush predicted in February but only a slight improvement over last year's $318 billion.

Impressive corporate profits and big income gains by the wealthy have been largely responsible for driving up tax revenues and, in turn, pushing the deficit lower.

Bush portrayed the new estimates as validation of a budget policy centered on tax cuts passed in 2001 and 2003, and his clampdown on domestic agencies funded by Congress each year.

Democratic critics countered that Bush was celebrating figures that still represent the fourth-largest deficit in U.S. history. The surge in taxes paid by corporations and upper-bracket taxpayers, they added, is proof that the current economic recovery favors the wealthy.

U.S. Budget Surplus Fell In June (WSJ)

The Wall Street Journal, July 14, 2006

WASHINGTON -- The government ran a monthly budget surplus of $20.47 billion in June, down 11% from the $22.92 billion surplus a year earlier, the Treasury Department said.

Receipts were $264.36 billion for the month, up 13% from a year earlier, and outlays were $243.89 billion, up 15%, the department said. Receipts and outlays for the month were all-time highs.

Strong government revenue for the year has helped narrow the budget deficit compared with last year, and lowered administration projections for the full year's total budget gap. In its annual midsession review, the Office of Management and Budget slashed its estimate for the fiscal 2006 budget deficit to $296 billion, or 2.3% of gross domestic product, a $127 billion decline from its earlier projection. Last year's budget deficit was $318 billion.

OMB has revised its budgetary forecast for fiscal 2007, projecting a deficit of $339 billion, or 2.4% of gross domestic product, compared with earlier estimates of a $354 billion deficit, or 2.7% of GDP.

OMB officials said 90% of the revision in the current fiscal year deficit forecast was the result of higher-than-expected corporate and individual tax receipts.

For the first nine months of fiscal 2006, growth of federal government receipts has outpaced the growth in outlays. Compared with the previous fiscal year, October-June receipts are up 13% this year to $1.810 trillion, and outlays so far this fiscal year are up 9% to $2.016 trillion.

Through June of this fiscal year, individual income tax receipts total $793.95 billion, up 14% from the a year earlier. For the first nine months of this fiscal year, corporate income tax receipts were at $251.19 billion, up 27% from a year earlier.

A Price Inflamed By Fear (WP)

By Steven Mufson

The Washington Post, July 14, 2006

Add this to the costs of political instability and violence around the world: The price of crude oil hit a new record yesterday, topping $76 a barrel.

Oil prices rose as fighting spread in Lebanon, the standoff continued over Iran's nuclear program and a Nigerian newspaper reported that explosions had rocked two pipelines in the West African nation. Although supplies of oil were virtually unaffected, traders and analysts said anxiety about political violence and tension around the world had once again driven up the "political premium" for oil.

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"The oil price has really become a Richter scale for geopolitical turbulence and upheaval," said Daniel Yergin, the head of Cambridge Energy Research Associates. "The market's fundamentals are actually getting a little better, but fear and uncertainty is mounting over Iran, the Middle East and Nigeria."

The record oil price -- benchmark crude for August delivery closed at $76.70 a barrel on the New York Mercantile Exchange -- set an ominous backdrop to the meeting of the Group of Eight major industrialized nations set to take place this weekend in the Russian city of St. Petersburg. "This is a market in which fear is very strong, and it certainly is a stark message to the G-8 meeting in St. Petersburg, which was planning to discuss energy security," Yergin said. "Right now, oil prices are reflecting a lot of energy insecurity."

Anxiety gripped other markets, too. U.S. stocks, already plagued by worries about interest rates and some disappointing second-quarter earnings reports, fell steeply on news of Israel's military offensive in Lebanon and record oil prices. The Dow Jones industrial average tumbled 166.89 points, or 1.5 percent, to close at 10,846.29, its second day of triple-digit declines. The Standard & Poor's 500-stock index fell 16.31 points, or 1.3 percent, to close at 1242.29. The Nasdaq composite index dropped 36.13, or 1.73 percent, to finish at 2054.11.

Gold futures, often a haven in turbulent times, rose $3.10 an ounce to close at $654.40 on the New York Mercantile Exchange. Major markets in Asia and Europe were also down about 1 percent or more.

In oil markets, the causes of the price increase were virtually all political and psychological as traders fretted that Israel's conflict with Lebanon could provoke wider fighting or unrest in the Middle East, where 31 percent of the world's oil is produced and where 62 percent of proved reserves lie.

Adam E. Sieminski, chief energy economist at Deutsche Bank AG, explained that one way to calculate the political premium would be to multiply the odds of a supply cutoff by an estimate of its effect. So if the chances of military action against Iran or of a supply cut there are even modest, given the huge impact such events would have on oil prices, then worries about Iran alone could account for $10 to $15 a barrel in the current world price of crude.

Sieminski said oil traders could also add $5 for possible hurricanes, $5 for risks in Nigeria (where militant groups have attacked pipelines and cut oil output by more than half a million barrels a day), and $5 for other risks.

"Supply and demand are not the only things people look at," Sieminski said.

Altogether, the political premium could make up a third of the price of crude oil. That premium translates into about 60 cents a gallon at the gasoline pump. And it's a source of political controversy, because even though the reasons for the high price may be psychological, real money is still transferred into the hands of oil-producing countries and companies.

Gas prices posted yesterday by AAA were $2.96 a gallon for regular unleaded gasoline, up 6 cents in the past month and 64 cents from a year ago, according to the auto club.

In the physical world of oil, experts said that if anything, the supply balance was better than it was a couple of years ago, when prices were much lower. A new pipeline was formally opened yesterday, carrying oil from Azerbaijan through Georgia to the port of Ceyhan in Turkey. The pipeline will carry 430,000 barrels a day and is expected to move up to 1 million barrels a day by the end of next year.

On Wednesday, the International Energy Agency issued a monthly report forecasting adequate crude oil supplies, with new non-OPEC production coming on stream later this year and sharply higher OPEC capacity by the end of 2007. The IEA also slightly shaved its estimate for 2006 demand growth. It has trimmed the estimate by 820,000 barrels a day since first making a 2006 estimate a year ago, noted John Herrlin, an oil analyst at Merrill Lynch & Co.

Meanwhile a European oil industry source said that the Nigerian newspaper report, which said that explosions had cut off 120,000 barrels a day of oil supplies, was overstated. The source, who spoke on condition of anonymity to protect business relationships, said that the explosions had cut off only 50,000 barrels a day and that the production venture, run by the Italian state oil company, Eni SpA, would restore output within a couple of days.

But with excess oil production capacity much lower than it was a few years ago, markets remained sensitive to any future risks. Sieminski said that would explain why companies were keeping higher inventories than they did a year ago.

"When this kind of thing happens," Edward Morse of Hess Energy Trading Co. said of the price run-up in the past week, "it's political risk and nothing more than that. The issue is really Iran."

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Crude oil prices have bounced up and down for the past two weeks depending on the latest statement from Iranian officials. On Tuesday, oil rose for the first time in four trading sessions after President Mahmoud Ahmadinejad said his nation would not back down "one iota" over its right to conduct nuclear research.

With Western nations turning to the U.N. Security Council for possible sanctions to stop Iran from continuing its nuclear research program, Morse said oil traders were looking for evidence that Iran might be using its leverage to exert pressure back. "Is Iran going to use an oil weapon? Almost certainly not. But where might Iranians put pressure?" he asked. Most likely through proxies, Morse said. For example, Iran could pressure the United States by using allies in southern Iraq or its Hezbollah allies in Lebanon, and that might explain Hezbollah's foray into Israel this week.

Separately, the possibility of a hurricane in the Gulf of Mexico still hangs over oil markets. In an interview yesterday, Brian M. Storms, chief executive of insurance broker Marsh Inc., said that worldwide hull insurance rates have gone up and that rates have gone up sharply for offshore oil platforms and rigs. A company spokesman said later that oil facilities in the Gulf of Mexico had undergone "severe and punitive" insurance rate increases, averaging about 150 percent but in some cases reaching 400 percent since Hurricane Katrina.

Investor interest in oil markets continues to run high as more endowments, pension funds and other institutions allocate portions of their portfolios to commodity funds. One indicator of such interest: On July 1 Lehman Brothers launched a new commodity index that was 56.2 percent based on energy prices.

Though oil prices set a record for the New York Mercantile Exchange, which stared trading oil in 1983, they still didn't match the all-time inflation-adjusted peak. A quarter-century ago, after the Iranian revolution and the outbreak of the Iran-Iraq war, the price of crude oil climbed over $90 a barrel when expressed in today's dollars.

Crude Oil Surges Above $78 As Middle East Violence Escalates (BLOOM)

By Gavin Evans

Bloomberg, July 14, 2006

July 14 (Bloomberg) -- Crude oil rose above $78 a barrel in New York for the first time as escalating violence in the Middle East and disruptions in Nigeria threatened global supplies.

Israeli planes attacked the southern suburbs of the Lebanese capital Beirut where the militant Hezbollah is based, and the highway to the Syrian capital Damascus, Agence France- Presse reported. Sabotage on two pipelines yesterday forced Eni Spa's Nigerian venture to cut output, the Lagos-based Guardian newspaper said.

``There's real disruption to supplies in Nigeria, potential disruptions in Iran, and now you've got what's happening in Israel," said Tobin Gorey, commodity analyst at Commonwealth Bank of Australia Ltd. in Sydney. ``Who wants to sell in this environment?"

Crude oil for August delivery rose as much as $1.70, or 2.2 percent, to $78.40 a barrel in after-hours electronic trading on the New York Mercantile Exchange. It was at $78.21 at 11:58 a.m. in Singapore, a 28 percent rise so far this year.

Oil has gained 6 percent in four straight sessions. Prices rose after the U.S. and its allies resolved to refer their dispute over Iran's nuclear research to the United Nations Security Council, and after a government report showed U.S. oil and gasoline stockpiles fell more than expected last week.

``When you have enough momentum it doesn't take much to keep prices moving higher," James Ritterbusch, president of Ritterbusch & Associates in Galena, Illinois, said yesterday. ``This flare-up in the Middle East is fueling the rise."

Oil Reserves

At least 56 people have died since Hezbollah militants crossed into Israel two days ago, killing three soldiers and capturing two. Hezbollah militants yesterday fired rockets from Lebanon into Israel's third-biggest city after Israeli forces bombed Beirut international airport and other military airports.

The Middle East produced 31 percent of the world's oil in 2005 and holds 62 percent of reserves, according to BP Plc.

``Behind Hezbollah is Iran and Syria," analyst Nadim Shehadi of Chatham House, a London foreign-policy institute, said yesterday. ``We have a regional confrontation between a broad front, the U.S. and Israel, and Hezbollah, Syria and Iran, that is being played out on Lebanese soil."

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Iran

Iranian President Mahmoud Ahmadinejad yesterday threatened to end Iran's cooperation with international bodies monitoring its nuclear program after the dispute was referred to the UN Security Council.

Iran wants the dispute resolved ``calmly'' and will respond to a European-led package of trade and economic incentives mid- August, he said.

``The more pressure that's put on Iran, the more attacks we will see by proxies such as Hezbollah,'' Bill O'Grady, an analyst with AG Edwards & Sons in St. Louis, said yesterday.

Prices rose early yesterday after the Guardian newspaper in Nigeria, citing local oil company workers, said Nigerian Agip Co. could be losing 120,000 barrels a day after the company shut three pumping stations to contain a spill.

Rome-based Eni said losses from recent damage to its oil network were ``irrelevant'' and the problem will be repaired soon. Reports the pipelines had been attacked by militants were ``without any foundation,'' Eni said without explaining the damage.

Attacks by Nigerian militants this year have cut oil output by as much as 631,000 barrels a day. The nation accounts for about 10 percent of crude oil imports to the U.S., where refiners favor its low-sulfur product for gasoline production.

Gasoline, Demand

Gasoline for August delivery rose 3.57 cents, or 1.6 percent, to $2.3370 a gallon in after-hours trading. It rose 2 percent to $2.3013 yesterday, 31 percent more than a year earlier and the highest close since Sept. 28.

Before this week, gasoline futures had spent three months trading between $1.95 and $2.30 a gallon. Oil ranged between $67.22 and $75.78 a barrel in the same period.

Expectations that high pump prices would cap demand had ``kept a lid'' on prices until now, Commonwealth's Gorey said.

``The pressure point on prices is just a lot higher than we thought it was,'' he said.

Gasoline demand in the U.S., the world's biggest oil user, has exceeded 9.6 million barrels a day the past two weeks, a July 12 Energy Department report showed. Demand reached a record 9.72 million barrels last July.

Daily demand the past four weeks is 1.7 percent higher than a year earlier, the department said.

Stocks Drop As Oil Prices Reach Record High (NYT)

By Jeremy W. Peters

The New York Times, July 14, 2006

Oil prices rose sharply to new record highs today as Israel pressed its military attacks in Lebanon and militants assaulted oil pipelines in Nigeria.

Light low-sulfur crude oil for August delivery rose $1.40 a barrel to trade at $76.35 today on the New York Mercantile Exchange. The previous record for the benchmark contract was $75.19 a barrel, set last week.

The anxiety in global commodities markets swept through equity markets as well, with stock prices in the United States and Europe posting broad declines. According to preliminary figures, the Standard & Poor's 500-stock index fell 16.31 points, or 1.3 percent, to close at 1,242.29. The Dow Jones industrial average dropped 166.89 points, or 1.5 percent, to 10,846.29, and the Nasdaq composite index lost 36.13 points, or 1.7 percent, to 2,054.11. Meanwhile, major stock indexes in Britain, France and Germany fell more than 1.5 percent for the day.

Technology stocks were among the most severely rattled today both in the United States and in Europe. After SAP, the giant business software company, reported that it lost market share in the second quarter and that its sales fell short of forecasts, its stock slid by more than 6 percent. Shares of other major software makers like Oracle and Microsoft also fell.

Disappointing corporate earnings reports are adding to an already tense selling climate in equity markets, analysts said.

"We have had a few straws in the earnings-season wind which have made people wary, particularly on tech," said Chris Tinker of ICAP in London.

Rapidly rising oil prices, and the geopolitical instability behind them, are leading investors to react sharply to corporate earnings disappointments even when the reports are only slightly negative.

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Alcoa, for example, said late on Monday that its sales grew 62 percent in the second quarter, at first glance a robust report. But that figure was slightly short of the consensus forecast on Wall Street, and Alcoa's stock has slumped by about 5 percent since then.

In another sign of increasing jitters among investors, gold prices posted strong gains today, as they often do in periods of market volatility when investors are looking for more stable investments. Bond prices also rose. But there was little change in the value of the dollar against the euro or the Japanese yen.

U.S. Stocks Fall As Oil Prices, Mideast Turmoil Hurt Confidence (BLOOM)

By Nick Baker

Bloomberg, July 14, 2006

U.S. stocks tumbled for a second day as oil climbed to a record, fighting between Israel and Lebanon escalated and second-quarter earnings failed to meet estimates.

``We're having a complete breakdown in attitude toward the stock market," said Thomas McIntyre, who manages $120 million at McIntyre, Freedman & Flynn in Orleans, Massachusetts. ``In a declining market, everything that's wrong in the world seems more important."

The Dow Jones Industrial Average fell below 11,000 as analysts cut ratings on Wal-Mart Stores Inc. and Walt Disney Co. because of slowing growth. Nucor Corp. led steelmakers lower as crude surpassed $76 a barrel in New York, lifting the industry's costs. Tribune Co., the second-largest U.S. newspaper publisher, dropped as sales trailed analysts' projections.

The Standard & Poor's 500 Index erased its gain for the year by declining 16.31, or 1.3 percent, to 1242.29. The Dow industrials dropped 166.89, or 1.5 percent, to 10,846.29. The Nasdaq Composite Index lost 36.13, or 1.7 percent, to 2054.11.

Concern that turmoil in the Middle East may broaden, along with North Korea's refusal to resume negotiations over its nuclear program, weighed on stocks worldwide. The Morgan Stanley Capital International World Index dropped 1.2 percent. Israel's Tel Aviv 25 Index plunged 4.3 percent.

Mideast Turmoil

Hezbollah fired two rockets from Lebanon into Israel's third-biggest city, Haifa, after Israeli forces bombed Beirut's airport and other targets. The fighting, which began when Hezbollah attacked an Israeli army unit and captured two soldiers, has left at least 56 people dead.

The attack prompted investors to seek havens, spurring gains in U.S. Treasuries and gold.

The S&P 500 has lost 2.2 percent this month as companies including Alcoa Inc. and Lucent Technologies Inc. fueled concern second-quarter profit will trail analysts' estimates. Technology shares have been this year's worst performers. The Nasdaq, which gets 41 percent of its value from computer-related shares, has slumped 5.4 percent in July.

Crude oil for August delivery gained 2.3 percent to $76.70 a barrel in New York after Israel's strike and the threat of violence in Nigeria increased concern supplies may be disrupted.

``Any time you get a new high in oil it's not a good signal for the market," said Christopher Orndorff, who oversees $50 billion as the head of equity strategy at Payden & Rygel in Los Angeles. When ``you have something that takes money out of consumers' pockets, that's a net loss for our economy."

Wal-Mart, Disney

Wal-Mart declined 99 cents $44.16 after Merrill Lynch & Co. reduced the shares to ``neutral" from ``buy," saying slowing sales may reduce the world's largest retailer's profit.

Walt Disney, the No. 2 U.S. media company, retreated $1.21, 4.1 percent, to $28.70 for the second-biggest loss in the Dow average. CIBC World Markets Inc. cut its rating on the shares, citing slower growth in fiscal 2007 because of lower theme-park attendance and fewer television shows in syndication.

A gauge of raw-materials companies had the biggest decline among 10 industry groups in the S&P 500, losing 2.8 percent. Nucor fell $4.43, or 8.2 percent, to $49.78 for the S&P 500's biggest drop.

Almost nine shares fell for every one that rose in the New York Stock Exchange. More than 1.78 billion shares changed hands on the Big Board, 4 percent more than the three-month daily average.

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Tribune

Tribune slipped 85 cents to $31.50. The newspaper publisher, under pressure from its largest shareholder to break up the company, said second-quarter profit dropped 62 percent as circulation waned. Sales were $1.43 billion, missing the $1.47 billion estimate by Credit Suisse analyst Debra Schwartz.

Dell Inc. lost 68 cents to $21.70. The world's biggest personal-computer maker responded to customer complaints that its discounts are confusing with a plan to reduce promotions and adopt a more uniform pricing system.

Intel Corp., the No. 1 computer-chip maker, fell 16 cents to $17.72. The company will fire 1,000 managers worldwide, the biggest cuts in four years, to slash $1 billion in costs and restore profit growth.

Cree Inc. dropped $4.86 to $17.73. The maker of semiconductors that light dashboards and cellular phones said fourth-quarter earnings missed its forecast because of production problems and higher taxes.

SAP, Ford

American shares of SAP AG, the world's largest maker of business-management software, tumbled $3.51 to $46.83 after its second-quarter sales from software licenses rose less than analysts anticipated. Oracle Corp., SAP's biggest competitor, fell 12 cents to $14.10.

Ford Motor Co. slumped 32 cents to $6.56 after the second- biggest U.S. automaker cut its dividend by half in an attempt to conserve cash after losses in North America.

PepsiCo Inc. gained 97 cents to $62.07. The No. 2 soft- drink maker reported the biggest profit gain in almost two years and boosted its annual earnings forecast on sales of Gatorade and Lipton iced tea. Second-quarter earnings were 80 cents a share, more than the 77-cent average estimate of analysts surveyed by Thomson Financial.

S&P 500 shares, called Spiders, tumbled $2.05 to $124. Nasdaq-100 tracking shares, known by their QQQQ symbol, slid 62 cents to $36.31.

S&P 500 futures expiring in September retreated 20.80 to 1247.50 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures declined 27 to 1489.75.

The Russell 2000 Index, a benchmark for companies with a median market value of $599 million, dropped 2 percent to 687.29. The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, fell 1.4 percent to 12,472.87. Based on the changes in the Wilshire, the value of stocks decreased by $219.9 billion.

Cree Inc. (CREE US) Dell Inc. (DELL US) Ford Motor Co. (F US) Intel Corp. (INTC US) Nucor Corp. (NUE US) Oracle Corp. (ORCL US) PepsiCo Inc. (PEP US) SAP AG (SAP US) Tribune Co. (TRB US) Wal-Mart Stores Inc. (WMT US) Walt Disney Co. (DIS US)

Oil Hits Record Near $77; Dow Dives Below 11,000 (WT)

By Patrice Hill

The Washington Times, July 14, 2006

Escalating tensions in the Middle East sent the price of crude oil smashing through another record yesterday to $76.70 a barrel in New York and set off a plunge in financial markets, with the Dow Jones Industrial Average falling 167 points.

With gasoline prices hovering near last fall's highs of more than $3 a gallon, analysts say, consumers are likely to see new records at the pump in the weeks ahead, reflecting surging oil prices and hurricane threats.

"Energy prices are going higher the rest of the summer," said Mike Sander, a commodity broker at Altavest Worldwide Trading Inc.

Worries that high oil prices and political tensions will add further weight to the slowing U.S. economy and cut into corporate profits triggered a sell-off in the stock market and sent investors scurrying into safe-haven investments such as gold and bonds.

The Dow fell back below 11,000 to land at 10,846, completing a two-day loss totaling 288 points, while the Standard & Poor's 500 Index erased its gains for the year.

"The political unrest is causing an uneasiness in the world," Mr. Sander said. "People are protecting their wealth."

The breakout of tensions on several fronts in the Middle East ignited the market turmoil. Hezbollah fired two rockets from Lebanon into Israel's third-biggest city, Haifa, after Israeli forces bombed Beirut's airport and other targets.

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Meanwhile, violence is heating up in Iraq and Afghanistan despite the installation of democratic governments, and the U.S. and European allies are moving to take their nuclear confrontation with Iran before the U.N. Security Council. Rebel attacks in Nigeria yesterday also raised fears of further disruptions in exports from Africa's largest oil producer.

"Geopolitical fears have sent stewing tensions to a boiling point," said John E. Silvia, chief economist with Wachovia Securities. Although the rise in oil prices this year has been relentless, U.S. consumers have been equally persistent at keeping up their driving and gas purchases no matter what the cost, he said.

Although consumers have pulled back some on spending at stores and restaurants, they are not driving less or switching en masse to more fuel-efficient cars. Consumers continue to favor sport utility vehicles over cars that get better mileage, Mr. Silvia said.

Even as average pump prices rose to within a nickel of $3 nationwide, consumers shopping for used cars cut back on Internet searches for more fuel-efficient models, said Cars.com editor David Thomas.

Searches for some of the most popular gas-saving models -- Toyota's Yaris and Prius, the Geo Metro, and Honda's Insight and Fit -- declined significantly last month, he said.

"The initial shock of the recent rise in gas prices has seemingly worn off," he said.

Opinion polls show that consumers continue to rank fuel costs among their top economic concerns, however, and the price at the pump has become a volatile political issue in an election year. Democrats are trying to make the issue into a referendum on Republican rule in Washington by publicizing the doubling of gasoline prices in each state since President Bush took office.

High energy prices, which include electricity and heating fuel, are eating into consumer purchasing power to the point they more than offset a nearly 4 percent rise in wages in the past year, said Carl Steidtmann, chief economist of Deloitte Research. He predicts a "difficult retail environment" in the fall as consumers struggle to keep up.

"The triple threat of high energy prices, a soft housing market and relatively weak job growth" will work its way through the economy, he said.

With higher energy prices cutting into purchasing power, consumer spending all but ground to a halt last month, suggesting that economic growth in the second quarter will be at best half the first quarter's pace of 5.6 percent, Mr. Silvia said.

Fears that American shoppers will lose their bravado and surrender in the face of higher energy prices, interest rates and other obstacles have shaken financial markets around the world.

"Any time you get a new high in oil it's not a good signal," said Christopher Orndorff, head of equity strategy at Payden & Rygel. When "you have something that takes money out of consumers' pockets, that's a net loss for our economy."

Left Behind Economics (NYT)

By Paul Krugman

The New York Times, July 14, 2006

I'd like to say that there's a real dialogue taking place about the state of the U.S. economy, but the discussion leaves a lot to be desired. In general, the conversation sounds like this:

Bush supporter: "Why doesn't President Bush get credit for a great economy? I blame liberal media bias."

Informed economist: "But it's not a great economy for most Americans. Many families are actually losing ground, and only a very few affluent people are doing really well."

Bush supporter: "Why doesn't President Bush get credit for a great economy? I blame liberal media bias."

To a large extent, this dialogue of the deaf reflects Upton Sinclair's principle: it's difficult to get a man to understand something when his salary depends on his not understanding it. But there's also an element of genuine incredulity. Many observers, even if they acknowledge the growing concentration of income in the hands of the few, find it hard to believe that this concentration could be proceeding so rapidly as to deny most Americans any gains from economic growth.

Yet newly available data show that that's exactly what happened in 2004.

Why talk about 2004, rather than more recent experience? Unfortunately, data on the distribution of income arrive with a substantial lag; the full story of what happened in 2004 has only just become available, and we won't be able to tell the full story of

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what's happening right now until the last year of the Bush administration. But it's reasonably clear that what's happening now is the same as what happened then: growth in the economy as a whole is mainly benefiting a small elite, while bypassing most families.

Here's what happened in 2004. The U.S. economy grew 4.2 percent, a very good number. Yet last August the Census Bureau reported that real median family income — the purchasing power of the typical family — actually fell. Meanwhile, poverty increased, as did the number of Americans without health insurance. So where did the growth go?

The answer comes from the economists Thomas Piketty and Emmanuel Saez, whose long-term estimates of income equality have become the gold standard for research on this topic, and who have recently updated their estimates to include 2004. They show that even if you exclude capital gains from a rising stock market, in 2004 the real income of the richest 1 percent of Americans surged by almost 12.5 percent. Meanwhile, the average real income of the bottom 99 percent of the population rose only 1.5 percent. In other words, a relative handful of people received most of the benefits of growth.

There are a couple of additional revelations in the 2004 data. One is that growth didn't just bypass the poor and the lower middle class, it bypassed the upper middle class too. Even people at the 95th percentile of the income distribution — that is, people richer than 19 out of 20 Americans — gained only modestly. The big increases went only to people who were already in the economic stratosphere.

The other revelation is that being highly educated was no guarantee of sharing in the benefits of economic growth. There's a persistent myth, perpetuated by economists who should know better — like Edward Lazear, the chairman of the president's Council of Economic Advisers — that rising inequality in the United States is mainly a matter of a rising gap between those with a lot of education and those without. But census data show that the real earnings of the typical college graduate actually fell in 2004.

In short, it's a great economy if you're a high-level corporate executive or someone who owns a lot of stock. For most other Americans, economic growth is a spectator sport.

Can anything be done to spread the benefits of a growing economy more widely? Of course. A good start would be to increase the minimum wage, which in real terms is at its lowest level in half a century.

But don't expect this administration or this Congress to do anything to limit the growing concentration of income. Sometimes I even feel sorry for these people and their apologists, who are prevented from acknowledging that inequality is a problem by both their political philosophy and their dependence on financial support from the wealthy. That leaves them no choice but to keep insisting that ordinary Americans — who have, in fact, been bypassed by economic growth — just don't understand how well they're doing.

Ad Showing Troop Coffins Causes Clash Of The Parties (NYT)

By Anne E. Kornblut

The New York Times, July 14, 2006

WASHINGTON, July 13 — In an echo of the last election cycle, political operatives are at odds over a Democratic advertisement featuring coffins coming home from war.

The advertisement, a short film posted on the Web site of the Democratic Congressional Campaign Committee, is being attacked by Republicans as tasteless and disrespectful of American troops in Iraq.

In 2004, President Bush's campaign released an advertisement showing a flag-draped body being removed from the site of the World Trade Center after the terrorist attack there. The shot outraged some victims' families, who accused Mr. Bush of exploitation.

The current advertisement, a much smaller-scale production appearing only on the Internet, shows rows of coffins covered by American flags and lined up inside a military transport plane. The image is one of a montage of shots illustrating troubles that Democrats attribute to Republican leadership. Others include a gas pump displaying a price of $3.35 a gallon, and New Orleans residents stranded outside the Superdome after Hurricane Katrina.

"Things have taken a turn for the worse," a line of opening text says.

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Officials of the Democratic Congressional Campaign Committee, which is led by Representative Rahm Emanuel of Illinois, say they posted the advertisement more than a week ago. But Republicans did not seem to notice it right away.

Now, however, Representative Thomas M. Reynolds of New York, chairman of the National Republican Congressional Committee, has demanded that Democrats apologize for the clip. Even the former majority leader Tom DeLay, who has said little publicly since his resignation from the House last month, has issued a statement describing the ad as an act of "pathetic desperation."

Carl Forti, a spokesman for the Republican committee, said in an interview Thursday: "They've cited the President Bush ad showing the firefighters carrying someone away. I'm not sure how that's the same as showing a soldier who's given his life in battle in a flag-draped coffin. Nine-eleven was an event that brought people together; Democrats are trying to rip people apart. I think there's a big difference there."

But Mark McKinnon, a top Republican strategist and ad maker for Mr. Bush, said Democrats had not crossed any boundaries of taste.

"This is one where I respectfully disagree with my colleagues: I think it is an appropriate image," Mr. McKinnon said. "I thought it was appropriate when we used it."

"It reminds people of the cost of 9/11," he added. "It reminds people of the cost of war. People die in wars, and people should understand that we shouldn't hide from that fact."

Democrats dismissed Republican criticism as hypocritical.

"No administration in American history has so partisanized or politicized a war as this administration," said Howard Wolfson, a Democratic strategist who advises Senator Hillary Rodham Clinton of New York. "They have absolutely no grounds to make any criticisms of this kind."

Campaign Ad Draws GOP Ire (WT)

By Eric Pfeiffer And Christina Bellantoni

The Washington Times, July 14, 2006

House Democrats released a new campaign video that includes footage of U.S. flag-draped coffins from the Iraq war, prompting Republicans to call the ad a disgrace and to say that the Democrats should apologize.

"The fact that they are using this as a way to somehow raise money is more than disturbing," said Rep. K. Michael Conaway, Texas Republican and member of the House Armed Services Committee. "A huge apology to the troops and their families is owed by everyone involved in this travesty."

Democrats defended the video, titled "America Needs a New Direction," saying Republicans have previously exploited images of the September 11 terrorist attacks for campaign purposes. The Democrats' ad also contains footage of Hurricane Katrina victims.

However, some Democrats have criticized the ad. In a letter yesterday to Democratic Congressional Campaign Committee (DCCC) Chairman Rahm Emanuel of Illinois, Rep. John M. Spratt Jr. of South Carolina denounced the ad's imagery.

"I strongly recommend that you pull this ad and delete both these clips before running it again," Mr. Spratt wrote. "I will be speaking to you further to emphasize my sentiments about this ad, but I urge you to pull the ad immediately."

Talk radio host Tammy Bruce, a Democrat, said the ad is "a reflection of the party's empty leadership."

"We can't deny that our soldiers have died," Ms. Bruce said in a telephone interview. "But the ad is an insult to the American people. It's contemptuous and manipulative."

Other Democrats denied the video is a fundraising pitch, even though it asks for the support of Democratic voters and is featured on the DCCC Web site.

House Minority Leader Nancy Pelosi of California yesterday said she had not seen the ad, but stressed it is "not a fundraiser" and noted she thinks it "speaks truth to power about what's happening in Iraq."

"The Republicans are in denial about the consequences of their actions in Iraq," she said at a press briefing. Mrs. Pelosi said the majority party wants to shield the American public from the "sad consequences of war."

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National Republican Campaign Committee Chairman Thomas M. Reynolds of New York said Mrs. Pelosi and Mr. Emanuel "should be ashamed of themselves" for appearing in the video. The video clip also includes archived audio of former President Bill Clinton.

"It makes my stomach turn to see national Democrats so blatantly exploit the sacrifices made by the men and women of our armed forces," Mr. Reynolds said.

When asked about Mr. Reynolds calling the ad "despicable," Mrs. Pelosi replied: "Was it despicable when the Republicans used photos of 9/11 for political purposes, was that despicable? I think it's despicable that young people's lives are being lost."

House Majority Leader John A. Boehner of Ohio told reporters that the ad was both "outrageous" and "disgraceful." He also called on Democratic leaders to apologize.

GOP Howling Over Democratic Web Ad (AP)

By Donna De La Cruz

AP – GOP Dem Ad Complaint, July 14, 2006

Democratic Sen. Robert Menendez continues to outpace Republican challenger Tom Kean Jr. in fundraising for the New Jersey seat, amassing $2.58 million from April through June, more than double what Kean raised.

Menendez has $7.4 million cash on hand, said campaign spokesman Matt Miller. He raised slightly more than he did in the first quarter of the year.

Kean, the son of former New Jersey Gov. Thomas Kean, raised $1.1 million for the latest three-month period, $500,000 less than he raised in the first quarter of this year. Kean has $2.25 million cash on hand. The bulk of Kean's second quarter cash came from a June fundraiser hosted by first lady Laura Bush.

Kean campaign spokeswoman Jill Hazelbaker remained confident the state senator will raise enough money to battle Menendez, appointed to the Senate in January by Gov. Jon Corzine to serve out the remaining year of his Senate term. The Kean campaign has not said whether he would dip into his personal fortune to keep pace with Menendez.

Kean makes $46,000 as a state senator but reported having a yearly income of between $88,000 to $263,000 in interest and dividends from various stocks and family holdings, according to his latest financial disclosure form. He also reported total assets of more than $1.5 million. He also has holdings in various Kean family trusts worth tens of millions of dollars.

New Jersey is one of the most expensive states for candidates because ads must be purchased in both the expensive New York and Philadelphia markets to reach voters.

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WASHINGTON (ap) _ Republicans are howling over a Democratic political Web site ad that displays flag-draped coffins and a fake police mug shot of former House Majority Leader Tom DeLay, arguing that the ad politicizes war casualties and is an insult to the families of the troops killed in Iraq.

The 75-second ad by the Democratic Congressional Campaign Committee begins with a somber musical score and images of war, high gas prices, the coffins, pollution, breached levees, followed by pictures of Texas Republican DeLay, disgraced GOP lobbyist Jack Abramoff, President Bush and Vice President Dick Cheney.

"Washington Republicans have sold Americans out," a banner states. "American families are paying the price."

The National Republican Congressional Committee promptly gathered more than a dozen GOP members of Congress, many of them former service members, to denounce the ad and call on Rep. Rahm Emanuel, the DCCC chairman, to apologize.

"For the Democrats, everything is about politics," said Rep. Tom Reynolds, R-N.Y., chairman of the Republican campaign committee. "This crosses the line."

Reynolds noted that Emanuel has on occasion appeared on the House floor to remember fallen soldiers by reading their names into the Congressional Record. "It takes a galling level of smug self- righteousness for Rahm Emanuel to invoke our honored dead one day and put their coffins in an ad the next."

The outrage is reminiscent of Democratic complaints in 2004 when President Bush's campaign launched an ad that included an image of firefighters carrying a flag-draped coffin from the ruins of the World Trade Center.

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"It was despicable when the Republicans used the photos of 9/11 for political purposes. Was that despicable?" House Democratic Leader Nancy Pelosi, D-Calif., said to reporters Thursday. "I think it is despicable that young peoples' lives are being lost more than 2,500. Republicans are in denial about that. Yet they talk about politicizing war."

But at least one Democrat, Rep. John Spratt of South Carolina, called on Emanuel to take the ad down, specifically objecting to images of coffins and of a helmet draped over the butt of a rifle, the sign of a fallen soldier. "I strongly recommend that you pull this ad and delete both of these clips before running it again," Spratt wrote in a letter to Emanuel.

Spratt is the second ranking Democrat on the House Armed Services Committee and faces his most difficult re-election in 10 years.

The Democratic ad is not all doom and gloom. After about 30 seconds, the music makes an abrupt upbeat shift and the images change. A helicopter pilot offers a thumbs up. Windmills stretch out across the landscape. Relief workers put up new walls. Smiling Democratic leaders replace the scowling Republicans. "But America is strong enough to change," the ad states.

It ends with a still shot of Bill Clinton beaming with his arms outstretched, a curious counterpoint to the ad's title: "America needs a new direction."

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WASHINGTON (AP) _ Iraq war veteran Patrick Murphy outraised freshman Rep. Mike Fitzpatrick in the second fundraising quarter even though the Republican got some help from President Bush.

Murphy, a Democrat, raised more than $452,000 while Fitzpatrick collected more than $300,000 for the three-month period ending June 30, according to their campaigns. Fitzpatrick still has a significant advantage in cash on hand, with $1.1 million to Murphy's $493,000.

Fitzpatrick's district in the Philadelphia suburbs is considered competitive, in part, because it went for Democratic presidential candidates Al Gore in 2000 and John Kerry in 2004.

Fitzpatrick has already spent about $500,000 to buy airtime for television ads to run in the fall, said Fitzpatrick's campaign manager, Mike Oscar.

Spratt Asks Democrats To Pull Video (AP)

By Seanna Adcox, Associated Press

AP -- Spratt Dem Ad, July 14, 2006

COLUMBIA, S.C. | U.S. Rep. John Spratt has asked the House Democrats' campaign arm to pull a fundraising video that shows caskets draped with American flags and a soldier standing at a grave.

"I strongly recommend that you pull this ad and delete both of these clips before running it again," Spratt wrote Rahm Emanuel, chairman of the Democratic Congressional Campaign Committee, in a letter dated Thursday.

In the two-paragraph letter, Spratt said he would discuss his feelings about the ad in greater detail later, "but I urge you to pull the ad immediately."

The letter was sent one day after the video's release prompted Spratt's Republican challenger, state Rep. Ralph Norman, to ask South Carolina's longest-serving congressman to "repudiate the new lows your party leaders have sunken to."

Norman, a freshman lawmaker, is backed by state and national GOP heavyweights in his bid to oust Spratt. First elected in 1982, Spratt is the leading Democrat on the House Budget Committee and sits on the Armed Services Committee.

"Our service men and women deserve our utmost respect," Norman wrote in a letter sent out late Wednesday. He urged Spratt to tell Emanuel "it is despicable that he is choosing to seek campaign cash through exploiting the sacrifices of our fallen heroes. He is disgracing their memory."

Norman had planned a Friday news conference in Rock Hill with Republican U.S. Rep. Joe Wilson to discuss the video. He will address Spratt's response then, said Norman's spokesman, Nathan Hollifield.

Norman's letter also asked Spratt to return $4,555 the committee has given the incumbent's campaign for November's election. Spratt has no intentions of returning the money, said his spokesman, Adam Harris.

A spokeswoman for the Democratic campaign committee did not immediately return a request for comment.

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Other images in the 75-second fundraising video include gas prices shown at $3.35 a gallon, radar of Hurricane Katrina nearing the coast, the hurricane's aftermath, and disgraced lobbyist Jack Abramoff.

Statements placed over the images read, "Things have taken a turn for the worse. ... Washington Republicans have sold America out. ... But America is strong enough to change." It ends by asking viewers to "help Democrats turn America around."

Viewers are asked to sign up to help Democrats win a majority in the House. On the other side, GOP leaders, including Senate Majority Leader Bill Frist, have told residents to vote for Norman to ensure Republicans maintain control.

In his letter, Norman notes he was "shocked to see that you appear in this appalling video behind House Minority Leader Nancy Pelosi and Senate Minority Leader Harry Reid at a press conference on our Capital steps."

In one image, Spratt's face can be seen, fuzzily, in the third row in a group of lawmakers, behind Pelosi at a podium with a Social Security sign. Spratt's role as an assistant to Pelosi has made him a GOP target, a link Norman makes repeatedly in campaign releases.

"If he'd like to serve the district at the Capitol, he should learn how to spell the word 'Capitol,'" Harris responded.

Inside The Beltway (WT)

The Washington Times, July 14, 2006

Call to arms

When it comes to combating our crime epidemic, the nation's capital might learn something from the state of Florida, where it's just been reported that the crime rate has dropped for the 14th straight year, to its lowest mark since 1971.

"This report shows that staying tough on crime works," Florida Gov. Jeb Bush told the Associated Press. "Law-abiding citizens that have guns for protection actually probably are part of the reason we have a lower crime rate."

Rudy run?

As for one politician whose popularity skyrocketed after he got tough on crime, we are told this week that former New York Mayor Rudolph W. Giuliani most likely will enter the 2008 Republican presidential sweepstakes.

"At this stage, it's more likely that he will run than not," a top adviser to Mr. Giuliani tells Inside the Beltway.

God turns 50

It made little news given all the week's turmoil, but the Senate has just agreed to a resolution reaffirming the 50th anniversary of the formal adoption of the national motto of the United States — "In God We Trust."

This week's approval reaffirms, in writing, that "from the colonial beginnings of the United States, citizens of the nation have officially acknowledged their dependence on God."

It was on July 30, 1956, that President Eisenhower signed a congressional resolution passed by the 84th Congress making "In God We Trust" the official motto of the United States.

'Director of irony'

Rep. Rahm Emanuel, Illinois Democrat, is questioning why President Bush has surrounded himself with two highly paid ethics advisers and a director of fact checking.

"We actually have a 'director of lessons learned' at the White House, who is paid over $100,000," says the congressman, a former aide to President Clinton, who considers rephrasing the White House title.

"They must be the only people in Washington who get more vacation time than the president," Mr. Emanuel mused recently on the House floor. "Maybe the White House can consolidate these positions into a 'director of irony.' "

Two nations

Conservative commentator Pat Buchanan is calling attention to an escalating culture war in America where traditionalists are now "seceding from institutions, communities, even cities where counterculture is in power."

"Falling attendance at movie theaters, home-schooling of kids, right-wing talk-radio and TV, Christian schools, the religious divide at the ballot box, all testify that, on issues of morality, we have become two peoples and two nations.

"We do not even talk to each other. We shout at each other," Mr. Buchanan notes in his American Conservative magazine.

Fred who?

Fred Clark lived a full life, yet only in passing did he become famous.

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His obituary, published in the July 9 Richmond Times-Dispatch, is being circulated across the country as one of the best — in subject matter, at least — ever written.

"Frederic Arthur 'Fred' Clark, who had tired of reading obituaries noting other's courageous battles with this or that disease, wanted it known that he lost his battle as a result of an automobile accident on June 18, 2006," it begins.

"Fred's back straightened and chest puffed out when he heard the Star Spangled Banner and his eyes teared when he heard Amazing Grace," it continues. "Always an interested observer of politics, particularly what the process does to its participants, he was ... amazed at what the voters would tolerate. His final wishes were 'throw the bums out and don't elect lawyers' (though it seems to make little difference).

"During his life he excelled at mediocrity (his sons said of Fred, 'He was often wrong, but never in doubt'). ... He had a life long love affair with bacon, butter, cigars and bourbon. He died at MCV Hospital and sadly was deprived of his final wish, which was to be run over by a beer truck on the way to the liquor store to buy booze for a double date to include his wife, Rush Limbaugh and Ann Coulter to crash an ACLU cocktail party. ...

"Fred's ashes will be fired from his favorite cannon at a private party on the Great Wicomico River, where he had a home for 25 years."

Inside Politics (WT)

By Greg Pierce

The Washington Times, July 14, 2006

Feeding the chief

The former East German locals have figured out how to get the attention of the leader of the free world: feed him.

After greeting President Bush with a barrel of herring Wednesday, the prospect of pork practically dominated yesterday's joint press conference held by the leaders of Germany and the United States.

German Chancellor Angela Merkel, hosting the president in Rostock in her home district, ordered dinner last night that included a 66-pound wild boar, slow-cooked on a spit.

Mr. Bush — amid questions on Iran, the Middle East, Russia and free trade — made several jokes about what he kept calling the "pig," reports Joseph Curl of The Washington Times.

"I'm looking forward to the feast you're going to have tonight," he said. "I understand I may have the honor of slicing the pig."

Mrs. Merkel noted the sizable boar takes some time to prepare over the fire.

"I hope it's actually roasting; otherwise, we won't be able to eat it tonight," she joked.

Later Mr. Bush thanked Mrs. Merkel for hosting his visit, adding, "Looking forward to that pig tonight."

Trinwillershagen inn proprietor Olaf Micheel shot the animal and said he had seasoned the boar, rubbing it in fat before skewering it in preparation for last night's party of about 60 guests.

With a meat fork and carving knife, Mr. Bush did indeed carve one of the three boar carcasses slowly rotating on spits, slicing off several pieces.

Of cards, names

Connecticut Republican leaders have asked the Republican seeking to unseat U.S. Sen. Joe Lieberman to reconsider his campaign because he used a fake name to gamble at a casino in the 1990s, a newspaper reported.

Alan Schlesinger acknowledged he had used a bogus name to obtain a card that Foxwoods Resort Casino patrons can use to win rewards. Gov. M. Jodi Rell and Republican State Chairman George Gallo asked him to reconsider running, the Hartford Courant reported.

"I am not going to let this bother me," Mr. Schlesinger said. "I am going to continue in the race."

The governor was told by a former state police officer Wednesday that Mr. Schlesinger used the name Alan Gold to gamble and avoid detection as a card-counter, someone who keeps track of cards as they are played to improve their odds of winning. Although card-counting is not considered cheating, counters are often banned from casinos.

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Mr. Schlesinger, a self-described recreational blackjack player, said that the former officer, Bradley Beecher, is disgruntled and that his credibility is questionable. He said he used the pseudonym at Foxwoods because he was a state legislator and the mayor of Derby and wanted privacy.

Mr. Gallo said he would meet with Mr. Schlesinger within the next day to discuss his campaign. The state party cannot strip Mr. Schlesinger of its nomination, only pressure him to quit. If he does withdraw, the Republican State Central Committee will fill the vacancy, Mr. Gallo said.

City withdraws

New Orleans has dropped out of the race to host the 2008 Democratic National Convention, saying the cost of holding the event after Hurricane Katrina last year was too massive.

The announcement yesterday leaves Denver, Minneapolis-St. Paul and New York as the remaining competitors to host the party's nominating convention.

"The main reason is that we're not at a point to raise the millions and millions required," said Kelly Schulz, vice president of communications with the city's conventions and visitors bureau.

Cities vying for the Republican convention are Cleveland, New York, and joint bids from Tampa-St. Petersburg, Fla., and Minneapolis-St. Paul.

Questions for GOP

A judge gave New Hampshire Democrats the go-ahead yesterday to question high-ranking Republicans in a civil suit over the jamming of Democrats' phones on Election Day 2002.

Three former Republican officials already have been sentenced in the phone-jamming scheme. In the civil suit, state Democrats want to know who knew about the plan.

They point to a record of phone calls that show national Republican official James Tobin, one of those convicted, made two dozen calls to the White House within a three-day period as the phone-jamming operation was finalized, carried out and then abruptly shut down.

The national Republican Party, which paid millions to defend Mr. Tobin, said the contacts involved routine election business and that it was "preposterous" to suggest they involved phone jamming, the Associated Press reports.

Robert Kelner, a D.C. lawyer representing the Republican National Committee (RNC), said some of the officials the Democrats want to question may fight being deposed.

Democrats want to question the former associate director of the White House Political Affairs Office, Alicia Davis, and the former executive director of political operations for the RNC, Terry Nelson.

Also on their list is the former national political director for the National Republican Senatorial Committee, Chris LaCivita, who went on to develop the Swift Boat veterans TV campaign against Democratic presidential nominee Sen. John Kerry of Massachusetts in 2004, and Ed Gillespie, who was RNC chairman when the decision was made to pay Mr. Tobin's legal expenses.

Backing Israel

The House next week is expected to pass a resolution defending and supporting Israel, which is engaged in bloody battles in the Gaza Strip and Lebanon over the recent taking of Israeli soldiers.

The Associated Press reported yesterday that Israel has attacked Beirut's airport and two Lebanese army air bases and that more than 50 people have died.

A House Republican aide said the resolution will aim to express support and shared concern.

Hastert hospitalized

House Speaker J. Dennis Hastert will remain in Bethesda Naval Hospital this weekend after being admitted yesterday for a bacterial skin infection called cellulitis.

Aides for the Illinois Republican said he sought treatment for the infection, on his lower left leg, after it did not respond to a topical ointment. The aides said the condition is not serious.

Mr. Hastert, 64, third in line to the presidency, will remain at the hospital this weekend and will receive intravenous antibiotics. He will return to work on Capitol Hill next week.

The speaker's office sent out a definition of cellulitis, noting the skin will appear swollen and red and feel hot and tender. It may spread rapidly without treatment.

Gov. Seeks Deal That Would Ease Term Limits (LAT)

By Peter Nicholas

The Los Angeles Times, July 14, 2006

SACRAMENTO — Hoping to resurrect an idea voters rejected in last year's special election, Gov. Arnold Schwarzenegger plans to offer lawmakers a deal: He'll support an easing of term limits if they'll agree to change the way California draws voting districts.

Schwarzenegger said in an interview Thursday he does not believe term limits have improved Sacramento's political culture. Allowing legislators to stay in office longer would be worthwhile, he said, if it induced them to put a proposal on the ballot that would strip them of the power to carve political boundaries.

The governor reasons that lawmakers may not want to change voting districts, most of which favor incumbents, but they dislike term limits even more. One idea already under consideration in the Legislature would double the number of years members could serve in the Assembly — to 12 from six — provided they not run for the Senate when their term is up. Senators' maximum service could be extended to 12 years from eight.

In 1990, voters imposed limits of three two-year terms in the Assembly and two four-year terms in the Senate. Changes to the law require voter approval.

Schwarzenegger says that he wants to make California elections more competitive, and that a new method of redistricting would help. He is backing a measure by Sen. Alan Lowenthal (D-Long Beach) that would transfer political map-making powers to a panel of 11 citizens, chosen by a bipartisan group of lawmakers and judges, and take effect after the 2010 census.

The initiative voters defeated in November would have given the task to three retired judges appointed by the Legislature from a pool selected by the state's Judicial Council, and would have gone into effect immediately.

The governor hopes to build a consensus in the Capitol in the next month for his new plan, including an extension of the time state lawmakers can serve, and put the package before voters in November.

"I would like for them to really push forward with this whole idea," Schwarzenegger said in an interview Thursday. "It's very clear that people would like to see redistricting and to have a different system than the way it is now, with the gerrymandering, and to perfect the democracy."

Schwarzenegger recently held a meeting on the issue in his smoking tent in the Capitol courtyard. He invited former legislators, political consultants and representatives of good government groups that want to end the current arrangement, in which lawmakers can draw their districts to favor Republicans, Democrats or independents.

"There is an inherent conflict of interest in allowing legislators to draw their own districts," said Dan Schnur, who was an aide to former Republican Gov. Pete Wilson and who attended the meeting. "We've put together a coalition across partisan and ideological lines to push for the elimination of that conflict of interest."

If the governor can get the two major parties behind his plan — a level of bipartisan cooperation that eluded him last year — he believes he can present voters something more salable. When voters rejected his redistricting plan last year, it was in a package of four proposals he championed to change state government. All were defeated.

Voters like term limits, polls show, but lawmakers do not.

One proponent of longer terms is the Democratic speaker of the Assembly, Fabian Nuñez of Los Angeles. Existing law requires Nuñez, 39, to leave the Assembly in 2008, forcing him to run for another office if he wants to continue his career in elective politics.

"Before I leave the Legislature I'm going to make it happen," Nuñez said in an interview this week.

"I'm open to anything voters will support that will allow legislators a little more time to focus on policy and less on politics," he said.

Officeholders play musical chairs now, he added. "By the time they serve out their first year, they're trying to figure out where they're going to go next."

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Schwarzenegger was once supportive of term limits but now says they have failed to improve Sacramento or make lawmakers more accountable.

"I'm not fanatical about that," he said of the state's term limits law. "The idea was really good, and there are a lot of people who are big, big fans of term limits. But as far as I'm concerned, it hasn't really produced."

And Schwarzenegger said he no longer favors a system in which retired judges would draw political maps. In last year's special election campaign, opponents — largely Democrats — lampooned that idea, airing TV spots that featured robed men hovering over a map that resembled a jigsaw puzzle.

"People feel in many ways if they're more in charge of things and empowered, then that is better," the governor said. "This time, we're trying to do it in a different way."

For the governor to get his proposals before voters in November, things must happen quickly. The Legislature returns from its summer break Aug. 7.

The governor's aides said lawmakers would have only a few days to pass legislation that would put redistricting and term limits proposals on the November ballot. Any delays would mean the proposals would not go before voters until at least the next statewide elections, in 2008.

Schwarzenegger said that could work. More time means proponents can wage a stronger campaign, he said. What he doesn't want is for voters to reject redistricting changes a second time.

"We can't afford to lose it again," the governor said.

A poll by the Public Policy Institute of California in May showed that nearly two-thirds of Californians believe the state's method of drawing voting district needs to be changed. And 62% of likely voters favored a citizens commission.

"That has pretty strong support," said Mark Baldassare, research director for the PPIC.

Chained To The Ballot (NYT)

The New York Times, July 14, 2006

The former House majority leader Tom DeLay, master practitioner of tooth-and-claw politics, finds himself in a predicament. He's been cast adrift somewhere between Texas and Virginia after a court struck down his parting Congressional gambit.

Mr. DeLay, a proud Texan, quit Congress earlier this year, clearly fearing political defeat as he faced trial on charges of campaign money laundering. He could see the Congressional ethics scandal blossom around his old buddy, Jack Abramoff, the now-famously corrupt lobbyist. Before parting, however, the combative Republican could not resist a final power play.

Rather than simply letting the Republican voters choose a new nominee for his Houston seat, Mr. DeLay ran in his party's primary and won. Then he resigned, angling to have his precinct bosses anoint a noncontroversial and hand-picked replacement for the November ballot.

Texas law makes it difficult for a Congressional candidate to give up a nomination after winning a primary — in order to stave off the exact kind of manipulation Mr. DeLay intended. But once the ballots had been safely tallied, he blithely pronounced himself a newly dedicated son of suburban Virginia and no longer eligible to run for office in Texas.

Not so fast, ruled U.S. District Judge Sam Sparks, undoing Mr. DeLay's political retirement in a stroke of the pen.

"There is no evidence that DeLay will still be living in Virginia tomorrow, let alone November 7," wrote Judge Sparks, a Republican appointee who found no room in the law for bait-and-switch politicking.

Frantic Republicans — not the least of them Mr. DeLay — are seeking a fast reversal on appeal to keep their beloved champion off the ballot. Bring him on, demand Democrats, who love to use Mr. DeLay as a symbol for everything that is wrong with Washington.

Mr. DeLay has gamed the system so many times — most famously by gerrymandering the Texas Congressional districts — that he may have presumed a minor thing like fixing the Republican nomination for his own seat was his to control. It might be a fitting punishment to force him to run for Congress while explaining to his constituents why he tried so hard to abandon them for the green fields of the Washington suburbs.

U.S. Urges Restraint By Israel (WP)

DOJ_NMG_0040755

By Peter Baker

The Washington Post, July 14, 2006

STRALSUND, Germany, July 13 -- President Bush and his top diplomats scrambled Thursday night to quell spiraling violence in the Middle East and protect the new democratic government in Lebanon as Israeli forces escalated their strikes.

Bush initially told reporters that "Israel has a right to defend herself," qualifying the statement only with a call to avoid toppling the Lebanese government, which he deems a model for the region.

But as fighting worsened, the White House grew increasingly anxious and issued a late-night appeal to Israel. "We just continue to ask that the Israelis exercise restraint, be concerned about civilian casualties, be concerned of course about civilian infrastructure," Secretary of State Condoleezza Rice told reporters at a hastily called news conference here, 10 hours after Bush's original comments.

Moments later, Daniel Ayalon, Israel's ambassador to the United States, said on CNN that Israel had tried restraint with Hezbollah in southern Lebanon since 2000, only to be targeted once again. "I think they misinterpreted our restraint for the last six years," he said.

The flurry of public statements and private telephone calls Thursday night and the shift in message further complicated the president's diplomacy as he travels to a summit of leaders of the Group of Eight leading industrialized countries in Russia this weekend.

Bush had kept a distance from the Lebanon crisis as he focused on persuading summit partners to bring new pressure on Iran and North Korea to give up nuclear programs.

The new conflict threatened to widen divisions with allies. France, Russia and the European Union criticized Israel's actions as disproportionate, while Bush backed what he called Israel's right to respond to abductions of its soldiers and rocket attacks on its soil.

"Every nation must defend herself against terrorist attacks and the killing of innocent life," Bush said at a news conference here with German Chancellor Angela Merkel. "It's a necessary part of the 21st century."

The only reservation he expressed was that Israeli attacks could jeopardize the fledgling democratic government of Lebanese Prime Minister Fouad Siniora, which does not control the radical Islamic Hezbollah militia that Israel says it is targeting. "Democracy in Lebanon is an important part of laying a foundation for peace in that region," Bush said.

Rice and national security adviser Stephen J. Hadley reinforced that message in a later appearance and said they would not judge any specific Israeli act. But they called on Israel to avoid civilian sites and keep border crossings open and to take other precautions. Rice and Hadley both made phone calls to Israeli, European and Arab counterparts and said that Bush would now get involved personally as well.

After talks in Egypt and Jordan, Assistant Secretary of State C. David Welch and deputy national security adviser Elliott Abrams visited Israel Thursday to communicate U.S. concerns and get a sense of Israel's plans.

Israel has indicated to the United States that it shares its concerns and does not want to target Lebanese government ministries -- at least so far, U.S. officials said.

Rice said there are "very direct links" between Syria and the Hezbollah attacks on Israel and said "it would be unthinkable" that Iran is not also playing a role. She endorsed U.N. Secretary General Kofi Annan's decision to send a peace mission to the region.

The flare-up dominated a day of meetings as Bush visited Merkel's home district in the former East Germany. Bush came here to demonstrate his growing friendship with her, in contrast to the strained relationship he had with her predecessor, Gerhard Schroeder.

Bush was welcomed with a barrel of herring at a ceremony in front of the gothic Town Hall on Old Market Square in this picturesque Baltic Sea city, founded in 1234. The Germans carefully shielded him from protesters but could not muster the public enthusiasm that has greeted him elsewhere in Eastern Europe. Only a few hundred people made it past security to witness the welcome. Seven rainbow peace flags were hung on a building opposite his stage, and a Greenpeace activist briefly unfurled a large yellow banner from the clock tower that said, "No Nukes, No War, No BUSH!"

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The president later was treated to a dinner of wild boar, a menu choice that intrigued him greatly. In his news conference with Merkel, he mentioned it four times. Finally, a German reporter asked, "Apart from the pig, Mr. President, what sort of insights have you been able to gain as regards East Germany?" Bush deflected the question, turning instead to a Middle East issue.

Bush and Merkel presented a united front on Iran in hopes of persuading Russia at the G-8 meeting to join in tough measures. "It's important for Angela and myself to work with Vladimir Putin," the Russian president, "to continue to encourage him to join us in saying to the Iranians loud and clear, 'We're not kidding, it's a serious issue,' " Bush said.

Bush said he would again share with Putin his concerns over the deterioration in Russian democracy but said he did not plan a public confrontation with his host. "Nobody really likes to be lectured a lot, and if you want to be an effective person, what you don't do is scold the person publicly all the time," he said.

Asked about Putin's gibe this week comparing Vice President Cheney's criticism of Russian democracy to an "unsuccessful hunting shot," Bush seemed more amused than offended. "It was pretty clever," he said, chortling. "Actually quite humorous -- not to dis my friend the vice president."

Bush and Putin still hope for an important trade deal to announce at the gathering. Russian Finance Minister Alexei Kudrin reported a breakthrough on banking and insurance issues as the two sides neared an agreement to clear the way for Russia to join the World Trade Organization. "I hope the protocol will be signed before the G-8 summit," Kudrin said.

The two sides remain split over agricultural subsidies and intellectual property rights. "We are continuing to meet and are committed to a commercially strong agreement," said U.S. trade spokesman Sean M. Spicer.

Correspondent Peter Finn in Moscow and staff writers Paul Blustein and Robin Wright in Washington contributed to this report.

Bush Defends Israeli Attacks In Lebanon (AP)

By Terence Hunt

The Associated Press, July 14, 2006

President Bush strongly defended Israel's attacks in Lebanon on Thursday but worried they could weaken or topple the fragile government in Beirut. The Mideast violence exposed divisions between the United States and allies and raised fears of a widening war.

"Israel has a right to defend herself," Bush said at a news conference with German Chancellor Angela Merkel. "Every nation must defend herself against terrorist attacks and the killing of innocent life."

Merkel appealed for restraint by all sides and said it was up to the militant group Hezbollah to defuse the situation, triggered by its cross-border raid from Lebanon into Israel and the capture of two Israeli soldiers. She called the violence a "very disturbing situation" that "fills us with concern."

The Mideast eruption came at an awkward time for Bush. His strong support of Israel put him at odds with European Union allies two days before a summit of world leaders in Russia, where the United States is counting on a united stand against Iran's nuclear ambitions and North Korea's long-range missile test. The violence also presented Bush with yet another crisis in the Middle East, along with the Iraq war and the Iran standoff.

Ten hours after Bush's statement, Secretary of State Condoleezza Rice held a news conference and emphasized that Israel should exercise restraint to avoid civilian casualties and damage. She had spent much of the day in telephone diplomacy with Mideast leaders.

"The point about restraint, I think, has been taken by our Israeli colleagues," she said.

Rice declined to criticize Israel for its attacks on the Beirut airport and other targets. "I'm not going to try to judge every single act," she told reporters. She said there was considerable concern about the Mideast, with Israel fighting both in the Gaza and on the Lebanese border, but she refused to address fears of a wider war.

"It doesn't help to speculate on kind of apocalyptic scenarios," she said.

Rice and National Security Adviser Stephen Hadley voiced concern that the violence would hurt Lebanon's fledgling, democratic government. Rice said that government presented the best opportunity in three decades for democracy and a reduction of Syrian influence.

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"This is one more challenge they do not need," Hadley said. He said the United States was asking other nations in the Middle East — particularly Egypt — to put pressure on Hezbollah to free the Israeli captives.

"Ultimately the best chance for peace will be democracy in Lebanon and the Syrian forces are out and remain out," Rice said.

U.N. Secretary-General Kofi Annan was sending three officials to the Middle East to try to defuse what he described as a major crisis. "What we should all do right now," Rice said, "is to focus on how to make the secretary-general's efforts a success."

Earlier in the day, Bush was welcomed to Merkel's home district in what once was communist East Germany with a ceremonial barrel of pickled herring, a Baltic delicacy. Later at dinner, he cut several slices from the rib area of a wild boar that turned slowly on a spit when he arrived for a barbecue in nearby Trinwillershagen.

Anti-Bush demonstrators were kept far away, but one protester from the Greenpeace environmental group managed to climb high in the clock tower of St. Nicholas Church overlooking Old Market Square where the president was welcomed. The protester displayed a yellow "No War, No Nukes, No Bush" banner from a window but it was gone by the time Bush appeared minutes later.

With Iran delaying its answer to a Western offer of incentives to shelve its nuclear program, Bush said he wanted the summit to send Tehran a message "loud and clear: We're not kidding, it's a serious issue, the world is united in insisting that you not have a nuclear weapons program."

Bush and Merkel said it was not too late for Iran to avoid possible penalties as the U.N. Security Council prepares to take up its case. "They can show up any time and say, wait a minute, now we'd like to go back and negotiate," Bush said. Merkel said: "The door has not been closed."

Among allies, there was disagreement with Bush about Israel's attacks, which included air strikes on Beirut's airport and two Lebanese army air bases near the Syrian border. The European Union criticized Israel for using "disproportionate" force and said Israel's naval blockade of supply routes to Lebanon was unjustified.

In Paris, French Foreign Minister Philippe Douste-Blazy said the Israeli air campaign — its heaviest against Lebanon in 24 years — could "plunge Lebanon back into the worst years of the war with the flight of thousands of Lebanese who ... were in the process of rebuilding their country."

Bush, at the news conference, voiced fears about the survival of Lebanese Prime Minister Fuad Siniora's government. "The concern is that any activities by Israel to protect herself will weaken that government ... or topple that government. And we've made it clear in our discussions.

"Having said all that," Bush continued, "people need to protect themselves. There are terrorists who will blow up innocent people in order to achieve tactical objectives."

Bush arrives in Moscow on Friday and will have dinner with President Vladimir Putin. The two leaders also will meet Saturday before the opening of the eight-nation summit of industrial powers.

Bush and Merkel said they would raise concerns with Putin that Russia is backsliding on democracy and human rights. But the president laughed off Putin's slap at Vice President Dick Cheney for his criticism of Russia's behavior. Putin, in an interview broadcast Wednesday, called Cheney's remark "an unsuccessful hunting shot" — referring to Cheney's accidental wounding of a hunting companion in February.

"It was pretty clever," Bush said of Putin. "It was quite humorous — not to dis my friend the vice president."

Israel Moves To Seal Off Lebanon (WT)

By Mitchell Prothero

The Washington Times, July 14, 2006

NABATIYA, Lebanon -- Israel mounted a massive military offensive to seal off Lebanon from the outside world yesterday, blockading ports, destroying runways and bombing the main road from Beirut to Damascus amid fears that Hezbollah fighters planned to smuggle two kidnapped Israeli soldiers out of the country.

"Nothing is safe" in Lebanon, said Israeli army chief Dan Halutz, adding that Hezbollah offices and residences in Beirut would be targeted.

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Yesterday marked Israel's biggest offensive against its northern neighbor in more than two decades, one day after Hezbollah guerrillas kidnapped two Israeli soldiers in a daring cross-border raid.

Hezbollah, which controls southern Lebanon, responded to the offensive by firing more than 100 rockets into Israel, including two missiles that hit the port city of Haifa nearly 20 miles from the Lebanese border.

Hezbollah, which normally takes credit for such attacks, denied that it had fired at Haifa.

In a pre-dawn raid today, Israeli planes attacked a Beirut suburb housing the headquarters of Hezbollah, said an Agence France-Presse photographer who witnessed the attack.

The fighter-bombers fired missiles into the Shi'ite suburb south of Beirut after which Hezbollah militants blocked access to the area.

President Bush, during a visit to Germany, urged Israel not to destabilize the pro-Western government in Beirut, even as he acknowledged the nation's right to defend itself.

"My biggest concern is whether or not actions taken [by Israel] will weaken the Siniora government," Mr. Bush said, referring to Lebanese Prime Minister Fuad Siniora. "Democracy in Lebanon is an important part of laying a foundation for peace in that region."

Last night, Israeli Prime Minister Ehud Olmert ordered even more intense attacks on Lebanon today.

Israeli officials were tight-lipped, but the threat of an Israeli ground offensive to drive Hezbollah from its stronghold in southern Lebanon gained credence after the attack on Haifa.

"All options are available," Israeli army spokesman Capt. Jacob Dallal said when asked about such an offensive. "Strategically speaking, if the third-largest city in Israel is under attack, it's a big thing and a response can be expected."

During the course of the day, Israel solidified its air, ground and sea blockade on Lebanon as it surrounded ports with gunboats, peppered airfields with bomb craters and destroyed most bridges on Lebanon's highway system south of Beirut.

Helicopter gunships returned to Beirut's Rafik Hariri International Airport, setting a fuel depot ablaze after a strike earlier in the day.

As night fell on the capital, air strikes were reported in Beirut's southern suburbs -- hotbeds of support for Hezbollah.

The highway connecting Beirut to the southern cities of Sidon and Tyre has been shattered in several places, forcing refugees from the fighting on the border to flee on foot for large portions of the journey to the relative safety of Beirut.

Outside the town of Damour, about 10 miles south of Beirut, bombs late Wednesday night had destroyed a highway overpass, leaving giant craters that Lebanese army engineers were attempting to fill with mounds of dirt.

A few hours earlier, an Israeli rocket struck the studios of Hezbollah's television station, al-Manar, located in suburban Beirut.

One person was wounded, and Hezbollah officials and station employees at the site of the bombing were scrambling to deal with an onslaught of local journalists demanding access to the scene when another Israeli plane swooped in, sending reporters and Hezbollah officials alike running for cover.

The death toll in two days of fighting rose to 57 persons, including 10 Israelis, the Associated Press reported.

Lebanese authorities said the dead included 10 children and the wife of a Hezbollah-affiliated cleric, killed a few miles from the Israeli border.

At the funeral for the family, a relative of several victims, who gave his name as Yousef, said: "All people want peace, as do the people of Lebanon. But we need justice amid this occupation. We want peace and justice for all people, Muslim and Christian, Jew and Arab."

But in the basement of a mosque, he was forced to sort through the bodies of his brother's family -- as the bombs left only three bodies identifiable -- and quickly became outraged over the body of his 6-month-old niece.

"Here, show the world the arms and weapons my brother kept in his house," he said.

Just outside the southern town of Nabatiya, shops mostly were shuttered, and a few still flew the flags of Portugal, Brazil, Germany, France and Italy, left from fans of the World Cup.

The attack on Lebanon coincided with an ongoing offensive in Gaza, where an Israeli soldier was kidnapped by the militant group Hamas last month.

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At the United Nations in New York, the United States vetoed an Arab-backed resolution that would have demanded that Israel halt its military offensive in Gaza.

The United States was alone in voting against the resolution. Ten of the 15 Security Council nations voted in favor, while Britain, Denmark, Peru and Slovakia abstained.

The Security Council is due to take up the Israel-Lebanon battle in an emergency session today.

On The Borderline Threat Of Wider Mideast War Grows (WSJ)

By Karby Leggett, Jay Solomon And Neil King Jr.

The Wall Street Journal, July 14, 2006

Israel's escalating incursion into Lebanon -- with bombing attacks on Beirut's airport and a naval blockade -- could turn its border fight with militant Islamists into a regional war that Israel is openly warning might lead to Syria, and beyond that to Iran.

Already the violence has engaged the Israeli military on two fronts, against Hezbollah militias in Lebanon to the north and Hamas forces that control the Palestinian government in the Gaza Strip to the west. But with Hezbollah sending dozens of rockets into Israel and striking the port city of Haifa, and Israel inflicting extensive infrastructure damage, the stakes have grown starkly higher. Israel now is fighting not with Palestinians or Arab nations, as in the past, but with the forces of radical Islam.

And the Israelis are bluntly saying that the blame for the violence by those forces lies in large measure with the governments of Syria and Iran for giving them support and encouragement -- an assertion that could put the U.S. and Israel on diverging paths in the crisis. "The real masterminds [behind these acts] are in Tehran and Damascus," Daniel Ayalon, Israel's ambassador to Washington, said Thursday. The international community "needs to call Iran to task," he said.

Mr. Ayalon and other Israeli officials said their forces will continue operations in Lebanon and the Palestinian territories to root out the military backbone of Hezbollah and Hamas. Ultimately, they say, true stability will require reining in Iranian support of militia groups.

While the Bush administration is largely sympathetic with Israel's plight, and also eager to restrain Iran, it is unlikely to be as keen to directly confront Tehran now. With U.S. troops tied down in Iraq and a serious diplomatic drive under way at the United Nations to impose economic sanctions to get Iran to curb its nuclear program, the White House has little desire for a broader regional conflict that could bring a head-on clash with Iran right now.

It also would be difficult to bring along American allies in a direct confrontation with Iran. Israel has been warning for several years that Iran, much more than Iraq, has emerged as the Middle East's biggest problem and that Tehran's government represents a challenge Israel shouldn't have to confront alone. But it has found few countries willing to share that burden.

As a result, the Bush administration faces an immediate decision on what it can do to contain the violence while allowing Israel to defend itself and its soldiers, three of whom have been kidnapped in recent days by Hamas and Hezbollah. Two senior American officials -- Assistant Secretary of State David Welch and White House Middle East adviser Elliott Abrams -- met with Israeli Prime Minister Ehud Olmert Thursday. The U.S. said the best vehicle to defuse the crisis might be a United Nations delegation that is heading to the region at the behest of Secretary General Kofi Annan.

The unfolding crisis also rattled financial markets. The specter of broad Middle East instability boosted crude oil for August delivery 2.3% to a nominal record of $76.70 a barrel at the New York Mercantile Exchange. That helped push stocks lower, wiping out more than half the Dow Jones Industrial Average's gains so far this year as the blue-chip average slid 166.89 points, or 1.5%, to 10846.29.

Within the region, the outbreak of fighting already has had broad impact. It has gravely imperiled the fragile move toward democracy in Lebanon that the U.S. was trying to foster as a shining example for the rest of the Mideast. It also has destroyed any hope that Israel's own new government could continue pulling back from confrontation with Palestinians.

The high-speed escalation of violence in Lebanon comes in response to attacks on Israeli soldiers by Hezbollah fighters who crossed into Israel this week to launch attacks and kidnap two Israeli soldiers. Three runway bombings forced Beirut's Rafik al-Hariri International Airport to close, stranding passengers seeking to enter and exit Lebanon. The Israeli navy imposed a blockade along Lebanon's coast, shutting down the main channel for imports and exports.

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In other parts of the country, Israel bombed roads and bridges, Hezbollah offices and the Al Manar TV station the militant group runs. Two days of Israeli bombings -- the heaviest air campaign against its neighbor in 24 years -- had killed 47 Lebanese and wounded 103, Lebanese Health Minister Mohammed Jawad Khalife said.

Hezbollah fired rockets Thursday into northern Israeli towns and said it was using a new missile that appeared more advanced than previous models. The rocket that hit Haifa, some 30 miles south of Lebanon's border, marked the deepest Hezbollah forces have ever struck inside Israel.

One Israeli was killed and more than 35 were injured, Israeli officials said. Eight Israeli soldiers also have been killed in the past two days.

Israel said its assault is meant to block the means by which Hezbollah imports weaponry and other goods. It also made clear that it aims to pressure the Lebanese government to take action against the militants. Hezbollah, a Shiite Muslim group, joined the Lebanese government last year following its strong showing in national elections. Hezbollah did so in part to derail international efforts to force it to disarm following the withdrawal of thousands of Syrian troops from Lebanon.

In his public comments Thursday, President Bush laid blame for the flare-up firmly on Hezbollah and Hamas, while cautioning Israel not to do anything that would weaken the "fragile democracy" in Lebanon. "Israel has a right to defend herself," he told reporters while in Germany. "Every nation must defend herself against terrorist attacks and the killing of innocent life. It's a necessary part of the 21st century."

At the U.N., the U.S. stood alone in vetoing an Arab-sponsored resolution demanding that Israel call off its offensive in the Gaza Strip. Mr. Bush found some support in Berlin, where German Chancellor Angela Merkel spoke strongly in support of Israel. Mr. Bush was seeing the German leader as he made his way to a summit meeting of the Group of Eight leading nations in St. Petersburg, Russia, this weekend. The world response to the Mideast fighting now is certain to be a significant agenda item there.

Mr. Bush and his top aides have pursued a hands-off approach toward Israel since cutting off contacts with late Palestinian leader Yassir Arafat in 2002, and there was little Thursday to suggest that approach had changed. But the next few days will test whether that approach continues in the current crisis.

Test of U.S.-Israel Relations

The situation also will test whether the U.S. and Israel see eye-to-eye on how to handle Syria and, more important, Iran. Thursday, Secretary of State Condoleezza Rice echoed the Israeli assertion that those two nations bear responsibility for the unrest, saying they were encouraging the attacks and, in the case of Syria, "sheltering the people who are perpetrating these acts."

The U.S., Ms. Rice added, isn't going to "try to judge every single act" the Israelis make. When asked if the fighting might spread to other countries, she said she doesn't intend "to speculate on apocalyptic scenarios."

Mr. Bush has been in a diplomatic stand-off with Iran over its nuclear program -- a showdown that some analysts think actually may be fueling Tehran's desire to stir up trouble in the region. Iran, some U.S. and Middle Eastern officials suspect, may be eager to demonstrate to Washington its ability to harm American interests if the White House pursues a coercive policy to stop Iran's nuclear programs.

They also suspect Iran has been emboldened by U.S. military setbacks in Iraq to think it has more of a free hand to spread its influence across the region, partly through proxies such as Hezbollah and Hamas. At the same time, though, there is considerable debate over how much control Iran actually exercises over the groups. Some Israeli and American analysts think Hezbollah wouldn't be acting in Israel without direct orders from Tehran, but others disagree.

In any case, Mr. Ayalon, the Israeli ambassador, declined to respond to the question of whether Israel would itself attack Iran for allegedly masterminding Hezbollah's activities. But a number of U.S. lawmakers said they believe the Bush administration needs to be taking an increasingly aggressive stance to prevent Tehran from expanding its influence in the Middle East.

"Iran is calling the shots here," said Rep. Brad Sherman, a Democrat from California. "These kidnappings wouldn't have occurred without the support from the highest ranks in Iran."

For now, the Bush administration appears to think it is making slow but steady progress in dealing with Iran by escalating pressure at the U.N. Thursday, the U.S. and other members of the Security Council's five permanent seat holders said they are

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referring Iran back to the council for its failure to respond to an offer of talks on its nuclear program. Such a move could ultimately lead to economic sanctions against Tehran, though countries such as Russia and China have indicated they might not support such penalties. Now, the Security Council could also be the forum through which to pressure Iran to end its support of Hezbollah and Hamas.

At the same time, U.S. officials said they are also concerned that al Qaeda and its affiliates could increase their activities around Israel as a result of the current unrest. In recent months, these officials say, groups claiming ties to al Qaeda have unleashed attacks in territory bordering Israel, such as Jordan, Egypt and the Palestinian territories.

Setback for Bush Vision

Regardless of the tactics used now to damp violence, the growing conflict could become a significant setback for the Bush administration's vision for the region. Mr. Bush and many of his neoconservative strategists said in the months leading up to the Iraq invasion that toppling Saddam Hussein would make Israel and secular Arab states safer. These officials claimed Mr. Hussein's ouster would allow secular democratic governments to flourish, while depriving Palestinian terrorists of one of their major sponsors in Baghdad.

Friday, many Middle East analysts say the Iraq war has made Israel significantly less safe. Iran has used the conflict to project its influence across Iraq and the Persian Gulf region. Al Qaeda, meanwhile, has developed a safe haven in western Iraq that it has used to launch attacks.

"In some important ways, the regional environment is less favorable to Israel than it was before we invaded Iraq," says Flynt Leverett, who directed Middle East affairs in the White House during the first Bush term. "If you look since 2003, Iran has emerged as a more powerful state under a hard-line leadership."

Another concern is whether Lebanon's $20 billion economy can weather the storm. The current violence comes amid the peak of Lebanon's tourist season, which has seen Beirut's hotels, restaurants and bars packed in recent weeks. After collapsing during the 1975-90 civil war, the tourist industry has rebounded strongly in recent years to become a leading driver of growth. Now, with transportation shut down and the conflict escalating, the industry faces an uncertain future.

A swift decline in tourism, along with pressure on other parts of the economy -- including soaring oil prices -- could push Lebanon's economy into recession and possibly force the government to default on its nearly $40 billion debt. Even before the attacks, the International Monetary Fund was urging Lebanon to undertake drastic measures to escape a looming debt crunch.

A debt crisis could stir deep tension within the ruling coalition, where Hezbollah holds two ministerial seats.

There were clear strains Thursday as some members of the coalition voiced displeasure with Hezbollah's actions while others supported them. The split extended into the foreign ministry, where the country's ambassador to the U.S. was recalled by the government after voicing support for the kidnappings.

A paralyzed -- or collapsing -- Lebanese government would add an element of instability to the Middle East and set back to U.S. efforts to spread democracy in the region. Some military and political analysts say an Israeli-imposed economic crisis could ultimately boost support for Hezbollah, which runs a vast social-services network funded independent of the Beirut government.

Bush Gives Qualified Support For Israel's Strikes (NYT)

By Jim Rutenberg

The New York Times, July 14, 2006

STRALSUND, Germany, July 13 — President Bush gave qualified support on Thursday for Israel's strikes on Lebanon, telling reporters gathered here for his visit with Chancellor Angela Merkel of Germany, "Israel has a right to defend herself."

Mr. Bush placed the blame for the tensions squarely on Syria for housing leaders of Hezbollah.

Even as he cautioned Israel to be careful not to destabilize the young democracy in Lebanon, Mr. Bush's position immediately put him at odds with European nations just before the annual summit meeting of the Group of 8 economic powers.

The European Union and the French government each released statements calling Israel's naval blockade of Lebanon and its shelling of the Beirut airport a "disproportionate use of force" in retaliation for Hezbollah's shelling of Israel across the Lebanon border.

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The shelling was apparently a diversionary tactic that was followed by the capture of two Israeli soldiers and the killing of eight others.

"The imposition of an air and sea blockade on Lebanon cannot be justified," the European Union said in a statement.

"The concern,'' Mr. Bush said, "is that any activities by Israel to protect herself will weaken that government. Having said all that, people need to protect themselves. There are terrorists who will blow up innocent people in order to achieve tactical objectives."

Mr. Bush had called the Hezbollah actions "pathetic."

An official familiar with talks between the United States and Israel said the Americans had emphasized to Israel the importance of avoiding any refugee crisis.

The official, who requested anonymity to discuss sensitive conversations, said the Americans had also asked Israel to be careful not to destroy governmental organizations or to press Prime Minister Fouad Siniora to enter the situation.

Mr. Bush made his comments after a ceremony with Mrs. Merkel where he was presented with a traditional local gift in the town square here, a barrel of herring, and hours before he was scheduled to go to a barbeque with a freshly slaughtered wild boar served in his honor.

In his question-and-answer session with reporters, Mr. Bush joked about that dinner, kidding in response to a double-barreled question on the growing crisis and Iran's nuclear ambitions.

"I thought you were going to ask me about the pig," Mr. Bush said.

Hours later in nearby Heiligendamm, Secretary of State Condoleezza Rice and the national security adviser, Stephen J. Hadley, briefed reporters to re-emphasize the message that Israel should show some restraint and avoid civilian casualties or steps that could destabilize Mr. Siniora's democratically elected government, which includes Hezbollah members.

"It is extremely important that Israel exercise her restraint in its activities of self-defense," Ms. Rice said.

Speaking to reporters, she pointed to a way out of the crisis through the return of the abducted soldiers.

The administration has hostile relations with the two nations perceived to have the most influence on Hezbollah, Syria and Iran. Ms. Rice singled them out for "encouraging and, indeed in the case of Syria, sheltering the very people who are perpetrating these acts."

That has left the administration to rely on other diplomatic efforts in the region to help find a solution, Egypt, Jordan, Saudi Arabia and the Palestinian leader, Mahmoud Abbas. But none of those has great influence over the Hezbollah leadership.

The United States could also find help from Germany. Mrs. Merkel on Thursday took a similar, if more measured line, as Mr. Bush.

"The parties to that conflict obviously have to use proportionate means," she said. "But I am not at all for sort of blurring the lines between the root causes and the consequences of an action. There has to be a good reaction now, not from the Israeli government, but from those who started these attacks in the first place."

Mr. Hadley said Mr. Bush would most likely take a larger role, and Ms. Rice said he would certainly discuss the situation at the Group of 8 meeting in St. Petersburg.

Ms. Rice and Mr. Hadley also said they were placing hope in the United Nations secretary general, Kofi Annan, who said he was dispatching Terje Roed-Larsen and Alvaro de Soto, Middle East advisers, and Mr. Annan's special political adviser, Vijay Nambiar, to the region to urge restraint on all sides.

The three diplomats plan to visit Cairo first to see Egyptian leaders and Arab League foreign ministers meeting there on Saturday. They are then expected to go to Israel, the Palestinian territories, Lebanon, Syria and other destinations "as needed," a statement said.

The Lebanon topic is scheduled to occupy the Security Council on Friday after Beirut requested an emergency meeting. The Lebanese mission to the United Nations called on the Council to issue a "firm, comprehensive and immediate resolution to establish a cease-fire and to lift the siege on Lebanon."

Allies At Summit Divided On Israeli Incursion (NYT)

By Brian Knowlton, International Herald Tribune

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The New York Times, July 14, 2006

WASHINGTON, July 13 — On the eve of the Group of 8 summit meeting, the United States and several of its allies split today over the Israeli invasion of Lebanon. President Bush defended the incursion as a justified response to a terrorist act, while the European Union and Russia, the G-8 host, condemned it as "disproportionate."

That division will add a new fault line to an already thorny and complex set of international issues awaiting the eight leading countries when they meet this weekend in St. Petersburg, Russia.

The reaction also separates the United States from two other members of the so-called Quartet — the group also includes the European Union, the United Nations and Russia — that has worked to pursue an Israeli-Palestinian peace.

In a news conference in Stralsund, Germany, with Chancellor Angela Merkel, Mr. Bush suggested that the Israeli attack had been provoked by "a group of terrorists who want to stop the advance of peace." He added that "Israel has the right to defend herself."

The president was referring to the Hezbollah militants who on Wednesday took two Israeli soldiers hostage and killed eight others in a cross-border attack from Lebanon. Israel reacted sharply, blockading Lebanese ports and launching air attacks on Beirut airport and two military airbases.

But Mr. Bush also expressed concern about the impact of the latest hostilities. "Whatever Israel does should not weaken the Siniora government in Lebanon," the president said. "We have been working very hard through the United Nations and with our partners to strengthen the democracy in Lebanon."

And because of its ties to Hezbollah, Mr. Bush said, "Syria needs to be held to account."

Chancellor Merkel, who hosted Mr. Bush at a barbecue Wednesday in her home jurisdiction of Stralsund, in part echoed Mr. Bush's comments.

She said, in remarks rendered by an interpreter, that it was important to remember "how this escalation started, through the kidnapping of the soldiers, through rockets - from the firing of missiles against Israeli territory."

"The parties to that conflict obviously have to use proportionate means, but I am not at all for sort of blurring the lines between the root causes and the consequences of an action," she said.

In contrast, a European Union statement appeared to place the onus primarily on Israel.

"The European Union is greatly concerned about the disproportionate use of force by Israel in Lebanon in response to attacks by Hezbollah on Israel," it said. "The presidency deplores the loss of civilian lives and the destruction of civilian infrastructure. The imposition of an air and sea blockade on Lebanon cannot be justified."

...

Separate statements from the British, French and Russian governments each referred to the use of "disproportionate" force by Israel.

"One cannot justify the continued destruction by Israel of the civilian infrastructure in Lebanon and in Palestinian territory, involving the disproportionate use of force in which the civilian population suffers," said a Russian statement.

But it added: "All forms of terrorism are completely unacceptable. All sides involved in the current events should take rapid measures to stop the region sliding into open conflict."

In London, a spokesman for Prime Minister Tony Blair said that while Britain condemned the kidnappings by Hezbollah and had called for restraint "on all sides," the government had also urged Israel to respond proportionately, Agence France-Presse reported.

Mr. Blair was to discuss the issue later today with the European Union security representative, Javier Solana.

France has worked closely with the United States to bolster the Lebanese government; along with the United Nations, the French helped press Damascus last year to withdraw the thousands of troops and intelligence agents it had kept for years in Lebanon's Bekaa Valley.

Alluding to this, Foreign Minister Philippe Douste-Blazy of France used unusually strong language today to condemn the Israeli response.

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"We obviously condemn this disproportionate act of war, which moreover has two consequences," he said. "The first is that it forces anyone who wants to enter Lebanon from now on to go either by sea or via Syria. The second consequence is that it risks plunging Lebanon back into the worst years of the war."

"Today there is a risk of a very dangerous spiral of violence, which could destabilize the entire region."

Sami Khiyami, the Syrian ambassador to Britain, said that Damascus respected Hezbollah's "aspirations" but was asking it "to calm down, to come to terms," the BBC reported.

"But the Israelis have on their side to stop the state terrorism on the one hand and to come to the negotiation table, whether direct or indirect, with these people in order to release the prisoners of both sides."

The Palestinian president, Mahmoud Abbas, said that the Israeli offensive was "raising our fears of a new regional war," and he urged world powers to intervene, The Associated Press reported.

The Egyptian, Jordanian and Pakistani governments also condemned the Israeli incursion.

The Pakistani government warned of "a dangerous escalation" in the region, A.F.P. reported from Islamabad.

But Israel remained unapologetic.

"We will not allow Hezbollah to return to the positions it occupied along the border before the soldiers were abducted," said Defense Minister Mir Peretz of Israel. "Only the Lebanese Army should operate in this area and deploy forces."

"If the Lebanese government does not deploy its armed forces as a sovereign government should, we will not allow Hezbollah forces to move again onto the other side of the border."

Bush Asks Israel Not To Disrupt Beirut (WT)

By Joseph Curl, The Washington Times

The Washington Times, July 14, 2006

STRALSUND, Germany -- President Bush yesterday urged Israel not to destabilize the pro-Western government in Beirut, even as he acknowledged the nation's right to defend itself after Lebanon-based Hezbollah kidnapped two Israeli soldiers.

Mr. Bush said that the missile attacks and kidnapping of Israeli soldiers by the Iranian- and Syrian-backed Hezbollah are clearly aimed at blocking efforts to bring peace to the Middle East.

"It's really sad where people are willing to take innocent life to stop that process. Matter of fact, it's pathetic," the president said during a visit to Germany ahead of the Group of Eight summit that begins in Russia today.

"My biggest concern is whether or not actions taken [by Israel] will weaken the Siniora government," Mr. Bush said, referring to Lebanese Prime Minister Fuad Siniora. "Democracy in Lebanon is an important part of laying a foundation for peace in that region."

Mr. Bush issued his warning yesterday after meeting with German Chancellor Angela Merkel in this Baltic Sea city. The chancellor supported Mr. Bush and also put the blame squarely on terrorist groups that have launched missile attacks on Israel and killed and kidnapped Israeli soldiers.

"We need to remind all of us again how this escalation started, with the kidnapping of a soldier, through rockets -- for the firing of missiles against Israeli territory. And we can only urge all parties, appeal to all parties to stop, to cease violence and to also release the kidnapped soldier, and to stop this firing of missiles at Israeli territory," Mrs. Merkel said.

"The attacks did not start from the Israeli side, but from Hezbollah's side," she said. "We call on the powers in the region to seek to bring about a de-escalation of the situation."

The president spoke as Israel imposed a naval blockade on Lebanon, bombed Beirut's international airport twice and targeted two Lebanese military bases near the Syrian border.

Hezbollah, which operates from southern Lebanon, fired more than 100 rockets into Israel, which said one of the missiles hit the port city of Haifa.

At least 57 persons on both sides of the Israel-Lebanon border have been killed, including a Lebanese family of 10 and two Israelis yesterday, the Associated Press reported.

Mr. Bush also blamed the violent terror group Hamas, which controls the Palestinian government, for derailing a plan known as the "road map," which calls for the establishment of a Palestinian state.

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"We were headed toward the road map, things looked positive, and terrorists stepped up and kidnapped a soldier, fired rockets into Israel. Now we've got two more kidnappings up north. Hezbollah doesn't want there to be peace. The militant arm of Hamas doesn't want there to be peace. And those of us who do want peace will continue to work together to encourage peace," Mr. Bush said.

The president also pointed a finger of blame at Syria, a patron of Hezbollah.

"Syria needs to be held to account. Syria is housing the militant wing of Hamas. Hezbollah has got an active presence in Syria. The truth of the matter is, if we really want there to be -- the situation to settle down, the soldiers need to be returned, and [Syrian] President [Bashar] Assad needs to show some leadership toward peace," Mr. Bush said.

On Wednesday, Hezbollah militants killed eight Israeli soldiers and captured two others on the Israel-Lebanon border.

Russia condemned Israel's strikes in Lebanon, calling the acts a dangerous escalation of the Middle East conflict.

"This is a disproportionate response to what has happened, and if both sides are going to drive each other into a tight corner, then I think that all this will develop in a very dramatic and tragic way," Russian Foreign Minister Sergey Lavrov said.

France also opposed the Israeli attacks on Lebanon.

French Foreign Minister Philippe Douste-Blazy called Israel's bombardment of Beirut airport "a disproportionate act of war," saying there was a real risk of a regional conflict.

British Prime Minister Tony Blair called on all sides in the Middle East crisis to exercise restraint, act proportionately and get back to the negotiating table as soon as possible.

"Overall, let us remember how these problems have arisen, which is first and foremost the kidnappings. We condemn these kidnappings and call for the soldiers involved to be released," Mr. Blair's official spokesman said.

Leaders of the G-8 industrial economies begin a series of meetings today in St. Petersburg, and the explosive situation in the Middle East will likely be topic No. 1.

The group is made up of the United States, Britain, Canada, France, Germany, Italy, Japan and Russia.

U.S. Vetoes U.N. Condemnation Of Israel (AP)

By Nick Wadhams

AP, July 14, 2006

The United States blocked an Arab-backed resolution Thursday that would have demanded Israel halt its military offensive in the Gaza Strip, the first U.N. Security Council veto in nearly two years.

The draft, sponsored by Qatar on behalf of other Arab nations, accused Israel of a "disproportionate use of force" that endangered Palestinian civilians, and demanded Israel withdraw its troops from Gaza.

The United States was alone in voting against the resolution. Ten of the 15 Security Council nations voted in favor, while Britain, Denmark, Peru and Slovakia abstained.

The U.S. has periodically used its veto to block resolutions critical of Israel. The last council veto, in October 2004, was cast when the United States blocked a resolution condemning another Israeli operation in Gaza.

The draft was reworked repeatedly to address concerns that it was too biased against Israel. Language was added calling for the release of an abducted soldier and urging the Palestinians to stop firing rockets at Israel.

Nonetheless, U.S. Ambassador John Bolton said it was still unacceptable because it had been overtaken by events in the region — including the capture of two Israeli soldiers by Hezbollah militants on Wednesday — and was "unbalanced."

"It placed demands on one side in the Middle East conflict but not the other," Bolton said. "This draft resolution would have exacerbated tensions in the region."

Israel launched the operation two weeks ago in response to the June 25 capture of an Israeli soldier, 19-year-old Cpl. Gilad Shalit.

The resolution called on Israel and the Palestinians to "take immediate steps to create the necessary condition for the resumption of negotiation and restarting the peace process." It urged all parties to help alleviate the "dire humanitarian situation" faced by Palestinians.

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The United States sought a text that said the Israeli actions were in direct response to rocket attacks against Israel and Shalit's capture.

Bolton said the United States remains "gravely concerned" at the escalation of the conflict and believes the best way to calm the situation is for Hamas to release Shalit.

The draft also demanded Israel release the Palestinian officials it has arrested.

The Palestinian observer to the U.N., Riyad Mansour, said he was disappointed with the council's "continued inability to act while innocent Palestinian civilians continue to be brutally killed by the Israeli occupying forces."

Referring to past U.S. practice of vetoing similar resolutions, Mansour said the council is failing the Palestinians. In Gaza, the Palestinian Foreign Ministry spokesman, Taher al-Nunu, said the United States must bear some responsibility for Israel's attacks.

"The veto is a political cover for the crimes of the occupation, and regrettably, instead of putting war criminals of this government that lost its mind on trial, they are giving a political cover to carry out more of these crimes," al-Nunu said.

In a speech to the council immediately following Mansour, Israel's U.N. Ambassador Dan Gillerman thanked the U.S. for its "bold stand." He defended Israel's actions and put the blame for attacks against Israel squarely on Iran and Syria.

"What we are seeing are the actions of Hamas and Hezbollah, but they are merely the fingers of the bloodstained hands and the executioners of the twisted minds of the leaders of the world's most ominous axis of terror, Syria and Iran," he said.

Eight of the last nine vetoes in the council have been cast by the United States. Of those, seven concerned the Israel-Palestinian conflict.

Mideast Violence Darkens Bush's Policy Successes (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, July 14, 2006

ROSTOCK, Germany -- The surge in Mideast violence means conditions are deteriorating in the very places -- Israel, Palestinian territories, Lebanon and Afghanistan -- that President Bush had been able to point to as bright spots for his policies.

In the short term, the escalating hostilities are overshadowing Mr. Bush's long-planned trip to Germany and to the weekend's summit of industrialized nations in Russia. But the deeper problem is that it could leave him few success stories in an area that has become a focus of his presidency.

With Iraq plagued by relentless violence, the White House has cited Israel, Lebanon and Afghanistan as places where the administration's foreign policy had paid off. Though Israel's pullout from the Gaza Strip was unilateral, it allowed Mr. Bush to claim progress toward his goal of a two-state solution there. Afghanistan, meanwhile, appeared to be in far better shape than Iraq: a relatively violence-free country with a popular leader and a populace grateful for the presence of U.S. and other troops.

Now, all three countries appear to be sliding toward chaos. Cross-border attacks this week by Palestinian and Lebanese militants and by Israel so far have left about 60 dead and threaten to ignite a broader conflict. The violence was sparked by armed attacks carried out by Islamist groups that have participated in recent elections -- in the case of Hamas, winning control of the quasi-independent Palestinian Authority.

That is raising questions about the central thrust of the Bush administration's Mideast policy: the belief that spreading democracy in the Arab world will help moderate tensions and clear the way for a resumption of negotiations to end decades of Arab-Israeli violence.

In Afghanistan, meanwhile, President Hamid Karzai's government is increasingly isolated in Kabul, while an aggressive Taliban offensive has claimed more U.S. soldiers' lives and the population is turning against Americans.

The U.S. bind was on display yesterday during Mr. Bush's appearance with German Chancellor Angela Merkel in the town of Stralsund. In remarks to reporters, the president sought to balance steadfast support for Israel's right to defend itself with stern admonitions to avoid further weakening or toppling the democratically elected government of Lebanese Prime Minister Fuad Siniora.

"Whatever Israel does... should not weaken the Siniora government in Lebanon. We're concerned about the fragile democracy in Lebanon," Mr. Bush said.

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Mr. Bush came to Germany to underscore a renewed strength of the U.S.-German relationship, which had deteriorated under Ms. Merkel's predecessor, Gerhard Schröder. The relationship between the two leaders appeared to be on fairly solid footing, with both stressing the need for a unified diplomatic push to persuade Iran to open its nuclear program to scrutiny. Ms. Merkel said that if the Iranians "think they can prevaricate in the hope of the international community being split, then this proves them wrong." Mr. Bush said his meeting with the German leader demonstrated that the Iranians "can't wait us out and can't hope to split a coalition."

The two leaders also appeared to see eye to eye on the new round of Mideast violence, offering restrained support for the Israeli offensive while placing most of the responsibility on Hezbollah, the Lebanese militant group that triggered the violence with a bold cross-border raid into Israel, and Syria, which houses top officials of both Hezbollah and Hamas.

Ms. Merkel said the violence began with Hezbollah's kidnapping of two Israeli soldiers on Tuesday, stressing that "one needs to be very careful to make a clear distinction between the root causes and the consequences of something."

Ms. Merkel also said Hezbollah's actions are "not acceptable," and refused to denounce the scale or scope of Israel's counterstrikes. That put her outside the emerging European consensus, where countries like Russia and France have condemned the Israeli response as disproportionate.

Mr. Bush laid most of the blame on Syria. The president said that "Syria needs to be held to account" for housing senior members of both Hamas and Hezbollah. Syrian President Bashar al-Assad, Mr. Bush warned, also needed "to show some leadership toward peace."

Behind The Crisis, A Push Toward War (WP)

By David Ignatius

The Washington Post, July 14, 2006

After Hezbollah guerrillas captured Israeli soldiers Wednesday, a furious Lt. Gen. Dan Halutz warned that the Israeli army would "turn back the clock in Lebanon by 20 years." Unfortunately, that statement was truer than he may have intended.

By pounding the Beirut airport and other civilian targets yesterday, the Israelis have taken a step back in time -- to tactics that have been tried repeatedly in Lebanon and the Palestinian territories without much success. Many Lebanese will be angry at Hezbollah leader Hasan Nasrallah for provoking the crisis, but that won't translate into new control on the militia's actions. Instead, the outcome is likely to be similar to what has happened in Gaza over the past several weeks: Israeli attacks to free a captured soldier further weakened the Palestinian Authority without much damaging the terrorists.

Watching the events of the past few days, you can't help but feel that this is the rerun of an old movie -- one in which the guerrillas and kidnappers end up as the winners. Israel's fledgling prime minister, Ehud Olmert, wants to emulate the toughness of his predecessor, Ariel Sharon. But that shouldn't include a replay of Sharon's 1982 Lebanon invasion, a strategic mistake that spawned Hezbollah in the first place.

Hezbollah's action in seizing the Israeli soldiers was utterly reckless. That's the new part of this crisis -- that Iranian-backed radicals deliberately opened another front in a war that, in their minds, stretches from Gaza to Iraq. Watching Nasrallah's cocky performance at a news conference Wednesday, I thought that he seemed almost to be inviting an Israeli counterattack -- knowing that it would destabilize the Lebanese government of Fuad Siniora, which is one of the few solid achievements of U.S. policy in the region.

Israeli and American doctrine is premised on the idea that military force will deter adversaries. But as more force has been used in recent years, the deterrent value has inevitably gone down. That's the inner spring of this crisis: The Iranians (and their clients in Hezbollah and Hamas) watch the American military mired in Iraq and see weakness. They are emboldened rather than intimidated. The same is true for the Israelis in Gaza. Rather than reinforcing the image of strength, the use of force (short of outright, pulverizing invasion and occupation) has encouraged contempt.

The danger of Iranian-backed adventurism is immense right now, but that's all the more reason for America and Israel to avoid past mistakes in countering it. Reliable strategic lessons are hard to come by in that part of the world, but here are a few:

The first is that in countering aggression, international solidarity and legitimacy matter. In responding to the Lebanon crisis, the United States should work closely with its allies at the Group of Eight summit and the United Nations. Iran and its proxies

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would like nothing more than to isolate America and Israel. They would like nothing less than a strong, international coalition of opposition.

A second point -- obvious from Gaza to Beirut to Baghdad -- is that the power of non-state actors is magnified when there is no strong central government. That may sound like a truism, but responding wisely can require some creative diplomacy. The way to blunt Hamas is to build a strong Palestinian Authority that delivers benefits for the Palestinian people. The way to curb Hezbollah is to build up the Lebanese government and army. One way to boost the Lebanese government (and deflate Hezbollah) would be to negotiate the return of the Israeli-occupied territory known as Shebaa Farms. That chance is lost for now, but the Bush administration should find other ways to enhance Siniora's authority.

A final obvious lesson is that in an open, interconnected world, public opinion matters. This is a tricky battlefield for an unpopular America and Israel, but not an impossible one. To fight the Long War, America and Israel have to get out of the devil suit in global public opinion. For a generation, America maintained a role as honest broker between Israel and the Arabs. The Bush administration should work hard to refurbish that role.

In the Lebanon crisis we have a terrifying glimpse of the future: Iran and its radical allies are pushing toward war. That's the chilling reality behind this week's events. On Tuesday the Iranians spurned an American offer of talks on their nuclear program; on Wednesday their Hezbollah proxy committed what Israel rightly called "an act of war." The radicals want to lure America and Israel deeper into the killing ground, confident that they have the staying power to prevail. We should not play their game.

Israel Blockades, Bombs Lebanon While Hezbollah Rains Rocket Fire (WP)

By Anthony Shadid And Scott Wilson

The Washington Post, July 14, 2006

DAMOUR, Lebanon, July 14 -- Israel imposed a blockade on Lebanon by land, sea and air on Thursday, striking the capital's airport twice, cutting off its ports and wrecking bridges and roads in attacks that killed at least 47 people in the last two days, nearly all of them Lebanese civilians. Israel said the radical Shiite Muslim group Hezbollah fired 150 rockets into northern Israel, including two that reached the port city of Haifa. Israeli jets repeatedly crossed over Beirut before dawn Friday. At least two explosions were heard, and antiaircraft fire and flares lit up the night sky.

For both sides, the fighting appeared to cross a psychological barrier that had earlier contained the frequent clashes between Israel and Hezbollah. The Israeli attacks on Beirut's airport -- a morning strike on runways and an evening attack on fuel depots -- were the first since Israel's 1982 invasion of Lebanon. After the rockets crashed into Haifa, Hezbollah denied firing them.

Two Israeli women were killed by rocket fire, including one who was struck while having her morning coffee. More than 90 others were treated in local hospitals, most of them for symptoms of anxiety. The symbolic importance of rockets hitting Israel's third-largest city, relatively far from the border, alarmed several Israeli ministers, who warned of imminent reprisals.

In Israel, the steady boom of Hezbollah's Katyusha rockets triggered air raid sirens and calls to take cover in basements throughout Israel's northern border area. "This is taking us back 20 years to the Lebanon war," said Rachel Ronen, 54, whose accounting firm was left a shambles by the morning rockets that hit 15 minutes before her secretary was due for work. Asked what Israel should do in return, Ronen, her eyes red from weeping, said, "Hit them."

Across Lebanon, residents expressed fear that the conflict might drag on days, even weeks. Lines snaked around gas stations in Beirut, as drivers stocked up on fuel. Supermarkets were crowded, and the roads that remained open, especially to the Syrian border, Lebanon's last outlet after the airport's closure, were clogged. Lebanese officials put the toll at 47 dead and 103 wounded, including a family of 12 in the village of Dweir. Residents said three people were still buried under rubble.

"What do I think personally?" asked Munzir Baram, a 40-year-old Lebanese making his way across a partially repaired bridge spanning the green-tinted Damour River. "It's going to get a lot, lot worse."

"Pity Lebanon," he said. "Pity it."

The fighting began after Hezbollah members crossed the heavily fortified Israeli border Wednesday. In an ambush, they killed three Israeli soldiers and captured two, whom they spirited away to Lebanese territory. Five more soldiers were killed as the Israeli military tried to recover the soldiers and equipment wrecked in the pursuit. Israeli Prime Minister Ehud Olmert called the attack an act of war, and Israel launched a campaign whose reach is greater than any since it invaded Lebanon 24 years ago.

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Israeli military officials said they planned to implement a military blockade of Lebanon, employing the same terminology they use to describe restrictions that Israel imposes on the Gaza Strip and the West Bank.

"We have decided to impose a closure on Lebanon in the air, in the sea, and on the ground," Maj. Gen. Udi Adam, head of Israel's northern command, said at a news conference. He said the Israeli military was attempting to force the government "to deploy its army in south Lebanon, take responsibility for the kidnapped, return them" and fulfill a U.N. resolution calling for the disarmament of Hezbollah.

Few here expect Hezbollah to turn over the soldiers by force of arms. Israel has set their release as a goal of its military campaign. And the Lebanese government, fearful of alienating the Shiite Muslim constituency that Hezbollah represents, has few options.

Lebanese leaders began talks Thursday evening that might extend government control to the southern border with Israel. Currently, Hezbollah fighters operate freely in the south. In a statement, the cabinet said only that the government had a right and duty to implement its power over all Lebanese territory. But officials speaking on condition of anonymity said sending the Lebanese army to the southern border was a possibility. Hezbollah, which is often dismissive of the Lebanese army's ability, has opposed such a move.

The sunny day began with Israeli aircraft attacking the runways of Beirut's airport. Incoming flights were diverted to the Mediterranean island of Cyprus; tourists in Beirut were stranded. During the day, Israeli aircraft attacked two Lebanese air bases near the Syrian border. After the rockets fell near a cable car attraction in southwestern Haifa, Israeli helicopter gunships attacked the airport a second time. They destroyed fuel depots, sending flames and billowing black smoke arcing across the night sky.

In addition to the naval blockade, Lebanese television stations reported that the key Beirut-Damascus highway was attacked late Thursday. And in Beirut's southern suburbs, Israeli planes dropped leaflets warning residents to avoid areas where Hezbollah operates. The Israeli military said it attacked more than 100 targets across southern Lebanon with artillery fire and airstrikes.

In Nahariya, a coastal Israeli town, doctors and orderlies moved patients to underground bunkers for fear of strikes by rockets, some of which landed nearby a major regional hospital. Medical officials said more than a dozen people were treated for shrapnel wounds or other injuries caused by the rockets, which effectively shut down the city of 55,000 people.

Rockets slammed into the city's main boulevard, lined with ice cream stores, souvenir shops and restaurants, which had been spared such attacks for as long as most merchants could remember. At twilight, four missiles landed downtown, hitting a four-story building of apartments and a corner grocery and setting it ablaze.

In Washington, U.S. officials said the Bush administration had urged Israel not to strike Lebanese government targets, fearful that the conflict between Hezbollah and Israel could undermine a government it views as one of its success stories in the Middle East. "The United States communicated its concern about the stability of the Lebanese government, which is better than any alternative," said a senior U.S. official who requested anonymity because of ongoing diplomacy.

At the United Nations, Secretary General Kofi Annan said he was "deeply alarmed" by the escalating violence and instructed three senior U.N. envoys, Vijay Nambiar, Alvaro de Soto and Terje Roed-Larsen, to travel to Egypt, Israel, Lebanon and Syria "to get all parties to step back from the brink of an even more deadly conflict." At the Security Council, the United States vetoed an Arab-backed resolution condemning Israel's military incursion into Gaza.

In Lebanon, the scenes of war were reminiscent of past conflicts -- a civil war that ended in 1990 and large Israeli offensives against Hezbollah in 1993 and 1996.

At the Damour River, where Israeli aircraft destroyed the bridge in the early morning, residents of southern Lebanon headed by car, taxi, minibus and on foot for the relative safety of Beirut. As lines of cars stretched down the road, bulldozers and trucks pushed dirt into the river in an effort to build a makeshift road to let traffic pass. One girl sat on the hood of a car, holding a doll with blond hair and a pink dress, as her mother idly watched clouds of dust rise from the work.

"It's tough, and it's toughest on the people," said Talib Saad, a 50-year-old plumber, who had waited three hours for a ride to Beirut from the destroyed bridge. "It's the people who suffer. They're the ones who are always destroyed."

He looked out at the construction teams. In his hand was a black bag with two peaches, his meal for the day.

"Who's going to compensate us?" he asked.

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By early afternoon, traffic was passing to Beirut again, even as passengers worried about more airstrikes and traded stories of neighbors or relatives who were hurt or whose houses were damaged in the Israeli attacks.

"We're used to it," said Baram, crossing the dirt path in a battered Mercedes taxi. "The battle will eventually end, and the people will act like nothing ever happened. It will go back to the way it was before."

"People who are accustomed to this type of thing tend to forget," he added.

Across the border in Nahariya, rockets fell along the main boulevards of Sderot HaGaaton and Herzl Street, two main boulevards of the coastal city that at this time of year counts on tourism. On this day, it was empty.

The first rocket arced over a six-story apartment building and fell into a courtyard where, in a shop that mixes coffee beans for sale to gourmet shops, Danny Skolnick had just arrived for work.

The missile dug deep into the pavement just off HaGaaton, the city's main strip, and blasted shrapnel into a real estate office, an accountant's suite and Skolnick's workplace. The building caught fire, and paramedics dashed inside to carry out a bloody, semi-conscious Skolnick, whose employer arrived soon after to wish war on those who had fired it.

"We are a country that is not like yours," said Amir Bokovza, 36, a burly father of four children, who said he had fought as a soldier in Gaza, Lebanon and the West Bank. As he surveyed the damage to his real estate office, he said he hoped to be called up to do so again soon. "We know war," he said. "We are not afraid."

Not long after the first barrage, on the fifth floor of an apartment building whose plate-glass balconies carried the glamour of Miami, Monica Lehrer sat on her balcony with her breakfast. The rocket flashed through a sky crowded with thunderheads, landing at the foot of the small wooden chair where she sat. The blast knocked Lehrer, 50, off the balcony and onto the floor below, sending shrapnel into the building walls and destroying the solar panels in the roof above.

Lehrer, a curtain-maker, died of her injuries. Her husband spent much of the morning informing the couple's children in Argentina of their mother's sudden death on the balcony of Apartment 22.

"We tried to look for her when the firemen arrived, but we couldn't find her," said Moshe Arad, 44, the woman's visibly shaken neighbor, who had entered the apartment to find a Katyusha rocket in the living room. "She had flown from the balcony to the floor underneath."

Staff writer Robin Wright in Washington, Colum Lynch at the United Nations and special correspondent Alia Ibrahim in Beirut contributed to this report.

Fighting Escalates Between Israel, Hezbollah (KRT)

By Nada Raad And Dion Nissenbaum

Knight Ridder, July 14, 2006

BEIRUT, Lebanon - The second day of fighting between Israel and Hezbollah militants quickly escalated into all-out warfare on Thursday as Israel bombed the Lebanese capital's suburbs and crippled the airport. Hezbollah militants responded by firing more than 100 missiles into northern Israel.

Israel reported that at least one missile struck Haifa, Israel's third-largest city, but Hezbollah denied that it had fired on the city.

At least 50 Lebanese and two Israeli citizens were killed. There were few indications that any diplomatic efforts would bring a quick end to the escalating crisis.

Thursday's explosion of violence, one day after Hezbollah captured two Israeli soldiers in northern Israel, was the worst fighting between Israel and its Lebanon-based rivals in more than a decade. World leaders immediately expressed concerns that the conflict would have far larger ramifications than the battle to recover the soldiers.

President Bush, while defending Israel's actions, worried that the year-old reformist Lebanese government led by Fouad Siniora could become one of the biggest casualties in the conflict. National security adviser Stephen Hadley said that the U.S. has asked Israel to be certain that its retaliation minimized "collateral and civilian casualties."

"Whatever Israel does, though, should not weaken the Siniora government in Lebanon," Bush said during a news conference in Germany. "We're concerned about the fragile democracy in Lebanon."

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The office of the European Union presidency condemned Israel for what it called its "disproportionate use of force," while Iranian President Mahmoud Ahmadinejad warned that any Israeli attack on Syria "would be like attacking the whole Islamic world."

An air of panic swept Beirut, which in recent years had become one of the region's most tranquil cities after decades of civil war. Families rushed to fill up their cars and flooded supermarkets to stock up on food.

"We are living in a state of war," said Carol Maalouf, who works for a restaurant in downtown Beirut. "There are no people. The majority of restaurants are closed. You can see that the downtown turned into a dead area."

Israel said that bombing Beirut International Airport's three runways was intended to prevent Hezbollah from removing the soldiers from the country, though its most immediate effect was closing the airport and forcing thousands of tourists to flee to Syria in search of flights home. Lebanon's transportation minister said the damage could be repaired in 48 hours, but that the airport might remain closed.

Israeli jets later bombed Lebanese military airports, imposed an air and sea blockade on the country and struck at Hezbollah's Al-Manar television station. Israeli tanks by the dozens crossed into southern Lebanon.

In a search for a diplomatic solution and an immediate cease-fire, Siniora met with diplomats from France, the United States and England. But Israel's ambassador to the United Nations, Dan Gillerman, harshly criticized Siniora's government in a letter to U.N. Secretary-General Kofi Annan, calling Wednesday's attack "a clear declaration of war."

"These acts pose a grave threat not just to Israel's northern border, but also to the region and the entire world," Gillerman wrote. "The ineptitude and inaction of the government of Lebanon has led to a situation in which it has not exercised jurisdiction over its own territory for many years."

As Israel was stepping up its attacks, Hezbollah militants in the south fired dozens of rockets into Israeli towns, cities and farming communities along the Lebanese border. At least two Israelis were killed and about 100 were treated for injuries, including shock.

Israelis planning summer getaways to the cooler mountains near the Lebanese border canceled their reservations as those already in the north cut their vacations short.

"The situation is very hard here," said Gabrielle Peretz, the head of sales for Israel's top dairy company, who lives less than two miles from the border with Lebanon. "We had six years of quiet and a good life, and now everything is back on us: all the fear and bad economy."

The crisis was sparked Wednesday by a coordinated assault and ambush by Hezbollah militants along Lebanon's southern border with Israel. Two Israeli army Humvees patrolling the border were hit by a roadside bomb. Three soldiers were killed and two were captured.

As Israeli forces moved into Lebanon to try to rescue the soldiers, a tank was hit by a massive explosion, immediately killing four soldiers and fatally wounding a fifth.

Israeli Prime Minister Ehud Olmert called the attack an "act of war," and on Thursday, his military chief of staff, Dan Halutz, warned that nothing was immune from attack unless the soldiers were freed.

"Nothing is safe," Halutz said. "It's as simple as that."

On Thursday, the captured soldiers were identified by the Israeli media as Ehud Goldwasser, 31, and Eldad Regev, 26.

Their abduction came less than three weeks after Palestinian militants captured a 19-year-old French-Israeli soldier, Cpl. Gilad Shalit, in a well-planned attack on an Israeli military outpost on the Gaza Strip border.

That incident sparked an ongoing Israeli military campaign in the Gaza Strip that has left dozens of Palestinian fighters and civilians dead. Israel has destroyed the offices of the Palestinian Authority's top leaders, crippled the Gaza Strip's only power plant and sent tanks and soldiers into the region to prevent militants from firing rudimentary rockets into southern Israel.

Militants holding the Israeli soldiers in Lebanon and the Gaza Strip have said that the men will be freed only in exchange for the release of hundreds, if not thousands, of Palestinian prisoners in Israeli jails.

Israel has rejected any talk of a prisoner exchange, calling it extortion that would only encourage militants to embrace the strategy.

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Raad reported from Beirut; Nissenbaum reported from Jerusalem and the Israel-Lebanon border. Matthew Schofield in Berlin and William Douglas in Stralsund, Germany contributed to this report.

Israel Intensifies Attacks Against Lebanon (AP-Y)

By Sam F. Ghattas

AP2, July 14, 2006

Israel unleashed a furious military campaign on Lebanon's main airport, highways, military bases and other targets Thursday, retaliating for scores of Hezbollah guerrilla rockets that rained down on Israel and reached as far as Haifa, its third-largest city, for the first time.

The death toll in two days of fighting rose to 57 people, including 10 Israelis, with the sudden burst of violence sending shock waves through a region already traumatized by Iraq and the ongoing battles in the Gaza Strip between Israel and Hamas. It shattered the relative calm in Lebanon that followed Israel's pullout from its occupied zone in south Lebanon in 2000 and the withdrawal of Syrian forces last year.

Israel's target was Hezbollah, the Iranian-backed militant Shiite faction which has a free hand in southern Lebanon and also holds seats in parliament. Hezbollah sparked the current conflict Wednesday with a cross-border raid that captured two of Israel's soldiers.

Israel said it was determined to beat Hezbollah back and deny the militant fighters positions they have held along the border since 2000.

The Lebanese government, caught in the middle, pleaded for a cease-fire.

"If the government of Lebanon fails to deploy its forces, as is expected of a sovereign government, we shall not allow Hezbollah forces to remain any further on the borders of the state of Israel," Israeli Defense Minister Amir Peretz said.

Israeli analysts warned that Syria, which supports Hezbollah and plays host to Hamas' political leader Khaled Mashaal, could be Israel's next target.

Iranian President Mahmoud Ahmadinejad said any Israeli attack against Syria would be an aggression on the whole Islamic world and warned of a harsh reaction, the official Iranian news agency reported Friday.

Israel's offensive was among its heaviest in Lebanon since it invaded the neighboring country and occupied its capital 24 years ago. Two days of Israeli bombings killed 45 Lebanese and two Kuwaitis and wounded 103. Two Israeli civilians and eight Israeli soldiers have also been killed, the military's highest death toll in four years.

With Beirut's international airport closed after Israeli bombs ripped apart its runway, many tourists were trapped while others drove over the mountains to Syria — though Israeli warplanes struck the highway linking Beirut to the Syrian capital of Damascus early Friday, closing the country's main artery and further isolating Lebanon from the outside world.

Beirut residents stayed indoors, leaving the streets of the capital largely empty. Others packed supermarkets to stock up on goods. Long lines formed on gas stations, with many quickly running out of gas.

Israel said its attacks were to prevent the movement of the captured soldiers and hamper Hezbollah's military capacity. It said it had information Hezbollah was trying to take the two soldiers to its ally, Iran — an allegation denied by the Iranian Foreign Ministry.

Fears mounted among Arab and European governments that violence in Lebanon could spiral out of control in a volatile region already torn by conflicts in Iraq and in Gaza. Israel launched an offensive in Gaza against Hamas, whose fighters are holding another Israeli soldier captured two weeks ago.

The shockwaves from the fighting on two fronts began to be felt as oil prices surged Thursday to a record above $78 a barrel in world markets, also agitated by the threat of supply disruptions in the Middle East and beyond.

At the United Nations, the United States blocked an Arab-backed resolution that would have demanded Israel halt its military offensive in the Gaza Strip, the first U.N. Security Council veto in nearly two years.

President Bush, speaking of the Lebanon offensive, backed Israel's right to defend itself and denounced Hezbollah as "a group of terrorists who want to stop the advance of peace."

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But he also expressed worries the Israeli assault could cause the fall of Lebanon's anti-Syrian government. "We're concerned about the fragile democracy in Lebanon," Bush said in Germany.

The European Union took a harsher tone, criticizing Israel for using what it called "disproportionate" force. EU foreign policy chief Javier Solana said he was planning a peace mission.

The Arab League called an emergency meeting of foreign ministers in Cairo on Saturday, and Palestinian President Mahmoud Abbas warned that Israel's Lebanon offensive "is raising our fears of a new regional war."

Egypt launched a diplomatic bid to resolve the crisis, amid apparent frustration among moderate Arab nations that Hezbollah — and by implication its top ally Syria — had started the fight with Israel.

Saudi Arabia, the Arab world's political heavyweight and economic powerhouse, accused Hezbollah guerrillas — without naming them — of "uncalculated adventures" that precipitated the latest Middle East crisis.

"The kingdom sees that it is time for those elements to alone shoulder the full responsibility for this irresponsible behavior and that the burden of ending the crisis falls on them alone," according to a Saudi official quoted by the Saudi Press Agency.

Hezbollah's rocket attack on the port city of Haifa was its deepest such strike into northern Israel yet. No injuries were reported in Haifa, home to 270,000 residents and a major oil refinery 30 miles south of the border. Still, the Israeli ambassador to the United States, Daniel Ayalon, called the attack "a major, major escalation."

"Those who fire into such a densely populated area will pay a heavy price," said David Baker, an official in the Israeli prime minister's office.

Hezbollah's deputy leader denied its fighters fired on Haifa, but Israel blamed the group, which had warned earlier in the day it would strike the city if Beirut were targeted. Israeli officials said it was a Katyusha rocket launched from southern Lebanon. Witnesses also confirmed that a rocket hit the city.

The militants also fired rockets at four other northern Israeli towns, killing a 40-year-old woman on her balcony in Nahariya and a man in Safad.

Soon the Haifa attack, Israeli helicopter gunships raked fuel depots at Beirut's seaside airport with machine guns and missiles. The tanks exploded, sending gigantic flames into the night sky just outside Beirut. Earlier in the day, warplanes shut down the airport with strikes that pounded craters into all three of its runways, and Israeli warships sealed Lebanon's ports.

By evening, strikes in Hezbollah's stronghold in Beirut's southern neighborhoods appeared imminent. After nightfall Israeli planes dropped leaflets in south Beirut warning residents to avoid areas where Hezbollah operates.

Among the Lebanese dead were a family of 10 and another family of seven, killed when strikes hit their homes in the southern village of Dweir.

"It's a massacre," said Abu Talal, a 48-year-old resident who joined scores of Hezbollah supporters and townspeople at the funeral of Shiite cleric Sheik Adel Akkash, who was killed along with his wife and eight children, ages 3 months to 15 years.

"This is the (Israeli) arrogance. The raids aim to terrorize us, but morale is high."

The last time Israeli strikes targeted Beirut was in 2000, when warplanes hit a power station in the hills above the city after a Hezbollah attack killed Israeli soldiers. Israel has not hit Beirut's airport since its 1982 invasion of Lebanon and occupation of the capital.

Israel says it holds Lebanon responsible for Hezbollah's snatching of the two soldiers, Ehud Goldwasser, 31 and Eldad Regev, 26. The Lebanese government insisted it had no prior knowledge of the move and did not condone it — and even withdrew its ambassador to the U.S. after he made comments seemingly in support of the guerrillas.

Hezbollah fighters operate with almost total autonomy in southern Lebanon, and the government has no control over their actions. But the government has long resisted international pressure to disarm the group. Any attempt to disarm Hezbollah by force could lead to sectarian conflict.

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Associated Press reporter Karin Laub in Jerusalem contributed to this report

Israel Blockades Lebanon; Wide Strikes By Hezbollah (NYT)

By Hassan M. Fattah And Steven Erlanger

DOJ_NMG_0040774

The New York Times, July 14, 2006

BEIRUT, Lebanon, Friday, July 14 — Israel imposed a full naval blockade on Lebanon on Thursday and put Beirut's international airport out of commission, and the militant group Hezbollah loosed a hail of rockets and mortar shells that killed two Israelis and sent thousands into bomb shelters.

A day after cross-border raids by Hezbollah fighters brought Israeli troops into Lebanon in force for the first time in six years, Israel sent punishing airstrikes deeper into the country, hitting all three runways at Rafik Hariri International Airport, two Lebanese Army bases, and, early on Friday, Hezbollah offices in south Beirut and the main highway between the capital and Damascus, Syria.

The Lebanese government said 53 Lebanese civilians had died since Wednesday, including one family of 10 and another of 7 in the southern village of Dweir. More than 103 have been wounded, the Lebanese said.

Lebanese residents hoarded canned goods and batteries as lines at gas stations stretched for blocks. Supermarkets and bakeries were flooded. It felt, many said, as if the civil war that ended 15 years ago was back.

Israel said that the Lebanese government was responsible for the actions of Hezbollah, which is a member of the governing coalition, and that the cross-border raid that captured two Israeli soldiers on Wednesday was an unprovoked act of war by a neighboring state. Senior Israeli officials said that the military had been unleashed to cut off Lebanon, permanently drive Hezbollah forces back from the border and punish the government for not upholding a United Nations directive to disarm and control the group.

Israel's military chief of staff, Lt. Gen. Dan Halutz, warned that "nothing is safe" in Lebanon and that Beirut itself, especially Hezbollah offices and strongholds in southern Beirut, would be a target.

Hezbollah fired more than 120 Katyusha rockets and mortar shells into Israel on Thursday, Israeli officials said. The barrage killed a woman on her balcony in Nahariya and a man in Safed, and wounded more than 100 other Israelis in some 20 towns and villages, including Haifa, Safed and Carmiel. Israeli officials said it was the first time Haifa had been hit by rocket fire from Lebanon.

Hezbollah said it was using a new rocket, called Thunder 1, that is more advanced than the standard Katyusha, which does not have enough range to reach the 18 miles between the border and Haifa.

Thousands of Israelis in the north spent the night in bomb shelters as Hezbollah warned that Israeli attacks on southern Beirut would be met by rocket attacks on Haifa, a port city of 250,000 people. Thursday evening, two rockets landed near the city's Stella Maris Church.

The rapid surge in fighting on a second front, two weeks after Israel entered Gaza to try to secure the release of another captured soldier, alarmed Arab and Western governments and drove up the price of oil.

The European Union on Thursday criticized Israel for "the disproportionate use of force" in Lebanon "in response to attacks by Hezbollah on Israel," according to a statement issued by the union's current Finnish presidency. It said that "the imposition of an air and sea blockade on Lebanon cannot be justified."

The Israeli military said it struck the airport because it is "a central hub for the transfer of weapons and supplies to the Hezbollah terrorist organization."

President Bush, in remarks in Germany, said that "Israel has the right to defend herself," but he also called for care, warning Israel not to weaken the government in Lebanon.

"There are a group of terrorists who want to stop the advance of peace," Mr. Bush said. "The soldiers need to be returned."

The president of the Palestinian Authority, Mahmoud Abbas, warned that Israel's Lebanon offensive "is raising our fears of a new regional war" and urged world powers to intervene.

The Lebanese government, which has said that it had nothing to do with the raid by Hezbollah, called for a cease-fire, saying that all means should be used to end "open aggression" against the country.

But Israeli officials said there would be a long campaign to restore the country's security, both along its southern border with Gaza and its northern one with Lebanon. The Israelis want to restore their military credibility with the Palestinian militants and the Hamas government in Gaza and with Hezbollah, and say they intend to make the current campaign painful for both sets of antagonists.

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Neither Israel's prime minister, Ehud Olmert, nor its defense minister, Amir Peretz, has the kind of long military experience previous holders of their positions have had, and the two have been in power for only several months. Some Israeli commentators argued that this made it all the more necessary for an unambiguous military response.

The Israelis say they want the message to get across to Syria and Iran, the countries widely considered to be the main sponsors of Hezbollah and Palestinian militancy.

Mr. Peretz said Israel would no longer allow Hezbollah forces to occupy positions along the border. "If the government of Lebanon fails to deploy its forces, as is expected of a sovereign government, we shall not allow Hezbollah forces to remain any further on the borders of the state of Israel," he said.

But few Israeli officials expect that the Lebanese government, which is greatly influenced by Syria, has the will or the power to displace Hezbollah in the south.

A senior Israeli Foreign Ministry official, Gideon Meir, told reporters on Thursday that Israel had "concrete evidence that Hezbollah plans to transfer the kidnapped soldiers to Iran," but he gave no specifics or source for the claim. "As a result," Mr. Meir said, "Israel views Hamas, Hezbollah, Syria and Iran as the main players in the axis of terror and hate that endangers not only Israel, but the entire world."

Israeli concerns that the soldiers may be moved out of Lebanon are a prime reason for its efforts to blockade the country and prevent air traffic, Mr. Meir said later.

Israel called on the international community to press Lebanon to fulfill its commitments under United Nations resolutions to dismantle Hezbollah's military and send the Lebanese Army into southern Lebanon to take control over the border with Israel.

Israel identified the two reserve soldiers captured on Wednesday as Ehud Goldwasser, 31, of Nahariya, and Eldad Regev, 26, of Kiryat Motzkin. Cpl. Gilad Shalit, 19, was captured by Palestinian militants on a raid from Gaza into Israel on June 25, which set off an escalating series of attacks and reprisals.

The Israeli attack on the Beirut airport — the first such attack by Israel since 1982 — blasted craters into all three runways, but did not hit the main terminal. Israeli planes later attacked the fuel stores at the airport, setting at least one tank on fire and filling the night sky with flames. And early Friday, another airstrike took out the main road between the airport and the capital.

It came at the height of the tourist season, and travelers were stranded all over the Middle East. Even the Lebanese foreign minister, Fawzi Salloukh, had to return home overland from Syria from a trip to Armenia. Syria opened its borders to stranded tourists, many of whom rushed to the crossings before Israeli airstrikes cut off the main highway.

In Beirut, residents prepared for a long campaign. "We've been through this many times before," said Rania al-Faris, who stood with her three sisters and mother with their bags packed waiting for the next bus toward the Bekaa region. They had blankets, extra food and books. "The roads get closed, and it's impossible to buy any food or supplies. It's much safer in the countryside. That is what we used to do during the war."

By midday, the city grew more panicked as Israeli warplanes dropped leaflets over the Hezbollah-controlled southern suburbs, warning residents to evacuate the area before impending attack. Many families packed their bags and left for the countryside, where their chances of being hurt would be lower.

"People are trying to get out of here any way they can," said Muhammad Assif, who escorted his mother up to the mountains. Mr. Assif said one of his cousins had been killed in one of the bombings on the south Wednesday night, and the family had collectively decided to flee. "Hezbollah is concentrated here so this going to be where they hit. They hit Al Manar near our house, who knows what comes next," he said.

Hordes of tourists, most of them from Arab countries, packed up their bags and milled about in hotel lobbies desperate for a way out. But with the country blockaded by sea and air, the sole exit was through the land border with Syria, which by midday was backed up for miles.

Thousands took shelter at the Saudi Embassy in the Ras Beirut neighborhood until buses were organized to the Damascus airport. "People are really shaken," said Rifaa al-Otaibi, an embassy employee. "You can see it in their eyes. When the airport was hit, it was enough for many."

Escalation Ripples Through Middle East (CSM)

DOJ_NMG_0040776

By Dan Murphy

The Christian Science Monitor, July 14, 2006

Israel dramatically escalated its confrontation with Lebanon over the fate of two captured soldiers in a series of targeted airstrikes Thursday, killing more than 50 civilians.

At the same time, Israeli airstrikes kept the pressure on Gaza, seeking to release another soldier captured by Hamas-linked militants on June 25.

The seizing of the soldiers and Israel's response have sparked the most troubling crisis between Israel and its neighbors in more than a decade. Israel's sharp escalation, coupled with uncompromising rhetoric from all three sides, leaves little room for violence to subside - and those tensions could spill over into everything from US efforts to curb Iran's nuclear program, its desire for democratic change in Syria, and even stability in Iraq.

"The escalation has been so quick and immediate that they have nowhere to go now but basically to some kind of war," says Nadia Hijab, a senior fellow at the Institute for Palestine Studies in Washington.

"This is definitely a war. It's more than a border skirmish. It's a full-blown attack," says Yoram Peri, head of the Chaim Herzog Institute for Media, Politics, and Society at Tel Aviv University and an expert on the Israeli military.

Professor Peri says the severity of Israel's reaction to the taking of two soldiers by Hizbullah is an attempt to regain what it views as lost initiative. "Now Israel wants to show Hizbullah that we are not going to play the game according to their rules. We will dictate the rules. Israel is now changing the balance of power in the area," he says.

But to whose ultimate advantage is unclear. With Israel's declaration of war not just on Hizbullah but on the entire Lebanese government, which came to power in democratic elections following the so-called Cedar Revolution in 2004 that saw Syria end its occupation of Lebanon, some Western leaders worry that peace and democracy in Lebanon could end up on shaky ground.

Hizbullah's rise to prominence followed Israel's 1982 invasion of the country, in what started out as an attempt to dismantle the Palestinian militants based there but widened into a war with Syria, and, ultimately, the Lebanese civil war. Outright conflict, with Hizbullah taking up the mantle of resistance to Israel and champion of Arab causes, could strengthen their hand.

Speaking to reporters in Germany, President Bush offered support for Israel's action, saying the country "has the right to defend herself," but he fretted about the future of a government that he views as a beacon for the democracy that he hoped would spread in the region in the wake of the 2003 invasion of Iraq. "Whatever Israel does should not weaken the ... government in Lebanon," he said.

Pat Lang, a retired US Army colonel and the former head of the Middle East and terrorism desk at the Pentagon's Defense Intelligence Agency, says Israel has long been committed to bringing down the Lebanese and Hamas government, seeing both as representing enemies that can't be negotiated with.

"This is basically tribal warfare. If you have someone who's hostile to you and you're unwilling to accept a temporary truce, as Hamas offered, then you have to destroy them," he says. "The Israeli response is so disproportionate to the abduction of the three men it appears it's a rather clever excuse designed to appeal both to their public and to the US."

Mr. Lang and other analysts say the Lebanese government can't long withstand the Israeli airstrikes and naval blockade of the Beirut port. Israeli Prime Minister Ehud Olmert said Thursday "the Lebanese government will pay the price" for the kidnappings. If they're right, the gains made when Syria left the country could be lost.

Yoram Meital, Chairman of the Herzog Center for Middle East Studies at Ben-Gurion University in the Negev and an expert on Arab-Israeli relations, says he's disturbed by the parallels to Israel's 1982 invasion of Lebanon, prompted by anger at the government's failure to dismantle the Palestine Liberation Organization's (PLO) infrastructure in the south. In his view, Hizbullah is the new PLO.

"The goal is to force the Lebanese government to act against the Hizbullah, to pressure the population to make Hizbullah disarm and dismantle its militia," he says. "It reminds me of the voices and objectives that were mentioned at the beginning of the Lebanon war... [Israel] pointed to the Lebanese government as responsible for the security in southern Lebanon."

To be sure, he doesn't expect Israel will reoccupy parts of Lebanon. "I have great doubt that Israel can achieve its very ambitious goal because Hizbullah is a very strong Lebanese player with a strong foothold in the south of Lebanon and in the

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capital.... I believe many players in the region and in the international community will oppose a full-fledged Israeli war in Lebanon that could totally destabilize the whole of the region."

However, there are some indicators of tolerance among the US and other Western powers for an extended Israeli assault, with two diplomats saying Israel won goodwill for its withdrawal from Lebanon in 2000 and that its need to protect its borders is reasonable.

"We recognize that Israel has made a lot of progress in the north and secondly the international community understands the problems caused by militias for Lebanese internal stability and the stability of the region," says a European Union diplomat, who asked that his name not be used.

Also speaking on background, one EU official said Israel's unilateral withdrawal from southern Lebanon six years ago, and UN Resolution 1559 that called for the disarming of Lebanon's militias and for the country's military to control its southern region, made it impossible to justify Hizbullah's attacks.

While Western powers may have more sympathy for Israel this time around, the lopsided human toll on Palestinian and Lebanese civilians is getting heavy play on Arab satellite channels, with growing complaints of collective punishment tactics.

On Thursday, Israeli strikes in southern Lebanon killed at least 55 civilians. On the Israeli side, more than 100 rockets slammed into northern towns, killing at least one woman and injuring dozens more. Late Thursday a rocket from Lebanon hit the port city Haifa. An Israeli army spokesman said it was fired by Hizbullah militants.

Hizbullah is backed by both Syria and Iran, as is Hamas. Iranian President Mahmoud Ahmadinejad is already locked in a confrontation with the US over his country's nuclear program, and has repeatedly spoken of his desire to see the Israeli state destroyed. Iran has frequently used its support of both Hamas and Hizbullah to bolster its own prestige and influence.

In Iraq, militant Shiite cleric Moqtada al-Sadr, who has growing ties to Iran and has a powerful militia that has fought US forces here and been accused of carrying out sectarian killings, is a possible concern.

He has ties to Hizbullah leader Hassan Nasrallah, who was a student of Mr. Sadr's deceased uncle.

In 2004, he told Hizbullah's Al Manar TV of his "solidarity" with both Mr. Nasrallah and Hamas, and asked both groups to "consider me their striking hand in Iraq whenever the need arises ... Iraq and Palestine have the same destiny."

To be sure, in recent months Sadr has toned down his militant rhetoric as members of his political movement have joined the government, and he has yet to make a statement on the recent fighting. Hizbullah and Hamas

Who is Hizbullah?

• Hizbullah is a militant Shiite Muslim group formed in the 1980s during Lebanon's civil war. It gained popularity by fighting Israeli forces and offering broad social services. Today it is a powerful militia controlling much of southern Lebanon, and it holds seats in the Lebanese parliament.

• The group follows a strict brand of Shiite Islam and opposes Western influence.

• At its founding the group's main focus was to drive Israeli forces from Lebanon.

• It is widely believed to receive financial and military support from both Iran and Syria.

Who is Hamas?

• Hamas is a militant Sunni Muslim group and leader of violent Palestinian opposition to Israel. Growing out of the fundamentalist movement in the Palestinian territories, it gathered strength through the 1990s.

• In an election upset this year, Hamas became the ruling Palestinian power.

• Hamas is dedicated to the elimination of Israel.

• Hamas is supported by many in the majority-Sunni Middle East.

Mideast Nears Regional War (USAT)

By Yaakov Katz Special For

USA Today, July 14, 2006

BEIRUT — Fighting escalated in the Middle East today as Israel launched airstrikes on enemy strongholds in Lebanon after Hezbollah rained rockets on Israeli towns. The fighting was the deadliest in years here.

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The Israeli military said it had bombed the headquarters of Hezbollah in the southern suburbs of Beirut and had dropped leaflets beforehand to warn people to stay away. Bridges and roads were also struck to prevent militants from moving weapons, it said.

Over two days, Hezbollah had fired 120 rockets into northern Israel, the military said. At least one rocket hit Haifa, a major port city, reaching deeper into Israel than any previous missile attack from Lebanon. Haifa, home to an oil refinery, is 30 miles south of the border.

Israel's attack was triggered by the abduction Wednesday of two soldiers in a cross-border raid by Hezbollah.

Lebanese TV footage showed broken glass and debris covering streets. Firefighters were seen trying to put out several fires as glass, aluminum siding and stones blown off by the impacts littered the streets.

A bridge on a road to the international airport was badly hit, and a portion of it had collapsed.

Maj. Gen. Udi Adam, commander of forces in northern Israel, said Israel would escalate its air offensive on Hezbollah targets in Lebanon.

"We will attack anyplace we deem necessary," he said.

Israeli Defense Minister Amir Peretz said the Lebanese government would continue to suffer if it allowed Hezbollah to operate freely in Lebanon.

Palestinian President Mahmoud Abbas said the campaign "is raising our fears of a new regional war."

Israeli Foreign Ministry spokesman Mark Regev said Israel was trying to prevent Hezbollah from transferring the two soldiers to Iran, which funds Hezbollah.

Hezbollah leader Sheik Hassan Nasrallah has his office and residence in the district of Haret Hreik in south Beirut. Hezbollah's Shura Council, its decision-making body, and its TV station are also located in that area, a section heavily guarded by Hezbollah.

The offensive is Israel's biggest in Lebanon since it invaded the country in 1982. Its last troops withdrew in 2000.

Hezbollah militants operate independently in southern Lebanon. Hezbollah, which the U.S. State Department labels a terrorist group, is blamed for the suicide truck bombing in Beirut that killed 241 Marines in 1983.

The group seeks an Islamic state in Lebanon based on Iran and the destruction of Israel.

President Bush said Israel has the right to defend itself but worried the offensive might destabilize an emerging democracy.

"We're concerned about the fragile democracy in Lebanon," Bush said.

Israel Broadens Offensive In Lebanon (FT)

By William Wallis, Tony Tassell, Gillian Tett And Kevin Morrison

Financial Times, July 14, 2006

Israeli war planes on Friday attacked the main Beirut-to-Damascus highway in Lebanon, the Israeli military said, closing Lebanon's main artery.

Hizbollah guerillas responded with anti-aircraft fire. Residents heard at least three strikes but there was no immediate word on casualties.

On Thursday, Israeli aircraft and artillery pounded southern Lebanon in an attempt to force the release of two soldiers abducted by Hizbollah guerillas. At least 52 civilians were killed. An Arab satellite television station broadcast images of rows of dead Lebanese children, shrouded in white sheets at a morgue.

One Israeli was also killed and as many as 91 were injured when Hizbollah responded with a barrage of Katyusha rockets, some of which landed on Israeli towns near the Lebanese border.

An evening rocket attack on the Israeli town of Haifa, about 40km from the border, looked set to provoke responses. "Those who fire into such a densely populated area will pay a heavy price," said David Baker, an official in the Israeli prime minister's office.

Hizbollah denied it was responsible.

Early in the day, Israeli aircraft struck the international airport in Beirut and bombed two military airstrips, cutting off civilian and military air access.

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Israeli defence forces also pursued military operations in the Gaza Strip, blowing up part of the Palestinian foreign ministry.

...

The Lebanese government distanced itself from a Hizbollah raid on Wednesday that resulted in the death of eight Israeli soldiers and the abduction of two more. Mark Regev, spokesman for the Israeli foreign ministry, said there was concern that there could be an attempt to move the hostages to Iran, but gave no evidence to support this.

George W. Bush, US president, defended Israel's right to retaliate but warned: "Whatever Israel does should not weaken the government in Lebanon."

Condoleezza Rice, US secretary of state, urged Israel to exercise restraint and demanded Syria restrain Hizbollah guerrillas.

The escalation of violence sent oil prices to a fresh high and helped trigger falls on global equity markets.

Prices for US crude hit $76.70 a barrel. More rises are expected, with futures contracts indicating a price of nearly $80 a barrel by February. The Dow Jones fell 1.52 per cent, to end at 10,846.29.

In New York, the US vetoed a United Nations Security Council resolution tabled by Qatar, that would have called on Israel to halt its operations in Gaza, and release all detained Palestinian ministers and officials.

It would also have called for the release of Corporal Gilad Shalit, whose abduction prompted the Gaza offensive, and for the Palestinian Authority to take action to end the firing of rockets on Israeli territory.

Riyad Mansour, the Palestinian observer to the UN, claimed the resolution's failure would "only encourage the aggressors and lengthen the duration of the cycles of violence".

Dan Gillerman, the Israeli ambassador, said Hamas and Hizbollah were "merely the fingers of the bloodstained hands of the leaders of the world's most prominent axis of terror, Syria and Iran".

Attacks Could Erode Faction's Support (WP)

By Anthony Shadid

The Washington Post, July 14, 2006

BEIRUT, July 13 -- The radical Shiite movement Hezbollah and its leader, Hasan Nasrallah, hold an effective veto in Lebanese politics, and the group's military prowess has heartened its supporters at home and abroad in the Arab world. But that same force of arms has begun to endanger Hezbollah's long-term standing in a country where critics accuse it of dragging Lebanon into an unwinnable conflict the government neither chose nor wants to fight.

"To a certain Arab audience and Arab elite, Nasrallah is a champion, but the price is high," said Walid Jumblatt, a member of parliament and leader of Lebanon's Druze community. "We are paying a high price."

The conflict will likely prove a turning point in the history of the movement, which was created with Iranian patronage in the wake of the 1982 Israeli invasion of Lebanon. It has since evolved from a terrorist organization blamed for two attacks on the U.S. Embassy and the 1983 bombing of the Marine barracks in Beirut, which killed 241 Marines, into a sprawling movement with a member and supporter in Lebanon's cabinet, a militia that effectively controls southern Lebanon, and an infrastructure that delivers welfare to its Shiite constituency, Lebanon's largest community.

But in the wake of Syria's withdrawal of its troops from Lebanon in 2005, the disarmament of Hezbollah has emerged as one of the foremost issues in Lebanese politics. Since the fighting with Israel started Wednesday, calls for Hezbollah to relinquish its weapons have gathered urgency. The violence began when Hezbollah fighters captured two Israeli soldiers in a cross-border incursion, followed by an Israeli attack on roads, bridges, power stations and airports.

Lebanese critics as well as allies of Hezbollah insist that the Israeli response was disproportionate. But at the same time, in meetings Thursday, Lebanese officials began to lay the groundwork for an extension of government control to southern Lebanon. Hezbollah largely controls southern Lebanon, where it has built up a network of schools, hospitals and charities.

"To declare war and to make military action must be a decision made by the state and not by a party," said Nabil de Freige, a parliament member. He belongs to the bloc headed by Saad Hariri, whose father, Rafiq, a former prime minister and wealthy businessman, was assassinated in 2005, setting off a sequence of events that forced the Syrian withdrawal. "It's a very simple equation: You have to be a state."

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After a cabinet meeting Thursday, the government said it had a right and duty to extend its control over all Lebanese territory. Interior Minister Ahmed Fatfat said the statement marked a step toward the government reasserting itself.

Other government officials, speaking on condition of anonymity, went further, calling it a first move in possibly sending the Lebanese army to the border, a U.N.-endorsed proposal that Hezbollah has rejected. The officials described the meeting as stormy and contentious but said both sides -- Hezbollah and its government critics -- were especially wary of public divisions at a time of crisis.

"It is becoming very clear that the state alone must bear responsibility for the country's foreign policy," said Samir Franjieh, a parliament member who is close to the Hariri bloc. "But our problem now is that Israel is taking things so far that if there is no help from the international community, the situation could get out of hand."

The fate of Hezbollah is at the center of Lebanon's sectarian complexity, now more pronounced than perhaps at any time since the 1975-90 civil war. Hezbollah's future is also tied up in regional politics dominated by Syria, Iran and Israel.

Along with Lebanon's president, Emile Lahoud, Hezbollah remains one of Syria's main allies in Lebanon. The governments of Syria and Iran provide Hezbollah with funding and arms, although the countries' influence is a matter of debate. Analysts here say Iranian influence has become ascendant following the Syrian pullout, though foreign policy in the two countries has so far largely overlapped. The United States renewed its call Thursday for those countries to intervene to get the two Israeli soldiers released.

"It's really time for everybody to acknowledge that these two states do have some measure of control over Hezbollah," State Department spokesman Sean McCormack told reporters in Washington. "And the international community has called upon them to exercise that control, to have these two individuals released."

Few dispute Syria's influence over Hezbollah. But some experts questioned whether Syria, isolated by the United States and suspected by many in Lebanon of having a role in Hariri's assassination, actually ordered the operation against Israel.

"I don't think that Syria is in a position to assume the consequences of such an attack or order such an operation," said Walid Charara, an author and expert on the movement. "That said, Syria maintains relations of consultation with Hezbollah and Hamas, both of which enjoy a large scope of autonomy of action."

Jumblatt, an outspoken opponent of Syria, went further, suggesting Damascus ordered the operation.

"They don't make independent decisions," he said. "Lebanon is being squeezed on one side from the Israelis and on the other side by the Iranians and the Syrians through proxy. Unfortunately, now Lebanon is a battleground."

Hezbollah appeared at a low point after the Syrian withdrawal, but over the past few months, analysts say, it has shored up its standing in politics here. In national reconciliation talks that have dragged on for months, the group effectively blocked negotiations over its weapons. This year, it entered into an alliance with the country's most popular Christian leader, Michel Aoun. In Lebanon there is a widely held perception that U.S. pressure on Syria has abated, while a U.N. investigation into Hariri's death has lost momentum.

At a news conference Wednesday, Nasrallah struck an assured pose, at one point joking with journalists who asked about Israeli threats to escalate its attacks in an attempt to secure the release of its soldiers.

"Of course, they are going to say that. They think we are going to return the two prisoners, apologize and even more?" said Nasrallah, wearing his traditional black turban. He laughed. "What world do they live in?"

Given the country's sectarian divisions, politics often have to work by consensus. Because Hezbollah is the most powerful representative of Shiites, Lebanon's government could not think of alienating such a crucial constituency. Since the fighting began, officials have gone to great lengths to guarantee at least a public show of unity. And even critics such as Jumblatt say the prospect of the group's disarmament -- a requirement under U.N. Security Council Resolution 1559 -- is almost impossible.

"We don't have the means to disarm Hezbollah, and we don't want to have a civil war here," he said.

Since the fighting erupted, opinions have broken along largely sectarian lines. Hezbollah's supporters in south Beirut and southern Lebanon greeted the attack with jubilation: Residents near a destroyed bridge handed out free orange juice to passersby, women threw rice on cars, and motorists careered through the streets flying the group's yellow banner.

Hezbollah's ideology merges Arab nationalism, Islamic revivalism and a powerful historical narrative of Shiite disenfranchisement, which is especially pronounced in Lebanon, where Shiites were once casually referred to as the deprived.

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Along the rocky wadis, or dry riverbeds, of southern Lebanon, Hezbollah's celebration of Shiite empowerment is often hailed by the group's most loyal supporters, sometimes more so than its schools, clinics, hospitals, orphanages and foundations for families of its slain fighters.

"They consider Hezbollah terrorist. We consider it sacred. We consider it and its weapons sacred," said Mohammed Awadeh, a 27-year-old shopping in a stationery store in the southern town of Nabatiyeh.

On the road there, as in the southern suburbs, banners pronounced the theme: "The weapons which liberated our land are sacred weapons." Another banner: "With the resistance, we liberate our land. With the resistance, we protect ourselves."

Referring to Nasrallah, Aoun Aoun, a resident of Nabatiyeh, said, "Sayyed Hasan is the only man who promises and delivers."

Nasrallah, as an individual, probably enjoys more support in Lebanon than his movement does. While Sunni Muslims and Christians in Lebanon have worried about the repercussions of the fighting, they rarely criticize Nasrallah himself. But there was anger in the streets of Beirut's Ashrafiyeh district over fighting that has debilitated infrastructure built since the civil war.

"I'll tell you something: Hasan Nasrallah as a person is clever, very clever. You can't say he's not, but the path he chose is completely wrong," said Rami Fouad, a 22-year-old resident sitting with friends at Dunkin' Donuts. "It's not right to do it this way. Nothing will come by force. Who's going to pay for all this? Is Hezbollah going to bring the money from Iran?"

Across from him was a friend who had fled Marjayoun in southern Lebanon in the morning, making his way to the relative safety of Beirut. "Is it right? Should he be thrown out of his home?" asked another friend, David Rahbani.

Fears Of A Return To Harsh Old Days (FT)

By Ferry Biedermann

Financial Times, July 14, 2006

A dark black cloud suddenly appeared in the distance and within minutes cars rushed from the direction of the blast. “Get back, the planes are still circling,” shouted the nervous drivers. Just up ahead lay the ruins of the house where 12 family members were killed in air strikes the previous night.

For many residents of southern Lebanon, the last two days are what they had feared most – a return to the harsh old days, before Israel withdrew from the area in 2000. Back then, the fighting between the Israelis and the guerrillas of the Shia Hizbollah movement often spilled over to their villages. “They used to bomb this road all the time,” said one driver near the village of Doueir, one of the hardest hit in the bombings over the last two days.

While Israel is certainly getting blamed in Lebanon for causing more than 50 civilian casualties in retaliation for the capture of two of its soldiers in a cross-border Hizbollah attack on Wednesday, not many people in this part of the country appeared enthusiastic on Thursday about the group’s provocation.

“This is not what Lebanon needs,” said a young Shia woman.

The escalation in violence was the worst since a 1996 Israeli offensive in Lebanon and it promised to intensify. Israel on Thursday attacked Beirut airport, Hizbollah’s al-Manar television station and imposed a blockade on Lebanon’s ports.

It also said it planned to hit the Damascus-Beirut highway, leaving the country isolated. Bridges connecting Beirut to the south were also hit, as was an army base in the northern Beka’a valley.

Panic struck the public, sending thousands of Lebanese and foreign tourists streaming out of Beirut, the capital. Others formed long lines at petrol stations in expectation of a fuel shortage.

Hizbollah, however, showed no sign of compromise over the captured soldiers, instead raining rockets on Israeli border towns, killing one civilian. Underlining the threat, a rocket last night slammed into the town of Haifa, around 40km into Israel, much further than Israeli military officials believed the guerrilla group had the capacity to reach. Hizbollah denied responsibility.

In Doueir, Youssouf Akkash sat in the mourning tent for his brother Adel, killed along with his wife and 10 children. “I would understand it if the Israelis hit militants but why hit civilians?” he asked.

The family did not call for vengeance or for an escalation in the fighting with Israel. But Mohammed Akkash, the father, quoted Hassan Nasrallah, Hizbollah’s leader, as saying: “If they want tensions we will give them tensions, but if they want quiet we will not escalate.”

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The escalation in violence threatened to deepen divisions over Hizbollah's role in a country that suffered a long civil war in the 1970s and 1980s as well as two Israeli invasions.

Since Syria, Hizbollah's key backer, withdrew its troops from Lebanon last year after the killing of former prime minister Rafiq Hariri, that was blamed by many Lebanese on Damascus, mainly Sunni Muslim and Christian anti-Syrian groups have argued that Hizbollah should disarm, as demanded by United Nations resolutions.

Among Christians in Beirut, the reaction was fury at the Shia organisation. "I hope the Israelis use this to get rid of them once and for all," was a commonly expressed opinion.

Indeed, Israel is hoping its offensive would force Lebanon's government, dominated by anti-Syrian groups but including two Hizbollah members, to take control of southern Lebanon and dismantle the group's military wing.

But a weak government yesterday appeared trapped, caught between these demands and warnings from Hizbollah thatLebanon had to show solidarity at a time of crisis.

After an emergency cabinet meeting, Ghazi Aridi, the information minister, said Lebanon's main demand was a complete and immediate ceasefire and a halt to "this open Israeli aggression".

But politicians opposed to Hizbollah also said the Israeli response was disproportionate.

"We think the Israeli response is too hard on the people of Lebanon, who have been taken hostage," said Nayla Mouawad, a Christian MP and Hizbollah opponent.

Walid Jumblatt, a powerful anti-Syrian politician, meanwhile slammed both Israel and Syria for the escalation and suggested that Damascus and Iran, which also backs Hizbollah, were behind the Wednesday attack in which the two Israeli soldiers were seized.

"The decision may have been made in the Damascus-Tehran axis at Lebanon's expense," he said. "Lebanon is stuck in a pincer between a brutal Israeli aggression and a decision made outside Lebanon," he told the LBC local television station.

Lebanon Says It Doesn't Control Hezbollah (AP)

By Hamza Hendawi

AP, July 14, 2006

Israel has held Lebanese leaders responsible for Hezbollah's capture of two soldiers, but the government here says it has no real control over the guerrillas — and taking action to rein them in could tear the country apart.

Wracked by divisions over relations with Syria, the Western-backed government of Prime Minister Fuad Saniora has yet to muster the political will, or the courage, to disarm the guerrillas of the Shiite Hezbollah, allowing them to continue to operate with almost total autonomy in southern Lebanon.

Successive Lebanese governments have maintained that replacing the guerrillas by Lebanese army troops would be tantamount to offering Israel a free service — protecting its northern border from guerrilla attacks.

Many in Lebanon — particularly opponents of its ally Syria — resent Hezbollah's free hand and feel that the government should do more to assert its authority. However, the dangers of taking on the group over its arms and the state-within-state role it has assumed in southern Lebanon carries serious risks.

"The 'state of Lebanon' held responsible by Israel for yesterday's Hezbollah operation does not exist and may never exist in the foreseeable future," wrote Sarkis Naoum, political editor of the Beirut daily An-Nahar, in a column Thursday.

"How can such a state exist when the war-and-peace decision is not in its hands and its influence on the Lebanese who have it, that's if indeed they have it, is little or in fact nonexistent?"

Denouncing Hezbollah as a "group of terrorists," President Bush alluded to the weakness of the Lebanese government in comments made in Germany on Thursday. He said Israel had a right to defend itself, but also expressed worries the Israeli assault could cause the fall of Lebanon's anti-Syrian government.

"We're concerned about the fragile democracy in Lebanon," he said.

The Syrian- and Iranian-backed Hezbollah is seen by Lebanon's 1.2 million Shiite Muslims, the largest single community among Lebanon's diverse 4 million people, as the fruition of a long and painful journey to empowerment, emerging from the fringes of a society long dominated by Christians and Sunni Muslims to become a power to be reckoned with in the last 30 years.

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With the name Hezbollah, or party of God, almost synonymous now with Lebanese Shiites, any attempt to disarm the organization or undermine its leverage in the Shiite-dominated south and east of Lebanon could firmly place Lebanon on the road to a second civil war, with the Shiites sure to feel that others are seeking to send them back to the political wilderness.

Disarming Hezbollah, listed as a terrorist organization by the United States, was called for in a U.N. Security Council resolution adopted in 2004, but Lebanese authorities, perhaps with an eye on the consequences of any unilateral action, have not implemented it, trying instead to reach national consensus on the issue.

Hezbollah's charismatic leader, Sheik Hassan Nasrallah, has presented Lebanese leaders with a blueprint for a strategic defense strategy. The document, of which very little is known, remains on the agenda of national reconciliation talks that have made little progress since they started in March.

Still, the government has sought to distance itself from Hezbollah's latest action, saying it did not know in advance of the cross-border raid and doesn't support it.

Anticipating the government's stance, Nasrallah served it a warning Wednesday. "No one at home should act in a way that encourages the enemy to escalate against Lebanon," he told a news conference, adding that Hezbollah had no intention to drag Lebanon or the entire region to war.

Nasrallah, a cleric, has in the past used strong language when touching on the question of disarmament, recently warning that anyone who attempts to unilaterally take away his guerrillas' arms would have his arm cut off and eyes gauged.

Founded in 1982 with Iranian help, Hezbollah has evolved from a secretive group linked to a series of suicide bombings targeting U.S. installations in Lebanon and the kidnapping of some 50 Westerners in the 1980s. It later became a national resistance movement, waging a war of attrition against Israeli forces occupying a southern Lebanon border strip. Faced with rising casualties, Israel withdrew its army in 2000, ending a 22-year military presence there.

The withdrawal crowned Hezbollah as a heroic organization seen by many Lebanese as a liberator that won back territory without negotiations or concessions. The group has since focused on charity work in the south and the eastern Bekaa Valley, operating schools, hospitals, dental clinics and rebuilding roads and houses destroyed in fighting in the south.

It continues to fight for a small, disputed border area, the Chebaa Farms, through sporadic attacks in the area. But its association with Syria, widely blamed in Lebanon for the assassination last year of former prime minister Rafik Harairi, has hurt its standing.

Violence Opens Old Wounds From Lebanon's Past (NYT)

By Hassan M. Fattah

The New York Times, July 14, 2006

BEIRUT, Lebanon, Friday, July 14 — Lebanon found itself virtually cut off from the world Thursday as the main highway linking Beirut and Damascus, Syria, the last major artery left intact after attacks by Israeli warplanes, was bombed late Thursday night.

With Israeli warships patrolling Lebanon's shores and the runways at Rafik Hariri International Airport bombed Thursday and other parts bombed early Friday, the country was fully blockaded.

As the roar of warplanes and the occasional boom of missiles rattled nerves, many Lebanese began re-enacting the rituals learned during 15 years of civil war. They hoarded canned foods, spare batteries and candles. Some prepared bomb shelters and others hunkered down for a protracted siege.

The Lebanese cabinet met Thursday, called for "national unity" and condemned the Israeli assault, demanding that the "international community help secure a cease-fire."

The attack strained the fragile ties binding Lebanon, whose population of Sunni and Shiite Muslims, Christians and Druse, had begun recovering from the wounds of civil war. Lebanese reactions varied, in many cases along sectarian lines.

In Beirut's Shiite-dominated southern suburbs, where residents handed out sweets to celebrate the seizures of the Israeli soldiers on Wednesday, residents supported Hezbollah, a Shiite group with close ties to Iran, and insisted that they were ready to sacrifice for the cause. Many pledged their allegiance to Hassan Nasrallah, Hezbollah's leader. "If things did not escalate to this, nothing would ever be solved," said Rania al-Faris as she waited for a bus.

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But in many other parts of the city, many expressed indignation at having to pay for what they saw as a ruinous escapade. "I'm not anxious because I guess I am just used to war," admitted Sirine Ahmad, 47, as she stocked up on supplies in the religiously mixed Hamra section. "But this time I feel bitterness, anger and rage because Hezbollah does not have the right to decide to take us back into war."

The crisis has underscored the weakness of the government of Prime Minister Fouad Siniora, who for the past year has struggled to build legitimacy and focus the country inward, hoping to settle growing sectarian squabbles and improve the Lebanese economy.

Israel has long demanded that the Lebanese government disarm Hezbollah, in keeping with a United Nations resolution. But Hezbollah is a powerful force in Lebanon. Two members are part of the Lebanese cabinet, and Hezbollah effectively controls parts of southern Lebanon. Instead of outright confrontation with Hezbollah, Mr. Siniora has tried to goad the group into aligning its agenda with the government's. For the past several months, he has held what he called a national dialogue to try to find a way to come to a settlement on Hezbollah's weapons.

But Hezbollah's attack, and Israel's response, underline the tensions tearing at Lebanon — a consuming hatred of Israel, which occupied southern Lebanon for 18 years, gratitude to Hezbollah, which drove Israel out, and fear of being plunged into chaos again.

"You can bet that non-Shiites probably hate Hezbollah now," said Amal Saad Ghorayeb, professor of political science at Lebanese American University and an expert on Hezbollah. "But those same people have also been reminded that Israel is the enemy."

Timur Goksel, a lecturer at Lebanese American University and a former senior United Nations official in southern Lebanon, said: "The cost of this is high and will continue to get higher. But the highest cost in the end will be in explaining to the Lebanese why this incident occurred."

Lebanese are also bracing for the economic toll of the fighting. The civil war ravaged Beirut and other parts of the country, but Lebanon invested tens of billions of dollars in a new downtown. Arab tourists, feeling unwelcome in Europe and the United States after the 9/11 attacks, have flocked to Beirut in recent years. Now they are fleeing.

Joseph Khouri, a cabdriver, stood before a scrum of Saudi tourists boarding buses bound for Damascus.

He was proud of Hezbollah's strike against Israel, he said. But he also realized there would be a price. Tourism contributes up to $4 billion of Lebanon's $23 billion gross domestic product, according to the World Travel and Tourism Council. "Do all these people deserve this?" Mr. Khouri said as he helped load his clients' bags on the bus. "If they wanted to get the kidnappers, why didn't they just focus on the kidnappers, not the innocent people?"

The land border with Syria, the sole exit from the country, was backed up for miles by midday. Many Westerners, for whom Syrian visas have become much more difficult to get, were stranded in hotels.

"This is terrifying," said Abdullah al-Sudairi, a Saudi tourist who cut short his vacation and boarded a bus to Damascus. "I mean it's a resort, not a war zone." Perhaps, he said, he would come back, but not for a while.

After the lessons of Lebanon's past, this siege was an especially unnecessary one, some said. "I have never been as scared in my whole life as I am now," Mona Karaoui, 24, said. "No one wants to resist against anyone. We just want to live a normal life after all these years of wars and death and misery."

By nightfall, Beirut had grown quiet as the panic buying ended. Residents stayed home, bracing for worse news to come.

Voices Of Peace Muffled By Rising Mideast Strife (NYT)

By Michael Slackman

The New York Times, July 14, 2006

CAIRO, July 13 — A few months ago, representatives of every Lebanese political faction gathered in downtown Beirut to discuss the issues that divided them — including how and when to disarm the Hezbollah militia.

Intent on keeping its weapons, however, Hezbollah has stymied that discussion by crossing into Israel, killing and capturing Israeli soldiers and prompting a fierce Israeli counterattack that has all of Lebanon in a defensive posture.

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"It is strange that one man representing a faction of the Shia, Hassan Nasrallah, is holding the whole Lebanese population hostage," said Elie Fawaz, a Lebanese political analyst and critic of Hezbollah, speaking of the Hezbollah leader.

With three Israeli soldiers kidnapped — one now in Gaza and two in Lebanon — and Israel carrying out military reprisals, there is for now less room in the Middle East for moderate voices, voices of peace, according to political analysts, government officials and security officials in Syria, Jordan and Egypt. The region's agenda, as often in the past, is largely being set by militants — with the masses swept along in emotion, anger and vengeance.

"They are happy, very happy," said Marwan Shahadeh, an Islamist and researcher in Amman, Jordan, speaking about the groups that want to focus on war with Israel.

The same dynamics are true of governments. The leaders of Egypt and Jordan, the only two Arab countries with peace treaties with Israel, are facing increasing hostility in the news media and on their own streets, while Iran and Syria, strong opponents of peace with Israel, have seen their credibility on the street increase. Sensing the tension among their people, Egyptian and Jordanian officials have stepped up domestic security efforts. In Egypt officials have moved to rein in the news media and stop street demonstrations. In Jordan, officials have pressed older members of the Islamic Action Front, the political arm of the Muslim Brotherhood, to rein in its more militant young members.

"They are in great embarrassment," Taher al-Masry, a former prime minister of Jordan, said of Jordan and Egypt. "These two countries have signed peace treaties, but having and observing peace with Israel is not the same as letting Israel do what it likes because we have peace with them. I think there is a major burden on both countries to do something. I don't know what, but something."

Regional momentum is supporting hard-liners. Newspapers and television commentators have assailed Egypt and Jordan for trying to negotiate a peaceful solution between Hamas and Israel. The Palestinian president, Mahmoud Abbas, who planned to call a referendum on whether to support a two-state solution, has been increasingly silenced. Even the Hamas leadership in Gaza, which had sought to forge a consensus with other Palestinian factions, found itself trumped by its more militant members.

Trying to explain his own impotence, Egypt's president, Hosni Mubarak, told an Egyptian newspaper that he had tried to negotiate a settlement between Hamas and Israel over the capture of Cpl. Gilad Shalit. He said he had worked out a deal — but a third party pressed Hamas to back out.

Mr. Mubarak said he did not want to name the third party, but political analysts here said they believed that it was most likely Iran or Syria.

"Politically active Islamist groups like these kinds of battles because they reap misery for the people who then automatically adhere to extremist groups," said Aly Salem, an Egyptian playwright who has supported normalizing ties with Israel, but says now that there is no margin even to discuss such ideas.

The crisis directly involves four parties — Hezbollah, Lebanon, Israel and Hamas, but is being driven by multiple and diverging agendas. That has often been the case in Lebanon, which for decades has been a proxy battlefield for foreign forces. Gaza has also been a front for varying agendas, from Iran's desire to strengthen its regional role, to the exiled faction of Hamas trying to maintain control over its group. Caught in the middle are civilians.

While recent events seem to have served Hezbollah's interests, there is also a strong feeling that the decision to take that action was guided by Iran's interests as well. Leaders of the top world powers, including Russia and China, agreed this week to haul Iran back before the United Nations Security Council for what they said appeared to be its unwillingness to negotiate in good faith over efforts to stop its enrichment of uranium.

"They have a lot of interests, strategically, in the kidnapping, in light of their position today, which is very uncomfortable regarding their nuclear capability," said Jonathan Fighel, a retired Israeli colonel who is a senior researcher at the International Policy Institute for Counter-Terrorism. He said he did not believe that Syria benefited by seeing the crisis escalate. Syria has far less influence with Hezbollah since its forces were withdrawn from Lebanon and is at risk of being attacked by Israel.

Those benefiting most from the bombs and the blood are those groups that want to see the rise of radicalism throughout the region. Even before this crisis, people were increasingly disillusioned with the political process as a means to achieve change, and were increasingly offering support to groups like the Muslim Brotherhood in Egypt.

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The victory of Hamas in Palestinian elections, and the subsequent decision by the West to deny it financial support, had a strong influence on Arab public opinion, with many saying it was hypocritical not to support the duly elected government.

Now those groups, from Hamas to Hezbollah to the Brotherhood, are trying to use the events in Lebanon and the Gaza Strip to build support. On its Web site, the Muslim Brotherhood of Egypt said, "Hezbollah, with its modest military capabilities relative to the capabilities of organized state armies, was able to achieve what several Arab governments did not do while they were satisfied to remain silent about the slaughter of our brothers in Palestine."

Olmert's Political Fate Tied To Israeli Military Campaigns (LAT)

By Ken Ellingwood

The Los Angeles Times, July 14, 2006

JERUSALEM — The ability of Israeli Prime Minister Ehud Olmert to carry out the main goal of his 2-month-old government — setting permanent and defensible borders for Israel — hinges on how well he handles the twin crises in Lebanon and the Gaza Strip.

Olmert's plan to withdraw from much of the West Bank as a way of setting borders — unilaterally, if necessary — was the raison d'etre for his Kadima party during its successful election campaign this spring, though public support for the idea had dropped somewhat even before the latest outbreaks of violence.

The prime minister says he remains committed to that idea as the only way Israel and a Palestinian state will ever live in peace. But its prospects have been thrown into doubt by the two recent cross-border attacks by Islamic militants and the capture of three Israeli soldiers. The assaults may bolster the case of those Israelis who say unilateral pullouts without concessions are a boon to militants.

Olmert's ability to marshal support for his border plan will depend on whether Israelis are convinced, through the incursions into the Gaza Strip and Lebanon, that his government knows how to keep attackers at bay, analysts say.

What makes the job trickier is that he may find his options limited by the Israeli public's competing interests: a desire to secure borders and get the missing soldiers home safely, and broad opposition to a long-term return to Gaza or southern Lebanon.

How well Olmert manages to satisfy those interests will determine how much leeway he has in any moves toward the Palestinians, including plans for a unilateral withdrawal if negotiations go nowhere, analysts say.

In the short run, his political fortunes depend on the military.

"If the military succeeds in getting the abducted soldiers or creating a situation in which Hezbollah disappears from southern Lebanon, Olmert will get his way," said Gabriel Sheffer, a political science professor at Hebrew University in Jerusalem. "He's in the hands of the military."

One measure of Olmert's performance will be whether Israelis perceive that he has stood up to demands for a prisoner swap that have been made in Gaza by the governing Hamas movement and in Lebanon by Hezbollah and its leader, Sheik Hassan Nasrallah.

"The stakes are very high," Sheffer said. "If there is failure and he surrenders to the demands of Nasrallah and Hamas, he might face big problems with his government. His life will be very hard."

There has been speculation in the Israeli media that Olmert might bring right-wing parties into his coalition to shore it up during the crises. But his main partner, the left-leaning Labor Party, could balk at any move that would reduce the chances for a substantive withdrawal of troops and settlers from the West Bank.

Olmert also faces resistance from conservatives to any territorial concessions. Although the right, including the Likud Party led by Benjamin Netanyahu, fared poorly in this spring's elections, it could mobilize public opinion against any pullbacks that are seen as leaving Israel vulnerable to cross-border attacks.

In a potentially worrying sign for Olmert, even some members of Kadima were voicing reservations this week about moving toward unilateral withdrawal.

The prime minister also has to convince the public that his government is up to the challenge of fighting simultaneously in two places from which Israel withdrew: Lebanon in 2000, and the Gaza Strip last summer. Complicating matters, Olmert and his

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defense minister, Amir Peretz, have come to the job with little military experience — a fact that could limit their options for resolving the twin crises.

Olmert "may have felt that precisely because he doesn't have any strong experience in security decision-making, he had to take a tougher position," said Yossi Alpher, an Israeli security analyst who co-edits http://www.bitterlemons.org , a website that seeks to foster dialogue between Israelis and Palestinians.

Israel's show of force also may be a signal to its foes that Olmert, though new in office, is not to be taken lightly, said Gideon Doron, a political science professor at Tel Aviv University. In a news conference Wednesday, Nasrallah appeared to mock the inexperience of Olmert and Peretz.

"Basically, they're telling him, 'Show us your best shot.' And they're showing them," Doron said.

Olmert so far has publicly ruled out negotiations to win back the captured soldiers. Cpl. Gilad Shalit, 19, was seized by Palestinian militants in a June 25 raid on southern Israel and taken into the Gaza Strip. Hezbollah guerrillas who staged an ambush along Israel's northern border Wednesday returned to Lebanon with two captive soldiers, identified Thursday by the military as Ehud Goldwasser, 31, and Eldad Regev, 26.

To many Israelis, the events were a sign that their government had lost its ability to deter attacks along the frontiers by not responding forcefully enough in the past to rocket fire from Gaza and Lebanon and to raids by Hezbollah fighters based in Lebanon.

Those who opposed last summer's withdrawal, during which Israel evacuated Jewish settlers and soldiers from Gaza and a portion of the northern West Bank, point to the frequent firing of Kassam rockets from the coastal strip at southern Israeli towns such as Ashkelon as evidence that the move was a failure. They say Israel's unilateral departure has rewarded Hamas' past violence and given militants a free hand to carry out attacks that a continued military presence might have prevented.

Israeli troops in the West Bank guard settlements, operate checkpoints and carry out arrests that Israel considers a bulwark against attacks inside the country. The details of any further withdrawals from the region have yet to be worked out, including whether Israel would keep troops in the areas where settlements are evacuated.

"Anyone with foresight warned ahead of time that a unilateral withdrawal, without receiving anything in return and without an arrangement, would lead to the rise of Hamas and to rockets in the heart of Ashkelon, and the more we flee from terror, the more it will pursue us on all fronts," Netanyahu wrote Thursday in the Maariv newspaper.

Efraim Halevy, former chief of the Mossad spy agency who now heads the Center for Strategic and Policy Studies at Hebrew University, said Olmert faced the task of redrawing the map of potential threats to Israel's security via the ongoing military actions. For example, Halevy said, Hezbollah can no longer be permitted to maintain a de facto army in southern Lebanon and to attack across the border while the militants' presence goes unchallenged by the Lebanese government. Israel wants Lebanon to disarm the militants under the provisions of a United Nations resolution.

Israel's airstrikes on Thursday, including the bombing of Beirut's airport, appeared designed to take the battle to the rest of Lebanese society and its leadership, he said.

"The Lebanese cannot expect that in a situation like this they will not suffer at least the same damage on their side. There's a heavy penalty to pay," Halevy said. "The game board has to be adjusted to the behavior of Hezbollah."

An Islamic political party and militia, it was formed in 1982 and is now the most powerful group in Lebanon. The U.S. government believes Hezbollah was involved in the 1983 bombing of the U.S. Marine barracks in Beirut and considers it a terrorist organization. The group gets major support from Iran and Syria and largely controls the southern part of Lebanon. Since Israel withdrew from Lebanon in 2000, Hezbollah has periodically fired rockets at towns in northern Israel.

Hamas

An Islamic political party and militia that has wide support among Palestinians, particularly in the Gaza Strip. Its reputation as not being corrupt helped it win a majority of seats in Palestinian legislative elections in January. Hamas does not accept Israel's right to exist and became widely known by sponsoring suicide bombings in Israeli cities. It is considered a terrorist organization by the U.S. government, Israel and the European Union.

Ehud Olmert

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Israel's prime minister was elected in March on a platform that called for withdrawing some Israeli settlers from territories the country has occupied since the late 1960s and setting an eastern border for Israel, either through negotiations with the Palestinians or unilaterally. Unlike most recent Israeli prime ministers, he lacks a strong military background. Many Israelis consider the crises in Gaza and Lebanon major tests of his abilities.

The Kidnapping Of Democracy (NYT)

By Thomas L. Friedman

The New York Times, July 14, 2006

When you watch the violence unfolding in the Middle East today it is easy to feel that you've been to this movie before and that you know how it ends — badly. But we actually have not seen this movie before. Something new is unfolding, and we'd better understand it.

What we are seeing in Iraq, the Palestinian territories and Lebanon is an effort by Islamist parties to use elections to pursue their long-term aim of Islamizing the Arab-Muslim world. This is not a conflict about Palestinian or Lebanese prisoners in Israel. This is a power struggle within Lebanon, Palestine and Iraq over who will call the shots in their newly elected "democratic'' governments and whether they will be real democracies.

The tiny militant wing of Hamas today is pulling all the strings of Palestinian politics, the Iranian-backed Hezbollah Shiite Islamic party is doing the same in Lebanon, even though it is a small minority in the cabinet, and so, too, are the Iranian-backed Shiite parties and militias in Iraq. They are not only showing who is boss inside each new democracy, but they are also competing with one another for regional influence.

As a result, the post-9/11 democracy experiment in the Arab-Muslim world is being hijacked. Yes, basically free and fair elections were held in Lebanon, the Palestinian territories and Iraq. Yes, millions turned out to vote because the people of the Arab-Muslim world really do want to shape their own futures.

But the roots of democracy are so shallow in these places and the moderate majorities so weak and intimidated that we are getting the worst of all worlds. We are getting Islamist parties who are elected to power, but who insist on maintaining their own private militias and refuse to assume all the responsibilities of a sovereign government. They refuse to let their governments have control over all weapons. They refuse to be accountable to international law (the Lebanese-Israeli border was ratified by the U.N.), and they refuse to submit to the principle that one party in the cabinet cannot drag a whole country into war.

"Iraq, Lebanon and the Palestinians all held democratic elections,'' said the Israeli political theorist Yaron Ezrahi, "and the Western expectation was that these elections would produce legitimate governments that had the power to control violence and would assume the burden of responsibility of governing. ... But what happened in all three places is that we [produced] governments which are sovereign only on paper, but not over a territory.''

Then why do parties like Hamas and Hezbollah get elected? Often because they effectively run against the corruption of the old secular state-controlled parties, noted Mr. Ezrahi. But once these Islamists are in office they revert to serving their own factional interests, not those of the broad community.

Boutros Harb, a Christian Lebanese parliamentarian, said: "We must decide who has the right to make decisions on war and peace in Lebanon. Is that right reserved for the Lebanese people and its legal institutions, or is the choice in the hands of a small minority of Lebanese people?"

Ditto in the fledgling democracies of Palestine and Iraq. When cabinet ministers can maintain their own militias and act outside of state authority, said Mr. Ezrahi, you're left with a "meaningless exercise'' in democracy/state building.

Why don't the silent majorities punish these elected Islamist parties for working against the real interests of their people? Because those who speak against Hamas or Hezbollah are either delegitimized as "American lackeys'' or just murdered, like Rafiq Hariri, the former Lebanese prime minister.

The world needs to understand what is going on here: the little flowers of democracy that were planted in Lebanon, Iraq and the Palestinian territories are being crushed by the boots of Syrian-backed Islamist militias who are desperate to keep real democracy from taking hold in this region and Iranian-backed Islamist militias desperate to keep modernism from taking hold.

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It may be the skeptics are right: maybe democracy, while it is the most powerful form of legitimate government, simply can't be implemented everywhere. It certainly is never going to work in the Arab-Muslim world if the U.S. and Britain are alone in pushing it in Iraq, if Europe dithers on the fence, if the moderate Arabs cannot come together and make a fist, and if Islamist parties are allowed to sit in governments and be treated with respect — while maintaining private armies.

The whole democracy experiment in the Arab-Muslim world is at stake here, and right now it's going up in smoke.

Why They Fight (WP)

By Charles Krauthammer

The Washington Post, July 14, 2006

Next June will mark the 40th anniversary of the Six-Day War. For four decades we have been told that the cause of the anger, violence and terror against Israel is its occupation of the territories seized in that war. End the occupation and the "cycle of violence" ceases.

The problem with this claim was that before Israel came into possession of the West Bank and Gaza in the Six-Day War, every Arab state had rejected Israel's right to exist and declared Israel's pre-1967 borders -- now deemed sacred -- to be nothing more than the armistice lines suspending, and not ending, the 1948-49 war to exterminate Israel.

But you don't have to be a historian to understand the intention of Israel's enemies. You only have to read today's newspapers.

Exhibit A: Gaza. Just last September, Israel evacuated Gaza completely. It declared the border between Israel and Gaza an international frontier, renouncing any claim to the territory. Gaza became the first independent Palestinian territory in history. Yet the Gazans continued the war. They turned Gaza into a base for launching rocket attacks against Israel and for digging tunnels under the border to conduct attacks such as the one that killed two Israeli soldiers on June 25 and yielded a wounded hostage brought back to Gaza. Israeli tanks have now had to return to Gaza to try to rescue the hostage and suppress the rocket fire.

Exhibit B: South Lebanon. Two weeks later, the Lebanese terror organization, Hezbollah, which has representation in the Lebanese parliament and in the cabinet, launched an attack into Israel on Wednesday that resulted in the deaths of eight soldiers and the wounding of two others, who were brought back to Lebanon as hostages.

What's the grievance here? Israel withdrew from Lebanon completely in 2000. It was so scrupulous in making sure that not one square inch of Lebanon was left inadvertently occupied that it asked the United Nations to verify the exact frontier defining Lebanon's southern border and retreated behind it. This "blue line" was approved by the Security Council, which declared that Israel had fully complied with resolutions demanding its withdrawal from Lebanon.

Grievance satisfied. Yet what happens? Hezbollah has done to South Lebanon exactly what Hamas has done to Gaza: turned it into a military base and terrorist operations center from which to continue the war against Israel. South Lebanon bristles with Hezbollah's 10,000 Katyusha rockets that put northern Israel under the gun. Fired in the first hours of fighting, just 85 of these killed two Israelis and wounded 120 in Israel's northern towns.

Over the past six years, Hezbollah has launched periodic raids and rocket attacks into Israel. Israeli retaliation has led to the cessation of these provocations -- until the next time convenient for Hezbollah. Wednesday was such a time. One terror base located in fully unoccupied Arab territory (South Lebanon) attacks Israel in support of another terror base in another fully unoccupied Arab territory (Gaza).

Why? Because occupation was a mere excuse to persuade gullible and historically ignorant Westerners to support the Arab cause against Israel. The issue is, and has always been, Israel's existence. That is what is at stake.

It was Yasser Arafat's Palestine Liberation Organization that convinced the world that the issue was occupation. Yet, through all those years of pretense, Arafat's own group celebrated its annual Fatah Day on the anniversary of its first attack on Israel, the bombing of Israel's National Water Carrier -- on Jan. 1, 1965.

Note: 1965. Two years before the 1967 war. Two years before Gaza and the West Bank fell into Israeli hands. Two years before there were any "occupied territories."

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But, again, who needs history? As the Palestinian excuses for continuing their war disappear one by one, the rhetoric is becoming more bold and honest. Just Tuesday, Palestinian Prime Minister Ismail Haniyeh, writing in The Post, referred to Israel as "a supposedly 'legitimate' state" ["Aggression Under False Pretenses," op-ed, July 11].

He made clear what he wants done with this bastard entity. "Contrary to popular depictions of the crisis in the American media," he writes, "the dispute is not only about Gaza and the West Bank." It is about "a wider national conflict" that requires the vindication of "Palestinian national rights."

That, of course, means the right to all of Palestine, with no Jewish state. In the end, the fighting is about "the core 1948 issues, rather than the secondary ones from 1967."

In 1967 Israel acquired the "occupied territories." In 1948 Israel acquired life. The fighting raging now in 2006 -- between Israel and the "genocidal Islamism" (to quote the writer Yossi Klein Halevi) of Hamas and Hezbollah and Iran behind them -- is about whether that life should and will continue to exist.

Iran, Syria Called 'Playing With Fire' (WT)

By Nicholas Kralev

The Washington Times, July 14, 2006

Israel's ambassador to Washington said yesterday that Iran and Syria are "playing with fire" and "will bear the consequences" if Hezbollah transfers two kidnapped Israeli soldiers to either of its patron nations.

Ambassador Daniel Ayalon did not rule out retaliatory strikes against Iran's nuclear facilities, though other Israeli officials said that was not being planned.

Fears mounted that Israel's military offensive against southern Lebanon could spread to other countries after Israeli officials said yesterday they had received indications that Hezbollah was trying to move two captive Israeli soldiers to Iran.

State Department spokesman Sean McCormack also expressed concern that the soldiers could be moved out of Lebanon.

The department last night authorized the departure from Beirut of U.S. Embassy family members, as well as nonessential personnel.

Asked during a luncheon at the National Press Club whether Israel might respond to such a step with strikes against Iran's nuclear facilities, Mr. Ayalon said he did not want to discuss "operational details."

But, he said, Iran and Syria both "are playing with fire and will bear the consequences" for any assistance they give Hezbollah in holding the two soldiers as hostages.

Another Israeli official said privately that there were no immediate plans to attack Iran's nuclear facilities, although the country previously has hinted at such action and has armed itself with aircraft capable of mounting such a strike.

Israeli analysts suggested that Israel was more likely to strike next at Syria, which backs Hezbollah and hosts the Hamas leader blamed for the kidnapping of an Israeli soldier in the Gaza Strip.

Iranian President Mahmoud Ahmadinejad was quoted yesterday by the Iranian news agency as saying such action against Syria would be considered an assault on the whole Islamic world that would bring a "fierce response."

Iran's foreign ministry also dismissed suspicions that the soldiers would be brought there as "absurdities."

Several analysts told The Washington Times that they thought Israeli officials were focusing on preventing Hezbollah from moving the soldiers within Lebanon or out of the country by bombing roads, bridges and airports and imposing a naval blockade.

"It's premature to talk about military action against Syria and Iran," one Israeli official said. "We don't want the situation to escalate more than it already has."

Wayne White, a former State Department intelligence official, said Israel was trying to determine how direct Iran's and Syria's involvement was in the attack.

"It's really unlikely that they will directly attack Tehran right now, because they will respond in a tit-for-tat," Mr. White said. "Israel's done what it's going to do for now, and it's in a stage of waiting to see how Hezbollah will respond."

Israeli Brig. Gen. Michael Herzog, a visiting fellow at the Washington Institute for Near East Policy, said Israel would take into account retaliatory threats to American targets when deciding whether to strike Iran's nuclear facilities.

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"This is a very difficult decision, and I don't think that it should be made hastily, even with the urgency of the crisis that's going on right now," he said.

David Makovsky, also of the Washington Institute, said that an attack on Iranian interests in Lebanon is more likely than a strike on Iran.

"There is good reason to believe Tehran backed this, but there is no smoking gun yet," he said.

Researchers say that about 30 sites in Iran are involved in producing and assembling nuclear components.

Israel does not have the ability to strike all 30, so it likely would concentrate on major targets, such as the Russian-made Bushehr reactor and Natanz underground enrichment site.

For years, Israel has been buying the American weapon systems it would need to disable Iran's ample air defenses and strike multiple targets, including the Bushehr reactor on the Persian Gulf.

Ehud Yatom, member of the now-opposition Likud Party, said in 2003 that Iran's "nuclear facilities must be destroyed, just as we did the Iraqi reactor."

It was a reference to the 1981 successful strike on Iraq's Osirak reactor by two F-16s.

The Washington Times reported in 2004 that the Israeli air force had selected various flight plans for an attack on Iranian nuclear facilities.

Unlike the Osirak attack, in which the Israeli jets briefly crossed Jordan's air space, this time perhaps scores of Israeli planes would have to cross broad stretches of Iraq. Israel likely would be forced to first notify the United States to ensure the planes are not shot down and to let U.S. commanders prepare for any Iranian counterattack.

Stephen P. Cohen, president of the Institute for Middle East Peace, said the latest crisis over the kidnapped soldiers should not be "mixed" with the nuclear issue.

"But if Hezbollah were to hand over the hostages to Iran, and Iran agreed to fly them to Iranian territory, it would be ... Iran's ultimate test of Israeli deterrence capability," he said.

Iranian President Warns Israel About Syria (AP)

By Nasser Karimi, Associated Press Writer

AP, July 14, 2006

Iran's president warned Israel against extending its offensive in Lebanon to neighboring Syria, saying such a move would be regarded as an attack on the whole Islamic world and be met with a "crushing response," the official Iranian news agency said Friday.

Israel has intensified its attacks on Lebanon to put pressure on the government and force Hezbollah to free the two Israeli soldiers it captured Wednesday. Syria and Iran are the top backers of the Shiite Hezbollah guerrilla group in Lebanon.

"If the occupying regime of Jerusalem attacks Syria, it will be equivalent to an attack on the whole Islamic world and the regime (Israel) will face a crushing response" Iranian President Mahmoud Ahmadinejad was quoted as saying by IRNA.

Ahmadinejad made the comments in a telephone conversation with Syrian President Bashar Assad to assure him of his support, the agency said.

The Iranian leader called on Muslim countries to create a united front against Israel.

"The Islamic world, especially countries in this region, need more unity and integrity, particularly in the context of Lebanon and Palestine," Ahmadinejad said.

Separately, the spokesman for Iran's Foreign Ministry, Hamid Reza Asefi, denied Israeli allegations that the captured Israeli soldiers were being transferred to Iran.

On Thursday, Israel said it had information that Hezbollah guerrillas were trying to transfer the soldiers to Iran, apparently to prevent Israeli troops from rescuing them.

"These sort of accusations are simply nonsense," Asefi said, according to IRNA.

The head of Israel's northern command, Maj. Gen. Udi Adam, said Wednesday that Israel did not intend "at the moment" to take action against Syria over Hezbollah's capture of the soldiers.

Despite Hezbollah's Ties To Iran And Syria, It Also Acts Alone (LAT)

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By Paul Richter, Josh Meyer And Sebastian Rotella

The Los Angeles Times, July 14, 2006

WASHINGTON — The Bush administration was quick to pin responsibility on Iran and Syria when Hezbollah militants captured two Israeli soldiers this week. Yet those countries may not have specifically planned and ordered the raid that has brought the Middle East to the edge of war, U.S. officials and terrorism experts say.

Iran and Syria each have long-standing ties to Hezbollah, a Shiite Muslim militant group, and no Western government doubts that they provide financial, political and logistical support. But some officials and experts say Hezbollah can also move on its own initiative, for its own reasons, even as it seeks to avoid any move that would displease its chief patrons.

"It sometimes does act on its own," said Wayne White, who was a senior official in the State Department's intelligence arm until last year.

White said intelligence agencies have differed on how much Iran might be spending on Hezbollah but that they agree there are very strong ties between that country and the group. Even so, he said, it would be an overstatement to say that Hezbollah is a "pawn" of Iran.

Wednesday's kidnapping "could have been someone seizing a moment of opportunity — a bunch of Hezbollah guys could have done it without even thinking they need permission from on high," said a U.S. counterterrorism official, who said he was basing his speculation on experience with the group and spoke on condition of anonymity while discussing intelligence matters. "Terrorist operations can happen at any moment and be quite fluid."

The possible role of Iran and Syria has become an issue as the raid brought fierce Israeli retaliation and stirred fears that fighting could engulf more of the region. If Iran and Syria ordered the Hezbollah raid, it might signal their willingness to see the conflict continue and widen. But if they did not, U.S. and Israeli charges that their longtime adversaries were somehow involved could heighten the tension in the region.

U.S. officials declined to offer specific evidence of Iranian or Syrian involvement in Wednesday's raid, in which eight Israeli soldiers were killed. But the Bush administration, in a statement afterward, said the two nations "bear responsibility" based on their longtime ties and support.

Sean McCormack, the chief State Department spokesman, said the countries "subcontract" terrorist attacks through Hezbollah.

"Hezbollah received material support from Iran…. The Syrian government provides political as well as other kinds of support," he said. "So I think it's really time for everybody to acknowledge that these two states do have some measure of control over Hezbollah."

At the same time, even the State Department's annual report on terrorism notes that Hezbollah is capable of independent action.

"Hezbollah is closely allied with Iran and often acts at its behest, but it also can and does act independently," this year's report says.

Israel declared that primary responsibility for the raid lay with the Lebanese government. But officials also have made it clear that they believe Iran and Syria were involved in the attack.

"I don't have evidence that there were direct instructions," said one Israeli official, who spoke on condition of anonymity because of the sensitivity of the issue. "But they were under the influence of the Iranian government."

The ties between Hezbollah, Tehran and Damascus are well documented and rarely in dispute. Hezbollah, a potent force in Lebanon, has been supported and guided by Iran and Syria since its beginnings in the early 1980s.

Tehran has maintained a flow of weapons — including rockets with a range of more than 120 miles — to Hezbollah military forces. U.S. and Israeli officials say the hardware has been flown to the Damascus airport and then trucked to southern Lebanon.

Hezbollah leaders deny that they are agents of Iran or Syria. But they publicly acknowledge Tehran's financial support, which some Western intelligence agencies say may amount to more than $200 million a year. Iranian officials have toured Hezbollah camps in southern Lebanon, and Iran maintains emissaries in the country to act as liaisons with the group.

Robert Malley, who was special assistant to President Clinton for Arab-Israeli issues, said Hezbollah is likely to seek ways to advance the interests of its benefactors.

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"There is a very short list of countries that are prepared to help Hezbollah, so [it is] not about to do anything that would alienate them, and they're always more likely to do things they believe would serve Syrian and Iranian interests," Malley said.

Yet those factors do not lead inevitably to concerted action in every instance, he said.

"I think there's more local autonomy, a greater degree of local decision-making, than people give credit for," said Malley, who directs the Near East and North Africa program for the International Crisis Group in Washington, which deals with conflict resolution.

Experts noted that Hezbollah leader Sheik Hassan Nasrallah has made it known he wanted to kidnap Israelis and use them as bargaining chips in a trade for at least three Lebanese prisoners held by Israel. Among them is Samir Sami Kuntar, whose band of militants was responsible for a 1979 attack that killed three members of an Israeli family and a police officer.

Magnus Ranstorp, a veteran Hezbollah expert now at the Swedish National Defense College, said Hezbollah could have had several motives.

For one, it might have hoped to provoke Israel into a military reaction that would increase the group's support in Lebanon at a critical moment, Ranstorp said. Hezbollah is under pressure from the United States and allies to disarm, in accordance with a U.N. resolution, he noted.

Or, Ranstorp said, the group might have been looking for a way to show its solidarity with Hamas, the Palestinian militant organization that has been under attack in the Gaza Strip for two weeks after an Israeli soldier was captured and taken there.

Ranstorp said that for now there can be only "a strong suspicion" that Iran participated in the latest seizure of Israeli soldiers. "But it would be inconceivable that Hezbollah did not inform Syria but also the Iranians in advance of this, particularly the Iranian intelligence," Ranstorp said.

Claude Moniquet, director of the European Strategic Intelligence and Security Center, a Brussels think tank, played down Hezbollah's autonomy.

"Whatever the reality of its local presence in the south of the country, and the poor area of Beirut … Hezbollah has never been more than, and remains today, a simple political instrument of Tehran and, to a lesser extent, a tool Damascus uses to pressure Lebanon," Moniquet said.

Milton Bearden, a former CIA official who remains involved in Middle East affairs, said it was possible that some militants thought they had the green light to conduct such a raid, without thinking through the consequences.

"People will say they know why it happened, but they don't know," Bearden said. "Never discount the possibility of things in the Middle East to just spin out of control so easily that people say, 'How did we get here?'

"It is possible it was a gross miscalculation," he said, "which are responsible for many wars in the Middle East."

States Of Terror (WSJ)

The Wall Street Journal, July 14, 2006

Israel's military invasion and naval blockade of Lebanon is being denounced in European capitals and at the United Nations as a "disproportionate" response to the kidnapping this week of two of its soldiers by Hezbollah. Israel's decision late last month to invade Gaza in retaliation for the kidnapping of another soldier by Hamas was also condemned as lacking in proportion. So here's a question for our global solons: Since hostage-taking is universally regarded as an act of war, what "proportionate" action do they propose for Israel?

In the case of Hamas, perhaps Israel could rain indiscriminate artillery fire on Gaza City, surely a proportionate response to the 800 rockets Hamas has fired at Israeli towns in the last year alone. In the case of Hezbollah, it might mean carpet bombing a section of south Beirut, another equally proportionate response to Hezbollah's attacks on civilian Jewish and Israeli targets in Buenos Aires in the early 1990s.

We aren't being serious, but neither is a feckless international community that refuses to proportionately denounce the outrages to which Israel is being subjected. That goes also for Secretary of State Condoleezza Rice, who says "all sides must act with restraint." But Israel's current problems result in part from an excess of restraint in responding to previous Hamas and Hezbollah provocations.

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Now Israel is confronted with a war on two fronts with proxy terrorists armed and financed by Syria and Iran. Yesterday, medium-range Hezbollah rockets hit civilian targets across northern Israel. Any of those rockets might easily hit the port city of Haifa's oil refineries and chemical plants, causing horrific damage that would give Israel cause, and perhaps the self-preservation necessity, to strike Damascus and Tehran.

So far, Israel is limiting its military activities to Lebanon alone, out of the same abundance of restraint that has governed its behavior throughout the crisis. The democratic Lebanese government of Fouad Siniora bears its share of the blame, since it has failed to police its side of the border with Israel and failed to disarm Hezbollah, as required by Security Council Resolution 1559 and the 1989 Taif Accords that ended the Lebanese civil war. Senior Israeli military sources also claim that Lebanon tolerates the presence of hundreds of Iranian military personnel in Lebanon, again in violation of U.N. resolutions.

But Mr. Siniora's failings owe to weakness, not malfeasance, particularly in the face of Syria's continued meddling in Lebanese affairs following the departure of its army last year. A larger problem has been the failure of the Bush Administration to press Damascus harder when it had the opportunity to do so in the wake of last year's Cedar Revolution. The U.N. investigation into the murder of Lebanese Prime Minister Rafik Hariri, in which all evidence points to the involvement of senior associates and relatives of Syrian dictator Bashar Assad, seems to have disappeared in a black hole. Nor has the U.S. exacted any price for Syria's ongoing support for the insurgents in Iraq.

Critics of the Bush Administration will surely find a way to blame it for the current crisis, on the theory that this is what happens when you push for change in the Middle East. But the real problem is the growing perception among Arab regimes and terrorist frontmen that the U.S. is so bogged down in Iraq, and so suddenly deferential to the wishes of the "international community," that it has lost its appetite for serious reform. This has created openings for the kind of terror assaults on American allies we are now witnessing.

Israel can and will handle the immediate military threats on its two borders. But ultimately there will be no resolution in Lebanon and Gaza until the regimes in Syria and Iran believe they will pay a price for the wars they are waging through their proxies. The referral this week of Iran's nuclear file to the U.N. Security Council is a start, although we have little confidence it will lead anywhere. The White House has cited Syria and Iran as the culprits behind this week's events, but more forceful words and action are called for. The Middle East stands on the cusp of its worst crisis in a generation, and this is no time for formulaic statements calling for "restraint from both sides."

The Mideast Erupts (WP)

The Washington Post, July 14, 2006

WHEN ISRAEL withdrew its troops from southern Lebanon in 2000 after more than two decades of occupation, it also issued a warning: Any cross-border provocations by Hezbollah, the militant Shiite group, would elicit a severe military response. So there can be no surprise at the violent reaction to Hezbollah's ambush of an Israeli patrol Wednesday, in which three soldiers were killed and two others taken captive by the guerrillas. And there can be no doubt that Iran and Syria, Hezbollah's chief sponsors, bear responsibility for what has instantly become the most far-reaching, lethal and dangerous eruption of cross-border fighting in the Middle East in recent years.

Europeans and others in the international community are already criticizing as excessive Israel's swift military response. Conspicuously they have said comparatively little about the volleys of dozens of rockets Hezbollah rained down on northern Israel yesterday. In fact, given the all-too-familiar patterns of violence and retribution in the Middle East, the Israeli attacks are entirely predictable, and precisely what Hezbollah and its patrons must have expected and even wanted. But for Israel, the pressing question must be whether its reprisals will be effective in achieving the desired results -- retrieving the soldiers taken hostage and reasserting Israeli deterrence in the north.

Following the kidnapping of an Israeli soldier by Hamas guerrillas in the Gaza Strip and the resulting Israeli incursions into Gaza, the government of Prime Minister Ehud Olmert now faces hostilities on two fronts. In Gaza, Israel has shown that it can assert military power, decapitate the Hamas-led government and halt normal life for 1 million Palestinians; however, none of that has forced Hamas to return its hostage.

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In Lebanon, Hezbollah offers few conventional military targets; its offices, training camps and safe houses are hidden from view. So the Israelis have opted to inflict general pain on their northern neighbor, destroying bridges, blockading ports, cratering runways at its brand-new international airport -- and, now, threatening to attack Beirut itself. The idea may be to intensify popular Lebanese opposition to Hezbollah, which forms part of Lebanon's governing coalition and controls cabinet seats. That has apparently worked; many Lebanese, including but not only Christians, are furious at Hezbollah for exercising what amounts to a unilateral foreign policy.

But even if Hezbollah is punished politically at home for its wild irresponsibility, the underlying problem -- its benefactors in Iran and Syria -- remains. That's where American and allied diplomacy and influence should be focused. Tehran should be called to account in the U.N. Security Council not only for its program to enrich uranium but also for its support of Hezbollah. Damascus, which hosts Hezbollah and Hamas, should also come under renewed international pressure, including sanctions. In all the diplomacy, the false lure of "evenhandedness" must not be allowed to obscure the fact that Hezbollah and its backers have instigated the current fighting and should be held responsible for the consequences.

Israel's Risky Response (LAT)

The Los Angeles Times, July 14, 2006

TWO WEEKS AGO, ISRAEL RESPONDED to the kidnapping of one its soldiers by sending its forces into Palestinian territory in Gaza. On Thursday, it reacted to another abduction — this time of two soldiers — by dispatching bombers and troops to the kidnappers' staging ground in Lebanon. In both cases, Israel was provoked; in both cases, it overreacted, running the risk of emboldening Arab rejectionists.

Yet there is an important and ominous difference between the two operations. Gaza is part of a would-be state of Palestine. Lebanon is an independent country, albeit one in which the terrorist group Hezbollah has a foothold in government. As President Bush observed Thursday at a news conference in Germany, Israel certainly has the right to defend itself. But, as he also emphasized, it is not in Israel's interest to "weaken that government."

By bombing the Beirut airport, Israel runs the risk of doing exactly that. The Israelis have every right to pursue into Lebanon the Hezbollah operatives who crossed into Israel to abduct the two soldiers. But to hold the entire state of Lebanon responsible — and to exact retaliation by striking at infrastructure that serves innocent civilians — is disproportionate.

Israel is tired of being urged to exercise restraint when it responds to an attack. In recent years, the Jewish state has made significant concessions — uprooting settlers in Gaza, accepting the once-anathema idea of a Palestinian state — only to see Palestinians elect a government dominated by the rejectionist Hamas movement. The kidnapping of Israeli soldiers on Israeli soil first by allies of Hamas, then by Hezbollah, adds insult to injury.

But the counsel to caution still makes sense, especially at a time when the United States, Israel's ally, is fighting an insurgency in Iraq and trying to rally Arab and Islamic nations to pressure Iran not to develop nuclear weapons. There is never a good time for another Middle East war. But this is an especially bad time, from both the Israeli and U.S. vantage points.

Bush pointedly said Thursday that Syrian President Bashar Assad "needs to show some leadership toward peace," and other administration officials blamed Syria and Iran for supporting Hezbollah. It will be easier for the United States and Arab states such as Egypt and Jordan to bring pressure on Tehran and Damascus to rein in Hezbollah if Israel keeps its retaliation in proportion.

Rocket Fire Shatters Peace In Israeli Border Towns (USAT)

By Thomas Frank

USA Today, July 14, 2006

KIRYAT SHMONA, Israel — Three hours after rockets launched from Lebanon shattered the calm of this rural enclave in northern Israel on Thursday morning, Netanel Elkoby was leaving town with his aunt and uncle.

“We can't stay here,” Netanel, 16, said as he pumped gas into the pickup truck his uncle was driving to Tel Aviv, 100 miles south. “Living here is like a ghetto.”

Minutes later, another family pulled into the gas station in a sport-utility vehicle filled with suitcases. “It's very scary,” said Shay Amar, 23, who also was heading to Tel Aviv with his parents and sister. “I'd rather be living in the center of the country.”

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Hundreds of Israelis fled Israel's suddenly volatile border with Lebanon as Hezbollah militants fired rockets from nearby mountains into quiet communities. The fighting started after the militants captured two Israeli soldiers and killed eight others in a raid Wednesday.

Israel responded by attacking targets in Lebanon, including the Beirut airport. Hezbollah militants started firing rockets into Israel.

Many here urged a ferocious Israeli military response to the rocket fire along the border.

Some residents such as Shimon Peretz and his two sons, ages 5 and 11, hunkered down in the stuffy, rank-smelling bomb shelters found in the basements of many apartment buildings.

"I have no place to go," Peretz said, looking tired and unshaven as he sprawled on a vinyl couch at the entrance to the shelter.

The streets of this small town were virtually deserted Thursday. Most businesses along the main road — a four-lane commercial highway — were shuttered, with metal gates pulled tight across entrances. The notable exception was the gas station, where manager Tomer Kubi saw "hundreds of people leaving."

The rocket fire killed two Israelis, a woman in Nahariya and a man in Safed, the Associated Press reported. The woman was eating breakfast on her balcony in the coastal city of 50,000 people about 6 miles from Lebanon, according to Yaron Zamir, the city's police superintendent.

By afternoon, Nahariya's normally bustling downtown was quiet and residential streets were empty as most people heeded police warnings to stay inside.

Benjamin Moshe of Nahariya was working at his plumbing job Wednesday morning when he heard the faint whistling sound of incoming rockets. He hit the ground and braced for an explosion, which hit about 100 yards away and hurt no one.

"It's more the noise," Moshe said inside his home in a suburban-looking neighborhood that had bomb shelters at the end of each block. "If you are 100 meters away, it won't hurt you."

The shelters were empty. Moshe said newer homes are required to have their own shelters.

The eight-story modern apartment building where the woman was killed drew a stream of visitors. The rocket hit the roof of the building, pierced a sixth-floor balcony and exploded on the fifth-floor balcony where the woman was sitting, Zamir said.

Meir Baruchi, who lives a few blocks away, stared at the damage and then pointed down the street to the mountains of Lebanon several miles in the distance. "Our army must destroy all the area of Hezbollah," Baruchi said. "We must bomb them and bomb them and bomb them."

At the Hunters Lodge in the nearby ski town of Neve Ativ, owner Rachel Barel said she awoke Wednesday morning after a night of hearing artillery fire. "It's normal for us," she said. "We are living in a war all the time."

Hezbollah Rains 120 Rockets On Israel (NYT)

By Greg Myre

The New York Times, July 14, 2006

NAHARIYA, Israel, July 13 — Hezbollah rockets rained on the northern part of the country on Thursday, and this resort, tucked into the far northwestern corner, was perhaps the hardest hit.

The second day of heavy shooting across the border by the Lebanese militant group began early in the morning, when one rocket slammed into an open field just 200 yards from Western Galilee Hospital, the town's main medical center. An apartment building took a direct hit and burst into flames. One woman was killed while on the balcony of her apartment in another building. A man also died in the town of Safad.

In the Israeli Arab village of Majdel Krum, a few miles southeast of Nahariya, a resident, Farhat Farhat, 23, said, "I was walking next door to my cousin's house when I heard this tremendous explosion."

"When I looked up,'' he continued, "it seemed like my whole house was flying through the air — the roof, the glass, even the water heater."

Seconds later, he said, a second rocket slammed into his cousin's house. Mr. Farhat had minor cuts on his left hand and left leg, and no one in either house was seriously wounded.

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In the summer, Israelis normally flock to Nahariya and other towns in the north for vacations in the rolling hills of the Galilee. But on Thursday, the traffic on the main roads was almost all headed south, as residents sought to move out of rocket range.

Those who remained moved into bomb shelters, creating a ghost town atmosphere across Israel's northern strip. Clouds of smoke rose on the horizon in several places, the result of a cluster of rockets that ignited fires.

At the hospital in Nahariya, the patients, including expectant mothers, were moved into underground rooms as a precaution. In the emergency ward, a steady stream of wailing women and sobbing children filled the chaotic hallways. The hospital treated more than 30 civilians for injuries, while more than 120 arrived, many from Majdel Krum, saying they were suffering from shock.

Hezbollah launched more than 120 Katyusha rockets into northern Israel on Thursday in one of its largest such attacks, the Israeli military said.

Eyad Deep, an ambulance driver in the town of Acre, received word of the attack in Majdel Krum, his home village. He said that when he arrived there he discovered that the home of his brother had been hit, though no one in his family was seriously hurt.

The probable target of the rocket barrage on Majdel Krum was the neighboring Jewish town of Carmiel. Both are more than 10 miles south of the border, beyond the usual range of Hezbollah attacks. But on Thursday evening, the coastal town of Haifa, which is 18 miles south of the Lebanese frontier, was hit by rockets for the first time. "This is something we've never seen in this area," Mr. Deep said.

Dr. Jack Stolero, who runs the emergency room at the main hospital in Nahariya, has been coping with rockets out of nearby Lebanon for three decades, and he said Thursday was one of the roughest days he had seen. "I've never been an optimist," said Dr. Stolero, 57, smoking a cigarette during a brief lull between rocket attacks on Thursday afternoon. "We've had a period of calm for a few years, but I always thought we would see more trouble."

Katyusha rockets are not precise weapons, but they are more accurate and have a much greater range than the Qassam rockets that the Palestinians fire out of northern Gaza. In addition, Hezbollah has stockpiled thousands of rockets and can fire them by the dozen, while the Qassam rockets are typically fired in much smaller numbers.

For Israelis who have endured the rocket fire in north since the 1970's, it was not supposed to turn out this way. When Israel pulled out of southern Lebanon in 2000, ending two decades of occupation, many believed, or at least hoped, that the rural Galilee would once again become a tranquil retreat known for its hiking and horseback riding rather than as the front line of a relentless conflict.

"I see a lot of people who are crying, who are angry, who feel the carpet has just been pulled out from under them," said Dr. Yehuda Shacham, who runs the Community Stress Prevention Center in Kiryat Shmona, in Israel's northern panhandle, the town that has been Hezbollah's most frequent target over the years. "Most people here have been though this experience many times," said Dr. Shacham. "We had bad periods in the 1980's and the 1990's. We just hope this one won't last for long."

Fear As Missiles Strike Israeli Town (LAT)

By Vita Bekker, Special To The Times

The Los Angeles Times, July 14, 2006

In Nahariya, a rocket hits a building, killing a woman. Residents are ordered into shelters in what a commander calls `a war for our home.'

NAHARIYA, Israel — Simcha Mualem, an auburn-haired fifth-grade teacher, was praying on her balcony Thursday morning in the northern Israeli city of Nahariya when she heard the shrill whistle of a rocket.

Mualem said she saw the rocket slam into a neighboring building, where it killed a woman. Shocked by the sight of a rocket plowing into a balcony just 50 yards from her own, Mualem recalled, she screamed, fell from her chair and felt her body go numb from fear.

"I felt hysterical, I cried and I couldn't get my legs to move," said Mualem, 51, who was taken to a hospital and treated for shock and then discharged.

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The rocket that killed Mualem's neighbor was among dozens fired Thursday into northern Israel by Hezbollah guerrillas. One person in the town of Safat also was killed in a missile attack. The onslaught sowed panic among thousands of residents and prompted officials to order them into bomb shelters and reinforced safe rooms, where many had spent the previous night.

Among the communities hardest hit was Nahariya, a coastal city of 57,000 that sits about five miles from the Lebanese border.

At least 29 people were wounded and taken to Nahariya Hospital, which moved 750 patients to the basement. Nearby, officials set up a hotline to provide counseling.

Israeli officials warned residents along the northern fringes to brace for further attacks.

"This is a war for our home.... This is a rolling operation, and we must be capable of taking some [blows] in the short term in order to ensure the future," Yitzhak "Jerry" Gershon, Israel's home-front commander, told Israel Radio.

"My children have been calling all day, asking me to join them in Tel Aviv until the violence stops," Mualem said.

She wasn't the only one being advised to leave.

At the six-story building that was struck by the rocket, most of the families had fled. Those who remained expressed grief over the death of their neighbor, whom police identified as Monica Lehrer, 40.

Shards of green glass and bits of the building's broken stone sides littered the pavement in front. The rocket shattered the lobby's glass windows and several top-floor balconies.

The tree-lined street was quiet, with most residents heeding the government's instructions to stay in their safe rooms — an obligatory protective feature of most newer homes near the border, where occasional rocket fire has been a fact of life.

Eddie Ifrach, a 47-year-old mechanic who lives on the first floor of Lehrer's building, had left his safe room for a few minutes to drink coffee in the kitchen when he heard the rocket hit.

"I heard a tremendous boom. The whole building shook," he said. "We heard shouts in the lobby. It was scary. We ran out and saw the whole lobby in ruins."

Ifrach said he hunkered down in the safe room with his wife and two children the previous night and most of Thursday. The cramped room has a computer with Internet access, toys and games, books and a sofa bed.

He said he and his wife were too frightened to go out for groceries after the rocket strike and instead baked several loaves of bread at home.

Still, he was adamant about staying.

"We're scared, but we're not planning to leave," Ifrach said. "Where would we go? It seems that the whole country is being targeted these days."

Relations Between Bush And Putin Show Strain As G-8 Summit Nears (WSJ)

By Yochi J. Dreazen, Alan Cullison And Gregory L. White

The Wall Street Journal, July 14, 2006

Shortly after meeting with Russian President Vladimir Putin five years ago, President Bush famously said that he had been "able to get a sense of his soul." These days, Mr. Bush tells a different story.

Early in his first term, Mr. Bush introduced a visiting Mr. Putin to his dog, a Scottie named Barney, according to lawmakers from both parties who have heard the story from Mr. Bush. The Russian president made it clear that he disdained the small dog. When Mr. Bush visited Russia a short time later, Mr. Putin showed off his much larger dog.

Mr. Bush offers the story to illustrate the complicated relationship between two highly competitive men with differing views of how their two countries should interact. A Kremlin spokesman declined to comment on the conversations, but noted that Mr. Putin's family also has smaller poodles, about which the president has spoken warmly.

These days, relations between the U.S. and Russia are cooler than they've been since the end of the Cold War. Mr. Putin's government is pursuing policies that run counter to American interests and that have angered and alarmed many European leaders. Mr. Putin continues to crack down on democracy at home and has cultivated a chummy relationship with Hugo Chávez, Venezuela's anti-American president.

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Yet the Bush administration is showing little interest in confronting him directly. At the moment, the U.S. needs Russia far more than Russia needs the U.S. Mr. Bush wants Russia to aid the diplomatic push to persuade Iran and North Korea to abandon nuclear weapons programs, and he wants it to refrain from using its veto power on the United Nations Security Council to prevent meaningful sanctions from being slapped on the two countries if the talks fail.

The U.S. is eager to keep Russia from using its considerable oil and gas holdings as a political weapon against the fragile democratic governments of neighboring countries like Ukraine. Already, world energy prices are high enough to be destabilizing. And Washington hopes Russia will remain an ally in the war on terror and in stemming the flow of weapons of mass destruction.

The tensions between Messrs. Bush and Putin hang heavily over this weekend's summit of the Group of Eight leading nations, which begins tomorrow with a dinner in a restored czarist palace in St. Petersburg. The two leaders, who are scheduled to meet for dinner tonight and to hold talks tomorrow, likely will try to patch over their problems and reach some economic deals. They will almost certainly find themselves at odds over Israel's response to recent attacks. Mr. Bush has defended it, and Mr. Putin has condemned it as disproportionate.

Mr. Putin seems aware of the leverage he now has, and he appears determined to exploit it. Mr. Putin's aides say they expect to win final U.S. approval imminently for Russia's long-stalled application to join the World Trade Organization, one of Mr. Putin's priorities. This week, the Bush administration cleared the way for Russia to get into the lucrative business of storing spent nuclear fuel, in spite of long-standing U.S. concerns about the safety of facilities in Russia. The Bush administration hopes the policy reversal will help persuade Russia to support international efforts to force Iran to abandon its nuclear weapons program.

The White House also is backing a multibillion-dollar deal that would for the first time bring liquefied natural gas from Russian state-controlled energy giant, OAO Gazprom, into the U.S. market. That deal, which is expected to be finalized in coming days, would help fill U.S. energy needs.

Despite his stated commitment to spreading democracy, Mr. Bush has muted his criticism of Mr. Putin's attempts to silence Russia's independent media and to consolidate power within the Kremlin. Earlier this year, Vice President Cheney derided Russia for using its energy reserves as "tools of intimidation or blackmail." But Mr. Bush has pointedly declined to repeat the criticism, which Mr. Putin appears to have noticed. In an interview this week with NBC's Today Show, Mr. Putin said Mr. Cheney's criticism was "like an unfortunate shot while out hunting," a barbed reference to the vice president's accidental wounding of a hunting companion in February.

Good relations with Washington still matter to the Kremlin, though not as much as they did in the 1990s, when Russia was an economic basket case dependent on Western support. Some experts on relations between the two nations express concern about the shift.

Rough Patch

"The U.S.-Russia relationship today is as bad as it's been at any point in the last 15 years," says Steven Pifer, who in 2004 stepped down as the State Department's top diplomat on Russia. "Russia feels fairly self-confident now, and is willing to assert itself in ways that you didn't see even a few years ago, while the U.S. seems at a loss for how to respond."

The deterioration of Mr. Bush's relationship with Mr. Putin comes as Mr. Bush grapples with big second-term challenges. Tied down in Iraq, the administration is trying to rely on diplomacy as it searches for ways to deal with Iran and North Korea. Nations such as Russia and China, which can be adversaries as much as friends, are important to this diplomatic effort.

Five years ago, relations between the U.S. and Russia seemed to be headed down a more harmonious path. Mr. Putin and his aides thought that Republicans such as Mr. Bush would be interested in a relationship based more on practical concerns than ideals. Over the next few years, the Kremlin treated U.S. concerns about the fate of democratic institutions in Russia as little more than political rhetoric.

Mr. Bush rarely criticized Russia's democracy and human-rights record himself, leaving that to lower-ranking officials. That left the Kremlin with the impression that the concerns didn't matter much at the top. When Mr. Bush called the Kremlin in late 2003 to congratulate Mr. Putin on the pro-Kremlin party's sweeping victory in parliamentary elections, Russian officials say, Mr. Bush didn't mention voting problems that U.S. diplomats later said made the vote "less than free or fair."

Administration officials decline to comment in detail about Mr. Bush's private discussions with the Russian leader, but say the president in all of their one-on-one conversations has stressed the importance of democratic development.

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Nearly a year later, Moscow's heavy-handed steps to break up oil giant OAO Yukos helped drive world oil prices to record levels, just as Mr. Bush's re-election campaign was heading into the home stretch. When Mr. Bush called the Kremlin to raise his concerns, Mr. Putin assured him the oil would continue to flow. Russian officials say the Kremlin concluded that the supply of Russian crude mattered more than legal niceties. Mr. Putin was sufficiently content with Mr. Bush that he openly backed him in the 2004 election.

It came as a shock to the Putin team when the Bush administration made it clear that its call for flowering democracies applied in Russia's backyard as well. Relations worsened when the U.S. spoke favorably about the huge demonstrations that erupted in Ukraine over rigged elections, which resulted in a pro-Moscow candidate being unable to assume the presidency. Mr. Bush's 2004 State of the Union speech, in which he said the promotion of freedom and human rights was a moral "calling," came soon afterward. Russian leaders were convinced that the U.S. was fomenting revolution on its borders and seeking to destabilize Russia itself.

At the G-8 meeting in St. Petersburg, Messrs. Bush and Putin will be accompanied by two little known aides whose views helped to shape the troubled relationship -- and who could help the two leaders find a way to repair it.

Mr. Putin's top economic adviser and frequent unofficial envoy to the U.S. is a former corporate lawyer, Igor Shuvalov. Mr. Bush's main Russia expert is a rail-thin former academic, Thomas Graham. The two aides hold similar, pragmatic views of how the two countries should interact. Both accept that the two nations will disagree about democracy, human rights and other issues. But both believe their governments can forge a long-term relationship built largely around extensive economic and security cooperation.

Mr. Shuvalov, 39 years old, left his law practice in the late 1990s to join the government. He is seen as one of the few pro-Western liberals left in the Kremlin, where hard-liners, many of them veterans of the military and secret services, appear to be ascendant. He is credited as a driving force behind efforts to streamline Russia's stagnant and corrupt bureaucracy, and is the main author of Mr. Putin's state-of-the-nation addresses, which typically include lots of pro-business and pro-market language.

As Mr. Putin's top economic aide, Mr. Shuvalov has sometimes had to explain policies that appear at odds with his free-market leanings. Late last December, for example, Mr. Shuvalov met with top diplomats from the other G-8 nations in preparation for Russia's turn as president of the group. Moscow had threatened to cut off natural-gas supplies to Ukraine starting Jan. 1 because of a price dispute. One diplomat asked whether the Kremlin had considered the implications of such a move on its G-8 presidency, for which Moscow had chosen energy security as a key theme. Mr. Shuvalov brushed off the concerns, according to participants.

Days later, Russia made good on its threat, and natural-gas supplies to Europe, most of which are piped across Ukraine, were reduced. Castigated by Europe and the U.S. for using its energy resources as a political weapon, Moscow turned the gas back on, but not before setting off a fierce debate about Russia's reliability as an energy supplier.

Mr. Shuvalov also has played the role of attack dog. On a trip to Washington in March, the Russian surprised his hosts by warning that the Kremlin would hold back some big U.S. business deals if Washington continued to drag out talks on Russia's accession to the World Trade Organization. The Kremlin followed up by holding up two multibillion-dollar deals -- the state airline's purchase of planes from Boeing Co. and the natural-gas deal with Gazprom -- that were to be announced in the spring.

The G-8 summit might help to stabilize the relationship. A deal allowing Russia into the WTO is expected to be announced there, and the Gazprom and aircraft deals are expected to follow, industry officials say.

Unlikely Ally

Mr. Shuvalov has found an unlikely ally in Mr. Graham, the National Security Council's senior director for Russian Affairs. Superficially, the two men could not more different: Mr. Shuvalov is a natty dresser who enjoys a high public profile in Russia, while Mr. Graham has the rumpled look of an academic and rarely participates in Washington's social whirl. But the two men seem to agree that economics is the path around the current tensions.

Mr. Graham, who received his doctorate in political science at Harvard, is widely respected inside and outside of government for his encyclopedic knowledge of Russian culture, history and politics. He served two tours in the U.S. embassy in Moscow and has written dozens of books and scholarly articles about Russia.

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Mr. Graham declines to give media interviews, citing National Security Council policy. In an address at the conservative American Enterprise Institute in October 2005, he noted that the relationship between the U.S. and Russia "has had its ups and downs," leading many people in both countries to conclude they had nothing to gain from continued interactions. Constructive trade and economic policies, he argued, would demonstrate "to skeptical publics in both countries that there is genuine substance to U.S.-Russian relations that brings tangible benefits now."

Mr. Graham stressed that U.S. concerns about the sanctity of private property in Russia in the wake of the Yukos affair did not mean that "we support the socio-economic injustices" that grew out of privatization of state industries, "or condone the often corrupting role of vast accumulations of wealth in the Russian political system." The administration, he concluded, could not "impose our views on Russia."

Bush Will Talk With Putin Privately About Democratic Reform (KRT)

By William Douglas

Knight Ridder, July 14, 2006

STRALSUND, Germany - President Bush said he will talk firmly, but privately, to Russian President Vladimir Putin this weekend about the West's concern that he's retreating on democratic reforms when the two men meet in St. Petersburg.

Speaking at a news conference here Thursday, where he was visiting German Chancellor Angela Merkel, Bush warned that his session with Putin wouldn't be a finger-wagging lecture on freedom and democracy.

"I'll be firm about my belief about the need for there to be an active civil society and (non-governmental organizations) should be allowed to function in Russia without intimidation," Bush said. "But I'm also going to be respectful of the leader of an important country. And I may not tell you exactly what I talked to him about in private."

Bush flies Friday to St. Petersburg to huddle with Putin in advance of this weekend's meeting of the Group of Eight leaders from top industrial democracies, which Putin will host. Bush and Putin will hold a one-on-one working lunch on Saturday, before the G-8 summit officially begins with a social dinner Saturday night and work sessions Sunday and Monday. The Russian hopes the summit will showcase his hometown and signify Russia's emergence on the world stage as an economic power.

Officials in Washington and other world capitals have growing concerns about Putin's commitment to democratic reform. In recent years, Putin has:

-quashed the independence of Russia's governors;

-slashed the power of the Duma, Russia's lower house of parliament, by enacting laws that discourage effective opposition parties and favor the Kremlin-controlled United Russia faction;

-taken over the nation's only independent television station;

-jailed businessmen who could be political rivals;

-briefly cut off natural gas shipments to Ukraine, causing spot shortages in countries across Europe, which is increasingly dependent upon fuel from Russia.

Bush will meet Friday with leaders from many Russian civil-society groups in a symbolic show of support for their independence.

Vice President Dick Cheney conveyed the Bush administration's displeasure with the natural-gas cut-off to Ukraine in a May speech in Lithuania.

"No legitimate interest is served when oil and gas become tools of intimidation or blackmail, either by supply manipulation or attempts to monopolize transportation," the vice president said.

Putin fired back Wednesday in an interview on NBC's "Today Show," saying Cheney's comments missed their mark "like his bad shot on his hunting trip." Cheney accidentally shot a friend on a quail-hunting trip in Texas earlier this year.

Bush laughed Thursday when asked about Putin's comment.

"It was pretty clever," he said. "Actually, quite humorous - not to diss my friend, the vice president."

But Bush said he's been plenty serious when he's talked to Putin in the past about democracy. He said he was "quite pointed" with the Russian president about press freedoms when the two leaders met on Feb. 24, 2005, in Bratislava, Slovakia.

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After that session, the two leaders engaged in a blunt and sometimes testy news conference in which an unsmiling Putin made a jab at the United States' Electoral College system and sternly suggested that some of Russia's Western allies "do not have the full understanding of what takes place in the Russian Federation."

Several experts on U.S.-Russia relations say Bush needs to tread lightly with Putin in their one-on-one sessions this weekend. Bush wants Russia's cooperation in solving the nuclear standoffs with North Korea and Iran. Russia is the only G-8 member that opposes separate United Nations Security Council resolutions that would impose sanctions on North Korea and Iran if they don't suspend their nuclear activities.

"Listen, we've got common problems that we need to work together to solve - North Korea and Iran are two," Bush said at his German news conference. "I hope he (Putin) continues to understand that it's in his country's interest to implement values that Germany and Russia, Germany and the United States share."

Asked about the escalating violence in the Middle East, Bush defended Israel's right to defend itself against terrorists and to attack targets in Lebanon. But he worried that Israel's retaliation could destabilize Lebanon's fragile government.

"Whatever Israel does, though, should not weaken the Siniora government in Lebanon," he said. "We're concerned about the fragile democracy in Lebanon."

Bush's day in Stralsund began on a lighter note, with an arrival ceremony in the medieval town square before a small crowd that greeted the president - who is unpopular in Europe - with polite applause.

Later, the president and first lady Laura Bush joined Merkel and some townsfolk for a barbecue in nearby Trinwillershagen that featured wild boar. The chief personally slaughtered the boar for the occasion and let the president try his hand at carving the cooked beast.

Bush Says He'll Be `Firm' With Putin On Rights (LAT)

By James Gerstenzang

The Los Angeles Times, July 14, 2006

STRALSUND, Germany — Raising one of the most sensitive issues in the United States' relations with Russia on the eve of a four-day visit there, President Bush said Thursday that he was concerned about the state of basic democratic freedoms in the country.

He said he would raise the matter with Russian President Vladimir V. Putin, but would do so "in a respectful way," and in private.

The president's comments went to the heart of what has become a growing debate over the course on which Putin is leading Russia and whether his government is blocking the growth of democracy there by restricting media freedom and the operations of nongovernmental organizations.

"I'll be firm about my belief in certain democratic institutions; I'll be firm in my belief about the need for there to be an active civil society — and NGOs should be allowed to function in Russia without intimidation," the president said.

Bush spoke at a news conference with German Chancellor Angela Merkel in this revived Baltic seaport in northeastern Germany, his first stop on his visit to this country and then Russia, where he will attend the annual summit of the Group of 8 leading industrialized nations.

The president also delivered a renewed denunciation of Iran, in the wake of the decision Wednesday by the U.S. and its partners to return to the U.N. Security Council to seek resolution of the dispute over Tehran's nuclear program.

Expressing annoyance that Iran had not yet responded to an offer of incentives aimed at persuading it to suspend its nuclear program, Bush said: "They evidently didn't believe us. And so now we're going to go to the Security Council, and we're united in doing that."

Bush and Putin have said that they have developed a relationship in which they can privately speak their minds to each other. But Putin has clearly bristled at what sometimes appears to be a dressing-down.

When the two leaders met nearly 17 months ago in Slovakia, they conducted an often-tense news conference at which Bush reminded Putin in public that democracies adhere to the rule of law, and protect minorities, a free press and "a viable political opposition."

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On Wednesday, NBC News broadcast an interview with Putin in which he took a personal poke at Dick Cheney, in response to the vice president's criticism in May of Putin's record on democracy.

Referring to a hunting accident in February in which Cheney wounded a companion, Putin said: "I think that these kinds of comments from your vice president amount to the same thing as an unfortunate shot while out hunting."

Asked whether he was surprised by Putin's comment, Bush said Thursday: "Did I think it was a clever response? It was pretty clever. Actually, quite humorous — not to 'diss' my friend the vice president."

Bush said it was the United States' role "to continually remind Russia" that if it wants to maintain good relations, it should "share common values with us."

"We share concerns about the ability for people to go to the town square and express their opinions, and whether or not dissent is tolerated, whether or not there's active political opposition," he said. "And so I will continue to carry that message."

Merkel, who will also attend the summit, along with the leaders of Britain, Canada, France, Italy and Japan, added: "There are differences of opinion between Russia and the European Union. We would wish for Russia to embark on a path that leads to a lively and very pluralistic political landscape, that they enter into a dialogue with their civil society, which is as yet not there, for many reasons."

Russia is serving as host of the meeting for the first time, giving it new visibility as a member of a club built around shared economic goals and free political discourse. The summit sessions will take place Sunday and Monday.

The question of Russia's commitment to democracy underlies a gathering Bush plans to attend today, an hour after arriving in the northern Russian city of St. Petersburg. He is to meet with representatives of citizens groups whose activities have occasionally pushed the limits of the Russian government's tolerance of dissent, even as Putin has toughened controls on parliament, the news media and the legal system.

Later today, Bush and his wife, Laura, are to have dinner with Putin and his wife, Lyudmila. Putin and Bush plan to conduct a business meeting Saturday.

Bush's visit here underscored the dramatic changes that have occurred in what was East Germany since Germany was reunified in 1990, even as he and Merkel acknowledged only in passing the steep unemployment — roughly 20% in Stralsund — that still besets many communities in the sector that spent 4 1/2 decades under communism.

The visit was an opportunity for Merkel to showcase the district she represents in Parliament. For Bush, it was the equivalent of a foreign leader accepting one of the American president's sought-after invitations to Camp David or his ranch near Crawford, Texas.

Stralsund, population 58,000 and designated a UNESCO World Heritage Site in 2002, was at the time of reunification a sleepy, slightly dilapidated town that had seen better times. But now the town square, the Alter Markt, or old market, has been spruced up, its brick and stucco Gothic architecture cleaned of grime and bathed Thursday in the sunshine of a cloudless seaside day. In the town center, there are few signs of the once-rundown conditions.

St. Nicholas Church, on which construction began in 1270, borders the square. Someone managed to hang a small, and then a larger, Greenpeace banner declaring "No Nukes, No War, No BUSH!" from a small opening in a clock tower for four minutes just before the president arrived.

The president and Merkel, with their spouses, dined at a restaurant in the village of Trinwillershagen, founded in the 13th century. Under communist rule it was a showcase socialist agricultural cooperative. The menu featured roasted wild boar. The restaurant owner, Olaf Micheel, said he shot the boar on a hunting expedition Monday morning.

Plates Full For Bush, Putin At Private Talks Today (USAT)

By David Jackson

USA Today, July 14, 2006

STRALSUND, Germany — President Bush said Thursday that he and Russian counterpart Vladimir Putin have “got issues” to discuss at this weekend's Group of Eight summit — some publicly, some not.

“I may not tell you exactly what I talked to him about in private,” Bush said during a stop in Germany before the G8 meeting of industrialized nations in St. Petersburg, Russia.

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Unlike his warm relationship with German Chancellor Angela Merkel, Bush and Putin have sometimes had tense dealings. Bush said he doesn't want to "scold" Putin over alleged democratic backsliding in Russia and is seeking Russia's help with "common problems" such as Iran, North Korea, Iraq, trade and energy development.

Russia has not supported sanctions against Iran or North Korea for its recent missile tests, both prime G8 topics. Putin also wants the United States to lift its objections to Russia's joining the World Trade Organization.

The president also had a special message for Iran, saying it should still suspend uranium enrichment in exchange for U.S. talks on an assistance package. The nuclear dispute is being submitted to the United Nations Security Council for next steps, possibly including sanctions against Iran.

Although Bush said "their deadline passed," he stressed that Iranians "can show up any time and say, 'Wait a minute, now we'd like to go back and negotiate.' … In order for us to come to the table, however, what they must do is verifiably show that they're not enriching."

The president's remarks came after a pre-summit "strategy session" on the Middle East, Iran, Iraq and other issues with Merkel, who is emerging as perhaps his strongest ally in Europe.

They met on her home turf in the formerly communist East Germany. Bush and his wife, Laura, sat down for a barbecue of wild boar after a tour of the area.

Bush is due to arrive in Russia today for private — and probably less friendly — meetings with Putin, host of the G8 summit.

Putin, who sees the summit as a chance to show off the new Russia, hasn't hesitated to fire back at his critics. He has challenged various aspects of American democracy, from the Electoral College to the Guantanamo Bay prison in Cuba, and mocked Vice President Cheney's hunting accident in February.

Asked on NBC's Today show Wednesday about a critical speech by Cheney on the pace of Russian democracy, Putin replied, "I think your vice president's expression there is like his bad shot on his hunting trip."

The Bush-Putin meetings this weekend reflect many political changes since the leaders first met in June 2001.

Bush's handling of the Iraq war and other political problems have limited his ability to influence events overseas. Putin, meanwhile, enjoys approval ratings of more than 70% in Russia, even amid global protests that he is consolidating power for himself.

"What you could call 'Putin-ism' is quite popular in Russia," said Strobe Talbott, president of the Brookings Institution.

Others said Putin is increasing his power at the expense of the media, other political views, the judicial system and non-governmental organizations. "There has been a drip, drip, drip of creeping authoritarianism," said Sarah Mendelson, senior fellow at the Center for Strategic and International Studies in Washington.

Putin calls such criticism a Cold War holdover, saying on Today that "Russia and the United States have stopped being enemies."

Bush said part of his administration's job is to "continually remind Russia" that it "ought to share common values" with the West. He also said "nobody really likes to be lectured a lot."

For G-8, Geopolitics Likely To Trump Economics (CSM)

By Howard Lafranchi

The Christian Science Monitor, July 14, 2006

BRUSSELS

The G-8 summit this weekend in St. Petersburg, Russia, was supposed to provide an opportunity for eight of the world's top leaders to discuss energy security, world trade liberalization, and global health and education.

Those topics will still come up, but Iran, North Korea, and the Middle East are clamoring for attention, like uninvited guests at the gates of a sumptuous banquet.

The mere fact that two smaller countries' nuclear ambitions, as well as the escalation of Mideast violence, are likely to dominate this meeting is an indication of how these summits have changed - from economics-focused discussions, to increasingly political gatherings where diversifying viewpoints have made bold action increasingly difficult.

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One reason the Group of Eight meetings are increasingly political, some experts believe, is that economic accord is more difficult to reach in the post-cold-war, post-sphere-of-influence era.

"Sometimes on economic summits, the economic issues get the main billing because consensus is approaching and you can bring things to closure. And sometimes when that is not the case, as is the case this year, the politics tend to get a higher billing," Richard McCormack, a former undersecretary of State for economic affairs, told a Washington gathering recently.

Among the areas of economic discord that Ambassador McCormack cites are the Doha round of global trade liberalization negotiations, a disconnect between America's need to address its current account deficit and the developing world's "desperate need" to increase exports, and tension over energy interests in Iran.

Others say the G-8 is simply reflecting diversifying national interests, in a world no longer polarized along East-West lines.

"What we're seeing is the G-8 going with the times," says Constanze Stelzenmüller, a transatlantic security expert who heads the German Marshall Fund's Berlin office. "We now have fissures among the partners, even values differences that are increasingly pronounced, when before the overarching issue [of the cold-war divide] was so much larger that political differences didn't stand out."

Russia's accession to the big-boy club is another factor in the loss of easier consensus. That is especially true at a time when President Vladimir Putin appears to act in an increasingly authoritarian manner toward Russian civil society and some neighbors of the former Soviet Union.

Some experts believe that Mr. Putin is actually out to challenge American leadership with a more controlling, centralized, and less transparent example of government. "I'm not sure we can cooperate that effectively with Russia," says Joshua Muravchik, an expert in international institutions at the American Enterprise Institute (AEI) in Washington. "At some point, we have to take into account that Russia under Putin is not just aiming to develop its own idea of democracy, but really to counterbalance us."

Indeed, as summit host, Putin intends to showcase a wealthier and more assertive Russia, one he touts as an "energy superpower." And as the one who sets the agenda, Putin has wanted the discussions to focus on energy security - a topic that harks back to earlier summits in the 1970s and '80s, when the group was seven Western democracies against the world's major oil producers. From those deliberations came the International Energy Agency, strategic oil reserves, and arrangements for helping fellow club members with energy supplies in times of disaster.

Yet while oil experts think more global attention to a new generation of energy security arrangements is essential, few of them seem to expect major action.

For one thing, interests vary. Russia is an oil and natural-gas supplier, and it has been opposed to the kind of system transparency and investment freedom and guarantees that consumers in the group, including the United States, want to see.

Indeed, the hurdles to reaching meaningful agreement on energy security seem so high that the weekend's main events could occur even before the eight leaders get down to business, when President Bush meets Putin Saturday.

Officials from both countries are talking with increased optimism about the US reaching a trade agreement with Russia that would pave the way for it to join the World Trade Organization. At the same time, the US is expected to announce a White House decision to begin negotiating a civilian nuclear cooperation agreement with Russia.

Such an agreement could result in tighter security for Russia's nuclear materials and weapons-of-mass-destruction stocks, some experts say. But as proposed, it also includes a provision to make Russia a repository for the nuclear waste of countries with American-built nuclear power plants, including South Korea and Japan.

Such an arrangement would be extremely lucrative for Russia. But it also has some human rights experts worried that it would be "the last nail in the coffin of George Bush's concern about Russia's deteriorating democracy," as one such expert says, while insisting on anonymity because of ongoing work with both governments.

But other analysts say this "carrot" that the White House is dangling is really more about Iran, and winning Russia's support for a tougher stance toward Tehran's nuclear ambitions. "The administration has concluded that by beginning negotiations, the agreement could be a source of continuing leverage over the Russians" as the international community continues to confront the Iranians, says Robert Einhorn, nonproliferation and security expert at the Center for Strategic and International Studies in Washington.

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Mr. Einhorn says the prospects for a Russia deal, taken together with the civilian nuclear agreement the White House wants to conclude with India, could form the basis of a new nuclear security architecture for a world of galloping energy needs. "T he common thread behind this is a world relying more all the time on nuclear energy," he says.

The multifaceted reasoning behind offering Russia a nuclear agreement also serves as an example for some diplomatic realists of why a country like Russia needs to be in an organization like the G-8. Supporters of that view say that in fact, the G-8 should be expanded to take in China and India.

But not everyone agrees. "It's already unfortunate to have Russia in the G-8," says Mr. Muravchik of AEI. "Add China and a few others, and you'd end up manufacturing molasses. You wouldn't get anything done."

Russia Warns West Not To Interfere (FT)

By Arkady Ostrovsky, Caroline Daniel And Hugh Williamson

Financial Times, July 14, 2006

Sergei Ivanov, Russia's defence minister, on Thursday warned the west to stay out of its internal affairs saying it would use its "military might" as a deterrent and a guarantor of its sovereignty. His comments came as President George W. Bush sought to put democratic freedoms in Russia back on the agenda for the Group of Eight summit in St Petersburg this weekend.

In an article published in Izvestia newspaper Mr Ivanov – a possible successor to president Vladimir Putin in 2008 – hailed Russia's resurgence as a great power, underpinned by a triad of "sovereign democracy, a strong economy and military might".

He said Russia must hold its own "in the face of those who criticise us or are our open enemies". These, he wrote, can be divided into two camps of "soft" opponents and of terrorists. Mr Ivanov said some democratic states which criticised Russia for its authoritarianism "were unhappy about an independent, strong and confident Russia".

Russia's future depended on its ability "to provide adequate response both to attempts to exert foreign policy pressure and to direct aggression, including international terrorism", he said, adding that in both cases "combat-capable, well-equipped and modern armed forces" would play "a priority role".

Mr Ivanov's hawkish article is the latest sign of deterioration in Russia's relationship with the west. It came as Mr Bush prepared to fly to St Petersburg on Friday for talks with President Vladimir Putin of Russia and to meet civil society leaders, ahead of the G8 summit.

Mr Bush on Thursday restated US concerns about freedom of expression in Russia. "We share concerns about the ability for people to go to the town square and express their opinions, and whether or not dissent is tolerated, whether or not there's active political opposition," the president said at a joint press conference with Angela Merkel, German chancellor.

However, the president emphasised that he had no desire to lecture Mr Putin or "scold the person publicly" during his visit which begins on Friday with a meeting of civil society activists.

In a signal that he did not intend to embarrass his Russian counterpart at the G8, Mr Bush said he intended to press the message in "a respectful way". "I'm also going to be respectful of the leader of an important country."

Mr Bush sought to create a united voice with Germany on the issue, noting that it was in Mr Putin's interest "to implement the values that Germany and Russia – Germany and the United States share".

Mrs Merkel echoed his comments about the need to press Mr Putin privately, noting: "We should not speak loudly and in public about certain issues."

She side-stepped calls to criticise Russia on energy security and took a more cautious approach on human rights, calling merely for Russia to embark on a path that leads to a "lively and pluralistic society".

Speaking on the fringe of the US-German summit in Stralsund, northern Germany, German officials said Berlin was cautious about taking a confrontational approach towards Moscow, noting the county's energy dependency on Russia and its important role in resolving conflicts including over Iran and North Korea.

Russian Gas Proves Irresistible To Europe (WSJ)

By Gabriel Kahn In Rome, Marc Champion In Brussels And Gregory L. White

The Wall Street Journal, July 14, 2006

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Russia's brief cutoff of natural-gas supplies to Ukraine in January shocked European customers farther down the pipeline into rethinking their decades-long dependence on their giant neighbor. But for all the concern, economic, political and geological realities are driving Europe deeper into Russia's embrace.

That's the somber backdrop as leaders from the Group of Eight leading nations gather in St. Petersburg this weekend for a summit where energy security is a top agenda item.

Europe's dilemma reflects how dramatically the balance of power between the world's energy importing and exporting countries has changed as oil and gas prices have soared in the past few years, turning Russia from a supplicant for foreign aid to a cash-rich power courted for its energy resources.

"Competition for access to energy resources between the three largest gas markets -- Europe, Asia-Pacific and North America -- will grow," Alexei Miller, chief executive of Russia gas monopoly OAO Gazprom, proudly told shareholders last month. "The natural-gas market is now a seller's market."

As a result, the debate over whether to embrace or contain Gazprom is quickly being decided in Russia's favor.

Europe has grown increasingly dependent on gas to generate its electricity, and its share of global gas consumption is soaring. It already gets a quarter of its gas from Russia, a level that is expected to rise to a third by 2015.

That means that, like the U.S.'s concerns about Middle Eastern oil, Russian gas is the continent's top energy security worry. Not only is there a risk that Russia might use its control of Europe's gas as a political tool, but the International Energy Agency says Russia may not even have enough gas to fulfill its promises to supply Europe.

How to respond to the dilemma has split the European Union, further increasing Russia's leverage. Instead of scrambling to find new sources of gas, countries such as Germany and Italy, both of which will be attending the G-8 summit in St. Petersburg, are racing to become Russia's preferred partners to lock in long-term supplies.

On Thursday, Germany's major utility, E.On AG, said it had reached a deal with Gazprom to take a stake of 25% in the giant Siberian Yuzhno-Russkoye gas field. Italian oil-and-gas giant Eni SpA is trying to negotiate a sweeping accord with Gazprom that would see the two countries cooperate on everything from recovering gas in remote areas in Russia to supplying the Italian domestic market.

"In terms of energy security, there is no doubt that Russia is very important for Italy," says Eni's chief executive, Paolo Scaroni.

But as individual countries seek the best deal with Gazprom, they end up competing with each other for privileged access to Russian gas and strengthening Gazprom's hand in the process.

"Not everyone can be Gazprom's privileged partner," says Paul Domjan, a former adviser on energy security to the U.S. military and now the director of a London-based consultancy.

This approach has infuriated some of the EU's ex-Soviet satellites, such as Poland and the Baltic states, which have recent memories of Russian domination. They are scrambling to diversify their energy supplies by building liquid-natural-gas terminals, alternative pipelines and nuclear-power stations.

Yet even in the old Eastern Europe, energy companies are making deals with Gazprom that are likely to solidify its hold. A project known as Nabucco -- to build a $5.8 billion, 3,000-kilometer gas pipeline from eastern Turkey to Eastern Europe that would be able to tap gas supplies direct from Central Asia, and perhaps Iran and Iraq -- has won strong EU backing.

But even as partners last month formally approved the project, due for completion in 2011, Gazprom raised questions about Nabucco's commercial feasibility by proposing a much cheaper alternative to deliver Russian gas. Hungary's MOL, one of the companies lined up to build Nabucco, has acknowledged it is exploring other possibilities with Gazprom.

For Russian President Vladimir Putin, the situation is a vindication of his drive over the past six years to use Russia's vast energy resources to carry his country back to the forefront of global affairs. This realization has strengthened the Kremlin's resolve to resist European and U.S. calls to open its energy sector to foreign and other private investors.

Russian officials reject as pure politics any attempts to question their reliability as a supplier. But that isn't how it looked to Europe's governments in January, when Russia cut supplies to Ukraine in a price dispute, reducing pressure in a key pipeline that stretches across the Ukraine all the way to Italy.

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Immediately, politicians started talking about the need to find alternative energy sources while attempting to put pressure on Russia to end Gazprom's monopoly over its gas-distribution network, through which all Russian and Central Asian gas has to pass on its way to the countries of the EU.

EU officials also warned Gazprom that if it wanted to buy assets inside the EU, it would have to abide by the same competition rules as EU companies.

However, Europe has less bargaining power with Russia. A decade ago, convinced that gas was a plentiful, clean and efficient energy source, Europe began investing heavily in gas-fired electricity generation.

Western Europe's share of global gas consumption rose to 17.4% in 2004 from 14.9% a decade earlier. At the same time, however, Western Europe's own gas reserves began dwindling just as global demand, fueled in part by the rise of India and China, began to boom and prices skyrocketed.

Eni's Mr. Scaroni estimates Western Europe's rising demand for gas, coupled with a steady drop in internal production, means the continent will need to find up to an additional 220 billion cubic meters by 2012 -- or nearly 2½ times Italy's annual consumption. Addressing an industry conference in Amsterdam last month, he asked bluntly: "Where are we going to find all that gas?"

While Mr. Scaroni doesn't see Gazprom as the answer to Europe's problems, he sees few other solutions. Eni is investing in liquefied natural gas that will allow Italy to procure gas from different sources. But Mr. Scaroni's calculation is that the closer Eni can get to Gazprom, the more secure Italy will be in the long term.

"This gives them a responsibility to the Italian market...and it strengthens our relationship," he says.

Putin Inc. (WSJ)

By Stuart Eizenstat

The Wall Street Journal, July 14, 2006

As the G-8 prepares to meet this weekend in St. Petersburg, it is now clear that the Yukos Affair, which began three years ago this month with the arrest of Platon Lebedev in Moscow, has had a much more far-reaching effect than could have been imagined. Mr. Lebedev, one of Russia's wealthiest financiers, was Mikhail Khodorkovsky's business partner. Together, they controlled a vast banking and natural resources empire including Yukos, then Russia's most efficient, transparent and profitable privately owned oil company.

Much as been written about how the Yukos Affair has impacted Russia. But much less attention has been paid to the effect that the arrests (on charges of fraud and tax evasion) and confiscation of Messrs. Lebedev and Khodorkovsky's assets has had beyond Russia's borders, especially on Western Europe and the U.S. Many of their most important business and philanthropic ventures were designed to cement Russia's integration into the global economy. Once they were jailed, a good number of these initiatives could never be realized, to the detriment not only of Russia but also its G-8 partners in the West. * * *

Mr. Khodorkovsky's Open Russia Foundation promoted an independent civil society in Russia and provided hundreds of scholarships for Russian students to study in Moscow and Britain. At the same time, Open Russia's support for training journalists, Internet education and policy institutes -- and Mr. Khodorkovsky's support for political parties -- was meant to encourage political pluralism in a country that has again become a one-party state. Mr. Khodorkovsky's arrest resulted in the closing down of Open Russia and signaled the beginning of a broader campaign to restrict the activities of human rights groups and other NGOs, particularly those financed from the West. The Yukos Affair also provided a distraction for publics in Russia and the West while the Kremlin neutralized the democratic opposition, ended the popular election of governors and sharply curtailed freedom of the press.

At the time of their arrest, Messrs. Khodorkovsky and Lebedev and their holding company, GML, were in negotiations with one of the largest U.S. private equity houses to set up a jointly managed investment fund in Russia. The proposed deal would have helped open the Russian economy by giving U.S. and other international investors the opportunity to buy, control and manage hundreds of millions of dollars worth of Russian assets. The fund would also have further integrated Russia into the global economy, as Messrs. Lebedev and Khodorkovsky intended. After their arrest, the deal was quietly dropped.

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Also at the time of their arrest, Messrs. Lebedev and Khodorkovsky were negotiating the sale of 25% of Yukos, their crown jewel, to an American oil company. While they did not need the money, they decided that their vision for a Western-looking Russia depended upon this partnership. The sale would have thwarted the Kremlin's plan to retake control of the Russian oil industry as well as strengthened economic ties between Russia, Western Europe and the U.S.

Surely they were right. The world's energy equation would today be very different had that transaction gone forward: Another major international oil company would have owned a significant piece of Russia's vast oil resources. That, in turn, would have increased Russia's oil production and made it far more difficult for the Russian government to use oil as a weapon to threaten its neighbors and global energy supplies. Despite these facts, there was no official reaction from the Western governments to Mr. Lebedev's arrest, just as there would be only a tepid reaction when Mr. Khodorkovsky himself was arrested three months later. The U.S. and most Western European governments took the position that this was an internal Russian affair, involving two so-called oligarchs who had gotten rich during the no-holds-barred struggle to transform the Russian economy in the mid 1990s.

Yet it was this failure of the U.S. and its G-7 partners to understand the broader implications of the Yukos Affair that have contributed significantly to Mr. Putin's ability to renationalize Russia's vast energy resources; to use them as a political weapon against Ukraine and Georgia at a time of rising prices; and to reassert Russia's influence in the world with a more independent position on key foreign policy issues. For example, Russia has met with Hamas and refused to agree to sanctions against Iran. Freedom House has watched with growing concern as Mr. Putin has systematically restricted human and political rights in Russia since Mr. Lebedev's arrest three years ago, downgrading Russia to the "not free" category.

Privately, the U.S. government and a number of its G-7 partners recognize that Russia is moving in the wrong direction. Yet President Bush and the G-7 appear extremely reluctant to raise these fundamental issues, not to mention Messrs. Khodorkovsky and Lebedev -- and Yukos -- in St. Petersburg. With Yukos, Sibneft, Rosneft, Lukoil, Gazprom and the pipelines firmly under the Kremlin's control, Russia has adroitly turned the tables on its G-8 counterparts. Mr. Putin now seems to have the upper hand.

The implications of the Yukos Affair must be viewed from this perspective. The price of oil has given the Russian government enormous new wealth, while the Kremlin's unfettered control of the country's massive energy reserves has given Mr. Putin the leverage to silence his opponents at home and threaten Russia's neighbors. Unless they are willing to challenge Mr. Putin's policies in St. Petersburg, the G-7 leaders risk giving Russia's president the impression that nothing stands in the way of a further consolidation of his power.

President Bush and his G-7 colleagues should forcefully remind Mr. Putin that the G-8 is not a social club but a grouping of the world's leading "industrialized democracies." To ensure Russia's great power status, Mr. Putin must understand that there are fundamental principles to which great countries must adhere. The use of energy resources to threaten global stability, for one, is unacceptable and will invite retaliation. Russia cannot expect to have full access to Western energy assets while it limits Western access to its energy sector. Its failure to respect private property, rule of law and the human rights of its citizens should limit the full partnership Russia expects from the other G-7 countries. Mr. Putin must not be allowed to restrict the work of Russian and international NGOs, nor, finally, should the G-7 remain silent while his government uses its police powers and the courts to repress legitimate opposition and dissent.

Mr. Putin should also be put on notice that the Rosneft IPO, which involves reselling assets illegally confiscated from Yukos, and the continued incarceration of Messrs. Khodorkovsky and Lebedev, who is ill and suffering unnecessarily in a prison north of the Artic Circle, limits Russia's prospects of being viewed as a member in good standing of the world's group of leading nations. Many of these messages were contained in Vice President Cheney's speech two months ago in Vilnius, where he warned Russia against using its energy resources to "blackmail" its neighbors and the Kremlin's power to clamp down on enemies at home. These same messages should be delivered again in St. Petersburg. Otherwise, the Yukos affair and all it represents will continue to cast a long and dark shadow over Russia's relations with the West.

Mr. Eizenstat is a former official in the Carter and Clinton administrations, including U.S. ambassador to the EU and undersecretary of state. He is a member of the International Advisory Board of GML and a vice chairman of Freedom House.

Putin Village (WSJ)

The Wall Street Journal, July 14, 2006

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Tomorrow, at the Group of Eight summit in his hometown of St. Petersburg, Vladimir Putin will throw a coming out party for an economically rejuvenated Russia. Yesterday the master of the Kremlin marked the steady erosion of democracy by signing into law a bill that bans legislators in an already emasculated Duma from changing parties.

Throughout President Putin's six years in power, a conceit indulged by the Western nations whose leaders are visiting this weekend has been that the Russia of strong growth and the Russia of creeping authoritarianism are different places. Russians themselves are told to sacrifice freedom for stability and prosperity. Both are dangerous illusions. For Mr. Putin's governing approach undercuts the very gains he will advertise this weekend. As the world stood by, Russia became a danger to the West, to its neighbors and not least to itself.

The Russia of today little resembles the chaotic country that hobbled out of the detritus of the Soviet Union. The credit for this turnaround -- the country grew cumulatively 65% since 2000 -- goes foremost to high oil prices, up sixfold in Mr. Putin's tenure. The smart policy moves came early on, in 2001-2002, when Prime Minister Mikhail Kasyanov put in a 13% flat income tax, the headline of a sweeping overhaul of a corrupt tax system.

But Mr. Putin's commitment to free markets has proved as fleeting as to democracy. Mr. Kasyanov, dumped in 2004, went into opposition with other disenchanted liberals. Monopoly control, be it over the Duma or media or business, is the defining characteristic of the Putin era. The slide toward single-man rule put a halt to efforts to modernize Russia's broken institutions and open up the economy.

High oil prices were the fig leaf that let Mr. Putin pursue another agenda: centralizing economic and political power inside the Kremlin. The share of state-controlled companies is 40% and rising. The largest oil company, Yukos, saw its best assets sold, for a song, to middling state-owned oil company Rosneft, whose chairman is a Kremlin official. The chairman of Gazprom, the world's largest gas producer, is a deputy prime minister. In the wake of the Yukos persecution, oil output suddenly started to drop. Without free competition and private ownership in oil and gas, the Russian economy can't meet its growth potential.

Mr. Putin wasn't interested in profit maximization as much as he was in gaining an instrument of political power. In this goal, he has succeeded, as Europe found out in January, during a cold spell, when Kremlin-run Gazprom turned off its gas supplies to Europe overtly over a price dispute with recently democratized Ukraine. "Yesterday tanks, today oil" is how the head of Polish intelligence describes Russia's current threat posture.

In recent months Mr. Putin has felt emboldened to break with the other G-8 nations over Iran, to try to push the U.S. out of Eastern Europe and Central Asia while reasserting Russian dominance in its "near abroad," and to work on building an anti-American alliance with China. Such behavior gives lie to a long-held belief in some U.S. foreign policy circles that Mr. Putin, if uncriticized about his domestic policies, would play ball on issues that matter to Washington. He hasn't.

And so, at St. Petersburg, Western leaders face a tough question: What, if anything, is to be done about Russia?

First off, words and deeds matter. In his now famous Vilnius speech in May, Vice President Dick Cheney warned Russia against using energy blackmail against its neighbors and attacked backsliding on democracy. It's too bad this tough love didn't come earlier on in the Putin Thermidor, and we hope Mr. Bush will repeat the message in St. Petersburg. For too long, the Putin regime could interpret America's softly, softly approach -- leave aside the open coddling from Western Europeans -- as a tacit endorsement. As both the G-8 hoopla and Mr. Putin's thin-skinned response to the Cheney speech show, this Russian government cares deeply about Western opinion.

Now would be a good time to recommit resources to election monitoring and democracy building. Woken up by January's gas war, the Western Europeans can lend a hand for a change. The new Russian middle class will appreciate and, one day, may take advantage of this engagement. Now would also be an ideal moment to prop up the fledgling democracies in Georgia and Ukraine that are feeling the heat from Russia and put those countries on a track to joining NATO.

Globalization is the West's main leverage. Russians want in. Rosneft this week is trying to join three dozen other Russia companies on the London Stock Exchange; British market regulators are presumably taking a close look at its acquisition of plundered Yukos assets before giving its IPO a green light. Russia needs a deal with the U.S. to join the World Trade Organization. Though securing a Russian commitment to a rules-based system is good in itself, Congress will be right to look closely to make sure that Moscow can be trusted to honor its commitments. We see no reason to reward Mr. Putin by signing the agreement in St. Petersburg.

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In the early days after 9/11, Mr. Putin recognized a shared strategic goal in countering Islamic terrorism and the proliferation of weapons of mass destruction, before losing interest. Future projects, such as the mooted deal with the U.S. on civilian nuclear cooperation, ought to depend on whether the Kremlin shows a real willingness to work with others on these threats. Iran is a good place to start.

Russia doesn't deserve its place among the G-8 democratic nations, and the task of the U.S. and other members is to encourage reform that will make it worthy of membership. Political and economic freedom aren't only nice words to be hauled out at gatherings like this weekend's St. Petersburg summit. For Russia they are the key to future prosperity and stability, a future that Mr. Putin has put in jeopardy.

Moving Toward A Cooperative Future At The G-8 Summit (CSM)

By Jacques Chirac

The Christian Science Monitor, July 14, 2006

For France, the raison d'?tre of the G-8 is to prepare joint responses to our shared challenges.

PARIS

At the G-8 summit on July 15-17 in St. Petersburg, the first chaired by Russia, I will present four goals: to refocus the rich and the emerging countries on the imperative of addressing global warming; convince them of the urgent need for new funding to overcome poverty and pandemics; support Africa at a time when it is beginning to recover; and combat terrorism as well as the proliferation of weapons of mass destruction, particularly by dealing with the Iranian and North Korean issues. Indeed, we must seize the opportunities of globalization in this extraordinary period of global growth that is transforming the future of mankind, while correcting its unacceptable social and ecological excesses.

For France, the raison d'être of the Group of 8, an informal forum for dialogue, is to prepare joint responses to our shared challenges. The G-8's method, based on personal contacts between leaders, is to seek consensus in a spirit of shared responsibility. This is why it has opened up to emerging countries such as India, China, Brazil, and Mexico - without which we can no longer address any major global issues - and to the representatives of poor countries.

Energy must not be a political instrument. In this phase of rapid economic growth, we must deal with it in the framework of a global partnership for sustainable development. If we continue on our current course, increased consumption of fossil fuels will be disastrous for the environment and climate.

In St. Petersburg, I would like us to find ways to improve the functioning of the oil and gas markets; promote dialogue between producers, consumers, and transit countries; accelerate the transition toward the post-oil era, and help emerging countries to plan ecologically responsible growth.

We must strongly promote renewable and alternative energies - including nuclear energy, ensuring we have the strictest safety and nonproliferation guarantees - and energy-saving policies. Each of our countries should set ambitious national goals in these areas by the end of this year.

Global threats require global responses. We shall not solve the problem of global warming if we each go our own way or increase the number of unilateral or partial solutions. This is particularly true for global warming. I am concerned by the weakening of the international regime for climate change. We must reverse this trend. Here, the seven G-8 members party to the Kyoto Protocol have a particular responsibility. They must set an example by respecting their commitments, as Europe and France are doing. It is up to them to show the way forward for the post-2012 period. We seek an ambitious agreement commensurate with the threat posed to humanity, one committing all the G-8 countries, including the United States, as well as emerging countries.

The current ecological crisis demands effective and coordinated global responses. I will call upon my counterparts to commit to the rapid establishment of a United Nations Environment Organization.

Every year AIDS, tuberculosis, and malaria cause over 5 million deaths, the vast majority in Africa, and plunge hundreds of thousands of orphans into poverty and violence. We can overcome these diseases. The G-8 is committed to this and must keep its promises: universal access to AIDS treatments by 2010, compliance with the WTO agreement on generics, and funding for the Global Fund to which France is to allocate about $382.2 million in 2007 to fight these pandemics.

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We need new sources of financing to fight poverty, taking advantage of the exceptional growth in global wealth. France, with other countries, has introduced a solidarity contribution on airline tickets, with the revenue going, through UNITAID, to purchasing medicines. This is a first experiment. It will have to be extended, for example, to finance education for all, a universal priority. I would like to convince the other G-8 countries of the effectiveness of this modern approach.

To fight pandemics we must strengthen health systems in developing countries. In Europe, health insurance was designed a century ago when incomes were comparable to current levels in Africa. This was a determining factor for social and economic progress. In St. Petersburg, I will propose an initiative to help create such systems in poor countries.

The world remains under threat from avian flu. To prevent and, if necessary, react to a human pandemic, we must intensify preparations by strengthening health-monitoring resources and accelerating the release of the $2 billion in aid pledged by the international community.

As I do every year, I shall impress upon my G-8 colleagues the imperative of a partnership with Africa. Things are moving forward: progress in peace, democracy, and growth, currently over 5 percent a year. Solidarity with Africa is a moral obligation. It is also clearly in the interest of Europe and the rest of the world, given demographic trends. With a future of dignity, young people in Africa will be diverted from the temptation of violence and extremism and have an alternative to immigration. The Euro-African partnership decided this week at the Rabat Conference to work together on this issue of common concern.

The summit will also deal with security issues. Iran's nuclear ambitions are a cause for concern. Europe, with the support of Russia, the United States, and China, has taken the diplomatic approach. We have made a generous offer to Iran which respects its right to civilian nuclear energy, provided it complies with its commitments to nonproliferation. I would like Iran's leaders to accept our outstretched hand for Iran's sake and for peace and stability worldwide. The St. Petersburg summit will send them a message of unity and steadfastness.

Finally, this first G-8 Summit chaired by Russia, the result of a process begun in 1996 on France's initiative, has symbolic importance. Responding to President Putin's invitation means putting aside out-of-date, cold-war arguments and moving toward a future together based on peace and cooperation. It means recognizing Russia's progress and its place in Europe. Hosting the G-8 in St. Petersburg also commits Russia, since a common future implies shared values: democracy, the rule of law, human rights, freedom - everything which contributes to progress and dignity for mankind.

• Jacques Chirac is president of France.

Bush Says Iran Still Has Time To Respond To Offer (NYT)

By Christine Hauser

The New York Times, July 14, 2006

President Bush said today that the time has passed for Iran to respond to a package of incentives to stop uranium enrichment, but that there could still be opportunities for negotiations even though the case is now being referred to the United Nations Security Council.

“Their deadline passed,” said Mr. Bush during a news conference in Germany, where he met Chancellor Angela Merkel. “That’s why we’re going to the U.N. Security Council.”

He added later about the Iranians: “They can show up any time and say, ‘Wait a minute, now we’d like to go back and negotiate.’ We’re not precluding any further negotiations with the Iranians.”

Mr. Bush and other leaders of the Group of 8 industrial countries are meeting this weekend in a summit in St. Petersburg, Russia, and efforts to resolve the standoff over Iran’s nuclear enrichment program could be raised in some of their talks.

On Wednesday, Russia and China crossed a diplomatic threshold in the effort to curb Tehran’s nuclear ambitions, joining the United States and Europe by agreeing to seek a United Nations Security Council resolution ordering Iran to freeze some nuclear activities or face sanctions.

The agreement among the foreign ministers representing Germany and the five permanent members of the Security Council came after more than a month in which Iran was expected to respond to their offer of economic and energy incentives if it suspended its uranium enrichment.

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The group agreed to seek a Security Council resolution that would make suspension of enrichment mandatory. “Should Iran refuse to comply,” the group said in a statement, “then we will work for the adoption of measures” under an article of the United Nations Charter that allows for nonmilitary punitive sanctions.

It is not certain whether the unity of the six countries will hold.

Mr. Bush added today that he would work with the Russian president, Vladimir V. Putin and would encourage him to join the group in insisting to the Iranians that they should not have a nuclear weapons program. Russia has been concerned about any measures that could lead to an impasse or eventual military action against Iran.

Iranian officials have insisted that their uranium enrichment program is intended for civilian use and have said that Iran will respond in August after clearing up ambiguities in the proposal.

But Mr. Bush said today that weeks, not months, were a reasonable period of time for Iran to respond.

“In order for us to come to the table, however, what they must do is verifiably show that they’re not enriching,” Mr. Bush said.

Today, President Mahmoud Ahmadinejad of Iran said his country would not give up its right to nuclear uranium enrichment under a program that it has described as intended for energy use.

In a defiant statement carried on Iranian news agencies, Mr. Ahmadinejad said that the proposal deserves proper study and Iran would do its best to reply to it by Aug. 22.

“If the Iranian nation and government come to the conclusion that Western countries do not have the goodwill, they will change their policy regarding the package of incentives,” the Iranian president said, according to the IRNA news agency.

“Nobody should expect that tense relations which have existed for several years can be settled in a very short period of time,” he said.

Mr. Ahmadinejad also appeared to dismiss the impact on his country of any potential censure or sanctions, saying that such moves would hurt the Europeans, which have ties with Iran.

He said that Iran has complied with the terms of the nuclear Non-Proliferation Treaty.

“But if the Iranian nation comes to realize that the Europeans are not pursuing good intentions, then I warn them here and now that the Iranian nation will revise its policies,” he said according to the FARS news agency.

Bush Says Iran's Nukes Now An Issue For U.N. (WT)

By Joseph Curl

The Washington Times, July 14, 2006

STRALSUND, Germany -- President Bush said yesterday that Iran's "deadline passed" on responding to a coalition of countries that are demanding the nation give up its nuclear ambitions and said the matter is now fully in the hands of the U.N. Security Council.

Meeting with a new ally in this town on the Baltic Sea, the president said Iranian leaders did not meet the deadline of "weeks, not months" set in May because "they evidently didn't believe us."

"Their deadline passed, right. That's why we're going to the U.N. Security Council," Mr. Bush said in a joint press conference with German Chancellor Angela Merkel.

Mrs. Merkel was elected in November and took over from Chancellor Gerhard Schroeder, who vehemently opposed the U.S.-led war in Iraq and ran for re-election on an anti-American theme.

Yesterday, Mrs. Merkel strongly supported Mr. Bush's stance on Iran.

"The international community actually submitted a very substantial, very fundamental offer to Iran, starting from the firm view that Iran should not be in possession of a nuclear weapon," she said.

Iran's president responded later yesterday by saying the nation would not abandon its right to nuclear technology.

"Our answer ... is clear, the Iranian nation abides by international laws and regulations but will not abandon its obvious right to obtain nuclear technology," President Mahmoud Ahmadinejad was quoted as saying by state TV.

"We are trying to investigate the proposed package positively," Mr. Ahmadinejad said, adding that Iran would give its final reply by Aug. 22 despite pressure for a swifter response.

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Both Mr. Bush and Mrs. Merkel urged world leaders -- especially Russian President Vladimir Putin -- to unite to oppose Iran's stated plan to develop nuclear weapons and technology.

"It's really important for Europe to speak with one common voice. And it's important for Angela and myself to work with Vladimir Putin, which we will do at the G-8 [summit], to continue to encourage him to join us in saying to the Iranians loud and clear: We're not kidding, it's a serious issue, the world is united in insisting that you not have a nuclear weapons program," he said.

The two leaders, who will attend the Group of Eight summit that opens today in St. Petersburg, had some stern words for Mr. Putin, who along with China has opposed sanctions against Iran and North Korea.

"I, for one, think that as regards, for example, Iran, this responsibility ought to be shouldered by more and more countries -- that goes for Russia, that goes for China," Mrs. Merkel said. "It will only be if we act in concert that we will be able to vanquish the tyrants, remove dictatorships and contain those who sponsor terrorism."

Mr. Bush, for his part, said, "nobody really likes to be lectured a lot," but he will again privately urge Mr. Putin to move his nation toward a more open democracy.

"I've expressed my opinion to President Putin. You might remember my visit with him in Slovakia where I was quite pointed in my concerns about whether or not there is a free and vibrant press in Russia. We share concerns about the ability for people to go to the town square and express their opinions, and whether or not dissent is tolerated, whether or not there's active political opposition," Mr. Bush said.

Western Incentives For Iran Released (AP)

By Edith M. Lederer, Associated Press Writer

AP, July 14, 2006

The world powers are prepared to provide Iran with advanced technology and possibly even nuclear research reactors if it agrees to suspend uranium enrichment under a package of incentives revealed in full for the first time Thursday.

The package — put together by the United States, Russia, China, Britain, France and Germany — was given to the Iranians on June 6 and some details were leaked at the time.

But the full proposal showed a broader range of economic, political and energy incentives. They include promoting Tehran's membership in the World Trade Organization, and the possible lifting of U.S. and European restrictions on the export of civilian aircraft and telecommunications equipment.

Under the incentives, the six powers are prepared to help Iran build state-of-the-art light water nuclear power reactors and to give legally binding guarantees that nuclear fuel will be provided for these civilian reactors meant to produce energy.

This would be done by making Iran a partner in an international facility in Russia where all Iranian uranium could be enriched, and establishing a five-year buffer stock, it said.

The six would authorize the transfer of goods "and the provision of advanced technology to make (Iran's) power reactors safe against earthquakes."

The package confirmed that a demand by the United States, France, Britain and Germany that Iran commit to a prolonged freeze on uranium enrichment was softened to require only suspension during negotiations with Tehran.

"We propose a fresh start in negotiations on a comprehensive agreement with Iran" which would be deposited with the International Atomic Energy Agency and endorsed in a Security Council resolution, the six powers said.

To create the right conditions for negotiations, the six powers said Iran should make a commitment to address all outstanding IAEA concerns about its nuclear program. It should also "suspend all enrichment-related and reprocessing activities ... and commit to continue this during these negotiations."

Iran should resume implementation of the Additional Protocol to the Nuclear Non-Proliferation Treaty, which allows the IAEA to conduct surprise inspections of its nuclear facilities, and inspect other facilities not officially declared as nuclear sites, the six powers said.

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On their side, the six would reaffirm Iran's right to develop nuclear energy for peaceful purposes, make a commitment to support the construction of new light water reactors in Iran through international partnerships, and agree to suspend discussion of Iran's nuclear program in the Security Council.

They would also "provide a substantive package of research and development cooperation, including possible provision of light water research reactors, notably in the fields of radioisotope production, basic research and nuclear applications in medicine and agriculture."

The six powers would support a conference "to promote dialogue and cooperation on regional security issues," establish a long-term energy partnership between Iran and the European Union and other willing partners, and cooperate "in fields of high techology."

They also offered to support agricultural development, "including possible access to U.S. and European agricultural products, technology and farm equipment."

Incentives Offered To Iran Detailed At Security Council (WP)

By Colum Lynch

The Washington Post, July 14, 2006

UNITED NATIONS, July 13 -- The Bush administration agreed last month to consider lifting long-standing sanctions on the sale of commercial jets, agricultural equipment and telecommunications technology to Iran if it agreed to halt its enrichment of uranium and submit to more intrusive U.N. inspections of its nuclear program, according to a copy of the agreement made public Thursday.

The offer, which would require congressional approval, was contained in an incentive package presented to Iran in June by the United States, Russia, China France, Britain and Germany to persuade it to halt its nuclear activities. Foreign ministers from those six countries, who were meeting Wednesday in Paris, expressed frustration at Iran's refusal to quickly agree to the incentives and vowed to confront Tehran in the Security Council.

The three-page confidential document was presented Thursday to the 15-nation council in advance of negotiations on a resolution that would demand Iran halt the enrichment of uranium and reprocessing of nuclear fuel.

"The Iranians have given no indication at all that they are ready to engage seriously on the substance of our proposals," French Foreign Minister Philippe Douste-Blazy said in a statement read at the end of the Wednesday meeting of the global powers. "We have no choice but to return to the United Nations Security Council and take forward the process that was suspended two months ago."

Iran's president, Mahmoud Ahmadinejad, said Thursday that Tehran is prepared to keep negotiating over its nuclear program but that the government needs more time to study the proposal, according to the Associated Press. But he said: "The people of Iran will not give up their right to exploit peaceful nuclear technology," according to state television monitored by the AP. "They are not intimidated by the arrogant uproar and propaganda today."

Iran maintains that its nuclear program is being built to produce enough power to meet the country's growing energy needs. But the Bush administration charges that Iran is secretly developing nuclear weapons, citing U.N. complaints that it has misled the agency about its nuclear activities for 18 years.

The package presented to the council Thursday provides no explicit assurances Tehran has sought to bar U.S. military strikes on its territory. Instead, it pledges the major powers' support for a vaguely defined international conference to "promote dialogue and cooperation" on regional security.

President Bush, who once described Iran as a member of the axis of evil, has resisted European appeals to provide Iran with such security assurances, insisting that the military option not be taken off the table.

For its part, the council's five major powers and Germany would halt consideration of Iran's nuclear program in the Security Council, work to improve the Islamic government's "access to the international economy markets and capital," support its entry into the World Trade Organization, and help to foster more trade and investment with Iran.

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The United States and its partners would also help Iran build an unspecified number of light water nuclear reactors and provide Iran legally binding assurances of a reliable supply of nuclear fuel. The plan calls for the creation of a five-year reserve of nuclear fuel stored outside the country, and it would require that Iran carry out its uranium enrichment activities in Russia.

The pact does not say whether the United States would play any direct role in supplying Iran's nuclear program. But it notes the Europeans are committed to negotiating a fuel supply agreement between Iran and Euratom, a European Community agency that ensures supply of nuclear fuel for European countries.

Relations between Washington and Tehran have been icy since the supporters of the Ayatollah Khomeini toppled the U.S.-backed government of Shah Mohammad Reza Pahlavi and seized hostages at the U.S. Embassy in 1979. The United States, which accuses Iran of sponsoring terrorism and secretly developing nuclear weapons, has restricted most U.S. trade with the Islamic state.

Iran has complained that a U.S. ban on the supply of spare parts for the country's aging fleet of Boeing commercial jets has made air travel dangerous. But successive U.S. administrations, and Congress, have been reluctant to sell Iran "dual use goods," which have a civilian and military application.

David Albright, an expert on Iran's nuclear program, said that the current offer strikes an appropriate balance between providing Iran with some high-tech goods that would improve the lives of ordinary Iranians while depriving the Islamic government access to equipment that would give it a military edge.

"It's dangerous to get on an Iranian airplane," Albright said. "This would help the Iranian population by providing them with things like a better telephone system, and better agricultural technology. They're not going to provide state-of-the-art military communications."

Talks Between North And South Korea Collapse (NYT)

By Choe Sang-hun

The New York Times, July 14, 2006

SEOUL, July 13 — High-level talks between South and North Korea collapsed in acrimony today, as the North rejected South Korea's call for it to end missile tests and return to negotiations, instead countering with a demand for more economic aid.

The failure, which ended the inter-Korean cabinet-level talks a day ahead of schedule, came as China appeared to have made little headway in its own efforts to bring the North Koreans to the negotiating table and the United States and Japan called for the United Nations Security Council to act.

As the North Korean delegation left the talks on its nuclear program, held in the South Korean city of Pusan, it accused the South of "parroting" the American positions and warned that Seoul should be held responsible for "unpredictable, catastrophic consequences in inter-Korean relations."

South Korea had criticized the launching of North Korean missiles last week, which prompted calls for tough United Nations sanctions, notably from Japan, which had called for pre-emptive strikes.

Seoul urged the North to defuse tensions by returning to six-nation talks on ending its nuclear weapons and missile programs.

The North dismissed the South Korean statements. Instead, the North argued that its "army-first" policy of increasing its military capabilities actually "promotes the security for the South and benefits the general public of the South."

North Korea then asked the South to provide 500,000 tons of rice in food aid, as well as raw materials for shoes and textiles. Major South Korean newspapers today denounced the request as "brazen-faced" and "arrogant."

Seoul said that discussions of food aid were out of the question.

"Have we asked for your help in protecting our security?" the South Korean unification minister, Lee Jong Seok, the chief South Korean delegate, was quoted as saying to his North Korean counterpart, Kwon Ho Ung, on Wednesday. "Nobody in the South believes your army-first politics is helping us. If you want to help our security, you should stop missile tests and your nuclear weapons program."

Also today, Japan demanded a United Nations Security Council vote on sanctions against North Korea.

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The Japanese chief cabinet secretary, Shinzo Abe, said in Tokyo: "There is no change to our view that the resolution incorporating sanctions should be voted on promptly."

Mr. Abe did not give a deadline for a vote, but said "We cannot be pushed around by intentions to diminish or delay" action against North Korea.

Later, however, the Kyodo news agency reported that Japan will adjust the wording of its draft resolution against North Korea based on a Russian-Chinese proposal offered Wednesday.

Speaking in Beijing, the United States assistant secretary of state for East Asian and Pacific affairs, Christopher R. Hill, said today that Washington was likely to allow more time for Chinese diplomatic efforts before pushing for a tough United Nations resolution. "My sense is we're down to a number of days," Mr. Hill told reporters.

He made the comments as he was leaving Beijing to return to Washington without any sign that North Korea was prepared to return to the six-nation talks, and without any agreement among the Asian nations on what actions the Security Council should take.

"So far they don't seem to be interested in listening, much less doing anything," Mr. Hill said of the North Korean response to diplomatic overtures by a Chinese delegation currently visiting Pyongyang. "I think the Chinese are as baffled as we are."

At the United Nations on Wednesday, China and Russia introduced a draft resolution on North Korea in the Security Council and asked the council members to consider it in place of a Japanese-sponsored resolution, to which they both objected, that would have allowed for sanctions with military enforcement.

In offering the new measure, the Chinese ambassador to the United Nations, Wang Guangya, said he had instructions from his government to veto the Japanese resolution if it were put to a vote.

Japan and the co-sponsors of its resolution, Britain, France and the United States, have been putting off a vote this week at the request of China, which said any United Nations action would interfere with its diplomatic mission in North Korea.

The new Chinese-Russian draft resolution covers many of the same demands on North Korea as the Japanese-drafted measure, but it significantly does so without resorting to Chapter 7 of the United Nations Charter, which would allow military enforcement. The Chinese-Russian draft also does not propose sanctions against North Korea for noncompliance.

China and Russia had opposed those aspects of the original measure, saying they would destabilize the region and be viewed by North Korea as a provocation.

The text of the Chinese-Russian resolution "strongly deplores" the North Korean missile tests last week, calls on member states to work to prevent North Korea from receiving or selling missile-related items and "strongly urges" it to return without precondition to the six-nation talks.

The Japanese ambassador to the United Nations, Kenzo Oshima, said his government needed time to judge the new resolution. "But a quick glance at the text shows there are very serious gaps on very important issues," he said. He did not specify and did not elaborate.

The American ambassador to the United Nations, John R. Bolton, said the United States still backed the Japanese resolution, but welcomed the Chinese-Russian measure because it was in the form of a resolution rather than a nonbinding statement. The new draft "puts us on an apples-to-apples and oranges-to-oranges basis, and now we can talk about a resolution, which is the appropriate measure through which the Security Council should act," Mr. Bolton said.

China, which has engaged in intensive talks with North Korea in recent days, said sanctions imposed on the North last fall by the United States Treasury must be lifted before North Korea would resume discussions about its weapons programs.

"We hope the U.S. can take measures to help the six-nation talks resume by compromising on the sanctions," said a spokesman for the Chinese Foreign Ministry, Liu Jianchao. "We don't want to see this impasse drag on forever."

The Treasury in October seized the assets in the United States of eight North Korean companies it accused of helping proliferate weapons, and imposed sanctions on a Macao bank, Banco Delta Asia, which the department accused of helping to launder North Korean money.

Missile Crisis Diplomacy Crumbles (WT)

By Andrew Salmon

DOJ_NMG_0040818

The Washington Times, July 14, 2006

SEOUL -- Diplomatic maneuvers to resolve the North Korean missile crisis collapsed yesterday, with Chinese talks in Pyongyang fruitless, the U.S. chief negotiator flying home empty-handed and a North Korean Cabinet-level delegation walking out of talks with South Korean counterparts.

After a week of shuttle diplomacy, U.S. Assistant Secretary of State Christopher R. Hill left the region yesterday.

"The Chinese are as baffled as we are," Mr. Hill told the Associated Press in Beijing. "They sent a good delegation up to Pyongyang, showed a real interest in trying to work with the DPRK, but it does not appear to have been reciprocated."

The DPRK, or Democratic People's Republic of Korea, is the official name for North Korea.

Meanwhile, in the South Korean port of Pusan yesterday, North-South Cabinet-level meetings broke down a day earlier than scheduled.

South Korea had attempted to persuade the Northern delegation to resume a moratorium on missile tests and return to six-party nuclear talks.

The Chinese delegation, led by Deputy Foreign Minister Wu Dawei, made a similar appeal during a visit to the North Korean capital. Beijing's delegation is expected to return home today.

Pyongyang has boycotted the six-nation talks, which involve the two Koreas, the United States, China, Japan and Russia, citing U.S. financial sanctions against Banco Delta Asia in Macau.

After a U.S. Treasury Department warning last year that the bank was being used for illicit North Korean activities, Macau monetary authorities froze North Korean accounts at the bank.

The North requested 500,000 tons of fertilizer from South Korea at the Pusan talks on Wednesday, only to be rebuffed by South Korea's point man at the negotiations, Unification Minister Lee Jong-seok.

"What [Mr. Lee] said before and during the talks was that there could be no additional rice or fertilizer aid until there is some solution to exit this missile crisis. That's where we stand at this point," an official from the Unification Ministry said.

In Tokyo, Japanese Chief Cabinet Secretary Shinzo Abe said it would press ahead with a prompt U.N. Security Council Resolution vote against North Korea.

Tokyo had agreed to delay the vote while diplomatic initiatives were in play.

"I think the U.S. and Japanese governments have to do something because of domestic pressure," said Andrei Lankov, a Russian specialist on North Korean affairs who teaches at Seoul's Kookmin University.

The United States, Britain and France support Tokyo's resolution, which would punish North Korea for its missile launches. China is expected to veto the Japanese resolution if it is submitted as is.

Should Tokyo and Washington impose bilateral sanctions, Pyongyang appears well-placed to ride them out.

"They could react bilaterally, but this will not cause major damage to North Korea, as North Korea depends essentially on aid from China and South Korea," Mr. Lankov said.

S. Korea Suspends Food Aid To North (WP)

By Anthony Faiola

The Washington Post, July 14, 2006

TOKYO, July 14 -- South Korea on Thursday suspended humanitarian aid to North Korea until it agrees to return to international nuclear disarmament talks. The action infuriated visiting North Korean officials, who immediately cut off high-level talks in South Korea and stormed back home.

The decision to postpone consideration of a North Korean request for 500,000 tons of rice marked the South's first punitive action against its impoverished communist neighbor since July 4, when the North test-fired seven missiles, including a long-range Taepodong-2. The move came as the administration of South Korean President Roh Moo Hyun confronted sharp public criticism at home for what many there viewed as a weak response to the tests.

South Korea also reiterated its deep opposition to a push by Japan and the United States to impose broader sanctions on North Korea through a draft resolution at the U.N. Security Council. Seoul has vowed to maintain its "sunshine policy" of

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engagement, which has fostered the warmest ties between the Stalinist North and the capitalist South since the Korean War ended in stalemate more than half a century ago.

But the decision to follow through with a previous threat to suspend food aid if North Korea tested missiles -- a threat many experts doubted the Seoul government would stick to -- displayed a new willingness by the South to use its significant economic clout to apply pressure on the North.

The North Koreans -- whose economic assistance from the South is topped only by aid from China -- appeared jolted by the decision. Pyongyang's delegation departed abruptly on Thursday afternoon from talks in the South Korean city of Pusan that were originally scheduled to end Friday. South Korea's Yonhap news service reported that the North Korean officials left after circulating a statement calling the rupture the result of "reckless" attempts by South Korea to raise "irrelevant issues." Those issues, South Korean officials said, were the recent missile tests and the North's refusal to return to six-party talks on its nuclear program.

The North bitterly condemned the decision to suspend food aid, saying, "The South side will pay a price before the nation for causing the collapse of the ministerial talks and bringing a collapse of North-South relations."

South Korean officials, who in recent years have rolled out the red carpet for their visiting North Korean kin, this time offered them a simple meal and hospitality without the customary sightseeing excursions and photo opportunities. When the North's representatives understood they would not be returning with promises of more food aid, they simply left.

For the United States and Japan, which are both pushing for a strong draft resolution at the United Nations that would ban international trade in North Korean missile and other military technology, the South Korean action was a rare diplomatic bright spot.

Christopher R. Hill, Washington's top envoy on North Korea, left Beijing for Washington on Thursday after it became apparent that Chinese efforts to persuade the Pyongyang government to return to the six-party talks had failed. Before leaving, Hill said there was no indication that the North Koreans had decided to end their boycott of the talks, which have been stalled since last November.

Japan, which has been deeply rattled by the missile tests, has pushed for a tough resolution that would impose sanctions on the North. But Japan's Kyodo news service quoted several government officials early Friday as saying the Tokyo government might be willing to offer a compromise resolution taking into account a Chinese and Russian proposal to censure North Korea with only voluntary punitive actions.

"The Chinese are as baffled as we are," Hill told reporters in Beijing. "China has done so much for that country, and that country seems intent on taking all of China's generosity and then giving nothing back."

Pyongyang Missile Tests Fuel China-Japan Strains (WSJ)

By Gordon Fairclough, Rebecca Blumenstein And Evan Ramstad

The Wall Street Journal, July 14, 2006

North Korea's barrage of missile tests has exacerbated political tensions in Northeast Asia, putting the Korean Peninsula at the center of a power struggle between a rising China, a more assertive Japan and a Russia eager to regain influence in the region. Pyongyang's rebuff so far of calls from China and South Korea for it to rejoin multilateral negotiations on its nuclear-weapons programs is adding to the friction and increasing pressure on the United Nations to take action.

North Korea walked out of cabinet-level talks with the South Thursday. A high-level delegation of Chinese officials visiting Pyongyang this week also reported no breakthrough in persuading the North to return to the bargaining table.

The U.N. Security Council has been considering rival proposals -- one backed by Japan and the U.S. that would impose sanctions and a milder measure introduced Wednesday by China and Russia. With no apparent progress on the diplomatic front, "our sense is that we are going to get something pretty soon" on a U.N. resolution, said a senior U.S. official. But he added there likely would be a lot of "pushing and shoving" over the contents of any resolution.

The diplomatic wrangling is complicated by the shifting balance of power between China and Japan, which are on a more equal economic and political footing than at any time in recent history and are competing for regional ascendance.

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"Japan wants to be more dominant in Northeast Asia," says Zhuang Jianzhong of the Center for Pacific Rim Studies at Shanghai's Jiao Tong University. "Sino-Japanese relations are not good right now." Also looming in the background is concern in China and Russia over the strong military alliance between the U.S. and Japan. The U.S., preoccupied with conflict in the Middle East, has been looking to Japan to play a larger role in Northeast Asia.

But for many of Japan's neighbors that is an unsettling prospect and one of the reasons behind opposition to Japan's proposed U.N. resolution, which would authorize military action to enforce sanctions. The U.S. and Japanese navies, both of which patrol the waters of Northeast Asia, would likely be on the front lines of efforts to interdict sea shipments of North Korean missiles and weapons components if the U.S.-backed Japanese resolution is passed.

Last week's missile firings by North Korea into the Sea of Japan also prompted officials in Tokyo to hint that they might need to consider military strikes if Japan felt threatened by future launches. Those comments drew withering broadsides from China and South Korea, whose president, Roh Moo Hyun, called them an "overreaction" and said they "may seriously threaten peace in Northeast Asia."

The senior U.S. official said China has expressed concerns that Japan will react to North Korea's missile launches by attempting to strengthen its military. "Clearly, there is the threat of an arms race in the region," the official said.

Meanwhile, a three-day meeting of cabinet ministers from North and South Korea ended a day early when the North's delegation became upset by the South's insistence on discussing the missile issue. The two countries routinely meet to discuss aid and economic issues, but South Korean leaders changed the agenda after last week's missile launches. When South Korean ministers opened the meeting by criticizing the missile tests, a North Korean minister responded that his country's military strength helped protect the South.

After walking out of the meeting in Busan, South Korea, the North Korean delegation issued a statement that said the South will "pay a price" for the collapse of the talks. "The South side created an artificial obstacle to the talks, without discerning where the military threat to the Korean Peninsula comes from," the statement said.

South Korea has said it would cut off rice and fertilizer shipments to North Korea as a penalty for the missile tests, but it opposes further economic sanctions.

--Sebastian Moffett in Tokyo contributed to this article.

Japan Presses U.N. To Act On North Korea (USAT)

USA Today, July 14, 2006

Japan's ambassador to the United Nations pressed Thursday for Security Council action by the end of the week on North Korea's missile launches, though he said key differences remain with China and Russia on how to confront Pyongyang. “We are not ready to spend a lot of time on these negotiations,” Kenzo Oshima said. Chinese Ambassador Wang Guangya said that the council needs more time and that the most important factor was to agree on a unified approach.

Japan wants the 15-member council to impose mandatory sanctions on North Korea, something China and Russia say they will not accept. China and Russia have offered a weaker resolution that would not allow military action to enforce it. The United States, Britain, Slovakia, Greece and France back the Japanese draft. U.S. Ambassador John Bolton said time was running out for China's diplomatic efforts with the North, but he did not give a deadline.

The presidents of Turkey, Azerbaijan and Georgia formally opened a pipeline designed to bypass Russia and bring Caspian oil to Europe. The United States supported the 1,100-mile, $3.9 billion pipeline to tap sources of crude outside the Middle East and draw the Caspian states closer to the West. Oil began flowing from the Turkish port of Ceyhan last month. About 430,000 barrels of oil are pumped each day, said Norman Rodda, construction manager for the pipeline's Turkish section. BP, the consortium's main participant, said the pipeline can export 1 million barrels per day.

London's famed Bow Street Magistrates' Court closes today, ending a judicial role that dates to the 1730s. Bow Street magistrates handled suspected terrorists, thieves and prostitutes, and were prominent in literature. In Oliver Twist, Charles Dickens placed the Artful Dodger in the dock at Bow Street. The current building, opened in 1881, has been sold. The new City of Westminster Magistrates' Court will take over cases.

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Chinese newspaper reporter Li Yuanlong was sentenced Thursday to two years in prison for “inciting subversion” after he posted essays on foreign websites criticizing the ruling Communist Party, his lawyer said. Li, a reporter for Bijie Daily, was detained in September and convicted by the Bijie Intermediate People's Court, said his lawyer, Li Jianqiang. The Committee to Protect Journalists says China is the world's leading jailer of journalists. At least 42 are behind bars, most on charges of violating vague subversion or security laws.

Nuclear Materials 'Dangerously Vulnerable' (AP)

By H. Josef Hebert

AP, July 14, 2006

Despite progress on security, tons of nuclear material are "dangerously vulnerable" to theft by terrorists across the globe, a private group contends.

World leaders have failed to provide money promised for or to pay strict attention to securing materials that could be used for a nuclear device or "dirty" bomb, the Nuclear Threat Initiative said Thursday.

As leaders of the Group of Eight industrial powers, including President Bush and Russian President Vladimir Putin, meet this weekend, NIT reports note that only a fraction of the $20 billion those leaders pledged four years ago to secure nuclear materials has been spent.

"This threat is not being treated as an urgent, front-burner security threat by the United States, by Russia or by the world," said former Sen. Sam Nunn, D-Ga., co-chairman of the group that focuses on nuclear nonproliferation.

The organization commissioned the two reports to assess the G-8's response to safeguarding nuclear materials. One was by the Managing the Atom Project at Harvard University; the other came from researchers at the Washington-based Center for Strategic and International Studies.

In a related development, the Energy Department said Thursday it had reaffirmed in an agreement with Russia the 2000 commitment by each country to dispose of 34 tons of excess plutonium. The joint effort had stalled in recent years with talk that it was falling apart because of disagreements between the two nations on how to proceed.

Energy Secretary Samuel Bodman called Thursday's joint statement "a clear sign of our mutual commitment to keeping dangerous nuclear material out of the hands of terrorists."

Russia plans to begin burning some of the plutonium in a fast-neutron reactor in the 2010-12 timeframe, the statement said. The Bush administration wants to build a plant to convert its plutonium into a mixed-oxide fuel with construction beginning in the fall at the Savannah River complex in South Carolina.

The Energy Department also announced Thursday that it had finished a two-year project with Russian officials that removed highly enriched uranium from the Krylov Shipbuilding Research Center in St. Petersburg, Russia, to a nuclear complex in Dmitrovgrad where it will be converted for use in nuclear power plants.

Officials said the project was part of efforts to consolidate weapons-grade nuclear material to improve security. Under a program that began in 1999, more than 8.8 tons of such material has been secured in Russia, the Energy Department's National Nuclear Security Administration said.

The Harvard report cited progress in securing the material in Russia. But security upgrades are not completed at nearly half the sites and "only modest progress" has been made in consolidating the materials, the report said.

"In the rest of the world there is even less good news," the report said. "At many sites around the world, weapons-usable nuclear material remains dangerously vulnerable to either outsider or insider theft."

The United States has worked to improve security globally, but outside the former Soviet Union, "U.S.-sponsored security upgrades have barely begun or are not yet even on the agenda," the report said.

"There are still major gaps in our efforts to keep the essential ingredients of nuclear weapons out of terrorists' hands," said Matthew Bunn, co-author of the Harvard study.

Material that could be used to make a nuclear device or dirty bomb can be found in more than 40 countries, the researchers said.

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At their 2002 summit, G-8 leaders committed to spend $20 billion over a decade to secure weapons of mass destruction. But that effort, the researchers said, appears to have lost steam even as the risk of terrorists obtaining the material "has only grown more acute."

Despite pledges of $17.5 billion, most came in the first year and, nearly halfway into the 10-year program, only $3.5 billion has been spent, said Robert Einhorn, co-author of the CSIS report and a former assistant secretary of state for nonproliferation.

Bombay Police Detain Hundreds In Probe (WP)

By Muneeza Naqvi

The Washington Post, July 14, 2006

BOMBAY Police in Bombay detained and interrogated hundreds of people in the probe of the coordinated bomb blasts that devastated commuter trains in this city Tuesday, killing 183 people and wounding 770, officials said Thursday.

"This is not the work of some small fringe group," Bombay Police Commissioner A.N. Roy said in a telephone interview. "It involved precise planning and execution and a very high level of sophistication."

"We're investigating these bombings with a completely open mind and are exploring every possibility," Roy said. "We do have several clues and leads but it's too early to make any statements."

He said the investigation was looking closely into whether the radical Pakistan-based Muslim group Lashkar-e-Taiba, blamed for other terrorist bombings in India, played a role in the attacks. The group has been banned by the Pakistani government, but many experts say it continues to operate under different names.

Many of the people detained in Bombay are activists from a banned organization called the Students Islamic Movement of India, officials said. Its members are also being investigated regarding bombings in this city, also called Mumbai, in 2003 that killed 55 people.

The Press Trust of India reported that police were tentatively focusing on three fugitive Islamic radicals. The Associated Press said authorities had released photos of two men being sought in the investigation.

Tuesday's attacks have complicated India's newly initiated peace talks with neighboring Pakistan.

On Wednesday, the Indian Foreign Ministry demanded that Pakistan dismantle all terrorist networks on land it controls. Officials in New Delhi have made no direct accusation of Pakistani involvement in Tuesday's attacks. But in the past they have accused their neighbor of arming and funding Islamic secessionists in the Kashmir region. Pakistan has denied those allegations.

"You can't really blame everything on Pakistan; it's very unfair," the Associated Press quoted Khurshid Mahmud Kasuri, Pakistan's foreign minister, as saying. "India is a vast country. There are lots of people who have their own agendas."

India Names 2 Suspects In Train Attacks (AP)

By Nirmala George, Associated Press Writer

AP, July 14, 2006

Indian authorities named two suspects Thursday in this week's train bombings, an apparent breakthrough in the frenetic investigations into the well-coordinated attacks that killed at least 200 people.

The government's Anti-Terror Squad released photos of young, lightly bearded men identified as Sayyad Zabiuddin and Zulfeqar Fayyaz, said Sunil Mane, an anti-terror official.

Officials did not provide their nationalities, and it wasn't clear where the photos — head shots which appeared to have been taken for identification documents — originated.

But officials said earlier Thursday that the prime suspect in Tuesday's bombings is Lashkar-e-Tayyaba, a Pakistan-based Islamic militant group that operates in Kashmir, the Himalayan region at the center of the long-running India-Pakistan conflict.

"Different indicators are there which hint at their involvement," said D.K. Shankaran, the top bureaucrat in Maharashtra state, where Bombay is the capital city. He refused to elaborate, but said seven teams of investigators were sifting through clues. "The probe into blasts is on track and we should have something substantial soon."

Lashkar has previously carried out near-simultaneous explosions in Indian cities, including a bombing in New Delhi in October that killed more than 60 people. Lashkar was also named in an attack on India's Parliament in 2001.

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A spokesman for Lashkar, Abdullah Ghaznavi, has denied the group was involved in the serial train bombings across Bombay that left at least 200 people dead and more than 700 injured.

Also Thursday, a man claiming to represent al-Qaida reportedly said the terror network had set up a wing in Kashmir, where Muslim militants have been fighting for independence or union with overwhelmingly Muslim Pakistan.

There was no way to immediately verify the statement, which if true would be the first time Osama bin Laden's network has claimed to have spread to Indian territory.

Kashmir's Current News Service reported that it received a telephone call from a man who identified himself as Abu al-Hadeed, an Arabic name. The man, however, spoke in Urdu, the language of most Muslims on the Indian subcontinent.

The news service, based in Srinagar, the summer capital of the Indian part of Kashmir, reported that the man said, "Today a unit of al-Qaida has been established in Jammu and Kashmir which shall henceforth be called al-Qaida Jammu and Kashmir."

The man also praised the Bombay bombings. "Whosoever has carried out the attacks in Bombay we express our gratitude and happiness," the man reportedly said, and also appealed to Indian Muslims to take up the struggle against the Indian government.

The developments came after police conducted raids across this city of 16 million people and detained 350 people for questioning, most of them in Malwani, a northeastern suburb of Bombay, said police Inspector S. Goshal. He said none was formally arrested or charged, and they were rounded up only to help with the investigations.

Pakistan-based Group Eyed After Mumbai (CSM)

By David Montero

The Christian Science Monitor, July 14, 2006

ISLAMABAD, PAKISTAN

As Indian investigators sift through the wreckage of Tuesday's deadly railway blasts in Mumbai, which killed at least 200 and wounded 700, suspicions are beginning to point to Lashkar-e-Tayyaba, or the Army of the Righteous, a Pakistani-based militant outfit with a long history of terrorist attacks inside India.

It is too early to say whether the group was directly responsible for masterminding the violence. A Lashkar-e-Tayyaba spokesperson, Abdullah Ghaznavi, denied that the group was involved in the attack.

But the blasts help shine a spotlight on what some analysts here claim is the state's troubling ambivalence toward militant groups, letting them change names and operate at low levels for matters of political expediency.

Whether or not Lashkar-e-Tayyaba was directly involved, they add, the group has achieved a kind of inspirational leadership role, becoming an operational template for militant splinter groups in India in much the same way that Al Qaeda has on the global stage.

"This is a new dimension. In India you now have groups of Muslims who may be influenced by Lashkar-y-Tayyba, but which act independently," says Hasan Askari Rizvi, a defense analyst in Lahore. "Lashkar-e-Tayyaba has become a pejorative to cover all such groups."

Lashkar-e-Tayyaba, which first emerged in 1993, has demonstrated a sophisticated capacity to carry out brutal, large-scale attacks, some of them deep inside Indian territory. Indian authorities implicated them in the 2001 attack on Parliament, which left 14 people dead, and also blame them for killing more than 100 people within two days in Indian-held Kashmir in 2000.

The group, which the US State Department describes as having several thousand members, was used as a proxy by the Pakistani Army and intelligence agencies against Indian forces in Kashmir throughout the 1990s, analysts say, when tensions between the nuclear rivals ran especially high. Receiving patronage and support from the state, it was also allowed to collect funds and recruit members openly.

The State Department describes its aid stream as including donations from Pakistanis in the Persian Gulf and Britain, as well as donations from Islamic nongovernmental organizations and Pakistani business people.

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These open-ended operations changed, on paper at least, following the Sept. 11 attacks and President Bush's crackdown on international terrorist groups. In October 2001, Washington designated Lashkar-e-Tayyaba as a terrorist affiliate. Under US pressure, President Pervez Musharraf banned the group in 2002.

But many analysts say that Lashkar-e-Tayyaba merely changed its name. Calling itself Jamat-ud-Dawa, it said it was a welfare and educational organization, spreading the teachings of Wahhabi Islam through a large network of schools, hospitals and madrassahs.

Its reemergence, analysts say, is typical of many purportedly banned militant organizations in Pakistan.

"The government didn't want to take action against them ... the reason being that it might create a backlash in the domestic context," says Mr. Rizvi, explaining that the state feared it might lose the support of religious elements. "They didn't want to go against them all the way because it's politically expedient to allow them to operate at a low level."

The group went underground, but reemerged with the same leadership. Founder Hafiz Mohammed Saeed is now the leader of Jamat-ud-Dawa, which he runs just outside Lahore.

Jamat-ud-Dawa has repeatedly denied any affiliation between the groups. Jamat-ud-Dawa has to date never been implicated in any violence in Pakistan. Still, because of the murky connections, Mr. Musharraf placed it on a watch list in 2003.

Even under scrutiny, Jamat-ud-Dawa has flourished as a well-funded religious movement. The group claims to educate more than 20,000 students in 140 schools, in addition to churning out religious scholars at 29 madrassahs.

When the earthquake struck last October, Jamat-ud-Dawa turned its network into one of the top dispensers of relief aid, garnering praise from international relief groups, government officials, and even Musharraf. But questions about it reemerged just months ago. In April, the State Department announced that it was designating Jamat-ud-Dawa a terrorist organization and an alias of Lashkar-e- Tabba.

The news shocked the leadership of Pakistan's right-wing religious parties, prompting public outcries. Pakistan has so far not banned the group. Following the April declaration, the Foreign Ministry of Pakistan said it was not legally bound to ban Jamat-ud-Dawa unless the UN Security Council passed a resolution demanding it do so.

"If we are not required, we do not put any entities on the terrorist list if the action is taken under the US domestic law," Foreign Ministry spokesperson Tasnim Aslam was quoted as saying in early May. The State Department has forwarded a plea to the Security Council.

Some analysts say that the differences between Jamat-ud-Dawa and Lashkar-e-Tayyaba are legitimate. "Whatever Lashkar-e-Tayyaba is doing, Jamat-ud-Dawa is not responsible," says Ershad Mehmud, an expert on Kashmiri militant groups at the Institute for Policy Studies in Islamabad. Mr. Mehmud says that the government has cracked down on militants like Lashkar-e-Tayyaba, diminishing their ability to launch attacks.

"In the past couple of years, we've been seeing that the government is trying hard to eliminate the militants, especially in Kashmir after the peace process," says Mehmud, adding that he has met recently with militants who claim that they can no longer infiltrate Indian-administered Kashmir.

Like other analysts, Mehmud says that the Mumbai attacks, while perhaps not directly the work of Lashkar-e-Tayyaba, drew inspiration from the group. "The violence has been internalized in Kashmir and India. In India, there is always militancy going on. They can take their inspiration from Al Qaeda and Lashkar-e-Tayyaba," says Mehmud.

India Identifies Suspects In Railway Attack (LAT)

By Henry Chu

The Los Angeles Times, July 14, 2006

MUMBAI, India — Under intense pressure to show progress, authorities identified their first suspects Thursday and detained about 20 people for questioning in connection with this week's deadly railway bombings.

Indian media broadcast photos of two men believed to be linked to the string of rush-hour blasts Tuesday along this city's crowded western commuter line, an attack that killed as many as 200 people and wounded hundreds. However, there were conflicting reports as to the suspects' names, and authorities provided no background on the men or details on what their roles might have been.

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This morning, police said a man known only as Rahil was also being sought, but they gave no more details, the Associated Press reported.

Police have interviewed hundreds of people and detained 20 for further interrogation, a police official said.

Authorities are under pressure to find those behind the bombings, the worst terrorist attack in 13 years here in India's commercial and entertainment capital. But such investigations in India are often hampered by lack of coordination.

Most of those detained for further questioning hailed from predominantly Muslim neighborhoods in Mumbai's suburbs, police said. Although there has been no official claim of responsibility for the attack, suspicion has focused primarily on an Islamic militant group known as Lashkar-e-Taiba, or Army of the Pure, which has waged a bloody battle to establish Muslim rule in the contested Himalayan territory of Kashmir.

India blames the organization for several bombings that rocked New Delhi in October and accuses archrival Pakistan of sponsoring the group. The regime in Islamabad denies that allegation, but sharp words between the two countries since the attack Tuesday have spurred fears that their slow peace process could bog down further.

A man purporting to represent a new Al Qaeda outpost called a Kashmiri news agency Thursday to applaud the bombings in Mumbai, formerly known as Bombay. The man spoke in Urdu, Pakistan's national language, and boasted that a new Al Qaeda wing had been set up in Indian-controlled Kashmir, the Associated Press reported.

If true, it would represent Al Qaeda's first beachhead on Indian soil, but there was no way to verify the claim. India's broadcast media largely ignored it.

Instead, much of the discourse, and some criticism, centered on the lax security along Mumbai's rail network. The system carries 6 million passengers daily and offers a tempting "soft" target for terrorist attacks.

Stations are not equipped with video cameras, and most have no barriers for entry to platforms.

"You can get in from anywhere — you can just walk in," said marketing representative Gregory Fernandes, 35, as he waited for a train at the Matunga station, where one of the explosions occurred. "I don't know to what extent they can provide security. They can't cover the entire platform."

The openness stands in contrast to the layers of security at Indian airports and the precautions in place on New Delhi's new subway system, where passengers are required to pass through metal detectors.

Instituting such measures on Mumbai's rail network might prove too costly and cumbersome.

"It's not possible to check each and every person in such a highly populated city," said Bhumika Baua, a student who rides the train nearly every day.

The bombs, which police said probably were made of high-grade plastic explosives and placed inside leather bags slung onto overhead luggage racks, hit first-class cars and station platforms in rapid succession.

Some speculated that the attackers targeted more affluent passengers to strike at Mumbai's status as India's economic powerhouse, but others said it might have been a question of practicality. Because the first-class cars are less crowded, it would have been easier for the attackers to plant the bombs and avoid onboard security officers, who tend to concentrate their attention on the jammed second-class cars.

2 Suspects Sought In Connection With India Train Blasts (NYT)

By Somini Sengupta

The New York Times, July 14, 2006

MUMBAI, India, July 13 — Indian authorities rounded up hundreds of people for questioning on Thursday and released photographs of two suspects in connection with the train bombings here that killed more than 180 people this week.

At the same time, a man identifying himself as a member of a newly formed chapter of Al Qaeda in the disputed territory of Kashmir, which Pakistan and India both claim, telephoned a news agency to congratulate the perpetrators. Intelligence officials said they had not verified whether the caller was authentic, and some in the government voiced their skepticism about the claim.

But the call raised the specter that groups claiming affinity with Al Qaeda had taken up the cause of the predominantly Muslim area, which has long been the scene of terrorist attacks and an Islamic insurgency, or that some Kashmir insurgents had linked themselves to Al Qaeda.

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Officials in the capital, New Delhi, said they would have to investigate. “We can’t take it lightly,” said an intelligence official who is prohibited from speaking to the news media.

The police in Mumbai — also known as Bombay, and home to a substantial Muslim minority — combed the city overnight to search homes and detain what the city’s commissioner of police, A. N. Roy, estimated to be up to 500 people.

Mr. Roy declined to specify how many remained in detention, or whether the interrogations yielded any leads. The police pointed out that no arrests had been made in connection to Tuesday’s bombings.

Late Thursday, The Associated Press reported that the police had released the names and photographs of two suspects, Sayyad Zabiuddin and Zulfeqar Fayyaz, in connection with the series of eight synchronized bombs during the evening rush along a commuter train line.

The authorities remained tight-lipped about which groups could have been responsible, except to say there was a possibility that a militant organization based in Pakistan, Lashkar-e-Taiba, was involved. The police said the group could have been aided by a banned Indian organization that calls itself the Students Islamic Movement of India. Both groups have denied involvement.

Mr. Zabiuddin is suspected to have been the leader of a group of 16 militants, some of them connected to the student organization, who were arrested in May with a large cache of explosives and AK-47’s in Maharashtra State, where Mumbai is located.

There have been at least four crackdowns across Maharashtra on suspected Islamist militant groups, all linked to the Kashmir cause, in the last nine months, said Mr. Roy, the police chief. Among those arrested were several affiliated with Lashkar-e-Taiba.

The group is outlawed in Pakistan, but continues to function under other guises, including, most recently, as a charity active in last October’s earthquake relief efforts called Jamat ud Dawa, the police said.

The Indian Prime Minister, Manmohan Singh, who is scheduled to visit Mumbai on Friday, has said nothing directly about any organization, nor about a Pakistani hand in the attacks. Likewise, the police have presented no concrete evidence linking the bombs to any group.

Nevertheless, the references to Lashkar-e-Taiba have prompted worrying diplomatic tensions, with the Pakistani foreign minister, Khurshid Mehmood Kasuri, lashing out late Wednesday at Indian suggestions of a Pakistani role.

“There should not be a knee-jerk reaction that everything happening in India starts in Pakistan,” he told CNN.

Earlier on Wednesday, the spokesman for the Indian Foreign Ministry, Navtej Sarna, pointedly called on Pakistan to rein in terrorist organizations operating on Pakistani soil. His comments followed a suggestion by the Pakistani foreign minister, barely a day after the Mumbai bombings, that India had not done enough to resolve the Kashmir dispute. Mr. Sarna called Mr. Kasuri’s comments “appalling.”

The argument threatens the slow but sustained three-year peace process between the nations. “Every act of violence, and especially the kind of violence that we witnessed in Mumbai, makes it more and more difficult for the prime minister domestic ally to sustain the peace initiative with Pakistan,” said Amitabh Mattoo, an academic who sits on the Prime Ministers Task Force on Global Strategic Development.

Attacks in Kashmir, including those on Indian tourists, have accelerated in the last few weeks. They accompany attacks in India itself.

A set of crude bombs tore through Varanasi, Hinduism’s holiest city, last March. A set of synchronized explosions at two New Delhi markets and a passenger bus killed more than 50 people last October. But none of them touched off public anger toward Pakistan in the way this week’s bombing has. On Thursday, the death toll from the train attack hovered at 182, with 700 injured.

The call claiming to represent Al Qaeda came at 12:15 p.m. to Current News Service, an agency based in Srinagar, the summer capital of Indian-controlled Kashmir, and a frequent recipient of calls and statements from anti-Indian militant groups there.

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It lasted no more than three minutes, said the agency's chief, Abdur Rashid Rahi. The caller, who identified himself as Abu-al Hadid, spoke in polished Urdu and invited Indian Muslims to join the holy war, Mr. Rahi said, adding that the caller did not claim responsibility for the Mumbai serial bombs.

A senior government official said it should not be taken seriously. "I think it's a hoax," the official said, requesting anonymity because of the nature of the investigation. "We firmly believe it's Pakistan and not Al Qaeda."

Intelligence officials in Washington said they were investigating the claim, but they expressed skepticism that Qaeda operatives were behind the train attacks in Mumbai.

"We certainly are not ruling out the possibility that Al Qaeda was involved, given the sophistication of the attack," said one counterterrorism official in Washington, who was given anonymity to discuss intelligence matters. "But there are strong suspicions that the attacks were the work of a Pakistani militant group."

Bomber Hunt Continues As Pakistan Backs Train Blast Probe (AFP)

By Paul Peachey

AFP, July 14, 2006

Indian police combed Mumbai for clues about the train bombers as Pakistani President Pervez Musharraf, under fire here for his actions against Islamic militants, pledged to back the probe.

Police in India's financial hub, a teeming city of 18 million people, scoured hotels and homes for evidence, and released sketches of three suspects wanted in connection with Tuesday's blasts, which left some 200 dead.

Maharashtra state Chief Secretary D.K. Sankaran told AFP the sketches had been compiled according to eyewitness accounts, adding: "I cannot say if this is really the first breakthrough. But we hope to have one very shortly."

Earlier, senior police said they had no firm leads about the whereabouts of those behind the attack, the worst in India in 13 years, which also wounded more than 770 people.

Amid a swirl of accusations that Pakistan has not done enough to curb the activity of Islamic militants operating on its soil, Musharraf pledged his full support to the Indian investigation.

"I assure (Indian) Prime Minister Manmohan Singh that the Pakistan government and I myself are with him in any investigation he wants to carry out", Musharraf said in an interview with Business Plus Television.

The Pakistani leader, a key US ally in the "war on terror" who has led a crackdown on Islamic militancy, has nonetheless been the target of accusations in India that militants are using Pakistani soil as a springboard for attacks.

Maharashtra state police chief P.S. Pasricha said Wednesday the attack bore the hallmarks of Lashkar-e-Taiba, an Islamist group based in divided Kashmir which has denied any involvement in the bombings.

A previously unknown group calling itself Al-Qaeda Jammu and Kashmir said Thursday it was happy over the train blasts and called for more acts of jihad, or holy war.

It did not claim responsibility for the blasts but said in a telephone call to a news agency that they were a result of "Indian repression of minorities", particularly Muslims.

Analysts believe the bombers hoped to fuel Hindu-Muslim tensions and may have targeted first-class carriages to minimise casualties among Muslims, a minority in Mumbai and generally poorer than their Hindu counterparts.

The Indian army said Thursday it would be concerned if Al-Qaeda had launched a wing in revolt-hit Kashmir, held in part by India and Pakistan and claimed in full by both, and was investigating the claims.

Meanwhile, Mumbai police -- whose anti-terrorist cell is carrying out the bomb investigation -- picked up some 150 people with criminal records as part of a wide-ranging sweep not necessarily linked with the bombing inquiry.

"We have particular leads but nothing concrete," said senior police officer Jayjit Singh, head of the anti-terrorist squad.

State officials said an extra 1,800 police and security forces would guard trains and stations. Extra dog teams and metal detectors would also be brought in.

US President George W. Bush telephoned Singh on Thursday to express condolences and offer support in the struggle against terrorism.

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In a nationally televised address Wednesday night, Singh, who is due to make a three-hour visit to Mumbai on Friday to meet with survivors and local officials, said India would stand united and not bow to terrorism.

He did not mention Pakistan, but the Indian foreign ministry lashed out at comments from Islamabad and demanded it dismantle the "infrastructure of terrorism" in areas it controlled.

In an interview with CNN, Pakistani Foreign Minister Khurshid Mahmud Kasuri warned against "knee-jerk" reactions, saying India should be careful about trying to attribute the attacks to Pakistan-based militants.

Mumbai, formerly known as Bombay, has come to embody India's growing economic might and its engagement with the rest of the world. But it has a history of tension between Hindus and Muslims.

Seven blasts went off in the space of 15 minutes along the western railway line, tearing open first-class train carriages that were packed with people travelling home from work during rush-hour on Tuesday night.

Doctors worked continuously for 30 hours after the blasts to bring the situation under control, said officials at Sion hospital where 42 of the dead were taken.

But relatives continued to trawl hospitals looking for relatives missing since Tuesday.

Friends and relatives searching for banker Joseph Naronha, 56, were unable to identify him from three badly disfigured bodies at Sion hospital's morgue.

"It's impossible for us to identify him at Sion, I don't even know who it is, I don't know where to go now," his grim-faced brother-in-law A.J. Louis told AFP after a tour of hospitals. "We're losing hope."

Trains were running normally Thursday as the city returned to some semblance of normality despite impromptu shrines set up at various stations.

Business Quickly Returns To Usual In Mumbai (USAT)

By Ken Moritsugu

USA Today, July 14, 2006

MUMBAI, India — Terrorist attacks often depress stocks elsewhere in the world, but the bulls roared in Mumbai, India's financial capital, after bomb blasts killed at least 200 commuters this week.

The Sensex stock exchange index rose nearly 316 points — 3% — the day after Tuesday's blasts, before sliding back about 72 points Thursday to 10,858.50. The market reaction was typical of a city and people known for resilience in the face of natural and man-made disasters.

A week ago, monsoon rains caused widespread flooding in the city formerly known as Bombay. Even the bombings didn't dampen the spirits of residents such as Nilesh Shah, 34, an investor.

Speaking at a snack stall in the financial district after the market closed Thursday, he said of the stock market, “Ultimately, it will go up, because the trend is up.”

People showed few outward signs of being rattled by the bombing. Rosie Bismiter, 21, a management trainee at a luxury hotel, shrugged off concerns about personal safety. “This is Bombay,” she said. “Anything can happen, anytime anywhere.”

It's still unclear why Mumbai, a sprawling port city of 14 million people on India's west coast, was attacked. The bombs were placed in first-class train cars, sparking speculation in the media, including the daily English-language Hindustan Times, that Mumbai's business class was the target.

Others suspect religious hatred. Many Muslims were killed by Hindu mobs in riots in the nearby state of Gujarat in 2002; many Gujarat natives who have moved to Mumbai use the Western Railway, the train line that was hit. “They can get back at the affluent Gujarati traders,” said S. Hussain Zaidi, author of a book on a series of bomb blasts that shook Mumbai in 1993.

Mumbai is home to a surging stock market and Bollywood, the movie industry that turns out films at the rate of about one a day.

The city is a study in contrasts — gleaming glass office towers overlook shantytowns. India's flamboyant newly rich, beneficiaries of the recent economic boom, head to trendy dance clubs in foreign cars.

The roads teem with taxis: rattling, squat Fiats with round headlights and chrome bumpers. The view from the car, whether Ferrari or Fiat, often is a slum. Half of Mumbai's population lives in tiny huts — often little more than corrugated metal sheets

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nailed onto wooden frames — crowded along narrow alleys. The Dharavi district, home to about 1 million people, is one of the largest slums in Asia.

The fruits of India's economic growth do not seem to have reached this squalid corner of Mumbai, where people have flocked to escape the even harsher rural poverty. “How is it better for me?” asked Sushila Harjun, a mother of three, cradling her son Naresh, 2. “Even here, in the slum, I can't afford to build a house.”

Elsewhere in Dharavi, there are signs of India's emergent economy. A metal staircase in a nondescript alley leads to a small room with bare concrete walls where a man sits at a computer.

Above the single-room home where he was raised, Subramanian Pillai designs a label for a box of pet food. Once done, he saves it on a compact disc and sends it off to his client for printing.

Pillai, 34, represents the contrasting sides of Mumbai. He has one foot in the high-tech world that can lead him to prosperity, and he is trying to drag the other out of poverty. “From the slum, we have to struggle very much,” he said. “Only then can we come to the level of other people.”

Lawmaker Questions F-16 Sale To Pakistan (AP)

By Foster Klug

AP, July 14, 2006

A Democratic lawmaker demanded Thursday that the Bush administration address security concerns in Congress over a proposed sale of F-16 fighter jets to Pakistan.

Rep. Tom Lantos emphasized in an interview that he supported the $5 billion proposal, "but my support is contingent on providing the United States with total security with respect to the non-leaking of any of our high-tech capabilities to any other party."

Lantos, the top Democrat on the House of Representatives' International Relations Committee, said that after speaking Thursday with top State Department officials, he believed those concerns could be resolved.

Lawmakers' concerns apparently led to the postponement of a congressional hearing Thursday meant to examine the jet sale. The hearing was rescheduled to next week.

Lawmakers worry that China, which has close military ties with Pakistan, might gain access to F-16 technology.

Lantos said that "in view of the very unfortunate A.Q. Khan history, we have to be absolutely convinced that the provisions in place will prevent any conceivable leakage of technology to anybody."

Khan, revered as the father of Pakistan's nuclear bomb, has admitted to running a nuclear-smuggling ring for years.

State Department spokesman Sean McCormack said that officials have had extensive consultations for more than a year with lawmakers and their staffs. He said they were willing to continue to work closely with Congress.

Late last month, the Bush administration notified Congress that it had approved the sale of 18 new fighter jets to Pakistan, a major ally in the U.S. fight against terrorism, and gave lawmakers 30 days to consider the deal. The administration usually provides Congress an informal "pre-notification" period of 20 days before the formal 30-day notification to consult on the deal.

Lantos said that move went against 30 years of precedent in dealings between the administration and Congress. "We are a co-equal branch of government, and we, for the sake of national security, need to be treated as such," he said.

The Pakistan package includes an option to purchase another 18 F-16 fighter jets, an offer to modernize 26 used aircraft already in Pakistan's arsenal, as well as logistical and other support. Lockheed Martin Corp. produced the jets.

The proposed sale to Pakistan comes as the White House pushes for congressional endorsement of a landmark nuclear cooperation deal with India.

Pakistan and India have fought three wars since their 1947 independence from Britain — two over Kashmir, a Himalayan state that both claim in its entirety but that is divided between them by a U.N. line of control.

In an interview Wednesday with The Associated Press, Pakistani Foreign Minister Khurshid Kasuri rejected claims that F-16 technology would be used irresponsibly.

"Of course we have a strong relationship with China. That's not a secret. But when we enter into an obligation, it's in our own interests to fulfill it," Kasuri said. "Pakistan is a very responsible country."

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Videos, Doubts, And A Backlash In Mexico Vote (NYT)

By Ginger Thompson And James C. McKinley Jr.

The New York Times, July 14, 2006

MEXICO CITY, July 13 — To an untrained eye, the scenes captured on video certainly looked like Mexico's bad old days when votes were stolen instead of won. There was a man inside a polling station stuffing one vote after another into a ballot box.

Andrés Manuel López Obrador, the embattled leftist candidate for president, showed the video to a crowd of reporters on Monday morning and called it proof that poll workers had taken part in a conspiracy of fraud that robbed him of victory and handed it to his conservative rival, Felipe Calderón.

That night, the Federal Electoral Institute, or IFE, and Mr. López Obrador's own representative at the polling station said Mr. López Obrador was misrepresenting the video. The tape, they said, showed a poll worker putting misplaced ballots where they belonged, a common procedure that was perfectly legal.

By then, however, doubt had already been planted. Mr. López Obrador has bet his political future that it will not take much to make that doubt grow into a national call for a recount in a country where rigging elections was once a kind of national pastime. His opponents in Mr. Calderón's camp are betting people will see things the way they do: that the only one playing dirty these days is Mr. López Obrador.

In an interview on Thursday, Mr. Calderón, who election officials say squeaked out a victory by 0.6 percent of the vote, said that Mr. López Obrador had not kept his promise during the campaign to accept the election results, win or lose.

"It seems to me that the responsible thing to do is to respect the authorities," said Mr. Calderón, who has yet to be formally certified as the winner, "and not to heighten tensions in the political atmosphere."

"I don't want to launch a personal attack on him," Mr. Calderón added. "What I do think is that Mexico has a solid democratic system, credible institutions, like the electoral institute and the electoral tribunal, and that it's not right that they be discredited, especially without proof."

In the 11 days since the closest election in Mexican history, Mr. López Obrador has tried to discredit those institutions and the election on two fronts. Last weekend he filed a massive complaint — including nine boxes of documents and tapes — to the Federal Electoral Tribunal, alleging irregularities at more 52,000 polling places and calling for a recount.

At the same time, he opened a campaign to cast doubt on the election, feeding the media daily doses of scandal in videotapes and what he describes as secret recordings and tally sheets with incorrect numbers.

On Saturday in the Zócalo, Mexico City's historic plaza, a confident Mr. López Obrador regaled some 150,000 supporters with a recording of a conversation that he said proved collusion by rival political parties.

He followed up at the press conference on Monday with the now disputed video that he said proved poll workers had inflated vote counts for his rival. He screened another video on Tuesday that he said showed electoral officials illegally tampering with ballot boxes. And on Wednesday, he played a video that he said showed poll workers recording more inflated tallies for Mr. Calderón.

While the tapes were tantalizing, legal experts said they hardly made Mr. López Obrador's case for systematic violations that would support his demand for a vote-by-vote recount, and many analysts were concluding that the campaign was more smoke than fire.

The Federal Electoral Institute has fired back with a campaign of its own, including public service announcements and full-page advertisements in Mexico's major daily newspapers. In a recent press conference, Hugo Concha, a spokesman for IFE, said there was no evidence of fraud in any of the videos.

Nor, he said, were they recorded in secret. Cameras were allowed in district offices during the official vote tallying, Mr. Concha said. And he said the videos screened by Mr. López Obrador showed normal, legal activities.

"In other words," Mr. Concha said, "he is misusing the information."

That seems to be the way Juliana Barrón Vallejo sees things. She is a former factory worker in Guanajuato State who represented Mr. López Obrador's campaign at the polling place where the video shown on Monday had been recorded.

"There was no fraud," she said in a telephone interview. "Everything was clean." Then, referring to Mr. López Obrador, she said, "I think he is angry because he lost, and so he is inventing things."

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Comments like those from Ms. Barrón, which have also been reported here in the newspaper Reforma, stung the López Obrador campaign. But Mr. López Obrador's response shook his supporters' confidence even further, as he refused to back away from the video and implied that his own campaign worker had been corrupted.

"I cannot say that all my representatives acted honestly," Mr. López Obrador said at a press conference on Tuesday. "There is a lot of money out there. Unfortunately, some people are willing to sell their dignity."

As for the Federal Electoral Institute, Mr. López Obrador said: "The IFE is trying to cover up an embarrassment that is making news around the world. What we are showing is that in this election we have not moved forward. We have moved backward."

Some, including the leftist scholar Roger Bartra, say that Mr. López Obrador has not only damaged himself, but that he has also set Mexico on a dangerous course.

Other political analysts, like Jorge Montaño, say Mr. López Obrador has capitalized on the overwhelming lack of confidence most Mexicans feel toward their institutions, and has shifted the debate from one about who won the election, to one about whether to reopen the ballots.

"Public confidence has fallen so low," Mr. Montaño said, "that it is almost inevitable there will have to be some kind of verification that Felipe Calderón won the presidency."

Mr. López Obrador's appearances at press conferences and on television this week indicated that he was prepared for a long fight. That became clear in a heated exchange between Mr. López Obrador, the populist former Mexico City mayor, and Mexico's leading news anchor, Joaquín López-Dóriga, Tuesday night:

Mr. López-Dóriga: Where is this going to end, Andrés Manuel? How far are you going to take it?

Mr. López Obrador: To the people.

Mr. López-Dóriga: How far is that?

Mr. López Obrador: As far as the people want and decide.

Mr. López-Dóriga: But you are driving this process.

Mr. López Obrador: Yes, but we are going to drive it democratically.

Mr. Calderón's aides contend that what Mr. López Obrador really wants is to use a recount as the first step to annulling the election. Echoing analyses by electoral officials, they say it is unlikely that a recount would change the results because the candidates would be likely to gain and lose votes in similar proportions.

But any broad recount, Mr. Calderón's aides say, is bound to uncover human errors, and perhaps isolated, but not systematic, cases of fraud, that could be used to throw out all the returns. "The tactic might be a recount, but the endgame is annulment," said Arturo Sarukhán, an aide to Mr. Calderón.

Mr. López Obrador, 53, has repeatedly denied he wants a new election. He won this one, he said, adding, "I am more and more convinced of this."

For his part, Mr. Calderón has stood firm, planning a tour of the country, sending aides to calm anxieties abroad, appointing officials to lead a transition team and playing down the demonstrations in favor of Mr. López Obrador.

"Elections are won at the polls," Mr. Calderón said, "not on the streets."

Obrador Plans Protests Over Mexican Poll (FT)

By Adam Thomson And John Authers

Financial Times, July 14, 2006

A top aide to Andrés Manuel López Obrador, the leftwing candidate in Mexico's disputed presidential election, on Thursday promised mass protests in the event of an unfavourable ruling by the country's electoral tribunal.

The pledge, which follows Mr López Obrador's call for a huge demonstration in Mexico City's main square this Sunday, will throw into question the candidate's commitment to respect the tribunal's forthcoming ruling on the outcome of this month's election. It is also sure to sow fears of escalating social unrest in the coming weeks.

Last week's official count of the July 2 election handed victory to Felipe Calderón of the centre-right National Action party (PAN) by the slender margin of 0.58 per cent or about 240,000 votes from 41m cast.

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But Mr López Obrador of the Democratic Revolution party (PRD) has refused to accept defeat. On Sunday night, he submitted an 800-page document to the country's Federal Electoral Tribunal, the highest electoral court, allegedly documenting proof of foul play.

The document urges the tribunal to order a full recount of the vote and, if that does not favour the leftwing candidate, an annulment of the entire election.

Ricardo Monreal, a central figure in Mr López Obrador's campaign, told the FT on Thursday the campaign would respect the tribunal's ruling, which must come by September 6. But he quickly added: "We will continue to organise protests if they [the tribunal] do not order a recount."

Juan Molinar, a leading figure in Mr Calderón's campaign, replied: "There's a word for that: blackmail."

Mr Monreal, who has been at the forefront of Mr López Obrador's campaign this week to show daily videos of alleged foul play in the election, on Thurday played down an apparent blunder when his party's own representative at one of the questioned polling stations denied there had been fraud as Mr López Obrador insists.

He said he remained confident the tribunal would order a full recount, but warned that failure to do so would be costly. "If there is no recount there is going to be social and political chaos. The people are very emotional and nothing will calm them except a recount."

The PRD had undertaken nationwide polls showing that seven out of 10 Mexicans believed the elections had been fraudulent, he said.

Mr Monreal confirmed that more than 100,000 Mexicans had already set off from the country's 300 districts to march on Mexico City. He did not say how many he expected there but expressed confidence that there would be "many more" than last week, when an estimated 250,000 people rallied.

However, Mr Molinar said the Calderón campaign's polls showed that only 25 per cent of the population would support mobilisations on the streets to challenge the result. Contrasting the situation with last year's attempt to impeach Mr López Obrador, which collapsed after he successfully organised a series of non-violent demonstrations, Mr Molinar said: "This is different. Then, 65 per cent of Mexicans were against the impeachment because they thought it was unfair and because it was a threat to democracy. Now 75 per cent of Mexicans are against him, because they think that what he is doing is unfair, and a threat to democracy."

In a press conference this week, Mr Calderón said he would soon begin a national tour to thank Mexicans for their support.

AMLO's Last Stand (WSJ)

By Mary Anastasia O'grady

The Wall Street Journal, July 14, 2006

Now is the summer of Andres Manuel López Obrador's discontent.

The Revolutionary Democratic Party (PRD) candidate lost the July 2 Mexican presidential election -- in both the initial count and a recount -- by a razor-thin margin to National Action Party (PAN) candidate Felipe Calderón. And judging by the string of bitter denunciations he has unleashed against the Mexican government, the independent electoral institute, civil society, foreign heads of state who have congratulated the winner and even members of his own party, Mr. López Obrador, like Shakespeare's Richard III, sees himself the victim of a world out to get him.

Now he's out to get even. His chief spokesman, Gerardo Fernández Noroña, said this week that if the judicial tribunal of the Federal Electoral Institute does not approve a full recount, this time opening every one of the sealed packages of votes totaling 41 million, "we are not going to let him [Calderón] govern." Legal channels are only one path, he suggested. "The other road is insurrection."

That threat isn't even veiled. But even if Mexico wanted to go the dangerous route of appeasing a bully, it would be impossible, unless it decides to break the law. Mexico's electoral law makes it illegal to open sealed packets of ballots that have been witnessed by party reps present at the scene, unless there is cause and then only on a case-by-case basis. Even if parties consent to a nationwide recount that would rip open every sealed ballot, it is still not allowed.

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A violation of the electoral law at this moment in Mexico's history would take the struggle for democracy back more than a decade. That's how long Mexico has been working to establish a rule of law to replace the rule of men in smoky back rooms, which dominated the country under the long-reigning Institutional Revolutionary Party (PRI). President Ernesto Zedillo (1994-2000) took a huge step toward that goal when he made the Federal Electoral Institute (IFE) independent. Mexico now has a clearly written legal code that dictates how an election should be run and an independent electoral tribunal.

Mr. López Obrador certainly knew the rules when he told a Mexico City journalist on May 12 that he would accept the election results under IFE "because in democracy one wins or loses and there has to be respect for the will of the people." His right-hand man Manuel Camacho knew it too when on the night of the election he penned an op-ed to run the next day in Mexico's El Universal, pronouncing that "the citizens have triumphed" in a fair election.

Now Messrs. López Obrador and Camacho want to reverse the agreed-upon rules on the grounds that the 244,000-vote margin is a close call. But does anyone seriously believe that if AMLO -- Mr. López Obrador's nickname -- had won the election by even a lesser number of votes, we would be having a debate about breaking the law and opening sealed ballots without cause?

So far the IFE has been heroically true to the legal code, despite the vitriol coming from AMLO. This week it said that it would not unseal any more ballots without directions from the tribunal judges, as the law requires.

The 355 claims of district irregularities from three parties (225 PRD, 129 PAN and one PRI) that were filed this week will now be handled by these seven judges. The PRD's claims cover 50,000 polling stations and according to sources who have read the legal brief, they challenge the outcome in these locations on the grounds that the vote in favor of the PAN was coerced. The PAN claims cover 600 polling stations and include specific allegations, the majority of which challenge illegal changes in agreed-upon polling station locations.

It is highly unlikely that these challenges will change the outcome of the election or that the tribunal will grant a full recount, something it has consistently ruled against in state elections. This is why the PRD has also petitioned the court separately to annul the vote. This is a fact that Mr. López Obrador was loathe to admit when interviewed on television by Joaquín López Dóriga on Tuesday. The candidate denied the fact until the journalist read aloud directly from the petition: that the court "not issue the declaration that validates the election." "What you are asking is the nullification of the election through that clause," stated Mr. López Dóriga. The loquacious AMLO was temporarily tongue-tied.

It was another hit to his credibility, and damage is mounting. It started on the night of the election when the IFE announced that the vote was too close to call and AMLO immediately grabbed a microphone and declared that the PRD had "information" that he was 500,000 votes in the lead. That turned out to be a bogus claim as independent polls showed Mr. Calderón to be the winner. Then came the video tape released by the AMLO campaign on Monday, which purported to show an election official in Guanajato -- where Mr. Calderón won handily -- stuffing a ballot box. It turned out that the ballots had been placed in the wrong box and a PRD worker in that polling station says she approved moving them. AMLO responded by casting doubt on her honesty and suggesting she had been bribed.

Now comes the revelation that while he has publicly denied it, AMLO wants to annul the whole electoral exercise, which more than one million Mexicans witnessed and which the European Union, the United Nations and the Organization of American States judged one of the cleanest they had seen.

No wonder the Mexican left is starting to turn on this guy. This week Roberto Blancarte, a professor at El Colegio de Mexico and a solid leftist intellectual who has been consistently critical of the PAN, wrote a commentary in the Mexican daily Milenio titled "I Voted for López Obrador and Already I'm Sorry."

As the headline suggests, AMLO is turning out to be an embarrassment for Mexico's progressives. Under his leadership and that of former PRI chieftains like Mr. Camacho -- who was secretary general of the PRI in 1988 when the election was famously stolen by his party -- Mexico's left-of-center looks more like El Jurassic Park than FDR's Hyde Park. The modern wing of the Mexican left knows that if it ever wants to get back in power it has to unload the dinosaurs and recognize that the rule of law matters. That's what makes this a test case not only for the IFE tribunal but for all of Mexico.

Thaksin Letter Sparks Outrage (WT)

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By Richard S. Ehrlich

The Washington Times, July 14, 2006

BANGKOK -- The publication of a confidential letter to President Bush from Thailand's prime minister, warning of a "threat to democracy in Thailand," has provoked outrage, satire and indignation.

In a 544-word letter dated June 23, Prime Minister Thaksin Shinawatra said his political opponents are trying to "provoke violence" through "chaos" in the streets.

Mr. Bush sent a 138-word reply on July 3 which said: "I appreciate your assurance that our good cooperation on issues of vital importance to us both will continue."

The president added: "Free and open political systems can be unpredictable."

After copies of both letters appeared in Thai newspapers, Mr. Thaksin told reporters, "It is just a letter one national leader wrote to another."

A Bangkok Post editorial cartoon showed a smiling Mr. Bush telephoning Mr. Thaksin to ask: "So, you're being bullied?" An unamused Mr. Thaksin replies: "Yes, George."

"It is not right," complained former Prime Minister Chuan Leekpai, whose Democrat Party is the largest opposition group but repeatedly lost at the polls against Mr. Thaksin's nationalist Thai Rak Thai (Thais Love Thais) party.

Mr. Thaksin's critics were especially distressed by the prime minister's description of peaceful street demonstrations, which called for Mr. Thaksin's resignation and snarled Bangkok traffic during March.

The protests erupted because Mr. Thaksin did not pay taxes on the $1.8 billion his family earned by selling their Shin Corp. telecommunications empire in February to the Singaporean government's investment wing, Temasek Holdings.

"There has been a threat to democracy in Thailand since early this year," Mr. Thaksin wrote Mr. Bush.

"Having failed to provoke violence and disorder, my opponents are now attempting various extra-constitutional tactics to co-opt the will of the people," Mr. Thaksin's letter said.

The prime minister's dig at his enemies for using "extra-constitutional tactics" refers to their successful campaign to annul a nationwide election in April by convincing people to select a "no vote" choice on the ballots.

The opposition chose the "no vote" tactic because they did not have enough support among Thailand's 65 million population to win against Mr. Thaksin, who remains popular in the countryside.

Thailand and the United States are close military allies going back to the days of the Vietnam War.

While visiting Bangkok in 2003, Mr. Bush upgraded Thailand to "non-NATO ally" status.

Mr. Bush also praised Mr. Thaksin for helping the CIA capture Hambali, a leading terrorist in Southeast Asia, two months before the visit.

Mr. Thaksin hopes to win a fresh election, tentatively scheduled for Oct. 15.

U.S. Steelmakers Seek Trade Action On China (WSJ)

By Christopher Scinta

The Wall Street Journal, July 14, 2006

Representatives of America's steel industry are asking U.S. trade officials to take action against China for continuing to subsidize its steelmakers.

A study prepared for industry groups says China's forgiveness of steel-company debt, preferential loan practices, targeted infrastructure development and currency manipulation give Chinese producers a huge advantage over companies that operate under free-market rules.

"The U.S. needs to act aggressively to require China to live up to its [World Trade Organization] obligations," Nucor Corp. Chief Executive Officer Daniel DiMicco said after the study was released.

The American Iron & Steel Institute, the Steel Manufacturers Association, the Specialty Steel Industry of North America, and the Committee on Pipe and Tube Imports supported the study, which was prepared by a Washington-based law firm. The groups said on a conference call that they provided the study to U.S. trade officials.

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Alan Price, an attorney with Wiley Rein & Fielding LLP, who was co-author of the study, said the groups will urge the federal government to take complaints against China to the WTO for steel as well as other industries.

He said U.S. trade officials will be armed with the study in meetings with Chinese officials scheduled for later this month.

According to the report -- called "The China Syndrome: How Subsidies and Government Intervention Created the World's Largest Steel Industry" -- Chinese steel production grew to 349.4 million metric tons last year from 67.2 million metric tons in 1990, far outpacing production growth in the U.S.

That growth is a direct result of improper Chinese government intervention, the study says.

China is providing export subsidies to steelmakers that are prohibited under WTO rules and need to be halted, Mr. Price said.

American Iron & Steel Institute President Andrew Sharkey said U.S. steelmakers have support from Canadian and Mexican steel producers, as well as European companies, in their efforts to fight Chinese subsidies.

U.S. Eyes New Controls On China Exports (WT)

By Bill Gertz

The Washington Times, July 14, 2006

The Bush administration is imposing new controls on high-technology exports to China, aimed at preventing illegal diversion of goods that are boosting Beijing's large-scale military buildup, a senior commerce official says.

David H. McCormick, commerce undersecretary for industry and security, said in an interview that the proposed restrictions, announced last week, are a "substantial" revision of export controls that would limit 47 areas of high-technology exports, ranging from aircraft to machine tools, to composite materials used in radar-evading stealth aircraft.

"On one hand we want to restrict the use of U.S. technologies and advanced technologies in general in China's military modernization," Mr. McCormick said.

The administration also wants to engage China with "legitimate exports for civilian use," he said.

U.S. intelligence officials say China's industry does not distinguish between civilian and military products. The same factories that produce refrigerators also produce missiles, and technology is shared.

The new rules, if implemented after several months of review, will require U.S. exporters to prevent goods sold to Chinese firms from being used by the Chinese military, and to press Chinese companies to reveal how U.S. high-technology goods are being used.

"What we're saying is we want to try to place responsibility on exporters [to prevent diversion] and responsibility on importers in China to be transparent in the fact that these technologies are going to be used for civilian purposes and not military use," Mr. McCormick said.

All military-related exports for China are prohibited, he said. Congress banned military sales after Chinese troops violently suppressed pro-democracy protests in 1989.

The pending export controls were developed by the Commerce, State and Defense departments and will require U.S. companies to perform checks in Chinese factories to see how high-technology goods are being used. If exported goods are not in place, "that will be a red flag in China that that importer is not playing by the rules," Mr. McCormick said.

Mr. McCormick declined to discuss past U.S. technology diversions by China but said the problem is a worry of the Bush administration. Many Chinese state-run companies are operated by current or former Chinese military officials and several Chinese companies are involved in illegal activities, he said.

According to the Commerce Department, a total of $41 billion in U.S. high-tech goods were exported to China in 2004, including $2.4 billion that required export licenses. Some $12.5 billion worth of exports were denied last year on national security grounds.

The new restrictions will limit exports to China of certain chemicals, microorganisms, and toxins; precision machine tools; electronics design goods; high-speed computers; advanced telecommunications; encryption systems; sensors and lasers; navigation and avionics gear; submarine goods; and aircraft and rocket engines.

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Three past diversions of U.S. commercial goods sold to China include the illegal use of at least one Boeing 737 commercial jet that was photographed after being converted into a military airborne warning and control aircraft at a military base.

A second major technology compromise occurred in the 1990s when two U.S. companies, Loral and Hughes Electronics, illegally passed missile technology to China during space cooperation. Both were fined a total of $52 million.

In 1995, three Chinese companies were caught illegally using McDonnell Douglas machine tools to make military aircraft. The machine tools had been approved for export only for use in producing commercial aircraft parts.

S. American Nations Eye Alternative To IMF (WT)

By Kelly Hearn

The Washington Times, July 14, 2006

BUENOS AIRES -- Venezuela and Argentina aim to establish a new regional bank for nations frustrated with conditions imposed by the International Monetary Fund (IMF).

Argentine President Nestor Kirchner announced recently that the countries will cooperate on a "binational" bond issue that will serve as a precursor to a regionwide financial institution, an idea promoted by Venezuelan President Hugo Chavez.

Regional news outlets said the so-called "bond of the South" would be valued at about $2 billion and be used to finance infrastructure projects.

The issue represents the first step "in the construction of a bank, a financial space in the south that will permit us to generate lines of finance," Mr. Kirchner said in Buenos Aires after meeting with Mr. Chavez on the sidelines of a six-nation summit last week, in which Venezuela was accepted into the Mercosur trade bloc.

Mr. Chavez has promoted such a bank as an alternative to free-market conditions imposed by the IMF, which are used as a yardstick to qualify for loans from the IMF, World Bank and other multinational lending institutions.

Daniel Artana, an economist for the Latin American Foundation for Economic Research in Buenos Aires, said the new bonds will be highly secure "because they are backed by Argentina and Venezuela's oil money."

Mr. Chavez has established his country as a regional lender of last resort.

He has purchased $2.8 billion to $3 billion in Argentine bonds in January, allowing Mr. Kirchner to pay off and cut ties with the IMF.

Mr. Chavez also purchased $25 million of Ecuador's debt last year and offered to buy $300 million more, said Mark Weisbrot, co-director of the Washington-based Center for Economic and Policy Research.

Mr. Weisbrot said the IMF is "one of the most important ways the U.S. has influenced economic policy in developing countries."

But Mr. Chavez's lending potential offsets that power.

"Now countries that don't want to meet conditions of the IMF can go somewhere else," he said.

Analysts increasingly see South America as becoming polarized between a Chavez-led axis with Bolivia and Cuba and a largely pro-U.S. bloc formed by Colombia, Chile and Peru -- all of which have signed free-trade deals with Washington.

Brazil and Argentina, the region's two biggest economies, have strong trade and relatively smooth political relations with the United States. But they also favor regional integration to offset U.S. influence.

The two recently joined Venezuela in plans to build one of the world's largest natural-gas pipelines, spanning 5,000 miles at a cost of $20 billion.

New Course Under Pressure, Airbus Redesigns A Troubled Plane (WSJ)

By Daniel Michaels And J. Lynn Lunsford

The Wall Street Journal, July 14, 2006

Nick Tomassetti, a retired Airbus executive, was fishing in the Gulf of Mexico in early March when he received an urgent message from his former employer: Help us save the A350.

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Airbus's latest long-haul jetliner was failing with customers. Desperate to improve the deteriorating economics of their industry, airlines said the plane lacked speed, comfort and efficiency and were flocking to rival Boeing Co.'s 787 "Dreamliner." Within days, Mr. Tomassetti had joined a crisis-management operation in France to redraw the A350 from scratch.

Now Airbus is scrambling to unveil its faster and roomier plane at next week's Farnborough Air Show, the year's most important industry gathering. Even if it does, it remains to be seen whether airlines like the new jet enough for Airbus to start building soon and avoid trailing Boeing for years to come.

The giant European plane maker faces this crisis because of two monumental business mistakes: Lulled by years of success in an industry with only two big players, it ignored the demands of its customers; and it underestimated arch-rival Boeing.

The A350, like the Dreamliner, is part of a new generation of airplanes that will carry the bulk of long-haul travelers for the next 20 years -- a highly profitable market likely to top 6,000 planes during the period, at $150 million to $200 million each. At a time of high fuel costs and plunging fares, the world's airlines are leaning heavily on manufacturers to design faster, lighter planes.

The new A350 is an attempt to address these concerns. Details could change, but according to a confidential Airbus marketing document, the new aircraft would match the speed of Boeing's 787 and slightly exceed its range. The A350 cabin would become slightly wider than the Dreamliner's, comfortably seating nine passengers in each row, instead of eight in the original version. Airbus hopes to make the A350 in three different sizes, in an effort to compete with the Dreamliner and another popular Boeing plane, the larger twin-engine 777. Airbus may rename the plane the A370.

If Airbus doesn't officially launch the plane at Farnborough, executives could still promise to pursue the project and start collecting expressions of interest from customers. But that would fall short of committing to invest money and build the plane. Several customers have indicated that if they don't like what they hear at Farnborough, they could jump ship and head to Boeing.

"If they don't launch this plane, they will lose," says Tim Clark, chief executive of Dubai's Emirates Airlines, a major Airbus customer. "How they handle the launch and how much credibility they bring will be key."

When Boeing unveiled its 787 long-haul jet in 2003, Airbus didn't take its U.S. rival seriously. Boeing had recently proposed two other projects and then dropped them. The European plane maker had dominated the market for several years and thought its momentum would continue.

But the Dreamliner, as Boeing dubbed it, made all Airbus models on the market look outdated. The craft, slated for delivery in 2008, would be made largely of carbon-enhanced plastic and propelled by new engines. This made the plane 20% more efficient to operate than existing planes of its size. In addition, the Dreamliner was faster -- airlines estimated it could fly from Los Angeles to Sydney up to an hour quicker than competing Airbus models. And it had a bigger fuselage, or body, meaning it gave passengers more headroom and more space between aisles.

Airbus officials initially dismissed claims about the Dreamliner's economics as far-fetched. Airbus Chief Operating Officer John Leahy, the company's top salesman, said all Airbus needed to do to compete with the Dreamliner was refit the old A330 with new engines.

The A350 was born, and immediately customers were dissatisfied. Compared with the Dreamliner, the new Airbus plane was too slow, had a small cabin and was costlier to operate because it didn't use new materials and technology. The A350's fuselage essentially had the same dimensions and production system Airbus had used since 1972.

"We were really coming down hard on the A350, but we didn't feel like we were getting their attention," says Steven Udvar-Hazy, chairman and chief executive of leasing giant International Lease Finance Corp., the largest customer for both Airbus and Boeing.

Former Airbus CEO Gustav Humbert conceded during a news conference that Airbus "underestimated" the Dreamliner.

Airbus soon began to pay the price. In April 2005, Air Canada announced plans to replace its whole fleet of Airbus long-haul planes. It chose the Dreamliner and, impressed by Boeing, it also ordered a batch of larger 777s.

The Air Canada win opened the floodgates for Boeing, which continued to bank orders through the rest of 2005 for both 787s and 777s. Each Boeing sale underscored the vulnerability of Airbus's offering in long-haul planes, which also included the A330 and A340 models. It came as Airbus struggled with other problems. In April 2005, the company announced that its giant

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A380, the world's largest passenger jet ever, had completed a successful maiden flight. But it also said deliveries of the plane, a two-deck superjumbo which seats 550 people, would be six months late. The delay was later attributed to wiring difficulties.

Last month, Airbus surprised customers with another six-month delay of the superjumbo, again because of wiring problems. The news sent the share price of Airbus parent European Aeronautic Defence & Space Co. plunging 34% in a single day. Airbus and EADS executives traded blame for a fortnight until Mr. Humbert and EADS co-CEO Noel Forgeard resigned earlier this month.

Amid the superjumbo's embarrassing troubles last year, Airbus sales chief Mr. Leahy struggled to close major deals for the A350. Top carriers, including Emirates and Singapore Airlines, urged Airbus to compete more aggressively against the 787 by increasing the A350's speed, widening its cabin and improving its fuel efficiency.

Through last summer and fall, the plane maker's engineers gave the plane a bit more seating capability by transferring the space where pilots rest from the passenger deck to an area in the belly below the cockpit. Airbus also simplified the plane's skeleton, allowing for bigger overhead bins and a tad more elbow room.

They increased the jet's speed marginally and hired carmaker BMW AG to design a new interior with smoother curves, better lighting and the illusion of greater space. The changes allowed Mr. Leahy by October to land firm commitments from nine airlines and leasing companies for 140 A350s. Sixty came from one customer, Qatar Airways. Mr. Leahy boasted that by year-end the tally would rise to 200.

But Airbus's key longtime customers, such as Messrs Clark and Udvar-Hazy, were still unhappy because the plane maker was standing firm against an almost universal complaint -- that the cabin was too narrow. The Dreamliner was also still faster.

Mr. Clark said that talking to Airbus about improving the A350 cabin "was like knocking my head against a brick wall."

By this point, it became increasingly clear that Airbus's early cockiness would cost it heavily in money and time. Redesigning the fuselage would result in a cascade of new tasks, including developing new wings and landing gear. It would also require Airbus to invest in new manufacturing equipment. All of that could easily double the plane's budget, which had already climbed to around $5.5 billion by mid-2005 from an initial estimate of $1.5 billion 18 months earlier.

'Not Changing the Fuselage'

Designing a new fuselage would also add a year to the development, pushing the A350 as much as four years behind the 787. The prospect might have been manageable for Airbus executives had they not already been grappling with two other problems: fixing the superjumbo's wiring problems and stemming a fall in orders for the A340 long-haul jet.

"We are not changing the fuselage" on the A350, Mr. Leahy told reporters last September, calling the existing dimensions "optimal." Despite his public comments, Mr. Leahy started to realize Airbus's reputation was at risk. In November of last year, he sent a memo to Mr. Humbert and other top Airbus executives warning that the company needed to fix its image quickly. In the letter, Airbus's top salesman acknowledged fundamental problems with some products.

By December Qatar Airlines hadn't yet signed a contract for its big order of 60 A350s. That same month, despite two trips in one week by Mr. Leahy to Australia, Qantas skipped over the A350 and ordered up to 115 787s with a catalog value of around $13 billion.

Even in the face of defeat, Airbus continued to rebuff customers' complaints about the A350. In public statements, Mr. Leahy said Qantas went with Boeing simply because the 787s could be delivered faster than any A350.

But to Mr. Leahy's boss, Mr. Humbert, the Qantas loss was an alarm bell that could no longer be ignored. Airbus was ending 2005 with 87 signed A350 orders, not the 200 Mr. Leahy had predicted. Boeing, meanwhile, had already booked 235 orders for the 787.

It was crisis time. Mr. Humbert decided Airbus needed to design an entirely new A350 and quietly put a team of engineers on the case. In early March, the Airbus CEO picked up the phone to several respected Airbus alumni and asked them to come back. In addition to Mr. Tomassetti, the retired executive in Florida, Mr. Humbert recalled Gerard Blanc -- a man he had beaten out for the top job at Airbus months earlier.

Rushing Against Time

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The veterans' mission was to act as a counterweight to the main team of Airbus engineers working on the new A350. "Our job was to look at the various configurations that Airbus had already put in the mill and come up with what we though was the best, given the limits" such as time, money and manpower, Mr. Tomassetti says.

The men knew they were rushing against time to ease customers' growing irritation. In March, Singapore Airlines CEO Chew Choon Seng pulled Mr. Leahy aside after an Airbus presentation to ask why the plane maker hadn't yet "gone whole hog" on a new fuselage for the A350, both men recall. Days later, before 700 people at an aviation conference in Orlando, Fla., ILFC's Mr. Udvar-Hazy said that if Airbus continued to cut corners on revisions to the A350, the plane maker would get a "silver medal instead of a gold." "Airbus is listening to its customers," Mr. Humbert insisted days later during a reception in Toulouse, France, where Airbus is based.

As engineers worked on their new designs, Airbus started sharing details with potential buyers. Customers finally started to warm. When Mr. Udvar-Hazy visited Toulouse in April, he was satisfied enough to pull out a $100 bill and scribble on it that he considered it a down-payment.

But just as it looked like Airbus was finally turning a corner on the A350, the European plane maker got sidetracked by the superjumbo's delays. Christian Streiff, who has spent 26 years at French glass and industrial giant Saint Gobain, was brought in as Airbus's new CEO. Over the past two weeks, he has been working overtime to get to know all of Airbus's products. Fixing the A380's wiring problems and making a decision on when to officially launch the new A350 are his top priorities, company officials say.

Framed in Mr. Streiff's office is Mr. Udvar-Hazy's $100 bill. Mr. Humbert gave it to the new Airbus CEO when he took over as a reminder of the A350's importance. Mr. Humbert recalls telling his successor: "Now you have to make a billion dollars on the plane."

Japanese Asianism (WSJ)

By Hiro Aida

The Wall Street Journal, July 14, 2006

Since the fall of its militarist regime in 1945, Japan has been known for its pro-Western or pro-American line. Far older than the U.S.-Japan alliance, however, is Japan's tradition of Asianism (Ajia-shugi). For the last century and a half, Japanese political and intellectual leaders have tried to convert a negative image of a "backward" Asia (imposed by the West) into a vigorous regionalism. Japan's Asianist policies mutated into pan-Asian aggression during the 1930s and 1940s. But a more stable and beneficial form of Asianism has long underpinned Japan's modern development.

The future of Japanese Asianism will be decided during the prime ministerial elections in September. Whoever wins will have the chance to reinvigorate or further neglect the country's Asianist traditions, and thus influence the country's identity. Frontrunner Shinzo Abe, chief cabinet secretary to Prime Minister Junichiro Koizumi, is expected to inherit the incumbent's foreign policy, which is more pro-American than Asianist. The second most popular -- but still undeclared -- candidate is Yasuo Fukuda, a former chief cabinet secretary who would likely set a new trend by leaning toward Asianism.

Both could be called Asianist, but in different ways. Mr. Abe's orientation reflects a realistic sense of East Asia's power balance, especially Japan's weight vis-à-vis China. Mr. Fukuda wants more harmonious regional cooperation, which he thinks was lost during five years of Koizumi diplomacy. Though pursuing different strategies, both demand the same bottom line -- a stable and prosperous Asia under the leadership of Tokyo as a staunch ally of the U.S.

These intellectual leanings aren't always clear in the run-up to the election. Mr. Abe, for instance, is very circumspect these days when asked about the Yasukuni Shrine, but people still expect him to follow Mr. Koizumi's lead by visiting the shrine. Mr. Abe may refrain from revising this nationalistic stance now that Mr. Fukuda is closing in on him as the anti-Koizumi, especially in foreign policy matters -- more so after North Korea's roguish multiple missile launch.

Mr. Koizumi's repeated visits to the Yasukuni Shrine have worsened Japan's relations with its neighboring countries and set back the country's Asianist ambitions. If Mr. Abe were to continue the provocative visits, relations would probably deteriorate further. As he appears to be riding to victory, it might be easy to feel that Japan's true Asianist orientation is lost, having been abused during World War II and undone through the Yasukuni visits.

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The two candidates' forebears, however, remind us of modern Japan's longstanding interest in Asian cooperation. Older Japanese remember well Mr. Abe's grandfather, Prime Minister Nobusuke Kishi (1896-1987), who forced ratification of the revised U.S.-Japan Security Treaty through the Diet in 1960. Kishi was Gen. Tojo's minister of commerce and industry, and was a Class A war crimes suspect released from prison the day after Gen. Tojo and six others were hanged to death in late 1948. But Kishi is better remembered in Japan for his trips around Southeast Asia -- and India, Pakistan and Sri Lanka -- before and after his visit to Washington in 1957. It was the first ever peacetime trip by a Japanese prime minister to these countries, the purpose of which he characterized later as showing "Japan's centrality in Asia."

Mr. Fukuda's father was an even stronger Asianist. As prime minister, Takeo Fukuda (1905-1995) signed the seminal peace and friendship treaty with Communist China in 1978 despite his strong pro-Taiwan stance. He was also known for his active diplomacy with Southeast Asian countries. The "Fukuda Doctrine" in 1977 stipulated "heart-to-heart" diplomatic ties with Southeast Asians, after massive anti-Japanese demonstrations erupted against Tokyo's rapid economic expansion into the region.

Both elder statesmen, Kishi and Fukuda, were wartime administrators during Japan's move to conquer Asia. But that militarist strain of the Japanese Asianist dream died when Tokyo and other major cities burned to ashes in World War II. Kishi and Fukuda's subsequent promotion of cooperative Asianism -- such as Kishi's efforts to normalize ties with former colony South Korea -- shows that the idea has deep and solid roots, and that its militarist expression was an anomaly.

The core values of Asianism have remained an engine driving Japan's miraculous post-war resurgence and its recent economic recovery. As revived in a more benign form after the war, Japanese Asianism can now be seen in Tokyo's desire to outmaneuver Beijing in leading regional efforts to arrange an East Asia community. Even during the long economic slump, it appeared in the form of Tokyo's failed proposal, opposed by the U.S., to establish an Asian Monetary Fund in response to the region's 1997 monetary crisis.

Despite the death of the fund plan, Japan initiated a bold currency-swap arrangement. Like the fund plan, the swap plan is intended to strengthen the region's financial system and avert the recurrence of a financial crisis. In the run-up to the first 16-nation East Asia Summit last December, there was a tug-of-war for leadership between China and Japan, mainly over the extent of membership. Japan called for a larger group including India and Australia, in an attempt to harmonize the balance of power in East Asia in the face of a rising China.

Facing the same Asianist opportunities as their forebears, Messrs. Abe and Fukuda are about to embark on the final leg of Japan's premiership race. Japan's Asian policy -- which deteriorated under Prime Minister Koizumi, notably concerning China and the Koreas -- will fall on the shoulders of the winner. It is up to him to assert Japan's unique Asianism in their foreign policy. Then, Japan may no longer alienate Asia, but rather draw it closer.

Mr. Aida is a senior writer at Japan's Kyodo News.

Sometimes The French Are Right (LAT)

The Los Angeles Times, July 14, 2006

DID YOU KNOW THAT while America slept, there has emerged a shadowy and ever-growing cabal of U.S. senators and representatives organized under the subversive banner of … the Congressional French Caucus?! C'est vrai. California's two senators have joined the conspiracy — Dianne Feinstein even brags about two of her grandchildren being French citizens. But lest you think it's some kind of Perrier-swilling Democratic appeasement club, know that the group was founded by former New York Rep. Amo Houghton, a Republican, and is co-chaired by Sen. Michael D. Crapo (R-Idaho) and Rep. Tom Petri (R-Wis.). As the American patriot David Byrne once asked, Qu'est-ce que c'est?

What's happening here is actually quite normal. Congress is filled with subgroups galore, from the Shellfish Caucus to the Brain Injury Task Force, and one of the most popular organizing themes is friendship toward — or concern about — a particular foreign country. There are Friends of Denmark (aren't we all?), a Saudi Arabian Study Group (which undoubtedly enjoys more book learning than your average Saudi female) and even a Congressional Azerbaijan Caucus. Clearly, the "Axis of Weasel" (or were they "cheese-eating head-butters"?) needed to play catch-up after the 2003 dog days of Freedom Fries, and no self-respecting member of Congress has ever turned down a trip to Paris, so a new club was born.

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If there's anything truly controversial about the Congressional French Caucus on this, the 217th anniversary of the storming of the Bastille, it's that the members' interests — or more accurately, the interests of the French lobbyists who interact with them — are now more aligned with what's good for America than the protectionist, election-year sausage being created and contemplated by the 109th Congress.

Sen. Richard C. Shelby (R-Ala.), for example, is trying to ram through a foreign investment bill that would require that all purchases related to "critical infrastructure" — meaning anything whose destruction would have a "debilitating impact" on "national economic security" — be delayed for a minimum of 45 days while a committee composed of several Cabinet members screens the would-be buyer on criteria such as whether its country of origin is sufficiently helpful in the war on terror.

And in June, the House of Representatives gleefully scotched the long-overdue "Open Skies" aviation agreement between the U.S. and Europe by prohibiting non-U.S. citizens from exercising managerial control over some (but not all) aspects of a U.S. airline, an act of self-defeating xenophobia.

France, in addition to being the United States' oldest ally (albeit a nettlesome one), is one of the five largest foreign investors in the U.S., and French companies are rightly alarmed by rising American protectionism. But it's American consumers and workers who are most hurt when foreign capital is turned away, so more power to the French Caucus if it can help Congress block senseless legislation.

Fuel For Thought (WSJ)

By Luiz Inacio Lula Da Silva

The Wall Street Journal, July 14, 2006

The sharp rise in international oil prices, political instability in producing regions and the environmental impact of fossil fuels have combined to evoke a growing interest in alternative energy sources. In this context, the Brazilian experience with ethanol fuel has been a noteworthy success story over the last 30 years. And the success is now expanding to biodiesel and H-Bio. I expect that our experience will be of interest during the G-8 summit in St. Petersburg.

With the continual increases in oil prices, ethanol has become even more important for our country. We now add at least 20% ethanol to all gasoline sold in Brazil. In addition, E100 fuel (i.e., pure ethanol) is sold at all of the more than 30,000 service stations. Annual production is in the range of four billion gallons, of which around 690 million gallons are exported. Ethanol accounts for about 40% of the fuel consumed by passenger vehicles. The introduction of "flex-fuel" cars in 2003 was an extraordinary success: Today roughly 80% of all new cars sold in Brazil can be fueled with any mixture of ethanol and gasoline, or simply pure ethanol.

Moreover, Brazil has just achieved oil self-sufficiency. Here, ethanol has played a decisive role, along with increased oil production. Since the 1970s, ethanol has replaced about 800 million barrels of oil, the equivalent of almost two years of current Brazilian oil production.

Naturally, we are well aware that ethanol is not the only solution to oil supply problems. But, surely, it can become a key part of the solution. A substantial increase in ethanol consumption may even extend the timeframe of the world's oil supplies, postponing the date when the reserves run out.

Last November, I was greatly pleased to host George W. Bush in Brasília. During his visit, we were able to speak at length about our respective experiences with ethanol. Brazil and the U.S. together account for about 70% of world's ethanol production. I am delighted to see that President Bush has actively promoted expansion of U.S. ethanol production and consumption.

Both Brazil and the U.S. have a lot to gain if we can work together to promote a global market for ethanol, with other countries involved in its production, especially in Latin America and in Africa. In poor countries, production of ethanol and biodiesel can have an extremely positive impact. It assists in dealing with the energy deficit, influencing internal consumption and exports. It can also generate a vast number of jobs, redistributing the population more harmoniously between urban and rural areas.

Although Brazil is often seen as a model in the ethanol sector, it does not wish to achieve a dominant global position, nor would that even be feasible. Actually, it is important we have as many countries as possible producing ethanol. Otherwise it will

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be difficult to achieve our goal of creating a global market, with ethanol being traded as any other commodity. In this spirit, Brazil is proposing the creation of a forum gathering the most significant ethanol producer and consumer countries.

Brazil and the U.S., for their part, can already begin to work toward shared goals with regard to technical and regulatory frameworks, research cooperation and the support of ethanol production and consumption in other countries. Expanding the international ethanol market will benefit both Brazilian and U.S. producers.

Naturally, Brazil hopes to see the day when the secondary tariff on U.S. ethanol imports (now 54 cents per gallon) is eliminated, as that would foster the goal of globalization of the ethanol market and enhance bilateral trade. Nevertheless, the goal of an ethanol partnership stands on its own merits and should be pursued regardless of any such bilateral trade considerations. As the world's ethanol consumption increases, the primary challenge will not be to compete for markets, but rather to expand ethanol production quickly enough to meet surging demand. Everyone has a lot to gain.

Mr. da Silva is president of Brazil.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Bush Agrees To Court Review Of Surveillance Program (USAT). 4
Bush Would Let Secret Court Sift Wiretap Process (NYT)..... 5
Bush Agrees To Review Of Domestic Spying Program (LAT) 6
Bush Compromises On Spying Program (WP) 7
Bush Agrees To Have Domestic Eavesdropping Program Reviewed (MCT)..... 9
Bush To Allow Court Review Of Eavesdropping Program (WSJ)10
Specter Touts Deal On Eavesdropping Review (AP-Y) 11
Restoring A Constitutional Balance (NYT)..... 12
Bush Will Accept Court Review Of U.S. Spying Program (Update3) (BLOOM) 13
Specter: Deal Reached With White House On Wiretaps (CNN) . 14
Watching Finances Of Terror Suspects Discussed In 2002 (WP)15
Inside The Ring (WT)..... 17
Policy Rewrite Reveals Rift In Administration (WP)..... 18
Military Lawyers Urge Protections For Detainees (NYT)..... 19
Admin. Willing To Adjust Detainee Policies (AP)..... 21
Issue Of Detainees Splits Bush Administration (LAT) 22
Senators Push For Military Code (WT/AP)..... 22
Wisdom On Detainees (WP)..... 23
Battle Looms In Congress Over Military Tribunals (WP)..... 24
Bush Officials Send Congress Mixed Signals About Military Tribunals (KRT)..... 25
Negotiations On Terrorism Detainees Spill Into Open (AP) 26
Attorney General Criticizes Supreme Court Ruling On Detainees (MCT)..... 27
Suspect Padilla Gets Access To Secrets (AP)..... 27
Feds Call Lawsuit Over Phone Records A Wrong Number (AP) 28
Government Invokes 'secrets' Privilege (CHIT)..... 29
Yassin Aref Denied Bail (CAPNEW9)..... 29
Judge Rejects Latest Bail Request In Mosque Case (AP) 29
Terror Suspect's Relatives Indicted (DESERET)..... 30

Homeland Response:

SBA Official Blasts 9/11 Loan Program (AP-Y) 30
Development Corporations Dispute Criticism Over Their Handing Out Of 9/11 Federal Aid (NYT) 31
Pilots Ask Government To Tighten Cargo Plane Fire Safety Rules (WP)..... 32
A Site For 9/11 Sentiment To Be Veiled For A While (NYT) 33
Off-Target On Terror (WP)..... 33
Senate Bill Would Replace FEMA With New Agency (KRT)..... 33

War News:

Iraq Given Control Of Province (WP)..... 34
Iraqi Forces Take Over Province's Security (AP) 35
Coalition Forces Hand Over First Entire Province To Iraqis (USAT/AP) 36
Security Transfer Celebrated (WT)..... 37
Democrats Challenge Assessment Of Iraq (AP-Y)..... 38
Iraqi Prime Minister To Visit White House (AP-Y) 38
Iraq's Helpless Government (NYT)..... 38
Iraq Politicians Seek Talks Between Sects (LAT)..... 39
Cost Of Iraq War $291 Billion So Far (LAT/AP) 40
Big Bang Theory In Ruins (WP)..... 40
For Accused G.I., Iraq Only Added To His Woes (NYT) 41
Korean Guilty In Oil-for-food Scam (WT/AP)..... 43

DOJ:

Senate Ups Money For NASA, Crime Fighting (AP-Y) 43
DHS, DOJ Update National Info Exchange Model (FCW) 44

Corporate Scandals:

3 British Bankers Extradited To Texas On Enron-related Charges (FWST)..... 44
U.K. Bankers Extradited Over Enron Charges Arrive In Houston (BLOOM)..... 45
Extradited British Bankers Arrive In US For Enron-related Case (AFP)..... 46
British Trio Touches Down (HC) 47
NatWest Three Land In US And Prepare To Meet Their Accusers (TIMES)..... 48
With Hands And Feet In Chains, They Are Led Into US Court (DAILYTEL)..... 49
Houston, We Have Three Bankers (GUARD) 50
NatWest 3 Flown To Uncertain Fate In Texas (INDEP) 51
Heat Turned Up For NatWest Three (BBC)..... 52
NatWest Three Set For Bail Bid As Storm Over Extradition To US Intensifies (SCOTSMAN)..... 53
Family Await Post Mortem Results On Suicide Banker (DAILYTEL)..... 54
Cause Of Banker's Death Still Not Clear (INDEP)..... 54
Dead Executive 'not A Suspect' (TIMES) 54

Silicon Valley Option Grants To Be Probed By Task Force (MERCN) ... 54
Feds Ramp Up Silicon Valley Stock Option Probe (CNET) ... 55
Feds Launch Bay Area Stock-options Task Force (SANJOBIZ). 56
Task Force Will Investigate Silicon Valley Stock Options (AP) ... 56
Prosecutor Forms Task Force To Probe Stock-Option Grants (WSJ) ... 56
U.S. Attorney Launches Task Force On Stock Options (MRKTWTCH) ... 57

Criminal Law:

Justice Dept. Pushes On In Jefferson Case (AP) ... 57
Feds Oppose Jefferson's Request (BRADV) ... 58
Convicted Former Procurement Chief Requests New Trial (CD) 58
Democrats Seek Answers In Phone Jamming (WP) ... 59
FBI Subpoenas Records From Brick Town Hall (BRICKTB) ... 60
Gotti Jr. Was Willing To Admit Sliwa Rap (NYDN) ... 61
'JUNIOR' TAPE: I'D COP TO CURTIS PLEA (NYPOST) ... 61
No Prison For FBI Network Hacker, Judge Decides (WP) ... 62
House Panel Backs Bill On FBI Ignoring Crimes (BOS) ... 62
Missouri Cannot Find Doctor To Assist With Executions (FINDLAW/AP) ... 63
Congress Identifies Pornography Purchasers (NYT) ... 63
Senate Ups Money For NASA, Crime Fighting (AP) ... 64

Civil Law:

Plame, Husband Sue Cheney, Libby, Rove (WT) ... 64
Plame Sues Cheney, Others Over CIA Leak (USAT) ... 65
Cheney, Rove And Libby Are Sued In Agent's Unmasking (LAT)66
Cheney, Rove, Libby Sued By Ex-CIA Agent Over Leak (Update2) (BLOOM) ... 67
Ex-C.I.A. Officer Sues Cheney And Others Over Leak (NYT) ... 68
Former CIA Officer Sues Cheney Over Leak (AP-Y) ... 68
Vice President Sued By Plame And Husband (WP) ... 69
DOJ: Gabelli, Cos To Pay $130 Million To Settle Suit (DOW) ... 70
Gabelli Settles FCC Auction Charges (WP) ... 71
Gabelli To Pay $130 Million To Settle Lawsuit (NYT) ... 72

Civil Rights:

Voting Rights Act Extensions Pass House Despite GOP Infighting (WP) ... 73
House Renews 1965 Voting Rights Act (USAT) ... 74
House Approves 25-Year VRA Extension (RC) ... 74
House OKs Renewing 1965 Voting Rights Act (AP-Y) ... 75
After Challenges, House Approves Renewal Of Voting Act (NYT) ... 76
Voting Rights Act Renewal Wins House Approval (LAT) ... 77
House Renews Voting Rights Act (SCRIPPS) ... 78
Voting-Rights Act Extension Clears House After Bitter Battle (WSJ) ... 79
South Seeks New Status In Voting Rights Act (CSM) ... 80
Activists Sue To Block Electronic Voting (AP-Y) ... 81
Euclid's Challenge (CLPD) ... 82
SAN FRANCISCO 2 Brothel Operators Enter Guilty Pleas (SFC)82
SF Brothel Owners Convicted Of Human Trafficking (BCN) ... 83
Too Good For Marriage (NYT) ... 83

Antitrust:

34 States To Sue Chip Makers, Charging Broad Price Fixing (NYT) ... 84
NY AG Sues Chip Makers Over Price Fixing (AP) ... 85
Hynix, Samsung, Memory Chipmaker Shares Drop On U.S. Lawsuit (BLOOM) ... 86
Calif. AG Joins Antitrust Suit Against Chip-Makers (LAW) ... 87
Oregon, 30 Other States To Sue Memory Chip Makers (SALEMSJ) ... 88
Wisconsin To Join Lawsuit Against Computer Chip Makers (MJS) ... 89
State Officials Pursue Memory-chip Makers (MERCN) ... 89
Chipmakers Face Suit For Price-fixing (FT) ... 90
Cable Giants Cleared To Buy Systems Of Adelphia (LAT) ... 90
FTC Charges Austin Realtors With Restraining Competition (INMAN) ... 92
Austin Realtors Restricted Listings, FTC Charges (WP) ... 93
FTC Targets Home-Listing Limits (WSJ) ... 93
Businessman Wants To Block Sale Of Three Bay Area Newspapers (AP) ... 94
Morgan Stanley Has Antitrust OK To Buy Transmontaigne (MRKTWTCH) ... 95
Court Annuls European Commission's OK Of Sony-BMG Union (USAT) ... 95
EU Court Overturns Approval Of Sony BMG Music Unit Merger (AP) ... 96
Sony BMG Loses EU's Merger OK (LAT) ... 97

Environment/Indian Affairs:

Canada Confirms Seventh Mad-Cow Disease Infection (BLOOM) ... 99
Canada Reports New Case Of Mad Cow Disease (AP) ... 99
USDA Secretary Expresses Concern Over Latest Canada BSE Case (DJ) ... 100
Hockey Stick Hokum (WSJ) ... 101
Forest Fire Leads To State Of Emergency (AP-Y) ... 101
A Quest For Cooler Heads In Indian Suit Against US (CSM) ... 102

FBI/DEA/ATF/USMS:

Eight Heroin Overdoses Are Reported In Week (BNNJ) ... 103
Heroin Overdose Cases Continue To Rise In Vineland (PAC) . 104
Fentanyl-heroin Mix Blamed For March Death Here (PRHA) ... 104
Newscast Heroin OD Medic Unit Shut Down New Castle County Blames Lack Of Funds For Deactivation (NJ) ... 105
Spokane Agencies Form Gang Task Force (AP) ... 105
Two Are Sentenced To Life In Meth Case (MTR) ... 106
Judge Bars Measure To Tighten Law On Treating Drug Offenders (LAT) ... 106
SAN FRANCISCO Old Friend Seen As Key Witness Against Bonds Ex-business Manager Ready To Testify About Star's Use Of Steroids (SFC) ... 107
Bonds' Ex-Friend May Affect Jury Probe (AP) ... 108
As Bonds Faces Possible Day In Court, Selig Faces A Quandary (NYT) ... 109

DOJ_NMG_0040845

SAN FRANCISCO Pot Club Loses Bid To Set Up Shop Near Fisherman's Wharf Neighbors Pack Planning Commission Meeting To Oppose Cannabis Dispensary (SFC) 111
Fisherman's Wharf Shops Fume Over Pot Club (MERCN) 111

Immigration:

Senate Denies Funds For New Border Fence (WT) 112
Senate Moves To Bolster Border Security (AP-Y) 113
Senate Approves Border Security Bill (LAT) 114
Secure Borders: The Cuban Solution (WP) 115

Tax:

Judge Raises New Concerns About Tactics In Shelter Case (NYT) 116
Lawyer: KPMG Won't Pay Legal Fees (AP) 117

Congress-Administration:

'Gang Of 14' Wary Of Haynes (WT) 117
Another Battle For The CPB (LAT) 118
Report Breaks Down VA Security Lapse (WP) 120
Roberts Stresses Courts' Independence (LAT) 121
In Washington, Scant Sympathy For GM (WSJ) 122
Poll: Political Debate Spurs Hispanic Unity (USAT) 123
Maldonado Apologizes To Governor (LAT) 124
City Vents Anger At Illegal Immigrants (LAT) 124
On Dusty Corner, Laborers Band Together For More Pay (NYT) 126
Organizer Hopes That For Day Laborers, A New Day Is Coming Very Soon (WSJ) 127
Claims For Jobless Benefits Jump (NYT/AP) 128
Republicans Vie For Cash Advantage (WSJ) 129
Hastert Hospitalized For Skin Infection (AP-Y) 130
NASA Clears Key Hurdle As Foam Fears Ebb (CSM) 130
Shuttle Crew To Scan For Damage (USAT) 131

Other News:

Agency: Federal Deficit Shows Improvement (AP-Y) 132
U.S. Budget Surplus Fell In June (WSJ) 133
A Price Inflamed By Fear (WP) 133
Crude Oil Surges Above $78 As Middle East Violence Escalates (BLOOM) 134
Stocks Drop As Oil Prices Reach Record High (NYT) 135
U.S. Stocks Fall As Oil Prices, Mideast Turmoil Hurt Confidence (BLOOM) 136
Oil Hits Record Near $77; Dow Dives Below 11,000 (WT) 137
Left Behind Economics (NYT) 138
Ad Showing Troop Coffins Causes Clash Of The Parties (NYT) 139
Campaign Ad Draws GOP Ire (WT) 140
GOP Howling Over Democratic Web Ad (AP) 140
Spratt Asks Democrats To Pull Video (AP) 141
Inside The Beltway (WT) 142
Inside Politics (WT) 143
Gov. Seeks Deal That Would Ease Term Limits (LAT) 144
Chained To The Ballot (NYT) 146
U.S. Urges Restraint By Israel (WP) 146
Bush Defends Israeli Attacks In Lebanon (AP) 147
Israel Moves To Seal Off Lebanon (WT) 149
On The Borderline Threat Of Wider Mideast War Grows (WSJ) 150
Bush Gives Qualified Support For Israel's Strikes (NYT) 152
Allies At Summit Divided On Israeli Incursion (NYT) 153
Bush Asks Israel Not To Disrupt Beirut (WT) 154
U.S. Vetoes U.N. Condemnation Of Israel (AP) 155
Mideast Violence Darkens Bush's Policy Successes (WSJ) 156
Behind The Crisis, A Push Toward War (WP) 157
Israel Blockades, Bombs Lebanon While Hezbollah Rains Rocket Fire (WP) 158
Fighting Escalates Between Israel, Hezbollah (KRT) 160
Israel Intensifies Attacks Against Lebanon (AP-Y) 161
Israel Blockades Lebanon; Wide Strikes By Hezbollah (NYT) .. 163
Escalation Ripples Through Middle East (CSM) 165
Mideast Nears Regional War (USAT) 166
Israel Broadens Offensive In Lebanon (FT) 167
Attacks Could Erode Faction's Support (WP) 168
Fears Of A Return To Harsh Old Days (FT) 169
Lebanon Says It Doesn't Control Hezbollah (AP) 170
Violence Opens Old Wounds From Lebanon's Past (NYT) 171
Voices Of Peace Muffled By Rising Mideast Strife (NYT) 172
Olmert's Political Fate Tied To Israeli Military Campaigns (LAT) 173
The Kidnapping Of Democracy (NYT) 175
Why They Fight (WP) 176
Iran, Syria Called 'Playing With Fire' (WT) 177
Iranian President Warns Israel About Syria (AP) 178
Despite Hezbollah's Ties To Iran And Syria, It Also Acts Alone (LAT) 178
States Of Terror (WSJ) 180
The Mideast Erupts (WP) 181
Israel's Risky Response (LAT) 181
Rocket Fire Shatters Peace In Israeli Border Towns (USAT) ... 182
Hezbollah Rains 120 Rockets On Israel (NYT) 182
Fear As Missiles Strike Israeli Town (LAT) 183
Relations Between Bush And Putin Show Strain As G-8 Summit Nears (WSJ) 184
Bush Will Talk With Putin Privately About Democratic Reform (KRT) 186
Bush Says He'll Be `Firm' With Putin On Rights (LAT) 187
Plates Full For Bush, Putin At Private Talks Today (USAT) 189
For G-8, Geopolitics Likely To Trump Economics (CSM) 189
Russia Warns West Not To Interfere (FT) 191
Russian Gas Proves Irresistible To Europe (WSJ) 191
Putin Inc. (WSJ) 193
Putin Village (WSJ) 194
Moving Toward A Cooperative Future At The G-8 Summit (CSM) 195
Bush Says Iran Still Has Time To Respond To Offer (NYT) 196
Bush Says Iran's Nukes Now An Issue For U.N. (WT) 197
Western Incentives For Iran Released (AP) 198
Incentives Offered To Iran Detailed At Security Council (WP) .. 199
Talks Between North And South Korea Collapse (NYT) 200
Missile Crisis Diplomacy Crumbles (WT) 201
S. Korea Suspends Food Aid To North (WP) 202
Pyongyang Missile Tests Fuel China-Japan Strains (WSJ) 202
Japan Presses U.N. To Act On North Korea (USAT) 203
Nuclear Materials 'Dangerously Vulnerable' (AP) 204

DOJ_NMG_0040846

Bombay Police Detain Hundreds In Probe (WP)..... 205
India Names 2 Suspects In Train Attacks (AP) 205
Pakistan-based Group Eyed After Mumbai (CSM)..... 206
India Identifies Suspects In Railway Attack (LAT) 207
2 Suspects Sought In Connection With India Train Blasts (NYT)208
Bomber Hunt Continues As Pakistan Backs Train Blast Probe (AFP)..... 209
Business Quickly Returns To Usual In Mumbai (USAT) 210
Lawmaker Questions F-16 Sale To Pakistan (AP)..... 211
Videos, Doubts, And A Backlash In Mexico Vote (NYT) 211
Obrador Plans Protests Over Mexican Poll (FT) 213
AMLO's Last Stand (WSJ)..... 214
Thaksin Letter Sparks Outrage (WT)..... 215
U.S. Steelmakers Seek Trade Action On China (WSJ)..... 215
U.S. Eyes New Controls On China Exports (WT)..... 216
S. American Nations Eye Alternative To IMF (WT) 217
New Course Under Pressure, Airbus Redesigns A Troubled Plane (WSJ)..... 217
Japanese Asianism (WSJ)..... 220
Sometimes The French Are Right (LAT) 221
Fuel For Thought (WSJ) 221

TERRORISM NEWS:

Bush Agrees To Court Review Of Surveillance Program (USAT)

By John Diamond

USA Today, July 14, 2006

WASHINGTON — President Bush has agreed to legislation that would permit a secret federal court to test the constitutionality of the administration's warrantless domestic surveillance program, according to a deal announced Thursday by the chairman of the Senate Judiciary Committee.

The deal would allow the Foreign Intelligence Surveillance Court to review the program, which is aimed at finding people suspected of links to terrorism, but that depends on the bill passing unchanged, said the committee chairman, Sen. Arlen Specter, R-Pa.

The legislation would grant greater flexibility to the National Security Agency (NSA) to track terrorists and intercept purely foreign calls that pass through telephone call-switching stations in the USA.

Attorney General Alberto Gonzales said Specter's legislation "could be very helpful" and would "continue to allow the president to gather up information to protect the country."

At issue is what the administration calls the "Terrorist Surveillance Program," which Bush began soon after the Sept. 11, 2001, terrorist attacks. Under the program, the NSA has intercepted international phone calls and e-mails of people in the USA when one party is suspected of ties to al-Qaeda or a related terror group. This occurs without the court-approved warrants normally required in cases of domestic intelligence-gathering.

Specter's legislation would not change the warrantless feature of the surveillance.

The court, established by the 1978 Foreign Intelligence Surveillance Act (FISA), could rule the program unconstitutional. That would force the White House to revise it and resubmit it for court approval, Specter said.

If the FISA court upheld the surveillance program, it would continue unchanged.

The program was disclosed in December by The New York Times and subsequently acknowledged by Bush. It sparked opposition from civil liberties groups, including the ACLU, and concern among some lawmakers, including Specter, that the president had overstepped his authority.

By agreeing to a court review, Specter said, Bush is in effect saying "that the president does not have a blank check."

Among the provisions:

·Bush would agree to submit the surveillance program voluntarily so as not to bind future presidents to a requirement that all intelligence programs pass similar muster.

·The administration would have to show how the privacy of innocent Americans is protected and what steps the NSA takes to ensure that intercepted communications involve a terrorist or someone reasonably believed to be linked to a terrorist.

·Foreign-to-foreign communications that pass through telephone call-switching centers inside the USA would not be subject to FISA's provisions.

·The administration would be required to brief the House and Senate Intelligence Committees on any electronic surveillance programs in effect.

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Under the bill, Gonzales would have the option of consolidating scores of legal challenges to the surveillance program into a single case and putting that before the FISA court for a decision.

Bush Would Let Secret Court Sift Wiretap Process (NYT)

By Eric Lichtblau

The New York Times, July 14, 2006

WASHINGTON, July 13 — After months of resistance, the White House agreed Thursday to allow a secret intelligence court to review the legality of the National Security Agency's program to conduct wiretaps without warrants on Americans suspected of having ties to terrorists.

If approved by Congress, the deal would put the court, the Foreign Intelligence Surveillance Court, in the unusual position of deciding whether the wiretapping program is a legitimate use of the president's power to fight terrorism. The aim of the plan, Attorney General Alberto R. Gonzales told reporters, would be to "test the constitutionality" of the program.

The plan, brokered over the last three weeks in negotiations between Senator Arlen Specter and senior White House officials, including President Bush himself, would apparently leave the secretive intelligence court free to consider the case in closed proceedings, without the kind of briefs and oral arguments that are usually part of federal court consideration of constitutional issues. The court's ruling in the matter could also remain secret.

The court would be able to determine whether the program is "reasonably designed" to focus on the communications of actual terrorism suspects and people in the United States who communicate with them. That determination is now left entirely in the hands of the security agency under an internal checklist.

If the court were to rule the program unconstitutional, the attorney general could refine and resubmit it or, conversely, appeal the decision to the FISA appellate court and ultimately perhaps the Supreme Court, officials said.

Mr. Specter, a Pennsylvania Republican who is chairman of the Senate Judiciary Committee, predicted that the proposal, with the White House's backing, would win approval in the Senate and the House. But it met with some immediate skepticism on Thursday from both Republicans and Democrats over whether it went far enough — or too far — in checking the president's authority.

The proposed legislation represents a middle-ground approach among the myriad proposals in Congress for dealing with the wiretapping controversy, which has allowed the security agency to eavesdrop on the international phone calls and e-mail of thousands of people in the United States with ties to terrorism suspects.

Some Democratic critics of the program have proposed that it effectively be banned and that all wiretapping should have to be approved by the intelligence court. Some Republican supporters have sought to sanction its continued use without any judicial oversight at all.

By giving the intelligence court a clear role in the program, Mr. Specter said, the proposal seeks to create balance between giving the president the powers he needs to fight terrorism and ensuring some measure of judicial oversight to guard against abuses.

"It's an acknowledgment to the president that he can fight terrorism and still have the court review his program," Mr. Specter said. "And I think it allays a lot of concerns."

The Bush administration had argued since the program's disclosure last December that no Congressional or judicial oversight was needed because the surveillance fell within the president's constitutional authority.

Some critics of the program saw the White House's reversal on that issue as a significant concession. But Representative Heather A. Wilson, Republican of New Mexico, who leads the intelligence subcommittee that oversees the National Security Agency, said Thursday in an interview that she found the idea of the court ruling on the legality of the entire program "a little odd."

"That to me is not what the FISA court is set up to do," she said. "The judges approve warrants — they're not there to rule on matters of constitutionality."

Ms. Wilson plans to announce a legislative proposal of her own on Friday that will seek to toughen Congressional oversight of the program and "modernize" electronic surveillance tools.

In a separate interview, Representative Jane Harman of California, the ranking Democrat on the House Intelligence Committee, said she saw the Specter-White House agreement as an "end run" around the FISA law requiring the approval of individual wiretapping warrants.

"I have great respect for this guy," she said of Mr. Specter, "but he hasn't been briefed on this program, and he's giving away in this legislation a core Fourth Amendment protection by basically saying that the FISA court has permission to bless the entire program, which will abandon as best I can tell the requirement of individualized warrants."

Ms. Harman, who has introduced legislation of her own to restrict the program, said, "If we want to abandon a core Fourth Amendment protection, we should get on the Specter train, and I don't plan to get on that train." Similarly, the American Civil

Liberties Union called the agreement a "sham" that was "nothing short of a capitulation by Chairman Specter to the White House."

Mr. Specter, however, saw the deal as an effective compromise that would bring needed judicial oversight to the program. "I think we've got a result which is really good for the country," he said.

The deal was a result of more than three weeks of intense discussions between his staff and the White House, Mr. Specter said. The discussions followed a public flare-up between him and Vice President Dick Cheney over what the senator saw as the vice president's meddling in his efforts to subpoena telephone company executives to appear before his committee about their role in the security agency activities.

After an exchange of tense letters on the issue, Mr. Cheney indicated in a phone conversation with Mr. Specter that "the White House was serious on negotiating" about the possibility of having the FISA court review the security agency program, the senator told reporters.

The White House has said for months that while it was open to listening to ideas from Congress on the program, it saw no need for Congress or the courts to intervene. Mr. Cheney said in a television interview in February, for instance, that he was confident "we have all the legal authority we need" and that "legislation would not be helpful."

But in the recent discussions the White House, which has come under fire even from some Republicans over the program, agreed to support the FISA court's review. The White House insisted that the language of Mr. Specter's proposal make it optional, rather than mandatory, for the administration to submit the program to the court because Mr. Bush was concerned about lessening "the institutional authority of his office," Mr. Specter said.

Nonetheless, Mr. Bush committed to taking the program before the court if the legislation was enacted as now drafted, Mr. Specter and administration officials said.

But there is no assurance that any determination by the FISA court on the program will ever be made public. Mr. Specter said he hoped that such a decision would become public, but he acknowledged that the decision was up to the court. The court, whose 11 members are appointed by the chief justice of the United States, operates in secret, and while the FISA appellate panel did issue one public ruling in 2002, the court itself has never publicly issued a decision.

While some critics brand the FISA court as a "rubber stamp" for government wiretapping, the judge who leads the court, Colleen Kollar-Kotelly, is known to have voiced strong concerns about aspects of the security agency program while it was still secret. After it was publicly disclosed last December, another member of the court, Judge James Robertson, resigned in apparent protest over the fact that the full court had never been informed of the program.

The proposal does include some concessions sought by the White House. In a bow to the president's inherent authority as commander in chief, the measure states that it "does not unconstitutionally retract any constitutional authority the president has" to collect information from foreign nations and their agents.

It would also give the Justice Department greater flexibility to impose "emergency" wiretaps with a retroactive court order and to conduct "roving" wiretaps and use other technology in surveillance, and it would allow the FISA court to hear all challenges to the program, including several civil suits pending in the federal courts by the A.C.L.U. and other groups. Some critics of the program said the consolidation of the civil suits before the secret court could effectively derail them.

"This is the president and the Congress coming together to codify the capacity for future presidents to take actions to protect the country," said Dana Perino, a White House spokeswoman.

Bush Agrees To Review Of Domestic Spying Program (LAT)

By Richard B. Schmitt And James Gerstenzang

The Los Angeles Times, July 14, 2006

WASHINGTON — President Bush has agreed on a plan to submit the National Security Agency's controversial domestic electronic surveillance program to a secret court for a limited review of its constitutionality, senators and White House officials said Thursday.

Under the plan, Bush would sign legislation allowing the Foreign Intelligence Surveillance Court, which reviews government requests for wiretaps, to decide whether the administration has the legal authority in terrorism investigations to eavesdrop on American citizens without first obtaining warrants.

The tentative agreement would mark a concession by the administration, which has insisted the president has the constitutional authority to authorize the warrantless surveillance, initiated after the Sept. 11 attacks. But lawmakers have questioned the absence of congressional approval and have proposed ways of providing oversight and control of the program.

The deal announced Thursday between Bush and Sen. Arlen Specter (R-Pa.), chairman of the Senate Judiciary Committee, provides the White House with a key congressional ally. However, it's not clear that Specter's proposal will be

agreeable to the whole Senate. Other proposals, such as one backed by a group of Republicans including Sen. Lindsey Graham of South Carolina, would require more extensive NSA review.

Specter's approach stands to be amended during the legislative process, which could make it unacceptable to the White House. And key members of the Senate Intelligence Committee and the chamber's leadership have yet to declare their support for Specter's approach.

Specter, who has criticized the administration over the NSA operation, said his proposal would achieve his goal of getting the program reviewed by a U.S. court.

The legislation also has an upside for the administration, giving it the power to transfer a number of lawsuits challenging the program around the country to the Foreign Intelligence Surveillance Court. Administration officials think they would have a better chance of winning those cases in the secretive court than in disparate forums.

Specter acknowledged the unusual negotiations with Bush and Vice President Dick Cheney that led to the agreement. Under the deal, Bush is not legally obligated under all circumstances to submit the warrantless surveillance program for review. If the legislation outlined by Specter undergoes any changes opposed by the administration, Bush could refuse to let the court review the program.

"The bill does not mandate the president to submit the program to the court because the president did not want to institutionally bind presidents in the future," Specter said at a news conference, citing Bush's constitutional rights. "And I respect that and understood his point of view."

The White House said it agreed to the deal because Specter recognized the president's constitutional authority to conduct intelligence operations.

"This agreement is the president and Congress coming together to codify the capacity of future presidents to take action to protect the country," said Dana Perino, a deputy White House press secretary traveling with Bush. "The bill recognizes the president's constitutional authority and modernizes [the Foreign Intelligence Surveillance Act] to meet the threat we face from an enemy that kills with abandon and hides as they plot attacks."

However, civil liberties groups questioned the deal and the administration's motives.

"This Specter-Cheney bill is nothing short of a capitulation by Chairman Specter to the White House," said Anthony Romero, executive director of the American Civil Liberties Union. "The 'review' contained in the bill is nothing more than a sham. The president could still choose to ignore the optional court oversight on the program."

If the Foreign Intelligence Surveillance Court were to reject the program, the legislation gives the administration the right to make changes in the program and resubmit it for review. The administration would also have the right to make an immediate appeal.

Specter said there was no requirement that the secret federal court disclose its decisions concerning the spying program.

At a briefing with reporters, U.S. Atty. Gen. Alberto R. Gonzales said the legislation had other benefits for the administration.

"It recognizes the president's constitutional authority to gather up information," Gonzales said. "It reflects changes in technology. There are changes … that I think will allow us to remain efficient and effective in gathering up information."

One provision would make it easier in individual surveillance cases for the Justice Department and the FBI to act in emergencies without the approval of the court by extending the timing of temporary surveillance from three to seven days.

Bush Compromises On Spying Program (WP)

By Charles Babington And Peter Baker

The Washington Post, July 14, 2006

Switching course on one of his most controversial anti-terrorism policies, President Bush agreed yesterday to submit the administration's warrantless surveillance program to a court for constitutional review.

A deal negotiated between the White House and Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) came with conditions. Bush is insisting that Congress first give him new leeway in some areas of surveillance and that all lawsuits challenging his eavesdropping policy be funneled to a Washington-based intelligence court that operates in secret.

Even so, the accord is a reversal of Bush's position that he would not submit his program to court review. The administration has contended that the executive branch already has the wartime authority it needs to order the National Security Agency to monitor e-mails and telephone calls between the United States and foreign countries when at least one party is suspected of terrorist ties.

Specter has disputed that assertion, and many Democrats and civil liberties groups responded with outrage after the surveillance program was disclosed in news accounts last winter.

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Bush agreed voluntarily to submit his program to the court named for the 1978 Foreign Intelligence Surveillance Act, or FISA, contingent on Congress passing legislation drafted by Specter and administration lawyers.

The legislation would allow the Justice Department unlimited attempts to revise the program to meet the court's approval and would allow it to appeal adverse court rulings. It would also give the NSA in emergency situations a week rather than the current 72 hours to eavesdrop on a domestic target without requesting a warrant, and it would allow the government to send to the FISA court all lawsuits challenging the program's legality. Some suits, filed by groups such as the American Civil Liberties Union, are already pending in various federal courts.

Consolidating lawsuits under the FISA system, Specter said, would prevent federal courts "all over the country" from issuing contradictory rulings on the NSA program.

Yesterday's agreement is the latest in a series of concessions Bush has made in recent days in his hard-line anti-terrorism tactics. On Tuesday, the administration agreed to apply key provisions of the Geneva Conventions to all terrorism suspects in U.S. custody, bowing to the Supreme Court's rejection of its policies involving the treatment of detainees. That move unleashed a congressional debate, which continued yesterday, on how best to provide legal protections to detainees at Guantanamo Bay and other U.S. prisons without compromising national security.

Specter told reporters that Bush agreed to the plan's basic outlines before the Supreme Court's decision on detainees was announced.

Although the deal represented a clear retreat by Bush, White House aides traveling with him in Germany put an upbeat face on the move. The president approved it in an Oval Office meeting with Specter on Tuesday.

"The bill recognizes the president's constitutional authority and modernizes FISA to meet the threats we face from an enemy that kills with abandon and hides as they plot attacks," said spokeswoman Dana M. Perino.

But Specter, briefing reporters at the Capitol, said his bill would recognize the president's constitutional powers only in general terms and would make it clear that the administration must defer to judicial restraints. "The proposed legislation acknowledges, as we must, the president's inherent Article II authority," he said. "But when the court makes a decision, the court will make a decision in the traditional context that the president does not have a blank check.

"Unless the court finds it's constitutional," he said of the warrantless wiretap program, "it cannot function."

Specter said it is unclear whether a FISA court decision will be made public.

Several Democrats denounced the proposed legislation. "The Specter bill is an end run around the Foreign Intelligence Surveillance Act and provides the president a blank check to conduct warrantless surveillance of Americans," said Rep. Jane Harman (Calif.), ranking Democrat on the House intelligence committee.

The FISA court is composed of seven federal district judges, who are appointed by the chief justice. Congress established it to authorize secret surveillance of espionage and terrorism suspects within the United States. The 1978 law required the Justice Department to show probable cause for targeting people.

But after the Sept. 11, 2001, attacks, Bush said warrantless wiretaps were justified in the name of national security. For months, Specter has pushed to have the FISA court review the NSA program's constitutionality.

Some civil libertarians think Specter's approach invites FISA to give broad approval to surveillance efforts on an unknown number of Americans, whereas the original law presumed that there would be a case-by-case review of individual situations.

Specter said his intent is to get a "determination on constitutionality of the overall program." He added: "It is suggested, but I do not know, that it is impractical to have individual warrants."

He said the bill would direct the attorney general to tell the FISA court what steps NSA takes to minimize the surveillance program's scope and possible privacy invasions, and to explain "how the program is reasonably designed to ensure that the communications intercepted involve a terrorist, agent of a terrorist, or someone reasonably believed to have communicated or associated with a terrorist."

At the administration's insistence, the bill would impose higher penalties for "officials who knowingly misuse foreign intelligence information."

Consolidating lawsuits under the FISA system, he said, would prevent federal courts "all over the country" from issuing contradictory rulings on the NSA program.

Specter predicted that Congress will pass his bill, even though its two chambers have clashed over immigration, the USA Patriot Act and other matters. If Congress amends the bill in any way that Bush disapproves, he will not be obligated to submit the wiretap program to the FISA court for review, Specter said.

The Bush-Specter deal was reached after intense negotiations over the past few weeks following a public dustup over the issue between the senator and Vice President Cheney. Bush dispatched aides to Capitol Hill to calm tempers and find a compromise.

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The White House balked at an early draft that would have mandated the president submit the NSA program to the FISA court for review. Specter agreed to make it voluntary as long as Bush promised to submit the program if Congress passes the bill. Aides privately acknowledged it was a big concession by a president who until now has resisted judicial interference in how he wages war against terrorists.

The White House conceded in part because it believes the NSA program will survive constitutional muster and the Specter bill will make it easier to argue that the program complies with congressional statutes as well. "We've always said it's constitutional," said one administration official who was not authorized to speak on the record.

The language acknowledging the president's constitutional authority to conduct intelligence operations also was important to the White House. "We see it as historic because here's a statute recognizing an authority the president says he has," the administration official said.

Still, that language alone might mean little because it did not define the scope of the authority or explicitly suggest that a president did not need to seek court approval for warrants. But at the same time, Specter agreed to repeal a section of the original FISA law that made it the exclusive statute governing such intelligence programs.

The combination of the statement acknowledging presidential authority and the deletion of the exclusivity clause left open the interpretation that Bush has the power to conduct other surveillance outside FISA's purview, a possibility administration officials noted with approval.

Sen. Russell Feingold (D-Wis.) criticized the agreement, saying he will oppose "any bill that would grant blanket approval for warrantless surveillance of Americans, particularly when this administration has never explained why it believes that current law allowing surveillance of terrorist suspects is inadequate."

Rep. Edward J. Markey (D-Mass.) said: "While I am pleased that President Bush finally has conceded that the domestic surveillance program should be subjected to FISA court scrutiny, this should not exempt the secret program from thorough congressional scrutiny."

Baker reported from Stralsund, Germany.

Bush Agrees To Have Domestic Eavesdropping Program Reviewed (MCT)

By Jonathan S. Landay

McClatchy Newspapers, July 14, 2006

WASHINGTON - In a policy reversal, President Bush has agreed to sign legislation allowing a secret federal court to assess the constitutionality of his warrantless domestic eavesdropping program, a senior Republican senator announced Thursday.

By having the Foreign Intelligence Surveillance Court conduct the review instead of a regular federal court, the Bush administration would ensure the secrecy of details of the highly classified program. The administration has argued that making details of the program public would compromise national security.

However, such details could include politically explosive disclosures that the government has kept tabs on people it shouldn't have been monitoring.

Senate Judiciary Committee Chairman Arlen Specter, R-Pa., who's questioned the program's legality, said the legislation he's sponsoring strikes a balance between the president's inherent constitutional authority to protect the country and citizens' right to privacy.

"It is a weighing of the interests in security to fight terrorism with the privacy interests which are involved," Specter said. "You have here a recognition by the president that he doesn't have a blank check."

Specter said the FISA court wouldn't have to make it findings public.

Bush agreed to sign the bill only if it passed Congress without major changes, Specter said.

The bill was the result of weeks of negotiations between Specter and the White House.

Attorney General Alberto Gonzales welcomed the measure, saying it "recognizes the president's constitutional authority to gather up information."

Civil liberties groups called the measure a ruse designed to keep Congress and the public in the dark about the full extent of what they condemned as an illegal program run by the National Security Agency, which conducts electronic eavesdropping.

"Senator Specter's proposal would set up a sham judicial review," charged Kate Martin, the director of the Center for National Security Studies. "It gives them a blank check and legal cover for what they have been doing."

Lee Tien, an attorney with the Electronic Frontier Foundation, a civil liberties group that's suing AT&T over its cooperation with the NSA program, called the bill "terrible" in part because it provides no opportunity for outside attorneys to contest the program's legality before FISA court.

"This bill says nothing about how any outsider or the folks that we represent would have any kind of a voice in this," he said. "It's almost alien to the concept of judicial review in this country."

The NSA has been monitoring overseas telephone and Internet communications of Americans suspected of supporting or belonging to al-Qaida or other terrorist groups without court orders since just after the Sept. 11, 2001, terrorist attacks.

Bush confirmed the existence of the Terrorist Surveillance Program after its disclosure by The New York Times in November. He said the revelation had seriously damaged national security, and he rejected charges that the program was illegal.

Democrats and civil liberties advocates contended that Bush violated the Fourth Amendment protection against unreasonable searches and the Foreign Intelligence Surveillance Act of 1978. The act requires federal officials to obtain warrants from the Foreign Intelligence Surveillance Court to monitor overseas communications of U.S. citizens.

Some Republicans, including Specter, also expressed concerns that the program violated FISA.

The administration said Bush could authorize warrantless wiretaps under his constitutional authority to protect the nation's security and a congressional resolution empowering him to use force against al-Qaida.

The bill would allow the secret court to determine the constitutionality of foreign intelligence surveillance operations, but wouldn't make such reviews mandatory.

Specter said Bush insisted on that language "because the president does not want to bind presidents in the future" to having to seek the court's permission to conduct warrantless eavesdropping programs.

The bill also:

-Would make changes to FISA that are sought by the administration. They include extending the period in which federal officials could conduct emergency surveillance programs before asking the secret court to approve a warrant from three days to a week.

-Require the attorney general to certify that the information gathered through surveillance was being used for national security purposes and that the information couldn't be obtained through "normal investigative techniques."

He also would have to explain how the program conformed to the Constitution and what steps were being taken to ensure the destruction of information mistakenly gathered on Americans with no connections to terrorism.

If the FISA court found the program unconstitutional, the attorney general could make modifications and resubmit them for approval.

-Would also allow the attorney general to seek the transfer of all regular federal court challenges to federal surveillance programs to the FISA court for adjudication. If the FISA court found problems, the cases would be sent back to the original court.

There are about 100 such cases pending.

Sending all the legal challenges to the FISA court would vastly reduce the number of judicial authorities weighing in on their legality, said Tien, the civil liberties group attorney.

McClatchy correspondents Stephen Henderson and Marisa Taylor contributed to this report.

Bush To Allow Court Review Of Eavesdropping Program (WSJ)

By Ben Winograd And Anne Marie Squeo

The Wall Street Journal, July 14, 2006

WASHINGTON -- President Bush agreed to let a court review the administration's domestic-surveillance program if Congress approves legislation giving the government more leeway to conduct such activities.

Sen. Arlen Specter (R., Pa.) announced the deal, which was brokered over the past month, to members of the Senate Judiciary Committee yesterday, saying the president doesn't possess a "blank check" in fighting terrorism. Administration officials called the bill a victory, however, noting the expansion of wiretapping possibilities and language emphasizing that the Foreign Intelligence Services Act doesn't limit the president's inherent constitutional authority.

White House officials have argued that President Bush has authority to conduct warrantless wiretaps under the Constitution as well as the 2001 authorization by Congress to use force to respond to the Sept. 11 attacks. But criticism has mounted, even from Republicans, that the White House has assumed sweeping executive authority and failed to consult with Congress on its domestic-surveillance program.

The agreement to work with congressional leaders follows a Supreme Court decision striking down the administration's use of military tribunals to prosecute suspected terrorists. The administration is working with Congress to come up with a system for adjudicating such cases. Yesterday, Sens. John McCain (R., Ariz.) and John Warner (R., Va.) said recent meetings with the president's national security advisers led to an agreement for the White House to back legislation that would prosecute terrorists using a system based on the Uniform Code of Military Justice.

After the court's ruling on military tribunals, Mr. Specter questioned the legitimacy of the eavesdropping program on the Senate floor, stepping up pressure on the White House. With the agreement, Mr. Specter said, the president will have "greater

flexibility" to conduct surveillance, extending the time in which the government could conduct surveillance before seeking an emergency warrant and updating the 1978 FISA law to include cellphones and the Internet as electronic communication covered by the act. The draft bill also would allow officials outside the Justice Department to seek a warrant, permit "roving wiretaps" and clarify that officials didn't need warrants to monitor calls between international parties routed through U.S. terminals.

The bill doesn't contain language requiring Mr. Bush to submit the wiretapping program for review, Mr. Specter said. "But the president has made that commitment" as long as he consents to the final bill, he added.

Democrats and civil-liberties groups criticized the agreement. "In exchange for the president saying he will go to the FISA court, Specter lowers the bar so there's no cost for him to go," said Lisa Graves, senior counsel for the American Civil Liberties Union. Sen. Patrick Leahy of Vermont told the Associated Press that President Bush is "saying, if you do every single thing I tell you to do, I'll do what I should have done anyway."

Mr. Specter met with President Bush this week to discuss the new legislation. White House spokeswoman Dana Perino, in Germany with Mr. Bush, said the administration backed the legislation and would be willing to submit the eavesdropping program to court review if certain conditions were met.

Specter Touts Deal On Eavesdropping Review (AP-Y)

By Katherine Shrader

AP2, July 14, 2006

The White House has conditionally agreed to a court review of its controversial eavesdropping program, Senate Judiciary Chairman Arlen Specter said Thursday.

Specter said President Bush has agreed to sign legislation that would authorize the secretive Foreign Intelligence Surveillance Court to review the constitutionality of the National Security Agency's most high-profile monitoring operations.

"You have here a recognition by the president that he does not have a blank check," the Pennsylvania Republican told his committee

Since shortly after Sept. 11, 2001, the NSA has been eavesdropping on the international calls and e-mails of people inside the United States when terrorism is suspected. Breaking with historic norms, the president authorized the actions without a court warrant.

The disclosure of the program in December sparked outrage among Democrats and civil liberties advocates who said Bush overstepped his authority as president.

Specter said the legislation, which has not yet been made public, was the result of "tortuous" negotiations with the White House since June.

"If the bill is not changed, the president will submit the Terrorist Surveillance Program to the Foreign Intelligence Surveillance Court," Specter said. "That is the president's commitment."

It wasn't immediately clear how strong or enduring the judicial oversight would be.

An administration official who spoke on condition of anonymity said the bill's language gives the president the option of submitting the program to the intelligence court, rather than making the review a requirement.

The official said that Bush will submit to the court review as long the bill is not changed, adding that the legislation preserves the right of future presidents to skip the court review.

Vermont Sen. Patrick Leahy of Vermont, the committee's senior Democrat, said Bush could submit the program to the court right now, if he wished. He called the potential legislation "an interesting bargain."

"He's saying, if you do every single thing I tell you to do, I'll do what I should have done anyway," Leahy said.

White House spokeswoman Dana Perino said the administration still does not believe changes in law are necessary, but added that it remains willing to work with Congress.

"The key point in the bill is that it recognizes the president's constitutional authority," she said. "It modernizes (the Foreign Intelligence Surveillance Act) to meet the threat we face from an enemy who kills with abandon."

Specter told the committee that the bill, among other things, would:

· Require the attorney general to give the intelligence court information on the program's constitutionality, the government's efforts to protect Americans' identities and the basis used to determine that the intercepted communications involve terrorism.

_Expand the time for emergency warrants secured under the Foreign Intelligence Surveillance Act from three to seven days.

_Create a new offense if government officials misuse information.

_At the NSA's request, clarify that international calls that merely pass through terminals in the United States are not subject to the judicial process established under the Foreign Intelligence Surveillance Act.

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The administration official, who asked not to be identified because discussions are still ongoing, said the bill also would give the attorney general power to consolidate the 100 lawsuits filed against the surveillance operations into one case before the Foreign Intelligence Surveillance Court.

Specter did not explain to his committee that detail, which is likely to raise the ire of civil liberties groups.

Sen. Dianne Feinstein, D-Calif., said in an interview that Specter's agreement with the White House raises the "thorny question" about whether the content of conversations should be subject to individual courts warrants.

"I really need to see the bill," said Feinstein, one of a select group of lawmakers who has been fully briefed on the monitoring operations.

Restoring A Constitutional Balance (NYT)

By David E. Sanger

The New York Times, July 14, 2006

WASHINGTON, July 13 — Twice in the past few weeks, President Bush has been forced to negotiate with Congress over a subject that until recently he has insisted was nonnegotiable: his powers as commander in chief in prosecuting what he often calls “a new kind of war.”

In one case, his hand was forced by the Supreme Court, which ruled two weeks ago that Mr. Bush’s creation of “military tribunals” to handle terror suspects from Al Qaeda and the Taliban was a violation of both law and the Geneva Conventions. In another, his hand was forced by Senate Republicans, who told Mr. Bush and Vice President Dick Cheney, in a series of tense confrontations, that they had overstepped their bounds by sidestepping a secret court Congress had established to issue warrants for domestic wiretapping in sensitive national security cases.

The developments amount to a tactical retreat for a White House that has aggressively asserted that new kinds of wars call for a restoration of presidential powers of a kind unseen since Abraham Lincoln suspended the right of habeas corpus during the Civil War — a step that Congress later approved, retroactively.

They are also a turning point in the broader clash over the balance of power that has intensified as the scale and nature of Mr. Bush’s assertions of authority have faced growing challenges.

The circumstances of Mr. Bush’s two concessions are quite different. In what may turn out to be an echo of Lincoln’s experience, it is possible that the outcome will be to confer legislative and judicial approval on the handling of terror detainees and the eavesdropping program.

Both Congressional leaders and senior White House officials said Thursday that when the negotiations were over, American spy agencies might still have as much latitude to listen in on calls that originate or end in American territory. Similarly, when detainees are put on trial at the makeshift prison camp at Guantánamo Bay, Cuba, it could be under a system that looks similar to the military tribunals Mr. Bush created in December 2002.

But in both cases something dramatically different will have happened: Congress will have played a major role in setting the rules. White House officials on Thursday played down their concessions. “We’ve said all along that we are willing to work with the legislative branch after the Supreme Court ruling,” Stephen J. Hadley, Mr. Bush’s national security adviser, said in a telephone conversation from Germany, where he is traveling with Mr. Bush. “And I think you are seeing our sincerity in doing exactly that.”

Yet that is a new approach for an administration that in the aftermath of the Sept. 11 attacks took an expansive view of the president’s powers under Article II of the Constitution.

When Mr. Bush set out the rules for treating terrorist suspects, and then for putting detainees on trial, there was virtually no consultation with Congress. Mr. Bush issued a series of executive orders, drafted by his Justice Department and heavily influenced by Mr. Cheney and Mr. Cheney’s chief aide on these issues, David Addington.

In speeches, Mr. Cheney has made little secret of his view that Congress impinged on presidential powers after Vietnam, Watergate and the intelligence scandals of the 1970’s and 1980’s, and that he was determined to reverse the trend.

As recently as last month he was still advocating that view. In a letter to Senator Arlen Specter, the Pennsylvania Republican who is chairman of the Senate Judiciary Committee, Mr. Cheney insisted that there was no need for legislation to carry out the domestic spying operation after its existence was revealed in The New York Times.

From the morning after that article was published, Attorney General Alberto Gonzales Jr. and General Michael V. Hayden, who has since been appointed the director of the Central Intelligence Agency, argued vociferously that the president already had all the authority he needed to order the wiretapping program without court approval.

At other moments, Mr. Gonzales has mentioned what may have been the real reason that the Bush administration sidelined Congress: It believed that to seek permission to conduct domestic wiretapping would expose a covert program.

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"There was some consideration" about seeking legislation, Mr. Gonzales told the House Judiciary Committee in April, but "ultimately there was a collective agreement that that would not be possible without compromising the effectiveness of the program."

Now, some administration officials say that strategy may have been flawed. "It puts you at the mercy of what gets leaked," said one senior official who requested anonymity because he was discussing internal business of the White House. The military tribunals were a different issue, one driven by a defeat at the Supreme Court.

As early as late 2001, the issue of how to treat detainees became a subject of heated debate inside the White House. Secretary of State Colin L. Powell argued that the White House had to acknowledge that international law, not the administration's desires, had to govern how fighters were treated, even if they were not in uniform and represented no legitimate government. To do otherwise, said Mr. Powell, a former chairman of the joint chiefs of staff, would be to invite the mistreatment of captured American soldiers.

The White House response was to dismiss the arguments as an abstruse debate among government lawyers, rather than a split among top administration officials.

Mr. Cheney, who took on Mr. Powell on that and other issues, told an audience in Cincinnati in January 2002 that captives were treated in a manner "consistent" with the Geneva Conventions, and added, "It's probably better than they deserve."

Now, more than four years later, Mr. Powell is in retirement, telling an audience at the Aspen Institute in Colorado last weekend that "Guantánamo ought to be closed immediately."

The value of holding prisoners there is murky at best, he said, but the price America is paying for holding them is simply too high.

Even now, the administration is not willing to go that far. But it has begun to concede, after the court ruling, that the system it constructed cannot bear legal scrutiny and that Congress will have to play a role in fixing the problem. That alone is a major change, one Mr. Bush would have considered anathema just months ago.

Bush Will Accept Court Review Of U.S. Spying Program (Update3) (BLOOM)

By William Robertsrobert Schmidt

Bloomberg, July 14, 2006

July 13 (Bloomberg) -- The Bush administration, consenting to some oversight of its conduct of the war on terrorism, has agreed to allow a federal court to review the constitutionality of its secret National Security Agency domestic eavesdropping program.

President George W. Bush will support legislation that calls for review and updates the 1978 Foreign Intelligence Surveillance Act to take into account new eavesdropping techniques, U.S. Attorney General Alberto Gonzales said today. Senator Arlen Specter, chairman of the Senate Judiciary Committee, will introduce the measure.

The legislation ``reflects the fact that we're in a new kind of war," Gonzales told reporters at the Justice Department in Washington. ``My understanding from the president is that this legislation can be very helpful in protecting Americans."

Specter, a Pennsylvania Republican who has been critical of the warrantless eavesdropping program instituted after the Sept. 11, 2001, attacks, said his legislation will direct a special court set up to authorize intelligence wiretaps to decide whether the program is lawful.

The measure upholds the principle that ``there has to be judicial review before you can wiretap," Specter said. The bill wouldn't require individual warrants, which the administration contends are impractical, ``because I can't deal with that, not knowing what the program is," Specter said.

The Foreign Intelligence Surveillance Court, set up by the 1978 law, will review the program. The court governs electronic surveillance and physical searches of foreign powers and their agents inside the U.S. It is the court that the Bush administration bypassed in creating the domestic eavesdropping program.

After a month of negotiations, Specter and the president met July 11 to hammer out their compromise. Bush had insisted that Article II of the Constitution allows him to take emergency steps to protect the American people from terrorist threats.

`Constitutional Authority'

The measure ``recognizes the president's constitutional authority to gather up information," Gonzales said. ``I am confident in the constitutionality of everything that we are doing in the executive branch," he said.

Specter qualified that analysis. ``The bill does not say the president has the constitutional authority to ignore FISA," he told reporters, referring to the 1978 surveillance law.

The proposed legislation wouldn't require the president to submit the NSA's electronic surveillance of terrorist phone calls to court review, Specter said. Instead, Bush agreed with Specter to submit the program for court review if Congress enacts the

bill as drafted. This way, future presidents wouldn't be bound to submit any potential future surveillance program for review, Specter said.

The court review envisioned by the agreement between Specter and the White House doesn't cover the NSA's data mining of telephone company records, Specter said.

Rather than confirm whether there are additional NSA programs, Specter said he was assured by Gonzalez that there are no other spy programs that have not been court approved.

The bill as proposed would give the administration additional surveillance tools, including expanding to seven days from three days the amount of time the U.S. can conduct warrantless wiretaps. It would further authorize roving wiretaps that follow individuals from device to device, Specter said.

Streamline Procedures

It would also streamline the procedures the Department of Justice must follow for obtaining wiretap warrants from the intelligence court by allowing the attorney general to designate an applicant and specifying the considerations that must be met, Specter said.

``The bill has to be passed in the form negotiated," Specter said. Bush ``has agreed to it" and expressed a ``willingness to cooperate" with the Congress on any additional requirements sought by Congress.

Specter predicted the both Senate and the House would agree to the legislation and said he hoped the Judiciary Committee will act this month.

In a statement, Anthony Romero, executive director of the American Civil Liberties Union, called said the oversight in the proposed legislation ``a sham" that would codify Bush's ``abuse of power" by ignoring laws passed by Congress. The ACLU has challenged the program's legality in a lawsuit.

Specter said the measure leaves to the intelligence court the decision of whether to make public the results of its review. He noted that the intelligence court doesn't announce its decisions on secret warrants.

Appeal Process

If the intelligence court rules the NSA surveillance program unconstitutional, the attorney general would have an opportunity to revise and resubmit it, Specter said. The administration may also appeal the court's decision, ultimately to the U.S. Supreme Court.

``One thing about this country, when the Supreme Court rules, that's it," Specter said.

Bush and Vice President Dick Cheney have previously argued that the president has the legal authority under the Constitution and a law authorizing the use of force in response to the terrorist attacks to order surveillance of telephone calls and e-mails from inside the U.S. to suspected terrorists overseas.

Specter said the believed the agreement with the White House was a ``pragmatic" approach that would ``balance" the president's responsibilities to protect national security with the privacy rights of U.S. citizens.

Specter: Deal Reached With White House On Wiretaps (CNN)

CNN, July 14, 2006

Legislation would let FISA court decide legality of NSA program

WASHINGTON (CNN) -- The top Republican on the Senate Judiciary Committee said Thursday that he had struck a deal with the White House to resolve a dispute over the constitutionality of conducting electronic surveillance with court approval.

Sen. Arlen Specter of Pennsylvania revealed a bill that would allow the same secret court that OK's wiretaps under the 1978 Foreign Intelligence Surveillance Act to judge whether the National Security Agency's domestic eavesdropping program is allowed under the Constitution.

The NSA program has been under fire since December, when The New York Times disclosed that the government was listening in -- without obtaining a court order -- on international phone calls, e-mails and other communications between people in the United States and people overseas suspected of having ties to terrorists.

Some legal scholars have said the program is an illegal and unwarranted intrusion on Americans' privacy, but the Bush administration has defended it as a necessary tool in the battle against the al Qaeda terrorist network.

Specter said Thursday that the Bush administration has agreed to accept his legislation, barring any significant changes by Congress. Specter unveiled the bill at a meeting of the Senate Judiciary Committee, which he chairs.

"I believe this is a very important matter to balance the country's needs for fighting terrorism ... with the traditional judicial review which protects civil rights," he said.

In February, Specter said FISA "flatly prohibits any kind of electronic surveillance without a court order."

Sen. Orrin Hatch, a Utah Republican and member of the committee, said the agreement reflects "a major, major change" in the White House's approach to the issue.

White House spokesman Dana Perino hailed the agreement as a sign that President Bush and Congress "are coming together to codify the capacity for future presidents to take actions to protect the country." Legislative compromise

"The bill recognizes the president's constitutional authority and modernizes FISA to meet the threat we face from an enemy who recognizes no bounds, kills with abandon, hides and masquerades while they plot attacks against our citizens," Perino said.

Specter said his bill would give the FISA court the jurisdiction to review the constitutionality of the program and its design -- including the criteria that must be met for communications to be monitored.

In addition, the legislation would give the administration greater flexibility in making emergency applications to the FISA court, expanding its window for doing so from three to seven days. Currently, applications must be made by the attorney general or a deputy; the bill would allow a designee to make an application, Specter said.

The measure would allow for roving wiretaps instead of taps of a phone at a fixed point, he said, and spells out that monitoring a telephone call between two overseas locations that is transmitted through a U.S. terminal would not be subject to FISA approval.

Although the legislation does not mandate that the president submit the program for the court to review, Bush has agreed to do so, Specter said.

Attorney General Alberto Gonzales said the bill "recognizes the president's constitutional authority to gather up information."

He added: "My understanding from the president is that the legislation could be very helpful in protecting America if it passes in its current form, or if it passes without changes that are harmful according to the administration, that the president would be inclined to submit the program to the FISA court to test its constitutionality."

Gonzales has previously said that the 2001 congressional resolution authorizing military action against al Qaeda and the president's "inherent constitutional authority" gave the administration the power to enact wiretaps without a court order.Contentious program

A CNN poll in May, conducted by Opinion Research Corp., found Americans were wary of the program, with half of poll respondents saying the government should obtain a warrant before eavesdropping on phone calls of suspected terrorists.

Also in May, USA Today reported the NSA has scrutinized records listing millions of telephone calls made by Americans.

The issue also came up during Senate confirmation hearings in May for Gen. Michael Hayden, who since has been sworn in as the new director of the CIA.

Hayden told the Senate Intelligence Committee that government experts, including three NSA lawyers, concluded the program disclosed by the Times was legal. The wiretaps, he said, were carried out with close government oversight and no improper activity was found.

"True accountability is not served by inaccurate, harmful and illegal public disclosures," Hayden said. "I will draw a clear line between what we owe the American public by way of openness and what must remain secret in order for us to continue to do our jobs."

CNN's Ted Barrett and Dana Bash contributed to this report.

Watching Finances Of Terror Suspects Discussed In 2002 (WP)

By Walter Pincus

The Washington Post, July 14, 2006

At a House subcommittee hearing five months after the Sept. 11 attacks, plans were openly discussed to give the government a highly secure, real-time electronic capability to request and receive data from financial institutions about suspected terrorists or terrorist organizations. The approach was closely similar to the effort described in news reports last month, which the Bush administration has said endangered national security.

In February 2002, Jeffrey P. Neubert, president and chief executive of the New York Clearing House Association LLC, described the intelligence-gathering system at a hearing of the House Financial Services subcommittee on oversight and investigations. Neubert said under the proposed system, government agencies would electronically send the names of suspected terrorists or terrorist organization to financial institutions "seeking account and/or transaction 'hits' which would be returned to the respective [government] organizations."

Neubert's New York Clearing House runs the CHIPS payment system, which describes itself as "the leading private-sector payment system infrastructure for clearing and settling U.S. dollar payments." Providing payment services to more than 1,600 financial institutions worldwide, CHIPS handles $1.5 trillion through about 8 million domestic and international transactions each day. Neubert told the subcommittee how a task force of government and financial industry personnel was also focused "on the issue beyond our borders" and proposed to "work globally to remove obstacles to the flow of information" to government entities.

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The testimony was one of several examples where government and industry officials have publicly described how counterterrorism agencies access financial records to track terrorists and shut down their funding, leading some lawmakers and counterterrorism specialists to doubt assertions that the most recent revelations have significantly helped al-Qaeda or other terrorists by disclosing valuable new information.

Last month, the New York Times, followed quickly by other newspapers, including The Washington Post, published articles about how the Bush administration has been secretly tapping into a global database of financial transactions to track the identities and activities of suspected terrorists. The reports named the Society for Worldwide Interbank Financial Telecommunications (SWIFT) as one cooperating organization. SWIFT is a Belgium-based company that operates a financial messaging system used by 7,800 financial institutions in 200 countries.

Bush administration officials attacked the newspapers for publishing the articles, which they said hurt the war on terrorism. Vice President Cheney said at a campaign fundraiser on June 30, "Publishing this highly classified information about our sources and methods for collecting intelligence will enable the terrorists to look for ways to defeat our efforts."

But over several years, public testimony and documents have described those kinds of methods for tracking terror suspects.

The U.N. Security Council Monitoring Group, set up after Sept. 11, 2001, to encourage countries and international organizations to follow and block al-Qaeda financing worldwide, filed a public report in 2002 that drew attention to U.S. monitoring of international transactions, and identified SWIFT -- as well as the U.S.-based CHIPS system -- as likely sources of data.

"The U.S. has begun to apply new monitoring techniques to spot and verify suspicious transactions," the group's December 2002 report said, pointing specifically to international transactions "handled through correspondent banking relationships or large-value message and payments systems, such as SWIFT, Fedwire or CHIPS systems in the United States of America. Such international clearance centers are critical to processing international banking transactions and are rich with payment information."

"I don't think anyone who deals with this topic could have been surprised" about using those organizations, said Victor D. Comras, a retired U.S. Foreign Service officer who participated in the U.N. group. "What it was at best was an open secret" that SWIFT was involved, he added. Comras, who helped draft the report, said those details came from unclassified sources and were "vetted with the U.S. government" before being published.

The report noted that even at that date, al-Qaeda was aware of "increased vigilance over traditional bank transfers and the increased ability of law enforcement agencies in a number of countries to trace such transactions."

As a result, the terrorist group "often routed [funds] through a combination of bank transfers and informal transfer mechanisms such as hawala [which involves passing money person to person] and through multiple intermediaries in order to further obscure their origins and final destinations," the report said.

Subsequent government reports have also highlighted counterterrorism officials' reliance on financial records. The FBI's Terrorist Financing Operations Section, according to an August 2004 report by the 9/11 commission, has a list of contacts "within the financial community, banks, brokerage house, credit card vendors, and money services businesses -- to whom it can turn to get financial information on an expedited basis at any time, including nights, weekends and holidays" after serving them "with a subpoena or other legal process."

The 9/11 commission, in its July 2004 report, publicly praised the cooperation that financial institutions worldwide were providing to the U.S. government: "The U.S. financial community and some international financial institutions have generally provided law enforcement and intelligence agencies with extraordinary cooperation, particularly in supplying information to support quickly developing investigations."

At a House Financial Services Committee hearing on Tuesday, lawmakers challenged Treasury Undersecretary Stuart Levey on whether the recent articles about SWIFT had jeopardized national security.

We announced that "it's a critical part of the overall campaign against al-Qaeda, following the money," said Rep. Barney Frank (D-Mass.). "Did they not infer from that we would be looking at their bank accounts? . . . I mean, was this really not known to them that we were carefully tracking financial records?"

Levey responded: "What was done very commonly was that we would discuss that we're following the money. But that leaves people in some doubt as to what exactly we're able to look at. Once the SWIFT program is disclosed, it's my fear that they'll now know exactly what it is."

Levey added that there has been no evidence yet that the program has been harmed "because the data that we're accessing right now was data that was created before the news stories." He added that logically "public discussion of this will be harmful to the program. But . . . I'm hopeful that we have some value from the program, and we intend to continue with it."

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Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, July 14, 2006

Damage assessment

Congress has been asked to conduct a damage assessment of the intelligence compromise caused by former Defense Intelligence Agency (DIA) analyst Ronald N. Montaperto, who pleaded guilty last month to illegally retaining classified information and who told investigators he passed secrets to China.

"I am deeply concerned about the damage that has been done by Ronald N. Montaperto to our country's formulation and implementation of foreign policy related to the People's Republic of China [PRC]," said Rep. Dana Rohrabacher, California Republican and chairman of the House International Relations oversight and investigations subcommittee.

Mr. Rohrabacher stated in a letter to David M. Walker, the chief of the Government Accountability Office (GAO), that the agency should check policy documents that were "prepared and influenced" by Montaperto and that affected U.S. policy toward China.

The July 6 letter also asked GAO to investigate propaganda themes Montaperto supported throughout his career in speeches, scholarly work and conference roles.

Montaperto was a senior China analyst at DIA who came under suspicion of being a Chinese spy in 1991 but who continued to hold a security clearance at the National Defense University and U.S. Pacific Command until his dismissal in 2004.

"In addition, I need to know whether he was in a position of authority that enabled him to hire and/or fire employees whose views concerning the PRC differed from his," Mr. Rohrabacher stated, noting that the review should include Montaperto's role in analysis of Chinese intentions.

The report was requested "as soon as possible" in both classified and unclassified forms.

According to court papers, Montaperto admitted during a ruse by FBI and Naval Criminal Investigative Service agents that he passed top-secret information to Chinese military intelligence officer Yu Zenghe.

Friends of Montaperto in the U.S. intelligence and policy communities have sought to defend the former analyst and have criticized the FBI. One of the supporters, Lonnie Henley, deputy national intelligence officer for East Asia, recently defended Montaperto in an e-mail and as a result has come under scrutiny by the office of Director of National Intelligence John D. Negroponte.

New counterspy chief

Director of National Intelligence (DNI) John D. Negroponte is expected in the next few days to name a new national counterintelligence executive, the government's most senior counterspy, and neither of the two candidates has counterintelligence experience, we are told.

The leading candidate is said to be Mike Pritchard, a former U.S. Secret Service agent who is now a security specialist with Hunt Oil Co. in Texas. Another candidate is Howard J. Krongard, the State Department's inspector general.

A DNI spokesman said yesterday that no decision on the appointment has been made. Neither candidate could be reached for comment.

The counterintelligence post has been vacant since the resignation of Michelle Van Cleave in January. Miss Van Cleave left after her independent post was folded into the new Office of Director of National Intelligence. The office has sought to downgrade the counterintelligence function from that of an independent strategic capability of countering foreign spies and their activities to one that is more limited to supporting U.S. foreign intelligence collection.

President Bush signed a new counterintelligence strategy last year that calls for conducting aggressive activities against foreign spies, but little has been done to implement the strategy.

100 percent Cotton

Ever since Powerline.com posted a letter from Lt. Tom Cotton in Iraq to the New York Times, some on the left have insisted no such person exists. It's too neat, they say. A Harvard law graduate gives up his law practice to enlist in the Army to fight terrorists? Can't be.

But the Army assures us that one Tom Cotton does exist. He is fighting today as a member of the 101st Airborne Division, 506th Infantry Regiment. Maybe the left cannot imagine that such men exist. But there are likely many more out there, men and women who put aside promising civilian careers to join the military after the September 11, 2001, attacks.

Gen. Peter Schoomaker, Army chief of staff, was so taken by Lt. Cotton's umbrage at the Times for revealing how the United States tracks al Qaeda cash that the four-star general sent it to soldiers via e-mail.

Said an Army spokesman: "The Army chief of staff routinely communicates with the Army's generals and soldiers about subjects of great concern. One of those subjects is operational security. In fact, he has been emphasizing for over a year not

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posting on personal Web sites photographs of bomb damage from attacks on soldiers and not Web logging information that could assist enemies targeting our soldiers."

A senior Treasury Department official told Congress this week that the Times disclosure has had negative effects on the U.S. government's ability to trace al Qaeda financing.

"This disclosure compromised one of our most valuable programs and will only make our efforts to track terrorist financing — and to prevent terrorist attacks — harder," said Stuart Levey, undersecretary of Treasury for terrorism and financial intelligence.

Laser JDAM

The Boeing Co. conducted a successful test-firing of an upgraded Joint Direct Attack Munition (JDAM), which blasted a moving target using a laser targeting device, the company said.

The new guided bomb, called the LJDAM, provides the military with precision bombing power that is an improvement over the already highly accurate satellite-guided JDAM.

During a test, an Air Force F-16 flying at 20,000 feet hit an armored personnel carrier (APC) moving at 25 mph. The F-16 used an on-board targeting pod to laser-designate the APC and hit the vehicle with the 500-pound guided bomb four miles from the target.

The laser designator is part of a kit that fits existing JDAMs and boosts the accuracy of the Global Positioning System guidance package. Deliveries of the laser- and satellite-guided version of the bomb could be deployed as early as next year.

Policy Rewrite Reveals Rift In Administration (WP)

By R. Jeffrey Smith And Jonathan Weisman

The Washington Post, July 14, 2006

Three days of congressional testimony this week by senior Bush administration officials about U.S. treatment of detainees in the war on terrorism have made clear that the administration remains deeply divided on the issue and unsure how to replace a key policy that the Supreme Court declared illegal two weeks ago.

Interagency divisions normally kept hidden from public view have been on unusual display as officials from the Justice Department and the Pentagon have offered starkly different accounts of the administration's reaction to the court's opinion, baffling members of Congress and other interested parties about U.S. intentions.

The testimony has shown that the Justice Department -- which had insisted on the legality of the existing policy -- is eager to sharply limit the impact of the Supreme Court's decision, while military lawyers and some other Pentagon officials are celebrating it as a vindication of their long-held concerns about U.S. detainee policy.

The conflicting testimony followed Tuesday's announcement of a Pentagon policy to follow Geneva Conventions requirements granting basic human and legal protections to all terrorism suspects in U.S. custody. Several members of Congress said they had been told that the dispute will not be resolved for some time.

At issue is how to repair the hole blown in administration policy by the Supreme Court's double-barreled June 29 critique of orders signed by Bush in 2001 and 2002. The Bush orders held that terrorism suspects are not subject to the protections of an international treaty governing wartime detentions because they are not part of a regular army. They also established a system of military tribunals to assess detainees' guilt and mete out punishments.

The court held that, contrary to Bush's orders, the government must heed the demands of a 56-year-old international treaty, Common Article 3 of the Geneva Conventions, that detainees "shall in all circumstances be treated humanely" and without "outrages upon personal dignity" such as humiliating and degrading treatment -- even though the suspects are not regular soldiers and may routinely mistreat their own captured soldiers. It also said the military tribunals, as formulated by the Pentagon under White House guidance, were illegal.

Senate Armed Services Committee chairman John W. Warner (R-Va.), who yesterday opened a series of congressional hearings meant to produce new legislation on the issue, said at the outset that "the eyes of the world are upon us, and we must set the standards."

But Warner added that National Security Adviser Stephen J. Hadley and White House legal counsel Harriet Miers told him recently that "there were some honest differences . . . as to approach within the administration," and no uniform position will be reached before next week.

The dispute now being waged over detainee treatment is the latest flowering of tensions that have persisted for more than three years, as officials from different departments have tried to reconcile a long history of U.S. support for humane treatment of detainees with pressures to use extraordinary means to acquire intelligence from suspected terrorists who might pose large risks to civilians.

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Some of the administration's more conservative appointees, including Steven G. Bradbury, the Justice Department Office of Legal Counsel's acting chief, have been openly scornful of the Supreme Court's opinion, and suggested writing new legislation that would narrowly construe U.S. detainee treatment obligations and clearly exempt U.S. personnel from criminal liability if they violate Common Article 3.

Other officials, including top military lawyers at the Defense Department who testified at Warner's hearing yesterday and policymakers at the State Department, have solidly backed the Supreme Court's decision that previous administration legal reasoning on the issue -- supported by Chief Justice John G. Roberts while serving on an appellate court in a June 2005 opinion -- was "erroneous."

"I do agree with the reinforcement of the message that Common Article 3 is a baseline standard. And I would say that, at least in the United States Army -- and I'm confident in the other services -- we've been training to that standard and living to that standard since the beginning of our Army, and we continue to do so," said Major Gen. Scott C. Black, judge advocate general of the Army.

Black's testimony contrasted with Bradbury's testimony before House and Senate committees on Tuesday and Wednesday that the Supreme Court had overturned a U.S. detainee policy that the administration considered settled in 2002 and reaffirmed in legislation passed last year that was meant to obviate any Supreme Court objections.

"The United States has never before applied Common Article 3 in the context of an armed conflict with international terrorists," Bradbury complained, adding that this was not foreseen by those who drafted the Geneva Conventions. The "application of Common Article 3 will create a degree of uncertainty for those who fight to defend us from terrorist attack," raising the possibility of felony prosecution for violators, Bradbury said.

Bradbury also expressed concern that foreign interpretations of the meaning of Article 3 might unduly hamper U.S. conduct and urged legislation that would insulate the government from that consequence. The military lawyers, in contrast, testified that it was appropriate to consider foreign interpretations and that U.S. conduct must in any event follow a higher standard of conduct than other nations.

Sen. Lindsey O. Graham (R-S.C.) said in an interview that he is optimistic that a consensus will be formed on new legislation. "The current situation is terrible," he said. "We don't have the legal infrastructure in place that will effectively prosecute people, and our image has suffered."

Senate Majority Leader Bill Frist (R-Tenn.) said he still believes tribunal legislation could be ready for passage by early September. Indeed, House Armed Services Committee Chairman Duncan Hunter (R-Calif.) said a quick compromise based on the president's initial tribunal structure could be amended to the annual defense policy bill and passed before the August recess.

But Hunter said administration officials asked him to slow down the process to allow for more deliberation. "At end of the day, the administration isn't going to say, 'Let's bet on a 50-50 proposition on tribunals and hope it doesn't get struck down again' " by the Supreme Court, said a senior Senate Republican aide. "They will want this to hold."

Several members of Congress expressed concern that political posturing on the issue will become fierce in the meantime.

The Republican aide complained in particular about testimony Wednesday by Daniel J. Dell'Orto, the Pentagon's principal deputy general counsel, who complained about soldiers having to read Miranda rights when they knock down doors in Afghanistan or fill out paperwork before seizing a laptop computer.

Similar concerns about "Miranda" warnings were expressed yesterday by White House spokeswoman Dana Perino while traveling with Bush in Germany en route to the Group of Eight summit in Russia.

But Graham said rhetoric involving Miranda was inappropriate because the policy at issue primarily concerns how to conduct interrogations of detainees.

Military Lawyers Urge Protections For Detainees (NYT)

By Kate Zernike

The New York Times, July 14, 2006

WASHINGTON, July 13 — The top lawyers from the Army, Navy, Air Force and Marines contradicted the Bush administration on Thursday on how to bring terror suspects to trial, endorsing an approach that extends more human and legal rights to detainees than one that administration lawyers have pressed Congress to authorize.

Testimony by the military lawyers to the Senate Armed Services Committee provided a new indication of divisions within the administration about how far to extend the protections of the Geneva Conventions to terror suspects. Those fissures appear to reflect the same disagreements between White House conservatives and the military that have long left the government split on questions about the treatment of terror suspects.

Senators complained that they were hearing mixed messages from the administration. Even as administration lawyers have been publicly urging Congress to ratify the president's plan for trials that offer few rights, they said, other White House

officials have privately said that they would go along with an approach similar to what the military lawyers support, offering broader protection for detainees.

Senator John W. Warner, Republican of Virginia, the committee chairman, said he was "somewhat perplexed" by the testimony of administration lawyers this week, given his conversations with some White House advisers. "I do not believe we in Congress have received the last words by any means," Mr. Warner said.

In the two weeks since the Supreme Court struck down the president's plan for tribunals for terror suspects, sending the issue to Congress, administration lawyers appearing on Capitol Hill have encouraged Congress to simply pass legislation ratifying those tribunals. They have suggested that Congress could pass legislation establishing that an important provision of the Geneva Conventions does not apply to terror suspects or limiting the protections under that provision. The provision, known as Common Article Three, guarantees rights to prisoners.

But several Republican senators have said the best way to reassure the world that the United States shares common notions of human rights would be to shape the trials using procedures laid out in the Uniform Code of Military Justice, to which the court referred.

The military lawyers, who were repeatedly rebuffed by the administration starting in 2001 in discussions about how to treat detainees, were welcomed as heroes at the hearing on Thursday by Republicans and Democrats alike, suggesting the Senate's disinclination to go along with the president's approach.

Brig. Gen. Kevin M. Sandkuhler, the top lawyer for the Marines, called the code of military justice "the gold standard."

Of the president's tribunals, Rear Adm. James McPherson, the top Navy lawyer, said, "I think the existing procedures are wanting."

Senator John McCain, Republican of Arizona, said Thursday that Stephen J. Hadley, the president's national security adviser, had told him and Senator Lindsey Graham, Republican of South Carolina, that the military code would be "the basis of the proceeding." But a White House spokeswoman, Dana Perino, questioned that account, saying there was a consensus that the code would not be used to try detainees.

Mr. Hadley, in an interview from Germany, said: "What we are trying to do is come up with a system by which we can bring under the laws of war, in a military context, charges against terrorists. The goal is to get something that provides as many rights as we can, but that recognizes the nature of the people we are dealing with and recognizes the constraints, including legal proceedings that deal with classified information.''

The White House has seemed divided on the central question of whether detainees should be granted legal and human rights under the Geneva Conventions. Last week, Deputy Defense Secretary Gordon R. England sent out a memorandum acknowledging that detainees were entitled to those rights under Common Article Three, prompting the White House on Tuesday to reverse a February 2002 order saying that the conventions did not apply.

Pentagon and White House officials took issue with an editorial in The Wall Street Journal on Thursday that cited sources saying Mr. England's memorandum "was issued without any wide deliberation with, or even particular awareness by, the White House counsel's office or the Justice Department." A senior Defense Department official said the memorandum "was coordinated across the interagency." Ms. Perino would say only that "the White House was notified" and not whether the president himself was informed.

Administration lawyers have continued to resist extending the protections, saying in testimony this week that the memorandum reflected only an announcement of the court's decision, not a policy change.

While another hearing this week featured sharp exchanges between administration lawyers and senators from both parties — Mr. Graham told the lawyers that they should "forget about" the tribunals President Bush tried to set up — the hearing with the military lawyers consisted mostly of senators and witnesses affirming their shared views.

Senator Warner told the military lawyers that "there's certainly no consensus here to just rubber-stamp what's in place."

When Senator Carl Levin of Michigan, the senior Democrat on the committee, suggested that "none of you believe we should simply ratify" the president's approach, he was met with a string of nods from the uniformed lawyers on the panel.

And when Mr. McCain asked if Secretary England had done the right thing in declaring that the Geneva Conventions extended to detainees, the panel nodded again.

"This panel has got it right," Senator Graham said.

Mr. McCain cautioned against narrowing the protections granted to detainees, arguing that the debate was not about extending rights to terrorists, but promoting a high standard. "America's image in the world is suffering," he said.

"We will have more wars, and there will be more Americans who are taken captive," said Mr. McCain, who was a prisoner of war for six years in Vietnam. "If we somehow carve out exceptions to treaties to which we are signatories, then it will make it very easy for our enemies to do the same in the case of American prisoners."

But other senators cautioned that the issue was far from settled.

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"Some people at this table and others are going to go dancing to the media and say we now know where we're going with this thing, when in fact, we don't," said Senator James M. Inhofe, Republican of Oklahoma.

Mr. Inhofe and several other Republicans said any system based on the military code would grant detainees the same rights as members of the military.

Some senators also said, as administration lawyers have argued, that Common Article Three was too vague and could lead to American troops being prosecuted under the War Crimes Act for treatment that might seem too harsh.

"Ambiguity is not our friend here," said Senator John Cornyn, Republican of Texas.

Admin. Willing To Adjust Detainee Policies (AP)

By Anne Plummer Flaherty, Associated Press Writer

AP, July 14, 2006

Negotiations on how to treat enemies captured in President Bush's war on terror spilled into the open Thursday as administration officials indicated a willingness to look at new protections for detainees in CIA and Pentagon custody.

But, officials maintained, these "enemy combatants" must not be granted certain legal rights that would expose classified information or hinder interrogations.

The Supreme Court on June 29 ruled that the Pentagon's military tribunal system was not authorized by Congress and violates international law. The decision prompted a Pentagon memo acknowledging that military detainees must be afforded basic protections under the Geneva Conventions. Left unclear by the administration was whether detainees held by the CIA also would be protected.

The CIA has never acknowledged that it holds any members of al-Qaida. However, senior administration officials and intelligence lawyers have been in extensive meetings since the court's decision to determine how it applies to all detainees, including those considered the most dangerous followers of Osama bin Laden.

"The court made a ruling that Common Article 3 applies to our conflict with al-Qaida," Attorney General Alberto Gonzales said, referring to an article of the Geneva Conventions dealing with the treatment for prisoners of war. His comment came in what was the clearest statement yet from the administration that the court ruling applies to all suspected al-Qaida members in U.S. custody, not just those at the U.S. naval base at Guantanamo Bay, Cuba.

Also at issue has been whether Congress should pass legislation authorizing the Pentagon's more stringent tribunal system struck down by the court, or create a new system with trials similar to courts-martial used for prosecuting members of the military.

Stephen Hadley, the president's national security adviser, described the discussion with lawmakers as ongoing.

"We've had some very good conversations on the subject of how we move forward," Hadley said at a news conference in Stralsund, Germany, where he is accompanying Bush. "Where it's going to come out is still to be worked out."

Citing recent meetings with Hadley, Sens. John McCain and John Warner said Thursday they were told the administration would back legislation based on the Pentagon's Uniform Code of Military Justice. Hadley also had met recently with Sen. Lindsey Graham, R-S.C., another GOP moderate who has been open to using the military's court-martial system as a guide for developing a court system to prosecute detainees.

"At that time, I was under the impression that that was the administration's position," McCain said of his meetings with the White House. "I hope that hadn't changed."

But publicly, the administration continued to insist that Congress legalize the Pentagon-established military commissions.

Gonzales cited several concerns with extending rights provided by the military code of justice to al-Qaida detainees. Among them, he said, were having to tell terrorism suspects they have a right to remain silent, providing them with the military equivalent of grand jury proceedings and excluding hearsay evidence.

"There are a series of procedures and processes and rights ... that I think it is appropriate to ask, is this what we want to provide to terrorists? I don't think that they are necessarily required to be provided to terrorists."

Warner, a Virginia Republican who chairs the Senate Armed Services Committee, said he was "somewhat perplexed" by comments this week by administration figures that the administration needs time to smooth over "some honest differences of opinions."

He said he expected administration officials to submit a proposal to Congress soon after they return with Bush next week from the G-8 summit. Vowing to work on the matter through lawmakers' August vacation, Warner said it was "absolutely imperative" that Congress pass legislation before adjourning this year.

"The eyes of the world are upon us and we must set the standards," Warner said.

McCain, an Arizona Republican and a likely 2008 presidential contender who last year led the charge to prohibit abuse of military detainees, said America's image was suffering because of how its war and terrorism prisoners are treated.

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"We will have more wars and there will be Americans who will be taken captive," said McCain, who was a Vietnam War POW. "If we somehow carve out exceptions to treaties to which we are signatories, then it will make it very easy for enemies to do the same to American prisoners."

Issue Of Detainees Splits Bush Administration (LAT)

By Maura Reynolds

The Los Angeles Times, July 14, 2006

WASHINGTON — White House officials believe that Congress should use traditional military law rather than President Bush's special military tribunals as the basis for bringing charges against detainees at Guantanamo Bay, key senators said today.

That position would put the White House officials at odds with testimony earlier this week from Pentagon and other administration lawyers.

The different positions reflect apparent divisions that are emerging within the Bush administration and the two houses of Congress.

On one side, the administration's civilian lawyers and House Republicans generally express a preference for keeping Bush's system of military tribunals, which were criticized in a landmark Supreme Court decision last month as violating the Uniform Code of Military Justice, which governs courts martial, and the Geneva Conventions, which regulate treatment of persons arrested on the battlefield.

On the other side, the administration's military lawyers and the Senate prefer a system based on military law, in particular the Uniform Code of Military Justice.

At a Senate Armed Services Committee hearing, Sen. John McCain (R-Ariz.) and Sen. John Warner (R-Va.) said Stephen Hadley, Bush's national security advisor, had told them this week that the White House would not simply ask Congress to rubber-stamp the system of military commissions that the Supreme Court has ruled violates the law.

"We did agree at that time, according to Mr. Hadley, that the basis of proceeding on applicable legislation would be the Uniform Code of Military Justice," McCain told a Senate Armed Services Committee hearing. "At that time, I was under the impression that that was the administration's position. I hope that it hasn't changed."

Civilian lawyers from the departments of Defense and Justice testified in two congressional hearings this week that the military code was largely inappropriate for terrorist suspects and recommended that Congress approve the administration-designed military tribunal system.

"I'm somewhat perplexed at some of the testimony that was offered both to the Senate Judiciary and the House Armed Services Committee," Warner said as he chaired the Senate committee hearing. "But, in due course, we'll work that out."

Warner said he expected the White House to work to resolve the apparent divisions within the administration when the president returns from the annual G8 conference of the world's seven leading industrial democracies plus Russia. The conference is being held this weekend in Russia.

Last month, the Supreme Court ruled that the administration's military commissions for Guantanamo Bay — designed to try terrorist suspects for war crimes — were illegal because they did not conform to the law — in particular, the military code and the Geneva Conventions. The court held that the administration could not devise a legal system independent of Congress, and that it was up to lawmakers to pass legislation on how to process and try the 450 terrorist suspects held at Guantanamo.

Warner asked six of the country's top military lawyers — the judge advocates general of the Army, Navy and Air Force, a staff judge advocate of the Marine Corps and two retired JAGs — to propose a system that would pass muster with the Supreme Court. Each said that Congress should not rubber-stamp the military commissions designed by the administration but should use the Uniform Code of Military Justice to a greater extent than has been the case.

"We have a military commissions procedure that was established that attempted to provide fundamental rights. We have the UCMJ, which we know is the gold standard, that achieve the protection of fundamental rights. My view is that we are looking for a leveling between the two," said Brig. Gen. Kevin Sandkuhler, a staff judge advocate in the Marine Corps.

Senators Push For Military Code (WT/AP)

The Washington Times, July 14, 2006

ASSOCIATED PRESS

Two Senate Republicans said yesterday that senior Bush administration officials agreed to back legislation that would prosecute terrorism suspects under a court system based on the Uniform Code of Military Justice.

Sens. John McCain of Arizona and John W. Warner of Virginia cited recent meetings with Stephen J. Hadley, the president's national security adviser, and other top administration officials.

"At that time, I was under the impression that that was the administration's position," Mr. McCain said of his meetings with the White House. "I hope that hadn't changed."

Publicly, the administration continued to insist that Congress legalize the Pentagon-established military commissions that were struck down by the Supreme Court two weeks ago.

"It is our sincere hope that within a relatively short period of time, we can have some legislation from Congress that will allow military commissions to go forward," Attorney Alberto R. Gonzales told reporters.

Administration officials told lawmakers in hearings earlier this week that using the Uniform Code of Military Justice would grant terrorists too many freedoms and would be impractical on the battlefield.

Mr. Warner, who chairs the Armed Services Committee, said he was "somewhat perplexed" by this week's testimony by administration figures and said he hoped to set the record straight.

"But, in due course, we'll work that out," Mr. Warner said.

Both senators made their remarks at the beginning of a committee hearing on detainee policies. Testifying were several active and retired judge advocates general; the administration was not represented.

Mr. Warner said he thinks the administration needs time to smooth over "some honest differences of opinions" and will propose legislation soon after senior officials return from the Group of Eight summit this month. It is "absolutely imperative" Congress pass legislation before adjourning this year, he said.

"The eyes of the world are upon us, and we must set the standards," Mr. Warner said.

The judge advocates general said Congress should not ratify the military tribunals, as the administration had suggested, because that would not be an appropriate response to the Supreme Court ruling. The ruling determined that detainees should be protected under the Geneva Conventions.

Mr. McCain, who last year led the charge to ban abuse of military detainees and was a prisoner of war in Vietnam, said the nation's image was suffering because of the treatment of its war prisoners.

"We will have more wars, and there will be Americans who will be taken captive. If we somehow carve out exceptions to treaties to which we are signatories, then it will make it very easy for enemies to do the same to American prisoners," he said.

Wisdom On Detainees (WP)

The Washington Post, July 14, 2006

SENATE TESTIMONY yesterday by the judge advocates general of the four military services was illuminating -- so illuminating, you wanted to weep that they hadn't been listened to four years ago or more.

The setting was the Armed Services Committee's opening hearing into how terrorists should face trial, following the Supreme Court decision that struck down the administration's scheme. Testimony from the leaders of the Army, Navy, Air Force and Marines' justice systems showed how foolish the administration was to sideline both Congress and the existing military justice system in crafting its plan for terrorism trials. Had the conversation that began yesterday taken place soon after the Sept. 11 attacks, many terrorists might today be serving prison sentences instead of being warehoused -- and some innocent men being warehoused might be free.

Not one of the six active-duty and retired judge advocates general who testified yesterday would endorse the administration's request that Congress simply ratify the military commissions it had set up unilaterally. All emphasized, to different degrees, that it was a mistake not to incorporate more of the normal rules of military justice in creating the commissions. Some argued, as we have, that Congress should start with the court-martial system and amend it as needed. Others want to incorporate elements of President Bush's commissions, of courts-martial and of international war crimes tribunals. None, however, contended that the system the administration set up offers an appropriate balance between wartime needs and American values.

At the same time, every witness also agreed that the system of courts-martial, as normally used to try U.S. service personnel, can't be used for alleged terrorists without changes. The rules must adapt to accommodate defendants who are captured in war, not arrested, and who may be detained for long periods before trial, they said. The strict requirements of the rules of evidence applied in a general court-martial also would need tweaking. But as a former Navy JAG, Rear Adm. John Hutson, said, "Those modifications should be very narrow and very specific and well articulated and based on absolute necessity."

Finally, the judge advocates general all agreed that detainees can be treated humanely without damaging this country's war-fighting ability. In other words: Common Article 3 of the Geneva Conventions, which mandates humane treatment and which the Supreme Court applied to the conflict with al-Qaeda, poses no obstacle to the military. "In fact," said Adm. Hutson, "I'd turn it around and say I don't think we can win the war unless we live within Common Article 3."

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The challenge for Congress is to rigorously identify and define the necessary modifications to the military justice system so that trials can, at long last, begin. Committee members appeared to understand the gravity of the task and, unlike some commentators and legislators, key members did not seem in a hurry to undo the Supreme Court's ruling and rubber-stamp the administration's plans. That's good. The goal is bipartisan legislation that will authorize fair trials that honor American values while accommodating the unusual nature of this conflict.

Battle Looms In Congress Over Military Tribunals (WP)

By Jonathan Weisman

The Washington Post, July 13, 2006

House Republicans signaled a coming clash with the Senate over the future of military tribunals yesterday when Armed Service Committee members indicated they were inclined to give the Bush administration largely what it wants in the conduct of terrorism trials.

The tone at the first House hearing since the Supreme Court tossed out President Bush's tribunals last month was markedly different from Tuesday's Senate hearing, where lawmakers from both parties said they wanted to make significant changes to the White House's plans.

"This could be easy," said Rep. Candice S. Miller (R-Mich.), who proudly announced she has neither a law degree nor a college degree as she denounced the high court's 5 to 3 decision against the tribunals as "incredibly counterintuitive." "We could just ratify what the executive branch and the [Department of Defense] have done and move on."

"That would be a very desirable way to proceed," said Daniel J. Dell'Orto, the Pentagon's principal deputy general counsel.

Contrast that with Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), who told Dell'Orto and acting Assistant Attorney General Steven G. Bradbury the previous day, "I doubt very much that Congress is going to be disposed to leave these issues to the Department of Defense."

At the root of the dispute are differing interpretations about the Supreme Court's mandate when it ruled June 29 that a Yemeni detainee at the military prison in Guantanamo Bay, Cuba, could not be tried by a special military commission established by the administration. The court held that the commissions violate U.S. law and the Geneva Conventions, especially the conventions' Common Article 3, which prohibits "outrages upon personal dignity, in particular humiliating and degrading treatment."

Administration officials asserted yesterday that the court found no real problems with the tribunal rules, only that those rules need to be voted into law by Congress. Dell'Orto and Bradbury maintain -- and most House Armed Services Republicans agree -- that Congress should start with the administration's system, make a few minor changes, then pass a law creating the tribunals.

Dell'Orto and Bradbury had respectfully accepted senators' skepticism Tuesday, but before a friendlier Republican audience yesterday, they turned pugnacious in their defense of the administration's plan.

"I don't want a soldier when he kicks down a door in a hut in Afghanistan searching for Osama bin Laden to have to worry about . . . whether he's got to advise them of some rights before he takes a statement," Dell'Orto said. "I don't want him to have to worry about filling out some form that is going to support the chain of custody when he picks up a laptop computer that has the contact information for all manner of cells around the world, while he's still looking over his shoulder to see whether there's not an enemy coming in after him."

Democrats dismissed such assertions as hyperbolic "red herrings," but Republicans played along. "It may not be practical on the battlefield to read the enemy their Miranda warnings," said House Armed Services Committee Chairman Duncan Hunter (R-Calif.). "We have to give the executive the tools to fight this war. This is not a separation of powers issue. It is an issue of how to defeat the enemy."

Key Senate Republicans -- including Specter, Armed Services Chairman John W. Warner (Va.); Lindsey O. Graham (S.C.), a reserve military lawyer; and John McCain (Ariz.) -- say Congress should start with the existing Uniform Code of Military Justice and the rules that govern courts-martial, then adapt them to the war on terrorism.

Dell'Orto said to do that and meet national security needs, 73 military rules of evidence and 145 to 150 articles of the Uniform Code of Military Justice would have to be amended, effectively "gutting" the military legal code.

But McCain said yesterday that at a long White House meeting, with Graham and national security adviser Stephen J. Hadley an agreement was reached that legislation would use the military code -- not the administration's plan -- as the framework, and a final bill would adhere to Common Article 3 of the Geneva Conventions.

The bill could adopt language crafted by McCain last year to ban torture at U.S. detention facilities that makes some changes to Common Article 3. For instance, it could drop the phrase "outrages upon personal dignity," which the administration sees as overly vague. But McCain said the legislation would remain faithful to the conventions.

"We're moving along very well," he said.

The problem may be the House, which has taken a harder line and clashed repeatedly with the Senate over immigration legislation, McCain's torture ban, renewal of the USA Patriot Act and budget priorities. Rep. Barney Frank (D-Mass.) called House-Senate tension "the main dynamic of Congress this year."

"The House thinks the Senate is the cowardly lion, and the Senate thinks the House is the scarecrow without a brain," he said.

Hunter said he "instinctively" sees a problem with using the military justice code -- "a body of law meant to extend privileges to the men and women who wear the uniform of the United States" -- as the basis for trying suspects in the war on terrorism.

Rep. Joel Hefley (R-Colo.), an Armed Services Committee member who favors using the administration's tribunal plan, said an ugly clash with the Senate appears inevitable.

"As I sat there [in the hearing], I found myself struggling with whether we're going to be able to get anything done this year," Hefley said. As the election approaches, senators and House members from both parties will "demagogue this issue," he said, accusing opponents of being either soft on terrorism or lap dogs of the White House.

Bush Officials Send Congress Mixed Signals About Military Tribunals (KRT)

By Margaret Talev

Knight Ridder, July 14, 2006

WASHINGTON - Leading Republican senators were scratching their heads Thursday as they tried to make sense of what the Bush administration wants Congress to do about setting rules for military tribunals to try terrorism suspects.

The Supreme Court struck down the Bush administration's original design for such tribunals last month as unconstitutional and in violation of the Geneva Conventions, which guarantee minimal rights to prisoners. Every time administration officials addressed the topic this week, they seemed to contradict each other. Thursday's testimony before the Senate Armed Services Committee twisted the knots of confusion tighter.

On Tuesday, the Pentagon said it would accept the court's ruling that any such commissions must apply Common Article Three of the Geneva Conventions to ensure that prisoners get minimal rights. On Wednesday, the White House said that would apply to prisoners held by any executive branch agency, although spokesmen couldn't cite an executive order or other documentary evidence to support the assertion, and questions remained as to whether the CIA was bound by it. The CIA wouldn't comment.

But on both days as well, Daniel J. Dell'Orto and Steven G. Bradbury, top lawyers for the Pentagon and Justice Department, told the House Armed Services and Senate Judiciary committees that it would be best if Congress would endorse the administration's original approach to makeshift military commissions, with only minor adjustments.

They also argued against letting the tribunals operate under the Uniform Code of Military Justice, which would meet the Supreme Court's legal standard, saying that could trigger a wave of problems, giving terrorists too many rights and jeopardizing prosecutions.

On Thursday, six of the nation's top military judges - from the Army, Navy, Air Force and Marines - told senators that Congress shouldn't ratify the Bush administration's original military commissions.

Two key Republican senators listening to them testify before the Senate Armed Services Committee voiced confusion.

Committee Chairman John Warner, R-Va., and Sen. John McCain, R-Ariz., said National Security Adviser Stephen Hadley had told them privately that the administration was prepared to revise rules governing the tribunals to conform with the Uniform Code of Military Justice. They couldn't understand why Dell'Orto and Bradbury were telling other congressional committees the opposite.

Warner said he was "somewhat perplexed" by the apparent contradiction.

"I do not believe that we, the Congress, have received the last word by any means as to where and how the administration would like to see this legislation proceed," he said.

McCain said he hoped Hadley had spoken with authority.

"At that time, I was under the impression that was the administration's position. I hope that it hasn't changed," McCain said.

Most of the six military judge advocates general said the Uniform Code of Military Justice should be the basis for new legislation setting up tribunals. Some said that how the U.S. treated detainees could affect how American soldiers were treated in future wars.

All six agreed, however, that the code should be amended for these tribunals. They said it would be impractical to give combatants taken from the battlefield the equivalent of Miranda rights or immediate access to lawyers and that accommodations would be needed to allow more hearsay evidence and to protect witnesses and their families.

Some advocated borrowing rules from international criminal tribunals such as Nuremberg or those dealing with Rwanda and the former Yugoslavia.

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Brigadier Gen. Kevin M. Sandkuhler, staff judge advocate for the commandant of the Marine Corps, said it "could be workable" to use the administration's policy as a starting point for legislation, but only if provisions from the uniform code were added.

The current and former military judges conceded it could be more difficult to convict terrorism suspects if they had human-rights protections that made certain confessions or evidence inadmissible.

Maj. Gen. Thomas J. Romig, former judge advocate general of the Army, testified that "it would be a stretch" to apply the Supreme Court's ruling broadly to circumstances such as secret CIA prisons overseas.

To that, Sen. Robert Byrd, D-W.Va., asked whether the U.S. could circumvent the ruling by moving detainees to a secret facility in Eastern Europe.

"If that were to happen," Romig said, "we'd probably have another case" before the Supreme Court.

Negotiations On Terrorism Detainees Spill Into Open (AP)

By Anne Plummer Flaherty, Associated Press Writer

AP, July 14, 2006

WASHINGTON (AP) -- Negotiations on how to treat enemies captured in President Bush's war on terror spilled into the open Thursday as administration officials indicated a willingness to look at new protections for detainees in CIA and Pentagon custody.

But, officials maintained, these "enemy combatants" must not be granted certain legal rights that would expose classified information or hinder interrogations.

The Supreme Court on June 29 ruled that the Pentagon's military tribunal system was not authorized by Congress and violates international law. The decision prompted a Pentagon memo acknowledging that military detainees must be afforded basic protections under the Geneva Conventions. Left unclear by the administration was whether detainees held by the CIA also would be protected.

The CIA has never acknowledged that it holds any members of al-Qaida. However, senior administration officials and intelligence lawyers have been in extensive meetings since the court's decision to determine how it applies to all detainees, including those considered the most dangerous followers of Osama bin Laden.

"The court made a ruling that Common Article 3 applies to our conflict with al-Qaida," Attorney General Alberto Gonzales said, referring to an article of the Geneva Conventions dealing with the treatment for prisoners of war. His comment came in what was the clearest statement yet from the administration that the court ruling applies to all suspected al-Qaida members in U.S. custody, not just those at the U.S. naval base at Guantanamo Bay, Cuba.

Also at issue has been whether Congress should pass legislation authorizing the Pentagon's more stringent tribunal system struck down by the court, or create a new system with trials similar to courts-martial used for prosecuting members of the military.

Stephen Hadley, the president's national security adviser, described the discussion with lawmakers as ongoing.

"We've had some very good conversations on the subject of how we move forward," Hadley said at a news conference in Stralsund, Germany, where he is accompanying Bush. "Where it's going to come out is still to be worked out."

Citing recent meetings with Hadley, Sens. John McCain and John Warner said Thursday they were told the administration would back legislation based on the Pentagon's Uniform Code of Military Justice. Hadley also had met recently with Sen. Lindsey Graham, R-S.C., another GOP moderate who has been open to using the military's court-martial system as a guide for developing a court system to prosecute detainees.

"At that time, I was under the impression that that was the administration's position," McCain said of his meetings with the White House. "I hope that hadn't changed."

But publicly, the administration continued to insist that Congress legalize the Pentagon-established military commissions.

Gonzales cited several concerns with extending rights provided by the military code of justice to al-Qaida detainees. Among them, he said, were having to tell terrorism suspects they have a right to remain silent, providing them with the military equivalent of grand jury proceedings and excluding hearsay evidence.

"There are a series of procedures and processes and rights ... that I think it is appropriate to ask, is this what we want to provide to terrorists? I don't think that they are necessarily required to be provided to terrorists."

Warner, a Virginia Republican who chairs the Senate Armed Services Committee, said he was "somewhat perplexed" by comments this week by administration figures that the administration needs time to smooth over "some honest differences of opinions."

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He said he expected administration officials to submit a proposal to Congress soon after they return with Bush next week from the G-8 summit. Vowing to work on the matter through lawmakers' August vacation, Warner said it was "absolutely imperative" that Congress pass legislation before adjourning this year.

"The eyes of the world are upon us and we must set the standards," Warner said.

McCain, an Arizona Republican and a likely 2008 presidential contender who last year led the charge to prohibit abuse of military detainees, said America's image was suffering because of how its war and terrorism prisoners are treated.

"We will have more wars and there will be Americans who will be taken captive," said McCain, who was a Vietnam War POW. "If we somehow carve out exceptions to treaties to which we are signatories, then it will make it very easy for enemies to do the same to American prisoners."

Attorney General Criticizes Supreme Court Ruling On Detainees (MCT)

By Andrew Zajac, Chicago Tribune

McClatchy Newspapers, July 14, 2006

WASHINGTON - Atty. Gen. Alberto Gonzales, who as White House counsel played a key role in shaping aggressive policies on the treatment of prisoners in the war on terror, said Thursday he was surprised by the Supreme Court's ruling that they were entitled to some protections under the Geneva Conventions.

In particular, Gonzales took issue with the court's reasoning that al-Qaida combatants were covered by a section of the conventions, Common Article 3, that guarantees humane treatment and sets minimum standards for court proceedings even though the terror network is neither a nation nor a signatory to the international treaty that outlines rules for war.

"As a lawyer, I think words should mean something, so when I read a treaty that says it applies to conflicts `not of an international character,' I take those words to mean what they say. . . . I give advice on words as I read them, as I interpret them."

The Bush administration had argued that al-Qaida was an international organization and the war on terror was international in scope; hence, it failed to fit the definition of "a conflict not of an international character" covered by Common Article 3.

But on June 29 the high court, ruling in the case of detainee Salim Hamdan, said, in essence, that based on how the term was used elsewhere in the conventions, "international" as used in Common Article 3 means "between nations" and not "global."

The justices also ruled that Common Article 3 applied even when only one side had signed the conventions.

The upshot is that a system of military commissions devised by the administration for trying Hamdan, once Osama bin Laden's driver, and other detainees is an illegal overreach of executive branch power.

Gonzales was an author of a signal January 2002 memo that recommended against extending Geneva Conventions protections to al-Qaida and Taliban fighters. He argued that "the war against terrorism is a new kind of war" that "renders obsolete Geneva's strict limitations on questioning of enemy prisoners and renders quaint" certain other provisions.

Speaking generally of his counsel to Bush on the treatment of enemy combatants, Gonzales said, "I believe the advice was sound when it was given. The court disagreed and, of course, as the president said, we're going to comply with the directive of the court."

That directive is to either try Hamdan and other detainees according to long-established rules of courts-martial or work with Congress on another set of procedures.

In recent days, administration lawyers have urged Congress to sign off on a tweaked version of the system of military commissions, also known as tribunals.

Some in Congress, along with human-rights groups and detainees' lawyers, are pushing for using courts-martial, which has more protections built in for defendants, as the starting point of a new system.

Gonzales said he was more concerned with "where we end up than how we get there." But like other administration officials, he expressed misgivings about the relatively expansive rights that courts-martial would give alleged terrorists.

Suspect Padilla Gets Access To Secrets (AP)

By Curt Anderson

AP, July 14, 2006

MIAMI - Amid tight security, alleged al-Qaida operative Jose Padilla is being permitted to personally view U.S. government secrets in advance of his trial on charges of conspiring to wage and support international terrorism.

Under a federal judge's order, Padilla is being allowed to examine classified documents and videotapes detailing his statements during 3 1/2 years in Defense Department custody as an unlawful "enemy combatant." That designation was dropped last fall when he was charged in a Miami terrorism case.

Defense lawyers in terrorism cases are regularly permitted to examine such classified material if they obtain government security clearances, but it is unusual for an actual terror suspect to be given direct access to secrets.

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"There is not a long history of this. There have not been a lot of terrorist prosecutions in civilian courts," said Aitan Goelman, a former Justice Department terrorism prosecutor now in private practice in Washington.

Padilla is a U.S. citizen once accused by the Bush administration of plotting to detonate a radioactive "dirty bomb."

U.S. District Judge Marcia Cooke's order, issued July 5, allows Padilla to view 32 Defense Department documents that summarize statements Padilla made during his years in military custody. He also can examine 57 videotapes of interrogations he underwent during that same period.

Padilla's attorneys said in court papers that they must examine the materials with their client to discover whether he was mistreated by interrogators, to refresh his memory and find possible leads for their defense, and to ensure that prosecutors have turned over all necessary material.

The attorneys and a spokesman for the U.S. attorney's office in Miami declined to comment Thursday on the arrangement. It was unclear whether Padilla had already begun examining the documents.

Security will be extraordinarily tight for the sessions. Padilla will be brought to a secure inner area in the court complex but the door must remain open so a U.S. marshal can keep constant watch.

Cooke's order said the marshal must maintain "an appropriate distance" to prevent overhearing defense trial strategy. But if the marshal does overhear, "those communications shall not be communicated to any member of the government prosecution team," the judge said.

The challenge in national security cases is in striking a balance between a defendant's right to prepare an adequate defense and the government's interest in protecting its secrets, particularly sources and methods used to obtain intelligence.

"I think the government, in an abundance of caution these days, is protecting as much as it can," said Carl Tobias, law professor at the University of Richmond. "There is a tension between his constitutional rights to defend himself and see the evidence against him on the one hand and national security on the other hand."

Padilla and two co-defendants are scheduled to go to trial in September on charges of conspiracy and providing material support to Islamic extremist groups around the country. All three have pleaded not guilty.

Padilla, a former Chicago gang member and south Florida resident, was arrested in 2002 at O'Hare Airport. Authorities claimed then he had plotted to set off a "dirty bomb" as an al-Qaida soldier, but the Miami indictment does not mention that.

A co-defendant, Kifah Wael Jayyousi, had sought dismissal of the charges against him on grounds that they were based on his newsletter, the Islam Report, which he contended deserved free speech protections.

But a federal magistrate ruled Monday that the charges also involved terror fundraising and recruitment, and said the indictment should stand.

Feds Call Lawsuit Over Phone Records A Wrong Number (AP)

By Mike Robinson, AP Legal Affairs Writer

AP, July 14, 2006

CHICAGO — A lawsuit aimed at stopping AT&T Inc. from giving telephone records to government terrorist hunters without legal authorization is a wrong number and should be dismissed, a federal attorney said Thursday.

Without confirming that any phone records have been turned over, Deputy Assistant Attorney General Carl J. Nichols told U.S. District Judge Matthew F. Kennelly that the issue is covered by the government's right to prevent disclosure of state secrets.

He said San Antonio-based AT&T is barred from even answering questions on whether it has given phone records to the National Security Agency because such information could tip off terrorists and increase the risk of an attack.

"The present situation involves a risk of terrorist attacks against the United States," Nichols said in urging Kennelly to dismiss the lawsuit. "So even the smallest risk is not a risk that we should tolerate."

The lawsuit was filed by the American Civil Liberties Union on behalf of author Studs Terkel, health care reform activist Dr. Quentin Young and others. It asks the court to force AT&T to refuse to provide phone records to the government without warrants, national security letters or the like.

After the hearing, Kennelly said he would take the government's request for dismissal of the lawsuit under advisement.

The government was not initially a party to the ACLU's lawsuit. But the Justice Department stepped into the case because the matter involves the National Security Agency, the supersecret spy agency that specializes in intercepting communications of terrorists and others.

The lawsuit was one of more than two dozen filed around the nation after a May 11 USA Today story that said AT&T, Verizon Communications Inc. and BellSouth Corp. have provided telephone records to NSA. Atlanta-based BellSouth has denied it has done so. AT&T and New York-based Verizon have declined to confirm or deny the report.

Many of the lawsuits seek monetary damages. But the Chicago lawsuit merely asked the court to issue an injunction barring AT&T from turning over such records without legal authorization.

"The remedy here is not awarding monetary damages to Studs Terkel," said Harvey Grossman, ACLU of Illinois legal director. "The remedy here is AT&T being required to comply with the law."

AT&T attorneys have argued that the lawsuit should be dismissed because Terkel, Young and the other plaintiffs cannot prove that anyone spied on them as a result of such a program.

Nichols said the lawsuit should be dismissed because AT&T has no way of presenting a defense since it can't admit the existence of such a program.

"Then AT&T basically has to put duct tape over its mouth?" Kennelly asked Nichols, drawing his finger across his mouth. He said the government's theory would furnish it with unusual power to avoid lawsuits.

Grossman urged Kennelly to reject the government's request for a quick dismissal of the lawsuit. He scoffed at the notion that disclosure of the program would aid terrorists.

"We believe that the secret is out of the barn," Grossman said.

But Nichols said published reports concerning the phone records do not amount to disclosure that such a program exists.

Grossman told Kennelly that terrorists already know that their phones are likely to be monitored and thus disclosure wouldn't help them.

Nichols replied that "Mr. Grossman is trying to substitute his own judgment for the judgment of the director of national intelligence as to the harm that would be caused" by disclosure of the program's existence.

Justice Department attorneys furnished Kennelly with secret materials to read before the hearing. After the hearing, the government attorneys answered questions from the judge in chambers with Grossman and the other lawyers for the ACLU excluded.

Government Invokes 'secrets' Privilege (CHIT)

By Rudolph Bush, Tribune Staff Reporter

Chicago Tribune, July 14, 2006

Justice Department lawyers asserted a rarely used "state secrets" privilege in federal court this morning in arguing for the dismissal of a lawsuit that alleges AT&T improperly handed over massive amounts of phone records to the government.

Deputy Assistant Atty. General Carl Nichols said that AT&T won't be able to defend itself against the allegations because the government is invoking the secrets privilege, which effectively shuts down any confirmation or denial of allegations in the suit.

Nichols said such information would empower terrorists and endanger national security.

Because AT&T can't present a defense, the suit, filed by Chicago author Studs Terkel among others, must be dismissed, Nichols argued.

"We are facing a threat right now from Al Qaeda," Nichols said. "Even the smallest risk is not a risk we should tolerate." Harvey Grossman, legal director of the American Civil Liberties Union in Illinois, answered that his clients simply want to know that AT&T is acting lawfully.

"If it's done lawfully, we'll walk out the door," Grossman said.

Questions about the Bush administration's domestic intelligence activities have come to the fore after a series of published reports revealed the government has gathered telephone records without obtaining court approval.

Terkel's suit charges AT&T gave the NSA access to those records improperly.

AT&T has not confirmed or denied handing over records without a court order.

U.S. District Judge Matthew Kennelly said today that he will take the parties' arguments under advisement and rule at a later date on whether the suit can go forward.

Yassin Aref Denied Bail (CAPNEW9)

Capital News 9, July 14, 2006

A federal judge in Albany has denied the latest bail request by a Muslim cleric awaiting trial in an FBI anti-terrorism sting.

The judge rejected arguments that mistranslations of journals were used by prosecutors to make Yassin Aref appear dangerous. The judge said Aref should stay in jail until his trial.

The defense argues that Aref's writings show he strongly disagreed with terrorism.

Judge Rejects Latest Bail Request In Mosque Case (AP)

By Michael Virtanen, Associated Press Writer

The AP, July 14, 2006

DOJ_NMG_0040872

ALBANY, N.Y. -- A federal judge Thursday denied the latest bail request by a Muslim cleric awaiting trial in an FBI anti-terrorism sting, rejecting arguments that mistranslations of his private journals were used by prosecutors to make Yassin Aref appear dangerous.

"The alleged mistranslations are immaterial," U.S. Magistrate Judge David Homer wrote in reaffirming his decision last year that Aref posed a danger to the community and should remain jailed until trial. He found no new or persuasive evidence in defense arguments that taken in context, Aref's 1999 writings showed he actually supported the American plan to remove Iraqi leader Saddam Hussein from power and that Aref strongly disagreed with terrorist philosophy.

Assistant U.S. Attorney William Pericek had submitted side-by-side comparisons of both sides' translations of eight journal entries, saying most differences were superficial. "The utterly false allegations of prosecutorial misconduct contained in Aref's filing thinly disguise its lack of merit," he wrote.

Trial is scheduled to start Sept. 6 for Aref, imam of Masjid as-Salam in Albany. The judge wrote Thursday that it would have started in June if the defendants hadn't asked for the later date.

Co-defendant Mohammed Hossain, an Albany pizzeria owner and mosque member, remains free on bond. Both men have denied allegations they conspired to provide support to Jaish-e-Mohammed, a Pakistan-based group listed by the federal government as a terrorist organization. They were arrested in August 2004 after a yearlong investigation.

Aref and Hossain are accused of laundering money for an FBI informant, a Pakistani businessman in the area claiming to have a sideline as an arms dealer. Neither is accused of actual violence.

Aref had been free on $250,000 bond for 13 months when Homer concluded Sept. 30 that he "espouses and has adopted the goals of terrorist organizations and has had an ongoing relationship with terrorist organizations." On Feb. 10, Homer refused to change his mind.

Defense attorney Terence Kindlon requested bail so Aref could rejoin his wife and four small children in Albany. A refugee in the United States, Aref is a native of the Kurdish region of northern Iraq.

Kindlon said prosecutors last year omitted the first half of a 1999 poem Aref wrote shortly before coming to the U.S. that was a tribute to the forefathers of Kurdistan, where Saddam Hussein brutally put down a revolt in the early 1990s. He said the poem was an appeal "to raise a Jihad to free Iraq and Kurdistan from Saddam Hussein _ precisely what the Americans were calling for at the same time."

The memorandum filed by prosecutors contained part of the poem that said: "Raise the Jihad sword ... Raise the Koran with blood ... So we can bring back the freedom for ourselves and the entire people of this Earth." Prosecutors said that showed Aref's "predisposition," and their sting was meant to test what he would do when presented with an opportunity to support terrorism.

Terror Suspect's Relatives Indicted (DESERET)

Deseret News, July 14, 2006

Two relatives of a man under investigation for ties to al-Qaida in Iraq have been indicted by a federal grand jury on more fraud charges.

Sharif Omar and Alaa "Alex" Ramadan were charged Thursday in U.S. District Court with bank fraud, aiding and abetting and misuse of a Social Security number. The indictment alleges Ramadan, 29, cashed a pair of balance transfer checks from the credit card account of Sharif Omar. Federal prosecutors said that Omar then claimed to the credit card company that the checks were stolen and he did not know Ramadan. Ramadan is Omar's nephew.

The men are facing fraud charges in a separate case involving a group of people. The FBI's Joint Terrorism Task Force has been investigating whether Sharif Omar funneled money to banks in Jordan, and if it found its way into terrorist hands.

Omar, 37, is the brother of Shawqi Omar, who is in military custody on suspicion of terrorism.

HOMELAND RESPONSE:

SBA Official Blasts 9/11 Loan Program (AP-Y)

By Devlin Barrett, Associated Press Writer

AP2, July 14, 2006

A post-Sept. 11 loan program was a disaster in the making because the government could not verify that most loans actually went to businesses affected by the attacks, a federal official told Congress on Thursday.

One lawmaker noted that money even made its way to a custard shop in Texas.

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"This was really a program that had potential for disaster," said Eric Thorson, the inspector general for the Small Business Administration. The agency administered the program.

Thorson said his office could not determine in 85 percent of the loan cases it examined whether the businesses qualified for some of the billions of dollars handed out after the terrorist attacks on New York and Washington.

In stories last year, The Associated Press showed how the SBA program spread money far and wide across the country.

Lawmakers conducting a review of $21 billion in aid for New York ridiculed the notion that many of the far-flung recipients of the loans had suffered any negative impact from the attacks.

Rep. Michael McCaul, R-Texas, noted that in his district, a custard shop was one of 122 businesses in the Austin area that received such loans, which totaled $47 million.

"I for one could hardly argue that any of these loans are in any way, shape or form related to the Sept. 11 attacks," McCaul said at a hearing of a House Homeland Security subcommittee.

Reached by telephone by the AP, the owner of Shakes Frozen Custard shop outside Austin, Texas, said he was never told his $635,000 loan through a private lender was intended for businesses affected by Sept. 11.

"No one was more surprised than me, and I don't want to get something I'm not entitled to," said Mark Blankenship. "As a matter of fact, I would love to get rid of that loan because it's eating me up with the variable interest rate."

At the hearing, Thorson said the program was not intended to be limited to businesses in the New York or Washington area. But he said he was offended when he heard about some of the places the money was going.

Early in the loan program, lawmakers complained the SBA was not getting enough financial aid to businesses in need. The agency then loosened the rules and said businesses from across the country could apply.

Thorson said the SBA sent a signal to lenders that "virtually every small business had suffered some direct or indirect adverse impact and could likely qualify for a STAR loan," and that the agency told lenders they "would not second-guess their eligibility justifications."

An audit of the program found that 50 of 59 borrowers' samples were unable to show whether the borrowers were adversely affected by the attacks and the economic downturn that followed.

Of 42 borrowers that were interviewed, only two said they were aware they had received a loan intended for businesses hurt by Sept. 11.

The AP reported many loans went to local outlets of some of America's most famous and lucrative companies, including Dunkin' Donuts, Quiznos, Subway and Dairy Queen. Other recipients included dentists and chiropractors.

The inspector general recommended that any future special loan programs should:

_require applicants to justify how their business was harmed.

_require lenders to submit documentation.

_have effective internal controls and oversight in place.

____

Associated Press writer Dirk Lammers contributed to this report.

Development Corporations Dispute Criticism Over Their Handing Out Of 9/11 Federal Aid (NYT)

By Al Baker

The New York Times, July 14, 2006

WASHINGTON, July 13 — Government watchdogs on Thursday criticized the Empire State Development Corporation and its subsidiary, the Lower Manhattan Development Corporation, for the way the two entities disbursed certain federal grants after the terrorist attacks of Sept. 11, 2001.

But the criticisms, which came on the final day of Congressional hearings into the waste and mismanagement of federal dollars that streamed into New York City after the attack, were not limited to state entities or the programs intended to benefit New Yorkers.

A federal loan program for small businesses affected by the attacks, for instance, was singled out by one committee member as particularly nettlesome since it was opened to merchants across the nation and, in one case, guaranteed $635,000 for a frozen custard stand in the area of Austin, Tex. So said Representative Michael T. McCaul, a Republican from Texas who spoke at the hearings conducted by a House subcommittee in charge of management and oversight of the Department of Homeland Security.

The loan to the custard stand represented only a small part of the $47 million in loans given to Austin-area businesses, including a car repair shop and a shoe store, officials said.

“There were a lot of examples that showed minimal involvement or minimal effect by the disaster,” Eric M. Thorson, the inspector general of the federal Small Business Association, said regarding audits of the federal loan program from the

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Supplemental Terrorist Activity Relief Act, better known as STAR. He warned, however, that it was hard to quickly identify the far-reaching effects on businesses hurt in the attacks.

Like some other economic assistance systems in place in the days after the terrorist attacks nearly five years ago, the STAR program was bedeviled by loose rules and faulty oversight, officials said.

In her testimony, Ruth A. Ritzema, the special agent in New York in charge of the inspector general's office of the federal Department of Housing and Urban Development, focused on the $700 million allocated to the Empire State Development Corporation and the $2.78 billion that went to the entity it spawned after 9/11, the Lower Manhattan Development Corporation. Audits of $1 billion worth of disbursements included "findings of duplication of benefits and payments, of overpayments, of ineligible and unsupported costs, and of improvements needed in collection efforts," she said.

Officials from both development corporations defended their efforts to assist small businesses and improve the economy in Lower Manhattan in the days after the attack on the World Trade Center, saying the criticisms seemed out of context.

Specifically, Eileen Mildenberger, Empire State's chief operating officer, said any notion that companies could not get both small business loans and development corporation business recovery grants was wrong.

"Companies were eligible for either or both as long as they could substantiate enough economic loss," she said. "The point is, they were not going to be enriched beyond their losses."

Of the 1,400 companies that got both forms of assistance, six did not sustain enough economic loss to get both, and so $58,000 that was initially lost in a $573 million program was later recovered, she said.

A spokesman for the Lower Manhattan Development Corporation said that internal monitors had identified about $160,000 worth of problematic spending in the residential grant program before federal auditors called it into question. And roughly half of that, or $75,000 out of a $2.8 billion program, has now been recovered, he said.

Stefan Pryor, the president of the Lower Manhattan entity, told lawmakers that HUD's inspector general, in testimony to the Senate two weeks ago, praised the Lower Manhattan corporation's fraud-busting abilities as an effective concept for those engaged in continuing disaster relief efforts in the Gulf region.

Over all, said Representative Peter T. King, a Republican from Long Island and the chairman of the House Committee on Homeland Security, the most egregious things he had heard were related to the criminals who preyed on the good will of many, including those in government, like "people who were claiming dead relatives or who were having phony memorial services."

Mr. King added: "It's a wake-up call that we have to be more alert to that in the future, that no matter how terrible something is, no matter how tragic it is, no matter how much we think everyone is dedicated to doing the right thing, that there are people out there who are just trying to game the system from the first moment."

Pilots Ask Government To Tighten Cargo Plane Fire Safety Rules (WP)

By Del Quentin Wilber

The Washington Post, July 14, 2006

Congress and regulators should bring safety standards for cargo aircraft in line with those for passenger planes, pilots groups said yesterday.

The request came as the National Transportation Safety Board concluded a two-day hearing about a fire that destroyed a UPS plane at Philadelphia's airport in February.

That cargo jet did not have a fire suppression system. Passenger planes are required to have such devices in their cargo holds. Pilots groups said the systems should be installed on all cargo planes.

"There is a double standard here," said Shannon Jipsen, a UPS pilot and official with the Independent Pilots Association, the union that represents United Parcel Service pilots.

Jipsen and the Air Line Pilots Association, another pilots union, said they were also seeking training requirements for firefighters who would respond to cargo fires.

FAA regulations focus mostly on how to handle passenger jet fires, and Philadelphia firefighters received no training on cargo fires before the February incident, according to testimony at the hearing.

Rep. Curt Weldon (R-Pa.) introduced legislation last year that would require training and equipment improvements at airports handling large cargo planes.

The NTSB has not concluded what started the fire in the cargo hold of the DC-8 jet as it was flying from Atlanta to Philadelphia late on Feb. 7. The crew smelled smoke about 25 minutes before landing, but a smoke alarm did not sound until about four minutes before landing, the NTSB found.

The crew landed and escaped serious injury before the fire consumed much of the plane. It took fire crews about four hours to extinguish the blaze.

Investigators are looking at the possibility that lithium ion batteries were responsible for the fire.

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NTSB Board Member Deborah A.P. Hersman, who chaired the hearing on the Philadelphia incident, said the board is evaluating potential recommendations dealing with air cargo safety.

A Site For 9/11 Sentiment To Be Veiled For A While (NYT)

By David W. Dunlap

The New York Times, July 14, 2006

The closest thing New York has to a 9/11 shrine for everyone, the Church Street viewing fence, will be partly veiled to the public in coming weeks as the sidewalk is moved to allow construction along the eastern edge of the World Trade Center site.

For want of an official memorial, the 13-foot-high, galvanized steel fence has served for four years as the main gathering place for those wishing to see where the horror unfolded. They frequently leave mementos, often wedged into the bars.

Each day, deeply private moments unfold in front of panels that enumerate the last hours of the trade center and the roster of the dead. In the background, tourists pose for pictures, advocates hold curbside news conferences, vendors surreptitiously peddle terror-themed souvenirs and a street flutist, Philip Belpasso, plays “Amazing Grace.”

Paradoxically, as popular as the Church Street viewing fence has been, it offers just about the worst vantage of the site. It is too far from the edge of the pit to permit anyone on the sidewalk to look down directly into the trade center foundations.

There are better views from Liberty Street, between Greenwich and Washington Streets. And Kenneth J. Ringler Jr., the executive director of the Port Authority of New York and New Jersey, which owns the site, wanted those viewing areas preserved and highlighted by new signs.

Over the next month and a half, beginning tomorrow, the westernmost lane of Church Street will be taken over as a temporary sidewalk between Liberty and Cortlandt Streets, with barriers to separate pedestrians from traffic. A new fence will be built near the curb.

A scrim will cover this fence to discourage bystanders from blocking the narrow pathway. It will also cover the existing fence between Cortlandt and Dey Streets.

Between Dey and Vesey Streets, around the temporary PATH terminal canopy, the fence will remain uncovered.

Off-Target On Terror (WP)

The Washington Post, July 14, 2006

PERHAPS ONE way the District can get more federal money to guard against possible terrorist attacks is to establish more petting zoos. That seems like a lesson to be drawn from an absurd list of possible targets that the federal government has established to help decide where to direct anti-terror funds.

The inspector general of the Department of Homeland Security, in a report released this week and described first in the New York Times, spotlighted problems with the department's database of sites deemed to be of national or local importance. Among the sites listed: the Amish Country Popcorn Factory (in Berne, Ind.), the Groundhog Zoo (in Punxsutawney, Pa.), Sweetwater Flea Market (in Sweetwater, Tenn.) and Old MacDonald's Petting Zoo (in Woodville, Ala.). Among the anomalies cited: Washington state lists more national monuments and icons (65) than Washington, D.C. (37); New Mexico claims the lion's share of the information technology sector (553 assets), with Virginia coming in second (68); Indiana boasts more assets (8,591) than any other state, including New York (5,687). Among the questions raised: Why are mortuaries, water parks and jails included in the inventory?

The Apple and Pork Festival of Clinton, Ill., made the list, but festival official Larry Buss didn't seem reassured. "Seems like someone has gone overboard," Mr. Buss told the Times. "Their time could be better spent doing other things, like providing security for the country."

The best defense of this sad exercise seems to be that the list is not the sole basis for deciding how funds are distributed. But it is worrying that this database was used in any way in calculating the anti-terrorism grants announced in May, which (as it turns out, not surprisingly) cut funding to the District and New York City. Rather than defend the list as "a valuable tool," Homeland Security officials should engage in serious risk assessment. And as the inspector general suggests, better communication with local officials would be a helpful step.

Senate Bill Would Replace FEMA With New Agency (KRT)

By Lesley Clark

Knight Ridder, July 14, 2006

WASHINGTON - The much-mocked Federal Emergency Management Agency would cease to exist - replaced by an agency with a greater ability to plan for disasters under a spending bill approved Thursday by the Senate.

DOJ_NMG_0040876

The proposal, the result of a seven-month Senate investigation that rebuked FEMA for its fumbling response to Hurricane Katrina, would create the U.S. Emergency Management Authority, with direct access to the president during emergencies - akin, its supporters said, to the U.S. Coast Guard.

The agency would stay within the Department of Homeland Security - unlike one of two dueling House bills, which would give the agency standalone, Cabinet-level status.

But even as the Senate measure met with easy passage - it was amended to the Senate bill Tuesday night by a vote of 87-11 - its fate in the House is uncertain.

The House Transportation Committee backs an independent agency, arguing that emergency response would be sharper with a standalone agency that reports directly to the president. The committee has circulated a letter from former FEMA director James Lee Witt endorsing FEMA's return to independent status. Witt, a popular director, said independence would allow the agency to act "without waiting for approval or instructions to flow down through layers of bureaucracy."

But proponents of keeping FEMA where it is, including the White House, argue that it would be more effective ensconced in the anti-terrorism agency where it would have better access to resources.

"Removing the agency from the department will only create additional problems, duplications and disconnectedness," Sen. Joe Lieberman of Connecticut, the ranking Democrat on the Senate Homeland Security Committee, said during floor debate.

The House Homeland Security Committee backs keeping the agency within DHS, a dispute Rep. Christopher Shays, R-Conn., a member of the Homeland Security Committee, attributed in part to a turf battle over which House committee would oversee the agency's budget.

An independent FEMA would fall under the Transportation Committee.

House Majority Leader John Boehner acknowledged the tug of war between the two committees and said he had yet to choose a side.

Louisiana Democratic Sen. Mary Landrieu said she wasn't taking a position on independence, but she simply wanted "the most effective, streamlined agency possible."

"It's a shame that FEMA's reorganization is tied up in turf battles when people's lives could be on the line," said Landrieu, who backed the Senate measure keeping the agency intact, but also backed an unsuccessful measure by Sen. Hillary Rodham Clinton, D-N.Y., to pull FEMA out of the homeland security agency. "We shouldn't let the perfect stand in the way of the good."

The chambers won't reach a deal that would affect this year's hurricane season, but Florida's emergency preparedness chief - a veteran of countless hurricanes - said the Senate legislation would improve the agency by restoring its role in preparing for emergencies.

"If FEMA is not the one working with the states they start losing those relationships that start with preparedness," said Craig Fugate. "A big failing has been that the relationship that gets built before an emergency arrives was taken from the agency."

Fugate poked fun at the name change, dubbing it the "Prince effect," for the rock star who changed his name to a symbol, only to be referred to as the "artist formerly known as Prince."

"You know no matter what they call it, it's going to be `The agency formerly known as FEMA,'" Fugate said. "You can come up with different names, but it does nothing to change the outcome."

According to the Senate committee, the bill also requires that the head of the new agency report to the DHS secretary but have direct access to the president on emergency management matters, similar to the role played the chairman of the Joint Chiefs of Staff on military issues.

And in a nod to former FEMA chief Michael Brown, whose prior experience as commissioner of the International Arabian Horse Association drew ridicule, the Senate bill requires that the chief and other agency officials be qualified to hold the jobs.

"It's unbelievable, in many ways, that that has not been the statutory requirement," Lieberman said in remarks prepared for the floor. "To have people who don't have emergency management experience is really irresponsible. In other words, (the new agency) would not be plagued by unqualified appointees as FEMA has been in the past."

WAR NEWS:

Iraq Given Control Of Province (WP)

By Joshua Partlow

The Washington Post, July 14, 2006

DOJ_NMG_0040877

BAGHDAD, July 13 -- The Iraqi government assumed full military control of a province Thursday for the first time since the U.S.-led invasion in 2003, but a spate of bombings and assassinations underscored the persistent policing challenges in most of the country.

Prime Minister Nouri al-Maliki attended a ceremony in the southern province of Muthanna to formalize the handover from British-led troops to Iraqi forces. Muthanna, one of Iraq's 18 provinces, has been relatively peaceful throughout the conflict, but Maliki warned that insurgents might stage attacks to mar the transfer.

"Terrorists who want to disrupt the handover of security and the success of the national unity government will not spare any effort to sabotage this step," Maliki said in the provincial capital of Samawa, according to news services.

The U.S. ambassador to Iraq, Zalmay Khalilzad, and the top U.S. commander in Iraq, Army Gen. George W. Casey Jr., issued a joint statement calling the handover "a milestone in the successful development of Iraq's capability to govern and protect itself as a sovereign and democratic nation."

Violence flared again in Baghdad and other Iraqi cities Thursday, leaving at least 32 people dead as sectarian violence continued this week. In one incident, a bomb tethered to a bicycle exploded outside the city council office in Abi Saida, a town about 60 miles north of Baghdad, killing four people and wounding three, said Lt. Adnan Lefta of the Muqdadiyah police major crimes unit.

In the predominantly Shiite Muslim slum of Sadr City in Baghdad, a car bomb blew up near a gas station, killing seven people and injuring 16, according to Interior Ministry officials.

The coach of the national wrestling team, Mohammed Karim Abid Sahib, was killed when gunmen attempted to abduct him and one of his wrestlers near a sports center in the northern part of Baghdad, the Associated Press reported. The wrestler escaped.

Iraqi Defense Minister Abdul Qadir Muhammed Jassim acknowledged that violence had "really escalated lately in Baghdad" and that Shiite and Sunni Arab extremists were responsible. He said daily reports of the civilian death toll indicated that Sunnis and Shiites were dying in "almost equal numbers" in attacks "faster than we can take action to stop it."

Car bomb attacks targeting police patrols killed nine people, including four policemen, and wounded 13 in the northern cities of Kirkuk and Mosul.

Meanwhile, a U.S. Apache Longbow helicopter crashed in Yusufiyah, an insurgent stronghold southwest of Baghdad, but the two pilots escaped unharmed and returned to duty, the U.S. military said. The cause of the crash was under investigation, a military spokesman said.

Also Thursday, the U.S. military said a Navy sailor was killed the previous day in fighting in the western province of Anbar. The military did not release the name of the sailor, who was part of the 9th Naval Construction Regiment, pending notification of relatives.

Iraqi Forces Take Over Province's Security (AP)

By Qassim Abdul-Zahra

AP, July 14, 2006

Iraqi forces for the first time took over security responsibility for an entire province Thursday, a milestone in the American plan to transfer control of the entire country by the end of next year.

British Maj. Gen. John Cooper signed the document turning over responsibility for Muthanna province, a relatively peaceful, sparsely populated Shiite province that had been under British and Australian control.

"It is a great national day that will be registered in the history of Iraq," Prime Minister Nouri al-Maliki said in a ceremony in the provincial capital of Samawah. "This step will bring happiness to all Iraqis."

The strategy of transferring all 18 provinces to Iraqi control depends on the capability of Iraq's newly trained police and army to maintain order against threats by Sunni insurgents and sectarian militias. During the handover ceremony, al-Maliki warned that "the terrorists" were bent on upsetting the process and destroying Iraq's national unity.

"They will spare no effort to destroy this step and ensure that no further steps are taken," al-Maliki said. "But, with solidarity and patience, you will cut off the hands that want to sabotage this region."

Iraqi forces marched in formation past the prime minister and other dignitaries at a stadium in Samawah, a city about 230 miles southeast of Baghdad. Local tribal leaders wearing traditional Arab headdresses and robes then approached the dignitaries' tent, waving rifles and chanting, "We are ready to die defending this soil."

"We were and are helping to build a strong peaceful democratic society in Iraq," Cooper said. "Today is an important step in that process."

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Only about 700 British and Australian troops were stationed in Muthanna, along with about 600 Japanese soldiers on a separate humanitarian mission. The Japanese troops are in the process of leaving the country, while the British and Australians will redeploy elsewhere in southern Iraq to stand in reserve in case the Iraqis need help with security.

Nevertheless, the handover marked a major step in the transformation of Iraq since the 2003 U.S.-led invasion and the collapse of Saddam Hussein's regime.

Coalition forces are expected to hand over responsibility soon in other quiet southern provinces. If all goes well, the U.S.-led coalition plans to transfer responsibility for the 17 other provinces by the end of next year.

U.S. and other international troops would then step back, allowing the Iraqis to run security while staying in reserve in case of a crisis. That would be followed by a third stage in which U.S. troops would leave Iraq.

National security adviser Mouwafak al-Rubaie said he was confident the Iraqis could meet the challenge in Muthanna, where he acknowledged the threat of violence was low.

"But with this particular province, I believe this is a huge step forward in Iraqis taking control of the fate of their country," al-Rubaie told CNN's "American Morning."

Gen. George Casey, the top American commander in Iraq, and U.S. Ambassador Zalmay Khalilzad welcomed the handover.

"The handover represents a milestone in the successful development of Iraq's capability to govern and protect itself as a sovereign and democratic nation," they said in a statement.

British Defense Secretary Des Browne said the move puts the Iraqis "one step nearer to assuming full responsibility for their own security and to building a stable and democratic future for their country."

Nevertheless, violence continued Thursday, although at a lower level than in recent days. At least 25 people were killed, mostly in Baghdad and surrounding provinces, police said,

A U.S. Army attack helicopter crashed Thursday during a combat patrol southwest of Baghdad but the two pilots survived, the U.S. command said. The statement did not say why the AH-64D Apache Longbow crashed or give a specific location.

Iraqi authorities said the helicopter was shot down near Youssifiyah, 12 miles southwest of Baghdad in an area where al-Qaida in Iraq and other insurgents operate. The Iraqis spoke on condition of anonymity because they are not authorized to talk to media.

The U.S. military announced that an American sailor was killed Wednesday in Anbar province west of the capital.

U.S. deaths have dropped sharply this month, with 11 American fatalities reported so far in July. The military said 62 Americans died in June and 69 in May.

But the decline in U.S. losses has been coupled with a sharp rise in sectarian violence in Baghdad and surrounding provinces targeting civilians from the Shiite and Sunni communities.

The ministers of defense and interior appeared before parliament Thursday to discuss the security crisis in Baghdad. Most of the session was closed for security reasons.

During the public part, Defense Minister Abdul-Qader al-Mifarji, a Sunni, acknowledged that security in the capital was worsening. He said Iraqi forces were trying their best to curb the unrest but "those extremists kill in a very swift way so that we cannot react quickly."

Coalition Forces Hand Over First Entire Province To Iraqis (USAT/AP)

USA Today, July 14, 2006

BAGHDAD — British and Australian forces handed over security responsibility for relatively peaceful Muthanna province to Iraqi forces on Thursday, the first such transfer of an entire province.

Prime Minister Nouri al-Maliki hailed it as a step toward the goal of full Iraqi responsibility for all 18 provinces by the end of next year. Al-Maliki's plan would pave the way for the eventual withdrawal of all U.S.-led coalition forces.

Still, at least 19 people were killed in attacks nationwide, illustrating the security challenge.

U.S. strategy is to have coalition forces hand over security for specific regions and redeploy to larger bases — where they can act in a support role.

Britain said its troops in Muthanna — a mainly Shiite desert province of 550,000 — were being redeployed within Iraq. Other developments:

·In Washington, the Bush administration said al-Maliki will visit the White House on July 25. Bush has praised the new prime minister for his commitment to advancing democracy and reform.

Also, Zalmay Khalilzad, the U.S. ambassador to Iraq, told a Senate Foreign Relations Committee hearing that Iraq's political process has put it “on the right trajectory.”

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But Sen. Joseph Biden of Delaware complained there was a lack of a coordinated plan to combat violence in Iraq and said Sunni Arab participation in the political process remains marginal. “If we do not meet these challenges, we risk trading a maniacal dictator for chaos,” said Biden, the committee's top Democrat.

·A U.S. Apache helicopter crashed southwest of Baghdad. Its two crewmembers survived and were taken to a medical facility for treatment. The cause of the crash is unknown, the U.S. military said.

·A U.S. sailor with the 9th Naval Construction Regiment died from enemy action in Anbar province on July 12, the U.S. military said.

·Iraq's parliament speaker Thursday accused “Jews” of financing acts of violence in Iraq in order to discredit Islamists who control the parliament and government.

Mahmoud al-Mashhadani hinted that Americans and Israelis did not want to see officials of Sunni and Shiite parties running the country because “this is not their agenda.”

Meanwhile, sectarian violence continued to escalate. A bicycle bomb struck the headquarters of a village council near Baqouba, 35 miles northeast of Baghdad. The bodies of four council members were found under the rubble.

In Baghdad, Shiite militiamen drove into the Ghazaliyah neighborhood and called on Sunnis to leave. The influential Sunni Association of Muslim Scholars later said “terrorist members of a sectarian militia” opened fire on their headquarters in the Umm al-Qura mosque.

Security Transfer Celebrated (WT)

By David R. Sands

The Washington Times, July 14, 2006

Iraq's new unity government celebrated a milestone yesterday, formally taking over control of security in the southern province of Muthanna from British-led forces -- the first region outside the Kurdish-dominated north to be handed over to full Iraqi control since 2003.

Prime Minister Nouri al-Maliki, who attended the turnover ceremony, called the transfer "a great national day that will be registered in the history of Iraq."

An international force of about 1,300 British, Australian and Japanese troops has been stationed in Muthanna, one of Iraq's 18 provinces. The Japanese are returning home, while the other contingents are being redeployed to other parts of southern Iraq.

Despite the transfer, U.S. Ambassador to Iraq Zalmay Khalilzad said at a Capitol Hill hearing yesterday that the U.S.-backed government in Baghdad has six months to curb sectarian violence or risk losing popular support both at home and in the United States.

Mr. Khalilzad told the Senate Foreign Relations Committee that the formation of Mr. al-Maliki's unity government, with representatives from Iraq's Shi'ite, Sunni and Kurdish populations, was "necessary but not sufficient" to contain the violent insurgency that began shortly after the U.S.-led invasion of 2003.

He said terrorists and insurgent groups increasingly have turned to religion-based violence to undermine the al-Maliki government.

"I think the government has six months to bring sectarian violence under control," Mr. Khalilzad said in response to questioning by Sen. Barack Obama, Illinois Democrat. "If it doesn't, if the people come to view that their government cannot deal with the violence, then we will have serious problems."

Mr. Khalilzad said Americans should remain "strategically optimistic" about Iraq's long-term prospects, despite skeptical questioning from both Democrats and Republicans on the Senate panel.

He said the decision of Sunni Arabs to end their boycott of the government in Baghdad amounted to a "tectonic shift" in the political landscape, finally putting the government on the "right trajectory" toward stability and defeating the insurgency.

But he acknowledged that sectarian violence had increased in Iraq in recent days, and that a highly touted security crackdown by Mr. al-Maliki in Baghdad had not made the capital safer. But Mr. Khalilzad resisted calls by Democratic lawmakers to set a timeline for the withdrawal of U.S. troops.

The American people "are impatient, and they are entitled to be impatient," the Afghan-born Mr. Khalilzad said. "They want to know that we are heading in the right direction, that we know what we're doing."

In Iraq yesterday, a string of car bombings and other attacks left at least 25 persons dead and nearly 50 wounded. U.S. military officials said an American sailor had been killed in action Wednesday in the restive Anbar province, while two U.S. crew members survived when their Apache helicopter crashed southwest of Baghdad.

Mr. al-Maliki will make his first trip to Washington since taking office in May to discuss the security situation, the White House announced yesterday.

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Democrats Challenge Assessment Of Iraq (AP-Y)

AP2, July 14, 2006

Senate Democrats, including several prospective presidential candidates, charged Thursday that the Bush administration's optimistic assessments on Iraq are not borne out by events on the ground.

Testifying for the administration at a Senate Foreign Relations Committee hearing, the U.S. ambassador to Iraq, Zalmay Khalizad, said the political progress that has been made in Iraq "has created opportunities and put Iraq on the right trajectory."

But Sen. Joseph Biden of Delaware complained there was a lack of a coordinated plan to combat violence in Iraq and said Sunni Arab participation in the political process remains marginal.

"If we do not meet these challenges, we risk trading a maniacal dictator for chaos," said Biden, the committee's ranking Democrat.

Sen. John Kerry, the defeated Democratic nominee for president in 2004, cited figures to show that violence in Iraq is up sharply since Saddam Hussein was forced from power in April 2003.

Kerry, D-Mass., said the violence is such that some Iraqis are saying the country is in a state of civil war.

Wisconsin's Sen. Russ Feingold, another prospective Democratic presidential candidate, said there is "no real clarity" as yet on when American forces in Iraq will come home.

Khalilzad acknowledged that serious problems exist but said that "a path exists to success in Iraq."

"The struggle for the future of Iraq is vital to the future of the world," he said. "If Iraqis work together against terrorism and sectarianism, and if Americans and other friends of Iraq support them, we will succeed."

Iraqi Prime Minister To Visit White House (AP-Y)

AP2, July 14, 2006

President Bush sneaked over to Baghdad to meet him last month. Now he plans to welcome Iraqi Prime Minister Nouri al-Maliki to the White House for the first time.

Al-Maliki will visit July 25, the White House announced Thursday as Bush visited Germany.

Bush has praised the new prime minister for his commitment to advancing democracy and reform. Al-Maliki has promised to crack down on militias and sectarian violence, promote national reconciliation, accelerate reconstruction efforts and restore essential services such as electricity.

Secretary of Defense Donald H. Rumsfeld visited there this week.

Tensions have arisen over allegations that U.S. soldiers raped and murdered an Iraqi teenager and killed her family. Al-Maliki has demanded an independent investigation into the case and a review of the agreement granting U.S. forces immunity from prosecution by Iraqi courts. Bush has vowed that if the charges are proved, those responsible will be punished.

Bush and al-Maliki first met on June 13, when the president showed up in Iraq unexpectedly. Al-Maliki had only five minutes notice that the president would talk to him in person, rather than on a videoconference as he expected. He told the prime minister that the United States is committed to helping the new democracy succeed.

Iraq's Helpless Government (NYT)

The New York Times, July 14, 2006

Once again, Iraqis fear their country may be slipping toward civil war as a particularly gruesome and deadly series of sectarian massacres and countermassacres spins out of control with the country's new national unity government looking on almost helplessly.

All the much-praised parceling out of cabinet posts among Shiites, Kurds and Sunnis is not worth very much unless it produces a government capable of holding Iraq together and yanking it back from the precipice.

Even by the bloody standards of Iraq, this has been a terrible week. On Sunday, Shiite militiamen invaded a Sunni neighborhood, herded Sunni men into side streets and executed them. Two days later, Sunni gunmen retaliated in kind by emptying a bus carrying a Shiite funeral party through a Sunni neighborhood and executing the mourners. More than 140 people in Baghdad alone were killed in such incidents in the first four days of this week.

This is scarcely what Americans were led to expect last month when President Bush flew to Baghdad to celebrate the completion of a national unity cabinet. The very day of that visit, Prime Minister Nuri Kamal al-Maliki announced a huge military drive that was supposed to secure Baghdad against such sectarian killings. And Mr. Maliki had earlier pledged to halt "sectarian cleansing" in Baghdad and eliminate nongovernmental militias and death squads.

Why were the tens of thousands of Iraqi and American troops who were mobilized for this operation so ineffective at stopping this week's organized mayhem? And why are sectarian militias still the ultimate power in Baghdad's residential neighborhoods?

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Nobody expected Iraq to turn into the peaceable kingdom overnight. But it is not too much to insist that this government live up to its own fine words. Instead, for the past few days Mr. Maliki has been almost as invisible as he has been ineffective.

As everyone from the White House to the streets of Baghdad now recognizes, the Maliki government probably represents Iraq's last chance to fulfill its people's hopes for a better, more secure life. Fearful Iraqis have every right to expect a more competent and reassuring performance than they have seen this week.

Iraq Politicians Seek Talks Between Sects (LAT)

By Borzou Daragahi

The Los Angeles Times, July 14, 2006

BAGHDAD — Iraqi lawmakers scrambled Thursday to maintain their relevancy, calling for a series of meetings between leaders of rival Shiite and Sunni Arab groups whose gunmen hold sway over the streets.

The elected officials want religious leaders of the main Sunni political groups and militiamen loyal to radical Shiite cleric Muqtada Sadr to settle their differences. Sadr's militia has been blamed for a series of revenge attacks against Sunni civilians, often after Sunni insurgent bombings of Shiite religious sites.

Lawmakers inside the heavily fortified Green Zone also held a closed session of parliament Thursday, grilling the defense and interior ministers, who said they were hamstrung by poor intelligence, inferior equipment and communication problems when trying to halt attacks such as the execution-style slayings Sunday of about three dozen Sunnis, allegedly by Shiite militiamen in the Jihad neighborhood here.

"By the time they coordinate with [U.S.] forces and start to react to an incident, the [assailants] have already vanished and moved to another place," Mahmoud Othman, a Kurdish member of parliament, told reporters after the closed session.

Defense and interior officials told lawmakers that a monthlong security effort to take control of the capital was in its first phase, consisting chiefly of increased checkpoints, lawmakers said after the session. Subsequent phases will include neighborhood raids and other offensive operations, the officials said.

The officials said they would reevaluate the jobs of ranking security officials who are deemed corrupt.

Sectarian and insurgent violence continued Thursday across the nation, with at least 28 Iraqis and a U.S. sailor reported killed.

In what has become almost a daily occurrence, gunmen at an illegal checkpoint ordered a group of seven Shiites out of their minibus on the southern outskirts of Baghdad, blindfolded them, walked them to a nearby riverbank and shot them through the back of the head at close range.

One victim was a 12-year-old boy.

A hospital official reported the discovery of at least four additional bodies in and around south and west Baghdad.

A suicide bombing outside a local government building northeast of Baghdad left six police officers dead, and gunmen killed a police colonel on the road between the capital and Baqubah, to the northeast.

Explosions killed seven Iraqis in the northern cities of Kirkuk and Mosul.

Four Shiite police officers were shot to death a day earlier while traveling through the volatile Dora district in southern Baghdad, authorities said Thursday.

The Iraqi Islamic Party, the main Sunni political bloc, issued a statement saying that "well-known militias," a reference to Sadr's Al Mahdi army, had taken over the last two Sunni mosques in the capital's mostly Shiite neighborhood of Sadr City and booted the clerics out of their homes.

Sadr's movement has been accused by U.S. and Iraqi officials of fueling the violence in Iraq. Before going into the closed session, the defense minister told lawmakers it was wrong to blame the country's problems on militias.

"We have to deal with [the security situation] politically more than militarily," said Gen. Abdul-Qader Mohammed Jassim Mifarji. "There are extremists on both sides."

Sadr's father and uncle, both ayatollahs based in Najaf, were executed by Saddam Hussein's Sunni-dominated government. Hussein's security forces killed tens of thousands of Shiites in the south after a failed 1991 uprising just after the Persian Gulf War, resulting in a sectarian rift that has yet to heal.

Lawmakers called on the religious and political leaders among Sunnis and Sadr's followers to discuss their differences.

"I think it will help soothe tensions," parliament speaker Mahmoud Mashadani told reporters. "Without transparency we can't reconcile with each other."

Elsewhere in Iraq, two U.S. pilots walked away unhurt from the crash Thursday afternoon of an AH-64D Apache Longbow helicopter south of the capital, the military said. The pilots were rescued within 10 minutes by a passing U.S. helicopter.

The slain sailor, assigned to the 9th Naval Construction Regiment, "died due to enemy action while operating in Al Anbar province" Wednesday, according to a news release.

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On Thursday, U.S. and Iraqi officials formally handed over the peaceful and sparsely populated Shiite-dominated Muthanna province to the authority of Iraqi forces, in what the U.S. Embassy called "progress toward self-governance."

The U.S. said it would contribute $10 million to improve the quality of life for the population of 550,000, where contingents of British, Australian and Japanese troops have been stationed.

"You should be proud that the history of Iraq will register that the first step to hand over security happened in your city," Prime Minister Nouri Maliki told residents of Samawah, the provincial capital, according to a translation of his remarks.

The Iraqi army also took over security duties in the religiously mixed Turkmen city of Tall Afar, in Nineveh province to the north.

Cost Of Iraq War $291 Billion So Far (LAT/AP)

By From The Associated Press

The Los Angeles Times, July 14, 2006

WASHINGTON — The war in Iraq has cost $291 billion so far and would total almost half a trillion dollars even if all U.S. troops were withdrawn by the end of 2009, according to a Congressional Budget Office analysis released Thursday.

The nonpartisan CBO analysis comes after congressional debate over whether to set goals or timetables for U.S. troops to withdraw from Iraq. Congress declined to set a timetable, but the Pentagon hopes to start drawing down forces by the end of the year.

The CBO study estimated future appropriations based on two scenarios provided by Rep. John Spratt Jr. (D-S.C.), who commissioned the report.

The more optimistic scenario is based on the U.S. maintaining troop levels in Iraq at 140,000 through next year, but quickly dropping them thereafter and pulling out most of them by the end of 2009. Under this schedule, the Iraq war would cost an additional $184 billion for the 2007-2010 budget years.

Under a more pessimistic scenario, with a slower drawdown of troops and a continued U.S. presence of 40,000 over the long term, the Iraq war would cost $406 billion over the next decade, the CBO said.

Costs far exceed early estimates. Former White House economic advisor Lawrence Lindsey initially predicted that the war could cost $100 billion to $200 billion. Other administration officials dismissed the figure as too high, and Lindsey was fired.

Big Bang Theory In Ruins (WP)

By E. J. Dionne Jr.

The Washington Post, July 14, 2006

The most intellectually honest case for the war in Iraq was never about Saddam Hussein's alleged stockpiling of weapons of mass destruction. It was the Big Bang Theory.

Not to be confused with theories about the origins of the universe, the Middle East Big Bang idea was simple and seductive. Unlike other arguments for the war, it was based on some facts, though also on some wishful thinking. The point was that the Middle East was a mess. A nest of authoritarian regimes bred opposition movements rebelling against the conditions under which too many people lived and energized by a radical Islamist ideology. Some of them turned to terror. In this bog of failure, moderate Muslims were powerless. They were frequently jailed or killed.

The situation's hopelessness argued for a hard shove from the United States to create a new dynamic. Installing a democratic government in Iraq would force a new dawn. Newly empowered Muslim democrats would reform their societies, negotiate peace with Israel and get on with the business of building prosperous, middle-class societies.

It was a beautiful dream, and even when the administration was asserting things that turned out not to be true, it held the dream out there for all to contemplate.

Consider Vice President Cheney's address before the Veterans of Foreign Wars on Aug. 26, 2002, one of the earliest major public arguments the administration made for war. The lead of the news stories was Cheney's claim that there was "no doubt" that Saddam Hussein had weapons of mass destruction and was prepared to use them. "The risks of inaction are far greater than the risk of action," Cheney declared.

But then there was the delightful promise of what American success in Iraq could achieve. "Extremists in the region would have to rethink their strategy of jihad," Cheney said. "Moderates throughout the region would take heart, and our ability to advance the Israeli-Palestinian peace process would be enhanced."

Today, with Israeli troops battling on their northern and southern borders, with Iran ignoring calls for negotiations on nuclear weapons, with Baghdad in flames and with many of Iraq's moderates living in fear, those Cheney sentences stand as the most telling indictment of the administration's failures.

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If Israelis and Palestinians were closer to peace, if Iraqi democracy showed signs of stability -- these might justify a war fought in part on the basis of false premises.

But when the Big Bang happened, the wreckage left behind took the form of reduced American influence, American armed forces stretched to their limit and a Middle East more dangerously unstable than it was at the beginning of 2003. Whether one ascribes these troubles to the flawed implementation of the Big Bang Theory or to the theory itself, what matters now is how to limit and, if possible, undo some of the damage.

That is what the American debate should be about, but those in charge of Republican campaigns this year have another idea. They have hit upon the brilliant strategy of pushing any serious discussion of the failure of American foreign policy past Election Day. For the next 3 1/2 months, they want the choice before the voters to be binary: staying the course and being "tough," or breaking with President Bush's policy and being "soft." There are just two options on the ballot, they say: firmness or "cut and run."

If I were a Republican strategist, I'd probably do the same thing. But Democrats (and, yes, the media) risk playing into Republican hands if they fail to force a discussion of the administration's larger failures or let the debate focus narrowly on exactly what date we should set for getting out of Iraq.

The case for reducing our commitment to Iraq in the interest of other and larger foreign policy purposes -- has anyone noticed the growing mess in Afghanistan? -- is built on a compelling proposition: that the administration made a huge bet on Iraq and it lost. American voters can decide to keep the gamble going, to risk more lives and money, and hope that something turns up. Or they can decide that this gamble will never deliver the winnings that those who took it on our behalf promised.

By late November of this year, the United States will have been at war in Iraq for as long as we were involved in World War II. Under those circumstances, the burden of proof should not be on those who argue for changing what we're doing. It should be on those who set a failed policy in motion and keep promising, despite the evidence, that it will somehow pay off if only we "stay the course."

For Accused G.I., Iraq Only Added To His Woes (NYT)

By Jim Dwyer And Robert F. Worth

The New York Times, July 14, 2006

On the last day of January 2005, Steven D. Green, the former Army private accused of raping a 14-year-old Iraqi girl and murdering her family, sat in a Texas jail on alcohol-possession charges, an unemployed 19-year-old high school dropout who had just racked up his third misdemeanor conviction.

Days later, Mr. Green enlisted in a soldier-strapped Army, and was later assigned to a star-crossed unit to serve on an especially murderous patch of earth.

He arrived at the very moment that the Army was increasing by nearly half the rate at which it granted what it calls “moral waivers” to potential recruits. The change opened the ranks to more people like Mr. Green, those with minor criminal records and weak educational backgrounds. In Mr. Green’s case, his problems were emerging by junior high school, say people who knew him then.

Mr. Green’s Army waiver allowed a troubled young man into the heart of a war that bore little resemblance to its original declared purposes, but which continued to need thousands of fresh recruits.

Now, there is shame and rage in the Army — from the ranks of the enlisted to the officer corps — over the crimes attributed to Mr. Green, who was discharged in April on psychiatric grounds, and four other soldiers charged with a rape and four killings in March in Mahmudiya, a town about 20 miles south of Baghdad. A sixth soldier was charged with failing to report the matter after learning about it.

Mr. Green’s commanding officer, Lt. Col. Thomas Kunk, told his brother in a recent letter that “his worst fears, the nightmare every commander dreams of, has basically come true,’’ the brother, Peter Kunk, said in an interview describing the letter.

“The three or four people have apparently been involved in a situation that reflects so badly on the Army and all the people in these brigades and companies,” Mr. Kunk said.

In early 2005, a few weeks after enlisting, Private Green immersed himself in a baptismal pool in the back of an Army chapel in Fort Benning, Ga., one of hundreds of young recruits who embraced religion as they faced certain violence.

By year’s end, Private Green, then 20, was patrolling streets in one of the most bloodily contested corridors of Iraq, the so-called “triangle of death” south of Baghdad where thousands had died in sectarian violence since 2003. He served with Bravo Company, First Battalion, 502nd Infantry, part of the Army’s 101st Division.

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In a photograph released by the Army on Dec. 9, Private Green can be seen laden with gear and aiming a weapon at a lock at an abandoned house. One of his sergeants, Ken Casica, was quoted on the subject of house searches in a news release that accompanied the picture.

The next day, Sergeant Casica and Sgt. Travis Nelson, also of Bravo Company, were shot dead at a checkpoint. Less than two weeks later, two more members of the company were killed by a roadside bomb.

Steven Green lasted only another four months in the Army, but it was a grim, violent and chaotic stretch. Seventeen battalion members were killed, two of them mutilated after being kidnapped; of those killed, eight belonged to Mr. Green's Bravo Company of about 110 soldiers.

Even the modest quarters taken over the Bravo Company, an abandoned potato warehouse, burned to the ground in an accidental fire, destroying letters, video players, and the small personal tokens the soldiers had slipped into their war gear.

Mr. Kunk, the brother of the commanding officer of the battalion, said that Colonel Kunk had regarded this deployment as the most brutal stretch of his 22 years in the service.

"This is the toughest tour of duty he has ever had," Mr. Kunk said. "You can tell by his letters. It has taken a terrible toll on him and his men. We're heartsick about it. There's been so many deaths, loss of limbs, injuries."

Born May 2, 1985, Steven Dale Green spent some of his earliest years in Midland, Tex., in the western part of the state. His parents, John Green and Roxanne Simolke, divorced while he was a child, and Mr. Green moved with his mother to Seabrook, southeast of Houston on the Gulf Coast. She married Daniel Carr when Steven was around 8.

Willy Godfrey, a classmate of Mr. Green at Seabrook Intermediate School, remembered when Mr. Green moved into the area for sixth grade in 1997.

"He was always, like, in trouble, doing something in school," said Mr. Godfrey, 21, an emergency medical technician. "He was always getting into a fight or saying something mean to a teacher. Something weird. It was just out of place. Gradewise and stuff, I don't know if he did good or bad. But he did not mix well with other people. He was basically mad, or something like that."

Lisa Godfrey, Mr. Godfrey's mother, said she had worked with Mr. Green's mother at Seabrook Classic Cafe and they had spoken often about their boys. His mother had trouble with Steven, Ms. Godfrey, 46, said.

"He was disruptive in his house," she said. "I don't know if he killed small cats or anything, but that's the kind of kid he was. His mom had a lot of issues."

Another schoolmate, Danielle Mundine, said Mr. Green used drugs at an unusually young age for Seabrook. "I think he did drugs and drink in junior high school," Ms. Mundine, 19, said. "He did have some friends."

In 2000, Mr. Green's mother spent six months in jail on a drunken-driving conviction, records show. Around that time, Mr. Green returned to Midland, where his father still lived. There, he attended Viola M. Coleman High School, which offers courses for students who have difficulty with regular academic programs. He dropped out by 2002, around the 10th grade, but received a graduate equivalency diploma in 2003 from Midland Community College.

Mr. Green was convicted in October 2001 of possession of drug paraphernalia and fined $350. Five months later, he was charged as a minor in possession of tobacco, and was fined $300, according to records in Midland Municipal Court. On Jan. 31, 2005, he was arrested and charged as a minor in possession of alcohol, and again was fined $350. This time, he did not pay the fine, but served jail time.

"He laid off the fine in jail," Sheriff Gary Painter of Midland County said. Mr. Green did not volunteer to work in the kitchen or at other jobs, which would have shortened his stay, Sheriff Painter said. He served four days.

The jail records hint at some complications in his family life. Mr. Green did not list either parent as a contact, but listed a man in Denver City, Tex., about 80 miles away. Sheriff Painter said he was not permitted to release the name of the contact. But Mr. Green had lived in Denver City with Daniel Carr, his former stepfather, who was estranged from Mr. Green's mother.

In Denver City, B. J. Carr, the father of Daniel Carr, said Mr. Green had lived there with his son, who works in oil fields in Oklahoma.

The Army has released little information about its review of Mr. Green's background before he joined the service.

The share of Army recruits who received "moral waivers" for criminal records increased last year and through the first half of 2006 by 15 percent from 10 percent or 11 percent before the war, according to statistics released this week. (According to the Pentagon, the number of waivers in 2001 totaled 7,640. The figure increased to 11,018 in 2005, and for the first six months of this fiscal year totaled 5,636.)

Asked how the Green situation might apply to someone who tried to enlist today, Douglas Smith, a spokesman for the Army Recruiting Command at Fort Knox, Ky., said it was not possible to apply the Army's standards to a hypothetical case.

"A waiver is based on the actuality of the person, the totality of their life, the information we have on them — what have been their shortcomings, what have they done in their life to overcome a previous minor mistake," Mr. Smith said.

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On March 13, two months afte he was released from the Midland jail, Mr. Green was one of eight soldiers baptized during a Church of Christ service at Fort Benning.

"You hold that weapon for the first time, a lot of guys are holding weapons for the first time in their lives, and you know this M-16 is meant for engaging the enemy," said Jason Garber, 19, who was baptized that day but did not complete training. "You wonder, if I do die, where am I going to go?"

A year later almost to the day, a federal criminal complaint says, Mr. Green and the four other soldiers charged in the case drank alcohol, changed into black clothes and then raided the home of a husband and wife and their two daughters.

Mr. Green, the complaint charges, went into a room and killed the parents and the younger daughter. Then, it says, he and a second soldier sexually assaulted the 14-year-old, shot her and tried to burn her body.

Korean Guilty In Oil-for-food Scam (WT/AP)

The Washington Times, July 14, 2006

NEW YORK (AP) -- A South Korean businessman accused of being an Iraqi agent and trying to influence the United Nations' oil-for-food program was found guilty yesterday of conspiracy.

Tongsun Park, 71, arrested last year, was the first to go on trial in the criminal case stemming from a scandal involving the U.N., Iraq and a group of purported conspirators who included Saddam Hussein.

Park could face more than a dozen years in prison for his role in the decadelong conspiracy. U.S. District Judge Denny Chin set sentencing for Oct. 26.

Park's lawyer, Michael Kim, said Park was "very disappointed" but hopeful that Judge Chin might reverse the verdict and conclude during post-trial motions that there was not enough evidence to convict him.

Assistant U.S. Attorney Stephen Miller told jurors Park had arranged to receive millions of dollars in cash to influence top U.N. officials, including former U.N. Secretary-General Boutros Boutros-Ghali.

"We're not talking about France or Mexico here," Mr. Miller said. "Saddam Hussein's government was an international pariah."

An independent panel concluded last year that Iraq had a scheme to bribe Mr. Boutros-Ghali but found no evidence the secretary-general was aware of the plot or received the money.

Mr. Miller said Park provided the conspiracy with high-level connections within the U.N. while Samir A. Vincent, an Iraqi-American, kept in touch with Iraqi leaders, all in a bid to get the sanctions lifted and receive a big payday from the Iraqi government.

The conspiracy purportedly stretched from 1992 until 2002.

Mr. Kim had argued that Park was not an Iraqi agent and did not think he was violating U.S. laws by acting as a middleman in an effort to help the oil-for-food program supply food and medicine to suffering Iraqis.

The program from 1996 to 2003 permitted the Iraqi government to sell oil primarily to buy humanitarian goods. It was designed to help Iraqis cope with U.N. sanctions, but authorities said the program was corrupted because Saddam was allowed to choose the buyers of Iraqi oil and the sellers of humanitarian goods.

The trial included no references to Park's role in the 1970s in the influence-peddling scandal known as Koreagate.

In that scandal, Park was accused of helping intelligence services in his native South Korea funnel bribes and favors to U.S. politicians. He was granted immunity in exchange for his cooperation with prosecutors. He testified that he doled out $850,000 in bribes.

DOJ:

Senate Ups Money For NASA, Crime Fighting (AP-Y)

By Andrew Taylor

AP2, July 14, 2006

The Senate Appropriations Committee on Thursday cut into President Bush's budget by $2.4 billion as it approved budget increases for NASA and for crime-fighting grants to state and local governments.

Senators approved $1 billion, which Bush did not request, to pay back NASA for about half of the cost of returning the Columbia space shuttle to flight. The committee also rejected Bush's plan to virtually eliminate about $1.3 billion in grants to state and local governments.

Winning unanimous bipartisan approval was a $52.2 billion bill that covers the departments of Justice and Commerce in addition to the National Aeronautics and Space Administration.

The add-ons probably will draw a White House veto threat and the bill is unlikely to make it to the floor for debate before Election Day in November. Senate GOP leaders have made it plain that they want to save contentious debates on spending for a postelection lame duck session or even next year.

The additional NASA money would bring the agency's budget to $17.8 billion and would go toward research, aeronautics and exploration programs and other NASA accounts tapped for funds to finance the shuttle's return to flight. The July 4 launch of Discovery marked NASA's second shuttle flight since the since the Columbia was destroyed in 2003.

The shuttle-related money was deemed emergency spending by the panel, which means it is exempt from budget limits. That drew protests from fiscal conservatives such as Sen. Pete Domenici, R-N.M., who said it hardly was an emergency since the shuttle has already launched.

"To call it an emergency is just a very big stretch," Domenici said.

There's widespread support, however, for restoring Bush's proposed cuts in grants to local police departments and other anti-crime programs. The bill also roughly doubled Bush's request for grants to help states and local government combat the methamphetamine scourge.

Senators endorsed Bush's plan to double spending for basic research programs in the physical sciences over the next 10 years and improve training and recruitment of math and science teachers.

DHS, DOJ Update National Info Exchange Model (FCW)

By Michael Arnone

Federal Computer Week, July 14, 2006

The Homeland Security and Justice departments issued a beta version of their National Information Exchange Model (NIEM) June 30, DOJ officials announced today.

NIEM allows federal, state, local and tribal law governments to share information through common standards, DOJ officials said in a statement.

DHS and DOJ participated in creating the standard, along with law enforcement, public safety, emergency and disaster management, and intelligence partners, according to the statement. Private-sector partners also participated.

NIEM currently has seven domains: justice, intelligence, immigration, emergency management, international trade, infrastructure protection and information assurance. It defines a core set of Extensible Markup Language schema terminology and builds on the Global Justice XML Data Model and the Federal Enterprise Architecture Data Reference Model.

The beta release shows significant progress toward improving information sharing according to the president's homeland security strategy, said Charlie Armstrong, deputy CIO at DHS, in the statement.

NIEM will improve information-sharing across agencies, Justice's CIO, Vance Hitch, said in the statement. The standard will help major DOJ IT programs including the Litigation Case Management System and Sentinel, the FBI's comprehensive data-management system.

The official release of NIEM 1.0 is scheduled for October, according to the statement.

CORPORATE SCANDALS:

3 British Bankers Extradited To Texas On Enron-related Charges (FWST)

By Kristen Hays

The Fort Worth Star-Telegram, July 14, 2006

HOUSTON - Three British bankers were extradited to Texas on Thursday to face Enron Corp.-related charges filed more than four years ago in a case that sparked a political storm over a treaty used to bring them across the Atlantic Ocean.

The trio arrived Thursday afternoon, in custody of U.S. marshals, and were transported to a federal detention center in downtown Houston to await their first appearance in court Friday.

Their years-long extradition battle ended earlier this year when they lost the last of a string of appeals. The trio, former executives at Greenwich NatWest, a unit of Royal Bank of Scotland Group PLC, became a cause celebre in Britain because of the controversial legislation used to pursue their extradition.

David Bermingham, Gary Mulgrew and Giles Darby are accused of colluding with former Enron Chief Financial Officer Andrew Fastow in a secret financial scam to enrich themselves at their employers' expense. They have consistently denied any wrongdoing.

They were initially charged in June 2002, just a few months into the Justice Department's sweeping investigation of Enron's December 2001 collapse.

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That probe reached its summit in May when a jury convicted company founder Kenneth Lay and former CEO Jeffrey Skilling of perpetuating fraud through lies to investors and employees about the failed energy giant's financial health. Lay died last week of heart disease, but Skilling faces decades in prison and is to be sentenced Oct. 23.

Enron, once the nation's seventh-largest company, crumbled into bankruptcy proceedings amid revelations of convoluted finances that hid debt and inflated profits.

Fastow, the architect of myriad fraudulent schemes at Enron, was the government's most high-profile witness against Lay and Skilling. The initial charges filed against the bankers alerted Fastow and his minions that they were in the government's crosshairs by noting their involvement in the alleged scam.

Fastow's former top aide, Michael Kopper, cut a plea deal in August 2002. Fastow was indicted in October that year, and pleaded guilty in January 2004 to two counts of conspiracy. If the bankers go to trial, Fastow and Kopper could testify against them.

The bankers have fought extradition since their April 2004 arrest in London. Their case has garnered heavy interest in Britain, with the BBC broadcasting their plane's takeoff live from London after they surrendered. But in the United States, it's a loose end in the investigation.

Both the House of Lords and the House of Commons mounted symbolic debates this week before the three men's departure to protest Britain's compliance with a 2003 extradition treaty that has not been ratified by the U.S. Senate. Several legislators lambasted Prime Minister Tony Blair's government and the American failure to ratify the treaty.

Blair has repeatedly defended the agreement.

"We've been let down by our government," Bermingham said shortly before he boarded the plane for Texas.

On Friday, U.S. Magistrate Stephen Smith in Houston is likely to consider whether to grant bail that would allow the bankers to return to Britain to await trial.

Court records showed that Mulgrew had retained Reid Figel, a Washington, D.C., attorney, who didn't return calls for comment. It wasn't clear who would represent Bermingham and Darby.

The men are each charged with seven counts of wire fraud and face a maximum of 35 years in prison if convicted.

Their extradition came a day after a banker who gave evidence to U.S. authorities investigating the case was found dead. The Royal Bank of Scotland identified the dead man as Neil Coulbeck, 53, and said he had no role in approving the transaction at the heart of the U.S. case.

The FBI said Thursday that Coulbeck was one of hundreds of individuals interviewed as part of the investigation into Enron corporate fraud.

"Mr. Coulbeck was considered a witness in the investigation and the interview that took place was voluntary," the FBI said in a statement issued in Washington, D.C. "He was not considered a suspect in the investigation."

U.K. Bankers Extradited Over Enron Charges Arrive In Houston (BLOOM)

By Megan Murphy

Bloomberg, July 14, 2006

July 13 (Bloomberg) -- Three British bankers facing Enron Corp.-related fraud charges arrived in the U.S. to stand trial after an unsuccessful three-year fight to avoid extradition.

David Bermingham, Giles Darby and Gary Mulgrew, former executives of Royal Bank of Scotland Group Plc's Greenwich NatWest unit, arrived at George Bush Intercontinental Airport this afternoon, said Marlene McClinton, a spokeswoman for the Houston facility. They were taken off the plan by federal officials before other passengers disembarked, she said.

Before departing from the U.K., the men criticized the government of Prime Minister Tony Blair for failing to uphold the rights of British citizens by allowing the extradition. They are scheduled to appear at a bail hearing in federal court tomorrow.

``It's a sad day," Bermingham told reporters today outside a police station in Croydon, south London, where he, Darby and Mulgrew gathered before leaving. ``You got let down today by your government. Get them out."

The three bankers are accused by U.S. prosecutors of bilking their former employer out of millions of dollars from the sale of an Enron partnership. They were extradited over protests by prominent business executives and opposition politicians, who say Britain's ``fast-track" extradition arrangements with the U.S. are one-sided and fail to protect U.K. citizens.

The men argued that as British citizens, accused of defrauding a British bank, any prosecution against them should have been brought in the U.K.

``All they've ever asked is to be treated in accordance with U.K. laws," Mark Spragg, the men's lawyer, said today outside the police station. ``What on Earth it's got to do with America, we just don't know."

Bermingham, Darby and Mulgrew departed on a commercial air flight at 9:38 a.m. London time.

Group Treasury

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The three men's case has been further clouded by the discovery of a body that police say is likely to be that of Neil Coulbeck, a former Royal Bank of Scotland banker who might have given evidence about the Enron fraud. Coulbeck, 53, was reported missing July 6 and a body was found near his home in east London yesterday, according to the Metropolitan Police, speaking on the usual condition of anonymity.

Coulbeck, the former head of group treasury at Royal Bank of Scotland, left the lender in 2004. He had provided a short statement to the Federal Bureau of Investigation about his role at the bank in connection with the bankers' extradition, Bermingham said yesterday.

The body will be formally identified today, according to the police.

Bermingham, dressed in jeans and carrying a small blue duffel bag, told reporters today that reports of Coulbeck's death had put his own case in perspective.

`A Man Died'

``A man died yesterday," the former banker said. ``I'll be coming home someday, but he won't. Let's get some perspective."

He also said he was still ``optimistic" that he and the two others would get bail at the hearing tomorrow in Houston, scheduled for 2 p.m. local time.

The three men arrived this morning in Croydon in separate cars. Darby and Mulgrew were taken into the police station through a back entrance and didn't speak with reporters. They were taken to Gatwick airport in a white police van, escorted by U.S. marshals.

Bermingham's wife, Emma, said she felt ``sad to be British" while leaving the police station. ``I think these guys have been totally let down," she said.

The three bankers were charged with seven counts of wire fraud in 2002 for allegedly pocketing around $2 million each by duping Greenwich NatWest over the value of an Enron partnership known as Swap Sub. They deny any wrongdoing over the transaction.

Fastow, Kopper

Former Enron executives Andrew Fastow and Michael Kopper, who received $12.3 million from the same deal, have admitted involvement in the Swap Sub partnership and are cooperating with U.S. prosecutors.

Spragg today told reporters that it was looking ``extremely unlikely" the men would be allowed to return to Britain after posting bail, as they had hoped.

The three men, who have 10 children between them, say they may spend as long as two years in a U.S. prison awaiting trial if they aren't allowed back to the U.K. Preparing their defense from Texas, when nearly all of the case documentation is in London, would likely bankrupt the three men, Spragg said.

Spragg also said that he was ``putting pressure" on Britain's Serious Fraud Office to retrieve any documents related to the case from the Royal Bank of Scotland.

Conditional Bail

Blair yesterday told lawmakers in the House of Commons that he had received assurances that U.S. prosecutors will not oppose bail for the three men as long a ``appropriate conditions" were in place.

Under Britain's fast-track extradition process, implemented in 2004, the U.S. was added to a group of countries that no longer have to produce ``prima facie" evidence of a crime when seeking the extradition of U.K. suspects.

Critics say the arrangements are lopsided because the U.S. government has yet to ratify the treaty prescribing the new fast- track rules. The U.K. government must still show ``probable cause" that an offence has been committed when requesting the extradition of a U.S. citizen.

Blair's government has consistently defended the legislation, saying that it has modernized the extradition process and sets forth ``broadly similar" evidentiary requirements.

Extradited British Bankers Arrive In US For Enron-related Case (AFP)

AFP, July 14, 2006

HOUSTON, United States (AFP) - Three former British bankers arrived in Houston, Texas to stand trial on Enron-related fraud charges after a waging a long court battle in Britain against their extradition.

They left behind them a furor over the bilateral treaty -- originally intended for terrorism suspects -- by which they were extradited, and the mysterious death of a fellow banker in London.

David Bermingham, Giles Darby and Gary Mulgrew, the so-called "NatWest Three", arrived in Texas on a Continental airlines flight from London escorted by US marshals.

Hours before they had bid an emotional farewell to their families amid a media circus, as their departure was covered live by British all-news television channels.

They are due to appear in court on Friday and hope to be released on bail.

"This is a very sad day," their lawyer Mark Spragg said in London. "They have said goodbye to their families and they have no idea when they are going to come back."

Their extradition under the US-British treaty followed a protracted but unsuccessful struggle by the trio in British courts to overturn the order.

It also came just one day after a memorial service in Texas for Enron founder and chief executive Kenneth Lay, who died of a heart attack not long after he himself was convicted of fraud and conspiracy.

Bermingham, Mulgrew and Darby are accused by the US Justice Department of pocketing millions of dollars after advising NatWest -- now a unit of the Royal Bank of Scotland -- to dispose of an obscure Enron-related offshore company for less than it was worth.

The trio and their supporters, including top British business executives, argue they should be tried in Britain, as it is alleged the fraud took place in Britain, against a British bank.

The story took a tragic twist Wednesday, just as parliament was debating the extradition, when it emerged that the body of another NatWest banker had been discovered the day before in an east London park.

Neil Coulbeck, 53, was reportedly questioned by the US Federal Bureau of Investigation (FBI) about the "NatWest Three" case.

Police said detectives were keeping an "open mind" about Coulbeck's death.

Bermingham earlier Thursday expressed veiled anger at Prime Minister Tony Blair's government for refusing to block the extradition.

"It is a very sad day because, most of you are British, and you got let down today by your own government," he said, adding that he was "hopeful" he and his colleagues would get bail.

Under the fast-track extradition treaty, which grew out of the September 11 attacks in 2001, the United States is not obliged to present prima facie evidence to British authorities to back up an extradition request.

Blair's government has come under intense political pressure, stoked by backers of the "Natwest Three", over the treaty because it has not been ratified by the US Congress.

However, the British government has dispatched a justice minister, Baroness Patricia Scotland, to Washington to lobby Congress to ratify the treaty.

"She will want to discuss the fact that the United States hasn't ratified that extradition treaty three years after it was signed," said Paul Johnston, a spokesman at the British Embassy in Washington.

"Obviously the case of the three (bankers) themselves is an individual case for the US authorities, but it really is the general issue of the United States non-ratification of the extradition treaty that she is here to discuss," he said.

Scotland met several US senators Wednesday and is due to meet US Attorney General Alberto Gonzales Friday to press home the British concerns.

Thousands of people in the United States lost their jobs and life savings when Enron collapsed in late 2001 with an estimated 40 billion dollars in debt, hidden through financial deals and often kept off the books of the Houston-based energy trading group.

It is not the first time the "Natwest Three" have visited Houston, as the US government alleges they traveled to the city in 2000 to meet with former Enron chief financial officer Andrew Fastow to plan their alleged scam.

This time round, however, their reception is likely to be very different.

British Trio Touches Down (HC)

By Tom Fowler

Houston Chronicle, July 14, 2006

Ex-bankers to appear today before judge in Enron case

Three former British bankers charged with defrauding their bank via an Enron-related scheme are scheduled to appear before a Houston magistrate judge this afternoon where they are likely to enter not-guilty pleas and ask for release on bond.

The NatWest Three — a name given the trio by the British press for their former employer, National Westminster Bank — flew nonstop from London's Gatwick airport to Houston on Thursday under escort of U.S. marshals. They were taken downtown to the Federal Detention Center, a place they may have to call home for some time unless attorneys can persuade a judge to let them free on bond.

Dan Cogdell, a Houston attorney representing David Bermingham, said he has met with prosecutors from the Enron Task Force and is hopeful that "the general parameters of bond have been agreed to in principle."

"There are a few items on which we may have to agree to disagree, but my specific goal is to have Mr. Bermingham leave the federal building at the same time I do," Cogdell said.

U.S. attorneys for the other men did not return calls. Prosecutors declined comment.

The case against the three bankers has been somewhat of an afterthought in the broader Enron drama. They were among the first to be charged, back in June 2002, and were largely seen as stepping stones to get at key Enron executives, namely former Enron Chief Financial Officer Andrew Fastow and his right-hand man, Michael Kopper.

They were accused of colluding with Fastow and Kopper to sell NatWest's stake in an Enron partnership for much less than it was worth. The three were investors in the entity that bought the stake, which was later sold to another party, reaping profits of up to $12 million for the Enron executives and a combined $7.3 million for the bankers.

"The government had just started working its way up the ladder back then and had hoped that these three would have been quick flips, would have agreed to work with the government to help reach Kopper and Fastow," said Philip Hilder, a Houston attorney who represents Sherron Watkins, a former Enron vice president.

But Kopper and then Fastow agreed to cooperate with prosecutors first, making the bankers more or less irrelevant.

"And now, unfortunately for the bankers, Mr. Kopper and Mr. Fastow could be star witnesses against them," Hilder said.

Wrongdoing deniedBermingham and his colleagues, Gary Mulgrew and Giles Darby, have consistently denied any wrongdoing. They pointed out in interviews that neither NatWest nor British finance regulators have sought charges against them.

America's ambivalence is a stark contrast to Britain's fascination with the case.

Since 2004, the men have been fighting tooth and nail against extradition to the U.S. The treaty used to bring them here has sparked outrage because it lowers the criteria for proof officials need to show to extradite criminal suspects from one country to the other.

The treaty, which was created post-Sept. 11, has been ratified by British Parliament but not by Congress, leading many to call it an example of the U.S. taking advantage of a close ally's goodwill.

Detention center conditionsFor weeks media reports have detailed the legal battle in England. Of particular interest to many newspapers and broadcasters have been accounts of Draconian conditions in Houston's detention center. A recent London Sunday Telegraph article was typical:

"They will find little comfort in the cages they will share with porn kings and drug traffickers," the article said. "There is no furniture but for a sheetless bed and a seatless lavatory."

The controversy reached a climax this week in England when both houses of Parliament debated the extradition and Prime Minister Tony Blair defended his position to not block the move.

BBC broadcast the takeoff of the ex-bankers' plane from London live on Thursday. At least one news outlet had a reporter on the plane, while more than a dozen reporters from the U.K. descended on Houston.

The trio's flight landed in Houston on Thursday at 1:39 p.m., according to Continental Airlines. They were expected to come straight to the detention center at Texas Avenue and San Jacinto where more than a dozen reporters waited, taking shelter during intermittent rain.

At about 3:15 p.m., the van carrying the men drove by the detention center but was rear-ended by a car following it. Part of the car's front bumper fell off, but neither driver got out. The van continued to the Federal Courthouse a few blocks away, where the men were escorted inside through a back entrance.

Blue jeans and shacklesAll three wore blue jeans, collared shirts without ties, and shackles around their ankles and wrists. It's not clear why they went to the courthouse, but after a few minutes they were escorted back out and taken to the detention center.

Getting the men out of jail before the weekend may be a challenge.

Confirming dataPretrial services, an independent arm of the courts that evaluates a defendant's background to make recommendations for terms of a bond, must file a report before the men can be released. This often includes confirming data about their personal and professional background.

"Pretrial services will have its work cut out for them to get it done by day's end Friday," Hilder said. "There are a lot of checks and balances that need to be completed, a lot of paper work before they can make sure they're not a flight risk."

Among possible scenarios are that the men could be set free on bond but have their passports confiscated and be required to stay in Houston or elsewhere in the United States under electronic surveillance.

NatWest Three Land In US And Prepare To Meet Their Accusers (TIMES)

By James Doran In Houston, Steve Bird And Tom Baldwin

The Times, July 14, 2006

THE NatWest Three were led into an American court in shackles last night before being led away to spend at least one night in a Texas jail.

After a ten-hour journey on a Continental Airlines jet, David Bermingham, Gary Mulgrew and Giles Darby were handed over to American law enforcement officials in Houston, Texas, amid claim and counter-claim of human rights abuses.

The former bankers are due to appear in court again today aftr last night's processing formalities to discover whether they will be granted bail or whether they face months in custody pending their trial.

The men are charged with conspiring with executives of the collapsed American energy giant Enron to cheat NatWest, their former employer, out of £11 million. They all deny the charges.

The men face a wait of up to two years before the complex fraud case is likely to come to trial, a daunting prospect if they are remanded in custody. If they are eventually found guilty they could be jailed for more than 20 years.

After losing a bitter and lengthy battle to persuade the British Government to block their extradition and have the trial held in Britain, the men were taken to Gatwick to board Flight CO35 to Houston yesterday morning.

Shackled to US air marshals, the three were ushered on to the Boeing 777 aircraft before any other passengers and seated at the back. They wore grim expressions throughout the ten-hour flight and talked little to each other or the guards that sat beside them.

Despite the length of the flight, the extradited men — who were not handcuffed or shackled in the customary fashion — did not listen to music or watch any in-flight movies, although one was seen dipping into a book. One of the federal marshals, however, played on a video game from time to time.

Dressed in jeans and casual shirts, the men were spared the shame of being forced to wear orange jumpsuits in which federal prisoners are generally dressed. Midway through the flight they were served a meal of chicken or beef.

Upon their arrival at George Bush Intercontinental airport in Houston, the three were forced to take a "walk of shame" down the aircraft aisle accompanied by the six marshals while the other passengers were ordered to stay in their seats. They were taken on to the tarmac where a Houston police car was waiting.

It is understood that the three passed through US immigration in a separate area from other passengers.

Legal experts in Houston told The Times that the three would have been taken directly from the airport to the federal detention centre in central Houston, where they would be fingerprinted, photographed, strip-searched and assigned to a small cell for the night. Once taken to a cell they would discover whether they were lucky enough to have one of the few private "rooms" in the detention centre. Such a cell is barely big enough to contain the single bed and lavatory that each man will use.

More likely they will be in a similarly sized cell for two people, with a sliding barred door, a bunk bed, lavatory and sink. There will be no murderers or rapists in their federal facility but the majority of inmates will be awaiting trial for drug trafficking, human trafficking or pornography-related crimes.

The three will be confined to their cells for 23 hours a day but will be allowed out for an hour of exercise under close supervision. Speaking in Washington, Baroness Scotland of Asthal yesterday accused lawyers for the three of confusing the issue surrounding the fast-track extradition process introduced three years ago.

Lady Scotland accused the lawyers of a "frenzy of misinformation" that had mangled the extradition.

With Hands And Feet In Chains, They Are Led Into US Court (DAILYTEL)

By Christopher Hope

The Daily Telegraph, July 14, 2006

The full might of the American criminal justice system was unleashed on the NatWest Three last night as soon as their plane hit the Texas tarmac.

Flanked by burly US marshals, Giles Darby, Gary Mulgrew and David Bermingham were shackled in heavy metal ankle chains, handcuffed and rushed to the courthouse in Houston to be fingerprinted and strip-searched.

Giles Darby and Gary Mulgrew arrive at Croydon police station

Once they were kitted out in green jumpsuits, they were taken to a federal detention centre outside Houston.

They were initially supposed to be taken to their cells in the Houston Federal Detention Centre, a huge white hulk of a building in the centre of the city. A US marshal said the change of venue was due to excessive media attention.

There they were placed in two-man wire cage cells next to drug traffickers. The cells were bare except for a bed without sheets and a seatless lavatory. They will be in total lockdown for 23 out of 24 hours, with little space for exercise in the prison's small recreation ground.

"The food will be basic prison food, and the regime will be tough," said Douglas McNabb, a leading Houston lawyer who has appeared as an expert witness in the case.

The three had had an early start to the day when they said goodbye to their families before meeting up at Croydon police station, south London, at 6am.

Mr Darby had hoped to sneak out of his house near Bath without waking his wife and children. But his wife Deborah heard him preparing to leave before dawn. "We had a huge hug," she said. "There was nothing left we could say to each other."

Mrs Darby said her husband had found it most difficult to say goodbye to the couple's young daughters Ellenor, 10, and Katie, eight. "I have not seen Elle cry as much as she did last night," she said. "It broke her heart."

There were similarly emotional scenes in the Bermingham household.

Mr Bermingham's wife Emma said her three children were "upset, obviously". She had "no idea" when she would see her husband again.

"It is a sad day to be British," she added. "We were hoping all along that somebody would take this to court in England. All they have ever wanted is to have their case heard in this country. They have been denied that right."

Mr Mulgrew, 44, was the first to arrive at the police station, just before the appointed time of 6am, and was driven through gates to the back of the police station.

Minutes later, Mr Bermingham, 44, arrived with his wife. He said he had been "absolutely bowled over" by the support he had received. "We have had messages from people we have never met.

"It is a very sad day because most of you are British and you got let down by your own Government," he said.

Mr Darby, 44, was the last to arrive, at 6.20am, and was driven round to the back of the station.

After the three men were searched, their possessions were logged by officers at the station and the trio was taken in a white police van with blacked-out windows on to the runway at Gatwick airport.

They were led on to the aircraft by six US marshals before everyone else on the scheduled flight and sat at the back, away from the other passengers.

Mark Spragg, the solicitor for the three men, was with them in the police station.

He said: "It is a very sad day. The men were as cheerful as they can be and were resigned to their fate."

The chances of the three men being granted bail to return to Britain was "extremely unlikely". He said: "At the moment they will have to put all of their property and money on the line just to get bail in Houston.

"The Government has made no contact with me at all. Tony Blair's spokesman said he would do everything he could to ensure they got bail to return to the UK. But so far we have seen no evidence of that."

Mr Bermingham, Mr Darby and Mr Mulgrew are charged with defrauding National Westminster Bank of £4 million.

Houston, We Have Three Bankers (GUARD)

By Esther Addley

The Guardian, July 14, 2006

Of all the obstacles that the NatWest Three will need to overcome in their attempt to clear their names, it was by no means clear yesterday morning that the first - a frenzied scramble of photographers, reporters and TV cameras - would be the easiest to navigate. "Come on guys, come on guys," David Bermingham, one of the trio, pleaded weakly to the scrum as he and his wife Emma attempted to cover the short distance from a friend's car to the door of Croydon police station, where the men had been required to present themselves at 6am.

Article continues

The guys were having none of it, however, treading on toes and clambering on bollards for a better view. After a few minutes Mr Bermingham, having fought his way to the steps of the station, turned and addressed the mob in tones that left little doubt about how he felt about his very imminent extradition. "It's a very sad day. Sad for you guys because I guess most of you are British and you have been let down by your government. Get them out."

A fortnight ago the case of three multimillionaire bankers accused of amassing further multimillions in a complicated fraud against their employers, the Royal Bank of Scotland subsidiary Greenwich NatWest (GNW), was a relatively obscure financial story relegated to most papers' business pages. But such has been the building interest in their case - thanks to a well-organised PR campaign, a number of high-profile supporters and an unconventional march by businessmen through central London - that one news organisation yesterday even chartered a helicopter to record their last seconds on British soil.

In the absence of other developments, the 9.38am takeoff of Continental flight CO35 from Gatwick to Houston George Bush International was screened again and again.

The question of how long the three - Mr Bermingham, Gary Mulgrew and Giles Darby - will be required to stay in Texas will be addressed by a Houston bail hearing today. Tony Blair this week raised hopes that they would be granted bail, but the bankers' lawyer, Mark Spragg, said yesterday that he thought it was "extremely unlikely" bail conditions, even if offered, would allow them to return to Britain before their trial, as they have requested.

As well as raising bonds of six or seven figures, it is likely the men will have to surrender the deeds to their respective mansions in order to win release even to the Houston area.

While the men were saying their goodbyes, police continued to search the home of their former colleague, Neil Coulbeck, who was found dead following an apparent suicide this week. He had been interviewed by the FBI in connection with the case but it is not clear that it was a factor in his death. "We got screwed, but there's real tragedy in the world," Mr Bermingham told reporters yesterday. "A man died yesterday. I'm coming home one day, he's not. Let's get a sense of perspective."

The case against the three men centres on $7.3m they are accused of defrauding from GNW in 2000, when they allegedly sold a NatWest subsidiary for a fraction of its worth, each pocketing a chunky windfall when it was bought for rather more than the original sale price a few months later.

The fact that the buyer was the scandal-hit US energy giant Enron, however, may have been what brought the full fury of the US courts down on their heads. American juries have not proved sympathetic to those found guilty in the scandal; they may face more than 20 years in prison without parole if found guilty.

The gathering fury of the Commons and the Lords this week, meanwhile, has been directed at the treaty under which the men were extradited. Because the American Senate has not ratified the Extradition Act 2003, the requirement that the US need no longer establish a prima facie case when requesting the extradition of a Briton does not apply in the opposite direction, angering opposition MPs. Tony Blair has insisted that the present circumstances do not mean that the arrangment is non-reciprocal.

Ten hours after taking off - Mr Bermingham revealed he would be passing the time reading Sebastian Faulks' novel Human Traces - the jet delivering the unhappy three landed on the scorching hot tarmac of Houston's George Bush Intercontinental airport where they were met by another media scrum.

At least on arrival the men did not have to waste time at the luggage carousel - thanks to the green, prison-issue uniforms their new hosts will provide, they were advised that however long their stay, each would need only a single change of clothing.

NatWest 3 Flown To Uncertain Fate In Texas (INDEP)

By Cahal Milmo And Julia Kollewe

The Independent, July 14, 2006

It was the fate the "NatWest Three" spent nearly three years trying to avoid. Shortly after dawn yesterday they arrived at a police station, emptied their pockets and surrendered to the US Department of Justice.

The British former bankers, accused of making £1.4m each from a fraud involving the collapsed American energy giant Enron, will appear in a Houston courtroom today after a 10-hour flight across the Atlantic and a night in the cells.

They will learn this afternoon whether an American judge will grant them bail, the conditions of which, their lawyers said, werelikely to require them to remain in the US for up to two years while their case goes to trial.

The hearing at the Houston Federal District Court will be the culmination of a tumultuous 36 hours for David Bermingham, 43, and Giles Darby and Gary Mulgrew, both 44. Yesterday, in front of the massed media, the men travelled to a police station in Croydon, south London, from their large rural homes after bidding farewell to the 10 young children they have between them.

Mr Darby and Mr Mulgrew avoided the cameras by using a rear entrance shortly after 6am. But Mr Bermingham, a former Army officer who arrived with his wife, Emma, 39, pulled up at the front entrance to once more criticise the Government for the fast-track extradition procedure. He said: "It's a very sad day because most of you are British and you got let down today by your own Government."

Once inside the station the men were searched, made to empty their pockets, and had their possessions logged. They were then handed over to US federal marshals and driven in a van to Gatwickto board Continental Airlines flight CO35 to George Bush International Airport in Houston. Their lawyer, Mark Spragg, said: "They were resigned to their fate. They think it's terribly unfair. They are preparing for a very difficult road."

The three men were first on and first off the flight, but gone were the business class seats they would have occupied on their way to Houston in 2000 to allegedly negotiate the deal with senior Enron executives which netted the three Britons $7.3m. They were seated in the central bank of seats, one behind the other, taking up the back three rows of the aeroplane. They sat boxed in by officers from the US Marshal Service. Giles Darby and Gary Mulgrew were flanked by male officers. David Birmingham, who has been the most vocal, was flanked by two female officers. The marshals dressed casually and one played computer games. But the NatWest three sat grimfaced. None of the were handcuffed at any point during the flight, which touched down at 1.40pm local time. The three, carrying small rucksacks, were met by law enforcement officers. "They looked terrible," said one passenger. "They made no eye contact."

The trio were then taken into downtown Houston to the Federal Detention Centre, where they stayed ahead of their hearing today. A sign in the reception warned of a terrorist threat in the US. It said: "National threat level yellow [elevated]. Have a great

day." Their bail hearing is scheduled for 2pm local time (8pm BST). Mr Bermingham said yesterday he was "very optimistic" that he and his two former colleagues at Greenwich NatWest would be granted conditional bail. Tony Blair said yesterday that he had received assurances that American prosecutors would not oppose them.

Representatives of the men said they had been told by American lawyers that it would be very unlikely they would be allowed to return to Britain on bail. Their lawyer said the conditions likely to be imposed, including a $1m (£540,000) bail bond and the deeds of their homes as security, would be financially ruinous and make it difficult for them to receive a fair trial. They would be unable to work in America to while they incur additional legal bills of $2m (£1.1m) including air fares to bring defence witnesses from Britain. It is understood one witnesses would have been Neil Coulbeck, 53, the former NatWest colleague found on Tuesday after he apparently took his life in a London park.

The trio are accused of conspiring with Enron executives, including the head of finance, Andrew Fastow, currently serving a 10-year jail term, to complete a $20m (£11m) fraud by selling NatWest's stake in a debt vehicle for $1m (£540,000). Prosecutors say this was far less than its worth and the fraud was completed when the three men bought it back at a profit of $7.3m (£3.95m). The Britons all deny any wrongdoing.

The extradition last night brought disquiet from British business. The CBI warned that the 2003 Extradition Act was putting at risk Britain's position as a leading business centre.

Heat Turned Up For NatWest Three (BBC)

By John Kay, BBC News, Houston

BBC News, July 14, 2006

The former NatWest executives have been extradited to the USA Houston is hot. Almost unbearably so. Close to 100F, it's a sticky, humid heat - which will make the lives of the NatWest Three even more uncomfortable.

David Bermingham, Giles Darby and Gary Mulgrew flew into the city's George Bush Intercontinental Airport on Thursday afternoon local time, to face the heat - after fighting their extradition for two years.

It was a regular commercial flight, but, instead of sitting in first class, the wealthy bankers were forced to sit at the rear of the plane - separated from the rest of the passengers by a team of US Marshals sent to accompany them to Texas.

Several British journalists spent the 10-hour flight trying to get past the officials, to snatch a shot of the three, but anyone with a camera was warned by the marshalls to stay away.

Dirty word

Once they'd touched down in Texas, the men were taken by an escorted prison van to the downtown area of Houston - speeding past the giant sky-scrapers where the Enron company was once based.

Enron is now a dirty word in this town.

Banker David Bermingham and his ex-colleagues are accused of fraud

See the trio

The huge energy firm collapsed in December 2001 - owing billions of dollars and putting thousands of local people out of work. Mr Bermingham, Mr Darby and Mr Mulgrew are accused of being minor players in the huge fraud that took place within Enron HQ.

The men were expected to be taken straight to Houston's Federal Courthouse to be finger-printed and photographed, so that's where the pale British paparazzi were waiting, covering their sun-burnt bald-spots with newspaper as they tried to get a glimpse.

But this was fast becoming a game of cat-and-mouse. The prison van only stayed for a few seconds - before it sped off to another location.

Cameramen who normally spend their working lives focussing their lenses on Hollywood stars were now chasing City bankers accused of fraud.

If the NatWest Three have become minor celebrities in the UK, they are pretty much unknown in the US. So far the American media has given the story little attention.

Bemused passers-by, who remember the huge Enron corruption trials of last year here, shrug with disinterest when they hear about this pending case.

Either way, the NatWest Three had better get used to the heat

The American authorities are being secretive about exactly where the men are spending the night. They know that the extradition row means many in Britain are watching closely to see how the men are treated here, so the Three might be spared a night in Houston's Downtown Detention Center where they may have been forced to share a cell with violent offenders.

But they are known to be in custody - probably dressed in the green boiler-suit uniforms that are worn by all those facing trial.

Later on Friday David Bermingham, Giles Darby and Gary Mulgrew will be back in court. They will ask the judge to release them on bail.

Last week they told the BBC that they expected to be detained in custody here for many months, pending a full trial.

It now seems more likely that they will be released by the court, although they will almost certainly have to stay in Texas.

The trial could happen this autumn, but it may take longer for the case to be prepared.

Either way, the NatWest Three had better get used to the heat.

NatWest Three Set For Bail Bid As Storm Over Extradition To US Intensifies (SCOTSMAN)

By Gerri Peev Alex Massie

The Scotsman, July 14, 2006

THE NatWest Three were due to apply for bail today after spending last night in a Texas prison cell as the political storm over their extradition to the United States refused to subside.

Bankers Gary Mulgrew, the son of Labour MSP Trish Godman, David Bermingham and Giles Darby were separated and flanked by US marshals on the trans-Atlantic flight early yesterday morning after the British government refused to intervene in the case.

The men were banned from talking to each other or the press. Before his departure from Gatwick airport yesterday, Mr Bermingham said he had been let down by the government.

The row intensified after Baroness Scotland, a Home Office minister, flew to Washington in an effort to urge Senators to ratify the 2003 extradition treaty at the centre of the controversy, which critics claim is skewed in favour of the US.

She also accused the bankers of mounting a highly skilled PR campaign to win over the public. She said the government's opponents were guilty of "political posturing" while the press had "distorted" the facts of the case.

The men hope to be granted bail today, although if their application is refused they could face up to two years in detention until their case goes to trial.

Mark Spragg, the men's lawyer, said he did not believe the three former bankers would get a fair trial because they would struggle to get witnesses to travel from the UK. He added:

They would definitely get a fair fight in England."

The controversy took a dramatic turn on Monday when the body of Neil Coulbeck, a former executive at the Royal Bank of Scotland was discovered in a park in East London. Mr Coulbeck had been interviewed by the FBI in relation to the case and friends said he described the experience as "traumatising".

It was alleged yesterday that his evidence could have helped the NatWest Three, who stand accused of an £11 million fraud connected to the collapse of Enron. Mr Coulbeck had left a suicide note for his wife when he disappeared last Thursday.

It emerged yesterday he had attempted suicide days before, but on the first occasion he was apparently disturbed by his wife at home. On 6 July, he left the house saying that he was going for a walk. His wife found a suicide note several hours later in which he described how he loved her and apologised for what he was about to do.

A friend of the family said: "She knew he would not be coming back and she told the police why. He had been put through the wringer by the FBI and he was in a very fragile emotional state. The family are extremely angry with the way the FBI dealt with things. They feel he was put under unbearable pressure."

In Washington, Baroness Scotland admitted that coverage of the accused bankers' public relations campaign had damaged the "special relationship" between the United States and the United Kingdom.

The bankers, she said, have "done one of the best PR jobs I have ever seen" helped by what she described as "a frenzy of misunderstanding and distortion".

Her visit, she said, was an "opportunity to explain the anger and concern that has been expressed in the UK" as well as a chance for the government to hear a "better explanation" for the delay in ratifying the treaty signed three years ago.

The Irish-American lobby has expressed concerns that updating the extradition arrangements between the two countries could make it easier for the UK to extradite Irish terrorist suspects. The minister dismissed those concerns out of hand. "That's another dead duck" she said, noting that there were no outstanding warrants to extradite anyone for trial on terrorism charges pertaining to Northern Ireland.

Baroness Scotland held meetings with Alberto Gonzales, the US attorney general, and White House officials, as well as with Bill Frist, the Senate majority leader, and five other senators.

Other senators, including John Kerry and Connecticut's Chris Dodd, who have helped delay the treaty's ratification, declined the opportunity to meet the minister.

DOJ_NMG_0040896

Baroness Scotland said she would use the fact that as pro-American a politician as Lady Thatcher had voted with the majority in the House of Lords to suspend the treaty pending US ratification as a way of demonstrating the depth of feeling in Britain over the matter. "If that doesn't concentrate minds I don't know what will," she said.

Family Await Post Mortem Results On Suicide Banker (DAILYTEL)

By Duncan Gardham

The Daily Telegraph, July 14, 2006

The family of a former National Westminster banker were waiting last night for the results of a post mortem examination to tell them how he committed suicide.

Neil Coulbeck, 53, was said to have had no history of depression but had come under increasing stress in the past few days.

The FBI confirmed that it had interviewed him in connection with the case of Gary Mulgrew, Giles Darby, and David Bermingham.

It is understood that Mr Coulbeck had made a previous attempt to take his life last week.

He later disappeared from his home in Woodford Green, east London, last Thursday.

His body was found in nearby woods five days later. He had left a suicide note for his wife, Susan, and sons Christopher, 27, and 25-year-old Ralph.

The FBI issued a statement saying that it had spoken to Mr Coulbeck four years ago as part of the Enron investigation but that he was not a suspect.

Cause Of Banker's Death Still Not Clear (INDEP)

By Cahal Milmo And Terri Judd

The Independent, July 14, 2006

Detectives investigating the death of a NatWest banker, who was to be called as a defence witness in the trial of the NatWest Three, yesterday searched a recycling bin near his home for documents linked to the case. The body of Neil Coulbeck, 53, was found in parkland close to his home in Woodford Green, east London, on Tuesday morning.

Scotland Yard said last night that an initial post-mortem examination of his body, which may have lain undiscovered for five days, had proved inconclusive, and the results of toxicology tests were being awaited.

Liberty said it was "troubled" by a claim from friends of Mr Coulbeck that he had been "hounded" by FBI investigators pursuing the NatWest Three. But the FBI last night took the unusual step of announcing that it had only interviewed him once, and had not considered him a suspect.

The apparent suicide of the former NatWest senior executive came just 24 hours before his three former colleagues were extradited to America.

Dead Executive 'not A Suspect' (TIMES)

By Steve Bird

The Times, July 14, 2006

A FORMER banking executive who was due to give evidence at the trial of the NatWest Three killed himself by cutting his throat, police sources said.

Last night officers were searching a recycling centre in Chigwell, Essex, close to Neil Coulbeck's home, to see if he had disposed of any documents linked to the Enron fraud investigation. Mr Coulbeck's body was found on Tuesday in parkland. The 53-year-old former Royal Bank of Scotland executive was identified yesterday after a post-mortem examination. Police were still awaiting the result of toxicology tests.

Officers believe that Mr Coulbeck, a father of two, committed suicide. He went missing five days before his body was found. It is understood that he had made an earlier attempt on his life. Supporters of David Bermingham, Gary Mulgrew and Giles Darby have claimed that Mr Coulbeck was put under immense pressure when questioned by FBI investigators. But the FBI said that Mr Coulbeck had been considered a witness, not a suspect.

He was interviewed last month in his solicitor's office as part of the Enron investigation.

Silicon Valley Option Grants To Be Probed By Task Force (MERCN)

By Therese Poletti

The San Jose Mercury News, July 14, 2006

The top federal prosecutor in Northern Calfornia Thursday unveiled a task force to focus on on investigating stock options practices by companies in Silicon Valley, the most high-profile federal action yet in the widening controversy over stock options.

U.S. Attorney Kevin Ryan said that the group will investigate whether companies or their executives committed intentional fraud by backdating stock option grants. The task force is made up of 11 members and growing, including federal attorneys and FBI agents. It will look at whether or not executives retroactively changed the grant dates of stock options with the intent to mislead or defraud shareholders.

Because of the number of companies in Silicon Valley being investigated by the Securities and Exchange Commission for their stock options granting practices, Ryan said it was appropriate for his office to focus special attention on the issue.

``We are unique here for many reasons," Ryan said. ``In this particular area we have a unique environment in which if there is criminal conduct and if it is widespread then this may be a place that you might find it because of those dynamics."

The U.S. Attorney's office will be joined in the investigation by several special agents of the Federal Bureau of Investigation in Northern California.

The task force will be headed up by U.S. Attorney Eumi Choi.

None of the attorneys at a press conference at the U.S. Attorney's office in San Francisco would confirm any investigations into specific companies, only that they were ``investigating several companies." They would not confirm any allegations or impending charges of criminal activity related to stock options backdating.

``We want to make sure we are not ignoring a problem in our own backyard," Ryan said.

Feds Ramp Up Silicon Valley Stock Option Probe (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News.com, July 14, 2006

FBI, prosecutors form task force to look into backdating of stock options, which is illegal in some circumstances.

The FBI and federal prosecutors in San Francisco said Wednesday that they are escalating their investigation into possibly illegal stock option backdating by area companies.

U.S. Attorney Kevin Ryan announced that a new eight-person task force will try to determine whether Northern California companies retroactively changed the grant date of stock options with intent to defraud investors. It appears to be the only such task force in the nation.

"We will evaluate the facts of each case, and we will bring criminal charges when appropriate," Ryan said.

Allegations about stock option backdating, while not necessarily illegal, have ensnared dozens of companies and drawn the attention of securities regulators and plaintiffs' lawyers.

Stock option backdating

Some Bay Area companies have announced that they've been contacted by the U.S. Attorney's office in northern California. Typically the contact comes in the form of a grand jury subpoena. They include:

During a conference call with reporters, Ryan declined to say which companies are being targeted. At least 15 companies, though, have publicly said they have received grand jury subpoenas from Ryan's office (see related chart).

Ryan also said that the investigation would look into whether executives engaged in "spring-loading," the practice of awarding stock options before a positive announcement expected to boost share prices.

"Then you have both insider trading and you have an accounting issue," Ryan said. "An old-fashioned cooking-the-books fraud."

Stock options give the recipient the right to buy a share of a company's stock at a price called the strike price, the value of the stock on a certain date. If the strike price is $10 and the shares now trade at $15, each option would be worth $5. (The options would be worthless if the stock fell below $10.)

If an executive is able to change the grant date retroactively to when the stock was trading at a lower price, the options would become more lucrative.

That's precisely what federal investigators are looking into. Some academic research has suggested that many companies have engaged in the practice--which could be a securities fraud violation if the disclosures accompanying stock option grants were intentionally misleading. Tax laws could also be triggered because of different rates for deducting different types of stock options.

Erik Lie, a finance professor at the University of Iowa's business school, has evaluated thousands of option grants and found that for many companies, it was statistically improbable for them not to have been backdated. Lie estimates that at least 10 percent of option grants to chief executives between 1996 and August 2002 were backdated.

Lie said in an interview on Thursday that three company features contribute to backdating. "Small firms tend to do it more than large firms," he said. "Firms with higher stock price volatility tend to do it more than others. Tech firms tend to do it more than others."

Some technology companies including Apple Computer and CA (formerly Computer Associates International) have announced internal investigations of stock option grants. CNET Networks, the publisher of News.com, said in a statement this week that its own investigation is ongoing and it expects to restate earnings for 2003, 2004, and 2005.

Feds Launch Bay Area Stock-options Task Force (SANJOBIZ)

Silicon Valley/San Jose Business Journal, July 14, 2006

U.S. Attorney Kevin V. Ryan said Thursday his office and the FBI have joined to form a local stock options backdating task force.

The task force will investigate allegations of companies and individuals in the Bay Area who retroactively changed the grant dates of stock options with the intent to defraud, and Ryan's office said "several Bay Area companies" are currently being probed "to determine the extent of the intent to mislead or defraud shareholders in the dating and awarding of stock option grants."

Ryan's office has already issued subpoenas to at least a dozen companies, according to SEC filings.

Chairing the task force is First Assistant U.S. Attorney Eumi Choi. Also participating are Assistant U.S. Attorney Haywood Gilliam, chief of the Securities Fraud Section; Assistant U.S. Attorney Michael Wang, chief of the White Collar Section; and Assistant U.S. Attorney Christopher Steskal.

Also on the task force are FBI Acting Special Agent in Charge Arthur Balizan, FBI Assistant Special Agent in Charge David Johnson, FBI Supervisory Special Agent Tamara Neiman, FBI Supervisory Special Agent Barbara J. Sullivan.

Balizan said the FBI "has a duty to the investing public to examine whether companies, both in the past and present, are violating securities laws. Illegally backdating options give the company insiders an unfair advantage over the investing public and contributes to shareholders' lack of trust in those executives who are running these companies."

Task Force Will Investigate Silicon Valley Stock Options (AP)

By Dan Goodin, THE ASSOCIATED PRESS

AP, July 14, 2006

SAN JOSE, CALIF. — Northern California's top federal prosecutor said Thursday that he has set up a task force to look into whether companies based in Silicon Valley committed crimes by improperly issuing employee stock options.

The task force, formed by U.S. Attorney Kevin Ryan in San Francisco, is investigating "several companies," Ryan said at a press conference. He wouldn't identify which companies are under investigation or give details.

Setting up the task force, made up of four assistant U.S. attorneys and an undisclosed number of FBI agents, comes as more than 65 companies have said in recent days that they are under investigation for retroactively changing the date stock options were granted. About two dozen of those companies are located in Northern California.

Cnet Networks Inc., KLA-Tencor Corp. and Mercury Interactive Corp. are among the companies in Ryan's district that have disclosed that their stock option practices are under investigation by the Securities and Exchange Commission or the Justice Department.

While those two agencies often look for instances in which civil laws were broken, Ryan's office will be looking for violations of criminal laws.

Ryan said the need for criminal oversight is especially important in Silicon Valley, where initial public offerings and rapidly rising technology stocks regularly turn college dropouts into overnight billionaires.

Stock options are a common form of employee compensation designed to align the interests of workers with those of shareholders. They give people the right to buy shares at a set price at a future date, typically one to four years after the options were issued. They can represent a windfall if the stock price rises in coming years.

Federal investigators are looking into a practice known as backdating, in which company insiders pin the grant date of options to a low point in their stock price. Because the options become more valuable as the price of shares rises above the exercise price, backdating to a low point fattens the recipient's profit.

The practice can run afoul of federal laws governing accounting and taxes if the benefits aren't properly reported.

Prosecutor Forms Task Force To Probe Stock-Option Grants (WSJ)

By John Hechinger

The Wall Street Journal, July 14, 2006

DOJ_NMG_0040899

The U.S. attorney for the Northern District of California launched a task force focused on stock-options backdating by companies, ratcheting up the government's probes of possible manipulation of a form of executive pay.

At a news conference yesterday, U.S. Attorney Kevin Ryan, whose office is based in San Francisco, said alleged backdating is an issue that "needs to be investigated aggressively." Mr. Ryan said possible charges could include securities fraud, mail fraud, wire fraud and violations of tax laws.

MORE ON OPTIONS

· Options Scorecard: Companies under scrutiny1

· Perfect Payday: Complete coverage2

Federal prosecutors around the country and the Securities and Exchange Commission are investigating more than 50 companies because executives received options grants at low prices just before steep jumps in company share prices. Investigators suspect companies may have backdated, or otherwise changed, the timing of options to make them more lucrative. An option gives its holder the right to buy shares at an exercise price -- typically the market value of a company's stock on the date of the award. Any subsequent rise in the share price allows the option holder to cash in the option and pocket the difference between the exercise and market prices.

Mr. Ryan's office covers Silicon Valley, the epicenter of the technology industry, which has long used stock options as a way to lure executives and other employees with the promise of big paydays. His office already has issued subpoenas to more than a dozen companies, according to SEC filings. These firms include KLA-Tencor Corp., a semiconductor-equipment manufacturer; Web-site operator CNET Networks Inc.; and Altera Corp., a chip maker.

The task force will include a dozen prosecutors and federal agents.

In a statement, Mr. Ryan said he would investigate "whether individuals and companies may have deliberately backdated stock options with the intent to defraud," adding, "It is integral to the public trust in our financial markets that books and records are maintained honestly, and that the true financial condition of public companies is disclosed accurately."

Backdating could "constitute fraud on the company, shareholders, and the market, and may give rise to tax violations," he added. "We will evaluate the facts of each case, and we will bring criminal charges when appropriate."

Federal prosecutors in New York, Massachusetts and elsewhere also are conducting criminal stock-option-timing investigations, while the SEC focuses on potential civil violations.

U.S. Attorney Launches Task Force On Stock Options (MRKTWTCH)

By Katherine Hunt, MarketWatch

MarketWatch, July 14, 2006

SAN FRANCISCO (MarketWatch) - The U.S. Attorney for Northern California said late Thursday he has formed a local task force to investigate allegations that companies and individuals in the Bay Area retroactively changed the grant dates of stock options with the intent to defraud or mislead shareholders.

"Falsification or backdating of financial documents may call the integrity of companies' financial statements into question, can constitute fraud on the company, shareholders, and the market, and may give rise to tax violations," said U.S. Attorney Kevin Ryan in a statement. "We will evaluate the facts of each case, and we will bring criminal charges when appropriate."

A number of companies have announced they are looking into their past stock option practices. The Justice Department and the Securities and Exchange Commission have launched investigations into some of the companies.

The task force will include four members of the U.S. Attorney's Office and four supervisory agents of the Federal Bureau of Investigation, along with several special agents assigned throughout the Bay Area, the U.S. Attorney said.

"Illegally backdating options give the company insiders an unfair advantage over the investing public and contributes to shareholders' lack of trust in those executives who are running these companies," said Arthur Balizan, special agent in charge, in a statement.

The San Francisco-based U.S. Attorney's Offices is one of two in the country with a standalone securities fraud section. Katherine Hunt is a reporter for MarketWatch in San Francisco.

CRIMINAL LAW:

Justice Dept. Pushes On In Jefferson Case (AP)

AP, July 14, 2006

WASHINGTON (AP) - The Justice Department on Thursday opposed further delays in the bribery investigation of Rep. William Jefferson, saying the agency should be allowed to review documents seized in a search of the congressman's office.

On Monday, Chief U.S. District Judge Thomas F. Hogan rejected requests from Jefferson and fellow lawmakers seeking the return of the material from the May raid on Capitol Hill. Jefferson, D-La., is now seeking to delay the judge's ruling while he appeals.

Hogan dismissed arguments by Jefferson and a bipartisan group of House leaders that the raid violated the Constitution's protections against intimidation of elected officials.

At issue is whether a review of the seized documents can begin by an FBI "filter team" unconnected to the prosecution team looking into the bribery allegations. Jefferson says no one in the executive branch of government should examine the documents until the question of returning the material to Jefferson is resolved on appeal.

Attorney General Alberto Gonzales has directed that any review of documents by the filter team not begin for two weeks to allow Hogan to consider Jefferson's arguments for a delay pending an appeal.

In a 14-page court filing, the department said the public has a substantial stake in knowing promptly whether Jefferson accepted bribes and paid bribes to high-ranking foreign officials.

For 16 months, investigators have been looking into whether the congressman promoted the sale of telecommunications equipment and services in exchange for stock and cash.

Even a swift review of the case by an appeals court would likely take months to resolve, the department said.

Feds Oppose Jefferson's Request (BRADV)

By Gerard Shields, Advocate Washington Bureau

Baton Rouge Advocate, July 14, 2006

Government against granting stay in material seized in FBI raid

WASHINGTON — The federal government filed its opposition Thursday to the request by U.S. Rep. William Jefferson, D-New Orleans, to keep material seized in an FBI raid of his office sealed.

The Justice Department said that granting a stay to a recent order of a federal judge to give the material to the government would delay what they called a "very serious" investigation.

"A stay would run contrary to the interests of the congressman's constituents and the public at large, who have a substantial stake in prompt determination about whether one of their elected representatives accepted bribes — and also paid out bribes to high-ranking foreign officials — in exchange for personal gain," Justice Department attorneys wrote in their request to deny Jefferson's motion to return the seized material.

President Bush has ordered computer files and two boxes of documents taken during the May 20 raid of Jefferson's office to be sealed for a 45-day "cooling off" period after Jefferson and U.S. House of Representatives leaders called the search unconstitutional.

But on Monday, U.S. District Judge Thomas Hogan ruled the raid was legal, saying that no lawmaker is above the law. Hogan ordered the material immediately returned to federal agents. Jefferson's attorney quickly filed a stay of the order.

Judy Smith, a Jefferson attorney, said the defense team expected the government's opposition to their motion. "The pleadings speak for themselves," she said.

Federal authorities allege that Jefferson requested hundreds of thousands of dollars in cash and stock for himself and his family in return for arranging communications deals with African nations in the first half of this decade.

Two of Jefferson's former associates have pleaded guilty to bribing him or aiding in a bribe. Federal officials say they have Jefferson on audiotape and videotape accepting a $100,000 bribe, $90,000 of which was found in the freezer of his Washington, D.C., home.

Jefferson has not been charged with a crime and he has repeatedly denied any wrongdoing.

Attorney General Alberto Gonzales has ordered the Justice Department to refrain from reviewing the material for two weeks in order to give the court time to rule on the stay. If the court denies the stay within that time frame, the federal government's review of the material would immediately begin.

A substantial delay in ruling on the stay would prejudice the investigation, the government attorneys wrote.

Story originally published in The Advocate

Convicted Former Procurement Chief Requests New Trial (CD)

By Michaela May, CongressDaily

Congress Daily, July 14, 2006

Convicted former Bush administration official David Safavian has requested a new trial, arguing the inclusion of e-mails between him and lobbyist Jack Abramoff as evidence constituted hearsay that might have prejudiced jurors.

"[T]he e-mails remain hearsay since the truth or credibility of the matter asserted must be weighed by the jury," Safavian attorney Barbara Van Gelder wrote in papers filed Monday with the U.S. District Court for the District of Columbia.

Safavian, the former administrator of the Office of Federal Procurement Policy, was found guilty last month of three counts of making false statements to investigators and one count of obstruction of justice surrounding a golf trip to Scotland he and others, including Rep. Bob Ney, R-Ohio, took with Abramoff in 2002.

In Safavian's trial, District Judge Paul Friedman allowed as evidence more than 200 e-mails between Abramoff and Safavian -- largely on the grounds that the documents either showed Abramoff's lobbying work, provided context for Safavian's statements, showed Safavian's state of mind or were evidence of a conspiracy.

"Lobbying is conducted through words," Friedman wrote in May to an earlier response to Safavian's request to exclude the e-mails as hearsay. "Whether the lobbyist is seeking favors for his client through oral or written communication, it is necessarily communication that constitutes the work -- unlike, say, carpentry work which could involve the physical swinging of a hammer, or drug dealing work which involves the physical exchange of drugs for money."

Friedman instructed jurors to view certain e-mails only in light of what they showed about Safavian's state of mind or motives to make false statements or obstruct investigations.

In her motion filed Monday, Van Gelder objected to the "work" exemption. She wrote federal evidence rules do not exempt "work" from hearsay rules because a juror cannot determine whether an e-mail constitutes "work" -- rather than "leisure" or "friendship" -- without evaluating the truth of statements made.

Jurors, she argued, would have been unable to consider e-mails within the narrow constraints Friedman had ordered.

Van Gelder also labeled "hearsay within hearsay" an advisory opinion issued by a General Services Administration ethics officer clearing the way for Safavian, then GSA's chief of staff, for the golf trip based on Safavian's statements that Abramoff was not seeking to do business with GSA. The e-mails showed, among other things, that Abramoff sought Safavian's assistance in obtaining government-owned property for a school.

Also Monday, Van Gelder submitted a request to dismiss the jury's guilty verdict, arguing federal prosecutors had failed to prove their case.

Justice Department officials have until July 31 to respond to the motions.

A hearing is planned for Aug. 24. Sentencing is set for October.

Democrats Seek Answers In Phone Jamming (WP)

By Anne Saunders

The Washington Post, July 14, 2006

MANCHESTER, N.H. -- A judge gave state Democrats the go-ahead Thursday to question high-ranking Republicans in a civil suit over the jamming of Democrats' phones on Election Day 2002.

Three former GOP officials have already been sentenced in the phone jamming scheme. In the civil suit, state Democrats want to know who knew about the plan.

They point to a record of phone calls that show national GOP official James Tobin, one of those convicted, made two dozen calls to the White House within a three-day period as the phone jamming operation was finalized, carried out and then abruptly shut down.

The national Republican Party, which paid millions to defend Tobin, said the contacts involved routine election business and that it was "preposterous" to suggest they involved phone jamming.

Robert Kelner, a Washington, D.C., lawyer representing the Republican National Committee, said some of the officials the Democrats want to question may fight being deposed.

Democrats want to question the former associate director of the White House Political Affairs Office, Alicia Davis, and to see her phone records and those of her then-boss, Ken Mehlman, now RNC chairman.

Also on their list: Edward Gillespie, who was RNC chairman when the decision was made to pay Tobin's legal expenses; Terry Nelson, former executive director of political operations for the RNC and now a political strategist for Sen. John McCain; and Chris LaCivita, former national political director for the National Republican Senatorial Committee who went on to develop the Swift Boat veterans TV campaign against Democratic presidential nominee John Kerry in 2004.

An aide to Mehlman referred questions to the Justice Department, which won convictions in the criminal case. Gillespie was not immediately available for comment Thursday.

The Democratic National Committee praised the judge's decision.

"Today's ruling brings us one step closer to finding out who knew what and when they knew it on the criminal scheme to disenfranchise New Hampshire voters," said Karen Finney, the DNC's communications director.

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The lawsuit seeks compensation for alleged GOP interference with telephone systems amid a hotly contested U.S. Senate race between then-Gov. Jeanne Shaheen and Republican John Sununu. Sununu won by about 20,000 votes.

The calls tied up phone lines for more than an hour as Democrats and the nonpartisan Manchester firefighters' union were offering rides to the polls.

Tobin was convicted in December on two felony telephone harassment charges. He was sentenced to 10 months in prison but is free while his appeals are pending.

Former GOP Marketplace president Allen Raymond and former state Republican Committee Executive Director Charles McGee pleaded guilty in the case and testified against Tobin. McGee served seven months, and Raymond received a three-month sentence.

FBI Subpoenas Records From Brick Town Hall (BRICKTB)

By Colleen Lutolf, Staff Writer

Brick Township (NJ) Bulletin, July 14, 2006

Federal grant records, DCA memos, truck purchases sought

The FBI has subpoenaed records from Brick three times in the past two weeks, township officials confirmed earlier this week.

Two subpoenas were received by Municipal Clerk Virginia Lampman July 6, ordering officials to release records related to federal funds Brick received between Jan. 1, 1998, and Dec. 31, 2005, Lampman said.

The township has received less than $4 million in federal grants during the dates specified in the subpoena, the township's Chief Financial Officer Scott Pezarras said Monday.

"The CDBG [Community Development Block Grant] funding alone is probably about $2,100,000," he said.

The second subpoena sought any correspondence, memoranda and disclosure statements made to the state Department of Community Affairs pertaining to the township's former Public Works Director John H. Nydam, between Jan. 1 1998, through Dec. 31, 2002, Lampman said.

"Basically they requested the entire personnel file from Jack Nydam and any correspondence between the DCA and the township regarding Jack Nydam," Pezarras said. "The only thing I can think of, is they just want to look through his file to see if there's anything in there.

"The only reason the DCA would be involved would be applications for permits for work done at the yard," he said. "They also handle disciplinary action. I can't speculate. Whatever they ask for, we're going to provide them."

One week before, on June 30, the FBI ordered township officials to release any correspondences or miscellaneous documents relating to the purchase of trucks, vehicles, equipment and parts from International Trucks of Central Jersey, or its affiliates Air Brake & Equipment and Air Brake Exchange, between Jan. 1, 1999, to the present, Lampman said.

"I really have no idea what the federal authorities are looking for," Mayor Joseph C. Scarpelli said last week.

The documents ordered June 30 are the same documents the Ocean County Prosecutor's Office obtained last year, Scarpelli said.

"Brick already shared that information with the Ocean County Prosecutor's Office," he said.

The township paid International Trucks approximately $1.9 million between 1998 and April 2005; and $84,850 to Air Brake & Equipment during that time, former Business Administrator Scott MacFadden said last April.

Since April 2005, the township has paid $432,603 to International Trucks for three recycling vehicles, a bid the Township Council awarded Oct. 25, 2005, the township's assistant purchasing agent, Garry Houman, said Monday.

Since January 2006, the township has paid International Trucks $1,806,302, Pezarras said. That figure includes the $432,603 for the recycling trucks because although the bid was awarded last year and those funds were encumbered, the truck dealer was not paid until 2006.

The Howell-based trucking company was formerly co-owned by Stephen Appolonia, who was arrested by the FBI in March, 2005, for allegedly laundering over $350,000.

The Route 9 truck dealership is now owned by Appolonia's brother, Michael.

Appolonia's arrest came two weeks after the FBI, the U.S. Attorney General's Office and the Monmouth County Prosecutor's Office arrested 11 Monmouth County officials in a federal corruption probe, "Operation Bid Rig."

One month later, in April, 2005, officials at the Ocean County Prosecutors office confirmed the FBI had joined the county agency in an investigation into "Brick Township matters."

At the time, officials said the FBI was looking into links between Nydam, who pleaded guilty to theft, official misconduct and witness tampering in April, and International Trucks.

Nydam's sentencing is scheduled for Sept. 15. His ongoing cooperation with state and federal authorities is a term of his plea deal.

"Evidently, it transcends just Brick," Scarpelli said last week about the federal probe. "Maybe it's part of a larger probe they're in the middle of to see if there's a pattern or certain link somewhere."

An Ocean County grand jury had already indicted Jack Nydam on charges of official misconduct, four counts of compensation for past official behavior, and witness tampering in Feb. 2004.

Nydam's troubles with the law in his capacity as DPW director began after he was placed on administrative leave in Aug. 2003, after allegedly directing township employees to erect a board-on-board fence between his property and a park next to his Brick Township home.

Federal authorities have described Nydam's cooperation in the investigation as "substantial," Ocean County Assistant Prosecutor William Porter said after Nydam pleaded guilty April 3 of this year.

The scandal surrounding the trucking company would not deter Brick from doing business with the company, Pezarras said.

"We've done nothing wrong on our end," Pezarras said. "We did everything we were supposed to do. We put a bid out there and if they're the low bidder, they get the bid. If they're not, whoever the low bidder is gets the bid."

Gotti Jr. Was Willing To Admit Sliwa Rap (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, July 14, 2006

Despite years of denials that he ordered a hit on Guardian Angels founder Curtis Sliwa, mob scion John A. (Junior) Gotti was prepared two years ago to plead guilty to the crime.

Gotti apparently saw the plea deal as a way to head off a lengthy prison sentence and possibly prompt prosecutors to leave him alone.

"Let's suppose that they want me to cop ... to this Sliwa thing, and they want to add another year or two to my sentence," Gotti told a friend visiting him in September 2003 at an upstate prison, where he was serving time for racketeering. The conversation was recorded.

"I'll do it," he said. "I'm not saying I did it, but I'll do it. I'll take the blame for everything."

Gotti eventually rejected the plea deal.

His comments were included in court papers filed by his attorneys yesterday in an attempt to get a judge to bar prosecutors from using those statements and others at his upcoming trial.

Two previous federal prosecutions of Gotti's alleged role in the failed attack on Sliwa have ended in mistrials.

In another prison snippet in February 2004, the son of Teflon Don John Gotti said his dad had the manpower to off Sliwa, who had railed against the senior Gotti on the radio.

"He has 200 guys to do it," Gotti said. "He don't need me to do it.... The government can say and make up any story they want to make up.... And they'll cram it, they'll cram it down juries' throats."

In other conversations, Gotti Jr. said of his kids, "Thank God they're not like me," and griped that his father's friends "weren't my friends."

'JUNIOR' TAPE: I'D COP TO CURTIS PLEA (NYPOST)

By Kati Cornell

The New York Post, July 14, 2006

John "Junior" Gotti was secretly caught on tape planning to cop a plea to the near-fatal kidnapping of radio host Curtis Sliwa - explosive recordings the mob scion's lawyers are fighting to keep jurors from hearing.

Huddled in an upstate prison visiting room, Gotti told a pal that he'd instructed his lawyer, "Talk to the judge. I'll take 10 years' supervised release - a couple more years [in prison] on top of this and I'll cop out to the Sliwa thing tomorrow."

Defense lawyer Charles Carnesi provided details of the incriminating Sept. 5, 2003, conversation in a letter asking Manhattan federal Judge Shira Scheindlin to block prosecutors from introducing the tapes into evidence at Gotti's racketeering trial next month.

"Admission of these plea discussions, particularly . . . involving the Curtis Sliwa allegations, would be extremely prejudicial to Gotti," Carnesi wrote.

Even as Gotti told his pal about the various prison terms he would consider, the former Gambino leader stopped short of making a full confession, according to court papers. "Let's suppose that they want me to cop out to this Sliwa thing . . . I'll do it. I'm not saying I did it, but I'll do it. I'll take the blame for everything," Gotti told his visitor at the Ray Brook prison.

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No Prison For FBI Network Hacker, Judge Decides (WP)

By Eric M. Weiss

The Washington Post, July 14, 2006

A government consultant who cracked the FBI's classified computer network and learned the passwords of 38,000 employees, including that of the director, was spared a prison sentence yesterday.

U.S. District Judge Richard J. Leon sentenced Joseph Thomas Colon to six months of home detention after finding that the computer consultant did not try to harm national security or use the information for his own benefit or profit.

"This is not a case of al-Qaeda people trying to sneak into the FBI system," Leon said. Instead, it was a case of someone being "too clever by half."

Colon, 29, pleaded guilty in March to four counts of intentionally accessing a computer while exceeding authorized access and obtaining information from any department of the United States. He could have received as much as 18 months in prison.

Colon admitted he entered the system using the identity of an FBI special agent and two computer hacking programs found on the Internet to get into one of the nation's most secret databases. As a result, the bureau said it was forced to shut down its network temporarily and commit thousands of hours and millions of dollars to ensure no sensitive information was lost or misused.

During sentencing, Colon said he used the passwords and other information to bypass bureaucratic obstacles and better help the FBI install its new "Trilogy" computer system. He said he hoped to impress superiors and become an FBI agent.

"As with any IT systems administrator, whether in government or private business, Joseph T. Colon was granted a substantial level of trust," said Charles S. Phalen Jr., assistant director of the FBI's security division. "He betrayed that trust."

Colon has since lost his job as a consultant for BAE Systems and his top-secret clearance.

Prosecutors said Colon asked for additional clearances and was denied. They say he also used access to the system for "curiosity hacks" that were not related to his job.

House Panel Backs Bill On FBI Ignoring Crimes (BOS)

By Rick Klein, Globe Staff

The Boston Globe, July 14, 2006

Bulger-Flemmi case cited; agents would serve time

WASHINGTON -- A key House panel yesterday approved a bill that would send FBI agents to prison for up to five years if they ignore violent crimes committed by their confidential informants, a stern reaction to abuses involving a former agent and Boston gangsters James ``Whitey" Bulger and Stephen Flemmi.

The bill, approved on a voice vote by the House Judiciary Committee, would require FBI officials to give local authorities information about any ``serious violent felonies" -- including murder, sexual assault, kidnapping, and carjacking -- committed by their informants or other individuals.

The measure was drafted in part as a response to the case of former Boston FBI agent John J. Connolly Jr., whose informants included Bulger, reputed leader of an organized crime operation, and Flemmi, his top lieutenant, said US Representative William Delahunt, a Quincy Democrat. Connolly, currently serving time in federal prison, protected Bulger and Flemmi and tipped them off about law enforcement investigations even as the two led a violent organization believed to have been responsible for numerous murders in the Boston area during the 1970s and '80s.

``This really was totally unacceptable," said Delahunt, who wrote the bill along with US Representative Dan Lungren, a California Republican. ``Vicious criminals were murdering and wreaking violence with impunity because of the lack of accountability that existed and continues to exist within the FBI."

In 2002, Connolly was convicted in federal court on racketeering and obstruction of justice charges for warning Bulger and Flemmi to flee in January 1995, just before they were indicted.

Bulger, who is accused of killing 19 people, remains a fugitive. Flemmi is serving a life sentence for 10 murders.

Tougher FBI guidelines adopted after Connolly's conviction require FBI agents to share information about possible felonies their informants or others may have committed. But a Justice Department review last year found that, during a three-month period in 2004, agents failed to follow the rules in 87 percent of the cases that were analyzed.

The measure has not yet come for a vote in Senate. The Justice Department, which has oversight of the FBI, has lobbied against the bill, arguing that the bureau's own rules are sufficient. Department officials declined to comment yesterday.

Last month, the Justice Department defended itself in a wrongful death suit brought by kin of Quincy fisherman John McIntyre, who was killed in 1984. Flemmi has testified that he killed McIntyre after Connolly warned them that McIntyre had implicated them in a plot to ship guns to the Irish Republican Army.

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During the trial, Justice Department attorney Bridget Bailey Lipscomb said the department can't be held responsible for the actions of informants. ``You cannot monitor them and figure out what they are doing at all times," she said.

The judge has not yet ruled in the case.

Missouri Cannot Find Doctor To Assist With Executions (FINDLAW/AP)

By Cheryl Wittenauer, Associated Press Writer

AP, July 14, 2006

(AP) - ST. LOUIS-State officials said Thursday they will comply with a judge's order to have doctors oversee executions to ensure the condemned do not suffer unnecessarily, but difficulty in finding a doctor to perform such a task is likely to delay executions.

"We always intended to comply with the deadline," Director of Missouri's Department of Corrections Larry Crawford said in telephone interview. "We can put together a plan, but if it's a plan we couldn't carry out ... we wouldn't be able to meet our statutory duty to carry out executions.

Crawford said his department has sent letters to hundreds of board-certified anesthesiologists in Missouri and southern Illinois asking if they would be willing to oversee lethal injections, as required by a district judge's ruling last month. So far, no one has responded, he said.

The Death Penalty Information Center says no other state with the death penalty requires the involvement of an anesthesiologist in carrying out an execution.

Missouri's Corrections Department was ordered last month to make sweeping changes to its execution protocol by this Saturday.

Ruling in the case of death row inmate Michael Taylor, U.S. District Judge Fernando Gaitan Jr. halted executions until he was satisfied that Missouri's procedures posed no risk of unnecessary pain and suffering.

In his ruling, Gaitan expressed grave concerns that a surgeon, a self-described dyslexic identified only as "John Doe 1," had much discretion and worked under no written protocol in mixing the lethal drugs and overseeing the executions, despite his lack of training in anesthesiology.

Under the judge's ruling, the anesthesiologist would play a central role in carrying out Missouri executions. The specialist would mix the drugs; administer them or observe those who do; and determine and monitor the inmate's level of consciousness, either by being in the execution room or with the help of monitoring equipment.

The anesthesiologist also would serve as a consultant in drafting the state's protocol, contingency plan and auditing process.

But the medical profession is decidedly uncomfortable with such a role. Doctors risk violating medical ethics if they assist.

And the president of the American Society of Anesthesiologists wrote to his colleagues that doctors shouldn't help put inmates to death by lethal injection or work with the legal system to ensure inmates don't feel pain when they are executed.

"The legal system has painted itself into this corner and it is not our obligation to get it out," Dr. Orin F. Guidry, president of the 40,000-member group, wrote in a messaged posted on the organization's Web site on June 30. Patients could lose trust in their doctors if they see them as executioners, he wrote.

Congress Identifies Pornography Purchasers (NYT)

By Kurt Eichenwald

The New York Times, July 14, 2006

A Congressional subcommittee investigating the growth of online child pornography has referred the names of hundreds of people who purchased illegal images to state prosecutors around the country, according to government officials.

The referrals for possible prosecution were made late last month to attorneys general in 46 states by the Oversight and Investigations Subcommittee of the House Energy and Commerce Committee. The information provided to prosecutors included names, credit card information and identifying details of the computers used to purchase monthly memberships at an illegal child pornography site.

The records were turned over to the committee by Justin Berry, a 19-year-old California man who, beginning at age 13, ran a pornographic Web site featuring images of himself streamed onto the Internet through inexpensive Webcams. Mr. Berry was the committee's major witness in its opening day of hearings, during which he described his descent into Webcam pornography and his decision to turn against that business.

The subcommittee provided the attorneys general with records involving residents of their states, along with a cover letter signed by Representative Edward Whitfield, the Kentucky Republican who heads the subcommittee, and Representative Bart Stupak, the Michigan Democrat who is the ranking minority member. In the letter, the representatives invited prosecutors to

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"further investigate and analyze the information set forth in these documents." The documents were not sent to Montana, North Dakota, South Dakota and Rhode Island because no residents of those four states were named in the records.

Prosecutors from more than a dozen state attorneys general offices have already contacted the subcommittee, saying that they intend to pursue the cases, Mr. Whitfield said in an interview yesterday.

Mr. Berry was the subject of an article in The New York Times last December, which Congressional staff members said led to the continuing hearings.

Since last July, Mr. Berry has been cooperating with the Justice Department in an investigation of adults who helped market, promote and support his Webcam business. In his Congressional testimony, he criticized federal prosecutors for failing to pursue the 1,500 people who subscribed to the multiple sites he ran. Department officials responded that they were conducting an active investigation of Mr. Berry's allegations.

As part of his testimony, Mr. Berry provided the subcommittee with 1,071 credit card transactions for one of his Web sites, called mexicofriends.com. Subcommittee staffers said that there were fewer subscribers in the records than transactions, because the documents included renewals and names of people who tried to sign up several times with different credit cards.

Stephen Ryan, a partner with Manatt, Phelps & Phillips who represents Mr. Berry, said "we are thrilled" by the subcommittee's decision to make the referrals.

Three men who were involved in the business with Mr. Berry have been charged by federal prosecutors in the case. State prosecutors in Michigan have also arrested another man, Ken Gourlay, for what prosecutors said was his role in working on some sites as well as for molesting Mr. Berry. In his testimony before the subcommittee, Mr. Berry identified Mr. Gourlay as someone who had sexually abused him in the past.

A hearing for Mr. Gourlay is scheduled for today in Detroit.

Senate Ups Money For NASA, Crime Fighting (AP)

AP, July 14, 2006

WASHINGTON (AP) -- The Senate Appropriations Committee on Thursday cut into President Bush's budget by $2.4 billion as it approved budget increases for NASA and for crime-fighting grants to state and local governments.

Senators approved $1 billion, which Bush did not request, to pay back NASA for about half of the cost of returning the Columbia space shuttle to flight. The committee also rejected Bush's plan to virtually eliminate about $1.3 billion in grants to state and local governments.

Winning unanimous bipartisan approval was a $52.2 billion bill that covers the departments of Justice and Commerce in addition to the National Aeronautics and Space Administration.

The add-ons probably will draw a White House veto threat and the bill is unlikely to make it to the floor for debate before Election Day in November. Senate GOP leaders have made it plain that they want to save contentious debates on spending for a postelection lame duck session or even next year.

The additional NASA money would bring the agency's budget to $17.8 billion and would go toward research, aeronautics and exploration programs and other NASA accounts tapped for funds to finance the shuttle's return to flight. The July 4 launch of Discovery marked NASA's second shuttle flight since the since the Columbia was destroyed in 2003.

The shuttle-related money was deemed emergency spending by the panel, which means it is exempt from budget limits. That drew protests from fiscal conservatives such as Sen. Pete Domenici, R-N.M., who said it hardly was an emergency since the shuttle has already launched.

"To call it an emergency is just a very big stretch," Domenici said.

There's widespread support, however, for restoring Bush's proposed cuts in grants to local police departments and other anti-crime programs. The bill also roughly doubled Bush's request for grants to help states and local government combat the methamphetamine scourge.

Senators endorsed Bush's plan to double spending for basic research programs in the physical sciences over the next 10 years and improve training and recruitment of math and science teachers.

CIVIL LAW:

Plame, Husband Sue Cheney, Libby, Rove (WT)

By Jerry Seper

The Washington Times, July 14, 2006

DOJ_NMG_0040907

Former CIA employee Valerie Plame and her husband, ex-Ambassador Joseph C. Wilson IV, yesterday filed a lawsuit accusing Vice President Dick Cheney, his former Chief of Staff I. Lewis "Scooter" Libby and presidential adviser Karl Rove of violating their rights by leaking her name and CIA role to reporters.

The suit, filed in U.S. District Court for the District of Columbia, said the White House officials improperly disclosed Mrs. Plame's CIA role in an effort to "discredit, punish and seek revenge against" Mr. Wilson for disputing President Bush's 2003 State of the Union address justifying the war in Iraq.

It said the couple suffered violations of their First Amendment and Fifth Amendment rights as a result of "a conspiracy among current and former high-level officials in the White House," calling the leak an "intentional and malicious exposure by senior officials of the federal government" of Mrs. Plame, "whose job it was to gather intelligence to make the nation safer, and who risked her life for her country."

"But for Mr. Wilson coming forward, it is unlikely that the administration ever would have acknowledged its error,"according to the suit. "The fact that the administration had to admit its mistake is one likely reason why the defendants chose to attack the Wilsons."

The suit charges that the couple suffered a "gross invasion" of their privacy, have been impaired in pursuing professional opportunities, and fear for their safety and the safety of their children as a result of the public disclosure of Mrs. Plame's CIA role. It names Mr. Cheney, Mr. Libby, Mr. Rove and 10 unnamed administration officials and seeks unspecified compensatory and punitive damages.

The couple's attorney, Christopher Wolf, was not available yesterday for comment, but scheduled a press conference for today.

Mrs. Plame's CIA identity was disclosed in a July 14, 2003, column by conservative commentator Robert Novak, who identified the sources as two senior Bush administration officials and an unspecified CIA source. Earlier this week, in his first public comments on the case, Mr. Novak identified Mr. Rove and CIA spokesman Bill Harlow as two of the sources but said: "My primary source has not come forward to identify himself."

In his 2003 column, Mr. Novak wrote that Mrs. Plame had helped initiate her husband's 2002 mission to Niger to investigate reports that Iraqi dictator Saddam Hussein had tried to acquire uranium from there. The column appeared just days after Mr. Wilson, in a New York Times opinion column, accused the administration of misusing intelligence to justify invading Iraq.

In his syndicated column this week, Mr. Novak said he had cooperated with special prosecutor Patrick J. Fitzgerald's investigation "while trying to protect journalistic privileges" and to shield sources who had not revealed themselves. Mr. Fitzgerald was appointed to investigate the leak after Attorney General John Ashcroft recused himself because of his close relationships with White House officials.

Mr. Libby is the only administration official charged so far in the leak investigation, and he faces trial in January on charges of perjury, obstruction of justice and lying to FBI agents and a federal grand jury. Last month, Mr. Fitzgerald told Mr. Rove's attorneys that he did not intend to seek criminal charges against their client.

Mr. Cheney has been described in court filings in the Rove case as a key player in White House attempts to counter Mr. Wilson's charges. Mr. Libby told the grand jury that the vice president was upset about Mr. Wilson's accusations in the New York Times and that they discussed the story daily.

Plame Sues Cheney, Others Over CIA Leak (USAT)

USA Today, July 14, 2006

Former CIA officer Valerie Plame and her husband, retired diplomat Joseph Wilson, sued Vice President Cheney and 12 other current or former officials Thursday, accusing them of trying to ruin Plame's career by publicly disclosing that she worked at the CIA.

The lawsuit says Cheney, White House political chief Karl Rove and I. Lewis “Scooter” Libby, who was then Cheney's chief of staff, conspired to “discredit, punish, and seek revenge” because Wilson had emerged in 2003 as a harsh critic of the administration on Iraq. The suit, filed in U.S. District Court, also named 10 unidentified federal officials or political operatives. It did not say how much the couple was seeking in damages.

Rove's spokesman, Mark Corallo, said “the allegations are absolutely and utterly without merit.” Lea Anne McBride, a Cheney spokeswoman, declined to comment. Barbara Comstock, a spokeswoman for Libby, said his legal team would comment later. Libby is awaiting trial on federal charges that he lied to investigators and obstructed the leak investigation. — Mark Memmott

House Speaker Dennis Hastert, R-Ill., was hospitalized for treatment of a potentially serious bacterial skin infection on his lower left leg. He was expected to receive intravenous antibiotics at Bethesda Naval Hospital in suburban Maryland through the weekend, said his spokesman, Ron Bonjean. He said Hastert, 64, has cellulitis, which can spread rapidly if untreated.

Senior Bush administration officials may back legislation that would prosecute terrorism suspects under a court system based on the Pentagon's Uniform Code of Military Justice, two Senate Republicans said. Arizona's John McCain and Virginia's John Warner cited recent meetings with Stephen Hadley, the president's national security adviser, and other top administration officials. “I was under the impression that that was the administration's position,” McCain said. National Security Council spokesman Frederick Jones confirmed the talks but wouldn't discuss details.

The administration has insisted that Congress legalize military tribunals for detainees that the Supreme Court ruled unlawful June 29.

Cheney, Rove And Libby Are Sued In Agent's Unmasking (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, July 14, 2006

WASHINGTON — The former CIA operative at the center of a three-year federal leak investigation fought back Thursday, suing Vice President Dick Cheney, his former top aide and presidential counselor Karl Rove — accusing them of ruining her career and seeking revenge against her husband, an administration critic.

The onetime operative, Valerie Plame, and her husband, former envoy Joseph C. Wilson IV, alleged in a lawsuit filed in U.S. District Court that administration officials illegally conspired to violate their constitutional rights and other laws by leaking Plame's identity to reporters.

The civil suit — filed almost three years to the day after syndicated columnist Robert Novak publicly identified Plame — seeks unspecified financial damages.

Wilson and Plame announced Thursday that they were setting up a fund to pay the costs of the litigation and a website for contributions. Any money obtained from the suit above and beyond their legal bills will go to charity, they said.

But they and their lawyers said they would not comment about the suit until a news conference scheduled for today. Their legal team includes Erwin Chemerinsky, a professor at Duke University law school and a widely respected authority on constitutional law.

The suit marks a new front in a Washington scandal that only a month ago seemed to have run its course — after a federal prosecutor said he had decided not to bring charges against Rove, a primary focus of the three-year probe.

In addition to Rove and Cheney, the suit names former Cheney aide I. Lewis "Scooter" Libby, who faces a trial early next year on charges of perjury and obstruction in connection with his role in the case.

"The lawsuit concerns the intentional and malicious exposure by senior officials of the federal government of one such human source at the CIA, Valerie Plame Wilson, whose job it was to gather intelligence to make the nation safer, and who risked her life for her country," according to the complaint.

A spokesman for Rove, Mark Corallo, called the allegations "absolutely and utterly without merit."

Lea Anne McBride, Cheney's spokeswoman, said her boss would have no comment. "It relates to a matter that is already before the courts, so we are just going to follow standard policy and not comment on a matter that is in litigation," she said.

A lawyer for Libby, William Jeffress, also declined to comment.

Though legal experts were divided over the strength of the allegations, the suit is likely to become a rallying point for administration critics — in a similar manner, perhaps, to the focus by partisans a decade ago on Paula Jones' sexual harassment litigation against President Clinton. In this case, the charges are rooted in one of the most divisive and intensely debated issues of the Bush presidency: whether the administration twisted the intelligence it used to justify the war in Iraq.

Novak published Plame's name and employment in his syndicated column July 14, 2003 — eight days after an op-ed article by her husband ran in the New York Times. Wilson challenged Bush's assertion in the State of the Union address that year that Saddam Hussein had sought nuclear material in Africa. In 2002, Wilson was sent on a CIA-backed mission to Niger to assess the claim; he concluded in his article that it was unfounded.

Plame had worked as a covert operative on weapons issues; in some circumstances, disclosing the identity of an undercover officer is a federal crime. Wilson and Plame say that her identity was leaked in retaliation for her husband's criticism.

Although Rove and Libby initially denied that they had anything to do with exposing Plame, an investigation by special prosecutor Patrick J. Fitzgerald showed that both men had spoken with reporters about her — and that Cheney himself was one of the people who gave information about Plame to Libby.

Fitzgerald's probe also revealed that Cheney was acutely concerned about Wilson's criticism and was insinuating privately that his wife had arranged the Africa trip as a "junket."

There has been no evidence that Cheney urged anyone to expose Plame. But her name surfaced as administration officials were speaking with reporters about Wilson and his column.

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According to the lawsuit, the leak caused widespread personal and professional damage. Plame resigned from the CIA last year, citing the fallout from the scandal. The suit alleges that the disclosure has left Wilson and Plame fearing for their family's safety because of concerns that they had become targets of people hostile to the U.S. or the intelligence community.

The suit also alleges that by retaliating against Wilson for writing the column, the officials violated the couple's 1st Amendment rights, and that by disclosing Plame's identity, they violated her right to privacy. The suit was brought in part under a theory that allows citizens to sue federal officials for violating their constitutional rights.

Such suits, known as Bivens actions, are difficult to win. The law affords federal officials immunity from lawsuits when they are acting within the scope of their duties.

The law also requires that the officials know that their conduct affects the exercise of particular constitutional rights. Some legal scholars said it would be hard for Wilson to show that his right to speak out was affected by the decision of Rove and Libby to reveal the CIA affiliation of his wife.

"If you are going to be out there criticizing the government, then the government, just like anybody else, will often try to explain why you are in the wrong. That is part of the public debate," said Eugene Volokh, a law professor at UCLA.

Though Plame's status as an operative was classified, even Fitzgerald did not find that the disclosure broke a federal law protecting covert agents, Volokh said, adding that "not every violation of federal criminal law is a constitutional violation."

But other experts said the ultimate success of the lawsuit, measured in dollars, might be beside the point. They said it would be difficult for the officials to get the suit quickly thrown out, giving Plame, Wilson and their legal team an opportunity to question them under oath and obtain their notes, documents and even statements and grand jury testimony given as part of the Fitzgerald probe.

That could help answer the major unanswered question in the case: the identity of a senior administration official who told Novak about Plame. Novak discussed his role in the investigation this week, but has declined to reveal his main source.

"The key point is that filing the lawsuit will permit Plame Wilson to subpoena witnesses — such as Robert Novak — to provide testimony," said John T. Nockleby, a professor at Loyola Law School. "As a result, we may finally learn who is the mystery person who first spoke to Novak."

Cheney, Rove, Libby Sued By Ex-CIA Agent Over Leak (Update2) (BLOOM)

By Cary O'reilly

Bloomberg, July 14, 2006

July 13 (Bloomberg) -- Vice President Dick Cheney, White House Deputy Chief of Staff Karl Rove and former Cheney assistant I. Lewis Libby were sued by a former covert CIA agent who says they illegally conspired to reveal her identity.

Valerie Plame, who worked at the agency's headquarters in Langley, Virginia, and her husband, former U.S. ambassador Joseph Wilson, filed the lawsuit today in federal court in Washington. They are seeking unspecified financial damages.

The couple accused Cheney, Rove and Libby of violating their constitutional rights by conspiring to retaliate against Wilson for accusing President George W. Bush's administration of twisting intelligence to justify the invasion of Iraq. Libby also faces criminal charges of lying and obstructing an investigation of the leak of Plame's identity in 2003.

``The defendants reached an agreement to discredit, punish, and seek revenge against'' Plame and Wilson, the suit said. The agreement ``was motivated by an invidiously discriminatory animus towards those who had publicly criticized the administration's stated justifications for going to war with Iraq,'' according to the complaint.

Plame and Wilson plan to hold a news conference tomorrow in Washington. Calls to their lawyer, Christopher Wolf of Proskauer Rose LLP in Washington, were not immediately returned. Libby's lawyer, William Jeffress, didn't return a call seeking comment.

`Without Merit'

``Without even having had a chance to review the complaint, it is clear that the allegations are absolutely and utterly without merit,'' Rove spokesman Mark Corallo said in a statement.

Cheney spokeswoman Lea Anne McBride declined to comment.

Rove, Bush's top political adviser, was told last month he won't face criminal charges in the three-year investigation into the leak of Plame's identity in 2003. No one has been charged with revealing her name.

Special Counsel Patrick Fitzgerald's decision not to seek indictment of Rove removed a legal cloud from him and suggested that Libby, Cheney's former chief of staff, may be the only person to face criminal charges in the investigation. Libby resigned after he was indicted Oct. 28. He pleaded not guilty and his trial is set for January.

Wilson, who served in Africa and was acting U.S. ambassador to Iraq under former President George H.W. Bush, was sent by the CIA in February 2002 to investigate reports that Saddam Hussein's regime was seeking yellowcake uranium from Niger.

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Wilson wrote in an opinion article published in the New York Times July 6, 2003, that it was ``highly doubtful'' that any sale of uranium took place.

`Pioneering Claims'

Plame, who continued to work at the CIA until January of this year, and Wilson claim in the suit that their constitutional rights to freedom of speech and privacy were violated by the alleged conspiracy.

``These are pioneering claims being advanced by Valerie Plame,'' said Jamin Raskin, law professor at American University in Washington. ``Ordinarily we don't think of the disclosure of someone's government employment as being a violation of their rights.''

Raskin said Plame and Wilson may have difficulty pressing their case against Cheney and Rove.

``These are sitting state officials who will assert their personal immunity and state sovereign immunity and lack of subject matter jurisdiction'' by the court, he said. ``This is a very tough case for the plaintiff.''

The case is Plame v. Cheney, 06-1258, U.S. District Court for the District of Columbia (Washington).

Ex-C.I.A. Officer Sues Cheney And Others Over Leak (NYT)

By Neil A. Lewis

The New York Times, July 14, 2006

WASHINGTON, July 13 — Valerie Wilson and her husband, Joseph C. Wilson IV, filed suit on Thursday against Vice President Dick Cheney, Mr. Cheney's former top aide and the senior presidential adviser Karl Rove, charging they had conspired to violate their constitutional rights.

The lawsuit, filed in Federal District Court, accused Mr. Cheney, Mr. Rove and the former Cheney aide, I. Lewis Libby Jr., of conspiring to destroy Ms. Wilson's career by leaking her identity as an undercover C.I.A. operative to the press. It says the three men had conspired to punish Mr. Wilson for his public assertions that the Bush administration had twisted intelligence to justify the invasion of Iraq.

The civil lawsuit, which does not specify any amount of damages being sought, is the latest chapter in a complicated legal and political story that began when Valerie Plame, Ms. Wilson's unmarried name, first appeared publicly in a newspaper column by Robert D. Novak on July 14, 2003.

The fallout from that disclosure led to an investigation by a special prosecutor into whether the leak violated any laws and whether Ms. Wilson's name was leaked as part of a campaign to punish Mr. Wilson, a former ambassador, for his criticism of the White House.

The prosecutor, Patrick J. Fitzgerald, did not bring any charges in connection with laws that prohibit the willful disclosure of the identity of a Central Intelligence Agency officer. But he did indict Mr. Libby, also known as Scooter, on perjury and obstruction of justice charges, saying he had testified untruthfully to a grand jury and federal agents when he said he learned about Ms. Wilson's role at the C.I.A. from reporters rather than from several officials, including Mr. Cheney.

Mr. Libby's trial is scheduled to begin in February. The judge has narrowed the issues in the case to whether Mr. Libby lied and has excluded almost all evidence about the politics surrounding the leak of Ms. Wilson's name.

As a result, the Wilsons' suit has the potential to keep alive those issues in a civil case, which generally allows a wider scope of evidence.

But the suit is also likely to face major hurdles, notably the issue of whether the officials have any immunity for their actions. The general standard from a 1982 Supreme Court case is that federal officials may be sued for violating someone's constitutional rights if a reasonable person would believe they had violated "clearly established law."

The pretrial motions in the Libby case have not, as yet, produced evidence that there was any willful effort to leak Ms. Wilson's identity.

The lawsuit says the officials' actions have led to "gross invasions of privacy" for the Wilsons and caused them to fear for their children's safety because Ms. Wilson is now a target for those who hate the United States. The suit says the officials violated the couple's right to privacy, freedom of speech and equal protection of the laws.

Mr. Cheney's spokeswoman, Lea Anne McBride, declined to comment, noting that the issues were before a court in the Libby trial. Robert D. Luskin, Mr. Rove's lawyer, said in an interview: "The allegations are without merit. We may comment further when we have an opportunity to review the complaint."

Former CIA Officer Sues Cheney Over Leak (AP-Y)

By Toni Locy

AP2, July 14, 2006

The CIA officer whose identity was leaked to reporters sued Vice President Dick Cheney, his former top aide and presidential adviser Karl Rove on Thursday, accusing them and other White House officials of conspiring to destroy her career.

In a lawsuit filed in U.S. District Court, Valerie Plame and her husband, Joseph Wilson, a former U.S. ambassador, accused Cheney, Rove and I. Lewis "Scooter" Libby of participating in a "whispering campaign" to reveal Plame's CIA identity and punish Wilson for criticizing the Bush administration's motives in Iraq.

Several news organizations wrote about Plame after syndicated columnist Robert Novak named her in a column on July 14, 2003. Novak's column appeared eight days after Wilson alleged in an opinion piece in The New York Times that the administration had twisted prewar intelligence on Iraq to justify going to war.

The CIA had sent Wilson to Niger in early 2002 to determine whether there was any truth to reports that Saddam Hussein's government had tried to buy yellowcake uranium from Niger to make a nuclear weapon. Wilson discounted the reports, but the allegation nevertheless wound up in President Bush's 2003 State of the Union address.

Mark Corallo, a spokesman for Rove, said, "Without even having had a chance to review the complaint, it is clear that the allegations are absolutely and utterly without merit."

The lawsuit accuses Cheney, Libby, Rove and 10 unnamed administration officials or political operatives of putting the Wilsons and their children's lives at risk by exposing Plame.

"This lawsuit concerns the intentional and malicious exposure by senior officials of the federal government of ... (Plame), whose job it was to gather intelligence to make the nation safer and who risked her life for her country," the Wilsons' lawyers said in the lawsuit.

Specifically, the lawsuit accuses the White House officials of violating the Wilsons' constitutional rights to equal protection and freedom of speech. It also accuses the officials of violating the couple's privacy rights.

Libby, Cheney's former chief of staff, is the only administration official charged in connection with the leak investigation. He faces trial in January on perjury and obstruction-of-justice charges, accused of lying to FBI agents and a federal grand jury about when he learned Plame's identity and what he subsequently told reporters.

Special Counsel Patrick Fitzgerald told Rove's lawyer last month that he had decided not to seek criminal charges against Rove.

The lawsuit alleges that Cheney, Libby and Rove used Plame to punish Wilson for his public statements about the administration's portrayal of the intelligence on Iraq.

"As their chief method of punishment, the White House officials destroyed (Plame's) cover by revealing her classified employment with the CIA to reporters," the lawsuit said.

Instead of confronting Wilson on the issue, the lawsuit said, the White House officials "embarked on an anonymous 'whispering campaign' designed to discredit ... (the Wilsons) and to deter other critics from speaking out."

According to court filings in Libby's case, Cheney played a key role in a White House effort to counter Wilson's charges.

Cheney cut out Wilson's New York Times article and scribbled on it, "Have they done this sort of thing before? Send an ambassador to answer a question? Do we ordinarily send people out pro bono to work for us? Or did his wife send him on a junket?"

Libby told a grand jury that Cheney was so upset about Wilson's allegations that they discussed them daily after the article appeared. "He was very keen to get the truth out," Libby testified, quoting Cheney as saying, "Let's get everything out."

The charges against Libby grew out of conversations he had with three reporters: former New York Times reporter Judith Miller, Time magazine reporter Matthew Cooper and NBC's Tim Russert.

A key aspect of Libby's defense is whose memory is accurate: Libby's or the reporters'.

Vice President Sued By Plame And Husband (WP)

By Eric M. Weiss And Charles Lane

The Washington Post, July 14, 2006

Former CIA officer Valerie Plame and her husband, former ambassador Joseph C. Wilson IV, filed a lawsuit yesterday against Vice President Cheney, presidential adviser Karl Rove and former vice presidential aide I. Lewis "Scooter" Libby, accusing the three of violating their constitutional rights in retaliation for Wilson's criticism of President Bush.

Plame and Wilson say that, after Wilson accused Bush of twisting intelligence about Iraq's pursuit of weapons of mass destruction, Cheney, Rove and Libby conspired to "discredit, punish and seek revenge against the plaintiffs that included, among other things, disclosing to members of the press Plaintiff Valerie Plame Wilson's classified CIA employment."

Plame and Wilson ask for unspecified monetary compensation for what they described as a "gross invasion of privacy" that could jeopardize the safety of their children and target Plame for retribution by enemies of the United States. They also allege that the incident has impaired their professional opportunities. Plame has since retired from the agency.

The White House declined to comment on the suit, as did the vice president's office. Plame, Wilson and their attorneys declined to comment yesterday, saying they will answer questions at a news conference scheduled for 10 a.m. today.

Libby has been indicted by a federal grand jury for allegedly illegally obstructing Special Counsel Patrick J. Fitzgerald's investigation of the leak.

But legal analysts said the suit could open new avenues for extracting information from the administration, because Plame and Wilson could conduct discovery if the U.S. District Court in Washington lets the suit proceed.

Plame and Wilson might be entitled to demand documents from Cheney and others, as well as to require them to sit for sworn depositions, much as President Bill Clinton had to answer questions under oath in Paula Jones's sexual harassment lawsuit.

And, because the accusations in the suit are separate from the issue Fitzgerald was looking into -- whether anyone violated a federal law against disclosing CIA officers' identities -- Plame and Wilson "could go out and look into a lot of things that Fitzgerald didn't look into," said Eugene Volokh, a law professor at the University of California at Los Angeles.

First, though, Plame and Wilson would probably have to overcome a claim by Cheney that the vice president is immune from suit.

There is no clear legal rule on that point, but the Supreme Court ruled in 1982 that a fired whistle-blower could not sue the president, and Cheney would be likely to argue that the same should apply to him, legal analysts said.

Though Plame alleges her opportunities to work undercover for the CIA have been permanently spoiled, she was not fired.

As a result, said Akhil Amar, a law professor at Yale University, Cheney can claim that "what he did was merely speak rather than fire. . . . He can wrap himself in the First Amendment."

The lawsuit uses the timeline and many of the facts uncovered during Fitzgerald's three-year investigation.

Libby, who resigned as Cheney's chief of staff, faces a perjury and obstruction of justice trial next year. Fitzgerald cleared Rove of criminal jeopardy last month.

The filing alleges that White House officials revealed Plame's identity to "to punish Mr. Wilson" for his public statements questioning whether Bush had twisted prewar intelligence to justify an invasion of Iraq.

Wilson had been sent by the CIA to investigate whether Iraq had sought nuclear weapons material from Niger. He reported that the charge could not be proved, but Bush nevertheless asserted in his 2003 State of the Union address that intelligence existed that Iraq had tried to buy uranium in Africa.

Instead of publicly addressing Wilson's charge, White House officials "embarked on an anonymous 'whispering campaign' designed to discredit and injure the plaintiffs and deter other critics from speaking out," the suit said.

"The audacity and malevolence of that campaign is compounded by the fact that at the same time the Wilsons were being attacked, the administration in fact was acknowledging the validity of Mr. Wilson's public statements," the suit said. "The fact that the administration had to admit its mistake is one likely reason why the Defendants chose to attack the Wilsons."

DOJ: Gabelli, Cos To Pay $130 Million To Settle Suit (DOW)

By Chad Bray, Of DOW JONES NEWSWIRES

Dow Jones, July 14, 2006

NEW YORK -(Dow Jones)- Mario Gabelli and 38 affiliated companies or individuals will pay $130 million to settle civil-fraud allegations that the money manager was behind an effort to deceive the Federal Communications Commission in auctions of wireless licenses, prosecutors said Thursday.

In a press release, the U.S. Attorney's office in Manhattan said the civil settlement with Gabelli and the other individuals or entities was approved by U.S. District Judge Paul A. Crotty on Thursday.

"The public airwaves are a scarce and valuable resource," U.S. Attorney Michael J. Garcia said. "This settlement protects the integrity of the FCC auction program and reminds all those who seek to benefit from the use of public resources that they must turn square corners when dealing with the government."

The lawsuit was originally brought under the False Claims Act by private plaintiff R.C. Taylor III, who will be entitled to receive about $32.2 million of the recovery, prosecutors said. The Justice Department joined Taylor's lawsuit in March.

Taylor, who brought a whistle-blower claim, said he witnessed the alleged fraud while working as a paralegal and a lawyer at a law firm.

"This is a very satisfying result and a great result for the taxpayers," said Taylor's lawyer Paul Gaffney, of Williams & Connolly in Washington.

The complaint had alleged that friends and relatives of Gabelli were recruited to serve as officers of bogus small or very small businesses in order to participate in eight FCC auctions for wireless licenses for cellular phones between 1995 and 2000.

Those individuals included Gabelli client and former New York Knicks basketball player Trent Tucker, the caretaker of Gabelli's vacation home and a one-time aerobics instructor, the government said.

The FCC had established rules for certain auctions that permitted only small or very small businesses to participate or to qualify for bidding credits and favorable financing, prosecutors said.

The lawsuit alleged that control of these supposed businesses always remained with Gabelli and his affiliated companies and the licenses were ultimately transferred to third parties at a substantial profit.

The settlement was initially announced by federal prosecutors at a court hearing in Manhattan last month, but details weren't disclosed until Thursday.

"My clients and I believe this is a fair resolution of the case," said Lanny Breuer, an attorney at Covington & Burling in Washington, D.C., who represented the Gabelli affiliates and negotiated the $130 million settlement with the Justice Department. Breuer added that the settlement doesn't prohibit Gabelli or his affiliates from participating in future auctions of cell phone licenses.

Gabelli is chairman of mutual-fund empire Gamco Investors Inc., which isn't a party to the lawsuit. The lawsuit focused on his role as chairman of telecommunications firm Lynch Interactive.

-By Chad Bray, Dow Jones Newswires; 212-227-2017; chad.bray@dowjones.com

(Paul Davies of The Wall Street Journal contributed to this report.)

Gabelli Settles FCC Auction Charges (WP)

By Brooke A. Masters

The Washington Post, July 14, 2006

Money Manager and Affiliated Firms to Pay $130 Million

NEW YORK, July 13 -- Money manager Mario Gabelli and companies affiliated with him agreed yesterday to pay $130 million to settle allegations that he used sham companies to buy cellphone licenses under a federal program for small and minority-owned businesses.

The federal government alleged that 38 individuals and companies backed by Gabelli's money improperly participated in eight wireless spectrum auctions under special Federal Communications Commission rules reserved for small businesses. The Gabelli-backed entrepreneurs included his relatives, a former aerobics instructor, the caretaker of his vacation home and a retired professional basketball player, the government alleged. Gabelli was not eligible.

"The FCC and all government agencies should be able to trust companies which certify information about eligibility to participate in government programs," Assistant Attorney General Peter D. Keisler said in a statement announcing the deal. "This settlement is an example of the government's determination to ensure that valuable federal resources are protected from fraud and abuse."

The settlement stems from a five-year-old private lawsuit filed under the federal False Claims Act by a whistle-blower, Rufus C. Taylor III, who will receive $32.2 million for his efforts to expose problems with the Gabelli-backed bidders.

At the time of the auctions, in 1995 to 2000, Taylor was a lawyer representing a rival bidder, and he thought the Gabelli-backed companies were improperly taking advantage of special credits and financing designed to help entrepreneurs. Under the rules, small companies were allowed to take loans from larger ones but had to be actively involved in running their companies. "The issue was whether these small businesses were true small businesses or whether Gabelli really had control of them," said Yale University law professor Jonathan Macey.

Under the terms of the settlement, Gabelli and his affiliates did not admit wrongdoing, and they continued to assert that they complied with all the relevant FCC rules and procedures. Gabelli's money management firm, Gamco Investors Inc., which has more than $25 billion under management in the Gabelli Funds and other accounts, was not implicated in the lawsuit.

Lawyers for Gabelli and his affiliates did not return phone calls and e-mails seeking comment.

The wireless spectrum case was unusual because it focused on a government sales program. Most False Claims Act cases involve government purchasing and contractors that fail to deliver what they owe.

Taylor took his concerns and his evidence to John R. Phillips, a Washington lawyer who specialized in the False Claims Act, a statute from the Civil War era that explicitly rewards whistle-blowers who expose government fraud by giving them a share of any money recovered. The Justice Department initially declined to join Taylor and Phillips's lawsuit, but federal officials announced in March that they had changed their mind after reviewing the evidence uncovered by Phillips and the firm of Williams & Connolly LLP.

Lawyers for Gabelli, who had fought the lawsuit zealously before then, quickly changed their tactics and sought a settlement.

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Taylor has since left the legal profession and has been studying in England, his lawyers said. "It's a great result for the taxpayer. We're very satisfied," said Paul B. Gaffney, one of Taylor's attorneys.

In April, the FCC tightened the rules for its wireless spectrum auctions to screen out sham companies fronting for big telecommunication firms. Small-business bidders can no longer turn around and immediately resell spectrum they have just acquired. The next auction begins Aug. 9.

"This settlement protects the integrity of the FCC auction program and reminds all those who seek to benefit from the use of public resources that they must turn square corners when dealing with the government," said Michael J. Garcia, U.S. attorney for Southern New York, whose office handled the case. "Mr. Taylor performed a true public service by blowing the whistle here."

Shares of Gabelli's Gamco Investors closed at $34.90, down 33 cents, or 0.9 percent.

Gabelli To Pay $130 Million To Settle Lawsuit (NYT)

By Julie Creswell

The New York Times, July 14, 2006

One of the country's best-known money managers, Mario J. Gabelli, and affiliated companies have agreed to pay $130 million to settle a civil fraud lawsuit that accused him of orchestrating a scheme to deceive the Federal Communications Commission in its auction of cellphone licenses in the late 1990's.

The settlement, approved yesterday by Judge Paul A. Crotty of the Federal District Court in Manhattan, is the latest move by the quick-witted and quick-tempered Mr. Gabelli to try to put a series of lawsuits and bad press behind him.

Known as Super Mario for his acumen in stock picking, Mr. Gabelli, 63, who sits atop a complex public- and private-investment empire, has seen his reputation dented in recent months as he faced lawsuits that challenged his business ethics, corporate governance and pay package.

Last year, as chairman and chief executive of the publicly traded Gamco Investors, Mr. Gabelli received a pay package worth $55.5 million. Gamco was not part of the auctions, which involved licenses for wireless spectrum, or in the Justice Department settlement yesterday.

How much of the $130 million settlement will come out of Mr. Gabelli's own pocket is unclear. A lawyer for Mr. Gabelli, Lanny A. Breuer, declined to provide details. But earlier this week, Lynch Interactive, a communications holding company run by Mr. Gabelli, said its share of the settlement would be $34 million.

Still, Mr. Gabelli can claim some victories. The settlement, in which he denies any wrongdoing, does not restrict him or any of his companies from bidding in future F.C.C. spectrum auctions. Nor does it force him to give up all of the $205 million in profit he is estimated to have made from reselling the licenses he was accused of obtaining fraudulently.

"I'm glad that we've been able to resolve this in a fair and equitable manner and in a way that allows our clients to move on with their businesses," Mr. Breuer said.

Mr. Gabelli, who was hobnobbing yesterday with the tech and media elite at the investment bank Allen & Company's annual conference in Sun Valley, Idaho, said he did not know about the settlement when questioned by reporters. A message left in his office in Rye, N.Y., was not returned.

The lawsuit against Mr. Gabelli was filed more than five years ago by a whistle-blower, Russell Taylor III, a lawyer who was involved in the wireless spectrum auction.

The lawsuit was filed under the False Claims Act, a Civil War-era law that was intended to uncover fraud against the government. Mr. Taylor, who is studying for a doctorate at Oxford University and whose lawyers said he was not willing to speak about the case, will receive $32.2 million of the $130 million settlement. That amount will be much smaller after he pays taxes and his lawyers' contingency-based fees.

The lawsuit accused Mr. Gabelli and other Gabelli affiliates — mostly friends and associates of Mr. Gabelli with scant, if any, experience in the communications field — of creating a series of sham companies that bid for F.C.C. licenses at a discount under a program that favored minorities and small businesses. Many of those licenses were later resold at hefty profits, the lawsuit asserted.

A number of Lynch Interactive subsidiaries have applied to bid for wireless licenses in an F.C.C. auction in August. They are not seeking minority- or small-business discounts.

This is the second legal battle that Mr. Gabelli has settled in recent months. Earlier this summer, he agreed to pay two investors more than $100 million to settle a legal fight that had raised questions about his pay package and his stance on shareholder rights.

Mr. Gabelli agreed to pay Frederick J. Mancheski, who was Mr. Gabelli's first investor in 1976, and David M. Perlmutter, a former lawyer for Mr. Gabelli, cash and 2.1 million shares in Gamco worth about $80 million.

The men accused Mr. Gabelli of preventing them from selling, at fair market value, their stake in his private company, Gabelli Group Capital Partners. That company is the controlling shareholder of Gamco Investors.

CIVIL RIGHTS:

Voting Rights Act Extensions Pass House Despite GOP Infighting (WP)

By Shailagh Murray

The Washington Post, July 14, 2006

The House yesterday easily approved an extension of key provisions of the landmark Voting Rights Act, after GOP leaders quelled a rebellion within the party's Southern ranks that threatened to become a political embarrassment.

Before the 390 to 33 vote to extend the measure for a quarter-century, the House defeated four amendments that would have diluted two expiring provisions and possibly derailed final passage before the November congressional elections. With the House hurdle now cleared, Senate Judiciary Chairman Arlen Specter (R-Pa.) said he hoped to bring the extension to the Senate floor before the August recess.

The act's temporary provisions do not expire until next year, but Republican leaders had hoped that early action would earn goodwill from minority voters as members of Congress head into a brutally competitive fall campaign season.

"Today, Republicans and Democrats have united in a historic vote to preserve and protect one of America's most important fundamental rights -- the right to vote," said House Speaker J. Dennis Hastert (R-Ill.).

Yesterday's votes put a dent in Hastert's principle of moving major legislation only with a "majority of the majority" -- that is, with most of the chamber's 231 Republicans supporting it. Overwhelming Democratic support was crucial to defeating three of the potentially killer amendments introduced by dissident Republicans and opposed by Hastert.

The Voting Rights Act is a cornerstone of the civil rights era and was adopted in 1965 to stop the systematic disenfranchisement of black voters, particularly in the South, through barriers such as poll taxes and literacy tests. Much of the legislation, including a section that bans racial discrimination at the ballot box, is permanent law.

But several key provisions are temporary. One requires certain states and jurisdictions with a history of voter discrimination to gain federal approval for voting-law changes. Another imposes a language-assistance requirement on jurisdictions with a high percentage of voters whose native language is not English.

It is those two provisions that drew the ire of some Republican lawmakers, mainly from the South. Some of these Republicans had objected to approving the provisions and, in recent weeks, had blocked the bill from going to the floor. To move it forward, GOP leaders allowed the four amendments to be considered. Most of the disgruntled Republicans swallowed their complaints and voted for final passage.

One of the 33 holdouts was Rep. Patrick T. McHenry (R-N.C.). "Some politicians in Washington wouldn't dare vote against this bill because they'd be lambasted by the media and liberal interest groups," McHenry said. "I will not go along with bad public policy in the name of political correctness. . . . This bill is a 1960s solution for a 21st-century world."

Two of the amendments the dissenting Republicans brought forward addressed the required approval of changes in states' voting laws. "It's true that when the Voting Rights Act was first passed in 1965, Georgia needed federal intervention to correct decades of discrimination," said freshman Rep. Lynn A. Westmoreland (R-Ga.), whose amendment to ease the pre-clearance requirement failed 302 to 118, although a majority of Republicans backed it.

Westmoreland noted that voter registration and turnout in Georgia are higher today among black voters than among white voters. One-third of officials elected statewide are black, including the attorney general and the chief justice, and black representation in the state legislature is in proportion to Georgia's black population.

"Georgia's record on voter equality can stand up against any other state in the union," he said.

But Rep. David Scott (D-Ga.), whose Atlanta district abuts Westmoreland's, called the measure "the most treacherous and dangerous" of the four amendments, its goal being "to kill the Voting Rights Act."

A second amendment, offered by Rep. Charles Whitlow Norwood Jr. (R-Ga.), would have made every district potentially subject to the pre-clearance requirement, by including any jurisdiction where voter turnout fell below 50 percent in a presidential election. It would have eased the pre-clearance requirement for jurisdictions with voter turnout above 50 percent in three consecutive presidential elections, presuming that no court had found that discriminatory voting practices were employed. The measure failed 318 to 96.

Republicans also sought to strip the act of a provision that requires jurisdictions to print ballots in a second language if the local population includes a large enough percentage of Latinos, American Indians, Asian Americans and Native Alaskans -- groups that Congress found to have faced barriers in the political process.

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The bilingual amendment, offered by Rep. Steve King (R-Iowa), had a particular potency, given the simmering debate over overhauling the nation's immigration laws. King and his supporters called the bilingual-ballot requirement an affront to states' rights and "a horrible attack on the unity of the United States of America." Said Rep. Dana Rohrabacher (R-Calif.): "This is multiculturalism at its worst."

Powerful Republicans, such as House Judiciary Chairman F. James Sensenbrenner Jr. (R-Wis.), helped block the amendment, which failed 238 to 185. A significant GOP majority -- 181 to 44 -- supported the amendment. "This is a poison-pill amendment," Sensenbrenner said. He added: "We're dealing here with United States citizens. Certainly we ought to give these people assistance."

A fourth amendment, offered by Rep. Louie Gohmert (R-Tex.), would have shortened the extension to 10 years from 25 years; it failed 288 to 134.

House Renews 1965 Voting Rights Act (USAT)

By Andrea Stone

USA Today, July 14, 2006

WASHINGTON — The House of Representatives voted overwhelmingly Thursday to renew the 1965 Voting Rights Act, overcoming an attempt by conservatives to ease restrictions they said are no longer necessary.

The 390-33 vote preserves for 25 years a law enacted at a time when Southern states employed tactics to suppress black voting and was designed to ensure no state deny people the right to vote based on their race or color.

The act was due to expire in 2007. The Senate is likely to vote on the measure this month.

Supporters said the law is needed because minorities can still be treated unfairly when legislatures change rules or redraw districts.

“I gave blood. Some of my colleagues gave their very lives,” said Rep. John Lewis, D-Ga., an activist in the Civil Rights Movement that led to the act's passage.

Lewis displayed photos of himself and others being beaten by state troopers in 1965 during a march from Selma to Alabama's capital of Montgomery in support of black voting rights. At the time, Alabama used intimidation to prevent blacks from voting.

“We must pass this act without any amendment, it is the right thing to do,” he said to applause.

The law's renewal had attracted bipartisan support and the approval of President Bush. But representatives from states singled out by the act because of past discriminatory practices wanted changes.

Rep. Charlie Norwood, R-Ga., and a handful of conservatives proposed amendments to eliminate provisions requiring states like his to get federal approval before changing their voting procedures. They also proposed an end to multilingual ballots in certain states, saying it is unnecessary because proficiency in English is required for citizenship.

The South was being treated “as if nothing has changed in the last 41 years,” said Rep. Lynn Westmoreland, R-Ga.

He said black Georgians today register to vote at higher percentages than whites and that elected black officials serve in the highest levels of state government.

“We have repented, and we have reformed, and as Fannie Lou Hamer famously said, ‘I am sick and tired of being sick and tired,' ” he said, invoking the name of the black Mississippi civil rights activist.

The measure has been renamed the Fannie Lou Hamer, Rosa Parks and Coretta Scott King Voting Rights Act to honor the civil rights activists.

House Judiciary Chairman F. James Sensenbrenner, R-Wis., led supporters in blocking the amendments. Among those defeated was a proposal to limit the act's renewal period to 10 years and elimination of a provision that requires the Justice Department to monitor some local elections.

Just before the vote, Rep. Maxine Waters, D-Calif., said the act should remain as is. She said that while voter poll taxes and literacy tests are now illegal, a federal judge as recently as Wednesday ruled that Georgia's law to require government-issued identification cards discriminated against minorities.

“Don't disrespect the civil rights movement,” Waters said. “Show the world that America is sincere about democracy.”

House Approves 25-Year VRA Extension (RC)

Roll Call, July 14, 2006

Following weeks of delays sparked by Republican infighting, House lawmakers overwhelming approved a 25-year extension of the Voting Rights Act on Thursday.

Voting against the reauthorization measure, which passed 390-33, were a handful of Republican lawmakers who had pushed unsuccessfully for a series of four amendments to the legislation.

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House Members defeated an amendment aimed to reduce the extension of the law to a 10-year period, as well as a proposal to eliminate federal mandates for multilingual ballots. The House also voted down two additional amendments tied to Section 5 of the law, commonly known as the “pre-clearance” provision, which requires states with a documented history of discrimination to acquire the approval of the Justice Department before altering any election procedures.

The Senate Judiciary Committee is scheduled to mark up its version of the voting rights law next week, Judiciary Chairman Arlen Specter (R-Pa.) said Thursday. The Senator said he hopes the chamber will complete its work on the measure before the August recess.

House OKs Renewing 1965 Voting Rights Act (AP-Y)

By Laurie Kellman, Associated Press Writer

AP2, July 14, 2006

The House voted Thursday to renew the 1965 Voting Rights Act, rejecting efforts by Southern conservatives to relax federal oversight of their states in a debate haunted by the ghosts of the civil rights movement.

The 390-33 vote sent to the Senate a bill that represented a Republican appeal to minority voters who doubt the GOP's "big-tent" image.

All of the "no" votes came from Republicans, in defiance of their own leaders.

"The liberties and freedom embedded in the right to vote must remain sacred," House Speaker Dennis Hastert, R-Ill., said in a statement. "Principles like these cannot wait for discrimination to rear its ugly head."

Southern conservatives complained that the act punishes their states for racist voting histories they say they've overcome.

"By passing this rewrite of the Voting Rights Act, Congress is declaring from on high that states with voting problems 40 years ago can simply never be forgiven," said Rep. Lynn Westmoreland, R-Ga., one of several lawmakers pressing for changes to the law to ease its requirements on Southern states.

"I sincerely hope the U.S. Senate corrects these problems so when the bill returns to the House for final passage I can vote for it," said Rep. John Shadegg, R-Ariz., whose state is one of those under federal scrutiny.

The House overwhelmingly rejected amendments that would have shortened the renewal from 25 years to a decade and would have struck its requirement that ballots in some states be printed in several languages.

Supporters of the law as written called the amendments "poison pills" designed to kill the renewal because if any were adopted by the full House, the underlying renewal might have failed.

Supporters used stark images and emotional language to make clear that the pain of racial struggle — and racist voting practices — still stings.

Rep. John Lewis, D-Ga., displayed photos of civil rights activists, including himself, who were beaten by Alabama state troopers in 1965 as they marched from Selma to Montgomery in support of voting rights.

"I have a concussion. I almost died. I gave blood; some of my colleagues gave their very lives," Lewis shouted from the House floor, while the Rev. Jesse Jackson, another veteran of the civil rights movement, looked on from the gallery.

"Yes, we've made some progress; we have come a distance," Lewis added. "The sad truth is, discrimination still exists. That's why we still need the Voting Rights Act and we must not go back to the dark past."

The very debate over changes to the act is testament to the influence of Southern conservatives, even over their own GOP leaders who had hoped to pass the renewal as a fresh appeal for support from minorities on Election Day.

With rare bipartisan support among leaders of the House and Senate, the renewal was widely expected to sail through Congress and on to the White House for President Bush's signature.

Republican leaders, however, were forced to postpone a House vote last month when conservatives rebelled during a closed meeting.

Unable to satisfy the dissenters and eager to pass the bill this week, Republican leaders announced late Wednesday they would allow the House to consider amendments, none of which passed.

The amendment that would have extended the act for a decade, rather than the 25 years in the bill, was rejected 288-134. The proposal to strike requirements in the law that ballots in districts with large populations of non-English speakers be printed in other languages failed 238-185.

"What unites us? It's our language, the English language," said Rep. Dana Rohrabacher, R-Calif. Without the amendment, the act is "hurting America by making it easier not to learn English."

Democrats made clear early in the day they would vote against the renewal if any of the amendments were added.

"Any one of them would be a weakening of the Voting Rights Act," said Democratic leader Nancy Pelosi of California.

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The White House also weighed in during the debate, saying in a statement that the Bush administration "supports the intent" of the renewal. The statement did not take a position on the amendments proposed by lawmakers who represented the GOP's conservative base.

Their objections to the renewal already were being echoed by some Senate colleagues from the same states.

Sen. Tom Coburn, R-Okla., noted that the act doesn't expire until next year.

"It's 13 months away and we're creating a political situation that doesn't need to be created," Coburn said in an interview. He said changes such as those proposed by the House amendments needed time for consideration.

Rep. Alcee Hastings, D-Fla., called lawmakers who wanted to loosen the requirements in the law "ideological soul mates" of lawmakers who opposed the 1964 Civil Rights Act.

"For them, this is not a debate about fairness, it is about ideology. Ideology has no place in today's debate," Hastings said. "We should do this not for the partisan benefit but because, as John Kennedy said, it is right."

The states identified in the bill as still in need of federal oversight are Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas and Virginia.

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The bill is HR-9.

After Challenges, House Approves Renewal Of Voting Act (NYT)

By Raymond Hernandez

The New York Times, July 14, 2006

WASHINGTON, July 13 — The House voted overwhelmingly on Thursday to renew expiring provisions of the Voting Rights Act after supporters of it defeated challenges mounted by conservative opponents.

The 390-to-33 vote on the landmark civil rights act capped a day of impassioned debate that heightened the politically charged atmosphere surrounding race and ethnicity, already aggravated by the recent fight in Congress over immigration.

In urging adoption of the act, Representative John Lewis, Democrat of Georgia, recalled marching on Bloody Sunday, a turning point in the movement for black voting rights in 1965, when the police in Selma, Ala., beat 600 civil rights demonstrators.

“I gave blood,” Mr. Lewis said, his voice rising, as he stood alongside photographs of the clash. “Some of my colleagues gave their very lives.”

“Yes, we’ve made some progress; we have come a distance,” he added. “The sad truth is, discrimination still exists. That’s why we still need the Voting Rights Act, and we must not go back to the dark past.”

For weeks, the outcome of the battle to extend the act had been in doubt. Republican leaders had planned a vote in June. But they abruptly canceled it after conservative lawmakers objected to several provisions of the act, including one that requires the Justice Department to review any proposed changes to voting procedures in states covered by the law, most of them in the South. They said the provisions were unnecessary.

The rebellion was an embarrassment for the Republican leadership. In early May, House and Senate leaders of both parties assembled on the steps of the Capitol to pledge their support for the act and celebrate what they described as its imminent approval. President Bush had also thrown his support behind it.

To mollify those conservatives, House leaders agreed to allow them to offer four amendments on Thursday, including one that would have required the Justice Department to demonstrate why the voting procedures in certain states should still be under federal oversight.

Representative Phil Gingrey, Republican of Georgia, argued that his state, for one, had made great strides in voting rights for minorities. “A lot has changed in 40-plus years,” Mr. Gingrey said. “We should have a law that fits the world in 2006.”

But in the end, Republicans joined with Democrats to defeat the amendments, allowing both parties to cast themselves as champions of minority voters.

“This legislation proves our unbending commitment to voting rights,” said Representative F. James Sensenbrenner Jr., Republican of Wisconsin and chairman of the Judiciary Committee.

The focus now shifts to the Senate, where the Judiciary Committee is expected to take up the Voting Rights Act next week.

Senate Democrats urged quick passage.

“For two months, we have wasted precious time as the Republican leadership played to its conservative base,” said Senator Harry Reid of Nevada, the Democratic leader. “There are only 21 legislative days left in this Congress, and the time to act is now.”‘

President Lyndon B. Johnson signed the Voting Rights Act into law in August 1965 after a string of violence in Southern states surrounding efforts to ensure that blacks were afforded full rights to vote.

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The law instituted a nationwide prohibition against voting discrimination based on race, eliminated poll taxes and literacy tests and put added safeguards in regions where discrimination had been especially pronounced.

Those included the requirement for the Justice Department to review any proposed changes to voting procedures to determine whether they would be discriminatory. That "preclearance" requirement would be retained for the nine states entirely covered by the law, most of them in the South, and parts of seven others.

While critics of that requirement say it is now outdated, supporters of the act said the history of discrimination in those particular states justified their status. Beyond that, they argued that leaders who believed their states or localities should be exempt from the requirements could apply to "bail out" through a federal review.

On the floor Thursday, many Democrats, as well as Republicans, denounced the amendments offered by conservatives as an effort to derail renewal of the act. Democrats had warned from the start that they would vote against the act if any of the amendments were tacked on to it.

"Their goal has been one thing and one thing only: to kill the Voting Rights Act," said Representative David Scott, Democrat of Georgia.

Another provision of the act that drew fire from conservatives requires bilingual ballots in political jurisdictions with a high number of citizens who have difficulty with English. Representative Steve King, Republican of Iowa, offered an amendment that would have eliminated it.

Mr. King and his supporters argued that naturalized citizens should have had to prove English proficiency as part of their citizenship test. In the end the amendment, which would have allowed local voting officials to provide language assistance at the polls, was defeated 238 to 185.

"This is multiculturalism at its worst," Representative Dana Rohrabacher, Republican of California, said, referring to bilingual ballots. "When we come from various ethnic groups and races, what unites us? It's our language, the English language. We're hurting America by making it easier for people not to learn English."

Voting Rights Act Renewal Wins House Approval (LAT)

By Johanna Neuman

The Los Angeles Times, July 14, 2006

WASHINGTON — The House on Thursday overwhelmingly approved a 25-year renewal of the landmark Voting Rights Act, but only after a cadre of Republican conservatives defied party leaders by pressing ahead with unsuccessful — and controversial — efforts to revise the measure.

Their attempts to modify what is often called the crown jewel of the civil rights movement included shortening the bill's life and repealing its requirement that bilingual ballots be provided to minority voters.

The modifications, derided by the bill's sponsors as "stabbing the Voting Rights Act in the heart," were defeated by an unusual coalition of virtually all of the chamber's 201 Democrats and its Republican leaders.

"Republicans and Democrats have united in a historic vote to preserve and protect one of America's most important fundamental rights — the right to vote," House Speaker J. Dennis Hastert (R-Ill.) said in a statement after the 390-33 vote, without mentioning that a majority of Republicans voted for most of the efforts to modify the law.

The rare public display of GOP dissension was a blow to strategists at the White House, who had hoped an election-year renewal of the act would boost Republicans' appeal to minority voters in the fall elections.

The bill still faces turmoil in the Senate. The chairman of the Senate Judiciary Committee, Sen. Arlen Specter (R-Pa.), said he wanted the committee to consider the bill on Wednesday, but Senate Majority Leader Bill Frist (R-Tenn.) has not scheduled floor action. And some senators, like Tom Coburn (R-Okla.), are echoing some concerns raised by their House counterparts.

The all-day House debate was emotional, resonating with the echoes of the nation's violent history of voter discrimination.

"I was beaten; I have a concussion; I almost died," said Rep. John Lewis (D-Ga.), holding a photo of the 1965 civil rights march from Selma to Montgomery, Ala., where state troopers attacked protesters with fire hoses and batons. "I gave a little blood, but some of my colleagues gave their very lives."

But those who wanted to modify the law's expiring features — including a requirement for Justice Department oversight of voting laws in states, most of them Southern, with a history of discrimination — argued that the South had been punished enough.

"The House is voting today to keep my state in the penalty box for 25 more years based on the actions of people who are now dead," said Rep. Lynn Westmoreland (R-Ga.), who urged changes to make it easier for states and cities to be exempted.

In the initial decades after the Civil War, African Americans voted in record numbers. But early in the 20th century, as the number of lynchings grew, so did state-sanctioned poll taxes, literacy tests and even violence against blacks who attempted to

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register to vote. Only after the civil rights movement of the 1960s — including the passage of the Voting Rights Act in 1965 — did African Americans again vote in great numbers, electing record numbers of black officials.

Opponents argued that Florida and Ohio, infamous for electoral irregularities in the last few years, should also be required to clear their voting law changes with the Justice Department. Otherwise, they said, the law unfairly targets the South for its history, not its present record.

"This is blatant discrimination, based on nothing more than where they live, and unconstitutional," said Rep. Charlie Norwood (R-Ga). "Georgia now outperforms the nation in every area of black voting — turnout, registration and the success rate of black candidates. Clearly, by all measurable standards, the injustices targeted under the Voting Rights Act have been remedied."

But one of Norwood's fellow Georgians, Democratic Rep. David Scott, argued that black voters still needed protection.

"No state needs the Voting Rights Act more than Georgia," he said. Even though one-third of statewide elected officials are African American, Scott added, the recent enactment of a state voter identity bill "gives ample evidence that Georgia is still discriminating."

The other hot-button issue was an attempt to repeal the law's requirement that states and localities provide bilingual ballots and materials to minority voters in places where they represent at least 5% of the electorate. The state of California prints ballots in seven languages, according to the secretary of state's office in Sacramento.

Proponents argued that bilingual ballots were needed mostly by U.S.-born citizens who were more comfortable reading a ballot in their parents' language. Rep. Linda T. Sanchez (D-Lakewood) said during a news conference Thursday that her mother, who teaches English, sometimes prefers a Spanish-language ballot to understand the nuances of complex ballot measures.

But opponents countered that bilingual ballots were an unfunded mandate, which forced states to pick up the costs. Rep. Dana Rohrabacher (R-Huntington Beach) called them "a travesty" and "a terrible long-term attack on the unity of America."

"What unites us is English," he said. "This is multiculturalism at its worst."

Of the four amendments defeated in the House, three had the support of a majority of the chamber's 231 Republicans. Only the suggestion that the Voting Rights Act be extended to cover other jurisdictions was defeated by majorities of both Republicans and Democrats.

In the California delegation, five Republicans voted against the bill: Reps. John Campbell of Irvine, John T. Doolittle of Roseville, Wally Herger of Chico, Rohrabacher and Ed Royce of Fullerton. All other delegation members voted in favor.

House Renews Voting Rights Act (SCRIPPS)

By Michael Doyle, Fresno Bee

Scripps Howard, July 14, 2006

WASHINGTON -- The House on Thursday approved a new Voting Rights Act that provokes Southern conservatives and keeps several Central Valley counties under Justice Department control.

The House passed the bill with deceptive ease after fending off conservatives' efforts to eliminate bilingual ballots and curtail federal electoral oversight. But the 390-33 margin of approval also masked sharp divisions among Republicans, as well as some parochial ambivalence among Valley lawmakers.

"I think it needs to be reauthorized," said Rep. Devin Nunes, R-Calif., but "I do have a concern because of some California counties."

Electoral decisions in California's Merced, Kings, Yuba and Monterey counties _ along with more than 800 other counties nationwide _ still will be overseen by the Justice Department under the updated law. That irks local officials, who hoped to escape the regulation they consider archaic and unnecessary.

"We were looking for a chance to get out, to not have to spend several hundred thousand dollars a year on attorneys fees," said M. Stephen Jones, Merced County's auditor-controller.

A legislative icon since 1965, the Voting Rights Act is being rewritten to cover the next 25 years. The Bush administration calls it "the most successful civil rights legislation ever adopted," and credits the law with boosting minority voting turnout.

In 1964, 60 percent of African-American adults nationwide were registered to vote, but in Southern states, only about 30 percent of African Americans were registered. By 2004, nationwide African-American voter registration had risen to 64.4 percent, with dramatic increases in Southern states.

In 1964, the House of Representatives included five African-American members and three Hispanic members. Now, the House's 435 members include 40 African Americans and 22 Hispanics.

"The right to vote is fundamental in our system of government," said Rep. James Sensenbrenner, the Wisconsin Republican who chairs the House Judiciary Committee, and "since its enactment, the Voting Rights Act has been instrumental in remedying past injustices."

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Although certain provisions don't expire until August 2007, GOP leaders want to finish the legislation before the November 2006 congressional elections. Congressional Democrats, too, are among the bill's most vehement supporters.

"Our history is filled with efforts to prevent people from voting," said Rep. Doris Matsui, D-Calif., citing "literacy tests, poll taxes, threats and even violence."

The Bush administration declared in a statement that it "supports the intent" of the Voting Acts Right rewrite, but it did not stake a detailed position on the most controversial issues. The Senate will next take up its own version of the bill.

Republican leaders' efforts to pass the bill last month stumbled when conservatives insisted on pushing several controversial amendments.

One amendment, rejected Thursday 238-185, would have eliminated the Voting Rights Act requirement that bilingual ballots be provided in political subdivisions where more than 5 percent of voting-age citizens lack adequate English skills.

In California, this existing requirement requires Chinese ballots in Alameda County, Filipino ballots in Santa Clara County, Vietnamese ballots in Orange County and Spanish ballots statewide, among others.

"The federal government doesn't need to be imposing foreign language ballots on any jurisdiction," said Rep. Steve King, R-Iowa. "Let local governments do what they choose."

But Sensenbrenner, though not generally known as an immigrants' advocate, called King's amendment a political "poison pill" that would cause special problems in states like California that have many complicated ballot measures.

The House similarly rejected two different proposals to revise the law's "pre-clearance" provisions. While pushed by Southern conservatives, these efforts could have affected California counties.

The existing Voting Rights Act requires that 837 counties nationwide _ including the four in California _ receive Justice Department approval before making electoral changes. These could be anything from hiring new poll workers, buying new voting machines or making new political annexations.

(Distributed by Scripps-McClatchy Western Service, http://www.shns.com.)

Voting-Rights Act Extension Clears House After Bitter Battle (WSJ)

By David Rogers

The Wall Street Journal, July 14, 2006

WASHINGTON -- The House voted to extend the Voting Rights Act and add new language that implicitly rebukes a 2003 Supreme Court ruling giving states greater flexibility in satisfying the civil-rights protections under the 1965 law.

The 390-33 vote came as the Senate approved a nearly $34 billion Homeland Security budget, after adding $1 billion for port and border security.

Voting Rights Act provisions, due to expire next year, would be extended into 2032, and the House built on a substantial hearing record and compromises reached between its Judiciary Committee Chairman James Sensenbrenner (R., Wis.) and the Congressional Black Caucus.

Senate Judiciary Committee Chairman Arlen Specter (R., Pa.) has pledged to take up the measure quickly this month, and Senate Majority Leader Bill Frist (R., Tenn.) is determined to complete passage as one of his last acts before leaving the Senate this year.

Nonetheless, because of its impact on congressional redistricting every 10 years, the Voting Rights Act remains a contentious issue in the House. The final vote followed weeks of Republican infighting that forced Speaker Dennis Hastert (R., Ill.) to pull the measure from the floor last month.

Tensions in the Georgia delegation surfaced yesterday in angry exchanges between black and white lawmakers, who openly accused one another of deceit and "dastardly" conduct. Among Republicans, the debate was colored by divisions over immigration overhaul that have strained the party's relations with Latino voters.

Pressed by conservative groups, 181 Republicans, including several top leaders, joined in an attempt to strip out bilingual-ballot provisions in the act. "Support the unifying force of a common language, the English language," said Rep. Ernest Istook (R., Okla.)

But Mr. Sensenbrenner prevailed, 238-185 with strong Democratic support and a final appeal from Rep. Mike Pence (R., Ind.), urging fellow conservatives to back away. "Language requirements belong in immigration law, not in the ballot box," Mr. Pence said. "That curtained ballot booth is sacred soil."

Most important is new statutory language to clarify the standard Congress wants applied when the Justice Department reviews redistricting plans under the act for violations of minority rights.

At issue is a 5-4 Supreme Court decision, Georgia v. Ashcroft, which sought to give states more flexibility to meet legal requirements, but which roiled the civil-rights community because of what critics said was the vagueness of the court's "totality"

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test. The House provision now spells out that the first priority should be to protect the rights of minority voters to elect "their preferred candidates of choice" and is intended to restore what had been the ruling legal doctrine prior to 2003.

"What we're saying is when you come to that fork in the road, you can't compromise the ability to elect candidates of choice," said Rep. Mel Watt (D., N.C.) a member of the Judiciary panel and leader in the Black Caucus.

In a colloquy on the floor, he and Mr. Sensenbrenner said that this determination should be made without consideration of political party. But critics, including Theodore Olson, President Bush's former solicitor general, say the phrasing invites a greater politicization, "by entrenching" the so-called "candidates of choice."

"We are putting into code the apparent propensity by the Supreme Court to politicize their decisions based upon the outcome of elections...not based upon the right of individuals to vote," said Rep. Tom Price (R., Ga.).

The primary focus has been in the South but the impact could be as great over time in the West with its rapidly growing Latino population. Rep. John Shadegg (R., Ariz.) said that in states like his, it could become harder to redraw the lines of a district with, for example, 35% Hispanic voters, if it means reducing that percentage.

South Seeks New Status In Voting Rights Act (CSM)

By Patrik Jonsson

The Christian Science Monitor, July 14, 2006

ATLANTA

Matters of race still roil the South, but any more than in the rest of America? And when it comes to ballot access for minorities, do Southern states still deserve to be singled out for federal oversight - 41 years after passage of the Voting Rights Act became the crowning achievement of the civil rights movement?

On the way to renewing the Voting Rights Act this week, the House was forced by a group of Republican congressmen - primarily from the South - to consider those questions, touching off a rousing debate over whether the region is ready for electoral emancipation.

"It's a question of, how long does someone or some state get punished for past sins?" says David Domke, a political communications professor at the University of Washington in Seattle. "Today, there is a pretty good argument made by Southerners that there should at least be a decrease in the amount of [federal] oversight" of elections.

The debate in the public square that preceded the House's vote on Thursday shows how emotionally charged the issue remains. Here in Georgia - where white congressional representatives have taken the lead in arguing for a softened Voting Rights Act (VRA) and black representatives have defended the need for oversight - positions gelled along the familiar racial and party lines.

The amendment in question - intended to make it easier for 837 counties, mostly in the South, to exit federal receivership and regain control of their elections - was not expected to pass. The vote came after the Monitor went to press.

But the Senate has yet to take up the VRA, and some senators have said they feel sympathetic toward the view that the former slave-holding states deserve to know how they can win redemption.

Those who argue for amending the VRA say the changes it wrought are now steeped in Southern culture. The region, despite widespread social segregation, has in many ways come to terms with its past - exemplified by political opportunity for all, they say.

"One problem is, how do you come up with evidence of [racial injustice] when the VRA has been such a good deterrent?" says Richard L. Hasen, an election law professor at Loyola Law School in Los Angeles, who had a hand in crafting the amendment put forward by Rep. Lynn Westmoreland (R) of Georgia.

The House also considered other VRA amendments. One would expand the law's purview from 16 states to all 50. Another called for revisiting the law in 10 years instead of 25. But the most hotly contested was the bid to soften Section 5 of the law, which requires counties under federal supervision to submit all election changes - as small as the number of ballot boxes - to the US Justice Department.

The Westmoreland amendment required that Justice compile a list of counties with clean records that would get an automatic "bailout" from the law. Only 11 counties, all in northern Virginia, have gained bailout since 1965.

To many, especially Southern blacks who remember the days of Jim Crow, watering down the act could result in an eventual slide toward tactics like poll taxes and literacy tests intended to marginalize the black vote.

Rep. David Scott (D), whose 13th District abuts Representative Westmoreland's in the Atlanta suburbs, rattles off a long list of unresolved injustices, from the days of disfranchisement to Jim Crow-era "whippings and lynchings" at the hands of whites. Rep. John Lewis (D) of Georgia has branded Westmoreland and fellow Republican Rep. Charlie Norwood "saboteurs," saying they aren't taking into account the feelings of African-Americans, who make up about one-third of Georgia's population.

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Representative Scott says racial progress has come not from white Southerners, but from the act itself. Since the law was renewed last in 1982, Georgia has had 91 VRA violations, including a 1992 effort by Effingham County, outside Savannah, to remove the vice-chairman slot on its county board - a post that had been held for five years by a black commissioner.

More proof, Scott says, is Georgia's controversial Voter ID law, which a federal judge on Wednesday ruled unconstitutional. "Georgia is a poster child for why we still need the VRA," says Scott.

Proponents of the Westmoreland change say Georgia shows how much progress has been made. Today, it has more than 600 black elected officials, a number surpassed only in Mississippi. There were three in 1964. The percentage of blacks who turn out to vote is regularly higher than the percentage of whites. Two black House members, including Scott, are elected from majority-white districts.

"We do not believe we should wear a scarlet letter forever," says Brian Robinson, Westmoreland's press secretary. "All we're saying is that we're being treated differently even though there's no record to say we are different. We want the law to reflect today's reality as opposed to the 1960s."

Loyola's Mr. Hasen, for his part, says the law is necessary in a country still battling racial inequities. His support of the Westmoreland measure, he says, is motivated by a desire to protect the VRA from the new Supreme Court under Chief Justice John Roberts. Some legal analysts predict that the Roberts court would be less likely than the former Rehnquist court to uphold Section 5 unless there's compelling evidence that specific counties are engaging in disfranchisement.

Activists Sue To Block Electronic Voting (AP-Y)

By Deborah Hastings

AP2, July 14, 2006

Computerized voting was supposed to be the cure for ballot fiascos such as the 2000 presidential election, but activist groups say it has only worsened the problem and they've gone to court across the country to ban the new machines.

Lawsuits have been filed in at least nine states, alleging that the machines are wide open to computer hackers and prone to temperamental fits of technology that have assigned votes to the wrong candidate.

Manufacturers say their machines are more reliable than punch cards and other traditional voting technologies.

But they face a determined opponent in Voter Action, which has filed lawsuits in Colorado, California, Arizona and New Mexico. Similar bans have been sought by voters in Texas, Ohio, Florida and Pennsylvania. On Thursday, a coalition of groups filed a lawsuit in Georgia.

"The designers of video games have built far more sophisticated security into their systems than have the manufacturers of voting machines," said Lowell Finley, co-director of Voter Action, a nonprofit and nonpartisan group based in Berkeley, Calif. "The biggest problem is security against tampering."

About 80 percent of American voters will use some form of electronic voting in the November election, where every seat in the House of Representatives is up for re-election, as are 33 Senate offices and 36 governorships.

New York University's Brennan Center for Justice released a one-year study last month that determined that the three most popular types of U.S. voting machines "pose a real danger" to election integrity.

The survey examined optical scanners, which electronically read ballots, and touch-screen machines, which operate like ATMs. Some produced paper receipts, others didn't.

More than 120 security threats were identified, including wireless machines that could be hacked "by virtually any member of the public with some (computer) knowledge" and a PC card; the failure of most states to install software that could detect outside attacks; and the failure of many states to audit their electronic systems.

Voter Action's lawsuits target the most popular machine manufacturers: California-based Sequoia Voting Systems, Nebraska-based Electronic Systems & Software, and the biggest of them all, Diebold Election Systems of Ohio, a subsidiary of giant ATM maker Diebold Inc.

Diebold spokesman David Bear said his company's technology "has proven to be more accurate" than punch cards, and most Americans prefer to vote electronically. He also dismissed recent studies that showed computerized systems were vulnerable to hackers, saying "those are what-if scenarios."

The company's former CEO, Wally O'Dell, authored a 2003 Republican fundraising letter that promised, "I am committed to helping Ohio deliver its electoral votes to the president next year."

As it turned out, Ohio did push George Bush over the top, but only after problems at voting precincts — including malfunctioning Diebold machines — prompted lines as long as 11 hours. Diebold denied any wrongdoing, as did the other machine makers, who say e-voting problems are coincidental, reflecting expected glitches in new technology.

The jump to electronic voting was spurred by the 2002 Help America Vote Act, which reworked election standards and encouraged states to get rid of punch-card systems by making $3.9 billion available to states for upgrading election equipment.

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Manufacturers of touch-screen machines and optical scanners touted their young technology to election officials as the best way to get those funds, and to avoid the chaos caused by punch cards in the 2000 election.

But according to voters' rights groups, much the money was disbursed well before a mandated HAVA committee published its stringent new election standards.

Bear said there has been no evidence in any election of hackers breaching electronic security measures and manipulating votes. However, Finley said Voter Action has documented other problems with e-voting.

"We had dozens of affidavits from voters in New Mexico who said they touched one candidate's name, but the machine picked the opponent," he said. In the state's biggest county, home to Albuquerque, touch-screens machines purchased from Sequoia lost 13,000 votes, Finley said.

In the end, Voter Action agreed to drop its New Mexico lawsuit when the state stopped purchases of the machines and reverted to paper ballots that would be electronically scanned for results.

Other states had similar problems during the current primary season. In Arkansas, for example, one county's results were delayed for four days because of faulty software, machines that wouldn't boot up and a shortage of technicians to fix the $15.9 million system recently purchased from ES&S.

The company's machines also drew complaints from officials in Indiana, Oregon and West Virginia, where Secretary of State Betty Ireland blamed ES&S for "vast delays" and "broken promises" and reported the firm to the Federal Election Assistance Commission.

Finley says there is an easy solution to the problems.

"The best and simplest way is to have voters vote on paper," he said. "You can use modern technology — like scanners — to verify the vote," he said. "But you always have the assurance that you can go back and hand count those ballots."

Euclid's Challenge (CLPD)

The Cleveland Plain Dealer, July 14, 2006

The solution to a lack of blacks in municipal government should be a local creation, not a federal imposition

The Bush administration doesn't run all over the country filing Voting Rights Act lawsuits. On Monday, Euclid became only the second jurisdiction to earn such dubious recognition.

The suit, filed in U.S. District Court, represents the third racially tinged public relations blow to the city in the past three years. This is also by far the most potentially damaging litigation the rapidly changing city has been forced to confront.

It's easy to see why the Department of Justice is interested: No black candidate has ever been elected to any Euclid city office, even though the 2000 census showed Euclid to be a little more than 30 percent black. Current estimates suggest the figure is now up to 40 percent.

The lack of black participation has led Justice to conclude that the ward system has historically and systematically diluted the black vote and unfairly denied African-Americans the opportunity to win office.

Euclid officials deny the charge. They argue that the Justice Department has taken a simplistic snapshot of the city that ignores historic residential and transient living patterns that explain the lack of blacks in public office.

There may be some merit to these claims. City officials say only two blacks have ever even run for office.

But the fact remains that a city with a considerable and growing black population has not a single black on its nine-member City Council. That makes the city's argument an exceedingly tough sell.

There is no disputing that Euclid's demographics are changing quickly. And it is that trend - increased numbers of African-Americans - that could naturally rectify the lack of black political involvement. At least that's what the city contends. On the flip side, forcing a consent degree down the city's throat by eliminating all at-large council seats and breaking four current wards into eight smaller ones, as Justice has proposed, could create even greater instability in a city already experiencing severe growing pains.

A local solution is preferable, yet the numbers don't lie. That is why the Bush administration saw no recourse but to file suit.

The city says it plans to form an elections-review commission to search for ways to boost the chances of black candidates seeking office. But proactive - not reactive - measures are needed at this point.

If Euclid does not act quickly to adopt a system of elections that leads to more racially balanced outcomes, it can expect an arduous, expensive court battle that would be better avoided.

Euclid must prove that it can solve its own problem without a protracted legal fight with the federal government. That's in everyone's best interest.

SAN FRANCISCO 2 Brothel Operators Enter Guilty Pleas (SFC)

By Cicero A. Estrella

San Francisco Chronicle, July 14, 2006

Two women who operated San Francisco brothels that forcibly employed undocumented immigrant women from Asia have pleaded guilty to conspiring to harbor aliens, the state Department of Justice said Friday.

The pleas are the result of a joint investigation and prosecution by federal and local agencies, including the U.S. attorney's office, U.S. Immigration and Customs Enforcement, the FBI and San Francisco police.

Yon Suk Pang, 56, pleaded guilty to an additional charge of money laundering and has agreed to forfeit $1.2 million in profits from her criminal activity. The San Francisco resident ran the Suk Hee Oriental Massage Parlor on the 400 block of Broadway since 1995. She obtained women from Asia through brokers and forced them into prostitution, partly by withholding their passports as they worked off their debts to the brokers, officials said.

Min Sung Kim, 50, of Cupertino, operated the Golden Dragon Spa on the 100 block of Mason Street as a front for a brothel beginning in 1997. She has admitted to employing illegal aliens as prostitutes. Kim will forfeit $70,000 in profits.

Kim is scheduled to be sentenced on Sept. 6 and Pang on Oct. 18.

The maximum statutory penalty for alien-harboring conspiracy includes 10 years imprisonment, a $250,000 fine and three years of supervised release. The money-laundering conspiracy charges could mean 20 years in prison, a $500,000 fine (or twice the value of funds involved, whichever is greater) and five years of supervised release.

Page B - 2

SF Brothel Owners Convicted Of Human Trafficking (BCN)

Bay City News, July 14, 2006

SAN FRANCISCO -- Federal prosecutors announced today that two owners of San Francisco brothels who were indicted following an investigation of prostitution of young Korean women have pleaded guilty to alien harboring charges.

U.S. Attorney Kevin Ryan said that Yon Suk Pang, 56, of San Francisco, and Min Sung Kim, 50, of Cupertino, entered the pleas before U.S. District Judge Charles Breyer in San Francisco on July 5.

Ryan said the two woman also agreed to forfeit $1,270,000 in criminal proceeds.

Pang, owner of the Suk Hee Oriental Massage Parlor at 483 Broadway, will forfeit $1.2 million in profits from the brothel she operated at the parlor between 2003 and 2005. Kim, owner of the Golden Dragon Spa at 136 Mason St., will forfeit $70,000.

Pan pleaded guilty to charges of conspiring to harbor aliens and conspiring to launder money. She will be sentenced by Breyer on Oct. 18. Kim pleaded guilty to a charge of harboring aliens and will be sentenced on Sept. 6.

The two women are among 29 people who were indicted last year on charges of participating in a large human trafficking ring that allegedly transported young women from Korea to San Francisco for coerced prostitution.

Ryan said that eight other defendants have pleaded guilty thus far.

The U.S. attorney said that Pang admitted in a written plea that she employed women from other countries, most of whom were Korean, as prostitutes.

Pang said in the plea document that she obtained some of the women through brokers and paid the brokers for the debts the women incurred, which usually ranged from $10,000 to $15,000.

She held the women's passports until they paid their debts and required them to live in a concealed apartment adjacent to the brothel, according to plea agreement.

Ryan said that Kim admitted to employing Korean women to work as prostitutes at the Golden Dragon Spa. She would conceal the women by ringing an alarm to signal them to hide from authorities in an adjacent apartment that she had rented, according to Kim's plea agreement.

Pang faces a theoretical maximum sentence of 30 years in prison and Kim faces up to five years, but the actual penalty will be determined after consideration of federal sentencing guidelines.

Charles DeMore, special agent in charge of U.S. Immigration and Customs Enforcement investigations in San Francisco, said, "This investigation has graphically demonstrated the callous disregard that those who harbor aliens have for their victims."

DeMore said, "The criminal enterprise uncovered in this case was hugely lucrative for the defendants involved and it is entirely appropriate that they pay a high price for their illegal activities."

Too Good For Marriage (NYT)

By Kenji Yoshino

The New York Times, July 14, 2006

New Haven

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LAST week, New York's highest court voted 4-to-2 that a legislative ban on same-sex marriage did not violate the state Constitution. In doing so, it added to the patchwork of state rulings on the issue, including those of Indiana and Arizona (which similarly upheld legislative bans) and Massachusetts (which struck down a legislative ban).

What's noteworthy about the New York decision, however, is that it became the second ruling by a state high court to assert a startling rationale for prohibiting same-sex marriage — that straight couples may be less stable parents than their gay counterparts and consequently require the benefits of marriage to assist them.

The critical question, expressed in a plurality opinion by three members of the New York court, is whether a "rational legislature" could decide that the benefits of marriage should be granted to opposite-sex couples but not to same-sex couples. The opinion then answered in the affirmative with two different arguments. While both related to the interests of children, they differed significantly in vintage and tone.

The more traditional argument stated that the Legislature could reasonably suppose that children would fare better under the care of a mother and father. Like most arguments against gay marriage, this "role model" argument assumes straight couples are better guides to life than gay couples.

And like other blatantly anti-gay arguments, it falls apart under examination. In a decision last month in a case concerning gay foster parents, the Arkansas Supreme Court found no evidence that children raised by gay couples were disadvantaged compared with children raised by straight couples.

But the New York court also put forth another argument, sometimes called the "reckless procreation" rationale. "Heterosexual intercourse," the plurality opinion stated, "has a natural tendency to lead to the birth of children; homosexual intercourse does not." Gays become parents, the opinion said, in a variety of ways, including adoption and artificial insemination, "but they do not become parents as a result of accident or impulse."

Consequently, "the Legislature could find that unstable relationships between people of the opposite sex present a greater danger that children will be born into or grow up in unstable homes than is the case with same-sex couples."

To shore up those rickety heterosexual arrangements, "the Legislature could rationally offer the benefits of marriage to opposite-sex couples only." Lest we miss the inversion of stereotypes about gay relationships here, the opinion lamented that straight relationships are "all too often casual or temporary."

When an Indiana court introduced this seemingly heterophobic logic last year in upholding a state ban on same-sex marriage, I thought it was a cockeyed aberration. But after both New York City and New York State presented similar logic in oral arguments, and the court followed suit, I began to understand the argument's appeal: it sounds nicer to gays.

It also sounds more desperate. New York's ban on same-sex marriage is based on provisions enacted in 1909. It is preposterous to suggest the Legislature promulgated and retained the law because it believed gays to be better parents. Moreover, as New York's chief judge, Judith Kaye, pointed out in her dissent, even if marriage were a response to the dangers of "reckless procreation," excluding gay couples from marriage in no way advances the goal of responsible heterosexual child-rearing. "There are enough marriage licenses to go around for everyone," Judge Kaye noted.

This is not the first time courts have restricted rights with a flourish of fond regards. In 1873, the United States Supreme Court upheld an Illinois statute prohibiting women from practicing law. Concurring in that judgment, Justice Joseph Bradley observed that the "natural and proper timidity and delicacy" of women better suited them to "the noble and benign offices of wife and mother."

Hostile rulings delivered in friendly tones can take longer to overturn, as evidenced by the century that passed before members of the Supreme Court reversed their thinking about women and, in a 1973 opinion in a sex discrimination case, recognized that confining women in the name of cherishing them put them "not on a pedestal, but in a cage."

We should not need a century to unmask the "reckless procreation" argument as a new guise for an old prejudice. The "reckless procreation" argument sounds nicer — and may even be nicer — than the plainly derogatory "role model" argument. But equality would be nicer still.

ANTITRUST:

34 States To Sue Chip Makers, Charging Broad Price Fixing (NYT)

By Laurie J. Flynn

The New York Times, July 14, 2006

SAN FRANCISCO, July 13 — At least 34 states are expected to file a lawsuit on Friday against seven semiconductor makers, accusing the companies of overcharging their customers for computer memory chips.

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Separately, Elliot Spitzer, the attorney general of New York, filed a lawsuit on Thursday to recover damages for consumers in the state.

The legal cases will open a new chapter in the four-year-old investigation that has already led to large fines for the companies and prison sentences for several executives.

The multistate suit, which is to be filed in Federal District Court in San Francisco, accuses the chip makers of conspiring to fix prices and manipulate supply from 1998 to 2002.

"They met and conspired to artificially increase prices, to reduce competition and to allocate market share," Bill Lockyer, the attorney general of California, said. "The result was that consumers got overcharged, and equipment manufacturers got overcharged."

Mr. Lockyer, who is taking a lead role in the multistate lawsuit, said the end users — the consumers — might have overpaid for the memory chips by hundreds of millions of dollars because of the price fixing. The case involves dynamic random access memory, or DRAM, chips, which are commonly used in personal computers, printers and electronics devices like cellphones and digital cameras.

The chip companies expected to be named in the multistate suit include Infineon Technologies, Hynix Semiconductor, Micron Technology, Mosel Vitelic, Nanya Technology, Elpida Memory and NEC Electronics America.

Samsung, the world's largest maker of memory chips, was excluded from the suit to "foster a potential settlement," Mr. Lockyer said.

Illinois is acting as a co-leader in the suit, which involves 34 states, including Florida, Massachusetts, Maryland, Ohio and Pennsylvania. Mr. Schwartz said New York filed a separate suit in large part because the state and city governments were direct buyers of memory chips. He said it was possible the suits would be combined.

The computer makers that bought the chips include Apple Computer, Dell, Gateway, I.B.M., Hewlett-Packard and Compaq Computer, which merged with Hewlett-Packard in 2002.

The civil lawsuit grew out of criminal case brought by the Justice Department in 2002 charging Hynix, Samsung, Infineon and Elpida of conspiring to fix prices of DRAM chips. In that case, Micron agreed to cooperate with investigators in exchange for amnesty from criminal charges, while Samsung, Hynix, Infineon, Elpida and 12 chip company executives pleaded guilty to price fixing. Collectively, the companies and individuals paid more than $730 million in fines and several executives received prison sentences.

In November 2005, Samsung agreed to a $300 million fine and three executives pleaded guilty and were sentenced to prison.

Dan Francisco, a spokesman for Micron in Boise, Idaho, said that while the company had not yet received a copy of the lawsuit, it had been cooperating with investigators for the states for some time.

A spokesman for Infineon said the company could not comment because executives had not seen the lawsuit.

A statement released Thursday by Mr. Lockyer's office said the complaint detailed specific meetings between rival executives in which they had agreed to reduce chip supplies to artificially raise prices.

"The manufacturers did not limit this pricing coordination to isolated or occasional conversations," a statement from Mr. Lockyer's office says. "On the contrary, during a roughly four-year period, there were frequent pricing communications among the conspiring manufacturers," many of them intensifying in the days just before the companies submitted bids to their customers, the PC makers.

"I've never seen a case where there was so widespread and so regular price fixing among competitors," said Richard Schwartz, assistant attorney general for antitrust issues in the New York attorney general's office.

NY AG Sues Chip Makers Over Price Fixing (AP)

By Mark Johnson, The Associated Press

AP, July 14, 2006

ALBANY, N.Y. -- New York's attorney general sued leading makers of memory chips Thursday, claiming they made secret price-fixing arrangements that inflated the cost of personal computers and other electronic devices.

More than 30 other states were expected to file a separate but similar lawsuit against chip makers Friday in San Francisco federal court, California Attorney General Bill Lockyer said.

The lawsuits follow a long-running U.S. Justice Department investigation that has resulted in more than $730 million in fines and guilty pleas from four companies _ Samsung Electronics Co., Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc.

Boise, Idaho-based Micron Technology Inc. was granted immunity from criminal charges in the DOJ case in exchange for its cooperation.

"I have never seen a price-fixing case where there is so widespread, so continuous an exchange of confidential price information among competitors or over so long a time period," said Assistant New York Attorney General Richard Schwartz.

The New York suit, filed in Manhattan federal court, claims the companies colluded to fix prices on dynamic random access memory, or DRAM, chips from 1998 until 2002. The defendants are Micron, Samsung, Infineon, Elpida, Hynix, Mosel-Vitelic Corp., Nanya Technology Corp. and NEC Electronics America Inc.

Micron spokesman Daniel Francisco had not yet seen the lawsuit Thursday and said it was not appropriate for him to comment on it. Other companies also declined to comment or did not immediately return phone calls.

Francisco said state attorneys general have been investigating the matter for several months, and the company is discussing "possible resolutions."

The lawsuit to be filed Friday in San Francisco names Hynix, Infineon, Elpida, NEC Electronics America, Micron, Mosel-Vitelic and Nanya.

Samsung is not being sued in that case because the company has indicated a willingness to settle the allegations, Lockyer spokesman Tom Dresslar said. Similar agreements have been made with Winbond Electronics Corp., Toshiba Corp., Hitachi Ltd. and Mitsubishi Electric Corp., Dresslar said.

Computer makers such as Dell Inc., Hewlett-Packard Co., Apple Computer Inc., International Business Machines Corp. and Gateway Inc. had to raise PC prices or reduce the amount of memory installed on their systems to compensate for the higher costs, prosecutors said.

The latest lawsuits will ask the companies to compensate consumers who paid higher prices and demand that the companies not collude in the future.

Worldwide sales of dynamic random access memory chips alone totaled more than $24 billion in 2005, according to separate reports from the research companies iSuppli Corp. and Semico Research Corp.

Associated Press Writer Don Thompson contributed to this report from Sacramento, Calif.

Hynix, Samsung, Memory Chipmaker Shares Drop On U.S. Lawsuit (BLOOM)

By Karen Gulloyoung-sam Cho

Bloomberg, July 14, 2006

July 14 (Bloomberg) -- Shares of Samsung Electronics Co., Hynix Semiconductor Inc. and Elpida Memory Inc. fell after the world's biggest memory chipmakers were sued by U.S. state governments that claim they conspired to fix prices.

New York Attorney General Eliot Spitzer sued Samsung and seven other chipmakers including Micron Technology Inc. in Manhattan federal court yesterday. California Attorney General Bill Lockyer said 34 states plan to file a separate suit in San Francisco today against the companies, excluding Samsung.

The cases open a new chapter of antitrust claims against memory chipmakers, who were fined $731 million after they pleaded guilty in a U.S. Justice Department probe. The states are seeking reimbursement for the extra cost of computers, which Lockyer estimated at ``hundreds of millions of dollars" nationwide. Antitrust law allows plaintiffs to seek triple-damages.

``It's difficult to calculate the damage, but it's definitely negative," said Michael Min, an analyst at Korea Investment & Securities Co. in Seoul. ``This turns into reality the initial fears that the guilty plea would lead to a string of lawsuits."

Suwon, South Korea-based Samsung won't be sued in the San Francisco case because the state wants ``to foster a potential settlement," said Lockyer spokesman Tom Dressler.

Hynix plans to try to settle the lawsuits, Seoul-based spokesman Park Hyun said today. He declined to comment further, saying the company hadn't received notification.

Shares of Samsung Electronics, the world's largest maker of computer-memory chips, declined 2 percent to 588,000 won as of 10:43 a.m. in Seoul. Hynix dropped 2.4 percent. Elpida Memory Inc. slid 2 percent to 4,430 yen in Tokyo. Mosel Vitelic Inc. shares sank 1.9 percent in Taipei; Nanya Technology Corp. shed 2.2 percent.

Inflated Prices

The state governments claim that consumers and state governments overpaid for products containing memory chips from 1998 to 2002 because the companies collaborated to inflate prices.

``The defendants in this case conspired to rig the market for this essential computer product, working together to keep prices artificially high," Lockyer said yesterday in a statement, which didn't identify the other states. ``They victimized individual consumers, governmental agencies, schools and taxpayers."

Spitzer said his suit is part of a coordinated effort with the other attorneys general. Maryland Attorney General Joseph Curran and Texas Attorney General Greg Abbott said their states will join the San Francisco lawsuit.

Boise-Idaho Micron, the biggest U.S. computer memory chipmaker, fell 3.3 percent to $14.32. U.S.-traded shares of Infineon Technologies AG, the biggest producer of the chip in Europe, fell 2.8 percent to $10.76.

The Complaint

The California complaint will name Infineon, Hynix, Micron, Elpida Memory Inc., Nanya Technology, NEC Electronics America Inc. and Mosel Vitelic. Spitzer's lawsuit names the same seven companies, and Samsung.

Micron has been discussing a settlement for many months with the state attorney generals, spokesman Dan Francisco said.

``They want to get these cases on file while we continue to discuss a potential resolution," Francisco said. He declined to comment on the California suit because it hasn't been filed yet.

``We have not yet received the complaint," said Infineon spokesman Matthew Schmidt in an e-mailed statement.

Chris Goodhart, a spokeswoman for Samsung, declined to comment on the lawsuits or any settlement talks. Hisashi Saito, an NEC Electronics spokesman in Kawasaki, near Tokyo, and Tomoko Kobayashi, an Elpida spokeswoman, said they are checking details of the case and declined to comment further.

Mosel spokesman C.S. Jou in Hsinchu, Taiwan, couldn't be immediately reached for comments.

Nanya spokesman Pai Pei-Lin denied any wrongdoing in a telephone interview from Taipei today.

``Our company didn't do any price-fixing or discuss prices with other companies," said Pai, declining to elaborate.

The attorneys general said the companies conspired to limit chip supplies and agreed on what to charge customers in an effort to artificially drive up prices.

Global Price Fixing

The lawsuits grew out of a global price fixing conspiracy investigation by the U.S. Justice Department. Samsung, Hynix, Infineon, Elpida and 12 individuals have pleaded guilty and paid $731 million in fines in that probe. Micron cooperated with investigators in exchange for amnesty from criminal charges, Abbott said.

U.S. prosecutors have said the leading victims of the conspiracy include computer makers such as Dell Inc., Hewlett-Packard Co. and International Business Machines Corp., which use dynamic random access memory, or DRAM, chips, in their products. U.S. sales of DRAM chips total $5 billion annually, Lockyer said.

Abbott said the chip makers, as a group, were ``virtually the sole sources for the acquisition of DRAM chips."

Samsung, Hynix, Micron and other chip companies face similar claims in a civil lawsuit pending in San Francisco federal court on behalf of companies representing computer-repair shops and manufacturers that purchased chips from 1999 to 2002. Some of the chip makers, such as Samsung and Hynix, agreed to pay $160 million in May to resolve claims in those suits.

Calif. AG Joins Antitrust Suit Against Chip-Makers (LAW)

By Cheryl Miller, The Recorder

California Recorder, July 14, 2006

California Attorney General Bill Lockyer said he will file an antitrust lawsuit in federal court today that charges seven computer chip-makers with conspiring to inflate prices.

Lockyer is expected to join 33 other attorneys general in a complaint, filed in the U.S. District Court for the Northern District of California, against Infineon Technologies AG; Hynix Semiconductor Inc.; Micron Technology Inc.; Mosel Vitelic Inc.; Nanya Technology Corp.; Elpida Memory Inc.; and NEC Electronics America Inc.

Lockyer accused the manufacturers of restraining supplies, coordinating prices and rigging bids for their dynamic random access memory chips, or DRAM, from 1998 through June 2002. Damages suffered by California consumers and government agencies could reach into the tens of millions of dollars, according to an AG spokesman.

"It's a pretty simple case," said spokesman Tom Dresslar. "It's a group of companies conspiring to rig the market ... all to inflate their profits and to inflate their prices at the expense of their victims."

Micron spokesman Dan Francisco said he had not seen the complaint and could not specifically address its allegations.

"As we understand it, [the AGs] wanted to get the cases on file while we continue working toward a resolution," Francisco said.

Representatives of other companies named in the lawsuit declined to comment, either because they had not seen the filings or because of the pending litigation.

The state prosecutors' lawsuit is the latest in a four-year wave of legal attacks against the chip-makers. Federal investigators launched an investigation of the alleged conspiracy in 2002, which ultimately led to Samsung, Hynix, Infineon, Elpida and 12 individuals pleading guilty to criminal price-fixing and paying more than $730 million in collective fines. Micron, originally a subject of the federal investigation, cooperated with the U.S. Department of Justice in exchange for immunity from criminal charges.

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In 2004, rival chip designer Rambus Inc. sued Micron, Hynix, Infineon and Samsung for allegedly fixing their products' prices in a way that discouraged computer-makers from buying Rambus' version of DRAM. In March 2005, Rambus reached a global settlement with Infineon on price-fixing and patent infringement allegations but is still suing the other three manufacturers.

In April, a federal jury handed Rambus a $306.9 million verdict in a separate patent infringement case against Hynix. And last month, a federal district court judge approved a price-fixing class action against six chip-makers brought by repair shops and computer manufacturers. Three other companies named in that action previously settled for a combined $160 million.

Despite the lawsuits, "the well's pretty deep," Dresslar said, noting that chip sales in the U.S. alone totaled $5 billion in 2003.

The federal investigation and related civil cases present the 34 state prosecutors with a valuable roadmap for pursuing their antitrust claim. For instance, in the Rambus price-fixing case, discovery made public last month uncovered e-mails among competitors discussing possible "measures to stabilize the market price" of DRAM, according to the Wall Street Journal.

The antitrust case filed today does not name Samsung, which with three other companies controls about 70 percent of the U.S. market and is also facing litigation from Rambus. Prosecutors reached tolling agreements with Samsung, Dresslar said, and four other manufacturers -- Winbond Electronics Corp., Toshiba Corp., Hitachi Ltd. and Mitsubishi Electric -- that leave them out of the case while settlement talks continue.

Oregon, 30 Other States To Sue Memory Chip Makers (SALEMSJ)

Salem (OR) Statesman Journal, July 14, 2006

Oregon Attorney General Hardy Myers on Friday will join a multi-state lawsuit that accuses the world's largest manufacturers of Dynamic Random Access Memory chips of price-fixing.

New York's attorney general got the ball rolling today, suing chip-makers and claiming they made secret price-fixing arrangements that inflated the cost of personal computers and other electronic devices.

More than 30 other states, including Oregon, are expected to file a separate lawsuit Friday in San Francisco federal court, California Attorney General Bill Lockyer said.

DRAM is a widely used form of computer memory that is found in personal computers, servers and other electronic devices.

"As a result of a price-fixing conspiracy by companies that make memory chips that are a crucial component of many high-tech products, Oregon consumers and state agencies have paid more for computers," Attorney General Myers said. "With this lawsuit, we hope to stop the manufacturers from manipulating prices in the future and to recoup some of the public's losses."

The Oregon Department of Justice and more than 30 other attorneys general are seeking damages, restitution, civil penalties and injunctive relief for consumers and public entities that paid higher prices for electronics from 1998 to 2002 as a result of alleged price-fixing.

The lawsuits follow a long-running U.S. Justice Department investigation that has resulted in more than $730 million in fines and guilty pleas from four companies — Samsung Electronics Co., Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc.

Boise, Idaho-based Micron was granted immunity from criminal charges in the federal case in exchange for its cooperation.

"I have never seen a price-fixing case where there is so widespread, so continuous an exchange of confidential price information among competitors or over so long a time period," said Assistant New York Attorney General Richard Schwartz.

The New York suit, filed in Manhattan federal court, claims the companies colluded to fix prices on DRAM chips. The defendants are Micron, Samsung, Infineon, Elpida, Hynix, Mosel-Vitelic Corp., Nanya Technology Corp. and NEC Electronics America Inc.

The lawsuit to be filed Friday in San Francisco names Hynix, Infineon, NEC Electronics America, Micron as well as Mosel-Vitelic and Nanya.

Samsung is not being sued in that case because the company has indicated a willingness to settle the allegations, Lockyer spokesman Tom Dresslar said. Similar agreements have been made with Winbond Electronics Corp., Toshiba Corp., Hitachi Ltd. and Mitsubishi Electric Corp., Dresslar said.

Computer makers such as Dell Inc., Hewlett-Packard Co., Apple Computer Inc., International Business Machines Corp. and Gateway Inc. had to raise PC prices or reduce the amount of memory installed on their systems to compensate for the higher costs, prosecutors said.

The latest lawsuits will ask the companies to compensate consumers who paid higher prices and demand that the companies not collude in the future.

Worldwide sales of dynamic random access memory chips alone totaled more than $24 billion in 2005, according to separate reports from the research companies iSuppli Corp. and Semico Research Corp.

Wisconsin To Join Lawsuit Against Computer Chip Makers (MJS)

By Avrum D. Lank Alank@journalsentinel.com

Milwaukee Journal Sentinel, July 14, 2006

Firms conspired to fix prices, 34 states say

Wisconsin is among 34 states that intend to file a multimillion-dollar price-fixing lawsuit against seven memory-chip makers today, Attorney General Peg Lautenschlager announced.

The lawsuit, to be filed in San Francisco federal court, says that consumers and state governments overpaid for computers, servers and other electronic products from 1998 to 2002 because the chip makers artificially inflated prices.

It is not known how much might be paid to consumers if the case is settled.

Involved are dynamic random access memory microchips, often called D-RAMs. They are used in products such as computers, servers, fax machines and printers. The global market for them was $17 billion in 2003, including about $5 billion in the United States, according to a Thursday news release from Lautenschlager's office.

"The defendants in this case conspired to rig the market for this essential computer product, working together to keep prices artificially high," said Tom Dressler, a spokesman for California Attorney General Bill Lockyer. "They victimized individual consumers, governmental agencies, schools and taxpayers."

In her news release, Lautenschlager said the case is about "conduct that takes advantage of consumers - and unfairly raises prices for everyone."

Lockyer said that the companies conspired to limit chip supplies and agreed on what to charge customers in an effort to artificially drive up prices.

The suit opens a new chapter of antitrust claims against memory-chip makers, which have been fined $731 million in a four-year U.S. investigation. The states are seeking reimbursement for what Lockyer called "hundreds of millions of dollars" in overcharges nationwide. Antitrust law allows plaintiffs to seek triple-damages.

To be named as defendants are Infineon Technologies AG, Munich, Germany; Infineon Technologies North America Corp., San Jose, Calif.; Hynix Semiconductor Inc., Seoul, South Korea; Hynix Semiconductor America, Inc., San Jose; Micron Technology Inc., Boise, Idaho, and its subsidiary Micron Semiconductor Products Inc.; Mosel Vitelic Corp., San Jose, and its subsidiary Mosel Vitelic (USA) Inc.; Nanya Technology Corp., Taiwan, and its subsidiary, Nanya Technology Corp. USA Inc.; Elpida Memory Inc., Tokyo, and its Elpida Memory (USA) Inc. subsidiary; and NEC Electronics America Inc., Santa Clara, Calif.

Samsung Electronics Co. in Seoul, the No. 1 memory-chip maker, is not being sued because "we are in discussions with Samsung," said Gwendolyn Cooley, the assistant attorney general representing Wisconsin in the case. Micron has been discussing a settlement for many months with the state attorneys general, company spokesman Dan Francisco said.

Gerhard Zimmermann, a spokesman at Infineon, didn't return a call seeking comment. Denise Garibaldi, a spokeswoman for NEC, had no immediate comment. Pai Pei-Lin, a spokesman for Nanya, Hynix spokeswoman Kim Ah Young and a representative for Elpida couldn't be reached for comment after business hours. A message left at Mosel Vitelic's offices in San Jose, Calif., wasn't immediately returned. Chris Goodhart, a Samsung spokeswoman, didn't immediately return a message left on voice mail.

The lawsuit grew out of a global price-fixing-conspiracy investigation by the U.S. Justice Department.

U.S. prosecutors have said leading victims include computer makers such as Dell Inc., Hewlett-Packard Co. and International Business Machines Corp., all of which use chips in their products.

Bloomberg News contributed to this report.

From the July 14, 2006 editions of the Milwaukee Journal Sentinel

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State Officials Pursue Memory-chip Makers (MERCN)

By Dean Takahashi, Mercury News

The San Jose Mercury News, July 14, 2006

Thirty-four state attorneys general plan to file an antitrust lawsuit Friday against seven manufacturers for allegedly fixing prices for memory chips that store data in personal computers and a wide variety of other gadgets.

California State Attorney General Bill Lockyer and 33 other states allege the companies hurt consumers by artificially inflating the price of dynamic random access memory (DRAM) chips over a four-year period, from the spring of 1998 through June 2002. As a result, consumers and government agencies were bilked out of hundreds of millions of dollars, Lockyer said in an interview Thursday.

``This is a big one," Lockyer said.

The pending suit follows on the heels of a federal investigation into the same companies, some of whom have admitted guilt and paid record fines of $730 million to federal antitrust regulators who described it as ``one of the largest cartels ever discovered."

The defendants include Infineon Technologies of Germany; Hynix Semiconductor of South Korea; Micron Technology of Boise, Idaho; Mosel Vitelic and Nanya Technology, both based in Taiwan; Elpida Memory of Tokyo, and NEC Electronics America. The states have entered into a ``tolling" agreement to settle a case against an eighth chip maker, Samsung Electronics, Lockyer said.

Most of the chip makers did not respond to requests for comment Thursday. A spokesman for Infineon said, ``We have not yet received the complaint and therefore have not yet had an opportunity to review the claims."

Lockyer said that settlement talks are under way with a number of the chip makers.

Four chip makers -- Infineon, Samsung, Micron, and Hynix -- control more than 70 percent of the $5 billion U.S. market for DRAM chips, according to Lockyer.

DRAM chips store data while a device is turned on. In computers, DRAM chips store programs loaded into main memory.

Lockyer said that published reports have placed damages to consumers at hundreds of millions of dollars. The suit alleges that dozens of employees and executives at the companies exchanged pricing information with each other. So far, Samsung, Elpida, Hynix, and Infineon have pleaded guilty to price-fixing charges and agreed to pay fines to the U.S. Department of Justice.

The direct victims of the price-fixing scheme included Apple Computer, Compaq Computer, Dell, Inc., Gateway, Hewlett-Packard, and IBM.

In separate litigation, Los Altos-based memory chip design company Rambus alleges that some of the same companies conspired to keep Rambus out of the market.

Chipmakers Face Suit For Price-fixing (FT)

By Kevin Allison

Financial Times, July 14, 2006

Thirty-four US states are on Friday set to file suit against Micron Technology, Infineon Technologies and other makers of computer memory chips in response to allegations of price-fixing in the market for dynamic random access memory, or D-Ram.

The complaint, revealed by California's state attorney-general on Thursday, is similar to a lawsuit filed by Eliot Spitzer, New York attorney-general, also on Thursday, in a Manhattan court. A federal investigation into price-fixing earlier in the year had led to more than $730m in fines.

Bill Lockyer, the California state attorney-general, said Micron, Infineon, Hynix Semiconductor and a handful of other chipmakers allegedly engaged in a four-year conspiracy to fix prices and artificially constrict supply of D-Ram chips to computer makers such as Dell, Apple and Hewlett-Packard between 1998 and 2002.

Mr Spitzer's lawsuit also names South Korea's Samsung Electronics.

Mr Lockyer said the damages suffered by consumers in the state and government offices alone "could total in the tens of millions of dollars". He said Friday's complaint would ask the court to order the chipmakers to pay three times that amount in damages.

"The defendants in this case conspired to rig the US market for this essential computer product, working together to keep prices artificially high," Mr Lockyer said.

Over the past several years, D-Ram has emerged as a key component in modern computers, video game consoles and workstations.

Shares in Micron, which received immunity in the federal case in return for co-operating with prosecutors, fell more than 3 per cent on Thursday to close at $14.36. American Depositary Receipts of Infineon, which is based in Germany, fell 2.9 per cent to $10.75.

Micron played down news of the lawsuits, saying they were part of an ongoing legal process.

"We've been involved in discussions with the state attorneys-general for a lengthy period of time," it said.

"As we understand it, they wanted to get these cases on file while we continue to discuss the potential for a solution."

Samsung shares were down 2 per cent at Won588,000 on Friday morning, mainly due to disappointing second-quarter results.

Cable Giants Cleared To Buy Systems Of Adelphia (LAT)

By Jim Puzzanghera And James S. Granelli, Times Staff Writers

The Los Angeles Times, July 14, 2006

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Time Warner will serve 98% of the L.A. city market after the sale and a swap with Comcast.

WASHINGTON — The cable TV market in Los Angeles is poised for a radical makeover after federal regulators Thursday approved the sale of Adelphia Communications Corp. to Time Warner Inc. and Comcast Corp.

Time Warner will become Southern California's largest cable TV provider under the deal, acquiring Adelphia's 1.2 million subscribers in the region along with 500,000 from Comcast in a complicated swap of assets arising from Adelphia's collapse into bankruptcy in 2002 amid an accounting scandal.

With the switch, customers can expect enhanced programming and services, notably faster high-speed Internet service. Time Warner said any price changes would mostly "be favorable" to subscribers, but consumer advocates warned of higher bills down the line.

Time Warner's share of the Greater Los Angeles market will jump from 15% to 75% as its subscribers in the area balloon to 1.9 million. In the city of Los Angeles, the company will control 98% of the market when the deal closes, most likely by the end of the month.

New York-based Time Warner plans to spend millions of dollars to promote itself in the L.A. area, said Roger Keating, the company's head of Los Angeles cable operations.

"When you only serve 15% of the Los Angeles area, it's hard to justify buying newspaper, TV and radio ads," he said. "We have been out-shouted by satellite TV and phone companies that have spent $15 for every dollar we've spent in marketing."

After checking its inherited networks and fixing any problems, Time Warner plans to start launching new services by October, including faster Internet service, more high-definition channels and free on-demand programming, as well as additional Latino-oriented content, Keating said. Digital phone service is expected to be available by December.

"There's a lot of work to be done," said Keating, who would not reveal how much Time Warner planned to spend. "This won't all happen overnight, but we're sure that if our customers see that we're honest and posting progress every day, they will be patient."

The 4-1 vote by the Federal Communications Commission removed the last hurdle to the $17.6-billion sale of Adelphia. Comcast and Time Warner, the nation's two largest cable TV providers, agreed as part of the deal to divvy up the subscribers of No. 5 Adelphia and to swap some of their own to consolidate each buyer's operations in several areas nationwide.

In addition to Southern California, Time Warner will bulk up its presence in New York, Ohio and the Carolinas. Comcast will grow in Boston, Pittsburgh, South Florida and the suburbs of Washington, D.C.

Concerned that Time Warner and Comcast would have more clout, the FCC included several conditions in its approval. The companies will be prohibited from trying to lure viewers by refusing to distribute their regional sports channels to rival providers such as satellite TV systems. In addition, independent programmers will have the right to binding arbitration if the cable systems decline to carry their channels.

"It's a mixed day for the cable guys," said industry analyst Blair Levin of Stifel Nicolaus & Co. "They got it done, but they don't like the conditions."

Commission Chairman Kevin J. Martin said the deal promised to improve cable service significantly for Adelphia's approximately 5 million subscribers. The company has fallen behind other operators in improving its systems since filing for Chapter 11.

"Comcast and Time Warner have committed to make long-needed upgrades to those systems to enable the rapid and widespread deployment of advanced services to Adelphia subscribers," Martin said. In Los Angeles, Time Warner is vowing to spend millions to offer residential phone service and high-speed Internet access.

Executives at Time Warner and Comcast said they were pleased that the FCC had approved their purchase of Adelphia, which had been before the commission since June 2005. But they declined to comment on the conditions imposed.

Those conditions were not enough for Commissioner Michael J. Copps, who voted against the deal because he said he feared that reduced competition would lead to higher prices for some customers.

"This decision is about big media getting bigger, with consumers left holding the bag," said Copps, one of two Democrats on the Republican-controlled commission.

Andrew Jay Schwartzman, president of the Media Access Project, a Washington-based public policy law firm, said the conditions made the deal more acceptable, but he predicted it would lead to higher prices.

Time Warner plans to boost basic cable modem Internet connection speeds for Adelphia customers by a third to 6 megabits per second, or more than 100 times faster than standard dial-up service. It will increase Comcast's high-end service from 8 to 10 megabits per second. The company plans to keep contracts in place so that third-party providers such as EarthLink Inc. can offer Internet service on Time Warner's system.

Cable companies believe that the lack of a dominant player in Southern California has allowed satellite TV to capture 28% of the pay TV market. DirecTV Inc., the biggest satellite firm, disputed that assertion.

"It's not so much the splintered market as it is more about consumers seeing the value and choice they receive when compared to cable," spokesman Robert G. Mercer said. "They want choice and value — more channels at a fair price — and we've been able to deliver that."

*

Puzzanghera reported from Washington and Granelli from Los Angeles.

FTC Charges Austin Realtors With Restraining Competition (INMAN)

By Jessica Swesey, Inman News

Inman News, July 14, 2006

Real estate board settles charges with no admission of wrongdoing

The Austin, Texas, Board of Realtors illegally restrained competition by preventing consumers from putting certain types of home listings on public Web sites, the Federal Trade Commission charged today.

The 5,000-member Realtor board operates a multiple listing service in the Austin metropolitan area. The group's rules make property listings information available for public Web site searches only when a home seller enters into a traditional style of real estate broker listing agreement, typically associated with a non-discounted commission, according to the charges.

Home sellers who enter into low-cost listing agreements are allegedly blocked from having information about their home shown on Web sites such as Realtor.com, the board-owned Austinhomesearch.com, and other sites operated by board members.

The FTC charges that the MLS rules restrain competition among central Texas real estate brokers and are a joint action by a group of competitors to withhold listing information from publicly accessible Web sites.

The Austin Board of Realtors agreed in a settlement not to interfere with members' ability to enter into any kind of lawful listing agreement with home sellers, the FTC said. Under the agreement, the board also is prohibited from adopting or enforcing any rule that gives one type of property listing agreement an advantage over another.

The Austin board consented to the agreement without admitting or denying wrongdoing.

"As an association that supports members of all business models, we feel the approach outlined in the FTC ruling is correct," David M. Foster, president and CEO of the Austin Board of Realtors, said in a statement.

However, Foster said the FTC's announcement misrepresented the purpose of the board's rule.

"The rule was initially established to ensure that our consumer Web site was used to promote listings to benefit members. We realized, however, that the rule was confusing and did not work as well as we'd intended, which was why it was rescinded so quickly," Foster said.

According to the Realtor board, a rule preventing homes under "exclusive agency listings" from being displayed on Austinhomesearch.com was established on May 31, 2005 and rescinded on Aug. 31, 2005.

The FTC and the Justice Department have been critical of other industry practices, which the agencies allege restrict competition from low-cost and Internet brokerage services. The DOJ last year filed a lawsuit against the National Association of Realtors, charging that the trade group's policies for displaying property listings online restrain competition.

The FTC and DOJ also have criticized and opposed various state bill and rule proposals that would require brokers to perform a minimum level of services, effectively eliminating bare-bones agreements in which a broker performs minimal tasks at lower prices.

In today's charges against the Austin Realtors, Jeffrey Schmidt, directory of the FTC's Bureau of Competition, said: "ABOR's Web site rules create significant roadblocks for real estate brokers to offer consumers alternatives to full-service brokerage agreements."

Schmidt added that the federal agency "is not saying that one form of brokerage agreement is better than another. We are just saying that the consumer should be able to decide."

John Roberti, an attorney at Mayer, Brown, Rowe & Maw LLP and former staff attorney with the FTC, said today that it is very unusual for the agency to host a press conference for a consent agreement, which it did this morning.

"I would look at this as a wake-up call for the MLSs," Roberti said, adding that this could be a signal that the FTC is placing priority on real estate competition enforcement. "If I were running an MLS with a rule like the one in the consent order I would spend some serious time thinking about whether this rule is necessary," the attorney said.

Inman News reported in September that the FTC contacted the Austin Board of Realtors to inquire about the local MLS policy that prevents the display of some for-sale property listings at some home-search Web sites.

Specifically, the Austin policy places restrictions on exclusive agency listings, which allow an agent to list and market a property for sale and also allow the seller to personally seek out a buyer for the property. If the seller finds the buyer, the seller is

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not obligated to pay a commission to the agent. Because these listings can function as a for-sale-by-owner property listing, some MLSs have adopted or considered restrictions to the online dissemination of the listings.

In North Carolina, several discount real estate companies complained to the Attorney General's Office in June about a similar proposal by the Raleigh Regional Association of Realtors' Triangle Multiple Listing Service, though the association backed away from the proposal pending any action by the Justice Department.

Heartland MLS in Kansas and the Monmouth-Ocean MLS in New Jersey are also among the MLSs that adopted policies restricting the online distribution of exclusive agency listings.

The Northern Ohio Regional MLS in November 2004 amended MLS policy to provide that home sellers cannot place a "for sale by owner" sign at their home or advertise the home in any medium as "for sale by owner" if they participate in an exclusive-right-to-sell listing. Under this type of listing agreement, home sellers have the right to sell their own home but must pay the listing agent regardless of how the home is sold.

Realtor groups have said that such MLS policies seek to eliminate confusion over whether a property is a for-sale-by-owner property or whether the home seller is working with an agent, while opponents have said that such policies seem to target discount real estate companies that allow home sellers to take on a lot of personal responsibility in the real estate transaction.

Austin Realtors Restricted Listings, FTC Charges (WP)

By Sandra Fleishman

The Washington Post, July 14, 2006

In another sign that federal regulators want the real estate establishment to open competition to discount brokers, the Federal Trade Commission yesterday announced its first restraint of trade action against a professional real estate association in 11 years.

The FTC charged that the 5,000-member Austin Board of Realtors violated antitrust laws by "effectively blocking" sellers who listed with discount brokers from marketing their homes on Web sites associated with the board, including Realtor.com, a national site.

Discount brokers offer fewer services than traditional firms and charge less. The Austin policy "denies sellers low-cost options and forces them to pay for services they may not want," said Jeffrey Schmidt, director of the FTC's Bureau of Competition.

Regulators said the Texas group consented to drop the practice and settled the case without admitting wrongdoing. The Austin Board of Realtors said in a statement that it dropped its rule last year and that the FTC misrepresented its aim.

The action does not affect listings in the Washington area, according to Mary Jo Powell, spokeswoman for Metropolitan Regional Information Systems Inc., the region's multiple listing service. "We accept all kinds of [listing] agreements," she said. "Our only condition is that you be a licensed practitioner."

It's not clear how many of the nation's more than 800 multiple listing services limit discounters, but Schmidt said the FTC is investigating several.

Yesterday's action was the latest in a series of moves by the FTC and the Justice Department to press real estate associations to allow discounters more access.

The Justice Department last year sued the National Association of Realtors over its Internet multiple listings policy; the parties are still in talks over the litigation. Federal regulators have also weighed in against recent state laws that protect the traditional real estate business model. Nine states, including Texas, require brokers to provide full services.

FTC Targets Home-Listing Limits (WSJ)

By James R. Hagerty

The Wall Street Journal, July 14, 2006

As part of a broader push by antitrust regulators to promote competition among real-estate brokers, the Federal Trade Commission is cracking down on rules that prevent data about some homes for sale from appearing on Realtor.com and other popular Web sites.

The FTC and the Justice Department are targeting what they say are anticompetitive practices in residential real-estate brokerage, which generates more than $60 billion a year in commissions.

The FTC action announced yesterday involves the Austin (Texas) Board of Realtors, a local affiliate of the National Association of Realtors, the dominant trade group for real-estate agents and brokers. Like most local Realtor groups, the Austin board operates a multiple-listing service, or MLS, that lets brokers share data on homes for sale.

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In February 2005, the Austin board adopted a rule preventing homes listed under a certain type of contract, known as exclusive agency, from being sent from the MLS to Realtor.com and other sites accessible to the public. Exclusive-agency listing contracts often are used by discount brokers charging flat fees rather than a percentage of the sales price.

Under a consent order settling FTC charges that the rule violated antitrust law, the Austin board can't give preferential treatment to any type of listing agreement. The Austin board said in a statement that it scrapped the rule last August and added: "We are disappointed that the FTC's press release implies that we are guilty of wrongdoing."

FTC officials said they are investigating several other MLS operators that have similar rules and hope at least some will voluntarily change them. Justice Department officials also have contacted some MLS operators to inquire about such rules. MLS organizations that block exclusive-agency or limited-service listings from the public Web sites include those in Indianapolis, Detroit, Cleveland and Columbus, Ohio.

Realtor officials in Cleveland, Columbus and Indianapolis said they would review their policies in light of the FTC's move. The Greater Tulsa Association of Realtors in Oklahoma dropped a rule similar to the one in Austin last year after Justice Department officials raised questions.

John Roberti, a former FTC attorney who is now a lawyer at Mayer, Brown, Rowe & Maw LLP in Washington, said some Realtor boards are likely to change rules as a result of the consent order, but the FTC still may have to take some to court. He said the case shows the FTC is putting a high priority on real-estate competition.

A spokesman for the National Association of Realtors said the NAR doesn't have a policy on such rules.

Discount brokers want their listings to be displayed on Realtor.com and other popular sites where many consumers look for homes. Discounters also want to be able to display on their own Web sites listings generated by rival firms, including the traditional, full-service brokers that dominate the market.

Last year, the Justice Department filed a suit alleging that the NAR's national policy on Internet displays of listings data -- which allows brokers to block their listings from being displayed on other brokers' Web sites -- "restrains competition" from firms that rely mainly on Web sites to engage with their customers. The Realtors deny that charge and are fighting the suit.

Over the past few years, about a dozen states, including Texas and Missouri, have enacted laws requiring all brokers to perform certain services, including negotiation, whether or not consumers want to pay for them. State Realtor associations have pushed for these "minimum service" laws. About 15 states ban or restrict rebates, which are offered by some discounters as a way of reducing commission costs for consumers.

Write to James R. Hagerty at bob.hagerty@wsj.com1

Businessman Wants To Block Sale Of Three Bay Area Newspapers (AP)

By Lisa Leff

AP, July 14, 2006

SAN FRANCISCO - A prominent businessman who turned the sale of the San Francisco Chronicle into a drawn-out legal drama six years ago is now suing to prevent McClatchy Inc. from completing a $737 million deal to sell three of the newspapers it picked up in its recent acquisition of Knight Ridder Inc.

Clinton Reilly, a millionaire real estate investor, plans to file an antitrust lawsuit Friday that could derail or at least delay McClatchy's plan to unload the San Jose Mercury News, Contra Costa Times and Monterey Herald, according to his lawyer, Joseph A. Alioto.

The lawsuit, to be filed in U.S. District Court in San Francisco, names as defendants MediaNews Group, publisher of The Oakland Tribune and other newspapers; the Hearst Corp., which publishes the San Francisco Chronicle; Gannett Corp. and Stephens Media Group, a privately held a company.

Sacramento, Calif.-based McClatchy reached an agreement in late April to sell the three San Francisco Bay area papers to MediaNews with backing from Hearst and the other publishers. The resulting partnership, which already is under review by the U.S. Justice Department and California's attorney general, creates a monopoly that would drive up newspaper prices and reduce jobs in the industry, Alioto said.

"By entering into these combinations, the partners immediately eliminate themselves as potential competitors in the Bay Area," Alioto said.

William Dean Singleton's MediaNews Group Inc. already owns 22 newspapers in Northern California, including the Tribune, the Marin Independent Journal and The Vacaville Reporter. It is that concentration of publishing power that Reilly's suit seeks to stop, Alioto said.

Reilly is seeking an injunction that would block MediaNews from taking the papers off McClatchy's hands, arguing the deal would hurt readers and advertisers by consolidating so many neighboring newspapers under the same owner.

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MediaNews President Jody Lodovic said Thursday that he had not seen the lawsuit, but he dismissed the suggestion that Bay Area readers would be ill-served by the sale. He said the newspapers McClatchy is selling have "virtually no overlap" in terms of circulation with the papers Singleton already owns.

"The efficiencies created from this should more than offset any of those competitive issues," Lodovic said. He added that since state and federal authorities already are reviewing the sale, "I don't know what (Reilly's) assuming he is going to accomplish."

Reilly spent more than $1 million pursuing a private antitrust lawsuit to block Hearst from acquiring the San Francisco Chronicle in 2000. A judge ultimately rejected Reilly's claims that the sale created a monopoly for Hearst, which already owned the rival San Francisco Examiner. But the litigation delayed and complicated the deal.

Under the proposed agreement with McClatchy, announced April 26, MediaNews would acquire the San Jose Mercury News and the Contra Costa Times, which will then be folded into the California Newspaper Partnership, an entity in which it has a 54 percent stake.

The other two stakeholders in the partnership, industry leader Gannett Co. and the privately held Stephens Media Group, have agreed to contribute their share of paying for the two papers, according to a joint statement from McClatchy and MediaNews.

Separately, Hearst will buy the Monterey County Herald, as well as the St. Paul Pioneer Press, and then transfer them to MediaNews in exchange for a stake in all newspapers that MediaNews owns outside of the Bay Area.

The deal would make MediaNews the fourth-largest newspaper company in the country in terms of circulation, with about 2.7 million daily circulation and 53 daily newspapers.

Morgan Stanley Has Antitrust OK To Buy Transmontaigne (MRKTWTCH)

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MarketWatch, July 14, 2006

WASHINGTON (MarketWatch) -- Morgan Stanley Capital Group Inc., a unit of Morgan Stanley (MS), has received antitrust clearance from the Federal Trade Commission to acquire TransMontaigne Inc. (TMG) for $11.35 a share.

The FTC said Thursday that it granted early termination on Wednesday of the waiting period required under the Hart-Scott-Rodino antitrust law.

Denver-based TransMontaigne, an oil and gas company, said in a press release June 22 that it had terminated its merger agreement with SemGroup L.P. and its affiliates, and TransMontaigne will pay a $15 million breakup fee.

TransMontaigne expects its acquisition by Morgan Stanley to close between mid-August and mid-September, and its shares will no longer be traded.

The Hart-Scott-Rodino law requires under certain circumstances that prospective acquirers of voting securities or assets apply for clearance from regulators. Requests for early termination or clearance are granted when the FTC and the Justice Department's antitrust division have determined that they won't take enforcement action during the waiting period.

TransMontaigne Partners L.P. (TLP) will remain a public company.

Court Annuls European Commission's OK Of Sony-BMG Union (USAT)

By David Lieberman, USA TODAY

USA Today, July 14, 2006

Europe's second-highest court alarmed music executives and investors on Thursday with a highly unusual ruling that ordered reconsideration of the merger creating Sony BMG Music Entertainment - and cast doubt on the combination being discussed by Warner Music and EMI.

Warner Music shares plummeted 17.6% to $24.53, while EMI, which trades in London, dropped 9.2% to the equivalent of $5.12 after the European Court of First Instance annulled the European Commission's 2004 approval of Sony and BMG's music joint venture.

The court, responding to an appeal from an organization that represents independent music companies, said that antitrust officials at the European Union had failed to adequately justify their approval.

A Sony BMG statement said that the ruling "does not affect the validity" of the company. It said it is studying the judgment "and shall discuss the appropriate next steps with the European Commission."

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Few analysts expect the European Commission to unravel Sony BMG. But the decision could significantly complicate Warner Music and EMI's strained but persistent efforts to join forces. They've made several attempts since 2000 as they've grappled with an industrywide slowdown and watched merging rivals take center stage.

Last month, Warner Music - whose roster includes Madonna, Red Hot Chili Peppers and Gnarls Barkley - rejected a $4.7 billion offer from EMI. And London-based EMI - which has The Beatles, Norah Jones and KT Tunstall - sniffed at a $4.6 billion offer from Warner.

In the first half of this year, Warner Music had 19.3% of music sales in the USA, and EMI had 10%, putting them behind Universal Music's 31.7% and Sony BMG's 26.3%, according to Nielsen SoundScan.

The commission's endorsement of Sony BMG "was widely cited as meaning it would also be amenable" to a merger of Warner Music and EMI, Merrill Lynch's Jessica Reif Cohen said in a note Thursday. The new ruling "could force the commission to give greater scrutiny to future deals."

Even if it doesn't, the decision delays the process, says Soleil Securities' Laura Martin. "We'd presume (Warner and EMI) bidding will now await the EU's review of the Sony BMG joint venture."

In statements, Warner Music and EMI said that they'll respond after studying the ruling.

But EMI Group Chairman Eric Nicoli told reporters after his company's annual meeting Thursday, "We would not have made a proposal if we thought we could not receive regulatory approval. There's no reason at this stage to change that view."

Independent record companies, represented by the trade group Impala, continued to fight Sony BMG in part to prevent Warner and EMI from combining.

That would give three companies about 75% of the global music market share.

EMI also is the No. 1 music publisher. If it merged with Warner Music, the new venture could control about half of that business.

EU Court Overturns Approval Of Sony BMG Music Unit Merger (AP)

By Aoife White, Associated Press

AP, July 14, 2006

Companies Must Apply Again

BRUSSELS, Belgium – An EU court overturned the European Commission's approval of the merger between the music units of Sony and Bertelsmann AG on Thursday, forcing the companies to request clearance for the deal again.

Both Sony and BMG said they would study the ruling and discuss next steps with the commission, but did not believe the decision undermined their business.

“Today's judgment does not affect the validity of the Sony BMG joint venture, which has been up and running since August 2004,” Bertelsmann said in a statement.

The surprise ruling is the first time the courts have overturned a commission decision to clear a deal and analysts said it could raise the stakes for other such mergers or even lead companies to call off talks. EMI Group PLChas been trading takeover offers with Warner Music Group in recent months.

The Court of First Instance – the EU's second-highest court – backed a challenge by the independent record label group Impala, which represents 2,500 independent music companies. The court said regulators did not properly show in 2004 that there was not a monopoly position before the deal or that there would not be one afterward.

Either one would be enough to strike down regulatory approval.

The European Commission had unconditionally approved the 50-50 joint venture between Japan's Sony Music Corp. and BMG, Bertelsmann's music unit, in July 2004 after finding insufficient evidence the deal would harm consumers.

The court said regulators did not clearly show why they made a late U-turn after alleging in May 2004 that the deal could exacerbate “tacit collusion” in the industry, leading to higher CD prices and less choice for consumers in a market where there is already too little competition.

Even after it cleared the merger, regulators warned that they would watch the industry closely.

The deal, which reduced the number of major music companies from five to four, brought Sony artists like Aerosmith, George Michael and Barbra Streisand and BMG's Avril Lavigne and Elvis Presley under one roof. Sony and BMG argued they needed to join forces to deal with declining CD sales and the threat from illegal downloading on the Internet.

Regulators had assumed there was no record industry monopoly because there were a variety of products on the market and no open disputes between the five main companies.

But the court found that regulators did not properly support a theory that promotional discounts ultimately prevent a monopoly from occurring.

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It also said regulators were wrong to rely on the absence of evidence that record companies had used retaliatory measures in the past. The court said that it found proof of "effective deterrent mechanisms" such as the possibility of hurting an errant record company by excluding it from compilations.

Sony and BMG must now resubmit their applications for antitrust clearance – based on current market conditions – within seven days, said EU spokesman Jonathan Todd.

"We will study the ruling carefully, but it is clear that we will have to re-examine the merger," he said.

The EU must carry out a new analysis of the deal, looking at current market share, customer base and contracts with artists. It will have to stick to deadlines used before it reformed merger rules in 2004 – meaning regulators will have one month from Sony BMG's new filing to approve it or open an in-depth probe. However an incomplete filing could slow down the process.

If the EU eventually clears the deal again, there is a legal precedent for it to demand sell-offs or changes to business behavior to overcome antitrust concerns. It is unusual for it to block mergers but such a decision could also see it force Sony and BMG to undo their joint venture.

That's something that shouldn't happen after two years, said antitrust lawyer Johan Ysewyn of Linklaters. "The whole process is just too slow. It's unacceptable. You can't have a judicial procedure in merger control that takes a year and a half. It needs speed."

Todd said the Commission had two months to decide if it would appeal the court ruling.

The ruling is likely to raise the stakes for companies to provide an "incredible level of detail" on their business to satisfy regulators' hunger for information, Ysewyn said.

Shares in EMI Group PLC plunged 9.2 percent to close at 277.75 pence ($5.11) on the London Stock Exchange at the news.

EMI said "detailed study" would be required before any wider conclusions about a merger could be made, but noted that the ruling was about the "particular evidence" presented in the Sony BMG case. Warner Music Group did not immediately return calls seeking comment.

Patrick Wellington, a media analyst with Morgan Stanley, said that he expected talks to be put on hold. "To pile another music industry merger on top of this would be silly," he told Dow Jones Newswires.

Warner and EMI scrapped a proposed hookup four years ago on EU antitrust concerns.

Impala said it would fight any mergers between big record labels, saying it believed EU approval for EMI-Warner was unlikely. "This locks the door for an EMI/Warner merger, thankfully, and keeps the doors of market access open for the little guy," said Hein van der Ree, Impala vice president and managing director of U.S.-Dutch label Epitaph Europe.

A combination of EMI and Warner Music would control about 25 percent of the recorded music market, surpassing Sony BMG in the rankings and moving into second place behind Universal, according to the International Federation of the Phonographic Industry.

Sony BMG Loses EU's Merger OK (LAT)

By Charles Duhigg, Times Staff Writer

The Los Angeles Times, July 14, 2006

A court throws out '04 approval by regulators, ruling that a monopoly investigation fell short.

In an unexpected move that rocked the global music industry, one of Europe's highest courts Thursday threw out regulators' approval of the 2004 merger that created Sony BMG Music Entertainment, the second-largest music company in the world.

The European Union's Court of First Instance ruled that regulators had made a "manifest error" when they approved uniting the music units of Japan's Sony Corp. and Germany's Bertelsmann. The court found that regulators did not sufficiently investigate whether the combination would create a monopoly.

The decision, which came in response to a challenge filed on behalf of 2,500 independent music labels, caught executives at Sony, Bertelsmann and Sony BMG by surprise. Sources at the companies said they would re-submit the deal for approval within a week. A decision could take as long as five months.

If that petition fails, executives may be forced to undo the partnership that collected $4.2 billion in revenue last year and was responsible for more than 25% of U.S. album sales. The Sony BMG combination reduced the world's major record companies to four and brought such artists as Aerosmith, Barbra Streisand and Elvis Presley under one roof.

Whatever the outcome, Thursday's decision put an immediate chill on negotiations between EMI Group and Warner Music Group — the world's third- and fourth-largest music companies, respectively. Insiders at both companies said further talks about combining them were unlikely until the Sony BMG issue was resolved.

The court's complete annulment — the first of its kind — could remake landscapes within the industry and elsewhere.

"This is uncharted territory," said Ian Forrester, a Brussels-based antitrust attorney at White & Case. "This could signal that there will be many fewer European mergers. It could call into question approval of mergers from the past half-decade."

Sony's U.S.-listed shares fell 3.9%, while EMI slid 9.2% in London, its biggest decline since February 2005. Warner shares fell $5.23, or 18%, their largest one-day drop since the company went public last year. Bertelsmann is not publicly traded.

In an e-mail to employees, Sony BMG Chairman Rolf Schmidt-Holtz said the court's decision "will have no immediate effect on the day-to-day running of the Sony BMG joint venture, which continues with business as usual."

What effect the decision will have on consumers is less clear. Sony BMG has lost more than 3% of its world market share since the companies were combined and has been racked by internal power struggles.

"I don't think consumers would even notice if this merger was undone," said Geoff Mayfield, an analyst at Billboard magazine. "Before the industry consolidated, labels released about 30,000 albums a year. Now there are fewer companies, but digital distribution makes it possible for even the smallest independent musician to release an album. Last year, over 61,000 albums were released. You can't tell me that consolidation has created less choice."

This is not the first time that decisions by European regulators have threatened to scuttle a deal. In 2001, General Electric Co. called off its purchase of Honeywell International Inc. in what would have been the largest industrial acquisition in history after European regulators failed to approve the deal, citing fears that it would stifle competition for aircraft jet engines.

The same court that issued the Sony BMG ruling is also examining part of a 2004 ruling by the EU ordering Microsoft Corp. to end anti-competitive practices and to share sensitive information with rivals.

Thursday's 80-page ruling said the 2004 European Commission examination of the Sony BMG deal was inadequate, and "did not include all the relevant data that ought to have been taken into account by the commission."

The court said evidence produced by Impala, the independent trade group challenging the merger, suggested that the commission had not sufficiently shown that the merger would not encourage monopolistic behavior. For instance, Sony BMG theoretically could force rivals to conspire on pricing by threatening to exclude them from compilation CDs, the court said.

Once the companies have reapplied, the European Commission will have five months to consider the matter again.

"We may very well reapprove the Sony BMG merger," commission spokesman Jonathan Todd said. "But it's also possible that we'll reach different conclusion. We have more data about the merger now."

Some Bertelsmann executives said they were confident that the deal would be reapproved.

"The fact is that Sony BMG has lost market share," said one senior Bertelsmann official who requested anonymity to avoid drawing regulators' attention. "If anything, the merger has made us weaker."

But other executives appeared more concerned. Sony Corp. Chairman Howard Stringer, who was attending Herb Allen's media summit in Sun Valley, Idaho, huddled with Sony Chief Financial Officer Rob Wiesenthal after the ruling came out. Wiesenthal said neither of them had read the ruling.

Executives at Sony BMG said they were in shock. "Nobody expected this," said one Sony BMG executive who requested anonymity. "If we had to, we could split the company. But it would be enormously expensive."

In the months after the Sony BMG merger, executives shuttered dozens of overlapping departments and fired more than 2,000 employees.

An Impala spokeswoman, Helen Smith, said the group was "delighted and amazed" by the ruling and called it "a victory for music and cultural diversity." In its challenge, the group had alleged that a consolidated music industry sidelined non-mainstream musicians whose work did not have worldwide appeal.

Independent U.S. labels saw opportunity in the legal fracas.

"For the next two years, Sony BMG is going to be distracted by defending its merger and coming up with restructuring plans in case they are forced to break up," said Steve Gottlieb, president of TVT Records, one of the nation's most successful indie labels. That, he added, "will give us a chance to capture their sales."

Two companies that are far less enthusiastic about the decision are Warner Music and EMI. Since May, the rivals have been trading acquisition bids of as much as $4.6 billion apiece. Until Thursday, insiders at both companies said a deal would probably occur within the month.

After the ruling, EMI Chairman Eric Nicoli told reporters in London that his company would not have bid on Warner "if we thought we could not receive regulatory approval. There's no reason at this stage to change that view."

But Warner executives say such optimism is unwarranted.

"Everything is completely on hold now," said one Warner insider who requested anonymity. "Overnight, the chances of this deal happening anytime soon just plummeted."

*

Times staff writer Sallie Hofmeister contributed to this report.

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ENVIRONMENT/INDIAN AFFAIRS:

Canada Confirms Seventh Mad-Cow Disease Infection (BLOOM)

By Christopher Donville

Bloomberg, July 14, 2006

July 13 (Bloomberg) -- Canada said tests confirmed the nation's seventh case of mad-cow disease in a 50-month-old dairy animal born after feed restrictions were imposed in 1997 to curb the spread of the ailment.

Inspectors are tracing other cattle born on the same farm as the infected animal near Edmonton, Alberta, the Canadian Food Inspection Agency said today in a statement. The government announced July 10 that the animal might be infected, pending further tests on tissue samples.

The announcement comes less than two weeks after Canada found its sixth case of the disease, which cattle contract by eating feed tainted with parts of an infected animal and which has a rare and fatal human form.

``This animal did not enter into either the human or the animal feed system," George Luterbach, a senior veterinarian with the food inspection agency, said on a conference call.

The CFIA last month tightened its animal feed restrictions to speed up eradication in Canada of mad-cow disease, or bovine spongiform encephalopathy.

The U.S., which is currently considering easing some restrictions on beef trade with Canada, will send an expert to participate in the investigation into how the diseased animal was infected, U.S. Agriculture Secretary Mike Johanns said.

``We need a thorough understanding of all the circumstances involved in this case to assure our consumers that Canada's regulatory system is effectively providing the utmost protections to consumers and livestock," he said in a statement.

`Four-D Animals'

The CFIA's Luterbach, in response to a question, suggested that more BSE cases have emerged in Canada compared with the U.S. because Canada is doing a better job of seeking out potentially infected animals.

``One of the contributors to finding these cases is a very robust surveillance program that is targeted at what we call the four-D animals; the dead, down, distressed or diseased," Luterbach said. ``I guess in one sense, it is a product of our robust surveillance program."

Canada, which slaughtered 3.93 million cattle last year, has tested about 115,000 animals for BSE since its initial case was found in May 2003, according to the CFIA. The U.S., which processes 35 million cattle a year, has screened almost 700,000 animals since finding its first mad-cow case in December 2003. Two additional U.S. cases were discovered.

Both Canada and the U.S. require meatpackers to remove and discard the tissues suspected of harboring BSE-causing agents when cattle are slaughtered.

Beef Trade

The USDA is currently considering whether to allow imports of Canadian cattle older than 30 months along with beef on bones.

The U.S., which buys most of Canada's exported cattle and beef, banned imports from its northern neighbor after Canada found its first case in May 2003. Three months later, the U.S. began easing import restrictions and in July 2005 it allowed Canada to resume shipments of younger cattle after a court found the animals posed little risk to U.S. livestock or consumers.

Canada's exports of cattle and beef dropped to C$1.9 billion ($1.7 billion) in 2004, from C$3.9 billion in 2002, before the U.S. imposed its ban, according to Statistics Canada. Exports climbed to an annual C$2.23 billion by the end of 2005, after the U.S. had lifted many of its restrictions, StatsCan said in February.

``Diagnosis of a few additional cases of BSE in Canada is not unexpected and should not impact current trade in beef or cattle," the Canadian Cattlemen's Association said in a statement.

More than 150 people worldwide have died from the human form of BSE, which is known as Creutzfeldt-Jakob Disease. Most of the deaths were in the U.K., where mad-cow disease surfaced in the 1980s.

Canada Reports New Case Of Mad Cow Disease (AP)

By Beth Duff-Brown

AP, July 14, 2006

TORONTO — Canada on Thursday confirmed its second case of mad cow disease in as many weeks _ and seventh since 2003.

Shipments of cattle to the United States were halted in 2003 after the first reported cases of mad cow in Canada. Trade in cows younger than 30 months resumed last July.

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The latest case was of a 50-month-old dairy cow from a farm in western Alberta, and the U.S. Department of Agriculture said it would send an inspector to aid in the investigation into the death.

Last week, Canadian officials another Albertan cow died of bovine spongiform encephalopathy, an extremely rare disease that can be fatal in humans.

U.S. Agriculture Secretary Mike Johanns said the deaths "raise questions that must be answered."

"We need a thorough understanding of all the circumstances involved in this case to assure our consumes that Canada's regulatory system is effectively providing the utmost protections to consumers and livestock," Johanns said, adding he was dispatching a USDA expert to help with the investigation.

The carcass of the animal was incinerated and did not enter the human or animal feed system, Canadian Food Inspection Agency officials said in Ottawa.

The cow, part of a herd of 300 head of cattle on an Edmonton-area farm, was among 170 other cows that will now be tested for the disease. Those animals were born within a year of the diseased cow and are either on the same farm or have been sold to other farms.

The food inspection agency's senior veterinarian George Luterbach said milk from the dairy cow that might have been consumed by humans was not a threat.

"Milk is not known to be a risk of transmission of the disease," Luterbach said.

Eating meat products contaminated with BSE has been linked to more than 150 human deaths, mostly in Britain, from variant Creutzfeldt-Jakob Disease, a rare and fatal nerve disease.

Chuck Kiker, president of Billings, Mont.-based R-CALF United Stockgrowers of America, believes the USDA ordered the border reopened to Canadian cattle too soon.

"In order to protect the U.S. cattle herd and U.S. beef consumers, USDA must ... close the Canadian border to all beef and cattle, and work with Canada to scientifically determine the full scope of Canada's BSE problem through mandatory testing of at least every high-risk animal in Canada," Kiker said in a statement.

The Canadian Cattlemen's Association estimated its 90,000 members had lost more than $5.6 billion in the 30-month ban.

Canada implemented a feed ban in 1997 that prohibited the use of cattle parts in certain animal feeds. Last month, that ban was extended to include all types of animal feed, pet food and fertilizers, in an effort to help eliminate BSE from Canada's herd in the next decade.

The latest case discovered means the four-year-old cow came into contact with BSE after the 1997 feed ban. Government officials said this is typical and that sporadic cases will continue to be found. Since the 1997 feed ban, close to 120,000 cows have been tested for BSE.

USDA Secretary Expresses Concern Over Latest Canada BSE Case (DJ)

By Bill Tomson

Dow Jones Newswire, July 14, 2006

WASHINGTON (Dow Jones)--U.S. Department of Agriculture Secretary Mike Johanns expressed concern Thursday over Canada's confirmation of a new case of mad-cow disease because the infected animal was born well after Canada put a preventive feed ban in place.

"While the United States and Canada have a strong system in place to protect animal and human health, the diagnosis of BSE in an animal born roughly four and a half years after the implementation of the 1997 ruminant-to-ruminant feed ban does raise questions that must be answered," Johanns said.

Johanns said he will be dispatching USDA officials to Canada to monitor the country's investigation into its latest BSE case, discovered in a 50-month-old dairy cow from Alberta.

"We need a thorough understanding of all the circumstances involved in this case to assure our consumers that Canada's regulatory system is effectively providing the utmost protections to consumers and livestock," he said.

Johanns said he is particularly concerned about "how this animal may have been exposed to BSE-infected material."

The Canadian feed ban, similar to the one in the U.S., prohibits the use of bovine material in cattle feed because infected feed is believed to be the primary means of spreading the disease among animals. Both the U.S. and Canada implemented their respective feed bans in 1997.

The USDA still bans the importation of Canadian cattle that are older than 30 months, but the department is in the midst of creating a new federal rule that would lift the prohibition.

The USDA banned all Canadian beef and cattle in May 2003 after Canada announced its first native-born case of BSE. Shortly afterward, USDA began allowing in Canadian beef back into the U.S., but didn't ease its ban on some cattle until 2005.

The USDA lifted its ban on Canadian cattle under 30 months of age in July 2005.

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Hockey Stick Hokum (WSJ)

The Wall Street Journal, July 14, 2006

It is routine these days to read in newspapers or hear -- almost anywhere the subject of climate change comes up -- that the 1990s were the "warmest decade in a millennium" and that 1998 was the warmest year in the last 1,000.

This assertion has become so accepted that it is often recited without qualification, and even without giving a source for the "fact." But a report soon to be released by the House Energy and Commerce Committee by three independent statisticians underlines yet again just how shaky this "consensus" view is, and how recent its vintage.

The claim originates from a 1999 paper by paleoclimatologist Michael Mann. Prior to Mr. Mann's work, the accepted view, as embodied in the U.N.'s 1990 report from the Intergovernmental Panel on Climate Change (IPCC), was that the world had undergone a warming period in the Middle Ages, followed by a mid-millennium cold spell and a subsequent warming period -- the current one. That consensus, as shown in the first of the two IPCC-provided graphs nearby, held that the Medieval warm period was considerably warmer than the present day.

Mr. Mann's 1999 paper eliminated the Medieval warm period from the history books, with the result being the bottom graph you see here. It's a man-made global-warming evangelist's dream, with a nice, steady temperature oscillation that persists for centuries followed by a dramatic climb over the past century. In 2001, the IPCC replaced the first graph with the second in its third report on climate change, and since then it has cropped up all over the place. Al Gore uses it in his movie.

The trouble is that there's no reason to believe that Mr. Mann, or his "hockey stick" graph of global temperature changes, is right. Questions were raised about Mr. Mann's paper almost as soon as it was published. In 2003, two Canadians, Ross McKitrick and Steven McIntyre, published an article in a peer-reviewed journal showing that Mr. Mann's methodology could produce hockey sticks from even random, trendless data.

The report commissioned by the House Energy Committee, due to be released today, backs up and reinforces that conclusion. The three researchers -- Edward J. Wegman of George Mason University, David W. Scott of Rice University and Yasmin H. Said of Johns Hopkins University -- are not climatologists; they're statisticians. Their task was to look at Mr. Mann's methods from a statistical perspective and assess their validity. Their conclusion is that Mr. Mann's papers are plagued by basic statistical errors that call his conclusions into doubt. Further, Professor Wegman's report upholds the finding of Messrs. McIntyre and McKitrick that Mr. Mann's methodology is biased toward producing "hockey stick" shaped graphs.

Mr. Wegman and his co-authors are careful to point out that doubts about temperatures in the early part of the millennium do not call into question more-recent temperature increases. But as you can see looking at these two charts, it's all about context. In the first, the present falls easily within a range of natural historical variation. The bottom chart looks alarming and discontinuous with the past, which is why global-warming alarmists have adopted it so eagerly.

In addition to debunking the hockey stick, Mr. Wegman goes a step further in his report, attempting to answer why Mr. Mann's mistakes were not exposed by his fellow climatologists. Instead, it fell to two outsiders, Messrs. McIntyre and McKitrick, to uncover the errors.

Mr. Wegman brings to bear a technique called social-network analysis to examine the community of climate researchers. His conclusion is that the coterie of most frequently published climatologists is so insular and close-knit that no effective independent review of the work of Mr. Mann is likely. "As analyzed in our social network," Mr. Wegman writes, "there is a tightly knit group of individuals who passionately believe in their thesis." He continues: "However, our perception is that this group has a self-reinforcing feedback mechanism and, moreover, the work has been sufficiently politicized that they can hardly reassess their public positions without losing credibility."

In other words, climate research often more closely resembles a mutual-admiration society than a competitive and open-minded search for scientific knowledge. And Mr. Wegman's social-network graphs suggest that Mr. Mann himself -- and his hockey stick -- is at the center of that network.

Mr. Wegman's report was initially requested by the House Energy Committee because some lawmakers were concerned that major decisions about our economy could be made on the basis of the dubious research embodied in the hockey stick. Some of the more partisan scientists and journalists howled that this was an attempt at intimidation. But as Mr. Wegman's paper shows, Congress was right to worry; his conclusions make "consensus" look more like group-think. And the dismissive reaction of the climate-research establishment to the McIntyre-McKitrick critique of the hockey stick confirms that impression.

Forest Fire Leads To State Of Emergency (AP-Y)

By Christina Almeida, Associated Press Writer

AP2, July 14, 2006

DOJ_NMG_0040944

A 40,000-acre fire chewed through desert wilderness Thursday after destroying 100 homes and buildings and was on course to possibly merge with a blaze in the San Bernardino National Forest.

The huge fire edged northwest toward the forest, burning greasewood, Joshua trees, pinon pines and brush on the desert floor. Containment was just 20 percent. Five miles away, a 1,200-acre fire in the forest was 5 percent surrounded.

Gov. Arnold Schwarzenegger declared a state of emergency in San Bernardino County to better coordinate and expedite state efforts to help people affected.

Evacuation orders were lifted for several communities, including the old Western film locale of Pioneertown, but new evacuations were ordered for dozens of homes in Morongo Valley, and residents of Burns Canyon and Rimrock remained unable to return home.

"We're very, very lucky," said Sandy Dugan, whose Pioneertown home still stood while the charred remains of others smoldered. "It's hard to see your neighbors' homes gone."

Authorities said the odor of smoke from the blazes 100 miles east of Los Angeles could be detected in Las Vegas and Ogden, Utah.

Fire officials said that both fires could link up on the desert floor. Higher up in the mountains, millions of dead trees carried the potential for even more destruction, but they were at least 15 miles from either fire.

Kevin Olson, deputy chief of operations in the headquarters of the California Department of Forestry, said it was possible "but not very likely at this time" that the fires would reach the timber stands.

Swaths of Southern California forests have been weakened by drought and killed by bark beetles. For several years, workers have been cutting down dead trees near communities and roads. Thousands of acres have been cleared but experts say it will take up to 20 years to remove all the deadwood.

However, Olson said there have been contingency plans for several years on how to fight fires and evacuate people in the beetle-infested areas.

The larger fire was ignited by lightning during the weekend and roared into an inferno Tuesday, racing through tiny high desert communities. Forty-two houses, 55 other buildings and 91 vehicles were destroyed in Pioneertown and other communities near Yucca Valley.

About 1,350 firefighters worked the blaze with the help of bulldozers, helicopters and air tankers. Nine firefighters and two civilians have been treated for minor burns or smoke inhalation.

Pioneertown, established in the 1940s as a location for filming cowboy movies, lost none of its Western-style storefronts, but some residents weren't so lucky.

Rex Davis, 55, was told his nearby vacation home was destroyed but had to see it for himself.

"You're still thinking maybe it didn't burn," he said.

The two fires were each about 30 miles from Big Bear, one of several communities atop the San Bernardino Mountains that were evacuated when wildfires swept Southern California in 2003.

Those 15 fires were collectively the most devastating in recent state history, killing 22 people, destroying 3,640 homes and blackening 750,000 acres.

Robert Vinson, 51, brought his wife and two sons to the Big Bear Lakefront Lodge on Tuesday for a vacation to escape the 105-degree heat in his Riverside County town of Menifee. He planned to stay until Saturday unless things got hotter.

"When I see the flames from my hotel room and they get within 10 miles, I'm leaving. I'm not going to wait until they're under my balcony," he said.

A Quest For Cooler Heads In Indian Suit Against US (CSM)

By Brad Knickerbocker

The Christian Science Monitor, July 14, 2006

The lawsuit's name is innocuous enough. But Cobell v. Kempthorne carries 119 years of historical baggage, and its outcome could affect hundreds of thousands of people at a cost of billions of dollars. It's also thorny as a prickly pear, so contentious that a panel of federal jurists this week ruled that the case needs a different judge to oversee it.

The dispute involves royalties due native Americans dating back to 1887. That's when Uncle Sam took control of some 11 million acres of tribal lands in the West as part of the federal policy of forced assimilation. The US was supposed to be paying into Indian trust accounts what now amounts to billions of dollars in revenues from oil, gas, timber, minerals, and grazing on those acres, then disbursing payments to native account holders.

But the whole thing has been mismanaged, federal courts have declared several times since the case began in 1996, and the last three Interior secretaries have failed to fix it. Idahoan Dirk Kempthorne, who recently became Interior secretary, follows both Bruce Babbitt and Gale Norton as lead defendant.

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On the other side is Elouise Cobell of Browning, Mont., a member of the Blackfeet Indian Tribe, a rancher and banker, and a recipient of a MacArthur "genius" grant for her work in economic development. She's the lead plaintiff in the class-action lawsuit that bears her name. "The government has abused trust beneficiaries and has failed to fulfill the most basic trust responsibilities owed to us," she said this week.

The courts and most experts have agreed with that assessment. The US Circuit Court of Appeals for the District of Columbia declared this week that "the [US] government has an obligation to rise above its deplorable record and help fashion an effective remedy."

Words like "ignominious," "incompetent," "malfeasance," and "recalcitrance," the three-judge panel wrote, "are fair and well supported by the record." Still, the judges decided, after nearly 10 years on the case US District Judge Royce Lamberth had "exceeded the role of impartial arbiter" in hearing Cobell v. Kempthorne.

In an opinion last summer, Judge Lamberth had written: "The ... record ... tells the dreary story of Interior's degenerate tenure as Trustee-Delegate for the Indian trust, a story shot through with bureaucratic blunders, flubs, goofs and foul-ups, and peppered with scandals, deception, dirty tricks and outright villainy, the end of which is nowhere in sight."

What the appellate court wants, the panel implied, are cooler heads in the courtroom. As the case has dragged on, some native American leaders also have urged that a settlement be reached rather than continuing to fight it out in court.

"Continued litigation will cost many more millions of dollars and take many more years to reach completion," Joe Garcia, president of the National Congress of American Indians, told a joint House- Senate hearing in March. "It is in the best interests of tribes and individual account holders that tribal leaders participate in the resolution of trust-related claims."

That's what congressional leaders of both parties hope to do, though the job is daunting. The House Resources Committee has found that the government's recordkeeping of "Indian Individual Money" accounts "has been so poorly handled that Indian account holders cannot receive a full and accurate accounting of whether monies generated from their lands were correctly collected, deposited, tracked, and disbursed."

Many individual trust accounts have been divided among heirs over the decades, to the point where management costs are greater than the value of some accounts. The number of accounts is estimated to be between 300,000 and 500,000 - as many as 20 percent of all American Indians.

Among other things, bills in the House and Senate would create a new senior position in the Interior Department, set up a settlement fund to be administered by a Treasury Department special master, establish a management review commission, and require the Comptroller General to contract with an independent external auditor.

The Interior Department agrees that $13 billion was collected between 1909 and 2001. The Indian plaintiffs have said they'd settle for $27.5 billion, including interest accrued on the amount supposed to have been held in trust. What the proposed legislation does not do is set a settlement figure. "This is deliberate," says Rep. Richard Pombo (R) of California, chairman of the Resources Committee. "It is one of the trickier issues to resolve."

FBI/DEA/ATF/USMS:

Eight Heroin Overdoses Are Reported In Week (BNNJ)

By Colleen P. Dunn, Staff Writer

Bridgeton News (NJ), July 13, 2006

VINELAND -- There have been at least eight heroin overdoses in the city in the last week, none of which has been fatal, but it is a possibility that it is related to the bad heroin that has caused several deaths in the tri-state area.

Two overdoses occurred Monday evening.

Javier Feliciano, 36, of Bellair Avenue, was found by his brother laying unconscious in the bathroom, according to a police report.

Police were called to their home around 8 p.m. after his brother found him pale and unresponsive.

He was awake by the time help arrived, and police noticed fresh needle marks on his arms.

Paramedics took him to the South Jersey Healthcare-Regional Medical Center and he was arrested after he was treated.

He was charged with use of heroin.

Feliciano told police he bought the drugs from a man at the Park Towne Apartments on West Chestnut Avenue.

The second overdose happened at the Days Inn on West Landis Avenue around 8:30 p.m.

Robert Maldonado, 25, of Quince Street, was found in a hotel room unconscious and covered in ice, according to a police report.

A manager told police he left the room unsecured, and when he came back he saw Maldonado on the floor.

Vineland EMS came and said he wasn't breathing, but they were able to resuscitate him. His eyes rolled back into his head and he passed out, however, when they tried to question him.

Police were able to speak with him at RMC, where Maldonado said he got the heroin from a friend he only knows as "Son," according to the report.

At first he said he entered the hotel room when he noticed it wasn't locked, but later he said he was in the hotel room with about five people, including the person the room was rented to.

Maldonado was charged with possession of heroin, use of a dangerous drug, possession of a syringe, burglary, and disorderly conduct.

Heroin Overdose Cases Continue To Rise In Vineland (PAC)

By Tom Namako

Press Of Atlantic City, July 13, 2006

VINELAND â€" The number of heroin overdoses in the city continued to spike Wednesday, with police reporting two more incidents where users were found unconscious and rushed to the emergency room.

The incidents on Tuesday brought the number of overdoses in the city during the past week to 10, according to Vineland police reports. In almost every instance, the user was found passed out with either a syringe or small bag containing a white powdery substance nearby. None of the 10 has died.

Law-enforcement officials said they believe that fentanyl, an extremely strong pain reliever used to treat cancer patients, may have made its way into the street supply of heroin in Vineland.

Fentanyl works though the central nervous system and could be addictive if it's not used for pain, according to Medline Plus, the National Institutes of Health medication database.

The fentanyl-laced heroin was first seen regionally in Camden, where it claimed the lives of several people earlier this year. Authorities said many drug dealers use it to supplement the drug so they can create more doses to sell.

It's unclear whether fentanyl-laced heroin was involved in either of the most recent incidents. Calls to Lt. Tom Ulrich at the Vineland Police Department went unanswered Wednesday.

Vineland resident Robert Maldonado, 25, was found Tuesday passed out in an unlocked room and covered in ice at the Days Inn on Landis Avenue, a police report said.

The room was unlocked by a supervisor after an employee said he was going to use it, according to the report. Moldonado later told police he and some friends were looking for a place to buy and use drugs and found the open door.

Police said Maldonado was shaking so violently after being taken to the South Jersey Regional Medical Center that he couldn't sign his Miranda rights form.

He was charged with possession and use of heroin, possession of a syringe and a separate burglary warrant.

Javier Feliciano, 36, was found by his brother, Hector Feliciano, lying unconscious Tuesday in his Park Town apartment complex bathroom.

Hector Feliciano told police that his brother had track marks on his arm from injecting heroin, which he took 10 minutes before passing out. Emergency medical services took Javier Feliciano to the South Jersey Regional Medical Center, where he told police he used the drug.

Feliciano was charged with using and possessing heroin and a syringe. He was released pending a court date.

Fentanyl-heroin Mix Blamed For March Death Here (PRHA)

Park Ridge Heral Advocate, July 14, 2006

Park Ridge police have confirmed that the death in March of a 22-year-old Park Ridge man was caused by a lethal dose of heroin.

Park Ridge Deputy Police Chief Tom Swoboda said toxicology tests show that Jonathan Krischke died after taking heroin mixed with the narcotic fentanyl on March 9.

Krischke, a Maine South graduate, was found unconscious by a family member inside his home, Swoboda said. He was taken to Resurrection Medical Center in Chicago, where he was pronounced dead about 30 minues after his arrival, Swoboda said.

Although the police department learned of the cause of death from the Cook County Medical Examiner in early May, the information was not released to the press. Swoboda said the department normally does not release information on death investigations.

Swoboda did report on the cause of Krischke's death to the Park Ridge Health Commission and Maine Community Youth Assistance Foundation (MCYAF) at meetings in May.

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Swoboda said investigators were unable to determine where Krischke had obtained the heroin.

Fentanyl-laced heroin has been blamed for dozens of deaths in Cook County this year, and members of the Park Ridge Health Commission have stated that the community needs to be alerted if such deaths are reported in Park Ridge.

Heroin is also the suspected cause of death of 17-year-old Joseph Krecker of Park Ridge on June 6 in Chicago. Toxicology test results in that case are not yet available, according to the Cook County Medical Examiner's Office said.

Newscast Heroin OD Medic Unit Shut Down New Castle County Blames Lack Of Funds For Deactivation (NJ)

News Journal, July 13, 2006

An extra New Castle County paramedic unit put together in May to help with a spate of heroin overdose calls was deactivated this week because there isn't enough money to pay for it.

Public Safety Director Guy Sapp said it would have cost $100,000 to run Medic 9 for six months because it was paid for mainly with overtime.

"Given the current situation in the budget, we cannot continue to staff Medic 9," Sapp said.

The unit was not dedicated solely to heroin calls. It operated from 8 a.m. to 6 p.m. to ease the workload on the county's other eight paramedic units, which were dealing with a spike in calls.

Medic 9 stopped Sunday.

The decision has drawn questions and criticism from County Council members and the city of Newark, where the unit was based.

"If you've got to take money away from bark parks, screw it," County Councilman Timothy Sheldon said. "The real thing is saving lives."

County paramedics and police agencies have said a purer-than-usual batch of heroin -- as well as some laced with fentanyl -- hit the streets in late April, spawning an increase in traffic accidents, overdoses and deaths.

Nine deaths have been linked to the drug in the past several months, including two last weekend. However, officials said heroin-related calls are on the decline, except during weekends.

"This is adding stress to an already stressful situation for Newark residents," said Jon Townley, chief of Aetna Hose, Hook & Ladder Company, which housed Medic 9.

Medic 9 responded to 135 calls in June. That was a few more than the 128 calls handled in same month by the 24-hour unit in Middletown, which typically has the lowest call volume in the county.

But Townley said Medic 9 helped improve emergency response times for Newark because the two closest paramedic stations are in Glasgow and along Kirkwood Highway.

Townley appealed Monday to the Newark City Council for help keeping the unit. Newark Councilman Jerry Clifton said the issue was "a matter of public safety" and directed the city manager to send a letter to the county asking them to continue funding Medic 9.

Newark's concerns were echoed this week by several County Council members who were unaware the extra unit existed.

A temporary unit

Councilman David Tackett and Councilwoman Karen Venezky admonished Sapp for not letting them know about the unit or its deactivation.

"If I had walked into a civic meeting and been asked about this," Tackett said. "I wouldn't have been able to answer their questions."

County Paramedic Chief Lawrence Tan said Medic 9 was never intended to be permanent.

"The department has had a longstanding plan to expand the number of units out in the field," Tan said, citing a University of Delaware study that is examining staffing levels.

"But with the county's budget process, everyone was asked to tighten their belts," he said. "If we want to keep a unit up and make that commitment, then additional funding is going to have to be made available to cover that unit."

The county is grappling with a growing deficit that is expected to reach $38 million by 2009.

Sapp said the unit was paid for through overtime because the force is short 28 paramedics.

Seventeen are on the payroll but still in training. Nine of those 17 are expected to graduate by August, and the rest will graduate next year.

Of the remaining vacancies, one paramedic is out with an injury, another is pregnant and nine are unfilled positions.

"We just don't have the people," Sapp said.

Spokane Agencies Form Gang Task Force (AP)

DOJ_NMG_0040948

AP, July 13, 2006

SPOKANE -- Responding to an increase in violent crime committed by armed gang members, local and federal police agencies in Spokane have formed a task force.

The Spokane Police Department, Spokane County Sheriff's Office and several federal law enforcement agencies announced Thursday they will target crimes where guns are shown or used.

Police officials say the task force will place renewed emphasis on prosecuting crimes involving violent crimes, guns or gang activity.

Federal agencies participating in the task force include the Bureau of Alcohol, Tobacco, Firearms and Explosives, the United States Marshal's office, the FBI and the Drug Enforcement Administration.

Spokane police say they have noticed an increase in violent crimes over the past nine months.

Two Are Sentenced To Life In Meth Case (MTR)

By Ryan Brinks

Marshalltown Times Republican, July 14, 2006

Two Marshalltown brothers were sentenced to prison Wednesday, one for life and the other for 20 years, after being found guilty for conspiring and distributing methamphetamine.

U.S. District Judge Ronald E. Longstaff sentenced Martin Ruiz Singh, 36, to life imprisonment for conspiracy to distribute meth, distribution of meth and being a felon in possession of a firearm, according to an announcement by U.S. Attorney Matthew G. Whitaker.

His brother, David Ruiz Singh, 41, was sentenced to 20 years in prison for conspiracy to distribute meth and distribution of meth. Each brother was also ordered to serve 10 years of supervised release after their incarceration, Whitaker said.

A three-day jury trial found the Singh brothers guilty of the drug and firearm charges on Feb. 9, and Longstaff at the sentencing found them responsible for distributing about 20 pounds of meth between March 1998 and June 2005. Both of their sentences were enhanced due to prior felony drug convictions.

The case against the Singh brothers was investigated by the Drug Enforcement Administration, the Iowa Division of Narcotics Enforcement and the Mid Iowa Drug Task Force, and the U.S. Attorney's Office for the Southern District of Iowa in Des Moines prosecuted them.

Judge Bars Measure To Tighten Law On Treating Drug Offenders (LAT)

By Evan Halper

The Los Angeles Times, July 14, 2006

SACRAMENTO — A Northern California judge on Thursday blocked, at least temporarily, sweeping changes to the state's landmark treatment program for drug offenders signed into law by Gov. Arnold Schwarzenegger this week.

The new law, SB 1137, adds tough provisions to Proposition 36, which gives tens of thousands of drug offenders the option of entering treatment facilities instead of going to jail.

The changes championed by Schwarzenegger would allow judges to incarcerate offenders who relapse for up to five days.

Drug treatment advocates say that the measure, which was written by Sen. Denise Ducheny (D-San Diego) and passed by the Legislature last month, is illegal because it would change an initiative approved by voters without their consent. Proposition 36 was passed in 2000.

The drug treatment advocates filed a lawsuit as soon as the governor signed it into law Wednesday.

By Thursday afternoon, Alameda County Superior Court Judge Winifred Smith had issued a temporary restraining order against the measure.

Smith wrote in her order that the plaintiffs in the case, which include the nonprofit Drug Policy Alliance and the California Society of Addiction Medicine, "have a substantial likelihood of success" of overturning the new law in court. The order prevents any implementation or enforcement of the measure pending litigation. The next hearing in the case is scheduled for July 28.

Daniel Abrahamson, director of legal affairs for the alliance, said: "Proposition 36 is very clear that people are supposed to receive treatment, not incarceration."

Voters may have the ultimate say over whether the new changes take effect. The Legislature included language in the new law that sends the measure to the ballot if any part of it is overturned in court.

Supporters of the measure expressed confidence that they will prevail.

"Our intention is not to punish, but to give judges tools to encourage successful treatment," said Ducheny spokesman John D. Ferrera. "That's what California voters wanted."

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SAN FRANCISCO Old Friend Seen As Key Witness Against Bonds Ex-business Manager Ready To Testify About Star's Use Of Steroids (SFC)

By Lance Williams And Mark Fainaru-wada, Chronicle Staff Writers

San Francisco Chronicle, July 14, 2006

In July 2003, midway through a stellar season in which he would win the National League Most Valuable Player award for an unprecedented sixth time, an angry Barry Bonds sat down with an FBI agent and a federal prosecutor.

The Giants star wanted action, according to federal documents reviewed by The Chronicle. He urged the FBI to investigate his longtime business manager, whom he accused of selling bogus baseball memorabilia embossed with forged Bonds autographs.

But the interview in the Federal Building in San Francisco took an unexpected turn. Had Bonds ever used steroids? the lawmen asked.

Bonds denied doing so. He had "never" used steroids, he declared.

Now, three years later, Bonds' visit to the FBI has created immense legal difficulties for the Giants star.

Bonds' emphatic denial that he had used banned drugs -- repeated under oath in December 2003 before the grand jury that investigated the BALCO steroids conspiracy -- is the focus of a continuing federal probe that soon could result in his indictment for perjury before the grand jury or for making false statements to the FBI.

The FBI has exonerated Bonds' former business manager, Steve Hoskins, in connection with Bonds' complaint, said Hoskins' lawyer, Michael Cardoza, and Hoskins has been interviewed by investigators in connection with the Bonds perjury probe.

Hoskins, who was Bonds' friend since boyhood and his business manager for a decade, has direct knowledge of Bonds' use of steroids, Cardoza said. He also knows of Bonds' receipt of large sums of cash for the sale of baseball memorabilia, the lawyer said.

If Bonds is put on trial, Hoskins is prepared to testify, Cardoza said.

"This is a fight started by Barry Bonds' false allegations," Cardoza said. "If the fight continues into a courtroom and my client is subpoenaed to testify, he will tell the truth."

In a round of television interviews this week, Bonds' lawyer, Michael Rains, has identified Hoskins as the prime witness in the case and predicted he would be discredited as a vengeful ex-friend with a motive to lie.

He told The Chronicle on Thursday that Hoskins was a "vindictive" person, contending he had been "a constant source of information to the feds" in the Bay Area Laboratory Co-Operative investigation.

"Barry has told me about a breakup, if you will, that he had with Hoskins over the fact that Hoskins was forging Barry's name to merchandise and then pocketing the money," Rains said.

The lawyer also criticized the government for interrogating Bonds about steroids after encouraging him to come in and make a crime report about Hoskins and the memorabilia.

The government's conduct was "a double-cross," and "flat-out dishonest and unethical," he contended, and could raise important legal issues if the government moves forward with an indictment.

Hoskins declined to be interviewed for this story. According to people who know him, he is the son of Bob Hoskins, a star lineman for the 49ers in the 1960s who was a friend of Bobby Bonds, then the Giants centerfielder and Barry Bonds' father. The Hoskins and Bonds families lived in San Carlos, and the boys became friends.

While Bonds went on to his career in baseball, Hoskins studied graphic design and became a commercial artist, creating a line of greeting cards decorated with the images of NFL players, according to a biography he once posted on his Web site.

In 1993, when Bonds left the Pittsburgh Pirates for the Giants, he reconnected with Hoskins. Hoskins set up a business, Kent Collectibles, to market autographed Bonds balls, bats and jerseys along with lithographs depicting Bonds in action.

Eventually, Hoskins also became Bonds' business manager. He advised Bonds on endorsement deals. In 2000, at Hoskins' urging, Bonds hired the sports agent Scott Boras, who then negotiated Bonds' $18 million-per-year contract with the Giants.

Hoskins served as chief financial officer of the Barry Bonds Family Foundation, and he became Bonds' public relations adviser. For years, reporters who wanted an interview with Bonds put in their requests with Hoskins, a frequent presence in the Giants clubhouse.

Bonds and Hoskins were close friends -- Hoskins was best man at his wedding in 1998 -- but the relationship began to fray. Bonds became increasingly demanding of Hoskins' time, Hoskins has told acquaintances.

But a bigger stumbling block was Bonds' use of steroids, said Cardoza, the lawyer. He said Hoskins had urged Bonds not to use the drugs, arguing that Bonds was risking his health and that he was already a great player without steroids.

Hoskins consulted doctors about the risks of steroid use and informed Bonds' father, asking for help in persuading him Bonds not to use drugs.

Hoskins "was Barry's good friend, and he was very concerned," the lawyer said. "He told him, 'you're going to kill yourself -- stop.' "

But Bonds persisted in using steroids, Cardoza said. Bonds became prone to " 'roid rage" -- uncontrolled angry outbursts -- that further strained the relationship, the lawyer said.

When the breakup came early in the 2003 baseball season, it was extraordinarily bitter, said Kimberly Bell, a former Bonds girlfriend who has testified before the grand jury that is investigating Bonds.

In a 2004 interview, Bell recalled that Bonds had angrily vowed to ruin Hoskins financially and "put him in the street."

On his visit to the FBI, Bonds charged that Hoskins had forged his signature on a collection of Giants jerseys that he described as cheap knockoffs and not genuine "game-used" gear.

The FBI took the allegations seriously. At one point in 2003, Bonds accompanied FBI agents on a visit to the Long Island, N.Y., home of memorabilia dealer Jeff Kranz, and pointed out items that he claimed were fake, the Wall Street Journal reported in May.

But according to his lawyer, Hoskins kept detailed records of the memorabilia sales and even had photos of Bonds autographing some of the items he said were forged.

The lawyer said Hoskins also documented the sums of cash that Bonds allegedly collected from memorabilia sales and funneled to Bell, who was then his girlfriend.

She told the grand jury she received $80,000 cash to make a down payment on a house in Arizona, The Chronicle has reported.

In 2005, the FBI informed Hoskins they had closed their investigation of Bonds' allegations, the lawyer said. After that, Hoskins was interviewed by federal agents seeking information about Bonds and perjury.

By the time Bonds testified before the BALCO grand jury on Dec. 4, 2003, prosecutors had been briefed on Bonds' statement to the FBI five months before, according to Rains, Bonds' lawyer.

In the weeks before Bonds' grand jury testimony, Rains said prosecutors had led him to believe Bonds would be permitted to review documents that had been seized by agents in raids on BALCO and the house of trainer Greg Anderson in September.

The government had provided that courtesy to other witnesses, hoping to encourage their truthful testimony. But a few days before Bonds' appearance, Rains said Assistant U.S. Attorney Jeffrey Nedrow left a message on his voice mail canceling the meeting.

Prosecutors told him "they believed Barry had been dishonest with the FBI earlier in the year," Rains said, and Bonds was never permitted to see any of the documents before he testified.

Although Rains has identified Hoskins as the prime witness in the perjury case, federal prosecutors have said in court that their probe is based on a "mountain" of documentary evidence seized in the raid on the Burlingame home of Anderson, who pleaded guilty to steroid dealing in the BALCO case and served three months in prison.

In the raid, investigators seized doping calendars, price lists and other documents that reflected Bonds' use of steroids and human growth hormone, The Chronicle has reported.

The Bonds grand jury subpoenaed Anderson to testify about the documents, but he refused, claiming the subpoena violated the terms of his plea bargain in the BALCO case, which did not require him to become a government witness.

On July 5, he was found in contempt of court and sentenced to an indefinite term in federal prison.

Bonds' Ex-Friend May Affect Jury Probe (AP)

By Jordan Robertson

AP, July 14, 2006

SAN FRANCISCO -- Barry Bonds and Steve Hoskins were boyhood friends who went into business together and made a lot of money selling the San Francisco slugger's autographs. But the relationship collapsed when Bonds accused Hoskins of stealing from him and took the case to federal prosecutors.

Now, the Redwood City businessman might be getting his revenge by talking to investigators about Bonds' alleged steroid use and the alleged diversion of proceeds from memorabilia sales to Bonds' girlfriends.

A grand jury considering possible perjury charges against Bonds met again Thursday in San Francisco, and Bonds' lawyer, Michael Rains, has identified Hoskins and the player's former girlfriend, Kimberly Bell, as key witnesses in the probe.

Hoskins' lawyer, Michael Cardoza, declined to say Thursday whether his client had testified before the grand jury, but he discussed the falling out between his client and Bonds and said Hoskins believes the slugger's angry outbursts at the time were caused by steroids.

"It appeared he was in a sort of steroid rage, the way he was acting," Cardoza said. "That's what we thought was causing him to act that way."

Steroid allegations surrounding Bonds intensified in 2003 when he testified before a different federal grand jury about his relationship to the Bay Area Laboratory Co-Operative, the nutritional supplement lab at the center of doping scandals in both track and field and baseball.

Hoskins did not return messages left Thursday at his home and business, Kent Collectibles, in San Carlos.

He and Bonds grew up together outside San Francisco and after Bonds signed with the Giants as a free agent in 1993, the ballplayer helped Hoskins go into business selling sports memorabilia bearing Bonds' signature.

Hoskins became a fixture in the Giants' clubhouse, but a rift opened during spring training 2003 when Bonds spotted a fan wearing a jersey bearing his autograph that he claimed was a fake, Cardoza said.

He flew into a rage, and Hoskins had to convince him the autograph was authentic, but simmering tensions between the two came to a head, Cardoza said.

"That's what started the big rift," Cardoza said. "And the big rift was already going on, because Barry was demanding more from Steve. He was being even more demanding and abusive of Steve. The chasm between Barry and Steve really started to widen then."

Some of the tension can be traced to an arrangement Bonds had requested for delivering money to two girlfriends, Cardoza said.

Bonds gave more than $100,000 of his profits from the business to Hoskins to pass along to those girlfriends, including down payments on homes and a car for Bell, Cardoza said.

Rains could not be reached Thursday to respond to Cardoza's claims.

Bonds claimed Hoskins was forging the player's signature on contracts and keeping proceeds from sales of memorabilia that was to have been split between the two partners, according to Cardoza.

Bonds made "an obscene amount of money that would make a normal human being cringe" for the autographs, but felt Hoskins was not paying him what he was owed, Cardoza said.

Soon after, Bonds went to the U.S. Attorney's Office in San Francisco and filed a complaint about Hoskins, Cardoza said.

Hoskins met with federal prosecutors, according to his lawyer. He presented detailed records of all disputed transactions and the investigation was dropped a year later, Cardoza said.

Hoskins did not know whether Bonds was paying taxes on profits from the memorabilia business, Cardoza said.

The timing of the dispute between Bonds and his former friend raises questions about whether Hoskins agreed to cooperate with federal prosecutors investigating whether Bonds lied to a grand jury in December 2003, when he reportedly said he never knowingly used performance-enhancing drugs.

A grand jury has been meeting in secret for months to consider charges against Bonds. Witnesses known to have testified in the probe include Giants trainer Stan Conte and Bonds' surgeon, Arthur Ting.

Bonds' personal trainer, Greg Anderson, who served three months in prison after pleading guilty last year for his role in the BALCO scandal, has been jailed since July 5 for refusing a judge's order to testify before the grand jury.

In court papers filed with a federal appeals court Monday, Anderson's attorney Mark Geragos argued that his client shouldn't have to testify because previous grand jury testimony has been publicly disclosed. Geragos also argued that Anderson's plea agreement last year stipulated that he will not cooperate with the government's investigation and stated the trainer was a target of an illegal wiretap.

The government filed papers with the appeals court Thursday arguing against releasing Anderson, but asked that the submission be kept sealed. The court declined to release the government's papers pending a ruling from a judge, expected Friday.

With the grand jury widely expected to deliver its findings soon, the relationship that boiled over between Bonds and Hoskins could play a key role in any indictment against one of baseball's greatest sluggers.

Bonds hit 12 home runs in the first half of this season to give him 720 for his career, 35 from tying home run king Hank Aaron's record of 755. He passed Babe Ruth and moved into second place on the career list with No. 715 on May 28.

He's batting .249 this season with 38 RBIs, and has missed 20 games with knee problems.

If charged with perjury and convicted, he could face up to five years in prison. He could face another five years if charged and convicted of money laundering.

As Bonds Faces Possible Day In Court, Selig Faces A Quandary (NYT)

By Murray Chass

The New York Times, July 14, 2006

EARLIER in the season, Barry Bonds's chase of Babe Ruth was the focus of baseball enthusiasts. These days, the focus is still on Bonds, but it has nothing to do with him hitting home runs. Now the focus is on the government's pursuit of Bonds.

The growing feeling is that the government, specifically the United States attorney in San Francisco, will get him. The grand jury investigating the possibility that Bonds lied to another grand jury two and a half years ago did not act yesterday. It is scheduled to meet again Thursday.

Bonds plods on, experiencing his worst season since 1989 and moving toward Hank Aaron's career home run record more slowly than a tortoise. He could be indicted before he hits another home run for the San Francisco Giants. He could wind up in jail before he reaches the Hall of Fame.

The immediate question, though, isn't Bonds's guilt or innocence. It's whether Commissioner Bud Selig will take disciplinary action against Bonds if he is indicted on charges of perjury, tax evasion, money laundering, evading banking laws or anything else.

Selig has repeatedly refused to discuss Bonds, most recently in Pittsburgh the day before the All-Star Game at a meeting with baseball writers.

But an official in the commissioner's office, granted anonymity because he was not authorized to speak about the situation, said the commissioner was torn in his considerations of the matter. One minute, Selig is prepared to suspend Bonds; the next, he changes his mind.

Selig could use an alternative plan. He could induce the Giants to pressure Bonds to step aside while continuing to be paid, so he could concentrate on the preparation of his defense. That's often an approach used in the corporate world.

Given the allegations of steroid use surrounding the prodigious increase in Bonds's home run production from 2000 through 2004, many fans and politicians may very well call for Selig to suspend Bonds and erase his records.

"I think that it's very difficult to imagine that he can do anything until the criminal case is disposed of," Fay Vincent, Selig's predecessor as the commissioner, said yesterday in a telephone interview. "I think some people will be screaming that he should suspend Bonds, but I don't think the union will permit that. I don't think it's a viable alternative under the collective-bargaining agreement."

Richard Moss, who once fought Vincent over a suspension of Steve Howe, agreed with him this time.

"It would be very improper" if Bonds were suspended, Moss said, "because he would prejudice the legal proceeding. Until there is some finality, it would be improper for the commissioner to do anything."

James Quinn, a New York lawyer, who has represented sports unions and players, also said Selig could not do anything until Bonds was proven guilty. Quinn cited a precedent, a case involving Bernard King, whose suspension by the N.B.A.'s Utah Jazz for an alleged improper relationship with a woman was overturned.

The baseball commissioner, under the labor agreement, can suspend a player for just cause, but the player can challenge the action through a grievance procedure. More often than not, arbitrators have overturned or curtailed suspensions by the commissioner.

Bonds, with the union's support, would unquestionably challenge a suspension. The union would argue that Selig did not have just cause because Bonds hadn't been convicted of any crime.

But Selig could act under his "best interests of baseball" authority, finding that allowing Bonds to continue to participate in games, especially on the road, would create potentially dangerous circumstances for him and players who would be on the field with him.

Commissioner Kenesaw Mountain Landis yanked Joe Medwick of the St. Louis Cardinals out of a game in the 1934 World Series — "for his own safety" — because Detroit fans unleashed a barrage of fruit and other garbage at him after he slid roughly into third base. Baseball didn't have a union then to protest Landis's action.

The union today may have a more difficult task in overcoming a suspension on the basis of safety. Not only would safety be involved, but ugly scenes at ballparks could have a detrimental economic effect on the game.

To discipline an employee in a case involving conduct away from the workplace, a company would probably have to demonstrate that the employee's actions caused economic damage to the employer.

An arbitrator overturned Commissioner Bowie Kuhn's suspension of pitcher Ferguson Jenkins after a drug arrest in 1980 in part because Jenkins had been placed on administrative leave and the arbitrator found that management had demonstrated no effect on baseball's business.

Fans aren't likely to stop attending games or watching them on television if Bonds is indicted. While San Francisco fans would probably continue to support him, fans of opposing teams would probably become nastier to him than they have been.

Bonds's absence for any part of the rest of the season would slow his march toward Aaron's record. Bonds, who will be 42 on July 24, has 720 career home runs, including 12 this season, a pace that would give him 22 for a full season. At that rate, he would have to play into the 2008 season to get to Aaron's 755.

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Indictment, conviction and jail would slow his quest even more.

SAN FRANCISCO Pot Club Loses Bid To Set Up Shop Near Fisherman's Wharf Neighbors Pack Planning Commission Meeting To Oppose Cannabis Dispensary (SFC)

By Robert Selna, Chronicle Staff Writer

San Francisco Chronicle, July 14, 2006

A pot club seeking to set up shop near Fisherman's Wharf was denied a permit by the San Francisco Planning Commission in a 4-2 vote Thursday night.

The Green Cross was the first medical marijuana outlet in San Francisco to undergo the city's new permit process, which was approved by the Board of Supervisors last year in an effort to more tightly regulate medical pot sales. Currently, 20 to 30 marijuana clubs operate in the city, planning officials say. All will need to submit applications by next June to continue operations.

The cannabis club faced strong opposition from neighbors and community groups at Thursday's commission meeting.

Opponents filled a City Hall hearing room to capacity and said they were concerned that a medical marijuana business situated at 2701 Leavenworth St. -- where the Wharf's bustling tourist trade meets residential Russian Hill -- would impair the quality of life in their neighborhood.

"The nature of pot clubs right now brings an element that's not appropriate for this neighborhood," Ryan Chamberlin, a nearby resident, said before the meeting. "There's myriad quality-of-life crimes associated with these clubs. ... This is a family neighborhood -- it's not right for such an adult-oriented and, to a great degree, counter-culture environment."

Commissioners seemed swayed by the public outcry.

"The people who were against granting the permit were from the neighborhood where it would have been located, and those in favor of it were mainly coming from the outside and asking that it be imposed on that area," said Planning Commissioner Michael J. Antonini, who voted against the permit.

Antonini said another reason he rejected the pot club's permit application was that he doesn't believe a marijuana dispensary is the best type of business for a heavy tourist area.

While many at Thursday's meeting spoke out against the Green Cross, others cautioned the commission not to be swayed by the majority view.

"This is a test case for the medical cannabis dispensaries, and you are going to hear vociferous opposition from neighborhood groups," said Michael Aldridge, who said he lives near the proposed location and would buy marijuana there for unspecified ailments. "Remember, in each place there are people like me who need the dispensary, and Green Cross meets your requirements."

Federal law prohibits the possession and use of medical marijuana. But California is one of 11 states with voter-approved laws that allow dispensing pot to treat specific medical problems.

San Franciscans overwhelmingly favored Proposition 215 in 1996. That statewide legislation legalized the use and sale of marijuana to those suffering illness, infirmity and chronic pain.

Nonetheless, some pot club operators have struggled to weave their cannabis commerce into the fabric of neighborhoods and commercial districts. Neighbors have complained that customers purchase pot not for health problems, but to resell it on the street, and that the outlets are a magnet for general drug use and increases in overall crime, traffic and noise.

Green Cross owner Kevin Reed had to close his first cannabis club in the Mission District last year after neighbors complained to the city that crime and noise had escalated after the club opened for business.

The city's new permitting laws, finalized in November, require owners to undergo employment and criminal background checks and to devise security plans and rules to control customer behavior. The permit process also includes land use provisions, which are reviewed by the Planning Commission. The laws prohibit pot clubs within 1,000 feet of a school or recreation center and force owners to comply with zoning restrictions, said Dan Sider, legislative liaison for the city Planning Department.

Sider said that given the combination of zoning restrictions, very few places in San Francisco meet the criteria for pot clubs. Chamberlin said he believed that regardless of how the commission voted, there would be an appeal.

Fisherman's Wharf Shops Fume Over Pot Club (MERCN)

By Mary Anne Ostrom

The San Jose Mercury News, July 13, 2006

Millions of people come to San Francisco's Fisherman's Wharf each year for their fix of crab and sourdough. Now one Generation X businessman wants to open a medicinal marijuana dispensary in the Bay Area's most-visited tourist mecca.

Many locals, however, are not too high on the concept.

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``It's all about fish, not pot," steams Chris Martin, owner of the Cannery, who says the wharf should be about history and for kids. A medical pot shop, he worries, would create ``more of a carnival atmosphere and may increase crime."

Plans by the Green Cross to sell marijuana to patients with a doctor's permission is pitting the Dungeness vs. the cannabis crowd in a battle as hot as a boiling crab pot. San Francisco's planning commissioners today will take a crucial vote on the proposal.

The proprietor of the Green Cross dispensary agrees that the wharf is hardly an ideal location for his customers -- terrible parking for one thing. But, he says, new city rules created zones so confining that about the only places to legally sell marijuana now are around the wharf or in the Financial District.

Will it add to the carnival atmosphere at Fisherman's Wharf?

Hardly, says Green Cross owner Kevin Reed. ``There are 30 different bars and different restaurants within two blocks of here," he said.

He pointed out that he must comply with dozens of regulations, including hiring security guards and controlling odor emissions, before he can open on Leavenworth Street just down the block from the Cannery, a century-old building with stores, restaurants and bars.

``We are playing by the rules," said Reed, 32, whose earlier marijuana dispensary on the edge of Noe Valley was closed in a compromise with city officials after San Francisco clamped down on pot clubs.

Wharf battles are not new. In-N-Out Burger ticked off the fishmongers at its opening. The addition of a Hooters restaurant was a frontal assault to traditionalists.

Now, the dispensary debate comes as local crab and salmon fishermen are under siege and cannot afford to berth their picturesque floating crafts. The city is threatening to tear down a century-old pier. And tourism, while rebounding, has not reached pre-Sept. 11 levels, dispensary opponents say.

One merchant complained that bringing a pot club to the neighborhood is akin to the headaches of ``a big-box retailer or fast-food drive-in."

Supporters of the Green Cross laugh. ``It's metro-chic," said Kathleen Prevost, a medicinal marijuana user who dropped by Wednesday to check out the proposed new digs. ``It's in Amsterdam, in Paris."

Reed said he is not targeting tourists. In fact, the only customers who will be allowed through the fortified front door must carry state or city-issued medicinal marijuana cards, which require a doctor's written permission. There will be a one-ounce per customer limit.

And no marijuana smoking will be allowed on or near the premises.

But perhaps the biggest only-in-San Francisco irony is that the Cannery, the pot club's biggest opponent, has served as the temporary home to a museum that celebrates one of San Francisco's original joint-toting countercultures -- the Beat Generation.

IMMIGRATION:

Senate Denies Funds For New Border Fence (WT)

By Charles Hurt

The Washington Times, July 14, 2006

Less than two months after voting overwhelmingly to build 370 miles of new fencing along the border with Mexico, the Senate yesterday voted against providing funds to build it.

"We do a lot of talking. We do a lot of legislating," said Sen. Jeff Sessions, the Alabama Republican whose amendment to fund the fence was killed on a 71-29 vote. "The things we do often sound very good, but we never quite get there."

Mr. Sessions offered his amendment to authorize $1.8 billion to pay for the fencing that the Senate voted 83-16 to build along high-traffic areas of the border with Mexico. In the same vote on May 17, the Senate also directed 500 miles of vehicle barriers to be built along the border.

But the May vote simply authorized the fencing and vehicle barriers, which on Capitol Hill is a different matter from approving the federal expenditures needed to build it.

"If we never appropriate the money needed to construct these miles of fencing and vehicle barriers, those miles of fencing and vehicle barriers will never actually be constructed," Mr. Sessions told his colleagues yesterday before the vote.

Virtually all Democrats were joined by the chamber's lone independent and 28 Republicans in opposing Mr. Session's amendment to the Homeland Security Appropriations Act. Only two Democrats -- Sens. Ben Nelson of Nebraska and Thomas R. Carper of Delaware -- supported funding the fence.

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All told, 34 senators -- including most of the Republican leadership -- voted in May to build the fence but yesterday opposed funding it.

The overall bill, which appropriates more than $32 billion to the Homeland Security Department, including $2.2 billion for border security and control, passed on a 100-0 vote last night.

Sen. Judd Gregg, the New Hampshire Republican who historically has fought to increase border security and enforcement of federal immigration laws, was among those who opposed Mr. Session's amendment.

"We should build these walls; there's no question about it," he said. "But the real issue here is the offset that's being used, and the offset creates a Hobson's choice for almost everyone here."

Mr. Session's amendment would have required across-the-board cuts to the rest of the Homeland Security appropriations bill, Mr. Gregg said, which would mean cutting 750 new border-patrol agents and 1,200 new detention beds for illegal aliens that he included in the bill.

"We've attempted very hard to increase Border Patrol agents in this bill, increase detention beds," he said. "And, yes, we haven't funded the wall specifically as a result of our efforts to do these increases."

Mr. Sessions said that if his colleagues were serious about building the fence that they promised, they would find the funding.

"We will rightly be accused of not being serious about the commitments we've made to the American people with regard to actually enforcing the laws of immigration in America, which many Americans already believe we're not serious about," he said. "They don't respect what we've done in the past, and they should not. We have failed, and it's time for us to try to fix it and do better."

To prove his point, Mr. Sessions offered another amendment, which appropriated another $85.7 million to enable Homeland Security to hire 800 more full-time investigators to probe immigration-law violations. The vote against that amendment was 66-34.

Kris Kobach, who was a counsel to the attorney general under John Ashcroft, told a House subcommittee last week that one of the most unusual aspects of the Senate bill is a provision -- slipped into the more-than-800-page bill moments before the final vote -- that would require the United States to consult with the Mexican government before constructing the fencing.

"I know of no other provision in U.S. law where the federal government requires state and local governments -- every state and local government on the border -- to consult with state and local governments of a foreign power before the federal government can act," he said.

"Now, from my experience as a Justice Department official, when we had consultation requirements with the State Department, just getting two agencies in the executive branch to consult took months or years," said Mr. Kobach, now a professor at the University of Missouri-Kansas City School of Law. "If you add this, three levels of government and a foreign power, your delay" will never end.

Senate Moves To Bolster Border Security (AP-Y)

By Lara Jakes Jordan

AP2, July 14, 2006

The Senate voted unanimously Thursday to bolster security at U.S. borders by pumping hundreds of millions of dollars into more patrols, surveillance flights and sensors to catch illegal immigrants sneaking into the country.

Senators approved the $32.7 billion budget for Homeland Security Department next year by a vote of 100-0. But they rejected proposals to boost funds for cities and states at high risk of terrorism attacks, a sore subject amid a recent spate of terrorism-related arrests and threats targeting metropolitan areas.

With border security and immigration reform a top election-year priority, the Senate also agreed to make digging tunnels under the border a felony but rejected adding another 370 miles of fencing along the 2,000-mile U.S.-Mexico border. About 75 miles of the border is now fenced. The House has voted to add 700 miles of fencing.

"The fact of the matter is that South America and Mexico itself have become a land bridge for people from around the world seeking to come through our southern border into the United States," said Sen. John Cornyn, R-Texas.

Security gaps at U.S. borders "allow gang members, allow common criminals, allow narco traffickers, and yes, even terrorists to enter our country without our knowing it," Cornyn said.

Senators from states that border Canada also demanded additional surveillance flights and patrol officers along that 4,000-mile stretch.

Noting efforts on the southern border to combat immigration, Sen. Max Baucus, D-Mont., said security programs "on the northern border are more to combat terrorism."

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The spending plan included a $1 billion increase for security staff and equipment at borders and ports. A third of the cost would be covered through higher immigration fees.

The Senate bill is about $1.7 billion more than President Bush requested and $700 million larger than a bill passed by the House last month. For the second straight year, the Senate joined the House in rejecting Bush's call for $1.3 billion in new taxes on airline tickets to pay for homeland security spending increases.

Democrats were largely unsuccessful in trying to provide more money to first responders and counterterror and disaster relief programs in states and cities. Republicans cited budget restraints. But senators from both parties argued against a plan by Sen. Robert Menendez, D-N.J., to shift the bulk of funds to the 14 largest and most vulnerable states.

"Let's put the money where the risk is," said Sen. Frank Lautenberg, D-N.J. "That's what this ought to be about — nothing more."

Critics, including Sen. Susan Collins, R-Maine, said some states would only be assured of about $2 million annually under Menendez's plan. That "is simply too low," she said.

Congress would like to finish and send to Bush both the homeland security and military spending bills before the November election.

The Senate's homeland security spending bill also:

_Prohibits law enforcement officials from seizing firearms from law-abiding citizens during a declared state of emergency. Sen. David Vitter, R-La., said that guns were taken from thousands of people trying to protect themselves during the chaos of Hurricane Katrina, but Democrats protested the plan as a threat to police trying to maintain order.

_Scraps the Federal Emergency Management Agency and rebuilds it under another name in the wake of widespread criticism to its response to last year's hurricanes. The new agency would remain part of Homeland Security. It would combine emergency preparedness and response missions and could report directly to the president during catastrophes.

_Gives the Homeland Security Department temporary authority to regulate security at chemicals plants and storage facilities. The chemical industry is believed to be a top target of terrorist organizations. Both the House and Senate are considering legislation to make this authority permanent.

_Allows Americans to import prescription drugs from Canada despite a Food and Drug Administration ban on importing prescription medicine into the United States. U.S. Customs and Border Protection, an arm of Homeland Security, began aggressively enforcing the ban last November by seizing incoming medications at borders.

Prescription drugs — even those manufactured in the United States — are generally sold at cheaper prices in Canada and other countries because of government price controls.

Senate Approves Border Security Bill (LAT)

By Nicole Gaouette

The Los Angeles Times, July 14, 2006

WASHINGTON — Even as prospects for a sweeping overhaul of immigration policy remain in doubt, Congress is moving on other fronts to bolster security along the border with Mexico and to toughen enforcement against illegal immigrants already in the United States.

The latest steps came Thursday with the Senate's approval, 100-0, of a $32.8-billion funding bill for the Department of Homeland Security that includes additional border agents and more beds in detention centers to facilitate deportation of illegal immigrants.

The discovery in January of a tunnel nearly half a mile long connecting an industrial building in Tijuana with a warehouse in Otay Mesa, just north of the border, prompted another measure that would make building underground border conduits a criminal offense. Currently, no law specifically targets such tunnels.

The Homeland Security bill demonstrates that even as the House and the Senate remain at an impasse over separate legislation to rewrite immigration laws, Congress is still likely to produce measures to tighten enforcement along the nation's 2,000-mile southern border and inside the country.

The main challenge of border enforcement "is a question of appropriations," said Sen. Jon Kyl (R-Ariz.).

Kyl said that enforcement provisions in the Senate's immigration legislation act as "a blueprint for what we are already doing, and we can continue to do that."

Throughout four days of debate on the bill, lawmakers raked the department over the coals for its performance, particularly in its response to Hurricane Katrina, and tussled over how to best allocate the bill's limited funds, given a long roster of priorities.

Attempts by Senate Democrats to rewrite the formula for terrorism grants failed, as lawmakers from smaller states complained that the move would deprive them of funds. Amendments to pay for walls along the border with Mexico and to increase the number of immigration investigators also fell short, due to concerns about funding.

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"The problem is, a big job of this bill is choosing where we're going to protect ourselves: Is it the border, ports, transportation, airports?" said Sen. Rick Santorum (R-Pa.), who sponsored a failed amendment to increase the number of Border Patrol agents.

The bill provides $14.3 billion for defense of U.S. sea and land borders and enforcement of immigration and customs laws — including $2.1 billion for 1,000 more Border Patrol agents and $1.3 billion for 1,000 new detention beds.

An amendment sponsored by Kyl and passed by the Senate would add 1,700 bed spaces, bringing the total number for 2007 to the 27,500 requested by Homeland Security.

The legislation passed Thursday comes on top of an emergency bill, passed last month in the Senate, for $1.9 billion to fund capital improvements along the border. The money in that bill was subsequently redirected to send up to 6,000 National Guard troops to support Border Patrol agents along the southern border.

The Senate bill will have to be reconciled with the $31-billion Homeland Security funding measure that the House passed in June. The House measure provides $1.7 billion more than the White House sought. Like the House, the Senate rejected an administration effort to raise taxes on airline tickets to generate an additional $1.3 billion for the department.

Some border security amendments did pass the Senate this week, including a $350-million proposal approved Tuesday for the purchase of helicopters, cars, trucks and other equipment.

Another amendment passed Tuesday allocated $648 million for port security.

And in a voice vote Thursday, lawmakers passed a border tunnel measure sponsored by Sen. Dianne Feinstein (D-Calif.) and co-sponsored by Sen. Barbara Boxer (D-Calif.). It would impose a 20-year prison sentence for building or financing a cross-border underground passageway and would jail for 10 years landowners who displayed a reckless disregard for the construction or use of a tunnel on their land.

Since Sept. 11, 2001, 43 tunnels have been discovered in the U.S., all but one spanning the border with Mexico. Eleven tunnels have been found near San Diego this year, ranging from short, cramped "gopher holes" right at the border to paved half-mile mega-tunnels with electric lighting, like the one officials discovered in January.

That tunnel started in Tijuana and "was incredible," Feinstein said.

"The danger is clear, and you can be sure there are more tunnels out there."

Other provisions added to the bill included a measure to allow Americans to import cheaper prescription drugs from Canada as long as they were for personal use.

And by a vote of 87-11, senators agreed Tuesday to do away with the Federal Emergency Management Agency and rebuild it with a new name — the U.S. Emergency Management Authority — and with more control over disaster programs, along with the ability to communicate directly with the president during a crisis.

Secure Borders: The Cuban Solution (WP)

By Eugene Robinson

The Washington Post, July 14, 2006

It was 6 a.m., I was at JosÃ© Marti International Airport in Havana, and there was a problem.

This was a few years ago. I had spent two weeks in Cuba, one of several trips to research a book, and the first leg of my trip home was an early-morning hop to Mexico. I had just slipped my passport through a teller-style window to a uniformed officer who would examine it, check his computer to make sure I wasn't some notorious Enemy of the Revolution, then push a buzzer that opened a locked door. Beyond the door lay the departure gates -- and, more urgently, a little cafe where I could get a desperately needed cup of coffee.

Except the unsmiling officer wasn't pushing the buzzer. As I said, there was a problem.

"Step back against the wall, please," he said, and then he picked up his telephone to make a call. I did as I was told. The exit door remained firmly locked.

I'm not what you'd call a morning person, so it was a while before it dawned on me what the problem was. The few words I'd exchanged with the officer had been in Spanish, and after two weeks on the island I was speaking pretty fluently, with a Cuban accent. I was wearing jeans, a loose silk shirt and loafers -- not your typical American tourist garb, the officer must have figured, since I displayed neither sandals nor fanny pack. My passport is thicker and more battered than most. And of course the typical visitor from America is white, and I'm not.

The guy suspected I was a Cuban trying to escape the island.

He kept me cooling my heels for a while, then called me back up to the window. He asked in Spanish what had been the purpose of my stay in Havana, but now that I had figured it out, I pretended not to understand. From then on, my side of the conversation was English only. He asked where I was from, I told him Washington, and he began quizzing me about current events. It was like one of those old war movies where they unmask the German spy because he didn't know who won the 1937

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World Series. (Then they shoot him.) "What is the important news of this week that has reached you from home?" the officer asked.

Too easy. "The sniper," I said. My trip had coincided with the Washington area sniper shootings. The killings were covered even in Cuba's tightly controlled press, so my knowing about them didn't prove anything, but by then the guy was probably just prolonging the encounter to save face. He handed back my passport and pressed the buzzer, opening the magic door. I was free to leave the country.

The episode lasted no more than 15 minutes, though it seemed longer at the time, and in the end amounted to nothing more than a minor inconvenience. It left an impression, though. And I tell the story to explain why I get so angry when the extremist xenophobes in the Republican-controlled Congress -- the likes of Tom Tancredo (R-Colo.), Steve King (R-Iowa) and J.D. Hayworth (R-Ariz.) -- rail at the government of Mexico for supposedly encouraging illegal migration to the United States.

If Mexicans want to leave their country, for any reason, what right does the Mexican government have to stop them? The only answer, of course, is no right at all. Imagine the situation in reverse: Imagine that before boarding a plane for a vacation in Cancun or a cruise ship heading to the Bahamas, Americans had to ask permission from government officers who could arbitrarily say no, you're not going anywhere.

Our congressional right-wingers don't quite call for Mexico to imprison its citizens. But they sputter with rage when Mexican officials provide migrants with practical advice on how to avoid dying of thirst in the Arizona desert, or try to look after Mexican citizens' practical needs at consulates in Phoenix and elsewhere.

This is no revanchist Mexican "invasion of America," as the xenophobes claim. It's just a matter of the Mexican government doing what any reasonable government would do, and in fact must do -- let citizens leave whenever they want and try to provide for their health and safety abroad.

What if I had been a Cuban that morning at the Havana airport? I'd have been detained, though probably not sentenced to prison. And if I still wanted to leave the island, I would have had to build myself a raft.

I guess some House Republicans don't see why that would be a problem.

TAX:

Judge Raises New Concerns About Tactics In Shelter Case (NYT)

By Lynnley Browning

The New York Times, July 14, 2006

The federal judge overseeing a huge tax shelter trial raised new concerns yesterday about how prosecutors were handling the case, suggesting that he might consider postponing the trial or even dismissing the case.

The judge, Lewis A. Kaplan of United States District Court in Manhattan, said that he had originally ordered the trial to begin in September but that “the government has made a mess for themselves, and we’ll see where that goes.”

Judge Kaplan is overseeing the criminal trial of 19 former tax professionals — 17 former employees of the accounting firm KPMG and 2 others — who are accused of defrauding the government through abusive tax shelters that were sold by KPMG.

During the court hearing yesterday, KPMG asserted that it would not pay legal fees for its indicted former employees.

Judge Kaplan made his criticisms after hearing requests by lawyers for the defendants, who include several former high-ranking KPMG executives, to postpone the trial to January or drop the charges.

The judge indicated his displeasure over two issues: how and when prosecutors turned over evidence to the defendants, and the pressure exerted by prosecutors on KPMG to cut off the payment of legal fees for the defendants.

Last month, Judge Kaplan ruled that KPMG’s decision to cut off the payment of legal fees in early 2004 — when prosecutors began scrutinizing the firm — violated the constitutional rights of the former employees. Prosecutors and KPMG have denied any wrongdoing.

His ruling last month was the first major criticism from the bench of the tactics adopted by prosecutors in recent years to combat corporate fraud. Those tactics, outlined in a Justice Department document known as the Thompson memorandum, recommend, among other things, cutting off payment of legal fees to employees caught up in criminal investigations.

Yesterday, defense lawyers sought to capitalize on the judge’s attack on the Thompson memorandum guideline, saying that prosecutorial pressure extended to interviews of the defendants conducted by prosecutors last spring and fall.

The defense lawyers argue that KPMG wanted to curry favor with prosecutors to avoid indictment and that both coerced the defendants to make statements that should not be used as evidence in the trial.

Referring to employees caught up in criminal inquiries, Judge Kaplan said that the Thompson memorandum suggested that corporations under criminal investigation “had better get them to talk, or it’s a black mark against them.”

He ordered a hearing for Wednesday to decide whether statements made by three defendants — the former KPMG partners Carol Warley and Mark Watson, and the former vice chairman of tax operations, Richard Smith — were coerced.

Defense lawyers also complained that the government was supposed to produce all of its evidence against them by last October, but that millions of pages of documents had arrived in recent months.

Prosecutors say that they have turned over documents as they have received and compiled them, and that some entities caught up in the investigation, including Deutsche Bank, have turned over documents late. Deutsche Bank is the subject of a separate criminal investigation as well.

Comparing the flow of documents to a giant rogue wave, Judge Kaplan said: "There used to be a time when big cases were investigated a different way in this country. Maybe something's gone horribly wrong."

A spokesman for the United States attorney's office in Manhattan declined to comment on the judge's remarks.

At yesterday's hearing, a top lawyer for KPMG, Robert S. Bennett, said that "KPMG has no intention of paying these fees."

Mr. Bennett said that the firm had previously paid $12 million in legal fees for the defendants but that they had cost the firm $500 million by breaching their fiduciary duty. On Wednesday, the defendants filed a civil lawsuit seeking the fees.

Judge Kaplan gave KPMG 20 days to respond to the complaint. Judge Kaplan also ordered KPMG and lawyers for the defendants to work through another judge in the Federal District Court in Manhattan, Miriam Goldman Cedarbaum, to try to resolve the fee issue.

Lawyer: KPMG Won't Pay Legal Fees (AP)

By Chad Bray, Dow Jones Newswires

AP, July 14, 2006

KPMG Won't Pay Legal Fees for Ex-Partners, Lawyer Says

NEW YORK (AP) -- A lawyer for KPMG LLP said Thursday that the accounting firm plans to fight efforts to force it to pay legal fees for a group of former partners facing charges in a criminal tax-shelter fraud probe.

At a hearing in federal court in Manhattan, Robert Bennett, KPMG's lawyer, said the firm plans to oppose a lawsuit filed earlier this week by the former partners seeking defense costs.

The complaint was filed after U.S. District Judge Lewis A. Kaplan ruled earlier this month that prosecutors put undue pressure on the firm not to advance attorneys fees to some partners and violated the partners' constitutional rights as a result of that pressure.

"KPMG has no legal obligation to pay these fees," Bennett said. "KPMG has no intention to pay these fees."

Bennett said the firm plans to ask the court to allow the legal-fee dispute to be handled in an arbitration proceeding, rather than a lawsuit.

At Thursday's hearing, Kaplan ordered KPMG, the government and the former partners to sit down with another federal judge in a mediation session in hopes of resolving the dispute.

Prosecutors have charged 16 former KPMG tax partners and two other individuals with conspiracy and tax evasion, alleging they participated in a scheme that allowed wealthy people to avoid paying billions of dollars in taxes to the Internal Revenue Service. The case is expected to go to trial in September.

The former partners have alleged that KPMG abruptly changed its long-standing practice of advancing legal fees without a preset cap or condition of cooperation with the government in 2004 under pressure from the government.

Lawyers for the former partners had argued that KPMG felt undue pressure not to advance fees because of a 2003 Justice Department memo by then-Deputy Attorney General Larry Thompson that advised prosecutors that a company's willingness to advance defense costs to "culpable employees" may signal a lack of cooperation and misconduct by prosecutors in implementing that policy.

Prosecutors have claimed that they never told KPMG that paying legal fees was improper or that it shouldn't pay fees for employees or for its former partners who refused to cooperate in the government's probe.

In August 2005, KPMG agreed to pay $456 million as part of a deferred prosecution agreement with the government in which it admitted to committing fraudulent conduct in the design and marketing of certain tax shelters. If it complies with the agreement, the firm will avoid prosecution.

CONGRESS-ADMINISTRATION:

'Gang Of 14' Wary Of Haynes (WT)

By Charles Hurt

The Washington Times, July 14, 2006

Senators from both parties expressed concern yesterday over President Bush's nomination of William J. Haynes II to the Richmond-based circuit bench, heightening the likelihood that the nomination will be filibustered or outright defeated.

"I have a lot of concerns about Haynes based on his role at the Pentagon when the legal memoranda on detainees' treatment was drafted," Sen. Susan Collins, Maine Republican, said yesterday. "That is a major issue for me."

Miss Collins attended a meeting yesterday of the so-called "Gang of 14" senators to discuss deepening concerns over Mr. Haynes' nomination to the 4th U.S. Circuit Court of Appeals. The group -- consisting of seven Republicans and seven Democrats -- is credited with ending the string of filibusters against Mr. Bush's federal nominees.

But this is the first time the group has been so openly hostile toward one of Mr. Bush's nominees. At least half of the members have expressed public doubts about supporting Mr. Haynes.

"I'm opposed to his confirmation, and I think the Senate Judiciary Committee will probably vote him down," Sen. Ken Salazar, Colorado Democrat and member of the centrist group, said yesterday. "He may not see the light of day."

Among those with the most pointed questions about Mr. Haynes is Sen. Lindsey Graham, South Carolina Republican and avid White House supporter, who earlier this week questioned Mr. Haynes over his involvement in drafting Department of Defense policies for handling terror suspects captured on the battlefield.

In particular, Mr. Graham said those policies -- later repudiated by the administration -- created confusion that contributed to the prison abuses at Abu Ghraib in Iraq.

At his hearing earlier this week, Mr. Haynes told Mr. Graham that judge advocate general officers, or JAGs, had been consulted in the drafting of detainee policies.

Yesterday, Maj. Gen. Jack L. Rives, the Air Force's top JAG, testified that he had not seen the detainee policy until it was finished.

"I saw the April 2003 report about 14 months after it was issued," he told Mr. Graham during a Senate Armed Services Committee meeting. "No one in the Air Force JAG had seen it before then, to my knowledge."

Beyond the detainee policy, the centrists who met yesterday also said they are worried that Mr. Haynes was evasive or less than truthful during his two hearings before the Senate Judiciary Committee.

Miss Collins left open the possibility that she would support a filibuster of the Haynes nomination.

"I haven't made a decision," Miss Collins said. "But in general I think it really does take extraordinary circumstances before I would support a judicial filibuster."

Another Battle For The CPB (LAT)

By Matea Gold

The Los Angeles Times, July 14, 2006

NEW YORK — Less than a year after the chairman of the Corporation for Public Broadcasting was forced to resign amid charges that he injected partisanship into the agency, President Bush has nominated to the nonprofit's board a television sitcom producer who has described himself as "thoroughly conservative in ways that strike horror into the hearts of my Hollywood colleagues."

The nomination of Warren Bell, executive producer of ABC's "According to Jim" and a contributor to the online edition of the conservative National Review magazine, has puzzled and alarmed some public broadcasters, who fear he would revive the sharp political debate that engulfed the system last year.

Bell said he was surprised by his nomination but stressed that he had no intention of letting his personal political beliefs influence his role on the board. He asked skeptics to withhold judgment until they have a chance to hear about his goals for the post.

"I have every intention of working in a nonpartisan fashion with CPB," he said. "Anybody who spends 15 minutes talking to me will find that I am an eminently reasonable man."

But Bell's past comments have raised eyebrows among some Democrats who serve on the Senate Commerce Committee, which must approve his nomination. Questions about his qualifications are expected to dominate his confirmation hearing, which has not yet been scheduled.

"Based on what we know right now, this nominee doesn't appear to have the credentials and background one would expect for this position, which is in contrast to the other nominees," said California Sen. Barbara Boxer, a committee member. "I am also concerned about some of the partisan statements Mr. Bell has made over the years."

The disquiet over Bell's nomination comes on the heels of last year's controversy, triggered by then-board Chairman Kenneth Y. Tomlinson, who worked aggressively to right what he saw as a liberal slant at PBS and NPR.

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Tomlinson was ultimately forced to resign in November after an internal investigation by the corporation's inspector general found that his push for more conservative viewpoints on the air broke federal law and violated the agency's policies. The CPB, a private nonprofit responsible for distributing federal funds to local television and radio stations, is supposed to serve as a political buffer for public broadcasting.

Bush nominated Bell in late June to fill Tomlinson's former slot on the nine-member board (although he would not serve as chairman, a position that the board selects separately). After reading his postings on the National Review Online, public broadcasters grew worried that he has his own partisan agenda.

"We are definitely concerned about Warren Bell's nomination," said John Lawson, president of the Assn. of Public Television Stations. "After the damage caused by Ken Tomlinson's activities, the last thing we need on the CPB board is another ideologue of any stripe."

There's no question Bell has been outspoken in his political views. In frequent postings to the National Review Online during the last two years, he described himself as a "not-so-secret conservative" and lamented the liberalism of his colleagues in the entertainment industry.

In one particularly controversial blog entry last August, he expressed frustration at being asked by Disney executives to cast more minorities on "According to Jim."

(Bell said this week that he apologized for the posting at the time and that he "wholeheartedly" supports the company's diversity policy.)

Most of Bell's pieces for National Review Online have been jocular essays on topics as varied as Carol Burnett, his Maserati and condom commercials. But some contained partisan gibes.

"I could reach across the aisle and hug Nancy Pelosi, and I would, except this is a new shirt, and that sort of thing leaves a stain," he wrote in May 2005.

In a phone interview this week, Bell said the statement was a joke intended for the website's conservative readers. "If Congresswoman Pelosi would like a hug, it's there for her," he said.

"What I do for the National Review is speak my mind and generally try to be funny," Bell added. "My intent for my service with CPB is to ensure a strong healthy, vibrant public broadcasting system for everyone to be proud of. My politics can't enter into it. It's not a partisan position."

Many public broadcasting officials were perplexed last month when the White House tapped Bell to be on the board, along with two other expected nominees: former Arkansas Sen. David H. Pryor and Chris Boskin, a board member of San Francisco's KQED. Although he has worked for 17 years as a writer and producer for sitcoms such as "Life's Work," "Ellen" and "Coach," Bell, 43, does not have any public broadcasting experience.

"So far as we can tell, Mr. Bell only brings a history of questionable comments about women, minorities and the media, and no discernible relevant achievement, involvement or commitment to public broadcasting," said NPR spokeswoman Andi Sporkin. "It's curious to us that a nomination process that has forwarded such qualified candidates as Sen. Pryor and Ms. Boskin has also put forth Mr. Bell."

White House spokesman Blair Jones said Bush believes Bell is well-qualified for the post.

"Warren Bell has enjoyed a productive career in television," Jones said. "He has amassed a wealth of experience in the industry and his background makes him a natural choice for the position."

For his part, Bell said he does not know why he was chosen for the CPB board, a position he said he did not seek out, but speculated that he came to the attention of the White House because of his writings for the National Review.

He said he first learned of the nomination last fall, when a White House official e-mailed him to say that he was being considered.

"It took me by surprise, but I was deeply honored by it," he said. "I think what I bring is leadership and a knowledge and understanding of the media world that we live in. I see this as an opportunity to give back and serve the country and do something for public broadcasting, which has a long and honorable tradition."

He took a lighter tone last month in a blog posting after his nomination, writing: "I intend to open my confirmation hearing thusly: 'Ladies and Gentlemen of the Senate, three words: No. More. Elmo.' " He added: "Other than getting rid of high-pitched-talking red monsters, I have no agenda."

Bell said his comment was "completely facetious," but his flippant tenor offended some broadcasters.

In fact, Bell said he is a big supporter of programs like "Sesame Street," which one of his sons watched avidly when he was younger, and that he has been "blown away" by some recent PBS programs, including the "American Masters" series.

He said he'd like PBS to concentrate more on scripted programming, an area that he believes he could help, and on developing a stronger schedule throughout the week.

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"PBS is the only American television network not bound by the strictures of commercialism," he said. "It ought to be the best TV we have."

Bell admitted that he has "limited" familiarity with NPR, adding that he usually listens to sports talk radio during his 20-minute commute to his Studio City office.

"It's something I have to work on," he said. "I expect to do an enormous amount of learning in the next few months."

Some of Warren Bell's postings on the National Review magazine website have been colorful, some have been controversial. Here are a few examples:

On his nomination, June 20

"I intend to open my confirmation hearing thusly: 'Ladies and Gentlemen of the Senate, three words: No. More. Elmo.' Seriously, I am deeply honored that the President has appointed me to this prestigious post and I am eager to serve my country in any way I can."

On his political beliefs, May 11, 2005

"The truth is, I was a left-wing wacko, a closet Communist, a card-carrying (or at least card-misplacing) member of the ACLU. Please forgive me, Mr. Buckley. I was so young."

"I am thoroughly conservative in ways that strike horror into the hearts of my Hollywood colleagues. I support a woman's right to choose what movie we should see, but not that other one."

"I could reach across the aisle and hug Nancy Pelosi, and I would, except this is a new shirt, and that sort of thing leaves a stain."

On why he thinks men in the television industry

are funnier than women, Jan. 31, 2005

"The funniest woman of all time in any aspect of the business probably doesn't crack the top ten of all-time funniest people…. Young girls who want attention have other weapons — they can scream, they can cry, they can grow breasts. They can be heartbreakingly beautiful and call me a nerd for imitating the Coneheads all the time. Learning to be funny would seem, for girls, to be more of a last resort."

Report Breaks Down VA Security Lapse (WP)

By Stephen Barr

The Washington Post, July 14, 2006

Bad judgment. Poor communication. Office politics.

Those are key themes in a report by George J. Opfer , the inspector general at the Veterans Affairs Department, recounting what went wrong in the recent theft of sensitive personal data on 26.5 million veterans.

Opfer's report, released this week, serves as a powerful reminder that common sense and clear policies can help avert damaging mistakes.

The VA case began on May 3, when the Maryland home of a technology specialist was burglarized. The employee's personal laptop computer and an external hard drive were stolen. The employee quickly reported the theft and indicated that the hard drive contained files on living military veterans.

Thirteen days later, VA Secretary Jim Nicholson was told of the theft. Six days after that, Congress and veterans learned that personal records might have been compromised -- setting off a huge uproar about identity theft and feeding fears that the government can't be trusted to do the right thing.

Fortunately, police recovered the laptop and hard drive last month, and the VA and FBI said tests show that the thieves did not access the data.

Here are snapshots from Opfer's account:

-- The employee was not authorized to take VA data to his home.

The employee -- who is not named in the report -- told investigators that most of the data was for a "fascination project" that "he self-initiated and worked on at home during his own time."

He had started the project in response to criticism about the reliability of the 2001 National Survey of Veterans and was trying to identify 7,000 veterans who participated in the survey to compare the accuracy of their responses with information in VA files. He started his effort in 2003 but could not recall spending time on it in 2006.

The employee acknowledged that he took the data's security for granted and did not protect the files with encryption or with passwords.

Opfer's report concluded that "the employee used extremely poor judgment." But it also pointed out that VA managers knew little about the employee's work. "It was not clear who actually supervised him," the report said.

-- The VA failed to quickly determine the scope of the problem.

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Two days after the theft, a VA information security officer interviewed the employee. He found the employee "flustered" and "going in so many directions he could not take good notes." The officer told the employee to provide an account in writing.

When later questioned about the case, the officer said, "I'm not an investigator. I'm a computer tech guy that has a job."

Once the officer got the employee's statement, he drafted a "white paper on lost data" that he e-mailed to Dennis Duffy , a career federal manager, and Michael McLendon , a political appointee. McLendon rewrote the employee's report and, without consulting the employee or a programming expert, incorrectly said that a statistical software program would make it difficult to access the data.

No one on the senior staff ever followed up and interviewed the employee.

-- Office politics probably got in the way of an orderly response.

McLendon did not inform Duffy, his supervisor, when he learned of the theft. "Mr. Duffy said that Mr. McLendon had a very strong belief that, as a political appointee, he reported in some fashion to the secretary and that there was no need for a 'careerist' to supervise him. Mr. McLendon characterized the office as one of the most dysfunctional organizations in VA, and that it was one of the most hostile work environments he ever worked in."

Duffy told investigators that he knew the VA had a responsibility to mitigate any harm to veterans but also knew how the VA operated: "They do not do crisis management." He expressed regret that he "failed to recognize the magnitude of the whole thing."

In the wake of the data loss, Duffy has retired and McLendon has resigned, according to the VA.Talk Shows

Darryl Perkinson , president of the Federal Managers Association, and Mike Causey , columnist for Federal News Radio, will be among the guests on "FEDtalk" at 11 a.m. today on federalnewsradio.com and WFED radio (1050 AM).

James F. Sloan , assistant commandant at the U.S. Coast Guard for intelligence and criminal investigations, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Stephen Barr's e-mail address isbarrs@washpost.com.

Roberts Stresses Courts' Independence (LAT)

By Sara Lin, Times Staff Writer

The Los Angeles Times, July 14, 2006

The chief justice tells a 9th Circuit conference he wants to build better relations with Congress.

In a wide-ranging speech that touched on issues personal and professional, Chief Justice John G. Roberts Jr. said he wanted to improve relations between the courts and Congress to ensure the judiciary remained independent.

The comments came during a talk Thursday before a packed ballroom of about 400 people at the 9th Circuit Judicial Conference in Huntington Beach. The annual conference was attended by federal judges and lawyers from throughout the 9th Circuit, which includes nine Western states.

Roberts opened the lunchtime conversation with a 10-minute speech sprinkled with humor. The chief justice, who President Bush nominated to his post last year, recounted some of his favorite moments from his first term.

He said he had always wondered what was in the notes that justices passed during hearings.

He found out the day a light bulb exploded during a session, showering the court clerk with glass shards. A justice passed Roberts a note. Roberts wondered what constitutional law question his colleague was pondering.

"Have you checked the other light bulbs yet?" the justice wanted to know.

A few weeks later, Roberts recalled, a chunk of marble the size of a basketball fell from the ceiling, prompting references in the news media to the court "losing its marbles."

Roberts' appearance was the concluding event of the four-day conference at the Hyatt Regency Resort and Spa. Panel sessions covered such topics as sentencing guidelines, disaster planning and "Oh, My Aching Back," a session on preventing lower back pain.

After his speech, Roberts sat in a brown leather armchair beside a lawyer and two judges. The three asked Roberts his thoughts on topics such as judicial salary increases and what it was like to be the chief justice and, at 51, the youngest person on the court.

Roberts said his colleagues had been extremely helpful and accepting.

"There was not the slightest hint of 'I've been here a lot longer than you have,' " he said.

When one judge read from a newspaper editorial saying that Congress could use a lesson in judicial independence, the chief justice agreed that the relationship between the two branches of government needed improvement.

"I bet we're not going to do it by promoting myself as the teacher and Congress as the students," he cautioned.

Roberts said he was trying to meet with legislators more often.

How does Roberts, who has a 5- and a 6-year-old, juggle his judicial duties with parenting?

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With the same difficulty as any working parent, he said.

When contemplating spending time away from home to attend conferences or give talks, Roberts said he reminded himself that there was always going to be another conference.

"But the kids are going to be 5 only once," he said.

Roberts, who has what one law professor described as "a conservative mind but a diplomat's nature," is known for building a consensus. He took pride in the number of unanimously decided cases this term.

"I do think it promotes the rule of law to have the court speaking, as much as possible, with one voice," he said.

Roberts steered clear of discussing recent split verdicts that grabbed headlines, such as last month's declaration that Bush had overstepped his authority by setting up special military trials at the Guantanamo Bay prison in Cuba without congressional approval.

The chief justice also said not to expect televised Supreme Court proceedings soon. The cameras might have an adverse effect on the institution, he said.

"We don't have oral arguments to show people, the public, how we function," he said. The court releases audiotapes of its hearings.

But many in the crowd were most interested to hear that he planned to improve the courts' relationship with Congress — a concern on many judges' minds.

U.S. District Judge Consuelo B. Marshall said she was pleased to hear Roberts would work to maintain the judiciary's independence.

"Some of us have become concerned as we hear some of the comments from our policymakers about the judiciary," Marshall said. "We think, have they forgotten the Constitution? That there are three branches of government and that we're co-equals?"

In Washington, Scant Sympathy For GM (WSJ)

By John D. Mckinnon

The Wall Street Journal, July 14, 2006

WASHINGTON -- Even the possibility of French and Japanese auto makers gaining a substantial voice in running General Motors Corp. doesn't seem enough to stir politicians here to rescue Detroit.

"If you forced me to bet, I'd bet that Congress ain't going to do anything," said Rep. John Dingell of Michigan, the top-ranking Democrat on the House Energy and Commerce Committee and longtime guardian of the U.S. auto industry's interests on Capitol Hill.

It is the latest example of Washington's disinclination to aid domestic auto makers. GM, Ford Motor Co. and dozens of suppliers are threatened by foreign rivals, by health-care and pension costs for hundreds of thousands of retirees, and by a surge in gasoline prices that cut into sales of profitable sport-utility vehicles.

Three years after lawmakers banned the words "French fries" from Capitol cafeterias to protest France's objections to U.S. strategy in Iraq, and months after tiffs over Chinese and Dubai investments in U.S. companies, there are few signs of concern, at least among Republicans, over the proposal that France's Renault SA and corporate cousin Japan's Nissan Motor Co. each buy a 10% stake in GM. Last week, Mr. Bush gave a ringing endorsement of foreign investment in U.S. firms. "I have no problem with foreign capital buying U.S. companies," he said in Chicago.

A senior administration official this week said, "These are shareholder decisions. It's been proven over and over and over again that the private sector is better at figuring this out than the government is."

The Bush White House has veered from a free-trade, free-markets course only occasionally, such as when it boosted tariffs on imported steel to help the domestic steel industry, a move that brought attacks from free-market allies and didn't generate as much political benefit as some in the administration had hoped. Beyond occasional aid to defense companies, the White House has been reluctant to rescue ailing industries. It signed on to loan guarantees for U.S. airlines after Sept. 11, but structured the program in ways that meant few guarantees were granted. Most important for GM, the administration has done little to address rising employee health-care costs except to pick up some retiree drug costs as part of the expansion of Medicare.

The decline of big unions -- particularly the United Auto Workers -- has further diminished domestic car makers' clout. So have Japanese and German rivals, by sprinkling factories across the U.S. "One plant; two senators," quips one union official. As a result, headlines about the possibility that GM or Ford may end up in bankruptcy court have produced little more than expressions of concern -- and no move toward, for example, the loan guarantees offered to Chrysler 25 years ago.

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In the case of GM's possible alliance with Renault-Nissan, another factor appears to be at work: The fear among lawmakers that without new investors, the auto makers could go into bankruptcy court and stick the already strapped federal Pension Benefit Guaranty Corp. with some of the tab for their pension plans.

A French-Japanese investment could significantly lessen the chances that GM would file for bankruptcy -- a prerequisite to dumping its pension plan on the PBGC. "Are you kidding? [The lawmakers] would love this," said Kent Smetters, a professor at the University of Pennsylvania's Wharton School and former Bush Treasury official. A Renault-Nissan-GM alliance "would be like Santa Claus for the PBGC," he added.

Perhaps in light of the unfavorable political climate, the auto industry isn't asking for much from Washington these days anyway. At a Senate Aging Committee hearing yesterday, GM Chairman and Chief Executive Rick Wagoner made a plea for health-care reform, but later conceded to reporters that disagreement persists over how to accomplish that. Even without much government help, he said, "We're turning the business at a rapid rate."

The latest GM news could improve the company's hand as it seeks to influence pension legislation. Among the points in contention is a proposal to eliminate an accounting break for companies, such as GM, that made bigger-than-necessary contributions to their pension plans in the past. GM also is concerned about another change that would require companies with junk-status debt ratings to pony up more money for their pension plans.

A few Democrats are raising concerns about the effect of a possible Renault-Nissan partnership floated by Kirk Kerkorian, GM's biggest shareholder. Mr. Dingell worries that Renault and Nissan could essentially take over GM and replace its top executives, much as Germany's Daimler Benz did when it merged with Chrysler. An alliance could even slow GM's turnaround, he said.

Other Democrats see GM's plight as a symptom of the broader erosion of U.S. competitiveness. "Remember the old saying, 'What's good for GM is good for America?'" said Sen. Barack Obama of Illinois. "When you start seeing GM getting in big trouble and the prospect of mergers or buyouts...by foreigners, it stirs up anxiety that our relative position in the global economy is slipping." Mr. Obama has been considering financial incentives to encourage U.S. auto makers to, for instance, make more vehicles that run on fuels other than gasoline.

Poll: Political Debate Spurs Hispanic Unity (USAT)

By Charisse Jones

USA Today, July 14, 2006

Hispanics say they are suffering more discrimination because of the debate over illegal immigration but feel that the controversy has sparked greater unity among them, according to a survey released Thursday.

The poll, conducted by the Pew Hispanic Center, a non-partisan research group, is the first national survey of Hispanics since the spring, when debate over the nation's estimated 12 million illegal immigrants escalated in Congress. A House bill that would make illegal immigrants felons helped spark protest marches on behalf of immigrants in dozens of cities.

“By any measure, the spring of 2006 … (was) a historical period for the Latino population here,” says Roberto Suro, the Pew Center's director. “Clearly, both the marches and the immigration debate have made deep impressions.”

Among the survey's findings:

·54% say the debate about immigration policy has led to an increase in discrimination against Hispanics. A majority of those surveyed, regardless of income, education or gender, hold this view, including 51% of foreign-born Hispanics and 57% of those born in the USA.

·63% say the marches were the start of a social movement that will continue.

·58% say Hispanics are working together toward shared goals, an increase from 2002 when only 43% of those surveyed saw such unity.

·Three-fourths say the policy debate will spur more Hispanics to vote in November, but it is unclear which political party might benefit most. One in four say that neither Republicans nor Democrats have the best position on immigration.

“What we see in the survey is the bounce the Republicans got off the Bush election in 2004 is basically gone,” Suro says. President Bush received 40% of the Hispanic vote in 2004, according to the center's analysis of exit poll data. “On the other hand, there are no clear Democratic gains.”

While a majority of Hispanics sees the street demonstrations as a galvanizing force in their community, some supporters of tighter immigration controls say the marches made many Americans less sympathetic toward the undocumented.

“Americans who didn't march but watched on TV got really ticked off,” says John Keeley, spokesman for the Center for Immigration Studies. “You are, generally speaking, talking about illegal aliens and their supporters making demands of rights and invoking the language of the 1960s civil rights marches, which, of course, involved U.S. citizens. And I think whatever the goals of those marches, it dramatically backfired.”

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Maldonado Apologizes To Governor (LAT)

By Michael Finnegan

The Los Angeles Times, July 14, 2006

The Legislature's top-ranking Latino Republican apologized to Gov. Arnold Schwarzenegger on Thursday for questioning his loyalty to Latinos.

"The governor and I have worked together for the past three years on important issues beneficial to California's Latinos," state Sen. Abel Maldonado of Santa Maria said in a statement released by his office. "I will continue to support the governor in his efforts to strengthen California."

In remarks published Wednesday in The Times, Maldonado accused the Republican governor of showing "a lack of respect" to Latinos by spending too little time in Mexico. He also said: "Our governor cares about one thing only, and that's Arnold Schwarzenegger."

Schwarzenegger had irked Maldonado by declining to back him for state controller in last month's Republican primary election.

Maldonado, who lost, told The Times that Schwarzenegger also left him "holding the bag" on legislation by getting him to sponsor a bill to raise the minimum wage, a move that cost the lawmaker support among conservatives.

Maldonado made his remarks hours after the governor's appearance at a Mexican restaurant to introduce his reelection campaign's Latino "leadership team."

Katie Levinson, communications director for the Schwarzenegger campaign, said: "The senator's apology is accepted."

Roger Salazar, a spokesman for the state Democratic Party, said Maldonado's "original sentiments are more in line with where most California Latinos are. They feel abandoned and rejected by this governor."

City Vents Anger At Illegal Immigrants (LAT)

By Ellen Barry

The Los Angeles Times, July 14, 2006

HAZLETON, Pa. — Standing outside City Hall in the gathering dark, Norman Tarantino felt, for once, that he was lucky to live in Hazleton.

Most of his friends had moved away, over the years, convinced that the old coal city's best days were behind it. But as of Thursday night, Tarantino said, Hazleton once again has something to be proud of: It is the most hostile environment in America for illegal immigrants.

Not 20 feet away stood Daniel Jorge, a Dominican immigrant who moved his family to Hazleton last year after 25 years in New York City. Jorge, a real estate agent, was wondering how he would break the news to his wife, who had been enchanted with the small-town friendliness she found in Hazleton, a small city in the hills 80 miles northwest of Philadelphia.

"I'm sad. I loved it here," Jorge said. He gazed at the police officers lined up in the middle of Church Street, separating crowds of white and Latino demonstrators. "I never in my wildest dreams thought I would see this here in this city."

By a vote of 4 to 1, Hazleton's City Council on Thursday approved the Illegal Immigration Relief Act, which imposes severe penalties on landlords who rent space to illegal immigrants, suspends the licenses of businesses that employ them, and declares English the city's official language.

The ordinance has brought celebrity status to Hazleton's mayor, Louis J. Barletta, and has prompted a ripple of proposed new laws in neighboring communities.

In Florida, the communities of Avon Park and Palm Bay will vote on similar laws, as will the city of Escondido in California.

The law has also attracted a legal challenge from the Puerto Rican Legal Defense and Education Fund, which has promised to sue the city on the grounds that the ordinance unconstitutionally infringes on federal jurisdiction over immigration.

Local Latino activists warn that the vote could mark an ugly turning point in Hazleton, whose Latino minority has grown over the last decade to constitute about 30% of the population.

"What I worry is that this will be a pretext for people to allow their racist feelings to show," said David Vaida, an attorney in Allentown, Pa., who signed the legal challenge to Barletta. "It will allow people to take that deep, dark side of them and let it come out. It will pit neighbor against neighbor, and then the city will be worse off."

But the mood in City Hall was upbeat Thursday; white residents exploded into applause when Barletta strode into the chamber, wearing a bulletproof vest under his suit jacket. They yelled "Yes!" when a local Latino leader asked whether they would deport U.S.-born children of illegal immigrants, and cheered again when City Council President Joe Yannuzzi compared illegal immigrants to burglars.

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"If I come home and find someone in my home, is he just an unwanted guest? Must I keep him there and take care of him?" he asked. "I say he has committed a crime, and should be treated like a criminal."

Under the new law — which is a modified version of a ballot initiative proposed in San Bernardino — anyone seeking to rent a dwelling in the city will have to apply to the city for a residency license, and submit to an investigation of citizenship status. Landlords found renting to people without licenses will be fined $1,000 a day. Business owners found hiring, renting property to, or providing goods and services to illegal immigrants will lose their business permit for five years on a first offense and 10 years on a second.

Barletta, whose grandfather hauled coal with a horse and wagon, said Thursday's vote was the culmination of years of complaints from constituents.

"There's no place for me to hide in a small city," he said. "I get it in the grocery store, I get it at the lunch counter, when I get my morning coffee, when I'm pumping gas.

"People are begging me, because we are losing the one asset that this city has to offer — our quality of life."

Hazleton was a shrinking and mostly white city when Latinos began to arrive.

Older residents reminisce about the miners who emerged every evening from the "40 shaft" and streamed down Diamond Avenue past the Italian bars — Andruzzi's, Fidule's, Yannuzzi's — while the smell of meatballs hung in the air. People lived in tight ethnic clusters — Donegal Hill for the Irish immigrants and Nanny Goat Hill for the Italians.

The city reached its peak population in the 1940s, at 38,000, then began a steady decline as mining and textiles work disappeared. The 2000 census showed a population of 23,000, with a median age of 40.

Immigrants, flowing in from New York and New Jersey, changed that trajectory, bringing the city's population back up to between 30,000 and 31,000.

The influx brought economic growth. Donna Palermo, president of the Greater Hazleton Chamber of Commerce, said Latino immigrants built 50 to 60 new businesses in the city's downtown and helped boost the value of some homes to $90,000 from $40,000. In an October 2005 interview with the Northeast Pennsylvania Business Journal, Barletta said the population boom had brought the city's economy to its healthiest state in decades.

But tension surrounded the newcomers from the beginning. Elderly residents on fixed incomes struggled to catch up with the higher cost of living; a school built for 1,800 students tried to absorb 2,500.

When John Quigley, a Democratic mayor, lost his reelection bid in 1995, it was amid rumors that he had rented billboards in New York to recruit Latinos to move to town in exchange for government payments of $1,000 a head. Quigley called that rumor "an urban legend … conjured up by some gutter politicians," but many in Hazleton believe it.

The most persistent complaints center on crime, which most residents interviewed agreed had become a more serious problem in the last year.

"They try to recruit these children into gangs; we're having graffiti sprayed on houses now," Barletta said. "This is not the same population I was defending when they moved in here."

Barletta, 50, said he could put his finger on the exact moment when his perspective on immigration changed. On May 10, a 29-year-old man, Derek Kichline, was fatally shot outside his home on East Chestnut Street, culminating in the arrest of four illegal Dominican immigrants; that same day, a 14-year-old fired a gun at the Pine Street playground.

Barletta said he stayed awake that whole night, thinking about the city he grew up in, where "a playground was sacred ground."

"I laid there and stared at the ceiling. I literally prayed. I realized I had to do something drastic to save the city. If I just let this go and sat back, this wouldn't be a city that anyone wanted to live in," he said. "I felt almost hopeless at that point, watching my city being destroyed right before my eyes."

Latino advocates say Barletta has never produced evidence that illegal immigrants are responsible for a disproportionate number of crimes.

Agapito Lopez, an eye surgeon originally from Puerto Rico, said the two crimes most often cited by Barletta — fatal shootings on October 20, 2005, and May 10 — involved a total of eight illegal immigrants, and should not be applied to a population of 11,000.

"Crime has been here for a long time. It has been white crime, and now we're starting to see brown crime," Lopez said.

Statistics compiled by the Pennsylvania State Police Uniform Crime Reporting System show a reduction in the number of total arrests in Hazleton over the last five years, from 1,458 in 2000 to 1,263 in 2005. Whereas the number of thefts and drugrelated crimes has risen from a low point of 80 in 2001 to 127 in 2005, the total number of reported rapes, robberies, homicides and assaults has decreased since 2000.

Barletta acknowledges that he can't point to data proving that illegal immigrants are responsible for most of the city's crimes, or even establish how many illegal immigrants live here. But he said that any time police spent responding to calls

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involving illegal immigrants was a waste of city money, and "we are arresting illegal individuals much more often than we ever have."

Over the last month — since Barletta introduced his proposed ordinance — relationships in Hazleton have been remapped, Latinos say.

White people feel free to speak openly about their annoyance with immigrants, said Jessica Cruz, who waits tables in two local diners.

Cruz sputtered with anger recalling a recent day when she greeted three friends in Spanish, and a customer looked up from his seat, pointed his finger at her and told her to speak English. Another customer looked into the kitchen and said he couldn't wait until Immigration came to take away the Mexicans.

"Every day, he is eating, and the Mexicans are cooking," said Cruz, 26. It's the mayor, she said, who "gives support for talking like that."

Kim Resovszky, 35, feels edgy too, but for different reasons. A family that looks Latino just moved into a house across the street — mother, father, two kids. They seem nice, she said. But who knows what to expect from the rest of the summer?

"It's scary. Are you going to see more gunfire?" she asked. "There have been drive-by shootings, for example."

Resovszky said she supported the ordinance, as did virtually all of the city's white residents.

"The only ones who are against it are the Hispanics," she said, "and that's because it's against them."

On Dusty Corner, Laborers Band Together For More Pay (NYT)

By Steven Greenhouse

The New York Times, July 14, 2006

AGOURA HILLS, Calif., July 12 — The black Lexus stopped just yards from a large, shady oak tree, and eight copper-skinned Guatemalan men rushed over.

For a minute, the woman in the car and the men haggled feverishly before the Lexus drove off — without any day laborers to help with her gardening.

The woman had offered to pay $10 an hour, not realizing what she had stumbled into: the only day labor site in the nation that has set a $15-an-hour minimum wage.

At a few dozen other sites across the country, day laborers have set minimums, usually $8 or $10. But only at this corner in Agoura Hills, a well-to-do town 40 miles northwest of Los Angeles, experts say, have they been bold enough to insist on $15, nearly three times the federal minimum wage. Some laborers who are particularly skilled at plumbing or hanging drywall get $18 or more.

“There are always employers who look for cheap workers,” said Virgilio Vicente, 47, a Guatemala immigrant who spent the week framing walls for a small contractor. “But we have an agreement, and no one is going to go for less. We don’t feel bad when someone drives away because we know other clients will always come.”

Their move is a risky experiment, reminiscent of crude unionization efforts of a century ago. It is uncertain if laborers at other sites will join the move to a $15 minimum or even whether the workers at this corner, the intersection of Kanan and Agoura Roads, can make it stick. When they raised their rates last month, the demand for their services went down as some homeowners and contractors began seeking workers at another corner five miles away.

Luis Cap, 32, a stocky Guatemalan immigrant who has been a mainstay of the corner for 14 years, is not worried. “The employers complain, but we explain that it is very expensive to live in this city,” Mr. Cap said. “We tell them: ‘Gas is expensive. Rent is expensive. Insurance is expensive. Everything is expensive.’ ”

The increase may have slowed business somewhat, but many workers are still hired for four or five days each week. Others find work only two or three days, but that is still lucrative enough to persuade some to make the 80-minute bus trip from Los Angeles.

On Monday and Tuesday, about half the 50 laborers who showed up were hired to paint, garden, dig swimming pools, lay foundations or hang drywall. In the spring, regulars on the corner said, the percentage of those hired is greater.

Abel Valenzuela Jr., a professor at the University of California, Los Angeles, who did a nationwide study of day laborers, said it was not surprising that the Agoura Hills workers were ahead of the pack.

“It’s a unique site,” Professor Valenzuela said. “It’s one of the older sites. It’s remote. It has a sense of stability for employers. These workers have high skill levels. They’ve gone through a lot. They’ve been chased by helicopters. They are very disciplined.”

The Agoura Hills site seems straight out of a Cézanne painting — a dry, sun-beaten spot with a sharp-peaked mountain as a backdrop. In summer, some men — mostly illegal immigrants — sit hour after hour under the generous-limbed oaks.

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In 1991, Agoura Hills became one of the first communities to prohibit day laborers from soliciting work. Some residents complained of litter and of day laborers sleeping on the mountain's slopes.

After a state court upheld the ban in 1994, the police began arresting workers and fining them $275. Police helicopters chased those who tried to escape up the mountain.

"I must have been arrested at least 20 times," Mr. Vicente said. "And I paid thousands of dollars in fines."

The number of laborers, meanwhile, plunged to a hearty dozen from around 100. After a federal judge, citing the First Amendment, invalidated a Los Angeles ordinance restricting day laborers in 2000, the police stopped enforcing this town's ban, and the number of day laborers started to balloon again.

The laborers who stuck it out here have developed a strong sense of community that is reflected in their slogan: "First, it's God. Then it's our mother. Then it's this corner." Mr. Vicente called it "a place that feeds us and feeds our families."

When the workers here decided last month to adopt the $15 minimum, up from the $12.50 they set in 2003, the process resembled a New England town meeting held in a dirt-covered Western lot.

On a Saturday morning, 100 men gathered, with several arguing that the higher minimum would chase away employers. Others argued that laborers who spoke only Spanish would be at a disadvantage. "Some workers who don't speak good English were against $15," said Victor González, 20. "It's harder for them to negotiate to get work."

Despite such arguments, the vote was 85 to 15 in favor of the $15 minimum. Marvin Martínez, a Salvadoran immigrant, said, "We sweat our butts off, and they were only paying us $100 a day."

Gesturing toward the gas station across the street, he said: "Every single day it seems they add three cents to the price of gas. I think $15 an hour is only fair."

Pablo Alvarado, director of the National Day Laborer Organizing Network, applauded the vote. "It's a wonderful thing when impoverished people take a step like that," Mr. Alvarado said.

Discipline is taken seriously on the corner. Some veteran laborers have bought trash cans and chained them to trees. They browbeat anyone who litters or drinks.

They also try to chase away laborers who do inferior work and hurt the corner's reputation. And anyone who tries to accept work for less than $15 faces the wrath of dozens.

Mr. Cap and his fellow laborers applaud the new minimum. "We'd like to see $15 spread to every corner," he said

But Professor Valenzuela said that was unlikely, given the lower skill levels at other corners. "At other sites, many of these guys would easily undercut $15," he said. "They'd be happy to go out for $12 or for $10."

Around 10:30 a.m., Marie Caupisch drove up in a Mercedes-Benz 300D Turbo Diesel, offering to hire one or two men for $10 an hour — and a free lunch. But she left empty-handed when the workers insisted on $15.

"Fifteen dollars an hour, I can't afford it," Ms. Caupisch said. "They're not going to get work at that price."

As she drove away, Mr. Cap glanced at the Mercedes and nodded knowingly. "She could afford $15," he said.

Organizer Hopes That For Day Laborers, A New Day Is Coming Very Soon (WSJ)

By Miriam Jordan

The Wall Street Journal, July 14, 2006

AGOURA HILLS, Calif. -- The driver of a black Honda thought he would quickly enlist some guys to load furniture and boxes onto a truck -- until he heard the men wanted $15 an hour. "What? You don't even have papers," the driver told a clutch of Latino day laborers clustered around his car earlier this week. But they stood firm.

"We do hard jobs other people won't do," Luis Cap, a Guatemalan, told the man behind the wheel. "If you want to save money, that's OK. You will have to find other workers." The Honda drove off, the odd jobs unfilled.

Three months ago, about 120 immigrants who solicit work along a sun-drenched road in this town outside Los Angeles decided among themselves to only accept work for a minimum hourly wage of $15 -- about $2.50 higher than the previous, informal rate. "What they have here is the essence of a union," says Pablo Alvarado, national coordinator of the National Day Laborer Organizing Network, who supervised the workers' roadside vote.

Day laborers, who are often regarded as the face of illegal immigration and the so-called informal economy, are organizing themselves. Steering this initiative is Mr. Alvarado, a former undocumented immigrant determined to prepare this diffuse underground work force for a role in the political debate over immigration. "Organizing immigrants and other low-wage workers can improve conditions for all workers," says Mr. Alvarado, 38 years old, who co-founded the Network in 2002.

About 117,600 day laborers in the U.S., most of them from Mexico and Central America, seek work on any given day, according to a study released this January by researchers from UCLA, the University of Illinois and New School University in New York. The national study also found that three-quarters of day laborers are illegal immigrants.

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Congregating at hundreds of sites across the country, day laborers sometimes form the backbone of local residential construction, and also work in landscaping, food service and at odd jobs. But they have recently become the target of anti-illegal immigrant groups, like the volunteer border patrol Minutemen, and town ordinances seeking to eject them.

Partly to fight back, Mr. Alvarado and his team of organizers at 30 affiliated groups -- which include day-laborer centers, immigrant-advocacy organizations and church-based groups -- are striving to integrate the immigrant workers into the broader labor movement.

Last month, the Laborers' International Union of North America, which represents construction workers, announced it would collaborate with Mr. Alvarado's network to create hiring sites, lobby for immigration reform and protect day laborers' rights. To be sure, day laborers could bolster the 700,000-member union's presence in residential building. "Employers abuse immigrant workers because of their status and bring down wages for everyone," says Yanira Merino, the union's immigration coordinator. "They can less easily manipulate organized workers."

The powerful AFL-CIO is also courting day laborers. A few weeks ago, a delegation of senior federation officials flew to Los Angeles to meet with Mr. Alvarado and his team of organizers. They made the one-hour road trip from downtown to Agoura Hills for a close look at the impact of the network's organizing efforts.

"Through Pablo, we have a whole new cadre of worker advocates," says Ana Avendaño, associate general counsel of the AFL-CIO.

Sources familiar with discussions between the federation and Mr. Alvarado's network say they are on the verge of a historic agreement to put day-laborer representatives in several cities at the table alongside local AFL-CIO bosses as they shape strategies on a variety of worker-related issues. The day-laborer representatives would be there to participate in votes at the local level; some of the representatives would most likely be undocumented workers.

Of course, not everyone endorses the idea of allowing undocumented day laborers to hook up with the mainstream labor movement. "They're so desperate for new members that they're selling out to the aliens," says John Keeley, a spokesman for the Center for Immigration Studies in Washington, a think tank that favors more restrictive immigration policies.Adds Dan Stein, president of the Federation for American Immigration Reform: "[Organized labor] is desperately trying to reclaim some relevance."

For their part, some day laborers are wary of linking up with unions because of negative perceptions about organized labor from their home countries.

Mr. Alvarado, a native of El Salvador, worked in factories, construction and gardening after sneaking across the border from Mexico into the U.S. 16 years ago. He became a legal permanent resident of the U.S. after marrying a U.S. citizen in 1997. He and his wife have two children.

He honed his skills as an organizer in the 1990s, first as a volunteer filing wage claims for day laborers and then as a staffer of the Coalition for Humane Immigrant Rights, an advocacy group.

In towns trying to ban day laborers from soliciting jobs in the streets, Mr. Alvarado has helped the workers file lawsuits based on their First Amendment right to freedom of expression.

The first such lawsuit -- filed in 1998 against a Los Angeles county ordinance -- enabled the Agoura Hills laborers to remain at their location. Until the day laborers won that case in 2000, they were pursued by law-enforcement officers who used helicopters and patrol cars to hound them, and then arrested, jailed and fined them.

Aware of the negative image day laborers have in many areas, Mr. Alvarado encourages them to show good citizenry. In Agoura Hills, the workers -- who gather in several groups along a hilly road -- have bought trash cans and set rules of conduct. In one spot, they have chained the can to a big Oak tree that provides them with shade. The last day laborer to leave the site each afternoon takes the garbage. Card-playing, drinking and drugs are prohibited. "If you don't abide by the rules, you leave this spot," says Jorge Santos, one of the laborers. The rules, and the $15-an-hour minimum wage, are enforced by peer pressure.

Thanks to organizing efforts, thousands of day laborers participated in immigration marches that took place earlier this year. "Not a single worker showed up here on May 1," boasts Mr. Cap, the Guatemalan immigrant in Agoura Hills.

Mr. Alvarado and his staff have also been holding teach-ins to ensure that the day laborers stay abreast of the bills and the debate over the issue of immigration. On a recent Saturday in Los Angeles, about 70 men gave up a day's work for a U.S. civics lesson. In Spanish, Mr. Alvarado engaged the group of men with paint-splattered trousers and sawdust under their nails in a discussion about the branches of government, the two main political parties and immigration legislation. A similar four-hour lesson took place in several U.S. cities.

"They need to understand their place and role in this debate," said Mr. Alvarado.

Claims For Jobless Benefits Jump (NYT/AP)

By The Associated Press

DOJ_NMG_0040971

The New York Times, July 14, 2006

WASHINGTON (AP) -- The number of people filing new claims for unemployment benefits jumped last week, apparently reflecting the spring slowdown in the economy.

The Labor Department said Thursday applications for jobless benefits totaled 332,000 last week, an increase of 19,000 from the previous week that exceeded market expectations. Economists had forecast a rise of 7,000.

The level of unemployment claims was near a high of 337,000 in late May, a time of markedly weak job growth.

The latest weekly figure included some 4,000 claims for jobless benefits filed by workers in New Jersey during the weeklong state government shutdown there. Casino and racetrack employees, road construction workers and others who do not draw paychecks directly from the state lost wages as a result of the shutdown. State workers will be paid for the days they did not work.

The jobless figure also included an unspecified number of claims stemming from seasonal shutdowns in the auto industry.

The four-week moving average for claims increased to 317,250 from 308,500 in the previous week.

Several recent indicators have provided evidence the economy slowed in the spring under the impact of surging gasoline prices, rising interest rates and a cooling housing market.

The slowing economy, soaring oil prices and interest rate jitters have soured Wall Street. Stocks plummeted for a second straight session, with the Dow Jones industrial average dropping almost 167 points Thursday for a two-day loss of 288.

Escalating violence in the Middle East carried oil to a new high, near $77 a barrel. The latest surge shook investors' confidence, though economists said most U.S. consumers and businesses appear to be absorbing higher energy costs surprisingly well.

Consumers' attitudes regarding the economy's future fluctuated slightly and consumer confidence has slipped this month, according to a survey. The RBC CASH Index, based on a poll of 1,000 people conducted by Ipsos, showed consumer confidence dipping to 80.1 in July from 84.1 in June.

The confidence level still is well above May's 78.2 -- the lowest reading since October 2003.

The confidence index is benchmarked to a 100 reading in January 2002, when Ipsos started the gauge. Economists keep tabs on confidence for clues about consumers' willingness to spend. Consumer spending accounts for two-thirds of all economic activity.

The CASH index, short for Consumer Attitudes and Spending by Household, was conducted for the Royal Bank of Canada.

U.S. employers, wary of bulking up payrolls with the economy slowing and energy prices rising, added a disappointing 121,000 jobs in June. Yet while job growth was tepid, growth in wages heated up -- fanning inflation worries.

Employment data released last week also showed that the civilian unemployment rate held steady at 4.6 percent.

Slowing economic growth might justify the Federal Reserve taking a break in its two-year campaign to tighten credit by raising interest rates. On the other hand, rising prices and wages might warrant another rate increase to prevent inflation from taking off.

The count of new jobs added to the economy in June did mark an improvement from the 92,000 new positions logged in May -- the fewest in seven months. But it still fell short of economists' forecasts for an increase of around 175,000.

For the week ended July 1, the state with the largest increase in unemployment claims was Kentucky, with a rise of 6,153. The increase was attributed to layoffs in manufacturing.

Connecticut, Indiana, Massachusetts, Michigan, Mississippi, New York and Pennsylvania all reported increases in jobless claims of more than 1,000.

Four states had a decline in jobless claims exceeding 1,000, led by North Carolina -- which posted a drop of 7,197, which it attributed to fewer layoffs in industries including construction, metals, textiles and lumber. The others were California, Florida and Missouri.

The state data lag behind the national jobless claims data by one week.

Republicans Vie For Cash Advantage (WSJ)

By John Harwood

The Wall Street Journal, July 14, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

REPUBLICANS DIG for donations to survive hostile election environment.

Republican governors' group, led by 2008 White House hopeful Romney of Massachusetts, today will report year-to-date fund raising of $11.5 million in 2006. That tops $7.3 million to be filed by Democrats, who have been aiming for gains since a dozen Republican statehouse seats are considered vulnerable.

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Senate Democrats aim to keep cash advantage through June, but Republican counterparts raised $12 million at recent Bush dinner; vulnerable Sen. DeWine of Ohio has $6.6 million cash on hand. House Democrats say a dozen challengers have raised at least $1 million, as House Republicans blast Democrats' use of U.S. flag-draped soldiers' coffins in fund-raising video as "beyond the pale."

October closer: Republican National Committee next week will report $44.6 million in cash, dwarfing DNC's $9.9 million.

RALPH REED STRUGGLES in campaign tinged by Abramoff scandal.

A federal suit this week by a Texas Indian tribe accuses ex-Christian Coalition director and Abramoff of fraud in working to close its casino. Before next week's Republican primary for Georgia lieutenant governor, fund-raising reports show a surge for Reed opponent Casey Cagle, allowing the state senator to match Reed's $2.5 million.

"My values aren't for sale," Cagle says in TV ad. Reed counts on potent turnout operation. One late poll shows Cagle leading 41% to 36%, but 23% of likely Republican voters are undecided.

NEGOTIATIONS CONTINUE on estate tax deal to keep hitting super-rich.

Senate backers of "death tax" reduction discuss merging Republican and Democratic proposals. One plan under consideration would tax estates above $100 million at 40% rate, essentially unchanged from today.

Smaller estates would be taxed at 15% and 30%. The deal would shave tens of billions from the $280 billion, 10-year cost of the House bill Democratic leaders resist as too pricey.

Lacking 60 votes needed to break filibuster, Majority Leader Frist floats plan with 35% top rate.

EXTRAORDINARY SECURITY for Bush's meeting with German leader Merkel fails to keep away all protesters. With government snipers posted on rooftops, Straslund residents were warned not to open windows. But Greenpeace managed to briefly display a yellow "No War, No Nukes, No Bush" banner from a church clock tower.

EARLY RISER: Treasury Secretary Paulson surprises rank and file with pre-7 a.m. arrivals. He spent first week consulting Hill leaders and counterparts in 35 countries including the G-7 nations, Cheney and other members of administration economic team. He sets September trip to Singapore and Vietnam.

NOT TRAVELING THERE: Ex-Kansas Gov. Graves, now top trucking industry lobbyist, rules out succeeding Mineta as Transportation Secretary by affirming commitment to recent contract extension. FAA chief Marion Blakey says she has "no speculation" about White House thinking, but insiders say she's quietly seeking the post.

BURNS WINS strong reviews as potential successor to Zoellick as Rice's deputy at State. The department sent two aides to Boston to prep the career foreign service officer for last week's talk shows, and liked the result. "People watched closely on Sunday, and he did well," one diplomat says.

VIETNAM RISES on Washington's trade agenda.

Kissinger and other former secretaries of state ask lawmakers for action ending old economic restrictions, calling it "the logical next step" in improving relations. Bush will attend November summit of Pacific Rim nations in Vietnam.

U.S. Trade Representative Schwab continues Moscow negotiations, timed for G-8 summit, to seal Russia's entry into WTO. But Senate Democrats urge White House not to rush, citing backsliding on democracy. Any legislation lifting Cold War trade limits -- required for Russia's entry -- likely won't be considered in Congress until 2007.

Bush aides increase appeals to House Democrats for U.S.-Oman trade pact, citing national security.

MINOR MEMOS: Lampooning Bush values agenda, satirist Andy Borowitz cites reason to fight gay marriage: "Traditional divorce must always be defined as a divorce between a man and a woman."…. Head butt? After World Cup disappointment, Laura Bush tells German audience you can tell soccer's new to America "by the way our team plays."

Hastert Hospitalized For Skin Infection (AP-Y)

AP2, July 14, 2006

House Speaker Dennis Hastert was hospitalized Thursday for treatment of a bacterial skin infection.

Hastert was expected to be treated with intravenous antibiotics at Bethesda Naval Hospital in suburban Maryland through the weekend, according to his spokesman Ron Bonjean.

Hastert, 64, discovered the infection on his lower left leg and applied a topical ointment. After a few days, Hastert's doctor examined the infection at Bethesda and diagnosed it as cellulitis, a skin infection that appears as a swollen, red area that feels hot and tender, and that can spread rapidly without treatment, the spokesman said.

Hastert is a 10-term congressman from Yorkville, Ill., in Chicago's suburbs. He has been speaker since 1999, succeeding Newt Gingrich of Georgia, who was the first Republican speaker in four decades. Recently, Hastert's tenure became the longest of any Republican speaker.

NASA Clears Key Hurdle As Foam Fears Ebb (CSM)

DOJ_NMG_0040973

By Peter N. Spotts
The Christian Science Monitor, July 14, 2006
HOUSTON

NASA appears to have licked the worst of its launch-debris problem, clearing the way for shuttle flights needed to finish construction of the International Space Station.

To the delight of rocket technicians, Discovery's latest launch was relatively free of the loose foam which led to the destruction of the shuttle Columbia and the death of its seven crew members. On-orbit photos and dramatic video from new cameras on the solid-rocket boosters and main fuel tank have shown this launch to be the cleanest in the shuttle program's history.

Agency officials and astronauts alike are encouraged by the progress. But NASA is cautious in declaring success.

Friday and Saturday, the orbiter Discovery undergoes one more round of inspections for damage to the tile heat shield on the underside of its wings before the shuttle reenters Earth's atmosphere during its planned return on Monday. This time, however, managers will focus on dings and dents from space junk or tiny meteoroids.

After a three-year, $1.3 billion effort to resolve the problem, changes to the external tank "seemed to be very successful" so far, says John Shannon, deputy program manager for the shuttle program. But, it's only "one data point," he adds.

"I'm fairly confident we will never finish redesigning the external tank," says Mr. Shannon. "Now that we are so sensitive to the foam, we're going to be in a state of continual improvement on the external tank" through the end of the program in 2010.

Prelaunch dissent from two top officials at NASA regarding the orbiter's readiness to fly suggests that the struggle with foam debris isn't over, notes John Logsdon, director of the Space Policy Institute at George Washington University in Washington and member of the Columbia Accident Investigation Board. Still, he says, "they've made impressive progress."

In February 2003, the shuttle Columbia broke up on reentry. The accident was traced to a suitcase-size chunk of foam that was jarred from the external tank and had smacked into Columbia's left wing soon after launch. The impact damaged several reinforced carbon panels that shield the wing's leading edge from the heat of reentry.

The damage allowed superheated air to eat its way through the wing during reentry. Additional foam losses during last year's first "return to flight" mission prompted yet another round of analyses and tank modifications.

Concerns center not just on the tank shedding foam, but on the size, mass, location, and time during the ascent when the foam comes loose, says John Chapman, manager of the external tank program at NASA's Marshall Space Flight Center in Huntsville, Ala. For example, during Discovery's climb through the atmosphere, the largest piece of foam the tank lost was about the size of a legal pad. It tipped the scales at less than an ounce, well within acceptable limits. It came off in three pieces, at an altitude where the air was too thin to push it to damaging speeds.

"We're pleased with the performance of the tank," Mr. Chapman says. But perhaps the most significant result was that the flight confirmed NASA's "understanding of the physics behind foam loss," which could benefit future efforts to minimize foam debris. Prior to the Columbia accident, those physics were poorly understood.

"We've been really impressed as a team with the way they were able to analyze the issues they needed to resolve," adds Ralph Roe, director of NASA's Engineering and Safety Center at the agency's facilities in Langley, Va. The center was established in response to a Columbia Accident Investigation Board recommendation and is charged with conducting rigorous safety and engineering studies for particular shuttle or space station systems, independent of their respective NASA facilities.

The work isn't over. Mr. Chapman notes that engineers are trying to first reduce, then eliminate, foam ice-frost ramps that surround a series of fixtures that run along the side of the tank.

Beyond the ice frost ramps, engineers are looking at ways to improve the way workers apply complex foam shapes to tank hardware. The odd nooks and crannies these shapes present can lead to voids in the foam that can increase the risk of shedding on launch.

The experience has left many in the agency with some hard-earned lessons: Make sure technical issues related to a launch decision get openly debated at the highest levels of the agency and with the new round of rockets and capsules being designed, don't place astronauts in the way of launch debris.

To which Chapman adds a third, rather topical lesson: Don't become so fixated on one problem that you ignore other potential disasters.

Shuttle Crew To Scan For Damage (USAT)

By Traci Watson
USA Today, July 14, 2006

Astronauts aboard space shuttle Discovery today will for the first time inspect their vehicle in advance of landing to look for damage from the tiny pieces of debris whizzing through space.

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The crew plans to sweep a sensor strapped to the shuttle's robot arm over Discovery's left wing, looking for dings or cracks inflicted on the shuttle by space debris. Saturday, after Discovery undocks from the International Space Station, the shuttle's nose and right wing will be inspected.

The shuttle is scheduled to land Monday in Florida.

Millions of specks of rock, called micrometeoroids, and bits of old satellites orbit the Earth. Often no bigger than a grain of sand, they seem an unlikely hazard to a 115-ton spacecraft, and for years, NASA did little to protect the shuttle against such orbital detritus.

Now the agency realizes it can't ignore the risk.

Space debris is one of "our major hazards today … believe it or not, right behind the foam," NASA chief Michael Griffin told USA TODAY before Discovery's launch July 4.

NASA has tried to limit damage from foam debris since a piece of insulation from shuttle Columbia's fuel tank punched a hole in the ship's wing in 2003. The spacecraft disintegrated during re-entry, killing the crew of seven. The accident sensitized NASA not only to the dangers of foam but also to the risks posed by debris of all kinds.

Before the accident, "we as an agency didn't know any better," Discovery astronaut Piers Sellers said from space this week. "NASA has done a lot of heart-searching in how to go about this (orbital debris inspection) and come up with a pretty good solution."

The crew has inspected the ship twice for damage inflicted during the launch and found none.

Mission managers on Sunday declared the shuttle sturdy enough for the rigors of re-entry based on the two inspections early in the mission.

A late inspection cuts the odds that orbital debris will destroy the shuttle by roughly 25%, orbiter project manager Steve Poulos said.

OTHER NEWS:

Agency: Federal Deficit Shows Improvement (AP-Y)

By Marcy Gordon

AP2, July 14, 2006

The federal deficit through June held below last year's pace, helped by a strong influx of corporate taxes and other revenues, the Treasury Department reported Thursday.

Through the first nine months of the budget year, the deficit was $206.5 billion, down 17 percent from the same period in 2005, when the government's red ink totaled $249.4 billion.

The deficit for the nine months puts the government on track to turn in a smaller deficit this year than last, when it was $319 billion for the full year. That was third-highest deficit in dollar terms; the record deficit was $413 billion set in 2004.

The government posted a budget surplus of $20.5 billion in June, smaller than the $22.9 billion surplus a year earlier.

The government took in $264.3 billion in June and spent $243.9 billion — both record highs for the month of June, according to Treasury.

Receipts from corporate taxes typically are at high levels in June, experts say, because many companies pay their estimated taxes for the second quarter of the year then.

Despite the surge in revenues, the deficit for the 2006 budget year ending Sept. 30 is projected to be only a bit better than last year's. War spending for the year well exceeds $100 billion, while Congress has appropriated $87 billion in hurricane aid within the past year.

The red ink is expected to climb again next year — and the longer-term outlook is more bleak.

President Bush credited his tax cuts earlier this week as he basked in new deficit figures that were far lower than earlier White House estimates.

White House figures released Tuesday estimate that the deficit for 2006 will be $296 billion — much better than the $423 billion Bush predicted in February but only a slight improvement over last year's $318 billion.

Impressive corporate profits and big income gains by the wealthy have been largely responsible for driving up tax revenues and, in turn, pushing the deficit lower.

Bush portrayed the new estimates as validation of a budget policy centered on tax cuts passed in 2001 and 2003, and his clampdown on domestic agencies funded by Congress each year.

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Democratic critics countered that Bush was celebrating figures that still represent the fourth-largest deficit in U.S. history. The surge in taxes paid by corporations and upper-bracket taxpayers, they added, is proof that the current economic recovery favors the wealthy.

U.S. Budget Surplus Fell In June (WSJ)

The Wall Street Journal, July 14, 2006

WASHINGTON -- The government ran a monthly budget surplus of $20.47 billion in June, down 11% from the $22.92 billion surplus a year earlier, the Treasury Department said.

Receipts were $264.36 billion for the month, up 13% from a year earlier, and outlays were $243.89 billion, up 15%, the department said. Receipts and outlays for the month were all-time highs.

Strong government revenue for the year has helped narrow the budget deficit compared with last year, and lowered administration projections for the full year's total budget gap. In its annual midsession review, the Office of Management and Budget slashed its estimate for the fiscal 2006 budget deficit to $296 billion, or 2.3% of gross domestic product, a $127 billion decline from its earlier projection. Last year's budget deficit was $318 billion.

OMB has revised its budgetary forecast for fiscal 2007, projecting a deficit of $339 billion, or 2.4% of gross domestic product, compared with earlier estimates of a $354 billion deficit, or 2.7% of GDP.

OMB officials said 90% of the revision in the current fiscal year deficit forecast was the result of higher-than-expected corporate and individual tax receipts.

For the first nine months of fiscal 2006, growth of federal government receipts has outpaced the growth in outlays. Compared with the previous fiscal year, October-June receipts are up 13% this year to $1.810 trillion, and outlays so far this fiscal year are up 9% to $2.016 trillion.

Through June of this fiscal year, individual income tax receipts total $793.95 billion, up 14% from the a year earlier. For the first nine months of this fiscal year, corporate income tax receipts were at $251.19 billion, up 27% from a year earlier.

A Price Inflamed By Fear (WP)

By Steven Mufson

The Washington Post, July 14, 2006

Add this to the costs of political instability and violence around the world: The price of crude oil hit a new record yesterday, topping $76 a barrel.

Oil prices rose as fighting spread in Lebanon, the standoff continued over Iran's nuclear program and a Nigerian newspaper reported that explosions had rocked two pipelines in the West African nation. Although supplies of oil were virtually unaffected, traders and analysts said anxiety about political violence and tension around the world had once again driven up the "political premium" for oil.

"The oil price has really become a Richter scale for geopolitical turbulence and upheaval," said Daniel Yergin, the head of Cambridge Energy Research Associates. "The market's fundamentals are actually getting a little better, but fear and uncertainty is mounting over Iran, the Middle East and Nigeria."

The record oil price -- benchmark crude for August delivery closed at $76.70 a barrel on the New York Mercantile Exchange -- set an ominous backdrop to the meeting of the Group of Eight major industrialized nations set to take place this weekend in the Russian city of St. Petersburg. "This is a market in which fear is very strong, and it certainly is a stark message to the G-8 meeting in St. Petersburg, which was planning to discuss energy security," Yergin said. "Right now, oil prices are reflecting a lot of energy insecurity."

Anxiety gripped other markets, too. U.S. stocks, already plagued by worries about interest rates and some disappointing second-quarter earnings reports, fell steeply on news of Israel's military offensive in Lebanon and record oil prices. The Dow Jones industrial average tumbled 166.89 points, or 1.5 percent, to close at 10,846.29, its second day of triple-digit declines. The Standard & Poor's 500-stock index fell 16.31 points, or 1.3 percent, to close at 1242.29. The Nasdaq composite index dropped 36.13, or 1.73 percent, to finish at 2054.11.

Gold futures, often a haven in turbulent times, rose $3.10 an ounce to close at $654.40 on the New York Mercantile Exchange. Major markets in Asia and Europe were also down about 1 percent or more.

In oil markets, the causes of the price increase were virtually all political and psychological as traders fretted that Israel's conflict with Lebanon could provoke wider fighting or unrest in the Middle East, where 31 percent of the world's oil is produced and where 62 percent of proved reserves lie.

Adam E. Sieminski, chief energy economist at Deutsche Bank AG, explained that one way to calculate the political premium would be to multiply the odds of a supply cutoff by an estimate of its effect. So if the chances of military action against

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Iran or of a supply cut there are even modest, given the huge impact such events would have on oil prices, then worries about Iran alone could account for $10 to $15 a barrel in the current world price of crude.

Sieminski said oil traders could also add $5 for possible hurricanes, $5 for risks in Nigeria (where militant groups have attacked pipelines and cut oil output by more than half a million barrels a day), and $5 for other risks.

"Supply and demand are not the only things people look at," Sieminski said.

Altogether, the political premium could make up a third of the price of crude oil. That premium translates into about 60 cents a gallon at the gasoline pump. And it's a source of political controversy, because even though the reasons for the high price may be psychological, real money is still transferred into the hands of oil-producing countries and companies.

Gas prices posted yesterday by AAA were $2.96 a gallon for regular unleaded gasoline, up 6 cents in the past month and 64 cents from a year ago, according to the auto club.

In the physical world of oil, experts said that if anything, the supply balance was better than it was a couple of years ago, when prices were much lower. A new pipeline was formally opened yesterday, carrying oil from Azerbaijan through Georgia to the port of Ceyhan in Turkey. The pipeline will carry 430,000 barrels a day and is expected to move up to 1 million barrels a day by the end of next year.

On Wednesday, the International Energy Agency issued a monthly report forecasting adequate crude oil supplies, with new non-OPEC production coming on stream later this year and sharply higher OPEC capacity by the end of 2007. The IEA also slightly shaved its estimate for 2006 demand growth. It has trimmed the estimate by 820,000 barrels a day since first making a 2006 estimate a year ago, noted John Herrlin, an oil analyst at Merrill Lynch & Co.

Meanwhile a European oil industry source said that the Nigerian newspaper report, which said that explosions had cut off 120,000 barrels a day of oil supplies, was overstated. The source, who spoke on condition of anonymity to protect business relationships, said that the explosions had cut off only 50,000 barrels a day and that the production venture, run by the Italian state oil company, Eni SpA, would restore output within a couple of days.

But with excess oil production capacity much lower than it was a few years ago, markets remained sensitive to any future risks. Sieminski said that would explain why companies were keeping higher inventories than they did a year ago.

"When this kind of thing happens," Edward Morse of Hess Energy Trading Co. said of the price run-up in the past week, "it's political risk and nothing more than that. The issue is really Iran."

Crude oil prices have bounced up and down for the past two weeks depending on the latest statement from Iranian officials. On Tuesday, oil rose for the first time in four trading sessions after President Mahmoud Ahmadinejad said his nation would not back down "one iota" over its right to conduct nuclear research.

With Western nations turning to the U.N. Security Council for possible sanctions to stop Iran from continuing its nuclear research program, Morse said oil traders were looking for evidence that Iran might be using its leverage to exert pressure back. "Is Iran going to use an oil weapon? Almost certainly not. But where might Iranians put pressure?" he asked. Most likely through proxies, Morse said. For example, Iran could pressure the United States by using allies in southern Iraq or its Hezbollah allies in Lebanon, and that might explain Hezbollah's foray into Israel this week.

Separately, the possibility of a hurricane in the Gulf of Mexico still hangs over oil markets. In an interview yesterday, Brian M. Storms, chief executive of insurance broker Marsh Inc., said that worldwide hull insurance rates have gone up and that rates have gone up sharply for offshore oil platforms and rigs. A company spokesman said later that oil facilities in the Gulf of Mexico had undergone "severe and punitive" insurance rate increases, averaging about 150 percent but in some cases reaching 400 percent since Hurricane Katrina.

Investor interest in oil markets continues to run high as more endowments, pension funds and other institutions allocate portions of their portfolios to commodity funds. One indicator of such interest: On July 1 Lehman Brothers launched a new commodity index that was 56.2 percent based on energy prices.

Though oil prices set a record for the New York Mercantile Exchange, which stared trading oil in 1983, they still didn't match the all-time inflation-adjusted peak. A quarter-century ago, after the Iranian revolution and the outbreak of the Iran-Iraq war, the price of crude oil climbed over $90 a barrel when expressed in today's dollars.

Crude Oil Surges Above $78 As Middle East Violence Escalates (BLOOM)

By Gavin Evans

Bloomberg, July 14, 2006

July 14 (Bloomberg) -- Crude oil rose above $78 a barrel in New York for the first time as escalating violence in the Middle East and disruptions in Nigeria threatened global supplies.

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Israeli planes attacked the southern suburbs of the Lebanese capital Beirut where the militant Hezbollah is based, and the highway to the Syrian capital Damascus, Agence France- Presse reported. Sabotage on two pipelines yesterday forced Eni Spa's Nigerian venture to cut output, the Lagos-based Guardian newspaper said.

``There's real disruption to supplies in Nigeria, potential disruptions in Iran, and now you've got what's happening in Israel,'' said Tobin Gorey, commodity analyst at Commonwealth Bank of Australia Ltd. in Sydney. ``Who wants to sell in this environment?''

Crude oil for August delivery rose as much as $1.70, or 2.2 percent, to $78.40 a barrel in after-hours electronic trading on the New York Mercantile Exchange. It was at $78.21 at 11:58 a.m. in Singapore, a 28 percent rise so far this year.

Oil has gained 6 percent in four straight sessions. Prices rose after the U.S. and its allies resolved to refer their dispute over Iran's nuclear research to the United Nations Security Council, and after a government report showed U.S. oil and gasoline stockpiles fell more than expected last week.

``When you have enough momentum it doesn't take much to keep prices moving higher,'' James Ritterbusch, president of Ritterbusch & Associates in Galena, Illinois, said yesterday. ``This flare-up in the Middle East is fueling the rise.''

Oil Reserves

At least 56 people have died since Hezbollah militants crossed into Israel two days ago, killing three soldiers and capturing two. Hezbollah militants yesterday fired rockets from Lebanon into Israel's third-biggest city after Israeli forces bombed Beirut international airport and other military airports.

The Middle East produced 31 percent of the world's oil in 2005 and holds 62 percent of reserves, according to BP Plc.

``Behind Hezbollah is Iran and Syria,'' analyst Nadim Shehadi of Chatham House, a London foreign-policy institute, said yesterday. ``We have a regional confrontation between a broad front, the U.S. and Israel, and Hezbollah, Syria and Iran, that is being played out on Lebanese soil.''

Iran

Iranian President Mahmoud Ahmadinejad yesterday threatened to end Iran's cooperation with international bodies monitoring its nuclear program after the dispute was referred to the UN Security Council.

Iran wants the dispute resolved ``calmly'' and will respond to a European-led package of trade and economic incentives mid- August, he said.

``The more pressure that's put on Iran, the more attacks we will see by proxies such as Hezbollah,'' Bill O'Grady, an analyst with AG Edwards & Sons in St. Louis, said yesterday.

Prices rose early yesterday after the Guardian newspaper in Nigeria, citing local oil company workers, said Nigerian Agip Co. could be losing 120,000 barrels a day after the company shut three pumping stations to contain a spill.

Rome-based Eni said losses from recent damage to its oil network were ``irrelevant'' and the problem will be repaired soon. Reports the pipelines had been attacked by militants were ``without any foundation,'' Eni said without explaining the damage.

Attacks by Nigerian militants this year have cut oil output by as much as 631,000 barrels a day. The nation accounts for about 10 percent of crude oil imports to the U.S., where refiners favor its low-sulfur product for gasoline production.

Gasoline, Demand

Gasoline for August delivery rose 3.57 cents, or 1.6 percent, to $2.3370 a gallon in after-hours trading. It rose 2 percent to $2.3013 yesterday, 31 percent more than a year earlier and the highest close since Sept. 28.

Before this week, gasoline futures had spent three months trading between $1.95 and $2.30 a gallon. Oil ranged between $67.22 and $75.78 a barrel in the same period.

Expectations that high pump prices would cap demand had ``kept a lid'' on prices until now, Commonwealth's Gorey said.

``The pressure point on prices is just a lot higher than we thought it was,'' he said.

Gasoline demand in the U.S., the world's biggest oil user, has exceeded 9.6 million barrels a day the past two weeks, a July 12 Energy Department report showed. Demand reached a record 9.72 million barrels last July.

Daily demand the past four weeks is 1.7 percent higher than a year earlier, the department said.

Stocks Drop As Oil Prices Reach Record High (NYT)

By Jeremy W. Peters

The New York Times, July 14, 2006

Oil prices rose sharply to new record highs today as Israel pressed its military attacks in Lebanon and militants assaulted oil pipelines in Nigeria.

Light low-sulfur crude oil for August delivery rose $1.40 a barrel to trade at $76.35 today on the New York Mercantile Exchange. The previous record for the benchmark contract was $75.19 a barrel, set last week.

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The anxiety in global commodities markets swept through equity markets as well, with stock prices in the United States and Europe posting broad declines. According to preliminary figures, the Standard & Poor's 500-stock index fell 16.31 points, or 1.3 percent, to close at 1,242.29. The Dow Jones industrial average dropped 166.89 points, or 1.5 percent, to 10,846.29, and the Nasdaq composite index lost 36.13 points, or 1.7 percent, to 2,054.11. Meanwhile, major stock indexes in Britain, France and Germany fell more than 1.5 percent for the day.

Technology stocks were among the most severely rattled today both in the United States and in Europe. After SAP, the giant business software company, reported that it lost market share in the second quarter and that its sales fell short of forecasts, its stock slid by more than 6 percent. Shares of other major software makers like Oracle and Microsoft also fell.

Disappointing corporate earnings reports are adding to an already tense selling climate in equity markets, analysts said.

"We have had a few straws in the earnings-season wind which have made people wary, particularly on tech," said Chris Tinker of ICAP in London.

Rapidly rising oil prices, and the geopolitical instability behind them, are leading investors to react sharply to corporate earnings disappointments even when the reports are only slightly negative.

Alcoa, for example, said late on Monday that its sales grew 62 percent in the second quarter, at first glance a robust report. But that figure was slightly short of the consensus forecast on Wall Street, and Alcoa's stock has slumped by about 5 percent since then.

In another sign of increasing jitters among investors, gold prices posted strong gains today, as they often do in periods of market volatility when investors are looking for more stable investments. Bond prices also rose. But there was little change in the value of the dollar against the euro or the Japanese yen.

U.S. Stocks Fall As Oil Prices, Mideast Turmoil Hurt Confidence (BLOOM)

By Nick Baker

Bloomberg, July 14, 2006

U.S. stocks tumbled for a second day as oil climbed to a record, fighting between Israel and Lebanon escalated and second-quarter earnings failed to meet estimates.

``We're having a complete breakdown in attitude toward the stock market," said Thomas McIntyre, who manages $120 million at McIntyre, Freedman & Flynn in Orleans, Massachusetts. ``In a declining market, everything that's wrong in the world seems more important."

The Dow Jones Industrial Average fell below 11,000 as analysts cut ratings on Wal-Mart Stores Inc. and Walt Disney Co. because of slowing growth. Nucor Corp. led steelmakers lower as crude surpassed $76 a barrel in New York, lifting the industry's costs. Tribune Co., the second-largest U.S. newspaper publisher, dropped as sales trailed analysts' projections.

The Standard & Poor's 500 Index erased its gain for the year by declining 16.31, or 1.3 percent, to 1242.29. The Dow industrials dropped 166.89, or 1.5 percent, to 10,846.29. The Nasdaq Composite Index lost 36.13, or 1.7 percent, to 2054.11.

Concern that turmoil in the Middle East may broaden, along with North Korea's refusal to resume negotiations over its nuclear program, weighed on stocks worldwide. The Morgan Stanley Capital International World Index dropped 1.2 percent. Israel's Tel Aviv 25 Index plunged 4.3 percent.

Mideast Turmoil

Hezbollah fired two rockets from Lebanon into Israel's third-biggest city, Haifa, after Israeli forces bombed Beirut's airport and other targets. The fighting, which began when Hezbollah attacked an Israeli army unit and captured two soldiers, has left at least 56 people dead.

The attack prompted investors to seek havens, spurring gains in U.S. Treasuries and gold.

The S&P 500 has lost 2.2 percent this month as companies including Alcoa Inc. and Lucent Technologies Inc. fueled concern second-quarter profit will trail analysts' estimates. Technology shares have been this year's worst performers. The Nasdaq, which gets 41 percent of its value from computer-related shares, has slumped 5.4 percent in July.

Crude oil for August delivery gained 2.3 percent to $76.70 a barrel in New York after Israel's strike and the threat of violence in Nigeria increased concern supplies may be disrupted.

``Any time you get a new high in oil it's not a good signal for the market," said Christopher Orndorff, who oversees $50 billion as the head of equity strategy at Payden & Rygel in Los Angeles. When ``you have something that takes money out of consumers' pockets, that's a net loss for our economy."

Wal-Mart, Disney

Wal-Mart declined 99 cents $44.16 after Merrill Lynch & Co. reduced the shares to ``neutral" from ``buy," saying slowing sales may reduce the world's largest retailer's profit.

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Walt Disney, the No. 2 U.S. media company, retreated $1.21, 4.1 percent, to $28.70 for the second-biggest loss in the Dow average. CIBC World Markets Inc. cut its rating on the shares, citing slower growth in fiscal 2007 because of lower theme-park attendance and fewer television shows in syndication.

A gauge of raw-materials companies had the biggest decline among 10 industry groups in the S&P 500, losing 2.8 percent. Nucor fell $4.43, or 8.2 percent, to $49.78 for the S&P 500's biggest drop.

Almost nine shares fell for every one that rose in the New York Stock Exchange. More than 1.78 billion shares changed hands on the Big Board, 4 percent more than the three-month daily average.

Tribune

Tribune slipped 85 cents to $31.50. The newspaper publisher, under pressure from its largest shareholder to break up the company, said second-quarter profit dropped 62 percent as circulation waned. Sales were $1.43 billion, missing the $1.47 billion estimate by Credit Suisse analyst Debra Schwartz.

Dell Inc. lost 68 cents to $21.70. The world's biggest personal-computer maker responded to customer complaints that its discounts are confusing with a plan to reduce promotions and adopt a more uniform pricing system.

Intel Corp., the No. 1 computer-chip maker, fell 16 cents to $17.72. The company will fire 1,000 managers worldwide, the biggest cuts in four years, to slash $1 billion in costs and restore profit growth.

Cree Inc. dropped $4.86 to $17.73. The maker of semiconductors that light dashboards and cellular phones said fourth-quarter earnings missed its forecast because of production problems and higher taxes.

SAP, Ford

American shares of SAP AG, the world's largest maker of business-management software, tumbled $3.51 to $46.83 after its second-quarter sales from software licenses rose less than analysts anticipated. Oracle Corp., SAP's biggest competitor, fell 12 cents to $14.10.

Ford Motor Co. slumped 32 cents to $6.56 after the second- biggest U.S. automaker cut its dividend by half in an attempt to conserve cash after losses in North America.

PepsiCo Inc. gained 97 cents to $62.07. The No. 2 soft- drink maker reported the biggest profit gain in almost two years and boosted its annual earnings forecast on sales of Gatorade and Lipton iced tea. Second-quarter earnings were 80 cents a share, more than the 77-cent average estimate of analysts surveyed by Thomson Financial.

S&P 500 shares, called Spiders, tumbled $2.05 to $124. Nasdaq-100 tracking shares, known by their QQQQ symbol, slid 62 cents to $36.31.

S&P 500 futures expiring in September retreated 20.80 to 1247.50 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures declined 27 to 1489.75.

The Russell 2000 Index, a benchmark for companies with a median market value of $599 million, dropped 2 percent to 687.29. The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, fell 1.4 percent to 12,472.87. Based on the changes in the Wilshire, the value of stocks decreased by $219.9 billion.

Cree Inc. (CREE US) Dell Inc. (DELL US) Ford Motor Co. (F US) Intel Corp. (INTC US) Nucor Corp. (NUE US) Oracle Corp. (ORCL US) PepsiCo Inc. (PEP US) SAP AG (SAP US) Tribune Co. (TRB US) Wal-Mart Stores Inc. (WMT US) Walt Disney Co. (DIS US)

Oil Hits Record Near $77; Dow Dives Below 11,000 (WT)

By Patrice Hill

The Washington Times, July 14, 2006

Escalating tensions in the Middle East sent the price of crude oil smashing through another record yesterday to $76.70 a barrel in New York and set off a plunge in financial markets, with the Dow Jones Industrial Average falling 167 points.

With gasoline prices hovering near last fall's highs of more than $3 a gallon, analysts say, consumers are likely to see new records at the pump in the weeks ahead, reflecting surging oil prices and hurricane threats.

"Energy prices are going higher the rest of the summer," said Mike Sander, a commodity broker at Altavest Worldwide Trading Inc.

Worries that high oil prices and political tensions will add further weight to the slowing U.S. economy and cut into corporate profits triggered a sell-off in the stock market and sent investors scurrying into safe-haven investments such as gold and bonds.

The Dow fell back below 11,000 to land at 10,846, completing a two-day loss totaling 288 points, while the Standard & Poor's 500 Index erased its gains for the year.

"The political unrest is causing an uneasiness in the world," Mr. Sander said. "People are protecting their wealth."

The breakout of tensions on several fronts in the Middle East ignited the market turmoil. Hezbollah fired two rockets from Lebanon into Israel's third-biggest city, Haifa, after Israeli forces bombed Beirut's airport and other targets.

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Meanwhile, violence is heating up in Iraq and Afghanistan despite the installation of democratic governments, and the U.S. and European allies are moving to take their nuclear confrontation with Iran before the U.N. Security Council. Rebel attacks in Nigeria yesterday also raised fears of further disruptions in exports from Africa's largest oil producer.

"Geopolitical fears have sent stewing tensions to a boiling point," said John E. Silvia, chief economist with Wachovia Securities. Although the rise in oil prices this year has been relentless, U.S. consumers have been equally persistent at keeping up their driving and gas purchases no matter what the cost, he said.

Although consumers have pulled back some on spending at stores and restaurants, they are not driving less or switching en masse to more fuel-efficient cars. Consumers continue to favor sport utility vehicles over cars that get better mileage, Mr. Silvia said.

Even as average pump prices rose to within a nickel of $3 nationwide, consumers shopping for used cars cut back on Internet searches for more fuel-efficient models, said Cars.com editor David Thomas.

Searches for some of the most popular gas-saving models -- Toyota's Yaris and Prius, the Geo Metro, and Honda's Insight and Fit -- declined significantly last month, he said.

"The initial shock of the recent rise in gas prices has seemingly worn off," he said.

Opinion polls show that consumers continue to rank fuel costs among their top economic concerns, however, and the price at the pump has become a volatile political issue in an election year. Democrats are trying to make the issue into a referendum on Republican rule in Washington by publicizing the doubling of gasoline prices in each state since President Bush took office.

High energy prices, which include electricity and heating fuel, are eating into consumer purchasing power to the point they more than offset a nearly 4 percent rise in wages in the past year, said Carl Steidtmann, chief economist of Deloitte Research. He predicts a "difficult retail environment" in the fall as consumers struggle to keep up.

"The triple threat of high energy prices, a soft housing market and relatively weak job growth" will work its way through the economy, he said.

With higher energy prices cutting into purchasing power, consumer spending all but ground to a halt last month, suggesting that economic growth in the second quarter will be at best half the first quarter's pace of 5.6 percent, Mr. Silvia said.

Fears that American shoppers will lose their bravado and surrender in the face of higher energy prices, interest rates and other obstacles have shaken financial markets around the world.

"Any time you get a new high in oil it's not a good signal," said Christopher Orndorff, head of equity strategy at Payden & Rygel. When "you have something that takes money out of consumers' pockets, that's a net loss for our economy."

Left Behind Economics (NYT)

By Paul Krugman

The New York Times, July 14, 2006

I'd like to say that there's a real dialogue taking place about the state of the U.S. economy, but the discussion leaves a lot to be desired. In general, the conversation sounds like this:

Bush supporter: "Why doesn't President Bush get credit for a great economy? I blame liberal media bias."

Informed economist: "But it's not a great economy for most Americans. Many families are actually losing ground, and only a very few affluent people are doing really well."

Bush supporter: "Why doesn't President Bush get credit for a great economy? I blame liberal media bias."

To a large extent, this dialogue of the deaf reflects Upton Sinclair's principle: it's difficult to get a man to understand something when his salary depends on his not understanding it. But there's also an element of genuine incredulity. Many observers, even if they acknowledge the growing concentration of income in the hands of the few, find it hard to believe that this concentration could be proceeding so rapidly as to deny most Americans any gains from economic growth.

Yet newly available data show that that's exactly what happened in 2004.

Why talk about 2004, rather than more recent experience? Unfortunately, data on the distribution of income arrive with a substantial lag; the full story of what happened in 2004 has only just become available, and we won't be able to tell the full story of what's happening right now until the last year of the Bush administration. But it's reasonably clear that what's happening now is the same as what happened then: growth in the economy as a whole is mainly benefiting a small elite, while bypassing most families.

Here's what happened in 2004. The U.S. economy grew 4.2 percent, a very good number. Yet last August the Census Bureau reported that real median family income — the purchasing power of the typical family — actually fell. Meanwhile, poverty increased, as did the number of Americans without health insurance. So where did the growth go?

The answer comes from the economists Thomas Piketty and Emmanuel Saez, whose long-term estimates of income equality have become the gold standard for research on this topic, and who have recently updated their estimates to include

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2004. They show that even if you exclude capital gains from a rising stock market, in 2004 the real income of the richest 1 percent of Americans surged by almost 12.5 percent. Meanwhile, the average real income of the bottom 99 percent of the population rose only 1.5 percent. In other words, a relative handful of people received most of the benefits of growth.

There are a couple of additional revelations in the 2004 data. One is that growth didn't just bypass the poor and the lower middle class, it bypassed the upper middle class too. Even people at the 95th percentile of the income distribution — that is, people richer than 19 out of 20 Americans — gained only modestly. The big increases went only to people who were already in the economic stratosphere.

The other revelation is that being highly educated was no guarantee of sharing in the benefits of economic growth. There's a persistent myth, perpetuated by economists who should know better — like Edward Lazear, the chairman of the president's Council of Economic Advisers — that rising inequality in the United States is mainly a matter of a rising gap between those with a lot of education and those without. But census data show that the real earnings of the typical college graduate actually fell in 2004.

In short, it's a great economy if you're a high-level corporate executive or someone who owns a lot of stock. For most other Americans, economic growth is a spectator sport.

Can anything be done to spread the benefits of a growing economy more widely? Of course. A good start would be to increase the minimum wage, which in real terms is at its lowest level in half a century.

But don't expect this administration or this Congress to do anything to limit the growing concentration of income. Sometimes I even feel sorry for these people and their apologists, who are prevented from acknowledging that inequality is a problem by both their political philosophy and their dependence on financial support from the wealthy. That leaves them no choice but to keep insisting that ordinary Americans — who have, in fact, been bypassed by economic growth — just don't understand how well they're doing.

Ad Showing Troop Coffins Causes Clash Of The Parties (NYT)

By Anne E. Kornblut

The New York Times, July 14, 2006

WASHINGTON, July 13 — In an echo of the last election cycle, political operatives are at odds over a Democratic advertisement featuring coffins coming home from war.

The advertisement, a short film posted on the Web site of the Democratic Congressional Campaign Committee, is being attacked by Republicans as tasteless and disrespectful of American troops in Iraq.

In 2004, President Bush's campaign released an advertisement showing a flag-draped body being removed from the site of the World Trade Center after the terrorist attack there. The shot outraged some victims' families, who accused Mr. Bush of exploitation.

The current advertisement, a much smaller-scale production appearing only on the Internet, shows rows of coffins covered by American flags and lined up inside a military transport plane. The image is one of a montage of shots illustrating troubles that Democrats attribute to Republican leadership. Others include a gas pump displaying a price of $3.35 a gallon, and New Orleans residents stranded outside the Superdome after Hurricane Katrina.

"Things have taken a turn for the worse," a line of opening text says.

Officials of the Democratic Congressional Campaign Committee, which is led by Representative Rahm Emanuel of Illinois, say they posted the advertisement more than a week ago. But Republicans did not seem to notice it right away.

Now, however, Representative Thomas M. Reynolds of New York, chairman of the National Republican Congressional Committee, has demanded that Democrats apologize for the clip. Even the former majority leader Tom DeLay, who has said little publicly since his resignation from the House last month, has issued a statement describing the ad as an act of "pathetic desperation."

Carl Forti, a spokesman for the Republican committee, said in an interview Thursday: "They've cited the President Bush ad showing the firefighters carrying someone away. I'm not sure how that's the same as showing a soldier who's given his life in battle in a flag-draped coffin. Nine-eleven was an event that brought people together; Democrats are trying to rip people apart. I think there's a big difference there."

But Mark McKinnon, a top Republican strategist and ad maker for Mr. Bush, said Democrats had not crossed any boundaries of taste.

"This is one where I respectfully disagree with my colleagues: I think it is an appropriate image," Mr. McKinnon said. "I thought it was appropriate when we used it."

"It reminds people of the cost of 9/11," he added. "It reminds people of the cost of war. People die in wars, and people should understand that we shouldn't hide from that fact."

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Democrats dismissed Republican criticism as hypocritical.

"No administration in American history has so partisanized or politicized a war as this administration," said Howard Wolfson, a Democratic strategist who advises Senator Hillary Rodham Clinton of New York. "They have absolutely no grounds to make any criticisms of this kind."

Campaign Ad Draws GOP Ire (WT)

By Eric Pfeiffer And Christina Bellantoni

The Washington Times, July 14, 2006

House Democrats released a new campaign video that includes footage of U.S. flag-draped coffins from the Iraq war, prompting Republicans to call the ad a disgrace and to say that the Democrats should apologize.

"The fact that they are using this as a way to somehow raise money is more than disturbing," said Rep. K. Michael Conaway, Texas Republican and member of the House Armed Services Committee. "A huge apology to the troops and their families is owed by everyone involved in this travesty."

Democrats defended the video, titled "America Needs a New Direction," saying Republicans have previously exploited images of the September 11 terrorist attacks for campaign purposes. The Democrats' ad also contains footage of Hurricane Katrina victims.

However, some Democrats have criticized the ad. In a letter yesterday to Democratic Congressional Campaign Committee (DCCC) Chairman Rahm Emanuel of Illinois, Rep. John M. Spratt Jr. of South Carolina denounced the ad's imagery.

"I strongly recommend that you pull this ad and delete both these clips before running it again," Mr. Spratt wrote. "I will be speaking to you further to emphasize my sentiments about this ad, but I urge you to pull the ad immediately."

Talk radio host Tammy Bruce, a Democrat, said the ad is "a reflection of the party's empty leadership."

"We can't deny that our soldiers have died," Ms. Bruce said in a telephone interview. "But the ad is an insult to the American people. It's contemptuous and manipulative."

Other Democrats denied the video is a fundraising pitch, even though it asks for the support of Democratic voters and is featured on the DCCC Web site.

House Minority Leader Nancy Pelosi of California yesterday said she had not seen the ad, but stressed it is "not a fundraiser" and noted she thinks it "speaks truth to power about what's happening in Iraq."

"The Republicans are in denial about the consequences of their actions in Iraq," she said at a press briefing. Mrs. Pelosi said the majority party wants to shield the American public from the "sad consequences of war."

National Republican Campaign Committee Chairman Thomas M. Reynolds of New York said Mrs. Pelosi and Mr. Emanuel "should be ashamed of themselves" for appearing in the video. The video clip also includes archived audio of former President Bill Clinton.

"It makes my stomach turn to see national Democrats so blatantly exploit the sacrifices made by the men and women of our armed forces," Mr. Reynolds said.

When asked about Mr. Reynolds calling the ad "despicable," Mrs. Pelosi replied: "Was it despicable when the Republicans used photos of 9/11 for political purposes, was that despicable? I think it's despicable that young people's lives are being lost."

House Majority Leader John A. Boehner of Ohio told reporters that the ad was both "outrageous" and "disgraceful." He also called on Democratic leaders to apologize.

GOP Howling Over Democratic Web Ad (AP)

By Donna De La Cruz

AP – GOP Dem Ad Complaint, July 14, 2006

Democratic Sen. Robert Menendez continues to outpace Republican challenger Tom Kean Jr. in fundraising for the New Jersey seat, amassing $2.58 million from April through June, more than double what Kean raised.

Menendez has $7.4 million cash on hand, said campaign spokesman Matt Miller. He raised slightly more than he did in the first quarter of the year.

Kean, the son of former New Jersey Gov. Thomas Kean, raised $1.1 million for the latest three-month period, $500,000 less than he raised in the first quarter of this year. Kean has $2.25 million cash on hand. The bulk of Kean's second quarter cash came from a June fundraiser hosted by first lady Laura Bush.

Kean campaign spokeswoman Jill Hazelbaker remained confident the state senator will raise enough money to battle Menendez, appointed to the Senate in January by Gov. Jon Corzine to serve out the remaining year of his Senate term. The Kean campaign has not said whether he would dip into his personal fortune to keep pace with Menendez.

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Kean makes $46,000 as a state senator but reported having a yearly income of between $88,000 to $263,000 in interest and dividends from various stocks and family holdings, according to his latest financial disclosure form. He also reported total assets of more than $1.5 million. He also has holdings in various Kean family trusts worth tens of millions of dollars.

New Jersey is one of the most expensive states for candidates because ads must be purchased in both the expensive New York and Philadelphia markets to reach voters.

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WASHINGTON (ap) _ Republicans are howling over a Democratic political Web site ad that displays flag-draped coffins and a fake police mug shot of former House Majority Leader Tom DeLay, arguing that the ad politicizes war casualties and is an insult to the families of the troops killed in Iraq.

The 75-second ad by the Democratic Congressional Campaign Committee begins with a somber musical score and images of war, high gas prices, the coffins, pollution, breached levees, followed by pictures of Texas Republican DeLay, disgraced GOP lobbyist Jack Abramoff, President Bush and Vice President Dick Cheney.

"Washington Republicans have sold Americans out," a banner states. "American families are paying the price."

The National Republican Congressional Committee promptly gathered more than a dozen GOP members of Congress, many of them former service members, to denounce the ad and call on Rep. Rahm Emanuel, the DCCC chairman, to apologize.

"For the Democrats, everything is about politics," said Rep. Tom Reynolds, R-N.Y., chairman of the Republican campaign committee. "This crosses the line."

Reynolds noted that Emanuel has on occasion appeared on the House floor to remember fallen soldiers by reading their names into the Congressional Record. "It takes a galling level of smug self- righteousness for Rahm Emanuel to invoke our honored dead one day and put their coffins in an ad the next."

The outrage is reminiscent of Democratic complaints in 2004 when President Bush's campaign launched an ad that included an image of firefighters carrying a flag-draped coffin from the ruins of the World Trade Center.

"It was despicable when the Republicans used the photos of 9/11 for political purposes. Was that despicable?" House Democratic Leader Nancy Pelosi, D-Calif., said to reporters Thursday. "I think it is despicable that young peoples' lives are being lost more than 2,500. Republicans are in denial about that. Yet they talk about politicizing war."

But at least one Democrat, Rep. John Spratt of South Carolina, called on Emanuel to take the ad down, specifically objecting to images of coffins and of a helmet draped over the butt of a rifle, the sign of a fallen soldier. "I strongly recommend that you pull this ad and delete both of these clips before running it again," Spratt wrote in a letter to Emanuel.

Spratt is the second ranking Democrat on the House Armed Services Committee and faces his most difficult re-election in 10 years.

The Democratic ad is not all doom and gloom. After about 30 seconds, the music makes an abrupt upbeat shift and the images change. A helicopter pilot offers a thumbs up. Windmills stretch out across the landscape. Relief workers put up new walls. Smiling Democratic leaders replace the scowling Republicans. "But America is strong enough to change," the ad states.

It ends with a still shot of Bill Clinton beaming with his arms outstretched, a curious counterpoint to the ad's title: "America needs a new direction."

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WASHINGTON (AP) _ Iraq war veteran Patrick Murphy outraised freshman Rep. Mike Fitzpatrick in the second fundraising quarter even though the Republican got some help from President Bush.

Murphy, a Democrat, raised more than $452,000 while Fitzpatrick collected more than $300,000 for the three-month period ending June 30, according to their campaigns. Fitzpatrick still has a significant advantage in cash on hand, with $1.1 million to Murphy's $493,000.

Fitzpatrick's district in the Philadelphia suburbs is considered competitive, in part, because it went for Democratic presidential candidates Al Gore in 2000 and John Kerry in 2004.

Fitzpatrick has already spent about $500,000 to buy airtime for television ads to run in the fall, said Fitzpatrick's campaign manager, Mike Oscar.

Spratt Asks Democrats To Pull Video (AP)

By Seanna Adcox, Associated Press

AP -- Spratt Dem Ad, July 14, 2006

COLUMBIA, S.C. | U.S. Rep. John Spratt has asked the House Democrats' campaign arm to pull a fundraising video that shows caskets draped with American flags and a soldier standing at a grave.

"I strongly recommend that you pull this ad and delete both of these clips before running it again," Spratt wrote Rahm Emanuel, chairman of the Democratic Congressional Campaign Committee, in a letter dated Thursday.

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In the two-paragraph letter, Spratt said he would discuss his feelings about the ad in greater detail later, "but I urge you to pull the ad immediately."

The letter was sent one day after the video's release prompted Spratt's Republican challenger, state Rep. Ralph Norman, to ask South Carolina's longest-serving congressman to "repudiate the new lows your party leaders have sunken to."

Norman, a freshman lawmaker, is backed by state and national GOP heavyweights in his bid to oust Spratt. First elected in 1982, Spratt is the leading Democrat on the House Budget Committee and sits on the Armed Services Committee.

"Our service men and women deserve our utmost respect," Norman wrote in a letter sent out late Wednesday. He urged Spratt to tell Emanuel "it is despicable that he is choosing to seek campaign cash through exploiting the sacrifices of our fallen heroes. He is disgracing their memory."

Norman had planned a Friday news conference in Rock Hill with Republican U.S. Rep. Joe Wilson to discuss the video. He will address Spratt's response then, said Norman's spokesman, Nathan Hollifield.

Norman's letter also asked Spratt to return $4,555 the committee has given the incumbent's campaign for November's election. Spratt has no intentions of returning the money, said his spokesman, Adam Harris.

A spokeswoman for the Democratic campaign committee did not immediately return a request for comment.

Other images in the 75-second fundraising video include gas prices shown at $3.35 a gallon, radar of Hurricane Katrina nearing the coast, the hurricane's aftermath, and disgraced lobbyist Jack Abramoff.

Statements placed over the images read, "Things have taken a turn for the worse. ... Washington Republicans have sold America out. ... But America is strong enough to change." It ends by asking viewers to "help Democrats turn America around."

Viewers are asked to sign up to help Democrats win a majority in the House. On the other side, GOP leaders, including Senate Majority Leader Bill Frist, have told residents to vote for Norman to ensure Republicans maintain control.

In his letter, Norman notes he was "shocked to see that you appear in this appalling video behind House Minority Leader Nancy Pelosi and Senate Minority Leader Harry Reid at a press conference on our Capital steps."

In one image, Spratt's face can be seen, fuzzily, in the third row in a group of lawmakers, behind Pelosi at a podium with a Social Security sign. Spratt's role as an assistant to Pelosi has made him a GOP target, a link Norman makes repeatedly in campaign releases.

"If he'd like to serve the district at the Capitol, he should learn how to spell the word 'Capitol,'" Harris responded.

Inside The Beltway (WT)

The Washington Times, July 14, 2006

Call to arms

When it comes to combating our crime epidemic, the nation's capital might learn something from the state of Florida, where it's just been reported that the crime rate has dropped for the 14th straight year, to its lowest mark since 1971.

"This report shows that staying tough on crime works," Florida Gov. Jeb Bush told the Associated Press. "Law-abiding citizens that have guns for protection actually probably are part of the reason we have a lower crime rate."

Rudy run?

As for one politician whose popularity skyrocketed after he got tough on crime, we are told this week that former New York Mayor Rudolph W. Giuliani most likely will enter the 2008 Republican presidential sweepstakes.

"At this stage, it's more likely that he will run than not," a top adviser to Mr. Giuliani tells Inside the Beltway.

God turns 50

It made little news given all the week's turmoil, but the Senate has just agreed to a resolution reaffirming the 50th anniversary of the formal adoption of the national motto of the United States — "In God We Trust."

This week's approval reaffirms, in writing, that "from the colonial beginnings of the United States, citizens of the nation have officially acknowledged their dependence on God."

It was on July 30, 1956, that President Eisenhower signed a congressional resolution passed by the 84th Congress making "In God We Trust" the official motto of the United States.

'Director of irony'

Rep. Rahm Emanuel, Illinois Democrat, is questioning why President Bush has surrounded himself with two highly paid ethics advisers and a director of fact checking.

"We actually have a 'director of lessons learned' at the White House, who is paid over $100,000," says the congressman, a former aide to President Clinton, who considers rephrasing the White House title.

"They must be the only people in Washington who get more vacation time than the president," Mr. Emanuel mused recently on the House floor. "Maybe the White House can consolidate these positions into a 'director of irony.' "

Two nations

Conservative commentator Pat Buchanan is calling attention to an escalating culture war in America where traditionalists are now "seceding from institutions, communities, even cities where counterculture is in power."

"Falling attendance at movie theaters, home-schooling of kids, right-wing talk-radio and TV, Christian schools, the religious divide at the ballot box, all testify that, on issues of morality, we have become two peoples and two nations.

"We do not even talk to each other. We shout at each other," Mr. Buchanan notes in his American Conservative magazine.

Fred who?

Fred Clark lived a full life, yet only in passing did he become famous.

His obituary, published in the July 9 Richmond Times-Dispatch, is being circulated across the country as one of the best — in subject matter, at least — ever written.

"Frederic Arthur 'Fred' Clark, who had tired of reading obituaries noting other's courageous battles with this or that disease, wanted it known that he lost his battle as a result of an automobile accident on June 18, 2006," it begins.

"Fred's back straightened and chest puffed out when he heard the Star Spangled Banner and his eyes teared when he heard Amazing Grace," it continues. "Always an interested observer of politics, particularly what the process does to its participants, he was ... amazed at what the voters would tolerate. His final wishes were 'throw the bums out and don't elect lawyers' (though it seems to make little difference).

"During his life he excelled at mediocrity (his sons said of Fred, 'He was often wrong, but never in doubt'). ... He had a life long love affair with bacon, butter, cigars and bourbon. He died at MCV Hospital and sadly was deprived of his final wish, which was to be run over by a beer truck on the way to the liquor store to buy booze for a double date to include his wife, Rush Limbaugh and Ann Coulter to crash an ACLU cocktail party. ...

"Fred's ashes will be fired from his favorite cannon at a private party on the Great Wicomico River, where he had a home for 25 years."

Inside Politics (WT)

By Greg Pierce

The Washington Times, July 14, 2006

Feeding the chief

The former East German locals have figured out how to get the attention of the leader of the free world: feed him.

After greeting President Bush with a barrel of herring Wednesday, the prospect of pork practically dominated yesterday's joint press conference held by the leaders of Germany and the United States.

German Chancellor Angela Merkel, hosting the president in Rostock in her home district, ordered dinner last night that included a 66-pound wild boar, slow-cooked on a spit.

Mr. Bush — amid questions on Iran, the Middle East, Russia and free trade — made several jokes about what he kept calling the "pig," reports Joseph Curl of The Washington Times.

"I'm looking forward to the feast you're going to have tonight," he said. "I understand I may have the honor of slicing the pig."

Mrs. Merkel noted the sizable boar takes some time to prepare over the fire.

"I hope it's actually roasting; otherwise, we won't be able to eat it tonight," she joked.

Later Mr. Bush thanked Mrs. Merkel for hosting his visit, adding, "Looking forward to that pig tonight."

Trinwillershagen inn proprietor Olaf Micheel shot the animal and said he had seasoned the boar, rubbing it in fat before skewering it in preparation for last night's party of about 60 guests.

With a meat fork and carving knife, Mr. Bush did indeed carve one of the three boar carcasses slowly rotating on spits, slicing off several pieces.

Of cards, names

Connecticut Republican leaders have asked the Republican seeking to unseat U.S. Sen. Joe Lieberman to reconsider his campaign because he used a fake name to gamble at a casino in the 1990s, a newspaper reported.

Alan Schlesinger acknowledged he had used a bogus name to obtain a card that Foxwoods Resort Casino patrons can use to win rewards. Gov. M. Jodi Rell and Republican State Chairman George Gallo asked him to reconsider running, the Hartford Courant reported.

"I am not going to let this bother me," Mr. Schlesinger said. "I am going to continue in the race."

The governor was told by a former state police officer Wednesday that Mr. Schlesinger used the name Alan Gold to gamble and avoid detection as a card-counter, someone who keeps track of cards as they are played to improve their odds of winning. Although card-counting is not considered cheating, counters are often banned from casinos.

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Mr. Schlesinger, a self-described recreational blackjack player, said that the former officer, Bradley Beecher, is disgruntled and that his credibility is questionable. He said he used the pseudonym at Foxwoods because he was a state legislator and the mayor of Derby and wanted privacy.

Mr. Gallo said he would meet with Mr. Schlesinger within the next day to discuss his campaign. The state party cannot strip Mr. Schlesinger of its nomination, only pressure him to quit. If he does withdraw, the Republican State Central Committee will fill the vacancy, Mr. Gallo said.

City withdraws

New Orleans has dropped out of the race to host the 2008 Democratic National Convention, saying the cost of holding the event after Hurricane Katrina last year was too massive.

The announcement yesterday leaves Denver, Minneapolis-St. Paul and New York as the remaining competitors to host the party's nominating convention.

"The main reason is that we're not at a point to raise the millions and millions required," said Kelly Schulz, vice president of communications with the city's conventions and visitors bureau.

Cities vying for the Republican convention are Cleveland, New York, and joint bids from Tampa-St. Petersburg, Fla., and Minneapolis-St. Paul.

Questions for GOP

A judge gave New Hampshire Democrats the go-ahead yesterday to question high-ranking Republicans in a civil suit over the jamming of Democrats' phones on Election Day 2002.

Three former Republican officials already have been sentenced in the phone-jamming scheme. In the civil suit, state Democrats want to know who knew about the plan.

They point to a record of phone calls that show national Republican official James Tobin, one of those convicted, made two dozen calls to the White House within a three-day period as the phone-jamming operation was finalized, carried out and then abruptly shut down.

The national Republican Party, which paid millions to defend Mr. Tobin, said the contacts involved routine election business and that it was "preposterous" to suggest they involved phone jamming, the Associated Press reports.

Robert Kelner, a D.C. lawyer representing the Republican National Committee (RNC), said some of the officials the Democrats want to question may fight being deposed.

Democrats want to question the former associate director of the White House Political Affairs Office, Alicia Davis, and the former executive director of political operations for the RNC, Terry Nelson.

Also on their list is the former national political director for the National Republican Senatorial Committee, Chris LaCivita, who went on to develop the Swift Boat veterans TV campaign against Democratic presidential nominee Sen. John Kerry of Massachusetts in 2004, and Ed Gillespie, who was RNC chairman when the decision was made to pay Mr. Tobin's legal expenses.

Backing Israel

The House next week is expected to pass a resolution defending and supporting Israel, which is engaged in bloody battles in the Gaza Strip and Lebanon over the recent taking of Israeli soldiers.

The Associated Press reported yesterday that Israel has attacked Beirut's airport and two Lebanese army air bases and that more than 50 people have died.

A House Republican aide said the resolution will aim to express support and shared concern.

Hastert hospitalized

House Speaker J. Dennis Hastert will remain in Bethesda Naval Hospital this weekend after being admitted yesterday for a bacterial skin infection called cellulitis.

Aides for the Illinois Republican said he sought treatment for the infection, on his lower left leg, after it did not respond to a topical ointment. The aides said the condition is not serious.

Mr. Hastert, 64, third in line to the presidency, will remain at the hospital this weekend and will receive intravenous antibiotics. He will return to work on Capitol Hill next week.

The speaker's office sent out a definition of cellulitis, noting the skin will appear swollen and red and feel hot and tender. It may spread rapidly without treatment.

Gov. Seeks Deal That Would Ease Term Limits (LAT)

By Peter Nicholas

The Los Angeles Times, July 14, 2006

DOJ_NMG_0040987

SACRAMENTO — Hoping to resurrect an idea voters rejected in last year's special election, Gov. Arnold Schwarzenegger plans to offer lawmakers a deal: He'll support an easing of term limits if they'll agree to change the way California draws voting districts.

Schwarzenegger said in an interview Thursday he does not believe term limits have improved Sacramento's political culture. Allowing legislators to stay in office longer would be worthwhile, he said, if it induced them to put a proposal on the ballot that would strip them of the power to carve political boundaries.

The governor reasons that lawmakers may not want to change voting districts, most of which favor incumbents, but they dislike term limits even more. One idea already under consideration in the Legislature would double the number of years members could serve in the Assembly — to 12 from six — provided they not run for the Senate when their term is up. Senators' maximum service could be extended to 12 years from eight.

In 1990, voters imposed limits of three two-year terms in the Assembly and two four-year terms in the Senate. Changes to the law require voter approval.

Schwarzenegger says that he wants to make California elections more competitive, and that a new method of redistricting would help. He is backing a measure by Sen. Alan Lowenthal (D-Long Beach) that would transfer political map-making powers to a panel of 11 citizens, chosen by a bipartisan group of lawmakers and judges, and take effect after the 2010 census.

The initiative voters defeated in November would have given the task to three retired judges appointed by the Legislature from a pool selected by the state's Judicial Council, and would have gone into effect immediately.

The governor hopes to build a consensus in the Capitol in the next month for his new plan, including an extension of the time state lawmakers can serve, and put the package before voters in November.

"I would like for them to really push forward with this whole idea," Schwarzenegger said in an interview Thursday. "It's very clear that people would like to see redistricting and to have a different system than the way it is now, with the gerrymandering, and to perfect the democracy."

Schwarzenegger recently held a meeting on the issue in his smoking tent in the Capitol courtyard. He invited former legislators, political consultants and representatives of good government groups that want to end the current arrangement, in which lawmakers can draw their districts to favor Republicans, Democrats or independents.

"There is an inherent conflict of interest in allowing legislators to draw their own districts," said Dan Schnur, who was an aide to former Republican Gov. Pete Wilson and who attended the meeting. "We've put together a coalition across partisan and ideological lines to push for the elimination of that conflict of interest."

If the governor can get the two major parties behind his plan — a level of bipartisan cooperation that eluded him last year — he believes he can present voters something more salable. When voters rejected his redistricting plan last year, it was in a package of four proposals he championed to change state government. All were defeated.

Voters like term limits, polls show, but lawmakers do not.

One proponent of longer terms is the Democratic speaker of the Assembly, Fabian Nuñez of Los Angeles. Existing law requires Nuñez, 39, to leave the Assembly in 2008, forcing him to run for another office if he wants to continue his career in elective politics.

"Before I leave the Legislature I'm going to make it happen," Nuñez said in an interview this week.

"I'm open to anything voters will support that will allow legislators a little more time to focus on policy and less on politics," he said.

Officeholders play musical chairs now, he added. "By the time they serve out their first year, they're trying to figure out where they're going to go next."

Schwarzenegger was once supportive of term limits but now says they have failed to improve Sacramento or make lawmakers more accountable.

"I'm not fanatical about that," he said of the state's term limits law. "The idea was really good, and there are a lot of people who are big, big fans of term limits. But as far as I'm concerned, it hasn't really produced."

And Schwarzenegger said he no longer favors a system in which retired judges would draw political maps. In last year's special election campaign, opponents — largely Democrats — lampooned that idea, airing TV spots that featured robed men hovering over a map that resembled a jigsaw puzzle.

"People feel in many ways if they're more in charge of things and empowered, then that is better," the governor said. "This time, we're trying to do it in a different way."

For the governor to get his proposals before voters in November, things must happen quickly. The Legislature returns from its summer break Aug. 7.

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The governor's aides said lawmakers would have only a few days to pass legislation that would put redistricting and term limits proposals on the November ballot. Any delays would mean the proposals would not go before voters until at least the next statewide elections, in 2008.

Schwarzenegger said that could work. More time means proponents can wage a stronger campaign, he said. What he doesn't want is for voters to reject redistricting changes a second time.

"We can't afford to lose it again," the governor said.

A poll by the Public Policy Institute of California in May showed that nearly two-thirds of Californians believe the state's method of drawing voting district needs to be changed. And 62% of likely voters favored a citizens commission.

"That has pretty strong support," said Mark Baldassare, research director for the PPIC.

Chained To The Ballot (NYT)

The New York Times, July 14, 2006

The former House majority leader Tom DeLay, master practitioner of tooth-and-claw politics, finds himself in a predicament. He's been cast adrift somewhere between Texas and Virginia after a court struck down his parting Congressional gambit.

Mr. DeLay, a proud Texan, quit Congress earlier this year, clearly fearing political defeat as he faced trial on charges of campaign money laundering. He could see the Congressional ethics scandal blossom around his old buddy, Jack Abramoff, the now-famously corrupt lobbyist. Before parting, however, the combative Republican could not resist a final power play.

Rather than simply letting the Republican voters choose a new nominee for his Houston seat, Mr. DeLay ran in his party's primary and won. Then he resigned, angling to have his precinct bosses anoint a noncontroversial and hand-picked replacement for the November ballot.

Texas law makes it difficult for a Congressional candidate to give up a nomination after winning a primary — in order to stave off the exact kind of manipulation Mr. DeLay intended. But once the ballots had been safely tallied, he blithely pronounced himself a newly dedicated son of suburban Virginia and no longer eligible to run for office in Texas.

Not so fast, ruled U.S. District Judge Sam Sparks, undoing Mr. DeLay's political retirement in a stroke of the pen.

"There is no evidence that DeLay will still be living in Virginia tomorrow, let alone November 7," wrote Judge Sparks, a Republican appointee who found no room in the law for bait-and-switch politicking.

Frantic Republicans — not the least of them Mr. DeLay — are seeking a fast reversal on appeal to keep their beloved champion off the ballot. Bring him on, demand Democrats, who love to use Mr. DeLay as a symbol for everything that is wrong with Washington.

Mr. DeLay has gamed the system so many times — most famously by gerrymandering the Texas Congressional districts — that he may have presumed a minor thing like fixing the Republican nomination for his own seat was his to control. It might be a fitting punishment to force him to run for Congress while explaining to his constituents why he tried so hard to abandon them for the green fields of the Washington suburbs.

U.S. Urges Restraint By Israel (WP)

By Peter Baker

The Washington Post, July 14, 2006

STRALSUND, Germany, July 13 -- President Bush and his top diplomats scrambled Thursday night to quell spiraling violence in the Middle East and protect the new democratic government in Lebanon as Israeli forces escalated their strikes.

Bush initially told reporters that "Israel has a right to defend herself," qualifying the statement only with a call to avoid toppling the Lebanese government, which he deems a model for the region.

But as fighting worsened, the White House grew increasingly anxious and issued a late-night appeal to Israel. "We just continue to ask that the Israelis exercise restraint, be concerned about civilian casualties, be concerned of course about civilian infrastructure," Secretary of State Condoleezza Rice told reporters at a hastily called news conference here, 10 hours after Bush's original comments.

Moments later, Daniel Ayalon, Israel's ambassador to the United States, said on CNN that Israel had tried restraint with Hezbollah in southern Lebanon since 2000, only to be targeted once again. "I think they misinterpreted our restraint for the last six years," he said.

The flurry of public statements and private telephone calls Thursday night and the shift in message further complicated the president's diplomacy as he travels to a summit of leaders of the Group of Eight leading industrialized countries in Russia this weekend.

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Bush had kept a distance from the Lebanon crisis as he focused on persuading summit partners to bring new pressure on Iran and North Korea to give up nuclear programs.

The new conflict threatened to widen divisions with allies. France, Russia and the European Union criticized Israel's actions as disproportionate, while Bush backed what he called Israel's right to respond to abductions of its soldiers and rocket attacks on its soil.

"Every nation must defend herself against terrorist attacks and the killing of innocent life," Bush said at a news conference here with German Chancellor Angela Merkel. "It's a necessary part of the 21st century."

The only reservation he expressed was that Israeli attacks could jeopardize the fledgling democratic government of Lebanese Prime Minister Fouad Siniora, which does not control the radical Islamic Hezbollah militia that Israel says it is targeting. "Democracy in Lebanon is an important part of laying a foundation for peace in that region," Bush said.

Rice and national security adviser Stephen J. Hadley reinforced that message in a later appearance and said they would not judge any specific Israeli act. But they called on Israel to avoid civilian sites and keep border crossings open and to take other precautions. Rice and Hadley both made phone calls to Israeli, European and Arab counterparts and said that Bush would now get involved personally as well.

After talks in Egypt and Jordan, Assistant Secretary of State C. David Welch and deputy national security adviser Elliott Abrams visited Israel Thursday to communicate U.S. concerns and get a sense of Israel's plans.

Israel has indicated to the United States that it shares its concerns and does not want to target Lebanese government ministries -- at least so far, U.S. officials said.

Rice said there are "very direct links" between Syria and the Hezbollah attacks on Israel and said "it would be unthinkable" that Iran is not also playing a role. She endorsed U.N. Secretary General Kofi Annan's decision to send a peace mission to the region.

The flare-up dominated a day of meetings as Bush visited Merkel's home district in the former East Germany. Bush came here to demonstrate his growing friendship with her, in contrast to the strained relationship he had with her predecessor, Gerhard Schroeder.

Bush was welcomed with a barrel of herring at a ceremony in front of the gothic Town Hall on Old Market Square in this picturesque Baltic Sea city, founded in 1234. The Germans carefully shielded him from protesters but could not muster the public enthusiasm that has greeted him elsewhere in Eastern Europe. Only a few hundred people made it past security to witness the welcome. Seven rainbow peace flags were hung on a building opposite his stage, and a Greenpeace activist briefly unfurled a large yellow banner from the clock tower that said, "No Nukes, No War, No BUSH!"

The president later was treated to a dinner of wild boar, a menu choice that intrigued him greatly. In his news conference with Merkel, he mentioned it four times. Finally, a German reporter asked, "Apart from the pig, Mr. President, what sort of insights have you been able to gain as regards East Germany?" Bush deflected the question, turning instead to a Middle East issue.

Bush and Merkel presented a united front on Iran in hopes of persuading Russia at the G-8 meeting to join in tough measures. "It's important for Angela and myself to work with Vladimir Putin," the Russian president, "to continue to encourage him to join us in saying to the Iranians loud and clear, 'We're not kidding, it's a serious issue,' " Bush said.

Bush said he would again share with Putin his concerns over the deterioration in Russian democracy but said he did not plan a public confrontation with his host. "Nobody really likes to be lectured a lot, and if you want to be an effective person, what you don't do is scold the person publicly all the time," he said.

Asked about Putin's gibe this week comparing Vice President Cheney's criticism of Russian democracy to an "unsuccessful hunting shot," Bush seemed more amused than offended. "It was pretty clever," he said, chortling. "Actually quite humorous -- not to dis my friend the vice president."

Bush and Putin still hope for an important trade deal to announce at the gathering. Russian Finance Minister Alexei Kudrin reported a breakthrough on banking and insurance issues as the two sides neared an agreement to clear the way for Russia to join the World Trade Organization. "I hope the protocol will be signed before the G-8 summit," Kudrin said.

The two sides remain split over agricultural subsidies and intellectual property rights. "We are continuing to meet and are committed to a commercially strong agreement," said U.S. trade spokesman Sean M. Spicer.

Correspondent Peter Finn in Moscow and staff writers Paul Blustein and Robin Wright in Washington contributed to this report.

Bush Defends Israeli Attacks In Lebanon (AP)

By Terence Hunt

The Associated Press, July 14, 2006

DOJ_NMG_0040990

President Bush strongly defended Israel's attacks in Lebanon on Thursday but worried they could weaken or topple the fragile government in Beirut. The Mideast violence exposed divisions between the United States and allies and raised fears of a widening war.

"Israel has a right to defend herself," Bush said at a news conference with German Chancellor Angela Merkel. "Every nation must defend herself against terrorist attacks and the killing of innocent life."

Merkel appealed for restraint by all sides and said it was up to the militant group Hezbollah to defuse the situation, triggered by its cross-border raid from Lebanon into Israel and the capture of two Israeli soldiers. She called the violence a "very disturbing situation" that "fills us with concern."

The Mideast eruption came at an awkward time for Bush. His strong support of Israel put him at odds with European Union allies two days before a summit of world leaders in Russia, where the United States is counting on a united stand against Iran's nuclear ambitions and North Korea's long-range missile test. The violence also presented Bush with yet another crisis in the Middle East, along with the Iraq war and the Iran standoff.

Ten hours after Bush's statement, Secretary of State Condoleezza Rice held a news conference and emphasized that Israel should exercise restraint to avoid civilian casualties and damage. She had spent much of the day in telephone diplomacy with Mideast leaders.

"The point about restraint, I think, has been taken by our Israeli colleagues," she said.

Rice declined to criticize Israel for its attacks on the Beirut airport and other targets. "I'm not going to try to judge every single act," she told reporters. She said there was considerable concern about the Mideast, with Israel fighting both in the Gaza and on the Lebanese border, but she refused to address fears of a wider war.

"It doesn't help to speculate on kind of apocalyptic scenarios," she said.

Rice and National Security Adviser Stephen Hadley voiced concern that the violence would hurt Lebanon's fledgling, democratic government. Rice said that government presented the best opportunity in three decades for democracy and a reduction of Syrian influence.

"This is one more challenge they do not need," Hadley said. He said the United States was asking other nations in the Middle East — particularly Egypt — to put pressure on Hezbollah to free the Israeli captives.

"Ultimately the best chance for peace will be democracy in Lebanon and the Syrian forces are out and remain out," Rice said.

U.N. Secretary-General Kofi Annan was sending three officials to the Middle East to try to defuse what he described as a major crisis. "What we should all do right now," Rice said, "is to focus on how to make the secretary-general's efforts a success."

Earlier in the day, Bush was welcomed to Merkel's home district in what once was communist East Germany with a ceremonial barrel of pickled herring, a Baltic delicacy. Later at dinner, he cut several slices from the rib area of a wild boar that turned slowly on a spit when he arrived for a barbecue in nearby Trinwillershagen.

Anti-Bush demonstrators were kept far away, but one protester from the Greenpeace environmental group managed to climb high in the clock tower of St. Nicholas Church overlooking Old Market Square where the president was welcomed. The protester displayed a yellow "No War, No Nukes, No Bush" banner from a window but it was gone by the time Bush appeared minutes later.

With Iran delaying its answer to a Western offer of incentives to shelve its nuclear program, Bush said he wanted the summit to send Tehran a message "loud and clear: We're not kidding, it's a serious issue, the world is united in insisting that you not have a nuclear weapons program."

Bush and Merkel said it was not too late for Iran to avoid possible penalties as the U.N. Security Council prepares to take up its case. "They can show up any time and say, wait a minute, now we'd like to go back and negotiate," Bush said. Merkel said: "The door has not been closed."

Among allies, there was disagreement with Bush about Israel's attacks, which included air strikes on Beirut's airport and two Lebanese army air bases near the Syrian border. The European Union criticized Israel for using "disproportionate" force and said Israel's naval blockade of supply routes to Lebanon was unjustified.

In Paris, French Foreign Minister Philippe Douste-Blazy said the Israeli air campaign — its heaviest against Lebanon in 24 years — could "plunge Lebanon back into the worst years of the war with the flight of thousands of Lebanese who ... were in the process of rebuilding their country."

Bush, at the news conference, voiced fears about the survival of Lebanese Prime Minister Fuad Siniora's government. "The concern is that any activities by Israel to protect herself will weaken that government ... or topple that government. And we've made it clear in our discussions.

"Having said all that," Bush continued, "people need to protect themselves. There are terrorists who will blow up innocent people in order to achieve tactical objectives."

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Bush arrives in Moscow on Friday and will have dinner with President Vladimir Putin. The two leaders also will meet Saturday before the opening of the eight-nation summit of industrial powers.

Bush and Merkel said they would raise concerns with Putin that Russia is backsliding on democracy and human rights. But the president laughed off Putin's slap at Vice President Dick Cheney for his criticism of Russia's behavior. Putin, in an interview broadcast Wednesday, called Cheney's remark "an unsuccessful hunting shot" — referring to Cheney's accidental wounding of a hunting companion in February.

"It was pretty clever," Bush said of Putin. "It was quite humorous — not to dis my friend the vice president."

Israel Moves To Seal Off Lebanon (WT)

By Mitchell Prothero

The Washington Times, July 14, 2006

NABATIYA, Lebanon -- Israel mounted a massive military offensive to seal off Lebanon from the outside world yesterday, blockading ports, destroying runways and bombing the main road from Beirut to Damascus amid fears that Hezbollah fighters planned to smuggle two kidnapped Israeli soldiers out of the country.

"Nothing is safe" in Lebanon, said Israeli army chief Dan Halutz, adding that Hezbollah offices and residences in Beirut would be targeted.

Yesterday marked Israel's biggest offensive against its northern neighbor in more than two decades, one day after Hezbollah guerrillas kidnapped two Israeli soldiers in a daring cross-border raid.

Hezbollah, which controls southern Lebanon, responded to the offensive by firing more than 100 rockets into Israel, including two missiles that hit the port city of Haifa nearly 20 miles from the Lebanese border.

Hezbollah, which normally takes credit for such attacks, denied that it had fired at Haifa.

In a pre-dawn raid today, Israeli planes attacked a Beirut suburb housing the headquarters of Hezbollah, said an Agence France-Presse photographer who witnessed the attack.

The fighter-bombers fired missiles into the Shi'ite suburb south of Beirut after which Hezbollah militants blocked access to the area.

President Bush, during a visit to Germany, urged Israel not to destabilize the pro-Western government in Beirut, even as he acknowledged the nation's right to defend itself.

"My biggest concern is whether or not actions taken [by Israel] will weaken the Siniora government," Mr. Bush said, referring to Lebanese Prime Minister Fuad Siniora. "Democracy in Lebanon is an important part of laying a foundation for peace in that region."

Last night, Israeli Prime Minister Ehud Olmert ordered even more intense attacks on Lebanon today.

Israeli officials were tight-lipped, but the threat of an Israeli ground offensive to drive Hezbollah from its stronghold in southern Lebanon gained credence after the attack on Haifa.

"All options are available," Israeli army spokesman Capt. Jacob Dallal said when asked about such an offensive. "Strategically speaking, if the third-largest city in Israel is under attack, it's a big thing and a response can be expected."

During the course of the day, Israel solidified its air, ground and sea blockade on Lebanon as it surrounded ports with gunboats, peppered airfields with bomb craters and destroyed most bridges on Lebanon's highway system south of Beirut.

Helicopter gunships returned to Beirut's Rafik Hariri International Airport, setting a fuel depot ablaze after a strike earlier in the day.

As night fell on the capital, air strikes were reported in Beirut's southern suburbs -- hotbeds of support for Hezbollah.

The highway connecting Beirut to the southern cities of Sidon and Tyre has been shattered in several places, forcing refugees from the fighting on the border to flee on foot for large portions of the journey to the relative safety of Beirut.

Outside the town of Damour, about 10 miles south of Beirut, bombs late Wednesday night had destroyed a highway overpass, leaving giant craters that Lebanese army engineers were attempting to fill with mounds of dirt.

A few hours earlier, an Israeli rocket struck the studios of Hezbollah's television station, al-Manar, located in suburban Beirut.

One person was wounded, and Hezbollah officials and station employees at the site of the bombing were scrambling to deal with an onslaught of local journalists demanding access to the scene when another Israeli plane swooped in, sending reporters and Hezbollah officials alike running for cover.

The death toll in two days of fighting rose to 57 persons, including 10 Israelis, the Associated Press reported.

Lebanese authorities said the dead included 10 children and the wife of a Hezbollah-affiliated cleric, killed a few miles from the Israeli border.

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At the funeral for the family, a relative of several victims, who gave his name as Yousef, said: "All people want peace, as do the people of Lebanon. But we need justice amid this occupation. We want peace and justice for all people, Muslim and Christian, Jew and Arab."

But in the basement of a mosque, he was forced to sort through the bodies of his brother's family -- as the bombs left only three bodies identifiable -- and quickly became outraged over the body of his 6-month-old niece.

"Here, show the world the arms and weapons my brother kept in his house," he said.

Just outside the southern town of Nabatiya, shops mostly were shuttered, and a few still flew the flags of Portugal, Brazil, Germany, France and Italy, left from fans of the World Cup.

The attack on Lebanon coincided with an ongoing offensive in Gaza, where an Israeli soldier was kidnapped by the militant group Hamas last month.

At the United Nations in New York, the United States vetoed an Arab-backed resolution that would have demanded that Israel halt its military offensive in Gaza.

The United States was alone in voting against the resolution. Ten of the 15 Security Council nations voted in favor, while Britain, Denmark, Peru and Slovakia abstained.

The Security Council is due to take up the Israel-Lebanon battle in an emergency session today.

On The Borderline Threat Of Wider Mideast War Grows (WSJ)

By Karby Leggett, Jay Solomon And Neil King Jr.

The Wall Street Journal, July 14, 2006

Israel's escalating incursion into Lebanon -- with bombing attacks on Beirut's airport and a naval blockade -- could turn its border fight with militant Islamists into a regional war that Israel is openly warning might lead to Syria, and beyond that to Iran.

Already the violence has engaged the Israeli military on two fronts, against Hezbollah militias in Lebanon to the north and Hamas forces that control the Palestinian government in the Gaza Strip to the west. But with Hezbollah sending dozens of rockets into Israel and striking the port city of Haifa, and Israel inflicting extensive infrastructure damage, the stakes have grown starkly higher. Israel now is fighting not with Palestinians or Arab nations, as in the past, but with the forces of radical Islam.

And the Israelis are bluntly saying that the blame for the violence by those forces lies in large measure with the governments of Syria and Iran for giving them support and encouragement -- an assertion that could put the U.S. and Israel on diverging paths in the crisis. "The real masterminds [behind these acts] are in Tehran and Damascus," Daniel Ayalon, Israel's ambassador to Washington, said Thursday. The international community "needs to call Iran to task," he said.

Mr. Ayalon and other Israeli officials said their forces will continue operations in Lebanon and the Palestinian territories to root out the military backbone of Hezbollah and Hamas. Ultimately, they say, true stability will require reining in Iranian support of militia groups.

While the Bush administration is largely sympathetic with Israel's plight, and also eager to restrain Iran, it is unlikely to be as keen to directly confront Tehran now. With U.S. troops tied down in Iraq and a serious diplomatic drive under way at the United Nations to impose economic sanctions to get Iran to curb its nuclear program, the White House has little desire for a broader regional conflict that could bring a head-on clash with Iran right now.

It also would be difficult to bring along American allies in a direct confrontation with Iran. Israel has been warning for several years that Iran, much more than Iraq, has emerged as the Middle East's biggest problem and that Tehran's government represents a challenge Israel shouldn't have to confront alone. But it has found few countries willing to share that burden.

As a result, the Bush administration faces an immediate decision on what it can do to contain the violence while allowing Israel to defend itself and its soldiers, three of whom have been kidnapped in recent days by Hamas and Hezbollah. Two senior American officials -- Assistant Secretary of State David Welch and White House Middle East adviser Elliott Abrams -- met with Israeli Prime Minister Ehud Olmert Thursday. The U.S. said the best vehicle to defuse the crisis might be a United Nations delegation that is heading to the region at the behest of Secretary General Kofi Annan.

The unfolding crisis also rattled financial markets. The specter of broad Middle East instability boosted crude oil for August delivery 2.3% to a nominal record of $76.70 a barrel at the New York Mercantile Exchange. That helped push stocks lower, wiping out more than half the Dow Jones Industrial Average's gains so far this year as the blue-chip average slid 166.89 points, or 1.5%, to 10846.29.

Within the region, the outbreak of fighting already has had broad impact. It has gravely imperiled the fragile move toward democracy in Lebanon that the U.S. was trying to foster as a shining example for the rest of the Mideast. It also has destroyed any hope that Israel's own new government could continue pulling back from confrontation with Palestinians.

The high-speed escalation of violence in Lebanon comes in response to attacks on Israeli soldiers by Hezbollah fighters who crossed into Israel this week to launch attacks and kidnap two Israeli soldiers. Three runway bombings forced Beirut's Rafik

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al-Hariri International Airport to close, stranding passengers seeking to enter and exit Lebanon. The Israeli navy imposed a blockade along Lebanon's coast, shutting down the main channel for imports and exports.

In other parts of the country, Israel bombed roads and bridges, Hezbollah offices and the Al Manar TV station the militant group runs. Two days of Israeli bombings -- the heaviest air campaign against its neighbor in 24 years -- had killed 47 Lebanese and wounded 103, Lebanese Health Minister Mohammed Jawad Khalife said.

Hezbollah fired rockets Thursday into northern Israeli towns and said it was using a new missile that appeared more advanced than previous models. The rocket that hit Haifa, some 30 miles south of Lebanon's border, marked the deepest Hezbollah forces have ever struck inside Israel.

One Israeli was killed and more than 35 were injured, Israeli officials said. Eight Israeli soldiers also have been killed in the past two days.

Israel said its assault is meant to block the means by which Hezbollah imports weaponry and other goods. It also made clear that it aims to pressure the Lebanese government to take action against the militants. Hezbollah, a Shiite Muslim group, joined the Lebanese government last year following its strong showing in national elections. Hezbollah did so in part to derail international efforts to force it to disarm following the withdrawal of thousands of Syrian troops from Lebanon.

In his public comments Thursday, President Bush laid blame for the flare-up firmly on Hezbollah and Hamas, while cautioning Israel not to do anything that would weaken the "fragile democracy" in Lebanon. "Israel has a right to defend herself," he told reporters while in Germany. "Every nation must defend herself against terrorist attacks and the killing of innocent life. It's a necessary part of the 21st century."

At the U.N., the U.S. stood alone in vetoing an Arab-sponsored resolution demanding that Israel call off its offensive in the Gaza Strip. Mr. Bush found some support in Berlin, where German Chancellor Angela Merkel spoke strongly in support of Israel. Mr. Bush was seeing the German leader as he made his way to a summit meeting of the Group of Eight leading nations in St. Petersburg, Russia, this weekend. The world response to the Mideast fighting now is certain to be a significant agenda item there.

Mr. Bush and his top aides have pursued a hands-off approach toward Israel since cutting off contacts with late Palestinian leader Yassir Arafat in 2002, and there was little Thursday to suggest that approach had changed. But the next few days will test whether that approach continues in the current crisis.

Test of U.S.-Israel Relations

The situation also will test whether the U.S. and Israel see eye-to-eye on how to handle Syria and, more important, Iran. Thursday, Secretary of State Condoleezza Rice echoed the Israeli assertion that those two nations bear responsibility for the unrest, saying they were encouraging the attacks and, in the case of Syria, "sheltering the people who are perpetrating these acts."

The U.S., Ms. Rice added, isn't going to "try to judge every single act" the Israelis make. When asked if the fighting might spread to other countries, she said she doesn't intend "to speculate on apocalyptic scenarios."

Mr. Bush has been in a diplomatic stand-off with Iran over its nuclear program -- a showdown that some analysts think actually may be fueling Tehran's desire to stir up trouble in the region. Iran, some U.S. and Middle Eastern officials suspect, may be eager to demonstrate to Washington its ability to harm American interests if the White House pursues a coercive policy to stop Iran's nuclear programs.

They also suspect Iran has been emboldened by U.S. military setbacks in Iraq to think it has more of a free hand to spread its influence across the region, partly through proxies such as Hezbollah and Hamas. At the same time, though, there is considerable debate over how much control Iran actually exercises over the groups. Some Israeli and American analysts think Hezbollah wouldn't be acting in Israel without direct orders from Tehran, but others disagree.

In any case, Mr. Ayalon, the Israeli ambassador, declined to respond to the question of whether Israel would itself attack Iran for allegedly masterminding Hezbollah's activities. But a number of U.S. lawmakers said they believe the Bush administration needs to be taking an increasingly aggressive stance to prevent Tehran from expanding its influence in the Middle East.

"Iran is calling the shots here," said Rep. Brad Sherman, a Democrat from California. "These kidnappings wouldn't have occurred without the support from the highest ranks in Iran."

For now, the Bush administration appears to think it is making slow but steady progress in dealing with Iran by escalating pressure at the U.N. Thursday, the U.S. and other members of the Security Council's five permanent seat holders said they are referring Iran back to the council for its failure to respond to an offer of talks on its nuclear program. Such a move could ultimately lead to economic sanctions against Tehran, though countries such as Russia and China have indicated they might not support such penalties. Now, the Security Council could also be the forum through which to pressure Iran to end its support of Hezbollah and Hamas.

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At the same time, U.S. officials said they are also concerned that al Qaeda and its affiliates could increase their activities around Israel as a result of the current unrest. In recent months, these officials say, groups claiming ties to al Qaeda have unleashed attacks in territory bordering Israel, such as Jordan, Egypt and the Palestinian territories.

Setback for Bush Vision

Regardless of the tactics used now to damp violence, the growing conflict could become a significant setback for the Bush administration's vision for the region. Mr. Bush and many of his neoconservative strategists said in the months leading up to the Iraq invasion that toppling Saddam Hussein would make Israel and secular Arab states safer. These officials claimed Mr. Hussein's ouster would allow secular democratic governments to flourish, while depriving Palestinian terrorists of one of their major sponsors in Baghdad.

Friday, many Middle East analysts say the Iraq war has made Israel significantly less safe. Iran has used the conflict to project its influence across Iraq and the Persian Gulf region. Al Qaeda, meanwhile, has developed a safe haven in western Iraq that it has used to launch attacks.

"In some important ways, the regional environment is less favorable to Israel than it was before we invaded Iraq," says Flynt Leverett, who directed Middle East affairs in the White House during the first Bush term. "If you look since 2003, Iran has emerged as a more powerful state under a hard-line leadership."

Another concern is whether Lebanon's $20 billion economy can weather the storm. The current violence comes amid the peak of Lebanon's tourist season, which has seen Beirut's hotels, restaurants and bars packed in recent weeks. After collapsing during the 1975-90 civil war, the tourist industry has rebounded strongly in recent years to become a leading driver of growth. Now, with transportation shut down and the conflict escalating, the industry faces an uncertain future.

A swift decline in tourism, along with pressure on other parts of the economy -- including soaring oil prices -- could push Lebanon's economy into recession and possibly force the government to default on its nearly $40 billion debt. Even before the attacks, the International Monetary Fund was urging Lebanon to undertake drastic measures to escape a looming debt crunch.

A debt crisis could stir deep tension within the ruling coalition, where Hezbollah holds two ministerial seats.

There were clear strains Thursday as some members of the coalition voiced displeasure with Hezbollah's actions while others supported them. The split extended into the foreign ministry, where the country's ambassador to the U.S. was recalled by the government after voicing support for the kidnappings.

A paralyzed -- or collapsing -- Lebanese government would add an element of instability to the Middle East and set back to U.S. efforts to spread democracy in the region. Some military and political analysts say an Israeli-imposed economic crisis could ultimately boost support for Hezbollah, which runs a vast social-services network funded independent of the Beirut government.

Bush Gives Qualified Support For Israel's Strikes (NYT)

By Jim Rutenberg

The New York Times, July 14, 2006

STRALSUND, Germany, July 13 — President Bush gave qualified support on Thursday for Israel's strikes on Lebanon, telling reporters gathered here for his visit with Chancellor Angela Merkel of Germany, "Israel has a right to defend herself."

Mr. Bush placed the blame for the tensions squarely on Syria for housing leaders of Hezbollah.

Even as he cautioned Israel to be careful not to destabilize the young democracy in Lebanon, Mr. Bush's position immediately put him at odds with European nations just before the annual summit meeting of the Group of 8 economic powers.

The European Union and the French government each released statements calling Israel's naval blockade of Lebanon and its shelling of the Beirut airport a "disproportionate use of force" in retaliation for Hezbollah's shelling of Israel across the Lebanon border.

The shelling was apparently a diversionary tactic that was followed by the capture of two Israeli soldiers and the killing of eight others.

"The imposition of an air and sea blockade on Lebanon cannot be justified," the European Union said in a statement.

"The concern,'' Mr. Bush said, "is that any activities by Israel to protect herself will weaken that government. Having said all that, people need to protect themselves. There are terrorists who will blow up innocent people in order to achieve tactical objectives."

Mr. Bush had called the Hezbollah actions "pathetic."

An official familiar with talks between the United States and Israel said the Americans had emphasized to Israel the importance of avoiding any refugee crisis.

The official, who requested anonymity to discuss sensitive conversations, said the Americans had also asked Israel to be careful not to destroy governmental organizations or to press Prime Minister Fouad Siniora to enter the situation.

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Mr. Bush made his comments after a ceremony with Mrs. Merkel where he was presented with a traditional local gift in the town square here, a barrel of herring, and hours before he was scheduled to go to a barbeque with a freshly slaughtered wild boar served in his honor.

In his question-and-answer session with reporters, Mr. Bush joked about that dinner, kidding in response to a double-barreled question on the growing crisis and Iran's nuclear ambitions.

"I thought you were going to ask me about the pig," Mr. Bush said.

Hours later in nearby Heiligendamm, Secretary of State Condoleezza Rice and the national security adviser, Stephen J. Hadley, briefed reporters to re-emphasize the message that Israel should show some restraint and avoid civilian casualties or steps that could destabilize Mr. Siniora's democratically elected government, which includes Hezbollah members.

"It is extremely important that Israel exercise her restraint in its activities of self-defense," Ms. Rice said.

Speaking to reporters, she pointed to a way out of the crisis through the return of the abducted soldiers.

The administration has hostile relations with the two nations perceived to have the most influence on Hezbollah, Syria and Iran. Ms. Rice singled them out for "encouraging and, indeed in the case of Syria, sheltering the very people who are perpetrating these acts."

That has left the administration to rely on other diplomatic efforts in the region to help find a solution, Egypt, Jordan, Saudi Arabia and the Palestinian leader, Mahmoud Abbas. But none of those has great influence over the Hezbollah leadership.

The United States could also find help from Germany. Mrs. Merkel on Thursday took a similar, if more measured line, as Mr. Bush.

"The parties to that conflict obviously have to use proportionate means," she said. "But I am not at all for sort of blurring the lines between the root causes and the consequences of an action. There has to be a good reaction now, not from the Israeli government, but from those who started these attacks in the first place."

Mr. Hadley said Mr. Bush would most likely take a larger role, and Ms. Rice said he would certainly discuss the situation at the Group of 8 meeting in St. Petersburg.

Ms. Rice and Mr. Hadley also said they were placing hope in the United Nations secretary general, Kofi Annan, who said he was dispatching Terje Roed-Larsen and Alvaro de Soto, Middle East advisers, and Mr. Annan's special political adviser, Vijay Nambiar, to the region to urge restraint on all sides.

The three diplomats plan to visit Cairo first to see Egyptian leaders and Arab League foreign ministers meeting there on Saturday. They are then expected to go to Israel, the Palestinian territories, Lebanon, Syria and other destinations "as needed," a statement said.

The Lebanon topic is scheduled to occupy the Security Council on Friday after Beirut requested an emergency meeting. The Lebanese mission to the United Nations called on the Council to issue a "firm, comprehensive and immediate resolution to establish a cease-fire and to lift the siege on Lebanon."

Allies At Summit Divided On Israeli Incursion (NYT)

By Brian Knowlton, International Herald Tribune

The New York Times, July 14, 2006

WASHINGTON, July 13 — On the eve of the Group of 8 summit meeting, the United States and several of its allies split today over the Israeli invasion of Lebanon. President Bush defended the incursion as a justified response to a terrorist act, while the European Union and Russia, the G-8 host, condemned it as "disproportionate."

That division will add a new fault line to an already thorny and complex set of international issues awaiting the eight leading countries when they meet this weekend in St. Petersburg, Russia.

The reaction also separates the United States from two other members of the so-called Quartet — the group also includes the European Union, the United Nations and Russia — that has worked to pursue an Israeli-Palestinian peace.

In a news conference in Stralsund, Germany, with Chancellor Angela Merkel, Mr. Bush suggested that the Israeli attack had been provoked by "a group of terrorists who want to stop the advance of peace." He added that "Israel has the right to defend herself."

The president was referring to the Hezbollah militants who on Wednesday took two Israeli soldiers hostage and killed eight others in a cross-border attack from Lebanon. Israel reacted sharply, blockading Lebanese ports and launching air attacks on Beirut airport and two military airbases.

But Mr. Bush also expressed concern about the impact of the latest hostilities. "Whatever Israel does should not weaken the Siniora government in Lebanon," the president said. "We have been working very hard through the United Nations and with our partners to strengthen the democracy in Lebanon."

And because of its ties to Hezbollah, Mr. Bush said, "Syria needs to be held to account."

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Chancellor Merkel, who hosted Mr. Bush at a barbecue Wednesday in her home jurisdiction of Stralsund, in part echoed Mr. Bush's comments.

She said, in remarks rendered by an interpreter, that it was important to remember "how this escalation started, through the kidnapping of the soldiers, through rockets - from the firing of missiles against Israeli territory."

"The parties to that conflict obviously have to use proportionate means, but I am not at all for sort of blurring the lines between the root causes and the consequences of an action," she said.

In contrast, a European Union statement appeared to place the onus primarily on Israel.

"The European Union is greatly concerned about the disproportionate use of force by Israel in Lebanon in response to attacks by Hezbollah on Israel," it said. "The presidency deplores the loss of civilian lives and the destruction of civilian infrastructure. The imposition of an air and sea blockade on Lebanon cannot be justified."

...

Separate statements from the British, French and Russian governments each referred to the use of "disproportionate" force by Israel.

"One cannot justify the continued destruction by Israel of the civilian infrastructure in Lebanon and in Palestinian territory, involving the disproportionate use of force in which the civilian population suffers," said a Russian statement.

But it added: "All forms of terrorism are completely unacceptable. All sides involved in the current events should take rapid measures to stop the region sliding into open conflict."

In London, a spokesman for Prime Minister Tony Blair said that while Britain condemned the kidnappings by Hezbollah and had called for restraint "on all sides," the government had also urged Israel to respond proportionately, Agence France-Presse reported.

Mr. Blair was to discuss the issue later today with the European Union security representative, Javier Solana.

France has worked closely with the United States to bolster the Lebanese government; along with the United Nations, the French helped press Damascus last year to withdraw the thousands of troops and intelligence agents it had kept for years in Lebanon's Bekaa Valley.

Alluding to this, Foreign Minister Philippe Douste-Blazy of France used unusually strong language today to condemn the Israeli response.

"We obviously condemn this disproportionate act of war, which moreover has two consequences," he said. "The first is that it forces anyone who wants to enter Lebanon from now on to go either by sea or via Syria. The second consequence is that it risks plunging Lebanon back into the worst years of the war."

"Today there is a risk of a very dangerous spiral of violence, which could destabilize the entire region."

Sami Khiyami, the Syrian ambassador to Britain, said that Damascus respected Hezbollah's "aspirations" but was asking it "to calm down, to come to terms," the BBC reported.

"But the Israelis have on their side to stop the state terrorism on the one hand and to come to the negotiation table, whether direct or indirect, with these people in order to release the prisoners of both sides."

The Palestinian president, Mahmoud Abbas, said that the Israeli offensive was "raising our fears of a new regional war," and he urged world powers to intervene, The Associated Press reported.

The Egyptian, Jordanian and Pakistani governments also condemned the Israeli incursion.

The Pakistani government warned of "a dangerous escalation" in the region, A.F.P. reported from Islamabad.

But Israel remained unapologetic.

"We will not allow Hezbollah to return to the positions it occupied along the border before the soldiers were abducted," said Defense Minister Mir Peretz of Israel. "Only the Lebanese Army should operate in this area and deploy forces."

"If the Lebanese government does not deploy its armed forces as a sovereign government should, we will not allow Hezbollah forces to move again onto the other side of the border."

Bush Asks Israel Not To Disrupt Beirut (WT)

By Joseph Curl, The Washington Times

The Washington Times, July 14, 2006

STRALSUND, Germany -- President Bush yesterday urged Israel not to destabilize the pro-Western government in Beirut, even as he acknowledged the nation's right to defend itself after Lebanon-based Hezbollah kidnapped two Israeli soldiers.

Mr. Bush said that the missile attacks and kidnapping of Israeli soldiers by the Iranian- and Syrian-backed Hezbollah are clearly aimed at blocking efforts to bring peace to the Middle East.

"It's really sad where people are willing to take innocent life to stop that process. Matter of fact, it's pathetic," the president said during a visit to Germany ahead of the Group of Eight summit that begins in Russia today.

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"My biggest concern is whether or not actions taken [by Israel] will weaken the Siniora government," Mr. Bush said, referring to Lebanese Prime Minister Fuad Siniora. "Democracy in Lebanon is an important part of laying a foundation for peace in that region."

Mr. Bush issued his warning yesterday after meeting with German Chancellor Angela Merkel in this Baltic Sea city. The chancellor supported Mr. Bush and also put the blame squarely on terrorist groups that have launched missile attacks on Israel and killed and kidnapped Israeli soldiers.

"We need to remind all of us again how this escalation started, with the kidnapping of a soldier, through rockets -- for the firing of missiles against Israeli territory. And we can only urge all parties, appeal to all parties to stop, to cease violence and to also release the kidnapped soldier, and to stop this firing of missiles at Israeli territory," Mrs. Merkel said.

"The attacks did not start from the Israeli side, but from Hezbollah's side," she said. "We call on the powers in the region to seek to bring about a de-escalation of the situation."

The president spoke as Israel imposed a naval blockade on Lebanon, bombed Beirut's international airport twice and targeted two Lebanese military bases near the Syrian border.

Hezbollah, which operates from southern Lebanon, fired more than 100 rockets into Israel, which said one of the missiles hit the port city of Haifa.

At least 57 persons on both sides of the Israel-Lebanon border have been killed, including a Lebanese family of 10 and two Israelis yesterday, the Associated Press reported.

Mr. Bush also blamed the violent terror group Hamas, which controls the Palestinian government, for derailing a plan known as the "road map," which calls for the establishment of a Palestinian state.

"We were headed toward the road map, things looked positive, and terrorists stepped up and kidnapped a soldier, fired rockets into Israel. Now we've got two more kidnappings up north. Hezbollah doesn't want there to be peace. The militant arm of Hamas doesn't want there to be peace. And those of us who do want peace will continue to work together to encourage peace," Mr. Bush said.

The president also pointed a finger of blame at Syria, a patron of Hezbollah.

"Syria needs to be held to account. Syria is housing the militant wing of Hamas. Hezbollah has got an active presence in Syria. The truth of the matter is, if we really want there to be -- the situation to settle down, the soldiers need to be returned, and [Syrian] President [Bashar] Assad needs to show some leadership toward peace," Mr. Bush said.

On Wednesday, Hezbollah militants killed eight Israeli soldiers and captured two others on the Israel-Lebanon border.

Russia condemned Israel's strikes in Lebanon, calling the acts a dangerous escalation of the Middle East conflict.

"This is a disproportionate response to what has happened, and if both sides are going to drive each other into a tight corner, then I think that all this will develop in a very dramatic and tragic way," Russian Foreign Minister Sergey Lavrov said.

France also opposed the Israeli attacks on Lebanon.

French Foreign Minister Philippe Douste-Blazy called Israel's bombardment of Beirut airport "a disproportionate act of war," saying there was a real risk of a regional conflict.

British Prime Minister Tony Blair called on all sides in the Middle East crisis to exercise restraint, act proportionately and get back to the negotiating table as soon as possible.

"Overall, let us remember how these problems have arisen, which is first and foremost the kidnappings. We condemn these kidnappings and call for the soldiers involved to be released," Mr. Blair's official spokesman said.

Leaders of the G-8 industrial economies begin a series of meetings today in St. Petersburg, and the explosive situation in the Middle East will likely be topic No. 1.

The group is made up of the United States, Britain, Canada, France, Germany, Italy, Japan and Russia.

U.S. Vetoes U.N. Condemnation Of Israel (AP)

By Nick Wadhams

AP, July 14, 2006

The United States blocked an Arab-backed resolution Thursday that would have demanded Israel halt its military offensive in the Gaza Strip, the first U.N. Security Council veto in nearly two years.

The draft, sponsored by Qatar on behalf of other Arab nations, accused Israel of a "disproportionate use of force" that endangered Palestinian civilians, and demanded Israel withdraw its troops from Gaza.

The United States was alone in voting against the resolution. Ten of the 15 Security Council nations voted in favor, while Britain, Denmark, Peru and Slovakia abstained.

The U.S. has periodically used its veto to block resolutions critical of Israel. The last council veto, in October 2004, was cast when the United States blocked a resolution condemning another Israeli operation in Gaza.

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The draft was reworked repeatedly to address concerns that it was too biased against Israel. Language was added calling for the release of an abducted soldier and urging the Palestinians to stop firing rockets at Israel.

Nonetheless, U.S. Ambassador John Bolton said it was still unacceptable because it had been overtaken by events in the region — including the capture of two Israeli soldiers by Hezbollah militants on Wednesday — and was "unbalanced."

"It placed demands on one side in the Middle East conflict but not the other," Bolton said. "This draft resolution would have exacerbated tensions in the region."

Israel launched the operation two weeks ago in response to the June 25 capture of an Israeli soldier, 19-year-old Cpl. Gilad Shalit.

The resolution called on Israel and the Palestinians to "take immediate steps to create the necessary condition for the resumption of negotiation and restarting the peace process." It urged all parties to help alleviate the "dire humanitarian situation" faced by Palestinians.

The United States sought a text that said the Israeli actions were in direct response to rocket attacks against Israel and Shalit's capture.

Bolton said the United States remains "gravely concerned" at the escalation of the conflict and believes the best way to calm the situation is for Hamas to release Shalit.

The draft also demanded Israel release the Palestinian officials it has arrested.

The Palestinian observer to the U.N., Riyad Mansour, said he was disappointed with the council's "continued inability to act while innocent Palestinian civilians continue to be brutally killed by the Israeli occupying forces."

Referring to past U.S. practice of vetoing similar resolutions, Mansour said the council is failing the Palestinians. In Gaza, the Palestinian Foreign Ministry spokesman, Taher al-Nunu, said the United States must bear some responsibility for Israel's attacks.

"The veto is a political cover for the crimes of the occupation, and regrettably, instead of putting war criminals of this government that lost its mind on trial, they are giving a political cover to carry out more of these crimes," al-Nunu said.

In a speech to the council immediately following Mansour, Israel's U.N. Ambassador Dan Gillerman thanked the U.S. for its "bold stand." He defended Israel's actions and put the blame for attacks against Israel squarely on Iran and Syria.

"What we are seeing are the actions of Hamas and Hezbollah, but they are merely the fingers of the bloodstained hands and the executioners of the twisted minds of the leaders of the world's most ominous axis of terror, Syria and Iran," he said.

Eight of the last nine vetoes in the council have been cast by the United States. Of those, seven concerned the Israel-Palestinian conflict.

Mideast Violence Darkens Bush's Policy Successes (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, July 14, 2006

ROSTOCK, Germany -- The surge in Mideast violence means conditions are deteriorating in the very places -- Israel, Palestinian territories, Lebanon and Afghanistan -- that President Bush had been able to point to as bright spots for his policies.

In the short term, the escalating hostilities are overshadowing Mr. Bush's long-planned trip to Germany and to the weekend's summit of industrialized nations in Russia. But the deeper problem is that it could leave him few success stories in an area that has become a focus of his presidency.

With Iraq plagued by relentless violence, the White House has cited Israel, Lebanon and Afghanistan as places where the administration's foreign policy had paid off. Though Israel's pullout from the Gaza Strip was unilateral, it allowed Mr. Bush to claim progress toward his goal of a two-state solution there. Afghanistan, meanwhile, appeared to be in far better shape than Iraq: a relatively violence-free country with a popular leader and a populace grateful for the presence of U.S. and other troops.

Now, all three countries appear to be sliding toward chaos. Cross-border attacks this week by Palestinian and Lebanese militants and by Israel so far have left about 60 dead and threaten to ignite a broader conflict. The violence was sparked by armed attacks carried out by Islamist groups that have participated in recent elections -- in the case of Hamas, winning control of the quasi-independent Palestinian Authority.

That is raising questions about the central thrust of the Bush administration's Mideast policy: the belief that spreading democracy in the Arab world will help moderate tensions and clear the way for a resumption of negotiations to end decades of Arab-Israeli violence.

In Afghanistan, meanwhile, President Hamid Karzai's government is increasingly isolated in Kabul, while an aggressive Taliban offensive has claimed more U.S. soldiers' lives and the population is turning against Americans.

The U.S. bind was on display yesterday during Mr. Bush's appearance with German Chancellor Angela Merkel in the town of Stralsund. In remarks to reporters, the president sought to balance steadfast support for Israel's right to defend itself with stern

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admonitions to avoid further weakening or toppling the democratically elected government of Lebanese Prime Minister Fuad Siniora.

"Whatever Israel does... should not weaken the Siniora government in Lebanon. We're concerned about the fragile democracy in Lebanon," Mr. Bush said.

Mr. Bush came to Germany to underscore a renewed strength of the U.S.-German relationship, which had deteriorated under Ms. Merkel's predecessor, Gerhard Schröder. The relationship between the two leaders appeared to be on fairly solid footing, with both stressing the need for a unified diplomatic push to persuade Iran to open its nuclear program to scrutiny. Ms. Merkel said that if the Iranians "think they can prevaricate in the hope of the international community being split, then this proves them wrong." Mr. Bush said his meeting with the German leader demonstrated that the Iranians "can't wait us out and can't hope to split a coalition."

The two leaders also appeared to see eye to eye on the new round of Mideast violence, offering restrained support for the Israeli offensive while placing most of the responsibility on Hezbollah, the Lebanese militant group that triggered the violence with a bold cross-border raid into Israel, and Syria, which houses top officials of both Hezbollah and Hamas.

Ms. Merkel said the violence began with Hezbollah's kidnapping of two Israeli soldiers on Tuesday, stressing that "one needs to be very careful to make a clear distinction between the root causes and the consequences of something."

Ms. Merkel also said Hezbollah's actions are "not acceptable," and refused to denounce the scale or scope of Israel's counterstrikes. That put her outside the emerging European consensus, where countries like Russia and France have condemned the Israeli response as disproportionate.

Mr. Bush laid most of the blame on Syria. The president said that "Syria needs to be held to account" for housing senior members of both Hamas and Hezbollah. Syrian President Bashar al-Assad, Mr. Bush warned, also needed "to show some leadership toward peace."

Behind The Crisis, A Push Toward War (WP)

By David Ignatius

The Washington Post, July 14, 2006

After Hezbollah guerrillas captured Israeli soldiers Wednesday, a furious Lt. Gen. Dan Halutz warned that the Israeli army would "turn back the clock in Lebanon by 20 years." Unfortunately, that statement was truer than he may have intended.

By pounding the Beirut airport and other civilian targets yesterday, the Israelis have taken a step back in time -- to tactics that have been tried repeatedly in Lebanon and the Palestinian territories without much success. Many Lebanese will be angry at Hezbollah leader Hasan Nasrallah for provoking the crisis, but that won't translate into new control on the militia's actions. Instead, the outcome is likely to be similar to what has happened in Gaza over the past several weeks: Israeli attacks to free a captured soldier further weakened the Palestinian Authority without much damaging the terrorists.

Watching the events of the past few days, you can't help but feel that this is the rerun of an old movie -- one in which the guerrillas and kidnappers end up as the winners. Israel's fledgling prime minister, Ehud Olmert, wants to emulate the toughness of his predecessor, Ariel Sharon. But that shouldn't include a replay of Sharon's 1982 Lebanon invasion, a strategic mistake that spawned Hezbollah in the first place.

Hezbollah's action in seizing the Israeli soldiers was utterly reckless. That's the new part of this crisis -- that Iranian-backed radicals deliberately opened another front in a war that, in their minds, stretches from Gaza to Iraq. Watching Nasrallah's cocky performance at a news conference Wednesday, I thought that he seemed almost to be inviting an Israeli counterattack -- knowing that it would destabilize the Lebanese government of Fuad Siniora, which is one of the few solid achievements of U.S. policy in the region.

Israeli and American doctrine is premised on the idea that military force will deter adversaries. But as more force has been used in recent years, the deterrent value has inevitably gone down. That's the inner spring of this crisis: The Iranians (and their clients in Hezbollah and Hamas) watch the American military mired in Iraq and see weakness. They are emboldened rather than intimidated. The same is true for the Israelis in Gaza. Rather than reinforcing the image of strength, the use of force (short of outright, pulverizing invasion and occupation) has encouraged contempt.

The danger of Iranian-backed adventurism is immense right now, but that's all the more reason for America and Israel to avoid past mistakes in countering it. Reliable strategic lessons are hard to come by in that part of the world, but here are a few:

The first is that in countering aggression, international solidarity and legitimacy matter. In responding to the Lebanon crisis, the United States should work closely with its allies at the Group of Eight summit and the United Nations. Iran and its proxies would like nothing more than to isolate America and Israel. They would like nothing less than a strong, international coalition of opposition.

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A second point -- obvious from Gaza to Beirut to Baghdad -- is that the power of non-state actors is magnified when there is no strong central government. That may sound like a truism, but responding wisely can require some creative diplomacy. The way to blunt Hamas is to build a strong Palestinian Authority that delivers benefits for the Palestinian people. The way to curb Hezbollah is to build up the Lebanese government and army. One way to boost the Lebanese government (and deflate Hezbollah) would be to negotiate the return of the Israeli-occupied territory known as Shebaa Farms. That chance is lost for now, but the Bush administration should find other ways to enhance Siniora's authority.

A final obvious lesson is that in an open, interconnected world, public opinion matters. This is a tricky battlefield for an unpopular America and Israel, but not an impossible one. To fight the Long War, America and Israel have to get out of the devil suit in global public opinion. For a generation, America maintained a role as honest broker between Israel and the Arabs. The Bush administration should work hard to refurbish that role.

In the Lebanon crisis we have a terrifying glimpse of the future: Iran and its radical allies are pushing toward war. That's the chilling reality behind this week's events. On Tuesday the Iranians spurned an American offer of talks on their nuclear program; on Wednesday their Hezbollah proxy committed what Israel rightly called "an act of war." The radicals want to lure America and Israel deeper into the killing ground, confident that they have the staying power to prevail. We should not play their game.

Israel Blockades, Bombs Lebanon While Hezbollah Rains Rocket Fire (WP)

By Anthony Shadid And Scott Wilson

The Washington Post, July 14, 2006

DAMOUR, Lebanon, July 14 -- Israel imposed a blockade on Lebanon by land, sea and air on Thursday, striking the capital's airport twice, cutting off its ports and wrecking bridges and roads in attacks that killed at least 47 people in the last two days, nearly all of them Lebanese civilians. Israel said the radical Shiite Muslim group Hezbollah fired 150 rockets into northern Israel, including two that reached the port city of Haifa. Israeli jets repeatedly crossed over Beirut before dawn Friday. At least two explosions were heard, and antiaircraft fire and flares lit up the night sky.

For both sides, the fighting appeared to cross a psychological barrier that had earlier contained the frequent clashes between Israel and Hezbollah. The Israeli attacks on Beirut's airport -- a morning strike on runways and an evening attack on fuel depots -- were the first since Israel's 1982 invasion of Lebanon. After the rockets crashed into Haifa, Hezbollah denied firing them.

Two Israeli women were killed by rocket fire, including one who was struck while having her morning coffee. More than 90 others were treated in local hospitals, most of them for symptoms of anxiety. The symbolic importance of rockets hitting Israel's third-largest city, relatively far from the border, alarmed several Israeli ministers, who warned of imminent reprisals.

In Israel, the steady boom of Hezbollah's Katyusha rockets triggered air raid sirens and calls to take cover in basements throughout Israel's northern border area. "This is taking us back 20 years to the Lebanon war," said Rachel Ronen, 54, whose accounting firm was left a shambles by the morning rockets that hit 15 minutes before her secretary was due for work. Asked what Israel should do in return, Ronen, her eyes red from weeping, said, "Hit them."

Across Lebanon, residents expressed fear that the conflict might drag on days, even weeks. Lines snaked around gas stations in Beirut, as drivers stocked up on fuel. Supermarkets were crowded, and the roads that remained open, especially to the Syrian border, Lebanon's last outlet after the airport's closure, were clogged. Lebanese officials put the toll at 47 dead and 103 wounded, including a family of 12 in the village of Dweir. Residents said three people were still buried under rubble.

"What do I think personally?" asked Munzir Baram, a 40-year-old Lebanese making his way across a partially repaired bridge spanning the green-tinted Damour River. "It's going to get a lot, lot worse."

"Pity Lebanon," he said. "Pity it."

The fighting began after Hezbollah members crossed the heavily fortified Israeli border Wednesday. In an ambush, they killed three Israeli soldiers and captured two, whom they spirited away to Lebanese territory. Five more soldiers were killed as the Israeli military tried to recover the soldiers and equipment wrecked in the pursuit. Israeli Prime Minister Ehud Olmert called the attack an act of war, and Israel launched a campaign whose reach is greater than any since it invaded Lebanon 24 years ago.

Israeli military officials said they planned to implement a military blockade of Lebanon, employing the same terminology they use to describe restrictions that Israel imposes on the Gaza Strip and the West Bank.

"We have decided to impose a closure on Lebanon in the air, in the sea, and on the ground," Maj. Gen. Udi Adam, head of Israel's northern command, said at a news conference. He said the Israeli military was attempting to force the government "to deploy its army in south Lebanon, take responsibility for the kidnapped, return them" and fulfill a U.N. resolution calling for the disarmament of Hezbollah.

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Few here expect Hezbollah to turn over the soldiers by force of arms. Israel has set their release as a goal of its military campaign. And the Lebanese government, fearful of alienating the Shiite Muslim constituency that Hezbollah represents, has few options.

Lebanese leaders began talks Thursday evening that might extend government control to the southern border with Israel. Currently, Hezbollah fighters operate freely in the south. In a statement, the cabinet said only that the government had a right and duty to implement its power over all Lebanese territory. But officials speaking on condition of anonymity said sending the Lebanese army to the southern border was a possibility. Hezbollah, which is often dismissive of the Lebanese army's ability, has opposed such a move.

The sunny day began with Israeli aircraft attacking the runways of Beirut's airport. Incoming flights were diverted to the Mediterranean island of Cyprus; tourists in Beirut were stranded. During the day, Israeli aircraft attacked two Lebanese air bases near the Syrian border. After the rockets fell near a cable car attraction in southwestern Haifa, Israeli helicopter gunships attacked the airport a second time. They destroyed fuel depots, sending flames and billowing black smoke arcing across the night sky.

In addition to the naval blockade, Lebanese television stations reported that the key Beirut-Damascus highway was attacked late Thursday. And in Beirut's southern suburbs, Israeli planes dropped leaflets warning residents to avoid areas where Hezbollah operates. The Israeli military said it attacked more than 100 targets across southern Lebanon with artillery fire and airstrikes.

In Nahariya, a coastal Israeli town, doctors and orderlies moved patients to underground bunkers for fear of strikes by rockets, some of which landed nearby a major regional hospital. Medical officials said more than a dozen people were treated for shrapnel wounds or other injuries caused by the rockets, which effectively shut down the city of 55,000 people.

Rockets slammed into the city's main boulevard, lined with ice cream stores, souvenir shops and restaurants, which had been spared such attacks for as long as most merchants could remember. At twilight, four missiles landed downtown, hitting a four-story building of apartments and a corner grocery and setting it ablaze.

In Washington, U.S. officials said the Bush administration had urged Israel not to strike Lebanese government targets, fearful that the conflict between Hezbollah and Israel could undermine a government it views as one of its success stories in the Middle East. "The United States communicated its concern about the stability of the Lebanese government, which is better than any alternative," said a senior U.S. official who requested anonymity because of ongoing diplomacy.

At the United Nations, Secretary General Kofi Annan said he was "deeply alarmed" by the escalating violence and instructed three senior U.N. envoys, Vijay Nambiar, Alvaro de Soto and Terje Roed-Larsen, to travel to Egypt, Israel, Lebanon and Syria "to get all parties to step back from the brink of an even more deadly conflict." At the Security Council, the United States vetoed an Arab-backed resolution condemning Israel's military incursion into Gaza.

In Lebanon, the scenes of war were reminiscent of past conflicts -- a civil war that ended in 1990 and large Israeli offensives against Hezbollah in 1993 and 1996.

At the Damour River, where Israeli aircraft destroyed the bridge in the early morning, residents of southern Lebanon headed by car, taxi, minibus and on foot for the relative safety of Beirut. As lines of cars stretched down the road, bulldozers and trucks pushed dirt into the river in an effort to build a makeshift road to let traffic pass. One girl sat on the hood of a car, holding a doll with blond hair and a pink dress, as her mother idly watched clouds of dust rise from the work.

"It's tough, and it's toughest on the people," said Talib Saad, a 50-year-old plumber, who had waited three hours for a ride to Beirut from the destroyed bridge. "It's the people who suffer. They're the ones who are always destroyed."

He looked out at the construction teams. In his hand was a black bag with two peaches, his meal for the day.

"Who's going to compensate us?" he asked.

By early afternoon, traffic was passing to Beirut again, even as passengers worried about more airstrikes and traded stories of neighbors or relatives who were hurt or whose houses were damaged in the Israeli attacks.

"We're used to it," said Baram, crossing the dirt path in a battered Mercedes taxi. "The battle will eventually end, and the people will act like nothing ever happened. It will go back to the way it was before."

"People who are accustomed to this type of thing tend to forget," he added.

Across the border in Nahariya, rockets fell along the main boulevards of Sderot HaGaaton and Herzl Street, two main boulevards of the coastal city that at this time of year counts on tourism. On this day, it was empty.

The first rocket arced over a six-story apartment building and fell into a courtyard where, in a shop that mixes coffee beans for sale to gourmet shops, Danny Skolnick had just arrived for work.

The missile dug deep into the pavement just off HaGaaton, the city's main strip, and blasted shrapnel into a real estate office, an accountant's suite and Skolnick's workplace. The building caught fire, and paramedics dashed inside to carry out a bloody, semi-conscious Skolnick, whose employer arrived soon after to wish war on those who had fired it.

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"We are a country that is not like yours," said Amir Bokovza, 36, a burly father of four children, who said he had fought as a soldier in Gaza, Lebanon and the West Bank. As he surveyed the damage to his real estate office, he said he hoped to be called up to do so again soon. "We know war," he said. "We are not afraid."

Not long after the first barrage, on the fifth floor of an apartment building whose plate-glass balconies carried the glamour of Miami, Monica Lehrer sat on her balcony with her breakfast. The rocket flashed through a sky crowded with thunderheads, landing at the foot of the small wooden chair where she sat. The blast knocked Lehrer, 50, off the balcony and onto the floor below, sending shrapnel into the building walls and destroying the solar panels in the roof above.

Lehrer, a curtain-maker, died of her injuries. Her husband spent much of the morning informing the couple's children in Argentina of their mother's sudden death on the balcony of Apartment 22.

"We tried to look for her when the firemen arrived, but we couldn't find her," said Moshe Arad, 44, the woman's visibly shaken neighbor, who had entered the apartment to find a Katyusha rocket in the living room. "She had flown from the balcony to the floor underneath."

Staff writer Robin Wright in Washington, Colum Lynch at the United Nations and special correspondent Alia Ibrahim in Beirut contributed to this report.

Fighting Escalates Between Israel, Hezbollah (KRT)

By Nada Raad And Dion Nissenbaum

Knight Ridder, July 14, 2006

BEIRUT, Lebanon - The second day of fighting between Israel and Hezbollah militants quickly escalated into all-out warfare on Thursday as Israel bombed the Lebanese capital's suburbs and crippled the airport. Hezbollah militants responded by firing more than 100 missiles into northern Israel.

Israel reported that at least one missile struck Haifa, Israel's third-largest city, but Hezbollah denied that it had fired on the city.

At least 50 Lebanese and two Israeli citizens were killed. There were few indications that any diplomatic efforts would bring a quick end to the escalating crisis.

Thursday's explosion of violence, one day after Hezbollah captured two Israeli soldiers in northern Israel, was the worst fighting between Israel and its Lebanon-based rivals in more than a decade. World leaders immediately expressed concerns that the conflict would have far larger ramifications than the battle to recover the soldiers.

President Bush, while defending Israel's actions, worried that the year-old reformist Lebanese government led by Fouad Siniora could become one of the biggest casualties in the conflict. National security adviser Stephen Hadley said that the U.S. has asked Israel to be certain that its retaliation minimized "collateral and civilian casualties."

"Whatever Israel does, though, should not weaken the Siniora government in Lebanon," Bush said during a news conference in Germany. "We're concerned about the fragile democracy in Lebanon."

The office of the European Union presidency condemned Israel for what it called its "disproportionate use of force," while Iranian President Mahmoud Ahmadinejad warned that any Israeli attack on Syria "would be like attacking the whole Islamic world."

An air of panic swept Beirut, which in recent years had become one of the region's most tranquil cities after decades of civil war. Families rushed to fill up their cars and flooded supermarkets to stock up on food.

"We are living in a state of war," said Carol Maalouf, who works for a restaurant in downtown Beirut. "There are no people. The majority of restaurants are closed. You can see that the downtown turned into a dead area."

Israel said that bombing Beirut International Airport's three runways was intended to prevent Hezbollah from removing the soldiers from the country, though its most immediate effect was closing the airport and forcing thousands of tourists to flee to Syria in search of flights home. Lebanon's transportation minister said the damage could be repaired in 48 hours, but that the airport might remain closed.

Israeli jets later bombed Lebanese military airports, imposed an air and sea blockade on the country and struck at Hezbollah's Al-Manar television station. Israeli tanks by the dozens crossed into southern Lebanon.

In a search for a diplomatic solution and an immediate cease-fire, Siniora met with diplomats from France, the United States and England. But Israel's ambassador to the United Nations, Dan Gillerman, harshly criticized Siniora's government in a letter to U.N. Secretary-General Kofi Annan, calling Wednesday's attack "a clear declaration of war."

"These acts pose a grave threat not just to Israel's northern border, but also to the region and the entire world," Gillerman wrote. "The ineptitude and inaction of the government of Lebanon has led to a situation in which it has not exercised jurisdiction over its own territory for many years."

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As Israel was stepping up its attacks, Hezbollah militants in the south fired dozens of rockets into Israeli towns, cities and farming communities along the Lebanese border. At least two Israelis were killed and about 100 were treated for injuries, including shock.

Israelis planning summer getaways to the cooler mountains near the Lebanese border canceled their reservations as those already in the north cut their vacations short.

"The situation is very hard here," said Gabrielle Peretz, the head of sales for Israel's top dairy company, who lives less than two miles from the border with Lebanon. "We had six years of quiet and a good life, and now everything is back on us: all the fear and bad economy."

The crisis was sparked Wednesday by a coordinated assault and ambush by Hezbollah militants along Lebanon's southern border with Israel. Two Israeli army Humvees patrolling the border were hit by a roadside bomb. Three soldiers were killed and two were captured.

As Israeli forces moved into Lebanon to try to rescue the soldiers, a tank was hit by a massive explosion, immediately killing four soldiers and fatally wounding a fifth.

Israeli Prime Minister Ehud Olmert called the attack an "act of war," and on Thursday, his military chief of staff, Dan Halutz, warned that nothing was immune from attack unless the soldiers were freed.

"Nothing is safe," Halutz said. "It's as simple as that."

On Thursday, the captured soldiers were identified by the Israeli media as Ehud Goldwasser, 31, and Eldad Regev, 26.

Their abduction came less than three weeks after Palestinian militants captured a 19-year-old French-Israeli soldier, Cpl. Gilad Shalit, in a well-planned attack on an Israeli military outpost on the Gaza Strip border.

That incident sparked an ongoing Israeli military campaign in the Gaza Strip that has left dozens of Palestinian fighters and civilians dead. Israel has destroyed the offices of the Palestinian Authority's top leaders, crippled the Gaza Strip's only power plant and sent tanks and soldiers into the region to prevent militants from firing rudimentary rockets into southern Israel.

Militants holding the Israeli soldiers in Lebanon and the Gaza Strip have said that the men will be freed only in exchange for the release of hundreds, if not thousands, of Palestinian prisoners in Israeli jails.

Israel has rejected any talk of a prisoner exchange, calling it extortion that would only encourage militants to embrace the strategy.

Raad reported from Beirut; Nissenbaum reported from Jerusalem and the Israel-Lebanon border. Matthew Schofield in Berlin and William Douglas in Stralsund, Germany contributed to this report.

Israel Intensifies Attacks Against Lebanon (AP-Y)

By Sam F. Ghattas

AP2, July 14, 2006

Israel unleashed a furious military campaign on Lebanon's main airport, highways, military bases and other targets Thursday, retaliating for scores of Hezbollah guerrilla rockets that rained down on Israel and reached as far as Haifa, its third-largest city, for the first time.

The death toll in two days of fighting rose to 57 people, including 10 Israelis, with the sudden burst of violence sending shock waves through a region already traumatized by Iraq and the ongoing battles in the Gaza Strip between Israel and Hamas. It shattered the relative calm in Lebanon that followed Israel's pullout from its occupied zone in south Lebanon in 2000 and the withdrawal of Syrian forces last year.

Israel's target was Hezbollah, the Iranian-backed militant Shiite faction which has a free hand in southern Lebanon and also holds seats in parliament. Hezbollah sparked the current conflict Wednesday with a cross-border raid that captured two of Israel's soldiers.

Israel said it was determined to beat Hezbollah back and deny the militant fighters positions they have held along the border since 2000.

The Lebanese government, caught in the middle, pleaded for a cease-fire.

"If the government of Lebanon fails to deploy its forces, as is expected of a sovereign government, we shall not allow Hezbollah forces to remain any further on the borders of the state of Israel," Israeli Defense Minister Amir Peretz said.

Israeli analysts warned that Syria, which supports Hezbollah and plays host to Hamas' political leader Khaled Mashaal, could be Israel's next target.

Iranian President Mahmoud Ahmadinejad said any Israeli attack against Syria would be an aggression on the whole Islamic world and warned of a harsh reaction, the official Iranian news agency reported Friday.

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Israel's offensive was among its heaviest in Lebanon since it invaded the neighboring country and occupied its capital 24 years ago. Two days of Israeli bombings killed 45 Lebanese and two Kuwaitis and wounded 103. Two Israeli civilians and eight Israeli soldiers have also been killed, the military's highest death toll in four years.

With Beirut's international airport closed after Israeli bombs ripped apart its runway, many tourists were trapped while others drove over the mountains to Syria — though Israeli warplanes struck the highway linking Beirut to the Syrian capital of Damascus early Friday, closing the country's main artery and further isolating Lebanon from the outside world.

Beirut residents stayed indoors, leaving the streets of the capital largely empty. Others packed supermarkets to stock up on goods. Long lines formed on gas stations, with many quickly running out of gas.

Israel said its attacks were to prevent the movement of the captured soldiers and hamper Hezbollah's military capacity. It said it had information Hezbollah was trying to take the two soldiers to its ally, Iran — an allegation denied by the Iranian Foreign Ministry.

Fears mounted among Arab and European governments that violence in Lebanon could spiral out of control in a volatile region already torn by conflicts in Iraq and in Gaza. Israel launched an offensive in Gaza against Hamas, whose fighters are holding another Israeli soldier captured two weeks ago.

The shockwaves from the fighting on two fronts began to be felt as oil prices surged Thursday to a record above $78 a barrel in world markets, also agitated by the threat of supply disruptions in the Middle East and beyond.

At the United Nations, the United States blocked an Arab-backed resolution that would have demanded Israel halt its military offensive in the Gaza Strip, the first U.N. Security Council veto in nearly two years.

President Bush, speaking of the Lebanon offensive, backed Israel's right to defend itself and denounced Hezbollah as "a group of terrorists who want to stop the advance of peace."

But he also expressed worries the Israeli assault could cause the fall of Lebanon's anti-Syrian government. "We're concerned about the fragile democracy in Lebanon," Bush said in Germany.

The European Union took a harsher tone, criticizing Israel for using what it called "disproportionate" force. EU foreign policy chief Javier Solana said he was planning a peace mission.

The Arab League called an emergency meeting of foreign ministers in Cairo on Saturday, and Palestinian President Mahmoud Abbas warned that Israel's Lebanon offensive "is raising our fears of a new regional war."

Egypt launched a diplomatic bid to resolve the crisis, amid apparent frustration among moderate Arab nations that Hezbollah — and by implication its top ally Syria — had started the fight with Israel.

Saudi Arabia, the Arab world's political heavyweight and economic powerhouse, accused Hezbollah guerrillas — without naming them — of "uncalculated adventures" that precipitated the latest Middle East crisis.

"The kingdom sees that it is time for those elements to alone shoulder the full responsibility for this irresponsible behavior and that the burden of ending the crisis falls on them alone," according to a Saudi official quoted by the Saudi Press Agency.

Hezbollah's rocket attack on the port city of Haifa was its deepest such strike into northern Israel yet. No injuries were reported in Haifa, home to 270,000 residents and a major oil refinery 30 miles south of the border. Still, the Israeli ambassador to the United States, Daniel Ayalon, called the attack "a major, major escalation."

"Those who fire into such a densely populated area will pay a heavy price," said David Baker, an official in the Israeli prime minister's office.

Hezbollah's deputy leader denied its fighters fired on Haifa, but Israel blamed the group, which had warned earlier in the day it would strike the city if Beirut were targeted. Israeli officials said it was a Katyusha rocket launched from southern Lebanon. Witnesses also confirmed that a rocket hit the city.

The militants also fired rockets at four other northern Israeli towns, killing a 40-year-old woman on her balcony in Nahariya and a man in Safad.

Soon the Haifa attack, Israeli helicopter gunships raked fuel depots at Beirut's seaside airport with machine guns and missiles. The tanks exploded, sending gigantic flames into the night sky just outside Beirut. Earlier in the day, warplanes shut down the airport with strikes that pounded craters into all three of its runways, and Israeli warships sealed Lebanon's ports.

By evening, strikes in Hezbollah's stronghold in Beirut's southern neighborhoods appeared imminent. After nightfall Israeli planes dropped leaflets in south Beirut warning residents to avoid areas where Hezbollah operates.

Among the Lebanese dead were a family of 10 and another family of seven, killed when strikes hit their homes in the southern village of Dweir.

"It's a massacre," said Abu Talal, a 48-year-old resident who joined scores of Hezbollah supporters and townspeople at the funeral of Shiite cleric Sheik Adel Akkash, who was killed along with his wife and eight children, ages 3 months to 15 years.

"This is the (Israeli) arrogance. The raids aim to terrorize us, but morale is high."

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The last time Israeli strikes targeted Beirut was in 2000, when warplanes hit a power station in the hills above the city after a Hezbollah attack killed Israeli soldiers. Israel has not hit Beirut's airport since its 1982 invasion of Lebanon and occupation of the capital.

Israel says it holds Lebanon responsible for Hezbollah's snatching of the two soldiers, Ehud Goldwasser, 31 and Eldad Regev, 26. The Lebanese government insisted it had no prior knowledge of the move and did not condone it — and even withdrew its ambassador to the U.S. after he made comments seemingly in support of the guerrillas.

Hezbollah fighters operate with almost total autonomy in southern Lebanon, and the government has no control over their actions. But the government has long resisted international pressure to disarm the group. Any attempt to disarm Hezbollah by force could lead to sectarian conflict.

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Associated Press reporter Karin Laub in Jerusalem contributed to this report

Israel Blockades Lebanon; Wide Strikes By Hezbollah (NYT)

By Hassan M. Fattah And Steven Erlanger

The New York Times, July 14, 2006

BEIRUT, Lebanon, Friday, July 14 — Israel imposed a full naval blockade on Lebanon on Thursday and put Beirut's international airport out of commission, and the militant group Hezbollah loosed a hail of rockets and mortar shells that killed two Israelis and sent thousands into bomb shelters.

A day after cross-border raids by Hezbollah fighters brought Israeli troops into Lebanon in force for the first time in six years, Israel sent punishing airstrikes deeper into the country, hitting all three runways at Rafik Hariri International Airport, two Lebanese Army bases, and, early on Friday, Hezbollah offices in south Beirut and the main highway between the capital and Damascus, Syria.

The Lebanese government said 53 Lebanese civilians had died since Wednesday, including one family of 10 and another of 7 in the southern village of Dweir. More than 103 have been wounded, the Lebanese said.

Lebanese residents hoarded canned goods and batteries as lines at gas stations stretched for blocks. Supermarkets and bakeries were flooded. It felt, many said, as if the civil war that ended 15 years ago was back.

Israel said that the Lebanese government was responsible for the actions of Hezbollah, which is a member of the governing coalition, and that the cross-border raid that captured two Israeli soldiers on Wednesday was an unprovoked act of war by a neighboring state. Senior Israeli officials said that the military had been unleashed to cut off Lebanon, permanently drive Hezbollah forces back from the border and punish the government for not upholding a United Nations directive to disarm and control the group.

Israel's military chief of staff, Lt. Gen. Dan Halutz, warned that "nothing is safe" in Lebanon and that Beirut itself, especially Hezbollah offices and strongholds in southern Beirut, would be a target.

Hezbollah fired more than 120 Katyusha rockets and mortar shells into Israel on Thursday, Israeli officials said. The barrage killed a woman on her balcony in Nahariya and a man in Safed, and wounded more than 100 other Israelis in some 20 towns and villages, including Haifa, Safed and Carmiel. Israeli officials said it was the first time Haifa had been hit by rocket fire from Lebanon.

Hezbollah said it was using a new rocket, called Thunder 1, that is more advanced than the standard Katyusha, which does not have enough range to reach the 18 miles between the border and Haifa.

Thousands of Israelis in the north spent the night in bomb shelters as Hezbollah warned that Israeli attacks on southern Beirut would be met by rocket attacks on Haifa, a port city of 250,000 people. Thursday evening, two rockets landed near the city's Stella Maris Church.

The rapid surge in fighting on a second front, two weeks after Israel entered Gaza to try to secure the release of another captured soldier, alarmed Arab and Western governments and drove up the price of oil.

The European Union on Thursday criticized Israel for "the disproportionate use of force" in Lebanon "in response to attacks by Hezbollah on Israel," according to a statement issued by the union's current Finnish presidency. It said that "the imposition of an air and sea blockade on Lebanon cannot be justified."

The Israeli military said it struck the airport because it is "a central hub for the transfer of weapons and supplies to the Hezbollah terrorist organization."

President Bush, in remarks in Germany, said that "Israel has the right to defend herself," but he also called for care, warning Israel not to weaken the government in Lebanon.

"There are a group of terrorists who want to stop the advance of peace," Mr. Bush said. "The soldiers need to be returned."

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The president of the Palestinian Authority, Mahmoud Abbas, warned that Israel's Lebanon offensive "is raising our fears of a new regional war" and urged world powers to intervene.

The Lebanese government, which has said that it had nothing to do with the raid by Hezbollah, called for a cease-fire, saying that all means should be used to end "open aggression" against the country.

But Israeli officials said there would be a long campaign to restore the country's security, both along its southern border with Gaza and its northern one with Lebanon. The Israelis want to restore their military credibility with the Palestinian militants and the Hamas government in Gaza and with Hezbollah, and say they intend to make the current campaign painful for both sets of antagonists.

Neither Israel's prime minister, Ehud Olmert, nor its defense minister, Amir Peretz, has the kind of long military experience previous holders of their positions have had, and the two have been in power for only several months. Some Israeli commentators argued that this made it all the more necessary for an unambiguous military response.

The Israelis say they want the message to get across to Syria and Iran, the countries widely considered to be the main sponsors of Hezbollah and Palestinian militancy.

Mr. Peretz said Israel would no longer allow Hezbollah forces to occupy positions along the border. "If the government of Lebanon fails to deploy its forces, as is expected of a sovereign government, we shall not allow Hezbollah forces to remain any further on the borders of the state of Israel," he said.

But few Israeli officials expect that the Lebanese government, which is greatly influenced by Syria, has the will or the power to displace Hezbollah in the south.

A senior Israeli Foreign Ministry official, Gideon Meir, told reporters on Thursday that Israel had "concrete evidence that Hezbollah plans to transfer the kidnapped soldiers to Iran," but he gave no specifics or source for the claim. "As a result," Mr. Meir said, "Israel views Hamas, Hezbollah, Syria and Iran as the main players in the axis of terror and hate that endangers not only Israel, but the entire world."

Israeli concerns that the soldiers may be moved out of Lebanon are a prime reason for its efforts to blockade the country and prevent air traffic, Mr. Meir said later.

Israel called on the international community to press Lebanon to fulfill its commitments under United Nations resolutions to dismantle Hezbollah's military and send the Lebanese Army into southern Lebanon to take control over the border with Israel.

Israel identified the two reserve soldiers captured on Wednesday as Ehud Goldwasser, 31, of Nahariya, and Eldad Regev, 26, of Kiryat Motzkin. Cpl. Gilad Shalit, 19, was captured by Palestinian militants on a raid from Gaza into Israel on June 25, which set off an escalating series of attacks and reprisals.

The Israeli attack on the Beirut airport — the first such attack by Israel since 1982 — blasted craters into all three runways, but did not hit the main terminal. Israeli planes later attacked the fuel stores at the airport, setting at least one tank on fire and filling the night sky with flames. And early Friday, another airstrike took out the main road between the airport and the capital.

It came at the height of the tourist season, and travelers were stranded all over the Middle East. Even the Lebanese foreign minister, Fawzi Salloukh, had to return home overland from Syria from a trip to Armenia. Syria opened its borders to stranded tourists, many of whom rushed to the crossings before Israeli airstrikes cut off the main highway.

In Beirut, residents prepared for a long campaign. "We've been through this many times before," said Rania al-Faris, who stood with her three sisters and mother with their bags packed waiting for the next bus toward the Bekaa region. They had blankets, extra food and books. "The roads get closed, and it's impossible to buy any food or supplies. It's much safer in the countryside. That is what we used to do during the war."

By midday, the city grew more panicked as Israeli warplanes dropped leaflets over the Hezbollah-controlled southern suburbs, warning residents to evacuate the area before impending attack. Many families packed their bags and left for the countryside, where their chances of being hurt would be lower.

"People are trying to get out of here any way they can," said Muhammad Assif, who escorted his mother up to the mountains. Mr. Assif said one of his cousins had been killed in one of the bombings on the south Wednesday night, and the family had collectively decided to flee. "Hezbollah is concentrated here so this going to be where they hit. They hit Al Manar near our house, who knows what comes next," he said.

Hordes of tourists, most of them from Arab countries, packed up their bags and milled about in hotel lobbies desperate for a way out. But with the country blockaded by sea and air, the sole exit was through the land border with Syria, which by midday was backed up for miles.

Thousands took shelter at the Saudi Embassy in the Ras Beirut neighborhood until buses were organized to the Damascus airport. "People are really shaken," said Rifaa al-Otaibi, an embassy employee. "You can see it in their eyes. When the airport was hit, it was enough for many."

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Escalation Ripples Through Middle East (CSM)

By Dan Murphy

The Christian Science Monitor, July 14, 2006

Israel dramatically escalated its confrontation with Lebanon over the fate of two captured soldiers in a series of targeted airstrikes Thursday, killing more than 50 civilians.

At the same time, Israeli airstrikes kept the pressure on Gaza, seeking to release another soldier captured by Hamas-linked militants on June 25.

The seizing of the soldiers and Israel's response have sparked the most troubling crisis between Israel and its neighbors in more than a decade. Israel's sharp escalation, coupled with uncompromising rhetoric from all three sides, leaves little room for violence to subside - and those tensions could spill over into everything from US efforts to curb Iran's nuclear program, its desire for democratic change in Syria, and even stability in Iraq.

"The escalation has been so quick and immediate that they have nowhere to go now but basically to some kind of war," says Nadia Hijab, a senior fellow at the Institute for Palestine Studies in Washington.

"This is definitely a war. It's more than a border skirmish. It's a full-blown attack," says Yoram Peri, head of the Chaim Herzog Institute for Media, Politics, and Society at Tel Aviv University and an expert on the Israeli military.

Professor Peri says the severity of Israel's reaction to the taking of two soldiers by Hizbullah is an attempt to regain what it views as lost initiative. "Now Israel wants to show Hizbullah that we are not going to play the game according to their rules. We will dictate the rules. Israel is now changing the balance of power in the area," he says.

But to whose ultimate advantage is unclear. With Israel's declaration of war not just on Hizbullah but on the entire Lebanese government, which came to power in democratic elections following the so-called Cedar Revolution in 2004 that saw Syria end its occupation of Lebanon, some Western leaders worry that peace and democracy in Lebanon could end up on shaky ground.

Hizbullah's rise to prominence followed Israel's 1982 invasion of the country, in what started out as an attempt to dismantle the Palestinian militants based there but widened into a war with Syria, and, ultimately, the Lebanese civil war. Outright conflict, with Hizbullah taking up the mantle of resistance to Israel and champion of Arab causes, could strengthen their hand.

Speaking to reporters in Germany, President Bush offered support for Israel's action, saying the country "has the right to defend herself," but he fretted about the future of a government that he views as a beacon for the democracy that he hoped would spread in the region in the wake of the 2003 invasion of Iraq. "Whatever Israel does should not weaken the ... government in Lebanon," he said.

Pat Lang, a retired US Army colonel and the former head of the Middle East and terrorism desk at the Pentagon's Defense Intelligence Agency, says Israel has long been committed to bringing down the Lebanese and Hamas government, seeing both as representing enemies that can't be negotiated with.

"This is basically tribal warfare. If you have someone who's hostile to you and you're unwilling to accept a temporary truce, as Hamas offered, then you have to destroy them," he says. "The Israeli response is so disproportionate to the abduction of the three men it appears it's a rather clever excuse designed to appeal both to their public and to the US."

Mr. Lang and other analysts say the Lebanese government can't long withstand the Israeli airstrikes and naval blockade of the Beirut port. Israeli Prime Minister Ehud Olmert said Thursday "the Lebanese government will pay the price" for the kidnappings. If they're right, the gains made when Syria left the country could be lost.

Yoram Meital, Chairman of the Herzog Center for Middle East Studies at Ben-Gurion University in the Negev and an expert on Arab-Israeli relations, says he's disturbed by the parallels to Israel's 1982 invasion of Lebanon, prompted by anger at the government's failure to dismantle the Palestine Liberation Organization's (PLO) infrastructure in the south. In his view, Hizbullah is the new PLO.

"The goal is to force the Lebanese government to act against the Hizbullah, to pressure the population to make Hizbullah disarm and dismantle its militia," he says. "It reminds me of the voices and objectives that were mentioned at the beginning of the Lebanon war... [Israel] pointed to the Lebanese government as responsible for the security in southern Lebanon."

To be sure, he doesn't expect Israel will reoccupy parts of Lebanon. "I have great doubt that Israel can achieve its very ambitious goal because Hizbullah is a very strong Lebanese player with a strong foothold in the south of Lebanon and in the capital.... I believe many players in the region and in the international community will oppose a full-fledged Israeli war in Lebanon that could totally destabilize the whole of the region."

However, there are some indicators of tolerance among the US and other Western powers for an extended Israeli assault, with two diplomats saying Israel won goodwill for its withdrawal from Lebanon in 2000 and that its need to protect its borders is reasonable.

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"We recognize that Israel has made a lot of progress in the north and secondly the international community understands the problems caused by militias for Lebanese internal stability and the stability of the region," says a European Union diplomat, who asked that his name not be used.

Also speaking on background, one EU official said Israel's unilateral withdrawal from southern Lebanon six years ago, and UN Resolution 1559 that called for the disarming of Lebanon's militias and for the country's military to control its southern region, made it impossible to justify Hizbullah's attacks.

While Western powers may have more sympathy for Israel this time around, the lopsided human toll on Palestinian and Lebanese civilians is getting heavy play on Arab satellite channels, with growing complaints of collective punishment tactics.

On Thursday, Israeli strikes in southern Lebanon killed at least 55 civilians. On the Israeli side, more than 100 rockets slammed into northern towns, killing at least one woman and injuring dozens more. Late Thursday a rocket from Lebanon hit the port city Haifa. An Israeli army spokesman said it was fired by Hizbullah militants.

Hizbullah is backed by both Syria and Iran, as is Hamas. Iranian President Mahmoud Ahmadinejad is already locked in a confrontation with the US over his country's nuclear program, and has repeatedly spoken of his desire to see the Israeli state destroyed. Iran has frequently used its support of both Hamas and Hizbullah to bolster its own prestige and influence.

In Iraq, militant Shiite cleric Moqtada al-Sadr, who has growing ties to Iran and has a powerful militia that has fought US forces here and been accused of carrying out sectarian killings, is a possible concern.

He has ties to Hizbullah leader Hassan Nasrallah, who was a student of Mr. Sadr's deceased uncle.

In 2004, he told Hizbullah's Al Manar TV of his "solidarity" with both Mr. Nasrallah and Hamas, and asked both groups to "consider me their striking hand in Iraq whenever the need arises ... Iraq and Palestine have the same destiny."

To be sure, in recent months Sadr has toned down his militant rhetoric as members of his political movement have joined the government, and he has yet to make a statement on the recent fighting. Hizbullah and Hamas

Who is Hizbullah?

· Hizbullah is a militant Shiite Muslim group formed in the 1980s during Lebanon's civil war. It gained popularity by fighting Israeli forces and offering broad social services. Today it is a powerful militia controlling much of southern Lebanon, and it holds seats in the Lebanese parliament.

· The group follows a strict brand of Shiite Islam and opposes Western influence.

· At its founding the group's main focus was to drive Israeli forces from Lebanon.

· It is widely believed to receive financial and military support from both Iran and Syria.

Who is Hamas?

· Hamas is a militant Sunni Muslim group and leader of violent Palestinian opposition to Israel. Growing out of the fundamentalist movement in the Palestinian territories, it gathered strength through the 1990s.

· In an election upset this year, Hamas became the ruling Palestinian power.

· Hamas is dedicated to the elimination of Israel.

· Hamas is supported by many in the majority-Sunni Middle East.

Mideast Nears Regional War (USAT)

By Yaakov Katz Special For

USA Today, July 14, 2006

BEIRUT — Fighting escalated in the Middle East today as Israel launched airstrikes on enemy strongholds in Lebanon after Hezbollah rained rockets on Israeli towns. The fighting was the deadliest in years here.

The Israeli military said it had bombed the headquarters of Hezbollah in the southern suburbs of Beirut and had dropped leaflets beforehand to warn people to stay away. Bridges and roads were also struck to prevent militants from moving weapons, it said.

Over two days, Hezbollah had fired 120 rockets into northern Israel, the military said. At least one rocket hit Haifa, a major port city, reaching deeper into Israel than any previous missile attack from Lebanon. Haifa, home to an oil refinery, is 30 miles south of the border.

Israel's attack was triggered by the abduction Wednesday of two soldiers in a cross-border raid by Hezbollah.

Lebanese TV footage showed broken glass and debris covering streets. Firefighters were seen trying to put out several fires as glass, aluminum siding and stones blown off by the impacts littered the streets.

A bridge on a road to the international airport was badly hit, and a portion of it had collapsed.

Maj. Gen. Udi Adam, commander of forces in northern Israel, said Israel would escalate its air offensive on Hezbollah targets in Lebanon.

“We will attack anyplace we deem necessary,” he said.

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Israeli Defense Minister Amir Peretz said the Lebanese government would continue to suffer if it allowed Hezbollah to operate freely in Lebanon.

Palestinian President Mahmoud Abbas said the campaign "is raising our fears of a new regional war."

Israeli Foreign Ministry spokesman Mark Regev said Israel was trying to prevent Hezbollah from transferring the two soldiers to Iran, which funds Hezbollah.

Hezbollah leader Sheik Hassan Nasrallah has his office and residence in the district of Haret Hreik in south Beirut. Hezbollah's Shura Council, its decision-making body, and its TV station are also located in that area, a section heavily guarded by Hezbollah.

The offensive is Israel's biggest in Lebanon since it invaded the country in 1982. Its last troops withdrew in 2000.

Hezbollah militants operate independently in southern Lebanon. Hezbollah, which the U.S. State Department labels a terrorist group, is blamed for the suicide truck bombing in Beirut that killed 241 Marines in 1983.

The group seeks an Islamic state in Lebanon based on Iran and the destruction of Israel.

President Bush said Israel has the right to defend itself but worried the offensive might destabilize an emerging democracy.

"We're concerned about the fragile democracy in Lebanon," Bush said.

Israel Broadens Offensive In Lebanon (FT)

By William Wallis, Tony Tassell, Gillian Tett And Kevin Morrison

Financial Times, July 14, 2006

Israeli war planes on Friday attacked the main Beirut-to-Damascus highway in Lebanon, the Israeli military said, closing Lebanon's main artery.

Hizbollah guerillas responded with anti-aircraft fire. Residents heard at least three strikes but there was no immediate word on casualties.

On Thursday, Israeli aircraft and artillery pounded southern Lebanon in an attempt to force the release of two soldiers abducted by Hizbollah guerillas. At least 52 civilians were killed. An Arab satellite television station broadcast images of rows of dead Lebanese children, shrouded in white sheets at a morgue.

One Israeli was also killed and as many as 91 were injured when Hizbollah responded with a barrage of Katyusha rockets, some of which landed on Israeli towns near the Lebanese border.

An evening rocket attack on the Israeli town of Haifa, about 40km from the border, looked set to provoke responses. "Those who fire into such a densely populated area will pay a heavy price," said David Baker, an official in the Israeli prime minister's office.

Hizbollah denied it was responsible.

Early in the day, Israeli aircraft struck the international airport in Beirut and bombed two military airstrips, cutting off civilian and military air access.

Israeli defence forces also pursued military operations in the Gaza Strip, blowing up part of the Palestinian foreign ministry.

...

The Lebanese government distanced itself from a Hizbollah raid on Wednesday that resulted in the death of eight Israeli soldiers and the abduction of two more. Mark Regev, spokesman for the Israeli foreign ministry, said there was concern that there could be an attempt to move the hostages to Iran, but gave no evidence to support this.

George W. Bush, US president, defended Israel's right to retaliate but warned: "Whatever Israel does should not weaken the government in Lebanon."

Condoleezza Rice, US secretary of state, urged Israel to exercise restraint and demanded Syria restrain Hizbollah guerrillas.

The escalation of violence sent oil prices to a fresh high and helped trigger falls on global equity markets.

Prices for US crude hit $76.70 a barrel. More rises are expected, with futures contracts indicating a price of nearly $80 a barrel by February. The Dow Jones fell 1.52 per cent, to end at 10,846.29.

In New York, the US vetoed a United Nations Security Council resolution tabled by Qatar, that would have called on Israel to halt its operations in Gaza, and release all detained Palestinian ministers and officials.

It would also have called for the release of Corporal Gilad Shalit, whose abduction prompted the Gaza offensive, and for the Palestinian Authority to take action to end the firing of rockets on Israeli territory.

Riyad Mansour, the Palestinian observer to the UN, claimed the resolution's failure would "only encourage the aggressors and lengthen the duration of the cycles of violence".

Dan Gillerman, the Israeli ambassador, said Hamas and Hizbollah were "merely the fingers of the bloodstained hands of the leaders of the world's most prominent axis of terror, Syria and Iran".

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Attacks Could Erode Faction's Support (WP)

By Anthony Shadid

The Washington Post, July 14, 2006

BEIRUT, July 13 -- The radical Shiite movement Hezbollah and its leader, Hasan Nasrallah, hold an effective veto in Lebanese politics, and the group's military prowess has heartened its supporters at home and abroad in the Arab world. But that same force of arms has begun to endanger Hezbollah's long-term standing in a country where critics accuse it of dragging Lebanon into an unwinnable conflict the government neither chose nor wants to fight.

"To a certain Arab audience and Arab elite, Nasrallah is a champion, but the price is high," said Walid Jumblatt, a member of parliament and leader of Lebanon's Druze community. "We are paying a high price."

The conflict will likely prove a turning point in the history of the movement, which was created with Iranian patronage in the wake of the 1982 Israeli invasion of Lebanon. It has since evolved from a terrorist organization blamed for two attacks on the U.S. Embassy and the 1983 bombing of the Marine barracks in Beirut, which killed 241 Marines, into a sprawling movement with a member and supporter in Lebanon's cabinet, a militia that effectively controls southern Lebanon, and an infrastructure that delivers welfare to its Shiite constituency, Lebanon's largest community.

But in the wake of Syria's withdrawal of its troops from Lebanon in 2005, the disarmament of Hezbollah has emerged as one of the foremost issues in Lebanese politics. Since the fighting with Israel started Wednesday, calls for Hezbollah to relinquish its weapons have gathered urgency. The violence began when Hezbollah fighters captured two Israeli soldiers in a cross-border incursion, followed by an Israeli attack on roads, bridges, power stations and airports.

Lebanese critics as well as allies of Hezbollah insist that the Israeli response was disproportionate. But at the same time, in meetings Thursday, Lebanese officials began to lay the groundwork for an extension of government control to southern Lebanon. Hezbollah largely controls southern Lebanon, where it has built up a network of schools, hospitals and charities.

"To declare war and to make military action must be a decision made by the state and not by a party," said Nabil de Freige, a parliament member. He belongs to the bloc headed by Saad Hariri, whose father, Rafiq, a former prime minister and wealthy businessman, was assassinated in 2005, setting off a sequence of events that forced the Syrian withdrawal. "It's a very simple equation: You have to be a state."

After a cabinet meeting Thursday, the government said it had a right and duty to extend its control over all Lebanese territory. Interior Minister Ahmed Fatfat said the statement marked a step toward the government reasserting itself.

Other government officials, speaking on condition of anonymity, went further, calling it a first move in possibly sending the Lebanese army to the border, a U.N.-endorsed proposal that Hezbollah has rejected. The officials described the meeting as stormy and contentious but said both sides -- Hezbollah and its government critics -- were especially wary of public divisions at a time of crisis.

"It is becoming very clear that the state alone must bear responsibility for the country's foreign policy," said Samir Franjieh, a parliament member who is close to the Hariri bloc. "But our problem now is that Israel is taking things so far that if there is no help from the international community, the situation could get out of hand."

The fate of Hezbollah is at the center of Lebanon's sectarian complexity, now more pronounced than perhaps at any time since the 1975-90 civil war. Hezbollah's future is also tied up in regional politics dominated by Syria, Iran and Israel.

Along with Lebanon's president, Emile Lahoud, Hezbollah remains one of Syria's main allies in Lebanon. The governments of Syria and Iran provide Hezbollah with funding and arms, although the countries' influence is a matter of debate. Analysts here say Iranian influence has become ascendant following the Syrian pullout, though foreign policy in the two countries has so far largely overlapped. The United States renewed its call Thursday for those countries to intervene to get the two Israeli soldiers released.

"It's really time for everybody to acknowledge that these two states do have some measure of control over Hezbollah," State Department spokesman Sean McCormack told reporters in Washington. "And the international community has called upon them to exercise that control, to have these two individuals released."

Few dispute Syria's influence over Hezbollah. But some experts questioned whether Syria, isolated by the United States and suspected by many in Lebanon of having a role in Hariri's assassination, actually ordered the operation against Israel.

"I don't think that Syria is in a position to assume the consequences of such an attack or order such an operation," said Walid Charara, an author and expert on the movement. "That said, Syria maintains relations of consultation with Hezbollah and Hamas, both of which enjoy a large scope of autonomy of action."

Jumblatt, an outspoken opponent of Syria, went further, suggesting Damascus ordered the operation.

"They don't make independent decisions," he said. "Lebanon is being squeezed on one side from the Israelis and on the other side by the Iranians and the Syrians through proxy. Unfortunately, now Lebanon is a battleground."

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Hezbollah appeared at a low point after the Syrian withdrawal, but over the past few months, analysts say, it has shored up its standing in politics here. In national reconciliation talks that have dragged on for months, the group effectively blocked negotiations over its weapons. This year, it entered into an alliance with the country's most popular Christian leader, Michel Aoun. In Lebanon there is a widely held perception that U.S. pressure on Syria has abated, while a U.N. investigation into Hariri's death has lost momentum.

At a news conference Wednesday, Nasrallah struck an assured pose, at one point joking with journalists who asked about Israeli threats to escalate its attacks in an attempt to secure the release of its soldiers.

"Of course, they are going to say that. They think we are going to return the two prisoners, apologize and even more?" said Nasrallah, wearing his traditional black turban. He laughed. "What world do they live in?"

Given the country's sectarian divisions, politics often have to work by consensus. Because Hezbollah is the most powerful representative of Shiites, Lebanon's government could not think of alienating such a crucial constituency. Since the fighting began, officials have gone to great lengths to guarantee at least a public show of unity. And even critics such as Jumblatt say the prospect of the group's disarmament -- a requirement under U.N. Security Council Resolution 1559 -- is almost impossible.

"We don't have the means to disarm Hezbollah, and we don't want to have a civil war here," he said.

Since the fighting erupted, opinions have broken along largely sectarian lines. Hezbollah's supporters in south Beirut and southern Lebanon greeted the attack with jubilation: Residents near a destroyed bridge handed out free orange juice to passersby, women threw rice on cars, and motorists careered through the streets flying the group's yellow banner.

Hezbollah's ideology merges Arab nationalism, Islamic revivalism and a powerful historical narrative of Shiite disenfranchisement, which is especially pronounced in Lebanon, where Shiites were once casually referred to as the deprived. Along the rocky wadis, or dry riverbeds, of southern Lebanon, Hezbollah's celebration of Shiite empowerment is often hailed by the group's most loyal supporters, sometimes more so than its schools, clinics, hospitals, orphanages and foundations for families of its slain fighters.

"They consider Hezbollah terrorist. We consider it sacred. We consider it and its weapons sacred," said Mohammed Awadeh, a 27-year-old shopping in a stationery store in the southern town of Nabatiyeh.

On the road there, as in the southern suburbs, banners pronounced the theme: "The weapons which liberated our land are sacred weapons." Another banner: "With the resistance, we liberate our land. With the resistance, we protect ourselves."

Referring to Nasrallah, Aoun Aoun, a resident of Nabatiyeh, said, "Sayyed Hasan is the only man who promises and delivers."

Nasrallah, as an individual, probably enjoys more support in Lebanon than his movement does. While Sunni Muslims and Christians in Lebanon have worried about the repercussions of the fighting, they rarely criticize Nasrallah himself. But there was anger in the streets of Beirut's Ashrafiyeh district over fighting that has debilitated infrastructure built since the civil war.

"I'll tell you something: Hasan Nasrallah as a person is clever, very clever. You can't say he's not, but the path he chose is completely wrong," said Rami Fouad, a 22-year-old resident sitting with friends at Dunkin' Donuts. "It's not right to do it this way. Nothing will come by force. Who's going to pay for all this? Is Hezbollah going to bring the money from Iran?"

Across from him was a friend who had fled Marjayoun in southern Lebanon in the morning, making his way to the relative safety of Beirut. "Is it right? Should he be thrown out of his home?" asked another friend, David Rahbani.

Fears Of A Return To Harsh Old Days (FT)

By Ferry Biedermann

Financial Times, July 14, 2006

A dark black cloud suddenly appeared in the distance and within minutes cars rushed from the direction of the blast. “Get back, the planes are still circling,” shouted the nervous drivers. Just up ahead lay the ruins of the house where 12 family members were killed in air strikes the previous night.

For many residents of southern Lebanon, the last two days are what they had feared most – a return to the harsh old days, before Israel withdrew from the area in 2000. Back then, the fighting between the Israelis and the guerrillas of the Shia Hizbollah movement often spilled over to their villages. “They used to bomb this road all the time,” said one driver near the village of Doueir, one of the hardest hit in the bombings over the last two days.

While Israel is certainly getting blamed in Lebanon for causing more than 50 civilian casualties in retaliation for the capture of two of its soldiers in a cross-border Hizbollah attack on Wednesday, not many people in this part of the country appeared enthusiastic on Thursday about the group’s provocation.

“This is not what Lebanon needs,” said a young Shia woman.

The escalation in violence was the worst since a 1996 Israeli offensive in Lebanon and it promised to intensify. Israel on Thursday attacked Beirut airport, Hizbollah’s al-Manar television station and imposed a blockade on Lebanon’s ports.

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It also said it planned to hit the Damascus-Beirut highway, leaving the country isolated. Bridges connecting Beirut to the south were also hit, as was an army base in the northern Beka'a valley.

Panic struck the public, sending thousands of Lebanese and foreign tourists streaming out of Beirut, the capital. Others formed long lines at petrol stations in expectation of a fuel shortage.

Hizbollah, however, showed no sign of compromise over the captured soldiers, instead raining rockets on Israeli border towns, killing one civilian. Underlining the threat, a rocket last night slammed into the town of Haifa, around 40km into Israel, much further than Israeli military officials believed the guerrilla group had the capacity to reach. Hizbollah denied responsibility.

In Doueir, Youssouf Akkash sat in the mourning tent for his brother Adel, killed along with his wife and 10 children. "I would understand it if the Israelis hit militants but why hit civilians?" he asked.

The family did not call for vengeance or for an escalation in the fighting with Israel. But Mohammed Akkash, the father, quoted Hassan Nasrallah, Hizbollah's leader, as saying: "If they want tensions we will give them tensions, but if they want quiet we will not escalate."

The escalation in violence threatened to deepen divisions over Hizbollah's role in a country that suffered a long civil war in the 1970s and 1980s as well as two Israeli invasions.

Since Syria, Hizbollah's key backer, withdrew its troops from Lebanon last year after the killing of former prime minister Rafiq Hariri, that was blamed by many Lebanese on Damascus, mainly Sunni Muslim and Christian anti-Syrian groups have argued that Hizbollah should disarm, as demanded by United Nations resolutions.

Among Christians in Beirut, the reaction was fury at the Shia organisation. "I hope the Israelis use this to get rid of them once and for all," was a commonly expressed opinion.

Indeed, Israel is hoping its offensive would force Lebanon's government, dominated by anti-Syrian groups but including two Hizbollah members, to take control of southern Lebanon and dismantle the group's military wing.

But a weak government yesterday appeared trapped, caught between these demands and warnings from Hizbollah thatLebanon had to show solidarity at a time of crisis.

After an emergency cabinet meeting, Ghazi Aridi, the information minister, said Lebanon's main demand was a complete and immediate ceasefire and a halt to "this open Israeli aggression".

But politicians opposed to Hizbollah also said the Israeli response was disproportionate.

"We think the Israeli response is too hard on the people of Lebanon, who have been taken hostage," said Nayla Mouawad, a Christian MP and Hizbollah opponent.

Walid Jumblatt, a powerful anti-Syrian politician, meanwhile slammed both Israel and Syria for the escalation and suggested that Damascus and Iran, which also backs Hizbollah, were behind the Wednesday attack in which the two Israeli soldiers were seized.

"The decision may have been made in the Damascus-Tehran axis at Lebanon's expense," he said. "Lebanon is stuck in a pincer between a brutal Israeli aggression and a decision made outside Lebanon," he told the LBC local television station.

Lebanon Says It Doesn't Control Hezbollah (AP)

By Hamza Hendawi

AP, July 14, 2006

Israel has held Lebanese leaders responsible for Hezbollah's capture of two soldiers, but the government here says it has no real control over the guerrillas — and taking action to rein them in could tear the country apart.

Wracked by divisions over relations with Syria, the Western-backed government of Prime Minister Fuad Saniora has yet to muster the political will, or the courage, to disarm the guerrillas of the Shiite Hezbollah, allowing them to continue to operate with almost total autonomy in southern Lebanon.

Successive Lebanese governments have maintained that replacing the guerrillas by Lebanese army troops would be tantamount to offering Israel a free service — protecting its northern border from guerrilla attacks.

Many in Lebanon — particularly opponents of its ally Syria — resent Hezbollah's free hand and feel that the government should do more to assert its authority. However, the dangers of taking on the group over its arms and the state-within-state role it has assumed in southern Lebanon carries serious risks.

"The 'state of Lebanon' held responsible by Israel for yesterday's Hezbollah operation does not exist and may never exist in the foreseeable future," wrote Sarkis Naoum, political editor of the Beirut daily An-Nahar, in a column Thursday.

"How can such a state exist when the war-and-peace decision is not in its hands and its influence on the Lebanese who have it, that's if indeed they have it, is little or in fact nonexistent?"

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Denouncing Hezbollah as a "group of terrorists," President Bush alluded to the weakness of the Lebanese government in comments made in Germany on Thursday. He said Israel had a right to defend itself, but also expressed worries the Israeli assault could cause the fall of Lebanon's anti-Syrian government.

"We're concerned about the fragile democracy in Lebanon," he said.

The Syrian- and Iranian-backed Hezbollah is seen by Lebanon's 1.2 million Shiite Muslims, the largest single community among Lebanon's diverse 4 million people, as the fruition of a long and painful journey to empowerment, emerging from the fringes of a society long dominated by Christians and Sunni Muslims to become a power to be reckoned with in the last 30 years.

With the name Hezbollah, or party of God, almost synonymous now with Lebanese Shiites, any attempt to disarm the organization or undermine its leverage in the Shiite-dominated south and east of Lebanon could firmly place Lebanon on the road to a second civil war, with the Shiites sure to feel that others are seeking to send them back to the political wilderness.

Disarming Hezbollah, listed as a terrorist organization by the United States, was called for in a U.N. Security Council resolution adopted in 2004, but Lebanese authorities, perhaps with an eye on the consequences of any unilateral action, have not implemented it, trying instead to reach national consensus on the issue.

Hezbollah's charismatic leader, Sheik Hassan Nasrallah, has presented Lebanese leaders with a blueprint for a strategic defense strategy. The document, of which very little is known, remains on the agenda of national reconciliation talks that have made little progress since they started in March.

Still, the government has sought to distance itself from Hezbollah's latest action, saying it did not know in advance of the cross-border raid and doesn't support it.

Anticipating the government's stance, Nasrallah served it a warning Wednesday. "No one at home should act in a way that encourages the enemy to escalate against Lebanon," he told a news conference, adding that Hezbollah had no intention to drag Lebanon or the entire region to war.

Nasrallah, a cleric, has in the past used strong language when touching on the question of disarmament, recently warning that anyone who attempts to unilaterally take away his guerrillas' arms would have his arm cut off and eyes gauged.

Founded in 1982 with Iranian help, Hezbollah has evolved from a secretive group linked to a series of suicide bombings targeting U.S. installations in Lebanon and the kidnapping of some 50 Westerners in the 1980s. It later became a national resistance movement, waging a war of attrition against Israeli forces occupying a southern Lebanon border strip. Faced with rising casualties, Israel withdrew its army in 2000, ending a 22-year military presence there.

The withdrawal crowned Hezbollah as a heroic organization seen by many Lebanese as a liberator that won back territory without negotiations or concessions. The group has since focused on charity work in the south and the eastern Bekaa Valley, operating schools, hospitals, dental clinics and rebuilding roads and houses destroyed in fighting in the south.

It continues to fight for a small, disputed border area, the Chebaa Farms, through sporadic attacks in the area. But its association with Syria, widely blamed in Lebanon for the assassination last year of former prime minister Rafik Harairi, has hurt its standing.

Violence Opens Old Wounds From Lebanon's Past (NYT)

By Hassan M. Fattah

The New York Times, July 14, 2006

BEIRUT, Lebanon, Friday, July 14 — Lebanon found itself virtually cut off from the world Thursday as the main highway linking Beirut and Damascus, Syria, the last major artery left intact after attacks by Israeli warplanes, was bombed late Thursday night.

With Israeli warships patrolling Lebanon's shores and the runways at Rafik Hariri International Airport bombed Thursday and other parts bombed early Friday, the country was fully blockaded.

As the roar of warplanes and the occasional boom of missiles rattled nerves, many Lebanese began re-enacting the rituals learned during 15 years of civil war. They hoarded canned foods, spare batteries and candles. Some prepared bomb shelters and others hunkered down for a protracted siege.

The Lebanese cabinet met Thursday, called for "national unity" and condemned the Israeli assault, demanding that the "international community help secure a cease-fire."

The attack strained the fragile ties binding Lebanon, whose population of Sunni and Shiite Muslims, Christians and Druse, had begun recovering from the wounds of civil war. Lebanese reactions varied, in many cases along sectarian lines.

In Beirut's Shiite-dominated southern suburbs, where residents handed out sweets to celebrate the seizures of the Israeli soldiers on Wednesday, residents supported Hezbollah, a Shiite group with close ties to Iran, and insisted that they were ready to sacrifice for the cause. Many pledged their allegiance to Hassan Nasrallah, Hezbollah's leader. "If things did not escalate to this, nothing would ever be solved," said Rania al-Faris as she waited for a bus.

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But in many other parts of the city, many expressed indignation at having to pay for what they saw as a ruinous escapade. "I'm not anxious because I guess I am just used to war," admitted Sirine Ahmad, 47, as she stocked up on supplies in the religiously mixed Hamra section. "But this time I feel bitterness, anger and rage because Hezbollah does not have the right to decide to take us back into war."

The crisis has underscored the weakness of the government of Prime Minister Fouad Siniora, who for the past year has struggled to build legitimacy and focus the country inward, hoping to settle growing sectarian squabbles and improve the Lebanese economy.

Israel has long demanded that the Lebanese government disarm Hezbollah, in keeping with a United Nations resolution. But Hezbollah is a powerful force in Lebanon. Two members are part of the Lebanese cabinet, and Hezbollah effectively controls parts of southern Lebanon. Instead of outright confrontation with Hezbollah, Mr. Siniora has tried to goad the group into aligning its agenda with the government's. For the past several months, he has held what he called a national dialogue to try to find a way to come to a settlement on Hezbollah's weapons.

But Hezbollah's attack, and Israel's response, underline the tensions tearing at Lebanon — a consuming hatred of Israel, which occupied southern Lebanon for 18 years, gratitude to Hezbollah, which drove Israel out, and fear of being plunged into chaos again.

"You can bet that non-Shiites probably hate Hezbollah now," said Amal Saad Ghorayeb, professor of political science at Lebanese American University and an expert on Hezbollah. "But those same people have also been reminded that Israel is the enemy."

Timur Goksel, a lecturer at Lebanese American University and a former senior United Nations official in southern Lebanon, said: "The cost of this is high and will continue to get higher. But the highest cost in the end will be in explaining to the Lebanese why this incident occurred."

Lebanese are also bracing for the economic toll of the fighting. The civil war ravaged Beirut and other parts of the country, but Lebanon invested tens of billions of dollars in a new downtown. Arab tourists, feeling unwelcome in Europe and the United States after the 9/11 attacks, have flocked to Beirut in recent years. Now they are fleeing.

Joseph Khouri, a cabdriver, stood before a scrum of Saudi tourists boarding buses bound for Damascus.

He was proud of Hezbollah's strike against Israel, he said. But he also realized there would be a price. Tourism contributes up to $4 billion of Lebanon's $23 billion gross domestic product, according to the World Travel and Tourism Council. "Do all these people deserve this?" Mr. Khouri said as he helped load his clients' bags on the bus. "If they wanted to get the kidnappers, why didn't they just focus on the kidnappers, not the innocent people?"

The land border with Syria, the sole exit from the country, was backed up for miles by midday. Many Westerners, for whom Syrian visas have become much more difficult to get, were stranded in hotels.

"This is terrifying," said Abdullah al-Sudairi, a Saudi tourist who cut short his vacation and boarded a bus to Damascus. "I mean it's a resort, not a war zone." Perhaps, he said, he would come back, but not for a while.

After the lessons of Lebanon's past, this siege was an especially unnecessary one, some said. "I have never been as scared in my whole life as I am now," Mona Karaoui, 24, said. "No one wants to resist against anyone. We just want to live a normal life after all these years of wars and death and misery."

By nightfall, Beirut had grown quiet as the panic buying ended. Residents stayed home, bracing for worse news to come.

Voices Of Peace Muffled By Rising Mideast Strife (NYT)

By Michael Slackman

The New York Times, July 14, 2006

CAIRO, July 13 — A few months ago, representatives of every Lebanese political faction gathered in downtown Beirut to discuss the issues that divided them — including how and when to disarm the Hezbollah militia.

Intent on keeping its weapons, however, Hezbollah has stymied that discussion by crossing into Israel, killing and capturing Israeli soldiers and prompting a fierce Israeli counterattack that has all of Lebanon in a defensive posture.

"It is strange that one man representing a faction of the Shia, Hassan Nasrallah, is holding the whole Lebanese population hostage," said Elie Fawaz, a Lebanese political analyst and critic of Hezbollah, speaking of the Hezbollah leader.

With three Israeli soldiers kidnapped — one now in Gaza and two in Lebanon — and Israel carrying out military reprisals, there is for now less room in the Middle East for moderate voices, voices of peace, according to political analysts, government officials and security officials in Syria, Jordan and Egypt. The region's agenda, as often in the past, is largely being set by militants — with the masses swept along in emotion, anger and vengeance.

"They are happy, very happy," said Marwan Shahadeh, an Islamist and researcher in Amman, Jordan, speaking about the groups that want to focus on war with Israel.

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The same dynamics are true of governments. The leaders of Egypt and Jordan, the only two Arab countries with peace treaties with Israel, are facing increasing hostility in the news media and on their own streets, while Iran and Syria, strong opponents of peace with Israel, have seen their credibility on the street increase. Sensing the tension among their people, Egyptian and Jordanian officials have stepped up domestic security efforts. In Egypt officials have moved to rein in the news media and stop street demonstrations. In Jordan, officials have pressed older members of the Islamic Action Front, the political arm of the Muslim Brotherhood, to rein in its more militant young members.

"They are in great embarrassment," Taher al-Masry, a former prime minister of Jordan, said of Jordan and Egypt. "These two countries have signed peace treaties, but having and observing peace with Israel is not the same as letting Israel do what it likes because we have peace with them. I think there is a major burden on both countries to do something. I don't know what, but something."

Regional momentum is supporting hard-liners. Newspapers and television commentators have assailed Egypt and Jordan for trying to negotiate a peaceful solution between Hamas and Israel. The Palestinian president, Mahmoud Abbas, who planned to call a referendum on whether to support a two-state solution, has been increasingly silenced. Even the Hamas leadership in Gaza, which had sought to forge a consensus with other Palestinian factions, found itself trumped by its more militant members.

Trying to explain his own impotence, Egypt's president, Hosni Mubarak, told an Egyptian newspaper that he had tried to negotiate a settlement between Hamas and Israel over the capture of Cpl. Gilad Shalit. He said he had worked out a deal — but a third party pressed Hamas to back out.

Mr. Mubarak said he did not want to name the third party, but political analysts here said they believed that it was most likely Iran or Syria.

"Politically active Islamist groups like these kinds of battles because they reap misery for the people who then automatically adhere to extremist groups," said Aly Salem, an Egyptian playwright who has supported normalizing ties with Israel, but says now that there is no margin even to discuss such ideas.

The crisis directly involves four parties — Hezbollah, Lebanon, Israel and Hamas, but is being driven by multiple and diverging agendas. That has often been the case in Lebanon, which for decades has been a proxy battlefield for foreign forces. Gaza has also been a front for varying agendas, from Iran's desire to strengthen its regional role, to the exiled faction of Hamas trying to maintain control over its group. Caught in the middle are civilians.

While recent events seem to have served Hezbollah's interests, there is also a strong feeling that the decision to take that action was guided by Iran's interests as well. Leaders of the top world powers, including Russia and China, agreed this week to haul Iran back before the United Nations Security Council for what they said appeared to be its unwillingness to negotiate in good faith over efforts to stop its enrichment of uranium.

"They have a lot of interests, strategically, in the kidnapping, in light of their position today, which is very uncomfortable regarding their nuclear capability," said Jonathan Fighel, a retired Israeli colonel who is a senior researcher at the International Policy Institute for Counter-Terrorism. He said he did not believe that Syria benefited by seeing the crisis escalate. Syria has far less influence with Hezbollah since its forces were withdrawn from Lebanon and is at risk of being attacked by Israel.

Those benefiting most from the bombs and the blood are those groups that want to see the rise of radicalism throughout the region. Even before this crisis, people were increasingly disillusioned with the political process as a means to achieve change, and were increasingly offering support to groups like the Muslim Brotherhood in Egypt.

The victory of Hamas in Palestinian elections, and the subsequent decision by the West to deny it financial support, had a strong influence on Arab public opinion, with many saying it was hypocritical not to support the duly elected government.

Now those groups, from Hamas to Hezbollah to the Brotherhood, are trying to use the events in Lebanon and the Gaza Strip to build support. On its Web site, the Muslim Brotherhood of Egypt said, "Hezbollah, with its modest military capabilities relative to the capabilities of organized state armies, was able to achieve what several Arab governments did not do while they were satisfied to remain silent about the slaughter of our brothers in Palestine."

Olmert's Political Fate Tied To Israeli Military Campaigns (LAT)

By Ken Ellingwood

The Los Angeles Times, July 14, 2006

JERUSALEM — The ability of Israeli Prime Minister Ehud Olmert to carry out the main goal of his 2-month-old government — setting permanent and defensible borders for Israel — hinges on how well he handles the twin crises in Lebanon and the Gaza Strip.

Olmert's plan to withdraw from much of the West Bank as a way of setting borders — unilaterally, if necessary — was the raison d'etre for his Kadima party during its successful election campaign this spring, though public support for the idea had dropped somewhat even before the latest outbreaks of violence.

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The prime minister says he remains committed to that idea as the only way Israel and a Palestinian state will ever live in peace. But its prospects have been thrown into doubt by the two recent cross-border attacks by Islamic militants and the capture of three Israeli soldiers. The assaults may bolster the case of those Israelis who say unilateral pullouts without concessions are a boon to militants.

Olmert's ability to marshal support for his border plan will depend on whether Israelis are convinced, through the incursions into the Gaza Strip and Lebanon, that his government knows how to keep attackers at bay, analysts say.

What makes the job trickier is that he may find his options limited by the Israeli public's competing interests: a desire to secure borders and get the missing soldiers home safely, and broad opposition to a long-term return to Gaza or southern Lebanon.

How well Olmert manages to satisfy those interests will determine how much leeway he has in any moves toward the Palestinians, including plans for a unilateral withdrawal if negotiations go nowhere, analysts say.

In the short run, his political fortunes depend on the military.

"If the military succeeds in getting the abducted soldiers or creating a situation in which Hezbollah disappears from southern Lebanon, Olmert will get his way," said Gabriel Sheffer, a political science professor at Hebrew University in Jerusalem. "He's in the hands of the military."

One measure of Olmert's performance will be whether Israelis perceive that he has stood up to demands for a prisoner swap that have been made in Gaza by the governing Hamas movement and in Lebanon by Hezbollah and its leader, Sheik Hassan Nasrallah.

"The stakes are very high," Sheffer said. "If there is failure and he surrenders to the demands of Nasrallah and Hamas, he might face big problems with his government. His life will be very hard."

There has been speculation in the Israeli media that Olmert might bring right-wing parties into his coalition to shore it up during the crises. But his main partner, the left-leaning Labor Party, could balk at any move that would reduce the chances for a substantive withdrawal of troops and settlers from the West Bank.

Olmert also faces resistance from conservatives to any territorial concessions. Although the right, including the Likud Party led by Benjamin Netanyahu, fared poorly in this spring's elections, it could mobilize public opinion against any pullbacks that are seen as leaving Israel vulnerable to cross-border attacks.

In a potentially worrying sign for Olmert, even some members of Kadima were voicing reservations this week about moving toward unilateral withdrawal.

The prime minister also has to convince the public that his government is up to the challenge of fighting simultaneously in two places from which Israel withdrew: Lebanon in 2000, and the Gaza Strip last summer. Complicating matters, Olmert and his defense minister, Amir Peretz, have come to the job with little military experience — a fact that could limit their options for resolving the twin crises.

Olmert "may have felt that precisely because he doesn't have any strong experience in security decision-making, he had to take a tougher position," said Yossi Alpher, an Israeli security analyst who co-edits http://www.bitterlemons.org , a website that seeks to foster dialogue between Israelis and Palestinians.

Israel's show of force also may be a signal to its foes that Olmert, though new in office, is not to be taken lightly, said Gideon Doron, a political science professor at Tel Aviv University. In a news conference Wednesday, Nasrallah appeared to mock the inexperience of Olmert and Peretz.

"Basically, they're telling him, 'Show us your best shot.' And they're showing them," Doron said.

Olmert so far has publicly ruled out negotiations to win back the captured soldiers. Cpl. Gilad Shalit, 19, was seized by Palestinian militants in a June 25 raid on southern Israel and taken into the Gaza Strip. Hezbollah guerrillas who staged an ambush along Israel's northern border Wednesday returned to Lebanon with two captive soldiers, identified Thursday by the military as Ehud Goldwasser, 31, and Eldad Regev, 26.

To many Israelis, the events were a sign that their government had lost its ability to deter attacks along the frontiers by not responding forcefully enough in the past to rocket fire from Gaza and Lebanon and to raids by Hezbollah fighters based in Lebanon.

Those who opposed last summer's withdrawal, during which Israel evacuated Jewish settlers and soldiers from Gaza and a portion of the northern West Bank, point to the frequent firing of Kassam rockets from the coastal strip at southern Israeli towns such as Ashkelon as evidence that the move was a failure. They say Israel's unilateral departure has rewarded Hamas' past violence and given militants a free hand to carry out attacks that a continued military presence might have prevented.

Israeli troops in the West Bank guard settlements, operate checkpoints and carry out arrests that Israel considers a bulwark against attacks inside the country. The details of any further withdrawals from the region have yet to be worked out, including whether Israel would keep troops in the areas where settlements are evacuated.

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"Anyone with foresight warned ahead of time that a unilateral withdrawal, without receiving anything in return and without an arrangement, would lead to the rise of Hamas and to rockets in the heart of Ashkelon, and the more we flee from terror, the more it will pursue us on all fronts," Netanyahu wrote Thursday in the Maariv newspaper.

Efraim Halevy, former chief of the Mossad spy agency who now heads the Center for Strategic and Policy Studies at Hebrew University, said Olmert faced the task of redrawing the map of potential threats to Israel's security via the ongoing military actions. For example, Halevy said, Hezbollah can no longer be permitted to maintain a de facto army in southern Lebanon and to attack across the border while the militants' presence goes unchallenged by the Lebanese government. Israel wants Lebanon to disarm the militants under the provisions of a United Nations resolution.

Israel's airstrikes on Thursday, including the bombing of Beirut's airport, appeared designed to take the battle to the rest of Lebanese society and its leadership, he said.

"The Lebanese cannot expect that in a situation like this they will not suffer at least the same damage on their side. There's a heavy penalty to pay," Halevy said. "The game board has to be adjusted to the behavior of Hezbollah."

An Islamic political party and militia, it was formed in 1982 and is now the most powerful group in Lebanon. The U.S. government believes Hezbollah was involved in the 1983 bombing of the U.S. Marine barracks in Beirut and considers it a terrorist organization. The group gets major support from Iran and Syria and largely controls the southern part of Lebanon. Since Israel withdrew from Lebanon in 2000, Hezbollah has periodically fired rockets at towns in northern Israel.

Hamas

An Islamic political party and militia that has wide support among Palestinians, particularly in the Gaza Strip. Its reputation as not being corrupt helped it win a majority of seats in Palestinian legislative elections in January. Hamas does not accept Israel's right to exist and became widely known by sponsoring suicide bombings in Israeli cities. It is considered a terrorist organization by the U.S. government, Israel and the European Union.

Ehud Olmert

Israel's prime minister was elected in March on a platform that called for withdrawing some Israeli settlers from territories the country has occupied since the late 1960s and setting an eastern border for Israel, either through negotiations with the Palestinians or unilaterally. Unlike most recent Israeli prime ministers, he lacks a strong military background. Many Israelis consider the crises in Gaza and Lebanon major tests of his abilities.

The Kidnapping Of Democracy (NYT)

By Thomas L. Friedman

The New York Times, July 14, 2006

When you watch the violence unfolding in the Middle East today it is easy to feel that you've been to this movie before and that you know how it ends — badly. But we actually have not seen this movie before. Something new is unfolding, and we'd better understand it.

What we are seeing in Iraq, the Palestinian territories and Lebanon is an effort by Islamist parties to use elections to pursue their long-term aim of Islamizing the Arab-Muslim world. This is not a conflict about Palestinian or Lebanese prisoners in Israel. This is a power struggle within Lebanon, Palestine and Iraq over who will call the shots in their newly elected "democratic" governments and whether they will be real democracies.

The tiny militant wing of Hamas today is pulling all the strings of Palestinian politics, the Iranian-backed Hezbollah Shiite Islamic party is doing the same in Lebanon, even though it is a small minority in the cabinet, and so, too, are the Iranian-backed Shiite parties and militias in Iraq. They are not only showing who is boss inside each new democracy, but they are also competing with one another for regional influence.

As a result, the post-9/11 democracy experiment in the Arab-Muslim world is being hijacked. Yes, basically free and fair elections were held in Lebanon, the Palestinian territories and Iraq. Yes, millions turned out to vote because the people of the Arab-Muslim world really do want to shape their own futures.

But the roots of democracy are so shallow in these places and the moderate majorities so weak and intimidated that we are getting the worst of all worlds. We are getting Islamist parties who are elected to power, but who insist on maintaining their own private militias and refuse to assume all the responsibilities of a sovereign government. They refuse to let their governments have control over all weapons. They refuse to be accountable to international law (the Lebanese-Israeli border was ratified by the U.N.), and they refuse to submit to the principle that one party in the cabinet cannot drag a whole country into war.

"Iraq, Lebanon and the Palestinians all held democratic elections," said the Israeli political theorist Yaron Ezrahi, "and the Western expectation was that these elections would produce legitimate governments that had the power to control violence and would assume the burden of responsibility of governing. ... But what happened in all three places is that we [produced] governments which are sovereign only on paper, but not over a territory."

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Then why do parties like Hamas and Hezbollah get elected? Often because they effectively run against the corruption of the old secular state-controlled parties, noted Mr. Ezrahi. But once these Islamists are in office they revert to serving their own factional interests, not those of the broad community.

Boutros Harb, a Christian Lebanese parliamentarian, said: "We must decide who has the right to make decisions on war and peace in Lebanon. Is that right reserved for the Lebanese people and its legal institutions, or is the choice in the hands of a small minority of Lebanese people?"

Ditto in the fledgling democracies of Palestine and Iraq. When cabinet ministers can maintain their own militias and act outside of state authority, said Mr. Ezrahi, you're left with a "meaningless exercise'' in democracy/state building.

Why don't the silent majorities punish these elected Islamist parties for working against the real interests of their people? Because those who speak against Hamas or Hezbollah are either delegitimized as "American lackeys'' or just murdered, like Rafiq Hariri, the former Lebanese prime minister.

The world needs to understand what is going on here: the little flowers of democracy that were planted in Lebanon, Iraq and the Palestinian territories are being crushed by the boots of Syrian-backed Islamist militias who are desperate to keep real democracy from taking hold in this region and Iranian-backed Islamist militias desperate to keep modernism from taking hold.

It may be the skeptics are right: maybe democracy, while it is the most powerful form of legitimate government, simply can't be implemented everywhere. It certainly is never going to work in the Arab-Muslim world if the U.S. and Britain are alone in pushing it in Iraq, if Europe dithers on the fence, if the moderate Arabs cannot come together and make a fist, and if Islamist parties are allowed to sit in governments and be treated with respect — while maintaining private armies.

The whole democracy experiment in the Arab-Muslim world is at stake here, and right now it's going up in smoke.

Why They Fight (WP)

By Charles Krauthammer

The Washington Post, July 14, 2006

Next June will mark the 40th anniversary of the Six-Day War. For four decades we have been told that the cause of the anger, violence and terror against Israel is its occupation of the territories seized in that war. End the occupation and the "cycle of violence" ceases.

The problem with this claim was that before Israel came into possession of the West Bank and Gaza in the Six-Day War, every Arab state had rejected Israel's right to exist and declared Israel's pre-1967 borders -- now deemed sacred -- to be nothing more than the armistice lines suspending, and not ending, the 1948-49 war to exterminate Israel.

But you don't have to be a historian to understand the intention of Israel's enemies. You only have to read today's newspapers.

Exhibit A: Gaza. Just last September, Israel evacuated Gaza completely. It declared the border between Israel and Gaza an international frontier, renouncing any claim to the territory. Gaza became the first independent Palestinian territory in history. Yet the Gazans continued the war. They turned Gaza into a base for launching rocket attacks against Israel and for digging tunnels under the border to conduct attacks such as the one that killed two Israeli soldiers on June 25 and yielded a wounded hostage brought back to Gaza. Israeli tanks have now had to return to Gaza to try to rescue the hostage and suppress the rocket fire.

Exhibit B: South Lebanon. Two weeks later, the Lebanese terror organization, Hezbollah, which has representation in the Lebanese parliament and in the cabinet, launched an attack into Israel on Wednesday that resulted in the deaths of eight soldiers and the wounding of two others, who were brought back to Lebanon as hostages.

What's the grievance here? Israel withdrew from Lebanon completely in 2000. It was so scrupulous in making sure that not one square inch of Lebanon was left inadvertently occupied that it asked the United Nations to verify the exact frontier defining Lebanon's southern border and retreated behind it. This "blue line" was approved by the Security Council, which declared that Israel had fully complied with resolutions demanding its withdrawal from Lebanon.

Grievance satisfied. Yet what happens? Hezbollah has done to South Lebanon exactly what Hamas has done to Gaza: turned it into a military base and terrorist operations center from which to continue the war against Israel. South Lebanon bristles with Hezbollah's 10,000 Katyusha rockets that put northern Israel under the gun. Fired in the first hours of fighting, just 85 of these killed two Israelis and wounded 120 in Israel's northern towns.

Over the past six years, Hezbollah has launched periodic raids and rocket attacks into Israel. Israeli retaliation has led to the cessation of these provocations -- until the next time convenient for Hezbollah. Wednesday was such a time. One terror base located in fully unoccupied Arab territory (South Lebanon) attacks Israel in support of another terror base in another fully unoccupied Arab territory (Gaza).

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Why? Because occupation was a mere excuse to persuade gullible and historically ignorant Westerners to support the Arab cause against Israel. The issue is, and has always been, Israel's existence. That is what is at stake.

It was Yasser Arafat's Palestine Liberation Organization that convinced the world that the issue was occupation. Yet, through all those years of pretense, Arafat's own group celebrated its annual Fatah Day on the anniversary of its first attack on Israel, the bombing of Israel's National Water Carrier -- on Jan. 1, 1965.

Note: 1965. Two years before the 1967 war. Two years before Gaza and the West Bank fell into Israeli hands. Two years before there were any "occupied territories."

But, again, who needs history? As the Palestinian excuses for continuing their war disappear one by one, the rhetoric is becoming more bold and honest. Just Tuesday, Palestinian Prime Minister Ismail Haniyeh, writing in The Post, referred to Israel as "a supposedly 'legitimate' state" ["Aggression Under False Pretenses," op-ed, July 11].

He made clear what he wants done with this bastard entity. "Contrary to popular depictions of the crisis in the American media," he writes, "the dispute is not only about Gaza and the West Bank." It is about "a wider national conflict" that requires the vindication of "Palestinian national rights."

That, of course, means the right to all of Palestine, with no Jewish state. In the end, the fighting is about "the core 1948 issues, rather than the secondary ones from 1967."

In 1967 Israel acquired the "occupied territories." In 1948 Israel acquired life. The fighting raging now in 2006 -- between Israel and the "genocidal Islamism" (to quote the writer Yossi Klein Halevi) of Hamas and Hezbollah and Iran behind them -- is about whether that life should and will continue to exist.

Iran, Syria Called 'Playing With Fire' (WT)

By Nicholas Kralev

The Washington Times, July 14, 2006

Israel's ambassador to Washington said yesterday that Iran and Syria are "playing with fire" and "will bear the consequences" if Hezbollah transfers two kidnapped Israeli soldiers to either of its patron nations.

Ambassador Daniel Ayalon did not rule out retaliatory strikes against Iran's nuclear facilities, though other Israeli officials said that was not being planned.

Fears mounted that Israel's military offensive against southern Lebanon could spread to other countries after Israeli officials said yesterday they had received indications that Hezbollah was trying to move two captive Israeli soldiers to Iran.

State Department spokesman Sean McCormack also expressed concern that the soldiers could be moved out of Lebanon.

The department last night authorized the departure from Beirut of U.S. Embassy family members, as well as nonessential personnel.

Asked during a luncheon at the National Press Club whether Israel might respond to such a step with strikes against Iran's nuclear facilities, Mr. Ayalon said he did not want to discuss "operational details."

But, he said, Iran and Syria both "are playing with fire and will bear the consequences" for any assistance they give Hezbollah in holding the two soldiers as hostages.

Another Israeli official said privately that there were no immediate plans to attack Iran's nuclear facilities, although the country previously has hinted at such action and has armed itself with aircraft capable of mounting such a strike.

Israeli analysts suggested that Israel was more likely to strike next at Syria, which backs Hezbollah and hosts the Hamas leader blamed for the kidnapping of an Israeli soldier in the Gaza Strip.

Iranian President Mahmoud Ahmadinejad was quoted yesterday by the Iranian news agency as saying such action against Syria would be considered an assault on the whole Islamic world that would bring a "fierce response."

Iran's foreign ministry also dismissed suspicions that the soldiers would be brought there as "absurdities."

Several analysts told The Washington Times that they thought Israeli officials were focusing on preventing Hezbollah from moving the soldiers within Lebanon or out of the country by bombing roads, bridges and airports and imposing a naval blockade.

"It's premature to talk about military action against Syria and Iran," one Israeli official said. "We don't want the situation to escalate more than it already has."

Wayne White, a former State Department intelligence official, said Israel was trying to determine how direct Iran's and Syria's involvement was in the attack.

"It's really unlikely that they will directly attack Tehran right now, because they will respond in a tit-for-tat," Mr. White said. "Israel's done what it's going to do for now, and it's in a stage of waiting to see how Hezbollah will respond."

Israeli Brig. Gen. Michael Herzog, a visiting fellow at the Washington Institute for Near East Policy, said Israel would take into account retaliatory threats to American targets when deciding whether to strike Iran's nuclear facilities.

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"This is a very difficult decision, and I don't think that it should be made hastily, even with the urgency of the crisis that's going on right now," he said.

David Makovsky, also of the Washington Institute, said that an attack on Iranian interests in Lebanon is more likely than a strike on Iran.

"There is good reason to believe Tehran backed this, but there is no smoking gun yet," he said.

Researchers say that about 30 sites in Iran are involved in producing and assembling nuclear components.

Israel does not have the ability to strike all 30, so it likely would concentrate on major targets, such as the Russian-made Bushehr reactor and Natanz underground enrichment site.

For years, Israel has been buying the American weapon systems it would need to disable Iran's ample air defenses and strike multiple targets, including the Bushehr reactor on the Persian Gulf.

Ehud Yatom, member of the now-opposition Likud Party, said in 2003 that Iran's "nuclear facilities must be destroyed, just as we did the Iraqi reactor."

It was a reference to the 1981 successful strike on Iraq's Osirak reactor by two F-16s.

The Washington Times reported in 2004 that the Israeli air force had selected various flight plans for an attack on Iranian nuclear facilities.

Unlike the Osirak attack, in which the Israeli jets briefly crossed Jordan's air space, this time perhaps scores of Israeli planes would have to cross broad stretches of Iraq. Israel likely would be forced to first notify the United States to ensure the planes are not shot down and to let U.S. commanders prepare for any Iranian counterattack.

Stephen P. Cohen, president of the Institute for Middle East Peace, said the latest crisis over the kidnapped soldiers should not be "mixed" with the nuclear issue.

"But if Hezbollah were to hand over the hostages to Iran, and Iran agreed to fly them to Iranian territory, it would be ... Iran's ultimate test of Israeli deterrence capability," he said.

Iranian President Warns Israel About Syria (AP)

By Nasser Karimi, Associated Press Writer

AP, July 14, 2006

Iran's president warned Israel against extending its offensive in Lebanon to neighboring Syria, saying such a move would be regarded as an attack on the whole Islamic world and be met with a "crushing response," the official Iranian news agency said Friday.

Israel has intensified its attacks on Lebanon to put pressure on the government and force Hezbollah to free the two Israeli soldiers it captured Wednesday. Syria and Iran are the top backers of the Shiite Hezbollah guerrilla group in Lebanon.

"If the occupying regime of Jerusalem attacks Syria, it will be equivalent to an attack on the whole Islamic world and the regime (Israel) will face a crushing response" Iranian President Mahmoud Ahmadinejad was quoted as saying by IRNA.

Ahmadinejad made the comments in a telephone conversation with Syrian President Bashar Assad to assure him of his support, the agency said.

The Iranian leader called on Muslim countries to create a united front against Israel.

"The Islamic world, especially countries in this region, need more unity and integrity, particularly in the context of Lebanon and Palestine," Ahmadinejad said.

Separately, the spokesman for Iran's Foreign Ministry, Hamid Reza Asefi, denied Israeli allegations that the captured Israeli soldiers were being transferred to Iran.

On Thursday, Israel said it had information that Hezbollah guerrillas were trying to transfer the soldiers to Iran, apparently to prevent Israeli troops from rescuing them.

"These sort of accusations are simply nonsense," Asefi said, according to IRNA.

The head of Israel's northern command, Maj. Gen. Udi Adam, said Wednesday that Israel did not intend "at the moment" to take action against Syria over Hezbollah's capture of the soldiers.

Despite Hezbollah's Ties To Iran And Syria, It Also Acts Alone (LAT)

By Paul Richter, Josh Meyer And Sebastian Rotella

The Los Angeles Times, July 14, 2006

WASHINGTON — The Bush administration was quick to pin responsibility on Iran and Syria when Hezbollah militants captured two Israeli soldiers this week. Yet those countries may not have specifically planned and ordered the raid that has brought the Middle East to the edge of war, U.S. officials and terrorism experts say.

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Iran and Syria each have long-standing ties to Hezbollah, a Shiite Muslim militant group, and no Western government doubts that they provide financial, political and logistical support. But some officials and experts say Hezbollah can also move on its own initiative, for its own reasons, even as it seeks to avoid any move that would displease its chief patrons.

"It sometimes does act on its own," said Wayne White, who was a senior official in the State Department's intelligence arm until last year.

White said intelligence agencies have differed on how much Iran might be spending on Hezbollah but that they agree there are very strong ties between that country and the group. Even so, he said, it would be an overstatement to say that Hezbollah is a "pawn" of Iran.

Wednesday's kidnapping "could have been someone seizing a moment of opportunity — a bunch of Hezbollah guys could have done it without even thinking they need permission from on high," said a U.S. counterterrorism official, who said he was basing his speculation on experience with the group and spoke on condition of anonymity while discussing intelligence matters. "Terrorist operations can happen at any moment and be quite fluid."

The possible role of Iran and Syria has become an issue as the raid brought fierce Israeli retaliation and stirred fears that fighting could engulf more of the region. If Iran and Syria ordered the Hezbollah raid, it might signal their willingness to see the conflict continue and widen. But if they did not, U.S. and Israeli charges that their longtime adversaries were somehow involved could heighten the tension in the region.

U.S. officials declined to offer specific evidence of Iranian or Syrian involvement in Wednesday's raid, in which eight Israeli soldiers were killed. But the Bush administration, in a statement afterward, said the two nations "bear responsibility" based on their longtime ties and support.

Sean McCormack, the chief State Department spokesman, said the countries "subcontract" terrorist attacks through Hezbollah.

"Hezbollah received material support from Iran…. The Syrian government provides political as well as other kinds of support," he said. "So I think it's really time for everybody to acknowledge that these two states do have some measure of control over Hezbollah."

At the same time, even the State Department's annual report on terrorism notes that Hezbollah is capable of independent action.

"Hezbollah is closely allied with Iran and often acts at its behest, but it also can and does act independently," this year's report says.

Israel declared that primary responsibility for the raid lay with the Lebanese government. But officials also have made it clear that they believe Iran and Syria were involved in the attack.

"I don't have evidence that there were direct instructions," said one Israeli official, who spoke on condition of anonymity because of the sensitivity of the issue. "But they were under the influence of the Iranian government."

The ties between Hezbollah, Tehran and Damascus are well documented and rarely in dispute. Hezbollah, a potent force in Lebanon, has been supported and guided by Iran and Syria since its beginnings in the early 1980s.

Tehran has maintained a flow of weapons — including rockets with a range of more than 120 miles — to Hezbollah military forces. U.S. and Israeli officials say the hardware has been flown to the Damascus airport and then trucked to southern Lebanon.

Hezbollah leaders deny that they are agents of Iran or Syria. But they publicly acknowledge Tehran's financial support, which some Western intelligence agencies say may amount to more than $200 million a year. Iranian officials have toured Hezbollah camps in southern Lebanon, and Iran maintains emissaries in the country to act as liaisons with the group.

Robert Malley, who was special assistant to President Clinton for Arab-Israeli issues, said Hezbollah is likely to seek ways to advance the interests of its benefactors.

"There is a very short list of countries that are prepared to help Hezbollah, so [it is] not about to do anything that would alienate them, and they're always more likely to do things they believe would serve Syrian and Iranian interests," Malley said.

Yet those factors do not lead inevitably to concerted action in every instance, he said.

"I think there's more local autonomy, a greater degree of local decision-making, than people give credit for," said Malley, who directs the Near East and North Africa program for the International Crisis Group in Washington, which deals with conflict resolution.

Experts noted that Hezbollah leader Sheik Hassan Nasrallah has made it known he wanted to kidnap Israelis and use them as bargaining chips in a trade for at least three Lebanese prisoners held by Israel. Among them is Samir Sami Kuntar, whose band of militants was responsible for a 1979 attack that killed three members of an Israeli family and a police officer.

Magnus Ranstorp, a veteran Hezbollah expert now at the Swedish National Defense College, said Hezbollah could have had several motives.

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For one, it might have hoped to provoke Israel into a military reaction that would increase the group's support in Lebanon at a critical moment, Ranstorp said. Hezbollah is under pressure from the United States and allies to disarm, in accordance with a U.N. resolution, he noted.

Or, Ranstorp said, the group might have been looking for a way to show its solidarity with Hamas, the Palestinian militant organization that has been under attack in the Gaza Strip for two weeks after an Israeli soldier was captured and taken there.

Ranstorp said that for now there can be only "a strong suspicion" that Iran participated in the latest seizure of Israeli soldiers. "But it would be inconceivable that Hezbollah did not inform Syria but also the Iranians in advance of this, particularly the Iranian intelligence," Ranstorp said.

Claude Moniquet, director of the European Strategic Intelligence and Security Center, a Brussels think tank, played down Hezbollah's autonomy.

"Whatever the reality of its local presence in the south of the country, and the poor area of Beirut … Hezbollah has never been more than, and remains today, a simple political instrument of Tehran and, to a lesser extent, a tool Damascus uses to pressure Lebanon," Moniquet said.

Milton Bearden, a former CIA official who remains involved in Middle East affairs, said it was possible that some militants thought they had the green light to conduct such a raid, without thinking through the consequences.

"People will say they know why it happened, but they don't know," Bearden said. "Never discount the possibility of things in the Middle East to just spin out of control so easily that people say, 'How did we get here?'

"It is possible it was a gross miscalculation," he said, "which are responsible for many wars in the Middle East."

States Of Terror (WSJ)

The Wall Street Journal, July 14, 2006

Israel's military invasion and naval blockade of Lebanon is being denounced in European capitals and at the United Nations as a "disproportionate" response to the kidnapping this week of two of its soldiers by Hezbollah. Israel's decision late last month to invade Gaza in retaliation for the kidnapping of another soldier by Hamas was also condemned as lacking in proportion. So here's a question for our global solons: Since hostage-taking is universally regarded as an act of war, what "proportionate" action do they propose for Israel?

In the case of Hamas, perhaps Israel could rain indiscriminate artillery fire on Gaza City, surely a proportionate response to the 800 rockets Hamas has fired at Israeli towns in the last year alone. In the case of Hezbollah, it might mean carpet bombing a section of south Beirut, another equally proportionate response to Hezbollah's attacks on civilian Jewish and Israeli targets in Buenos Aires in the early 1990s.

We aren't being serious, but neither is a feckless international community that refuses to proportionately denounce the outrages to which Israel is being subjected. That goes also for Secretary of State Condoleezza Rice, who says "all sides must act with restraint." But Israel's current problems result in part from an excess of restraint in responding to previous Hamas and Hezbollah provocations.

Now Israel is confronted with a war on two fronts with proxy terrorists armed and financed by Syria and Iran. Yesterday, medium-range Hezbollah rockets hit civilian targets across northern Israel. Any of those rockets might easily hit the port city of Haifa's oil refineries and chemical plants, causing horrific damage that would give Israel cause, and perhaps the self-preservation necessity, to strike Damascus and Tehran.

So far, Israel is limiting its military activities to Lebanon alone, out of the same abundance of restraint that has governed its behavior throughout the crisis. The democratic Lebanese government of Fouad Siniora bears its share of the blame, since it has failed to police its side of the border with Israel and failed to disarm Hezbollah, as required by Security Council Resolution 1559 and the 1989 Taif Accords that ended the Lebanese civil war. Senior Israeli military sources also claim that Lebanon tolerates the presence of hundreds of Iranian military personnel in Lebanon, again in violation of U.N. resolutions.

But Mr. Siniora's failings owe to weakness, not malfeasance, particularly in the face of Syria's continued meddling in Lebanese affairs following the departure of its army last year. A larger problem has been the failure of the Bush Administration to press Damascus harder when it had the opportunity to do so in the wake of last year's Cedar Revolution. The U.N. investigation into the murder of Lebanese Prime Minister Rafik Hariri, in which all evidence points to the involvement of senior associates and relatives of Syrian dictator Bashar Assad, seems to have disappeared in a black hole. Nor has the U.S. exacted any price for Syria's ongoing support for the insurgents in Iraq.

Critics of the Bush Administration will surely find a way to blame it for the current crisis, on the theory that this is what happens when you push for change in the Middle East. But the real problem is the growing perception among Arab regimes and terrorist frontmen that the U.S. is so bogged down in Iraq, and so suddenly deferential to the wishes of the "international

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community," that it has lost its appetite for serious reform. This has created openings for the kind of terror assaults on American allies we are now witnessing.

Israel can and will handle the immediate military threats on its two borders. But ultimately there will be no resolution in Lebanon and Gaza until the regimes in Syria and Iran believe they will pay a price for the wars they are waging through their proxies. The referral this week of Iran's nuclear file to the U.N. Security Council is a start, although we have little confidence it will lead anywhere. The White House has cited Syria and Iran as the culprits behind this week's events, but more forceful words and action are called for. The Middle East stands on the cusp of its worst crisis in a generation, and this is no time for formulaic statements calling for "restraint from both sides."

The Mideast Erupts (WP)

The Washington Post, July 14, 2006

WHEN ISRAEL withdrew its troops from southern Lebanon in 2000 after more than two decades of occupation, it also issued a warning: Any cross-border provocations by Hezbollah, the militant Shiite group, would elicit a severe military response. So there can be no surprise at the violent reaction to Hezbollah's ambush of an Israeli patrol Wednesday, in which three soldiers were killed and two others taken captive by the guerrillas. And there can be no doubt that Iran and Syria, Hezbollah's chief sponsors, bear responsibility for what has instantly become the most far-reaching, lethal and dangerous eruption of cross-border fighting in the Middle East in recent years.

Europeans and others in the international community are already criticizing as excessive Israel's swift military response. Conspicuously they have said comparatively little about the volleys of dozens of rockets Hezbollah rained down on northern Israel yesterday. In fact, given the all-too-familiar patterns of violence and retribution in the Middle East, the Israeli attacks are entirely predictable, and precisely what Hezbollah and its patrons must have expected and even wanted. But for Israel, the pressing question must be whether its reprisals will be effective in achieving the desired results -- retrieving the soldiers taken hostage and reasserting Israeli deterrence in the north.

Following the kidnapping of an Israeli soldier by Hamas guerrillas in the Gaza Strip and the resulting Israeli incursions into Gaza, the government of Prime Minister Ehud Olmert now faces hostilities on two fronts. In Gaza, Israel has shown that it can assert military power, decapitate the Hamas-led government and halt normal life for 1 million Palestinians; however, none of that has forced Hamas to return its hostage.

In Lebanon, Hezbollah offers few conventional military targets; its offices, training camps and safe houses are hidden from view. So the Israelis have opted to inflict general pain on their northern neighbor, destroying bridges, blockading ports, cratering runways at its brand-new international airport -- and, now, threatening to attack Beirut itself. The idea may be to intensify popular Lebanese opposition to Hezbollah, which forms part of Lebanon's governing coalition and controls cabinet seats. That has apparently worked; many Lebanese, including but not only Christians, are furious at Hezbollah for exercising what amounts to a unilateral foreign policy.

But even if Hezbollah is punished politically at home for its wild irresponsibility, the underlying problem -- its benefactors in Iran and Syria -- remains. That's where American and allied diplomacy and influence should be focused. Tehran should be called to account in the U.N. Security Council not only for its program to enrich uranium but also for its support of Hezbollah. Damascus, which hosts Hezbollah and Hamas, should also come under renewed international pressure, including sanctions. In all the diplomacy, the false lure of "evenhandedness" must not be allowed to obscure the fact that Hezbollah and its backers have instigated the current fighting and should be held responsible for the consequences.

Israel's Risky Response (LAT)

The Los Angeles Times, July 14, 2006

TWO WEEKS AGO, ISRAEL RESPONDED to the kidnapping of one its soldiers by sending its forces into Palestinian territory in Gaza. On Thursday, it reacted to another abduction — this time of two soldiers — by dispatching bombers and troops to the kidnappers' staging ground in Lebanon. In both cases, Israel was provoked; in both cases, it overreacted, running the risk of emboldening Arab rejectionists.

Yet there is an important and ominous difference between the two operations. Gaza is part of a would-be state of Palestine. Lebanon is an independent country, albeit one in which the terrorist group Hezbollah has a foothold in government. As President Bush observed Thursday at a news conference in Germany, Israel certainly has the right to defend itself. But, as he also emphasized, it is not in Israel's interest to "weaken that government."

By bombing the Beirut airport, Israel runs the risk of doing exactly that. The Israelis have every right to pursue into Lebanon the Hezbollah operatives who crossed into Israel to abduct the two soldiers. But to hold the entire state of Lebanon responsible — and to exact retaliation by striking at infrastructure that serves innocent civilians — is disproportionate.

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Israel is tired of being urged to exercise restraint when it responds to an attack. In recent years, the Jewish state has made significant concessions — uprooting settlers in Gaza, accepting the once-anathema idea of a Palestinian state — only to see Palestinians elect a government dominated by the rejectionist Hamas movement. The kidnapping of Israeli soldiers on Israeli soil first by allies of Hamas, then by Hezbollah, adds insult to injury.

But the counsel to caution still makes sense, especially at a time when the United States, Israel's ally, is fighting an insurgency in Iraq and trying to rally Arab and Islamic nations to pressure Iran not to develop nuclear weapons. There is never a good time for another Middle East war. But this is an especially bad time, from both the Israeli and U.S. vantage points.

Bush pointedly said Thursday that Syrian President Bashar Assad "needs to show some leadership toward peace," and other administration officials blamed Syria and Iran for supporting Hezbollah. It will be easier for the United States and Arab states such as Egypt and Jordan to bring pressure on Tehran and Damascus to rein in Hezbollah if Israel keeps its retaliation in proportion.

Rocket Fire Shatters Peace In Israeli Border Towns (USAT)

By Thomas Frank

USA Today, July 14, 2006

KIRYAT SHMONA, Israel — Three hours after rockets launched from Lebanon shattered the calm of this rural enclave in northern Israel on Thursday morning, Netanel Elkoby was leaving town with his aunt and uncle.

“We can't stay here,” Netanel, 16, said as he pumped gas into the pickup truck his uncle was driving to Tel Aviv, 100 miles south. “Living here is like a ghetto.”

Minutes later, another family pulled into the gas station in a sport-utility vehicle filled with suitcases. “It's very scary,” said Shay Amar, 23, who also was heading to Tel Aviv with his parents and sister. “I'd rather be living in the center of the country.”

Hundreds of Israelis fled Israel's suddenly volatile border with Lebanon as Hezbollah militants fired rockets from nearby mountains into quiet communities. The fighting started after the militants captured two Israeli soldiers and killed eight others in a raid Wednesday.

Israel responded by attacking targets in Lebanon, including the Beirut airport. Hezbollah militants started firing rockets into Israel.

Many here urged a ferocious Israeli military response to the rocket fire along the border.

Some residents such as Shimon Peretz and his two sons, ages 5 and 11, hunkered down in the stuffy, rank-smelling bomb shelters found in the basements of many apartment buildings.

“I have no place to go,” Peretz said, looking tired and unshaven as he sprawled on a vinyl couch at the entrance to the shelter.

The streets of this small town were virtually deserted Thursday. Most businesses along the main road — a four-lane commercial highway — were shuttered, with metal gates pulled tight across entrances. The notable exception was the gas station, where manager Tomer Kubi saw “hundreds of people leaving.”

The rocket fire killed two Israelis, a woman in Nahariya and a man in Safed, the Associated Press reported. The woman was eating breakfast on her balcony in the coastal city of 50,000 people about 6 miles from Lebanon, according to Yaron Zamir, the city's police superintendent.

By afternoon, Nahariya's normally bustling downtown was quiet and residential streets were empty as most people heeded police warnings to stay inside.

Benjamin Moshe of Nahariya was working at his plumbing job Wednesday morning when he heard the faint whistling sound of incoming rockets. He hit the ground and braced for an explosion, which hit about 100 yards away and hurt no one.

“It's more the noise,” Moshe said inside his home in a suburban-looking neighborhood that had bomb shelters at the end of each block. “If you are 100 meters away, it won't hurt you.”

The shelters were empty. Moshe said newer homes are required to have their own shelters.

The eight-story modern apartment building where the woman was killed drew a stream of visitors. The rocket hit the roof of the building, pierced a sixth-floor balcony and exploded on the fifth-floor balcony where the woman was sitting, Zamir said.

Meir Baruchi, who lives a few blocks away, stared at the damage and then pointed down the street to the mountains of Lebanon several miles in the distance. “Our army must destroy all the area of Hezbollah,” Baruchi said. “We must bomb them and bomb them and bomb them.”

At the Hunters Lodge in the nearby ski town of Neve Ativ, owner Rachel Barel said she awoke Wednesday morning after a night of hearing artillery fire. “It's normal for us,” she said. “We are living in a war all the time.”

Hezbollah Rains 120 Rockets On Israel (NYT)

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By Greg Myre
The New York Times, July 14, 2006

NAHARIYA, Israel, July 13 — Hezbollah rockets rained on the northern part of the country on Thursday, and this resort, tucked into the far northwestern corner, was perhaps the hardest hit.

The second day of heavy shooting across the border by the Lebanese militant group began early in the morning, when one rocket slammed into an open field just 200 yards from Western Galilee Hospital, the town's main medical center. An apartment building took a direct hit and burst into flames. One woman was killed while on the balcony of her apartment in another building. A man also died in the town of Safad.

In the Israeli Arab village of Majdel Krum, a few miles southeast of Nahariya, a resident, Farhat Farhat, 23, said, "I was walking next door to my cousin's house when I heard this tremendous explosion."

"When I looked up,'' he continued, "it seemed like my whole house was flying through the air — the roof, the glass, even the water heater."

Seconds later, he said, a second rocket slammed into his cousin's house. Mr. Farhat had minor cuts on his left hand and left leg, and no one in either house was seriously wounded.

In the summer, Israelis normally flock to Nahariya and other towns in the north for vacations in the rolling hills of the Galilee. But on Thursday, the traffic on the main roads was almost all headed south, as residents sought to move out of rocket range.

Those who remained moved into bomb shelters, creating a ghost town atmosphere across Israel's northern strip. Clouds of smoke rose on the horizon in several places, the result of a cluster of rockets that ignited fires.

At the hospital in Nahariya, the patients, including expectant mothers, were moved into underground rooms as a precaution. In the emergency ward, a steady stream of wailing women and sobbing children filled the chaotic hallways. The hospital treated more than 30 civilians for injuries, while more than 120 arrived, many from Majdel Krum, saying they were suffering from shock.

Hezbollah launched more than 120 Katyusha rockets into northern Israel on Thursday in one of its largest such attacks, the Israeli military said.

Eyad Deep, an ambulance driver in the town of Acre, received word of the attack in Majdel Krum, his home village. He said that when he arrived there he discovered that the home of his brother had been hit, though no one in his family was seriously hurt.

The probable target of the rocket barrage on Majdel Krum was the neighboring Jewish town of Carmiel. Both are more than 10 miles south of the border, beyond the usual range of Hezbollah attacks. But on Thursday evening, the coastal town of Haifa, which is 18 miles south of the Lebanese frontier, was hit by rockets for the first time. "This is something we've never seen in this area," Mr. Deep said.

Dr. Jack Stolero, who runs the emergency room at the main hospital in Nahariya, has been coping with rockets out of nearby Lebanon for three decades, and he said Thursday was one of the roughest days he had seen. "I've never been an optimist," said Dr. Stolero, 57, smoking a cigarette during a brief lull between rocket attacks on Thursday afternoon. "We've had a period of calm for a few years, but I always thought we would see more trouble."

Katyusha rockets are not precise weapons, but they are more accurate and have a much greater range than the Qassam rockets that the Palestinians fire out of northern Gaza. In addition, Hezbollah has stockpiled thousands of rockets and can fire them by the dozen, while the Qassam rockets are typically fired in much smaller numbers.

For Israelis who have endured the rocket fire in north since the 1970's, it was not supposed to turn out this way. When Israel pulled out of southern Lebanon in 2000, ending two decades of occupation, many believed, or at least hoped, that the rural Galilee would once again become a tranquil retreat known for its hiking and horseback riding rather than as the front line of a relentless conflict.

"I see a lot of people who are crying, who are angry, who feel the carpet has just been pulled out from under them," said Dr. Yehuda Shacham, who runs the Community Stress Prevention Center in Kiryat Shmona, in Israel's northern panhandle, the town that has been Hezbollah's most frequent target over the years. "Most people here have been though this experience many times," said Dr. Shacham. "We had bad periods in the 1980's and the 1990's. We just hope this one won't last for long."

Fear As Missiles Strike Israeli Town (LAT)

By Vita Bekker, Special To The Times
The Los Angeles Times, July 14, 2006

In Nahariya, a rocket hits a building, killing a woman. Residents are ordered into shelters in what a commander calls `a war for our home.'

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NAHARIYA, Israel — Simcha Mualem, an auburn-haired fifth-grade teacher, was praying on her balcony Thursday morning in the northern Israeli city of Nahariya when she heard the shrill whistle of a rocket.

Mualem said she saw the rocket slam into a neighboring building, where it killed a woman. Shocked by the sight of a rocket plowing into a balcony just 50 yards from her own, Mualem recalled, she screamed, fell from her chair and felt her body go numb from fear.

"I felt hysterical, I cried and I couldn't get my legs to move," said Mualem, 51, who was taken to a hospital and treated for shock and then discharged.

The rocket that killed Mualem's neighbor was among dozens fired Thursday into northern Israel by Hezbollah guerrillas. One person in the town of Safat also was killed in a missile attack. The onslaught sowed panic among thousands of residents and prompted officials to order them into bomb shelters and reinforced safe rooms, where many had spent the previous night.

Among the communities hardest hit was Nahariya, a coastal city of 57,000 that sits about five miles from the Lebanese border.

At least 29 people were wounded and taken to Nahariya Hospital, which moved 750 patients to the basement. Nearby, officials set up a hotline to provide counseling.

Israeli officials warned residents along the northern fringes to brace for further attacks.

"This is a war for our home…. This is a rolling operation, and we must be capable of taking some [blows] in the short term in order to ensure the future," Yitzhak "Jerry" Gershon, Israel's home-front commander, told Israel Radio.

"My children have been calling all day, asking me to join them in Tel Aviv until the violence stops," Mualem said.

She wasn't the only one being advised to leave.

At the six-story building that was struck by the rocket, most of the families had fled. Those who remained expressed grief over the death of their neighbor, whom police identified as Monica Lehrer, 40.

Shards of green glass and bits of the building's broken stone sides littered the pavement in front. The rocket shattered the lobby's glass windows and several top-floor balconies.

The tree-lined street was quiet, with most residents heeding the government's instructions to stay in their safe rooms — an obligatory protective feature of most newer homes near the border, where occasional rocket fire has been a fact of life.

Eddie Ifrach, a 47-year-old mechanic who lives on the first floor of Lehrer's building, had left his safe room for a few minutes to drink coffee in the kitchen when he heard the rocket hit.

"I heard a tremendous boom. The whole building shook," he said. "We heard shouts in the lobby. It was scary. We ran out and saw the whole lobby in ruins."

Ifrach said he hunkered down in the safe room with his wife and two children the previous night and most of Thursday. The cramped room has a computer with Internet access, toys and games, books and a sofa bed.

He said he and his wife were too frightened to go out for groceries after the rocket strike and instead baked several loaves of bread at home.

Still, he was adamant about staying.

"We're scared, but we're not planning to leave," Ifrach said. "Where would we go? It seems that the whole country is being targeted these days."

Relations Between Bush And Putin Show Strain As G-8 Summit Nears (WSJ)

By Yochi J. Dreazen, Alan Cullison And Gregory L. White

The Wall Street Journal, July 14, 2006

Shortly after meeting with Russian President Vladimir Putin five years ago, President Bush famously said that he had been "able to get a sense of his soul." These days, Mr. Bush tells a different story.

Early in his first term, Mr. Bush introduced a visiting Mr. Putin to his dog, a Scottie named Barney, according to lawmakers from both parties who have heard the story from Mr. Bush. The Russian president made it clear that he disdained the small dog. When Mr. Bush visited Russia a short time later, Mr. Putin showed off his much larger dog.

Mr. Bush offers the story to illustrate the complicated relationship between two highly competitive men with differing views of how their two countries should interact. A Kremlin spokesman declined to comment on the conversations, but noted that Mr. Putin's family also has smaller poodles, about which the president has spoken warmly.

These days, relations between the U.S. and Russia are cooler than they've been since the end of the Cold War. Mr. Putin's government is pursuing policies that run counter to American interests and that have angered and alarmed many European leaders. Mr. Putin continues to crack down on democracy at home and has cultivated a chummy relationship with Hugo Chávez, Venezuela's anti-American president.

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Yet the Bush administration is showing little interest in confronting him directly. At the moment, the U.S. needs Russia far more than Russia needs the U.S. Mr. Bush wants Russia to aid the diplomatic push to persuade Iran and North Korea to abandon nuclear weapons programs, and he wants it to refrain from using its veto power on the United Nations Security Council to prevent meaningful sanctions from being slapped on the two countries if the talks fail.

The U.S. is eager to keep Russia from using its considerable oil and gas holdings as a political weapon against the fragile democratic governments of neighboring countries like Ukraine. Already, world energy prices are high enough to be destabilizing. And Washington hopes Russia will remain an ally in the war on terror and in stemming the flow of weapons of mass destruction.

The tensions between Messrs. Bush and Putin hang heavily over this weekend's summit of the Group of Eight leading nations, which begins tomorrow with a dinner in a restored czarist palace in St. Petersburg. The two leaders, who are scheduled to meet for dinner tonight and to hold talks tomorrow, likely will try to patch over their problems and reach some economic deals. They will almost certainly find themselves at odds over Israel's response to recent attacks. Mr. Bush has defended it, and Mr. Putin has condemned it as disproportionate.

Mr. Putin seems aware of the leverage he now has, and he appears determined to exploit it. Mr. Putin's aides say they expect to win final U.S. approval imminently for Russia's long-stalled application to join the World Trade Organization, one of Mr. Putin's priorities. This week, the Bush administration cleared the way for Russia to get into the lucrative business of storing spent nuclear fuel, in spite of long-standing U.S. concerns about the safety of facilities in Russia. The Bush administration hopes the policy reversal will help persuade Russia to support international efforts to force Iran to abandon its nuclear weapons program.

The White House also is backing a multibillion-dollar deal that would for the first time bring liquefied natural gas from Russian state-controlled energy giant, OAO Gazprom, into the U.S. market. That deal, which is expected to be finalized in coming days, would help fill U.S. energy needs.

Despite his stated commitment to spreading democracy, Mr. Bush has muted his criticism of Mr. Putin's attempts to silence Russia's independent media and to consolidate power within the Kremlin. Earlier this year, Vice President Cheney derided Russia for using its energy reserves as "tools of intimidation or blackmail." But Mr. Bush has pointedly declined to repeat the criticism, which Mr. Putin appears to have noticed. In an interview this week with NBC's Today Show, Mr. Putin said Mr. Cheney's criticism was "like an unfortunate shot while out hunting," a barbed reference to the vice president's accidental wounding of a hunting companion in February.

Good relations with Washington still matter to the Kremlin, though not as much as they did in the 1990s, when Russia was an economic basket case dependent on Western support. Some experts on relations between the two nations express concern about the shift.

Rough Patch

"The U.S.-Russia relationship today is as bad as it's been at any point in the last 15 years," says Steven Pifer, who in 2004 stepped down as the State Department's top diplomat on Russia. "Russia feels fairly self-confident now, and is willing to assert itself in ways that you didn't see even a few years ago, while the U.S. seems at a loss for how to respond."

The deterioration of Mr. Bush's relationship with Mr. Putin comes as Mr. Bush grapples with big second-term challenges. Tied down in Iraq, the administration is trying to rely on diplomacy as it searches for ways to deal with Iran and North Korea. Nations such as Russia and China, which can be adversaries as much as friends, are important to this diplomatic effort.

Five years ago, relations between the U.S. and Russia seemed to be headed down a more harmonious path. Mr. Putin and his aides thought that Republicans such as Mr. Bush would be interested in a relationship based more on practical concerns than ideals. Over the next few years, the Kremlin treated U.S. concerns about the fate of democratic institutions in Russia as little more than political rhetoric.

Mr. Bush rarely criticized Russia's democracy and human-rights record himself, leaving that to lower-ranking officials. That left the Kremlin with the impression that the concerns didn't matter much at the top. When Mr. Bush called the Kremlin in late 2003 to congratulate Mr. Putin on the pro-Kremlin party's sweeping victory in parliamentary elections, Russian officials say, Mr. Bush didn't mention voting problems that U.S. diplomats later said made the vote "less than free or fair."

Administration officials decline to comment in detail about Mr. Bush's private discussions with the Russian leader, but say the president in all of their one-on-one conversations has stressed the importance of democratic development.

Nearly a year later, Moscow's heavy-handed steps to break up oil giant OAO Yukos helped drive world oil prices to record levels, just as Mr. Bush's re-election campaign was heading into the home stretch. When Mr. Bush called the Kremlin to raise his concerns, Mr. Putin assured him the oil would continue to flow. Russian officials say the Kremlin concluded that the supply of Russian crude mattered more than legal niceties. Mr. Putin was sufficiently content with Mr. Bush that he openly backed him in the 2004 election.

It came as a shock to the Putin team when the Bush administration made it clear that its call for flowering democracies applied in Russia's backyard as well. Relations worsened when the U.S. spoke favorably about the huge demonstrations that

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erupted in Ukraine over rigged elections, which resulted in a pro-Moscow candidate being unable to assume the presidency. Mr. Bush's 2004 State of the Union speech, in which he said the promotion of freedom and human rights was a moral "calling," came soon afterward. Russian leaders were convinced that the U.S. was fomenting revolution on its borders and seeking to destabilize Russia itself.

At the G-8 meeting in St. Petersburg, Messrs. Bush and Putin will be accompanied by two little known aides whose views helped to shape the troubled relationship -- and who could help the two leaders find a way to repair it.

Mr. Putin's top economic adviser and frequent unofficial envoy to the U.S. is a former corporate lawyer, Igor Shuvalov. Mr. Bush's main Russia expert is a rail-thin former academic, Thomas Graham. The two aides hold similar, pragmatic views of how the two countries should interact. Both accept that the two nations will disagree about democracy, human rights and other issues. But both believe their governments can forge a long-term relationship built largely around extensive economic and security cooperation.

Mr. Shuvalov, 39 years old, left his law practice in the late 1990s to join the government. He is seen as one of the few pro-Western liberals left in the Kremlin, where hard-liners, many of them veterans of the military and secret services, appear to be ascendant. He is credited as a driving force behind efforts to streamline Russia's stagnant and corrupt bureaucracy, and is the main author of Mr. Putin's state-of-the-nation addresses, which typically include lots of pro-business and pro-market language.

As Mr. Putin's top economic aide, Mr. Shuvalov has sometimes had to explain policies that appear at odds with his free-market leanings. Late last December, for example, Mr. Shuvalov met with top diplomats from the other G-8 nations in preparation for Russia's turn as president of the group. Moscow had threatened to cut off natural-gas supplies to Ukraine starting Jan. 1 because of a price dispute. One diplomat asked whether the Kremlin had considered the implications of such a move on its G-8 presidency, for which Moscow had chosen energy security as a key theme. Mr. Shuvalov brushed off the concerns, according to participants.

Days later, Russia made good on its threat, and natural-gas supplies to Europe, most of which are piped across Ukraine, were reduced. Castigated by Europe and the U.S. for using its energy resources as a political weapon, Moscow turned the gas back on, but not before setting off a fierce debate about Russia's reliability as an energy supplier.

Mr. Shuvalov also has played the role of attack dog. On a trip to Washington in March, the Russian surprised his hosts by warning that the Kremlin would hold back some big U.S. business deals if Washington continued to drag out talks on Russia's accession to the World Trade Organization. The Kremlin followed up by holding up two multibillion-dollar deals -- the state airline's purchase of planes from Boeing Co. and the natural-gas deal with Gazprom -- that were to be announced in the spring.

The G-8 summit might help to stabilize the relationship. A deal allowing Russia into the WTO is expected to be announced there, and the Gazprom and aircraft deals are expected to follow, industry officials say.

Unlikely Ally

Mr. Shuvalov has found an unlikely ally in Mr. Graham, the National Security Council's senior director for Russian Affairs. Superficially, the two men could not more different: Mr. Shuvalov is a natty dresser who enjoys a high public profile in Russia, while Mr. Graham has the rumpled look of an academic and rarely participates in Washington's social whirl. But the two men seem to agree that economics is the path around the current tensions.

Mr. Graham, who received his doctorate in political science at Harvard, is widely respected inside and outside of government for his encyclopedic knowledge of Russian culture, history and politics. He served two tours in the U.S. embassy in Moscow and has written dozens of books and scholarly articles about Russia.

Mr. Graham declines to give media interviews, citing National Security Council policy. In an address at the conservative American Enterprise Institute in October 2005, he noted that the relationship between the U.S. and Russia "has had its ups and downs," leading many people in both countries to conclude they had nothing to gain from continued interactions. Constructive trade and economic policies, he argued, would demonstrate "to skeptical publics in both countries that there is genuine substance to U.S.-Russian relations that brings tangible benefits now."

Mr. Graham stressed that U.S. concerns about the sanctity of private property in Russia in the wake of the Yukos affair did not mean that "we support the socio-economic injustices" that grew out of privatization of state industries, "or condone the often corrupting role of vast accumulations of wealth in the Russian political system." The administration, he concluded, could not "impose our views on Russia."

Bush Will Talk With Putin Privately About Democratic Reform (KRT)

By William Douglas

Knight Ridder, July 14, 2006

STRALSUND, Germany - President Bush said he will talk firmly, but privately, to Russian President Vladimir Putin this weekend about the West's concern that he's retreating on democratic reforms when the two men meet in St. Petersburg.

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Speaking at a news conference here Thursday, where he was visiting German Chancellor Angela Merkel, Bush warned that his session with Putin wouldn't be a finger-wagging lecture on freedom and democracy.

"I'll be firm about my belief about the need for there to be an active civil society and (non-governmental organizations) should be allowed to function in Russia without intimidation," Bush said. "But I'm also going to be respectful of the leader of an important country. And I may not tell you exactly what I talked to him about in private."

Bush flies Friday to St. Petersburg to huddle with Putin in advance of this weekend's meeting of the Group of Eight leaders from top industrial democracies, which Putin will host. Bush and Putin will hold a one-on-one working lunch on Saturday, before the G-8 summit officially begins with a social dinner Saturday night and work sessions Sunday and Monday. The Russian hopes the summit will showcase his hometown and signify Russia's emergence on the world stage as an economic power.

Officials in Washington and other world capitals have growing concerns about Putin's commitment to democratic reform. In recent years, Putin has:

-quashed the independence of Russia's governors;

-slashed the power of the Duma, Russia's lower house of parliament, by enacting laws that discourage effective opposition parties and favor the Kremlin-controlled United Russia faction;

-taken over the nation's only independent television station;

-jailed businessmen who could be political rivals;

-briefly cut off natural gas shipments to Ukraine, causing spot shortages in countries across Europe, which is increasingly dependent upon fuel from Russia.

Bush will meet Friday with leaders from many Russian civil-society groups in a symbolic show of support for their independence.

Vice President Dick Cheney conveyed the Bush administration's displeasure with the natural-gas cut-off to Ukraine in a May speech in Lithuania.

"No legitimate interest is served when oil and gas become tools of intimidation or blackmail, either by supply manipulation or attempts to monopolize transportation," the vice president said.

Putin fired back Wednesday in an interview on NBC's "Today Show," saying Cheney's comments missed their mark "like his bad shot on his hunting trip." Cheney accidentally shot a friend on a quail-hunting trip in Texas earlier this year.

Bush laughed Thursday when asked about Putin's comment.

"It was pretty clever," he said. "Actually, quite humorous - not to diss my friend, the vice president."

But Bush said he's been plenty serious when he's talked to Putin in the past about democracy. He said he was "quite pointed" with the Russian president about press freedoms when the two leaders met on Feb. 24, 2005, in Bratislava, Slovakia.

After that session, the two leaders engaged in a blunt and sometimes testy news conference in which an unsmiling Putin made a jab at the United States' Electoral College system and sternly suggested that some of Russia's Western allies "do not have the full understanding of what takes place in the Russian Federation."

Several experts on U.S.-Russia relations say Bush needs to tread lightly with Putin in their one-on-one sessions this weekend. Bush wants Russia's cooperation in solving the nuclear standoffs with North Korea and Iran. Russia is the only G-8 member that opposes separate United Nations Security Council resolutions that would impose sanctions on North Korea and Iran if they don't suspend their nuclear activities.

"Listen, we've got common problems that we need to work together to solve - North Korea and Iran are two," Bush said at his German news conference. "I hope he (Putin) continues to understand that it's in his country's interest to implement values that Germany and Russia, Germany and the United States share."

Asked about the escalating violence in the Middle East, Bush defended Israel's right to defend itself against terrorists and to attack targets in Lebanon. But he worried that Israel's retaliation could destabilize Lebanon's fragile government.

"Whatever Israel does, though, should not weaken the Siniora government in Lebanon," he said. "We're concerned about the fragile democracy in Lebanon."

Bush's day in Stralsund began on a lighter note, with an arrival ceremony in the medieval town square before a small crowd that greeted the president - who is unpopular in Europe - with polite applause.

Later, the president and first lady Laura Bush joined Merkel and some townsfolk for a barbecue in nearby Trinwillershagen that featured wild boar. The chief personally slaughtered the boar for the occasion and let the president try his hand at carving the cooked beast.

Bush Says He'll Be `Firm' With Putin On Rights (LAT)

By James Gerstenzang

The Los Angeles Times, July 14, 2006

DOJ_NMG_0041030

STRALSUND, Germany — Raising one of the most sensitive issues in the United States' relations with Russia on the eve of a four-day visit there, President Bush said Thursday that he was concerned about the state of basic democratic freedoms in the country.

He said he would raise the matter with Russian President Vladimir V. Putin, but would do so "in a respectful way," and in private.

The president's comments went to the heart of what has become a growing debate over the course on which Putin is leading Russia and whether his government is blocking the growth of democracy there by restricting media freedom and the operations of nongovernmental organizations.

"I'll be firm about my belief in certain democratic institutions; I'll be firm in my belief about the need for there to be an active civil society — and NGOs should be allowed to function in Russia without intimidation," the president said.

Bush spoke at a news conference with German Chancellor Angela Merkel in this revived Baltic seaport in northeastern Germany, his first stop on his visit to this country and then Russia, where he will attend the annual summit of the Group of 8 leading industrialized nations.

The president also delivered a renewed denunciation of Iran, in the wake of the decision Wednesday by the U.S. and its partners to return to the U.N. Security Council to seek resolution of the dispute over Tehran's nuclear program.

Expressing annoyance that Iran had not yet responded to an offer of incentives aimed at persuading it to suspend its nuclear program, Bush said: "They evidently didn't believe us. And so now we're going to go to the Security Council, and we're united in doing that."

Bush and Putin have said that they have developed a relationship in which they can privately speak their minds to each other. But Putin has clearly bristled at what sometimes appears to be a dressing-down.

When the two leaders met nearly 17 months ago in Slovakia, they conducted an often-tense news conference at which Bush reminded Putin in public that democracies adhere to the rule of law, and protect minorities, a free press and "a viable political opposition."

On Wednesday, NBC News broadcast an interview with Putin in which he took a personal poke at Dick Cheney, in response to the vice president's criticism in May of Putin's record on democracy.

Referring to a hunting accident in February in which Cheney wounded a companion, Putin said: "I think that these kinds of comments from your vice president amount to the same thing as an unfortunate shot while out hunting."

Asked whether he was surprised by Putin's comment, Bush said Thursday: "Did I think it was a clever response? It was pretty clever. Actually, quite humorous — not to 'diss' my friend the vice president."

Bush said it was the United States' role "to continually remind Russia" that if it wants to maintain good relations, it should "share common values with us."

"We share concerns about the ability for people to go to the town square and express their opinions, and whether or not dissent is tolerated, whether or not there's active political opposition," he said. "And so I will continue to carry that message."

Merkel, who will also attend the summit, along with the leaders of Britain, Canada, France, Italy and Japan, added: "There are differences of opinion between Russia and the European Union. We would wish for Russia to embark on a path that leads to a lively and very pluralistic political landscape, that they enter into a dialogue with their civil society, which is as yet not there, for many reasons."

Russia is serving as host of the meeting for the first time, giving it new visibility as a member of a club built around shared economic goals and free political discourse. The summit sessions will take place Sunday and Monday.

The question of Russia's commitment to democracy underlies a gathering Bush plans to attend today, an hour after arriving in the northern Russian city of St. Petersburg. He is to meet with representatives of citizens groups whose activities have occasionally pushed the limits of the Russian government's tolerance of dissent, even as Putin has toughened controls on parliament, the news media and the legal system.

Later today, Bush and his wife, Laura, are to have dinner with Putin and his wife, Lyudmila. Putin and Bush plan to conduct a business meeting Saturday.

Bush's visit here underscored the dramatic changes that have occurred in what was East Germany since Germany was reunified in 1990, even as he and Merkel acknowledged only in passing the steep unemployment — roughly 20% in Stralsund — that still besets many communities in the sector that spent 4 1/2 decades under communism.

The visit was an opportunity for Merkel to showcase the district she represents in Parliament. For Bush, it was the equivalent of a foreign leader accepting one of the American president's sought-after invitations to Camp David or his ranch near Crawford, Texas.

Stralsund, population 58,000 and designated a UNESCO World Heritage Site in 2002, was at the time of reunification a sleepy, slightly dilapidated town that had seen better times. But now the town square, the Alter Markt, or old market, has been

spruced up, its brick and stucco Gothic architecture cleaned of grime and bathed Thursday in the sunshine of a cloudless seaside day. In the town center, there are few signs of the once-rundown conditions.

St. Nicholas Church, on which construction began in 1270, borders the square. Someone managed to hang a small, and then a larger, Greenpeace banner declaring "No Nukes, No War, No BUSH!" from a small opening in a clock tower for four minutes just before the president arrived.

The president and Merkel, with their spouses, dined at a restaurant in the village of Trinwillershagen, founded in the 13th century. Under communist rule it was a showcase socialist agricultural cooperative. The menu featured roasted wild boar. The restaurant owner, Olaf Micheel, said he shot the boar on a hunting expedition Monday morning.

Plates Full For Bush, Putin At Private Talks Today (USAT)

By David Jackson

USA Today, July 14, 2006

STRALSUND, Germany — President Bush said Thursday that he and Russian counterpart Vladimir Putin have "got issues" to discuss at this weekend's Group of Eight summit — some publicly, some not.

"I may not tell you exactly what I talked to him about in private," Bush said during a stop in Germany before the G8 meeting of industrialized nations in St. Petersburg, Russia.

Unlike his warm relationship with German Chancellor Angela Merkel, Bush and Putin have sometimes had tense dealings. Bush said he doesn't want to "scold" Putin over alleged democratic backsliding in Russia and is seeking Russia's help with "common problems" such as Iran, North Korea, Iraq, trade and energy development.

Russia has not supported sanctions against Iran or North Korea for its recent missile tests, both prime G8 topics. Putin also wants the United States to lift its objections to Russia's joining the World Trade Organization.

The president also had a special message for Iran, saying it should still suspend uranium enrichment in exchange for U.S. talks on an assistance package. The nuclear dispute is being submitted to the United Nations Security Council for next steps, possibly including sanctions against Iran.

Although Bush said "their deadline passed," he stressed that Iranians "can show up any time and say, 'Wait a minute, now we'd like to go back and negotiate.' … In order for us to come to the table, however, what they must do is verifiably show that they're not enriching."

The president's remarks came after a pre-summit "strategy session" on the Middle East, Iran, Iraq and other issues with Merkel, who is emerging as perhaps his strongest ally in Europe.

They met on her home turf in the formerly communist East Germany. Bush and his wife, Laura, sat down for a barbecue of wild boar after a tour of the area.

Bush is due to arrive in Russia today for private — and probably less friendly — meetings with Putin, host of the G8 summit.

Putin, who sees the summit as a chance to show off the new Russia, hasn't hesitated to fire back at his critics. He has challenged various aspects of American democracy, from the Electoral College to the Guantanamo Bay prison in Cuba, and mocked Vice President Cheney's hunting accident in February.

Asked on NBC's Today show Wednesday about a critical speech by Cheney on the pace of Russian democracy, Putin replied, "I think your vice president's expression there is like his bad shot on his hunting trip."

The Bush-Putin meetings this weekend reflect many political changes since the leaders first met in June 2001.

Bush's handling of the Iraq war and other political problems have limited his ability to influence events overseas. Putin, meanwhile, enjoys approval ratings of more than 70% in Russia, even amid global protests that he is consolidating power for himself.

"What you could call 'Putin-ism' is quite popular in Russia," said Strobe Talbott, president of the Brookings Institution.

Others said Putin is increasing his power at the expense of the media, other political views, the judicial system and non-governmental organizations. "There has been a drip, drip, drip of creeping authoritarianism," said Sarah Mendelson, senior fellow at the Center for Strategic and International Studies in Washington.

Putin calls such criticism a Cold War holdover, saying on Today that "Russia and the United States have stopped being enemies."

Bush said part of his administration's job is to "continually remind Russia" that it "ought to share common values" with the West. He also said "nobody really likes to be lectured a lot."

For G-8, Geopolitics Likely To Trump Economics (CSM)

By Howard Lafranchi

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The Christian Science Monitor, July 14, 2006

BRUSSELS

The G-8 summit this weekend in St. Petersburg, Russia, was supposed to provide an opportunity for eight of the world's top leaders to discuss energy security, world trade liberalization, and global health and education.

Those topics will still come up, but Iran, North Korea, and the Middle East are clamoring for attention, like uninvited guests at the gates of a sumptuous banquet.

The mere fact that two smaller countries' nuclear ambitions, as well as the escalation of Mideast violence, are likely to dominate this meeting is an indication of how these summits have changed - from economics-focused discussions, to increasingly political gatherings where diversifying viewpoints have made bold action increasingly difficult.

One reason the Group of Eight meetings are increasingly political, some experts believe, is that economic accord is more difficult to reach in the post-cold-war, post-sphere-of-influence era.

"Sometimes on economic summits, the economic issues get the main billing because consensus is approaching and you can bring things to closure. And sometimes when that is not the case, as is the case this year, the politics tend to get a higher billing," Richard McCormack, a former undersecretary of State for economic affairs, told a Washington gathering recently.

Among the areas of economic discord that Ambassador McCormack cites are the Doha round of global trade liberalization negotiations, a disconnect between America's need to address its current account deficit and the developing world's "desperate need" to increase exports, and tension over energy interests in Iran.

Others say the G-8 is simply reflecting diversifying national interests, in a world no longer polarized along East-West lines.

"What we're seeing is the G-8 going with the times," says Constanze Stelzenmüller, a transatlantic security expert who heads the German Marshall Fund's Berlin office. "We now have fissures among the partners, even values differences that are increasingly pronounced, when before the overarching issue [of the cold-war divide] was so much larger that political differences didn't stand out."

Russia's accession to the big-boy club is another factor in the loss of easier consensus. That is especially true at a time when President Vladimir Putin appears to act in an increasingly authoritarian manner toward Russian civil society and some neighbors of the former Soviet Union.

Some experts believe that Mr. Putin is actually out to challenge American leadership with a more controlling, centralized, and less transparent example of government. "I'm not sure we can cooperate that effectively with Russia," says Joshua Muravchik, an expert in international institutions at the American Enterprise Institute (AEI) in Washington. "At some point, we have to take into account that Russia under Putin is not just aiming to develop its own idea of democracy, but really to counterbalance us."

Indeed, as summit host, Putin intends to showcase a wealthier and more assertive Russia, one he touts as an "energy superpower." And as the one who sets the agenda, Putin has wanted the discussions to focus on energy security - a topic that harks back to earlier summits in the 1970s and '80s, when the group was seven Western democracies against the world's major oil producers. From those deliberations came the International Energy Agency, strategic oil reserves, and arrangements for helping fellow club members with energy supplies in times of disaster.

Yet while oil experts think more global attention to a new generation of energy security arrangements is essential, few of them seem to expect major action.

For one thing, interests vary. Russia is an oil and natural-gas supplier, and it has been opposed to the kind of system transparency and investment freedom and guarantees that consumers in the group, including the United States, want to see.

Indeed, the hurdles to reaching meaningful agreement on energy security seem so high that the weekend's main events could occur even before the eight leaders get down to business, when President Bush meets Putin Saturday.

Officials from both countries are talking with increased optimism about the US reaching a trade agreement with Russia that would pave the way for it to join the World Trade Organization. At the same time, the US is expected to announce a White House decision to begin negotiating a civilian nuclear cooperation agreement with Russia.

Such an agreement could result in tighter security for Russia's nuclear materials and weapons-of-mass-destruction stocks, some experts say. But as proposed, it also includes a provision to make Russia a repository for the nuclear waste of countries with American-built nuclear power plants, including South Korea and Japan.

Such an arrangement would be extremely lucrative for Russia. But it also has some human rights experts worried that it would be "the last nail in the coffin of George Bush's concern about Russia's deteriorating democracy," as one such expert says, while insisting on anonymity because of ongoing work with both governments.

But other analysts say this "carrot" that the White House is dangling is really more about Iran, and winning Russia's support for a tougher stance toward Tehran's nuclear ambitions. "The administration has concluded that by beginning negotiations, the agreement could be a source of continuing leverage over the Russians" as the international community continues to confront the

Iranians, says Robert Einhorn, nonproliferation and security expert at the Center for Strategic and International Studies in Washington.

Mr. Einhorn says the prospects for a Russia deal, taken together with the civilian nuclear agreement the White House wants to conclude with India, could form the basis of a new nuclear security architecture for a world of galloping energy needs. "The common thread behind this is a world relying more all the time on nuclear energy," he says.

The multifaceted reasoning behind offering Russia a nuclear agreement also serves as an example for some diplomatic realists of why a country like Russia needs to be in an organization like the G-8. Supporters of that view say that in fact, the G-8 should be expanded to take in China and India.

But not everyone agrees. "It's already unfortunate to have Russia in the G-8," says Mr. Muravchik of AEI. "Add China and a few others, and you'd end up manufacturing molasses. You wouldn't get anything done."

Russia Warns West Not To Interfere (FT)

By Arkady Ostrovsky, Caroline Daniel And Hugh Williamson

Financial Times, July 14, 2006

Sergei Ivanov, Russia's defence minister, on Thursday warned the west to stay out of its internal affairs saying it would use its "military might" as a deterrent and a guarantor of its sovereignty. His comments came as President George W. Bush sought to put democratic freedoms in Russia back on the agenda for the Group of Eight summit in St Petersburg this weekend.

In an article published in Izvestia newspaper Mr Ivanov – a possible successor to president Vladimir Putin in 2008 – hailed Russia's resurgence as a great power, underpinned by a triad of "sovereign democracy, a strong economy and military might".

He said Russia must hold its own "in the face of those who criticise us or are our open enemies". These, he wrote, can be divided into two camps of "soft" opponents and of terrorists. Mr Ivanov said some democratic states which criticised Russia for its authoritarianism "were unhappy about an independent, strong and confident Russia".

Russia's future depended on its ability "to provide adequate response both to attempts to exert foreign policy pressure and to direct aggression, including international terrorism", he said, adding that in both cases "combat-capable, well-equipped and modern armed forces" would play "a priority role".

Mr Ivanov's hawkish article is the latest sign of deterioration in Russia's relationship with the west. It came as Mr Bush prepared to fly to St Petersburg on Friday for talks with President Vladimir Putin of Russia and to meet civil society leaders, ahead of the G8 summit.

Mr Bush on Thursday restated US concerns about freedom of expression in Russia. "We share concerns about the ability for people to go to the town square and express their opinions, and whether or not dissent is tolerated, whether or not there's active political opposition," the president said at a joint press conference with Angela Merkel, German chancellor.

However, the president emphasised that he had no desire to lecture Mr Putin or "scold the person publicly" during his visit which begins on Friday with a meeting of civil society activists.

In a signal that he did not intend to embarrass his Russian counterpart at the G8, Mr Bush said he intended to press the message in "a respectful way". "I'm also going to be respectful of the leader of an important country."

Mr Bush sought to create a united voice with Germany on the issue, noting that it was in Mr Putin's interest "to implement the values that Germany and Russia – Germany and the United States share".

Mrs Merkel echoed his comments about the need to press Mr Putin privately, noting: "We should not speak loudly and in public about certain issues."

She side-stepped calls to criticise Russia on energy security and took a more cautious approach on human rights, calling merely for Russia to embark on a path that leads to a "lively and pluralistic society".

Speaking on the fringe of the US-German summit in Stralsund, northern Germany, German officials said Berlin was cautious about taking a confrontational approach towards Moscow, noting the county's energy dependency on Russia and its important role in resolving conflicts including over Iran and North Korea.

Russian Gas Proves Irresistible To Europe (WSJ)

By Gabriel Kahn In Rome, Marc Champion In Brussels And Gregory L. White

The Wall Street Journal, July 14, 2006

Russia's brief cutoff of natural-gas supplies to Ukraine in January shocked European customers farther down the pipeline into rethinking their decades-long dependence on their giant neighbor. But for all the concern, economic, political and geological realities are driving Europe deeper into Russia's embrace.

That's the somber backdrop as leaders from the Group of Eight leading nations gather in St. Petersburg this weekend for a summit where energy security is a top agenda item.

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Europe's dilemma reflects how dramatically the balance of power between the world's energy importing and exporting countries has changed as oil and gas prices have soared in the past few years, turning Russia from a supplicant for foreign aid to a cash-rich power courted for its energy resources.

"Competition for access to energy resources between the three largest gas markets -- Europe, Asia-Pacific and North America -- will grow," Alexei Miller, chief executive of Russia gas monopoly OAO Gazprom, proudly told shareholders last month. "The natural-gas market is now a seller's market."

As a result, the debate over whether to embrace or contain Gazprom is quickly being decided in Russia's favor.

Europe has grown increasingly dependent on gas to generate its electricity, and its share of global gas consumption is soaring. It already gets a quarter of its gas from Russia, a level that is expected to rise to a third by 2015.

That means that, like the U.S.'s concerns about Middle Eastern oil, Russian gas is the continent's top energy security worry. Not only is there a risk that Russia might use its control of Europe's gas as a political tool, but the International Energy Agency says Russia may not even have enough gas to fulfill its promises to supply Europe.

How to respond to the dilemma has split the European Union, further increasing Russia's leverage. Instead of scrambling to find new sources of gas, countries such as Germany and Italy, both of which will be attending the G-8 summit in St. Petersburg, are racing to become Russia's preferred partners to lock in long-term supplies.

On Thursday, Germany's major utility, E.On AG, said it had reached a deal with Gazprom to take a stake of 25% in the giant Siberian Yuzhno-Russkoye gas field. Italian oil-and-gas giant Eni SpA is trying to negotiate a sweeping accord with Gazprom that would see the two countries cooperate on everything from recovering gas in remote areas in Russia to supplying the Italian domestic market.

"In terms of energy security, there is no doubt that Russia is very important for Italy," says Eni's chief executive, Paolo Scaroni.

But as individual countries seek the best deal with Gazprom, they end up competing with each other for privileged access to Russian gas and strengthening Gazprom's hand in the process.

"Not everyone can be Gazprom's privileged partner," says Paul Domjan, a former adviser on energy security to the U.S. military and now the director of a London-based consultancy.

This approach has infuriated some of the EU's ex-Soviet satellites, such as Poland and the Baltic states, which have recent memories of Russian domination. They are scrambling to diversify their energy supplies by building liquid-natural-gas terminals, alternative pipelines and nuclear-power stations.

Yet even in the old Eastern Europe, energy companies are making deals with Gazprom that are likely to solidify its hold. A project known as Nabucco -- to build a $5.8 billion, 3,000-kilometer gas pipeline from eastern Turkey to Eastern Europe that would be able to tap gas supplies direct from Central Asia, and perhaps Iran and Iraq -- has won strong EU backing.

But even as partners last month formally approved the project, due for completion in 2011, Gazprom raised questions about Nabucco's commercial feasibility by proposing a much cheaper alternative to deliver Russian gas. Hungary's MOL, one of the companies lined up to build Nabucco, has acknowledged it is exploring other possibilities with Gazprom.

For Russian President Vladimir Putin, the situation is a vindication of his drive over the past six years to use Russia's vast energy resources to carry his country back to the forefront of global affairs. This realization has strengthened the Kremlin's resolve to resist European and U.S. calls to open its energy sector to foreign and other private investors.

Russian officials reject as pure politics any attempts to question their reliability as a supplier. But that isn't how it looked to Europe's governments in January, when Russia cut supplies to Ukraine in a price dispute, reducing pressure in a key pipeline that stretches across the Ukraine all the way to Italy.

Immediately, politicians started talking about the need to find alternative energy sources while attempting to put pressure on Russia to end Gazprom's monopoly over its gas-distribution network, through which all Russian and Central Asian gas has to pass on its way to the countries of the EU.

EU officials also warned Gazprom that if it wanted to buy assets inside the EU, it would have to abide by the same competition rules as EU companies.

However, Europe has less bargaining power with Russia. A decade ago, convinced that gas was a plentiful, clean and efficient energy source, Europe began investing heavily in gas-fired electricity generation.

Western Europe's share of global gas consumption rose to 17.4% in 2004 from 14.9% a decade earlier. At the same time, however, Western Europe's own gas reserves began dwindling just as global demand, fueled in part by the rise of India and China, began to boom and prices skyrocketed.

Eni's Mr. Scaroni estimates Western Europe's rising demand for gas, coupled with a steady drop in internal production, means the continent will need to find up to an additional 220 billion cubic meters by 2012 -- or nearly 2½ times Italy's annual

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consumption. Addressing an industry conference in Amsterdam last month, he asked bluntly: "Where are we going to find all that gas?"

While Mr. Scaroni doesn't see Gazprom as the answer to Europe's problems, he sees few other solutions. Eni is investing in liquefied natural gas that will allow Italy to procure gas from different sources. But Mr. Scaroni's calculation is that the closer Eni can get to Gazprom, the more secure Italy will be in the long term.

"This gives them a responsibility to the Italian market...and it strengthens our relationship," he says.

Putin Inc. (WSJ)

By Stuart Eizenstat

The Wall Street Journal, July 14, 2006

As the G-8 prepares to meet this weekend in St. Petersburg, it is now clear that the Yukos Affair, which began three years ago this month with the arrest of Platon Lebedev in Moscow, has had a much more far-reaching effect than could have been imagined. Mr. Lebedev, one of Russia's wealthiest financiers, was Mikhail Khodorkovsky's business partner. Together, they controlled a vast banking and natural resources empire including Yukos, then Russia's most efficient, transparent and profitable privately owned oil company.

Much as been written about how the Yukos Affair has impacted Russia. But much less attention has been paid to the effect that the arrests (on charges of fraud and tax evasion) and confiscation of Messrs. Lebedev and Khodorkovsky's assets has had beyond Russia's borders, especially on Western Europe and the U.S. Many of their most important business and philanthropic ventures were designed to cement Russia's integration into the global economy. Once they were jailed, a good number of these initiatives could never be realized, to the detriment not only of Russia but also its G-8 partners in the West. * * *

Mr. Khodorkovsky's Open Russia Foundation promoted an independent civil society in Russia and provided hundreds of scholarships for Russian students to study in Moscow and Britain. At the same time, Open Russia's support for training journalists, Internet education and policy institutes -- and Mr. Khodorkovsky's support for political parties -- was meant to encourage political pluralism in a country that has again become a one-party state. Mr. Khodorkovsky's arrest resulted in the closing down of Open Russia and signaled the beginning of a broader campaign to restrict the activities of human rights groups and other NGOs, particularly those financed from the West. The Yukos Affair also provided a distraction for publics in Russia and the West while the Kremlin neutralized the democratic opposition, ended the popular election of governors and sharply curtailed freedom of the press.

At the time of their arrest, Messrs. Khodorkovsky and Lebedev and their holding company, GML, were in negotiations with one of the largest U.S. private equity houses to set up a jointly managed investment fund in Russia. The proposed deal would have helped open the Russian economy by giving U.S. and other international investors the opportunity to buy, control and manage hundreds of millions of dollars worth of Russian assets. The fund would also have further integrated Russia into the global economy, as Messrs. Lebedev and Khodorkovsky intended. After their arrest, the deal was quietly dropped.

Also at the time of their arrest, Messrs. Lebedev and Khodorkovsky were negotiating the sale of 25% of Yukos, their crown jewel, to an American oil company. While they did not need the money, they decided that their vision for a Western-looking Russia depended upon this partnership. The sale would have thwarted the Kremlin's plan to retake control of the Russian oil industry as well as strengthened economic ties between Russia, Western Europe and the U.S.

Surely they were right. The world's energy equation would today be very different had that transaction gone forward: Another major international oil company would have owned a significant piece of Russia's vast oil resources. That, in turn, would have increased Russia's oil production and made it far more difficult for the Russian government to use oil as a weapon to threaten its neighbors and global energy supplies. Despite these facts, there was no official reaction from the Western governments to Mr. Lebedev's arrest, just as there would be only a tepid reaction when Mr. Khodorkovsky himself was arrested three months later. The U.S. and most Western European governments took the position that this was an internal Russian affair, involving two so-called oligarchs who had gotten rich during the no-holds-barred struggle to transform the Russian economy in the mid 1990s.

Yet it was this failure of the U.S. and its G-7 partners to understand the broader implications of the Yukos Affair that have contributed significantly to Mr. Putin's ability to renationalize Russia's vast energy resources; to use them as a political weapon against Ukraine and Georgia at a time of rising prices; and to reassert Russia's influence in the world with a more independent position on key foreign policy issues. For example, Russia has met with Hamas and refused to agree to sanctions against Iran. Freedom House has watched with growing concern as Mr. Putin has systematically restricted human and political rights in Russia since Mr. Lebedev's arrest three years ago, downgrading Russia to the "not free" category.

Privately, the U.S. government and a number of its G-7 partners recognize that Russia is moving in the wrong direction. Yet President Bush and the G-7 appear extremely reluctant to raise these fundamental issues, not to mention Messrs.

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Khodorkovsky and Lebedev -- and Yukos -- in St. Petersburg. With Yukos, Sibneft, Rosneft, Lukoil, Gazprom and the pipelines firmly under the Kremlin's control, Russia has adroitly turned the tables on its G-8 counterparts. Mr. Putin now seems to have the upper hand.

The implications of the Yukos Affair must be viewed from this perspective. The price of oil has given the Russian government enormous new wealth, while the Kremlin's unfettered control of the country's massive energy reserves has given Mr. Putin the leverage to silence his opponents at home and threaten Russia's neighbors. Unless they are willing to challenge Mr. Putin's policies in St. Petersburg, the G-7 leaders risk giving Russia's president the impression that nothing stands in the way of a further consolidation of his power.

President Bush and his G-7 colleagues should forcefully remind Mr. Putin that the G-8 is not a social club but a grouping of the world's leading "industrialized democracies." To ensure Russia's great power status, Mr. Putin must understand that there are fundamental principles to which great countries must adhere. The use of energy resources to threaten global stability, for one, is unacceptable and will invite retaliation. Russia cannot expect to have full access to Western energy assets while it limits Western access to its energy sector. Its failure to respect private property, rule of law and the human rights of its citizens should limit the full partnership Russia expects from the other G-7 countries. Mr. Putin must not be allowed to restrict the work of Russian and international NGOs, nor, finally, should the G-7 remain silent while his government uses its police powers and the courts to repress legitimate opposition and dissent.

Mr. Putin should also be put on notice that the Rosneft IPO, which involves reselling assets illegally confiscated from Yukos, and the continued incarceration of Messrs. Khodorkovsky and Lebedev, who is ill and suffering unnecessarily in a prison north of the Artic Circle, limits Russia's prospects of being viewed as a member in good standing of the world's group of leading nations. Many of these messages were contained in Vice President Cheney's speech two months ago in Vilnius, where he warned Russia against using its energy resources to "blackmail" its neighbors and the Kremlin's power to clamp down on enemies at home. These same messages should be delivered again in St. Petersburg. Otherwise, the Yukos affair and all it represents will continue to cast a long and dark shadow over Russia's relations with the West.

Mr. Eizenstat is a former official in the Carter and Clinton administrations, including U.S. ambassador to the EU and undersecretary of state. He is a member of the International Advisory Board of GML and a vice chairman of Freedom House.

Putin Village (WSJ)

The Wall Street Journal, July 14, 2006

Tomorrow, at the Group of Eight summit in his hometown of St. Petersburg, Vladimir Putin will throw a coming out party for an economically rejuvenated Russia. Yesterday the master of the Kremlin marked the steady erosion of democracy by signing into law a bill that bans legislators in an already emasculated Duma from changing parties.

Throughout President Putin's six years in power, a conceit indulged by the Western nations whose leaders are visiting this weekend has been that the Russia of strong growth and the Russia of creeping authoritarianism are different places. Russians themselves are told to sacrifice freedom for stability and prosperity. Both are dangerous illusions. For Mr. Putin's governing approach undercuts the very gains he will advertise this weekend. As the world stood by, Russia became a danger to the West, to its neighbors and not least to itself.

The Russia of today little resembles the chaotic country that hobbled out of the detritus of the Soviet Union. The credit for this turnaround -- the country grew cumulatively 65% since 2000 -- goes foremost to high oil prices, up sixfold in Mr. Putin's tenure. The smart policy moves came early on, in 2001-2002, when Prime Minister Mikhail Kasyanov put in a 13% flat income tax, the headline of a sweeping overhaul of a corrupt tax system.

But Mr. Putin's commitment to free markets has proved as fleeting as to democracy. Mr. Kasyanov, dumped in 2004, went into opposition with other disenchanted liberals. Monopoly control, be it over the Duma or media or business, is the defining characteristic of the Putin era. The slide toward single-man rule put a halt to efforts to modernize Russia's broken institutions and open up the economy.

High oil prices were the fig leaf that let Mr. Putin pursue another agenda: centralizing economic and political power inside the Kremlin. The share of state-controlled companies is 40% and rising. The largest oil company, Yukos, saw its best assets sold, for a song, to middling state-owned oil company Rosneft, whose chairman is a Kremlin official. The chairman of Gazprom, the world's largest gas producer, is a deputy prime minister. In the wake of the Yukos persecution, oil output suddenly started to drop. Without free competition and private ownership in oil and gas, the Russian economy can't meet its growth potential.

Mr. Putin wasn't interested in profit maximization as much as he was in gaining an instrument of political power. In this goal, he has succeeded, as Europe found out in January, during a cold spell, when Kremlin-run Gazprom turned off its gas supplies to Europe overtly over a price dispute with recently democratized Ukraine. "Yesterday tanks, today oil" is how the head of Polish intelligence describes Russia's current threat posture.

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In recent months Mr. Putin has felt emboldened to break with the other G-8 nations over Iran, to try to push the U.S. out of Eastern Europe and Central Asia while reasserting Russian dominance in its "near abroad," and to work on building an anti-American alliance with China. Such behavior gives lie to a long-held belief in some U.S. foreign policy circles that Mr. Putin, if uncriticized about his domestic policies, would play ball on issues that matter to Washington. He hasn't.

And so, at St. Petersburg, Western leaders face a tough question: What, if anything, is to be done about Russia?

First off, words and deeds matter. In his now famous Vilnius speech in May, Vice President Dick Cheney warned Russia against using energy blackmail against its neighbors and attacked backsliding on democracy. It's too bad this tough love didn't come earlier on in the Putin Thermidor, and we hope Mr. Bush will repeat the message in St. Petersburg. For too long, the Putin regime could interpret America's softly, softly approach -- leave aside the open coddling from Western Europeans -- as a tacit endorsement. As both the G-8 hoopla and Mr. Putin's thin-skinned response to the Cheney speech show, this Russian government cares deeply about Western opinion.

Now would be a good time to recommit resources to election monitoring and democracy building. Woken up by January's gas war, the Western Europeans can lend a hand for a change. The new Russian middle class will appreciate and, one day, may take advantage of this engagement. Now would also be an ideal moment to prop up the fledgling democracies in Georgia and Ukraine that are feeling the heat from Russia and put those countries on a track to joining NATO.

Globalization is the West's main leverage. Russians want in. Rosneft this week is trying to join three dozen other Russia companies on the London Stock Exchange; British market regulators are presumably taking a close look at its acquisition of plundered Yukos assets before giving its IPO a green light. Russia needs a deal with the U.S. to join the World Trade Organization. Though securing a Russian commitment to a rules-based system is good in itself, Congress will be right to look closely to make sure that Moscow can be trusted to honor its commitments. We see no reason to reward Mr. Putin by signing the agreement in St. Petersburg.

In the early days after 9/11, Mr. Putin recognized a shared strategic goal in countering Islamic terrorism and the proliferation of weapons of mass destruction, before losing interest. Future projects, such as the mooted deal with the U.S. on civilian nuclear cooperation, ought to depend on whether the Kremlin shows a real willingness to work with others on these threats. Iran is a good place to start.

Russia doesn't deserve its place among the G-8 democratic nations, and the task of the U.S. and other members is to encourage reform that will make it worthy of membership. Political and economic freedom aren't only nice words to be hauled out at gatherings like this weekend's St. Petersburg summit. For Russia they are the key to future prosperity and stability, a future that Mr. Putin has put in jeopardy.

Moving Toward A Cooperative Future At The G-8 Summit (CSM)

By Jacques Chirac

The Christian Science Monitor, July 14, 2006

For France, the raison d'?tre of the G-8 is to prepare joint responses to our shared challenges.

PARIS

At the G-8 summit on July 15-17 in St. Petersburg, the first chaired by Russia, I will present four goals: to refocus the rich and the emerging countries on the imperative of addressing global warming; convince them of the urgent need for new funding to overcome poverty and pandemics; support Africa at a time when it is beginning to recover; and combat terrorism as well as the proliferation of weapons of mass destruction, particularly by dealing with the Iranian and North Korean issues. Indeed, we must seize the opportunities of globalization in this extraordinary period of global growth that is transforming the future of mankind, while correcting its unacceptable social and ecological excesses.

For France, the raison d'être of the Group of 8, an informal forum for dialogue, is to prepare joint responses to our shared challenges. The G-8's method, based on personal contacts between leaders, is to seek consensus in a spirit of shared responsibility. This is why it has opened up to emerging countries such as India, China, Brazil, and Mexico - without which we can no longer address any major global issues - and to the representatives of poor countries.

Energy must not be a political instrument. In this phase of rapid economic growth, we must deal with it in the framework of a global partnership for sustainable development. If we continue on our current course, increased consumption of fossil fuels will be disastrous for the environment and climate.

In St. Petersburg, I would like us to find ways to improve the functioning of the oil and gas markets; promote dialogue between producers, consumers, and transit countries; accelerate the transition toward the post-oil era, and help emerging countries to plan ecologically responsible growth.

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We must strongly promote renewable and alternative energies - including nuclear energy, ensuring we have the strictest safety and nonproliferation guarantees - and energy-saving policies. Each of our countries should set ambitious national goals in these areas by the end of this year.

Global threats require global responses. We shall not solve the problem of global warming if we each go our own way or increase the number of unilateral or partial solutions. This is particularly true for global warming. I am concerned by the weakening of the international regime for climate change. We must reverse this trend. Here, the seven G-8 members party to the Kyoto Protocol have a particular responsibility. They must set an example by respecting their commitments, as Europe and France are doing. It is up to them to show the way forward for the post-2012 period. We seek an ambitious agreement commensurate with the threat posed to humanity, one committing all the G-8 countries, including the United States, as well as emerging countries.

The current ecological crisis demands effective and coordinated global responses. I will call upon my counterparts to commit to the rapid establishment of a United Nations Environment Organization.

Every year AIDS, tuberculosis, and malaria cause over 5 million deaths, the vast majority in Africa, and plunge hundreds of thousands of orphans into poverty and violence. We can overcome these diseases. The G-8 is committed to this and must keep its promises: universal access to AIDS treatments by 2010, compliance with the WTO agreement on generics, and funding for the Global Fund to which France is to allocate about $382.2 million in 2007 to fight these pandemics.

We need new sources of financing to fight poverty, taking advantage of the exceptional growth in global wealth. France, with other countries, has introduced a solidarity contribution on airline tickets, with the revenue going, through UNITAID, to purchasing medicines. This is a first experiment. It will have to be extended, for example, to finance education for all, a universal priority. I would like to convince the other G-8 countries of the effectiveness of this modern approach.

To fight pandemics we must strengthen health systems in developing countries. In Europe, health insurance was designed a century ago when incomes were comparable to current levels in Africa. This was a determining factor for social and economic progress. In St. Petersburg, I will propose an initiative to help create such systems in poor countries.

The world remains under threat from avian flu. To prevent and, if necessary, react to a human pandemic, we must intensify preparations by strengthening health-monitoring resources and accelerating the release of the $2 billion in aid pledged by the international community.

As I do every year, I shall impress upon my G-8 colleagues the imperative of a partnership with Africa. Things are moving forward: progress in peace, democracy, and growth, currently over 5 percent a year. Solidarity with Africa is a moral obligation. It is also clearly in the interest of Europe and the rest of the world, given demographic trends. With a future of dignity, young people in Africa will be diverted from the temptation of violence and extremism and have an alternative to immigration. The Euro-African partnership decided this week at the Rabat Conference to work together on this issue of common concern.

The summit will also deal with security issues. Iran's nuclear ambitions are a cause for concern. Europe, with the support of Russia, the United States, and China, has taken the diplomatic approach. We have made a generous offer to Iran which respects its right to civilian nuclear energy, provided it complies with its commitments to nonproliferation. I would like Iran's leaders to accept our outstretched hand for Iran's sake and for peace and stability worldwide. The St. Petersburg summit will send them a message of unity and steadfastness.

Finally, this first G-8 Summit chaired by Russia, the result of a process begun in 1996 on France's initiative, has symbolic importance. Responding to President Putin's invitation means putting aside out-of-date, cold-war arguments and moving toward a future together based on peace and cooperation. It means recognizing Russia's progress and its place in Europe. Hosting the G-8 in St. Petersburg also commits Russia, since a common future implies shared values: democracy, the rule of law, human rights, freedom - everything which contributes to progress and dignity for mankind.

· Jacques Chirac is president of France.

Bush Says Iran Still Has Time To Respond To Offer (NYT)

By Christine Hauser

The New York Times, July 14, 2006

President Bush said today that the time has passed for Iran to respond to a package of incentives to stop uranium enrichment, but that there could still be opportunities for negotiations even though the case is now being referred to the United Nations Security Council.

“Their deadline passed,” said Mr. Bush during a news conference in Germany, where he met Chancellor Angela Merkel. “That’s why we’re going to the U.N. Security Council.”

He added later about the Iranians: “They can show up any time and say, ‘Wait a minute, now we’d like to go back and negotiate.’ We’re not precluding any further negotiations with the Iranians.”

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Mr. Bush and other leaders of the Group of 8 industrial countries are meeting this weekend in a summit in St. Petersburg, Russia, and efforts to resolve the standoff over Iran's nuclear enrichment program could be raised in some of their talks.

On Wednesday, Russia and China crossed a diplomatic threshold in the effort to curb Tehran's nuclear ambitions, joining the United States and Europe by agreeing to seek a United Nations Security Council resolution ordering Iran to freeze some nuclear activities or face sanctions.

The agreement among the foreign ministers representing Germany and the five permanent members of the Security Council came after more than a month in which Iran was expected to respond to their offer of economic and energy incentives if it suspended its uranium enrichment.

The group agreed to seek a Security Council resolution that would make suspension of enrichment mandatory. "Should Iran refuse to comply," the group said in a statement, "then we will work for the adoption of measures" under an article of the United Nations Charter that allows for nonmilitary punitive sanctions.

It is not certain whether the unity of the six countries will hold.

Mr. Bush added today that he would work with the Russian president, Vladimir V. Putin and would encourage him to join the group in insisting to the Iranians that they should not have a nuclear weapons program. Russia has been concerned about any measures that could lead to an impasse or eventual military action against Iran.

Iranian officials have insisted that their uranium enrichment program is intended for civilian use and have said that Iran will respond in August after clearing up ambiguities in the proposal.

But Mr. Bush said today that weeks, not months, were a reasonable period of time for Iran to respond.

"In order for us to come to the table, however, what they must do is verifiably show that they're not enriching," Mr. Bush said.

Today, President Mahmoud Ahmadinejad of Iran said his country would not give up its right to nuclear uranium enrichment under a program that it has described as intended for energy use.

In a defiant statement carried on Iranian news agencies, Mr. Ahmadinejad said that the proposal deserves proper study and Iran would do its best to reply to it by Aug. 22.

"If the Iranian nation and government come to the conclusion that Western countries do not have the goodwill, they will change their policy regarding the package of incentives," the Iranian president said, according to the IRNA news agency.

"Nobody should expect that tense relations which have existed for several years can be settled in a very short period of time," he said.

Mr. Ahmadinejad also appeared to dismiss the impact on his country of any potential censure or sanctions, saying that such moves would hurt the Europeans, which have ties with Iran.

He said that Iran has complied with the terms of the nuclear Non-Proliferation Treaty.

"But if the Iranian nation comes to realize that the Europeans are not pursuing good intentions, then I warn them here and now that the Iranian nation will revise its policies," he said according to the FARS news agency.

Bush Says Iran's Nukes Now An Issue For U.N. (WT)

By Joseph Curl

The Washington Times, July 14, 2006

STRALSUND, Germany -- President Bush said yesterday that Iran's "deadline passed" on responding to a coalition of countries that are demanding the nation give up its nuclear ambitions and said the matter is now fully in the hands of the U.N. Security Council.

Meeting with a new ally in this town on the Baltic Sea, the president said Iranian leaders did not meet the deadline of "weeks, not months" set in May because "they evidently didn't believe us."

"Their deadline passed, right. That's why we're going to the U.N. Security Council," Mr. Bush said in a joint press conference with German Chancellor Angela Merkel.

Mrs. Merkel was elected in November and took over from Chancellor Gerhard Schroeder, who vehemently opposed the U.S.-led war in Iraq and ran for re-election on an anti-American theme.

Yesterday, Mrs. Merkel strongly supported Mr. Bush's stance on Iran.

"The international community actually submitted a very substantial, very fundamental offer to Iran, starting from the firm view that Iran should not be in possession of a nuclear weapon," she said.

Iran's president responded later yesterday by saying the nation would not abandon its right to nuclear technology.

"Our answer ... is clear, the Iranian nation abides by international laws and regulations but will not abandon its obvious right to obtain nuclear technology," President Mahmoud Ahmadinejad was quoted as saying by state TV.

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"We are trying to investigate the proposed package positively," Mr. Ahmadinejad said, adding that Iran would give its final reply by Aug. 22 despite pressure for a swifter response.

Both Mr. Bush and Mrs. Merkel urged world leaders -- especially Russian President Vladimir Putin -- to unite to oppose Iran's stated plan to develop nuclear weapons and technology.

"It's really important for Europe to speak with one common voice. And it's important for Angela and myself to work with Vladimir Putin, which we will do at the G-8 [summit], to continue to encourage him to join us in saying to the Iranians loud and clear: We're not kidding, it's a serious issue, the world is united in insisting that you not have a nuclear weapons program," he said.

The two leaders, who will attend the Group of Eight summit that opens today in St. Petersburg, had some stern words for Mr. Putin, who along with China has opposed sanctions against Iran and North Korea.

"I, for one, think that as regards, for example, Iran, this responsibility ought to be shouldered by more and more countries -- that goes for Russia, that goes for China," Mrs. Merkel said. "It will only be if we act in concert that we will be able to vanquish the tyrants, remove dictatorships and contain those who sponsor terrorism."

Mr. Bush, for his part, said, "nobody really likes to be lectured a lot," but he will again privately urge Mr. Putin to move his nation toward a more open democracy.

"I've expressed my opinion to President Putin. You might remember my visit with him in Slovakia where I was quite pointed in my concerns about whether or not there is a free and vibrant press in Russia. We share concerns about the ability for people to go to the town square and express their opinions, and whether or not dissent is tolerated, whether or not there's active political opposition," Mr. Bush said.

Western Incentives For Iran Released (AP)

By Edith M. Lederer, Associated Press Writer

AP, July 14, 2006

The world powers are prepared to provide Iran with advanced technology and possibly even nuclear research reactors if it agrees to suspend uranium enrichment under a package of incentives revealed in full for the first time Thursday.

The package — put together by the United States, Russia, China, Britain, France and Germany — was given to the Iranians on June 6 and some details were leaked at the time.

But the full proposal showed a broader range of economic, political and energy incentives. They include promoting Tehran's membership in the World Trade Organization, and the possible lifting of U.S. and European restrictions on the export of civilian aircraft and telecommunications equipment.

Under the incentives, the six powers are prepared to help Iran build state-of-the-art light water nuclear power reactors and to give legally binding guarantees that nuclear fuel will be provided for these civilian reactors meant to produce energy.

This would be done by making Iran a partner in an international facility in Russia where all Iranian uranium could be enriched, and establishing a five-year buffer stock, it said.

The six would authorize the transfer of goods "and the provision of advanced technology to make (Iran's) power reactors safe against earthquakes."

The package confirmed that a demand by the United States, France, Britain and Germany that Iran commit to a prolonged freeze on uranium enrichment was softened to require only suspension during negotiations with Tehran.

"We propose a fresh start in negotiations on a comprehensive agreement with Iran" which would be deposited with the International Atomic Energy Agency and endorsed in a Security Council resolution, the six powers said.

To create the right conditions for negotiations, the six powers said Iran should make a commitment to address all outstanding IAEA concerns about its nuclear program. It should also "suspend all enrichment-related and reprocessing activities ... and commit to continue this during these negotiations."

Iran should resume implementation of the Additional Protocol to the Nuclear Non-Proliferation Treaty, which allows the IAEA to conduct surprise inspections of its nuclear facilities, and inspect other facilities not officially declared as nuclear sites, the six powers said.

On their side, the six would reaffirm Iran's right to develop nuclear energy for peaceful purposes, make a commitment to support the construction of new light water reactors in Iran through international partnerships, and agree to suspend discussion of Iran's nuclear program in the Security Council.

They would also "provide a substantive package of research and development cooperation, including possible provision of light water research reactors, notably in the fields of radioisotope production, basic research and nuclear applications in medicine and agriculture."

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The six powers would support a conference "to promote dialogue and cooperation on regional security issues," establish a long-term energy partnership between Iran and the European Union and other willing partners, and cooperate "in fields of high techology."

They also offered to support agricultural development, "including possible access to U.S. and European agricultural products, technology and farm equipment."

Incentives Offered To Iran Detailed At Security Council (WP)

By Colum Lynch

The Washington Post, July 14, 2006

UNITED NATIONS, July 13 -- The Bush administration agreed last month to consider lifting long-standing sanctions on the sale of commercial jets, agricultural equipment and telecommunications technology to Iran if it agreed to halt its enrichment of uranium and submit to more intrusive U.N. inspections of its nuclear program, according to a copy of the agreement made public Thursday.

The offer, which would require congressional approval, was contained in an incentive package presented to Iran in June by the United States, Russia, China France, Britain and Germany to persuade it to halt its nuclear activities. Foreign ministers from those six countries, who were meeting Wednesday in Paris, expressed frustration at Iran's refusal to quickly agree to the incentives and vowed to confront Tehran in the Security Council.

The three-page confidential document was presented Thursday to the 15-nation council in advance of negotiations on a resolution that would demand Iran halt the enrichment of uranium and reprocessing of nuclear fuel.

"The Iranians have given no indication at all that they are ready to engage seriously on the substance of our proposals," French Foreign Minister Philippe Douste-Blazy said in a statement read at the end of the Wednesday meeting of the global powers. "We have no choice but to return to the United Nations Security Council and take forward the process that was suspended two months ago."

Iran's president, Mahmoud Ahmadinejad, said Thursday that Tehran is prepared to keep negotiating over its nuclear program but that the government needs more time to study the proposal, according to the Associated Press. But he said: "The people of Iran will not give up their right to exploit peaceful nuclear technology," according to state television monitored by the AP. "They are not intimidated by the arrogant uproar and propaganda today."

Iran maintains that its nuclear program is being built to produce enough power to meet the country's growing energy needs. But the Bush administration charges that Iran is secretly developing nuclear weapons, citing U.N. complaints that it has misled the agency about its nuclear activities for 18 years.

The package presented to the council Thursday provides no explicit assurances Tehran has sought to bar U.S. military strikes on its territory. Instead, it pledges the major powers' support for a vaguely defined international conference to "promote dialogue and cooperation" on regional security.

President Bush, who once described Iran as a member of the axis of evil, has resisted European appeals to provide Iran with such security assurances, insisting that the military option not be taken off the table.

For its part, the council's five major powers and Germany would halt consideration of Iran's nuclear program in the Security Council, work to improve the Islamic government's "access to the international economy markets and capital," support its entry into the World Trade Organization, and help to foster more trade and investment with Iran.

The United States and its partners would also help Iran build an unspecified number of light water nuclear reactors and provide Iran legally binding assurances of a reliable supply of nuclear fuel. The plan calls for the creation of a five-year reserve of nuclear fuel stored outside the country, and it would require that Iran carry out its uranium enrichment activities in Russia.

The pact does not say whether the United States would play any direct role in supplying Iran's nuclear program. But it notes the Europeans are committed to negotiating a fuel supply agreement between Iran and Euratom, a European Community agency that ensures supply of nuclear fuel for European countries.

Relations between Washington and Tehran have been icy since the supporters of the Ayatollah Khomeini toppled the U.S.-backed government of Shah Mohammad Reza Pahlavi and seized hostages at the U.S. Embassy in 1979. The United States, which accuses Iran of sponsoring terrorism and secretly developing nuclear weapons, has restricted most U.S. trade with the Islamic state.

Iran has complained that a U.S. ban on the supply of spare parts for the country's aging fleet of Boeing commercial jets has made air travel dangerous. But successive U.S. administrations, and Congress, have been reluctant to sell Iran "dual use goods," which have a civilian and military application.

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David Albright, an expert on Iran's nuclear program, said that the current offer strikes an appropriate balance between providing Iran with some high-tech goods that would improve the lives of ordinary Iranians while depriving the Islamic government access to equipment that would give it a military edge.

"It's dangerous to get on an Iranian airplane," Albright said. "This would help the Iranian population by providing them with things like a better telephone system, and better agricultural technology. They're not going to provide state-of-the-art military communications."

Talks Between North And South Korea Collapse (NYT)

By Choe Sang-hun

The New York Times, July 14, 2006

SEOUL, July 13 — High-level talks between South and North Korea collapsed in acrimony today, as the North rejected South Korea's call for it to end missile tests and return to negotiations, instead countering with a demand for more economic aid.

The failure, which ended the inter-Korean cabinet-level talks a day ahead of schedule, came as China appeared to have made little headway in its own efforts to bring the North Koreans to the negotiating table and the United States and Japan called for the United Nations Security Council to act.

As the North Korean delegation left the talks on its nuclear program, held in the South Korean city of Pusan, it accused the South of "parroting" the American positions and warned that Seoul should be held responsible for "unpredictable, catastrophic consequences in inter-Korean relations."

South Korea had criticized the launching of North Korean missiles last week, which prompted calls for tough United Nations sanctions, notably from Japan, which had called for pre-emptive strikes.

Seoul urged the North to defuse tensions by returning to six-nation talks on ending its nuclear weapons and missile programs.

The North dismissed the South Korean statements. Instead, the North argued that its "army-first" policy of increasing its military capabilities actually "promotes the security for the South and benefits the general public of the South."

North Korea then asked the South to provide 500,000 tons of rice in food aid, as well as raw materials for shoes and textiles. Major South Korean newspapers today denounced the request as "brazen-faced" and "arrogant."

Seoul said that discussions of food aid were out of the question.

"Have we asked for your help in protecting our security?" the South Korean unification minister, Lee Jong Seok, the chief South Korean delegate, was quoted as saying to his North Korean counterpart, Kwon Ho Ung, on Wednesday. "Nobody in the South believes your army-first politics is helping us. If you want to help our security, you should stop missile tests and your nuclear weapons program."

Also today, Japan demanded a United Nations Security Council vote on sanctions against North Korea.

The Japanese chief cabinet secretary, Shinzo Abe, said in Tokyo: "There is no change to our view that the resolution incorporating sanctions should be voted on promptly."

Mr. Abe did not give a deadline for a vote, but said "We cannot be pushed around by intentions to diminish or delay" action against North Korea.

Later, however, the Kyodo news agency reported that Japan will adjust the wording of its draft resolution against North Korea based on a Russian-Chinese proposal offered Wednesday.

Speaking in Beijing, the United States assistant secretary of state for East Asian and Pacific affairs, Christopher R. Hill, said today that Washington was likely to allow more time for Chinese diplomatic efforts before pushing for a tough United Nations resolution. "My sense is we're down to a number of days," Mr. Hill told reporters.

He made the comments as he was leaving Beijing to return to Washington without any sign that North Korea was prepared to return to the six-nation talks, and without any agreement among the Asian nations on what actions the Security Council should take.

"So far they don't seem to be interested in listening, much less doing anything," Mr. Hill said of the North Korean response to diplomatic overtures by a Chinese delegation currently visiting Pyongyang. "I think the Chinese are as baffled as we are."

At the United Nations on Wednesday, China and Russia introduced a draft resolution on North Korea in the Security Council and asked the council members to consider it in place of a Japanese-sponsored resolution, to which they both objected, that would have allowed for sanctions with military enforcement.

In offering the new measure, the Chinese ambassador to the United Nations, Wang Guangya, said he had instructions from his government to veto the Japanese resolution if it were put to a vote.

Japan and the co-sponsors of its resolution, Britain, France and the United States, have been putting off a vote this week at the request of China, which said any United Nations action would interfere with its diplomatic mission in North Korea.

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The new Chinese-Russian draft resolution covers many of the same demands on North Korea as the Japanese-drafted measure, but it significantly does so without resorting to Chapter 7 of the United Nations Charter, which would allow military enforcement. The Chinese-Russian draft also does not propose sanctions against North Korea for noncompliance.

China and Russia had opposed those aspects of the original measure, saying they would destabilize the region and be viewed by North Korea as a provocation.

The text of the Chinese-Russian resolution "strongly deplores" the North Korean missile tests last week, calls on member states to work to prevent North Korea from receiving or selling missile-related items and "strongly urges" it to return without precondition to the six-nation talks.

The Japanese ambassador to the United Nations, Kenzo Oshima, said his government needed time to judge the new resolution. "But a quick glance at the text shows there are very serious gaps on very important issues," he said. He did not specify and did not elaborate.

The American ambassador to the United Nations, John R. Bolton, said the United States still backed the Japanese resolution, but welcomed the Chinese-Russian measure because it was in the form of a resolution rather than a nonbinding statement. The new draft "puts us on an apples-to-apples and oranges-to-oranges basis, and now we can talk about a resolution, which is the appropriate measure through which the Security Council should act," Mr. Bolton said.

China, which has engaged in intensive talks with North Korea in recent days, said sanctions imposed on the North last fall by the United States Treasury must be lifted before North Korea would resume discussions about its weapons programs.

"We hope the U.S. can take measures to help the six-nation talks resume by compromising on the sanctions," said a spokesman for the Chinese Foreign Ministry, Liu Jianchao. "We don't want to see this impasse drag on forever."

The Treasury in October seized the assets in the United States of eight North Korean companies it accused of helping proliferate weapons, and imposed sanctions on a Macao bank, Banco Delta Asia, which the department accused of helping to launder North Korean money.

Missile Crisis Diplomacy Crumbles (WT)

By Andrew Salmon

The Washington Times, July 14, 2006

SEOUL -- Diplomatic maneuvers to resolve the North Korean missile crisis collapsed yesterday, with Chinese talks in Pyongyang fruitless, the U.S. chief negotiator flying home empty-handed and a North Korean Cabinet-level delegation walking out of talks with South Korean counterparts.

After a week of shuttle diplomacy, U.S. Assistant Secretary of State Christopher R. Hill left the region yesterday.

"The Chinese are as baffled as we are," Mr. Hill told the Associated Press in Beijing. "They sent a good delegation up to Pyongyang, showed a real interest in trying to work with the DPRK, but it does not appear to have been reciprocated."

The DPRK, or Democratic People's Republic of Korea, is the official name for North Korea.

Meanwhile, in the South Korean port of Pusan yesterday, North-South Cabinet-level meetings broke down a day earlier than scheduled.

South Korea had attempted to persuade the Northern delegation to resume a moratorium on missile tests and return to six-party nuclear talks.

The Chinese delegation, led by Deputy Foreign Minister Wu Dawei, made a similar appeal during a visit to the North Korean capital. Beijing's delegation is expected to return home today.

Pyongyang has boycotted the six-nation talks, which involve the two Koreas, the United States, China, Japan and Russia, citing U.S. financial sanctions against Banco Delta Asia in Macau.

After a U.S. Treasury Department warning last year that the bank was being used for illicit North Korean activities, Macau monetary authorities froze North Korean accounts at the bank.

The North requested 500,000 tons of fertilizer from South Korea at the Pusan talks on Wednesday, only to be rebuffed by South Korea's point man at the negotiations, Unification Minister Lee Jong-seok.

"What [Mr. Lee] said before and during the talks was that there could be no additional rice or fertilizer aid until there is some solution to exit this missile crisis. That's where we stand at this point," an official from the Unification Ministry said.

In Tokyo, Japanese Chief Cabinet Secretary Shinzo Abe said it would press ahead with a prompt U.N. Security Council Resolution vote against North Korea.

Tokyo had agreed to delay the vote while diplomatic initiatives were in play.

"I think the U.S. and Japanese governments have to do something because of domestic pressure," said Andrei Lankov, a Russian specialist on North Korean affairs who teaches at Seoul's Kookmin University.

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The United States, Britain and France support Tokyo's resolution, which would punish North Korea for its missile launches. China is expected to veto the Japanese resolution if it is submitted as is.

Should Tokyo and Washington impose bilateral sanctions, Pyongyang appears well-placed to ride them out.

"They could react bilaterally, but this will not cause major damage to North Korea, as North Korea depends essentially on aid from China and South Korea," Mr. Lankov said.

S. Korea Suspends Food Aid To North (WP)

By Anthony Faiola

The Washington Post, July 14, 2006

TOKYO, July 14 -- South Korea on Thursday suspended humanitarian aid to North Korea until it agrees to return to international nuclear disarmament talks. The action infuriated visiting North Korean officials, who immediately cut off high-level talks in South Korea and stormed back home.

The decision to postpone consideration of a North Korean request for 500,000 tons of rice marked the South's first punitive action against its impoverished communist neighbor since July 4, when the North test-fired seven missiles, including a long-range Taepodong-2. The move came as the administration of South Korean President Roh Moo Hyun confronted sharp public criticism at home for what many there viewed as a weak response to the tests.

South Korea also reiterated its deep opposition to a push by Japan and the United States to impose broader sanctions on North Korea through a draft resolution at the U.N. Security Council. Seoul has vowed to maintain its "sunshine policy" of engagement, which has fostered the warmest ties between the Stalinist North and the capitalist South since the Korean War ended in stalemate more than half a century ago.

But the decision to follow through with a previous threat to suspend food aid if North Korea tested missiles -- a threat many experts doubted the Seoul government would stick to -- displayed a new willingness by the South to use its significant economic clout to apply pressure on the North.

The North Koreans -- whose economic assistance from the South is topped only by aid from China -- appeared jolted by the decision. Pyongyang's delegation departed abruptly on Thursday afternoon from talks in the South Korean city of Pusan that were originally scheduled to end Friday. South Korea's Yonhap news service reported that the North Korean officials left after circulating a statement calling the rupture the result of "reckless" attempts by South Korea to raise "irrelevant issues." Those issues, South Korean officials said, were the recent missile tests and the North's refusal to return to six-party talks on its nuclear program.

The North bitterly condemned the decision to suspend food aid, saying, "The South side will pay a price before the nation for causing the collapse of the ministerial talks and bringing a collapse of North-South relations."

South Korean officials, who in recent years have rolled out the red carpet for their visiting North Korean kin, this time offered them a simple meal and hospitality without the customary sightseeing excursions and photo opportunities. When the North's representatives understood they would not be returning with promises of more food aid, they simply left.

For the United States and Japan, which are both pushing for a strong draft resolution at the United Nations that would ban international trade in North Korean missile and other military technology, the South Korean action was a rare diplomatic bright spot.

Christopher R. Hill, Washington's top envoy on North Korea, left Beijing for Washington on Thursday after it became apparent that Chinese efforts to persuade the Pyongyang government to return to the six-party talks had failed. Before leaving, Hill said there was no indication that the North Koreans had decided to end their boycott of the talks, which have been stalled since last November.

Japan, which has been deeply rattled by the missile tests, has pushed for a tough resolution that would impose sanctions on the North. But Japan's Kyodo news service quoted several government officials early Friday as saying the Tokyo government might be willing to offer a compromise resolution taking into account a Chinese and Russian proposal to censure North Korea with only voluntary punitive actions.

"The Chinese are as baffled as we are," Hill told reporters in Beijing. "China has done so much for that country, and that country seems intent on taking all of China's generosity and then giving nothing back."

Pyongyang Missile Tests Fuel China-Japan Strains (WSJ)

By Gordon Fairclough, Rebecca Blumenstein And Evan Ramstad

The Wall Street Journal, July 14, 2006

North Korea's barrage of missile tests has exacerbated political tensions in Northeast Asia, putting the Korean Peninsula at the center of a power struggle between a rising China, a more assertive Japan and a Russia eager to regain influence in the

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region. Pyongyang's rebuff so far of calls from China and South Korea for it to rejoin multilateral negotiations on its nuclear-weapons programs is adding to the friction and increasing pressure on the United Nations to take action.

North Korea walked out of cabinet-level talks with the South Thursday. A high-level delegation of Chinese officials visiting Pyongyang this week also reported no breakthrough in persuading the North to return to the bargaining table.

The U.N. Security Council has been considering rival proposals -- one backed by Japan and the U.S. that would impose sanctions and a milder measure introduced Wednesday by China and Russia. With no apparent progress on the diplomatic front, "our sense is that we are going to get something pretty soon" on a U.N. resolution, said a senior U.S. official. But he added there likely would be a lot of "pushing and shoving" over the contents of any resolution.

The diplomatic wrangling is complicated by the shifting balance of power between China and Japan, which are on a more equal economic and political footing than at any time in recent history and are competing for regional ascendance.

"Japan wants to be more dominant in Northeast Asia," says Zhuang Jianzhong of the Center for Pacific Rim Studies at Shanghai's Jiao Tong University. "Sino-Japanese relations are not good right now." Also looming in the background is concern in China and Russia over the strong military alliance between the U.S. and Japan. The U.S., preoccupied with conflict in the Middle East, has been looking to Japan to play a larger role in Northeast Asia.

But for many of Japan's neighbors that is an unsettling prospect and one of the reasons behind opposition to Japan's proposed U.N. resolution, which would authorize military action to enforce sanctions. The U.S. and Japanese navies, both of which patrol the waters of Northeast Asia, would likely be on the front lines of efforts to interdict sea shipments of North Korean missiles and weapons components if the U.S.-backed Japanese resolution is passed.

Last week's missile firings by North Korea into the Sea of Japan also prompted officials in Tokyo to hint that they might need to consider military strikes if Japan felt threatened by future launches. Those comments drew withering broadsides from China and South Korea, whose president, Roh Moo Hyun, called them an "overreaction" and said they "may seriously threaten peace in Northeast Asia."

The senior U.S. official said China has expressed concerns that Japan will react to North Korea's missile launches by attempting to strengthen its military. "Clearly, there is the threat of an arms race in the region," the official said.

Meanwhile, a three-day meeting of cabinet ministers from North and South Korea ended a day early when the North's delegation became upset by the South's insistence on discussing the missile issue. The two countries routinely meet to discuss aid and economic issues, but South Korean leaders changed the agenda after last week's missile launches. When South Korean ministers opened the meeting by criticizing the missile tests, a North Korean minister responded that his country's military strength helped protect the South.

After walking out of the meeting in Busan, South Korea, the North Korean delegation issued a statement that said the South will "pay a price" for the collapse of the talks. "The South side created an artificial obstacle to the talks, without discerning where the military threat to the Korean Peninsula comes from," the statement said.

South Korea has said it would cut off rice and fertilizer shipments to North Korea as a penalty for the missile tests, but it opposes further economic sanctions.

--Sebastian Moffett in Tokyo contributed to this article.

Japan Presses U.N. To Act On North Korea (USAT)

USA Today, July 14, 2006

Japan's ambassador to the United Nations pressed Thursday for Security Council action by the end of the week on North Korea's missile launches, though he said key differences remain with China and Russia on how to confront Pyongyang. “We are not ready to spend a lot of time on these negotiations,” Kenzo Oshima said. Chinese Ambassador Wang Guangya said that the council needs more time and that the most important factor was to agree on a unified approach.

Japan wants the 15-member council to impose mandatory sanctions on North Korea, something China and Russia say they will not accept. China and Russia have offered a weaker resolution that would not allow military action to enforce it. The United States, Britain, Slovakia, Greece and France back the Japanese draft. U.S. Ambassador John Bolton said time was running out for China's diplomatic efforts with the North, but he did not give a deadline.

The presidents of Turkey, Azerbaijan and Georgia formally opened a pipeline designed to bypass Russia and bring Caspian oil to Europe. The United States supported the 1,100-mile, $3.9 billion pipeline to tap sources of crude outside the Middle East and draw the Caspian states closer to the West. Oil began flowing from the Turkish port of Ceyhan last month. About 430,000 barrels of oil are pumped each day, said Norman Rodda, construction manager for the pipeline's Turkish section. BP, the consortium's main participant, said the pipeline can export 1 million barrels per day.

London's famed Bow Street Magistrates' Court closes today, ending a judicial role that dates to the 1730s. Bow Street magistrates handled suspected terrorists, thieves and prostitutes, and were prominent in literature. In Oliver Twist, Charles

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Dickens placed the Artful Dodger in the dock at Bow Street. The current building, opened in 1881, has been sold. The new City of Westminster Magistrates' Court will take over cases.

Chinese newspaper reporter Li Yuanlong was sentenced Thursday to two years in prison for “inciting subversion” after he posted essays on foreign websites criticizing the ruling Communist Party, his lawyer said. Li, a reporter for Bijie Daily, was detained in September and convicted by the Bijie Intermediate People's Court, said his lawyer, Li Jianqiang. The Committee to Protect Journalists says China is the world's leading jailer of journalists. At least 42 are behind bars, most on charges of violating vague subversion or security laws.

Nuclear Materials 'Dangerously Vulnerable' (AP)

By H. Josef Hebert

AP, July 14, 2006

Despite progress on security, tons of nuclear material are "dangerously vulnerable" to theft by terrorists across the globe, a private group contends.

World leaders have failed to provide money promised for or to pay strict attention to securing materials that could be used for a nuclear device or "dirty" bomb, the Nuclear Threat Initiative said Thursday.

As leaders of the Group of Eight industrial powers, including President Bush and Russian President Vladimir Putin, meet this weekend, NIT reports note that only a fraction of the $20 billion those leaders pledged four years ago to secure nuclear materials has been spent.

"This threat is not being treated as an urgent, front-burner security threat by the United States, by Russia or by the world," said former Sen. Sam Nunn, D-Ga., co-chairman of the group that focuses on nuclear nonproliferation.

The organization commissioned the two reports to assess the G-8's response to safeguarding nuclear materials. One was by the Managing the Atom Project at Harvard University; the other came from researchers at the Washington-based Center for Strategic and International Studies.

In a related development, the Energy Department said Thursday it had reaffirmed in an agreement with Russia the 2000 commitment by each country to dispose of 34 tons of excess plutonium. The joint effort had stalled in recent years with talk that it was falling apart because of disagreements between the two nations on how to proceed.

Energy Secretary Samuel Bodman called Thursday's joint statement "a clear sign of our mutual commitment to keeping dangerous nuclear material out of the hands of terrorists."

Russia plans to begin burning some of the plutonium in a fast-neutron reactor in the 2010-12 timeframe, the statement said. The Bush administration wants to build a plant to convert its plutonium into a mixed-oxide fuel with construction beginning in the fall at the Savannah River complex in South Carolina.

The Energy Department also announced Thursday that it had finished a two-year project with Russian officials that removed highly enriched uranium from the Krylov Shipbuilding Research Center in St. Petersburg, Russia, to a nuclear complex in Dmitrovgrad where it will be converted for use in nuclear power plants.

Officials said the project was part of efforts to consolidate weapons-grade nuclear material to improve security. Under a program that began in 1999, more than 8.8 tons of such material has been secured in Russia, the Energy Department's National Nuclear Security Administration said.

The Harvard report cited progress in securing the material in Russia. But security upgrades are not completed at nearly half the sites and "only modest progress" has been made in consolidating the materials, the report said.

"In the rest of the world there is even less good news," the report said. "At many sites around the world, weapons-usable nuclear material remains dangerously vulnerable to either outsider or insider theft."

The United States has worked to improve security globally, but outside the former Soviet Union, "U.S.-sponsored security upgrades have barely begun or are not yet even on the agenda," the report said.

"There are still major gaps in our efforts to keep the essential ingredients of nuclear weapons out of terrorists' hands," said Matthew Bunn, co-author of the Harvard study.

Material that could be used to make a nuclear device or dirty bomb can be found in more than 40 countries, the researchers said.

At their 2002 summit, G-8 leaders committed to spend $20 billion over a decade to secure weapons of mass destruction. But that effort, the researchers said, appears to have lost steam even as the risk of terrorists obtaining the material "has only grown more acute."

Despite pledges of $17.5 billion, most came in the first year and, nearly halfway into the 10-year program, only $3.5 billion has been spent, said Robert Einhorn, co-author of the CSIS report and a former assistant secretary of state for nonproliferation.

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Bombay Police Detain Hundreds In Probe (WP)

By Muneeza Naqvi

The Washington Post, July 14, 2006

BOMBAY Police in Bombay detained and interrogated hundreds of people in the probe of the coordinated bomb blasts that devastated commuter trains in this city Tuesday, killing 183 people and wounding 770, officials said Thursday.

"This is not the work of some small fringe group," Bombay Police Commissioner A.N. Roy said in a telephone interview. "It involved precise planning and execution and a very high level of sophistication."

"We're investigating these bombings with a completely open mind and are exploring every possibility," Roy said. "We do have several clues and leads but it's too early to make any statements."

He said the investigation was looking closely into whether the radical Pakistan-based Muslim group Lashkar-e-Taiba, blamed for other terrorist bombings in India, played a role in the attacks. The group has been banned by the Pakistani government, but many experts say it continues to operate under different names.

Many of the people detained in Bombay are activists from a banned organization called the Students Islamic Movement of India, officials said. Its members are also being investigated regarding bombings in this city, also called Mumbai, in 2003 that killed 55 people.

The Press Trust of India reported that police were tentatively focusing on three fugitive Islamic radicals. The Associated Press said authorities had released photos of two men being sought in the investigation.

Tuesday's attacks have complicated India's newly initiated peace talks with neighboring Pakistan.

On Wednesday, the Indian Foreign Ministry demanded that Pakistan dismantle all terrorist networks on land it controls. Officials in New Delhi have made no direct accusation of Pakistani involvement in Tuesday's attacks. But in the past they have accused their neighbor of arming and funding Islamic secessionists in the Kashmir region. Pakistan has denied those allegations.

"You can't really blame everything on Pakistan; it's very unfair," the Associated Press quoted Khurshid Mahmud Kasuri, Pakistan's foreign minister, as saying. "India is a vast country. There are lots of people who have their own agendas."

India Names 2 Suspects In Train Attacks (AP)

By Nirmala George, Associated Press Writer

AP, July 14, 2006

Indian authorities named two suspects Thursday in this week's train bombings, an apparent breakthrough in the frenetic investigations into the well-coordinated attacks that killed at least 200 people.

The government's Anti-Terror Squad released photos of young, lightly bearded men identified as Sayyad Zabiuddin and Zulfeqar Fayyaz, said Sunil Mane, an anti-terror official.

Officials did not provide their nationalities, and it wasn't clear where the photos — head shots which appeared to have been taken for identification documents — originated.

But officials said earlier Thursday that the prime suspect in Tuesday's bombings is Lashkar-e-Tayyaba, a Pakistan-based Islamic militant group that operates in Kashmir, the Himalayan region at the center of the long-running India-Pakistan conflict.

"Different indicators are there which hint at their involvement," said D.K. Shankaran, the top bureaucrat in Maharashtra state, where Bombay is the capital city. He refused to elaborate, but said seven teams of investigators were sifting through clues. "The probe into blasts is on track and we should have something substantial soon."

Lashkar has previously carried out near-simultaneous explosions in Indian cities, including a bombing in New Delhi in October that killed more than 60 people. Lashkar was also named in an attack on India's Parliament in 2001.

A spokesman for Lashkar, Abdullah Ghaznavi, has denied the group was involved in the serial train bombings across Bombay that left at least 200 people dead and more than 700 injured.

Also Thursday, a man claiming to represent al-Qaida reportedly said the terror network had set up a wing in Kashmir, where Muslim militants have been fighting for independence or union with overwhelmingly Muslim Pakistan.

There was no way to immediately verify the statement, which if true would be the first time Osama bin Laden's network has claimed to have spread to Indian territory.

Kashmir's Current News Service reported that it received a telephone call from a man who identified himself as Abu al-Hadeed, an Arabic name. The man, however, spoke in Urdu, the language of most Muslims on the Indian subcontinent.

The news service, based in Srinagar, the summer capital of the Indian part of Kashmir, reported that the man said, "Today a unit of al-Qaida has been established in Jammu and Kashmir which shall henceforth be called al-Qaida Jammu and Kashmir."

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The man also praised the Bombay bombings. "Whosoever has carried out the attacks in Bombay we express our gratitude and happiness," the man reportedly said, and also appealed to Indian Muslims to take up the struggle against the Indian government.

The developments came after police conducted raids across this city of 16 million people and detained 350 people for questioning, most of them in Malwani, a northeastern suburb of Bombay, said police Inspector S. Goshal. He said none was formally arrested or charged, and they were rounded up only to help with the investigations.

Pakistan-based Group Eyed After Mumbai (CSM)

By David Montero

The Christian Science Monitor, July 14, 2006

ISLAMABAD, PAKISTAN

As Indian investigators sift through the wreckage of Tuesday's deadly railway blasts in Mumbai, which killed at least 200 and wounded 700, suspicions are beginning to point to Lashkar-e-Tayyaba, or the Army of the Righteous, a Pakistani-based militant outfit with a long history of terrorist attacks inside India.

It is too early to say whether the group was directly responsible for masterminding the violence. A Lashkar-e-Tayyaba spokesperson, Abdullah Ghaznavi, denied that the group was involved in the attack.

But the blasts help shine a spotlight on what some analysts here claim is the state's troubling ambivalence toward militant groups, letting them change names and operate at low levels for matters of political expediency.

Whether or not Lashkar-e-Tayyaba was directly involved, they add, the group has achieved a kind of inspirational leadership role, becoming an operational template for militant splinter groups in India in much the same way that Al Qaeda has on the global stage.

"This is a new dimension. In India you now have groups of Muslims who may be influenced by Lashkar-y-Tayyba, but which act independently," says Hasan Askari Rizvi, a defense analyst in Lahore. "Lashkar-e-Tayyaba has become a pejorative to cover all such groups."

Lashkar-e-Tayyaba, which first emerged in 1993, has demonstrated a sophisticated capacity to carry out brutal, large-scale attacks, some of them deep inside Indian territory. Indian authorities implicated them in the 2001 attack on Parliament, which left 14 people dead, and also blame them for killing more than 100 people within two days in Indian-held Kashmir in 2000.

The group, which the US State Department describes as having several thousand members, was used as a proxy by the Pakistani Army and intelligence agencies against Indian forces in Kashmir throughout the 1990s, analysts say, when tensions between the nuclear rivals ran especially high. Receiving patronage and support from the state, it was also allowed to collect funds and recruit members openly.

The State Department describes its aid stream as including donations from Pakistanis in the Persian Gulf and Britain, as well as donations from Islamic nongovernmental organizations and Pakistani business people.

These open-ended operations changed, on paper at least, following the Sept. 11 attacks and President Bush's crackdown on international terrorist groups. In October 2001, Washington designated Lashkar-e-Tayyaba as a terrorist affiliate. Under US pressure, President Pervez Musharraf banned the group in 2002.

But many analysts say that Lashkar-e-Tayyaba merely changed its name. Calling itself Jamat-ud-Dawa, it said it was a welfare and educational organization, spreading the teachings of Wahhabi Islam through a large network of schools, hospitals and madrassahs.

Its reemergence, analysts say, is typical of many purportedly banned militant organizations in Pakistan.

"The government didn't want to take action against them ... the reason being that it might create a backlash in the domestic context," says Mr. Rizvi, explaining that the state feared it might lose the support of religious elements. "They didn't want to go against them all the way because it's politically expedient to allow them to operate at a low level."

The group went underground, but reemerged with the same leadership. Founder Hafiz Mohammed Saeed is now the leader of Jamat-ud-Dawa, which he runs just outside Lahore.

Jamat-ud-Dawa has repeatedly denied any affiliation between the groups. Jamat-ud-Dawa has to date never been implicated in any violence in Pakistan. Still, because of the murky connections, Mr. Musharraf placed it on a watch list in 2003.

Even under scrutiny, Jamat-ud-Dawa has flourished as a well-funded religious movement. The group claims to educate more than 20,000 students in 140 schools, in addition to churning out religious scholars at 29 madrassahs.

When the earthquake struck last October, Jamat-ud-Dawa turned its network into one of the top dispensers of relief aid, garnering praise from international relief groups, government officials, and even Musharraf. But questions about it reemerged just months ago. In April, the State Department announced that it was designating Jamat-ud-Dawa a terrorist organization and an alias of Lashkar-e- Tabba.

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The news shocked the leadership of Pakistan's right-wing religious parties, prompting public outcries. Pakistan has so far not banned the group. Following the April declaration, the Foreign Ministry of Pakistan said it was not legally bound to ban Jamat-ud-Dawa unless the UN Security Council passed a resolution demanding it do so.

"If we are not required, we do not put any entities on the terrorist list if the action is taken under the US domestic law," Foreign Ministry spokesperson Tasnim Aslam was quoted as saying in early May. The State Department has forwarded a plea to the Security Council.

Some analysts say that the differences between Jamat-ud-Dawa and Lashkar-e-Tayyaba are legitimate. "Whatever Lashkar-e-Tayyaba is doing, Jamat-ud-Dawa is not responsible," says Ershad Mehmud, an expert on Kashmiri militant groups at the Institute for Policy Studies in Islamabad. Mr. Mehmud says that the government has cracked down on militants like Lashkar-e-Tayyaba, diminishing their ability to launch attacks.

"In the past couple of years, we've been seeing that the government is trying hard to eliminate the militants, especially in Kashmir after the peace process," says Mehmud, adding that he has met recently with militants who claim that they can no longer infiltrate Indian-administered Kashmir.

Like other analysts, Mehmud says that the Mumbai attacks, while perhaps not directly the work of Lashkar-e-Tayyaba, drew inspiration from the group. "The violence has been internalized in Kashmir and India. In India, there is always militancy going on. They can take their inspiration from Al Qaeda and Lashkar-e-Tayyaba," says Mehmud.

India Identifies Suspects In Railway Attack (LAT)

By Henry Chu

The Los Angeles Times, July 14, 2006

MUMBAI, India — Under intense pressure to show progress, authorities identified their first suspects Thursday and detained about 20 people for questioning in connection with this week's deadly railway bombings.

Indian media broadcast photos of two men believed to be linked to the string of rush-hour blasts Tuesday along this city's crowded western commuter line, an attack that killed as many as 200 people and wounded hundreds. However, there were conflicting reports as to the suspects' names, and authorities provided no background on the men or details on what their roles might have been.

This morning, police said a man known only as Rahil was also being sought, but they gave no more details, the Associated Press reported.

Police have interviewed hundreds of people and detained 20 for further interrogation, a police official said.

Authorities are under pressure to find those behind the bombings, the worst terrorist attack in 13 years here in India's commercial and entertainment capital. But such investigations in India are often hampered by lack of coordination.

Most of those detained for further questioning hailed from predominantly Muslim neighborhoods in Mumbai's suburbs, police said. Although there has been no official claim of responsibility for the attack, suspicion has focused primarily on an Islamic militant group known as Lashkar-e-Taiba, or Army of the Pure, which has waged a bloody battle to establish Muslim rule in the contested Himalayan territory of Kashmir.

India blames the organization for several bombings that rocked New Delhi in October and accuses archrival Pakistan of sponsoring the group. The regime in Islamabad denies that allegation, but sharp words between the two countries since the attack Tuesday have spurred fears that their slow peace process could bog down further.

A man purporting to represent a new Al Qaeda outpost called a Kashmiri news agency Thursday to applaud the bombings in Mumbai, formerly known as Bombay. The man spoke in Urdu, Pakistan's national language, and boasted that a new Al Qaeda wing had been set up in Indian-controlled Kashmir, the Associated Press reported.

If true, it would represent Al Qaeda's first beachhead on Indian soil, but there was no way to verify the claim. India's broadcast media largely ignored it.

Instead, much of the discourse, and some criticism, centered on the lax security along Mumbai's rail network. The system carries 6 million passengers daily and offers a tempting "soft" target for terrorist attacks.

Stations are not equipped with video cameras, and most have no barriers for entry to platforms.

"You can get in from anywhere — you can just walk in," said marketing representative Gregory Fernandes, 35, as he waited for a train at the Matunga station, where one of the explosions occurred. "I don't know to what extent they can provide security. They can't cover the entire platform."

The openness stands in contrast to the layers of security at Indian airports and the precautions in place on New Delhi's new subway system, where passengers are required to pass through metal detectors.

Instituting such measures on Mumbai's rail network might prove too costly and cumbersome.

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"It's not possible to check each and every person in such a highly populated city," said Bhumika Baua, a student who rides the train nearly every day.

The bombs, which police said probably were made of high-grade plastic explosives and placed inside leather bags slung onto overhead luggage racks, hit first-class cars and station platforms in rapid succession.

Some speculated that the attackers targeted more affluent passengers to strike at Mumbai's status as India's economic powerhouse, but others said it might have been a question of practicality. Because the first-class cars are less crowded, it would have been easier for the attackers to plant the bombs and avoid onboard security officers, who tend to concentrate their attention on the jammed second-class cars.

2 Suspects Sought In Connection With India Train Blasts (NYT)

By Somini Sengupta

The New York Times, July 14, 2006

MUMBAI, India, July 13 — Indian authorities rounded up hundreds of people for questioning on Thursday and released photographs of two suspects in connection with the train bombings here that killed more than 180 people this week.

At the same time, a man identifying himself as a member of a newly formed chapter of Al Qaeda in the disputed territory of Kashmir, which Pakistan and India both claim, telephoned a news agency to congratulate the perpetrators. Intelligence officials said they had not verified whether the caller was authentic, and some in the government voiced their skepticism about the claim.

But the call raised the specter that groups claiming affinity with Al Qaeda had taken up the cause of the predominantly Muslim area, which has long been the scene of terrorist attacks and an Islamic insurgency, or that some Kashmir insurgents had linked themselves to Al Qaeda.

Officials in the capital, New Delhi, said they would have to investigate. “We can’t take it lightly,” said an intelligence official who is prohibited from speaking to the news media.

The police in Mumbai — also known as Bombay, and home to a substantial Muslim minority — combed the city overnight to search homes and detain what the city’s commissioner of police, A. N. Roy, estimated to be up to 500 people.

Mr. Roy declined to specify how many remained in detention, or whether the interrogations yielded any leads. The police pointed out that no arrests had been made in connection to Tuesday’s bombings.

Late Thursday, The Associated Press reported that the police had released the names and photographs of two suspects, Sayyad Zabiuddin and Zulfeqar Fayyaz, in connection with the series of eight synchronized bombs during the evening rush along a commuter train line.

The authorities remained tight-lipped about which groups could have been responsible, except to say there was a possibility that a militant organization based in Pakistan, Lashkar-e-Taiba, was involved. The police said the group could have been aided by a banned Indian organization that calls itself the Students Islamic Movement of India. Both groups have denied involvement.

Mr. Zabiuddin is suspected to have been the leader of a group of 16 militants, some of them connected to the student organization, who were arrested in May with a large cache of explosives and AK-47’s in Maharashtra State, where Mumbai is located.

There have been at least four crackdowns across Maharashtra on suspected Islamist militant groups, all linked to the Kashmir cause, in the last nine months, said Mr. Roy, the police chief. Among those arrested were several affiliated with Lashkar-e-Taiba.

The group is outlawed in Pakistan, but continues to function under other guises, including, most recently, as a charity active in last October’s earthquake relief efforts called Jamat ud Dawa, the police said.

The Indian Prime Minister, Manmohan Singh, who is scheduled to visit Mumbai on Friday, has said nothing directly about any organization, nor about a Pakistani hand in the attacks. Likewise, the police have presented no concrete evidence linking the bombs to any group.

Nevertheless, the references to Lashkar-e-Taiba have prompted worrying diplomatic tensions, with the Pakistani foreign minister, Khurshid Mehmood Kasuri, lashing out late Wednesday at Indian suggestions of a Pakistani role.

“There should not be a knee-jerk reaction that everything happening in India starts in Pakistan,” he told CNN.

Earlier on Wednesday, the spokesman for the Indian Foreign Ministry, Navtej Sarna, pointedly called on Pakistan to rein in terrorist organizations operating on Pakistani soil. His comments followed a suggestion by the Pakistani foreign minister, barely a day after the Mumbai bombings, that India had not done enough to resolve the Kashmir dispute. Mr. Sarna called Mr. Kasuri’s comments “appalling.”

The argument threatens the slow but sustained three-year peace process between the nations. “Every act of violence, and especially the kind of violence that we witnessed in Mumbai, makes it more and more difficult for the prime minister domestically

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to sustain the peace initiative with Pakistan," said Amitabh Mattoo, an academic who sits on the Prime Ministers Task Force on Global Strategic Development.

Attacks in Kashmir, including those on Indian tourists, have accelerated in the last few weeks. They accompany attacks in India itself.

A set of crude bombs tore through Varanasi, Hinduism's holiest city, last March. A set of synchronized explosions at two New Delhi markets and a passenger bus killed more than 50 people last October. But none of them touched off public anger toward Pakistan in the way this week's bombing has. On Thursday, the death toll from the train attack hovered at 182, with 700 injured.

The call claiming to represent Al Qaeda came at 12:15 p.m. to Current News Service, an agency based in Srinagar, the summer capital of Indian-controlled Kashmir, and a frequent recipient of calls and statements from anti-Indian militant groups there.

It lasted no more than three minutes, said the agency's chief, Abdur Rashid Rahi. The caller, who identified himself as Abu-al Hadid, spoke in polished Urdu and invited Indian Muslims to join the holy war, Mr. Rahi said, adding that the caller did not claim responsibility for the Mumbai serial bombs.

A senior government official said it should not be taken seriously. "I think it's a hoax," the official said, requesting anonymity because of the nature of the investigation. "We firmly believe it's Pakistan and not Al Qaeda."

Intelligence officials in Washington said they were investigating the claim, but they expressed skepticism that Qaeda operatives were behind the train attacks in Mumbai.

"We certainly are not ruling out the possibility that Al Qaeda was involved, given the sophistication of the attack," said one counterterrorism official in Washington, who was given anonymity to discuss intelligence matters. "But there are strong suspicions that the attacks were the work of a Pakistani militant group."

Bomber Hunt Continues As Pakistan Backs Train Blast Probe (AFP)

By Paul Peachey

AFP, July 14, 2006

Indian police combed Mumbai for clues about the train bombers as Pakistani President Pervez Musharraf, under fire here for his actions against Islamic militants, pledged to back the probe.

Police in India's financial hub, a teeming city of 18 million people, scoured hotels and homes for evidence, and released sketches of three suspects wanted in connection with Tuesday's blasts, which left some 200 dead.

Maharashtra state Chief Secretary D.K. Sankaran told AFP the sketches had been compiled according to eyewitness accounts, adding: "I cannot say if this is really the first breakthrough. But we hope to have one very shortly."

Earlier, senior police said they had no firm leads about the whereabouts of those behind the attack, the worst in India in 13 years, which also wounded more than 770 people.

Amid a swirl of accusations that Pakistan has not done enough to curb the activity of Islamic militants operating on its soil, Musharraf pledged his full support to the Indian investigation.

"I assure (Indian) Prime Minister Manmohan Singh that the Pakistan government and I myself are with him in any investigation he wants to carry out", Musharraf said in an interview with Business Plus Television.

The Pakistani leader, a key US ally in the "war on terror" who has led a crackdown on Islamic militancy, has nonetheless been the target of accusations in India that militants are using Pakistani soil as a springboard for attacks.

Maharashtra state police chief P.S. Pasricha said Wednesday the attack bore the hallmarks of Lashkar-e-Taiba, an Islamist group based in divided Kashmir which has denied any involvement in the bombings.

A previously unknown group calling itself Al-Qaeda Jammu and Kashmir said Thursday it was happy over the train blasts and called for more acts of jihad, or holy war.

It did not claim responsibility for the blasts but said in a telephone call to a news agency that they were a result of "Indian repression of minorities", particularly Muslims.

Analysts believe the bombers hoped to fuel Hindu-Muslim tensions and may have targeted first-class carriages to minimise casualties among Muslims, a minority in Mumbai and generally poorer than their Hindu counterparts.

The Indian army said Thursday it would be concerned if Al-Qaeda had launched a wing in revolt-hit Kashmir, held in part by India and Pakistan and claimed in full by both, and was investigating the claims.

Meanwhile, Mumbai police -- whose anti-terrorist cell is carrying out the bomb investigation -- picked up some 150 people with criminal records as part of a wide-ranging sweep not necessarily linked with the bombing inquiry.

"We have particular leads but nothing concrete," said senior police officer Jayjit Singh, head of the anti-terrorist squad.

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State officials said an extra 1,800 police and security forces would guard trains and stations. Extra dog teams and metal detectors would also be brought in.

US President George W. Bush telephoned Singh on Thursday to express condolences and offer support in the struggle against terrorism.

In a nationally televised address Wednesday night, Singh, who is due to make a three-hour visit to Mumbai on Friday to meet with survivors and local officials, said India would stand united and not bow to terrorism.

He did not mention Pakistan, but the Indian foreign ministry lashed out at comments from Islamabad and demanded it dismantle the "infrastructure of terrorism" in areas it controlled.

In an interview with CNN, Pakistani Foreign Minister Khurshid Mahmud Kasuri warned against "knee-jerk" reactions, saying India should be careful about trying to attribute the attacks to Pakistan-based militants.

Mumbai, formerly known as Bombay, has come to embody India's growing economic might and its engagement with the rest of the world. But it has a history of tension between Hindus and Muslims.

Seven blasts went off in the space of 15 minutes along the western railway line, tearing open first-class train carriages that were packed with people travelling home from work during rush-hour on Tuesday night.

Doctors worked continuously for 30 hours after the blasts to bring the situation under control, said officials at Sion hospital where 42 of the dead were taken.

But relatives continued to trawl hospitals looking for relatives missing since Tuesday.

Friends and relatives searching for banker Joseph Naronha, 56, were unable to identify him from three badly disfigured bodies at Sion hospital's morgue.

"It's impossible for us to identify him at Sion, I don't even know who it is, I don't know where to go now," his grim-faced brother-in-law A.J. Louis told AFP after a tour of hospitals. "We're losing hope."

Trains were running normally Thursday as the city returned to some semblance of normality despite impromptu shrines set up at various stations.

Business Quickly Returns To Usual In Mumbai (USAT)

By Ken Moritsugu

USA Today, July 14, 2006

MUMBAI, India — Terrorist attacks often depress stocks elsewhere in the world, but the bulls roared in Mumbai, India's financial capital, after bomb blasts killed at least 200 commuters this week.

The Sensex stock exchange index rose nearly 316 points — 3% — the day after Tuesday's blasts, before sliding back about 72 points Thursday to 10,858.50. The market reaction was typical of a city and people known for resilience in the face of natural and man-made disasters.

A week ago, monsoon rains caused widespread flooding in the city formerly known as Bombay. Even the bombings didn't dampen the spirits of residents such as Nilesh Shah, 34, an investor.

Speaking at a snack stall in the financial district after the market closed Thursday, he said of the stock market, “Ultimately, it will go up, because the trend is up.”

People showed few outward signs of being rattled by the bombing. Rosie Bismiter, 21, a management trainee at a luxury hotel, shrugged off concerns about personal safety. “This is Bombay,” she said. “Anything can happen, anytime anywhere.”

It's still unclear why Mumbai, a sprawling port city of 14 million people on India's west coast, was attacked. The bombs were placed in first-class train cars, sparking speculation in the media, including the daily English-language Hindustan Times, that Mumbai's business class was the target.

Others suspect religious hatred. Many Muslims were killed by Hindu mobs in riots in the nearby state of Gujarat in 2002; many Gujarat natives who have moved to Mumbai use the Western Railway, the train line that was hit. “They can get back at the affluent Gujarati traders,” said S. Hussain Zaidi, author of a book on a series of bomb blasts that shook Mumbai in 1993.

Mumbai is home to a surging stock market and Bollywood, the movie industry that turns out films at the rate of about one a day.

The city is a study in contrasts — gleaming glass office towers overlook shantytowns. India's flamboyant newly rich, beneficiaries of the recent economic boom, head to trendy dance clubs in foreign cars.

The roads teem with taxis: rattling, squat Fiats with round headlights and chrome bumpers. The view from the car, whether Ferrari or Fiat, often is a slum. Half of Mumbai's population lives in tiny huts — often little more than corrugated metal sheets nailed onto wooden frames — crowded along narrow alleys. The Dharavi district, home to about 1 million people, is one of the largest slums in Asia.

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The fruits of India's economic growth do not seem to have reached this squalid corner of Mumbai, where people have flocked to escape the even harsher rural poverty. “How is it better for me?” asked Sushila Harjun, a mother of three, cradling her son Naresh, 2. “Even here, in the slum, I can't afford to build a house.”

Elsewhere in Dharavi, there are signs of India's emergent economy. A metal staircase in a nondescript alley leads to a small room with bare concrete walls where a man sits at a computer.

Above the single-room home where he was raised, Subramanian Pillai designs a label for a box of pet food. Once done, he saves it on a compact disc and sends it off to his client for printing.

Pillai, 34, represents the contrasting sides of Mumbai. He has one foot in the high-tech world that can lead him to prosperity, and he is trying to drag the other out of poverty. “From the slum, we have to struggle very much,” he said. “Only then can we come to the level of other people.”

Lawmaker Questions F-16 Sale To Pakistan (AP)

By Foster Klug

AP, July 14, 2006

A Democratic lawmaker demanded Thursday that the Bush administration address security concerns in Congress over a proposed sale of F-16 fighter jets to Pakistan.

Rep. Tom Lantos emphasized in an interview that he supported the $5 billion proposal, "but my support is contingent on providing the United States with total security with respect to the non-leaking of any of our high-tech capabilities to any other party."

Lantos, the top Democrat on the House of Representatives' International Relations Committee, said that after speaking Thursday with top State Department officials, he believed those concerns could be resolved.

Lawmakers' concerns apparently led to the postponement of a congressional hearing Thursday meant to examine the jet sale. The hearing was rescheduled to next week.

Lawmakers worry that China, which has close military ties with Pakistan, might gain access to F-16 technology.

Lantos said that "in view of the very unfortunate A.Q. Khan history, we have to be absolutely convinced that the provisions in place will prevent any conceivable leakage of technology to anybody."

Khan, revered as the father of Pakistan's nuclear bomb, has admitted to running a nuclear-smuggling ring for years.

State Department spokesman Sean McCormack said that officials have had extensive consultations for more than a year with lawmakers and their staffs. He said they were willing to continue to work closely with Congress.

Late last month, the Bush administration notified Congress that it had approved the sale of 18 new fighter jets to Pakistan, a major ally in the U.S. fight against terrorism, and gave lawmakers 30 days to consider the deal. The administration usually provides Congress an informal "pre-notification" period of 20 days before the formal 30-day notification to consult on the deal.

Lantos said that move went against 30 years of precedent in dealings between the administration and Congress. "We are a co-equal branch of government, and we, for the sake of national security, need to be treated as such," he said.

The Pakistan package includes an option to purchase another 18 F-16 fighter jets, an offer to modernize 26 used aircraft already in Pakistan's arsenal, as well as logistical and other support. Lockheed Martin Corp. produced the jets.

The proposed sale to Pakistan comes as the White House pushes for congressional endorsement of a landmark nuclear cooperation deal with India.

Pakistan and India have fought three wars since their 1947 independence from Britain — two over Kashmir, a Himalayan state that both claim in its entirety but that is divided between them by a U.N. line of control.

In an interview Wednesday with The Associated Press, Pakistani Foreign Minister Khurshid Kasuri rejected claims that F-16 technology would be used irresponsibly.

"Of course we have a strong relationship with China. That's not a secret. But when we enter into an obligation, it's in our own interests to fulfill it," Kasuri said. "Pakistan is a very responsible country."

Videos, Doubts, And A Backlash In Mexico Vote (NYT)

By Ginger Thompson And James C. McKinley Jr.

The New York Times, July 14, 2006

MEXICO CITY, July 13 — To an untrained eye, the scenes captured on video certainly looked like Mexico’s bad old days when votes were stolen instead of won. There was a man inside a polling station stuffing one vote after another into a ballot box.

Andrés Manuel López Obrador, the embattled leftist candidate for president, showed the video to a crowd of reporters on Monday morning and called it proof that poll workers had taken part in a conspiracy of fraud that robbed him of victory and handed it to his conservative rival, Felipe Calderón.

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That night, the Federal Electoral Institute, or IFE, and Mr. López Obrador's own representative at the polling station said Mr. López Obrador was misrepresenting the video. The tape, they said, showed a poll worker putting misplaced ballots where they belonged, a common procedure that was perfectly legal.

By then, however, doubt had already been planted. Mr. López Obrador has bet his political future that it will not take much to make that doubt grow into a national call for a recount in a country where rigging elections was once a kind of national pastime. His opponents in Mr. Calderón's camp are betting people will see things the way they do: that the only one playing dirty these days is Mr. López Obrador.

In an interview on Thursday, Mr. Calderón, who election officials say squeaked out a victory by 0.6 percent of the vote, said that Mr. López Obrador had not kept his promise during the campaign to accept the election results, win or lose.

"It seems to me that the responsible thing to do is to respect the authorities," said Mr. Calderón, who has yet to be formally certified as the winner, "and not to heighten tensions in the political atmosphere."

"I don't want to launch a personal attack on him," Mr. Calderón added. "What I do think is that Mexico has a solid democratic system, credible institutions, like the electoral institute and the electoral tribunal, and that it's not right that they be discredited, especially without proof."

In the 11 days since the closest election in Mexican history, Mr. López Obrador has tried to discredit those institutions and the election on two fronts. Last weekend he filed a massive complaint — including nine boxes of documents and tapes — to the Federal Electoral Tribunal, alleging irregularities at more 52,000 polling places and calling for a recount.

At the same time, he opened a campaign to cast doubt on the election, feeding the media daily doses of scandal in videotapes and what he describes as secret recordings and tally sheets with incorrect numbers.

On Saturday in the Zócalo, Mexico City's historic plaza, a confident Mr. López Obrador regaled some 150,000 supporters with a recording of a conversation that he said proved collusion by rival political parties.

He followed up at the press conference on Monday with the now disputed video that he said proved poll workers had inflated vote counts for his rival. He screened another video on Tuesday that he said showed electoral officials illegally tampering with ballot boxes. And on Wednesday, he played a video that he said showed poll workers recording more inflated tallies for Mr. Calderón.

While the tapes were tantalizing, legal experts said they hardly made Mr. López Obrador's case for systematic violations that would support his demand for a vote-by-vote recount, and many analysts were concluding that the campaign was more smoke than fire.

The Federal Electoral Institute has fired back with a campaign of its own, including public service announcements and full-page advertisements in Mexico's major daily newspapers. In a recent press conference, Hugo Concha, a spokesman for IFE, said there was no evidence of fraud in any of the videos.

Nor, he said, were they recorded in secret. Cameras were allowed in district offices during the official vote tallying, Mr. Concha said. And he said the videos screened by Mr. López Obrador showed normal, legal activities.

"In other words," Mr. Concha said, "he is misusing the information."

That seems to be the way Juliana Barrón Vallejo sees things. She is a former factory worker in Guanajuato State who represented Mr. López Obrador's campaign at the polling place where the video shown on Monday had been recorded.

"There was no fraud," she said in a telephone interview. "Everything was clean." Then, referring to Mr. López Obrador, she said, "I think he is angry because he lost, and so he is inventing things."

Comments like those from Ms. Barrón, which have also been reported here in the newspaper Reforma, stung the López Obrador campaign. But Mr. López Obrador's response shook his supporters' confidence even further, as he refused to back away from the video and implied that his own campaign worker had been corrupted.

"I cannot say that all my representatives acted honestly," Mr. López Obrador said at a press conference on Tuesday. "There is a lot of money out there. Unfortunately, some people are willing to sell their dignity."

As for the Federal Electoral Institute, Mr. López Obrador said: "The IFE is trying to cover up an embarrassment that is making news around the world. What we are showing is that in this election we have not moved forward. We have moved backward."

Some, including the leftist scholar Roger Bartra, say that Mr. López Obrador has not only damaged himself, but that he has also set Mexico on a dangerous course.

Other political analysts, like Jorge Montaño, say Mr. López Obrador has capitalized on the overwhelming lack of confidence most Mexicans feel toward their institutions, and has shifted the debate from one about who won the election, to one about whether to reopen the ballots.

"Public confidence has fallen so low," Mr. Montaño said, "that it is almost inevitable there will have to be some kind of verification that Felipe Calderón won the presidency."

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Mr. López Obrador's appearances at press conferences and on television this week indicated that he was prepared for a long fight. That became clear in a heated exchange between Mr. López Obrador, the populist former Mexico City mayor, and Mexico's leading news anchor, Joaquín López-Dóriga, Tuesday night:

Mr. López-Dóriga: Where is this going to end, Andrés Manuel? How far are you going to take it?

Mr. López Obrador: To the people.

Mr. López-Dóriga: How far is that?

Mr. López Obrador: As far as the people want and decide.

Mr. López-Dóriga: But you are driving this process.

Mr. López Obrador: Yes, but we are going to drive it democratically.

Mr. Calderón's aides contend that what Mr. López Obrador really wants is to use a recount as the first step to annulling the election. Echoing analyses by electoral officials, they say it is unlikely that a recount would change the results because the candidates would be likely to gain and lose votes in similar proportions.

But any broad recount, Mr. Calderón's aides say, is bound to uncover human errors, and perhaps isolated, but not systematic, cases of fraud, that could be used to throw out all the returns. "The tactic might be a recount, but the endgame is annulment," said Arturo Sarukhán, an aide to Mr. Calderón.

Mr. López Obrador, 53, has repeatedly denied he wants a new election. He won this one, he said, adding, "I am more and more convinced of this."

For his part, Mr. Calderón has stood firm, planning a tour of the country, sending aides to calm anxieties abroad, appointing officials to lead a transition team and playing down the demonstrations in favor of Mr. López Obrador.

"Elections are won at the polls," Mr. Calderón said, "not on the streets."

Obrador Plans Protests Over Mexican Poll (FT)

By Adam Thomson And John Authers

Financial Times, July 14, 2006

A top aide to Andrés Manuel López Obrador, the leftwing candidate in Mexico's disputed presidential election, on Thursday promised mass protests in the event of an unfavourable ruling by the country's electoral tribunal.

The pledge, which follows Mr López Obrador's call for a huge demonstration in Mexico City's main square this Sunday, will throw into question the candidate's commitment to respect the tribunal's forthcoming ruling on the outcome of this month's election. It is also sure to sow fears of escalating social unrest in the coming weeks.

Last week's official count of the July 2 election handed victory to Felipe Calderón of the centre-right National Action party (PAN) by the slender margin of 0.58 per cent or about 240,000 votes from 41m cast.

But Mr López Obrador of the Democratic Revolution party (PRD) has refused to accept defeat. On Sunday night, he submitted an 800-page document to the country's Federal Electoral Tribunal, the highest electoral court, allegedly documenting proof of foul play.

The document urges the tribunal to order a full recount of the vote and, if that does not favour the leftwing candidate, an annulment of the entire election.

Ricardo Monreal, a central figure in Mr López Obrador's campaign, told the FT on Thursday the campaign would respect the tribunal's ruling, which must come by September 6. But he quickly added: "We will continue to organise protests if they [the tribunal] do not order a recount."

Juan Molinar, a leading figure in Mr Calderón's campaign, replied: "There's a word for that: blackmail."

Mr Monreal, who has been at the forefront of Mr López Obrador's campaign this week to show daily videos of alleged foul play in the election, on Thurday played down an apparent blunder when his party's own representative at one of the questioned polling stations denied there had been fraud as Mr López Obrador insists.

He said he remained confident the tribunal would order a full recount, but warned that failure to do so would be costly. "If there is no recount there is going to be social and political chaos. The people are very emotional and nothing will calm them except a recount."

The PRD had undertaken nationwide polls showing that seven out of 10 Mexicans believed the elections had been fraudulent, he said.

Mr Monreal confirmed that more than 100,000 Mexicans had already set off from the country's 300 districts to march on Mexico City. He did not say how many he expected there but expressed confidence that there would be "many more" than last week, when an estimated 250,000 people rallied.

However, Mr Molinar said the Calderón campaign's polls showed that only 25 per cent of the population would support mobilisations on the streets to challenge the result. Contrasting the situation with last year's attempt to impeach Mr López

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Obrador, which collapsed after he successfully organised a series of non-violent demonstrations, Mr Molinar said: “This is different. Then, 65 per cent of Mexicans were against the impeachment because they thought it was unfair and because it was a threat to democracy. Now 75 per cent of Mexicans are against him, because they think that what he is doing is unfair, and a threat to democracy.”

In a press conference this week, Mr Calderón said he would soon begin a national tour to thank Mexicans for their support.

AMLO's Last Stand (WSJ)

By Mary Anastasia O'grady

The Wall Street Journal, July 14, 2006

Now is the summer of Andres Manuel López Obrador's discontent.

The Revolutionary Democratic Party (PRD) candidate lost the July 2 Mexican presidential election -- in both the initial count and a recount -- by a razor-thin margin to National Action Party (PAN) candidate Felipe Calderón. And judging by the string of bitter denunciations he has unleashed against the Mexican government, the independent electoral institute, civil society, foreign heads of state who have congratulated the winner and even members of his own party, Mr. López Obrador, like Shakespeare's Richard III, sees himself the victim of a world out to get him.

Now he's out to get even. His chief spokesman, Gerardo Fernández Noroña, said this week that if the judicial tribunal of the Federal Electoral Institute does not approve a full recount, this time opening every one of the sealed packages of votes totaling 41 million, "we are not going to let him [Calderón] govern." Legal channels are only one path, he suggested. "The other road is insurrection."

That threat isn't even veiled. But even if Mexico wanted to go the dangerous route of appeasing a bully, it would be impossible, unless it decides to break the law. Mexico's electoral law makes it illegal to open sealed packets of ballots that have been witnessed by party reps present at the scene, unless there is cause and then only on a case-by-case basis. Even if parties consent to a nationwide recount that would rip open every sealed ballot, it is still not allowed.

A violation of the electoral law at this moment in Mexico's history would take the struggle for democracy back more than a decade. That's how long Mexico has been working to establish a rule of law to replace the rule of men in smoky back rooms, which dominated the country under the long-reigning Institutional Revolutionary Party (PRI). President Ernesto Zedillo (1994-2000) took a huge step toward that goal when he made the Federal Electoral Institute (IFE) independent. Mexico now has a clearly written legal code that dictates how an election should be run and an independent electoral tribunal.

Mr. López Obrador certainly knew the rules when he told a Mexico City journalist on May 12 that he would accept the election results under IFE "because in democracy one wins or loses and there has to be respect for the will of the people." His right-hand man Manuel Camacho knew it too when on the night of the election he penned an op-ed to run the next day in Mexico's El Universal, pronouncing that "the citizens have triumphed" in a fair election.

Now Messrs. López Obrador and Camacho want to reverse the agreed-upon rules on the grounds that the 244,000-vote margin is a close call. But does anyone seriously believe that if AMLO -- Mr. López Obrador's nickname -- had won the election by even a lesser number of votes, we would be having a debate about breaking the law and opening sealed ballots without cause?

So far the IFE has been heroically true to the legal code, despite the vitriol coming from AMLO. This week it said that it would not unseal any more ballots without directions from the tribunal judges, as the law requires.

The 355 claims of district irregularities from three parties (225 PRD, 129 PAN and one PRI) that were filed this week will now be handled by these seven judges. The PRD's claims cover 50,000 polling stations and according to sources who have read the legal brief, they challenge the outcome in these locations on the grounds that the vote in favor of the PAN was coerced. The PAN claims cover 600 polling stations and include specific allegations, the majority of which challenge illegal changes in agreed-upon polling station locations.

It is highly unlikely that these challenges will change the outcome of the election or that the tribunal will grant a full recount, something it has consistently ruled against in state elections. This is why the PRD has also petitioned the court separately to annul the vote. This is a fact that Mr. López Obrador was loathe to admit when interviewed on television by Joaquín López Dóriga on Tuesday. The candidate denied the fact until the journalist read aloud directly from the petition: that the court "not issue the declaration that validates the election." "What you are asking is the nullification of the election through that clause," stated Mr. López Dóriga. The loquacious AMLO was temporarily tongue-tied.

It was another hit to his credibility, and damage is mounting. It started on the night of the election when the IFE announced that the vote was too close to call and AMLO immediately grabbed a microphone and declared that the PRD had "information" that he was 500,000 votes in the lead. That turned out to be a bogus claim as independent polls showed Mr. Calderón to be the winner. Then came the video tape released by the AMLO campaign on Monday, which purported to show an election official in

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Guanajato -- where Mr. Calderón won handily -- stuffing a ballot box. It turned out that the ballots had been placed in the wrong box and a PRD worker in that polling station says she approved moving them. AMLO responded by casting doubt on her honesty and suggesting she had been bribed.

Now comes the revelation that while he has publicly denied it, AMLO wants to annul the whole electoral exercise, which more than one million Mexicans witnessed and which the European Union, the United Nations and the Organization of American States judged one of the cleanest they had seen.

No wonder the Mexican left is starting to turn on this guy. This week Roberto Blancarte, a professor at El Colegio de Mexico and a solid leftist intellectual who has been consistently critical of the PAN, wrote a commentary in the Mexican daily Milenio titled "I Voted for López Obrador and Already I'm Sorry."

As the headline suggests, AMLO is turning out to be an embarrassment for Mexico's progressives. Under his leadership and that of former PRI chieftains like Mr. Camacho -- who was secretary general of the PRI in 1988 when the election was famously stolen by his party -- Mexico's left-of-center looks more like El Jurassic Park than FDR's Hyde Park. The modern wing of the Mexican left knows that if it ever wants to get back in power it has to unload the dinosaurs and recognize that the rule of law matters. That's what makes this a test case not only for the IFE tribunal but for all of Mexico.

Thaksin Letter Sparks Outrage (WT)

By Richard S. Ehrlich

The Washington Times, July 14, 2006

BANGKOK -- The publication of a confidential letter to President Bush from Thailand's prime minister, warning of a "threat to democracy in Thailand," has provoked outrage, satire and indignation.

In a 544-word letter dated June 23, Prime Minister Thaksin Shinawatra said his political opponents are trying to "provoke violence" through "chaos" in the streets.

Mr. Bush sent a 138-word reply on July 3 which said: "I appreciate your assurance that our good cooperation on issues of vital importance to us both will continue."

The president added: "Free and open political systems can be unpredictable."

After copies of both letters appeared in Thai newspapers, Mr. Thaksin told reporters, "It is just a letter one national leader wrote to another."

A Bangkok Post editorial cartoon showed a smiling Mr. Bush telephoning Mr. Thaksin to ask: "So, you're being bullied?" An unamused Mr. Thaksin replies: "Yes, George."

"It is not right," complained former Prime Minister Chuan Leekpai, whose Democrat Party is the largest opposition group but repeatedly lost at the polls against Mr. Thaksin's nationalist Thai Rak Thai (Thais Love Thais) party.

Mr. Thaksin's critics were especially distressed by the prime minister's description of peaceful street demonstrations, which called for Mr. Thaksin's resignation and snarled Bangkok traffic during March.

The protests erupted because Mr. Thaksin did not pay taxes on the $1.8 billion his family earned by selling their Shin Corp. telecommunications empire in February to the Singaporean government's investment wing, Temasek Holdings.

"There has been a threat to democracy in Thailand since early this year," Mr. Thaksin wrote Mr. Bush.

"Having failed to provoke violence and disorder, my opponents are now attempting various extra-constitutional tactics to co-opt the will of the people," Mr. Thaksin's letter said.

The prime minister's dig at his enemies for using "extra-constitutional tactics" refers to their successful campaign to annul a nationwide election in April by convincing people to select a "no vote" choice on the ballots.

The opposition chose the "no vote" tactic because they did not have enough support among Thailand's 65 million population to win against Mr. Thaksin, who remains popular in the countryside.

Thailand and the United States are close military allies going back to the days of the Vietnam War.

While visiting Bangkok in 2003, Mr. Bush upgraded Thailand to "non-NATO ally" status.

Mr. Bush also praised Mr. Thaksin for helping the CIA capture Hambali, a leading terrorist in Southeast Asia, two months before the visit.

Mr. Thaksin hopes to win a fresh election, tentatively scheduled for Oct. 15.

U.S. Steelmakers Seek Trade Action On China (WSJ)

By Christopher Scinta

The Wall Street Journal, July 14, 2006

Representatives of America's steel industry are asking U.S. trade officials to take action against China for continuing to subsidize its steelmakers.

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A study prepared for industry groups says China's forgiveness of steel-company debt, preferential loan practices, targeted infrastructure development and currency manipulation give Chinese producers a huge advantage over companies that operate under free-market rules.

"The U.S. needs to act aggressively to require China to live up to its [World Trade Organization] obligations," Nucor Corp. Chief Executive Officer Daniel DiMicco said after the study was released.

The American Iron & Steel Institute, the Steel Manufacturers Association, the Specialty Steel Industry of North America, and the Committee on Pipe and Tube Imports supported the study, which was prepared by a Washington-based law firm. The groups said on a conference call that they provided the study to U.S. trade officials.

Alan Price, an attorney with Wiley Rein & Fielding LLP, who was co-author of the study, said the groups will urge the federal government to take complaints against China to the WTO for steel as well as other industries.

He said U.S. trade officials will be armed with the study in meetings with Chinese officials scheduled for later this month.

According to the report -- called "The China Syndrome: How Subsidies and Government Intervention Created the World's Largest Steel Industry" -- Chinese steel production grew to 349.4 million metric tons last year from 67.2 million metric tons in 1990, far outpacing production growth in the U.S.

That growth is a direct result of improper Chinese government intervention, the study says.

China is providing export subsidies to steelmakers that are prohibited under WTO rules and need to be halted, Mr. Price said.

American Iron & Steel Institute President Andrew Sharkey said U.S. steelmakers have support from Canadian and Mexican steel producers, as well as European companies, in their efforts to fight Chinese subsidies.

U.S. Eyes New Controls On China Exports (WT)

By Bill Gertz

The Washington Times, July 14, 2006

The Bush administration is imposing new controls on high-technology exports to China, aimed at preventing illegal diversion of goods that are boosting Beijing's large-scale military buildup, a senior commerce official says.

David H. McCormick, commerce undersecretary for industry and security, said in an interview that the proposed restrictions, announced last week, are a "substantial" revision of export controls that would limit 47 areas of high-technology exports, ranging from aircraft to machine tools, to composite materials used in radar-evading stealth aircraft.

"On one hand we want to restrict the use of U.S. technologies and advanced technologies in general in China's military modernization," Mr. McCormick said.

The administration also wants to engage China with "legitimate exports for civilian use," he said.

U.S. intelligence officials say China's industry does not distinguish between civilian and military products. The same factories that produce refrigerators also produce missiles, and technology is shared.

The new rules, if implemented after several months of review, will require U.S. exporters to prevent goods sold to Chinese firms from being used by the Chinese military, and to press Chinese companies to reveal how U.S. high-technology goods are being used.

"What we're saying is we want to try to place responsibility on exporters [to prevent diversion] and responsibility on importers in China to be transparent in the fact that these technologies are going to be used for civilian purposes and not military use," Mr. McCormick said.

All military-related exports for China are prohibited, he said. Congress banned military sales after Chinese troops violently suppressed pro-democracy protests in 1989.

The pending export controls were developed by the Commerce, State and Defense departments and will require U.S. companies to perform checks in Chinese factories to see how high-technology goods are being used. If exported goods are not in place, "that will be a red flag in China that that importer is not playing by the rules," Mr. McCormick said.

Mr. McCormick declined to discuss past U.S. technology diversions by China but said the problem is a worry of the Bush administration. Many Chinese state-run companies are operated by current or former Chinese military officials and several Chinese companies are involved in illegal activities, he said.

According to the Commerce Department, a total of $41 billion in U.S. high-tech goods were exported to China in 2004, including $2.4 billion that required export licenses. Some $12.5 billion worth of exports were denied last year on national security grounds.

The new restrictions will limit exports to China of certain chemicals, microorganisms, and toxins; precision machine tools; electronics design goods; high-speed computers; advanced telecommunications; encryption systems; sensors and lasers; navigation and avionics gear; submarine goods; and aircraft and rocket engines.

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Three past diversions of U.S. commercial goods sold to China include the illegal use of at least one Boeing 737 commercial jet that was photographed after being converted into a military airborne warning and control aircraft at a military base.

A second major technology compromise occurred in the 1990s when two U.S. companies, Loral and Hughes Electronics, illegally passed missile technology to China during space cooperation. Both were fined a total of $52 million.

In 1995, three Chinese companies were caught illegally using McDonnell Douglas machine tools to make military aircraft. The machine tools had been approved for export only for use in producing commercial aircraft parts.

S. American Nations Eye Alternative To IMF (WT)

By Kelly Hearn

The Washington Times, July 14, 2006

BUENOS AIRES -- Venezuela and Argentina aim to establish a new regional bank for nations frustrated with conditions imposed by the International Monetary Fund (IMF).

Argentine President Nestor Kirchner announced recently that the countries will cooperate on a "binational" bond issue that will serve as a precursor to a regionwide financial institution, an idea promoted by Venezuelan President Hugo Chavez.

Regional news outlets said the so-called "bond of the South" would be valued at about $2 billion and be used to finance infrastructure projects.

The issue represents the first step "in the construction of a bank, a financial space in the south that will permit us to generate lines of finance," Mr. Kirchner said in Buenos Aires after meeting with Mr. Chavez on the sidelines of a six-nation summit last week, in which Venezuela was accepted into the Mercosur trade bloc.

Mr. Chavez has promoted such a bank as an alternative to free-market conditions imposed by the IMF, which are used as a yardstick to qualify for loans from the IMF, World Bank and other multinational lending institutions.

Daniel Artana, an economist for the Latin American Foundation for Economic Research in Buenos Aires, said the new bonds will be highly secure "because they are backed by Argentina and Venezuela's oil money."

Mr. Chavez has established his country as a regional lender of last resort.

He has purchased $2.8 billion to $3 billion in Argentine bonds in January, allowing Mr. Kirchner to pay off and cut ties with the IMF.

Mr. Chavez also purchased $25 million of Ecuador's debt last year and offered to buy $300 million more, said Mark Weisbrot, co-director of the Washington-based Center for Economic and Policy Research.

Mr. Weisbrot said the IMF is "one of the most important ways the U.S. has influenced economic policy in developing countries."

But Mr. Chavez's lending potential offsets that power.

"Now countries that don't want to meet conditions of the IMF can go somewhere else," he said.

Analysts increasingly see South America as becoming polarized between a Chavez-led axis with Bolivia and Cuba and a largely pro-U.S. bloc formed by Colombia, Chile and Peru -- all of which have signed free-trade deals with Washington.

Brazil and Argentina, the region's two biggest economies, have strong trade and relatively smooth political relations with the United States. But they also favor regional integration to offset U.S. influence.

The two recently joined Venezuela in plans to build one of the world's largest natural-gas pipelines, spanning 5,000 miles at a cost of $20 billion.

New Course Under Pressure, Airbus Redesigns A Troubled Plane (WSJ)

By Daniel Michaels And J. Lynn Lunsford

The Wall Street Journal, July 14, 2006

Nick Tomassetti, a retired Airbus executive, was fishing in the Gulf of Mexico in early March when he received an urgent message from his former employer: Help us save the A350.

Airbus's latest long-haul jetliner was failing with customers. Desperate to improve the deteriorating economics of their industry, airlines said the plane lacked speed, comfort and efficiency and were flocking to rival Boeing Co.'s 787 "Dreamliner." Within days, Mr. Tomassetti had joined a crisis-management operation in France to redraw the A350 from scratch.

Now Airbus is scrambling to unveil its faster and roomier plane at next week's Farnborough Air Show, the year's most important industry gathering. Even if it does, it remains to be seen whether airlines like the new jet enough for Airbus to start building soon and avoid trailing Boeing for years to come.

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The giant European plane maker faces this crisis because of two monumental business mistakes: Lulled by years of success in an industry with only two big players, it ignored the demands of its customers; and it underestimated arch-rival Boeing.

The A350, like the Dreamliner, is part of a new generation of airplanes that will carry the bulk of long-haul travelers for the next 20 years -- a highly profitable market likely to top 6,000 planes during the period, at $150 million to $200 million each. At a time of high fuel costs and plunging fares, the world's airlines are leaning heavily on manufacturers to design faster, lighter planes.

The new A350 is an attempt to address these concerns. Details could change, but according to a confidential Airbus marketing document, the new aircraft would match the speed of Boeing's 787 and slightly exceed its range. The A350 cabin would become slightly wider than the Dreamliner's, comfortably seating nine passengers in each row, instead of eight in the original version. Airbus hopes to make the A350 in three different sizes, in an effort to compete with the Dreamliner and another popular Boeing plane, the larger twin-engine 777. Airbus may rename the plane the A370.

If Airbus doesn't officially launch the plane at Farnborough, executives could still promise to pursue the project and start collecting expressions of interest from customers. But that would fall short of committing to invest money and build the plane. Several customers have indicated that if they don't like what they hear at Farnborough, they could jump ship and head to Boeing.

"If they don't launch this plane, they will lose," says Tim Clark, chief executive of Dubai's Emirates Airlines, a major Airbus customer. "How they handle the launch and how much credibility they bring will be key."

When Boeing unveiled its 787 long-haul jet in 2003, Airbus didn't take its U.S. rival seriously. Boeing had recently proposed two other projects and then dropped them. The European plane maker had dominated the market for several years and thought its momentum would continue.

But the Dreamliner, as Boeing dubbed it, made all Airbus models on the market look outdated. The craft, slated for delivery in 2008, would be made largely of carbon-enhanced plastic and propelled by new engines. This made the plane 20% more efficient to operate than existing planes of its size. In addition, the Dreamliner was faster -- airlines estimated it could fly from Los Angeles to Sydney up to an hour quicker than competing Airbus models. And it had a bigger fuselage, or body, meaning it gave passengers more headroom and more space between aisles.

Airbus officials initially dismissed claims about the Dreamliner's economics as far-fetched. Airbus Chief Operating Officer John Leahy, the company's top salesman, said all Airbus needed to do to compete with the Dreamliner was refit the old A330 with new engines.

The A350 was born, and immediately customers were dissatisfied. Compared with the Dreamliner, the new Airbus plane was too slow, had a small cabin and was costlier to operate because it didn't use new materials and technology. The A350's fuselage essentially had the same dimensions and production system Airbus had used since 1972.

"We were really coming down hard on the A350, but we didn't feel like we were getting their attention," says Steven Udvar-Hazy, chairman and chief executive of leasing giant International Lease Finance Corp., the largest customer for both Airbus and Boeing.

Former Airbus CEO Gustav Humbert conceded during a news conference that Airbus "underestimated" the Dreamliner.

Airbus soon began to pay the price. In April 2005, Air Canada announced plans to replace its whole fleet of Airbus long-haul planes. It chose the Dreamliner and, impressed by Boeing, it also ordered a batch of larger 777s.

The Air Canada win opened the floodgates for Boeing, which continued to bank orders through the rest of 2005 for both 787s and 777s. Each Boeing sale underscored the vulnerability of Airbus's offering in long-haul planes, which also included the A330 and A340 models. It came as Airbus struggled with other problems. In April 2005, the company announced that its giant A380, the world's largest passenger jet ever, had completed a successful maiden flight. But it also said deliveries of the plane, a two-deck superjumbo which seats 550 people, would be six months late. The delay was later attributed to wiring difficulties.

Last month, Airbus surprised customers with another six-month delay of the superjumbo, again because of wiring problems. The news sent the share price of Airbus parent European Aeronautic Defence & Space Co. plunging 34% in a single day. Airbus and EADS executives traded blame for a fortnight until Mr. Humbert and EADS co-CEO Noel Forgeard resigned earlier this month.

Amid the superjumbo's embarrassing troubles last year, Airbus sales chief Mr. Leahy struggled to close major deals for the A350. Top carriers, including Emirates and Singapore Airlines, urged Airbus to compete more aggressively against the 787 by increasing the A350's speed, widening its cabin and improving its fuel efficiency.

Through last summer and fall, the plane maker's engineers gave the plane a bit more seating capability by transferring the space where pilots rest from the passenger deck to an area in the belly below the cockpit. Airbus also simplified the plane's skeleton, allowing for bigger overhead bins and a tad more elbow room.

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They increased the jet's speed marginally and hired carmaker BMW AG to design a new interior with smoother curves, better lighting and the illusion of greater space. The changes allowed Mr. Leahy by October to land firm commitments from nine airlines and leasing companies for 140 A350s. Sixty came from one customer, Qatar Airways. Mr. Leahy boasted that by year-end the tally would rise to 200.

But Airbus's key longtime customers, such as Messrs Clark and Udvar-Hazy, were still unhappy because the plane maker was standing firm against an almost universal complaint -- that the cabin was too narrow. The Dreamliner was also still faster.

Mr. Clark said that talking to Airbus about improving the A350 cabin "was like knocking my head against a brick wall."

By this point, it became increasingly clear that Airbus's early cockiness would cost it heavily in money and time. Redesigning the fuselage would result in a cascade of new tasks, including developing new wings and landing gear. It would also require Airbus to invest in new manufacturing equipment. All of that could easily double the plane's budget, which had already climbed to around $5.5 billion by mid-2005 from an initial estimate of $1.5 billion 18 months earlier.

'Not Changing the Fuselage'

Designing a new fuselage would also add a year to the development, pushing the A350 as much as four years behind the 787. The prospect might have been manageable for Airbus executives had they not already been grappling with two other problems: fixing the superjumbo's wiring problems and stemming a fall in orders for the A340 long-haul jet.

"We are not changing the fuselage" on the A350, Mr. Leahy told reporters last September, calling the existing dimensions "optimal." Despite his public comments, Mr. Leahy started to realize Airbus's reputation was at risk. In November of last year, he sent a memo to Mr. Humbert and other top Airbus executives warning that the company needed to fix its image quickly. In the letter, Airbus's top salesman acknowledged fundamental problems with some products.

By December Qatar Airlines hadn't yet signed a contract for its big order of 60 A350s. That same month, despite two trips in one week by Mr. Leahy to Australia, Qantas skipped over the A350 and ordered up to 115 787s with a catalog value of around $13 billion.

Even in the face of defeat, Airbus continued to rebuff customers' complaints about the A350. In public statements, Mr. Leahy said Qantas went with Boeing simply because the 787s could be delivered faster than any A350.

But to Mr. Leahy's boss, Mr. Humbert, the Qantas loss was an alarm bell that could no longer be ignored. Airbus was ending 2005 with 87 signed A350 orders, not the 200 Mr. Leahy had predicted. Boeing, meanwhile, had already booked 235 orders for the 787.

It was crisis time. Mr. Humbert decided Airbus needed to design an entirely new A350 and quietly put a team of engineers on the case. In early March, the Airbus CEO picked up the phone to several respected Airbus alumni and asked them to come back. In addition to Mr. Tomassetti, the retired executive in Florida, Mr. Humbert recalled Gerard Blanc -- a man he had beaten out for the top job at Airbus months earlier.

Rushing Against Time

The veterans' mission was to act as a counterweight to the main team of Airbus engineers working on the new A350. "Our job was to look at the various configurations that Airbus had already put in the mill and come up with what we though was the best, given the limits" such as time, money and manpower, Mr. Tomassetti says.

The men knew they were rushing against time to ease customers' growing irritation. In March, Singapore Airlines CEO Chew Choon Seng pulled Mr. Leahy aside after an Airbus presentation to ask why the plane maker hadn't yet "gone whole hog" on a new fuselage for the A350, both men recall. Days later, before 700 people at an aviation conference in Orlando, Fla., ILFC's Mr. Udvar-Hazy said that if Airbus continued to cut corners on revisions to the A350, the plane maker would get a "silver medal instead of a gold." "Airbus is listening to its customers," Mr. Humbert insisted days later during a reception in Toulouse, France, where Airbus is based.

As engineers worked on their new designs, Airbus started sharing details with potential buyers. Customers finally started to warm. When Mr. Udvar-Hazy visited Toulouse in April, he was satisfied enough to pull out a $100 bill and scribble on it that he considered it a down-payment.

But just as it looked like Airbus was finally turning a corner on the A350, the European plane maker got sidetracked by the superjumbo's delays. Christian Streiff, who has spent 26 years at French glass and industrial giant Saint Gobain, was brought in as Airbus's new CEO. Over the past two weeks, he has been working overtime to get to know all of Airbus's products. Fixing the A380's wiring problems and making a decision on when to officially launch the new A350 are his top priorities, company officials say.

Framed in Mr. Streiff's office is Mr. Udvar-Hazy's $100 bill. Mr. Humbert gave it to the new Airbus CEO when he took over as a reminder of the A350's importance. Mr. Humbert recalls telling his successor: "Now you have to make a billion dollars on the plane."

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Japanese Asianism (WSJ)

By Hiro Aida

The Wall Street Journal, July 14, 2006

Since the fall of its militarist regime in 1945, Japan has been known for its pro-Western or pro-American line. Far older than the U.S.-Japan alliance, however, is Japan's tradition of Asianism (Ajia-shugi). For the last century and a half, Japanese political and intellectual leaders have tried to convert a negative image of a "backward" Asia (imposed by the West) into a vigorous regionalism. Japan's Asianist policies mutated into pan-Asian aggression during the 1930s and 1940s. But a more stable and beneficial form of Asianism has long underpinned Japan's modern development.

The future of Japanese Asianism will be decided during the prime ministerial elections in September. Whoever wins will have the chance to reinvigorate or further neglect the country's Asianist traditions, and thus influence the country's identity. Frontrunner Shinzo Abe, chief cabinet secretary to Prime Minister Junichiro Koizumi, is expected to inherit the incumbent's foreign policy, which is more pro-American than Asianist. The second most popular -- but still undeclared -- candidate is Yasuo Fukuda, a former chief cabinet secretary who would likely set a new trend by leaning toward Asianism.

Both could be called Asianist, but in different ways. Mr. Abe's orientation reflects a realistic sense of East Asia's power balance, especially Japan's weight vis-à-vis China. Mr. Fukuda wants more harmonious regional cooperation, which he thinks was lost during five years of Koizumi diplomacy. Though pursuing different strategies, both demand the same bottom line -- a stable and prosperous Asia under the leadership of Tokyo as a staunch ally of the U.S.

These intellectual leanings aren't always clear in the run-up to the election. Mr. Abe, for instance, is very circumspect these days when asked about the Yasukuni Shrine, but people still expect him to follow Mr. Koizumi's lead by visiting the shrine. Mr. Abe may refrain from revising this nationalistic stance now that Mr. Fukuda is closing in on him as the anti-Koizumi, especially in foreign policy matters -- more so after North Korea's roguish multiple missile launch.

Mr. Koizumi's repeated visits to the Yasukuni Shrine have worsened Japan's relations with its neighboring countries and set back the country's Asianist ambitions. If Mr. Abe were to continue the provocative visits, relations would probably deteriorate further. As he appears to be riding to victory, it might be easy to feel that Japan's true Asianist orientation is lost, having been abused during World War II and undone through the Yasukuni visits.

The two candidates' forebears, however, remind us of modern Japan's longstanding interest in Asian cooperation. Older Japanese remember well Mr. Abe's grandfather, Prime Minister Nobusuke Kishi (1896-1987), who forced ratification of the revised U.S.-Japan Security Treaty through the Diet in 1960. Kishi was Gen. Tojo's minister of commerce and industry, and was a Class A war crimes suspect released from prison the day after Gen. Tojo and six others were hanged to death in late 1948. But Kishi is better remembered in Japan for his trips around Southeast Asia -- and India, Pakistan and Sri Lanka -- before and after his visit to Washington in 1957. It was the first ever peacetime trip by a Japanese prime minister to these countries, the purpose of which he characterized later as showing "Japan's centrality in Asia."

Mr. Fukuda's father was an even stronger Asianist. As prime minister, Takeo Fukuda (1905-1995) signed the seminal peace and friendship treaty with Communist China in 1978 despite his strong pro-Taiwan stance. He was also known for his active diplomacy with Southeast Asian countries. The "Fukuda Doctrine" in 1977 stipulated "heart-to-heart" diplomatic ties with Southeast Asians, after massive anti-Japanese demonstrations erupted against Tokyo's rapid economic expansion into the region.

Both elder statesmen, Kishi and Fukuda, were wartime administrators during Japan's move to conquer Asia. But that militarist strain of the Japanese Asianist dream died when Tokyo and other major cities burned to ashes in World War II. Kishi and Fukuda's subsequent promotion of cooperative Asianism -- such as Kishi's efforts to normalize ties with former colony South Korea -- shows that the idea has deep and solid roots, and that its militarist expression was an anomaly.

The core values of Asianism have remained an engine driving Japan's miraculous post-war resurgence and its recent economic recovery. As revived in a more benign form after the war, Japanese Asianism can now be seen in Tokyo's desire to outmaneuver Beijing in leading regional efforts to arrange an East Asia community. Even during the long economic slump, it appeared in the form of Tokyo's failed proposal, opposed by the U.S., to establish an Asian Monetary Fund in response to the region's 1997 monetary crisis.

Despite the death of the fund plan, Japan initiated a bold currency-swap arrangement. Like the fund plan, the swap plan is intended to strengthen the region's financial system and avert the recurrence of a financial crisis. In the run-up to the first 16-nation East Asia Summit last December, there was a tug-of-war for leadership between China and Japan, mainly over the extent of membership. Japan called for a larger group including India and Australia, in an attempt to harmonize the balance of power in East Asia in the face of a rising China.

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Facing the same Asianist opportunities as their forebears, Messrs. Abe and Fukuda are about to embark on the final leg of Japan's premiership race. Japan's Asian policy -- which deteriorated under Prime Minister Koizumi, notably concerning China and the Koreas -- will fall on the shoulders of the winner. It is up to him to assert Japan's unique Asianism in their foreign policy. Then, Japan may no longer alienate Asia, but rather draw it closer.

Mr. Aida is a senior writer at Japan's Kyodo News.

Sometimes The French Are Right (LAT)

The Los Angeles Times, July 14, 2006

DID YOU KNOW THAT while America slept, there has emerged a shadowy and ever-growing cabal of U.S. senators and representatives organized under the subversive banner of … the Congressional French Caucus?! C'est vrai. California's two senators have joined the conspiracy — Dianne Feinstein even brags about two of her grandchildren being French citizens. But lest you think it's some kind of Perrier-swilling Democratic appeasement club, know that the group was founded by former New York Rep. Amo Houghton, a Republican, and is co-chaired by Sen. Michael D. Crapo (R-Idaho) and Rep. Tom Petri (R-Wis.). As the American patriot David Byrne once asked, Qu'est-ce que c'est?

What's happening here is actually quite normal. Congress is filled with subgroups galore, from the Shellfish Caucus to the Brain Injury Task Force, and one of the most popular organizing themes is friendship toward — or concern about — a particular foreign country. There are Friends of Denmark (aren't we all?), a Saudi Arabian Study Group (which undoubtedly enjoys more book learning than your average Saudi female) and even a Congressional Azerbaijan Caucus. Clearly, the "Axis of Weasel" (or were they "cheese-eating head-butters"?) needed to play catch-up after the 2003 dog days of Freedom Fries, and no self-respecting member of Congress has ever turned down a trip to Paris, so a new club was born.

If there's anything truly controversial about the Congressional French Caucus on this, the 217th anniversary of the storming of the Bastille, it's that the members' interests — or more accurately, the interests of the French lobbyists who interact with them — are now more aligned with what's good for America than the protectionist, election-year sausage being created and contemplated by the 109th Congress.

Sen. Richard C. Shelby (R-Ala.), for example, is trying to ram through a foreign investment bill that would require that all purchases related to "critical infrastructure" — meaning anything whose destruction would have a "debilitating impact" on "national economic security" — be delayed for a minimum of 45 days while a committee composed of several Cabinet members screens the would-be buyer on criteria such as whether its country of origin is sufficiently helpful in the war on terror.

And in June, the House of Representatives gleefully scotched the long-overdue "Open Skies" aviation agreement between the U.S. and Europe by prohibiting non-U.S. citizens from exercising managerial control over some (but not all) aspects of a U.S. airline, an act of self-defeating xenophobia.

France, in addition to being the United States' oldest ally (albeit a nettlesome one), is one of the five largest foreign investors in the U.S., and French companies are rightly alarmed by rising American protectionism. But it's American consumers and workers who are most hurt when foreign capital is turned away, so more power to the French Caucus if it can help Congress block senseless legislation.

Fuel For Thought (WSJ)

By Luiz Inacio Lula Da Silva

The Wall Street Journal, July 14, 2006

The sharp rise in international oil prices, political instability in producing regions and the environmental impact of fossil fuels have combined to evoke a growing interest in alternative energy sources. In this context, the Brazilian experience with ethanol fuel has been a noteworthy success story over the last 30 years. And the success is now expanding to biodiesel and H-Bio. I expect that our experience will be of interest during the G-8 summit in St. Petersburg.

With the continual increases in oil prices, ethanol has become even more important for our country. We now add at least 20% ethanol to all gasoline sold in Brazil. In addition, E100 fuel (i.e., pure ethanol) is sold at all of the more than 30,000 service stations. Annual production is in the range of four billion gallons, of which around 690 million gallons are exported. Ethanol accounts for about 40% of the fuel consumed by passenger vehicles. The introduction of "flex-fuel" cars in 2003 was an extraordinary success: Today roughly 80% of all new cars sold in Brazil can be fueled with any mixture of ethanol and gasoline, or simply pure ethanol.

Moreover, Brazil has just achieved oil self-sufficiency. Here, ethanol has played a decisive role, along with increased oil production. Since the 1970s, ethanol has replaced about 800 million barrels of oil, the equivalent of almost two years of current Brazilian oil production.

DOJ_NMG_0041064

Naturally, we are well aware that ethanol is not the only solution to oil supply problems. But, surely, it can become a key part of the solution. A substantial increase in ethanol consumption may even extend the timeframe of the world's oil supplies, postponing the date when the reserves run out.

Last November, I was greatly pleased to host George W. Bush in Brasília. During his visit, we were able to speak at length about our respective experiences with ethanol. Brazil and the U.S. together account for about 70% of world's ethanol production. I am delighted to see that President Bush has actively promoted expansion of U.S. ethanol production and consumption.

Both Brazil and the U.S. have a lot to gain if we can work together to promote a global market for ethanol, with other countries involved in its production, especially in Latin America and in Africa. In poor countries, production of ethanol and biodiesel can have an extremely positive impact. It assists in dealing with the energy deficit, influencing internal consumption and exports. It can also generate a vast number of jobs, redistributing the population more harmoniously between urban and rural areas.

Although Brazil is often seen as a model in the ethanol sector, it does not wish to achieve a dominant global position, nor would that even be feasible. Actually, it is important we have as many countries as possible producing ethanol. Otherwise it will be difficult to achieve our goal of creating a global market, with ethanol being traded as any other commodity. In this spirit, Brazil is proposing the creation of a forum gathering the most significant ethanol producer and consumer countries.

Brazil and the U.S., for their part, can already begin to work toward shared goals with regard to technical and regulatory frameworks, research cooperation and the support of ethanol production and consumption in other countries. Expanding the international ethanol market will benefit both Brazilian and U.S. producers.

Naturally, Brazil hopes to see the day when the secondary tariff on U.S. ethanol imports (now 54 cents per gallon) is eliminated, as that would foster the goal of globalization of the ethanol market and enhance bilateral trade. Nevertheless, the goal of an ethanol partnership stands on its own merits and should be pursued regardless of any such bilateral trade considerations. As the world's ethanol consumption increases, the primary challenge will not be to compete for markets, but rather to expand ethanol production quickly enough to meet surging demand. Everyone has a lot to gain.

Mr. da Silva is president of Brazil.

DOJ_NMG_0041065

Ames, Andrew

From: Ames, Andrew
Sent: Friday, July 14, 2006 10:46 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: Civil Division News 7/14/06

Ex-C.I.A. Officer Sues Cheney and Others Over Leak

Irve Libby Trial Update: The Wilsons Sue White House Trio

U.S. secrets privilege invoked: Dismissal sought of phone-records suit against AT&T

Gabelli to Pay $130 Million to Settle Lawsuit

US details Odyssey Healthcare settlement

Hospice firm to pay government $13 million: Former Milwaukee employee blew whistle on Odyssey; she gets $2.3 million

A quest for cooler heads in Indian suit against US; A judicial panel cites mismanagement of native trust accounts, but rules the case needs a new judge.

ATTORNEY GENERAL: U.S. SUPREME COURT DECISION SIGNIFICANTLY SUPPORTS STATE'S NO CHILD LEFT BEHIND ACT LAWSUIT

Report looks at off-label use reimbursement challenges

New York Times

July 14, 2006

Ex-C.I.A. Officer Sues Cheney and Others Over Leak

By NEIL A. LEWIS

WASHINGTON, July 13 — Valerie Wilson and her husband, Joseph C. Wilson IV, filed suit on Thursday against Vice President Dick Cheney, Mr. Cheney's former top aide and the senior presidential adviser Karl Rove, charging they had conspired to violate their constitutional rights.

The lawsuit, filed in Federal District Court, accused Mr. Cheney, Mr. Rove and the former Cheney aide, I. Lewis Libby Jr., of conspiring to destroy Ms. Wilson's career by leaking her identity as an undercover C.I.A. operative to the press. It says the three men had conspired to punish Mr. Wilson for his public assertions that the Bush administration had twisted intelligence to justify the invasion of Iraq.

The civil lawsuit, which does not specify any amount of damages being sought, is the latest chapter in a complicated legal and political story that began when Valerie Plame, Ms. Wilson's unmarried name, first appeared publicly in a newspaper column by Robert D. Novak on July 14, 2003.

The fallout from that disclosure led to an investigation by a special prosecutor into whether the leak violated any laws and whether Ms. Wilson's name was leaked as part of a campaign to punish Mr. Wilson, a former ambassador, for his criticism of the White House.

The prosecutor, Patrick J. Fitzgerald, did not bring any charges in connection with laws that prohibit the willful disclosure of the identity of a Central Intelligence Agency officer. But he did indict Mr. Libby, also known as Scooter, on perjury and obstruction of justice charges, saying he had testified untruthfully to a grand jury and federal agents when he said he learned about Ms. Wilson's role at the C.I.A. from reporters rather than from several officials, including Mr. Cheney.

Mr. Libby's trial is scheduled to begin in February. The judge has narrowed the issues in the case to whether Mr. Libby lied and has excluded almost all evidence about the politics surrounding the leak of Ms. Wilson's name.

As a result, the Wilsons' suit has the potential to keep alive those issues in a civil case, which generally allows a wider scope of evidence.

But the suit is also likely to face major hurdles, notably the issue of whether the officials have any immunity for their actions. The general standard from a 1982 Supreme Court case is that federal officials may be sued for violating someone's constitutional rights if a reasonable person would believe they had violated "clearly established law."

The pretrial motions in the Libby case have not, as yet, produced evidence that there was any willful effort to leak Ms. Wilson's identity.

The lawsuit says the officials' actions have led to "gross invasions of privacy" for the Wilsons and caused them to fear for their children's safety because Ms. Wilson is now a target for those who hate the United States. The suit says the officials violated the couple's right to privacy, freedom of speech and equal protection of the laws.

Mr. Cheney's spokeswoman, Lea Anne McBride, declined to comment, noting that the issues were before a court in the Libby trial. Robert D. Luskin, Mr. Rove's lawyer, said in an interview: "The allegations are without merit. We may comment further when we have an opportunity to review the complaint."

Barbara Comstock, a spokeswoman for Mr. Libby, declined to comment.

END

Wall Street Journal Law Blog

July 14, 2006

Irve Libby Trial Update: The Wilsons Sue White House Trio

Posted by Peter Lattman

At 10:00 a.m. today at the National Press Club in Washington, D.C., a former CIA operative and her former diplomat husband will meet with the media to trumpet a federal civil lawsuit they have filed against a sitting vice president, his former top aide, and the president's top adviser, alleging that the trio violated the couple's constitutitional rights.

Valerie Wilson (nee Plame) and Joseph Wilson accuse Dick Cheney, Scooter Libby, and Karl Rove of conspiring to destroy Ms. Wilson's career by leaking her identity as an undercover CIA operative to the media. They did so, says the complaint (click here), as retaliation for Mr. Wilson's NYT op-ed criticizing the grounds for invading Iraq. The constitutional violations alleged: right to privacy, freedom of speech and equal protection of the laws.

The Wilsons' lawyers at Proskauer Rose, led by Washington, D.C., partner Christopher Wolf, issued a press release advertising the lawsuit. Duke University constitutional law professor Erwin Chemerinsky is serving as of counsel in the case. The press release also told us that contributions to the Joseph and Valerie Wilson Legal Support Trust can be given at www.wilsonsupport.org.

Cheney and Libby's spokespersons declined to comment to the NYT on the lawsuit, but Rove's lawyer Robert Luskin at Patton Boggs said the allegations were without merit. The New York Times says that the lawsuit faces major hurdles. A 1982 Supreme Court case says that federal officials may be sued for violating someone's constitutional rights if a reasonable person would believe they had violated "clearly established law."

As part of this imbroglio, the feds have indicted Libby on perjury and obstruction of justice charges, saying he lied to a grand jury and FBI agents about his role in disclosing Ms. Wilson's identity to reporters. Libby is scheduled to stand trial in February.

END

Chicago Tribune (KRT)

July 14, 2006

U.S. secrets privilege invoked: Dismissal sought of phone-records suit against AT&T

Rudolph Bush

Chicago Tribune

Jul. 14--Justice Department lawyers invoked a rarely used "state secrets" privilege Thursday in seeking to have a lawsuit against phone giant AT&T tossed out of federal court.

The lawsuit, filed by the American Civil Liberties Union and Chicago author Studs Terkel among others, claims AT&T has improperly turned over millions of phone records to the government without a court order.

Deputy Assistant Atty. Gen. Carl Nichols argued that the suit should be thrown out because the Bush

administration has decided to invoke the state secrets privilege, effectively shutting down any confirmation or denial of key allegations in the suit.

If AT&T or the government were to confirm the collection of phone records through a domestic surveillance program, it would give aid to terrorists and damage national security, Nichols said.

As it is, terrorists must balance the risk of making a phone call against the possibility that communication will be intercepted, he said.

"We are facing a threat right now from Al Qaeda," Nichols said. "Even the smallest risk is not a risk we should tolerate."

Nichols argued that without the ability to confirm or deny the allegation, AT&T can't defend itself from the suit\l "l" and is entitled to judgment in its favor.

Harvey Grossman, legal director of the American Civil Liberties Union in Illinois, answered that his clients simply want to know that AT&T is acting lawfully.

"If it's done lawfully, we'll walk out the door," Grossman said, noting that none of the plaintiffs are seeking money.

Grossman argued it is implausible that terrorists aren't aware their calls are monitored, and disclosing the fact that phone records are being collected would provide them no new information. He cited newspaper articles and statements by a member of Congress and a former intelligence official that he said confirm domestic surveillance gathering is ongoing and that terrorists know about it.

Questions about the Bush administration's domestic intelligence activities have come to the fore after prominent published reports asserted the government has gathered telephone records of millions of Americans without obtaining court approval.

The president has acknowledged that he authorized the NSA to intercept certain communications from Al Qaeda operatives through the Terrorist Surveillance Program, but no administration official has confirmed a program of the scope described in the published reports or the ACLU lawsuit.

U.S. District Judge Matthew Kennelly said Thursday that he will take the parties' arguments under advisement and rule at a later date on whether the suit\l "l" can go forward.

The Justice Department has privately provided Kennelly some classified material to support invoking the state secrets privilege.

Kennelly also briefly questioned government lawyers in his chambers Thursday. The content of that conversation will remain secret, however.

The government has also invoked the state secrets privilege in similar cases in Detroit and San Francisco, and it has requested that judges throw out those lawsuits.

Rulings are pending in those cases as well.

END

New York Times

July 14, 2006

Gabelli to Pay $130 Million to Settle Lawsuit

By JULIE CRESWELL

One of the country's best-known money managers, Mario J. Gabelli, and affiliated companies have agreed to pay $130 million to settle a civil fraud lawsuit that accused him of orchestrating a scheme to deceive the Federal Communications Commission in its auction of cellphone licenses in the late 1990's.

The settlement, approved yesterday by Judge Paul A. Crotty of the Federal District Court in Manhattan, is the latest move by the quick-witted and quick-tempered Mr. Gabelli to try to put a series of lawsuits and bad press behind him.

Known as Super Mario for his acumen in stock picking, Mr. Gabelli, 63, who sits atop a complex public- and private-investment empire, has seen his reputation dented in recent months as he faced lawsuits that challenged his business ethics, corporate governance and pay package.

Last year, as chairman and chief executive of the publicly traded Gamco Investors, Mr. Gabelli received a pay package worth $55.5 million. Gamco was not part of the auctions, which involved licenses for wireless spectrum, or in the Justice Department settlement yesterday.

How much of the $130 million settlement will come out of Mr. Gabelli's own pocket is unclear. A lawyer for Mr. Gabelli, Lanny A. Breuer, declined to provide details. But earlier this week, Lynch Interactive, a communications holding company run by Mr. Gabelli, said its share of the settlement would be $34 million.

Still, Mr. Gabelli can claim some victories. The settlement, in which he denies any wrongdoing, does not restrict him or any of his companies from bidding in future F.C.C. spectrum auctions. Nor does it force him to give up all of the $205 million in profit he is estimated to have made from reselling the licenses he was accused of obtaining fraudulently.

"I'm glad that we've been able to resolve this in a fair and equitable manner and in a way that allows our clients to move on with their businesses," Mr. Breuer said.

Mr. Gabelli, who was hobnobbing yesterday with the tech and media elite at the investment bank Allen & Company's annual conference in Sun Valley, Idaho, said he did not know about the settlement when questioned by reporters. A message left in his office in Rye, N.Y., was not returned.

The lawsuit against Mr. Gabelli was filed more than five years ago by a whistle-blower, Russell Taylor III, a lawyer who was involved in the wireless spectrum auction.

The lawsuit was filed under the False Claims Act, a Civil War-era law that was intended to uncover fraud against the government. Mr. Taylor, who is studying for a doctorate at Oxford University and whose lawyers said he was not willing to speak about the case, will receive $32.2 million of the $130 million settlement. That amount will be much smaller after he pays taxes and his lawyers' contingency-based fees.

The lawsuit accused Mr. Gabelli and other Gabelli affiliates — mostly friends and associates of Mr. Gabelli with scant, if any, experience in the communications field — of creating a series of sham companies that bid for F.C.C. licenses at a discount under a program that favored minorities and small businesses. Many of those licenses were later resold at hefty profits, the lawsuit asserted.

A number of Lynch Interactive subsidiaries have applied to bid for wireless licenses in an F.C.C. auction in August. They are not seeking minority- or small-business discounts.

This is the second legal battle that Mr. Gabelli has settled in recent months. Earlier this summer, he agreed to pay two investors more than $100 million to settle a legal fight that had raised questions about his pay package and his stance on shareholder rights.

Mr. Gabelli agreed to pay Frederick J. Mancheski, who was Mr. Gabelli's first investor in 1976, and David M. Perlmutter, a former lawyer for Mr. Gabelli, cash and 2.1 million shares in Gamco worth about $80 million.

The men accused Mr. Gabelli of preventing them from selling, at fair market value, their stake in his private company, Gabelli Group Capital Partners. That company is the controlling shareholder of Gamco Investors.

END

Reuters

July 13, 2006

US details Odyssey Healthcare settlement

WASHINGTON, July 13 (Reuters) - The U.S. Justice Department on Thursday said hospice provider Odyssey HealthCare <ODSY.O> has paid the government $12.9 million to settle allegations that the company submitted false claims to Medicare.

Odyssey said on Wednesday that it had finalized a settlement with the Justice Department and the Department of Health and Human Services regarding two whistleblower actions, but gave few details.

According to the Justice Department statement, Dallas-based Odyssey is accused of having billed Medicare for services provided to hospice patients who were not terminally ill and therefore were ineligible for Medicare hospice benefits.

"The fiscal integrity of the Medicare hospice benefit program depends upon compliance with eligibility standards," said Peter Keisler, assistant attorney general for the Justice Department's civil division. "The United States will take action against providers that fail to comply with those standards.

The settlement, which covers a period from 2001 to 2005, also resolves charges originally brought against Odyssey by a former regional vice president.

END

Milwaukee Journal Sentinel

July 14, 2006

Hospice firm to pay government $13 million: Former Milwaukee employee blew whistle on Odyssey; she gets $2.3 million

Gina Barton

Milwaukee Journal Sentinel

Jul. 14--Odyssey Health Care Inc., the second largest provider of hospice care in the United States, will pay the federal government $12.9 million to settle claims of Medicare overbilling, according to the U.S. attorney's office in Milwaukee. The claims were made by a former Franklin woman, JoAnn Russell, who was fired by Odyssey after she questioned the company's bills to Medicare for hospice services,

according to court records.

In 2003, Russell filed a whistle-blower suit in federal court in Milwaukee, which led to an investigation by the U.S. Department of Justice. Because she alerted the government to the situation, Russell will receive $2,326,500 of the settlement. Odyssey, based in Dallas, is a for-profit company that operates in 26 states, including Wisconsin. The company did not admit wrongdoing and will remain solvent after the settlement is paid, according to court records.

"It was very difficult, but I did not do it for the money," Russell said, speaking through her attorney. "I felt that Odyssey was doing something wrong that was affecting all of our money."

Russell, now 60, was hired by Odyssey in 2002 as director of patient care services for the company's Milwaukee-based program, which provides services for terminally ill people in their homes and in nursing homes, said Russell's attorney, Nola Hitchcock Cross. A year later, Russell was promoted to a position at the company's Texas headquarters. There, she was assigned to audit Medicare compliance for a multistate region, Cross said.

Medicare covers hospice services at the rate of about $100 per day for routine care, which includes physician services, home care visits by nurses and aides, physical, speech and occupational therapy and psychological counseling, according to the federal Center for Medicare & Medicaid Services. To qualify, a patient must discontinue treatment designed to cure an illness and opt instead for only pain management. Two doctors, one on staff at the hospice and the patient's primary care physician, must certify that the patient likely has a life expectancy of six months or less. Every two to three months, one doctor must re-confirm a patient's eligibility. Patients whose conditions improve no longer qualify for Medicare reimbursement.

When determining life expectancy and eligibility, doctors are supposed to use a list of criteria handed down by the federal government. For example, a patient with dementia would likely qualify for hospice care if he had a history of recurring fevers or some other medical complication and could no longer walk, dress, use the toilet or speak meaningfully.

While conducting the audits, Russell uncovered problems in both initial admissions and recertifications, according to court records.

"She identified the patients that were not appropriate for hospice services because of their characteristics," Russell's suit says. "She would recommend discharge of these patients who did not meet the criteria and was responded to unfavorably by Odyssey."

Rather than simply filing a wrongful termination suit, Russell filed the whistle-blower complaint, known as a qui tam action. Anyone who learns of fraud or overbilling against the government can file such an action on the government's behalf.

"The classic example is toilet seats being sold for $500," Cross said. "It's really meant to cover any kind of bilking of the government for all kinds of different reasons."

The first person to file a valid qui tam complaint may collect up to 25% of the damages recovered by the government. The promise of a percentage is an incentive for whistle-blowers to come forward even though they may be subject to retaliation by their employers, Cross said.

"What this Odyssey matter shows is what employees can do for taxpayers and themselves if they're alert, vigilant and courageous when they obtain knowledge of inappropriate charges submitted to the federal government," she said.

In addition to paying $13 million to the government (18% of which will go to Russell) and $75,000 for Cross' fees, Odyssey also has entered into a five-year corporate integrity agreement with the federal government, according to court records. Under it, Odyssey must closely monitor its clinical operations to

make sure no false claims are submitted and must hire an outside organization to verify its results.

In a statement, Odyssey's CEO and President Robert Lefton said, "We are pleased to have permanently resolved these matters with the federal government and to have avoided protracted and expensive federal litigation. While we continue to believe that our programs and caregivers are compliant with Medicare guidelines, we welcome the opportunity to work with the (government) to further enhance our already extensive compliance program."

Lefton was not the company's CEO when the federal investigation began in 2004. The CEO at the time, David C. Gasmire, resigned in October of that year after working for the company for eight years and serving as CEO for just nine months.

Russell now lives in Washington state, where she is once again working in the field of health care management, Cross said. Russell said Thursday that she is satisfied with the resolution of her claim.

"Now Odyssey has had a wake-up call, their CEO stepped down and they are under a corporate compliance agreement, so it was worth it," she said. "I would do it again even if I had not received any money on the Odyssey claim."

END

Christian Science Monitor

July 14, 2006

A quest for cooler heads in Indian suit against US; A judicial panel cites mismanagement of native trust accounts, but rules the case needs a new judge.

By Brad Knickerbocker | Staff writer of The Christian Science Monitor

The lawsuit's name is innocuous enough. But Cobell v. Kempthorne carries 119 years of historical baggage, and its outcome could affect hundreds of thousands of people at a cost of billions of dollars. It's also thorny as a prickly pear, so contentious that a panel of federal jurists this week ruled that the case needs a different judge to oversee it.

The dispute involves royalties due native Americans dating back to 1887. That's when Uncle Sam took control of some 11 million acres of tribal lands in the West as part of the federal policy of forced assimilation. The US was supposed to be paying into Indian trust accounts what now amounts to billions of dollars in revenues from oil, gas, timber, minerals, and grazing on those acres, then disbursing payments to native account holders.

But the whole thing has been mismanaged, federal courts have declared several times since the case began in 1996, and the last three Interior secretaries have failed to fix it. Idahoan Dirk Kempthorne, who recently became Interior secretary, follows both Bruce Babbitt and Gale Norton as lead defendant.

On the other side is Elouise Cobell of Browning, Mont., a member of the Blackfeet Indian Tribe, a rancher and banker, and a recipient of a MacArthur "genius" grant for her work in economic development. She's the lead plaintiff in the class-action lawsuit that bears her name. "The government has abused trust beneficiaries and has failed to fulfill the most basic trust responsibilities owed to us," she said this week.

The courts and most experts have agreed with that assessment. The US Circuit Court of Appeals for the District of Columbia declared this week that "the [US] government has an obligation to rise above its deplorable record and help fashion an effective remedy."

Words like "ignominious," "incompetent," "malfeasance," and "recalcitrance," the three-judge panel wrote, "are fair and well supported by the record." Still, the judges decided, after nearly 10 years on the case US District Judge Royce Lamberth had "exceeded the role of impartial arbiter" in hearing Cobell v. Kempthorne.

In an opinion last summer, Judge Lamberth had written: "The ... record ... tells the dreary story of Interior's degenerate tenure as Trustee-Delegate for the Indian trust, a story shot through with bureaucratic blunders, flubs, goofs and foul-ups, and peppered with scandals, deception, dirty tricks and outright villainy, the end of which is nowhere in sight."

What the appellate court wants, the panel implied, are cooler heads in the courtroom. As the case has dragged on, some native American leaders also have urged that a settlement be reached rather than continuing to fight it out in court.

"Continued litigation will cost many more millions of dollars and take many more years to reach completion," Joe Garcia, president of the National Congress of American Indians, told a joint House-Senate hearing in March. "It is in the best interests of tribes and individual account holders that tribal leaders participate in the resolution of trust-related claims."

That's what congressional leaders of both parties hope to do, though the job is daunting. The House Resources Committee has found that the government's recordkeeping of "Indian Individual Money" accounts "has been so poorly handled that Indian account holders cannot receive a full and accurate accounting of whether monies generated from their lands were correctly collected, deposited, tracked, and disbursed."

Many individual trust accounts have been divided among heirs over the decades, to the point where management costs are greater than the value of some accounts. The number of accounts is estimated to be between 300,000 and 500,000 - as many as 20 percent of all American Indians.

Among other things, bills in the House and Senate would create a new senior position in the Interior Department, set up a settlement fund to be administered by a Treasury Department special master, establish a management review commission, and require the Comptroller General to contract with an independent external auditor.

The Interior Department agrees that $13 billion was collected between 1909 and 2001. The Indian plaintiffs have said they'd settle for $27.5 billion, including interest accrued on the amount supposed to have been held in trust. What the proposed legislation does not do is set a settlement figure. "This is deliberate," says Rep. Richard Pombo (R) of California, chairman of the Resources Committee. "It is one of the trickier issues to resolve."

END

US State News

July 13, 2006

ATTORNEY GENERAL: U.S. SUPREME COURT DECISION SIGNIFICANTLY SUPPORTS STATE'S NO CHILD LEFT BEHIND ACT LAWSUIT

HARTFORD, Conn., July 13 -- The Connecticut Attorney General issued the following news release:

Attorney General Richard Blumenthal today announced that he has filed a notice with the U.S. District Court, acknowledging a recent U.S. Supreme Court decision that substantially boosts the state's case

challenging illegal mandates under the No Child Left Behind Act (NCLB).

Blumenthal notified the U.S. District Court of a recent U.S. Supreme Court decision in the case of Arlington Central School District Board of Education v. Murphy.

The Supreme Court case primarily concerned special education, but the court reaffirmed that the federal government must be clear and unambiguous about any conditions it imposes on states in providing federal money.

The decision significantly supports the state's case that the federal government has illegally imposed ambiguous mandates on the state with inadequate federal funding.

"The U.S. Supreme Court confirms what we have argued from the start - the federal government is constitutionally barred from imposing funding conditions that are ambiguous or unclear," Blumenthal said. "This decision supports a core contention in our case - and hopefully signals success in our fight to hold the federal government to its educational promise.

"This Supreme Court decision powerfully boosts our case because the federal government's requirement that states pay for its testing mandates is based on a statute that is at best ambiguous and unclear - violating the Spending Clause."

END

Medical Letter on the CDC & FDA

July 23, 2006

Report looks at off-label use reimbursement challenges

Research & Markets has announced the addition of the new report from Decision Resources, Inc., entitled "Off-Label Prescribing: Overcoming the Reimbursement Barrier," to their offering.

Off-label prescribing accounts for most uses of certain drugs and reportedly is particularly common in oncology, neurology, and psychiatry. Although this practice holds the potential for tremendous financial rewards for pharmaceutical companies, the marketing of off-label prescribing is fraught with legal peril as regulators place increasing restrictions on off-label usage. In this report, Decision Resources, Inc., examine the reimbursement barriers to off-label prescribing in the world's six largest pharmaceutical markets: the United States, France, Germany, Italy, the United Kingdom, and Japan.

Decision Resources analyzes off-label usage in the United States of four key drug classes: antineoplastic drugs, antidepressants, antipsychotics, and anticonvulsants. Decision Resources then reviews the hazards that manufacturers may face when they engage in off-label marketing and explore the reimbursement environment in the United States, focusing on Medicare, Medicaid, and private insurance. Next, the report considers the reimbursement challenges in each of the other countries covered. The report is concluded with a brief assessment of the outlook and implications for the pharmaceutical industry.

Anecdotal evidence suggests off-label prescribing accounts for the majority of uses of certain drugs. Reportedly, this practice is particularly common in oncology, cardiology, neurology, and psychiatry. The analysis of U.S. claims data for best-selling medicines in 4 drug classes found a peak off-label usage rate of 36% for antipsychotics, 52% for antidepressants, 75% for anticonvulsants, and 77% for antineoplastic drugs.

Pharmaceutical companies enter a legal minefield when they engage in off-label marketing of their products. In 2004, Pfizer had to pay penalties totaling $430 million for a subsidiary's illicit promotional activities. The prospect of enormous rewards could prompt employees of drug manufacturers to initiate whistleblower lawsuits against companies that violate the False Claims Act in the United States, and private payers are also likely to become more litigious in the future.

In Germany, recent lawsuits have helped to define the conditions for off-label therapy: The disease to be treated is life-threatening or causes chronic impairment of the quality of life, no other therapy is available, there is reasonable evidence the treatment in question could achieve therapeutic success (remedial or palliative), and the manufacturer should confirm the appropriateness of off-label prescribing. Expert groups are evaluating off-label therapy in oncology, infectious disease, and neurology/psychiatry. Physicians in Germany can face substantial fines for improper off-label prescribing.

In many countries, pharmaceutical pricing and reimbursement terms are increasingly influenced by health economic calculations, including detailed projections of the potential drug-treated populations for approved indications. If extensive off-label usage stimulates sales far in excess of original forecasts, manufacturers may be forced to cut their prices. Regulatory authorities would undoubtedly like manufacturers to conduct clinical trials for major new indications for medicines, but the cost of such research will remain a substantial obstacle.

Cost-containment measures will be employed to limit off-label prescribing. Prior authorization is likely to remain the most important method of control, complemented by drug utilization review or prescribing audits. The growth of computerized prescribing will help payers in their efforts to enforce limits on off-label prescribing and to monitor and manage physicians who disregard these restrictions.

END

Wulf, David M.

From: [redacted]

Sent: Friday, July 14, 2006 12:48 PM

To: Todd, Gordon (SMO); Vargas, Omar; McAtamney, James A; Vasaio, Tony; Scolinos, Tasia; Rybicki, James E; Gorsuch, Neil M; Ferber, Alan L; Burton, Faith; Bradbury, Steve; Allen, Michael (JMD); Jezierski, Crystal; Taylor, Jeffrey (OAG); McIntosh, Brent; Hart, Rosemary; [redacted] (DHS); Tzitzon, Nicholas; [redacted]@ic.fbi.gov; Schofield, Regina; Palma, Josephine; Hagy, David; Gillis, John; Carter, Judy (USPC); [redacted]@ic.fbi.gov; Rubin, Jim (ENRD); Vanyur, John; [redacted] (USMS); [redacted] USMS); Schmitz, Fran (CTS) [redacted] USMS); McManamon, Michael J; Conley, Joyce; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; [redacted]@ic.fbi.gov; Scavo, Tara; O'Keefe, Kevin C.; Bukovac, Michael A.; Zellers, Steven S.; Metzger, C. Michael; Augustine, Donald P.; Graham-Wyatt, Nina; Metzger, C. Michael; Drake, Herbert W.; Augustine, Donald P.; James.Burch@usdoj.gov; Sheryl.Maddux@usda.gov; [redacted]@ios.doi.gov; [redacted]@ios.doi.gov; [redacted]@ios.doi.gov; [redacted]@do.treas.gov; [redacted]@ios.doi.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@usss.dhs.gov; [redacted]@dhs.gov; [redacted]@dhs.gov; [redacted]@DOC.gov; Martin, Mark D.; [redacted]; [redacted]@ios.doi.gov; Chait, Mark R.; Lowrey, Stuart L.; [redacted]@oig.treas.gov; [redacted] [redacted]@dhs.gov; [redacted]@ic.fbi.gov; [redacted]@ios.doi.gov; [redacted]@epa.gov; [redacted]@va.gov; [redacted]@usmint.treas.gov; [redacted]@hud.gov; [redacted]@dhs.gov; [redacted]@who.eop.gov

Cc: Rowley, Raymond G.; Bouchard, Michael R.; Domenech, Edgar; Rubenstein, Steve R.

Subject: ESF-13 National Steering Committee Meeting--July 18, 3:00 PM

ESF-13 National Steering Committee Members:

We would like to convene a meeting of the ESF-13 National Steering Committee on Tuesday, July 18 at 3:00 PM--- at ATF Headquarters (650 Massachusetts Avenue, N.W.). We will have personnel in ATF's lobby beginning at 2:50 PM to escort attendees to the meeting room.

Among the issues for discussion on Tuesday will be the need to develop a comprehensive catalogue of Federal law-enforcement resources upon which ESF-13 can draw (at the discretion of the agency "owning" the resources) to support public-safety and securiity-related missions during an Incident of National Significance. Additionally, this meeting will be an opportunity to introduce the Steering Committee to Ray Rowley who has assumed, on behalf of the Attorney General, full-time operational responsibility for coordinating ESF-13.

We plan to distribute an agenda by COB Monday. If you have items for the agenda, please let me or Ray know.

Thanks very much, and our apologies for calling this meeting on such short notice. We look forward to seeing you on Tuesday.

Dave

[redacted]
Bureau of Alcohol, Tobacco, Firearms and Explosives
United States Department of Justice
[redacted]

[redacted]@dodgc.osd.mil

From: [redacted]@dodgc.osd.mil
Sent: Friday, July 14, 2006 2:59 PM
To: Bradbury, Steve; Gorsuch, Neil M; [redacted]@dodgc.osd.mil; [redacted]@dodgc.osd.mil; [redacted]@dodgc.osd.mil; [redacted]@dodgc.osd.mil; [redacted]@dodgc.osd.mil; [redacted]@dodgc.osd.mil; John_B._Wiegmann@nsc.eop.gov; Brett_C._Gerry@who.eop.gov; Michael_Allen@nsc.eop.gov
Subject: FW: Post-Hamdan Working Group - final version of first report
Attachments: tmp.htm; Post-Hamdan Working Group (Final Report 13 July 06).pdf

Attached is the final version of the DoD working group's first report, a draft version of which was distributed last week.

> -----Original Message-----
> From: [redacted] DoD OGC
> Sent: Friday, July 14, 2006 14:57
> To: [redacted] DoD OGC; [redacted] DoD OGC;
> [redacted] DoD OGC; [redacted] DoD OGC;
> [redacted] DoD OGC [redacted] DoD OGC [redacted] DoD
> OGC; [redacted] DoD OGC [redacted] DoD OGC;
> [redacted] DoD OGC; [redacted] DoD OGC; [redacted] JCS SJS;
> [redacted] SES SAF/GCM; [redacted] SAF/GCM;
> [redacted] SAF/GCI; [redacted] SES SAF/GCI; [redacted] OGC;
> [redacted] SES OGC; [redacted] AFLOA/JAJM;
> [redacted] AF/JAO; [redacted] OTJAG; [redacted] OTJAG;
>
> [redacted]@us.army.mil';
> [redacted]@ncis.navy.mil' [redacted]
> Subject: Post-Hamdan Working Group - final version of first report
>
> Attached is the final version of the group's first report. There was only > one change "called in" from the version distributed July 12 (below). Navy > OGC correctly pointed out that Attachment 4, page 6, Privileges, was > incorrect. There are no enumerated privileges in the Federal Rules of > Evidence. The beginning sentence of that section was changed to: "The > Military Rules of Evidence - 500 Series - contains privileges that are > substantially similar to those in Article III courts."
>
> The pen on the Administration's draft legislation has not stopped long > enough to create a new draft with a shelf life of longer than a few hours.
> I continue to expect one shortly. When it arrives, we'll reconvene.
> Thanks, and have a nice weekend.
>
>
> <<Post-Hamdan Working Group (Final Report 13 July 06).pdf>>
>
>

> -----Original Message-----
> From: [redacted] DoD OGC
> Sent: Wednesday, July 12, 2006 17:02
> To: [redacted] DoD OGC; [redacted] DoD OGC;
[redacted] DoD OGC; [redacted] DoD OGC; [redacted]
DoD OGC; [redacted] DoD OGC; [redacted] DoD
OGC; [redacted] DoD OGC; [redacted] DoD OGC;
DoD OGC; [redacted] DoD OGC; [redacted] JCS SJS;
[redacted] SES SAF/GCM; [redacted] SAF/GCM;
SAF/GCI; [redacted] SES SAF/GCI; [redacted] OGC;
[redacted] SES OGC; [redacted] AFLOA/JAJM;
AF/JAO; [redacted] OTJAG; [redacted] OTJAG;
[redacted]
[redacted] @us.army.mil';
[redacted] @ncis.navy.mil'
> Subject: Post-Hamdan Working Group - final version of first report
>
> Thanks, everyone, for getting me the final versions of their respective > attachments. See the attached final version of the group's first report.
> We will go final with this at COB tomorrow barring any objections. At > this point, I anticipate that our next meeting will be tomorrow or Friday.
> We are still waiting for the next draft of the proposed legislation. Many > thanks to all.
>
> << File: First Report - Post-Hamdan Working Group (13 July 06).pdf >>
>

July 13, 2006

To Whom It May Concern:

In the aftermath of *Hamdan v. Rumsfeld*, --- S.Ct. ----, 2006 WL 1764793 (U.S.) (June 29, 2006) ("*Hamdan*"), the Department of Defense has convened a working group comprised of representatives of the top uniformed and civilian attorneys of each of the four military services, as well as the Legal Counsel to the Chairman of the Joint Chiefs of Staff, the Office of Military Commissions, and the DoD Office of General Counsel. We have been asked to provide our views on the following question: "Which, if any, Uniform Code of Military Justice ('UCMJ') and Manual for Courts-Martial ('MCM') provisions would be impracticable to apply in full in the prosecution of unlawful enemy combatants captured and held in the present armed conflict?"

Attached are four draft products of our working group. **Attachment 1** is an overview of the military justice system, the centerpiece of which is the general court-martial. One common misconception of this system is that, though laudable, it nevertheless falls short of the process provided in criminal prosecutions in Article III courts. Attachment 1 demonstrates the contrary. On balance, the court-martial process provides greater protection for the rights of the accused than Article III prosecutions. If tried by courts-martial, detainees would receive some protections that even civilian American citizens do not receive.

Attachment 2 describes a typical detainee capture scenario. This narrative illustrates the many challenges faced on the battlefield in complying with the protections of a typical court-martial, including evidentiary chains of custody, rights to counsel, and speedy trial requirements. These challenges are rarely faced in Article III prosecutions and, by their nature, are far greater than those normally encountered under the strict rules of evidence applied in courts-martial.

Our present conflict is not the first occasion in which a coalition of nations has been presented with similar challenges. **Attachment 3** is a comparison of both the court-martial system and the military commission system reviewed in *Hamdan* with the systems adopted by the International Criminal Tribunal for Rwanda (ICTR) and the International Criminal Tribunal for the former Yugoslavia (ICTY). In responding to atrocities in Rwanda and the former Yugoslavia, the international community – cognizant of the challenges provided by the exigencies of armed conflict – has devised alternative modes for the provision of fair process to criminal defendants. The military commission system reviewed in *Hamdan* compares favorably with the ICTY and ICTR. Yet it receives little of the near-universal acclaim extended to these international tribunals, which are commonly believed to comply with the requirements of Article Three Common

to the Geneva Conventions of 1949 ("Common Article 3"). The point is not that a system must be identical to the ICTY and ICTR to comply with Common Article 3. Rather, the point is that alternative models more flexible than ordinary American criminal justice systems can nevertheless meet the Article's requirements.

Attachment 4 is a summary of some of the UCMJ and MCM provisions that would be impracticable to apply in full in the prosecution of detainees captured and held in our present conflict. Several themes run throughout these provisions. One theme, touched upon in the discussion above regarding the ICTY and ICTR, is that justice must make reasonable accommodations both for the unavoidable effects and consequences of battle and for the security interests of states. Insistence under these circumstances on normal American systems of criminal justice may result in the denial of justice, though alternative systems must of course be fair and provide as much process as reasonable. A related theme is that the consequences of insistence on normal American systems would fall upon our fighting men and women, who, in addition to their combat roles, would be asked to perform law enforcement and investigative roles on the battlefield. These are duties for which they are not trained and which, at best, would distract from their mission and, at worst, endanger their lives.

The working group at this time takes no official position on the exact form of alternatives to the military commission system reviewed in *Hamdan*.

Respectfully,

Post-*Hamdan* Working Group (members listed at **Attachment 5**)

ATTACHMENT 1

THE MILITARY JUSTICE SYSTEM

Brief History. The historical foundation for our military law and our criminal justice system is the 1774 British Articles of War. The American Articles of War and Articles for the Government of the Navy, predate the Constitution and the Declaration of Independence. Through World War I, the codes and the system went through some amendments and revisions but were substantially unchanged for more than 100 years. During most of this period, the United States had a very small standing army which was exposed to the military justice system. Those who entered the military understood that they were subject to a different system of justice with unique and different procedures and punishments.

In World War II the United States military grew to over sixteen million men and women serving in the armed forces. The armed force was comprised of regular citizens who either voluntarily enlisted or were conscripted into military service. Throughout the war, many had unpleasant experiences with the manner and procedures employed to impose discipline within the existing military justice system. At that time, the military justice system looked quite different than it currently does, and accused were not afforded the protections most were familiar with within the civilian court systems. Following the war and in response to these experiences, many organizations studied and made proposals to improve the military criminal legal system, to include: the American Bar Association, the American Legion, the Judge Advocate Association, and the New York Bar Association. Congressional hearings on the military justice system were also held.

Role of Congress and the President. The foundation of military law is the Constitution of the United States. The Constitution provides that Congress has responsibilities to make rules to regulate the military; it also establishes the President as Commander in Chief of the armed forces. Congress exercised its responsibilities over military justice by enacting the military's criminal code - the Uniform Code of Military Justice (UCMJ). Enacted in 1950 and implemented by the Manual for Courts-Martial (MCM) in 1951, the UCMJ was a major revision of then-existing military criminal law. The structure of the 1950 UCMJ and the 1951 MCM provided substantial guarantees of an open and fair process that continue to exist today. Since its enactment, the UCMJ has been amended on a number of occasions, with significant changes occurring in 1968 and 1983, establishing an independent judiciary to preside over courts-martial. In 1984, there was another substantial revision to the MCM with the adoption of military rules of evidence that are substantially the same as the Federal Rules of Evidence used in Federal District Courts. The procedural requirements were also changed into Rules for Courts-Martial. The courts-martial trial process is that which is generally applied in Federal criminal trials - from arraignment proceedings through opening statements, direct and cross-examination of witnesses, closing arguments, and the judge's instructions to a fact-finding panel.

The UCMJ is implemented through Executive Orders of the President of the United States pursuant to his authority under Article 36, UCMJ (10 USC § 836). Those Executive Orders form a comprehensive volume of law known as the Manual for Courts-Martial (MCM). The Preamble to the MCM explains that:

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"The purpose of military law is to promote justice, to assist in maintaining good order and discipline in the armed forces, to promote efficiency and effectiveness in the military establishment, and thereby to strengthen the national security of the United States."

Commanders are given significant roles in the military justice system because discipline is essential to mission readiness. At the same time, there are extensive safeguards to protect against abuse of authority. ***In the opinion of many legal scholars, the UCMJ has not only kept pace with innovations in civilian criminal jurisprudence, but has actually led the way, establishing more safeguards to protect the rights of those accused of criminal offenses.***

Self-Incrimination Protections. The military justice system provides an accused rights and due process that in many ways are superior to those provided a defendant in civilian criminal courts. Pursuant to Article 31, Uniform Code of Military Justice, servicemembers have a right against self-incrimination and are entitled to be informed of the suspected offense(s) before questioning begins. In addition to protections against self-incrimination, servicemembers have a right to free military counsel when questioned as a suspect of committing an offense, upon preferral of court-martial charges, or initiation of arrest or apprehension. Unlike the civilian system, in the military there is no requirement that there be a showing of indigence before a defendant is provided counsel without cost.

In the military justice system, these rights are afforded much earlier in the criminal justice system than in civilian practice. These rights and protections apply whenever the servicemember is questioned as a suspect of an offense when the questioner is someone subject to the UCMJ.. In civilian practice, Miranda rights or warnings are not required unless there is custodial interrogation by law enforcement personnel. In fact, the U. S. Supreme Court referenced the military's existing "warning rights" practice under Article 31, UCMJ, when deciding to establish the "Miranda Warning" requirement.

Right to Counsel. An independent military defense counsel is provided free of charge regardless of the accused's ability to pay. The accused may also employ civilian counsel at his or her own expense, or request a particular military counsel if reasonably available, who will assist the accused. The accused has the right to be represented by counsel at any proceeding when a determination is made regarding pretrial confinement, at the Article 32 investigation, and during all court-martial sessions. After trial, the accused has a right to free military counsel to assist with his appeal through the military appellate courts, and potentially to the U.S. Supreme Court. The accused may retain civilian counsel, in which appointed military counsel may continue to assist. Although rarely exercised, the accused also has the right to represent himself.

Article 32 Investigations. The Fifth-Amendment constitutional right to grand jury indictment is expressly inapplicable to the Armed Forces. Instead, Article 32 of the Uniform Code of Military Justice requires a thorough and impartial investigation of charges and specifications before they may be referred to a general court-martial (the most serious level of courts-martial). The accused may waive the Article 32 investigation requirement. The purpose of this pretrial investigation is to inquire into the truth of the matter set forth in the charges, to consider the form of the charges, to determine if the evidence is sufficient to support the charges, and to secure information to determine what disposition should be made of the case in the interest of justice and discipline.

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The investigation also serves as a means of pretrial discovery for the accused and defense counsel, who will be present throughout, in that copies of the criminal investigation and witness statements are provided and witnesses who testify may be cross-examined. This investigative hearing is open to the public and the media.

The investigating officer will, generally, review all non-testimonial evidence and then proceed to examination of witnesses. Except for a limited set of rules on privileges, interrogation, and the rape-shield rule, the military rules of evidence (which are similar to the federal rules of evidence) do not apply at this investigative hearing. The investigating officer identifies and addresses evidentiary issues that may affect the charges and specifications, or affect what may be the appropriate disposition of the case. All testimony is taken under oath or affirmation, except that an accused may make an unsworn statement. The defense is given wide latitude in cross-examining witnesses.

Rights of the Accused. If the investigation is not waived by the accused, the accused is entitled to be present throughout the investigative hearing (unlike a civilian grand jury proceeding). At the hearing, the accused has the right to be represented by military defense counsel and may hire a civilian attorney at his or her own expense. Again, unlike a civilian grand jury proceeding, the servicemember, through the member's attorney, has the following rights: to call witnesses; to present evidence; to cross-examine witnesses called during the investigation; to compel the attendance of reasonably available military witnesses; to ask the investigating officer to invite relevant civilian witnesses to provide testimony during the investigation; and, to testify, although he or she cannot be compelled to do so.

Comparison to the Civilian Preliminary Hearing and Grand Jury Process. The Article 32 investigation has often been compared to both the civilian preliminary hearing and the civilian grand jury since it is functionally similar to both. All three of these proceedings are theoretically similar in that each is concerned with determining whether there is sufficient probable cause (reasonable grounds) to believe a crime was committed and whether the person accused of the crime committed it. The Article 32 investigation, however, is broader in scope and more protective of the accused. As such, it is not completely analogous to either proceeding.

A civilian defendant at a preliminary hearing may have the right to counsel, the right to cross-examine witnesses against him or her, and the right to introduce evidence in his or her behalf. An Article 32 investigation is considered broader in scope because it serves as a mechanism for discovery by the defense.

The grand jury is a closed, secret proceeding, in which only the prosecution is represented. The body of jurors decides to indict based upon evidence frequently provided solely by the prosecutor. This may even happen without the accused even having knowledge of the proceeding. Inspection or disclosure of the transcript of the proceeding after indictment is also, generally, severely limited. Obviously, by his absence, a defendant is precluded from the opportunity to confront and cross-examine witnesses, to present evidence, call witnesses in his or her favor, or even to speak for himself or herself. If a defendant is called before a grand jury, he or she has no right to have a lawyer present or at any other part of the proceeding.

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In contrast, the Article 32 investigation is an open proceeding that may be attended by the public and any media interested. Unlike a grand jury proceeding, the accused has the right to be present at the investigation; the right to be represented by an attorney (retained civilian counsel and/or detailed military counsel); the right to present evidence; the right to review a copy of the investigative report as well as the several other important rights discussed above.

Independent Defense – Independent Judiciary. It is the duty of military defense counsel to zealously represent their clients' legal interests. It is the duty of military judges to be fair and impartial in overseeing trials, applying the law, and if applicable, passing judgment and sentence upon an accused servicemember. Military judges are assigned to an independent judiciary within the military, and both defense counsel and military judges have command and performance rating chains that are separate from those of the prosecutors and convening authorities. To further insure complete independence, prosecutors, defense counsel, and military judges maintain separate offices.

Impartial Review. When a convening authority reviews the result of a court-martial and determines whether to approve the findings and sentence, he or she does so in a quasi-judicial capacity. As such, the convening authority has a duty to review impartially military justice actions. The convening authority may not have an inflexible attitude towards any aspect of case disposition, including clemency.

Guilty Pleas. If a servicemember intends to plead guilty, before a formal plea may be accepted the military judge must ensure that the servicemember understands what he is doing and is acting voluntarily. This process is called a "providency inquiry." Civilian judges have the same requirement, although the military inquiry is typically more extensive and fact-specific regarding the offenses, in which the accused must admit his guilt to each and every element of the offenses alleged and not interpose facts or circumstances that would serve to place his guilt into question. In other words, a military member may not plead guilty unless he actually is, in fact, guilty. This requirement applies regardless of whether there is a pretrial agreement in the case and is in contrast to civilian courts where an individual may plead guilty as part of a plea bargain even when he is not willing to admit that he is guilty of all elements of the offense.

Rules of Evidence. What evidence is admissible in a court-martial is spelled out in the Military Rules of Evidence (MRE). As required by the UCMJ, these rules are closely patterned after the Federal Rules of Evidence used in United States District Courts for civilian criminal cases.

Discovery. The UCMJ and implementing Rules for Court-Martial establish a system of open and full discovery beginning at the pretrial phases of the court-martial process and extending throughout the prosecution of the case. This includes equal access to witnesses and processes to compel testimony and the production of documents, complete copies of documentary reports of investigations, forensic evidence and testing results, and witness statements. Discovery in a military justice context includes any evidence that would be material to the preparation of the defense, or tend to place in question the guilt of the offender or lessen the charge or degree of guilt involved, or tend to mitigate the punishment to which the offender would be subjected. The obligation upon the prosecutor in courts-martial is a continuing obligation to disclose such

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evidence or information possessed by the government, with an affirmative duty upon the prosecutor to seek and obtain such exculpatory or mitigating information.
Privileged Classified or Government Information. Military Rules of Evidence 505 and 506 respectively provide protections in the form of privileges for information that is of a classified nature or of a nature that the disclosure reasonably could be expected to cause identifiable damage to the public interest. Although protective review procedures include in camera reviews and closed sessions of courts-martial, the accused and defense counsel are entitled to be present with appropriate security clearances or authorizations for access required.

Deliberations and Voting. One departure from civilian criminal cases arises in the way the court-martial members vote. Most civilian court systems require the jurors to vote unanimously to convict. Because of the need for expeditious resolution of cases, Congress directed that a vote of "two-thirds" of the court-martial members is needed before the accused may be found guilty of any offense charged. If the vote is less than two-thirds to convict, a verdict of "not guilty" is required. As such, the military does not experience "hung juries," as do civilian jurisdictions. However, death penalty cases require a unanimous verdict. Voting is done by secret, written ballot. Although court-martial members are usually of different ranks, they are not permitted to use superiority of rank or position to influence or pressure another member.

Pretrial Agreements (PTAs). Generally, pretrial agreements are not approved unless there is some convincing reason to forego trial on the facts and issues. For example, the case may have sensitive, sensational, or classified evidence or there is a desire to avoid the traumatic examination of a child witness. These agreements are also limited to cases where the available evidence of guilt is convincing and conviction is probable, assuming the case was to be tried.

A military judge also has an affirmative duty to ensure a pretrial agreement does not improperly limit the accused's due process rights. The entire pretrial agreement must be in writing and signed by the accused, defense counsel, and the convening authority. The agreement must not involve any informal oral promises or representations. Either party may void an agreement by withdrawing from it. Withdrawals by either party must also be reduced to writing.

At trial, the military judge will conduct a full inquiry into the specific terms of the agreement to ensure the accused: fully understands both the meaning and effect of each provision of the agreement; voluntarily entered into the agreement; and received no oral promises in connection with the agreement. This inquiry is in addition to the judge's providence inquiry into the validity of the guilty plea itself.

Appellate Court Review.
Automatic Review and the Article 69 Process. If there is an approved sentence which includes a sentence of death, a punitive discharge (Dishonorable Discharge or Bad Conduct Discharge for enlisted personnel; Dismissal for officers), or confinement for one year or more, the Courts of Criminal Appeals of the accused's branch of service will automatically review the case. The accused can waive this automatic review in all cases, except death penalty cases. An accused who waives his appellate rights will still have his case reviewed, pursuant to Article 69 of the Uniform Code of Military Justice, by the service Judge Advocate General for legal errors and possible referral to the appellate courts.

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The Court of Criminal Appeals can correct any legal error it finds, and it can reduce what it considers to be an excessive sentence. Under Article 66, UCMJ, the Court may only affirm findings of guilty and the sentence or such parts of the sentence that it finds correct in law and fact. In considering the record, the Court may weigh the evidence, judge the credibility of witnesses, and determine disputed questions of fact, recognizing that the trial court saw and heard the witnesses. Civilian appellate courts can only consider issues of law, not questions of fact. They are bound by the findings of fact made by the civilian trial court. The power of the Court of Criminal Appeals to also consider questions of fact is a unique and important right afforded an accused under the UCMJ. Of course, similar to civilian appellate courts, the Court of Criminal Appeals cannot change a finding of "not guilty" to a finding of "guilty," nor can it increase the severity of the sentence approved by the court-martial convening authority.

United States Court of Appeals for the Armed Forces. Five civilian judges, appointed by the President and confirmed by Congress, comprise the Court of Appeals for the Armed Forces (CAAF) and serve for a term of 15 years. CAAF is responsible for overseeing the military justice system. In all but death penalty cases, which it reviews automatically, and cases certified by the Judge Advocate General, CAAF chooses upon petitions for review which cases it will consider, similar to Federal courts of appeal.

United States Supreme Court. Military members convicted of crimes may petition the U.S. Supreme Court for a review of their case. Decisions of the United States Court of Appeals for the Armed Forces are subject to review by the Supreme Court by writ of certiorari. However, the Supreme Court may not review a decision by the Court of Appeals for the Armed Forces which had refused to grant a petition for review. The military accused has a right, without cost, to the services of a military appellate defense counsel at all appellate review levels, including review by the Supreme Court. The military accused may petition the U. S. Supreme Court for a writ of certiorari without prepayment of fees and costs.

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ATTACHMENT 2

COMPOSITE DETAINEE CAPTURE SCENARIO

Less than a month after the attacks of September 11, 2001 the President sent a letter notifying Congress of the President's military response.

> At approximately 12:30 p.m. (EDT) on October 7, 2001, on my orders, U.S. Armed Forces began combat action in Afghanistan against Al Qaida terrorists and their Taliban supporters. This military action is a part of our campaign against terrorism and is designed to disrupt the use of Afghanistan as a terrorist base of operations.[1]

Commencing in October 2001 and continuing to the present, U.S. and coalition forces have conducted offensive and defensive military operations in Afghanistan to remove Al Qaida terrorists and their Taliban supporters. During the conduct of these operations, U.S. forces captured hundreds of enemy combatants pursuant to the law of war. The following overview depicts how a notional detainee was captured in Afghanistan and subsequently transferred to the military base at Guantanamo Bay, Cuba (GTMO). For purposes of this overview, the detainee will be referred to as Detainee X.

During November and December 2001, Northern Alliance forces with embedded U.S. Special Operations Forces captured hundreds of Al Qaida and Taliban forces as the Northern Alliance commenced military operations from North to South. Detainee X was one of several hundred detainees captured by Northern Alliance and U.S. forces on November 18, 2001 and detained for two weeks at the detention facility in Mazar-e-Sharif. Detention of Detainee X was based solely on the application of that part of the law of war that permits the detention of enemy combatants during international armed conflict, and was not the result of any law enforcement actions.

On December 22, 2001 Military Intelligence (MI) personnel based at the recently seized Kandahar airfield arrived at Mazar-e-Sharif to collect time-sensitive battlefield intelligence and screen the detainees for continued detention by U.S. forces. Chief Warrant Officer Doe from MI unit interrogated Detainee X without providing any rights advisement. Interrogation techniques used by CWO Doe were those authorized in Army Field Manual 34-52 Intelligence Interrogation. One of these interrogation techniques was "Fear Up (Harsh)," which included yelling at the detainee and throwing a bottle against the cell wall causing the bottle to break. In response to several questions, Detainee X stated that he was a businessman who was traveling to an outlying province to conduct business when he was captured by coalition forces. However, when CWO Doe identified inconsistencies in his account of his business travel, Detainee X admitted that he was aware of Al Qaida operations in Kabul. During the course of several days, eight other detainees in Mazar-e-Sharif detention facility identified Detainee X as an Al Qaida leader who was responsible for training new Al Qaida members at the training facility at Tarnac Farms in Southern Afghanistan. Based on this information and after discussion with MI personnel based at Kandahar, Detainee X was identified as a detainee who had great potential to provide valuable intelligence and was transferred to the rudimentary

[1] President's Letter to Congress on American Response to Terrorism, Text of a Letter from the President to the Speaker of the House of Representatives and the President Pro Tempore of the Senate, October 9, 2001.

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detention facility recently established at Kandahar. The eight detainees who identified Detainee X as an Al Qaida leader were either killed or escaped during the Mazar-e-Sharif prison uprising on November 25, 2001.

Detainee X arrived at the Kandahar detention facility on December 30, 2001. On January 7, 2002, U.S. Special Forces conducted a Sensitive Site Exploitation (SSE) mission at Tarnac Farms and recovered a significant number of documents and a laptop computer. The soldiers who conducted the mission provided the seized material to MI personnel at Kandahar and were quickly redeployed to the Afghan-Pakistan border for further military operations. The soldier responsible for turnover of the material to MI was killed in Khowst, Afghanistan on February 18, 2002. MI personnel mailed the laptop from Afghanistan to the Army Criminal Investigation Laboratory at Ft. Gillem, Georgia, who in turn sent the computer to the National Security Administration (NSA) for more specialized analysis of the computer. Chain of custody cannot be established from the time Special Forces seized the computer until the time it arrived at NSA.

After analysis by NSA, several files were discovered that mentioned Detainee X and his involvement in the planning and execution of attacks against U.S. citizens and assets throughout the world. After transmittal of this information back to MI at Kandahar, Detainee X was identified for transfer to GTMO for strategic level interrogation. Detainee X was transferred to GTMO on March 17, 2002 where he continues to be detained. Since his arrival at GTMO, U.S military, Other Government Agencies (OGA), and foreign government personnel have interrogated Detainee X for intelligence purposes on 42 occasions resulting in over 2,000 pages of intelligence related documents.

Note: As discussed more fully in Attachment 4, this scenario raises multiple instances of impracticability, some of which include:

Statements made by Detainee X: Statements made by Detainee X during interrogations will likely be subject to a motion to suppress because:

- Art 31(b) advisement not provided and may likely violate self-incrimination protections
- Fear Up (Harsh) interrogation technique could be interpreted as an involuntary confession

Evidence on Laptop Computer: Likely inadmissible due to authentication and admissibility rules

Confrontation of Witnesses: The ability to procure the live testimony of witnesses may be non-existent or not in the control of DoD or the U.S. Full confrontation of witnesses is therefore impracticable in many cases.

Intelligence Considerations: Throughout the duration of the present conflict, disclosure of intelligence gathering information could seriously compromise ongoing or future military operations, therefore, military necessity makes it impracticable to follow some of the authentication and admissibility rules contained in the MCM. The identification of

some sources may compromise intelligence gathering or endanger the lives of others, providing additional obstacles concerning hearsay, chain of custody, discovery, etc.

ATTACHMENT 3

Modern Practice: International War Crimes Tribunals

The modern practice of international war crimes tribunals is consistent with the law of war, including Article 3 Common to the Geneva Conventions of 1949, which prohibits, among other things, "the passing of sentences and the carrying out of executions without the previous judgment pronounced by a regularly constituted court affording all the judicial guarantees which are recognized as indispensable by civilized peoples." With the establishment of the Nuremberg International Military Tribunal, and as reflected today in the International Criminal Tribunals for Yugoslavia and Rwanda (ICTY and ICTR),[1] modern war crimes tribunals afford a Prosecutor and Court a significant degree of discretion, authority, and responsibility for investigating and assessing the probative value of evidence against an accused.

A defendant is afforded fundamental safeguards and rights: a panel of impartial judges to decide the case, timely notification of the charge, protection from double jeopardy and ex post facto laws, representation by counsel, reviewing and questioning the Prosecution's evidence, and presenting evidence on his or her behalf. But in comparison to criminal justice systems based on the English Common Law tradition, such as the Uniform Code of Military Justice, war crimes tribunals afford a defendant fewer rights and protections regarding discovery, the right to confront witnesses, protection against self-incrimination, exclusion of allegedly tainted evidence, certain evidentiary rules (i.e., authenticity, best evidence, and chain of custody rules) and testimonial privileges.

The practice of modern international war crimes tribunals has proven to be effective and fair, with particular regard for: (a) proving violations of the law of war beyond reasonable doubt, in accord with judicial guarantees of fairness common to major legal systems in the civilized world; (b) recognizing and dealing with the unique and inherent impracticalities associated with investigating and preserving evidence during armed conflict; and (c) protecting innocent victims of war from further victimization as a consequence of judicial process. Some of the characteristics of international war crimes tribunals are detailed below and in the accompanying chart:

- **Evidence.** The ICTR and ICTY rules allow a Trial Chamber to admit *any* relevant evidence, which it deems to have probative value, to allow oral and written testimony in lieu of live testimony in court, and to order the production of additional evidence.[2]

- **Exclusionary Rule.** The ICTR and ICTY have no specific rules concerning the exclusion of evidence obtained through illegal searches and seizures. Rather, their rules state, "No evidence shall be admissible if obtained by methods which cast substantial

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[1] See "International Military Tribunal for the Just and Prompt Trial and Punishment of the Major War Criminals of the European Axis (hereinafter the Nuremberg Tribunal) (documents available at: http://www.yale.edu/lawweb/avalon/imt/proc/imtconst.htm); International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia (hereinafter ICTY)(documents available at: http://www.un.org/icty/); the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda (ICTR)(documents available at: http://69.94.11.53/default.htm). The International Criminal Court's (ICC's) procedural rules are similar to the ICTY and ICTR rules, but are not included in this analysis in view of U.S. objections to the ICC's jurisdictional reach. (ICC documents available at: http://www.un.org/law/icc/index.html)

[2] ICTR and ICTY Rule 89 allows a Trial Chamber to apply rules of evidence that will "best favor a fair determination of the matter." Rule 89 permits a Chamber to order the deposition of a witness instead of live testimony. Similarly, Rule 92 allows a Chamber to admit a witness's written statement based upon numerous criteria, including public interest, the testimony of witnesses to the statement, and the purpose for which the statement is introduced (i.e. non-cumulative, victim impact, character, sentencing). Finally, Rule 98 allows a Trial Chamber to order the production of additional evidence.

doubt on its reliability or if its admission is antithetical to, and would seriously damage, the integrity of the proceedings."[3]

- **Discovery.** The ICTR and ICTY rules generally require the Prosecutor to disclose to the Defense the supporting material for the indictment and case at trial,[4] and to permit the Defense to inspect all books, documents, photographs, and tangible objects in the custody or control of the Prosecutor.

  - *However*, the rules exempt from disclosure, materials in the possession of the Prosecutor, that, if disclosed, "may prejudice further or ongoing investigations, or for any other reason may be contrary to the public interest or affect the security interests of any State..." In such instance, the Prosecutor provides the Trial Chamber – and not the Defense - the information for the Chamber's *in camera, ex parte* review. [5]
  - A party's internal reports, memoranda, and documents in connection with an investigation or preparation of the case are exempt from disclosure. The rules also allow a Trial Chamber to order non-disclosure of the identity of a victim or witness who may be in danger or at risk. A Trial Chamber can also order non-disclosure to the public of any information.[6]
  - The rules also provide that if the Prosecutor is in possession of information, which has been provided to the Prosecutor on a confidential basis and used solely for the purpose of generating new evidence, that initial information and its origin shall not be disclosed by the Prosecutor without the consent of the person or entity providing the initial information, and shall in any event not be given in evidence without prior disclosure to the accused.[7]

- **Presence of the Accused.** The statutes establishing the ICTR and ICTY provide that a defendant has a right to be present at trial.. The ICTR and ICTY rules allow a Trial Chamber to order a defendant's removal from the proceedings and to allow the proceedings to continue in his or her absence, based on disruptive conduct following a warning. It can also order a trial to proceed if the defendant refuses to be present.[8]

- **Right to a Pretrial Hearing.** Neither the ICTR nor ICTY rules provide for pretrial hearings to test the substance of the Prosecution's case. They only allow for preliminary motions to challenge jurisdiction and the form of the indictment, to sever counts or accused, and to object to refusals to assign counsel based on indigency.[9]

- **Speedy Trial.** The ICTR and ICTY rules use only a general standard for speedy trial - "without undue delay." No specific time period for trial is mandated.

- **Statute of Limitations.** There are no statutes of limitations for the ICTY and ICTR.

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[3] ICTR and ICTY Rule 95.
[4] ICTR and ICTY Rules 53 and 66. Of note, ICTY Rule 68bis provides that the Trial Chamber may impose sanctions on a party that fails to meet its disclosure obligations.
[5] ICTR and ICTY Rules 66 and 68.
[6] ICTR and ICTY Rules 53, 69 and 70.
[7] ICTR and ICTY Rule 70(B).
[8] ICTR and ICTY Rules 80.
[9] ICTR and ICTY Rules 72 and 82.

Comparison of Procedures and Rights: ICTR/ICTY – Commission – Courts-Martial

Procedures/Rights	International Criminal Tribunals-Rwanda/Yugoslavia	Military Commission	U. S. Court-Martial
1. Forum	Trial by panel of judges	Trial by panel composed of officers. Presiding Officer is judge advocate. Panel majority can admit evidence over Presiding Officer's ruling.	Accused's choice of trial by military judge alone or panel (jury). Jury required in capital cases.
2. Standard of Guilt	Beyond reasonable doubt	Beyond reasonable doubt	Beyond reasonable doubt
3. Accused informed of nature of charge in time to prepare defense.	Yes, but has provision for secret indictments	Guaranteed "in advance of trial"	As soon as practicable
4. Assistance of defense counsel.	Yes—assigned counsel for indigent accused	Yes—military counsel/civilian counsel at own expense/must have clearance to receive classified information and be U.S. citizen	Yes—military counsel/ civilian counsel at own expense (must have clearance for classified information)
5. Pretrial Detention	Yes	Yes	Yes-but speedy trial clock triggered
6. Pretrial Hearing	No	No–but CSRT and ARB hearings pre-screen some evidence	Yes–contested hearing (Art. 32 Investigation) conducted for felony cases

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Procedures/Rights	International Criminal Tribunals-Rwanda/Yugoslavia	Military Commission	U. S. Court-Martial
7. Disclosure	General requirement to disclose evidence in Prosecutor's custody or control – but court can order non-disclosure, after *in camera, ex parte* review, based on national security, safety of victims and witnesses, and jeopardy to other investigations Information provided in confidence cannot be disclosed without consent of originator	Generally must disclose evidence prosecution intends to introduce at trial or that tends to exculpate the accused. Permits nondisclosure to accused and civilian defense counsel, but not military detailed counsel, of evidence when necessary to protect national security, safety of witnesses and victims, and integrity of other investigations	"Open book" discovery. Defense entitled to signed statements relating to charges. May copy any material papers, documents, and tangible evidence in "control" of military authorities. Gov't classified info ("detrimental to nat'l security") is privileged. Unclassified gov't info privileged if "detrimental to public interest"
8. Presence at trial	Yes, but defendant may be removed if disruptive. Trial may proceed if accused refuses to be present	Yes—may be removed if disruptive after warning or excluded for presentation of classified or protected information	Yes—may be removed if disruptive after warning.
9. Evidentiary standard	Trial chamber may admit any relevant evidence deemed to have probative value	Admission of evidence with probative value to a reasonable person	Relevant, probative evidence admitted unless prejudicial, confusing or cumulative, or otherwise inadmissible by operation of U.S. Constitution, law, or rule
11. Compulsory process to obtain witnesses	Yes, through Tribunal. But practice does not include ability to subpoena States or State officials	Yes—through prosecutor with Presiding Officer review (no extraterritorial subpoena)	Yes—through gov't counsel with court review-court can order
12. Exclusion of evidence obtained through unreasonable search and seizure	No. But evidence is not admissible if obtained by methods that cast doubt on reliability or when admission would seriously damage integrity of proceedings	No, except for statements obtained by torture.	Yes – evidence excluded if not obtained consistent with substantive and procedural rules--with enumerated exceptions
13. Burden of proof	Prosecution	Prosecution.	Prosecution
14. Impartial court	Yes - may request disqualification	Guaranteed full and fair trial,	Yes-Voir dire and challenge

DOJ_NMG_0041098

Procedures/Rights	International Criminal Tribunals-Rwanda/Yugoslavia	Military Commission	U. S. Court-Martial
	of judge for lack of impartiality	members not prejudiced or personally interested, subject to voir dire and challenge	of judge or panel members
15. Compulsory self-incrimination	Prohibited.	Not prohibited, but accused not compelled to testify	Prohibited
16. Judgment and sentencing	Judgment and sentencing by simple majority	Judgment and sentencing by 2/3 majority; unanimous for death	Judgment by 2/3 majority; sentencing by 2/3, except 3/4 for 10+ years, unanimous for death
17. Punishment	Specific punishments enumerated. Limited to imprisonment including for life. No death penalty	Specific punishments enumerated. No death penalty without unanimous vote and approval by President	No death penalty without unanimous vote, Presidential approval
18. No unreasonable (prejudicial) delay.	Trial without undue delay. (No specific time period mandated)	MC shall prevent unnecessary delay	Const. & Statutory Speedy Trial Rules. 120-day clock from date of charges, 90-day clock from imposition of pre-trial confinement
19. Interpreter	No cost	If needed, no cost	If needed, no cost
20. Public trial	Yes, but may be closed for public order, morality, safety of a victim or witness, or interests of justice.	Yes, except where good cause for closure	Yes, except as specifically provided (for example, government classified information)
21. Appellate review	Review by ICTR Appeals Chamber. Chamber may hear additional evidence on appeal from accused or Prosecution	Action by Appointing Authority; Final Review by Secretary of Defense, or President	Service appellate courts, CAAF, Supreme Court, Presidential approval for death penalty

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ATTACHMENT 4

Attachment 4

QUESTION: Which provisions of the Uniform Code of Military Justice (UCMJ) and the Manual for Courts-Martial (MCM) may be impracticable for trials of unlawful enemy combatants alleged to have committed violations of the law of war and other offenses?

PREFATORY COMMENTS:

The comments below identify procedural and evidentiary issues that are likely to arise if courts-martial are used to try unlawful enemy combatants for war crimes. These issues would not necessarily preclude all appropriate prosecutions, however they would likely engender significant procedural and evidentiary litigation and affect the outcome of many prosecutions. In many instances, they would effectively preclude prosecution.

In considering the practicability of these rules and their potential cumulative effect, consideration must be given to the sometimes competing interests of punishing and deterring violations of the law of war, and ensuring confidence in the reliability of convictions. To the extent that rules are modified to address the exigencies of combat conditions inherent in law of war violations, consideration must simultaneously be given to alternative methods of ensuring confidence in the result of prosecutions.

Exigencies of warfare may warrant relaxation of procedural and evidentiary rules in the context of law of war adjudication, largely because of the legitimate need to deter such violations and in recognition that juridical deterrence would otherwise be foreclosed, as a practical matter, if practice were not conformed to exigent realities.

Generally, the *ad hoc* international criminal tribunals (comprised of judges) established to address war crimes (as well as crimes against humanity) do not impose the same types of procedural and evidentiary restraints discussed in this section. The international legal community recognizes that the intrinsic nature of war crimes does not readily lend itself to an adversarial criminal paradigm governed by an extensive body of technical rules. The practicability of the rules for U.S. courts-martial in trials by U.S. military commissions should thus be considered in light of legitimate concerns for public and individual safety, the need to safeguard sensitive intelligence, and with due regard for the practical necessity of using as evidence information obtained in the course of military combat or intelligence operations rather than through traditional law enforcement means.[1] However, these important interests should not be permitted to deprive defendants of essential fair trial standards and procedures.

[1] It should be noted that the ICTY and ICTR, which use a probative standard for the admission of evidence, also use panels of judges who issue detailed legal decisions. Judicial officials are presumed to know and apply the law.

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Attachment 4

Issues Related to the Collection of Evidence

Some of the evidence was collected in a battlefield environment during military combat operations. Other evidence was obtained during strategic military intelligence operations in locations distant from the battlefield. Much of the evidence was collected during interrogations of detainees by criminal investigators from DoD, FBI and other law enforcement entities domestic and foreign without rights advisements. These cases largely involve evidence gathered pursuant to the key war-fighting function of intelligence collection without reference to criminal procedural requirements.

Article 31-Privilege against Self-Incrimination: Military operations generally necessitate battlefield and near battlefield interrogations to obtain intelligence. If a warning is required, the potential trial impact of any failure in that regard may be extremely burdensome. Art. 31(d)'s exclusion of involuntary statements may preclude use of statements without rights advisements obtained during many lawful interrogations used in military intelligence operations, e.g., promises of favorable treatment.[2]

Exclusionary Rules:

Article 31 is a broader exclusionary rule than applied in Article III courts. If applied, it would result in unlawful enemy combatants receiving broader protections than afforded U.S. citizens in Article III courts. Article 31 requires that rights advice be given if the person being interviewed is suspected of a crime, even if not in custody. Failure to administer Article 31 warnings results in suppression of the requested statement. Subsequent statements may be "tainted" and suppressed. Statements taken from detainees by soldiers on the battlefield or military intelligence interrogators near the battlefield without a criminal rights warning could be inadmissible against a detainee under Military Rule of Evidence 304 which incorporates both a statutory (Article 31(b), UCMJ) and constitutional (Fifth Amendment) criminal rights warning, including the right to counsel. Subsequent statements obtained by criminal investigators of detainees held at Guantanamo Bay, Cuba, and similar installations months after capture may be inadmissible.

The Military Rules of Evidence, without significant changes, would effectively grant defendants almost all of the criminal procedural safeguards for U.S. criminal trials under Constitutional law. Law enforcement searches are subject to the UCMJ rule that provides that "evidence obtained as a result of an unlawful search or seizure . . . is inadmissible against the accused . . ." unless certain exceptions apply. Mil. R. Evid. 311. "Authorization to search" may be oral or written, and may be issued by a military judge, or an officer in command of the area to be searched or with authority over persons subject to military law or the law of war. It must be based on probable cause if conducted for law

[2] In international practice, however, when evidentiary standards such as 'probative to a reasonable person' are adopted, tribunals such as the ICTY and ICTR also promulgate other rules to ensure that statements established to have been made as a result of torture are not admitted against an accused, except against a person accused of torture as evidence the statement was made. *See* Rule 95 of the ICTY and ICTR. *Compare* Article 15 of the Convention Against Torture *with* Military Commission Instruction No. 10.

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enforcement purposes. Mil. R. Evid. 315. Interception of wire and oral communications within the United States requires judicial application in accordance with 18 U.S.C. §§ 2516 *et seq.* Mil. R. Evid. 317. Battlefield missions that combine a law enforcement aspect with military objectives would inevitably create serious evidentiary suppression issues.

After an accused obtains counsel, that counsel has a right to be present during custodial questioning of the accused. Similar constitutional law requirements are incorporated in the Military Rules of Evidence for statements by co-defendants (Mil. R. Evid. 306), unlawful searches and seizures (Mil. R. Evid. 311, 314, 315, 316), body views and intrusions (Mil. R. Evid. 312), interception of wire and oral communications (Mil. R. Evid. 317), and eyewitness identification (Mil. R. Evid. 321). At trial, the prosecution has the burden to show these rules were followed. United States service personnel are generally not trained, nor expected, to execute military combat and intelligence missions while simultaneously adhering to law enforcement investigative standards and constraints. Most importantly, it would impede intelligence collection essential to the war effort to tell detainees before interrogation that they are entitled to counsel, that they need not answer questions, and that their answers will be used against them in a criminal trial. For these reasons it would be impracticable to apply the full panoply of the MCM provisions under the circumstances of the current conflict.

Authentication and content of writings rules: The applicable Military Rules of Evidence are nearly identical to those used in federal Article III courts and are difficult to meet for evidence gathered on the battlefield. Strict compliance with rules of evidence for authentication/chain of custody/best evidence for materials seized or captured on a battlefield would be impracticable, given the preeminent focus on military operations and the chaotic nature of combat. Much of this evidence would not be admissible in military commissions under Mil. R. Evid. 901-903, 1001-1008.

Issues Related to the Defendant's Access to Evidence

Article 46-Opportunity to Obtain Witnesses and Other Evidence: Under Article 46 of the UCMJ, defendants in courts-martial have a right to broader discovery than that afforded defendants under the Federal Rules of Criminal Procedure. In particular, courts-martial prosecutors have a greater duty to identify and disclose exculpatory evidence than do their civilian counterparts, and courts-martial defendants have greater access to expert witnesses to assist in their defense and witnesses subject to Governmental control or authority. Courts-martial defendants may require that all relevant and necessary witnesses be produced, but as noted in the analysis for Rule 703, the ability to enforce compulsory process is more limited in courts-martial than under Federal Rules of Criminal Procedure. In balance, the courts-martial rules on discovery and production of witnesses and other evidence exceed Federal practice standards and are thus impracticable for application to prosecution of unlawful enemy combatants.

Article 32-Pretrial Hearing: An Article 32 hearing is far more expansive than a federal grand jury, including the right for the accused to be present with counsel and present

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evidence. Unparalled discovery rights for accused and associated logistical difficulties make such a hearing impracticable.

Discovery: RCM 701(a)(2)(A) requires the government to permit defense-requested inspection of all evidence within the possession of military authorities which are material to the preparation of the defense or intended for use by the trial counsel as evidence in the prosecution's case-in-chief, or were obtained from or belonging to the accused. CAAF jurisprudence has interpreted the materiality standard broadly, resulting in, as a practical matter, 'open file' discovery practice. As to exculpatory evidence, R.C.M. 701(a)(6) provides, as follows: trial counsel shall, as soon as practicable, disclose to the defense the existence of evidence known to the trial counsel which reasonably tends to: negate the guilt of the accused of an offense charged; reduce the degree of guilt of the accused of an offense charged; or reduce the punishment. These rules give accused access to any statements, reports, summaries, interrogation techniques, or other documents that would help the defense prepare for trial, including tests/experiments that "due diligence" would make known to the prosecutor.

Right to Confront Adverse Witnesses: Mil. R. Evid. and Fed. R. Evid. hearsay rules are essentially the same. Mil. R. Evid. 801 *et seq.* Foreign national witnesses may not be amenable to process, and may be precluded for national security reasons from entering either the United States or Guantanamo Bay. Incarcerated witnesses may be deemed unavailable because of conditions of their confinement, foreign government incarceration, or witness protection program participation. Declarants who made statements at or near the time of point of capture of the accused may be unavailable due to military necessity, injury, or death. Many detainee witnesses were interviewed by law enforcement at Guantanamo Bay, Cuba and elsewhere on hundreds of occasions. Detainees provided statements that incriminated other detainees who are likely candidates for trial by military commission. Some of these detainee-witnesses were then released, and have returned to Pakistan, Afghanistan, and numerous other countries. Many are no longer available, or may be available only through video testimony. Many of their previous statements to law enforcement would not be admissible under Military Rules of Evidence and Constitutional 6th Amendment limitations against hearsay. The UCMJ incorporates 6th Amendment confrontation rules, which although not impracticable in every case, are impracticable in a far greater percentage of cases than is typical in courts-martial. Most witnesses in courts-martial are amenable to process. This is not true in the typical unlawful enemy combatant case. The UCMJ requires the Government to produce the witness if the identity and location of the witness are known to the Government. National security interests and military operational considerations would preclude production of many prospective witnesses. Therefore, the confrontation rules would make prosecution impracticable.

Classified and Protected Information-Article 39/Mil. R. Evid. 505, 506:
The accused may not be excluded from trial sessions, even though hearings may be closed to the public and the judge may issue protective orders. If classified evidence is admitted over government objection, the evidence must be disclosed or the judge may impose sanctions, which could include dismissal. Without flexibility to protect national

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security information during wartime, these rules present an impracticable impediment to prosecution.

Issues relating to charging

Article 10-Speedy Trial & RCM 707: Art. 10 is similar in application to the Federal Speedy Trial Act, 18 U.S.C. Section 3161. Art. 10 requires "immediate steps to try," which equates to diligent efforts to bring an accused to trial, once confined, or placed under conditions that are "tantamount to confinement." If any part of confinement is deemed "pretrial restraint," the remedies may include dismissal w/prejudice. RCM 707 requires an accused to be brought to trial within 120 days of imposition of restraint or preferral of charges unless certain exceptions apply. Under UCMJ art. 10, charges have been dismissed by appellate courts even though less than 120 days elapsed after restraint began. These time constraints are arguably inapplicable in the present conflict because detainees are initially held based on their legal status as unlawful enemy combatants, not as pretrial confinees. However, at the point a determination is made to proceed with a case under the UCMJ, R.C.M. 707 and Article 10 may apply. This could be interpreted by a court to apply retroactively to the earliest point that a detainee is developed for war crimes processing and preclude prosecution. In that event, the government's national security interest in gathering intelligence would be subordinated to law enforcement interests.

Article 43-Statute of Limitations: Article 43 imposes a five-year statute of limitations for most non-capital offenses. The statute can only be tolled by: (a) receipt of sworn charges by a convening authority; or (b) certification of a war/national security detriment, by the President or Congress in time of war. Given the indeterminate start of hostilities in this conflict and the passage of time during litigation in the wake of 9/11, application of Article 43 is impracticable.

Other Issues

Guilty Pleas & Agreements: R.C.M. 910(f), as implemented by *United States v. Care*, is more protective than Article III guilty plea rules, requires detailed and cumbersome providence inquiries and does not permit Alford pleas. Although some detainees may wish to admit what they have done, many are unlikely to concede that their conduct was wrong, dishonorable, or illegal, resulting in rejection of their pleas. Additionally, unlike Article III courts, accused in courts-martial may not plead guilty to offenses eligible for the death penalty. R.C.M. 705 allows very little flexibility in "adjusting" sentence caps, based on cooperation, or in offering "benefits" for guilty pleas. *See* Attachment 1, *supra*.

Article 38-Civilian Counsel: Article 38 imposes no citizenship requirements on civilian defense counsel in courts-martial. CAAF has reversed convictions, without a showing of prejudice, where a military judge did not permit foreign counsel to represent an accused at courts-martial. It would seem impracticable to permit defense counsel from arguably "hostile" (or unfriendly) nations access to even unclassified, yet protected, information that may be necessary for effective assistance of counsel. Security clearance issues aside,

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foreign civilian counsel from such nations should not be permitted; rather, civilian defense counsel should be limited to U.S. citizens with the requisite security clearance.

Article 13-Pretrial Punishment: Pretrial punishment is precluded and includes measures intended as punishment or humiliation, or so onerous as to amount to punishment, as well as objectionable conditions or restrictions that are not "reasonably related to a legitimate government objective." Application of Article 13 would thus insert unnecessary litigation issues into unlawful enemy combatant prosecutions.

Privileges: The Military Rules of Evidence - 500 Series - contains privileges that are substantially similar to those in Article III courts. They include: 1) Lawyer-Client (MRE 502); 2) Communications to the Clergy (MRE 503); 3) Husband-Wife (MRE 504); 4) Classified Information (MRE 505); 5) Government Information Other Than Classified Information (MRE 506); 6) Identity of Informant (MRE 507); 7) Political Vote (MRE 508); 8) Deliberations of Courts and Juries (MRE 509); and 9) Psychotherapist-Patient (MRE 513). It would be impracticable to apply all these privileges in their entirety to the proceedings of military commissions, and in particular the privilege regarding communications to clergy.

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ATTACHMENT 5

OFFICE	NAME
DOD Office of the General Counsel, Deputy Gen. Counsel (Legal)	Frank Jimenez
Alternate	Karen Hecker
Alternate	Hays Parks
Alternate	Diane Beaver
DOD Office of the General Counsel, Personnel & Health Policy	Robert E. Reed
Alternate	James R. Schwenk
Office of Military Commissions, Office of the Appointing Authority	
Legal Counsel	BG Tom Hemingway
Alternate	Mary Alice Kovac
Alternate	Mike Chapman
Alternate	Ron White
Office of the Chairman, Joint Chiefs of Staff, Legal Counsel	Maj. Ian Brasure
US Air Force, Office of General Counsel, Deputy General Counsel	Kip At Lee
Alternate	Tony Wagner
Alternate	Norm Printer
US Air Force, Office of General Counsel, Deputy General Counsel	Michael Zehner
US Army, Office of General Counsel	Stephanie Barna
Alternate	Tony Jones
US Marine Corps, Counsel to the Commandant	Dave Morzenti
US Navy, Office of General Counsel, Deputy General Counsel	Bill Molzahn
Alternate	Peter McLaughlin
US Air Force, Office of The Judge Advocate General	James Russell
Alternate	Col Amy Bechtold
US Army, Office of The Judge Advocate General	Dick Jackson
Alternate	COL John Charvat Jr.
Staff Judge Advocate to the Commandant of the Marine Corps	John(Jay) Mannle
US Navy, Office of The Judge Advocate General	CAPT Pat Neher
Alternate	LCDR Greg Bart

Attached is the final version of the DoD working group's first report, a draft version of which was distributed last week.

-----Original Message-----

From: [redacted] DoD OGC

Sent: Friday, July 14, 2006 14:57

To: [redacted] DoD OGC; [redacted] DoD OGC; [redacted] DoD OGC; [redacted] DoD OGC; [redacted] DoD OGC; [redacted] DoD OGC; [redacted] DoD OGC; [redacted] DoD OGC; [redacted] DoD OGC; [redacted] JCS SJS; [redacted] SES SAF/GCM; [redacted] SAF/GCM; [redacted] SAF/GCI; [redacted] SES SAF/GCI [redacted] OGC; [redacted] SES OGC; [redacted] AFLOA/JAJM; [redacted] AF/JAO [redacted] OTJAG; [redacted] OTJAG; [redacted] @us.army.mil' [redacted] @ncis.navy.mil' [redacted]

Subject: Post-Hamdan Working Group - final version of first report

Attached is the final version of the group's first report. There was only one change "called in" from the version distributed July 12 (below). Navy OGC correctly pointed out that Attachment 4, page 6, Privileges, was incorrect. There are no enumerated privileges in the Federal Rules of Evidence. The beginning sentence of that section was changed to: "The Military Rules of Evidence - 500 Series - contains privileges that are substantially similar to those in Article III courts."

The pen on the Administration's draft legislation has not stopped long enough to create a new draft with a shelf life of longer than a few hours. I continue to expect one shortly. When it arrives, we'll reconvene. Thanks, and have a nice weekend.

<<Post-Hamdan Working Group (Final Report 13 July 06).pdf>>

-----Original Message-----

From: [redacted] DoD OGC

Sent: Wednesday, July 12, 2006 17:02

To: [redacted] DoD OGC; [redacted] DoD OGC; [redacted] DoD OGC; [redacted] DoD OGC; [redacted] DoD OGC; [redacted] DoD OGC; [redacted] DoD OGC; [redacted] DoD OGC; [redacted] DoD OGC; [redacted] JCS SJS; [redacted] SES SAF/GCM [redacted] SAF/GCM [redacted] SAF/GCI [redacted] SES SAF/GCI; [redacted] OGC; [redacted] SES OGC; [redacted] AFLOA/JAJM [redacted] AF/JAO; [redacted] OTJAG [redacted] OTJAG; [redacted] @us.army.mil; [redacted] @ncis.navy.mil' [redacted]

Subject: Post-Hamdan Working Group - final version of first report

Thanks, everyone, for getting me the final versions of their respective attachments. See the attached final version of the group's first report. We will go final with this at COB tomorrow barring any objections. At this point, I anticipate that our next meeting will be tomorrow or Friday. We are still waiting for the next draft of the proposed legislation. Many thanks to all.

<< File: First Report - Post-Hamdan Working Group (13 July 06).pdf >>

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Monday, July 17, 2006 7:42 AM
To: Scolinos, Tasia; Card, Jean
Subject: Opening statement

How goes the drafting? Might I take a peak at the latest draft?

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, July 17, 2006 8:05 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Monday, July 17, 2006
Attachments:	agnb060717.pdf; agnb060717.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JULY 17, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

US Declines To Assist Investigation Into German's Rendition .4
FBI Moles Investigated Liberty City Seven 4
US Intel Agencies Seek To Address Terror Threats In Asia, Africa 4
Administration Aides Seek To Limit SCOTUS Decision On Gitmo Detainees 4
Treasury Intended Efforts To Track Terrorist Finances To Leak 5
Prosecutors Seek Secrecy For Israeli Agents In Hamas Trial ..5
Bush Administration Seen As Seeking "Wiggle Room On Cruelty." 5

Homeland Response:

NYPD Guarding Subways, Slurry Wall 5
NYTimes Criticizes DHS Over Critical Asset List, Unfilled Cybersecurity Post.....5

War News:

Military Leaders See US In Iraq Till 2016.....5
Iraqi Leaders Condemn Israeli Attacks 6
US and UK Soldiers Die; Bomb Kills 26 Iraqis In Cafe 6
US Troops Train Iraqi Security Forces.....6
US Military Fears Rape Case Consequences 7
Corruption Is Cited In Iraqi Oil Industry.....7
Army Develops New Field Manual For Counterinsurgency Operations.....7
Aides Say Iraq War Has Made Bush Unpopular In Europe 7
Iraqi Debt Is "No Longer A Writeoff." 8
US Will Not Cease Anti-Taliban Offensive 8

Corporate Scandals:

Indictments By California Options Task Force Expected 8
Top Executives Abandoning Troubled Fannie Mae.....9
SEC Chairman Cox Urged To Seek Reforms.....9

Criminal Law:

Novak Says Fitzgerald Aware Of Sources In Plame CIA Leak .. 9
First Guilty Plea Taken In Missouri Truck License Probe 10
Malone Asks For Change Of Venue 10
Pennsylvania Councilman Says He Was Busted By FBI.....10
Prosecutors Will Wait Before Deciding To Seek Death Penalty For Mack.....10
Szilvagyi Pleads Guilty To Medicare Fraud 10
"Vishing" Is Latest Form Of Online Scam 10

Civil Law:

Relationships Between Hospital Heads, Firms Under Increased Scrutiny.....11

Civil Rights:

FBI Investigating Las Vegas Police Shooting.....11
Little Turmoil Expected As Senate Panel Takes Up Voting Rights Act 11
Abortion Rights Advocates, Opponents Rally In Jackson, Mississippi 11
Gay Couples Await Washington State Court Ruling On Gay Marriage 12

Antitrust:

GM Considers Alliance With Renault, Nissan 12
Stevens Explanation Of Opposition To "Net Neutrality" Draws Derision 12

Environment/Indian Affairs:

California Wildfires Continue To Spread 12
NYTimes Says Congress Should Update Fisheries Management Legislation 12
Lumbee Tribe's Battle For Recognition Raises Questions....13

FBI/DEA/ATF/USMS:

Most Federal Judges Using Home Security Measures 13

Attorney Denies Saying Indictment Of Bonds Is Expected, Says Government Lacks Evidence 13
San Francisco Marijuana Dispensaries Face Tighter Regulations 14
Federal Government's Handling Of Shortt Case Criticized 14
Fentanyl-Related Deaths Increase In Boston 14
Increase In Meth Production Leads To Crackdown On Importation Of Ingredients 14
Tennessee Businessman Faces Drug, Money Laundering Charges 15
Senate Committee Recommends Funding For Crime Task Forces 15
Large-Scale Marijuana Operations Found On Oregon's National Forestlands 15

Immigration:

ICE Aims To Put Illegal Immigrants On Notice 15
Latino Immigration Changes Face Of Georgia Carpet Capital 15

Tax:

Californians Moving To Nevada To Avoid Taxes 16

Congress-Administration:

Senate Likely To Pass Stem Cell Bill, Bush Veto Expected ... 16
Proponents Of 9th Circuit Split Note Case Overload 18
Top Presidential Aides Got $4,200 Raises Last Year 18
Nicholson Stresses Need To Transform Culture At VA..... 19
Administration To Change Medicare Hospital Payments..... 19
Waxman's Role As Gadfly Examined..... 19
Capuano Seeks Expansive Review Of Democratic Caucus Rules..... 19
Shuttle Discovery Cleared For Monday Morning Return..... 20
Taxpayer Advocates Seek To Highlight Abuse Of Earmarks. 20
CPSC Chairman Leaves For Detroit Law Firm 21
Reagan "Myths" Used To Belittle Bush Presidency 21

Other News:

Wealthy Getting Larger Share Of National Income, Paying More Taxes 21
Inflation Increases Likely To Prompt Fed Rate Increase 21
Bush, First Lady Disagree On Potential 2008 GOP Presidential Nominees..... 22
Cheney Has Attended 80 GOP Candidate Fundraisers This Year 22
Wealthy Democratic Donors' Alliance Draws Scrutiny..... 22
Primary Turnout Fails To Reach 2002 Levels..... 23
Clinton's Comments On Ohio's Election Process Seen As Potentially Problematic 23
Novak Says Lieberman Touting "Good" Earmarks In Primary Battle 23
Dean's "50 State Strategy" Has Sparked Battle Within Democratic Party..... 23
Feingold Says Foreign Policy Issues Currently Top Democrats' Concerns 24
Polls Show Friedman Is A Serious Contender For Texas Governor..... 24
MoveOn Sponsors Ads Against Ney On Sides Of DC Buses .. 24
Maryland Senators Offer Bill To Equalize Law Enforcement Benefits 24
Carlyle Group To Hire Global Head Of Lobbying 24
Arkansas Lieutenant Governor Rockefeller Dies 25
G8 Leaders Condemn Hezbollah, Urge Israel To Employ Restraint 25
Israel Continues Destruction Of Lebanon Killing Dozens Of Civilians 29
Israeli Officials Outline Goals Of Conflict With Hezbollah..... 31
Israel Vows To Punish The Lebanese For Rocket Attack On Haifa 32
Syria Vows To Defend Itself If Attacked By Israel 33
In Wake Of Israeli Bombings, Beirut Will Likely Never Be The Same..... 34
Marines Coordinate First Evacuations Of US Citizens From Beirut..... 34
Blair Presses Bush To Send Rice To Middle East..... 35
Pyongyang Rejects UNSC Resolution, Promises "Deterrent."36
Tehran Is Ready To Discuss Incentives Outside UNSC 36
Putin Dominates Summit Despite Lack Of US WTO Deal 37
G8 Leaders Seek Extension On Doha Negotiations..... 37
Mumbai Bombings Strain Relations Between India And Pakistan 38
Blair Predicts He Will Retain Premiership For At Least Another Year 38
Airbus To Unveil Midsize Competitor To Boeing's 787 38
Chinese Premier Warns Against "Unstable" Economic Development 38
Protests Continue As Obrador Calls For Recount 38
US-Funded Natural Gas Pipeline In Peru Proves Controversial..... 39
Chavez Rivals To Participate In Winner-Take-All Primary..... 39
US Plans To Intervene In Cuba In The Event Of Castro's Death..... 39
Panama Canal Gets Modification..... 40

DOJ_NMG_0041113

Bill Clinton Suggests Sending International Muslim Force To Darfur 40
French Pessimism Persists Despite Positive Economic Outlook 40
Pew's Kohut Authors Book On Anti-Americanism 40
WPost Notes "Complicated" Ukrainian Political Realities Since The Orange Revolution 40

The Big Picture:

Headlines From Today's Front Pages 41

Washington's Schedule:

Today's Events In Washington 41

DOJ_NMG_0041114

TERRORISM NEWS:

US Declines To Assist Investigation Into German's Rendition. The AP (7/17, Graham) reports, "Germany said Sunday the United States has refused to help investigate the alleged abduction of a German citizen, a case that has ignited criticism of U.S. tactics against international terrorism. Khaled al-Masri…says he was seized in Macedonia in December 2003 and flown by the CIA to a detention center in Afghanistan. He says he was questioned and abused during five months in custody before he was dumped in Albania. … The U.S. Justice Ministry declined to help due to a civil lawsuit that al-Masri has brought against the Central Intelligence Agency, the German Justice Ministry said Sunday."

FBI Moles Investigated Liberty City Seven. The Miami Herald (7/16, Weaver, Ovalle, 310K) reported, "Newly obtained federal court documents, filled with transcripts of secret FBI recordings, tell how two unidentified informants risked their lives" to investigate the Liberty City Seven. "Their performance was enough to erase" ring leader "Narseal Batiste's distrust -- thus salvaging a stalled FBI investigation." Batiste confided his vision of using violence to establish a separate state to a North Miami convenience store owner who "happened to be an FBI informant." The FBI found "Fthe threat was serious enough to have him introduce Batiste to another informant," Mohammad, who "later gave Batiste a cellphone -- which was bugged by the FBI." In mid-January Batiste "had grown suspicious of Mohammad's constant questioning," and both informants were required to strip away their clothes before a meeting. "Tey somehow managed to keep body recording devices on them without being noticed," and Mohammad, by boasting of "intimate ties to al Qaeda" and "bragging about his role in 'planning the attack' by al Qaeda on the USS Cole in Yemen in 2000," allayed Batiste's suspicions. "The critical turning point in the FBI's undercover case came March 10" when Batiste made "a *bayat* -- loyalty oath -- to al Qaeda." Soon the others did as well.

WTVJ-TV (7/17), on MSNBC.com, adds, "Batiste grew impatient with the lack of action by the confidential witness who was posing as an al-Qaida operative. The raid on the suspects' headquarters was done, in part, because law enforcement was worried the suspects would instead find real terrorists to help them bomb the Sears Tower in Chicago."

US Intel Agencies Seek To Address Terror Threats In Asia, Africa. U.S. News and World Report (7/24, Ragavan, 2.03M) reports that the FBI and intel agencies face a conundrum over "how to track the movement of radical Islamist terrorists in the vast string of islands of Southeast Asia." Likewise, the African continent "has long been a stepchild of US foreign policy, especially the nations of North Africa and one in particular: Somalia. … A recent jihadist recruiting video shows Somali Islamic and non-Somali Arab radicals fighting U.S.-backed secular warlords in Mogadishu; now those radical Islamic warlords seem to be in charge." US News adds, "At the Pentagon, the CIA, the State Department, and the FBI, there is a heightened sense of urgency about these threats and an energetic set of new efforts to prevent these lawless lands from becoming hotbeds of terrorism. But critics wonder whether it's already too late."

Administration Aides Seek To Limit SCOTUS Decision On Gitmo Detainees. U.S. News and World Report (7/24, Michels, Ragavan, 2.03M) reports that some figures in the Bush Administration have tried to limit the Supreme Court's decision on the treatment of Gitmo detainees, "setting up clashes in Congress and within the administration at high-level meetings expected this week." US News adds, "In hearings last week, Daniel Dell'Orto, the Defense Department's principal deputy general counsel, advised Congress to approve the current tribunals, which allow secret evidence to be used. House Republicans appeared willing to go along -- which would almost certainly prompt another court challenge. But senators from both parties balked, preferring a system based on normal rules of military justice, as recommended by top lawyers within the military." Interrogations will also be a sticking point. The Justice Department warned that interrogators could be exposed to criminal charges. Some senators agreed, "suggesting Congress may alter U.S. law to permit controversial techniques."

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Treasury Intended Efforts To Track Terrorist Finances To Leak. U.S. News and World Report (7/24, Bedard, 2.03M) reports in its "Washington Whispers" column that the Treasury Department intended its program to search financial transactions for terrorist activities to leak. According to US News, "When the program was developed in 2003, a press plan was included. The goal: Get out front with the spin that there are safeguards to prevent snooping on private accounts, that it is legal, and that there are big benefits to it."

Prosecutors Seek Secrecy For Israeli Agents In Hamas Trial. The Chicago Tribune (7/15, Bush, 623K) reports, "Federal prosecutors requested Friday that Israeli intelligence agents be permitted to testify under official aliases and outside the presence of the public in the upcoming trial of" Muhammad Salah of Bridgeview and Abdelhaleem Ashqar for "aiding the terrorist group Hamas." Also arguing that the agents "should be allowed to appear before the court 'in light disguise' if they choose," prosecutors "argued the agents are 'prized targets for terrorist organizations.'" The AP (7/16) also covers this story.

Bush Administration Seen As Seeking "Wiggle Room On Cruelty." In an op-ed for the Washington Post (7/17, 748K), *Rasul v. Bush* attorney Joseph Margulies argues that the New York Times and Financial Times may have overstated the Bush administration's willingness to comply with Common Article 3. Deputy Secretary Gordon England's memo may not mean a true change of heart on the part of the administration, since the "administration [is still] pushing the Pentagon to adopt techniques not sought by senior military planners." Margulies warns, "This administration does not give up power easily."

Hentoff Says Bush Got "Bad Legal Advice." In the Washington Times (7/17, 88K), Nat Hentoff notes that the Supreme Court has ruled "military commissions illegal." He argues that President Bush was "crucially misled by" former DOJ attorney John Yoo and "David Addington, now chief of staff for Dick Cheney; Alberto Gonzales, since promoted to attorney general; John Ashcroft, Mr. Gonzales' predecessor as attorney general; Jay Bybee, since elevated to the 9th Circuit Court of Appeals; Timothy Flanigan; and William J. Haynes II, whose nomination to the 4th Circuit of Appeals is still pending because of his role in that discredited advice."

HOMELAND RESPONSE:

NYPD Guarding Subways, Slurry Wall. Newsweek (7/24, Hosenball, 3.12M) reports, "Federal officials say there is no intel indicating a specific, credible and imminent threat to subways and commuter trains in New York—or any other US city. But the officials, anonymous because of the sensitive subject matter, noted that Al Qaeda has repeatedly expressed interest in attacking public-transit systems, and the New York Police Department is trying not to take chances." The NYPD increased its presence at subway stations following last week's commuter-train bombings in India. "As if its officers didn't have their hands full already, the spokesman added, the NYPD placed 24-hour patrols on a barrier protecting the Ground Zero site in Lower Manhattan from the Hudson River. The patrols are a response to recent reports of a plot to flood the site and the PATH subway tunnels running beneath it by blowing up the 'slurry wall' that keeps river waters at bay."

NYTimes Criticizes DHS Over Critical Asset List, Unfilled Cybersecurity Post. Under the headline "Homeland Insecurity Department," the New York Times (7/17, 1.21M) editorializes, "The Department of Homeland Security never really makes us feel all that safe. A government list of potential terrorist targets that came to light recently is only comforting if the roundup is intended, by its very absurdity, to confound the enemy into total inaction." The Times continues that the "odd collection of assets" becomes "far from laughable when one realizes that the database is used by the agency as a factor in divvying the hundreds of millions in grants to localities — including the program that dealt 40 percent cuts to two proven targets, the national capital and New York City. … And then there's the matter of the assistant secretary to oversee security in cyberspace." Noting that the post has been vacant for a year, the Times adds, "Maybe everyone was too busy protecting the folks at the popcorn factory."

WAR NEWS:

Military Leaders See US In Iraq Till 2016. The Washington Times (7/17, Scarborough, 88K) reports, "U.S. war commanders think some level of American forces will be needed in Iraq until 2016 and those forces will receive

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continued support from the vast majority of Iraqis." The pro-military article reports, "At the tactical level, the U.S. is getting better at detecting deadly improvised explosive devices (IEDs), especially using unmanned spy planes. But the enemy is growing more sophisticated." Another problem is "insurgent infiltration of the Iraqi Security Forces." Retired and active military conferees in Fort Carson, Colo., contend that the "'mainstream media' largely ignores progress" and that they have reduced the use of embedded reporters in favor of having Iraqi stringers.

Sunnis Now Want US To Stay. The New York Times (7/17, Wong, Filkins, 1.21M) reports, "As sectarian violence soars, many Sunni Arab political and religious leaders once staunchly opposed to the American presence here are now saying they need American troops to protect them from the rampages of Shiite militias and Shiite-run government forces." Sunnis also consider Americans a "bulwark" against Iran. The Times says the attitude change "is one of the most significant shifts in attitude since the war began. It could influence White House plans for a reduction of the 134,000 troops here and help the Americans expand dialogue with elements of the insurgency. But the budding accommodation is already stirring a reaction among the Shiites."

Biden Says US Lacks Political Solution In Iraq. On NBC's Meet the Press (7/16, Russert), Sen. Joseph Biden said, "We're not winning the war because we do not have a political solution to offer. There's three things that have to happen, and they have to happen quickly. Number one, you have to get a Sunni buy-in. That is, you've got to have a reason for the Sunnis to say it makes sense to be part of this united government, and that remeans -- means you've got to give them a piece of the oil, you got to give them a piece of the revenues. They've got nothing else. Number two, you've got to disarm that militia. … And thirdly, you've got to figure out a way, Tim, to deal with the civilian agencies that are moribund."

Iraqi Leaders Condemn Israeli Attacks. USA Today (7/17, Jervis, 2.27M) reports, "Iraqi lawmakers condemned Israel's bombardment of Lebanon on Sunday as a search for kidnapped members of Iraq's Olympic Committee continued." Six of those abductees have been freed, but the vast majority remain captive. Both the prime minister and Iraqi legislators denounced Israeli bombings of Lebanon, with some lawmakers drawing "parallels between the conflict in Lebanon and the situation in Iraq. Shiite militias in Iraq, trained and equipped by Iran, are destabilizing Iraq in much the same way Hezbollah, the armed Shiite group in southern Lebanon backed by Iran, sparked the confrontation with Israel, said Mithal al-Alusi, an independent Sunni lawmaker."

US and UK Soldiers Die; Bomb Kills 26 Iraqis In Cafe. ABC's World News Tonight (7/16, story 6, :20, Harris) reported, "Another U.S. soldier was killed [in Iraq] today, in a roadside bombing. Meanwhile, a suicide bomber killed more than two dozen people at a crowded cafe in Baghdad. More than a dozen other people were injured. The call had gone out throughout the city for blood, to help the people who were hurt in that blast."

The CBS Evening News (7/16, story 7, :10, Mitchell, 7.66M) reported, "In the battle for Iraq a suicide bomber killed 26 people at a cafe crowded with Shiite Muslims north of Baghdad."

NBC Nightly News (7/16, story 5, :20, Holt, 9.87M) reported, "A suicide bombing ripped through a packed restaurant. It left at least two dozen dead and nearly the same number wounded. This is a region which until now has been largely untouched by sectarian clashes."

USAToday/AP (7/17) reports that a suicide bomber "inside a cafe packed with Shiites in northern Iraq" killed 26 and injured 22. The cafe was situated in "Tuz Khormato, a mostly Turkomen city 130 miles north of Baghdad." An American soldier "was killed in a roadside bombing in south Baghdad." A British soldier was killed in a raid in Basra. The New York Times (7/17, Von Zielbauer, 1.21M) and the Los Angeles Times (7/17, Windawi, Daragahi, 918K) also report the suicide bombing.

Two Thousand People Were Killed In Baghdad In June. The Los Angeles Times (7/17, Windawi, Daragahi, 918K) gives casualty totals for Baghdad in June: "About 2,020 people died violently in the city of 6 million in June, including 1,360 who were slain at close range by small-arms fire, according to numbers issued by the governor's office. At least 39 car bombs exploded, 120 mortar rounds struck the city and 166 roadside bombs exploded."

US Troops Train Iraqi Security Forces. U.S. News and World Report (7/24, Mulrine, 2.03M) reports on US military trainers' efforts to train security forces in Iraq. The embedded American mentors "are tasked with teaching their Iraqi counterparts everything from alphabetizing files to the

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bare basics of investigating crime scenes. … Much of American mentoring here involves trying to increase the 'prestige factor' of the police, who under Saddam Hussein's regime were considered the lowest of the low -- 'the lowest paid, least trained,' says a senior military official." US News adds, "Lately, the trainers have begun teaching investigative procedures, but supplies remain scarce and technical skills are nonexistent, say US military officials."

US Military Fears Rape Case Consequences. The AP (7/17, Lenz) reports, "U.S. military officials fear that religious hurdles in exhuming the body of a teenager could complicate the prosecution of American soldiers accused of raping and murdering the girl — and create a political nightmare for the U.S. mission here." Given the dangers if "remaining support" in Iraq for the mission collapses, US officials reportedly favor a "vigorous prosecution" and "severe" punishment if the suspects are convicted. Relatives of the victim have refused permission on religious grounds, making the recovery of forensic evidence impossible. Defense attorneys would then challenge prosecutors' attempts to rely on statements from the suspects. The Iraqi prime minister "has complained that Iraqi courts should try cases of abuse by American soldiers — something the U.S. command strongly resists — and last week called for a review of an agreement giving foreign troops immunity from Iraqi prosecution." In turn, Secretary Rumsfeld said during his trip to Iraq that no service member is "immune" from US (though not Iraqi) prosecution. More than 120 sites carried this story.

Corruption Is Cited In Iraqi Oil Industry. The Washington Post (7/17, A12, Pincus, 748K) reports, "U.S. Comptroller General David M. Walker told Congress last week that 'massive corruption' and 'a lot of theft going on' in Iraq's government-controlled oil industry is hampering the country's ability to govern itself." Walker said that "about 10 percent of Iraq's refined fuels and 30 percent of its imported fuels are being stolen, in part because the subsidized Iraqi price of gasoline, about 44 cents a gallon, is less than half the regional price of 90 cents a gallon." The GAO has "criticized the administration's strategy for not identifying which U.S. agencies are responsible for implementation, for not integrating U.S. goals and objectives with the Iraqi government and for failing to identify future costs." The Post cites the high costs that the US is paying in Iraq because prewar assumptions of a "permissive security environment" did not pan out: "[the war] costs about $1.5 billion a week for U.S. military operations, reconstruction and support for Iraqi forces."

Gunmen Abduct Iraqi Oilman. The New York Times (7/17, Von Zielbauer, 1.21M) reports, "Gunmen in vehicles resembling those used by Iraqi security forces kidnapped the president of one of Iraq's state-owned oil companies in Baghdad on Sunday afternoon ... The abduction, the second of a high-profile Iraqi official in two days, underscored the danger that high-level Iraqi officials face and the power of criminal groups who strike at them seemingly at will." The Times states, "Adil Mohamed al-Qazaz, the president of the Northern Oil Company, was abducted at about 3:30 p.m. local time after gunmen in two vehicles forced his car to stop and assaulted his bodyguards."

Army Develops New Field Manual For Counterinsurgency Operations. U.S. News and World Report (7/24, 2.03M) reports that the US Army "has written a new field manual for counterinsurgency operations. … The 241-page manual provides a hefty dose of both theory and practical guidance to augment what has been a slim educational basis for counterinsurgency." US News adds, "The key chapter of the manual is the fourth one, 'Designing Counterinsurgency Operations.' It emphasizes the need to correctly diagnose a conflict's nature and to continually assess the effectiveness of the approach taken."

Aides Say Iraq War Has Made Bush Unpopular In Europe. U.S. News and World Report (7/24, Walsh, 2.03M) reports that on his trip to the G-8 summit in Russia, President Bush "was trying to be more conciliatory and, well, diplomatic, than in the past. For instance, he declined to address Putin's potshot" at Vice President Dick Cheney "head on but went on to discreetly issue his own milder form of criticism of Putin's autocratic ways. In walking the tightrope between conciliation and criticism, Bush was adopting a more realistic and multilateral view of America's role in the world than he did in his first term." US News adds, "White House aides acknowledge that the war in Iraq has made America's commander in chief extremely unpopular in Europe, and that Bush realizes that he is dealing with too many crises to go it alone -- even though he is sometimes impatient with the slow pace of diplomacy. As a result, Bush is trying to play an inside game with his foreign counterparts, one leader at a time, in order to solicit support for his international agenda."

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Iraqi Debt Is "No Longer A Writeoff." The Financial Times (7/17, Chung, Fidler) reports on "one of the few successful projects undertaken in post-Saddam Iraq," i.e., "Pressed by the US, it has quietly negotiated a restructuring of a large part of its foreign debt. Today the country is scheduled to make its first interest payment to private creditors – of $87m – in more than 15 years. In doing so, it may shake off one small part of Mr Hussein's dire legacy." The FT details the complex negotiations undertaken by the Iraqis and their numerous international creditors, under US oversight.

US Will Not Cease Anti-Taliban Offensive. The AP (7/16, Garwood) reports, "There is no end in sight for a massive anti-Taliban offensive in southern Afghanistan, which must continue until local authorities gain control of the insurgent-dominated region, the U.S.-led coalition said Sunday." While American, UK, and Canadian forces have "inflicted large numbers of casualties," "Afghan President Hamid Karzai has criticized the coalition for killing too many civilians."

Prospects For NATO And US Strategy In Afghanistan Are Seen As Grim. In an analysis for UPI (7/17), senior analyst Martin Sieff claims that NATO has its "greatest crisis in a quarter century" on its hands after taking over "primary responsibility for peacekeeping" in Afghanistan. NATO forces "lack the numbers, the air power and the logistical support to even defend themselves adequately." UPI faults US and NATO strategy for two mistaken assumptions: "The first was that the war was over and that the Taliban and their allies could never seriously revive there. ... The second false assumption of U.S. policymakers was even more serious. It was that NATO ... could project any real military power outside the borders of its constituent nations."

CORPORATE SCANDALS:

Indictments By California Options Task Force Expected. The California Recorder (7/17, Scheck) reports, "In a news conference last week, San Francisco U.S. Attorney Kevin Ryan sounded unsure whether his new stock options task force would end up indicting any Silicon Valley executives. … 'We're not saying this will necessarily lead to criminal prosecutions,' Ryan told the San Francisco Daily Journal. … But defense lawyers involved in the investigations of options backdating, being conducted by federal prosecutors and securities regulators in New York and San Francisco, say Ryan was playing coy: At least one former Silicon Valley executive will likely be indicted imminently, possibly with more to follow." The Recorder continues, "Indeed, on Thursday -- the day of Ryan's news conference -- the lawyer for Gregory Reyes, the ex-CEO of Brocade Communications Inc., was in the San Francisco Federal Building trying to convince Ryan's deputies not to indict his client. … 'I really can't talk about it,' said Richard Marmaro, the L.A.-based Skadden, Arps, Slate, Meagher & Flom partner representing Reyes, when asked about the meeting Friday." The Recorder notes, "Marmaro and other defense lawyers also said they couldn't discuss a civil suit against Brocade board members -- including top Silicon Valley corporate lawyer Larry Sonsini -- that has recently come to a tentative settlement. … Reyes is widely expected to be the first executive indicted in the backdating mess, which has become a rat's nest of investigations stemming from a series of Wall Street Journal stories showing that companies backdated option grants in order to maximize payouts for executives."

Study Finds Widespread Options Backdating. The New York Times (7/17, Saul) reports, "More than 2,000 companies appear to have used backdated stock options to sweeten their top executives' pay packages, according to a new study that suggests the practice is far more widespread than previously disclosed." The Times continues, "The new statistical analysis, which comes amid a broadening federal inquiry of the practice of timing options to the stock market, estimates that 29.2 percent of companies have used backdated options and 13.6 percent of options granted to top executives from 1996 to 2005 were backdated or otherwise manipulated." The Times adds, "So far, more than 60 companies have disclosed that they are the targets of government investigations, are the subject of investor lawsuits or have conducted internal audits involving the practice, in which options are backdated to days when the company's shares trade at low prices. They include Apple Computer, CNet and Juniper Networks. … Last week, the United States attorney in San Francisco announced a task force to investigate the backdating of options, which appears to have been particularly popular in Silicon Valley during the 1990's dot-com boom. The study found that the abuse was more prevalent in high-technology firms, where an estimated 32 percent of unscheduled grants were backdated; at other firms, an estimated 20 percent were backdated."

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Top Executives Abandoning Troubled Fannie Mae. The Washington Post (7/17, Shin, 748K) reports that top "executives at Fannie Mae are heading for the exits two years into a $10.6 billion accounting scandal. … Last week, the company announced that its chief information officer, Julie St. John, would step down at the end of the year. Deputy general counsel Renie Y. Grohl, a 12-year veteran of Fannie Mae, is leaving in September. Barry Zigas, who was senior vice president for corporate and regulatory housing goals and joined Fannie Mae in 1993, left last month." Since "2004, 44 of the top 55 executive positions at Fannie Mae have changed hands and are now occupied either by people from outside the company or by a handful of insiders who have switched jobs, spokesman Brian Faith said." Around "29 senior executives, including 15 who have left Fannie Mae, are under scrutiny for their possible roles in the accounting manipulation. Some may be forced to return bonus payments based on the faulty bookkeeping, under an agreement Fannie Mae signed with federal regulators in May."

SEC Chairman Cox Urged To Seek Reforms. In a Wall Street Journal op-ed (7/17), Eugene Scalia and John Olson, Washington attorneys who represented the US Chamber of Commerce in the mutual fund governance cases, say, "With the recent invalidation of the hedge fund registration rule, the Securities and Exchange Commission suffered its third high-profile setback in a year." Taken together, "these judicial decisions mark a sharp repudiation of the divisive regulatory program pursued by" outgoing Chairman William Donaldson. They also "constitute an important opportunity for his successor, Chris Cox, to inaugurate reforms." Some "specific areas for consideration" include "more attention to statutory limits on SEC authority," "thorough economic analysis," "enhanced independent internal review," and improved public comments.

CRIMINAL LAW:

Novak Says Fitzgerald Aware Of Sources In Plame CIA Leak. On NBC's Meet the Press (7/16, Russert), Chicago Sun-Times columnist Robert Novak discussed his 2003 column that identified former Ambassador Joseph Wilson's wife, Valerie Plame, was a CIA operative. Asked if he testified about the identity of his sources during his interviews with the FBI, special counsel Patrick Fitzgerald, and the grand jury, Novak said, "Yes, because they already knew. On my first interview, my first interview with the FBI, I had refused to give up the names of my sources. The second interview with Mr. Fitzgerald, I was in a dilemma because he had, as you know, waivers that I could give up the identity from just about everybody in the government. That didn't cut any ice with me, I didn't think I could give it up. And then I was told that he had only the waivers from the sources that I had talked to. Only two waivers. When he actually arrived, he had the third waiver from the CIA spokesman. In other words, Tim, he knew who my sources were, and so it wasn't a matter of me giving them up." Asked why he did not fight subpoenas issued to him in the case, Novak said, "Because my lawyer said I did not have a clear constitutional chance of surviving." Novak added Fitzgerald "knew the identity" of his sources "almost from the very beginning of the, of the case. In other words, he has known for two and a half, for three—for two and a half years who my sources were and decided that no law was broken. And he did not bring any kind of indictment against my primary source, whose identity has still not been publicly made known." Asked if his primary source was former Assistant Secretary of State Richard Armitage, Novak said, "I'm not going to speculate on who the source was."

Plame Lawsuit Faces Hurdles. On Fox News Sunday (7/16, Wallace), Mara Liasson of NPR said the lawsuit filed by former CIA operative Valerie Plame and her husband, former Ambassador Joseph Wilson, against the Administration "has to prove its potency legally. In other words, you have to get a through a motion to dismiss. You'd have to get to the discovery stage for it to be a real effective political tactic, because then, if this lawsuit proceeded to that point, you could depose maybe even the Vice President and all these other White House officials."

On Fox News Sunday (7/16, Wallace), Fred Barnes of the Weekly Standard said, "I think for them to get this case past a motion to dismiss, they're going to need an activist Bush-hating judge to do it. I think any other judge would throw it out. Look, we also have to remember that the Wilsons are not some innocent people who were hit by some political drive-by shooting. … Joe Wilson has told many, many stories that were untrue from the beginning, and they're still being unraveled."

On Fox News Sunday (7/16, Wallace), Bill Kristol of the Weekly Standard said, "The civil suit is a joke. It's not going anywhere. Libby will be acquitted, I believe, early next year.

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And then I hope he rejoins the US government. He should. It's been a disgrace the way he's just thrown overboard."

First Guilty Plea Taken In Missouri Truck License Probe. The Saint Louis Post-Dispatch (7/17, Shinkle) reports, "A federal investigation of alleged bribery by people seeking truck driver licenses in Missouri has led to its first conviction, as" Samir Hasanovic, a truck driver, "pleaded guilty in St. Louis of lying to federal agents." While "he had paid a man in the Kansas City area for documents showing he had passed the necessary tests for a commercial drivers license," when an FBI agent questioned "he falsely stated that he had taken the tests required."

Malone Asks For Change Of Venue. The AP (7/17) reports, "Attorneys for former Clark County commissioner Lance Malone have asked a federal judge to move his political corruption trial to another court in Nevada, saying he would not be able to have a fair trial in Las Vegas," as "potential jurors in southern Nevada would be tainted by '4,000 pages of broadcast summaries and newspaper articles' about the case." Malone is accused of "bribing former Commissioners Dario Herrera and Mary Kincaid-Chauncey on behalf of strip club owner Michael Galardi," and "was convicted in San Diego on similar corruption charges last year."

Pennsylvania Councilman Says He Was Busted By FBI. The Philadelphia Inquirer (7/17, Ott, Graham, 399K) reports, "Former Camden City Councilman Ali Sloan El said yesterday that he took a $10,000 cash bribe from a minority contractor during an FBI sting in Atlantic City in 2003," adding, "I'm not going to waste the government's money with a trial." Sloan El "said he is prepared to be charged, although his attorney said Sloan El 'is not in imminent danger of being indicted.'" However, "a spokesman for the U.S. Attorney's Office said he could neither confirm nor deny the existence of any investigation. The FBI did not return a phone call for comment."

Prosecutors Will Wait Before Deciding To Seek Death Penalty For Mack. The AP (7/17) reports, "Clark County prosecutors are meeting with detectives and preparing for a preliminary hearing on Aug. 8 for Darren Mack, who is accused of killing his estranged wife and then shooting the judge who was handling their divorce." Clark County District Attorney David Roger said "they would wait until after the preliminary hearing to decide by committee whether Mack will face the death penalty." Meanwhile, Mack lawyer Scott Freeman "said he…plans to file a motion soon that would remove all Washoe District judges from the case." The Reno Gazette Journal (7/16, Bellisle) also covered this story.

Szilvagyi Pleads Guilty To Medicare Fraud. The Detroit News (7/15, Egan) reported that Elena Szilvagyi, former owner and president of Prime Care Services, one of Michigan's largest home health care companies, "pleaded guilty Thursday to forming two spin-off companies in a fraudulent scheme to avoid paying a $7 million debt to Medicare" as well as "to conspiring to obstruct a criminal health care fraud investigation." The counts carry each "a maximum sentence of five years in prison, but federal officials have said they will not be opposed to any new sentence being served concurrently to" his current "48-month federal prison sentence for health care fraud."

"Vishing" Is Latest Form Of Online Scam. The Wall Street Journal (7/17, Lavallee, 2.03M) reports, "For some time, banks and credit-card companies have been warning computer users about so-called phishing emails that link to counterfeit Web sites where customers are asked to enter their account numbers and other personal information. Now, savvy con artists are adding a new twist dubbed 'vishing,'" or voice phishing where the email directs people to a phone number and an automated voice prompt gathers their personal information. "Such schemes are made possible by Internet-telephone services, which allow computer users to quickly establish phone numbers, often without undergoing some of the verification checks used by traditional telephone companies." The Federal Bureau of Investigation traced one such scam on customers of Santa Barbara Bank & Trust "to computers inside and outside the U.S., but so far hasn't made any arrests."

Social Network Site Users Often Vulnerable To Identity Thieves. The Washington Post (7/16, F1, Hart, 748K) reports, "Internet thieves are banking that the millions of users who log on to social networking sites" will be trusting, "leaving them vulnerable to financial fraud and identity theft." These sites' "combination of young users and a culture that encourages sharing personal details presents opportunities for increasingly sophisticated methods to lure information," which can be used to better target scams or "craft phony messages that appear to come from friends to trick people

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into revealing more personal data." Just last month the FBI "warned MySpace users of a phony bulletin post urging people to click on a link to 'check out old school pictures.'"

CIVIL LAW:

Relationships Between Hospital Heads, Firms Under Increased Scrutiny. The New York Times (7/17, Bogdanich) reports, "One recent sun-splashed afternoon, executives who run some of America's leading nonprofit hospitals met at a stately Colorado resort for an unusual mission: to advise companies confidentially on how best to sell their drugs, medical devices and financial services to hospitals. … The hospital executives were rewarded with more than a chance to indulge in a 'harmonic' hot stone massage or mountainside golf. .. They were also paid thousands of dollars for the advice they offered to dozens of companies, like Eli Lilly, Johnson & Johnson, Morgan Stanley and Citigroup. The hospital officials and their spouses received a free trip to the luxury resort, where they could join the Morgan Stanley Tennis Tournament or the GE Healthcare Barbecue. All of this came courtesy of the Healthcare Research and Development Institute, a for-profit company that is owned by about three dozen hospital executives, but underwritten by 40 or so of its handpicked corporate members, all suppliers to hospitals." The Times adds, "While the financial relationship between doctors and drug companies has come under intense scrutiny, much less is known about how hospital executives interact with companies that sell products as varied as syringes and financial services. In the case of the Healthcare Research and Development Institute, executives benefit from payments made by companies their hospitals do business with. … Founded five decades ago, the company, known as H.R.D.I., has maintained a low profile, despite an elite membership that one government official calls 'the health care titans of America.' Earlier this year, the institute declined to even say who belongs to it. But that is changing. … The Connecticut attorney general, Richard Blumenthal, is investigating whether the organization allows certain vendors to buy access to hospital leaders who are in a position to influence what supplies or services their institutions purchase. As a result, Mr. Blumenthal said, hospitals may not be getting the best deals, either in terms of cost or quality."

CIVIL RIGHTS:

FBI Investigating Las Vegas Police Shooting. The Los Angeles Times (7/17, Woutat, 918K) reports that the Las Vegas police "have fired at suspects in 19 incidents, killing nine people" this year. "If that rate continues, the total police-involved shootings for the year would far surpass those in each of the previous five years." Now, "the rash of shootings has triggered an FBI investigation into one case, prompted a local review of the inquest system that has repeatedly cleared officers of wrongdoing, and caused outcry from civil rights organizations." Chief legal counsel and spokesman for the FBI's Las Vegas office David Staretz "said that contrary to some news reports, the bureau was not investigating the increase in the number of shootings by Las Vegas police" but just "one case to see whether it constituted use of excessive force in violation of the victim's civil rights." Sheriff Bill Young "voiced concerns about two of the shootings and said he welcomed the FBI probe."

Little Turmoil Expected As Senate Panel Takes Up Voting Rights Act. Roll Call (7/17, Yachnin) reports, "With the Senate Judiciary Committee prepared to mark up the reauthorization of the Voting Rights Act this week, lawmakers anticipate little of the turmoil that marked House passage of the legislation. While Republican members of Georgia's House delegation, who led efforts to amend their chamber's version of the reauthorization, have reached out to their Senate colleagues, they acknowledged they have yet to receive any commitments that their proposals will be revived in the Senate."

Abortion Rights Advocates, Opponents Rally In Jackson, Mississippi. The USA Today (7/17, Walton, 2.27M) reports, "Hundreds of abortion-rights advocates and abortion opponents rallied in Jackson, Miss., on Sunday for the second day of a planned weeklong battle over attempts to shut down the state's last abortion clinic." Police "tightened security around the clinic, Jackson Women's Health Organization, and stationed officers throughout the city for the duration of the rallies that began Saturday." Operation Save America (OSA), "a national group that opposes abortion, targeted the Jackson clinic this year. The group said that a statewide 'victory' in Mississippi would send a message to activists everywhere that the battle to end abortion can be won." The Rev. Flip Benham, "director of

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OSA, formerly known as Operation Rescue," says "that 200 abortion-rights opponents from across the country were already in Jackson. The National Organization for Women says 300 activists showed up to counter OSA. Spokespeople for both sides said they expect their forces to grow this week."

Gay Couples Await Washington State Court Ruling On Gay Marriage. The Los Angeles Times (7/17, Verhovek, 918K) reports that in 2004, two Washington state judges "struck down the state's Defense of Marriage Act -- which defines marriage as between a man and a woman -- as unconstitutional. But those rulings were stayed pending the state Supreme Court's ruling on the matter, and 15 months later, the plaintiffs still anxiously await each Thursday, the day when the court traditionally issues its rulings. The court will effectively decide whether Washington should become the second state, after Massachusetts, to allow same-sex marriage."

ANTITRUST:

GM Considers Alliance With Renault, Nissan. The Wall Street Journal (7/17, A1, Boudette, Power, Shirouzu) reports, "For nearly two decades, General Motors Corp. has lurched from one turnaround plan to the next, rebounding from periods of financial crisis but falling short of achieving sustainable vigor. … Now, the world's largest auto maker by sales volume faces a historic decision: Should it give up a significant stake to two foreign rivals, in hopes the resulting alliance will lead to a restructuring of the global auto industry and a windfall for shareholders?" The Journal continues, "Late Friday, GM Chairman and Chief Executive Rick Wagoner and Carlos Ghosn, who leads both French auto maker Renault SA and Japan's Nissan Motor Co. agreed to a 90-day study of a three-way global alliance among the companies. The two executives met privately Friday evening in Detroit. … One key issue is how the review will be handled. Las Vegas investor Kirk Kerkorian, GM's largest individual shareholder and chief proponent of a possible deal, wants GM's board to conduct its own review of the pros and cons. Mr. Kerkorian, who holds a 9.9% stake in GM through his Tracinda Corp. and is represented on the board by Jerome B. York, is concerned Mr. Wagoner won't give the proposed alliance serious consideration. … GM's board is expected to hold a conference today." The Journal notes, "After spending much of the past week in front of microphones and cameras, Messrs. Wagoner and Ghosn took vows of silence after their Friday meeting. … However, their absence from the spotlight is unlikely to stem a frenzy of speculation about what form a GM-Renault-Nissan alliance might take, who would win or lose from such a deal, and whether any rivals might take steps to try to derail a potential competitive threat. Officials at Toyota Motor Corp., which could be eclipsed in size by a GM-Renault-Nissan combination, yesterday dismissed speculation that their company might make a pre-emptive play for GM."

Stevens Explanation Of Opposition To "Net Neutrality" Draws Derision. The New York Times (7/17, Belson, 1.21M) reports, "The word is spreading: The Internet is not a big truck. It's 'a series of tubes.'" Two weeks ago, Sen. Ted Stevens "shared this information at a Senate committee hearing to explain why he voted against an amendment aimed at ensuring that traffic on the Internet be delivered equally, an idea known as 'net neutrality.'" And while "it is true that the Internet is not a big truck, the senator might feel as if he has been run over by one. His comments have been posted on blogs, lampooned on 'The Daily Show' and have spawned musical spinoffs, including a folk version and a techno song with the senator's analogies mixed in." The senator's "gaffes — 'an Internet was sent by my staff at 10 o'clock in the morning on Friday; I just got it yesterday' — are not just oratorical blunders akin to Dan Quayle's spelling of 'potatoe.' As chairman of the Senate Committee on Commerce, Science and Transportation, he has significant sway over telecommunications policies. That may explain why his comments circulated so quickly through the Internet (or "tubes"), especially among those in favor of a net neutrality provision.'"

ENVIRONMENT/INDIAN AFFAIRS:

California Wildfires Continue To Spread. ABC's World News Tonight (7/16, story 7, :20, Harris) reported, "Back home, in southern California, tonight, more than 110 square miles have now burned, east of Los Angeles. Firefighters have contained some of it. But officials worry that shifting winds could push the flames towards the resort community of Big Bear."

NYTimes Says Congress Should Update Fisheries Management Legislation. An editorial

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in the New York Times (7/17, 1.21M) says it is urgent that Congress pass "a much-needed update of the Magnuson-Stevens Act, the 1976 law regulating fishery management in waters from 3 to 200 miles offshore. The Senate has one vision of reform, the House another. The Senate bill, mainly the handiwork of the act's original author, Senator Ted Stevens of Alaska, is much the better of the two. … For the good of the oceans, the Stevens bill should prevail. … Long a champion of fish conservation, the 82-year-old Mr. Stevens is almost surely in his last term. Getting a good bill would be a nice way to go out."

Lumbee Tribe's Battle For Recognition Raises Questions. Roll Call (7/17, Rasmussen) reports, "At a taut Senate hearing last week, the Lumbee Indians told a story that vibrated with emotional appeals to equity and justice — a story in which one of the largest Indian tribes in the country was denied federal recognition and benefits for more than 150 years. … The story seemed straightforward enough until opponents raised questions about whether the tribe was really just seeking to dodge an administrative process that would ask difficult questions about the tribe's historical authenticity." Roll Call continues, "In a conflict that pitted the Department of the Interior and the Cherokee Nation against the Lumbees and North Carolina's two Senators, witnesses at last week's hearing of the Senate Indian Affairs Committee sparred over the tribe's origins and the costs of federal recognition, wading into a complex historical dilemma so fraught with controversy that some academics refuse to talk about it. … Tribal representatives say federal recognition would mean almost $80 million a year for the approximately 55,000 Lumbees — money they say would help a cash-strapped tribe pay for medical insurance and schools. … In a clear contrast to the now-controversial, high-dollar relationships that some tribes forged with former lobbyist Jack Abramoff, the Lumbees are undertaking a comparatively modest lobbying campaign. … The as-yet unrecognized tribe has held potlucks and dinners to raise enough money to pay the $5,000-a-month retainer of lobbyist Paul Kavinoky. The tribe is even considering mortgaging Hayes Pond, a property where the tribe had a historic confrontation with the Ku Klux Klan. … While many other Indian-recognition cases involve tribes seeking to start profitable gambling operations, the Lumbees have denied any interest in setting up casinos, though official recognition would allow the tribe to petition the governor of North Carolina for the right to engage in gaming. … Critics say the tribe is seeking to do an end run around the Bureau of Indian Affairs' process of recognizing tribes and that Congressional action would risk granting federal status to a tribe whose historical origins are in dispute."

FBI/DEA/ATF/USMS:

Most Federal Judges Using Home Security Measures. The National Law Journal (7/17, Marek) reports, "Installing and monitoring security systems in the homes of U.S. judges nationwide will cost almost $5 million in its first year, with about two-thirds of the judges signing up for the equipment so far, according to the U.S. Marshals Service." The Journal continues, "Of the 1,600 judges who have said they want the systems, about 400 have been installed by the government's contractor, ADT Security Services, said John McNulty, a spokesman for the U.S. Marshals Service in Washington. There are about 2,200 federal judges." The Journal adds, "The Marshals Service requested the outlay last year after the murders in Chicago of Northern District of Illinois Judge Joan Lefkow's husband and mother. … Bart Ross, a litigant whose medical malpractice case was dismissed by Lefkow, broke into her Chicago home, hid in the basement and shot the family members. He later committed suicide. … The Marshals Service initially won U.S. funding last year for a $3.9 million contract with ADT of Boca Raton, Fla., and about $1 million to pay for third-party monitoring of the systems through September of this year." The Journal notes, "A U.S. House of Representatives bill that passed last month would provide funding for future monitoring, which can cost between $24 and $40 per month per home, said Marshals Chief Michael Prout, who leads the service in Chicago."

Attorney Denies Saying Indictment Of Bonds Is Expected, Says Government Lacks Evidence. According to the Arizona Star (7/16), "Barry Bonds' attorney said his legal team isn't expecting the San Francisco Giants left fielder to be indicted because if the government 'had the evidence they would have indicted him a long time ago.' Laura Enos, Bonds' attorney, said she is 'cautiously hopeful' that there won't be an indictment against Bonds, whose baseball career has been overshadowed by a three-year federal investigation into steroid use."

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The New York Daily News (7/16, Quinn) writes, "One of Bonds' attorneys, Laura Enos, told The Associated Press on Friday that Bonds' defense team was preparing for an indictment on Thursday, when the grand jury investigating him meets for what is believed will be the last time. The New York Daily News reported last week that major league baseball and other sources expect Bonds to be indicted, possibly on Thursday. But hours after Enos' statement was reported, Bonds' criminal attorney, Michael Rains, a colorful character throughout his public connection to Bonds, said through his secretary that Enos was wrong. … And Saturday, Enos denied that her comments indicated an indictment is expected."

Cardinals Employees To Be interviewed. The St. Louis Post-Dispatch (7/16) reports, "Major League Baseball's investigation into the use of performance-enhancing substances within the game reaches St. Louis this week, as lawyers from a committee headed by former Senate Majority Leader George Mitchell spend three days interviewing more than a dozen Cardinals executives and employees."

San Francisco Marijuana Dispensaries Face Tighter Regulations. In the Pittsburgh Post-Gazette (7/17) Gary Rotstein writes, "The 20 or more marijuana outlets operating in San Francisco are under tighter new city regulations that could make things less groovy for them. Neighbors of cannabis clubs have complained that some people with so-called medical needs purchase the marijuana just to resell it, and so the outlets draw an unsavory element, not to mention ill-groomed Cheech and Chong impersonators."

The AP (7/14) reports, "The federal government continues to outlaw marijuana. … San Francisco's clubs were largely unregulated before the new rules. Now the owners of dispensaries must submit to criminal and employment background checks, pay for a permit and business license, and are prohibited from operating near schools."

Federal Government's Handling Of Shortt Case Criticized. The State College (PA) Centre Daily (7/16, Brundrett) reports some experts "say the federal government's failure to charge any NFL players linked to Dr. James Shortt sends a message that professional athletes can get away with illegal steroid use. The former West Columbia physician is scheduled to be sentenced Monday in Columbia [South Carolina] for conspiracy to distribute the muscle-building drugs. … Prosecutors in court papers said at least eight National Football League players received steroids and human growth hormones from Shortt over a three-year period for "performance enhancement." Rusty Payne "couldn't cite any recent steroids charges against a big league player in any professional sport. He said his agency concentrates mainly on steroid manufacturers and major traffickers, noting, for example, the December arrest of the owner of three of the world's largest anabolic steroid manufacturers."

Fentanyl-Related Deaths Increase In Boston. The Boston Globe (7/16, Smalley) reports, "A deadly synthetic opiate estimated to be about 50 times more potent than heroin is increasingly showing up in Boston, according to statistics obtained by the Globe. Fentanyl, which is produced illegally in labs in Mexico and the United States, killed a dozen people in the state during the first five months of the year, according to the state medical examiner, Mark Flomenbaum. From 2000 to 2003, Flomenbaum said, typically one person per month died in the state because they overdosed on fentanyl, which specialists say stops a user's breathing quickly when taken in excess."

Doctor Seeks Removal Of Fentanyl From Market. The Wilkes-Barre, Pennsylvania Times Leader (7/15) reports drug overdoses "are suspected in six deaths in the county in the past week, at least two of which are thought to be fentanyl-related. And, a spate of three fentanyl-related overdose deaths in two months alarmed county Coroner Dr. John Consalvo enough in May to ask the U.S. Drug Enforcement Administration to remove the drug from the market. Until then, he expects the situation to worsen."

The Times Leader (7/15) also writes, "It's not hard to understand how something that reduces pain, induces euphoria and reinforces its own consumption could be addicting. And that's just the problem with opiates, a group of drugs that convert into morphine in the brain and attach to receptors controlling those three very basic sensations. … Fentanyl, an extremely high-efficacy opiate linked to more than 100 deaths in the country in the past several months, has been estimated at roughly 100 times more potent than morphine."

Increase In Meth Production Leads To Crackdown On Importation Of Ingredients. The Twin Falls (ID) Times-News (7/17) reports, "Although

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meth lab busts in Idaho have dropped 84 percent since 2001, meth production has increased in places like Mexico. About 75 percent of Idaho meth now comes from south of the border. … Cracking down on meth ingredients locally has been the key to reducing meth production in Idaho. Federal agents hope the same approach works internationally. The DEA says it is working to stop Mexican super labs from getting meth ingredients like iodine, hydriodic acid and hypophosphorous acid, much of which is produced by companies operating in India and China."

Tennessee Businessman Faces Drug, Money Laundering Charges. The Knoxville (TN) News Sentinel (7/16, Kenner) reports, "A prominent Market Square entrepreneur surrendered to federal authorities Sunday afternoon on conspiracy charges involving marijuana and money laundering after federal agents searched his home and businesses. Roughly two-dozen agents descended on Market Square early Sunday, serving search warrants on the apartment of Scott and Bernadette West and on at least three downtown businesses they either own or have ties to. The Wests were out of town at the time, but Scott West returned to Knoxville from Atlanta after learning of the warrants from associates Sunday."

Senate Committee Recommends Funding For Crime Task Forces. The Monterey (CA) Herald (7/16, Reynolds) reports Monterey County's Joint Gang Task Force "took a step toward continued existence Friday when a U.S. Senate committee recommended funding the program for another year. … After protests by police and sheriff's associations, community groups and local governments, representatives from both parties in the House and Senate put the programs back into the spending bill. The bill, which still must be approved by the entire Senate, also includes…$20 million for Drug Enforcement Administration assistance to state and local law enforcement for cleaning up hazardous waste at methamphetamine labs and $29 million for prosecutors in Southwest U.S. border areas."

Large-Scale Marijuana Operations Found On Oregon's National Forestlands. According to Medford, Oregon's Mail Tribune (7/16), "Drug trafficking organizations appear to be moving north from California following a crackdown on illegal marijuana gardens on public forestlands there. Officers are finding fewer smaller gardens and more large-scale operations on local national forestlands." The Mail Tribune notes the DEA's involvement in helping to "eradicate the marijuana patches."

IMMIGRATION:

ICE Aims To Put Illegal Immigrants On Notice. Newsweek (7/24, Briscoe, 3.12M) reports that the Department of Homeland Security's Immigration and Customs Enforcement Agency Fugitive Operations teams are "a growing force" in the US' battle against illegal immigration. At the start of 2006, "there were 18 of them. That number has now more than doubled, to 38. By the end of this year there will be 52 teams, totaling more than 300 federal agents. The official purpose of the program is to provide 'interior enforcement' of US immigration laws. But Robin Baker, head of the program's Detroit field office, voiced another, unofficial goal: to put undocumented immigrants on notice, and on edge." Newsweek adds that ICE "is almost comically outnumbered. There are an estimated 12 million undocumented residents in the country right now."

As Congress Holds Hearings, State Lawmakers Offer Immigration Bills. U.S. News and World Report (7/24, Marek, 2.03M) reports, "State legislators have introduced more than 500 immigration-related bills this year, according to the National Conference on State Legislatures. It's the natural reaction among Americans frustrated by what seems to be an endless debate in Washington. And with the Senate and House now in the midst of new hearings…the rush to pass laws at the state and local levels is only growing more intense."

Latino Immigration Changes Face Of Georgia Carpet Capital. The Washington Post (7/17, A1, Russakoff, 748K) reports in a front page story on "the mass migration of Latinos" to Dalton, in the "corner of northwest Georgia known as the carpet capital of the world," which "has changed the character of everything from factory floors to schools to superstores. On this night, Wal-Mart's ubiquitous TV monitors alternately promoted arroz and rice, aparatos and electronics." Many "working-class natives of this once lily-white area" blame "the changes on the carpet industry, which he insists lured the Mexicans -- and more recently, other Latinos -- to keep down wages and workers' leverage in this nonunion region." But with more "than three-quarters of America's carpets made in and around Dalton, a

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shrinking workforce and 10,000 jobs to fill in a decade, the region was in the grip of a labor vacuum. And immigration adores a vacuum. Today 40 percent of Dalton, 61 percent of its public school students and half of this region's carpet factory workers are Latino."

Virginia National Guard Volunteers Have Positive View Of Border Mission. The Washington Post (7/17, A6, Brulliard, 748K) reports that when the "call went out late last month for Virginia Guard volunteers to help the U.S. Border Patrol stem illegal immigration on the southwestern frontier," Staff Sgt. Michael Roush "and more than 300 others had signed up within days. Last week, the first 120-person contingent arrived at this base south of Richmond for basic training that included reading maps, treating wounds and using rifles as splints. They were to leave this weekend for a two-month stint." For Guard soldiers and airmen "accustomed to hurricanes and war zones, the border work is unusual -- part humanitarian, part homeland security and all swept up in a political firestorm over immigration. But the Virginia volunteers, some recently returned from Iraq, were firm that the operation is crucial to saving immigrants from death in the desert, keeping them out of the United States or some of both."

TAX:

Californians Moving To Nevada To Avoid Taxes. The Wall Street Journal (7/17, Anders) reports, "California software entrepreneur David Duffield arrived in this Lake Tahoe resort (of Incline Village, NV) a decade ago with big plans. He spent $50 million on a lakeshore estate and started a Nevada property-development business. What's more, by taking a big chunk of his wealth to Nevada, Mr. Duffield expected to save millions on taxes. … Then California accused him of shuffling assets to evade taxes, sticking him with a $19 million tax bill -- one of the state's largest ever. The 65-year-old billionaire founder of PeopleSoft Inc. denies the charge and vows further appeals." The Journal continues, "Scores of wealthy Californians 'go Nevadan' each year, relocating to a neighboring state famous for its low taxes. Among the transplants are Pierre Omidyar, founder of eBay Inc., and Andreas Bechtolsheim, a co-founder of Sun Microsystems Corp. But as Mr. Duffield's experience shows, what looks appealing on paper can prove far messier in real life. … Nevada transplants account for more than 20% of all tax disputes made public earlier this year by California tax authorities. Complex cases can take a decade or longer to sort out."

CONGRESS-ADMINISTRATION:

Senate Likely To Pass Stem Cell Bill, Bush Veto Expected. The Wall Street Journal (7/17, Lueck, 2.03M) reports the Senate "turns Monday to the sensitive issue of stem-cell research, with political concerns driving the topic and the timing." The expansion of "federal aid to researchers who use stem cells derived from embryos, a popular idea but one opposed by some antiabortion lawmakers, gives Democrats the chance to make political hay before the November elections. It also gives Senate Majority Leader Bill Frist, who supports expanded funding, an opportunity to raise his standing with moderates and the medical and scientific communities as he considers a 2008 White House run." But Frist is "eager to dispatch the matter before the midterm elections, to minimize damage to Sen. Jim Talent of Missouri and other antiabortion Republicans in tight races." The "most contentious measure" of three expected to pass "would relax funding restrictions President Bush put on embryonic stem-cell research in 2001. The bill, sponsored by Sen. Arlen Specter, Republican of Pennsylvania, matches the measure the House passed last year."

The CBS Evening News (7/16, story 8, 2:30, Mitchell, 7.66M) reported, "In a strange twist some Republicans in Congress are opposing the President." Politics makes "strange bedfellows but it is not often the conservative Republicans like Gordon Smith line up with Democrats against the President." Sen. Gordon Smith was shown saying, "You see the most dehumanizing, lengthy, painful kinds of deaths [from Parkinson's] that it does lead you to really question the wisdom of halting research." CBS added, "Some including President Bush believe destroying a human embryo to get stem cells is immoral. … Others worry that embryos or even fetuses will be created and sacrificed for the sole purpose of getting stem cells. That is why Senator Bill Frist, a doctor, threw some fellow conservatives for a loop when he also came out in support of stem cell research. For him it is an ethical way to use embryos slated for destruction anyway."

The Christian Science Monitor (7/17, Chaddock, 58K) reports the stem cell bill "is poised to produce the first veto of George W. Bush's presidency. So it is no surprise that the

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stem-cell debate opening in the Senate Monday has been choreographed as carefully as a classical ballet - all but the ending." Republican and Democratic leaders "have agreed to allow three bills related to stem-cell research to come to the floor of the Senate: 12 hours of debate, no amendments, and votes to start at precisely 3:45 p.m. on Tuesday. In a sign of how high the stakes have become, once the Senate has voted, no other bill or amendment relating to the issue will be allowed for the rest of the 109th Congress." One bill, "which has already passed the House in May 2005, eases the presidential limit on the number of embryonic stem-cell lines that can be used in federally funded research. Another promotes research using other forms of stem cells that do not require destroying human embryos. And a third aims to preempt research on embryos from 'fetal farms,' where human embryos are created for research." All three "are expected to pass and land on the president's desk this week. Mr. Bush is expected to sign the second two bills into law. But the first one is all but certain to draw his first veto. Then, with nearly 3 in 4 Americans in support of the vetoed bill, the question is: Will the GOP-controlled House and Senate muster the will and the votes to override the veto?"

The AP (7/17, Kellman) reports neither "the House nor Senate has demonstrated enough support for the bill to override a veto, though the House probably will try, just to give Bush a definitive victory in the showdown." Supporters of the research "hold out faint hope that Bush, presented with new data and pressured by election-year politics, might reverse course and sign the bill." Polls show that "70 percent of the public supports the bill, which would expand federal aid for embryonic stem cell research. The process is believed by many scientists to hold the most promise for curing diseases such as juvenile diabetes, Alzheimer's and Parkinson's that strike millions of people."

The Los Angeles Times (7/17, Hook, 918K) reports the issue "is forcing Republicans to make a dicey choice between two potent political constituencies: social conservatives who believe the research is immoral, and advocates for patients with debilitating diseases, who have won the support of prominent Republicans as well as Democrats." Across the country, House Democrats "are trying to use the issue against Republicans in suburban districts, where they believe voters tend to support the research." The divisions "among Republicans will be in the national spotlight this week when the Senate debates legislation that would loosen restrictions on federal funding for embryonic stem cell research." Some Republicans, "especially moderates, fear a veto would reinforce Democrats' argument that the GOP is beholden to the religious right and is obstructing scientific progress."

On CNN's Late Edition (7/16, Blitzer), host Wolf Blitzer asked Sen. Trent Lott how he planned to vote on the Senate embryonic stem-cell research bill. Lott said, "I want to emphasize that it is narrow. It's specific in what it would do. It passed the House of Representatives overwhelmingly. I will vote for it, and I believe it will pass the Senate." Lott allowed that President Bush may veto the bill, "and it more than likely would be sustained by the House. But there is a real feel that there's a need to do something here. I believe something could be worked out. Something could have already been worked out. Now, I think the Congress has to go ahead and act, and then we'll take it from there."

After Blasting Frist Reid, Durbin Praise Decision To Take Up Stem Cell Bills. The Washington Post (7/17, A13, Kamen, 748K) reports in its "In the Loop" column that Senate Minority Leader Harry Reid and Sen. Richard Durbin last week berated Senate Majority Leader Bill Frist "for wasting days of the Senate's time on 'political' issues such as estate tax repeal, flag burning and same-sex marriage, rather than working on college tuition, gas prices and especially stem cell research. … The tag team blasted 'do-nothing' Republicans for 24 minutes on the Senate floor. Then an aide handed Reid an e-mail that Frist's office had sent 25 minutes before the Democratic assault. 'The Senate will take up the three stem cell bills on Monday, July 17,' Reid read aloud." Reid and Durbin both praised Frist's decision. The Post notes, "As Emily Litella would say: 'Never mind.'"

Nancy Reagan's Opposition To Bush's Stem Cell Policy Noted. NBC Nightly News (7/16, story 8, 2:30, Holt, 9.87M) reported, "At issue -- whether to loosen restrictions that President Bush has set for federally funded research. It's a debate revealing deep divisions within the Republican party and could lead to a political first in the administration -- a presidential veto." NBC went on to report that Bush "put in the restriction because scientists harvest stem cells from five-day old microscopic embryos and many object to that but advocates for those with diseases including Michael J. Fox And Nancy Reagan want the restrictions lifted." Nancy Reagan was shown saying, "We've lost so much time already and I just really can't bare to lose any more."

Official Says Stem Cell Research Issue Could Be A "Stinker" For GOP. Time (7/24, Gibbs, Park, Allen,

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Calabresi, 4.03M) reports that President Bush's "willingness to exercise his first-ever veto this week on a bill that would expand federal funding for human embryonic-stem-cell research, which 2 out of 3 voters favor, is not just a way to stroke his political base. 'People like leadership much better than a finger in the wind,' says White House press secretary Tony Snow." But "most Republicans are not George Bush--among other things, they still need to get re-elected -- which is why, as a Northeastern GOP official said, the issue of stem-cell research could be 'a stinker' for the party." Democrats "seem happy with the looming veto as a consolation prize; some were already running ads. 'It's going to be a symbol of standing in the way of progress,' says DCCC Chairman Rahm Emanuel.

GOP Watching Impact Of Stem Cell Debate On Talent's Race. Newsweek (7/24, 3.12M) reports in its "Periscope" column that as the Senate takes up a proposal to expand stem cell research this week, one conservative opponent does not "want the spotlight: Jim Talent, the Missouri Republican whose opposition to embryonic stem-cell research could cost him his Senate seat. Talent's Democratic challenger, State Auditor Claire McCaskill, takes every opportunity to talk up stem cells on the stump," and has "traveled the state highlighting Talent's opposition. She's also positioned herself as a national spokesperson, promoting the proposed Senate bill in a nationwide radio address. The national Democratic Party has picked Missouri as a test run for a new strategy that uses stem cells as a wedge issue to divide the social right." Newsweek adds, "Talent's troubles have national implications for Republicans, who have failed to present a unified stem-cell front."

Proponents Of 9th Circuit Split Note Case Overload. The California Recorder (7/17, Scheck) reports on last week's 9th Circuit Judicial Conference, where "a gloomy existential angst clouded every seminar, awards ceremony and discussion about the history and future of the circuit. … The issue, of course, is the increasingly loud effort in Congress to split up the nation's largest appeals court. While it remains unpopular with the majority of 9th Circuit judges, the split proposal has gained traction in the Senate Judiciary Committee, whose Republican chairman, Arlen Specter, recently came out in favor of the split." The Recorder continues, "Add an anti-split lobbyist -- and a series of high-profile judiciary issues that could make dividing the 9th into a bargaining chip -- and the issue is getting more attention on Capitol Hill than it has in years. … 'I think we are further along in this process than we have ever been before,' said 9th Circuit Judge Richard Tallman, one of three active judges, along with Diarmuid O'Scannlain and Andrew Kleinfeld, who support the split. … They signed onto a letter to Specter with about two dozen other federal judges earlier this month supporting the split. Unlike early efforts to break up the court -- rooted in cutting down a left-leaning judiciary -- the current attempts, say proponents like Tallman, aim to reduce the backlog of cases the 9th Circuit has accumulated as it has grown in size." The Recorder notes, "Split attempts led by House Judiciary Committee Chairman F. James Sensenbrenner died in the Senate. The problem for split proponents has been that, aside from Sensenbrenner, few outside the 9th have been willing to spend political capital fighting for the issue. … But concern over Specter's newfound interest has spurred a group of Southern California lawyers to work with two D.C. lobbyists to sway senators against the split. The first lobbyist, Manus Cooney, did his work pro bono. … Then earlier this year, the attorneys -- a group largely made up of conservatives worried that splitting the court in two will leave California isolated in a super-liberal circuit -- began paying a lobbyist with solid Republican credentials."

Top Presidential Aides Got $4,200 Raises Last Year. Newsweek (7/24, 3.12M) reports in its "Periscope" column, "President George W. Bush's top aides got $4,200 raises last year, according to a list of staff salaries just released by the White House. Seventeen senior aides, including chief of staff Josh Bolten, political guru Karl Rove, spokesman Tony Snow and counsel Harriet Miers, now command $165,200 a year. Bush himself makes $400,000. The bottom of the pay scale: $30,000 a year for aides who catalog gifts and handle mail." Newsweek adds, "Working for Bush has its perks. Newly filed records with the Office of Government Ethics show that in 2005, the Kennedy Center comped four tickets worth $8,000 to Bolten, including admission to the Kennedy Center Honors, while Rove received a $500 ticket to a spring gala. That wasn't Rove's only gift. Katherine Armstrong, owner of the Texas ranch where Dick Cheney accidentally shot a man in February, chipped in with Bush adviser Mark McKinnon and nine others to buy Rove a $2,073 gun—a Beretta 687 Silver Pigeon II 20-gauge hunting shotgun—while Nancy Reagan gave him a

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$411 collectible box with silver coins and the late president Ronald Reagan's signature."

Nicholson Stresses Need To Transform Culture At VA. In an appearance on C-SPAN's Newsmakers (7/17, 10:00 a.m.), VA Secretary James Nicholson discussed the recent VA data theft, VA's medical records system, and benefits for returning Iraq veterans. Nicholson also noted Business Week's recent praise of the VA medical system as well as VA's "wonderful job" in "providing medical benefits, health care, insurance, pension checks, and burials." In the interview Los Angeles Times reporter Johanna Neuman described the recent VA Inspector General's report as "scathing" and compared it to reports about FEMA's actions in the wake of Hurricane Katrina. In response, Nicholson emphasized the need for "cultural transformation over control of information" at VA. While Nicholson said that while VA's decentralized, there have been "some advantages" to it, particularly "in the way they've perfected the delivery of medical services." However, Nicholson says, "We did have this terrible breach of data that revealed that we need to centralize control of personal information. … What it boils down to is the kind of people that work for you. Their dependability. Their sense of responsibility, their accountability. Their character, really."

Administration To Change Medicare Hospital Payments. The New York Times (7/17, A1, Pear, 1.21M) reports the Bush Administration "says it plans sweeping changes in Medicare payments to hospitals that could cut payments by 20 percent to 30 percent for many complex treatments and new technologies." The changes "are meant to improve the accuracy of payment rates. But doctors, hospitals and patient groups say the effects could be devastating." Federal officials "said that biases and distortions in the current system had created financial incentives for hospitals to treat certain patients, on whom they could make money, and to avoid others, who were less profitable." Medicare pays "more than $125 billion a year to nearly 5,000 hospitals. The new plan is not expected to save money, but will shift around billions of dollars, creating clear winners and losers."

Waxman's Role As Gadfly Examined. The Los Angeles Times (7/17, Fiore, 918K) reports that while "many of his Democratic colleagues have spent the last decade in a defensive crouch, outmaneuvered by their GOP rivals," Democratic Rep. Henry A. Waxman "has found another way to have an impact — going outside normal legislative channels to exert influence on issues he cares about. In the process, he has also made himself into what many Republicans consider the biggest pest east of the Mississippi." The "key to Waxman's unlikely success is this: He has assumed a big chunk of the watchdog role usually filled by the entire Congress, probing deep into government programs and problems to oversee a president and GOP he believes have run amok." As ranking Democrat "on the Government Reform Committee — the chief oversight body of the House — Waxman has leveraged every scrap of his party's resources. He has poked and prodded the Bush administration on Iraq's elusive weapons of mass destruction, on faulty prewar intelligence and on Halliburton's questionable contracts." But the "most effective weapon in Waxman's arsenal is a staff of high-powered lawyers, investigators and technical experts who churn out a steady stream of penetrating and fact-laden reports. Many find their way into headlines."

Capuano Seeks Expansive Review Of Democratic Caucus Rules. Roll Call (7/17, Kornacki) reports, "Two meetings into the most comprehensive review of Caucus rules in years, if not decades, the Democratic Committee on Organization, Study and Review has almost nothing formal to show for its work. That's pretty much by design, according to the panel's chairman." Rep. Michael Capuano said, "I'm doing everything I can to keep a limited structure. The whole purpose is to keep it an open discussion." Roll Call adds Capuano was "chosen to lead the OSR earlier this year by Caucus Chairman James Clyburn (S.C.), replacing Maryland Rep. Benjamin Cardin, who is surrendering his House seat for a Senate bid." After Capuano "took over, Democratic leaders doubled the panel's size, from 20 to 40 members, in anticipation of the rules review." The chairman "described Thursday's 90-minute meeting, which was attended by about half of the committee's members along with a dozen or so staffers, as a success that produced both an agreement on how to tackle the broad review and an understanding among panel members of the role they each are expected to play." There had been "chatter that Thursday's meeting would be more eventful, even explosive. Clyburn, on the eve of the session, publicly suggested that the OSR should enact rules that would undercut the informal seniority system that

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Democrats have long relied on in assigning ranking members or chairmen to committees."

Shuttle Discovery Cleared For Monday Morning Return. NBC Nightly News (7/16, 9, 2:40, Holt, 9.87M) reported, "Finally tonight, the space shuttle Discovery has been cleared for its return to earth. NASA says Discovery's protective tiles show no damage and a leaking power unit is now working normally. Still as Tom Costello reports, the flight home is risky business." Costello said, "With Discovery's crew winding up what appears to be a flawless mission, the commander today was already looking ahead to the next mission and warning that despite the successes, space flight is anything but routine."

The New York Times (7/17, Leary, 1.21M) reports, "The space shuttle Discovery is coming home, buoyed by positive tests and inspections indicating that it is in good shape for a landing in Florida on Monday, after a 13-day mission to the International Space Station. 'The vehicle has been totally cleared for entry,' the lead flight director, Steven Stich, said Sunday. The Discovery crew got word about coming home when Stephen N. Frick, a NASA astronaut, radioed from mission control at the Johnson Space Center here that inspections of the shuttle wings' leading edges and nose cone, which endure the highest heat of re-entry, showed they were free of damage. Discovery has two opportunities to land at the Kennedy Space Center in Florida on Monday, at 9:14 a.m. Eastern time or at 10:50 a.m."

The Washington Post (7/17, A03, Gugliotta, 748K) adds, "Mission planners said, however, that the possibility of rain showers within 30 miles of the landing strip could force a wave-off. The reentry flight director, Steve Stich, said that in that case Discovery would try once more on the next orbit. But if bad weather persists, Stich said, Discovery will stand down and try twice more Tuesday morning. Only after two more wave-offs would he order a landing at the backup site at Edwards Air Force Base in California, he said." The Post reports that "Frick also said engineers had decided there was no threat to reentry from a puzzling leak in a fuel tank supplying one of the 'auxiliary power unit,' or APU, turbines for Discovery's hydraulic system."

Astronaut Speaks On World Peace. ABC's World News Tonight (7/16, story 11, :30, Harris) reports, "And finally, tonight, a word from a man with a very different perspective on this crisis. Today, ABC's John Berman spoke with the crew aboard the space shuttle Discovery. Astronaut Piers Sellers gave his view from 200 miles up in space." Astronaut Piers Sellers: "We just flew over the Middle East, and from here it looks peaceful and quiet, just like the rest of the planet. I think all of are mindful, when we're flying around, that's one wonderful earth, that's all we have. This is humanity's home. And hopefully, one day, we'll get along."

Entrepreneur Blazing New Frontiers In Space. The Christian Science Monitor (7/17, Spotts, 58K) reports, "Some 120 miles higher than the International Space Station orbits, an alternate vision for spaceflight has arrived. The new kid on the cosmic block is Genesis 1, a diminutive prototype for what could be a new generation of inflatable, commercial space stations, orbital hotels, or even living quarters and labs for the moon or Mars. The module, which has the silhouette of a 14-feet-long, 8-feet-wide blunt sausage, lofted on a Russian rocket last week. The Genesis may be small, but it should not be underestimated. Its successful launch and deployment add an important dimension to efforts to open the final frontier to Everyman, analysts say." The Monitor explains that Robert Bigelow, "a motel magnate," is trying to trying to develop a privately-owned and funded destination for space travelers. And, as NASA considers its habitation options on the moon and Mars, "some engineers foresee the possibility of incorporating Bigelow-style inflatables into a lunar base."

Taxpayer Advocates Seek To Highlight Abuse Of Earmarks. Roll Call (7/17, Newmyer) reports a year "after the first details of" former Rep. Randy Cunningham's "misdeeds surfaced and seven months since the Parade cover" featuring the "Bridge to Nowhere," Keith Ashdown of Taxpayers for Common Sense "and his colleague Steve Ellis have emerged as perhaps the most important voices outside of Congress calling for reform of the spending system." Instead of "issuing research papers that fall like a tree in an empty forest — or an endless stream of press releases stocked with ready-made quotes — the pair has found a different way to drive reform efforts forward. They are working as free-agent researchers for reporters, helping notoriously scatter-brained scribes sift through pages of legislative language to find the earmarks that are beginning to tell the story of the system they say is out of control." Ellis is "the group's face on Capitol Hill, handling legislative outreach and testimony. Ashdown, for his part, does most of the digging — 'the dirt,' as Ellis puts it — often taking his work home and toiling late into the night decoding bills that sometimes run hundreds of pages long. (Jill Lancelot, co-

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founder and president of the group, is planning to step aside soon when she moves to Colorado. She said she will remain a senior adviser.)"

CPSC Chairman Leaves For Detroit Law Firm. The Washington Post (7/17, A13, Liebert, 748K) reports Hal Stratton, "whose four years as chairman of the Consumer Product Safety Commission brought criticism from consumer groups that he was too close to industry, left the agency over the weekend and today joins a Detroit-based law firm." Stratton is "becoming a partner in the D.C. office of Dykema Gossett PLLC, where his work will include advising companies about the product safety issues on which he had been chief regulator."

Reagan "Myths" Used To Belittle Bush Presidency. In a Wall Street Journal op-ed (7/17), Fred Barnes says, "I was recently asked about President Bush's chances of a political resurgence. Might Mr. Bush be able to recover as strongly as President Reagan did from a slump in his second term in the 1980s? My response was, Reagan recovery? What Reagan recovery?" Though he "continued his ultimately successful fight to win the Cold War, Reagan achieved nothing new -- practically nothing -- after the Iran-contra scandal broke in 1986. His presidency was crippled. The Republicans had lost the Senate. His nomination of Robert Bork to the Supreme Court in 1987 was defeated, partly because of feeble White House support. His veto of a transportation bill was overridden." The question "was innocent enough, but it reflected a broader pattern of misrepresentation of Ronald Reagan's record in the White House that has become not only widespread but widely accepted. Reagan was, I believe, one of the greatest presidents of the 20th century, but many of the things that both liberals and conservatives now credit to his presidency simply never were. And there's a political purpose behind this Reagan revisionism. He is cited mostly to criticize Mr. Bush and congressional Republicans for falling short of some mythical Reagan standard."

OTHER NEWS:

Wealthy Getting Larger Share Of National Income, Paying More Taxes. The Wall Street Journal (7/17, Ip, Solomon, 2.03M) reports that in "announcing a big drop in its estimate of this year's federal budget deficit, the Bush administration was quick to credit itself" and its tax cut policy. But while "tax revenue is growing far faster than the Bush administration forecast in its budget projections in February, the nation's economy isn't." What has "changed isn't the size of the economy, but how the economic pie is divided. The share of national income going to corporations and the wealthiest individuals, already large, has expanded, while the share going to typical wage earners has shrunk. Because corporations and the wealthy generally pay income tax at higher rates than does the typical wage earner, that shift benefits the federal Treasury." US tax revenue "for fiscal 2006, which ends Sept. 30, is expected to be 5% -- or $115 billion -- higher, than the administration projected in February. Largely as a result, the budget deficit is expected to be $296 billion this year, instead of $423 billion."

US Economic Inequality Said To Be Turning National Attention Inward. In a Financial Times op-ed (7/17), Jaques Mistral says, "The backlash against globalisation is becoming more pronounced every day in the US. We see it in rising nationalism and protectionism, which are feeding anti-immigrant sentiments. It is manifest in the eruptions in Congress against a Chinese company buying American oil assets, or in the virulent response to a proposal for an Arabic group to invest in US harbours. Economic openness – which served America and the free world so well for years – is today too frequently perceived as a threat to national security. But populism's deeper roots are domestic and its causes should be examined, discussed and defused." Recent events "in the US reflect increasing inequalities that endanger the fundamental aspiration of this country – a land of opportunity for all."

Inflation Increases Likely To Prompt Fed Rate Increase. Bloomberg (7/17, Torres) reports consumer prices "probably rose enough in June to prompt another interest-rate increase from the Federal Reserve as the U.S. central bank aims to control inflation, economists said a report this week will show." The consumer price index "gained 0.2 percent after a 0.4 percent advance in May, according to the median forecast in a Bloomberg News survey before the Labor Department's July 19 report. So-called core prices, which exclude food and energy, rose 0.2 percent after adding 0.3 percent." The report "will come less than two hours before Fed Chairman Ben S. Bernanke briefs Congress on the state of the economy and the outlook for interest rates. The projected increase in core inflation will put

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the gain over the last year even farther above Bernanke's comfort zone."

Middle East Crisis Expected To Slow Economic Growth, But Recession Forecast Premature. The Christian Science Monitor (7/17, Scherer, 58K) reports the "escalation of violence in the Middle East is reverberating on Wall Street and Main Street - although many analysts still expect the US economy to grow this year." Last week, the stock market "lost 351 points, or 3.2 percent, and the Dow Jones Industrial Average edged closer to being negative for the year. The price of oil rose to a noninflation-adjusted record level of $76.95 per barrel, up almost $3 a barrel for the week." Higher crude oil prices "will probably mean higher prices at the pump - possibly as much as 20 to 25 cents a gallon." Despite the "uncertainty, many economists say it's too early to predict a slide into recession. Most are sticking to an expectation that US economic growth will slow to an annualized rate of 2-1/2 percent, a tepid pace that should ease the Federal Reserve's concerns about inflation."

The Los Angeles Times (7/17, Hennessy-Fiske, 918K) reports businesses "across the nation, including restaurants, car dealers and discount retailers, are worried that rising geopolitical tensions could rattle consumers and further weaken an economic recovery already fraying." Some analysts "in recent days have raised the odds of a recession amid new data showing a drop in consumer confidence, disappointing retail sales and another surge in oil prices. Investors, fearing slower growth, last week sold off stocks and bought relatively safer Treasury bonds." Analysts say "the latest worries are increasing the chances that the Federal Reserve and its new chairman, Ben S. Bernanke, will pause its 2-year-old program of raising interest rates at its policymaking committee's next meeting Aug. 8."

The Wall Street Journal (7/17, Browning, 2.03M) reports as stocks "have crumbled following the sudden outbreak of Middle East fighting, money managers have reminded themselves of the maxim British banker Nathan Mayer Rothschild is said to have uttered during the Napoleonic wars: Buy to the sound of cannons, sell to the sound of trumpets." Past Middle East crises show "almost never has Middle East fighting done long-term damage to the U.S. stock market. Short-term stock pullbacks typically have been opportunities to buy at a reduced price. Only when economic fundamentals have been seriously damaged, usually in the form of a disruption in oil supplies, has Middle East fighting led to serious market trouble."

Journal Advises Paulson On Economic Policy. The Wall Street Journal (7/17, 2.03M) says in an editorial, "Last week was Hank Paulson's first as Treasury Secretary, and financial markets gave him a very rude welcome; the Dow fell 3.2% and the Nasdaq by 4.4%. Congratulations, Mr. Secretary: You've inherited an economy that has grown at a 4% annual rate for three years, and you now have 30 months at the end of a second-term Presidency to keep it that way. Why'd you take this job again?" The Journal advises Paulson to hire "professionals to plug the leaks in the financial system that are inevitably going to pop as the Federal Reserve keeps tightening money to make up for its easy-money mistakes of 2004 and 2005. Last week's market jitters were in major part due to Mideast security concerns, but they illustrate the mood of investor uncertainty." The Journal also says Paulson should "keep a strong dollar," "think international" on trade issues, and "another dose of supply-side incentives may be needed."

Bush, First Lady Disagree On Potential 2008 GOP Presidential Nominees. U.S. News and World Report (7/24, Bedard, 2.03M) reports in its "Washington Whispers" column, "White House insiders say President Bush and first lady Laura Bush are engaged in a good-natured bid to push their faves for the 2008 presidential nomination." An insider said, "The first lady likes [Secretary of State Condoleezza Rice]," adding, "She has a great story to tell." Meanwhile, the President "likes his bro, Jeb Bush, the Florida governor. US News adds, "One problem: Neither wants the job."

Cheney Has Attended 80 GOP Candidate Fundraisers This Year. U.S. News and World Report (7/24, Bedard, 2.03M) reports in its "Washington Whispers" column that Vice President Dick Cheney is "in bigger demand than ever, hosting more political rallies and fundraisers -- 80 so far -- for GOP candidates this year than in the last midterm election in 2002."

Wealthy Democratic Donors' Alliance Draws Scrutiny. The Washington Post (7/17, A1, Vandehei, Cillizza, 748K) reports in a front page story that an "alliance of nearly a hundred of the nation's wealthiest donors is roiling Democratic political circles, directing more than $50 million in the past nine months to liberal think tanks and advocacy groups in what organizers say is the first installment of a long-

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term campaign to compete more aggressively against conservatives." Democracy Alliance has "followed up on its pledge to become a major power in the liberal movement. It has lavished millions on groups that have been willing to submit to its extensive screening process and its demands for secrecy." Beneficiaries "include the Center for American Progress, a think tank with an unabashed partisan edge, as well as Media Matters for America, which tracks what it sees as conservative bias in the news media. Several alliance donors are negotiating a major investment in Air America, a liberal talk-radio network." But the "large checks and demanding style wielded by Democracy Alliance organizers in recent months have caused unease among Washington's community of Democratic-linked organizations. The alliance has required organizations that receive its endorsement to sign agreements shielding the identity of donors. Public interest groups said the alliance represents a large source of undisclosed and unaccountable political influence."

Primary Turnout Fails To Reach 2002 Levels. USA Today (7/17, Kiely, 2.27M) reports, "Halfway through this year's primary season, voters are showing little interest in picking candidates for the Nov. 7 elections that will determine control of Congress and elect more than one-third of the nation's governors." Twenty-five states "held primaries through June 27. Sixteen of the 22 states that have certified figures or provided estimates to USA TODAY recorded voter turnout lower than 2002, the last national election that wasn't in a presidential year." Some experts "worry that a voter boycott of primaries could result in politics being dominated by single-issue special-interest groups." Turnout hasn't "cracked 40% in any state. In most, primary participation was in the 20%-30% range. Idaho, Illinois, North Carolina, Oregon, Virginia and West Virginia posted their lowest primary turnouts in at least eight years."

Clinton's Comments On Ohio's Election Process Seen As Potentially Problematic. In an analysis piece for the AP (7/17), political reporter Julie Carr Smyth writes that New York Sen. Hillary Clinton "created a potential problem for herself and Democrats last week when she said during an Ohio stop that someone running for higher office should be forbidden from overseeing elections. Clinton's statement…flies in the face of Ohio's Constitution and sets a bar that some high-profile gubernatorial hopefuls of her own party would have trouble meeting this fall. By suggesting Ohio Secretary of State and GOP gubernatorial candidate Ken Blackwell is up to something nefarious, Clinton is harming her credibility among sticklers for accuracy in the nation's bellwether state that Clinton visited to boost her presidential aspirations." Ohio "has long allowed state election chiefs to participate actively in the partisan political process. And the sweeping statement that running elections while seeking higher office presents a conflict of interest could give Republicans ammunition beyond Ohio's borders. Democratic contenders for governor in Iowa and Georgia are both secretaries of state poised to administer elections that will seal their political fate."

Novak Says Lieberman Touting "Good" Earmarks In Primary Battle. Syndicated columnist Robert Novak (7/17) writes, "Facing a Democratic electorate in Connecticut hostile to his pro-war position on Iraq, Sen. Joseph Lieberman is stressing his efficiency in bringing home pork for his constituents the past 18 years. That resulted in an exchange with peace candidate Ned Lamont in their July 7 Democratic primary debate that revealed a lot about how politics and government work in Washington today." On June 28, Lieberman and fellow Connecticut Sen. Chris Dodd (D) "issued a press release…bragging about funding $2.5 billion in future transportation projects in the state. At the debate…Lamont raised the climate of corruption in Washington. 'There are earmarks that are good,' countered Lieberman, challenging Lamont whether he would oppose 'good' Connecticut earmarks. … Lamont replied: 'I think we should outlaw these earmarks. I think they corrupt the political process.'" Lieberman "reflects many fellow professional politicians who realize that runaway earmarking in Congress has become public and unpopular. He now opposes the practice in general while still relying on the process to secure national taxpayer funding for government projects in his own state."

Dean's "50 State Strategy" Has Sparked Battle Within Democratic Party. U.S. News and World Report (7/24, Gilgoff, 2.03M) reports that over the past year, as part of Chairman Howard Dean's "50 State Strategy," the DNC "has hired and trained four staffers for virtually every state party in the nation -- nearly 200 workers in all -- to be field organizers, press secretaries, and technology specialists, even in places where the party hasn't been competitive for decades." The strategy is a "reaction to the

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past two presidential cycles, when the shrinking number of battleground states the Democratic nominee was competing in left no room for error. … But Dean's plan has helped feed a fierce intraparty battle between the DNC and the committees tasked with electing Democrats to Congress: the Democratic Congressional Campaign Committee and the Democratic Senatorial Campaign Committee."

Dean Says Bush Is Weak On Defense. DNC Chairman Howard Dean last night accused President Bush of being weak on defense and absent in the current violence between Israel and Hezbollah fighters in Lebanon. The San Diego Union-Tribune (7/17, Lavelle, 337K) reports, "In remarks at San Diego State University, Dean urged activists to fan across the nation – including deep into the heart of Republican-rich 'red' states – to tell voters that Bush has failed as president – including in national defense, which Republicans tout as their core strength." Dean, who was the keynote speaker at a three day conference called "DemocracyFest," said, "People say the Republicans are tough on defense. How can you be tough on defense if five years after 9/11, Osama bin Laden is still at large, the Iranians are about to get nuclear weapons, North Korea's quadrupled their nuclear weapons stash. … Explain to me how it is that this president is tough on defense? I think this president is weak on defense and he's hurt America because he hasn't done the right thing."

Feingold Says Foreign Policy Issues Currently Top Democrats' Concerns. The Washington Times (7/17, Pierce, 88K) reports in its "Inside Politics" column that Sen. Russ Feingold, making his second swing through Iowa last Saturday, said that voter unrest "over the war in Iraq has elevated foreign-policy issues to a rare level of importance in Democratic politics and is the top concern at the moment." Said Feingold, "At the moment, it is probably the most defining issue." He added, "Whether or not it will be in the middle of the election is not clear."

Polls Show Friedman Is A Serious Contender For Texas Governor. Newsweek (7/24, Bailey, 3.12M) reports on candidate Kinky Friedman's bid to become Texas' first independent governor since Sam Houston. Newsweek reports, "The other candidates put down his campaign as a novelty act, when they acknowledge he exists at all. … But there's one thing his opponents can't ignore: much to their dismay, he's suddenly a serious contender. A Survey USA poll of likely Texas voters conducted last month put Friedman's support at 21 percent, running second to Gov. Rick Perry, the Republican incumbent, who clocked in with only 35 percent. Friedman has climbed to a paper-thin lead over his two other opponents -- Democrat Chris Bell, who polled at 20 percent, and Carole Keeton Strayhorn, a Republican turned independent, who checked in at 19 percent."

MoveOn Sponsors Ads Against Ney On Sides Of DC Buses. Roll Call (7/17, Akers) reports in its "Heard on the Hill" column, "MoveOn.org has paid for a series of ads attacking Rep. Bob Ney (R-Ohio) and other Members of Congress for being 'in the pocket' of 'Big Oil.' The ads are running on the sides of Metrobuses around Washington, D.C. … Ney campaign spokeswoman Katie Harbath scoffed at the effort. 'I've never seen a greater waste of money, but if George Soros wants to throw away that much money...' she said."

Maryland Senators Offer Bill To Equalize Law Enforcement Benefits. The Washington Post (7/17, D4, Barr, 748K) reports in its "Federal Diary" column that Sens. Paul Sarbanes and Barbara Mikulski have introduced legislation "to provide more consistent treatment of federal law enforcement officers when it comes to pay and retirement benefits." The bill "is one of several proposed in recent years to address long-standing confusion over how to define and classify federal law enforcement jobs." The Post adds, "The equity issue has been recognized as a problem by the Bush administration and by congressional Republicans. But no consensus has emerged on how to change employment practices, in part because most proposed remedies would significantly increase pension costs." The Senators' bill "would ensure that all federal law enforcement officers receive similar pay and retirement benefits."

Carlyle Group To Hire Global Head Of Lobbying. The Financial Times (7/17, Kirchgaessner) reports that the Washington-based private equity group Carlyle is, "for the first time, to hire a global head of lobbying to help it tackle regulatory challenges, particularly in China." Carlyle "said its decision to create the government relations position was a response to the fact that the intersection between public policy issues -– from tax to regulatory matters -– and its leveraged buy-out and real estate businesses was

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becoming more pronounced." The Times adds, "Although Carlyle said the appointee would not dedicate an inordinate amount of attention to China, it acknowledged that 'given the concerns the Chinese government has expressed about foreign investment in certain industries, it heightens the need for someone who can manage that process – interaction with and understanding of the many governments we have to work with.'"

Arkansas Lieutenant Governor Rockefeller Dies. The New York Times (7/17, Barnes, 1.21M) reports Arkansas Lt. Gov. Winthrop Paul Rockefeller, "who followed his family's twin traditions of philanthropy and politics in the state adopted by his father, died here Sunday. He was 57. The cause was complications of a rare blood ailment, his office said." Rockefeller "disclosed last July that he had myeloproliferative disorder, a bone marrow malfunction in which excessive numbers of red or white blood cells are manufactured and which can lead to leukemia."

The AP (7/17, Kissel) reports Lt. Gov. Rockefeller, "the unassuming billionaire who last year abandoned a race for Arkansas governor — a post once held by his father — died Sunday after unsuccessful treatments for a blood disorder, his office said. He was 57." Under the Arkansas constitution, Gov. Mike Huckabee "does not have the authority to name a replacement to fill the remainder of Rockefeller's term, which ends in January. Senate President Jim Argue, D-Little Rock, who will direct Arkansas government when Huckabee is out of state."

G8 Leaders Condemn Hezbollah, Urge Israel To Employ Restraint. The leaders of the G8 nations issued a unified declaration which followed President Bush's lead by condemning Hams and Hezbollah for the increasing violence in the Mideast, but also went further than the US in demanding Israel use restraint. The unified G-8 statement was covered by all major US media outlets, but it was somewhat overshadowed by the escalating violence. For example, all three national TV networks aired segments on the G-8 leaders' statement with the two to two-and-a-half minute segments about eight to ten minutes into the broadcasts, after on-the-ground reports from Lebanon and Israel. Similarly, newspapers covered the recent attacks on the front page and the G8 response on inside stories.

The CBS Evening News (7/16, story 4, 2:20, Mitchell, 7.66M) reported, "The G8 leaders put the blame squarely on Hamas and Hezbollah for starting the crisis in the Middle East. Israel is urged to exercise what is called utmost restraint. The leaders stop short of calling for an immediate cease-fire, setting out conditions that could lead to one instead. The return of the kidnapped Israeli soldiers, an end to the shelling of Israel, and an end to the Israeli strikes in Lebanon and Gaza. This echoes what president Bush has been saying all weekend here." CBS went on to report, "While G8 leaders who have been critical of Israel did not get language they may have wanted, the U.S. went without something it has seeking as well, mention of Iran and Syria as sponsors of Hezbollah and Hamas. … Tonight Russian President Putin said when it comes to linking Syria and Iran to Hamas and Hezbollah and the unfolding crisis, in his opinion there just isn't enough hard evidence to do so."

ABC's World News Tonight (7/16, story 5, 2:00, Harris) reported, "As this crisis unfolds, the U.S. seems to be disagreeing with its allies about who is to blame and how best to move forward." ABC's Martha Raddatz added, "The G-8 leaders have had strong differences over the middle east crisis. But in tonight's joint communiqué, the group of eight join together to express a deepening concern. The statement…places the principal blame for the crisis on Hezbollah and Hamas. But the G-8 leaders caution Israel to 'exercise utmost restraint.' saying it is 'critical that Israel be mindful of the strategic and humanitarian consequences of its actions.' … It is the U.S. that has been most reluctant to criticize Israel. And the document did not go nearly as far as some in the G-8 wanted."

NBC Nightly News (7/16, story 3, 2:30, Holt, 9.87M) reported President Bush "and his G-8 counterparts today found a way to speak with one voice about the Middle East crisis." NBC added that Bush "said any real solution must go beyond the current violence." President Bush was shown saying, "The international community must address the root causes. Otherwise it may be apparent calm and then all of sudden conflict." NBC noted, "on Israel's use of force, despite criticism even today from the French president Jacques Chirac, the leaders found a common voice, while backing Israel's right to defend itself, they urged utmost restraint. … Senior U.S. Officials involved in the G-8 meetings told reporters the leaders commented 'too many civilians had been killed in the fighting,' quote 'especially in Lebanon.'"

The Washington Post (7/17, A9, Baker, Finn, 748K) in a page 9 article reports President Bush "and other world leaders put aside their differences Sunday" with an

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agreement that was "hammered out after hours of intense negotiations at the" G-8 Summit. The chosen wording "placed blame for the intensifying crisis squarely on the 'extremist forces' of Hamas and Hezbollah, just as Bush has done from the beginning. But it also went further than he had been willing to go in demanding that Israel 'exercise utmost restraint' and 'avoid casualties among innocent civilians'" in Lebanon and Gaza. Administration officials "said afterward that the leaders found common ground in their broad sense of the situation and did not bicker much over the differences." Undersecretary Burns is quoted saying, "There wasn't much of an argument at all, much of a discussion at all, about who is responsible. But most of the focus was on trying to end the violence, end the fighting, restore calm."

The Financial Times (7/17, Dombey, Blitz, Daniel) notes G-8 leaders "sought to reconcile their differences over the Middle East and calm the violence raging in the region by uniting around a detailed plan that makes demands on all sides." The document "goes much further in urging caution on Israel than previous statements by" Bush, who "opted to agree a common line with his G8 colleagues, particularly" Russian President Vladimir Putin and French President Jacques Chirac. Bush is quoted saying, "I think most leaders are now beginning to recognise the root cause of the problem. There seems to be a consensus growing that…the world is going to have to recognise that there are terrorist elements who are dedicated to stopping the advance of democracy and peace."

The New York Times (7/17, Rutenberg, 1.21M)'s reporting emphasizes the "strains" among the G-8 leaders working to halt Mideast violence. The Administration "appeared to give Israel tacit approval to cripple Hezbollah, casting the widening conflict in the Middle East in terms of a wider war on terrorism. That was a central theme of both public and private statements from senior United States officials," who tried "their best to minimize differences with European nations and their Russian hosts… But the strains were clear as different leaders offered their interpretations of the statement drafted at the summit meeting." The Times continues, "Getting somewhere is clearly the American aim, said a senior official [anonymously], who noted that administration officials also 'want to come up with a solution where you don't end up in the same place four weeks from now.'" The Times adds, "American officials were careful in their accusations against Iran, stopping short of saying that nation inspired the current outbreak of violence."

The AP (7/17, Hunt) says G-8 leaders "struggled Sunday to prevent Mideast violence from exploding into a wider war." The Summit "set aside other world problems to urgently address" the conflict, and produced a communique "forged in delicate negotiations" that "represented a consensus" and "allowed leaders to read the document in different ways, reflecting varying alliances by summit partners with players in the Middle East and conflicting views over whether Israel was using excessive force."

USA Today (7/17, Jackson, 2.27M) called it "a carefully worded statement that attempted to minimize disputes among themselves" and "called on all sides in the Middle East conflict to end the fighting." The Washington Times (7/17, Curl, 88K) notes, "The G-8 leaders also had fresh demands for Palestinian leaders, saying that 'all Palestinian parties should accept the existence of Israel, reject violence' and embrace the diplomatic 'road map' that envisions a democratic Palestinian state co-existing side by side with Israel." The Los Angeles Times (7/17, Holley, Gerstenzang, 918K) reports similar details.

Impact Of G8 Declaration Questioned. In an analysis downplaying the effectiveness of the G8 leaders the AP (7/17, Raum) says the G8 leaders "are counting on hope over history." They "struggled more than usual to find common ground -- and relevance -- as they sought to come to grips with the fierce flare-up in warfare." The AP adds, "Global organizations are having trouble exercising authority these days, especially against renegade regimes and elements."

Similarly Knight Ridder (7/17, Douglas) reports some Middle East experts "were skeptical of the G-8's ability to end the violence or return Israelis and Palestinians to the so-called 'Road Map.'" Knight Ridder notes, "None of the G-8 countries has much leverage over Hezbollah or its patrons, and despite Sunday's statement the Bush administration has made it clear that it holds Hezbollah and its backers responsible for the violence."

US Effectiveness In Mideast Seen As Declining. The Christian Science Monitor (7/17, LaFranchi, 58K) that in the face of the recent escalation of violence in the Mideast the US "finds itself in a weaker position than in the past to act as calming agent" which "does not bode well for a quick resolution of the crisis, even if a United Nations delegation in the region steps into the breach." Historically, "if any nation has been able to influence events in the Middle East it is the US. But US influence has been dulled whenever it has taken

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a starkly different stand on the way ahead from that of its international partners." Currently, "a divide among foreign powers had been apparent in their early statements." One "key factor will be to what extent the US will choose to reverse course -- it has mostly remained disengaged from high-stakes diplomatic involvement in the Israeli-Palestinian conflict during the Bush presidency -- and assert itself."

Rice Stresses Need For New Framework. On CBS' Face the Nation (7/16, Schieffer), Secretary of State Condoleezza Rice was asked for her assessment of the Middle East conflict. Rice said, "Clearly we are concerned about the growing civilian casualties. We're concerned about the general instability in the area. I think we have to be committed to dealing not just with the immediate crisis, but to laying a foundation so that when we are out of this set of circumstances, we don't have repeated violence again. We all want a cessation of the violence, but we also want a return to the international framework -- Resolution 1559 in the case of Lebanon, the road map in the case of the Palestinian territories -- that will give us a permanent and firm foundation, rather than one -- a cessation of violence that would be held hostage to the next time that Hezbollah or Hamas decide that they want to attack Israeli territory."

Rice Considering Trip To Region. The AFP (7/17, Knox) reports Secretary Rice "said she may soon travel to the Middle East to help broker an end to the violence there and warned against settling for a temporary truce. Accused by some critics of conducting US diplomacy too far from the region, Rice told several television networks that she was thinking about engaging in time-honored shuttle diplomacy among the parties in a peacemaking effort." Undersecretary Burns "told reporters later that Rice would make no decision on visiting the region until a UN assessment team returns from the area later this week."

Burns Says The US Is Opposed To A Ceasefire In Lebanon. NBC Nightly News (7/16, story 4, :15, Holt, 9.87M) reported, "Today Under-Secretary of State Nicholas Burns insisted the U.S. doesn't want a ceasefire. The reason is that a ceasefire would require that Israel stop all military activity before getting their soldiers back and eliminating Hezbollah rocket positions."

ABC's World News Tonight (7/16, story 5, 2:00, Raddatz) showed French President Jacques Chirac saying, "All the members in the G-8 have called for a cease-fire in Lebanon and in Gaza." However ABC's Martha Raddatz added that Burns "disputed that claim tonight, saying no country was pushing for a cease-fire in the document."

Bartlett Says International Community Agreed On Need To Pressure Hezbollah. On CNN's Late Edition (7/16, Blitzer), presidential adviser Dan Bartlett said, "President Bush this morning met with Prime Minister Tony Blair, as well as President Chirac of France, and what we're seeing here at the G-8 summit is a growing consensus amongst these leaders that we have to speak very clearly about the violence, to do everything we can to try to persuade Hezbollah, who started and provoked this whole crisis that we're in today, to lay down their arms, to get back to the political process. … What we're seeing is Syria, unfortunately, as well as Iran, backing Hezbollah, backing Hamas, in a very provocative way. But the civilized world, the international community and moderate forces in the region are now coming together to say this must stop." Bartlett added that "What we're seeing across the board in the Middle East, Wolf, is whether you look in the West Bank, if you look in Lebanon, and then if you even look in Baghdad for that matter, in these three areas, you see young, fledgling democracies trying to take root, and what you see is violent extremists, supported by Syria, supported by Iran, trying to crush that democracy in its infancy."

Bush Administration Urged To Coordinate Prisoner Swap As Part Of Ceasefire. On the CBS Evening News (7/16, story 6, 2:40, Mitchell, 7.66M) Richard Haass, president of the Council on Foreign Relations, said, "The United States should not press Israel for an unconditional cease-fire. What we should be though, is doing, is urging a cease-fire that is connected with a pullback of Hezbollah away from the Israeli border, and in that context and in the context of a larger political arrangement that includes conceivably a prisoner swap, yes, we should urge a cease-fire." Haas made similar remarks on CBS' Face the Nation Sunday.

Lebanese Americans Protest Bush Support For Israel. The New York Times (7/17, Bunkley, 1.21M) reports, "In Dearborn, a Detroit suburb home to one of the largest Lebanese populations outside the Middle East, it seems nearly everyone has relatives trapped in Lebanon by the attacks or knows someone who does. Thousands of people here visit their homeland in the summer the way other Michigan residents spend the winter in Florida." Protests "condemning the bombing and urging the Bush administration to call on Israel to stop its offensive were held

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at the Islamic Center and throughout Dearborn on Friday. More are scheduled for Tuesday."

Blair Warns Of "Arc Of Extremism" In Middle East. British Prime Minister Tony Blair on Sunday warned of an "Arc of extremism" in the Middle East. AFP (7/17) reports that Blair said "the world would rue the consequences of failing to resolve the burning issues there. Blair said Sunday extremism was being fuelled by Syria and Iran and was bent on disrupting democracy and freedom throughout the region." Speaking to BBC television from the G8 summit in St. Petersburg, Russia, Blair said, "The only way we're going to get anything done in this situation both in respect of what's happening in the Gaza (Strip) and in respect of the Lebanon is if we deal with the underlying causes that are giving rise to that," adding, "And that means, one, that we sort out a situation between Israel and Palestine when you can get back into negotiating a two-state solution. Then secondly that we remove the influence of Hezbollah to disrupt both the prospects in the Lebanon and the prospects in the wider region."

Russian Foreign Minister Says Blame Must Be Shared. On CNN's Late Edition (7/16, Blitzer), Russian Foreign Minister Sergei Lavrov said, "I think that if we should start apportioning the blame, we would be hostage to the immediate crisis, which is very tragic, very important, but we must not lose sight of the need to have a comprehensive look at the situation." Lavrov added the Hamas and Hezbollah aggression against Israel "must be condemned, and that hostages, both those hostages whom you mentioned and the soldier who was abducted by some Palestinian groups, these hostages must be immediately and unconditionally released, and that firing of missiles at the Israeli territories must stop. But at the same time, attacks and strikes against Palestinian infrastructure, Palestinian civilians and civilians and infrastructure in Lebanon must also immediately cease. That's absolutely necessary."

Democrats Say US Lacks Mideast Strategy. On NBC's Meet the Press (7/16, Russert), Sen. Joseph Biden said, "Because of our lack of a prevention strategy, we're left with no option here, in my view, but to support Israel in what is a totally legitimate self-defense effort. … I don't believe the President has a Middle East policy."

On CBS' Face the Nation (7/16, Schieffer), Rep. Jane Harman, ranking Democrat on the House Intelligence Committee, said the Bush Administration had failed to use "preemptive diplomacy. And had our government acted in 2004 to enforce Resolution 1559, we might not now have this Hezbollah problem. In addition, had our government done more to support Mahmoud Abbas before the January election in Palestine, we might not have had this Hamas victory there."

Feinstein Advises Sending Clintons As Envoys. On CNN's Late Edition (7/16, Blitzer), Sen. Dianne Feinstein said the US' goal should be "the creation of a buffer zone, the disarmament of Hezbollah, and the Lebanese government being willing to pick up its responsibility, which is to see that lawless terrorists are not able to continue to do this. … I think it needs hands-on." Feinstein added, "There are people that know this situation backwards and forwards, who could be of help. And one of them would be two former presidents, Senator Clinton, who knows -- excuse me. President Clinton, who knows this area like the back of his hand, and President Bush one. And I think that would not be a bad combination to be sent to the area."

Kristol Says Current Conflict Is US' War Too. Weekly Standard editor William Kristol writes in the Financial Times (7/17) that the current conflict is "not an Arab-Israeli war." What's under attack "is liberal democratic civilization, whose leading representative right now happens to be the United States." Kristol adds, "The right response is renewed strength -- in supporting the governments of Iraq and Afghanistan, in standing with Israel, and in pursuing regime change in Syria and Iran. For that matter, we might consider countering this act of Iranian aggression with a military strike against Iranian nuclear facilities. … But such a military strike would take a while to organize. In the meantime, perhaps President Bush can fly from the silly G8 summit in St. Petersburg…to Jerusalem, the capital of a nation that stands with us, and is willing to fight with us, against our common enemies. This is our war, too."

USAToday Says Two-State Solution Is Now A "Distant Hope." An editorial in USA Today (7/17, 2.27M) says that "the old peace process is in ruins and a new, more troubling reality rooted in the rise of Islamic extremism is emerging. Israel, the United States and the rest of the world are struggling to adjust." While the two-state solution "remains the only viable formula for peace, it clearly is now a distant hope, at best. The immediate need is a strategy to turn Palestinians and Lebanese against Hamas and Hezbollah." USA adds, "The need is to be tough but smart. That's almost a cliché, but finding the proper balance is the only way to grab the momentum back from the extremists."

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Mallaby Says China, Russia Undermine US Diplomacy. Sebastian Mallaby writes in the Washington Post (7/17, A15, 748K), "Before things can turn a corner in the Middle East, we need the diplomatic equivalent of electric-shock therapy. … On every major security challenge…diplomacy is undermined by Chinese, Russian and sometimes Western European foot-dragging. These powers are happy to criticize unilateralism and belligerence at every turn. But when there's a chance to make diplomacy work, they call for U.S. leadership and hide behind the curtains. … It's going to take something drastic to change this mind-set. But until it changes, diplomacy will be weak; there will be more wars and more radicalization of extremists."

Israel Continues Destruction Of Lebanon Killing Dozens Of Civilians. All major media outlets report on increased violence in southern Lebanon Sunday. Each of the networks opened their broadcasts with reports on the escalation of Israel's attacks on Lebanon. The CBS Evening News (7/16, lead story, 3:40, Mitchell, 7.66M) noted that "one of [Israel's] top generals warned Lebanese civilians of even heavier attacks."

ABC's World News Tonight (7/16, lead story, 2:45, Harris) reported, "Israel warned everyone to get out of southern Lebanon. Never mind that Israel had already destroyed all the roads and killed other civilians trying to flee. It's now total war. At least that's how it seems to these people. … Today, across the country, the heaviest bombing yet. Israel had threatened to bomb this country back 20 years. Today, it may have succeeded. Day five was the deadliest so far. At least 41 people were killed here today, including 8 Canadians."

And on ABC's World News Tonight (7/16, story 3, 2:30, Gibson) IDF Brig. Gen. Ido Nehushtan said, "We aim to cripple Hezbollah -- make or create conditions for the Lebanon government to deploy forces, alongside the borderline, instead of the Hezbollah, which is a great threat to us. … We are targeting the entire process of this missile launch -- whether the missile is stored, in houses, in villages, where they're being launched from, the vicinity of the villages."

On its front page, the Washington Post (7/17, A1, Wilson, Shadid, 748K) reports, "Israel battered targets across Lebanon Sunday after a rocket fired by the radical Shiite group Hezbollah struck a railroad yard here and killed eight workers as other rockets rained deep into the Galilee region in northern Israel. The Israeli assault killed at least 28 people in south Lebanon, including eight Lebanese holding Canadian citizenship." The Post notes, "Israel also expanded the second front of its military operation against radical Islamic groups operating along its northern and southern borders by pushing tanks and troops into the Gaza Strip on Sunday, setting off fighting that killed at least five Palestinian gunmen."

The Los Angeles Times (7/17, Stack, King, 918K) reports, "Although Israel's clash is with Hezbollah, the attacks on this seaside country appear to have done far greater damage to Lebanese civilians and infrastructure. Hezbollah has continued to shoot an unabated barrage of rockets into Israel, in turn frequently hitting civilians, even after Israeli missiles shattered the airport and highways, struck predominantly Christian neighborhoods and drove thousands of people from their homes."

The AP (7/17, Hendawi, Keath) reports that "both Israel and Hezbollah signaled that their attacks would only intensify in an already brutal battle that has killed at least 152 in Lebanon and 23 in Israel." The Washington Times (7/17, Mitnick, 88K) and he AP (7/17, Ghattas) report similar details.

Rice Defends Israeli Retaliation. On Fox News Sunday (7/16, Wallace), Secretary Rice added, "What is really happening here is that extremists have revealed their hand. They are demonstrating that they cannot tolerate the forward march of democratic moderate forces in the Middle East. They are trying to destabilize the young government of Lebanon by, in the case of Hezbollah, using Lebanon's territory to attack Israel without the knowledge of the Lebanese government."

On ABC's This Week (7/16, Stephanopoulos), Secretary of State Condoleezza Rice said, "Israel has a right to defend itself. We would expect nothing less, but we have been in constant contact with the Israelis to urge restraint, to urge them to think about the consequences of what they're doing and in the case, particularly of the Palestinian territories, to urge them to ease the humanitarian situation in the Palestinian territories by keeping crossings open and the like. So while Israel defends itself, we would hope that it does it in a way that preserves the possibility for a broader peace."

Arab States Denounce Hezbollah. In related diplomatic reporting, the New York Times (7/17, Fattah, 1.21M) says "key Arab governments have taken the rare step of blaming Hezbollah, underscoring in part their growing fear of influence by the group's main sponsor, Iran. Saudi Arabia, with Jordan, Egypt and several Persian Gulf states, chastised

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Hezbollah for 'unexpected, inappropriate and irresponsible acts' at an emergency Arab League summit meeting in Cairo on Saturday." Foreign Minister Prince Saud al-Faisal is quoted saying, "These acts will pull the whole region back to years ago, and we cannot simply accept them." The Times notes, "It is nearly unheard of for Arab officials to chastise an Arab group engaged in conflict with Israel… But the willingness of those governments to defy public opinion in their own countries underscores a shift that is prompted by the growing influence of Iran and Shiite Muslims in Iraq and across the region. The way some officials see it, Arab analysts said, Israel is the devil they know, but Iran is the growing threat."

The Los Angeles Times (7/17, Murphy, 918K) reports, "The rapidly escalating conflict in Lebanon has divided the Arab world, deepening the gulf between rulers and ruled and reinforcing in the public's mind the impotence of leaders who for two generations have been unable to produce a resolution to the Israeli-Palestinian conflict." That "disconnect between the broad range of public support for Hezbollah and the unease felt by many Arab leaders is one of the reasons that Arab governments have been largely unable to mount an effective diplomatic response to Israel's 5-day-old bombing campaign."

LAT Sees Mideast Violence As Challenge For Arab Governments. The Los Angeles Times (7/17, 918K) editorializes that "his latest conflagration in the Middle East presents a challenge for nations such as Jordan, Saudi Arabia and Egypt, which have long paid lip service to the desirability of moderation in the region. It's fine for them to raise questions, as this page has done, about the proportionality of Israel's response. But these nations, and the international community, should be prepared to place blame for this crisis where it belongs: on Hezbollah, Hamas and their state sponsors. Only then can work begin, not only to secure a cease-fire but to weaken the radical fundamentalist groups that are intent on preventing Israelis and their Arab neighbors from living in peace."

Lebanese Leaders Uncertain Of Future Course. USA Today (7/17, Butters, For, 2.27M) reports, "Lebanon's government stood in disarray Sunday, looking on as Hezbollah intensified both rocket attacks and rhetoric aimed at Israel." For example, "Lebanon's top two leaders appeared to disagree on how to proceed. Emile Lahoud, the country's pro-Syrian president, sounded defiant and vowed that Lebanon would not 'surrender' to Israel." But "Saturday, an emotional Prime Minister Fuad Saniora appeared on television pledging to suppress guerrilla activity by Hezbollah."

In an analysis piece, The AP (7/17, Karam) says Hezbollah "and its backers, not the government, now appear in control of Lebanon's fate. After moderating their stance in recent years, the guerrillas surged back to the war front with a surprise attack on Israel and a sophisticated arsenal, leaving Lebanon's politicians and army looking nearly powerless. The government seems paralyzed over how to deal with Hezbollah, whose…fighters have had near autonomy in the south for more than a decade."

Israel Admits Some Of its Troops Are Already In Lebanon. On NBC Nightly News (7/16, story 2, 3:00, Holt, 9.87M) correspondent Martin Fletcher was asked if "there any signs the Israelis are preparing for a ground offensive." Fletcher responded, "Special forces units have been inside Lebanon now for a number of days. The army has admitted that. We know that some reserves have been called up also but there's no sign of any preparations. There aren't tanks moving or people coming to the front. But it is Israel's plan B if they can't put Hezbollah out of business from the air. A ground invasion is a real possibility but no signs of that yet."

Israel Said To Be Awash In Concern Over Kidnapped Soldier. ABC's World News Tonight (7/16, story 10, 1:30, Harris) reported, "In Israel, which experiences so much violence in so many forms, the kidnapping of troops resonates in a particularly powerful way. … Because in Israel, everyone, male or female, with few exceptions, has to do military service. So, every parent has a child that was, is or will be in the army."

Israel Reportedly Targeting Civilian Neighborhoods, Emergency Facilities. NBC Nightly News (7/16, lead story, 3:00, Holt, 9.87M) reported, "As the airport tonight was attacked again, parts of Lebanon are starting to look like Baghdad. Israeli air strikes until now, mostly specific, seemed to be broadening their targets to urban areas in south Beirut and missing some targets all together. An Israeli attack killed eight Canadian nationals in southern Lebanon. They were in a building used by rescue workers.

The CBS Evening News (7/16, story 2, 2:40, Mitchell, 7.66M) reported, "Israeli missiles thundered down across southern Lebanon destroying houses, cars and factories. And killing at least 36 people."

Gingrich Defends Israeli Response. On NBC's Meet the Press (7/16, Russert), former House Speaker Newt Gingrich said, "First, this is not the fifth day of the war. This is

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the 58th year of the effort by those who want to destroy Israel. As Ahmadinejad, the head of Iran, says, he wants to defeat the Americans and eliminate Israel from the face of the earth. So we should not see this event in isolation. There is an Iran/Iraq/Syria -- I mean, an Iran/Syria -- was an Iraq before Saddam was replaced -- Syria, Hezbollah and Hamas alliance trying to destroy Israel." Gingrich added, "We are in the early stages of what I would describe as the third world war, and frankly, our bureaucracies aren't responding fast enough, we don't have the right attitude about this, and this is the 58th year of the war to destroy Israel."

Israeli Officials Outline Goals Of Conflict With Hezbollah. The Christian Science Monitor (7/17, Frankel, 58K) reports that top Israeli officials "outlined goals ranging from degrading Hizbullah's military capability to crushing the organization completely. The top priority, Israeli officials say, is to secure Israel's northern border with Lebanon without reoccupying land inside southern Lebanon. But how they plan to achieve that is less clear."

A front page story in USA Today (7/17, Frank, 2.27M) reports, "Israeli Prime Minister Ehud Olmert, with cautious support from the Bush administration, signaled a newly aggressive strategy in which the aim is not to pummel Hezbollah into inactivity, as in the past, but to dismantle the Iranian-backed, Shiite Muslim militia for good. That pleases some Israelis, especially in this northern region near the Lebanese border, within easy range of Hezbollah rockets. But many also quietly worry about getting dragged back into what some call 'the Lebanon mud' -- a wary reference to Israel's bloody 18-year military presence in Lebanon that ended in 2000."

Hizbollah Attacks Present Israel With New Strategic Threat. The Christian Science Monitor (7/17, Blanford, 58K) reports, "By striking Haifa with a barrage of rockets that killed at least eight Israelis yesterday, Hizbullah has transferred the Arab-Israeli conflict to Israeli territory for the first time in more than 50 years, overturning Israel's long-standing military doctrine of defeating its enemies on foreign soil." And "Hizbullah's preparations along the border were in anticipation of an eventual showdown with Israel, which Hizbullah officials believed was inevitable. 'This will happen and we are constantly preparing for it,' a Hizbullah official told The Monitor as long ago as February 2002."

Destroying Hezbollah's Missiles Would Require Door-To-Door Searches By Israel. A front page story in the Wall Street Journal (7/17, Leggett, 2.03M) reports that while Israel "enjoys vast military superiority over its Hezbollah foe in Lebanon," that superiority "is ill-suited for the one thing the Israelis most seek to do right now: Stop Hezbollah's rockets." Hezbollah hides its missiles "in the homes of supporters, in remote valleys and caves, and in small factories and industrial workshops scattered across Lebanon, according to Israeli and Lebanese military experts and the group itself." To destroy Hezbollah's supply of rockets and missiles, "Israeli soldiers would likely need to search house-by-house and cave-by-cave throughout the hostile territory of southern Lebanon, many military officials and analysts here say. This could lead to a huge number of Lebanese civilian casualties and cost the lives of many Israeli soldiers. It could spark strong international controversy and condemnation."

Israel Plans Four Stage Attack Against Lebanon. The Washington Times (7/17, Rabinovich, 88K) reports that Israel's attack on Lebanon calls for "four stages of mounting intensity, culminating in the movement of ground troops into Lebanon, according to Israeli reports. Military correspondents with access to senior military officials say that in the first stage -- which began shortly after Hezbollah raiders seized two soldiers on Wednesday -- Israeli warplanes attacked missile caches throughout Lebanon, particularly those housing long-range missiles. … At the same time, artillery pounded Hezbollah positions and command posts from the Israeli side of the border. … In the second stage, which began early Friday, warplanes attacked the heart of Hezbollah's power, destroying high-rise buildings in southern Beirut that house the organization's command structure and the home of Hezbollah leader Sheik Hassan Nasrallah." The third and fourth stages "are secret. However, the operational plan calls for each stage to be more powerful than the previous one, said the correspondents, who appear to have received detailed briefings."

Israel Planning For Extended War Against Extremists. The Financial Times (7/17, Morris) reports, "Signalling an escalation of Israel's war aims after fruitless efforts to secure the release of the two soldiers, Amir Peretz, the defence minister, said: 'At the end of this conflict we must bring Hizbollah to a point where it would not be possible for the organisation to return to the international border and the line of fire.' This was 'perhaps one of the most decisive moments facing the state of Israel,' he added."

Israel Strategy Seen As Risky. The Los Angeles Times (7/17, King, 918K) reports, "In both instances, Israeli

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and outside analysts say, Israel has embarked on a risky strategy that has two major elements: the use of overwhelming military force to reduce the opponent's power coupled with strikes that hurt the wider civilian economies and populations of the Gaza Strip and Lebanon. The aim of the second part of the strategy is to put pressure on more moderate elements of the Palestinian and Lebanese governments to strip Hamas and Hezbollah of some of their influence and prestige."

Israeli Forces Reenter Gaza. The Washington Post (7/17, A10, Anderson, 748K) reports, "During the operation Sunday, which began before dawn, Israeli forces targeted several groups of Palestinian fighters, one of which had fired an anti-tank missile at an Israeli vehicle, the spokeswoman said. The military wing of the Islamic group Hamas, which runs the Palestinian government, said three of its members were killed. Another group, the Popular Resistance Committees, said two of its fighters were killed and two critically injured by a drone-launched missile late Sunday afternoon."

Palestinian Foreign Ministry Attacked. The AP (7/17, Barzak) reports, "Israeli warplanes bombed the Palestinian Foreign Ministry building in Gaza City early Monday, the second attack on the ministry in a week, witnesses said."

Israel Vows To Punish The Lebanese For Rocket Attack On Haifa. ABC's World News Tonight (7/16, lead story, 2:45, Harris) reported, "The fact that Hezbollah managed to hit Haifa today with a volley of rockets, only insures Israel will punish Lebanon even more. … Eight people died, making this Hezbollah's deadliest attack ever on Israeli soil. The Israeli Prime Minister may be untested at war, but Ehud Olmert knows what Israelis expect. He said 'Haifa changes everything.' … Tonight, Hassan Nasrallah appeared on Hezbollah TV, warning Israel 'we can hit you almost anywhere. Haifa is just the beginning.'"

NBC Nightly News (7/16, story 2, 3:00, Holt, 9.87M) reported, "it was another nervous day in Israel with one million people within rocket range of Hezbollah. Dozens of rockets failed during the day including nine more in and around Haifa. … Two more rockets landed, little damage, but the beautiful Haifa bay area nearby is a disaster waiting to happen. Fuel storage tanks, petrochemical industries, oil refineries and half a million people living there, sitting ducks for Hezbollah gunners only 20 miles away and armed with accurate Iranian rockets putting them more easily in rocket range." According to NBC, "Israel says Hezbollah also has rockets with a range of 100 miles. That would put Israel's biggest town, Tel Aviv, at risk."

ABC's World News Tonight (7/16, story 2, 2:10, Harris) reported, "Today, the Israeli defense minister called the attack on Haifa, 'perhaps one of the most decisive moments in the history of the state of Israel.'"

The CBS Evening News (7/16, lead story, 3:40, Mitchell, 7.66M) reported, "Eight Israelis died in a rocket barrage on the city of Haifa. … Hezbollah rockets hit two more Israeli towns that have never been hit before – Nazareth and Affula. What is particularly significant about this attack is that Affula is even further south than Haifa and there were no casualties reported there." CBS noted that Hezbollah considers the attack on Haifa "retaliation for the Israeli campaign against Lebanon." However, "Israel vowed retaliation of its own. Almost immediately one of their top generals warned Lebanese civilians of even heavier attacks." Major Gen. Udi Adam, IDF Northern Commander: "I want to say to the population in south of Lebanon, that we want to avoid innocent victims. We recommend them to leave their villages and homes."

Large Hezbollah Missile Strikes Haifa As Israel Steps Up Offensives. The New York Times (7/17, A1, Mouawad, Erlanger, 1.21M) in a front page story reports Hezbollah "unleashed its biggest and deadliest missile yet into Israel on Sunday, killing eight people in the major port city of Haifa and prompting Israeli leaders to step up their military campaign to drive the group from southern Lebanon." The Times notes, "The impact of the deaths and the use of the new missile were a qualitative and psychological escalation of the conflict, …with the Israeli defense minister, Amir Peretz, saying, 'For those who live in the Hezbollah neighborhood in Beirut and feel protected — the situation has changed.'"

Lebanese PM Pleads With Israel To Agree To Ceasefire. NBC Nightly News (7/16, lead story, 3:00, Holt, 9.87M) reported, "Today Lebanon's prime minister told us that in the last five day, Israel has set its country back 50 years. … Amid it all, Lebanon's government seems powerless. Israel and the U.S. are calling on this man, the prime minister, to take charge of his country and reign in Hezbollah but he told us the Israeli offensive is only leading to more extremism." Lebanese Prime Minister Fuad Siniora was shown pleading for, "An immediate ceasefire. A comprehensive ceasefire." According to NBC, "The prime

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minister's plan, a ceasefire, followed by a prisoner exchange with Israel, then Lebanese army troops backed by the U.N. would replace Hezbollah along the border. … The government here is talking today to a U.N. delegation while Hezbollah and Israel continue their war. There are efforts now underway to mediate a ceasefire after those arrivals today of the delegations from the EU and the U.N."

Hezbollah's Militarism Said To Threaten Its Role In Lebanese Civil Society. NBC Nightly News (7/16, story 7, 1:40, Holt, 9.87M) reported, "At the end of the two decades since its first formation, [Hezbollah's] civilian arm has become very involved in the political and community life of Lebanon. … For years Hezbollah's yellow flags have stood for schools, clinics and other assistance programs, and not for the Iran-backed "Party of God," formed after the Israeli invasion in 1982." NBC added, "many analysts say Hezbollah has been a huge miscalculation, not only about the response to Israel but also on the impact of its own popularity and political power inside Lebanon. For example, Hezbollah now holds some two dozen seats in Lebanon's parliament. A move toward legitimacy and inclusion every bit as striking as the Hamas success in the Palestinian territories."

Syria Vows To Defend Itself If Attacked By Israel. The CBS Evening News (7/16, story 3, :30, Roth, 7.66M) reported, "I think there are two messages coming from the Syrians tonight. One is the Syria is not even considering abandoning its sponsorship of Hezbollah. … The other is Syria's warning that if it is attacked by Israel it will strike back with a response the Syrian information minister warns will be harsh, direct and unlimited. But that said, there is no signs Syria wants to get involved in the fighting. Only a growing worry that tensions so high between old enemies, that it could only take an accident to widen the war."

Rice Confident Syria, Iran Responsible For Instigating Violence. On CBS' Face the Nation (7/16, Schieffer), Secretary of State Condoleezza Rice said, "I absolutely see that Syria and Iran are playing a part in this. They're not even trying to hide their hand. Syria has held press conferences with radical elements of Hamas. They've held press conferences for Hezbollah. The radical elements of Hamas sit in Syria and find harbor there. And Iran is the major financier of these efforts."

On Fox News Sunday (7/16, Wallace), host Chris Wallace asked Secretary Rice if the Hezbollah offensive in northern Israel was linked to the pressure on its sponsor, Iran, over its nuclear program. Rice said, "I don't know what message Iran intends to send. I do know that it is very clear that there is an Iranian hand behind -- indeed, Iranian financing behind Hezbollah and perhaps some of the radical elements of Hamas, that they've made common cause with Syria in which the radical elements of Hamas reside and in which Hezbollah also has offices and infrastructure, and that they're all -- Iran, Syria, Hezbollah, Hamas -- trying to destabilize democratic and moderate forces, trying to throw the region into chaos, and they can't be allowed to do that."

Kristol Blames Administration For "Coddling" Iran. On Fox News Sunday (7/16, Wallace) William Kristol said, "Our coddling of Iran, if I can use a neutral term like that, over the last six months to nine months has emboldened them. … I think the Administration has done a good job the last couple of days of showing [Iranian President Mahmoud Ahmadinejad] that he miscalculated. And indeed, this is a great opportunity. I think our weakness, unfortunately, invited this aggression, but this aggression is a great opportunity to begin resuming the offensive against the terrorist groups."

But on Fox News Sunday (7/16, Wallace), Secretary Rice denied that the Syrians and Iranians were not striking out, as William Kristol suggested in the Weekly Standard, because they perceived the US to be weak, saying, "It's a matter that they believe we're going to succeed and they're determined to stop it. We're determined that they won't."

Syrian Ambassador Mocks Claim That Hezbollah Operates From Damascus. NBC Nightly News (7/16, story 3, 2:30, O'Donnell, 9.87M) reported, "The G-8 leaders specifically faulted Hezbollah and Hamas as extremist forces that cannot be allowed to plunge the middle east into chaos. President Bush goes further, blaming Syria and Iran as countries that finance and shelter those groups but Vladimir Putin said there was not enough evidence and today in Washington, Syria's ambassador denied the charge." Syrian ambassador to the US Imad Moustapha: "The accusations that Hezbollah operate from Damascus are as credible as the old accusations about Iraq's W.M.D.'s and Saddam's relations to al Qaeda."

Iranian Leader Defends Hezbollah Attacks. The Financial Times (7/17, Smyth) reports, "Ayatollah Ali Khamenei, Iran's supreme leader, said on Sunday that Hizbollah, a key ally of Tehran, would not disarm, despite calls from the US and Israel." Meanwhile, "Hamid Reza Asefi, foreign ministry spokesman, said no Iranian Revolutionary Guards were in Lebanon and that reports of shipments of

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Iranian missiles were 'not correct'. But Mr Asefi also warned that aggression against Syria would bring Israel 'unimaginable damages.'"

In Wake Of Israeli Bombings, Beirut Will Likely Never Be The Same. A front page story in the Washington Post (7/17, A1, Shadid, 748K) reports that in the wake of Israel's attacks, Beirut "will probably never be the same as the one that stood before." In poignant ways, many different Beiruts are emerging, its famous diversity proving its greatest curse. … From bomb-scarred Dahiya in the south to unscathed Ashrafiyeh in the east, there is a sense that the very calculus of the city is changing, the sectarian forces that have always defined it beginning to overwhelm it. Now more than ever, politics are conflating with identity, and to many, Beirut's most difficult questions may be asked only when the Israeli bombs stop falling."

And the New York Times (7/17, Mouawad, 1.21M) adds, "Residents of southern villages and Beirut's suburbs were fleeing their homes. State-run schools were opened to the displaced. In central Beirut, dozens of families settled in the Sanayeh park, a small fenced expanse of green in the dusty city."

Damascus Defiant In Face Of Israeli Attacks On Lebanon. The Christian Science Monitor (7/17, Roumani, 58K) reports, "The Syrian capital of Damascus remained defiant on Sunday as Hizbullah flags fluttered from cars and Syrian Arab-nationalist and resistance songs blared from taxis and on Syrian television throughout the city. Tired of US pressure on their country, Syrians have been expressing their full support for Hizbullah and its leader Sheikh Hassan Nasrallah - many saying they hope a real resistance may finally be in the making."

Haifa Essentially Closes Down In Wake Of Hezbollah Attack. A front page story in the Washington Post (7/17, A1, Wilson, 748K) reports that hours after a Hezbollah missile struck Haifa Sunday, "the only sound was the rumble of warnings from a news announcer on the bar's plasma-screen television telling people from Tel Aviv to the Lebanese border that rockets could soon be coming their way. … Across a country now fighting on two fronts, worried Israelis gathered around televisions in bus stations, hospital waiting rooms and hotel lobbies, canceled holidays to the besieged Galilee, chatted on talk radio about the merits of killing Hezbollah's leader, and accommodated themselves in countless small ways to life during what increasingly feels like wartime. Stoicism and siege -- hallmarks of Israeli life over the years -- came together along the length of Moriah Avenue and in neighborhoods throughout the Jewish state. Israel's third-largest city, cooled by breezes off a white-capped Mediterranean, essentially closed up and shut down."

Iran Seen As Real Reason For Current Mideast Flare Up. An AP (7/17, Buzbee) analysis says the recent flare up violence in the Middle East may actually be "a fight about Iran and its place in the region. While Israel, the United States and some Arab countries hope the Islamic regime suffers a blow, Tehran may count on emerging from the crisis with its power intact and its influence raised even higher." The AP adds that "the underlying struggle is between Israel and others who view Iran as a threat that must be confronted, and Iran and its allies within Lebanon, Syria and even Iraq, who are determined to show they can cause serious trouble if Iran is squeezed too hard. All that means the fighting could last a long time."

"Sense Of Panic" Said To Be Taking Hold In Beirut. Fawaz A. Gerges, who holds the Christian A. Johnson chair in Middle East and international affairs at Sarah Lawrence College, writes in the Washington Post (7/17, A15, 748K) that Beirut "is a sad city. The smell of war fills the air. There is no talk except war talk. Life has come to a standstill in this vibrant and lively city, built layer upon layer on top of vanished civilizations." Gerges adds, "People are anxious and fear the worst. With no way in or out of the country, a sense of panic is taking hold. … I feel an extreme sense of urgency, not just as a concerned human being but also as a father. What was supposed to be a vacation has turned into a nightmare."

Marines Coordinate First Evacuations Of US Citizens From Beirut. ABC's World News Tonight (7/16, story 4, 1:40, Harris) reported, "U.S. troops are now in the middle east war zone, arriving today in Beirut to start evacuating Americans. The first Americans have been choppered safely out of the country, from the U.S. Embassy in Beirut." ABC added, "Two Marine helicopters arrived in Cyprus today, with about 20 Americans. The first to be air-lifted out of Beirut. Ten were private citizens, including four students and a family with a sick child. The rest were nonessential embassy employees. The helicopters left behind in Beirut, a military team to plan the likely evacuation of thousands more Americans, which could come as soon as this week." USA Today (7/17, Frank, Katz, 2.27M) and the AP (7/17, Karam) report similar details.

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US Citizens In Lebanon Advised To Remain As Officials Plan Major Evacuation. The CBS Evening News (7/16, story 5, 2:30, Mitchell, 7.66M) reported, "For Americans still in Lebanon the word from the U.S. government is stay where you are as officials work on the safe way to get those who want to leave out. .. But in the coming days the Defense Department expects that it will be able to have ready a far more major evacuation operation. And Americans may need it. We're told that as many as 8,000 Americans may turn to the Marines for help."

USA Today (7/17, Kelley, 2.27M) in an article titled "U.S. Officials Scramble For Plan To Evacuate Thousands Of Americans" reports Maura Harty of the State Department's Bureau of Consular Affairs and James Jeffrey, a top State Department official for the Middle East, "urged Americans not to try to leave Lebanon on their own. Travel on Lebanese roads is extremely dangerous, they said, and some Americans were being turned away at the Syrian border."

The New York Times (7/17, Santos, 1.21M) reports on the plans of some Lebanese Americans to evacuate.

Harty Says Evacuation Planning Underway. The Washington Post (7/17, A9, Eilperin, 748K) reports the Administration "is preparing to evacuate hundreds, if not thousands, of Americans from Lebanon in light of the escalating violence between Israel and Hezbollah." In a conference call, Assistant Secretary Maura Harty "urged Americans 'to stay in place' at the moment and register with the State Department rather than risk traveling on roads that are 'fraught with danger. We're trying very hard to keep the best possible records that we can so that when we have our plan in place we will be able to execute it,' Harty said, adding that 'we can't help people if we don't know where they are.'" Central Command officials told the Post a Marine Corps helicopter "evacuated about 20 Americans to Cyprus yesterday. The group included U.S. Embassy officials, Americans needing medical attention and four students, Harty said." The Post continues, "Harty and the two other U.S. officials on the press call…offered few details about any potential evacuation plan. Harty said that while they will look at commercial flights to Cyprus, they will also need charter planes and will focus on taking unaccompanied minors, people with medical problems and the elderly first."

Blair Presses Bush To Send Rice To Middle East. Time (7/24, Meyer, 4.03M) reports as part of it cover package, "A British official told TIME that Prime Minister Tony Blair is personally pressing President George W. Bush to send Secretary of State Condoleezza Rice" to the Middle East "to engage in Henry Kissinger-style shuttle diplomacy. But it's not clear that anyone has the ability to get the belligerents to calm down. And the longer Israel and Hizballah keep up their skirmish, the greater the chances it will spread out of control." Blair and other allies "would like Rice to take a more active role in bringing first calm and then a return to peace talks between the Israelis and Palestinians. Bush has showed no interest in engaging in the region in that way, and Washington is handicapped by its unwillingness to negotiate with four of the key players -- Hamas and Hizballah, Syria and Iran -- whose interests would have to be addressed."

Newsweek (7/24, Hirsh, 3.12M) reports that the Bush team was taken by surprise by the recent fighting. While "the two top U.S. Mideast envoys -- David Welch and Elliott Abrams -- were in the region when hostilities began," they "had been reassured by Lebanese contacts that Hassan Nasrallah, the Hizbullah leader, didn't plan to 'stir things up' while Hamas and Israel contended over a kidnapped Israeli corporal, according to a senior US diplomat who would divulge the details only if he remained anonymous."

Bush Calls Arab Allies From Air Force One. Newsweek (7/24, Hirsh, 3.12M) reports that President Bush, aboard Air Force One, "made a round of calls to Arab allies, mainly Egypt and Jordan, pleading the case that Hizbullah's breach of the border was a clear violation of international law. Bush wanted the Arab leaders to know that he was urging Israel to avoid any action that would topple the Lebanese government -- and allow Syria to take back control of its neighbor. But in return he urged them to pressure Hizbullah at an emergency Arab League summit in Cairo. In an exclusive interview with NEWSWEEK, Bush said he told the Arab leaders: 'Let's make sure this meeting is not the usual condemnation of Israel, because if that's the case it obscures the real culprit' -- Hizbullah and Hamas." President Bush is, in effect, "asking Israel to blunt its own version of the 'Bush doctrine,' which holds countries accountable for the terror groups in their midst. The reason is that the infant democracy of Lebanon is one of Bush's great hopes as a regional model."

Wolffe Says Israel's Suspicion Of Iranian Involvement Is Legitimate. Newsweek (7/24, Dickey, Peraino, Dehghanpisheh, 3.12M) reports in its cover story that Israel sees "hidden hands behind the Lebanese and Palestinian militants. They accused Syria, which harbors the

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Hamas leadership in exile and has a longstanding alliance with Hizbullah in Lebanon, of complicity. But they also saw the long arm of their ultimate enemy, Iran. … In an exclusive interview with NEWSWEEK's Richard Wolffe, President George W. Bush said he thinks those suspicions are legitimate: 'There's a lot of people who believe that the Iranians are trying to exert more and more influence over the entire region and the use of Hizbullah is to create more chaos to advance their strategy.'"

Time (7/24, Meyer, 4.03M) reports as part of it cover package, "Many analysts believe that Hizballah must have carried out the raid" in which two Israeli soldiers were captured "with at least the encouragement of the group's main benefactors, Syria and especially Iran." However, Time also notes that "whatever encouragement they may have had, neither Hamas nor Hizballah ever needs a specific justification for striking Israel. Attacking Israel is, for each, its raison d'être." Meanwhile, the Israelis "are determined to show their adversaries that they aren't cowed."

Pyongyang Rejects UNSC Resolution, Promises "Deterrent." The Financial Times (7/17, Fifield, Nakamoto, Turner) reports North Korea "threatened on Sunday to 'bolster its war deterrent' in response to UN-agreed sanctions to curb its missile programme, but the US and China told Pyongyang it faced no option but to return to talks. Washington and Beijing avoided a damaging split on Saturday with the unanimous adoption of a compromise" UNSC resolution. Chinese President Hu Jintao, in St. Petersburg for talks on the margins of the G-8 Summit, said "six-party talks between the US, North and South Korea, Russia, Japan and China remained the primary way to resolve the situation." Secretary Rice "praised China for backing the resolution, and told reporters that international unity on the issue meant that 'ultimately, North Korea will have no choice but to return to the talks." North Korea "had responded angrily to the UN decision, saying it would not be 'bound to it in the least,' and asserting that 'the vicious hostile policy of the US towards [North Korea] and the irresponsibility of the UN Security Council have created an extremely dangerous situation on the Korean peninsula.'"

The AFP (7/17) reports Secretary Rice "said that a unanimous UN Security Council rebuke of North Korea, with China's active support, would force Pyongyang back to negotiations. 'It's a remarkable resolution, and with an affirmative Chinese vote. We really, now, have a coalition. That's why, I think ultimately, North Korea will have no choice but to return to the talks and pursue denuclearization of the Korean peninsula,' Rice told reporters. She said she was 'not surprised' that North Korea immediately rejected the resolution, but stressed that Pyongyang must understand that nuclear talks with the United States, China, Russia, Japan and South Korea are 'the only game in town.'"

Biden Dismisses North Korean Threat. On NBC's Meet the Press (7/16, Russert), Sen. Joseph Biden said his worry about North Korea is "not that they're going to be able to hit Seattle; they're not even close, not even remotely close to being able to do that. What I'm worried about is that this totally isolated regime with a guy who doesn't seem to understand anything, is going to do something very, very stupid that ends up in a shooting war in the Korean peninsula where they have 30,000 pieces of artillery—or, 10,000 pieces of artillery that can take out a significant chunk of South Korea."

Rice Defends UN Resolution On North Korea. On Fox News Sunday (7/16, Wallace), Secretary Rice said the UN Security Council resolution on North Korea, which did not include a reference to military enforcement, was still significant because it was "the first resolution since 1993 on North Korea, and the Chinese voted affirmatively for a resolution that demands that North Korea stop its activities that are jeopardizing international peace and security. … It says to the North Koreans you're isolated, come back to the six-party talks. Now, I'm not surprised that the first reaction of the North Koreans is to reject it. That's the way that the North Koreans are. But they've got to be a little surprised at the strength of the resolution."

WSJ Faults UN Reaction To North Korea. The Wall Street Journal (7/17, 2.03M) in an editorial writes, "The weakness of this U.N. action is that it continues to have as its goal prodding Kim back to the six-party talks, which have gone nowhere for years. Secretary of State Condoleezza Rice said yesterday on 'Fox News Sunday' that the message to the North is, 'You're isolated; come back to the six-party talks.' But what would really get Kim's attention is if China and South Korea declared that they will cut off his financial lifeline if he doesn't abandon his nuclear ambitions."

Tehran Is Ready To Discuss Incentives Outside UNSC. The AP (7/17, Dareini) reports Iran "said Sunday that Western incentives to halt its nuclear program were an 'acceptable basis' for talks, and it is ready for

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detailed negotiations." Iranian Foreign Ministry spokesman Hamid Reza Asefi is quoted saying, "Now is an appropriate opportunity for Iran and Europe to enter detailed negotiations. Sending the dossier to the U.N. Security Council means blocking and rejecting talks." Secretary Rice "responded that Iran should talk directly to negotiators if it wants to discuss the six-nation proposal." Rice further said "that Iran should contact European Union foreign policy chief Javier Solana, the envoy who delivered the proposal last month and has been meeting with Iran's top nuclear negotiator, Ali Larijani." The AP adds, "After more than a month of waiting for Iran to respond, the six nations are unlikely to accept anything other than an unconditional yes to an enrichment halt before talks on the package begin. Diplomats have said recent meetings with Iran have gone nowhere, and that it appeared Tehran hoped to buy time or exploit potential divisions among the six powers, and wiggle out of having to freeze enrichment."

Putin Dominates Summit Despite Lack Of US WTO Deal. The Financial Times (7/17, Buckley) reports Russian President Vladimir Putin "displayed all the confidence that comes with 70 per cent-plus approval ratings and an economy growing at more than 6 per cent a year. He managed not just to parry the muted public criticisms of Russia's democracy with cutting wisecracks at some of his counterparts, but to appear the most self-assured leader at the Constantine Palace." Putin "seized on" the violence on Israel's borders "as another opportunity to project Russia's renewed influence – and its resolve no longer to let the US set the agenda in global affairs." The Times notes, "Much of the public bonhomie that once marked Mr. Putin's relations with Mr. Bush has also evaporated. When the two met for talks on Saturday morning, chairs were arranged at right angles, making it oddly difficult for the Russian president to achieve eye contact with the man who once claimed to have peered into his soul."

The Wall Street Journal (7/17, Chazan, 2.03M) focuses its reporting on the "setback" in bilateral US-Russian WTO accession negotiations. Russian Industry and Energy Minister Viktor Khristenko "blasted the U.S. for the latest setback in talks...and announced a new delay in naming the Western partners in a multibillion-dollar gas development in the Barents Sea, creating fresh woes for big U.S. oil companies." The G-8 Summit, the Journal says, "exposed strains in a fast-cooling relationship," and that "chill could prove troublesome for U.S. companies trying to do deals in Russia."

Under the headline, "From Group of 8, Energy Focus Is on Oil," the New York Times (7/17, Kramer, 1.21M) reports G-8 leaders "issued a communiqué on energy policy that touched lightly on alternatives to fossil fuels, like biomass and wind power, but focused mostly on how to bring more oil to the market." The AP (7/17, Danilova)'s reporting is entitled, "Kremlin Shows Open, Friendly Face For G-8."

Little Progress Made Between EU And Russia On Energy. The Financial Times (7/17, Ostrovsky) reports, "The Group of Eight industrialised nations papered over their differences on energy security, declaring a general commitment to 'open, transparent, efficient and competitive"' markets." While "Russia made energy security the top theme of its G8 presidency it has made limited progress on the issue. on Sunday it once again refused to ratify the Energy Charter Treaty, which would require it to open up access to its pipelines." The Times adds, "The G8 leaders vowed 'to reduce barriers to energy investment and trade', adding: 'It is especially important that companies from energy producing and consuming countries can invest in and acquire upstream and downstream assets internationally in a mutually beneficial way and respecting competition rules.'"

G8 Leaders Seek Extension On Doha Negotiations. The AP (7/17, Nicholson) reports, "Leaders of the Group of Eight major industrial countries on Sunday recommended a two-week extension for a deadline aimed at breaking the impasse over long-stalled global trade negotiations." But, "it was far from clear whether the call for negotiations would be embraced by the leaders of Brazil and India, who meet for talks with G-8 leaders Monday." The AP adds, "The statement gave no indication that the G-8 countries had been able to resolve any of the wide differences."

The Financial Times (7/17, Dombey) notes the G8 leaders "set a month-long deadline" instead of two weeks "to resolve the stand-off over the Doha round of trade talks, so beginning what may be the final effort to reach a deal." The Times adds, "A last minute agreement struck at 3:30am on Sunday morning set a deadline of mid-August to settle the big outstanding issues of the world trade talks – cuts in agricultural and industrial tariffs." Bloomberg (7/17, Vandore) reports similar details.

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Mumbai Bombings Strain Relations Between India And Pakistan. The Wall Street Journal (7/17, Wonacott, 2.03M) reports, "During his two years in power, Indian Prime Minister Manmohan Singh has pursued friendlier ties with Pakistan in a way befitting the man. He favors quiet dialogue and avoids finger pointing. But in the wake of last week's commuter-train bomb blasts in Mumbai, the low-key prime minister has become more confrontational. … In remarks Friday, Mr. Singh blamed Pakistan for supporting persons who carried out the coordinated bombings." India "also postponed a meeting of Pakistani and Indian foreign secretaries scheduled for Thursday, the Associated Press reported, removing a conduit to discuss contentious issues, such as dueling claims in the Himalayan territory of Kashmir."

Blair Predicts He Will Retain Premiership For At Least Another Year. The Financial Times (7/17, Blitz) reports British Prime Minister Tony Blair "brushed aside claims that his premiership was in terminal crisis over the 'cash for peerages' affair, insisting Labour had done nothing wrong – and that he would still be at No 10 one year from now. Amid intense speculation that police will soon interview Mr Blair over the allegations, a defiant prime minister said: 'Nobody in the Labour party to my knowledge has sold honours or sold peerages.'" The Times notes, "Even more strikingly, Mr Blair declared…that he would still be prime minister when the G8 met in Germany one year from now. Mr Blair, who has pledged to quit before the next election, has so far refrained from indicating to journalists how long he would stay at No 10."

Senate Leaders Agree To Move On US-UK Extradition Treaty. The Financial Times (7/17, Yeager) reports, "The Blair government's push last week for Senate ratification of a US-UK extradition treaty succeeded in raising the profile of the issue in Washington and increased optimism among its supporters that the pact would be approved this year. Richard Lugar, chairman of the Senate foreign relations committee, announced he would hold a hearing on the treaty on Wednesday." Senate Majority Leader Bill Frist said "he would like to ratify the treaty this year, and would try to move it to the Senate floor for action as soon as the committee completed its work." According to the Times, "The extradition of three former NatWest investment bankers to the US on Enron-related charges has focused attention on the treaty. Critics of Tony Blair…have charged that the US failure to ratify it is another example of what they say is his government acting as a 'poodle' to" President Bush.

Airbus To Unveil Midsize Competitor To Boeing's 787. The New York Times (7/17, Landler, 1.21M) reports, "Airbus, desperate to pull out of the worst dive in its commercial history, plans to disclose details of a radically redesigned midsize plane on Monday — a $10 billion project that will compete with Boeing's 787, executives said here over the weekend. The announcement…is meant to counter the impression that Airbus is hopelessly adrift, with falling orders, turmoil in its executive suite and manufacturing chaos that led to a six-month delay in the delivery of its flagship jet, the A380."

Chinese Premier Warns Against "Unstable" Economic Development. The Wall Street Journal (7/17, Lee, Carew, Poon, 2.03M) reports Chinese Premier Wen Jiabao "called for stronger and improved macroeconomic-control measures, the latest sign of official concern that the country's rapidly growing economy could overheat. 'Leaders of all regions must maintain a clear mind to predict problems that can emerge and their sources,' Chinese state-run radio yesterday reported Mr. Wen as saying during a visit to a farming community in China's Henan Province. … 'We need to prevent unhealthy and unstable situations and the imbalances that can occur during fast economic development to prevent major ups and downs in the economy,' Mr. Wen said."

Chinese Considering Regulations That Could Hinder Expansion Of Foreign Retailers. The Wall Street Journal (7/17, Fong, 2.03M) reports China "is drafting new rules to regulate large-scale shopping outlets, which could impede the expansion plans of foreign retailers such as Wal-Mart Stores Inc. and Carrefour SA. If the rules are finalized, they could raise costs and increase red tape for big retailers by requiring them to file detailed blueprints for proposed new outlets and hold public hearings on the impact on communities. … The proposed rules would apply to both foreign and local retailers. But some industry executives say they would be especially cumbersome for large foreign retailers."

Protests Continue As Obrador Calls For Recount. The New York Times (7/17, Thompson, 1.21M) reports, "For the second time in eight days, thousands of

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supporters of the leftist presidential candidate, Andrés Manuel López Obrador, filled this city's historic central plaza to demonstrate their support for his demand for a vote-by-vote recount of Mexico's disputed July 2 election." The New York Times adds that Obrador "told the throngs of people roaring his name that a recount was not too much to ask." Obrador urges his supports "conduct nonviolent acts of civil disobedience, including boycotts of products made by Mexican companies that opposed his candidacy as well as those of some American companies, without explaining why." However, Mr. Calderón "and his supporters say that their victory is legitimate and that a recount will do more harm than good to an electoral system that was meticulously engineered to move Mexico toward democracy after decades of autocratic, one-party rule." The New York Times adds that "like the crowd of people who came out last week to support Mr. López Obrador, this gathering also seemed to be a broad cross section of people with different levels of education and incomes. Obrador also says, "Mr. Calderon should not object to a recount. Later, he added, 'the stain of an illegitimate election cannot be cleaned with all the water in all the oceans.'"

Obrado Supporters Gather In Protest. The AP (7/17, Stevenson) reports, "Claiming fraud robbed him of the presidency, leftist candidate Andres Manuel Lopez Obrador led hundreds of thousands of marchers through Mexico's capital Sunday, demanding a full recount in the disputed election apparently won by his conservative opponent. The local Police report that as "many as 900,000 people took part. On the ground, the crowd appeared to be much smaller, though still vast." The AP adds, "In official returns, Felipe Calderon of President Vicente Fox's conservative National Action Party led by about 244,000 votes — just 0.6 percentage point — though by law, he cannot be declared president-elect until an electoral court deals with challenges to the election." In response "support for the former mayor has reached cult-like proportions in the capital, with devoted followers lighting votive candles outside his campaign headquarters to keep his presidency hopes alive. Lopez Obrador may never recognize Calderon as a legitimate president, setting up six years of sparring and protests that could threaten Mexico's political and economic stability. The stock market and currency have swung widely in recent weeks amid the electoral uncertainty. The Washington Post (7/17, A12, Roig-franzia, 748K) the Wall Street Journal (7/17, De Córdoba, Lyons, 2.03M) report similar details.

US-Funded Natural Gas Pipeline In Peru Proves Controversial. The Christian Science Monitor (7/17, Hearn, 58K) reports on "the Camisea Gas Project, a $1.6 billion project for piping Peruvian natural gas 340 miles from the jungle floor, crossing 14,000-foot Andean mountains to markets in Peru and - by 2010 - the US. Supporters say it will be the catalyst for an unprecedented economic boom for impoverished Peru. But environmental concerns have made the flagship project a political football in Washington and Lima. Camisea is backed by an international consortium of companies, including Texas-based Hunt Oil, and the US taxpayer-funded Inter-American Development Bank (IDB). It's slated to turn Peru into a net energy exporter and save $4.1 billion in energy costs from 2004 to 2033, according to the IDB. … But critics want to know why one of the project's pipelines has ruptured five times since December 2004, impacting sensitive ecosystems and remote jungle communities. They also complain that benefits have not trickled down to poor Peruvians and that the IDB, which put in $75 million in 2003, has not fulfilled its oversight role."

Chavez Rivals To Participate In Winner-Take-All Primary. The Los Angeles Times (7/17, Kraul, 918K) reports that candidates opposing Venezuelan President Hugo Chavez have agreed to participate in a winner-take-all primary Aug. 13 to choose a single candidate whom they all promise to support. The Times notes, "It is a measure of their weakness that politicians from the nine disparate parties decided on the joint primary in a bid to galvanize an opposition that has largely given up hope of defeating Chavez." The Times adds, "Polls indicate that Manuel Rosales, governor of oil-rich Zulia state, and Julio Borges, a former assemblyman and TV show host, are the leading opponents, but they trail Chavez by a wide margin. Behind both is Teodoro Petkoff, a 74-year-old leftist editor and former planning minister who announced he would not participate in the primary but would still run against Chavez."

US Plans To Intervene In Cuba In The Event Of Castro's Death. The AP (7/17, Snow) reports, "What will Cuba be like when Fidel Castro is gone? Washington and Cuba have — no surprise — startlingly different versions of a post-Castro Cuba, and many dissidents on the island complain they will be caught in the middle. In Washington's scenario, presented this week by a presidential commission,

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a democratic Cuba will endorse multiparty elections and free markets and become a new ally to be rebuilt with American assistance after nearly five decades of communism. But Castro, who apparently enjoys good health and turns 80 on Aug. 13, has been fortifying the ruling Communist Party to ensure the status quo long after his death. He plans to hand over power to his 75-year-old brother Raul, the first vice president of Cuba's Council of State. The key aim of the 93-page report by the Commission for Assistance to a Free Cuba is to halt that succession, using diplomacy to enlist Cuban citizens and other countries to demand a new government after Fidel dies."

Panama Canal Gets Modification. The AP (7/17, Martinez) reports, "Panama - Panamanians will vote Oct. 22 on whether to undertake the biggest modification to the Panama Canal since it was opened in 1914. President Martin Torrijos will sign the bill approving the canal referendum on Monday, his office reported Sunday. The AP adds, "The $5.3 billion project would add a third set of locks on the canal to reduce the long lines of ships trying to cross and allow larger ships to pass through." This measure is most likely to pass. However, "opponents contend the project is based on uncertain projections about maritime trade and the world economy. They claim the project lacks an accompanying social development plan and will put the country in debt. But, "officials say they will pay for the upgrade through loans and canal toll increases."

Bill Clinton Suggests Sending International Muslim Force To Darfur. AFP (7/17) reports former president Bill Clinton "said the world should consider mobilizing an international force from Muslim countries to be deployed in Sudan's strife-torn region of Darfur. The Sudanese government has vehemently refused the deployment of a UN force in the region..to replace an ineffectual and cash-strapped African Union contingent of 7,000 troops. 'The Sudanese government should be pressurized by the international community to accept a larger number of troops from the international community in order to stop the killing in Darfur and to get a lasting solution,' Clinton told AU diplomats in Addis Ababa. 'To make things acceptable to the Sudanese government, the international community can mobilize troops from Muslim countries like Turkey, Pakistan and Bangladesh,' he added."

French Pessimism Persists Despite Positive Economic Outlook. The Christian Science Monitor (7/17, Sachs, 58K) reports, "The unemployment rate is falling. Nine out of 10 teenagers tell pollsters that they are happy in home and at school. France is the world's fifth-largest economy, with one of Europe's biggest public sectors, where jobs are essentially guaranteed for life. And at this very moment, millions of French families are at the seaside or in country homes enjoying their five weeks of paid vacation after working a 35-hour workweek the rest of the year. So why are they so pessimistic about the state of their economy?" President Jacques Chirac "rails often against what he calls the 'declinologues' of his country, using a word that does not appear in dictionaries but is immediately understood. France is strong, he has said, because France is, after all, France. But the past year has seen blow after blow to the French self-image, analyzed around dinner tables and exposed in weekly opinion polls."

Pew's Kohut Authors Book On Anti-Americanism. In a review of "America Against the World; How We Are Different and Why We Are Disliked" by Andrew Kohut and Bruce Stokes, the Financial Times' Edward Luce (7/17) writes, "Understanding what drives Americaphobia – and separating the often contradictory impulses around the world (Americans are irreligious, say Muslims; too religious, say Europeans) – became more urgent after the September 11 2001 attacks. Less attention has been paid to the equally confusing opinions Americans hold of themselves. Analysing both sets together is something the US-based Pew Research Center is better qualified to do than any other pollster. Its findings, presented in America Against the World, by Andrew Kohut, Pew's director, and Bruce Stokes, a consultant, provide little reassurance to those hoping global dislike of America will easily pass."

WPost Notes "Complicated" Ukrainian Political Realities Since The Orange Revolution. The Washington Post (7/17, 748K), in an editorial, writes, "Two years ago, politics in Ukraine seemed to be a battle between good and evil. Now the picture is more complicated. The good guy is president, but the bad guy is likely to become the next prime minister. Some say it's a failure of democracy. We disagree. In the uproar after Ukraine's 2004 presidential election, there were clear principles at stake. Viktor Yanukovich, the Russia-backed

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candidate, tried to steal the presidential election through massive voting fraud." However, "In March's parliamentary elections, the party of Mr. Yanukovich claimed the most seats. And after months of parliamentary wrangling, he won the nomination for prime minister last week." The Post concludes, "Mr. Yanukovich may not be the prime minister we would have voted for. But we respect the honest choice Ukrainians made."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Mideast Fighting Escalates."
"For Better Or Worse, He's On It."
"Tempted By Opportunity, Israel Gambles On Force."
"GOP Fissure On Stem Cell Vote Likely."
"Publishers Want Higher Billing In Book-Film Deals."
"A Divide Deepens In Arab World."

USA Today:
"In Israel, Fury Mixed With Fears."
"Americans Leaving Lebanon."
"Growing Number Of Voters Ignore Primary Elections."

New York Times:
"Israel Strikes Lebanon After Hezbollah Missile Attack."
"In an About-Face, Sunnis Want U.S. to Remain in Iraq."
"Arizona Ballot Could Become Lottery Ticket."
"Hurricane Aid Flowing Directly to Homeowners."

Washington Post:
"Israeli Strikes Kill 45 In Lebanon."
"US Border Town 1,200 Miles From Border."
"Surreal Is met With Stoicism In Haifa."
"Beirut's Many Sides Emerge As The Bombs Fall."

Washington Times:
"Rockets Hit Deep In Israel."
"Military Leaders Foresee Iraq Exit In 2016."
G-8 Lays Blame On Extremist Forces For Strife."
"Face It Book No Secret To Employees."
"DC Fields Fewer Workers, But Payroll Cost Soar."
"You're Still That Little Girl."

Detroit Free Press:
"Drug Pans Reveal Holes."
"A Huge Slice Of Michigan Agrees: I Love MI."
"Explorer, State Square Off Over Shipwreck."
"Israel, Hizballah Say They Won't Back Down."
"Shuttle Discovery To Land Today."

Atlanta Journal-Constitution:
"Cox, Taylor Have Angry Showdown."
"War Grows Wider."
"Splashy Exit To Eternity."
"Family Vacation Plans Take High-Tech Journey."

Houston Chronicle:
"Dueling Attacks Rage On."
"Leftist Leads Massive March."
"G8 Call For Restraint On All Sides."
"Experimental Shot Shows Promise Against Cancer."

Story Lineup From Last Night's Network News:
ABC: 41 Civilians Killed In Lebanon, Including Eight Canadians; Hezbol
Strategy; Evacuation Of US Citizens From Lebanon; Dispute Over G8 Sta
Killed In Iraq / Baghdad Suicide Bomb; California Wildfires; Space Shuttl
Astronaut On World Peace.
CBS: Eight Killed By Rocket In Haifa; Six Canadians Among Civilians Ki
Threatens Retaliation; G8 Leaders Response To Attacks On Lebanon; E
Haass Analysis Of US Diplomatic Options; Baghdad Suicide Bomber Kil
NBC: Lebanese PM Pleads For Israel To Stop Attacking; Israel Respond
Statement On Lebanon; Burns Says US Is Opposed To A Ceasefire; Suic
Weather; Hezbollah's Role In Lebanon; Stem Cell Debate; Space Shuttle

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Israel-Lebanon attacks; G8 Meeting; Lebanon-US Citizen Evacuation; Space Shuttle Landing; Heat Wave.
CBS: Israel-Lebanon Attacks; Lebanon-US Citizen Evacuation; Oil Prices; Heat Wave.
NPR: Israel-Lebanon Attacks; Lebanon-Canadians Killed; G-8 Meeting; New York-Building Collapse Doctor Dies; Rockefeller-Obit.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Returns to Washington from the G-8 meeting in Russia.

VICE PRESIDENT CHENEY — Speaks at a luncheon for congressional candidate Jeff Lamberti, Wakonda Club, Des Moines; speaks at a rally for the Iowa Air and Army National Guard, training center, Johnston, Iowa; speaks at a

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reception for congressional candidate Mike Whalen, private residence, Davenport, Iowa.

US Senate: 2:30 p.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on implementation of the Energy Policy Act of 2005 provisions on hydrogen and fuel cell research and development. Location: Room 366, Dirksen.

3 p.m. FOREIGN RELATIONS _ Full Committee. Confirmation hearing on pending nominations. Location: Room 419, Dirksen.

US House: FLOOR SCHEDULE _ 12:30 p.m. Meets for morning hour and at 2 p.m. for legislative business.

Other: NAACP CONVENTION _ NAACP holds 97th annual convention. This year's theme: ``Voting Our Values: Valuing Our Votes." Highlights: 9:30 a.m. - 12:30 p.m. Plenary session and presentation of the William Robert Ming advocacy award. With Sen. Harry Reid; Julian Bond, Chairman, NAACP; Bruce Gordon, President, NAACP; and others. 10:45 a.m. Legal education seminar: Fair housing update. With Angela Ciccolo, deputy general counsel, NAACP Baltimore; and Duane Desidero, Staff VP, legal affairs, National Association of Home Builders. Convention Center Room 152 A/B. 1 p.m. Religious leaders luncheon. With Rev. Raphael Warnock, senior pastor, Historic Ebenezer Baptist Church, Atlanta; Julian Bond, chairman, NAACP Board of Directors; Bruce Gordon, President, NAACP; and others. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va., Washington Convention Center, Mt. Vernon Square.

BAYH-MIDDLE CLASS _ 10 a.m. Sen. Evan Bayh, R-Ind., discusses the future of the American middle class at a National Press Club newsmaker media briefing. Bayh will present reforms that he believes would provide greater economic opportunity, and will critique the Bush administration's policies that he contends have failed to meet middle-class needs. Location: National Press Club, Zenger Room.

MARRIAGE _ 10 a.m. The Alliance for Marriage and House Democrats hold a news conference in support of marriage. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

DEMOCRATS-MEDICARE RX _ 1:30 p.m. The Democratic Policy Committee holds a an oversight hearing on the so-called Medicare Part D ``donut hole. The ``donut hole, describes the gap in coverage which is triggered when a beneficiarys prescription drug costs exceed $2,250 in a year. Above that threshold, beneficiaries must pay 100 percent of their prescription drug expenses until their total drug costs exceed $5,100 for the year. Location: Room 192, Dirksen Senate Office Building.

NATIONAL PRESS CLUB AWARDS _ 6 p.m. The National Press Club hosts their Annual Journalism Awards Dinner. With Jonathan Salant, president, NPC. Pultizer-prize winning Associated Press writer Walter mears will be awarded the Presidential Citation for distinguished contributions to journalism. Location: National Press Club, 14th and F Sts. NW.

ENERGY-BIOFUELS _ 6 p.m. - 8:30 p.m. The Defense Department hosts a discussion on energy, ``Biofuels Potential, Risks and Implications." With Dr. Michael Pacheco, National Renewable Energy Lab; and Suzanne Hunt, Worldwatch Institute. Location: Doubletree Hotel Crystal City, 300 Army Navy Dr., Arlington.

'THE HILL'-TV LAUNCH _ 6:30 p.m. Launch party and screening for the new Sundance Channel television show ``The Hill," a six episode series about the personal and professional lives of the young staffers of Congressman Robert Wexler (D-Fla.) With Ivy Meeropol, director; Rep. Robert Wexler; Eric Johnson, chief of staff; Lale Mamaux, press secretary; Halie Soifer, legislative aide; Johnathan Katz, legislative director; and Ana Marie Cox, Time correspondent and former ``Wonkette." Location: Motion Picture Association of America, 1600 Eye Street, NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JULY 17, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
US Declines To Assist Investigation Into German's Rendition 3
FBI Moles Investigated Liberty City Seven 3
US Intel Agencies Seek To Address Terror Threats In Asia, Africa 3
Administration Aides Seek To Limit SCOTUS Decision On Gitmo Detainees 3
Treasury Intended Efforts To Track Terrorist Finances To Leak... 3
Prosecutors Seek Secrecy For Israeli Agents In Hamas Trial 3
Bush Administration Seen As Seeking "Wiggle Room On Cruelty." 4

Homeland Response:
NYPD Guarding Subways, Slurry Wall 4
NYTimes Criticizes DHS Over Critical Asset List, Unfilled Cybersecurity Post 4

War News:
Military Leaders See US In Iraq Till 2016 4
Iraqi Leaders Condemn Israeli Attacks 5
US and UK Soldiers Die; Bomb Kills 26 Iraqis In Cafe 5
US Troops Train Iraqi Security Forces 5
US Military Fears Rape Case Consequences 5
Corruption Is Cited In Iraqi Oil Industry 5
Army Develops New Field Manual For Counterinsurgency Operations 6
Aides Say Iraq War Has Made Bush Unpopular In Europe 6
Iraqi Debt Is "No Longer A Writeoff." 6
US Will Not Cease Anti-Taliban Offensive 6

Corporate Scandals:
Indictments By California Options Task Force Expected 6
Top Executives Abandoning Troubled Fannie Mae 7
SEC Chairman Cox Urged To Seek Reforms 7

Criminal Law:
Novak Says Fitzgerald Aware Of Sources In Plame CIA Leak 7
First Guilty Plea Taken In Missouri Truck License Probe 8
Malone Asks For Change Of Venue 8
Pennsylvania Councilman Says He Was Busted By FBI 8
Prosecutors Will Wait Before Deciding To Seek Death Penalty For Mack 8
Szilvagyi Pleads Guilty To Medicare Fraud 8
"Vishing" Is Latest Form Of Online Scam 8

Civil Law:
Relationships Between Hospital Heads, Firms Under Increased Scrutiny 9

Civil Rights:
FBI Investigating Las Vegas Police Shooting 9
Little Turmoil Expected As Senate Panel Takes Up Voting Rights Act 9
Abortion Rights Advocates, Opponents Rally In Jackson, Mississippi 9
Gay Couples Await Washington State Court Ruling On Gay Marriage 10

Antitrust:
GM Considers Alliance With Renault, Nissan 10
Stevens Explanation Of Opposition To "Net Neutrality" Draws Derision 10

Environment/Indian Affairs:
California Wildfires Continue To Spread 10
NYTimes Says Congress Should Update Fisheries Management Legislation 10
Lumbee Tribe's Battle For Recognition Raises Questions 11

FBI/DEA/ATF/USMS:
Most Federal Judges Using Home Security Measures 11
Attorney Denies Saying Indictment Of Bonds Is Expected, Says Government Lacks Evidence 11
San Francisco Marijuana Dispensaries Face Tighter Regulations 11
Federal Government's Handling Of Shortt Case Criticized 12
Fentanyl-Related Deaths Increase In Boston 12
Increase In Meth Production Leads To Crackdown On Importation Of Ingredients 12
Tennessee Businessman Faces Drug, Money Laundering Charges 12
Senate Committee Recommends Funding For Crime Task Forces 12
Large-Scale Marijuana Operations Found On Oregon's National Forestlands 13

Immigration:
ICE Aims To Put Illegal Immigrants On Notice 13

Latino Immigration Changes Face Of Georgia Carpet Capital 13

Tax:

Californians Moving To Nevada To Avoid Taxes 13

Congress-Administration:

Senate Likely To Pass Stem Cell Bill, Bush Veto Expected..... 14
Proponents Of 9th Circuit Split Note Case Overload..... 15
Top Presidential Aides Got $4,200 Raises Last Year 15
Nicholson Stresses Need To Transform Culture At VA..... 16
Administration To Change Medicare Hospital Payments 16
Waxman's Role As Gadfly Examined 16
Capuano Seeks Expansive Review Of Democratic Caucus Rules 16
Shuttle Discovery Cleared For Monday Morning Return 17
Taxpayer Advocates Seek To Highlight Abuse Of Earmarks..... 17
CPSC Chairman Leaves For Detroit Law Firm..... 17
Reagan "Myths" Used To Belittle Bush Presidency..... 18

Other News:

Wealthy Getting Larger Share Of National Income, Paying More Taxes 18
Inflation Increases Likely To Prompt Fed Rate Increase..... 18
Bush, First Lady Disagree On Potential 2008 GOP Presidential Nominees..... 19
Cheney Has Attended 80 GOP Candidate Fundraisers This Year..... 19
Wealthy Democratic Donors' Alliance Draws Scrutiny 19
Primary Turnout Fails To Reach 2002 Levels 19
Clinton's Comments On Ohio's Election Process Seen As Potentially Problematic 20
Novak Says Lieberman Touting "Good" Earmarks In Primary Battle 20
Dean's "50 State Strategy" Has Sparked Battle Within Democratic Party 20
Feingold Says Foreign Policy Issues Currently Top Democrats' Concerns..... 20
Polls Show Friedman Is A Serious Contender For Texas Governor 20
MoveOn Sponsors Ads Against Ney On Sides Of DC Buses 21
Maryland Senators Offer Bill To Equalize Law Enforcement Benefits 21
Carlyle Group To Hire Global Head Of Lobbying 21
Arkansas Lieutenant Governor Rockefeller Dies..... 21
G8 Leaders Condemn Hezbollah, Urge Israel To Employ Restraint..... 21
Israel Continues Destruction Of Lebanon Killing Dozens Of Civilians..... 25
Israeli Officials Outline Goals Of Conflict With Hezbollah..... 26
Israel Vows To Punish The Lebanese For Rocket Attack On Haifa..... 27
Syria Vows To Defend Itself If Attacked By Israel 28
In Wake Of Israeli Bombings, Beirut Will Likely Never Be The Same..... 29
Marines Coordinate First Evacuations Of US Citizens From Beirut..... 30
Blair Presses Bush To Send Rice To Middle East 30
Pyongyang Rejects UNSC Resolution, Promises "Deterrent." 31
Tehran Is Ready To Discuss Incentives Outside UNSC 32
Putin Dominates Summit Despite Lack Of US WTO Deal 32
G8 Leaders Seek Extension On Doha Negotiations 32
Mumbai Bombings Strain Relations Between India And Pakistan32
Blair Predicts He Will Retain Premiership For At Least Another Year..... 33
Airbus To Unveil Midsize Competitor To Boeing's 787 33
Chinese Premier Warns Against "Unstable" Economic Development..... 33
Protests Continue As Obrador Calls For Recount..... 33
US-Funded Natural Gas Pipeline In Peru Proves Controversial . 34
Chavez Rivals To Participate In Winner-Take-All Primary 34
US Plans To Intervene In Cuba In The Event Of Castro's Death 34
Panama Canal Gets Modification 34
Bill Clinton Suggests Sending International Muslim Force To Darfur 34
French Pessimism Persists Despite Positive Economic Outlook 35
Pew's Kohut Authors Book On Anti-Americanism 35
WPost Notes "Complicated" Ukrainian Political Realities Since The Orange Revolution..... 35

The Big Picture:

Headlines From Today's Front Pages 35

Washington's Schedule:

Today's Events In Washington 36

DOJ_NMG_0041155

TERRORISM NEWS:

US Declines To Assist Investigation Into German's Rendition. The AP (7/17, Graham) reports, "Germany said Sunday the United States has refused to help investigate the alleged abduction of a German citizen, a case that has ignited criticism of U.S. tactics against international terrorism. Khaled al-Masri…says he was seized in Macedonia in December 2003 and flown by the CIA to a detention center in Afghanistan. He says he was questioned and abused during five months in custody before he was dumped in Albania. … The U.S. Justice Ministry declined to help due to a civil lawsuit that al-Masri has brought against the Central Intelligence Agency, the German Justice Ministry said Sunday."

FBI Moles Investigated Liberty City Seven. The Miami Herald (7/16, Weaver, Ovalle, 310K) reported, "Newly obtained federal court documents, filled with transcripts of secret FBI recordings, tell how two unidentified informants risked their lives" to investigate the Liberty City Seven. "Their performance was enough to erase" ring leader "Narseal Batiste's distrust -- thus salvaging a stalled FBI investigation." Batiste confided his vision of using violence to establish a separate state to a North Miami convenience store owner who "happened to be an FBI informant." The FBI found "Fthe threat was serious enough to have him introduce Batiste to another informant," Mohammad, who "later gave Batiste a cellphone -- which was bugged by the FBI." In mid-January Batiste "had grown suspicious of Mohammad's constant questioning," and both informants were required to strip away their clothes before a meeting. "Tey somehow managed to keep body recording devices on them without being noticed," and Mohammad, by boasting of "intimate ties to al Qaeda" and "bragging about his role in 'planning the attack' by al Qaeda on the USS Cole in Yemen in 2000," allayed Batiste's suspicions. "The critical turning point in the FBI's undercover case came March 10" when Batiste made "a *bayat* -- loyalty oath -- to al Qaeda." Soon the others did as well.

WTVJ-TV (7/17), on MSNBC.com, adds, "Batiste grew impatient with the lack of action by the confidential witness who was posing as an al-Qaida operative. The raid on the suspects' headquarters was done, in part, because law enforcement was worried the suspects would instead find real terrorists to help them bomb the Sears Tower in Chicago."

US Intel Agencies Seek To Address Terror Threats In Asia, Africa. U.S. News and World Report (7/24, Ragavan, 2.03M) reports that the FBI and intel agencies face a conundrum over "how to track the movement of radical Islamist terrorists in the vast string of islands of Southeast Asia." Likewise, the African continent "has long been a stepchild of US foreign policy, especially the nations of North Africa and one in particular: Somalia. … A recent jihadist recruiting video shows Somali Islamic and non-Somali Arab radicals fighting U.S.-backed secular warlords in Mogadishu; now those radical Islamic warlords seem to be in charge." US News adds, "At the Pentagon, the CIA, the State Department, and the FBI, there is a heightened sense of urgency about these threats and an energetic set of new efforts to prevent these lawless lands from becoming hotbeds of terrorism. But critics wonder whether it's already too late."

Administration Aides Seek To Limit SCOTUS Decision On Gitmo Detainees. U.S. News and World Report (7/24, Michels, Ragavan, 2.03M) reports that some figures in the Bush Administration have tried to limit the Supreme Court's decision on the treatment of Gitmo detainees, "setting up clashes in Congress and within the administration at high-level meetings expected this week." US News adds, "In hearings last week, Daniel Dell'Orto, the Defense Department's principal deputy general counsel, advised Congress to approve the current tribunals, which allow secret evidence to be used. House Republicans appeared willing to go along -- which would almost certainly prompt another court challenge. But senators from both parties balked, preferring a system based on normal rules of military justice, as recommended by top lawyers within the military." Interrogations will also be a sticking point. The Justice Department warned that interrogators could be exposed to criminal charges. Some senators agreed, "suggesting Congress may alter U.S. law to permit controversial techniques."

Treasury Intended Efforts To Track Terrorist Finances To Leak. U.S. News and World Report (7/24, Bedard, 2.03M) reports in its "Washington Whispers" column that the Treasury Department intended its program to search financial transactions for terrorist activities to leak. According to US News, "When the program was developed in 2003, a press plan was included. The goal: Get out front with the spin that there are safeguards to prevent snooping on private accounts, that it is legal, and that there are big benefits to it."

Prosecutors Seek Secrecy For Israeli Agents In Hamas Trial. The Chicago Tribune (7/15, Bush, 623K) reports, "Federal prosecutors requested Friday that Israeli intelligence agents be permitted to testify under official aliases and outside the presence of the public in the upcoming trial of" Muhammad Salah of Bridgeview and

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Abdelhaleem Ashqar for "aiding the terrorist group Hamas." Also arguing that the agents "should be allowed to appear before the court 'in light disguise' if they choose," prosecutors "argued the agents are 'prized targets for terrorist organizations.'" The AP (7/16) also covers this story.

Bush Administration Seen As Seeking "Wiggle Room On Cruelty." In an op-ed for the Washington Post (7/17, 748K), *Rasul v. Bush* attorney Joseph Margulies argues that the New York Times and Financial Times may have overstated the Bush administration's willingness to comply with Common Article 3. Deputy Secretary Gordon England's memo may not mean a true change of heart on the part of the administration, since the "administration [is still] pushing the Pentagon to adopt techniques not sought by senior military planners." Margulies warns, "This administration does not give up power easily."

Hentoff Says Bush Got "Bad Legal Advice." In the Washington Times (7/17, 88K), Nat Hentoff notes that the Supreme Court has ruled "military commissions illegal." He argues that President Bush was "crucially misled by" former DOJ attorney John Yoo and "David Addington, now chief of staff for Dick Cheney; Alberto Gonzales, since promoted to attorney general; John Ashcroft, Mr. Gonzales' predecessor as attorney general; Jay Bybee, since elevated to the 9th Circuit Court of Appeals; Timothy Flanigan; and William J. Haynes II, whose nomination to the 4th Circuit of Appeals is still pending because of his role in that discredited advice."

HOMELAND RESPONSE:

NYPD Guarding Subways, Slurry Wall. Newsweek (7/24, Hosenball, 3.12M) reports, "Federal officials say there is no intel indicating a specific, credible and imminent threat to subways and commuter trains in New York—or any other US city. But the officials, anonymous because of the sensitive subject matter, noted that Al Qaeda has repeatedly expressed interest in attacking public-transit systems, and the New York Police Department is trying not to take chances." The NYPD increased its presence at subway stations following last week's commuter-train bombings in India. "As if its officers didn't have their hands full already, the spokesman added, the NYPD placed 24-hour patrols on a barrier protecting the Ground Zero site in Lower Manhattan from the Hudson River. The patrols are a response to recent reports of a plot to flood the site and the PATH subway tunnels running beneath it by blowing up the 'slurry wall' that keeps river waters at bay."

NYTimes Criticizes DHS Over Critical Asset List, Unfilled Cybersecurity Post. Under the headline "Homeland Insecurity Department," the New York Times (7/17, 1.21M) editorializes, "The Department of Homeland Security never really makes us feel all that safe. A government list of potential terrorist targets that came to light recently is only comforting if the roundup is intended, by its very absurdity, to confound the enemy into total inaction." The Times continues that the "odd collection of assets" becomes "far from laughable when one realizes that the database is used by the agency as a factor in divvying the hundreds of millions in grants to localities — including the program that dealt 40 percent cuts to two proven targets, the national capital and New York City. … And then there's the matter of the assistant secretary to oversee security in cyberspace." Noting that the post has been vacant for a year, the Times adds, "Maybe everyone was too busy protecting the folks at the popcorn factory."

WAR NEWS:

Military Leaders See US In Iraq Till 2016. The Washington Times (7/17, Scarborough, 88K) reports, "U.S. war commanders think some level of American forces will be needed in Iraq until 2016 and those forces will receive continued support from the vast majority of Iraqis." The pro-military article reports, "At the tactical level, the U.S. is getting better at detecting deadly improvised explosive devices (IEDs), especially using unmanned spy planes. But the enemy is growing more sophisticated." Another problem is "insurgent infiltration of the Iraqi Security Forces." Retired and active military conferees in Fort Carson, Colo., contend that the "'mainstream media' largely ignores progress" and that they have reduced the use of embedded reporters in favor of having Iraqi stringers.

Sunnis Now Want US To Stay. The New York Times (7/17, Wong, Filkins, 1.21M) reports, "As sectarian violence soars, many Sunni Arab political and religious leaders once staunchly opposed to the American presence here are now saying they need American troops to protect them from the rampages of Shiite militias and Shiite-run government forces." Sunnis also consider Americans a "bulwark" against Iran. The Times says the attitude change "is one of the most significant shifts in attitude since the war began. It could influence White House plans for a reduction of the 134,000 troops here and help the Americans expand dialogue with elements of the insurgency. But the budding accommodation is already stirring a reaction among the Shiites."

Biden Says US Lacks Political Solution In Iraq. On NBC's Meet the Press (7/16, Russert), Sen. Joseph Biden said, "We're not winning the war because we do not have a political solution to offer. There's three things that have to happen, and they have to happen quickly. Number one, you have to get a Sunni buy-in. That is, you've got to have a

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reason for the Sunnis to say it makes sense to be part of this united government, and that remeans -- means you've got to give them a piece of the oil, you got to give them a piece of the revenues. They've got nothing else. Number two, you've got to disarm that militia. … And thirdly, you've got to figure out a way, Tim, to deal with the civilian agencies that are moribund."

Iraqi Leaders Condemn Israeli Attacks. USA Today (7/17, Jervis, 2.27M) reports, "Iraqi lawmakers condemned Israel's bombardment of Lebanon on Sunday as a search for kidnapped members of Iraq's Olympic Committee continued." Six of those abductees have been freed, but the vast majority remain captive. Both the prime minister and Iraqi legislators denounced Israeli bombings of Lebanon, with some lawmakers drawing "parallels between the conflict in Lebanon and the situation in Iraq. Shiite militias in Iraq, trained and equipped by Iran, are destabilizing Iraq in much the same way Hezbollah, the armed Shiite group in southern Lebanon backed by Iran, sparked the confrontation with Israel, said Mithal al-Alusi, an independent Sunni lawmaker."

US and UK Soldiers Die; Bomb Kills 26 Iraqis In Cafe. ABC's World News Tonight (7/16, story 6, :20, Harris) reported, "Another U.S. soldier was killed [in Iraq] today, in a roadside bombing. Meanwhile, a suicide bomber killed more than two dozen people at a crowded cafe in Baghdad. More than a dozen other people were injured. The call had gone out throughout the city for blood, to help the people who were hurt in that blast."

The CBS Evening News (7/16, story 7, :10, Mitchell, 7.66M) reported, "In the battle for Iraq a suicide bomber killed 26 people at a cafe crowded with Shiite Muslims north of Baghdad."

NBC Nightly News (7/16, story 5, :20, Holt, 9.87M) reported, "A suicide bombing ripped through a packed restaurant. It left at least two dozen dead and nearly the same number wounded. This is a region which until now has been largely untouched by sectarian clashes."

USAToday/AP (7/17) reports that a suicide bomber "inside a cafe packed with Shiites in northern Iraq" killed 26 and injured 22. The cafe was situated in "Tuz Khormato, a mostly Turkomen city 130 miles north of Baghdad." An American soldier "was killed in a roadside bombing in south Baghdad." A British soldier was killed in a raid in Basra. The New York Times (7/17, Von Zielbauer, 1.21M) and the Los Angeles Times (7/17, Windawi, Daragahi, 918K) also report the suicide bombing.

Two Thousand People Were Killed In Baghdad In June. The Los Angeles Times (7/17, Windawi, Daragahi, 918K) gives casualty totals for Baghdad in June: "About 2,020 people died violently in the city of 6 million in June, including 1,360 who were slain at close range by small-arms fire, according to numbers issued by the governor's office. At least 39 car bombs exploded, 120 mortar rounds struck the city and 166 roadside bombs exploded."

US Troops Train Iraqi Security Forces. U.S. News and World Report (7/24, Mulrine, 2.03M) reports on US military trainers' efforts to train security forces in Iraq. The embedded American mentors "are tasked with teaching their Iraqi counterparts everything from alphabetizing files to the bare basics of investigating crime scenes. … Much of American mentoring here involves trying to increase the 'prestige factor' of the police, who under Saddam Hussein's regime were considered the lowest of the low -- 'the lowest paid, least trained,' says a senior military official." US News adds, "Lately, the trainers have begun teaching investigative procedures, but supplies remain scarce and technical skills are nonexistent, say US military officials."

US Military Fears Rape Case Consequences. The AP (7/17, Lenz) reports, "U.S. military officials fear that religious hurdles in exhuming the body of a teenager could complicate the prosecution of American soldiers accused of raping and murdering the girl — and create a political nightmare for the U.S. mission here." Given the dangers if "remaining support" in Iraq for the mission collapses, US officials reportedly favor a "vigorous prosecution" and "severe" punishment if the suspects are convicted. Relatives of the victim have refused permission on religious grounds, making the recovery of forensic evidence impossible. Defense attorneys would then challenge prosecutors' attempts to rely on statements from the suspects. The Iraqi prime minister "has complained that Iraqi courts should try cases of abuse by American soldiers — something the U.S. command strongly resists — and last week called for a review of an agreement giving foreign troops immunity from Iraqi prosecution." In turn, Secretary Rumsfeld said during his trip to Iraq that no service member is "immune" from US (though not Iraqi) prosecution. More than 120 sites carried this story.

Corruption Is Cited In Iraqi Oil Industry. The Washington Post (7/17, A12, Pincus, 748K) reports, "U.S. Comptroller General David M. Walker told Congress last week that 'massive corruption' and 'a lot of theft going on' in Iraq's government-controlled oil industry is hampering the country's ability to govern itself." Walker said that "about 10 percent of Iraq's refined fuels and 30 percent of its imported fuels are being stolen, in part because the subsidized Iraqi price of gasoline, about 44 cents a gallon, is less than half the regional price of 90 cents a gallon." The GAO has "criticized the administration's strategy for not identifying which U.S. agencies are responsible for implementation, for not integrating U.S. goals and objectives with the Iraqi

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government and for failing to identify future costs." The Post cites the high costs that the US is paying in Iraq because prewar assumptions of a "permissive security environment" did not pan out: "[the war] costs about $1.5 billion a week for U.S. military operations, reconstruction and support for Iraqi forces."

Gunmen Abduct Iraqi Oilman. The New York Times (7/17, Von Zielbauer, 1.21M) reports, "Gunmen in vehicles resembling those used by Iraqi security forces kidnapped the president of one of Iraq's state-owned oil companies in Baghdad on Sunday afternoon ... The abduction, the second of a high-profile Iraqi official in two days, underscored the danger that high-level Iraqi officials face and the power of criminal groups who strike at them seemingly at will." The Times states, "Adil Mohamed al-Qazaz, the president of the Northern Oil Company, was abducted at about 3:30 p.m. local time after gunmen in two vehicles forced his car to stop and assaulted his bodyguards."

Army Develops New Field Manual For Counterinsurgency Operations. U.S. News and World Report (7/24, 2.03M) reports that the US Army "has written a new field manual for counterinsurgency operations. … The 241-page manual provides a hefty dose of both theory and practical guidance to augment what has been a slim educational basis for counterinsurgency." US News adds, "The key chapter of the manual is the fourth one, 'Designing Counterinsurgency Operations.' It emphasizes the need to correctly diagnose a conflict's nature and to continually assess the effectiveness of the approach taken."

Aides Say Iraq War Has Made Bush Unpopular In Europe. U.S. News and World Report (7/24, Walsh, 2.03M) reports that on his trip to the G-8 summit in Russia, President Bush "was trying to be more conciliatory and, well, diplomatic, than in the past. For instance, he declined to address Putin's potshot" at Vice President Dick Cheney "head on but went on to discreetly issue his own milder form of criticism of Putin's autocratic ways. In walking the tightrope between conciliation and criticism, Bush was adopting a more realistic and multilateral view of America's role in the world than he did in his first term." US News adds, "White House aides acknowledge that the war in Iraq has made America's commander in chief extremely unpopular in Europe, and that Bush realizes that he is dealing with too many crises to go it alone -- even though he is sometimes impatient with the slow pace of diplomacy. As a result, Bush is trying to play an inside game with his foreign counterparts, one leader at a time, in order to solicit support for his international agenda."

Iraqi Debt Is "No Longer A Writeoff." The Financial Times (7/17, Chung, Fidler) reports on "one of the few successful projects undertaken in post-Saddam Iraq," i.e., "Pressed by the US, it has quietly negotiated a restructuring of a large part of its foreign debt. Today the country is scheduled to make its first interest payment to private creditors – of $87m – in more than 15 years. In doing so, it may shake off one small part of Mr Hussein's dire legacy." The FT details the complex negotiations undertaken by the Iraqis and their numerous international creditors, under US oversight.

US Will Not Cease Anti-Taliban Offensive. The AP (7/16, Garwood) reports, "There is no end in sight for a massive anti-Taliban offensive in southern Afghanistan, which must continue until local authorities gain control of the insurgent-dominated region, the U.S.-led coalition said Sunday." While American, UK, and Canadian forces have "inflicted large numbers of casualties," "Afghan President Hamid Karzai has criticized the coalition for killing too many civilians."

Prospects For NATO And US Strategy In Afghanistan Are Seen As Grim. In an analysis for UPI (7/17), senior analyst Martin Sieff claims that NATO has its "greatest crisis in a quarter century" on its hands after taking over "primary responsibility for peacekeeping" in Afghanistan. NATO forces "lack the numbers, the air power and the logistical support to even defend themselves adequately." UPI faults US and NATO strategy for two mistaken assumptions: "The first was that the war was over and that the Taliban and their allies could never seriously revive there. ... The second false assumption of U.S. policymakers was even more serious. It was that NATO ... could project any real military power outside the borders of its constituent nations."

CORPORATE SCANDALS:

Indictments By California Options Task Force Expected. The California Recorder (7/17, Scheck) reports, "In a news conference last week, San Francisco U.S. Attorney Kevin Ryan sounded unsure whether his new stock options task force would end up indicting any Silicon Valley executives. … 'We're not saying this will necessarily lead to criminal prosecutions,' Ryan told the San Francisco Daily Journal. … But defense lawyers involved in the investigations of options backdating, being conducted by federal prosecutors and securities regulators in New York and San Francisco, say Ryan was playing coy: At least one former Silicon Valley executive will likely be indicted imminently, possibly with more to follow." The Recorder continues, "Indeed, on Thursday -- the day of Ryan's news conference -- the lawyer for Gregory Reyes, the ex-CEO of Brocade Communications Inc., was in the San Francisco Federal Building trying to convince Ryan's deputies not to

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indict his client. … 'I really can't talk about it,' said Richard Marmaro, the L.A.-based Skadden, Arps, Slate, Meagher & Flom partner representing Reyes, when asked about the meeting Friday." The Recorder notes, "Marmaro and other defense lawyers also said they couldn't discuss a civil suit against Brocade board members -- including top Silicon Valley corporate lawyer Larry Sonsini -- that has recently come to a tentative settlement. … Reyes is widely expected to be the first executive indicted in the backdating mess, which has become a rat's nest of investigations stemming from a series of Wall Street Journal stories showing that companies backdated option grants in order to maximize payouts for executives."

Study Finds Widespread Options Backdating. The New York Times (7/17, Saul) reports, "More than 2,000 companies appear to have used backdated stock options to sweeten their top executives' pay packages, according to a new study that suggests the practice is far more widespread than previously disclosed." The Times continues, "The new statistical analysis, which comes amid a broadening federal inquiry of the practice of timing options to the stock market, estimates that 29.2 percent of companies have used backdated options and 13.6 percent of options granted to top executives from 1996 to 2005 were backdated or otherwise manipulated." The Times adds, "So far, more than 60 companies have disclosed that they are the targets of government investigations, are the subject of investor lawsuits or have conducted internal audits involving the practice, in which options are backdated to days when the company's shares trade at low prices. They include Apple Computer, CNet and Juniper Networks. … Last week, the United States attorney in San Francisco announced a task force to investigate the backdating of options, which appears to have been particularly popular in Silicon Valley during the 1990's dot-com boom. The study found that the abuse was more prevalent in high-technology firms, where an estimated 32 percent of unscheduled grants were backdated; at other firms, an estimated 20 percent were backdated."

Top Executives Abandoning Troubled Fannie Mae. The Washington Post (7/17, Shin, 748K) reports that top "executives at Fannie Mae are heading for the exits two years into a $10.6 billion accounting scandal. … Last week, the company announced that its chief information officer, Julie St. John, would step down at the end of the year. Deputy general counsel Renie Y. Grohl, a 12-year veteran of Fannie Mae, is leaving in September. Barry Zigas, who was senior vice president for corporate and regulatory housing goals and joined Fannie Mae in 1993, left last month." Since "2004, 44 of the top 55 executive positions at Fannie Mae have changed hands and are now occupied either by people from outside the company or by a handful of insiders who have switched jobs, spokesman Brian Faith said." Around "29 senior executives, including 15 who have left Fannie Mae, are under scrutiny for their possible roles in the accounting manipulation. Some may be forced to return bonus payments based on the faulty bookkeeping, under an agreement Fannie Mae signed with federal regulators in May."

SEC Chairman Cox Urged To Seek Reforms. In a Wall Street Journal op-ed (7/17), Eugene Scalia and John Olson, Washington attorneys who represented the US Chamber of Commerce in the mutual fund governance cases, say, "With the recent invalidation of the hedge fund registration rule, the Securities and Exchange Commission suffered its third high-profile setback in a year." Taken together, "these judicial decisions mark a sharp repudiation of the divisive regulatory program pursued by" outgoing Chairman William Donaldson. They also "constitute an important opportunity for his successor, Chris Cox, to inaugurate reforms." Some "specific areas for consideration" include "more attention to statutory limits on SEC authority," "thorough economic analysis," "enhanced independent internal review," and improved public comments.

CRIMINAL LAW:

Novak Says Fitzgerald Aware Of Sources In Plame CIA Leak. On NBC's Meet the Press (7/16, Russert), Chicago Sun-Times columnist Robert Novak discussed his 2003 column that identified former Ambassador Joseph Wilson's wife, Valerie Plame, was a CIA operative. Asked if he testified about the identity of his sources during his interviews with the FBI, special counsel Patrick Fitzgerald, and the grand jury, Novak said, "Yes, because they already knew. On my first interview, my first interview with the FBI, I had refused to give up the names of my sources. The second interview with Mr. Fitzgerald, I was in a dilemma because he had, as you know, waivers that I could give up the identity from just about everybody in the government. That didn't cut any ice with me, I didn't think I could give it up. And then I was told that he had only the waivers from the sources that I had talked to. Only two waivers. When he actually arrived, he had the third waiver from the CIA spokesman. In other words, Tim, he knew who my sources were, and so it wasn't a matter of me giving them up." Asked why he did not fight subpoenas issued to him in the case, Novak said, "Because my lawyer said I did not have a clear constitutional chance of surviving." Novak added Fitzgerald "knew the identity" of his sources "almost from the very beginning of the, of the case. In other words, he has known for two and a half, for three—for two and a half years who my sources were and decided that no law was broken. And he

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did not bring any kind of indictment against my primary source, whose identity has still not been publicly made known." Asked if his primary source was former Assistant Secretary of State Richard Armitage, Novak said, "I'm not going to speculate on who the source was."

Plame Lawsuit Faces Hurdles. On Fox News Sunday (7/16, Wallace), Mara Liasson of NPR said the lawsuit filed by former CIA operative Valerie Plame and her husband, former Ambassador Joseph Wilson, against the Administration "has to prove its potency legally. In other words, you have to get a through a motion to dismiss. You'd have to get to the discovery stage for it to be a real effective political tactic, because then, if this lawsuit proceeded to that point, you could depose maybe even the Vice President and all these other White House officials."

On Fox News Sunday (7/16, Wallace), Fred Barnes of the Weekly Standard said, "I think for them to get this case past a motion to dismiss, they're going to need an activist Bush-hating judge to do it. I think any other judge would throw it out. Look, we also have to remember that the Wilsons are not some innocent people who were hit by some political drive-by shooting. … Joe Wilson has told many, many stories that were untrue from the beginning, and they're still being unraveled."

On Fox News Sunday (7/16, Wallace), Bill Kristol of the Weekly Standard said, "The civil suit is a joke. It's not going anywhere. Libby will be acquitted, I believe, early next year. And then I hope he rejoins the US government. He should. It's been a disgrace the way he's just thrown overboard."

First Guilty Plea Taken In Missouri Truck License Probe. The Saint Louis Post-Dispatch (7/17, Shinkle) reports, "A federal investigation of alleged bribery by people seeking truck driver licenses in Missouri has led to its first conviction, as" Samir Hasanovic, a truck driver, "pleaded guilty in St. Louis of lying to federal agents." While "he had paid a man in the Kansas City area for documents showing he had passed the necessary tests for a commercial drivers license," when an FBI agent questioned "he falsely stated that he had taken the tests required."

Malone Asks For Change Of Venue. The AP (7/17) reports, "Attorneys for former Clark County commissioner Lance Malone have asked a federal judge to move his political corruption trial to another court in Nevada, saying he would not be able to have a fair trial in Las Vegas," as "potential jurors in southern Nevada would be tainted by '4,000 pages of broadcast summaries and newspaper articles' about the case." Malone is accused of "bribing former Commissioners Dario Herrera and Mary Kincaid-Chauncey on behalf of strip club owner Michael Galardi," and "was convicted in San Diego on similar corruption charges last year."

Pennsylvania Councilman Says He Was Busted By FBI. The Philadelphia Inquirer (7/17, Ott, Graham, 399K) reports, "Former Camden City Councilman Ali Sloan El said yesterday that he took a $10,000 cash bribe from a minority contractor during an FBI sting in Atlantic City in 2003," adding, "I'm not going to waste the government's money with a trial." Sloan El "said he is prepared to be charged, although his attorney said Sloan El 'is not in imminent danger of being indicted.'" However, "a spokesman for the U.S. Attorney's Office said he could neither confirm nor deny the existence of any investigation. The FBI did not return a phone call for comment."

Prosecutors Will Wait Before Deciding To Seek Death Penalty For Mack. The AP (7/17) reports, "Clark County prosecutors are meeting with detectives and preparing for a preliminary hearing on Aug. 8 for Darren Mack, who is accused of killing his estranged wife and then shooting the judge who was handling their divorce." Clark County District Attorney David Roger said "they would wait until after the preliminary hearing to decide by committee whether Mack will face the death penalty." Meanwhile, Mack lawyer Scott Freeman "said he…plans to file a motion soon that would remove all Washoe District judges from the case." The Reno Gazette Journal (7/16, Bellisle) also covered this story.

Szilvagyi Pleads Guilty To Medicare Fraud. The Detroit News (7/15, Egan) reported that Elena Szilvagyi, former owner and president of Prime Care Services, one of Michigan's largest home health care companies, "pleaded guilty Thursday to forming two spin-off companies in a fraudulent scheme to avoid paying a $7 million debt to Medicare" as well as "to conspiring to obstruct a criminal health care fraud investigation." The counts carry each "a maximum sentence of five years in prison, but federal officials have said they will not be opposed to any new sentence being served concurrently to" his current "48-month federal prison sentence for health care fraud."

"Vishing" Is Latest Form Of Online Scam. The Wall Street Journal (7/17, Lavallee, 2.03M) reports, "For some time, banks and credit-card companies have been warning computer users about so-called phishing emails that link to counterfeit Web sites where customers are asked to enter their account numbers and other personal information. Now, savvy con artists are adding a new twist dubbed 'vishing,'" or voice phishing where the email directs people to a phone number and an automated voice prompt gathers their personal information. "Such schemes are made possible by Internet-telephone services, which allow computer users to quickly establish phone numbers, often

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without undergoing some of the verification checks used by traditional telephone companies." The Federal Bureau of Investigation traced one such scam on customers of Santa Barbara Bank & Trust "to computers inside and outside the U.S., but so far hasn't made any arrests."

Social Network Site Users Often Vulnerable To Identity Thieves. The Washington Post (7/16, F1, Hart, 748K) reports, "Internet thieves are banking that the millions of users who log on to social networking sites" will be trusting, "leaving them vulnerable to financial fraud and identity theft." These sites' "combination of young users and a culture that encourages sharing personal details presents opportunities for increasingly sophisticated methods to lure information," which can be used to better target scams or "craft phony messages that appear to come from friends to trick people into revealing more personal data." Just last month the FBI "warned MySpace users of a phony bulletin post urging people to click on a link to 'check out old school pictures.'"

CIVIL LAW:

Relationships Between Hospital Heads, Firms Under Increased Scrutiny. The New York Times (7/17, Bogdanich) reports, "One recent sun-splashed afternoon, executives who run some of America's leading nonprofit hospitals met at a stately Colorado resort for an unusual mission: to advise companies confidentially on how best to sell their drugs, medical devices and financial services to hospitals. … The hospital executives were rewarded with more than a chance to indulge in a 'harmonic' hot stone massage or mountainside golf. .. They were also paid thousands of dollars for the advice they offered to dozens of companies, like Eli Lilly, Johnson & Johnson, Morgan Stanley and Citigroup. The hospital officials and their spouses received a free trip to the luxury resort, where they could join the Morgan Stanley Tennis Tournament or the GE Healthcare Barbecue. All of this came courtesy of the Healthcare Research and Development Institute, a for-profit company that is owned by about three dozen hospital executives, but underwritten by 40 or so of its handpicked corporate members, all suppliers to hospitals." The Times adds, "While the financial relationship between doctors and drug companies has come under intense scrutiny, much less is known about how hospital executives interact with companies that sell products as varied as syringes and financial services. In the case of the Healthcare Research and Development Institute, executives benefit from payments made by companies their hospitals do business with. … Founded five decades ago, the company, known as H.R.D.I., has maintained a low profile, despite an elite membership that one government official calls 'the health care titans of America.' Earlier this year, the institute declined to even say who belongs to it. But that is changing. … The Connecticut attorney general, Richard Blumenthal, is investigating whether the organization allows certain vendors to buy access to hospital leaders who are in a position to influence what supplies or services their institutions purchase. As a result, Mr. Blumenthal said, hospitals may not be getting the best deals, either in terms of cost or quality."

CIVIL RIGHTS:

FBI Investigating Las Vegas Police Shooting. The Los Angeles Times (7/17, Woutat, 918K) reports that the Las Vegas police "have fired at suspects in 19 incidents, killing nine people" this year. "If that rate continues, the total police-involved shootings for the year would far surpass those in each of the previous five years." Now, "the rash of shootings has triggered an FBI investigation into one case, prompted a local review of the inquest system that has repeatedly cleared officers of wrongdoing, and caused outcry from civil rights organizations." Chief legal counsel and spokesman for the FBI's Las Vegas office David Staretz "said that contrary to some news reports, the bureau was not investigating the increase in the number of shootings by Las Vegas police" but just "one case to see whether it constituted use of excessive force in violation of the victim's civil rights." Sheriff Bill Young "voiced concerns about two of the shootings and said he welcomed the FBI probe."

Little Turmoil Expected As Senate Panel Takes Up Voting Rights Act. Roll Call (7/17, Yachnin) reports, "With the Senate Judiciary Committee prepared to mark up the reauthorization of the Voting Rights Act this week, lawmakers anticipate little of the turmoil that marked House passage of the legislation. While Republican members of Georgia's House delegation, who led efforts to amend their chamber's version of the reauthorization, have reached out to their Senate colleagues, they acknowledged they have yet to receive any commitments that their proposals will be revived in the Senate."

Abortion Rights Advocates, Opponents Rally In Jackson, Mississippi. The USA Today (7/17, Walton, 2.27M) reports, "Hundreds of abortion-rights advocates and abortion opponents rallied in Jackson, Miss., on Sunday for the second day of a planned weeklong battle over attempts to shut down the state's last abortion clinic." Police "tightened security around the clinic, Jackson Women's Health Organization, and stationed officers throughout the city for the duration of the rallies that began Saturday." Operation Save America (OSA), "a national group that opposes abortion, targeted the Jackson clinic this year. The group said that a statewide 'victory' in Mississippi would send a message to

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activists everywhere that the battle to end abortion can be won." The Rev. Flip Benham, "director of OSA, formerly known as Operation Rescue," says "that 200 abortion-rights opponents from across the country were already in Jackson. The National Organization for Women says 300 activists showed up to counter OSA. Spokespeople for both sides said they expect their forces to grow this week."

Gay Couples Await Washington State Court Ruling On Gay Marriage. The Los Angeles Times (7/17, Verhovek, 918K) reports that in 2004, two Washington state judges "struck down the state's Defense of Marriage Act -- which defines marriage as between a man and a woman -- as unconstitutional. But those rulings were stayed pending the state Supreme Court's ruling on the matter, and 15 months later, the plaintiffs still anxiously await each Thursday, the day when the court traditionally issues its rulings. The court will effectively decide whether Washington should become the second state, after Massachusetts, to allow same-sex marriage."

ANTITRUST:

GM Considers Alliance With Renault, Nissan. The Wall Street Journal (7/17, A1, Boudette, Power, Shirouzu) reports, "For nearly two decades, General Motors Corp. has lurched from one turnaround plan to the next, rebounding from periods of financial crisis but falling short of achieving sustainable vigor. … Now, the world's largest auto maker by sales volume faces a historic decision: Should it give up a significant stake to two foreign rivals, in hopes the resulting alliance will lead to a restructuring of the global auto industry and a windfall for shareholders?" The Journal continues, "Late Friday, GM Chairman and Chief Executive Rick Wagoner and Carlos Ghosn, who leads both French auto maker Renault SA and Japan's Nissan Motor Co. agreed to a 90-day study of a three-way global alliance among the companies. The two executives met privately Friday evening in Detroit. … One key issue is how the review will be handled. Las Vegas investor Kirk Kerkorian, GM's largest individual shareholder and chief proponent of a possible deal, wants GM's board to conduct its own review of the pros and cons. Mr. Kerkorian, who holds a 9.9% stake in GM through his Tracinda Corp. and is represented on the board by Jerome B. York, is concerned Mr. Wagoner won't give the proposed alliance serious consideration. … GM's board is expected to hold a conference today." The Journal notes, "After spending much of the past week in front of microphones and cameras, Messrs. Wagoner and Ghosn took vows of silence after their Friday meeting. … However, their absence from the spotlight is unlikely to stem a frenzy of speculation about what form a GM-Renault-Nissan alliance might take, who would win or lose from such a deal, and whether any rivals might take steps to try to derail a potential competitive threat. Officials at Toyota Motor Corp., which could be eclipsed in size by a GM-Renault-Nissan combination, yesterday dismissed speculation that their company might make a pre-emptive play for GM."

Stevens Explanation Of Opposition To "Net Neutrality" Draws Derision. The New York Times (7/17, Belson, 1.21M) reports, "The word is spreading: The Internet is not a big truck. It's 'a series of tubes.'" Two weeks ago, Sen. Ted Stevens "shared this information at a Senate committee hearing to explain why he voted against an amendment aimed at ensuring that traffic on the Internet be delivered equally, an idea known as 'net neutrality.'" And while "it is true that the Internet is not a big truck, the senator might feel as if he has been run over by one. His comments have been posted on blogs, lampooned on 'The Daily Show' and have spawned musical spinoffs, including a folk version and a techno song with the senator's analogies mixed in." The senator's "gaffes — 'an Internet was sent by my staff at 10 o'clock in the morning on Friday; I just got it yesterday' — are not just oratorical blunders akin to Dan Quayle's spelling of 'potatoe.' As chairman of the Senate Committee on Commerce, Science and Transportation, he has significant sway over telecommunications policies. That may explain why his comments circulated so quickly through the Internet (or "tubes"), especially among those in favor of a net neutrality provision.'"

ENVIRONMENT/INDIAN AFFAIRS:

California Wildfires Continue To Spread. ABC's World News Tonight (7/16, story 7, :20, Harris) reported, "Back home, in southern California, tonight, more than 110 square miles have now burned, east of Los Angeles. Firefighters have contained some of it. But officials worry that shifting winds could push the flames towards the resort community of Big Bear."

NYTimes Says Congress Should Update Fisheries Management Legislation. An editorial in the New York Times (7/17, 1.21M) says it is urgent that Congress pass "a much-needed update of the Magnuson-Stevens Act, the 1976 law regulating fishery management in waters from 3 to 200 miles offshore. The Senate has one vision of reform, the House another. The Senate bill, mainly the handiwork of the act's original author, Senator Ted Stevens of Alaska, is much the better of the two. … For the good of the oceans, the Stevens bill should prevail. … Long a champion of fish conservation, the 82-year-old Mr. Stevens

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is almost surely in his last term. Getting a good bill would be a nice way to go out."

Lumbee Tribe's Battle For Recognition Raises Questions. Roll Call (7/17, Rasmussen) reports, "At a taut Senate hearing last week, the Lumbee Indians told a story that vibrated with emotional appeals to equity and justice — a story in which one of the largest Indian tribes in the country was denied federal recognition and benefits for more than 150 years. … The story seemed straightforward enough until opponents raised questions about whether the tribe was really just seeking to dodge an administrative process that would ask difficult questions about the tribe's historical authenticity." Roll Call continues, "In a conflict that pitted the Department of the Interior and the Cherokee Nation against the Lumbees and North Carolina's two Senators, witnesses at last week's hearing of the Senate Indian Affairs Committee sparred over the tribe's origins and the costs of federal recognition, wading into a complex historical dilemma so fraught with controversy that some academics refuse to talk about it. … Tribal representatives say federal recognition would mean almost $80 million a year for the approximately 55,000 Lumbees — money they say would help a cash-strapped tribe pay for medical insurance and schools. … In a clear contrast to the now-controversial, high-dollar relationships that some tribes forged with former lobbyist Jack Abramoff, the Lumbees are undertaking a comparatively modest lobbying campaign. … The as-yet unrecognized tribe has held potlucks and dinners to raise enough money to pay the $5,000-a-month retainer of lobbyist Paul Kavinoky. The tribe is even considering mortgaging Hayes Pond, a property where the tribe had a historic confrontation with the Ku Klux Klan. … While many other Indian-recognition cases involve tribes seeking to start profitable gambling operations, the Lumbees have denied any interest in setting up casinos, though official recognition would allow the tribe to petition the governor of North Carolina for the right to engage in gaming. … Critics say the tribe is seeking to do an end run around the Bureau of Indian Affairs' process of recognizing tribes and that Congressional action would risk granting federal status to a tribe whose historical origins are in dispute."

FBI/DEA/ATF/USMS:

Most Federal Judges Using Home Security Measures. The National Law Journal (7/17, Marek) reports, "Installing and monitoring security systems in the homes of U.S. judges nationwide will cost almost $5 million in its first year, with about two-thirds of the judges signing up for the equipment so far, according to the U.S. Marshals Service." The Journal continues, "Of the 1,600 judges who have said they want the systems, about 400 have been installed by the government's contractor, ADT Security Services, said John McNulty, a spokesman for the U.S. Marshals Service in Washington. There are about 2,200 federal judges." The Journal adds, "The Marshals Service requested the outlay last year after the murders in Chicago of Northern District of Illinois Judge Joan Lefkow's husband and mother. … Bart Ross, a litigant whose medical malpractice case was dismissed by Lefkow, broke into her Chicago home, hid in the basement and shot the family members. He later committed suicide. … The Marshals Service initially won U.S. funding last year for a $3.9 million contract with ADT of Boca Raton, Fla., and about $1 million to pay for third-party monitoring of the systems through September of this year." The Journal notes, "A U.S. House of Representatives bill that passed last month would provide funding for future monitoring, which can cost between $24 and $40 per month per home, said Marshals Chief Michael Prout, who leads the service in Chicago."

Attorney Denies Saying Indictment Of Bonds Is Expected, Says Government Lacks Evidence. According to the Arizona Star (7/16), "Barry Bonds' attorney said his legal team isn't expecting the San Francisco Giants left fielder to be indicted because if the government 'had the evidence they would have indicted him a long time ago.' Laura Enos, Bonds' attorney, said she is 'cautiously hopeful' that there won't be an indictment against Bonds, whose baseball career has been overshadowed by a three-year federal investigation into steroid use."

The New York Daily News (7/16, Quinn) writes, "One of Bonds' attorneys, Laura Enos, told The Associated Press on Friday that Bonds' defense team was preparing for an indictment on Thursday, when the grand jury investigating him meets for what is believed will be the last time. The New York Daily News reported last week that major league baseball and other sources expect Bonds to be indicted, possibly on Thursday. But hours after Enos' statement was reported, Bonds' criminal attorney, Michael Rains, a colorful character throughout his public connection to Bonds, said through his secretary that Enos was wrong. … And Saturday, Enos denied that her comments indicated an indictment is expected."

Cardinals Employees To Be interviewed. The St. Louis Post-Dispatch (7/16) reports, "Major League Baseball's investigation into the use of performance-enhancing substances within the game reaches St. Louis this week, as lawyers from a committee headed by former Senate Majority Leader George Mitchell spend three days interviewing more than a dozen Cardinals executives and employees."

San Francisco Marijuana Dispensaries Face Tighter Regulations. In the Pittsburgh Post-Gazette

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(7/17) Gary Rotstein writes, "The 20 or more marijuana outlets operating in San Francisco are under tighter new city regulations that could make things less groovy for them. Neighbors of cannabis clubs have complained that some people with so-called medical needs purchase the marijuana just to resell it, and so the outlets draw an unsavory element, not to mention ill-groomed Cheech and Chong impersonators."

The AP (7/14) reports, "The federal government continues to outlaw marijuana. … San Francisco's clubs were largely unregulated before the new rules. Now the owners of dispensaries must submit to criminal and employment background checks, pay for a permit and business license, and are prohibited from operating near schools."

Federal Government's Handling Of Shortt Case Criticized. The State College (PA) Centre Daily (7/16, Brundrett) reports some experts "say the federal government's failure to charge any NFL players linked to Dr. James Shortt sends a message that professional athletes can get away with illegal steroid use. The former West Columbia physician is scheduled to be sentenced Monday in Columbia [South Carolina] for conspiracy to distribute the muscle-building drugs. … Prosecutors in court papers said at least eight National Football League players received steroids and human growth hormones from Shortt over a three-year period for "performance enhancement." Rusty Payne "couldn't cite any recent steroids charges against a big league player in any professional sport. He said his agency concentrates mainly on steroid manufacturers and major traffickers, noting, for example, the December arrest of the owner of three of the world's largest anabolic steroid manufacturers."

Fentanyl-Related Deaths Increase In Boston. The Boston Globe (7/16, Smalley) reports, "A deadly synthetic opiate estimated to be about 50 times more potent than heroin is increasingly showing up in Boston, according to statistics obtained by the Globe. Fentanyl, which is produced illegally in labs in Mexico and the United States, killed a dozen people in the state during the first five months of the year, according to the state medical examiner, Mark Flomenbaum. From 2000 to 2003, Flomenbaum said, typically one person per month died in the state because they overdosed on fentanyl, which specialists say stops a user's breathing quickly when taken in excess."

Doctor Seeks Removal Of Fentanyl From Market. The Wilkes-Barre, Pennsylvania Times Leader (7/15) reports drug overdoses "are suspected in six deaths in the county in the past week, at least two of which are thought to be fentanyl-related. And, a spate of three fentanyl-related overdose deaths in two months alarmed county Coroner Dr. John Consalvo enough in May to ask the U.S. Drug Enforcement Administration to remove the drug from the market. Until then, he expects the situation to worsen."

The Times Leader (7/15) also writes, "It's not hard to understand how something that reduces pain, induces euphoria and reinforces its own consumption could be addicting. And that's just the problem with opiates, a group of drugs that convert into morphine in the brain and attach to receptors controlling those three very basic sensations. … Fentanyl, an extremely high-efficacy opiate linked to more than 100 deaths in the country in the past several months, has been estimated at roughly 100 times more potent than morphine."

Increase In Meth Production Leads To Crackdown On Importation Of Ingredients. The Twin Falls (ID) Times-News (7/17) reports, "Although meth lab busts in Idaho have dropped 84 percent since 2001, meth production has increased in places like Mexico. About 75 percent of Idaho meth now comes from south of the border. … Cracking down on meth ingredients locally has been the key to reducing meth production in Idaho. Federal agents hope the same approach works internationally. The DEA says it is working to stop Mexican super labs from getting meth ingredients like iodine, hydriodic acid and hypophosphorous acid, much of which is produced by companies operating in India and China."

Tennessee Businessman Faces Drug, Money Laundering Charges. The Knoxville (TN) News Sentinel (7/16, Kenner) reports, "A prominent Market Square entrepreneur surrendered to federal authorities Sunday afternoon on conspiracy charges involving marijuana and money laundering after federal agents searched his home and businesses. Roughly two-dozen agents descended on Market Square early Sunday, serving search warrants on the apartment of Scott and Bernadette West and on at least three downtown businesses they either own or have ties to. The Wests were out of town at the time, but Scott West returned to Knoxville from Atlanta after learning of the warrants from associates Sunday."

Senate Committee Recommends Funding For Crime Task Forces. The Monterey (CA) Herald (7/16, Reynolds) reports Monterey County's Joint Gang Task Force "took a step toward continued existence Friday when a U.S. Senate committee recommended funding the program for another year. … After protests by police and sheriff's associations, community groups and local governments, representatives from both parties in the House and Senate put the programs back into the spending bill. The bill, which still must be approved by the entire Senate, also includes…$20 million for Drug Enforcement Administration

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assistance to state and local law enforcement for cleaning up hazardous waste at methamphetamine labs and $29 million for prosecutors in Southwest U.S. border areas."

Large-Scale Marijuana Operations Found On Oregon's National Forestlands. According to Medford, Oregon's Mail Tribune (7/16), "Drug trafficking organizations appear to be moving north from California following a crackdown on illegal marijuana gardens on public forestlands there. Officers are finding fewer smaller gardens and more large-scale operations on local national forestlands." The Mail Tribune notes the DEA's involvement in helping to "eradicate the marijuana patches."

IMMIGRATION:

ICE Aims To Put Illegal Immigrants On Notice. Newsweek (7/24, Briscoe, 3.12M) reports that the Department of Homeland Security's Immigration and Customs Enforcement Agency Fugitive Operations teams are "a growing force" in the US' battle against illegal immigration. At the start of 2006, "there were 18 of them. That number has now more than doubled, to 38. By the end of this year there will be 52 teams, totaling more than 300 federal agents. The official purpose of the program is to provide 'interior enforcement' of US immigration laws. But Robin Baker, head of the program's Detroit field office, voiced another, unofficial goal: to put undocumented immigrants on notice, and on edge." Newsweek adds that ICE "is almost comically outnumbered. There are an estimated 12 million undocumented residents in the country right now."

As Congress Holds Hearings, State Lawmakers Offer Immigration Bills. U.S. News and World Report (7/24, Marek, 2.03M) reports, "State legislators have introduced more than 500 immigration-related bills this year, according to the National Conference on State Legislatures. It's the natural reaction among Americans frustrated by what seems to be an endless debate in Washington. And with the Senate and House now in the midst of new hearings…the rush to pass laws at the state and local levels is only growing more intense."

Latino Immigration Changes Face Of Georgia Carpet Capital. The Washington Post (7/17, A1, Russakoff, 748K) reports in a front page story on "the mass migration of Latinos" to Dalton, in the "corner of northwest Georgia known as the carpet capital of the world," which "has changed the character of everything from factory floors to schools to superstores. On this night, Wal-Mart's ubiquitous TV monitors alternately promoted arroz and rice, aparatos and electronics." Many "working-class natives of this once lily-white area" blame "the changes on the carpet industry, which he insists lured the Mexicans -- and more recently, other Latinos -- to keep down wages and workers' leverage in this nonunion region." But with more "than three-quarters of America's carpets made in and around Dalton, a shrinking workforce and 10,000 jobs to fill in a decade, the region was in the grip of a labor vacuum. And immigration adores a vacuum. Today 40 percent of Dalton, 61 percent of its public school students and half of this region's carpet factory workers are Latino."

Virginia National Guard Volunteers Have Positive View Of Border Mission. The Washington Post (7/17, A6, Brulliard, 748K) reports that when the "call went out late last month for Virginia Guard volunteers to help the U.S. Border Patrol stem illegal immigration on the southwestern frontier," Staff Sgt. Michael Roush "and more than 300 others had signed up within days. Last week, the first 120-person contingent arrived at this base south of Richmond for basic training that included reading maps, treating wounds and using rifles as splints. They were to leave this weekend for a two-month stint." For Guard soldiers and airmen "accustomed to hurricanes and war zones, the border work is unusual -- part humanitarian, part homeland security and all swept up in a political firestorm over immigration. But the Virginia volunteers, some recently returned from Iraq, were firm that the operation is crucial to saving immigrants from death in the desert, keeping them out of the United States or some of both."

TAX:

Californians Moving To Nevada To Avoid Taxes. The Wall Street Journal (7/17, Anders) reports, "California software entrepreneur David Duffield arrived in this Lake Tahoe resort (of Incline Village, NV) a decade ago with big plans. He spent $50 million on a lakeshore estate and started a Nevada property-development business. What's more, by taking a big chunk of his wealth to Nevada, Mr. Duffield expected to save millions on taxes. … Then California accused him of shuffling assets to evade taxes, sticking him with a $19 million tax bill -- one of the state's largest ever. The 65-year-old billionaire founder of PeopleSoft Inc. denies the charge and vows further appeals." The Journal continues, "Scores of wealthy Californians 'go Nevadan' each year, relocating to a neighboring state famous for its low taxes. Among the transplants are Pierre Omidyar, founder of eBay Inc., and Andreas Bechtolsheim, a co-founder of Sun Microsystems Corp. But as Mr. Duffield's experience shows, what looks appealing on paper can prove far messier in real life. … Nevada transplants account for more than 20% of all tax disputes made public earlier this year by California tax authorities. Complex cases can take a decade or longer to sort out."

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CONGRESS-ADMINISTRATION:

Senate Likely To Pass Stem Cell Bill, Bush Veto Expected. The Wall Street Journal (7/17, Lueck, 2.03M) reports the Senate "turns Monday to the sensitive issue of stem-cell research, with political concerns driving the topic and the timing." The expansion of "federal aid to researchers who use stem cells derived from embryos, a popular idea but one opposed by some antiabortion lawmakers, gives Democrats the chance to make political hay before the November elections. It also gives Senate Majority Leader Bill Frist, who supports expanded funding, an opportunity to raise his standing with moderates and the medical and scientific communities as he considers a 2008 White House run." But Frist is "eager to dispatch the matter before the midterm elections, to minimize damage to Sen. Jim Talent of Missouri and other antiabortion Republicans in tight races." The "most contentious measure" of three expected to pass "would relax funding restrictions President Bush put on embryonic stem-cell research in 2001. The bill, sponsored by Sen. Arlen Specter, Republican of Pennsylvania, matches the measure the House passed last year."

The CBS Evening News (7/16, story 8, 2:30, Mitchell, 7.66M) reported, "In a strange twist some Republicans in Congress are opposing the President." Politics makes "strange bedfellows but it is not often the conservative Republicans like Gordon Smith line up with Democrats against the President." Sen. Gordon Smith was shown saying, "You see the most dehumanizing, lengthy, painful kinds of deaths [from Parkinson's] that it does lead you to really question the wisdom of halting research." CBS added, "Some including President Bush believe destroying a human embryo to get stem cells is immoral. … Others worry that embryos or even fetuses will be created and sacrificed for the sole purpose of getting stem cells. That is why Senator Bill Frist, a doctor, threw some fellow conservatives for a loop when he also came out in support of stem cell research. For him it is an ethical way to use embryos slated for destruction anyway."

The Christian Science Monitor (7/17, Chaddock, 58K) reports the stem cell bill "is poised to produce the first veto of George W. Bush's presidency. So it is no surprise that the stem-cell debate opening in the Senate Monday has been choreographed as carefully as a classical ballet - all but the ending." Republican and Democratic leaders "have agreed to allow three bills related to stem-cell research to come to the floor of the Senate: 12 hours of debate, no amendments, and votes to start at precisely 3:45 p.m. on Tuesday. In a sign of how high the stakes have become, once the Senate has voted, no other bill or amendment relating to the issue will be allowed for the rest of the 109th Congress." One bill, "which has already passed the House in May 2005, eases the presidential limit on the number of embryonic stem-cell lines that can be used in federally funded research. Another promotes research using other forms of stem cells that do not require destroying human embryos. And a third aims to preempt research on embryos from 'fetal farms,' where human embryos are created for research." All three "are expected to pass and land on the president's desk this week. Mr. Bush is expected to sign the second two bills into law. But the first one is all but certain to draw his first veto. Then, with nearly 3 in 4 Americans in support of the vetoed bill, the question is: Will the GOP-controlled House and Senate muster the will and the votes to override the veto?"

The AP (7/17, Kellman) reports neither "the House nor Senate has demonstrated enough support for the bill to override a veto, though the House probably will try, just to give Bush a definitive victory in the showdown." Supporters of the research "hold out faint hope that Bush, presented with new data and pressured by election-year politics, might reverse course and sign the bill." Polls show that "70 percent of the public supports the bill, which would expand federal aid for embryonic stem cell research. The process is believed by many scientists to hold the most promise for curing diseases such as juvenile diabetes, Alzheimer's and Parkinson's that strike millions of people."

The Los Angeles Times (7/17, Hook, 918K) reports the issue "is forcing Republicans to make a dicey choice between two potent political constituencies: social conservatives who believe the research is immoral, and advocates for patients with debilitating diseases, who have won the support of prominent Republicans as well as Democrats." Across the country, House Democrats "are trying to use the issue against Republicans in suburban districts, where they believe voters tend to support the research." The divisions "among Republicans will be in the national spotlight this week when the Senate debates legislation that would loosen restrictions on federal funding for embryonic stem cell research." Some Republicans, "especially moderates, fear a veto would reinforce Democrats' argument that the GOP is beholden to the religious right and is obstructing scientific progress."

On CNN's Late Edition (7/16, Blitzer), host Wolf Blitzer asked Sen. Trent Lott how he planned to vote on the Senate embryonic stem-cell research bill. Lott said, "I want to emphasize that it is narrow. It's specific in what it would do. It passed the House of Representatives overwhelmingly. I will vote for it, and I believe it will pass the Senate." Lott allowed that President Bush may veto the bill, "and it more than likely would be sustained by the House. But there is a real feel that there's a need to do something here. I believe something could be worked out. Something could have already been worked out. Now, I think the Congress has to go ahead and act, and then we'll take it from there."

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After Blasting Frist Reid, Durbin Praise Decision To Take Up Stem Cell Bills. The Washington Post (7/17, A13, Kamen, 748K) reports in its "In the Loop" column that Senate Minority Leader Harry Reid and Sen. Richard Durbin last week berated Senate Majority Leader Bill Frist "for wasting days of the Senate's time on 'political' issues such as estate tax repeal, flag burning and same-sex marriage, rather than working on college tuition, gas prices and especially stem cell research. … The tag team blasted 'do-nothing' Republicans for 24 minutes on the Senate floor. Then an aide handed Reid an e-mail that Frist's office had sent 25 minutes before the Democratic assault. 'The Senate will take up the three stem cell bills on Monday, July 17,' Reid read aloud." Reid and Durbin both praised Frist's decision. The Post notes, "As Emily Litella would say: 'Never mind.'"

Nancy Reagan's Opposition To Bush's Stem Cell Policy Noted. NBC Nightly News (7/16, story 8, 2:30, Holt, 9.87M) reported, "At issue -- whether to loosen restrictions that President Bush has set for federally funded research. It's a debate revealing deep divisions within the Republican party and could lead to a political first in the administration -- a presidential veto." NBC went on to report that Bush "put in the restriction because scientists harvest stem cells from five-day old microscopic embryos and many object to that but advocates for those with diseases including Michael J. Fox And Nancy Reagan want the restrictions lifted." Nancy Reagan was shown saying, "We've lost so much time already and I just really can't bare to lose any more."

Official Says Stem Cell Research Issue Could Be A "Stinker" For GOP. Time (7/24, Gibbs, Park, Allen, Calabresi, 4.03M) reports that President Bush's "willingness to exercise his first-ever veto this week on a bill that would expand federal funding for human embryonic-stem-cell research, which 2 out of 3 voters favor, is not just a way to stroke his political base. 'People like leadership much better than a finger in the wind,' says White House press secretary Tony Snow." But "most Republicans are not George Bush--among other things, they still need to get re-elected -- which is why, as a Northeastern GOP official said, the issue of stem-cell research could be 'a stinker' for the party." Democrats "seem happy with the looming veto as a consolation prize; some were already running ads. 'It's going to be a symbol of standing in the way of progress,' says DCCC Chairman Rahm Emanuel.

GOP Watching Impact Of Stem Cell Debate On Talent's Race. Newsweek (7/24, 3.12M) reports in its "Periscope" column that as the Senate takes up a proposal to expand stem cell research this week, one conservative opponent does not "want the spotlight: Jim Talent, the Missouri Republican whose opposition to embryonic stem-cell research could cost him his Senate seat. Talent's Democratic challenger, State Auditor Claire McCaskill, takes every opportunity to talk up stem cells on the stump," and has "traveled the state highlighting Talent's opposition. She's also positioned herself as a national spokesperson, promoting the proposed Senate bill in a nationwide radio address. The national Democratic Party has picked Missouri as a test run for a new strategy that uses stem cells as a wedge issue to divide the social right." Newsweek adds, "Talent's troubles have national implications for Republicans, who have failed to present a unified stem-cell front."

Proponents Of 9th Circuit Split Note Case Overload. The California Recorder (7/17, Scheck) reports on last week's 9th Circuit Judicial Conference, where "a gloomy existential angst clouded every seminar, awards ceremony and discussion about the history and future of the circuit. … The issue, of course, is the increasingly loud effort in Congress to split up the nation's largest appeals court. While it remains unpopular with the majority of 9th Circuit judges, the split proposal has gained traction in the Senate Judiciary Committee, whose Republican chairman, Arlen Specter, recently came out in favor of the split." The Recorder continues, "Add an anti-split lobbyist -- and a series of high-profile judiciary issues that could make dividing the 9th into a bargaining chip -- and the issue is getting more attention on Capitol Hill than it has in years. … 'I think we are further along in this process than we have ever been before,' said 9th Circuit Judge Richard Tallman, one of three active judges, along with Diarmuid O'Scannlain and Andrew Kleinfeld, who support the split. … They signed onto a letter to Specter with about two dozen other federal judges earlier this month supporting the split. Unlike early efforts to break up the court -- rooted in cutting down a left-leaning judiciary -- the current attempts, say proponents like Tallman, aim to reduce the backlog of cases the 9th Circuit has accumulated as it has grown in size." The Recorder notes, "Split attempts led by House Judiciary Committee Chairman F. James Sensenbrenner died in the Senate. The problem for split proponents has been that, aside from Sensenbrenner, few outside the 9th have been willing to spend political capital fighting for the issue. … But concern over Specter's newfound interest has spurred a group of Southern California lawyers to work with two D.C. lobbyists to sway senators against the split. The first lobbyist, Manus Cooney, did his work pro bono. … Then earlier this year, the attorneys -- a group largely made up of conservatives worried that splitting the court in two will leave California isolated in a super-liberal circuit -- began paying a lobbyist with solid Republican credentials."

Top Presidential Aides Got $4,200 Raises Last Year. Newsweek (7/24, 3.12M) reports in its "Periscope" column, "President George W. Bush's top aides got $4,200 raises last year, according to a list of staff salaries just

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released by the White House. Seventeen senior aides, including chief of staff Josh Bolten, political guru Karl Rove, spokesman Tony Snow and counsel Harriet Miers, now command $165,200 a year. Bush himself makes $400,000. The bottom of the pay scale: $30,000 a year for aides who catalog gifts and handle mail." Newsweek adds, "Working for Bush has its perks. Newly filed records with the Office of Government Ethics show that in 2005, the Kennedy Center comped four tickets worth $8,000 to Bolten, including admission to the Kennedy Center Honors, while Rove received a $500 ticket to a spring gala. That wasn't Rove's only gift. Katherine Armstrong, owner of the Texas ranch where Dick Cheney accidentally shot a man in February, chipped in with Bush adviser Mark McKinnon and nine others to buy Rove a $2,073 gun—a Beretta 687 Silver Pigeon II 20-gauge hunting shotgun—while Nancy Reagan gave him a $411 collectible box with silver coins and the late president Ronald Reagan's signature."

Nicholson Stresses Need To Transform Culture At VA. In an appearance on C-SPAN's Newsmakers (7/17, 10:00 a.m.), VA Secretary James Nicholson discussed the recent VA data theft, VA's medical records system, and benefits for returning Iraq veterans. Nicholson also noted Business Week's recent praise of the VA medical system as well as VA's "wonderful job" in "providing medical benefits, health care, insurance, pension checks, and burials." In the interview Los Angeles Times reporter Johanna Neuman described the recent VA Inspector General's report as "scathing" and compared it to reports about FEMA's actions in the wake of Hurricane Katrina. In response, Nicholson emphasized the need for "cultural transformation over control of information" at VA. While Nicholson said that while VA's decentralized, there have been "some advantages" to it, particularly "in the way they've perfected the delivery of medical services." However, Nicholson says, "We did have this terrible breach of data that revealed that we need to centralize control of personal information. … What it boils down to is the kind of people that work for you. Their dependability. Their sense of responsibility, their accountability. Their character, really."

Administration To Change Medicare Hospital Payments. The New York Times (7/17, A1, Pear, 1.21M) reports the Bush Administration "says it plans sweeping changes in Medicare payments to hospitals that could cut payments by 20 percent to 30 percent for many complex treatments and new technologies." The changes "are meant to improve the accuracy of payment rates. But doctors, hospitals and patient groups say the effects could be devastating." Federal officials "said that biases and distortions in the current system had created financial incentives for hospitals to treat certain patients, on whom they could make money, and to avoid others, who were less profitable." Medicare pays "more than $125 billion a year to nearly 5,000 hospitals. The new plan is not expected to save money, but will shift around billions of dollars, creating clear winners and losers."

Waxman's Role As Gadfly Examined. The Los Angeles Times (7/17, Fiore, 918K) reports that while "many of his Democratic colleagues have spent the last decade in a defensive crouch, outmaneuvered by their GOP rivals," Democratic Rep. Henry A. Waxman "has found another way to have an impact — going outside normal legislative channels to exert influence on issues he cares about. In the process, he has also made himself into what many Republicans consider the biggest pest east of the Mississippi." The "key to Waxman's unlikely success is this: He has assumed a big chunk of the watchdog role usually filled by the entire Congress, probing deep into government programs and problems to oversee a president and GOP he believes have run amok." As ranking Democrat "on the Government Reform Committee — the chief oversight body of the House — Waxman has leveraged every scrap of his party's resources. He has poked and prodded the Bush administration on Iraq's elusive weapons of mass destruction, on faulty prewar intelligence and on Halliburton's questionable contracts." But the "most effective weapon in Waxman's arsenal is a staff of high-powered lawyers, investigators and technical experts who churn out a steady stream of penetrating and fact-laden reports. Many find their way into headlines."

Capuano Seeks Expansive Review Of Democratic Caucus Rules. Roll Call (7/17, Kornacki) reports, "Two meetings into the most comprehensive review of Caucus rules in years, if not decades, the Democratic Committee on Organization, Study and Review has almost nothing formal to show for its work. That's pretty much by design, according to the panel's chairman." Rep. Michael Capuano said, "I'm doing everything I can to keep a limited structure. The whole purpose is to keep it an open discussion." Roll Call adds Capuano was "chosen to lead the OSR earlier this year by Caucus Chairman James Clyburn (S.C.), replacing Maryland Rep. Benjamin Cardin, who is surrendering his House seat for a Senate bid." After Capuano "took over, Democratic leaders doubled the panel's size, from 20 to 40 members, in anticipation of the rules review." The chairman "described Thursday's 90-minute meeting, which was attended by about half of the committee's members along with a dozen or so staffers, as a success that produced both an agreement on how to tackle the broad review and an understanding among panel members of the role they each are expected to play." There had been

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"chatter that Thursday's meeting would be more eventful, even explosive. Clyburn, on the eve of the session, publicly suggested that the OSR should enact rules that would undercut the informal seniority system that Democrats have long relied on in assigning ranking members or chairmen to committees."

Shuttle Discovery Cleared For Monday Morning Return. NBC Nightly News (7/16, 9, 2:40, Holt, 9.87M) reported, "Finally tonight, the space shuttle Discovery has been cleared for its return to earth. NASA says Discovery's protective tiles show no damage and a leaking power unit is now working normally. Still as Tom Costello reports, the flight home is risky business." Costello said, "With Discovery's crew winding up what appears to be a flawless mission, the commander today was already looking ahead to the next mission and warning that despite the successes, space flight is anything but routine."

The New York Times (7/17, Leary, 1.21M) reports, "The space shuttle Discovery is coming home, buoyed by positive tests and inspections indicating that it is in good shape for a landing in Florida on Monday, after a 13-day mission to the International Space Station. 'The vehicle has been totally cleared for entry,' the lead flight director, Steven Stich, said Sunday. The Discovery crew got word about coming home when Stephen N. Frick, a NASA astronaut, radioed from mission control at the Johnson Space Center here that inspections of the shuttle wings' leading edges and nose cone, which endure the highest heat of re-entry, showed they were free of damage. Discovery has two opportunities to land at the Kennedy Space Center in Florida on Monday, at 9:14 a.m. Eastern time or at 10:50 a.m."

The Washington Post (7/17, A03, Gugliotta, 748K) adds, "Mission planners said, however, that the possibility of rain showers within 30 miles of the landing strip could force a wave-off. The reentry flight director, Steve Stich, said that in that case Discovery would try once more on the next orbit. But if bad weather persists, Stich said, Discovery will stand down and try twice more Tuesday morning. Only after two more wave-offs would he order a landing at the backup site at Edwards Air Force Base in California, he said." The Post reports that "Frick also said engineers had decided there was no threat to reentry from a puzzling leak in a fuel tank supplying one of the 'auxiliary power unit,' or APU, turbines for Discovery's hydraulic system."

Astronaut Speaks On World Peace. ABC's World News Tonight (7/16, story 11, :30, Harris) reports, "And finally, tonight, a word from a man with a very different perspective on this crisis. Today, ABC's John Berman spoke with the crew aboard the space shuttle Discovery. Astronaut Piers Sellers gave his view from 200 miles up in space." Astronaut Piers Sellers: "We just flew over the Middle East, and from here it looks peaceful and quiet, just like the rest of the planet. I think all of are mindful, when we're flying around, that's one wonderful earth, that's all we have. This is humanity's home. And hopefully, one day, we'll get along."

Entrepreneur Blazing New Frontiers In Space. The Christian Science Monitor (7/17, Spotts, 58K) reports, "Some 120 miles higher than the International Space Station orbits, an alternate vision for spaceflight has arrived. The new kid on the cosmic block is Genesis 1, a diminutive prototype for what could be a new generation of inflatable, commercial space stations, orbital hotels, or even living quarters and labs for the moon or Mars. The module, which has the silhouette of a 14-feet-long, 8-feet-wide blunt sausage, lofted on a Russian rocket last week. The Genesis may be small, but it should not be underestimated. Its successful launch and deployment add an important dimension to efforts to open the final frontier to Everyman, analysts say." The Monitor explains that Robert Bigelow, "a motel magnate," is trying to trying to develop a privately-owned and funded destination for space travelers. And, as NASA considers its habitation options on the moon and Mars, "some engineers foresee the possibility of incorporating Bigelow-style inflatables into a lunar base."

Taxpayer Advocates Seek To Highlight Abuse Of Earmarks. Roll Call (7/17, Newmyer) reports a year "after the first details of" former Rep. Randy Cunningham's "misdeeds surfaced and seven months since the Parade cover" featuring the "Bridge to Nowhere," Keith Ashdown of Taxpayers for Common Sense "and his colleague Steve Ellis have emerged as perhaps the most important voices outside of Congress calling for reform of the spending system." Instead of "issuing research papers that fall like a tree in an empty forest — or an endless stream of press releases stocked with ready-made quotes — the pair has found a different way to drive reform efforts forward. They are working as free-agent researchers for reporters, helping notoriously scatter-brained scribes sift through pages of legislative language to find the earmarks that are beginning to tell the story of the system they say is out of control." Ellis is "the group's face on Capitol Hill, handling legislative outreach and testimony. Ashdown, for his part, does most of the digging — 'the dirt,' as Ellis puts it — often taking his work home and toiling late into the night decoding bills that sometimes run hundreds of pages long. (Jill Lancelot, co-founder and president of the group, is planning to step aside soon when she moves to Colorado. She said she will remain a senior adviser.)"

CPSC Chairman Leaves For Detroit Law Firm. The Washington Post (7/17, A13, Liebert, 748K) reports Hal Stratton, "whose four years as chairman of the Consumer Product Safety Commission brought criticism from consumer

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groups that he was too close to industry, left the agency over the weekend and today joins a Detroit-based law firm." Stratton is "becoming a partner in the D.C. office of Dykema Gossett PLLC, where his work will include advising companies about the product safety issues on which he had been chief regulator."

Reagan "Myths" Used To Belittle Bush Presidency. In a Wall Street Journal op-ed (7/17), Fred Barnes says, "I was recently asked about President Bush's chances of a political resurgence. Might Mr. Bush be able to recover as strongly as President Reagan did from a slump in his second term in the 1980s? My response was, Reagan recovery? What Reagan recovery?" Though he "continued his ultimately successful fight to win the Cold War, Reagan achieved nothing new -- practically nothing -- after the Iran-contra scandal broke in 1986. His presidency was crippled. The Republicans had lost the Senate. His nomination of Robert Bork to the Supreme Court in 1987 was defeated, partly because of feeble White House support. His veto of a transportation bill was overridden." The question "was innocent enough, but it reflected a broader pattern of misrepresentation of Ronald Reagan's record in the White House that has become not only widespread but widely accepted. Reagan was, I believe, one of the greatest presidents of the 20th century, but many of the things that both liberals and conservatives now credit to his presidency simply never were. And there's a political purpose behind this Reagan revisionism. He is cited mostly to criticize Mr. Bush and congressional Republicans for falling short of some mythical Reagan standard."

OTHER NEWS:

Wealthy Getting Larger Share Of National Income, Paying More Taxes. The Wall Street Journal (7/17, Ip, Solomon, 2.03M) reports that in "announcing a big drop in its estimate of this year's federal budget deficit, the Bush administration was quick to credit itself" and its tax cut policy. But while "tax revenue is growing far faster than the Bush administration forecast in its budget projections in February, the nation's economy isn't." What has "changed isn't the size of the economy, but how the economic pie is divided. The share of national income going to corporations and the wealthiest individuals, already large, has expanded, while the share going to typical wage earners has shrunk. Because corporations and the wealthy generally pay income tax at higher rates than does the typical wage earner, that shift benefits the federal Treasury." US tax revenue "for fiscal 2006, which ends Sept. 30, is expected to be 5% -- or $115 billion -- higher, than the administration projected in February. Largely as a result, the budget deficit is expected to be $296 billion this year, instead of $423 billion."

US Economic Inequality Said To Be Turning National Attention Inward. In a Financial Times op-ed (7/17), Jaques Mistral says, "The backlash against globalisation is becoming more pronounced every day in the US. We see it in rising nationalism and protectionism, which are feeding anti-immigrant sentiments. It is manifest in the eruptions in Congress against a Chinese company buying American oil assets, or in the virulent response to a proposal for an Arabic group to invest in US harbours. Economic openness – which served America and the free world so well for years – is today too frequently perceived as a threat to national security. But populism's deeper roots are domestic and its causes should be examined, discussed and defused." Recent events "in the US reflect increasing inequalities that endanger the fundamental aspiration of this country – a land of opportunity for all."

Inflation Increases Likely To Prompt Fed Rate Increase. Bloomberg (7/17, Torres) reports consumer prices "probably rose enough in June to prompt another interest-rate increase from the Federal Reserve as the U.S. central bank aims to control inflation, economists said a report this week will show." The consumer price index "gained 0.2 percent after a 0.4 percent advance in May, according to the median forecast in a Bloomberg News survey before the Labor Department's July 19 report. So-called core prices, which exclude food and energy, rose 0.2 percent after adding 0.3 percent." The report "will come less than two hours before Fed Chairman Ben S. Bernanke briefs Congress on the state of the economy and the outlook for interest rates. The projected increase in core inflation will put the gain over the last year even farther above Bernanke's comfort zone."

Middle East Crisis Expected To Slow Economic Growth, But Recession Forecast Premature. The Christian Science Monitor (7/17, Scherer, 58K) reports the "escalation of violence in the Middle East is reverberating on Wall Street and Main Street - although many analysts still expect the US economy to grow this year." Last week, the stock market "lost 351 points, or 3.2 percent, and the Dow Jones Industrial Average edged closer to being negative for the year. The price of oil rose to a noninflation-adjusted record level of $76.95 per barrel, up almost $3 a barrel for the week." Higher crude oil prices "will probably mean higher prices at the pump - possibly as much as 20 to 25 cents a gallon." Despite the "uncertainty, many economists say it's too early to predict a slide into recession. Most are sticking to an expectation that US economic growth will slow to an annualized rate of 2-1/2 percent, a tepid pace that should ease the Federal Reserve's concerns about inflation."

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The Los Angeles Times (7/17, Hennessy-Fiske, 918K) reports businesses "across the nation, including restaurants, car dealers and discount retailers, are worried that rising geopolitical tensions could rattle consumers and further weaken an economic recovery already fraying." Some analysts "in recent days have raised the odds of a recession amid new data showing a drop in consumer confidence, disappointing retail sales and another surge in oil prices. Investors, fearing slower growth, last week sold off stocks and bought relatively safer Treasury bonds." Analysts say "the latest worries are increasing the chances that the Federal Reserve and its new chairman, Ben S. Bernanke, will pause its 2-year-old program of raising interest rates at its policymaking committee's next meeting Aug. 8."

The Wall Street Journal (7/17, Browning, 2.03M) reports as stocks "have crumbled following the sudden outbreak of Middle East fighting, money managers have reminded themselves of the maxim British banker Nathan Mayer Rothschild is said to have uttered during the Napoleonic wars: Buy to the sound of cannons, sell to the sound of trumpets." Past Middle East crises show "almost never has Middle East fighting done long-term damage to the U.S. stock market. Short-term stock pullbacks typically have been opportunities to buy at a reduced price. Only when economic fundamentals have been seriously damaged, usually in the form of a disruption in oil supplies, has Middle East fighting led to serious market trouble."

Journal Advises Paulson On Economic Policy. The Wall Street Journal (7/17, 2.03M) says in an editorial, "Last week was Hank Paulson's first as Treasury Secretary, and financial markets gave him a very rude welcome; the Dow fell 3.2% and the Nasdaq by 4.4%. Congratulations, Mr. Secretary: You've inherited an economy that has grown at a 4% annual rate for three years, and you now have 30 months at the end of a second-term Presidency to keep it that way. Why'd you take this job again?" The Journal advises Paulson to hire "professionals to plug the leaks in the financial system that are inevitably going to pop as the Federal Reserve keeps tightening money to make up for its easy-money mistakes of 2004 and 2005. Last week's market jitters were in major part due to Mideast security concerns, but they illustrate the mood of investor uncertainty." The Journal also says Paulson should "keep a strong dollar," "think international" on trade issues, and "another dose of supply-side incentives may be needed."

Bush, First Lady Disagree On Potential 2008 GOP Presidential Nominees. U.S. News and World Report (7/24, Bedard, 2.03M) reports in its "Washington Whispers" column, "White House insiders say President Bush and first lady Laura Bush are engaged in a good-natured bid to push their faves for the 2008 presidential nomination." An insider said, "The first lady likes [Secretary of State Condoleezza Rice]," adding, "She has a great story to tell." Meanwhile, the President "likes his bro, Jeb Bush, the Florida governor. US News adds, "One problem: Neither wants the job."

Cheney Has Attended 80 GOP Candidate Fundraisers This Year. U.S. News and World Report (7/24, Bedard, 2.03M) reports in its "Washington Whispers" column that Vice President Dick Cheney is "in bigger demand than ever, hosting more political rallies and fundraisers -- 80 so far -- for GOP candidates this year than in the last midterm election in 2002."

Wealthy Democratic Donors' Alliance Draws Scrutiny. The Washington Post (7/17, A1, Vandehei, Cillizza, 748K) reports in a front page story that an "alliance of nearly a hundred of the nation's wealthiest donors is roiling Democratic political circles, directing more than $50 million in the past nine months to liberal think tanks and advocacy groups in what organizers say is the first installment of a long-term campaign to compete more aggressively against conservatives." Democracy Alliance has "followed up on its pledge to become a major power in the liberal movement. It has lavished millions on groups that have been willing to submit to its extensive screening process and its demands for secrecy." Beneficiaries "include the Center for American Progress, a think tank with an unabashed partisan edge, as well as Media Matters for America, which tracks what it sees as conservative bias in the news media. Several alliance donors are negotiating a major investment in Air America, a liberal talk-radio network." But the "large checks and demanding style wielded by Democracy Alliance organizers in recent months have caused unease among Washington's community of Democratic-linked organizations. The alliance has required organizations that receive its endorsement to sign agreements shielding the identity of donors. Public interest groups said the alliance represents a large source of undisclosed and unaccountable political influence."

Primary Turnout Fails To Reach 2002 Levels. USA Today (7/17, Kiely, 2.27M) reports, "Halfway through this year's primary season, voters are showing little interest in picking candidates for the Nov. 7 elections that will determine control of Congress and elect more than one-third of the nation's governors." Twenty-five states "held primaries through June 27. Sixteen of the 22 states that have certified figures or provided estimates to USA TODAY recorded voter turnout lower than 2002, the last national election that wasn't in a presidential year." Some experts "worry that a voter boycott of primaries could result in politics being dominated by single-issue special-interest groups." Turnout hasn't "cracked 40% in any state. In most, primary participation was

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in the 20%-30% range. Idaho, Illinois, North Carolina, Oregon, Virginia and West Virginia posted their lowest primary turnouts in at least eight years."

Clinton's Comments On Ohio's Election Process Seen As Potentially Problematic. In an analysis piece for the AP (7/17), political reporter Julie Carr Smyth writes that New York Sen. Hillary Clinton "created a potential problem for herself and Democrats last week when she said during an Ohio stop that someone running for higher office should be forbidden from overseeing elections. Clinton's statement…flies in the face of Ohio's Constitution and sets a bar that some high-profile gubernatorial hopefuls of her own party would have trouble meeting this fall. By suggesting Ohio Secretary of State and GOP gubernatorial candidate Ken Blackwell is up to something nefarious, Clinton is harming her credibility among sticklers for accuracy in the nation's bellwether state that Clinton visited to boost her presidential aspirations." Ohio "has long allowed state election chiefs to participate actively in the partisan political process. And the sweeping statement that running elections while seeking higher office presents a conflict of interest could give Republicans ammunition beyond Ohio's borders. Democratic contenders for governor in Iowa and Georgia are both secretaries of state poised to administer elections that will seal their political fate."

Novak Says Lieberman Touting "Good" Earmarks In Primary Battle. Syndicated columnist Robert Novak (7/17) writes, "Facing a Democratic electorate in Connecticut hostile to his pro-war position on Iraq, Sen. Joseph Lieberman is stressing his efficiency in bringing home pork for his constituents the past 18 years. That resulted in an exchange with peace candidate Ned Lamont in their July 7 Democratic primary debate that revealed a lot about how politics and government work in Washington today." On June 28, Lieberman and fellow Connecticut Sen. Chris Dodd (D) "issued a press release…bragging about funding $2.5 billion in future transportation projects in the state. At the debate…Lamont raised the climate of corruption in Washington. 'There are earmarks that are good,' countered Lieberman, challenging Lamont whether he would oppose 'good' Connecticut earmarks. … Lamont replied: 'I think we should outlaw these earmarks. I think they corrupt the political process.'" Lieberman "reflects many fellow professional politicians who realize that runaway earmarking in Congress has become public and unpopular. He now opposes the practice in general while still relying on the process to secure national taxpayer funding for government projects in his own state."

Dean's "50 State Strategy" Has Sparked Battle Within Democratic Party. U.S. News and World Report (7/24, Gilgoff, 2.03M) reports that over the past year, as part of Chairman Howard Dean's "50 State Strategy," the DNC "has hired and trained four staffers for virtually every state party in the nation -- nearly 200 workers in all -- to be field organizers, press secretaries, and technology specialists, even in places where the party hasn't been competitive for decades." The strategy is a "reaction to the past two presidential cycles, when the shrinking number of battleground states the Democratic nominee was competing in left no room for error. … But Dean's plan has helped feed a fierce intraparty battle between the DNC and the committees tasked with electing Democrats to Congress: the Democratic Congressional Campaign Committee and the Democratic Senatorial Campaign Committee."

Dean Says Bush Is Weak On Defense. DNC Chairman Howard Dean last night accused President Bush of being weak on defense and absent in the current violence between Israel and Hezbollah fighters in Lebanon. The San Diego Union-Tribune (7/17, Lavelle, 337K) reports, "In remarks at San Diego State University, Dean urged activists to fan across the nation – including deep into the heart of Republican-rich 'red' states – to tell voters that Bush has failed as president – including in national defense, which Republicans tout as their core strength." Dean, who was the keynote speaker at a three day conference called "DemocracyFest," said, "People say the Republicans are tough on defense. How can you be tough on defense if five years after 9/11, Osama bin Laden is still at large, the Iranians are about to get nuclear weapons, North Korea's quadrupled their nuclear weapons stash. … Explain to me how it is that this president is tough on defense? I think this president is weak on defense and he's hurt America because he hasn't done the right thing."

Feingold Says Foreign Policy Issues Currently Top Democrats' Concerns. The Washington Times (7/17, Pierce, 88K) reports in its "Inside Politics" column that Sen. Russ Feingold, making his second swing through Iowa last Saturday, said that voter unrest "over the war in Iraq has elevated foreign-policy issues to a rare level of importance in Democratic politics and is the top concern at the moment." Said Feingold, "At the moment, it is probably the most defining issue." He added, "Whether or not it will be in the middle of the election is not clear."

Polls Show Friedman Is A Serious Contender For Texas Governor. Newsweek (7/24, Bailey, 3.12M) reports on candidate Kinky Friedman's bid to become Texas' first independent governor since Sam Houston. Newsweek reports, "The other candidates put down his campaign as a

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novelty act, when they acknowledge he exists at all. … But there's one thing his opponents can't ignore: much to their dismay, he's suddenly a serious contender. A Survey USA poll of likely Texas voters conducted last month put Friedman's support at 21 percent, running second to Gov. Rick Perry, the Republican incumbent, who clocked in with only 35 percent. Friedman has climbed to a paper-thin lead over his two other opponents -- Democrat Chris Bell, who polled at 20 percent, and Carole Keeton Strayhorn, a Republican turned independent, who checked in at 19 percent."

MoveOn Sponsors Ads Against Ney On Sides Of DC Buses. Roll Call (7/17, Akers) reports in its "Heard on the Hill" column, "MoveOn.org has paid for a series of ads attacking Rep. Bob Ney (R-Ohio) and other Members of Congress for being 'in the pocket' of 'Big Oil.' The ads are running on the sides of Metrobuses around Washington, D.C. … Ney campaign spokeswoman Katie Harbath scoffed at the effort. 'I've never seen a greater waste of money, but if George Soros wants to throw away that much money...' she said."

Maryland Senators Offer Bill To Equalize Law Enforcement Benefits. The Washington Post (7/17, D4, Barr, 748K) reports in its "Federal Diary" column that Sens. Paul Sarbanes and Barbara Mikulski have introduced legislation "to provide more consistent treatment of federal law enforcement officers when it comes to pay and retirement benefits." The bill "is one of several proposed in recent years to address long-standing confusion over how to define and classify federal law enforcement jobs." The Post adds, "The equity issue has been recognized as a problem by the Bush administration and by congressional Republicans. But no consensus has emerged on how to change employment practices, in part because most proposed remedies would significantly increase pension costs." The Senators' bill "would ensure that all federal law enforcement officers receive similar pay and retirement benefits."

Carlyle Group To Hire Global Head Of Lobbying. The Financial Times (7/17, Kirchgaessner) reports that the Washington-based private equity group Carlyle is, "for the first time, to hire a global head of lobbying to help it tackle regulatory challenges, particularly in China." Carlyle "said its decision to create the government relations position was a response to the fact that the intersection between public policy issues -– from tax to regulatory matters -– and its leveraged buy-out and real estate businesses was becoming more pronounced." The Times adds, "Although Carlyle said the appointee would not dedicate an inordinate amount of attention to China, it acknowledged that 'given the concerns the Chinese government has expressed about foreign investment in certain industries, it heightens the need for someone who can manage that process – interaction with and understanding of the many governments we have to work with.'"

Arkansas Lieutenant Governor Rockefeller Dies. The New York Times (7/17, Barnes, 1.21M) reports Arkansas Lt. Gov. Winthrop Paul Rockefeller, "who followed his family's twin traditions of philanthropy and politics in the state adopted by his father, died here Sunday. He was 57. The cause was complications of a rare blood ailment, his office said." Rockefeller "disclosed last July that he had myeloproliferative disorder, a bone marrow malfunction in which excessive numbers of red or white blood cells are manufactured and which can lead to leukemia."

The AP (7/17, Kissel) reports Lt. Gov. Rockefeller, "the unassuming billionaire who last year abandoned a race for Arkansas governor — a post once held by his father — died Sunday after unsuccessful treatments for a blood disorder, his office said. He was 57." Under the Arkansas constitution, Gov. Mike Huckabee "does not have the authority to name a replacement to fill the remainder of Rockefeller's term, which ends in January. Senate President Jim Argue, D-Little Rock, who will direct Arkansas government when Huckabee is out of state."

G8 Leaders Condemn Hezbollah, Urge Israel To Employ Restraint. The leaders of the G8 nations issued a unified declaration which followed President Bush's lead by condemning Hams and Hezbollah for the increasing violence in the Mideast, but also went further than the US in demanding Israel use restraint. The unified G-8 statement was covered by all major US media outlets, but it was somewhat overshadowed by the escalating violence. For example, all three national TV networks aired segments on the G-8 leaders' statement with the two to two-and-a-half minute segments about eight to ten minutes into the broadcasts, after on-the-ground reports from Lebanon and Israel. Similarly, newspapers covered the recent attacks on the front page and the G8 response on inside stories.

The CBS Evening News (7/16, story 4, 2:20, Mitchell, 7.66M) reported, "The G8 leaders put the blame squarely on Hamas and Hezbollah for starting the crisis in the Middle East. Israel is urged to exercise what is called utmost restraint. The leaders stop short of calling for an immediate cease-fire, setting out conditions that could lead to one instead. The return of the kidnapped Israeli soldiers, an end to the shelling of Israel, and an end to the Israeli strikes in Lebanon and Gaza. This echoes what president Bush has been saying all weekend here." CBS went on to report, "While G8 leaders who have been critical of Israel did not get

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language they may have wanted, the U.S. went without something it has seeking as well, mention of Iran and Syria as sponsors of Hezbollah and Hamas. … Tonight Russian President Putin said when it comes to linking Syria and Iran to Hamas and Hezbollah and the unfolding crisis, in his opinion there just isn't enough hard evidence to do so."

ABC's World News Tonight (7/16, story 5, 2:00, Harris) reported, "As this crisis unfolds, the U.S. seems to be disagreeing with its allies about who is to blame and how best to move forward." ABC's Martha Raddatz added, "The G-8 leaders have had strong differences over the middle east crisis. But in tonight's joint communiqué, the group of eight join together to express a deepening concern. The statement…places the principal blame for the crisis on Hezbollah and Hamas. But the G-8 leaders caution Israel to 'exercise utmost restraint.' saying it is 'critical that Israel be mindful of the strategic and humanitarian consequences of its actions.' … It is the U.S. that has been most reluctant to criticize Israel. And the document did not go nearly as far as some in the G-8 wanted."

NBC Nightly News (7/16, story 3, 2:30, Holt, 9.87M) reported President Bush "and his G-8 counterparts today found a way to speak with one voice about the Middle East crisis." NBC added that Bush "said any real solution must go beyond the current violence." President Bush was shown saying, "The international community must address the root causes. Otherwise it may be apparent calm and then all of sudden conflict." NBC noted, "on Israel's use of force, despite criticism even today from the French president Jacques Chirac, the leaders found a common voice, while backing Israel's right to defend itself, they urged utmost restraint. … Senior U.S. Officials involved in the G-8 meetings told reporters the leaders commented 'too many civilians had been killed in the fighting,' quote 'especially in Lebanon.'"

The Washington Post (7/17, A9, Baker, Finn, 748K) in a page 9 article reports President Bush "and other world leaders put aside their differences Sunday" with an agreement that was "hammered out after hours of intense negotiations at the" G-8 Summit. The chosen wording "placed blame for the intensifying crisis squarely on the 'extremist forces' of Hamas and Hezbollah, just as Bush has done from the beginning. But it also went further than he had been willing to go in demanding that Israel 'exercise utmost restraint' and 'avoid casualties among innocent civilians'" in Lebanon and Gaza. Administration officials "said afterward that the leaders found common ground in their broad sense of the situation and did not bicker much over the differences." Undersecretary Burns is quoted saying, "There wasn't much of an argument at all, much of a discussion at all, about who is responsible. But most of the focus was on trying to end the violence, end the fighting, restore calm."

The Financial Times (7/17, Dombey, Blitz, Daniel) notes G-8 leaders "sought to reconcile their differences over the Middle East and calm the violence raging in the region by uniting around a detailed plan that makes demands on all sides." The document "goes much further in urging caution on Israel than previous statements by" Bush, who "opted to agree a common line with his G8 colleagues, particularly" Russian President Vladimir Putin and French President Jacques Chirac. Bush is quoted saying, "I think most leaders are now beginning to recognise the root cause of the problem. There seems to be a consensus growing that…the world is going to have to recognise that there are terrorist elements who are dedicated to stopping the advance of democracy and peace."

The New York Times (7/17, Rutenberg, 1.21M)'s reporting emphasizes the "strains" among the G-8 leaders working to halt Mideast violence. The Administration "appeared to give Israel tacit approval to cripple Hezbollah, casting the widening conflict in the Middle East in terms of a wider war on terrorism. That was a central theme of both public and private statements from senior United States officials," who tried "their best to minimize differences with European nations and their Russian hosts… But the strains were clear as different leaders offered their interpretations of the statement drafted at the summit meeting." The Times continues, "Getting somewhere is clearly the American aim, said a senior official [anonymously], who noted that administration officials also 'want to come up with a solution where you don't end up in the same place four weeks from now.'" The Times adds, "American officials were careful in their accusations against Iran, stopping short of saying that nation inspired the current outbreak of violence."

The AP (7/17, Hunt) says G-8 leaders "struggled Sunday to prevent Mideast violence from exploding into a wider war." The Summit "set aside other world problems to urgently address" the conflict, and produced a communique "forged in delicate negotiations" that "represented a consensus" and "allowed leaders to read the document in different ways, reflecting varying alliances by summit partners with players in the Middle East and conflicting views over whether Israel was using excessive force."

USA Today (7/17, Jackson, 2.27M) called it "a carefully worded statement that attempted to minimize disputes among themselves" and "called on all sides in the Middle East conflict to end the fighting." The Washington Times (7/17, Curl, 88K) notes, "The G-8 leaders also had fresh demands for Palestinian leaders, saying that 'all Palestinian parties should accept the existence of Israel, reject violence' and embrace the diplomatic 'road map' that envisions a democratic Palestinian state co-existing side by side with Israel." The Los Angeles Times (7/17, Holley, Gerstenzang, 918K) reports similar details.

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Impact Of G8 Declaration Questioned. In an analysis downplaying the effectiveness of the G8 leaders the AP (7/17, Raum) says the G8 leaders "are counting on hope over history." They "struggled more than usual to find common ground -- and relevance -- as they sought to come to grips with the fierce flare-up in warfare." The AP adds, "Global organizations are having trouble exercising authority these days, especially against renegade regimes and elements."

Similarly Knight Ridder (7/17, Douglas) reports some Middle East experts "were skeptical of the G-8's ability to end the violence or return Israelis and Palestinians to the so-called 'Road Map.'" Knight Ridder notes, "None of the G-8 countries has much leverage over Hezbollah or its patrons, and despite Sunday's statement the Bush administration has made it clear that it holds Hezbollah and its backers responsible for the violence."

US Effectiveness In Mideast Seen As Declining. The Christian Science Monitor (7/17, LaFranchi, 58K) that in the face of the recent escalation of violence in the Mideast the US "finds itself in a weaker position than in the past to act as calming agent" which "does not bode well for a quick resolution of the crisis, even if a United Nations delegation in the region steps into the breach." Historically, "if any nation has been able to influence events in the Middle East it is the US. But US influence has been dulled whenever it has taken a starkly different stand on the way ahead from that of its international partners." Currently, "a divide among foreign powers had been apparent in their early statements." One "key factor will be to what extent the US will choose to reverse course -- it has mostly remained disengaged from high-stakes diplomatic involvement in the Israeli-Palestinian conflict during the Bush presidency -- and assert itself."

Rice Stresses Need For New Framework. On CBS' Face the Nation (7/16, Schieffer), Secretary of State Condoleezza Rice was asked for her assessment of the Middle East conflict. Rice said, "Clearly we are concerned about the growing civilian casualties. We're concerned about the general instability in the area. I think we have to be committed to dealing not just with the immediate crisis, but to laying a foundation so that when we are out of this set of circumstances, we don't have repeated violence again. We all want a cessation of the violence, but we also want a return to the international framework -- Resolution 1559 in the case of Lebanon, the road map in the case of the Palestinian territories -- that will give us a permanent and firm foundation, rather than one -- a cessation of violence that would be held hostage to the next time that Hezbollah or Hamas decide that they want to attack Israeli territory."

Rice Considering Trip To Region. The AFP (7/17, Knox) reports Secretary Rice "said she may soon travel to the Middle East to help broker an end to the violence there and warned against settling for a temporary truce. Accused by some critics of conducting US diplomacy too far from the region, Rice told several television networks that she was thinking about engaging in time-honored shuttle diplomacy among the parties in a peacemaking effort." Undersecretary Burns "told reporters later that Rice would make no decision on visiting the region until a UN assessment team returns from the area later this week."

Burns Says The US Is Opposed To A Ceasefire In Lebanon. NBC Nightly News (7/16, story 4, :15, Holt, 9.87M) reported, "Today Under-Secretary of State Nicholas Burns insisted the U.S. doesn't want a ceasefire. The reason is that a ceasefire would require that Israel stop all military activity before getting their soldiers back and eliminating Hezbollah rocket positions."

ABC's World News Tonight (7/16, story 5, 2:00, Raddatz) showed French President Jacques Chirac saying, "All the members in the G-8 have called for a cease-fire in Lebanon and in Gaza." However ABC's Martha Raddatz added that Burns "disputed that claim tonight, saying no country was pushing for a cease-fire in the document."

Bartlett Says International Community Agreed On Need To Pressure Hezbollah. On CNN's Late Edition (7/16, Blitzer), presidential adviser Dan Bartlett said, "President Bush this morning met with Prime Minister Tony Blair, as well as President Chirac of France, and what we're seeing here at the G-8 summit is a growing consensus amongst these leaders that we have to speak very clearly about the violence, to do everything we can to try to persuade Hezbollah, who started and provoked this whole crisis that we're in today, to lay down their arms, to get back to the political process. … What we're seeing is Syria, unfortunately, as well as Iran, backing Hezbollah, backing Hamas, in a very provocative way. But the civilized world, the international community and moderate forces in the region are now coming together to say this must stop." Bartlett added that "What we're seeing across the board in the Middle East, Wolf, is whether you look in the West Bank, if you look in Lebanon, and then if you even look in Baghdad for that matter, in these three areas, you see young, fledgling democracies trying to take root, and what you see is violent extremists, supported by Syria, supported by Iran, trying to crush that democracy in its infancy."

Bush Administration Urged To Coordinate Prisoner Swap As Part Of Ceasefire. On the CBS Evening News (7/16, story 6, 2:40, Mitchell, 7.66M) Richard Haass, president of the Council on Foreign Relations, said, "The United States should not press Israel for an unconditional cease-fire. What we should be though, is doing, is urging a cease-fire that is connected with a pullback of Hezbollah away from the Israeli border, and in that context and in the context of a larger political arrangement that includes conceivably a prisoner swap, yes, we should urge a cease-fire." Haas made similar remarks on CBS' Face the Nation Sunday.

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Lebanese Americans Protest Bush Support For Israel. The New York Times (7/17, Bunkley, 1.21M) reports, "In Dearborn, a Detroit suburb home to one of the largest Lebanese populations outside the Middle East, it seems nearly everyone has relatives trapped in Lebanon by the attacks or knows someone who does. Thousands of people here visit their homeland in the summer the way other Michigan residents spend the winter in Florida." Protests "condemning the bombing and urging the Bush administration to call on Israel to stop its offensive were held at the Islamic Center and throughout Dearborn on Friday. More are scheduled for Tuesday."

Blair Warns Of "Arc Of Extremism" In Middle East. British Prime Minister Tony Blair on Sunday warned of an "Arc of extremism" in the Middle East. AFP (7/17) reports that Blair said "the world would rue the consequences of failing to resolve the burning issues there. Blair said Sunday extremism was being fuelled by Syria and Iran and was bent on disrupting democracy and freedom throughout the region." Speaking to BBC television from the G8 summit in St. Petersburg, Russia, Blair said, "The only way we're going to get anything done in this situation both in respect of what's happening in the Gaza (Strip) and in respect of the Lebanon is if we deal with the underlying causes that are giving rise to that," adding, "And that means, one, that we sort out a situation between Israel and Palestine when you can get back into negotiating a two-state solution. Then secondly that we remove the influence of Hezbollah to disrupt both the prospects in the Lebanon and the prospects in the wider region."

Russian Foreign Minister Says Blame Must Be Shared. On CNN's Late Edition (7/16, Blitzer), Russian Foreign Minister Sergei Lavrov said, "I think that if we should start apportioning the blame, we would be hostage to the immediate crisis, which is very tragic, very important, but we must not lose sight of the need to have a comprehensive look at the situation." Lavrov added the Hamas and Hezbollah aggression against Israel "must be condemned, and that hostages, both those hostages whom you mentioned and the soldier who was abducted by some Palestinian groups, these hostages must be immediately and unconditionally released, and that firing of missiles at the Israeli territories must stop. But at the same time, attacks and strikes against Palestinian infrastructure, Palestinian civilians and civilians and infrastructure in Lebanon must also immediately cease. That's absolutely necessary."

Democrats Say US Lacks Mideast Strategy. On NBC's Meet the Press (7/16, Russert), Sen. Joseph Biden said, "Because of our lack of a prevention strategy, we're left with no option here, in my view, but to support Israel in what is a totally legitimate self-defense effort. … I don't believe the President has a Middle East policy."

On CBS' Face the Nation (7/16, Schieffer), Rep. Jane Harman, ranking Democrat on the House Intelligence Committee, said the Bush Administration had failed to use "preemptive diplomacy. And had our government acted in 2004 to enforce Resolution 1559, we might not now have this Hezbollah problem. In addition, had our government done more to support Mahmoud Abbas before the January election in Palestine, we might not have had this Hamas victory there."

Feinstein Advises Sending Clintons As Envoys. On CNN's Late Edition (7/16, Blitzer), Sen. Dianne Feinstein said the US' goal should be "the creation of a buffer zone, the disarmament of Hezbollah, and the Lebanese government being willing to pick up its responsibility, which is to see that lawless terrorists are not able to continue to do this. … I think it needs hands-on." Feinstein added, "There are people that know this situation backwards and forwards, who could be of help. And one of them would be two former presidents, Senator Clinton, who knows -- excuse me. President Clinton, who knows this area like the back of his hand, and President Bush one. And I think that would not be a bad combination to be sent to the area."

Kristol Says Current Conflict Is US' War Too. Weekly Standard editor William Kristol writes in the Financial Times (7/17) that the current conflict is "not an Arab-Israeli war." What's under attack "is liberal democratic civilization, whose leading representative right now happens to be the United States." Kristol adds, "The right response is renewed strength -- in supporting the governments of Iraq and Afghanistan, in standing with Israel, and in pursuing regime change in Syria and Iran. For that matter, we might consider countering this act of Iranian aggression with a military strike against Iranian nuclear facilities. … But such a military strike would take a while to organize. In the meantime, perhaps President Bush can fly from the silly G8 summit in St. Petersburg…to Jerusalem, the capital of a nation that stands with us, and is willing to fight with us, against our common enemies. This is our war, too."

USAToday Says Two-State Solution Is Now A "Distant Hope." An editorial in USA Today (7/17, 2.27M) says that "the old peace process is in ruins and a new, more troubling reality rooted in the rise of Islamic extremism is emerging. Israel, the United States and the rest of the world are struggling to adjust." While the two-state solution "remains the only viable formula for peace, it clearly is now a distant hope, at best. The immediate need is a strategy to turn Palestinians and Lebanese against Hamas and Hezbollah." USA adds, "The need is to be tough but smart. That's almost a cliché, but finding the proper balance is the only way to grab the momentum back from the extremists."

Mallaby Says China, Russia Undermine US Diplomacy. Sebastian Mallaby writes in the Washington Post (7/17, A15, 748K), "Before things can turn a corner in

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the Middle East, we need the diplomatic equivalent of electric-shock therapy. … On every major security challenge…diplomacy is undermined by Chinese, Russian and sometimes Western European foot-dragging. These powers are happy to criticize unilateralism and belligerence at every turn. But when there's a chance to make diplomacy work, they call for U.S. leadership and hide behind the curtains. … It's going to take something drastic to change this mind-set. But until it changes, diplomacy will be weak; there will be more wars and more radicalization of extremists."

Israel Continues Destruction Of Lebanon Killing Dozens Of Civilians. All major media outlets report on increased violence in southern Lebanon Sunday. Each of the networks opened their broadcasts with reports on the escalation of Israel's attacks on Lebanon. The CBS Evening News (7/16, lead story, 3:40, Mitchell, 7.66M) noted that "one of [Israel's] top generals warned Lebanese civilians of even heavier attacks."

ABC's World News Tonight (7/16, lead story, 2:45, Harris) reported, "Israel warned everyone to get out of southern Lebanon. Never mind that Israel had already destroyed all the roads and killed other civilians trying to flee. It's now total war. At least that's how it seems to these people. … Today, across the country, the heaviest bombing yet. Israel had threatened to bomb this country back 20 years. Today, it may have succeeded. Day five was the deadliest so far. At least 41 people were killed here today, including 8 Canadians."

And on ABC's World News Tonight (7/16, story 3, 2:30, Gibson) IDF Brig. Gen. Ido Nehushtan said, "We aim to cripple Hezbollah -- make or create conditions for the Lebanon government to deploy forces, alongside the borderline, instead of the Hezbollah, which is a great threat to us. … We are targeting the entire process of this missile launch -- whether the missile is stored, in houses, in villages, where they're being launched from, the vicinity of the villages."

On its front page, the Washington Post (7/17, A1, Wilson, Shadid, 748K) reports, "Israel battered targets across Lebanon Sunday after a rocket fired by the radical Shiite group Hezbollah struck a railroad yard here and killed eight workers as other rockets rained deep into the Galilee region in northern Israel. The Israeli assault killed at least 28 people in south Lebanon, including eight Lebanese holding Canadian citizenship." The Post notes, "Israel also expanded the second front of its military operation against radical Islamic groups operating along its northern and southern borders by pushing tanks and troops into the Gaza Strip on Sunday, setting off fighting that killed at least five Palestinian gunmen."

The Los Angeles Times (7/17, Stack, King, 918K) reports, "Although Israel's clash is with Hezbollah, the attacks on this seaside country appear to have done far greater damage to Lebanese civilians and infrastructure. Hezbollah has continued to shoot an unabated barrage of rockets into Israel, in turn frequently hitting civilians, even after Israeli missiles shattered the airport and highways, struck predominantly Christian neighborhoods and drove thousands of people from their homes."

The AP (7/17, Hendawi, Keath) reports that "both Israel and Hezbollah signaled that their attacks would only intensify in an already brutal battle that has killed at least 152 in Lebanon and 23 in Israel." The Washington Times (7/17, Mitnick, 88K) and he AP (7/17, Ghattas) report similar details.

Rice Defends Israeli Retaliation. On Fox News Sunday (7/16, Wallace), Secretary Rice added, "What is really happening here is that extremists have revealed their hand. They are demonstrating that they cannot tolerate the forward march of democratic moderate forces in the Middle East. They are trying to destabilize the young government of Lebanon by, in the case of Hezbollah, using Lebanon's territory to attack Israel without the knowledge of the Lebanese government."

On ABC's This Week (7/16, Stephanopoulos), Secretary of State Condoleezza Rice said, "Israel has a right to defend itself. We would expect nothing less, but we have been in constant contact with the Israelis to urge restraint, to urge them to think about the consequences of what they're doing and in the case, particularly of the Palestinian territories, to urge them to ease the humanitarian situation in the Palestinian territories by keeping crossings open and the like. So while Israel defends itself, we would hope that it does it in a way that preserves the possibility for a broader peace."

Arab States Denounce Hezbollah. In related diplomatic reporting, the New York Times (7/17, Fattah, 1.21M) says "key Arab governments have taken the rare step of blaming Hezbollah, underscoring in part their growing fear of influence by the group's main sponsor, Iran. Saudi Arabia, with Jordan, Egypt and several Persian Gulf states, chastised Hezbollah for 'unexpected, inappropriate and irresponsible acts' at an emergency Arab League summit meeting in Cairo on Saturday." Foreign Minister Prince Saud al-Faisal is quoted saying, "These acts will pull the whole region back to years ago, and we cannot simply accept them." The Times notes, "It is nearly unheard of for Arab officials to chastise an Arab group engaged in conflict with Israel… But the willingness of those governments to defy public opinion in their own countries underscores a shift that is prompted by the growing influence of Iran and Shiite Muslims in Iraq and across the region. The way some officials see it, Arab analysts said, Israel is the devil they know, but Iran is the growing threat."

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The Los Angeles Times (7/17, Murphy, 918K) reports, "The rapidly escalating conflict in Lebanon has divided the Arab world, deepening the gulf between rulers and ruled and reinforcing in the public's mind the impotence of leaders who for two generations have been unable to produce a resolution to the Israeli-Palestinian conflict." That "disconnect between the broad range of public support for Hezbollah and the unease felt by many Arab leaders is one of the reasons that Arab governments have been largely unable to mount an effective diplomatic response to Israel's 5-day-old bombing campaign."

LAT Sees Mideast Violence As Challenge For Arab Governments. The Los Angeles Times (7/17, 918K) editorializes that "his latest conflagration in the Middle East presents a challenge for nations such as Jordan, Saudi Arabia and Egypt, which have long paid lip service to the desirability of moderation in the region. It's fine for them to raise questions, as this page has done, about the proportionality of Israel's response. But these nations, and the international community, should be prepared to place blame for this crisis where it belongs: on Hezbollah, Hamas and their state sponsors. Only then can work begin, not only to secure a cease-fire but to weaken the radical fundamentalist groups that are intent on preventing Israelis and their Arab neighbors from living in peace."

Lebanese Leaders Uncertain Of Future Course. USA Today (7/17, Butters, For, 2.27M) reports, "Lebanon's government stood in disarray Sunday, looking on as Hezbollah intensified both rocket attacks and rhetoric aimed at Israel." For example, "Lebanon's top two leaders appeared to disagree on how to proceed. Emile Lahoud, the country's pro-Syrian president, sounded defiant and vowed that Lebanon would not 'surrender' to Israel." But "Saturday, an emotional Prime Minister Fuad Saniora appeared on television pledging to suppress guerrilla activity by Hezbollah."

In an analysis piece, The AP (7/17, Karam) says Hezbollah "and its backers, not the government, now appear in control of Lebanon's fate. After moderating their stance in recent years, the guerrillas surged back to the war front with a surprise attack on Israel and a sophisticated arsenal, leaving Lebanon's politicians and army looking nearly powerless. The government seems paralyzed over how to deal with Hezbollah, whose…fighters have had near autonomy in the south for more than a decade."

Israel Admits Some Of its Troops Are Already In Lebanon. On NBC Nightly News (7/16, story 2, 3:00, Holt, 9.87M) correspondent Martin Fletcher was asked if "there any signs the Israelis are preparing for a ground offensive." Fletcher responded, "Special forces units have been inside Lebanon now for a number of days. The army has admitted that. We know that some reserves have been called up also but there's no sign of any preparations. There aren't tanks moving or people coming to the front. But it is Israel's plan B if they can't put Hezbollah out of business from the air. A ground invasion is a real possibility but no signs of that yet."

Israel Said To Be Awash In Concern Over Kidnapped Soldier. ABC's World News Tonight (7/16, story 10, 1:30, Harris) reported, "In Israel, which experiences so much violence in so many forms, the kidnapping of troops resonates in a particularly powerful way. … Because in Israel, everyone, male or female, with few exceptions, has to do military service. So, every parent has a child that was, is or will be in the army."

Israel Reportedly Targeting Civilian Neighborhoods, Emergency Facilities. NBC Nightly News (7/16, lead story, 3:00, Holt, 9.87M) reported, "As the airport tonight was attacked again, parts of Lebanon are starting to look like Baghdad. Israeli air strikes until now, mostly specific, seemed to be broadening their targets to urban areas in south Beirut and missing some targets all together. An Israeli attack killed eight Canadian nationals in southern Lebanon. They were in a building used by rescue workers.

The CBS Evening News (7/16, story 2, 2:40, Mitchell, 7.66M) reported, "Israeli missiles thundered down across southern Lebanon destroying houses, cars and factories. And killing at least 36 people."

Gingrich Defends Israeli Response. On NBC's Meet the Press (7/16, Russert), former House Speaker Newt Gingrich said, "First, this is not the fifth day of the war. This is the 58th year of the effort by those who want to destroy Israel. As Ahmadinejad, the head of Iran, says, he wants to defeat the Americans and eliminate Israel from the face of the earth. So we should not see this event in isolation. There is an Iran/Iraq/Syria -- I mean, an Iran/Syria -- was an Iraq before Saddam was replaced -- Syria, Hezbollah and Hamas alliance trying to destroy Israel." Gingrich added, "We are in the early stages of what I would describe as the third world war, and frankly, our bureaucracies aren't responding fast enough, we don't have the right attitude about this, and this is the 58th year of the war to destroy Israel."

Israeli Officials Outline Goals Of Conflict With Hezbollah. The Christian Science Monitor (7/17, Frankel, 58K) reports that top Israeli officials "outlined goals ranging from degrading Hizbullah's military capability to crushing the organization completely. The top priority, Israeli officials say, is to secure Israel's northern border with Lebanon without reoccupying land inside southern Lebanon. But how they plan to achieve that is less clear."

A front page story in USA Today (7/17, Frank, 2.27M) reports, "Israeli Prime Minister Ehud Olmert, with cautious support from the Bush administration, signaled a newly aggressive strategy in which the aim is not to pummel Hezbollah into inactivity, as in the past, but to dismantle the Iranian-backed, Shiite Muslim militia for good. That pleases

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some Israelis, especially in this northern region near the Lebanese border, within easy range of Hezbollah rockets. But many also quietly worry about getting dragged back into what some call 'the Lebanon mud' -- a wary reference to Israel's bloody 18-year military presence in Lebanon that ended in 2000."

Hizbollah Attacks Present Israel With New Strategic Threat. The Christian Science Monitor (7/17, Blanford, 58K) reports, "By striking Haifa with a barrage of rockets that killed at least eight Israelis yesterday, Hizbullah has transferred the Arab-Israeli conflict to Israeli territory for the first time in more than 50 years, overturning Israel's long-standing military doctrine of defeating its enemies on foreign soil." And "Hizbullah's preparations along the border were in anticipation of an eventual showdown with Israel, which Hizbullah officials believed was inevitable. 'This will happen and we are constantly preparing for it,' a Hizbullah official told The Monitor as long ago as February 2002."

Destroying Hezbollah's Missiles Would Require Door-To-Door Searches By Israel. A front page story in the Wall Street Journal (7/17, Leggett, 2.03M) reports that while Israel "enjoys vast military superiority over its Hezbollah foe in Lebanon," that superiority "is ill-suited for the one thing the Israelis most seek to do right now: Stop Hezbollah's rockets." Hezbollah hides its missiles "in the homes of supporters, in remote valleys and caves, and in small factories and industrial workshops scattered across Lebanon, according to Israeli and Lebanese military experts and the group itself." To destroy Hezbollah's supply of rockets and missiles, "Israeli soldiers would likely need to search house-by-house and cave-by-cave throughout the hostile territory of southern Lebanon, many military officials and analysts here say. This could lead to a huge number of Lebanese civilian casualties and cost the lives of many Israeli soldiers. It could spark strong international controversy and condemnation."

Israel Plans Four Stage Attack Against Lebanon. The Washington Times (7/17, Rabinovich, 88K) reports that Israel's attack on Lebanon calls for "four stages of mounting intensity, culminating in the movement of ground troops into Lebanon, according to Israeli reports. Military correspondents with access to senior military officials say that in the first stage -- which began shortly after Hezbollah raiders seized two soldiers on Wednesday -- Israeli warplanes attacked missile caches throughout Lebanon, particularly those housing long-range missiles. … At the same time, artillery pounded Hezbollah positions and command posts from the Israeli side of the border. … In the second stage, which began early Friday, warplanes attacked the heart of Hezbollah's power, destroying high-rise buildings in southern Beirut that house the organization's command structure and the home of Hezbollah leader Sheik Hassan Nasrallah." The third and fourth stages "are secret. However, the operational plan calls for each stage to be more powerful than the previous one, said the correspondents, who appear to have received detailed briefings."

Israel Planning For Extended War Against Extremists. The Financial Times (7/17, Morris) reports, "Signalling an escalation of Israel's war aims after fruitless efforts to secure the release of the two soldiers, Amir Peretz, the defence minister, said: 'At the end of this conflict we must bring Hizbollah to a point where it would not be possible for the organisation to return to the international border and the line of fire.' This was 'perhaps one of the most decisive moments facing the state of Israel,' he added."

Israel Strategy Seen As Risky. The Los Angeles Times (7/17, King, 918K) reports, "In both instances, Israeli and outside analysts say, Israel has embarked on a risky strategy that has two major elements: the use of overwhelming military force to reduce the opponent's power coupled with strikes that hurt the wider civilian economies and populations of the Gaza Strip and Lebanon. The aim of the second part of the strategy is to put pressure on more moderate elements of the Palestinian and Lebanese governments to strip Hamas and Hezbollah of some of their influence and prestige."

Israeli Forces Reenter Gaza. The Washington Post (7/17, A10, Anderson, 748K) reports, "During the operation Sunday, which began before dawn, Israeli forces targeted several groups of Palestinian fighters, one of which had fired an anti-tank missile at an Israeli vehicle, the spokeswoman said. The military wing of the Islamic group Hamas, which runs the Palestinian government, said three of its members were killed. Another group, the Popular Resistance Committees, said two of its fighters were killed and two critically injured by a drone-launched missile late Sunday afternoon."

Palestinian Foreign Ministry Attacked. The AP (7/17, Barzak) reports, "Israeli warplanes bombed the Palestinian Foreign Ministry building in Gaza City early Monday, the second attack on the ministry in a week, witnesses said."

Israel Vows To Punish The Lebanese For Rocket Attack On Haifa. ABC's World News Tonight (7/16, lead story, 2:45, Harris) reported, "The fact that Hezbollah managed to hit Haifa today with a volley of rockets, only insures Israel will punish Lebanon even more. … Eight people died, making this Hezbollah's deadliest attack ever on Israeli soil. The Israeli Prime Minister may be untested at war, but Ehud Olmert knows what Israelis expect. He said 'Haifa changes everything.' … Tonight, Hassan Nasrallah appeared on Hezbollah TV, warning Israel 'we can hit you almost anywhere. Haifa is just the beginning.'"

NBC Nightly News (7/16, story 2, 3:00, Holt, 9.87M) reported, "it was another nervous day in Israel with one

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million people within rocket range of Hezbollah. Dozens of rockets failed during the day including nine more in and around Haifa. … Two more rockets landed, little damage, but the beautiful Haifa bay area nearby is a disaster waiting to happen. Fuel storage tanks, petrochemical industries, oil refineries and half a million people living there, sitting ducks for Hezbollah gunners only 20 miles away and armed with accurate Iranian rockets putting them more easily in rocket range." According to NBC, "Israel says Hezbollah also has rockets with a range of 100 miles. That would put Israel's biggest town, Tel Aviv, at risk."

ABC's World News Tonight (7/16, story 2, 2:10, Harris) reported, "Today, the Israeli defense minister called the attack on Haifa, 'perhaps one of the most decisive moments in the history of the state of Israel.'"

The CBS Evening News (7/16, lead story, 3:40, Mitchell, 7.66M) reported, "Eight Israelis died in a rocket barrage on the city of Haifa. … Hezbollah rockets hit two more Israeli towns that have never been hit before – Nazareth and Affula. What is particularly significant about this attack is that Affula is even further south than Haifa and there were no casualties reported there." CBS noted that Hezbollah considers the attack on Haifa "retaliation for the Israeli campaign against Lebanon." However, "Israel vowed retaliation of its own. Almost immediately one of their top generals warned Lebanese civilians of even heavier attacks." Major Gen. Udi Adam, IDF Northern Commander: "I want to say to the population in south of Lebanon, that we want to avoid innocent victims. We recommend them to leave their villages and homes."

Large Hezbollah Missile Strikes Haifa As Israel Steps Up Offensives. The New York Times (7/17, A1, Mouawad, Erlanger, 1.21M) in a front page story reports Hezbollah "unleashed its biggest and deadliest missile yet into Israel on Sunday, killing eight people in the major port city of Haifa and prompting Israeli leaders to step up their military campaign to drive the group from southern Lebanon." The Times notes, "The impact of the deaths and the use of the new missile were a qualitative and psychological escalation of the conflict, …with the Israeli defense minister, Amir Peretz, saying, 'For those who live in the Hezbollah neighborhood in Beirut and feel protected — the situation has changed.'"

Lebanese PM Pleads With Israel To Agree To Ceasefire. NBC Nightly News (7/16, lead story, 3:00, Holt, 9.87M) reported, "Today Lebanon's prime minister told us that in the last five day, Israel has set its country back 50 years. … Amid it all, Lebanon's government seems powerless. Israel and the U.S. are calling on this man, the prime minister, to take charge of his country and reign in Hezbollah but he told us the Israeli offensive is only leading to more extremism." Lebanese Prime Minister Fuad Siniora was shown pleading for, "An immediate ceasefire. A comprehensive ceasefire." According to NBC, "The prime minister's plan, a ceasefire, followed by a prisoner exchange with Israel, then Lebanese army troops backed by the U.N. would replace Hezbollah along the border. … The government here is talking today to a U.N. delegation while Hezbollah and Israel continue their war. There are efforts now underway to mediate a ceasefire after those arrivals today of the delegations from the EU and the U.N."

Hezbollah's Militarism Said To Threaten Its Role In Lebanese Civil Society. NBC Nightly News (7/16, story 7, 1:40, Holt, 9.87M) reported, "At the end of the two decades since its first formation, [Hezbollah's] civilian arm has become very involved in the political and community life of Lebanon. … For years Hezbollah's yellow flags have stood for schools, clinics and other assistance programs, and not for the Iran-backed "Party of God," formed after the Israeli invasion in 1982." NBC added, "many analysts say Hezbollah has been a huge miscalculation, not only about the response to Israel but also on the impact of its own popularity and political power inside Lebanon. For example, Hezbollah now holds some two dozen seats in Lebanon's parliament. A move toward legitimacy and inclusion every bit as striking as the Hamas success in the Palestinian territories."

Syria Vows To Defend Itself If Attacked By Israel. The CBS Evening News (7/16, story 3, :30, Roth, 7.66M) reported, "I think there are two messages coming from the Syrians tonight. One is the Syria is not even considering abandoning its sponsorship of Hezbollah. … The other is Syria's warning that if it is attacked by Israel it will strike back with a response the Syrian information minister warns will be harsh, direct and unlimited. But that said, there is no signs Syria wants to get involved in the fighting. Only a growing worry that tensions so high between old enemies, that it could only take an accident to widen the war."

Rice Confident Syria, Iran Responsible For Instigating Violence. On CBS' Face the Nation (7/16, Schieffer), Secretary of State Condoleezza Rice said, "I absolutely see that Syria and Iran are playing a part in this. They're not even trying to hide their hand. Syria has held press conferences with radical elements of Hamas. They've held press conferences for Hezbollah. The radical elements of Hamas sit in Syria and find harbor there. And Iran is the major financier of these efforts."

On Fox News Sunday (7/16, Wallace), host Chris Wallace asked Secretary Rice if the Hezbollah offensive in northern Israel was linked to the pressure on its sponsor, Iran, over its nuclear program. Rice said, "I don't know what message Iran intends to send. I do know that it is very clear that there is an Iranian hand behind -- indeed, Iranian financing behind Hezbollah and perhaps some of the radical elements of Hamas, that they've made common cause with Syria in which the radical elements of Hamas reside and in

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which Hezbollah also has offices and infrastructure, and that they're all -- Iran, Syria, Hezbollah, Hamas -- trying to destabilize democratic and moderate forces, trying to throw the region into chaos, and they can't be allowed to do that."

Kristol Blames Administration For "Coddling" Iran. On Fox News Sunday (7/16, Wallace) William Kristol said, "Our coddling of Iran, if I can use a neutral term like that, over the last six months to nine months has emboldened them. … I think the Administration has done a good job the last couple of days of showing [Iranian President Mahmoud Ahmadinejad] that he miscalculated. And indeed, this is a great opportunity. I think our weakness, unfortunately, invited this aggression, but this aggression is a great opportunity to begin resuming the offensive against the terrorist groups."

But on Fox News Sunday (7/16, Wallace), Secretary Rice denied that the Syrians and Iranians were not striking out, as William Kristol suggested in the Weekly Standard, because they perceived the US to be weak, saying, "It's a matter that they believe we're going to succeed and they're determined to stop it. We're determined that they won't."

Syrian Ambassador Mocks Claim That Hezbollah Operates From Damascus. NBC Nightly News (7/16, story 3, 2:30, O'Donnell, 9.87M) reported, "The G-8 leaders specifically faulted Hezbollah and Hamas as extremist forces that cannot be allowed to plunge the middle east into chaos. President Bush goes further, blaming Syria and Iran as countries that finance and shelter those groups but Vladimir Putin said there was not enough evidence and today in Washington, Syria's ambassador denied the charge." Syrian ambassador to the US Imad Moustapha: "The accusations that Hezbollah operate from Damascus are as credible as the old accusations about Iraq's W.M.D.'s and Saddam's relations to al Qaeda."

Iranian Leader Defends Hezbollah Attacks. The Financial Times (7/17, Smyth) reports, "Ayatollah Ali Khamenei, Iran's supreme leader, said on Sunday that Hizbollah, a key ally of Tehran, would not disarm, despite calls from the US and Israel." Meanwhile, "Hamid Reza Asefi, foreign ministry spokesman, said no Iranian Revolutionary Guards were in Lebanon and that reports of shipments of Iranian missiles were 'not correct'. But Mr Asefi also warned that aggression against Syria would bring Israel 'unimaginable damages.'"

In Wake Of Israeli Bombings, Beirut Will Likely Never Be The Same. A front page story in the Washington Post (7/17, A1, Shadid, 748K) reports that in the wake of Israel's attacks, Beirut "will probably never be the same as the one that stood before." In poignant ways, many different Beiruts are emerging, its famous diversity proving its greatest curse. … From bomb-scarred Dahiya in the south to unscathed Ashrafiyeh in the east, there is a sense that the very calculus of the city is changing, the sectarian forces that have always defined it beginning to overwhelm it. Now more than ever, politics are conflating with identity, and to many, Beirut's most difficult questions may be asked only when the Israeli bombs stop falling."

And the New York Times (7/17, Mouawad, 1.21M) adds, "Residents of southern villages and Beirut's suburbs were fleeing their homes. State-run schools were opened to the displaced. In central Beirut, dozens of families settled in the Sanayeh park, a small fenced expanse of green in the dusty city."

Damascus Defiant In Face Of Israeli Attacks On Lebanon. The Christian Science Monitor (7/17, Roumani, 58K) reports, "The Syrian capital of Damascus remained defiant on Sunday as Hizbullah flags fluttered from cars and Syrian Arab-nationalist and resistance songs blared from taxis and on Syrian television throughout the city. Tired of US pressure on their country, Syrians have been expressing their full support for Hizbullah and its leader Sheikh Hassan Nasrallah - many saying they hope a real resistance may finally be in the making."

Haifa Essentially Closes Down In Wake Of Hezbollah Attack. A front page story in the Washington Post (7/17, A1, Wilson, 748K) reports that hours after a Hezbollah missile struck Haifa Sunday, "the only sound was the rumble of warnings from a news announcer on the bar's plasma-screen television telling people from Tel Aviv to the Lebanese border that rockets could soon be coming their way. … Across a country now fighting on two fronts, worried Israelis gathered around televisions in bus stations, hospital waiting rooms and hotel lobbies, canceled holidays to the besieged Galilee, chatted on talk radio about the merits of killing Hezbollah's leader, and accommodated themselves in countless small ways to life during what increasingly feels like wartime. Stoicism and siege -- hallmarks of Israeli life over the years -- came together along the length of Moriah Avenue and in neighborhoods throughout the Jewish state. Israel's third-largest city, cooled by breezes off a white-capped Mediterranean, essentially closed up and shut down."

Iran Seen As Real Reason For Current Mideast Flare Up. An AP (7/17, Buzbee) analysis says the recent flare up violence in the Middle East may actually be "a fight about Iran and its place in the region. While Israel, the United States and some Arab countries hope the Islamic regime suffers a blow, Tehran may count on emerging from the crisis with its power intact and its influence raised even higher." The AP adds that "the underlying struggle is between Israel and others who view Iran as a threat that must be confronted, and Iran and its allies within Lebanon, Syria and even Iraq, who are determined to show they can cause serious trouble if Iran is squeezed too hard. All that means the fighting could last a long time."

"Sense Of Panic" Said To Be Taking Hold In Beirut. Fawaz A. Gerges, who holds the Christian A. Johnson chair

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in Middle East and international affairs at Sarah Lawrence College, writes in the Washington Post (7/17, A15, 748K) that Beirut "is a sad city. The smell of war fills the air. There is no talk except war talk. Life has come to a standstill in this vibrant and lively city, built layer upon layer on top of vanished civilizations." Gerges adds, "People are anxious and fear the worst. With no way in or out of the country, a sense of panic is taking hold. … I feel an extreme sense of urgency, not just as a concerned human being but also as a father. What was supposed to be a vacation has turned into a nightmare."

Marines Coordinate First Evacuations Of US Citizens From Beirut. ABC's World News Tonight (7/16, story 4, 1:40, Harris) reported, "U.S. troops are now in the middle east war zone, arriving today in Beirut to start evacuating Americans. The first Americans have been choppered safely out of the country, from the U.S. Embassy in Beirut." ABC added, "Two Marine helicopters arrived in Cyprus today, with about 20 Americans. The first to be air-lifted out of Beirut. Ten were private citizens, including four students and a family with a sick child. The rest were nonessential embassy employees. The helicopters left behind in Beirut, a military team to plan the likely evacuation of thousands more Americans, which could come as soon as this week." USA Today (7/17, Frank, Katz, 2.27M) and the AP (7/17, Karam) report similar details.

US Citizens In Lebanon Advised To Remain As Officials Plan Major Evacuation. The CBS Evening News (7/16, story 5, 2:30, Mitchell, 7.66M) reported, "For Americans still in Lebanon the word from the U.S. government is stay where you are as officials work on the safe way to get those who want to leave out. .. But in the coming days the Defense Department expects that it will be able to have ready a far more major evacuation operation. And Americans may need it. We're told that as many as 8,000 Americans may turn to the Marines for help."

USA Today (7/17, Kelley, 2.27M) in an article titled "U.S. Officials Scramble For Plan To Evacuate Thousands Of Americans" reports Maura Harty of the State Department's Bureau of Consular Affairs and James Jeffrey, a top State Department official for the Middle East, "urged Americans not to try to leave Lebanon on their own. Travel on Lebanese roads is extremely dangerous, they said, and some Americans were being turned away at the Syrian border."

The New York Times (7/17, Santos, 1.21M) reports on the plans of some Lebanese Americans to evacuate.

Harty Says Evacuation Planning Underway. The Washington Post (7/17, A9, Eilperin, 748K) reports the Administration "is preparing to evacuate hundreds, if not thousands, of Americans from Lebanon in light of the escalating violence between Israel and Hezbollah." In a conference call, Assistant Secretary Maura Harty "urged Americans 'to stay in place' at the moment and register with the State Department rather than risk traveling on roads that are 'fraught with danger. We're trying very hard to keep the best possible records that we can so that when we have our plan in place we will be able to execute it,' Harty said, adding that 'we can't help people if we don't know where they are.'" Central Command officials told the Post a Marine Corps helicopter "evacuated about 20 Americans to Cyprus yesterday. The group included U.S. Embassy officials, Americans needing medical attention and four students, Harty said." The Post continues, "Harty and the two other U.S. officials on the press call…offered few details about any potential evacuation plan. Harty said that while they will look at commercial flights to Cyprus, they will also need charter planes and will focus on taking unaccompanied minors, people with medical problems and the elderly first."

Blair Presses Bush To Send Rice To Middle East. Time (7/24, Meyer, 4.03M) reports as part of it cover package, "A British official told TIME that Prime Minister Tony Blair is personally pressing President George W. Bush to send Secretary of State Condoleezza Rice" to the Middle East "to engage in Henry Kissinger-style shuttle diplomacy. But it's not clear that anyone has the ability to get the belligerents to calm down. And the longer Israel and Hizballah keep up their skirmish, the greater the chances it will spread out of control." Blair and other allies "would like Rice to take a more active role in bringing first calm and then a return to peace talks between the Israelis and Palestinians. Bush has showed no interest in engaging in the region in that way, and Washington is handicapped by its unwillingness to negotiate with four of the key players -- Hamas and Hizballah, Syria and Iran -- whose interests would have to be addressed."

Newsweek (7/24, Hirsh, 3.12M) reports that the Bush team was taken by surprise by the recent fighting. While "the two top U.S. Mideast envoys -- David Welch and Elliott Abrams -- were in the region when hostilities began," they "had been reassured by Lebanese contacts that Hassan Nasrallah, the Hizbullah leader, didn't plan to 'stir things up' while Hamas and Israel contended over a kidnapped Israeli corporal, according to a senior US diplomat who would divulge the details only if he remained anonymous."

Bush Calls Arab Allies From Air Force One. Newsweek (7/24, Hirsh, 3.12M) reports that President Bush, aboard Air Force One, "made a round of calls to Arab allies, mainly Egypt and Jordan, pleading the case that Hizbullah's breach of the border was a clear violation of international law. Bush wanted the Arab leaders to know that he was urging Israel to avoid any action that would topple the Lebanese government -- and allow Syria to take back control of its

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neighbor. But in return he urged them to pressure Hizbullah at an emergency Arab League summit in Cairo. In an exclusive interview with NEWSWEEK, Bush said he told the Arab leaders: 'Let's make sure this meeting is not the usual condemnation of Israel, because if that's the case it obscures the real culprit' -- Hizbullah and Hamas." President Bush is, in effect, "asking Israel to blunt its own version of the 'Bush doctrine,' which holds countries accountable for the terror groups in their midst. The reason is that the infant democracy of Lebanon is one of Bush's great hopes as a regional model."

Wolffe Says Israel's Suspicion Of Iranian Involvement Is Legitimate. Newsweek (7/24, Dickey, Peraino, Dehghanpisheh, 3.12M) reports in its cover story that Israel sees "hidden hands behind the Lebanese and Palestinian militants. They accused Syria, which harbors the Hamas leadership in exile and has a longstanding alliance with Hizbullah in Lebanon, of complicity. But they also saw the long arm of their ultimate enemy, Iran. … In an exclusive interview with NEWSWEEK's Richard Wolffe, President George W. Bush said he thinks those suspicions are legitimate: 'There's a lot of people who believe that the Iranians are trying to exert more and more influence over the entire region and the use of Hizbullah is to create more chaos to advance their strategy.'"

Time (7/24, Meyer, 4.03M) reports as part of it cover package, "Many analysts believe that Hizballah must have carried out the raid" in which two Israeli soldiers were captured "with at least the encouragement of the group's main benefactors, Syria and especially Iran." However, Time also notes that "whatever encouragement they may have had, neither Hamas nor Hizballah ever needs a specific justification for striking Israel. Attacking Israel is, for each, its raison d'être." Meanwhile, the Israelis "are determined to show their adversaries that they aren't cowed."

Pyongyang Rejects UNSC Resolution, Promises "Deterrent." The Financial Times (7/17, Fifield, Nakamoto, Turner) reports North Korea "threatened on Sunday to 'bolster its war deterrent' in response to UN-agreed sanctions to curb its missile programme, but the US and China told Pyongyang it faced no option but to return to talks. Washington and Beijing avoided a damaging split on Saturday with the unanimous adoption of a compromise" UNSC resolution. Chinese President Hu Jintao, in St. Petersburg for talks on the margins of the G-8 Summit, said "six-party talks between the US, North and South Korea, Russia, Japan and China remained the primary way to resolve the situation." Secretary Rice "praised China for backing the resolution, and told reporters that international unity on the issue meant that 'ultimately, North Korea will have no choice but to return to the talks." North Korea "had responded angrily to the UN decision, saying it would not be 'bound to it in the least,' and asserting that 'the vicious hostile policy of the US towards [North Korea] and the irresponsibility of the UN Security Council have created an extremely dangerous situation on the Korean peninsula.'"

The AFP (7/17) reports Secretary Rice "said that a unanimous UN Security Council rebuke of North Korea, with China's active support, would force Pyongyang back to negotiations. 'It's a remarkable resolution, and with an affirmative Chinese vote. We really, now, have a coalition. That's why, I think ultimately, North Korea will have no choice but to return to the talks and pursue denuclearization of the Korean peninsula,' Rice told reporters. She said she was 'not surprised' that North Korea immediately rejected the resolution, but stressed that Pyongyang must understand that nuclear talks with the United States, China, Russia, Japan and South Korea are 'the only game in town.'"

Biden Dismisses North Korean Threat. On NBC's Meet the Press (7/16, Russert), Sen. Joseph Biden said his worry about North Korea is "not that they're going to be able to hit Seattle; they're not even close, not even remotely close to being able to do that. What I'm worried about is that this totally isolated regime with a guy who doesn't seem to understand anything, is going to do something very, very stupid that ends up in a shooting war in the Korean peninsula where they have 30,000 pieces of artillery—or, 10,000 pieces of artillery that can take out a significant chunk of South Korea."

Rice Defends UN Resolution On North Korea. On Fox News Sunday (7/16, Wallace), Secretary Rice said the UN Security Council resolution on North Korea, which did not include a reference to military enforcement, was still significant because it was "the first resolution since 1993 on North Korea, and the Chinese voted affirmatively for a resolution that demands that North Korea stop its activities that are jeopardizing international peace and security. … It says to the North Koreans you're isolated, come back to the six-party talks. Now, I'm not surprised that the first reaction of the North Koreans is to reject it. That's the way that the North Koreans are. But they've got to be a little surprised at the strength of the resolution."

WSJ Faults UN Reaction To North Korea. The Wall Street Journal (7/17, 2.03M) in an editorial writes, "The weakness of this U.N. action is that it continues to have as its goal prodding Kim back to the six-party talks, which have gone nowhere for years. Secretary of State Condoleezza Rice said yesterday on 'Fox News Sunday' that the message to the North is, 'You're isolated; come back to the six-party talks.' But what would really get Kim's attention is if China and South Korea declared that they will cut off his financial lifeline if he doesn't abandon his nuclear ambitions."

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Tehran Is Ready To Discuss Incentives Outside UNSC. The AP (7/17, Dareini) reports Iran "said Sunday that Western incentives to halt its nuclear program were an 'acceptable basis' for talks, and it is ready for detailed negotiations." Iranian Foreign Ministry spokesman Hamid Reza Asefi is quoted saying, "Now is an appropriate opportunity for Iran and Europe to enter detailed negotiations. Sending the dossier to the U.N. Security Council means blocking and rejecting talks." Secretary Rice "responded that Iran should talk directly to negotiators if it wants to discuss the six-nation proposal." Rice further said "that Iran should contact European Union foreign policy chief Javier Solana, the envoy who delivered the proposal last month and has been meeting with Iran's top nuclear negotiator, Ali Larijani." The AP adds, "After more than a month of waiting for Iran to respond, the six nations are unlikely to accept anything other than an unconditional yes to an enrichment halt before talks on the package begin. Diplomats have said recent meetings with Iran have gone nowhere, and that it appeared Tehran hoped to buy time or exploit potential divisions among the six powers, and wiggle out of having to freeze enrichment."

Putin Dominates Summit Despite Lack Of US WTO Deal. The Financial Times (7/17, Buckley) reports Russian President Vladimir Putin "displayed all the confidence that comes with 70 per cent-plus approval ratings and an economy growing at more than 6 per cent a year. He managed not just to parry the muted public criticisms of Russia's democracy with cutting wisecracks at some of his counterparts, but to appear the most self-assured leader at the Constantine Palace." Putin "seized on" the violence on Israel's borders "as another opportunity to project Russia's renewed influence – and its resolve no longer to let the US set the agenda in global affairs." The Times notes, "Much of the public bonhomie that once marked Mr. Putin's relations with Mr. Bush has also evaporated. When the two met for talks on Saturday morning, chairs were arranged at right angles, making it oddly difficult for the Russian president to achieve eye contact with the man who once claimed to have peered into his soul."

The Wall Street Journal (7/17, Chazan, 2.03M) focuses its reporting on the "setback" in bilateral US-Russian WTO accession negotiations. Russian Industry and Energy Minister Viktor Khristenko "blasted the U.S. for the latest setback in talks...and announced a new delay in naming the Western partners in a multibillion-dollar gas development in the Barents Sea, creating fresh woes for big U.S. oil companies." The G-8 Summit, the Journal says, "exposed strains in a fast-cooling relationship," and that "chill could prove troublesome for U.S. companies trying to do deals in Russia."

Under the headline, "From Group of 8, Energy Focus Is on Oil," the New York Times (7/17, Kramer, 1.21M) reports G-8 leaders "issued a communiqué on energy policy that touched lightly on alternatives to fossil fuels, like biomass and wind power, but focused mostly on how to bring more oil to the market." The AP (7/17, Danilova)'s reporting is entitled, "Kremlin Shows Open, Friendly Face For G-8."

Little Progress Made Between EU And Russia On Energy. The Financial Times (7/17, Ostrovsky) reports, "The Group of Eight industrialised nations papered over their differences on energy security, declaring a general commitment to 'open, transparent, efficient and competitive"'markets." While "Russia made energy security the top theme of its G8 presidency it has made limited progress on the issue. on Sunday it once again refused to ratify the Energy Charter Treaty, which would require it to open up access to its pipelines." The Times adds, "The G8 leaders vowed 'to reduce barriers to energy investment and trade', adding: 'It is especially important that companies from energy producing and consuming countries can invest in and acquire upstream and downstream assets internationally in a mutually beneficial way and respecting competition rules.'"

G8 Leaders Seek Extension On Doha Negotiations. The AP (7/17, Nicholson) reports, "Leaders of the Group of Eight major industrial countries on Sunday recommended a two-week extension for a deadline aimed at breaking the impasse over long-stalled global trade negotiations." But, "it was far from clear whether the call for negotiations would be embraced by the leaders of Brazil and India, who meet for talks with G-8 leaders Monday." The AP adds, "The statement gave no indication that the G-8 countries had been able to resolve any of the wide differences."

The Financial Times (7/17, Dombey) notes the G8 leaders "set a month-long deadline" instead of two weeks "to resolve the stand-off over the Doha round of trade talks, so beginning what may be the final effort to reach a deal." The Times adds, "A last minute agreement struck at 3:30am on Sunday morning set a deadline of mid-August to settle the big outstanding issues of the world trade talks – cuts in agricultural and industrial tariffs." Bloomberg (7/17, Vandore) reports similar details.

Mumbai Bombings Strain Relations Between India And Pakistan. The Wall Street Journal (7/17, Wonacott, 2.03M) reports, "During his two years in power, Indian Prime Minister Manmohan Singh has pursued friendlier ties with Pakistan in a way befitting the man. He favors quiet dialogue and avoids finger pointing. But in the wake of last week's commuter-train bomb blasts in Mumbai, the low-key prime minister has become more confrontational.

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… In remarks Friday, Mr. Singh blamed Pakistan for supporting persons who carried out the coordinated bombings." India "also postponed a meeting of Pakistani and Indian foreign secretaries scheduled for Thursday, the Associated Press reported, removing a conduit to discuss contentious issues, such as dueling claims in the Himalayan territory of Kashmir."

Blair Predicts He Will Retain Premiership For At Least Another Year. The Financial Times (7/17, Blitz) reports British Prime Minister Tony Blair "brushed aside claims that his premiership was in terminal crisis over the 'cash for peerages' affair, insisting Labour had done nothing wrong – and that he would still be at No 10 one year from now. Amid intense speculation that police will soon interview Mr Blair over the allegations, a defiant prime minister said: 'Nobody in the Labour party to my knowledge has sold honours or sold peerages.'" The Times notes, "Even more strikingly, Mr Blair declared…that he would still be prime minister when the G8 met in Germany one year from now. Mr Blair, who has pledged to quit before the next election, has so far refrained from indicating to journalists how long he would stay at No 10."

Senate Leaders Agree To Move On US-UK Extradition Treaty. The Financial Times (7/17, Yeager) reports, "The Blair government's push last week for Senate ratification of a US-UK extradition treaty succeeded in raising the profile of the issue in Washington and increased optimism among its supporters that the pact would be approved this year. Richard Lugar, chairman of the Senate foreign relations committee, announced he would hold a hearing on the treaty on Wednesday." Senate Majority Leader Bill Frist said "he would like to ratify the treaty this year, and would try to move it to the Senate floor for action as soon as the committee completed its work." According to the Times, "The extradition of three former NatWest investment bankers to the US on Enron-related charges has focused attention on the treaty. Critics of Tony Blair…have charged that the US failure to ratify it is another example of what they say is his government acting as a 'poodle' to" President Bush.

Airbus To Unveil Midsize Competitor To Boeing's 787. The New York Times (7/17, Landler, 1.21M) reports, "Airbus, desperate to pull out of the worst dive in its commercial history, plans to disclose details of a radically redesigned midsize plane on Monday — a $10 billion project that will compete with Boeing's 787, executives said here over the weekend. The announcement…is meant to counter the impression that Airbus is hopelessly adrift, with falling orders, turmoil in its executive suite and manufacturing chaos that led to a six-month delay in the delivery of its flagship jet, the A380."

Chinese Premier Warns Against "Unstable" Economic Development. The Wall Street Journal (7/17, Lee, Carew, Poon, 2.03M) reports Chinese Premier Wen Jiabao "called for stronger and improved macroeconomic-control measures, the latest sign of official concern that the country's rapidly growing economy could overheat. 'Leaders of all regions must maintain a clear mind to predict problems that can emerge and their sources,' Chinese state-run radio yesterday reported Mr. Wen as saying during a visit to a farming community in China's Henan Province. … 'We need to prevent unhealthy and unstable situations and the imbalances that can occur during fast economic development to prevent major ups and downs in the economy,' Mr. Wen said."

Chinese Considering Regulations That Could Hinder Expansion Of Foreign Retailers. The Wall Street Journal (7/17, Fong, 2.03M) reports China "is drafting new rules to regulate large-scale shopping outlets, which could impede the expansion plans of foreign retailers such as Wal-Mart Stores Inc. and Carrefour SA. If the rules are finalized, they could raise costs and increase red tape for big retailers by requiring them to file detailed blueprints for proposed new outlets and hold public hearings on the impact on communities. … The proposed rules would apply to both foreign and local retailers. But some industry executives say they would be especially cumbersome for large foreign retailers."

Protests Continue As Obrador Calls For Recount. The New York Times (7/17, Thompson, 1.21M) reports, "For the second time in eight days, thousands of supporters of the leftist presidential candidate, Andrés Manuel López Obrador, filled this city's historic central plaza to demonstrate their support for his demand for a vote-by-vote recount of Mexico's disputed July 2 election." The New York Times adds that Obrador "told the throngs of people roaring his name that a recount was not too much to ask." Obrador urges his supports "conduct nonviolent acts of civil disobedience, including boycotts of products made by Mexican companies that opposed his candidacy as well as those of some American companies, without explaining why." However, Mr. Calderón "and his supporters say that their victory is legitimate and that a recount will do more harm than good to an electoral system that was meticulously engineered to move Mexico toward democracy after decades of autocratic, one-party rule." The New York Times adds that "like the crowd of people who came out last week to support Mr. López Obrador, this gathering also seemed to be a broad cross section of people with different levels of education and incomes. Obrador also says, "Mr. Calderon should not object to a recount. Later, he added, 'the stain of an illegitimate

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election cannot be cleaned with all the water in all the oceans.'"

Obrado Supporters Gather In Protest. The AP (7/17, Stevenson) reports, "Claiming fraud robbed him of the presidency, leftist candidate Andres Manuel Lopez Obrador led hundreds of thousands of marchers through Mexico's capital Sunday, demanding a full recount in the disputed election apparently won by his conservative opponent. The local Police report that as "many as 900,000 people took part. On the ground, the crowd appeared to be much smaller, though still vast." The AP adds, "In official returns, Felipe Calderon of President Vicente Fox's conservative National Action Party led by about 244,000 votes — just 0.6 percentage point — though by law, he cannot be declared president-elect until an electoral court deals with challenges to the election." In response "support for the former mayor has reached cult-like proportions in the capital, with devoted followers lighting votive candles outside his campaign headquarters to keep his presidency hopes alive. Lopez Obrador may never recognize Calderon as a legitimate president, setting up six years of sparring and protests that could threaten Mexico's political and economic stability. The stock market and currency have swung widely in recent weeks amid the electoral uncertainty. The Washington Post (7/17, A12, Roig-franzia, 748K) the Wall Street Journal (7/17, De Córdoba, Lyons, 2.03M) report similar details.

US-Funded Natural Gas Pipeline In Peru Proves Controversial. The Christian Science Monitor (7/17, Hearn, 58K) reports on "the Camisea Gas Project, a $1.6 billion project for piping Peruvian natural gas 340 miles from the jungle floor, crossing 14,000-foot Andean mountains to markets in Peru and - by 2010 - the US. Supporters say it will be the catalyst for an unprecedented economic boom for impoverished Peru. But environmental concerns have made the flagship project a political football in Washington and Lima. Camisea is backed by an international consortium of companies, including Texas-based Hunt Oil, and the US taxpayer-funded Inter-American Development Bank (IDB). It's slated to turn Peru into a net energy exporter and save $4.1 billion in energy costs from 2004 to 2033, according to the IDB. … But critics want to know why one of the project's pipelines has ruptured five times since December 2004, impacting sensitive ecosystems and remote jungle communities. They also complain that benefits have not trickled down to poor Peruvians and that the IDB, which put in $75 million in 2003, has not fulfilled its oversight role."

Chavez Rivals To Participate In Winner-Take-All Primary. The Los Angeles Times (7/17, Kraul, 918K) reports that candidates opposing Venezuelan President Hugo Chavez have agreed to participate in a winner-take-all primary Aug. 13 to choose a single candidate whom they all promise to support. The Times notes, "It is a measure of their weakness that politicians from the nine disparate parties decided on the joint primary in a bid to galvanize an opposition that has largely given up hope of defeating Chavez." The Times adds, "Polls indicate that Manuel Rosales, governor of oil-rich Zulia state, and Julio Borges, a former assemblyman and TV show host, are the leading opponents, but they trail Chavez by a wide margin. Behind both is Teodoro Petkoff, a 74-year-old leftist editor and former planning minister who announced he would not participate in the primary but would still run against Chavez."

US Plans To Intervene In Cuba In The Event Of Castro's Death. The AP (7/17, Snow) reports, "What will Cuba be like when Fidel Castro is gone? Washington and Cuba have — no surprise — startlingly different versions of a post-Castro Cuba, and many dissidents on the island complain they will be caught in the middle. In Washington's scenario, presented this week by a presidential commission, a democratic Cuba will endorse multiparty elections and free markets and become a new ally to be rebuilt with American assistance after nearly five decades of communism. But Castro, who apparently enjoys good health and turns 80 on Aug. 13, has been fortifying the ruling Communist Party to ensure the status quo long after his death. He plans to hand over power to his 75-year-old brother Raul, the first vice president of Cuba's Council of State. The key aim of the 93-page report by the Commission for Assistance to a Free Cuba is to halt that succession, using diplomacy to enlist Cuban citizens and other countries to demand a new government after Fidel dies."

Panama Canal Gets Modification. The AP (7/17, Martinez) reports, "Panama - Panamanians will vote Oct. 22 on whether to undertake the biggest modification to the Panama Canal since it was opened in 1914. President Martin Torrijos will sign the bill approving the canal referendum on Monday, his office reported Sunday. The AP adds, "The $5.3 billion project would add a third set of locks on the canal to reduce the long lines of ships trying to cross and allow larger ships to pass through." This measure is most likely to pass. However, "opponents contend the project is based on uncertain projections about maritime trade and the world economy. They claim the project lacks an accompanying social development plan and will put the country in debt. But, "officials say they will pay for the upgrade through loans and canal toll increases."

Bill Clinton Suggests Sending International Muslim Force To Darfur. AFP (7/17) reports former president Bill Clinton "said the world should consider mobilizing an international force from Muslim countries to be

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deployed in Sudan's strife-torn region of Darfur. The Sudanese government has vehemently refused the deployment of a UN force in the region..to replace an ineffectual and cash-strapped African Union contingent of 7,000 troops. 'The Sudanese government should be pressurized by the international community to accept a larger number of troops from the international community in order to stop the killing in Darfur and to get a lasting solution,' Clinton told AU diplomats in Addis Ababa. 'To make things acceptable to the Sudanese government, the international community can mobilize troops from Muslim countries like Turkey, Pakistan and Bangladesh,' he added."

French Pessimism Persists Despite Positive Economic Outlook. The Christian Science Monitor (7/17, Sachs, 58K) reports, "The unemployment rate is falling. Nine out of 10 teenagers tell pollsters that they are happy in home and at school. France is the world's fifth-largest economy, with one of Europe's biggest public sectors, where jobs are essentially guaranteed for life. And at this very moment, millions of French families are at the seaside or in country homes enjoying their five weeks of paid vacation after working a 35-hour workweek the rest of the year. So why are they so pessimistic about the state of their economy?" President Jacques Chirac "rails often against what he calls the 'declinologues' of his country, using a word that does not appear in dictionaries but is immediately understood. France is strong, he has said, because France is, after all, France. But the past year has seen blow after blow to the French self-image, analyzed around dinner tables and exposed in weekly opinion polls."

Pew's Kohut Authors Book On Anti-Americanism. In a review of "America Against the World; How We Are Different and Why We Are Disliked" by Andrew Kohut and Bruce Stokes, the Financial Times' Edward Luce (7/17) writes, "Understanding what drives Americaphobia – and separating the often contradictory impulses around the world (Americans are irreligious, say Muslims; too religious, say Europeans) – became more urgent after the September 11 2001 attacks. Less attention has been paid to the equally confusing opinions Americans hold of themselves. Analysing both sets together is something the US-based Pew Research Center is better qualified to do than any other pollster. Its findings, presented in America Against the World, by Andrew Kohut, Pew's director, and Bruce Stokes, a consultant, provide little reassurance to those hoping global dislike of America will easily pass."

WPost Notes "Complicated" Ukrainian Political Realities Since The Orange Revolution. The Washington Post (7/17, 748K), in an editorial, writes, "Two years ago, politics in Ukraine seemed to be a battle between good and evil. Now the picture is more complicated. The good guy is president, but the bad guy is likely to become the next prime minister. Some say it's a failure of democracy. We disagree. In the uproar after Ukraine's 2004 presidential election, there were clear principles at stake. Viktor Yanukovich, the Russia-backed candidate, tried to steal the presidential election through massive voting fraud." However, "In March's parliamentary elections, the party of Mr. Yanukovich claimed the most seats. And after months of parliamentary wrangling, he won the nomination for prime minister last week." The Post concludes, "Mr. Yanukovich may not be the prime minister we would have voted for. But we respect the honest choice Ukrainians made."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Mideast Fighting Escalates."
"For Better Or Worse, He's On It."
"Tempted By Opportunity, Israel Gambles On Force."
"GOP Fissure On Stem Cell Vote Likely."
"Publishers Want Higher Billing In Book-Film Deals."
"A Divide Deepens In Arab World."

USA Today:
"In Israel, Fury Mixed With Fears."
"Americans Leaving Lebanon."
"Growing Number Of Voters Ignore Primary Elections."

New York Times:
"Israel Strikes Lebanon After Hezbollah Missile Attack."
"In an About-Face, Sunnis Want U.S. to Remain in Iraq."
"Arizona Ballot Could Become Lottery Ticket."
"Hurricane Aid Flowing Directly to Homeowners."

Washington Post:
"Israeli Strikes Kill 45 In Lebanon."
"US Border Town 1,200 Miles From Border."
"Surreal Is met With Stoicism In Haifa."
"Beirut's Many Sides Emerge As The Bombs Fall."

Washington Times:
"Rockets Hit Deep In Israel."
"Military Leaders Foresee Iraq Exit In 2016."
G-8 Lays Blame On Extremist Forces For Strife."
"Face It Book No Secret To Employees."
"DC Fields Fewer Workers, But Payroll Cost Soar."
"You're Still That Little Girl."

Detroit Free Press:
"Drug Pans Reveal Holes."
"A Huge Slice Of Michigan Agrees: I Love MI."

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"Explorer, State Square Off Over Shipwreck."
"Israel, Hizballah Say They Won't Back Down."
"Shuttle Discovery To Land Today."

Atlanta Journal-Constitution:
"Cox, Taylor Have Angry Showdown."
"War Grows Wider."
"Splashy Exit To Eternity."
"Family Vacation Plans Take High-Tech Journey."

Houston Chronicle:
"Dueling Attacks Rage On."
"Leftist Leads Massive March."
"G8 Call For Restraint On All Sides."
"Experimental Shot Shows Promise Against Cancer."

Story Lineup From Last Night's Network News:
ABC: 41 Civilians Killed In Lebanon, Including Eight Canadians; Hezbollah Attack On Haifa; Israel Military Strategy; Evacuation Of US Citizens From Lebanon; Dispute Over G8 Statement On Lebanon; US Soldier Killed In Iraq / Baghdad Suicide Bomb; California Wildfires; Space Shuttle; Kidnapped Israeli Soldier; Astronaut On World Peace.
CBS: Eight Killed By Rocket In Haifa; Six Canadians Among Civilians Killed By Israeli Attacks; Syria Threatens Retaliation; G8 Leaders Response To Attacks On Lebanon; Evacuation Of US Citizens; Haass Analysis Of US Diplomatic Options; Baghdad Suicide Bomber Kills 26; Stem Cell Research;
NBC: Lebanese PM Pleads For Israel To Stop Attacking; Israel Responds To rocket Attacks; G8 Statement On Lebanon; Burns Says US Is Opposed To A Ceasefire; Suicide Bombing In Iraq; Summer Weather; Hezbollah's Role In Lebanon; Stem Cell Debate; Space Shuttle.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Israel-Lebanon attacks; G8 Meeting; Lebanon-US Citizen Evacuation; Space Shuttle Landing; Heat Wave.
CBS: Israel-Lebanon Attacks; Lebanon-US Citizen Evacuation; Oil Prices; Heat Wave.
NPR: Israel-Lebanon Attacks; Lebanon-Canadians Killed; G-8 Meeting; New York-Building Collapse Doctor Dies; Rockefeller-Obit.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Returns to Washington from the G-8 meeting in Russia.

VICE PRESIDENT CHENEY — Speaks at a luncheon for congressional candidate Jeff Lamberti, Wakonda Club, Des Moines; speaks at a rally for the Iowa Air and Army National Guard, training center, Johnston, Iowa; speaks at a reception for congressional candidate Mike Whalen, private residence, Davenport, Iowa.

US Senate: 2:30 p.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on implementation of the Energy Policy Act of 2005 provisions on hydrogen and fuel cell research and development. Location: Room 366, Dirksen.

3 p.m. FOREIGN RELATIONS _ Full Committee. Confirmation hearing on pending nominations. Location: Room 419, Dirksen.

US House: FLOOR SCHEDULE _ 12:30 p.m. Meets for morning hour and at 2 p.m. for legislative business.

Other: NAACP CONVENTION _ NAACP holds 97th annual convention. This year's theme: ``Voting Our Values: Valuing Our Votes." Highlights: 9:30 a.m. - 12:30 p.m. Plenary session and presentation of the William Robert Ming advocacy award. With Sen. Harry Reid; Julian Bond, Chairman, NAACP; Bruce Gordon, President, NAACP; and others. 10:45 a.m. Legal education seminar: Fair housing update. With Angela Ciccolo, deputy general counsel, NAACP Baltimore; and Duane Desidero, Staff VP, legal affairs, National Association of Home Builders. Convention Center Room 152 A/B. 1 p.m. Religious leaders luncheon. With Rev. Raphael Warnock, senior pastor, Historic Ebenezer Baptist Church, Atlanta; Julian Bond, chairman, NAACP Board of Directors; Bruce Gordon, President, NAACP; and others. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va., Washington Convention Center, Mt. Vernon Square.

BAYH-MIDDLE CLASS _ 10 a.m. Sen. Evan Bayh, R-Ind., discusses the future of the American middle class at a National Press Club newsmaker media briefing. Bayh will present reforms that he believes would provide greater economic opportunity, and will critique the Bush administration's policies that he contends have failed to meet middle-class needs. Location: National Press Club, Zenger Room.

MARRIAGE _ 10 a.m. The Alliance for Marriage and House Democrats hold a news conference in support of marriage. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

DEMOCRATS-MEDICARE RX _ 1:30 p.m. The Democratic Policy Committee holds a an oversight hearing on the so-called Medicare Part D ``donut hole. The ``donut hole, describes the gap in coverage which is triggered when a beneficiarys prescription drug costs exceed $2,250 in a year. Above that threshold, beneficiaries must pay 100 percent of their prescription drug expenses until their total drug costs exceed $5,100 for the year. Location: Room 192, Dirksen Senate Office Building.

NATIONAL PRESS CLUB AWARDS _ 6 p.m. The National Press Club hosts their Annual Journalism Awards Dinner. With Jonathan Salant, president, NPC. Pultizer-prize winning Associated Press writer Walter mears will be awarded the Presidential Citation for distinguished contributions to journalism. Location: National Press Club, 14th and F Sts. NW.

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ENERGY-BIOFUELS _ 6 p.m. - 8:30 p.m. The Defense Department hosts a discussion on energy, ``Biofuels Potential, Risks and Implications." With Dr. Michael Pacheco, National Renewable Energy Lab; and Suzanne Hunt, Worldwatch Institute. Location: Doubletree Hotel Crystal City, 300 Army Navy Dr., Arlington.

'THE HILL'-TV LAUNCH _ 6:30 p.m. Launch party and screening for the new Sundance Channel television show ``The Hill," a six episode series about the personal and professional lives of the young staffers of Congressman Robert Wexler (D-Fla.) With Ivy Meeropol, director; Rep. Robert Wexler; Eric Johnson, chief of staff; Lale Mamaux, press secretary; Halie Soifer, legislative aide; Johnathan Katz, legislative director; and Ana Marie Cox, Time correspondent and former ``Wonkette." Location: Motion Picture Association of America, 1600 Eye Street, NW.

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Card, Jean

From:	Card, Jean
Sent:	Monday, July 17, 2006 9:10 AM
To:	Gorsuch, Neil M
Subject:	RE: Opening statement
Attachments:	07-18-06 senate judiciary hearing6.doc

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Sent: Monday, July 17, 2006 7:42 AM
To: Scolinos, Tasia; Card, Jean
Subject: Opening statement

How goes the drafting? Might I take a peak at the latest draft?

PREPARED REMARKS FOR ATTORNEY GENERAL ALBERTO R. GONZALES AT THE DOJ OVERSIGHT HEARING OF THE SENATE JUDICIARY COMMITTEE

TUESDAY, JULY 18TH

Event: Annual DOJ Oversight Hearing
Venue: Senate Judiciary Committee
Audience: Committee Members, Staff, Press
Length Requested: 10 - 15 minutes
Length Prepared: 15 minutes, 36 seconds
Press: Open

Prepared by: Jean Card
202-307-2016

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Good morning. Thank you, Chairman Specter and Ranking Member Leahy, for having me here today to discuss the Department's work over the last year.

Since the Committee's last annual oversight hearing, the Department has achieved important successes in areas of critical concern to the American people -- including significant corporate fraud convictions, successful public integrity investigations, as well as advances against gangs, human trafficking, and the exploitation of children. My written testimony details our progress on these and many other important fronts and I hope we will have a chance to discuss some of them today.

But the No. 1 priority for the Department – as it is for this committee, I know – remains protecting America from terrorist attacks. In just the last few weeks we have disrupted plots in Miami and Canada as well as a cell in Lebanon seeking to attack New York City once again. Recent attacks in India, the one-year anniversary of the London bombings, and the upcoming 5th year anniversary of 9-11 remind us all that the foe we face remains far too real and deadly. So for the purpose of this short time together, I want to focus on some of the most significant current issues we collectively face in the war on terror.

One of these, of course, concerns the contours of the military commission process in light of the Supreme Court's recent decision in Hamdan. I know the Congress is working hard on this issue, and the President and I deeply appreciate your efforts. We look forward to collaborating on these efforts with the shared conviction that it is vital we bring terrorists to justice for their crimes against humanity, and that we do so in a trial process that is worthy of our country.

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I have a few specific thoughts and principles I'd like to share with you about the legislation you are considering, but allow me first to offer some context to our discussion.

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Immediately following the horrors of September 11th, the President asked all of us in the Executive Branch to do, both quickly and within the framework of the Constitution, everything we could to protect the American people. Those were intense, purposeful times. We had just seen our brothers and sisters murdered in New York, Arlington and Pennsylvania. We were anxious about the possibility of more attacks and determined that more acts of violence against our nation could not, would not, be tolerated.

Here on the Hill, you acted quickly to pass the Patriot Act, and the President was grateful for your speed in doing so. In the Executive Branch we began to exercise powers of investigation and prosecution to stop terrorist plots before they could kill again -- and to ensure their war crimes would be appropriately addressed.

So, when the war in Afghanistan began, the question arose in the White House situation room: what will happen when we catch bin Laden or his associates? How do we ensure that they are fairly and appropriately tried for their crimes against humanity? That's how the military commission process was born.

We concluded that the President had the Constitutional authority to establish military commissions. Since the Revolutionary War, the United States has used military commissions in time of armed conflict to bring unlawful combatants to justice. Before Hamdan, the process of

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convening military commissions had always been left to the President. Indeed, in Hamdan itself the DC Circuit ruled in favor of the President's authority to establish military commissions by a vote of 3-0 -- a panel that included now-Chief Justice Roberts. Following the precedent set forth by prior Administrations, the President established fair and thoughtful commission procedures.

Of course, the Supreme Court has now spoken and said that Congress should review and pass on military commission procedures. We accept the Court's decision, knowing that while judicial decisions are not always in favor of the Government, it is fundamental to our system of justice and the hallmark of civilized nations that both sides of any issue have a chance to be heard and make their case in our legal system.

***

With that context in mind, I'd like to give you a few specific concepts to consider as we work together to establish a statutory basis for the military commission process, so that trials of captured al Qaeda terrorists can move forward promptly.

First, I think you will find that the commission procedures devised by the Department of Defense are a very useful resource in your deliberations. Though there are many ways to arrive at a good statute in this arena, DoD's procedures reflect a great many hours of work by a great many able and devoted public servants. They carefully address in a balanced fashion concerns we have. For example, no one can expect members of the U.S. Armed Forces to read Miranda warnings, provide terrorists on the battlefield immediate access to counsel, tag evidence, or maintain a strict chain of custody. Nor can we compromise

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sources and methods in the trials of terrorists or expect to be able to avoid hearsay evidence. The procedures we adopt must be fair but they must also be balanced, reflecting that our men and women on the front lines operate in the fog of war, not in the controlled environment of an FBI forensics lab.

Second, we do not need hundreds of lawsuits from terrorists clogging our court system. Military commissions are the appropriate place to try terrorists, not our civilian courts. Right now, our courts are burdened with habeas suits, class actions, and tort claims on behalf of every single detainee at Guantanamo Bay. Those suits challenge everything from the meals detainees are fed to the reading materials they received. In some cases, detainees even seek money damages from our troops. In the Detainee Treatment Act, Congress recognized the need for balance in this area. It afforded detainees the opportunity to appeal military commission decisions and Combatant Status Review Tribunal rulings in the U.S. Court of Appeals for the D.C. Circuit as well as the United States Supreme Court -- something never before provided to enemy combatants in time of war. At the same time, the DTA ruled out class actions, tort suits, and the endless stream of conditions of confinement challenges. We believe the DTA struck an appropriate balance and I call on Congress to confirm that these provisions for limited and appropriate judicial review apply not just prospectively but to all of the existing proliferation of detainee lawsuits.

Third, we need to address the Geneva Convention question in a sensible and balanced manner. In Hamdan, the Supreme Court held that common Article 3 applies to al Qaeda. Let me be clear, however. The Court did not hold that al Qaeda terrorists are entitled the protections of POW status under the Geneva Conventions. The Court's decision pertains only to the basic

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humanitarian guarantees enumerated in Article 3. And we feel strongly that al Qaeda terrorists are not entitled to full POW status which would include, for example, payment of wages. [confirm] They have nothing but contempt for the laws of war and the Geneva Conventions. They kidnap relief aid workers, behead contractors, journalists, and U.S. military personnel. They bomb religious shrines, wedding parties, and restaurants. They openly mock the rule of law, the Geneva Conventions, and the standards of civilized people everywhere. While the Court held common Article 3 applies, that does not mean al Qaeda is entitled to the protection of all the other rights sometimes applicable under the Geneva Conventions.

Now that Article 3 does apply as a matter of law to our Armed Forces, it is imperative for us as a nation to be clear about exactly what it requires of our men and women in uniform. After all, to violate Article 3 now becomes a criminal matter exposing our countrymen to potential prosecution under our War Crimes statutes. We owe it to our brave men and women on the front lines of the War on Terror to be clear about their responsibilities.

Article 3 uses a number of terms like - quote - "outrages upon personal dignity" - that are susceptible of different interpretations to different people. Making matters more confusing still, treaties can be interpreted by reference to how other countries interpret their terms. So, for example, if a judge in another country decide that some benign form conduct amounts in his opinion to an "outrage," that decision could potentially influence what constitutes a punishable war crime for American troops in our court system. That degree of uncertainty is unfair for our men and women and I encourage you to clarify the situation for them.

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Let me also address some other important aspects of our war efforts. Recently the media has published details of classified surveillance programs vital to our national security. We are very disappointed that anyone would choose to reveal to our enemies programs so essential to the prevention of another terrorist attack on our shores, and, by doing so, endanger American lives.

And let there be no doubt about how vital these programs are. Imagine, for example, what a program like the terrorist surveillance program might have accomplished before 9-11. Terrorists were clustered throughout the United States preparing their assault. We know from the 9-11 Commission Report that they communicated with their superiors abroad using e-mail, the Internet, and cell phones. What might New York and Washington and, really, the whole world look like today if we had intercepted a communication revealing their location and plans? Or tracked the flow of money among the plotters? Of course, we cannot answer those questions. But General Hayden, Director of the CIA, has disclosed to the Senate that the terrorist surveillance program instituted after 9-11 has helped us detect and prevent terror plots in the United States and abroad.

Some have questioned the legal analysis underlying these programs. We strongly believe, as I have previously explained, that the programs are consistent with the President's constitutional authority as Commander in Chief and the Congress's statutory commands.

At the same time, however, we welcome Congress's attention to this issue and we appreciate your efforts, Mr. Chairman, to update old statutory laws in this area to reflect the novel nature of the terror threat we face. I want to thank the

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Chairman, Senator DeWine, and other Members of the Committee and of the Intelligence Committees for their diligent work on the vital issues relating to the TSP, the Terrorist Surveillance Program. It is all to the good when the elected branches of government can work cooperatively to protect the American people and I am pleased to lend strong support to S. 2453, the National Security Surveillance Act of 2006, which represents an excellent, collaborative and, we hope, bipartisan resolution to this issue. Senator DeWine's legislation on this issue which represents a positive concept, and it, too, should be voted favorably out of this committee for the further consideration in the Intelligence Committee.

****

Finally, because it is central to the goal of protecting the American people from terror, I would be remiss today if I did not include a call, once again, for the confirmation of Alice Fisher head of the Department's Criminal Division and Ken Wainstein, to be head of the National Security Division.

The National Security Division -- something called for by the WMD Commission -- cannot be stood up until Ken is confirmed. Every day that Ken's nomination is delayed is therefore a day wasted in responding to the Commission's vital recommendations.

Similarly, if Alice is not confirmed, the Criminal Division will be without a top official when her recess appointment expires in the fall. To have this vital office – devoted to disrupting terrorism, fighting corporate corruption, and protecting the integrity of our public institutions – go without a confirmed leader is unacceptable. Alice is doing a marvelous job with this critical portfolio, as you know, and she deserves swift confirmation.

And one more request, Mr. Chairman: I ask that the Committee move promptly to approve once again Steve Bradbury's nomination to be Assistant Attorney General for the Office of Legal Counsel, so that he too will be confirmed during the current Congress.

***

Mr. Chairman, today is September 12th for the people of the Department of Justice. And tomorrow will be September 12th again. We are fighting this battle for the security and safety of Americans one day at a time. We appreciate your support in our efforts and the support of this entire Committee. Thank you for having me here today to discuss the important work of protecting the American people that concerns us all. I'd be very glad to take your questions.

###

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Monday, July 17, 2006 9:12 AM
To: Card, Jean
Subject: RE: Opening statement

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From: Gorsuch, Neil M
Sent: Monday, July 17, 2006 9:15 AM
To: Card, Jean
Cc: Scolinos, Tasia
Subject: RE: Opening statement

If you do need help trimming, I am happy to help - though I would advocate against cutting. It's only 15 mins and there'll be plenty of time for questions anyway....

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Ames, Andrew

From: Ames, Andrew
Sent: Monday, July 17, 2006 10:49 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brett Gerry; Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennifer Brosnahan; Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 7/17/06 Civil Division News

U.S. is called unhelpful in probe of abduction

Orchard Park air carrier probed over overcharges; Firm allegedly billed for flights but used trucks

Suit sheds light on clinic's demise / Former Baylor plastic surgeon details the allegations that led to his firing

Case against AT&T may be moved to D.C.

Family of motorcyclist killed by Janklow files new lawsuit

EDITORIAL: Interior's well-kicked posterior

EDITORIAL: NSA eavesdropping review is welcome

AP

Monday, July 17, 2006

U.S. is called unhelpful in probe of abduction

BERLIN - Germany said Sunday that the U.S. has refused to help probe the alleged CIA abduction of a German citizen.

Khaled al-Masri, who was born in Lebanon, says he was seized in Macedonia in December 2003 and flown by the CIA to a detention center in Afghanistan. He says he was abused during five months in custody before he was dumped in Albania.

Prosecutors in Munich have opened an investigation, and Berlin asked Washington for assistance with it. The U.S. Justice Department declined to help because of a lawsuit that al-Masri has filed against the CIA, the Justice Ministry said Sunday.

"The American side has informed us that no legal assistance can be provided in the al-Masri case, at least for the time being, in view of the ongoing civil case," ministry spokeswoman Eva Schmierer said.

END

Buffalo News

July 16, 2006

Orchard Park air carrier probed over overcharges; Firm allegedly billed for flights but used trucks

By DAN HERBECK
News Staff Reporter

An Orchard Park air-freight company that delivers equipment all over the world for America's armed forces may have overcharged the government by millions of dollars, according to accusations now under investigation by federal agents.

Federal agents have been told that, on numerous occasions, National Air Cargo charged the government a premium rate for delivering equipment by airplane, when in fact, many of the deliveries were made by trucks.

The company also is alleged to have charged the government for overnight delivery service on occasions when the deliveries took several days.

National Air Cargo calls itself "the fastest and surest delivery system in the world." Last year, the federal government showed its trust in the company by hiring it to move voting balloting equipment from the United States to Iraq for the Iraqi elections.

But now, the government is questioning some of the company's delivery work for the U.S. Department of Defense.

The investigation has also raised questions about a government program that pays private companies more than $1.5 billion annually to transport equipment for the military.

According to four law enforcement officials, National Air Cargo has been under scrutiny more than a year by the Defense Criminal Investigative Service, the FBI and the U.S. Attorney's office in Buffalo. A federal grand jury is examining records that the company provided to agents.

Authorities said the probe was begun by a whistle-blower, a former company employee who claims National Air Cargo overcharged the Defense Department by millions of dollars over a period of several years. The whistle-blower also claims the Defense Department did little or nothing to prevent the overcharging.

Investigators are focusing on deliveries that were made by the company within the United States. The deliveries of voting equipment to Iraq and other overseas shipments are not part of the investigation.

"The allegation is that the company has been overcharging the government by millions," said one source who is familiar with the case. "One thing that [agents] have found is that the military does very little to make sure these companies are making deliveries on time and not overcharging the government.

"Private businesses would never countenance anything like this. A private businessman would be on the phone right away, demanding a refund if something didn't arrive on time. But the military doesn't do the kind of checking and accounting that a private business would do."

The company's founder and president is Christopher J. Alf of Hamburg, who has been making political donations since at least 1998. He declined to comment on the probe, referring a reporter to one of his company's attorneys, Rodney O. Personius. Personius said National Air Cargo is involved in "lengthy and complicated" discussions with federal prosecutors.

"The company is doing its level best to be fully cooperative with the government," Personius said. "From our perspective, it's more of a fact-finding process than an investigation.

"It's a very esoteric process, because of the unique nature of transportation law and the peculiarities of doing business with the Department of Defense."

Two of Buffalo's top defense lawyers, Terrence M. Connors and Joel L. Daniels, are representing officers of National Air Cargo. The company also has a lawyer in Washington, F. Whitten Peters, a former secretary of the U.S. Air Force.

Authorities said the whistle-blower in the case, whom they would not name, has filed a lawsuit accusing National Air Cargo of fraud under the U.S. False Claims Act. The lawsuit was filed in federal court under seal, and is not available for public inspection.

Daniel C. Oliverio, a former federal prosecutor who specializes in filing and defending false claims cases, was identified by several sources as the attorney for the former employee.

"I can't confirm I represent a whistle-blower in the case, but we do handle cases under the False Claims Act," Oliverio said. "We are very interested in what's happening with National Air Cargo, and we are aware of allegations of overcharging."

Peggy McFarland, a spokeswoman for U.S. Attorney Terrance P. Flynn, said she could not confirm or deny anything about the investigation.

Dale J. Huegen, an official of the Defense Department's Air Mobility Command, said the military does monitor and audit the fees charged by private freight companies.

National Air Cargo has been an air freight forwarder for the military since at least 2000, said Huegen, chief of the contract airlift division. He said the Orchard Park company is authorized to make both domestic and international deliveries for the department.

What kind of follow-up does the military do to make sure the deliveries are on-time and at a reasonable fee?

Huegen said there are "transportation offices" within the military that "monitor the process and the records."

Authorities estimated that will take weeks and possibly months to determine whether prosecutors should file any civil or criminal charges against National Air Cargo.

From a financial standpoint, the company has been a success since Alf started it in 1991. The company does not own cargo planes and does not physically move freight. It arranges with other carriers to move freight for the Defense Department and other customers.

The company and the Defense Department declined to say how much money National Air Cargo has been paid to arrange military shipments, but sources close to the case said it has received tens of millions of dollars for military work since 2000.

Erie County property records show that Alf and his wife, Lori, own a $475,000 home on Old Lakeshore

Road. Florida property records show that, last year, they bought a $10.4 million home in Boca Raton, Fla.

Federal Election Commission records indicate that the couple has also been active in making donations to politicians since 1998. Between them, Christopher and Lori Alf have donated more than $56,000 to candidates and political committees. The recipients include PresidentBush; Sen. Hillary Rodham Clinton, D-N.Y.; and Rep. Thomas M. Reynolds, R-Clarence.

In 2000, National Air Cargo announced it was moving from offices in Amherst to a $2.3 million state-of-the-art headquarters in Orchard Park. At that time, the company said it hoped to double its work force to 70 within two years.

The company's expansion received government help. The Erie County Industrial Development Agency approved a plan to cut the company's taxes by $316,000 over 10 years. The Empire State Development Corp. agreed to provide a $100,000 grant for construction.

According to Personius, Alf is a hard-working, self-made businessman who has earned a reputation for being able to tackle difficult and complex transportation problems. Personius said the Alfs and National Air Cargo have been involved in numerous charitable activities in Western New York.

END

Houston Chronicle

July 16, 2006

Suit sheds light on clinic's demise / Former Baylor plastic surgeon details the allegations that led to his firing

LEIGH HOPPER

Last summer, a prominent Baylor College of Medicine plastic surgeon was fired, locked out of his office and escorted to his car by a security officer as patients and colleagues watched.

The humiliated doctor was Saleh Shenaq, chief of plastic surgery and a tenured Baylor professor of 22 years, whose specialty in nerve surgery for children with paralyzed arms made him famous and wealthy. At one time, he was Baylor's highest-paid employee, with compensation of more than $2 million in 2003.

Today, he says Baylor and two Baylor faculty members have accused him of Medicare\l "l" fraud\l "l", letting unsupervised trainees perform operations in his place, billing for surgeries he didn't attend, injuring young patients and performing operations they didn't need, according to court documents.

The allegations, contained in a lawsuit filed by Shenaq, provide the first public glimpse of conflicts that may have led to the collapse of the brachial plexus clinic at the nation's No. 5-ranked Texas Children's Hospital, the largest program of its kind in the country.

The accusations, all cited and denied by Shenaq in his lawsuit, nevertheless rekindle questions about physician conduct and, perhaps, the validity of the costly surgeries.

Brachial plexus birth palsy is a disabling and potentially disfiguring injury to nerves in the shoulder and arm that can occur when a baby becomes stuck during delivery and must be dislodged with force. Most cases heal on their own, but severe injuries can be devastating.

Treatment is fraught with controversy and the injuries are a significant area of malpractice liability for

obstetricians, with verdicts and settlements easily topping $1 million.

In August, the Houston Chronicle reported on the quiet shuttering of the highly sought, Baylor-staffed brachial plexus surgery program co-founded by Shenaq. Not only did Texas Children's shut down the program, but it also banned surgeries for babies and children with brachial plexus birth palsy. At the time, officials offered little detail about why.

Implications for Baylor

Now, a pair of lawsuits describe previously undisclosed details and accusations regarding personnel decisions, potential malfeasance and legal investigations that coincide with the December 2004 closing of the clinic. Shenaq is suing Baylor and Baylor plastic surgeons Dr. Samuel Stal and Dr. Larry Hollier for defamation and wrongful termination. Shenaq also filed a counterclaim against plastic surgeon Dr. Rahul Nath, a competitor, alleging defamation and breach of fiduciary duty. Nath filed a defamation suit against Shenaq in April.

Stal and Hollier did not respond to requests for comment. Nath's Dallas lawyer Bruce Flowers said in an e-mail that Nath "denies and regrets the allegations made by Dr. Shenaq."

The accusations of Medicare fraud against Shenaq, if true, could have severe implications for Baylor.

The federal government vigorously prosecutes individuals engaged in fraudulent Medicare billing, giving prison terms of 20 years or more. Penalties for institutions are stiff as well. The government can cut off Medicare reimbursement - the lifeblood of most health care providers - or impose multimillion-dollar fines. For example, the University of Pennsylvania had to pay the U.S. government $30 million in 1995 for Medicare\l "l" fraud\l "l".

In his suit, Shenaq asks the medical school for documentation of "refunds Baylor made to Medicare relating to procedures or services in which Shenaq was involved." Such refunds of federal money may be made when an institution detects an error or improper bill, experts say.

However, a spokesman for the Centers for Medicare and Medicaid Services regional office in Dallas said Saturday that a review did not turn up documentation to confirm that Baylor refunded federal money related to Shenaq's practice.

Baylor would not confirm Shenaq's version but said in an e-mail that the medical college "stands behind its decision not to continue Dr. Shenaq's employment and will vigorously defend this lawsuit. Baylor will not provide any further comment in light of the pending litigation."

Shenaq, who operates at The Methodist Hospital, was out of town and unavailable, his office administrator said.

Shenaq's lawyer Kenneth Wall said, "Dr. Shenaq stands by the allegations in his petition and looks forward to telling his side of the story to a jury. Thank heavens for courts and the opportunity to tell the story to a judge and jury."

Deaths of physicians

Texas Children's maintains it closed the brachial plexus clinic because of the unexpected deaths of two key doctors, a neurologist and neurosurgeon. In August, the hospital told the Chronicle it would rather send patients elsewhere than offer them an incomplete program.

About the same time as the clinic closure, Baylor hired the law firm Fulbright & Jaworski to begin an investigation of Shenaq. The queries commenced after Baylor's legal department received two anonymous calls regarding concerns about his medical practice. In notifying Shenaq of the investigation, Baylor's legal counsel sent him a memorandum listing allegations against him.

Simultaneously, Shenaq's suit alleges, Baylor plastic surgeons Stal and Hollier - who have since been promoted to posts vacated by Shenaq - began a campaign against him. They contacted graduates of the plastic surgery program and told them, according to the suit, that Shenaq was "hurting children," "engaged in Medicare and Medicaid fraud" and "undertaking unnecessary surgeries."

Shenaq's petition also states that he was summoned to the office of Baylor President and CEO Peter Traberin June 2005 and fired. In a letter to Shenaq about his firing, the suit says, Traber wrote that Shenaq had jeopardized the careers of medical residents and the training program by taking trainees to unaffiliated locations. It also stated that Shenaq violated federal regulations, resulting in Baylor having to refund an undisclosed amount of federal money.

Shenaq blames his former partner, Nath, for the clinic's demise. The two doctors had a highly successful joint venture at Texas Children's, and they made a combined $4.06 million in 2003, according to Baylor tax records. Nath broke off from Shenaq and left Texas Children's in July 2004 to start a private brachial plexus clinic.

Nath, according to Shenaq's suit, had been performing unauthorized surgeries and refusing to treat patients because of their race or their inability to pay for certain procedures.

"Baylor decided not to renew his contract as assistant professor after a review conducted by Baylor," Shenaq's suit states. "Dr. Nath's conduct also contributed to Baylor's and Texas Children's Hospital's decision to close (and not reopen) the clinic."

Kate Purnell, the mother of a 2-year-old boy with a brachial plexus injury, said she found the accusations against Nath and Shenaq "depressing." Like many parents of such children, the California mother wonders whether something could have been done differently at her son's birth to prevent his injury. Purnell is part of an online support group, the United Brachial Plexus Network, that sometimes debates the merits of different doctors and procedures.

"What's depressing is, you just don't know who to believe when there is so much controversy over the cause, especially if it was a doctor who caused the injury originally," said Purnell, who contacted Texas Children's Hospital after her son was born but ultimately chose doctors elsewhere.

"Some of the allegations are uninteresting to me. But a couple of them - doing stuff you're not qualified for, unnecessary surgeries - are pretty scary," she said. "It comes down to, how do you know whose motivation to trust?"

ACCORDING TO SHENAQ'S LAWSUIT

About the same time as the clinic closure, Baylor hired the law firm Fulbright & Jaworski to begin an investigation of Shenaq. The queries commenced after Baylor's legal department received two anonymous calls regarding concerns about his medical practice. In notifying Shenaq of the investigation, Baylor's legal counsel sent him a memorandum listing allegations against him:

Shenaq was billing for "ghost" surgeries at which he was not present, performed instead by inadequately supervised trainees.

Shenaq was taking medical residents and fellows to work at other locations when they were assigned to Texas Children's Hospital.

Shenaq was performing experimental procedures outside his qualified scope.

END

UPI

July 16, 2006

Case against AT&T may be moved to D.C.

A lawsuit in San Francisco federal court against AT&T could be transferred, under new legislation, to a secret court accessible only to the government.

The suit accuses AT&T of collaborating with the Bush administration's electronic surveillance of U.S. citizens in a counter-terrorism effort.

A provision of the bill introduced Thursday by Sen. Arlen Specter, R-Pa. -- the Senate Judiciary Committee chairman -- would enable the government to move the AT&T case, and all other lawsuits involving the surveillance program, to the Foreign Intelligence Surveillance Court of Review in Washington, The San Francisco Chronicle reported.

The surveillance court meets behind closed doors and hears arguments from the Justice Department only, the newspaper said.

The surveillance program has been blasted by civil liberties groups as an invasion of citizens' privacy.

The secret court was created in 1978 to consider government appeals from another tribunal that reviews requests for wiretaps and searches of foreign agents.

END

Aberdeen American News (SD)

July 16, 2006

Family of motorcyclist killed by Janklow files new lawsuit

The family of a motorcyclist killed when former U.S. Rep. Bill Janklow ran a stop sign in 2003 has filed another lawsuit, this time naming the U.S. government instead of the South Dakota Republican.

Attorney Ron Meshbesher filed the $25 million wrongful-death lawsuit Friday in federal court on behalf of the family of Randy Scott.

Scott, 55, of Hardwick, Minn., died instantly in the collision near Trent, S.D. Janklow was convicted of second-degree manslaughter. He resigned from Congress and served 100 days in jail.

Meshbesher filed an earlier lawsuit against Janklow that was dismissed on the grounds that Janklow could not be sued because he was protected by the Federal Tort Claims Act, which protects federal employees from negligence claims when they're on duty.

The new lawsuit, which names only the U.S. government, said that Janklow was acting as a member of the U.S. House at the time of the accident.

The U.S. attorney's office declined to comment on the new lawsuit.

END

Cleveland Plain Dealer

July 16, 2006

EDITORIAL: Interior's well-kicked posterior

Sometimes, truth is not a defense - even when it's a widely respected federal judge who is laying it on the line.

Royce Lamberth, who has won kudos from all corners since President Ronald Reagan put him on the District of Columbia Circuit bench 19 years ago, has overseen a decade-long suit by the Native American Rights Fund against the U.S. Department of the Interior.

Evidence appears overwhelming that Interior's bungling of tribal land rights has cost Indians billions in lost revenues. Yet Interior has dallied, delayed and stalled the action until Lamberth finally lost his judicial cool.

A year ago, he wrote that Interior is "a dinosaur - the morally and culturally oblivious hand-me-down of a disgracefully racist and imperialist government that should have been buried a century ago, the pathetic outpost of the indifference and anglocentrism we thought we had left behind."

Well, yes. Most impartial observers would agree that Lamberth pretty much nailed it. But judges, said the appeals court to which Interior whimpered, can't be that honest. So Lamberth's off the case, which drags on. Too bad.

END

Denver Post

Saturday July 15, 2006

EDITORIAL: NSA eavesdropping review is welcome

The White House has apparently reversed course and is providing conditions under which it would allow a secret intelligence court to review whether the Bush administration has the authority to eavesdrop on Americans without warrants.

It's part of an agreement with Senate Judiciary Chairman Arlen Specter, R-Pa., who has been skeptical about the legality of warrantless eavesdropping by the National Security Agency.

In all likelihood, the White House change of heart - which we welcome - reflects the weakness of its position.

The 1978 Foreign Intelligence Surveillance Act stipulates a process by which warrants can be obtained for domestic eavesdropping. It doesn't say anything about the president ignoring the court and taking the law into his own hands.

We'd like to think the FISA court would be able to withstand the administration's pressure to rubber stamp its controversial program. But for the moment, we are skeptical.

Under the plan brokered by Specter, President Bush would sign legislation allowing the intelligence court to decide if the controversial program is constitutional. Specter acknowledged, however, that the bill doesn't really obligate the president to submit the program to the court for review "because the president didn't want to institutionally bind presidents in the future."

A condition of the plan would allow the Justice Department to revise the program to make it acceptable to the court. It would also give the NSA seven days, rather than the three in the current law, to eavesdrop before requesting a warrant. And the plan would give Justice
the power to consolidate 100 or so lawsuits challenging the NSA operation into one case before the FISA court.

Cathryn Hazouri, executive director of the Colorado ACLU, said the suits should be settled in other, open federal courts.

"The FISA court is not the right forum for lawsuits. It's a secret court. Even if it were equipped to hear lawsuits, the American people wouldn't have any information about the level of intrusion or invasion of our privacy," Hazouri said.

Until Thursday, the president held that he has wartime authority to conduct the NSA program in the wake of the 2001 terrorist attacks. After the program came to light last year, many in Congress have expressed concern that it violates the 1978 law.

Up to now, the role of the FISA court was to approve or deny government surveillance requests. Rarely has it said no - in 2005, the court granted all 2,072 requests.

We hope that this switch by the White House reflects a decision to seek court approval for domestic eavesdropping. Congress must put the proposal under a microscope, and we look to FISA to safeguard the procedures stipulated in the 1978 law.

END

Heckerk@dodgc.osd.mil

From:	Heckerk@dodgc.osd.mil
Sent:	Monday, July 17, 2006 12:09 PM
To:	jimenezf@dodgc.osd.mil; patrick.mccarthy@js.pentagon.mil; martindo@hq.southcom.mil; william.r.kern@js.pentagon.mil; jon.c.eskelsen@jtfgtmo.southcom.mil; hemingwt@dodgc.osd.mil; davism@dodgc.osd.mil; loftusk@dodgc.osd.mil; kovacm@dodgc.osd.mil; Ross.Hyams@osd.mil; Barbara.Burfeind@osd.mil; Cully.Stimson@osd.mil; Alan.Liotta@osd.mil
Cc:	Henry, Terry (CIV); Gorsuch, Neil M; John_B._Wiegmann@nsc.eop.gov; frenchc@dodgc.osd.mil; teresa.mcpalmer@navy.mil; Jeffrey.Gordon@osd.mil; costellw@hq.southcom.mil; PadmanabhanVM@state.gov; PetersenRB@state.gov
Subject:	FW: SASC Hrg Participants
Attachments:	tmp.htm

Hearing begins at 0930. Govt reps not invited.

Not sure if it will make CSPAN or not. If not on CSPAN, you can try http://www.capitolhearings.org/ <http://www.capitolhearings.org/> on the day of the hearing and you may be able to find it there.

Karen L. Hecker
Office of the DoD General Counsel (Legal Counsel)

Room 3B652
(703) 571-9349 (DSN 671)
(703) 614-6745 (fax)

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> -----Original Message-----
> From: Marrone, Christian, Mr, DoD OGC
> Sent: Monday, July 17, 2006 11:48
> To: Hecker, Karen, Ms DoD OGC; Beaver, Diane, Ms, DoD OGC; Allen,
> Charles, Mr, DoD OGC; French, Christina, Ms, DoD OGC; Stimson, Charles D.
> (Cully), CIV, OSD-POLICY; Liotta, Alan, CIV, OSD-POLICY; Wolf, Kendal,
> CIV, OSD-POLICY
> Subject: SASC Hrg Participants
>
> I want to give you an update on the Hamdan hearing this Wednesday before > the SASC. The two panels will include:
>
> First Panel

> - Human Rights Watch rep
> - Human Rights First rep
> - NYC Bar Association on Military Affairs rep > - National Institute of Military Justice rep
> - a Conservative group rep TDB
>
> Second Panel
> - Scott Silliman of Duke Law
> - David Schlueter of St. Mary's of San Antonio
> - Neil Katyal of Georgetown Law
>
> Respectfully,
>
> Christian P. Marrone
> Director
> Office of Legislative Counsel
> 1300 Defense Pentagon, Room 3D282
> Washington, D.C. 20310-1300
> Phone: (703) 697-1305
> Private: (703) 697-1172
> http://www.defenselink.mil/dodgc/olc/
> <http://www.defenselink.mil/dodgc/olc/>
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Karen L. Hecker
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Respectfully,

Christian P. Marrone
Director
Office of Legislative Counsel
1300 Defense Pentagon, Room 3D282
Washington, D.C. 20310-1300
Phone: (703) 697-1305
Private: (703) 697-1172
http://www.defenselink.mil/dodgc/olc/

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Calvert, Chris (CIV)

From:	Calvert, Chris (CIV)
Sent:	Monday, July 17, 2006 2:18 PM
To:	Agarwal, Asheesh (CRT); Ames, Andrew; Brand, Rachel; Bucholtz, Jeffrey (CIV); Calvert, Chris (CIV); Claterbos, Barbara (CIV); Clement, Paul D; Cohn, Jonathan (CIV); Cook, Elisebeth C; Elston, Michael (ODAG); Elwood, Courtney; Flentje, August (CIV); Gorsuch, Neil M; Katsas, Gregory (CIV); Keisler, Peter D (CIV); Letter, Douglas (CIV); Lindemann, Michael (CIV); Macklin, Kristi R; Magnuson, Cynthia; Marshall, C. Kevin; Martin, Paulette (CIV); McCallum, Robert (SMO); McIntosh, Brent; McKenzie, Peggy (CIV); Miller, Charles S; Nichols, Carl (CIV); Schiffer, Stuart (CIV); Schraibman, Sandy (CIV); Scolinos, Tasia; Shapiro, Elizabeth (CIV); Shaw, Aloma A; Smith, Kimberly A; Taylor, Jeffrey (OAG); Toscas, George; Zwick, Ken (CIV)
Subject:	Updated Terrorism Litigation Report 7-17-06
Attachments:	Case Update 7-17-06.2.wpd

Attached is an updated version of the Terrorism Litigation listing only those cases that had changes: Guantanamo Bay (GTMO) Detainee Cases (36), Rasual, et al. v. Michael Chertoff, et al. (53), Youssef v. Federal Bureau of Investigation (67).

Chris Calvert
Confidential Assistant to AAG Keisler
Civil Division
U.S. Department of Justice
Temporary Location:
1100 L Street, N.W. - Room 12012
(Voicemail cannot be retrieved at this point.)
Direct Dial: 202.514.5713
Main: 202.514.3301

CIVIL DIVISION LIST OF TERRORISM-RELATED LITIGATION
July 17, 2006

Table of Contents

Number	Case Information
1	Al-Aqil v. Snow (Federal Programs)
2	Alafyouny v. Gonzalez (Immigration, USAO)
3	Ali, et al. v. Rumsfeld (CSTL)
4	Ali, et al. v. Sanchez (CSTL)
5	Ali, et al. v. Karpinski (CSTL)
6	Ali, et al. v. Pappas (CSTL)
7	Ali Ali, et al., v. Ashcroft, et al. (Immigration)
8	Al-Kidd, et al. v. Alberto Gonzales
9	American Academy of Religion v. Chertoff (SDNY, USAO, Federal Programs)
10	ACLU, et al. v. Department of Defense; ACLU, et al v. DOJ OLC (SDNY, U.S. Attorney's Office)
11	ACLU v. Department of State, et al. (SDNY, U.S. Attorney's Office)
12	Arar v. Ashcroft (Constitutional Torts)
13	Awadallah v. William Ryan Plunkett et al. (Torts; SDNY)
14	Baker v. Parlak (Immigration; E.D. Mich., USAO)
15	Barakat v. Arellano (Immigration)
16	Bassiouni v. FBI and Bassiouni v. CIA (Federal Programs)
17	Beaty, et al. v. Republic of Iraq (Federal Programs)
18	Litigation on Behalf of Postal Employees at the Brentwood Facility injured or exposed in the anthrax attacks (A) Briscoe v. Potter, et al. (Constitutional and Specialized Torts) (B) Richmond v. Potter (Constitutional and Specialized Torts) (C) Curseen, et al., v. Potter, et al. (Constitutional and Specialized Torts Staff)
19	Benzman, et al. v. Christine Todd Whitman, et al. (Constitutional and Specialized Torts)
20	Celikgogus v. Rumsfeld (Constitutional and Specialized Torts)
21	Cheema, et al. v. INS (Immigration)
22	Convertino v. DOJ, et al. (Federal Programs)
23	Cozen O'Connor v. Dept. of Treasury (Federal Programs)
24	Delgado v. Gonzales (Federal Programs; Appellate)
25	Doe and ACLU v. Gonzales (Appellate Staff; U.S. Attorney's Office)
26	Doe and ACLU v. Gonzales (Federal Programs; Appellate; US Attorneys Office)
27	Doe #1 v. Rumsfeld (Federal Programs)
28	Edmonds v. FBI (FOIA) (Federal Programs; Appellate)
29	Elmaghraby, et al. v. Ashcroft (OIL)
30	Elnashar v. Dep't of Justice et al. (Federal Programs)

31 Fenstermaker, Esq., individually and as next friend for John Doe 1, et al. v. George W. Bush, et al. (SDNY, U.S. Attorney's Office)
32 Gherebi v. Bush, et al. (Torts)
33 Gilmore v. Ashcroft et al. (Federal Programs)
34 Global Relief Foundation ("GRF") v. O'Neill (Federal Programs; Appellate)
35 Gray bv. TSA (Appellate; USAO)
36* Guantanamo Bay (GTMO) Detainee Cases (Federal Programs)
37 Hamdan v. Gonzales (Immigration)
38 Hassoun v. Ashcroft, et al. (Immigration)
39 Hatfill v. Ashcroft, et al. (Torts)
40 Higazy v. Millennium Hotel, et al. (SDNY, U.S. Attorney's Office)
41 Humanitarian Law Project v. Ashcroft (Terrorism Designations) (Appellate)
42 Hussein v. Universal Development Management, Inc., et al. (Federal Programs)
43 Islamic American Relief Agency (IARA-USA) v. Unidentified FBI Agents, et al. (Federal Programs)
44 Judicial Watch, Inc. v. USPS (Federal Programs)
45 Lombardi, et al. v. Whitman, et al. (Constitutional & Specialized Torts Staff)
46 El-Masri v. Tenet, et al. (Constitutional & Specialized Torts Staff)
47 Mirmehdi v. INS (Immigration)
48 Muslim Community Association of Ann Arbor, et al. v. Ashcroft, et al. (Federal Programs)
49 Nadarajah v. Gonzales, et al. (Immigration)
50 New York Times v. Gonzales (Appellate)
51 Omar v. Carl Casterline et al. (Torts)
52 Rahman, et al. v. Michael Chertoff, et al. (Federal Programs and Constitutional Torts
53* Rasul, et al. v. Rumsfeld, et al. (Constitutional & Specialized Torts Staff)
54 Samirah v. Ashcroft, et al. (Immigration)
55 El-Shifa Pharmaceutical Co. v. United States (Torts - FTCA)
56 Soe v. Ridge (Immigration, USAO)

57 Stevens (Environmental Torts)
58 Stillman v. Department of Defense, et al. (Appellate; Federal Programs)
59 Sussman v. Department of Justice, et al. (Federal Programs)
60 Tabbaa v. Chertoff (Federal Program; Appellate)
61 Turkmen v. Ashcroft (Immigration)
62 Ungar v. Palestinian Authority, et al. (Federal Programs, SDNY of the US Attorneys Office)
63 United States v. Rahmani, et al. (Appellate)
64 Vincent v. FBI (USAO, D.C.)
65 Vine, et al. v. Republic of Iraq, et al. (Federal Programs)
66 Wright v. FBI (Federal Programs)
67* Youssef v. Federal Bureau of Investigation (Federal Programs)
68 Participation in "17 November" Terrorist Group Prosecutions in Athens, Greece (Commercial - Foreign Litigation)
69 Consolidated Multidistrict Terrorism Litigation Brought by Victims of September 11th Against Alleged Terrorists and Sponsors of Terrorism – In re Terrorist

Attacks of September 11, 2001 (SDNY)

70 Pending Terrorism Assets Cases
(A) Iran: Hegna v. Iran (Federal Programs)
(B) Iran: Rafii v. Iran (Federal Programs)
(C) Iran: Weinstein v. Republic of Iran (Federal Programs)
(D) Cuba: Martinez v. Republic of Cuba (Federal Programs)

71 Transportation Litigation Involving Discovery Requests for Sensitive Security Information
(A) Kalantar v. Lufthansa (Federal Programs)
(B) In Re: September 11 Litigation (SDNY; Federal Programs)
(C) Chowdhury v. Northwest Airlines (Federal Programs, SDNY, Civil Appellate)
(D) Hudgins v. Southwest Airlines (Federal Programs)
(E) Phillips v. NCS Pearson (Federal Programs)
(F) Cassidy v. Chertoff (Federal Programs, USAO Vt.)

(The asterisk by the case number indicates that updates have been made to that entry.)

(36) Matter: Guantanamo Bay (GTMO) Detainee Cases
** **Bivens case: Gherebi v. Bush** (see separate listing in this report)

(A) **Hicks (Rasul, et al.) v. Bush, et al.,** S. Ct.; D.C. Cir. No. 02-5284; No. 02-CV-0299 (D.D.C.); (DJ# 145-1-1863)
(B) **Al-Odah v. United States**, No. 02-CV-0828 (D.D.C.); (DJ # 145-1-1973)

(C) **Habib v. Bush,** No. 02-CV-1130 (D.D.C.); (DJ # 145-1-1975)
(D) **Anam v. Bush,** No. 04-CV-1194 (D.D.C.); (DJ # 145-1-1974)
(E) **El-Banna v. Bush,** No. 04-CV-1144 (D.D.C.); (DJ # 145-1-1968)
(F) **Gherebi v. Bush,** No. 04-CV-1164; (DJ # 145-1-1932) [stayed]
(G) **Almurbati v. Bush,** No. 04-CV-1227; (DJ # 145-1-1967) [stayed]
(H) **Kurnaz v. Bush,** No. 04-CV-1135 (D.D.C.); (DJ # 145-1-1960)
(I) **Khadr v. Bush,** No. 04-CV-1136 (D.D.C.); (DJ # 145-1-1961)
(J) **Begg v. Bush,** No. 04-CV-1137 (D.D.C.); (DJ # 145-1-1962) [stayed]
(K) **Khalid (Benchellali) v. Bush**, D.C. Cir. No. 05-5063; No. 04-CV-1142 (D.D.C.); (DJ # 145-1-1959) [appeal]
(L) **Boumediene v. Bush**, D.C. Cir. No. 05-5062; No. 04-CV-1166 (D.D.C); (DJ# 145-1-1965) [appeal]
(M) **Abdah v. Bush**, NO. 04-CV-1254 (D.D.C.); (DJ # 145-1-1969)
(N) **Hamdan v. Rumsfeld**, D.C. Cir No. 04-5393; No. 04-CV-01519 (DJ# 145-15-2755) [appeal]
(O) **Belmar v. Bush**, No. 04-CV-1997 (DJ # 145-1-1992) [dismissed]
(P) **Al-Qosi v. Bush**, (No. 04-CV-1937 (D.D.C.); (DJ # 145-1-1985)
(Q) **Paracha v. Bush**, No. 04-CV-2022; (D.D.C.) (DJ # 145-1-1987)
(R) **Al-Marri v. Bush**, No. 04-CV-2035 (D.D.C.); (DJ # 145-1-1984)
(S) **Zemiri v. Bush**, No. 04-CV-2046 (D.D.C.); (DJ # 145-1-1992)
(T) **Deghayes v. Bush**, No. 04-CV-2215 (DJ # 145-1-1994) [stayed]
(U) **Abdullah v. Bush**, No. 05-CV-0023 (DDC) (DJ # 145-1-1997)
(V) **Mustapha v. Bush,** No. 05-CV-0022 (DDC) (DJ # 145-1-1998)
(W) **Al-Joudi v. Bush,** No. 05-CV-0301 (D.D.C.) (DJ # 145-1-2078)
(X) **Al Mohammed v. Bush**, No. 05-CV-0247 (D.D.C.) (DJ # 145-1-2082)
(Y) **Al-Adahi v. Bush**, No. 05-CV-0280 (D.D.C.) (DJ # 145-1-2076)
(Z) **Al-Wazan v. Bush**, No. 05-CV-0329 (D.D.C.) (DJ # 145-1-2083)
(AA) **El-Mashad v. Bush**, No. 05-CV-00270 (D.D.C) (DJ # 145-1-2081)
(AB) **Al-Anazi v. Bush**, No. 05-CV-0345 (D.D.C.) (DJ # 145-1-2085)
(AC) **Alhami v. Bush**, No. 05-CV-0359 (D.D.C.) (DJ # 145-1-2117)
(AD) **Ameziane v. Bush**, No. 05-CV-0392 (D.D.C.) (DJ # 145-1-2084)
(AE) **M.C. v. Bush**, No. 05-CV-0430 (D.D.C.) (DJ # 145-1-2120) [dismissed]
(AF) **Kabir v. Bush**, No. 05-CV-0431 (D.D.C.) (DJ # 145-1-2118)
(AG) **Batarfi v. Bush**, No. 05-CV-0409 (D.D.C.) (DJ # 145-1-2087)
(AH) **Does 1-570 v. Bush**, 05-CV-313C (D.D.C.) (DJ # 145-1-2079)
(AI) **Sliti v. Bush,** 05-CV-429 (D.D.C.) (DJ # 145-1-2119)
(AJ) **Qayed v. Bush**, 05-CV-454 (D.D.C.) (DJ # 145-1-2088)
(AK) **Aziz v. Bush**, 05-492 (D.D.C.) (DJ # 145-1-2091)
(AL) **Qassim v. Bush**, 05-497 (D.D.C.) (DJ # 145-1-2092) [appeal]
(AM) **Al-Shihry v. Bush**, 05-490 (D.D.C.) (DJ # 145-1-2090)
(AN) **Al-Oshan v. Bush,** 05-CV-520 (D.D.C.) (DJ # 145-1-2098)
(AO) **Tumani v. Bush**, 05-CV-526 (D.D.C.) (DJ # 145-1-2105)
(AP) **Al-Oshan v. Bush**, 05-CV-533 (D.D.C.) (DJ # 145-1-2116)
(AQ) **Al Rashaidan v. Bush**, 05-CV-586 (D.D.C.) (DJ # 145-1-2103)
(AR) **Al Shamri v. Bush**, 05-CV-551 (D.D.C.) (DJ # 145-1-2093) [dismissed]
(AS) **Mokit v. Bush**, 05-CV-621 (D.D.C.) (DJ # 145-1-2106)
(AT) **Salahi v. Bush**, 05-CV-0569 (D.D.C.) (DJ # 145-1-2100)

(AU) **Mammar v. Bush**, 05-CV-0573 (D.D.C.) (DJ # 145-1-2101)
(AV) **Al-Sharekh v. Bush**, 05-CV-583 (D.D.C.) (DJ # 145-1-2102)
(AW) **Magram v. Bush**, 05-CV-584 (D.D.C.) (DJ # 145-1-2099)
(AX) **Al Daini v. Bush**, 05-CV-634 (D.D.C.) (DJ # 145-1-2109)
(AY) **Errachidi v. Bush**, 05-640 (D.D.C.) (DJ # 145-1-2108)
(AZ) **Zaeef v. Bush**, 05-660 (D.D.C.) (DJ # 145-1-2112) [dismissed] [stayed]
(BA) **Ahmed v. Bush**, 05-665 (D.D.C.) (DJ # 145-1-2111)
(BB) **Al Hamamy v. Bush**, 05-766 (D.D.C.) (DJ # 145-1-2126)
(BC) **Hamlily v. Bush**, 05-763 (D.D.C.) (DJ # 145-1-2127)
(BD) **Al Habashi v. Bush**, 05-765 (D.D.C.) (DJ # 145-1-2123)
(BE) **Imran v. Bush**, 05-764 (D.D.C.) (DJ # 145-1-2125)
(BF) **Aboassy v. Bush**, 05-748 (D.D.C.) (DJ # 145-1-2113) [stayed]
(BG) **Battayav v. Bush**, 05-714 (D.D.C.) (DJ # 145-1-2114) [stayed]
(BH) **Adem v. Bush**, 05-723 (D.D.C.) (DJ # 145-1-2115)
(BI) **Hamoodah v. Bush**, 05-CV-795 (DJ # 145-1-2124)
(BJ) **Alladeen v. Bush**, 05-CV-0833 (DJ # 145-1-2128) [consol. with 05-270]
(BK) **Khiali-Gul v. Bush,** 05-CV-0877 (DJ # 145-1-2133)
(BL) **Nasrat v. Bush**, 05-CV-0880 (DJ # 145-1-2136) [closed]
(BM) **Slahi v. Bush**, 05-CV-0881 (DJ # 145-1-2132) [consol. with 05-569]
(BN) **Rahman v. Bush**, 05-CV-0882 (DJ # 145-1-2134)
(BO) **Muhibullah v. Bush**, 05-CV-0884 (DJ # 145-1-2135) [stayed]
(BP) **Mohammad v. Bush**, 05-CV-0885 (DJ # 145-1-2129)
(BQ) **Chaman v. Bush**, 05-CV-0887 (DJ # 145-1-2137)
(BR) **Basardh v. Bush**, 05-CV-0889 (DJ # 145-1-2130)
(BS) **Khan v. Bush**, 05-CV-0890 (DJ # 145-1-2131) [stayed]
(BT) **Rahmattullah v. Bush**, 05-CV-0878 (DJ # 145-1-2142)
(BU) **Nasrullah v. Bush**, 05-CV-0891 (DJ # 145-1-2141) [stayed]
(BV) **Mohammad v. Bush**, 05-CV0879 (DJ # 145-1-2140) [stayed]
(BW) **Gul v. Bush**, 05-CV-0888 (DJ # 145-1-2139)
(BX) **Wahab v. Bush**, 05-CV-0886 (DJ # 145-1-2144)
(BY) **Shaaban v. Bush**, 05-CV-0892 (DJ # 145-1-2145)
(BZ) **Bostan v. Bush**, 05-CV-0883 (DJ # 145-1-2143) [stayed]
(CA) **Al Karim v. Bush**, 05-CV-0998 (DJ # 145-1-2152)
(CB) **Kahn v. Bush**, 05-CV-1001 (DJ # 145-1-2157)
(CC) **Khudaidad v. Bush**, 05-CV-0997 (DJ # 145-1-2155)
(CD) **Mohammad v. Bush**, 05-CV-0996 (DJ # 145-1-2151) [dismissed]
(CE) **Sohail v. Bush**, 05-CV-0993 (DJ # 145-1-2156)
(CF) **Al-Khalaqi v. Bush**, 05-CV-0999 (DJ # 145-1-2148) [stayed]
(CG) **Sarajuddin v. Bush**, 05-CV-1000 (DJ # 145-1-2154)
(CH) **Tohirjanovich v. Bush**, 05-CV-994 (DJ # 145-1-2150) [abeyance]
(CI) **Slahi v. Bush**, 05-CV-995 (DJ # 145-1-2153) [consol. with 05-569]
(CJ) **Mohammed v. Bush**, 05-CV-1002 (DJ # 145-1-2159)
(CK) **Mangut v. Bush**, 05-CV-1008 (DJ # 145-1-2161)
(CL) **Hamad v. Bush**, 05-CV-1009 (DJ # 145-1-2158) [abeyance]
(CM) **Khan v. Bush**, 05-CV-1010 (DJ # 145-1-2164)
(CN) **Zuhoor v. Bush**, 05-CV-1011 (DJ # 145-1-2160)
(CO) **Ali Shah v. Bush**, 05-CV-1012 (DJ # 145-12163) [closed]

(CP) **Salam v. Bush**, 05-CV-1013 (DJ # 145-1-2162)
(CQ) **Al-Hela v. Bush**, 05-CV-1048 (DJ # 145-1-2165)
(CR) **Mousovi v. Bush**, 05-CV-1124 (DJ # 145-1-2167) [stayed]
(CS) **Khalifh v. Bush**, 05-CV-1189 (DJ # 145-1-2168)
(CT) **Ahmed v. Bush**, 05-CV-1234 (145-1-2197)
(CU) **Baqi v. Bush**, 05-CV-1235 (DJ # 145-1-2171)
(CV) **Ghalib v. Bush**, 05-CV-1238 (DJ # 145-1-2169)
(CW) **Alsawam v. Bush**, 05-CV-1244 (DJ # 145-1-2170)
(CX) **Ahmed "Doe" v. Bush**, 05-CV-1458 (DJ # 145-1-2185) [stayed]
(CY) **Zalita v. Bush**, 05-CV-1220 (DJ # 145-1-2172)
(CZ) **Abdulzaher v. Bush**, 05-CV-1236 (DJ # 145-1-2175) [consol. with 05-270]
(DA) **Aminullah v. Bush**, 05-CV-1237 (DJ # 145-1-2174)
(DB) **Al Khaiy v. Bush**, 05-CV-1239 (DJ # 145-1-2173)
(DC) **Mohammadi v. Bush**, 05-CV-1246 (DJ # 145-1-2176)
(DD) **Mammar v. Bush**, 05-CV-1233 (DJ # 145-1-2180) [dismissed]
(DE) **Altaiy v. Bush**, 05-CV-1240 (DJ # 145-1-2179) [dismissed]
(DF) **Bukhari v. Bush**, 05-CV-1241 (DJ # 145-1-2182) [stayed]
(DG) **Pirzai v. Bush**, 05-CV-1242 (DJ # 145-1-2181)
(DH) **Peerzai v. Bush**, 05-CV-1243 (DJ # 145-1-2178)
(DI) **Al Ginco v. Bush**, 05-CV-1310 (DJ # 145-1-2187)
(DJ) **Ullah v. Bush**, 05-CV-1311 (DJ # 145-1-2184)
(DK) **Al Bihani v. Bush**, 05-CV-1312 (DJ # 145-1-2186)
(DL) **Mohammed v. Bush**, 05-CV-1347 (DJ # 145-1-2189)
(DM) **Saib v. Bush**, 05-CV-1353 (DJ # 145-1-2190) [stayed]
(DN) **Hatim v. Bush**, 05-CV-1429 (DJ # 145-1-2192)
(DO) **Al-Subaiy v. Bush**, 05-CV-1453 (145-1-2194)
(DP) **Dhiab v. Bush**, 05-CV-1457 (DJ # 145-1-2196)
(DQ) **Sadkhan v. Bush**, 05-CV1487 (145-1-2202) [stayed]
(DR) **Faizullah v. Bush**, 05-CV-1489 (145-1-2200)
(DS) **Faraj v. Bush**, 05-CV-1490 (145-1-2201)
(DT) **Khan v. Bush**, 05-CV-1491 (145-1-2204)
(DU) **Ahmad v. Bush**, 05-CV-1492 (145-1-2206)
(DV) **Amon v. Bush**, 05-CV-1493 (145-1-2203) [stayed]
(DW) **Al Wirghi v. Bush**, 05-CV-1497 (145-1-2199)
(DX) **Nabil v. Bush**, 05-CV-1504 (145-1-2209) [stayed]
(DY) **Al Hawary v. Bush**, 05-CV-1505 (145-1-2208) [stayed]
(DZ) **Shafiiq v. Bush**, 05-CV-1506 (145-1-2211) [stayed]
(EA) **Kiyemba v. Bush**, 05-CV-1509 (145-1-2205)
(EB) **Idris v. Bush**, 05-CV-1555 (145-1-2210)
(EC) **Faraj v. Bush**, 05-CV-1590 (145-1-2212) [dismissed]
(ED) **Attash v. Bush**, 05-CV-1592 (145-1-2213)
(EE) **Mamet v. Bush**, 05-CV-1602 (145-1-2214)
(EF) **Al Razak v. Bush**, 05-CV-1601 (145-1-2215) [stayed]
(EG) **Rabbani v. Bush**, 05-CV-1607 (145-1-2217)
(EH) **Akhtiar v. Bush**, 05-CV-1635 (145-1-2227)
(EI) **Almerfedi v. Bush**, 05-CV-1645 (145-1-2219)
(EJ) **Zaid v. Bush**, 05-CV-1646 (145-1-2218)

(EK) **El-Marqodi v. Bush**, 05-CV-1649 (145-1-2224) [dismissed]
(EL) **Ghanem v. Bush**, 05-CV-1538 (145-1-2222)
(EM) **Albkri v. Bush**, 05-CV-1639 (145-1-2221) [stayed]
(EN) **Zahir v. Bush**, 05-CV-1623 (145-1-2223)
(EO) **Al-Badah v. Bush**, 05-CV-1641 (145-1-2225)
(EP) **Al-Bahooth v. Bush**, 05-CV-1666 (145-1-2228)
(EQ) **Al-Siba'i (Al-Sopai) v. Bush**, 05-CV-1667 (145-1-2230) [stayed]
(ER) **Al-Aweda v. Bush**, 05-CV-1668 (145-1-2231)
(ES) **Algatele v. Bush**, 05-CV-1669 (145-1-2229)
(ET) **Ahmed v. Bush**, 05-CV-1678 (145-1-2233)
(EU) **Sadkhan v. Bush**, 05-CV-1679 (145-1-2234) [dismissed]
(EV) **Khandan v. Bush**, 05-CV-1697 (145-1-2235) [stayed]
(EW) **Sadar Doe (Kabir) v. Bush**, 05-CV-1704 (145-1-2236)
(EX) **Al-Rubaish v. Bush**, 05-CV-1714 (145-1-2237)
(EY) **Bin Amir v. Bush**, 05-CV-1724 (145-1-2241) [dismissed]
(EZ) **Edries v. Bush, 05-CV-1725** (145-1-2240) [consol. with 05-1555]
(FA) **Qasim v. Bush**, 05-CV-1779 (145-1-2242)
(FB) **Sameur v. Bush**, 05-CV-1806 (145-1-2239)
(FC) **Aziz v. Bush**, 05-CV-1864 (145-1-2247)
(FD) **Mamet v. Bush**, 05-CV-1886 (145-1-2249)
(FE) **Al Harbi v. Bush**, 05-CV-1857 (145-1-2246)
(FF) **Hamoud v. Bush**, 05-CV-1894 (145-1-2250)
(FG) **Al Qahtani v. Bush**, 05-CV-1971 (145-1-2253) [stayed]
(FH) **Alkhemisi v. Bush**, 05-CV-1983 (145-1-2254)
(FI) **Gamil v. Bush**, 05-CV-2010 (145-1-2280)
(FJ) **Al-Shabany v. Bush**, 05-CV-2029 (145-1-2258) [abeyance]
(FK) **Zakirjan v. Bush**, 05-CV-2053 (145-1-2261)
(FL) **Dad v. Bush**, 05-CV-2083 (145-1-2262) [dismissed]
(FM) **Muhammad v. Bush**, 05-CV-2087 (145-1-2266) [stayed]
(FN) **Othman v. Bush**, 05-CV-2088 (145-1-2265)
(FO) **Ali Al Jayfi v. Bush**, 05-CV-2104 (145-1-2264) [stayed]
(FP) **Jamolivich v. Bush**, 05-CV-2112 (145-1-2267) [stayed]
(FQ) **Al-Mudafari v. Bush**, 05-CV-2185 (145-1-2270)
(FR) **Al-Mithali v. Bush**, 05-CV-2186 (145-1-2269)
(FS) **Al-Asadi v. Bush**, 05-CV-2197 (145-1-2275)
(FT) **Alhag v. Bush**, 05-CV-2199 (145-1-2274)
(FU) **Al-Mothafri v. Bush**, 05-CV-2200 (145-1-2273) [dismissed]
(FV) **Nakheelan v. Bush**, 05-CV-2201 (145-1-2271) [stayed]
(FW) **Al Subaie v. Bush**, 05-CV-2216 (145-1-2279)
(FX) **Ghazy v. Bush**, 05-CV-2223 (145-1-2281)
(FY) **Al Khatemi v. Bush**, 05-CV-2248 (145-1-2276) [stayed]
(FZ) **Al-Shimrani v. Bush**, 05-CV-2249 (145-1-2277) [stayed]
(GA) **Algahtani v. Bush**, 05-CV-2265 (145-1-2282) [dismissed]
(GB) **Ben Bacha v. Bush**, 05-CV-2349 (145-1-2300) [stayed]
(GC) **Al-Sharbi v. Bush**, 05-CV-2348 (145-1-2288)
(GD) **Amin v. Bush**, 05-CV-2336 (145-1-2285)
(GE) **Zadran v. Bush**, 05-CV-2367 (145-1-2298)

(GF) **Alsaaei v. Bush**, 05-CV-2369 (145-1-2303)
(GG) **Razakah v. Bush**, 05-CV-2370 (145-1-2292)
(GH) **Al Darby v. Bush**, 05-CV-2371 (145-1-2302)
(GI) **Haleem v. Bush**, 05-CV-2376 (145-1-2290) [stayed]
(GJ) **Al-Ghizzawi v. Bush**, 05-CV-2378) (145-1-2295)
(GK) **Awad v. Bush**, 05-CV-2379 (145-1-2299)
(GL) **Al-Baidany v. Bush**, 05-CV-2380 (145-1-2291)
(GM) **Al Rammi v. Bush**, 05-CV-2381 (145-1-2287) [abeyance]
(GN) **Said v. Bush**, 05-CV-2384 (145-1-2293)
(GO) **Mohammon v. Bush**, 05-CV-2386 (145-1-2297 [stayed]
(GP) **Al-Quhtani v. Bush**, 05-CV-2387 (145-1-2304) [stayed]
(GQ) **Thabid v. Bush**, 05-CV-2398 (145-1-2305) [stayed]
(GR) **Al Yafie v. Bush**, 05-CV-2399 (145-1-2306)
(GS) **Rimi v. Bush**, 05-CV-2427 (145-1-2311)
(GT) **Almjrd v. Bush**, 05-CV-2444 (145-1-2314) [stayed]
(GU) **Al Salami v. Bush**, 05-CV-2452 (145-1-2308)
(GV) **Al Shareef v. Bush**, 05-CV-2458 (145-1-2307)
(GW) **Khan v. Bush**, 05-CV-2466 (145-1-2316)
(GX) **Hussein v. Bush**, 05-CV-2467 (145-1-2313)
(GY) **Al-Delebany v. Bush**, 05-CV-2477 (145-1-2312)
(GZ) **Al Halmandy v. Bush**, 05-CV-2385 (145-1-2294)
(HA) **Al-Harbi v. Bush**, 05-CV-2479 (145-1-2310)
(HB) **Feghoul v. Bush**, 05-CV-0618 (145-1-2336)
(HC) **Rumi v. Bush**, 05-CV-0619 (145-1-2335)

Description:

Relatives of 604 petitioners claiming to be Guantanamo Bay detainees of various nationalities, or the detainees themselves *pro se*, seek the detainees' release from Guantanamo Bay, claiming the detentions violate the Fifth, Sixth, Eighth, and Fourteenth Amendments and the War Powers and Article I Suspension Clause of the Constitution, along with the Administrative Procedure Act, the Alien Tort Statute, Army Regulation 190-8, customary international law and assorted international treaties, including the International Covenant on Civil and Political Rights, the American Declaration on the Rights and Duties of Man, and the Geneva Conventions. Nine of the detainees directly challenge the legality of military commissions, before which they will be tried for war crimes, on similar grounds and under the Uniform Code of Military Justice. Petitioner/plaintiffs variously name the President, the Secretary of Defense, commanders of Joint Task Force-Guantanamo Bay, military officials overseeing the military commission process and sometimes the National Intelligence Director and Director of Central Intelligence as respondent/defendants, in their official, and sometimes individual, capacity.

The Doe petition purports to bring the same claims on behalf of all Guantanamo Bay detainees who do not already have an individual habeas petition pending. The Doe case names the President, Department of Defense officials, the National Intelligence Director and the Director of Central Intelligence as respondents.

Critical Events:

Three of these cases, al Odah, Rasul, and Habib, were filed in 2002 and then dismissed by Judge Kollar-Kotelly on jurisdictional grounds, ultimately leading to the Supreme Court's decision in Rasul v. Bush, 542 U.S. 466, 124 S. Ct. 2686 (2004) (Stevens, O'Connor, Souter, Ginsburg and Breyer; Kennedy, concurring; Rehnquist, Scalia and Thomas, dissenting), that aliens being detained in Guantanamo Bay, Cuba, as enemy combatants could bring habeas actions in federal court to challenge the legality of their detention and to pursue other statutory claims. One of the remaining cases was filed shortly before the Rasul decision, while the other remaining cases were filed after the Rasul decision. The cases are pending in the District for the District of Columbia and are assigned to 15 different judges (Judges Hogan, Kollar-Kotelly, Lamberth, Walton, Roberts, Robertson, Collyer, Leon, Kennedy, Huvelle, Bates, Friedman, Kessler, Sullivan, Urbina).

Pursuant to briefing orders issued by Senior Judge Joyce Hens Green, who served as coordinating judge in these cases until February, 2005, the government filed factual returns in a large number of the cases indicating both the classified and unclassified factual bases for the enemy combatant status of each petitioner-detainee based on the record of CSRT proceedings. In the most recently filed cases, individual judges in many of the cases have ordered the filing of factual returns.

On October 4, 2004, the government filed motions to dismiss the cases, except with respect to challenges to military commissions. On January 19, 2005, Judge Leon accepted the government's arguments and dismissed the Boumediene and Khalid cases, finding that petitioners had no constitutional rights and no viable claims under U.S. Statutory law or international law. Petitioners in both cases appealed. Oral argument was held on September 8, 2005, before Judges Rodgers, Randolph, and Sentelle.

On January 31, 2005, Judge Green granted in part and denied in part the government's motion to dismiss in 11 cases. Judge Green held, contrary to Judge Leon, that constitutional "due process" protections apply to aliens detained as enemy combatants at Guantanamo Bay. She further held that Combatant Status Review Tribunal ("CSRT") proceedings the military has used to confirm the petitioners' enemy combatant status do not satisfy these due process requirements on three grounds. First, the CSRTs do not permit detainees, directly or through counsel, access to classified materials supporting the detainee's status as an enemy combatant. (Relatedly, the court required the government to disclose classified information contained in the factual returns that had been withheld from petitioners' counsel because it pertains to individuals other than the petitioner-detainee to whom the factual return pertains, or due to the sensitive nature of the information). Second, the court believed the CSRTs fail to sufficiently consider whether evidence presented to it is rendered unreliable as the product of torture or coercion. Third, the court believed that the definition of "enemy combatant" used in the CSRTs is overbroad.

Judge Green dismissed petitioners' statutory and treaty-based claims, except that she concluded that Taliban-associated detainees had a right to an individualized determination of their prisoner-of-war status, which the CSRTs generally did not provide.

On February 3, 2005, on the government's motion, the court certified its decision on the motion to dismiss for interlocutory appeal and stayed proceedings in all but the cases filed after the motion to dismiss was briefed. Judge Green left the decision on whether these subsequent cases should be stayed to the individual judges in those cases. On February 9, 2005, the government petitioned the D.C. Circuit to accept the interlocutory appeal. The D.C. Circuit granted the government's petition for interlocutory appeal; it also granted a cross-petition filed by the detainees. Oral argument was held on September 8, 2005, before Judges Rodgers, Randolph,

and Sentelle.

Judge Green has since stopped serving as coordinating judge in the Guantanamo Bay cases. Recently, the Court appointed Magistrate Judge Alan Kay to handle motions concerning application of the omnibus protective order in these cases. In addition, Senior Judge Louis Oberdorfer has accepted certain motions, transferred to him by the presiding judges in the cases in which those motions were filed, for consideration and decision.

With respect to the government's appeal of Judge Green's order to disclose classified information in factual returns that was withheld from petitioners' counsel, briefing concluded on December 8, 2005. A date for oral argument has not been set.

Petitioners in dozens of cases have moved for a preliminary injunction to prevent petitioners' repatriation to countries where they believe they will be tortured. Counsel in Doe likewise filed a motion to prevent the transfer of any detainees out of Guantanamo Bay. On March 30, 2005, Judge Kennedy issued a preliminary injunction in two cases, requiring respondents to provide 30 days' notice of any transfer of petitioners in those cases. Seven judges in a large number of the other cases have followed suit, either entering similar injunctions or requiring notice as part of entry of a stay. The government is appealing these orders, and at the government's request, the appeals have been held in abeyance, pending resolution of the merits appeals. However, the D.C. Circuit scheduled briefing on the issue in four appeals involving detainees who have been classified as "no longer enemy combatants." The appeals also involve the issue of whether the district court action in the cases should have been stayed. The government's brief was filed June 16, 2006. Oral argument is scheduled for September 11, 2006.

Counsel in a number of cases previously filed motions challenging petitioners' conditions of confinement at Guantanamo or to require the government to provide medical information or other relief related to periodic hunger strikes by certain petitioners and other detainees. In all but one instance, those motions have not been granted or have not been ruled upon. Judges who have denied the motions have credited the government's evidence of appropriate care. On October 14, 2005, however, Judge Kessler ordered the government in the cases before her to provide notice to petitioners' counsel whenever their clients were subject to involuntary feeding. Judge Kessler also required the government to produce the detainee's medical records in such instances of involuntary feeding. With regard to one of these detainees, who is no longer participating in a hunger strike and subject to involuntary feeding, counsel filed a motion seeking prospective injunctive relief regarding the use of a six-point restraint chair to administer enteral feedings. Oral argument was held on March 2, 2006, and Judge Kessler ordered the parties to submit supplemental briefing by March 13, 2006.

Counsel in a number of the newer cases not governed by Judge Green's stay order have filed motions seeking the immediate filing of factual returns. The government has moved or is moving to stay all the newer cases pending resolution of the appeals. Stays have been granted in a number of the cases so far. Several judges have entered orders requiring respondents to preserve evidence of alleged abuse of Guantanamo Bay detainees, or, in some cases, all evidence regarding the individual detained petitioners. Moreover, in a number of cases, the government is being required to file factual returns. Counsel in Paracha filed an appeal challenging the issuance of stay orders in that case. The government's response brief in Paracha was filed on October 14, 2005, and oral argument was held on December 8, 2005.

The government has also filed motions in a number of the newer cases in district court challenging the standing of "next friend" petitioners who are Guantanamo detainees who purport to act on behalf of other detainees with whom they have no significant relationship and sometimes do not even know their names. On April 26, 2006, Judge Richard Roberts issued an

opinion affecting this issue. In Adem, Judge Roberts denied the government's motion holding that if counsel purports to represent a detainee, it is the government's burden to submit "substantial counterveiling proof" that counsel's authority is lacking and concluding that the government had not met that burden. He also went further and upheld a Magistrate Judge's construction of the protective order applicable in the Guantanamo cases as requiring the government to permit purported counsel for a detainee at least two privileged visits with the detainee without any evidence that the lawsuit had been directly authorized by the detainee or an appropriate "next friend" petitioner. The Magistrate Judge has issued a similar order in three other cases, Said, before Judge Roberts, who denied the government's objections to the order; Kabir, before Judge Robertson; and Kiyemba before **and** in Kiyemba **on** July **6**, 2006. On May 18, 2006, Judge Sullivan issued a similar order in Razakah.

Counsel in a number of cases have filed motions challenging decisions of the Privilege Team, a team of independent government personnel established by the protective order which reviews privileged attorney-detainee communications for classification purposes. Magistrate Judge Kay authorized a Special Litigation Team comprised of attorneys from the U.S. Attorney's Office (D.D.C.) to represent the Privilege Team in these matters.

On March 6, 2006, Magistrate Judge Kay denied petitioner's motion in Salahi without prejudice to renew on or after July 1, 2006, by which date the Privilege Team **was to** file a motion requesting that the attorney-client communications at issue, which Judge Kay determined constitute "legal mail" under the protective order, be designated "protected information," if appropriate. **On July 1, 2006, the Privilege Team sought an extension of the deadline for any such designation.** On March 8, 2006, respondents filed a brief in opposition to petitioner's motions in the other cases, in support of the interest of proper administration of the protective order and counsel access regime governing the cases. The Special Litigation Team's brief in those cases was filed on March 13, 2006.

The government also moved to dismiss the Doe case on March 17, 2005. The motion is under submission.

On December 22, 2005, Judge Robertson denied the petition for writ of habeas corpus in Qassim, a case involving two Uighurs who have been determined no longer to be enemy combatants. While the court declared the continued detention of petitioners pending resettlement to be unlawful, it determined that it could provide petitioners no remedy given that the government has been unable to find a country that will accept petitioners for resettlement and that release of petitioners into the United States "would have national security and diplomatic implications beyond the competence or the authority" of the court. Petitioners appealed the decision to the D.C. Circuit. Petitioners were subsequently released to Albania, and the government moved to dismiss the case as moot. Petitioners' counsel filed a motion asking that petitioners be brought to Washington, D.C. The government filed its opposition on May 19, 2006.

In Hamdan, one of the cases presenting challenges to military commissions, Salim Hamdan, an al Qaeda member who served as Osama bin Laden's personal driver and bodyguard and who has been designated by the President for trial by a military commission for war crimes, challenged the legality of commission procedures and the commission's jurisdiction over him. On appeal of the district court's order granting in part Hamdan's petition for habeas corpus or mandamus, the D.C. Circuit (Judges Randolph and Roberts, with Judge Williams concurring) held that the military commission was lawfully established, that its procedures were lawful, and that the Geneva Conventions neither apply to Hamdan, i.e., al Qaeda, nor are privately enforceable in court. The Supreme Court granted certiorari and reversed on June 29, 2006,

holding that the military commission was unlawful. With respect to the other cases involving military commission issues, Judge Kollar-Kotelly has enjoined the Hicks military commission proceeding pending resolution of the Hamdan appeal by the Supreme Court, and Judge Sullivan has similarly enjoined the Al Sharbi commission proceedings pending resolution of Hamdan. Also, petitioners in O.K. (Khadr) and Al-Jayfi (Al-Bahlul) moved to enjoin their military commission proceedings, but subsequently withdrew the motions when it became clear the court would require petitioners to address the effect of the Detainee Treatment Act in conjunction with the motions. The Al-Qosi case is currently stayed pending the Hamdan appeal.

Counsel in two of the pending habeas cases have filed motions seeking the preservation of all evidence related to the recent suicides of two detainees on whose behalf the habeas petitions had been filed. The motions argue that such evidence is necessary to support possible claims by the detainees' families related to the deaths. The government's opposition was filed on June 29, 2006.

On July 7, 2006, the government filed a motion seeking court authorization for a review of currently impounded Guantanamo Bay detainee written materials to include any attorney-client communications in such materials. The review would be conducted by a Filter Team, walled off from the habeas litigation, and be done in support of an ongoing Naval Criminal Investigative Service investigation into the recent Guantanamo detainee suicides and any planning with respect to other past or future suicide attempts. The review was deemed necessary in light of evidence that detainees had abused the privileged legal mail system to support planning for the recent suicides. The court has directed the parties to appear before a magistrate judge for a mediation session, scheduled for July 18, 2006, regarding the motion.

The Detainee Treatment Act of 2005 was signed into law on December 30, 2005. The Act eliminates habeas jurisdiction of all courts with respect to claims by Guantanamo detainees, as well as jurisdiction over any other claims by current Guantanamo detainees or those determined to be properly detained as enemy combatants under review procedures created by the Act. The Act establishes a mechanism for exclusive review in the D.C. Circuit of claims regarding the validity of a detainee's detention and any conviction by a military commission. The D.C. Circuit held supplemental oral argument in the pending appeals regarding the effect of the Act on March 22, 2006. A planned motion to dismiss the district court cases was not filed because we were informed by the office of the chief judge of the district court that the judges of the court had agreed that they would take no action on such a motion pending guidance from the D.C. Circuit regarding the effect of the Act. Supplemental briefing in the D.C. Circuit regarding the effect of the Hamdan decision, which held that the position of the Act eliminating habeas jurisdiction did not apply retrospectively to pending cases, **has been requested by the government**. Two petitions for review of the validity of detention pursuant to the Act have been filed in the D.C. Circuit.

(53) Matter: Shafiq Rasul, et al. v. Donald Rumsfeld, et al., [No. 04-cv-01864 (D.D.C.)]
DJ # 145-15-2764

Branch: Constitutional and Specialized Torts Staff

DOJ Attorneys: Andrea W. McCarthy; Forrest Christian

Judge: Ricardo M. Urbina

Description:

The five plaintiffs are British citizens who allege that they were unlawfully detained at Guantanamo until their release in May of 2004. They bring this suit against the Secretary of Defense, ten senior military officials, and one hundred Doe defendants. They claim that their detention violated the Fifth and Eighth Amendments as well as the Alien Tort Statute (ATS), the Geneva Conventions, and the Religious Freedom Restoration Act (RFRA). The complaint seeks monetary damages under Bivens, the ATS, and RFRA.

Plaintiffs' Attorneys: Eric L. Lewis, Jeffrey Robinson, Lois Schiffer, Katherine Toomey, *Baach Robinson & Lewis*; Barbara Olshansky, Jeffrey Fogel, Michael Ratner, *Center for Constitutional Rights*

Critical Events:

This matter was filed on October 27, 2004. Counsel accepted service on behalf of the individual defendants on January 13, 2005. Defendants filed their motion to dismiss on March 16, 2005. Plaintiffs filed their opposition on May 13, and defendants' submitted **a** reply on June 10, 2005. On February 6, 2006, the district court issued a memorandum opinion and order in which it granted the government's motion to dismiss in part and deferred it in part, dismissing all claims save those asserted under RFRA. On May 8, 2006, the court denied the defendants' motion to dismiss the RFRA claim. The defendants **filed a notice of appeal on July 3, 2006**.

(67) Matter: Bassem Youssef v. Federal Bureau of Investigation [D.D.C.]
DJ # 35-16-8939

Branch: Federal Programs

DOJ Attorneys: Carlotta Wells

Judges: Colleen Kollar-Kotelly

Description:

Bassem Youssef is a Supervisory Special Agent and Unit Chief of the Communications Analysis Unit of the FBI's Counterterrorism Division. He was born in Egypt and asserts that prior to 9/11, he worked extensively in the FBI in counterterrorism and counterintelligence. He alleges, in a 139-paragraph complaint, that the FBI discriminated against him on the basis of his national origin. This discrimination allegedly took the form of inferior work assignments, lost career development opportunities, and *de facto* demotions. He also alleges that much of the alleged discrimination took place immediately before 9/11, and then during critical period of the FBI's post-9/11 counterterrorism efforts. He contends that none of the many FBI agents promoted in the wake of 9/11 were of Middle Eastern origin. He speculates that, given his Arabic language skills and other qualifications, the FBI's alleged discrimination against him has hampered the FBI's counterterrorism efforts. Youssef also alleges that he has suffered illegal reprisal for bringing this situation to the attention of the FBI Director, and for attempting to make contacts with Senator Grassley. He seeks a variety of remedies, including damages, a Senior Executive Service position, and affirmative action goals for recruitment and promotion of persons of Middle Eastern descent.

Plaintiff's Counsel: Stephen M. Kohn, *Kohn, Kohn & Colapinto in Washington, DC*

Critical Events:

The complaint was filed on July 18, 2003. An answer was filed on October 10, 2003. Discovery has closed, after 21 depositions and the production of almost 10,000 pages of documents. On May 25, 2005, the magistrate judge denied plaintiff's motion to file a second amended complaint, which would have added disparate impact claims to the case and challenged the FBI's SES promotion and selection policies in the Counterterrorism Division. Judge Kollar-Kotelly upheld this decision on July 22, 2005. Also on the same day, the magistrate judge granted in part plaintiff's motion to compel production of documents. As a result of that order, the FBI has produced relevant portions of personnel files for those individuals appointed to positions within the Counterterrorism Division at the GS-14 level or above after September 11, 2001, on either a permanent or temporary duty basis. A joint status report on discovery was filed on December 2, 2005, noting that a disagreement remains between the parties as to whether the FBI has fully satisfied its discovery obligations pursuant to the July 22 order granting in part plaintiff's motion to compel production of documents. Plaintiff filed a motion for compliance with discovery order on January 31, 2006, arguing that the FBI's response to the July 22 order was incomplete. After a hearing, Magistrate Judge Kay issued a ruling on March 30, 2006, requiring the FBI to produce to plaintiff within 30 days additional performance-related information relating to 54 individuals. In addition, both parties filed motions for summary judgment on March 13, 2006. Defendants moved for summary judgment with respect to all of the counts set forth in plaintiff's first amended complaint; plaintiff moved for partial summary judgment with respect to a narrow issue. Plaintiff's opposition to the government's motion was

filed on May 15, 2006. Defendants had requested additional time, pending a ruling from the court on the government's motion to strike plaintiff's statement of material facts. Although Judge Kollar-Kottelly denied the motion to strike on May 17, 2006, she granted defendants' motion for extension of time. Defendants' filed their opposition to plaintiff's partial summary judgment motion on June 14, 2006, as well as a cross motion for summary judgment with respect to the claim plaintiff raised for the first time in his motion for partial summary judgment. Both parties have filed unopposed motions for extensions of time to file their replies on the cross motions for summary judgment on August 7, 2006. On June 22, 2006, plaintiff filed a motion to strike documents and declarations that defendants attached in support of their opposition to his partial summary judgment motion. The government's opposition is due to be filed by July 6, 2006.

On July 3, 2006, the DOJ Office of Professional Responsibility (OPR) issued a report in response to plaintiff's claim, filed in February 2006, that he had been retaliated against for making a protected disclosure to the Director of the FBI. Although the Civil Division was not aware of the alleged whistleblower claim, plaintiff used the same nucleus of facts to argue that he had been retaliated against under Title VII in his motion for partial summary judgment, filed in district court on March 13, 2006. OPR concluded, after an investigation during which they sought no information from the FBI and did not check the district court docket, that there was a reasonable basis to believe that Director Mueller retaliated against plaintiff because plaintiff was never transferred to the International Terrorism Operations Section (ITOS) within the FBI's Counterterrorism Division, in a manner consistent with a directed transfer memorandum dated April 30, 2002. On July 13, 2006, plaintiff filed a motion with the Office of Attorney Recruitment and Management (OARM), seeking an immediate instatement to a position in ITOS. The FBI's response to this motion is due on July 20, 2006.

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Monday, July 17, 2006 3:02 PM
To: Gorsuch, Neil M
Subject: Not read: Hamdan legislation comments

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Monday, July 17, 2006 3:02 PM
To: Gorsuch, Neil M
Subject: Not read: Hamdan Critiques

Wulf, David M.

From: Wulf, David M.

Sent: Monday, July 17, 2006 5:51 PM

To: Todd, Gordon (SMO); Vargas, Omar; McAtamney, James A; Vasaio, Tony; Scolinos, Tasia; Rybicki, James E; Gorsuch, Neil M; Ferber, Alan L; Burton, Faith; Bradbury, Steve; Allen, Michael (JMD); Jezierski, Crystal; Taylor, Jeffrey (OAG); McIntosh, Brent; Hart, Rosemary; Wulf, David M.; Cagigas, Jaime (DHS); Tzitzon, Nicholas; Kim.Tilton@ic.fbi.gov; Schofield, Regina; Palma, Josephine; Hagy, David; Gillis, John; Carter, Judy (USPC); G.Jones@ic.fbi.gov; Rubin, Jim (ENRD); Vanyur, John; Trono, Robert (USMS); Snelson, William (USMS); Schmitz, Fran (CTS); Roderick, Art Jr. (USMS); McManamon, Michael J; Conley, Joyce; Michael.Clemens@ic.fbi.gov; David.Larson@ic.fbi.gov; Craig.Olson@ic.fbi.gov; Scavo, Tara; O'Keefe, Kevin C.; Bukovac, Michael A.; Zellers, Steven S.; Metzger, C. Michael; Augustine, Donald P.; Graham-Wyatt, Nina; Metzger, C. Michael; Drake, Herbert W.; Augustine, Donald P.; James.Burch@usdoj.gov; Sheryl.Maddux@usda.gov; Kim_Thorsen@ios.doi.gov; kim_thorsen@ios.doi.gov; Daniel_Bauer@ios.doi.gov; Kelly.Wolsayer@do.treas.gov; larry_parkinson@ios.doi.gov; monica.mapel@dhs.gov; Robert.Hutchinson@dhs.gov; Paul.Durette@dhs.gov; Richard.Cline@dhs.gov; Ron.Libbly@dhs.gov; Elaine.Heinein@usss.dhs.gov; Jenny.Randall@dhs.gov; John.Novak@dhs.gov; ge@DOC.gov; Martin, Mark D.; mark_harvey@ios.doi.gov; Chait, Mark R.; Lowrey, Stuart L.; blakep@oig.treas.gov; kevin.d.greba@secureskies.net; Ron.Libby@dhs.gov; jeffrey.bedford@ic.fbi.gov; Larry_Parkinson@ios.doi.gov; william.e.benner@secureskies.net; gregory.john@epa.gov; keith.frost@va.gov; lormandy@bop.gov; cstringer@usmint.treas.gov; Anna_M.Farias@hud.gov; Richard.Cline@dhs.gov; sbaker@who.eop.gov

Cc: Rowley, Raymond G.

Subject: RE: ESF-13 National Steering Committee Meeting--July 18, 3:00 PM

Attachments: ESF-13 National Steering Cmte. Agenda--July 18, 2006.doc

Please see attached the agenda for tomorrow's meeting. We look forward to seeing everyone tomorrow.

From: Wulf, David M.
Sent: Friday, July 14, 2006 12:48 PM
To: 'Cagigas, Jaime'; Hart, Rosemary; McIntosh, Brent; 'Tzitzon, Nicholas'; Taylor, Jeffrey (OAG); Jezierski, Crystal; 'Kim.Tilton@ic.fbi.gov'; 'Schofield, Regina'; 'Palma, Josephine'; 'Hagy, David'; 'Gillis, John'; 'Carter, Judy (USPC)'; Allen, Michael (JMD); Bradbury, Steve; Burton, Faith; Ferber, Alan L; 'G.Jones@ic.fbi.gov'; Gorsuch, Neil M; 'Rubin, Jim (ENRD)'; Rybicki, James E; Scolinos, Tasia; Vasaio, Tony; 'Vanyur, John'; 'Trono, Robert (USMS)'; 'Snelson, William (USMS)'; 'Schmitz, Fran (CTS)'; 'Roderick, Art Jr. (USMS)'; 'McManamon, Michael J'; 'Conley, Joyce'; 'Michael.Clemens@ic.fbi.gov'; 'David.Larson@ic.fbi.gov'; 'Craig.Olson@ic.fbi.gov'; Scavo, Tara; O'Keefe, Kevin C.; Bukovac, Michael A.; Zellers, Steven S.; McAtamney, James A; 'Charles.M.Metzger@usdoj.gov'; 'Donald.P.Augustine@usdoj.gov'; Graham-Wyatt, Nina; 'Metzger, C. Michael'; Vargas, Omar; Drake, Herbert W.; 'Donald.P.Augustine@usdoj.gov'; 'James.Burch@usdoj.gov'; 'Sheryl.Maddux@usda.gov'; 'Kim_Thorsen@ios.doi.gov'; 'kim_thorsen@ios.doi.gov'; 'Daniel_Bauer@ios.doi.gov'; 'Kelly.Wolsayer@do.treas.gov'; 'larry_parkinson@ios.doi.gov'; 'monica.mapel@dhs.gov'; 'Robert.Hutchinson@dhs.gov'; 'Paul.Durette@dhs.gov'; 'Richard.Cline@dhs.gov'; 'Ron.Libbly@dhs.gov'; 'Elaine.Heinein@usss.dhs.gov'; 'Jenny.Randall@dhs.gov'; 'John.Novak@dhs.gov'; 'ge@DOC.gov';

Martin, Mark D.; Wulf, David M.; 'mark_harvey@ios.doi.gov'; Chait, Mark R.; Lowrey, Stuart L.; 'blakep@oig.treas.gov'; 'kevin.d.greba@secureskies.net'; 'Ron.Libby@dhs.gov'; 'jeffrey.bedford@ic.fbi.gov'; 'Larry_Parkinson@ios.doi.gov'; 'william.e.benner@secureskies.net'; Todd, Gordon (SMO); 'gregory.john@epa.gov'; 'keith.frost@va.gov'; 'lormandy@bop.gov'; 'cstringer@usmint.treas.gov'; 'Anna_M.Farias@hud.gov'; 'Richard.Cline@dhs.gov'; 'sbaker@who.eop.gov'
Cc: Rowley, Raymond G.; Bouchard, Michael R.; Domenech, Edgar; Rubenstein, Steve R.
Subject: ESF-13 National Steering Committee Meeting--July 18, 3:00 PM

ESF-13 National Steering Committee Members:

We would like to convene a meeting of the ESF-13 National Steering Committee on Tuesday, July 18 at 3:00 PM--- at ATF Headquarters (650 Massachusetts Avenue, N.W.). We will have personnel in ATF's lobby beginning at 2:50 PM to escort attendees to the meeting room.

Among the issues for discussion on Tuesday will be the need to develop a comprehensive catalogue of Federal law-enforcement resources upon which ESF-13 can draw (at the discretion of the agency "owning" the resources) to support public-safety and securiity-related missions during an Incident of National Significance. Additionally, this meeting will be an opportunity to introduce the Steering Committee to Ray Rowley who has assumed, on behalf of the Attorney General, full-time operational responsibility for coordinating ESF-13.

We plan to distribute an agenda by COB Monday. If you have items for the agenda, please let me or Ray know.

Thanks very much, and our apologies for calling this meeting on such short notice. We look forward to seeing you on Tuesday.

Dave

Dave Wulf
Senior Counsel (Field Operations)
Bureau of Alcohol, Tobacco, Firearms and Explosives
United States Department of Justice
(202) 927-4710

ESF-13 National Steering Committee

July 18, 2006

3:00 PM—4:30 PM

ATF HQ--Director's Conference Room

1. Introductions and Opening Remarks
2. Department/Agency Resources for ESF-13 Responses
3. Gulf Coast Planning Process
4. ESF-13 Standard Operating Procedures
5. Deputation Process/Authorities Issues
6. Outreach Activities
7. Administrative Issues
8. Other business
9. Adjourn

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, July 18, 2006 8:03 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, July 18, 2006
Attachments:	agnb060718.pdf; agnb060718.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JULY 18, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Missouri Regulators Sue Over AT&T Records 3
DOD Says Attorneys May Have Been Involved In Guantanamo Suicides 3
Bill Proposing NSA Surveillance Changes Comes Under Criticism 4
Illinois Man Pleads Not Guilty To Spying For Saddam 4
Graham Bucks White House On Trials For Terror Suspects 4
Agent Testifies FBI Originally Sought Padilla's Cooperation, Not Arrest 5
DOJ Finds FBI Retaliated Against Agent Over Complaints To Lawmaker 5
No Criminal Charges In London Police Shooting Of Brazilian Electrician 5
UK Bans Two Islamic Groups 6

Homeland Response:

Administrations Asks Louisiana For Lists Of State's Hurricane Shelters 6

War News:

Cheney Rejects Calls For Timetable For US Troops To Leave Iraq 6
Attack On Marketplace Slaughters "Dozens." 6
Iraqi Soldiers Train With US Marines In Anbar 7
Japan Completes Iraqi Withdrawal 7
Iraq And US Sign Commercial Cooperation Pact 7
Taliban Seizes Two Towns 8
Will Decries Weekly Standard's Criticism Of Administration's Handling Of Iraq 8
Cordesman Says That To Succeed In Iraq, US Must Pay A Price 8
USAToday Says Democracy Can Take Decades To Take Root 8
Gulf War Veterans Have More Job Help Than Vietnam Generation 8
Injured Troops "Deserve Stronger Show Of Gratitude." 9

Corporate Scandals:

Peregrine Options Case Gives Preview Of Current Probes 9
DOJ Figures Show Decline In White-Collar Prosecutions 9
Milberg Weiss, Partners Plead Not Guilty To Making Secret Payments 10
Short-Selling Probe Widens To Include Stock-Lending Business 10

Criminal Law:

US Charges 11 With Online Gambling Conspiracy 10
Monroe Says Chicago FBI To Record More Corruption Probe Interviews 11
Camden City Council President Says No Other Members Under FBI Investigation 11
Prosecutors Seek Introduction Of Some Gotti Tapes, Exclusion Of Others 11
Ney's Legal Payments On Hold During Campaign 12
Lewis Spent $200,000 For Attorney Fees In Lobbyist Probe 12
Boston's "Big Dig" Found To Have Thousands Of "Weak Spots." 12
Two Extradited From Great Britain To Face Investment Fraud Charges In Virginia 13
Canadian Sentenced To Six Years In US Prison For Lottery Scam 13
New Jersey Investment Advisor Pleads Guilty To Role In Telemarketing Scam 13
Missouri Doctors, Businessman Plead Guilty To Medicare Fraud 13
Former NYC Youth Orchestra Conductor Convicted Of Child Enticement 14
Two Separate Serial Killers Terrorize Phoenix 14

Tennessee Man To Plead Guilty To Child Porn Charges 14

Civil Law:

US Wants Closed-Door Questioning Of McCallum In Tobacco Case 14
Delaware High Court Rules For Anti-Smoking Group 15
Victims Of Palestinian Suicide Bomber Sue Over Chicago Artifacts 15
Family Of Man Killed By Janklow Sues The Federal Government For $25 Million 15

Civil Rights:

Spokane Mayor Orders Independent Probe Of Police Beating Death 15
FBI Investigating Threat To Ohio Mosque 16
Proponents Of Gay Marriage Optimistic They Will Defeat State Bans In November 16
Bush Speech To NAACP Convention Appears Likely 16
GOP Outreach To African-American Voters Said To Have "Faltered." 16
Report Says Pregnancy Resource Centers Give Misleading Info On Abortion Health Risks 17
Arizona Proposal To Link lottery With Voting Dismissed As "Tawdry." 17

Antitrust:

New Mexico Rescinds Minimum Service Real Estate Rules 17
Internet Pioneers Spar Over Net Neutrality 17
Healthways Cleared To Buy LifeMasters 18
AMD Steps Up Antitrust Pressure On Intel 18
Google Fuels Innovations In Netroots Lobbying 18
EU Warns That European Banks Are Not Serving Customers Well 18
WSJournal Decries State AGs' Antitrust Action Against Chip Makers 19

Environment:

Heat Wave Increases Strain On Electric Grid 19
Prosecution Of Former Davis-Besse Officials Delayed 20
Refiners Leverage Local Tax Breaks Despite Record Profits 20
Livestock Program Provides Unnecessary Aid To Farmers ... 20

FBI/DEA/ATF/USMS:

Tennessee Businessman Indicted, Accused Of Peddling Tons Of Marijuana 21
Man Who Ran Sham Business Atop Cross-Border Tunnel Pleads Guilty 21
In South Carolina, Shortt Sentenced For Conspiring To Illegally Prescribe Steroids 21
Fentanyl-Laced Heroin Found In Maryland 22
University Of Virginia Dean Admits Knowing About Drug Dealer's Activities 22
MLB, Union Said To Be Preparing For Possible Indictment Of Bonds 22
Senate Urged To Maintain Trigger-Lock Law 22
Galante Claims Marshals Are Mismanaging Trash Business 23

Immigration:

Washington Governor Sends Gonzales Bill For Immigrant Incarceration 23
North Carolina Officials Lobby For Immigration Court In Charlotte 24
Many States Are Considering Cutting Services For Illegal Immigrants 24

Tax:

Kansas City Attorney Pleads Guilty To Tax Evasion 25

Congress-Administration:

White House Reiterates Bush's Intention To Veto Stem Cell Bill 25
Data Intrusions Don't Surprise IT Experts 27
Omnibus Appropriations Measure Seen As Likely 27
Bill Targets Rumsfeld's Salary 28
Tenth Anniversary Of Federal Welfare Reform Spurs Reappraisals 28
Senate To Consider Increasing Amtrak Subsidy 8% To $1.4 Billion 28
Successful Shuttle Mission Ends With "Picture-Perfect" Landing 28
Design Honorees Skip Event Hosted By The First Lady 29
Hastert Released From Hospital 29

Other News:

US Industrial Production Sees Sharp Increase 29
Stock Markets Level Off After Three Sharp Declines 30
Little Change In Treasury Prices Expected Before Bernanke Testimony 30
Oil Prices Fall As Diplomacy Becomes Focus In Middle East 30
Drug Industry Expected To Get Windfall From Sales Of Drugs To Poor 30
Eyeing White House Bid, Clinton Has $22 Million In Campaign Coffers 31
Democrats Hope Support For Minimum Wage Hike Benefits Their Candidates 31
Blogger Says Lieberman Provides Cover For GOP Actions ... 31
Harris Resting After Surgery 31

DOJ_NMG_0041240

Friedman Defying Expectations In Texas Gubernatorial Race 31
Reed Fighting For Survival In Georgia Lieutenant Gubernatorial Race 32
Quayle Walks Out Of John Mellencamp Concert 32
Bush Skeptical Of Plan For UN Force In Lebanon 32
Mideast Violence Escalates 35
Israel Signals Terms For Cease Fire 37
Key Arab Governments Chastise Hezbollah 38
As Westerners Evacuate, US Faulted For Slow Response 40
House, Senate Prepare To Address Middle East Crisis 41
G-8 Leaders Push For Trade Deal 41
Russia Uses G8 Summit To Boost Image 42
G-8 Leaders Back North Korea UNSCR As Japan Prepares Sanctions 42
Administration Pursues Asymmetric Nonproliferation Strategy 43
Missile Defense Team Tours Europe For Base Location 43
Chinese General Will Meet Rumsfeld 43
Chinese Economy's Expansion Accelerates Despite Efforts To Slow Pace 43
India Blames Pakistan For Mumbai Railway Bombings 43
US, Iranian Government Both Seek To Head Off Seizure Of Artifacts In Terrorism Lawsuit 44
UN Human Rights Committee Criticizes US Record In Variety Of Areas 44
Airbus Unveils Revamp Of A350 Jet 45
Clinton Says African States Need Stronger Governments 45
As Many As One Million López Obrador Supporters Once Again Demand Recount 45
Pro-Business Candidate In Brazil Heartened By Election Results In Mexico And Peru 45
Tsunami Kills As Many As 226 In Indonesia 46
EU Antitrust Official Targets Credit Card Companies 46
WSJ Praises Canada's Harper For Boosting Military Spending 46

The Big Picture:
Headlines From Today's Front Pages 46

Washington's Schedule:
Today's Events In Washington 47

TERRORISM NEWS:

Missouri Regulators Sue Over AT&T Records. The AP (7/18, Lieb) reports that Missouri state regulators "have gone to court to try to find out whether AT&T Inc. supplied customer phone records to the National Security Agency in violation of Missouri privacy rules." The AP continues, "Public Service Commission members Robert Clayton and Steve Gaw issued subpoenas last month asking whether Missouri customer information and calling records had been disclosed to the National Security Agency. … If so, the PSC subpoenas seek any court or administrative agency records that demanded the customer information and ask whether AT&T customers were notified and consented to the release." The AP adds, "San Antonio-based AT&T said federal security laws bar it from complying with the state's request. It also asserts that the state lacks authority to examine any alleged cooperation between telecommunications companies and federal intelligence and security agencies. … A Cole County judge on Monday set an Aug. 28 hearing on a request from Clayton and Gaw to compel AT&T to comply with the subpoenas. … The Missouri subpoenas came after a USA Today report that AT&T and other phone companies had complied with an NSA request for the phone records of millions of Americans after the Sept. 11 attacks. … The Justice Department has said more than 20 lawsuits have been filed around the country alleging that phone companies illegally assisted the NSA. It said sensitive national security information would be revealed if judges allow those cases to proceed."

DOD Says Attorneys May Have Been Involved In Guantanamo Suicides. The Legal Times (7/17, Schwartz) reports, "Pentagon officials and attorneys for the 450 foreign detainees held at Guantánamo Bay have always been at odds with each other, but since three prisoners committed suicide last month, the chasm between the two has only grown wider." The Times continues, "Earlier this month investigators probing the suicides disclosed they had seized 1,100 pounds of attorney-client-privilege material — all of the legal documents in the possession of detainees being held as enemy combatants. The move was part of an investigation into whether outsiders, possibly lawyers, were involved in a larger suicide plot. … Government investigators say notes found during their search

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indicated that detainees 'had developed practices for misusing the existence of a privileged attorney-client communication system,' which raised questions of 'whether a coordinated plan existed for suicides involving the encouragement, assistance or direction of other detainees or individuals,' according to a July 7 filing in the U.S. District Court for the District of Columbia. Now the government wants to create a special 'filter team' of Pentagon officials and translators to scour thousands of privileged records for any sign of foul play." The Times notes, "Although the Justice Department's brief doesn't say lawyers were knowingly involved in passing information between detainees, public statements by government officials have pointed the finger at the prisoners' counsel. 'We find it curious that habeas attorneys may have been involved in the deaths,' says Jeffrey Gordon, a Defense Department spokesman."

Bill Proposing NSA Surveillance Changes Comes Under Criticism. CNET News (7/18, Broache) reports, "Criticism is growing of a proposed law touted by a Republican senator and the White House as a compromise solution to the ongoing controversy over the National Security Agency's electronic surveillance program." CNET continues, "At issue is an announcement late last week by Sen. Arlen Specter of Pennsylvania that the Bush administration, in what appeared to be a reversal of its earlier stance, had conditionally consented to a review of the warrantless eavesdropping program by the top-secret Foreign Intelligence Surveillance Court." CNET adds, "The Senate Judiciary Committee chairman hailed the agreement, reached after weeks of negotiations with Vice President Dick Cheney and administration lawyers, as recognition that the president does not have a 'blank check.' … But civil liberties advocates and major newspaper editorial boards with knowledge of the draft proposal have charged in recent days that the real picture is vastly different. Some say that Specter's intended bill is a 'sham' that would not, in fact, bind the administration to submitting existing or future surveillance programs for scrutiny--and could erode checks on the chief executive's power and constitutional safeguards against unreasonable searches. … A Judiciary Committee spokeswoman on Monday declined to supply the language of the bill to CNET News.com, saying it has not yet been distributed to the media. It's expected to be discussed further and perhaps formally introduced at the committee's business meeting on Thursday. … It's also likely to be a topic of discussion on Tuesday, when the committee plans to grill Attorney General Alberto Gonzales at a Justice Department oversight hearing."

Illinois Man Pleads Not Guilty To Spying For Saddam. The Chicago Tribune (7/17, Bush) reports, "A Des Plaines (IL) man accused of being a 'sleeper' spy for the government of Saddam Hussein pleaded not guilty Monday to a new charge that he violated U.S. sanctions against Iraq." The Tribune continues, "Sami Khoshaba Latchin was charged last year with entering the U.S. to spy for Iraq's intelligence agency and lying on his citizenship application about his alleged affiliation with Hussein's Baath Party. … Prosecutors now say Latchin traveled to Jordan in 2001 to illegally collect payment of $24,000 from Hussein's government. … They say Latchin received the payment from an Iraqi intelligence officer and transferred $15,000 to his personal checking account in the U.S." The Tribune adds, "After Latchin pleaded not guilty in federal court in Chicago, U.S. District Judge Rebecca Pallmeyer addressed a defense motion over alleged secret government wiretaps. … Latchin's attorneys have asked Pallmeyer to require the government to confirm or deny whether agents have listened in on Latchins' telephone conversations without getting a court order. … Prosecutors have refused to discuss the matter because it concerns classified information. They did agree, however, to provide answers privately to Pallmeyer." The Tribune notes, "The defense raised the question of wiretaps after press reports revealed the National Security Agency has collected data about the telephone activity of Americans without getting a court's approval."

Graham Bucks White House On Trials For Terror Suspects. The New York Times (7/18, Zernike, 1.21M) reports Sen. Lindsey Graham of South Carolina "often plays the contrarian, the conservative Republican willing to poke a stick in the eye of the White House. Now Mr. Graham is playing an even higher-profile variant of that role, as the Senate's foremost expert on military law in the midst of the emotional debate over what rights to provide to terror suspects." Graham is a "former military lawyer who is also a reserve judge on the Air Force Court of Criminal Appeals," and "his influence is shaping up to be pivotal in forming the Congressional response to the Supreme Court ruling striking down the White House's plan for bringing terror detainees to trial." Graham "advocates using the existing court-martial

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system as the basis for trying suspects, a position that has drawn fire from many other Republicans. They say it could cripple the government's ability to protect the nation by giving detainees too many rights and making it harder to use highly classified intelligence against them." But "drawing on his own experience and a deep personal loyalty to the military justice system, Mr. Graham is working across party lines to try to assemble a consensus for his approach, saying it is sound legally and in terms of national security."

Agent Testifies FBI Originally Sought Padilla's Cooperation, Not Arrest. In a story distributed by McClatchy Newspapers, the South Florida Sun-Sentinel (7/18, Blum, 265K) reports, "The FBI agent who first questioned alleged al-Qaida operative Jose Padilla when he arrived at Chicago's O'Hare International Airport in 2002 said Monday authorities hoped to win Padilla's trust, not arrest him. Special Agent Russell Fincher testified…that the agency thought Padilla knew of terrorist plans to detonate a radioactive device on U.S. soil and wanted Padilla's help to disrupt the plot." The Sun-Sentinel adds, "After hearing from more witnesses, U.S. Magistrate Stephen Brown will determine whether Padilla's statements…should be kept out of his criminal trial because Padilla was not first advised of his constitutional rights. Padilla's lawyer, Michael Caruso, said Fincher had an arrest warrant for Padilla in hand when the questioning began," but "Fincher said Padilla's arrest was not a foregone conclusion."

The AP (7/18, Anderson) notes Fincher said yesterday at the hearing, "I believed there was a terrorist act that was going to happen. I believed he had knowledge of that. I needed his help. I didn't want to arrest him." The AP adds, "Fincher testified that Padilla wasn't read his Miranda rights until the interview ended. But he also said that Padilla agreed repeatedly to talk with the FBI agents, was never handcuffed or otherwise restrained and never requested a lawyer."

DOJ Finds FBI Retaliated Against Agent Over Complaints To Lawmaker. The Washington Post (7/18, A3, Eggen, 748K) reports that an investigation by the DOJ Office of Professional Responsibility "has concluded there is 'reasonable cause' to believe that senior FBI officials retaliated against the bureau's highest-ranking Arabic speaker for complaining that he was cut out of terrorism cases despite his expertise." The probe "found 'sufficient circumstantial evidence' that Special Agent Bassem Youssef was blocked from a counterterrorism assignment in 2002 after he and U.S. Rep. Frank R. Wolf…met with FBI Director Robert S. Mueller III to discuss Youssef's complaints." The Post notes, "Investigators also said the FBI 'has provided no rationale' for its failure to promote Youssef, although one former senior FBI manager said Mueller was 'appalled' that Youssef had complained to a congressman about his treatment."

No Criminal Charges In London Police Shooting Of Brazilian Electrician. The New York Times (7/18, Lyall, 1.21M) reports one year after London police "shot and killed a Brazilian electrician in the subway after apparently mistaking him for a suicide bomber, prosecutors said Monday that they would not charge any individual officers in connection with his death." But the "senior reviewing officer for the Crown Prosecution Service, Stephen O'Doherty, said that the death of the Brazilian, 27-year-old Jean Charles de Menezes, had been the 'cumulative result' of police errors. As a result, prosecutors said, the office of the Metropolitan Police commissioner, Sir Ian Blair, would be charged with failing to protect the health and safety of Mr. Menezes." O'Doherty said in a statement, "After the most careful consideration, I have concluded that there is insufficient evidence to provide a realistic prospect of conviction against any individual police officer." The Times adds that to be "acquitted of the health and safety charge, the police must establish that they did everything possible to protect Mr. Menezes's safety. If convicted, they face a fine to which there is no limit set by law." Menezes's family "said they were shocked by the decision not to prosecute any officers individually."

The Christian Science Monitor (7/18, Regan, 58K) reports British state prosecutors "ruled Monday that there is insufficient evidence to prosecute British police officers who last year shot an innocent man in the belief he was a terrorist." BreakingNews.ie, "an Irish news website, reports that the de Menezes family told a press conference Monday that the CPS decision was 'unbelieveable.'" Although the CPS "said the health and safety charges were not aimed at Metropolitan Police Chief Sir Ian Blair, the Financial Times reports that the decision puts embattled Prime Minister Tony Blair (who is not related to Sir Ian Blair) under new scrutiny."

The Washington Post (7/18, A13, Sullivan, 748K) reports prosecutors "said there was insufficient evidence to prosecute the officers, who were not publicly identified. But

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they said they would seek charges against the Metropolitan Police as an organization for failing to safeguard the 'health, safety and welfare' of Jean Charles de Menezes, 27." The Menezes case "became a symbol of the anxiety that gripped London last summer after four attackers killed themselves and 52 other people on London subways and a bus on July 7." Critics "said that in the tense environment police panicked and used excessive force against an innocent man whose actions had not been unusual or suspicious. Police Commissioner Ian Blair called the incident a tragic error made under extreme pressure by officers who believed they were confronting a bomber determined to kill many people on the subway."

UK Bans Two Islamic Groups. The Los Angeles Times (7/18, 918K) reports, "Britain on Monday banned two Islamist groups operating in the country, invoking for the first time a new law against glorifying terrorism. Home Secretary John Reid issued an order in Parliament to make it a criminal offense for a person to belong to or encourage support for Al Ghurabaa and the Saved Sect. Both groups are believed to be splinters of Al Muhajiroun, formed in 1996 by Omar Bakri Mohammed to promote a global Islamic state. "

HOMELAND RESPONSE:

Administrations Asks Louisiana For Lists Of State's Hurricane Shelters. The AP (7/18, Jordan) reports the Bush Administration "said Monday it needs specific lists of Louisiana's shelters, immobile hospital patients and transportation pickup points before it can promise reliable evacuation help during a major hurricane." In a letter to Democratic Gov. Kathleen Blanco, Homeland Security Secretary Michael Chertoff "made clear what responsibilities the federal government will shoulder the next time a huge storm strikes." Chertoff said, "You have informed DHS that for the 2006 hurricane season the state is unable, without federal support, to evacuate all those who cannot evacuate themselves. As such, we are prepared to provide that support. But we cannot do so effectively without your close cooperation and assistance." The AP adds Chertoff "gave the state until next week, setting a July 26 deadline, to provide the lists."

Mail Delivery Resumes In New Orleans' Lower Ninth Ward. USA Today (7/18, Konigsmark, 2.27M) reports in the Lower 9th Ward of New Orleans, "where Katrina's flooding reached rooftops and pushed houses off foundations," mail carrier Wayne Treaudo's "first round of mail delivery carried some hope for normalcy in a place where normal is hard to come by." The Lower 9th Ward, "once home to about 20,000, is one of the last New Orleans neighborhoods where basic services remain scarce. It's the only neighborhood in the city where electricity and gas services have not been fully restored. Government-issue travel trailers began showing up just last month." That makes "mail delivery a big deal for the residents — fewer than 1,000 — who have returned."

WAR NEWS:

Cheney Rejects Calls For Timetable For US Troops To Leave Iraq. Vice President Dick Cheney yesterday rejected calls from some Democrats for a timetable for the US to begin withdrawing troops from Iraq. Speaking in Iowa, Cheney argued that such a timetable would run counter to US interests in the country. The AP (7/17, Glover) reported that Cheney, who was making his first visit to Iowa since the 2004 election, singled out Rep. John Murtha, "who has pushed for a timetable for withdrawing Americans from Iraq." Cheney said, "That's a bad idea. That proposal is contrary to the national interest." The Vice President "stressed that troop strength would be dictated by conditions on the ground 'and not by artificial deadlines set by politicians in Washington, D.C.'"

Attack On Marketplace Slaughters "Dozens." The most recent attack on Iraqi civilians was briefly covered on the nightly TV news. ABC World News Tonight (7/17, story 7, 0:15, Gibson, 8.78M) reported, "Also in the Middle East, an especially brazen attack in Iraq today. Gunmen hurled grenades and sprayed gunfire at shoppers south of Baghdad. About 50 people, most of them Shiites, were killed. Some witnesses said Iraqi troops and police did not intervene until the attackers were fleeing." NBC Nightly News (7/17, story 4, 0:15, Williams, 9.87M) reported, "Five hundred seventy five miles to the east of here, the vicious sectarian violence continued today in Iraq. Gunmen sprayed a market south of Baghdad with grenade and automatic weapons fire. At least 50 people were killed today, most of them Shiites. It was also a deadly day for the US military -- three soldiers, we're told, killed in separate incidents."

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Coverage in the print media discusses the violence and the failure or inability of Iraqi and US forces to stop the massacre. The Washington Post (7/18, A1, Knickmeyer, 748K) reports, "Masked attackers with heavy machine guns mounted on pickup trucks slaughtered at least 40 people in a crowded market area south of Baghdad on Monday, hurling grenades to blow up merchants at their counters and shooting down mothers as they fled with their children, witnesses and authorities said." The grim article emphasizes the brutality and scale of the attack in the "mostly Shiite city of Mahmudiyah," calling it "vicious even for a country besieged daily by bombs and coldblooded attacks. At one point, the assailants entered a cafe and shot dead seven men -- most of them elderly -- while they were having tea." Sunni "insurgents asserted responsibility." Survivors complained that "Iraqi soldiers let the" attackers through a checkpoint and also "condemned U.S. forces" for allegedly doing nothing "until the killing stopped." The Post reports that, nonetheless, Iraqis generally consider Iraqi soldiers and US troops "more neutral parties" than the "heavily Shiite police forces."

The New York Times (7/18, Wong, 1.21M) reports that the gunmen "wore the uniforms of the Iraqi security forces." The Times identifies the "obscure" group that claimed responsibility as "the Supporters of the Sunni People." Like the Post, the Times pessimistically notes "the government's inability to tamp down spiraling cycles of sectarian violence" and the apparent "helplessness" of Iraqi and US forces stationed in the area. One parliamentary deputy from the Moktada al-Sadr Shiite bloc said, "It's become obvious that the occupation forces are responsible for the devastation taking place in our country."

The Washington Times/AP (7/18, Mroue) also reports the massacre, stating the claim of witnesses that "the attack began when gunmen -- presumed to be Sunnis -- fired on the funeral of a member of the Mahdi Army, a Shi'ite militia, killing nine mourners." A Shiite lawmaker "said Iraqi military authorities had ignored warnings that weapons were being stocked in a mosque near the market. He also said the local police commander refused to order his men to confront the attackers because they lacked weapons and ammunition."

Three US Soldiers Are Killed On Monday. The Los Angeles Times (7/18, Daragahi, 918K) like the other print sources detailing the massacre, also reports the deaths of three US soldiers in separate "combat incidents" involving "gunshot wounds," "a bomb blast," and unspecified "enemy action."

Violence Drives Iraqis Indoors Or Away. The Washington Post (7/18, A16, Partlow, Nouri, 748K) reports that after a week of "vicious" violence, "Baghdad is a skeleton of a city: Many of its shops are shuttered, its streets drained of people." An Interior Ministry official claimed 628 deaths in Baghdad in six days, a much higher figure than those "previously suggested by news reports." Airlines have "added extra flights to Amman, Jordan" to accommodate fleeing Iraqis. Other Iraqis are "imprisoned" inside their homes or live in refugee camps.

Iraqi Soldiers Train With US Marines In Anbar. The New York Times (7/18, Gordon, 1.21M) reports on a joint Iraqi Army-USMC patrol of an "isolated stretch of highway" in Anbar Province. A patrol meant to be routine suffers Iraqi casualties when the crew of an Iraqi Humvee drives "up the hillsides without first getting out to inspect the area for bombs or mines." The Marines find three unexploded mines besides the one that killed one Iraqi and wounded his comrades.

Japan Completes Iraqi Withdrawal. The AP (7/18, Tabuchi) reports, "The last batch of Japanese troops touched down in Kuwait from southern Iraq on Monday, ending the country's largest and most dangerous overseas mission since World War II." The deployment, even though noncombat, was politically unpopular within Japan, where critics "say it violates the constitution and has made Japan a target for terrorism." However, it "signaled the country's eagerness to play a diplomatic and military role more commensurate with its economic might. The ruling Liberal Democratic Party has proposed revising the pacifist constitution to delete phrasing that renounces the country's right to belligerency."

Iraq And US Sign Commercial Cooperation Pact. The AP (7/18, Lenz) reports, "Iraq and the United States signed a commercial cooperation agreement Monday to move the [former] country toward a market economy after decades of state planning." The Iraqi government is "struggling to curb violence and restore the supply" of power and water. The AP writes, "Business progress has been largely limited to smallscale commerce," and many Iraqis have fled the country. However, "a structure for recovery is in place. Two years ago, Iraq created an independent stock exchange. Cell phone subscribers have grown to more than 7

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million, and the airport in Baghdad offers commercial flights, though with limited destinations."

Taliban Seizes Two Towns. The AP (7/18, Garwood) reports, "Taliban militants seized two towns in tumultuous southern Afghanistan, forcing police and government officials to flee." Previously, the Taliban were known to have "completely seized" only one town, Chora in Uruzgan province, but had been "quickly driven out." A coalition spokesman said, ""We have heard reports of two districts in southern Helmand being under control of the Taliban, and we are in contact with lots of people to build an accurate picture." The AP states, "U.S.-led troops entering southern insurgent hotbeds for the first time are facing intense resistance."

Coalition Soldier Is Killed In Afghanistan. The AFP (7/18) reports, "A coalition soldier was killed and 11 others wounded during fierce fighting in southern Afghanistan, the US-led force said, after a suicide bomber killed a local justice official and two others." In additional fighting, the coalition reportedly "killed four suspected Al-Qaeda fighters in a raid in the east of the violence-plagued central Asian country." The AFP notes a high level of violence in Helmand, where insurgents have reportedly "teamed up with drugs barons to create instability" and where "the newly deployed British forces of about 2,300 soldiers [face] almost daily assaults."

Will Decries Weekly Standard's Criticism Of Administration's Handling Of Iraq. George Will writes in the Washington Post (7/17, A19, 748K) the Bush Administration, "justly criticized for its Iraq premises and their execution, is suddenly receiving some criticism so untethered from reality as to defy caricature. The national, ethnic and religious dynamics of the Middle East are opaque to most people, but to the Weekly Standard -- voice of a spectacularly misnamed radicalism, 'neoconservatism' -- everything is crystal clear: Iran is the key to everything." Will adds, "One envies that publication's powers of prophecy but wishes it had exercised them on the nation's behalf before all of the surprises -- all of them unpleasant -- that Iraq has inflicted. And regarding the 'appeasement' that the Weekly Standard decries: Does the magazine really wish the administration had heeded its earlier (Dec. 20, 2004) editorial advocating war with yet another nation -- the bombing of Syria?"

Cordesman Says That To Succeed In Iraq, US Must Pay A Price. Anthony Cordesman, who holds the Arleigh A. Burke chair in strategy at the Center for Strategic and International Studies, writes in the Washington Post (7/18, A19, 748K) that US forces will have to pay a price "to have any chance of serious success" in Iraq. The price "is this: If an amnesty that brings insurgents into the Iraqi political process is possible, the United States cannot indulge in political posturing over whether some of the insurgents who join the government are people who attacked and wounded or killed Americans." Cordesman adds, "Another price to be paid: It must be shown, by the Iraqi government, that it will separately investigate any charge against US personnel in Iraq. … The third price is a steady increase in Iraqi decision-making and command authority, and Iraqi control over the actions of US forces. … The final price is making it clear that the United States will not seek military bases in Iraq and will help Iraq move toward possession of a counterinsurgency force capable of defending the country against foreign threats." Cordesman concludes, "Every one of these steps will ultimately save American lives and reduce American casualties. … Each will show we are serious about creating a free and independent Iraq, and will help to restore the honor tarnished by a handful of soldiers who endangered and dishonored their comrades."

USAToday Says Democracy Can Take Decades To Take Root. An editorial in the USA Today (7/18, 2.27M) notes the "difficulty of implanting democracy where it has not existed before, a problem that was minimized by the architects of the Iraq war. … Where democracy is new, decades may pass before it takes firm root and then only if carefully nurtured. In Russia, Iraq and other fledgling democracies, people may eventually build the institutions that guarantee freedom. But the zeal to make that happen isn't often matched by the patience the task demands."

Gulf War Veterans Have More Job Help Than Vietnam Generation. The Christian Science Monitor (7/18, Scherer, 58K) reports, "Places such as Walter Reed Army Medical Center are holding job fairs. Specialists in the jobs market, such as Monster.com, are pitching in. Vietnam veterans, most of whom had no help like this, are trying to ensure that this generation of injured soldiers gets better treatment. And there is a dedicated group of people, such as Mr. Brazell, who are intent on helping other people." William Offutt, HireVetsFirst campaign director at the Department of

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Labor: "Whereas transition services in the 1970s were fairly limited, today we recognize that we have a lifetime commitment beyond [Veteran Affairs] healthcare and education benefits to broader assistance in job training and placement that contribute significantly to improved opportunities when veterans return to civilian life."

Injured Troops "Deserve Stronger Show Of Gratitude." In USA Today (7/18, 2.27M), columnist DeWayne Wickham writes, "Largely overlooked in this political sparring are the more than 18,490 U.S. servicemen and women who have been wounded in Iraq." He argues society is not doing enough to support the badly injured, referring to the golf tournament at Walter Reed: "But only 14 corporations supported the golf tournament, the profits from which are being used to fund other MWR programs. This nation can do a lot better than that."

CORPORATE SCANDALS:

Peregrine Options Case Gives Preview Of Current Probes. Bloomberg (7/18, Weiss) reports, "U.S. regulators first cracked down on stock-option backdating three years ago in a case that shows how government prosecutors may attack abusive pay practices now under investigation at more than 50 companies." Bloomberg continues, "The Securities and Exchange Commission said in a 2003 lawsuit that San Diego-based Peregrine Systems Inc. committed fraud when the software maker awarded executives stock options and pretended they were granted on the day the company's stock touched its lowest price for the quarter. Since at least March, federal officials have been looking for evidence that companies from Apple Computer Inc. to Home Depot Inc. manipulated the dates of option grants to boost officers' pay." Bloomberg adds, "Regulators this week plan to file criminal charges in the first enforcement case to emerge from the current options scandal, two people with direct knowledge of the matter said. At least 12 more cases probably will follow, said the people, who asked not to be identified because the probes aren't public. .. Speaking with reporters after an SEC event in Washington today, agency Chairman Christopher Cox said the first case tied to the backdating scandal would be announced 'very soon.' … 'There is undoubtedly both a criminal and a civil piece when it comes to egregious forms of option backdating,' Cox said. 'Forging documents, lying to boards of directors, lying to investors all form the basis of civil as well as criminal charges. I can only speak to the civil, for which we are responsible.'"

The Financial Times (7/18, Grant) reports, "Last week Kevin Ryan, the US attorney in San Francisco, said he had convened a taskforce together with the Federal Bureau of Investigation to determine whether companies that engaged in options backdating did so with 'fraudulent intent to defraud the marketplace, or to hide something from the auditors or the taxman'. … Mr Ryan hinted that the widespread past practice of companies not accounting for discounted options as an expense in their profit-and-loss account could point to evidence of an intent to deceive investors. … Separately, a study published at the weekend revealed that over 2,000 companies appear to have used backdated options to boost executives' income."

DOJ Figures Show Decline In White-Collar Prosecutions. The Legal Times (7/18, McLure) reports, "Armed with a slew of statistics, Matthew Friedrich, the Justice Department's No. 2 official in its Criminal Division, went before the Senate Judiciary Committee late last month to tout the federal crackdown on corporate fraud and address concerns about integrity in the hedge fund industry." The Times continues, "By any measure, the numbers Friedrich presented were impressive. Over the past four years the department's Corporate Fraud Task Force had won the convictions of 92 corporate presidents, 82 chief executive officers, and 40 chief financial officers. 'We now have the attention of the corporate community,' said Friedrich. Nevertheless, he told the senators, white-collar crime remains 'a priority for the Department of Justice.' … But there were some DOJ statistics Friedrich didn't cite. Those numbers show that by some measures the crackdown on corporate criminals has stalled. For instance, there was a 30 percent drop in the number of defendants charged with corporate fraud in 2005 over the previous year and a more than 50 percent decline in the number of corporate fraud investigations opened by federal prosecutors last year. Those figures, buried in an annual statistical report published by the DOJ's Executive Office of U.S. Attorneys that was released earlier this year, were the lowest since the government's post-Enron crackdown on corporate crime began in 2002." The Times adds, "The decline hasn't gone unnoticed by those who study government prosecution data. 'There have been some very high-profile cases like Enron that get a lot of

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attention,' says David Burnham, a co-director of Syracuse University's TRAC research center. 'But when you look at [new] cases that the Justice Department classified as white-collar crime, they're down.' … The Justice Department attributes the decline in part to the resource-intensive nature of corporate fraud cases, which can involve dozens of prosecutors and FBI agents. And it suggests the downturn may be temporary. 'This could be just part of the cycle and reflect movement into a period of investigation which could ripen into prosecutions,' says Evan Peterson, a DOJ spokesman."

Milberg Weiss, Partners Plead Not Guilty To Making Secret Payments. The New York Times (7/18, Chang) reports, "The law firm Milberg Weiss Bershad & Schulman and two of its partners pleaded not guilty on Monday to charges of making more than $11 million in secret payments to people who agreed to become plaintiffs in lucrative class-action securities lawsuits." The Times continues, "Two other defendants — Seymour M. Lazar, who is accused of serving as a paid plaintiff, and Paul T. Selzer, a lawyer who is accused of helping launder the payments — also pleaded not guilty in Federal District Court. … Milberg Weiss and the two partners, David J. Bershad and Steven G. Schulman, were indicted in May on charges that included mail fraud and conspiracy." The Times adds, "The law firm said in a statement Monday: 'The indictment is unprecedented and unfair, and the firm intends to vigorously defend itself against the charges. We are confident that we will be fully vindicated.' … At a hearing later in the day, prosecutors told a federal judge there was a possibility that more indictments could be coming. … 'We're not sure what the contours would be, but we're trying to push through and get the investigation completed,' said Douglas A. Axel, deputy chief of the major frauds section at the United States attorney's office in Los Angeles."

Short-Selling Probe Widens To Include Stock-Lending Business. The Wall Street Journal (7/18, Smith) reports, "Federal prosecutors and civil regulators have opened a new front in their probes of the mechanics of short selling, according to people familiar with the case." The Journal continues, "The Justice Department's U.S. attorney for the Eastern District of New York in Brooklyn is investigating possible overcharging in the stock-lending business, including the use of bogus 'finder's fees,' the same people said. The prosecutors are working with regulators at the Securities and Exchange Commission and the New York Stock Exchange, a unit of NYSE Group Inc." The Journal adds, "Stock lending is an important part of short selling, in which investors sell borrowed stock in hopes of buying it back at a lower price. The improper finder's fees came to light last week in an NYSE regulatory action against one of the NYSE's major 'specialist firms' that direct trading on the floor, the specialist unit of Van der Moolen Holding NV, based in the Netherlands. … The NYSE regulators fined Van der Moolen $3.5 million for allegedly overcharging customers with finder's fees and interest rates that were as much as 13 percentage points above market. Van der Moolen consented to the charges without admitting or denying wrongdoing. (On Friday, two former NYSE specialist traders at Van der Moolen Specialists USA were each convicted of securities fraud.)"

CRIMINAL LAW:

US Charges 11 With Online Gambling Conspiracy. The AP (7/18, Koenig) reports, "Federal officials on Monday charged 11 people, including the CEO of a big gambling Web site, alleging they committed conspiracy, racketeering and fraud in taking sports bets from U.S. residents." The AP continues, "The Justice Department is seeking the forfeiture of $4.5 billion, cars and computers from the defendants, including Betonsports PLC and three other companies. .. Betonsports Chief Executive David Carruthers and four other defendants were arrested over the weekend. Carruthers was being prevented from boarding a flight Sunday from Texas to Costa Rica, where the company has operations." The AP adds, "The 22-count indictment was unsealed Monday in St. Louis, where a federal judge also ordered Betonsports to stop accepting bets placed from within the United States. … Several of the defendants live outside the United States, which will make them hard to catch, said U.S. Attorney Catherine Hanaway in St. Louis. … 'This is a tough crime to prosecute,' she said. … Among those who live abroad is Gary Stephen Kaplan, the founder of Betonsports, which is incorporated in the United Kingdom and listed on the London stock exchange. … Kaplan is a former New York area bookie who moved his operations to the Caribbean after being arrested on gambling charges in New York in 1993."

The Guardian (UK) (7/18, Bowers) reports, "The boss of the online betting group BetonSports was detained at an

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airport early yesterday morning by the FBI after he touched down in the US on his way from Britain to the company's main operational base in Costa Rica." The Guardian continues, "Investor fears that the move marked the start of a broader crackdown on internet gambling, judged to be illegal by the US justice department, sent shares in several online operators plunging." The Guardian adds, "A BetonSports spokeswoman said the firm's chief executive, David Carruthers, 48, was detained, along with his wife Carol, at a US airport at 11pm local time by the federal authorities. Mrs Carruthers has since flown home to Britain. Last night the spokeswoman said BetonSports had still not heard from Mr Carruthers. .. He is being held in custody in Fort Worth, Texas, after a federal grand jury in the Eastern District of Missouri returned a 22-count indictment charging him and 10 other individuals and four corporations on various charges of racketeering, conspiracy and fraud, the US justice department said in a statement."

MarketWatch (7/18, Nutting, Goldstein) reports, "A federal judge in St. Louis issued a temporary restraining order on Monday to prevent BetOnSports from accepting bets from the United States. The FBI moved to shut off its phones. … 'Illegal commercial gambling across state and international borders is a crime,' said U.S. Attorney Catherine L. Hanaway, promising further actions against online gambling. Hanaway is the U.S. Attorney for eastern Missouri. … The 22-count indictment seeks the forfeiture of $4.5 billion from BetOnSports and the other defendants. The government claims the company's founder, Gary Stephen Kaplan, failed to pay federal excise taxes on $3.3 billion in wagers taken from the United States. … The indictment, issued June 1, was unsealed on Monday."

The London Times (7/18, Doran, York, Walsh) reports, "The presence of the US Internal Revenue Service at the arrest of David Carruthers, the BetOnSports chief executive, as he got off a flight at Dallas Fort Worth airport suggests that the case may not be centred solely on the legality of online gambling in the US." The Times continues, "The news that he had been detained by federal authorities on Sunday evening sparked fears that it might herald a crackdown on US internet gambling. … However, FBI officials confirmed to The Times that agents from the IRS as well as the FBI were present, indicating an investigation into tax evasion as well as illegal betting."

The Wall Street Journal (7/18) reports, "The move comes as some U.S. legislators are trying to curtail such sites. Last week the House approved a bill that would make it harder to use credit cards and other electronic payments to place bets over the Internet, including offshore Web sites. It now goes to the Senate, where its fate is uncertain. … The online sites operate in the U.K., where betting is legal, but much of their revenue comes from bettors in the U.S., where such gambling is illegal."

Monroe Says Chicago FBI To Record More Corruption Probe Interviews. The Chicago Sun-Times (7/17, Korecki) reported, "As part of its massive effort to fight corruption, the U.S. attorney's office in Chicago increasingly is targeting people who lie to investigators. And to help in that effort, FBI agents will be urged to expand the audio recording of interviews with suspects," given that "the failure to do so in two recent high-profile corruption cases…gave ammunition to defense lawyers to dissect agents' reports of interviews." Chicago FBI Assistant SAC William C. Monroe told the Sun-Times, "There's certainly not a regret. But agents have had close scrutiny on the stand. … I think we are going to see more interviews recorded at the FBI. If a person hears that tape, it's going to be hard to argue with that tape." The Sun-Times noted, "On a national level, the FBI says it always has stood by its policy not to record without prior approval. FBI spokesman William Cotter said defense lawyers commonly second-guess agents on the stand to turn it into a he-said/she-said."

Camden City Council President Says No Other Members Under FBI Investigation. The Philadelphia Inquirer (7/18, Ott, 399K) reports, "City Council President Angel Fuentes moved yesterday to reassure Camden residents of the governing body's honesty, saying he was not aware of any investigation involving any of the members. The assurances came in response to former Councilman Ali Sloan El's acknowledgment Friday that he had taken a $10,000 bribe to pay off campaign debts during an FBI sting in 2003." At a press conference yesterday, Fuentes declared, "The majority will not tolerate [corruption] and will not compromise. … We're not here to waste taxpayers' money." The Inquirer notes, "Sloan El has not been charged with any crime, and he would not comment yesterday other than to reiterate that he had acted alone."

Prosecutors Seek Introduction Of Some Gotti Tapes, Exclusion Of Others. The New York

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Post (7/18, Cornell, 608K) reports, "Prosecutors hope to convict John 'Junior' Gotti with his own words -- by playing in court prison tapes of the mob scion discussing plans to cop a plea to charges that he kidnapped radio talk-show host Curtis Sliwa. The tapes prove Gotti's 'consciousness of guilt' and should be heard at his racketeering trial next month, federal prosecutors in Manhattan said yesterday in court papers." The Post notes, "His lawyer, Charles Carnesi, said the tapes were overly prejudicial."

However, the New York Daily News (7/18, El-Ghobashy, 729K) reports, "Prosecutors don't want jurors to hear a jailhouse recording of…Gotti suggesting he's given up the mob life" and saying that "he had paid his debt to society by copping a plea to racketeering charges in 1999." The Daily News notes, "The defense says the comments jibe with Gotti's claim that he had left the Mafia. But prosecutors say the tape -- in which Gotti suggested he was shielded from future criminal charges by his plea deal -- shows his misinterpretation of the law. 'Putting before the jury Gotti's mistaken opinions on this legal issue would be extremely confusing to the jury,' prosecutors wrote in papers filed in Manhattan Supreme Court yesterday."

Ney's Legal Payments On Hold During Campaign. The AP (7/18, Hammer) reports, "Rep. Bob Ney's lawyer says he isn't worried that it's been more than six months since the embattled Ohio Republican paid a legal bill, even as a federal probe of influence-peddling in Congress closes in. … 'Payment will be taken care of in due course,' said Mark Tuohey, the lead lawyer at Vinson & Elkins LLP in Washington. 'Obviously, he needs money for his campaign and that's a priority right now. He intends to pay. He'll pay his fees, I have no doubt about that.'" The AP continues, "Ney paid the firm $232,381 between August 2005 and Jan. 5 and hasn't paid anything since. … He hasn't been charged, but the Justice Department has documented claims by lobbyists that he performed official acts in exchange for things of value." The AP adds, "Ney, who denies wrongdoing, said he eventually will use a separate legal defense fund to pay his lawyers. That fund started raising money in January but collected only $40,000 by March 31, the latest data available. … For the first three months of 2006, Ney blamed legal costs for causing his re-election campaign to spend more than it raised. In the past three months, it was unusually intense campaigning in his expansive rural district that caused the six-term incumbent to spend $52,675 more than donors gave him, he said."

Lewis Spent $200,000 For Attorney Fees In Lobbyist Probe. The Hill (7/18, O'Connor) reports House Appropriations Committee Chairman Jerry Lewis "spent $200,000 to retain lawyers in California and Washington following media reports linking him to the federal probe of a powerful lobbying firm with close ties to the chairman, according to recent campaign filings." Lewis "paid Los Angeles-based Gibson, Dunn & Crutcher LLP $200,000 to retain the services of its lawyers, according to the most recent Federal Election Commission (FEC) filing by the Lewis for Congress Committee." Lewis faces "potential federal scrutiny for his ties to lobbyists with Copeland, Lowery, Jacquez, Denton & White, a once-powerful lobbying firm that split up earlier this year after reports it was under federal investigation for its ties to Lewis."

Boston's "Big Dig" Found To Have Thousands Of "Weak Spots." NBC Nightly News (7/17, story 7, 0:20, Williams, 9.87M) reported that "the embarrassing saga of Boston's Big Dig highway project took another turn for the worse. Massachusetts Governor Mitt Romney said testing has exposed weak spots in more than 1,000 places along the Big Dig tunnel system, and all of them will now have to be reinforced. The tests were ordered after huge panels fell and killed a passenger last week."

Construction Workers Raised Concern About Safety Of Big Dig Ceiling Bolts. The Boston Globe (7/18, Murphy, Mishra, 425K) reports, "Field tests by construction workers indicated that bolt-and-epoxy fasteners might not support the multi-ton ceiling panels in the Interstate 90 connector tunnel, but the firm that designed the tunnel persuaded Big Dig officials to use the system anyway, law enforcement officials said yesterday. At the same time, Big Dig officials became so confident in the epoxy used to secure the bolt fixtures that they canceled laboratory tests to regularly check if the high-strength glue was working properly, according to documents obtained by the Globe yesterday." State Attorney General Thomas F. Reilly said, "There were questions raised about whether this design was adequate to carry the weight and hold the weight that it's expected to hold. That was clearly raised, and now we're at the stage of finding out what was the result of that dispute."

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Two Extradited From Great Britain To Face Investment Fraud Charges In Virginia. The Virginian-Pilot (7/18, McGlone) reports, "Two suspects extradited from Great Britain to face charges in a $31 million investment scheme pledged during their first court appearance (in Norfolk, VA) Monday 'to get the truth out.'" The V-P continues, "Lee Hope Thrasher, 52, a former victim-witness coordinator in Virginia Beach, and her British-born boyfriend, Howard Welsh, 62, are accused of defrauding more than 1,000 people nationwide who thought that they were investing in a spiritual, tax-free fund that would as much as double their money in the first month. … According to the FBI, Welsh and Thrasher fled the country four years ago, after wiring the $31 million to banks in 13 countries. Authorities have recovered about $2.1 million, according to the U.S. Attorney's Office." The V-P adds, "The U.S. Marshals Service flew to London this weekend to retrieve Welsh and Thrasher. The couple spent two years fighting extradition, appealing their case all the way to the House of Lords, Britain's equivalent of the U.S. Supreme Court. … Beginning in 1999, Welsh and Thrasher began offering their 'corporation sole' investment plan, calling it 'Living Your Sole Purpose,' through word of mouth and seminars at hotels across the country, according to an indictment filed in August 2004. … Welsh and Thrasher promised investment returns of between 12 and 100 percent within 30 days. One flier said a $2,000 investment would be worth $1.8 million after six years. The flier also said there was no need for accounting and no requirement to report the income to the IRS. … To participate, investors had to pay a $1,500 fee and submit passport-sized photographs and signature samples, according to court records. A few investors tied directly to the couple received payments, but the vast majority have not seen any profit, the records say."

Canadian Sentenced To Six Years In US Prison For Lottery Scam. The AP (7/18) reports, "A Canadian man who pleaded guilty to defrauding elderly widows and widowers in the United States in an international telemarketing scheme has been sentenced in federal court in New Hampshire to over six years in prison. Adhemar Baptiste of Montreal was part of a group of Canadians indicted in 2002 after an investigation that included the FBI and Royal Canadian Mounted Police revealed the group defrauded about 80 victims by telling them they had won large lottery prizes but had to prepay Canadian taxes and fees to get the cash. … Baptiste was sentenced Monday to 78 months in prison" and ordered to pay $1.5 million of the $6.4 million restitution granted to the victims.

New Jersey Investment Advisor Pleads Guilty To Role In Telemarketing Scam. The Jersey Journal (7/14, Conte) reported, "A Florida man who bilked investors out of $250,000 in a foreign currency scheme …has pleaded guilty to one count of conspiracy to commit mail fraud, authorities said." Newark US Attorney's office spokesman Michael Drewniak said that Joseph Valko "operated Risk Capital Management International, which had offices in Hoboken and Red Bank as well as Chicago, Houston and Pompano Beach, Fla." The company "claimed to be selling options to purchase foreign currency, but Valko admitted when pleading guilty Wednesday that those claims were false and misleading." The Asbury Park Press (7/14, Quirk) added, "The federal case against Valko stems from Operation Busy Signal, the largest investigation into telemarketing scams in U.S. history, said Robert Kirsch, the assistant U.S. attorney who prosecuted the case. The 10-year investigation, which resulted in about 35 convictions, began in 1996 with the examination of Freehold-based Northeast Telecom Inc." The South Florida Sun-Sentinel (7/14, Hatzipanagos, 265K) noted, "The maximum penalty for Valko's charge of one count of conspiracy is five years in a federal prison and a $250,000 fine. The sentencing is scheduled for Nov. 27."

Missouri Doctors, Businessman Plead Guilty To Medicare Fraud. The AP (7/13, Burke) reported, "Three men who participated in a scheme to bilk the government of millions of dollars by ordering expensive wheelchairs for patients who never received them have pleaded guilty to fraud, authorities said." Godwin Iloka of Lee's Summit, Missouri, "admitted in U.S. District Court on Wednesday that he was involved in a scheme to defraud Medicare of more than $2.5 million, U.S. Attorney Bradley J. Schlozman said." Kansas City-area doctors Amazair McAllister and Ambrose Wotorson "previously admitted their involvement in the scheme, Schlozman said." The AP noted, "Iloka, a naturalized U.S. citizen from Nigeria, owns two medical supply businesses in the Kansas City area. Authorities say he was a key player in a scheme in which associates would visit nursing homes and senior centers to recruit people who didn't need motorized wheelchairs." The

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Kansas City Business Journal (7/12) also reported on the pleas.

Former NYC Youth Orchestra Conductor Convicted Of Child Enticement. The New York Daily News (7/18, El-Ghobashy, 729K) reports, "A Manhattan musician who conducted youth orchestras faces up to 30 years in prison after being convicted in federal court of trolling the Internet for underage sex partners." Dennis Joseph "thought his online overtures were directed at a 13-year-old girl named 'Julie' -- but they were really going to an FBI agent." Joseph "was busted by the FBI last August when he orchestrated a plan to meet the girl in lower Manhattan," and "he was convicted Friday, after an eight-day trial in Manhattan Federal Court, of attempting to entice a minor to engage in sexual activity. He faces up to 30 years in jail under 2003's PROTECT Act, said Manhattan U.S. Attorney Michael Garcia." The New York Post (7/18, Cornell, 608K) adds that the "sicko saxophonist" Joseph "boasted about his sexual prowess -- and his role as a substitute musician in 'Sweet Charity' -- in lewd e-mails to 13-year-old 'Julie' -- who was an undercover agent, authorities said."

Two Separate Serial Killers Terrorize Phoenix. The New York Times (7/18, Giblin) reports, "For many months now, two serial killers who are thought to be responsible for dozens of murders, rapes, robberies and shootings have frustrated scores of detectives and frightened thousands of residents across a wide swath of central Phoenix and its suburbs." The Times continues, "After the most recent crimes — a pair of shootings on July 8 attributed to one of the killers — the police increased a reward to $100,000, an Arizona record, for information leading to the arrest of the two, whom they call the Serial Shooter and the Baseline Killer. … Last Thursday 1,500 residents of all ages, races and incomes filled the auditorium, the lobby, the cafeteria and an outdoor courtyard of an elementary school in central Phoenix to learn what they could of the danger. But the city's mayor, Phil Gordon, and the police chief, Jack Harris, offered little new information and said that the description of one killer remained vague at best and that no one had gotten a clear look at the other." The Times adds, "Chief Harris said he had assigned more than 120 detectives and officers to the case, and they are receiving help from the F.B.I. and the federal Bureau of Alcohol, Tobacco, Firearms and Explosives."

The AP (7/15, Myers) reports, "The killings and woundings of at least 16 other people evoked the terror of the 2002 Washington-area sniper shootings because of the randomness of the crimes and the fact the victims were struck down while going about their daily routines. People have been shot from behind while biking; one victim was vacuuming her car at a carwash, another was waiting for a bus." The AP adds, "Six of the killings are being attributed to the 'Baseline Killer,' whose name refers to the street where he is believed to have committed his first crimes. Police say the man likely wears a disguise -- a wig of dreadlocks topped by a fisherman's hat -- and strikes just after sunset. Five of his victims have been women. Police have not said how all his victims were killed but several were shot. … The second suspected predator, dubbed the 'Serial Shooter,' has been definitively linked to the Dec. 29 wounding of one man and authorities believe he could be responsible for a total of five shooting deaths. Police say the shooter likely watches victims -- mostly pedestrians and bicyclists -- and strikes from behind when no one is looking. The shootings usually occur late at night or in the early morning. Sixteen Serial Shooter victims have survived."

Tennessee Man To Plead Guilty To Child Porn Charges. The Chattanoogan (7/18) reports, "A Cleveland, Tn., man is facing federal child pornography charges. Authorities said Albert Todd Taylor has agreed to plead guilty in the case. Prosecutor John MacCoon said in October 2002, the Dallas Division of the FBI began an investigation along with the Internet Crimes Against Children's Task Force." The Chattanoogan notes, "A forensic examination of the Taylor laptop found 791 images that depicted child pornography. A majority of the recovered images were of children partially clothed, nude or involved in sexual acts with other children or adults."

CIVIL LAW:

US Wants Closed-Door Questioning Of McCallum In Tobacco Case. The AP (7/18, Yost) reports, "The Justice Department is opposing public questioning of a former department official in a lawsuit stemming from the government's landmark case against the tobacco industry." The AP continues, "The court battle involves former associate attorney general Robert McCallum and a private group alleging that McCallum and others at the

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Justice Department failed to surrender records related to the lawsuit against the cigarette companies." The AP adds, "A year ago, McCallum became the central figure in the government's decision to lower by more than 90 percent the amount of money it was seeking from cigarette companies. … In December, Citizens for Responsibility and Ethics in Washington sued, alleging the department had failed to surrender records that might explain the reasons for the reduction from $130 billion to $10 billion." The AP notes, "McCallum, who was confirmed as U.S. ambassador to Australia last month, was scheduled to undergo a deposition Tuesday in a case that the ethics group filed against the department. … After U.S. District Judge Emmet Sullivan gave the go-ahead to question McCallum, the department sought an order that his videotaped deposition be done in private and not be publicly released."

Delaware High Court Rules For Anti-Smoking Group. The AP (7/18, Zuckerbrod) reports, "An anti-smoking group known for its edgy ads featuring teenagers has won a legal victory over No. 3 cigarette maker Lorillard Tobacco Co." The AP continues, "The Delaware Supreme Court ruled Monday that the ads created by the Washington-based American Legacy Foundation did not violate a 1998 agreement between the tobacco industry and the states. … That agreement led to restrictions on tobacco marketing and the creation of the foundation, which the tobacco companies fund through their payments to the states." The AP adds, "The agreement stated that the foundation could not vilify or personally attack tobacco companies or executives, something Lorillard argued the foundation has been doing in its ads. … Monday's ruling upheld a lower court decision that found the ads did not violate the agreement."

Victims Of Palestinian Suicide Bomber Sue Over Chicago Artifacts. The New York Times (7/18, Pogrebin) reports, "That a victim of a Palestinian suicide bombing would seek legal redress from an American museum might seem baffling to the uninitiated. But for Daniel Miller, 27, it is simply a way of extracting justice from a government that he blames for his suffering." The Times continues, "Because Iran helped to train and support members of Hamas, the militant group that carried out the attack along a Jerusalem shopping promenade in 1997, Mr. Miller and four other Americans who survived the attack decided to seek damages from the Iranian government in American courts. … In 2001 they won a judgment against Iran in federal court in Chicago; in 2003 a United States District judge in Washington awarded them about $71 million in compensatory damages and $180 million in punitive damages, to be paid by the Iranian government, according to the plaintiffs' lawyer." The Times adds, "To collect on the judgment, the plaintiffs seized upon an unusual strategy shortly afterward: laying claim to some 2,500-year-old cuneiform tablets that are on loan from Iran to the University of Chicago's Oriental Institute. The survivors are demanding that the university sell the tablets, unearthed by American archaeologists at the ancient Persian capital of Persepolis in the 1930's, and compensate them with the proceeds. … Last week the Iranian government finally took notice, dispatching a Washington lawyer to District Court in Chicago to plead its case. In a hearing yesterday Iran was given until Aug. 21 to respond to the suit. … The University of Chicago has defended Iran's right to the artifacts, arguing that the Oriental Institute has an obligation to return them as promised. … In an unusual twist, the State Department and the Justice Department have supported the university, arguing that the artifacts should be exempt under the Foreign Sovereign Immunities Act, a 1976 law that sets the parameters for suing foreign nations for terrorism in American courts. They argue that seizing cultural artifacts belonging to Iran could damage American relations with other countries."

Family Of Man Killed By Janklow Sues The Federal Government For $25 Million. The AP (7/18, Walker) reports, "The family of a motorcyclist killed when former Rep. Bill Janklow ran a stop sign has filed a new $25 million wrongful death suit against the U.S. government. … Scott's family initially sued Janklow in Minnesota state court. But it was determined that since Janklow was on official business, he was protected from any monetary claims by the Federal Tort Claims Act."

CIVIL RIGHTS:

Spokane Mayor Orders Independent Probe Of Police Beating Death. The Spokane (WA) Spokesman-Review (7/18, Morlin) reports Spokane Mayor Dennis Hession yesterday "ordered an independent investigation of the Spokane Police Department's handling of two recent scandals – the beating death of a mentally

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disabled man and deletion of photos taken by a firefighter who had on-duty sex with a 16-year-old girl. 'I would say mistakes were made,' the mayor said at a press conference at City Hall. … Hession said he hadn't picked the outside expert, but said it likely would be an expert in police training, procedures and communications, possibly someone with academic ties." The AP (7/18, Wiley) notes, "Otto Zehm, 36, died two days after being hit with a nightstick, jolted with a Taser gun and hogtied by as many as seven officers inside a convenience store March 18. Spokane County Medical Examiner Sally Aiken ruled the death a homicide," and "videotapes released last week apparently contradicted key police statements about the arrest attempt. … The FBI is continuing a civil rights review in the Zehm case, Hession said."

FBI Investigating Threat To Ohio Mosque. The AP (7/18) reports, "A mosque complex that was bombed in December received a threatening phone call Monday evening, officials said. The person who called the Islamic Association of Cincinnati…made death threats against Muslims in general, said Karen Dabdoub, director of the Cincinnati office of the Council on American-Islamic Relations." Cincinnati FBI Special Agent Michael Brooks "said the bureau had been contacted by the council about a bomb threat and would send agents to investigate Tuesday. He said the call was referred to Cincinnati police." WKRC-TV Cincinnati (7/17) also reported briefly on the threat and the FBI probe.

Proponents Of Gay Marriage Optimistic They Will Defeat State Bans In November. The Washington Post (7/18, A4, Reid, 748K) reports, "The safest bet in American politics in recent years has been a state ban on same-sex marriage. Since 1998, proposals to outlaw such unions have appeared on the ballot in 20 states, both red and blue, and they have passed everywhere by big margins. Accordingly, opponents of same-sex marriage…are confident these days as they look ahead to the eight (or possibly nine) states in which the ban is expected to be on the ballot in November. … And yet, supporters of same-sex marriage…are also optimistic as they look forward to this fall's campaigns." The Post goes on to report, "Among other things, proponents of same-sex marriage think they have a chance this November, for the first time, to defeat a ban on a state ballot. A nonpartisan poll in Wisconsin last month showed voters evenly split on the issue, with 49 percent favoring such a ban and 48 percent opposed. … Polling in Arizona and Colorado also suggests fairly close divisions. But opponents of same-sex marriage note that polls usually understate the actual vote for such a ban."

Bush Speech To NAACP Convention Appears Likely. The Los Angeles Times (7/18, Wallsten, 918K) reports President Bush "is apparently ready to end his boycott of the NAACP, the nation's oldest civil rights organization, with a possible speech Thursday to the group's national convention here." Bush's appearance would "underscore the GOP's continued efforts to recruit black voters. It would also come as some congressional Republicans have balked at renewing Civil Rights-era voter protection laws and almost a year after Hurricane Katrina devastated New Orleans — and criticism began that the Bush administration failed to aid the city's largely poor and black residents." Negotiations, "which have been underway for days, have involved the NAACP's president, Bruce S. Gordon, who has pursued warmer relations with Bush and White House aides, including political strategist Karl Rove. By Monday it appeared increasingly likely that Bush would speak, although the White House had yet to confirm it with the group."

GOP Outreach To African-American Voters Said To Have "Faltered." The New York Times (7/18, Nagourney, 1.21M) reports, "Starting after President Bush's re-election in 2004, the party chairman, Ken Mehlman, filled his schedule with appearances before black audiences. He apologized for what he described as the racially polarized politics of some Republicans over the past 25 years. And the White House, in pressing issues like same-sex marriage to appeal to social conservatives, was also hoping to gain support among churchgoing African-Americans. … But as Mr. Bush is tentatively scheduled to speak at the N.A.A.C.P. convention in Washington this week — after five years of declining to appear before an organization with which he has had tense relations — it seems fair to say that whatever the motivation, the effort has faltered. Mr. Mehlman's much-publicized apology to the National Association for the Advancement of Colored People seems to have done little to address the resentment that built up over what civil rights leaders view as decades of racial politics practiced or countenanced by Republicans." The

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Times goes on to report, "Bush — who is highly unpopular among blacks — has not made this effort a public priority of his administration, though Mr. Mehlman said the president shared his desire to expand the party's appeal to blacks."

Report Says Pregnancy Resource Centers Give Misleading Info On Abortion Health Risks. The AP (7/18, Freking) reports women "who consult with pregnancy resource centers often get misleading information about the health risks associated with having an abortion, according to a report issued Monday by Democrats on the House Government Reform Committee." Congressional aides, "posing as pregnant 17-year-olds, called 25 pregnancy centers that have received some federal funding over the past five years. The aides were routinely told of increased risk for cancer, infertility and stress disorders, said the report, which was prepared for Rep. Henry Waxman, D-Calif."

The Washington Post (7/18, A8, Kaufman, 748K) reports, "Federally funded 'pregnancy resource centers' are incorrectly telling women that abortion results in an increased risk of breast cancer, infertility and deep psychological trauma, a minority congressional report charged yesterday." The report "said that 20 of 23 federally funded centers contacted by staff investigators requesting information about an unintended pregnancy were told false or misleading information about the potential risks of an abortion." The "pregnancy resource centers, which are often affiliated with antiabortion religious groups, have received about $30 million in federal money since 2001, according to the report, requested by Rep. Henry A. Waxman (D-Calif.)."

Arizona Proposal To Link lottery With Voting Dismissed As "Tawdry." USA Today (7/18, 2.27M), in an editorial, writes, "In an effort to improve voter turnout in Arizona, Tucson political activist Mark Osterloh gathered more than 185,000 signatures to put his Arizona Voter Reward Act on the state ballot this November as Proposition 200. If Arizona's voters approved, one lucky voter would win a million bucks, financed by unclaimed prize money from the state's existing lottery. Citizens would qualify by voting in the primary or general election; vote in both and they'd be entered twice. … This is well-intentioned…but ill-conceived. For one thing, it might be illegal. … But even if it's legal, it's a tawdry idea. It cheapens one of the most important things a citizen of a democracy can do. It amounts to bribing citizens to vote."

ANTITRUST:

New Mexico Rescinds Minimum Service Real Estate Rules. Inman News (7/18) reports, "The New Mexico Real Estate Commission has voted unanimously to rescind the language in a controversial real estate rule that set service requirements for real estate licensees in the state. A commission task force will continue to study the issue." Inman continues, "Despite objections from the U.S. Department of Justice's Antitrust Division, commissioners had passed a rule change in February that required real estate brokers in the state to accept and present all offers and counteroffers to their clients in every real estate transaction and to provide assistance to clients in 'developing, communicating, negotiating and presenting offers, counteroffers and notices that relate to the offers and counteroffers until a lease or purchase agreement is signed and all contingencies are satisfied or waived.' … The rule, which was not implemented, would have banned real estate businesses from providing some forms of limited service to clients such as the entry of a property into a multiple listing service without any additional representation in a transaction." Inman adds, "Across the country, state legislatures and real estate commissions have considered similar rule changes that are typically promoted by Realtor trade groups as pro-consumer measures that can ensure that consumers receive adequate services in real estate transactions while eliminating confusion in transactions that involve representation from both full-service and limited-service real estate companies. … In a handful of cases, U.S. Justice Department and Federal Trade Commission officials have opposed such measures, charging that the measures can reduce consumer choice and stifle competition in the industry by targeting alternative business models. Several states have passed the measures despite federal opposition."

Internet Pioneers Spar Over Net Neutrality. CNET News (7/18, Broache) reports, "Two Internet pioneers dueled on Monday over whether proposed Net neutrality regulations supported by companies like Google and Amazon.com are the best way to prevent 'abusive' behavior by broadband providers." CNET continues, "A debate here hosted by the Center for American Progress, a nonpartisan research institute that brags of challenging 'conservative thinking,' pitted Google Chief Internet Evangelist Vint Cerf, who co-developed the Internet's backbone protocols and has

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emerged as a leading proponent of congressional antidiscrimination mandates for network operators, against Dave Farber, a Carnegie Mellon University computer scientist widely considered to be a 'grandfather' of the Internet. … The pair of technologists appeared to agree on at least one thing: Network operators, in general, shouldn't be allowed to interfere with Net users' activities. Where they disagreed was on the role that Congress and federal regulators should play in the ongoing debate over so-called Net neutrality, the idea that network operators must generally give equal treatment to all content that travels over their pipes." CNET adds, "Monday's event came as a massive communications bill, criticized by Net neutrality proponents like Cerf for failing to include adequate protections, awaits a vote by the full Senate. It remains unclear how soon the vote will occur."

Healthways Cleared To Buy LifeMasters. The AP (7/18) reports, "Health services provider Healthways Inc. said Monday it received clearance for its $307.5 million acquisition of California-based disease management company LifeMasters Supported SelfCare Inc." The AP continues, "In a statement, the company said the required waiting period for antitrust review under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 expired, satisfying a closing condition of the deal." The AP adds, "The combined companies will have almost 75 customers including health plans, employers and government Medicare and Medicaid programs. … It will have a total of 3,500 employees, including nurses and clinicians."

AMD Steps Up Antitrust Pressure On Intel. CNET News (7/18, Wearden) reports, "Advanced Micro Devices is stepping up the pressure on Intel over alleged anticompetitive practices by filing another complaint, this time with German authorities." CNET continues, "The latest complaint was filed last week with Germany's Federal Cartel Office, or Bundeskartellamt. In it, AMD claims that Intel made deals with German retailers that violate the country's competition laws." CNET adds, "The complaint was prompted by a report in the German edition of the Financial Times claiming that the Media Markt retail electronics chain had agreed to only sell computers that used Intel's processors in return for a payment from the chipmaker. … 'AMD had already received similar information, so we decided to file a formal complaint with the Federal Cartel Office,' AMD spokeswoman Hollis Krym explained." CNET notes, "A representative for the German Federal Cartel Office confirmed that a complaint had been received from 'a competitor of Intel.' It is now liaising with the European Commission, which is conducting its own investigation into Intel. … In June 2005, AMD filed a lawsuit against Intel, claiming that it had forced major customers to accept exclusive deals, and had withheld rebates and marketing subsidies from customers who bought more AMD processors than Intel had allowed. … The next month, European Commission officials raided Intel's offices in Swindon, England, as well as the offices of several PC retailers, including Dell."

Google Fuels Innovations In Netroots Lobbying. The Financial Times (7/18, Kirchgaessner, Waldmeir, Waters) reports that over the "past few months, Google and its new-economy allies have had remarkable success at challenging not just the style of Washington lobbying but the central fact of power in the capital: that money often speaks louder than democracy." On a "shoestring budget and with a handful of lobbyists, Google and a coalition of other online content companies have used the internet to mount an unusual challenge to big-money politics. They have got the voters talking directly to the legislators - without the intermediary of opulently shod lobbyists - in ways that could profoundly influence the future of lawmaking and lobbying." And they have "done it with an issue that only a techie could love: 'net neutrality,' obscure code words that stand for the principle of non-discrimination in the way customers are charged to use the internet." Proponents "now include almost every Democratic presidential contender, half the senators on the powerful Senate commerce committee and an eclectic coalition ranging from companies such as Yahoo, Ebay and Amazon to the Christian Coalition, Gun Owners of America and musicians Mobe and the Dixie Chicks."

EU Warns That European Banks Are Not Serving Customers Well. The AP (7/18, White) reports, "European banks are not serving customers well, EU Competition Commissioner Neelie Kroes said Monday as she also warned that she was ready to step up action against credit and debit card providers earning 'abnormally high' profits." The AP continues, "EU regulators identified a host of problems showing that banking is still a fairly closed market, but Kroes said the exact causes of that were not clear and she needed the industry to help her show what must be done

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to open the system." The AP adds, "Banks generally stick to their own national markets and benefit from very faithful customers who usually hold an account with the same bank for an average of about 10 years -- which may partly be because of the high cost of switching banks. … The European Commission believes that breaking down national barriers in financial services could stimulate economic growth and help create more jobs in Europe. … Countries where customers don't shop around tend to have more profitable banks, the Commission said in its report. … Profits vary widely. Banks in Ireland, Spain and Finland pull in the most pretax, making over 40 percent of total retail banking income in 2004. At the other end of the scale, Austrian banks made 11 percent and banks in Germany 17 percent."

WSJournal Decries State AGs' Antitrust Action Against Chip Makers. The Wall Street Journal (7/18) editorializes, "The class-action reform bill that Congress passed last year was supposed to take some of the shenanigans out of mass tort litigation. But last week, 34 state Attorneys General showed that where there's a will, there's a lawyer. … Those 34 AGs filed civil suits in federal court Friday, seeking to recover damages from seven memory-chip makers from around the world, most of whom have already been through the federal wringer for a price-fixing conspiracy. Four of the seven companies now being sued have pleaded guilty in the criminal case, while a fifth, Micron Technologies, has secured immunity through a cooperation agreement with the Justice Department. Some $730 million in fines have been levied and executives from a number of companies have been handed prison sentences in the case. … Enter the state AGs, who have now ridden in on their taxpayer-funded horses to shoot the wounded. The 2005 Class Action Fairness Act moved certain kinds of class-action suits to federal court, including those involving indirect damages from antitrust violations. So nearly three dozen state Attorneys General have sued the chip makers for damages in federal court in California." The Journal adds, "It is hard to know how big this particular pot of gold might be, since the damages are mostly indirect (in the form of higher prices passed on by some computer makers). But antitrust law permits persons harmed by a price-fixing conspiracy to sue for treble damages. And adding consumers to the mix also enlarges the kitty, since the AGs are effectively suing on behalf of everyone in their state who bought a piece of electronics with memory inside between 1998 and 2002. … We've often criticized the cozy relationship between the trial bar and the state Attorneys General, but in this case the AGs seem to have cut out the middle man, bringing a massive class-action suit all on their own. For our tax dollars, we're not sure the 50 states need a trial-lawyer-in-chief."

ENVIRONMENT:

Heat Wave Increases Strain On Electric Grid. The Wall Street Journal (7/18, Smith, 2.03M) reports, "Scorching temperatures strained electric systems throughout the nation as consumption broke records, underscoring warnings by regulators and industry officials that the nation isn't building enough power plants and transmission lines." Grid officials "in the most populous states asked consumers to trim electricity use to reduce the possibility of supply disruptions. Despite conservation efforts, records for electricity consumption were set in California, Texas, New York, the mid-Atlantic region and the Midwest." Rising demand 'throughout the nation could reignite debate about how best to stimulate construction of plants in states that have deregulated their retail electricity markets, where regulators typically don't order utilities to build facilities."

The networks each ran stories last night on the heat wave, but did not focus primarily on the electricity grid. ABC World News Tonight (7/17, story 9, 2:00, Pinto, 8.78M) reported, "Heat kills nearly 400 people nationwide every year, more than earthquakes, lightning, tornadoes, floods and pre-Katrina hurricanes combined." Forecasters "expect some relief in the Midwest tomorrow, as soaring temperatures spread east. But later this week, the heat returns and with it, the danger."

The CBS Evening News (7/17, story 7, 0:15, Schieffer, 7.66M) reported, "America suffered today from a coast-to-coast case of sunburn, the weather map tells the story, shades of red everywhere, and a stifling heat wave. Temperature in the 90 and higher in many places made this the hottest day of the year. There was a record demand for power in steamy Chicago."

NBC Nightly News (7/17, story 8, 1:35, Tibbles, 9.87M) reported, "In New York, extreme heat might have caused a subway train to lose power. It left 70 passengers stranded in the heat for 3 hours."

Greenland Flourishing Because Of Increase In Average Temperatures. The Wall Street Journal (7/18, Etter, 2.03M) reports in a front page story that average

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temperatures "in Greenland have risen by 2.7 degrees Fahrenheit over the past 30 years -- more than double the global average, according to the Danish Meteorological Institute. By the end of the century, the institute projects, temperatures could rise another 14 degrees." The milder weather "is promoting new life on the fringes of this barren, arctic land. Swans have been spotted recently for the first time, ducks aren't flying south for the winter anymore and poplar trees have suddenly begun flowering." Greenland "represents one of the largely unrecognized paradoxes of global warming. In former Vice President Al Gore's recent film 'An Inconvenient Truth,' the melting of Greenland's ice cap, along with a similar cap in the Antarctic, is portrayed as one of the greatest threats of global warming." But to "many of the people who live here in Greenland, the warming trend is a boon, not a threat." Even "small increases in temperature can make a big difference in the quality of life for many Greenlanders who scrabble out a living at the whims of the weather."

Prosecution Of Former Davis-Besse Officials Delayed. The Toledo Blade (OH) (7/18, Henry) reports, "A former Davis-Besse trio being prosecuted for endangering public safety likely won't have their cases heard in U.S. District Court in Toledo this fall, as federal prosecutors had predicted when the indictments were issued in late January." The Blade continues, "Andrew Siemaszko, 51, of Spring, Texas; David Geisen, 45, of DePere, Wis., and Rodney N. Cook, 55, of Millington, Tenn., maintain their innocence on charges of making false statements to a federal agency. … They are accused of withholding vital information about the plant's operating status during the fall of 2001, when the Nuclear Regulatory Commission was contemplating what would have been the government's first emergency shutdown of a nuclear plant since 1987." The Blade adds, "The government agency admittedly was embarrassed and angered by what was found after it relented. It unknowingly let the plant limp along in an extremely dangerous condition until Feb. 16, 2002. … Mr. Siemaszko and Mr. Geisen, both former FirstEnergy Corp. employees, are being prosecuted on five counts, while Mr. Cook, an outside contractor-consultant who had worked at Davis-Besse for many years, is being prosecuted on four. Each face up to five years in prison and $250,000 in fines if convicted. … On July 7, Magistrate Vernelis Armstrong granted the U.S. Department of Justice's request to waive the speedy trial rule. The government had asked for more time, citing the complexity of the case and its 20,000-plus documents. … During a conference call four days later, the magistrate postponed the deadline for pretrial motions for a second time. The new deadline is Oct. 10."

Refiners Leverage Local Tax Breaks Despite Record Profits. The Wall Street Journal (7/18, Biers, Resnick-Ault, 2.03M) reports that despite "public frustration over high pump prices and flush industry profits, major refining companies are seeking and winning large local tax breaks for their refinery-expansion plans with little political opposition." Reasons include Bush Administration encouragement to refiners "to produce more gasoline to help keep prices down, while local communities fear the companies will take jobs elsewhere if they aren't offered inducements to stay." The "various incentives, combined with a federal tax-break package last year, can offer refiners savings that reach hundreds of millions of dollars, though estimating a total is difficult given the range of federal and local levying agencies involved."

Livestock Program Provides Unnecessary Aid To Farmers. As part of its ongoing series on farm subsidies, the Washington Post (7/18, A1, Gaul, Morgan, Cohen, 748K) reports in a front page article that the USDA's Livestock Compensation Program, "originally intended as a limited helping hand for dairy farmers and ranchers hurt by drought," has "rapidly became an expensive part of the government's sprawling system of entitlements for farmers, which topped $25 billion last year." In all, the Post says the program cost taxpayers $1.2 billion during its two years of existence, 2002 and 2003. "Of that, $635 million went to ranchers and dairy farmers in areas where there was moderate drought or none at all," according to an analysis of government records by the Post. "None of the ranchers were required to prove they suffered an actual loss. The government simply sent each of them a check based on the number of cattle they owned," the newspaper writes. John A. Johnson, deputy administrator for farm programs for the USDA, "said that initially the program provided meaningful assistance to ranchers in areas suffering from drought." But after Congress "loosened the rules," he acknowledged, "what was meant as disaster assistance ended up being given to people who didn't have a need or a loss." However, the Post reports, "Shortly before the 2002 congressional elections, the Bush administration faced growing pressure from ranchers

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and politicians in a handful of Western states that were hit hard by drought. Of special political concern to the White House, sources said, was South Dakota, where Republican Rep. John Thune was close to unseating Democratic Sen. Tim Johnson."

Program Created To Aid Thune In Reelection Bid. In an accompanying article, the Washington Post (7/18, A11, Morgan, 748K) writes, "If not for a tight Senate race in South Dakota in 2002, there might have been no Livestock Compensation Program. In August 2002, 12 weeks before the election, aides to the Republican candidate, then-Rep. John Thune, were worried about the political fallout from a speech made by President Bush during a visit to Mount Rushmore, with Thune in attendance." According to the Post, the President "had pointedly refused to promise ranchers new large-scale federal drought relief, suggesting instead that Congress consider shifting some funds from a recently enacted farm bill." In Washington, the Post says the "White House political affairs office, then directed by Ken Mehlman, recognized the importance of the drought-relief issue to the Thune race. That spurred an effort in the administration to come up with a way to help the embattled Republican candidate, according to a former senior official at the Department of Agriculture." One week later, then-Agriculture Secretary Ann M. Veneman announced the creation of the Livestock Compensation Program "with Thune…at her side."

Cochran Used Drought-Relief To Create Catfish Subsidy. In a second accompanying article, the Washington Post (7/18, A10, Gaul, 748K) reports, "One of the more unusual offshoots of Congress's drought-relief efforts was a $34 million assistance program for catfish farmers." Mississippi, which "reeled in by far the largest share of federal dollars—nearly $19 million," is home to "a powerful US senator, Republican Thad Cochran, then chairman of the agriculture committee and second-ranking majority member of the Appropriations Committee." The Post reports "it was Cochran who inserted language into a wartime appropriations bill in 2003" providing federal assistance to catfish farmers.

FBI/DEA/ATF/USMS:

Tennessee Businessman Indicted, Accused Of Peddling Tons Of Marijuana. The Knoxville (TN) News Sentinel (7/18, Satterfield) reports a prominent entrepreneur is accused of "peddling tons of marijuana over the past 11 years and laundering his ill-gotten gains through his businesses. U.S. Magistrate Judge Bruce Guyton arraigned Scott West, 41, on Monday on a two-count federal indictment accusing West of conspiring with his brother and two unidentified suspects to push thousands upon thousands of pounds of marijuana. He also is accused of plotting with his wife, brother and sister-in-law to hide the proceeds. … The brothers and their wives have been under probe for at least six months, U.S. Drug Enforcement Administration Agent Michael Davis wrote in a criminal complaint." The News Sentinel says authorities are seeking to seize the businesses involved.

According to the AP (7/17), a businessman "involved in the redevelopment of downtown Knoxville and his brother were charged Monday in a federal indictment with conspiring to launder millions of dollars from marijuana sales. … The indictment charges them with distributing more than 2,200 pounds of marijuana for which they received at least $2.5 million. However, a criminal complaint in a related case suggests that may have been only a single shipment in a conspiracy that began in 1995."

On its Web site, WVLT-TV, Knoxville (7/17) reports, "Two brothers and businessmen from Knoxville were in court Monday, both accused of marijuana possession and distribution. James Michael and Scott West pleaded not guilty to the charges in federal court. They're both accused of drug possession and money laundering after a federal grand jury returned a two count indictment against them."

Man Who Ran Sham Business Atop Cross-Border Tunnel Pleads Guilty. The San Diego Union-Tribune (7/18) reports a man who "ran a sham produce business out of an Otay Mesa warehouse atop the longest cross-border drug tunnel ever discovered pleaded guilty to conspiracy yesterday and faces about 30 months in prison. Carlos Cárdenas Calvillo…admitted he was aware that the produce business was a front for drug trafficking at the warehouse. But prosecutors said he was not directly involved in bringing drugs into the country through a half-mile tunnel from an industrial area near Tijuana's airport. … Investigators are still chasing down leads in the case, said spokespeople for Immigration and Customs Enforcement and the Drug Enforcement Administration."

In South Carolina, Shortt Sentenced For Conspiring To Illegally Prescribe Steroids. In

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Columbia, the AP (7/18) reports the doctor "who pleaded guilty to conspiring to illegally prescribe steroids to several Carolina Panthers was sentenced Monday to one year and one day in prison. Dr. James Shortt pleaded guilty in March to one federal count of conspiracy to distribute anabolic steroids and human growth hormone. Prosecutors have said current and former members of the Carolina Panthers were some of Shortt's patients. As part of the plea deal, prosecutors dropped 42 other counts against Shortt."

Columbia's The State (7/17) writes that Shortt "had faced a maximum sentence of five years in prison and a $250,000 fine for conspiring to distribute anabolic steroids and human growth hormones to NFL players, bodybuilders and others."

Spero News (7/18) notes the case "was investigated by agents of the Drug Enforcement Administration."

The Charlotte (NC) Observer (7/17, Chandler) also reported on Shortt's sentence.

Local TV Coverage. KCBS-TV, Los Angeles (7/17, 6:00 p.m.) reported, "The doctor who pleaded guilty to illegally prescribing steroids to members of the Carolina Panthers has been sentenced to prison. Dr. James Shortt will spend 1 year and 1 day for his guilty plea. Because of appeals…Shortt's sentence won't begin until 2008."

WTSP-TV, Tampa-St. Petersburg-Sarasota (7/17, 11:00 p.m.) reported, "The doctor who pleaded guilty to illegally giving steroids was sentenced today. Dr. James Shortt received a sentence of one year and one day."

WAXN-TV, Charlotte, North Carolina (7/17, 10:00 p.m.) reported, "An appeal is expected in less than ten days for a doctor convicted of prescribing steroids to members of the Carolina Panthers. Dr. James Shortt was sentenced to one year in prison. He pleaded guilty to one count of distributing steroids. None of the Panthers was charged, nor were any of the other athletes who got drugs from Shortt. … Prosecutors dropped 42 other counts against Shortt in exchange for the one guilty plea. James Shortt will serve about ten-and-a-half months behind bars. He won't have to go to prison until after he's tried to appeal, and that could be another 18 months or longer."

WRAL-TV, Raleigh-Durham-Fayetteville, North Carolina (7/17, 5:00 p.m.) reported, "A doctor convicted of distributing steroids to several Carolina Panthers is going to prison. Today, Dr. James Shortt was sentenced to one year and one day behind bars. Shortt pleaded guilty to a charge of conspiracy to distribute steroids earlier this year. Prosecutors dropped 42 other counts against shortt as part of a plea deal. He faced up to five years in prison."

Fentanyl-Laced Heroin Found In Maryland. The AP (7/17) reports Maryland State Police "issued a warning [Monday] about potentially lethal heroin on the Eastern Shore after tests revealed that heroin seized earlier this month contained the deadly drug fentanyl. Maryland officials said investigators will coordinate with Delaware authorities to try to find the source of the tainted heroin. Fentanyl has been linked to several drug overdoses, some fatal, throughout the Northeast and in parts of the Midwest this year."

University Of Virginia Dean Admits Knowing About Drug Dealer's Activities. Charlottesville's Daily Progress (7/18) reports the University of Virginia "is arranging for additional temporary staffing in the Office of African-American Affairs following the university's decision Friday to place Dean M. Rick Turner on paid administrative leave. Turner signed an agreement in U.S. District Court on Thursday that stated he had lied about his knowledge 'of the activities of a known drug dealer last year. … Police and prosecutors declined to comment on what led Turner to enter into a pretrial diversion agreement that allowed him to avoid prosecution by agreeing to 12 months of federal probation. The agreement states that prosecution is being deferred 'in a matter within the jurisdiction of the Drug Enforcement Administration.'"

MLB, Union Said To Be Preparing For Possible Indictment Of Bonds. The Washington Post (7/18, Sheinin) reports sources on both sides say Major League Baseball "is exploring its options for punishing embattled slugger Barry Bonds in the event the San Francisco Giants superstar is indicted by a federal grand jury -- even though an indictment would not be a finding of guilt -- while the players' union is girding for a potential fight over such an action. A federal grand jury in San Francisco investigating potential tax evasion, money laundering and perjury charges against Bonds is set to expire by the end of the month, an assistant to Michael Rains, Bonds's defense lawyer, said yesterday, and there has been widespread speculation it could reach a decision as early as Thursday."

Senate Urged To Maintain Trigger-Lock Law. The Tacoma (WA) News Tribune (7/17) editorializes, "Gun-

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control opponents like to argue that if authorities just enforced laws that are already on the books, that would go a long way toward addressing gun violence in this country. … One law on the books, however, won't be enforced if the U.S. Senate goes along with the House and takes away the funding needed for it. It's the law requiring that gun dealers and manufacturers include trigger locks with the handguns they sell. It doesn't mandate that buyers use trigger locks, just that they be provided at point of sale." The Tribune continues, "Congress approved the trigger-lock requirement last fall as part of compromise legislation to limit gun manufacturers' liability. It's hypocritical – not to mention bad form – for the gun-rights crowd to turn around now and try to kill the part of the legislation it agreed to in order to help win passage for the provision it wanted. .. . The trigger-lock law is enforced by the U.S. Justice Department. An amendment pushed by Rep. Marilyn Musgrave (R-Colo.) and the national gun lobby would kill the funding the department needs for enforcement." The Tribune adds, "Law enforcement officers have been among the most vocal advocates of trigger locks and other ways to secure guns in the home. They have seen too many senseless tragedies up close involving children having access to firearms in the home and know that most of them could have been avoided had a trigger lock been in place. Nationwide, firearms account for about 10 percent of the deaths of children ages 5 to 14. For every child who dies, three more are injured but survive. … The trigger-lock requirement has a very real chance of saving young lives – much like laws requiring child car seats and seat belt use. The Senate can act to block the House's irresponsible action, and it should."

Galante Claims Marshals Are Mismanaging Trash Business. The Danbury (CT) News-Times (7/18, Ali) reports, "New Fairfield (CT) businessman James Galante is firing back at federal marshals who have been overseeing his trash business since his June indictment, saying the federal government is running his empire into the ground." The News-Times continues, "Galante's New Haven lawyer, Hugh Keefe, said he expects to file a motion later today detailing how the U.S. marshals are doing damage to Galante's Danbury-based sanitation business." The News-Times adds, "Prosecutors allege Galante was in charge of a scheme to control sanitation routes in Connecticut and New York and that he paid the head of the Genovese crime family to enforce the arrangement. … Keefe said he is filing a motion to revoke the marshal's involvement in Galante's business and to "revoke the monitor essentially before they run it into the ground." … Galante, the owner of Automated Waste Disposal on White Street and other trash companies, was indicted in a statewide racketeering case that prosecutors said has Mafia ties. … In a report filed last week in U.S. District Court in New Haven, federal monitors state that Galante's empire is suffering and if the federal marshals can't improve its financial shape in six months, the company should be sold."

IMMIGRATION:

Washington Governor Sends Gonzales Bill For Immigrant Incarceration. The AP (7/18, Corte) reports that Washington Governor Chris Gregoire "sent an invoice of nearly $50 million to Attorney General Alberto Gonzales on Monday, saying the federal government needs to reimburse the state for the cost of housing criminal illegal immigrants in state prisons." The AP continues, "Gregoire said that it's the federal government's responsibility to incarcerate illegal immigrants who have committed crimes, but that the state has been doing it for years. From July 2004 to June 2005, Gregoire said the state paid more than $27 million to house 995 prisoners. The U.S. Department of Justice has only reimbursed the state $1.7 million, and still owes $25.3 million. … She's seeking an additional $24.4 million reimbursement for the months from July 2005 to this May." The AP adds, "Gregoire said that the states have been forced to pick up cuts in Medicaid and homeland security and shouldn't have to shoulder the incarceration costs. … 'If we're going to continue to see nothing but cuts come our way, and accountability measures for us, then I think turnaround is fair play,' Gregoire said. 'They have to live up to their responsibility and we need to hold them accountable.' … Justice Department spokeswoman Kathleen Blomquist said her department would respond to Gregoire once the letter was reviewed." The AP notes, "Gregoire, a Democrat, said she talked with California Gov. Arnold Schwarzenegger, a Republican, and Arizona Gov. Janet Napolitano, a Democrat, about the immigrant incarceration issue at the Western Governors' Association meeting in Arizona last month. … 'We, all three, agreed that we were going to take action,' she said. Schwarzenegger has not sent such a letter but has fought to increase federal reimbursements, said his press secretary, Margita Thompson. California state officials have

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lobbied the White House on the issue, and Schwarzenegger brought it up with President Bush during a visit to Silicon Valley in April, she said."

North Carolina Officials Lobby For Immigration Court In Charlotte. The AP (7/18, Whitmire) reports, "Rep. Sue Myrick and Mecklenburg County Sheriff Jim Pendergraph on Monday unveiled a campaign to lobby for a Charlotte-based federal immigration court they believe would help manage the cases of the hundreds of thousands of people living in North Carolina illegally." The AP continues, "The state has the nation's eighth-highest estimated population of illegal immigrants - between 300,000 and 600,000, according to Myrick - but 16 states with lower estimated populations have immigration courts. All of North Carolina's immigration cases are handled in Atlanta." The AP adds, "The Justice Department is set to receive congressional funding this fall to open three new immigration courts, Myrick said. It is important, she said, that one be in North Carolina. … 'If these statistics don't prove we need an immigration court, I don't know what does,' Myrick, R-N.C., said before she and Pendergraph became the first people to sign a petition asking for the new court. … Myrick has been particularly active in her crusade for immigration reform since the July 16, 2005, drunken driving accident in coastal Brunswick County that killed constituent Scott Gardner of Mount Holly and severely injured his wife Tina. The couple's young children suffered minor injuries."

Many States Are Considering Cutting Services For Illegal Immigrants. The Washington Times (7/18, Seper, 88K) reports, "State lawmakers are offering more than 500 bills this year targeting state-mandated services, illegal aliens and the employers who hire them, responding to a growing chorus of public opinion nationwide calling for stricter enforcement of immigration laws. Led by Georgia, where benefits for illegal aliens were cut and stiff sanctions placed on employers who hire illegals, and by Colorado, which banned nonemergency services to those in the country illegally, at least 39 states have either proposed or passed similar legislation." According to the Times, "Lawmakers have focused on constituency concerns regarding an estimated 10 million to 12 million illegal aliens now in the country, resulting in rising costs for education and medical care, higher crime rates and exploitation by employers. … Other bills were passed in Arizona and Illinois, where U.S. citizenship or legal immigrant status is required to receive health benefits. Kansas will only provide unemployment benefits to citizens and those with legal immigration status, Wyoming bars noncitizens and nonlegal permanent residents from state scholarships, and New Hampshire requires proof of citizenship to register to vote."

Texas Hospitals Burdened By Uninsured Illegals. The New York Times (7/18, Preston, 1.21M) reports that "uninsured Hispanic immigrants with uncertain immigration status" have "flocked in recent years to public hospital emergency rooms and maternity wards in Texas, California and other border states. Their care has swelled costs for struggling hospitals and increased the health care bills that fall to states and counties, giving ammunition to opponents of illegal immigration who complain of undue burdens on local taxpayers. As a result, health care has become one of the sorest issues in the border states' debate over illegal immigration." According to a study ordered by commissioners in Houston's Harris County "about one-fifth of the patients in its health system last year were immigrants without documents, most of them from Mexico. Their numbers had increased 44 percent in three years, the study found, and their care had cost the county $97.3 million, about 14 percent of the health system's total operating costs."

House GOP Establishes "War Room" For Immigration. The Hill (7/18, O'Connor) reports, "House Republicans have organized a communications "war room" to push their enforcement-first strategy on immigration reform during the remaining months of the 109th Congress. … The 'war room' is not a physical space but rather a coordinated strategy to monitor local and national media coverage of the immigration debate and to saturate those markets with favorable comments about the House bill."

House Hearing To Consider Building Fence Along US-Mexico Border. The Washington Times (7/18, McCaslin, 88K) reports in its "Inside the Beltway" column, "Building a massive fence along the U.S.-Mexican border will be the subject of a hearing Thursday in the House, which passed a bill last year calling for the construction of 700 miles of fencing along the porous border. President Bush, who once said better fences make bitter neighbors, came around this spring to say he would support 370 miles of fencing, but no more."

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TAX:

Kansas City Attorney Pleads Guilty To Tax Evasion. The Kansas City Star (7/18) reports, "A third member of a now-defunct legal practice in Kansas City has pleaded guilty to not paying federal income taxes over a 10-year period through 2004." The Star continues, "Lynise Michelle Ratliff-Connor, 42, of Raytown, admitted last week that she willfully failed to pay $58,383 in income taxes in 2000 on $195,320 she earned from her law practice that year. … She also admitted failing to pay federal income taxes in 1994, 1995, 1996, 1997, 1998, 2003 and 2004. The IRS has yet to determine how much she owes for those years. … She also failed to pay $3,048 in income tax in 1999 and has yet to pay her 2002 taxes, according to her plea agreement." The Star adds, "Ratliff-Connor faces up to a year in prison and a fine of $25,000. … 'This is a practicing attorney who simply refused to pay her federal income taxes for more than a decade,' said U.S. Attorney Bradley J. Schlozman in a written statement. 'For an officer of the court to so egregiously violate the law is absolutely inexcusable.'"

CONGRESS-ADMINISTRATION:

White House Reiterates Bush's Intention To Veto Stem Cell Bill. CNN's The Situation Room (7/17, Bash) reported that as the Senate opened two days of debate on stem cell research, the White House reiterated "President Bush's promise to use his first veto on this bill." The Washington Times (7/18, Fagan, Dinan, 88K) reports, "The Bush administration said yesterday that the president will veto a bill to have the federal government fund more embryonic stem-cell research, issuing its statement on the day the Senate began debate on the bill and setting up the first major veto confrontation of this presidency. 'Destroying nascent human life for research raises serious ethical problems, and many millions of Americans consider the practice immoral,' the White House said in its official statement of policy on the bill."

The Washington Post (7/18, A4, Abramowitz, Babington, 748K) reports President Bush "is unwilling to tolerate deviations from his policy restricting federal funding for stem cell research that he set out in his first prime-time television address in August 2001. If all goes as scheduled later this week, he will do something he has avoided for nearly six years: veto a bill. … By refusing to budge from his position, the president also appears to be reaffirming his bona fides with religious conservatives who make up an important part of his political base."

Democrats Plan To Use Bush's Veto To Lure Swing Voters. The New York Times (7/18, Hulse, 1.21M) reports, "The Senate moved Monday toward approval of expanded federal spending on medical research using embryonic stem cells, but the immediate results of the legislation were likely to be more political than scientific. President Bush on Monday reiterated his intention to use the first veto of his presidency to kill the measure, which is scheduled for a vote on Tuesday afternoon." Democrats, "citing public opinion surveys showing that almost three out of four Americans back such research, say the issue is particularly potent with independent and more moderate Republican voters who could decide some of the most contested Congressional races this year. The issue has already emerged in Senate contests in Missouri, New Jersey, Pennsylvania and Ohio and is simmering in other Senate and House races." Sen. Charles Schumer is quoted as saying, "This will be one of the major issues of the campaign, and it is going to allow us to win voters we have not won before."

Specter Says GOP Delegation Will Attempt To Persuade Bush To Forego Veto. McClatchy Newspapers' Margaret Talev (7/18) reports that Republicans "are considering making appeals to President Bush to change his mind about vetoing the legislation. … Many Republicans were holding to the hope that a strong majority vote in the Senate might push Bush to reconsider the ethical objections he shares with many other religious conservatives." Sen. Arlen Specter is quoted as saying, "There will be a request from a large delegation of senators, including many of the president's strongest allies on the Republican side, urging him to sign the bill - and I think he may get a personal call from Mrs. Reagan."

The Wall Street Journal (7/18, Lueck, 2.03M) reports, "In yesterday's debate, lawmakers weighed input from top government scientists. In response to questions from two of the bill's sponsors," Specter and Sen. Tom Harkin, "officials from the National Institutes of Health noted the promise of embryonic stem-cell studies in helping to find treatments and cures for illnesses." James Battey, chairman of the NIH's Stem Cell Task Force, "said 'from a purely scientific standpoint it would be difficult to argue that more cell lines

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available for federal funding would not speed some areas of research.'"

Kennedy Claims Reagan Persuaded Lugar To Support Senate Bill. CQ Today (7/18, Crowley, Phillips) reports, "Supporters worked furiously Monday lobbying undecided senators to vote for legislation that would boost federal funding for embryonic stem cell research — and may have swayed one because of Nancy Reagan's efforts: Indiana Republican Richard G. Lugar. … According to Edward M. Kennedy, D-Mass., Reagan contacted Lugar and persuaded him to vote in favor of the bill when it comes to the floor Tuesday. 'She has offered to call and talk to anyone we wanted her to talk to,' said Kennedy, who would mention only Lugar by name but added that Reagan also had been in touch with 'some that have not said yes.'"

Frist Contends Opposition To Stem Cell Research Is Motivated By "Fear." The AP (7/18, Kellman) reports that in "an emotional session marked by tales of death and hope," the Senate "debated…whether the government should pay for new embryonic stem cell research, pushing a measure to do it toward passage and President Bush's first veto." The AP adds, "former first lady Nancy Reagan lobbied lawmakers on the bill's behalf." Senate Majority Leader Bill Frist "attributed the opposition to 'fear (that) can also delay scientific advances that are out there before us.'" Sen. Sam Brownback "appeared with three children adopted from in vitro fertilization clinics in an effort to put faces on the argument that frozen embryos could have a future other than being subjects of stem cell research." AFP also has a report on the stem cell debate.

The Washington Post's Dana Milbank (7/18, A2) writes, "Bush faces the prospect of casting his first veto this week against embryonic stem cell research, defying the wishes not just of a majority of Americans and their representatives but also of Nancy Reagan and those representing millions of people with Parkinson's disease, diabetes, spinal injuries and the like. Thus did Bush find…Specter…on the Senate floor yesterday comparing the president's position to those who opposed Columbus, locked up Galileo, and rejected anesthesia, electricity, vaccines and rail travel. Such attitudes 'in retrospect look foolish, look absolutely ridiculous,' said Specter, daring Bush to join them."

Coburn And Brownback Lead Opposition To Senate Bill. The Hill (7/18, Allen, Young) reports Sen. Tom Coburn "claimed a chair on the far right of the Republican side of the chamber and waited for opportunities to contradict supporters of the research." Coburn, "a practicing obstetrician and a two-time cancer survivor, pressured aides and fellow lawmakers into giving him short bursts of time to counter his opponents immediately, rather than making him wait for his appointed 15-minute slot late in the afternoon. … Coburn and his conservative colleagues spent much of yesterday trying to cast doubt on the widely held belief that research on embryonic stem cells holds more medical promise than research on other kinds of stem cells."

The Los Angeles Times (7/18, Hook, 918K) reports Sen. Sam Brownback "quoted Christian writer C.S. Lewis in calling the procedure an affront to human dignity: 'If man chooses to treat himself as raw material, raw material he will be.' … Brownback argued that a better fate for excess fertility clinic embryos would be to allow childless couples to adopt them for their own pregnancies."

Senate GOP's 2008 Hopefuls Split On Stem Cell Bill. CQ Today (7/18, Kady) reports, "Republican presidential aspirants are walking a very fine line between catering to their party's anti-abortion wing and still respecting the wide range of Republican voters — including Nancy Reagan — who believe embryonic stem cell research may hold the clues to curing a wide range of diseases." Senate Majority Leader Bill Frist "firmly favors a House-passed bill. … Yet Frist, who needs to woo social conservatives if he wants to compete in the primaries and caucuses in 2008, has been stressing to anti-abortion and religious activists that he also supports a different bill (S 3504) that would outlaw creating embryos solely for research purposes." Sen. Sam Brownback "adamantly opposes embryonic stem cell research, and spent much of Monday afternoon at news conferences and on the Senate floor giving speeches condemning the embryonic research as immoral." Sen. George Allen "is on the same page as Brownback but has been notably quiet on the divisive issue. Allen plans to vote against authorizing federal funding for embryonic stem cell research, according to his office." Sen. Chuck Hagel "also will vote against the House-passed embryonic stem cell legislation." Sen. John McCain "is planning to vote in favor of embryonic stem cell research" and "said he 'would deeply regret if the president's first veto was on this.'"

More Commentary. In an op-ed for the Washington Post (7/18, 748K) Sen. Bill Frist writes, "The three-bill package the Senate will vote on both recognizes stem cell research's potential to cure and confronts the ethical dilemmas it implies. Because it does both of these things, I

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believe it will protect human dignity, treat disease and save lives."

In an op-ed for USA Today (7/18, 2.27M) legal analyst Jonathan Turley writes, "The stem cell debate this time may be settled quickly with President Bush's first veto. In doing so, he effectively will choose to protect microscopic masses of cells instead of actual living, breathing human beings. And that's a travesty."

The New York Times (7/18, 1.21M) editorializes, "Our concern with the bill is how limited its reach would be. It would not allow federal financing of the most promising field of research, known as therapeutic or research cloning. … If it passes in the Senate, it seems almost certain to draw a veto from Mr. Bush, his first in six years in office. Then it will be up to the House and the Senate to summon the will to override the veto. If they fail to push through this very limited change in federal policy, voters will need to hold all recalcitrant legislators accountable for slowing research that holds great medical potential."

The Los Angeles Times (7/18, 918K) editorializes, "If, as threatened, President Bush uses his very first veto to block the bill, the rap on the GOP as the party hostile to science will continue to be deserved."

Data Intrusions Don't Surprise IT Experts. The Washington Post (7/18, Goldfarb, 748K) reports, "To government officials responsible for information security and to outside experts," a recent intrusion in the Agriculture Department's compute rsystem "and several recent security incidents at other agencies -- was no surprise. For the past five years, the department had received failing grades on a congressional report card for its information-security practices. … In the past few weeks, the Agriculture incident was joined by cases of potentially compromised data at Veterans Affairs, Health and Human Services, the Federal Trade Commission, the Government Accountability Office, Housing and Urban Development, the Navy, and the Energy Department. The State Department also suffered a series of hacking attacks. The VA incident, with a loss of data on 26.5 million veterans and military personnel, drew the sharpest public attention. The data were later recovered. But officials and experts say that the frequency of the recent security incidents is not unusual, and that much more work needs to be done in the federal government to implement effective cybersecurity policies." VA 11 Rep. Tom Davis (R), who chairs the House Governmnet Reform Committee, "said he worries about a kind of cyber Pearl Harbor, and the Pentagon noted in a statement that potential adversaries, realizing the United States's overbearing military might, 'see cyber attacks as an inexpensive means of leveling that battlefield.'"

OMB Boosts Data Breach Reporting Standards. United Press International (7/17) reports, "The U.S. Office of Management and Budget is boosting its standards on reporting breaches of data security. In an effort to improve the federal response to data breaches putting personal information such as Social Security numbers at risk, the OMB is eliminating the distinction between suspected and confirmed breaches for reporting purposes, GovExec.com reported Friday." UPI notes, "In the case of the early May Veterans Affairs Department data breach, it took weeks for senior officials within the agency to take notice of the incident."

Privacy Advocates See Problems Beyond Data Theft. On its Web site, Fox News (7/17, Simmons) reports, "With a rash of massive security breaches resulting from the recent thefts of government laptops, errant information posted on public Web sites and hacks of government computer security systems, some lawmakers have reignited their call for legislation to hike penalties for unauthorized access of personal information." However, "when the dust settles on the recent torrent of security breaches, privacy watchdogs say they are just as concerned about what the federal government is doing with the massive amounts of data it collects and uses as they are about how it plans to protect that data from falling into the wrong hands." Fox News notes the VA data theft, then adds, "Privacy advocates say they fear that government could keep uncomfortably close tabs on its citizens by comparing and contrasting the mountains of data it collects. And with the rapid changes in technology, an infinite number of other possibilities could surface."

Omnibus Appropriations Measure Seen As Likely. CQ (7/17, Higa) reports that if "all goes as planned, the Senate Appropriations Committee will approve all of its fiscal 2007 spending bills by the end of this week — with four subcommittee markups set for Tuesday and a mega-markup of the bills scheduled for July 20." The Senate "to date has passed just one of its 12 bills — Homeland Security (HR 5441) — and is likely to pass only one more, the Defense spending bill (HR 5631), before the August recess. In contrast, the House has passed all but one of its 11 spending bills, Labor-HHS-Education (HR 5647)." Despite statements

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"by the Appropriations chairmen — Sen. Thad Cochran, R-Miss., and Rep. Jerry Lewis, R-Calif. — expressing their desire to clear all of the spending bills separately as they did last year, a catchall omnibus measure is likely, according to some staff and lawmakers." Yet House Appropriations Committee spokesman John Scofield "reiterated Monday that appropriators are committed to avoiding an omnibus, even if not all of the individual bills can be cleared before the Nov. 7 elections."

Bill Targets Rumsfeld's Salary. The Hill (7/18, Tiron) reports that Rep. Carolyn Maloney "is pressing the Pentagon to implement promptly an incident-reporting system that would help track sexual-assault problems in the military." The "Defense Incident-Based Reporting System (DIBRS)" has been languishing for 18 years and will reportedly "be fully functional next summer." Maloney wants the system implemented by Jan. 1, 2007; she and her cosponsor in their bill "take the drastic measure of deducting $1,000 from the secretary of defense's pay for each day the system is overdue after Jan. 1."

Tenth Anniversary Of Federal Welfare Reform Spurs Reappraisals. USA Today (7/18, Wolf, 2.27M) reports on "the successes and frustrations in the decade since the nation's welfare system was overhauled to require work and limit benefits. … In the 12 years since caseloads peaked at 5.1 million families in 1994, millions have left the welfare rolls for low-paying jobs. Nearly 1 million more have been kicked off for not following states' rules or have used up all the benefits they're allowed under time limits. Today, 1.9 million families get cash benefits; in one-third of them, only the children qualify for aid. About 38% of those still on welfare are black, 33% white and 24% Hispanic. Three in four families on welfare are headed by unmarried women. As a result, employment rates for all single women rose 25% before declining slightly since 2001. Earnings for the poorest 40% of families headed by women doubled from 1994 to 2000, before recession wiped out nearly half the gains. Poverty rates for children fell 25% before rising 10% since 2000." HHS Secretary Michael Leavitt is quoted as saying, "It was a profoundly important philosophic shift. … This was…one of the few things in a decade you can look at and say the world really changed."

Senate To Consider Increasing Amtrak Subsidy 8% To $1.4 Billion. The AP (7/18) reports Amtrak "would see its federal subsidy increased by 8% under a bill ready to advance in the Senate. The national passenger railroad would receive a $1.4 billion federal subsidy for the budget year beginning Oct. 1. The figure is contained in an as-yet-unreleased bill slated for a vote today by the Senate Appropriations Transportation Subcommittee."

Successful Shuttle Mission Ends With "Picture-Perfect" Landing. ABC World News Tonight (7/17, story 10, 1:30, Gibson, 8.78M) reported, "NASA and the astronauts of Discovery are celebrating the shuttle's picture-perfect return to Earth today, the smooth landing put the finishing touch on a successful 13-day mission that had a lot riding on it." Reported Lisa Stark added, "This was the moment NASA had been waiting for, a flawless touchdown, capping a virtually trouble-free mission." Michael Griffin, NASA Administrator, is shown saying: "We need to not be overconfident. We need to not get ahead of ourselves."

The CBS Evening News (7/17, story 9, 0:15, Schieffer, 7.66M) reported, "The space shuttle returned to Earth today after 13 successful days in orbit. Discovery dropped through low clouds over the Kennedy Space Center. This is the first shuttle to land there since before the Columbia disaster in 2003. The mission was just about flawless and NASA says it proves it can safely resume construction of the International Space Station starting later next month."

NBC Nightly News (7/17, story 11, 0:15, Williams, 9.87M) reported, "Relief was palpable this morning at the Kennedy Space Center as space shuttle Discovery glided in for a smooth landing. It was the first shuttle flight in a year, just the second since the 2003 accident that killed seven astronauts on the shuttle Columbia."

The New York Times (7/18, Schwartz, 1.21M) reports, "With a distinctive double sonic boom and a whooshing glide to the ground, the space shuttle Discovery landed safely Monday morning, ending a nearly flawless 13-day mission. 'Welcome back, Discovery,' Stephen N. Frick, a NASA astronaut communicating with the shuttle from mission control in Houston, said to the shuttle commander, Col. Steven W. Lindsey of the Air Force, after the shuttle had come to a halt. Colonel Lindsey replied, 'This was a great mission, a really great mission.' The Discovery's successful return nonetheless marks the beginning of the end of the shuttle program, which President Bush has ordered to be shut down by 2010."

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The Washington Post (7/18, A02, Gugliotta, 748K) reports, "NASA Administrator Michael D. Griffin and other shuttle officials examined Discovery on the runway and confirmed what exhaustive tests and photographs had shown in space -- that the skin of the orbiter was virtually undamaged from launch debris or other mishaps. 'This is the cleanest orbiter that anyone ever remembers seeing,' Griffin said in a post-landing news conference. He added that with Discovery's successful completion of all its on-orbit tasks, it had finished 'as good a mission as we have ever flown.'"

The Los Angeles Times (7/18, Johnson, 918K) reports inside its "A" section, "NASA is now preparing to step up shuttle flights to an average of four a year in a race to finish work on the space station by the time the aging and glitch-prone shuttle fleet is retired in 2010. 'We don't have any slack, so we can't afford to mess up,' said Griffin, addressing reporters at Kennedy Space Center. 'We know what the job is before us, and we have to do it.' The next scheduled shuttle launch could come as early as Aug. 28. The shuttle Atlantis will carry a space station truss and a solar array. By this fall, Griffin will decide whether to attempt a repair mission to the deteriorating Hubble Space Telescope."

Next Missions Contain Complicated Operations. The Christian Science Monitor (7/18, Spotts, 58K) reports, "Over the next 12 to 18 months, NASA is loading its space shuttles with space-station elements that will push the orbiters to their cargo-carrying limits. The complexity and packed pacing of spacewalks that shuttle astronauts and the station crew will have to perform are unprecedented, NASA officials say. It's all in the name of putting the infrastructure in place to support the final elements - European and Japanese laboratory modules and a full crew of six - before the shuttle program ends in 2010. 'The operations we plan over the next 12 to 18 months are the most complicated things we've done in the history of manned spaceflight,' says Paul Hill, the mission-operations manager for the space-shuttle program. For the moment, however, NASA managers are savoring the success of Discovery and its six-member crew."

NYTimes Hopes Hubble Servicing Mission More Likely Now. In an editorial, the New York Times (7/18, 1.21M) says, "The gutsy decision by Michael Griffin, the NASA administrator, to launch the shuttle Discovery despite warnings that foam-shedding problems had not been fully resolved appears to be vindicated, at least for now. The shuttle landed safely yesterday after a 13-day mission in which all major objectives were achieved." The Times adds, "Discovery's seemingly unblemished flight raises some hope that a shuttle mission to rejuvenate the Hubble Space Telescope, NASA's most important scientific instrument, may prove feasible. Such a mission would be somewhat more risky than a trip to the space station because the astronauts would not have a place to take refuge were the shuttle orbiter to be damaged. But the scientific payoff, in our view, would be far greater than any likely research benefits from the space station."

Design Honorees Skip Event Hosted By The First Lady. The Washington Post's "Reliable Source" column (7/18, Argetsinger, Roberts) reports, "A handful of designers snubbed Laura Bush last week when she hosted a breakfast for the winners of the National Design Awards. Five honorees in the graphic design category skipped the July 10 gathering and sent the first lady a letter saying they were 'compelled to respectfully decline.' Their beef? Good design means 'words and images must be used responsibly, especially when the matters articulated are of vital importance to the life of our nation' -- and they felt the Bush administration had 'seriously harmed' political discourse."

Hastert Released From Hospital. The AP (7/18, Conrad) reports House Speaker Dennis Hastert "was released from a suburban Maryland hospital on Monday after spending several days being treated for" cellulitis, "a skin infection that appears as a swollen, red area that feels hot and tender, and that can spread rapidly without treatment."

OTHER NEWS:

US Industrial Production Sees Sharp Increase. The Wall Street Journal (7/18, Gerena-Morales, Park, 2.03M) reports US industrial production "rose sharply in June, fueled by strong demand for computers, metals and transit equipment, as capital investment by businesses helped to buoy the economy at a time of cooling consumer spending." The Federal Reserve "reported yesterday that output at the nation's factories, mines and utilities rose a seasonally adjusted 0.8% last month, following an upwardly revised 0.1% rise in May. The May gain originally was reported as a 0.1% decline. Total output in June was up 4.5% from a year earlier."

The New York Times/Bloomburg News (7/18) reports industrial production "rose at a higher-than-expected rate of

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0.8 percent last month as hot weather increased the use of electricity, while factories turned out more communications equipment and semiconductors." The "proportion of industrial capacity in use rose to 82.4 percent, the highest in six years." Production "increased in the second quarter at an annual rate of 6.6 percent, the fastest since the final three months of 1999 and a sign that corporate investment is sustaining economic growth as consumer spending slows."

Stock Markets Level Off After Three Sharp Declines. NBC Nightly News (7/17, story 9, 0:10, Williams, 9.87M) reported, "Checking in on Wall Street, little change there today. The Dow ended up 8 points [to close at 10,747.36]. NASDAQ rose just a third of a point in the day's trading [to close at 2,037.72]."

The Wall Street Journal (7/18, Browning, 2.03M) reports stocks "managed to end their string of sharp declines, but worries about the Middle East fighting kept indexes largely flat." After "falling more than 100 points in each of the previous three sessions, the Dow Jones Industrial Average edged up 8.01 points, or 0.07%, to 10747.36, leaving it up just 29.86 points for 2006. It has fallen nearly 900 points since hitting a six-year high May 10, and is nearing its 2006 low of 10667.39. Amid optimism the Mideast fighting might be contained, some investors decided that markets had fallen too far. They began buying stocks and selling oil and gold futures."

The Financial Times (7/18, O'Doherty) reports, "Wall Street traded nervously sideways yesterday as a sell-off in the energy sector dragged on markets that had bounced earlier in the day following stronger-than-expected economic data." At the close, "the S&P 500 was down 0.1 per cent or 1.71 points at 1,234.49, while the Nasdaq Composite was flat, up 0.37 points at 2,037.72."

Little Change In Treasury Prices Expected Before Bernanke Testimony. The Wall Street Journal (7/18, Ng, 2.03M) reports Treasury prices "settled little changed, ahead of events later this week. Narrow range trading is seen continuing until Wednesday, when attention focuses on inflation data and testimony on the economy and monetary policy from Federal Reserve Chairman Ben Bernanke before the Senate Banking Committee." At 4 PM, "the benchmark 10-year note was down 1/32 point, or $0.3125 per $1,000 face value, at 100 13/32. Its yield rose slightly to 5.073% from 5.071% Friday, as yields move inversely to prices. The 30-year bond was up 5/32 point at 90 26/32 to yield 5.106%, down from 5.117%."

Oil Prices Fall As Diplomacy Becomes Focus In Middle East. The Wall Street Journal (7/18, Farivar, 2.03M) reports oil prices "fell sharply amid a flurry of diplomatic efforts to put an end to the fighting between Israel and Hezbollah, halting a four-day winning streak for crude." The "nearby August crude contract on the New York Mercantile Exchange fell $1.73 to settle at $75.30 a barrel. The contract had climbed to a Nymex record $78.40 a barrel in electronic trading Friday."

ABC World News Tonight (7/17, story 6, 0:15, Gibson, 8.78M) reported, "Despite the ongoing crisis in the Middle East, US oil prices backed off today from last week's run up. The price of a barrel closed $75.30. That's down nearly $2. But the recent spike is reflected at the gas pump. The government says the average price of a gallon hit $2.99 last week, up 2 cents."

NBC Nightly News (7/17, story 10, 0:10, Williams, 9.87M) reported, "The national average for regular unleaded gasoline jumped to $2.99 a gallon. That is the highest price per gallon since the post-Katrina period last year."

Despite Rising Gas Prices, Consumers Buying Gas Guzzlers. The Wall Street Journal (7/18, Chon, 2.03M) reports as gas prices "again approach $3 a gallon, consumers are buying new vehicles that are faster and heavier than ever, and less fuel-efficient than 20 years ago, the Environmental Protection Agency says in a new report." The average fuel economy "of new 2006 models was virtually flat with a year ago at 21 miles per gallon, according to the latest EPA report, despite the increasing deployment of technologies such as systems that shut off cylinders in V-8 engines and six-speed transmissions." The "incremental gains from those technologies were offset by consumers, who continued to buy lower-mileage minivans, pickup trucks and sport-utility vehicles."

The AP (7/18, Thomas) reports the EPA says the "average fuel economy of 2006 model year vehicles remained constant compared with last year." The EPA report "showed fuel economy averages 5 percent below the peak of 22.1 mpg in 1987-88."

Drug Industry Expected To Get Windfall From Sales Of Drugs To Poor. The New York Times (7/18, Freudenheim, 1.21M) reports the

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pharmaceutical industry "is beginning to reap a windfall from a surprisingly lucrative niche market: drugs for poor people. And analysts expect the benefits to show up in many of the quarterly financial results that drug makers will begin posting this week." The windfall, "which by some estimates could be $2 billion or more this year, is a result of the transfer of millions of low-income people into the new Medicare Part D drug program that went into effect in January. Under that program, as it turns out, the prices paid by insurers, and eventually the taxpayer, for the medications given to those transferred are likely to be higher than what was paid under the federal-state Medicaid programs for the poor." About "6.5 million low-income elderly people or younger disabled poor people were automatically transferred into the Part D program for drug coverage."

Eyeing White House Bid, Clinton Has $22 Million In Campaign Coffers. The Hill (7/18, Bolton) reports that New York Sen. Hillary Clinton (D), "the early favorite to win the Democratic presidential nomination in 2008, has raised $44 million this election cycle and has $22 million in her campaign war chest, according to her latest finance report. She is pre-eminent among White House hopefuls in the Senate facing reelection this year who could have a significant financial advantage heading into the presidential primaries, new campaign-finance reports show." Clinton also "has raised $775,000 through the end of May in her leadership political action committee (PAC), Hill PAC, which has $100,000 in the bank. But money collected in the personal campaign account is more important in the 2008 calculus because it can be transferred to a presidential campaign." The Hill adds that Arizona Sen. John McCain (R), viewed by many as the presumptive GOP front-runner, "lags far behind Clinton in proto-presidential fundraising. His campaign, Friends of John McCain, has only $1.1 million on hand, having raised only $11,000 in the past three months, according to a campaign official. His leadership PAC, Straight Talk America, raised $2.12 million through May but had saved only $762,000."

Democrats Hope Support For Minimum Wage Hike Benefits Their Candidates. CQ Today (7/18, Wayne) reports, "Democrats are pressing on multiple fronts to increase the minimum wage, sensing an opportunity for political gain by contrasting the plight of low-income workers with congressional salaries and Republican efforts to cut taxes for wealthy Americans. … As a matter of policy and politics, it's not clear how much inaction will matter. Most Americans now live in states that have their own, higher minimum wages. And while the general public broadly supports an increase in the federal minimum, it is not in the top tier of issues considered important by voters. Democratic voters, however, consider the issue much more important than Republican voters."

Blogger Says Lieberman Provides Cover For GOP Actions. Duncan Black, writes the blog Eschaton www.atrios.blogspot.com under the pseudonym of Atrios, writes in the Los Angeles Times (7/18, 918K), "Many political observers have tried to paint the candidacy of [Sen. Joe] Lieberman's challenger, Ned Lamont, as merely a referendum on the invasion of Iraq, which Lieberman supported. … The war is certainly a reason…but those who focus only on that miss the broader opposition to Lieberman and the kind of politics he represents. For too long he has defined his image by distancing himself from other Democrats, cozying up to right-wing media figures and, at key moments, directing his criticisms at members of his own party instead of at the Republicans in power." Lieberman "has a long history of providing cover for the worst of Republican actions while enthusiastically serving as his own party's scold."

Harris Resting After Surgery. The AP (7/18) reports Rep. Katherine Harris "was 'resting comfortably' at her home Monday after surgery to remove an ovarian mass, her office said. Harris, a Florida Republican who is running for the U.S. Senate, underwent the procedure at Walter Reed Army Medical Center, her office said."

Friedman Defying Expectations In Texas Gubernatorial Race. The Washington Post (7/18, C1, Carlson, 748K) profiles humorist and author "Kinky" Friedman, who is running as an independent in Texas's gubernatorial race. According to the Post, "Some polls show Kinky running second to" Gov. Rick Perry. Campaign manager Dean Barkley, "the architect of Jesse Ventura's successful 1998 race for governor of Minnesota, is more optimistic. 'If 40 percent of registered voters turn out,' Barkley says, 'Kinky will win.' Barkley figures Kinky's image as a straight-talking outsider will appeal to angry, alienated folks who seldom vote. Kinky's campaign has raised more than

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$3.4 million…while enlisting an army of volunteers who gathered the signatures that put him on the ballot."

Reed Fighting For Survival In Georgia Lieutenant Gubernatorial Race. The Los Angeles Times (7/18, Fausset, 918K) reports that "for years," Ralph Reed "has been the clean-cut, boyish face of the conservative Christian movement — a behind-the-scenes whiz whom many credit with helping the GOP solidify power in Washington. Now, however, it appears he will need every ounce of that talent to survive his bid for the powerful post of lieutenant governor" in Georgia. His opponent, "conservative state Sen. Casey Cagle, has hammered Reed over his connections to" former GOP lobbyist Jack Abramoff, "the once-powerful Washington insider who in January pleaded guilty to fraud, tax evasion and bribery." Cagle has "criticized public relations jobs in which Reed rallied Christian conservatives to thwart regional gambling initiatives. In some cases, that work was funded by competing gambling interests represented by Abramoff, according to the conclusions of a U.S. Senate committee." If Reed "loses the primary, he will probably go down as a footnote in the Abramoff saga — a minor casualty compared with former House Speaker Tom DeLay (R-Texas), who resigned from Congress this year partly because of his ties to the lobbyist." But if Reed "wins the primary, he could pose a campaign risk for Georgia Republicans. The party's popular governor, Sonny Perdue, is up for reelection. And although Georgia's governor and lieutenant governor are independently elected posts, analysts say Democrats would probably try to portray Reed and Perdue as a team in the general election — and saddle Perdue with Reed's baggage."

Quayle Walks Out Of John Mellencamp Concert. The Washington Times (7/18, Pierce, 88K) reports in its "Inside Politics" column, "Dan Quayle took time out from participating in the American Century Celebrity Golf Championship in Stateline, Nev., on Friday to attend pop singer John Mellencamp's concert, only to run into a political statement, according to the San Jose Mercury News in California. Mr. Quayle then made a statement of his own by walking out during Mr. Mellencamp's rendition of 'Walk Tall.' Before beginning the song, Mr. Mellencamp told the Harveys Casino crowd that it was dedicated to everyone hurt by policies of the current Bush administration."

Bush Skeptical Of Plan For UN Force In Lebanon. President Bush expressed skepticism about a proposal to deploy an international peacekeeping force to the Israeli-Lebanon border in an effort to quell the escalating violence and enforce a cease-fire. Bush was portrayed in the media as at odds with European G8 leaders who were described as all supporting the plan. National TV network and major US newspaper coverage of the Administration's response to the escalating Mideast violence focused on President Bush's remarks criticizing Syria and UN Secretary General Kofi Annan, with all three networks covering Bush's inadvertently public remarks due to a microphone mistakenly kept open.

ABC World News Tonight (7/17, story 4, 1:50, Gibson, 8.78M) reported, "For the first time today, the international community began to talk about how to end this crisis. British Prime Minister Tony Blair and UN Secretary-General Kofi Annan today called for an international force, perhaps UN troops, to step in and police the Israeli/Lebanese border. And President Bush seemed open to the idea, expressing his reaction to the overall crisis, in a candid and colorful way." ABC (Raddatz) noted at the end of its story, "The White House made no apology for President Bush's words, saying he said what he said, his words speak for themselves."

Opening its broadcast the CBS Evening News (7/17, lead story, 4:25, Schieffer, 7.66M) noted, "Britain and the head of the UN Kofi Annan want to put a peacekeeping force into Southern Lebanon and Russia is offering to supply some of the troops. So far the United States has not signed on to that. But Secretary of State Rice is planning to visit the region.

In more detail later the CBS Evening News (7/17, story 6, 1:10, Axelrod, 7.66M) reported, "Chomping on a dinner roll, Mr. Bush tells Mr. Blair his view of ending the crisis in the Middle East, but not in the diplomatic language of the summit." President Bush: "The irony is what they need to do is get Syria to get Hezbollah to stop doing this s---t and it's over." Axelrod: "The President is also overheard criticizing UN Secretary General Kofi Annan." President Bush: "I felt like telling Kofi to get on the phone with Assad, make something happen." Axelrod: "The open mike only makes public the reality that had been emerging in private. The lack of consensus about the best way to stop the violence in the Middle East is raising tension levels among the leaders trying to come up with the plan."

NBC Nightly News (7/17, story 4, 2:10, Gregory, 9.87M) also described Bush's "blunt" remarks as "providing a window

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into his frustration with the diplomatic efforts now to end the violence" but also reported, "Administration officials were adamant today that conditions must first be met before a cease-fire." John Bolton, US Ambassador to the United Nations: "I think you would have a cease-fire in a matter of nanoseconds if Hezbollah and Hamas would release their kidnap victims and stop engaging in rocket attacks and other acts of terrorism against Israel." Gregory: "And so it's clear there is no daylight between the US and Israel over what it would take to end the violence, but US officials saying tonight that Israel has been counseled to avoid civilian casualties and the destruction of civilian infrastructure in Lebanon."

CNN's The Situation Room (7/17, Malveaux) reported that "during the G-8 summit the President was dogged with questions about how the US would work with its allies to try to de-escalate the crisis in the Middle East." CNN added, "The White House spokesman says that while the President's private comments may have been more blunt, that they certainly are consistent with what the President has said publicly in calling for peace in the Middle East."

Fox News' Special Report (7/17, Baier) reported, "Senior aides say while the President's remarks caught on that open microphone were more blunt, they basically mirror his public comments on the issue -- that world leaders have to speak with one voice to address the root causes of the Middle East crisis."

Major US newspapers also all included articles on Bush's candid remarks. The New York Times (7/18, Rutenberg, 1.21M) adds, "Whether the cause was poor staff work by the Russian hosts or something more calculated, the result was more interesting and revealing than the catalog of official statements the leaders had issued during their talks." The Times notes, "After a day in which aides stressed they had achieved international unity here on the Middle East violence, Mr. Bush complained about Mr. Annan's approach to the crisis."

The Washington Post (7/18, C1, Baker, 748K) reports, "After days of polite diplo-speak, reading from talking points and sticking to the script, here was the unguarded Bush, the impatient Bush, the small-talking Bush marveling at how long it takes to fly around the world and asking the waiter to make sure his Coke was diet." And Bush's remarks "also punctured the White House line that all the leaders here at the summit shared the same view of the Middle East, a line that was never all that convincing in the first place."

USA Today (7/18, Jackson, 2.27M) quotes University of Texas communications and government professor.Roderick Hart saying, "That image of being a plain talker is part of the problem he has internationally, where the issues are far more nuanced. … Internationally, he is not seen a man of great nuance and complexity." But "White House press secretary Tony Snow played down the incident. 'His reaction first was, what did it say,' Snow said when asked about Bush's comments. 'So we showed him the transcript. Then he rolled his eyes and laughed.'"

The Financial Times (7/18, Daniel)'s reporting of the remarks is entitled, "Bush Confirms Reputation As Straight Talker." The "coarse exchange appeared to underline Mr. Bush's preference for colloquial straight talking Texan over diplomatic ambiguity. Mr. Bush remains the gung-ho leader, with a black and white view of the world, clearly dividing it into enemies and friends."

The AP (7/18, Aversa) reports Bush "expressed his frustration with the United Nations and his disgust with" Hezbollah. The Los Angeles Times (7/18, Gerstenzang, 918K), McClatchy Newspapers (7/18, Douglas) and Bloomberg (7/18, Murray) report similar details.

Diplomatic Proposals Seek To Quell Crisis. The major US newspapers also provided more detailed coverage on the international peacekeeping proposal and the Administration's response. The Washington Post (7/18, A1, Finer, Shadid, 748K) reports that as the death toll continued to rise in the fighting between Israel and Hezbollah fighters in Lebanon, a "flurry of diplomatic efforts to bring about a cease fire and quell the crisis" have been forthcoming. British Prime Minister Tony Blair and U.N. Secretary General Kofi Annan "called for deployment of multinational peacekeeping forces to southern Lebanon. U.S. officials called such a move premature, but did not reject it; Israeli officials did. Hours after that proposal, Israeli Prime Minister Ehud Olmert vowed that Israel would not halt its offensive on Lebanon until four conditions were met: the release of two soldiers abducted last week, the deployment of the Lebanese army along a buffer zone at the border, the withdrawal of Hezbollah fighters from that zone and the implementation of U.N. Resolution 1559, which calls for the disarmament of militias such as Hezbollah, a radical Shiite Muslim group."

The Washington Post (7/18, A15, Baker, Wright, 748K) reports, "U.N. and European leaders pressed Monday for an international peacekeeping force to be sent to Lebanon to defuse the conflict with Israel, an approach that ended in

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failure two decades ago when a U.S.-led foreign troop contingent was driven out by violence." G-8 leaders, led by British Prime Minister Tony Blair and French President Jacques Chirac, "asked the U.N. Security Council to study creation of an 'international security/monitoring presence.'" The Post says Blair "lobbied President Bush and other skeptics to embrace the idea, and U.N. Secretary General Kofi Annan endorsed it." The announcement "emerged as perhaps the biggest surprise of the G-8 summit." Administration officials "said the approach in some form may be acceptable to the United States. The United States and its allies are considering a variety of options, including a U.N. or European Union force, and the subject is to be discussed at the United Nations on Thursday." Ambassador Bolton "raised skeptical questions in New York." Assistant Secretary McCormack said Secretary Rice "will make an emergency visit to the Middle East to seek a settlement. Her dates and itinerary are still to be set."

Extensive New York Times (7/18, Erlanger, Mouawad, 1.21M) front page coverage highlights Blair and Annan as the principle backers of the force, saying the US and Israel "reacted skeptically." The "increased efforts to turn to diplomacy showed little prospect of an immediate way out." Secretary Rice "will travel to the Middle East to try to resolve the crisis," but "the timing is still up in the air, and the trip will be a gamble." Israeli Ambassador Daniel Ayalon "said on CNN that it might be too soon for Ms. Rice to accomplish anything."

Under the headline, "Bush Doubts Lebanon Peace Plan," the Financial Times (7/18) reports, "Europe's leaders on Monday sought to build momentum behind a United Nations plan to send soldiers to the conflict zone in Lebanon." Blair, Chirac and German Chancellor Angela Merkel "rallied behind the proposal to deploy thousands of soldiers to southern Lebanon to serve as a buffer between the battling forces. This would supplement a UN force of 2,000 already in the area with a mandate to restore 'peace and security.'" UN Secretary-General Kofi Annan "called on the UN Security Council to discuss the stabilisation force at the end of this week, adding: 'I appeal to governments . . . to make sure that we have the troops; well-trained, well-equipped troops that can go in quite quickly.'"

A separate Financial Times (7/18) piece focuses on Annan's role in shaping thinking about the force. The AP (7/18, Crutsinger) notes leaders were "considering the possibility of sending international peacekeepers to stop Hezbollah from bombing Israel," and says the "the Mideast situation overshadowed the" G-8 Summit.

The AP (7/18, Frayer) notes "Bush and others have come under criticism for taking little seeming action while the Islamic militant group fired rockets at Israel and the Israelis retaliated with airstrikes." Yet Blair joined Annan "in calling for deployment of international forces."

McClatchy Newspapers (7/18, Nissenbaum) says, "International diplomats swung into action Monday" and "After days of saying it wouldn't intervene in the conflict, the Bush administration also began showing an interest in brokering an end to the fighting." USA Today (7/18, For, 2.27M) notes that despite the support of many European and international leaders, "No immediate diplomatic breakthrough was apparent." The Washington Times (7/18, Kralev, Pisik, 88K) reports similar details.

Burns Describes US Concerns About International Peacekeeper Plan. Providing the most detailed and substantive coverage of the Administration's response among the TV networks, the CBS Evening News (7/17, story 5, 4:50, Schieffer, 7.66M) interviewed Undersecretary of State Nicholas Burns who "told me we can expect to see the United States play a much more visible diplomatic role in all of this." Burns: "We are in the middle of the action, Bob, trying to resolve this very serious crisis along the Lebanon-Israel border." At the G8 summit "what was remarkable about that discussion was the degree of unanimity on what the problem is. Hezbollah started this. And Hezbollah has to stop the rocket attacks and return the Israeli soldiers. That will be the beginning of a diplomatic process that could lead to a resolution, and a cessation of the violent activity." Asked whether the Administration was ready to "sign on to" the plan to provide an international peacekeeping force Burns replied, "We're not quite ready to sign on to it because right now it is a rather amorphous idea. The discussion at St. Petersburg if the international community working through the United Nations could work to solidify the border and give confidence to both Israel and the Lebanese government that that border could be secure, that would be a major step forward."

Bush Reveals Plans To Send Rice To Middle East. CNN's The Situation Room (7/17, Blitzer) reported that President Bush "revealed he's planning to send the Secretary of State Condoleezza Rice to the region. No date for Dr. Rice's trip has yet been set." The Washington Times (7/18, Curl, 88K) reports similar details.

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Providing in depth coverage of the Administration's response, the CBS Evening News (7/17, story 5, 4:50, Schieffer, 7.66M) interviewed Undersecretary of State Nicholas Burns who was asked whether Secretary of State Condoleezza Rice will "begin to take a higher profile role here?" Burns: "Absolutely. Secretary Rice has decided and the President has asked her to go to the Middle East. It will be quite soon. She will obviously travel directly to the region and she will engage the leadership of the region in ways that we hope will bring an end to the fighting and bring security to Israel. And obviously bring relief to the suffering civilians in Lebanon, as well as in Israel, as well as in Gaza, so many people have suffered."

Impact Of Rice's Planned Visit Questioned. The AFP (7/18, Collinson) reports Secretary Rice "laid plans to visit the crisis-torn Middle East, as Washington refused to endorse calls for an immediate ceasefire between Israel and Hezbollah." Assistant Secretary McCormack "confirmed Rice was preparing a visit, after" President Bush "said she would go 'soon.' McCormack said Rice wanted to hear from a United Nations crisis mission expected to report back to UN Secretary General Kofi Annan later this week before leaving. 'Her goal would be to further the diplomacy that would lay the groundwork for a lasting cessation of violence,' he said, apparently seeking to downplay expectations for a breakthrough." AFP notes, "Though Rice's presence would kick diplomatic efforts into higher gear, it remained uncertain how she could immediately ease the crisis. She has already cautioned her trip does not mean a return to the days when US secretaries of state zipped across the region brokering ceasefires." Speaking broadly about the region, AFP says, "With only a few exceptions, the Bush administration has been loath to delve into the minutiae of Middle East peacebrokering favored by former president Bill Clinton, for instance. Some experts question whether Rice should risk her own prestige, given the long odds of pulling off a success, especially given the US refusal to talk to Iran and Syria, which it accuses of masterminding Hezbollah's action."

Bolton Says Israel Is Exercising Its Legitimate Right Of Self Defense. John Bolton, the US Ambassador to the UN, said on CNN's Lou Dobbs Tonight (7/17), "Right now we think Israel is exercising its legitimate right of self-defense." Bolton added that a "cease-fire could be brought about within a few seconds if Hezbollah released the two Israeli soldiers that it captured, just as in the Gaza Strip, if Hamas released the Israeli soldier they captured. This is not a question of balance here. There's a terrorist attack committed against Israel combined with numerous rocket launches. And what the Israelis are doing is no different than what any responsible government should do to protect its citizens." Bolton added, "The root cause here is that groups like Hamas and Hezbollah continue to reject any acceptance of the state of Israel. And as the G8 leaders said in St. Petersburg, that kind of extremism in the Middle East has to stop."

Israel Not In Favor Of International Peacekeeping Force. ABC World News Tonight (7/17, story 5, 2:10, Gibson, 8.78M) reported, "The Israeli government is not in favor of an international peacekeeping force, at least right now. For them, this is still a military operation, to defeat an enemy that has long sought to destroy them." Israeli Foreign Minister Tzipi Livni said an international peacekeeping force "will be part of the discussions" but later added that the "best option, of course, is to get the Lebanese army on the border. But in the Middle East, you have to choose between bad options. It's not always about the best option."

Mideast Conflict Exacerbates US-Russian Tensions. The Wall Street Journal (7/18, Dreazen, 2.03M) reports, "The U.S. and Russia differ sharply on the causes and cures for the outbreak of Middle East violence, complicating the diplomatic response and further straining relations between Washington and Moscow." Tension between Bush and Putin "hung over this year's Group of Eight summit here, as the two sides traded jabs over whether responsibility lay with Israel or the Lebanese-based Hezbollah militia. It also heralded further diplomatic strains, because Russia's proposals -- negotiating with Hezbollah, pressing Israel to halt its offensive and resisting efforts to lay blame on Syria and Iran -- run counter to those of the U.S." But although "the gap between the U.S. and Russia looks to be widening over the Middle East, the summit seemed to chart new agreement between the U.S. and its European allies," as "the public statements of most G-8 leaders seemed closer to Mr. Bush's than Mr. Putin's."

Mideast Violence Escalates. The escalating violence in the Mideast and its toll on civilians continues to dominate the media, leading all three national network TV programs and garnering front page coverage on the major US newspapers. ABC World News Tonight (7/17, 2:30, lead story, 3:30, Gibson, 8.78M) reported, "There was a great deal of war-like action today. But so were the first time, were there words from the nations outside the region about how the

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crisis in this area might be resolved. First, today's events -- rockets and bombs fell for a sixth day on both sides of the Israeli/Lebanese border. Israeli air attacks have killed more than 200 people in Lebanon. Hezbollah attacks have killed more than 24 people in Israel. The Israeli Prime Minister, Ehud Olmert, gave a fiery address to the Israeli Parliament saying his country's offensive would stop only if all captured Israeli soldiers were released, if Hezbollah ends its attacks on Israel and if Hezbollah leaves the area it controls on the northern border. The exodus of people anxious to get out of Lebanon has begun."

The CBS Evening News (7/17, lead story, 4:25, Schieffer, 7.66M) reported, "The crisis in the middle east grew even worse today. And here is the latest. Casualties in Lebanon have now passed 200 dead, 400 wounded. Israel counts 24 dead, 12 of them soldiers." CBS (Logan) added, "This has been a day of terror for people here, and all over northern Israel.

And later he CBS Evening News (7/17, story 3, 2:30, Logan, 7.66M) reported, "Israel's government hinted today that a cease-fire with Hezbollah might be possible. But with the rockets still flying on either side, there was no hint of a compromise." CBS (Alfonsi) added, "You didn't have to speak Hebrew to know that Israeli Prime Minister Ehud Olmert was not talking about backing down. Today he told the Israeli Parliament that until the two kidnapped soldiers were returned the rocket attacks stop, and the Lebanese army is deployed to the border, he will have no mercy for militants. Olmert is not calling for the total dismantling of Hezbollah."

NBC Nightly News (7/17, lead story, 3:10, Williams, 9.87M) reported, "Today, the attacks and counterattacks intensified. Just tonight, a barrage of 40 Hezbollah rockets landed in the port city of Haifa in Israel and the surrounding region. Israel continued to pound Beirut and other suspected Hezbollah locations today and tonight. They have just announced they are calling up thousands of reserve troops to deal with the situation."

The CBS Evening News (7/17, story 11, 0:50, Logan, 7.66M) reported that despite diplomatic talks, "there has been no letup in the military campaign here. Israeli warplanes have continued to strike targets in south Lebanon and in south Beirut, into the early hours of the morning. We've been hearing the thunder of huge explosions in the distance but there is still a chance for diplomacy because Israel doesn't want a return to all-out war. At the same time, you know, Israelis are almost universally united in backing the government in their campaign against Hezbollah."

In Haifa, Israel, ABC World News Tonight (7/17, story 3, 2:30, Gibson, 8.78M) reported, "Ambulances were seemingly headed in every direction. Shopkeepers quickly closed their shops." Yet "surprisingly, there is no mass migration out of the city."

The New York Times (7/18, Fattah, 1.21M) reports, "On Saturday and Sunday, Israeli warplanes carried out their heaviest bombing yet of southern Lebanon, and there was enough horror to go around. On Sunday, at least 10 people, including children, were killed when a bomb aimed at the civil defense headquarters here demolished the top two floors of the building. Their mangled bodies were pulled out of the rubble on Monday."

The New York Times (7/18, Myre, 1.21M) notes in Nahariya, Israel, "where Hezbollah rockets have been a threat for decades, taking cover in bomb shelters has become as commonplace as bracing for a hurricane is in Florida." The Wall Street Journal (7/18, El-Rashidi, Fam, 2.03M), the Washington Post (7/18, A12, Wilson, 748K) and the Washington Post (7/18, A1, Shadid, 748K) also report on the toll on Israeli and Lebanese civilians.

Israeli Attacks Degrading Hezbollah Military Capability. NBC Nightly News (7/17, story 2, 3:25, Fletcher, 9.87M) reported, "Military analysts say so far, Israel destroyed about 25% of Hezbollah's strength. Hezbollah's rate of launching rockets has gone down from 200 a day to 50 today. But…" Ehud Barak, former Israeli Prime Minister: "It's still far from the end, and they still have thousands of Katyushas and dozens of launchers." Fletcher: "Military sources say Israel could keep attacking for another week or 10 days. That is how long they think it will take to cripple Hezbollah.

USA Today (7/18, Frank, 2.27M) reports that Israeli officials and experts say Israel's offensive into Lebanon is a "temporary campaign designed to weaken Hezbollah militants and establish a buffer zone between Israel and Lebanon." Israel "says it wants to end the missile attacks into northern Israel from Hezbollah positions in southern Lebanon. … Israel's goals go beyond trying to get back the two soldiers and stop the missile attacks, but stop short of a large ground invasion."

Columnist E.J. Dionne also cites Hezbollah's ties to Iran and Syria, writing in the Washington Post (7/18, A19, 748K), "The most frightening aspect of this war is that the logic for escalation is far stronger than the logic for de-escalation. If

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Hezbollah's power is not severely degraded, Israel will remain vulnerable. … As long as Hezbollah continues to receive support from its Iranian patrons and its Syrian partners, it will be able to re-create itself, building on long-standing Shiite grievances. Absent such support, the movement would wither militarily."

Fighting Reveals Hezbollah's Weapons Are More Powerful Than Before. Fox News' Special Report (7/17, Hume) reported, "Today's fighting revealed Hezbollah has more powerful weapons than it once did and is therefore a greater threat to Israel than it once was."

Israel Says It Has No Plans To Attack Iran, Syria. CNN's The Situation Room (7/17, Amanpour) reported that the Israelis "are telling us that they don't have any plans to widen this war, no plans to attack Iran or Syria, unless of course they are directly attacked by those countries. On background we are hearing from officials that there is no plan for any kind of ground invasion of Lebanon and at the moment it seems they are trying to establish a buffer zone, which apparently they think they can patrol from the area, buffer zone between Hezbollah and the southern border of Lebanon, buffer zone between Lebanon and Israel."

Lack Of Troops Said To Reduce Syria's Ability To Influence Hezbollah. The CBS Evening News (7/17, story 4, 2:20, Roth, 7.66M) reported, "Syria is not just anxious tonight about a conflict it never imagined would grow so big, it is also worried there is now real risk in trying to rein in the militants it sponsors. Giving up an ounce of support for Hezbollah would infuriate thousands of Syrians who have swarmed through the streets of Damascus today." And "part of the blame for that is put on US policy. Last year America and its allies pressured thousands of Syrian troops to leave Lebanon. The idea was to promote democracy in Lebanon but the effect was to leave Hezbollah unchecked and virtually free to attack Israel."

Israel Signals Terms For Cease Fire. The Wall Street Journal (7/18, 2.03M) reports, "Diplomatic efforts gained traction with Israel signaling it might scale back its demands. Israeli Prime Minister Ehud Olmert said fighting would halt only if Hezbollah, a Shiite militia that controls much of south Lebanon, pulls back from the border and releases the two soldiers whose capture last week triggered the Israeli offensive."

The Los Angeles Times (7/18, King, Stack, 918K) reports, "Even Iran and Syria, Hezbollah's primary supporters, appeared to join those searching for a way out of the raging 6-day-old battle between Israeli forces and the Shiite Muslim group that has left Lebanon's infrastructure in ruins and terrorized Israelis living under a hail of rocket fire."

Daniel Ayalon, Israel's Ambassador to the US, said on CNN's The Situation Room (7/17) that Israel would "gladly" accept a cease fire, but "for a cease-fire, a real cease-fire, we need to get our soldiers back home. There are two kidnapped soldiers that were kidnapped across our international borders. And if we get them back, I guess cease-fire negotiations could indeed be on the table." Ayalon added, "As long as these two soldiers are in the hands of the Hezbollah, that means an ongoing continuation of hostility. That doesn't mean a cease-fire."

Syria, Iran Signal Support For Cease-Fire, Prisoner Exchange. The CBS Evening News (7/17, story 4, 2:20, Roth, 7.66M) noted that "despite the public anger," in Syria "a hint of compromise behind the scenes. After meeting Syrian officials, Iran's foreign minister said it would be acceptable and fair now to end the fighting with a cease-fire and a prisoner swap between Hezbollah and Israel. The idea is not new but coming from Hezbollah's two chief sponsors, Iran and Syria, it does send a new signal." Marwan Kabalan, Damascus University: "This signifies that nobody wishes things to go -- I mean to the point where we have something like an all-out war in the region."

Mahmoud Says Israeli Soldiers Can't Be Returned Under These Conditions. Nouad Mahmoud, a representative of Lebanon's Ministry of Foreign Affairs, said on CNN's The Situation Room (7/17) that the Israeli soldiers "cannot be returned under these conditions. I mean, it's not in our hands now, but it will be better conditions if we get diplomacy a chance."

Clinton Defends Israel's Bombardment Of Lebanon. The New York Times (7/18, Healy, 1.21M) reports, "Speaking at a boisterous rally for Israel near the United Nations headquarters this afternoon, Senator Hillary Rodham Clinton said she supported taking 'whatever steps are necessary' to defend Israel against Hamas, Hezbollah, Iran and Syria in the military conflict in the Middle East. … 'We will stand with Israel because Israel is standing for American values as well as Israeli ones,' said Mrs. Clinton."

US Seen As Risking Democracy In Lebanon By Supporting Israel. At the end of a story examining the motivations of the nation's supporting Hezbollah and Israel NBC Nightly News (7/17, story 7, 2:15, Mitchell, 9.87M) reported, "What does Iran get out of this fight? It gets a proxy

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war that damages Israel and tells the world, 'Don't get too aggressive in the nuclear showdown with Iran.'" Yet "why has the United States given Israel a green light? Experts say, since the Administration won't deal with Iran or Syria, having Israel fight Hezbollah is the only way to control the terror group and indirectly strike a blow at its chief sponsor, Iran. The risk? Instead of helping Lebanon's government to crack down on Hezbollah, Israel's barrage could cause the government to collapse, creating even more danger for Israel."

Former Israeli Leader Compares Hezbollah Attacks To 9/11. In a story on the threat to Tel Aviv NBC Nightly News (7/17, story 15, 1:40, Williams, 9.87M) reported, "This city is Israel's New York. It is believed they may have these long-range missiles. What is the chance we will hear sirens here?" Ehud Barak, former Israeli Prime Minister: "You could hear it an hour from now or tomorrow night. But, as you mentioned, New York stood up after a very demanding ordeal in 9/11 and America was ready to respond."

Key Arab Governments Chastise Hezbollah.

Key Arab governments have taken what the New York Times (7/18, Fattah, 1.21M) calls the "rare step of blaming Hezbollah" for the recent violence. In a move the Times says underscores "their growing fear of influence by the group's main sponsor, Iran," Saudi Arabia, with Jordan, Egypt and several Persian Gulf states, "chastised Hezbollah for 'unexpected, inappropriate and irresponsible acts' at an emergency Arab League summit meeting in Cairo on Saturday." The Times adds, "It is nearly unheard of for Arab officials to chastise an Arab group engaged in conflict with Israel." But "the willingness of those governments to defy public opinion in their own countries underscores a shift that is prompted by the growing influence of Iran and Shiite Muslims in Iraq and across the region."

And he Washington Post (7/18, A12, Mosher, 748K) in an article titled "From Arab Leaders, Sympathy For Civilians But Not Hezbollah" reports, "In comments, news conferences and official statements, leaders from throughout the Arab Middle East have voiced concern over the plight of the people of Lebanon and their government, as well as for Palestinians in the Gaza Strip, the focus of an Israeli operation that is now ending its third week. A few countries -- notably Saudi Arabia and Jordan, both U.S. allies -- have made clear that their sympathy does not extend to Hezbollah and suggested that violence that followed Wednesday's raid into Israel by the Lebanese Shiite militia could -- and should -- have been avoided."

However, the Christian Science Monitor (7/18, Murphy, Naguib, 58K) reports that "winds of anger are blowing through the Middle East that are likely to strengthen the political hand of radical Islamists from Egypt to Saudi Arabia. … Islamists who are hostile to Israel and the US - and to their Arab allies who have criticized Hizbullah - are shoring up support, increasing the chances they will seize power if the elections President Bush has urged for the region take place." The Monitor notes that while some countries have condemned Hezbollah, "countries like Egypt and Saudi Arabia have little influence over the militant Shiite group and its backers Iran and Syria, so their statements may be of little practical value. Instead, their comments emphasize the widening gap between these regimes and their people."

Syria's Assad Expected To Be A Key Figure In Diplomatic Efforts To Contain Warfare. A front pag 1,555-word analysis in the Wall Street Journal (7/18, Leggett, Fam, King, 2.03M) reports that Syrian President Bashar Assad will likely be a key player in determining if diplomatic initiatives to contain the warfare will succeed. According to the Journal, Assad's "decisions in the coming days could either escalate or defuse the crisis that has enveloped his country, neighboring Lebanon and Israel. It is a return to regional pre-eminence for Syria, which under President Assad's late father, Hafez el-Assad, was at the center of power politics in the Mideast for years." The Los Angeles Times (7/18, Murphy, 918K) also focuses on Syria's role.

Broader Middle East War Seen As Unlikely To Arise From Conflict. The Christian Science Monitor (7/18, Sappenfield, 58K) reports that a broader Middle East war is unlikely to arise out of the conflict between Israel and Hezbollah. The Monitor notes, "There is no coalition of Arab governments willing to unite militarily against Israel. Syria's military prowess has crumbled since the fall of the Soviet Union - its greatest benefactor - while Iran remains too geographically remote to strike effectively. The result is a new paroxysm of the proxy war that has existed in the region for a generation - ebbing and flowing as Hizbullah, armed and financed by Iran and Syria, harass Israel without provoking a major Middle East war, military analysts say."

Editorials Blame Iran, Syria For Israel-Hezbollah Conflict. Several editorials and op-eds this morning blame Iran and Syria for current fighting between Israel and Hezbollah in Lebanon. The Wall Street Journal (7/18, 2.03M)

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editorializes that the war could be "a clarifying moment if the world draws the proper lessons. To wit, this is a preview of what the Middle East will look like if Iran succeeds in going nuclear." Hezbollah "is a military creature of Tehran. … The question going forward is whether the Bush Administration will acknowledge this Lebanon conflict as the strategic threat it is and fight back accordingly. … Iran is testing the world right now. And if there is to be any hope at all of a diplomatic solution to its nuclear program, the mullahs have to see that their military option won't be tolerated."

Likewise, an editorial in the Washington Post (7/18, A18, 748K) says that "the current warfare in Lebanon, Gaza and Israel stems not from Israel's occupation of Arab lands or its holding of Palestinian and Lebanese prisoners, but from a blatant bid by Iran and Syria and their allies in Hamas and Hezbollah to stop the creation of a democratic Palestinian state in the West Bank and Gaza and the parallel consolidation of a democracy in Lebanon. It follows that the only satisfactory outcome to the conflict would be a decisive defeat for those extremist forces."

An editorial in the New York Times (7/18, 1.21M) says that the "only beneficiaries of a wider war would be Iran, Syria and the armed Islamic radical groups that they support throughout the region. The challenge for everyone else is to find a formula to achieve peacefully what just about every country apart from Syria and Iran now seems to agree has to happen. Hezbollah should disarm its private militia, stop operating as a state within a state in southern Lebanon and allow the Lebanese government in Beirut to exercise the full sovereignty it has been denied for decades."

A separate editorial in the Wall Street Journal (7/18, 2.03M) says, "Last week's Hezbollah assaults on Israel have been abetted by Syria, which plainly believes it has nothing to fear from the US, much less from the 'international community.' And why not? Since the fall of Saddam, Assad the Younger has spent three years listening to the US alternate threats with attempts to curry favor with his regime. The threats have proven to be empty, no matter how much trouble he makes for our soldiers in Iraq, or how much mischief he makes in Lebanon and now in Israel." The Journal concludes, "It seems to us that Assad has assessed the second-term Bush Administration this way: The State Department has won, the 'neocons' are out, and there is little the US will do to stop Damascus as it attempts to restore its dominance in Lebanon."

Edward N. Luttwak, a fellow at the Center for Strategic and International Studies, writes in the New York Times (7/18, 1.21M), "It is obvious by now that Israel's conflict with Hezbollah and Hamas is part of a larger conflict largely paid for and directed by Iran and Syria. To divert attention from its nuclear ambitions, Iran undoubtedly sanctioned Hezbollah's adventurism into Israel last week. Syria harbors Khaled Meshal, the political leader of Hamas, and fully supports its actions."

Israeli novelist David Grossman writes in the Los Angeles Times (7/18, 918K), "There is no justification for the large-scale violence that Hezbollah has unleashed from Lebanese territory on dozens of peaceful Israeli villages, town and cities. Israel has counterattacked, and it has every right to do so." Grossman adds, "Even though Israel has vastly superior forces, Hezbollah has very strong backing in Iran, Syria and the Arab world. Anyone who thinks Israel can achieve a knockout victory lives an illusion."

More Commentary. In his Washington Post (7/18, A19, 748K) column, Richard Cohen also notes Hezbollah's ties to Iran, writing that "the idea of creating a nation of European Jews in an area of Arab Muslims (and some Christians) has produced a century of warfare and terrorism of the sort we are seeing now. Israel fights Hezbollah in the north and Hamas in the south, but its most formidable enemy is history itself. This is why the Israeli-Arab war, now transformed into the Israeli-Muslim war (Iran is not an Arab state), persists and widens." Cohen adds, "It is why Israel is now fighting an organization, Hezbollah, that did not exist 30 years ago and why Hezbollah is being supported by a nation, Iran, that was once a tacit ally of Israel's."

Nicholas Kristof writes in the New York Times (7/18, 1.21M), "Israelis, outraged by attacks and kidnappings, have escalated the conflict by launching an assault on Lebanon that may make life in Israel far more dangerous for many years to come. … The Iranian and Syrian regimes are illegitimate, incompetent and unpopular, but they may be able to exploit anger at the television images from Lebanon into a longer lease on life for themselves. Pakistani extremists will be strengthened in their calls for jihad. In Sudan, President Omar Hassan al-Bashir will rally popular anger to resist U.N. peacekeepers in Darfur. In Iraq, sympathy for Lebanese Shiites may strengthen Iraq's own extremist Shiite militias."

Fania Oz-Salzberger, a senior lecturer at the University of Haifa, writes in the Wall Street Journal (7/18, 2.03M) that "a majority of Israelis consider this sad unleashing of Israeli

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firepower in Gaza and Lebanon to be, up to now, a just war. It has both a casus belli and a convincing rationale. … Why is Israel's response not 'proportional,' and why don't we rush to negotiate with the kidnappers, as so many peace-lovers in the Western world would like us to do? Let me be blunt: A 'proportional' response would please many Europeans no end, but would scarcely move a hair in the beard of a Hamas or a Hezbollah leader."

Bret Stephens writes in the Wall Street Journal (7/18, 2.03M) that Hezbollah leader Hassan Nasrallah's strategy for years "has been to consolidate Hezbollah's position among Shiites and co-opt the ever-weakening Christians in a common alliance against the Sunnis. Hezbollah has also consciously soft-pedaled its position in parliament, figuring it can bide its time before it claims its rightful place." The Israelis "have not meaningfully degraded" Hezbollah's "capacity to fight. Their chief of staff, Dan Halutz, is every bit as tough-minded as Ariel Sharon was in his prime. But their prime minister is untested, and their defense minister is a political dove." Stephens notes that things could go wrong, but "as they say about these sorts of conflicts, anything except total defeat is victory. [Nasrallah's] masters in Tehran -- Ayatollah Ali Khamenei and President Mahmoud Ahmadinejad -- are well pleased."

Christopher Hitchens writes in the Wall Street Journal (7/18, 2.03M), "We may well deplore the promiscuity of Israel's intervention, or its lack of proportion, but the blowing up of the bridges and the other interruptions of all air and sea traffic possess a certain grim rationale. The freshly kidnapped Israeli soldiers are not, if the Israeli Defense Forces can help it, going to be transferred north to end up as anonymous meat in some dungeon run by Bashar al-Assad or Mahmoud Ahmadinejad."

Author Etgar Keret writes in the New York Times (7/18, 1.21M) that Israelis "long for a real war to take the place of all those exhausting years of intifada when there was no black or white, only gray, when we were confronted not by armed forces, but only by resolute young people wearing explosive belts, years when the aura of bravery ceased to exist, replaced by long lines of people waiting at our checkpoints, women about to give birth and elderly people struggling to endure the stifling heat. Suddenly, the first salvo of missiles returned us to that familiar feeling of a war fought against a ruthless enemy who attacks our borders, a truly vicious enemy, not one fighting for its freedom and self-determination, not the kind that makes us stammer and throws us into confusion. … So is it any wonder that we're all secretly just a tiny bit relieved? Give us Iran, give us a pinch of Syria, give us a handful of Sheik Nasrallah and we'll devour them whole. After all, we're no better than anyone else at resolving moral ambiguities. But we always did know how to win a war."

As Westerners Evacuate, US Faulted For Slow Response. ABC World News Tonight (7/17, story 2, 2:00, Gibson, 8.78M) reported, "Tonight, the US military's plans for Americans who want to leave are falling into place." ABC (Karl) added, "Get ready immediately -- that's the message the US Embassy sent today to American citizens who want to leave Lebanon. But there hasn't been anything immediate about this evacuation. Just 63 Americans have been evacuated so far, a drop in the bucket considering there are 25,000 American citizens in Lebanon." Meanwhile, "The French, Spanish and others have started moving their citizens more quickly. The State Department says evacuating Americans is more complicated and more dangerous because there are more of them." Sean McCormick, State Department Spokesman: "We are operating on the scale of operations and planning that is really different than most other countries." Karl: "To pick up the pace, the Pentagon has contracted this cruise ship."

The CBS Evening News (7/17, story 2, 1:50, Palmer, 7.66M) reported, "The American military is now trying to ramp up the evacuation there will be more helicopters. And also as of tomorrow a 900 place passenger ship, it will be escorted by an American destroyer. And can make several trips, we hope, every 24 hours between here and Cyprus. It doesn't appear, at least US Intelligence doesn't think, that Hezbollah would attack such a vessel, an evacuation vessel. But obviously a thousand people need to go, all precautions need to be taken."

The New York Times (7/18, Knowlton, 1.21M) reports the US "evacuation plans have moved more slowly than those of some other countries. Leah Byrne, 26, an Ohio native, said that she had tried phoning the embassy nonstop — 'literally every five seconds' — after Israeli planes began bombing targets south of her central Beirut apartment last week. 'I never got through,' she said." The Times continues, "The United States government was expected to evacuate most Americans to Cyprus, where they would have to make individual plans to travel onward at their own expense. The government provides loans, but no grants, for such costs."

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NBC Nightly News (7/17, story 3, 1:05, Williams, 9.87M) reported that "a massive evacuation is set to get underway beginning tomorrow." NBC (Miklaszewski) added, "And if the bombing intensifies, the number of Americans wanting out of Lebanon is likely to explode."

The AP (7/18, Schweid) adds that State Department spokesman Sean McCormack "said the cost of a massive evacuation was beyond U.S. resources. He said evacuated Americans would be asked to pay commercial rates, and if they did not have the money, to promise to pay in the future. 'Everybody who wishes to leave will be able to leave,' he promised." Secretary Rice and NSA Hadley "were briefed on the evacuation Monday as they returned to the United States aboard Air Force One."

The AP (7/18, Hendawi, Psyllides) notes, "Two Arab-American organizations criticized the slow start. Many of the U.S. citizens in Lebanon are Arab-Americans visiting family over the summer."

The Washington Post (7/18, A12, White, 748K) in an article titled "U.S. Prepares Huge Lebanon Evacuation" reports, "The State Department chose to prepare a large-scale evacuation rather than allowing evacuees to filter out in small numbers. Officials have been coordinating their efforts with Lebanese and Israeli authorities to try to ensure a safe exodus." The USA Today (7/18, Stinson, Koch, 2.27M) reports, "In Beirut, the palm-tree-studded seaside campus of the American University of Beirut remained relatively quiet." But student Stephen McInerney "says he's joining the planned U.S. evacuation."

USA Today (7/18, Brook, 2.27M), McClatchy Newspapers (7/18, Brown), the Financial Times (7/18, Parker, Dinmore) and the AP (7/18, Keath) report similar details on the US effort and the plans of civilians to evacuate.

House, Senate Prepare To Address Middle East Crisis. CNN's The Situation Room (7/17, Koppel) reported, "Almost a week after Hezbollah attacked Israel, the House and the Senate are gearing up to finally take on the issue this week. Congressional staffers say that the Republican leadership had hoped to wrap things up on Friday, but they couldn't get enough members to agree on a text." House Republican leaders "hope to hold two hours of open debate on the latest Middle East crisis as soon as Tuesday. A bipartisan resolution is currently the focus of heated discussions." CNN added, "Republican and Democratic lawmakers tell CNN, among the main sticking points, whether to criticize the Lebanese government for failing to rein in Hezbollah, and whether to offer Israel a blank check to defend itself." In the Senate, lawmakers on both sides of the aisle are trying "to reach consensus on acceptable language for a bipartisan resolution as well. But one complicating factor, Wolf, is that John Warner, the senior Republican, who is the chairman of the Armed Services Committee, is so far withholding his final word on a resolution. In fact, he is so far the most influential player who is unwilling to offer unconditional support for Israel, according to Senate staffers."

Congressional Quarterly (7/18, Monaghan) reports, "House Majority Leader John A. Boehner, R-Ohio, said he would bring a resolution to a vote as early as Tuesday. Lawmakers said the House resolution, which still was being finalized Monday night, would reflect that chamber's strong support for Israel." House International Relations Committee chairman Henry Hyde "said House lawmakers shared Bush's view that Hezbollah and the militant Islamic group Hamas in the Gaza Strip were in a position to stop the violence." The House action is in contrast with the Senate which "had been expected to quickly pass a similar resolution Monday night, but Armed Services Committee Chairman John W. Warner, R.-Va., blocked the vote, demanding further debate and possible changes to the non-binding measure to reflect what he called the United States' historical role as an 'honest broker' in the region." He "said that the Senate resolution should assist Secretary of State Condoleezza Rice, who is making preparations to visit the region in pursuit of cease-fire."

G-8 Leaders Push For Trade Deal. The Financial Times (7/18, Beattie, Buckley, Dombey) reports leading countries in the "Doha round" of trade talks Monday announced emergency meetings between ministers over the next two weekends, after the US, Brazil and some European Union countries signaled they would compromise to reach a deal. The meetings was announced after talks in Geneva on Monday night between the EU, US, Japan, Brazil, India and Australia. The Times notes that also on Monday President Bush and Luiz Inácio Lula da Silva of Brazil "signaled they were prepared to compromise," officials said. However, a "sharp difference of opinion persisted" within the EU as European Commission President José Manuel Barroso, British Prime Minister Tony Blair, German Chancellor Angela Merkel and Italian Prime Minister Romano Prodi "all struck

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upbeat notes." However, French President Jacques Chirac said Monday he has "made enough concessions, unless there is a very important counter-offer by our American friends."

The Wall Street Journal (7/18, A2, Dreazen, Hitt, 2.03M) says the latest push for compromise faces "significant hurdles," noting the US "couldn't work out details of a separate deal" on Russia's WTO membership. On Monday, President Bush said the US is "committed to a successful Doha round" and sent US Trade Representative Susan Schwab to Geneva for the upcoming talks.

The New York Times (7/18, Wright, 1.21M) reports during Monday's meeting, "President Bush made it clear he wanted a robust Doha round, and Ambassador Schwab is going to meet with some of her counterparts to work on a breakthrough," said Sean Spicer, a spokesman for the United States Trade Representative Susan Schwab.

The Los Angeles Times (7/18, Holley, Gerstenzang, 918K) says the "key" to progress at the talks is "how much the US government will cut its farm subsidies, how much the EU will lower tariffs on farm imports and how much developing countries will reduce barriers to industrial and service imports." The Washington Times (7/18, Sparshott, 88K) says WTO director-general Pascal Lamy, who attended Monday's talks, told the G-8 leaders "that they bore responsibility for the success or failure of global trade talks."

Russia Uses G8 Summit To Boost Image. The Washington Post (7/18, A14, Finn, Baker, 748K) reports, "The setting was a picture of Czarist splendor. The host was charming if occasionally acid-tongued. And even the unexpected shadow of violence in the Middle East was an opportunity to improvise deftly and reinforce the political message: Russia is ascendant and its president, Vladimir Putin, is the equal of his powerful guests." The G8 summit "was almost everything the Kremlin had hoped for." It "sometimes seemed like a three-day tutorial on Russia's revival, with Putin as professor."

WPost Faults Leaders For Not Challenging Putin On Democracy. The Washington Post (7/18, A18, 748K) editorializes, "Under the leadership of President Vladimir Putin, Russia has retreated from the democratic ideals to which it aspired when it was invited into the G-8; in a speech in May in Lithuania, Vice President Cheney took aim at this backsliding, accusing Mr. Putin's government of unfairly restricting citizens' rights. But during the three days of summitry that ended yesterday, the attempts to call Mr. Putin to account were limited -- and Mr. Putin batted them away with contempt." The Post concludes, "There is less and less prospect, in other words, that Russia's presidential election in 2008 will approximate an open or fair competition. When Mr. Bush talks of a "Russian-style democracy," we trust he means something better than this."

G-8 Leaders Back North Korea UNSCR As Japan Prepares Sanctions. The AP (7/18, Aversa) reports G-8 leaders "on Monday called on North Korea to stop its missile tests and to abandon its nuclear weapons program." A summit document "urged North Korea to reinstate a moratorium on missile launching and said the country's recent test firing of missiles 'intensify our deep concern over the DPRK's nuclear weapons program.'" The statement also "expressed support for the" UNSCR adopted last weekend, and "urged North Korea to return to disarmament talks with China, North and South Korea, Japan, Russia and the United States." Japanese Prime Minister Junichiro Koizumi "told reporters Monday that cooperation is possible with North Korea if it halts the missile tests and returns to the multination talks, which are aimed primarily at persuading North Korea to stop developing nuclear weapons. 'The door is not closed,' Koizumi said. 'North Korea must return to the talks as soon as possible.'"

The Christian Science Monitor (7/18, Marquand, Kirk, 58K) in an article titled "UN Resolution Boosts Coordination On N. Korea" reports, "No East Asian nation thinks the 15-0 UN resolution to block the shipment of missile parts to North Korea is ideal or even adequate." Yet "the surprising unanimous vote and smiles at the round table in New York may be the best achievable deal for now, and may offer grounds for further coordination, these experts say. Any next steps to control the North will require a degree of cooperation that has not yet been seen." For example, "China, notably, shifted in ways that were unanticipated days earlier. After numerous fruitless visits to Pyongyang in recent weeks, Beijing appeared annoyed with the North - partly over Japan's success in developing leverage in Asia by arguing that a more robust military is needed for its self-defense."

Separate AP (7/18) reporting focuses on Tokyo's response to the DPRK's missile tests. "Japan has begun preparations to impose its own set of economic sanctions on North Korea after the hardline regime rejected" last weekend's UNSCR. Chief Cabinet Secretary Shinzo Abe "told

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a news conference that he has instructed officials to ready necessary procedures to ban cash remittances to North Korea in addition to sanctions already called for in the U.N. resolution."

Administration Pursues Asymmetric Nonproliferation Strategy. The Wall Street Journal (7/18, Kempe, 2.03M) reports, "Accuse the U.S. State Department's Nicholas Burns of a double standard in advancing the Bush administration's efforts to stop nuclear-weapons proliferation, and he will thank you for the compliment." While "the administration rallies support for multilateral initiatives against North Korea's and Iran's nuclear ambitions, Mr. Burns and a host of others have been lobbying lawmakers hard to pass an Indo-U.S. civilian nuclear pact. India would gain access to civilian nuclear trade while opening some of its programs to international monitors, after sitting in the penalty box more than 30 years for going nuclear." The Journal notes, "The administration shrugs off critics who say the deal would encourage proliferation, responding that such narrow thinking misses the greater gain of India's friendship in a region where Iran grows more potent, nuclear Pakistan could unravel and China remains a wild card. 'If we want India to be part of the solution, we have to bring them into the system,' Mr. Burns says."

Bush Uses G8 To Dialogue With Indian Leader. The Christian Science Monitor (7/18, LaFranchi, 58K) reports that one example of the informal effectiveness of the G8 meetings "came from President Bush, who met with India's Prime Minister Manmohan Singh, signaling America's growing relations with one of the 21st century's emerging powers."

Missile Defense Team Tours Europe For Base Location. The Christian Science Monitor (7/18, White, 58K) reports on alleged US plans to investigate possible missile defense sites "in the Czech Republic, Poland, and Hungary." The article emphasizes the misgivings of Czechs, who have "troubling memories of the Soviet occupation, when missile silos were a common fixture in the countryside and troops carried out military exercises in zones like Jince."

Chinese General Will Meet Rumsfeld. The AP (7/17) reports in a brief, factual article, "A top Chinese military leader was headed to Washington for talks with Defense Secretary Donald Rumsfeld, as part of the highest-level Chinese military delegation to visit the U.S. since 2001, state media said." The visitor is identified as "Guo Boxiong, vice chairman of China's Central Military Commission." Quan Lihua of the Chinese Defense Ministry called it "the most important Chinese military exchange with another country this year." Only two sites, the Air Force Times and Army Times, carried the story.

Chinese Economy's Expansion Accelerates Despite Efforts To Slow Pace. The Wall Street Journal (7/18, Browne, 2.03M) reports China's economy "is picking up more speed, expanding by 11.3% in the second quarter of this year from a year earlier despite Beijing's efforts to slow the pace." The figure "released Tuesday by the National Bureau of Statistics highlights the failure of measures by Beijing to rein in expansion and avoid overheating. It is likely to dismay Chinese leaders who began clamping down more seriously after data showed the economy expanded by 10.2% in the first quarter. The first-quarter number was later revised to 10.3%." For the "first half of the year, the economy expanded by 10.9%. The Chinese economy is increasing by the fastest pace in roughly a decade." But the "fear is that an overheated economy is producing excessive investment that could lead to industrial overcapacity, falling profits and, eventually, a crash caused by mass bankruptcies."

The AP (7/18, McDonald) reports, "Worried that China's sizzling economic growth could ignite a financial crisis, the country's leaders have raised interest rates and imposed regulatory controls. But they have avoided the step that Washington most wants: a sharp rise in the value of China's currency." A more expensive yuan "would make China's exports less competitive, shrink its multibillion-dollar annual trade surplus and probably rein in economic growth, now roaring ahead at a 10 percent-plus annual pace." China gives "no sign it will let the yuan rise significantly any time soon, despite threats of sanctions from U.S. lawmakers and urgings by its own advisers."

India Blames Pakistan For Mumbai Railway Bombings. The Christian Science Monitor (7/18, Montero, 58K) reports in what analysts say "is a severe setback to an already teetering peace process, Indian authorities have officially implicated Pakistan in the deadly July 11 railway blasts in Mumbai (Bombay) and charged Islamabad with failing to curb terrorism." Although India has

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"not named specific names, awaiting more evidence as it tracks down leads, it made clear that the possibility of Pakistani involvement could stall the peace process." The "fallout has been swift: The next round of high-level peace talks was originally slated for this Thursday in New Delhi, but Indian officials have now postponed them indefinitely following the Mumbai blasts." The "fledgling peace process, which aims to resolve territorial disputes and animosities as well as expand trade and transit across their shared border, was already, by most accounts, only barely progressing. Symbolic overtures, such as the opening of new border crossings in Kashmir and the inauguration of a bus service between the two countries, offered a glimmer of hope but little substantive reform, according to analysts."

Indian Investigators Take Seriously Claim Of Kashmir Al Qaeda Branch. The Christian Science Monitor (7/18, Baldauf, 58K) reports that last Wednesday, "barely 18 hours after the railway blasts in Mumbai (Bombay) that claimed some 200 lives, a mysterious caller phoned up local journalist Rashid Rahi to praise the attacks and to proclaim the arrival of a new militant group, Jammu and Kashmir Al Qaeda." With its call "for Indian Muslims to join the struggle for 'complete liberation and dominance of the religion of Islam,' the caller hinted darkly of a heightened confrontation with America's chief ally in South Asia, India." While Indian police "hinted that the call may have been a hoax, it has been taken seriously by Indian investigators, and has shaken the confidence of many Kashmiris here. The call comes at a time of escalating attacks against tourists and civilians, and a sluggish Indo-Pakistan dialogue over Kashmir that has now been put on hold. After a year and a half of negotiation, momentum is shifting toward the militants." With "multiple attacks on civilians in both Mumbai and Srinagar on July 11, and a recent speech by Osama bin Laden that mentioned the militant struggle of Muslims in Kashmir, Indian police are not taking any chances." Indian police and Army commanders in the highly militarized valley - where perhaps 600,000 Army and paramilitary forces have been based since the insurgency began in 1989 - say that they have heard intelligence chatter about Al Qaeda's presence in Kashmir as far back as 2002. But any such branch of Osama bin Laden's network has not been active, they add."

US, Iranian Government Both Seek To Head Off Seizure Of Artifacts In Terrorism Lawsuit. The Washington Post (7/18, A3, Slevin, 748K) reports Iran and the US "make an unlikely pair these days, dueling over nuclear plans and radical Islam. Yet lawyers for the feuding governments are on the same side here in a dispute over thousands of ancient Persian artifacts held by a Chicago museum." Their opponent "is a lawyer trying to collect Iranian cash for survivors of a bloody Jerusalem suicide bombing." In a case that "raises issues of victims' rights and cultural heritage, Rhode Island lawyer David J. Strachman aims to seize and sell Iranian property -- including thousands of 2,500-year-old clay artifacts known as the Persepolis tablets -- and channel the profits to victims of the 1997 terrorist attack." State Department lawyers and "a Washington attorney for Iran contended last week in Chicago's federal courthouse that the priceless Iranian property is protected from seizure by the sovereign immunity doctrine. Art and archeology experts speak in much more personal terms."

UN Human Rights Committee Criticizes US Record In Variety Of Areas. The AP (7/18, Higgins) reports UN human rights experts said the US "must set a better example for the world in areas ranging from its treatment of Latin American migrants to its handling of detainees in the war on terror." The UN Human Rights Committee is "conducting a periodic review of Washington's adherence to the 1966 International Covenant on Civil and Political Rights. The committee is expected to issue conclusions before the end of the month." About "40 human rights groups sent representatives to meet separately with the committee and monitor proceedings. Amnesty International said it had raised a number of issues, including the death penalty, supermaximum security prisons and life sentences for those who committed crimes as juveniles."

The Financial Times (7/18, Williams) reports US officials "faced their second grilling in two months by United Nations human rights experts on alleged violations of international law in the fight against terrorism. The 18-member UN human rights committee, which oversees countries' compliance with the International Covenant on Civil and Political Rights, made it clear that it did not accept US arguments that the covenant did not apply to US actions abroad." Human rights groups "argue that the US is failing to respect key provisions of the covenant in its 'war on terror', especially in relation to the detention without charge of thousands of non-US nationals held in prisons in Afghanistan, Iraq, Guantánamo Bay and secret locations."

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Airbus Unveils Revamp Of A350 Jet. The Financial Times (7/18) reports Airbus executives "unveiled the much-anticipated revamp of its mid-sized A350 passenger jet on Monday as they admitted the company was in the middle of a 'serious crisis' that was being exploited by its US rivals at Boeing." Airbus' new chief executive, Christian Streiff, "who has been in his job for only two weeks, said about $10bn would be spent to develop a new aircraft that would be called the A350XWB, for 'extra-wide body', and enter service in 2012." Airbus has "been hit by problems at its Franco-German parent, EADS, which led to delays in the delivery of the A380 superjumbo and saw the resignation of Noël Forgeard, the French co-chief executive of EADS, and Gustav Humbert, the Airbus chief executive. It has also suffered a sharp drop in aircraft orders that left it trailing Boeing, which announced several orders on Monday for passenger and cargo planes."

The New York Times (7/18, Landler, 1.21M) reports Airbus "promoted the plane, which will carry from 250 to 375 passengers, as the linchpin of its recovery. Avoiding too many associations with the A380 may have been wise: costly delays in deliveries of the superjumbo plane plunged Airbus into the most serious crisis in its history." Preserving the A350 name "is a reminder that this is not a wholly new plane, but a redesign of the earlier A350, which had disappointed airlines and seemed likely to be an also-ran to Boeing's 787. Airbus contends that the new, improved version surpasses the 787 in several respects, not least its cabin, which is five inches wider than the cabin of the Boeing plane."

Clinton Says African States Need Stronger Governments. The AP (7/18, Mbachu) reports former President Clinton "told African leaders Monday that they need to strengthen their governments so that they can address long-standing problems of hunger and disease." Clinton spoke "at a summit bringing African political and business leaders together with their U.S. counterparts in search of partnerships to lift the world's poorest continent." Clinton said, "We can't stop the spread of AIDS without building the capacity of government." The AP adds Clinton also "used the meeting to push cooperation agreements with African countries under which his foundation plans to provide HIV/AIDS drugs to Africans at low costs."

As Many As One Million López Obrador Supporters Once Again Demand Recount. The New York Times (7/17, Thompson, 1.21M) reports, "For the second time in eight days, thousands of supporters of the leftist presidential candidate, Andrés Manuel López Obrador, filled this city's historic central plaza to demonstrate their support for his demand for a vote-by-vote recount of Mexico's disputed July 2 election. The crowds at this rally — several hundred thousand — were considerably larger than the last and seemed to indicate that the movement started by the embattled former mayor of Mexico City remained strong." López Obrador "urged his followers to conduct nonviolent acts of civil disobedience. … He also asked them to stage sit-ins starting Sunday at the 300 district election offices across the country. The purpose, he said, was to prevent any tampering with ballot boxes.

McClatchy Newspapers (7/18, Diaz) reports, "Analysts said the demonstration, during which more than 1 million people jammed this city's main square and the surrounding streets, didn't change anything - the dispute still must be resolved by the Federal Electoral Tribunal, known as TRIFE. But the rally sparked an unusually indignant response from the July 2 election's apparent winner, conservative Felipe Calderon, and many of the capital's commentators, promising more acrimony in the weeks ahead. Cesar Nava, a Calderon spokesman, said that the election would be decided 'by votes, not by marches,' and that the National Action Party, or PAN, wouldn't succumb to the 'blackmail' of street protests."

The Financial Times (7/18, Thomson) reports López Obrador "confirmed last week that his strategy would be to seek an annulment of the election if the authorities did not grant a recount. The Federal Electoral Tribunal, the highest electoral court, has until September 6 to announce whether it considers there is any merit to the complaints and how it intends to respond."

USA Today (7/18, 2.27M)editorializes, "López Obrador is, of course, within his rights to seek a recount and to make the case for such an action in the court of public opinion…. But he crosses a line when he tries to pressure or intimidate the court into granting a recount by putting large numbers of supporters on the streets and making unsubstantiated claims of fraud."

Pro-Business Candidate In Brazil Heartened By Election Results In Mexico And Peru. The Wall Street Journal (7/18, Moffett, 2.03M) reports, "The come-from-behind win by Mexico's pro-business presidential candidate has heartened supporters of the underdog in Brazil,

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the site of Latin America's next face-off. The long-shot presidential campaign of Brazilian centrist Geraldo Alckmin also gave itself a breath of life with a media blitz that has lifted his standing in opinion polls. But Mr. Alckmin still faces a daunting, uphill struggle against leftist President Luiz Inácio Lula da Silva. Mr. da Silva's economic pragmatism and incumbent status distinguish the campaign landscape in Brazil…from Mexico and Peru, where market-friendly candidates came from behind to defeat populists."

Tsunami Kills As Many As 226 In Indonesia. ABC World News Tonight (7/17, story 8, 0:15, Gibson, 8.78M) reported, "There was a major earthquake off the coast of Indonesia today that sent a powerful tsunami crashing into popular beach resorts on Java Island. A magnitude 7.7 quick triggered the killer wave that was headed for the country that was spared in 2004. The death toll now stands at 86, and many others are missing."

NBC Nightly News (7/17, story 5, 0:15, Williams, 9.87M) reported, "The magnitude of the quake was 7.7, centered in the Indian Ocean, 150 miles off the coast of the Indonesian island of Java. It sent a six-foot wave crashing into a coastal resort area." The New York Times (7/18, Bonner, 1.21M) reports, "A powerful undersea earthquake struck off the south coast of Java, Indonesia, on Monday afternoon, creating a tsunami that killed scores of people. The Indonesian Red Cross put the death toll at 155 as of Tuesday morning, and officials continued to sort through debris looking for bodies. The wave was about six feet high, considerably smaller than those that hit Aceh and elsewhere in the region in December 2004, killing more than 200,000 people."

The Financial Times (7/18, Donnan) reports, "As many as 226 people were killed on Monday when a tsunami triggered by a 7.2-magnitude undersea earthquake hit the southern coast of Java, according to officials and media reports. … The quake caused office towers to sway in Jakarta and prompted tsunami warnings for India's Andaman and Nicobar islands and Australia's Christmas island."

The Washington Post (7/18, A13, Sipress, 748K) reports, "The Associated Press reported that Sumatra now has a tsunami alarm system to alert people to leave coastal areas, but Java's is not due to begin operation until 2007. So there was no organized warning to people along the approximately 110 miles of coastline when the waves struck on Monday."

EU Antitrust Official Targets Credit Card Companies. The Wall Street Journal (7/18, 2.03M) reports European Competition Commissioner Neelie Kroes "called on credit-card companies and banks to end anticompetitive behavior in the payment-card services they provide to consumers, or face antitrust action." Kroes "said more competition is needed between banks that provide payment-card services for shops. … Credit-card companies such as MasterCard International Inc. and Visa International Ltd. must open up their networks to other payment operators, she said, allowing banks more choice in how to wire money across borders."

WSJ Praises Canada's Harper For Boosting Military Spending. The Wall Street Journal (7/18, 2.03M), in an editorial, writes, "By all reports, President Bush and Conservative Canadian Prime Minister Stephen Harper had a meeting of the minds at the White House earlier this month. … We think Mr. Harper deserves credit, and more media coverage, for his recent announcement that Canada will spend US$13.5 billion to upgrade its military." The Journal notes, "What a difference an election makes. Last year, before the Conservatives beat the Liberals in a close vote, Canada spent a mere 1.1% of its GDP on defense, the lowest in NATO after tiny Luxembourg."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Antelope Valley Is Upscale Bound."
"Cease-Fire Efforts Stepped Up."
"Afraid To Give Up Ghosts."
"A Simple Plot: Violence, Sex And Royalty Checks."
"U.S. Rescue Bogs Down In Lebanon."
"Gov.'s Aide Serves Firm With Stake In State Bill."

USA Today:

"Diplomatic Solution Sought."
"Oppressive Heat Grips Most Areas."
"How Welfare Reform Changed America."

New York Times:

"Diplomats Seek Foreign Patrols To Calm Mideast."
"Bombings Bring Season Of Fear To Sea Resort."

DOJ_NMG_0041284

"Texas Hospitals' Separate Paths Reflect The Debate On Immigration."
"Brainy Robots Start Stepping Into Daily Life."
"G.O.P. Senator Resisting Bush Over Detainees."
"Gunmen Kill Dozens In Iraqi Marketplace."
"Chicago Weighs New Prohibition: Bad-For-You Fats."

Washington Post:
"Toll Climbs In Mideast As Fighting Rages On."
"No Drought Required For Federal Drought Aid."
"Waiting Anxiously For Word From Family."
"As Heat Bakes The Region, Officials Take Precautions."
"Military-Style Assault Kills Dozens in Iraqi Marketplace."
"House Back $1.5 Billion For Metro- With A Hitch."

Washington Times:
"Region in Grip Of Heat Wave With No Relief In Sight Soon."
"Staying Cool Easy If You're Underground."
"Israel Signals its Cease-Fire Demands."
"D.C. Pay Increases Not Based On Merit."
"Redskins Fan Sidelined."

Atlanta Journal-Constitution:
"Confession In 12 Year-Old Case."
"Chaos, Despair Grip Beirut."
"Candidates Stump Hard Across State."
Oppressive Heat Taxes Nation's Power Grid."

Houston Chronicle:
"Motive For Killing: 'Morbid Curiosity.'"
"Fighting Unabated; UN Seeks To Broker A Solution."
"Home Safe, But Safety Work Remains."
"In Haifa, The Sirens Bring Fear And Death."
"Texas Again May Focus On Seats Belts For Buses."
"Proposal Raising Home Values – And Tempers."

Story Lineup From Last Night's Network News:
ABC: Mideast Violence; Lebanon-American Evacuation; Missile Attacks In Israel; Mideast Violence-G-8 Reaction; Israeli Official-Interview; Gas Prices; Iraq Violence; Indonesia-Earthquake; US Heat Wave; Space Shuttle Landing; Spillane Obit; Jerusalem Café Patrons.
CBS: Mideast Violence; Lebanon-American Evacuation; Mideast Violence-Israel; Mideast Violence-Syria; Mideast Violence-State Department; Bush-G-8 Summit; US Heat Wave; CA-Wildfires; Space Shuttle Landing; Townsend Obit; Last Look From Haifa.
NBC: Lebanon-Israeli Offensive; Mideast Violence-Israel; Lebanon-American Evacuation; Bush-G-8 Summit; Iraq Violence; Indonesia-Earthquake; Hezbollah-Motivations; Boston Tunnel-Structural Damage; US Heat Wave; Stock Markets; Gas Prices; Space Shuttle Landing; Spillane Obit; TWA Flight 800 Memorial; Tel Aviv-Daily Life.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Israel-Lebanon Attacks; Lebanon-US Citizen Evacuation; Indonesia-Tsunami.
CBS: Israel-Lebanon Attacks; Iraq-Car Bombing; Indonesia-Tsunami; Heat Wave; Gammons Released From Hospital.
NPR: Israel-Lebanon Attacks; Senate-Middle East Conflict; Iraq-Baghdad Market Killings; Space Shuttle Landing; Wall Street; Indonesia-Tsunami; Money Magazine-US' Best Places To Live; Senate-Stem Cell Research.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Holds photo op with the National Capital Area Council of the Boy Scouts, Oval Office; holds photo op with the winner of the 2006 Indianapolis 500, Room 350, Eisenhower EOB; President and Mrs. Bush participate in a photo opportunity with Theodore Cardinal McCarrick, Archbishop Donald W. Wuerle, and Papal Nuncio Pietro Sambi. South Lawn, The White House.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on pending nominations. Location: Room 106, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Oversight hearing on the Justice Department. Location: Room 216, Hart.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on U.S.-India energy cooperation. Deputy Assistant Energy Secretary David Pumphrey; Assistant Secretary of State Daniel Sullivan; David Victor, Stanford University; Michael Gadbaw, General Electric Co.; Daniel Poneman, Scowcroft Group. Location: Room 366, Dirksen.

10 a.m. FOREIGN RELATIONS _ Hearing on ``Islam and the West: Searching for Common Ground." Bruce Hoffman, RAND Corp.; Andrew Kohut, Pew Research Center; Akbar Ahme, American University; Nuqtedar Kahn, University of Delaware. Location: Room 419, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Oversight of Government

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Management, the Federal Workforce and the District of Columbia Subcommittee. Hearing on challenges facing the District of Columbia. Mayor Anthony Williams, CFO Natwar Gandhi, school Supt. Clifford Janey, Washington Post Co. CEO Donald Graham, and Alice Rivlin of Brookings Institution. Location: Room 342, Dirksen.

11:15 a.m. APPROPRIATIONS _ Military Construction, VA and Related Agencies Subcommittee. Markup of pending legislation. Location: Room 124, Dirksen.

5 p.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Markup of pending legislation. Location: Room 138, Dirksen.

2 p.m. APPROPRIATIONS _ Defense Subcommittee. Markup of pending legislation. Location: Room 192, Dirksen.

2 p.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on insurance regulations. Undersecretary of the Treasury Randal Quarles, Scott Harrington of the Wharton School, and Terri Vaughan of Drake University. Location: Room 538, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Govenment Information and International Security Subcommittee. Hearing on legislat9ion to require disclosure of recipients of all federal funds. Gary Bass, OMB; Eric Brenner, Maryland Governor's Office; Mark Tapscott, The Washington Examiner. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on pending matters. Location: Room 219, Hart.

4 p.m. APPROPRIATIONS _ Transportation, Treasury, Judiciary, HUD and Related Agencies Subcommittee. Markup of pending legislation. Location: Room 124, Dirksen.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for morning hour and at 10 a.m. for legislative business. Highlights: Suspensions (11 bills): 1) H.Con.Res. 438 - Expressing the sense of the Congress that continuation of the welfare reforms provided for in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 should remain a priority; 2) S. 2754 - Alternative Pluripotent Stem Cell Therapies Enhancement Act; 3) S. 3504 - Fetus Farming Prohibition Act of 2006; 4) H. Res. 498 - Supporting the goals and ideals of School Bus Safety Week; 5) H.R. 4962 - Captain George A. Wood Post Office Building Designation Act; 6) H.Res. 721 - Supporting the goals and ideals of a Salvadoran-American Day; 7) H.Res. 908 - Congratulating Italy on winning the 2006 Federation Internationale de Football Association (FIFA) World Cup; 8) H.Res. 905 - Congratulating Kazakhstan on the 15th anniversary of the closure of the world's second largest nuclear test site in the Semipalatinsk region of Kazakhstan and for its efforts on the nonproliferation of weapons of mass destruction; 9) H.Res. 784 - Commending and supporting Radio Al Mahaba, Iraq's first and only radio station for women; 10) H.R. 860 - To provide for the conveyance of the reversionary interest of the United States in certain lands to the Clint Independent School District, El Paso County, Texas; 11) H.Con.Res. 435 - Congratulating Israel's Magen David Adom Society for achieving full membership in the International Red Cross and Red Crescent Movement, and for other purposes. H.J.Res. 88 - Marriage Protection Amendment.

10 a.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on use of imaging services by Medicare patients. Herb Kuhn, Director, Center for Medicare Management, Centers for Medicare & Medicaid Services; Glenn M. Hackbarth, Chairman, Medicare Payment Advisory Commission; Arl Van Moore, Chair, Board of Chancellors, American College of Radiology, Charlotte, N.C.; Pamela S. Douglas, Duke University Medical Center, Durham, N.C.; John J. Donahue, President and CEO, National Imaging Associates, Inc., Rancho Cordova, Calif.; Doug Laube, President, American College of Obstetricians and Gynecologists; Landis Griffeth, Baylor University Medical Center, Dallas; F. Lynn May, CEO, American Society of Radiologic Technologists, Albuquerque, N.M.; Robert Baumgartner, CEO, Center for Diagnostic Imaging, Minneapolis. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Financial Institutions and Consumer Credit Subcommittee. Hearing on the Internet Corporation for Assigned Names and Numbers and the Whois database. Acting Assistant Secretary of Commerce John M.R. Kneuer; Eileen Harrington, FTC; Catherine Allen CEO, BITS/Financial Services Roundtable; Mark Bohannon, Software and Information Industry Association; Marc Rotenberg, Electronic Privacy Information Center. Location: Room 2128, Rayburn.

10 a.m. GOVERNMENT REFORM _ Federalism and the Census Subcommittee. Hearing on HUD's view on the future of public housing. Location: Room 2154, Rayburn.

10 a.m. JUDICIARY _ Immigration, Border Security and Claims Subcommittee. Hearing on the so-called ``Reid-Kennedy'' immigration bill. Phyllis Schlafly, President, Eagle Forum; Steven Camarota, Center for Immigration Studies;

DOJ_NMG_0041286

James R. Edwards, Jr., Hudson Institute. Location: Room 2141, Rayburn.

10 a.m. WAYS AND MEANS _ Health Subcommittee. Hearing on health care price transparency. Location: Room 1100, Longworth.

10:30 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on Cybersecurity at the VA. Robert McFarland, former assistant secretary of Veterans Affairs; John A. Gauss, president and chief operating officer FGM, Inc.; VA Secretary Nicholson; John F. Sommer, Jr., executive director, American Legion; Robert E. Wallace, executive director, Veterans of Foreign Wars; James B. King, executive director, AMVETS; Col. Robert F. Norton (ret.), national commander, Military Officers Association of America; Louis Irvin, acting deputy executive director, Paralyzed Veterans of America; Deirdre Holleman, acting executive director, The Retired Enlisted Association. Location: Room 334, Cannon.

2 p.m. ENERGY AND COMMERCE _ Commerce, Trade and Consumer Protection Subcommittee. Hearing on the National Highway Traffic Safety Administration's view of motor vehicle technology. Administrator Nicole Nason. Location: Room 2322, Rayburn.

2 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on the global war on terrorism and its costs. Comptroler General David Walker, GAO; Deputy Defense Department Comptroller John Roth; Assistant Defense Secrertary Bradford Higgins. Location: Room 2154, Rayburn.

2 p.m. GOVERNMENT REFORM _ Federal Workforce and Agency Organization Subcommittee. Markup of H.R. 5710, Ethics in Government Reauthorization Act, followed by a hearing on telecommuting as a solution to traffic jams and terrorism. Daniel Green, Deputy Associate Director for Employee and Family Support Policy, OPM; Danette Campbell, Senior Telework Advisor, United States Patent and Trade Office; Carl Froehlich, Chief of Agency-Wide Shared Services, Internal Revenue Service; William Mularie, Chief Executive Officer, The Telework Consortium; Joslyn Read, Assistant Vice President, Regulatory, Hughes Network Systems, LLC; Jerry Edgerton, President of Business and Federal Marketing, Verizon Communications. Location: Room 2247, Rayburn.

2 p.m. GOVERNMENT REFORM _ Regulatory Affairs Subcommittee. Hearing on the federal government's paperwork reduction efforts. Location: Room 2203, Rayburn.

2 p.m. SCIENCE _ Space and Aeronautics Subcommittee. Hearing on the ``National Academy of Sciences' Decadal Plan for Aeronautics: A Blueprint for NASA?" Paul Kaminski Decadal Survey of Civil Aeronautics; Steve Merrill, NRC Study Dirdctor; Michael Tomanowski, Aerospace Industries Association; Parvia Moin, Stanford University. Location: Room 2318, Rayburn.

3 p.m. RULES _ Full Committee. Meeting to set rules for floor debate. Location: Room H-313, Capitol.

Other: NAACP CONVENTION _ NAACP holds 97th annual convention. This year's theme: ``Voting Our Values: Valuing Our Votes." Highlights: 9:30 a.m. Legislative session and resolutions. With Fred Banks, chair, NAACP Legal Committee; Rep. Nancy Pelosi; Rep. Charles Rangel; and others. 1 p.m. - 2:30 p.m. National membership luncheon. With Remarks by activist Dick Gregory; Bruce Gordon, President, NAACP; Julain Bond, Chairman, NAACP; and others. Convention Center ballroom. 7 p.m. - 9 p.m. Armed Service and Veterans Affairs Dinner. With David Chu, Undersecretary of Defense; Lt. General Steven Blum, Chief, National Gurad Bureau; Lucretia McClenney, director, Center for Minority Affairs, Department of Veterans Affairs. Renaissance Hotel grand ballroom. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va., Washington Convention Center, Mt. Vernon Square.

INFORMATION SHARING-HOMELAND SECURITY CONFERENCE _ 5th Annual Government Conference on Information Sharing and Homeland Security. Members of the national security community and private sector gather to address numerous topics on intelligence, law enforcement, and national security. Technology exposition. Highlights: 8:15 a.m. - 8:45 a.m. Opening address by Lieutenant General Michael D. Maples, Director, Defense Intelligence Agency. 8:45 a.m. - 9:15 a.m. Keynote address by Rep. Bob Simmons, Chairman, Homeland Security Subcommittee on Intelligence, Information Sharing and Terrorism Risk Assessment. 9:15 a.m. - 10 a.m. Address on ``Threats Facing Us." Russ Travers, Deputy Director, National Counter-Terrorism Center, ODNI. 3 p.m. - 4 p.m. ``The Post-Katrina Information Sharing Challenge and What's Being Done About It." With Lieutenant Col. Joey Booth, Louisiana State Police. Location: Tighe Auditorium, Defense Intelligence Agency, Bolling Air Force Base, MD. South Gate entrance.

ENERGY POLICY _ 9 a.m. - 5 p.m. The National Commission on Energy Policy holds a forum on the challenges in siting Electricity Transmission facilities in the

DOJ_NMG_0041287

U.S. Highlights: 9:15 a.m. Panel discussion on national interest transmission corridors. 1 p.m. Luncheon speaker - Michael Morris, Chairman, American Electric Power. Location: Grand Hyatt Hotel, 1000 H St. NW.

WOOLSEY-AIR FORCE _ 8 a.m. - 9 a.m. The Air Force Defense Strategy and Transformation Seminar Series features a presentaion by Lt. Gen. Michael W. Woolsey, commander, Air Force Special Operations Command, who will discuss how Air Force Special Operations Forces are contributing more effectively to fight the Global War on Terror. Location: Room B-339, Rayburn House Office Building.

WARSH _ 9 a.m. The American Enterprise Institute holds a conference on coprorate cash balances and economic activity, with FRB Governor Kevin Warsh. Location: 12th floor, AEI, 1150 17th St. NW.

ANTI-POVERTY _ 9 a.m. - 11 a.m. The Brookings Institution sponsors a Metropolitan Policy Program Symposium. ``Expanding the Envelope of Anti-Poverty Initiatives: State Innovations and Innovators." Speakers are: Diana L. Taylor, superintendent of banks, New York State Banking Department; Dwight Evans, Pennsylvania House of Representatives; andMike Kreidler, insurance commissioner, Washington State Office of the Insurance Commissioner. Location: National Press Club, First Amendment Lounge.

GUTIERREZ-IMMIGRATION _ 10 a.m. Commerce Secretary Carlos Gutierrez addresses a Cato Institute Policy Forum. Topic: ``Comprehensive Immigration Reform for a Growing Economy." Location: Cato Institute, 1000 Massachusetts Ave. NW.

HYDROGEN POWER-AUTOMOTIVE _ 10 a.m. Sen. Lindsey Graham, R-S.C., and Rep. Bob Inglis, R-S.C., join industry experts for a National Press morning newsmaker media briefing. They will discuss ``Hydrogen Power and Energy Independence: Improving Collaboration Between the Federal Government and the Automotive Industry." Location: National Press Club, Zenger Room.

IMMIGRATION-HOUSE _ 10 a.m. The League of United Latin American Citizens, others, hold a news conference to discuss why they believe that the House hearings on immigration the House hearings are ``not achieving the goal of comprehensive immigration reform, but instead are provoking increased anti-immigrant sentiment and legislation." Location: Room 628, Dirksen.

MARRIAGE _ 10 a.m. The Alliance for Marriage and House Democrats hold a news conference in support of marriage. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

MARRIAGE AMENDMENT _ 10 a.m. The Fair-Minded Americans organization, Human Rights Campaign, members of Congress, others, hold a news conference to urge House members to vote no on the Federal Marriage Amendment. Location: Cannon Terrace.

METHAMPHETAMINE ABUSE _ 10 a.m. The National Association of Counties holds a news conference to release a new survey on the problem of metahmphetamine abuse. Location: National Press Club, Murrow Room.

SCHOLARSHIPS-KIDS _ 10:30 a.m. Secretary of Education Margaret Spellings joins Senators Lamar Alexander,and John Ensign, along with Congressmen Howard P. ``Buck McKeon and Sam Johnson, and a parent of a chool choice student for a news conference on the introduction of the America's Opportunity Scholarships for Kids Act. Location: Room 2175, Rayburn House Office Building.

IMMIGRATION _ 11 a.m. The American Hispanic Coalition holds a news conference to respond to lobbying efforts by illegal aliens and supporters demanding amnesty, with members of Congress, Sheriff Arvin West of Hudspeth County, Texas; others. Location: Room 2465, Rayburn.

MEDICARE _ 11 a.m. Reps. Jan Schakowsky, Marion Berry, Darlene Hooley, others, hold a news conference to release a report on Medicare Part D's coverage problem known as the ``doughnut hole." Location: Room HC-9, Capitol.

BOEHNER _ 11:30 a.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

RUMSFELD-CHINA _ 11:30 a.m. Secretary of Defense Donald H. Rumsfeld hosts an honor cordon to welcome Central Military Commission Vice Chairman of the People's Republic of China Gen. Guo Boxiong to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

US-INDIA _ 11:45 a.m. The Indian-American Friendship Council holds its 10th anniversary Senate Luncheon, with speaker Sen. Richard Lugar. Location: Room 902, Hart.

HOYER _ 12:30 a.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

DOJ_NMG_0041288

REDISTRICTING _ 1:15 a.m. Reps. John Tanner, Zach Wamp, others, hold a news conference to urge Congress to act on redistricting reform. Location: Cannon Terrace.

CHINA-TAIWAN _ 3:30 p.m. - 5:30 p.m. The Woodrow Wilson International Center's for Scholars Asia Program hosts a seminar, ``Awkward Bedfellows? Taiwanese Businessmen, Mainland Chinese." Speakers: Peter Chow, City College of New York; Shelley Rigger, Davidson College; Frank Hsiao, University of Colorado; and Scot Tanner, The Rand Corporation. Location: Sixth floor auditorium, Woodrow Wilson International Center for Scholars, One Woodrow Wilson Plaza, 1300 Pennsylvania Ave. NW.

INFRASTRUCTURE PROTECTION _ 4 p.m. Department of Homeland Security Assistant Secretary for Infrastructure Protection Bob Stephan and Assistant Secretary for the Private Sector Al Martinez-Fonts will participate in a media availability following a roundtable discussion with industry and business leaders regarding the National Infrastructure Protection Plan. Location: U.S. Chamber of Commerce Building, 1615 H St. NW.

ACLU-DOMESTIC SPYING _ 4 p.m. - 5:30 p.m. The American Civil Liberties Union holds a conference call briefing on Senator Arlen Specter's new legislation addressing warrantless spying by the National Security Agency (NSA). Location: Room 2216, Rayburn House Office Building. Notes: Dial-in number is 800-816-4134. The access code is 69922.

ANTI-ISRAELI PROTEST _ 5 p.m. - 7 p.m. The American Arab Anti-Discrimination Committee holds a holds a rally to protest Israeli military action in Lebanon and Gaza. Location: In front of the White House.

IMMIGRANTS-ASYLUM _ 5:30 p.m. The Women's Commission for Refugee Women and Children announces a video to help unaccompanied immigrant and asylum-seeking children understand US immigration court. Location: Room 385, Russell.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JULY 18, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Missouri Regulators Sue Over AT&T Records 3
DOD Says Attorneys May Have Been Involved In Guantanamo Suicides 3
Bill Proposing NSA Surveillance Changes Comes Under Criticism 3
Illinois Man Pleads Not Guilty To Spying For Saddam 3
Graham Bucks White House On Trials For Terror Suspects 4
Agent Testifies FBI Originally Sought Padilla's Cooperation, Not Arrest 4
DOJ Finds FBI Retaliated Against Agent Over Complaints To Lawmaker 4
No Criminal Charges In London Police Shooting Of Brazilian Electrician 4
UK Bans Two Islamic Groups 5

Homeland Response:

Administrations Asks Louisiana For Lists Of State's Hurricane Shelters 5

War News:

Cheney Rejects Calls For Timetable For US Troops To Leave Iraq 5
Attack On Marketplace Slaughters "Dozens." 6
Iraqi Soldiers Train With US Marines In Anbar 6
Japan Completes Iraqi Withdrawal 6
Iraq And US Sign Commercial Cooperation Pact 6
Taliban Seizes Two Towns 7
Will Decries Weekly Standard's Criticism Of Administration's Handling Of Iraq 7
Cordesman Says That To Succeed In Iraq, US Must Pay A Price 7
USAToday Says Democracy Can Take Decades To Take Root .. 7
Gulf War Veterans Have More Job Help Than Vietnam Generation 7
Injured Troops "Deserve Stronger Show Of Gratitude." 7

Corporate Scandals:

Peregrine Options Case Gives Preview Of Current Probes 8
DOJ Figures Show Decline In White-Collar Prosecutions 8
Milberg Weiss, Partners Plead Not Guilty To Making Secret Payments 8
Short-Selling Probe Widens To Include Stock-Lending Business . 9

Criminal Law:

US Charges 11 With Online Gambling Conspiracy 9
Monroe Says Chicago FBI To Record More Corruption Probe Interviews 10
Camden City Council President Says No Other Members Under FBI Investigation 10
Prosecutors Seek Introduction Of Some Gotti Tapes, Exclusion Of Others 10
Ney's Legal Payments On Hold During Campaign 10
Lewis Spent $200,000 For Attorney Fees In Lobbyist Probe 10
Boston's "Big Dig" Found To Have Thousands Of "Weak Spots."11
Two Extradited From Great Britain To Face Investment Fraud Charges In Virginia 11
Canadian Sentenced To Six Years In US Prison For Lottery Scam 11
New Jersey Investment Advisor Pleads Guilty To Role In Telemarketing Scam 11
Missouri Doctors, Businessman Plead Guilty To Medicare Fraud12
Former NYC Youth Orchestra Conductor Convicted Of Child Enticement 12
Two Separate Serial Killers Terrorize Phoenix 12
Tennessee Man To Plead Guilty To Child Porn Charges 12

Civil Law:

US Wants Closed-Door Questioning Of McCallum In Tobacco Case 13
Delaware High Court Rules For Anti-Smoking Group 13
Victims Of Palestinian Suicide Bomber Sue Over Chicago Artifacts 13
Family Of Man Killed By Janklow Sues The Federal Government For $25 Million 13

Civil Rights:

Spokane Mayor Orders Independent Probe Of Police Beating Death 13
FBI Investigating Threat To Ohio Mosque 14
Proponents Of Gay Marriage Optimistic They Will Defeat State Bans In November 14
Bush Speech To NAACP Convention Appears Likely 14
GOP Outreach To African-American Voters Said To Have "Faltered." 14

Report Says Pregnancy Resource Centers Give Misleading Info On Abortion Health Risks ... 14
Arizona Proposal To Link lottery With Voting Dismissed As "Tawdry." ... 15

Antitrust:

New Mexico Rescinds Minimum Service Real Estate Rules ... 15
Internet Pioneers Spar Over Net Neutrality ... 15
Healthways Cleared To Buy LifeMasters ... 15
AMD Steps Up Antitrust Pressure On Intel ... 16
Google Fuels Innovations In Netroots Lobbying ... 16
EU Warns That European Banks Are Not Serving Customers Well ... 16
WSJournal Decries State AGs' Antitrust Action Against Chip Makers ... 16

Environment:

Heat Wave Increases Strain On Electric Grid ... 17
Prosecution Of Former Davis-Besse Officials Delayed ... 17
Refiners Leverage Local Tax Breaks Despite Record Profits ... 18
Livestock Program Provides Unnecessary Aid To Farmers ... 18

FBI/DEA/ATF/USMS:

Tennessee Businessman Indicted, Accused Of Peddling Tons Of Marijuana ... 18
Man Who Ran Sham Business Atop Cross-Border Tunnel Pleads Guilty ... 19
In South Carolina, Shortt Sentenced For Conspiring To Illegally Prescribe Steroids ... 19
Fentanyl-Laced Heroin Found In Maryland ... 19
University Of Virginia Dean Admits Knowing About Drug Dealer's Activities ... 19
MLB, Union Said To Be Preparing For Possible Indictment Of Bonds ... 20
Senate Urged To Maintain Trigger-Lock Law ... 20
Galante Claims Marshals Are Mismanaging Trash Business ... 20

Immigration:

Washington Governor Sends Gonzales Bill For Immigrant Incarceration ... 20
North Carolina Officials Lobby For Immigration Court In Charlotte ... 21
Many States Are Considering Cutting Services For Illegal Immigrants ... 21

Tax:

Kansas City Attorney Pleads Guilty To Tax Evasion ... 21

Congress-Administration:

White House Reiterates Bush's Intention To Veto Stem Cell Bill 22
Data Intrusions Don't Surprise IT Experts ... 23
Omnibus Appropriations Measure Seen As Likely ... 24
Bill Targets Rumsfeld's Salary ... 24
Tenth Anniversary Of Federal Welfare Reform Spurs Reappraisals ... 24
Senate To Consider Increasing Amtrak Subsidy 8% To $1.4 Billion ... 24
Successful Shuttle Mission Ends With "Picture-Perfect" Landing 25
Design Honorees Skip Event Hosted By The First Lady ... 25
Hastert Released From Hospital ... 26

Other News:

US Industrial Production Sees Sharp Increase ... 26
Stock Markets Level Off After Three Sharp Declines ... 26
Little Change In Treasury Prices Expected Before Bernanke Testimony ... 26
Oil Prices Fall As Diplomacy Becomes Focus In Middle East ... 26
Drug Industry Expected To Get Windfall From Sales Of Drugs To Poor ... 27
Eyeing White House Bid, Clinton Has $22 Million In Campaign Coffers ... 27
Democrats Hope Support For Minimum Wage Hike Benefits Their Candidates ... 27
Blogger Says Lieberman Provides Cover For GOP Actions ... 27
Harris Resting After Surgery ... 27
Friedman Defying Expectations In Texas Gubernatorial Race ... 27
Reed Fighting For Survival In Georgia Lieutenant Gubernatorial Race ... 28
Quayle Walks Out Of John Mellencamp Concert ... 28
Bush Skeptical Of Plan For UN Force In Lebanon ... 28
Mideast Violence Escalates ... 31
Israel Signals Terms For Cease Fire ... 32
Key Arab Governments Chastise Hezbollah ... 33
As Westerners Evacuate, US Faulted For Slow Response ... 35
House, Senate Prepare To Address Middle East Crisis ... 36
G-8 Leaders Push For Trade Deal ... 36
Russia Uses G8 Summit To Boost Image ... 37
G-8 Leaders Back North Korea UNSCR As Japan Prepares Sanctions ... 37
Administration Pursues Asymmetric Nonproliferation Strategy ... 37
Missile Defense Team Tours Europe For Base Location ... 37
Chinese General Will Meet Rumsfeld ... 38
Chinese Economy's Expansion Accelerates Despite Efforts To Slow Pace ... 38
India Blames Pakistan For Mumbai Railway Bombings ... 38
US, Iranian Government Both Seek To Head Off Seizure Of Artifacts In Terrorism Lawsuit ... 38
UN Human Rights Committee Criticizes US Record In Variety Of Areas ... 39
Airbus Unveils Revamp Of A350 Jet ... 39
Clinton Says African States Need Stronger Governments ... 39
As Many As One Million López Obrador Supporters Once Again Demand Recount ... 39
Pro-Business Candidate In Brazil Heartened By Election Results In Mexico And Peru ... 40
Tsunami Kills As Many As 226 In Indonesia ... 40
EU Antitrust Official Targets Credit Card Companies ... 40
WSJ Praises Canada's Harper For Boosting Military Spending ... 40

The Big Picture:

Headlines From Today's Front Pages ... 40

DOJ_NMG_0041291

Washington's Schedule:
Today's Events In Washington 41

TERRORISM NEWS:

Missouri Regulators Sue Over AT&T Records. The AP (7/18, Lieb) reports that Missouri state regulators "have gone to court to try to find out whether AT&T Inc. supplied customer phone records to the National Security Agency in violation of Missouri privacy rules." The AP continues, "Public Service Commission members Robert Clayton and Steve Gaw issued subpoenas last month asking whether Missouri customer information and calling records had been disclosed to the National Security Agency. … If so, the PSC subpoenas seek any court or administrative agency records that demanded the customer information and ask whether AT&T customers were notified and consented to the release." The AP adds, "San Antonio-based AT&T said federal security laws bar it from complying with the state's request. It also asserts that the state lacks authority to examine any alleged cooperation between telecommunications companies and federal intelligence and security agencies. … A Cole County judge on Monday set an Aug. 28 hearing on a request from Clayton and Gaw to compel AT&T to comply with the subpoenas. … The Missouri subpoenas came after a USA Today report that AT&T and other phone companies had complied with an NSA request for the phone records of millions of Americans after the Sept. 11 attacks. … The Justice Department has said more than 20 lawsuits have been filed around the country alleging that phone companies illegally assisted the NSA. It said sensitive national security information would be revealed if judges allow those cases to proceed."

DOD Says Attorneys May Have Been Involved In Guantanamo Suicides. The Legal Times (7/17, Schwartz) reports, "Pentagon officials and attorneys for the 450 foreign detainees held at Guantánamo Bay have always been at odds with each other, but since three prisoners committed suicide last month, the chasm between the two has only grown wider." The Times continues, "Earlier this month investigators probing the suicides disclosed they had seized 1,100 pounds of attorney-client-privilege material — all of the legal documents in the possession of detainees being held as enemy combatants. The move was part of an investigation into whether outsiders, possibly lawyers, were involved in a larger suicide plot. … Government investigators say notes found during their search indicated that detainees 'had developed practices for misusing the existence of a privileged attorney-client communication system,' which raised questions of 'whether a coordinated plan existed for suicides involving the encouragement, assistance or direction of other detainees or individuals,' according to a July 7 filing in the U.S. District Court for the District of Columbia. Now the government wants to create a special 'filter team' of Pentagon officials and translators to scour thousands of privileged records for any sign of foul play." The Times notes, "Although the Justice Department's brief doesn't say lawyers were knowingly involved in passing information between detainees, public statements by government officials have pointed the finger at the prisoners' counsel. 'We find it curious that habeas attorneys may have been involved in the deaths,' says Jeffrey Gordon, a Defense Department spokesman."

Bill Proposing NSA Surveillance Changes Comes Under Criticism. CNET News (7/18, Broache) reports, "Criticism is growing of a proposed law touted by a Republican senator and the White House as a compromise solution to the ongoing controversy over the National Security Agency's electronic surveillance program." CNET continues, "At issue is an announcement late last week by Sen. Arlen Specter of Pennsylvania that the Bush administration, in what appeared to be a reversal of its earlier stance, had conditionally consented to a review of the warrantless eavesdropping program by the top-secret Foreign Intelligence Surveillance Court." CNET adds, "The Senate Judiciary Committee chairman hailed the agreement, reached after weeks of negotiations with Vice President Dick Cheney and administration lawyers, as recognition that the president does not have a 'blank check.' … But civil liberties advocates and major newspaper editorial boards with knowledge of the draft proposal have charged in recent days that the real picture is vastly different. Some say that Specter's intended bill is a 'sham' that would not, in fact, bind the administration to submitting existing or future surveillance programs for scrutiny--and could erode checks on the chief executive's power and constitutional safeguards against unreasonable searches. … A Judiciary Committee spokeswoman on Monday declined to supply the language of the bill to CNET News.com, saying it has not yet been distributed to the media. It's expected to be discussed further and perhaps formally introduced at the committee's business meeting on Thursday. … It's also likely to be a topic of discussion on Tuesday, when the committee plans to grill Attorney General Alberto Gonzales at a Justice Department oversight hearing."

Illinois Man Pleads Not Guilty To Spying For Saddam. The Chicago Tribune (7/17, Bush) reports, "A Des Plaines (IL) man accused of being a 'sleeper' spy for the government of Saddam Hussein pleaded not guilty Monday

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to a new charge that he violated U.S. sanctions against Iraq." The Tribune continues, "Sami Khoshaba Latchin was charged last year with entering the U.S. to spy for Iraq's intelligence agency and lying on his citizenship application about his alleged affiliation with Hussein's Baath Party. … Prosecutors now say Latchin traveled to Jordan in 2001 to illegally collect payment of $24,000 from Hussein's government. … They say Latchin received the payment from an Iraqi intelligence officer and transferred $15,000 to his personal checking account in the U.S." The Tribune adds, "After Latchin pleaded not guilty in federal court in Chicago, U.S. District Judge Rebecca Pallmeyer addressed a defense motion over alleged secret government wiretaps. … Latchin's attorneys have asked Pallmeyer to require the government to confirm or deny whether agents have listened in on Latchins' telephone conversations without getting a court order. … Prosecutors have refused to discuss the matter because it concerns classified information. They did agree, however, to provide answers privately to Pallmeyer." The Tribune notes, "The defense raised the question of wiretaps after press reports revealed the National Security Agency has collected data about the telephone activity of Americans without getting a court's approval."

Graham Bucks White House On Trials For Terror Suspects. The New York Times (7/18, Zernike, 1.21M) reports Sen. Lindsey Graham of South Carolina "often plays the contrarian, the conservative Republican willing to poke a stick in the eye of the White House. Now Mr. Graham is playing an even higher-profile variant of that role, as the Senate's foremost expert on military law in the midst of the emotional debate over what rights to provide to terror suspects." Graham is a "former military lawyer who is also a reserve judge on the Air Force Court of Criminal Appeals," and "his influence is shaping up to be pivotal in forming the Congressional response to the Supreme Court ruling striking down the White House's plan for bringing terror detainees to trial." Graham "advocates using the existing court-martial system as the basis for trying suspects, a position that has drawn fire from many other Republicans. They say it could cripple the government's ability to protect the nation by giving detainees too many rights and making it harder to use highly classified intelligence against them." But "drawing on his own experience and a deep personal loyalty to the military justice system, Mr. Graham is working across party lines to try to assemble a consensus for his approach, saying it is sound legally and in terms of national security."

Agent Testifies FBI Originally Sought Padilla's Cooperation, Not Arrest. In a story distributed by McClatchy Newspapers, the South Florida Sun-Sentinel (7/18, Blum, 265K) reports, "The FBI agent who first questioned alleged al-Qaida operative Jose Padilla when he arrived at Chicago's O'Hare International Airport in 2002 said Monday authorities hoped to win Padilla's trust, not arrest him. Special Agent Russell Fincher testified…that the agency thought Padilla knew of terrorist plans to detonate a radioactive device on U.S. soil and wanted Padilla's help to disrupt the plot." The Sun-Sentinel adds, "After hearing from more witnesses, U.S. Magistrate Stephen Brown will determine whether Padilla's statements…should be kept out of his criminal trial because Padilla was not first advised of his constitutional rights. Padilla's lawyer, Michael Caruso, said Fincher had an arrest warrant for Padilla in hand when the questioning began," but "Fincher said Padilla's arrest was not a foregone conclusion."

The AP (7/18, Anderson) notes Fincher said yesterday at the hearing, "I believed there was a terrorist act that was going to happen. I believed he had knowledge of that. I needed his help. I didn't want to arrest him." The AP adds, "Fincher testified that Padilla wasn't read his Miranda rights until the interview ended. But he also said that Padilla agreed repeatedly to talk with the FBI agents, was never handcuffed or otherwise restrained and never requested a lawyer."

DOJ Finds FBI Retaliated Against Agent Over Complaints To Lawmaker. The Washington Post (7/18, A3, Eggen, 748K) reports that an investigation by the DOJ Office of Professional Responsibility "has concluded there is 'reasonable cause' to believe that senior FBI officials retaliated against the bureau's highest-ranking Arabic speaker for complaining that he was cut out of terrorism cases despite his expertise." The probe "found 'sufficient circumstantial evidence' that Special Agent Bassem Youssef was blocked from a counterterrorism assignment in 2002 after he and U.S. Rep. Frank R. Wolf…met with FBI Director Robert S. Mueller III to discuss Youssef's complaints." The Post notes, "Investigators also said the FBI 'has provided no rationale' for its failure to promote Youssef, although one former senior FBI manager said Mueller was 'appalled' that Youssef had complained to a congressman about his treatment."

No Criminal Charges In London Police Shooting Of Brazilian Electrician. The New York Times (7/18, Lyall, 1.21M) reports one year after London police "shot and killed a Brazilian electrician in the subway after apparently mistaking him for a suicide bomber, prosecutors said Monday that they would not charge any individual officers in connection with his death." But the "senior reviewing officer for the Crown Prosecution Service, Stephen O'Doherty, said that the death of the Brazilian, 27-year-old Jean Charles de Menezes, had been the 'cumulative result' of police errors. As a result, prosecutors said, the

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office of the Metropolitan Police commissioner, Sir Ian Blair, would be charged with failing to protect the health and safety of Mr. Menezes." O'Doherty said in a statement, "After the most careful consideration, I have concluded that there is insufficient evidence to provide a realistic prospect of conviction against any individual police officer." The Times adds that to be "acquitted of the health and safety charge, the police must establish that they did everything possible to protect Mr. Menezes's safety. If convicted, they face a fine to which there is no limit set by law." Menezes's family "said they were shocked by the decision not to prosecute any officers individually."

The Christian Science Monitor (7/18, Regan, 58K) reports British state prosecutors "ruled Monday that there is insufficient evidence to prosecute British police officers who last year shot an innocent man in the belief he was a terrorist." BreakingNews.ie, "an Irish news website, reports that the de Menezes family told a press conference Monday that the CPS decision was 'unbelieveable.'" Although the CPS "said the health and safety charges were not aimed at Metropolitan Police Chief Sir Ian Blair, the Financial Times reports that the decision puts embattled Prime Minister Tony Blair (who is not related to Sir Ian Blair) under new scrutiny."

The Washington Post (7/18, A13, Sullivan, 748K) reports prosecutors "said there was insufficient evidence to prosecute the officers, who were not publicly identified. But they said they would seek charges against the Metropolitan Police as an organization for failing to safeguard the 'health, safety and welfare' of Jean Charles de Menezes, 27." The Menezes case "became a symbol of the anxiety that gripped London last summer after four attackers killed themselves and 52 other people on London subways and a bus on July 7." Critics "said that in the tense environment police panicked and used excessive force against an innocent man whose actions had not been unusual or suspicious. Police Commissioner Ian Blair called the incident a tragic error made under extreme pressure by officers who believed they were confronting a bomber determined to kill many people on the subway."

UK Bans Two Islamic Groups. The Los Angeles Times (7/18, 918K) reports, "Britain on Monday banned two Islamist groups operating in the country, invoking for the first time a new law against glorifying terrorism. Home Secretary John Reid issued an order in Parliament to make it a criminal offense for a person to belong to or encourage support for Al Ghurabaa and the Saved Sect. Both groups are believed to be splinters of Al Muhajiroun, formed in 1996 by Omar Bakri Mohammed to promote a global Islamic state. "

HOMELAND RESPONSE:

Administrations Asks Louisiana For Lists Of State's Hurricane Shelters. The AP (7/18, Jordan) reports the Bush Administration "said Monday it needs specific lists of Louisiana's shelters, immobile hospital patients and transportation pickup points before it can promise reliable evacuation help during a major hurricane." In a letter to Democratic Gov. Kathleen Blanco, Homeland Security Secretary Michael Chertoff "made clear what responsibilities the federal government will shoulder the next time a huge storm strikes." Chertoff said, "You have informed DHS that for the 2006 hurricane season the state is unable, without federal support, to evacuate all those who cannot evacuate themselves. As such, we are prepared to provide that support. But we cannot do so effectively without your close cooperation and assistance." The AP adds Chertoff "gave the state until next week, setting a July 26 deadline, to provide the lists."

Mail Delivery Resumes In New Orleans' Lower Ninth Ward. USA Today (7/18, Konigsmark, 2.27M) reports in the Lower 9th Ward of New Orleans, "where Katrina's flooding reached rooftops and pushed houses off foundations," mail carrier Wayne Treaudo's "first round of mail delivery carried some hope for normalcy in a place where normal is hard to come by." The Lower 9th Ward, "once home to about 20,000, is one of the last New Orleans neighborhoods where basic services remain scarce. It's the only neighborhood in the city where electricity and gas services have not been fully restored. Government-issue travel trailers began showing up just last month." That makes "mail delivery a big deal for the residents — fewer than 1,000 — who have returned."

WAR NEWS:

Cheney Rejects Calls For Timetable For US Troops To Leave Iraq. Vice President Dick Cheney yesterday rejected calls from some Democrats for a timetable for the US to begin withdrawing troops from Iraq. Speaking in Iowa, Cheney argued that such a timetable would run counter to US interests in the country. The AP (7/17, Glover) reported that Cheney, who was making his first visit to Iowa since the 2004 election, singled out Rep. John Murtha, "who has pushed for a timetable for withdrawing Americans from Iraq." Cheney said, "That's a bad idea. That proposal is contrary to the national interest." The Vice President "stressed that troop strength would be dictated by conditions on the ground 'and not by artificial deadlines set by politicians in Washington, D.C.'"

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Attack On Marketplace Slaughters "Dozens." The most recent attack on Iraqi civilians was briefly covered on the nightly TV news. ABC World News Tonight (7/17, story 7, 0:15, Gibson, 8.78M) reported, "Also in the Middle East, an especially brazen attack in Iraq today. Gunmen hurled grenades and sprayed gunfire at shoppers south of Baghdad. About 50 people, most of them Shiites, were killed. Some witnesses said Iraqi troops and police did not intervene until the attackers were fleeing." NBC Nightly News (7/17, story 4, 0:15, Williams, 9.87M) reported, "Five hundred seventy five miles to the east of here, the vicious sectarian violence continued today in Iraq. Gunmen sprayed a market south of Baghdad with grenade and automatic weapons fire. At least 50 people were killed today, most of them Shiites. It was also a deadly day for the US military -- three soldiers, we're told, killed in separate incidents."

Coverage in the print media discusses the violence and the failure or inability of Iraqi and US forces to stop the massacre. The Washington Post (7/18, A1, Knickmeyer, 748K) reports, "Masked attackers with heavy machine guns mounted on pickup trucks slaughtered at least 40 people in a crowded market area south of Baghdad on Monday, hurling grenades to blow up merchants at their counters and shooting down mothers as they fled with their children, witnesses and authorities said." The grim article emphasizes the brutality and scale of the attack in the "mostly Shiite city of Mahmudiyah," calling it "vicious even for a country besieged daily by bombs and coldblooded attacks. At one point, the assailants entered a cafe and shot dead seven men -- most of them elderly -- while they were having tea." Sunni "insurgents asserted responsibility." Survivors complained that "Iraqi soldiers let the" attackers through a checkpoint and also "condemned U.S. forces" for allegedly doing nothing "until the killing stopped." The Post reports that, nonetheless, Iraqis generally consider Iraqi soldiers and US troops "more neutral parties" than the "heavily Shiite police forces."

The New York Times (7/18, Wong, 1.21M) reports that the gunmen "wore the uniforms of the Iraqi security forces." The Times identifies the "obscure" group that claimed responsibility as "the Supporters of the Sunni People." Like the Post, the Times pessimistically notes "the government's inability to tamp down spiraling cycles of sectarian violence" and the apparent "helplessness" of Iraqi and US forces stationed in the area. One parliamentary deputy from the Moktada al-Sadr Shiite bloc said, "It's become obvious that the occupation forces are responsible for the devastation taking place in our country."

The Washington Times/AP (7/18, Mroue) also reports the massacre, stating the claim of witnesses that "the attack began when gunmen -- presumed to be Sunnis -- fired on the funeral of a member of the Mahdi Army, a Shi'ite militia, killing nine mourners." A Shiite lawmaker "said Iraqi military authorities had ignored warnings that weapons were being stocked in a mosque near the market. He also said the local police commander refused to order his men to confront the attackers because they lacked weapons and ammunition."

Three US Soldiers Are Killed On Monday. The Los Angeles Times (7/18, Daragahi, 918K) like the other print sources detailing the massacre, also reports the deaths of three US soldiers in separate "combat incidents" involving "gunshot wounds," "a bomb blast," and unspecified "enemy action."

Violence Drives Iraqis Indoors Or Away. The Washington Post (7/18, A16, Partlow, Nouri, 748K) reports that after a week of "vicious" violence, "Baghdad is a skeleton of a city: Many of its shops are shuttered, its streets drained of people." An Interior Ministry official claimed 628 deaths in Baghdad in six days, a much higher figure than those "previously suggested by news reports." Airlines have "added extra flights to Amman, Jordan" to accommodate fleeing Iraqis. Other Iraqis are "imprisoned" inside their homes or live in refugee camps.

Iraqi Soldiers Train With US Marines In Anbar. The New York Times (7/18, Gordon, 1.21M) reports on a joint Iraqi Army-USMC patrol of an "isolated stretch of highway" in Anbar Province. A patrol meant to be routine suffers Iraqi casualties when the crew of an Iraqi Humvee drives "up the hillsides without first getting out to inspect the area for bombs or mines." The Marines find three unexploded mines besides the one that killed one Iraqi and wounded his comrades.

Japan Completes Iraqi Withdrawal. The AP (7/18, Tabuchi) reports, "The last batch of Japanese troops touched down in Kuwait from southern Iraq on Monday, ending the country's largest and most dangerous overseas mission since World War II." The deployment, even though noncombat, was politically unpopular within Japan, where critics "say it violates the constitution and has made Japan a target for terrorism." However, it "signaled the country's eagerness to play a diplomatic and military role more commensurate with its economic might. The ruling Liberal Democratic Party has proposed revising the pacifist constitution to delete phrasing that renounces the country's right to belligerency."

Iraq And US Sign Commercial Cooperation Pact. The AP (7/18, Lenz) reports, "Iraq and the United States signed a commercial cooperation agreement Monday to move the [former] country toward a market economy after decades of state planning." The Iraqi government is "struggling to curb violence and restore the supply" of power and water. The AP writes, "Business progress has been largely limited to smallscale commerce," and many Iraqis have fled the country. However, "a structure for recovery is in place. Two years ago, Iraq created an independent stock

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exchange. Cell phone subscribers have grown to more than 7 million, and the airport in Baghdad offers commercial flights, though with limited destinations."

Taliban Seizes Two Towns. The AP (7/18, Garwood) reports, "Taliban militants seized two towns in tumultuous southern Afghanistan, forcing police and government officials to flee." Previously, the Taliban were known to have "completely seized" only one town, Chora in Uruzgan province, but had been "quickly driven out." A coalition spokesman said, ""We have heard reports of two districts in southern Helmand being under control of the Taliban, and we are in contact with lots of people to build an accurate picture." The AP states, "U.S.-led troops entering southern insurgent hotbeds for the first time are facing intense resistance."

Coalition Soldier Is Killed In Afghanistan. The AFP (7/18) reports, "A coalition soldier was killed and 11 others wounded during fierce fighting in southern Afghanistan, the US-led force said, after a suicide bomber killed a local justice official and two others." In additional fighting, the coalition reportedly "killed four suspected Al-Qaeda fighters in a raid in the east of the violence-plagued central Asian country." The AFP notes a high level of violence in Helmand, where insurgents have reportedly "teamed up with drugs barons to create instability" and where "the newly deployed British forces of about 2,300 soldiers [face] almost daily assaults."

Will Decries Weekly Standard's Criticism Of Administration's Handling Of Iraq. George Will writes in the Washington Post (7/17, A19, 748K) the Bush Administration, "justly criticized for its Iraq premises and their execution, is suddenly receiving some criticism so untethered from reality as to defy caricature. The national, ethnic and religious dynamics of the Middle East are opaque to most people, but to the Weekly Standard -- voice of a spectacularly misnamed radicalism, 'neoconservatism' -- everything is crystal clear: Iran is the key to everything." Will adds, "One envies that publication's powers of prophecy but wishes it had exercised them on the nation's behalf before all of the surprises -- all of them unpleasant -- that Iraq has inflicted. And regarding the 'appeasement' that the Weekly Standard decries: Does the magazine really wish the administration had heeded its earlier (Dec. 20, 2004) editorial advocating war with yet another nation -- the bombing of Syria?"

Cordesman Says That To Succeed In Iraq, US Must Pay A Price. Anthony Cordesman, who holds the Arleigh A. Burke chair in strategy at the Center for Strategic and International Studies, writes in the Washington Post (7/18, A19, 748K) that US forces will have to pay a price "to have any chance of serious success" in Iraq. The price "is this: If an amnesty that brings insurgents into the Iraqi political process is possible, the United States cannot indulge in political posturing over whether some of the insurgents who join the government are people who attacked and wounded or killed Americans." Cordesman adds, "Another price to be paid: It must be shown, by the Iraqi government, that it will separately investigate any charge against US personnel in Iraq. … The third price is a steady increase in Iraqi decision-making and command authority, and Iraqi control over the actions of US forces. … The final price is making it clear that the United States will not seek military bases in Iraq and will help Iraq move toward possession of a counterinsurgency force capable of defending the country against foreign threats." Cordesman concludes, "Every one of these steps will ultimately save American lives and reduce American casualties. … Each will show we are serious about creating a free and independent Iraq, and will help to restore the honor tarnished by a handful of soldiers who endangered and dishonored their comrades."

USAToday Says Democracy Can Take Decades To Take Root. An editorial in the USA Today (7/18, 2.27M) notes the "difficulty of implanting democracy where it has not existed before, a problem that was minimized by the architects of the Iraq war. … Where democracy is new, decades may pass before it takes firm root and then only if carefully nurtured. In Russia, Iraq and other fledgling democracies, people may eventually build the institutions that guarantee freedom. But the zeal to make that happen isn't often matched by the patience the task demands."

Gulf War Veterans Have More Job Help Than Vietnam Generation. The Christian Science Monitor (7/18, Scherer, 58K) reports, "Places such as Walter Reed Army Medical Center are holding job fairs. Specialists in the jobs market, such as Monster.com, are pitching in. Vietnam veterans, most of whom had no help like this, are trying to ensure that this generation of injured soldiers gets better treatment. And there is a dedicated group of people, such as Mr. Brazell, who are intent on helping other people." William Offutt, HireVetsFirst campaign director at the Department of Labor: "Whereas transition services in the 1970s were fairly limited, today we recognize that we have a lifetime commitment beyond [Veteran Affairs] healthcare and education benefits to broader assistance in job training and placement that contribute significantly to improved opportunities when veterans return to civilian life."

Injured Troops "Deserve Stronger Show Of Gratitude." In USA Today (7/18, 2.27M), columnist DeWayne Wickham writes, "Largely overlooked in this political sparring are the more than 18,490 U.S. servicemen and women who have been wounded in Iraq." He argues society is not doing enough to support the badly injured,

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referring to the golf tournament at Walter Reed: "But only 14 corporations supported the golf tournament, the profits from which are being used to fund other MWR programs. This nation can do a lot better than that."

CORPORATE SCANDALS:

Peregrine Options Case Gives Preview Of Current Probes. Bloomberg (7/18, Weiss) reports, "U.S. regulators first cracked down on stock-option backdating three years ago in a case that shows how government prosecutors may attack abusive pay practices now under investigation at more than 50 companies." Bloomberg continues, "The Securities and Exchange Commission said in a 2003 lawsuit that San Diego-based Peregrine Systems Inc. committed fraud when the software maker awarded executives stock options and pretended they were granted on the day the company's stock touched its lowest price for the quarter. Since at least March, federal officials have been looking for evidence that companies from Apple Computer Inc. to Home Depot Inc. manipulated the dates of option grants to boost officers' pay." Bloomberg adds, "Regulators this week plan to file criminal charges in the first enforcement case to emerge from the current options scandal, two people with direct knowledge of the matter said. At least 12 more cases probably will follow, said the people, who asked not to be identified because the probes aren't public. .. Speaking with reporters after an SEC event in Washington today, agency Chairman Christopher Cox said the first case tied to the backdating scandal would be announced 'very soon.' … 'There is undoubtedly both a criminal and a civil piece when it comes to egregious forms of option backdating,' Cox said. 'Forging documents, lying to boards of directors, lying to investors all form the basis of civil as well as criminal charges. I can only speak to the civil, for which we are responsible.'"

The Financial Times (7/18, Grant) reports, "Last week Kevin Ryan, the US attorney in San Francisco, said he had convened a taskforce together with the Federal Bureau of Investigation to determine whether companies that engaged in options backdating did so with 'fraudulent intent to defraud the marketplace, or to hide something from the auditors or the taxman'. … Mr Ryan hinted that the widespread past practice of companies not accounting for discounted options as an expense in their profit-and-loss account could point to evidence of an intent to deceive investors. … Separately, a study published at the weekend revealed that over 2,000 companies appear to have used backdated options to boost executives' income."

DOJ Figures Show Decline In White-Collar Prosecutions. The Legal Times (7/18, McLure) reports, "Armed with a slew of statistics, Matthew Friedrich, the Justice Department's No. 2 official in its Criminal Division, went before the Senate Judiciary Committee late last month to tout the federal crackdown on corporate fraud and address concerns about integrity in the hedge fund industry." The Times continues, "By any measure, the numbers Friedrich presented were impressive. Over the past four years the department's Corporate Fraud Task Force had won the convictions of 92 corporate presidents, 82 chief executive officers, and 40 chief financial officers. 'We now have the attention of the corporate community,' said Friedrich. Nevertheless, he told the senators, white-collar crime remains 'a priority for the Department of Justice.' … But there were some DOJ statistics Friedrich didn't cite. Those numbers show that by some measures the crackdown on corporate criminals has stalled. For instance, there was a 30 percent drop in the number of defendants charged with corporate fraud in 2005 over the previous year and a more than 50 percent decline in the number of corporate fraud investigations opened by federal prosecutors last year. Those figures, buried in an annual statistical report published by the DOJ's Executive Office of U.S. Attorneys that was released earlier this year, were the lowest since the government's post-Enron crackdown on corporate crime began in 2002." The Times adds, "The decline hasn't gone unnoticed by those who study government prosecution data. 'There have been some very high-profile cases like Enron that get a lot of attention,' says David Burnham, a co-director of Syracuse University's TRAC research center. 'But when you look at [new] cases that the Justice Department classified as white-collar crime, they're down.' … The Justice Department attributes the decline in part to the resource-intensive nature of corporate fraud cases, which can involve dozens of prosecutors and FBI agents. And it suggests the downturn may be temporary. 'This could be just part of the cycle and reflect movement into a period of investigation which could ripen into prosecutions,' says Evan Peterson, a DOJ spokesman."

Milberg Weiss, Partners Plead Not Guilty To Making Secret Payments. The New York Times (7/18, Chang) reports, "The law firm Milberg Weiss Bershad & Schulman and two of its partners pleaded not guilty on Monday to charges of making more than $11 million in secret payments to people who agreed to become plaintiffs in lucrative class-action securities lawsuits." The Times continues, "Two other defendants — Seymour M. Lazar, who is accused of serving as a paid plaintiff, and Paul T. Selzer, a lawyer who is accused of helping launder the payments — also pleaded not guilty in Federal District Court. … Milberg Weiss and the two partners, David J. Bershad and Steven G. Schulman, were indicted in May on charges that included mail fraud and conspiracy." The Times adds, "The law firm

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said in a statement Monday: 'The indictment is unprecedented and unfair, and the firm intends to vigorously defend itself against the charges. We are confident that we will be fully vindicated.' … At a hearing later in the day, prosecutors told a federal judge there was a possibility that more indictments could be coming. … 'We're not sure what the contours would be, but we're trying to push through and get the investigation completed,' said Douglas A. Axel, deputy chief of the major frauds section at the United States attorney's office in Los Angeles."

Short-Selling Probe Widens To Include Stock-Lending Business. The Wall Street Journal (7/18, Smith) reports, "Federal prosecutors and civil regulators have opened a new front in their probes of the mechanics of short selling, according to people familiar with the case." The Journal continues, "The Justice Department's U.S. attorney for the Eastern District of New York in Brooklyn is investigating possible overcharging in the stock-lending business, including the use of bogus 'finder's fees,' the same people said. The prosecutors are working with regulators at the Securities and Exchange Commission and the New York Stock Exchange, a unit of NYSE Group Inc." The Journal adds, "Stock lending is an important part of short selling, in which investors sell borrowed stock in hopes of buying it back at a lower price. The improper finder's fees came to light last week in an NYSE regulatory action against one of the NYSE's major 'specialist firms' that direct trading on the floor, the specialist unit of Van der Moolen Holding NV, based in the Netherlands. … The NYSE regulators fined Van der Moolen $3.5 million for allegedly overcharging customers with finder's fees and interest rates that were as much as 13 percentage points above market. Van der Moolen consented to the charges without admitting or denying wrongdoing. (On Friday, two former NYSE specialist traders at Van der Moolen Specialists USA were each convicted of securities fraud.)"

CRIMINAL LAW:

US Charges 11 With Online Gambling Conspiracy. The AP (7/18, Koenig) reports, "Federal officials on Monday charged 11 people, including the CEO of a big gambling Web site, alleging they committed conspiracy, racketeering and fraud in taking sports bets from U.S. residents." The AP continues, "The Justice Department is seeking the forfeiture of $4.5 billion, cars and computers from the defendants, including Betonsports PLC and three other companies. .. Betonsports Chief Executive David Carruthers and four other defendants were arrested over the weekend. Carruthers was being prevented from boarding a flight Sunday from Texas to Costa Rica, where the company has operations." The AP adds, "The 22-count indictment was unsealed Monday in St. Louis, where a federal judge also ordered Betonsports to stop accepting bets placed from within the United States. … Several of the defendants live outside the United States, which will make them hard to catch, said U.S. Attorney Catherine Hanaway in St. Louis. … 'This is a tough crime to prosecute,' she said. … Among those who live abroad is Gary Stephen Kaplan, the founder of Betonsports, which is incorporated in the United Kingdom and listed on the London stock exchange. … Kaplan is a former New York area bookie who moved his operations to the Caribbean after being arrested on gambling charges in New York in 1993."

The Guardian (UK) (7/18, Bowers) reports, "The boss of the online betting group BetonSports was detained at an airport early yesterday morning by the FBI after he touched down in the US on his way from Britain to the company's main operational base in Costa Rica." The Guardian continues, "Investor fears that the move marked the start of a broader crackdown on internet gambling, judged to be illegal by the US justice department, sent shares in several online operators plunging." The Guardian adds, "A BetonSports spokeswoman said the firm's chief executive, David Carruthers, 48, was detained, along with his wife Carol, at a US airport at 11pm local time by the federal authorities. Mrs Carruthers has since flown home to Britain. Last night the spokeswoman said BetonSports had still not heard from Mr Carruthers. .. He is being held in custody in Fort Worth, Texas, after a federal grand jury in the Eastern District of Missouri returned a 22-count indictment charging him and 10 other individuals and four corporations on various charges of racketeering, conspiracy and fraud, the US justice department said in a statement."

MarketWatch (7/18, Nutting, Goldstein) reports, "A federal judge in St. Louis issued a temporary restraining order on Monday to prevent BetOnSports from accepting bets from the United States. The FBI moved to shut off its phones. … 'Illegal commercial gambling across state and international borders is a crime,' said U.S. Attorney Catherine L. Hanaway, promising further actions against online gambling. Hanaway is the U.S. Attorney for eastern Missouri. … The 22-count indictment seeks the forfeiture of $4.5 billion from BetOnSports and the other defendants. The government claims the company's founder, Gary Stephen Kaplan, failed to pay federal excise taxes on $3.3 billion in wagers taken from the United States. … The indictment, issued June 1, was unsealed on Monday."

The London Times (7/18, Doran, York, Walsh) reports, "The presence of the US Internal Revenue Service at the arrest of David Carruthers, the BetOnSports chief executive, as he got off a flight at Dallas Fort Worth airport suggests that the case may not be centred solely on the legality of online gambling in the US." The Times continues, "The news that he had been detained by federal authorities on Sunday evening

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sparked fears that it might herald a crackdown on US internet gambling. … However, FBI officials confirmed to The Times that agents from the IRS as well as the FBI were present, indicating an investigation into tax evasion as well as illegal betting."

The Wall Street Journal (7/18) reports, "The move comes as some U.S. legislators are trying to curtail such sites. Last week the House approved a bill that would make it harder to use credit cards and other electronic payments to place bets over the Internet, including offshore Web sites. It now goes to the Senate, where its fate is uncertain. … The online sites operate in the U.K., where betting is legal, but much of their revenue comes from bettors in the U.S., where such gambling is illegal."

Monroe Says Chicago FBI To Record More Corruption Probe Interviews. The Chicago Sun-Times (7/17, Korecki) reported, "As part of its massive effort to fight corruption, the U.S. attorney's office in Chicago increasingly is targeting people who lie to investigators. And to help in that effort, FBI agents will be urged to expand the audio recording of interviews with suspects," given that "the failure to do so in two recent high-profile corruption cases…gave ammunition to defense lawyers to dissect agents' reports of interviews." Chicago FBI Assistant SAC William C. Monroe told the Sun-Times, "There's certainly not a regret. But agents have had close scrutiny on the stand. … I think we are going to see more interviews recorded at the FBI. If a person hears that tape, it's going to be hard to argue with that tape." The Sun-Times noted, "On a national level, the FBI says it always has stood by its policy not to record without prior approval. FBI spokesman William Cotter said defense lawyers commonly second-guess agents on the stand to turn it into a he-said/she-said."

Camden City Council President Says No Other Members Under FBI Investigation. The Philadelphia Inquirer (7/18, Ott, 399K) reports, "City Council President Angel Fuentes moved yesterday to reassure Camden residents of the governing body's honesty, saying he was not aware of any investigation involving any of the members. The assurances came in response to former Councilman Ali Sloan El's acknowledgment Friday that he had taken a $10,000 bribe to pay off campaign debts during an FBI sting in 2003." At a press conference yesterday, Fuentes declared, "The majority will not tolerate [corruption] and will not compromise. … We're not here to waste taxpayers' money." The Inquirer notes, "Sloan El has not been charged with any crime, and he would not comment yesterday other than to reiterate that he had acted alone."

Prosecutors Seek Introduction Of Some Gotti Tapes, Exclusion Of Others. The New York Post (7/18, Cornell, 608K) reports, "Prosecutors hope to convict John 'Junior' Gotti with his own words -- by playing in court prison tapes of the mob scion discussing plans to cop a plea to charges that he kidnapped radio talk-show host Curtis Sliwa. The tapes prove Gotti's 'consciousness of guilt' and should be heard at his racketeering trial next month, federal prosecutors in Manhattan said yesterday in court papers." The Post notes, "His lawyer, Charles Carnesi, said the tapes were overly prejudicial."

However, the New York Daily News (7/18, El-Ghobashy, 729K) reports, "Prosecutors don't want jurors to hear a jailhouse recording of…Gotti suggesting he's given up the mob life" and saying that "he had paid his debt to society by copping a plea to racketeering charges in 1999." The Daily News notes, "The defense says the comments jibe with Gotti's claim that he had left the Mafia. But prosecutors say the tape -- in which Gotti suggested he was shielded from future criminal charges by his plea deal -- shows his misinterpretation of the law. 'Putting before the jury Gotti's mistaken opinions on this legal issue would be extremely confusing to the jury,' prosecutors wrote in papers filed in Manhattan Supreme Court yesterday."

Ney's Legal Payments On Hold During Campaign. The AP (7/18, Hammer) reports, "Rep. Bob Ney's lawyer says he isn't worried that it's been more than six months since the embattled Ohio Republican paid a legal bill, even as a federal probe of influence-peddling in Congress closes in. … 'Payment will be taken care of in due course,' said Mark Tuohey, the lead lawyer at Vinson & Elkins LLP in Washington. 'Obviously, he needs money for his campaign and that's a priority right now. He intends to pay. He'll pay his fees, I have no doubt about that.'" The AP continues, "Ney paid the firm $232,381 between August 2005 and Jan. 5 and hasn't paid anything since. … He hasn't been charged, but the Justice Department has documented claims by lobbyists that he performed official acts in exchange for things of value." The AP adds, "Ney, who denies wrongdoing, said he eventually will use a separate legal defense fund to pay his lawyers. That fund started raising money in January but collected only $40,000 by March 31, the latest data available. … For the first three months of 2006, Ney blamed legal costs for causing his re-election campaign to spend more than it raised. In the past three months, it was unusually intense campaigning in his expansive rural district that caused the six-term incumbent to spend $52,675 more than donors gave him, he said."

Lewis Spent $200,000 For Attorney Fees In Lobbyist Probe. The Hill (7/18, O'Connor) reports House

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Appropriations Committee Chairman Jerry Lewis "spent $200,000 to retain lawyers in California and Washington following media reports linking him to the federal probe of a powerful lobbying firm with close ties to the chairman, according to recent campaign filings." Lewis "paid Los Angeles-based Gibson, Dunn & Crutcher LLP $200,000 to retain the services of its lawyers, according to the most recent Federal Election Commission (FEC) filing by the Lewis for Congress Committee." Lewis faces "potential federal scrutiny for his ties to lobbyists with Copeland, Lowery, Jacquez, Denton & White, a once-powerful lobbying firm that split up earlier this year after reports it was under federal investigation for its ties to Lewis."

Boston's "Big Dig" Found To Have Thousands Of "Weak Spots." NBC Nightly News (7/17, story 7, 0:20, Williams, 9.87M) reported that "the embarrassing saga of Boston's Big Dig highway project took another turn for the worse. Massachusetts Governor Mitt Romney said testing has exposed weak spots in more than 1,000 places along the Big Dig tunnel system, and all of them will now have to be reinforced. The tests were ordered after huge panels fell and killed a passenger last week."

Construction Workers Raised Concern About Safety Of Big Dig Ceiling Bolts. The Boston Globe (7/18, Murphy, Mishra, 425K) reports, "Field tests by construction workers indicated that bolt-and-epoxy fasteners might not support the multi-ton ceiling panels in the Interstate 90 connector tunnel, but the firm that designed the tunnel persuaded Big Dig officials to use the system anyway, law enforcement officials said yesterday. At the same time, Big Dig officials became so confident in the epoxy used to secure the bolt fixtures that they canceled laboratory tests to regularly check if the high-strength glue was working properly, according to documents obtained by the Globe yesterday." State Attorney General Thomas F. Reilly said, "There were questions raised about whether this design was adequate to carry the weight and hold the weight that it's expected to hold. That was clearly raised, and now we're at the stage of finding out what was the result of that dispute."

Two Extradited From Great Britain To Face Investment Fraud Charges In Virginia. The Virginian-Pilot (7/18, McGlone) reports, "Two suspects extradited from Great Britain to face charges in a $31 million investment scheme pledged during their first court appearance (in Norfolk, VA) Monday 'to get the truth out.'" The V-P continues, "Lee Hope Thrasher, 52, a former victim-witness coordinator in Virginia Beach, and her British-born boyfriend, Howard Welsh, 62, are accused of defrauding more than 1,000 people nationwide who thought that they were investing in a spiritual, tax-free fund that would as much as double their money in the first month. … According to the FBI, Welsh and Thrasher fled the country four years ago, after wiring the $31 million to banks in 13 countries. Authorities have recovered about $2.1 million, according to the U.S. Attorney's Office." The V-P adds, "The U.S. Marshals Service flew to London this weekend to retrieve Welsh and Thrasher. The couple spent two years fighting extradition, appealing their case all the way to the House of Lords, Britain's equivalent of the U.S. Supreme Court. … Beginning in 1999, Welsh and Thrasher began offering their 'corporation sole' investment plan, calling it 'Living Your Sole Purpose,' through word of mouth and seminars at hotels across the country, according to an indictment filed in August 2004. … Welsh and Thrasher promised investment returns of between 12 and 100 percent within 30 days. One flier said a $2,000 investment would be worth $1.8 million after six years. The flier also said there was no need for accounting and no requirement to report the income to the IRS. … To participate, investors had to pay a $1,500 fee and submit passport-sized photographs and signature samples, according to court records. A few investors tied directly to the couple received payments, but the vast majority have not seen any profit, the records say."

Canadian Sentenced To Six Years In US Prison For Lottery Scam. The AP (7/18) reports, "A Canadian man who pleaded guilty to defrauding elderly widows and widowers in the United States in an international telemarketing scheme has been sentenced in federal court in New Hampshire to over six years in prison. Adhemar Baptiste of Montreal was part of a group of Canadians indicted in 2002 after an investigation that included the FBI and Royal Canadian Mounted Police revealed the group defrauded about 80 victims by telling them they had won large lottery prizes but had to prepay Canadian taxes and fees to get the cash. … Baptiste was sentenced Monday to 78 months in prison" and ordered to pay $1.5 million of the $6.4 million restitution granted to the victims.

New Jersey Investment Advisor Pleads Guilty To Role In Telemarketing Scam. The Jersey Journal (7/14, Conte) reported, "A Florida man who bilked investors out of $250,000 in a foreign currency scheme …has pleaded guilty to one count of conspiracy to commit mail fraud, authorities said." Newark US Attorney's office spokesman Michael Drewniak said that Joseph Valko "operated Risk Capital Management International, which had offices in Hoboken and Red Bank as well as Chicago, Houston and Pompano Beach, Fla." The company "claimed to be selling options to purchase foreign currency, but Valko admitted when pleading guilty Wednesday that those claims were false and misleading." The Asbury Park Press (7/14, Quirk) added,

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"The federal case against Valko stems from Operation Busy Signal, the largest investigation into telemarketing scams in U.S. history, said Robert Kirsch, the assistant U.S. attorney who prosecuted the case. The 10-year investigation, which resulted in about 35 convictions, began in 1996 with the examination of Freehold-based Northeast Telecom Inc." The South Florida Sun-Sentinel (7/14, Hatzipanagos, 265K) noted, "The maximum penalty for Valko's charge of one count of conspiracy is five years in a federal prison and a $250,000 fine. The sentencing is scheduled for Nov. 27."

Missouri Doctors, Businessman Plead Guilty To Medicare Fraud. The AP (7/13, Burke) reported, "Three men who participated in a scheme to bilk the government of millions of dollars by ordering expensive wheelchairs for patients who never received them have pleaded guilty to fraud, authorities said." Godwin Iloka of Lee's Summit, Missouri, "admitted in U.S. District Court on Wednesday that he was involved in a scheme to defraud Medicare of more than $2.5 million, U.S. Attorney Bradley J. Schlozman said." Kansas City-area doctors Amazair McAllister and Ambrose Wotorson "previously admitted their involvement in the scheme, Schlozman said." The AP noted, "Iloka, a naturalized U.S. citizen from Nigeria, owns two medical supply businesses in the Kansas City area. Authorities say he was a key player in a scheme in which associates would visit nursing homes and senior centers to recruit people who didn't need motorized wheelchairs." The Kansas City Business Journal (7/12) also reported on the pleas.

Former NYC Youth Orchestra Conductor Convicted Of Child Enticement. The New York Daily News (7/18, El-Ghobashy, 729K) reports, "A Manhattan musician who conducted youth orchestras faces up to 30 years in prison after being convicted in federal court of trolling the Internet for underage sex partners." Dennis Joseph "thought his online overtures were directed at a 13-year-old girl named 'Julie' -- but they were really going to an FBI agent." Joseph "was busted by the FBI last August when he orchestrated a plan to meet the girl in lower Manhattan," and "he was convicted Friday, after an eight-day trial in Manhattan Federal Court, of attempting to entice a minor to engage in sexual activity. He faces up to 30 years in jail under 2003's PROTECT Act, said Manhattan U.S. Attorney Michael Garcia." The New York Post (7/18, Cornell, 608K) adds that the "sicko saxophonist" Joseph "boasted about his sexual prowess -- and his role as a substitute musician in 'Sweet Charity' -- in lewd e-mails to 13-year-old 'Julie' -- who was an undercover agent, authorities said."

Two Separate Serial Killers Terrorize Phoenix. The New York Times (7/18, Giblin) reports, "For many months now, two serial killers who are thought to be responsible for dozens of murders, rapes, robberies and shootings have frustrated scores of detectives and frightened thousands of residents across a wide swath of central Phoenix and its suburbs." The Times continues, "After the most recent crimes — a pair of shootings on July 8 attributed to one of the killers — the police increased a reward to $100,000, an Arizona record, for information leading to the arrest of the two, whom they call the Serial Shooter and the Baseline Killer. … Last Thursday 1,500 residents of all ages, races and incomes filled the auditorium, the lobby, the cafeteria and an outdoor courtyard of an elementary school in central Phoenix to learn what they could of the danger. But the city's mayor, Phil Gordon, and the police chief, Jack Harris, offered little new information and said that the description of one killer remained vague at best and that no one had gotten a clear look at the other." The Times adds, "Chief Harris said he had assigned more than 120 detectives and officers to the case, and they are receiving help from the F.B.I. and the federal Bureau of Alcohol, Tobacco, Firearms and Explosives."

The AP (7/15, Myers) reports, "The killings and woundings of at least 16 other people evoked the terror of the 2002 Washington-area sniper shootings because of the randomness of the crimes and the fact the victims were struck down while going about their daily routines. People have been shot from behind while biking; one victim was vacuuming her car at a carwash, another was waiting for a bus." The AP adds, "Six of the killings are being attributed to the 'Baseline Killer,' whose name refers to the street where he is believed to have committed his first crimes. Police say the man likely wears a disguise -- a wig of dreadlocks topped by a fisherman's hat -- and strikes just after sunset. Five of his victims have been women. Police have not said how all his victims were killed but several were shot. … The second suspected predator, dubbed the 'Serial Shooter,' has been definitively linked to the Dec. 29 wounding of one man and authorities believe he could be responsible for a total of five shooting deaths. Police say the shooter likely watches victims -- mostly pedestrians and bicyclists -- and strikes from behind when no one is looking. The shootings usually occur late at night or in the early morning. Sixteen Serial Shooter victims have survived."

Tennessee Man To Plead Guilty To Child Porn Charges. The Chattanoogan (7/18) reports, "A Cleveland, Tn., man is facing federal child pornography charges. Authorities said Albert Todd Taylor has agreed to plead guilty in the case. Prosecutor John MacCoon said in October 2002, the Dallas Division of the FBI began an investigation along with the Internet Crimes Against Children's Task Force." The Chattanoogan notes, "A forensic examination of the Taylor

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laptop found 791 images that depicted child pornography. A majority of the recovered images were of children partially clothed, nude or involved in sexual acts with other children or adults."

CIVIL LAW:

US Wants Closed-Door Questioning Of McCallum In Tobacco Case. The AP (7/18, Yost) reports, "The Justice Department is opposing public questioning of a former department official in a lawsuit stemming from the government's landmark case against the tobacco industry." The AP continues, "The court battle involves former associate attorney general Robert McCallum and a private group alleging that McCallum and others at the Justice Department failed to surrender records related to the lawsuit against the cigarette companies." The AP adds, "A year ago, McCallum became the central figure in the government's decision to lower by more than 90 percent the amount of money it was seeking from cigarette companies. … In December, Citizens for Responsibility and Ethics in Washington sued, alleging the department had failed to surrender records that might explain the reasons for the reduction from $130 billion to $10 billion." The AP notes, "McCallum, who was confirmed as U.S. ambassador to Australia last month, was scheduled to undergo a deposition Tuesday in a case that the ethics group filed against the department. … After U.S. District Judge Emmet Sullivan gave the go-ahead to question McCallum, the department sought an order that his videotaped deposition be done in private and not be publicly released."

Delaware High Court Rules For Anti-Smoking Group. The AP (7/18, Zuckerbrod) reports, "An anti-smoking group known for its edgy ads featuring teenagers has won a legal victory over No. 3 cigarette maker Lorillard Tobacco Co." The AP continues, "The Delaware Supreme Court ruled Monday that the ads created by the Washington-based American Legacy Foundation did not violate a 1998 agreement between the tobacco industry and the states. … That agreement led to restrictions on tobacco marketing and the creation of the foundation, which the tobacco companies fund through their payments to the states." The AP adds, "The agreement stated that the foundation could not vilify or personally attack tobacco companies or executives, something Lorillard argued the foundation has been doing in its ads. … Monday's ruling upheld a lower court decision that found the ads did not violate the agreement."

Victims Of Palestinian Suicide Bomber Sue Over Chicago Artifacts. The New York Times (7/18, Pogrebin) reports, "That a victim of a Palestinian suicide bombing would seek legal redress from an American museum might seem baffling to the uninitiated. But for Daniel Miller, 27, it is simply a way of extracting justice from a government that he blames for his suffering." The Times continues, "Because Iran helped to train and support members of Hamas, the militant group that carried out the attack along a Jerusalem shopping promenade in 1997, Mr. Miller and four other Americans who survived the attack decided to seek damages from the Iranian government in American courts. … In 2001 they won a judgment against Iran in federal court in Chicago; in 2003 a United States District judge in Washington awarded them about $71 million in compensatory damages and $180 million in punitive damages, to be paid by the Iranian government, according to the plaintiffs' lawyer." The Times adds, "To collect on the judgment, the plaintiffs seized upon an unusual strategy shortly afterward: laying claim to some 2,500-year-old cuneiform tablets that are on loan from Iran to the University of Chicago's Oriental Institute. The survivors are demanding that the university sell the tablets, unearthed by American archaeologists at the ancient Persian capital of Persepolis in the 1930's, and compensate them with the proceeds. … Last week the Iranian government finally took notice, dispatching a Washington lawyer to District Court in Chicago to plead its case. In a hearing yesterday Iran was given until Aug. 21 to respond to the suit. … The University of Chicago has defended Iran's right to the artifacts, arguing that the Oriental Institute has an obligation to return them as promised. … In an unusual twist, the State Department and the Justice Department have supported the university, arguing that the artifacts should be exempt under the Foreign Sovereign Immunities Act, a 1976 law that sets the parameters for suing foreign nations for terrorism in American courts. They argue that seizing cultural artifacts belonging to Iran could damage American relations with other countries."

Family Of Man Killed By Janklow Sues The Federal Government For $25 Million. The AP (7/18, Walker) reports, "The family of a motorcyclist killed when former Rep. Bill Janklow ran a stop sign has filed a new $25 million wrongful death suit against the U.S. government. … Scott's family initially sued Janklow in Minnesota state court. But it was determined that since Janklow was on official business, he was protected from any monetary claims by the Federal Tort Claims Act."

CIVIL RIGHTS:

Spokane Mayor Orders Independent Probe Of Police Beating Death. The Spokane (WA) Spokesman-Review (7/18, Morlin) reports Spokane Mayor Dennis

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Hession yesterday "ordered an independent investigation of the Spokane Police Department's handling of two recent scandals – the beating death of a mentally disabled man and deletion of photos taken by a firefighter who had on-duty sex with a 16-year-old girl. 'I would say mistakes were made,' the mayor said at a press conference at City Hall. … Hession said he hadn't picked the outside expert, but said it likely would be an expert in police training, procedures and communications, possibly someone with academic ties." The AP (7/18, Wiley) notes, "Otto Zehm, 36, died two days after being hit with a nightstick, jolted with a Taser gun and hogtied by as many as seven officers inside a convenience store March 18. Spokane County Medical Examiner Sally Aiken ruled the death a homicide," and "videotapes released last week apparently contradicted key police statements about the arrest attempt. … The FBI is continuing a civil rights review in the Zehm case, Hession said."

FBI Investigating Threat To Ohio Mosque. The AP (7/18) reports, "A mosque complex that was bombed in December received a threatening phone call Monday evening, officials said. The person who called the Islamic Association of Cincinnati…made death threats against Muslims in general, said Karen Dabdoub, director of the Cincinnati office of the Council on American-Islamic Relations." Cincinnati FBI Special Agent Michael Brooks "said the bureau had been contacted by the council about a bomb threat and would send agents to investigate Tuesday. He said the call was referred to Cincinnati police." WKRC-TV Cincinnati (7/17) also reported briefly on the threat and the FBI probe.

Proponents Of Gay Marriage Optimistic They Will Defeat State Bans In November. The Washington Post (7/18, A4, Reid, 748K) reports, "The safest bet in American politics in recent years has been a state ban on same-sex marriage. Since 1998, proposals to outlaw such unions have appeared on the ballot in 20 states, both red and blue, and they have passed everywhere by big margins. Accordingly, opponents of same-sex marriage…are confident these days as they look ahead to the eight (or possibly nine) states in which the ban is expected to be on the ballot in November. … And yet, supporters of same-sex marriage…are also optimistic as they look forward to this fall's campaigns." The Post goes on to report, "Among other things, proponents of same-sex marriage think they have a chance this November, for the first time, to defeat a ban on a state ballot. A nonpartisan poll in Wisconsin last month showed voters evenly split on the issue, with 49 percent favoring such a ban and 48 percent opposed. … Polling in Arizona and Colorado also suggests fairly close divisions. But opponents of same-sex marriage note that polls usually understate the actual vote for such a ban."

Bush Speech To NAACP Convention Appears Likely. The Los Angeles Times (7/18, Wallsten, 918K) reports President Bush "is apparently ready to end his boycott of the NAACP, the nation's oldest civil rights organization, with a possible speech Thursday to the group's national convention here." Bush's appearance would "underscore the GOP's continued efforts to recruit black voters. It would also come as some congressional Republicans have balked at renewing Civil Rights-era voter protection laws and almost a year after Hurricane Katrina devastated New Orleans — and criticism began that the Bush administration failed to aid the city's largely poor and black residents." Negotiations, "which have been underway for days, have involved the NAACP's president, Bruce S. Gordon, who has pursued warmer relations with Bush and White House aides, including political strategist Karl Rove. By Monday it appeared increasingly likely that Bush would speak, although the White House had yet to confirm it with the group."

GOP Outreach To African-American Voters Said To Have "Faltered." The New York Times (7/18, Nagourney, 1.21M) reports, "Starting after President Bush's re-election in 2004, the party chairman, Ken Mehlman, filled his schedule with appearances before black audiences. He apologized for what he described as the racially polarized politics of some Republicans over the past 25 years. And the White House, in pressing issues like same-sex marriage to appeal to social conservatives, was also hoping to gain support among churchgoing African-Americans. … But as Mr. Bush is tentatively scheduled to speak at the N.A.A.C.P. convention in Washington this week — after five years of declining to appear before an organization with which he has had tense relations — it seems fair to say that whatever the motivation, the effort has faltered. Mr. Mehlman's much-publicized apology to the National Association for the Advancement of Colored People seems to have done little to address the resentment that built up over what civil rights leaders view as decades of racial politics practiced or countenanced by Republicans." The Times goes on to report, "Bush — who is highly unpopular among blacks — has not made this effort a public priority of his administration, though Mr. Mehlman said the president shared his desire to expand the party's appeal to blacks."

Report Says Pregnancy Resource Centers Give Misleading Info On Abortion Health Risks. The AP (7/18, Freking) reports women "who consult with pregnancy resource centers often get misleading information about the health risks associated with having an abortion, according to a report issued Monday by Democrats on the House Government Reform Committee." Congressional aides, "posing as pregnant 17-year-olds, called 25 pregnancy

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centers that have received some federal funding over the past five years. The aides were routinely told of increased risk for cancer, infertility and stress disorders, said the report, which was prepared for Rep. Henry Waxman, D-Calif."

The Washington Post (7/18, A8, Kaufman, 748K) reports, "Federally funded 'pregnancy resource centers' are incorrectly telling women that abortion results in an increased risk of breast cancer, infertility and deep psychological trauma, a minority congressional report charged yesterday." The report "said that 20 of 23 federally funded centers contacted by staff investigators requesting information about an unintended pregnancy were told false or misleading information about the potential risks of an abortion." The "pregnancy resource centers, which are often affiliated with antiabortion religious groups, have received about $30 million in federal money since 2001, according to the report, requested by Rep. Henry A. Waxman (D-Calif.)."

Arizona Proposal To Link lottery With Voting Dismissed As "Tawdry." USA Today (7/18, 2.27M), in an editorial, writes, "In an effort to improve voter turnout in Arizona, Tucson political activist Mark Osterloh gathered more than 185,000 signatures to put his Arizona Voter Reward Act on the state ballot this November as Proposition 200. If Arizona's voters approved, one lucky voter would win a million bucks, financed by unclaimed prize money from the state's existing lottery. Citizens would qualify by voting in the primary or general election; vote in both and they'd be entered twice. … This is well-intentioned…but ill-conceived. For one thing, it might be illegal. … But even if it's legal, it's a tawdry idea. It cheapens one of the most important things a citizen of a democracy can do. It amounts to bribing citizens to vote."

ANTITRUST:

New Mexico Rescinds Minimum Service Real Estate Rules. Inman News (7/18) reports, "The New Mexico Real Estate Commission has voted unanimously to rescind the language in a controversial real estate rule that set service requirements for real estate licensees in the state. A commission task force will continue to study the issue." Inman continues, "Despite objections from the U.S. Department of Justice's Antitrust Division, commissioners had passed a rule change in February that required real estate brokers in the state to accept and present all offers and counteroffers to their clients in every real estate transaction and to provide assistance to clients in 'developing, communicating, negotiating and presenting offers, counteroffers and notices that relate to the offers and counteroffers until a lease or purchase agreement is signed and all contingencies are satisfied or waived.' … The rule, which was not implemented, would have banned real estate businesses from providing some forms of limited service to clients such as the entry of a property into a multiple listing service without any additional representation in a transaction." Inman adds, "Across the country, state legislatures and real estate commissions have considered similar rule changes that are typically promoted by Realtor trade groups as pro-consumer measures that can ensure that consumers receive adequate services in real estate transactions while eliminating confusion in transactions that involve representation from both full-service and limited-service real estate companies. … In a handful of cases, U.S. Justice Department and Federal Trade Commission officials have opposed such measures, charging that the measures can reduce consumer choice and stifle competition in the industry by targeting alternative business models. Several states have passed the measures despite federal opposition."

Internet Pioneers Spar Over Net Neutrality. CNET News (7/18, Broache) reports, "Two Internet pioneers dueled on Monday over whether proposed Net neutrality regulations supported by companies like Google and Amazon.com are the best way to prevent 'abusive' behavior by broadband providers." CNET continues, "A debate here hosted by the Center for American Progress, a nonpartisan research institute that brags of challenging 'conservative thinking,' pitted Google Chief Internet Evangelist Vint Cerf, who co-developed the Internet's backbone protocols and has emerged as a leading proponent of congressional antidiscrimination mandates for network operators, against Dave Farber, a Carnegie Mellon University computer scientist widely considered to be a 'grandfather' of the Internet. … The pair of technologists appeared to agree on at least one thing: Network operators, in general, shouldn't be allowed to interfere with Net users' activities. Where they disagreed was on the role that Congress and federal regulators should play in the ongoing debate over so-called Net neutrality, the idea that network operators must generally give equal treatment to all content that travels over their pipes." CNET adds, "Monday's event came as a massive communications bill, criticized by Net neutrality proponents like Cerf for failing to include adequate protections, awaits a vote by the full Senate. It remains unclear how soon the vote will occur."

Healthways Cleared To Buy LifeMasters. The AP (7/18) reports, "Health services provider Healthways Inc. said Monday it received clearance for its $307.5 million acquisition of California-based disease management company LifeMasters Supported SelfCare Inc." The AP continues, "In a statement, the company said the required waiting period for antitrust review under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 expired, satisfying a closing condition of the deal." The AP adds, "The combined

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companies will have almost 75 customers including health plans, employers and government Medicare and Medicaid programs. … It will have a total of 3,500 employees, including nurses and clinicians."

AMD Steps Up Antitrust Pressure On Intel. CNET News (7/18, Wearden) reports, "Advanced Micro Devices is stepping up the pressure on Intel over alleged anticompetitive practices by filing another complaint, this time with German authorities." CNET continues, "The latest complaint was filed last week with Germany's Federal Cartel Office, or Bundeskartellamt. In it, AMD claims that Intel made deals with German retailers that violate the country's competition laws." CNET adds, "The complaint was prompted by a report in the German edition of the Financial Times claiming that the Media Markt retail electronics chain had agreed to only sell computers that used Intel's processors in return for a payment from the chipmaker. … 'AMD had already received similar information, so we decided to file a formal complaint with the Federal Cartel Office,' AMD spokeswoman Hollis Krym explained." CNET notes, "A representative for the German Federal Cartel Office confirmed that a complaint had been received from 'a competitor of Intel.' It is now liaising with the European Commission, which is conducting its own investigation into Intel. … In June 2005, AMD filed a lawsuit against Intel, claiming that it had forced major customers to accept exclusive deals, and had withheld rebates and marketing subsidies from customers who bought more AMD processors than Intel had allowed. … The next month, European Commission officials raided Intel's offices in Swindon, England, as well as the offices of several PC retailers, including Dell."

Google Fuels Innovations In Netroots Lobbying. The Financial Times (7/18, Kirchgaessner, Waldmeir, Waters) reports that over the "past few months, Google and its new-economy allies have had remarkable success at challenging not just the style of Washington lobbying but the central fact of power in the capital: that money often speaks louder than democracy." On a "shoestring budget and with a handful of lobbyists, Google and a coalition of other online content companies have used the internet to mount an unusual challenge to big-money politics. They have got the voters talking directly to the legislators - without the intermediary of opulently shod lobbyists - in ways that could profoundly influence the future of lawmaking and lobbying." And they have "done it with an issue that only a techie could love: 'net neutrality,' obscure code words that stand for the principle of non-discrimination in the way customers are charged to use the internet." Proponents "now include almost every Democratic presidential contender, half the senators on the powerful Senate commerce committee and an eclectic coalition ranging from companies such as Yahoo, Ebay and Amazon to the Christian Coalition, Gun Owners of America and musicians Mobe and the Dixie Chicks."

EU Warns That European Banks Are Not Serving Customers Well. The AP (7/18, White) reports, "European banks are not serving customers well, EU Competition Commissioner Neelie Kroes said Monday as she also warned that she was ready to step up action against credit and debit card providers earning 'abnormally high' profits." The AP continues, "EU regulators identified a host of problems showing that banking is still a fairly closed market, but Kroes said the exact causes of that were not clear and she needed the industry to help her show what must be done to open the system." The AP adds, "Banks generally stick to their own national markets and benefit from very faithful customers who usually hold an account with the same bank for an average of about 10 years -- which may partly be because of the high cost of switching banks. … The European Commission believes that breaking down national barriers in financial services could stimulate economic growth and help create more jobs in Europe. … Countries where customers don't shop around tend to have more profitable banks, the Commission said in its report. … Profits vary widely. Banks in Ireland, Spain and Finland pull in the most pretax, making over 40 percent of total retail banking income in 2004. At the other end of the scale, Austrian banks made 11 percent and banks in Germany 17 percent."

WSJournal Decries State AGs' Antitrust Action Against Chip Makers. The Wall Street Journal (7/18) editorializes, "The class-action reform bill that Congress passed last year was supposed to take some of the shenanigans out of mass tort litigation. But last week, 34 state Attorneys General showed that where there's a will, there's a lawyer. … Those 34 AGs filed civil suits in federal court Friday, seeking to recover damages from seven memory-chip makers from around the world, most of whom have already been through the federal wringer for a price-fixing conspiracy. Four of the seven companies now being sued have pleaded guilty in the criminal case, while a fifth, Micron Technologies, has secured immunity through a cooperation agreement with the Justice Department. Some $730 million in fines have been levied and executives from a number of companies have been handed prison sentences in the case. … Enter the state AGs, who have now ridden in on their taxpayer-funded horses to shoot the wounded. The 2005 Class Action Fairness Act moved certain kinds of class-action suits to federal court, including those involving indirect damages from antitrust violations. So nearly three dozen state Attorneys General have sued the chip makers for

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damages in federal court in California." The Journal adds, "It is hard to know how big this particular pot of gold might be, since the damages are mostly indirect (in the form of higher prices passed on by some computer makers). But antitrust law permits persons harmed by a price-fixing conspiracy to sue for treble damages. And adding consumers to the mix also enlarges the kitty, since the AGs are effectively suing on behalf of everyone in their state who bought a piece of electronics with memory inside between 1998 and 2002. … We've often criticized the cozy relationship between the trial bar and the state Attorneys General, but in this case the AGs seem to have cut out the middle man, bringing a massive class-action suit all on their own. For our tax dollars, we're not sure the 50 states need a trial-lawyer-in-chief."

ENVIRONMENT:

Heat Wave Increases Strain On Electric Grid. The Wall Street Journal (7/18, Smith, 2.03M) reports, "Scorching temperatures strained electric systems throughout the nation as consumption broke records, underscoring warnings by regulators and industry officials that the nation isn't building enough power plants and transmission lines." Grid officials "in the most populous states asked consumers to trim electricity use to reduce the possibility of supply disruptions. Despite conservation efforts, records for electricity consumption were set in California, Texas, New York, the mid-Atlantic region and the Midwest." Rising demand 'throughout the nation could reignite debate about how best to stimulate construction of plants in states that have deregulated their retail electricity markets, where regulators typically don't order utilities to build facilities."

The networks each ran stories last night on the heat wave, but did not focus primarily on the electricity grid. ABC World News Tonight (7/17, story 9, 2:00, Pinto, 8.78M) reported, "Heat kills nearly 400 people nationwide every year, more than earthquakes, lightning, tornadoes, floods and pre-Katrina hurricanes combined." Forecasters "expect some relief in the Midwest tomorrow, as soaring temperatures spread east. But later this week, the heat returns and with it, the danger."

The CBS Evening News (7/17, story 7, 0:15, Schieffer, 7.66M) reported, "America suffered today from a coast-to-coast case of sunburn, the weather map tells the story, shades of red everywhere, and a stifling heat wave. Temperature in the 90 and higher in many places made this the hottest day of the year. There was a record demand for power in steamy Chicago."

NBC Nightly News (7/17, story 8, 1:35, Tibbles, 9.87M) reported, "In New York, extreme heat might have caused a subway train to lose power. It left 70 passengers stranded in the heat for 3 hours."

Greenland Flourishing Because Of Increase In Average Temperatures. The Wall Street Journal (7/18, Etter, 2.03M) reports in a front page story that average temperatures "in Greenland have risen by 2.7 degrees Fahrenheit over the past 30 years -- more than double the global average, according to the Danish Meteorological Institute. By the end of the century, the institute projects, temperatures could rise another 14 degrees." The milder weather "is promoting new life on the fringes of this barren, arctic land. Swans have been spotted recently for the first time, ducks aren't flying south for the winter anymore and poplar trees have suddenly begun flowering." Greenland "represents one of the largely unrecognized paradoxes of global warming. In former Vice President Al Gore's recent film 'An Inconvenient Truth,' the melting of Greenland's ice cap, along with a similar cap in the Antarctic, is portrayed as one of the greatest threats of global warming." But to "many of the people who live here in Greenland, the warming trend is a boon, not a threat." Even "small increases in temperature can make a big difference in the quality of life for many Greenlanders who scrabble out a living at the whims of the weather."

Prosecution Of Former Davis-Besse Officials Delayed. The Toledo Blade (OH) (7/18, Henry) reports, "A former Davis-Besse trio being prosecuted for endangering public safety likely won't have their cases heard in U.S. District Court in Toledo this fall, as federal prosecutors had predicted when the indictments were issued in late January." The Blade continues, "Andrew Siemaszko, 51, of Spring, Texas; David Geisen, 45, of DePere, Wis., and Rodney N. Cook, 55, of Millington, Tenn., maintain their innocence on charges of making false statements to a federal agency. … They are accused of withholding vital information about the plant's operating status during the fall of 2001, when the Nuclear Regulatory Commission was contemplating what would have been the government's first emergency shutdown of a nuclear plant since 1987." The Blade adds, "The government agency admittedly was embarrassed and angered by what was found after it relented. It unknowingly let the plant limp along in an extremely dangerous condition until Feb. 16, 2002. … Mr. Siemaszko and Mr. Geisen, both former FirstEnergy Corp. employees, are being prosecuted on five counts, while Mr. Cook, an outside contractor-consultant who had worked at Davis-Besse for many years, is being prosecuted on four. Each face up to five years in prison and $250,000 in fines if convicted. … On July 7, Magistrate Vernelis Armstrong granted the U.S. Department of Justice's request to waive the speedy trial rule. The government had asked for more time, citing the complexity of the case and its 20,000-plus documents. … During a conference call four

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days later, the magistrate postponed the deadline for pretrial motions for a second time. The new deadline is Oct. 10."

Refiners Leverage Local Tax Breaks Despite Record Profits. The Wall Street Journal (7/18, Biers, Resnick-Ault, 2.03M) reports that despite "public frustration over high pump prices and flush industry profits, major refining companies are seeking and winning large local tax breaks for their refinery-expansion plans with little political opposition." Reasons include Bush Administration encouragement to refiners "to produce more gasoline to help keep prices down, while local communities fear the companies will take jobs elsewhere if they aren't offered inducements to stay." The "various incentives, combined with a federal tax-break package last year, can offer refiners savings that reach hundreds of millions of dollars, though estimating a total is difficult given the range of federal and local levying agencies involved."

Livestock Program Provides Unnecessary Aid To Farmers. As part of its ongoing series on farm subsidies, the Washington Post (7/18, A1, Gaul, Morgan, Cohen, 748K) reports in a front page article that the USDA's Livestock Compensation Program, "originally intended as a limited helping hand for dairy farmers and ranchers hurt by drought," has "rapidly became an expensive part of the government's sprawling system of entitlements for farmers, which topped $25 billion last year." In all, the Post says the program cost taxpayers $1.2 billion during its two years of existence, 2002 and 2003. "Of that, $635 million went to ranchers and dairy farmers in areas where there was moderate drought or none at all," according to an analysis of government records by the Post. "None of the ranchers were required to prove they suffered an actual loss. The government simply sent each of them a check based on the number of cattle they owned," the newspaper writes. John A. Johnson, deputy administrator for farm programs for the USDA, "said that initially the program provided meaningful assistance to ranchers in areas suffering from drought." But after Congress "loosened the rules," he acknowledged, "what was meant as disaster assistance ended up being given to people who didn't have a need or a loss." However, the Post reports, "Shortly before the 2002 congressional elections, the Bush administration faced growing pressure from ranchers and politicians in a handful of Western states that were hit hard by drought. Of special political concern to the White House, sources said, was South Dakota, where Republican Rep. John Thune was close to unseating Democratic Sen. Tim Johnson."

Program Created To Aid Thune In Reelection Bid. In an accompanying article, the Washington Post (7/18, A11, Morgan, 748K) writes, "If not for a tight Senate race in South Dakota in 2002, there might have been no Livestock Compensation Program. In August 2002, 12 weeks before the election, aides to the Republican candidate, then-Rep. John Thune, were worried about the political fallout from a speech made by President Bush during a visit to Mount Rushmore, with Thune in attendance." According to the Post, the President "had pointedly refused to promise ranchers new large-scale federal drought relief, suggesting instead that Congress consider shifting some funds from a recently enacted farm bill." In Washington, the Post says the "White House political affairs office, then directed by Ken Mehlman, recognized the importance of the drought-relief issue to the Thune race. That spurred an effort in the administration to come up with a way to help the embattled Republican candidate, according to a former senior official at the Department of Agriculture." One week later, then-Agriculture Secretary Ann M. Veneman announced the creation of the Livestock Compensation Program "with Thune…at her side."

Cochran Used Drought-Relief To Create Catfish Subsidy. In a second accompanying article, the Washington Post (7/18, A10, Gaul, 748K) reports, "One of the more unusual offshoots of Congress's drought-relief efforts was a $34 million assistance program for catfish farmers." Mississippi, which "reeled in by far the largest share of federal dollars—nearly $19 million," is home to "a powerful US senator, Republican Thad Cochran, then chairman of the agriculture committee and second-ranking majority member of the Appropriations Committee." The Post reports "it was Cochran who inserted language into a wartime appropriations bill in 2003" providing federal assistance to catfish farmers.

FBI/DEA/ATF/USMS:

Tennessee Businessman Indicted, Accused Of Peddling Tons Of Marijuana. The Knoxville (TN) News Sentinel (7/18, Satterfield) reports a prominent entrepreneur is accused of "peddling tons of marijuana over the past 11 years and laundering his ill-gotten gains through his businesses. U.S. Magistrate Judge Bruce Guyton arraigned Scott West, 41, on Monday on a two-count federal indictment accusing West of conspiring with his brother and two unidentified suspects to push thousands upon thousands of pounds of marijuana. He also is accused of plotting with his wife, brother and sister-in-law to hide the proceeds. … The brothers and their wives have been under probe for at least six months, U.S. Drug Enforcement Administration Agent Michael Davis wrote in a criminal complaint." The News Sentinel says authorities are seeking to seize the businesses involved.

According to the AP (7/17), a businessman "involved in the redevelopment of downtown Knoxville and his brother were charged Monday in a federal indictment with conspiring

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to launder millions of dollars from marijuana sales. … The indictment charges them with distributing more than 2,200 pounds of marijuana for which they received at least $2.5 million. However, a criminal complaint in a related case suggests that may have been only a single shipment in a conspiracy that began in 1995."

On its Web site, WVLT-TV, Knoxville (7/17) reports, "Two brothers and businessmen from Knoxville were in court Monday, both accused of marijuana possession and distribution. James Michael and Scott West pleaded not guilty to the charges in federal court. They're both accused of drug possession and money laundering after a federal grand jury returned a two count indictment against them."

Man Who Ran Sham Business Atop Cross-Border Tunnel Pleads Guilty. The San Diego Union-Tribune (7/18) reports a man who "ran a sham produce business out of an Otay Mesa warehouse atop the longest cross-border drug tunnel ever discovered pleaded guilty to conspiracy yesterday and faces about 30 months in prison. Carlos Cárdenas Calvillo…admitted he was aware that the produce business was a front for drug trafficking at the warehouse. But prosecutors said he was not directly involved in bringing drugs into the country through a half-mile tunnel from an industrial area near Tijuana's airport. … Investigators are still chasing down leads in the case, said spokespeople for Immigration and Customs Enforcement and the Drug Enforcement Administration."

In South Carolina, Shortt Sentenced For Conspiring To Illegally Prescribe Steroids. In Columbia, the AP (7/18) reports the doctor "who pleaded guilty to conspiring to illegally prescribe steroids to several Carolina Panthers was sentenced Monday to one year and one day in prison. Dr. James Shortt pleaded guilty in March to one federal count of conspiracy to distribute anabolic steroids and human growth hormone. Prosecutors have said current and former members of the Carolina Panthers were some of Shortt's patients. As part of the plea deal, prosecutors dropped 42 other counts against Shortt."

Columbia's The State (7/17) writes that Shortt "had faced a maximum sentence of five years in prison and a $250,000 fine for conspiring to distribute anabolic steroids and human growth hormones to NFL players, bodybuilders and others."

Spero News (7/18) notes the case "was investigated by agents of the Drug Enforcement Administration."

The Charlotte (NC) Observer (7/17, Chandler) also reported on Shortt's sentence.

Local TV Coverage. KCBS-TV, Los Angeles (7/17, 6:00 p.m.) reported, "The doctor who pleaded guilty to illegally prescribing steroids to members of the Carolina Panthers has been sentenced to prison. Dr. James Shortt will spend 1 year and 1 day for his guilty plea. Because of appeals…Shortt's sentence won't begin until 2008."

WTSP-TV, Tampa-St. Petersburg-Sarasota (7/17, 11:00 p.m.) reported, "The doctor who pleaded guilty to illegally giving steroids was sentenced today. Dr. James Shortt received a sentence of one year and one day."

WAXN-TV, Charlotte, North Carolina (7/17, 10:00 p.m.) reported, "An appeal is expected in less than ten days for a doctor convicted of prescribing steroids to members of the Carolina Panthers. Dr. James Shortt was sentenced to one year in prison. He pleaded guilty to one count of distributing steroids. None of the Panthers was charged, nor were any of the other athletes who got drugs from Shortt. … Prosecutors dropped 42 other counts against Shortt in exchange for the one guilty plea. James Shortt will serve about ten-and-a-half months behind bars. He won't have to go to prison until after he's tried to appeal, and that could be another 18 months or longer."

WRAL-TV, Raleigh-Durham-Fayetteville, North Carolina (7/17, 5:00 p.m.) reported, "A doctor convicted of distributing steroids to several Carolina Panthers is going to prison. Today, Dr. James Shortt was sentenced to one year and one day behind bars. Shortt pleaded guilty to a charge of conspiracy to distribute steroids earlier this year. Prosecutors dropped 42 other counts against shortt as part of a plea deal. He faced up to five years in prison."

Fentanyl-Laced Heroin Found In Maryland. The AP (7/17) reports Maryland State Police "issued a warning [Monday] about potentially lethal heroin on the Eastern Shore after tests revealed that heroin seized earlier this month contained the deadly drug fentanyl. Maryland officials said investigators will coordinate with Delaware authorities to try to find the source of the tainted heroin. Fentanyl has been linked to several drug overdoses, some fatal, throughout the Northeast and in parts of the Midwest this year."

University Of Virginia Dean Admits Knowing About Drug Dealer's Activities. Charlottesville's Daily Progress (7/18) reports the University of Virginia "is arranging for additional temporary staffing in the Office of African-American Affairs following the university's decision Friday to place Dean M. Rick Turner on paid administrative leave. Turner signed an agreement in U.S. District Court on Thursday that stated he had lied about his knowledge 'of the activities of a known drug dealer last year. … Police and prosecutors declined to comment on what led Turner to enter into a pretrial diversion agreement that allowed him to avoid prosecution by agreeing to 12 months of federal probation. The agreement states that prosecution is being deferred 'in a matter within the jurisdiction of the Drug Enforcement Administration.'"

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MLB, Union Said To Be Preparing For Possible Indictment Of Bonds. The Washington Post (7/18, Sheinin) reports sources on both sides say Major League Baseball "is exploring its options for punishing embattled slugger Barry Bonds in the event the San Francisco Giants superstar is indicted by a federal grand jury -- even though an indictment would not be a finding of guilt -- while the players' union is girding for a potential fight over such an action. A federal grand jury in San Francisco investigating potential tax evasion, money laundering and perjury charges against Bonds is set to expire by the end of the month, an assistant to Michael Rains, Bonds's defense lawyer, said yesterday, and there has been widespread speculation it could reach a decision as early as Thursday."

Senate Urged To Maintain Trigger-Lock Law. The Tacoma (WA) News Tribune (7/17) editorializes, "Gun-control opponents like to argue that if authorities just enforced laws that are already on the books, that would go a long way toward addressing gun violence in this country. … One law on the books, however, won't be enforced if the U.S. Senate goes along with the House and takes away the funding needed for it. It's the law requiring that gun dealers and manufacturers include trigger locks with the handguns they sell. It doesn't mandate that buyers use trigger locks, just that they be provided at point of sale." The Tribune continues, "Congress approved the trigger-lock requirement last fall as part of compromise legislation to limit gun manufacturers' liability. It's hypocritical – not to mention bad form – for the gun-rights crowd to turn around now and try to kill the part of the legislation it agreed to in order to help win passage for the provision it wanted. .. . The trigger-lock law is enforced by the U.S. Justice Department. An amendment pushed by Rep. Marilyn Musgrave (R-Colo.) and the national gun lobby would kill the funding the department needs for enforcement." The Tribune adds, "Law enforcement officers have been among the most vocal advocates of trigger locks and other ways to secure guns in the home. They have seen too many senseless tragedies up close involving children having access to firearms in the home and know that most of them could have been avoided had a trigger lock been in place. Nationwide, firearms account for about 10 percent of the deaths of children ages 5 to 14. For every child who dies, three more are injured but survive. … The trigger-lock requirement has a very real chance of saving young lives – much like laws requiring child car seats and seat belt use. The Senate can act to block the House's irresponsible action, and it should."

Galante Claims Marshals Are Mismanaging Trash Business. The Danbury (CT) News-Times (7/18, Ali) reports, "New Fairfield (CT) businessman James Galante is firing back at federal marshals who have been overseeing his trash business since his June indictment, saying the federal government is running his empire into the ground." The News-Times continues, "Galante's New Haven lawyer, Hugh Keefe, said he expects to file a motion later today detailing how the U.S. marshals are doing damage to Galante's Danbury-based sanitation business." The News-Times adds, "Prosecutors allege Galante was in charge of a scheme to control sanitation routes in Connecticut and New York and that he paid the head of the Genovese crime family to enforce the arrangement. … Keefe said he is filing a motion to revoke the marshal's involvement in Galante's business and to "revoke the monitor essentially before they run it into the ground." … Galante, the owner of Automated Waste Disposal on White Street and other trash companies, was indicted in a statewide racketeering case that prosecutors said has Mafia ties. … In a report filed last week in U.S. District Court in New Haven, federal monitors state that Galante's empire is suffering and if the federal marshals can't improve its financial shape in six months, the company should be sold."

IMMIGRATION:

Washington Governor Sends Gonzales Bill For Immigrant Incarceration. The AP (7/18, Corte) reports that Washington Governor Chris Gregoire "sent an invoice of nearly $50 million to Attorney General Alberto Gonzales on Monday, saying the federal government needs to reimburse the state for the cost of housing criminal illegal immigrants in state prisons." The AP continues, "Gregoire said that it's the federal government's responsibility to incarcerate illegal immigrants who have committed crimes, but that the state has been doing it for years. From July 2004 to June 2005, Gregoire said the state paid more than $27 million to house 995 prisoners. The U.S. Department of Justice has only reimbursed the state $1.7 million, and still owes $25.3 million. … She's seeking an additional $24.4 million reimbursement for the months from July 2005 to this May." The AP adds, "Gregoire said that the states have been forced to pick up cuts in Medicaid and homeland security and shouldn't have to shoulder the incarceration costs. … 'If we're going to continue to see nothing but cuts come our way, and accountability measures for us, then I think turnaround is fair play,' Gregoire said. 'They have to live up to their responsibility and we need to hold them accountable.' … Justice Department spokeswoman Kathleen Blomquist said her department would respond to Gregoire once the letter was reviewed." The AP notes, "Gregoire, a Democrat, said she talked with California Gov. Arnold Schwarzenegger, a Republican, and Arizona Gov. Janet Napolitano, a Democrat, about the immigrant incarceration issue at the Western

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Governors' Association meeting in Arizona last month. … 'We, all three, agreed that we were going to take action,' she said. Schwarzenegger has not sent such a letter but has fought to increase federal reimbursements, said his press secretary, Margita Thompson. California state officials have lobbied the White House on the issue, and Schwarzenegger brought it up with President Bush during a visit to Silicon Valley in April, she said."

North Carolina Officials Lobby For Immigration Court In Charlotte. The AP (7/18, Whitmire) reports, "Rep. Sue Myrick and Mecklenburg County Sheriff Jim Pendergraph on Monday unveiled a campaign to lobby for a Charlotte-based federal immigration court they believe would help manage the cases of the hundreds of thousands of people living in North Carolina illegally." The AP continues, "The state has the nation's eighth-highest estimated population of illegal immigrants - between 300,000 and 600,000, according to Myrick - but 16 states with lower estimated populations have immigration courts. All of North Carolina's immigration cases are handled in Atlanta." The AP adds, "The Justice Department is set to receive congressional funding this fall to open three new immigration courts, Myrick said. It is important, she said, that one be in North Carolina. … 'If these statistics don't prove we need an immigration court, I don't know what does,' Myrick, R-N.C., said before she and Pendergraph became the first people to sign a petition asking for the new court. … Myrick has been particularly active in her crusade for immigration reform since the July 16, 2005, drunken driving accident in coastal Brunswick County that killed constituent Scott Gardner of Mount Holly and severely injured his wife Tina. The couple's young children suffered minor injuries."

Many States Are Considering Cutting Services For Illegal Immigrants. The Washington Times (7/18, Seper, 88K) reports, "State lawmakers are offering more than 500 bills this year targeting state-mandated services, illegal aliens and the employers who hire them, responding to a growing chorus of public opinion nationwide calling for stricter enforcement of immigration laws. Led by Georgia, where benefits for illegal aliens were cut and stiff sanctions placed on employers who hire illegals, and by Colorado, which banned nonemergency services to those in the country illegally, at least 39 states have either proposed or passed similar legislation." According to the Times, "Lawmakers have focused on constituency concerns regarding an estimated 10 million to 12 million illegal aliens now in the country, resulting in rising costs for education and medical care, higher crime rates and exploitation by employers. … Other bills were passed in Arizona and Illinois, where U.S. citizenship or legal immigrant status is required to receive health benefits. Kansas will only provide unemployment benefits to citizens and those with legal immigration status, Wyoming bars noncitizens and nonlegal permanent residents from state scholarships, and New Hampshire requires proof of citizenship to register to vote."

Texas Hospitals Burdened By Uninsured Illegals. The New York Times (7/18, Preston, 1.21M) reports that "uninsured Hispanic immigrants with uncertain immigration status" have "flocked in recent years to public hospital emergency rooms and maternity wards in Texas, California and other border states. Their care has swelled costs for struggling hospitals and increased the health care bills that fall to states and counties, giving ammunition to opponents of illegal immigration who complain of undue burdens on local taxpayers. As a result, health care has become one of the sorest issues in the border states' debate over illegal immigration." According to a study ordered by commissioners in Houston's Harris County "about one-fifth of the patients in its health system last year were immigrants without documents, most of them from Mexico. Their numbers had increased 44 percent in three years, the study found, and their care had cost the county $97.3 million, about 14 percent of the health system's total operating costs."

House GOP Establishes "War Room" For Immigration. The Hill (7/18, O'Connor) reports, "House Republicans have organized a communications "war room" to push their enforcement-first strategy on immigration reform during the remaining months of the 109th Congress. … The 'war room' is not a physical space but rather a coordinated strategy to monitor local and national media coverage of the immigration debate and to saturate those markets with favorable comments about the House bill."

House Hearing To Consider Building Fence Along US-Mexico Border. The Washington Times (7/18, McCaslin, 88K) reports in its "Inside the Beltway" column, "Building a massive fence along the U.S.-Mexican border will be the subject of a hearing Thursday in the House, which passed a bill last year calling for the construction of 700 miles of fencing along the porous border. President Bush, who once said better fences make bitter neighbors, came around this spring to say he would support 370 miles of fencing, but no more."

TAX:

Kansas City Attorney Pleads Guilty To Tax Evasion. The Kansas City Star (7/18) reports, "A third member of a now-defunct legal practice in Kansas City has pleaded guilty to not paying federal income taxes over a 10-year period through 2004." The Star continues, "Lynise Michelle Ratliff-Connor, 42, of Raytown, admitted last week that she willfully failed to pay $58,383 in income taxes in 2000

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on $195,320 she earned from her law practice that year. … She also admitted failing to pay federal income taxes in 1994, 1995, 1996, 1997, 1998, 2003 and 2004. The IRS has yet to determine how much she owes for those years. … She also failed to pay $3,048 in income tax in 1999 and has yet to pay her 2002 taxes, according to her plea agreement." The Star adds, "Ratliff-Connor faces up to a year in prison and a fine of $25,000. … 'This is a practicing attorney who simply refused to pay her federal income taxes for more than a decade,' said U.S. Attorney Bradley J. Schlozman in a written statement. 'For an officer of the court to so egregiously violate the law is absolutely inexcusable.'"

CONGRESS-ADMINISTRATION:

White House Reiterates Bush's Intention To Veto Stem Cell Bill. CNN's The Situation Room (7/17, Bash) reported that as the Senate opened two days of debate on stem cell research, the White House reiterated "President Bush's promise to use his first veto on this bill." The Washington Times (7/18, Fagan, Dinan, 88K) reports, "The Bush administration said yesterday that the president will veto a bill to have the federal government fund more embryonic stem-cell research, issuing its statement on the day the Senate began debate on the bill and setting up the first major veto confrontation of this presidency. 'Destroying nascent human life for research raises serious ethical problems, and many millions of Americans consider the practice immoral,' the White House said in its official statement of policy on the bill."

The Washington Post (7/18, A4, Abramowitz, Babington, 748K) reports President Bush "is unwilling to tolerate deviations from his policy restricting federal funding for stem cell research that he set out in his first prime-time television address in August 2001. If all goes as scheduled later this week, he will do something he has avoided for nearly six years: veto a bill. … By refusing to budge from his position, the president also appears to be reaffirming his bona fides with religious conservatives who make up an important part of his political base."

Democrats Plan To Use Bush's Veto To Lure Swing Voters. The New York Times (7/18, Hulse, 1.21M) reports, "The Senate moved Monday toward approval of expanded federal spending on medical research using embryonic stem cells, but the immediate results of the legislation were likely to be more political than scientific. President Bush on Monday reiterated his intention to use the first veto of his presidency to kill the measure, which is scheduled for a vote on Tuesday afternoon." Democrats, "citing public opinion surveys showing that almost three out of four Americans back such research, say the issue is particularly potent with independent and more moderate Republican voters who could decide some of the most contested Congressional races this year. The issue has already emerged in Senate contests in Missouri, New Jersey, Pennsylvania and Ohio and is simmering in other Senate and House races." Sen. Charles Schumer is quoted as saying, "This will be one of the major issues of the campaign, and it is going to allow us to win voters we have not won before."

Specter Says GOP Delegation Will Attempt To Persuade Bush To Forego Veto. McClatchy Newspapers' Margaret Talev (7/18) reports that Republicans "are considering making appeals to President Bush to change his mind about vetoing the legislation. … Many Republicans were holding to the hope that a strong majority vote in the Senate might push Bush to reconsider the ethical objections he shares with many other religious conservatives." Sen. Arlen Specter is quoted as saying, "There will be a request from a large delegation of senators, including many of the president's strongest allies on the Republican side, urging him to sign the bill - and I think he may get a personal call from Mrs. Reagan."

The Wall Street Journal (7/18, Lueck, 2.03M) reports, "In yesterday's debate, lawmakers weighed input from top government scientists. In response to questions from two of the bill's sponsors," Specter and Sen. Tom Harkin, "officials from the National Institutes of Health noted the promise of embryonic stem-cell studies in helping to find treatments and cures for illnesses." James Battey, chairman of the NIH's Stem Cell Task Force, "said 'from a purely scientific standpoint it would be difficult to argue that more cell lines available for federal funding would not speed some areas of research.'"

Kennedy Claims Reagan Persuaded Lugar To Support Senate Bill. CQ Today (7/18, Crowley, Phillips) reports, "Supporters worked furiously Monday lobbying undecided senators to vote for legislation that would boost federal funding for embryonic stem cell research — and may have swayed one because of Nancy Reagan's efforts: Indiana Republican Richard G. Lugar. … According to Edward M. Kennedy, D-Mass., Reagan contacted Lugar and persuaded him to vote in favor of the bill when it comes to the floor Tuesday. 'She has offered to call and talk to anyone we wanted her to talk to,' said Kennedy, who would mention only Lugar by name but added that Reagan also had been in touch with 'some that have not said yes.'"

Frist Contends Opposition To Stem Cell Research Is Motivated By "Fear." The AP (7/18, Kellman) reports that in "an emotional session marked by tales of death and hope," the Senate "debated…whether the government should pay for new embryonic stem cell research, pushing a measure to do it toward passage and President Bush's first veto." The AP adds, "former first lady Nancy Reagan lobbied lawmakers on the bill's behalf." Senate Majority Leader Bill Frist "attributed the opposition to 'fear (that) can also delay

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scientific advances that are out there before us.'" Sen. Sam Brownback "appeared with three children adopted from in vitro fertilization clinics in an effort to put faces on the argument that frozen embryos could have a future other than being subjects of stem cell research." AFP also has a report on the stem cell debate.

The Washington Post's Dana Milbank (7/18, A2) writes, "Bush faces the prospect of casting his first veto this week against embryonic stem cell research, defying the wishes not just of a majority of Americans and their representatives but also of Nancy Reagan and those representing millions of people with Parkinson's disease, diabetes, spinal injuries and the like. Thus did Bush find…Specter…on the Senate floor yesterday comparing the president's position to those who opposed Columbus, locked up Galileo, and rejected anesthesia, electricity, vaccines and rail travel. Such attitudes 'in retrospect look foolish, look absolutely ridiculous,' said Specter, daring Bush to join them."

Coburn And Brownback Lead Opposition To Senate Bill. The Hill (7/18, Allen, Young) reports Sen. Tom Coburn "claimed a chair on the far right of the Republican side of the chamber and waited for opportunities to contradict supporters of the research." Coburn, "a practicing obstetrician and a two-time cancer survivor, pressured aides and fellow lawmakers into giving him short bursts of time to counter his opponents immediately, rather than making him wait for his appointed 15-minute slot late in the afternoon. … Coburn and his conservative colleagues spent much of yesterday trying to cast doubt on the widely held belief that research on embryonic stem cells holds more medical promise than research on other kinds of stem cells."

The Los Angeles Times (7/18, Hook, 918K) reports Sen. Sam Brownback "quoted Christian writer C.S. Lewis in calling the procedure an affront to human dignity: 'If man chooses to treat himself as raw material, raw material he will be.' … Brownback argued that a better fate for excess fertility clinic embryos would be to allow childless couples to adopt them for their own pregnancies."

Senate GOP's 2008 Hopefuls Split On Stem Cell Bill. CQ Today (7/18, Kady) reports, "Republican presidential aspirants are walking a very fine line between catering to their party's anti-abortion wing and still respecting the wide range of Republican voters — including Nancy Reagan — who believe embryonic stem cell research may hold the clues to curing a wide range of diseases." Senate Majority Leader Bill Frist "firmly favors a House-passed bill. … Yet Frist, who needs to woo social conservatives if he wants to compete in the primaries and caucuses in 2008, has been stressing to anti-abortion and religious activists that he also supports a different bill (S 3504) that would outlaw creating embryos solely for research purposes." Sen. Sam Brownback "adamantly opposes embryonic stem cell research, and spent much of Monday afternoon at news conferences and on the Senate floor giving speeches condemning the embryonic research as immoral." Sen. George Allen "is on the same page as Brownback but has been notably quiet on the divisive issue. Allen plans to vote against authorizing federal funding for embryonic stem cell research, according to his office." Sen. Chuck Hagel "also will vote against the House-passed embryonic stem cell legislation." Sen. John McCain "is planning to vote in favor of embryonic stem cell research" and "said he 'would deeply regret if the president's first veto was on this.'"

More Commentary. In an op-ed for the Washington Post (7/18, 748K) Sen. Bill Frist writes, "The three-bill package the Senate will vote on both recognizes stem cell research's potential to cure and confronts the ethical dilemmas it implies. Because it does both of these things, I believe it will protect human dignity, treat disease and save lives."

In an op-ed for USA Today (7/18, 2.27M) legal analyst Jonathan Turley writes, "The stem cell debate this time may be settled quickly with President Bush's first veto. In doing so, he effectively will choose to protect microscopic masses of cells instead of actual living, breathing human beings. And that's a travesty."

The New York Times (7/18, 1.21M) editorializes, "Our concern with the bill is how limited its reach would be. It would not allow federal financing of the most promising field of research, known as therapeutic or research cloning. … If it passes in the Senate, it seems almost certain to draw a veto from Mr. Bush, his first in six years in office. Then it will be up to the House and the Senate to summon the will to override the veto. If they fail to push through this very limited change in federal policy, voters will need to hold all recalcitrant legislators accountable for slowing research that holds great medical potential."

The Los Angeles Times (7/18, 918K) editorializes, "If, as threatened, President Bush uses his very first veto to block the bill, the rap on the GOP as the party hostile to science will continue to be deserved."

Data Intrusions Don't Surprise IT Experts. The Washington Post (7/18, Goldfarb, 748K) reports, "To government officials responsible for information security and to outside experts," a recent intrusion in the Agriculture Department's compute rsystem "and several recent security incidents at other agencies -- was no surprise. For the past five years, the department had received failing grades on a congressional report card for its information-security practices. … In the past few weeks, the Agriculture incident was joined by cases of potentially compromised data at Veterans Affairs, Health and Human Services, the Federal Trade Commission, the Government Accountability Office, Housing and Urban Development, the Navy, and the Energy Department. The State Department also suffered a series of

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hacking attacks. The VA incident, with a loss of data on 26.5 million veterans and military personnel, drew the sharpest public attention. The data were later recovered. But officials and experts say that the frequency of the recent security incidents is not unusual, and that much more work needs to be done in the federal government to implement effective cybersecurity policies." VA 11 Rep. Tom Davis (R), who chairs the House Governmnet Reform Committee, "said he worries about a kind of cyber Pearl Harbor, and the Pentagon noted in a statement that potential adversaries, realizing the United States's overbearing military might, 'see cyber attacks as an inexpensive means of leveling that battlefield.'"

OMB Boosts Data Breach Reporting Standards. United Press International (7/17) reports, "The U.S. Office of Management and Budget is boosting its standards on reporting breaches of data security. In an effort to improve the federal response to data breaches putting personal information such as Social Security numbers at risk, the OMB is eliminating the distinction between suspected and confirmed breaches for reporting purposes, GovExec.com reported Friday." UPI notes, "In the case of the early May Veterans Affairs Department data breach, it took weeks for senior officials within the agency to take notice of the incident."

Privacy Advocates See Problems Beyond Data Theft. On its Web site, Fox News (7/17, Simmons) reports, "With a rash of massive security breaches resulting from the recent thefts of government laptops, errant information posted on public Web sites and hacks of government computer security systems, some lawmakers have reignited their call for legislation to hike penalties for unauthorized access of personal information." However, "when the dust settles on the recent torrent of security breaches, privacy watchdogs say they are just as concerned about what the federal government is doing with the massive amounts of data it collects and uses as they are about how it plans to protect that data from falling into the wrong hands." Fox News notes the VA data theft, then adds, "Privacy advocates say they fear that government could keep uncomfortably close tabs on its citizens by comparing and contrasting the mountains of data it collects. And with the rapid changes in technology, an infinite number of other possibilities could surface."

Omnibus Appropriations Measure Seen As Likely. CQ (7/17, Higa) reports that if "all goes as planned, the Senate Appropriations Committee will approve all of its fiscal 2007 spending bills by the end of this week — with four subcommittee markups set for Tuesday and a mega-markup of the bills scheduled for July 20." The Senate "to date has passed just one of its 12 bills — Homeland Security (HR 5441) — and is likely to pass only one more, the Defense spending bill (HR 5631), before the August recess. In contrast, the House has passed all but one of its 11 spending bills, Labor-HHS-Education (HR 5647)." Despite statements "by the Appropriations chairmen — Sen. Thad Cochran, R-Miss., and Rep. Jerry Lewis, R-Calif. — expressing their desire to clear all of the spending bills separately as they did last year, a catchall omnibus measure is likely, according to some staff and lawmakers." Yet House Appropriations Committee spokesman John Scofield "reiterated Monday that appropriators are committed to avoiding an omnibus, even if not all of the individual bills can be cleared before the Nov. 7 elections."

Bill Targets Rumsfeld's Salary. The Hill (7/18, Tiron) reports that Rep. Carolyn Maloney "is pressing the Pentagon to implement promptly an incident-reporting system that would help track sexual-assault problems in the military." The "Defense Incident-Based Reporting System (DIBRS)" has been languishing for 18 years and will reportedly "be fully functional next summer." Maloney wants the system implemented by Jan. 1, 2007; she and her cosponsor in their bill "take the drastic measure of deducting $1,000 from the secretary of defense's pay for each day the system is overdue after Jan. 1."

Tenth Anniversary Of Federal Welfare Reform Spurs Reappraisals. USA Today (7/18, Wolf, 2.27M) reports on "the successes and frustrations in the decade since the nation's welfare system was overhauled to require work and limit benefits. … In the 12 years since caseloads peaked at 5.1 million families in 1994, millions have left the welfare rolls for low-paying jobs. Nearly 1 million more have been kicked off for not following states' rules or have used up all the benefits they're allowed under time limits. Today, 1.9 million families get cash benefits; in one-third of them, only the children qualify for aid. About 38% of those still on welfare are black, 33% white and 24% Hispanic. Three in four families on welfare are headed by unmarried women. As a result, employment rates for all single women rose 25% before declining slightly since 2001. Earnings for the poorest 40% of families headed by women doubled from 1994 to 2000, before recession wiped out nearly half the gains. Poverty rates for children fell 25% before rising 10% since 2000." HHS Secretary Michael Leavitt is quoted as saying, "It was a profoundly important philosophic shift. … This was…one of the few things in a decade you can look at and say the world really changed."

Senate To Consider Increasing Amtrak Subsidy 8% To $1.4 Billion. The AP (7/18) reports Amtrak "would see its federal subsidy increased by 8% under a bill ready to advance in the Senate. The national passenger railroad would receive a $1.4 billion federal subsidy for the budget year beginning Oct. 1. The figure is contained in an

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as-yet-unreleased bill slated for a vote today by the Senate Appropriations Transportation Subcommittee."

Successful Shuttle Mission Ends With "Picture-Perfect" Landing. ABC World News Tonight (7/17, story 10, 1:30, Gibson, 8.78M) reported, "NASA and the astronauts of Discovery are celebrating the shuttle's picture-perfect return to Earth today, the smooth landing put the finishing touch on a successful 13-day mission that had a lot riding on it." Reported Lisa Stark added, "This was the moment NASA had been waiting for, a flawless touchdown, capping a virtually trouble-free mission." Michael Griffin, NASA Administrator, is shown saying: "We need to not be overconfident. We need to not get ahead of ourselves."

The CBS Evening News (7/17, story 9, 0:15, Schieffer, 7.66M) reported, "The space shuttle returned to Earth today after 13 successful days in orbit. Discovery dropped through low clouds over the Kennedy Space Center. This is the first shuttle to land there since before the Columbia disaster in 2003. The mission was just about flawless and NASA says it proves it can safely resume construction of the International Space Station starting later next month."

NBC Nightly News (7/17, story 11, 0:15, Williams, 9.87M) reported, "Relief was palpable this morning at the Kennedy Space Center as space shuttle Discovery glided in for a smooth landing. It was the first shuttle flight in a year, just the second since the 2003 accident that killed seven astronauts on the shuttle Columbia."

The New York Times (7/18, Schwartz, 1.21M) reports, "With a distinctive double sonic boom and a whooshing glide to the ground, the space shuttle Discovery landed safely Monday morning, ending a nearly flawless 13-day mission. 'Welcome back, Discovery,' Stephen N. Frick, a NASA astronaut communicating with the shuttle from mission control in Houston, said to the shuttle commander, Col. Steven W. Lindsey of the Air Force, after the shuttle had come to a halt. Colonel Lindsey replied, 'This was a great mission, a really great mission.' The Discovery's successful return nonetheless marks the beginning of the end of the shuttle program, which President Bush has ordered to be shut down by 2010."

The Washington Post (7/18, A02, Gugliotta, 748K) reports, "NASA Administrator Michael D. Griffin and other shuttle officials examined Discovery on the runway and confirmed what exhaustive tests and photographs had shown in space -- that the skin of the orbiter was virtually undamaged from launch debris or other mishaps. 'This is the cleanest orbiter that anyone ever remembers seeing,' Griffin said in a post-landing news conference. He added that with Discovery's successful completion of all its on-orbit tasks, it had finished 'as good a mission as we have ever flown.'"

The Los Angeles Times (7/18, Johnson, 918K) reports inside its "A" section, "NASA is now preparing to step up shuttle flights to an average of four a year in a race to finish work on the space station by the time the aging and glitch-prone shuttle fleet is retired in 2010. 'We don't have any slack, so we can't afford to mess up,' said Griffin, addressing reporters at Kennedy Space Center. 'We know what the job is before us, and we have to do it.' The next scheduled shuttle launch could come as early as Aug. 28. The shuttle Atlantis will carry a space station truss and a solar array. By this fall, Griffin will decide whether to attempt a repair mission to the deteriorating Hubble Space Telescope."

Next Missions Contain Complicated Operations. The Christian Science Monitor (7/18, Spotts, 58K) reports, "Over the next 12 to 18 months, NASA is loading its space shuttles with space-station elements that will push the orbiters to their cargo-carrying limits. The complexity and packed pacing of spacewalks that shuttle astronauts and the station crew will have to perform are unprecedented, NASA officials say. It's all in the name of putting the infrastructure in place to support the final elements - European and Japanese laboratory modules and a full crew of six - before the shuttle program ends in 2010. 'The operations we plan over the next 12 to 18 months are the most complicated things we've done in the history of manned spaceflight,' says Paul Hill, the mission-operations manager for the space-shuttle program. For the moment, however, NASA managers are savoring the success of Discovery and its six-member crew."

NYTimes Hopes Hubble Servicing Mission More Likely Now. In an editorial, the New York Times (7/18, 1.21M) says, "The gutsy decision by Michael Griffin, the NASA administrator, to launch the shuttle Discovery despite warnings that foam-shedding problems had not been fully resolved appears to be vindicated, at least for now. The shuttle landed safely yesterday after a 13-day mission in which all major objectives were achieved." The Times adds, "Discovery's seemingly unblemished flight raises some hope that a shuttle mission to rejuvenate the Hubble Space Telescope, NASA's most important scientific instrument, may prove feasible. Such a mission would be somewhat more risky than a trip to the space station because the astronauts would not have a place to take refuge were the shuttle orbiter to be damaged. But the scientific payoff, in our view, would be far greater than any likely research benefits from the space station."

Design Honorees Skip Event Hosted By The First Lady. The Washington Post's "Reliable Source" column (7/18, Argetsinger, Roberts) reports, "A handful of designers snubbed Laura Bush last week when she hosted a breakfast for the winners of the National Design Awards. Five honorees in the graphic design category skipped the July 10 gathering and sent the first lady a letter saying they

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were 'compelled to respectfully decline.' Their beef? Good design means 'words and images must be used responsibly, especially when the matters articulated are of vital importance to the life of our nation' -- and they felt the Bush administration had 'seriously harmed' political discourse."

Hastert Released From Hospital. The AP (7/18, Conrad) reports House Speaker Dennis Hastert "was released from a suburban Maryland hospital on Monday after spending several days being treated for" cellulitis, "a skin infection that appears as a swollen, red area that feels hot and tender, and that can spread rapidly without treatment."

OTHER NEWS:

US Industrial Production Sees Sharp Increase. The Wall Street Journal (7/18, Gerena-Morales, Park, 2.03M) reports US industrial production "rose sharply in June, fueled by strong demand for computers, metals and transit equipment, as capital investment by businesses helped to buoy the economy at a time of cooling consumer spending." The Federal Reserve "reported yesterday that output at the nation's factories, mines and utilities rose a seasonally adjusted 0.8% last month, following an upwardly revised 0.1% rise in May. The May gain originally was reported as a 0.1% decline. Total output in June was up 4.5% from a year earlier."

The New York Times/Bloomburg News (7/18) reports industrial production "rose at a higher-than-expected rate of 0.8 percent last month as hot weather increased the use of electricity, while factories turned out more communications equipment and semiconductors." The "proportion of industrial capacity in use rose to 82.4 percent, the highest in six years." Production "increased in the second quarter at an annual rate of 6.6 percent, the fastest since the final three months of 1999 and a sign that corporate investment is sustaining economic growth as consumer spending slows."

Stock Markets Level Off After Three Sharp Declines. NBC Nightly News (7/17, story 9, 0:10, Williams, 9.87M) reported, "Checking in on Wall Street, little change there today. The Dow ended up 8 points [to close at 10,747.36]. NASDAQ rose just a third of a point in the day's trading [to close at 2,037.72]."

The Wall Street Journal (7/18, Browning, 2.03M) reports stocks "managed to end their string of sharp declines, but worries about the Middle East fighting kept indexes largely flat." After "falling more than 100 points in each of the previous three sessions, the Dow Jones Industrial Average edged up 8.01 points, or 0.07%, to 10747.36, leaving it up just 29.86 points for 2006. It has fallen nearly 900 points since hitting a six-year high May 10, and is nearing its 2006 low of 10667.39. Amid optimism the Mideast fighting might be contained, some investors decided that markets had fallen too far. They began buying stocks and selling oil and gold futures."

The Financial Times (7/18, O'Doherty) reports, "Wall Street traded nervously sideways yesterday as a sell-off in the energy sector dragged on markets that had bounced earlier in the day following stronger-than-expected economic data." At the close, "the S&P 500 was down 0.1 per cent or 1.71 points at 1,234.49, while the Nasdaq Composite was flat, up 0.37 points at 2,037.72."

Little Change In Treasury Prices Expected Before Bernanke Testimony. The Wall Street Journal (7/18, Ng, 2.03M) reports Treasury prices "settled little changed, ahead of events later this week. Narrow range trading is seen continuing until Wednesday, when attention focuses on inflation data and testimony on the economy and monetary policy from Federal Reserve Chairman Ben Bernanke before the Senate Banking Committee." At 4 PM, "the benchmark 10-year note was down 1/32 point, or $0.3125 per $1,000 face value, at 100 13/32. Its yield rose slightly to 5.073% from 5.071% Friday, as yields move inversely to prices. The 30-year bond was up 5/32 point at 90 26/32 to yield 5.106%, down from 5.117%."

Oil Prices Fall As Diplomacy Becomes Focus In Middle East. The Wall Street Journal (7/18, Farivar, 2.03M) reports oil prices "fell sharply amid a flurry of diplomatic efforts to put an end to the fighting between Israel and Hezbollah, halting a four-day winning streak for crude." The "nearby August crude contract on the New York Mercantile Exchange fell $1.73 to settle at $75.30 a barrel. The contract had climbed to a Nymex record $78.40 a barrel in electronic trading Friday."

ABC World News Tonight (7/17, story 6, 0:15, Gibson, 8.78M) reported, "Despite the ongoing crisis in the Middle East, US oil prices backed off today from last week's run up. The price of a barrel closed $75.30. That's down nearly $2. But the recent spike is reflected at the gas pump. The government says the average price of a gallon hit $2.99 last week, up 2 cents."

NBC Nightly News (7/17, story 10, 0:10, Williams, 9.87M) reported, "The national average for regular unleaded gasoline jumped to $2.99 a gallon. That is the highest price per gallon since the post-Katrina period last year."

Despite Rising Gas Prices, Consumers Buying Gas Guzzlers. The Wall Street Journal (7/18, Chon, 2.03M) reports as gas prices "again approach $3 a gallon, consumers are buying new vehicles that are faster and heavier than ever, and less fuel-efficient than 20 years ago, the Environmental Protection Agency says in a new report."

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The average fuel economy "of new 2006 models was virtually flat with a year ago at 21 miles per gallon, according to the latest EPA report, despite the increasing deployment of technologies such as systems that shut off cylinders in V-8 engines and six-speed transmissions." The "incremental gains from those technologies were offset by consumers, who continued to buy lower-mileage minivans, pickup trucks and sport-utility vehicles."

The AP (7/18, Thomas) reports the EPA says the "average fuel economy of 2006 model year vehicles remained constant compared with last year." The EPA report "showed fuel economy averages 5 percent below the peak of 22.1 mpg in 1987-88."

Drug Industry Expected To Get Windfall From Sales Of Drugs To Poor. The New York Times (7/18, Freudenheim, 1.21M) reports the pharmaceutical industry "is beginning to reap a windfall from a surprisingly lucrative niche market: drugs for poor people. And analysts expect the benefits to show up in many of the quarterly financial results that drug makers will begin posting this week." The windfall, "which by some estimates could be $2 billion or more this year, is a result of the transfer of millions of low-income people into the new Medicare Part D drug program that went into effect in January. Under that program, as it turns out, the prices paid by insurers, and eventually the taxpayer, for the medications given to those transferred are likely to be higher than what was paid under the federal-state Medicaid programs for the poor." About "6.5 million low-income elderly people or younger disabled poor people were automatically transferred into the Part D program for drug coverage."

Eyeing White House Bid, Clinton Has $22 Million In Campaign Coffers. The Hill (7/18, Bolton) reports that New York Sen. Hillary Clinton (D), "the early favorite to win the Democratic presidential nomination in 2008, has raised $44 million this election cycle and has $22 million in her campaign war chest, according to her latest finance report. She is pre-eminent among White House hopefuls in the Senate facing reelection this year who could have a significant financial advantage heading into the presidential primaries, new campaign-finance reports show." Clinton also "has raised $775,000 through the end of May in her leadership political action committee (PAC), Hill PAC, which has $100,000 in the bank. But money collected in the personal campaign account is more important in the 2008 calculus because it can be transferred to a presidential campaign." The Hill adds that Arizona Sen. John McCain (R), viewed by many as the presumptive GOP front-runner, "lags far behind Clinton in proto-presidential fundraising. His campaign, Friends of John McCain, has only $1.1 million on hand, having raised only $11,000 in the past three months, according to a campaign official. His leadership PAC, Straight Talk America, raised $2.12 million through May but had saved only $762,000."

Democrats Hope Support For Minimum Wage Hike Benefits Their Candidates. CQ Today (7/18, Wayne) reports, "Democrats are pressing on multiple fronts to increase the minimum wage, sensing an opportunity for political gain by contrasting the plight of low-income workers with congressional salaries and Republican efforts to cut taxes for wealthy Americans. … As a matter of policy and politics, it's not clear how much inaction will matter. Most Americans now live in states that have their own, higher minimum wages. And while the general public broadly supports an increase in the federal minimum, it is not in the top tier of issues considered important by voters. Democratic voters, however, consider the issue much more important than Republican voters."

Blogger Says Lieberman Provides Cover For GOP Actions. Duncan Black, writes the blog Eschaton www.atrios.blogspot.com under the pseudonym of Atrios, writes in the Los Angeles Times (7/18, 918K), "Many political observers have tried to paint the candidacy of [Sen. Joe] Lieberman's challenger, Ned Lamont, as merely a referendum on the invasion of Iraq, which Lieberman supported. … The war is certainly a reason…but those who focus only on that miss the broader opposition to Lieberman and the kind of politics he represents. For too long he has defined his image by distancing himself from other Democrats, cozying up to right-wing media figures and, at key moments, directing his criticisms at members of his own party instead of at the Republicans in power." Lieberman "has a long history of providing cover for the worst of Republican actions while enthusiastically serving as his own party's scold."

Harris Resting After Surgery. The AP (7/18) reports Rep. Katherine Harris "was 'resting comfortably' at her home Monday after surgery to remove an ovarian mass, her office said. Harris, a Florida Republican who is running for the U.S. Senate, underwent the procedure at Walter Reed Army Medical Center, her office said."

Friedman Defying Expectations In Texas Gubernatorial Race. The Washington Post (7/18, C1, Carlson, 748K) profiles humorist and author "Kinky" Friedman, who is running as an independent in Texas's gubernatorial race. According to the Post, "Some polls show Kinky running second to" Gov. Rick Perry. Campaign manager Dean Barkley, "the architect of Jesse Ventura's successful 1998 race for governor of Minnesota, is more optimistic. 'If 40 percent of registered voters turn out,' Barkley

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says, 'Kinky will win.' Barkley figures Kinky's image as a straight-talking outsider will appeal to angry, alienated folks who seldom vote. Kinky's campaign has raised more than $3.4 million…while enlisting an army of volunteers who gathered the signatures that put him on the ballot."

Reed Fighting For Survival In Georgia Lieutenant Gubernatorial Race. The Los Angeles Times (7/18, Fausset, 918K) reports that "for years," Ralph Reed "has been the clean-cut, boyish face of the conservative Christian movement — a behind-the-scenes whiz whom many credit with helping the GOP solidify power in Washington. Now, however, it appears he will need every ounce of that talent to survive his bid for the powerful post of lieutenant governor" in Georgia. His opponent, "conservative state Sen. Casey Cagle, has hammered Reed over his connections to" former GOP lobbyist Jack Abramoff, "the once-powerful Washington insider who in January pleaded guilty to fraud, tax evasion and bribery." Cagle has "criticized public relations jobs in which Reed rallied Christian conservatives to thwart regional gambling initiatives. In some cases, that work was funded by competing gambling interests represented by Abramoff, according to the conclusions of a U.S. Senate committee." If Reed "loses the primary, he will probably go down as a footnote in the Abramoff saga — a minor casualty compared with former House Speaker Tom DeLay (R-Texas), who resigned from Congress this year partly because of his ties to the lobbyist." But if Reed "wins the primary, he could pose a campaign risk for Georgia Republicans. The party's popular governor, Sonny Perdue, is up for reelection. And although Georgia's governor and lieutenant governor are independently elected posts, analysts say Democrats would probably try to portray Reed and Perdue as a team in the general election — and saddle Perdue with Reed's baggage."

Quayle Walks Out Of John Mellencamp Concert. The Washington Times (7/18, Pierce, 88K) reports in its "Inside Politics" column, "Dan Quayle took time out from participating in the American Century Celebrity Golf Championship in Stateline, Nev., on Friday to attend pop singer John Mellencamp's concert, only to run into a political statement, according to the San Jose Mercury News in California. Mr. Quayle then made a statement of his own by walking out during Mr. Mellencamp's rendition of 'Walk Tall.' Before beginning the song, Mr. Mellencamp told the Harveys Casino crowd that it was dedicated to everyone hurt by policies of the current Bush administration."

Bush Skeptical Of Plan For UN Force In Lebanon. President Bush expressed skepticism about a proposal to deploy an international peacekeeping force to the Israeli-Lebanon border in an effort to quell the escalating violence and enforce a cease-fire. Bush was portrayed in the media as at odds with European G8 leaders who were described as all supporting the plan. National TV network and major US newspaper coverage of the Administration's response to the escalating Mideast violence focused on President Bush's remarks criticizing Syria and UN Secretary General Kofi Annan, with all three networks covering Bush's inadvertently public remarks due to a microphone mistakenly kept open.

ABC World News Tonight (7/17, story 4, 1:50, Gibson, 8.78M) reported, "For the first time today, the international community began to talk about how to end this crisis. British Prime Minister Tony Blair and UN Secretary-General Kofi Annan today called for an international force, perhaps UN troops, to step in and police the Israeli/Lebanese border. And President Bush seemed open to the idea, expressing his reaction to the overall crisis, in a candid and colorful way." ABC (Raddatz) noted at the end of its story, "The White House made no apology for President Bush's words, saying he said what he said, his words speak for themselves."

Opening its broadcast the CBS Evening News (7/17, lead story, 4:25, Schieffer, 7.66M) noted, "Britain and the head of the UN Kofi Annan want to put a peacekeeping force into Southern Lebanon and Russia is offering to supply some of the troops. So far the United States has not signed on to that. But Secretary of State Rice is planning to visit the region.

In more detail later the CBS Evening News (7/17, story 6, 1:10, Axelrod, 7.66M) reported, "Chomping on a dinner roll, Mr. Bush tells Mr. Blair his view of ending the crisis in the Middle East, but not in the diplomatic language of the summit." President Bush: "The irony is what they need to do is get Syria to get Hezbollah to stop doing this s---t and it's over." Axelrod: "The President is also overheard criticizing UN Secretary General Kofi Annan." President Bush: "I felt like telling Kofi to get on the phone with Assad, make something happen." Axelrod: "The open mike only makes public the reality that had been emerging in private. The lack of consensus about the best way to stop the violence in the Middle East is raising tension levels among the leaders trying to come up with the plan."

NBC Nightly News (7/17, story 4, 2:10, Gregory, 9.87M) also described Bush's "blunt" remarks as "providing a window into his frustration with the diplomatic efforts now to end the violence" but also reported, "Administration officials were adamant today that conditions must first be met before a cease-fire." John Bolton, US Ambassador to the United Nations: "I think you would have a cease-fire in a matter of nanoseconds if Hezbollah and Hamas would release their kidnap victims and stop engaging in rocket attacks and other acts of terrorism against Israel." Gregory: "And so it's clear there is no daylight between the US and Israel over what it

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would take to end the violence, but US officials saying tonight that Israel has been counseled to avoid civilian casualties and the destruction of civilian infrastructure in Lebanon."

CNN's The Situation Room (7/17, Malveaux) reported that "during the G-8 summit the President was dogged with questions about how the US would work with its allies to try to de-escalate the crisis in the Middle East." CNN added, "The White House spokesman says that while the President's private comments may have been more blunt, that they certainly are consistent with what the President has said publicly in calling for peace in the Middle East."

Fox News' Special Report (7/17, Baier) reported, "Senior aides say while the President's remarks caught on that open microphone were more blunt, they basically mirror his public comments on the issue -- that world leaders have to speak with one voice to address the root causes of the Middle East crisis."

Major US newspapers also all included articles on Bush's candid remarks. The New York Times (7/18, Rutenberg, 1.21M) adds, "Whether the cause was poor staff work by the Russian hosts or something more calculated, the result was more interesting and revealing than the catalog of official statements the leaders had issued during their talks." The Times notes, "After a day in which aides stressed they had achieved international unity here on the Middle East violence, Mr. Bush complained about Mr. Annan's approach to the crisis."

The Washington Post (7/18, C1, Baker, 748K) reports, "After days of polite diplo-speak, reading from talking points and sticking to the script, here was the unguarded Bush, the impatient Bush, the small-talking Bush marveling at how long it takes to fly around the world and asking the waiter to make sure his Coke was diet." And Bush's remarks "also punctured the White House line that all the leaders here at the summit shared the same view of the Middle East, a line that was never all that convincing in the first place."

USA Today (7/18, Jackson, 2.27M) quotes University of Texas communications and government professor.Roderick Hart saying, "That image of being a plain talker is part of the problem he has internationally, where the issues are far more nuanced. … Internationally, he is not seen a man of great nuance and complexity." But "White House press secretary Tony Snow played down the incident. 'His reaction first was, what did it say,' Snow said when asked about Bush's comments. 'So we showed him the transcript. Then he rolled his eyes and laughed.'"

The Financial Times (7/18, Daniel)'s reporting of the remarks is entitled, "Bush Confirms Reputation As Straight Talker." The "coarse exchange appeared to underline Mr. Bush's preference for colloquial straight talking Texan over diplomatic ambiguity. Mr. Bush remains the gung-ho leader, with a black and white view of the world, clearly dividing it into enemies and friends."

The AP (7/18, Aversa) reports Bush "expressed his frustration with the United Nations and his disgust with" Hezbollah. The Los Angeles Times (7/18, Gerstenzang, 918K), McClatchy Newspapers (7/18, Douglas) and Bloomberg (7/18, Murray) report similar details.

Diplomatic Proposals Seek To Quell Crisis. The major US newspapers also provided more detailed coverage on the international peacekeeping proposal and the Administration's response. The Washington Post (7/18, A1, Finer, Shadid, 748K) reports that as the death toll continued to rise in the fighting between Israel and Hezbollah fighters in Lebanon, a "flurry of diplomatic efforts to bring about a cease fire and quell the crisis" have been forthcoming. British Prime Minister Tony Blair and U.N. Secretary General Kofi Annan "called for deployment of multinational peacekeeping forces to southern Lebanon. U.S. officials called such a move premature, but did not reject it; Israeli officials did. Hours after that proposal, Israeli Prime Minister Ehud Olmert vowed that Israel would not halt its offensive on Lebanon until four conditions were met: the release of two soldiers abducted last week, the deployment of the Lebanese army along a buffer zone at the border, the withdrawal of Hezbollah fighters from that zone and the implementation of U.N. Resolution 1559, which calls for the disarmament of militias such as Hezbollah, a radical Shiite Muslim group."

The Washington Post (7/18, A15, Baker, Wright, 748K) reports, "U.N. and European leaders pressed Monday for an international peacekeeping force to be sent to Lebanon to defuse the conflict with Israel, an approach that ended in failure two decades ago when a U.S.-led foreign troop contingent was driven out by violence." G-8 leaders, led by British Prime Minister Tony Blair and French President Jacques Chirac, "asked the U.N. Security Council to study creation of an 'international security/monitoring presence.'" The Post says Blair "lobbied President Bush and other skeptics to embrace the idea, and U.N. Secretary General Kofi Annan endorsed it." The announcement "emerged as perhaps the biggest surprise of the G-8 summit." Administration officials "said the approach in some form may be acceptable to the United States. The United States and its allies are considering a variety of options, including a U.N. or European Union force, and the subject is to be discussed at the United Nations on Thursday." Ambassador Bolton "raised skeptical questions in New York." Assistant Secretary McCormack said Secretary Rice "will make an emergency visit to the Middle East to seek a settlement. Her dates and itinerary are still to be set."

Extensive New York Times (7/18, Erlanger, Mouawad, 1.21M) front page coverage highlights Blair and Annan as the principle backers of the force, saying the US and Israel "reacted skeptically." The "increased efforts to turn to diplomacy showed little prospect of an immediate way out." Secretary Rice "will travel to the Middle East to try to resolve

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the crisis," but "the timing is still up in the air, and the trip will be a gamble." Israeli Ambassador Daniel Ayalon "said on CNN that it might be too soon for Ms. Rice to accomplish anything."

Under the headline, "Bush Doubts Lebanon Peace Plan," the Financial Times (7/18) reports, "Europe's leaders on Monday sought to build momentum behind a United Nations plan to send soldiers to the conflict zone in Lebanon." Blair, Chirac and German Chancellor Angela Merkel "rallied behind the proposal to deploy thousands of soldiers to southern Lebanon to serve as a buffer between the battling forces. This would supplement a UN force of 2,000 already in the area with a mandate to restore 'peace and security.'" UN Secretary-General Kofi Annan "called on the UN Security Council to discuss the stabilisation force at the end of this week, adding: 'I appeal to governments . . . to make sure that we have the troops; well-trained, well-equipped troops that can go in quite quickly.'"

A separate Financial Times (7/18) piece focuses on Annan's role in shaping thinking about the force. The AP (7/18, Crutsinger) notes leaders were "considering the possibility of sending international peacekeepers to stop Hezbollah from bombing Israel," and says the "the Mideast situation overshadowed the" G-8 Summit.

The AP (7/18, Frayer) notes "Bush and others have come under criticism for taking little seeming action while the Islamic militant group fired rockets at Israel and the Israelis retaliated with airstrikes." Yet Blair joined Annan "in calling for deployment of international forces."

McClatchy Newspapers (7/18, Nissenbaum) says, "International diplomats swung into action Monday" and "After days of saying it wouldn't intervene in the conflict, the Bush administration also began showing an interest in brokering an end to the fighting." USA Today (7/18, For, 2.27M) notes that despite the support of many European and international leaders, "No immediate diplomatic breakthrough was apparent." The Washington Times (7/18, Kralev, Pisik, 88K) reports similar details.

Burns Describes US Concerns About International Peacekeeper Plan. Providing the most detailed and substantive coverage of the Administration's response among the TV networks, the CBS Evening News (7/17, story 5, 4:50, Schieffer, 7.66M) interviewed Undersecretary of State Nicholas Burns who "told me we can expect to see the United States play a much more visible diplomatic role in all of this." Burns: "We are in the middle of the action, Bob, trying to resolve this very serious crisis along the Lebanon-Israel border." At the G8 summit "what was remarkable about that discussion was the degree of unanimity on what the problem is. Hezbollah started this. And Hezbollah has to stop the rocket attacks and return the Israeli soldiers. That will be the beginning of a diplomatic process that could lead to a resolution, and a cessation of the violent activity." Asked whether the Administration was ready to "sign on to" the plan to provide an international peacekeeping force Burns replied, "We're not quite ready to sign on to it because right now it is a rather amorphous idea. The discussion at St. Petersburg if the international community working through the United Nations could work to solidify the border and give confidence to both Israel and the Lebanese government that that border could be secure, that would be a major step forward."

Bush Reveals Plans To Send Rice To Middle East. CNN's The Situation Room (7/17, Blitzer) reported that President Bush "revealed he's planning to send the Secretary of State Condoleezza Rice to the region. No date for Dr. Rice's trip has yet been set." The Washington Times (7/18, Curl, 88K) reports similar details.

Providing in depth coverage of the Administration's response, the CBS Evening News (7/17, story 5, 4:50, Schieffer, 7.66M) interviewed Undersecretary of State Nicholas Burns who was asked whether Secretary of State Condoleezza Rice will "begin to take a higher profile role here?" Burns: "Absolutely. Secretary Rice has decided and the President has asked her to go to the Middle East. It will be quite soon. She will obviously travel directly to the region and she will engage the leadership of the region in ways that we hope will bring an end to the fighting and bring security to Israel. And obviously bring relief to the suffering civilians in Lebanon, as well as in Israel, as well as in Gaza, so many people have suffered."

Impact Of Rice's Planned Visit Questioned. The AFP (7/18, Collinson) reports Secretary Rice "laid plans to visit the crisis-torn Middle East, as Washington refused to endorse calls for an immediate ceasefire between Israel and Hezbollah." Assistant Secretary McCormack "confirmed Rice was preparing a visit, after" President Bush "said she would go 'soon.' McCormack said Rice wanted to hear from a United Nations crisis mission expected to report back to UN Secretary General Kofi Annan later this week before leaving. 'Her goal would be to further the diplomacy that would lay the groundwork for a lasting cessation of violence,' he said, apparently seeking to downplay expectations for a breakthrough." AFP notes, "Though Rice's presence would kick diplomatic efforts into higher gear, it remained uncertain how she could immediately ease the crisis. She has already cautioned her trip does not mean a return to the days when US secretaries of state zipped across the region brokering ceasefires." Speaking broadly about the region, AFP says, "With only a few exceptions, the Bush administration has been loath to delve into the minutiae of Middle East peacebrokering favored by former president Bill Clinton, for instance. Some experts question whether Rice should risk her own prestige, given the long odds of pulling off a success, especially given the US refusal to talk to Iran and Syria, which it accuses of masterminding Hezbollah's action."

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Bolton Says Israel Is Exercising Its Legitimate Right Of Self Defense. John Bolton, the US Ambassador to the UN, said on CNN's Lou Dobbs Tonight (7/17), "Right now we think Israel is exercising its legitimate right of self-defense." Bolton added that a "cease-fire could be brought about within a few seconds if Hezbollah released the two Israeli soldiers that it captured, just as in the Gaza Strip, if Hamas released the Israeli soldier they captured. This is not a question of balance here. There's a terrorist attack committed against Israel combined with numerous rocket launches. And what the Israelis are doing is no different than what any responsible government should do to protect its citizens." Bolton added, "The root cause here is that groups like Hamas and Hezbollah continue to reject any acceptance of the state of Israel. And as the G8 leaders said in St. Petersburg, that kind of extremism in the Middle East has to stop."

Israel Not In Favor Of International Peacekeeping Force. ABC World News Tonight (7/17, story 5, 2:10, Gibson, 8.78M) reported, "The Israeli government is not in favor of an international peacekeeping force, at least right now. For them, this is still a military operation, to defeat an enemy that has long sought to destroy them." Israeli Foreign Minister Tzipi Livni said an international peacekeeping force "will be part of the discussions" but later added that the "best option, of course, is to get the Lebanese army on the border. But in the Middle East, you have to choose between bad options. It's not always about the best option."

Mideast Conflict Exacerbates US-Russian Tensions. The Wall Street Journal (7/18, Dreazen, 2.03M) reports, "The U.S. and Russia differ sharply on the causes and cures for the outbreak of Middle East violence, complicating the diplomatic response and further straining relations between Washington and Moscow." Tension between Bush and Putin "hung over this year's Group of Eight summit here, as the two sides traded jabs over whether responsibility lay with Israel or the Lebanese-based Hezbollah militia. It also heralded further diplomatic strains, because Russia's proposals -- negotiating with Hezbollah, pressing Israel to halt its offensive and resisting efforts to lay blame on Syria and Iran -- run counter to those of the U.S." But although "the gap between the U.S. and Russia looks to be widening over the Middle East, the summit seemed to chart new agreement between the U.S. and its European allies," as "the public statements of most G-8 leaders seemed closer to Mr. Bush's than Mr. Putin's."

Mideast Violence Escalates. The escalating violence in the Mideast and its toll on civilians continues to dominate the media, leading all three national network TV programs and garnering front page coverage on the major US newspapers. ABC World News Tonight (7/17, 2:30, lead story, 3:30, Gibson, 8.78M) reported, "There was a great deal of war-like action today. But so were the first time, were there words from the nations outside the region about how the crisis in this area might be resolved. First, today's events -- rockets and bombs fell for a sixth day on both sides of the Israeli/Lebanese border. Israeli air attacks have killed more than 200 people in Lebanon. Hezbollah attacks have killed more than 24 people in Israel. The Israeli Prime Minister, Ehud Olmert, gave a fiery address to the Israeli Parliament saying his country's offensive would stop only if all captured Israeli soldiers were released, if Hezbollah ends its attacks on Israel and if Hezbollah leaves the area it controls on the northern border. The exodus of people anxious to get out of Lebanon has begun."

The CBS Evening News (7/17, lead story, 4:25, Schieffer, 7.66M) reported, "The crisis in the middle east grew even worse today. And here is the latest. Casualties in Lebanon have now passed 200 dead, 400 wounded. Israel counts 24 dead, 12 of them soldiers." CBS (Logan) added, "This has been a day of terror for people here, and all over northern Israel.

And later he CBS Evening News (7/17, story 3, 2:30, Logan, 7.66M) reported, "Israel's government hinted today that a cease-fire with Hezbollah might be possible. But with the rockets still flying on either side, there was no hint of a compromise." CBS (Alfonsi) added, "You didn't have to speak Hebrew to know that Israeli Prime Minister Ehud Olmert was not talking about backing down. Today he told the Israeli Parliament that until the two kidnapped soldiers were returned the rocket attacks stop, and the Lebanese army is deployed to the border, he will have no mercy for militants. Olmert is not calling for the total dismantling of Hezbollah."

NBC Nightly News (7/17, lead story, 3:10, Williams, 9.87M) reported, "Today, the attacks and counterattacks intensified. Just tonight, a barrage of 40 Hezbollah rockets landed in the port city of Haifa in Israel and the surrounding region. Israel continued to pound Beirut and other suspected Hezbollah locations today and tonight. They have just announced they are calling up thousands of reserve troops to deal with the situation."

The CBS Evening News (7/17, story 11, 0:50, Logan, 7.66M) reported that despite diplomatic talks, "there has been no letup in the military campaign here. Israeli warplanes have continued to strike targets in south Lebanon and in south Beirut, into the early hours of the morning. We've been hearing the thunder of huge explosions in the distance but there is still a chance for diplomacy because Israel doesn't want a return to all-out war. At the same time, you know, Israelis are almost universally united in backing the government in their campaign against Hezbollah."

In Haifa, Israel, ABC World News Tonight (7/17, story 3, 2:30, Gibson, 8.78M) reported, "Ambulances were seemingly headed in every direction. Shopkeepers quickly closed their

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shops." Yet "surprisingly, there is no mass migration out of the city."

The New York Times (7/18, Fattah, 1.21M) reports, "On Saturday and Sunday, Israeli warplanes carried out their heaviest bombing yet of southern Lebanon, and there was enough horror to go around. On Sunday, at least 10 people, including children, were killed when a bomb aimed at the civil defense headquarters here demolished the top two floors of the building. Their mangled bodies were pulled out of the rubble on Monday."

The New York Times (7/18, Myre, 1.21M) notes in Nahariya, Israel, "where Hezbollah rockets have been a threat for decades, taking cover in bomb shelters has become as commonplace as bracing for a hurricane is in Florida." The Wall Street Journal (7/18, El-Rashidi, Fam, 2.03M), the Washington Post (7/18, A12, Wilson, 748K) and the Washington Post (7/18, A1, Shadid, 748K) also report on the toll on Israeli and Lebanese civilians.

Israeli Attacks Degrading Hezbollah Military Capability. NBC Nightly News (7/17, story 2, 3:25, Fletcher, 9.87M) reported, "Military analysts say so far, Israel destroyed about 25% of Hezbollah's strength. Hezbollah's rate of launching rockets has gone down from 200 a day to 50 today. But…" Ehud Barak, former Israeli Prime Minister: "It's still far from the end, and they still have thousands of Katyushas and dozens of launchers." Fletcher: "Military sources say Israel could keep attacking for another week or 10 days. That is how long they think it will take to cripple Hezbollah.

USA Today (7/18, Frank, 2.27M) reports that Israeli officials and experts say Israel's offensive into Lebanon is a "temporary campaign designed to weaken Hezbollah militants and establish a buffer zone between Israel and Lebanon." Israel "says it wants to end the missile attacks into northern Israel from Hezbollah positions in southern Lebanon. … Israel's goals go beyond trying to get back the two soldiers and stop the missile attacks, but stop short of a large ground invasion."

Columnist E.J. Dionne also cites Hezbollah's ties to Iran and Syria, writing in the Washington Post (7/18, A19, 748K), "The most frightening aspect of this war is that the logic for escalation is far stronger than the logic for de-escalation. If Hezbollah's power is not severely degraded, Israel will remain vulnerable. … As long as Hezbollah continues to receive support from its Iranian patrons and its Syrian partners, it will be able to re-create itself, building on long-standing Shiite grievances. Absent such support, the movement would wither militarily."

Fighting Reveals Hezbollah's Weapons Are More Powerful Than Before. Fox News' Special Report (7/17, Hume) reported, "Today's fighting revealed Hezbollah has more powerful weapons than it once did and is therefore a greater threat to Israel than it once was."

Israel Says It Has No Plans To Attack Iran, Syria. CNN's The Situation Room (7/17, Amanpour) reported that the Israelis "are telling us that they don't have any plans to widen this war, no plans to attack Iran or Syria, unless of course they are directly attacked by those countries. On background we are hearing from officials that there is no plan for any kind of ground invasion of Lebanon and at the moment it seems they are trying to establish a buffer zone, which apparently they think they can patrol from the area, buffer zone between Hezbollah and the southern border of Lebanon, buffer zone between Lebanon and Israel."

Lack Of Troops Said To Reduce Syria's Ability To Influence Hezbollah. The CBS Evening News (7/17, story 4, 2:20, Roth, 7.66M) reported, "Syria is not just anxious tonight about a conflict it never imagined would grow so big, it is also worried there is now real risk in trying to rein in the militants it sponsors. Giving up an ounce of support for Hezbollah would infuriate thousands of Syrians who have swarmed through the streets of Damascus today." And "part of the blame for that is put on US policy. Last year America and its allies pressured thousands of Syrian troops to leave Lebanon. The idea was to promote democracy in Lebanon but the effect was to leave Hezbollah unchecked and virtually free to attack Israel."

Israel Signals Terms For Cease Fire. The Wall Street Journal (7/18, 2.03M) reports, "Diplomatic efforts gained traction with Israel signaling it might scale back its demands. Israeli Prime Minister Ehud Olmert said fighting would halt only if Hezbollah, a Shiite militia that controls much of south Lebanon, pulls back from the border and releases the two soldiers whose capture last week triggered the Israeli offensive."

The Los Angeles Times (7/18, King, Stack, 918K) reports, "Even Iran and Syria, Hezbollah's primary supporters, appeared to join those searching for a way out of the raging 6-day-old battle between Israeli forces and the Shiite Muslim group that has left Lebanon's infrastructure in ruins and terrorized Israelis living under a hail of rocket fire."

Daniel Ayalon, Israel's Ambassador to the US, said on CNN's The Situation Room (7/17) that Israel would "gladly" accept a cease fire, but "for a cease-fire, a real cease-fire, we need to get our soldiers back home. There are two kidnapped soldiers that were kidnapped across our international borders. And if we get them back, I guess cease-fire negotiations could indeed be on the table." Ayalon added, "As long as these two soldiers are in the hands of the Hezbollah, that means an ongoing continuation of hostility. That doesn't mean a cease-fire."

Syria, Iran Signal Support For Cease-Fire, Prisoner Exchange. The CBS Evening News (7/17, story 4, 2:20, Roth, 7.66M) noted that "despite the public anger," in Syria "a hint of compromise behind the scenes. After meeting Syrian

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officials, Iran's foreign minister said it would be acceptable and fair now to end the fighting with a cease-fire and a prisoner swap between Hezbollah and Israel. The idea is not new but coming from Hezbollah's two chief sponsors, Iran and Syria, it does send a new signal." Marwan Kabalan, Damascus University: "This signifies that nobody wishes things to go -- I mean to the point where we have something like an all-out war in the region."

Mahmoud Says Israeli Soldiers Can't Be Returned Under These Conditions. Nouad Mahmoud, a representative of Lebanon's Ministry of Foreign Affairs, said on CNN's The Situation Room (7/17) that the Israeli soldiers "cannot be returned under these conditions. I mean, it's not in our hands now, but it will be better conditions if we get diplomacy a chance."

Clinton Defends Israel's Bombardment Of Lebanon. The New York Times (7/18, Healy, 1.21M) reports, "Speaking at a boisterous rally for Israel near the United Nations headquarters this afternoon, Senator Hillary Rodham Clinton said she supported taking 'whatever steps are necessary' to defend Israel against Hamas, Hezbollah, Iran and Syria in the military conflict in the Middle East. … 'We will stand with Israel because Israel is standing for American values as well as Israeli ones,' said Mrs. Clinton."

US Seen As Risking Democracy In Lebanon By Supporting Israel. At the end of a story examining the motivations of the nation's supporting Hezbollah and Israel NBC Nightly News (7/17, story 7, 2:15, Mitchell, 9.87M) reported, "What does Iran get out of this fight? It gets a proxy war that damages Israel and tells the world, 'Don't get too aggressive in the nuclear showdown with Iran.'" Yet "why has the United States given Israel a green light? Experts say, since the Administration won't deal with Iran or Syria, having Israel fight Hezbollah is the only way to control the terror group and indirectly strike a blow at its chief sponsor, Iran. The risk? Instead of helping Lebanon's government to crack down on Hezbollah, Israel's barrage could cause the government to collapse, creating even more danger for Israel."

Former Israeli Leader Compares Hezbollah Attacks To 9/11. In a story on the threat to Tel Aviv NBC Nightly News (7/17, story 15, 1:40, Williams, 9.87M) reported, "This city is Israel's New York. It is believed they may have these long-range missiles. What is the chance we will hear sirens here?" Ehud Barak, former Israeli Prime Minister: "You could hear it an hour from now or tomorrow night. But, as you mentioned, New York stood up after a very demanding ordeal in 9/11 and America was ready to respond."

Key Arab Governments Chastise Hezbollah. Key Arab governments have taken what the New York Times (7/18, Fattah, 1.21M) calls the "rare step of blaming Hezbollah" for the recent violence. In a move the Times says underscores "their growing fear of influence by the group's main sponsor, Iran," Saudi Arabia, with Jordan, Egypt and several Persian Gulf states, "chastised Hezbollah for 'unexpected, inappropriate and irresponsible acts' at an emergency Arab League summit meeting in Cairo on Saturday." The Times adds, "It is nearly unheard of for Arab officials to chastise an Arab group engaged in conflict with Israel." But "the willingness of those governments to defy public opinion in their own countries underscores a shift that is prompted by the growing influence of Iran and Shiite Muslims in Iraq and across the region."

And he Washington Post (7/18, A12, Mosher, 748K) in an article titled "From Arab Leaders, Sympathy For Civilians But Not Hezbollah" reports, "In comments, news conferences and official statements, leaders from throughout the Arab Middle East have voiced concern over the plight of the people of Lebanon and their government, as well as for Palestinians in the Gaza Strip, the focus of an Israeli operation that is now ending its third week. A few countries -- notably Saudi Arabia and Jordan, both U.S. allies -- have made clear that their sympathy does not extend to Hezbollah and suggested that violence that followed Wednesday's raid into Israel by the Lebanese Shiite militia could -- and should -- have been avoided."

However, the Christian Science Monitor (7/18, Murphy, Naguib, 58K) reports that "winds of anger are blowing through the Middle East that are likely to strengthen the political hand of radical Islamists from Egypt to Saudi Arabia. … Islamists who are hostile to Israel and the US - and to their Arab allies who have criticized Hizbullah - are shoring up support, increasing the chances they will seize power if the elections President Bush has urged for the region take place." The Monitor notes that while some countries have condemned Hezbollah, "countries like Egypt and Saudi Arabia have little influence over the militant Shiite group and its backers Iran and Syria, so their statements may be of little practical value. Instead, their comments emphasize the widening gap between these regimes and their people."

Syria's Assad Expected To Be A Key Figure In Diplomatic Efforts To Contain Warfare. A front pag 1,555-word analysis in the Wall Street Journal (7/18, Leggett, Fam, King, 2.03M) reports that Syrian President Bashar Assad will likely be a key player in determining if diplomatic initiatives to contain the warfare will succeed. According to the Journal, Assad's "decisions in the coming days could either escalate or defuse the crisis that has enveloped his country, neighboring Lebanon and Israel. It is a return to regional pre-eminence for Syria, which under President Assad's late father, Hafez el-Assad, was at the center of power politics in the Mideast for years." The Los Angeles Times (7/18, Murphy, 918K) also focuses on Syria's role.

Broader Middle East War Seen As Unlikely To Arise From Conflict. The Christian Science Monitor (7/18,

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Sappenfield, 58K) reports that a broader Middle East war is unlikely to arise out of the conflict between Israel and Hezbollah. The Monitor notes, "There is no coalition of Arab governments willing to unite militarily against Israel. Syria's military prowess has crumbled since the fall of the Soviet Union - its greatest benefactor - while Iran remains too geographically remote to strike effectively. The result is a new paroxysm of the proxy war that has existed in the region for a generation - ebbing and flowing as Hizbullah, armed and financed by Iran and Syria, harass Israel without provoking a major Middle East war, military analysts say."

Editorials Blame Iran, Syria For Israel-Hezbollah Conflict. Several editorials and op-eds this morning blame Iran and Syria for current fighting between Israel and Hezbollah in Lebanon. The Wall Street Journal (7/18, 2.03M) editorializes that the war could be "a clarifying moment if the world draws the proper lessons. To wit, this is a preview of what the Middle East will look like if Iran succeeds in going nuclear." Hezbollah "is a military creature of Tehran. … The question going forward is whether the Bush Administration will acknowledge this Lebanon conflict as the strategic threat it is and fight back accordingly. … Iran is testing the world right now. And if there is to be any hope at all of a diplomatic solution to its nuclear program, the mullahs have to see that their military option won't be tolerated."

Likewise, an editorial in the Washington Post (7/18, A18, 748K) says that "the current warfare in Lebanon, Gaza and Israel stems not from Israel's occupation of Arab lands or its holding of Palestinian and Lebanese prisoners, but from a blatant bid by Iran and Syria and their allies in Hamas and Hezbollah to stop the creation of a democratic Palestinian state in the West Bank and Gaza and the parallel consolidation of a democracy in Lebanon. It follows that the only satisfactory outcome to the conflict would be a decisive defeat for those extremist forces."

An editorial in the New York Times (7/18, 1.21M) says that the "only beneficiaries of a wider war would be Iran, Syria and the armed Islamic radical groups that they support throughout the region. The challenge for everyone else is to find a formula to achieve peacefully what just about every country apart from Syria and Iran now seems to agree has to happen. Hezbollah should disarm its private militia, stop operating as a state within a state in southern Lebanon and allow the Lebanese government in Beirut to exercise the full sovereignty it has been denied for decades."

A separate editorial in the Wall Street Journal (7/18, 2.03M) says, "Last week's Hezbollah assaults on Israel have been abetted by Syria, which plainly believes it has nothing to fear from the US, much less from the 'international community.' And why not? Since the fall of Saddam, Assad the Younger has spent three years listening to the US alternate threats with attempts to curry favor with his regime. The threats have proven to be empty, no matter how much trouble he makes for our soldiers in Iraq, or how much mischief he makes in Lebanon and now in Israel." The Journal concludes, "It seems to us that Assad has assessed the second-term Bush Administration this way: The State Department has won, the 'neocons' are out, and there is little the US will do to stop Damascus as it attempts to restore its dominance in Lebanon."

Edward N. Luttwak, a fellow at the Center for Strategic and International Studies, writes in the New York Times (7/18, 1.21M), "It is obvious by now that Israel's conflict with Hezbollah and Hamas is part of a larger conflict largely paid for and directed by Iran and Syria. To divert attention from its nuclear ambitions, Iran undoubtedly sanctioned Hezbollah's adventurism into Israel last week. Syria harbors Khaled Meshal, the political leader of Hamas, and fully supports its actions."

Israeli novelist David Grossman writes in the Los Angeles Times (7/18, 918K), "There is no justification for the large-scale violence that Hezbollah has unleashed from Lebanese territory on dozens of peaceful Israeli villages, town and cities. Israel has counterattacked, and it has every right to do so." Grossman adds, "Even though Israel has vastly superior forces, Hezbollah has very strong backing in Iran, Syria and the Arab world. Anyone who thinks Israel can achieve a knockout victory lives an illusion."

More Commentary. In his Washington Post (7/18, A19, 748K) column, Richard Cohen also notes Hezbollah's ties to Iran, writing that "the idea of creating a nation of European Jews in an area of Arab Muslims (and some Christians) has produced a century of warfare and terrorism of the sort we are seeing now. Israel fights Hezbollah in the north and Hamas in the south, but its most formidable enemy is history itself. This is why the Israeli-Arab war, now transformed into the Israeli-Muslim war (Iran is not an Arab state), persists and widens." Cohen adds, "It is why Israel is now fighting an organization, Hezbollah, that did not exist 30 years ago and why Hezbollah is being supported by a nation, Iran, that was once a tacit ally of Israel's."

Nicholas Kristof writes in the New York Times (7/18, 1.21M), "Israelis, outraged by attacks and kidnappings, have escalated the conflict by launching an assault on Lebanon that may make life in Israel far more dangerous for many years to come. … The Iranian and Syrian regimes are illegitimate, incompetent and unpopular, but they may be able to exploit anger at the television images from Lebanon into a longer lease on life for themselves. Pakistani extremists will be strengthened in their calls for jihad. In Sudan, President Omar Hassan al-Bashir will rally popular anger to resist U.N. peacekeepers in Darfur. In Iraq, sympathy for Lebanese Shiites may strengthen Iraq's own extremist Shiite militias."

Fania Oz-Salzberger, a senior lecturer at the University of Haifa, writes in the Wall Street Journal (7/18, 2.03M) that "a majority of Israelis consider this sad unleashing of Israeli

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firepower in Gaza and Lebanon to be, up to now, a just war. It has both a casus belli and a convincing rationale. … Why is Israel's response not 'proportional,' and why don't we rush to negotiate with the kidnappers, as so many peace-lovers in the Western world would like us to do? Let me be blunt: A 'proportional' response would please many Europeans no end, but would scarcely move a hair in the beard of a Hamas or a Hezbollah leader."

Bret Stephens writes in the Wall Street Journal (7/18, 2.03M) that Hezbollah leader Hassan Nasrallah's strategy for years "has been to consolidate Hezbollah's position among Shiites and co-opt the ever-weakening Christians in a common alliance against the Sunnis. Hezbollah has also consciously soft-pedaled its position in parliament, figuring it can bide its time before it claims its rightful place." The Israelis "have not meaningfully degraded" Hezbollah's "capacity to fight. Their chief of staff, Dan Halutz, is every bit as tough-minded as Ariel Sharon was in his prime. But their prime minister is untested, and their defense minister is a political dove." Stephens notes that things could go wrong, but "as they say about these sorts of conflicts, anything except total defeat is victory. [Nasrallah's] masters in Tehran -- Ayatollah Ali Khamenei and President Mahmoud Ahmadinejad -- are well pleased."

Christopher Hitchens writes in the Wall Street Journal (7/18, 2.03M), "We may well deplore the promiscuity of Israel's intervention, or its lack of proportion, but the blowing up of the bridges and the other interruptions of all air and sea traffic possess a certain grim rationale. The freshly kidnapped Israeli soldiers are not, if the Israeli Defense Forces can help it, going to be transferred north to end up as anonymous meat in some dungeon run by Bashar al-Assad or Mahmoud Ahmadinejad."

Author Etgar Keret writes in the New York Times (7/18, 1.21M) that Israelis "long for a real war to take the place of all those exhausting years of intifada when there was no black or white, only gray, when we were confronted not by armed forces, but only by resolute young people wearing explosive belts, years when the aura of bravery ceased to exist, replaced by long lines of people waiting at our checkpoints, women about to give birth and elderly people struggling to endure the stifling heat. Suddenly, the first salvo of missiles returned us to that familiar feeling of a war fought against a ruthless enemy who attacks our borders, a truly vicious enemy, not one fighting for its freedom and self-determination, not the kind that makes us stammer and throws us into confusion. … So is it any wonder that we're all secretly just a tiny bit relieved? Give us Iran, give us a pinch of Syria, give us a handful of Sheik Nasrallah and we'll devour them whole. After all, we're no better than anyone else at resolving moral ambiguities. But we always did know how to win a war."

As Westerners Evacuate, US Faulted For Slow Response. ABC World News Tonight (7/17, story 2, 2:00, Gibson, 8.78M) reported, "Tonight, the US military's plans for Americans who want to leave are falling into place." ABC (Karl) added, "Get ready immediately -- that's the message the US Embassy sent today to American citizens who want to leave Lebanon. But there hasn't been anything immediate about this evacuation. Just 63 Americans have been evacuated so far, a drop in the bucket considering there are 25,000 American citizens in Lebanon." Meanwhile, "The French, Spanish and others have started moving their citizens more quickly. The State Department says evacuating Americans is more complicated and more dangerous because there are more of them." Sean McCormick, State Department Spokesman: "We are operating on the scale of operations and planning that is really different than most other countries." Karl: "To pick up the pace, the Pentagon has contracted this cruise ship."

The CBS Evening News (7/17, story 2, 1:50, Palmer, 7.66M) reported, "The American military is now trying to ramp up the evacuation there will be more helicopters. And also as of tomorrow a 900 place passenger ship, it will be escorted by an American destroyer. And can make several trips, we hope, every 24 hours between here and Cyprus. It doesn't appear, at least US Intelligence doesn't think, that Hezbollah would attack such a vessel, an evacuation vessel. But obviously a thousand people need to go, all precautions need to be taken."

The New York Times (7/18, Knowlton, 1.21M) reports the US "evacuation plans have moved more slowly than those of some other countries. Leah Byrne, 26, an Ohio native, said that she had tried phoning the embassy nonstop — 'literally every five seconds' — after Israeli planes began bombing targets south of her central Beirut apartment last week. 'I never got through,' she said." The Times continues, "The United States government was expected to evacuate most Americans to Cyprus, where they would have to make individual plans to travel onward at their own expense. The government provides loans, but no grants, for such costs."

NBC Nightly News (7/17, story 3, 1:05, Williams, 9.87M) reported that "a massive evacuation is set to get underway beginning tomorrow." NBC (Miklaszewski) added, "And if the bombing intensifies, the number of Americans wanting out of Lebanon is likely to explode."

The AP (7/18, Schweid) adds that State Department spokesman Sean McCormack "said the cost of a massive evacuation was beyond U.S. resources. He said evacuated Americans would be asked to pay commercial rates, and if they did not have the money, to promise to pay in the future. 'Everybody who wishes to leave will be able to leave,' he promised." Secretary Rice and NSA Hadley "were briefed on

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the evacuation Monday as they returned to the United States aboard Air Force One."

The AP (7/18, Hendawi, Psyllides) notes, "Two Arab-American organizations criticized the slow start. Many of the U.S. citizens in Lebanon are Arab-Americans visiting family over the summer."

The Washington Post (7/18, A12, White, 748K) in an article titled "U.S. Prepares Huge Lebanon Evacuation" reports, "The State Department chose to prepare a large-scale evacuation rather than allowing evacuees to filter out in small numbers. Officials have been coordinating their efforts with Lebanese and Israeli authorities to try to ensure a safe exodus." The USA Today (7/18, Stinson, Koch, 2.27M) reports, "In Beirut, the palm-tree-studded seaside campus of the American University of Beirut remained relatively quiet." But student Stephen McInerney "says he's joining the planned U.S. evacuation."

USA Today (7/18, Brook, 2.27M), McClatchy Newspapers (7/18, Brown), the Financial Times (7/18, Parker, Dinmore) and the AP (7/18, Keath) report similar details on the US effort and the plans of civilians to evacuate.

House, Senate Prepare To Address Middle East Crisis. CNN's The Situation Room (7/17, Koppel) reported, "Almost a week after Hezbollah attacked Israel, the House and the Senate are gearing up to finally take on the issue this week. Congressional staffers say that the Republican leadership had hoped to wrap things up on Friday, but they couldn't get enough members to agree on a text." House Republican leaders "hope to hold two hours of open debate on the latest Middle East crisis as soon as Tuesday. A bipartisan resolution is currently the focus of heated discussions." CNN added, "Republican and Democratic lawmakers tell CNN, among the main sticking points, whether to criticize the Lebanese government for failing to rein in Hezbollah, and whether to offer Israel a blank check to defend itself." In the Senate, lawmakers on both sides of the aisle are trying "to reach consensus on acceptable language for a bipartisan resolution as well. But one complicating factor, Wolf, is that John Warner, the senior Republican, who is the chairman of the Armed Services Committee, is so far withholding his final word on a resolution. In fact, he is so far the most influential player who is unwilling to offer unconditional support for Israel, according to Senate staffers."

Congressional Quarterly (7/18, Monaghan) reports, "House Majority Leader John A. Boehner, R-Ohio, said he would bring a resolution to a vote as early as Tuesday. Lawmakers said the House resolution, which still was being finalized Monday night, would reflect that chamber's strong support for Israel." House International Relations Committee chairman Henry Hyde "said House lawmakers shared Bush's view that Hezbollah and the militant Islamic group Hamas in the Gaza Strip were in a position to stop the violence." The House action is in contrast with the Senate which "had been expected to quickly pass a similar resolution Monday night, but Armed Services Committee Chairman John W. Warner, R.-Va., blocked the vote, demanding further debate and possible changes to the non-binding measure to reflect what he called the United States' historical role as an 'honest broker' in the region." He "said that the Senate resolution should assist Secretary of State Condoleezza Rice, who is making preparations to visit the region in pursuit of cease-fire."

G-8 Leaders Push For Trade Deal. The Financial Times (7/18, Beattie, Buckley, Dombey) reports leading countries in the "Doha round" of trade talks Monday announced emergency meetings between ministers over the next two weekends, after the US, Brazil and some European Union countries signaled they would compromise to reach a deal. The meetings was announced after talks in Geneva on Monday night between the EU, US, Japan, Brazil, India and Australia. The Times notes that also on Monday President Bush and Luiz Inácio Lula da Silva of Brazil "signaled they were prepared to compromise," officials said. However, a "sharp difference of opinion persisted" within the EU as European Commission President José Manuel Barroso, British Prime Minister Tony Blair, German Chancellor Angela Merkel and Italian Prime Minister Romano Prodi "all struck upbeat notes." However, French President Jacques Chirac said Monday he has "made enough concessions, unless there is a very important counter-offer by our American friends."

The Wall Street Journal (7/18, A2, Dreazen, Hitt, 2.03M) says the latest push for compromise faces "significant hurdles," noting the US "couldn't work out details of a separate deal" on Russia's WTO membership. On Monday, President Bush said the US is "committed to a successful Doha round" and sent US Trade Representative Susan Schwab to Geneva for the upcoming talks.

The New York Times (7/18, Wright, 1.21M) reports during Monday's meeting, "President Bush made it clear he wanted a robust Doha round, and Ambassador Schwab is going to meet with some of her counterparts to work on a breakthrough," said Sean Spicer, a spokesman for the United States Trade Representative Susan Schwab.

The Los Angeles Times (7/18, Holley, Gerstenzang, 918K) says the "key" to progress at the talks is "how much the US government will cut its farm subsidies, how much the EU will lower tariffs on farm imports and how much developing countries will reduce barriers to industrial and service imports." The Washington Times (7/18, Sparshott, 88K) says WTO director-general Pascal Lamy, who attended Monday's talks, told the G-8 leaders "that they bore responsibility for the success or failure of global trade talks."

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Russia Uses G8 Summit To Boost Image. The Washington Post (7/18, A14, Finn, Baker, 748K) reports, "The setting was a picture of Czarist splendor. The host was charming if occasionally acid-tongued. And even the unexpected shadow of violence in the Middle East was an opportunity to improvise deftly and reinforce the political message: Russia is ascendant and its president, Vladimir Putin, is the equal of his powerful guests." The G8 summit "was almost everything the Kremlin had hoped for." It "sometimes seemed like a three-day tutorial on Russia's revival, with Putin as professor."

WPost Faults Leaders For Not Challenging Putin On Democracy. The Washington Post (7/18, A18, 748K) editorializes, "Under the leadership of President Vladimir Putin, Russia has retreated from the democratic ideals to which it aspired when it was invited into the G-8; in a speech in May in Lithuania, Vice President Cheney took aim at this backsliding, accusing Mr. Putin's government of unfairly restricting citizens' rights. But during the three days of summitry that ended yesterday, the attempts to call Mr. Putin to account were limited -- and Mr. Putin batted them away with contempt." The Post concludes, "There is less and less prospect, in other words, that Russia's presidential election in 2008 will approximate an open or fair competition. When Mr. Bush talks of a "Russian-style democracy," we trust he means something better than this."

G-8 Leaders Back North Korea UNSCR As Japan Prepares Sanctions. The AP (7/18, Aversa) reports G-8 leaders "on Monday called on North Korea to stop its missile tests and to abandon its nuclear weapons program." A summit document "urged North Korea to reinstate a moratorium on missile launching and said the country's recent test firing of missiles 'intensify our deep concern over the DPRK's nuclear weapons program.'" The statement also "expressed support for the" UNSCR adopted last weekend, and "urged North Korea to return to disarmament talks with China, North and South Korea, Japan, Russia and the United States." Japanese Prime Minister Junichiro Koizumi "told reporters Monday that cooperation is possible with North Korea if it halts the missile tests and returns to the multination talks, which are aimed primarily at persuading North Korea to stop developing nuclear weapons. 'The door is not closed,' Koizumi said. 'North Korea must return to the talks as soon as possible.'"

The Christian Science Monitor (7/18, Marquand, Kirk, 58K) in an article titled "UN Resolution Boosts Coordination On N. Korea" reports, "No East Asian nation thinks the 15-0 UN resolution to block the shipment of missile parts to North Korea is ideal or even adequate." Yet "the surprising unanimous vote and smiles at the round table in New York may be the best achievable deal for now, and may offer grounds for further coordination, these experts say. Any next steps to control the North will require a degree of cooperation that has not yet been seen." For example, "China, notably, shifted in ways that were unanticipated days earlier. After numerous fruitless visits to Pyongyang in recent weeks, Beijing appeared annoyed with the North - partly over Japan's success in developing leverage in Asia by arguing that a more robust military is needed for its self-defense."

Separate AP (7/18) reporting focuses on Tokyo's response to the DPRK's missile tests. "Japan has begun preparations to impose its own set of economic sanctions on North Korea after the hardline regime rejected" last weekend's UNSCR. Chief Cabinet Secretary Shinzo Abe "told a news conference that he has instructed officials to ready necessary procedures to ban cash remittances to North Korea in addition to sanctions already called for in the U.N. resolution."

Administration Pursues Asymmetric Nonproliferation Strategy. The Wall Street Journal (7/18, Kempe, 2.03M) reports, "Accuse the U.S. State Department's Nicholas Burns of a double standard in advancing the Bush administration's efforts to stop nuclear-weapons proliferation, and he will thank you for the compliment." While "the administration rallies support for multilateral initiatives against North Korea's and Iran's nuclear ambitions, Mr. Burns and a host of others have been lobbying lawmakers hard to pass an Indo-U.S. civilian nuclear pact. India would gain access to civilian nuclear trade while opening some of its programs to international monitors, after sitting in the penalty box more than 30 years for going nuclear." The Journal notes, "The administration shrugs off critics who say the deal would encourage proliferation, responding that such narrow thinking misses the greater gain of India's friendship in a region where Iran grows more potent, nuclear Pakistan could unravel and China remains a wild card. 'If we want India to be part of the solution, we have to bring them into the system,' Mr. Burns says."

Bush Uses G8 To Dialogue With Indian Leader. The Christian Science Monitor (7/18, LaFranchi, 58K) reports that one example of the informal effectiveness of the G8 meetings "came from President Bush, who met with India's Prime Minister Manmohan Singh, signaling America's growing relations with one of the 21st century's emerging powers."

Missile Defense Team Tours Europe For Base Location. The Christian Science Monitor (7/18, White, 58K) reports on alleged US plans to investigate possible missile defense sites "in the Czech Republic, Poland, and Hungary." The article emphasizes the misgivings of Czechs, who have "troubling memories of the Soviet occupation, when

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missile silos were a common fixture in the countryside and troops carried out military exercises in zones like Jince."

Chinese General Will Meet Rumsfeld. The AP (7/17) reports in a brief, factual article, "A top Chinese military leader was headed to Washington for talks with Defense Secretary Donald Rumsfeld, as part of the highest-level Chinese military delegation to visit the U.S. since 2001, state media said." The visitor is identified as "Guo Boxiong, vice chairman of China's Central Military Commission." Quan Lihua of the Chinese Defense Ministry called it "the most important Chinese military exchange with another country this year." Only two sites, the Air Force Times and Army Times, carried the story.

Chinese Economy's Expansion Accelerates Despite Efforts To Slow Pace. The Wall Street Journal (7/18, Browne, 2.03M) reports China's economy "is picking up more speed, expanding by 11.3% in the second quarter of this year from a year earlier despite Beijing's efforts to slow the pace." The figure "released Tuesday by the National Bureau of Statistics highlights the failure of measures by Beijing to rein in expansion and avoid overheating. It is likely to dismay Chinese leaders who began clamping down more seriously after data showed the economy expanded by 10.2% in the first quarter. The first-quarter number was later revised to 10.3%." For the "first half of the year, the economy expanded by 10.9%. The Chinese economy is increasing by the fastest pace in roughly a decade." But the "fear is that an overheated economy is producing excessive investment that could lead to industrial overcapacity, falling profits and, eventually, a crash caused by mass bankruptcies."

The AP (7/18, McDonald) reports, "Worried that China's sizzling economic growth could ignite a financial crisis, the country's leaders have raised interest rates and imposed regulatory controls. But they have avoided the step that Washington most wants: a sharp rise in the value of China's currency." A more expensive yuan "would make China's exports less competitive, shrink its multibillion-dollar annual trade surplus and probably rein in economic growth, now roaring ahead at a 10 percent-plus annual pace." China gives "no sign it will let the yuan rise significantly any time soon, despite threats of sanctions from U.S. lawmakers and urgings by its own advisers."

India Blames Pakistan For Mumbai Railway Bombings. The Christian Science Monitor (7/18, Montero, 58K) reports in what analysts say "is a severe setback to an already teetering peace process, Indian authorities have officially implicated Pakistan in the deadly July 11 railway blasts in Mumbai (Bombay) and charged Islamabad with failing to curb terrorism." Although India has "not named specific names, awaiting more evidence as it tracks down leads, it made clear that the possibility of Pakistani involvement could stall the peace process." The "fallout has been swift: The next round of high-level peace talks was originally slated for this Thursday in New Delhi, but Indian officials have now postponed them indefinitely following the Mumbai blasts." The "fledgling peace process, which aims to resolve territorial disputes and animosities as well as expand trade and transit across their shared border, was already, by most accounts, only barely progressing. Symbolic overtures, such as the opening of new border crossings in Kashmir and the inauguration of a bus service between the two countries, offered a glimmer of hope but little substantive reform, according to analysts."

Indian Investigators Take Seriously Claim Of Kashmir Al Qaeda Branch. The Christian Science Monitor (7/18, Baldauf, 58K) reports that last Wednesday, "barely 18 hours after the railway blasts in Mumbai (Bombay) that claimed some 200 lives, a mysterious caller phoned up local journalist Rashid Rahi to praise the attacks and to proclaim the arrival of a new militant group, Jammu and Kashmir Al Qaeda." With its call "for Indian Muslims to join the struggle for 'complete liberation and dominance of the religion of Islam,' the caller hinted darkly of a heightened confrontation with America's chief ally in South Asia, India." While Indian police "hinted that the call may have been a hoax, it has been taken seriously by Indian investigators, and has shaken the confidence of many Kashmiris here. The call comes at a time of escalating attacks against tourists and civilians, and a sluggish Indo-Pakistan dialogue over Kashmir that has now been put on hold. After a year and a half of negotiation, momentum is shifting toward the militants." With "multiple attacks on civilians in both Mumbai and Srinagar on July 11, and a recent speech by Osama bin Laden that mentioned the militant struggle of Muslims in Kashmir, Indian police are not taking any chances." Indian police and Army commanders in the highly militarized valley - where perhaps 600,000 Army and paramilitary forces have been based since the insurgency began in 1989 - say that they have heard intelligence chatter about Al Qaeda's presence in Kashmir as far back as 2002. But any such branch of Osama bin Laden's network has not been active, they add."

US, Iranian Government Both Seek To Head Off Seizure Of Artifacts In Terrorism Lawsuit. The Washington Post (7/18, A3, Slevin, 748K) reports Iran and the US "make an unlikely pair these days, dueling over nuclear plans and radical Islam. Yet lawyers for the feuding governments are on the same side here in a dispute over thousands of ancient Persian artifacts held by a Chicago museum." Their opponent "is a lawyer trying to collect Iranian cash for survivors of a bloody Jerusalem suicide bombing."

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In a case that "raises issues of victims' rights and cultural heritage, Rhode Island lawyer David J. Strachman aims to seize and sell Iranian property -- including thousands of 2,500-year-old clay artifacts known as the Persepolis tablets -- and channel the profits to victims of the 1997 terrorist attack." State Department lawyers and "a Washington attorney for Iran contended last week in Chicago's federal courthouse that the priceless Iranian property is protected from seizure by the sovereign immunity doctrine. Art and archeology experts speak in much more personal terms."

UN Human Rights Committee Criticizes US Record In Variety Of Areas. The AP (7/18, Higgins) reports UN human rights experts said the US "must set a better example for the world in areas ranging from its treatment of Latin American migrants to its handling of detainees in the war on terror." The UN Human Rights Committee is "conducting a periodic review of Washington's adherence to the 1966 International Covenant on Civil and Political Rights. The committee is expected to issue conclusions before the end of the month." About "40 human rights groups sent representatives to meet separately with the committee and monitor proceedings. Amnesty International said it had raised a number of issues, including the death penalty, supermaximum security prisons and life sentences for those who committed crimes as juveniles."

The Financial Times (7/18, Williams) reports US officials "faced their second grilling in two months by United Nations human rights experts on alleged violations of international law in the fight against terrorism. The 18-member UN human rights committee, which oversees countries' compliance with the International Covenant on Civil and Political Rights, made it clear that it did not accept US arguments that the covenant did not apply to US actions abroad." Human rights groups "argue that the US is failing to respect key provisions of the covenant in its 'war on terror', especially in relation to the detention without charge of thousands of non-US nationals held in prisons in Afghanistan, Iraq, Guantánamo Bay and secret locations."

Airbus Unveils Revamp Of A350 Jet. The Financial Times (7/18) reports Airbus executives "unveiled the much-anticipated revamp of its mid-sized A350 passenger jet on Monday as they admitted the company was in the middle of a 'serious crisis' that was being exploited by its US rivals at Boeing." Airbus' new chief executive, Christian Streiff, "who has been in his job for only two weeks, said about $10bn would be spent to develop a new aircraft that would be called the A350XWB, for 'extra-wide body', and enter service in 2012." Airbus has "been hit by problems at its Franco-German parent, EADS, which led to delays in the delivery of the A380 superjumbo and saw the resignation of Noël Forgeard, the French co-chief executive of EADS, and Gustav Humbert, the Airbus chief executive. It has also suffered a sharp drop in aircraft orders that left it trailing Boeing, which announced several orders on Monday for passenger and cargo planes."

The New York Times (7/18, Landler, 1.21M) reports Airbus "promoted the plane, which will carry from 250 to 375 passengers, as the linchpin of its recovery. Avoiding too many associations with the A380 may have been wise: costly delays in deliveries of the superjumbo plane plunged Airbus into the most serious crisis in its history." Preserving the A350 name "is a reminder that this is not a wholly new plane, but a redesign of the earlier A350, which had disappointed airlines and seemed likely to be an also-ran to Boeing's 787. Airbus contends that the new, improved version surpasses the 787 in several respects, not least its cabin, which is five inches wider than the cabin of the Boeing plane."

Clinton Says African States Need Stronger Governments. The AP (7/18, Mbachu) reports former President Clinton "told African leaders Monday that they need to strengthen their governments so that they can address long-standing problems of hunger and disease." Clinton spoke "at a summit bringing African political and business leaders together with their U.S. counterparts in search of partnerships to lift the world's poorest continent." Clinton said, "We can't stop the spread of AIDS without building the capacity of government." The AP adds Clinton also "used the meeting to push cooperation agreements with African countries under which his foundation plans to provide HIV/AIDS drugs to Africans at low costs."

As Many As One Million López Obrador Supporters Once Again Demand Recount. The New York Times (7/17, Thompson, 1.21M) reports, "For the second time in eight days, thousands of supporters of the leftist presidential candidate, Andrés Manuel López Obrador, filled this city's historic central plaza to demonstrate their support for his demand for a vote-by-vote recount of Mexico's disputed July 2 election. The crowds at this rally — several hundred thousand — were considerably larger than the last and seemed to indicate that the movement started by the embattled former mayor of Mexico City remained strong." López Obrador "urged his followers to conduct nonviolent acts of civil disobedience. … He also asked them to stage sit-ins starting Sunday at the 300 district election offices across the country. The purpose, he said, was to prevent any tampering with ballot boxes.

McClatchy Newspapers (7/18, Diaz) reports, "Analysts said the demonstration, during which more than 1 million people jammed this city's main square and the surrounding streets, didn't change anything - the dispute still must be resolved by the Federal Electoral Tribunal, known as TRIFE.

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But the rally sparked an unusually indignant response from the July 2 election's apparent winner, conservative Felipe Calderon, and many of the capital's commentators, promising more acrimony in the weeks ahead. Cesar Nava, a Calderon spokesman, said that the election would be decided 'by votes, not by marches,' and that the National Action Party, or PAN, wouldn't succumb to the 'blackmail' of street protests."

The Financial Times (7/18, Thomson) reports López Obrador "confirmed last week that his strategy would be to seek an annulment of the election if the authorities did not grant a recount. The Federal Electoral Tribunal, the highest electoral court, has until September 6 to announce whether it considers there is any merit to the complaints and how it intends to respond."

USA Today (7/18, 2.27M)editorializes, "López Obrador is, of course, within his rights to seek a recount and to make the case for such an action in the court of public opinion…. But he crosses a line when he tries to pressure or intimidate the court into granting a recount by putting large numbers of supporters on the streets and making unsubstantiated claims of fraud."

Pro-Business Candidate In Brazil Heartened By Election Results In Mexico And Peru. The Wall Street Journal (7/18, Moffett, 2.03M) reports, "The come-from-behind win by Mexico's pro-business presidential candidate has heartened supporters of the underdog in Brazil, the site of Latin America's next face-off. The long-shot presidential campaign of Brazilian centrist Geraldo Alckmin also gave itself a breath of life with a media blitz that has lifted his standing in opinion polls. But Mr. Alckmin still faces a daunting, uphill struggle against leftist President Luiz Inácio Lula da Silva. Mr. da Silva's economic pragmatism and incumbent status distinguish the campaign landscape in Brazil…from Mexico and Peru, where market-friendly candidates came from behind to defeat populists."

Tsunami Kills As Many As 226 In Indonesia. ABC World News Tonight (7/17, story 8, 0:15, Gibson, 8.78M) reported, "There was a major earthquake off the coast of Indonesia today that sent a powerful tsunami crashing into popular beach resorts on Java Island. A magnitude 7.7 quick triggered the killer wave that was headed for the country that was spared in 2004. The death toll now stands at 86, and many others are missing."

NBC Nightly News (7/17, story 5, 0:15, Williams, 9.87M) reported, "The magnitude of the quake was 7.7, centered in the Indian Ocean, 150 miles off the coast of the Indonesian island of Java. It sent a six-foot wave crashing into a coastal resort area." The New York Times (7/18, Bonner, 1.21M) reports, "A powerful undersea earthquake struck off the south coast of Java, Indonesia, on Monday afternoon, creating a tsunami that killed scores of people. The Indonesian Red Cross put the death toll at 155 as of Tuesday morning, and officials continued to sort through debris looking for bodies. The wave was about six feet high, considerably smaller than those that hit Aceh and elsewhere in the region in December 2004, killing more than 200,000 people."

The Financial Times (7/18, Donnan) reports, "As many as 226 people were killed on Monday when a tsunami triggered by a 7.2-magnitude undersea earthquake hit the southern coast of Java, according to officials and media reports. … The quake caused office towers to sway in Jakarta and prompted tsunami warnings for India's Andaman and Nicobar islands and Australia's Christmas island."

The Washington Post (7/18, A13, Sipress, 748K) reports, "The Associated Press reported that Sumatra now has a tsunami alarm system to alert people to leave coastal areas, but Java's is not due to begin operation until 2007. So there was no organized warning to people along the approximately 110 miles of coastline when the waves struck on Monday."

EU Antitrust Official Targets Credit Card Companies. The Wall Street Journal (7/18, 2.03M) reports European Competition Commissioner Neelie Kroes "called on credit-card companies and banks to end anticompetitive behavior in the payment-card services they provide to consumers, or face antitrust action." Kroes "said more competition is needed between banks that provide payment-card services for shops. … Credit-card companies such as MasterCard International Inc. and Visa International Ltd. must open up their networks to other payment operators, she said, allowing banks more choice in how to wire money across borders."

WSJ Praises Canada's Harper For Boosting Military Spending. The Wall Street Journal (7/18, 2.03M), in an editorial, writes, "By all reports, President Bush and Conservative Canadian Prime Minister Stephen Harper had a meeting of the minds at the White House earlier this month. … We think Mr. Harper deserves credit, and more media coverage, for his recent announcement that Canada will spend US$13.5 billion to upgrade its military." The Journal notes, "What a difference an election makes. Last year, before the Conservatives beat the Liberals in a close vote, Canada spent a mere 1.1% of its GDP on defense, the lowest in NATO after tiny Luxembourg."

THE BIG PICTURE:

Headlines From Today's Front Pages.

DOJ_NMG_0041329

Los Angeles Times:
"Antelope Valley Is Upscale Bound."
"Cease-Fire Efforts Stepped Up."
"Afraid To Give Up Ghosts."
"A Simple Plot: Violence, Sex And Royalty Checks."
"U.S. Rescue Bogs Down In Lebanon."
"Gov.'s Aide Serves Firm With Stake In State Bill."

USA Today:
"Diplomatic Solution Sought."
"Oppressive Heat Grips Most Areas."
"How Welfare Reform Changed America."

New York Times:
"Diplomats Seek Foreign Patrols To Calm Mideast."
"Bombings Bring Season Of Fear To Sea Resort."
"Texas Hospitals' Separate Paths Reflect The Debate On Immigration."
"Brainy Robots Start Stepping Into Daily Life."
"G.O.P. Senator Resisting Bush Over Detainees."
"Gunmen Kill Dozens In Iraqi Marketplace."
"Chicago Weighs New Prohibition: Bad-For-You Fats."

Washington Post:
"Toll Climbs In Mideast As Fighting Rages On."
"No Drought Required For Federal Drought Aid."
"Waiting Anxiously For Word From Family."
"As Heat Bakes The Region, Officials Take Precautions."
"Military-Style Assault Kills Dozens in Iraqi Marketplace."
"House Back $1.5 Billion For Metro- With A Hitch."

Washington Times:
"Region in Grip Of Heat Wave With No Relief In Sight Soon."
"Staying Cool Easy If You're Underground."
"Israel Signals its Cease-Fire Demands."
"D.C. Pay Increases Not Based On Merit."
"Redskins Fan Sidelined."

Atlanta Journal-Constitution:
"Confession In 12 Year-Old Case."
"Chaos, Despair Grip Beirut."
"Candidates Stump Hard Across State."
Oppressive Heat Taxes Nation's Power Grid."

Houston Chronicle:
"Motive For Killing: 'Morbid Curiosity.'"
"Fighting Unabated; UN Seeks To Broker A Solution."
"Home Safe, But Safety Work Remains."
"In Haifa, The Sirens Bring Fear And Death."
"Texas Again May Focus On Seats Belts For Buses."
"Proposal Raising Home Values – And Tempers."

Story Lineup From Last Night's Network News:
ABC: Mideast Violence; Lebanon-American Evacuation; Missile Attacks In Israel; Mideast Violence-G-8 Reaction; Israeli Official-Interview; Gas Prices; Iraq Violence; Indonesia-Earthquake; US Heat Wave; Space Shuttle Landing; Spillane Obit; Jerusalem Café Patrons.
CBS: Mideast Violence; Lebanon-American Evacuation; Mideast Violence-Israel; Mideast Violence-Syria; Mideast Violence-State Department; Bush-G-8 Summit; US Heat Wave; CA-Wildfires; Space Shuttle Landing; Townsend Obit; Last Look From Haifa.
NBC: Lebanon-Israeli Offensive; Mideast Violence-Israel; Lebanon-American Evacuation; Bush-G-8 Summit; Iraq Violence; Indonesia-Earthquake; Hezbollah-Motivations; Boston Tunnel-Structural Damage; US Heat Wave; Stock Markets; Gas Prices; Space Shuttle Landing; Spillane Obit; TWA Flight 800 Memorial; Tel Aviv-Daily Life.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Israel-Lebanon Attacks; Lebanon-US Citizen Evacuation; Indonesia-Tsunami.
CBS: Israel-Lebanon Attacks; Iraq-Car Bombing; Indonesia-Tsunami; Heat Wave; Gammons Released From Hospital.
NPR: Israel-Lebanon Attacks; Senate-Middle East Conflict; Iraq-Baghdad Market Killings; Space Shuttle Landing; Wall Street; Indonesia-Tsunami; Money Magazine-US' Best Places To Live; Senate-Stem Cell Research.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Holds photo op with the National Capital Area Council of the Boy Scouts, Oval Office; holds photo op with the winner of the 2006 Indianapolis 500, Room 350, Eisenhower EOB; President and Mrs. Bush participate in a photo opportunity with Theodore Cardinal McCarrick, Archbishop Donald W. Wuerle, and Papal Nuncio Pietro Sambi. South Lawn, The White House.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on pending nominations. Location: Room 106, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Oversight hearing on the Justice Department. Location: Room 216, Hart.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on U.S.-India energy cooperation. Deputy Assistant Energy Secretary David Pumphrey; Assistant Secretary of State Daniel Sullivan; David Victor, Stanford University; Michael Gadbaw, General Electric Co.; Daniel Poneman, Scowcroft Group. Location: Room 366, Dirksen.

10 a.m. FOREIGN RELATIONS _ Hearing on ``Islam and the West: Searching for Common Ground." Bruce

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Hoffman, RAND Corp.; Andrew Kohut, Pew Research Center; Akbar Ahme, American University; Nuqtedar Kahn, University of Delaware. Location: Room 419, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Oversight of Government Management, the Federal Workforce and the District of Columbia Subcommittee. Hearing on challenges facing the District of Columbia. Mayor Anthony Williams, CFO Natwar Gandhi, school Supt. Clifford Janey, Washington Post Co. CEO Donald Graham, and Alice Rivlin of Brookings Institution. Location: Room 342, Dirksen.

11:15 a.m. APPROPRIATIONS _ Military Construction, VA and Related Agencies Subcommittee. Markup of pending legislation. Location: Room 124, Dirksen.

5 p.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Markup of pending legislation. Location: Room 138, Dirksen.

2 p.m. APPROPRIATIONS _ Defense Subcommittee. Markup of pending legislation. Location: Room 192, Dirksen.

2 p.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on insurance regulations. Undersecretary of the Treasury Randal Quarles, Scott Harrington of the Wharton School, and Terri Vaughan of Drake University. Location: Room 538, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Govenment Information and International Security Subcommittee. Hearing on legislat9ion to require disclosure of recipients of all federal funds. Gary Bass, OMB; Eric Brenner, Maryland Governor's Office; Mark Tapscott, The Washington Examiner. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on pending matters. Location: Room 219, Hart.

4 p.m. APPROPRIATIONS _ Transportation, Treasury, Judiciary, HUD and Related Agencies Subcommittee. Markup of pending legislation. Location: Room 124, Dirksen.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for morning hour and at 10 a.m. for legislative business. Highlights: Suspensions (11 bills): 1) H.Con.Res. 438 - Expressing the sense of the Congress that continuation of the welfare reforms provided for in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 should remain a priority; 2) S. 2754 - Alternative Pluripotent Stem Cell Therapies Enhancement Act; 3) S. 3504 - Fetus Farming Prohibition Act of 2006; 4) H. Res. 498 - Supporting the goals and ideals of School Bus Safety Week; 5) H.R. 4962 - Captain George A. Wood Post Office Building Designation Act; 6) H.Res. 721 - Supporting the goals and ideals of a Salvadoran-American Day; 7) H.Res. 908 - Congratulating Italy on winning the 2006 Federation Internationale de Football Association (FIFA) World Cup; 8) H.Res. 905 - Congratulating Kazakhstan on the 15th anniversary of the closure of the world's second largest nuclear test site in the Semipalatinsk region of Kazakhstan and for its efforts on the nonproliferation of weapons of mass destruction; 9) H.Res. 784 - Commending and supporting Radio Al Mahaba, Iraq's first and only radio station for women; 10) H.R. 860 - To provide for the conveyance of the reversionary interest of the United States in certain lands to the Clint Independent School District, El Paso County, Texas; 11) H.Con.Res. 435 - Congratulating Israel's Magen David Adom Society for achieving full membership in the International Red Cross and Red Crescent Movement, and for other purposes. H.J.Res. 88 - Marriage Protection Amendment.

10 a.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on use of imaging services by Medicare patients. Herb Kuhn, Director, Center for Medicare Management, Centers for Medicare & Medicaid Services; Glenn M. Hackbarth, Chairman, Medicare Payment Advisory Commission; Arl Van Moore, Chair, Board of Chancellors, American College of Radiology, Charlotte, N.C.; Pamela S. Douglas, Duke University Medical Center, Durham, N.C.; John J. Donahue, President and CEO, National Imaging Associates, Inc., Rancho Cordova, Calif.; Doug Laube, President, American College of Obstetricians and Gynecologists; Landis Griffeth, Baylor University Medical Center, Dallas; F. Lynn May, CEO, American Society of Radiologic Technologists, Albuquerque, N.M.; Robert Baumgartner, CEO, Center for Diagnostic Imaging, Minneapolis. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Financial Institutions and Consumer Credit Subcommittee. Hearing on the Internet Corporation for Assigned Names and Numbers and the Whois database. Acting Assistant Secretary of Commerce John M.R. Kneuer; Eileen Harrington, FTC; Catherine Allen CEO, BITS/Financial Services Roundtable; Mark Bohannon, Software and Information Industry Association; Marc Rotenberg, Electronic Privacy Information Center. Location: Room 2128, Rayburn.

10 a.m. GOVERNMENT REFORM _ Federalism and the Census Subcommittee. Hearing on HUD's view on the future of public housing. Location: Room 2154, Rayburn.

10 a.m. JUDICIARY _ Immigration, Border Security and Claims Subcommittee. Hearing on the so-called ``Reid-Kennedy'' immigration bill. Phyllis Schlafly, President, Eagle Forum; Steven Camarota, Center for Immigration Studies; James R. Edwards, Jr., Hudson Institute. Location: Room 2141, Rayburn.

10 a.m. WAYS AND MEANS _ Health Subcommittee. Hearing on health care price transparency. Location: Room 1100, Longworth.

10:30 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on Cybersecurity at the VA. Robert McFarland, former assistant secretary of Veterans Affairs; John A.

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Gauss, president and chief operating officer FGM, Inc.; VA Secretary Nicholson; John F. Sommer, Jr., executive director, American Legion; Robert E. Wallace, executive director, Veterans of Foreign Wars; James B. King, executive director, AMVETS; Col. Robert F. Norton (ret.), national commander, Military Officers Association of America; Louis Irvin, acting deputy executive director, Paralyzed Veterans of America; Deirdre Holleman, acting executive director, The Retired Enlisted Association. Location: Room 334, Cannon.

2 p.m. ENERGY AND COMMERCE _ Commerce, Trade and Consumer Protection Subcommittee. Hearing on the National Highway Traffic Safety Administration's view of motor vehicle technology. Administrator Nicole Nason. Location: Room 2322, Rayburn.

2 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on the global war on terrorism and its costs. Comptroler General David Walker, GAO; Deputy Defense Department Comptroller John Roth; Assistant Defense Secrertary Bradford Higgins. Location: Room 2154, Rayburn.

2 p.m. GOVERNMENT REFORM _ Federal Workforce and Agency Organization Subcommittee. Markup of H.R. 5710, Ethics in Government Reauthorization Act, followed by a hearing on telecommuting as a solution to traffic jams and terrorism. Daniel Green, Deputy Associate Director for Employee and Family Support Policy, OPM; Danette Campbell, Senior Telework Advisor, United States Patent and Trade Office; Carl Froehlich, Chief of Agency-Wide Shared Services, Internal Revenue Service; William Mularie, Chief Executive Officer, The Telework Consortium; Joslyn Read, Assistant Vice President, Regulatory, Hughes Network Systems, LLC; Jerry Edgerton, President of Business and Federal Marketing, Verizon Communications. Location: Room 2247, Rayburn.

2 p.m. GOVERNMENT REFORM _ Regulatory Affairs Subcommittee. Hearing on the federal government's paperwork reduction efforts. Location: Room 2203, Rayburn.

2 p.m. SCIENCE _ Space and Aeronautics Subcommittee. Hearing on the ``National Academy of Sciences' Decadal Plan for Aeronautics: A Blueprint for NASA?" Paul Kaminski Decadal Survey of Civil Aeronautics; Steve Merrill, NRC Study Dirdctor; Michael Tomanowski, Aerospace Industries Association; Parvia Moin, Stanford University. Location: Room 2318, Rayburn.

3 p.m. RULES _ Full Committee. Meeting to set rules for floor debate. Location: Room H-313, Capitol.

Other: NAACP CONVENTION _ NAACP holds 97th annual convention. This year's theme: ``Voting Our Values: Valuing Our Votes." Highlights: 9:30 a.m. Legislative session and resolutions. With Fred Banks, chair, NAACP Legal Committee; Rep. Nancy Pelosi; Rep. Charles Rangel; and others. 1 p.m. - 2:30 p.m. National membership luncheon. With Remarks by activist Dick Gregory; Bruce Gordon, President, NAACP; Julain Bond, Chairman, NAACP; and others. Convention Center ballroom. 7 p.m. - 9 p.m. Armed Service and Veterans Affairs Dinner. With David Chu, Undersecretary of Defense; Lt. General Steven Blum, Chief, National Gurad Bureau; Lucretia McClenney, director, Center for Minority Affairs, Department of Veterans Affairs. Renaissance Hotel grand ballroom. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va., Washington Convention Center, Mt. Vernon Square.

INFORMATION SHARING-HOMELAND SECURITY CONFERENCE _ 5th Annual Government Conference on Information Sharing and Homeland Security. Members of the national security community and private sector gather to address numerous topics on intelligence, law enforcement, and national security. Technology exposition. Highlights: 8:15 a.m. - 8:45 a.m. Opening address by Lieutenant General Michael D. Maples, Director, Defense Intelligence Agency. 8:45 a.m. - 9:15 a.m. Keynote address by Rep. Bob Simmons, Chairman, Homeland Security Subcommittee on Intelligence, Information Sharing and Terrorism Risk Assessment. 9:15 a.m. - 10 a.m. Address on ``Threats Facing Us." Russ Travers, Deputy Director, National Counter-Terrorism Center, ODNI. 3 p.m. - 4 p.m. ``The Post-Katrina Information Sharing Challenge and What's Being Done About It." With Lieutenant Col. Joey Booth, Louisiana State Police. Location: Tighe Auditorium, Defense Intelligence Agency, Bolling Air Force Base, MD. South Gate entrance.

ENERGY POLICY _ 9 a.m. - 5 p.m. The National Commission on Energy Policy holds a forum on the challenges in siting Electricity Transmission facilities in the U.S. Highlights: 9:15 a.m. Panel discussion on national interest transmission corridors. 1 p.m. Luncheon speaker - Michael Morris, Chairman, American Electric Power. Location: Grand Hyatt Hotel, 1000 H St. NW.

WOOLSEY-AIR FORCE _ 8 a.m. - 9 a.m. The Air Force Defense Strategy and Transformation Seminar Series features a presentaion by Lt. Gen. Michael W. Woolsey, commander, Air Force Special Operations Command, who will discuss how Air Force Special Operations Forces are contributing more effectively to fight the Global War on Terror. Location: Room B-339, Rayburn House Office Building.

WARSH _ 9 a.m. The American Enterprise Institute holds a conference on coprorate cash balances and economic activity, with FRB Governor Kevin Warsh. Location: 12th floor, AEI, 1150 17th St. NW.

ANTI-POVERTY _ 9 a.m. - 11 a.m. The Brookings Institution sponsors a Metropolitan Policy Program Symposium. ``Expanding the Envelope of Anti-Poverty Initiatives: State Innovations and Innovators." Speakers are: Diana L. Taylor, superintendent of banks, New York State Banking Department; Dwight Evans, Pennsylvania House of Representatives; andMike Kreidler, insurance commissioner,

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Washington State Office of the Insurance Commissioner. Location: National Press Club, First Amendment Lounge.

GUTIERREZ-IMMIGRATION _ 10 a.m. Commerce Secretary Carlos Gutierrez addresses a Cato Institute Policy Forum. Topic: ``Comprehensive Immigration Reform for a Growing Economy." Location: Cato Institute, 1000 Massachusetts Ave. NW.

HYDROGEN POWER-AUTOMOTIVE _ 10 a.m. Sen. Lindsey Graham, R-S.C., and Rep. Bob Inglis, R-S.C., join industry experts for a National Press morning newsmaker media briefing. They will discuss ``Hydrogen Power and Energy Independence: Improving Collaboration Between the Federal Government and the Automotive Industry." Location: National Press Club, Zenger Room.

IMMIGRATION-HOUSE _ 10 a.m. The League of United Latin American Citizens, others, hold a news conference to discuss why they believe that the House hearings on immigration the House hearings are ``not achieving the goal of comprehensive immigration reform, but instead are provoking increased anti-immigrant sentiment and legislation." Location: Room 628, Dirksen.

MARRIAGE _ 10 a.m. The Alliance for Marriage and House Democrats hold a news conference in support of marriage. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

MARRIAGE AMENDMENT _ 10 a.m. The Fair-Minded Americans organization, Human Rights Campaign, members of Congress, others, hold a news conference to urge House members to vote no on the Federal Marriage Amendment. Location: Cannon Terrace.

METHAMPHETAMINE ABUSE _ 10 a.m. The National Association of Counties holds a news conference to release a new survey on the problem of metahmphetamine abuse. Location: National Press Club, Murrow Room.

SCHOLARSHIPS-KIDS _ 10:30 a.m. Secretary of Education Margaret Spellings joins Senators Lamar Alexander,and John Ensign, along with Congressmen Howard P. ``Buck McKeon and Sam Johnson, and a parent of a chool choice student for a news conference on the introduction of the America's Opportunity Scholarships for Kids Act. Location: Room 2175, Rayburn House Office Building.

IMMIGRATION _ 11 a.m. The American Hispanic Coalition holds a news conference to respond to lobbying efforts by illegal aliens and supporters demanding amnesty, with members of Congress, Sheriff Arvin West of Hudspeth County, Texas; others. Location: Room 2465, Rayburn.

MEDICARE _ 11 a.m. Reps. Jan Schakowsky, Marion Berry, Darlene Hooley, others, hold a news conference to release a report on Medicare Part D's coverage problem known as the ``doughnut hole." Location: Room HC-9, Capitol.

BOEHNER _ 11:30 a.m. House Majority Leader Rep. John Boehner holds a pen and pad only briefing. Location: Room H-107, Capitol.

RUMSFELD-CHINA _ 11:30 a.m. Secretary of Defense Donald H. Rumsfeld hosts an honor cordon to welcome Central Military Commission Vice Chairman of the People's Republic of China Gen. Guo Boxiong to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

US-INDIA _ 11:45 a.m. The Indian-American Friendship Council holds its 10th anniversary Senate Luncheon, with speaker Sen. Richard Lugar. Location: Room 902, Hart.

HOYER _ 12:30 a.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad only briefing. Location: Room H-306, Capitol.

REDISTRICTING _ 1:15 a.m. Reps. John Tanner, Zach Wamp, others, hold a news conference to urge Congress to act on redistricting reform. Location: Cannon Terrace.

CHINA-TAIWAN _ 3:30 p.m. - 5:30 p.m. The Woodrow Wilson International Center's for Scholars Asia Program hosts a seminar, ``Awkward Bedfellows? Taiwanese Businessmen, Mainland Chinese." Speakers: Peter Chow, City College of New York; Shelley Rigger, Davidson College; Frank Hsiao, University of Colorado; and Scot Tanner, The Rand Corporation. Location: Sixth floor auditorium, Woodrow Wilson International Center for Scholars, One Woodrow Wilson Plaza, 1300 Pennsylvania Ave. NW.

INFRASTRUCTURE PROTECTION _ 4 p.m. Department of Homeland Security Assistant Secretary for Infrastructure Protection Bob Stephan and Assistant Secretary for the Private Sector Al Martinez-Fonts will participate in a media availability following a roundtable discussion with industry and business leaders regarding the National Infrastructure Protection Plan. Location: U.S. Chamber of Commerce Building, 1615 H St. NW.

ACLU-DOMESTIC SPYING _ 4 p.m. - 5:30 p.m. The American Civil Liberties Union holds a conference call briefing on Senator Arlen Specter's new legislation addressing warrantless spying by the National Security Agency (NSA). Location: Room 2216, Rayburn House Office Building. Notes: Dial-in number is 800-816-4134. The access code is 69922.

ANTI-ISRAELI PROTEST _ 5 p.m. - 7 p.m. The American Arab Anti-Discrimination Committee holds a holds a rally to protest Israeli military action in Lebanon and Gaza. Location: In front of the White House.

IMMIGRANTS-ASYLUM _ 5:30 p.m. The Women's Commission for Refugee Women and Children announces a video to help unaccompanied immigrant and asylum-seeking children understand US immigration court. Location: Room 385, Russell.

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Seidel, Rebecca

From: Seidel, Rebecca
Sent: Tuesday, July 18, 2006 8:03 AM
To: Nichols, Carl (CIV); Bucholtz, Jeffrey (CIV); Gorsuch, Neil M; Swenson, Lily F
Subject: Fw: AG Hearing-FOIA
Importance: High

See below. What are FOIA exemptions 2 and 5? Are they national secutiry related? I doubr we can get answer on how many times, but would like to tell AG what they are.

-----Original Message-----
From: Moschella, William
To: Seidel, Rebecca
Sent: Tue Jul 18 07:59:43 2006
Subject: Fw: AG Hearing

Fyi

Sent from my BlackBerry Wireless Handheld

-----Original Message-----
From: [redacted]@judiciary-dem.senate.gov <[redacted]@judiciary-dem.senate.gov>
To: Moschella, William
Sent: Mon Jul 17 18:10:25 2006
Subject: RE: AG Hearing

Will, with respect to FOIA, the Senator is interested in how often the Department seeks to withhold information by asserting the exemptions under FOIA in litigation. Particularly, exemptions 2 and 5. Has this number increased or decreased in the last 2 years.

-----Original Message-----
From: William.Moschella@usdoj.gov [mailto:William.Moschella@usdoj.gov]
Sent: Monday, July 17, 2006 5:44 PM
To: [redacted]@judiciary-dem.senate.gov
Cc: [redacted](Judiciary-Dem)
Subject: RE: AG Hearing

What is "status of Department's FOIA litigation" refer to? We have lots of FOIA litigation. Also, did you ever find the letter re: monitoring of journalists?

-----Original Message-----
From: [redacted]@judiciary-dem.senate.gov
[mailto[redacted]@judiciary-dem.senate.gov]

Sent: Thursday, July 13, 2006 3:56 PM
To: Moschella, William
Cc: [redacted]@judiciary-dem.senate.gov
Subject: RE: AG Hearing

Hi, Will. Thanks very much to you and your staff for hunting down the Ashcroft Q&A before our hearing on Tuesday. Weird that it didn't make it into the bound volumes, or the official archives.

W/r/t your question .... hard to say. Perhaps we will read about another secret program on Tuesday morning, and all bets are off. But possibilities include: monitoring of journalist calls in Vt and elsewhere (Leahy sent a letter to AG on this); increase in violent crime; status of Department's FOIA litigation.

jek

-----Original Message-----
From: William.Moschella@usdoj.gov [mailto:William.Moschella@usdoj.gov]
Sent: Thursday, July 13, 2006 3:39 PM
To: [redacted] (Judiciary-Dem)
Subject: AG Hearing

Other than Hamdan and TSP, are there particular areas that Sen. Leahy would like the AG to be prepared?

I would like to avoid the post-hearing get backs to a minimum.

Sent from my BlackBerry Wireless Handheld

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, July 18, 2006 8:03 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Tuesday, July 18, 2006
Attachments:	dojclips060718.pdf; dojclips060718.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JULY 18, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Missouri Regulators Go To Court Over AT&T Records (AP)....4
Pentagon Suspects Lawyer Involvement In Guantanamo Suicides (LAW) 5
Critics Blast Bill Proposing NSA Spy Changes (CNET)....8
Judge: Feds Can Keep Mum About Phone Taps (CHIT)....9
G.O.P. Senator Resisting Bush Over Detainees (NYT)....9
FBI Sought To Gain Padilla's Trust (FLSUNSEN)....11
FBI Initially Sought Padilla's Cooperation (AP)....12
Retaliation Case Of Arab Specialist At FBI Advances (WP)....13
London Police, But No Officers, To Be Charged In Man's Death (NYT)....14
No Criminal Case For Mistaken British Terror Shooting (CSM)....15
Britain Declines To Prosecute Officers In Subway Shooting (WP)....16
Britain Bans 2 Islamist Groups (LAT/AP)....16

Homeland Response:

Feds Need La. Help For Hurricane Plans (AP-Y)....17
Lower 9th Finally Gets Mail Delivery (USAT)....18

War News:

Cheney Argues Against Iraq Timetable (AP)....19
Military-Style Assault Kills Dozens In Iraqi Marketplace (WP)....20
Gunmen Kill Dozens At Shiite Market In Iraq (NYT)....22
At Least 50 Killed In Market Attack South Of Baghdad (WT/AP)....24
87 Iraqis Killed In Two Attacks; Sunnis Blamed (LAT)....24
'Neighbors Are Killing Neighbors' (WP)....26
On Patrol With Marines, Iraqi Soldiers Get A Lesson In War's Danger (NYT)....28
Japan Completes Troop Withdrawal From Iraq (AP)....29
Nations Sign Commercial Cooperation Deal (AP)....30
Taliban Takes Control Of 2 Afghan Towns (AP-Y)....31
Coalition Soldier Killed, 11 Others Wounded In Afghanistan (AFP-Y)....32
Transformation's Toll (WP)....33
The Price Of Success In Iraq (WP)....34
Will Elections Pay Off? (USAT)....35
For Wounded US Veterans, Job Prospects Brighter (CSM)....35
Injured Soldiers Deserve Stronger Show Of Gratitude (USAT)....37

Corporate Scandals:

Peregrine Options Case May Preview Current Probes (Update1) (BLOOM)....38
SEC Says Options Charges Likely Soon (FT)....40
White-Collar Prosecutions Dropping (LAW)....40
Law Firm And 4 Figures In Payments Case Enter Pleas (NYT)....42
Short-Selling Inquiry Is Widened To Cover Stock-Lending Business (WSJ)....43

Criminal Law:

11 Including CEO Of Offshore Gambling Web Site Charged (AP)....44
Online Betting Boss Faces Conspiracy Charges In US (GUARD)....45
U.S. Charges Online Betting Site (MRKTWTCH)....46
Arrest Of Gambling Executive Linked To Tax Inquiry (TIMES)....47
BetonSports, 3 Other Companies Are Indicted In U.S. (WSJ)....48
FBI To Tape More Interrogations (CHIST)....48
No More Investigations Afoot, Camden Council Leader Says (PHI)....50
TALE OF TAPES MAY KO GOTTI (NYPOST)....50
DA: Cut That Junior Tape! (NYDN)....51
Congressman's Legal Payments On Hold During Tough Campaign (AP)....51

Lewis, DeLay Pay Dearly For Counsel (HILL) 52
Workers Doubted Ceiling Method (BOS) 52
Pair Return From Great Britain To Face Investment Fraud Charges (VP) 54
Canadian Sentenced In Telemarketing Fraud (BOS) 55
Faces Jail Time, Big Fine For Role In Investor Scam (JJ) 55
Guilty Plea Entered In Phone Scam Case (APP) 56
Pompano Man Guilty In $2.5 Million Fraud Involving Foreign Currencies (FLSUNSEN) 56
Businessman, Doctors Plead Guilty To Medicare Fraud Scheme (KCS) 57
Area Business Owner Pleads Guilty To Medicare Fraud (KCBIZ) 58
Music Prof Guilty As Web Perv (NYDN) 58
SAX PERVERT (NYPOST) 59
Two Serial Killers, Acting Independently, Terrorize Phoenix (NYT) 59
Phoenix Killings Spark Serial Killer Scare (AP) 60
Cleveland Man Faces Federal Child Pornography Charges (CHATT) 61

Civil Law:

Feds Oppose Public Query In Tobacco Case (AP) 62
Anti-smoking Group Wins Legal Victory (AP-Y) 62
In A Lawsuit Aimed At Iran, Terror Victims Focus On Ancient Artifacts In A Chicago Museum (NYT) 63
New Suit Filed In Janklow Case (AP-Y) 65

Civil Rights:

Mayor Calls For Independent Investigation Of SPD Cases (SPOKSR) 65
Spokane Mayor Orders Review Of Police (AP) 66
New Threat Received At Mosque That Was Bombed (ABJ) 67
Threats Phoned In To Local Mosque (WKRC-TV) 67
Optimism On Both Sides Of Gay-Marriage Debate (WP) 68
Bush May Speak At NAACP Convention, Ending Boycott (LAT) 69
Republicans Coming Up Short In Effort To Reach Out To African-American Voters (NYT) 70
Democrats Fault Abortion Risk Info (AP-Y) 72
Pregnancy Centers Found To Give False Information On Abortion (WP) 73
Voting For Dollars? (USAT) 73

Antitrust:

New Mexico Rescinds Controversial Real Estate Rules (INMAN) 74
Technologists Square Off On Net Neutrality (CNET) 75
Healthways Buy Of LifeMasters Cleared (AP) 76
AMD Fires Another Antitrust Salvo At Intel (CNET) 76
Google Action Tests Power Of Cash Vs Votes In Washington (FT) 77
EU: Banks Not Serving Customers Well (AP) 78
When The Chips Are Down (WSJ) 79

Environment:

Heat Blast Tests U.S. Power System (WSJ) 79
Feeling The Heat For Icy Greenland, Global Warming Has A Bright Side (WSJ) 80
Besse Trio Unlikely To Be Tried This Year (TOLB) 83
Energy Firms Keep Taxes At Bay (WSJ) 84
No Drought Required For Federal Drought Aid (WP) 86
Benefit For Ranchers Was Created To Help GOP Candidate (WP) 89
When Feed Was Cheap, Catfish Farmers Got Help Buying It (WP) 90

FBI/DEA/ATF/USMS:

Feds Eye Properties (KNOXNS) 91
Knoxville Businessman, Brother Indicted In Drug Conspiracy (AP) 92
Business Owners Face Drug, Laundering Charges Following Raid (WVLT) 93
Man Who Ran Business Fronting Tunnel Pleads Guilty (SDUT) 93
Doctor Sentenced In NFL Steroids Case (AP) 94
Shortt To Serve One Year, One Day In Prison (TSSC) 94
Physician Sentenced For Distributing Steroids (SN) 95
Doctor In Steroids Case Sentenced To Year In Prison (CO) 95
Tainted Heroin Found In Md. (AP) 95
With Dean On Leave, UVa Makes Plans For Temporary Staffing (DP) 96
MLB May Take Action If Bonds Is Indicted (WP) 96
Editorial: Gun Lobby Trying To Shoot Down Trigger-lock Law (TACNT) 98
Galante Lawyer: Feds Are Running Trash Biz Into The Ground (DANNT) 98

Immigration:

Washington Governor Sends U.S. Attorney General $50 Million Bill (AP) 99
Myrick, Sheriff Lobby For Immigration Court In Charlotte (AP) 99
States Stepping Up To Tackle Immigration Laws (WT) 100
Texas Hospitals Reflect The Debate On Immigration (NYT) 101
Republicans Establish Immigration War Room (HILL) 103
Inside The Beltway (WT) 105

DOJ_NMG_0041339

Tax:

Former Prosecutor Enters Tax Evasion Plea (KCS) 106

Congress-Administration:

Bush Promises Veto On Stem-cell Funding (WT) 107
Bush Set To Use First Veto On Stem Cell Bill (WP) 108
Stem Cell Bill Nears Passage In The Senate (NYT) 109
Republicans Weigh Appeal To Bush On Stem-cell Research (MCCL) 110
Bush Repeats His Vow To Veto Bill Easing Limits On Stem-Cell Funds (WSJ) 111
Bush Promises Veto Of Stem Cell Bill (AP-Y) 112
US Senate Press Stem Cell Bill In Face Of Bush Veto Threat (AFP-Y) 113
Stem Cell Debate Wedges Bush Between A Rock And A Hard Place (WP) 114
Coburn Sits And Waits To Pounce (HILL) 115
As Senate Begins Stem Cell Debate, Emotions Run High (LAT) 117
Meeting Stem Cells' Promise -- Ethically (WP) 119
The Case For Macroscopic Humans (USAT) 120
Standing Up For Stem Cell Research (NYT) 121
Science, Not Politics, For Stem Cells (LAT) 122
To Agency Insiders, Cyber Thefts And Slow Response Are No Surprise (WP) 122
U.S. Gov't Boosts Data Breach Monitoring (UPI) 124
Government Data Thefts Raise Privacy Protection Concerns (FOX) 124
Rep. Maloney Bill Targets Defense Secretary's Wallet (HILL) 127
How Welfare Reform Changed America (USAT) 128
Funding For Amtrak Would Increase 8% Under Senate Bill (WSJ/AP) 130
All Smiles As Shuttle Ends A Nearly Perfect Mission (NYT) .. 131
Mission Applauded As Shuttle Returns (WP) 132
A Safe Journey Home For Space Shuttle, NASA (LAT) 134
Fast Turnarounds Ahead For Shuttle Fleet (CSM) 136
Safe Return For The Shuttle (NYT) 137
The Reliable Source (WP) 137
Hastert Released From Hospital (AP-Y) 139

Other News:

U.S. Industrial Output Jumps, Amid Strong Business Investment (WSJ) 139
Industrial Production Rises As Heat Spurs Electricity Use (NYT) 140
Stocks Put Halt To 3-Day Skid, But Remain Flat (WSJ) 140
Wall St Little Changed After Energy Sell-off (FT) 141
Investors Fret Buyout-Induced Risk (WSJ) 142
Oil Falls On Flurry Of Diplomacy; Futures At $75.30 (WSJ) . 143
High Fuel Prices Don't Dent Love Of Gas Guzzlers (WSJ) 144
EPA Says No Improvement In Fuel Economy (AP-Y) 145
A Windfall From Shifts To Medicare (NYT) 145
Clinton's $22M War Chest (HILL) 147
Why The Left Is Furious At Lieberman (LAT) 149
U.S. Rep. Katherine Harris Has Surgery (AP-Y) 150
But Seriously, Folks (WP) 150
Reed Hopes Voters Keep Faith, Forget Abramoff (LAT) 155
Inside Politics (WT) 156
Bush's Policy Chit-Chat: Undiplomatic Prose (NYT) 158
Bush's Bull Session: Loud And Clear, Chief (WP) 159
Live Mike Captures Bush's Tough Talk At G8 Summit (USAT) 161
Bush Confirms Reputation As Straight Talker (FT) 162
Bush Curses Hezbollah On Live Microphone (AP) 163
A Rare Unscripted Moment (LAT) 163
Bush Voices Frustration With Middle East Conflict (MCCL) . 164
Bush Drops Diplomacy In Candid Exchange With Blair (Update2) (BLOOM) 165
Toll Climbs In Mideast As Fighting Rages On (WP) 166
Push Made For U.N. To Go Into Lebanon (WP) 168
Diplomats Seek Foreign Patrols For Mideast (NYT) 169
Bush Doubts Lebanon Peace Plan (FT) 171
Annan Urges UN Force For Lebanon (FT) 172
G-8 Leaders Consider Mideast Peacekeepers (AP) 173
World Leaders Step Up Mideast Diplomacy (AP-Y) 175
Diplomats Work To Halt Fighting Between Israel, Hezbollah (KRT) 176
Diplomatic Solution Sought (USAT) 177
G-8 Leaders Ponder Action In Lebanon (WT) 178
Bush Plans Sending Rice To Mideast 'Pretty Soon' (WT) 179
Rice Plans Mideast Mission (AFP) 180
Battle In Mideast Widens U.S.-Russia Rift (WSJ) 181
Bombings Bring Season Of Fear To Seaside Resort (NYT) 182
In Israel's North, Waiting Out Rocket Attacks (NYT) 183
Vacationers In Beirut Resume Holidays In Hospitable Cairo (WSJ) 185
'Rockets Do Not Discriminate' (WP) 186
Waiting Anxiously For Word From Family (WP) 187
Israel Says It Doesn't Plan To Occupy Lebanon (USAT) 189
Back From The Brink (WP) 190
Mideast Fighting Continues As Westerners Flee Lebanon Blair And Annan Call For International Intervention (WSJ) 191

DOJ_NMG_0041340

Cease-Fire Efforts Stepped Up (LAT) 193
Senator Clinton Speaks Up For Israel At U.N. Rally (NYT) ...195
Militia Rebuked By Some Arab Countries (NYT) 196
From Arab Leaders, Sympathy For Civilians But Not Hezbollah (WP) 197
Hizbullah Winning Over Arab Street (CSM) 198
Syrian President May Hold Key To Mideast Crisis (WSJ) 200
Crisis May Put Syria Back In Political Mix (LAT) 202
Wider War In Middle East? Not Likely. (CSM) 204
Iran's First Strike (WSJ) 205
A War With Extremists (WP) 206
Diplomacy's Turn In Lebanon (NYT) 207
Assad And Bush (WSJ) 207
A Conflict That Will Stay Close To Home (NYT) 208
Middle East: Shaken Awake By War (LAT) 209
Hunker Down With History (WP) 210
Feeding The Enemy (NYT) 211
Hezbollah And Pericles (WSJ) 212
Being Hassan Nasrallah (WSJ) 213
The Politics Of Sabotage (WSJ) 214
The Way We War (NYT) 216
Governments Help Nationals Flee From Lebanon And Israel (NYT) 217
U.S. Set To Ferry Americans From Lebanon (AP) 218
U.S. Choppers Fly Americans Out Of Beirut (AP) 219
U.S. Prepares Huge Lebanon Evacuation (WP) 221
Expats And Tourists Struggle To Flee The War Zone (USAT) 222
Slow U.S. Evacuation Plans Leave Thousands Stranded (USAT) 223
Greek Cruise Ship To Evacuate Americans (KRT) 224
Nations Step Up Plans To Evacuate Citizens (FT) 225
Westerners Flee Lebanon As Fight Continues (AP) 225
Emergency Talks On Doha Follow Lamy Warning (FT) 227
G-8 Leaders Push For Trade Deal Amid Doha Round Complexities (WSJ) 228
Pressed By Leaders, Trade Officials Work On Talks (NYT) 229
The G-8 Wraps With Developing Nations (LAT) 230
Trade Success Hinges On G-8 (WT) 231
Kremlin Sells Russia's Best Self (WP) 232
'Democracy,' Russian-Style (WP) 233
G8 Pushes N. Korea To Stop Missile Tests (AP) 233
UN Resolution Boosts Coordination On N. Korea (CSM) 234
Japan Preparing Sanctions On N. Korea (AP) 235
The New Atomic Age Requires New Nonproliferation Strategy (WSJ) 236
G-8's 'To Do' List Eclipsed By Crisis In Middle East (CSM) ..237
US Mission: Missile Defense Base In Europe (CSM) 239
Top Chinese Military Leader To Meet With Rumsfeld (AP) ..240
China's Economy Soars 11.3%; More Fiscal Restraint Expected (WSJ) 240
Beijing Shows No Sign Of Letting Yuan Rise (AP) 241
India-Pakistan Peace Stalled After Attacks (CSM) 243
Is Al Qaeda Setting Up Shop In Kashmir? (CSM) 244
Iran, U.S. Allied In Protecting Artifacts (WP) 245
U.N. Human Rights Experts Chastise U.S. (AP) 247
UN Rights Panel Focuses On US Record (FT) 247
Airbus Unveils A350 Redesign (FT) 248
Airbus Offers Up Redesigned A350 In A Challenge To Boeing (NYT) 249
Clinton Urges Stronger African Governments (AP) 250
Crowds Rally Again To Demand Recount In Mexico (NYT) 251
Calderon Followers Send Hostile Response To Mexico City Protest (MCCL) 252
Protests In Mexico Against Poll Result (FT) 253
Is Victory Worth Any Cost? (USAT) 254
Mexican Election Cheers Underdog In Brazil's Race (WSJ) 255
Tsunami Hits Indonesia, Killing More Than 150 (NYT) 256
Death Toll Rises After Indonesia Tsunami (FT) 257
Tsunami Triggered By Quake Kills At Least 226 In Indonesia (WP) 257
Credit-Card Issuers Get Warning (WSJ) 258
Maple Leaf Model (WSJ) 259

TERRORISM NEWS:

Missouri Regulators Go To Court Over AT&T Records (AP)

By David A. Lieb
AP, July 18, 2006

DOJ_NMG_0041341

JEFFERSON CITY, Mo. - State regulators have gone to court to try to find out whether AT&T Inc. supplied customer phone records to the National Security Agency in violation of Missouri privacy rules.

Public Service Commission members Robert Clayton and Steve Gaw issued subpoenas last month asking whether Missouri customer information and calling records had been disclosed to the National Security Agency.

If so, the PSC subpoenas seek any court or administrative agency records that demanded the customer information and ask whether AT&T customers were notified and consented to the release.

San Antonio-based AT&T said federal security laws bar it from complying with the state's request. It also asserts that the state lacks authority to examine any alleged cooperation between telecommunications companies and federal intelligence and security agencies.

A Cole County judge on Monday set an Aug. 28 hearing on a request from Clayton and Gaw to compel AT&T to comply with the subpoenas.

"What we are trying to do is determine whether or not Missouri law has been followed regarding privacy rules," Clayton said in an interview Monday.

The Missouri subpoenas came after a USA Today report that AT&T and other phone companies had complied with an NSA request for the phone records of millions of Americans after the Sept. 11 attacks.

President Bush and other top federal officials have refused to confirm or deny the existence of the NSA program.

In a court filing last week, AT&T attached a letter it received from Benjamin Powell, general counsel to the national intelligence director. The letter warned that if AT&T were to comply with the subpoenas it could harm national security by confirming or denying the existence of the information.

The letter also asserts that the subpoenas infringe on federal operations, violate federal law and thus are invalid. It notes that the U.S. Justice Department recently sued New Jersey, seeking a court declaration that the state does not have the authority to enforce similar subpoenas against telecommunications companies.

"The Department of Justice has said that AT&T can neither confirm nor deny any participation in any alleged program," AT&T spokesman Walt Sharp said Monday. "Doing so would violate civil and criminal statues, so under those circumstances we're not able to respond."

The Justice Department has said more than 20 lawsuits have been filed around the country alleging that phone companies illegally assisted the NSA. It said sensitive national security information would be revealed if judges allow those cases to proceed.

Although Clayton and Gaw are pressing ahead with their subpoenas, they are not supported by the entire five-member Missouri Public Service Commission. Chairman Jeff Davis said Monday that he opposed their pursuit. Gaw and Clayton are Democrats, while Davis is a Republican.

"I think the partisanship needs to end on issues of national security, and clearly this is an issue of national security," Davis said.

Clayton said he was surprised by Davis' remarks.

"I don't think national security or privacy are partisan issues, and I don't think they're mutually exclusive - that you have to have one without the other," Clayton said. "We just want to make sure that if any records are being handed over that's being done lawfully."

ON THE NET

PSC: http://www.psc.mo.gov

AT&T: http://www.att.com

Pentagon Suspects Lawyer Involvement In Guantanamo Suicides (LAW)

By Emma Schwartz, Legal Times

Legal Times, July 17, 2006

Lawyers for detainees say Pentagon treats them as if they were the enemy.

Pentagon officials and attorneys for the 450 foreign detainees held at Guantánamo Bay have always been at odds with each other, but since three prisoners committed suicide last month, the chasm between the two has only grown wider.

Earlier this month investigators probing the suicides disclosed they had seized 1,100 pounds of attorney-client-privilege material — all of the legal documents in the possession of detainees being held as enemy combatants. The move was part of an investigation into whether outsiders, possibly lawyers, were involved in a larger suicide plot.

Government investigators say notes found during their search indicated that detainees "had developed practices for misusing the existence of a privileged attorney-client communication system," which raised questions of "whether a coordinated plan existed for suicides involving the encouragement, assistance or direction of other detainees or individuals," according to a July 7 filing in the U.S. District Court for the District of Columbia. Now the government wants to create a special "filter team" of Pentagon officials and translators to scour thousands of privileged records for any sign of foul play.

Although the Justice Department's brief doesn't say lawyers were knowingly involved in passing information between detainees, public statements by government officials have pointed the finger at the prisoners' counsel. "We find it curious that habeas attorneys may have been involved in the deaths," says Jeffrey Gordon, a Defense Department spokesman.

The seizure of such a broad swath of attorney-client material and the implication that outside lawyers may have played a role in the suicides have evoked a backlash within the legal community and put defense attorneys and government officials on a collision course over the next steps in the contested detention of the Guantánamo prisoners. Defense attorneys fear the seizure will create an irreparable chill in attorney-client relations, which have been strained from the start. The American Bar Association excoriated the seizure in a July 11 letter to Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) and called for a further probe. The letter was the latest in a series of complaints by defense attorneys over how the military has blocked their access to their clients.

"The military is at war with the lawyers because, at the end of the day, the military does not accept that the lawyers have a legitimate role to play," says David Remes, a Covington & Burling partner who represents 17 Yemeni prisoners. "They think our mission is directly at odds with their mission. Our access to our clients makes it impossible for the military to control the narrative."

Attorney-client privilege has long been a contested topic between defense attorneys and prosecutors, particularly in white-collar criminal cases. But the division over the material seized at Guantánamo Bay goes to the heart of a deeper issue — namely, how both sides view the suicides. To the military, they were an act of "asymmetrical warfare," as base administrator Rear Adm. Harry Harris put it, intended to hurt the credibility of the United States. For the detainees' attorneys, more than a dozen of whom were interviewed for this article, the deaths were acts of desperation, and the government's reaction has been just the most recent incident in a long-standing battle between lawyers and military officials over the very legitimacy of the lawyers' task of defending their clients.

Strained relations

It took nearly three years after the first prisoners were sent to the Cuba naval base for the detainees to win the right to challenge their captivity in the U.S. court system with the 2004 Supreme Court decision in Rasul v. Bush.

That effort has not been smooth. The lawyers' first challenge was negotiating a system to meet with their clients while still protecting the classified nature of much of their work. Government officials initially asked to monitor all conversations and communications between lawyers and prisoners — a position Judge Colleen Kollar-Kotelly of the U.S. District Court for the District of Columbia struck down in a 2004 opinion. Instead the two sides entered into a painstakingly negotiated protective order that created an elaborate system of requirements for visits, information sharing, and communication.

Although roughly 115 detainees have met with counsel, according to a figure cited in a February filing by the government, a number of attorneys offer examples of the difficulties they have had in meeting with their clients once on base. Some attorneys say guards have often told them their clients do not want to see them, but when they send a formal letter to their clients, the clients eventually agree to a meeting and say they were never told that they were going to meet their lawyers.

Lawyers say they also have been hampered by the way the privilege team — a separate government group tasked with examining all communications with clients for classified material — reviews their notes. In a February court filing with Kollar-Kotelly, attorneys for 12 detainees say the team has "undermined counsel's effectiveness." (The judge has yet to rule.) According to the detainees' filing, the privilege team has often wholly refused to release documents that attorneys believe should be public.

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For instance, the team would not declassify a letter from a client of former Covington & Burling attorney Mark Falkoff because it asked the lawyer to "tell the world" about the torture the client had claimed to have suffered and because the letter included poems with lines like "My Dear Love" and "Dearest, Forgive Me." The team also refused to review medical records of weight loss that hospital officials had given to a prisoner represented by Kristine Huskey of Shearman & Sterling. After she resubmitted the materials for review, they were marked "unclassified."

More troublesome, attorneys say, are examples of intimidation. Attorneys claim their clients have been interrogated about lawyers' visits and told that their lawyers are Jewish or gay — characterizations intended to make prisoners suspicious of their counsel.

Clive Stafford-Smith, who represents numerous Guantánamo detainees and is the legal director for Reprieve, a British charity, says he believes he is a particular target. During an August 2005 visit, he says, a commander took him into a prison cell and accused him of violating the protective order. Stafford-Smith says the commander accused him of fomenting a hunger strike that dozens of detainees were participating in at the time. The commander told him that his client, Shaker Aamer, a detainee leading the strike, had told staff that Stafford-Smith had planned the strike with him, he says. "I was quite taken aback by this, and said that this was obviously nonsense," Stafford-Smith wrote to Guantánamo officials that day.

Joshua Colangelo-Bryan of Dorsey & Whitney says he came under similar suspicion when he discovered his client, Jumah Dossari, attempting to kill himself during a visit in October. He says a military lawyer told him that "people at Guantánamo had questioned whether I had given him the implement that he used to cut his arm open."

The investigation

Protests from the detainees continued. On May 18 two other detainees attempted to overdose on hoarded medication, which was the same day a band of prisoners attacked cell guards with makeshift weapons fashioned from fans and other material. Then, on June 9, three detainees — two Saudis and one Yemeni — were found dead in their cells.

The Naval Criminal Investigative Service was immediately called in. According to the July 7 government filing, handwritten notes were found on the detainees that appeared to be suicide notes, one of which was hidden in the mesh wall of one of the deceased detainees' cells. That letter, the government claims, had been written on the back of a privileged attorney-client document and "appeared to be written by someone other than the detainee who died in the cell." Notes apparently written by two of the detainees who committed suicide were found in another detainee's cell. This finding prompted investigators to seize the privileged documents from prisoners.

The government claims in its brief that the material already reviewed is "in no way actual attorney-client communications, much less privileged communications." But it contends that the review has "the strong public policy interests in potentially saving lives and in maintaining security and order" at the base.

While detainees' lawyers say they do not object to a thorough probe of the three deaths, they are concerned about the authority the government had for expanding the search to nearly all detainees on the base, especially those in cellblocks far from the three who died. Moreover, only two of the detainees who killed themselves had counsel, and neither had ever met with his lawyer.

Attorneys uniformly say the seized evidence does not show that lawyers gave detainees anything barred by the court. The government brief cites material of "interest" that includes two attorney-client-privileged letters that were examined, one of which contained a "secret" stamp that had been crossed out and marked "unclassified" and another that was marked "for official use only." Attorneys are not inherently barred from sharing information in either of those categories with their clients.

These concerns over the government's evidence, attorneys say, make the government's proposal to create "filter teams" questionable. "Filter teams" are not unusual in the search of law offices during criminal investigations. Most recently, for instance, the Justice Department assigned one to comb through evidence seized from the office of Rep. William Jefferson (D-La.).

But such teams have come under scrutiny over their lack of impartiality in criminal cases targeting lawyers. At least three courts that have allowed similar filter teams have "opined, in retrospect, that the use of other methods of review would have been better," according to a 2002 opinion in the Lynne Stewart case.

Stewart, a radical criminal defense attorney, was convicted of conspiring to defraud the United States in connection with her representation of Sheikh Abdel Rahman, who is serving a life sentence for the 1995 bombing of the World Trade Center. In

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that case the judge assigned a special master, now the standard practice. The same method was used during the probe of Michael Abbell, a former Justice Department official targeted for his representation of Cali cocaine cartel members in the 1990s.

For now, the detainees' counsel are preparing to file a reply opposing the government's plan for reviewing the seized attorney-client documents. They hope to stop the review, but even if they are successful, some lawyers say it will be hard to rebuild their relationship with clients. "It is a potentially devastating blow to the very delicate situation that lawyers face down there, which is the challenge of gaining the trust and confidence of clients," says attorney Neal Sonnett, who has observed the military tribunals.

Emma Schwartz can be contacted by eschwartz@alm.com.

Critics Blast Bill Proposing NSA Spy Changes (CNET)

By Anne Broache, CNET News.com

CNET News, July 18, 2006

Criticism is growing of a proposed law touted by a Republican senator and the White House as a compromise solution to the ongoing controversy over the National Security Agency's electronic surveillance program.

At issue is an announcement late last week by Sen. Arlen Specter of Pennsylvania that the Bush administration, in what appeared to be a reversal of its earlier stance, had conditionally consented to a review of the warrantless eavesdropping program by the top-secret Foreign Intelligence Surveillance Court.

The Senate Judiciary Committee chairman hailed the agreement, reached after weeks of negotiations with Vice President Dick Cheney and administration lawyers, as recognition that the president does not have a "blank check."

But civil liberties advocates and major newspaper editorial boards with knowledge of the draft proposal have charged in recent days that the real picture is vastly different. Some say that Specter's intended bill is a "sham" that would not, in fact, bind the administration to submitting existing or future surveillance programs for scrutiny--and could erode checks on the chief executive's power and constitutional safeguards against unreasonable searches.

"The reality is, Specter is filling in the exact amount--it's not a blank check; it's whatever you want," Lisa Graves, the American Civil Liberties Union's national security lobbyist, said in a telephone interview. She added that the proposal is "far worse than the Patriot Act."

Electronic Frontier Foundation staff attorney Kevin Bankston deemed Specter's draft measure "a rubber stamp for any future spying program dreamed up by the executive," saying it "threatens to make court oversight of electronic surveillance voluntary rather than mandatory."

Scathing editorials in The Washington Post, the Los Angeles Times, and The New York Times this weekend took a similar tack.

"Mr. Specter has not been briefed on the NSA's program," the Post's editorial board wrote. "Yet he's proposing revolutionary changes to the very fiber of the law of domestic surveillance--changes not advocated by key legislators who have detailed knowledge of the program."

A Judiciary Committee spokeswoman on Monday declined to supply the language of the bill to CNET News.com, saying it has not yet been distributed to the media. It's expected to be discussed further and perhaps formally introduced at the committee's business meeting on Thursday.

It's also likely to be a topic of discussion on Tuesday, when the committee plans to grill Attorney General Alberto Gonzales at a Justice Department oversight hearing.

A copy of Specter's draft bill (click for PDF) posted by the EFF contained language that would authorize--but not require--the Foreign Intelligence Surveillance Court to review and sign off on wiretapping programs like the one being conducted by the NSA. It's unclear whether the court would have to reveal its ruling, should it find the program unacceptable, and the administration would be able to resubmit such programs numerous times.

Specter, who had been one of the few Republicans to question the NSA's activities, has said he is chiefly concerned with determining whether the program is constitutional. He assured reporters at a press conference last Thursday that the president would, indeed, submit the program for review, provided that the bill negotiated with the administration "is not changed."

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The bill would also require that all cases involving legal challenges to the program or other "classified communications intelligence activity relating to a foreign threat" be transferred to that secret court, placing a new shroud over such findings. More than two dozen cases related to the program, including high-profile challenges against the government and AT&T lodged by the American Civil Liberties Union and the EFF, are pending in various federal courts.

Those are just a few of the concerns embedded in the 18-page draft, civil liberties advocates said. The ACLU's Graves charged that the bill, among other shortcomings, would undermine Fourth Amendment protections against unreasonable searches because it would require the program to be reviewed as a whole, omitting an existing requirement that the secret court receive the names or aliases of people being spied on--or even the number of people being swept up in any given surveillance scheme.

"We believe there's going to be strong opposition to it from the right and from the left," Graves said.

Specter, for his part, told reporters at a press conference last week that he believed "the committee will accept the bill. I believe that the Senate will accept the bill. And, with the president's backing, I think the House will as well."

Judge: Feds Can Keep Mum About Phone Taps (CHIT)

By Rudolph Bush, Tribune Staff Reporter

Chicago Tribune, July 17, 2006

A Des Plaines man accused of being a "sleeper" spy for the government of Saddam Hussein pleaded not guilty Monday to a new charge that he violated U.S. sanctions against Iraq.

Sami Khoshaba Latchin was charged last year with entering the U.S. to spy for Iraq's intelligence agency and lying on his citizenship application about his alleged affiliation with Hussein's Baath Party.

Prosecutors now say Latchin traveled to Jordan in 2001 to illegally collect payment of $24,000 from Hussein's government.

They say Latchin received the payment from an Iraqi intelligence officer and transferred $15,000 to his personal checking account in the U.S.

After Latchin pleaded not guilty in federal court in Chicago, U.S. District Judge Rebecca Pallmeyer addressed a defense motion over alleged secret government wiretaps.

Latchin's attorneys have asked Pallmeyer to require the government to confirm or deny whether agents have listened in on Latchins' telephone conversations without getting a court order.

Prosecutors have refused to discuss the matter because it concerns classified information. They did agree, however, to provide answers privately to Pallmeyer.

The defense raised the question of wiretaps after press reports revealed the National Security Agency has collected data about the telephone activity of Americans without getting a court's approval.

Pallmeyer said Monday that she has privately reviewed documents provided by the Justice Department that apparently relate to the wiretap question. She did not reveal, however, whether she concluded that the NSA has listened to Latchin's calls.

The judge described a cloak-and-dagger scene whereby she reviewed classified material. A government agent twice brought sealed documents to her chambers. After giving Pallmeyer the documents, the agent sat outside her office while she read them and took notes.

When she was done, the agent sealed the documents in envelopes, placed them in a case and left, she said.

Pallmeyer said some of the material she reviewed was not classified and would be made a part of the court's public record, although she did not indicate when that would happen.

Latchin is scheduled to go on trial in October.

rrbush@tribune.com

G.O.P. Senator Resisting Bush Over Detainees (NYT)

By Kate Zernike

The New York Times, July 18, 2006

WASHINGTON, July 17 — Senator Lindsey Graham of South Carolina often plays the contrarian, the conservative Republican willing to poke a stick in the eye of the White House.

Now Mr. Graham is playing an even higher-profile variant of that role, as the Senate's foremost expert on military law in the midst of the emotional debate over what rights to provide to terror suspects.

A former military lawyer who is also a reserve judge on the Air Force Court of Criminal Appeals, his influence is shaping up to be pivotal in forming the Congressional response to the Supreme Court ruling striking down the White House's plan for bringing terror detainees to trial.

Mr. Graham advocates using the existing court-martial system as the basis for trying suspects, a position that has drawn fire from many other Republicans. They say it could cripple the government's ability to protect the nation by giving detainees too many rights and making it harder to use highly classified intelligence against them.

But drawing on his own experience and a deep personal loyalty to the military justice system, Mr. Graham is working across party lines to try to assemble a consensus for his approach, saying it is sound legally and in terms of national security.

His views are shaped not only by his understanding of the law, but also by his respect for an institution he credits with changing his life, by shaping his career and allowing him to support his 13-year-old sister after his parents died when he was in college. His belief in the integrity of the military code has repeatedly led him to resist the White House when it comes to defining the treatment of people accused of being terrorists.

Last year, against the wishes of the Bush administration, he was one of the key forces in helping pass a ban on torture. Last week, he raised questions about the judicial nomination of William J. Haynes II, the Pentagon general counsel who helped write a memorandum that narrowly defined torture only as treatment that causes pain similar to death or major organ failure.

While some other Republicans argue that terrorists do not deserve legal or human rights, Mr. Graham has insisted that only a system grounded in the fundamental rights of the military code and the Geneva conventions will affirm the reputation of the United States abroad and protect American troops when they are captured by enemies.

"What I'm trying to do with my time in the Senate during this whole debate we're having is to remind the Senate that the rules we set up speak more about us than it does the enemy," Mr. Graham said in an interview. "The enemy has no rules. They don't give people trials, they summarily execute them and they're brutal, inhuman creatures. But when we capture one of them, what we do is about us, not about them.

"Do they deserve, the bad ones, all the rights that are afforded? No. But are we required to do it because of what we believe? Yes."

Administration lawyers have argued for Congress simply to ratify the tribunals that the Supreme Court ruled that the president could not set up on his own.

Mr. Graham has fought back in his hyperkinetic, folksy way. Challenging the lawyers this week, he bounced in his chair, rolled his eyes, shook his head and raised his voice, warning at one point that if they pushed the president's approach, "It's going to be a long hot summer."

"I'm a big fan of the Geneva Conventions," he declared.

At a hearing last week, Mr. Graham backed up Senator Hillary Rodham Clinton, Democrat of New York, as she prodded military lawyers to refute the claim of some Republicans that providing legal rights to terror suspects was tantamount to setting them free.

"Isn't it correct," Mr. Graham asked the panel, after making a polite interruption, "that you could be acquitted in a military commission and still be held as an enemy combatant — even if you're acquitted?"

Nodding at Mrs. Clinton, he explained: "It goes to your point. You're absolutely right."

In an interview later, Mrs. Clinton called Mr. Graham's position "a perfect example of when someone's experience can be used to inform an issue."

"He comes to it from his own experience and deeply held convictions about the importance of our military code of justice," she said, "and an understanding as to the damage that has been done to our standing in general and the potential dangers in particular to our men and women in uniform."

Mrs. Clinton said, "There isn't anyone else in the Congress who can speak with such experience and authority."

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Mr. Graham, who turned 51 last week, grew up in the rooms behind the bar and liquor store his parents owned in Central, S.C., a textile town . The first in his family to go to college, he joined R.O.T.C. and wanted to fly but was disqualified by what he calls "lack of math ability and bad hearing."

When his mother died when he was 21, the Air Force allowed him to continue his education instead of going into the service, so he could stay home. When his father died 15 months later, the service said he could attend law school in South Carolina so he could stay with his sister, and when he finished, the service posted him as a defense counsel to South Carolina so he could adopt her. After she went to college, he went to Europe as a military prosecutor.

"It changed my life," he said of the military legal corps. "It exposed me to things. I got to spend four years in Europe. I was thrown into court as a young defense attorney doing things, with responsibilities you'd never have in the civilian world as a lawyer."

Mr. Graham was elected to the House in 1994, where he became widely known for his role as a manager of the impeachment proceedings against President Bill Clinton. He was elected to the Senate in 2002.

Senator John W. Warner of Virginia, chairman of the Armed services Committee, has, along with Senator John McCain of Arizona, been one of Mr. Graham's Republican allies in bucking the White House on the torture issue. "In an extraordinary way," Mr. Warner said, "he overcame many obstacles and misfortunes that others never could imagine. His goals posts in life are to do what's best for the country, what's best for the military."

From his time on the defense, Mr. Graham says, he learned that the system provides fairness; from his time as a prosecutor, he came to see the importance of military discipline.

For that reason, he said, it is important that soldiers continue to be trained using the Geneva Conventions, even in a war against a new kind of enemy.

"If a marine caught Osama bin Laden tomorrow, they're all trained to treat everyone as a prisoner of war under Geneva," he said. "You don't want to change that, because you don't want to confuse your troops out there."

It becomes trickier, Mr. Graham said, when coming up with the rules for interrogation. He argues that Congress must define what the conventions mean by "humiliating" or "degrading" treatment.

Still, he disputes the assertion of some Republicans that using the court-martial system will result in soldiers' having to stop in the middle of capturing a terrorist to read him his Miranda rights.

"That's an offense to the military legal community, who's telling us there's a better way, to suggest that that better way would hamper us," he said. "It's political rhetoric that's got to stop."

His position has met resistance from many of his fellow Republicans. To them, using the military justice system means giving terrorists the same rights as the troops who fight them. Senator John Thune of South Dakota is among the Republicans who have expressed qualms.

"I think that people across the country, as they listen to this debate, are going to apply what is, I think, a very common-sense standard to this," Mr. Thune said.

He said he preferred the administration's original plan to establish tribunals that did not rest on the Geneva Conventions.

But Mr. Graham believes Republicans in Congress and the administration will ultimately work to come up with a system that starts with the military code. Mr. . Graham says he is hearing three or four appeals as a military judge. But his own status is pending; a defense lawyer has challenged whether he can be a military judge and serve in the Senate. He laughs as he says he expects the case to be resolved by the military court system soon.

"I disagree, but I may have been wrong," he said. "Here I am on the receiving end, and I have nothing but respect for it."

FBI Sought To Gain Padilla's Trust (FLSUNSEN)

By Vanessa Blum

South Florida Sun-Sentinel, July 18, 2006

The FBI agent who first questioned alleged al-Qaida operative Jose Padilla when he arrived at Chicago's O'Hare International Airport in 2002 said Monday authorities hoped to win Padilla's trust, not arrest him.

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Special Agent Russell Fincher testified at a hearing in Miami federal court that the agency thought Padilla knew of terrorist plans to detonate a radioactive device on U.S. soil and wanted Padilla's help to disrupt the plot. "I didn't want to arrest him," Fincher said. "I needed his cooperation."

The agent said he arrested Padilla, a former Broward County resident, after he ended the interview and demanded a lawyer.

Fincher said at that point he advised the suspected terrorist of his right to remain silent and consult with an attorney.

Fincher's testimony provided a behind-the-scenes account of events leading to Padilla's arrest and subsequent 31/2-year military detention as an "enemy combatant."

Padilla, 35, was charged in November with being part of a North American-based terrorist cell and training at an al-Qaida camp in Afghanistan.

After hearing from more witnesses, U.S. Magistrate Stephen Brown will determine whether Padilla's statements to federal agents during his interrogation at O'Hare should be kept out of his criminal trial because Padilla was not first advised of his constitutional rights.

Padilla's lawyer, Michael Caruso, said Fincher had an arrest warrant for Padilla in hand when the questioning began. Caruso cited an FBI policy that requires agents to issue the so-called Miranda warning at the outset of any interview expected to end with an arrest.

"There was no way Mr. Padilla was going to walk out of that conference room of his own accord, isn't that correct?" Caruso asked.

Fincher said Padilla's arrest was not a foregone conclusion.

"He could have cooperated with us," Fincher said. "Us having to arrest him was the worst-case scenario."

Padilla's mother, Estrela Ortega Lebron, who lives in Plantation, called the hearing a "big joke."

"If he's a terrorist, why didn't they press charges from the beginning?" asked Ortega Lebron, who attended the hearing. "I don't trust the whole system."

Padilla flew to Chicago from Zurich on May 8, 2002, as he made his way back to the United States after several years in the Middle East.

FBI Initially Sought Padilla's Cooperation (AP)

By Curt Anderson

AP, July 17, 2006

MIAMI - The FBI initially sought terror suspect Jose Padilla's cooperation to help prevent what intelligence sources indicated might be an imminent al-Qaida attack, an FBI agent testified Monday.

Padilla refused and was later implicated in an alleged radioactive "dirty bomb" plot and declared an enemy combatant.

Russell Fincher, an agent in the FBI's New York-based unit investigating Osama bin Laden, testified at a pretrial hearing for Padilla that he met him at Chicago's O'Hare International Airport in May 2002 believing he could gain information on al-Qaida's plans.

"I believed there was a terrorist act that was going to happen. I believed he had knowledge of that. I needed his help," Fincher said of Padilla. "I didn't want to arrest him."

Fincher said that during a five-hour interview Padilla talked freely about his criminal past as a Chicago gang member, his conversion to Islam and his travels in Egypt, Pakistan and elsewhere. But when his story didn't add up, Fincher said he confronted Padilla with terrorist allegations and asked if he would testify before a grand jury about his purported al-Qaida connections.

"He stood up and told me the interview was over and it was time for him to go," Fincher said.

Padilla was arrested on a material witness warrant, which allows a person with direct knowledge of alleged criminal acts to be taken into custody. A month later, President Bush designated him an "enemy combatant" and he was placed in military custody. He remained there until November, when he was charged in an existing Miami case.

The charges in the Miami case do not mention the "dirty bomb" plot but do claim that Padilla trained at an al-Qaida camp in Afghanistan. Padilla has pleaded not guilty.

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The hearing Monday concerned whether Padilla was officially in law enforcement custody when the FBI agent interview him and, if so, whether he was properly advised of his rights. Padilla's lawyers said his statements should be barred from trial if those rights were violated. U.S. Magistrate Judge Stephen T. Brown did not indicate when he would rule.

Fincher testified that Padilla wasn't read his Miranda rights until the interview ended. But he also said that Padilla agreed repeatedly to talk with the FBI agents, was never handcuffed or otherwise restrained and never requested a lawyer.

The initial pretext for Padilla's airport interview was the discovery by customs officials that he was carrying more than $10,000 in cash but had declared only $8,000.

Although he did ask three times to call his mother in Florida, each time he changed his mind, Fincher said. When the FBI offered to contact her for him, Fincher said, Padilla declined because he didn't want her to think he was in trouble again.

The FBI also offered to put Padilla up in a hotel to rest so the interview could resume the next day, but again Padilla refused, saying he wanted to clear up the issue about the cash. "He didn't believe it was a big deal," Fincher said.

Padilla is scheduled to go to trial in September along with two others on charges of participating in a North American network that supported Islamic extremists worldwide.

Retaliation Case Of Arab Specialist At FBI Advances (WP)

By Dan Eggen

The Washington Post, July 18, 2006

The Justice Department has concluded there is "reasonable cause" to believe that senior FBI officials retaliated against the bureau's highest-ranking Arabic speaker for complaining that he was cut out of terrorism cases despite his expertise.

An internal investigation by the department's Office of Professional Responsibility found "sufficient circumstantial evidence" that Special Agent Bassem Youssef was blocked from a counterterrorism assignment in 2002 after he and U.S. Rep. Frank R. Wolf (R-Va.) met with FBI Director Robert S. Mueller III to discuss Youssef's complaints.

Mueller had approved a transfer for Youssef just days before the meeting, but it never occurred and Youssef was never informed of Mueller's decision, according to the report. Investigators also said the FBI "has provided no rationale" for its failure to promote Youssef, although one former senior FBI manager said Mueller was "appalled" that Youssef had complained to a congressman about his treatment.

"We found both the awareness of senior management and the timing of the failure to implement the placement to be circumstantial evidence of retaliation," the report said.

The FBI declined to comment, citing an ongoing lawsuit by Youssef alleging discrimination based on national origin.

The 12-page report, dated last month and provided to The Washington Post yesterday by the office of Sen. Charles E. Grassley (R-Iowa), represents a rare endorsement of a whistle-blower's allegations by the Justice Department's internal review office. It also represents another setback for the FBI as it struggles to attract Arabic speakers and informants in its fight against Islamic extremists.

"Because of this retaliation, we lost four years of expertise for the war on terror from a highly qualified Arab-American agent," Grassley said in a statement.

Youssef, who served as FBI legal attachÃ© in Saudi Arabia for four years, earned raves for his work on the Khobar Towers bombing and other investigations, including praise for his "very, very high performance" by former FBI director Louis J. Freeh, according to court testimony and the report.

Youssef, a naturalized U.S. citizen who was born in Egypt, says his expertise in Arabic, terrorism and Middle Eastern issues was ignored after the Sept. 11, 2001, attacks. He began making formal complaints after being assigned to a budget unit in February 2002. He was later transferred to a unit that processed documents taken from Afghanistan and other overseas locations.

Youssef's attorney, Stephen M. Kohn, said his client has remained in the documents section ever since. Kohn said the OPR report is troubling because it indicates "the FBI is playing games with national security after 9/11."

"What is wrong with the FBI that it would take four years of litigation and an investigation by the Justice Department just because one of their leading experts on counterterrorism wants to do operational counterterrorism work?" he asked.

A spokesman for Wolf declined to comment on the case yesterday. The Justice Department's Office of Attorney Recruitment and Management will make a final determination on whether Youssef suffered retaliation.

London Police, But No Officers, To Be Charged In Man's Death (NYT)

By Sarah Lyall

The New York Times, July 18, 2006

LONDON, July 17 — A year after the police shot and killed a Brazilian electrician in the subway after apparently mistaking him for a suicide bomber, prosecutors said Monday that they would not charge any individual officers in connection with his death.

But the senior reviewing officer for the Crown Prosecution Service, Stephen O'Doherty, said that the death of the Brazilian, 27-year-old Jean Charles de Menezes, had been the "cumulative result" of police errors. As a result, prosecutors said, the office of the Metropolitan Police commissioner, Sir Ian Blair, would be charged with failing to protect the health and safety of Mr. Menezes.

"After the most careful consideration, I have concluded that there is insufficient evidence to provide a realistic prospect of conviction against any individual police officer," Mr. O'Doherty said in a statement, explaining that the two officers who fired a total of seven shots at Mr. Menezes genuinely believed he was a terrorist.

To be acquitted of the health and safety charge, the police must establish that they did everything possible to protect Mr. Menezes's safety. If convicted, they face a fine to which there is no limit set by law. In a statement, they said they were "concerned and clearly disappointed."

Mr. Menezes's family said they were shocked by the decision not to prosecute any officers individually.

As for the health and safety laws under which the commissioner's office is to be prosecuted, Mr. Menezes's cousin Patricia da Silva Armani said at a news conference that "we did not expect they were going to hide behind another law that has nothing to do with my cousin's case."

She added: "By using these laws to cover up their own mistakes, they are treating my cousin like a dead animal."

Mr. Menezes was killed on July 22, 2005, 15 days after 56 people, including four suicide bombers, were killed and hundreds wounded when bombs went off on three subway lines and in a bus during the morning commute.

The day before Mr. Menezes's death, a second wave of would-be bombers tried unsuccessfully to detonate bombs around the city, and London was jittery and anxious. The police, sensitive to criticism that they had not done enough to prevent the attacks, were on high alert.

According to police accounts, the shooting appeared to be the result of a series of errors, starting with the misidentification of Mr. Menezes as a terrorism suspect who lived in the same building in Stockwell, south London. Leaving home to go to work, Mr. Menezes was trailed by officers as he boarded a bus and as he got off the bus en route to the Stockwell subway station.

The police have said that despite an order to the officers on the ground that they should stop him before he entered the subway, Mr. Menezes proceeded unchallenged through the turnstile and down the escalator. Once he took his seat on the train, the police said, antiterrorist officers burst into the car, pinned his hands to his side and shot him point-blank in the head.

The police originally said he was a terrorist who had vaulted over the turnstile and run down the escalator as officers shouted at him to stop. But within days, they acknowledged that not only had he been blameless, but also that he had walked calmly through the station.

Even so, the prosecution office said in a statement, the two officers who fired the shots that killed Mr. Menezes did so in good faith "because they thought that Mr. de Menezes had been identified to them as a suicide bomber and that if they did not shoot him, he would blow up the train, killing many people."

The office said, "The evidence supports their claim that they genuinely believed that Mr. de Menezes was a suicide bomber and therefore, as we cannot disprove that claim, we cannot prosecute them for murder or any other related offense."

Shami Chakrabarti, director of the human rights group Liberty, condemned what she said was the secrecy surrounding the shooting. A report by the Independent Police Complaints Commission into the shooting is reportedly severely critical of the police force, but will not be made public until the fall.

"Nearly one year after the Stockwell tragedy, it is grossly unacceptable that there is still no proper public account of what took place," Ms. Chakrabarti said in a statement.

No Criminal Case For Mistaken British Terror Shooting (CSM)

By Tom Regan

The Christian Science Monitor, July 18, 2006

British state prosecutors ruled Monday that there is insufficient evidence to prosecute British police officers who last year shot an innocent man in the belief he was a terrorist.

Police shot Brazilian Jean Charles de Menezes seven times in the head on July 22, 2005, just after he boarded an underground train in south London. CNN reports that Stephen O'Doherty of the Crown Prosecution Service (CPS) ruled instead that the Metropolitian Police will be prosecuted under health and safety laws.

"I concluded that while a number of individuals had made errors in planning and communication, and the cumulative result was the tragic death of Mr. de Menezes, no individual had been culpable to the degree necessary for a criminal offense," said [O'Doherty], senior lawyer from the Crown Prosecution Service's Special Crime Division.

"The two officers who fired the fatal shots did so because they thought that Mr. de Menezes had been identified to them as a suicide bomber and that if they did not shoot him, he would blow up the train, killing many people," O'Doherty said in a statement read to reporters.

BreakingNews.ie, an Irish news website, reports that the de Menezes family told a press conference Monday that the CPS decision was "unbelieveable."

Mr de Menezes' cousin, Alex Pereira, attacked the decision, and said: "It does not make sense, this decision that they made. I find it a shame to take so long for something so important. It is completely unbelievable. I don't know how someone works very hard and spends a lot of money to come to a decision like this."

Another of Mr de Menezes' cousins, Patricia da Silva Armani, said through an interpreter: "We did not expect they were going to hide behind another law that has nothing to do with my cousin's case. I am very disappointed. I think this is shameful. By using these laws to cover up their own mistakes, they are treating my cousin like a dead animal."

The Guardian presents an overview of the entire case, from the moment that police started to follow de Menezes on the morning of the shooting until today's CPS findings.

Although the CPS said the health and safety charges were not aimed at Metropolitan Police Chief Sir Ian Blair, the Financial Times reports that the decision puts embattled Prime Minister Tony Blair (who is not related to Sir Ian Blair) under new scrutiny. An earlier investigation by the Independent Police Complaints Commission found that a series of "blunders" by police had lead to the shooting.

In what turned out to be a case of disastrous mistaken identity, the blunders began with a surveillance officer failing to confirm Mr de Menezes' identity because he was relieving himself when the Brazilian left his flat on his way to work. Further blunders occurred with police officers communicating flawed intelligence and confused orders to each other as Mr de Menezes was followed, first on a bus and later as he walked into Stockwell station.

The inquiry has convincingly discredited early suggestions from within the police that Mr de Menezes was acting suspiciously and jumped over the ticket barrier. But amidst confused operational guidance, he is thought instead to have been followed without being challenged and shot while he was sitting in a carriage in the belief that he was a potential suicide bomber.

The Guardian also reported on Monday that British police officials had feared that Mr. Blair's "decision to block an independent inquiry into the shooting left the force open to accusations of a cover-up."

Their findings are contained in an internal Metropolitan police document that was written hours after Mr de Menezes was killed in Stockwell tube station last July after police mistook him for a terrorist. Just after the shooting, Sir Ian tried to stop the Independent Police Complaints Commission investigating the case, informing the Home Office in writing that he would deny IPCC [Independent Police Complaints Commission] staff access to the scene at Stockwell.

The British Press Association reports that the Metropolitian Police are likely to be "critical" of the decision to pursue health and safety charges. Three years ago, two previous leaders of the the Met police force were charged under health and safety laws

for "failing to protect their own officers after one died and another was seriously injured when they fell through roofs while pursuing suspects." The charges were ultimately dismissed.

The Associated Press reports that Jan Berry, the head of the British Police Association, called the ruling "just, fair and difficult."

"We must never forget the hurt and devastation caused to the de Menezes family by the tragic and fatal shooting of Jean Charles last year," Berry said. "This tragedy took place at an unprecedented time for British policing and in the wake of a new and unrivaled terrorist threat."

"The burden of responsibility on the police service to avert further attacks was tremendous, and on that fateful day that burden was passed on to a few individual officers who will have to live with the consequences of their actions for ever more," he added.

Britain Declines To Prosecute Officers In Subway Shooting (WP)

By Kevin Sullivan

The Washington Post, July 18, 2006

LONDON, July 17 -- British prosecutors on Monday declined to seek criminal charges against two London police officers who shot and killed a Brazilian electrician last July after mistakenly identifying him as a suicide bomber.

Prosecutors said there was insufficient evidence to prosecute the officers, who were not publicly identified. But they said they would seek charges against the Metropolitan Police as an organization for failing to safeguard the "health, safety and welfare" of Jean Charles de Menezes, 27. A conviction on that offense carries a potential fine for the department but no suspensions or other punishment for individuals, prosecutors said.

Members of the Menezes family called the decision "shameful" and said the police had treated the young man, who was shot seven times in the head, like a "dead animal."

"The authorities, in reality, they did not have any shame; I feel sickened by that," Patricia da Silva Armani, a cousin who lived with Menezes in London, said at a news conference. "They are leaving the murder of our cousin on the side. No one is being punished."

The Menezes case became a symbol of the anxiety that gripped London last summer after four attackers killed themselves and 52 other people on London subways and a bus on July 7. An almost identical attack on July 21 failed when the attackers' bombs failed to detonate.

On July 22, as Londoners were fearing that Islamic radicals had begun a campaign of bombings in the city, Menezes was spotted by police who were staking out a building where one of the July 21 bombing suspects lived. Police followed him to a subway station, where he boarded a train and was confronted by anti-terrorism officers who pinned him down and shot him repeatedly in front of horrified passengers.

Critics said that in the tense environment police panicked and used excessive force against an innocent man whose actions had not been unusual or suspicious. Police Commissioner Ian Blair called the incident a tragic error made under extreme pressure by officers who believed they were confronting a bomber determined to kill many people on the subway.

After reviewing evidence gathered by the police watchdog, prosecutors sided with police. "The evidence supports their claim that they genuinely believed that Mr. de Menezes was a suicide bomber," said Stephen O'Doherty of the Crown Prosecution Service.

O'Doherty said officers had made "operational errors" including "a number of errors in planning and communication" that led to the shooting and constituted grounds for prosecuting the police department for failing to safeguard Menezes's health and safety.

Liberty, a British human rights group, said in a statement that the investigation had been marred by secrecy and failure to publicly release the results of the police watchdog's investigation. "It is grossly unacceptable that there is still no proper public account of what took place," said Liberty director Shami Chakrabarti.

Britain Bans 2 Islamist Groups (LAT/AP)

By The Associated Press

DOJ_NMG_0041353

The Los Angeles Times, July 18, 2006

LONDON — Britain on Monday banned two Islamist groups operating in the country, invoking for the first time a new law against glorifying terrorism.

Home Secretary John Reid issued an order in Parliament to make it a criminal offense for a person to belong to or encourage support for Al Ghurabaa and the Saved Sect.

Both groups are believed to be splinters of Al Muhajiroun, formed in 1996 by Omar Bakri Mohammed to promote a global Islamic state. The group was disbanded in 2004, and Bakri Mohammed has been prohibited from returning to Britain.

The orders make it illegal to arrange meetings in their support, or to wear clothing or carry any article in public indicating support or membership.

Al Ghurabaa spokesman Anjem Choudary reacted with outrage.

"The easy option when one is losing an argument is to ban the opposition voice. And that's what's happened here," Choudary said. "We are not a military organization — we have only been vociferous in our views."

Representatives of the Saved Sect were not immediately available for comment.

HOMELAND RESPONSE:

Feds Need La. Help For Hurricane Plans (AP-Y)

By Lara Jakes Jordan, Associated Press Writer

AP2, July 18, 2006

The Bush administration said Monday it needs specific lists of Louisiana's shelters, immobile hospital patients and transportation pickup points before it can promise reliable evacuation help during a major hurricane.

In a letter to Democratic Gov. Kathleen Blanco, Homeland Security Secretary Michael Chertoff made clear what responsibilities the federal government will shoulder the next time a huge storm strikes.

"You have informed DHS that for the 2006 hurricane season the state is unable, without federal support, to evacuate all those who cannot evacuate themselves," Chertoff wrote in an undated nine-page letter to Blanco that aides said was sent Monday. "As such, we are prepared to provide that support. But we cannot do so effectively without your close cooperation and assistance."

He added: "The heart of the hurricane season begins in August and it is critical that we address outstanding preparedness issues in your state before then."

Chertoff gave the state until next week, setting a July 26 deadline, to provide the lists. The needed information, according to the letter, includes:

_Places in southeastern Louisiana where evacuees can be picked up by federally provided transportation and taken to shelters, rail stations or airports.

_All available and adequate shelters in the state.

_An accurate facility-by-facility count of medical patients who will need federal help in evacuating or finding shelter.

Col. Jeff Smith, Blanco's acting homeland security director, said Louisiana expects to meet Chertoff's deadline. "Most of what he had requested is either completed, and it's in his people's hands, or is very close to being completed," Smith said. He called the letter "just another step on the road to that good, close coordination" with Washington.

Though states generally are responsible for ordering, coordinating and planning for evacuations, Chertoff said the federal government would give wide-ranging help to Louisiana, which is still reeling from Hurricane Katrina and vulnerable to future storms.

Chertoff estimated as many as 96,000 sick, elderly, poor or otherwise immobile residents are unable to evacuate themselves. In what he called "a worst-case scenario," he said the federal government is arranging to transport up to 141,000 people — 80,000 by bus, 46,000 by air and 15,000 by rail — in the face of an emergency.

But he said Louisiana officials have yet to provide detailed, updated lists of places where evacuees can be picked up and taken out of harm's way, or of how many hospital patients cannot evacuate themselves. Chertoff also noted limited federal

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resources in transporting gravely sick people, adding, "Hence, persons in hospitals will need to be safely shelteted-in-place to the greatest degree possible."

Smith, the Louisiana security director, described the state's tallies of those patients as "good for planning." But "statistics change on a daily basis, so it's never something that will ever be a perfect list," he said.

Moreover, Chertoff said, any help Washington could offer would be diminished by the hour if local and state officials in Louisiana put off ordering voluntary or mandatory evacuations. Despite warnings of Katrina's potential destruction 56 hours a head of landfall last Aug. 29, officials ordered the mandatory evacuation in New Orleans only 19 hours before Katrina hit.

"Without a timely order for evacuation, we cannot deploy federal resources in time to assist the state in evacuating those who cannot evacuate themselves," Chertoff wrote.

The Federal Emergency Management Agency, which Chertoff oversees, has identified shelter space for at least 78,800 people — and potentially 75,000 more — in Louisiana. Chertoff said other states could be asked to shelter Louisiana evacuees, but not until Louisiana "itself has reasonably exhausted its internal resources."

Chertoff said the government would send deputized federal law enforcement officials to Louisiana help keep order during a disaster, adding to the 3,500 National Guardsmen the state plans to deploy before evacuations.

His letter also promised more motor homes and trailers in the region than were there before Katrina hit. It also offered federal communications equipment, since Louisiana officials have acknowledged their system to let emergency responders talk to each other will not be finished this year.

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On the Net:

Homeland Security Department: http://www.dhs.gov/dhspublic/

Federal Emergency Management Agency: http://www.fema.gov/

Lower 9th Finally Gets Mail Delivery (USAT)

By Anne Rochell Konigsmark

USA Today, July 18, 2006

NEW ORLEANS — Roosevelt Johnson opened the door to a big surprise Monday morning.

The mailman.

“Mail in the Lower 9th Ward — ain't that something,” said Johnson, 46, who hasn't seen a mailman around the neighborhood since Hurricane Katrina deluged the city 11 months ago. “This means a lot,” he said, shaking mail carrier Wayne Treaudo's hand.

The rest of America takes the mail for granted. But here in the Lower 9th Ward, where Katrina's flooding reached rooftops and pushed houses off foundations, Treaudo's first round of mail delivery carried some hope for normalcy in a place where normal is hard to come by.

The Lower 9th Ward, once home to about 20,000, is one of the last New Orleans neighborhoods where basic services remain scarce. It's the only neighborhood in the city where electricity and gas services have not been fully restored. Government-issue travel trailers began showing up just last month.

One section of the neighborhood, nearest the levee breach, remains essentially closed, with no lights or even drinkable water. It is dotted with empty lots where houses once stood.

That makes mail delivery a big deal for the residents — fewer than 1,000 — who have returned.

“I heard you guys would be coming today,” said Rodney Dejoie, 58, as he stepped out of the trailer parked in front of his home. “I've been so anxious to see you. This is great — this is the one I've been looking for.” He held up his mortgage bill.

Residents here are few and far between, so Treaudo's new route is a combination of five pre-Katrina routes. He is going beyond the Postal Service vow to deliver mail in snow, rain, heat or gloom of night. On Monday, he encountered addresses with no house, houses with no doors, and everywhere, chest-high weeds. “If I'd thought about it, I would have worn my long pants,” he said.

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Treaudo seemed to be driving in circles, delivering mail to one house and then driving blocks before stopping again. It took him more than an hour to leave mail at less than a dozen homes. There are few street signs or working traffic lights. In some parts of the neighborhood, Treaudo saw more National Guard patrols than people.

The city requested the guard last month to cruise uninhabited areas, freeing the police to crack down on crime in more populated areas.

Treaudo, who has been a carrier in the 9th Ward for more than 15 years, delivered mail to houses that looked untouched since the storm. The furniture inside a small white house on Forstall Street lay storm-tossed and moldy in the living room. Dusty trophies still sat upright in a corner; two large jars of pickles were on the front porch. "They have indicated to us that they want mail delivered here," Treaudo said as he left a few pieces in the box next to the door. "Probably, they're coming around sometimes to pick it up."

After a complete disruption in mail service following Katrina, the post office began over-the-counter pickup service in October. Delivery, albeit slow and erratic, began in unflooded neighborhoods later in the fall. No one was receiving magazines until May.

As late as April, residents of half a dozen city ZIP codes were still retrieving mail at a Postal Service trailer next door to the New Orleans Arena. The Postal Service says it is now delivering mail along at least a portion of 350 of its 406 pre-Katrina routes. And since the mail processing center, which flooded, reopened in April, letters and bills no longer travel through Houston or Baton Rouge to get a postmark before arriving at their final destination.

Restoring mail delivery is more labor-intensive than, say, turning on the lights, says Postal Service spokesman Dave Lewin. "Mail delivery is personal, and more manpower is needed," he said. Many carriers lost their homes and did not return to the city. There are now 384 carriers in the city, down from almost 600 before the storm.

Treaudo worries about the emotional toll his route will take. "I drive around, and I am spellbound," he said. Treaudo left his family in Beaumont, Texas, where they evacuated, to return to his old job. His home in eastern New Orleans was destroyed.

"It's difficult, but I wanted to come back and rebuild the city."

WAR NEWS:

Cheney Argues Against Iraq Timetable (AP)

By Mike Glover

The Associated Press, July 18, 2006

Vice President Dick Cheney on Monday rejected a call from some Democrats for a timetable for withdrawing U.S. troops from Iraq, arguing that it would run counter to American interests.

"Either we are serious about fighting this war or we are not," Cheney told an Iowa audience in his first visit to the state since the 2004 election.

Several congressional Democrats favor the initial steps of drawing down U.S. forces in Iraq, a proposal that has divided the party but united Republicans who accuse the opposition of a "cut-and-run" approach.

Looking ahead to the midterm elections, Republicans such as White House adviser Karl Rove have sought to portray the Democrats as weak on national security. Cheney, campaigning for congressional candidates in Iowa, echoed that sentiment.

The vice president singled out Rep. John Murtha, D-Pa., a decorated Marine who has pushed for a timetable for withdrawing Americans from Iraq.

"That's a bad idea. That proposal is contrary to the national interest," said Cheney, who contended that it will be more difficult to defend the country if such a step is taken. The vice president stressed that troop strength would be dictated by conditions on the ground "and not by artificial deadlines set by politicians in Washington, D.C."

Democrats have argued that Gen. George Casey, the top U.S. commander in Iraq, has raised the possibility with a troop withdrawal plan similar to what Democrats have proposed.

Although the latest Associated Press-Ipsos polls showed more Americans favor congressional Democrats over Republicans, the GOP still has the edge in dealing with issues such as foreign policy and terrorism.

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The poll found that Republicans in Congress — 43 percent approval — have an advantage over Democrats — 33 percent approval — on handling foreign policy and the war on terrorism.

On Iraq, however, the Republican strength isn't what it used to be. Republicans have a smaller advantage over Democrats — 36 percent to 32 percent approval — when it comes to handling the situation in Iraq. The poll was conducted last week.

Cheney raised $150,000 for Republican Jeff Lamberti, who is challenging Democratic Rep. Leonard Boswell. Later, the vice president was attending a rally with Iowa National Guard troops.

Cheney urged Republicans to focus on the war on terror.

"As we make our case to the voters in this election year, it is vital that we keep issues of national security at the top of the agenda," Cheney said.

The vice president also criticized news organizations, which have published secret information about the government's monitoring of terrorist activities. He said publication of the information makes it more difficult to protect the country.

The New York Times, Los Angeles Times and the Wall Street Journal were the first to report that a secret CIA-Treasury program was tracking millions of financial records in search of terrorists.

The administration and some congressional leaders have focused their criticism on the New York Times, which also reported last year that Bush had authorized an electronic eavesdropping program shortly after the Sept. 11, 2001, terrorist attacks.

"These kind of stories simply alert the terrorists as to what we're doing," Cheney said. "The leak to the New York Times and the publishing of those leaks are very damaging to the national interests."

Cheney said the administration's hard-line stance on terrorism has paid off with a lack of terrorist activity in the United States since the Sept. 11 attacks.

"Obviously, no one can guarantee we won't be hit again, but the relative safety of this past nearly five years did not come about by accident," he said. "It came about because we waged an effort on every front, and we must not let up for a moment."

Even before Cheney's appearance, Democrats issued their own criticism of the vice president and Lamberti.

"If Republicans retain control of the House, the Senate and the White House, they will privatize Social Security," said Iowa Democratic Party Executive Director Mike Milligan.

Military-Style Assault Kills Dozens In Iraqi Marketplace (WP)

By Ellen Knickmeyer

The Washington Post, July 18, 2006

BAGHDAD, July 17 -- Masked attackers with heavy machine guns mounted on pickup trucks slaughtered at least 40 people in a crowded market area south of Baghdad on Monday, hurling grenades to blow up merchants at their counters and shooting down mothers as they fled with their children, witnesses and authorities said.

The military-style assault on unarmed civilians in the mostly Shiite city of Mahmudiyah lasted 30 minutes and was vicious even for a country besieged daily by bombs and coldblooded attacks. At one point, the assailants entered a cafe and shot dead seven men -- most of them elderly -- while they were having tea, said Maythan Abdul Zahad, a police officer. He said the gunmen stepped on their victims' heads to keep them still.

"Only those who escaped and ran were able to survive," Zahad said in Najaf, where he later traveled to bury a cousin killed in the attack. "They did not spare anyone. Not the children. Not the elderly. The Iraqi army did not interfere."

The massacre left the central shopping street in Mahmudiyah a charred war zone of gutted vehicles and blackened and smoldering tin-roofed shops. Some hospital authorities put the death toll at more than 70; most of the victims were Shiites.

Sunni Arab insurgents asserted responsibility for the slaughter, calling it retaliation for attacks against their own in surging sectarian violence. Hundreds of people have been killed since July 9, when suspected Shiite gunmen carried out a daytime massacre of at least 40 residents in Baghdad's mostly Sunni neighborhood of al-Jihad.

After the attack on Monday, Sunnis and Shiites in central Iraq battened down against what many feared would be a new wave of sectarian violence. Many residents of Mahmudiyah fled; those who stayed rolled out palm tree trunks and stones to block off their streets.

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Leaders of two Shiite religious parties, that of powerful cleric Moqtada al-Sadr and the smaller Fadhila bloc, withdrew from parliament indefinitely over the Mahmudiyah attack, storming out of a session of the legislative body. President Jalal Talabani, a Kurd, appealed to clerics to condemn the violence and urged restraint upon Iraqis. "May God accommodate the martyrs in his widest heavens and grant the wounded swift healing," he said in a statement.

Separately on Monday, three U.S. soldiers were reported killed in combat around Iraq. One U.S. soldier in western Baghdad died of gunshot wounds, another died in a bombing south of Baghdad and a third was killed in an attack in western Anbar province, the military said.

Survivors of the massacre in Mahmudiyah and at hospitals and graveyards around south and central Iraq described attackers pulling up about 9 a.m. Monday in several vehicles, armed with PKC Russian-made machine guns, AK-47 assault rifles, grenades and mortars. The assailants resupplied from pickups loaded with ammunition, witnesses said.

"They started shooting randomly, on both sides of the market, to the left and to the right, targeting everyone," said Ahmed Shakir, 35, a Mahmudiyah resident.

He spoke at a Baghdad hospital by the bed of his wounded brother, hit by bullets to the shoulder and leg as he was having tea in a cafe.

"They were throwing grenades into shops, burning the cars," Shakir recalled, as vehicles arriving at the hospital brought the corpses of four Shiites killed in a separate assault just west of Baghdad.

The attackers in Mahmudiyah turned rocket-propelled grenades and automatic and semiautomatic weapons upon shoppers along the thick rows of wooden stalls and cramped shops, witnesses said. Many of those hit were women and children.

"People started falling down, wounded," said Kamal Hussein, a 46-year-old man shopping at the time of the attack. "People started to run, with none stopping to look behind them."

Fatima Khadhim Ali, a spice seller, was shot in the head and chest. She collapsed, miscarrying in her fourth month of pregnancy, brother Ali Khadhim Ali said by her hospital bed in Baghdad. Her husband had died next to her in their tiny market stall.

As the attack continued, a few men emerged from nearby houses with guns to fight off the attackers, witnesses said. The assailants turned on one man who came out of his house armed, shooting him dead and then storming his house to kill everyone inside, said Zahad, the policeman.

Survivors said Iraqi soldiers let the heavily armed, highly visible attackers pass through a checkpoint near the marketplace. Witnesses described Iraqi security forces largely leaving the civilians to their fate, although survivors gave conflicting accounts as to whether Iraqi police, soldiers or Shiite militiamen had tried to fight off the attackers.

Iraqi survivors also condemned U.S. forces, saying they watched the attack from their posts but did nothing until the killing stopped. American troops reported hearing detonations and gunfire, the U.S. command said, but added that Iraqi troops are responsible for security in Mahmudiyah and that American soldiers there do not intervene unless asked by the Iraqis.

After the attack, Iraqi soldiers asked U.S. forces to patrol with them Monday night, as the city's people took to their houses for what many feared would be further retaliation, said Mayor Mouyad Fadhil Saif.

As day turned into evening, families with coffins of Mahmudiyah's dead strapped to their car roofs streamed south to Najaf, a holy city for Shiites. Wailing, the mother and sisters of one policeman slain in Mahmudiyah ran behind his coffin, beating their heads with their fists and smearing dirt onto their clothes in traditional mourning.

Coffins -- typically borrowed from mosques and returned after the dead inside are buried in shrouds -- accumulated five to 10 at a time outside a graveyard building where corpses are ritually washed before burial.

In statements, Sunni insurgents gave different explanations for why Mahmudiyah was targeted -- some saying that it was because Sadr's Mahdi Army militia had allegedly driven Sunni vendors from the market a week ago, others saying it was because of the recent killing of a Sunni cleric. A written statement in the name of the insurgent group al-Qaeda in Iraq said the attack targeted local leaders of the Mahdi Army.

The massacre in Mahmudiyah -- following the one in Baghdad's al-Jihad neighborhood -- marked another full-scale, daylight military-style assaults on civilians, raising the specter of direct clashes between Sunni insurgents and Shiite militias.

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The militias are the armed wings of two of Iraq's governing Shiite religious parties, Sadr's group and the Supreme Council for the Islamic Revolution in Iraq.

The strength of the militias is growing despite repeated pledges by the Shiite-led government to disband them. Iraqi soldiers and U.S. forces are generally credited by Sunnis and Shiites alike as being more neutral parties in the sectarian conflict, while the heavily Shiite police forces are widely seen -- and feared by Sunnis -- as allies of the Shiite militias.

Since Feb. 22, when Shiite militiamen took the offensive after the destruction of a Shiite shrine in Samarra, attacks and threats have led tens of thousands of Iraqis to flee the country or seek safety among their own kind, Shiite or Sunni. The upheaval has transformed much of the country into sectarian enclaves.

In Mahmudiyah on Monday, Shiite men scrambled to a local mosque in the wake of the attack, gathering for any orders by the Mahdi Army.

Resident Karim Hussein had not been a member of the Mahdi Army militia until Monday, he said. After the attack, he joined up.

"All Mahmudiyah is Mahdi Army," Hussein said.

Gunmen Kill Dozens At Shiite Market In Iraq (NYT)

By Edward Wong

The New York Times, July 18, 2006

BAGHDAD, Iraq, July 17 — Dozens of gunmen suspected of being Sunni Arabs went on a rampage through a mostly Shiite market area in the town of Mahmudiya on Monday, killing at least 48 civilians and wounding scores, police officials said.

Many of the attackers, who fired assault rifles, heavy machine guns and rocket-propelled grenades, wore the uniforms of the Iraqi security forces.

“You can’t tell your friend from your enemy,” an Iraqi Army officer said as Iraqi troops moved in.

The daylight killings in Mahmudiya, 20 miles south of Baghdad, increased fears among Iraqis that the country might be sliding into full-scale civil war, and prompted a crucial Shiite bloc to storm out of Parliament, protesting the lack of security in the country.

The attack and other violence on Monday brought to nearly 100 the number of civilians killed in two days in the country, making it one of the deadliest periods since the appointment of the current government in May.

The latest deaths underscored the government’s inability to tamp down spiraling cycles of sectarian violence that, more and more, are characterized by execution-style reprisal killings.

An obscure guerrilla group, the Supporters of the Sunni People, posted an Internet message saying it had carried out the attack to avenge a massacre of Sunni Arab civilians by Shiite militiamen in Baghdad on July 9.

The killings have widened the political fault lines in the Shiite-led government of Prime Minister Nuri Kamal al-Maliki. The legislators who walked out of Parliament on Monday were followers of the radical Shiite cleric Moktada al-Sadr, whose militia, the Mahdi Army, has been engaged in increasingly frequent battles with American-led forces.

Many Iraqi officials, citing Mr. Sadr’s wide following, believe that his participation in the political process is indispensable to achieving stability in Iraq.

Iraqi forces and American soldiers appeared helpless to stop the bloodshed in Mahmudiya, arriving after the gunmen had already killed dozens, witnesses said.

The town, a center of Sunni-Shiite conflict, falls under the watch of the First Battalion of the 502nd Infantry, 101st Airborne Division, the same unit from which five soldiers and a recently discharged soldier have been implicated in connection with the rape of an Iraqi girl in March and the murder of her younger sister and their parents.

“It’s become obvious that the occupation forces are responsible for the devastation taking place in our country,” a senior legislator from the Sadr bloc, Bahaa al-Aaraji, said at a news conference in Baghdad.

He said the Sadr bloc, which holds at least 30 of 275 legislative seats, was not permanently boycotting the Parliament, but had walked out of Monday’s session out of fury at both the killings and recent American and British attacks on Mr. Sadr’s followers.

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Mr. Sadr, who led two rebellions against the Americans in 2004, released a statement on Friday saying Iraqis would not "sit by with folded hands" while Israel attacked Lebanon, home to Hezbollah, the militant Shiite group.

That suggested the possibility of more attacks by his militia against the Americans, Israel's staunchest ally, and the consequent widening of the firestorm in the Middle East.

The assault in the Mahmudiya market took place around 9 a.m., when the streets were packed with shoppers and men going to cafes and teahouses.

First came explosions from mortars or grenades, according to witnesses and the town's mayor, Mouayid Fadhil, though some security officials issued early reports of a car bomb. Then dozens of gunmen rolled up in cars and began walking through the market, shooting people. At least eight cars burst into flames. Bodies lay strewn across the street and slumped in shops and restaurants.

Gunmen went into one house and shot dead six people, including two women, said a witness, Maithem Muhammad Harar.

Mr. Harar, 25, a Shiite, said he was walking to the market to join his father at a cafe when the attack began. His father was shot in the stomach, he said. The father lay unconscious in a hospital bed in Baghdad on Monday afternoon, blood staining his white robe and an intravenous drip running into one arm.

"I couldn't do anything," Mr. Harar said quietly, staring down at his white-bearded father, who is 60. "We couldn't save anyone until after the gunmen had left." The attack on Monday resembled one in the Jihad neighborhood of Baghdad on July 9, when Shiite militiamen killed up to 50 Sunni civilians by dragging people from cars and homes and shooting many in the head.

Until recently, such mass killings of civilians had been relatively rare in the Iraq war. The latest episodes have raised fears among many Iraqis that the current civil strife may erupt into full-blown bloodshed with rounds of revenge killings.

Mahmudiya residents said the killers were Sunni Arabs bent on vengeance. The town has become an arena of sectarian combat, with Sunni fighters battling Shiite militiamen believed to be members of Mr. Sadr's private army. Mr. Harar said an office of Mr. Sadr's organization and the local headquarters of the Islamic Dawa Party, a ruling Shiite political group, are both near the market.

Another resident, Hamid Mohsen, 45, a Sunni laborer, said by telephone that the market was filled with members of the Mahdi Army. Sunnis had the right to slaughter them, Mr. Mohsen said, because the "Mahdi Army launched a sectarian war in the city after the American forces turned over the security portfolio to the Iraqi forces."

He said word had spread in the area of a particularly gruesome killing last weekend involving the Mahdi Army. On Saturday, he said, militiamen abducted a 14-year-old Sunni boy named Omar and brought him to a remote compound. The fighters buried Omar up to his neck, then killed him by taking shots at his head, he said.

Mr. Fadhil, the town's mayor, said: "The attackers infiltrated the city at night from their dens outside of Mahmudiya. We were able to capture three who were injured, and an investigation is under way."

Last month, insurgents ambushed three American soldiers in the nearby town of Yusufiya. One was killed immediately and two were abducted. The kidnappers mutilated them, beheading one, and left their bodies along a road booby-trapped with bombs.

A group linked to Al Qaeda put out a video of the mutilations and said the killings were in revenge for the rape of the Iraqi girl from Mahmudiya. The soldiers charged in that investigation were from the same unit of the 502nd Infantry as the Yusufiya victims.

In Baghdad, Mr. Aaraji, the Sadr bloc legislator, expressed frustration over the inability of the Americans to protect Iraqis, and lashed out at the American-led forces for their aggression toward the Sadr group.

He pointed to a British military assault on Sunday in the southern oil city of Basra. An official of Mr. Sadr's organization in Basra said later by telephone that British troops had raided the nearby town of Al Garma and arrested a Sadr follower, Sajad Badr al-Sukany.

Violence also flared in Baghdad on Monday, as gunmen shot into a car of civilians, killing two and wounding two. Insurgents killed three civilians and wounded three others during an ambush on a police convoy, the Interior Ministry said. Gunmen shot dead a man who organized trips for Shiite pilgrims to shrines in Iran.

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The American military said a soldier was killed by small-arms fire in western Baghdad, another soldier died in a bombing south of the capital, and a third soldier was killed by "enemy action" in western Iraq.

At Least 50 Killed In Market Attack South Of Baghdad (WT/AP)

By Bassem Mroue

The Washington Times, July 18, 2006

BAGHDAD -- Gunmen unleashed grenades and automatic-weapons fire in a market south of Baghdad yesterday, killing at least 50 persons, mostly Shi'ites. The sectarian attack drew protest from lawmakers who accused Iraqi forces of standing idly by during the rampage.

Women and children were among the dead and wounded in the assault in Mahmoudiya, hospital officials said. Late yesterday, police said they found 12 bodies in different parts of town -- possible victims of reprisal killings.

Several witnesses, including municipal council members, said the attack began when gunmen -- presumed to be Sunnis -- fired on the funeral of a member of the Mahdi Army, a Shi'ite militia, killing nine mourners.

Assailants then drove to the nearby market area in the town 20 miles south of Baghdad, killing three soldiers at a checkpoint and firing rocket-propelled grenades and automatic rifles at the crowd. After the gunmen sped away, they lobbed several mortar rounds into the neighborhood, the witnesses said.

The assault occurred a few hundred yards from Iraqi army and police positions, but the troops did not intervene until the attackers were fleeing, the witnesses said. They spoke on the condition of anonymity because of fear of reprisals.

The U.S. command announced that three American soldiers were killed in separate attacks yesterday -- two in the Baghdad area and one in Anbar province west of the capital.

There were conflicting casualty figures in the market attack, with a Shi'ite television station reporting more than 70 dead. But local police and Dr. Dawoud al-Taie, director of the Mahmoudiya hospital, said 50 persons were killed and about 90 were wounded.

In Baghdad, Shi'ite legislator Jalaluddin al-Saghir said Iraqi military authorities had ignored warnings that weapons were being stocked in a mosque near the market. He also said the local police commander refused to order his men to confront the attackers because they lacked weapons and ammunition.

Dozens of Shi'ite lawmakers, including followers of radical anti-American cleric Muqtada al-Sadr, stormed out of a parliament session to protest the performance of the security forces.

In Mahmoudiya, long a flashpoint of Shi'ite-Sunni tension, tempers flared as frantic relatives milled about the hospital, scuffling with guards and Iraqi soldiers who tried to keep them outside so doctors could treat the wounded.

"You are strong men only when you face us, but you let them do what they did to us," one man shouted at a guard.

The Shi'ite television station Al Forat broadcast strident quotes from Shi'ites who blamed the attack on Sunni religious extremists. They expressed outrage that Sunni politicians could not rein in the militants.

The main Sunni bloc in parliament said the attack may have been retaliation for the kidnapping of seven Sunnis whose bodies were found Sunday in Mahmoudiya. The bloc accused Shi'ite-dominated Iraqi security forces of failing to control the situation.

87 Iraqis Killed In Two Attacks; Sunnis Blamed (LAT)

By Borzou Daragahi

The Los Angeles Times, July 18, 2006

Shiites are targeted in a half-hour market rampage and a suicide bombing near a shrine.

BAGHDAD — Suspected Sunni insurgents killed at least 87 Iraqis and injured scores more in a pair of devastating attacks on Shiites on Monday night and this morning that threatened again to push the country toward sectarian civil war.

On Monday morning, masked gunmen wielding rocket launchers and grenades killed at least 42 people as they swarmed a predominantly Shiite Muslim market in a town south of the capital, firing on at terrified men, women and children on the streets.

This morning, a suicide bombing near a Shiite shrine in the southern town of Kufa killed at least 45 Iraqis and injured 88, said 1st Lt. Ahmad Hussein at police headquarters in Najaf, the provincial capital.

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Three U.S. soldiers also were reported killed in separate combat incidents. One soldier serving in western Baghdad died of gunshot wounds, another died in a bomb blast south of Baghdad and a third was killed "due to enemy action" in western Al Anbar province, the military said.

Morgue officials reported the discovery of 32 bodies of Iraqi men in various parts of the capital. They were found with hands bound and with bullet wounds to the head, officials said.

Several large explosions could be heard in southern Baghdad as the 9 p.m. curfew went into effect.

In addition to the dead, dozens more were injured in Monday's 30-minute rampage through the central market of Mahmoudiya, hospital officials said.

Mahmoudiya residents and officials accused police of barricading themselves in their headquarters as the multi-pronged attack unfolded, raising questions about the competency of Iraq's security forces as the U.S. attempts to hand over authority to local police and soldiers.

"The terrorists wanted to send a message saying we can attack anywhere we want and kill civilians," said Sheik Bassem Anizi, a municipal official in the area. He and other witnesses were interviewed by telephone.

The town is in a region south of the capital known locally as the "triangle of death," close to where a group of U.S. soldiers allegedly raped an Iraqi girl and killed her and family members in March, and where two U.S. soldiers were kidnapped, mutilated and slain last month.

The marketplace, about 350 yards long and filled with humble shops, eateries, bakeries and ramshackle produce stands, is often filled in the morning with women and the elderly shopping for groceries or eating breakfast.

The armed men, estimated to be at least 50 strong, swarmed the busy central market from the direction of nearby railroad tracks shortly before 9 a.m., driving into town in cars after firing mortar rounds.

They carried rocket-propelled-grenade launchers, machine guns, AK-47s and hand grenades, stepping out of their vehicles and shooting at fleeing residents, witnesses said.

They tossed grenades into restaurants and shops and, according to several witnesses, sprayed panicked residents with powerful machine guns mounted on the beds of pickup trucks.

"There were dozens of them," said Majed Shammari, a government official who was eating his breakfast at a downtown restaurant when the shooting began. "I ran into a corner of the restaurant to avoid the shooting. Then I left the place and headed for the west of the city. It was still going on. I couldn't see anything. I only wanted to survive."

"I saw the armed gunmen shooting randomly at the people," said Anizi, who hunkered down behind a concrete wall in a relative's hardware shop as the massacre proceeded. "Large numbers of people were running away, screaming. They were terrified. They were crying out loud: 'Run away! Gunmen are coming!' "

At some point two cars exploded, possibly after grenades were tossed inside them, witnesses said.

The U.S. military said Iraqi and American soldiers, hearing reports of at least eight explosions in the area, responded immediately and were shot at. In a nearby house, they captured two suspected insurgents with two rocket-propelled-grenade launchers, an AK-47 and a bag of grenades.

There were no reported American, Iraqi army or police casualties, a fact that angered Mahmoudiya's mayor, Muayed Fadil.

"It's a very, very bad sign," he said. "The subject needs to be investigated. The attack targeted civilians. It's the job of the security forces to protect civilians."

Iraqi television showed scenes of Iraqi soldiers walking through a landscape of burned-out shops and smoldering cars. Blood pooled in gutters.

The dead and wounded overwhelmed the small, poorly equipped hospital, and many casualties were rushed to the capital.

Victims blamed the well-coordinated attack on loyalists of Saddam Hussein's regime. It coincided with the anniversary of the uprising that put Hussein's Baath Party in power.

The assault's brutality sparked fears of another round of killings motivated by sectarian hatred between the country's majority Shiites and minority Sunnis, and angry accusations ricocheted across the country.

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"At the time of the shooting, all the Sunni shops were closed," said a statement denouncing the attack by the office of Muqtada Sadr, a radical Shiite cleric whose militia has been accused of instigating bloody attacks against Sunnis, including one on July 9 in Baghdad's Jihad neighborhood that left at least three dozen people dead.

Officials speculated that Monday's attack was in retaliation for the Jihad killings. But one local official, speaking on condition of anonymity, said the attack was probably in response to the previous day's abduction and killing of three members of a local Sunni tribe by alleged Shiite militiamen. Police found the burned bodies of the men in the back of a pickup in nearby Musayyib.

The suicide car bombing in Kufa took place near the Shrine of Muslim bin Aqil, where Sadr delivers Friday prayers. A man inside a Korean-made minibus lured a group of day laborers milling about at a nearby market into his vehicle with the promise of work, and then set off a massive explosion.

Local residents rushed to the hospital in the adjacent city of Najaf, weeping and beating their chests when they came upon loved ones.

Sectarian violence and tension have fueled an exodus of families from religiously mixed areas.

The Iraqi Ministry of Displacement and Migration said in a statement Monday that 26,858 families had been forced to move, mostly out of fear of sectarian violence and rampant lawlessness in parts of the country.

Times staff writers Saif Hameed, Zainab Hussein and Shamil Aziz in Baghdad, special correspondent Saad Fakhrildeen in Najaf and special correspondents in Basra, Kirkuk and Ramadi contributed to this report.

'Neighbors Are Killing Neighbors' (WP)

By Joshua Partlow And Naseer Nouri

The Washington Post, July 18, 2006

BAGHDAD -- When her home became unlivable, when her neighbors were gunned down in the streets, a mother of seven said goodbye to her teenage sons and set out on foot into the lethal Baghdad night.

Ignoring the citywide curfew, the woman known as Um Mustafa grabbed her two youngest children and walked five miles down the back roads of moonlit urban slums to the refugee camp that has become their new home.

In a patch of crusted dirt and scratchy grass, they are now among 30 families living under the camp's green tents, surviving on rations of rice and tomatoes, and watching as violence engulfs much of their city.

"I left my boys in al-Jihad because they refused to leave their house. They said, 'We will never leave our home. We will fight for it,' " recalled Um Mustafa, too afraid to give her full name, as she stood outside her tent. "I ran away when the shooting started. We left with the clothes that were on our bodies."

"Neighbors are killing neighbors," she said. "We cannot trust anyone."

After more than a week of some of the most vicious sectarian violence of the war, Baghdad is a skeleton of a city: Many of its shops are shuttered, its streets drained of people.

The violence erupted July 9 when Shiite Muslim militiamen rampaged through the al-Jihad neighborhood and killed dozens of Sunni Arabs. By Friday, the sixth day, the death toll in Baghdad stood at 628 people, according to Brig. Gen. Mahmoud Nima of the Interior Ministry, citing a figure that far exceeded the numbers previously suggested by news reports.

Across large swaths of territory south and west of the Tigris River -- Baghdad neighborhoods such as al-Jihad, Amiriyah, Ghazaliyah and Dora -- residents who have not fled spent days virtually imprisoned by the military checkpoints and street fighting between residents and marauding militiamen.

To the north, in the Shiite shantytown of Sadr City, at least three bombings have crumbled buildings and burned out shops and cars.

In the relatively safer neighborhoods of central Baghdad -- Karrada and Karadat Maryam -- traffic moved down commercial streets and sidewalk vendors hawked bags of potato chips and piles of watermelons. But there were indications that violence has also affected these neighborhoods.

In his Karrada clothing store, Sarmed Fadhil was hanging rows of suits, but they were pieces cut from last winter's wool.

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The summer shipment of 500 European suits and 2,000 dress shirts waited on hold indefinitely outside Iraq, already paid for but with no chance of being sold.

"The market is totally frozen," Fadhil, sweat beading on his brow, said inside a dark, deserted showroom. "Most of our customers have already left the country."

Even in the safer areas of Baghdad, no one is immune from sporadic attacks: Two suicide bombers last week killed 16 people 200 yards outside civilian entrances to the fortified Green Zone where the U.S. government works.

For wealthier Iraqis, perhaps the most welcome patch of ground is inside Baghdad International Airport, the last stop before leaving the country. Airlines added extra flights last week to Amman, Jordan, to accommodate the exodus.

Huzaa Khadam Hamdan, 38, and her sister, who work at the National Organization of Iraqi Women, decided to flee when the organization's director was shot last month and the office was burned. The sisters said they received threats from men who they believed were members of a Shiite militia.

"They call us whores," she said. "Saying we are leading women into sin."

They took refuge last week at the home of a parliament member, borrowed money for plane tickets, and waited in the airport with two suitcases of clothes and rations of rice before boarding a plane to Jordan. For the first time in their lives, the Sunni women wore head scarves on the trip to the airport to hide their identities.

"Believe me, I'm here at the airport and I'm still scared," Hamdan said. "We will never come back. If we come back, we will be killed."

Although Sunni Arab insurgents have instigated months of violence, Shiite militias such as the powerful Mahdi Army have been blamed in the past week for orchestrating dozens of brutal attacks.

Officials in the Mahdi Army, controlled by Shiite cleric Moqtada al-Sadr, have repeatedly denied taking part in the killings in Baghdad over the past week, suggesting instead what they called rogue elements of the militia operating without official orders.

East of the airport, the Dora district lived up to its reputation as one of the most dangerous neighborhoods in the city. At least 245 people died there last week, police said. U.S. troops and Iraqi police descended on Dora on Thursday afternoon, clashing with insurgents outside the al-Rumi mosque.

From inside his house, a Shiite resident peered through his window at the ragtag collection of warriors menacing the street: shirtless men firing machine guns, gunmen in black tracksuits toting rocket-propelled grenade launchers. His children cried at the rattle of gunfire, unable to fall asleep in their beds. Iraqi police formed a cordon around his house, trapping his family inside and other relatives, trying to get home, outside of it.

"We are hiding now in the house," said the Shiite resident, who spoke on condition of anonymity for security reasons. "It's hard for us to go shopping. There is one grocer whose only new vegetables arrived three days ago, and people are buying whatever is left."

With no electricity in the neighborhood for five days and severe cooking gas shortages, some residents now heat their food over wood fires. In the violence over the past week, material possessions lost some significance: People sold off their furniture to buy AK-47 assault rifles and ammunition, said one resident, Amar al-Jubouri.

Jubouri, a 40-year-old Sunni, said that police are collaborating with the militias and that there is a $1,200 bounty on the head of any Sunni with his surname. When he passed a police checkpoint this week, he said, he overheard someone say: "Wash away your sins and be forgiven with the blood of a Sunni."

The conflict has turned some neighbors into killers. Rashid al-Jubouri, a resident of Dora, said he joined the fighting this week to defend himself and helped capture two militiamen after a raid in which seven young men from the neighborhood were executed.

"They were hanged on the electricity poles, there were traces of drilling and torture on their bodies, and they were burnt with acid," he said. "So when we captured those two and interrogated them, we also executed them and hanged them on the same electricity poles."

Such vigilante spirit has taken hold throughout nearby Sunni neighborhoods such as Amiriyah and Ghazaliyah. Religious leaders canvassed homes last week to recruit people to join neighborhood defense groups, while mosques broadcast warnings whenever gunmen approached.

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Amar al-Zobaie, a resident of Ghazaliyah, said militiamen broadcast their own sentiments through megaphones, walking past his home shouting: "We are all your soldiers, Sadr!"

On Thursday night, gunmen scattered fliers in the street addressed to "the scum of Ghazaliyah," giving Sunnis 72 hours to leave the neighborhood.

"Otherwise death will be your destiny and the destiny of all those who underestimate this, and bullets from the rifles of chivalrous men will land in the heads and chests of those who support evil and shook hands with the devil," the flier read.

The next day, Sunni groups distributed their own warnings. One flier, which hung on the wall of al-Abbas mosque in Amiriyah, told children not to buy candy or toys from Shiites and instructed their parents to stockpile weapons, leave mixed Sunni-Shiite neighborhoods or abandon Baghdad altogether.

At the top of the page, above the list of instructions, the flier read: "What are we going to do when the civil war starts?"

On Patrol With Marines, Iraqi Soldiers Get A Lesson In War's Danger (NYT)

By Michael R. Gordon

The New York Times, July 18, 2006

BAGHDADI, Iraq, July 17 — Anbar Province is a violent and unforgiving region. It takes constant vigilance, and a measure of plain dumb luck, to survive here.

On Monday, both were tested along an isolated stretch of highway under a scorching sun. The morning began with the standard battlefield rituals that try to impose order on war. An Iraqi Army officer had given a briefing about the day's mission for the joint Iraqi Army and United States Marine Corps patrol.

The patrol was to screen a two-lane highway between the towns of Baghdadi and Haqlaniya. It was, in effect, filling a security gap for a larger operation that took place elsewhere.

It was not expected to be an exciting morning, and the patrol was not looking for danger. This reporter and a photographer for The New York Times were taking a firsthand view of how a team of Marine advisers was training the new Iraqi Army, specifically the Second Battalion of the Second Brigade of the newly formed Iraqi Seventh Division.

The evening before had been relaxed and even festive. The marines were invited for kebab by Col. Shaban B. al-Ubadi, the police chief of Baghdadi. His force had taken up quarters in a military housing complex formerly occupied by Saddam Hussein's air force. It is nestled close to a forward Marine base occupied by a weapons company.

At dawn the patrol set out in its Humvees. The Iraqis led the way, searching cars and even some houses along the route while the Americans backed them up. It was all according to plan and uneventful. The Euphrates flowed past the palm trees — almost a postcard scene.

The next phase of the mission was to "overwatch" the highway by driving onto a series of hard-packed sand mounds. The patrol of eight Humvees split up to drive up the hills.

An Iraqi Army Humvee led the way up the hillside. Capt. James Beal, a Tennessean on his second tour of Iraq, drove behind. In his young military career, Captain Beal had already fought as part of the Marine push to Baghdad in 2003 and had been on the first Marine deployment to Afghanistan.

A white pillar of smoke and a black plume smeared the cloudless sky in the distance. The white smoke, as it turned out, was a telltale sign of a phosphorous artillery shell. The significance of the black spiral was immediately clear: a vehicle was on fire. A red flare soon followed, a standard military distress call. It was clear that one of the patrol's Humvees hit an improvised explosive device, or I.E.D., as the roadside bombs are known by the troops.

Captain Beal's Humvee had the only medic on the patrol: Daniel Mayberry, a 22-year-old Navy corpsman from Gaithersburg, Md., who is thinking about becoming a math teacher when he leaves the service. Captain Beal needed to get him to the scene fast. The hill was rugged and rutted with tracks from previous monitoring missions.

Staff Sgt. Lamont Ellison, 25, started to drive forward to proceed down the mound when Cpl. Jeff Globis, 23, who was in the turret, screamed to stop him. The corporal, from Winthrop Harbor, Ill., had spied a fresh mound of dirt just a few feet ahead of the Humvee.

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Captain Beal, who was standing outside the vehicle, rushed to take a look and ordered Sergeant Ellison to put the vehicle in reverse. The sergeant had come close to tripping a "pressure plate" I.E.D., connected to two artillery shells. After backing up, Sergeant Ellison rumbled down a different slope. The Humvee reached the road, zoomed forward and came on a horrifying scene.

An Iraqi Army Humvee, its Iraqi banner rent to shreds, was burning furiously on the hill to the left. Three wounded Iraqi soldiers were sprawled across the road. One was trapped in the vehicle.

The corpsman ran out to attend to the stricken Iraqis. One had burns on his leg and was moaning in pain. Another had been hit by shrapnel. One seemed to have a twisted or broken leg and was raised on one elbow. Frantic calls went out for a medevac helicopter.

On the hillside across the road, Lt. Col. Owen Lovejoy, the commander of the Marine training team, ordered his team and Mr. Wilson to take cover behind their Humvee. Rounds from the burning Humvee across the highway were exploding.

The team's gunnery sergeant, Louis Simmons, muttered quietly, "They should have cleared." In their enthusiasm to get to their overwatch positions, the Iraqi troops had driven up the hillsides without first getting out to inspect the area for bombs or mines, and the Americans had followed.

It was now apparent that the insurgents had been monitoring the Americans' movements and had sabotaged the mounts with mines and I.E.D.'s. It was an unmanned ambush: virtually risk-free for the insurgents, but deadly for the Americans and their Iraqi allies. Walking ahead of his Humvee, Colonel Lovejoy guided it down the far hill.

A purple smoke flare was popped so the medevac helicopter could find the site. The chopper landed on the highway and took off with the three wounded Iraqis. There was no way to extract the body of the Iraqi in the Humvee until the fire burned out. Colonel Lovejoy walked to the wreckage with a fire extinguisher, but the blaze was too intense.

The Iraqis were distraught at the loss of their comrade but maintained their composure. Lt. Col. Jebbar Abass, the commander of the Iraqi battalion, was with the patrol to supervise and stayed at the scene. He used a satellite phone to call in a casualty report to his command about a "fallen angel," as the Iraqi Army calls its dead.

Colonel Lovejoy told the Iraqi officers that they had learned a painful lesson: it is vital to clear the terrain first before driving off-road. "Some lessons are learned the hard way," he said. "The Americans have learned this lesson through painful experience as well."

But there was still work to do. An explosive ordnance team from the vast Marine base at Al Asad arrived and examined the scene. It was worse than the marines had thought. In addition to the pressure plate mine that had almost been set off near Captain Beal's Humvees, two antitank mines were found.

There was some nervous laughter among the marines when they discovered that the danger had been greater than they had realized. Corporal Globis, who had been the first to notice the pressure-plate mine, quipped that he had a new series of numbers to play in the lottery: 7-17-10, the month, day and time when the fates smiled on him.

Sgt. Christopher L. Kelbaugh, 21, a marine from Westminster, Md., who had been in a different Humvee at that same location, described the good luck charms he carried each day: a letter from his father and one from his girlfriend, a St. Christopher medal blessed by the pope, a memento from the memorial service for Cpl. Eric R. Lueken, a young marine who had been killed by an I.E.D.

After the flames died down, the body of the Iraqi soldier was retrieved, put into a body bag and placed in the trunk of a Humvee. Soon a huge flatbed military truck arrived. The twisted metal from the Humvee was hoisted onto the truck by a huge crane.

The patrol drove back to the camp at Baghdadi, where the body of the Iraqi soldier was transferred to a Red Crescent ambulance. Then the Marine training team, the ambulance and the Iraqi colonel left the camp at Baghdadi to drive to Al Asad so the "fallen angel" could be delivered to the morgue. Apart from the radio traffic, we drove in silence.

Japan Completes Troop Withdrawal From Iraq (AP)

By Hiroko Tabuchi

AP, July 18, 2006

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The last batch of Japanese troops touched down in Kuwait from southern Iraq on Monday, ending the country's largest and most dangerous overseas mission since World War II.

About 220 troops arrived at Kuwait's Ali Al Salem Air Base from Samawah, the provincial capital of Muthanna, on C-130 transport air planes, the Defense Agency said in a statement. The contingent was the last of about 600 non-combat soldiers previously stationed in Samawah to distribute water and assist in other humanitarian tasks.

"Our ground forces have bravely completed their mission and have now safely withdrawn to Kuwait," Prime Minister Junichiro Koizumi told reporters Monday after the Group of Eight summit in St. Petersburg, Russia.

"We carried out our humanitarian and reconstruction tasks without firing a single shot — in fact, without pointing a gun at anyone," Koizumi said. "Our mission was very highly rated by the Iraqi people."

Japan's defense chief Fukushiro Nukaga, who has been in Kuwait since Sunday, greeted the arriving soldiers Monday. The troops are scheduled to return to Japan in about a week, a defense agency official said on condition of anonymity, citing protocol.

"I'm very happy the whole contingent has arrived safely in Kuwait," Col. Toshihiro Yamanaka, who led Japan's final contingent to Iraq, said on national broadcaster NHK. "I was determined to carry out our mission safely, down to the last troops."

Tokyo's troop dispatch to Iraq in 2004 — the country's largest military deployment and first to a combat zone since World War II — was authorized under a special law because the country's pacifist constitution bans it from taking part in warfare.

Troop activities in Iraq were greatly limited, however. Assigned to a sparsely populated part of southern Iraq, Japan's troops were heavily dependent on Dutch, Australian and British forces for security, and suffered no combat-related casualties. Iraqi forces took over responsibility for security in Muthanna from coalition forces last week.

Still, Japan's mission to Iraq signaled the country's eagerness to play a diplomatic and military role more commensurate with its economic might. The ruling Liberal Democratic Party has proposed revising the pacifist constitution to delete phrasing that renounces the country's right to belligerency.

Tokyo already offered logistical maritime support for the U.S.-led attack on Afghanistan's Taliban regime in late 2001. Koizumi, a strong backer of U.S. operations in both Afghanistan and Iraq, has clearly stated he hopes the Samawah mission will lead to more overseas deployments.

In addition, Tokyo is working on a joint missile defense system with the U.S., and is assuming more responsibility for its own defense under a broad reshuffling of the 50,000 American troops based in Japan. It issued the harshest warning to North Korea over recent missile tests, and it successfully spearheaded efforts at the U.N. Security Council to adopt the recent resolution condemning the tests.

Japan is not completely withdrawing from Iraq. Tokyo plans to expand its Kuwait-based air operations to ferry U.N. and coalition personnel and supplies in Iraq.

Tokyo's military involvement in Iraq has been unpopular with the Japanese public. Many say it violates the constitution and has made Japan a target for terrorism.

Nations Sign Commercial Cooperation Deal (AP)

By Ryan Lenz

AP, July 18, 2006

Iraq and the United States signed a commercial cooperation agreement Monday to move the country toward a market economy after decades of state planning.

U.S. Commerce Secretary Carlos Gutierrez said at the signing that progress in Iraq's economy hinged on improved security.

"We are convinced that Iraq is ready for recovery," Gutierrez said. Security is still the No. 1 challenge."

Iraq's economy was devastated by the 1980-88 Iran-Iraq war, the 1991 Gulf war and 13 years of crippling international sanctions, historically,

Oil is the biggest source of income for the Iraqi government, which is struggling to curb violence and restore the supply of electricity and water.

Iraqi Trade Minister Abed Falah al-Sudani hailed the pact as a milestone.

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"This agreement will be one of the important agreements that encourages the Iraqi economy to move from centralized economy to free economy," he said. "Today we will start a new chapter in Iraq."

Al-Sudani said he hoped the benefits of a free market would help people see hope.

Reprisal killings between Sunnis and Shiites have overtaken the insurgency as the major threat to the country, pushing Iraq to the brink of all-out civil war.

Hundreds of thousands of Iraqis, many of them from the middle class, have fled the country. Business progress has been largely limited to smallscale commerce.

But a structure for recovery is in place. Two years ago, Iraq created an independent stock exchange. Cell phone subscribers have grown to more than 7 million, and the airport in Baghdad offers commercial flights, though with limited destinations.

"Iraq is not a poor country," Gutierrez said. "Iraq was made poor by tyranny. It can grow prosperous through freedom."

Taliban Takes Control Of 2 Afghan Towns (AP-Y)

By Paul Garwood

AP2, July 18, 2006

Taliban militants seized two towns in tumultuous southern Afghanistan, forcing police and government officials to flee, officials said Monday.

The Taliban operate freely in large areas of southern Afghanistan and police presence there often is virtually nonexistent, but insurgents only were known to have completely seized one town since their hard-line regime was toppled by U.S. forces in 2001.

They were quickly driven out of that town, Chora, in Uruzgan province.

The attacks came with thousands of U.S.-led troops involved in an offensive against Taliban holdouts and allied extremists in remote southern and eastern provinces to curb the deadliest upsurge in violence since the hard-line militia was ousted in late 2001.

On Monday, large numbers of militants chased out police after a brief clash in the town of Naway-i-Barakzayi, in Helmand province near the Pakistan border, district police chief Mullah Sharufuddin said.

Scores of Taliban forces overran police holed up Sunday in a compound in the nearby Helmand town of Garmser. The security forces and a handful of government officials fled, a local government official said.

The official, speaking on condition of anonymity because he did not have permission to speak to the media, said Taliban forces were now "moving freely" around the Garmser and the surrounding district.

"We have heard reports of two districts in southern Helmand being under control of the Taliban, and we are in contact with lots of people to build an accurate picture," said another coalition spokesman, Maj. Scott Lundy.

"The Taliban are a credible threat, but the coalition is more than a match for them when and wherever we encounter them," he said.

British military spokesman Capt. Drew Gibson confirmed enemy "activity" in both areas but declined to elaborate. More than 3,000 British soldiers are deploying to Helmand to take over security control from U.S. forces later this month.

Taliban forces killed a coalition soldier and wounded 11 others in a fierce battle Monday in Tirin Kot, capital of Helmand's neighboring Uruzgan province, a U.S. statement said. The nationalities of the soldiers were not released.

More than 800 people, mostly militants, have been killed since May, according to an Associated Press tally of coalition and Afghan figures.

U.S.-led troops entering southern insurgent hotbeds for the first time are facing intense resistance.

In other violence:

• A suicide bomber killed the top two Justice Ministry officials and another employee inside the ministry's office building in the capital of Helmand province, police said.

• Three Afghan soldiers were killed and three wounded when a roadside bomb destroyed their vehicle in the same province.

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• In eastern Afghanistan, U.S.-led troops killed four suspected al-Qaida members, including Arab and Chechen fighters, after raiding their hideout.

Coalition Soldier Killed, 11 Others Wounded In Afghanistan (AFP-Y)

AFP, July 18, 2006

A coalition soldier was killed and 11 others wounded during fierce fighting in southern Afghanistan, the US-led force said, after a suicide bomber killed a local justice official and two others.

The clash in Uruzgan province and the suicide attack in neighbouring Helmand came as the coalition said it had killed four suspected Al-Qaeda fighters in a raid in the east of the violence-plagued central Asian country.

Fighting erupted Monday near the Uruzgan provincial capital Tirin Kot after coalition forces attacked and destroyed a truck that "extremists" were loading with mortar equipment, the coalition said in a statement.

It was unclear how many of the rebels were killed in the clash. The nationality of the soldier killed was not immediately released.

In Helmand, a suicide bomber blew up a crowded provincial justice headquarters, killing the department head and two other employees, an official said.

Nine other people were hurt when the attacker blew himself up in the office in the provincial capital Lashkar Gah, provincial government spokesman Haji Mohaidin Khan said.

"Later we found parts of the body and a leg of the suicide bomber. He had an explosive belt strapped to his body," Khan told AFP.

No one immediately claimed responsibility but such blasts are usually blamed on the Taliban. The insurgents are especially active in Helmand, where experts say they have teamed up with drugs barons to create instability.

Afghanistan is suffering its bloodiest phase since the Taliban were toppled from government in late 2001, with their insurgency stronger than ever and local and foreign forces mounting a major operation against them in the south.

Helmand has seen much of the violence in recent weeks, with the newly deployed British forces of about 2,300 soldiers facing almost daily assaults.

A British helicopter hit an Afghan hospital with a precision-guided missile on Sunday after troops on the ground came under machine-gun fire from the building, the Ministry of Defence in London said.

The ministry said the ground commander confirmed that no patients or staff were in the hospital in Helmand's Nawzad town before the attack by an Apache helicopter was authorised.

Several thousand Afghan, British, Canadian and US soldiers have since Saturday been pursuing Taliban rebels in the dangerous Sangin district of Helmand where five British soldiers were killed in hostile action in the past weeks.

More than 50 foreign soldiers have been killed in action in Afghanistan this year, most of them US troops with the nearly 28,000-strong coalition.

Meanwhile, four suspected Al-Qaeda fighters were killed and three others arrested in a raid in the eastern province of Khost about 15 kilometres (nine miles) from the Pakistan border, the coalition said.

It said it was not sure if the man the raid was targeting, whose name and nationality were not revealed, was among those killed or captured.

"The purpose of this operation was to capture or kill an Al-Qaeda operational leader, who is a significant threat to Afghan and coalition forces in Khost province," it said.

Al-Qaeda militants are believed to be fighting alongside the Taliban movement in Afghanistan in a growing insurgency against the government of President Hamid Karzai.

In a separate incident in the south on Monday, a remote-controlled bomb ripped through an Afghan army vehicle in the Girishk area of Helmand, killing three soldiers and wounding three more, an army general said.

Defence Minister Abdul Rahim Wardak said last week he expected "drastic changes" in the troubled south in the coming months as more foreign and Afghan troops are sent into the area and reconstruction begins.

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An expanding NATO-led International Security Assistance Force is due to take over from a US-led coalition in the south on July 31.

Extra British, Canadian and Dutch forces have been moving into the area since the beginning of the year in preparation for the handover.

Transformation's Toll (WP)

By George F. Will

The Washington Post, July 18, 2006

"Grotesque" was Secretary of State Condoleezza Rice's characterization of the charge that the U.S. invasion of Iraq was responsible for the current Middle East conflagration. She is correct, up to a point. This point: Hezbollah and Hamas were alive and toxic long before March 2003. Still, it is not perverse to wonder whether the spectacle of America, currently learning a lesson -- one that conservatives should not have to learn on the job -- about the limits of power to subdue an unruly world, has emboldened many enemies.

Speaking on ABC's "This Week," Rice called it "shortsighted" to judge the success of the administration's transformational ambitions by a "snapshot" of progress "some couple of years" into the transformation. She seems to consider today's turmoil preferable to the Middle East's "false stability" of the past 60 years, during which U.S. policy "turned a blind eye to the absence of the democratic forces."

There is, however, a sense in which that argument creates a blind eye: It makes instability, no matter how pandemic or lethal, necessarily a sign of progress. Violence is vindication: Hamas and Hezbollah have, Rice says, "determined that it is time now to try and arrest the move toward moderate democratic forces in the Middle East."

But there also is democratic movement toward extremism. America's intervention was supposed to democratize Iraq, which, by benign infection, would transform the region. Early on in the Iraq occupation, Rice argued that democratic institutions do not just spring from a hospitable political culture, they also can help create such a culture. Perhaps.

But elections have transformed Hamas into the government of the Palestinian territories, and elections have turned Hezbollah into a significant faction in Lebanon's parliament, from which it operates as a state within the state. And as a possible harbinger of future horrors, last year's elections gave the Muslim Brotherhood 19 percent of the seats in Egypt's parliament.

The Bush administration has rightly refrained from criticizing the region's only democracy, Israel, for its forceful response to a thousand rockets fired at its population. U.S. reticence is seemly, considering that terrorism has been Israel's torment for decades, and that America responded to two hours of terrorism one September morning by toppling two regimes halfway around the world with wars that show no signs of ending.

The administration, justly criticized for its Iraq premises and their execution, is suddenly receiving some criticism so untethered from reality as to defy caricature. The national, ethnic and religious dynamics of the Middle East are opaque to most people, but to the Weekly Standard -- voice of a spectacularly misnamed radicalism, "neoconservatism" -- everything is crystal clear: Iran is the key to everything .

"No Islamic Republic of Iran, no Hezbollah. No Islamic Republic of Iran, no one to prop up the Assad regime in Syria. No Iranian support for Syria . . ." You get the drift. So, the Weekly Standard says:

"We might consider countering this act of Iranian aggression with a military strike against Iranian nuclear facilities. Why wait? Does anyone think a nuclear Iran can be contained? That the current regime will negotiate in good faith? It would be easier to act sooner rather than later. Yes, there would be repercussions -- and they would be healthy ones, showing a strong America that has rejected further appeasement."

"Why wait?" Perhaps because the U.S. military has enough on its plate in the deteriorating wars in Afghanistan and Iraq, which both border Iran. And perhaps because containment, although of uncertain success, did work against Stalin and his successors, and might be preferable to a war against a nation much larger and more formidable than Iraq. And if Bashar Assad's regime does not fall after the Weekly Standard's hoped-for third war, with Iran, does the magazine hope for a fourth?

As for the "healthy" repercussions that the Weekly Standard is so eager to experience from yet another war: One envies that publication's powers of prophecy but wishes it had exercised them on the nation's behalf before all of the surprises -- all of them

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unpleasant -- that Iraq has inflicted. And regarding the "appeasement" that the Weekly Standard decries: Does the magazine really wish the administration had heeded its earlier (Dec. 20, 2004) editorial advocating war with yet another nation -- the bombing of Syria?

Neoconservatives have much to learn, even from Buddy Bell, manager of the Kansas City Royals. After his team lost its 10th consecutive game in April, Bell said, "I never say it can't get worse." In their next game, the Royals extended their losing streak to 11 and in May lost 13 in a row.

The Price Of Success In Iraq (WP)

By Anthony H. Cordesman

The Washington Post, July 18, 2006

The United States and the government of Iraq should have a common goal: To restore Iraq to full sovereignty and withdraw American forces as soon as the insurgency is defeated or contained and Iraqi forces are able to take over the security mission -- and as soon as the United States is reasonably confident that Iraq has reached some degree of political stability.

But there is a price that U.S. forces will have to pay to have any chance of serious success. It is this: If an amnesty that brings insurgents into the Iraqi political process is possible, the United States cannot indulge in political posturing over whether some of the insurgents who join the government are people who attacked and wounded or killed Americans.

Violent terrorists and extremists will be excluded from such Iraqi proposals in any case. But there are a significant number of Sunnis and other insurgents who saw the United States as an invader, an "occupier" and a "crusader," and who saw their struggle as a war.

This will mean amnesty for some who struck American as well as Iraqi targets. There are as many as 20 such Sunni movements, and ultimately some Shiite elements may be involved. If Iraq is to have peace and reach a stable series of political compromises, these insurgents need to be brought into the political process. They need to be treated as combatants and not as criminals or terrorists.

This not only is the best way to minimize future U.S. casualties, it is also the best way to give meaning to the sacrifices of American soldiers. The goal and purpose of their service is a free Iraq, not punishing the enemy.

Another price to be paid: It must be shown, by the Iraqi government, that it will separately investigate any charge against U.S. personnel in Iraq. The new government cannot claim to be free or sovereign while ignoring American abuses to date. We have made real mistakes, and a handful of soldiers have committed real crimes. The Iraqi people must see that their government will not ignore this or defer to us because of its dependence upon us.

At the same time, we need to understand that honest investigations of this kind will save American lives. Iraq is filled with false charges and conspiracy theories. Exaggerating or falsifying U.S. incidents and crimes is a key propaganda weapon for our enemies. Iraqi investigations that refute such charges, explain the necessities of battle, and show that U.S. and Iraqi forces are cooperating will defuse such charges and the anger and vengeance that follow. It will also give credibility to our efforts to end the involvement of the Iraqi police and security forces in abuses, death squads and other actions that move the country toward civil war and that aid the insurgency.

The third price is a steady increase in Iraqi decision-making and command authority, and Iraqi control over the actions of U.S. forces. The rate at which this occurs should be left to the U.S. ambassador in Iraq and the U.S. military. If it comes too fast, it will endanger victory. If it comes too slowly, it will endanger Iraqi political unity and credibility.

Part of this transition will have to be some better mechanism for jointly reviewing operations and any further charges against American forces. Iraq is far too volatile to allow Iraqi authorities to arrest and try American personnel. They would inevitably become human sacrifices to those Iraqi political interests that want to rush American forces out or serve their own factional interests. Joint review boards or fact-finding groups, however, are very feasible. So is the idea of a special Iraqi tribunal or prosecutor that would raise charges for consideration by U.S. courts-martial. This would give the Iraqi government the ability to exert the proper kind of pressure to prosecute and ensure that complaints and charges get full and immediate U.S. attention.

The final price is making it clear that the United States will not seek military bases in Iraq and will help Iraq move toward possession of a counterinsurgency force capable of defending the country against foreign threats. Far too many Iraqis see our

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present bases as the prelude to permanent occupation, and many in the Iraqi military question whether we really will give Iraq the ability to defend itself. If the United States makes it clear that it has no intention to stay any longer than Iraq wants and needs U.S. forces, this will be a further major demonstration of our integrity and credibility, and it will undermine the insurgency while potentially bringing some factions back into the peaceful political process.

Every one of these steps will ultimately save American lives and reduce American casualties. Every one will increase the probability that past American sacrifices will have real meaning. Each will show we are serious about creating a free and independent Iraq, and will help to restore the honor tarnished by a handful of soldiers who endangered and dishonored their comrades.

The writer holds the Arleigh A. Burke chair in strategy at the Center for Strategic and International Studies and is the author of "The Iraq War: Strategy, Tactics, and Military Lessons."

Will Elections Pay Off? (USAT)

USA Today, July 18, 2006

Voting participation has hardly been an issue in elections the United States helped bring to Iraq and Afghanistan. Remember the heartening scenes of people risking bombs and bullets to have their say, buying into the idea of democracy? The excited feel of those elections made them qualitatively different from the sham of Saddam Hussein's Iraq, where he was regularly re-elected with nearly 100% of a forced vote.

But even such enthusiastic elections alone do not a democracy make.

That was all too painfully clear over the weekend at the summit of world leaders in Russia. President Bush made the mistake of invoking Iraq to press President Vladimir Putin about backsliding on democracy. Bush said he praised Iraq, "where there is a free press and free religion, and I told him that a lot of people in our country would hope Russia would do the same thing." Putin shot back with a line worthy of Jay Leno: "To be honest, we would not want to have the same kind of democracy as they have in Iraq."

The rejoinder was more than a dig about the sectarian violence teetering on full-scale civil war there. It pinpointed a fundamental issue of our troubling times: The difficulty of implanting democracy where it has not existed before, a problem that was minimized by the architects of the Iraq war.

The lightning spread of democracy through Eastern Europe after the Soviet Union crumbled offered the exhilarating vision that the experience would be shared elsewhere. And, indeed, democracy and capitalism took firmer root in South America as well.

But on both continents, there was some history of democracy. Not so in Russia, accustomed for centuries to authoritarian rule. As Russian institutions collapsed, people sought order, which ex-KGB leader Putin deviously provided.

And not so in the Middle East. Iraqis embraced democracy, only to be tormented by religious intolerance, tribal rivalry and extreme violence. Palestinian elections put a terrorist group in office.

The lesson is obvious but, as the Iraq experience shows, too easily glossed over: Where democracy is new, decades may pass before it takes firm root and then only if carefully nurtured. In Russia, Iraq and other fledgling democracies, people may eventually build the institutions that guarantee freedom. But the zeal to make that happen isn't often matched by the patience the task demands.

For Wounded US Veterans, Job Prospects Brighter (CSM)

By Ron Scherer, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, July 18, 2006

This generation of troops is getting unprecedented help.

RIVERTON, UTAH

For Sgt. Logan Jubeck, sunbaked Camp Williams has nowhere near the excitement of his forward observation base near Kirkuk, Iraq.

Here, at this National Guard base outside Salt Lake City, he's waiting for the Army to decide if he's medically fit to remain in the service. While he's waiting, he's getting briefed on job prospects in the civilian world.

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At least four contractors want to interview the Idaho guardsman for jobs. Most are offering "top dollar." And at least two universities are likely to give Sergeant Jubeck, who was an engineering student before serving in Iraq, incentives to return to school.

"That's the scoop," says Rob Brazell of Return to Work Inc., a nonprofit organization that has started working with disabled veterans such as Jubeck.

Return to Work is part of an unprecedented effort to help wounded troops make the transition to the workplace.

Places such as Walter Reed Army Medical Center are holding job fairs. Specialists in the jobs market, such as Monster.com, are pitching in. Vietnam veterans, most of whom had no help like this, are trying to ensure that this generation of injured soldiers gets better treatment. And there is a dedicated group of people, such as Mr. Brazell, who are intent on helping other people.

"Whereas transition services in the 1970s were fairly limited, today we recognize that we have a lifetime commitment beyond [Veteran Affairs] healthcare and education benefits to broader assistance in job training and placement that contribute significantly to improved opportunities when veterans return to civilian life," says William Offutt, director of the HireVets First campaign at the US Department of Labor. "This time, we're going to get this right."

As of last November, the survival rate for those injured in combat was 90 percent, the highest ever, reports Military.com. But 6 percent of wounded US troops have lost a limb, double the rate of past wars, according to the website, which quoted Maj. Gen. George Weightman, then commander of the Army Medical Department Center and School at Fort Sam Houston in San Antonio. (He is now commanding general of the North Atlantic Regional Medical Command and Walter Reed.)

For those who have been injured, it can mean a major change in career plans if the Army decides they can't continue in uniform. "Guys get wounded, and all of a sudden, they are faced with a loss: It's producing a lot of stress, change, and a lot of problems," says Walter Penk, a consultant in New Braunfels, Texas, who has long worked on veterans issues. "The wounded warrior faces a major readjustment, and it's important that employers be aware of their struggles."

Many of the injured are considering returning to school. Some want to figure out a way to continue working on a team with a defined mission. Many don't want to be tied to a desk job.

One of those is Lance Cpl. Chris Hahn, a husky marine from Loveland, Colo. He lost part of his leg in an accident in Iraq. But he's determined not to let that slow him down. He will be fitted with a prosthetic, he says, and will be able to run with anybody. His goal is to become a police officer. "After Iraq, I need excitement," he says.

Last month, Corporal Hahn attended a job fair with the catchy title, "Hiring Heroes," at Walter Reed in Washington. Organized by the Defense Applicant Assistance Office (DAAO), it gave injured vets the opportunity to meet some 30 government agencies and private companies.

"We have real jobs," says Karen Hannah, a human resources specialist with DAAO. "Some are temporary while the service members rehab, and others are permanent."

A double amputee, Staff Sgt. Joe Beimfohr is talking to the Department of Veterans Affairs. He's thinking about going back to college. But he can also see himself working for the VA, helping other injured service members. As he sits in the wheelchair, he looks down and asks, "Who could do the work better?"

Such a work ethic is appealing to many potential employers. "Companies are very enthusiastic about vets. They recognize the qualities of today's veterans - their flexibility, mission-orientation, teamwork, and their ability to overcome obstacles on the job," says Mr. Offutt.

One firm that's set up a booth is the real estate network RE/MAX, manned by Bill Gailbraith, a retired marine colonel. The Manassas, Va., man says he's interested in recruiting service members since they're accustomed to a disciplined life. Out of 41 troops interviewed, four were "definite" referrals. "They are not looking for sympathy. They want respect for who they are," says Mr. Gailbraith.

Gailbraith is also typical of another part of the process: He had four tours in Vietnam and "suffered the pangs" of coming back to the United States at a time when the nation was deeply divided. Now, he and other Vietnam veterans are in a position to give jobs and referrals to the wounded soldiers. "The Vietnam vets are making sure if a decision is to be made, it is going the right way," he says.

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Some private-sector companies, such as Lockheed Martin Corp., are recruiting at Walter Reed because the wounded soldiers can help deliver on military contracts. "I can't find an Aegis missile technician at Georgetown University," explains Miguel Gutierrez, corporate staffing/military relations manager. "Not only can these people get the job done, but many have held on to their [classified] clearances."

Since the war on terrorism has involved the mobilization of both National Guard and Reserve troops, it's not just regular military personnel who are injured. Some of these other soldiers with medical issues - about 3 percent of activated reserves - end up at a Community Based Health Care Organization (CBHCO), such as the one at Camp Williams in Utah, which is responsible for nine states.

"Soldiers heal closer to home," says Sgt. 1st Class Douglas Dellinger, better known around the base as "Bull Dog," for his tenacity in helping the wounded. "Uncle Sam is finally doing something right. We are taking care of our injured soldiers."

Sergeant Dellinger knows the improvement firsthand: He had a tour in Vietnam. "When you came back, you had your steak dinner, the Army gave you an airline ticket and said, 'OK, go to the VA and get fixed.' "

At Camp Williams, part of the "Welcome Back" package includes an introduction to Brazell's organization, which started out by helping disabled civilians. It takes about two weeks to evaluate the soldiers, and it can take as little as a day to find the right employer, says Brazell.

Jubeck figures he has talked with Brazell about 30 times. The sergeant, who was in an engineering program at Boise State when he was sent to Iraq, has experience as a both diesel mechanic and surveyor. "There are a lot of possibilities for me," says Jubeck, who lost a finger in Iraq and developed other health problems.

At the end of Brazell's briefing on his job prospects, Jubeck thanks him for his help. "You deserve it," replies Brazell. Contact information

Injured Soldiers Deserve Stronger Show Of Gratitude (USAT)

By DeWayne Wickham

USA Today, July 18, 2006

FORT MEADE, Md. — All things considered, Army Sgt. Bryan Anderson would rather be in Iraq with members of his unit. But that option was taken from him one day last October when a Humvee he was driving was ripped apart by a roadside bomb.

"I just knew something was wrong — really, really wrong," Anderson says of his thoughts in the moments that followed the blast. When he raised his left arm to brush away a swarm of flies, he saw his entire hand was gone. And so too was part of a finger on his right hand and both of his legs.

"I just remember thinking, 'This kind of sucks,' " the 25-year-old Chicago native, who hopes to land a job as a movie stuntman when he's discharged, tells me shortly after playing a round of golf in a specially designed motorized cart.

Anderson was among a small group of disabled Iraq war veterans who took part in a golf tournament last week that drew 144 golfers — but this military course should have been overrun with many more grateful Americans.

That it wasn't is a real shame.

"While we mourn our war dead, we have to take care of our disabled soldiers," says Philip Strambler, the tournament's organizer. Since March 2003, when President Bush launched the war in Iraq, more than 2,500 U.S. military personnel have died in that conflict.

That number has gotten a lot of attention. The steady count of Americans being killed in Iraq has driven the public debate about when and how the Bush administration should pull out our forces.

But largely overlooked in this political sparring are the more than 18,490 U.S. servicemen and women who have been wounded in Iraq. Like Anderson, many of them have suffered life-altering injuries that will require a lot of physical — and emotional — healing.

Strambler heads a unit of the Army's Morale, Welfare and Recreation (MWR) program at the Walter Reed Army Medical Center in Washington. The unit seeks to help disabled troops at that hospital cope with the changes their injuries have forced upon them.

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MWR has put on comedy shows. It's organizing a job fair to match soon-to-be discharged disabled soldiers with employers, and a Kid's Fest for the families of the hospital's patients. Strambler also has arranged to get some free seven-day vacations for wounded soldiers at Hilton time-share properties, although he lacks the means to fly them all to those destinations.

That's because these activities are done without taxpayer funding. The golf tournament was supposed to help overcome this problem. "It's a part of our awareness campaign," Strambler says. "We know that if we make corporations aware of these young people, they'll help us, help them."

That, at least, is the idea. But only 14 corporations supported the golf tournament, the profits from which are being used to fund other MWR programs. This nation can do a lot better than that.

I'm no fan of the detour the Bush administration's war on terror took into Iraq. I think he was wrong to commit our troops there on the flimsiest of evidence, and wrongheaded to leave them in Iraq as that country slipped into a civil war.

But as someone who volunteered to serve in Vietnam, I understand that military personnel take an oath of service to the Constitution, not a political party or officeholder. They deserve the gratitude of all Americans for the sacrifices they make when this democracy orders them into battle.

I didn't see enough evidence of that gratitude at the golf outing last week. The people who showed up were enthusiastic enough, but programs such as those put on by Walter Reed's MWR program deserve a lot more backing.

At the very least, they deserved support that rises to the level of the sacrifices made by the servicemen and women who suffered disabling wounds in Iraq.

CORPORATE SCANDALS:

Peregrine Options Case May Preview Current Probes (Update1) (BLOOM)

By Otis Bilodeaumiles Weiss

Bloomberg, July 18, 2006

July 17 (Bloomberg) -- U.S. regulators first cracked down on stock-option backdating three years ago in a case that shows how government prosecutors may attack abusive pay practices now under investigation at more than 50 companies.

The Securities and Exchange Commission said in a 2003 lawsuit that San Diego-based Peregrine Systems Inc. committed fraud when the software maker awarded executives stock options and pretended they were granted on the day the company's stock touched its lowest price for the quarter. Since at least March, federal officials have been looking for evidence that companies from Apple Computer Inc. to Home Depot Inc. manipulated the dates of option grants to boost officers' pay.

Regulators this week plan to file criminal charges in the first enforcement case to emerge from the current options scandal, two people with direct knowledge of the matter said. At least 12 more cases probably will follow, said the people, who asked not to be identified because the probes aren't public.

``We are now starting to see that backdating was much more widespread than anybody had any previous indication," said Harvey Pitt, chief executive officer of Kalorama Partners LLC, a Washington consulting firm, and the SEC's chairman from August 2001 to February 2003. The Peregrine suit ``buttresses the observation that this conduct is neither new nor unique, nor uncovered by existing securities laws."

Action `Very Soon'

Speaking with reporters after an SEC event in Washington today, agency Chairman Christopher Cox said the first case tied to the backdating scandal would be announced ``very soon."

``There is undoubtedly both a criminal and a civil piece when it comes to egregious forms of option backdating," Cox said. ``Forging documents, lying to boards of directors, lying to investors all form the basis of civil as well as criminal charges. I can only speak to the civil, for which we are responsible."

More than 2,200 U.S. companies may have tampered with the timing of executive stock-option grants between 1996 and 2005, according to a study by researchers who helped set off the current wave of federal investigations.

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The study found 23 percent of all grants made from 1996 to August 2002, were at low share prices. The authors, Randall Heron at the Kelley School of Business at Indiana University and Erik Lie of the Henry B. Tippie College of Business at the University of Iowa, used the latter date as a cutoff because that's when the SEC tightened reporting rules for option grants.

Backdating Detailed

The Peregrine complaint, filed in San Diego federal court in June 2003, details how a company backdated options.

Peregrine's directors approved stock-option grants at each quarterly board meeting. Instead of pricing the options on the day of the grant, meaning they couldn't be redeemed at a profit until after the stock appreciated, Peregrine waited until after the next board meeting.

The company's stock administrator then ``looked back at the market price of Peregrine's stock between the two quarterly board meetings, to find the lowest price at which Peregrine's stock had traded," the SEC said in its suit.

That's where Peregrine set the strike, or exercise, price of the options. The company failed to account for the ``positive difference in the stock price" as a compensation cost and so understated expenses by about $90 million, according to the SEC.

`Massive Fraud'

At Peregrine, backdating was part of what the SEC alleged was a ``massive financial fraud" that included inflating revenue and selling false invoices to banks. The stock-option violations are listed in a section of the SEC's 15-page complaint, and the agency didn't mention them in the statement it released on the Peregrine fraud.

``Given the train wreck Peregrine became, backdating was the least of their worries," said Thomas McNamara, a San Diego attorney who represented the software company. ``Now backdating is the crime du jour."

The current probe into stock-option manipulation includes some of America's best-known companies, such as Cupertino, California-based Apple, maker of the iPod digital-music player, Atlanta's Home Depot, the world's biggest home-improvement retailer, and UnitedHealth Group Inc., the No. 2 U.S. health insurer, in Minnetonka, Minnesota.

Companies including software maker Mercury Interactive Corp., of Mountain View, California, and San Francisco-based Cnet Networks Inc., an online publisher of technology news and reviews, determined they granted options at below-market prices and didn't account for them properly. The crackdown has cost the jobs of at least 19 corporate officials, among them four chief executive officers.

SEC, Justice Department

In the enforcement action that may come as early as this week, the SEC probably will file a civil case in tandem with criminal charges by the Justice Department, the people familiar with the matter said.

Unlike the current investigation, the Peregrine case centered on widespread abuses of revenue-recognition rules in the software industry, Debra Patalkis, the SEC's lead trial lawyer in the 2003 case, said in an interview. Peregrine's auditor at the time, Arthur Andersen LLP, was aware of its option practices, the SEC said in its complaint.

Peregrine's proxy statements show CEO Stephen Gardner received options to purchase 1.2 million shares in April 1998 at the split-adjusted price of $4.56 each, coinciding with the lowest close for the company's stock during the fiscal year ended March 30, 1999.

Auditor Uncovered Fraud

The following year, Peregrine granted Gardner options on 291,750 shares at the lowest closing share prices in three fiscal quarters. At least four other executives also received grants that year priced on days that company shares hit quarterly lows.

Peregrine and new auditor KPMG LLP uncovered the fraud in the first half of 2002, triggering a $509 million reduction in previously reported revenue, at least 44 shareholder lawsuits, a bankruptcy filing in September of that year, and criminal charges against Gardner and 14 others.

Reid Figel, an attorney representing Gardner in his criminal case, didn't return calls seeking comment.

After cooperating with the SEC's subsequent investigation, Peregrine settled with the agency in 2003 without admitting guilt or paying a fine. The company was acquired by Palo Alto, California-based Hewlett-Packard Co. in December 2005.

The Peregrine fraud continues to haunt the perpetrators. Last week, Douglas Powanda, Peregrine's former vice president of worldwide sales, pleaded guilty to conspiracy to commit securities fraud.

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SEC Says Options Charges Likely Soon (FT)

By Jeremy Grant

Financial Times, July 18, 2006

The first civil charges to be filed in the growing US stock options backdating scandal are likely "very soon", Securities and Exchange Commission chairman Christopher Cox said on Monday.

The development shows the speed at which the regulator is moving to address the practice, which has engulfed over 60 mainly technology companies.

They are being investigated by the SEC or the justice department – in many cases both – over questionable timing of stock options grants. Investigators want to know whether options were deliberately backdated to periods when a company's stock price was at or near a record low and whether this was properly disclosed and accounted for.

"There is undoubtedly both a criminal and a civil piece when it comes to egregious forms of options backdating – forging documents lying to boards of directors, lying to investors," Mr Cox told reporters at an anti-investment fraud seminar. "All can form the basis of criminal or civil charges."

Asked when civil charges could come in any cases, Mr Cox said: "I think very soon." He declined to elaborate on what companies or on a timetable for such charges.

He said: "Each day of course we learn more, but for some period of time now it's been abundantly clear that these are not merely episodic instances but rather there were widespread problems, certainly during the 1990s."

Last week Kevin Ryan, the US attorney in San Francisco, said he had convened a taskforce together with the Federal Bureau of Investigation to determine whether companies that engaged in options backdating did so with "fraudulent intent to defraud the marketplace, or to hide something from the auditors or the taxman".

Mr Ryan hinted that the widespread past practice of companies not accounting for discounted options as an expense in their profit-and-loss account could point to evidence of an intent to deceive investors.

Separately, a study published at the weekend revealed that over 2,000 companies appear to have used backdated options to boost executives' income.

Erik Lie, whose research in 2004 into the subject was largely behind the current set of probes into the issue, said in a paper published by the University of Iowa that a new statistical analysis of the practice showed that it was far more common than initially thought.

It said 29.2 per cent of companies had used backdated options, while 13.6 per cent of options awarded to executives between 1996 and 2000 had been manipulated of backdated.

White-Collar Prosecutions Dropping (LAW)

By Jason McLure, Legal Times

Legal Times, July 18, 2006

Wave of cases after Enron may have crested.

Armed with a slew of statistics, Matthew Friedrich, the Justice Department's No. 2 official in its Criminal Division, went before the Senate Judiciary Committee late last month to tout the federal crackdown on corporate fraud and address concerns about integrity in the hedge fund industry.

By any measure, the numbers Friedrich presented were impressive. Over the past four years the department's Corporate Fraud Task Force had won the convictions of 92 corporate presidents, 82 chief executive officers, and 40 chief financial officers. "We now have the attention of the corporate community," said Friedrich. Nevertheless, he told the senators, white-collar crime remains "a priority for the Department of Justice."

But there were some DOJ statistics Friedrich didn't cite. Those numbers show that by some measures the crackdown on corporate criminals has stalled. For instance, there was a 30 percent drop in the number of defendants charged with corporate fraud in 2005 over the previous year and a more than 50 percent decline in the number of corporate fraud investigations opened by federal prosecutors last year. Those figures, buried in an annual statistical report published by the DOJ's Executive Office of

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U.S. Attorneys that was released earlier this year, were the lowest since the government's post-Enron crackdown on corporate crime began in 2002.

The decline hasn't gone unnoticed by those who study government prosecution data. "There have been some very high-profile cases like Enron that get a lot of attention," says David Burnham, a co-director of Syracuse University's TRAC research center. "But when you look at [new] cases that the Justice Department classified as white-collar crime, they're down."

The Justice Department attributes the decline in part to the resource-intensive nature of corporate fraud cases, which can involve dozens of prosecutors and FBI agents. And it suggests the downturn may be temporary. "This could be just part of the cycle and reflect movement into a period of investigation which could ripen into prosecutions," says Evan Peterson, a DOJ spokesman.

To be sure, recent statistics charting new case openings and indictments by federal prosecutors don't tell the entire story of the climate corporations have faced since the collapses of Enron Corp. and WorldCom Inc., in 2001 and 2002, respectively. Public companies have faced increased regulatory scrutiny by a beefed-up Securities and Exchange Commission empowered with the Sarbanes-Oxley Act of 2002. And the lengthy sentences handed down to executives at Enron, WorldCom, and Adelphia have served notice to corporate executives that cooking a company's books can land them in prison for decades.

Meanwhile, white-collar defense lawyers at the nation's largest law firms say the gusher of large corporate fraud cases opened in 2003 and 2004 means they're still busier than ever.

"If there's a drop-off I'm not seeing it," says Mark Hulkower, a white-collar defense lawyer at Steptoe & Johnson, whose clients have included Riggs Bank and Enron accountant Richard Causey. "It may be that the decrease is going to be felt six months from now."

But the figures also come in the context of a steady decline in all forms of white-collar crime — a category the DOJ broadly defines to include not just corporate fraud but a range of crimes, such as bank, health care, and telemarketing frauds. The number of those prosecutions has declined steadily from 8,820 cases in 2002 to 7,822 during the past fiscal year, according to Justice statistics. Syracuse's TRAC, which tabulates federal prosecutions slightly differently, measures an even sharper decline.

In terms of the numbers, white-collar defense lawyers and former Justice officials suggest two main reasons for the decline in new prosecutions: a continued shift in resources toward terrorism investigations and other priorities and a focus on a smaller number of high-profile corporate fraud cases.

Racking up scalps

At the Justice Department the renewed focus on corporate fraud began with a speech on Wall Street by President George W. Bush in July 2002. Enron had declared bankruptcy just eight months earlier, and WorldCom was teetering on the brink.

Among Bush's proposals was the formation of a Corporate Fraud Task Force under then-Deputy Attorney General Larry Thompson. Wall Street reacted skeptically to the speech, in part because such task forces often amount to no more than a reshuffling of the government bureaucracy. But the Justice Department soon began to produce results. In 2003 federal prosecutors opened 224 new corporate fraud cases after opening just 130 the year before, and the number of defendants charged with corporate fraud by the DOJ surged from 180 to 313.

Those indicted included dozens of executives at A-list companies such as Enron, Merrill Lynch, and Qwest Communications. In 2004 the heightened activity began to bear fruit, as the DOJ registered 258 convictions in corporate fraud cases — more than five times as many as it had just two years before. And its pace of new indictments and new investigations didn't slacken.

That is, until last year. Though Justice's efforts continued to win corporate fraud convictions at a furious pace and produce television footage of weeping executives such as WorldCom's Bernard Ebbers, away from the cameras the feds opened fewer corporate fraud cases than they had in 2002. That, say some white-collar fraud experts, indicates a return to a more reactive approach and the end of the wave of corporate prosecutions.

"I think it's crested," says Peter Henning, a former federal prosecutor who now teaches law at Wayne State University. "We're going back to where we were."

Shifting to terror

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In June a federal court in Los Angeles sentenced Daren Lynne Tyger to 27 months in prison for embezzling nearly $300,000 from the A.C. Green Youth Foundation, a charity founded by the Los Angeles Lakers' former rebounding specialist.

Green certainly won't be the last professional athlete to be conned by those he entrusts with money. But Tyger's case is something of a rarity in one respect: It's one of a dwindling number of modest-size white-collar crimes the Justice Department has prosecuted in recent years.

Corporate fraud of the type that felled Enron represents just a small portion of the white-collar prosecutions brought by federal authorities. Tyger pleaded guilty to two counts of bank fraud, a crime the FBI has shown a declining interest in investigating since the Sept. 11 terrorist attacks. Since 2001, the number of agents dedicated to white-collar crime has shrank from 30 percent to 20 percent of the FBI's total force, according to the agency. That's meant more smaller cases are being kicked down to state and local authorities.

"The thresholds have gone up," says FBI spokesman Stephen Kodak. "Where we might have opened up a $10,000 fraud case in a district, [today] it might be a $100,000 fraud."

Meanwhile, the number of agents focusing on counterterrorism and public corruption has spiked.

"Clearly, the FBI has rededicated itself to counterterrorism, and that will be a long-range trend that will decrease resources to white collar," says Joshua Hochberg, a partner at McKenna, Long & Aldridge who led Justice's Fraud Section until last fall.

In Los Angeles the restructuring of the FBI meant the 35 agents investigating bank fraud in 2000 had dropped to 17 in 2004, according to a report last year from DOJ Inspector General Glenn Fine. That trend has been mirrored when it comes to telemarketing, wire, and mail fraud schemes. From 2000 to 2004 the number of agents nationwide investigating those types of crime fell from 304 to 179.

In some ways the statistics reflect success on the part of the FBI and Director Robert Mueller in shifting the bureau's focus to terrorism. "When you get bodies for white collar, white collar gets prosecuted; when you get bodies for terrorism, you get terrorism cases," says William Mateja, a former senior Justice official who is now a partner at Fish & Richardson.

Though the Corporate Fraud Task Force is cutting a much lower profile these days, Justice officials say it has not yet become obsolete. When it meets later this month, under the direction of Deputy Attorney General Paul McNulty, it's expected to discuss problems in the hedge fund industry and the practice of back-dating stock options. Should it choose to aggressively pursue both of those issues, the number of new prosecutions could soon jump into the hundreds, says Wayne State's Henning.

And though the DOJ's prosecution statistics may be dropping precipitously, the fall may also reflect the success the government has had in changing the climate on Wall Street through its high-profile convictions over the past three years.

"What is it we're really trying to accomplish here?" says Christopher Wray, a partner at King & Spalding who headed Justice's Criminal Division from 2003 to 2005. "Is it just racking up scalps or focusing on the cases that involve the most harm and are most crying out for federal intervention?"

Jason McLure can be contacted by jmclure@alm.com.

Law Firm And 4 Figures In Payments Case Enter Pleas (NYT)

By Cindy Chang

The New York Times, July 27, 2006

LOS ANGELES, July 17 — The law firm Milberg Weiss Bershad & Schulman and two of its partners pleaded not guilty on Monday to charges of making more than $11 million in secret payments to people who agreed to become plaintiffs in lucrative class-action securities lawsuits.

Two other defendants — Seymour M. Lazar, who is accused of serving as a paid plaintiff, and Paul T. Selzer, a lawyer who is accused of helping launder the payments — also pleaded not guilty in Federal District Court.

Milberg Weiss and the two partners, David J. Bershad and Steven G. Schulman, were indicted in May on charges that included mail fraud and conspiracy.

The law firm said in a statement Monday: "The indictment is unprecedented and unfair, and the firm intends to vigorously defend itself against the charges. We are confident that we will be fully vindicated."

At a hearing later in the day, prosecutors told a federal judge there was a possibility that more indictments could be coming.

"We're not sure what the contours would be, but we're trying to push through and get the investigation completed," said Douglas A. Axel, deputy chief of the major frauds section at the United States attorney's office in Los Angeles.

Mr. Bershad and Mr. Schulman have taken leaves of absence from the firm. Melvyn I. Weiss, a founding member of the firm, has not been indicted. Lawrence Milberg, another founder, died in 1989.

Amid its legal troubles, the firm has been trying to hold on to its lawyers. On Monday, the law firm of Epstein Becker & Green said that it had hired Arnold N. Bressler, a former managing partner and head of the corporate department at Milberg Weiss, and two other Milberg Weiss lawyers.

The firm has also struggled to keep clients and has been removed as lead counsel by a handful of large institutional investors in high-profile cases.

A Web site set up to defend the firm, www.milbergweissjustice.com, contends that any payments made to the class-action plaintiffs were "referral fees" that are "an entirely legal, common and efficient way of ensuring that lawyers refer cases to specialists, such as Milberg Weiss, that have the resources and experience to handle complex litigation."

The site also questions whether the prosecutions are politically motivated. Mr. Weiss is a prominent Democratic Party donor.

A trial date has not yet been set. At Monday's hearing, Judge John F. Walter gave the prosecution 60 days to organize the hundreds of boxes of documents it must hand over to the defense in discovery proceedings.

Short-Selling Inquiry Is Widened To Cover Stock-Lending Business (WSJ)

By Randall Smith

The Wall Street Journal, July 18, 2006

Federal prosecutors and civil regulators have opened a new front in their probes of the mechanics of short selling, according to people familiar with the case.

The Justice Department's U.S. attorney for the Eastern District of New York in Brooklyn is investigating possible overcharging in the stock-lending business, including the use of bogus "finder's fees," the same people said. The prosecutors are working with regulators at the Securities and Exchange Commission and the New York Stock Exchange, a unit of NYSE Group Inc.

Stock lending is an important part of short selling, in which investors sell borrowed stock in hopes of buying it back at a lower price. The improper finder's fees came to light last week in an NYSE regulatory action against one of the NYSE's major "specialist firms" that direct trading on the floor, the specialist unit of Van der Moolen Holding NV, based in the Netherlands.

The NYSE regulators fined Van der Moolen $3.5 million for allegedly overcharging customers with finder's fees and interest rates that were as much as 13 percentage points above market. Van der Moolen consented to the charges without admitting or denying wrongdoing. (On Friday, two former NYSE specialist traders at Van der Moolen Specialists USA were each convicted of securities fraud.)

The prosecutors and regulators are focusing not only on individuals involved in the Van der Moolen case but also on a few other firms that engage in stock lending, according to the people familiar with the case. The probe by the prosecutors was earlier reported by TheStreet.com Inc.

The latest probe follows separate civil lawsuits and regulatory investigations of the influence of short selling on independent research, and how short selling may have contributed to the steep decline of the price of Vonage Holdings Corp. after its initial public offering in May.

Biovail Corp., a specialty pharmaceuticals company that has tangled with short sellers, filed a civil lawsuit in February alleging that a hedge fund conspired with an independent research firm to drive down Biovail's stock price. And last month the NYSE asked Wall Street firms for information about procedures they used to facilitate borrowing in shares of Vonage when it first began trading.

Prime brokers that provide stock-lending services to hedge funds are allowed to facilitate such sales if they have "reasonable grounds" to believe the stock can be borrowed. But a recent civil lawsuit against the largest prime brokers alleged that sometimes such brokers charge fees for such loans without actually borrowing the stock.

As the Van der Moolen case suggests, market rates for such transactions may not be widely known. Indeed, a former consultant at Morgan Stanley, one of the largest prime brokerage firms, was arrested Friday and charged with conspiracy for allegedly improperly emailing rates charged to specific customers for prime brokerage services.

The consultant, Ira Chilowitz, along with an unnamed co-conspirator who formerly worked as a Morgan Stanley prime brokerage salesman, planned to use the data to help customers of Morgan Stanley and other firms negotiate better rates, according to a Federal Bureau of Investigation complaint and affidavit.

Morgan Stanley said in a statement that it sought the action by Manhattan federal prosecutors to safeguard its confidential customer information. A lawyer for Mr. Chilowitz, Peter Batalla Jr., said his client is "innocent and will defend the charges against him."

CRIMINAL LAW:

11 Including CEO Of Offshore Gambling Web Site Charged (AP)

By David Koenig, Associated Press Writer

AP, July 18, 2006

FORT WORTH, Texas (AP) -- Federal officials on Monday charged 11 people, including the CEO of a big gambling Web site, alleging they committed conspiracy, racketeering and fraud in taking sports bets from U.S. residents.

The Justice Department is seeking the forfeiture of $4.5 billion, cars and computers from the defendants, including Betonsports PLC and three other companies.

Betonsports Chief Executive David Carruthers and four other defendants were arrested over the weekend. Carruthers was being prevented from boarding a flight Sunday from Texas to Costa Rica, where the company has operations.

The 22-count indictment was unsealed Monday in St. Louis, where a federal judge also ordered Betonsports to stop accepting bets placed from within the United States.

Several of the defendants live outside the United States, which will make them hard to catch, said U.S. Attorney Catherine Hanaway in St. Louis.

"This is a tough crime to prosecute," she said.

Among those who live abroad is Gary Stephen Kaplan, the founder of Betonsports, which is incorporated in the United Kingdom and listed on the London stock exchange.

Kaplan is a former New York area bookie who moved his operations to the Caribbean after being arrested on gambling charges in New York in 1993.

Despite the move, the United States has remained Kaplan's main market, officials said. He is now living in Costa Rica and owns 15 percent of the company, according to the indictment. A warrant was issued for his arrest.

Officials said those arrested include Kaplan's brother, Neil Scott Kaplan, who handled purchasing for the company. He was arrested in Fort Pierce, Fla. Two other defendants were arrested in Miami and another was arrested in Philadelphia.

Carruthers was being held in Fort Worth after he was detained while trying to make a connecting flight Sunday from the United Kingdom to Costa Rica. A federal magistrate ordered him held until a detention hearing on Friday.

Carruthers' first appearance in court Monday lasted about 10 minutes. He was led into the courtroom in handcuffs, wearing a lime green T-shirt with the words "World Traveler" across the front, faded jeans and gray suede shoes.

Tim Evans, an attorney who appeared on Carruthers' behalf, handed him a lengthy document, adding, "You won't have time to read it all, of course."

Kevin Smith, a spokesman for Betonsports, said Carruthers and other company officials had no idea that there was an indictment.

"Certainly had they told us, we would have been more than willing to negotiate with them and work on whatever these charges are," Smith said. "There wouldn't have been any need to nab him while he's waiting on a layover for a flight."

Others named in the indictment include Kaplan's sister and several Betonsports employees. The other three companies named in the indictment are based in Florida and handle promotional activity for Betonsports.

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The indictment charges Kaplan with failing to pay federal wagering excise taxes on more than $3.3 billion in U.S. wagers.

Authorities also charged that Kaplan's group fraudulently claimed that Internet and phone wagering on sporting events was legal and licensed.

Internet gambling has become a political issue in Washington.

Last week, the House passed a bill that would make it illegal for American banks and credit card issuers to make payments to online gambling sites. The bill's fate in the Senate is uncertain, in part because of exemptions granted for horse racing and state lotteries.

Associated Press writer Jeff Douglas in St. Louis contributed to this report.

Online Betting Boss Faces Conspiracy Charges In US (GUARD)

By Simon Bowers And Agencies

Guardian (UK), July 18, 2006

The boss of the online betting group BetonSports was detained at an airport early yesterday morning by the FBI after he touched down in the US on his way from Britain to the company's main operational base in Costa Rica.

Investor fears that the move marked the start of a broader crackdown on internet gambling, judged to be illegal by the US justice department, sent shares in several online operators plunging.

BetonSports fell 23p, or 16%, to 122.5p and Sportingbet lost 42.25p to 282p. PartyGaming, which does not take sports bets, was down 13p to 96p in early trading, but recovered to end the day down 6p at 103p. These are among several offshore companies to have floated in London in recent years that make a lot of their revenues from American gamblers - though they operate from bases outside the US.

A BetonSports spokeswoman said the firm's chief executive, David Carruthers, 48, was detained, along with his wife Carol, at a US airport at 11pm local time by the federal authorities. Mrs Carruthers has since flown home to Britain. Last night the spokeswoman said BetonSports had still not heard from Mr Carruthers.

He is being held in custody in Fort Worth, Texas, after a federal grand jury in the Eastern District of Missouri returned a 22-count indictment charging him and 10 other individuals and four corporations on various charges of racketeering, conspiracy and fraud, the US justice department said in a statement.

The founder of BetonSports, Gary Kaplan, 47, was also charged with 20 felony violations of federal laws, it said. A warrant has been issued for his arrest.

The US has also filed a civil complaint to obtain an order requiring BetonSports to stop taking sports bets from the country and to return money held in wagering accounts to account holders in the US.

A judge issued a temporary restraining order yesterday, with a hearing in the civil case requested within 10 days.

"Illegal commercial gambling across state and international borders is a crime," US attorney Catherine Hanaway of the Eastern District of Missouri said. "This indictment is but one step in a series of actions designed to punish and seize the profits of individuals who disregard federal and state laws."

The justice department has repeatedly said it regards online betting - including sports betting and gaming - as an illegal activity under the Wire Act, the wording of which prohibits wagers on "sporting events or contests".

Many businesses, particularly online gaming operators, take issue with this position and point to a federal appellate court judgment in 2002, known as the Mastercard ruling, which states: "The Wire Act does not prohibit non-sports internet gambling."

BetonSports and its much larger rival Sportingbet operate sports betting as well as casino and poker websites targeted at the US market.

Last night, asked if Sportingbet directors would continue to travel to the US in the light of Mr Carruthers' detainment, a spokesman said: "We are monitoring the situation closely."

Chief executive Nigel Payne, who visits the US on a monthly basis, was on holiday yesterday and unavailable for comment. The spokesman confirmed he was not staying at his Florida home or anywhere in the US.

Mr Payne is due to step down as chief executive in October in order to focus on lobbying activities for the group, particularly in the US. He will remain on the board of Sportingbet, which makes 65% of its revenues from the US.

A bill designed to tighten US law on online betting was passed by the House of Representatives last week and has been handed to the Senate.

Mr Carruthers is among those who played down the likelihood of the bill becoming law. Last week he told the company's annual shareholder meeting its chances were "remote".

U.S. Charges Online Betting Site (MRKTWTCH)

By Rex Nutting & Steve Goldstein

MarketWatch, July 18, 2006

Founder, CEO charged with racketeering, fraud, conspiracy

WASHINGTON (MarketWatch) -- U.K. online gambling company BetOnSports PLC, its founder and its chief executive were indicted on racketeering, conspiracy and fraud charges in U.S. court, the Justice Department announced Monday.

A federal judge in St. Louis issued a temporary restraining order on Monday to prevent BetOnSports from accepting bets from the United States. The FBI moved to shut off its phones.

"Illegal commercial gambling across state and international borders is a crime," said U.S. Attorney Catherine L. Hanaway, promising further actions against online gambling. Hanaway is the U.S. Attorney for eastern Missouri.

The 22-count indictment seeks the forfeiture of $4.5 billion from BetOnSports and the other defendants. The government claims the company's founder, Gary Stephen Kaplan, failed to pay federal excise taxes on $3.3 billion in wagers taken from the United States.

The indictment, issued June 1, was unsealed on Monday.

BetOnSports CEO David Carruthers was taken into custody on Sunday at the Dallas-Fort Worth airport during a brief stopover on his way from Britain to Costa Rica. Two other defendants were arrested in Miami.

Carruthers has been a highly visible lobbyist against U.S. legislation against online gambling. He debated the author of the House bill, Rep. Jim Leach, R-Iowa, in an online debate sponsored by the Wall Street Journal. Read debate at WSJ.com (subscription required).

Arrest warrants have been issued for other defendants, the Justice Department said. Kaplan is a resident of Costa Rica. The government said it would seek extradition of all defendants.

The other defendants named in the indictment include: Kaplan's siblings, Neil Scott Kaplan and Lori Kaplan Multz; Norman Steinberg; Peter Wilson, media director for BetonSports.com; and Tim Brown, Steinberg's son-in-law.

The three other companies named in the indictment were Direct Mail Expertise, Inc., DME Global Marketing and Fulfillment Inc. and Mobile Promotions Inc., all based in Florida. Also charged were William Hernan Lenis; Monica Lenis and Manny Gustavo Lenis, owners and operators of the Florida companies; and William Luis Lenis.

BetOnSports (UK:BSS: news, chart, profile) is based in Costa Rica and is listed on the London Stock Exchange. Shares in the company plunged nearly 18% on Monday after news that Carruthers had been arrested in Texas over the weekend.

Other online gambling companies also suffered on Monday on the prospect that American authorities were moving to crack down on overseas Web sites that allow U.S. citizens to bet.

FTSE 100 member PartyGaming (UK:PRTY: news, chart, profile) , fell about 7%, Sportingbet (UK:SBT: news, chart, profile) slipped 12% and 888 Holdings (UK:888: news, chart, profile) shed 4%.

The online sites operate in the United Kingdom, where such betting is legal. But up to 90% of their revenue comes from U.S. bettors, where such gambling has questionable legal status.

On the BetOnSports site, for example, 90% of bets are on American football, basketball and baseball -- three sports hardly played or bet on by British gamblers.

With the exception of pari-mutuel horse racing, placing bets over telephone wires is a violation of federal law. The legality of gambling over the Internet has not been fully tested in court.

Last week, the U.S. House of Representatives moved to strengthen U.S. laws against online gambling. The House passed a bill that would prohibit banks and credit-card companies from processing payments for online bets, and it would also prohibit the gambling companies from accepting credit-card or electronic-transfer payments for online gambling. See archived story.

The bill also would explicitly extend the ban on wagering over phones to wagering over any communications device.

But the prospects for passage of the bill in the U.S. Senate remain uncertain, and President Bush has only given tepid support, saying that he backs it but has unspecified "concerns."

Last year, the WTO decided that parts of some U.S. gambling statutes, including the Wire Act, violate the General Agreement on Trade in Services. The trade body also found in favor of Antigua on a claim that the Interstate Horseracing Act, which permits electronic wagering between states where it is legal, discriminates against foreign operators. Antigua is home to numerous online gambling operations that do most of their business with American bettors. Rex Nutting is Washington bureau chief of MarketWatch.

Steve Goldstein is MarketWatch's London bureau chief.

Arrest Of Gambling Executive Linked To Tax Inquiry (TIMES)

By James Doran, In New York And Dominic Walsh

London Times, July 18, 2006

THE presence of the US Internal Revenue Service at the arrest of David Carruthers, the BetOnSports chief executive, as he got off a flight at Dallas Fort Worth airport suggests that the case may not be centred solely on the legality of online gambling in the US.

The news that he had been detained by federal authorities on Sunday evening sparked fears that it might herald a crackdown on US internet gambling.

However, FBI officials confirmed to The Times that agents from the IRS as well as the FBI were present, indicating an investigation into tax evasion as well as illegal betting.

Fort Worth airport police took Mr Carruthers into the holding cells beneath the arrivals terminal where he spent the night. Then at lunchtime yesterday he was handed over to the custody of the US Marshals Service.

It dispatched two officers to take him in handcuffs and shackles to the Fort Worth federal courthouse where he was scheduled to appear before a judge for a brief hearing at 2pm Dallas time. At some point between his arrest and the appearance in court Mr Carruthers would have suffered the indignity of the Federal booking procedure, an ordeal that involves a strip-search, the taking of mugshots and fingerprinting. The process would have been repeated by the US Marshals Service.

Mr Carruthers will reappear in court on Friday for a detention hearing.

Yesterday's hearing only lasted ten minutes, with prosecutors declining to release details of a multi-count indictment against Mr Carruthers and several others. However, prosecutor Mark Nicholls told the court that they were accused of conspiring to offer bets on professional and college sports to US residents.

Wearing faded jeans and a lime green T-shirt emblazoned with the words "world traveler", Mr Carruthers spoke only when the judge asked him if he understood the charges.

Until he is sent to Missouri to face trial, Mr Carruthers is expected to be housed in a cramped cell at the Seagoville Federal Correctional Centre near Dallas, according to a spokeswoman for the FBI Dallas office.

There, he will be obliged to wear an orange jump-suit and be forced to stay in his small cell for 23 hours a day. He will be allowed out to exercise for one hour a day under close guard.

If he is lucky, Mr Carruthers will have a cell to himself with a bed, a seatless toilet and a small sink. It is more probable, though, that he will have to share the tiny space with an inmate.

The potential significance of Mr Carruthers's arrest can be gauged by the large number of rival internet gambling operators that have contacted BetOnSports for further information on the circumstances surrounding his arrest.

SPORTING PRESENCE

BetOnSports was founded in 1995 in Aruba, West Indies, moving in 1997 to Antigua, where its sports betting and casino operations are still licensed. Expanded in 1998 into Costa Rica, its present base

Since flotation in 2004, has made several acquisitions, giving it a strong presence in Asia, and has launched a poker website

Brands include Easybets, Hooball and 777ball

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Pre-tax profits of $14.9 million (£8 million) and gaming volumes of $1.77 billion in year to February

80 per cent of sportsbook volumes are from the United States. It has offices in the UK, Antigua, Costa Rica, Malaysia, The Philippines, Mexico and Guatemala

Non-executive directors include Lord Glentoran, former chairman of Redland Tile and Brick

BetonSports, 3 Other Companies Are Indicted In U.S. (WSJ)

The Wall Street Journal, July 18, 2006

The Justice Department indicted 11 people and four companies, including major online gambling company BetonSports PLC, on charges of racketeering, conspiracy and fraud, the government said.

BetonSports is based in Costa Rica and is listed on the London Stock Exchange. Shares fell nearly 17% yesterday after news that the company's chief executive officer was arrested.

A federal court in St. Louis issued a temporary restraining order yesterday to prevent BetonSports from accepting bets from the U.S.

REPLY ALL

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Should Online Gambling Be Banned:2 David Carruthers debates the issue with U.S. Rep. Jim Leach (4/4/06)

The founder of the company, Gary Stephen Kaplan, was charged with 20 felonies. The indictment seeks forfeiture of $4.5 billion from Mr. Kaplan and the co-defendants, as well as various properties.

CEO David Carruthers was arrested Sunday in Dallas as he changed planes. The move comes as some U.S. legislators are trying to curtail such sites. Last week the House approved a bill that would make it harder to use credit cards and other electronic payments to place bets over the Internet, including offshore Web sites. It now goes to the Senate, where its fate is uncertain.

BetonSports said Mr. Carruthers was stopped Sunday as he was changing flights in Dallas on his way from the United Kingdom to Costa Rica, where the company has call centers and other operations. He was detained "to assist federal authorities with some inquiries," a BetonSports spokeswoman said. The company said business continued as normal.

David Davidson, assistant chief deputy of the U.S. Marshals Service, said Mr. Carruthers was stopped after an arrest warrant was issued by another district. He said the charge was related to illegal gambling, but he didn't have full details.

Mr. Carruthers was due to face a judge yesterday afternoon, he added.

The online sites operate in the U.K., where betting is legal, but much of their revenue comes from bettors in the U.S., where such gambling is illegal.

FBI To Tape More Interrogations (CHIST)

By Natasha Korecki, Federal Courts Reporter

Chicago Sun-Times, July 18, 2006

As part of its massive effort to fight corruption, the U.S. attorney's office in Chicago increasingly is targeting people who lie to investigators.

And to help in that effort, FBI agents will be urged to expand the audio recording of interviews with suspects, the head of Chicago FBI's white-collar crimes unit told the Chicago Sun-Times.

That's after the failure to do so in two recent high-profile corruption cases -- involving former Gov. George Ryan, and illegal City Hall hiring -- gave ammunition to defense lawyers to dissect agents' reports of interviews.

ACCUSED OF LYING

The number of people charged by the U.S. attorney's office in Chicago with making false statements to federal investigators steadily rose over the past five years.

2003: 26.

2004: 35.

2005: 60.

2006 (to date): 13.

'Hard to argue with that tape'

"There's certainly not a regret. But agents have had close scrutiny on the stand. It does give us pause," said the FBI's William C. Monroe. "I think we are going to see more interviews recorded at the FBI. If a person hears that tape, it's going to be hard to argue with that tape."

Juries did vote to convict on the false statement charges in both trials, which Monroe thinks sends a message to future suspects who are approached by federal agents.

"I think more people are going to start saying: 'Maybe it's in my best interest to cooperate, as opposed to keeping my mouth shut or, worse, lying,' " he said.

The issue comes as the number of false statement cases in Chicago peaked in 2005, with 60 defendants charged, the highest in at least five years. About 10 of those defendants were tied to the Hired Truck probe.

More charged with lying to FBI

So far this year, thirteen people have been charged with making false statements. The charge applies to lying to any federal agent.

Recording interviews has never been banned at the FBI, but it requires prior approval by the field office chief, which has likely dissuaded agents from asking in the first place, Monroe said. While the FBI hasn't changed that policy, it's trying to change a perception that taping interviews is frowned upon, he said.

To date, more than 1,000 interviews were conducted in the Hired Truck investigation, Monroe said. While the Chicago office interviews about 100 people every day, only a handful out of thousands in recent years were audio recorded, authorities say.

Monroe acknowledged that expanding the practice is in line "with the 21st century," in an era when video cameras are showing up on street corners and local authorities are pushed to record audio and video of interrogations.

Taping a suspect isn't always a good idea, Monroe said. If an agent is trying to build a rapport or has no reason to think the person will lie, it could hinder agents' ability to draw information out of suspects. But in other cases, especially once someone has been arrested, or with someone agents think will mislead them, a recording could become crucial evidence to bring to a jury, Monroe said.

On a national level, the FBI says it always has stood by its policy not to record without prior approval. FBI spokesman William Cotter said defense lawyers commonly second-guess agents on the stand to turn it into a he-said/she-said.

"Any defense attorney worth his salt is going to use that tack," Cotter said, adding that prosecution rates overall for FBI cases are more than 90 percent. But like any interrogators, FBI agents use psychological techniques such as "good cop/bad cop" that might not always come across well on tape, Cotter said.

U.S. Attorney Patrick Fitzgerald's office hasn't been afraid to use the false statement charge as a tool over the last five years. It was used in a murder investigation and a real estate scam. Ryan himself was charged with lying to an FBI agent. And it was among the charges Fitzgerald leveled as a special prosecutor in the CIA leak investigation.

'People lie to us all the time'

It isn't something generally available on the local level.

"Bottom line is that people lie to us all the time, and we have no similar law," said Sheri H. Mecklenburg, general counsel to Chicago Police Supt. Phil Cline.

That tool could prove particularly important with a City Hall investigation and state hiring investigation in full swing.

In the George Ryan and City Hall hiring trials, FBI notes came under attack. Agents rely on their notes to bring charges that a suspect lied in an interview.

In the Ryan trial, much time was spent battling defense lawyers who picked apart an agent's version of events and put on their own witness to combat what happened in the interviews.

"I think our agents did a tremendous job on the stand," Monroe said.

"But hindsight is 20/20. In certain cases I do wish they were taped. Then you could say: 'Here's exactly what was said,' " Monroe said.

The issue came up again in the City Hall trial in which four men were charged with rigging hiring so that clout-backed candidates got jobs and promotions.

Defense lawyer Cynthia Giacchetti argued that her client, former Streets and Sanitation official John Sullivan, should go free because the government couldn't prove he lied to the FBI. She criticized the government for not recording his interviews. She compared that with Mayor Daley's interview, where a court reporter typed a transcript and Daley was allowed to pencil in corrections to his statement.

"How can you possibly decide someone made a false statement unless you know exactly what they were asked and what they said?" Giacchetti asked.

When jurors went back to deliberate, the first thing they requested was a copy of the agent's notes of an interview where a false statement was charged. They didn't get the notes because they were not entered into evidence.

Relying on Agent John Hauser's testimony, the jury convicted Sullivan of one false statement charge but acquitted him of another.

At a news conference after the jury verdict, Assistant U.S. Attorney Patrick Collins said that if Sullivan's session had been recorded, he would have been convicted on both counts.

No More Investigations Afoot, Camden Council Leader Says (PHI)

By Dwight Ott

The Philadelphia Inquirer, July 18, 2006

City Council President Angel Fuentes moved yesterday to reassure Camden residents of the governing body's honesty, saying he was not aware of any investigation involving any of the members.

The assurances came in response to former Councilman Ali Sloan El's acknowledgment Friday that he had taken a $10,000 bribe to pay off campaign debts during an FBI sting in 2003.

"The majority will not tolerate [corruption] and will not compromise," Fuentes said at a hastily called news conference. "We want to emphasize continued trust in government. We're not here to waste taxpayers' money."

Fuentes said Council would continue to insist on transparency in its dealings.

"To my knowledge, there is no other investigation of any other City Council members," he said.

He called the Sloan El case "a sad moment for a person advocating that he was fighting for the residents. It's a sad moment for Camden."

Sloan El has not been charged with any crime, and he would not comment yesterday other than to reiterate that he had acted alone. He also has indicated that he stepped down from Council last month to avoid tainting the image of the rest of the body, although he previously said it was because he had moved from his district and wanted to spend more time with his family.

Councilman Gilbert "Whip" Wilson, who said he was a friend of Sloan El's and would not be on Council if not for him, said later that he did not understand the purpose of the news conference.

He said he believed the public judged Council as individuals, not with a "broad brush stroke."

Sloan El is "no longer on City Council," Wilson said. "His actions had nothing to do with City Council."

He said Fuentes, a longtime political opponent of Sloan El's, was simply dancing on his political grave.

"Instead of kicking people when they're down, some people should look in the mirror at themselves," Wilson said.

TALE OF TAPES MAY KO GOTTI (NYPOST)

By Kati Cornell

The New York Post, July 18, 2006

Prosecutors hope to convict John "Junior" Gotti with his own words - by playing in court prison tapes of the mob scion discussing plans to cop a plea to charges that he kidnapped radio talk-show host Curtis Sliwa.

The tapes prove Gotti's "consciousness of guilt" and should be heard at his racketeering trial next month, federal prosecutors in Manhattan said yesterday in court papers. In one chat, months before being charged with the 1992 kidnapping, Gotti allegedly said he'd "cop out to the Sliwa thing tomorrow" for the right deal. His lawyer, Charles Carnesi, said the tapes were overly prejudicial.

Gotti is to face racketeering charges for a third time in August after two juries each failed to reach a verdict.

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DA: Cut That Junior Tape! (NYDN)

By Tamer El-ghobashy, Daily News Staff Writer

New York Daily News, July 18, 2006

Prosecutors don't want jurors to hear a jailhouse recording of John A. (Junior) Gotti suggesting he's given up the mob life.

"It's all done," Gotti, son of the late John (Dapper Don) Gotti, is heard saying in the 2003 conversation.

He also says he had paid his debt to society by copping a plea to racketeering charges in 1999 - and mused the government should "forget about [me]."

The defense says the comments jibe with Gotti's claim that he had left the Mafia.

But prosecutors say the tape - in which Gotti suggested he was shielded from future criminal charges by his plea deal shows his misinterpretation of the law.

"Putting before the jury Gotti's mistaken opinions on this legal issue would be extremely confusing to the jury," prosecutors wrote in papers filed in Manhattan Supreme Court yesterday.

In addition to confusing a jury, the excerpts could make it seem like the prosecution of Gotti "is somehow unwarranted," the prosecutors added.

Gotti's defense lawyers said the comments are a window into the mobster's state of mind, showing that "he wanted to be done with a life of organized crime."

It was the latest bout in a fight over conversations monitored by authorities while Gotti was in jail.

Last week, defense attorneys asked Judge Shira Scheindlin to bar statements in which Gotti said he would cop to ordering a hit on Guardian Angel founder and radio personality Curtis Sliwa.

In the comments, Gotti doesn't admit to ordering the hit, but says he would take responsibility just to get the feds off his back.

Gotti will soon face his third trial on the Sliwa attack and other charges.

Congressman's Legal Payments On Hold During Tough Campaign (AP)

By David Hammer

AP, July 18, 2006

WASHINGTON - Rep. Bob Ney's lawyer says he isn't worried that it's been more than six months since the embattled Ohio Republican paid a legal bill, even as a federal probe of influence-peddling in Congress closes in.

"Payment will be taken care of in due course," said Mark Tuohey, the lead lawyer at Vinson & Elkins LLP in Washington. "Obviously, he needs money for his campaign and that's a priority right now. He intends to pay. He'll pay his fees, I have no doubt about that."

Ney paid the firm $232,381 between August 2005 and Jan. 5 and hasn't paid anything since.

He hasn't been charged, but the Justice Department has documented claims by lobbyists that he performed official acts in exchange for things of value.

Ney, who denies wrongdoing, said he eventually will use a separate legal defense fund to pay his lawyers. That fund started raising money in January but collected only $40,000 by March 31, the latest data available.

Tuohey and Ney declined to comment further about payment arrangements.

For the first three months of 2006, Ney blamed legal costs for causing his re-election campaign to spend more than it raised. In the past three months, it was unusually intense campaigning in his expansive rural district that caused the six-term incumbent to spend $52,675 more than donors gave him, he said.

"I'm embattled and attacked; I understand that," said Ney, who was outraised last quarter by his lesser-known Democratic opponent, Zack Space. Including $39,000 in loans, Space took in $314,162 from April 13 to June 30, compared with $124,758 for Ney, campaign finance records show.

Another Democratic challenger outraised a Republican incumbent in a Cincinnati-area House race. Cincinnati City Councilman John Cranley collected $463,152 for the quarter and loaned himself $50,000 while Rep. Steve Chabot got $320,295

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in contributions for the same period. Like Ney, Chabot maintained a sizable cash advantage, with $1.4 million nearly doubling Cranley's $775,757.

Ney said 15 parades he attended ran up his campaign vehicle costs, which totaled $2,686 from April 13 to June 30. Finance reports show his campaign gave $1,500 to a scholarship fund through Ohio University Foundation and spent $411 on flowers for constituents.

He said he's comfortable with his expenses because with about $420,000 in his coffers, he still has twice the cash on hand as does Space, an advantage he plans to keep using for charities at the county fairs that opened this month.

"I estimate I've spent more than $100,000 on livestock over the course of my career," "Those types of things in support of 4-H and charitable groups count for something at the end of the day. It's important to build up that goodwill."

ON THE NET

Campaign finance reports: http://www.fec.gov

Lewis, DeLay Pay Dearly For Counsel (HILL)

By Patrick O'connor

The Hill, July 18, 2006

House Appropriations Committee Chairman Jerry Lewis spent $200,000 to retain lawyers in California and Washington following media reports linking him to the federal probe of a powerful lobbying firm with close ties to the chairman, according to recent campaign filings.

The California Republican paid Los Angeles-based Gibson, Dunn & Crutcher LLP $200,000 to retain the services of its lawyers, according to the most recent Federal Election Commission (FEC) filing by the Lewis for Congress Committee.

Lewis faces potential federal scrutiny for his ties to lobbyists with Copeland, Lowery, Jacquez, Denton & White, a once-powerful lobbying firm that split up earlier this year after reports it was under federal investigation for its ties to Lewis.

The expenditures were first posted Sunday on the website politicalmoneyline.com, a nonpartisan database of campaign-finance information.

Earlier this year, Lewis retained Robert Bonner in Gibson, Dunn's Los Angeles office and Joseph Warin in the firm's Washington office, as well as other attorneys affiliated with the firm, to represent him in the probe.

"We consulted in advance with the Ethics Committee in full compliance with House Rules regarding the use of campaign funds for legal representation," Barbara Comstock of Blank and Rome LLP, who is handling legal communications for Lewis, wrote in an e-mail. "An initial retainer then was paid to Gibson Dunn & Crutcher."

Lewis wasn't the only Republican lawmaker to pay hefty legal bills last year. Former Rep. Tom DeLay (R-Texas) paid a combined $485,275 in legal fees to six separate firms during the last filing period, according to PoliticalMoneyLine.

DeLay paid $265,000 to the Washington office of McDermott, Will & Emery; $75,000 to the Richmond, Va., office of McGuire Woods LLP; $69,410 to Blank Rome in Washington; $40,000 to McGahn & Associates PLC of Washington; $25,000 to the Houston office of Bracewell & Giuliani LLP; and $10,865 to Andy Taylor & Associates PC, also of Houston. Comstock did some work for DeLay as well.

As of the July 15 reporting deadline, DeLay's reelection campaign had more than $640,000 on hand, but the retired former majority leader may need that to mount an expected campaign for his old seat if a federal appeals court requires his name to stay on the ballot in November.

Workers Doubted Ceiling Method (BOS)

By Sean P. Murphy And Raja Mishra, Globe Staff

The Boston Globe, July 18, 2006

Firm prevailed on fasteners despite tests

Field tests by construction workers indicated that bolt-and-epoxy fasteners might not support the multi-ton ceiling panels in the Interstate 90 connector tunnel, but the firm that designed the tunnel persuaded Big Dig officials to use the system anyway, law enforcement officials said yesterday.

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At the same time, Big Dig officials became so confident in the epoxy used to secure the bolt fixtures that they canceled laboratory tests to regularly check if the high-strength glue was working properly, according to documents obtained by the Globe yesterday.

The Massachusetts Turnpike Authority and lead management contractor Bechtel/Parsons Brinckerhoff approved both decisions as the tunnel ceiling was built in 1999.

The massive investigation into last week's death of Milena Del Valle -- killed when concrete ceiling panels fell on her car -- has focused on the failure of the bolt-and-epoxy ceiling fixtures. Governor Mitt Romney said yesterday that tests completed over the weekend found that nearly all 1,150 bolt-and-epoxy ceiling fixtures in the I-90 connector tunnel were unreliable.

As the connector tunnel ceiling was under construction, Modern Continental Corp. workers expressed concerns after field tests indicated the bolt fixtures were unsound, law enforcement officials said.

The workers' concerns were sent to Modern Continental, which was building the tunnel; Bechtel/Parsons Brinckerhoff; and the Turnpike Authority, which runs the Big Dig, the officials said.

The design firm, Gannett Fleming Inc., countered that its design was safe, the officials said. Although it was unclear how the debate played out, in the end, the Big Dig kept Gannett Fleming's design for the ceilings in the tunnel, which opened in January 2003.

``There were questions raised about whether this design was adequate to carry the weight and hold the weight that it's expected to hold," said Attorney General Thomas F. Reilly , who is leading an investigation into whether criminal charges are warranted in Del Valle's death. ``That was clearly raised, and now we're at the stage of finding out what was the result of that dispute."

A Gannett Fleming official said he could not recall the debate.

``I am not aware of any details," Don Nicholas , a Gannett Fleming vice president who worked on the Big Dig, said in a telephone interview yesterday. ``We have not gone back and looked at records. Right now, we are focused on helping out to get it fixed and the roadways back open."

Reilly said yesterday that he would continue to probe the dispute. His office has subpoenaed documents from Gannett Fleming, as well as Modern Continental, Bechtel/Parsons Brinckerhoff, and the Turnpike Authority.

Others had also questioned if the bolt-and-epoxy fixtures could hold the 2 1/2- to 3-ton ceiling panels.

James F. Bruno , who served as project manager for Modern Continental on the contract, told the Globe last week that in meetings with Big Dig officials, he and other construction managers suggested using a lighter material for the ceiling.

Big Dig officials refused, saying that lighter material would require more supports because it would vibrate more during heavy winds or traffic. The ceiling, suspended from the tunnel roof, created a ventilation path.

At about the same time this debate was unfolding in 1999, Big Dig officials decided that laboratory testing on the epoxy was no longer necessary, according to project documents.

Until then, the bonding strength of the epoxy used in the ceiling fixtures had been tested at a lab set up to check materials including concrete, steel, and waterproofing sealants. But ``based on project experience and the resulting level of confidence," testing of ``epoxies for anchoring" was waived, according to a May 26, 1999, memo sent out to engineers on the project.

``This revision has been reviewed and approved by" Bechtel/Parsons Brinckerhoff, state officials, and the Federal Highway Administration, the memo said.

A spokesman for Bechtel/Parsons Brinckerhoff said the firm ``is not in a position to comment because fact-gathering is just beginning." The Turnpike Authority did not respond to inquiries yesterday.

Robert Johnson , chief spokesman for the US Department of Transportation, said his agency ``is reviewing years of records and decisions."

``It would be premature to comment on any particular document or documents," he said in a statement.

Glue on bolts removed from the tunnel roof near the accident site was brittle and cracked, not like smooth glass as it should have been, a source briefed on the state investigation but not authorized to speak publicly has told the Globe. Similar ceiling bolts in the Ted Williams Tunnel failed safety tests in 1994 because construction workers failed to mix the two epoxy

ingredients correctly, didn't let it harden long enough, or failed to clean the surfaces being glued together, according to a state report.

Reilly disclosed the conflict over the design of the bolt-and-epoxy fasteners in a news conference after a tour of the Big Dig accident site, but would not release more information.

Documents obtained by the Globe also indicate that the design was questioned.

In the summer of 1999, Gannett Fleming made numerous revisions in its original fixture design, including one on July 8 that is described in Big Dig records as a change of the ``project criteria for precast concrete ceiling system," indicating that the firm believed design changes were needed.

That revision request was made on the same day that the Modern Continental contract was modified due to ``adhesive anchor failure" -- evidence that the fixtures failed tests in which devices pulled on the bolts to see if they would come loose.

The ongoing investigation is not the first time Gannett Fleming's work on the Big Dig has been questioned.

In 2004, Edward M. Ginsburg , the retired probate court judge who was then pursuing refunds for shoddy work on behalf of the state, filed breach of contract lawsuits against Gannett Fleming and eight other smaller design firms under the supervision of Bechtel/Parsons Brinckerhoff.

Gannett Fleming's work on the Big Dig, including the I-90 connector tunnel, ``contained numerous defects, errors and omissions," the lawsuit alleged..

Pair Return From Great Britain To Face Investment Fraud Charges (VP)

By Tim Mcglone, The Virginian-Pilot

Virginian-Pilot, July 18, 2006

NORFOLK - Two suspects extradited from Great Britain to face charges in a $31 million investment scheme pledged during their first court appearance here Monday "to get the truth out."

Lee Hope Thrasher, 52, a former victim-witness coordinator in Virginia Beach, and her British-born boyfriend, Howard Welsh, 62, are accused of defrauding more than 1,000 people nationwide who thought that they were investing in a spiritual, tax-free fund that would as much as double their money in the first month.

According to the FBI, Welsh and Thrasher fled the country four years ago, after wiring the $31 million to banks in 13 countries. Authorities have recovered about $2.1 million, according to the U.S. Attorney's Office.

The U.S. Marshals Service flew to London this weekend to retrieve Welsh and Thrasher. The couple spent two years fighting extradition, appealing their case all the way to the House of Lords, Britain's equivalent of the U.S. Supreme Court.

In U.S. District Court on Monday, Thrasher and Welsh both claimed poverty in asking for a court-appointed attorney. Welsh told the court he had no assets. Thrasher said in court records that she had $5,000 to $10,000 in investments and a $3,000 time-share in Florida but was $30,000 in debt.

Thrasher indicated that she and Welsh wished to be tried together. She asked a magistrate judge to name one attorney to represent them both because, she said, it was "going to take the both of us to get the truth out."

Magistrate F. Bradford Stillman denied the request and assigned an attorney to each defendant. He remanded them to a local jail pending a formal bail hearing Thursday.

After the proceeding Monday, Thrasher's father, Harold Thrasher, said his daughter continues to think that the investment plan was legitimate.

"That's been her contention," he said.

Harold Thrasher told The Virginian-Pilot three years ago that he tried to warn his daughter that the investment plan was a scam, but she wouldn't listen.

Now, Thrasher said, he will stand by his daughter through the court proceedings, providing "moral support."

"I'm glad she's back in the country," he said. "I'm glad to see her."

Beginning in 1999, Welsh and Thrasher began offering their "corporation sole" investment plan, calling it "Living Your Sole Purpose," through word of mouth and seminars at hotels across the country, according to an indictment filed in August 2004.

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The Internal Revenue Service in 2005 listed "corporation sole" investments among its "dirty dozen" list of tax scams. Corporations sole are legitimate in some states but are strictly regulated and restricted to legitimate religious organizations.

Welsh and Thrasher promised investment returns of between 12 and 100 percent within 30 days. One flier said a $2,000 investment would be worth $1.8 million after six years. The flier also said there was no need for accounting and no requirement to report the income to the IRS.

To participate, investors had to pay a $1,500 fee and submit passport-sized photographs and signature samples, according to court records. A few investors tied directly to the couple received payments, but the vast majority have not seen any profit, the records say.

Many people invested $50,000 or $100,000. One unidentified investor from Illinois lost $8 million, including a $2.5 million bank loan she signed for Welsh, which defaulted, the records say.

By the time the FBI obtained warrants in the summer of 2004, Welsh and Thrasher had wired the $31 million to 13 countries and fled, according to the court records.

In the past two years, the FBI and other law enforcement agencies have tracked the couple to a number of countries. Agents said there was evidence the couple had been to South America and Africa. At one point, Welsh was treated in Belgium for a broken leg, the FBI said.

In the fall of 2004, British authorities discovered the couple living with Welsh's mother in a town near Liverpool. The FBI said they were living under aliases.

The couple had fought extradition ever since, finally losing their case in the House of Lords several weeks ago.

Canadian Sentenced In Telemarketing Fraud (BOS)

The Boston Globe, July 18, 2006

CONCORD, N.H. --A Canadian man who pleaded guilty to defrauding elderly widows and widowers in the United States in an international telemarketing scheme has been sentenced in federal court in New Hampshire to over six years in prison.

Adhemar Baptiste of Montreal was part of a group of Canadians indicted in 2002 after an investigated that included the FBI and Royal Canadian Mounted Police revealed the group defrauded about 80 victims by telling them they had won large lottery prizes but had to prepay Canadian taxes and fees to get the cash.

Some of the victims affected by the fraud were in New Hampshire. Losses exceeded $8 million and $6.4 million in restitution was ordered. Baptiste's share of the obligation was more than $1.5 million.

Baptiste was sentenced Monday to 78 months in prison.

At least six others have been sentenced in the case. Sentences have ranged from one year to 10 years.

Faces Jail Time, Big Fine For Role In Investor Scam (JJ)

By Michaelangelo Conte, Journal Staff Writer

Jersey Journal (NJ), July 18, 2006

A Florida man who bilked investors out of $250,000 in a foreign currency scheme run out of offices around the country - including Hoboken - has pleaded guilty to one count of conspiracy to commit mail fraud, authorities said.

Joseph Valko, 37, faces up to five years in prison and a fine of up to $250,000 when sentenced Nov. 27, said Michael Drewniak, spokesman for the U.S. Attorney's Office in Newark.

From July 1997 to December 1998, Valko operated Risk Capital Management International, which had offices in Hoboken and Red Bank as well as Chicago, Houston and Pompano Beach, Fla., Drewniak said.

The company, using telemarketing as well as written promotional material, claimed to be selling options to purchase foreign currency, but Valko admitted when pleading guilty Wednesday that those claims were false and misleading. The overwhelming majority of investors lost money, Drewniak said.

The company told customers it was purchasing foreign currency options through Nassau Bay Trading, which it claimed to be based in Nassau, Bahamas, Drewniak said.

In fact, Nassau Bay Trading was owned by Charles "Chip" Hoffecker, of Pompano Beach, Fla., Drewniak said.

DOJ_NMG_0041392

On June 26, Hoffecker was sentenced to 210 months in prison for conspiracy and mail fraud related to operating an international telemarketing commodities scam, Drewniak said.

Guilty Plea Entered In Phone Scam Case (APP)

By JAMES A. QUIRK, FREEHOLD BUREAU

Asbury Park Press, July 18, 2006

Man admits fraud of more than $2.5M

NEWARK — The owner of a Red Bank brokerage firm that sought mainly to trick its customers into parting with their money pleaded guilty in federal court Wednesday night to defrauding victims of more than $2.5 million.

Joseph Valko, 37, pleaded guilty before U.S. District Judge Katharine S. Hayden to one count of conspiracy to commit mail fraud. He faces up to five years in prison and a $250,000 fine, and is scheduled to be sentenced Nov. 27.

The federal case against Valko stems from Operation Busy Signal, the largest investigation into telemarketing scams in U.S. history, said Robert Kirsch, the assistant U.S. attorney who prosecuted the case. The 10-year investigation, which resulted in about 35 convictions, began in 1996 with the examination of Freehold-based Northeast Telecom Inc.

In what Kirsch described as one of the most significant convictions to have come out of Operation Busy Signal, Hayden last month sentenced Charles "Chip" Hoffecker, who worked with Valko, to 17 1/4 years in prison. Hoffecker was convicted of bilking hundreds of victims, many of them elderly, out of more than $14 million. His sentence is one of the largest ever imposed on a white-collar criminal in New Jersey, Kirsch said.

Valko owned and operated Risk Capital Management International. The main office was in Red Bank, with an administrative office in Pompano Beach, Fla., and sales offices in Hoboken, Chicago, and Houston. Risk Capital promoted investments into foreign currency options, advising its customers that these options were purchased and sold through Nassau Bay Trading, a "clearinghouse" in Nassau, Bahamas, Kirsch said.

Nassau Bay Trading was owned and operated by Hoffecker.

"We have serious questions as to whether Nassau ever even functioned as a clearinghouse," Kirsch said. "Valko admitted that Nassau would kick back money to Risk Capital for every customer whose options expired as worthless. So Risk Capital, they had an incentive for their customers to lose. It was all rigged."

Most of Valko's victims were solicited through a sophisticated telemarketing campaign and carefully crafted promotional material that touted Risk Capital as a highly profitable money engine, Kirsch said.

"Valko admitted that he was aware most, if not all, of his customers lost money," Kirsch added.

Pompano Man Guilty In $2.5 Million Fraud Involving Foreign Currencies (FLSUNSEN)

By Rachel Hatzipanagos, South Florida Sun-sentinel

South Florida Sun-Sentinel, July 18, 2006

A Pompano Beach man pleaded guilty Wednesday in a U.S. District Court in New Jersey to defrauding investors in a $2.5 million investment scheme involving foreign currencies.

Through the company he operated, Risk Capital Management, Joseph Valko sold $1,000 options to buy the Japanese yen, the British pound, the German deutschmark and the Swiss franc.

The company promoted its options through phone calls and television commercials, the complaint said.

What customers didn't know was that Risk Capital would profit when its clients lost money on the options, said Assistant U.S. District Attorney Robert Kirsch. "The more customers of Risk Capital's who lost money, the more that they would make," Kirsch said.

The company did this through kickbacks received from Risk Management's clearinghouse, Nassau Bay Trading, every time customers lost money, according to Kirsch. Clearinghouses process and settle clients' trades.

Nassau Bay Trading was owned by Charles "Chip" Hoffecker, a Pompano Beach man who was sentenced June 26 to 17 years in prison in a separate case.

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Kirsch said that there are serious questions as to whether Nassau Bay operated as a true clearinghouse. He would not comment on whether Hoffecker will be charged. Hoffecker was named a co-conspirator in the indictment against Valko but not named as a defendant.

The maximum penalty for Valko's charge of one count of conspiracy is five years in a federal prison and a $250,000 fine. The sentencing is scheduled for Nov. 27.

Businessman, Doctors Plead Guilty To Medicare Fraud Scheme (KCS)

By Garance Burke

The Kansas City Star, July 18, 2006

KANSAS CITY, Mo. - Three men who participated in a scheme to bilk the government of millions of dollars by ordering expensive wheelchairs for patients who never received them have pleaded guilty to fraud, authorities said.

Businessman Godwin Iloka, 38, of Lee's Summit, admitted in U.S. District Court on Wednesday that he was involved in a scheme to defraud Medicare of more than $2.5 million, U.S. Attorney Bradley J. Schlozman said.

Two Kansas City-area doctors, Amazair McAllister, 48, of Blue Springs, and Ambrose Wotorson, 70, of Kansas City, previously admitted their involvement in the scheme, Schlozman said.

"Business owners who try to cheat Medicare are stealing not only from their own customers but from all taxpayers," Schlozman said in a prepared statement. "We will vigorously prosecute those who enrich themselves by exploiting programs that serve such a vital public interest."

Iloka, a naturalized U.S. citizen from Nigeria, owns two medical supply businesses in the Kansas City area. Authorities say he was a key player in a scheme in which associates would visit nursing homes and senior centers to recruit people who didn't need motorized wheelchairs.

Then, according to the federal indictment, the two doctors would give Iloka and five other co-defendants fake "certificates of medical necessity" to bill the government for the expensive motorized wheelchairs. Once the claims were paid, authorities said the doctors were rewarded with cash or kickbacks, and the patients would get cheap scooters - or no wheelchair at all.

"Iloka would apply for the Medicare reimbursements for an expensive item but actually supply a cheaper item," said Don Ledford, a spokesman for Schlozman. "The cost difference was his illegal profit."

By pleading guilty, Iloka agreed to forfeit his home, three vehicles and all the funds in his bank accounts, which Schlozman said represented more than $331,000 in illegal proceeds. He also pleaded guilty Wednesday to participating in a similar scheme to submit fraudulent claims for custom-molded shoes for diabetics, to bilking Social Security for disability benefits and to obtaining a credit card under a false name.

Iloka's attorneys could not immediately be reached for comment.

Authorities said McAllister pleaded guilty to fraud earlier this week and agreed to surrender his medical licenses within 45 days, stop practicing medicine and forfeit $100,000 to the government. His attorney said he had just set up his practice in Kansas City when Iloka and other co-defendants approached him.

"Some Nigerians came to him and he initially thought it was legitimate," said attorney David B.B. Helfrey. "Ultimately he realized it wasn't, but he continued to do it anyway. He's accepted his responsibility."

Wotorson, a naturalized U.S. citizen from Liberia, pleaded guilty in February to health care fraud and surrendered his medical license. His attorney did not immediately return calls seeking comment.

Five others who owned or operated medical supply businesses in the Kansas City area also have been charged with participating in the scheme in two criminal complaints. Those include: Raphael Igbokwe, 49, of Kansas City; his brother Kennedy Igbokwe, a 27-year-old Nigerian citizen; Roland Godfrey, 45, a naturalized U.S. citizen from Cameroon; Kenneth Agugua, 46, and Faith Agugua, 33, both permanent U.S. residents from Nigeria.

Authorities said Raphael Igbokwe and Godfrey, who initially was charged under an alias Roland Edomobi, are fugitives. Kennedy Igbokwe and the Aguguas are in federal custody and will go to trial Aug. 28.

The Igbokwe brothers are charged in the second indictment with money laundering and with structuring a currency transaction to evade reporting requirements.

Schlozman said Iloka, McAllister and Wotorson could face up to 10 years in federal prison without parole, plus a fine up to $250,000 and an order of restitution. Their sentencing hearing has yet to be scheduled.

Area Business Owner Pleads Guilty To Medicare Fraud (KCBIZ)

Kansas City Business Journal, July 18, 2006

Another person has pleaded guilty in a scheme to defraud Medicare of millions of dollars through a program that provides motorized wheelchairs.

Godwin Iloka, 38, a naturalized U.S. citizen from Nigeria residing in Lee's Summit who owns medical supply businesses in Raytown and Kansas City pleaded guilty in federal court Wednesday to participating in the scheme, Bradley Schlozman, U.S. attorney for the Western District of Missouri, said in a release.

Iloka owns and operates Xcellent Medical Service, 9500 E. 63rd St. in Raytown, and Xcellent Medical Services, 4403 Blue Parkway in Kansas City. He pleaded guilty to health care fraud before U.S. District Judge Gary Fenner.

Iloka admitted that he had submitted false claims to Medicare for power wheelchairs, then provided beneficiaries with less expensive motorized scooters instead, defrauding Medicare of $84,000. Iloka also admitted that he had engaged in three additional fraud schemes that resulted in a total loss of $331,162, Schlozman said.

By pleading guilty, Iloka agreed to forfeit to the government his residence in Lee's Summit, a 2003 Ford Explorer, a 2004 Honda Accord, a 2004 Chevrolet van and all funds in two bank accounts, all of which represent the proceeds of his criminal activities, Schlozman said. Iloka also acknowledged that his admitted criminal activities violated the terms of his probation in an unrelated federal case.

Iloka could face as much as 10 years in federal prison without parole, plus a fine of as much as $250,000 and an order of restitution, Schlozman said. A sentencing hearing will be scheduled after the completion of a presentence investigation by the U.S. Probation Office.

Two area physicians also have pleaded guilty to their role in the Medicare wheelchair fraud. Amazair McAllister, 48, of Blue Springs, pleaded guilty on Monday to health care fraud. Co-defendant Ambrose Wotorson, 70, a naturalized U.S. citizen from Liberia residing in Kansas City, pleaded guilty on Feb. 24 to health care fraud. Both physicians have agreed to surrender their medical licenses and could face prison sentences of as much as 10 years plus fines.

Music Prof Guilty As Web Perv (NYDN)

By Tamer El-ghobashy, Daily News Staff Writer

New York Daily News, July 18, 2006

A Manhattan musician who conducted youth orchestras faces up to 30 years in prison after being convicted in federal court of trolling the Internet for underage sex partners.

Dennis Joseph, 41, who has played on Broadway and at Carnegie Hall, thought his online overtures were directed at a 13-year-old girl named "Julie" - but they were really going to an FBI agent.

Joseph, a singer and saxophonist, was busted by the FBI last August when he orchestrated a plan to meet the girl in lower Manhattan. He was convicted Friday, after an eight-day trial in Manhattan Federal Court, of attempting to entice a minor to engage in sexual activity.

He faces up to 30 years in jail under 2003's PROTECT Act, said Manhattan U.S. Attorney Michael Garcia.

"Those who troll the Internet looking for young children for sexual purposes should take warning," Garcia said in a statement announcing the verdict.

Joseph, an adjunct professor of music at Nassau County Community College, has worked with youth orchestras and is president of Marty Stevens Music, a wedding band.

Joseph also conducted the Turtle Bay Youth Orchestra and the Junior Strings Orchestra at the Lucy Moses School in Manhattan, prosecutors said.

During the trial, jurors heard sordid details where Joseph, using the screen moniker "DSax25," told "Julie" he would teach her about sex. He sent her a picture of himself, and when he asked to see her, the FBI agent sent him a real picture of a teen, prosecutors said.

He tried to impress his mark by detailing his musical achievements - including telling her he was a substitute performer in the Broadway musical "Sweet Charity," prosecutors said.

During his trial, it was also revealed that in July and August of 2005, Joseph had tried to pick up a 13-year-old girl on the Internet.

A woman who answered the phone at Joseph's company yesterday declined to speak about the conviction.

SAX PERVERT (NYPOST)

By Kati Cornell

The New York Post, July 18, 2006

A sicko saxophonist who performed in the Broadway musical "Sweet Charity" and once conducted youth orchestras was convicted of trying to seduce a 13-year-old girl.

A Manhattan federal jury returned its guilty verdict against Dennis Joseph - a musician who has performed at Carnegie Hall and workedat Nassau Community College.

Joseph, 41, who goes by the stage name "Dennis Stevens" and the Internet name "Dsax25" boasted about his sexual prowess - and his role as a substitute musician in "Sweet Charity" - in lewd e-mails to 13-year-old "Julie" - who was an undercover agent, authorities said.

Two Serial Killers, Acting Independently, Terrorize Phoenix (NYT)

By Paul Giblin

The New York Times, July 18, 2006

PHOENIX, July 17 — For many months now, two serial killers who are thought to be responsible for dozens of murders, rapes, robberies and shootings have frustrated scores of detectives and frightened thousands of residents across a wide swath of central Phoenix and its suburbs.

After the most recent crimes — a pair of shootings on July 8 attributed to one of the killers — the police increased a reward to $100,000, an Arizona record, for information leading to the arrest of the two, whom they call the Serial Shooter and the Baseline Killer.

“Everyone is terrified, very concerned,” said Sonya Pastor LaSota, 33, a community leader in Arcadia West, a neighborhood of spacious older homes and manicured yards that lies in the heart of the area stalked by the killers, who are blamed for 11 slayings and who the police believe are acting independently.

Last Thursday 1,500 residents of all ages, races and incomes filled the auditorium, the lobby, the cafeteria and an outdoor courtyard of an elementary school in central Phoenix to learn what they could of the danger. But the city’s mayor, Phil Gordon, and the police chief, Jack Harris, offered little new information and said that the description of one killer remained vague at best and that no one had gotten a clear look at the other.

Chief Harris said he had assigned more than 120 detectives and officers to the case, and they are receiving help from the F.B.I. and the federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

“It is not an easy task,” the chief said. “We are living in a city of one and a half million people, we’re in a valley of three million people, and we’re looking for one or two people that we don’t know what they look like. Even if I knew who the person was, it’s a difficult task to track someone down in a city of that size.”

The Baseline Killer is so called because it is believed that the first of his 21 crimes, which include six slayings, were a series of rapes late last summer near Baseline Road south of Phoenix Sky Harbor International Airport.

Since then, he has expanded both the scope of his crimes and his territory, attacking across an area of some 80 square miles. Like the Serial Shooter, he kills with a gun. The police believe he stalks his victims, springing on them just after sunset, probably while wearing a disguise that may include dreadlocks and a floppy fisherman’s hat. Victims have said he wore long-sleeve shirts and khaki pants.

He is described as black, but estimates of his age range from 25 to 40, his height from 5-foot-6 to 6 feet and his weight from 140 to 200 pounds.

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The Serial Shooter, whose area of operation is thought to be even larger than that of the Baseline Killer, is suspected of as many as 34 random shootings since May 2005. The shootings have killed five people, wounded 16 others, killed three horses and five dogs, and wounded four animals. In addition, one business has been peppered with gunfire.

The gunman usually makes targets of people walking or bicycling alone along major thoroughfares from 10 p.m. to 4 a.m. He fires from a vehicle that is described as a light-colored van or four-door sedan, a depiction matching thousands of cars in the metropolitan area.

"You get an idea of how difficult this has been for us," Bill Louis, commander of the Violent Crimes Bureau of the Phoenix police, told residents gathered at the community meeting. "We have no license plate. We have no identifying marks on the vehicle. We don't have anything about tinted windows or bumper stickers."

Until a week ago, the police said, they thought the Serial Shooter's attacks might have been the work of two gunmen. But evidence, which they would not discuss, has led investigators to conclude that one person is responsible for all of them.

Self-defense instructors and organizers of neighborhood watches, meanwhile, say they have seen a sharp increase in interest, and many residents say the lengthy crime sprees have persuaded them to change some of their daily routines.

Mrs. Pastor LaSota, who was born and raised here, said she had begun carrying pepper spray that she bought at her local tailor, who just began stocking it.

She and her husband, Tim, also allow Doc, their 75-pound Labrador, to stay inside their house while they are at work. They previously kept him in the yard while they were away but now feel more secure with him inside.

"I've completely changed how I arrive home," Mrs. Pastor LaSota said. "I open the door immediately, and he comes out with me and then walks in through the house with me."

The couple have also hired a security company to activate an alarm system next week.

Even hanging laundry at night poses anxious moments, said Jackie Gifford, 44, who lives alone in an area where both killers have struck.

"I hear a noise now and I'm turning on my fluorescent light in back to see what's going on out there," she said. "It's awful."

One day after work last week, Ms. Gifford said, she popped the hood of her car to check the battery. That evening, after dark, she remembered that she had neglected to snap the hood completely shut. But she remained indoors, feeling trapped, until the next morning.

"It makes me angry," she said. "I mean, I want to get hold of him, and that's a bad attitude to have. I don't think he should go to court. I think he should be strung up right there for all of us to watch."

Phoenix Killings Spark Serial Killer Scare (AP)

By Amanda Lee Myers

AP, July 15, 2006

PHOENIX -- People aren't going out alone at night anymore. Co-workers are walking to their cars in pairs in the evenings. Parents aren't letting their children out of their sight. Fear and paranoia have gripped this sprawling city amid reports that not one, but two serial killers have been striking separately in recent months, killing as many as 11 people at random on the darkened streets.

"I'm terrified," said 25-year-old Valerie Alvidrez, who lives alone with her 6-month-old daughter in the central Phoenix area where many of the killings have occurred. "It's scary. If something happens, I have to defend me and my daughter."

The killings and woundings of at least 16 other people evoked the terror of the 2002 Washington-area sniper shootings because of the randomness of the crimes and the fact the victims were struck down while going about their daily routines. People have been shot from behind while biking; one victim was vacuuming her car at a carwash, another was waiting for a bus.

Six of the killings are being attributed to the "Baseline Killer," whose name refers to the street where he is believed to have committed his first crimes. Police say the man likely wears a disguise _ a wig of dreadlocks topped by a fisherman's hat _ and strikes just after sunset. Five of his victims have been women. Police have not said how all his victims were killed but several were shot.

DOJ_NMG_0041397

The second suspected predator, dubbed the "Serial Shooter," has been definitively linked to the Dec. 29 wounding of one man and authorities believe he could be responsible for a total of five shooting deaths. Police say the shooter likely watches victims _ mostly pedestrians and bicyclists _ and strikes from behind when no one is looking. The shootings usually occur late at night or in the early morning. Sixteen Serial Shooter victims have survived.

The number of crimes stand out, even in what is one of the nation's most violent cities for its size. Police statistics show a homicide occurred in Phoenix, which has about 1.5 million residents, every 38 hours on average in 2005.

Police have created two task forces made up of a total of 120 officers to investigate the crimes and officials have collected $100,000 as a reward for information leading to the arrest of either suspect.

"We know we're always in a race against the clock," said police spokesman Sgt. Andy Hill. "We don't want there to be another victim."

The latest killing was at about 9:30 p.m. on June 29, when 37-year-old Carmen Miranda is believed to have been attacked by the Baseline Killer as she vacuumed her car at a carwash. Detective Dave Barnes said a surveillance video shows what he called a "blitz attack."

"It appears very calculated," Barnes said. "It all takes place in a matter of seconds."

Another Baseline Killer victim, Liliana Sanchez-Cabrera, 20, was shot to death with 23-year-old George Chou, a co-worker, after they left their jobs at a restaurant the night of March 15. Their bodies were found a mile apart.

Sanchez-Cabrera's mother said it's like her daughter was killed yesterday.

"I think about her when I wake up, when I cook and remember her favorite foods ... when I go to sleep," Juana Sanchez said in Spanish.

Police won't disclose what specific evidence in either set of killings leads them to believe the crimes are connected, but say time of day and locations play a part.

They believe the Baseline Killer got his start in August, committing robberies and sexual assaults in parts of south Phoenix and that he began killing one month later. Police won't say whether any of the murder victims were sexually assaulted.

The Serial Shooter is believed to have been killing victims since May 2005. Although police say they have only definitively linked four of the crimes _ the Dec. 29 wounding of a man and the shootings of several dogs and a horse _ they believe the shooter could be responsible for the random shootings of at least 21 people. In all, five human victims have died, all but one of them men. The shootings usually occur late at night or in the early morning in a rough area in western Phoenix.

Authorities have no witnesses in the Serial Shooter case. Descriptions of the Baseline Killer have varied, with some saying he is bald and black, and others saying he is Hispanic.

Police are trying to reassure residents that they will be able to stop the killings.

"We're in a valley of 3 million people, and we're looking for two people that we don't know what they look like," Phoenix police Chief Jack Harris said. "But let me assure you that we will not rest until we do track these people down."

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On the Net:

Phoenix police: http://phoenix.gov/POLICE

Silent Witness: http://www.silentwitness.org

Cleveland Man Faces Federal Child Pornography Charges (CHATT)

The Chattanoogan, July 18, 2006

A Cleveland, Tn., man is facing federal child pornography charges.

Authorities said Albert Todd Taylor has agreed to plead guilty in the case.

Prosecutor John MacCoon said in October 2002, the Dallas Division of the FBI began an investigation along with the Internet Crimes Against Children's Task Force.

The probe, known as "Site-Key," targeted individuals who had purchased child pornography from Internet sites and e-mail groups.

The prosecutor said Taylor was identified as a person who had purchased child pornography over the Internet.

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Taylor was contacted at his job by Agt. Scott Barker on July 18, 2003. He gave consent for a check of his Dall laptop computer.

An initial review of the laptop revealed numerous images of child pornography, it was stated.

A forensic examination of the Taylor laptop found 791 images that depicted child pornography. A majority of the recovered images were of children partially clothed, nude or involved in sexual acts with other children or adults.

Authorities said they found Taylor had been participating in a Yahoo news group receiving child pornography from January to July 2003.

CIVIL LAW:

Feds Oppose Public Query In Tobacco Case (AP)

By Pete Yost

AP, July 18, 2006

WASHINGTON - The Justice Department is opposing public questioning of a former department official in a lawsuit stemming from the government's landmark case against the tobacco industry.

The court battle involves former associate attorney general Robert McCallum and a private group alleging that McCallum and others at the Justice Department failed to surrender records related to the lawsuit against the cigarette companies.

A year ago, McCallum became the central figure in the government's decision to lower by more than 90 percent the amount of money it was seeking from cigarette companies.

In December, Citizens for Responsibility and Ethics in Washington sued, alleging the department had failed to surrender records that might explain the reasons for the reduction from $130 billion to $10 billion.

McCallum, who was confirmed as U.S. ambassador to Australia last month, was scheduled to undergo a deposition Tuesday in a case that the ethics group filed against the department.

After U.S. District Judge Emmet Sullivan gave the go-ahead to question McCallum, the department sought an order that his videotaped deposition be done in private and not be publicly released.

On Monday, CREW asked Sullivan to address the issue after a federal magistrate sided with the department.

"Where the conduct of a high level government official is at issue, protective orders to shield that office from potential embarrassment are not appropriate," CREW said in court papers.

The private group said it wants to question McCallum "to answer the legitimate question of what role he played in the government's misconduct" in failing to produce records.

The department cited court cases which state that depositions cannot be used to embarrass or harass a witness. The department argues it would be inappropriate for members of the public to attend McCallum's deposition because pretrial depositions generally are not public components of a civil trial.

Anti-smoking Group Wins Legal Victory (AP-Y)

By Nancy Zuckerbrod

AP2, July 18, 2006

An anti-smoking group known for its edgy ads featuring teenagers has won a legal victory over No. 3 cigarette maker Lorillard Tobacco Co.

The Delaware Supreme Court ruled Monday that the ads created by the Washington-based American Legacy Foundation did not violate a 1998 agreement between the tobacco industry and the states.

That agreement led to restrictions on tobacco marketing and the creation of the foundation, which the tobacco companies fund through their payments to the states.

The agreement stated that the foundation could not vilify or personally attack tobacco companies or executives, something Lorillard argued the foundation has been doing in its ads.

Monday's ruling upheld a lower court decision that found the ads did not violate the agreement.

"I'm just delighted that this five-year unfounded action against us has come to an end and that we have a license to save lives," said Cheryl Healton, president and CEO of the foundation.

Lorillard, based in Greensboro, N.C., declined to comment Monday. The company previously highlighted several Legacy ads it thought went too far.

In one radio ad, a person identifying himself as a dog walker phones Lorillard and tells the operator he wants to sell the company dog urine because it is full of urea, "one of the chemicals you guys put into cigarettes."

In another ad, teens show up at Philip Morris offices in New York, though the company isn't identified in the ad, and announce that they have a delivery for the marketing department. The delivery is a lie detector, and the teens tell the company officials they want to clear up conflicting statements that have been made about the addictive nature of nicotine.

The case was settled in Delaware because that is where Lorillard and the Legacy foundation are incorporated.

In A Lawsuit Aimed At Iran, Terror Victims Focus On Ancient Artifacts In A Chicago Museum (NYT)

By Robin Pogrebin

The New York Times, July 18, 2006

That a victim of a Palestinian suicide bombing would seek legal redress from an American museum might seem baffling to the uninitiated. But for Daniel Miller, 27, it is simply a way of extracting justice from a government that he blames for his suffering.

Because Iran helped to train and support members of Hamas, the militant group that carried out the attack along a Jerusalem shopping promenade in 1997, Mr. Miller and four other Americans who survived the attack decided to seek damages from the Iranian government in American courts.

In 2001 they won a judgment against Iran in federal court in Chicago; in 2003 a United States District judge in Washington awarded them about $71 million in compensatory damages and $180 million in punitive damages, to be paid by the Iranian government, according to the plaintiffs' lawyer.

To collect on the judgment, the plaintiffs seized upon an unusual strategy shortly afterward: laying claim to some 2,500-year-old cuneiform tablets that are on loan from Iran to the University of Chicago's Oriental Institute. The survivors are demanding that the university sell the tablets, unearthed by American archaeologists at the ancient Persian capital of Persepolis in the 1930's, and compensate them with the proceeds.

Last week the Iranian government finally took notice, dispatching a Washington lawyer to District Court in Chicago to plead its case. In a hearing yesterday Iran was given until Aug. 21 to respond to the suit.

The University of Chicago has defended Iran's right to the artifacts, arguing that the Oriental Institute has an obligation to return them as promised.

Mr. Miller, a Florida resident who declined to name his hometown, says his goal is not to gain financially but to force Iran to pay for its role in supporting terrorism. "No amount of money can compensate for mine or any other victim's pain," he said in an e-mail message.

After the bombing on the Ben Yehuda mall in 1997, Mr. Miller said, metal that lodged in his ankles and his left arm had to be surgically removed, permanently damaging his nerves. A rusty seven-inch nail in his right calf muscle makes it difficult for him to walk long distances without stopping to rest, he said, and glass in his left eye causes him continual discomfort.

"Life takes on a whole new meaning from that day forward," he said.

The University of Chicago argues that the cuneiform tablets and fragments sought by the plaintiffs — surviving administrative records of the Persian Empire from around 500 B.C. — are far too valuable as sources of study to be put up for auction.

"They detail the movement of people and goods around different parts of the empire," said Gil Stein, director of the university's Oriental Institute. "It's the first time we have been able to see how the empire functioned. No other scientifically excavated archival source exists anywhere.''

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Although the institute has "tremendous sympathy for the victims of the attack," he said, such cultural artifacts cannot be used to satisfy a commercial claim. "They're items of scholarship," he said. "We believe they should be outside the scope of this kind of proceeding."

In an unusual twist, the State Department and the Justice Department have supported the university, arguing that the artifacts should be exempt under the Foreign Sovereign Immunities Act, a 1976 law that sets the parameters for suing foreign nations for terrorism in American courts. They argue that seizing cultural artifacts belonging to Iran could damage American relations with other countries.

The United States has not had diplomatic relations with Iran since 1979, when Iranian students stormed the United States Embassy in Teheran and set off a 444-day hostage crisis.

The plaintiffs in the lawsuit involving the artifacts — five victims of the bombing and five relatives who say they suffered emotional damage — have recently made some headway in their legal struggle. After the 2003 judgment awarding damages, the University of Chicago invoked sovereign immunity on Iran's behalf, a legal principle holding that governments, unlike ordinary citizens, cannot be sued. The survivors responded by filing a motion seeking to establish that no party other than Iran can assert Iran's sovereign immunity under the act.

On Dec. 15, a federal magistrate, Judge Martin C. Ashman of United States District Court in Illinois, issued a "report and recommendation" concluding that the university had no standing to fight Iran's battles, particularly if Iran chose not to appear in court.

The university appealed, but on June 22, United States District Judge Blanche M. Manning agreed with the original finding. Thomas G. Corcoran Jr., the Washington lawyer who took on Iran's case last week, said he was confident that Iran would retrieve its artifacts. "I don't think Congress intended that 2,500-year-old antiquities should be collected upon," he said in an interview.

Government officials in Teheran say Iran will also work through diplomatic channels, starting with Unesco, to ensure the return of the tablets. "We should first exhaust diplomatic ways, cultural correspondence, administrative and friendly ways to take all of the property back," Omid Ghanami, director of legal affairs at Iran's Cultural Heritage and Tourism Organization, said last week.

David J. Strachman, the Rhode Island-based attorney for the plaintiffs, said he was pleased to see that Iran was responding now. "It's a victory for democracy and for the rule of law that Iran is now going to recognize the jurisdiction of federal courts and that the U.S. justice system will hold it responsible for the sponsorship of terrorism," he said.

The case is being closely watched by American museums that also face legal claims for Persian antiquities by the victims of the 1997 bombing. But those museums contend that the artifacts being claimed belong to them, not Iran. A case against two University of Michigan museums and the Detroit Institute of Arts was dismissed in May without prejudice, meaning the plaintiffs can still refile their claims.

In May, Harvard University filed a motion to dismiss on the grounds that artifacts in its art museums are not owned by Iran and that they are not being used for any commercial purpose that could subject them to attachment. In a statement, the Museum of Fine Arts in Boston, which faces a similar claim, said it was groundless because the artifacts do not belong to Iran.

Patty Gerstenblith, a law professor at DePaul University who specializes in international law governing cultural property, said the artifacts should be protected from seizure. "I don't think this property should be subject to attachment, to satisfying this kind of claim," she said. Scattering the collection, she added, "would be very detrimental from the point of view of scholarship and knowledge."

The tablets were excavated in the 1930's by University of Chicago archaeologists at the ruins of Persepolis, on a plain near the modern city of Shiraz in south-central Iran. The Iranian government lent them to the university in 1937 so they could be translated and cataloged. Because the clay tablets were unbaked and fragile, many of them were recovered largely in fragments.

Professor Stein of the university estimated that 37,000 tablets had been returned to Iran after study between 1938 and 2004, and that about 5,000 tablets and 10,000 fragments remain at the institute. A federal court ruling prohibits the university from returning any of those while the case is pending.

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"They belong to the people of Iran and they trusted us to translate them and take care of them," Professor Stein said. He compared the lawsuit to a scenario in which "someone were to seize the Magna Carta and put it up for auction because they had a dispute with England."

But Mr. Miller, the bombing victim, emphasized that Iran need not forfeit its artifacts.

"All Iran has to do is pay the judgment to prevent our action against their antiquities," he said.

New Suit Filed In Janklow Case (AP-Y)

By Carson Walker

AP2, July 18, 2006

The family of a motorcyclist killed when former Rep. Bill Janklow ran a stop sign has filed a new $25 million wrongful death suit against the U.S. government.

Ronald Meshbesher, attorney for Randy Scott's family, said he filed the federal civil suit Friday in Minneapolis after getting no response from the U.S. House of Representatives on a similar claim filed in 2004.

"It's a clear-cut case that Janklow was responsible," Meshbesher said. "The only issue, as I can see it, is the amount the family will get."

A spokeswoman for the U.S. attorney in Minnesota said the office would not comment. Janklow's lawyer did not return a phone call Monday.

Scott's family initially sued Janklow in Minnesota state court. But it was determined that since Janklow was on official business, he was protected from any monetary claims by the Federal Tort Claims Act. The law safeguards on-duty federal employees from negligence claims.

The case was then moved to federal court. But the family's initial claim against the U.S. House went nowhere.

Janklow, 66, resigned from Congress after being convicted in South Dakota of second-degree manslaughter and other charges stemming from Scott's death.

The 2003 crash ended Janklow's political career. He had dominated South Dakota politics for three decades, first as attorney general, then as governor and finally as the state's only member of the U.S. House.

CIVIL RIGHTS:

Mayor Calls For Independent Investigation Of SPD Cases (SPOKSR)

Spokane (WA) Spokesman-Review, July 18, 2006

Spokane Mayor Dennis Hession this afternoon ordered an independent investigation of the Spokane Police Department's handling of two recent scandals – the beating death of a mentally disabled man and deletion of photos taken by a firefighter who had on-duty sex with a 16-year-old girl.

"I would say mistakes were made,'' the mayor said at a press conference at City Hall.

Acting Police Chief Jim Nicks, who attended the conference, refused to comment as he left City Hall. Earlier in the day, Nicks said he would welcome such an outside investigation.

The "credibility and stability" of the police department have been challenged by the two scandals, the mayor said.

Hession said he hadn't picked the outside expert, but said it likely would be an expert in police training, procedures and communications, possibly someone with academic ties.

"I don't know how much it's going to cost" or where the money will come from, Hession told reporters.

The mayor said he hopes the external review can be completed in six weeks, and he said he will make the findings available to the public.

The mayor's announcement followed a vote this morning by the City Council's three-member Public Safety Committee that called for an outside investigation.

"The case has caused a sense there is a need for an outside investigation of the matter,'' said City Council President Joe Shogun, who chairs the Public Safety Committee that oversees police and fire department issues.

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Nicks, who attended the public safety committee meeting, said he now supports such an outside investigation.

“I believe that will be a beneficial result to the city and the police department in particular,’’ Nicks told the committee.

The Public Safety Committee called for the investigation after a contentious exchange between Deputy Mayor Jack Lynch and City Councilman Bob Apple, who is a member of the safety committee.

“This is an intolerable situation,’’ Apple said of the police department’s handling of the Otto Zehm case. Apple said he was particularly disturbed that it took authorities four months before they released a surveillance video and police reports of the encounter between seven officers and the 36-year-old mentally disabled janitor.

Police went to a Zip Trip store at Division and Augusta after a young woman reported seeing a suspicious person while using a drive-up ATM machine at a nearby bank. The woman retrieved her ATM card and drove away before calling police.

Tapes from the store’s video surveillance cameras were released last week after city officials and Spokane County Prosecutor Steve Tucker were threatened with a lawsuit by The Spokesman-Review if the material wasn’t released to the public.

At the time of their release, Nicks conceded he had mischaracterized aspects of the encounter in his earlier public description of the encounter between Zehm and his officers.

The tape doesn’t showed Zehm “lunging” at the responding officer, as Nicks contended, and it also shows he spent considerable time on his stomach after he beaten, Tasered and hog-tied by seven police officers.

The fire department, meanwhile, has launched its own independent probe into issues surrounding a modified oxygen mask that was placed over Zehm’s nose and mouth as he was lying on the floor in police restraints. Three minutes after the mask was placed on Zehm, officers said he stopped breathing. He never regained consciousness and died two days later in a local hospital.

Spokane Mayor Orders Review Of Police (AP)

By JOHN K. WILEY, THE ASSOCIATED PRESS

AP, July 18, 2006

Questions raised over suspect's death, sex scandal

SPOKANE -- Mayor Dennis Hession on Monday ordered an outside review of police conduct in the death of a mentally disabled man and a firehouse sex scandal.

Hession offered no specifics on who would conduct the reviews but said they would look at police practices, training and communication.

"The citizens of our community deserve such a review, and it is my responsibility to initiate the process immediately," Hession said, adding he wants a report within six weeks of appointing a reviewer. "The credibility of the Police Department has been badly compromised."

Otto Zehm, 36, died two days after being hit with a nightstick, jolted with a Taser gun and hogtied by as many as seven officers inside a convenience store March 18.

Spokane County Medical Examiner Sally Aiken ruled the death a homicide. Lying on his stomach with hands and feet tied behind his back was a contributing factor to Zehm's death, she ruled.

Videotapes released last week apparently contradicted key police statements about the arrest attempt.

Earlier, two police detectives were briefly suspended after advising a Spokane firefighter to delete digital computer images of a sexual encounter with a 16-year-old girl in a city firehouse in February.

The decision to allow deletion of the images was challenged by lawyers for the girl in a $1 million "wrongful conduct" claim against the police and fire departments last week.

The officers declined to arrest the firefighter after concluding the encounter was consensual and the girl was over the age of consent.

Firefighter Daniel Ross resigned after being accused of seven counts of "conduct unbecoming an officer" and violating city computer policies.

Spokane County Prosecutor Steve Tucker declined to press criminal charges against Ross.

Hession said the case raised questions about the Police Department's credibility, as did the Zehm case.

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Under threat of a lawsuit by The Spokesman-Review of Spokane, Tucker released store surveillance videotapes last week that apparently contradict police versions of the attempt to arrest Zehm.

Acting Chief Jim Nicks originally said Zehm "lunged" at the first officer on the scene and threatened him with a 2-liter plastic bottle. But Nicks later conceded he had given misleading information to the public, based on initial reports from the chaotic scene.

The videotape apparently shows the man retreating with his hands in the air. It also shows him lying on his stomach with his hands and feet bound behind him for most of the time.

Police were called to the convenience store after a reported robbery at a nearby automated teller machine. The report later was found to be erroneous.

Tucker is expected to make a decision this week on whether the police use of force to arrest Zehm was appropriate.

In a meeting with the council's Public Safety Committee on Monday, Nicks said he supports an outside investigation.

"I believe that will be a beneficial result to the city and the Police Department in particular," Nicks said.

In addition to the review ordered Monday, Hession said the Spokane Fire Department will conduct an internal review of its response in the Zehm case.

Nicks disclosed last week that paramedics had placed a plastic oxygen mask on Zehm to prevent him from spitting at police.

The mask had a small hole in it for an oxygen tube but was not attached to an oxygen tank.

The FBI is continuing a civil rights review in the Zehm case, Hession said.

Meanwhile, Hession said an existing citizens police review commission likely will be modified to conform with recommendations of the new review.

Hession said he wanted to order the review before a new police chief is appointed later this week to avoid saddling the new hire with a "cloud of uncertainty under which the department now operates."

New Threat Received At Mosque That Was Bombed (ABJ)

Akron Beacon Journal, July 18, 2006

CINCINNATI - A mosque complex that was bombed in December received a threatening phone call Monday evening, officials said.

The person who called the Islamic Association of Cincinnati around 5 p.m. made death threats against Muslims in general, said Karen Dabdoub, director of the Cincinnati office of the Council on American-Islamic Relations. Dabdoub, who also is a member of the mosque, said security was increased but the building remained open for prayer.

Special Agent Michael Brooks, an FBI spokesman in Cincinnati, said the bureau had been contacted by the council about a bomb threat and would send agents to investigate Tuesday. He said the call was referred to Cincinnati police.

Police said no information was available Monday night. Messages seeking information were left Monday night with the department's public information office.

A call seeking comment also was left for the Islamic Association.

The association's complex was the site of two explosions Dec. 20. There were no injuries and the explosions caused only minor damage.

The day after the bombing, more than two dozen civic and religious leaders, including the mayor, the Roman Catholic archbishop and a rabbi gathered at the Islamic complex. A day later, people of all faiths attended a prayer vigil at the mosque complex.

Between 300 and 400 families attend the mosque, about a mile from the University of Cincinnati campus.

Threats Phoned In To Local Mosque (WKRC-TV)

WKRC-TV, July 18, 2006

The FBI is investigating threats phoned in to a local mosque. The caller reportedly made death threats targeting Muslims Monday evening.

The mosque in Clifton is the same one targeted by two pipe bombs in December.

An FBI spokesperson says agents will investigate Tuesday, and that the matter has been referred to Cincinnati Police.

The local office of the Council on American-Islamic Relations says the mosque remained open for prayer, but security has been increased.

Optimism On Both Sides Of Gay-Marriage Debate (WP)

By T.R. Reid

The Washington Post, July 18, 2006

DENVER -- The safest bet in American politics in recent years has been a state ban on same-sex marriage. Since 1998, proposals to outlaw such unions have appeared on the ballot in 20 states, both red and blue, and they have passed everywhere by big margins.

Accordingly, opponents of same-sex marriage -- who prefer to call the issue "protection of marriage" -- are confident these days as they look ahead to the eight (or possibly nine) states in which the ban is expected to be on the ballot in November.

"It costs some time and money to collect the signatures to put it on the ballot," said Bill Moeller of the Arlington-based citizens group American Values. "But once it's there, it tends to win with large numbers."

And yet, supporters of same-sex marriage -- who prefer to call the issue "marriage equality" -- are also optimistic as they look forward to this fall's campaigns. "Attitudes are changing, as people come to see this as a civil rights issue," said Brad Luna, of the Human Rights Campaign. "All the indicators show Americans are moving in the direction of marriage equality."

Among other things, proponents of same-sex marriage think they have a chance this November, for the first time, to defeat a ban on a state ballot. A nonpartisan poll in Wisconsin last month showed voters evenly split on the issue, with 49 percent favoring such a ban and 48 percent opposed. Gov. Jim Doyle (D) and four former governors from both parties have come out against the amendment.

Polling in Arizona and Colorado also suggests fairly close divisions. But opponents of same-sex marriage note that polls usually understate the actual vote for such a ban.

Beyond that, efforts to put a ban on state ballots are starting to fall short, both in the legislatures and in citizens' initiatives. In eight states, including Maryland, Pennsylvania and West Virginia, proposals calling for a ballot referendum banning same-sex marriage failed to pass the legislature this year. In California and Florida, opponents of same-sex marriage were unable to collect enough signatures to put an initiative on the ballot this fall.

In Illinois, groups opposing same-sex marriage submitted 347,000 signatures for their ballot proposal, but volunteers who support the unions scrutinized every name and challenged so many that the State Board of Elections refused to certify the proposal. Opponents are appealing that ruling.

Opponents of same-sex marriage have been cheered by a series of recent court decisions in their favor. On Friday, a federal appeals court upheld a measure approved by Nebraska voters in 2000 that bars same-sex marriage and also denies gay partners legal benefits that come with marriage. That reversed the ruling of a lower federal court, which had voided the Nebraska law.

Tennessee's Supreme Court, also on Friday, ruled that a proposal to ban same-sex marriage can be on the November ballot.

Earlier this month, the highest state courts in New York and Georgia rejected arguments that a denial of marriage rights to gays violates the principle of equal rights under law.

In the electoral arena, most of the ballot issues this November fall into two categories. One approach is a simple definition of marriage. For example, the wording suggested by Colorado-based Focus on the Family declares, "Only a union of one man and one woman shall be valid or recognized as a marriage in this state."

Other measures go further, outlawing "civil unions" and denying same-sex couples the legal and tax benefits that married heterosexual couples receive.

The most complex ballot this year on the issue will be in Colorado, where at least two and perhaps four competing measures will face voters.

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Opponents there are expected to put up a one-sentence initiative defining marriage as a union of one man and one woman. Supporters decided that they probably could not defeat that proposal, so they put a separate measure on the ballot that would legalize "domestic partnerships" for same-sex couples, giving them various financial, insurance and family benefits restricted to married heterosexual couples.

"We've decided to put most our money and effort into the campaign for domestic partnerships," said Sean Duffy, a Republican consultant in Denver who heads Coloradans for Fairness and Equality, which supports same-sex marriage. "It's possible that we could defeat one-man one-woman here, but we've decided to focus our effort on passing our domestic-partnership plan instead."

To counter the domestic-partnership proposal, opponents of gay rights are soliciting signatures for a "no legal status" ballot initiative, which would prohibit the state from "creating any legal status similar to marriage." If that measure makes the ballot, Duffy said, his side will put up another initiative designed to exclude domestic partnerships from the no-legal-status law.

Opponents of same-sex marriage have repeatedly failed to win enough support in Congress for a federal constitutional amendment banning such unions. The Senate did not approve such an amendment last month. Nonetheless, the House has scheduled a vote for today, and there, too, the measure is expected to fall well short of approval.

As a result, opponents of same-sex marriage see state elections as the place to make their stand. "We expect to win every ballot issue this fall, as we've done in the past, and keep our momentum for protecting traditional marriages," said Moeller, of American Values.

But supporters are seeking a breakthrough this year. "I think Americans look at Massachusetts and say, 'Well, Massachusetts is different,' " said Luna, of the Human Rights Campaign. "But let it happen in Washington or Wisconsin and people will say, 'Okay, this isn't so different, it's not the end of the world to give everybody equal marriage rights."

Bush May Speak At NAACP Convention, Ending Boycott (LAT)

By Peter Wallsten, Times Staff Writer

The Los Angeles Times, July 18, 2006

The first president in decades to not address the group appears ready to reverse course.

WASHINGTON — President Bush is apparently ready to end his boycott of the NAACP, the nation's oldest civil rights organization, with a possible speech Thursday to the group's national convention here.

Bush's appearance would underscore the GOP's continued efforts to recruit black voters. It would also come as some congressional Republicans have balked at renewing Civil Rights-era voter protection laws and almost a year after Hurricane Katrina devastated New Orleans — and criticism began that the Bush administration failed to aid the city's largely poor and black residents.

Negotiations, which have been underway for days, have involved the NAACP's president, Bruce S. Gordon, who has pursued warmer relations with Bush and White House aides, including political strategist Karl Rove.

By Monday it appeared increasingly likely that Bush would speak, although the White House had yet to confirm it with the group, formally known as the National Assn. for the Advancement of Colored People. The convention ends Thursday.

"We would welcome him whenever he wants to come," said John White, a spokesman for the NAACP.

"It would send a signal that he values the importance of black voters, since we represent about 300,000 people," White added. "And the Republicans said they're interested in our votes."

Bush addressed the NAACP as a candidate in 2000, promising that civil rights enforcement would be a "cornerstone" of his presidency and noting that, unlike other Republicans, he was not avoiding the group.

But Bush went on to reject invitations to address each of the five NAACP conventions since he took office, becoming the first president in decades to not address the organization.

Aides blamed Bush's absence on searing attacks by the group's longtime chairman, Julian Bond, whose speech attacking the president in 2004 sparked a federal inquiry into whether the NAACP had violated tax laws requiring nonprofits to refrain from politics.

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Bond continued his rhetorical assaults Sunday in his address opening this year's convention, assailing the Iraq war and conservatives' opposition to certain parts of the Voting Rights Act. But noting the location of the 2006 event, Bond added: "This year the convention has come to the president — and the president, we hope, is coming to it."

The Voting Rights Act offers common ground for Bush and the NAACP. The president has lobbied Congress to renew the law, and White House aides tried to persuade conservatives to drop their opposition. The aides hope that Bush can use an appearance before the convention to talk up his party's votes — in the House last week and potentially this week in the Senate — to renew the law for 25 years.

Gordon, a former Verizon Communications executive, has taken a conciliatory approach to relations with the White House, speaking frequently with Rove and other top aides and meeting with Bush on Katrina and other matters.

Although Bush has avoided the potential confrontation of an NAACP speech, he has not shied away from some hostile audiences. In February, he sat on stage for the funeral of Coretta Scott King even as much of the service turned into a political attack on GOP policies.

Other Republicans have spoken to the NAACP over the years. The GOP's national chairman, Ken Mehlman, appeared last year to officially apologize for the party's "Southern strategy" that used race-baiting tactics to mobilize white voters.

White, the NAACP spokesman, said Bush would receive a "polite" response from the thousands of delegates, who are also hearing this week from Democratic politicians, including Senate Minority Leader Harry Reid of Nevada and Sen. Hillary Rodham Clinton of New York.

White House officials did not respond directly to questions about when, or if, Bush would address the NAACP. But spokesman Tony Snow dropped a hint to reporters on Air Force One as Bush returned Monday from a summit in Russia.

Asked if Bush would address the group on Wednesday, an open day on the president's schedule, Snow said flatly, "No." Asked to clarify, he was more precise: "No, not on Wednesday."

Is Bush speaking this week, a reporter asked.

"Don't know yet," Snow said. "We'll announce when we announce."

Republicans Coming Up Short In Effort To Reach Out To African-American Voters (NYT)

By Adam Nagourney

The New York Times, July 18, 2006

WASHINGTON, July 17 — Even for some Republicans, the notion was hard to take at face value: the Republican Party would make an explicit play for black votes, a strike at the Democratic base and a part of a larger White House plan to achieve long-term Republican dominance.

Starting after President Bush's re-election in 2004, the party chairman, Ken Mehlman, filled his schedule with appearances before black audiences. He apologized for what he described as the racially polarized politics of some Republicans over the past 25 years. And the White House, in pressing issues like same-sex marriage to appeal to social conservatives, was also hoping to gain support among churchgoing African-Americans.

There has been no end to speculation about what the party was up to. Was it simply a ploy to improve the party's image with moderate white voters? Did the White House see an opportunity to make small though significant changes in the American political system by pulling even a relative few black voters into its corner in important states like Ohio? (Yes, and yes.)

But as Mr. Bush is tentatively scheduled to speak at the N.A.A.C.P. convention in Washington this week — after five years of declining to appear before an organization with which he has had tense relations — it seems fair to say that whatever the motivation, the effort has faltered.

Mr. Mehlman's much-publicized apology to the National Association for the Advancement of Colored People seems to have done little to address the resentment that built up over what civil rights leaders view as decades of racial politics practiced or countenanced by Republicans. One example they point to is the first President Bush's use of the escape of Willie Horton, a black convicted murderer, to portray his Democratic opponent in the 1988 election, Michael S. Dukakis, as soft on crime.

That perception of Republicans as insensitive to racial issues was fed again by the opposition mounted by some House conservatives to an extension of the Voting Rights Act. The House approved the extension last week.

"I have heard Ken Mehlman talk about the Republican Party as the party of Lincoln," said Bruce S. Gordon, the president of the N.A.A.C.P. "I have not seen that evidence itself as much as Ken would suggest. If the party wishes to reflect the principles of Lincoln, it has a long way to go."

Coming as the immigration fight on Capitol Hill has undercut Republican efforts to appeal to Hispanic voters, the disappointing results of the outreach to black voters is bad news for a White House that once viewed the 2002 and 2004 elections as a platform to achieve a long-term shift in the balance of power between the two parties. Forcing Democrats to fight to hold on to black voters and Hispanic voters was a crucial part of that strategy.

"I take my hat off to Ken; what he has done is unprecedented in the time I've been a Republican," said J. C. Watts Jr., a former congressman from Oklahoma, who is black. "However, I remain unconvinced that it is in the DNA of our party to get it done. There are just too many things out there that I think Americans of African descent have concerns about."

Senator Barack Obama, Democrat of Illinois, who attended Harvard Law School with Mr. Mehlman and who is black, said: "Ken was sincere in wanting to reach out to the African-American community, and it would be a healthy thing if both parties actively competed for the African-American vote. Unfortunately, the agenda of the Republican Party keeps getting in the way of that outreach."

For all the emphasis that Mr. Mehlman has put on this drive, Mr. Bush — who is highly unpopular among blacks — has not made this effort a public priority of his administration, though Mr. Mehlman said the president shared his desire to expand the party's appeal to blacks.

In an interview, Mr. Mehlman played down the effect of the delay in approving the extension to the Voting Rights Act. He noted that the party had black candidates running in statewide races in four states this fall, and that he always viewed the effort as a long and steady climb.

"As I said from the day I started this,'' Mr. Mehlman said, "there are going to be ups and there are going to be downs — this is going to be a difficult process. It took the Republican Party 40 years, since 1964, to get 8 percent of the vote."

He argued that Republican advocacy of economic policies that would give more power to individuals rather than to government — like health saving accounts — would appeal to middle-class black voters as much as it would to whites.

"What we have today that we had less of 10 years ago is a strong and powerful message,'' Mr. Mehlman said, "and we have candidates."

Lynn Swann, an African-American Republican running for governor in Pennsylvania, argued that his own candidacy showed the extent to which the Republican Party was becoming more diverse and that the debate about the Voting Rights Act extension did not distract from that.

"I don't think it undercuts it — people make mistakes," Mr. Swann said. "I think of Senator Al Gore Sr., who is on record for one of the longest filibusters against the Civil Rights Act when it was first initiated. And he's a Democrat."

Whether the Republican effort ever had much of a chance is open to debate. Donna Brazile, a prominent black Democratic strategist, initially warned Democrats to take Mr. Mehlman's efforts seriously, but Ms. Brazile said last week that any progress he and the White House had been making ended with the administration's response to Hurricane Katrina last year.

"He was on a roll, but Katrina stopped him in his tracks," Ms. Brazile said of Mr. Mehlman. "They are eager to tap into the political support of the African-American community, but they don't have any legs to stand on."

The central problem for Republicans is that Mr. Mehlman's very visible effort to reach out to African-Americans ran into the wall of historical trends that had pushed blacks toward the Democratic Party and Republicans more to the right.

"You have someone stand up one day and say, 'We're going to make a major outreach to African-American voters,' and the next day, you pull the Voting Rights Act from the floor," said Representative Melvin Watt, Democrat of North Carolina and chairman of the Congressional Black Caucus.

As evidence of what has become one of the hallmark initiatives of Mr. Mehlman's chairmanship, his office said he had made 48 visits to African-American audiences since becoming chairman in January 2005. At the same time, Republican strategists have appealed to socially conservative blacks by emphasizing social issues like same-sex marriage.

Mr. Watts, the former Republican congressman, called that a "lame strategy" and said the top concerns of African-American voters were racial and economic issues.

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"It's a little bit insulting to all those pastors out there and people who stand with the party on the social issues,'' Mr. Watts said, when the party then does "nothing" to help blacks on opportunity issues.

David A. Bositis, senior political analyst with the Joint Center for Political and Economic Studies, a nonpartisan Washington group that studies black issues, said of the Republican effort: "They haven't had any success. But I thought all along it was never going to be realistic."

Democrats Fault Abortion Risk Info (AP-Y)

By Kevin Freking

AP2, July 18, 2006

Women who consult with pregnancy resource centers often get misleading information about the health risks associated with having an abortion, according to a report issued Monday by Democrats on the House Government Reform Committee.

Congressional aides, posing as pregnant 17-year-olds, called 25 pregnancy centers that have received some federal funding over the past five years.

The aides were routinely told of increased risk for cancer, infertility and stress disorders, said the report, which was prepared for Rep. Henry Waxman, D-Calif.

Only a small fraction of the more than 4,000 pregnancy clinics nationwide get any federal funding, mostly for promoting sexual abstinence.

With a few exceptions, the federal government doesn't give money specifically for the counseling operations, but Waxman's staff said 25 centers got "capacity building grants." Thus, Waxman said, they should be held accountable for the information they dispense.

Of the 25 centers called, two could not be reached. Eight told the caller that abortion leads to a greater risk of breast cancer, the report said.

Care Net, an umbrella group for evangelical pregnancy centers across the country, instructs its affiliates to tell callers there is a possibility that abortion can lead to greater risk of breast cancer, according to Molly Ford, an official with the organization. She said there have been several studies that say it does, and several that say it doesn't.

"I know the report is wanting to say that it's conclusive, but it isn't," Ford said.

None of the pregnancy centers the committee staff called was identified, and it could not be determined if any were linked to Care Net, which has helped about a quarter of the nation's pregnancy centers begin operations.

One pregnancy center told a congressional aide the risk of cancer after an abortion could be 80 percent higher, the report noted. Ford said she doubted a pregnancy center would go that far, but the Web site for a pregnancy center in Albuquerque says the risk for cancer after an abortion is 50 percent or greater.

In February 2003, a National Cancer Institute workshop concluded that having an abortion or miscarriage does not increase a woman's subsequent risk of developing breast cancer.

The report from the Democratic aides also said the pregnancy resource centers provided false information about the mental health effects of abortion, telling the aides that it could cause severe long-term emotional harm.

However, an American Psychological Association panel said, "Severe negative reactions are rare."

But Ford said that pregnancy center counselors don't need statistics to tell them that many women undergoing an abortion experience severe emotional trauma.

"This isn't about a medical statistic to us. We do post-abortion counseling every day," Ford said.

The Administration for Children and Families within the Department of Health and Human Services funds the abstinence programs overseen by some of the pregnancy centers. Aides referred questions about the report to Wade Horn, a Health and Human Services assistant secretary, who did not want to comment until he read the report.

Waxman said that Americans are divided on the issue of abortion, but no one should support misleading teenagers about basic medical facts.

" It's wrong to pour millions of federal dollars into organizations that are providing false health information to vulnerable teenagers," Waxman said.

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Pregnancy Centers Found To Give False Information On Abortion (WP)

By Marc Kaufman

The Washington Post, July 18, 2006

Federally funded "pregnancy resource centers" are incorrectly telling women that abortion results in an increased risk of breast cancer, infertility and deep psychological trauma, a minority congressional report charged yesterday.

The report said that 20 of 23 federally funded centers contacted by staff investigators requesting information about an unintended pregnancy were told false or misleading information about the potential risks of an abortion.

The pregnancy resource centers, which are often affiliated with antiabortion religious groups, have received about $30 million in federal money since 2001, according to the report, requested by Rep. Henry A. Waxman (D-Calif.). The report concluded that the exaggerations "may be effective in frightening pregnant teenagers and women and discouraging abortion. But it denies the teenagers and women vital health information, prevents them from making an informed decision, and is not an accepted public health practice."

A spokeswoman for one of the two large networks of pregnancy resource centers, Sterling-based Care Net, said that the report is "a routine attack on us that's nothing new."

Care Net's Molly Ford said the centers criticized by Waxman received federal grants for abstinence-only programs they conduct, but not for pregnancy counseling. "The funds are kept entirely separate," she said.

Ford said, however, that she agrees with pregnancy counselors who tell women that abortion may increase the risk of breast cancer, infertility and a condition described by antiabortion groups as "post-abortion syndrome."

"We have many studies that show significant medical problems associated with abortion," she said.

Those studies are at odds with mainstream medical opinion. An expert panel of the National Cancer Institute (NCI), for instance, concluded in 2003 that an "abortion is not associated with an increase in breast cancer." The experts said their conclusion was "well established" by the evidence.

The report, from the Democratic staff of the House Government Reform Committee, found that counselors at eight of the centers told callers that abortion substantially increases the risk of breast cancer. Some counselors also said the psychological effects of abortion are severe and long-lasting, while research generally has found that severe stress reactions are no more common after an abortion than after giving birth.

President Bush has been an advocate for pregnancy resource centers and for abstinence-only sex education. Few of the pregnancy resource centers -- formerly called crisis pregnancy centers -- received any federal funding before 2001. Care Net's Ford said there are now about 2,000 centers in the United States and Canada.

Waxman has been a critic of many Bush administration women's health programs, including a 2002 reference on an NCI Web site suggesting that there was serious debate about whether abortion increases the risk of breast cancer. As a result, the NCI brought together experts to review existing data and came up with its conclusion that no abortion-breast cancer association exists. The statement was later deleted from the NCI Web site.

Last year, Waxman initiated a study of a government Web site intended to help parents and teenagers make "smart choices" about sexual activity. A team of medical experts who reviewed the Web site said it included inaccurate or misleading information that could alienate some families or prompt riskier behavior.

Voting For Dollars? (USAT)

USA Today, July 18, 2006

North of the border, meanwhile, one of Mexico's U.S. neighbors is weighing a novel way to get more citizens to participate in the democratic process: Offer them a chance at winning $1 million.

In an effort to improve voter turnout in Arizona, Tucson political activist Mark Osterloh gathered more than 185,000 signatures to put his Arizona Voter Reward Act on the state ballot this November as Proposition 200.

If Arizona's voters approved, one lucky voter would win a million bucks, financed by unclaimed prize money from the state's existing lottery. Citizens would qualify by voting in the primary or general election; vote in both and they'd be entered twice. Osterloh's slogan: “Who wants to be a millionaire? Vote.”

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This is well-intentioned — Arizona ranked no better than 40th in eligible-voter turnout in the 2004 presidential election — but ill-conceived.

For one thing, it might be illegal. Various laws prohibit paying citizens for their votes, although lawyers could quibble about whether that means a vote for a specific candidate or issue, versus the simple act of voting. Osterloh expects the question to go to the U.S. Supreme Court if voters approve his proposition.

But even if it's legal, it's a tawdry idea. It cheapens one of the most important things a citizen of a democracy can do. It amounts to bribing citizens to vote. It reduces the act of voting to the equivalent of buying a Powerball ticket. It says it's less important to weigh candidates, and issues such as the war in Iraq, than to simply show up for a chance at the prize.

As one letter writer to the Arizona Daily Star put it, "The last thing we need is for people to vote without thinking, other than thinking about winning the million dollars."

There are better ways to increase turnout. Some states have been working to make voting easier by liberalizing absentee voting, allowing more mail-in voting or setting up big, efficient voting centers in high-traffic areas instead of requiring voters to find their way to out-of-the-way polling places.

These require more effort than offering a prize, but they don't distort or demean the process. We hope Arizonans turn out in droves this fall, and turn down Prop 200.

ANTITRUST:

New Mexico Rescinds Controversial Real Estate Rules (INMAN)

Inman News, July 18, 2006

Commission plans to form task force on minimum-service issues

The New Mexico Real Estate Commission has voted unanimously to rescind the language in a controversial real estate rule that set service requirements for real estate licensees in the state. A commission task force will continue to study the issue.

Despite objections from the U.S. Department of Justice's Antitrust Division, commissioners had passed a rule change in February that required real estate brokers in the state to accept and present all offers and counteroffers to their clients in every real estate transaction and to provide assistance to clients in "developing, communicating, negotiating and presenting offers, counteroffers and notices that relate to the offers and counteroffers until a lease or purchase agreement is signed and all contingencies are satisfied or waived."

The rule, which was not implemented, would have banned real estate businesses from providing some forms of limited service to clients such as the entry of a property into a multiple listing service without any additional representation in a transaction.

Across the country, state legislatures and real estate commissions have considered similar rule changes that are typically promoted by Realtor trade groups as pro-consumer measures that can ensure that consumers receive adequate services in real estate transactions while eliminating confusion in transactions that involve representation from both full-service and limited-service real estate companies.

In a handful of cases, U.S. Justice Department and Federal Trade Commission officials have opposed such measures, charging that the measures can reduce consumer choice and stifle competition in the industry by targeting alternative business models. Several states have passed the measures despite federal opposition.

In a November letter to the New Mexico Real Estate Commission, the Justice Department requested that commissioners reject the proposed real estate rule change in that state. The rule changes "are likely to reduce consumer choice, increase real estate services prices and undercut incentives to innovate," the letter states. "As we have encouraged other state commissions and legislatures, we encourage you to reject rules that could harm New Mexico home sellers and home buyers."

The Justice Department has also cited an absence of consumer complaints against fee-for-service real estate companies in New Mexico in questioning why minimum-service rules are necessary.

And Justice Department antitrust officials took issue with a provision of the rule changes that would have defined Virtual Office Web sites -- a format for the sharing of online property data among real estate brokers -- as a form of advertising.

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Commissioners delayed consideration of the rule change until February, when they approved the changes. And commissioners last week considered whether to implement the new rules. Wayne Ciddio, executive secretary for the commission, could not be reached for comment today.

Linda Marquette, vice president for the commission, said the potential for legal action likely played a role in the commission's decision to rescind the language in the rule change.

"We started the process mainly to raise the bar forlicensees in the state of New Mexico. We do, basically as a commission, believe that a licensee has certain duties and requirements more than just listing a property in the MLS. That we all agree on. We didn't intend to bring the Justice Department down on us and open the can of worms. We just don't have the resources to fight the United States government," Marquette said.

"We created a task force to study the issue since it's a national issue. It's a lot bigger than we realized," she added. Marquette, who has experience as a title and mortgage professional, is the state commission's public representative -- the other four members work in the real estate brokerage industry.

A task force will likely be in place in time for the commission's next meeting in September, Marquette said. "We really want to move on this issue. This is not one that we want to go away."

Gary Wallace, a Realtor for Sotheby's International Realty in Santa Fe, N.M., who spoke during the commission's hearing last week, said he has personally experienced problems working with home sellers who do not receive full representation from their real estate company in a real estate transaction.

In one instance, Wallace said the seller appeared "ill-prepared to discuss what the house could be worth, knew nothing about the regulations and furthermore didn't know how to do a counteroffer." The transaction with Wallace's client, who was interested in purchasing the property, eventually fell through, Wallace said.

There is room for limited-service companies in the industry, Wallace said, though real estate professionals should provide some services to clients. "I think it's important that consumers have choice. I just think they shouldn't be thrown to the wolves," he said. "I just hope that decision (on the minimum-service rules) ... is made soon so it's not hanging out there on a limb."

Wallace said there didn't appear to be any representatives from limited-service real estate companies at last week's commission hearing.

Lisa Hebenstreit, who offers limited-service real estate services in the Albuquerque area, said she is pleased that the commission has rescinded the rule change. "I think it's the right decision for consumers. I think that's a good idea."

Hebenstreit said she has had conversations with the commission's staff and with Justice Department officials to discuss her opposition to minimum-service requirements. She said she was not aware that the rule change would be discussed at last week's meeting or that the commission was forming a task force to further study the issue.

Technologists Square Off On Net Neutrality (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, July 18, 2006

Why do Internet pioneers Vint Cerf and Dave Farber disagree over whether the feds should mandate Net neutrality?

WASHINGTON--Two Internet pioneers dueled on Monday over whether proposed Net neutrality regulations supported by companies like Google and Amazon.com are the best way to prevent "abusive" behavior by broadband providers.

A debate here hosted by the Center for American Progress, a nonpartisan research institute that brags of challenging "conservative thinking," pitted Google Chief Internet Evangelist Vint Cerf, who co-developed the Internet's backbone protocols and has emerged as a leading proponent of congressional antidiscrimination mandates for network operators, against Dave Farber, a Carnegie Mellon University computer scientist widely considered to be a "grandfather" of the Internet.

The pair of technologists appeared to agree on at least one thing: Network operators, in general, shouldn't be allowed to interfere with Net users' activities. Where they disagreed was on the role that Congress and federal regulators should play in the ongoing debate over so-called Net neutrality, the idea that network operators must generally give equal treatment to all content that travels over their pipes.

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Without legislation that expressly bars network operators from engaging in such prioritization, start-up Web innovators will suffer and consumers may have to pay higher prices to reach the content they want, Cerf warned.

"I am very concerned that we do not have adequate competition today to act as a restraint on abusive practices on some of the broadband carriers," Cerf said, "and until we have that kind of competition, we still need oversight and some kind of constraints."

When asked by a Comcast representative in the audience whether the same antidiscrimination mandate should apply to browsers, operating systems and search engines like Google, Cerf dismissed the analogy as a "red herring." (One U.S. House of Representatives member, in fact, had put forth such a proposal, and one Senate Republican confessed to having a parallel idea up his sleeve, though he never formally introduced it.)

"There is plenty of competition and choice" in that arena, so new rules aren't needed, Cerf said.

Monday's event came as a massive communications bill, criticized by Net neutrality proponents like Cerf for failing to include adequate protections, awaits a vote by the full Senate. It remains unclear how soon the vote will occur.

Farber said he opposed the antidiscrimination language Net neutrality advocates are pushing, because the proposals are too "hazy" and could create a "slippery slope" to even broader regulations.

"I could see some future congressional politicians who would say, 'Well, you know, we really don't want traffic on the Net that, for instance, is X-rated, and we'd like to stop that,'" he said.

Healthways Buy Of LifeMasters Cleared (AP)

AP, July 18, 2006

Healthways Gets Clearance for $307.5 Million Acquisition of LifeMasters Supported SelfCare

NASHVILLE, Tenn. (AP) -- Health services provider Healthways Inc. said Monday it received clearance for its $307.5 million acquisition of California-based disease management company LifeMasters Supported SelfCare Inc.

In a statement, the company said the required waiting period for antitrust review under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 expired, satisfying a closing condition of the deal.

The combined companies will have almost 75 customers including health plans, employers and government Medicare and Medicaid programs.

It will have a total of 3,500 employees, including nurses and clinicians.

The deal, which was first announced in late May, is expected to close on Sept. 1.

Shares of Healthways added 17 cents to $50.52 in afternoon trading on the Nasdaq.

AMD Fires Another Antitrust Salvo At Intel (CNET)

By Graeme Wearden, Special to CNET News.com

CNET News, July 18, 2006

Battle between two chipmakers over alleged anticompetitive conduct with PC makers and sellers moves to Germany.

Advanced Micro Devices is stepping up the pressure on Intel over alleged anticompetitive practices by filing another complaint, this time with German authorities.

The latest complaint was filed last week with Germany's Federal Cartel Office, or Bundeskartellamt. In it, AMD claims that Intel made deals with German retailers that violate the country's competition laws.

The complaint was prompted by a report in the German edition of the Financial Times claiming that the Media Markt retail electronics chain had agreed to only sell computers that used Intel's processors in return for a payment from the chipmaker.

"AMD had already received similar information, so we decided to file a formal complaint with the Federal Cartel Office," AMD spokeswoman Hollis Krym explained.

A representative for the German Federal Cartel Office confirmed that a complaint had been received from "a competitor of Intel." It is now liaising with the European Commission, which is conducting its own investigation into Intel.

"We're checking with colleagues in Brussels to see whether they will take this complaint on as well," the Federal Cartel Office representative explained.

In June 2005, AMD filed a lawsuit against Intel, claiming that it had forced major customers to accept exclusive deals, and had withheld rebates and marketing subsidies from customers who bought more AMD processors than Intel had allowed.

The next month, European Commission officials raided Intel's offices in Swindon, England, as well as the offices of several PC retailers, including Dell.

Graeme Wearden of ZDNet UK reported from London.

Google Action Tests Power Of Cash Vs Votes In Washington (FT)

By Stephanie Kirchgaessner, Patti Waldmeir And Richard Waters

Financial Times, July 18, 2006

Google came to Washington as the quintessential outsider: symbol of a populist, counter-cultural, West Coast way of doing things that could not be more alien to the stuffy, hide-bound style of K Street, the main drag of Washington lobbying.

Yet over the past few months, Google and its new-economy allies have had remarkable success at challenging not just the style of Washington lobbying but the central fact of power in the capital: that money often speaks louder than democracy.

On a shoestring budget and with a handful of lobbyists, Google and a coalition of other online content companies have used the internet to mount an unusual challenge to big-money politics. They have got the voters talking directly to the legislators - without the intermediary of opulently shod lobbyists - in ways that could profoundly influence the future of lawmaking and lobbying.

And they have done it with an issue that only a techie could love: "net neutrality", obscure code words that stand for the principle of non-discrimination in the way customers are charged to use the internet. Proponents of this concept now include almost every Democratic presidential contender, half the senators on the powerful Senate commerce committee and an eclectic coalition ranging from companies such as Yahoo, Ebay and Amazon to the Christian Coalition, Gun Owners of America and musicians Mobe and the Dixie Chicks.

Hundreds of thousands of emails and phone calls have besieged the offices of legislators and more than 1m people have signed an online petition urging Congress to adopt net neutrality. Given the power of blogs to set the agenda of mainstream media, candidates in November's congressional elections - especially those in close races - could not afford to ignore the issue.

Net neutrality has emerged as an issue as US telecommunications law is under review. There are powerful forces on both sides. The big telecoms and cable companies say that unless they are allowed to charge more to construct a "fast lane" on the internet, they will not be able to build the next generation of internet connectivity. But internet content companies say price differentiation of this kind would jeopardise the freedom that has fostered innovation in cyberspace. They want stricter regulation of broadband services,

"The strategy from the beginning has been to take this outside the Beltway," says Alan Davidson, Goo-gle's head lobbyist in Washington, referring to the multi-lane motorway that fences in the peculiar political culture of the capital.

Telecoms companies had decades of experience and tens of millions of dollars to spend lobbying this issue - they are already estimated to have spent $50m to fight net neutrality. Sergei Brin, Google's founder, on the other hand, scrambled a trip to Washington and failed to see the most powerful senator dealing with the issue, Ted Stevens, Senate commerce committee chairman.

Vin Weber, a veteran Republican lobbyist who represents the pro-neutrality coalition, which includes Google, Ebay, Amazon, Microsoft and others, said the pro-neutrality side has had a "tremendously uphill battle" facing telecoms and cable companies that are "well entrenched" in Washington. Larry Lessig, Stanford law professor and internet analyst, puts it even more simply, saying: "All the money in the world is against net neutrality."

Even so, Google and the others have managed to turn this into an issue of internet freedom that resonates with millions of tech-savvy voters: "This is fundamentally an economic issue for very large application providers," says one Washington lobbyist, referring to the fact that Silicon Valley will benefit hugely if it can defeat toll fees for the internet fast lane. But "they have managed to articulate it as a first amendment issue", he says.

After a heavy defeat in the House, net neutrality proponents delivered a tie vote in the Senate commerce committee. That means there is unlikely to be legislation on net neutrality this year - but all involved say the battle may have just begun.

Lobbyists for the other side - the telecoms and cable companies - doubt that voters will choose candidates based on such an obscure issue. Scott Cleland, who has campaigned for the anti-neutrality side, calls Google's grassroots tactics naive - even if the Democrats make gains in November they will still not have the power to change policy, and the 2008 elections are still a long way away, he says. The issue resonates on both the coasts - but scarcely in between, say telecoms lobbyists. "This can't be a make-or-break election year issue," says one anti-neutrality lobbyist.

"I don't know at the end the day what will matter more: votes or political contributions," says Maura Corbett, spokesperson for the pro-neutrality group. But both sides agree: it will be an interesting test of the power of money versus votes in Washington.

EU: Banks Not Serving Customers Well (AP)

By Aoife White, AP Business Writer

AP, July 18, 2006

European Banks Are Not Serving Customers Well, Antitrust Regulators Warn

BRUSSELS, Belgium (AP) -- European banks are not serving customers well, EU Competition Commissioner Neelie Kroes said Monday as she also warned that she was ready to step up action against credit and debit card providers earning "abnormally high" profits.

EU regulators identified a host of problems showing that banking is still a fairly closed market, but Kroes said the exact causes of that were not clear and she needed the industry to help her show what must be done to open the system.

Banks generally stick to their own national markets and benefit from very faithful customers who usually hold an account with the same bank for an average of about 10 years -- which may partly be because of the high cost of switching banks.

The European Commission believes that breaking down national barriers in financial services could stimulate economic growth and help create more jobs in Europe.

Countries where customers don't shop around tend to have more profitable banks, the Commission said in its report.

"This low level of customer mobility is worrying," said Kroes. "It means that European customers are not putting competitive pressure on banks to force them to provide better services and value for money. It also increases the risk that some banks may take advantage of their customers."

Profits vary widely. Banks in Ireland, Spain and Finland pull in the most pretax, making over 40 percent of total retail banking income in 2004. At the other end of the scale, Austrian banks made 11 percent and banks in Germany 17 percent.

Kroes asked banks to tell her what was wrong -- saying they could come forward confidentially -- but also warned that they needed to examine and improve their own practices.

"Retail banking is quite a profitable business these days," she said. "So, why is it that so few banks are major players outside their home member state?"

"Is it anticompetitive behavior, structural problems with the markets, failures of regulation or other causes?" she asked. "We can clearly see problems, but the cause of those problems is not yet clear."

The report said there were significant entry barriers to banks moving into the sector, including access to payment systems and credit databases. The cost of joining the clearing system for interbank payments in another country can also be prohibitively high, it found.

The final report will be published by the end of the year.

In April, Kroes accused card providers such as Visa and MasterCard of racking up "abnormal" and "excessive" profits for banks. She told them to make changes or face antitrust investigations that could force them to reform their business or pay fines.

"The figures and the facts are too clear to allow to continue this situation," she told reporters Monday. "We will act."

A report identified agreements between banks as raising the cost of using debit or credit cards, effectively setting a tax on business and consumers. It said customers are paying too much because the industry was split along national lines and new card providers find it hard to set up shop. This increases retail prices by up to 2.5 percent, the Commission said.

"Large price differentials within the EU up to 100 percent for consumers and 650 percent for businesses clearly show that market forces are not yet working at full strength," Kroes said.

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Both Visa and MasterCard rejected these conclusions, claiming the Commission was using flawed data and had failed to grasp how interchange fees covering the processing of payments were an important part of their pricing model.

Visa Europe Chief Executive Peter Ayliffe said the industry needed the freedom to set interchange fees for different markets and deserve a return on investments that allow it to push ahead with innovations such as the "chip and pin" system.

The banking industry would spend some euro5 billion to create a single European payment area by 2010, he said. The Commission has also been pushing for this so customers would pay the same price to make payments or transfer money to or from another country in the 12 nations that use the euro currency.

MasterCard Regional President Javier Perez said anything to undermine payment cards would push customers toward more expensive payments such as store cards.

EU regulators charged MasterCard in June with price-fixing for the fees retailers must pay for accepting MasterCard and Maestro branded cards. This could see MasterCard forced to end the fees.

When The Chips Are Down (WSJ)

The Wall Street Journal, July 18, 2006

The class-action reform bill that Congress passed last year was supposed to take some of the shenanigans out of mass tort litigation. But last week, 34 state Attorneys General showed that where there's a will, there's a lawyer.

Those 34 AGs filed civil suits in federal court Friday, seeking to recover damages from seven memory-chip makers from around the world, most of whom have already been through the federal wringer for a price-fixing conspiracy. Four of the seven companies now being sued have pleaded guilty in the criminal case, while a fifth, Micron Technologies, has secured immunity through a cooperation agreement with the Justice Department. Some $730 million in fines have been levied and executives from a number of companies have been handed prison sentences in the case.

Enter the state AGs, who have now ridden in on their taxpayer-funded horses to shoot the wounded. The 2005 Class Action Fairness Act moved certain kinds of class-action suits to federal court, including those involving indirect damages from antitrust violations. So nearly three dozen state Attorneys General have sued the chip makers for damages in federal court in California.

The suit comes in an election year for both Bill Lockyer, California's AG who's running for state Treasurer, and Eliot Spitzer, the New York AG currently running for Governor. The legal theory behind the suits is that customers may have overpaid for computer equipment as a result of the conspiracy, so the AGs are allegedly looking out for the taxpayer in suing on behalf of consumers and state agencies that purchased equipment during the conspiracy.

This comes in spite of the fact that a number of private plaintiffs are already suing for damages or trying to negotiate settlements in the price-fixing case. The addition of a coterie of AGs seems designed to grab some headlines and a share of the glory for our politician-lawyers.

It is hard to know how big this particular pot of gold might be, since the damages are mostly indirect (in the form of higher prices passed on by some computer makers). But antitrust law permits persons harmed by a price-fixing conspiracy to sue for treble damages. And adding consumers to the mix also enlarges the kitty, since the AGs are effectively suing on behalf of everyone in their state who bought a piece of electronics with memory inside between 1998 and 2002.

We've often criticized the cozy relationship between the trial bar and the state Attorneys General, but in this case the AGs seem to have cut out the middle man, bringing a massive class-action suit all on their own. For our tax dollars, we're not sure the 50 states need a trial-lawyer-in-chief.

ENVIRONMENT:

Heat Blast Tests U.S. Power System (WSJ)

By Rebecca Smith

The Wall Street Journal, July 18, 2006

Scorching temperatures strained electric systems throughout the nation as consumption broke records, underscoring warnings by regulators and industry officials that the nation isn't building enough power plants and transmission lines.

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Grid officials in the most populous states asked consumers to trim electricity use to reduce the possibility of supply disruptions. Despite conservation efforts, records for electricity consumption were set in California, Texas, New York, the mid-Atlantic region and the Midwest.

In New York, demand crested at 32,624 megawatts yesterday, about 2% higher than a record set a year ago of 32,075 megawatts, with some power losses occurring in the New York City area. In the Midwest, demand surged past the record of 131,435 megawatts by late afternoon to 132,658 megawatts and in Texas it swept past the record of 60,279 megawatts to 62,396 megawatts, enough to absorb the equivalent of four large power plants, according to the regions' grid operators. In the mid-Atlantic region, demand was 139,746 megawatts by late afternoon, shattering a record of 133,763 megawatts by 4.5%, the widest margin in any region.

In California, the grid-operating California Independent System Operator said demand of 46,561 megawatts beat a record set last July of 45,431 megawatts. Last week, the grid operator submitted a report to Congress in which it predicted the "most likely" summertime peak usage would be more than 500 megawatts less, illustrating the danger of relying on predictions.

Rising demand throughout the nation could reignite debate about how best to stimulate construction of plants in states that have deregulated their retail electricity markets, where regulators typically don't order utilities to build facilities. To encourage building plants, Texas gradually is raising its price caps for wholesale electricity. Those caps are reached periodically at times of high demand. The current cap of $1,000 a megawatt hour is expected to rise to $2,000 next March and to $3,000 by March 2009, making it the highest price ceiling in the nation.

Following a massive blackout in the Northeast and parts of the Midwest in August 2003, Congress in 2005 gave federal energy regulators more authority to intervene in cases where transmission lines are needed but aren't getting built because of disputes between states. Tight supplies this summer could prompt the Federal Energy Regulatory Commission to take a more aggressive stance and push development forward. Three new members join the five-member body this month.

FERC Chairman Joseph Kelliher last week warned a House energy subcommittee that trouble-prone areas include California, Connecticut and New York City. Although many generating plants were built in the U.S. in the late 1990s, the California energy crisis of 2000-2001 and bankruptcy of big power trader Enron Corp. in late 2001 shook up deregulated electricity markets and many projects were canceled.

Now, electricity supplies in some states are becoming uncomfortably tight at times of high demand. "This is not the time for complacency," Mr. Kelliher warned the House subcommittee, adding that electric system "vulnerability" is greatest in summer.

High energy demand this week will likely translate into big profits for some generators, especially those that use lower-cost coal or nuclear fuel to make electricity.

In California, as throughout the arid West, grid officials not only feared demand would outstrip resources but also worried high temperatures could prompt wildfires that could force major transmission lines out of service. Several fires were reported yesterday, but so far none have threatened essential transmission corridors. "That was our lucky break," said Stephanie McCorkle, spokeswoman for the California ISO in Folsom, Calif.

Unlike the East, where electric systems are tightly networked, utilities in the West more often rely on electricity that is carried long distances, making power supplies more vulnerable to disruption. The California ISO has said California needs at least $1.8 billion of additional transmission investments, mostly in the southern part of the state, the area that is the most stressed electrically. Northern California has been helped this year by hydro-electric resources that are the best in years.

Grid operators will likely be stressed again today with high temperatures expected to continue in most places. The longer a heat wave lasts, the more fragile the electric system becomes as older units succumb to mechanical breakdowns and as heavily laden power lines sag from heat, sometimes into trees, causing short-circuits or fires.

Feeling The Heat For Icy Greenland, Global Warming Has A Bright Side (WSJ)

By Lauren Etter

The Wall Street Journal, July 18, 2006

QAQORTOQ, Greenland -- Stefan Magnusson lives at the foot of a giant, melting glacier. Some think he's living on the brink of a cataclysm. He believes he's on the cusp of creation.

The 49-year-old reindeer rancher says a warming trend in Greenland over the past decade has caused the glacier on his farm to retreat 300 feet, revealing land that hasn't seen the light of day for hundreds of years, if not more. Where ice once gripped the earth, he says, his reindeer now graze on wild thyme amid the purple blooms of Niviarsiaq flowers.

The melting glacier near Mr. Magnusson's home is pouring more water into the river, which he hopes soon to harness for hydroelectricity.

"We are seeing genesis by the edge of the glacier," he says.

Average temperatures in Greenland have risen by 2.7 degrees Fahrenheit over the past 30 years -- more than double the global average, according to the Danish Meteorological Institute. By the end of the century, the institute projects, temperatures could rise another 14 degrees.

The milder weather is promoting new life on the fringes of this barren, arctic land. Swans have been spotted recently for the first time, ducks aren't flying south for the winter anymore and poplar trees have suddenly begun flowering.

Greenland represents one of the largely unrecognized paradoxes of global warming. In former Vice President Al Gore's recent film "An Inconvenient Truth," the melting of Greenland's ice cap, along with a similar cap in the Antarctic, is portrayed as one of the greatest threats of global warming. If the layers of ice and snow holding billions of tons of water were to melt, scientists warn that global sea levels would rise by 40 feet, submerging lower Manhattan, the Netherlands and much of California.

But to many of the people who live here in Greenland, the warming trend is a boon, not a threat.

It is no small feat to get things living and growing in Greenland, an arctic and sub-arctic country at the northern tip of North America whose frigid landscape is often confused with Iceland, a smaller, greener European island nation to the southeast.

More than 80% of Greenland is covered in ice. Temperatures in the south regularly drop to 22 degrees below zero during the long, dark winters when the sun shines for as little as five hours a day. Intermittent frosts during the four-month growing season make it difficult for anything to thrive.

Even small increases in temperature can make a big difference in the quality of life for many Greenlanders who scrabble out a living at the whims of the weather. Freezing temperatures are the biggest factor limiting plant growth in Greenland. If the average temperature warms just a degree or two, the number of freezing nights is reduced. Higher temperatures produce stronger, healthier plants and provide farmers larger crop yields.

Already, the temperature rise in Greenland has extended the growing season by two weeks since the 1970s -- no small matter since those two weeks come during the spring and summer when the sun shines for as long as 20 hours a day in southern Greenland. Warmer days allow farmers to take better advantage of the extended sunlight, which gives plants more energy and a better chance to survive and thrive. If temperatures rose enough to allow the growing season to begin in late April, rather than mid-May, Greenlandic farmers might be able to grow fruit, including strawberries or apples.

Improved crop production could help wean Greenland from its heavy dependence on expensive, imported produce: Greenlanders pay about $3.50 for a cucumber at a local grocery store, $5 for a head of lettuce and $7.50 for a pound of carrots. Since 1980, Greenland has seen farmland devoted to growing crops increase to about 2,500 acres from 620 acres.

For Mr. Magnusson and his reindeer ranch, the longer grazing seasons mean fatter animals for slaughter, since reindeer gain about half a pound per day during the spring and summer grazing season. More abundant grasslands have prompted one farmer to buy cows for a government-funded experiment in dairy farming. A longer growing season allows crop farmers to expand their home gardens into commercial enterprises. Fishermen have begun catching tons of warm-water cod, after that fish's long absence from the region.

"We have so many cold places in Greenland, and a lot of it is covered with ice," says Mr. Magnusson. "So we are grateful for those two extra degrees we get."

Other places are also seeing benefits from a warming trend. For every 1.8 degrees of warming, Canada's wine-growing region can expand 120 miles northward as the climate becomes suitable for growing wine grapes, according to David Phillips, the Canadian government's senior climatologist.

Thirty years ago, farmers in the Peruvian Andes were unable to cultivate crops above 14,000 feet because it was too cold, says climate scientist Anton Seimon. Now, farmers are planting large potato fields at 15,000 feet.

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Many climate scientists argue that any local benefits of the warming trend are more than offset by the global costs. One worry: That discussion of the benefits could undermine efforts to slow global warming. "I'm not keen to provide ammunition to those who oppose action," said Dr. Wallace Broecker, a researcher at Columbia University's Earth Institute, in an email declining an interview. "Of course there will be benefits. But the net will be bad."

For the government of Greenland, the calculus is not so simple. Greenland, a self-governing territory of Denmark, supports efforts to curb global warming through the Kyoto Protocol. That international treaty aims to reduce human-related greenhouse gases in the atmosphere, caused by burning fossil fuels such as coal and oil, which many scientists say are helping cause the earth to heat up.

Josef Motzfeldt, Greenland's Vice Premier and Minister of Finance and Foreign Affairs, says he worries about the places that may be engulfed by the sea if Greenland's glaciers melt. "When the seas rise just one meter, it will be a big catastrophe," he says.

Warmer weather has a downside even in Greenland, Mr. Motzfeldt points out. It's hindering the native Inuit's traditional way of life, undermining their ability to hunt seals and polar bears on the thinning ice. He's concerned that polar bears could "disappear completely" in the changing environment.

Even Greenlanders who welcome the recent climate changes recognize a downside. Mr. Magnusson says he typically uses a snowmobile to herd his 2,300 reindeer. But the area where he can use his snowmobile is shrinking, and the melting snow and ice could eventually make snowmobiling impossible. He says he will adapt by using horses, helicopters or by simply walking.

Still there's no denying the good news for many Greenlanders. "If we are egoistic, we will be happy," says Mr. Motzfeldt. "We have longer growing seasons for the plants and the vegetables."

Many here see warming as an important step toward greater economic independence from Denmark, which still provides about half of Greenland's government revenue. With just 57,000 people on the roughly 840,000-square-mile island, Greenland's gross domestic product is $1.1 billion, about a quarter of the GDP of Fiji, a South Pacific island nation of about 7,000 square miles.

"The conditions for living are getting better," says Kaj Egede, the chairman of Greenland's Board of Agriculture, in his office in Qaqortoq.

Some farmers are trying new types of produce, such as broccoli, cauliflower and Chinese cabbage. Most are getting more from their old crops. "Usually we only have one cut of hay," says Kenneth Hoegh, a farming consultant for Greenland's Department of Agriculture. "But because it is getting warmer -- it is definitely getting warmer -- more and more farmers are getting two cuts of hay."

Those higher yields are rippling through the agriculture chain. Over the past five years, a doubled hay crop has helped sheep farmer Erik Rode Frederiksen. He was named after Eric the Red, a Viking explorer who settled Greenland around 980. The extra hay gives him fatter sheep worth more money at slaughter. Sheep flocks across the country have increased 10% in the past three years, according to government statistics.

From the early 1960s to 1998 cows were rare in Greenland, and Greenlanders relied on powdered milk subsidies from the Danish government. But improved grazing and hay fodder are tempting some farmers and sheep ranchers to add cows to their livestock holdings.

For Greenlanders, adapting to the effects of climate change is nothing new. Oxygen isotope samples taken from Greenland's ice core reveal that temperatures around 1100, during the height of the Norse farming colonies, were similar to those prevailing today. The higher temperatures were part of a warming trend that lasted until the 14th century.

Near the end of the 14th century, the Norse vanished from Greenland. While researchers don't know for sure, many believe an increasingly cold climate made eking out a living here all but impossible as grasses and trees declined. Farming faded away from the 17th century to the 19th century, a period known as the Little Ice Age. Farming didn't return to Greenland in force until the early 1900s, when Inuit farmers began re-learning Norse techniques and applying them to modern conditions. A sharp cooling trend from around 1950 to 1975 stalled the agricultural expansion.

Since then, temperatures have mainly been on the upswing. Ole Egede is taking advantage of the warmer climate. He and his brother live on Greenland's southwest coast on an isolated farm at the head of an inlet that can be reached only by helicopter

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or by a boat that can navigate around the icebergs that often choke the blue fiord. Mr. Egede started Greenland's first commercial potato farm in 1999 and it remains the largest potato farm in Greenland.

Improved farming technology and methods, such as new cold-resistant seed varieties and cultivation techniques -- are responsible for some of Greenland's expanding agriculture. But experts credit the more-favorable climate with much of the new growth. "There's no doubt he's now growing potatoes because of better conditions," Mr. Hoegh, the farming consultant, says of Mr. Egede.

Greenland's fishermen also are beneficiaries of the higher temperatures. Warm-water-loving cod, one of the region's most commercially lucrative fish, are booming in the balmier coastal waters. In the 1960s, 90% of all fish caught in Greenland were cod. But a string of cold winters in the late 1980s drove off much of the cod population by the early 1990s.

The cod, says commercial fisherman Kim Hoegdan, "just came within the past three years. We have never seen them before in this amount."

Mr. Hoegdan says he expects to catch as much as 440,000 pounds of cod this year, up from about 3,000 pounds two years ago, when the fish began trickling back.

Shrimp -- Greenland's largest export -- could actually decline in numbers since they prefer colder water, and are eaten by cod. But the value of an increased cod harvest likely would exceed any losses of a reduced shrimp harvest, according to the Arctic Climate Impact Assessment, a multigovernmental study looking at the social and economic consequences of the warming. A revitalized cod industry could double the export earnings of the Greenlandic fishing industry, according to the 2005 report.

Greenlanders are aware that the benefits brought to them by global warming could spell disaster for people elsewhere. But as long as the temperatures are rising, they're determined to make the most of it.

"We, as people, need warmer weather as well," says Mr. Frederiksen, the sheep farmer.

Besse Trio Unlikely To Be Tried This Year (TOLB)

By Tom Henry, BLADE STAFF WRITER

Toledo Blade (OH), July 18, 2006

Prosecution needs more time to prepare

A former Davis-Besse trio being prosecuted for endangering public safety likely won't have their cases heard in U.S. District Court in Toledo this fall, as federal prosecutors had predicted when the indictments were issued in late January.

Andrew Siemaszko, 51, of Spring, Texas; David Geisen, 45, of DePere, Wis., and Rodney N. Cook, 55, of Millington, Tenn., maintain their innocence on charges of making false statements to a federal agency.

They are accused of withholding vital information about the plant's operating status during the fall of 2001, when the Nuclear Regulatory Commission was contemplating what would have been the government's first emergency shutdown of a nuclear plant since 1987.

The government agency admittedly was embarrassed and angered by what was found after it relented. It unknowingly let the plant limp along in an extremely dangerous condition until Feb. 16, 2002.

Mr. Siemaszko and Mr. Geisen, both former FirstEnergy Corp. employees, are being prosecuted on five counts, while Mr. Cook, an outside contractor-consultant who had worked at Davis-Besse for many years, is being prosecuted on four. Each face up to five years in prison and $250,000 in fines if convicted.

On July 7, Magistrate Vernelis Armstrong granted the U.S. Department of Justice's request to waive the speedy trial rule. The government had asked for more time, citing the complexity of the case and its 20,000-plus documents.

During a conference call four days later, the magistrate postponed the deadline for pretrial motions for a second time. The new deadline is Oct. 10.

She also gave FirstEnergy's nuclear subsidiary, FirstEnergy Nuclear Operation Co., or FENOC, two weeks to work out its dispute with Mr. Siemaszko's defense team over 146 documents.

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They were presented to the grand jury that reviewed evidence in Cleveland for two years, but FENOC lawyers claim they should be placed under a protective order and kept out of the public proceedings because of the company's proprietary issues or trade secrets.

Mr. Siemaszko's attorneys object, claiming they are entitled to the same information the grand jury received.

"We dispute their claim, since most of the documents are already in the public domain," said Chuck Boss of Maumee, part of Mr. Siemaszko's defense.

The dispute, if resolved in two weeks, will be subject to a ruling after more briefs are filed, he said.

John Conroy, a Washington attorney representing Mr. Cook, said attorneys themselves have not yet sorted out whether the cases will be tried as one or tried separately. Motions could be forthcoming on that issue, he said.

Asked when the case or cases would be heard, Mr. Conroy responded: "Probably not this year."

Mr. Boss said the Siemaszko defense team is fighting FirstEnergy's attempt to shield the documents under a protective order because defense lawyers want to receive technical assistance with the documents from the Union of Concerned Scientists, of Cambridge, Mass.

FirstEnergy said part of its motivation for keeping the records secret is to keep them away from that national activist group, formed years ago to oppose nuclear power expansion.

David Lochbaum, the group's nuclear safety engineer, said he believes the concern about the documents in question is "broader than what we might do with them."

He said he believes those documents will reveal the government - and FirstEnergy - doesn't have a case against Mr. Siemaszko.

His group and others, including Ohio Citizen Action, maintain that Mr. Siemaszko is a nuclear whistle-blower who has been maligned for trying to shed light on Davis-Besse's problems. Mr. Siemaszko told The Blade in a previous interview he felt he was fired for trying to get FirstEnergy to make necessary improvements at the plant. The company denies that.

"I think it would be easier to find weapons of mass destruction in Iraq than it would be to make a case against Andrew," Mr. Lochbaum said.

The Union of Concerned Scientists and Ohio Citizen Action have been granted intervener status in Mr. Siemaszko's appeal of civil penalties, including the NRC's ban on his continued employment in the nuclear industry.

The NRC recently filed an appeal of a panel's decision to grant intervener status to those two groups, in effect trying to quash their involvement.

The case also has the potential of becoming further complicated by FirstEnergy's revelation on Friday that it stumbled upon 70-some documents at Davis-Besse a few weeks ago, while moving around materials in an office at the nuclear plant.

Todd Schneider, utility spokesman, said five boxes of documents that belonged to a former contractor were discovered. He declined to say whether they belonged to Mr. Cook, the only former contractor who has been indicted.

The boxes contained some duplicates of previously submitted documents, and an undisclosed amount of new material. The Nuclear Regulatory Commission and the Justice Department will likely spend weeks reviewing the new material.

Contact Tom Henry at: thenry@theblade.com or 419-724-6079.

Energy Firms Keep Taxes At Bay (WSJ)

By John M. Biers And Jessica Resnick-ault

The Wall Street Journal, July 18, 2006

Despite public frustration over high pump prices and flush industry profits, major refining companies are seeking and winning large local tax breaks for their refinery-expansion plans with little political opposition.

The reasons: The Bush administration is encouraging refiners to produce more gasoline to help keep prices down, while local communities fear the companies will take jobs elsewhere if they aren't offered inducements to stay.

The various incentives, combined with a federal tax-break package last year, can offer refiners savings that reach hundreds of millions of dollars, though estimating a total is difficult given the range of federal and local levying agencies involved.

The federal and local benefits come at a time when lawmakers are scrutinizing royalty relief, which could save oil companies billions of dollars associated with pumping oil and natural gas in the Gulf of Mexico. By contrast, refinery tax breaks haven't emerged as a political lightning rod, in part because the industry argues that its new projects could help ease refinery constraints and ultimately put downward pressure on gasoline prices.

Companies that stand to benefit from the tax breaks include Chevron Corp.; ConocoPhillips; Marathon Oil Co.; and Motiva Enterprises LLC, a joint venture of Royal Dutch Shell PLC of Britain and the Netherlands and Saudi Arabia's government-controlled Saudi Arabian Oil Co., known as Saudi Aramco.

Former Louisiana senator J. Bennett Johnston, who now heads a Washington lobbying firm, said refining companies still remember the years they were plagued by overcapacity that depressed returns and discouraged investment. "The fact that companies are making record profits does not mean they will make investments where the reward will not compensate for the risk," he said.

U.S. refineries were running nearly flat-out to meet rising gasoline demand until hurricanes Katrina and Rita slammed the Gulf of Mexico last year, taking some capacity offline. Along with rising global crude-oil demand and political turmoil in petroleum-producing regions, refinery constraints have contributed to a rise in the average U.S. regular gasoline price to $3 a gallon in many places.

Though refiners have seen rising cost to acquire crude oil to refine into fuels like gasoline, higher prices for those fuels have led to a surge in profits. Oil giants like Exxon Mobil Corp. and Shell have reported billions more in profits from so-called downstream operations like refining and marketing. For instance, Exxon Mobil posted nearly $8 billion in downstream profits in 2005, compared with $3.4 billion in 2000.

"Given the federal government's fiscal situation and given the oil and gas industry's strong financial situation, you would think a prudent assessment would include revoking these tax breaks," said Tyson Slocum, who directs the energy program at consumer group Public Citizen in Washington.

The assortment of incentives means that a project like Motiva's $3.8 billion expansion in Port Arthur, Texas, could result in nearly $700 million in reduced federal tax payments, plus more than $600 million in local abatements. The federal incentives allow refiners to expense 50% of the costs of refinery investments that increase plant capacity by at least 5% or boost production of key products like gasoline by at least 25%.

Tax breaks are among the factors Motiva has taken into account in going ahead with its Port Arthur expansion, said Motiva spokesman Stan Mays. "Like any business, we'll look at all opportunities to help the economics of a project, and those are avenues certainly to explore," Mr. Mays said of the incentives.

The refiner has applied for a lower assessment from the Port Arthur Independent School District, one of two major tax-collecting bodies in the industrial East Texas city, said Dan Casey, a partner at Moak, Casey & Associates, an Austin-based consultant retained by the school system. If the tax break is granted, Motiva will pay annual taxes on just $30 million of project costs -- instead of the $3.8 billion total -- during the project's first eight years of operations, a shift that could save the company more than $50 million a year during that stretch under the current tax rate.

"The school district's concern is that if there's not consistent expansions, they'll see those jobs go elsewhere," said Mr. Casey.

Jefferson County, another key taxing entity, is also working with Motiva to ensure the refiner's taxes don't increase as much as the plant capacity. Through a variety of taxing measures, Motiva will pay approximately $66 million in taxes on the expansion project by 2026, far below its estimated actual tax value of $255 million, based on figures provided by John Johnson, an attorney in the Jefferson County judge's office.

Port Arthur officials defend the discounting as necessary given the aggressive courting of refiners elsewhere. Tax incentives are "available around the world, so we would be cutting our own throats as a community not to offer tax incentives," said Jefferson County Judge Carl Griffith, the top elected county official.

Competitors include neighboring Louisiana, where officials were unsuccessful in their attempt to win the Motiva expansion that instead went to Port Arthur. But Louisiana officials are retooling and working with officials at another large refiner, Marathon Oil, on a proposed $2.2 billion project in Garyville, La.

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"Not only are we helping the citizens of Louisiana, but we're helping the rest of the nation by increasing the gasoline capacity of the rest of the nation, so we think it's a win for everyone," said Dane Revette, who directs the energy investment program for the Louisiana Department of Economic Development.

Some incentives have on occasion aroused political criticism, even in states where the petroleum industry is strong. Chevron sought $22 million from the Mississippi legislature this year to support a road expansion that would further the company's proposed refinery expansion in Pascagoula. But the effort died, in part because it started too late in the legislative session and also because of criticism from some circles citing Chevron's high profits.

Chevron has met with Mississippi Department of Transportation officials since the effort failed and is encouraged by their receptivity, said Chevron spokesman Steve Renfroe. Mr. Renfroe said the proposal to expand its Pascagoula refinery by 200,000 barrels a day is still under review. "There are many variables that go into the decision analysis, and that's certainly one of them," he said of the tax structure.

No Drought Required For Federal Drought Aid (WP)

By Gilbert M. Gaul, Dan Morgan And Sarah Cohen

The Washington Post, July 18, 2006

CHANDLER, Tex. -- On a clear, cold morning in February 2003, Nico de Boer heard what sounded like a clap of thunder and stepped outside his hillside home for a look. High above the tree line, the 40-year-old dairy farmer saw a trail of smoke curling across the sky -- all that remained of the space shuttle Columbia.

Weeks later, de Boer was startled to learn that he was one of hundreds of East Texas ranchers entitled to up to $40,000 in disaster compensation from the federal government, even though the nearest debris landed 10 to 20 miles from his cattle.

The money came from the U.S. Department of Agriculture as part of the Livestock Compensation Program, originally intended as a limited helping hand for dairy farmers and ranchers hurt by drought. Hurriedly drafted by the Bush administration in 2002 and expanded by Congress the following year, the relief plan rapidly became an expensive part of the government's sprawling system of entitlements for farmers, which topped $25 billion last year.

In all, the Livestock Compensation Program cost taxpayers $1.2 billion during its two years of existence, 2002 and 2003. Of that, $635 million went to ranchers and dairy farmers in areas where there was moderate drought or none at all, according to an analysis of government records by The Washington Post. None of the ranchers were required to prove they suffered an actual loss. The government simply sent each of them a check based on the number of cattle they owned.

At first, livestock owners were required to be in a county officially suffering a drought to collect the money. But ranchers who weren't eligible complained to their representatives in Washington, and in 2003 Congress dropped that requirement. Ranchers could then get payments for any type of federally declared "disaster." In some cases, USDA administrators prodded employees in the agency's county offices to find qualifying disasters, even if they were two years old or had nothing to do with ranching or farming.

In one county in northern Texas, ranchers collected nearly $1 million for an ice storm that took place a year and a half before the livestock program was even created. In Washington state, ranchers in one county received $1.6 million for an earthquake that caused them no damage. In Wisconsin, a winter snowstorm triggered millions of dollars more. For hundreds of ranchers from East Texas to the Louisiana border, the shuttle explosion opened the door to about $5 million, records show.

John A. Johnson, deputy administrator for farm programs for the USDA, said that initially the program provided meaningful assistance to ranchers in areas suffering from drought. But after Congress loosened the rules, he acknowledged, "what was meant as disaster assistance ended up being given to people who didn't have a need or a loss."

The money doled out for the livestock program was part of more than $20 billion that taxpayers have given to ranchers and farmers since 1990 to compensate for droughts, hurricanes, floods and other forms of damaging weather. Many of those events caused serious damage. But in some cases, routine storms triggered millions in payments, The Post's investigation found.

"The livestock program was a joke. We had no losses," de Boer said. "I don't know what Congress is thinking sometimes."

Still, while de Boer said he was embarrassed by the $40,000 check, he added: "If there is money available, you might as well take it. You would be a fool not to."$18 a Head

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Shortly before the 2002 congressional elections, the Bush administration faced growing pressure from ranchers and politicians in a handful of Western states that were hit hard by drought. Of special political concern to the White House, sources said, was South Dakota, where Republican Rep. John Thune was close to unseating Democratic Sen. Tim Johnson.

The USDA responded with a plan to give ranchers cash payments based on how much livestock they owned. A beef cow would count for $18; a dairy cow, $31.50. Lesser payments would be awarded for buffalo and sheep. The maximum an individual rancher could get was $40,000.

Ann M. Veneman, then secretary of agriculture, proclaimed at a September 2002 news conference that the plan "will provide immediate assistance to producers who need it the most."

To qualify, a rancher had to be in a county that was suffering from a drought and declared a disaster by the agriculture secretary in 2001 or 2002. More than 2,000 counties had such declarations at the time, including many with only modest dry spells.

All that livestock owners had to do was show up at their county agriculture office and fill out a short form certifying the number of animals they owned as of June 1, 2002. Short-staffed county offices were hard pressed to verify the numbers. They did only limited spot checks.

A spokesman for the USDA, Ed Loyd, said last week that the system was meant to distribute funds quickly. "Given the severity of the drought, we were confident enough of the losses" to forgo the time-consuming process of checking every farm and ranch, Loyd said.

Agriculture officials estimated the program would require $752 million. But so many ranchers and dairy farmers applied that the cost quickly ballooned to $900 million. At the time, a second year of the program wasn't being contemplated.

Then lawmakers from Arkansas to Wisconsin wrote more than 100 letters to Veneman's office, complaining that the USDA's sign-up deadline of Sept. 19, 2002, was "arbitrary" and "bureaucratic." Deserving counties, they said, were being excluded. Virginia's delegation alone sent 20 letters, including six from Republican Rep. Virgil H. Goode Jr. The congressman's office said he was responding to requests from his constituents.

The Agriculture Department soon added dozens of counties to its drought list.

"There was pressure that year to grow emergency declarations for drought," recalled Hunt Shipman, a former top USDA official who now works as a lobbyist in Washington.

Still, even with the growing list, hundreds of counties remained ineligible because they had not been declared drought-stricken areas. That, Shipman said, is when "Congress came back in. They decided to drop the drought requirement in the second year."

Under Congress's new version of the program in 2003, livestock owners could qualify as a result of any type of weather-related disaster declaration by the secretary of agriculture. Or they could become eligible if their county was included in a presidential disaster declaration. Under the new rules, the time period covered also was extended, to Feb. 20, 2003. One rule remained the same: Livestock owners still did not have to prove a loss.

The expansion was pushed by a bipartisan group of senators from Western states and House members from the Southeast. House-Senate negotiators then added the legislation to a huge annual spending bill that was not subject to amendments on the floor.

Sen. Thad Cochran (R-Miss.), the top-ranking Senate GOP negotiator on the agricultural provisions, did not return telephone calls seeking comment. Former Rep. Max Burns (R-Ga.), who introduced legislation to extend the livestock program in January 2003, also did not return calls requesting comment.

As a result of the changes, 765 counties that had no droughts in 2001 or 2002 qualified for cash in 2003. In some cases, entire states -- including Arkansas, Florida, Mississippi, West Virginia and Wisconsin -- were now included.Hunting for Disasters

With the rules relaxed by Congress, federal agriculture officials pushed their local offices to find disasters that would make more livestock owners eligible, records and interviews show. It didn't matter if it was a cold snap or a storm that was two years old.

The Agriculture Department inspector general's office eventually audited the program, saying the payments should have gone only to those with legitimate losses. But that was long after the looser rules led the USDA to hand out an additional $234 million in 2003.

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No state did better than Texas. In the end, all 254 of its counties qualified. Ranchers in counties without droughts collected $45 million in 2003, on top of the $67 million that had flowed to the state in 2002.

In northern Texas, Cooke County ranchers qualified for $906,000 in 2003 on the basis of an ice storm that hit the area more than two years earlier. Tim Gilbert, former head of the USDA county office, recalled that "there was no damage in Cooke County to the crops or livestock. Maybe a few pine trees got knocked down."

Nonetheless, the county had been included in a presidential disaster declaration because of the storm. "The state office called and said, 'Yeah, you are eligible,' " Gilbert said. "I said, 'How can I be eligible for a storm in December two years ago?' "

Over in Denton County, northwest of Dallas, ranchers weren't hurting from a drought in 2002. Nor were they pressuring county USDA official Blake English for the livestock money. "There has not been anything like an uproar, because most everyone agrees that there was not a disaster in Denton County," English wrote in the minutes of a December 2002 meeting of a local farm advisory committee.

Still, in 2003, English said, he got word from his state bosses to go back and look again for a disaster -- any disaster -- under which local ranchers could qualify.

"I don't deny it," English said. "We got the message, a message to take another look. It came from our state office, probably through the district director." English said it was "pretty clear that we wanted the entire state of Texas to be eligible."

John Fuston, the Texas USDA director, confirmed that the county offices were urged to look for weather events and disasters that could qualify ranchers for the program. He said the agency was following the rules set by Congress.

Without any real disasters in Denton County, though, English was left to scramble. "We didn't have a drought," he said. "In fact, we were wet. The crops were above normal at the time."

English said he did his best, preparing a report on a rainstorm that had blown through more than a year earlier. "We knew it wasn't a disaster," he said. "We knew it wouldn't be approved." And, according to English, it wasn't.

Then, on Feb. 1, 2003, the shuttle exploded. To ensure recovery of the debris and pay for emergency costs, President Bush issued a federal disaster declaration. As an unintended result, most of East Texas was then eligible for livestock funds. Denton County's livestock owners collected $433,000, records show.

"Speaking personally, I didn't think it was necessary at that point in time," said Calvin Peterson, an 81-year-old rancher who heads the local farm committee. "It might have been more political than anything."

In Henderson County, about 100 miles southeast of Dallas, Nico de Boer felt the same way. When he arrived from the Netherlands 17 years ago, de Boer had 90 acres, a house, one barn and fewer than 200 cows. Today, he has 1,000 acres, multiple cow barns and sheds, 650 cows that produce 3 million pounds of milk monthly, a BMW in the driveway, a swimming pool, and two more farms in neighboring counties.

The rolling hills surrounding his sprawling farm receive a generous average of 40 inches of rain annually. When the shuttle exploded, pastures were full and there hadn't been a drought or any other type of weather disaster in years, records show. But after the presidential disaster declaration, John Reeves of the local USDA office informed livestock owners in Henderson County they were eligible. They eventually collected $751,083 despite no shuttle damage.

Reeves said he had no choice but to write the checks. "Congress passed legislation and approved us for that Livestock Compensation Program, and that's what it was," he said.

"The closest debris I heard about was 10 to 20 miles away. There wasn't anything here," de Boer said. "Believe me, we would be better off if the government got out of the business and limited the payments to those who really need them."Distant Earthquake

On Feb. 28, 2001, the 6.8-magnitude Nisqually earthquake hit near Olympia, Wash., collapsing brick facades of businesses and leaving cracks in several state office buildings. About 170 miles away from the epicenter, in Whatcom County, near the Canadian border, residents felt some of the aftershocks but experienced little damage.

"We registered about a 3 [magnitude] or something," said Don Boyd, a local emergency management official. "We had some minor shaking, some cracks in the chimneys, that sort of thing."

USDA officials didn't check for damage because none of the local dairy farmers complained.

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Yet in 2003 more than 200 livestock owners in Whatcom County collected $1.6 million under the Livestock Compensation Program -- one of the largest payouts for a county nationwide -- for the same earthquake.

A 2001 presidential disaster declaration for the Nisqually earthquake had named 22 counties, including Whatcom. Dairy farmers and ranchers in Washington state collected nearly $4 million in livestock funds, according to records analyzed by The Post.

"Don't blame us," said Gary M. West, chief administrator for the USDA's Farm Service Agency in Washington state. "We don't get to choose which programs we implement. We have to work with what Congress gives us."

Larry Reeves, who heads the Whatcom County USDA office, echoed that view. "We do what we are told," he said. "Our thoughts and feelings generally don't have a bearing."

Terri Noteboom and her husband received nearly $13,000 in livestock funds for their dairy farm in Lynden. Noteboom also chairs the farmers committee that advises Reeves. She said some Whatcom County dairy farmers came into the office to report that they had accidentally received government checks.

"I told them, 'No, you didn't. It wasn't an accident. It's yours,' " she said.

"The way I see it, many times they do these programs and instead of applying it to one area, they find a way to apply it to the entire country. I don't know if you call that a loophole or not."Snow in Wisconsin

In November 2002, Ben Brancel, the top USDA official in Wisconsin, sent out a news release notifying livestock owners that none of the state's counties qualified for the Livestock Compensation Program because they had not received drought declarations from the secretary of agriculture.

Five months later, in April 2003, Brancel put out another news release: As a result of Congress broadening the eligibility criteria, 53 Wisconsin counties now qualified for that cash.

In still another news release, Brancel implored livestock owners to apply for the money. "If you own eligible livestock in eligible counties you are eligible," he wrote. "In these tough economic times, you don't want to miss the opportunity to receive money to help pay some of the bills."

Wisconsin livestock owners took Brancel up on his offer, collecting more than $39 million. Still, some dairy farmers and county officials were confused about why they were getting the money.

"In this county, we got a lot of questions from producers: 'Why are we eligible?' " recalled Tom Schneider, the head of the USDA office in Manitowoc County, where livestock owners got $1.5 million. "Our answer was 'Because we were told you were eligible.' "

Several Wisconsin counties qualified on the basis of a two-year-old disaster declaration for a January 2001 snowstorm. "It was a nasty winter storm," recalled Teresa Zimmer, the USDA official in Green County. Asked how the storm affected ranchers, she said, "There were several days where livestock owners couldn't get to the market . . . to sell their animals."

Ranchers in Green County collected nearly $1.5 million. One of those who got a payment was Cornell Kasbergen, who helps run family dairy farms in Green County and Tulare County, Calif. Family members received a total of $72,000 in livestock funds, records show.

"It was a program that was available that we took advantage of," Kasbergen said. "Did we have any losses? I couldn't tell you. In my mind, I think a lot of these programs are a waste of money."

Benefit For Ranchers Was Created To Help GOP Candidate (WP)

By Dan Morgan

The Washington Post, July 18, 2006

If not for a tight Senate race in South Dakota in 2002, there might have been no Livestock Compensation Program.

In August 2002, 12 weeks before the election, aides to the Republican candidate, then-Rep. John Thune, were worried about the political fallout from a speech made by President Bush during a visit to Mount Rushmore, with Thune in attendance. The president had pointedly refused to promise ranchers new large-scale federal drought relief, suggesting instead that Congress consider shifting some funds from a recently enacted farm bill.

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The president's tough line undercut Thune's message that a GOP senator could get more done for the state during a Republican administration than could the Democratic incumbent, Tim Johnson.

Afterward, hundreds of disgruntled ranchers who had attended the president's speech headed for a Democratic rally in nearby Rapid City, where Johnson and Sen. Thomas A. Daschle (D-S.D.), then Senate minority leader, lambasted the administration for letting South Dakota ranchers down.

"It was a stunning political blunder," said Bob Martin, Johnson's communications director. "The president basically said, 'Bootstrap it, boys.' "

In Washington, the White House political affairs office, then directed by Ken Mehlman, recognized the importance of the drought-relief issue to the Thune race. That spurred an effort in the administration to come up with a way to help the embattled Republican candidate, according to a former senior official at the Department of Agriculture.

In his speech in South Dakota, the president said he opposed drought relief that would add to the federal budget deficit. So White House and USDA officials came up with the idea of tapping a special fund derived from annual customs receipts, the former official said. The fund, dating to 1935, is known as Section 32. The secretary of agriculture can use it to help farmers without consulting Congress.

On Sept. 12, Thune weighed in with a letter to the USDA suggesting the use of the fund.

One week later, then-Agriculture Secretary Ann M. Veneman summoned reporters to the USDA's broadcast center and, with Thune and several other Republican lawmakers at her side, announced the creation of the Livestock Compensation Program, using $750 million from the special fund.

The ceremony, which was not attended by any Democrats, had the aura of a campaign event.

Veneman credited Thune with the "very creative suggestion" of using Section 32. After saying the USDA had "worked closely with the congressman," Veneman explained the program and introduced Thune for remarks.

During a campaign swing through South Dakota four days later, Thune thanked the White House for finding a way to help ranchers "that didn't take an act of Congress."

South Dakota ranchers received $50 million of the first $750 million the USDA set aside for the program.

It did not save Thune. He lost to Johnson by 524 votes and had to wait two more years to enter the Senate. In 2004, after a campaign that focused more on abortion than drought, Thune defeated Daschle.

Asked about the livestock program, Thune's office said last week, "Then-Congressman Thune supported this program because it was a responsible approach to helping South Dakota's farmers and ranchers, who were suffering from a devastating drought."

When Feed Was Cheap, Catfish Farmers Got Help Buying It (WP)

By Gilbert M. Gaul

The Washington Post, July 18, 2006

One of the more unusual offshoots of Congress's drought-relief efforts was a $34 million assistance program for catfish farmers.

Under the 2003 Catfish Feed Assistance Program, announced in August of that year, commercial catfish farmers in Mississippi, Arkansas and a handful of other states got government credits for feed equal to $34 per ton.

All they had to do was apply at their local feed mill. The amount they received was based on how much feed they had purchased at the mill in 2002 -- not any actual losses.

The USDA advertised the program as "an innovative relief to catfish producers who have experienced losses due to adverse weather and natural disasters," according to a news release. The agency said a 2002 drought had driven up the price of feed.

To be sure, some of the states had suffered drought, but not all. Moreover, feed prices for catfish in 2002 were among the lowest in a decade, according to federal data and agricultural economists. They didn't spike again until mid-2003.

The struggles of catfish farmers appeared to have more to do with economics than with bad weather. After expanding for a decade, the industry was contracting in 2002 and 2003 and faced competition from foreign imports that drove prices to record

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lows. Even though farmers were selling more catfish, their revenue was slipping. Some received separate foreign trade adjustment payments from the government.

"Prices went down in 2002 and 2003. A lot of people had to give up [catfish] farming," said Terry Hanson, an agricultural economist at Mississippi State University. "But feed prices were very low in 2002-2003, about $200 a ton."

Mississippi reeled in by far the largest share of federal dollars -- nearly $19 million, records show. It has more catfish farms than any other state. It also has a powerful U.S. senator, Republican Thad Cochran, then chairman of the agriculture committee and second-ranking majority member of the Appropriations Committee, looking out for the industry's interests.

It was Cochran who inserted language into a wartime appropriations bill in 2003 to ensure that catfish farmers received relief. Cochran also lobbied USDA officials to adopt feed credits of $35 to $40 per ton.

"The catfish industry is in a very precarious situation," Cochran wrote to then-Agriculture Secretary Ann M. Veneman in March 2003. "Higher feed costs . . . have added tremendously to a catfish producer's cost of production." Fish-eating birds and fish-killing parasites had also "decimated the catfish farmers' hope of making a profit," he wrote. Cochran did not respond to requests for an interview.

Most Mississippi catfish farmers did not receive their feed credits until 2004, according to the Mississippi Department of Agriculture and Commerce. By then, catfish prices were rising.

FBI/DEA/ATF/USMS:

Feds Eye Properties (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), July 18, 2006

Government says it plans to seize West's Market Square businesses

A prominent Market Square entrepreneur has been peddling tons of marijuana over the past 11 years and laundering his ill-gotten gains through his businesses, federal court documents allege.

U.S. Magistrate Judge Bruce Guyton arraigned Scott West, 41, on Monday on a two-count federal indictment accusing West of conspiring with his brother and two unidentified suspects to push thousands upon thousands of pounds of marijuana. He also is accused of plotting with his wife, brother and sister-in-law to hide the proceeds.

Federal court records detail a single shipment seized by authorities in Texas early Sunday that involved nearly 1,000 pounds. It represented a typical amount ferreted to the West brothers from the Southwest, according to court records.

Court records also accuse West, brother James Michael West, 42, sister-in-law Joanne Baker West, 39, and wife Bernadette Trent West, 47, of laundering a minimum of $2.5 million in drug proceeds through various bank accounts and properties, including popular Market Square businesses owned by Scott West and his wife.

Those businesses, which authorities are now seeking to seize, include Preservation Pub, Oodles Uncorked restaurant and wine bar, World Grotto and Marketplace entertainment venue and Earth to Old City gift shop.

Scott West and his wife are considered among the largest property owners and business operators in downtown Knoxville. Federal authorities have filed notice that they intend to take it all - from 28 Market Square to 320 Wall Avenue - if they win convictions in the drug trafficking case.

Also on federal authorities' seizure list is property in Hawkins County, N.C. and in Hawaii deeded to James Michael West and his wife, as well as a slew of bank accounts in their names.

The brothers and their wives have been under probe for at least six months, U.S. Drug Enforcement Administration Agent Michael Davis wrote in a criminal complaint.

On July 8, Davis wrote, he and other agents learned "that James Michael West was expecting a shipment of between 900 and 1,000 pounds of marijuana from his source of supply" and already "had in his possession several hundred pounds of marijuana from a prior shipment."

By then, the DEA and other law enforcement partners had identified Newport resident Frank Logan Asbury as a "regular purchaser of marijuana from James Michael West," Davis wrote.

With help from Assistant U.S. Attorney David Jennings, agents began preparing for a massive series of searches, documents show.

On Saturday night, DEA agents in Texas tracked alleged couriers Melvin Skinner and his son, Samuel Skinner, as they began making their way from a truck stop in northern Texas in a RV loaded with marijuana, Davis wrote.

Early Sunday, the Texas agents swooped in and snatched up the Skinners, seizing the 1,000 pounds of pot stashed in the RV that Davis alleged was ordered up by the West brothers.

"Upon learning that the Skinners had been arrested, I and other agents involved in this investigation immediately executed search warrants at various locations in the Eastern District of Tennessee and the Western District of North Carolina," Davis wrote.

Raided were Scott West's downtown apartment and Market Square businesses. Neither he nor his wife was in the state at the time. Agents also raided James Michael West's houses in Hawkins County, where they seized 400 pounds of pot and $40,000, and in Candler, N.C., where they took $150,000 in alleged drug money, Davis wrote.

Agents found 100 pounds of marijuana and $95,000 as a result of searches at Asbury's Newport home and a nearby storage facility, the complaint alleged.

Guyton ordered Asbury, 55, held without bond Monday after Jennings noted he has a prior felony drug conviction in Cocke County.

Jennings blacked out two names on the indictment returned against the Wests, a signal that those are fugitives still being sought by authorities.

Attorney Donald A. Bosch entered pleas of innocent on behalf of Scott West at Monday's hearing. Jennings agreed to allow Scott West to go free on bond, and West was released by early Monday evening.

"He and his wife are, as the court knows, business owners on Market Square," Jennings said, adding neither was likely to flee.

Bernadette West was out of the country when agents raided the Market Square businesses, and her husband was in Atlanta, Bosch has said. Scott West voluntarily surrendered Sunday.

Bernadette West is now aware of the indictment and is headed back to Knoxville to face it, Bosch said Monday.

"All the businesses are open and running as scheduled," Bosch said.

Jennings asked Guyton to order James Michael West held without bond, alleging he was both a "danger to the community" and likely to flee. Public Defender Jonathan Moffatt objected to the request. Guyton set a hearing for Thursday.

James Michael West will remain locked up until then. It's not clear where his wife is or whether she has been arrested.

Knoxville Businessman, Brother Indicted In Drug Conspiracy (AP)

AP, July 17, 2006

KNOXVILLE, Tenn. - A businessman involved in the redevelopment of downtown Knoxville and his brother were charged Monday in a federal indictment with conspiring to launder millions of dollars from marijuana sales.

Scott West, 41, of Knoxville and James Michael West, 42, who has homes in Hawkins County, Tenn., and Buncombe County, N.C., were indicted with their wives - Bernadette Trent West, 47, and Joanne Baker West, 39, respectively - and two other unnamed individuals.

The indictment charges them with distributing more than 2,200 pounds of marijuana for which they received at least $2.5 million.

However, a criminal complaint in a related case suggests that may have been only a single shipment in a conspiracy that began in 1995, The Knoxville News Sentinel reported.

Prosecutors listed an array of properties on Knoxville's Market Square and in Hawaii owned by the Wests that could be subject to seizure, along with 17 bank and investment accounts.

Assistant U.S. Attorney David Jennings said the drug count carries a mandatory minimum sentence of 10 years in prison and the money laundering up to 20 years in prison.

Scott West and James Michael West entered not guilty pleas Monday. Scott West was released on bond, while his brother has a detention hearing Thursday.

Scott West's lawyer Don Bosch said Bernadette West was out of the country. Joanne Baker West's whereabouts were not immediately known.

Federal agents raided Scott West's home and businesses on Sunday. He returned from a trip to Atlanta and "voluntarily surrendered to federal authorities at my office," Bosch said.

Scott West and Bernadette West own the Earth to Old City gift shop; Oodles Uncorked, a restaurant; and pubs World Grotto and Marketplace and Preservation Pub, as well as several residential spaces in downtown Knoxville.

Margie Nichols, a spokeswoman for the city of Knoxville, said the city does not condone alleged illegal activity, but would like to see the businesses remain open.

"I think the federal government, it's their intent to, if at all possible, to have the businesses remain viable," she said. "That's what they told us. They'll make every effort to keep them operating."

Business Owners Face Drug, Laundering Charges Following Raid (WVLT)

WVLT-TV, July 17, 2006

Knoxville (WVLT) - Two brothers and businessmen from Knoxville were in court Monday, both accused of marijuana possession and distribution.

James Michael and Scott West pleaded not guilty to the charges in federal court.

They're both accused of drug possession and money laundering after a federal grand jury returned a two count indictment against them.

If convicted, they could face ten years to life in prison and a four million dollar fine.

Monday's court appearances are a direct result of a raid on two businesses in Market Square, Preservation Pub and Oodles.

James west will be detained until a hearing because federal prosecutors fear he could flee the area.

However, his brother, Scott was granted $15,000 bond.

"Mr. West has been released. I imagine this is a very difficult time for him. He's just spent the night in jail and he's happy to be getting home," Defense Attorney Don Bosch says.

A trial date for both has been set for September 21st.

That could change since attorneys say this case will be classified as "complex".

Man Who Ran Business Fronting Tunnel Pleads Guilty (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, July 18, 2006

A man who ran a sham produce business out of an Otay Mesa warehouse atop the longest cross-border drug tunnel ever discovered pleaded guilty to conspiracy yesterday and faces about 30 months in prison.

Carlos Cárdenas Calvillo, 45, of Bell Gardens, near Los Angeles, admitted he was aware that the produce business was a front for drug trafficking at the warehouse on Siempre Viva Road.

But prosecutors said he was not directly involved in bringing drugs into the country through a half-mile tunnel from an industrial area near Tijuana's airport.

Nobody else has been arrested in connection with the tunnel.

Cárdenas told investigators that he knew there was a tunnel inside the V&F Distributors warehouse, according to court documents.

“He was aware that there was a locked room in the warehouse,” prosecutor Sherri Walker Hobson said in a federal court filing. “He noticed tire tracks inside the warehouse, noticed mud on the locked door where the tunnel was located and found narcotics wrapping inside the warehouse.”

Cárdenas said he was hired in October by a longtime friend named Fernando Avila, whom he knew to be linked to a major Mexican drug cartel, to operate a fruit and vegetable business as a front for the drug smuggling, Hobson said.

“The company maintained an appearance of conducting some legitimate commercial and shipping business from Mexico to Los Angeles,” she said in the court papers.

The sophisticated tunnel that ended in a small room in the 50,000-square-foot warehouse had lights, drainage and a ventilation system and was the work of a major cartel, officials said.

Two tons of marijuana were found on the Mexican side of the tunnel in addition to 200 pounds on the U.S. side.

Authorities have sealed the tunnel with a cement plug and investigators are still chasing down leads in the case, said spokespeople for Immigration and Customs Enforcement and the Drug Enforcement Administration.

Cárdenas is scheduled to be sentenced Oct. 10.

Doctor Sentenced In NFL Steroids Case (AP)

AP, July 18, 2006

COLUMBIA, S.C. (AP) -- The doctor who pleaded guilty to conspiring to illegally prescribe steroids to several Carolina Panthers was sentenced Monday to one year and one day in prison.

Dr. James Shortt pleaded guilty in March to one federal count of conspiracy to distribute anabolic steroids and human growth hormone. Prosecutors have said current and former members of the Carolina Panthers were some of Shortt's patients.

As part of the plea deal, prosecutors dropped 42 other counts against Shortt.

Chief U.S. District Judge Joe Anderson ordered Shortt to pay the minimum fine, $500, and a $100 special assessment. He also will serve two years on supervised release.

The maximum sentence for the charge was five years in prison and a $250,000 fine.

Shortt also faces a state criminal investigation in the 2004 death of a Minnesota woman who died three days after receiving intravenous hydrogen peroxide to help her multiple sclerosis.

The South Carolina Board of Medical Examiners revoked Shortt's medical license in May.

Anderson delayed the date on which Shortt must report for prison until the conclusion of any possible appeals, which Anderson said were "almost certain." That could mean Shortt won't begin serving his sentence until 2008, the judge said, estimating the appeals process could take a year and a half.

Shortt has 10 days to appeal his conviction and sentence. His lawyer, federal public defender Allen Burnside, wouldn't comment Monday.

Anderson said he would recommend that the 59-year-old Shortt serve his time at the prison closest to his family.

The additional day tacked on to the one-year sentence means Shortt will be eligible to earn credits for good behavior, which could reduce his time served to less than 11 months, Anderson said.

Shortt acknowledged he "went beyond the boundaries that I should" in writing the prescriptions for testosterone and human growth hormone to professional athletes.

"My intention was to help them reach their goals," he said.

Shortt also said he had no intention of applying for a medical license in California, where he now lives.

"I have accepted the fact that my career is over," Shortt said. "I certainly have no intention of ever doing it again."

Shortt To Serve One Year, One Day In Prison (TSSC)

The State (SC), July 17, 2006

A former West Columbia doctor accused of illegally prescribing steroids to NFL players was sentenced to one year and one day in prison on Monday.

Chief U.S. District Judge Joe Anderson sentenced Dr. James Shortt, who now lives in California, during a 2-hour morning hearing at the federal courthouse in Columbia.

The doctor has been linked to several Carolina Panthers players.

He had faced a maximum sentence of five years in prison and a $250,000 fine for conspiring to distribute anabolic steroids and human growth hormones to NFL players, bodybuilders and others.

He pleaded guilty in March to the conspiracy charge. In exchange, prosecutors agreed to drop 42 counts of distributing the drugs.

The S.C. Board of Medical Examiners revoked Shortt's medical license in May and fined him $10,000.

— Rick Brundrett

Physician Sentenced For Distributing Steroids (SN)

Spero News, July 18, 2006

An alternative medicine physician who formerly practiced in West Columbia, S.C., was sentenced Monday in federal court for conspiracy to distribute anabolic steroids and Human Growth Hormone (HGH).

Chief U.S. District Judge Joseph F. Anderson, Jr., sentenced James M. Short, 59, to twelve months and one day in prison.

Shortt admitted during his guilty plea last March that he conspired to distribute anabolic steroids and HGH to NFL football players, bodybuilders and law enforcement officers for purposes of performance enhancement. The Controlled Substances Act prohibits distribution of anabolic steroids solely for performance enhancement as being outside the scope of legitimate medical practice.

Federal sentencing guidelines projected Shortt's sentence to range from zero to six months incarceration.

However, prosecutors sought a higher sentence, based on several factors: (1) the advisory sentencing guidelines did not sufficiently address the seriousness of the defendant's conduct in trafficking in performance enhancing drugs; (2) the guidelines failed to include HGH as a drug-trafficking offense; (3) the defendant's prescribing of steroids to a teenager was not accounted for by the guidelines; and (4) recent changes in the sentencing guidelines suggested that a more punitive sentence was appropriate.

Based in part upon the government's argument, and also on what Judge Anderson perceived as a "lack of remorse" on the part of Shortt, the court rejected the zero to six months sentencing range and instead sentenced Shortt to one year and one day in prison.

With the additional day in prison, Shortt can qualify for good behavior credit while incarcerated, potentially resulting in a shorter term of approximately 10 and a half months. Following his release from prison, Shortt will be placed on supervised release for two years.

The case was investigated by agents of the Drug Enforcement Administration.

Doctor In Steroids Case Sentenced To Year In Prison (CO)

By Charles Chandler

The Charlotte Observer, July 17, 2006

The doctor who pled guilty to providing steroids and human growth hormone to some Carolina Panthers players was sentenced Monday to serve one year and one day in prison by a U.S. District Court Judge.

The length of the sentence makes Dr. James Shortt eligible for a reduced sentence of 15 percent for good behavior, which could lower his imprisonment to about 10 1/2 months.

Judge Joe Anderson delayed the start of the sentence until the completion of any appeal Shortt may file.

Shortt must appeal within ten days.

U.S. Attorney Reginald Lloyd said if there's an appeal it would probably delay the start of Shortt's jail term for 18-24 months.

Shortt was also fined $500. He and his attorney, Federal Public Defender Allen Burnside declined comment.

Shortt was eligible for a sentence of five years and $250,000 however, the advisory recommendation based on federal sentencing guidelines was between zero and six months in prison.

Federal prosecutors had asked Anderson to consider a more stringent sentence than the guidelines recommended.

Assistant U.S. Attorney Winston Holliday also revealed the identity of a previously unnamed Panther who received steroids from Shortt -- former backup offensive lineman Louis Williams.

Holliday read from the transcript of a taped conversation between former Carolina center Jeff Mitchell and Shortt in which they discussed Williams.

Tainted Heroin Found In Md. (AP)

AP, July 17, 2006

CHESTERTOWN, Md. — Maryland State Police issued a warning today about potentially lethal heroin on the Eastern Shore after tests revealed that heroin seized earlier this month contained the deadly drug fentanyl.

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Maryland officials said investigators will coordinate with Delaware authorities to try to find the source of the tainted heroin. Fentanyl has been linked to several drug overdoses, some fatal, throughout the Northeast and in parts of the Midwest this year.

Maryland authorities traced the most recent discovery of fentanyl-laced heroin to a July 3 incident in Kent County in which troopers responded to a report of a sick or injured person in a vehicle. Officers found a vehicle stopped on the roadside with an unconscious passenger.

Investigators determined that the man, whose identity has not been released, and the driver of the car, Kathryn L. Hart, 23, of Chestertown were returning from Delaware after buying drugs, and that both had ingested the heroin and drank alcohol.

Hart was charged with possession of a controlled dangerous substance. Her passenger also faces charges, authorities said.

With Dean On Leave, UVa Makes Plans For Temporary Staffing (DP)

Daily Progress, July 18, 2006

The University of Virginia is arranging for additional temporary staffing in the Office of African-American Affairs following the university's decision Friday to place Dean M. Rick Turner on paid administrative leave, officials said in a short statement Monday.

Turner signed an agreement in U.S. District Court on Thursday that stated he had lied about his knowledge "of the activities of a known drug dealer" last year.

Turner, dean of the office since 1988, will stay on leave until the results of a university investigation into the "incident" that landed him on 12 months of federal probation are completed, a UVa official said.

Turner is not subject to the UVa honor system, which has a well-known single sanction of dismissal for students who are found to have lied, cheated or stolen property, said Jeffery G. Hanna, senior director of university relations.

"Only students are subject to the honor system," Hanna said.

In a two-sentence statement about Turner's case released Monday afternoon, Hanna said the temporary staffing is to "ensure that the office and its programs continue to function as expected," Hanna said.

"No permanent decisions regarding staffing will occur until the university concludes its investigation," he said.

Hanna would not speculate how long the investigation might take.

He said UVa procedures prohibit him from disclosing who is conducting the investigation or anything else about Turner's case. "Because it's a personnel matter, I cannot go beyond the statement," he said.

Police and prosecutors declined to comment on what led Turner to enter into a pretrial diversion agreement that allowed him to avoid prosecution by agreeing to 12 months of federal probation.

The agreement states that prosecution is being deferred "in a matter within the jurisdiction of the Drug Enforcement Administration" that on or about July 19, 2005, Turner "knowingly and willfully made a false material representation, in that Milton Turner misrepresented his knowledge of the activities of a known drug dealer" in violation of federal law.

The pretrial diversion agreement was filed Friday in U.S. District Court in Charlottesville. The agreement is signed by Turner; his lawyer, John E. Davidson; U.S. Probation Officer Michael A. Sheffield; and U.S. Attorney Thomas J. Bondurant Jr., chief of the criminal division in Virginia's Western District.

Turner did not return calls or e-mail requests for comment.

The terms of the agreement require Turner to "testify truthfully at any court proceedings [and] submit to any other conditions set forth by your probation officer, including drug testing."

If he meets all the conditions of probation, he will not face prosecution "and the charges against you will be dismissed," the agreement states.

A longtime advocate of diversity at the university, Turner has served the past year as president of the Charlottesville chapter of the National Association for the Advancement of Colored People.

MLB May Take Action If Bonds Is Indicted (WP)

By Dave Sheinin

The Washington Post, July 18, 2006

DOJ_NMG_0041433

Major League Baseball is exploring its options for punishing embattled slugger Barry Bonds in the event the San Francisco Giants superstar is indicted by a federal grand jury -- even though an indictment would not be a finding of guilt -- while the players' union is girding for a potential fight over such an action, according to sources on both sides.

A federal grand jury in San Francisco investigating potential tax evasion, money laundering and perjury charges against Bonds is set to expire by the end of the month, an assistant to Michael Rains, Bonds's defense lawyer, said yesterday, and there has been widespread speculation it could reach a decision as early as Thursday.

There has been no official word that an indictment is coming, but Bonds's defense team, Major League Baseball and the union are preparing in the event there is one.

The Giants conclude a 10-game homestand on Sunday, then begin a six-game trip July 25 at RFK Stadium against the Washington Nationals. At this point, there is no reason to think Bonds, who turns 42 on Monday, would not be in uniform for those games. However, Commissioner of Baseball Bud Selig appears to be weighing the possibility of suspending Bonds if an indictment is handed down, despite the lack of any precedent in that regard.

Selig has declined to comment publicly on the Bonds matter, saying last week: "I'm not going to guess anymore [about an outcome]. I'm saddened by the whole thing but I'm not going to make any judgments until" something happens.

However, according to a person with knowledge of MLB's discussions regarding Bonds, Selig believes he may be empowered by baseball's collective bargaining agreement to suspend him. The source spoke on the condition of anonymity because the indictment remains hypothetical.

The agreement also provides for a grievance process -- the outcome of which would be decided by an arbitrator -- should the player dispute the penalty. Bonds, with the union's backing, almost certainly would file a grievance in this case, according to a source familiar with the union's discussions.

"I think it would be very difficult to get an arbitrator to uphold anything the commissioner tried to do" to punish Bonds, former commissioner Fay Vincent said in a telephone interview yesterday. "That's why it is generally not done until and unless there is a conviction."

The union did not fight the 50-game suspension Selig gave to former Arizona Diamondbacks pitcher Jason Grimsley last month when Grimsley admitted using steroids, amphetamines and human growth hormone to federal investigators, but that was because Grimsley already had asked for his release from the Diamondbacks, and because, unlike Bonds, Grimsley admitted using banned substances.

Bonds, a seven-time National League most valuable player, has never admitted knowingly using banned substances. In December 2003, according to the San Francisco Chronicle, he testified before another grand jury investigating the BALCO steroids ring that he used substances later determined to be steroids, but did not know what the substances were at the time. One of the men convicted in the BALCO case, longtime Bonds personal trainer Greg Anderson, currently is in jail for refusing to testify before the grand jury investigating Bonds.

The perjury charge currently being considered against Bonds reportedly would be for lying under oath about steroid use to the BALCO grand jury and to federal investigators who interviewed Bonds during the BALCO investigation. A perjury conviction carries a maximum five-year prison sentence.

The tax-evasion and money-laundering probes revolve around money Bonds allegedly earned from the sale of baseball memorabilia, including cash allegedly given secretly to a girlfriend, Kimberly Bell.

No precedent is known to exist for an athlete to be suspended successfully following an indictment.

In 1980, baseball attempted to suspend Texas Rangers pitcher Ferguson Jenkins following a drug-possession arrest in Canada. But upon appeal, an arbitrator overturned the suspension, ruling, among other things, that a player could not be punished for an arrest on an offense that does not affect the workplace.

However, baseball officials believe the Jenkins precedent would not necessarily apply to Bonds's case because steroid use does fundamentally affect baseball's workplace.

Bonds hit his 721st career home run Sunday in the Giants' loss to the Philadelphia Phillies, putting him 34 behind the career record held by Hank Aaron. There are some who believe baseball's zeal in taking action against Bonds is in direct proportion to Bonds's zeal in going after Aaron's record.

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"If it looks like he'll walk away peacefully [without breaking Aaron's record], they might back off," said one source involved in the discussions regarding Bonds. "If not, they're going to keep going after him until he does."

Editorial: Gun Lobby Trying To Shoot Down Trigger-lock Law (TACNT)

Tacoma (WA) News Tribune, July 17, 2006

Gun-control opponents like to argue that if authorities just enforced laws that are already on the books, that would go a long way toward addressing gun violence in this country.

One law on the books, however, won't be enforced if the U.S. Senate goes along with the House and takes away the funding needed for it. It's the law requiring that gun dealers and manufacturers include trigger locks with the handguns they sell. It doesn't mandate that buyers use trigger locks, just that they be provided at point of sale.

Congress approved the trigger-lock requirement last fall as part of compromise legislation to limit gun manufacturers' liability. It's hypocritical – not to mention bad form – for the gun-rights crowd to turn around now and try to kill the part of the legislation it agreed to in order to help win passage for the provision it wanted.

The trigger-lock law is enforced by the U.S. Justice Department. An amendment pushed by Rep. Marilyn Musgrave (R-Colo.) and the national gun lobby would kill the funding the department needs for enforcement.

All of Washington's Democratic representatives voted against the amendment. Rep. Dave Reichert, Bellevue, was the only Republican congressman from this state to vote against it. Perhaps it was his law enforcement background and his familiarity with what can happen when a child gets hold of an unsecured gun that persuaded him to break party ranks.

Law enforcement officers have been among the most vocal advocates of trigger locks and other ways to secure guns in the home. They have seen too many senseless tragedies up close involving children having access to firearms in the home and know that most of them could have been avoided had a trigger lock been in place. Nationwide, firearms account for about 10 percent of the deaths of children ages 5 to 14. For every child who dies, three more are injured but survive.

The Centers for Disease Control reports that 1.7 million children live in homes with an unlocked, loaded gun. Earlier this year, a study published in the Archives of Pediatric and Adolescent Medicine examined parents' perceptions about gun storage. Thirty-nine percent of parents who reported that their children did not know the location of the gun and 22 percent of those who said their children had never handled the weapon were contradicted by their children's responses to the same questions.

In other words, many parents are fooling themselves if they think their children aren't interested in their guns.

The trigger-lock requirement has a very real chance of saving young lives – much like laws requiring child car seats and seat belt use. The Senate can act to block the House's irresponsible action, and it should.

Galante Lawyer: Feds Are Running Trash Biz Into The Ground (DANNT)

By Karen Ali

Danbury (CT) News-Times, July 18, 2006

NEW HAVEN – New Fairfield businessman James Galante is firing back at federal marshals who have been overseeing his trash business since his June indictment, saying the federal government is running his empire into the ground.

Galante's New Haven lawyer, Hugh Keefe, said he expects to file a motion later today detailing how the U.S. marshals are doing damage to Galante's Danbury-based sanitation business.

Prosecutors allege Galante was in charge of a scheme to control sanitation routes in Connecticut and New York and that he paid the head of the Genovese crime family to enforce the arrangement.

Keefe said he is filing a motion to revoke the marshal's involvement in Galante's business and to "revoke the monitor essentially before they run it into the ground."

A U.S. government spokesman, Tom Carson, could not be immediately reached for comment.

Galante, the owner of Automated Waste Disposal on White Street and other trash companies, was indicted in a statewide racketeering case that prosecutors said has Mafia ties.

In a report filed last week in U.S. District Court in New Haven, federal monitors state that Galante's empire is suffering and if the federal marshals can't improve its financial shape in six months, the company should be sold.

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IMMIGRATION:

Washington Governor Sends U.S. Attorney General $50 Million Bill (AP)

By RACHEL LA CORTE

AP, July 18, 2006

OLYMPIA, Wash. — Gov. Chris Gregoire sent an invoice of nearly $50 million to Attorney General Alberto Gonzales on Monday, saying the federal government needs to reimburse the state for the cost of housing criminal illegal immigrants in state prisons.

Gregoire said that it's the federal government's responsibility to incarcerate illegal immigrants who have committed crimes, but that the state has been doing it for years. From July 2004 to June 2005, Gregoire said the state paid more than $27 million to house 995 prisoners. The U.S. Department of Justice has only reimbursed the state $1.7 million, and still owes $25.3 million.

She's seeking an additional $24.4 million reimbursement for the months from July 2005 to this May.

Gregoire said that the states have been forced to pick up cuts in Medicaid and homeland security and shouldn't have to shoulder the incarceration costs.

"If we're going to continue to see nothing but cuts come our way, and accountability measures for us, then I think turnaround is fair play," Gregoire said. "They have to live up to their responsibility and we need to hold them accountable."

Justice Department spokeswoman Kathleen Blomquist said her department would respond to Gregoire once the letter was reviewed.

In her letter, Gregoire asked that the federal government repay the state by Aug. 1, or take custody of the prisoners.

"I can't put these people free on the street," she said. "Public safety is at risk here. They're holding us accountable in every respect. It's high time the states said we too are going to hold you accountable."

Gregoire, a Democrat, said she talked with California Gov. Arnold Schwarzenegger, a Republican, and Arizona Gov. Janet Napolitano, a Democrat, about the immigrant incarceration issue at the Western Governors' Association meeting in Arizona last month.

"We, all three, agreed that we were going to take action," she said. Schwarzenegger has not sent such a letter but has fought to increase federal reimbursements, said his press secretary, Margita Thompson. California state officials have lobbied the White House on the issue, and Schwarzenegger brought it up with President Bush during a visit to Silicon Valley in April, she said.

California spends more than $750 million per year on illegal immigrant incarceration costs, Schwarzenegger's office said.

Since late 2004, Napolitano has sent invoices to the federal government requesting reimbursement for her state's costs for imprisoning criminal illegal immigrants.

In a letter in May to Gonzales, she said the federal government owed Arizona more than $270 million for more than 3 1/2 years of unreimbursed immigrant jail costs.

In May, 14 governors, including Gregoire, Schwarzenegger and Napolitano, called on Congress to allot $850 million to fund the State Criminal Alien Assistance Program, which reimburses the states.

Associated Press Writer Laura Kurtzman in Sacramento contributed to this report.

Myrick, Sheriff Lobby For Immigration Court In Charlotte (AP)

By Tim Whitmire

AP, July 18, 2006

CHARLOTTE, N.C. - Rep. Sue Myrick and Mecklenburg County Sheriff Jim Pendergraph on Monday unveiled a campaign to lobby for a Charlotte-based federal immigration court they believe would help manage the cases of the hundreds of thousands of people living in North Carolina illegally.

The state has the nation's eighth-highest estimated population of illegal immigrants - between 300,000 and 600,000, according to Myrick - but 16 states with lower estimated populations have immigration courts. All of North Carolina's immigration cases are handled in Atlanta.

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The Justice Department is set to receive congressional funding this fall to open three new immigration courts, Myrick said. It is important, she said, that one be in North Carolina.

"If these statistics don't prove we need an immigration court, I don't know what does," Myrick, R-N.C., said before she and Pendergraph became the first people to sign a petition asking for the new court.

"Oftentimes it's the ones who march up and down the streets that get the attention," Pendergraph said, referring to high-profile protest marches and rallies staged by immigrants and their supporters since Congress began debating tighter border security and immigration reform this spring. "Probably 90 percent of your average citizens are watching TV at home and has no say."

Myrick has been particularly active in her crusade for immigration reform since the July 16, 2005, drunken driving accident in coastal Brunswick County that killed constituent Scott Gardner of Mount Holly and severely injured his wife Tina. The couple's young children suffered minor injuries.

The driver whose truck collided with the Gardners' station wagon, Ramiro Gallegos, had been returned to Mexico twice since 2000 and had four previous DWI convictions.

"I think it brought it (the illegal immigration issue) very much close to home for all of us in the region," Myrick said. "The unfortunate part is it destroyed that whole family's future."

Attorney General Alberto Gonzales will decide where to put the new immigration courts, and Myrick said she is optimistic that Charlotte will get one. The government has estimated the annual cost of operating the court, with a judge and various support personnel, at $383,000, she said.

Pendergraph said he understands federal officials are also negotiating to open a detention center in the region that would serve the court.

Having the nearest immigration court in Atlanta makes it difficult for many illegal immigrants to show up for court dates, Pendergraph said. That results in failure-to-appear citations and immigrants being tagged as fugitives. Having the court in Charlotte would eliminate some of that problem, he said.

Myrick said she believes the House and Senate are making progress toward a compromise immigration reform bill. Recent comments by Sen. Arlen Specter, R-Pa., showed a willingness by the Senate to commit to tougher border security. House Speaker Dennis Hastert has said he will negotiate some type of guest worker program.

The sides remain at odds on whether there should be a path to citizenship for some or all people now in the country illegally.

States Stepping Up To Tackle Immigration Laws (WT)

By Jerry Seper

The Washington Times, July 18, 2006

State lawmakers are offering more than 500 bills this year targeting state-mandated services, illegal aliens and the employers who hire them, responding to a growing chorus of public opinion nationwide calling for stricter enforcement of immigration laws.

Led by Georgia, where benefits for illegal aliens were cut and stiff sanctions placed on employers who hire illegals, and by Colorado, which banned nonemergency services to those in the country illegally, at least 39 states have either proposed or passed similar legislation.

Lawmakers have focused on constituency concerns regarding an estimated 10 million to 12 million illegal aliens now in the country, resulting in rising costs for education and medical care, higher crime rates and exploitation by employers.

Georgia lawmakers passed and Gov. Sonny Perdue, a Republican, signed legislation this year requiring adults seeking benefits to prove their U.S. citizenship, sanctioning employers who hire illegals and requiring companies with state contracts to check employees' legal status. The Georgia laws also require police to check the legal status of people they arrest.

The bill's author, state Sen. Chip Rogers, called it "the strongest single bill in America dealing with illegal immigration -- bar none." He told The Washington Times that it was intended to send a message that "while the federal government is not enforcing its immigration laws, the state of Georgia takes those laws seriously."

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In Colorado, new legislation requires employers to show that new hires are in the country legally and makes it a felony for an illegal to vote. It also put two measures on the November ballot: one barring employers from receiving state tax assistance if they hire illegals and another allowing the state attorney general to sue the U.S. government to force compliance with immigration laws.

"If they've been taking benefits illegally, that's wrong," said Gov. Bill Owens, a Republican who worked with House Speaker Andrew Romanoff and Senate President Joan Fitz-Gerald, both Democrats, to pass the legislation.

With federal immigration reform stalled on Capitol Hill, several states are proposing their own laws. More than 500 bills have been introduced this year covering a variety of topics, including employment, access to public benefits and voting rights, according to the National Conference of State Legislatures.

The conference said 57 bills were passed this year, while others were vetoed and several more are awaiting gubernatorial action.

Other bills were passed in Arizona and Illinois, where U.S. citizenship or legal immigrant status is required to receive health benefits. Kansas will only provide unemployment benefits to citizens and those with legal immigration status, Wyoming bars noncitizens and nonlegal permanent residents from state scholarships, and New Hampshire requires proof of citizenship to register to vote.

In Louisiana, a new law allows any state agency to investigate a contractor's hiring policies if the employment of illegal aliens is suspected and says prosecutors can issue an order to fire the illegals and fine those employers who do not comply.

Other bills were passed in Pennsylvania, which prohibits illegal aliens on projects financed by grants or loans from the state; Tennessee, which bars companies from state contracts for a year after they hired illegal aliens; Missouri, which prohibits learner's permits, driver's licenses or renewal licenses to people illegally in the country; and Virginia, where students with temporary or student visa status are ineligible for in-state tuition.

Several bills also were vetoed, including in Arizona, where lawmakers in the Republican-controlled Legislature sought to criminalize illegal entry and allow trespassers to be prosecuted. They were vetoed by Gov. Janet Napolitano, a Democrat.

Federal law requires states to provide some services to illegal aliens, including education and emergency medical care, but not other services, including continued health care and unemployment benefits.

Texas Hospitals Reflect The Debate On Immigration (NYT)

By Julia Preston

The New York Times, July 18, 2006

DALLAS — The doctors and nurses at Parkland Memorial Hospital knew a lot about Zahira Domínguez, a maternity patient who was beginning to feel the squeeze of her contractions.

They knew that she had been born in Mexico, was a 15-year-old student at a Dallas high school and had gone to her prenatal checkups. They knew she was scared about giving birth.

What the hospital staff did not know, because they did not ask, was whether Ms. Domínguez was an illegal immigrant.

“I don’t want my doctors and nurses to be immigration agents,” said Dr. Ron J. Anderson, the president of Parkland.

Patients like Ms. Domínguez — uninsured Hispanic immigrants with uncertain immigration status — have flocked in recent years to public hospital emergency rooms and maternity wards in Texas, California and other border states. Their care has swelled costs for struggling hospitals and increased the health care bills that fall to states and counties, giving ammunition to opponents of illegal immigration who complain of undue burdens on local taxpayers.

As a result, health care has become one of the sorest issues in the border states’ debate over illegal immigration. Facing harsh criticism from residents, public hospitals are confronted with an uneasy decision: demand immigration documents from patients and deny subsidized care to those who lack them, or follow the public health principle of providing basic care to anyone who needs it.

In Texas, two of the biggest public hospitals chose differently.

The Parkland Health and Hospital System, which serves Dallas County, offers low-cost care to low-income residents with no questions asked about immigration status.

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"We decided that these are folks living in our community and we needed to render the care," Dr. Anderson said.

In Fort Worth, in neighboring Tarrant County, JPS Health Network requires foreign-born patients to show legal immigration documents to receive financial assistance in nonemergencies, like elective surgery and the treatment of routine or chronic illnesses. Executives said that their first responsibility was to legal residents, but that they were uncomfortable about having to make such distinctions.

"I don't think you should ask the hospital to make moral decisions for the State of Texas or, for that matter, for the United States," said Robert Earley, a senior vice president of JPS.

To some Fort Worth residents, the hospital — which does provide emergency and maternity care to illegal immigrants — has nonetheless sent a message that illegal immigrants are not welcome.

"Whenever immigrants go to the hospital, the first thing they are asked is, 'Who are you and where are your immigration papers?' " said José Aguilar, a leader of Allied Communities of Tarrant, a coalition of church-based community groups that has pressured the JPS board to reverse its policy. "They are being scared away."

Across Texas, the debate over illegal immigration has spilled into county commission hearings and hospital board meetings. A study ordered by commissioners in Harris County, which includes Houston, found that about one-fifth of the patients in its health system last year were immigrants without documents, most of them from Mexico. Their numbers had increased 44 percent in three years, the study found, and their care had cost the county $97.3 million, about 14 percent of the health system's total operating costs.

"We have a lot of United States citizens that need our help in health, and we should pull them up before we pull up someone here illegally," said Tim Gallagher, 45, a software salesman from Plano, north of Dallas, who in an interview expressed views widely shared in the state. Mr. Gallagher said he favored deporting illegal immigrants who sought care from public facilities, even if the patient was a mother who gave birth to an American citizen.

"If somebody here needs health care, they should get it, and then if they are illegal, they should go bye-bye," said Mr. Gallagher, who wrote a letter on the subject to The Dallas Morning News.

In California, hospitals spent at least $1.02 billion last year on health care for illegal immigrants that was not reimbursed by federal or state programs, according to federal government estimates. Hospital officials there said the ailing health care system was being pushed to its limit.

"Emergency rooms and hospital doctors are forced to subsidize the lack of immigration enforcement by the federal government," said C. Duane Dauner, president of the California Hospital Association. "It amounts to an unfunded mandate for us to treat everybody."

California received $66 million in federal money in 2005, the first year of a four-year national program to help pay for emergency care for illegal immigrants. But it was "not even a down payment" on the total cost, Mr. Dauner said. With more than 1.4 million of California's residents uninsured and more than half of California's hospitals operating in the red, Mr. Dauner warned that care for illegal immigrants could tip some hospitals into bankruptcy.

Even so, the surging numbers of illegal immigrants in the health care system have fed some misconceptions, hospital administrators said.

While Texas border hospitals often get "anchor babies" — children of Mexican women who dart across the border to give birth to an American citizen — most illegal immigrants who go to major hospitals in Texas can show that they have been living here for years, said Ernie Schmid, policy director at the Texas Hospital Association. Many immigrant families have mixed status; often a patient with no documents has a spouse or children who are legal.

Most immigrant patients have jobs and pay taxes, through paycheck deductions or property taxes included in their rent, administrators at the Dallas and Fort Worth hospitals said. At both institutions, they have a better record of paying their bills than low-income Americans do, the administrators said.

The largest group of illegal immigrant patients is pregnant women, hospital figures show. Contrary to popular belief here, their care is not paid for through local taxes. Under a 2002 amendment to federal regulations, the births are covered by federal taxes through Medicaid because their children automatically become American citizens.

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These cases are not affected by new regulations that went into effect on July 1 requiring Medicaid patients to provide proof of citizenship, Texas health officials said. They said they believed that only small numbers of illegal immigrants had received other Medicaid benefits.

Administrators at Parkland said the hospital delivered 11,500 babies last year to mothers who were probably illegal immigrants, representing at least 56 percent of its maternity patients.

One was Ms. Domínguez, whose family brought her to Dallas from Mexico 11 years ago. Guided through Parkland's prenatal care, the frightened teenager had an unexceptional labor and a robust baby girl.

Many immigrants have sought low-cost care by going to Parkland's emergency room, where, by federal law, they must be examined and treated, as is the case in any emergency room. Leticia Martínez, 24, walked into the emergency room one morning weak with cramps, fearing a miscarriage in her two-month pregnancy.

Ms. Martínez said she had been sure she would get care at Parkland because her first baby had been born there. "They help economically," she said. "They don't ask the immigration question."

Dr. Anderson fiercely defends Parkland's open policy. "It's much wiser to render care than to wait until they are very sick," he said.

In Fort Worth, JPS Health Network also provides low-cost prenatal care and delivery for illegal immigrant mothers. It does not offer them help for other nonemergency care.

In January 2004, the JPS board of managers voted to offer its financial assistance program to all Tarrant County residents, legal or otherwise. But eight months later, with illegal immigrants starting to fill the hospital, the managers reversed course in a meeting where they agonized over their votes, the minutes show.

The policy has given the hospital a mixed reputation among Hispanics in Fort Worth.

Edy Patricia Rodríguez, 18, an illegal immigrant whose husband is an American citizen, cuddled her newborn recently in a private, state-of-the-art room at the JPS hospital. The child, Pablo F. Ibarra, born June 28, thrived in the network's care, and his mother was satisfied.

But misunderstandings about immigration status clouded the case of Victoria Canales, a Mexican immigrant who had sought care for advanced liver disease, said her husband, Jesus Canales, 36.

Mrs. Canales was a legal resident and a member of the JPS network's low-income program. But hospital staff members seemed confused about her case, Mr. Canales said, and twice sent her home when she had gone to seek relief from the liquid filling her body.

Humiliated, Mrs. Canales was reluctant to return to the hospital until she could no longer manage at home, Mr. Canales said. She died June 26.

JPS officials say they do not refuse care to people who need it, but are wrestling with the demands of county residents and changing state laws.

Mr. Earley, the JPS vice president, said, "We have been bounced around like a basketball on this issue."

Republicans Establish Immigration War Room (HILL)

By Patrick O'connor

The Hill, July 18, 2006

House Republicans have organized a communications "war room" to push their enforcement-first strategy on immigration reform during the remaining months of the 109th Congress.

The communications plan will help GOP leadership staff coordinate the party's message in local media markets during the next round of field hearings, in August.

After the hard-fought victory of GOP Rep. Brian Bilbray in California's special election, House Republicans have increasingly hung their hopes of retaining the majority on their unwillingness to compromise on enforcement-first immigration reform.

But their emphasis on immigration this election season only serves to create more expectation among voters that Congress should approve a reform bill before the November elections.

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House negotiators continue to insist that Congress address border and workplace enforcement before moving legislation to expand the country's guest-worker programs or deal with the laborers already here illegally, as the Senate bill aims to do.

House Republicans are expected to keep pressuring their Senate colleagues on this issue during the monthlong summer break. Aides to House Speaker Dennis Hastert (R-Ill.) are even planning for the Speaker to make a trip to the border during the recess to push increased enforcement, a Republican aide said.

The "war room" is not a physical space but rather a coordinated strategy to monitor local and national media coverage of the immigration debate and to saturate those markets with favorable comments about the House bill.

Republican aides involved in the effort see it as a chance to respond to critical press while pushing the House immigration plan in local media markets throughout the country. In doing so, leaders would like to harness the energy of their members.

"Members are really on the offensive about this," said Gretchen Hamel, a spokeswoman for the House Republican Conference.

As part of the new media strategy, House Republicans will continue their efforts to label the Senate's comprehensive overhaul as a Democratic plan — specifically the "Reid-Kennedy" bill, a reference to Senate Minority Leader Harry Reid (D-Nev.) and Sen. Edward Kennedy (D-Mass.), who co-wrote a reform bill with Republican Sen. John McCain (R-Ariz.).

In addition, GOP lawmakers and staff have stepped up their criticism of Democratic leaders in the House for what they portray as a failure of those leaders to articulate a unified position on the immigration issue.

"This debate was taking place in the Washington, D.C., vacuum," said Kevin Madden, a spokesman for House Majority Leader John Boehner (R-Ohio). "We think it was being inaccurately reported as a House approach versus a Senate approach. [The Senate legislation] was essentially a bill passed by a coalition of Senate Democrats."

While GOP leaders in the House and Senate squabble over the details of immigration reform, Democrats in the House will continue to point out administration failures on the border and criticize their Republican counterparts for their own failure to move a bill to the president's desk, said Jennifer Crider, spokeswoman for Minority Leader Nancy Pelosi (D-Calif.).

Staffers organized by Pelosi's office meet regularly to discuss the immigration issue, and they will continue to distribute information packets to members who participate in the field hearings. The packets include talking points, fact sheets and press clippings on the immigration issue.

On the Republican side of the aisle, staffers in Hastert's office, Boehner's office and the Republican Conference office have organized much of the GOP's communications effort. They have separated the country into 12 regions and recruited a dozen press aides from various personal offices to review clips from media markets in each region.

Madden, in Boehner's office, drew up the communications strategy, leadership aides involved said, while Lisa Miller in the Speaker's office and Katie Strand in the conference office are responsible for compiling the clips every day from each of the 12 personal-office press contacts. Michael Steel in the office of Rep. Jim McCrery (R-La.) writes up a summary of each day's clips.

The staffers involved hold a conference call every morning at 8:30 to report on clips they have compiled from the local press each day. The calls usually last between 20 and 30 minutes, Hamel said. The aides also meet in person at least once a week to discuss strategy.

The goal is to place opinion pieces and win positive coverage in regions where immigration reform is a prominent issue. To do that, leadership staff will co-opt rank-and-file members from those regions to place op-eds in their local papers or conduct television and radio interviews supporting the House bill.

For example, Boehner is expected to run an op-ed in The Philadelphia Inquirer this week to address the need for expanded enforcement on the border. Not only is the Inquirer the hometown newspaper for Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), whose name graces the Senate bill, at least three House Republicans face difficult reelection fights in the greater Philadelphia region.

The war-room staff also has been e-mailing regular "Border Bulletins" to update staff, members of the media and outside organizations about the field hearings schedule. The bulletins also highlight problems with the Senate bill or criticize Democrats, saying that they have failed to articulate a plan. The group also is expected to launch a website later this week.

The personal-office staff includes Laura Blackann, with Rep. John Doolittle (R-Calif.); Courtney English, with Rep. Todd Tiahrt (R-Kan.); Sarah Jackson, with Rep. Jeff Fortenberry (R-Neb.); Charlie Keller, with Rep. Ginny Brown-Waite (R-Fla.); Ryan

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Loskarn, with Rep. Marsha Blackburn (R-Tenn.); Brad Mascho, with Rep. Paul Gillmor (R-Ohio); Tory Mazzola, with Rep. Bill Shuster (R-Pa.); L.D. Platt, with Rep. Tom Reynolds (R-N.Y.); Becky Ruby, with Rep. Phil Gingrey (R-Ga.); Michelle Stein, with Rep. Mike Burgess (R-Texas); Chris Taylor, with the Speaker's office; and Sylvia Warner, with Rep. Mike Rogers (R-Mich.).

Despite the organized communications plan, Republicans in the House remain divided on the issue of comprehensive reform, but the enforcement-only crowd tends to drown out other members of the conference who are more sympathetic to expanding the current guest-worker program or granting legal status to undocumented workers already here.

During a recent conference meeting of House Republicans, Rep. Jeb Hensarling (Texas) told members about the positive responses he heard during a series of town-hall meetings he held to explain his enforcement-first approach and Rep. Joe Wilson (S.C.) told members that he received above-the-fold front-page coverage in a local newspaper for making a trip to the border.

House leaders are aggressively selling their plan in preparation for possible negotiation with the Senate on a compromise bill, even though the chances of a compromise dimmed significantly after the field hearings were announced. The communications plan is part of that effort.

"This is us going before the American public as judge and jury because all the facts are on our side," Madden said.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, July 18, 2006

Go ahead, caller

Former Secretary of State Lawrence Eagleburger made a surprise appearance yesterday on C-SPAN, weighing in on the precarious state of world affairs during the open-phone segment of "Washington Journal."

"You're on the air. Go ahead, Republican," said the program host.

"Yes, I was in the first Bush administration ..."

"Is that Lawrence Eagleburger?" the surprised host asked.

"Yes, sir. I'd like to make three quick comments," Mr. Eagleburger continued.

One of the comments was to caution those who are quick to criticize the Israeli military response in Lebanon. Mr. Eagleburger said Israel is "surrounded by states who say they want to destroy" it.

And he warned that if the United States and its allies "don't do something about Iran and its building of nuclear weapons, and North Korea and its building of nuclear weapons, there's going to come a time about 10 years from now when Americans are going to look back and say, 'What in the devil were we doing sitting there watching this develop?' "

As soon as the former secretary hung up the phone, the C-SPAN host stated for the record: "That was not set up. He called on his own."

Fighting words

"To all the Republicans who sit in their air-conditioned offices and talk of the courage it takes for them to keep young kids in harm's way, I say enough. [And White House aide] Karl Rove talking about 'cutting and running' while he sits on his big, fat backside saying 'stay the course,' I say enough. That's not a plan."

Or so Rep. John P. Murtha, Pennsylvania Democrat, wrote in a Democratic Party fundraising letter this week.

Pass the worm

Building a massive fence along the U.S.-Mexican border will be the subject of a hearing Thursday in the House, which passed a bill last year calling for the construction of 700 miles of fencing along the porous border.

President Bush, who once said better fences make bitter neighbors, came around this spring to say he would support 370 miles of fencing, but no more.

"We don't think you fence off the entire border," White House spokesman Tony Snow told reporters.

Meanwhile, we learned yesterday that as more and more Mexicans — illegal or otherwise — continue to flood into the United States, the demand for indigenous Mexican food and beverages is increasing to the point that it has become a "booming" industry, both for suppliers in Mexico and distributors in this country.

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According to the firm Market Research, the Mexican food industry in the United States is estimated at $52 billion and growing, with seven in 10 surveyed households using Mexican food and ingredients.

Supporting J.D.

One of the biggest proponents of fencing out illegal aliens is Rep. J.D. Hayworth, Arizona Republican, who reported yesterday that his re-election campaign war chest has surpassed $1 million in contributions.

Mr. Hayworth says his state and constituents are tired of being "ground zero" in the illegal alien crisis. In Arizona, he says, there are 6,000 to 6,500 attempted border crossings every night, of which 4,000 to 4,500 are successful.

The congressman was driven to write a book on illegal border crossing, which he presented earlier this year to President Bush after his visit to the state. It proposes not only building a massive fence along the border, but also halting the U.S. practice of granting citizenship to American-born children of illegal aliens.

Failing schools

Congress today will take the first step toward rescuing children who are trapped in persistently underperforming schools.

House Committee on Education and the Workforce Chairman Howard P. "Buck" McKeon, California Republican, will introduce legislation to establish America's Opportunity Scholarships, which would give states and school districts the ability to provide money to low-income children to attend private schools or else receive intensive, sustained tutoring.

Jumping ship

The number of black Republican candidates seeking major national or statewide offices in the United States in 2006, according to the National Black Republican Association: 43.

TAX:

Former Prosecutor Enters Tax Evasion Plea (KCS)

The Kansas City Star, July 18, 2006

A third member of a now-defunct legal practice in Kansas City has pleaded guilty to not paying federal income taxes over a 10-year period through 2004.

Lynise Michelle Ratliff-Connor, 42, of Raytown, admitted last week that she willfully failed to pay $58,383 in income taxes in 2000 on $195,320 she earned from her law practice that year.

She also admitted failing to pay federal income taxes in 1994, 1995, 1996, 1997, 1998, 2003 and 2004. The IRS has yet to determine how much she owes for those years.

She also failed to pay $3,048 in income tax in 1999 and has yet to pay her 2002 taxes, according to her plea agreement.

Ratliff-Connor faces up to a year in prison and a fine of $25,000.

“This is a practicing attorney who simply refused to pay her federal income taxes for more than a decade,” said U.S. Attorney Bradley J. Schlozman in a written statement. “For an officer of the court to so egregiously violate the law is absolutely inexcusable.”

Ratliff-Connor’s attorney, Bob McQuain of McQuain DeHardt & Rosenbloom, declined to comment.

Ratliff-Connor was formerly associated with attorneys Phillip A. Brooks and Dale E. Lovelace of Brooks & Lovelace.

Brooks, 40, of Lee’s Summit, pleaded guilty more than a year ago to a charge of failing to pay federal income taxes for the year 2000. Brooks had taxable income that year of $171,386 and owed federal taxes of $29,198. He was sentenced to three years of probation.

Lovelace, 39, of Kansas City, pleaded guilty in October to a charge of failing to file a return in the year 2000. Lovelace earned $266,076 that year and owed $109,584 in income taxes.

Lovelace also admitted that he failed to pay income taxes in 1996, 1997, 1998, 1999, 2001 and 2002. Officials said the tax losses for those years totaled at least $162,459.

Lovelace was sentenced in April to a year in federal prison.

Ratliff-Connor was a prosecutor in the Jackson County prosecutor’s office about 15 years ago. She left to open her own practice downtown after getting a $25,000 loan from the Small Business Administration.

DOJ_NMG_0041443

Amway case to proceed

The 8th U.S. Circuit Court of Appeals has upheld a lower court's refusal to force an antitrust case against Amway Corp. into arbitration.

The plaintiffs in the case are so-called tools businesses that use motivational tapes, lectures and rallies to recruit Amway distributors and encourage them to sell as many Amway products as possible. Each tools businesses is owned by a distributor that also operates an Amway products business.

The case, which was filed in 2003 in St. Joseph, seeks millions of dollars in damages. The plaintiffs describe Amway as a pyramid-type scheme in which distributors earn money by recruiting other distributors, with a percentage of each distributor's revenues passed along to higher-ups in the pyramid.

Like other lawsuits filed in recent years by Amway distributors, the lawsuit says that most of Amway's profits come not from selling products but from selling the motivational materials to distributors.

Many of the lawsuits allege that Amway exaggerates the profits to be made by selling its products and pressures distributors into buying its motivational materials. The St. Joseph action charges that a few Amway "kingpins" — those who bought into Amway early on — control thousands of down-line distributors and make most of their money by selling them the motivational materials.

The lawsuit says that Amway helped the few big players monopolize trade in the motivational arena, using it to subsidize the rest of its business.

Amway has denied the allegations and tried to force the case into arbitration. The company argues that, while none of the tools businesses had signed the arbitration agreement, each was owned by a distributor whose products business had signed it.

In September, U.S. District Judge Richard Dorr ruled that the arbitration agreement was "unconscionable" because it was offered on a "take it or leave it" basis and because Amway hand-picked the arbitrators and trained them.

Last week, the 8th Circuit agreed. The court found that, contrary to Amway's assertions, the tools businesses were not entitled to any rights or benefits under Amway rules of conduct, were not agents of the products businesses, and couldn't be forced into arbitration under the "community of interest doctrine." Amway had invoked the doctrine to argue that, because the interests of the plaintiffs were directly related to those of Amway, ordering arbitration was the only way to prevent eviscer ation of the arbitration agreement.

The 8th Circuit's decision means the case will go forward in federal court.

The plaintiffs are represented by Shughart Thomson & Kilroy.

CONGRESS-ADMINISTRATION:

Bush Promises Veto On Stem-cell Funding (WT)

By Amy Fagan And Stephen Dinan

The Washington Times, July 18, 2006

The Bush administration said yesterday that the president will veto a bill to have the federal government fund more embryonic stem-cell research, issuing its statement on the day the Senate began debate on the bill and setting up the first major veto confrontation of this presidency.

"Destroying nascent human life for research raises serious ethical problems, and many millions of Americans consider the practice immoral," the White House said in its official statement of policy on the bill.

The Senate is expected today to approve the bill, which would allow federal funding to go to research that uses embryos left over from fertility procedures. The Senate also is expected to approve two other research bills, one that would encourage stem-cell research methods that don't harm embryos and the other that would make it illegal to initiate and then abort human pregnancies in women or animals to obtain research tissue.

The administration strongly supports the two other bills but said additional federal funding for embryonic stem-cell research is unnecessary because the private sector and some states are contributing several billion dollars over the next few years for such studies.

DOJ_NMG_0041444

The Senate debate yesterday showed divisions among Republicans over the question of federal funding for embryonic stem-cell research. The bill has the support of top Republicans such as Sen. Arlen Specter of Pennsylvania and Senate Majority Leader Bill Frist of Tennessee, but conservatives such as Sens. Tom Coburn of Oklahoma and Sam Brownback of Kansas said embryonic stem-cell research wrongly and unnecessarily destroys human life.

Mr. Frist said yesterday it is time to expand Mr. Bush's 2001 policy, which allowed federal funding for embryonic stem-cell research but limited it to stem-cell lines available at that time.

"I believe it should be modified," said Mr. Frist, who is a doctor and has been mentioned as a presidential hopeful in 2008. He said the Bush policy "unduly restricts" the number of stem-cell lines. The policy covers 22 lines, although it initially was thought that 78 lines would be usable.

Embryonic stem cells have the ability to develop into almost any cell in the body. Proponents of the research see great potential to cure a host of ailments.

"Rejecting [the bill] is a rejection of science. It's a rejection of the hopes of millions of patients," said Sen. Dianne Feinstein, California Democrat.

Conservatives note that embryos must be destroyed in order to extract their stem cells. Mr. Brownback calls it immoral to use the embryos as "raw material," when they instead could be available for adoption to childless couples, as some have been.

Opponents of embryonic stem-cell research say the promise has been exaggerated and that federal funding instead should go toward effective medical treatments derived from adult stem cells and umbilical cord blood.

"There is not one cure in this country today from embryonic stem cells," said Mr. Coburn, a physician, but treatments for eye problems and illnesses such as juvenile diabetes have been derived from adult stem cells and cord blood.

Bush Set To Use First Veto On Stem Cell Bill (WP)

By Michael Abramowitz And Chuck Babington

The Washington Post, July 18, 2006

Since his inauguration in 2000, President Bush has gone out of his way to avoid an overt confrontation with Congress. He has been helped by the strong support of GOP leaders, who have made sure that he has been sent bills to his liking, and he has been willing to swallow some legislation -- a campaign finance package, for instance -- to avoid a political confrontation.

But Bush is unwilling to tolerate deviations from his policy restricting federal funding for stem cell research that he set out in his first prime-time television address in August 2001. If all goes as scheduled later this week, he will do something he has avoided for nearly six years: veto a bill.

"The president feels he made the right decision, and a principled decision, and he's not going to be swayed by the fact that he may not have the votes on Capitol Hill," said Jay Lefkowitz, a New York lawyer who helped Bush craft his position while a staff member at the White House.

By refusing to budge from his position, the president also appears to be reaffirming his bona fides with religious conservatives who make up an important part of his political base, even while he differs with other prominent Republicans, including Senate Majority Leader Bill Frist (R-Tenn.) and former first lady Nancy Reagan.

"He's been a clear man of his word," said Sen. Sam Brownback (R-Kan.), a leading opponent of expanded stem cell research, adding that Bush wanted to limit the use of stem cells to those cases in which the life-and-death decision had been made. "He has not been willing to expand that and to thus use taxpayer dollars to kill young human life. And I believe he's going to stand by that position."

Democrats said they think Bush is handing them a potent political issue for the fall elections, because stem cell research has become an important subject in several marquee congressional races. Sen. Tom Harkin (Iowa) expressed amazement that Bush has chosen the stem cell bill for his first veto, given polling showing that Americans overwhelmingly support the research.

"I think this is going to have some real repercussions around the country," Harkin said.

Scientists view embryonic stem cells as promising in the treatment of paralysis and many diseases because the cells can re-create themselves and have the potential to turn into any tissue or organ. Colonies or "lines" derived from adult stem cells are much less versatile, scientists say.

DOJ_NMG_0041445

The legislation in question, which the House has passed, would allow federal funding for research on stem cell lines derived from frozen embryos that are stored at fertility clinics and slated for destruction. The president's policy allows for federal funding of research only on stem cell lines that existed as of Aug. 9, 2001, the date he announced his policy. Bush said such a policy was reasonable because additional embryos would not have to be destroyed to create stem cells.

Eager to soften the impact of Bush vetoing a measure that other prominent conservative Republicans support, the GOP leadership is holding votes on two other measures to give Bush stem cell legislation he will sign. One of the bills would encourage research into creating stem cell lines without destroying human embryos. The other would ban the creation of a fetus solely for the purpose of destroying it and harvesting its body parts.

Even so, the one expected refusal would mark the first time the president has wielded a veto pen, putting him far behind his predecessors Bill Clinton (38 vetoes in two terms), George H.W. Bush (44 in one term) and Ronald Reagan (78 in two terms). To a large degree, the lack of a veto reflects the simple fact that Republicans have controlled Congress almost the entire time Bush has been in office and they have been reluctant to send him legislation that might be vetoed.

"If he was vetoing a lot of House-Senate Republican bills, it would make us look chaotic and un-unified," said Rep. Jack Kingston (Ga.), vice chairman of the House Republican Conference. Administration officials said they have also been able to press Congress to change bills to their liking, such as when lawmakers trimmed the size of a recent emergency spending bill for Iraq and Afghanistan after Bush threatened a veto.

"By working closely with Congress -- and by threatening vetoes when they were called for -- discretionary spending has been kept in check and there hasn't been a need to veto a spending bill," said Scott Milburn, a spokesman for the Office of Management and Budget.

But some fiscal conservatives complained that the absence of presidential vetoes reflects a lack of interest by Bush in challenging Congress to reduce costs in large spending bills that are outside the regular budget process -- such as highway, energy and agriculture bills that were full of expensive projects. As long as Bush was receiving support for his big agenda items such as tax cuts and the Iraq war, he went along with the bills, they said.

"He just decided not to spend the political capital in fighting Congress on spending, and Congress basically agreed to go along with his biggest priorities," said Pat Toomey, president of the Club for Growth. "That's gotten us to the point where spending has gotten out of control."

The Senate opened debate yesterday on the three stem cell bills, all of which appear likely to pass today. The Senate debate was overshadowed by the near certainty that the House bill will not become law because the House will fall short this week in its bid to override Bush's promised veto. A veto override, which requires a two-thirds majority in both chambers, would not be tried in the Senate if it fails in the House.

Much of the Senate debate centered on whether embryos awaiting destruction at fertility clinics are humans. Brownback, a chief opponent of the House bill, said they are.

"What we're talking about in this debate is the use of embryos, young humans, as raw material" in medical research, he told reporters. Thousands of such embryos are discarded annually, he acknowledged, but they should be protected from use in medical research just as death-row inmates are. He urged couples desiring children to "adopt" such embryos, implant them in the woman's womb and bring them to full term.

Frist, a heart-transplant surgeon, said he believes human life begins at conception, but he defended medical advances that might derive from embryos that are "100 percent" certain to be destroyed and have no hope of being adopted.

"We have learned that fewer than the anticipated number of cell lines have proved suitable for research," Frist said in a floor speech, "and I feel that the limit on cell lines available for federally funded research is too restrictive."

Stem Cell Bill Nears Passage In The Senate (NYT)

By Carl Hulse

The New York Times, July 18, 2006

WASHINGTON, July 17 — The Senate moved Monday toward approval of expanded federal spending on medical research using embryonic stem cells, but the immediate results of the legislation were likely to be more political than scientific.

DOJ_NMG_0041446

President Bush on Monday reiterated his intention to use the first veto of his presidency to kill the measure, which is scheduled for a vote on Tuesday afternoon. Though the legislation has broad bipartisan support in the House and the Senate, lawmakers said the House would be unable to override a veto, meaning the bill would not become law this year.

But Democrats, citing public opinion surveys showing that almost three out of four Americans back such research, say the issue is particularly potent with independent and more moderate Republican voters who could decide some of the most contested Congressional races this year. The issue has already emerged in Senate contests in Missouri, New Jersey, Pennsylvania and Ohio and is simmering in other Senate and House races.

"This will be one of the major issues of the campaign, and it is going to allow us to win voters we have not won before," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

Republicans say the issue also helps motivate their conservative base.

Mr. Bush and other Republican opponents of the proposal say the potential medical advances being promised by its backers will offer false hope to some suffering Americans while encouraging the destruction of embryos that will provide the stem cells.

"The fact is, there is not one cure in this country today from embryonic stem cells," said Senator Tom Coburn, Republican of Oklahoma and a physician.

But Mr. Coburn and other conservatives were clearly in the minority as both Republicans and Democrats said the expansion of research using stem cells could create new treatments for cancer, heart disease, diabetes, Alzheimer's disease, Parkinson's disease and spinal cord injuries.

Supporters said they were confident that they had the necessary 60 votes for approval but were uncertain that they could reach the 67 required to overturn a veto because of an intense lobbying campaign by conservative activists. On the proponents' side, senators said, Nancy Reagan, the widow of former President Ronald Reagan, was also reaching out to lawmakers.

Senator Arlen Specter, Republican of Pennsylvania and a chief supporter of the legislation, compared resistance to stem cell research to the skepticism that confronted Columbus and Galileo. Senator Bill Frist of Tennessee, the majority leader who brought the measure to the floor, said he believed that the current administration policy was too restrictive.

"We have to work together to allow science to advance," said Mr. Frist, who is also a physician.

The White House issued a formal statement promising a veto on the ground that the "bill would compel all American taxpayers to pay for research that relies on the intentional destruction of human embryos for the derivation of stem cells, overturning the president's policy that funds research without promoting such ongoing destruction."

Under the proposal, the federal government would be allowed to support research on stem cells obtained from embryos donated for in vitro fertilization. Backers of the legislation say that only those embryos that would otherwise be discarded would be used and that the donors would have to provide written consent for the use of the embryos, now numbering about 400,000, that are stored at fertility clinics.

"So the choice is this," said Senator Tom Harkin, Democrat of Iowa, "throw them away or use them to ease suffering and, hopefully, cure diseases."

Critics said that the measure would create incentives to destroy human embryos and that other types of research held similar potential without the corresponding ethical questions.

"We do not need to treat humans as raw material," said Senator Sam Brownback, Republican of Kansas.

The Senate is also expected to vote Tuesday on two related measures, one that would encourage the creation of lines of stem cells without the destruction of human embryos and another that would prohibit the use of tissue from fetuses gestated for research, which the legislation described as "fetus farming."

Republicans Weigh Appeal To Bush On Stem-cell Research (MCCL)

By Margaret Talev

McClatchy Newspapers, July 17, 2006

WASHINGTON - From lawmakers to former first lady Nancy Reagan, Republicans who support expanded embryonic stem-cell research are considering making appeals to President Bush to change his mind about vetoing the legislation.

DOJ_NMG_0041447

As the Senate began debate Monday, the White House said formally what the president has suggested for months: that Bush would veto the bill because the research involves destroying human embryos.

The House of Representatives already has passed the bill. Final congressional passage is expected Tuesday, but amassing the necessary two-thirds majority in both the House and Senate to override a Bush veto could be impossible. That's why even Republicans confident of Senate victory are weighing a final lobbying push to Bush.

That appears to be a hard sell.

"Whatever one's view of the ethical issues or the state of the research, the future of this field does not require a policy of federal subsidies offensive to the moral principles of millions of Americans," the White House declared in a formal policy statement Monday.

But many Republicans were holding to the hope that a strong majority vote in the Senate might push Bush to reconsider the ethical objections he shares with many other religious conservatives.

"There will be a request from a large delegation of senators, including many of the president's strongest allies on the Republican side, urging him to sign the bill - and I think he may get a personal call from Mrs. Reagan," said Sen. Arlen Specter, R-Pa. He said he had been in touch with Nancy Reagan, an advocate of embryonic stem-cell research. She couldn't be reached Monday for comment.

Specter, along with Sens. Tom Harkin, D-Iowa, and Orrin Hatch, R-Utah, has been a leading advocate for the legislation. Specter has battled Hodgkin's disease; the late President Reagan died from Alzheimer's.

The legislation would lift prohibitions on federal funds for research on new stem-cell lines that Bush imposed in 2001. It would allow tax dollars to fund research on lines developed from unused embryos that fertility clinics could otherwise destroy.

While the promise of embryonic stem cells is largely theoretical, top scientists believe these young, versatile cells could be trained to repair bodies ravaged by diseases as diverse as Parkinson's and diabetes. Research is moving ahead in other countries and, on a smaller level, through various private- and state-funded efforts. But scientific advocates say progress will be stilted until the National Institutes of Health can oversee expanded stem-cell research.

Opponents, led by Sens. Sam Brownback, R-Kan., and Tom Coburn, R-Okla., a physician, are fighting the expanded research because it requires the destruction of embryos. They said there's sufficient promise in research from adult stem cells, although scientists generally say there's more promise in embryonic stem cells.

They also point to the phenomenon of "snowflake" babies, in which unused embryos are adopted, implanted in women and carried to term. They argued that there were enough infertile couples willing to adopt them to make destroying them immoral.

Brownback presented some of those "snowflake" children and their parents at a news conference on Monday, along with others who had benefited from less controversial cord blood and adult stem-cell treatments.

Steve Johnson of Pennsylvania, who was partially paralyzed in a bicycle accident and is the father of a "snowflake" girl, argued emotionally with his family in tow: "Would I kill my daughter so I can walk again? Of course not."

But Specter, on the Senate floor, said that there were about 400,000 unused embryos in the country, while only 138 "snowflake" babies had been born. "If they could be used to create human life, I would not in the slightest way contend they should be used for scientific research," he said.

Other arguments mounted Monday in Senate floor speeches and news conferences included:

-That the number of stem cell lines available under Bush's 2001 limits has withered from 78 to about one-fourth that number. "These lines are being less and less stable," said Senate Majority Leader Bill Frist, R-Tenn., a physician who opposes abortion rights but supports expanded stem-cell research.

-That Bush's limits will yield a patchwork of state and private research with looser ethical guidelines.

-And that a veto could be viewed through the lens of history as comparable to past arguments that the Earth was flat or that women delivering babies shouldn't have access to anesthesia.

"Rejecting HR 810 is a rejection of science," said Sen. Dianne Feinstein, D-Calif.

Bush Repeats His Vow To Veto Bill Easing Limits On Stem-Cell Funds (WSJ)

DOJ_NMG_0041448

By Sarah Lueck

The Wall Street Journal, July 18, 2006

WASHINGTON -- As the Senate began debate over funding embryonic stem-cell research, the Bush administration reiterated plans to veto the most controversial of the three bills moving through Congress.

In a statement of policy, the administration said President Bush would veto a bill that would loosen funding restrictions he put on the research in 2001. (See related article.1) The measure "would use federal taxpayer dollars to support and encourage the destruction of human life for research," the statement said.

The Senate is expected to pass the legislation, which the House has approved, and Mr. Bush's veto -- the first of his presidency -- is expected this week. It is unlikely there are enough votes in the Senate to override a veto; the House appears to be even more of an uphill battle.

In yesterday's debate, lawmakers weighed input from top government scientists. In response to questions from two of the bill's sponsors, Sen. Arlen Specter, (R., Pa.), and Sen. Tom Harkin, (D., Iowa), officials from the National Institutes of Health noted the promise of embryonic stem-cell studies in helping to find treatments and cures for illnesses.

Anthony Fauci, head of the National Institute of Allergy and Infectious Diseases, wrote that embryonic stem-cell research "could be advanced by the availability of additional cell lines. ... We may be limiting our ability to achieve the full range of potential therapeutic applications ... by restricting research to the relatively small number of lines currently available."

James Battey, chairman of the NIH's Stem Cell Task Force, said "from a purely scientific standpoint it would be difficult to argue that more cell lines available for federal funding would not speed some areas of research."

The administration supports the two other bills the Senate is considering. One promotes federal funding of stem-cell research that doesn't harm embryos -- something the NIH has said it already has the authority to support.

The administration also backed a bill banning "fetal farming," specifically the solicitation or acceptance by scientists of tissue from fetuses developed and aborted for research purposes.

Bush Promises Veto Of Stem Cell Bill (AP-Y)

By Laurie Kellman

AP2, July 18, 2006

In an emotional session marked by tales of death and hope, the Senate debated on Monday whether the government should pay for new embryonic stem cell research, pushing a measure to do it toward passage and President Bush's first veto.

"He would veto the bill," the White House declared in a written statement, underlining the words for emphasis.

That quieted speculation by supporters that Bush, perhaps persuaded by new science and strong public support for embryonic stem cell research, would reverse course and sign the legislation into law.

Though several Republican Senate leaders support the measure, many GOP lawmakers oppose it, as do conservative voters in a midterm election year.

"The bill would compel all American taxpayers to pay for research that relies on the intentional destruction of human embryos for the derivation of stem cells, overturning the president's policy that funds research without promoting such ongoing destruction," the White House said.

Behind the scenes, former first lady Nancy Reagan lobbied lawmakers on the bill's behalf. Her husband, President Reagan, died in 2004 after a long deterioration from Alzheimer's disease, one of several illnesses that researchers say stem cell research might eventually cure.

"She is still restless on this issue," said Sen. Edward M. Kennedy, D-Mass. "We all know this debate has moved further down the road toward a hopeful conclusion because of her work."

Judiciary Committee Chairman Arlen Specter, R-Pa., a cancer survivor, said his disease is one of many that might be cured sooner with the engine of federal funding behind embryonic stem cell research.

Specter compared opposition to the bill to historical resistance to research that led to space travel and landmark vaccinations "to show how attitudes at different times in retrospect look foolish, look absolutely ridiculous."

"There is just no sensible, logical reason why we would not make use of stem cell research," he said.

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Senate Majority Leader Bill Frist, a transplant surgeon whose negotiations permitted the bill to come to the floor after being stalled for a year, attributed the opposition to "fear (that) can also delay scientific advances that are out there before us."

"We've got to work together to allow science to advance" within ethical boundaries, he said.

Where to draw those boundaries is the heart of the debate.

Bush and his allies believe embryos are nascent human life worth more than the advances they might make through stem cell science and point out that embryonic stem cell research is years away from clinical trials, let alone cures for disease. They rejected arguments that only leftover embryos from fertility clinics would be used.

"Just because the budding lives would not survive does not mean that we should ghoulishly conduct experiments on them," said Sen. Jim Bunning, R-Ky. "Who knows how many human embryos we will have to destroy before any tangible progress is made?"

Sen. Sam Brownback, R-Kan., appeared with three children adopted from in vitro fertilization clinics in an effort to put faces on the argument that frozen embryos could have a future other than being subjects of stem cell research.

"It is immoral to destroy the youngest of human lives for research purposes," Brownback said. "It is an age-old human debate, whether you allow the stronger to take advantage of the weaker. We have already regretted doing it in the past; we will regret this, too."

Neither house has demonstrated the two-thirds majority needed to override a presidential veto. Vote counters on both sides said they expected the Senate to pass the bill with at least 60 votes, but they could not predict there would be the required 67 for a veto override.

The House last year fell 50 votes short of a veto-proof margin when it passed the same bill, 238-194.

The Senate was slated to vote Tuesday afternoon. Bush was expected to veto the bill early Wednesday, followed by the House's override effort.

Two related bills also are scheduled for votes Tuesday in both the House and Senate. One, sponsored by Sen. Rick Santorum, R-Pa., would encourage study on stem cells derived from sources other than embryos. The other, sponsored by Santorum and Brownback, would ban so-called "fetal farming," the possibility of developing fetuses, then aborting them for scientific research.

Both have little or no opposition and Bush is expected to sign them.

US Senate Press Stem Cell Bill In Face Of Bush Veto Threat (AFP-Y)

By Stephanie Griffith

AFP, July 18, 2006

The US Senate debated legislation increasing federal funds for embryonic stem-cell research despite a threat by President George W. Bush to use his veto for the first time.

The Senate debated three separate stem-cell bills, with supporters highlighting the possibilities for medical breakthroughs.

The main bill, the controversial Stem Cell Research Enhancement Act, would lift rules set by Bush in 2001 that make federal funds available only to research on a small number of existing embryonic stem-cell lines.

Government money was meanwhile barred from supporting work on any new lines derived from human embryos -- a restriction that opponents say hampers overall research.

Senator Ted Kennedy, a Democrat and key backer of the new bill, emphasized its importance as "unlike any other we have considered this year."

"Today's debate is about hope," he said on the Senate floor.

"And we must call upon the president of the United States to support hope by not vetoing this bill."

But the White House reiterated in a statement Monday Bush's intention to veto the bill if it is passed.

The proposed bill would compel "all American taxpayers to pay for research that relies on the intentional destruction of human embryos for the derivation of stem cells," it said.

"Destroying nascent human life for research raises serious ethical problems, and many millions of Americans consider the practice immoral."

DOJ_NMG_0041450

A Bush veto would be the first of his five and a half year presidency.

Rival interest groups have been busy in recent days lobbying lawmakers to support or oppose the extra funds.

The Coalition for the Advancement of Medical Research, an umbrella organization, emphasized that stem-cell research could provide the key to cures for many life-threatening illnesses, ranging from Parkinson's disease to juvenile diabetes.

"If this bill does not pass, we not only risk the lives and well-being of millions of Americans and their families, we also risk losing Americans leadership position in the fields of science and medicine," the coalition said in a statement.

But conservative Republican senator Sam Brownback said he was heartened by the president's stance against boosting money for expanded research.

"It's illegal, it's immoral and it's unnecessary," Brownback told reporters.

Many scientists say they need the legislation so they can access a fresh supply of stem cells from donated frozen embryos left over after fertility treatments.

They point out that embryonic stem cells can form all of the different tissue types found in the human body -- perhaps allowing for the replacement some day of damaged or diseased organs.

But Bush, from the very start of his presidency, has firmly stated his opposition to stem-cell research on moral grounds.

"Research on embryonic stem cells raises profound ethical questions, because extracting the stem cell destroys the embryo, and thus destroys its potential for life," he said in nationally televised speech in August 2001.

The bill has drawn support from both congressional Republicans and Democrats.

One of the best-known figures in favor of increased stem-cell use is Nancy Reagan, widow of Republican president Ronald Reagan, who died after a long battle with Alzheimer's disease.

But most Republicans seem to side with the president, while congressional Democrats widely support the bill.

"This is a bill that every family in America ... is one phone call or one diagnosis away from needing," said Nancy Pelosi, leader of the minority Democrats in the House of Representatives, at a news conference last week.

Stem Cell Debate Wedges Bush Between A Rock And A Hard Place (WP)

By Dana Milbank

The Washington Post, July 18, 2006

George W. Bush has signed 1,116 consecutive bills into law since becoming president. He probably wishes he had vetoed just one of them.

Instead, Bush faces the prospect of casting his first veto this week against embryonic stem cell research, defying the wishes not just of a majority of Americans and their representatives but also of Nancy Reagan and those representing millions of people with Parkinson's disease, diabetes, spinal injuries and the like.

Thus did Bush find Sen. Arlen Specter (R-Pa.), chairman of the Judiciary Committee, on the Senate floor yesterday comparing the president's position to those who opposed Columbus, locked up Galileo, and rejected anesthesia, electricity, vaccines and rail travel. Such attitudes "in retrospect look foolish, look absolutely ridiculous," said Specter, daring Bush to join them.

Even Bill Frist (R-Tenn.), a former transplant surgeon who got his job as Senate majority leader thanks to Bush's influence, inserted a scalpel in the president. "Stem cells offer hope for treatment that other lines of research cannot offer," said Frist, who has rescinded his earlier support for the Bush policy. "The current policy unduly restricts the number of cell lines."

Bush's congressional allies, meanwhile, were mailing it in yesterday. GOP Reps. Joseph Pitts (Pa.), Mike Pence (Ind.) and Dave Weldon (Fla.) called a "background briefing" on stem cells for 11 a.m. in the Cannon House Office Building -- but none of the three showed up. "He's a host and sponsor," explained Pence spokesman Matt Lloyd. "I don't think we ever said he was coming."

In the Senate, Bush's defense was taken up almost exclusively by the chamber's two most ardent religious conservatives, Sam Brownback (R-Kan.) and Tom Coburn (R-Okla.). And they were having a tough time of it.

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Brownback, beneath an oil portrait of George Washington, beckoned to a photograph of a bald eagle and complained of a disparity between treatment of human and bird embryos. "You can face . . . two years in prison for destroying a bald eagle egg," he said, but "taxpayer dollars are used to destroy a human at the same phase of life."

Brownback brought a group of parents of children grown from "adopted" embryos to make his point. "My daughter was flown out FedEx from the East Coast to the West Coast, where I live," reported Maria Lancaster. "She had been in the freezer four years."

Marlene Strege, with her 7-year-old daughter, who was adopted as an embryo, displayed a drawing by the girl of an embryo asking, "Are you going to kill me?" Said Mom: "Mommy and Daddy and her are all adopted into God's family because of what Christ did on the cross."

This election year has been full of "wedge" issues in which Republicans sought to split Democrats on cultural issues such as flag burning and same-sex marriage; this week alone, while war threatens the Middle East, the House is taking up legislation protecting the words "under God" in the Pledge of Allegiance and a gay-marriage amendment to the Constitution that has already been rejected by the Senate.

Frist, by decreeing that the stem cell bill would get a vote on the floor, gave the Democrats a rare wedge with which to split Republicans, and Democrats were effusive.

"I privately congratulated and complimented Senator Frist," Sen. Tom Harkin (Iowa) said publicly.

At the same news conference, Harry Reid (Nev.), the Democratic leader, surely did not help Frist's presidential ambitions when he hailed Frist's "gallant efforts on behalf of this legislation." Reid said, "But for him, we wouldn't be to the point where we are now, and so I commend and applaud Senator Frist."

Specter, joining Democrats at the news conference, was also making things difficult for Bush; but while Frist's argument was medical, his was personal. "Had the research and stem cells been available, I wouldn't have had Hodgkin's," said Specter, his eyes glistening, as he spoke of his recent round with cancer.

Dianne Feinstein (D-Calif.) joined in. "I just had a member of my family, 44 years old, the father of two small children, a bodybuilder, diagnosed with Parkinson's," she disclosed.

"Mr. President," Byron Dorgan (D-N.D.) said on the floor, "I lost a beautiful young daughter some years ago to heart disease."

Coburn was not about to concede the personal-suffering point. "I'm a two-time cancer survivor," he told the chamber. "Cancer of the colon and melanoma."

Only Robert Byrd (D-W.Va.) seemed immune to the emotional debate; he delivered a speech about the 219th anniversary of the Constitutional Convention and recited "O Ship of State."

But neither Longfellow nor anybody else was in a position yesterday to help Bush through the difficult veto he has vowed to cast. "We're going to see whether the first veto that the president of the United States makes in his entire political career will be a veto which will dash the hopes of millions of Americans," Feinstein taunted.

Specter, at the same news conference, announced that "there will be a request from a large delegation of senators, including many of the president's strongest allies on the Republican side, to urge him to sign the bill." And then, Specter warned, "he may get a personal call from Mrs. Reagan."

Coburn Sits And Waits To Pounce (HILL)

By Jonathan Allen And Jeffrey Young

The Hill, July 18, 2006

Shortly after the Senate opened a complex and ethically charged debate over a House-passed embryonic-stem-cell bill yesterday, Sen. Tom Coburn claimed a chair on the far right of the Republican side of the chamber and waited for opportunities to contradict supporters of the research.

The Oklahoma Republican, a practicing obstetrician and a two-time cancer survivor, pressured aides and fellow lawmakers into giving him short bursts of time to counter his opponents immediately, rather than making him wait for his appointed 15-minute slot late in the afternoon.

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With little or no chance of stopping the publicly popular bill from passing today, Coburn and his conservative colleagues spent much of yesterday trying to cast doubt on the widely held belief that research on embryonic stem cells holds more medical promise than research on other kinds of stem cells. Despite their moral qualms with the destruction of human embryos, they often couched their arguments in scientific terms.

"Will the senator yield for a question?" Coburn asked lead Democratic sponsor Tom Harkin of Iowa nearly two hours after first settling into his seat.

Harkin, perhaps unaware of Coburn's embarrass-the-messenger strategy, agreed to answer.

"Are you aware of the research that's been done on juvenile diabetes thus far in terms of embryonic-stem-cell research and adult-stem research?"

"I would say to my friend from Oklahoma, I'm not intimately knowledgeable of all the nuances in research that's being done," Harkin admitted. "We have our hearings, and we have the information in our hearing record on a lot of that. But standing here, no, I don't know all of that."

Coburn promised last week to employ a rapid-response strategy to try to ensure proponents' arguments did not go unchecked.

"I am going to counter every point that belies science and does not recognize the true facts out there today," he said.

But even among senators, Coburn had a monopoly on neither medical training nor illness. Two of the chief Republican proponents of the legislation are Majority Leader Bill Frist (R-Tenn.), a former transplant surgeon, and Judiciary Committee Chairman Arlen Specter (R-Pa.), who was diagnosed with Hodgkin's disease, a form of lymphatic cancer, last year.

"The evidence of the utility of these embryonic stem cells is unquestioned, and the need for more stem-cell lines is similarly unquestioned," Specter said.

Conservatives hope focusing attention on stem-cell research that does not involve the destruction of human embryos will turn public opinion against research on embryonic stem cells.

Echoing Coburn, and carrying on with a tactic that has long been employed by opponents of embryonic research, Sen. Sam Brownback (R-Kan.) held a press conference yesterday, immediately before the bills came to the floor, to highlight the more than 70 treatments created through research on adult stem cells and stem cells from umbilical-cord blood.

Those fighting against the political tides on embryonic-stem-cell research contend that the widespread public support for the controversial science is rooted in a lack of knowledge about the alternatives.

If the public learns more about the other types of research, Brownback said, "I think the numbers will change dramatically" in opinion polls, almost all of which currently show large majorities who support expanding embryonic research.

The senator, one of the leading voices against embryonic-stem-cell research and an aspiring presidential candidate, said that science that destroys embryos is not only wrong but pointless, given the advances in other areas and the potential of the alternative research that would be promoted by legislation sponsored by Sen. Rick Santorum (R-Pa.) and Specter, which also is slated for a vote today.

"We don't need to do it. It is immoral for us to do it," Brownback said.

But the debate over where to draw moral and ethical lines in scientific research cannot be avoided and in fact must be confronted, Frist said.

"This body is going to have to focus on those issues before we go forward because science is growing … close to exponentially and will continue to do just so," Frist said on the floor.

Proponents of the House-passed bill also dismissed the notion that any other method of stem-cell research has as much potential for cures as embryonic research does.

"This is the one bill that will at long last unleash the most exciting and promising research of modern times," Harkin said on the floor.

Specter remarked that the resistance to medical research on embryonic stem cells is tantamount to resisting the advance of science itself.

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Citing the persecution of Galileo by the Roman Catholic Church and other historical examples, Specter said, “A century from now, people will look back on what we are doing today in wonderment at how there could be any doubt about using these stem cells to save lives and save people suffering.”

Specter and Harkin both claimed the support of top officials at the National Institutes of Health — including the Bush-appointed director the agency, Elias Zerhouni — for their view that embryonic-stem-cell research has greater potential than the other methods.

The White House sought to dispel the argument that President Bush’s opposition to embryonic research is akin to opposing scientific research.

The House-passed bill “advances the proposition that the Nation must choose between science and ethics,” reads the White House’s statement of administration policy. “The administration, however, believes it is possible to advance scientific research without violating ethical principles.”

The White House reiterated that Bush would veto the measure if it passes the Senate today. At a press conference yesterday, Specter hinted that the vote would be close to — and perhaps meet — the 67-vote threshold needed to override the veto.

But the House is likely to sustain a veto. The bill passed the lower chamber last year 238-194; 290 votes would be needed to override Bush’s rejection of the bill.

The House could vote next week on an override. If that were to fail, as expected, the Senate probably would not revisit the issue.

Senate Democrats say the stem-cell vote will help them in the November election, and their campaign arm sent out a fundraising letter yesterday afternoon bashing the veto threat.

“This decision is heartless. It is an affront to science. And it is just plain ignorant,” Harkin wrote in the letter.

In the meantime, the two other bills slated for Senate votes tomorrow have been placed on the suspension calendar in the House and could be passed as soon as today.

In addition to the Santorum-Specter bill, the Senate likely will approve legislation sponsored by Santorum and Brownback to prohibit “fetus farming,” or creating embryos expressly for research purposes. Bush is expected to sign both bills, possibly as early as tomorrow.

As Senate Begins Stem Cell Debate, Emotions Run High (LAT)

By Janet Hook

The Los Angeles Times, July 18, 2006

WASHINGTON — The Senate opened an emotional debate Monday over whether to expand federal funding for embryonic stem cell research, with advocates trying to dramatize the human benefits of the complex procedure and opponents underscoring what they see as its moral cost.

The legislation's supporters argued that it could help transform medical science in the United States, with more than 100 million patients potentially benefiting from research that might develop cures or treatments for such conditions as diabetes, spinal cord injuries and Parkinson's disease.

"The debate on embryonic stem cell research is as important as any issue that has ever been before the United States Senate," said Sen. Arlen Specter (R-Pa.), a leading proponent of the bill, who noted that his struggle with Hodgkin's disease might have been eased if research had advanced more quickly.

Critics of the legislation agreed that the stakes were high, for far different reasons. They said that because the research involves the destruction of human embryos, it is immoral and should not be financed by the government.

Sen. Sam Brownback (R-Kan.) quoted Christian writer C.S. Lewis in calling the procedure an affront to human dignity: "If man chooses to treat himself as raw material, raw material he will be."

Activists on both sides of the issue mobilized for a lobbying drive before today's vote on the measure to ease restrictions President Bush imposed in 2001 on federal funding for embryonic stem cell research.

"A lot of people are twisting a lot of arms today," Specter said.

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There is little doubt about the fate of the measure, which will probably unfold in rapid-fire succession over the next few days.

The bill, which has passed the House, is expected to clear the Senate and then go to the White House.

Bush is expected to follow through with his oft-repeated promise to veto the measure — the first veto of his presidency.

Supporters say they probably do not have enough votes to override Bush's veto. They would need a two-thirds majority in each chamber.

Although forestalling a veto is clearly an uphill battle, some bill advocates are trying to bring pressure on the president to sign it.

Specter said Bush might receive a personal call from Nancy Reagan, who became an outspoken advocate for stem cell research after her husband, President Reagan, fell victim to Alzheimer's disease.

But in an official statement Monday on the Senate measure, the White House reiterated the veto promise.

"The bill would compel all American taxpayers to pay for research that relies on the intentional destruction of human embryos," the statement said.

Although a Bush veto would kill the bill in Congress for this year, proponents are encouraged that support for the measure has grown, even in a Republican-controlled Congress.

The debate will probably continue in election campaigns in 2006 and 2008.

"This issue is not going away," said Sen. Edward M. Kennedy (D-Mass.).

"There are some issues you can't get off the national agenda, and this is one of them."

Understanding the emotional power of the issue, proponents of the bill brought patients who potentially could benefit from such research to a Capitol Hill news conference Monday.

Toni Bethea, 10, who was diagnosed with diabetes five years ago, said her message to the Senate's 100 members was this: "Think of me when they vote on the stem cell bill."

Not to be outdone in the effort to put a sympathetic face to the cause, Brownback appeared at a news conference with children born from fertility clinic embryos.

"Embryos are human," said Steve Johnson, who appeared with his wife and their 4-year-old daughter, who began as a frozen embryo they "adopted." "They need to be given a chance to live."

The debate has put senators in an unaccustomed position of bandying medical jargon and quoting from arcane science journals. But the debate also involves a powerful personal dimension, because many senators — like many Americans — have ailing relatives who might be helped by scientific advances.

Sen. Dianne Feinstein (D-Calif.), for example, told of a 44-year-old relative with Parkinson's disease. Sen. Byron L. Dorgan (D-N.D.) recalled his daughter's death from heart disease.

The issue also is a politically tricky one for some Republicans who worry that their opposition to embryonic stem cell research, applauded by conservatives, may be viewed by others as an obstacle to scientific progress.

To blunt that impression, GOP leaders have arranged to send to Bush two uncontroversial research bills that he is to sign when vetoing the broader bill. One is designed to encourage alternative methods of deriving stem cells, without destroying embryos. The other would address fears of some critics that scientists are aiming to create "fetus farms," in which fetuses would be grown for their organs and tissues.

Both bills are expected to pass the House and Senate today.

But the central debate is over the cutting-edge research that involves destroying human embryos to obtain stem cells, which are thought to be able to develop into any type of cell in the body. Many scientists believe such research may lead to cures or treatments for now incurable ailments.

Under current law, scientists can use federal money for such research only with lines of stem cells created before August 2001, when Bush laid out his policy. Scientists are pushing to lift that restriction, in part because the stem cell lines available under that policy have proved limited.

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Officials at the National Institutes of Health say that of the 78 stem cell lines that were expected to work, about 20 have proved useful in research. And because many of those are deteriorating or are unsuitable for human use, most of the research is limited to about six lines, NIH officials say.

"These policies are making scientists work with one arm tied behind their back," said Sen. Tom Harkin (D-Iowa). "The president's policy is not a way forward. It is a dead-end street."

The bill before the Senate would overturn Bush's 2001 policy by allowing federal funding for research on a broad new category of stem cell lines: those derived from frozen embryos held at fertility clinics and scheduled for destruction.

Proponents say the measure is ethically sound because the embryos in question would be destroyed anyway.

But critics say it is still immoral.

"Just because the budding life will not survive does not mean that we should ghoulishly conduct experiments on them," said Sen. Jim Bunning (R-Ky.).

Brownback argued that a better fate for excess fertility clinic embryos would be to allow childless couples to adopt them for their own pregnancies.

About 138 people have done so since 2002, according to Specter.

Meeting Stem Cells' Promise -- Ethically (WP)

By Bill Frist

The Washington Post, July 18, 2006

I am pro-life. I recognize that human life begins at conception; before coming to the Senate, I spent my life practicing medicine in order to save lives. Today, as the Senate discusses legislation about cutting-edge biological research, we will shape our debate around three separate proposals. All three are consistent with my deep-seated belief that human life has value at all stages of development.

While a law that would expand the range of stem cells eligible for federal funding has received the most attention, I think it is equally important that the Senate pass measures that will place "moral guardrails" around future research and accelerate efforts to find alternative means of securing cells for research.

These legislative proposals are important because embryonic stem cell research presents so many ethical quandaries and holds so much scientific promise. Each human embryo represents a nascent, genetically distinct human life and thus has tremendous moral significance.

Because they have a property called pluripotence -- the ability to become almost any other type of body cell -- embryonic stem cells could eventually help treat spinal cord injuries, mitigate diabetes, repair damaged organs, relieve pain and preserve lives. Even though cures may take years to develop, I believe that we cannot ignore the promise these cells hold. But I also believe that whatever research the federal government funds should follow clear ethical guidelines and use only embryos that would otherwise be destroyed.

Under President Bush's current policy, however, scientists can use federal funds only for research on embryonic stem cell lines -- groups of specific cell types maintained in the laboratory for research -- that existed before the summer of 2001. While researchers initially believed that experiments using 80 lines could receive federal funding, in fact, only about a quarter of that number can. Even though the president has made it clear that he will veto any bill that changes his policy, I believe that the progress of science and a pro-life position demand that Congress send a message.

Thus I'm supporting legislation that's gotten enormous attention: a bill that will let scientists use federal funds for research with embryonic stem cells derived from embryos that families created for in vitro fertilization but that are now ready to be discarded and destroyed. I hope that we can redeem this loss of life in part by using these embryos to seed research that will save lives in the future. Under this policy, so long as they follow ethical guidelines, researchers will have as many stem cell lines as they can produce.

At the same time, I recognize that research involving nascent human lives needs clear, strict safeguards. That's why I will also support a bill that would ban scientists from implanting human embryos in order to abort them for experimentation, thus

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placing important moral boundaries around biomedical innovation. Quite simply, we need to draw a bright line against this barbaric practice before it becomes a reality.

Just as importantly, the Senate will also vote on increasing funding for research methods that would create pluripotent stem cells without harming or destroying human embryos. As Robert P. George and Eric Cohen noted recently on this page [July 6], new scientific techniques could create pluripotent stem cells without the need to destroy a single human embryo.

If these techniques proved effective, they would assuage many Americans' legitimate reservations about stem cell research while simultaneously moving science forward.

The debate over embryonic stem cell research will never prove simple. Congress isn't always the best forum to hash out complicated bioethical issues. But it appears inevitable that we will confront these questions time and again as science advances.

The three-bill package the Senate will vote on both recognizes stem cell research's potential to cure and confronts the ethical dilemmas it implies. Because it does both of these things, I believe it will protect human dignity, treat disease and save lives.

The Case For Macroscopic Humans (USAT)

USA Today, July 18, 2006

Once again, the nation has returned to the all-consuming debate over the fate of the embryonic stem cell. With the expected passage of a federal stem cell bill lifting President Bush's harsh restrictions on federal funding, the White House has announced that he will veto the bill despite its overwhelming support among citizens and Republicans and Democrats in Congress. It will be the first veto of Bush's presidency. All for the protection of the beguiling embryonic stem cell: a microscopic cell taken from a microscopic part of a barely perceptible mass of cells called a blastocyst, or early stage human embryo.

To get an idea of the size of the object of this controversy, consider the dot over the "i" in embryonic. I am told by Tim McCaffrey, a leading researcher of adult stem cells at George Washington University, that the dot would hold hundreds of stem cells, dozens of which would be suitable for research. It would also hold at least one blastocyst that contains the cells.

While imperceptibly small, the blastocyst is undeniably a step in the creation of life. This has turned the blastocyst into the poster (pre-)child for the movement to outlaw abortion. Abortion foes have taken the most extreme possible position in opposing any use of the blastocyst for research — converting the blastocyst into a type of "holy dot."

Despite my long support for stem cell research, I am not in favor of unrestricted use of human embryonic material. There are dangers of a slippery slope if researchers could use in vitro fertilization for the sole purpose of "harvesting" such material. But the federal bill would not create such a limitless environment. Rather, it would focus on thousands of stem cells that are the byproduct of genuine in vitro procedures — used with the permission of each donor couple. These stem cell lines are routinely discarded by clinics but could be used for important scientific research.

Stem cell research could ultimately produce cures or treatments for diseases and injuries affecting an estimated 130 million citizens, including people suffering from such ailments as juvenile diabetes, Parkinson's, ALS and spinal cord injuries. Most treatments remain years away, but stem cell treatment has already begun in Europe for people with heart and nervous system ailments. Clinical tests with animals have shown astonishing success. For example, just last month, it was reported that stem cell treatment can not only repair damaged spinal cords but also regrow them to allow paralyzed animals to walk again.

Given such proven potential, most Americans oppose the president's restrictions on research. Seven out of 10 Americans support fully funded stem cell research. Even ultraconservative leaders such as Sen. Orrin Hatch, R-Utah, and conservative celebrities such as former first lady Nancy Reagan have opposed Bush's ban.

Nevertheless, the president opposes even the use of discarded stem cells with the express consent of the couples. It is a position that is comprehensible only to the most extreme activists: Throw the blastocysts out but do not degrade them by extracting the cells for medical research or cures.

Treating these discarded blastocysts as if they're some microscopic underclass is lost on millions of families with macroscopic loved ones suffering from fatal or crippling diseases. In 2004, I wrote an article on the personal costs of Bush's

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policy for families such as my own. At the time, my father, Jack Turley, was fighting the rapidly advancing effects of Parkinson's disease. On Feb. 19, 2005, time ran out for my father.

This debate is not about abstractions for millions of Americans. For me, it is about my dad. So I will not claim objectivity, nor would I want to. Once you go through the death of a loved one from one of these vicious diseases, you lose patience with the endless debate over the fate of discarded blastocysts.

My father was no abstraction of life. He was my best friend and the man whom I most admired in this world. With my mom and my oldest brother, Dominic, I held Dad as he died in a Chicago hospital room. In the end, he had lost so much weight that we had to bury him in one of my suits and shirts. It was the suit that I was married in — the day that we first suspected something was wrong with Dad, who suddenly could not tie his own tie. As my bride waited downstairs for the ceremony, I remember being slightly embarrassed for my proud father as I knotted his tie. It would be only the first of many increasingly degrading moments for this intensely private person.

Having gone through this nightmare, I cannot work up much sympathy for the holy-dot theory. Nor do I have much patience for the self-described "compromise" of Sen. Rick Santorum, R-Pa., an unflagging opponent to embryonic stem cell research. Facing a tough re-election campaign, Santorum has proposed a bill that calls for more study into the use of non-embryonic cells or ways to remove cells without harming the embryos — which, in the case of the clinic embryos, would then presumably be thrown into the trash "unharmed."

I know that the loss of five years under Bush would not have made a difference for my dad. But what made me angry — what still makes me angry — is that the president and his allies make the blastocyst, not my father or other ailing citizens, the object of their obsession. They are simply immaterial to the president's faith-based politics. But these citizens were not some vague potential for life. They lived and, what should concern the White House, they left millions of newly minted single-issue voters.

Jonathan Turley is the Shapiro Professor of Public Interest Law and a member of USA TODAY's board of contributors.

Standing Up For Stem Cell Research (NYT)

The New York Times, July 18, 2006

The Senate is poised to vote today on a bill that would greatly expand the number of embryonic stem cell lines that can be used in federally financed medical research. This is actually an extremely modest proposal that would allow the new stem cell lines to be derived only from surplus embryos otherwise slated for destruction at fertility clinics. Passage of this bill, which has already been approved by the House, is the very least the Senate should do to spur advancement of one of the most promising fields of biomedical research. A two-thirds majority of each house will be needed to overcome a likely veto from President Bush.

Under current administration policy, scientists can use federal money for research only on some 22 stem cell lines that already existed when President Bush announced his policy in August 2001. Those lines were extracted from microscopic embryos, no bigger than the period at the end of this sentence, that were inevitably destroyed in the process. Mr. Bush was willing to accept that fait accompli in the interest of advancing science but said he did not want to encourage any further destruction of embryos by financing research on additional lines.

That stance has increasingly hobbled embryonic stem cell research because many of the existing lines are deteriorating, contaminated or suffer from technical problems that limit their usefulness. The new proposal would make thousands of surplus embryos from fertility clinics available for federally funded research, a change that would be welcomed by most Americans but is opposed by a minority of religious conservatives.

Our concern with the bill is how limited its reach would be. It would not allow federal financing of the most promising field of research, known as therapeutic or research cloning. Therapeutic cloning involves the creation of embryos genetically matched to patients with specific diseases so that scientists can extract their stem cells and then study how the diseases develop and how best to treat them. The microscopic entities used in these studies may be called embryos but they have none of the attributes of humanity and, sitting outside the womb, no chance of developing into babies. It is no more immoral to create and destroy embryos for therapeutic purposes than to create and destroy surplus embryos for fertility purposes.

But for now the best hope lies with passage of the bill merely allowing use of surplus fertility clinic embryos. If it passes in the Senate, it seems almost certain to draw a veto from Mr. Bush, his first in six years in office. Then it will be up to the House and

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the Senate to summon the will to override the veto. If they fail to push through this very limited change in federal policy, voters will need to hold all recalcitrant legislators accountable for slowing research that holds great medical potential.

Science, Not Politics, For Stem Cells (LAT)

The Los Angeles Times, July 18, 2006

IF, AS EXPECTED, the U.S. Senate votes to expand federal support of embryonic stem cell research today, the Republican Party will begin making amends for allowing religious conservatives to stall medical progress for nearly five years. If, as threatened, President Bush uses his very first veto to block the bill, the rap on the GOP as the party hostile to science will continue to be deserved.

The government's current split-the-baby approach to embryonic stem cell research makes no sense. In 2001, Bush banned any federal funding for such science other than on the few dozen stem cell lines that had already been harvested, because he didn't want to authorize what he called the deliberate destruction of life. It made no difference to him that the research uses only embryos that would have been destroyed anyway, having been left over from fertility treatments.

The existing restrictions have created some absurdities. Because many laboratories receive private research funding not subject to the same regulations, some of them are forced to use color-coded tabs to separate identical but separately funded equipment. Others reportedly use police tape to divide the parts of their labs funded by public versus private dollars.

The Senate bill would put an end to this charade. Most important, it would lift the ban on using new stem cell lines for research. But it also would better ensure that only those embryos created for fertility treatment and targeted for destruction would be used. All donors also would have to provide written consent. These guidelines are so strict that several of the presidentially approved lines today might not qualify for funding.

Should Bush follow through on his veto threat, it's unlikely that Congress would be able to override it. The House of Representatives passed the measure 238 to 194 last year, far short of the two-thirds support necessary for an override. The Senate would require a veto-proof 67 votes, which don't appear to exist.

Embryonic stem cells can develop into any kind of cell in the body; researchers believe studying them could eventually lead to treatments for such debilitating diseases as Parkinson's and diabetes. Even if this worthy bill fails to become law, the debate about it may succeed in showing Americans that the advancement of science is more important than the advancement of politics.

To Agency Insiders, Cyber Thefts And Slow Response Are No Surprise (WP)

By Zachary A. Goldfarb

The Washington Post, July 18, 2006

Every day, an electronic wall guarding the Agriculture Department's servers is probed for holes 2,000 times by potential hackers and data thieves.

The probes usually can't get through that wall. But on the first weekend in June, a hacker made it deep into one server, prompting an announcement late last month that personal information on 26,000 Washington area employees, contractors and retirees may have been compromised.

To government officials responsible for information security and to outside experts, the intrusion -- and several recent security incidents at other agencies -- was no surprise. For the past five years, the department had received failing grades on a congressional report card for its information-security practices. The overall grade for federal agencies in 2005 was D-plus.

In the past few weeks, the Agriculture incident was joined by cases of potentially compromised data at Veterans Affairs, Health and Human Services, the Federal Trade Commission, the Government Accountability Office, Housing and Urban Development, the Navy, and the Energy Department. The State Department also suffered a series of hacking attacks.

The VA incident, with a loss of data on 26.5 million veterans and military personnel, drew the sharpest public attention. The data were later recovered. But officials and experts say that the frequency of the recent security incidents is not unusual, and that much more work needs to be done in the federal government to implement effective cybersecurity policies.

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"We believe the number of breaches are at the same level as we have experienced them," said Clay Johnson III, deputy director for management in the Office of Management and Budget. "We have been very demanding of agencies to improve the IT security of their systems. We still have a long way to go."

In fiscal 2005, major federal agencies reported about 3,600 incidents that were serious enough to warrant alerting the government's cybersecurity center at the Department of Homeland Security, including 304 instances of unauthorized access and 1,806 cases of malicious computer code, according to a yearly OMB report.

But that does not present a full picture. Despite requirements to do so, agencies are "not consistently reporting incidents of emerging cybersecurity threats," government auditors said last year.

The grades that agencies receive on the congressional report card -- compiled by the House Government Reform Committee -- reflect their level of compliance with the 2002 Federal Information Security Management Act, which outlines security procedures for agencies.

In 2005, in addition to Agriculture, the departments of Defense, Energy, Health and Human Services, Homeland Security, Interior, State and Veterans Affairs received F's.

Department technology officials said in interviews that whatever the past weaknesses, they have taken steps in recent months to improve the situation significantly.

"It's not something that happens overnight. It's not something that happens in a year," said Robert West, DHS's chief information-security officer. "We are walking toward an effective program. We're not chasing grades."

But it is agencies with low grades that have recently been hacked.

Last fall, an intruder gained access to a computer at the National Nuclear Security Administration in Albuquerque -- part of the Energy Department -- and took a file with personal identifying information for 1,500 employees and contractors.

Rather than alerting those whose data were compromised and senior Energy officials, the administration filed the episode away with about 830 other incidents the department experienced last year. The Albuquerque breach came to light only after the VA incident. In congressional testimony last month, the department's inspector general, Gregory H. Friedman, said "significant weaknesses continue to exist."

Rep. Thomas M. Davis III (R-Va.), chairman of the House Government Reform Committee, explained why he thinks the government doesn't pay enough attention to cybersecurity: "If you don't accomplish your current mission, you know you're going to get dinged. If you don't accomplish this security thing, there's only an outside chance you'll have a data security breach" that garners attention.

Davis said he worries about a kind of cyber Pearl Harbor, and the Pentagon noted in a statement that potential adversaries, realizing the United States's overbearing military might, "see cyber attacks as an inexpensive means of leveling that battlefield." It added, "These asymmetrical threats are real and the results of insecurity are potentially catastrophic."

Davis and OMB's Johnson said federal overseers need to hold accountable federal officials who fail to take the necessary steps to safeguard systems. Davis suggested that criminal penalties may be necessary.

One problem, experts say, is that almost all agencies lack department-wide security programs. Such programs provide "a framework and continuing cycle of activities for managing risk, developing security policies, assigning responsibilities, and monitoring the adequacy of the entity's computer-related control," Gregory Wilshusen, GAO director of information security, told Congress in March.

Bruce Brody, a former VA and Energy chief information-security officer who now works in the private sector, said agencies cherish decentralization, which has "contributed to effective delivery of services to taxpayers. But in the case of information technology, it creates fragmentation. It creates inefficiencies."

Experts also said departments must close the wide gulf between senior leadership and information-security personnel.

Paul Kurtz, who worked in the White House on cybersecurity and now is the security-software industry's trade group president, said that senior agency officials had the attitude that they "had much better things to do with my job" than work on information security.

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The VA's chief information-security officer, who announced his resignation June 29, said he had been unable to implement security changes during his more than three years on the job. He told Government Executive magazine that he had met VA Secretary Jim Nicholson only once, at a social event.

"The department has no interest in doing the right thing," Pedro Cadenas Jr. told the magazine. "I am having personal difficulty looking veterans in the eye and telling them that things will be OK."

VA spokesman Matt Burns said Nicholson issued a memorandum empowering security officials to do what is necessary to beef up security, a move he called "a significant step in the right direction."

U.S. Gov't Boosts Data Breach Monitoring (UPI)

United Press International, July 17, 2006

WASHINGTON, July 17 (UPI) -- The U.S. Office of Management and Budget is boosting its standards on reporting breaches of data security.

In an effort to improve the federal response to data breaches putting personal information such as Social Security numbers at risk, the OMB is eliminating the distinction between suspected and confirmed breaches for reporting purposes, GovExec.com reported Friday.

In a July 12 memorandum, Karen Evans, administrator of OMB's Electronic Government and Information Technology division, said that agency chief information officers should not hold back reporting suspected breaches, both electronic and physical, to the Homeland Security Department's computer emergency readiness team, known as US-CERT.

The memo said that all security incidents involving such information must be reported within an hour. US-CERT reporting guidelines for federal agencies already require reporting within one hour for any incidents involving unauthorized electronic or physical access to federal systems or data, GovExec.com said.

In the case of the early May Veterans Affairs Department data breach, it took weeks for senior officials within the agency to take notice of the incident.

U.S. federal agencies now will have to report incidents of improper usage, such as an employee violating policies on handling sensitive data, within an hour. Previously, the requirement was one week, the report said.

Federal agencies have disclosed a rash of data breaches of late. In addition to the VA situation, those include incidents at the Navy, affecting more than 125,000 personnel and their families; the Agriculture Department, affecting 26,000 employees; the Health and Human Services Department, affecting 17,000 Medicare recipients; the Defense Department, affecting 14,000 employees; the Energy Department, affecting 1,500 employees; the Social Security Administration, affecting 200 workers; the Internal Revenue Service, affecting nearly 300 employees; and the Government Accountability Office, affecting 1,000 people, the report said.

Government Data Thefts Raise Privacy Protection Concerns (FOX)

By Greg Simmons

FOX News, July 17, 2006

WASHINGTON — With a rash of massive security breaches resulting from the recent thefts of government laptops, errant information posted on public Web sites and hacks of government computer security systems, some lawmakers have reignited their call for legislation to hike penalties for unauthorized access of personal information.

"Because of this administration's recklessness and incompetence when it comes to data security and its refusal to admit and learn from its mistakes, millions of Americans — including our veterans and our active-duty service members who, at this very moment, are risking their lives in Iraq, Afghanistan and elsewhere — now have to worry about whether their personal information and the personal information of their loved ones is safe in the hands of the Bush-Cheney administration. That is not something they should have to worry about," Sen. Patrick Leahy, D-Vt., said last week.

But when the dust settles on the recent torrent of security breaches, privacy watchdogs say they are just as concerned about what the federal government is doing with the massive amounts of data it collects and uses as they are about how it plans to protect that data from falling into the wrong hands.

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"It's been very clear and it's becoming more clear to the public that there are gaps in privacy protection," said Leslie Reis, an adjunct law professor at the John Marshall Law School in Chicago. She runs the Center for Information Technology and Privacy Law housed at the school and also sits on a privacy advisory board that is part of the Commerce Department.

"The law, the framework, has not kept pace with the technology and practice," she said.

The May theft of a Veterans Affairs Department staffers' laptop computer, which was recovered late last month, exposed up to 26.5 million veterans and their family members to the possibility of identity theft and fraud. Officials say no reports of identity theft yet have been traced to the stolen information.

But identity theft is just one hot-button issue that coincides with data privacy, or the lack thereof. Privacy advocates say they fear that government could keep uncomfortably close tabs on its citizens by comparing and contrasting the mountains of data it collects. And with the rapid changes in technology, an infinite number of other possibilities could surface.

"The whole purpose of privacy law is to respect the right of an individual to retain, in effect, autonomy in their lives and their dealings with government, their dealings with companies, to basically retain control of their personal information," said John Sabo, a security and privacy analyst with the company Computer Associates.

Privacy Not Protected Enough

Reis said data technology has moved from punch-card devices and storage buildings the size of football fields to wireless-transfer machines that can store volumes of information in pocket-sized drives. These changes have outpaced the 1974 Privacy Act, the most comprehensive law so far created to protect citizens against government intrusions.

Sabo, who also sits on a Homeland Security Department privacy advisory board, agreed that a host of technological developments have surpassed an array of privacy laws that have been cobbled together over time.

For instance, commercial airline passenger data is now regularly used in the government security sector. In fact, the government frequently relies on third-party data — information collected by businesses or state and local governments — to make decisions.

Additionally, commercial data aggregators glean information from public databases about as many people as possible, making more information than ever available about and to the general public. Sabo warned that no guarantees are made that any of the information collected through third parties is accurate.

Laws now regulate federal government agencies' collection of data, but third-party information is not covered. So while a federal agency in most cases must notify citizens why it's collecting data and how it plans to use it, the outside data collectors have no such obligation.

Another wrinkle exists in some government agencies' use of new radio-identification chips — radio frequency identification, or just RFID — for document tracking, building security and other measures. According to a Government Accountability Office report last year, questions have been posed about whether the chips could cause privacy problems for government employees.

All those applications of technology lead to a greater number of points along the line of transmission where a breach or a hack or a mistaken data release could occur, Sabo said.

"What was a mainframe [computer] closed environment — a mainframe behind a door, lines running from terminals, card readers, right? Essentially like a silo and stovepipe system back in the early '70s, now suddenly what are you doing? Third party cookies. Government systems ...[where a] mainframe interfaces with data to sift, to pull data from various other agency systems, or from non-agency systems, from state systems ... Data is going everywhere," Sabo said.

"Technology and practices have accelerated in the last decade to the point where ... not just security, but privacy obligations have been left behind in the dust," he said.

Where Government Should Go

Analysts say that despite all the problems posed by new technology, government agencies must strive for more efficient systems and balance fears against the risk those systems pose. A threat to a Treasury or Homeland Security Department database, for instance, should be considered more heavily than a threat of a hack to a non-critical Web site.

Top government officials are proposing short-term solutions that are aimed at filling the most prevalent gaps. The White House Office of Management and Budget recently issued a new government-wide directive on laptop security. Veterans Affairs

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Secretary Jim Nicholson has hired a new information security adviser and has let go a number of employees who were directly involved with his agency's breach.

Other agencies are taking more novel approaches to hammer home the need for data privacy.

Gerald Gates, the chief privacy officer for the U.S. Census Bureau, said his agency continuously struggles to consider privacy concerns in the performance of its functions. With around 10,000 employees nationwide, not including the additional workers the agency takes on for its decennial work, a constant turnover of employees need to be indoctrinated into the culture.

"For Census, privacy is critical. We depend on the public's trust," Gates said.

Since January, the Census Bureau has been running a program designed to raise employees' awareness of citizens' privacy. The agency has designed posters, bookmarks, freestanding cards that sit on cafeteria tables and computer-based Flash-presentations that pepper employees as often as possible with privacy-minded messages.

"Basically, it gives the employees the sort of awareness why ... maintaining the public's trust is so important, [and] what their role is," Gates said.

He said the public often questions how his agency presents data on its Web site, and whether people are identified individually. He said the agency will manipulate data in a way to protect individuals, but not skew aggregated data.

New concerns will need to be addressed before the next census, when the bureau sends out data collectors with wireless devices that will automatically update the bureau's massive database. While the machines will make it much easier to collect data, administrators have to make sure that they can't be hacked or corrupted.

Gates said the machines likely will need fingerprint verification before they can be used, and any data sent from the machines will be encrypted with special codes preventing easy hacking.

The Game of Catch-Up Continues

Reis said that because government has gotten so far behind on the privacy issue, it's time for a more in-depth look at how government handles privacy.

"You can't take a Band-Aid approach to this. There are so many different needs for information," Reis said.

Reis said she is planning a study of the government's privacy approach, and hopes in the coming months to submit recommendations through the Information Security and Privacy Advisory Board, of which she is a member. The group was established by federal law to monitor privacy and report to both the administration and Congress. It is housed in the National Institutes of Standards and Technology, a Commerce Department agency.

She said the basic question is: "Are the laws really doing what they're supposed to be doing?"

Many laws in addition to the 1974 Privacy Act deal with privacy issues — some compete with one another — so it's time to take a comprehensive look and figure out where the gaps are, and where potential gaps could arise, she said.

Sabo said legislators might want to consider stiffer penalties for people whom either negligently or purposefully expose data. He said some good examples of tough provisions can be found in the Health Insurance Portability and Accountability Act and the Sarbanes-Oxley financial reporting bill that arose out of the Enron fiasco. Gates said specific penalties have been created for Census Bureau workers who violate privacy rules.

"If there's no consequences, then the law won't be treated with respect," Sabo said.

Sabo said another question government must continually ask itself is whether the information is necessary to have. It's an important question, he said, because by reducing the amount of information collected, government can reduce the likelihood that useful information can be stolen for malicious purposes.

Peter Swire, an Ohio State University law professor who spoke to the Commerce Department advisory group last month, said that question is being factored into a discussion that the Justice Department is having with Internet companies over data storage. The government is asking companies like Google to maintain search records for up to two years in an effort to combat child pornography and other predatory Internet crimes.

But Swire said that Justice Department officials apparently hadn't considered the fact that search information on their own FBI agents investigating crimes would be logged also, and could possibly put the agents at risk. He said it's an example of the wide implications of data collection.

"It was clear they hadn't thought of that," Swire said.

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Daniel Chenok, the chairman of the Commerce Department advisory group and a security analyst for the consulting firm SRA International, said that government's role ultimately is multi-pronged with respect to protecting privacy.

"It's leading by example, and providing notice as to how information is used. [It includes] providing rapid response and notice when there's an incident," Chenok said. He said federal government can have a great impact by using its weight as a purchaser of information systems, and requiring certain security and privacy requirements.

"Before, people stole wallets, and now people steal data streams. It's just a question of adjusting and responding to the new risks," Chenok said.

Rep. Maloney Bill Targets Defense Secretary's Wallet (HILL)

By Roxana Tiron

The Hill, July 18, 2006

Rep. Carolyn Maloney (D-N.Y.) is fed up with the Pentagon's empty promises and wants Defense Secretary Don Rumsfeld to pay up — literally.

The congresswoman, who comes from a long line of family military service, is pressing the Pentagon to implement promptly an incident-reporting system that would help track sexual-assault problems in the military.

The Department of Defense has had 18 years to implement the Defense Incident-Based Reporting System (DIBRS). Pentagon officials say it will be fully functional next summer.

That is not good enough for Maloney, who with fellow Democrat Chris Van Hollen (Md.) recently introduced a free-standing bill to force the Pentagon to implement the system by Jan. 1.

In the bill, Maloney and Van Hollen take the drastic measure of deducting $1,000 from the secretary of defense's pay for each day the system is overdue after Jan. 1. (The bill does not call for the secretary to dip into his own pockets after his salary is depleted.)

The Pentagon is "not making [the database] a priority," Maloney said. "If they wanted to create a database they could, they are the best and the most organized military in the world."

Even though he has not signed on yet, Rep. Christopher Shays (R-Conn.), chairman of the Government Reform subcommittee with jurisdiction over the issue, said that he supported the idea.

"This is information that should be public, and we should know about it," Shays said.

One reason for the Pentagon's delayed response to fully rolling out DIBRS is that the department "does not like to disclose things that put it in a bad light," Shays added.

While the Air Force and the Army already feed into the system, the Navy is lagging. The Navy is making a transition to a new criminal-justice information system that will cover the Navy and the Marine Corps. Once that was done, the Navy was supposed to fully implement DIBRS by this year. But that is not happening now until next summer, according to the Navy.

Full implementation of the system will significantly enhance the Pentagon's ability to collect and disseminate important criminal incident data in accordance with policy and law, said Lt. Col. Jeremy Martin, a Pentagon spokesman.

The military-justice system, based on the Uniform Code of Military Justice signed into law by President Truman, is separate from the civilian system. The separation recognizes the unique nature of military service and the requirements of discipline in a hierarchical structure, according to the Congressional Research Service.

DIBRS is designed to collect data to meet requests from Congress and the Department of Justice for statistics on criminal offenses, fraternization, suicide, drug abuse, sexual assault, sexual harassment and domestic violence.

It is important to have a working database, especially in the case of sexual assault, Maloney said.

"You cannot effectively tackle a problem like sexual assault in the military of you do not have accurate data," Maloney said.

"If women report a sexual assault, they are drummed out of the military," Maloney added. "If the man rapes a woman, he gets a transfer. He might even get a promotion."

For many women, sexual attacks start at the service academies. In 2005, 4 percent of female Air Force cadets, 5 percent of female Naval Academy midshipmen and 6 percent of female cadets at West Point reported being victims of sexual assault in the previous year.

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Congress recognized that sexual assault is more than a service-academy problem and directed the Department of Defense to establish a task force on sexual assault in the military services as part of the 2005 Defense Authorization Act." The task force is not yet operational," Shays said during a hearing held by his panel, the National Security, Emerging Threats and International Relations Subcommittee. "This inaction speaks volumes."

In its most recent report to Congress, the Pentagon stated that in 2005 the number of reported sexual assaults reached 2,374.

How Welfare Reform Changed America (USAT)

By Richard Wolf

USA Today, July 18, 2006

KANSAS CITY, Mo. — Michelle Gordon was 30, a poor, single mother with four kids between 5 and 13, when the federal government decided in 1996 that parents on welfare should go to work.

Since then, Gordon's life has been "a little bit of a roller coaster." She has held about 10 jobs — at a call center, as a nurse's aide, as a janitorial supervisor, most recently at a grocery store. She lost that job on April 19, her 40th birthday. It took her two months to find another. For 25 hours a week, she cleans bathrooms and vacuums floors at a drug rehabilitation center.

Mary Bradford was 45 in 1996, with three children between 11 and 25, when she traded welfare for a job filling orders at Victorian Trading Co. Ten years later, her office has moved from Missouri to Kansas, and she's still with the company. She's a production supervisor, and her earnings have more than doubled from the $7 an hour she made in 1996. "Most likely, I'll retire from here," Bradford says.

"She's reliable as the sun coming up," says Randy Rolston, the company's co-founder. "I can't think of a day she's missed."

The paths that Gordon and Bradford have traveled illustrate the successes and frustrations in the decade since the nation's welfare system was overhauled to require work and limit benefits.

The law signed by President Clinton on Aug. 22, 1996, has transformed the way the nation helps its neediest citizens. Gone is the promise of a government check for parents raising children in poverty. In its place are 50 state programs to help those parents get jobs.

In the 12 years since caseloads peaked at 5.1 million families in 1994, millions have left the welfare rolls for low-paying jobs. Nearly 1 million more have been kicked off for not following states' rules or have used up all the benefits they're allowed under time limits. Today, 1.9 million families get cash benefits; in one-third of them, only the children qualify for aid. About 38% of those still on welfare are black, 33% white and 24% Hispanic.

Three in four families on welfare are headed by unmarried women. As a result, employment rates for all single women rose 25% before declining slightly since 2001. Earnings for the poorest 40% of families headed by women doubled from 1994 to 2000, before recession wiped out nearly half the gains. Poverty rates for children fell 25% before rising 10% since 2000.

"It was a profoundly important philosophic shift," says Health and Human Services (HHS) Secretary Michael Leavitt, who was governor of Utah when the law was implemented. "This was … one of the few things in a decade you can look at and say the world really changed."

Many welfare experts, however, cite continuing problems. Liberals such as Olivia Golden of the Urban Institute, who ran the nation's welfare program in 1996, say more government services such as child care assistance are needed to help single parents succeed in the workplace. Conservatives such as Robert Rector of the Heritage Foundation say states should be forcing more of those who remain on welfare to prepare for work. Ron Haskins of the Brookings Institution, who helped write the new law when he worked for Congress, worries that too many women on welfare have turned into the working poor.

Gordon typifies that concern. Between her many jobs, she used up her cash benefits under the five-year time limit imposed by the welfare overhaul. Without work, she lost her federal housing subsidy, which helped pay her rent. So in October, she and three of her kids moved in with her mother. Her oldest son is in jail; she cares for his 6-year-old daughter. The three fathers of her children pay no child support. She gets about $500 a month in food stamps.

These days, the family mows lawns to help make ends meet. "Things are really rough out here," Gordon says. "We do what we need to do to have money."

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When Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act, conservatives celebrated and liberals screamed; three administration officials quit their jobs in protest. The act ended a 60-year-old federal guarantee of cash aid for the poor.

The law, modeled on state pilot programs begun in 1994 with federal approval, was intended to prod welfare mothers and fathers into the workplace with a series of carrots and sticks. Work, and you got help with child care, job training, transportation. Refuse, and you risked sanctions and being cut off by time limits.

A decade later, the worst fears of liberals haven't materialized. States did not enter what critics feared would be a money-saving "race to the bottom." Thousands of poor children did not wind up "sleeping on grates," as Democratic senator Daniel Patrick Moynihan predicted.

Major employers hired thousands of welfare recipients. UPS hired 52,000; CVS/pharmacy hired 45,000, 60% of whom remain. Welfare offices have shed the look and language of their first 60 years for the aura of job-services agencies.

Nearly 70% of all single women are working, compared with 66% of married women, a reversal of the past. Single women's incomes have risen, thanks in part to the expansion of the earned income tax credit, a tax break of up to $4,400 for low-income workers. Child poverty rates have dropped, particularly among blacks and Hispanics. Teen pregnancies are down. Child support collections are up.

"Everything has worked," says conservative Douglas Besharov of the American Enterprise Institute. "Every critique one might have is about what could have gone better, not something that has gone poorly."

Among the things that experts say could be going better:

•Most of the women who left welfare remain in low-paying, unskilled jobs. Those with the greatest burdens — mental illness, substance abuse, criminal records — seldom make it easily from welfare to work. "They became the working poor," says Sheri Steisel, a welfare expert at the National Conference of State Legislatures. "Many of these families are still struggling."

•More than half of those still on welfare aren't looking for work, honing their skills or going to school. That has led to a crackdown by the Bush administration, which last month issued tough new regulations designed to ensure that at least half the people on welfare are involved in activities such as job training or community service.

"There's now a reciprocal responsibility," says Wade Horn, HHS assistant secretary for children and families. "In exchange for the cash assistance, you're supposed to be doing something."

•More than half of those eligible for welfare payments don't get them — a sign, critics say, that the new system discourages people who need help from applying. "We now simply have a system that provides less help in times when people are without work," says Mark Greenberg, a liberal welfare expert at the Center for American Progress, a think tank.

•While welfare was trimmed, other parts of the nation's social safety net were expanding. The number of people receiving Medicaid and food stamps has soared by 50% since 2000. Medicaid is now the nation's largest entitlement program, with 53 million recipients; 25 million people get food stamps. That upsets conservatives who applauded welfare reform. "The bulk of the welfare system is exactly the way it was back in 1972," Rector says, "except that it's bigger and more expensive."

In Kansas City, a team of civic leaders working with the state and county governments enjoyed success in the mid-1990s moving women from welfare to work. Caseloads declined by about 60%, leaving only about 6,000 families on welfare rolls.

In recent years, however, the state stopped subsidizing employers, making the program less inviting. State aid for work supports such as case managers has declined. The welfare caseload has held steady since 1999.

"I think we're back at the drawing board," says Marge Randle, family support director for the Kansas City regional office of the state Department of Social Services.

The state faces new pressure from Washington to move those remaining on welfare to work. Even parents who make the jump often remain mired in $6.50-an-hour jobs. That's a big step up from the average national welfare grant of $445 a month for a family of three. But until they double those wages, the gains they make are roughly offset by cuts in food stamps, health care, child care and energy assistance, which are based on income.

"We're punishing the people who won't work, and we're punishing the people who will work," says Berta Sailer, who helps run a child care and family services center for low-income Kansas City residents. The average income for a family of four in her

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program is $12,000, well below the federal poverty threshold of $19,307. “I think our moms really feel that they're headed nowhere,” she says.

While a $6.50-an-hour job might have seemed like enough in 1996, it's insufficient today, officials agree. Clyde McQueen, president of the local Full Employment Council, a private non-profit corporation, stresses the importance of vocational education. In the 1990s, many of those on welfare who were placed easily in jobs had skills and experience, he says. Most of those who are left on the rolls have fewer skills and need education as well as job training. “Let's take the people who are non-skilled and skill them up for the jobs that are available,” McQueen says.

Employers who have hired people off welfare here report mixed results.

Tom Davidson says only “one or two” of the 30 to 40 people he hired from welfare succeeded at his former archives business. “Their personal management skills are horrible,” he says. Still, he calls the program “a noble experiment.”

Parents who have left welfare are spread throughout Kansas City and the nation. Some are succeeding. Others are struggling.

•At the local welfare office, workers Carol Ward and Charlese Henderson are thriving. Ward, 52, got a high school equivalency diploma, job training and child care through the welfare-to-work program. Now she's a clerical aide earning about $17,000 a year. “This job saved me,” she says.

Henderson, 31, who had the first of her four children at 14, is a $26,000-a-year caseworker after running through about a dozen lesser jobs over the past 15 years. She has little sympathy for clients who aren't motivated to work. “I had a co-worker tell me that I'm not very compassionate,” she says.

•At home and out of work, Patricia Williams is struggling. She needs a few months of cash benefits to get through the summer, until her part-time job in the kitchen of a charter high school resumes. Welfare officials say she's used up 54 of her 60 months under the law. “You have to get out and look for a job,” Williams, 43, says. “You just can't rely on the system anymore.”

•At a local business and technology community college, Sandy Carson and Gary Trimble are somewhere in between. They are getting nearly a year's training for jobs in manufacturing. Trimble, 50, a self-employed carpenter who cares for his 16-year-old son, wound up on welfare after a seven-month jail term for a child-support violation. “I really felt lost,” he says. “I went in telling them right out of the gate, ‘I want school.' ”

Carson, 42, left her postal clerk's job seven years ago to care for a son, then 3, with a disability. She wants to work with animals, but she considers herself lucky to be in the manufacturing course. “It's not my dream job, but it's something I can do,” she says.

For Michelle Gordon, making ends meet these days depends on two lawn mowers, two trimmers and a broom. “I'm living with my mother. I'm 40 years old,” she says.

She uses her experience as a lesson to her children. Daughter Essence, 19, has a high school diploma and a job and is attending college. Son Geno, 17, also has a summer job. Daughter Zoila, 15, says she won't have kids until she's married and established in life. The family gets food stamps, and the youngest two are on Medicaid, but they no longer get cash benefits.

The roller coaster Gordon has been riding for 10 years has made her less dependent on the government and more of a role model for her kids, she says.

“I'm not making $50,000 a year,” she says, “but I'm keeping my head up, and I'm surviving.”

Funding For Amtrak Would Increase 8% Under Senate Bill (WSJ/AP)

The Wall Street Journal, July 18, 2006

WASHINGTON -- Amtrak would see its federal subsidy increased by 8% under a bill ready to advance in the Senate.

The national passenger railroad would receive a $1.4 billion federal subsidy for the budget year beginning Oct. 1. The figure is contained in an as-yet-unreleased bill slated for a vote today by the Senate Appropriations Transportation Subcommittee.

Amtrak received a $1.3 billion subsidy for the current year, but the White House proposed cutting that figure to $900 million in its February budget. Amtrak supporters in the House increased the figure to $1.1 billion.

The Senate also approved $1.4 billion for the money-losing railroad last year but ultimately settled for the lower figure in talks with the House.

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The development cheered Amtrak and its many supporters on Capitol Hill. Amtrak runs trains through almost every state, giving it great support among lawmakers despite criticism from the Bush administration and some lawmakers for subsidies on its long-distance trains, labor costs and management practices.

All Smiles As Shuttle Ends A Nearly Perfect Mission (NYT)

By John Schwartz

The New York Times, July 18, 2006

CAPE CANAVERAL, Fla., July 17 — With a distinctive double sonic boom and a whooshing glide to the ground, the space shuttle Discovery landed safely Monday morning, ending a nearly flawless 13-day mission.

"Welcome back, Discovery," Stephen N. Frick, a NASA astronaut communicating with the shuttle from mission control in Houston, said to the shuttle commander, Col. Steven W. Lindsey of the Air Force, after the shuttle had come to a halt.

Colonel Lindsey replied, "This was a great mission, a really great mission."

The Discovery's successful return nonetheless marks the beginning of the end of the shuttle program, which President Bush has ordered to be shut down by 2010.

In that time, the National Aeronautics and Space Administration is to perform 16 more shuttle missions to complete the International Space Station, the half-built orbiting laboratory that was the Discovery's destination in this flight. The agency will then embark on the president's stated goal of returning to the Moon in a new generation of space vehicles.

The morale boost of a successful flight after the loss of the shuttle Columbia in 2003 and a frustrating first test flight last year was evident in the beaming smiles of the crew and NASA officials — even Michael D. Griffin, the self-described emotionless engineer who is the space agency's administrator.

N. Wayne Hale Jr., the shuttle program manager, said at a news conference at mission control in Houston, "The shuttle is back."

Still, questions remain about whether the program has solved the safety problems that have plagued it over the years — problems that NASA officials pledged to pursue.

NASA managers said that the success of this mission reinforced their view that they could step up the tempo of launchings, with the shuttle Atlantis returning to space as early as Aug. 28 and the mission after that beginning in mid-December.

Mr. Griffin cautioned at a news conference here at the Kennedy Space Center, "We're not going to get overconfident." Engineers and analysts will pore over the data from this flight in the coming weeks and months, he said, to better understand issues like foam debris from the shuttle's external tank before launching the next mission.

The amount of foam shed in the Discovery's July 4 liftoff — the problem that doomed the Columbia and continued to plague last year's return-to-flight mission — posed no threat to the shuttle, with the biggest piece weighing less than two ounces.

But a member of the independent board that investigated the Columbia disaster said the risks of shuttle flight were still very real.

"This shows that with appropriate care and vigilance, the odds of operating the shuttle with acceptable risk are good," said the board member, John M. Logsdon, the director of the Space Policy Institute at George Washington University. But he added: "It doesn't mean the shuttle is safe. The shuttle will remain a very risky vehicle to be operated with extreme care."

The crew took thousands of pounds of supplies to the half-finished space station, performed three spacewalks in which they repaired broken equipment to allow the resumption of construction on future shuttle flights, and tested possible repair techniques.

They also carried up a new crew member, Thomas Reiter, a German astronaut from the European Space Agency. Mr. Reiter remained behind aboard the space station, bringing its crew to three for the first time since the Columbia disaster.

The crew was led by Colonel Lindsey, who was making his fourth trip to space and his second as a commander. The pilot, Cmdr. Mark E. Kelly of the Navy, was on his second shuttle mission. The two spacewalkers were Piers J. Sellers of England and Michael E. Fossum. The flight engineer, Cmdr. Lisa M. Nowak of the Navy, operated the robot arm during the spacewalks, along with Stephanie D. Wilson, who also supervised the transfer of tons of cargo between the two craft.

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Despite the astronauts' grueling schedule, there was time to both laugh and marvel. At a news conference here on Monday, Colonel Lindsey recalled that Commander Nowak's ponytail, which acquired a will of its own in zero gravity, had gotten stuck on a strip of Velcro in the mid-deck of the shuttle.

Colonel Lindsey said he and the pilot, Commander Kelly, had had a view on the way home that was even more spectacular than usual.

"It started out in darkness, and of course you see the orange glow as the plasma starts heating up," he said, referring to the superheated gases of re-entry into the atmosphere. "And you can see what looks like explosions out the windows, plasma flashes and things like that."

As the shuttle banked left, "I could see the earth below as the sun was coming up," he continued. "And Mark, through his window, through the plasma, could see the moon. It was just wild." The shuttle did not break through the cloud layer until just 10,000 feet — less than a minute before landing. "I had never gone through weather like that before on a real shuttle landing," he said.

NASA managers and engineers who suffered through the Columbia disaster and last year's troubled mission of the Discovery were visibly moved to see a shuttle finally land in Florida again. The Columbia was heading for the Kennedy landing strip when it broke up over Texas, and the Discovery was diverted to Edwards Air Force Base in California for its landing last year.

"Columbia's landing day was a horrible day," said Michael D. Leinbach, the launching director. "Today was a great day."

In Washington, lawmakers welcomed the safe return of the shuttle and applauded the crew's effort. Senator Kay Bailey Hutchison, Republican of Texas and chairwoman of the Senate Commerce subcommittee on science and space, called the mission "an important milestone in our nation's space exploration history."

Representative Sherwood Boehlert, Republican of New York and the chairman of the House Science Committee, who has been cautious about the shuttle program, commended the NASA scientists, engineers and technicians, who have "worked tirelessly over the past three years to mitigate the problems that tragically doomed the shuttle Columbia in 2003."

Mr. Boehlert added, "While NASA must continue to be vigilant, the shuttle is now poised to proceed" with planned missions. President Bush issued a statement from the Group of 8 summit meeting in Strelna, Russia, congratulating NASA's workers for "putting our space program back on track" and calling the program "a source of great national pride."

Experts on space policy also expressed relief that the mission had gone so well. "They've got the right stuff back," said John Pike, the director of GlobalSecurity.org.

But he added that the success did not change the fact that the shuttle program itself was in its last phase.

"Mr. Bush has decided that Mr. Nixon's space shuttle and Mr. Reagan's space station are not the way he wants to go," Mr. Pike said. "He likes John Kennedy, going to the moon."

A critic of the space agency, Roger A. Pielke Jr., director of the Center for Science and Technology Policy Research at the University of Colorado, questioned in an e-mail interview whether the "acceptable risk" cited by Professor Logsdon was truly acceptable. "If the reliability of the shuttle is 99 percent, as NASA has suggested," he said, "then there is a significant possibility that there will be another lost shuttle before NASA completes the program." In the face of those odds, he went on, "there is no shame in declaring victory and moving on to the next challenge."

But Administrator Griffin, at his news conference, noted that it took a thousand years from the days the first ships ventured out to open water to the safe ocean voyagers of today. Space travel, by comparison, is in its infancy.

"We've been doing this stuff for 50 years," he said. "The enterprise is eminently worth doing. It's part of what makes us human."

Mission Applauded As Shuttle Returns (WP)

By Guy Gugliotta

The Washington Post, July 18, 2006

CAPE CANAVERAL, July 17 -- Announcing its arrival with a pair of sonic booms, the space shuttle Discovery dropped out of an overcast sky to touch down smoothly at the Kennedy Space Center on Monday in a triumphant climax to its nearly 13-day trip to the international space station.

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"Welcome back, Discovery," said shuttle communicator Steve Frick, monitoring the landing from Houston's Johnson Space Center. "Congratulations on a really great mission."

"Thanks -- it was a great mission," replied mission commander Steven W. Lindsey, who took the shuttle controls for the final approach. "Enjoyed the entry and landing."

Discovery landed at 9:14 a.m. Eastern time and coasted to a stop a little more than an hour after flight director Steve Stich decided the weather at Kennedy was good enough to order the orbiter to fire its braking rockets -- setting it on course for the final trip home after a journey of 5.3 million miles.

NASA Administrator Michael D. Griffin and other shuttle officials examined Discovery on the runway and confirmed what exhaustive tests and photographs had shown in space -- that the skin of the orbiter was virtually undamaged from launch debris or other mishaps.

"This is the cleanest orbiter that anyone ever remembers seeing," Griffin said in a post-landing news conference. He added that with Discovery's successful completion of all its on-orbit tasks, it had finished "as good a mission as we have ever flown."

The flight was the second since the shuttle Columbia disintegrated over Texas during reentry more than three years ago, but it gave NASA a significant boost as it resumed an ambitious schedule to finish assembling the space station by 2010. NASA plans to launch Atlantis next month and Discovery again in December.

"The shuttle is back," shuttle project manager N. Wayne Hale Jr. said in a televised news conference at Johnson Space Center. "We are launching six weeks from today, and we have a team that is tested and battle-hardened to go do that."

Discovery's mission began auspiciously with the shuttle's first July 4 launch and fulfilled a heavy schedule virtually without incident. The crew tested new repair techniques, repeatedly inspected the orbiter for damage, fixed a crucial piece of space station machinery, and replenished the station with 2 1/2 tons of equipment and provisions.

"Every single day we were up there, we had something difficult to do," Lindsey said at a news conference. "And we always finished. At the end of the day, I'd sit down and I'd say, 'Wow, we did that.' "

The mission also delivered European Space Agency astronaut Thomas Reiter to the station, increasing its crew to three for the first time since the Columbia disaster.

The five other shuttle astronauts -- pilot Mark E. Kelly, flight engineer Lisa M. Nowak, spacewalkers Piers J. Sellers and Michael E. Fossum, and mission specialist Stephanie D. Wilson -- returned home with Lindsey.

The day began with mission managers somewhat concerned about a possible leak in a fuel tank for one of the turbines that drive the shuttle's hydraulic system, but Stich said the turbine functioned normally, apparently without leaking, throughout reentry.

The second worry was the weather. As predicted, dawn found an overcast sky with rain showers and thunderheads hovering to the east off Florida's Atlantic Coast. Stich had said Sunday that he would try to land on two successive orbits, and, if the weather did not cooperate, would wait and try again Tuesday.

"We're looking optimistic," Frick told Lindsey shortly before 7 a.m. Despite the overcast sky, conditions were stable, Stich added later during the Houston news conference, and the ceiling was high enough, at 10,000 feet, for Lindsey to fly through the cloud cover on his final descent.

The astronauts began drinking fluids and swallowing salt tablets, raising their blood pressure to ward off the lightheadedness that can occur when blood pools in their lower extremities upon the return to Earth's gravity.

At 8:07 a.m., Stich gave the order for Discovery to fire its braking engines for three minutes, committing the orbiter to a landing. The landing strip, though blanketed in clouds, had seen no storm activity "for hours, and it gave us confidence," Stich said. "I took all the time I could."

At that point, Discovery was cruising stern first and upside down, traveling at 16,465 mph about 211 miles over the Indian Ocean. The three-minute "de-orbit burn" cut its speed by 205 mph, dropped the orbiter sharply toward Earth and flipped it right side up so the heat shielding on its belly could meet the thickening atmosphere at a 40-degree angle.

Once into the atmosphere, Discovery underwent four computer-ordered banking maneuvers, causing it to lose altitude and enabling its instruments to home in on the landing approach. Temperatures on the leading edges of the orbiter's heat shielding rose to 2,900 degrees Fahrenheit.

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As Discovery approached Central America heading northeast, meteorologists detected what Stich described as a "small shower" threatening the orbiter's final approach, so he ordered a north-to-south landing approach to stay clear of it.

"We went into the weather at 18,000" feet, Lindsey said. "I'd never gone through weather like that on the shuttle, but it wasn't a big deal."

At 9:11 a.m., the orbiter made a sweeping left turn, emerged from the clouds and made a perfect landing to cheers from a small grandstand full of spectators.

"We're ready to start flying shuttles on a more regular basis," Lindsey said in brief remarks on the runway. "Thanks a lot, and we're going to see our families now. Have a good day."

A Safe Journey Home For Space Shuttle, NASA (LAT)

By John Johnson Jr., Times Staff Writer

The Los Angeles Times, July 18, 2006

Discovery's success is proof the program is 'back on track,' officials say. About four flights a year are planned before fleet retirement in 2010.

CAPE CANAVERAL, Fla. — The space shuttle Discovery roared out of a gray sky Monday and safely landed at Kennedy Space Center, concluding a 13-day mission that clears the way for resuming construction of the International Space Station.

NASA officials said the successful mission showed that the shuttle program was "back on track" after setbacks that began with the loss of the shuttle Columbia in 2003 and continued with last year's problem-plagued shuttle mission.

"We had a great flight," said NASA Administrator Michael D. Griffin.

NASA is now preparing to step up shuttle flights to an average of four a year in a race to finish work on the space station by the time the aging and glitch-prone shuttle fleet is retired in 2010.

"We don't have any slack, so we can't afford to mess up," said Griffin, addressing reporters at Kennedy Space Center. "We know what the job is before us, and we have to do it."

The next scheduled shuttle launch could come as early as Aug. 28. The shuttle Atlantis will carry a space station truss and a solar array. By this fall, Griffin will decide whether to attempt a repair mission to the deteriorating Hubble Space Telescope.

The return of Discovery was heralded by a pair of sonic booms that echoed over the central Florida coast just before 6:15 a.m. PDT. Several hundred observers in grandstands cheered and clapped, perhaps as much out of relief as celebration. All shuttle flights are risky, but the loss of Columbia in 2003 underscored the hazards associated with returning from space, which exposes the shuttle and its fragile heat shield to temperatures above 2,000 degrees.

NASA spent three years and more than $1 billion on improving the shuttle and its giant external fuel tank. The tank was the source of a piece of hard insulating foam that fell off and fatally damaged Columbia. Besides removing more than 30 pounds of foam from the tank, NASA replaced the tires and wheels with stronger models, and installed tighter seals around the landing gear doors.

The upgrades seemed to have worked. After a walk-around inspection of the craft after the landing, Discovery commander Steve Lindsey said he had "never seen a vehicle that looked as clean as this one did" after a flight.

But William H. Gerstenmaier, associate administrator for space operations, cautioned that much data collected by the shuttle's cameras and sensors still needed to be analyzed over the coming weeks before the shuttle redesigns could be declared a success.

"It's too early to say luck or performance," Gerstenmaier said. But he added that the early evidence showed that "the vehicle performed awesome."

The landing was the final act in a mission that included three spacewalks by astronauts Michael E. Fossum and Piers J. Sellers. They made repairs on a transporter outside the space station that will be used by future astronauts in station construction. They also tested a shuttle repair material called "the goo" on predamaged reinforced carbon protective panels, which cover the front of the wings and nose cone of the craft.

Discovery underwent seven different examinations during the mission to make sure it had not been damaged during its eight-minute ascent into space.

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Discovery began its reentry when Lindsey fired the shuttle's engines for three minutes as it glided upside-down 211 miles over the Indian Ocean. The maneuver flipped the orbiter into an upright position for its entry into the upper atmosphere.

Lindsey later described watching the moon through the plasma, a gaseous soup created by the interaction of the shuttle's engines and the superheated atmosphere.

"It was just wild," Lindsey said.

The shuttle's onboard computer controlled a series of sweeping turns in the upper atmosphere to slow the spacecraft enough for landing. At the last moment, suddenly worsening weather required Lindsey and pilot Mark E. Kelly to take the controls and change direction to land from the north, instead of the south.

There were concerns over a leak in one of three units that powered braking and other landing operations. But the landing was unaffected, officials said.

The landing was a homecoming for the shuttle, which had not landed at Kennedy Space Center in nearly four years. Last year's first return-to-flight mission concluded at Edwards Air Force Base in California because the weather prohibited a Florida landing.

Lindsey said he didn't see the successful mission as a concluding chapter to a troubled time at NASA but rather as the beginning of another phase in the space program. "I don't think we ever want to put Columbia behind us," he said.

NASA managers said the space station's assembly work scheduled for upcoming flights is some of the most complex work in space that astronauts have ever attempted. Besides the station truss and the solar array, Japanese and European science modules are scheduled for installation.

NASA committed to building the space station in 1980s when the agency was searching for a new long-term goal after the successes of the Apollo moon missions. The agency came up with the idea of a big space station that could serve as a laboratory for scientists from around the world.

In practice, many at NASA have lost interest in the project, particularly after the president announced his bracing new space vision in 2004, which calls for a return to the moon and an eventual journey to Mars.

Critics also note the station's cost, originally forecast at $8 billion. It has ballooned to several times that figure.

But because the shuttle is the only space vehicle that can carry large construction materials into orbit, and because the Europeans and Japanese remain enthusiastic supporters of the station concept, NASA is obligated to finish construction.

The shuttle fleet has flown 16 construction missions so far, with another 15 scheduled between now and the station's projected completion.

*

(INFOBOX BELOW)

With the shuttle's fleet retirement date looming, NASA plans to launch at least 15 flights by September 2010 to finish construction on the International Space Station.

A tight schedule

[Date: Shuttle]

2006

Aug. 28: Atlantis

Dec. 14: Discovery

*

2007

Late February: Atlantis

Mid-June: Endeavour

Early August: Atlantis

Late September: Discovery

Late November: Endeavour

*

At least eight more construction flights are planned between December 2007 and September 2010.

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*

Source: Rob Navias, NASA spokesman Graphics reporting by Brady MacDonald

Fast Turnarounds Ahead For Shuttle Fleet (CSM)

By Peter N. Spotts

The Christian Science Monitor, July 18, 2006

HOUSTON

The space shuttle Discovery's flawless touchdown at the Kennedy Space Center in Florida Monday marks the end of NASA's recovery from the Columbia tragedy and paves the way for the agency to resume building the International Space Station.

Over the next 12 to 18 months, NASA is loading its space shuttles with space-station elements that will push the orbiters to their cargo-carrying limits. The complexity and packed pacing of spacewalks that shuttle astronauts and the station crew will have to perform are unprecedented, NASA officials say.

It's all in the name of putting the infrastructure in place to support the final elements - European and Japanese laboratory modules and a full crew of six - before the shuttle program ends in 2010.

"The operations we plan over the next 12 to 18 months are the most complicated things we've done in the history of manned spaceflight," says Paul Hill, the mission-operations manager for the space-shuttle program.

For the moment, however, NASA managers are savoring the success of Discovery and its six-member crew.

Discovery delivered 500 metric tons of supplies and equipment to the station. By contrast, all of Russia's vital resupply missions after the Columbia accident in 2003, when the shuttles were grounded, delivered some 290 pounds of food, clothing, and other gear. In addition, spacewalking astronauts swapped out a balky piece of hardware associated with a small rail-car-like transporter astronauts will need to use during construction. They bolted a spare cooling pump to the station's exterior, which station crew members can install later.

"I can't think of a better mission in recent history," space-station program manager Michael Suffredini said during a weekend briefing.

Discovery's flight also has demonstrated that NASA appears to have solved the worst of its problems with foam insulation, which can break loose during launch. A suitcase-size chunk of foam weighing just under two pounds damaged Columbia's heat shield and led to its destruction and the death of its seven-member crew in 2003.

The current flight was the second of two aimed at testing on-orbit inspection and repair techniques for the tiles and carbon-composite materials that make up the shuttle's heat shield. The most unusual defects the inspections found turned out to be bird droppings.

Overarching goals for the opening phase of construction are to make sure the station can generate enough electricity for the additional modules it will host, to have the docking capacity it needs, and to have sufficient cooling capabilities. Along the way, astronauts will rearrange existing solar panels along the station's exterior and rewire the station's electrical systems.

At one point during this initial phase, the shuttle and its robotic arm will gently tug one set of multiton solar panels free of its current position at the center of the station, then drag it to its final location at the end of a truss, where it will be reinstalled.

The coming construction missions have been planned for years, delayed only by the Columbia accident. NASA and its contractors have taken advantage of the hiatus to upgrade hardware and give crews extra training time to prepare for this final push.

"Everybody comes up with new things we can go off and do here on the ground that will save us time on orbit," says Brad Cothran, director of station integration operations for Boeing, the prime contractor for the station elements that the US is providing.

For example, engineers and technicians at the Kennedy Space Center spent six to nine months installing and testing a wireless network for sensors on key structural elements that will provide information on the structural health of the station. Initially, NASA had planned to install that system on orbit. The result: "That's going to end up saving the program a lot of precious EVA time," Mr. Cothran says, referring to extra-vehicular activities, or spacewalks.

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Here at the Johnson Space Center, mission planners also have been poring over mission-activity schedules to find ways to keep from overtaxing astronauts and station crews, adds John Curry, the lead flight director for Discovery's next mission in December. Some of these changes include eliminating the rigorous exercises that astronauts perform just before spacewalks and giving them extra time to relax prior to a space-walk - called "the camp-out protocol" for EVAs.

Barring another orbiter accident, the biggest concern for Mr. Hill is what he terms "infant mortality ... that we finally have some major piece of equipment that fails. Those are the types of things we can't control."

Every major component so far "has worked right out of the box," he says. But the failure of a newly installed component "would throw a monkey wrench into everything else we plan to do," he says.

It's unlikely that NASA would delay the shuttles' retirement to compensate. "There's no double-supersecret plan to fly other flights," Hill adds. "The no-kidding NASA policy is that we intend to stop flying the shuttle in 2010."

Still, the goal is worth the risk, he concludes. "We're on the cusp now. The shuttle's back in action. We're going to do these really hard assembly flights in the next 18 months. Then we're going to start using this thing and getting the bang for the buck that we'd intended to get."

Safe Return For The Shuttle (NYT)

The New York Times, July 18, 2006

The gutsy decision by Michael Griffin, the NASA administrator, to launch the shuttle Discovery despite warnings that foam-shedding problems had not been fully resolved appears to be vindicated, at least for now. The shuttle landed safely yesterday after a 13-day mission in which all major objectives were achieved. The successful completion of this second test flight since the Columbia disaster signals that the shuttle fleet is ready to return to the huge task ahead: completing the international space station now circling, half-built, in low Earth orbit overhead.

The main objective on this flight was to show that the shuttles are safe enough to fly again. In that respect, the results were encouraging. Images produced by a large array of cameras and sensors showed no major impacts from falling debris like that which doomed the Columbia. Space officials believe that Discovery sustained less damage during ascent than any shuttle flight in memory. Some experts believe the shuttle may actually be safer today, thanks to numerous modifications, than ever before. That is to be fervently hoped for, given two fatal accidents in the first 114 flights.

The most important task carried out by the astronauts was to repair a damaged transporter on the space station that is used to move a robotic arm from one location to another. Without that transporter in action, it would be impossible to finish assembling the station. Our own view is that the station is of minimal value, but given the administration's determination to finish building it by 2010, this repair was of critical importance.

The daunting construction task will require 16 shuttle flights over the next four years, a pace that may be difficult to maintain. Indeed, the next shuttle flight is scheduled to lift off in six or seven weeks. Any delays will compound the scheduling pressures in future years, raising the specter that NASA may again be tempted to cut safety corners to meet a launching schedule.

Discovery's seemingly unblemished flight raises some hope that a shuttle mission to rejuvenate the Hubble Space Telescope, NASA's most important scientific instrument, may prove feasible. Such a mission would be somewhat more risky than a trip to the space station because the astronauts would not have a place to take refuge were the shuttle orbiter to be damaged. But the scientific payoff, in our view, would be far greater than any likely research benefits from the space station. Astronauts have made several previous missions to service the Hubble without incident, and if the shuttle really is safer than ever, they could presumably do so again.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, July 18, 2006

A handful of designers snubbed Laura Bush last week when she hosted a breakfast for the winners of the National Design Awards. Five honorees in the graphic design category skipped the July 10 gathering and sent the first lady a letter saying they were "compelled to respectfully decline." Their beef? Good design means "words and images must be used responsibly,

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especially when the matters articulated are of vital importance to the life of our nation" -- and they felt the Bush administration had "seriously harmed" political discourse.

"If you see this as an act of resistance, it's a pretty minor one," said awardee Michael Rock , a partner at the New York firm 2x4 and a professor of design at Yale University School of Art. While honored by the prestigious award (the design Oscars) from Cooper-Hewitt National Design Museum, Rock said yesterday he's professionally offended by the president's "cavalier" use of Sept. 11 imagery in campaign ads, fake news columns and newscasts, and the suppression of "returning war casualties." He and his fellow designers will pick up their prizes in October at the museum gala.

Michael Bierut wrote about the flap on industry blog Design Observer, hoping to stimulate a thoughtful debate about artistic responsibility and protest. Instead, a flurry of vitriolic comments:

· "The Bush Administration has used the mass communication of words and images in a way that the undersigned DO NOT LIKE. Please. Get over yourselves."

· "It does not take a leftist view of politics to understand that the Bush administration has bent information and muddied communication to fit its political ends."

· "Leave it to mindless, knee-jerk ideaologues [sic] to turn something that is decidedly non-political into an opportunity to grind some political axe."

From there, the news predictably leapt into the blogosphere, where conservatives and liberals have been slugging it out on the subject for a week, much as they did in 2003 after the first lady canceled a White House poetry symposium when some invitees announced plans to read antiwar poems at the event.

Yesterday the first lady's spokeswoman, Susan Whitson , declined to comment because she has not seen the letter.

Said Bierut yesterday: "I thought at the outset that this was a particularly subtle issue with good, articulate arguments on either side, and was chagrined to see how quickly it escalated (or degenerated) into the usual screaming. If the future of political discourse lies in the blogosphere, as some people claim, be very afraid."

GET THIS!

· If you kept seeing the same tough-looking blond hottie circling Capitol Hill -- don't worry, Pink was not casing the joint. The singer (in town for that 9:30 club show reviewed on C1) left the Hotel George for the steam room at Results gym -- riding her own bike. But she got the address wrong, ended up pedaling around lost for more than an hour and never made it. To make it up to the Results folks (who were hovering on VIP standby), she gave owner Doug Jefferies backstage passes.

· Allen Iverson may be one of the finest athletes of his generation, but a rapper stole his thunder in softball on Saturday. At the celebrity game hosted by the 76er's charitable foundation in Bowie, Iverson hit a grounder, but platinum-seller Nelly sent a homer over the fence. Turns out he's something of a ringer, having won an MVP trophy in a St. Louis amateur league. He was playing for Iverson's "all-star" team, which won 7-3 over a WPGC team, despite the no-show of promised stars such as Gilbert Arenas .

· Luciana Pedraza , the Argentina-born wife of actor and horse-country dweller Robert Duvall, was among 40 people taking the oath of citizenship at Homeland Security offices in Fairfax last week. "I'm happy to be part of a great nation," she said in a statement.

She's Standing by Her Fish Story

The one that didn't get away: Sen. Lisa Murkowski caught this 65-pound Alaskan king salmon on July 7 at the Kenai River Classic, hosted by the other Republican senator from Alaska, Ted Stevens . Guys on Capitol Hill say the lawmaker must have had help reeling it in, but her office swears she did it by herself.

"There's nobody in the world like me. I think every decade has an iconic blonde -- like Marilyn Monroe or Princess Diana -- and right now, I'm that icon."

-- Paris Hilton, somberly assessing her place in history for the Times of London

She's Standing by Her Fish Story

The one that didn't get away: Sen. Lisa Murkowski caught this 65-pound Alaskan king salmon on July 7 at the Kenai River Classic, hosted by the other Republican senator from Alaska, Ted Stevens . Guys on Capitol Hill say the lawmaker must have had help reeling it in, but her office swears she did it by herself.

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"There's nobody in the world like me. I think every decade has an iconic blonde -- like Marilyn Monroe or Princess Diana -- and right now, I'm that icon."

Hastert Released From Hospital (AP-Y)

By Dennis Conrad

AP2, July 18, 2006

House Speaker Dennis Hastert was released from a suburban Maryland hospital on Monday after spending several days being treated for a skin infection.

Hastert "is ready for another busy legislative week," said spokesman Ron Bonjean.

The spokesman did not provide further details about Hastert's bout with cellulitis, a skin infection that appears as a swollen, red area that feels hot and tender, and that can spread rapidly without treatment.

Hastert, 64, discovered the infection on his lower left leg last week. The Illinois Republican was admitted to Bethesda Naval Hospital on Thursday.

Hastert was treated with intravenous antibiotics through the weekend, and his doctor had ordered him to stay off his feet for several days.

OTHER NEWS:

U.S. Industrial Output Jumps, Amid Strong Business Investment (WSJ)

By Rafael Gerena-Morales And Dongjin Park

The Wall Street Journal, July 18, 2006

U.S. industrial production rose sharply in June, fueled by strong demand for computers, metals and transit equipment, as capital investment by businesses helped to buoy the economy at a time of cooling consumer spending.

The Federal Reserve reported yesterday that output at the nation's factories, mines and utilities rose a seasonally adjusted 0.8% last month, following an upwardly revised 0.1% rise in May. The May gain originally was reported as a 0.1% decline. Total output in June was up 4.5% from a year earlier.

"It was a strong report, no question about it," said David Resler, chief economist at Nomura Securities in New York. "It's an indication that the U.S. economy continues to enjoy a fairly healthy expansion of the manufacturing sector. It reinforces that we have a pretty good capital-spending trajectory."

Economists said last month's gains, which followed a soft performance in May, reflected strong demand for productivity-enhancing equipment, rising U.S. exports and inventory building by businesses. They said that while business spending is likely to remain firm for the rest of the year, manufacturing output is expected to ease in the second half, curbed by softer consumer spending and a slowdown in the housing market.

"You're not going to replace [the rapid] consumer-spending growth" experienced earlier in the year solely with manufacturing gains, said Joshua Shapiro, chief U.S. economist at New York consulting firm MFR Inc.

June's production increases included 1.3% for information-processing equipment, 1.7% for petroleum and coal products and 1% for primary metals and 0.8% for transit equipment, which includes cars, trucks and civilian-aircraft components.

Overall manufacturing output in June rose a seasonally adjusted 0.7% from May and was up 5.7% from a year earlier. The Fed report showed that output of autos and parts rose a brisk 3.3% last month, even though production figures from auto-industry analysts show that production was lower in June. Economists say the Fed's numbers may have been distorted by seasonal adjustments related to annual auto-company shutdowns for retooling.

The rise in overall factory production last month lifted the industrial capacity utilization rate, which measures how fast industry is running, to 82.4%, up from May's slightly revised 81.8% and the highest rate since June 2000. High utilization rates suggest producers are getting closer to the limits of their capacity, making price increases more likely.

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The manufacturing sector "continues to see good news," said John Engler, president of the National Association of Manufacturers. Yesterday's report suggests that factory expansions will become increasingly necessary to keep pace with robust demand for manufactured goods in the months ahead, he said.

For example, TT Technologies, an Aurora, Ill., maker of pipe-renovation equipment, plans to increase its factory space by 50% and to hire 50 employees during the next 15 months to meet bustling demand. "In our industry, everything is really flat-out," said Christian Brahler, president of the company, where sales are up 15% compared with 2005. "It's probably [the first time] in my lifetime that there is a demand for everything everywhere."

Industrial Production Rises As Heat Spurs Electricity Use (NYT)

By Bloomberg News

The New York Times, July 18, 2006

Industrial production rose at a higher-than-expected rate of 0.8 percent last month as hot weather increased the use of electricity, while factories turned out more communications equipment and semiconductors.

The increase followed a 0.1 percent rise in May that was previously reported as a decline, the Federal Reserve said in its monthly report on output at the nation's factories, mines and utilities.

The proportion of industrial capacity in use rose to 82.4 percent, the highest in six years.

Production increased in the second quarter at an annual rate of 6.6 percent, the fastest since the final three months of 1999 and a sign that corporate investment is sustaining economic growth as consumer spending slows. Higher energy costs and factories approaching limits on their ability to produce are inflation threats that Fed policy makers are watching as they decide whether to raise interest rates next month.

"Anything related to capital spending is strong and expected to stay strong," said Nariman Behravesh, chief economist at Global Insight in Lexington, Mass. The rise in capacity utilization "is one more indication that the Fed can't take its eye off of inflation. The Fed probably isn't finished raising rates."

Economists expected a 0.5 percent increase in June production. Capacity utilization, which rose from 81.8 percent a month earlier, was forecast to rise to 81.9 percent after a previously reported 81.7 percent.

Work at factories, which accounts for almost 90 percent of industrial production, increased 0.7 percent last month after rising 0.1 percent in May. Production of consumer durable goods, which includes automobiles, furniture and electronics, rose 2.2 percent after falling 0.5 percent the previous month.

Production of autos and parts rose 4.2 percent after falling 0.8 percent. Cars and light trucks sold at an annual rate of 16.3 million in June, up from a 16.1 million rate a month earlier, industry data show. Vehicle production increased at an annual rate of 11.61 million in June, after 11.33 million in May.

Production of nondurable consumer goods, like food, clothing and paper products, rose 0.4 percent for a second month.

Electric and gas utility output jumped 0.7 percent in June, the most in three months, after rising 0.2 percent in May as hot weather led to increased air-conditioner use.

Mine production, which includes oil and gas exploration, rose 1.2 percent in June after a 0.3 percent rise in May, the report showed.

Business equipment production, which includes transportation and information-processing equipment, increased 0.7 percent in June after falling 0.2 percent the previous month.

Stocks Put Halt To 3-Day Skid, But Remain Flat (WSJ)

By E.S. Browning

The Wall Street Journal, July 18, 2006

Stocks managed to end their string of sharp declines, but worries about the Middle East fighting kept indexes largely flat.

After falling more than 100 points in each of the previous three sessions, the Dow Jones Industrial Average edged up 8.01 points, or 0.07%, to 10747.36, leaving it up just 29.86 points for 2006. It has fallen nearly 900 points since hitting a six-year high May 10, and is nearing its 2006 low of 10667.39.

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Amid optimism the Mideast fighting might be contained, some investors decided that markets had fallen too far. They began buying stocks and selling oil and gold futures.

Crude-oil futures fell $1.73, or 2.3%, to $75.30 a barrel on the New York Mercantile Exchange. Gold, which also had risen on Middle East jitters, fell $16, or 2.4%, to $650.60 a troy ounce.

"The market hung in there pretty well considering all the geopolitical issues going on," said Todd Leone, head of listed trading at New York brokerage firm Cowen & Co.

Investors were nervous about news due later this week, notably Federal Reserve Chairman Ben Bernanke's monetary-policy testimony tomorrow to the Senate Banking Committee. Investors hope for an indication whether Mr. Bernanke is thinking of raising interest rates further at the Fed's next policy meeting, Aug. 8.

On top of that come wholesale-price data today and consumer-price data tomorrow. Thursday, investors get a summary of the minutes of the Fed's last meeting, in June, which also should offer insight into the Fed's mood.

Investors also await a flood of second-quarter profit reports this week. The results so far have been mediocre, contributing to the market malaise. Yesterday, McDonald's said quarterly profit would surpass Wall Street expectations, but Citigroup released disappointing results. Elsewhere, the Federal Reserve reported the nation's industrial production rose more than expected in June.

The Standard & Poor's 500-stock index fell 0.14%, or 1.71 points, to 1234.49, down 1.1% this year. The Nasdaq Composite Index rose 0.02%, or 0.37 point, to 2037.72, down 7.6% in 2006.

Wall St Little Changed After Energy Sell-off (FT)

By John O'Doherty

Financial Times, July 18, 2006

Wall Street traded nervously sideways yesterday as a sell-off in the energy sector dragged on markets that had bounced earlier in the day following stronger-than-expected economic data.

Citigroup reported a 4 per cent rise in second-quarter profit on Monday. Although only slightly below analyst expectations, they pushed shares in the US's largest bank down 2.5 per cent to $46.40, its lowest level in four months.

Oil prices had their worst day in more than a month, knocking 2.2 per cent off Nymex crude futures. The S&P energy index fell more than 3 per cent. Halliburton fell 4.6 per cent to $35.25 and ConocoPhillips lost 3.4 per cent to $65.15.

McDonald's added 5.1 per cent to $34.72 after reporting a 5.9 per cent increase in same-store sales in June. The restaurant chain also said its second quarter earnings would beat analyst expectations.

At the close, the S&P 500 was down 0.1 per cent or 1.71 points at 1,234.49, while the Nasdaq Composite was flat, up 0.37 points at 2,037.72. The Dow Jones Industrial Average was also flat, adding 8.01 points to 10,747.36.

Industrial output in the US rose more than expected in June, according to the Federal Reserve. Capacity utilisation climbed to 82.4 per cent, its highest level since June 2000.

"There was a little bit of back and forth but I don't think much of anything is going to happen until the CPI numbers [tomorrow]," said Scott Wren, senior equity strategist at AG Edwards, who was nervous about the capacity utilisation index.

"The capacity utilisation number is higher than I would have liked and higher than the Fed would have liked."

Toy maker Mattel reported a swing to profit in the second quarter thanks to sales of movie-themed toys. It leapt 10.8 per cent to $17.60, its best day since October 2002.

Apple Computer rose 3.4 per cent to $52.37 following an article in the US publication Barron's that suggested the stock could double on demand for Macintosh computers.

Copper prices dipped, after pushing higher for five consecutive days last week. Freeport McMoran lost 5.2 per cent to $51.57, and Phelps Dodge tumbled 3.6 per cent to $76.95.

Eaton, maker of electrical systems, reported earnings slightly above expectations. However, investors feared the results were largely the result of a slightly lower tax rate, and the shares fell 4.4 per cent to $65.06.

IT services group Computer Sciences fell 3.9 per cent to $50.68, after Jefferies & Co lowered its rating on the stock from "hold" to "underperform", citing slowing growth.

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WW Grainger, distributor of maintenance and repair supplies, sank 13.7 per cent to $63.00 in spite of a 15 per cent increase in second quarter profit. It lowered guidance for 2006 sales growth.

Investors Fret Buyout-Induced Risk (WSJ)

By Serena Ng

The Wall Street Journal, July 18, 2006

Corporate bond investors are getting worried about the risks companies are taking to please stock investors.

A survey by Fitch Ratings of 78 large bond investors for mutual funds, insurance companies, pension funds, hedge funds and banks found money managers worried the recent boom in leveraged buyouts might stretch corporate finances, which have been strong for the past few years.

So far this year, $162 billion of such deals -- in which stock investors use heavy loads of debt to finance acquisitions -- have been announced in the U.S. That already exceeds the $118 billion for all of 2005, itself a record, according to data from Thomson Financial.

"You see these large funds being put together to buy and restructure companies financially, and that's a big concern because they're going to add on more debt -- which will lower credit quality and cause bond downgrades," said Alex Powers, head of fixed income at U.S. Trust.

In addition to LBOs, which have been driven by private equity funds and hedge funds, bond investors signaled concern about other stock-investor-oriented actions taken by executives, like share buybacks and special dividends. These actions use up corporate cash without generating any returns for the company.

Over the past year, Fitch lowered its ratings or outlooks on $53 billion worth of U.S. corporate debt, from more than a dozen companies, because of mergers, buyout deals or share repurchases.

About half of those surveyed listed "shareholder oriented activities" like LBOs and buybacks, as a "high" risk for their investments, and 41% listed it as a "moderate" risk.

Fitch's survey, its first effort to tap into bond investor concerns, was conducted in mid-June, before fighting broke out in the Middle East. A third of those surveyed managed more than $100 billion in fixed income assets. Another third managed $20 million to $100 billion.

Among the concerns of investors were Mideast tensions, the housing market slowdown and "unfavorable risk-return relationships," which means investors don't feel they are earning high enough returns to compensate them for the risk they are taking on in their investments.

The least of their worries included new leadership at the Federal Reserve. They also signaled little concern about settlement issues in the market for credit derivatives. Regulators have been pushing Wall Street banks to clean up a backlog of unsettled credit derivatives trades. But the concerns of regulators aren't hampering the growth of the business.

Four-fifths of investors surveyed said they expected to increase their use of credit derivatives in the next year.

"We've been in a very benign environment for credit, but investors are becoming more concerned about activities that could transform a company and add risk," said Robert Grossman, chief credit officer at Fitch.

Overall, bond investors don't expect corporate default rates to rise sharply in the coming year, though around 20% of those surveyed see conditions in the junk-bond market deteriorating significantly. The default rate on U.S. high-yield bonds was 3.1% at the end of June, unchanged from the end of 2005, Fitch said.

Treasury Prices Tread Water

Treasury prices settled little changed, ahead of events later this week. Narrow range trading is seen continuing until Wednesday, when attention focuses on inflation data and testimony on the economy and monetary policy from Federal Reserve Chairman Ben Bernanke before the Senate Banking Committee.

At 4 p.m., the benchmark 10-year note was down 1/32 point, or $0.3125 per $1,000 face value, at 100 13/32. Its yield rose slightly to 5.073% from 5.071% Friday, as yields move inversely to prices. The 30-year bond was up 5/32 point at 90 26/32 to yield 5.106%, down from 5.117%.

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The major data release was the June industrial production report and it was higher than the market expected. It increased 0.8% in June, according to the Federal Reserve. The median estimate of economists surveyed by Dow Jones Newswires was for a 0.4% increase. The capacity utilization rate of 82.4% was the highest it has been since June 2000.

"The long-term inflationary threshold for the economy is 81.5%," said Drew Matus, financial markets economist at Lehman Brothers Holdings Inc. in New York. That means "capacity utilization has now exceeded that threshold for three consecutive months," and this "only increases the odds of yet another rate hike at the August meeting," he said.

New Plans for Fallen Angels

Moody's Investors Service is considering a change in the way it lowers the ratings of investment-grade companies that embark on activities like leveraged buyouts, stock buybacks financed with debt, or asset spinoffs.

The proposal would affect firms with ratings at risk of falling to speculative-grade because of such activities, which can change a firm's credit outlook. Instead of slashing ratings one or more notches when deals are carried out, Moody's proposes "a series of gradual interim rating actions" as events develop. That would help prevent downgrades to "junk" from occurring prematurely.

Firms often see their bond values fall and their yields -- and borrowing costs -- rise sharply when their ratings are cut to "junk" from "investment grade," which dubs them as a "fallen angel."

Oil Falls On Flurry Of Diplomacy; Futures At $75.30 (WSJ)

By Masood Farivar

The Wall Street Journal, July 18, 2006

Oil prices fell sharply amid a flurry of diplomatic efforts to put an end to the fighting between Israel and Hezbollah, halting a four-day winning streak for crude.

"It's not that a wider conflict couldn't happen, but the market is hearing all this news of diplomacy and thinking it can fix things," said Bill O'Grady, an analyst at brokerage A.G. Edwards in St. Louis.

The nearby August crude contract on the New York Mercantile Exchange fell $1.73 to settle at $75.30 a barrel. The contract had climbed to a Nymex record $78.40 a barrel in electronic trading Friday.

The losses, which came amid moderate volumes, masked a day of extreme volatility, brought on in part by the expiration of options on August crude futures.

In electronic trading late Sunday, prices shot up as traders reacted to an escalation in the fighting over the weekend, afraid that the conflict would spread beyond Lebanon's borders and exacerbate instability in the oil-rich region.

There was no sign of an abatement in the conflict yesterday, but international calls for a cease-fire and the dispatch of diplomatic envoys to the region raised hopes of cessation in the hostility. At worst, traders began betting that the fighting would remain contained to Israel and Lebanon, neither of which is an oil exporter.

"If the war stays contained, the oil market shouldn't be this strong," Mr. O'Grady said.

The oil market has become a barometer of geopolitical tensions, and oil prices could fall an additional $1 to $2 if there is some kind of ceasefire or truce or the situation becomes calmer, said Pete Donovan, vice president at floor brokers Vantage Trading in New York.

Other analysts warn prices could edge higher depending on developments in the region. In after-hours electronic trading, the August contract was already rebounding into positive territory.

In other commodity markets:

GOLD: Prices on the Comex division of the New York Mercantile Exchange tumbled as traders took profits. Most-active August gold hit a high of $677.50 on continued Israeli-Hezbollah fighting before liquidation set in on ideas the conflict may not escalate further, as some had feared, analysts said. Lower crude-oil prices and a stronger dollar also contributed to gold's pullback. Nearby July gold fell $16 to $650.60 an ounce, while August fell $16.10 to $651.90.

COPPER: Comex prices dropped sharply after news of the end to a monthlong strike at Grupo Mexico's Cananea copper mine capped the highs and sparked selling in the market. Copper prices were also held in check by a decline in precious metals and a higher U.S. dollar. Nearby July copper fell 11.50 cents to $3.7145 a pound.

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High Fuel Prices Don't Dent Love Of Gas Guzzlers (WSJ)

By Gina Chon

The Wall Street Journal, July 18, 2006

As gas prices again approach $3 a gallon, consumers are buying new vehicles that are faster and heavier than ever, and less fuel-efficient than 20 years ago, the Environmental Protection Agency says in a new report.

The average fuel economy of new 2006 models was virtually flat with a year ago at 21 miles per gallon, according to the latest EPA report, despite the increasing deployment of technologies such as systems that shut off cylinders in V-8 engines and six-speed transmissions.

The incremental gains from those technologies were offset by consumers, who continued to buy lower-mileage minivans, pickup trucks and sport-utility vehicles. Marc Schwartz, sales manager at Major Chevrolet in Long Island City, N.Y., says that while he has seen an increase in passenger-car sales, there is still a lot of interest in SUVs like the redesigned Chevrolet Tahoe. "People ask about mileage and say they are worried about it," he says. "But in the end, they still want an SUV."

The 2006-model-year vehicles are the heaviest, fastest and most powerful vehicles for any year since the EPA began compiling such data in 1975. The average weight of a 2006 vehicle is 4,142 pounds, compared with 3,727 pounds in 1997.

The EPA said the average 2006 vehicle generated 219 horsepower, compared with the average in 1997 of 169 horsepower. The amount of time it takes for a vehicle to go from zero to 60 miles per hour was 9.7 seconds in 2006, compared with 11 seconds for a 1997 model.

Fuel economy for 2006-model-year vehicles averages 21 miles per gallon. That is slightly worse than in 1987, when fuel economy averaged 22.1 miles per gallon using less sophisticated technology, according to the EPA report.

"The fleet fuel economy has remained stagnant mainly because of the types of vehicles consumers have purchased," says Charles Territo, director of communications for the Washington, D.C.-based Alliance of Automobile Manufacturers, an association made up of nine auto makers, including General Motors Corp., Ford Motor Co., DaimlerChrysler AG and Toyota Motor Corp.

The EPA report divided auto makers into two groups in which Toyota, Honda Motor Co., Hyundai Motor Co. and affiliate Kia Motors Corp., and Volkswagen AG have fuel economies that fall between 23.5 and 24.2 miles per gallon. In the other group, GM, Ford, DaimlerChrysler and Nissan Motor Co. had fuel economies of 19.1 to 20.5 miles per gallon.

But all of the auto makers have let fuel economy slide compared with 20 years ago, including Toyota, Honda and Hyundai-Kia, which now sell more SUVs and trucks than they did in the past.

Mr. Territo noted that auto makers sell more than 100 models that get more than 30 miles per gallon. And there are 46 models available that offer fuel-efficient technology such as vehicles running on ethanol, diesel or a hybrid engine. But auto makers also offer other choices to consumers to meet their needs, such as SUVs and pickup trucks.

More than 55% of all new vehicles purchased in 2005 were minivans, pickup trucks, vans or SUVs, says R.L. Polk, an auto-data provider in Southfield, Mich.

Despite gas prices topping $3 a gallon in California and other parts of the country, light trucks have outsold passenger-car vehicles for the first six months of this year, making up 52.5% of total vehicle sales, according to Autodata Corp.

Consumers have been shifting toward smaller SUVs, known as crossovers, and passenger vehicles in the wake of higher gas prices. Sales of large and midsize SUVs, and pickup trucks, have fallen amid increasing concern over gas prices.

Yesterday's American Automobile Association Fuel Gauge Report showed the average price of fuel is now $2.964 per gallon, nearing the record set in the wake of Hurricane Katrina last year at $3.057 per gallon on Sept. 5, 2005.

The EPA report reflects the balance auto manufacturers have to pursue in meeting many customer requirements at once, says GM representative Sherrie Childers Arb. She also noted safety equipment, such as air bags, also make vehicles heavier.

"Fuel-efficiency improvements have actually taken place," she says. "But vehicles have gotten faster and heavier because of other things consumers want."

The traditional Big Three have relied more on pickup trucks and SUVs for profit, which has hurt them when it comes to fuel-efficiency perceptions. When consumers are more worried about fuel economy, it tends to benefit Asian auto makers that are perceived to produce more fuel-efficient vehicles.

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In June, GM sales fell by 26%, while Ford was down by 7.1% and DaimlerChrysler declined by 13.2%. In contrast, Toyota's sales were up by 14.4% while Honda's sales remained flat.

That's why GM, Ford and DaimlerChrysler's Chrysler Group have been focusing recent ads on the fuel-efficiency of their vehicles. The latest commercials for Chrysler's Town & Country, for example, say the minivan gets 26 miles per gallon.

EPA Says No Improvement In Fuel Economy (AP-Y)

By Ken Thomas

AP2, July 18, 2006

The average fuel economy of 2006 model year vehicles remained constant compared with last year, the government reported Monday.

The Environmental Protection Agency said in its annual report, based on sales projections provided by automakers, that the estimated average fuel economy for 2006 vehicles was 21 miles per gallon, the same as 2005 models.

Honda Motor Co. had the highest fuel economy rating by manufacturer, 24.2 mpg, followed by Toyota Motor Corp., with a 23.8 mpg average. But both Japanese automakers saw their averages drop from the previous year as they placed more of an emphasis on larger vehicles.

DaimlerChrylser AG had the lowest fuel economy rating — 19.1 mpg — followed by Ford Motor Co., which improved 0.5 mpg to reach 19.7 mpg. General Motors Corp. also showed improvements, posting a 20.5 mpg average, but environmental groups said they were disappointed by overall results.

"The more things seem to change in the world in terms gas prices and energy crises, the more things seem to stay the same in the auto industry," said David Friedman, research director for the Clean Vehicles Program at the Union of Concerned Scientists.

The EPA report showed fuel economy averages 5 percent below the peak of 22.1 mpg in 1987-88.

Among vehicle type, passenger cars averaged 24.6 mpg in 2006 — down from 25 mpg in 2005. SUVs averaged 18.5 mpg, an increase of 0.2 mpg, and pickups rose by 0.1 mpg to average 17 mpg.

The amount of miles a motorist gets on a gallon of gas has declined slightly as consumers have bought more sport utility vehicles and pickup trucks and, in general, vehicles have improved in acceleration and become heavier.

In 1987, about 28 percent of vehicle sales were light trucks, which include pickups, SUVs and vans; about half of the vehicles sold today fall into that category. The average vehicle weight has increased from 3,220 pounds in 1987 to 4,142 today, while the average 0-to-60 acceleration time has fallen from 13.1 seconds in 1987 to 9.7 seconds in 2006.

Charles Territo, a spokesman for the Alliance of Automobile Manufacturers, said nearly every new model offers fuel-saving technologies such as engines equipped with variable valve timing and cylinder deactivation.

Consumers can also choose from more than 100 models attaining 30 mpg or better or more than 40 alternate fuel vehicles such as hybrids, diesels or vehicles capable of running on 85 percent ethanol blends.

"Manufacturers are always looking at ways of bringing new fuel efficient technologies to market," Territo said. "The challenge is creating vehicles that continue to meet consumers' needs while also providing increased fuel efficiency."

Gas-electric hybrid vehicles were among the leaders in vehicle nameplates by class. The Honda Civic hybrid led among compact cars with a combined fuel economy rating of 49.8 mpg while the Toyota Prius led midsize sedans with 55.3 mpg. A version of the Ford Escape hybrid led midsize SUVs with a 33.3 mpg average.

A Windfall From Shifts To Medicare (NYT)

By Milt Freudenheim

The New York Times, July 18, 2006

The pharmaceutical industry is beginning to reap a windfall from a surprisingly lucrative niche market: drugs for poor people.

And analysts expect the benefits to show up in many of the quarterly financial results that drug makers will begin posting this week.

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The windfall, which by some estimates could be $2 billion or more this year, is a result of the transfer of millions of low-income people into the new Medicare Part D drug program that went into effect in January. Under that program, as it turns out, the prices paid by insurers, and eventually the taxpayer, for the medications given to those transferred are likely to be higher than what was paid under the federal-state Medicaid programs for the poor.

About 6.5 million low-income elderly people or younger disabled poor people were automatically transferred into the Part D program for drug coverage. Because their other health needs are still covered by Medicaid, they are called dual eligibles.

The advent of Part D has not affected the drug coverage for the 45 million other low-income people whose drugs are still paid for under state Medicaid programs. Those programs closely monitor drug prices, and drug makers often typically end up paying rebates to the states.

It is too early to calculate the full effect of the shift of the former Medicaid patients now covered by Part D. But analysts expect it to generate hundreds of millions of additional dollars this year for the drug companies, which have long chafed under the pricing restraints of the state programs.

Drugs tend to be cheaper under the Medicaid programs because the states are the buyers and by law they receive the lowest available prices for drugs.

But in creating the federal Part D program, Congress — in what critics saw as a sop to the drug industry — barred the government from having a negotiating role. Instead, prices are worked out between drug makers and the dozens of large and small Part D drug plans run by commercial insurers.

Since Part D went into effect, the pharmaceutical industry has raised the wholesale prices of its brand-name drugs an average of 3.6 percent. Although the actual amount spent depends on what each insurer negotiates, in many cases the drugs for those 6.5 million people who used to receive their medicines through Medicaid will cost more now.

Initially, the added costs will be paid by the insurers administering the new Medicare drug program. But when it comes time for the insurers to settle accounts with the government, the costs of the 6.5 million drugs for the transferees will end up being passed along to federal taxpayers, according to analysts and health care economists.

The windfall for the drug makers was made possible by a provision of the 2003 Medicare law that exempts Part D drugs from "best price" rebates that the drug makers have been required to give to the state Medicaid programs since 1991. Those rebates are meant to make sure that state Medicaid agencies pay no more than the best prices drug companies offer to any big commercial insurer.

Under Medicaid, the federal government and state agencies paid more than $14 billion annually for the drugs of the 6.5 million transferees. Without the best-price rebates, the cost would have been 25 percent higher, or about $17.5 billion, said Stephen W. Schondelmeyer, a professor of pharmaceutical economics at the University of Minnesota.

Nobody yet knows what the total drug bill will be for these people under Part D, beyond the assumption by many experts that it will be higher. Medicare will not have solid numbers until it can analyze the hundreds of monthly reports that the plans in the Part D system are required to file.

Yet, one indicator of the higher revenue from dual-eligibles has already been seen in reports by drug companies this year showing double-digit United States sales increases of certain drugs that are heavily used by Medicaid patients. For example, sales of Lamictal, an antipsychosis drug from GlaxoSmithKline, were up 33 percent, to $305 million in the first quarter; sales of Seroquel, an antipsychotic from AstraZeneca, were up 29 percent, to $590 million; and sales of Plavix, a blood thinner from Bristol-Myers Squibb, were up 26 percent, to $850 million.

Timothy Anderson, a pharmaceutical analyst with the Prudential Equity Group, estimates that if Part D were not in place the rebates for the makers for all of 2006 would have been more than $2 billion for 13 drugs widely used by the people transferred from Medicaid to Part D.

Dr. Anderson estimates that because the companies will not have to pay those rebates under Part D, revenue to Glaxo from Lamictal will increase by $298 million this year, AstraZeneca's Seroquel sales will rise by $521 million, and Plavix revenue will increase $169 million. Estimates on the rebate increases because of Part D are few, but all are in general agreement on the size of the rebate to drug makers.

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Medicaid programs have been especially important for drugs like Seroquel and Lamictal, which are prescribed for bipolar disorder and other mental health problems

About two million of the people transferred to Part D are disabled and younger than 65, and "more than half of them have mental health problems," said Jim Verdier, a senior fellow at Mathematica Policy Research in Washington and a former Medicaid director in Indiana. "In the past, Medicaid was 80 to 90 percent of the total market for some high-end antipsychotic drugs," Mr. Verdier said.

Over all, the Medicaid best-price rebates have averaged about 15 percent of the list prices of the manufacturers, but some states, including California, New York and Maine have obtained even larger rebates, Professor Schondelmeyer said.

Now, under Part D, all sorts of price deals will be negotiated by dozens of Medicare drug plans, large and small. The prices will be reported to Medicare, but under a provision of the law pushed by industry lobbyists, they will otherwise be kept secret.

Mark B. McClellan, administrator of the federal agency that oversees Medicare and Medicaid, said that the lowest-cost plans among the Part D offerings by commercial insurers were now getting "significantly better prices than Medicaid." But he did not provide specifics.

Dr. McClellan also noted that his agency was requiring the states to return a combined total of $5.8 billion to Washington from federal funds dispensed to the Medicaid program. That money is based on a federal estimate of the amount states will be saving by no longer having to provide drugs to the dual-eligibles.

But the states, disparaging those refunds as "clawbacks,'' have disputed the federal formula that was the basis for the repayments. Last month, the Supreme Court declined to hear a case filed by the attorneys general of Texas and four other states seeking to quash the repayment formula as unconstitutional.

Now the plaintiffs, which also include Kentucky, Maine, Missouri, and New Jersey, are expected to take the fight to lower courts. Ten other states have supported the plaintiffs.

The states say the federal formula assumes higher drug costs than many Medicaid programs have been spending.

"We get 32 percent back in drug rebates," said Jude E. Walsh, a special assistant to Governor John Baldacci of Maine. She said Maine's Medicaid drug costs were rising only 2 percent to 3 percent a year, compared with national trends that are three to four times that.

The drug companies, for their part, have played down the size of the expected windfall from Medicaid transferees. And Bush administration officials say they do not know how much they will end up spending on those people. "No one is willing to quantify it," said Dr. Anderson, the Prudential analyst.

In one of the few public comments by a drug company official, Derica W. Rice, chief financial officer of Eli Lilly, told analysts on a conference call in April that Lilly expected "modest price benefits due to lower rebates as patients move from Medicaid to Plan D."

Zyprexa, a Lilly drug for schizophrenia, is another medication widely prescribed for Medicaid patients.

The drug makers do have reason to worry about long-run prospects under the vast new Medicare Part D program. There are currently 81 Part D drug plan sponsors, large and small, with varying degrees of negotiating power. But the plans are expected eventually to merge into a handful of large survivors, each of them presumably having more bargaining power with drug companies.

A further concern is that as the true costs of Part D become known, Congress may eventually impose spending ceilings.

For now though, as the drug industry begins to report its quarterly profits, the market for those 6.5 million poor people is likely to look rather lucrative.

Clinton's $22M War Chest (HILL)

By Alexander Bolton

The Hill, July 18, 2006

Sen. Hillary Rodham Clinton (N.Y.), the early favorite to win the Democratic presidential nomination in 2008, has raised $44 million this election cycle and has $22 million in her campaign war chest, according to her latest finance report.

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She is pre-eminent among White House hopefuls in the Senate facing reelection this year who could have a significant financial advantage heading into the presidential primaries, new campaign-finance reports show.

While the midterm elections this November are the main focus, at least officially, preparations for the next presidential race are in full swing behind the scenes. That is probably because, as Federal Election Committee (FEC) Chairman Michael Toner says, presidential contenders will need $100 million by the end of 2007 to be considered serious candidates. Fundraising veterans know that raising campaign cash early is imperative to attracting more money down the road.

Clinton is running for reelection in New York this year, and Republicans have struggled to find a high-quality challenger, which means she may have a bulging campaign account after November.

In addition to her personal campaign account, Clinton has raised $775,000 through the end of May in her leadership political action committee (PAC), Hill PAC, which has $100,000 in the bank.

But money collected in the personal campaign account is more important in the 2008 calculus because it can be transferred to a presidential campaign. Leadership PAC money is useful because it pays for candidates' travel around the country, but it cannot be moved to a presidential campaign committee.

Senators have this advantage over governors positioning themselves for White House runs. Governors cannot move their excess state-level campaign funds to presidential campaigns, said FEC spokesman Bob Biersack.

The presumptive Republican front-runner, Sen. John McCain (R-Ariz.), lags far behind Clinton in proto-presidential fundraising. His campaign, Friends of John McCain, has only $1.1 million on hand, having raised only $11,000 in the past three months, according to a campaign official. His leadership PAC, Straight Talk America, raised $2.12 million through May but had saved only $762,000. In spending his PAC proceeds, however, McCain has traveled the country raising money for GOP candidates, intensifying an unofficial campaign for the White House.

One of McCain's chief rivals, Sen. George Allen (R-Va.), has more, $6.6 million, in his campaign piggybank, and $120,000 in his Good Government for America leadership PAC. But Allen faces a strong challenge from Democrat Jim Webb, an old buddy of McCain's from the Vietnam War. That race could burn much of Allen's cash.

Among Senate Democrats, the closest behind Clinton is the Senate Foreign Relations Committee ranking member, Sen. Joseph Biden (D-Del.), who has $3.3 million in his personal reelection account, Citizens for Biden, according to records of fundraising activity through the end of June. Biden also has $462,000 in his PAC.

Biden has more reason than several of his colleagues to raise campaign money because he's facing reelection in 2008. Aside from having $19 million less than Clinton, Biden faces another disadvantage. Should he decide to run for Senate reelection, donors who have already given the maximum to his campaign cannot give more to his presidential committee if he were to convert his excess Senate funds for a White House bid.

Other White House aspirants in the Senate have saved relatively little in their personal campaign accounts, making little discernable effort to build their bankrolls in anticipation of what political observers expect to be a frenzied pursuit of donors next year.

Sens. Chuck Hagel (R-Neb.), Sam Brownback (R-Kan.) and John Kerry (D-Mass.) have less than a million dollars saved in their personal campaign accounts.

Sen. Chris Dodd (D-Conn.), who recently declared his White House ambitions, has $1.9 million saved in his campaign account. Sen. Russ Feingold (D-Wis.), fast becoming a favorite among liberal, anti-war Democrats, has saved $1.5 million in his campaign.

But while Kerry doesn't have much in the bank, his allies are stressing how much he has raised for other Democrats — nearly $10 million for candidates and committees since November 2004, according to a Kerry aide. He has raised $2.26 million for 18 Senate candidates and $1 million for 74 House candidates.

Senators, however, are not the only presidential hopefuls raising and spending. Washingtonpost.com's political blog, the Fix, reported recently that Massachusetts Gov. Mitt Romney (R) raised $3.4 million through six political action committees between April 1 and June 30.

Fundraising Name of Raised in Cash through organization/PAC cycle/year (for PACs) on hand

June 30 Friends of John McCain $166,000 $1,100,000

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May 31 Straight Talk America (McCain) $2,119,000 $762,000
June 30 Friends of George Allen $11,430,000 $6,600,000
June 30 Good Government for America Committee (Allen) $62,000 $120,000
June 30 Hagel for Senate $438,000 $156,000
May 31 Sandhills PAC (Hagel) $186,000 $139,000 Frist 2000 Inc. terminated committee
May 31 Volunteer PAC (Frist) $2,230,000 $660,000
June 30 Friends of Brownback $268,000 $636,000
June 30 Restore America PAC (Brownback) $194,000 $126,000
June 30 Friends of Hillary $44,000,000 $22,000,000
May 31 Hill PAC (Clinton) $775,000 $100,000
June 30 Friends of John Kerry $4,216,000 $179,000
May 31 Keeping America's Promise (Kerry) $1,603,000 $502,000
June 30 Citizens for Biden $5,100,000 $3,300,000
June 30 Unite our States PAC (Biden) $533,000 $462,000
June 30 Friends of Chris Dodd $19,000 $1,881,000
May 31 CHRIS PAC (Dodd) $142,000 $171,000
June 30 Feingold Senate Committee $2,425,000 $1,452,000
May 31 Progressive Patriots Fund (Feingold) $861,000 $546,000

Why The Left Is Furious At Lieberman (LAT)

By Duncan Black

The Los Angeles Times, July 18, 2006

SOME TIME AFTER having lunch in Iraq with the junior senator from Connecticut, Time magazine Baghdad bureau chief Michael Ware told an interviewer, "Either Sen. Lieberman is so divorced from reality that he's completely lost the plot, or he knows he's spinning a line."

Although Ware was referring specifically to Joe Lieberman's observations about Iraq, his characterization perfectly summarizes the former vice presidential candidate's whole political approach, and it explains why so many Democrats are eager to see him lose in a primary election next month.

Many political observers have tried to paint the candidacy of Lieberman's challenger, Ned Lamont, as merely a referendum on the invasion of Iraq, which Lieberman supported. This newspaper's editorial board declared it "disturbing" that the senator has been "targeted for defeat by national fundraisers based on his foreign policy views." The reason for Lamont's popularity, explained the Washington Post's David Broder, "is simple: the war."

The war is certainly a reason — and given how events continue to devolve in Iraq, a perfectly sufficient one — but those who focus only on that miss the broader opposition to Lieberman and the kind of politics he represents.

For too long he has defined his image by distancing himself from other Democrats, cozying up to right-wing media figures and, at key moments, directing his criticisms at members of his own party instead of at the Republicans in power.

Late last year, after President Bush's job approval ratings hit record lows, Lieberman decided to lash out at the administration's critics, writing in the ultraconservative Wall Street Journal editorial pages that "we undermine presidential credibility at our nation's peril." In this he echoed the most toxic of Republican talking points — that criticizing the conduct of the war is actually damaging to national security.

Lieberman has a long history of providing cover for the worst of Republican actions while enthusiastically serving as his own party's scold. After the Senate acquitted President Clinton on all impeachment charges, Lieberman called for his censure. More recently, he rejected a call by Sen. Russell D. Feingold (D-Wis.) to censure Bush over the National Security Agency's warrantless wiretapping program, calling the attempt "divisive."

Lieberman looks happiest when playing a "Fox News Democrat," as he did in a February appearance on Sean Hannity's radio program, during which the two exchanged compliments and expressions of friendship and Hannity offered to campaign for

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him. The senator seems to enjoy Sunday talk shows more than actually doing his job. New Orleans could have been spared the hacktastic performance of Michael Brown, the unqualified former director of the Federal Emergency Management Agency, had Lieberman not shooed him through the confirmation process in a breezy 42-minute hearing.

Lieberman's relationship with the Democratic Party has been one of convenience, not principle, as was proved definitively in late June when he declared his intention to run as an independent if he loses the Aug. 8 primary. Proclaiming that he had loyalties "greater than those to my party," he decided he would deserve a do-over if rejected by Connecticut Democrats. In what could be the final tragic act of his political career, Lieberman might soon discover that Republicans don't love Democrat-bashing Democrats enough to actually vote for them.

Much of the interest in this race is not because of Lamont but rather his perceived base of support from bloggers, including me. One prominent pundit claimed that Lamont's online backers were practitioners of "blogofascism"; another called the campaign an "inquisition." Online political discourse can indeed be caustic and combative, like talk radio. But too many in the Lieberman wing of the party have elevated civility and the illusion of bipartisan comity over challenging Republicans' failed policies. In the process, they have echoed GOP jargon in dismissing critics as "angry" and "hate-filled."

Politics is a contact sport. Those who would paper it over with a veneer of false propriety are pretending it's something that it is not. More than that, loud and raucous debate is a healthy part of our democracy.

Lieberman's problem isn't bloggers, it's the voters of Connecticut, who seem to be increasingly tired of his support for some very uncivil policies, including federal intervention into the Terri Schiavo case, the administration's operations at the U.S. prison at Guantanamo Bay and, yes, that disastrous invasion of Iraq.

U.S. Rep. Katherine Harris Has Surgery (AP-Y)

AP2, July 18, 2006

U.S. Rep. Katherine Harris was "resting comfortably" at her home Monday after surgery to remove an ovarian mass, her office said.

Harris, a Florida Republican who is running for the U.S. Senate, underwent the procedure at Walter Reed Army Medical Center, her office said. Spokesman Gerry Fritz declined to answer questions about the surgery, citing Harris' wish for privacy.

An earlier statement from her office said the mass was to be biopsied and removed in a minimally invasive laparoscopic surgical procedure.

Harris' Senate campaign has been plagued by problems, and she trails Democratic Sen. Bill Nelson by more than 30 points in most polls.

Fundraising has been slow, GOP leaders tried to find another candidate, and she has received more attention for her association with a corrupt defense contractor who gave her $32,000 in illegal campaign contributions than she has on the issues.

On Friday, her office disclosed that she gave her campaign more than $3 million to run for Senate, but then took back $100,000 to finish renovating her "historic home" in Washington, D.C.

Harris had announced on national television that she would spend $10 million of her own money on the race, but a press release Friday referred to the money as a loan.

Also last week, she lost much of her core campaign staff for the second time since getting in the race last summer. Her campaign manager, Glenn Hodas, resigned after three months on the job, saying Harris was uncontrollable. He was the third person to hold the position.

But Seriously, Folks (WP)

By Peter Carlson

The Washington Post, July 18, 2006

FORT WORTH

Smoking an illegal substance, Kinky Friedman heads for the Flying Saucer.

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Kinky -- nobody calls him Friedman -- is a comic country singer, mystery novelist and Texas humorist. The illegal substance is a fat, stinky Cuban cigar. The Flying Saucer is the Fort Worth bar where Kinky is about to deliver a speech in his campaign for governor.

But first he removes the cigar from his mouth and reveals the wisdom that his old friend, country icon Willie Nelson, imparted when Kinky began his campaign: "No pedophile jokes till after the election."

So far, Kinky has followed that advice, and it has served him well. The pols and the pundits said he was a clown who could never collect the 45,540 signatures necessary to get on the November ballot as an independent candidate. But Kinky showed them: He got 137,154 certified signatures.

He ambles down the sunny street, wearing his trademark outfit: black cowboy hat, black shirt, black leather vest, bluejeans and black cowboy boots. Those duds, along with the Frank Zappa facial hair and the Groucho Marx cigar, make Kinky look like the bad guy in a bad western. They also make him instantly recognizable all over Texas.

"Kinky!" yells a guy who recognizes him from across the street. He gives a thumbs-up sign. "I'm votin' for you!"

"May the God of your choice bless you," Kinky replies.

When Kinky steps into the Flying Saucer, the crowd erupts in cheers. The place is packed, with several hundred people sitting at tables and others filling the aisles. Nearly everybody is drinking beer, which is good preparation for any political speech, particularly one of Kinky's.

"Well, folks, it looks like the election is getting more and more interesting," he says. "The other three candidates seem to have humor bypasses. If you're a politically correct person, you should vote for one of them. You have to be politically correct to be a politician, and the three of them are. Me, I'm a compassionate redneck."

The crowd cheers, and the man President Bush once called "a Texas legend" launches into his stump speech, a zippy combination of Borscht Belt humor and populist politics.

"As you know, I'm 61 years old, which is too young for Medicare and too old for women to care," he says. "But I care about Texas and I want to fix what's wrong with it. We are probably the richest state in the country, but we got potholes in the roads, we can't pay our teachers, we can't provide health insurance for our kids and they're trying to sell off the state parks!"

Kinky promises big changes. He'll legalize casino gambling and use the proceeds to fund public schools -- "slots for tots." He's the only candidate in the race -- or maybe anywhere -- who supports both school prayer and gay marriage. ("They have a right to be as miserable as the rest of us," he explains.) He'll clamp down on illegal immigration. And he'll run the state's school buses on the biodiesel fuel that Willie Nelson uses to propel his tour bus.

"We can make Texas number one in renewable fuels -- which is a helluva lot better than being number one in executions, toll roads, property taxes and dropouts!"

The crowd cheers and Kinky tells them that he can win this race. In the 2002 gubernatorial election, he says, only 29 percent of the voters even bothered to show up.

"Last time, they spent $100 million just to drive 71 percent of us away from the polls," he says. "This time, that 71 percent is coming roarin' back -- with pitchforks ! -- to throw the money-changers out of the temple!"

After the speech, Kinky's supporters swarm the merchandise table to contribute to his campaign by purchasing posters, T-shirts and a $29.95 Kinky doll that utters a couple of dozen of his one-liners when you push a button on its back. "How hard can it be?" the doll says. And: "I can't screw things up any worse than they already have."

An hour later, Kinky is still autographing these items for a long line of fans. It's hot, and he's sweating in a shirt he's already worn for two days. He turns to Jeff Shelby, his childhood friend and campaign chauffeur, and whispers, "Man, I just smelled my shirt -- whew!"

Shelby laughs -- he had told Kinky to bring more shirts -- then Kinky sticks his cigar back into his mouth, lays his wilted black sleeves across the shoulders of two middle-age women and smiles for a cellphone picture.A Four-Way Race

Kinky Friedman is just a part -- one-quarter, to be exact -- of what Texas Monthly recently called "The Weirdest Governor's Race of All Time."

The Republican candidate is the incumbent, Rick Perry, whose amazing anchorman coiffure inspired the nickname "Governor Good Hair." In 2002, Perry won election with 58 percent of the vote. Since then his popularity has plummeted, the

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victim of an unpopular school finance plan and a new business tax. Recently, 15 longtime Republican contributors expressed their displeasure over the business tax by writing him checks -- for a penny or two.

One anti-Perry Republican, state Comptroller Carole Keeton McClellan Rylander Strayhorn, is running for governor as an independent. She's a formidable candidate: In 2002, campaigning for comptroller on the slogan "One Tough Grandma," Strayhorn -- the mother of former Bush press secretary Scott McClellan -- won 246,000 more votes than Perry. But her name was Rylander then and her new name doesn't have the same recognition, so she asked to appear on this year's ballot as Carole Keeton "Grandma" Strayhorn. The elections folks declined that request, ruling that "Grandma" isn't a nickname, it's a slogan.

The Democrats, who haven't won a statewide race in Texas since 1994, nominated Chris Bell, an obscure former one-term congressman from Houston. Bell doesn't have a nickname, but he's frequently referred to as "What's-his-name, the Democrat."

And then there's Kinky, the author of 23 books and dozens of country songs as leader of the 1970s band Kinky Friedman and the Texas Jewboys. Kinky's repertoire included the classic anti-bigot anthem "They Ain't Makin' Jews Like Jesus Anymore," which not only contains nearly every ethnic slur imaginable, but also manages to rhyme "Aristotle Onassis" with "ethnocentric racist." (His sidekick, Shelby, played piano in the Jewboys under the nickname "Jewford," and he became semi-famous in Texas himself.)

The campaign is a bizarre, four-way slugfest that has, the Dallas Morning News recently noted, "transformed what probably would have been an easy run for incumbent Rick Perry into a wide-open race."

Some polls show Kinky running second to Perry. Does that mean the Kinkster might actually win ?

"I don't think there's any chance of that," says Jason Stanford, who is Bell's campaign manager.

"He'll come up woefully short," says Mike Baselice, Perry's pollster.

"He won't win," says Evan Smith, editor of the Texas Monthly, "but he'll affect who wins."

Kinky's campaign manager, Dean Barkley, the architect of Jesse Ventura's successful 1998 race for governor of Minnesota, is more optimistic. "If 40 percent of registered voters turn out," Barkley says, "Kinky will win."

Barkley figures Kinky's image as a straight-talking outsider will appeal to angry, alienated folks who seldom vote. Kinky's campaign has raised more than $3.4 million -- more than Bell but far less than Perry or Strayhorn -- while enlisting an army of volunteers who gathered the signatures that put him on the ballot. Now all Kinky has to do is get one more vote than anybody else: The election is winner-take-all, with no runoff.

"Kinky's gonna win," says John McCall, a hair-care products mogul who has donated $1 million to his old friend Kinky's campaign. "I have a business that deals with hairdressers. People talk to their hairdressers. And what I'm hearing is: Kinky's gonna win in a landslide."Unconventional Wisdom

Kinky squats down to pat his two little pit bulls, Valerie and Penny, then he lets them out into the back yard of his funky little ranch house in Austin.

"We can learn a lot from animals," he says. "How to be loyal. How to be ready for fun. How to get over things quick."

Kinky is one of Texas's most famous animal lovers. He donates the proceeds of his line of salsa -- Kinky Friedman's Private Stock -- to the Utopia Animal Rescue Ranch, a central Texas facility for abandoned animals that's on land donated by Kinky's late father, Tom. (Laura Bush is on the board of directors.)

"We've saved more animals than Noah," Kinky says. "It's Gandhi-like work, and I'm a Gandhi-like figure. Meaning I don't do any of the real work, I just promote it."

He ambles into the living room, which houses a pool table, and shoots a quick game of nine-ball. Then he heads to the bedroom to pack his bags.

It's another long day on the campaign trail. He was up at dawn to address a convention of teachers at an Austin hotel. Then he held a quick news conference, revealing, among other things, that he prefers campaigning among Hispanics because "their food is better." Now he's heading to Houston, first stop on a four-day campaign swing.

Jewford stuffs their suitcases into the campaign's rented Chevy Trailblazer, then gets behind the wheel. Kinky rides shotgun and fires up a cigar.

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For the next several hours, he keeps up a steady stream of jokes, gripes and stories. He calls Democrats and Republicans "the Crips and the Bloods." He grumbles that election law forbids campaigns to pay the candidate. "And my staffers," he adds, "are such officious, honest [bleeps] that I can't suck any bucks out of the campaign." And he complains about people who complain that his speeches are full of one-liners: "All politicians speak in one-liners and sound bites. They're just not as funny as mine."

He quotes Mark Twain. He quotes Oscar Wilde. He quotes a pig farmer he met while campaigning: "You ain't worth a damn," the farmer told Kinky, "but you're better than what we got."

He puffs on his cigar a while, then lets it go out and stuffs it into his pocket. A few minutes later he retrieves a different half-smoked cigar from his pocket and ignites it.

"Churchill said cigars are 'gamier when resurrected,' and he was right," he says.

Cruising into Houston on Interstate 10, the Trailblazer runs into a traffic jam. This makes Kinky cranky. He gripes about the traffic. He gripes about Houston. He calls his campaign headquarters to gripe about the next item on his schedule -- taping an ad for the Houston Comets, a women's professional basketball team.

"I don't like basketball and I don't like women's basketball," he grumbles into his cellphone. "If it was roller derby, it would be different."

He listens for a while, puffing away. "All right, I'll do it," he says, "and in September you'll have your candidate in a mental hospital."

He hangs up, then starts trying to figure out what to say in this ad. It's got to be something different, something funny, something . . . Kinky . He tries out a few jokes but rejects them. Then it comes to him -- the perfect line. He starts grinning mischievously.

The Trailblazer pulls into a parking garage beneath the Toyota Center, where the Comets play. A young woman leads Kinky into a TV studio and sits him down behind a fake anchorman desk. It's the Comets' 10th anniversary, she explains, and Texas celebrities are taping greetings that will be played at the arena during games.

The cameraman gives him the signal.

"Hi, folks, it's Kinky Friedman, here to wish the Houston Comets a happy tenth anniversary." He pauses, then leans forward and jabs his cigar at the camera. "Houston Comets basketball -- it's not just for lesbians anymore!"

The cameraman cracks up, then quickly stifles his laughter and asks Kinky to do something a bit more conventional. Kinky obliges, but he's not happy about it.

Back in the car, he starts grumbling again. "If those [bleeps] don't see that as the perfect slogan for them," he says, "they're crazy."

The Second Career

Kinky Friedman has lived a life that could, and soon might, inspire the world's most entertaining political attack ad.

"I've been stoned a lot of times," he says. "And I've been involved with a lot of beautiful women. And I don't regret any of it."

He was born Richard Friedman in 1945 in Chicago, but his parents soon moved to Texas. His mother was a speech therapist, his father a professor of educational psychology at the University of Texas. In 1952, they founded Echo Hill, a Jewish summer camp in the Texas Hill Country, where Kinky worked as a counselor and began performing with Jewford, singing old folk songs and a new one that Kinky wrote at age 11: " Old Ben Lucas, had a lot of mucus coming right out of his nose . . ."

"He was energetic, he was pushing the envelope and he was doing things to irritate people," Jewford recalls. "He was pretty much the same as he is now."

At the University of Texas, he was nicknamed Kinky -- a reference to his hair, not, alas, to anything more risque. After graduating in 1966, he joined the Peace Corps and was sent to Borneo, where, he says, "I was supposed to teach agriculture to people who had been farming successfully for 2,000 years."

Back home in the early '70s, he formed the Texas Jewboys. Kinky, who played guitar, wrote some soulful, sensitive ballads, but what inspired a cult following were his outrageous comic songs: among them, a satire of anti-feminists called "Get Your Biscuits in the Oven and Your Buns in Bed," and a parody of Merle Haggard's "Okie From Muskogee" called "[Lower End of the Intestinal Tract] From El Paso," which suggested that men from that Texas city were a tad too fond of sheep.

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Kinky had some success -- he played the Grand Ole Opry, joined Bob Dylan's Rolling Thunder Revue and toured with Willie Nelson -- but by the early '80s, his career was tanking, his longtime girlfriend had died in a car crash and he was doing way too much dope.

"He was high on 27 different herbs and spices," says Jimmie "Ratso" Silman, a Washington TV cameraman who has played backup guitar for Kinky off and on since the '70s. "He was a different person back then, definitely fairly repellent as a human being."

"I quit doing cocaine," Kinky says, "when Bob Marley fell out of my left nostril."

Actually, he quit doing cocaine when he moved into a trailer on the grounds of his parents' camp and began a second career writing comic mystery novels. The novels -- he wrote 17 -- feature a country singer-turned-detective named Kinky Friedman, who smokes cigars, cracks a lot of jokes and occasionally solves a case.

"The point wasn't the mystery, it was the voice," says Evan Smith. "The guy has got one of the most extraordinary authorial voices."

When Smith became editor of Texas Monthly in 2000, he hired Kinky as a columnist. The column was funny and very popular, but editing the Kinkster wasn't always easy. Once he did a column about . . . well, we can't say what it was about, for the same reason that Smith wouldn't run it.

"Kinky is 60 going on 12," Smith says.

A few years ago, Kinky called Smith at 7 in the morning, grumbling that he couldn't think of an idea for a column. Smith blurted out a suggestion: "Why don't you run for something?"

So Kinky wrote a column about running for governor. Smith thought he was kidding. So did everybody else. But Kinky -- who, in his only other stab at elective office, ran unsuccessfully for justice of the peace back in the '80s -- decided to make a serious run.

"I said, 'If you're really serious, you can't write for us,' " Smith recalls. " 'When you announce officially, I'm going to have to fire you.' "

Early in 2005, Kinky announced his candidacy on the Don Imus radio show and Smith fired him. Now, Smith hopes Kinky will lose so he can start writing the column again. He's fond of Kinky. In fact, he's fond of both Kinkys.

"There's definitely the act and the person," he says. "The person is more insecure and more sweet. He is one of the most genuinely sweet-tempered people I've ever met. You see it when he's with children or animals. . . .

"There's a definite sadness about him. He's alone. His mother and father are dead -- he was very close to them -- and he's not married. In a way, this campaign is a way for him to be out with a lot of people."Hitting the Jackpot

"I gotta go to Vegas," Kinky says.

He's eating lunch at a Mexican restaurant in Fort Worth and longing for a slot machine. His campaign promise to bring casinos to Texas is not mere wonkery: Kinky loves playing the $5 slots. "It's meditative," he says. His love was reciprocated last summer, when he won $45,000 playing $5 slots in Louisiana.

"God help the small child who steps between me and a slot machine," he says, smiling.

His lyrical ruminations on gambling are interrupted when a woman comes to the table to ask for his autograph. A few moments later, a couple stop by to pose for a picture with Kinky.

This happens all over Texas. The previous day, in Houston, a Republican geologist recognized Kinky on the sidewalk and pledged his support. A few hours later, at a Waffle House in rural Ennis, two elderly cowboys said they'll vote for Kinky, too. Later, a waitress in Fort Worth told Kinky that her coven had voted to endorse him.

Now, in the Mexican restaurant, Kinky's shaking hands and posing for pictures.

"He'll get my vote," says Ray Lopez, 32, an auto technician eating with his family. "I know it's a cliche, but I like the underdog. And I like the individualism he brings to the campaign."

Kinky wallows in the love. "I'm predicting landslide," he says on the way back to the hotel.

As he strolls into the lobby, Kinky is recognized by a retired autoworker named Billy Vann.

"I like your style," Vann says. "If you get in, it'll be because of your style."Always the Maverick

Chowing down on eggs Benedict, Kinky grumbles about his shirt.

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It's the morning after his speech at the Flying Saucer and he's wearing the same black shirt that he'd found a tad too fragrant last night. It's a problem: He packed only one black shirt, and he can't very well appear in public out of costume. They need to go to a drugstore, he tells Jewford, to buy some of that Febreze stuff that you spray on shirts to de-funkify them.

It's crucial to get Febreze today , Kinky says, because tomorrow he'll be addressing a Dallas convention of the National Association of the Blind.

"They're blind, " Kinky says. "That means they have a heightened sense of smell."

Maybe he's joking. But he looks serious.

Anyway, there's no time for shopping now. They've got to hustle down the highway to join Willie Nelson for a news conference on biodiesel fuels.

A couple of hours later, the news conference begins at Carl's Corner, a biodiesel gas station off Route 35. But Nelson is a no-show, and a panel of earnest environmentalists drones on about renewable resources.

"This is stupefyingly dull," Kinky says, watching from the back of the crowd.

But he's got exciting news: He just thought of a great new line to use in his stump speech. He pauses dramatically, then reveals it: "I'm not like them."

He's smiling. He loves this line. He whips out his notebook and writes it down in big block letters: "NOT LIKE THEM."

He's right about that. No matter who "them" is, Kinky's not like them. If Texans want to elect a certified non-them as governor, they'll know where to find him.

Reed Hopes Voters Keep Faith, Forget Abramoff (LAT)

By Richard Fausset

The Los Angeles Times, July 18, 2006

ALPHARETTA, Ga. — For former Christian Coalition head Ralph Reed to succeed in his first bid for public office, he's going to have to pray for the help of voters like Norma Saunders.

Saunders, 83, has heard about Reed's ties to Jack Abramoff, the disgraced Washington lobbyist. But, she said, she still plans to vote for Reed in today's Republican primary for Georgia lieutenant governor.

"I have read about Ralph Reed through all of his troubles and triumphs, and I'm going to vote for him," Saunders assured a group of campaign volunteers who knocked on her door Friday. "I think he's articulate and capable."

For years, Reed has been the clean-cut, boyish face of the conservative Christian movement — a behind-the-scenes whiz whom many credit with helping the GOP solidify power in Washington. Now, however, it appears he will need every ounce of that talent to survive his bid for the powerful post of lieutenant governor.

His opponent, conservative state Sen. Casey Cagle, has hammered Reed over his connections to Abramoff, the once-powerful Washington insider who in January pleaded guilty to fraud, tax evasion and bribery.

Specifically, Cagle has criticized public relations jobs in which Reed rallied Christian conservatives to thwart regional gambling initiatives. In some cases, that work was funded by competing gambling interests represented by Abramoff, according to the conclusions of a U.S. Senate committee.

"Reed said gambling is immoral, but took millions of dollars from convicted felon Jack Abramoff to help casinos," a recent Cagle TV ad said, referring to Reed's "record of betrayal."

When Reed, 45, announced his candidacy in February 2005, most analysts considered the primary a cakewalk, given his prominence and talent for grass-roots organizing. Now the outcome is anyone's guess: One recent poll of likely Republican voters by the independent firm InsiderAdvantage had the two candidates tied at 43%, with 13% undecided.

If Reed loses the primary, he will probably go down as a footnote in the Abramoff saga — a minor casualty compared with former House Speaker Tom DeLay (R-Texas), who resigned from Congress this year partly because of his ties to the lobbyist.

But if Reed wins the primary, he could pose a campaign risk for Georgia Republicans. The party's popular governor, Sonny Perdue, is up for reelection. And although Georgia's governor and lieutenant governor are independently elected posts, analysts say Democrats would probably try to portray Reed and Perdue as a team in the general election — and saddle Perdue with Reed's baggage.

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"The Democrats are really rooting for Reed," said Merle Black, a political science professor at Emory University in Atlanta. "They think his presence on the ticket would weaken Republicans.... Then Gov. Perdue would have to be defending Ralph Reed."

In a statement Monday, Georgia's Democratic Party chairman, Bobby Kahn, said that having Reed on the ticket "might distract from Gov. Perdue's own abysmal record," including a 2005 ethics fine for campaign finance violations.

Reed, who headed the Christian Coalition from 1989 to 1997, is credited with building the group into a powerhouse that helped deliver Republicans a congressional majority in 1994. Time magazine recognized his influence in 1995, placing him on the cover with the headline "The Right Hand of God."

He later served as chairman of the Georgia Republican Party, and worked as southeast regional chairman of President Bush's 2004 reelection campaign.

The current controversies are related to Reed's public relations and public affairs work with Abramoff, a longtime friend.

Last month, the Senate Indian Affairs Committee issued a report on Abramoff that showed Reed had worked to stop the expansion of video poker in Alabama. That work was funded by the Mississippi Band of Choctaw Indians, a casino-owning tribe that was trying to squelch regional competition.

In another case, Reed rallied Christians to shutter the casino of a Texas tribe, the Alabama-Coushatta, an effort funded by a competing Indian band.

The Senate report said the tribes paid Reed millions — indirectly, by funneling the payments through organizations acting as financial "conduits." Among them was Grover Norquist's anti-tax group Americans for Tax Reform.

A planner for the Choctaws, Nell Rogers, told committee staffers Reed was "more comfortable" with that method of payment.

"Ralph Reed did not want to be paid directly by a tribe with gaming interests," the report quoted Rogers. "It was our understanding that the structure was recommended by Jack Abramoff to accommodate Mr. Reed's political concerns."

Last week, the Alabama-Coushatta tribe filed a federal lawsuit against Abramoff, Reed and others, accusing them of engaging in fraud in the efforts to shut down its casino. Reed faces no allegations of criminal wrongdoing.

Reed, through campaign spokeswoman Lisa Baron, said he had received assurances from Abramoff's law firm that he would not be paid with gambling money. Baron described the lawsuit as "frivolous and utterly without merit."

Reed, meanwhile, has unleashed his own attack ads — focusing on Cagle's support of an eminent domain bill and accusing him of ethical lapses on the state Senate's banking committee.

Political observers say it is unwise to count Reed out, given his ability to turn out his evangelical base. Baron said that has been Reed's focus in recent days. Campaign volunteers over the weekend handed out fliers calling Reed a "successful small businessman" who believes in "the values that matter most — faith, family, freedom and hard work."

Reed is refusing interviews with all national media.

"He's not trying to persuade anyone at this point," Black said. "He's just trying to get the vote out among the evangelical Christians. He's been very successful in campaigning for other candidates in achieving those kinds of goals."

Inside Politics (WT)

By Greg Pierce

The Washington Times, July 18, 2006

Change of plans

Bowing to criticism from Democratic and Republican House leaders, a congressionally chartered historical society yesterday dropped plans to include imprisoned former Rep. Randy "Duke" Cunningham in a tribute to retiring members of Congress.

But despite complaints from Minority Leader Nancy Pelosi, California Democrat, the U.S. Capitol Historical Society is keeping former Majority Leader Tom DeLay on the program for tomorrow's annual event, the Associated Press reports.

So despite the group's about-face on Cunningham, Mrs. Pelosi still won't attend the event or let her name be used as a co-host, her spokesman said.

"DeLay left Congress under indictment," said spokesman Brendan Daly. "The ethics committee said they would have investigated him if he weren't leaving."

Ronald A. Sarasin, president and chief executive of the historical society, said Mr. DeLay is "entitled to the presumption of innocence" as he awaits trial in a Texas campaign-finance case.

But in a letter yesterday to Mrs. Pelosi, Mr. Sarasin said he was wrong to have included Cunningham's name on the list for the Tribute to Retiring Members of the 109th Congress being held in the Capitol's Statuary Hall.

Mr. Cunningham, California Republican, was sentenced in March to more than eight years in prison after pleading guilty to taking $2.4 million in bribes. Mr. Sarasin initially had defended the decision to include him and Mr. DeLay in the program, saying it wasn't up to the Capitol Historical Society to "pretend they never existed."

"The critics are right, and I was wrong," Mr. Sarasin wrote yesterday.

Bloomberg's future

"Democrats and Republicans [in New York City] are taking seriously talk that Mayor Michael Bloomberg will run as an independent for president in 2008," John Fund writes at www.OpinionJournal.com.

"One source close to Mr. Bloomberg predicts he will dispose of his multibillion-dollar business holdings next year, give much of it away to charity, and use some of the remainder for a high-stakes presidential campaign," Mr. Fund said.

"At a dinner party I attended last month, much of the talk was about whether the mayor might run. Sen. Charles E. Schumer, a Democrat, noted that the people around Mr. Bloomberg were clearly making noises about the possibility. Another leading Democrat, who is close to Sen. Hillary Rodham Clinton, opined that a Bloomberg candidacy would wind up hurting her general-election chances. A Republican broke in to disagree, noting that should the GOP nominate a highly conservative candidate in 2008, Mr. Bloomberg could snap up votes from middle-of-the-roaders in both parties attracted to his technocratic style.

"But could a Bloomberg candidacy actually succeed? Certainly, dissatisfaction with both major parties is high, with large numbers of Americans viewing Republicans as unprincipled and less-than-competent and Democrats as feckless and unserious. Similar conditions gave rise to Ross Perot in 1992, and for a while the diminutive Texas billionaire was running first in the polls. He eventually won 19 percent of the national vote and helped Bill Clinton defeat the first President Bush.

"Bloomberg boosters say their man has far more advantages than Mr. Perot did. Most obviously, Mr. Bloomberg has actually won two elections, whereas Mr. Perot never held elective office."

Tubes or pipes?

Sen. Ted Stevens is enduring no end of ridicule in the blogosphere for his explanation, in a Commerce, Science and Transportation Committee debate, of how the Internet works, Liz Ruskin of McClatchy Newspapers reports.

"The Internet is not something you just dump something on. It's not a truck. It's a series of tubes," the Alaska Republican said during a June 28 committee session.

"And if you don't understand, those tubes can be filled. And if they are filled, when you put your message in, it gets in line and it's going to be delayed by anyone that puts into that tube enormous amounts of material, enormous amounts of material."

Internet pundits greeted his explanations with a nonstop sniggerfest, with extra helpings of derision, on sites such as BoingBoing, Daily Kos, Fark, MySpace and YouTube.

"Ted Stevens, unfrozen caveman senator," was the pronouncement on Wonkette.

Snorting loudest are bloggers who say Mr. Stevens' speech shows he is not the right person to chair the committee pushing to rewrite of the nation's fundamental communications act.

Communications lobbyists say Mr. Stevens is getting a bad rap. They say he was employing an analogy in the tubes statement.

Mr. Stevens' staff director on the committee, Lisa Sutherland, said the bloggers were making fun of Mr. Stevens for a minor mistake: Saying "tubes" rather than "pipes." The latter is common slang in the telecommunications industry.

The 'dictator'

"When, on 'The McLaughlin Group' over the weekend, Newsweek's Eleanor Clift charged that President Bush is 'a dictator who's ineffective,' an incensed Chrystia Freeland, a Canadian native who is the managing editor in the U.S. of London's Financial

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Times, scolded Clift for using the dictator label 'so loosely' and inaccurately," the Media Research Center's Brent Baker writes at www.mrc.org.

"Clift opined that of those attending the G-8 summit, Russian President Vladimir Putin is 'the only one of those leaders who goes in there with a commanding popularity among his own people because he is perceived to be an effective dictator. What we have in this country is a dictator who's ineffective.'

"Freeland, shouting over panelists who were trying to move on to other points, retorted: 'But he's not a dictator. I mean we can't use, no, we can't use these terms so loosely.' Clift backtracked a bit: 'Well, we have an authoritarian president who is ineffective.' But Freeland stood her ground, pointing out: 'You guys can elect your presidents, and there can be a free choice. That's not the case in Russia.' "

Sour singer

Dan Quayle took time out from participating in the American Century Celebrity Golf Championship in Stateline, Nev., on Friday to attend pop singer John Mellencamp's concert, only to run into a political statement, according to the San Jose Mercury News in California.

Mr. Quayle then made a statement of his own by walking out during Mr. Mellencamp's rendition of "Walk Tall." Before beginning the song, Mr. Mellencamp told the Harveys Casino crowd that it was dedicated to everyone hurt by policies of the current Bush administration.

Mr. Quayle, who served as vice president for President Bush's father from 1989 to 1993, walked out of the venue before Mr. Mellencamp finished the song.

Mr. Quayle said through a publicist: "Well, I think Mellencamp's performance was not very good to begin with, and the comment put it over the top."

Bush's Policy Chit-Chat: Undiplomatic Prose (NYT)

By Jim Rutenberg

The New York Times, July 18, 2006

STRELNA, Russia, July 17 — For anyone who has ever wondered what President Bush sounds like when the microphones are off, the answer, at least at lunchtime on Monday, was blunt to the point of profane, laced with a wiseguy edge and, like anyone forced to make small talk, willing to fall back on safe topics like air travel.

Mr. Bush was munching on a roll during lunch with his fellow world leaders on the final day of the Group of 8 summit meeting here as his unguarded comments were picked up by an open microphone and overheard by gleeful journalists.

Whether the cause was poor staff work by the Russian hosts or something more calculated, the result was more interesting and revealing than the catalog of official statements the leaders had issued during their talks here in this St. Petersburg suburb, at the Konstantinovsky Palace.

Using a vulgarity, Mr. Bush said at one point that Syria should get Hezbollah to stop its attacks on Israel, describing American policy in the kind of unfettered language that he acknowledged only weeks ago sometimes gets him in trouble when he uses it publicly.

Discussing diplomatic efforts in the Middle East, Mr. Bush said the approach favored by Kofi Annan, the United Nations secretary general, "seems odd." Referring to President Bashar al-Assad of Syria, Mr. Bush said he "felt like telling Kofi to get on the phone with Assad, make something happen."

The microphone caught him discussing global trade talks, his impatience with long speeches, even his preference for Diet Coke. For four minutes, the world was given an unscripted look at how he does business with his international counterparts, especially Prime Minister Tony Blair of Britain, who, apparently alert to the peril, brought the episode to a conclusion by turning the microphone off.

But not before Mr. Bush disclosed that he would send Secretary of State Condoleezza Rice to the Middle East and needled Mr. Blair about a recent birthday gift.

"No, I'm just going to make it up," Mr. Bush said in one aside, presumably to an aide, apparently referring to remarks he would be making to the other leaders. "I'm not going to talk too damn long like the rest of them. Some of these guys talk too long."

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Ms. Rice was subject to a similar unwitting public airing of her views last month in Moscow, when someone forgot to turn off a microphone while she was having lunch with Sergey V. Lavrov, the foreign minister.

Mr. Bush's unscripted side has been put on public display before, as when his unflattering description of a reporter for The New York Times was picked up by a microphone at a campaign event in 2000.

But this one caught him in interactions with other leaders, mixing the banal with matters of war and peace. Those at the lunch were the leaders of the Group of 8 industrial nations — France, Germany, Japan, the United States, Russia, Britain, Italy and Canada — as well as those of China, India, Brazil and others.

[On Air Force One as Mr. Bush flew home, Tony Snow, the White House press secretary, said the president's "reaction first was, 'What did it say?' So we showed him the transcript, then he rolled his eyes and laughed." Mr. Snow said Mr. Bush "likes Kofi Annan" and "has been supportive from the very start of the U.N. mission to the region."]

In the taped conversation, Mr. Bush, clearly eager to get home to the White House after six days in Europe, is heard saying, apparently to a counterpart, possibly President Hu Jintao of China, who was sitting next to him, possibly President Validimir V. Putin of Russia, his host, "Good job, gotta keep this thing moving — I gotta leave at 2:15 — you'll want me out of town so to free up your security forces." His counterpart agrees, "Ya," and he laughs along with Mr. Bush's trademark giggle.

But Mr. Bush sighs, and explains, "Gotta go home, got something to do."

Then, more likely to Mr. Hu, he asks: "Where you going? Home? This is your neighborhood; it won't take you long to get home."

The response cannot be heard, but Mr. Bush exclaims, "You get home in 8 hours? Me too! Russia is a big country, and you're a big country."

A moment later, Mr. Bush can be heard saying to a waiter, "No, not Coke, Diet Coke."

But it is around then that Mr. Blair walks by, and the president yells out, "Yeah, Blair, what are you doing? Leaving?" It is the beginning of a conversation contrasting Mr. Blair's soft-spoken style to Mr. Bush's more forceful one, with Mr. Bush often interrupting him.

After Mr. Blair raises the issues of global trade talks, Mr. Bush abruptly changes the subject to a recent gift from the prime minister for Mr. Bush's 60th birthday. "Thanks for the sweater, awfully thoughtful of you," Mr. Bush says, then jokes, "I know you picked it out yourself."

Mr. Blair, laughing, says, "Oh, absolutely, absolutely."

Mr. Bush again abruptly changes the subject to the most serious matter of the meetings here, the Middle East. "What about Kofi?" he says, referring to Mr. Annan. "That seems odd."

After a day in which aides stressed they had achieved international unity here on the Middle East violence, Mr. Bush complained about Mr. Annan's approach to the crisis, and for holding a view of many leaders here that Israel and Hamas and Hezbollah should cease fire and hash out their differences. The Americans have said that Israel will probably stand down only if Hamas and Hezbollah return the soldiers they have captured and cease their shelling of Israeli towns.

"I don't like the sequence of it," Mr. Bush said. "His attitude is basically, cease fire and everything else happens."

Bush's Bull Session: Loud And Clear, Chief (WP)

By Peter Baker

The Washington Post, July 18, 2006

ST. PETERSBURG, July 17 -- President Bush should know that in Russia, someone is always listening. In this case, it was the rest of the world.

It did not take a KGB bug to overhear the leader of the free world carp about long-winded counterparts, grumble about the U.N. secretary general and cuss out the rocket-launching radicals in the Middle East. It only took an open microphone -- one the president clearly didn't know about -- at the closing lunch of the Group of Eight summit that ended here on Monday.

"What they need to do is get Syria to get Hezbollah to stop doing this shit, and it's over," an irritated Bush said with his mouth full as he buttered a piece of bread.

"Who, Syria?" asked British Prime Minister Tony Blair, standing next to the seated Bush.

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"Right," Bush said.

Right, indeed. It was the sort of moment that gets technicians fired but offers the world a rare glimpse of a president unplugged. After days of polite diplo-speak, reading from talking points and sticking to the script, here was the unguarded Bush, the impatient Bush, the small-talking Bush marveling at how long it takes to fly around the world and asking the waiter to make sure his Coke was diet.

And at the same time that the gaffe peeled back the curtain on Bush just a bit, it also punctured the White House line that all the leaders here at the summit shared the same view of the Middle East, a line that was never all that convincing in the first place. As he chatted with Blair, Bush expressed pique at U.N. Secretary General Kofi Annan for pushing a cease-fire that the president believes would not be meaningful unless it was preceded by significant concessions by Hezbollah and Hamas.

"What about Kofi?" Bush said. "That seems odd. I don't like the sequence of it. His attitude is basically cease-fire and [only then] everything else happens."

Of course, only the night before, Undersecretary of State Nicholas Burns was claiming to reporters here that "there was no push for a cease-fire this weekend."

There was certainly push- back. Bush seemed exasperated that Annan was not pressuring Syrian President Bashar al-Assad to rein in Hezbollah. "I felt like telling Kofi to get on the phone with Assad and make something happen," he told Blair.

So much for summit harmony. Politicians know better than anyone just how dangerous a microphone can be. Ronald Reagan announced the bombing of the Soviet Union over a hot mike. Bob Kerrey told a lesbian joke. Bill Clinton chewed out a hapless aide.

Bush has been on the wrong end of this before as well. During a campaign event in 2000, Bush forgot his mike as he pointed out a reporter in the crowd to Dick Cheney and called the journalist a "major-league . . ." well, jerk. Cheney concurred: "Big-time."

As recently as February, Bush met with House Republicans at a resort on Maryland's Eastern Shore and swore them to secrecy. "First of all, I expect this conversation we're about to have to stay in the room," he lectured. "I know that's impossible in Washington." Particularly when you leave the microphone on and transmit back to the White House press room.

Bush had special reason to be wary here in Russia. Never mind that the Russians try to bug the White House staff. Twice in recent weeks a live microphone has broadcast private discussions about the summit, first at a meeting of G-8 finance ministers, then at a session between G-8 foreign ministers. The latter captured a heated argument between Secretary of State Condoleezza Rice and Russian Foreign Minister Sergei Lavrov over the text of a statement about Iraq. "If that's how Russia sees it, that's fine," Rice said testily.

Bush's own raw side came out as he and the other G-8 leaders were wolfing down their final meal together after three days of summiting. Official Russian television cameras were panning the room, but the microphones were supposed to be off. Instead, against the clatter of plates and the pouring of drinks, a snippet of the president's lunchtime discussion was broadcast on the official summit channel.

After five days traveling in Germany and Russia, Bush seemed tired of the proceedings. When someone, probably an aide, asked about final remarks, he turned down a text: "No. Just gonna make it up. I'm not going to talk too damn long like the rest of them. Some of these guys talk too long."

He seemed eager to leave: "Gotta go home. Got something to do tonight. Go to the airport, get on the airplane and go home."

Addressing one of the other leaders off camera, he asked how long it takes to get home. It was not clear whom he was talking with, but a good guess is Chinese President Hu Jintao, a guest at the summit.

"Eight hours?" Bush exclaimed. "Me too. Russia's a big country and you're a big country."

Struck by this, Bush then pointed it out to another unidentified leader. "It takes him eight hours to fly home. Eight hours. Russia's big and so is China."

At this point, Blair approached.

"Blair, what are you doing? You leaving?"

"No, no, no, not yet," Blair said.

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The British prime minister had business to discuss and raised the subject of global trade talks, which have stalled to the frustration of both men. "It may be that it's impossible," Blair said.

Bush soon lost interest and thanked Blair for a gift, presumably for his recent 60th birthday.

"Thanks for the sweater. Awfully thoughtful of you," Bush said. Turning mischievous, he added, "I know you picked it out yourself."

"Oh, absolutely," Blair said as they both laughed.

Then Bush turned the discussion to Annan and the cease-fire issue. He told Blair he was sending Rice to the region. Blair offered to make a public statement of some kind to prepare the ground. "Obviously, if she goes out, she's got to succeed, as it were, whereas I can just go out and talk," he said.

That was when Bush complained about Hezbollah and groused about telling Annan to call Assad. Only then did Blair notice the microphone and snap it off.

The exchange with Blair, one of his closest allies, offered a peek into their relationship. Bush repeatedly interrupted or changed the subject, Blair at times stammered as he tried to make his points. Asked about it at a later news conference, Blair smiled and said it was actually "all about transparent government." White House press secretary Tony Snow said Bush "rolled his eyes and laughed" when he learned what happened.

Talking with reporters as Air Force One flew back to Washington, Snow said Bush owes Annan no explanation. "You get a slice of a conversation that was a carry-over from previous conversations and all the president was saying is that he wants to make sure that the sequencing is clear when it comes to action with regard to the situation in the Middle East."

As for the president's relationship with the secretary general, Snow said, "He likes Kofi Annan and he is not only happy to work with him, but has been supportive from the very start of the U.N. mission to the region."

Finally, Snow was asked if he had a comment "on the president's use of a word that some people might consider to be an expletive."

"Not unless you've never used it," Snow said.

"Damn," the reporter replied.

Live Mike Captures Bush's Tough Talk At G8 Summit (USAT)

By David Jackson

USA Today, July 18, 2006

ST. PETERSBURG, Russia — President Bush got bit again Monday by the open-microphone bug.

Apparently unaware that his words were being broadcast, Bush offered an unvarnished assessment of Syria's alleged support for Hezbollah's attacks on Israel.

He also criticized United Nations Secretary-General Kofi Annan, teased British Prime Minister Tony Blair about a sweater he recently gave the president, and joked about the long-windedness of some unnamed world leaders.

His comments of nearly four minutes were heard live at the end of the annual Group of Eight (G8) summit of industrialized nations.

Bush “used an expletive to express his view. That's the way plain folks talk and probably will play pretty well in the heartland and beyond,” said Roderick Hart, a University of Texas communications and government professor.

“That image of being a plain talker is part of the problem he has internationally, where the issues are far more nuanced,” Hart said. “Internationally, he is not seen a man of great nuance and complexity.”

White House press secretary Tony Snow played down the incident. “His reaction first was, what did it say,” Snow said when asked about Bush's comments. “So we showed him the transcript. Then he rolled his eyes and laughed.”

It's not the first incident of Bush's candor. During the 2000 campaign, he referred to Adam Clymer, then a New York Times reporter, as a “major league a------.”

On Monday, as Bush was returning from Russia, morning radio stations in the USA replayed his line about the growing violence in the Middle East. “What they need to do is get Syria to get Hezbollah to stop doing this s---, and it's over,” Bush was caught saying to Blair.

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Bush also could be heard questioning Annan's diplomatic strategy and suggesting that Secretary of State Condoleezza Rice would soon be traveling to the Middle East.

He teased Blair about the sweater he received, joking the prime minister must have "picked it out yourself." Bush said he wouldn't speak long at Monday's summit meetings, unlike some of the other world leaders. "I'm not going to talk too damn long like the rest of them. Some of these guys talk too long."

Blair eventually shut off Bush's microphone. Asked later about what happened, Blair joked that it was "all about transparent government." He then tapped the microphone in front of him.

Wayne Fields, a political scientist at Washington University in St. Louis, said Bush is unlikely to take heat at home for his remarks.

"His informal persona gets a lot of slack," Fields said. "The public has a general sense that these are informal moments and doesn't attach a lot of importance to them. It may be more troubling to the rest of the world, but I doubt it."

Bush isn't the only president to be caught by a live microphone. President Clinton in 1993 once was heard cursing at an aide, while President Reagan joked before a 1984 radio address that the United States was about to bomb what was then the Soviet Union.

Bush's candor capped a G8 summit dominated by the latest wave of violence in the Middle East. Members agreed Sunday on a statement calling on Hezbollah to stop shelling Israel and return captured soldiers; Israel would then suspend military operations.

Publicly, Bush praised his G8 colleagues Monday for addressing the "root causes of the conflict," defining it as "terrorist activity." He singled out Hezbollah, saying it is "housed and encouraged by Syria" and "financed by Iran."

Bush Confirms Reputation As Straight Talker (FT)

By Caroline Daniel

Financial Times, July 18, 2006

President George W. Bush was doing his best this week to be the new, collaborative man, flattering other Group of Eight leaders as he collected 60th birthday presents, and appeared to accept the trade-offs of multilateral diplomacy.

Yet it was the off-mike exchange with his closest ally, Tony Blair, the British prime minister, at Monday's G8 summit that confirmed the caricature of Mr Bush: a man who could sum up the solution to the Middle East conflict as: all they "need to do is get Syria to get Hizbollah to stop doing this shit and it's over".

The coarse exchange appeared to underline Mr Bush's preference for colloquial straight talking Texan over diplomatic ambiguity. Mr Bush remains the gung-ho leader, with a black and white view of the world, clearly dividing it into enemies and friends.

For him the root cause of the crisis remains Hizbollah and Syria, as self-evident villains. As Condoleezza Rice, secretary of state, put it, the recent violence legitimised the US vision for a "different kind of Middle East" and showed that its "sponsors are in Tehran and in Damascus. Things are clarified now. We know where the lines are drawn."

In that world view, Kofi Annan, UN secretary-general, who is leading the international response, does not emerge as a clear friend. Mr Bush criticises him.

"I don't like the sequence of it. His attitude is basically ceasefire and everything else happens." In public, however, Mr Bush has been forced by flagging domestic approval ratings and the continued setbacks in Iraq to adopt a more modest foreign policy. Indeed, the shift was underlined by a new definition coined last week by Tony Snow, White House spokesman.

Amid reports of the death of so-called "pre-emption", the signature policy of his first term, which justified military action to avert potential threats, Mr Snow offered a new interpretation. Referring to action on North Korea, for instance, he said: "Pre-emption is not merely a military doctrine, it's also a diplomatic doctrine. We are engaging in pre-emption at the diplomatic level by working as aggressively and assertively as we can with our allies."

That line was echoed by US officials in St Petersburg this week: Nick Burns, undersecretary for political affairs, said the big story of the week was the action taken by the international community on three subjects: Hizbollah and Hamas, North Korea and Iran.

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"It's been a week where the president has been able to assemble major coalitions in each of those cases on three of the most important security concerns that we face." Yet it remains unclear whether this approach is delivering results. Russia, for example, gave little ground this week on allowing UN sanctions against Iran, in spite of being offered an unusually explicit bargain of a civil nuclear co-operation deal with the US.

North Korea has refused to genuflect to the will of the UN Security Council. And in spite of Mr Bush's recognition of the need to reach out to allies, the Blair exchange underlined his frustration at the slowness of diplomacy, with a candid remark. "I felt like telling Kofi to get on the phone with Assad and make something happen."

Bush Curses Hezbollah On Live Microphone (AP)

By Jeannine Aversa

AP, July 18, 2006

It wasn't meant to be overheard. Private luncheon conversations among world leaders, picked up by a microphone, provided a rare window into both banter and substance — including President Bush cursing Hezbollah's attacks against Israel.

Bush expressed his frustration with the United Nations and his disgust with the militant Islamic group and its backers in Syria as he talked to British Prime Minister Tony Blair during the closing lunch at the Group of Eight summit.

"See the irony is that what they need to do is get Syria to get Hezbollah to stop doing this s--- and it's over," Bush told Blair as he chewed on a buttered roll.

He told Blair he felt like telling U.N. Secretary-General Kofi Annan, who visited the gathered leaders, to get on the phone with Syrian President Bashar Assad to "make something happen." He suggested Secretary of State Condoleezza Rice might visit the region soon.

The unscripted comments came during a photo opportunity at the lunch. The leaders clearly did not realize that a live microphone was picking up their discussion.

Asked about the microphone mishap during his final briefing of the summit, Blair quipped that it was "all about transparent government." He smiled and tapped the microphone in front of him.

Bush "sort of rolled his eyes and laughed" when told the comments had been audible and a copy had been made, said Press Secretary Tony Snow. "Actually his reaction first was, 'What did it say?' So we showed him the transcript, then he rolled his eyes and laughed."

Bush also spoke to other leaders, and his unscripted comments ranged from the serious topic of escalating violence in the Mideast to light banter about his preference for Diet Coke and a gift he received from another leader.

Blair, whose remarks were not as clearly heard, appeared to be pressing Bush about the importance of getting international peacekeepers into the region.

Bush expresses amazement that it will take some leaders as many as eight hours to fly home — about the same time it will take Air Force One with Bush aboard to return to Washington.

"You eight hours? Me, too. Russia's a big country and you're a big country," Bush said, at one point telling a waiter he wanted Diet Coke. "Takes him eight hours to fly home. Russia's big and so is China. Yeah Blair, what're you doing? Are you leaving."

Bush thanked Blair for the gift of a sweater and joked that he knew Blair had picked it out personally. "Absolutely," Blair responded, with a laugh.

A stickler for keeping to his schedule, Bush could also be heard telling Russian President Vladimir Putin, "We've got to keep this thing moving. I have to leave at 2:15. They want me out of town so to free up your security forces."

Bush also remarked that some speakers at the meeting talk too long.

It was the second time in less than a month that remarks at a G-8 event in Russia ended up being heard over an audio system officials thought was off.

Last month, an inadvertent audio feed from a closed-door lunch in Moscow between Secretary of State Condoleezza Rice and Russian Foreign Minister Sergey Lavrov exposed their sometimes testy discussion about the security situation in Iraq.

A Rare Unscripted Moment (LAT)

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By James Gerstenzang

The Los Angeles Times, July 18, 2006

STRELNA, Russia — President Bush complained Monday that some of his fellow leaders at an international summit talk too much — way too much. His advice to the host, Russian President Vladimir V. Putin, was that they "gotta keep this thing moving."

And he had a profane suggestion for resolving the conflict in Lebanon.

A nearly four-minute recording apparently made without Bush's knowledge and relayed by Russian television captured the president's candid lunchtime chatter at a gathering of the Group of 8 industrialized nations.

The tape offered a rare instance of unfiltered conversation among leaders that veered from the serious, such as the Middle East crisis, to inconsequential chitchat while beverages were poured and bread was broken.

During a conversation with British Prime Minister Tony Blair about ways that U.S. Secretary of State Condoleezza Rice and U.N. Secretary-General Kofi Annan might help resolve the ongoing warfare between Israeli troops and Hezbollah guerrillas in Lebanon, Bush put it this way: "See, the irony is that what they need to do is get Syria to get Hezbollah to stop doing this shit, and it's over."

Blair subsequently noticed that the microphone was on and turned it off.

The president showed impatience to move on after the three-day summit, saying he planned to deliver his final remarks off the cuff and to keep them short.

"I'm just gonna make it up. I'm not gonna talk too damn long like the rest of 'em," he said. "Some of these guys talk too long." Putin, sitting on Bush's left, seemed to chime in, "yeah," in heavily accented English.

"Good job," Bush replied. "Gotta keep this thing moving.

"I gotta leave at 2:15. You want me out of town so it can free up your security forces," Bush continued, apparently to his host. The president said he was ready to finish a trip that began in Germany on Wednesday.

"Get on a plane and go home," he said of his plans.

Then, to Chinese President Hu Jintao, Bush said: "Where you going? Home? This is your neighborhood. Doesn't take too long to get home?" When told Hu's flight to Beijing would be eight hours, Bush said, "Me too."

"Russia's a big country and you're a big country." Then he told someone else, "No, not Coke. Diet Coke."

And resuming his flight geography lesson, he was heard saying to someone: "Takes him eight hours to fly home. Eight hours. Russia's big and so's China."

To Blair he said: "Yeah, Blair. What are you doing? You leaving?" Blair responded that he wasn't leaving right away.

Moments later, Bush remembered a gift had come his way.

"Thanks for the sweater," Bush, who just celebrated his 60th birthday, told Blair. "It was awfully thoughtful of you. I know you picked it out yourself."

The prime minister chimed in, "Oh, absolutely."

Bush Voices Frustration With Middle East Conflict (MCCL)

By William Douglas

McClatchy Newspapers, July 17, 2006

ST. PETERSBURG, Russia - A frustrated President Bush used a four-letter expletive here on Monday to describe his frustration with violence in the Middle East.

At a luncheon for leaders of the so-called Group of Eight, Bush spoke frankly and profanely to British Prime Minister Tony Blair about the clash between Hezbollah and Israel, not knowing that a microphone at the table was turned on.

Munching on a roll, Bush told Blair, "What they need to do is get Syria to get Hezbollah to stop doing this s--- and it's over."

Bush told Blair that he felt like telling United Nations Secretary-General Kofi Annan to "get on the phone" with Syrian President Bashar Assad "and make something happen."

The president expressed reservations about Annan's approach.

"I don't like the sequence of it," Bush said. "His attitude is basically cease-fire and everything else happens."

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Bush and Blair also discussed sending Secretary of State Condoleezza Rice to the Middle East. Her trip was announced later Monday.

"Obviously, if she goes out, she's got to succeed," Blair said to Bush, "whereas I can just go out and talk."

Bush also got personal, thanking Blair for giving him a sweater.

"I know you picked it out yourself," Bush said.

"Oh, absolutely," Blair replied.

Later, on Air Force One, White House press secretary Tony Snow said that when Bush found out that his dialogue with Blair had been public, "he rolled his eyes and laughed."

Snow also took pains to emphasize that Bush "likes Kofi Annan," saying, "We are supportive and grateful for the help that the U.N. is trying to provide."

Asked to comment on Bush's use of the barnyard epithet, Snow told his inquirer, "Not unless you've never used it."

"Damn," the trumped reporter replied, to laughter from his colleagues.

Bush Drops Diplomacy In Candid Exchange With Blair (Update2) (BLOOM)

By Brendan Murray

Bloomberg, July 18, 2006

July 17 (Bloomberg) -- Two world leaders today had an exchange that was unquestionably frank and candid.

President George W. Bush let loose his inner Texan in what he thought was a private conversation with U.K. Prime Minister Tony Blair during the final lunch for Group of Eight leaders in St. Petersburg, Russia. The discussion was picked up by an open microphone on the table.

As Blair leaned over Bush's shoulder, the U.S. president expressed his frustration with United Nations Secretary General Kofi Annan's approach to ending the fighting between Israel and Hezbollah militants in Lebanon.

``His attitude is basically cease-fire and everything else happens," Bush said, adding later, ``See, the irony is what they need to do is get Syria to get Hezbollah to stop doing this shit and it's over."

A Russian television crew was broadcasting the start of the lunch with the video and audio distributed to television networks from G-8 member nations. As the conversation continues, Blair is seen leaning forward and cutting off the microphone.

Bush also said U.S. Secretary of State Condoleezza Rice may be going to the region ``pretty soon." Blair suggested he might be a better choice to present the U.S.-U.K. position that Hezbollah must be neutralized and that Syrian and Iranian assistance to the militants must end.

``See if she goes out she's got to succeed as it were, where as I can just go out and talk," Blair said.

`Yo, Blair'

Before turning to the Middle East, the conversation was on lighter subjects and the microphone caught other exchanges between Bush and his closest ally, Blair.

Bush marveled at how long it would take Chinese President Hu Jintao to fly home -- eight hours -- because ``Russia's big and so is China."

Getting the U.K. prime minister's attention by saying ``Yo Blair," Bush thanked him for a gift of a sweater. ``It was awfully thoughtful of you. I know you picked it out yourself," Bush said.

``Oh absolutely," Blair replied, laughing.

Bush, known for being punctual, also said he had a schedule to keep and planned to keep his remarks short, unlike some of his fellow world leaders.

``No, just going to make it up," Bush said, according to transcripts put together from the audio by journalists covering the event. ``I'm not going to talk too long, like the rest of them."

Bush's Reaction

Bush didn't discover the microphone was live until he was informed later by aides that his words had been transcribed, White House Press Secretary Tony Snow told reporters as Bush returned to Washington.

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``His reaction first was, `What does it say?'" Snow said. ``So we showed him the transcript, then he rolled his eyes and laughed."

It wasn't the first time Bush or a member of the administration was caught by an open microphone.

During a meeting last month of G-8 foreign ministers, a contentious exchange about the text of a statement on Iraq between Rice and Russian Foreign Minister Sergei Lavrov was inadvertently transmitted to reporters waiting outside the closed door meeting.

During his first presidential campaign in 2000, Bush was on a stage in Naperville, Illinois, when he noticed a New York Times reporter in the crowd. Turning to his running mate Dick Cheney, Bush said, ``There's Adam Clymer -- a major league asshole."

The general public got its first extended glimpse of presidential profanity with the release of transcripts from a White House recording system during the Watergate investigation in Richard Nixon's administration. Nixon's regular use of salty language was edited out of the written record, bringing the expression ``expletive deleted" into popular use.

The microphones for the White House tape system also captured the colorful vernacular of Nixon's predecessor, Lyndon Baines Johnson, who peppered private conversations with vulgarities.

Toll Climbs In Mideast As Fighting Rages On (WP)

By Jonathan Finer And Anthony Shadid

The Washington Post, July 18, 2006

JERUSALEM, July 17 -- Israel traded heavy fire with Hezbollah fighters in Lebanon on Monday, its air and artillery attacks killing at least 38 Lebanese, many of them civilians, and Hezbollah rockets made their deepest strikes yet into the Jewish state.

Blaring air raid sirens sent Israelis dashing for concrete bomb shelters throughout the day, and thousands of people across Lebanon abandoned their homes to flee the violence. Several Western nations, including the United States, launched plans to evacuate their citizens from the battered country.

With the violence came a flurry of diplomatic efforts to bring about a cease-fire and quell the crisis. British Prime Minister Tony Blair and U.N. Secretary General Kofi Annan called for deployment of multinational peacekeeping forces to southern Lebanon. U.S. officials called such a move premature, but did not reject it; Israeli officials did.

Hours after that proposal, Israeli Prime Minister Ehud Olmert vowed that Israel would not halt its offensive on Lebanon until four conditions were met: the release of two soldiers abducted last week, the deployment of the Lebanese army along a buffer zone at the border, the withdrawal of Hezbollah fighters from that zone and the implementation of U.N. Resolution 1559, which calls for the disarmament of militias such as Hezbollah, a radical Shiite Muslim group.

"There are moments in the life of a nation when it is compelled to look directly into the face of reality and say: no more. This is such a moment," Olmert told Israel's parliament in a defiant, emotional speech, his first formal address since the new violence began. "We will search every compound, target every terrorist who assists in attacking the citizens of Israel and destroy every terrorist infrastructure, everywhere."

He continued: "When missiles are launched at our residents and cities, our answer will be war with all the strength, determination, valor, sacrifice and dedication which characterize this nation."

The cross-border attacks, the largest conflagration along that front since Israel invaded in 1982, began last week when Hezbollah attacked Israeli soldiers in the country's north, abducting two of them.

The clash followed a similar assault by Hamas fighters who crossed Israel's boundary with the Gaza Strip last month. They killed two soldiers and captured another, prompting Israeli air and ground forces to launch an offensive there. On both fronts Israel has said it intends to continue fighting until its borders are secured.

The Israeli government said Monday it was extending indefinitely a two-day state of emergency in the north. In the Gaza Strip, Israeli troops continued to operate around the town of Beit Hanoun, clashing occasionally with Palestinian fighters. Palestinian doctors in Beit Hanoun said three people were killed in their homes by Israeli snipers and 14 others wounded. Israeli military sources said they had no information on such attacks. An Israeli military spokeswoman said that seven rockets were fired from the area Monday, injuring two Israeli civilians.

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In Lebanon, Israeli raids again struck the Beirut-Damascus highway, along with gas stations, factories and a small fishing port. Smoke from fires arced over the Beirut sky.

News agencies quoted the military and police as saying that more than 210 people had been killed since the attacks began Wednesday. The Health Ministry put the number at 182 dead and 525 wounded, almost all of them civilians, but said that count included only those identified by hospital officials.

Twelve Israeli civilians have died in the recent wave of Hezbollah attacks, with more than 300 others receiving medical treatment, most for shock. Twelve soldiers have also been killed.

In one of the worst losses of civilian life in Lebanon, an Israeli attack targeted two cars crossing a bridge in Rmeileh, north of the southern port city of Sidon. Government officials said 10 civilians were killed, including two children.

Nine Lebanese soldiers were killed Monday in an attack on the fishing port of Abdeh in northern Lebanon, the Health Ministry said. Israeli military officials said the only army installation targeted Monday was a radar post used by Hezbollah to attack an Israeli ship last week.

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The New York-based advocacy group Human Rights Watch called on the Israeli military to provide details about a bombing Saturday that killed 16 people in a convoy of civilians fleeing a Lebanese village near Israel's border.

Meanwhile, in a sign of a potentially prolonged conflict, the United States said it was sending a cruise ship to begin evacuating Tuesday some of the 25,000 Americans in Lebanon. The Pentagon said the Orient Queen, which can carry 750 people, will take the evacuees to the Mediterranean island of Cyprus. The U.S. Navy will provide an escort through waters blockaded by Israeli warships.

The French Embassy began evacuating its citizens, along with other Europeans, on Monday. About 1,200 people gathered at a French school in eastern Beirut to board buses that carried them to the Beirut port, where they were to depart for Cyprus and then catch flights home. At the school, people waited hours on a humid, overcast day, their suitcases and strollers piled along the school's courtyard.

"This isn't going to end," said Prince Michilidis, a Lebanese Greek who was returning to Greece with his three sisters. "It's a shame. Just that."

He pointed beyond the school's walls, where bomb blasts occasionally echoed. "I'm lucky to leave, but there are thousands who are not as lucky, and they don't have food, they don't have water and they don't have money," he said. "It's chaos."

Many people shared the gloom as they waited. Hagop Manuokian wrapped a pink towel around his neck to wipe his brow. He and his three children had come for a summer vacation in Lebanon, but now were returning home to the Netherlands.

"At least three days from now, I'm going to be sleeping like a lamb on my pillow, but everyone else here is going to live with it," he said. "Injuries don't heal quickly. It takes time, and they leave scars."

The fighting has displaced more than 60,000 people, the government said, a figure thought to be a conservative estimate. At Mohammed Shamil School in Beirut, some of those displaced threw mats, blankets and foam mattresses on classroom floors.

Food was short; a few boxes of cheese, beans and tuna were stacked outside, hardly enough to feed the 300 people who had arrived since Wednesday.

In the northern Israeli city of Haifa, where eight civilians were killed in rocket attacks a day earlier, three more rockets struck late Monday afternoon, one smashing the facade of a three-story apartment building and wounding at least six people. The attack prompted Israel to shut the city's port, the country's largest.

Another barrage struck the town of Atlit, 35 miles south of the border with Lebanon, in the longest-range strike to date. No one was hurt.

Israel's defense forces said that an airstrike in Lebanon destroyed a truck carrying Iranian-made missiles, one of which has a range of nearly 100 miles, military sources said. Hezbollah has previously said its munitions could reach Tel Aviv, 75 miles south of the Lebanese border.

Earlier Monday morning, small teams of Israeli ground soldiers briefly crossed into Lebanon to attack Hezbollah targets, a military spokesman said, calling it "a very pinpointed operation, not an incursion."

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Also Monday, in the West Bank town of Nablus, Palestinian gunmen threw an explosive at Israeli soldiers conducting a raid on what military sources described as a militant stronghold, killing one soldier. Six soldiers were wounded in the skirmish, one seriously, the military said.

Push Made For U.N. To Go Into Lebanon (WP)

By Peter Baker And Robin Wright

The Washington Post, July 18, 2006

ST. PETERSBURG, July 17 -- U.N. and European leaders pressed Monday for an international peacekeeping force to be sent to Lebanon to defuse the conflict with Israel, an approach that ended in failure two decades ago when a U.S.-led foreign troop contingent was driven out by violence.

At the instigation of British Prime Minister Tony Blair and French President Jacques Chirac, the Group of Eight industrial countries over the weekend asked the U.N. Security Council to study creation of an "international security/monitoring presence." As the G-8 summit wrapped up Monday, Blair lobbied President Bush and other skeptics to embrace the idea, and U.N. Secretary General Kofi Annan endorsed it.

In Washington, the State Department announced that Secretary of State Condoleezza Rice will make an emergency visit to the Middle East to seek a settlement. Her dates and itinerary are still to be set, department spokesman Sean McCormack told reporters.

The call for an international force emerged as perhaps the biggest surprise of the G-8 summit, which wrapped up Monday after a weekend dominated by the latest Middle East violence.

The G-8 members -- the United States, Britain, France, Japan, Germany, Italy, Canada and Russia -- reached a compromise plan Sunday that calls on Hezbollah and Hamas to release Israeli captives and stop firing rockets into Israel, and tells Israel to end its attacks and free arrested Palestinian officials. The international force would be sent into a buffer zone separating the sides in southern Lebanon only after fighting ended, officials said.

"The blunt reality is that this violence is not going to stop unless we create the conditions for the cessation of violence," Blair said after meeting with Annan, who attended the summit as a guest. "The only way is if we have a deployment of international forces that can stop bombardment coming into Israel."

Blair was overheard on a live microphone at the closing G-8 lunch appealing to Bush personally. "The thing that's really difficult is we can't stop this unless you get this international presence agreed," Blair told him.

Bush did not respond audibly, but White House aides said the approach in some form may be acceptable to the United States. The United States and its allies are considering a variety of options, including a U.N. or European Union force, and the subject is to be discussed at the United Nations on Thursday.

"There are a lot of people with various ideas," said a senior U.S. official, speaking on condition of anonymity. "It hasn't been thoroughly talked through. There's a concept that you need that southern border region free from threat. The Lebanese armed forces may not be up to that, and the issue is how do you help them out?"

Still, John R. Bolton, the U.S. ambassador to the United Nations, raised skeptical questions in New York. Israeli officials expressed opposition and the idea seemed unlikely to be accepted by Hezbollah, which operates in southern Lebanon with little interference from the Lebanese government.

Experts who have served in Lebanon dismissed the idea of an international force unless it has the full backing of both Israel and Hezbollah. "This is a monumentally stupid idea," said Augustus Richard Norton, who served with a small U.N. observer force that has been deployed in southern Lebanon since Israel's first incursion in 1978. He is a Middle East specialist at Boston University.

"It's a non-starter," Timur Goksel, who served 24 years with the U.N. force and now teaches in Beirut, said by telephone. "If the intention is to observe, there is already a force in place. If they are talking of a deterrent force to prevent fighting, it will immediately be seen as an occupation force here. And when you have an occupation force, no matter what your flag, even under the United Nations, that's when the trouble starts. This is a most ridiculous idea. Nobody will accept it."

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There are two main scenarios for a foreign force. One is to expand the existing U.N. Interim Force in Lebanon, or UNIFIL. The 2,000-member contingent, which has suffered 257 fatalities of its own, has usually been unable to do more than watch when fighting erupts. Israel rolled right by it during its 1982 invasion.

UNIFIL's limitations were underscored over the past week when it basically became stranded. A UNIFIL statement Monday complained that it was unable to supply food and water to its own troops, much less help deliver humanitarian aid to civilians, because Israel had not guaranteed free passage.

The other scenario is a fresh, stronger multinational force. But that too has been tried in Lebanon, with disastrous results. After Israel's 1982 invasion, the United States led a four-nation force with France, Italy and Britain in Beirut as part of a cease-fire. The U.S. force was gradually sucked into Lebanon's civil war. Shortly after a U.S. warship off the coast fired at a Muslim militia on behalf of rival Christians, a suicide bomber in 1983 destroyed a Marine barracks in Beirut, killing 241 Marines, in the single largest loss of military personnel since World War II.

Supporters said any new force would have to be more robust than UNIFIL. Italian Prime Minister Romano Prodi suggested it would require at least 10,000 troops and a broad mandate. Chirac said it should be charged with enforcing a 2004 Security Council resolution ordering Hezbollah to disarm.

Israel would almost certainly insist that the United States provide a major portion of the contingent and command it. But regional experts question both the U.S. will and the ability to provide forces. "The military is overstretched. Most of the army is wrapped up in Iraq," said Norton, a retired army colonel and former West Point professor. "A deployment in Lebanon would potentially be interminable."

Diplomats Seek Foreign Patrols For Mideast (NYT)

By Steven Erlanger And Jad Mouawad

The New York Times, July 18, 2006

JERUSALEM, July 17 — Prime Minister Tony Blair of Britain and Secretary General Kofi Annan of the United Nations called Monday for an international force in southern Lebanon to end the fighting between Israel and the Hezbollah militia, which continued for a sixth deadly day.

The United States and Israel reacted skeptically, with President Bush urging tartly that Mr. Annan telephone President Bashar al-Assad of Syria, a key sponsor of Hezbollah, “and make something happen.” In Russia for a Group of 8 summit meeting, Mr. Bush expressed his views to Mr. Blair, using a vulgarity that was caught by an open microphone.

With the Lebanese death toll exceeding 200 and the Israeli count at 24, the increased efforts to turn to diplomacy showed little prospect of an immediate way out. In Lebanon, a vast majority of those killed were civilians, while in Israel about half of the dead were civilians.

In a televised speech to the Israeli Parliament, Prime Minister Ehud Olmert vowed to continue the offensive until Hezbollah freed two captured Israeli soldiers, the Lebanese Army was deployed along the border, and Hezbollah was effectively disarmed. Hezbollah has consistently rejected those terms.

Secretary of State Condoleezza Rice will travel to the Middle East to try to resolve the crisis, Bush administration officials said. The timing is still up in the air, and the trip will be a gamble. Israel’s ambassador to the United States, Daniel Ayalon, said on CNN that it might be too soon for Ms. Rice to accomplish anything.

Israel intensified its bombing across Lebanon on Monday, hitting an army barracks in Tripoli and bases in Baalbek, both in the north. It shelled fuel tanks in Beirut’s port and continued pounding southern Lebanon and Beirut’s southern suburbs. In the afternoon, Israel made a brief ground raid into Lebanon.

Israeli military officials said they succeeded in hitting a rocket launcher in Beirut carrying one of Hezbollah’s longest-range rockets, an Iranian Zelzal, with a range of 62 to 124 miles. The attack caused the rocket to flare in the air, leading to reports that an Israeli plane might have been shot down.

At least 43 Lebanese were killed Monday, according to Lebanese authorities, raising the toll to more than 200 since the Israeli offensive began Thursday. In one large group of fatalities, a missile hit a minibus, killing 12 civilians as they were driving through Rmeileh, a seaside town south of Beirut.

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Some 30 rockets fired by Hezbollah hit Haifa and other parts of northern Israel. One rocket leveled much of an apartment house, critically wounding one person. Another Hezbollah rocket landed next to a hospital in Safed, slightly wounding six people.

Israel's rejection of an international force stems partly from recent history. The foreign minister, Tzipi Livni, said in an interview that such a force must be able to intervene, unlike the current troops, the United Nations Interim Force in Lebanon, or Unifil, which was established in 1978.

"We have an experience with Unifil," she said: When an Israeli was seized previously, "they just watched."

The Israeli military wants to continue its largely aerial campaign against Hezbollah, with one senior Israeli official suggesting that Hezbollah's capacity to launch missiles had already been degraded "about 30 percent."

Brig. Gen. Ido Nehushtan, on the Israeli general staff, said, "We have damaged Hezbollah but they still have significant operational capacity." He noted the decline in rockets launched into Israel in the last two days — an average of 40 a day, down from initial highs of 150 — and said it was a testament to the damage caused by the Israelis.

"It will take time, it's more than a matter of days on the military side," he said. "We aim to change the situation and not go back to where we are."

Israel's deputy chief of staff, Maj. Gen. Moshe Kaplinski, told Agence France-Presse: "The operation will last for at least another week. The international pressure on Israel will allow us to continue for another week at least."

In his speech, Prime Minister Olmert said, "The terrorist organizations we are fighting take their orders from the Tehran-Damascus axis of evil." He said Israel would continue to fight until both Hezbollah and Hamas stopped attacks on Israel.

"In Lebanon, we will fight to enforce the demands long voiced by the international community," he said. He demanded "an absolute end to fire" from Hezbollah, "the deployment of the Lebanese Army all along the southern border, and the departure of Hezbollah from this region and fulfillment of U.N. Security Council Resolution 1559."

That resolution calls for the pullout of all foreign forces from Lebanon, the disbanding and disarmament of all militias and the deployment of the Lebanese Army on the border. But the Security Council included no provisions to implement the agreement, and the Lebanese government, which contains some Hezbollah ministers, is considered too weak to do so.

Hezbollah is supported by Iran and Syria, and Mr. Bush's pungent conclusion, as he summarized it to Mr. Blair in Russia was, "What they need to do is get Syria to get Hezbollah to stop doing this shit, and it's over."

The current conflict began when Hezbollah fighters crossed into Israel and captured two Israeli soldiers on July 12, and Israel immediately attacked Hezbollah positions in Lebanon, calling the initial incursion an act of war. Hezbollah, a radical Shiite group, was established with Iranian help in 1982 to fight Israel, and both Iran and Syria supply the group with money and weaponry.

"Israel is making it possible for the Lebanese government to move in," Foreign Minister Livni said. "In a way, Israel is doing the Lebanese government's job for it" by taking on Hezbollah, which has been a state-within-a-state in southern Lebanon and southern Beirut.

"Israel shares the same goals as the international community, and for us the best option is full implementation of 1559," Ms. Livni said. "That's the way out of this crisis, and now is the time to implement it."

It was a great accomplishment to get the Syrians largely out of Lebanon, she said, but there is more to do. "The Syrians have left," she said, "but they have a kind of branch in Lebanon, and Hezbollah keeps an open front for Iran with Israel."

At the United Nations, the Security Council went into its third session on Lebanon in four days, but beforehand John R. Bolton, the American ambassador, discouraged talk of a multilateral force. Three questions must be addressed, he said: "Would such a force be empowered to deal with the real problem? The real problem is Hezbollah. Would it be empowered to deal with countries like Syria and Iran that support Hezbollah?"

Third, he said, was how a new force would improve on Unifil or help strengthen Lebanese institutions.

Asked why the United States was not backing an immediate cease-fire, he said, "We could have a cease-fire in a matter of nanoseconds if Hezbollah and Hamas would release their kidnap victims and would stop engaging in rocket attacks and other acts of terrorism against Israel."

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A United Nations mission dispatched by Mr. Annan to the region will make its first visit to Israel on Friday and return to report at the end of the week.

Initially, Mr. Olmert refused to see the team, but changed his mind after Ms. Livni argued that a robust international force that could enforce Resolution 1559, blessed by the United Nations, would be an opportunity for Israel to be seen on the right side of international legitimacy.

The Lebanese prime minister, Fouad Siniora, met with Mr. Annan's team and said afterward, "We don't want to talk about any steps before they become concrete, and I want to assure the Lebanese people that we are exerting all possible efforts to resolve the crisis."

Michael Young, a Lebanese political analyst, said: "The Israelis are creating a humanitarian and social and economic crisis. But there is also a great deal of anger in the country at Hezbollah for inviting disaster on Lebanon."

Officials in Washington said an attack on Friday on an Israeli naval vessel by a C-802 anti-ship cruise missile was Hezbollah's most sophisticated to date. Given that advanced radar is needed to guide a C-802 to its target, Israeli officials have accused the Lebanese military of directly aiding Hezbollah fighters, and Israeli jets struck several radar targets in Lebanon over the weekend.

Of the 13,000 missiles and rockets estimated to be in Hezbollah's arsenal, about 11,000 are believed to have been shipped from Iran. Western intelligence officials also say Syria has armed Hezbollah with short- and medium-range rockets, some of which have been used in the current attacks on Israel.

Western governments were rushing to set up evacuation plans for thousands of foreigners living in Lebanon or on vacation there. British military helicopters started carrying some out of Lebanon on Monday. A Greek passenger ferry chartered by the French government reached Beirut Monday afternoon and loaded about 1,200 people before heading for Cyprus. Norway, Sweden, Italy and Ukraine also started organizing the departure of their citizens.

The United States is planning to start evacuating its citizens on Tuesday. The embassy said there was no mandatory evacuation. There are 8,000 Americans registered with the embassy, but the number of Americans or Lebanese also holding American citizenship could be three times larger.

At the Pentagon on Monday, officials said a commercial passenger ship had been contracted to ferry Americans from Lebanon to Cyprus. Bryan Whitman, a Pentagon spokesman, said the ship, the Orient Queen, would be able to carry 750 passengers at a time on the five-hour trip.

A Navy destroyer would be available to escort the ship, Mr. Whitman said.

By early Monday, 64 Americans, designated by the embassy as having special needs, had been evacuated by Marine helicopters.

In front of the French Consulate in Beirut, stranded tourists and foreign residents lugged their bags and lined up to register for evacuation.

"I'm worried this may drag on, and I'm leaving," said Souad Mehdi, 32, a French citizen on vacation with her two sons. "My heart and thoughts are still here with my family and friends. I am scared I won't see them again."

Bush Doubts Lebanon Peace Plan (FT)

Financial Times, July 18, 2006

Europe's leaders on Monday sought to build momentum behind a United Nations plan to send soldiers to the conflict zone in Lebanon. But doubts about the viability of such a move – already resisted by Israel – were raised when George W. Bush, US president, made unguarded critical remarks about the thinking behind the idea.

Meeting at the G8 summit in St Petersburg, Tony Blair of Britain, Jacques Chirac of France and Angela Merkel of Germany rallied behind the proposal to deploy thousands of soldiers to southern Lebanon to serve as a "buffer" between the battling forces. This would supplement a UN force of 2,000 already in the area with a mandate to restore "peace and security".

"The only way we are going to get a cessation of hostilities is if we have the deployment of an international force," said Kofi Annan, UN secretary-general, at an appearance with Mr Blair.

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However, the practical difficulties were highlighted by developments as Israeli warplanes bombarded Lebanon for the sixth day in the wake of Hizbollah's kidnapping of two Israeli soldiers.

Mr Annan called on the UN Security Council to discuss the stabilisation force at the end of this week, adding: "I appeal to governments . . . to make sure that we have the troops; well-trained, well-equipped troops that can go in quite quickly."

Romano Prodi, Italian prime minister, suggested the UN presence be increased to 10,000 monitors. Italy would "play its part". Finland, the current presidency of the European Union, said the EU as a whole would "stand ready" to participate. But Israel played down the idea of the UN force, saying it wanted to be "sure Hizbollah is not deployed at our northern border".

More doubts were raised when Mr Bush was caught privately discussing the idea with Mr Blair, unaware that their remarks were being captured on a TV microphone.

Mr Bush appeared to fault Mr Annan for pushing for an immediate ceasefire between Israel and Lebanon and for exercising insufficient pressure on Syria, which the US and many of its allies allege has colluded in Hizbollah's actions.

"I don't like the sequence of it," Mr Bush said to Mr Blair before the G8 leaders sat down to lunch. "His attitude is basically ceasefire and everything else happens."

"What they need to do is get Syria to get Hizbollah to stop doing this shit and it's over," Mr Bush said. "I felt like telling Kofi to get on the phone with [Syrian president Bashar al-] Assad and make something happen."

Mr Bush said Condoleezza Rice, US secretary of state, would soon visit the region.

Mr Bush's position appeared to have support in the US, where John McCain, a senator known for his independent foreign policy views, proclaimed himself "amazed by some of our European friends who have called on the Israelis" to rein in their military campaign in Lebanon.

Reporting by Daniel Dombey, James Blitz, Neil Buckley and Caroline Daniel in St Petersburg, Ferry Biederman in Beirut, Sharmila Devi in Jerusalem, Christopher Grimes in New York, Mark Turner at the United Nations and George Parker

Annan Urges UN Force For Lebanon (FT)

Financial Times, July 18, 2006

As violence in the Middle East escalated on Monday, Kofi Annan, the United Nations secretary-general, called an emergency meeting of the UN Security Council at the Group of Eight summit in St Petersburg to hammer out a deal on the deployment of a multilateral peace-keeping force to Lebanon.

The special force had been discussed by the G8 leaders at the weekend, but Mr Annan said on Monday that it was a matter of urgency amid the deepening Middle East crisis. All five permanent members are present at the summit, with China's President Hu Jintao joining the world's most powerful leaders as a guest. Israel rebuffed the move as premature.

Israeli ground forces entered Lebanon overnight to attack Hizbollah bases on the border as the crisis in the Middle East deepened.

The incursion was expected to be a limited operation rather than a prelude to full-scale re-invasion of territory the Israeli army evacuated in 2000. Israeli officials said there was no intention to re-establish the 22-year-old occupation of southern Lebanon, although repeated, limited incursions have not been ruled out.

The latest raids came shortly after Israel Radio quoted Dan Halutz, chief of staff, as saying Israel would prevent Hizbollah fighters entering a 1km wide security zone along the border. The radio said army bulldozers entered the zone to demolish Hizbollah outposts abandoned in the recent fighting. Since 2000, the two forces have faced each other across the UN Blue Line to which Israeli forces withdrew that year.

Israeli warplanes hit coastal targets in the north and south of Lebanon on Monday and struck Beirut while Hizbollah targeted Haifa in northern Israel, sending rockets across the border which destroyed a three story building and forced Israel to close the port.

Israeli Prime Minister Ehud Olmert said on Monday Israel would pursue its offensive against Hizbollah until two captured soldiers were returned and Lebanese army troops controlled all of southern Lebanon.

"We will struggle for the conditions set by the international community," Olmert told the Israeli parliament. "Return of the hostages ... a full ceasefire, deployment of the Lebanese army in all southern Lebanon and the disarming of Hizbollah."

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On Monday crude oil hit a record high amid concerns that the escalating violence could provoke a wider regional conflict.

The G8 on Sunday sought to reconcile their differences over the Middle East and calm the violence raging in the region by uniting around a detailed plan that makes demands on all sides.

The five-page document, backed by all the leaders meeting at the G8 summit, calls on Israel to exercise "utmost restraint" in its military operations in Lebanon and suggests that a UN monitoring force be deployed in the area.

But it also hits out at "extremist elements and those that support them" – a swipe at Syria and Iran – while calling for the Palestinian group Hamas and the Islamist movement Hizbollah to cease shelling Israeli territory and return kidnapped soldiers.

While British officials said Tony Blair, UK premier, was delegated to broker the final text with Vladimir Putin, Russian president, Mr Putin insisted on Sunday night the agreement had been reached by all leaders working with their officials.

Emergency evacuation plans for foreign nationals was gaining pace on Monday as Britain, France, Germany and the United States, along with other nations, scrambled to get their citizens out of Beirut. In a show of solidarity, French premier Dominique de Villepin is travelling to Beirut on Monday for talks with his Lebanese counterpart Fouad Siniora. France has long ties with its former colony and has at least 17,000 citizens there.

The G8 statement goes much further in urging caution on Israel than previous statements by George W. Bush, US president, who has consistently stressed Hizbollah's responsibility for starting the crisis. But Mr Bush opted to agree a common line with his G8 colleagues, particularly Mr Putin and Jacques Chirac, French president.

"I think most leaders are now beginning to recognise the root cause of the problem," said Mr Bush. "There seems to be a consensus growing that . . . the world is going to have to recognise that there are terrorist elements who are dedicated to stopping the advance of democracy and peace."

Both Moscow and Paris have criticised Israel for its "disproportionate response" to the crisis, while Mr Putin suggested that in addition to wanting to ensure the return of its kidnapped servicemen, "Israel is pursuing larger strategy goals".

The statement says: "The most urgent priority is to create conditions for a cessation of violence that will be sustainable and lay the foundation for a more permanent solution."

Among the necessary steps it specifies for that end, the declaration calls for "an end to Israeli military operations and the early withdrawal of Israeli forces from Gaza".

Reporting by By Daniel Dombey, James Blitz and Caroline Daniel in St Petersburg, Harvey Morris in Jerusalem and Ferry Biedermann in Beirut

G-8 Leaders Consider Mideast Peacekeepers (AP)

By Martin Crutsinger

AP, July 18, 2006

World leaders sought to halt escalating violence in the Middle East, considering the possibility of sending international peacekeepers to stop Hezbollah from bombing Israel. Israel quickly rejected the idea.

The Mideast situation overshadowed the summit of world leaders where President Bush, unaware his remarks were being picked up by microphone, bluntly expressed his frustration with Hezbollah, a militant Islamic group believed backed by Iran and Syria.

"See the irony is that what they need to do is get Syria to get Hezbollah to stop doing this s--- and it's over," Bush told British Prime Minister Tony Blair on Monday as they chatted before the Group of Eight leaders began their final lunch.

Bush also suggested that U.N. Secretary General Kofi Annan call Syrian President Bashar Assad to "make something happen."

In Damacus, Iran's foreign minister said a cease-fire and an exchange of hostages would be an acceptable and fair deal in resolving the conflict. "In fact, there can be a cease-fire followed by a prisoner swap," said Foreign Minister Manouchehr Mottaki, who spoke after talks with Syria's vice president.

Israeli Prime Minister Ehud Olmert opposes sending international forces to Lebanon to help end bloodshed, Israeli senior officials said. Olmert instead wants Lebanese forces to take control of the border area with Israel and wants the Hezbollah militia disarmed.

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The warfare between Hezbollah and Israel generated reaction around the globe, and several nations made plans to evacuate their citizens.

Russian President Vladimir Putin, who had hoped to use the first G-8 summit on Russian soil to burnish his country's standing on the global stage, saw his summit priorities overshadowed by the Mideast crisis.

But he put the best face on the three days of discussions, telling a closing news conference that "all the aims which we had set ourselves have been achieved."

Putin said his nation would consider contributing troops to a U.N. peacekeeping force. The European Union said it also was considering deploying peacekeepers in Lebanon.

The United Nations already has a 2,000-man force in the region monitoring the line separating Israel and Lebanon. The proposed peacekeeping mission under consideration would presumably have a far broader mandate than the current force.

France said it is sending Prime Minister Dominique de Villepin to Beirut to express support for Lebanon's government. And French President Jacques Chirac, who attended the summit, said he believed "some means of coercion" may be needed to enforce a U.N. resolution that calls for the disarmament of Hezbollah and other militias in Lebanon.

After his talks with Annan on the sidelines of the G-8 summit, Blair said, "The blunt reality is that this violence is not going to stop unless we create the conditions for the cessation of violence." He said the only way to do that is by sending an international force into the area that can "stop the bombardment over into Israel and therefore gives Israel a reason to stop its attacks on Hezbollah."

Asked about the comments on an international force, White House national security spokesman Frederick Jones said, "We're open to the possibility of that force being necessary."

The White House said it had nothing to announce about a trip to the Middle East by Secretary of State Condoleezza Rice, even though Bush was overheard telling Blair, "She's going. I think Condi's going to go pretty soon."

Annan, in a joint press appearance with Blair, appealed to Israel to abide by international law, spare civilian lives and infrastructure. "We should not inflict any more suffering on them," Annan said. "Both parties should bear that in mind and respect international humanitarian law."

At his closing G-8 news conference, Blair said assembling an international peacekeeping force could take time. He said Britain would work with other countries. He described British forces, which are part of the U.S.-led effort in Iraq, as "somewhat stretched."

The comments by Blair and Annan came a day after world leaders forged a unified response at their G-8 summit to the crisis in the Middle East, blaming Hezbollah and Hamas for the escalating violence and recognizing Israel's right to defend itself — although they called on the Jewish state to show restraint.

"I am most pleased that the leaders came together to say, look, we condemn violence. We honor innocent life," Bush said before heading into a meeting with Indian Prime Minister Manmohan Singh. "For the first time, we've really begun to address with clarity the root causes of the conflict ... and that is terrorist activity — namely Hezbollah, that's housed and encouraged by Syria."

Bush also asserted that the militant Islamic group is financed by Iran. However, the G-8 statement does not mention Syria or Iran. Putin told reporters that Russia blocked the effort to name Syria.

"If we don't have enough grounds to blame somebody, we cannot ... put them in documents on such a serious state level just based on assertions," Putin said.

Bush's overheard remarks were picked up by the summit's closed-circuit television, which filmed the leaders as they dined. Normally, the images are transmitted with sound that does not allow reporters to pick out individual comments. But in this case, a microphone picked up Bush's comments to Blair.

On their final day of meetings, the leaders — the United States, Russia, Japan, Germany, Britain, France, Italy and Canada — focused on more traditional summit fare, such as restarting stalled global trade talks and implementing a major debt relief program for the world's poorest nations that was announced at last year's summit.

But the Mideast, North Korea and Iran claimed more of the spotlight.

The leaders called on North Korea to put a stop to its missile tests and to abandon its nuclear weapons program.

On Iran's nuclear ambitions, the leaders sought to keep up pressure for a U.N. resolution seeking sanctions.

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The G-8 leaders also met on Monday with seven leaders of the developing world, including a trio of emerging economic powerhouses — China, India and Brazil.

Associated Press writers Jean Lee and Paisley Dodds contributed to this report.

World Leaders Step Up Mideast Diplomacy (AP-Y)

By Lauren Frayer

AP2, July 18, 2006

The United Nations and Britain urged the deployment of peacekeepers in Lebanon and Russia offered troops for any such force, as the U.N. sent an envoy to Israel on Monday in the first big swirl of diplomatic efforts to stem Middle East violence.

Iran called for a cease-fire and exchange of prisoners, while Israel signaled it was scaling back its demands.

Israeli Prime Minister Ehud Olmert said Hezbollah, a Shiite militia that controls much of south Lebanon, must free two captive Israeli soldiers and pull back from the border for fighting to halt. An aide to Olmert indicated the prime minister was ready to compromise on his demand that Hezbollah be dismantled, but said he might oppose the idea of international forces.

The stepped-up diplomacy was the first real movement toward an end to the Israeli-Hezbollah fighting that broke out Wednesday in Lebanon. President Bush and others have come under criticism for taking little seeming action while the Islamic militant group fired rockets at Israel and the Israelis retaliated with airstrikes.

But on Monday, British Prime Minister Tony Blair joined U.N. Secretary-General Kofi Annan in calling for deployment of international forces to stop Hezbollah from using southern Lebanon as a launching ground.

"The only way we're going to get a cessation of hostilities is if we have the deployment of an international force into that area, that can stop the bombardment over into Israel, and therefore give Israel a reason to stop its attacks on Hezbollah," Blair said.

However, the U.S. ambassador to the U.N., John Bolton, said the Security Council should delay any action until the U.N. envoy now in the Mideast returns to New York this week.

That envoy, Vijay Nambiar, expressed optimism about efforts to resolve the crisis and said he would go to Israel shortly with "concrete ideas" on ending the fighting.

"We have made some promising first efforts on the way forward," Nambiar, Annan's special political adviser, told reporters in Beirut. He called time an important factor.

U.N. Undersecretary-General for Political Affairs Ibrahim Gambari said Nambiar had "very useful discussions" with Lebanese Prime Minister Fuad Saniora and parliament speaker Nabih Berri, an ally of Hezbollah leader Sheik Hassan Nasrallah.

"They have agreed on some specifics, and this is going to be carried to Israel, and they will probably go back to Lebanon if they are a promising signal. I wouldn't like to go further on that," Gambari said. Nambiar went to Israel late Monday.

French Prime Minister Dominique de Villepin, the highest-level visitor to Lebanon since the crisis began, also urged Hezbollah and Israel to join in a cease-fire and proposed dispatching international monitors to southern Lebanon.

But he stressed an end to the worst Lebanese-Israeli fighting in 24 years must include the release of the two Israeli soldiers seized last week.

Blair said assembling an international peacekeeping force could take time. He said Britain would work with other countries although he called British forces, which are part of U.S.-led efforts in Iraq, "somewhat stretched."

Russian President Vladimir Putin said his nation would contribute troops to a U.N. peacekeeping force. The European Union said it also was considering deploying peacekeepers in Lebanon.

Israel, which distrusts the U.N. and views international bodies as pro-Arab, has had bad experiences with international forces and prefers the Lebanese government to patrol the south of the country.

UNIFIL, an international force already in south Lebanon, failed to prevent the Hezbollah raid and missile firings that triggered the current crisis. Also, a large international force could hinder Israel's freedom to wage such a large-scale offensive were Hezbollah to attack again.

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Asked about the comments from world leaders on an international force, White House national security spokesman Frederick Jones said, "We're open to the possibility of that force being necessary."

Throughout the conflict, Bush has defended Israel and said he would not demand a cease-fire, despite accusations by other world leaders that the Israelis have gone too far.

Bush, not realizing his remarks were being picked up by a microphone, candidly expressed his frustration with Hezbollah, a militant Islamic group backed by Iran and Syria, on the margins of the Group of Eight summit in Russia.

"See the irony is that what they need to do is get Syria to get Hezbollah to stop doing this s--- and it's over," Bush told Blair.

Bush also suggested that Annan call Syrian President Bashar Assad to "make something happen."

The White House said it had nothing to announce about a trip to the Middle East by Secretary of State Condoleezza Rice, even though Bush was overheard telling Blair, "She's going. I think Condi's going to go pretty soon."

Diplomats Work To Halt Fighting Between Israel, Hezbollah (KRT)

By Dion Nissenbaum

Knight Ridder, July 18, 2006

JERUSALEM - International diplomats swung into action Monday on the increasingly deadly face-off between Israel and Hezbollah as Israeli air attacks claimed at least 40 more lives in Lebanon and Hezbollah missiles wounded 11 in Israel.

Israel acknowledged for the first time that only diplomacy would bring a long-term solution to the conflict, and Lebanon's prime minister pleaded for a cease-fire. But Israel rebuffed a proposal to deploy United Nations peacekeepers along its border with Lebanon and stuck to its refusal to release prisoners in exchange for the return of two Israeli soldiers captured last week by Hezbollah.

"Time is of the essence," said U.N. Undersecretary-General Vijay Nambiar, head of a U.N. team that was shuttling between Beirut and Jerusalem. "Creative solutions have to be found in order to prevent a broadening and deepening of the conflict."

After days of saying it wouldn't intervene in the conflict, the Bush administration also began showing an interest in brokering an end to the fighting. State Department spokesman Sean McCormack said Secretary of State Condoleezza Rice planned to travel to the Middle East to mediate.

But McCormack said details of the trip had to be worked out, and Rice had just returned to the United States from Russia, where she'd been attending the G-8 summit.

Iran and Russia also pressed for diplomatic solutions, with Iran calling for a cease-fire and a prisoner exchange and Russia offering to contribute troops to a peacekeeping force.

Meanwhile, the United States said it would begin evacuating those Americans wishing to leave Lebanon.

The civilian toll continued to climb. Lebanese officials said more than 40 people were killed in Israeli airstrikes on Monday, including 10 on a bridge in southern Lebanon. Human Rights Watch called for Israel to investigate the deaths of at least 16 civilians killed by an Israeli attack over the weekend as they tried to flee southern Lebanon.

Israeli jets again hit Beirut's airport, blowing up the last two oil depots and creating another intense fireball. Israel said it also hit a Hezbollah vehicle carrying long-range missiles that could have hit deep inside Israel.

Hezbollah rockets once again hit Haifa, Israel's third-largest city, where 11 people were injured in strikes that also destroyed an apartment building.

All together, more than 200 people in Lebanon and 24 in Israel have died in the fighting, including eight Israelis killed Sunday when a Hezbollah rocket struck a train maintenance area in Haifa.

In a candid moment of frustration captured by an open microphone, President Bush lashed out at Hezbollah and expressed frustration with U.N. Secretary-General Kofi Annan for not prodding Syrian President Bashar Assad, one of the Lebanese militant group's main backers.

"I feel like telling Kofi to get on the phone with Assad and make something happen," Bush told British Prime Minister Tony Blair during a lunch at the G-8 summit in St. Petersburg, Russia.

"See, the irony is that what they need to do is get Syria to get Hezbollah to stop doing this s--- and it's over," said the president.

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Israeli Prime Minister Ehud Olmert also singled out Syria for prolonging the crisis by not stopping Hezbollah from firing rockets into northern Israel and not trying to persuade the group to free two Israeli soldiers captured in a cross-border raid last Wednesday.

In a speech carried live in Israel, Olmert denounced Hezbollah as "subcontractors for the axis of evil that runs from Tehran to Damascus" and said his nation was prepared for a long fight.

"We are not looking for war or conflict," Olmert told the Israeli parliament. "But when necessary we will not shy away from them."

In his speech, Olmert outlined his demands to end the crisis: Release of the two Israeli soldiers; expulsion of Hezbollah from the southern Lebanese border where militants are firing rockets into Israel; deployment of Lebanese troops in the area; and full disarmament of Hezbollah under unfulfilled U.N. resolutions.

"We are trying to neutralize their ability to rain terror on us," said Mark Regev, a spokesman for the Israeli Foreign Ministry. "Having said that, we understand that the long-term solution is not military, but diplomatic."

Regev suggested that Israel's military campaign had succeeded in laying the groundwork for peace talks by targeting Hezbollah and weakening its ties to Syria and Iran.

"If you have more energetic support behind the Lebanese government, that is a recipe for an improved reality," said Regev.

U.N. official Nambiar, conferring with Lebanese Prime Minister Fuad Saniora on Monday, called his meeting "a promising first start" but stressed that "much diplomatic work needs to be done before we arrive at any grounds for optimism."

Nambiar declined to discuss what idea he'll present to Israeli Foreign Minister Tzipi Livni when they meet on Tuesday. It wasn't clear whether he'd met with Hezbollah representatives.

Israel already has dismissed one idea proposed by Annan and Blair for the creation of an international force to be sent to the Israel-Lebanon border.

"We've got one force that has been quite a failure and that's UNIFIL," said Regev, referring to the 2,000-strong United Nations Interim Force in Lebanon deployed along the border.

Israel has demanded that Lebanon dispatch its troops to the border to rein in Hezbollah, a proposal that most analysts believe the weak Saniora coalition couldn't achieve.

Saniora again appealed for Israel to halt its punishing bombardment of Lebanon, which, in addition to killing scores, has created a growing refugee crisis. Thousands of Lebanese residents are heeding Israel's warning and are fleeing southern Lebanon.

Villages near the border with Israel were almost empty Monday, with officials estimating that 36,000 refugees have fled. Thousands more have left Beirut to shelter in villages and towns in northern Lebanon.

Diplomatic Solution Sought (USAT)

By Yaakov Katz Special For

USA Today, July 18, 2006

TEL AVIV, Israel — Diplomatic maneuvers to stem the growing crisis in the Middle East intensified Monday as attacks on Lebanon by Israeli warplanes and artillery continued and the regional death toll topped 200.

As the violence entered its sixth day, United Nations envoy Vijay Nambiar reported “promising first efforts” after meetings in Beirut with Lebanese officials. Nambiar's U.N. team planned to travel to Israel and meet today with Israeli officials.

As the Group of Eight (G8) summit of nations ended in St. Petersburg, Russia, U.N. Secretary-General Kofi Annan and British Prime Minister Tony Blair called for sending international forces to southern Lebanon to create a buffer between the Hezbollah militia and the Israeli border. The European Union also backed the idea.

No immediate diplomatic breakthrough was apparent. Hezbollah legislator Hussein Haj Hassan dismissed cease-fire proposals as “Israeli conditions” that give Israel more time to pummel Lebanon.

In a speech to the Israeli parliament, Prime Minister Ehud Olmert insisted on the return of two soldiers kidnapped last week by Hezbollah, an end to rocket attacks on Israel and the deployment of the Lebanese army along the Israeli border. “We shall

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continue this (military operation) until Hezbollah does the basic and fair things required of it by every civilized person," Olmert said.

Olmert did signal a potential softening of Israel's demands for a cease-fire. He did not insist that Hezbollah be dismantled, a previous Israeli condition.

At the United Nations, U.S. Ambassador John Bolton questioned whether a new multinational force in Lebanon would be any more successful than the U.N. force that has been there for 28 years.

At the G8 meetings, President Bush — unaware that a microphone was picking up private comments to Blair — complained that Annan was focusing too much on a cease-fire rather than on efforts to pressure Iran and Syria to discourage Hezbollah violence.

Bush also suggested Secretary of State Condoleezza Rice may soon head to the Middle East. Rice said Sunday she was considering such a mission. State Department spokesman Sean McCormack said Rice planned to travel to the region but was unsure when.

Pentagon spokesman Bryan Whitman said a commercial ship possibly escorted by a U.S. destroyer will start evacuating Americans from Lebanon to Cyprus today. The ship can carry 750 at a time. There are about 25,000 Americans in Lebanon.

Thousands of foreigners were fleeing to Cyprus, some by road to Syria, others waiting for spots on U.S. and European ships. "I don't feel in that much danger," said Stephen McInerney, 31, of Southern Pines, N.C. He is a student at the American University of Beirut and registered to be evacuated. "But if things get worse, there might not be a way to get out."

G-8 Leaders Ponder Action In Lebanon (WT)

By Nicholas Kralev And Betsy Pisik

The Washington Times, July 18, 2006

World leaders wrestled yesterday with the idea of deploying an international security force to southern Lebanon, but the United States said it would wait until a United Nations team returns from the region later this week before deciding on the best way to tackle the crisis.

The State Department said that the Group of Eight nations, which concluded their annual summit in Russia, found the concept of a security force "attractive," but there are "many, many different questions" to be answered first.

The force would be deployed to help enforce a cease-fire between Israel and the militant group Hezbollah.

"We want to hear back from the U.N. assessment team that's traveling in the region about what combination of a security-monitoring presence -- what, combined with Lebanese armed forces -- might provide a more secure, stable atmosphere," said State Department spokesman Sean McCormack.

He was vague about a potential trip to the region by Secretary of State Condoleezza Rice, saying she intends to travel "at some point in the future," but she wants to hear from the U.N. team first.

"Her goal in traveling to the region would be to try to further the diplomacy that would lay the groundwork for a lasting cessation of violence," he said. "What you don't want to do is you don't want to be back in the same position three weeks from now, three months from now, six months from now, where a group of extremists, terrorists and their backers can drag the region into a crisis."

Miss Rice is scheduled to travel to Asia next week, and Mr. McCormack did not indicate that she might change her plans.

A trio of U.N. envoys with long experience in the region has been shuttling between capitals, and last night the three were expected to carry some Lebanese proposals to the Israeli government.

The proposed international force could either be an extension of the existing U.N. peacekeeping mission in southern Lebanon, UNIFIL, or a U.N.-authorized effort that could temporarily serve beside it.

U.N. Secretary-General Kofi Annan appealed to governments "to make sure that we have the troops -- well-trained, well-equipped troops -- that can go in quite quickly" once the Security Council agrees on the details.

At the G-8 summit in St. Petersburg, President Bush was cautious in responding to the proposal for a security force, but German Chancellor Angela Merkel, French President Jacques Chirac and British Prime Minister Tony Blair backed the idea.

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Italian Prime Minister Romano Prodi said that his nation could contribute 8,000 troops to the effort, in addition to the 2,000 already in the region.

At the United Nations, Undersecretary-General for Political Affairs Ibrahim Gambari told the Security Council that Israel's bombing of Lebanon would energize the "most radical elements" in the region.

"We are now in a situation of open war. The consequences are serious and the impact is devastating not only on Lebanon and Israel but on the entire Middle East," Mr. Gambari said.

"We cannot see how this destruction contributed to the goal of ensuring that the government of Lebanon is able to exert its control over the country, particularly the south," he said.

The United Nations said that nearly 200 Lebanese civilians have been killed at least 500 injured by the Israeli shelling. It also said that tens of thousands of Lebanese have been displaced by the attacks, and thousands of foreign nationals are trying to get out.

Bush Plans Sending Rice To Mideast 'Pretty Soon' (WT)

By Joseph Curl

The Washington Times, July 18, 2006

ST. PETERSBURG -- President Bush said yesterday that he would send Secretary of State Condoleezza Rice to the Middle East "pretty soon" and expressed impatience with U.N. Secretary-General Kofi Annan's proposal of an immediate cease-fire as the solution to the escalating crisis in the region.

The diplomacy of the discourse at the Group of Eight summit in this Baltic Sea city was shattered when Mr. Bush was caught using profanity on an open microphone at a luncheon of the leaders of the eight major industrialized nations. The president was heard describing Hezbollah in vulgar terms.

Mr. Bush, nibbling on a buttered roll and ordering a Diet Coke as he chatted informally with the other leaders, gave a candid assessment of the Hezbollah terror campaign to Prime Minister Tony Blair -- using a familiar word describing excrement -- apparently unaware that a microphone nearby was live. Television networks, including CNN, aired the tape throughout the day, leaving the expletive intact.

"See, the irony is that what they need to do is get Syria to get Hezbollah to stop doing this [excrement] and it's over," Mr. Bush said.

The president and Mr. Blair voiced frustration with Mr. Annan, with Mr. Bush suggesting that the U.N. secretary-general thinks a cease-fire by itself will resolve the conflict.

"What about Kofi Annan? I don't like the sequence of it. His attitude is basically 'cease fire and everything else happens,' " Mr. Bush said.

Mr. Blair replied: "What does he think? He thinks if Lebanon turns out fine, if he gets a solution in Israel and Palestine, Iraq goes in the right way, he has done it. That's what this whole thing's about. It's the same with Iran."

But the prime minister cautioned, "The thing that is really difficult is you can't stop this unless you get this international presence agreed," a reference to the G-8 leaders' call for the United Nations to consider an international security force in Lebanon.

On his six-day trip to Germany and Russia, Mr. Bush repeatedly has accused Hezbollah, a militant Shi'ite group backed by Syria and Iran and based in Lebanon, of spurring the recent violence in the Middle East. He won concessions from other leaders yesterday, when the G-8 issued a statement condemning Hezbollah and acknowledging Israel's right to defend itself. But Mr. Bush continues to think that more pressure needs to be applied on Syrian President Bashar Assad.

"I felt like telling Kofi to get on the phone with Assad and make something happen. We're not blaming Israel, and we're not blaming the Lebanese government," Mr. Bush said.

Mr. Blair cautioned Mr. Bush about Miss Rice's expected visit to the Middle East when a U.N. team returns later this week. "If she's going ... she needs the ground prepared, as it were. See, if she goes out, she has got to succeed, as it were, whereas I can just go out and talk," the prime minister said.

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The unscripted comments were extraordinary given the highly choreographed nature of such summits, during which every movement by world leaders is broken down to the minute. The recording picked up Mr. Bush making small talk to other leaders as well. Expected to deliver remarks at the luncheon, the president said: "I'm just going to make it up. I'm not going to talk too damn long like the rest of them. Some of these guys talk too long."

Asked about the microphone mishap during his final briefing of the summit, Mr. Blair joked that it was "all about transparent government." He smiled and tapped the microphone in front of him.

The summit ended yesterday after world leaders unified to seek to halt the Middle East crisis, giving consideration to sending international peacekeepers to stop Hezbollah from bombing Israel.

Mr. Putin, closing the first G-8 summit in Russia, said his nation would contribute troops to a U.N. peacekeeping force. The European Union said it also was considering sending peacekeepers to Lebanon. France said it is sending Prime Minister Dominique de Villepin to Beirut to express support for Lebanon's government. French President Jacques Chirac said that "some means of coercion" may be needed to enforce a U.N. resolution that calls for the disarmament of Hezbollah and other militias in Lebanon.

Rice Plans Mideast Mission (AFP)

By Stephen Collinson

AFP, July 18, 2006

WASHINGTON - US Secretary of State Condoleezza Rice laid plans to visit the crisis-torn Middle East, as Washington refused to endorse calls for an immediate ceasefire between Israel and Hezbollah.

As one prominent analyst described Rice's prospective trip as a "mission impossible," the United States also organised the evacuation of thousands of US nationals from Lebanon.

State Department spokesman Sean McCormack confirmed Rice was preparing a visit, after President George W. Bush, in an unguarded moment caught on a microphone at the G8 summit, said she would go "soon."

McCormack said Rice wanted to hear from a United Nations crisis mission expected to report back to UN Secretary General Kofi Annan later this week before leaving.

"Her goal would be to further the diplomacy that would lay the groundwork for a lasting cessation of violence," he said, apparently seeking to downplay expectations for a breakthrough.

State Department sources said Rice was pondering whether to add a Middle East swing ahead of an already planned departure for Asia next week.

Though Rice's presence would kick diplomatic efforts into higher gear, it remained uncertain how she could immediately ease the crisis.

She has already cautioned her trip does not mean a return to the days when US secretaries of state zipped across the region brokering ceasefires.

"We first need a way ahead. Let's recognize that simply going in and shuttling back and forth if you don't know where you're trying to go is not going to help," Rice said on Fox television Sunday.

Washington again rejected calls for an immediate ceasefire after six days of fighting sparked by the kidnapping of two Israeli soldiers by Hezbollah.

"Nobody wants to see a cessation of violence done in such a way that you end up back where we are today at some point in the future," said McCormack.

A senior State Department official said on condition of anonymity meanwhile that "you have to take those steps where the government of Lebanon exercises control over its entire space and Hezbollah is dismantled."

Some analysts believe Washington wants to let Israel severely disable the militia group's infrastructure before backing a ceasefire.

It is uncertain whether Israel, locked with Hezbollah in an escalating spiral of violence, would end its action before then -- and there is no sign the Bush administration would press it to do so.

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With only a few exceptions, the Bush administration has been loath to delve into the minutiae of Middle East peacebrokering favored by former president Bill Clinton, for instance.

Some experts question whether Rice should risk her own prestige, given the long odds of pulling off a success, especially given the US refusal to talk to Iran and Syria, which it accuses of masterminding Hezbollah's action.

"I have to say from previous experiences that secretaries of state do not go on a mission impossible because then their credibility will be directly affected," said Martin Indyk, a former US ambassador to Israel.

"There doesn't seem to be any way in which she could put together a positive outcome in these kinds of circumstances," Indyk, now with the Brookings Institution, said.

The Bush administration has ostracised Syria, as part of its campaign to promote democracy in the Middle East and target autocratic regimes it says foment violence and hold back reform.

Washington is confronting Iran over its nuclear program and alleged support for Iraqi insurgents after a years-long diplomatic freeze, ruling out Tehran as a dialogue partner.

"You have a big problem when you can't talk to the Iranians, when you cannot talk to Hamas, you cannot talk to Hezbollah, and you have minimal contact with the Syrians," said Hisham Melhem, a journalist for outlets including Al-Arabiya at a Brookings forum on Monday.

Some observers also believe US leverage has ebbed as American prestige is battered by a bloody battle to control Iraq.

Indyk said Rice's best bet may be to wait to see the result of Israel's military action -- before putting her political capital on the line.

"I do think this cannot be ended without her intervention but it would be premature to do that (yet)," he said.

Battle In Mideast Widens U.S.-Russia Rift (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, July 18, 2006

ST. PETERSBURG, Russia -- The U.S. and Russia differ sharply on the causes and cures for the outbreak of Middle East violence, complicating the diplomatic response and further straining relations between Washington and Moscow.

The tension between President Bush and Russian President Vladimir Putin hung over this year's Group of Eight summit here, as the two sides traded jabs over whether responsibility lay with Israel or the Lebanese-based Hezbollah militia. It also heralded further diplomatic strains, because Russia's proposals -- negotiating with Hezbollah, pressing Israel to halt its offensive and resisting efforts to lay blame on Syria and Iran -- run counter to those of the U.S.

Mr. Bush offered a blunt prescription during a lunch meeting yesterday with other G-8 leaders, when a microphone accidentally left on picked up the president using an expletive to illustrate his belief that Syria bore responsibility. In an exchange with British Prime Minister Tony Blair, Mr. Bush said global powers had to "get Syria to get Hezbollah to stop doing this s-, and then it's over." Mr. Bush also told Mr. Blair he wanted to tell United Nations Secretary-General Kofi Annan "to get on the phone with [Syrian President Bashar] Assad and make something happen."

The divide came to a head during a tussle over a Russian attempt to have the summit formally condemn Israel's assault on Lebanon. After the U.S. blocked the move, Russia stymied a U.S. effort to include language specifically linking Syria and Iran to the violence. Ultimately, the G-8 statement on the Middle East expressed the leaders' "determination to pursue efforts to restore peace," but didn't address differences between the U.S. and Russian approaches.

Still, the U.S. and Russia have some common ground, with both expressing cautious support for an emerging proposal to send an armed international force to the Israel-Lebanon border. "The G-8 will ask the U.N. Security Council to consider sending an international peacekeeping force to Lebanon...and I hope the United Nations Security Council will take this decision," Mr. Putin said. He said Russia would consider sending troops to a U.N.-created force.

Disagreement over Mideast violence is a new irritant in the rocky ties between the U.S. and Russia. Despite round-the-clock negotiations, the two sides failed last week to reach agreement on a deal that would allow Russia into the World Trade Organization, a priority for Mr. Putin. The leaders also had tense exchanges about Russia's record on democracy and human rights. And Mr. Putin publicly mocked U.S. progress in Iraq.

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Today's Mideast dispute reflects each country's positions on the decades-old Arab-Israeli conflict, but U.S. officials say it is being fueled by Russia's desire to challenge the U.S. on a variety of fronts to demonstrate its resurgence as a global power. A senior U.S. official said Russia's position also reflects Moscow's growing business and financial ties with Iran.

While the gap between the U.S. and Russia looks to be widening over the Middle East, the summit seemed to chart new agreement between the U.S. and its European allies, who often find themselves on opposite sides of the Arab-Israeli conflict.

None of the European countries backed Israel as strongly as the U.S., and several mixed condemnations of Hezbollah with expressions of concern about the scope of the Israeli offensive. Still, the public statements of most G-8 leaders seemed closer to Mr. Bush's than Mr. Putin's.

French President Jacques Chirac, in an appearance with Mr. Bush, emphasized the need for "to-the-letter implementation of Security Council Resolution 1559," which calls for Hezbollah to be disarmed. Mr. Blair echoed American language accusing Iran and Syria of contributing to the violence through military and financial support of Hezbollah.

Mr. Putin's denunciation of the Israeli offensive could open him up to charges of hypocrisy in his views in the war on terror, given Russia's crackdown on Chechnya, where Russian forces battling Islamic separatists have killed thousands of civilians. Mr. Putin's public statements make clear that he sees Hamas's and Hezbollah's battles with Israel as predominantly political in nature, while he sees the Chechens' attacks on Russia as religiously inspired terrorism.

The U.S. has rejected Arab and European appeals to pressure Israel to halt its counteroffensive and has condemned Syria and Iran for supplying arms and financial aid to the Shiite militia. The U.S. wants Lebanon to fulfill the U.N. resolution calling for Hezbollah to be disarmed and has called for international pressure on Syria and Iran to curtail support for the group.

"For the first time we've really begun to address with clarity the root causes of the conflict...and that is terrorist activity -- namely, Hezbollah, that's housed and encouraged by Syria, financed by Iran, are making these moves to stop the progress of peace," Mr. Bush said.

Russia argues that the root cause of the current violence is Israel's occupation of Palestinian territory in the West Bank and Syrian territory in the Golan Heights. Moscow has criticized Hezbollah for abducting Israeli soldiers and striking northern Israel, but it broke with the U.S. by condemning the Israeli military attacks as excessive and disproportionate. Mr. Putin also said that there is no definitive proof that Syria and Iran have continuing ties to Hezbollah.

Mr. Putin's government also has laid out a different set of responses. Speaking to reporters in recent days, Mr. Putin has said his government has held back-channel talks with Hezbollah and would be willing to hold formal negotiations with the group, as it does with the Palestinian militant organization Hamas.

Bombings Bring Season Of Fear To Seaside Resort (NYT)

By Hassan M. Fattah

The New York Times, July 18, 2006

TYRE, Lebanon, July 17 — Just a week ago, Tyre was an idyllic seaside town on the Mediterranean Sea, a fledgling tourist spot with everything from scuba diving to fishing cruises, populated by a mixture of Christians and Shiite Muslims.

Posters herald a concert by Nancy Ajram, one of the hottest pop singers in the Arab world. But this town is also the gateway to Hezbollah country, where Hezbollah controls everything from local administration and schools to security. Hezbollah has its footprint everywhere here, from its signature yellow banners to portraits celebrating fallen martyrs.

So since the current conflict began, Israeli aircraft have sought to bomb Tyre and the area south of here into submission, while refugees fleeing the bombing have turned the town into a way station on the path to safety in the north.

“This is a war of nerves,’’ said Khalid Mehdi, 50, a fisherman who sat near the city’s harbor with several of his friends on Monday in a rare moment of quiet. “Don’t be fooled by quiet. Be afraid of it.’’

On Saturday and Sunday, Israeli warplanes carried out their heaviest bombing yet of southern Lebanon, and there was enough horror to go around. On Sunday, at least 10 people, including children, were killed when a bomb aimed at the civil defense headquarters here demolished the top two floors of the building. Their mangled bodies were pulled out of the rubble on Monday.

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Not far from here, near the village of Marwaheen, a van filled with fleeing families was bombed Saturday, and 16 of the 20 aboard were killed. And on Monday afternoon, a bomb fell near an irrigation canal on the edge of the city where three children were swimming, severely wounding them. Hours later, another group of children was wounded in a nearly identical incident. Late Sunday, a residential building adjacent to the Amel Hospital on the outskirts of town was bombed repeatedly, local residents said.

The bombing feels sporadic — an apartment demolished in one part of town, a home bombed in another, a residential tower abutting a hospital destroyed — but for many that only rattled nerves further.

"If there were heavy bombing you could find ways of avoiding it,'' said Mr. Mehdi, who was jailed by the Israelis when they occupied southern Lebanon in the 1980's.

At the Amel Hospital, Dr. Ali Mroue took stock of what he had seen in recent days: decapitated bodies, severe burns, disfigured faces. The hospital has lost 25 patients, he said, but saved 100.

But most of all, he lamented the death of a 2-year-old girl, whom he tried desperately to save. She had severe burns on half her body, internal bleeding and her eyes were perforated, but she fought to live, he said.

"She was a mere child," he said, as his voice cracked. "She had nothing to do with this. Maybe you can accept the death of an adult, but she had so much ahead of her.''

He was surrounded by families that rushed to the hospital for care and stayed there for safety. Hundreds of men and women lay in the hospital basement, not sure where to go or when they could return home.

"We drove and drove, and the bombs kept coming behind us,'' said Saada Ashour, who raced here with her family of five from the nearby town of Shaqra. "We hoped the United Nations would help us, but they did nothing.''

Ali Khalil's family was in his aunt's house when a bomb hit it on Saturday morning, he said. Some in the family rushed to the hospital in a convoy of three cars with several of the wounded. The rest decided to camp out in the basement.

But even the protection of the hospital did not prove strong enough when warplanes hit a residential tower adjacent to it on Sunday evening, bringing the structure down. Several bodies were still buried beneath the rubble Monday.

"We only ask one thing: keep the hospitals out of this,'' said Dr. Mroue. "We just want to do our job and help the people.''

The sight of ambulances screeching through the city was so disturbing to residents that Muhammad and Ahmed, two ambulance drivers who gave only their first names, decided to park on a side street under the trees Monday, awaiting emergency calls rather than cruising the city looking for them.

"We're trying not to drive through any of the cities," said Muhammad. "It is just too difficult for the people to see them, so we have decided to stay here.''

Tyre was cut off from the rest of Lebanon on Monday as the Israeli bombings of bridges and roads have turned this city into a virtual island. To leave here, residents have had to take back roads, dirt roads and makeshift bridges to cross the valleys and streams. The obstacles have turned a two-hour drive to Beirut into a daylong trip through the Shouf mountains over twisting roads marked periodically with signs commemorating ambushes of Israeli soldiers.

Many residents, acting on Israeli warnings in leaflets dropped over the area, gave up their stand Monday and decided to brave the drive. A seemingly endless line of cars, packed with families and piled with bags, crossed the mountain passes leading out of here.

Mr. Mehdi was one of those who stayed behind. The cost of a trip to Beirut had reached $500, an impossible sum for someone of his means, he admitted. But even if he could, he would not leave, he said, because he had to defend his home.

"I'm better off dying here,'' Mr. Mehdi said, as a fighter jet broke the evening quiet overhead. "You can't go to hell from here because you already are in hell.''

In Israel's North, Waiting Out Rocket Attacks (NYT)

By Greg Myre

The New York Times, July 18, 2006

NAHARIYA, Israel, July 17 — As members of the Siboni family whiled away Monday afternoon in lawn chairs just outside their bomb shelter, knitting, smoking and reading the Torah, Hezbollah's rockets suddenly fell with their signature thump.

"Go inside, go inside," advised Talia Siboni, age 2, who was clutching her doll. "This really scares me."

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The family swiftly complied, and over the next hour the thunder of eight crashing rockets was audible in this coastal town, several miles south of the Lebanese border.

With Hezbollah firing rockets on northern Israel for a sixth straight day on Monday — including one that destroyed part of an apartment building in nearby Haifa — tens of thousands of Israelis in the region remained holed up in bomb shelters that, while apparently rocket-proof, are hot and uncomfortable.

In this part of the country, where Hezbollah rockets have been a threat for decades, taking cover in bomb shelters has become as commonplace as bracing for a hurricane is in Florida.

This time, many families have evacuated to the south, waiting out the fighting with relatives. Of the 12 families in the Sibonis' four-story apartment building, 9 have left.

But Shlomo Siboni, a 45-year-old retired army major, offered a typical Israeli response when asked why his family was staying: "This is my home. Why should I leave? And besides, something could happen to you anywhere in this country."

The shelters are simple concrete boxes with minimal facilities that usually include bunk beds that fold out from the walls, a toilet and a sink. Electricity allows for cooking on a hot plate, watching television and running a fan.

The Sibonis use a shelter on the ground floor of their building, though most are typically in basements. Most larger apartment buildings have their own shelters, and local governments also provide them.

As the days drag on, tedium sets in, increasing the temptation to spend time outside, particularly for restless children. Mr. Siboni said that he made occasional trips to the store, and that the family had been going upstairs at night to sleep in their third-floor apartment.

When two rockets suddenly landed back-to-back in the distance, Talia offered her own analysis: "The eggs are breaking, the eggs are breaking."

Mr. Siboni said he and his wife, Kathy, tried to explain the rockets to Talia by saying they were falling eggs that belonged to the egg delivery man. For now, Talia seems to accept that, though she periodically asks, "How do the eggs fly?"

Ms. Siboni's sister and her family of five visit each summer from Los Angeles for a month or more, and this year they arrived just in time for the rocket barrage. After two days, they retreated to the safety of Tel Aviv and are planning to return home, Ms. Siboni said.

As the rockets hit Monday, the family was joined in the shelter by their neighbor, Avraham Daniel. He was praying in a nearby synagogue last Thursday when a Katyusha landed outside, shattering the windows and showering him with glass.

"They took a few pieces of glass out of my head at the hospital and told me to stay and lie down, but I came home," said Mr. Daniel, 60.

A grown daughter has urged him to stay with her in Tel Aviv, a little over an hour away by car and out of rocket range. But Mr. Daniel has refused.

"I've lived in this apartment for 35 years," he said. "I'm a Katyusha veteran. I know how to take care of myself."

Communities in northern Israel have a well-developed game plan for helping their residents when the rockets fall. The town hall in Nahariya has a 24-hour hot line, and municipal workers in flak jackets carry food, water, medicine and even diapers to families running low on supplies in the shelters. The elderly are transported to senior citizens' homes in safer regions.

The town also organizes activities inside the shelters. Singers from around the country give impromptu concerts. Artists set up craft centers for painting and woodworking. Soldiers are sent to entertain children.

"Unfortunately, we are all too familiar with this," said Galia Mor, a spokeswoman for Nahariya, which has about 60,000 residents.

While communities farther north have had bomb shelters for many years, the government ordered all homes in Israel to have safe rooms after the Persian Gulf war in 1991, when Iraq fired dozens of Scud missiles into the country.

Still, the past two days have brought an ominous new development, with Hezbollah firing rockets much more powerful than the Katyushas it has been launching for more than two decades.

Since Sunday, at least 20 rockets have hit in or near Haifa, a major port and Israel's third largest city, which is about 20 miles south of the border. While many homes in Haifa have some kind of bomb shelter arrangement, the city had never been hit until last Thursday.

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On Sunday, one of the new rockets killed 8 workers and wounded 20 at a maintenance building in the railroad yard in Haifa. On Monday, a rocket slammed into the top floor of a three-story residential building, destroying apartments on all three floors on one side of the building. One person was critically wounded and at least five others were hurt, the police said.

On Monday, much of Haifa was empty. As Mayor Yona Yahav surveyed the damaged apartment building, he said people did not need to leave the city, but he urged them to remain inside. The city was trying to maintain some semblance of normality and the port was operating, he said. Still, he acknowledged the potential damage to the local economy.

"Hundreds of thousands of people come every summer to festivals here," Mr. Yahav said. "Without this, our local economy will be hurting."

Vacationers In Beirut Resume Holidays In Hospitable Cairo (WSJ)

By Yasmine El-Rashidi And Mariam Fam

The Wall Street Journal, July 18, 2006

This week, 28-year-old Majdi al-Ansaari and two of his cousins, all from Saudi Arabia, found themselves heading to Cairo as their Beirut vacation was cut short by Israeli bombing. His family used to spend two full months each year vacationing in the Egyptian capital. But since the end of Lebanon's civil war and the revival of Beirut, the clan had started spending half its vacation in Lebanon's increasingly lively capital.

In Cairo, Mr. Ansaari met up with more than a dozen other family members -- plus drivers and nannies -- who had been planning to travel to Beirut next week. Mr. Ansaari says he has vowed to make the best of it. "Cairo's cool and fun, but different," he said. "Beirut is like going to Europe... the girls and the nightlife."

He's especially disappointed to miss several concerts that had been on the Beirut calendar, including one by the rock group Deep Purple. "It's not the same. Beirut is hard-core partying. Cairo is like 20 years behind," he said.

The Middle East has seen a tremendous increase in tourism in the past several years, with a resurgent Beirut one of the industry's biggest destinations, especially in August. The travel surge has been driven by higher oil revenues in the region and the increasing desire of many Middle Easterners to vacation within the region. Travelers from the Persian Gulf states -- fleeing the scorching heat of the summer desert -- often divide their summer vacation time between Lebanon and places such as Syria and Egypt.

After a long climb back from civil war, Lebanon had restored and renovated its war-torn capital, re-establishing European-style restaurants and bars, and the freedom to dress skimpily and drink alcohol. Lebanon's tourism industry had been forecast to hit 6.2% growth this year, accounting for approximately 15% of the nation's $23.7 billion gross domestic product, according to a recent report released by the World Travel and Tourism Council. Arrivals had increased almost 50% so far this year, compared to last.

The industry was expected to generate 175,000 jobs in Lebanon this year, accounting for 11% of total employment in the country. According to the Lebanese Tourism Ministry, 1.6 million tourists -- half from Arab countries -- were expected to spend up to $2.5 billion in 2006.

Now Lebanon's ports and airports are closed in the wake of heavy Israeli bombing that also is bringing havoc to its tourism industry. That's bound to put a big dent in Lebanon's vulnerable economy, already burdened by $40 billion of foreign debt.

Nearby Damascus, the capital of neighboring Syria, rapidly filled with tourists exiting Lebanon in a hurry this week. Badriya Youssef, a 50-year-old tourist from Kuwait, said she was vacationing at her family's recently finished home in Lebanon near Beirut, when she heard the sound of echoing explosions. "Our house shook," she said. "We didn't expect anything like this to happen. We wouldn't have taken this vacation if we had."

Ms. Youssef tried to wait out the conflict, but when the violence showed no signs of abating, she headed for Syria on Sunday with her daughter and relatives and friends. "It came to the point where we were not even able to sleep at night. We could hear booms everywhere," she said. "We felt things might get better and we could continue our holiday. But it just kept on getting worse… You have to fear for yourself."

"May God get us out of this pinch," she remembers murmuring on the way. "And he did," she said.

Ms. Youssef plans to go to London for the second half of her vacation.

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Thousands of summer tourists who were scheduled to arrive in Beirut in the coming weeks now have other plans. Many of those traveling from the countries of the Persian Gulf will end up in Egypt. That's welcome news for Egypt's tourism industry, which itself has been battered by violence in recent years, including two bombings in the Red Sea resort of Sharm el Sheikh.

Mohamed Abu Bakr, known as Amm Mohamed, a porter in a building in a residential neighborhood overlooking the Nile, says he has made 32 times his monthly salary in the past two days, locating apartments for Saudi Arabian families who have suddenly switched their vacation destination from Beirut to Cairo.

Many landlords of buildings in the neighborhood where he works are eager to lure back Arab tourists who once were attracted to Egypt by its bustling nightlife and relatively cool summer weather. "Landlords know they can make all their fortune in the summer when the Arabs arrive," Mr. Abu Bakr said.

They pay him a finder's fee of as much as $500. He says he just sealed another deal, typical of the ones coming his way: a Saudi family that was planning to leave Cairo and join friends and family in Beirut for the second half of their vacation. "Instead, they extended their lease for the month of August and guided two other families to me as well," he said.

The summer months once guaranteed the arrival in Cairo of rich Arabs from countries such as Saudi Arabia and Kuwait. They would show up in groups of 10 or 20, with nannies, household staff, and 20 or 30 pieces of luggage. Some own property in the city, but many rent apartments or take up entire floors of hotels. Even in the pre-oil-boom days, the weak Egyptian pound, which now stands at about 5.70 to the dollar, meant the city offered a place where Gulf-state tourists could come and spend lavishly and be treated like royalty. Cairo's nightclubs, Nile-side restaurants and all-night cafes have long offered an escape from the confines of the conservatism widespread across the Gulf.

But in the past few years, Cairo has faced competition from a reviving Beirut, which spruced up its nightlife and fashioned itself into a hip vacation spot complete with clubs and bars and the freedom to go with it.

That suddenly changed last week. In Saudi Arabia the Al-Tayyar travel group was just one of many agencies that reported a slew of cancellations. At this time of year, up to 3,000 Saudis leave for Beirut from the Kingdom alone, said a travel consultant for Saudi Arabian airlines. Many travel to Beirut from Cairo or from stopovers elsewhere, such as neighboring Dubai. Many Egyptians also have chosen to holiday in Beirut as a more-affordable alternative to Europe.

Now, for Egyptians involved in the service industry, business prospects are suddenly booming. Luxury Car rental operator Maged Ahmed says that this past week the last six vehicles of his 16-car fleet were snapped up, including the car he normally uses. "I'll be using taxis for the rest of the summer," he says. Mr. Ahmed, who says his mobile phone is his office, attracts business by distributing business cards around popular buildings and hotels, such as the Ramses Hilton hotel and Safir apartment-hotel. "I knew right away and sent a messenger boy down to Safir to pass out more. All the Arabs there would for sure have relatives coming back to Cairo or coming here instead."

In Syria many tourists are now in transit -- some heading back home from Beirut, traumatized by the experience of war. In one luxury Damascus hotel, a Qatari sheik and his traveling clan of 12 are taking a few days of down time before heading to Cairo. Their Beirut plans were canceled, and instead they have booked a wing of a downtown Cairo hotel.

'Rockets Do Not Discriminate' (WP)

By Scott Wilson

The Washington Post, July 18, 2006

NAZARETH, Israel, July 17 -- The rockets landed in darkness on either side of this sacred city, long considered out of range and off-limits for the radical armed groups that have bombarded Israel's Galilee region from south Lebanon.

Out of range because Nazareth lies across a hilltop more than 20 miles south of the Lebanese border, where Hezbollah gunmen set off a new war last week by capturing two Israeli soldiers and killing eight others. Off-limits because, like the people firing the rockets, most of the residents here are Arabs.

Amin Abu Taha, a dentist with two teenage children, worried as he took a midday break outside a coffeehouse along Paulus VI Avenue. "Israel is the most powerful state in the Middle East," he said, sweating in the summer heat. "But rockets do not discriminate. This is an old story that must be resolved."

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The barrage around midnight Sunday caused no casualties and it remained unclear whether Hezbollah intended to hit Nazareth or the nearby Jewish town of Nazaret Ilit. But the explosions prompted feelings of fear, despair and a touch of pride here in Israel's largest Arab city.

Conversations along Paulus VI Avenue, empty of the Christian tourists who come to the place known as the home town of Jesus, also highlighted the peculiar place that Arab citizens hold within the Jewish state, especially in times of war. "From a political perspective, we have no impact," Abu Taha said. "And we know it."

The roughly 1.2 million Arab citizens of Israel -- one-fifth of the population -- do not serve in the army, now engaged on the northern and southern borders. They have slim representation in parliament, and receive scant government support for the kind of bunkers and warning systems that have been well used in other northern Israeli cities since the fighting began.

The people here also have far fewer places to flee than the Jewish residents of northern Israel, thousands of whom are heading south to family and friends to wait out the war. For many of the 75,000 Arabs of this city, their only family is in Lebanon -- where, since the 1948 Arab-Israeli war, they have lived in refugee camps and cities that now may be under Israeli attack.

Along streets and in market stalls abuzz with radio news broadcasts, opinions ranged Monday from fear that Hezbollah would target the city center to rage at other Arab nations for not joining the fight against Israel. Despite the rocket attacks, Nazareth remains a restive exception in a country that has largely rallied around the attacks inside Lebanon.

"We heard explosions in the night, but we had nowhere to go," said Yihiya Sotari, 44, who for three decades has sold taped Islamic sermons, tracts and prayer beads from a market stall. "In Jewish towns you have shelters and sirens, but here you have nothing," he said. "When it comes to security matters, it is an issue where the Arabs have no say. It is a Jewish-only issue."

Sotari is a native of Nazareth, now raising six children. But his extended family has lived in Lebanon since they fled the village of al-Mujaydil during the fighting in 1948. The town has since been given a Hebrew name, Migdal HaEmek.

Sotari's relatives settled in Baalbek near Lebanon's eastern border, where Israel carried out recent airstrikes targeting transmitters of al-Manar, Hezbollah's satellite television channel. He has not spoken to his family there since Israel's 1982 invasion of southern Lebanon, an operation that was also launched in response to rocket fire into the Galilee area.

With Koranic verses ringing out from the tape player behind his display, Sotari said he expected an Israeli attack on southern Lebanon following last Wednesday's cross-border capture of the two soldiers, whom Hezbollah leaders want to trade for Lebanese prisoners in Israeli jails. But he said he thought international mediation would follow.

"I don't know how or where it will end," said Sotari, whose 13-year-old son Mohammed helps him tend the stall.

After Iraqi attacks with Scud missiles during the 1991 Persian Gulf War, Israel passed a law requiring every new building to include a bombproof bunker. But most of the homes, apartments and office buildings here predate that regulation, and few of the centuries-old stone buildings that climb up the hillside from Paulus VI Avenue have shelters. There are no public bomb shelters here, although some schools plan to open up basements during air raids.

On the next hilltop, the largely Jewish town of Nazaret Ilit has a number of shelters.

"I have discussed the issue with the Ministry of Interior and the home front and they have said there is no money for them," said Ramez Jaraysi, the mayor.

The Basilica of the Annunciation, marking the site where Christian tradition says Mary received word that she would give birth to Jesus, looms above a warren of narrow market stalls. On Monday, they contained only idle merchants and their unsold clothes, souvenirs and CDs.

Omar Nasri, perched on a plastic stool in front of his display of clothing, tuned his radio to a Hebrew-language station that he said gave the earliest reports of rocket launches.

"Here now there are rockets, over there they have bombing," said Nasri, 34, who picked up a pair of socks and dropped them, to imitate the fall of bombs. "Nothing is in our hands. How will it end? Ask Olmert, ask Nasrallah," he said, referring to Israeli Prime Minister Ehud Olmert and Hezbollah leader Hasan Nasrallah.

Turn the radio to an Arab station, shouted a man who identified himself as Abu Ali, 60, another merchant. "Israel wants to destroy not only Lebanon, but the entire Middle East."

Waiting Anxiously For Word From Family (WP)

DOJ_NMG_0041524

By Anthony Shadid

The Washington Post, July 18, 2006

BEIRUT, July 17 -- The families started arriving at Shakib Arslan High School days ago, by car, van and bus from battered neighborhoods of Beirut and southern Lebanon. There were a few at first, some with only the clothes they were wearing. By Monday, the pilgrimage had brought more than 1,000. They threw frayed blankets, foam mattresses and cheap mats over dusty tile floors, staking claims to a sunlit courtyard that, in a capricious war, had become sanctuary.

"There's no way for any of us to know anything here," said Hassan Abdullah, whose mother and two brothers were trapped in the south. The wiry 24-year-old shook his head. "I just don't know anything about them."

In six days of Israeli strikes that followed Hezbollah's capture of two Israeli soldiers in a cross-border raid, more than 60,000 Lebanese have been driven from their homes, an estimate that officials acknowledged was conservative. The exodus has overwhelmed Lebanon's already feeble infrastructure, swamping schools, clubs, mosques and churches in the capital and its mountain hinterland. In a war many Lebanese suspect will last weeks, months or perhaps longer, the unknown sometimes inspires the greatest fear.

"We're praying for them to be safe," Abdullah, who was at the school with another brother, said of his family.

"God save them," added his friend, Ayman Ghannam, 26.

The exodus that has washed over Beirut has sharpened Lebanon's myriad sectarian divisions: At the high school, a Sunni Muslim family fought a Shiite family over their opinions of Hezbollah and the conflict. But in a campaign that has gathered momentum in the past day, traditional parties have come together -- Druze, Christian and Sunni -- to provide food, shelter, mattresses and clothes. Radio stations have pleaded for help for the refugees, and television stations have broadcast a scrolling bar appealing for donations. Activists have inundated friends with text messages and e-mails, seeking their help.

"They've been at each other's throats, and now they're coordinating. That's the essence of it," said Rabi Bashour, helping coordinate efforts with friends at two Beirut schools housing 750 displaced people. "In Lebanon, unity takes place when it's not about politics anymore. And it's not about politics. It's about the country getting through this."

With a dozen other people, some drawn from a social work organization, Bashour has helped distribute more than 400 packages of bread, cheese, tuna, canned meat and milk to families like Abdullah's. They have relied on donations: One friend called to say he was bringing 200 loaves of bread by car. For children, they have brought diapers, baby food and baby milk. A mobile clinic from the hospital at the American University of Beirut has provided medical care.

As they work, television stations -- al-Jazeera, al-Arabiya and Lebanese counterparts -- punctuate the day with reports of more casualties: On this day, 10 civilians were killed when an Israeli attack struck two cars crossing a bridge.

"It's like each one of us has his own moment of silence and goes on with work," Bashour said. "We have to go on."

While Lebanese factions have fiercely disagreed over the war itself, to a striking degree they have come together to help the displaced, who are mainly poor Shiite Muslims, Hezbollah's base of support. Supporters of Michel Aoun, a Christian leader who has a tactical alliance with Hezbollah, have been among the most energetic. But even the factions most at odds with Hezbollah -- the Druze led by Walid Jumblatt, for instance -- have come to their aid in his community's mountainous redoubt in the north.

"People are the same in hardship," said Ghassan Mahm, a Jumblatt follower in Barouk, a town in the Chouf Mountains, where more than 800 people have filled 40 schools perched along winding, misty roads.

Hussein Yaman left his village near Tyre on Thursday after a rocket fell 50 yards from his house. "Maybe God still likes us," he said. Yaman went first to western Beirut, but considered it too close to the bombing; his children could still hear airplanes. A day later, he took his children, ages 3 and 6, to eastern Beirut in his 1989 white Toyota. Again, too close. From there, he went to Byblos, a Christian coastal city north of Beirut also known as Jubayl, where he joined 180 people in the town's middle school.

"It was our luck we didn't get hurt," Yaman said.

Water bottles were stacked against the door, along with jerry cans filled by municipal authorities. Foam mattresses were spread on the floor in classrooms sometimes shared by three, four, even five families. Towels hung from the windows in lieu of clotheslines. Yaman was left angry by his exodus -- a journey he didn't choose. He was angrier at the war's toll.

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"We can build again. That's not a problem," he said. "It's the children. Until now, when my daughter hears an airplane, she starts crying. What's her guilt? What did the children and others do wrong?" As he spoke, he grew more agitated, shaking. "When do you think this war is going to end? When is this war going to stop? This is the question to ask."

He thought about his brother Abdullah, still in his village near Tyre.

"Maybe he's dead," he said. "I don't know."

The fears of the displaced are often driven by memories that two names evoke. One is Qana, the town where more than 100 civilians were killed when Israeli forces shelled a U.N. peacekeepers' post on April 18, 1996, in another bout of fighting between Hezbollah and Israel. The other is Marwaheen, where at least 16 civilians were killed last week in an Israeli attack on two cars fleeing the village. Those recollections justify their flight, mitigating what seems to be a sense of shame held by many for abandoning their homes and having to endure the indignities of seeking others' shelter.

"Marwaheen could have happened to us," Yaman said.

At the Shakib Arslan, neighborhood activists had handed out more than 1,000 packages of rice, soup, chicken, bread and cheese to the displaced, nearly all of them from the Shiite southern suburbs, which have endured most of the Israeli attacks in Beirut. "It's a mess," said Mohammed Ghali, one of the activists. Four or five families were sharing each classroom. A small pup tent was erected in the corner. On a hot plate, tea brewed. A web of wires powered the few television sets the displaced had brought.

Along one wall sat an elderly woman, a radio to her ear, as she strained, grimacing, to hear news from home.

"We're sleeping here on the ground," Ghannam said, pointing at the floor.

"This is what I brought," Abdullah said, pulling on his jeans, then an orange shirt embroidered with the words, "Day Sailor," which he said he washed each evening, hung to dry at night, then wore the next day. He turned his head.

"Look at the children," he said, as a young girl washed the floor with soapy water and a tattered broom.

Abdullah's mother and two brothers had left the Beirut neighborhood of Bir Hassan to visit Marwaheen last week. It was the kind of trip Lebanese often take, to spend part of the summer in their ancestral village. Abdullah had heard the news of the 16 people killed as they fled. He and others traded stories about the 100 villagers who had sought shelter at a nearby U.N. post, but were turned away. Rumors swirled: that the village's mosque was destroyed, that houses were rubble, that only shepherds had stayed after Israel ordered the town evacuated.

"I wish I could go, by helicopter or something, just to bring them home," said Rabab Hammadi, 27, whose grandparents, Mohammed and Hasna al-Hajj, both 80, were in another village next to Marwaheen. "But I know I can't."

She tried to reach them by cellphone, but with electricity cut in parts of the south, they couldn't recharge the batteries. The land lines weren't working. Her grandmother had high blood pressure, and she feared she was running out of medicine.

"I want to know if they're still alive or not," she said, her voice pleading. "Is it not my right?"

As she spoke, there was tumult in the corner, shouts of grief and anger. Friends rushed toward Abdullah and his brother, Ali, both of them pulling away instinctively. The friends grasped them again, trying to get them to chairs.

"Why?" Abdullah yelled. "Oh, my God!" his brother shouted.

The names of the victims from Marwaheen had just been read, one by one, on a television set up at the shelter. Abdullah's mother and two brothers were among the victims. Shaking his head, Ghannam, his friend, walked away.

"We can't tell his sisters," he said. "We don't want them to know."

Ghannam looked back at his friend, still crying. "There's no way he can get home."

Israel Says It Doesn't Plan To Occupy Lebanon (USAT)

By Thomas Frank

USA Today, July 18, 2006

HAIFA, Israel — Israel's offensive in Lebanon is a temporary campaign designed to weaken Hezbollah militants and establish a buffer zone between Israel and Lebanon, Israeli officials and experts say.

Israeli leaders “don't think we have the capability to destroy them,” said government spokeswoman Miri Eisin, referring to Hezbollah. “We're trying as much as possible to hurt them very badly.”

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Israel says it wants to end the missile attacks into northern Israel from Hezbollah positions in southern Lebanon. The offensive was triggered when Hezbollah guerrillas seized two Israeli soldiers and killed eight in a cross-border raid July 12.

Israel's goals go beyond trying to get back the two soldiers and stop the missile attacks, but stop short of a large ground invasion.

Israel plans to attack "primarily by air," limit ground attacks and avoid repeating its 18-year occupation of Lebanon that ended in 2000, Eisin said. "Israel has no intention of returning to Lebanon."

Israel wants implementation of a United Nations resolution approved in 2004 calling for Hezbollah to disarm and the Lebanese army to control the southern border. But the difficulty of disarming a large militia backed by Syria and Iran has put the focus on a more limited goal: forcing Hezbollah to withdraw from the southern Lebanon mountains, from which it has been firing rockets into Israel.

"I'd like to see Hezbollah disarm, but I don't see anyone volunteering for the job," said Shlomo Brom, a retired Israeli brigadier general and analyst at the Jaffee Center for Strategic Studies in Tel Aviv.

Israel is attacking Hezbollah targets directly. Its destruction of Lebanon's infrastructure — the Beirut airport, roads and bridges, which Israel calls munitions supply routes for Hezbollah — is intended to pressure the Lebanese government to clamp down on Hezbollah.

"The Lebanese government didn't act against Hezbollah because they calculated that it will cause them unbearable damage," Brom said.

Hezbollah's political organization has two seats in Lebanon's Cabinet and enjoys support among many of the country's Shiite Muslims.

"If you show them that the alternative is worse, that may push them to do something," Brom said.

Hezbollah has shown no sign of relenting, continuing to strike Israeli targets Monday.

The military strategy Israel has pursued aggressively is risky because its attacks have killed nearly 200 civilians in Lebanon. That's drawn criticism from some European leaders as disproportionate and may bolster Hezbollah efforts to be seen as "the defenders of Lebanon," Brom said.

Even Israel's short-term goal of stopping the Hezbollah rockets that have killed 12 Israeli civilians is uncertain. Hezbollah fired dozens of rockets at this port city Monday, the day after eight people here were killed in a rocket attack.

"Every part of Lebanon can be a launching area for this (Katyusha) missile. So to detect all missiles all around Lebanon and stop them, it's impossible by the air," said Maj. Gen. Yaacov Amidror, a former Israeli intelligence officer now at the Jerusalem Center for Public Affairs.

Experts say Israel's military campaign is a prelude to diplomatic efforts, which have started to gain momentum. The United Nations and the European Union have planned peace missions to the Middle East.

"There are no military solutions," said Shlomo Avineri, an analyst at Hebrew University of Jerusalem. "But military actions can change the reality on the ground and introduce new diplomatic solutions."

Back From The Brink (WP)

By E. J. Dionne Jr.

The Washington Post, July 18, 2006

The question in Israel's war with Hezbollah is not whether the Israeli government had a right to retaliate. It is whether there is a way of avoiding full-scale war in the Middle East.

Israeli Prime Minister Ehud Olmert responded to Hezbollah's attacks on Israeli soldiers because Israel has been trying to do what the world has told the Jewish state it had to do: live within internationally recognized borders and pull Israeli troops out from lands it came to occupy as a result of past military victories.

Ari Shavit, a columnist for the Israeli newspaper Haaretz, put the matter as well as anyone: "Israel is currently waging the most just war in its history," he wrote Monday. "Not a war of occupation, but rather a war of defense. Not a settlements war, but rather a Green Line war. A war over the validity of an international border that was drawn, defined and recognized by the United Nations."

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As it happens, Shavit is also critical of the Israeli government's handling of this war and suggests a unilateral 72-hour cease-fire to give the "international community" a chance to resolve the "problem of the northern border by nonviolent means." In the meantime, Israel could plan "thoroughly and meticulously" to defeat Hezbollah if everyone else's efforts failed.

I found myself sympathetic to Shavit's proposal in part because it might give the normally ineffectual players outside the region a chance to think through the disaster that is in the making.

For anyone who spent time in Lebanon in the mid-1980s, this struggle is a particularly toxic case of deja vu -- even if Olmert is trying to learn lessons from Ariel Sharon's failed effort to reorder Lebanese politics by way of Israel's 1982 invasion.

The law of unintended consequences seems to be an iron law in the Middle East. The most depressing view of 1982 and today now goes like this: The 1982 Israeli invasion did indeed destroy the Palestine Liberation Organization infrastructure in Lebanon -- initially to the satisfaction of many Lebanese Shiites tired of living under the PLO's thumb. Israel hoped that the Shiites, long forced to the bottom of the Lebanese class and religious heap, might be their allies in a new Lebanon.

But many unfortunate things happened on the road to that new Lebanon. One of them was the replacement of an older Shiite protest politics, rooted in secular leftist ideologies, with a new politics that grew steadily more religious and then more fundamentalist. Hezbollah became the dominant voice of this tendency. Under Hasan Nasrallah, Hezbollah's leader since 1992, the movement has used Iranian help and Syrian cooperation to become the most powerful voice of Shiite discontent.

And so, having rid Lebanon of the PLO, the Israelis now find themselves roughly a quarter-century later confronting a movement that is, if anything, more extreme and intransigent, powered by Tehran's deep pockets and its palpable interest, shared with the Syrians, in causing trouble. Talk about unintended consequences.

If there is any good news here, it is that parts of the Arab world -- particularly Sunni governments alarmed by Iran's use of Shiism in its reach for hegemony -- have criticized Hezbollah's provocations. But what will those reproofs mean on the ground? Olmert himself took a step toward a solution yesterday by telling the Israeli Knesset that the fighting could stop if two kidnapped Israeli soldiers were released and the Lebanese army took control of the country's southern border.

The most frightening aspect of this war is that the logic for escalation is far stronger than the logic for de-escalation. If Hezbollah's power is not severely degraded, Israel will remain vulnerable. But if Olmert wants to avoid Sharon's 1982 mistake of a large-scale occupation of Lebanon, what options does he have?

As long as Hezbollah continues to receive support from its Iranian patrons and its Syrian partners, it will be able to re-create itself, building on long-standing Shiite grievances. Absent such support, the movement would wither militarily. That argues for settling things once and for all with Iran and Syria -- which means wholesale war in the Middle East at a time when roughly 130,000 American troops are in Iraq.

This would be a calamity, which is why alarmism is the highest form of realism in this case. The "international community" cannot engage in its usual dithering. When British Prime Minister Tony Blair called yesterday for an international force to disarm Hezbollah, it seemed an impossibly impractical demand. But if there's something more practical than avoiding a full-scale regional war, I don't know what it is. And in this case, it will take a genuine international effort, not a narrow "coalition of the willing."

So let there be at least a brief cease-fire to let the world take account of the catastrophe on its doorstep.

Mideast Fighting Continues As Westerners Flee Lebanon Blair And Annan Call For International Intervention (WSJ)

The Wall Street Journal, July 18, 2006

BEIRUT, Lebanon -- Westerners fled by land, sea and air Monday as Israel sent ground troops into Lebanon briefly and Hezbollah rockets knocked down a three-story house in northern Israel. However, there were signs of movement on the diplomatic front to end the worst fighting in 24 years. 1

The exodus of tourists left downtown Beirut eerily silent, with the shutters down on fancy stores and restaurants in a stark reminder of the country's 1980s civil war. Israeli military officials said an airstrike in Lebanon destroyed at least one long-range Iranian missile capable of hitting Tel Aviv, where sunbathers, swimmers and paddleball players filled the beaches, determined to defy the guerrilla attacks.

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By nightfall Monday, 210 Lebanese had been reported killed in the six days of fighting, according to figures provided to The Associated Press by the national police. Nine civilians, including two children, died in an afternoon airstrike on a bridge near the southern port city of Sidon, Lebanese officials said. At least 24 Israelis have been killed.

Escorted by a U.S. destroyer, a cruise ship, the Orient Queen, was to begin evacuating some of the 25,000 Americans in Lebanon on Tuesday, joining U.S. military helicopters that have ferried about a score of U.S. citizens to a British base on the Mediterranean island of Cyprus. More helicopter transfers were planned Tuesday, a U.S. official said.

On the sixth day of its major offensive in Lebanon, Israel was allowing evacuation ships through its blockade of the country. France and Italy moved hundreds of nationals and other Europeans out Monday on a Greek cruise liner. An Italian ship left earlier with 350 people, and other governments were organizing pullouts by land to Syria.

Diplomatic efforts gained traction with Israel signaling it might scale back its demands. Israeli Prime Minister Ehud Olmert said fighting would halt only if Hezbollah, a Shiite militia that controls much of south Lebanon, pulls back from the border and releases the two soldiers whose capture last week triggered the Israeli offensive.

An aide to Mr. Olmert indicated the prime minister was ready to compromise on the question of dismantling the Islamic militant group. But the aide said Mr. Olmert might oppose a U.N. and British idea of deploying international forces to Lebanon.

The current U.N. force in southern Lebanon has proven impotent and a larger, stronger force could hamper any future Israeli attacks, should any deal fall apart. Israel wants the Lebanese government to patrol the south.

WALL STREET JOURNAL VIDEO

WSJ's Gerald Seib2 and Middle East military analyst Lt. Colonel Rick Francona discuss diplomatic solutions for the Mideast and what it would take for the U.S. military to get involved.

In an impassioned speech to Israel's parliament, Mr. Olmert said the country would have no mercy on Lebanese militants who attack its cities with rockets.

"We shall seek out every installation, hit every terrorist helping to attack Israeli citizens, destroy all the terrorist infrastructure, in every place. We shall continue this until Hezbollah does the basic and fair things required of it by every civilized person," he said.

Hezbollah's patron Iran, meanwhile, said a cease-fire and prisoner exchange would be acceptable and fair. Israel has ruled out releasing any prisoners.

But Hezbollah dismissed international cease-fire proposals as "Israeli conditions" and accused foreign envoys of allowing Israel time to continue its offensive.

U.N. Secretary-General Kofi Annan's special political adviser emerged from talks with Lebanon's prime minister to say he would present Israel "concrete ideas" to end the fighting.

"We have made some promising first efforts on the way forward," the adviser, Vijay Nambiar, told reporters, while warning that much work needs to be done.

One U.N. official said Mr. Nambiar's mission had "very useful discussions" with Lebanon's prime minister and parliament speaker -- an ally of Hezbollah's leader.

Despite Arab calls for an immediate cease-fire, the U.N. Security Council on Monday put off a response to the escalating violence to wait for the results of Mr. Nambiar's mission.

MILITARY CAPABILITIES

Meanwhile, the fighting went on.

Early Tuesday, Israeli warplanes renewed attacks on Beirut's southern suburbs, Hezbollah's Al-Manar television station reported. Warplanes also fired four missiles on the eastern city of Baalbek, witnesses said. Both are Hezbollah strongholds. There was no word on casualties.

Attacks by Israeli warplanes and big guns late Sunday and early Monday killed 17 people and wounded at least 53, security officials said. Israeli government spokesman Asaf Shariv said ground troops also entered southern Lebanon, attacked Hezbollah bases near the border and quickly returned to Israel.

Israel said its planes and artillery struck 60 targets in Lebanon overnight in retaliation for Sunday's 20-rocket barrage on Haifa, Israel's third-largest city.

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In the deepest-ever Hezbollah missile strike into Israel, Katyusha rockets struck the Israeli town of Atlit, 35 miles south of the border. Nobody was hurt.

Later, guerrillas fired three rocket barrages into the port city of Haifa, destroying a three-story building and wounding at least three people, Israeli medics said.

Late Monday, a further barrage of rockets hit northern Israel. Some landed in Haifa and one near a hospital in the northern town of Safed, injuring five people.

Israel also kept up pressure in the Gaza Strip as it searched for another soldier seized by Hamas-linked militants there. It bombed the empty Palestinian Foreign Ministry building for the second time in less than a week in what it said was a warning to the ruling Hamas party.

Cease-Fire Efforts Stepped Up (LAT)

By Laura King And Megan K. Stack

The Los Angeles Times, July 18, 2006

BEIRUT — Diplomatic efforts to end the Mideast bloodletting moved to the fore Monday, with Israel for the first time signaling willingness to accept a cease-fire based on a pullback of Hezbollah guerrillas from the volatile Lebanese frontier and the release of two captured soldiers.

Britain and the United Nations called for deployment of a peacekeeping force, a proposal Israel said would not stop Hezbollah attacks but would hamper the Jewish state's ability to strike back.

Even Iran and Syria, Hezbollah's primary supporters, appeared to join those searching for a way out of the raging 6-day-old battle between Israeli forces and the Shiite Muslim group that has left Lebanon's infrastructure in ruins and terrorized Israelis living under a hail of rocket fire.

The Tehran government called for a cease-fire, followed by a prisoner exchange, and Syria also promised to aid mediation efforts.

More than 200 Lebanese, almost all civilians, have died, along with 24 Israelis, half of them soldiers, since the fighting flared Wednesday. Monday's salvos included dozens of Hezbollah rocket attacks on Israeli communities, including the port city of Haifa, and Israeli airstrikes that killed at least 48 people across Lebanon.

Tens of thousands of Lebanese and foreign residents have fled to Syria and elsewhere, while U.S. officials began preparations for the first large-scale evacuation of American citizens today.

Adding impetus to efforts to resolve the crisis, the Bush administration announced that Secretary of State Condoleezza Rice would travel to the region in coming days, though without specifying a date.

Israel's apparent softening of its stance on truce terms, which included dropping a demand that Hezbollah be disarmed and dismantled, was conveyed by Prime Minister Ehud Olmert to his Italian counterpart, Romano Prodi, senior aides to Olmert said. But Israel is insisting that the guerrillas pull back about 20 miles from the frontier.

Israel was cool to the idea of an international peacekeeping force in southern Lebanon to bolster what has been a small and largely ineffectual United Nations contingent that Israel says has done little or nothing to challenge Hezbollah's control of the border zone. And there was widespread skepticism in Lebanon that Hezbollah, or Party of God, would agree to Israel's cease-fire conditions.

The Shiite militia has insisted that it will only consider direct negotiations with the Jewish state, and that it will only release the Israeli soldiers in exchange for Lebanese and other Arab prisoners being held by Israel.

Moreover, few Lebanese believe that Hezbollah would ever abandon the Israeli border unless the guerrillas were forced out militarily.

Israel and the Bush administration continued to lay full blame for the confrontation on Hezbollah and its patrons — with President Bush, in an unscripted declaration caught by an open microphone, using a pungent epithet to convey his conviction that Syria must be induced to rein in the Shiite Muslim militia.

Speaking to British Prime Minister Tony Blair at a luncheon at the Group of 8 summit outside St. Petersburg, Russia, Bush asserted that "what they need to do is get Syria to get Hezbollah to stop doing this shit, and it's over."

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It was Blair and U.N. Secretary-General Kofi Annan who proposed the deployment of an international peacekeeping force along the Lebanese frontier — a measure Israel characterized as premature.

"I don't think we're at that stage yet," said Israeli government spokeswoman Miri Eisin. "We're at the stage where we want to be sure that Hezbollah is not deployed at our northern border."

The Bush administration echoed Israel's reservations that peacekeepers would be insufficient to prevent Hezbollah from continuing attacks, yet would hobble Israel in responding militarily to any provocations by the guerrilla group.

Olmert, in a speech to Israel's Knesset, or parliament, insisted that Israel would press ahead with its military campaign until the two captured Israeli soldiers were freed, rocket fire against northern Israel ended and the Lebanese army secured the frontier.

"Israel will not be held hostage by terror groups, a terror authority or by any sovereign country," the Israeli leader declared.

Lebanon has suffered mightily under Israeli airstrikes, which continued to pummel the country Monday. Fewer midday explosions were heard in Beirut than on previous days, but Israel continued to hammer roads and highway bridges, as well as Hezbollah offices and residential buildings.

Israeli warplanes struck a bridge that links the southern port city of Sidon with Beirut, killing at least 10 people who were traveling in civilian vehicles, according to Lebanese media reports.

Local news reports said nine more bodies were found in the rubble of a rescue headquarters bombed over the weekend in Tyre, bringing the death toll in that blast to 25.

A Hezbollah-funded school and homes of Hezbollah officials were struck in the Bekaa Valley, according to media reports. Beirut's port and southern suburbs continued to be pounded from the sky, and Israel's army said it targeted rocket launching sites in southern Lebanon.

With the country languishing under total blockade, Beirut was beginning to suffer shortages of some supplies. Attacks on power plants and fuel storage tanks have left the electrical grid feeble and flickering.

...

"What Israel has been trying to do is take the country 50 years backward," he said.

The United Nations complained that bombing remained so relentless in the south that the flow of humanitarian aid had been stanched. Residents in the south said there was no bread, water or electricity, and that the roads were impassable.

"Heavy exchanges continue — they're firing rockets on this side and shelling from the other," said Milos Strugar, spokesman for the U.N. peacekeeping force in southern Lebanon. "People are stranded in their villages."

Hezbollah also kept up its attack, aiming dozens of rockets at Israeli towns and cities, penetrating deeper into northern Israel than before.

One barrage peeled the facade off a vacant three-story building in Haifa, the scene of Hezbollah's most lethal rocket attack a day earlier, which killed eight people; the city's busy commercial port was closed by the rocket fire. A barrage of rockets struck a synagogue in the northern town of Safat, injuring five people, and another rocket fell close to a hospital there.

In the deepest strike into Israel yet, Israeli officials said, Hezbollah fired rockets that landed in the town of Atlit, about 27 miles south of the frontier and five miles south of Haifa. No one was hurt, but the strike accentuated fears of Hezbollah's use of long-range rockets, supplied by Iran, capable of hitting Tel Aviv, 75 miles from the border.

Israeli authorities on Monday extended a state of emergency in northern Israel, which has been hit by about 800 rockets since the fighting erupted.

The Israeli military campaign in Lebanon has been overwhelmingly weighted toward airstrikes, but ground troops, mainly elite commando units, have been a sporadic presence inside southern Lebanon since the start of the campaign. An army spokesman said Israeli troops made a "very small incursion" overnight to dismantle Hezbollah positions, returning to Israel before dawn. No casualties were reported.

Foreigners and Lebanese alike are fleeing the warfare in burgeoning numbers. Syrian authorities reported that more than 100,000 people had crossed into Syria from Lebanon, forced to make the mountainous trek on back roads after Israel bombed the main Beirut-Damascus highway.

A commercial cruise ship was to begin ferrying out U.S. citizens today, under escort by a guided-missile destroyer.

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The ferocity of the fighting, which surged over the weekend, spurred efforts to find some mediated solution. In Beirut for meetings with Lebanese officials, Annan's special political advisor said he was prepared to give Israel "concrete ideas" to broker a cease-fire.

"We have made some promising efforts on the way forward," Vijay Nambiar told reporters, but quickly warned that "much diplomatic work" remained.

Talk of a cease-fire also came from an unexpected quarter: Iran, which the United States and Israel accuse of being the guiding hand behind Hezbollah.

Iranian Foreign Minister Manouchehr Mottaki, in Damascus for consultations with Syrian President Bashar Assad, opened the door to prospects of a cease-fire, which he said could be followed by an exchange of prisoners between Israelis and Muslim militants.

"A cease-fire could be pronounced which would be followed by an exchange," Mottaki said, referring to "dozens" of Lebanese prisoners and an estimated 2,000 Palestinian prisoners in Israeli jails.

The two nations, Hezbollah's primary backers, did not specify truce terms but said they would continue to work to mediate the crisis, while at the same time "condemning the Israeli aggression, and expressing solidarity and total support for the Lebanese and Palestinian resistance," according to the Syrian Arab News Agency.

"We need to reflect in a reasonable and just manner so that we can put an end to the crisis," Mottaki said.

The Iranian official accused Israel of deliberately provoking the crisis.

"Extensive attacks on Gaza Strip, detention of Palestinian ministers and members of parliament, destruction of residential areas and farmlands, taking the lives of innocent people including women and children … and smashing its economic infrastructures, bridges … show that the Zionist regime proceeded according to predetermined plans," Mottaki said in remarks quoted by the Islamic Republic News Agency.

Meanwhile, Iran lodged a letter with the United Nations Security Council bitterly contesting claims of Israel and the U.S. that Iran is behind Hezbollah's current assault, and railing against what it called Israel's "unbridled atrocities" in the Gaza Strip.

Clashes in Gaza continued, but on a far smaller scale than in Lebanon. Palestinians on Monday angrily protested the early-morning bombardment of the Hamas-run Foreign Ministry, which was hit for the second time since the Israeli offensive began June 28. Several other ministries have been hit as well.

The Gaza fighting, too, was sparked by the abduction of a soldier, 19-year-old tank gunner Gilad Shalit, during a cross-border raid June 25. Many Israeli strategists believe the deployment of thousands of Israeli troops in and around Gaza may have emboldened Hezbollah to carry out the raid that resulted in the seizure of two more soldiers on the Lebanese frontier.

King reported from Jerusalem and Stack from Beirut. Times staff writers Kim Murphy in Damascus, Paul Richter in Washington and James Gerstenzang in Strelna, Russia contributed to this report.

Senator Clinton Speaks Up For Israel At U.N. Rally (NYT)

By Patrick Healy

The New York Times, July 18, 2006

Speaking at a boisterous rally for Israel near the United Nations headquarters this afternoon, Senator Hillary Rodham Clinton said she supported taking “whatever steps are necessary” to defend Israel against Hamas, Hezbollah, Iran and Syria in the military conflict in the Middle East.

Senator Clinton, addressing a crowd of several thousand people, said the United States must show “solidarity and support” for Israel in the face of the “unwarranted, unprovoked” seizure of three Israeli soldiers by members of Hamas and Hezbollah, which she referred to as among “the new totalitarians of the 21st century.”

“We will stand with Israel because Israel is standing for American values as well as Israeli ones,” said Mrs. Clinton, who was joined by two dozen political and religious leaders on a stage along 42nd Street.

Mrs. Clinton, who is seeking re-election to the Senate and is considered a possible candidate for president in 2008, also compared Israel’s fierce response, which has included heavy bombardment of Lebanon, to a theoretical response by the United States if it faced attacks from neighboring countries.

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"I want us here in New York to imagine, if extremist terrorists were launching rocket attacks across the Mexican or Canadian border, would we stand by or would we defend America against these attacks from extremists?" Mrs. Clinton said to roars of approval.

"We will support her efforts to send a message to Hamas, Hezbollah, to the Syrians, to the Iranians," Mrs. Clinton said. "We will not permit this to happen and we will take whatever steps are necessary."

"It is a message that we want not only those in the Middle East to hear, but the world, because no nation is safe from these terrorist extremists," she said. "They do not believe in human rights, they do not believe in democracy. They are totalitarians, they are the new totalitarians of the 21st century."

Mrs. Clinton spoke for about two minutes and focused specifically on Israel and its citizens. She made no reference to a proposal, made earlier today by British Prime Minister Tony Blair and United Nations Secretary General Kofi Annan, for sending an international "stabilization force" to quell the fighting between Israel and Hezbollah in the south of Lebanon.

The event drew a who's who of New York City politicians, including Congressmen Jerrold Nadler and Anthony D. Weiner, City Council Speaker Christine C. Quinn, and two candidates for state attorney general, Andrew M. Cuomo and Mark Green.

Militia Rebuked By Some Arab Countries (NYT)

By Hassan M. Fattah

The New York Times, July 18, 2006

BEIRUT, Lebanon, July 16 — With the battle between Israel and the Lebanese militia Hezbollah raging, key Arab governments have taken the rare step of blaming Hezbollah, underscoring in part their growing fear of influence by the group's main sponsor, Iran.

Saudi Arabia, with Jordan, Egypt and several Persian Gulf states, chastised Hezbollah for "unexpected, inappropriate and irresponsible acts" at an emergency Arab League summit meeting in Cairo on Saturday.

The Saudi foreign minister, Prince Saud al-Faisal, said of Hezbollah's attacks on Israel, "These acts will pull the whole region back to years ago, and we cannot simply accept them." Prince Faisal spoke at the closed-door meeting but his words were reported to journalists by other delegates.

The meeting ended with participants asserting that the Middle East peace process had failed and requesting help from the United Nations Security Council.

It is nearly unheard of for Arab officials to chastise an Arab group engaged in conflict with Israel, especially as images of destruction by Israeli warplanes are beamed into Arab living rooms. Normally under such circumstances, Arabs are not blamed, and condemnations of Israel are routine.

But the willingness of those governments to defy public opinion in their own countries underscores a shift that is prompted by the growing influence of Iran and Shiite Muslims in Iraq and across the region.

The way some officials see it, Arab analysts said, Israel is the devil they know, but Iran is the growing threat.

"There is a school of thought, led by Saudi Arabia, that believes that Hezbollah is a source of trouble, a protégé of Iran, but also a political instrument in the hands of Iran," said Adnan Abu Odeh, a Jordanian sociologist. 'This school says we should not play into the hands of Iran, which has its own agenda, by sympathizing or supporting Hezbollah fighting against the Israelis."

Hanna Seniora, a Palestinian analyst with the Israel/Palestine Center for Research and Information, lauded the Arab opposition to Hezbollah on Sunday.

"For the first time ever, open criticism was heard from countries like Saudi Arabia, Egypt and Jordan against the unilateral actions carried out by radical organizations, especially Hezbollah of Lebanon," wrote Mr. Seniora, who favors coexistence with Israel and opposes radical Islam. "It became clear and beyond doubt that the most important Arab countries did not allow their emotions to rule their judgment."

The willingness of the leading governments to openly defy Arab public opinion, which has raged against Israel's actions in Lebanon and the Gaza Strip, underscores the readjustment of risks Arab governments say they face.

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It also reflects pressure from Washington on its Arab allies to stand against Hezbollah's actions, American officials said. At the Group of 8 summit meeting in Russia, President Bush and Secretary of State Condoleezza Rice noted with approval that a number of Arab countries had criticized Hezbollah.

That criticism could pressure Hezbollah to give up its weapons. It could also help American efforts to contain Iran.

"Who's benefiting?" asked a senior official of one of the Arab countries critical of Hezbollah who was granted anonymity because he was not authorized to speak publicly. "Definitely not the Arabs or the peace process. But definitely the Iranians are."

There may be no material proof of Iran's involvement in the conflict, the senior official added, but all indications point to an Iranian role.

Arab leaders have long been wary fof Iran. But with Iran exercising increased influence in Iraq and stirring the emotions of Arab and Muslim masses frustrated about the occupation of Iraq, the Palestinian-Israeli conflict and America's role in the region, fear of Iranian influence has increased.

"You have Hezbollah, a Shiite minority, controlled by Iran, working, and the Iranians are embarrassing the hell out of the Arab governments," said Riad Kahwaji, managing director of the Institute for Near East and Gulf Military Analysis in Dubai. "The peace process has collapsed, the Palestinians are being killed and nothing is being done for them. And here comes Hezbollah, which is actually scoring hits against Israel."

From its start in 1982, Hezbollah has relied on Iranian support and weapons, and logistical support from Syria. Iran has made no secret of its support for Hezbollah, and in recent months boasted to visiting scholars about providing it with missiles.

Israel has accused Iran of providing Hezbollah with sophisticated weaponry and said Iran's elite Revolutionary Guard has trained guerrillas in Lebanon. The Iranian Foreign Ministry spokesman, Hamidreza Assefi, brushed aside the accusations on Sunday. Mr. Assefi denied that Iran had trained guerrillas in Lebanon, and added: "It is not true that we have sent missiles. Hezbollah is capable enough. The Zionist regime is under pressure."

A number of Lebanese have also publicly complained about Hezbollah, saying its attack on Israeli soldiers last Wednesday was carried out unilaterally and has drawn the country into a conflict it did not seek.

At the Arab summit meeting on Saturday, Syria's foreign minister, Walid Moallem, lashed back at the critics of Hezbollah, The Associated Press reported, demanding, "How can we come here to discuss the burning situation in Lebanon while others are making statements criticizing the resistance?"

The countries supporting Syria included Yemen, Algeria and Lebanon.

In a speech broadcast on Sunday, Hezbollah's leader, Sheik Hassan Nasrallah, derided the Arab criticism. "It is clear that they are unable as governments and leaders to do anything," he said. "The people of the Arab and Islamic world face a historic chance to achieve a historic victory against the Zionist enemy."

Some in Beirut said they were deeply disappointed in their fellow Arabs. "I am ashamed of the Arabs," said Omar Ajaq, who with his family escaped the bombing of Beirut's southern suburbs to a shelter in central Beirut. "They are utterly useless. People are now betting on the resistance. We no longer have faith in Arab leaders."

From Arab Leaders, Sympathy For Civilians But Not Hezbollah (WP)

By Andy Mosher

The Washington Post, July 18, 2006

BAGHDAD, July 17 -- Nearly a week of fighting in Israel and Lebanon has prompted the two countries' Arab neighbors to express broad support for the civilians caught in the path of Israel's military assault and a measure of anger over the Hezbollah attack that triggered it.

In comments, news conferences and official statements, leaders from throughout the Arab Middle East have voiced concern over the plight of the people of Lebanon and their government, as well as for Palestinians in the Gaza Strip, the focus of an Israeli operation that is now ending its third week. A few countries -- notably Saudi Arabia and Jordan, both U.S. allies -- have made clear that their sympathy does not extend to Hezbollah and suggested that violence that followed Wednesday's raid into Israel by the Lebanese Shiite militia could -- and should -- have been avoided.

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In a statement issued Monday, the Saudi cabinet said that "some elements and groups have got loose and slipped into taking decisions on their own" but that Israel has exploited the situation "to wage a ferocious war against Lebanon and to imprison the entire Palestinian people."

The cabinet said that the Saudis supported "the legitimate and reasonable-minded national forces in Lebanon and occupied Palestine to combat these dangers to the Arab and Muslim nation." Though Hezbollah is a partner in the Lebanese government, the country's leaders have denounced last week's raid by the group.

...

Jordan's King Abdullah, meanwhile, continued to express support for the Lebanese and Palestinians. Speaking by telephone with Lebanese Prime Minister Fouad Siniora on Monday, he "expressed Jordan's solidarity with the Lebanese people in the face of the Israeli aggression," Jordan's state-run Petra news agency reported.

Abdullah, who over the weekend ordered more than 600 tons of aid to be sent to the Palestinians and Lebanese, has also been critical of the Hezbollah strike across Israel's border. On Friday, during a trip to Cairo for talks with Egyptian President Hosni Mubarak, Abdullah warned against "adventures that do not serve Arab interests."

Mubarak and Abdullah have called for an immediate, unconditional cease-fire in Lebanon. "Without a cease-fire, people continue to die, infrastructure is destroyed, the people are made homeless," Mubarak said during a news conference Sunday. "Therefore, I call on Israel to end the hostilities. War will not solve this."

But the reservations some governments have expressed about Hezbollah are not widely shared among the common people of the Middle East, said Abdel-Menem Mustapha, Egypt bureau chief of pan-Arab daily Asharq al-Awsat. Mustapha said that popular support for the movement and its leader, Hasan Nasrallah, is overwhelming throughout the Arab world and that the region's governments would be wise to take heed.

"The Arab street feels strong sympathy with Hezbollah and with Nasrallah," Mustapha said, "because its pride has been battered, and it is weary of decades of concessions made to Israel by Arab governments. Arab governments will have to rethink their criticism of Hezbollah if they don't want the chasm between them and their people to widen."

In Iraq, political leaders from a wide range of factions expressed unbridled support for the Palestinians and Lebanese, including Hezbollah.

On Saturday, Prime Minister Nouri al-Maliki, a Shiite, denounced Israel and warned of the dangers of escalating tensions in the region. Moqtada al-Sadr, the cleric who leads a rival Shiite group, accused Israel and its U.S. backers of "bombing and terror and flagrant aggression on the patient Lebanese people." And in an editorial Monday in the al-Mashriq newspaper, Sunni politician Hameed Abdullah called on all Iraqis to "support Nasrallah and stand by his side, and you will be closer to the angels in heaven."

Special correspondents Yasmin Mousa in Amman, Jordan, and Faiza Saleh Ambah in Jiddah, Saudi Arabia, contributed to this report.

Hizbullah Winning Over Arab Street (CSM)

By Dan Murphy And Sameh Naguib

The Christian Science Monitor, July 18, 2006

BAGHDAD AND CAIRO

With Israel's confrontation with Hizbullah and Lebanon lurching closer to all-out war, winds of anger are blowing through the Middle East that are likely to strengthen the political hand of radical Islamists from Egypt to Saudi Arabia.

Since the fighting began, at least 24 Israelis, 12 of them civilians, have been killed and at least 175 Lebanese, nearly all civilians. In recent weeks, about 200 Palestinians in Gaza have been killed in a separate showdown between Israel and Hamas, the Palestinian militant group who won power in elections earlier this year.

The confrontation - coupled with the rising civilian toll - also poses a serious threat to US interests in the region.

Islamists who are hostile to Israel and the US - and to their Arab allies who have criticized Hizbullah - are shoring up support, increasing the chances they will seize power if the elections President Bush has urged for the region take place.

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Iran is making new friends, as is Syria. And if history is a guide, a new wave of outrage could bring new recruits to terrorist groups, much as Israel's occupation of parts of Lebanon in 1982 fueled the rise of Hizbullah.

Last Friday, Mr. Bush called Jordan, Egypt, and Saudi Arabia - America's closest Arab allies - and urged them to help defuse the crisis. Those calls, and the attitudes of those countries' people, served to emphasize the ways in which this crisis could hurt Israeli and American interests far beyond Lebanon and the Palestine territories.

Jordan's King Abdullah and Egyptian President Hosni Mubarak responded with a joint statement condemning Hizbullah for "adventurism that does not serve Arab interests." Soon after, a Saudi spokesman also blamed Hizbullah "adventurism" as "exposing Arab nations ... to grave dangers without these nations having a say in the matter."

But countries like Egypt and Saudi Arabia have little influence over the militant Shiite group and its backers Iran and Syria, so their statements may be of little practical value. Instead, their comments emphasize the widening gap between these regimes and their people.

"These events put pressure on Arab governments to take action, and they haven't," says Nadia Hijab, a senior fellow at the Institute for Palestine Studies in Washington. "Shouldn't they be recalling their ambassadors? That's what the people on the street would be thinking."

That gap, fed by support for Palestinians, hatred of Israel, and anger at its close alliance with America, is already being exploited by the region's Islamist movements, turning TV images of dead civilians into political opposition to their own regimes. In particular, the peace deals signed by Egypt and Jordan with Israel make these governments less popular with their people.

"The Arab leaders are traitors who work for the Americans and the Israelis.... [Hizbullah leader] Hassan Nasrallah represents Arab and Islamic dignity," says Ahmed, an Egyptian mechanic who asked that his full name not be used.

"The regime claimed that peace with Israel would create prosperity and jobs. But we have been at peace for over 20 years and have not seen any prosperity. We can't watch our Palestinian and Lebanese and Iraqi brothers be slaughtered every day and do nothing."

In Saudi, too, the regime's position isn't shared by its public. "I don't think the Saudi government's statement is in tune with how most Saudis feel about the Lebanese situation," says Bassem Alim, an activist lawyer based in Jeddah, and frequent government critic.

"The way they said it was extremely damaging to their reputation in the Islamic world."

Anger at Saudi Arabia's close relationship with the US, and by association Israel, has long generated support for Al Qaeda among many Saudis, so the government has taken a risk by speaking in a manner that jihadists view as supporting Israel.

But he and other analysts say that Sunni Muslim Saudi Arabia's history of animosity with Shiite Iran, which sought to challenge the Saudi monarchy's position of leadership among world Muslims after its Islamic revolution, has left the regime more nervous about Iran's nuclear program than about flareups of terrorism that, while dramatic, have never challenged the regime.

"The Saudis are trying to make sure that the United Nations and the Security Council will be involved in the region as a way of controlling Iran," says Saudi political analyst Adel al-Toraifi.

The escalating confrontation between Israel and Lebanon is also helping Syria and Iran gain influence and prestige among Arab populations for their strong support of Hizbullah and Hamas.

"Iran will certainly benefit from Hizbullah strikes in some ways," wrote Anthony Cordesman, a senior analyst at the Center for Strategic and International Studies Washington. "They distract from its nuclear activities. They show the Arab and Muslim world that Iran is a government willing to strike at the Israeli enemy... [and] Israel's reprisals build Arab and Muslim anger against the US."

Meanwhile, Hizbullah, with its status as the most organized force in the region willing to oppose Israel, is likely to deepen its support among Lebanon's Shiite community and at the same time exacerbate the sectarian tension in the country that fed its 16-year civil war, which ended in 1990. In Egypt thousands have protested what they're terming "Israeli aggression."

The Muslim Brotherhood, Egypt's strongest and most popular opposition movement, stated its strong support for Hizbullah and Hamas and condemned Arab governments for passive support of Israel. Hamas is an informal offshoot of the Brotherhood.

"The position of the Arab regimes has ... [become] one of silence toward Israeli crimes and probable collusion of some regimes with the enemy," Brotherhood Supreme Guide Mahdi Akef said last week about the fighting in Lebanon.

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In an interview with Al Jazeera on Monday, he lashed out at Arab leaders again, and then went further, comparing Israel with Nazi Germany and praising Hizbullah. "The Lebanese who kidnapped the Zionist soldiers are true nationalists led by a great man. These regimes continue to serve foreign interests completely ignoring and repressing the demands and hopes of their people," he said.

In Jordan, a protest of a few hundred citizens over Israel's strikes into Lebanon Saturday also focused on the restrictions on political organization and speech inside the country. Many Jordanians say the repressions of their own regime are tolerated by the US in exchange for Jordan's peace deal with Israel.

And as the crisis has spiraled, even Arab leaders close to the US and Israel, have warned of the potential for blowback. "Israel will not emerge as a victor in this war. It will only create more enemies," Egyptian President Mubarak said Monday. "The war will only inflame Arab animosity toward Israel (and) many anti-Israel extremist forces will surface."

On Monday, at least 17 Lebanese were killed in Israeli bombings, and the Israeli military confirmed a raid into Lebanese territory the previous day. Eight of the dead were Lebanese soldiers. Hizbullah responded with another volley of rockets at Haifa, which exploded without causing casualties.

Israeli Prime Minister Ehud Olmert said Monday that Israel would pursue its offensive against Hizbullah until two captured soldiers were returned and Lebanese Army troops controlled all of southern Lebanon.

The fighting led to calls from British Prime Minister Tony Blair and UN Secretary-General Kofi Annan for the insertion of an international peacekeeping force into southern Lebanon, though that's an option that Israeli Prime Minister Ehud Olmert staunchly opposes.

Whether Syria or Iran has the ability to force Hizbullah leader Nasrallah to release two Israeli soldiers his forces kidnapped a week ago, precipitating the crisis, is unclear. Nasrallah, a fiery Shiite cleric, has vowed to release the soldiers only in exchange for three Lebanese and a much larger group of Palestinians in Israeli jails.

Syrian President May Hold Key To Mideast Crisis (WSJ)

By Karby Leggett, Mariam Fam And Neil King Jr.

The Wall Street Journal, July 18, 2006

Diplomatic initiatives to contain the warfare in the Middle East began to emerge Monday, with Israel and Iran offering possible steps to end the violence and Secretary of State Condoleezza Rice pledging a visit to the region.

But one of the key players in determining the success of any efforts will be Syrian President Bashar Assad, a diplomatic neophyte, whose decisions in the coming days could either escalate or defuse the crisis that has enveloped his country, neighboring Lebanon and Israel. It is a return to regional pre-eminence for Syria, which under President Assad's late father, Hafez el-Assad, was at the center of power politics in the Mideast for years.

President Bush, in remarks unintentionally picked up by a nearby microphone during a lunch meeting Monday with other Group of Eight leaders, named Mr. Assad as a central factor in any ceasefire. He told British Prime Minister Tony Blair that the most important development would be to "get Syria to get Hezbollah to stop doing this s- and then it's over." Mr. Bush also told Mr. Blair he wanted to tell United Nations Secretary-General Kofi Annan "to get on the phone with Assad and make something happen." (See related article on the G-8 meetings in Russia.1)

For his part, Mr. Bush has decided to have Ms. Rice squeeze in a quick Mideast visit, most likely before a pre-planned trip to Asia next week. State Department spokesman Sean McCormack said Ms. Rice would "try to further the diplomacy that could lay the groundwork for a lasting cessation of violence," but would not elaborate on her itinerary. U.S. officials don't expect her to stop in Damascus, as the U.S. wants to avoid the appearance of direct talks with Syria. It's more likely she would make quick visits to Egypt, Jordan, Israel and possibly Saudi Arabia. The Bush administration is eager not to exert undue pressure on Israel to lay off its attacks on Hezbollah or to agree to an early ceasefire.

Separately, leaders of the G8 world powers said they were willing to consider a proposal, put forward by Mr. Blair, to possibly send international peacekeepers to the Israel-Lebanon border region in the event of a Hezbollah pullout, though that could only come after a comprehensive ceasefire deal. 2

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Israel, meanwhile, outlined its own plan for ending the violence, with Prime Minister Ehud Olmert telling Parliament that Israel would agree to a ceasefire if Hezbollah stopped its rocket attacks, released the two Israeli soldiers it kidnapped last week, and removed itself from the border. Iran's foreign minister, in a meeting in Damascus, also raised the prospect of some kind of ceasefire and prisoner exchange.

Those are, at best, early steps. Both Israel and Lebanon set terms and conditions likely to be rejected by the other. And the violence continued Monday. Israel's military pressed on with its bombing campaign, focusing on Hezbollah targets around the country. Israeli media reports said the military was also clearing a one-kilometer "buffer zone" in the southernmost part of Lebanon as a way to prevent Hezbollah militants from returning there. For its part, Hezbollah continued to strike back, sending several more volleys of rockets into northern Israel Monday, including a new attack on Haifa, Israel's third-largest city. The Hezbollah strikes underscore how, despite six days of heavy attacks, Israel has yet to significantly diminish the group's military capacity.

Israel and Hezbollah militants also engaged in a brief firefight late Monday, one of the first ground confrontations since the fighting began. The Israeli military said it fired on the gunmen as they approached the border, apparently in an attempt to infiltrate Israel. The military also reported that it destroyed one of Hezbollah's long-range missiles -- capable of hitting Tel Aviv -- as it was being transported through Beirut's streets. Meanwhile, Hezbollah fired a total of 50 rockets into Israel Monday, including a late-night barrage that hit at least six different towns in the north. Five people were wounded in the attacks.

Though Israel has focused its campaign on Lebanon and Hezbollah, Israeli officials have also warned that Syria itself could end up as a target. Aside from supporting Hezbollah with weapons and aid -- including many of the missiles Hezbollah is firing at Israel -- Syria provides safe haven to senior leaders of Hamas, a Sunni Muslim movement based in the Palestinian territories that seeks to replace Israel with an Islamic state.

So far in the current crisis, Syria has been content to defend Hezbollah vigorously, even as some other Arab governments have raised surprisingly sharp questions about the group's kidnapping of two Israeli soldiers. Moving forward, the question is whether Mr. Assad will maintain that stance, or begin to ease it -- and, beyond that, whether the crisis ends up changing the role Syria plays in the region.

When Mr. Assad, now 40, took power in 2000, many hoped he would usher in a new era of political and economic liberalization that would return Syria to the regional power it was under Mr. Assad's father, Hafez. Prospects seemed even brighter in the immediate aftermath of the Sept. 11, 2001, attacks on the U.S., when Damascus worked closely with Washington, providing intelligence on suspected terrorists, and even backed the U.S.-led attack on the Taliban government in Afghanistan.

But Syria's economic and diplomatic reforms then languished. With its one-time sponsor the Soviet Union gone, Syria continued on a largely downward trajectory. Its economy has struggled as the major western powers, especially the United States, have vacillated between outright hostility and indifference to the regime. But Syria then opposed the U.S. invasion of Iraq and has been severely criticized by U.S. officials, who say the country hasn't worked hard enough to prevent foreign fighters from infiltrating Iraq via Syria and joining the insurgency there.

Last year, Syria was forced to end its long-time occupation of Lebanon in the aftermath of the assassination of former Lebanese Prime Minister Rafik Hariri. The U.S. withdrew its ambassador to Syria, accusing Damascus of possible involvement.

All of that has pushed Syria in recent years to broaden its relationship with Iran, the militant Palestinian group Hamas and Hezbollah in neighboring Lebanon. Iran's foreign minister visited Damascus Monday to discuss the crisis in Lebanon.

Syria and Iran are now at the "highest point in their honeymoon," said Sami Moubayed, a Syrian political analyst. Mr. Moubayed blamed Syria's shift toward Iran on the "cold shoulder" it has received in recent years from its Arab neighbors, a position Washington has encouraged.

Despite Syria's growing isolation, some Israeli analysts have begun speculating that the U.S. may seek to throw Syria a lifeline. Under one scenario, the U.S. would end Syria's international isolation and possibly offer it some kind of aid package, in return for cutting ties with Iran and ending support for Hezbollah and Hamas.

"There is no military solution to the current problem, unless you kill every single Hezbollah and Hamas member. So reality for the U.S. is there is no end game unless you sit down and talk with the bad guys," says Joshua Landis, a professor at Oklahoma University and a expert on Syria politics. "And so the choice is between Damascus or Tehran."

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During his meeting with the Syrian vice president and other officials, the Iranian foreign minister addressed how to end the conflict in Lebanon, including the possibility of a ceasefire followed by a prisoner exchange. He also delivered a letter to Mr. Assad from Iranian President Mahmoud Ahmedinejad, who last week suggested Iran would come to the defense of Syria if Israel strikes Damascus. The contents of the letter weren't revealed.

The meeting underscored a growing regional rift, one that has left Syria and Iran in one camp and Jordan, Egypt and Saudi Arabia in another. This divide was on display during a weekend meeting of the Arab League in Cairo. A Saudi Arabian official issued an unusual criticism of Hezbollah. "These acts will pull the whole region back to years ago and we can't simply accept them," the official said, referring to the kidnapping of the Israeli soldiers, according to an Associated Press report. Egypt, Jordan and some countries along the Persian Gulf backed the Saudi position.

In contrast, during the meeting Syria led calls to support Hezbollah and Hamas and denounce Israel as the source of the problem. On Sunday, a front-page editorial in a major Syrian state-run newspaper outlined the logic of the country's position. "At a time when the Arab public is seething with anger as it watches the painful attacks the Lebanese and Palestinians are being subjected to, we hear some voices singing to the same tune of the American rhetoric," the editorial said. Some analysts in the region fear the overt Arab criticism of Syria could further isolate Damascus and push it deeper into Iran's camp.

Akiva Eldar, a prominent Israeli columnist, said that though he thinks a U.S.-Syria deal is highly unlikely, it could work to the benefit of the U.S. and Israel, particularly as they deal with the Iranian nuclear issue in the months ahead. Meanwhile, a political adviser to Israeli Prime Minister Ehud Olmert said that while such a deal would make sense, it isn't currently on Israel's agenda. One major reason, he said: "Bashar [Assad] is weak and no one believes he could deliver on his end of it."

Crisis May Put Syria Back In Political Mix (LAT)

By Kim Murphy

The Los Angeles Times, July 18, 2006

DAMASCUS, Syria — After years spent edging Syrian troops out of Lebanon in a bid to win independence for the beleaguered nation, Western leaders face the prospect of pressing Damascus to reassert its influence with Islamic militants there to halt rocket attacks on Israel and free Israeli prisoners.

As a consequence, Syria sees itself as back in the driver's seat of regional politics after years of U.S.-imposed diplomatic and economic isolation, several Syrian politicians and analysts said. The leverage could allow Damascus to seek further advantage, including new talks on the fate of the Golan Heights, in exchange for any intervention in Lebanon.

Increasingly, they added, Syria is following the model of its ally Iran, which Damascus believes has gained more control over its destiny in the last year through defiance over its nuclear program than moderate Arab regimes have during years of concession and compromise with the U.S. and Israel.

"The Iranians speak to the Americans with the same defiant attitude that the Americans address the Iranians with, and that has increased the popularity of [Iranian] President Mahmoud Ahmadinejad threefold," said Sami Moubayed, a Damascus-based political analyst.

"They've tamed the American attitude toward the Iranian regime — it's not as aggressive or violent since Ahmadinejad came to power," he said. "So the Iranians have given Syria this advice: Don't give in that easily."

In the current crisis, during which U.S. officials have called on Damascus to force its Muslim militant allies in Lebanon to back down from the conflict, Syria appears anxious to reassert its claim as a crucial guarantor of stability in the Middle East.

"There is a misconception in the policy that the United States has been following since the second war in Iraq. This misconception is that you can relegate Syria out of the politics of the area, that you can conduct your policies without Syria. We have seen now that this is wrong," said Georges Jabbour, a lawmaker from Syria's ruling Baath Party and an advisor to Hafez Assad, the late father and predecessor of President Bashar Assad.

In exchange for any attempt to end rocket attacks on Israel by Islamic militants of the Hamas and Hezbollah movements, Syria might be expected to ask for a final decision on the status of Syrian lands seized by Israel in 1967, along with guarantees that the U.S. is not targeting the Assad government for regime change, said M. Riad Abrash, a former liaison of the Syrian government.

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"The Golan Heights is No. 1: The people of Syria want to know whether they will retrieve it or not. And second, this regime wants to know whether it's going to survive or not," Abrash said. "It's a matter of price. Syria wants something in return."

Israel seized the Golan Heights from Syria during the 1967 Middle East War.

Although the U.S. has cited Syria and Iran as possible behind-the-scenes instigators of rocket attacks against Israel, and possibly the only parties capable of persuading the militants to release three Israeli soldiers whose capture touched off the current crisis, Syria has taken pains to publicly distance itself from the Lebanese militants — if only to avoid direct accountability for the conflict.

Analysts point out that Syria lost day-to-day control over Hezbollah when the last of its troops pulled out of Lebanon in 2005. Syria saw that pullout as a painful blow to its rightful influence in the region and, from its perspective, prospects for future stability in Lebanon.

"Just what does the United States want?" Abrash asked. "Syria to play a role? Or to get out of all roles?"

"If we imagine that Mr. Assad gets on the phone to ask [Hezbollah leader Sheik Hassan] Nasrallah to stop, do you really think he will stop?" asked Mohammed Habash, an independent member of parliament and director of the Islamic Studies Center in Damascus.

"We are dealing with a person who has decided to deliver his soul. Do you think he's waiting for comments from Damascus? Any thinking that the resistance in Lebanon or Palestine or Iraq is controlled by Syria is, I think, a stupid understanding."

Although all of that may be true, few doubt that an unequivocal command from Syria, combined with a blockade of supply routes across the Lebanese border, could provide the means to halt the current round of violence on the Muslim side.

In any case, Syria would be unlikely to move forward on negotiations without an Israeli commitment to a cease-fire and the assurance of concessions, including a release of Arab prisoners, analysts said.

This is especially true, they say, because war in Lebanon carries distinct political advantages for Damascus — as long as it doesn't stretch across the border into Syria.

These advantages include the undermining of the current anti-Syrian government in Lebanon, an indefinite postponement of United Nations resolutions aimed at disarming Hezbollah, the reassertion of Syrian influence in a chaotic Lebanon and the postponement of democratic reforms at home.

Just how limited Washington is in its own communication channels with Syria was made clear Monday, when President Bush was overheard in conversation with British Prime Minister Tony Blair at the Group of 8 summit as saying he felt like asking U.N. Secretary-General Kofi Annan to telephone Syria and "make something happen" to end the crisis in Lebanon.

A decade ago, U.S. diplomats in Damascus were working days at a stretch in close contact with the Syrians to successfully secure the release of kidnapped American hostages in Lebanon. But the U.S. has not had an ambassador in Damascus since the assassination of former Lebanese Prime Minister Rafik Hariri in February 2005, and other diplomats remaining in the capital have limited, low-level contacts with Syrian officials.

Economic sanctions involving U.S. banks have forced delays in cashing checks for thousands of citizens and prompted the Syrian government to begin converting most official transactions to the euro, and bans are in place on the export of military hardware and U.S.-manufactured goods to Syria.

The intent was to isolate Syria and force a "regime behavior change," in the words of the State Department, similar to the about-face conducted by Libyan leader Moammar Kadafi.

But the upshot is that Washington has been left in the current crisis with fewer negotiating levers, said Joshua Landis, an expert on Syria and a professor at the University of Oklahoma.

The Syrians are "playing a very dangerous game. But until the first bomb starts falling on Damascus, everything's going Syria's way," Landis said.

Syria backed Hamas when it was a fledgling Islamic resistance movement, only to see it triumph at the polls this spring and take over the Palestinian government, he said.

"Last week when all hell broke loose in Gaza, the [Palestinian administration] was sending negotiators to Damascus to try to get the release of this [captured] Israeli young man," Landis said. "A year ago, those people would all have been sent to Cairo.

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"Now Egypt has been replaced by Syria as the major broker in the Arab-Israeli conflict," he added. "Bashar has outfoxed them."

Wider War In Middle East? Not Likely. (CSM)

By Mark Sappenfield

The Christian Science Monitor, July 18, 2006

WASHINGTON

Of the dangers presented by the conflict between Israel and Hizbullah in southern Lebanon, the possibility of a broader Middle East war is among the less likely.

In the 1967 Arab-Israeli war - and repeatedly since - Israel has shown its clear military supremacy. So dominant has been Israel's advantage in both technology and tactics that former foes such as Jordan and Egypt sued for peace in those wars, while Tel Aviv's avowed enemies - Syria and Iran - have turned to backing terrorists.

At this moment, the calculus doesn't appear to have changed. There is no coalition of Arab governments willing to unite militarily against Israel. Syria's military prowess has crumbled since the fall of the Soviet Union - its greatest benefactor - while Iran remains too geographically remote to strike effectively.

The result is a new paroxysm of the proxy war that has existed in the region for a generation - ebbing and flowing as Hizbullah, armed and financed by Iran and Syria, harass Israel without provoking a major Middle East war, military analysts say.

"No state is willing to deal with Israel conventionally," says Seth Jones, a terrorism expert at the RAND Corp.

The shape of the conflict so far - sparked by Hizbullah's raid into northern Israel and capture of two Israeli soldiers - reveals both the capabilities and limitations of each side.

Historically, Hizbullah has been able to do little more than nip at Israel's northern border with incursions and sporadic rocket attacks. By and large, its arsenal is primitive, comprising various short-range rockets that can destroy buildings only with a direct hit, yet are difficult to aim with any precision. It has continually fired rockets into northern Israel. Hizbullah's longer-range rockets

Yet there are signs of increasing sophistication, perhaps due to help from Iran, experts say. On Friday, Hizbullah launched a more advanced missile, which struck an Israeli warship. Hizbullah rockets are also penetrating deeper into Israel than ever before, with several striking Haifa, Israel's third-largest city, on Sunday. Israel claims that four of the missiles were the Iranian-made Fajr-3, with a 28-mile range.

For its part, Israel has so far relied mostly on air strikes as its military response. Monday, Israel acknowledged that its forces had invaded Lebanon, though they returned shortly after. Israel invaded southern Lebanon in 1982. Its army occupied the territory for three years, then withdrew because of the strain of the occupation and broad international condemnation.

History also offers a note of caution to Israel's foes. In 1967, Israel responded to Egyptian aggression by taking the Sinai Peninsula and the Gaza Strip from Egypt, the West Bank from Jordan, and the Golan Heights from Syria. Years later, when Syria and Israel fought over control of Lebanon in 1982, Israeli jet fighters reportedly shot down 80 Syrian planes without losing any of its own.

Israel's military superiority is built on American support and a skill honed by decades of fighting for the very existence of the nation. Israel receives the best equipment that the United States can offer its allies. "They have some of the most highly advanced weapons systems in the world," says Dr. Jones.

Israel's air force, in particular, has no rival in the region, which makes air strikes the most effective - and most probable - means of Israeli retaliation and aggression. Yet Israel has so far focused most of its attacks on Lebanon, despite Hizbullah's links to Syria and Iran. Indeed, both sides have long used Lebanon as a way to harass the other, since Lebanon's military is almost irrelevant, analysts say.

Even though Israel accuses Syria and Iran of backing Hizbullah's attacks, it hesitates to attack them directly. The reason is simple: Though Syria's aging military is no match for Israel's, it has missiles that could strike any part of Israel, as well as stocks of chemical weapons. Moreover, the 60 miles from the Israeli border to the Syrian capital of Damascus is one of the most heavily fortified zones in the world.

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"Syria doesn't have the capacity to win [a war against Israel], but it can cause lots of suffering," says Nadav Morag, former senior director for domestic policy in the Israel National Security Council. Iran more formidable than Syria

By contrast, Iran presents a far more formidable challenge - but one that is so remote from Israel geographically as to make hostilities difficult. As with Syria, Iran's greatest threat lies in its missiles. Yet the prospect of firing missiles at America's greatest ally - at a time when it is surrounded by American forces in Iraq and Afghanistan - is decidedly risky.

Likewise, the notion of an Israeli air strike against Iran presents enormous logistical hurdles. Although Iran does not possess a credible air force and has only mid-grade Russian air-defense systems to contend with Israeli jets, Israel would surely be denied overfly rights by the Arab countries that surround them, meaning it would have to take a circuitous and difficult oversea route to Iran.

It would probably be a measure taken only as a last resort., Mr. Morag says.

Iran's First Strike (WSJ)

The Wall Street Journal, July 18, 2006

The war between Hezbollah and Israel is a tragedy for its victims, but it could also be a clarifying moment if the world draws the proper lessons. To wit, this is a preview of what the Middle East will look like if Iran succeeds in going nuclear.

The threat of a nuclear Iran isn't primarily that the mullahs might actually use such a weapon if they got one. The more immediate threat is that Iran would use the weapon as a shield to pursue its hegemonic ambitions throughout the Middle East, promoting terrorist attacks on its enemies and intimidating anyone with the nerve to fight back. The Hamas-Hezbollah double assault on Israel is a portent of things to come unless the world gets serious about Iran's radicalism.

Keep in mind that Hezbollah is not the indigenous Lebanese "resistance" organization it claims to be, but is a military creature of Tehran. Iran has used its strategic alliance with Syria to arm the group, primarily via shipments through Damascus airport. The Palestinian terrorist-political group Hamas likewise maintains close ties to both Iran and Syria. And a week ago Monday this axis of evil swung into action.

First Hamas political chief Khaled Meshal held a news conference in Damascus -- where he lives -- to boast about the kidnapping of an Israeli soldier near Gaza. The next day Iran's top nuclear negotiator rebuffed a European-American incentive package to negotiate over its nuclear program and flew to Damascus. And the next day, another more brazen cross-border attack on Israel came from the north, when Hezbollah killed eight Israeli soldiers and captured two.

The Hezbollah operation would never have been attempted without the agreement, and probably the active encouragement, of Tehran. The attack managed to hijack the agenda of the G-8 leaders meeting in St. Petersburg, from focusing on Iran's nuclear threat to coping with the mayhem stirred up by Iran's proxies. The attack also sent a message that if the U.S., or Israel, or the U.N. attempt to block Iran's program, the mullahs can strike back with a vengeance. In short, while many elites in America and Europe have spent the past year fretting that President Bush might strike Iran, the Iranians have struck first.

But don't take our word for it. Lebanese Druze leader Walid Jumblatt recently told al-Arabiya television that "What is happening in Lebanon is part of the struggle between Syria and Iran on the one side and Israel on the other." And: "Iran is saying to the U.S.: '[If] you want to fight in the Gulf or hit our nuclear facilities, we will hurt you in your home, in Israel . . .'" This also helps explain why even some Arab governments in the region, notably Egypt and Saudi Arabia, have publicly criticized the Hezbollah attacks. They don't want Iran to dominate the Middle East either.

The question going forward is whether the Bush Administration will acknowledge this Lebanon conflict as the strategic threat it is and fight back accordingly. That means at a minimum allowing our ally in the region, Israel, the time and diplomatic support to deal Iran's Hezbollah proxies a heavy blow. Israel has already cut off supply lines from Syria by land and air. And now it is working systematically to destroy the military force that Hezbollah has accumulated, especially its missiles, which now include radars that can hit a warship and perhaps have the range to reach Tel Aviv.

In other words, Israel is attempting to do what the world has been unable to accomplish: Enforce U.N. Resolution 1559, which calls for the disarming of all Lebanese militias and Beirut's control of its own borders. It's a shame to see Lebanon's first semi-independent government in decades caught up in this new round of violence. But Hezbollah's continued military might,

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backed by Iranian arms and Syrian intelligence, is the main threat to Lebanese independence. In disarming Hezbollah, Israel would be doing Lebanese patriots a favor.

In this regard, one bad idea is the international call for an immediate "cease-fire" to be monitored by a multinational peace-keeping force. U.N. Secretary-General Kofi Annan has made this suggestion, as has British Prime Minister Tony Blair. This didn't work out too well the last time, in the early 1980s, when 241 Americans and 58 French soldiers were killed in Beirut by truck bombs almost surely sent by Hezbollah. Any international force would be a terror target once again, and at this stage any cease-fire imposed from the outside would merely hand Hezbollah a victory.

The terror group will have struck first at Israel, only to have the world stop Israel from protecting itself. Hezbollah would slowly re-arm and re-group, and a year or two from now could do it all over again. Hezbollah would remain not only a threat to Israel, but a cancer on the Lebanese political process, holding an illegitimate veto in the threat of violence. Mr. Blair of all people should understand this, having watched Sinn Fein operate as the political arm of the IRA in Northern Ireland.

The better and necessary response is to let Israel's counterattacks continue until Hezbollah's military power is substantially degraded. As for the G-8 and the U.N., they can be constructive by moving swiftly to impose sanctions on Iran for rejecting the generous offer to negotiate directly with the U.S. It's clear now that Tehran perceived that offer, which was promoted by Secretary of State Condoleezza Rice and Undersecretary Nicholas Burns, as a show of weakness.

Iran is testing the world right now. And if there is to be any hope at all of a diplomatic solution to its nuclear program, the mullahs have to see that their military option won't be tolerated.

A War With Extremists (WP)

The Washington Post, July 18, 2006

SOMEWHAT remarkably, the world leaders gathered in St. Petersburg managed to grasp the most important point about the current Middle East crisis: It "results from efforts by extremist forces to destabilize the region and to frustrate the aspirations of the Palestinian, Israeli and Lebanese people for democracy and peace." In other words, the current warfare in Lebanon, Gaza and Israel stems not from Israel's occupation of Arab lands or its holding of Palestinian and Lebanese prisoners, but from a blatant bid by Iran and Syria and their allies in Hamas and Hezbollah to stop the creation of a democratic Palestinian state in the West Bank and Gaza and the parallel consolidation of a democracy in Lebanon.

It follows that the only satisfactory outcome to the conflict would be a decisive defeat for those extremist forces. Should Hamas and Hezbollah fail militarily, Arab democrats and those who favor the creation of a peaceful Palestine alongside Israel would see the removal of their largest obstacle, while the pernicious influence of Iran and Syria in the region would be curtailed.

The worst result would be that suggested yesterday by Iranian Foreign Minister Manouchehr Mottaki following consultations with his allies in Damascus: "a cease-fire followed by a prisoner swap." Such an outcome would legitimize the terrorist operations by Hamas and Hezbollah that began the conflict and further empower their rogue military organizations at the expense of the Lebanese government and the Palestinian Authority. It would restore Syrian influence in Lebanon and grant Tehran the ability to ignite a new Middle East conflagration at its convenience.

The extremists now favor a cease-fire because they know that the longer the fighting continues, the more damage Israel is likely to do to the military infrastructure and leadership of Hamas and Hezbollah. Anyone who believes the Israeli army can't be effective in this kind of war hasn't followed the events of the past several years, during which its devastating assassination campaign against Hamas induced that group to declare a unilateral cease-fire in early 2005. Since Hamas broke that truce last month, Israel has killed or captured several score of its leaders; the rest cannot appear in public without inviting an airstrike.

The centrist government of Israeli Prime Minister Ehud Olmert risks overplaying its hand if it continues to attack Lebanese civilian infrastructure or if the death toll of civilians, which now stands above 200, continues to rise. If it limits its aim to Hezbollah and Hamas and their weapons, it will be quietly cheered by many Lebanese and Palestinians, as well as by moderate Arabs around the Middle East.

The middle course between allowing Israel to take the fight to Hamas and Hezbollah and pressuring it to accept Tehran's terms is that suggested by Britain and U.N. Secretary General Kofi Annan: an international peacekeeping force in southern Lebanon. It's worth noting that such a force already exists -- and has failed miserably in its nearly three decades of existence.

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Success would require Western troops and a very different mandate: in particular, authority to prevent launchings of missiles and raids against Israel from Lebanon, and to enforce Security Council Resolution 1559, which ordered the disarmament of Hezbollah. An international diplomatic initiative that allows Hezbollah to preserve and eventually restock its military wing would be worse than none at all.

Diplomacy's Turn In Lebanon (NYT)

The New York Times, July 18, 2006

International diplomacy finally started to stir yesterday in response to the havoc on both sides of the Israeli-Lebanese border, including calls by the United Nations secretary general, Kofi Annan, and Prime Minister Tony Blair of Britain for dispatching an international peacekeeping force. Stopping the fighting won't be easy, but the dangers of escalation are too great to permit the major powers, or worried Arab rulers, to turn away.

The only beneficiaries of a wider war would be Iran, Syria and the armed Islamic radical groups that they support throughout the region. The challenge for everyone else is to find a formula to achieve peacefully what just about every country apart from Syria and Iran now seems to agree has to happen. Hezbollah should disarm its private militia, stop operating as a state within a state in southern Lebanon and allow the Lebanese government in Beirut to exercise the full sovereignty it has been denied for decades.

As it happens, the United Nations Security Council went on record calling for just that to happen nearly two years ago. Unfortunately, the members of the Council never did anything to turn those particular provisions into reality. Instead, Security Council members, including the United States, hoped that Hezbollah's participation in parliamentary politics would speed its transformation into a normal political party and eventually lead to the desired result.

Hezbollah's raid into Israel this month, in which it killed three Israeli soldiers and took two more hostage, put an abrupt stop to such wishful thinking. Now it's up to the Security Council to finish the job it left unfinished two years ago.

That can be achieved only by a unified Security Council, led by the two countries that have long taken the lead on Lebanese issues — France and the United States. At this point, such unity appears elusive, with the Bush administration arguing that Hezbollah should act first, returning the kidnapped Israeli soldiers and halting its rocket attacks before any cease-fire, while others seem to envision a simultaneous halting of hostilities by both sides.

Those differences need to be worked out over the next few days, so that the killing and human suffering can stop as soon as possible. Washington is right to press for the release of the Israeli soldiers held hostage. But this should not be a precondition for the earliest possible cease-fire. Many lives and the stability of the wider region depend on achieving a quick halt to the fighting.

Assad And Bush (WSJ)

The Wall Street Journal, July 18, 2006

In 2003, after the fall of Saddam Hussein, the Bush Administration debated how to handle Syrian dictator Bashar Assad. Colin Powell and the U.S. State Department argued for engaging him directly and inviting him to join a new reform era. Pentagon officials argued that such a visit would signal U.S. weakness and proposed a tougher approach. President Bush sided with Mr. Powell, who made his trip to Damascus -- and most of the rest has been bad Middle Eastern history.

Last week's Hezbollah assaults on Israel have been abetted by Syria, which plainly believes it has nothing to fear from the U.S., much less from the "international community." And why not? Since the fall of Saddam, Assad the Younger has spent three years listening to the U.S. alternate threats with attempts to curry favor with his regime. The threats have proven to be empty, no matter how much trouble he makes for our soldiers in Iraq, or how much mischief he makes in Lebanon and now in Israel.

In late 2003, the U.S. Congress passed the Syria Accountability and Lebanese Sovereignty Restoration Act, which gave Mr. Bush the option of imposing two of six sanctions on Syria. Again at the urging of the State Department, the President picked the least onerous sanctions. He imposed a ban on flights, though Syrian airlines don't fly to the U.S., and he banned U.S. exports to Syria, which were minimal. Around the same time, too, he named a new ambassador to Damascus, sending a message of business as usual.

Assad repaid that forbearance by continuing to shelter and assist the Iraqi insurgency. Throughout 2004, Iraqi Baathist financiers operated openly out of Damascus, and insurgents moved freely across the Syria-Iraq border. Pentagon officials argued

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for some show of force against insurgents in Syria, such as a Predator strike, but State and the CIA again counseled restraint. The CIA works with Syrian intelligence and prefers smooth country-to-country ties.

In January 2005, Mr. Bush finally sent Deputy Secretary of State Richard Armitage to Damascus ostensibly to read Assad the riot act. But his main demand was that Assad turn over Saddam's half-brother, Sabawi Ibrahim Hassan, who was aiding the insurgency from Syria. Some weeks later, Syria delivered Hassan to the U.S. -- a token sacrifice designed to blunt greater pressure.

In 2005 when the Cedar Revolution hit Lebanon, the U.S. spoke up more loudly against Assad. But it also resisted French suggestions to push for regime change in Damascus after the murder of Lebanese leader Rafik Hariri. Syria pulled its army from Lebanon in response to world pressure, but its intelligence services remain and assassinations against Lebanese patriots continue. Meanwhile, Assad has formed a much closer alliance with Tehran, culminating in their mutual support for the current two-front assault on Israel. The State Department has counseled "restraint" by all sides.

It seems to us that Assad has assessed the second-term Bush Administration this way: The State Department has won, the "neocons" are out, and there is little the U.S. will do to stop Damascus as it attempts to restore its dominance in Lebanon. Though maybe if Condoleezza Rice asks nicely enough, Assad will turn over another token Baathist.

A Conflict That Will Stay Close To Home (NYT)

By Edward M. Luttwak

The New York Times, July 18, 2006

Chevy Chase, Md.

IT is obvious by now that Israel's conflict with Hezbollah and Hamas is part of a larger conflict largely paid for and directed by Iran and Syria. To divert attention from its nuclear ambitions, Iran undoubtedly sanctioned Hezbollah's adventurism into Israel last week. Syria harbors Khaled Meshal, the political leader of Hamas, and fully supports its actions.

So, could the fighting widen across the region? It is possible, of course, but not likely.

First, Hamas is very isolated, with no local allies other than Syria. As the Palestinian branch of the Muslim Brotherhood, which was founded in Egypt and is dedicated to overthrowing the government of Hosni Mubarak, Hamas can hardly expect any help from Egypt, by far Israel's most powerful neighbor.

Likewise, the Muslim Brotherhood of Jordan is the main political opposition to the royal family. Since April, when the Jordanian government intercepted weapons coming from Syria and intended for Hamas, it has barred Hamas officials from its territory.

As for Hezbollah, the Israeli bombing of Lebanon is arousing some Arab solidarity in the region. But all know that the Israelis are acting only incidentally against Lebanon and that their target is Hezbollah, which deliberately started the fighting by crossing into Israel. Much more important, other Arabs view Hezbollah as the paid agent of its Shiite brethren, the leaders of non-Arab Iran. That makes it much easier for Sunni Arab states like Egypt and Jordan to stay on the sidelines.

Likewise, Saudi Arabia, another Sunni-ruled country, quickly came out against Hezbollah and Iran through its official news agency, which said, "A distinction must be made between legitimate resistance and uncalculated adventures undertaken by elements inside Lebanon and those behind them."

In the Arab world, only Syrian President Bashar al-Assad supports both Hamas and Hezbollah. Would he help both by, say, opening a new front on the Golan Heights? Syria has large artillery forces that could quickly launch a tremendous barrage; it has missiles than can reach deep into Israel, and its armored forces and commando units could go into action almost immediately.

On the other hand, Syria has never violated the 1974 cease-fire on the Golan Heights, not even in 1982 when the Israelis destroyed Syrian forces in Lebanon. The Syrians know that even if they struck first, the Israelis would retaliate very quickly by bombing Syrian air bases and by destroying electrical power stations, oil refineries, major bridges and the like. And the Syrian Army would undoubtedly suffer heavy losses once the Israelis mobilized their reserve divisions, in less than 48 hours.

Most important, Mr. Assad must be concerned that his regime, narrowly based on the loyalty of the small Alawite religious minority to which he belongs, would be overthrown if the country suffered a major military defeat.

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Which brings us back to Iran. President Mahmoud Ahmadinejad has been threatening Israel with destruction daily and keeps denying the Holocaust in a manner that reveals his own genocidal fantasies. But as of now, Iran has no military capacity against Israel other than a few unreliable ballistic missiles imported from North Korea whose warheads could fall just about anywhere. Even if by some miracle they were to hit a city or town in Israel, their conventional explosives would not inflict much damage anyway.

On the other hand, an Iranian missile attack would give Israel the opportunity to strike Iran's nuclear installations without provoking global outrage. It would be a very serious act of war, but it would not stir the Arab states to aid Iran's mullahs: they, too, fear a nuclear Iran.

Much is at stake in the current crisis: Israel's security; Lebanon's viability as a nation; the future roles of Hamas and Hezbollah; America's ability to function as an effective power in the Middle East; and more still. There are dangers on every side. But, fortunately, the outbreak of a regional war is not one of them.

Middle East: Shaken Awake By War (LAT)

By David Grossman

The Los Angeles Times, July 18, 2006

There is no justification for the large-scale violence that Hezbollah has unleashed from Lebanese territory on dozens of peaceful Israeli villages, town and cities. Israel has counterattacked, and it has every right to do so. No country in the world would remain silent and abandon its citizens when its neighbor strikes without any provocation.

Six years ago, Israel withdrew from all the Lebanese territory

occupied in 1982 and redeployed behind the international border. Immediately, Hezbollah began violating the relevant United Nations resolutions. It established armed positions along the border and began building up its military strength, with the aid of Syria and Iran.

For years, the government of Lebanon has avoided direct confrontation with Hezbollah. Israel, seeking not to heat up the border, also abstained from taking any real action against Hezbollah. Israel is now acting against Lebanon because Lebanon is officially responsible for Hezbollah. It is also the address from which missiles and Katyusha rockets are being fired at Israeli cities. Hezbollah's leaders are members of the Lebanese Cabinet and participate in setting the country's policies.

At this writing, millions of innocent civilians — Israelis and Lebanese — are under heavy fire. In Beirut and in Haifa, in Lebanon's Bekaa Valley and in the Israeli Galilee, children and adults face the horrors of war. Israel and Lebanon must do all they can to not harm innocent people. But even those who hope for an immediate end to violence and the opening of negotiations must acknowledge that Hezbollah cynically and deliberately created the crisis. Israel had no choice but to respond to the severe attack on its territory.

This latest eruption of hostilities underlines the problematic similarities between the governments of Lebanon and the Palestinian Authority.

Both have two heads, whose behavior contradicts one another. One Lebanese and one Palestinian head act as statesmen, using diplomatic channels, conducting themselves with relative moderation. The two other heads declare that they are free to do whatever they wish — to use racist rhetoric and terror against civilians and to call openly for the destruction of Israel.

This dual phantasm is the main reason that a great majority of Israelis, including many in the peace camp, have in recent years lost all confidence in the good intentions of the more moderate elements in the Arab world. (Another complication is that a similar double phantasm — if less extreme and without aspirations of destroying its enemy — is also evident in Israel's behavior toward the Palestinians.)

The scenarios for the future do not look good. Of course, Israel does not intend merely to respond to the Hezbollah attacks. It is also acting to reshape the realities on its border with Lebanon and to force the Lebanese government to move Hezbollah out of the country's south. Israel's goal is logical and just, but the aggressive conduct of the operation is dangerous. The Lebanese government is weak, and Lebanon itself could again slip into general collapse and civil war.

Such a local conflict could easily develop into a regional one, with unpredictable consequences.

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In recent decades, Israel has gotten tangled in military operations in Lebanon again and again. It never succeeded in achieving its goals. Previous attempts to shape the Arab world in accordance with Israel's needs have failed. (Today, President Bush can also testify to the doubtful efficacy of such attempts.)

Another goal declared by many of Israel's military and political leaders is to break Hezbollah's power and influence. This is doomed from the start. It recalls the shortsightedness of Israeli leaders in 1982, when they declared that they would destroy the Palestine Liberation Organization. Even though Israel has vastly superior forces, Hezbollah has very strong backing in Iran, Syria and the Arab world. Anyone who thinks Israel can achieve a knockout victory lives an illusion.

And there is also a fundamental difference between Hezbollah and the Palestinian front.

Hezbollah is, openly, an Iranian agent in the Middle East, a bridgehead for its murderous plans against Israel. Iran is doubtless committed to the Palestinian cause, but its aspirations do not include an equitable peace between Israel and Palestine. Its ideology and actions demonstrate that, even if Israel and the Palestinians reach a peace agreement, Hezbollah will oppose compromises. It will continue to fight Israel and will thus threaten the fragile stability that such an agreement achieves.

Israel's relations with the Palestinians are utterly different. These two peoples must achieve peace if they wish to live. Their fates are intertwined and cannot be separated. Both have a clear interest in reaching a compromise in which each will give up some of its most central demands. Both sides know that ultimately their conflict cannot be resolved by force.

Hezbollah's deadly attack this week impels the great majority of Israelis to view the two fronts as one, both constituting threats to Israel's existence. While this instinct may not reflect the military balance, it could lead not only to a disproportionate attack on Lebanon but to an indefinite postponement of a solution to the Israeli-Palestinian conflict.

Many citizens of Israel, like those of prosperous, Westernized Beirut, wanted to believe that they were no longer really part of the Middle East conflict. Despairing of its bloody, fundamentalist, hopeless nature, they built themselves bubbles of comfort, escapism and luxury. In Israel, many even managed to sublimate the current war with the Palestinians in the Gaza Strip, the rockets that the Palestinians have been firing on southern Israel and the suffering the Palestinians are enduring from Israel's counterattacks.

The events of the last few days have shaken everyone awake. The war has reached their doorsteps, reminding them what materials make up life here. Diplomatic acumen will no longer suffice to turn those materials into a stable peace. It looks as if only an alchemist's lore can do that now.

Hunker Down With History (WP)

By Richard Cohen

The Washington Post, July 18, 2006

The greatest mistake Israel could make at the moment is to forget that Israel itself is a mistake. It is an honest mistake, a well-intentioned mistake, a mistake for which no one is culpable, but the idea of creating a nation of European Jews in an area of Arab Muslims (and some Christians) has produced a century of warfare and terrorism of the sort we are seeing now. Israel fights Hezbollah in the north and Hamas in the south, but its most formidable enemy is history itself.

This is why the Israeli-Arab war, now transformed into the Israeli-Muslim war (Iran is not an Arab state), persists and widens. It is why the conflict mutates and festers. It is why Israel is now fighting an organization, Hezbollah, that did not exist 30 years ago and why Hezbollah is being supported by a nation, Iran, that was once a tacit ally of Israel's. The underlying, subterranean hatred of the Jewish state in the Islamic world just keeps bubbling to the surface. The leaders of Saudi Arabia, Egypt, Jordan and some other Arab countries may condemn Hezbollah, but I doubt the proverbial man in their street shares that view.

There is no point in condemning Hezbollah. Zealots are not amenable to reason. And there's not much point, either, in condemning Hamas. It is a fetid, anti-Semitic outfit whose organizing principle is hatred of Israel. There is, though, a point in cautioning Israel to exercise restraint -- not for the sake of its enemies but for itself. Whatever happens, Israel must not use its military might to win back what it has already chosen to lose: the buffer zone in southern Lebanon and the Gaza Strip itself.

Hard-line critics of Ariel Sharon, the now-comatose Israeli leader who initiated the pullout from Gaza, always said this would happen: Gaza would become a terrorist haven. They said that the moderate Palestinian Authority would not be able to

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control the militants and that Gaza would be used to fire rockets into Israel and to launch terrorist raids. This is precisely what has happened.

It is also true, as some critics warned, that Israel's withdrawal from southern Lebanon was seen by its enemies -- and claimed by Hezbollah -- as a defeat for the mighty Jewish state. Hezbollah took credit for this, as well it should. Its persistent attacks bled Israel. In the end, Israel got out and the United Nations promised it a secure border. The Lebanese army would see to that. (And the check is in the mail.)

All that the critics warned has come true. But worse than what is happening now would be a retaking of those territories. That would put Israel smack back to where it was, subjugating a restless, angry population and having the world look on as it committed the inevitable sins of an occupying power. The smart choice is to pull back to defensible -- but hardly impervious -- borders. That includes getting out of most of the West Bank -- and waiting (and hoping) that history will get distracted and move on to something else. This will take some time, and in the meantime terrorism and rocket attacks will continue.

In his forthcoming book, "The War of the World," the admirably readable British historian Niall Ferguson devotes considerable space to the horrific history of the Jews in 19th- and 20th-century Europe. Never mind the Holocaust. In 1905 there were pogroms in 660 different places in Russia, and more than 800 Jews were killed -- all this in a period of less than two weeks. This was the reality of life for many of Europe's Jews.

Little wonder so many of them emigrated to the United States, Canada, Argentina or South Africa. Little wonder others embraced the dream of Zionism and went to Palestine, first a colony of Turkey and later of Britain. They were in effect running for their lives. Most of those who remained -- 97.5 percent of Poland's Jews, for instance -- were murdered in the Holocaust.

Another gifted British historian, Tony Judt, wraps up his recent book "Postwar" with an epilogue on how the sine qua non of the modern civilized state is recognition of the Holocaust. Much of the Islamic world, notably Iran under its Holocaust-denying president, Mahmoud Ahmadinejad, stands outside that circle, refusing to make even a little space for the Jews of Europe and, later, those from the Islamic world. They see Israel not as a mistake but as a crime. Until they change their view, the longest war of the 20th century will persist deep into the 21st. It is best for Israel to hunker down.

Feeding The Enemy (NYT)

By Nicholas D. Kristof

The New York Times, July 18, 2006

One of the broader tragedies in the Middle East is “the boomerang syndrome.”

Impatient Arabs backed violence and thus put Ariel Sharon and now Ehud Olmert into power, while utterly discrediting Israeli doves. Some Arabs seethed at their daily discomforts, and so they backed provocations that are now vastly multiplying the suffering in Gaza and Lebanon alike.

I’m afraid that impatient Israelis may now be falling into the same trap. Israelis, outraged by attacks and kidnappings, have escalated the conflict by launching an assault on Lebanon that may make life in Israel far more dangerous for many years to come.

It’s easy to sympathize with Israeli outrage, particularly since the attacks on it follow its withdrawals first from Lebanon and then from Gaza. But the winners in this conflict, in the medium to long term, are likely to be hard-liners throughout the Islamic world.

The Iranian and Syrian regimes are illegitimate, incompetent and unpopular, but they may be able to exploit anger at the television images from Lebanon into a longer lease on life for themselves. Pakistani extremists will be strengthened in their calls for jihad. In Sudan, President Omar Hassan al-Bashir will rally popular anger to resist U.N. peacekeepers in Darfur. In Iraq, sympathy for Lebanese Shiites may strengthen Iraq’s own extremist Shiite militias.

Meanwhile, it’s not clear what Israel can achieve militarily in Lebanon. The 12,000 missiles controlled by Hezbollah are not kept in arsenals, but in unmarked homes and garages, so it’s uncertain that Israel will be able to destroy very many. If Israel continues with a limited air war for a couple of weeks, it will produce enough television footage of bleeding Lebanese to anger the world, but not enough to achieve any substantial shift in power on the ground.

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Until this month, Hezbollah had been on the defensive in Lebanon. It was under pressure to disarm and was resented as a pawn of Syria and Iran. Al Qaeda had even tried to assassinate its leader, Hassan Nasrallah.

But now Sheik Nasrallah, one of the canniest politicians in the region, has kidnapped not only Israeli soldiers but the Middle East conflict. He may well emerge with more credibility than ever among Sunnis as well as Shiites.

A rule of thumb in the Middle East is that anyone who makes confident predictions is too dogmatic to be worth listening to. Maybe I'm wrong and Israel will achieve its short-term security goals, for it's conceivable that the warfare will galvanize the U.N. Security Council — and Lebanon itself — to disarm Hezbollah. But there's also the longer term to worry about, and the fury at Israel will be much harder to dismantle than Katyusha rockets.

I hitchhiked through Lebanon and the region while a student in 1982, shortly after the Israeli invasion. Though Syria had recently massacred some 10,000 to 20,000 of its people in Hama — the center of town was rubble — most Arabs weren't exercised about Syrians killing Syrians, they were enraged by Israelis killing Arabs. That may not be fair, but that's reality: Sheik Nasrallah's power today arises in part from Israeli bombing back in 1982.

Likewise, the sheik's radical successor in 2030 will be empowered in part because of Israeli bombings in 2006.

"It is simple to join emotionally in George Bush's culture war against the axis of evil," editorialized Haaretz, the Israeli newspaper, "but it must be remembered that, at the end of the day, it is the citizens of Israel and not the Americans who have to continue living in the Middle East. Therefore, we have to think of ways that will make it possible for us to coexist, even with those we do not enjoy being with."

Plenty of experience shows that Israel can't deter private terror networks, but that it can deter states. Syria, for example, despises Israel but doesn't launch rockets or kidnap soldiers. So Israel might benefit from firmer states in Lebanon and Gaza that actually control their territories. Instead, the latest Israeli offensives foster anarchy to both the north and the south, potentially nurturing militant groups that are not subject to classical deterrence.

If Israel is ever to achieve real security, we have a pretty good idea how it will be achieved: the kind of two-state solution reached in the private Geneva accord of 2003 between Arab and Israeli peaceniks. The fighting in Lebanon pushes that possibility even farther away — and in that sense, each bombing mission harms Israel's future as well as Lebanon's.

Hezbollah And Pericles (WSJ)

By Fania Oz-Salzberger

The Wall Street Journal, July 18, 2006

War does not preclude clear thinking. When Israel withdrew from southern Lebanon six years ago, to the last inch, and from Gaza one year ago, to the last inch, scenarios of over-the-border hostilities were high on the public agenda. Thus, even as smoke rises over northern Israel, Lebanon and Gaza, some clearheaded points are being made on the Israeli side of the border. Here is a brief selection.

First and most crucial, a majority of Israelis consider this sad unleashing of Israeli firepower in Gaza and Lebanon to be, up to now, a just war. It has both a casus belli and a convincing rationale. Hostilities were initiated by militias strongly associated with the elected governments in both regions, targeting IDF personnel strictly on the Israeli side of the border. Since many media consumers have short memories, a reminder is in order: Over the last five months, some 800 Kassam rockets were fired at towns and villages in southwestern Israel. The town of Sderot alone was hit several hundred times. Israel occupied not an inch of Gaza at that time.

Israel certainly responded, as any sovereign state would; and it did so not by reinvading Gaza, but with air strikes against militants and launchers. Palestinian civilians were hurt; Europeans vocally reproached us; the rockets kept coming. Then came the recent assault on soldiers stationed within Israel, killing three and kidnapping one. Hezbollah of Lebanon, wholly unprovoked, simply liked the idea and sent a force into northern Israel and two follow-up ambushes, killing a total of eight soldiers and kidnapping two. Both assaults breached a fully legitimate international border, in the aftermath of a full Israeli withdrawal -- just in case some media consumers have forgotten. Possible lesson: A sense of right still counts for something amidst all the smoke.

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Which leads to a second clearheaded point. Why is Israel's response not "proportional," and why don't we rush to negotiate with the kidnappers, as so many peace-lovers in the Western world would like us to do? Let me be blunt: A "proportional" response would please many Europeans no end, but would scarcely move a hair in the beard of a Hamas or a Hezbollah leader.

They are not set to be gently pushed into moderation, or to hammer out an exquisite compromise with the Jewish state, but to wipe it out as soon as they can. If we shoot a little, they will shoot back all the way into Islamic eternity. If we "negotiate," cave in to blackmail and release Hamas and Hezbollah militants held in Israeli prisons in return for our three kidnapped soldiers, they will send them back to bomb schools and buses and pizza parlors in no time at all.

Negotiation? For sure. It worked with Egypt and Jordan. It would work with Saudi Arabia. It would work with moderate Palestinians -- as soon as they recapture their own polity from Hamas and Hezbollah. But it would not work with the latter, who along with their Iranian allies openly declare that they want us dead, not merely complacent. Possible lesson: Compromise with ultra-extremists usually misfires.

And here is a sad, third clearheaded point: Democracy, in the Middle East as elsewhere, is not just about universal suffrage. The Palestinians brought Hamas to power, and Hezbollah is a coalition partner in the Lebanese government. Please reflect on this, dear Western lovers of democracy: Is majority vote truly the sole gist of it all? Here is a painful truth: Israel is killing civilians -- inadvertently, though arguably too freely -- as it targets militants in Gaza and Lebanon. Yet the hair-raising aspect of it is that many of those civilians voted Hamas, and some voted Hezbollah, into their own governments. Democratically elected, these groups care little for the lives of their own citizens, even less for the Israeli Arabs they have bombed and killed in recent days, and null for Israeli civilians. Yet their voters keep applauding. Gazan and Lebanese children are innocent victims of this policy, and many Israelis -- I must assert this even in the face of disbelief -- truly grieve for them.

But the adults? Are these men and women hostages of live-in terrorists, dumb natives managed by shrewd colonialists, or are they perhaps accountable civil agents who made a very bad choice in one of their first democratic performances? Possible lesson: Reread Pericles.

Arab democracy is not hopeless, a fourth clearheaded reflection suggests. The Middle East is divided between those who jeer with any rocket hitting Haifa, and those -- in Lebanon, Palestine and Saudi Arabia -- who secretly hope for both Hamas and Hezbollah to vanish into the limbo of lost lunatics and make way for better and saner Arab regimes. In the aftermath of the current war, Ehud Olmert's Kadima-Labor coalition government would promptly talk with a peace-seeking Palestinian government; this is why a majority of Israelis voted them in to begin with. Possible lesson: Moderates don't easily lose their nerve these days.

My final point may be news to both friends and foes of Israel: This society is holding strong. Opinions here are divided, for sure, about the wisdom and morality of using force, and about the wisdom and effectiveness of withholding force. The public argument keeps sizzling as the north of Israel, including my own Jewish-Arab university of Haifa, is under fire. For some reason, going beyond Israel and deeply linked to Pericles, I take this to be good news.

Being Hassan Nasrallah (WSJ)

By Bret Stephens

The Wall Street Journal, July 18, 2006

Imagine yourself as a heavily bearded 46-year-old Shiite cleric from Lebanon named Hassan Nasrallah. Your job title is secretary general of Hezb Allah, or Party of God, which holds 14 of parliament's 128 seats, including a seat in the cabinet. You've provoked a war with Israel, to the dismay of many Lebanese, though by no means of all. Refugees are streaming northward as an Israeli land invasion threatens. The south Beirut office where you worked until last week has been reduced to rubble by Israeli warplanes.

Generally speaking, things are going your way.

It helps that the same air force that destroyed your offices previously dropped leaflets to warn of the coming demolition. (The neighborhood was never much to look at in the first place.) It helps, too, that of the few hundred missiles you've lost from your arsenal of 13,000 -- either because you fired them or because they were destroyed by Israeli air and artillery attacks -- can easily be replaced by your Iranian suppliers. You've also lost some men, none senior in the organization. They will serve as faces for Hezbollah's next batch of recruitment posters.

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It's true this isn't quite how you imagined it would be. You wanted to prick, not provoke. You wanted to engage in some symbolic act of solidarity with Hamas, your Sunni "brothers" in the anti-Zionist resistance, which is under extreme Israeli pressure in the Gaza Strip.

You also figured you might get something for your trouble. In 2000, you captured and killed three Israeli soldiers without consequence. You also kidnapped a shady Israeli businessman named Elhanan Tannenbaum, who happened to be a colonel in the army reserves. A little more than three years later, Ariel Sharon himself agreed to swap hundreds of prisoners for Mr. Tannenbaum and the remains of the three soldiers. Earlier this month, a senior Israeli security official made noises that Israel might release Palestinian prisoners in exchange for Gilad Shalit, the 19-year-old corporal Hamas captured in a raid from Gaza in June. The Zionists have a motherly regard for the safety of their soldiers. It's one of their weaknesses, you think.

But now the Israelis have upped the ante. You might have thought they would attack Syria, as they had every right to do. Syria openly harbors Hamas chieftain Khaled Mashaal, who's calling the shots in Gaza. Syria is also, with Iran, your patron and supplier. Instead, not only have the Israelis come after you in Lebanon, they've all but declared war on the pro-American government of Prime Minister Fouad Siniora and attacked Lebanese army installations. Christmas in July! (as the infidels say).

So now you're considering broader possibilities. Your missile barrages into the Israeli heartland are once again burnishing your reputation as the boldest and most effective anti-Zionist force in the Arab world. That's a welcome change: After the Israeli withdrawal from southern Lebanon in 2000, Hezbollah had gone from being seen as a noble resistance force to a stooge of Lebanon's Syrian occupiers.

Then, too, in the last year there has been growing international and domestic pressure to fold Hezbollah's military wing into the national army, as required by the 1989 Taif Accords that ended the Lebanese civil war and by U.N. Security Council Resolution 1559. If the Israeli army invades southern Lebanon, you'll get to play the resistance card all over again. That you started this whole business will quickly be forgotten.

You're also thinking about what all this might mean for Hezbollah's political future. Here's a fact about Lebanon that many people would rather forget: The birth rate among Shiites averages between eight and nine per household. By contrast, Sunni households produce about five children, while Christians and Druze average two. Yet Lebanon's antiquated "confessional" political system, based in part on a 1932 census, gives Christians half the seats in parliament (as well as the presidency), while Shiites, who may already be a majority, are allotted only 27 seats. Is this "democratic"? You think not.

For years, your political strategy has been to consolidate Hezbollah's position among Shiites and co-opt the ever-weakening Christians in a common alliance against the Sunnis. Hezbollah has also consciously soft-pedaled its position in parliament, figuring it can bide its time before it claims its rightful place.

Now you're thinking of accelerating that timetable. If the security situation really gets out of hand in the next few weeks, you might assert military control in the Bekaa Valley and around Beirut. The Sunnis and Christians will denounce you, but they no longer have militias of their own to fight you. Besides, current Lebanese President Emile Lahoud -- an ally of Syria and therefore an ally of yours -- still exerts influence with the army, which happens to be about 35% Shiite.

What worries you? Not the "international community," which dependably finds more to fault in Israel's actions than in yours. Not an enlarged U.N. peacekeeping force; the U.N. has been in southern Lebanon for ages, without ever obstructing your designs. The Americans tilt toward Israel, but there's no chance of them intervening: They learned their lesson after you bombed their Marines' barracks in 1983.

As for the Israelis, so far they have not meaningfully degraded your capacity to fight. Their chief of staff, Dan Halutz, is every bit as tough-minded as Ariel Sharon was in his prime. But their prime minister is untested, and their defense minister is a political dove. You also suspect the Israeli public is in no mood for a reprise of their full-scale invasion of 1982, the only scenario that really frightens you. So at worst it's back to an Israeli "security zone." Been there; beaten that.

Things could go wrong: Maybe the Israelis will find and kill you; maybe they'll put the squeeze on Syria. But as they say about these sorts of conflicts, anything except total defeat is victory. Your masters in Tehran -- Ayatollah Ali Khamenei and President Mahmoud Ahmadinejad -- are well pleased.

The Politics Of Sabotage (WSJ)

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By Christopher Hitchens

The Wall Street Journal, July 18, 2006

As the misery and wreckage mount in Lebanon, I find myself wondering what happened to two news items, one old and the other very recent. The old item concerns the fate of Lt. Col. Ron Arad, an Israeli air force officer whose plane went down over Sidon 20 years ago and who was captured by Hezbollah. He was at one point offered as a bargaining chip for Hezbollah prisoners, and letters from him were produced as proof that he was alive. A strong but unconfirmed report indicated that he had been taken to Iran, or even sold to Iran, which would have been a fairly extreme form of rendition. In any event, Hezbollah's Lebanese chieftain Hassan Nasrallah has since announced that Lt. Col. Arad is dead, and that his remains have been "lost," so that his family has no information and nothing to bury.

We may well deplore the promiscuity of Israel's intervention, or its lack of proportion, but the blowing up of the bridges and the other interruptions of all air and sea traffic possess a certain grim rationale. The freshly kidnapped Israeli soldiers are not, if the Israeli Defense Forces can help it, going to be transferred north to end up as anonymous meat in some dungeon run by Bashar al-Assad or Mahmoud Ahmadinejad. When one thinks of what currently happens to Syrian or Iranian civilians held by these two men . . . * * *

The more recent story has also become buried in the rubble. Until a very few weeks ago, Palestinian President Mahmoud Abbas was confronting the Hamas-led government with a very important decision. If you do not recognize the newly elected government of Israel as a legitimate negotiating partner, he told them, I will order a referendum among the Palestinians on the single issue of that recognition. He had at his disposal an important letter, signed by several respected Palestinian political prisoners, that called for a two-state solution on this basis, and he was also cutting with the grain of important resolutions by the European Union and other concerned international interlocutors. He also knew what many people forget -- Hamas did not win a majority of the votes in the Palestinian elections, and only hold a tenuous supermajority of the parliamentary seats. Hamas made it very clear that they did not relish this proposal, the ultimatum-point of which was just coming due.

Does it not seem obvious that the intention of the various provocations launched from Gaza, from the missiles to the first abduction of an Israeli soldier, were designed precisely to make this referendum impossible? And does it not seem at least very likely that the Hezbollah operations on Israel's northern border have been implicitly coordinated to assist Hamas in this respect?

Robert Fisk, the veteran Beirut-based British correspondent, would probably be able to win a lawsuit for libel if anyone referred to him as an Israeli sympathizer. And his knowledge of the sectarian politics of Lebanon is very strong. According to him -- and to a statement from Hassan Nasrullah -- the recent "operations" were planned some months ago. Empirical evidence for this proposition is not wanting. It is unlikely that Hezbollah could have hastily moved a ship-killing missile into position as an improvised response to an Israeli incursion, and scored a direct hit on an Israeli naval vessel, without some careful rehearsal. The same goes for the deployment of Iranian missiles that can be brought to bear on Haifa.

If this is so, then the difference between this month's events and the calamity of Ariel Sharon's 1982 invasion could not be more marked. The declared intention of "Operation Peace For Galilee" was, by smashing the PLO presence in southern Lebanon, also to repress demands for Palestinian statehood in the West Bank and Gaza. When Syria intervened, apparently as a counterforce, it actually did so in order to put down the Palestinian and Lebanese radicals who posed a threat to its own hegemony. Everybody in Lebanon knows that Kemal Jumblatt, the leader of the Lebanese Socialist Party and father of its present leader Walid Jumblatt, was murdered on the orders of President Hafez al-Assad, father of Syria's current dictator.

Now, however, the former Israeli fans of Vladimir Jabotinsky are saying in public that Israeli colonization of Arabs is demographically impossible and morally wrong. But Syria and Iran are using proxies in Lebanon and among Hamas to destabilize an actual Palestinian authority that wants to hold a vote on Palestinian self-determination. Forces that claim to be "liberation movements" actually have their headquarters and leadership in the capital cities of two of the region's most reactionary despotisms. They also have connections to those fanatics who hope to sabotage the tenuous federal democracy that is fighting for its life in Iraq. That recent events have been returning Lebanon to the chaos from which it had been escaping is unimportant to them: They are allied with the regime that organized the murder of Lebanon's much-loved Rafik Hariri, and they were discountenanced by the withdrawal of the Syrian army and police from that country -- whose existence as an independent state Syria still refuses to recognize.

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The only real similarity with 1982 appears to be this. The pretext for Mr. Sharon's intervention that year was furnished by the shooting of Ambassador Shlomo Argov, Israel's envoy in London, by the opaque nihilist gang led by the late Abu Nidal. It seems certain that Abu Nidal's intention, too (and that of his Iraqi Baathist masters), was to make trouble for what he saw as the overly conciliatory leadership of the PLO. In both cases, to an alarming degree, the nihilists and jihadists and death-squad sponsors appear to be able to call the tune, and in a weird way to determine Israel's actions.

Israelis might like to ask themselves if this is the outcome they really desire. Now, Rafik Hariri airport in Beirut is being cratered, and the Palestinians have to endure yet another collective punishment. And nobody seems to remember that they were just about to be asked to give their own opinion.

Mr. Hitchens, a columnist for Vanity Fair, is author, most recently, of "Thomas Jefferson: Author of America" (HarperCollins, 2005).

The Way We War (NYT)

By Etgar Keret

The New York Times, July 18, 2006

Tel Aviv

YESTERDAY I called the cable people to yell at them. The day before, my friend told me he'd called and yelled at them a little, threatened to switch to satellite. And they immediately lowered their price by 50 shekels a month (about $11). "Can you believe it?" my friend said excitedly. "One angry five-minute call and you save 600 shekels a year."

The customer service representative was named Tali. She listened silently to all my complaints and threats and when I finished she said in a low, deep voice: "Tell me, sir, aren't you ashamed of yourself? We're at war. People are getting killed. Missiles are falling on Haifa and Tiberias and all you can think about is your 50 shekels?"

There was something to that, something that made me slightly uncomfortable. I apologized immediately and the noble Tali quickly forgave me. After all, war is not exactly the right time to bear a grudge against one of your own.

That afternoon I decided to test the effectiveness of the Tali argument on a stubborn taxi driver who refused to take me and my baby son in his cab because I didn't have a car seat with me.

"Tell me, aren't you ashamed of yourself?" I said, trying to quote Tali as precisely as I could. "We're at war. People are getting killed. Missiles are falling on Tiberias and all you can think about is your car seat?"

The argument worked here too, and the embarrassed driver quickly apologized and told me to hop in. When we got on the highway, he said partly to me, partly to himself, "It's a real war, eh?" And after taking a long breath, he added nostalgically, "Just like in the old days."

Now that "just like in the old days" keeps echoing in my mind, and I suddenly see this whole conflict with Lebanon in a completely different light. Thinking back, trying to recreate my conversations with worried friends about this war with Lebanon, about the Iranian missiles, the Syrian machinations and the assumption that Hezbollah's leader, Sheik Hassan Nasrallah, has the ability to strike any place in the country, even Tel Aviv, I realize that there was a small gleam in almost everyone's eyes, a kind of unconscious breath of relief.

And no, it's not that we Israelis long for war or death or grief, but we do long for those "old days" the taxi driver talked about. We long for a real war to take the place of all those exhausting years of intifada when there was no black or white, only gray, when we were confronted not by armed forces, but only by resolute young people wearing explosive belts, years when the aura of bravery ceased to exist, replaced by long lines of people waiting at our checkpoints, women about to give birth and elderly people struggling to endure the stifling heat.

Suddenly, the first salvo of missiles returned us to that familiar feeling of a war fought against a ruthless enemy who attacks our borders, a truly vicious enemy, not one fighting for its freedom and self-determination, not the kind that makes us stammer and throws us into confusion. Once again we're confident about the rightness of our cause and we return with lightning speed to the bosom of the patriotism we had almost abandoned. Once again, we're a small country surrounded by enemies, fighting for our lives, not a strong, occupying country forced to fight daily against a civilian population.

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So is it any wonder that we're all secretly just a tiny bit relieved? Give us Iran, give us a pinch of Syria, give us a handful of Sheik Nasrallah and we'll devour them whole. After all, we're no better than anyone else at resolving moral ambiguities. But we always did know how to win a war.

Governments Help Nationals Flee From Lebanon And Israel (NYT)

By Brian Knowlton

The New York Times, July 18, 2006

Amid continuing violence today, foreign governments rushed plans to evacuate their nationals from Lebanon and Israel. France, Britain and the United States sent military or civilian ships to begin large-scale shuttle operations, mostly to Cyprus.

The Pentagon said that it would send the Orient Queen, a chartered cruise ship to be escorted by the Navy destroyer Gonzalez, for evacuations as early as Tuesday. Twenty-one Americans, including children and those with medical problems, were evacuated Sunday by helicopter, and 43 more left today. Additional big CH-53 helicopters were being brought in to fly evacuees to Cyprus.

Governments from Manila to Madrid hurriedly devised plans to protect their nationals, as hostilities seriously hampered air, sea and land travel. Israel, which bombed the Beirut airport and has blockaded Lebanese ports, said that it would cooperate. "We are coordinating with the Europeans and Americans how to get foreign civilians out," an Israeli security official told Agence France-Presse.

Australia said it had been working with Israeli and Lebanese authorities to organize a safe departure for those of its 25,000 citizens wishing to leave, Foreign Minister Alexander Downer said. "There is no point in providing buses and ships for them to get out if those buses are going to end up being attacked," he said.

But frightened citizens of many countries complained that their governments were not moving quickly enough.

Thousands of foreigners traveled by land to Syria, creating what one witness called an "absolutely chaotic" scene at the border; Americans were urged to avoid that route.

The United States Embassy Web site did not yet have specific evacuation guidelines, but Sean McCormack, the State Department spokesman, said people seeking to leave should pack their bags, gather travel documents, and be ready to go.

A ferryboat chartered by the French government, the Iera Petra, took on a first load of evacuees in Beirut: 800 French nationals, 400 other Europeans and 50 Americans. The boat is to continue shuttling between Beirut and Cyprus. An estimated 20,000 French tourists and residents are in Lebanon.

A British aircraft carrier, the Illustrious, and an assault ship, the Bulwark, were reportedly steaming toward the area. About 10,000 Britons live in Lebanon.

British newspapers complained that their government had moved too slowly. A headline in the Daily Mail read, "Beirut Britons 'Abandoned.' " But governments said they were moving as quickly as a difficult situation allowed.

The Web site of the British Embassy in Beirut urged people to "stay put, keep a low profile, exercise caution, keep in touch with the Embassy" but to be ready to leave at short notice. Britons who have not registered to leave are urged to phone (44) 20-7008-1500.

About 40 British nationals left Beirut by helicopter this morning, Ambassador James Watt told the BBC.

The United Nations was considering bringing staff members and dependents out of Lebanon.

An American team reached the embassy in Beirut by helicopter on Sunday to plan evacuations, the embassy Web site said. It encouraged those who want to leave to register on-line at http://lebanon.usembassy.gov or by fax at 961-4544-209 or 961-4544-037.

The United States has 25,000 nationals in Lebanon. Its evacuation plans have moved more slowly than those of some other countries.

Leah Byrne, 26, an Ohio native, said that she had tried phoning the embassy nonstop — "literally every five seconds" — after Israeli planes began bombing targets south of her central Beirut apartment last week. "I never got through," she said.

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"We could hear all the bombs, could almost feel the bombs in our bodies," her partner, Miguel Betegon, a 24-year-old Spaniard, said by telephone from Madrid. "She was worried and I was worried because at the time, the only way to get out of the country was by road" — and she had already been turned away once when attempting to enter Syria.

But Mr. Betegon, an intern at the Spanish Embassy in Beirut who made clear he was speaking only in a private capacity, learned that the embassy was planning a bus convoy to Syria, and was told that his friend could come along.

The three-bus convoy, escorted by Lebanese police, reached the no-man's-land at the border after midnight. The scene, Mr. Betegon said, was "absolutely chaotic," including vehicles jammed with people and belongings and other people fleeing on foot. Finally the convoy made it to Damascus, where a Spanish military plane flew the evacuees — 116 Spaniards and 10 other nationals, including Ms. Byrne — to Madrid. The Spanish government covered all costs.

About 170 civilians have died in the fighting, including a Canadian-Lebanese family vacationing in southern Lebanon. About 10,000 nationals are registered with the Canadian Embassy, which is developing evacuation plans. People with questions are urged to contact the embassy at 961-4713-900, by email at berut-cs@international.gc.ca, or by collect call to 001-613-996-8885, an emergency center in Ottawa.

The United States government was expected to evacuate most Americans to Cyprus, where they would have to make individual plans to travel onward at their own expense. The government provides loans, but no grants, for such costs.

Wire services also reported the following:

* An Italian ship carrying 350 Italians was expected in Larnaca, Cyprus, later today.

* Russia sent a special flight to Amman to pick up 74 Russians and citizens of former Soviet republics living in the Palestinian territories, and was making plans to evacuate 1,400 nationals from Lebanon.

* About 850 Swedes have been evacuated, mostly to Aleppo in northern Syria. And 700 Danes have left Lebanon, Copenhagen said.

* A British Foreign Office spokesman said the first wave of Britons — children, elderly and ill people — left Sunday aboard a helicopter that also transported the European Union foreign policy chief, Javier Solana.

* Prime Minister John Howard said Australia was making evacuation plans for those of the 25,000 Lebanese-Australian nationals and 3,000 Australian visitors now in Lebanon, probably by ferry to Cyprus. "We are doing everything we can, 24 hours a day," he said.

* Indonesia said it was evacuating all its nationals, including diplomatic staff and others, to Syria. New Zealand, Japan and the Philippines were also helping their citizens flee the violence.

* Bangkok made contingency plans to evacuate 25,000 Thai farm-workers in Israel.

U.S. Set To Ferry Americans From Lebanon (AP)

By Barry Schweid

AP, July 18, 2006

By air and increasingly by sea, an evacuation is under way to take Americans out of danger in Lebanon.

An estimated 25,000 Americans are there. Some 15,000 have registered with the U.S. Embassy in Beirut, but evidently not all are trying to get out.

"Our planning assumptions are on the order of thousands," State Department spokesman Sean McCormack said Monday. "You don't actually know how many people are going to want to leave until you actually start the larger-scale operations."

The operation began slowly. By late Monday only 64 were known to have departed.

U.S. government officials, basing their estimates on similar situations in the past, say the range of Americans planning to leave could range from 10 percent of those in the country up to 100 percent.

Most other countries have a far less difficult evacuation task since they have fewer of their people in Lebanon. Convoys of buses have been used effectively.

The U.S. government is discouraging travel by land to the Lebanon-Syria border. Two of the three major roads have been bombed severely, Maura Harty, assistant secretary of state for consular affairs, told CNN. And Syria denied entry to some Americans who got to the border.

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"We did not think that was a wise way to counsel people to leave the country," she said.

At the Pentagon, spokesman Bryan Whitman said a commercial ship, the Orient Queen, had been contracted to ferry evacuating Americans to Cyprus. He said it could carry 750 people at a time. A U.S. Navy destroyer, the USS Gonzales, will be available to escort the Orient Queen, he said.

The French lent a hand. In Paris, the foreign ministry said 50 U.S. citizens were evacuated with 800 French citizens and 400 other Europeans on a Greek ferry, Iera Petra, chartered by the French government.

Most of the first Americans to depart were removed by U.S. helicopters, some of which flew to a British base on Cyprus.

At the State Department, McCormack said the cost of a massive evacuation was beyond U.S. resources. He said evacuated Americans would be asked to pay commercial rates, and if they did not have the money, to promise to pay in the future.

"Everybody who wishes to leave will be able to leave," he promised.

Secretary of State Condoleezza Rice and national security adviser Stephen Hadley were briefed on the evacuation Monday as they returned to the United States aboard Air Force One, McCormack said. Rice and Hadley were part of the U.S. delegation at this weekend's G-8 summit in Russia. Rice is planning to go to the Middle East to try to help defuse the situation, McCormack said.

Senate Armed Services Committee Chairman John Warner, R-Va., said Monday that U.S. diplomatic efforts, the well-being of Americans in the region and the effect the conflict could have on American involvement in Iraq and Afghanistan must be reflected in a Senate resolution being drafted this week.

"Our support for Israel is very strong, Mr. President, but it cannot be unconditional," Warner said on the Senate floor late Monday.

The U.S. Embassy advised Americans to carry a valid passport, a birth certificate and marriage or other civil documents. Each traveler is limited to one suitcase weighing up to 30 pounds. Pets will not be allowed to travel.

The embassy is not being evacuated, Harty said in an ABC News interview. But dependents of U.S. personnel who have chosen to leave will be able to depart, she said.

Two organizations, one Arab-American and the other Muslim-American, criticized the slow start and that the United States was not promoting a cease-fire.

"The absence of American leadership to secure a cease-fire and protect its own citizens is appalling," said James Zogby, president of the Arab American Institute.

Nihad Awad, executive director of the Council on American-Islamic Relations, said, "The highest duty of any president is to protect the lives of Americans."

Many of the U.S. citizens in Lebanon are Arab-Americans making regular summer pilgrimages to visit family members.

U.S. Choppers Fly Americans Out Of Beirut (AP)

By Hamza Hendawi And George Psyllides

AP, July 18, 2006

A handful of military helicopters flew Americans out of Beirut on Monday and U.S. officials said a rented cruise ship would help the evacuation of possibly thousands more citizens.

About 15,000 of the estimated 25,000 U.S. citizens in Lebanon have registered with the U.S. Embassy in Beirut, but not all appeared to be trying to get out.

Only 64 Americans were known to have departed by late Monday.

The proportion of those who want to flee could range from 10 percent to all of them, U.S. officials said, basing the estimate on similar crises.

"Our planning assumptions are on the order of thousands," State Department spokesman Sean McCormack said. "You don't actually know how many people are going to want to leave until you actually start the larger-scale operations."

Two Arab-American organizations criticized the slow start. Many of the U.S. citizens in Lebanon are Arab-Americans visiting family over the summer.

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Three CH-53 Super Stallion helicopters — each able to carry 36 people — were available to fly evacuees from Beirut to a British air base on the nearby Mediterranean island nation of Cyprus, Pentagon spokesman Bryan Whitman said, and some flights were taking place Monday.

He declined to provide details about the flights, citing security reasons.

He said more choppers will be available Tuesday.

Two CH-53s from the 24th Marine Expeditionary Unit, which has been conducting an exercise with Jordanian forces, evacuated 21 Americans from the U.S. Embassy compound Sunday.

Whitman said that the cruise ship Orient Queen, which can carry up to 750 people, had been contracted to help the evacuation starting Tuesday.

The Navy destroyer USS Gonzalez, and possibly the USS Iwo Jima amphibious assault ship, will accompany it to Cyprus.

The government of Cyprus prepared to help with the evacuation of the thousands expected to be brought by the United States and European countries.

Israel appeared to be allowing evacuation ships through the blockade of Lebanon it imposed after Hezbollah militants based there captured two Israeli soldiers last week.

The U.S. Embassy has advised those who wish to leave that they should prepare one bag for each person, weighing no more than 30 pounds, and be ready for announcements on how to depart.

An Embassy statement Monday did not say how it planned to evacuate Americans. Further instructions, it said, would be in local media and on the embassy's Web site.

Some Americans have driven themselves to Syria and then flown to Jordan, although the U.S. government has advised Americans not to leave that way.

Hundreds of French citizens and other Europeans boarded a Greek cruise liner chartered by the French government. French Prime Minister Dominique de Villepin, there after a meeting with his Lebanese counterpart, watched busloads of evacuees board the Ierapetra.

France has more than 20,000 citizens in Lebanon.

"Who knows when this will end?" said Habib al-Saad, who was sending his three sons. "If any of our Arab leaders had a brain, this would have been resolved a long time ago. But they don't," al-Saad said as his sons — Marwan, 20, Thomas, 17, and Pierre, 10 — looking bewildered and anxious — listened to their father in silence.

"I am not worried about them," al-Saad said. "They will look after themselves."

An Italian ship evacuated some 350 people, including 187 Italians.

Greece was sending a navy frigate to a Lebanese port to pick up 100 people and has three additional warships on standby.

Hundreds of thousands in Lebanon left areas considered dangerous for the relative safety of the hills east of Beirut, the eastern Bekaa valley and northern Lebanon.

Wisam Musalam, a statistics student in Lyons, France, was standing in line outside the French Culture Center, waiting to register his name for evacuation. He is not a French national, but has a residence permit in France.

"Slowly, slowly we will become like the Palestinians," he said. "A nation of refugees."

The Arab-American organizations criticized U.S. evacuation planning, and the administration's reluctance to promote a cease-fire.

"The absence of American leadership to secure a cease-fire and protect its own citizens is appalling," said James Zogby, president of the Arab American Institute.

Nihad Awad, executive director of the Council on American-Islamic Relations, said "the highest duty of any president is to protect the lives of Americans."

About 850 of about 5,000 Swedes in Lebanon have been evacuated. Sweden chartered three ships to help and was awaiting security guarantees.

A British aircraft carrier and another warship — both in the Mediterranean — set off Sunday on a three-day trip to the Middle East in preparation for the possible evacuation of Britons. A British Foreign Office spokesman said the first wave of Britons —

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children, elderly and ill people — left Sunday aboard a helicopter that also transported European Union foreign policy chief Javier Solana.

Denmark began evacuating some 2,300 people by bus to Damascus, Syria. So far, some 700 have returned home, the Danish government said.

Russia's Foreign Ministry said there were more than 1,400 Russian citizens in Lebanon and more than 1,000 were ready to leave.

U.S. Prepares Huge Lebanon Evacuation (WP)

By Josh White

The Washington Post, July 18, 2006

U.S. Marine Corps helicopters ferried 42 Americans to safety at a British air base in Cyprus yesterday as officials moved closer to a massive evacuation of thousands of U.S. citizens from besieged Lebanon.

The military began discussing plans to move an expeditionary strike group that includes 2,200 Marines to the Mediterranean Sea and hired a private cruise ship to take evacuees from Beirut to Cyprus, possibly as soon as today, U.S. officials said. The State Department advised U.S. citizens to avoid individual evacuations via increasingly dangerous Lebanese roads and border crossings with Syria.

Marine CH-53 Super Stallion helicopters evacuated about 65 people from Lebanon on Sunday and yesterday, and 50 more Americans were set to arrive in Cyprus early this morning on a French ship, according to State and Defense department officials.

As the conflict between Hezbollah and Israel has intensified, U.S. officials have begun what could become the largest evacuation since Americans exited Liberia a decade ago. State Department officials estimated that roughly 25,000 Americans are in Lebanon, 15,000 of whom had registered with the embassy by yesterday.

But the United States appeared to lag behind several other countries that have already evacuated hundreds of their citizens in the wake of the Israeli attacks. Some nations rented buses and sent people by road into Syria and on to Jordan, a route U.S. officials have deemed too dangerous.

Italy and France have evacuated more than 1,000 people between them, while Denmark has started evacuating 2,300 of its citizens and Sweden 850, according to the Associated Press.

Britain has managed a few evacuations, with helicopters landing near Beirut to take a few dozen passengers away yesterday and warships heading to Lebanon to take hundreds more in coming days. Syrian officials have estimated that tens of thousands of people have fled over their border in the past week.

The U.S. Embassy in Beirut yesterday sent messages to U.S. citizens there that it is monitoring the situation closely and is "reviewing all options for assisting Americans who wish to depart Lebanon." Because Beirut's international airport was closed after it was severely damaged by Israeli attacks, U.S. officials were relying on helicopters and ships as potential major evacuation methods.

Tom Miller, a spokesman for the U.S. Embassy in Cyprus, said authorities there are planning on 2,500 to 6,000 U.S. evacuees arriving over the next few days. With Cyprus at the height of its tourist season and few hotel rooms available, Miller said embassy officials hope to use school dormitories and a local fairground to house them while arranging their return to the United States on commercial airlines.

"It's going to be fairly large-scale," said Miller, who anticipated logjams at airports in Cyprus.

The State Department urged U.S. citizens to remain in safe locations, advising against the drive to Damascus.

"Americans who attempt such crossings are advised to exercise great caution when traveling on major roads as they are subject to an air strike at any time," read the State Department statement to U.S. citizens in Lebanon. Israeli bombs over the past few days have targeted the roads leading to Syria.

Americans were told to prepare travel documents and to pack only one suitcase should they decide to leave.

The State Department chose to prepare a large-scale evacuation rather than allowing evacuees to filter out in small numbers. Officials have been coordinating their efforts with Lebanese and Israeli authorities to try to ensure a safe exodus.

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"We're building up the assets in the region so that we can operate on a scale of moving thousands of people," State Department spokesman Sean McCormack said yesterday. He said smaller-scale operations were not feasible.

Maj. Matt McLaughlin, a spokesman for the U.S. Central Command, said that an assessment team moved into Lebanon on Sunday to help the embassy plan for evacuations and that the command is awaiting the go-ahead from the U.S. ambassador for a wider effort. McLaughlin said that there would be "a gradual ramp-up in numbers that are coming out" and that the military is looking at all means of evacuation.

Military officials said yesterday that Marine Corps Brig. Gen. Carl Jensen, commander of the 24th Marine Expeditionary Unit, was in Cyprus leading coordination efforts. Helicopters from his unit were flying into Lebanon for early evacuations, and three other helicopters were standing by at the U.S. Embassy in Beirut, a Pentagon spokesman said.

The 24th MEU has been stationed in Jordan, conducting training exercises that recently ended. A naval destroyer from the unit's expeditionary strike group, the USS Gonzalez, was prepared to escort the civilian cruise ship Orient Queen to take roughly 750 people at a time from Beirut to Cyprus.

Military commanders also were discussing the move of the full strike group into the Mediterranean in preparation for a major evacuation. The 2,200 Marines in the 24th MEU would assist in getting people out of Lebanon but would not be involved in the conflict, military officials said.

Although the unit has not yet received orders to move, the Marines were loading ships in Jordan to head out to sea. Such a movement would require the battle group to sail through the Suez Canal and then north into the Mediterranean, which could take several days.

As part of their regular training, such Marine units practice civilian evacuations. "This is their bread and butter," McLaughlin said.

Expats And Tourists Struggle To Flee The War Zone (USAT)

By Jeffrey Stinson And Wendy Koch

USA Today, July 18, 2006

LARNACA, Cyprus — Jade Jurdi cannot shake the images of his three-day journey to escape from Lebanon, which Israel has bombarded for six days in an escalating conflict with Hezbollah militants.

All around him roads and bridges were shattered and the thunder of bombs and missiles rang in his ears as Jurdi, an American student, fled a mountain hideaway for Beirut on Saturday.

Sunday, he joined the exodus of frightened refugees on the chaotic road to Damascus, Syria. Only when Jurdi arrived here at dawn on Monday after an overnight flight did he find some calm.

“It was amazing and bad at the same time,” says Jurdi, 21, a senior at Harvard University who grew up in Orange County, Calif.

He had planned to spend the summer living with his grandmother, a Beirut resident, and writing a thesis on how Lebanon had begun to return to normal. Jurdi's safe arrival in Cyprus was a relief: “When I got to my (hotel) room here, I started to tear up,” he says.

Jurdi is among a small number of Americans — 64 as of late Monday — to have so far escaped the rising strife. Cyprus is where many of the evacuees appear to be headed.

The Pentagon said it hired a private cruise liner, the Orient Queen, to pick up evacuees and would send at least one warship as an escort when the evacuation ship docks at the Lebanese capital today.

Jurdi, other students and employees of U.S. firms were flown out of Damascus by International SOS, a security and medical company that contracts with private clients for such emergencies.

In Beirut, the palm-tree-studded seaside campus of the American University of Beirut remained relatively quiet.

“I feel safe here,” says Stephen McInerney, 31, a graduate student in Middle East studies from Southern Pines, N.C. Still, he says he's joining the planned U.S. evacuation.

He fears that if the fighting escalates, there may be no way out. “The concern is that the Israelis will show less restraint once the bulk of the foreigners leave,” he says.

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"I've really enjoyed my time here; it's been educational," says Ben Ryan, 27, a student from New York. But, he adds, "Educational experiences are only worth it when you live."

At least 80 of American University of Beirut's 282 American students enrolled in summer or degree programs have signed up to be evacuated by the U.S. Embassy, says Caroline Chalouhi, coordinator for international student services.

Some, including McInerney, are annoyed that they had to agree to pay to be brought out. The State Department has no funds to cover evacuation costs and asks evacuees to pay the "going commercial rate for transport out," spokesman Kurtis Cooper says.

Many family members of Americans in Lebanon are eager to see their loved ones leave.

Sandra McCormick of Helena, Mont., whose son Jared, 25, has been studying in Beirut, says she's "extremely worried."

"It's up and down every day," she says. She says her anxiety rises when she sees the latest news and subsides after his phone calls.

"I'm very concerned about my brother, nephew and father," says Mohamed Saad, 30, of Dearborn, Mich. He says they are U.S. citizens who recently went to Lebanon to visit family. "It's tough, not just for us but for everyone."

Unlike students at the American University of Beirut who have been waiting out the violence, Harvard student Jurdi began his trek to Cyprus on Saturday. That's when friends connected to the Lebanese government told him that he and his friend A.G. Levanthal, 20, a Harvard junior from New York City, were no longer safe.

They had taken refuge in the mountains east of Beirut after last week's outbreak of violence. They were told that if they didn't get to Beirut immediately to be evacuated by International SOS, it was unclear when they would be able to leave, Jurdi says.

Bridges and roads were out all along the route to Beirut, Jurdi says. Bomb blasts echoed constantly in the background as they made their way to the capital. All the traffic was heading the opposite way.

When they got to Beirut, the city was being bombed. "We heard this just catastrophic boom," he says. "This building was going up in smoke and parts started falling off." He reached his grandmother's house, only to be rocked in the elevator by a nearby blast. "I just packed what we needed for a couple of days and we took off."

They drove out early Sunday in the shadow of a caravan of United Nations vans headed for Syria.

The airport in Damascus was a zoo, he says. Italians, Danes and other foreign nationals already were there trying to fly out. Eventually he made it onto the International SOS flight to Cyprus.

Jurdi's thesis — that Beirut had begun to revive after 15 years of civil war and occupation by Israeli and Syrian forces — became quickly obsolete as the conflict intensified.

"It's not going to get written," he says.

Slow U.S. Evacuation Plans Leave Thousands Stranded (USAT)

By Tom Vanden Brook

USA Today, July 18, 2006

WASHINGTON — Thousands of Americans remained stranded Monday in Lebanon as the State and Defense departments developed plans to evacuate them.

By late Monday, 64 Americans had been flown by Marine helicopter to safety on the island of Cyprus. The pace of the evacuation angered some in the USA with relatives in the country.

"If anything, it seems to me the administration is willing to tolerate this, and they are not willing to interject themselves," said Nora Colton, whose husband, Middle Eastern studies expert Fawaz Gerges, and three of her children are in Lebanon.

As Israel and the militant Islamic group Hezbollah trade rocket attacks and airstrikes, European nations with citizens in Lebanon have evacuated more of their citizens more quickly than the United States. For example, about 850 Swedes among about 5,000 in Lebanon have been evacuated, and Sweden also chartered three ships to bring Swedes from Beirut to Cyprus.

Colton said she was puzzled that Italy moved 350 Europeans out Monday and France docked a chartered Greek cruise liner that took away about 700 people, including some Americans.

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Kurtis Cooper, a State Department spokesman, said U.S. officials didn't want to endanger Americans in Beirut in an ill-conceived evacuation. The State Department rejected a land evacuation through Syria because of safety concerns for Americans in that country, he said. He added that mass evacuations would occur “soon” but declined to say exactly when.

The Defense and State departments are developing a plan to evacuate those of the 25,000 Americans in Lebanon who want to leave, said Thomas Miller, a spokesman for the U.S. Embassy in Cyprus.

A U.S. Embassy statement issued Monday instructed American citizens to be ready to leave immediately. It may be a week or more before the evacuation is fully underway, Miller said.

Israeli airstrikes have damaged the international airport, making the sea Americans' main escape route.

The Pentagon has mobilized some ships and troops to aid in the evacuation. The 750-passenger Orient Queen, a Greek cruise ship, has been chartered to ferry evacuees from Beirut to Cyprus. It will be available beginning today, said Lt. Col. Mark Ballesteros, a Pentagon spokesman.

Greek Cruise Ship To Evacuate Americans (KRT)

By Drew Brown

Knight Ridder, July 18, 2006

WASHINGTON - The U.S. military plans to use a commercial cruise ship escorted by a Navy destroyer for a large-scale evacuation of Americans fleeing Israel's bombardment of Lebanon.

The Orient Queen, a Greek cruise ship capable of carrying 750 passengers, was due to arrive at the island nation of Cyprus, 125 miles from Lebanon, on Tuesday, said Lt. Col. Trey Kate, a spokesman for U.S. Central Command. The USS Gonzalez will accompany the ship to Lebanon, said Lt. Cmdr. Jeff Breslau, a spokesman for the U.S. Navy's Fifth Fleet.

People trapped in Lebanon can't fly out from Beirut because the airport is closed due to heavy bombing damage. Syria agreed to accept Americans leaving Lebanon by land, but the U.S. State Department advised against driving to Syria because so many roads and bridges in Lebanon have been destroyed and could be hit by further airstrikes.

Israeli jets and artillery began pounding Lebanon last week after gunmen from Hezbollah, which is based in Lebanon, kidnapped two Israeli soldiers in a cross-border raid. Hezbollah has struck back with missile attacks on northern Israeli towns and cities, and last week a missile struck an Israeli warship several miles off the Lebanese coast. More than 200 people have been reported killed in Lebanon.

An estimated 25,000 Americans are in Lebanon, State Department spokesman Sean McCormack said. The U.S. government is planning for an evacuation of thousands, he said.

A group of about 100 Marines from the 24th Marine Expeditionary Unit under the command of Brig. Gen. Carl Jensen in Cyprus was coordinating the evacuation.

It was unclear how many days it would take to move hundreds of Americans at a time. McCormack would only say that it would happen "in the very near future."

Only 64 Americans had been evacuated as of Monday. Marine Corps CH-53 helicopters ferried them on Sunday and Monday to Cyprus.

The U.S. Embassy in Beirut on Monday instructed Americans who wanted to be evacuated to pack and be ready, but it didn't say when they'd be leaving.

An American aircraft carrier could accommodate more people, but none was in the Mediterranean and the smaller cruise ship would be easier to maneuver into port, Breslau said.

Breslau said the operation would have to be coordinated with the Lebanese and Israeli governments before the evacuation ships entered into the danger zone.

People with urgent medical needs and elderly and unaccompanied minors will get helped out first, McCormack said. "We want to work to get everybody out who wants to get out. That's our job, and that's what we're working on."

Jonathan Godfrey, a spokesman for Rep. John Conyers, D-Mich., said Conyers' office had received about 30 calls from constituents demanding U.S. government action to get their loved ones out of harm's way.

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Rep. John Dingell, D-Mich., said many people within his district of Dearborn, which is home to many Arab Americans, also had received numerous calls for help.

"We have been contacted by many of our constituents worried about their loved ones in harm's way, and we are working with them, the U.S. government and humanitarian organizations to help," he said. "Evacuating 25,000 Americans on a moment's notice is a difficult operation for the State Department and our military planners, but it must be handled expeditiously."

The State Department said those evacuated would pay the commercial cost for the trip.

Nations Step Up Plans To Evacuate Citizens (FT)

By George Parker And Guy Dinmore

Financial Times, July 18, 2006

Europe on Monday urged Israel not to act in a "disproportionate" manner or to break international law in its assault on Lebanon, as national capitals stepped up plans for an evacuation of EU citizens.

European foreign ministers, meeting in Brussels, issued a statement that also called for an end to Hizbollah attacks on northern Israel and a de-escalation of violence on both sides.

The 25-member bloc has vowed to send peacekeeping troops to the region if requested by the United Nations, but its more immediate concern is evacuating European citizens.

The US on Monday said it was putting plans into place to evacuate thousands of its citizens from Beirut by helicopters and sea via Cyprus. US citizens, believed to number some 25,000, were told to get their identity documents and one small suitcase ready, but to leave their pets behind.

Diplomats said citizens from Germany, Spain, Britain and France were affected by the violence in Lebanon and informal talks between the four countries on evacuation were under way.

The European countries will also try to work together in negotiating with Israel safe periods during which civilians could be evacuated from Beirut and other parts of Lebanon.

Erkki Tuomioja, foreign minister of Finland, holder of the EU presidency, said: "Several times I have been in touch with the Israeli minister and urged them to give clear guarantees these people are not endangered."

Britain is said to have four warships heading for the area and British helicopters operating from Cyprus have evacuated some families.

Many European countries have taken several hundreds of their people out by bus to Syria. An Italian ship yesterday carried some 300 people from Beirut to Larnaca.

A 1,300-passenger ferry chartered by France was heading for waters off Beirut yesterday and was expected to take evacuees to Cyprus.

Mr Tuomioja, speaking after the foreign ministers' meeting in Brussels, said he was not yet talking about a general evacuation, but feared it was "only a matter of time" before European citizens were injured or killed in the fighting.

Javier Solana, the EU foreign policy chief, reporting back from a visit to Beirut, said getting people out was difficult because only one road to Syria was still open and the airport was closed.

He urged the Lebanese government to do its best to get a grip on the situation. "It's important that the government of Lebanon plays an important role," he said. "It's a solid government, which we support."

The US State Department said it had learned Syria was willing to admit Americans without visas, but there were reports of damage to border crossings. Main roads were "subject to an air strike at any time", it said, referring to Israeli raids.

"We're planning for thousands," a spokesman said, noting that some 3,000 Americans had registered since the conflict erupted.

Westerners Flee Lebanon As Fight Continues (AP)

By Lee Keath

AP, July 18, 2006

DOJ_NMG_0041562

Westerners fled by land, sea and air Monday as Israel sent ground troops into Lebanon briefly and Hezbollah rockets knocked down a three-story house in northern Israel. However, there were signs of movement on the diplomatic front to end the worst fighting in 24 years.

The exodus of tourists left downtown Beirut eerily silent, with the shutters down on fancy stores and restaurants in a stark reminder of the country's civil war. Israeli military officials said an airstrike in Lebanon destroyed at least one long-range Iranian missile capable of hitting Tel Aviv, where sunbathers, swimmers and paddleball players filled the beaches, determined to defy the guerrilla attacks.

By nightfall Monday, 210 Lebanese had been reported killed in the six days of fighting, according to figures provided to The Associated Press by the national police. Nine civilians, including two children, died in an afternoon airstrike on a bridge near the southern port city of Sidon, Lebanese officials said. At least 24 Israelis have been killed.

A cruise ship, the Orient Queen, escorted by a U.S. destroyer was to begin evacuating some of the 25,000 Americans in Lebanon on Tuesday, joining U.S. military helicopters that have ferried about a score of U.S. citizens to a British base on the Mediterranean island of Cyprus. More helicopter transfers were planned Tuesday, a U.S. official said.

On the sixth day of its major offensive in Lebanon, Israel was allowing evacuation ships through its blockade of the country. France and Italy moved hundreds of nationals and other Europeans out Monday on a Greek cruise liner. An Italian ship left earlier with 350 people, and other governments were organizing pullouts by land to Syria.

Diplomatic efforts gained traction with Israel signaling it might scale back its demands. Israeli Prime Minister Ehud Olmert said fighting would halt only if Hezbollah, a Shiite militia that controls much of south Lebanon, pulls back from the border and releases the two soldiers whose capture last week triggered the Israeli offensive.

An aide to Olmert indicated the prime minister was ready to compromise on the question of dismantling the Islamic militant group. But the aide said Olmert might oppose a U.N. and British idea of deploying international forces to Lebanon.

The current U.N. force in southern Lebanon has proven impotent and a larger, stronger force could hamper any future Israeli attacks, should any deal fall apart. Israel wants the Lebanese government to patrol the south.

In an impassioned speech to Israel's parliament, Olmert said the country would have no mercy on Lebanese militants who attack its cities with rockets.

"We shall seek out every installation, hit every terrorist helping to attack Israeli citizens, destroy all the terrorist infrastructure, in every place. We shall continue this until Hezbollah does the basic and fair things required of it by every civilized person," he said.

Hezbollah's patron Iran, meanwhile, said a cease-fire and prisoner exchange would be acceptable and fair. Israel has ruled out releasing any prisoners.

But Hezbollah dismissed international cease-fire proposals as "Israeli conditions" and accused foreign envoys of allowing Israel time to continue its offensive.

U.N. Secretary-General Kofi Annan's special political adviser emerged from talks with Lebanon's prime minister to say he would present Israel "concrete ideas" to end the fighting.

"We have made some promising first efforts on the way forward," the adviser, Vijay Nambiar, told reporters, while warning that much work needs to be done.

One U.N. official said Nambiar's mission had "very useful discussions" with Lebanon's prime minister and parliament speaker — an ally of Hezbollah's leader.

"They have agreed on some specifics, and this is going to be carried to Israel, and they will probably go back to Lebanon if they are a promising signal," said the official, U.N. Undersecretary-General for Political Affairs Ibrahim Gambari.

British Prime Minister Tony Blair and Annan called for sending international forces to southern Lebanon, and the United States said it did not oppose the idea.

But President Bush also suggested, in a moment of unscripted frank discussion caught on tape, that Annan simply call the president of Syria, another Hezbollah backer, to "make something happen."

Speaking with Blair privately before the G-8 leaders began their final lunch in St. Petersburg, Russia, Bush swore about Hezbollah's border raids and rockets.

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"See, the irony is that what they need to do is get Syria to get Hezbollah to stop doing this s--- and it's over," Bush said.

Meanwhile, the fighting went on.

Early Tuesday, Israeli warplanes renewed attacks on Beirut's southern suburbs, Hezbollah's Al-Manar television station reported. Warplanes also fired four missiles on the eastern city of Baalbek, witnesses said. Both are Hezbollah strongholds. There was no word on casualties.

Attacks by Israeli warplanes and big guns late Sunday and early Monday killed 17 people and wounded at least 53, security officials said. Israeli government spokesman Asaf Shariv said ground troops also entered southern Lebanon, attacked Hezbollah bases near the border and quickly returned to Israel.

Israel said its planes and artillery struck 60 targets in Lebanon overnight in retaliation for Sunday's 20-rocket barrage on Haifa, Israel's third-largest city.

In the deepest-ever Hezbollah missile strike into Israel, Katyusha rockets struck the Israeli town of Atlit, 35 miles south of the border. Nobody was hurt.

Later, guerrillas fired three rocket barrages into the port city of Haifa, destroying the three-story building and wounding at least three people, Israeli medics said.

Late Monday, a further barrage of rockets hit northern Israel. Some landed in Haifa and one near a hospital in the northern town of Safed, injuring five people.

Israel also kept up pressure in the Gaza Strip as it searched for another soldier seized by Hamas-linked militants there. It bombed the empty Palestinian Foreign Ministry building for the second time in less than a week in what it said was a warning to the ruling Hamas party.

Also Monday:

• Israel attack jets killed two people in the Beirut harbor and started a large fire.

• Warplanes set fire to a gas storage tank in the northern neighborhood of Dawra and another fuel storage tank at Beirut airport. The airport has been closed since Thursday, when Israeli jets blasted its runways.

• An Israeli airstrike in Lebanon destroyed at least one long-range Iranian missile capable of hitting Tel Aviv. Israeli military officials said aircraft targeted a truck carrying the weapons before they could be launched.

• Israeli fighter jets again hit the Beirut to Damascus highway, which has been targeted as part of a strategy of severing Lebanon's links to the outside world. Two people were killed, Lebanese officials said.

• Eight Lebanese soldiers were killed when Israeli jets hit a fishing port at Abdeh in northern Lebanon near a highway leading to Syria. Twelve Lebanese soldiers also were wounded.

• An Israeli missile strike on southern Lebanon missed its apparent target — a Hezbollah site — and hit a private house, killing two people, security officials said.

AP correspondents Ravi Nessman and Steve Weizman in Jerusalem, and Edith M. Lederer at the United Nations contributed to this report.

Emergency Talks On Doha Follow Lamy Warning (FT)

By Alan Beattie, Neil Buckley And Daniel Dombey

Financial Times, July 18, 2006

Leading countries in the crisis-hit "Doha round" of trade talks on Monday announced emergency meetings between ministers over the next two weekends, after the US, Brazil and some European Union countries signalled they would compromise to reach a deal.

The decision was announced after talks in Geneva on Monday night between the core group of six – the EU, US, Japan, Brazil, India and Australia. It followed a stark warning from Pascal Lamy, director-general of the World Trade Organisation, who told the Group of Eight heads of government in St Petersburg that the round would collapse unless they made concessions.

"The deadlock in which we are caught will lead us to failure very soon if you do not give your ministers further room for negotiation," Mr Lamy said.

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On Monday, during meetings between the G8 and big emerging-market countries, President George W. Bush and Luiz Inácio Lula da Silva of Brazil had signalled they were prepared to compromise, officials said. But a sharp difference of opinion persisted within the EU.

José Manuel Barroso, president of the European Commission, Tony Blair, UK prime minister, Angela Merkel, German chancellor, and Romano Prodi, Italian prime minister, all struck upbeat notes, officials said.

But Jacques Chirac, French president, said the EU had reached the outer limit of its mandate. "We have made enough concessions, unless there is a very important counter-offer by our American friends," Mr Chirac told reporters after the meeting. France has intermittently orchestrated a group of EU member states to restrain the Commission during the Doha talks.

Monday's decision, which will have ministers meeting on July 23-24 and again on 28-29 in Geneva, follows two weeks of intensive diplomacy by Mr Lamy to find common ground among leading countries after an abortive conference at the end of June. Mr Lamy has said that to reach a deal, the EU needs to offer deeper cuts in farm tariffs, the US sharper reductions in farm subsidies and the Group of 20 developing countries better access to their manufacturing and services markets.

The EU has already prepared an offer that would take its cuts in farm tariffs close to the demands of the G20. Negotiators have also known for some time that Brazil is willing to cut protection for manufacturers.

But there was little explicit sign of concessions by two of the most determined hold-outs in the talks, the US and India. The US insists it needs new export markets for farmers. India and some other poor countries have turned that down and insisted on the right to protect farmers by exempting them from tariff cuts.

Susan Schwab, US trade representative, has not yet withdrawn those demands nor offered a bigger cut in America's farm subsidies. "I think the next step for us is to go back to our capitals to see what sort of flexibility to bring back to the table," she said after the meeting.

One EU official said on Monday: "If the US is calling for ambition in market access, it needs to show similar ambition in terms of reducing farm subsidies."

G-8 Leaders Push For Trade Deal Amid Doha Round Complexities (WSJ)

By Yochi J. Dreazen And Greg Hitt

The Wall Street Journal, July 18, 2006

STRELNA, Russia -- The Bush administration said it would work with Brazil and other major economic partners to salvage a global trade pact endangered by domestic and international opposition.

Trade wasn't formally on the agenda of this year's Group of Eight summit, but the leaders of Brazil, India and China -- all involved in the trade talks -- were invited to a series of meetings with G-8 leaders here. In private sessions, the three leaders emphasized that time is running out on the Doha Round of trade talks.

The latest push for compromise faces significant hurdles. The U.S. couldn't work out details of a separate deal that would have cleared the way for Russia to join the World Trade Organization.

The Doha Round is more complicated than the narrower Russia deal. The U.S. wants cuts in tariffs to increase market access abroad for American farmers. Europe is resisting, while demanding that the U.S. agree to cuts in domestic farm subsidies. The two camps are pressing middle-income developing nations, such as Brazil and India, to open their markets to industrial goods made by the U.S. and Europe, a move they have been loath to support. No major players have come to terms with how to meet the demands of the world's poorest countries, which want a greater foothold in the world economy.

"The political costs of reaching a deal still significantly outweigh benefits for virtually every one of the major players," said Grant Aldonas, a trade official in President Bush's first term.

Exchanges among leaders at the summit underscored divisions. Brazilian President Luiz Inácio Lula da Silva told reporters that trade negotiators were largely out of ideas for resolving the impasse in negotiations and emphasized the importance of having heads of state "make a political decision, whatever might it be."

President Bush said "we're committed to a successful Doha round" and sent U.S. Trade Representative Susan Schwab to Geneva yesterday for hastily organized talks with the European Union, Brazil, Japan, India and Australia.

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WTO Director-General Pascal Lamy, who was at the summit in Russia, flew to Geneva to lead the meeting, scheduled after G-8 leaders Sunday gave negotiators one month to agree on a framework for completing the five-year-old trade talks. Mr. Lamy has been working to revive talks since an end-of-June negotiating session collapsed. Last week, Mr. Lamy led a series of meetings with major players, including Brazil, the EU, the U.S. and India, aimed at exploring bottom lines outside of the group sessions. Last night in Geneva, negotiators agreed to a new timetable for discussions, including at least two face-to-face meetings of key trade ministers before the end of the July.

"There is a sense of resolve," Ms. Schwab said.

Launched in the Qatari capital of Doha in 2001, the talks are more than 18 months behind schedule. If negotiators craft a framework deal, months of negotiations remain to flesh out the details. U.S. officials feel those details must be wrapped up by year end to give Mr. Bush time to push a pact through Congress before his trade-promotion authority expires in mid-2007. Trade-promotion authority bars Congress from amending any trade deal and guarantees the president an up or down vote on the initiative.

Pressed By Leaders, Trade Officials Work On Talks (NYT)

By Tom Wright

The New York Times, July 18, 2006

GENEVA, July 17 — Trade ministers will meet twice next week in Geneva in a last-ditch attempt to rescue the stalled World Trade Organization talks, they said on Monday.

At the encouragement of leaders of the Group of 8 industrialized countries, negotiators from Australia, Brazil, the European Union, India, Japan and the United States met Monday night with the director general of the World Trade Organization, Pascal Lamy, to assess the talks.

Trade negotiators will meet on July 23 and 24 and again on July 28 and 29. They will try to agree on formulas for cutting industrial and farm tariffs and subsidies.

“The idea is to have another go at it with a bit more determination and hopefully a bit more flexibility,” India’s minister of commerce and industry, Kamal Nath, told The Associated Press. “The work could spill into August, as there’s a lot of work to do.”

President Bush told government leaders at the Group of 8 meeting in St. Petersburg, Russia, that he was committed to reaching an agreement that would lead to a significant easing of trade barriers, according to Sean Spicer, a spokesman for the United States trade representative, Susan C. Schwab.

“President Bush made it clear he wanted a robust Doha round, and Ambassador Schwab is going to meet with some of her counterparts to work on a breakthrough,” Mr. Spicer said. “We hope other nations will match the bold offer that the U.S. has on the table.”

The talks, which began five years ago in Doha, Qatar, have ground to a virtual halt, largely because of disagreements between the United States and the European Union over how to reduce subsidies to farmers.

The Group of 8 leaders called Monday for greater efforts to move the talks forward.

Mr. Lamy said that a breakthrough was unlikely without greater concessions from rich nations. “The chief political responsibility lies here,” he told politicians at the St. Petersburg meeting. “The deadlock in which we are caught will lead us to failure very soon if you do not give your ministers further room for negotiation.”

Peter Power, a spokesman for Peter Mandelson, the European Union trade commissioner, said: “Time is of the essence now. We need to capture the positive signals coming from St. Petersburg and translate them into genuine movement across all areas of negotiation.”

But it remained unclear whether the intensified political spotlight on trade would help lead to a deal.

Reaching an agreement soon is important because next year President Bush will lose fast-track authority, which allows him to send a trade agreement to Congress for a simple yes-or-no vote without amendments.

Developing countries like Brazil and India are refusing to open their markets to manufactured goods and services until the United States and Europe reduce farm subsidies and tariffs.

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Although many American and European companies support a trade deal, President Bush and leaders like President Jacques Chirac of France face pressures at home from powerful farm lobbies not to sign a deal at any cost to the agricultural sector.

President Chirac said on Monday that the European Union would not consider further concessions unless the United States agreed to deeper cuts in farm subsidies. The United States wants Europe to first agree to wider cuts in agricultural tariffs. Both argue that developing nations, which are being led by Brazil and India, also need to make concessions.

Mr. Lamy warned Group of 8 leaders that failure to push the talks forward would mean a lost opportunity to increase growth and could lead to rising protectionism.

The Group of 8 leaders met Monday with leaders from Brazil, China, India, Mexico and South Africa in an attempt to break the impasse.

The Group of 8 set a one-month deadline for Mr. Lamy to forge an agreement among the 149 members of the W.T.O. Trade deals are hammered out by consensus at the W.T.O., meaning small countries can theoretically scuttle any deal, as happened at ministerial meetings in Cancún, Mexico, in 2003, and in Hong Kong late last year.

Earlier this month, talks in Geneva aimed at reaching an outline deal by the end of July broke up ahead of schedule because of a lack of common ground between the United States and Europe on agriculture. Mr. Lamy said on Monday that setting more deadlines was not useful unless nations came to the table willing to make fresh concessions.

The G-8 Wraps With Developing Nations (LAT)

By David Holley And James Gerstenzang, Times Staff Writers

The Los Angeles Times, July 18, 2006

Summit's last session includes China, India, Brazil, South Africa and Mexico to help resolve the trade deadlock with the industrial countries.

STRELNA, Russia — World leaders meeting here sought on Monday to energize international trade talks intended to lower tariffs and make it easier for nations to sell their products in now protected markets.

The three-day summit of the Group of 8 leading industrialized nations concluded with a final session that also included leaders of five major developing countries: China, India, Brazil, Mexico and South Africa. That gave the opportunity for balanced discussion of the trade deadlock, as the needs of industries and agriculture in different regions of the world have brought a three-way split among the United States, the European Union and developing nations.

Key to progress is how much the U.S. government will cut its farm subsidies, how much the EU will lower tariffs on farm imports and how much developing countries will reduce barriers to industrial and service imports.

The most recent effort to complete the so-called Doha round of trade talks, begun five years ago in Qatar's capital, for which the talks were named, broke down two weeks ago. In a statement Sunday, leaders from the Group of 8 — the U.S., Russia, Britain, Germany, France, Italy, Canada and Japan — called for negotiators to try again.

They hope to achieve a breakthrough on the talks among World Trade Organization members within a month and wrap up a deal by year's end.

"This is a historic opportunity to generate economic growth, create potential for development and raise living standards across the world," they said. "We urge all parties to work with utmost urgency for conclusion of the round by the end of 2006, to strengthen the multilateral trading system and provide an important boost for the world's economy."

The G-8 leaders and their guests sought Monday to build political momentum to achieve those goals.

Speaking during a picture-taking session with President Luis Inacio Lula da Silva of Brazil, as rain squalls chilled this suburb of the northern Russian city of St. Petersburg, Bush said, "We're committed to a successful Doha round." Lula in turn saluted the G-8 decision to devote attention to the trade negotiations. "Now is the time for us to make a political decision," he said.

The negotiators "have done immense work," the Brazilian president said. "But now it seems to me that they don't have any hidden card in their pockets any more. Now we're the ones that have to take our cards from the pockets."

Later, some of the G-8 leaders indicated that the day's talks had shown signs of political will to break the deadlock.

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"Before we had our lunch discussion I was somewhat pessimistic," British Prime Minister Tony Blair said. "I am less pessimistic now."

As the most recent efforts to overcome obstacles broke down in Geneva this month, the U.S. and the EU, two regions where farm interests exert strong political influence, were wrangling over an acceptable level of government support for farmers. Subsidies make it easier for agricultural interests to try to undercut foreign competitors by lowering prices.

The expanded gathering also issued a statement Monday condemning the terrorist bombings of commuter trains in Mumbai, India, on July 11. "We are united with India in our resolve to intensify efforts to fight terrorism, which constitutes a threat to each of our countries as well as to international peace and security," they said.

At a closing news conference, Russian President Vladimir V. Putin, the host, expressed satisfaction with the results of the gathering.

"All the goals we set ourselves have been achieved," he said. "Not a single issue arose which we failed to agree upon."

The G-8 leaders issued statements Sunday on the Mideast, the dominant discussion topic, trade and the official thrusts of the summit: energy security, education and infectious diseases. They also issued documents on counter-terrorism efforts, intellectual property rights, African development and high-level public corruption.

In the statement on energy security, Russia agreed to EU demands to support in principle transparent and open energy markets. But the document appeared to do little to resolve disagreements between the two sides.

The United States and the European Union have pressed Russia, a major exporter of oil and gas, to open its largely state-controlled energy sector to more foreign investment and market competition. Meanwhile, Russia has urged the EU to allow its firms to buy into European distribution networks. Aside from endorsing vague principles such as "market-based investment flows," the statement did little to clarify how this issue might be resolved.

As for expanding the use of nuclear energy and addressing climate change, it simply acknowledged that participants disagreed.

Trade Success Hinges On G-8 (WT)

By Jeffrey Sparshott

The Washington Times, July 18, 2006

The head of the World Trade Organization yesterday told leaders from the Group of Eight industrialized nations that they bore responsibility for the success or failure of global trade talks.

"The fact is that the chief political responsibility lies here," Pascal Lamy, the WTO's director general, told G-8 leaders meeting in St. Petersburg.

"At this stage, the deadlock in which we are caught will lead us to failure very soon if you do not give your ministers further room for negotiation," Mr. Lamy said.

WTO negotiations are meant to promote commerce and improve the fortunes of the world's poorest countries, but have stalled because the United States, the European Union, Brazil and other nations cannot agree how far to cut farm subsidies and how wide to open their markets to competition.

President Bush and his counterparts over the weekend renewed their commitment to break the impasse within a month. Mr. Bush met with leaders of Canada, France, Germany, Italy, Japan, Britain and Russia, which is a member of the G-8 but not a member of the WTO. Mr. Lamy, Brazilian President Luiz Inacio Lula da Silva and Indian Prime Minister Manmohan Singh yesterday joined the meeting to discuss the WTO impasse.

"I am convinced that now is the time for us to make a political decision, whatever it might be. We cannot leave [the round] in the hands of our negotiators only," Mr. Lula da Silva said during brief remarks with Mr. Bush.

Mr. Bush's trade envoy, U.S. Trade Representative Susan Schwab, traveled to the WTO's Geneva headquarters yesterday to meet with trade ministers from six of the WTO's biggest members under the renewed mandate to break the deadlock.

The officials, from the United States, the 25-nation European Union, Brazil, India, Japan and Australia, agreed to meet twice more this month in a last-ditch effort to conclude the negotiations this year. The meetings are scheduled for Sunday and Monday and July 28 and 29 in Geneva.

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The Bush administration last year was widely credited with reviving the negotiations when it outlined a plan to slash its agricultural subsidies as long as other countries lowered barriers to U.S. farm goods.

But the United States has since become increasingly isolated as the European Union, Brazil and India have demanded even deeper subsidy cuts from the United States while refusing to make the deep tariff reductions that the White House demands.

Mr. Lamy warned that failure would hurt developing countries and could lead to greater protectionism.

Kremlin Sells Russia's Best Self (WP)

By Peter Finn And Peter Baker

The Washington Post, July 18, 2006

ST. PETERSBURG, July 17 -- The setting was a picture of Czarist splendor. The host was charming if occasionally acid-tongued. And even the unexpected shadow of violence in the Middle East was an opportunity to improvise deftly and reinforce the political message: Russia is ascendant and its president, Vladimir Putin, is the equal of his powerful guests.

The annual summit of the leaders of the Group of Eight industrial democracies, which ended Monday at a palace outside St. Petersburg, was almost everything the Kremlin had hoped for.

"I believe the Kremlin's main goal was to improve Russia's image and to demonstrate to both Russians and the world that Russia has restored its status as a superpower," said Yevgeny Volk, head of the Moscow office of the Heritage Foundation. "And from this point of view, Putin and the Kremlin succeeded."

Indeed, the summit sometimes seemed like a three-day tutorial on Russia's revival, with Putin as professor. "It is clear that Russia's growing economic potential is enabling it to play an increasingly important role in global development," he said at a post-summit news conference.

After the leaders struggled to reach a common position on the conflicts in Lebanon and the Gaza Strip, Putin spoke to journalists about Russia's role as a critical broker with lines of communication to all parties and its ability to mitigate the stridency of other powers at the summit, unnamed but clearly the United States.

In an 18th-century palace re-gilded with the bounty of Russia's new riches from its energy wealth, the Russian leader oversaw a smooth-running meeting in which the contentious issue of Russia's democratic direction barely ruffled the rococo retreat.

"Western leaders meekly avoided unpleasantries about democracy," said Lilia Shevtsova, author of "Putin's Russia."

Behind closed doors, the G-8 leaders discussed democracy at dinner Sunday after Putin broached the subject, according to diplomats.

...

There were a couple of awkward moments, for instance, when President Bush spoke of bringing freedom of the press and religion to Iraq and added that "a lot of people in our country would hope that Russia would do the same thing."

Putin was ready with a put-down.

"Well, of course, we wouldn't want the same kind of democracy as in Iraq, I'll say that quite honestly," said Putin, eliciting a ripple of laughter from watching reporters.

He waited until Bush had left for Washington on Monday before telling a news conference that he would not support the president's strategy on Iran's nuclear program. "Speaking of sanctions against Iran is premature," Putin said. "We haven't reached that point yet."

The normally opaque Kremlin put on an extravagant show of Western-style openness to the international media. It hired Ketchum Inc., a U.S. public relations firm, which in the days before the summit set up a series of briefings for American reporters with Russian officials. Putin's top aide for the summit answered questions on the record on the same day that two Bush administration officials briefed anonymously.

Once the summit began, Ketchum organized one news briefing after another with a range of Russian officials, all broadcast for reporters on a special television channel. Putin, who normally holds just one news conference in Moscow each year, gave three by himself during the summit and a fourth at Bush's side. Putin's spokesman was even brought by a Ketchum official to a U.S. filing center to brief the White House press corps.

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In particular, Putin touted a summit declaration on energy security, a major Western concern because of fears that Russia has used its resources as a weapon. For example, Russia shut off natural gas supplies to Ukraine in January during a price dispute. Putin said that energy security has been redefined to include Russian interests.

"Previously, energy security was interpreted as meaning stable supply of energy resources to the main consumers," Putin said. "Now we have convinced our partners that energy security is a much broader concept that extends to the extraction, transport and sale of energy."

For Putin personally, it was an extraordinary road to the palace. He grew up in St. Petersburg back when it was known as Leningrad, the only surviving son of a dour father in an impoverished family living in a dank communal apartment that had no bathroom or hot water but plenty of rats.

On Saturday night, he stood outside the entrance to Peterhof, summer palace of Peter the Great, its facade extending more than 400 yards. His dinner guests, couple by couple, leaders and spouses, were dropped at the edge of the building to begin the 200-yard walk to where Putin awaited them.

'Democracy,' Russian-Style (WP)

The Washington Post, July 18, 2006

A FEW MONTHS ago it looked as though the subject of the Group of Eight summit in Russia would be Russia itself. Under the leadership of President Vladimir Putin, Russia has retreated from the democratic ideals to which it aspired when it was invited into the G-8; in a speech in May in Lithuania, Vice President Cheney took aim at this backsliding, accusing Mr. Putin's government of unfairly restricting citizens' rights. But during the three days of summitry that ended yesterday, the attempts to call Mr. Putin to account were limited -- and Mr. Putin batted them away with contempt.

President Bush raised the subject of Russian politics deferentially. "There will be a Russian-style democracy," he conceded, borrowing from the Kremlin's talking points; "I don't expect Russia to look like the United States." British Prime Minister Tony Blair took the same approach, saying he would raise the question of democracy "without wrecking the hotel room." But this gentlemanly style did not appeal to Mr. Putin. When Mr. Bush recommended democratic reform for Russia, Mr. Putin went for the jugular: "We certainly would not want to have the same kind of democracy as they have in Iraq," he said. When questioned about Russia's rampant corruption, Mr. Putin suggested that the British were the experts, and he invoked a campaign finance scandal that has tainted Mr. Blair.

If this is how Mr. Putin behaves when the eyes of the world are upon him, the coming months look bleak. Russia's leader has already squashed the independent media. He has emasculated the powers of Russia's parliament and the independence of its judiciary. He has abolished regional democracy, replacing elected governors with Kremlin appointees. Anyone who challenges Mr. Putin's authority faces semi-legal harassment: tax inspections, lawsuits, regulatory restrictions on efforts to open offices or hold meetings.

This is not enough for Mr. Putin, however. Writing on the opposite page Saturday, Masha Lipman called attention to electoral "reform" that has consolidated the dominance of the United Russia party, whose only policy is to support the Kremlin. One reform measure equips the Kremlin with more than 60 pretexts to exclude unwanted candidates or parties from elections; another allows "early voting," a practice that permits ballot boxes to be brought to voters in places unobserved by election monitors -- a well-known recipe for rigging elections. There is less and less prospect, in other words, that Russia's presidential election in 2008 will approximate an open or fair competition. When Mr. Bush talks of a "Russian-style democracy," we trust he means something better than this.

G8 Pushes N. Korea To Stop Missile Tests (AP)

By Jeannine Aversa

AP, July 18, 2006

World leaders on Monday called on North Korea to stop its missile tests and to abandon its nuclear weapons program.

Although the Group of Eight summit of industrial powers was dominated by worries the escalating warfare between Israel and Lebanon, leaders managed to address sensitive situations posed by the nuclear ambitions of North Korea and Iran.

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The leaders urged North Korea to reinstate a moratorium on missile launching and said the country's recent test firing of missiles "intensify our deep concern over the DPRK's nuclear weapons program," the leaders said in the document.

North Korea is officially known as the Democratic People's Republic of Korea.

North Korea test-fired seven missiles on July 4 — including a long-range Taepodong-2 — which was believed capable of reaching the United States.

The U.N. Security Council adopted a resolution over the weekend demanding that North Korea suspend its ballistic missile program. The resolution bans all U.N. member states from selling material or technology for missiles or weapons of mass destruction to North Korea, and from receiving missiles, banned weapons or technology from North Korea.

In a document released Monday by Russian President Vladimir Putin, the leaders expressed support for the U.N. resolution. Besides Russia, the Group of Eight includes the United States, Japan, Germany, Britain, France, Italy, and Canada.

North Korea has rejected the council's unanimous vote Saturday adopting the resolution and warned that it was a prelude to a renewed Korean war.

The leaders urged North Korea to return to disarmament talks with China, North and South Korea, Japan, Russia and the United States. The talks have been stalled since the fall, and North Korea has not agreed to return.

"We strongly support the six-party talks, and urge the DPRK to promptly return to them," the leaders said. "We strongly urge the DPRK to abandon all nuclear weapons and existing nuclear programs."

Japanese Prime Minister Junichiro Koizumi told reporters Monday that cooperation is possible with North Korea if it halts the missile tests and returns to the multination talks, which are aimed primarily at persuading North Korea to stop developing nuclear weapons.

"The door is not closed" Koizumi said. "North Korea must return to the talks as soon as possible."

Koizumi said the G-8 and the U.N. Security Council had sent North Korea a "clear message" that it must stop its missile tests. "The North must respect this message," he said.

World leaders also pledged to keep pressing for a resolution on Iran.

World powers rebuked Iran last week by seeking possible punishment from the Security Council, saying Iran had not signaled an intent to negotiate seriously over its disputed nuclear program. Iran said Sunday that a pending package of incentives to halt its nuclear program was "an acceptable basis" for talks.

"Iran has a serious choice to make and we invited it to make the right decision — to react positively to the concrete proposals presented to it," the leaders said.

UN Resolution Boosts Coordination On N. Korea (CSM)

By Robert Marquand And Donald Kirk

The Christian Science Monitor, July 18, 2006

SEOUL, SOUTH KOREA

No East Asian nation thinks the 15-0 UN resolution to block the shipment of missile parts to North Korea is ideal or even adequate. Kim Jong Il still has missiles and nuclear material to develop. No clear next step is prepared, other than cajoling Mr. Kim back to the six-party talks, experts say. UN Resolution 1695 is a "prelude to the provocation of the second Korean War" says the North's foreign ministry.

But the surprising unanimous vote and smiles at the round table in New York may be the best achievable deal for now, and may offer grounds for further coordination, these experts say. Any next steps to control the North will require a degree of cooperation that has not yet been seen.

China, notably, shifted in ways that were unanticipated days earlier. After numerous fruitless visits to Pyongyang in recent weeks, Beijing appeared annoyed with the North - partly over Japan's success in developing leverage in Asia by arguing that a more robust military is needed for its self-defense.

For the North, the timing seems unfortunate. The Israel-Lebanon conflict has put the world on even higher alert than when Kim launched Scuds, Nodongs, and the long-range Taepodong-2 missile early on July 4, US Independence Day. North Korea was not the top story at the G-8 in St. Petersburg, Russia.

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Rather, northeast Asia's missile minicrisis suddenly evolved in a way that leading powers could agree about: a need to work together to face intractable problems each would rather handle differently.

"An important milestone," is Tokyo's official word, despite Japan's earlier hope for a Chapter Seven resolution requiring action against North Korea. "A turning point," stated Zhang Yu, China's spokeswoman, saying right after that no further action should be taken against the North.

"It's good news that it was unanimous," says Albert Kim, a retired senior United Nations official in Seoul. "China is angry with North Korea. Everyone is in agreement.

"Nobody wants a war," adds Kim. "This resolution was the strongest you could have without talking about war."

China found a need to choose between very different interests and values. It has invested in a program to help stabilize North Korea as a regional partner.

Yet it has an interest in not being isolated in the international community by siding with a pariah state. It also has to take into account the success of the United States and Japan in convincing the international community that the missile tests went too far. The US is committed to defending Japan, a longtime ally, and Japan is a main target for Kim's missiles.

"China ... accomplished its priorities and those of President Bush by rallying an international consensus that pointedly condemned North Korea, but still left open a graceful way out for Pyongyang via the six-party talks," says Kenneth Quinones, a former assistant secretary of state who visited North Korea in 1992.

"This shows that China is willing to cooperate with the US," says a Chinese professor in Beijing who does not have clearance to use his name. "China only wanted a UN presidential statement but it compromised."

Yet few experts say the UN action of itself will ameliorate the North Korean problem. "This is not a solution, but a Band-Aid," says Joseph Cheng, head of political studies at City University in Hong Kong. "Eventually, the US is going to have to make concessions in order to keep control."

The resolution, cobbled together by China and Russia to tone down a US-Japanese draft, is the first passed by the Security Council on North Korea since 1993. The US-Japanese version would have invoked the threat of strong economic sanctions - and military force - if North Korea did not abide by the terms.

China had said that it would exercise its veto power in the Security Council to block such a resolution, and Russia also strenuously opposed it. Only China and Russia, along with the US, Britain, and France, can veto resolutions.

Clearly happy that the Security Council had agreed on the weaker resolution, South Korea's national security adviser, Song Min Soon, warned the North not to engage in more provocative acts. Mr. Song blamed all problems on North Korea's failure to return to six-party talks on its nuclear weapons.

President Roh Moo-hyun, who has never come out with a strong statement on the tests, remained conspicuously silent after the resolution passed. But his government now hopes to begin reviving the stalled process of North-South rapprochement.

South Korea, said Song, remains "determined to resolve North Korean problems through dialogue and diplomatic means."

As a stopgap, before six-party talks, he said, the government would go along with five-party talks involving China, Russia, the US, and Japan if North Korea still balked at returning to talks, last held in Beijing in November. China has opposed a five-party meeting.

South Korean officials appeared relieved that the resolution did not get tough with the North regarding the increasing flow of North-South trade and investment, including factories in the special Kaesong economic zone, as well as tourism.

Mr. Roh was quoted as telling visiting American evangelical Rick Warren, author of "The Purpose-Driven Life," that he did not believe North Korea would change until its security and other concerns were met. That view jibes with North Korea's oft-stated fear of a "preemptive strike" and demands for energy and food aid.

Japan Preparing Sanctions On N. Korea (AP)

AP, July 18, 2006

Japan has begun preparations to impose its own set of economic sanctions on North Korea after the hardline regime rejected a U.N. Security Council resolution condemning its ballistic missile tests, top government official said Tuesday.

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Chief Cabinet Secretary Shinzo Abe told a news conference that he has instructed officials to ready necessary procedures to ban cash remittances to North Korea in addition to sanctions already called for in the U.N. resolution.

North Korea drew international condemnation this month after firing seven missiles, including a long-range Taepodong-2 believed capable of reaching parts of the U.S., violating a self-imposed moratorium. Japan so far has in place only limited sanctions against Pyongyang.

"We have started preparations to properly achieve necessary steps involving financial restrictions (on North Korea)," Abe said, adding that Japan will make a final decision following consultation and cooperation with other countries to make sanctions effective.

"International coordination with the United States and other countries is extremely important," Abe said.

Japanese newspapers on Monday reported that Japan was also considering freezing assets held by North Korea as part of the economic sanctions.

On Saturday, the U.N. Security Council unanimously passed a resolution criticizing the launches and banning all U.N. member states from dealing with North Korea on material or technology for missiles or weapons of mass destruction.

The North's U.N. ambassador promptly rejected the resolution at the Security Council and left the chamber, a breach of typical diplomatic protocol. On Sunday, the North's Foreign Ministry warned of further repercussions.

Tokyo has so far only imposed limited sanctions against North Korean in the wake of its missile tests, including barring a trade ferry from Japanese ports.

The New Atomic Age Requires New Nonproliferation Strategy (WSJ)

By Frederick Kempe

Wall Street Journal, July 18, 2006

WASHINGTON -- Accuse the U.S. State Department's Nicholas Burns of a double standard in advancing the Bush administration's efforts to stop nuclear-weapons proliferation, and he will thank you for the compliment.

"I'm proud of our double standard, so guilty as charged," he says, if that means trying to punish what Washington considers the world's most threatening states -- North Korea and Iran -- while embracing India, the world's largest democracy, which U.S. officials insist has a clean record in protecting against leaks of weapons technology. "You reward positive behavior and you punish negative behavior. Any parent knows that and any national-security expert knows that," Mr. Burns says.

So even as the administration rallies support for multilateral initiatives against North Korea's and Iran's nuclear ambitions, Mr. Burns and a host of others have been lobbying lawmakers hard to pass an Indo-U.S. civilian nuclear pact. India would gain access to civilian nuclear trade while opening some of its programs to international monitors, after sitting in the penalty box more than 30 years for going nuclear.

The administration shrugs off critics who say the deal would encourage proliferation, responding that such narrow thinking misses the greater gain of India's friendship in a region where Iran grows more potent, nuclear Pakistan could unravel and China remains a wild card. "If we want India to be part of the solution, we have to bring them into the system," Mr. Burns says.

This double standard makes sense, but it doesn't go nearly far enough to address a new atomic age that is emerging. A perfect storm is brewing, with the Middle East in flames and North Korea and Iran engaged in nuclear brinkmanship, at a point when those who make the bombs won't necessarily be the ones who use them. The latest outbreak of Mideast violence also has renewed the focus on Israel's nuclear capability, which its friends call an invaluable deterrent and its enemies see as an ironclad argument for an Islamic bomb.

This leaves the Bush administration in need of a nonproliferation strategy that goes far beyond rewarding friends and punishing allies. That will require a shift from temporizing to a comprehensive effort to block the largest and most destabilizing emergence of new nuclear states since the Nuclear Non-Proliferation Treaty was signed in 1968. Washington should reject those who want to discard the NPT and instead plug its holes, as negotiating any new agreement would be near-impossible in today's world.

India, Iran and North Korea "are like soccer fans who have leapt over the fence and got onto the field," says Ashton Carter, an administration arms controller under President Clinton who with former Defense Secretary William Perry raised considerable

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dust with the argument that the U.S. should have taken out North Korean missiles before they were launched July 4. "That doesn't mean the fence isn't worth having."

Indeed, since the Cold War, the U.S. and others have successfully denuclearized Ukraine, Belarus, Kazakhstan and South Africa, and convinced countries like South Korea and Taiwan to abstain. "We told them it's either the bomb or us, pick who you want to protect you," says Mr. Carter.

Rather than tearing down the fence and trying to replace it, Mr. Carter suggests the following repairs:

Tougher membership rules: Current NPT membership is voluntary, which allowed India and Israel not to join and North Korea to withdraw. To prevent more countries from "breaking out," NPT cheaters who get caught, such as Iran, should be automatically sanctioned, and those that withdraw from the treaty, such as North Korea, should be punished -- as should those who choose not to join.

Further restrictions on enrichment and reprocessing: Current rules allow NPT signatories without nuclear weapons to come dangerously close to arms capability through their energy programs. Republican Sen. Richard Lugar of Indiana is going after the problem with an advisory group working toward a new fuel-cycle understanding. The aim would be to get all current uranium enrichers to supply the material to any nation that wants nuclear power so that nonweapons states don't engage in work that produces the fissile material needed for bombs. This is at the heart of what Russia still has on offer to Iran. The Iranians insist their program is for civilian use only, but few in the world believe them.

Tougher efforts to keep nongovernment actors from getting the bomb: The original NPT authors never imagined the post-Sept. 11 world, in which terrorists might be the most likely users of nuclear weapons they obtained from others.

Russia and the U.S. struck a deal during the weekend that aims to further limit the possibility of rogue states and terrorists from gaining nuclear capability, by agreeing both to combat the spread of weapons and to start talks toward a pact under which nuclear waste from U.S.-produced plutonium around the world would be stored in Russia.

What is needed now is tough enforcement and expansion of national responsibilities for controlling all nuclear material.

None of this, however, will make any difference if world leaders aren't willing to go to the mat with the most dangerous offenders.

That's why Mr. Carter called for the attack on North Korea. "If you think taking out the missiles would have been too much, wherever are you going to draw a line" if not at testing missiles that can reach U.S. targets with nuclear weapons? says Mr. Carter.

While poverty-stricken North Korea would be relatively easy to contain, Iran is potentially a far greater problem, with its energy riches, a track record of supporting terrorists and the ability to disrupt oil supplies -- and the resources to create a comprehensive nuclear-weapons program if it chooses.

So a new nuclear age has opened. Its long-term dangers demand a policy that goes far beyond helping friends and hurting enemies.

G-8's 'To Do' List Eclipsed By Crisis In Middle East (CSM)

By Howard Lafranchi

The Christian Science Monitor, July 18, 2006

STRELNA, RUSSIA

Their proceedings overtaken by expanding violence in the Middle East, leaders of G-8 countries ended their summit here Monday without any fresh call for Iran to heed international demands on its nuclear program. They did, however, issue a call for redoubled efforts to break an impasse on international talks to liberalize trade.

In many ways the annual meeting of leaders of the world's largest economies demonstrated how some of its most consequential work can take place not in prenegotiated documents on broad themes, but in side meetings and unscripted responses to sudden crises.

Response to the Middle East crisis was one example.

In the margins of formal meetings Monday, British Prime Minister Tony Blair met with UN Secretary-General Kofi Annan, and then proposed that the United Nations send an international force to southern Lebanon. That is the only way, Mr. Blair said,

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to end hostilities in the mounting crisis involving Lebanon, Israel, and the radical Shiite group Hizbullah and its sponsors, Syria and Iran.

The next venue for discussion of that idea is the UN Security Council, after a peace mission sent to the region by Mr. Annan reports back, perhaps later this week.

A second example came from President Bush, who met with India's Prime Minister Manmohan Singh, signaling America's growing relations with one of the 21st century's emerging powers. Mr. Singh was one of several leaders - including those of China, Brazil, Mexico, and South Africa - who are not members but who were invited to participate on the summit's last day. The invitation is a recognition that the world is a different place from what it was when annual Group of Eight summits began in 1975.

The G-8 is often accused of being an inconsequential club, issuing meaningless documents that are soon forgotten. Or it is dismissed as reflecting a bygone era: Why is Italy a member while India or Brazil are not?

Few leaders and experts would challenge the idea that these are rough times for multinational institutions, with terror groups and radicalized states increasingly willing to ignore or buck their demands. But the G-8, while not a formal body, showed over its three days of meetings here that it is evolving to keep up with a changing world - and that this kind of gathering still makes sense.

True, the atmosphere can be clubby: There's a jocular President Bush sparring (in a verbal sense) with Russia's President Vladimir Putin, or amicably squeezing the shoulders of a surprised German Chancellor Angela Merkel. But the summit also provides a small forum for the leaders of the world's top powers to take on the global issues of the day in what can be a more workable environment than that of other institutions.

"We are able to strengthen our personal contacts and relations" in this setting, Mr. Putin said at the summit's close. "People open their hearts to each other ... we understand better the motivations of each other, so the feedback is better."

Sometimes that means action is taken that failed in other diplomatic venues.

For example, the UN Security Council was unable to agree on a resolution on the Middle East crisis last week. But the G-8 leaders on Sunday - by which time the crisis had become even more alarming - worked through their foreign ministers to unite behind a statement with a list of demands to all sides in the conflict.

The statement places the onus for the spiraling violence on Hizbullah and "those that support" it - a veiled reference to Syria and Iran - and calls on it to cease shelling Israel and to release captured Israeli soldiers. At the same time, it calls on Israel to exercise "utmost restraint" to avoid civilian casualties in its military operations against Hizbullah positions.

The statement marks a compromise between the US and its G-8 partners, who entered the summit divided over how much pressure to apply to Israel to restrain its bombings of Lebanon, a base of Hizbullah operations. Bush said Monday he was pleased the leaders had been able to take a common stand against the radical elements threatening the Middle East's progress and stability.

US officials say Bush, who has refrained from assigning any fault to Israel, decided a unified position out of the summit and a recognition of Hizbullah's role were worth some compromise.

That does not mean all differences over the crisis were ironed out. Putin suggested the US had wanted the statement to name Syria and Iran as "terrorist states," an option he said would not have been helpful for either reaching a common stand at the summit or defusing the crisis.

And Blair's call for international boots on the ground in Lebanon to tamp down the violence was not immediately endorsed all around. Bush said he didn't like the "sequence" of talking about a cease-fire before dealing with Hizbullah.

Blair laid out the international-force proposal by saying nothing else would stop the violence. "The only way we're going to get a cessation of hostilities is if we have the deployment of an international force into the area that can stop the bombardment coming over into Israel and therefore gives Israel a reason to stop its attacks on Hizbullah," Blair said.

But US Secretary of State Condoleezza Rice said any cease-fire - a word the US labored to keep out of the leaders' statement - that did not address the role of Hizbullah, as well as Iran and Syria, would collapse. If violence ends "on the basis of Syria and Iran being able to turn on the key again any time," Ms. Rice said, it would be a false peace promising deeper conflict later. Also in a conversation picked up on a live microphone, Bush told Blair he expects Rice to travel to the region "pretty soon."

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The G-8 leaders did issue statements on promoting world trade, addressing infectious diseases, and energy security - the Russian host's chosen theme for the summit. Those gave civil society organizations and advocacy groups an opportunity to criticize the wealthy countries' club and to hold the leaders' feet to the global fire.

Greenpeace said the G-8 leaders had failed to craft a "common strategy" for energy security and was divided over nuclear energy.

ActionAid International urged leaders to "close the gap between rhetoric and action" on addressing infectious diseases and HIV/AIDS, and criticized them for "sidelining the world's poorest nations" in trade talks.

WWF (World Wildlife Fund) lamented that leaders had "fallen short" on climate-change action. It asked Germany - host of the next G-8 summit in summer 2007 - to deliver a "serious climate and energy plan."

US Mission: Missile Defense Base In Europe (CSM)

By Jeffrey White

The Christian Science Monitor, July 18, 2006

JINCE, CZECH REPUBLIC

At the heart of a 64,268-acre military zone here bordering this small town, Vladimir stops his car and points to a ridgeline of fir and pine.

From there, says the retired army officer who would give only his first name, the Czech Army fires rounds of tank shells during military exercises. He traces the arc of those volleys that meet imaginary targets somewhere in the distant scruff.

But the scope of projectiles launched from these lowland woods could greatly increase if a US delegation of missile experts arriving Tuesday likes what they see here in Jince (pronounced YIN-tseh), a small town just southwest of the Czech Republic's capital, Prague.

This military zone is one of at least three that the team from the US Department of Defense will scout when they arrive in the country Tuesday for a week-long visit to identify potential sites for a US missile defense base.

"I don't wish for the base to be here," says Petr Smola, a military police officer stationed at the edge of the zone. "First we had the Russians here, and now the Americans will be here."

Mr. Smola echoes the concerns of many Czechs, for whom the idea of a missile base brings back troubling memories of the Soviet occupation, when missile silos were a common fixture in the countryside and troops carried out military exercises in zones like Jince.

Czech politicians, struggling to overcome a parliamentary deadlock after a general election last month, are split on the issue. But defense experts agree that a missile defense base somewhere in Central Europe makes good strategic sense for the United States and Europe amid growing tensions between Western governments and Iran and North Korea.

"Because of Iran and North Korea, the United States was bound to start exploring its options in Poland, the Czech Republic, in Britain even," says Daniel Keohane, a defense expert at the Center for European Reform in London.

The Americans are reportedly considering sites in the Czech Republic, Poland, and Hungary, and are expected to approach one of these governments with a proposal by the fall.

Such a base, which would be the first foreign site in the US missile defense program, would be equipped to track and, if necessary, defend against intercontinental missiles launched from countries to the east such as Iran.

In Europe, regional missile defense has not been a major agenda topic since Sept. 11, 2001, when counterterrorism became a higher priority. That's going to change, say experts like Mr. Keohane: NATO is expected to release a new report on trans-Atlantic missile defense during its summit in Riga, Latvia in November.

European governments, Keohane says, "will want convincing that [a missile defense base] can work, but they will want to be involved. They'll want to explore their options as much as possible. This is an exploratory time for this issue."

Currently two bases - one in Alaska, one in California - make up the US missile defense shield. The shield has been controversial for years, with detractors saying its technologies remain unproven and that the end of the cold war made such a defense weapon unnecessary. But missile defense has resurfaced under President Bush, who earmarked $9.3 billion for missile

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defense in the government's 2007 budget - $118 million of which is slated for a base in Central Europe, according to recent Czech press reports that sourced the Missile Defense Agency.

Washington and the Czech government have been talking for at least two years, according to the Czech Defense Ministry, which is hosting the US visit.

It has said that the American team will include about 20 experts from the Department of Defense and will visit sites in Jince, Boletice, and Libava, to study geographical, hydrological, and weather conditions at the sites. A team made a similar visit to Poland last month and is expected to visit Hungary at a later date.

"They want to see the terrain for themselves ... They also want to find out if there is enough of an available labor force in the area," says Jan Pejsek, a spokesman for the Defense Ministry.

An official with the Missile Defense Agency could not be reached for comment. Jan Krc, a spokesman for the US Embassy in Prague, confirmed the visit and said that an American decision on the base is expected in the next two months.

If the US requests to build a base in the Czech Republic, the government will decide whether to accept the proposal. Prime Minister Jiri Paroubek, who may soon be forced out by a new coalition government, has called for a nationwide referendum before any government decision is taken, a position not held by other leaders struggling to reshape parliament.

But calls for a referendum are loud here in Jince, a rural community mainly inhabited by people old enough to remember the Soviet era.

Those years made Czechs particularly leery of a military presence from any outsider, and that history could be a major obstacle for the US, if it ends up asking to build a base here. "A referendum is very important," says local pensioner Miroslav Rajtl. "Russia used to be the police state. But now it seems that the Americans can be the ones, and I don't like that."

Top Chinese Military Leader To Meet With Rumsfeld (AP)

AP, July 18, 2006

BEIJING — A top Chinese military leader was headed to Washington for talks with Defense Secretary Donald Rumsfeld, as part of the highest-level Chinese military delegation to visit the U.S. since 2001, state media said.

Guo Boxiong, vice chairman of China's Central Military Commission, departed Beijing late Sunday, the official Xinhua News Agency said.

Exchanges between the two militaries ground to a halt after a U.S. spy plane collided with a Chinese jet fighter over the South China Sea in 2001 but have been gradually increasing in recent years.

Xinhua quoted Qian Lihua, deputy director of Foreign Affairs Office of Chinese Defense Ministry, as saying the visit was "the most important Chinese military exchange with another country this year."

Guo was to spend a week in the United States, meeting with Rumsfeld and other officials in Washington, D.C. and visiting military bases and institutions, Xinhua said.

Guo is the second highest ranking member of the commission, after Chairman Hu Jintao, who is also China's president.

On Sunday, Hu met with President George W. Bush on the sidelines of a G-8 Summit in St. Petersburg, Russia.

Xinhua reported that Hu said he hoped that the U.S. side would be more explicit in opposing and containing separatist activities on Taiwan aimed at independence. It gave no further details.

China and Taiwan split in 1949 amid a civil war but the mainland still considers the self-ruling island its territory and has threatened war if Taiwan tries to make its de facto independence permanent.

The U.S., as Taiwan's main arms supplier, could be drawn into any conflict.

China's Economy Soars 11.3%; More Fiscal Restraint Expected (WSJ)

By Andrew Browne

The Wall Street Journal, July 18, 2006

BEIJING -- China's economy is picking up more speed, expanding by 11.3% in the second quarter of this year from a year earlier despite Beijing's efforts to slow the pace.

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The figure released Tuesday by the National Bureau of Statistics highlights the failure of measures by Beijing to rein in expansion and avoid overheating. It is likely to dismay Chinese leaders who began clamping down more seriously after data showed the economy expanded by 10.2% in the first quarter. The first-quarter number was later revised to 10.3%.

For the first half of the year, the economy expanded by 10.9%. The Chinese economy is increasing by the fastest pace in roughly a decade.

The fear is that an overheated economy is producing excessive investment that could lead to industrial overcapacity, falling profits and, eventually, a crash caused by mass bankruptcies.

Many Chinese and foreign economists expect authorities will be forced to raise bank-interest rates for a second time this year, and issue more aggressive instructions to banks to curb lending. Reducing lending is the best way to bring down investment in a bank-dominated economy.

In releasing the data, statistics bureau spokesman Zheng Jingping characterized growth as "fast and stable." Nevertheless, he said in a statement that investment in fixed assets was "excessive" and the supply of credit was "overscaled."

One of the root causes of expansion is excess money in the economy, partly the result of trade surpluses with the U.S. and other trading partners. As dollars flood into China as payment for exports, they are bought by the central bank in return for yuan, a process that keeps the value of the yuan stable. Some of the surplus of yuan ends up being lent out by banks, swelling investment that is running far too hot.

The figures showed that fixed-asset investment increased by 30% in the first half of this year on a national basis. Industrial output for the month of June was up 20%. Retail sales for the month expanded 14% from the same month a year earlier.

Authorities have been comforted by the fact that inflation is low. Tuesday's figure shows that it is creeping up, with the consumer-price index in June up 1.5% from a year earlier after rising 1.4% in May.

In the first half of this year, banks have dished out 87% of the whole year's loan target set by the central bank.

Yet few economists believe Beijing is prepared to tackle the problem of easy money by allowing the yuan to appreciate more steeply, a move that could help narrow the trade surplus by making China's exports more expensive in dollar terms and its imports cheaper.

Last month's trade surplus hit its highest level ever of $14.5 billion, helping to balloon the surplus for the first half to $61.45 billion, 54% bigger than the surplus for the same period a year earlier. After tripling to $102 billion for the whole of last year, the surplus this year is on track to reach $150 billion or more.

The increasing surplus risks a protectionist backlash in Washington, where the Bush administration is pressing China to allow its currency to appreciate faster.

Beijing is scrambling to cool overheated parts of the economy, including property markets in several large cities, without derailing rapid expansion needed to create jobs. In April, the central bank lifted benchmark one-year bank lending rates by 0.27 percentage points to 5.85% from 5.58%. This month it raised the reserve requirement ratio for commercial banks -- the amount of money banks must deposit with the central bank -- by half a percentage point to 8%. For every $100 dollars of deposits, banks must set aside $8 in reserves, meaning the money can't be lent out.

Some economists believe another lending-rate increase of a similar magnitude is imminent. They speculate that it may be accompanied by a simultaneous increase in bank-deposit rates. That is because banks make most of their money from the difference between the low interest rates that they pay depositors and the higher rates they charge borrowers, and widening that so-called spread by raising lending rates might encourage banks to lend more.

But authorities are in a bind. If they raise interest rates sharply enough to cause a significant drop in lending, they risk attracting new inflows of speculative money betting that eventually the yuan will have to appreciate. Those inflows will add to liquidity in the domestic economy, undermining the effectiveness of the rate increases.

Beijing Shows No Sign Of Letting Yuan Rise (AP)

By Joe Mcdonald

AP, July 18, 2006

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Worried that China's sizzling economic growth could ignite a financial crisis, the country's leaders have raised interest rates and imposed regulatory controls. But they have avoided the step that Washington most wants: a sharp rise in the value of China's currency.

A more expensive yuan would make China's exports less competitive, shrink its multibillion-dollar annual trade surplus and probably rein in economic growth, now roaring ahead at a 10 percent-plus annual pace.

A year ago this Friday, Beijing revalued the yuan by 2.1 percent and then loosened its decade-long link to the U.S. dollar. Since then, the yuan has been allowed to rise a mere 1.4 percent against the dollar — less than some currencies move in a day.

And China gives no sign it will let the yuan rise significantly any time soon, despite threats of sanctions from U.S. lawmakers and urgings by its own advisers.

"The government is going to use everything but the exchange rate to moderate the imbalances that have shown up in the economy," said Stephen Green, senior economist for Standard Chartered Bank in Shanghai. "The currency is really the last tool in the box."

Though seemingly arcane, the argument among economists takes on importance for millions of ordinary workers around the world at a time when their employers face growing competition from a flood of low-priced Chinese exports.

Some American companies complain that the yuan is undervalued by up to 40 percent, giving China's exporters an unfair price advantage and hurting competitors that want to sell to Chinese customers.

But any Chinese concern about foreign repercussions is secondary to a string of domestic problems: creating new jobs for millions of laid-off workers, rural migrants and new college graduates; restructuring lumbering state industries; cooling a construction boom; and reducing poverty in a country where many millions of families get by on only a few hundred dollars a year.

With exports up and inflation down, Chinese officials are reluctant to embrace big changes.

Chinese leaders say they plan eventually to let the yuan trade freely on world markets. But they say doing so too quickly could throw the economy in turmoil and damage the country's frail banks. They say changes will be dictated not by diplomatic pressure but by China's own needs.

One key concern facing authorities is how to restrain the country's construction frenzy. They're worried that a financial crisis could erupt if borrowers fail to repay loans for ill-considered projects. So to curb lending, the central bank raised interest rates in April, ordered banks to tighten scrutiny on new loans and banned a wide range of new projects.

Meanwhile, surging exports are bringing in a flood of money, lifting incomes and fueling robust economic growth.

In this climate, a move by Beijing to allow a big rise in the yuan — also known as the renminbi, or people's money — could potentially inflict widespread pain, especially among the smaller players and poor.

"Another `renminbi surprise' would hurt exporters and farmers" who lack access to the financial instruments that foreign companies with businesses in China use to insure against currency fluctuations, said a report this month by Jonathan Anderson, chief Asia economist for UBS Securities.

Perhaps one reason authorities haven't taken more drastic measures to cool the economy — including letting the yuan appreciate — is that inflation, remarkably, hasn't emerged as a major problem. In May, consumer prices were just 1.4 percent higher than a year earlier.

"In any normal economy, you'd already see inflation numbers much higher than the official numbers say it is," said Green of Standard Chartered. "But China is not a normal country."

Inflation remains low because of swift gains in productivity and intense competition among Chinese retailers that is holding down prices of food and other goods, Green said.

While some government advisers have been calling for faster progress toward a flexible foreign-exchange system, some officials are reluctant, and can point to high exports, low inflation and rising incomes as proof the current arrangement is serving China well.

Business leaders quoted by state media say that if a stronger yuan drives up export prices, companies ranging from textile mills to air conditioner factories could face a fall in profits or be forced out of some markets.

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After intense pressure to loosen exchange rate controls, authorities last July cut the yuan's direct link to the U.S. dollar and started a more flexible system by which the yuan's value would be determined by a basket of currencies. At that time, the yuan was lifted 2.1 percent to 8.11 to the dollar and allowed to move as much as 0.3 percent a day in either direction.

But its daily movements since then have been far smaller. On Monday, the yuan closed at 7.9992 to the dollar.

Managing the current system forces China's central bank to buy up billions of dollars a month to hold the yuan steady amid an export-driven influx of foreign money.

The bank announced Friday that its foreign currency reserves, already the world's biggest, had reached $941.1 billion, putting China on track to surpass $1 trillion this year.

Meanwhile, China's ballooning trade surplus shows no sign of slowing. In June, its global trade gap jumped to a record monthly high of $14.5 billion. Officials say China's the trade surplus could hit $130 billion this year, up from $102 billion in 2005.

"China will forthrightly continue to push forward the reform of the flexibility of the renminbi exchange rate," said Finance Minister Jin Renqing last month, quoted by state media. "But we will not blindly follow demands by other countries to correct global imbalances."

India-Pakistan Peace Stalled After Attacks (CSM)

By David Montero

The Christian Science Monitor, July 18, 2006

ISLAMABAD, PAKISTAN

In what analysts say is a severe setback to an already teetering peace process, Indian authorities have officially implicated Pakistan in the deadly July 11 railway blasts in Mumbai (Bombay) and charged Islamabad with failing to curb terrorism.

Although India has not named specific names, awaiting more evidence as it tracks down leads, it made clear that the possibility of Pakistani involvement could stall the peace process. And the fallout has been swift: The next round of high-level peace talks was originally slated for this Thursday in New Delhi, but Indian officials have now postponed them indefinitely following the Mumbai blasts. The setback, analysts here say, exposes the limited progress of the faltering peace process begun in 2004, and highlights the obstacles for advancement presented by the conservative bureaucracies on both sides of the border.

"The Indian side mirrors the Pakistani side. The civil bureaucracy on the Indian side is as conservative as the military bureaucracy on the Pakistani. The bureaucracies are the impediment," says Samina Ahmed, South Asia director of the International Crisis Group (ICG).

India and Pakistan have fought four wars and both possess nuclear weapons. The fledgling peace process, which aims to resolve territorial disputes and animosities as well as expand trade and transit across their shared border, was already, by most accounts, only barely progressing. Symbolic overtures, such as the opening of new border crossings in Kashmir and the inauguration of a bus service between the two countries, offered a glimmer of hope but little substantive reform, according to analysts.

Peace has dragged, observers say, because the mind-sets on both sides have hardened, with bureaucratic hawks outnumbering doves.

"There's been a hardening of positions over the years," says Ayesha Siddiqa, an independent defense analyst in Islamabad. "On India's side, there's an image issue. Terrorists: That's how they popularly know us. On the Pakistani side, there's an increase in nationalism. Now you have a new generation which is very xenophobic."

An attack of this magnitude was not what the process needed. India's Prime Minister Manmohan Singh, on a visit to Mumbai this past week, said that Pakistan had promised its territory "would not be used to promote, encourage, aid, and abet terrorism," adding "that assurance has to be fulfilled before the peace process ... progress." Pakistan denied claims of involvement, reiterating its commitment to peace and offering help in the investigations.

Analysts agree the incident could create an impasse, but hope that a situation like that of 2002, when the two countries teetered on the brink of war, can be avoided by sustained dialogue.

"The talks need to continue. It's absolutely essential that the talks not shut down," says Ms. Ahmed of ICG. In the longer term, analysts agree that setting the peace process back on track requires broader engagement from civil society - think tanks,

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academia, the media, and ordinary people - who have little influence over the decisionmaking inside conservative bureaucracies. Here in Pakistan, they say, peace with India is a priority of both civil society groups as well as major political parties. But that impulse is drowned out by the heavy-handed rule of the military.

"Part of the problem with Musharraf running the peace process is that he has only one constituency: the military. And the military is intrinsically conservative and has a long history of conflicts with India," says Ahmed. "If you were to have a democratic transition, you could give civil society players more of a role. Without civilian input, it's going to be very difficult to move forward."

Is Al Qaeda Setting Up Shop In Kashmir? (CSM)

By Scott Baldauf

The Christian Science Monitor, July 18, 2006

SRINAGAR, INDIAN KASHMIR

Last Wednesday, barely 18 hours after the railway blasts in Mumbai (Bombay) that claimed some 200 lives, a mysterious caller phoned up local journalist Rashid Rahi to praise the attacks and to proclaim the arrival of a new militant group, Jammu and Kashmir Al Qaeda.

With its call for Indian Muslims to join the struggle for "complete liberation and dominance of the religion of Islam," the caller hinted darkly of a heightened confrontation with America's chief ally in South Asia, India.

"I'm Abu al-Hadeed, spokesperson of Al Qaeda Jammu and Kashmir and Abu Abdur Rehman Ansari is our chief commander here," the caller said, according to Mr. Rahi's report. "Soon we will make public our organizational structure and motives."

While Indian police hinted that the call may have been a hoax, it has been taken seriously by Indian investigators, and has shaken the confidence of many Kashmiris here. The call comes at a time of escalating attacks against tourists and civilians, and a sluggish Indo-Pakistan dialogue over Kashmir that has now been put on hold. After a year and a half of negotiation, momentum is shifting toward the militants.

"Personally, I believe this is a red herring, but the desperation is to such an extent here, that whosoever is ready to support people, whether it is Al Qaeda or anyone else, people are receptive to them," says Sheikh Showkat Hussein, a professor of law at the University of Kashmir in Srinagar.

Noting that only 300 Indian Kashmiris have managed to take the much-touted bus service from Srinagar to Muzaffarabad in Pakistan-administered Kashmir, Mr. Hussein says, "Whatever you try to project as a success, you can do so, but for the ordinary man there has been no change."

Yet, with multiple attacks on civilians in both Mumbai and Srinagar on July 11, and a recent speech by Osama bin Laden that mentioned the militant struggle of Muslims in Kashmir, Indian police are not taking any chances.

Indian police and Army commanders in the highly militarized valley - where perhaps 600,000 Army and paramilitary forces have been based since the insurgency began in 1989 - say that they have heard intelligence chatter about Al Qaeda's presence in Kashmir as far back as 2002. But any such branch of Osama bin Laden's network has not been active, they add.

"Let them act and do something, we'll act accordingly," says Lt. Gen. S.S. Dhillon, the commander of the 15th Corps for the Indian Army in Srinagar. "The Indian Army is professionally trained and efficient enough to deal with it and its men."

General Dhillon told reporters that India estimates that there are only about 1,300 to 1,400 active militants in the Kashmir valley, nearly 1,000 of them local Kashmiris. But while local militant organizations like Hizbul Mujahideen and Jamiatul Mujahideen enjoy broad local support, foreign militants are seen as much more active.

Since July last year, militants of the Pakistan-based Lashkar-i Tayyaba and Al Badr were blamed for 100 grenade attacks, killing 38 people, mostly civilians and tourists. Lashkar, however, denies responsibility for these attacks.

Rashid Rahi's office in Srinagar has long been a central clearing house for militant groups contacting the press. More than 30 local newspapers subscribe to Mr. Rahi's Current News Service (CNS), and "with one phone call, they can talk to 30 newspapers and their work is done," says Manohar Bhat, a reporter at CNS.

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But the call on 12:15 p.m. Wednesday, the day after the Mumbai blasts, was different. Rashid Rahi, editor of CNS, seems nervous as he describes - yet again - the alleged call from Al Qaeda. "As Kashmiris, we can tell by phone who is a non-Kashmiri, so to me, the caller was a Pakistani. He spoke in pure Urdu."

If Al Qaeda has arrived in Kashmir, they should expect no welcome party from other militant groups, who have fought for separation from Indian control since 1989.

"Kashmir is not conducive for Al Qaeda," says Junaid-ul-Islam, spokesman for the Kashmiri militant group, Hizbul Mujahideen, in a phone interview with the Monitor. "Their men and material are busy fighting US troops in Iraq and Afghanistan. And given the sophistication of Al Qaeda, they inform people through the press and Osama Bin Laden, their chief, to [trumpet new franchises]. But in Kashmir's case, there has been no announcement or a statement from Osama."

"So, we have strong reasons to believe this whole episode is concocted and fabricated," says Mr. Islam, who condemns the blasts in Mumbai. "Kashmiri armed struggle needs manpower, resources, finances, arms - but all is locally available. Why should Al Qaeda come here?"

Furthermore, Al Qaeda's agenda of international jihad is different from the Kashmir issue, Islam says. "So far as Al Qaeda is concerned, it is a thing of yesterday.... But the freedom struggle of Kashmiris is as old as 1931."

He also strongly condemned the recent spate of grenade attacks on tourists in Kashmir, saying, "Every single Kashmiri, innocent civilian, and tourist is dear to us. Tourism is the backbone of our economy."

Police traced the call placed to Rahi to a public phone booth business in Srinagar's Lal Chowk district, and brought the owner of the phone booth in for questioning. The owner says he cannot remember anything about the caller, but he only remembers Kashmiri customers that day.

"The ideology of Kashmiri Muslims is entirely different from what is preached by Mr. Osama Bin Laden," says Farooq Ahmad, deputy inspector general of J&K Police in Srinagar, Kashmir zone. "And as it is there are plenty of militant groups here, Hizbul Mujahideen and Lashkar-i Tayyaba and Al Badr. They are enough to create trouble here. I don't think Al Qaeda needs to come here." Recent attacks in Srinagar

April 14: Seven grenades kill five people, wound 24.

May 25: During visit of India's prime minister, four tourists were killed in grenade attacks.

May 31: One tourist killed and several injured in a grenade attack aimed at a tourist bus.

June 24: Grenade attack kills one and injures eight civilians.

July 11: Six grenade blasts in a span of three hours kill eight civilians, including six tourists.

Iran, U.S. Allied In Protecting Artifacts (WP)

By Peter Slevin

The Washington Post, July 18, 2006

CHICAGO -- Iran and the United States make an unlikely pair these days, dueling over nuclear plans and radical Islam. Yet lawyers for the feuding governments are on the same side here in a dispute over thousands of ancient Persian artifacts held by a Chicago museum.

Their opponent is a lawyer trying to collect Iranian cash for survivors of a bloody Jerusalem suicide bombing.

In a case that raises issues of victims' rights and cultural heritage, Rhode Island lawyer David J. Strachman aims to seize and sell Iranian property -- including thousands of 2,500-year-old clay artifacts known as the Persepolis tablets -- and channel the profits to victims of the 1997 terrorist attack.

State Department lawyers and a Washington attorney for Iran contended last week in Chicago's federal courthouse that the priceless Iranian property is protected from seizure by the sovereign immunity doctrine. Art and archeology experts speak in much more personal terms.

"There's absolutely no justification for this. It's a bizarre, almost surreal kind of thing," said Gil Stein, director of the Oriental Institute at the University of Chicago, which has studied the unbaked clay tablets on loan from Iran since the 1930s. "The Iranians are understandably furious about this. You'd have to imagine how we would feel if we loaned the Liberty Bell to Russia and a Russian court put it up for auction."

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Foreign Minister Manouchehr Mottaki described the case on June 30 as an "indecent cultural move by the United States." He said if federal courts approved the sale, Iran could make retaliatory legal claims against the United States for supporting the 1953 coup in Tehran and backing Iraq during the deadly 1980s Iran-Iraq war.

Ten days later, Iran dispatched Washington lawyer Thomas Corcoran to Chicago after years of refusing to participate in the original terrorism case or the Chicago artifacts litigation.

"Things were looking bad for the Iranians," Corcoran said. "Iran asked me to note an appearance to assert Iran's immunities."

The events that led to the courthouse began Sept. 4, 1997, when three suicide bombers detonated their explosives in the crowded Ben Yehuda marketplace. Five Israelis died, and more than 100 people were wounded, including a number of foreign tourists. The Islamic Resistance Movement, known as Hamas, took responsibility for the attack.

Six years later in Washington, U.S. District Judge Ricardo M. Urbina ruled that a group of bombing victims and surviving relatives could claim $423.5 million in damages from Iran as a sponsor of Hamas. The award included $300 million in punitive damages.

The question for Strachman and other lawyers was how to collect. They located a home in Lubbock, Tex., that the late shah had purchased for his son. They navigated its sale for $400,000 and focused on Iranian art and artifacts held by museums in Illinois, Massachusetts and Michigan.

The Oriental Institute and its holdings from Persepolis, the capital of ancient Persia, became a primary target.

Excavated by a leading institute archeologist in the early 1930s, the tablets are considered a remarkable record of daily transactions from 2,500 years ago. Each text is about half the size of a deck of cards and bears characters in a dialect of Elamite, understood by perhaps a dozen scholars in the world.

"It tells you how the Persian empire worked," Stein said. While much knowledge of ancient Persia came from the accounts of others, most famously the Greek storyteller Herodotus, Stein called the tablets "the first chance to hear the Persians speaking of their own empire."

"It's valuable because it's a group of tablets, thousands of them from the same archive. It's like the same filing cabinet. They're very, very valuable scientifically," Stein said. He said the details largely concern food for people on diplomatic or military missions.

Loaned to the Oriental Institute seven decades ago for study, experts have painstakingly pieced together and deciphered many of the texts, with the understanding that they would be returned to Iran. The institute returned 37,000 tablets and fragments to Iran and was preparing another shipment when Strachman intervened.

Strachman filed suit in 2004 on behalf of his clients, including lead plaintiff Jenny Rubin, a New York fashion designer. He also targeted other holdings gathered from Iran by the institute and the nearby Field Museum.

"We are seeking to enforce the judgment that was awarded to my client," said Strachman, who considers it ironic that the terrorism-fighting Bush administration is backing Iran's immunity claims -- "blatantly opposing us," as he put it. Meanwhile, Iranian commentators have hammered U.S. authorities with "crazy conspiratorial things in recent days."

"They've gotten a little wackier," Strachman said. "They were saying this is a Zionist conspiracy."

In each case, attorneys for the defendants say that the property does not belong to Iran or that it is not subject to seizure. The museums sought to assert Iran's sovereign immunity claim to protect the artifacts, but U.S. District Judge Blanche M. Manning ruled that Iran must do so itself.

When Corcoran made his appearance last week after being retained by Iran on July 10, the case's dynamics shifted, said Patty Gerstenblith, a cultural property law specialist at DePaul University.

"It changes things pretty dramatically. If foreign sovereign immunity can be asserted, the case should be more or less resolved," she said. "Iran wins on this case, I think the other cases are blown out of the water."

That would suit Stein, who thinks larger issues are at stake.

"Would Egypt loan the treasures of King Tut if they thought they could be seized by anyone who had a beef with the government of Egypt?" he asked.

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"Scholarship depends on the ability to trust each other to work above the level of politics and infighting. The whole structure of scholarly collaboration would fall apart, and the whole world would be very much the poorer for it."

U.N. Human Rights Experts Chastise U.S. (AP)

By Alexander G. Higgins, Associated Press Writer

AP, July 18, 2006

The United States must set a better example for the world in areas ranging from its treatment of Latin American migrants to its handling of detainees in the war on terror, U.N. human rights experts said Monday.

The U.N. Human Rights Committee is conducting a periodic review of Washington's adherence to the 1966 International Covenant on Civil and Political Rights. The committee is expected to issue conclusions before the end of the month.

Criticism by the panel brings no penalties beyond international scrutiny.

Member Hipolito Solari Yrigoyen, an Argentine lawyer and human rights activist, said he worried about U.S. efforts to deal with illegal migrants from Mexico.

Hundreds of National Guard troops have been deployed along the border in an effort to stop illegal immigration.

"My major concern ... is the level of militarization on the border with Mexico," he said. "Militarization of the border creates a conflict zone."

Panel member Sir Nigel Rodley, a British law professor, criticized the alleged U.S. practice of holding detainees in the war on terror incommunicado for long periods.

Abdelfattah Amor, a senior Tunisian law professor, noted allegations of prisoner abuse in Abu Ghraib prison in Iraq and the U.S. detention center for terrorist suspects at Guantanamo Bay, Cuba.

The U.S. delegation steered clear of such questions.

"While the U.S. obligations under the covenant do not apply outside of U.S. territory, it is important to recall that there is a body of both domestic and international law that protects individuals outside U.S. territory," said State Department official Matthew Waxman.

About 40 human rights groups sent representatives to meet separately with the committee and monitor proceedings. Amnesty International said it had raised a number of issues, including the death penalty, supermaximum security prisons and life sentences for those who committed crimes as juveniles.

Other questions from the panel concerned racial discrimination, the rights of native Americans and the treatment of African-Americans in the Gulf Coast area before and after Hurricane Katrina.

In May, the top U.N. anti-torture panel recommended the closure of the Guantanamo Bay prison, and criticized alleged U.S. use of secret prisons and suspected delivery of prisoners to foreign countries for interrogation.

Associated Press writer Sam Cage contributed to this report.

UN Rights Panel Focuses On US Record (FT)

By Frances Williams

Financial Times, July 18, 2006

US officials on Monday faced their second grilling in two months by United Nations human rights experts on alleged violations of international law in the fight against terrorism.

The 18-member UN human rights committee, which oversees countries' compliance with the International Covenant on Civil and Political Rights, made it clear that it did not accept US arguments that the covenant did not apply to US actions abroad.

Human rights groups argue that the US is failing to respect key provisions of the covenant in its "war on terror", especially in relation to the detention without charge of thousands of non-US nationals held in prisons in Afghanistan, Iraq, Guantánamo Bay and secret locations.

Alleged abuses documented by Amnesty International, among other groups, and submitted to the human rights committee include torture and ill-treatment, arbitrary detention, "disappearances" and "extraordinary" renditions of terror suspects to countries known to practise torture.

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Sir Nigel Rodley, a UK expert on the committee and a former UN torture envoy, said prolonged secret detention was an egregious violation of the covenant and he was "dismayed and astonished" that the US was apparently carrying out a "practice of such extravagant enormity".

The two-day hearing, 11 years after Washington's first appearance before the human rights committee in 1995, follows a similar session in May before the UN committee against torture. The human rights committee is due to release its conclusions and recommendations, which are not binding, at the end of this month.

The US administration says the covenant, adopted by the UN in 1966, applies only to US territory but the committee, in common with other international legal bodies, argues that it applies wherever the US has jurisdiction, including military bases abroad. The US ratified the covenant, to which 156 states are party, in 1992.

Washington is also under fire for certain domestic policies and practices that civil liberties organisations claim violate the covenant. These include the execution of the mentally ill, the alleged discriminatory response to Hurricane Katrina and the rebuilding of New Orleans, harsh and abusive prison conditions and the sentencing of juveniles to life without parole.

Matthew Waxman, the State Department official heading the large US inter-agency team despatched to Geneva, said the US was proud of its human rights record, while recognising there was always more to be done.

Airbus Unveils A350 Redesign (FT)

By Ft Reporters

Financial Times, July 18, 2006

Airbus executives unveiled the much-anticipated revamp of its mid-sized A350 passenger jet on Monday as they admitted the company was in the middle of a "serious crisis" that was being exploited by its US rivals at Boeing.

The European aircraft maker's new chief executive, Christian Streiff, who has been in his job for only two weeks, said about $10bn would be spent to develop a new aircraft that would be called the A350XWB, for "extra-wide body", and enter service in 2012.

Airbus has been hit by problems at its Franco-German parent, EADS, which led to delays in the delivery of the A380 superjumbo and saw the resignation of Noël Forgeard, the French co-chief executive of EADS, and Gustav Humbert, the Airbus chief executive.

It has also suffered a sharp drop in aircraft orders that left it trailing Boeing, which announced several orders on Monday for passenger and cargo planes.

Speaking at Britain's Farnborough Air Show, Mr Streiff acknowledged Airbus's difficulties.

"Yes, Airbus in the middle of a serious crisis in our relationship with our customers," he told a news conference. "Yes, this is something we are taking extremely seriously inside Airbus, and yes, we know the competition is taking advantage of this today."

Mr Streiff added that the company was ``learning to be humble and learning to change our bad habits".

In an attempt to reassure Airbus's customers and investors, Mr Streiff said he was going to personally oversee "all aspects" of the new A350XWB airliner programme for the the next three months.

Airbus said the new aircraft would be superior to Boeing's 787 Dreamliner: it would have more powerful engines, a wider body and an advanced cockpit, as well as a redesigned cabin with bigger windows.

But Boeing has outstripped Airbus in terms of orders in the first half of this year. It has taken 403 firm orders or commitments from 28 airlines for the long-range 787, while Airbus has won just 182 orders and commitments from 14 airlines for the A350.

Civil aviation ministers from Airbus's partner countries of France, Germany, Spain and the UK, announced at Farnborough they were confident the planemaker would address industrial issues with its delayed A380 superjumbo and that its programme would be commercially successful.

The ministers reaffirmed their agreement to support Airbus to continue to develop programmes and welcomed its new wide-body aircraft family.

Meanwhile, the French government could be reviving attempts to renegotiate its rights under the shareholder pact that governs its 15 per cent stake in EADS.

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Currently it is barred from any operational input at EADS, although it has the right to veto board appointments. Lagardère, the conglomerate that owns 7.5 per cent of EADS, manages the combined French interests in a separate holding company, Sogeade.

Dominique Perben, French transport minister, said that now the recent management crisis was over, it could be time to review the situation. "Our relations with Lagardère... were fixed ... to meet the priorities of the partners at the time. We have to verify that these priorities are still the same," he said in an interview in the French daily, La Tribune.

The government is understood to have been frustrated by its limited room for manoeuvre in the recent crisis, particularly given its greater stake in EADS. .

Airbus Offers Up Redesigned A350 In A Challenge To Boeing (NYT)

By Mark Landler

The New York Times, July 18, 2006

FARNBOROUGH, England, July 17 — Airbus thought seriously of calling it the A280, a deliberate echo of the A380, the troubled giant that is the biggest passenger jet ever made. But the midsize plane it announced here on Monday goes by the name A350 XWB — as in "extra wide body."

Airbus promoted the plane, which will carry from 250 to 375 passengers, as the linchpin of its recovery. Avoiding too many associations with the A380 may have been wise: costly delays in deliveries of the superjumbo plane plunged Airbus into the most serious crisis in its history.

"Customers and future customers told Airbus they wanted something extra," said Christian Streiff, the chief executive of Airbus, at a news conference at the Farnborough International Air Show. The A350, he said, has an "entirely new and uncompromised design."

Preserving the A350 name is a reminder that this is not a wholly new plane, but a redesign of the earlier A350, which had disappointed airlines and seemed likely to be an also-ran to Boeing's 787. Airbus contends that the new, improved version surpasses the 787 in several respects, not least its cabin, which is five inches wider than the cabin of the Boeing plane. The debut of the XWB dominated the first day of the air show, with competitors and analysts debating its merits.

"It doesn't have the splash of the 787, but splash is only part of the story," said Richard Aboulafia, an analyst at the Teal Group, an aerospace research firm in Fairfax, Va. "Given the circumstances, they're going after the right part of the market, and they're doing it in a smart way."

The new plane will cost $10 billion to develop, roughly double the budget of the original A350. Airbus finances some of the cost of its new planes with loans backed by European governments — a practice that started a trade battle between the United States and the European Union.

Mr. Streiff declined to specify how Airbus planned to pay for this one, saying he did not want to fan the flames of that dispute.

Airbus is actually aiming at two Boeing jets with the A350: the 787 and the 777, which is larger and can fly very long routes — between Los Angeles and Singapore, for example. In the last year, the 777 crushed the long-range A340 in orders, giving Airbus little choice but to replace it.

With a fuselage a foot wider than the old A350's, Airbus said it would be able to offer passengers the same, or greater, levels of comfort as the 787. The plane will have the "widest windows in the industry," said John Leahy, the chief commercial officer of Airbus.

Humidity in the cabin will be adjusted to 20 percent, in contrast to 15 percent on the 787 and less than 10 percent on existing planes. The level of humidity, as well as the temperature, can be varied, depending on whether passengers are seated in economy, business or first class.

"We're taking the time to come up with an aircraft that is a step ahead of the 787," Mr. Leahy said.

Boeing seemed unruffled by the A350, noting it would not enter service until 2012, four years after the 787. While the plane will have a wider cabin than the 787, it will be narrower than the 777.

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By trying to straddle too much of the market with a single plane, Boeing said Airbus would wind up with a plane that is less economical for the airlines. “It’s a big chunk of territory to try to cover with one plane,” said Michael B. Bair, who heads the 787 program.

Boeing also noted that the plane would have an aluminum fuselage, not one made of advanced composite materials, like the 787. “It sounds like it’s going to fall short of the available technology,” said Randy Baseler, vice president for marketing at Boeing’s commercial aircraft division.

Finally, Airbus does not plan to build an A350 with fewer than 250 seats, ceding that market to the 787. Boeing says there are 1,500 planes of that size, which airlines will have to replace in coming years.

For all the criticisms, the Airbus announcement puts the company back into the game against Boeing. Mr. Leahy can now begin selling the A350 to carriers, which have been withholding orders or switching to Boeing out of frustration with what some perceived as an inferior design.

Mr. Streiff said he met Monday with one of the most outspoken critics, Steven F. Udvar-Hazy, the chairman of the International Lease Finance Corporation, a major aircraft leasing company and customer of Airbus. “We had a long, very positive, very tough conversation,” he said.

Analysts had speculated that Airbus might rename the plane A370, to emphasize its new design. But people at the company said the second choice had been to call it A280 — a nod to its shared technology with the A380. In the end, though, Airbus merely added to its original name.

Even the old A350 managed to lure 100 firm orders. Mr. Leahy said he expected only one or two airlines to cancel those orders. The rest will be switched over to the new plane. The plane comes in three sizes, with catalog prices of $186 million, $215 million and $242 million, he said.

Clinton Urges Stronger African Governments (AP)

By Dulue Mbachu, Associated Press Writer

AP, July 18, 2006

Former President Clinton told African leaders Monday that they need to strengthen their governments so that they can address long-standing problems of hunger and disease.

Clinton spoke at a summit bringing African political and business leaders together with their U.S. counterparts in search of partnerships to lift the world's poorest continent.

"We can't stop the spread of AIDS without building the capacity of government," Clinton said. He also used the meeting to push cooperation agreements with African countries under which his foundation plans to provide HIV/AIDS drugs to Africans at low costs.

Presidents from more than a dozen African countries are in the Nigerian capital of Abuja with executives from companies including Chevron Corp., Coca-Cola Co., General Motors, and DaimlerChrysler AG at the seventh Leon Sullivan Summit. The meeting takes its name from a renowned U.S. civil rights campaigner who worked to get black Americans to share their wealth and experience with Africa.

"We need to say where we want Africa to be in five to 10 years from now," Clinton said. "So that every boy and girl living in this continent has a chance to live his or her own dream."

Partnerships between the public and private sectors forged at the four-day summit will aim to quicken both economic and social development along the lines of the Sullivan Principle, an international business ethics code that urges corporate responsibility and was credited with helping end apartheid in South Africa.

World Bank President Paul Wolfowitz is scheduled to address participants Tuesday.

Sullivan, who died in 2001, first articulated the principle in the 1970s after becoming the first black board member of General Motors Corp.

The last summit in Nigeria in 2003 was opened by President Bush and attended by leading black Americans, including former Secretary of State Colin Powell and the former ambassador to the United Nations and mayor of Atlanta, Andrew Young.

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Donations arising from the summits, which began in Ivory Coast in 1991, have helped the Sullivan Foundation build 170 schools, bring 750 American teachers to Africa and distribute $20 million worth of books. In partnership with the World Bank, the foundation has trained more than 1 million people to build wells.

Crowds Rally Again To Demand Recount In Mexico (NYT)

By Ginger Thompson

The New York Times, July 17, 2006

MEXICO CITY, July 16 — For the second time in eight days, thousands of supporters of the leftist presidential candidate, Andrés Manuel López Obrador, filled this city's historic central plaza to demonstrate their support for his demand for a vote-by-vote recount of Mexico's disputed July 2 election.

The crowds at this rally — several hundred thousand — were considerably larger than the last and seemed to indicate that the movement started by the embattled former mayor of Mexico City remained strong.

Mr. López Obrador told the throngs of people roaring his name that a recount was not too much to ask to resolve the political crisis that has gripped the nation since election officials declared his conservative opponent, Felipe Calderón, who appeared to be the winner by less than 1 percent of 41 million ballots cast.

That victory has yet to be certified by the Federal Electoral Tribunal as it weighs a legal challenge from Mr. López Obrador. In the meantime, he seems determined to keep up pressure on the tribunal to grant his demand for a recount.

Mr. López Obrador and supporters who helped organize the rally urged his followers to conduct nonviolent acts of civil disobedience, including boycotts of products made by Mexican companies that opposed his candidacy as well as those of some American companies, without explaining why.

He also asked them to stage sit-ins starting Sunday at the 300 district election offices across the country. The purpose, he said, was to prevent any tampering with ballot boxes.

At one point during his speech, Mr. López Obrador smiled as the crowd chanted, "You are not alone." He told them that the movement he was leading was about more than one man or one political party. He said it was about the future of this country's fragile democracy.

"I have the deep conviction that despite all the machinery of the state, and all the money of a privileged group, they will not be able to stop the free will of millions of Mexicans," he said. "That is the greatest force of a democracy."

Mr. Calderón and his supporters say that their victory is legitimate and that a recount will do more harm than good to an electoral system that was meticulously engineered to move Mexico toward democracy after decades of autocratic, one-party rule.

They have described Mr. López Obrador as so obsessed with power that he will stop at nothing to win, even using mass marches to try to bully his way to power over the decisions of the democratic institutions it has taken Mexico more than a decade to build.

Arturo Sarukhan, a leading adviser to Mr. Calderón, said his candidate would accept a recount if one was ordered by the electoral tribunal. But he said his candidate did not believe a recount was legally necessary, since the votes were counted on election night by citizens recruited at random to be poll workers.

"They are seeking to pressure the tribunal to say this is too complicated, let's annul the whole thing," Mr. Sarukhan said. "We are convinced this is not about a recount. This is about annulment."

In a voluminous complaint before the electoral tribunal, Mr. López Obrador charged that the voting was riddled with mistakes and rigged against him by President Vicente Fox, who openly supported Mr. Calderón, who is from the same party.

He also accused business leaders of meddling in the election by conducting a campaign that depicted Mr. López Obrador as a danger to the political and economic stability Mexico has enjoyed over the last six years.

At 1:30 p.m. Sunday, Mr. López Obrador led about 200,000 supporters down one of the city's main thoroughfares and into the Zócalo, as the city's main plaza is known. About 200,000 more were already waiting there.

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Rossana Fuentes Berain, a political analyst at the Autonomous Technological Institute of Mexico, looked out on the crowd from the terrace of a hotel adjacent to the plaza and wondered whether Mr. López Obrador could keep a rein on the outrage he had unleashed.

"I am very worried," she said. "If he can convince so many people that the democratic system isn't working, then we are going to throw away 20 years of building trust and confidence."

People interviewed at the rally said their distrust of the system had compelled them to come from as far north as Mexico's border with the United States and as far south as the state of Chiapas.

Like the crowd of people who came out last week to support Mr. López Obrador, this gathering also seemed to be a broad cross section of people with different levels of education and incomes.

Many of those interviewed brought up the 1988 election, considered a pivotal moment in this country's long history of electoral fraud. Some said that although there had been progress since then, it had not been enough to stop the entrenched oligarchies from using their powers to stand in the way of the will of the people.

Others said that although they supported Mr. López Obrador, they worried that his language had become increasingly volatile and could push the country into violence.

"People are tired of so much injustice," said Pablo Huitrón Neguis, 44, an elementary school teacher. "We have fought years to have our votes respected, and now they are using the same old strategies to rob us again. López Obrador knows that if the people unite, there is no one who can stop us."

There were lots of angry expressions from unlikely places.

"If blood must be spilled, then so be it," said a housewife, Graciela Saavedra, 44. "We don't want it, but we are tired of accepting fraud with our arms crossed."

There seemed to be just as many calls for calm. "We know there was fraud," said Pablo Serna, 27, a dentist from the north central state of Zacatecas. "But there is no reason to generate so much resentment. There is also no reason to discredit everything because the movement could turn against us."

Although it was clear Mr. López Obrador would not back down from his fight, his appeals Sunday seemed toned down from earlier this week, when election officials challenged the credibility of several videos he presented as proof of fraud.

"He who owes nothing, fears nothing," Mr. López Obrador said, explaining why in his view Mr. Calderon should not object to a recount. Later, he added, "The stain of an illegitimate election cannot be cleaned with all the water in all the oceans."

Calderon Followers Send Hostile Response To Mexico City Protest (MCCL)

By Kevin Diaz

McClatchy Newspapers, July 17, 2006

MEXICO CITY - Compromise seemed more elusive than ever in Mexico's bitter presidential election dispute on Monday, one day after leftist candidate Andres Manuel Lopez Obrador mounted the largest protest in Mexican history.

Analysts said the demonstration, during which more than 1 million people jammed this city's main square and the surrounding streets, didn't change anything - the dispute still must be resolved by the Federal Electoral Tribunal, known as TRIFE.

But the rally sparked an unusually indignant response from the July 2 election's apparent winner, conservative Felipe Calderon, and many of the capital's commentators, promising more acrimony in the weeks ahead.

Cesar Nava, a Calderon spokesman, said that the election would be decided "by votes, not by marches," and that the National Action Party, or PAN, wouldn't succumb to the "blackmail" of street protests.

One Mexico City newspaper, Milenio, dubbed the demonstration "the great yellow beast," referring to the swarms of yellow-clad Lopez Obrador supporters - many of them elderly and poor - who believe the election was stolen.

"OK, so you've put a million people in the streets," said Mexican political observer Jorge Chabat. "So what's the conclusion? Nothing."

But John Ackerman, a law professor at the National Autonomous University of Mexico, said the outpouring of support for Lopez Obrador raises the stakes for the election judges, who have the power to annul the election or order a recount.

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"It's a clear demonstration that it's not going to be easy to sweep the apparent irregularities under the rug," Ackerman said. "They're going to have to take this seriously. They can't be a rubber stamp."

Many legal observers say there's nothing in Mexican law to prevent a total recount in the election, which Calderon won by a margin of less than 1 percent out of 41 million ballots. But Pamela Starr, a Latin America analyst for the Eurasia Group in Washington, D.C., said the court is unlikely to go that far, noting that in the past, "it has expressly limited itself to reviewing only those ballot packets that have been specifically challenged."

Lopez Obrador, the former mayor of Mexico City, has said he would abide by the court's decision. But he has also said his street mobilizations will continue unless there's a recount.

This has opened him to accusations that he's trying to bully his way to the presidency through political, rather than legal, means.

"Unfortunately, we live in a country where pressure groups are used to getting their way if they make enough noise," columnist Sergio Sarmiento wrote in Monday's edition of the Reforma newspaper. "The incentives for big demonstrations and blockades are huge."

Rallying his supporters Sunday, Lopez Obrador called for a continuing campaign of "peaceful resistance," including constant vigils outside the nation's 300 district election offices, as well as another massive march on the capital in two weeks.

"You can't wipe away the stain of a fraudulent election with all the water in the oceans," he said.

No one knows how far Lopez Obrador is willing to go to test the nation's fragile election institutions, which were created only a decade ago in a wave of political reform.

The central argument of Lopez Obrador's Party of the Democratic Revolution, or PRD, is that a recount would best serve the interests of political stability. His opponents argue that democracy depends on adhering strictly to the rule of law, whether or not that leads to a reopening of the ballot boxes.

"There's no need to improvise or invent new ways to do things," former treasury secretary Jose Angel Garcia told Reforma. "The law is what it is, and it's our main guarantee that things will move ahead with total transparency."

What remains to be seen is whether Mexicans can keep faith in their new electoral system in the face of Lopez Obrador's sweeping challenge.

"The beauty of Lopez Obrador's position is that he offers an opportunity for closure," said Robert Pastor, director of the Center for North American Studies at American University. "The worst outcome is one in which a third of the voters are left thinking the election was fraudulent or stolen."

Protests In Mexico Against Poll Result (FT)

By Adam Thomson

Financial Times, July 18, 2006

Mexico City on Sunday hosted one of the biggest demonstrations in its history as people from around the country protested against the results of this month's presidential elections and demanded a full recount of the vote.

According to local police, more than a million people marched on the Zócalo, the city's main square, in support of Andrés Manuel López Obrador, the losing leftwing candidate. Independent estimates suggested the turn-out was slightly smaller.

On July 2, Mr López Obrador, a 52-year-old former Mexico-City mayor, lost to Felipe Calderón of the ruling centre-right National Action party by 0.58 per cent or just 243,000 votes.

He has responded by calling the election "fraudulent", and has accused Mexico's electoral authorities of "manipulating the counting". He has vowed to continue organising mass protests until the country's electoral authorities give in to his demands for a recount.

At Sunday's demonstration, which far outnumbered an initial protest last week, Mr López Obrador called on supporters to begin a week of civil resistance and announced another mega rally on July 30 to keep up the pressure on the authorities.

"Democracy and the country's political stability are at stake," he told a sea of chanting supporters draped in the gold colours of his Democratic Revolution Party. The rally passed without violence.

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Mr López Obrador confirmed last week that his strategy would be to seek an annulment of the election if the authorities did not grant a recount.

The Federal Electoral Tribunal, the highest electoral court, has until September 6 to announce whether it considers there is any merit to the complaints and how it intends to respond.

On Friday Mexican bonds rallied and the peso strengthened to a two-month high against the dollar, which analysts say reflect investors' growing confidence that Mr López Obrador's legal complaints will come to nothing and that the authorities will eventually confirm Mr Calderón as president-elect.

The business-friendly Mr Calderón has vowed to continue the economic policies of President Vicente Fox that have helped consolidate macroeconomic stability, reducing interest rates and inflation to historic lows while pushing up international reserves to historic highs.

The campaign team behind Mr Calderón, a 43-year-old Harvard-trained technocrat, has resisted calls for a total recount on the grounds that it is illegal, and last week told foreign journalists that Mexican law does not allow for an annulment of a presidential election.

But on the streets of Mexico City on Sunday, Mr López Obrador's supporters appeared to be in a confident mood. On Paseo de la Reforma, one of the city's main avenues, a group of Mexican youth sat on the roof of a lorry beating drums and chanting "vote by vote", in reference to their insistence on recounting each and every one of the ballots cast.

People of all ages filed past holding posters saying "Hang on López Obrador, the people are rising up" and "We won". One man dressed in black walked towards the Zócalo with a cardboard coffin balanced on his head with the word "Democracy" painted on the side.

In a radio interview last Friday, Mr López Obrador said he would call off the protests if the authorities granted a recount of the votes. He also said he would accept the result of the recount even if it went against him, though adding that he would only do so "under protest".

"I won… [and] this election is fraudulent from start to finish.

Is Victory Worth Any Cost? (USAT)

USA Today, July 18, 2006

Ever since the July 2 election in Mexico, leftist candidate Andrés Manuel López Obrador has been crying foul. The results had him being narrowly overtaken by rightist candidate Felipe Calderón in the final hours of counting. He suspects fraud and wants a recount.

Americans can relate. In 2000, Republican George W. Bush and Democrat Al Gore sparred over the Florida results for more than a month before the U.S. Supreme Court stepped in.

But López Obrador has gone one step further than Gore did. Not only is he demanding a recount, he is organizing civil resistance campaigns to pressure Mexico's election court to grant him one. Those efforts, which reached a fever pitch with a huge rally in Mexico City on Sunday, show a destructive win-at-all-costs attitude that could undermine respect for Mexico's nascent democratic institutions. Extended political turmoil or violence could also undermine Mexico's economy, sending even more illegal immigrants into the USA.

López Obrador is, of course, within his rights to seek a recount and to make the case for such an action in the court of public opinion. And, at the end of the day, it is not inconceivable that the court will side with him. He might even be declared the winner after a recount.

But he crosses a line when he tries to pressure or intimidate the court into granting a recount by putting large numbers of supporters on the streets and making unsubstantiated claims of fraud.

Mexico, though, might yet settle the election with more dignity than some local, state and federal officials displayed in Florida's fracas. It has a specially created seven-member election court empowered to decide when, where and whether recounts are in order.

This type of system can get around a major issue in Florida, which was whether it was fair to conduct recounts only in jurisdictions chosen by the Gore campaign, and where local election officials were sympathetic to his cause. It also would

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bypass blatantly partisan election officials such as Katherine Harris, Florida's secretary of state and now member of Congress, who showed scant interest in neutrality or integrity.

But like any other court, Mexico's election court needs to be seen as impartial and insulated from political pressure. López Obrador's actions ill serve that cause.

They also raise serious questions about his commitment to truthfulness. As evidence of the alleged fraud, he recently showed a video of a man putting multiple ballots in a box. But the man was quickly identified as a legitimate election official transferring presidential ballots mistakenly placed in a legislative ballot box. If he was not intent on fanning the flames of partisan and class discontent, López Obrador would have investigated the video before making such claims.

Gore realized there was a time to fight and a time to concede. So did Richard Nixon, who did not even challenge his narrow loss in 1960 despite evidence of vote rigging in Illinois. Both put the nation's interests above personal ambition. As he weighs his next move, López Obrador would do well to heed their example.

Mexican Election Cheers Underdog In Brazil's Race (WSJ)

By Matt Moffett

The Wall Street Journal, July 18, 2006

RIO DE JANEIRO -- The come-from-behind win by Mexico's pro-business presidential candidate has heartened supporters of the underdog in Brazil, the site of Latin America's next face-off.

The long-shot presidential campaign of Brazilian centrist Geraldo Alckmin also gave itself a breath of life with a media blitz that has lifted his standing in opinion polls.

But Mr. Alckmin still faces a daunting, uphill struggle against leftist President Luiz Inácio Lula da Silva. Mr. da Silva's economic pragmatism and incumbent status distinguish the campaign landscape in Brazil -- home to South America's biggest economy -- from Mexico and Peru, where market-friendly candidates came from behind to defeat populists.

Mr. Alckmin, a former governor of the state of São Paulo, had been stagnating in the polls until recently ramping up an advertising campaign touting his administrative competence and highlighting corruption scandals on Mr. da Silva's watch. A poll released Friday by the Vox Populi group showed that Mr. Alckmin had cut 16 points from his deficit to Mr. da Silva since May.

Mr. da Silva, a former factory worker known for his common touch, still held an advantage of 42% to 32% over Mr. Alckmin, who is low on charisma but high on administrative experience. Candidates will need more than 50% of the vote for an outright victory in the Oct. 1 election; anything less brings the top two finishers to a run-off.

Brazil's electorate is highly polarized. Mr. da Silva, of the leftist Workers Party, is strong among poor voters, especially in the impoverished Northeast and Amazon regions. Mr. Alckmin, of the centrist Social Democratic Party, is preferred by middle and upper-class voters and business interests, especially in Brazil's more prosperous south.

Mr. Alckmin's supporters say the increase in backing for their candidate is a sign of Latin America's shifting political mood. The victories of centrist and conservative candidates in Peru and Mexico follow four years in which leftist candidates have been on the rise throughout the region, they note.

The trouble for Mr. Alckmin is that Mr. da Silva isn't a populist in the mode of failed candidates like Peru's Ollanta Humala or Mexico's Andrés Manuel López Obrador, who has challenged Felipe Calderón's July 2 victory in the courts. In both those countries, the more-conservative candidates made hay by linking the leftists to the polarizing Venezuelan President Hugo Chávez, an old-school leftist.

Such a strategy would be difficult to employ against Mr. da Silva, an economic pragmatist who has managed to win over financial markets with a rigid fiscal policy and to pay off Brazil's debt to the International Monetary Fund well ahead of time. Some seven million poor Brazilians have moved into the middle class over the past year, due to an improving employment picture, more access to credit and lower inflation, according to government statistics.

"The average voter has seen Lula for almost four years and knows he's not a populist like Chávez," says political analyst Cristiano Noronha.

The opposition thought it had found an opening against Mr. da Silva in May after the populist Bolivian President Evo Morales, whose candidacy Mr. da Silva had openly supported, sent troops to seize local oil installations controlled by Brazil's

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state oil company. But Brazilians didn't seem to hold Mr. da Silva responsible. "The opposition in the Congress made a lot of noise about Bolivia and how Brazil's foreign policy was a disaster, but that strategy just didn't cut any ice," says political analyst David Fleischer. He notes that Brazilian campaigns tend to be inward looking. "Brazilian politics very rarely involves foreign affairs," he says.

At home, incumbency has given Mr. da Silva the power to launch social and wage policies that are friendly to the mostly working-class population in this nation of 170 million. Almost 11 million poor families are benefiting from government assistance programs, and they are some of Mr. da Silva's most loyal supporters. Mr. da Silva also recently signed off on a generous increase in the minimum wage.

Such largesse is one reason many working-class voters seem willing to overlook a series of corruption scandals that have led to the resignation of Mr. da Silva's chief of staff, finance minister, and much of the Workers Party's senior leadership. Mr. da Silva has managed to turn attacks over corruption against the opposition by holding them up as evidence that "the elites" are out to get Brazil's first working-class president.

Even Brazil's chronic crime problem doesn't seem to be hurting Mr. da Silva much. Mr. Alckmin was expected to make his record of lowering crime rates in São Paulo a major selling point, but will likely have to back off in the wake of a recent wave of gang wars there that have claimed scores of lives.

Tsunami Hits Indonesia, Killing More Than 150 (NYT)

By Raymond Bonner

The New York Times, July 18, 2006

JAKARTA, Indonesia, Tuesday, July 18— A powerful undersea earthquake struck off the south coast of Java, Indonesia, on Monday afternoon, creating a tsunami that killed scores of people.

The Indonesian Red Cross put the death toll at 155 as of Tuesday morning, and officials continued to sort through debris looking for bodies.

The wave was about six feet high, considerably smaller than those that hit Aceh and elsewhere in the region in December 2004, killing more than 200,000 people.

But it carried a tremendous amount of destructive power, and seemed to have hit hardest at Pangandaran, a beach town popular with Indonesians and foreigners.

The wave heaved boats, destroyed guest cottages, beachside kiosks and restaurants, and may have swept some surfers out to sea. Most of the area's villagers are fishermen and rice farmers.

The tsunami was set off by an earthquake that registered 7.7 in magnitude, according to the United States Geological Survey. The epicenter was beneath the seabed of the Indian Ocean 110 miles south of Pangandaran.

The earthquake struck around 3:15 p.m. local time and was felt in Jakarta, the capital, more than 200 miles north of the epicenter. High-rise office buildings swayed, and workers scurried to get out. There were at least two large aftershocks.

The Pacific Tsunami Warning Center, in Hawaii, issued a tsunami bulletin about 15 minutes after the earthquake hit, but Indonesia has not yet installed a warning system on the island of Java, the country's most populous. Australia also issued an alert for western Australia and Christmas Island, but only small swells, less than two feet high, were reported.

A local television station, Trans TV, said 40 people had drowned in Kebumen, about 30 miles east of Pangandaran, The Sydney Morning Herald reported Monday evening on its Web site.

In Batu Keras, an Indonesian surfer said that two bodies had been found and that he had seen some French tourists who were surfing swept away, the newspaper reported. "I don't know what happened to them," he said.

A tsunami is produced when an earthquake thrusts the seabed upward. The resulting waves have little in common with wind-driven surf, which has a very short distance from the crest of one wave to that of the next.

An earthquake briefly jolts an entire column of thousands of vertical feet of water from the sea floor to the surface. A result, once the waves reach shore, is more like a sudden rise and fall in the tide than a crashing breaker that quickly washes away.

It is unusual for an earthquake with a magnitude below 8.0 to generate a tsunami, said Bruce Jaffe, a United States Geological Survey oceanographer.

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In this case, the thrust must have been sufficient to jolt the sea, he said.

"It's all related to how much sea-floor displacement there is," he said. "If you have a plastic cup of water and you punch it on the bottom, a bigger punch will create a bigger surge."

Dr. Jaffe said this tsunami, at first look, appeared quite similar to one that struck the southeastern coast of Java and southwest Bali in 1994, killing 223 people. That wave was generated by an earthquake with a magnitude of 7.8 that shook the seabed about the same distance offshore, he said.

Fred Pollitz, an expert on Indonesian earthquake risks at the United States Geological Survey, said that while the earthquake on Monday probably locally dissipated stresses in the submarine fault line that runs offshore parallel to the Indonesian archipelago, coasts to the west on Java and areas of Sumatra probably remained at high risk from big earthquakes and tsunamis.

Death Toll Rises After Indonesia Tsunami (FT)

By Shawn Donnan

Financial Times, July 18, 2006

As many as 226 people were killed on Monday when a tsunami triggered by a 7.2-magnitude undersea earthquake hit the southern coast of Java, according to officials and media reports.

The death toll has been rising as the search continued for people feared to have been swept away by the tsunami.

Officials in the resort town of Pangandaran, which appeared to be the hardest hit area, said at least 127 people were killed there, the Associated Press reported on Tuesday morning.

The quake caused office towers to sway in Jakarta and prompted tsunami warnings for India's Andaman and Nicobar islands and Australia's Christmas island.

But on Monday night there were no reports of casualties outside Indonesia. The Pacific Tsunami Warning Center in Hawaii indicated that a repeat of the tsunami disaster on December 26, 2004 was unlikely. Earthquakes are not unusual in Indonesia, which sits on the Pacific "ring of fire" and has more than 100 active volcanoes on its 17,000 islands.

In May, a 6.3-magnitude earthquake centred a few hundred kilometres to the east of Monday's quake left almost 6,000 dead and destroyed more than 100,000 homes near the central Javanese city of Yogyakarta.

The December 2004 Indian Ocean tsunami after a 9.0 magnitude quake off western Sumatra left more than 160,000 dead or missing in the province of Aceh alone.

It was unclear on Monday night whether the affected areas of Java had received notice of the tsunami from warning centres in Hawaii and Tokyo set up after the 2004 disaster.

If they did not, this points to what remains the biggest hole in the system – the local infrastructure through which the message is supposed to be relayed. In a test earlier this year text messages took hours to reach mobile phones in Thailand, and in Indonesia faxed warnings have taken hours to be passed on to authorities.

A big Java refinery was not damaged, an official said.

Tsunami Triggered By Quake Kills At Least 226 In Indonesia (WP)

By Alan Sipress

The Washington Post, July 18, 2006

JAKARTA, Indonesia, July 17 -- Six-foot tsunami waves triggered by an underwater earthquake swamped several resorts and village seafronts on the southern coast of Java island Monday, killing at least 226 people, officials reported. Dozens more were reported missing in the area, which apparently had no warning system.

A wall of water crashed into the resort town of Pangandaran, badly damaging modest hotels, restaurants and rows of beachfront homes, witnesses told Indonesian radio and television.

"All the houses were destroyed along the beach," a woman named Teti told el-Shinta radio in a rambling, emotional account. She said she had been playing with a half-dozen friends along the beach when they spotted the wall of water nearly five feet high.

"It chased us from the beach and we ran to the hill," she said. Teti added that she saw three dead bodies.

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The magnitude 7.7. earthquake occurred about 3:15 p.m. and was centered about 150 miles off the southern coast of Java, Indonesia's most populous island. It was followed within the hour by several aftershocks. Office workers in high-rise buildings as far away as Jakarta, the capital, located on Java's north coast, said they felt tremors.

Indonesians became acutely aware of the ocean's devastating power in December 2004 when the South Asia tsunami was triggered by a massive magnitude 9.0 undersea earthquake off Sumatra island. It left more than 170,000 dead or missing in Aceh province and flattened much of the provincial capital.

Around the Indian Ocean basin, a total of at least 235,000 people died as a result of the tsunami. Water crashed with devastating force into coastlines in Thailand, Sri Lanka, India and East Africa.

The Associated Press reported that Sumatra now has a tsunami alarm system to alert people to leave coastal areas, but Java's is not due to begin operation until 2007. So there was no organized warning to people along the approximately 110 miles of coastline when the waves struck on Monday.

Witnesses in Pangandaran said that as the wave approached, people shouted "Tsunami! Tsunami!" and climbed trees or crowded into inland mosques. In some places, the water was reported to have traveled 900 feet inland. Power lines were washed out.

Another witness to Monday's wave, Miswen, who lives 50 yards from the ocean in Pangandaran, told el-Shinta radio that he saw the seawater recede shortly after the earthquake. Within half an hour, he saw three huge swells racing toward the shore.

"I shouted to people to start running. We were afraid that what happened in Aceh would happen here," he said. "I'm sure many people died on the beach."

When the water retreated, parts of the town were littered with plastic sheeting, boxes, splintered wood and other debris. Rescue workers struggled to move an injured woman, carrying her in a woven mat; medical personnel treated an injured Belgian tourist.

Bodies of dead children and adults, covered by cloths, were laid out on the white tile floor of a local community health center. Relatives raised the cloths fearfully to see if loved ones were among the deceased.

...

"We are going to send body bags, tents and other equipment," she said. "Around 650 fishing boats are damaged."

Indonesia's official Antara news agency reported that deaths had occurred at two other beach resorts in Java. Metro TV put the number of dead at more than 30 in the central Java port of Cilacap.

Indonesian President Susilo Bambang Yudhoyono told reporters that rescue efforts were underway to locate people who were swept away.

"Up to now, we can't tell how many people are dead and hurt," Yudhoyono said. "The local government has started to evacuate people from the area."

Credit-Card Issuers Get Warning (WSJ)

The Wall Street Journal, July 18, 2006

BRUSSELS -- European Competition Commissioner Neelie Kroes called on credit-card companies and banks to end anticompetitive behavior in the payment-card services they provide to consumers, or face antitrust action.

"Problems in the market result from anticompetitive behavior by market players," she said. "We are not waiting."

Speaking at a public hearing on the first findings of the European Union's retail-banking inquiry, Ms. Kroes said more competition is needed between banks that provide payment-card services for shops.

"In some member states there is only one provider," she said, and often this is a joint venture owned by the local banks. In other member states there are "only a handful" of banks which provide the service, she said.

Credit-card companies such as MasterCard International Inc. and Visa International Ltd. must open up their networks to other payment operators, she said, allowing banks more choice in how to wire money across borders. Ms. Kroes's office already has asked payment-card companies Visa Europe and MasterCard to make domestic and cross-border prices the same, open up their networks and share their antifraud database with competitors.

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Changes must also be made to the way banks collectively set fees for credit- and debit-card services, Ms. Kroes said. This "amounts to a 'tax' on businesses and consumers," she said. The commissioner said the best way to achieve the EU objectives was for the banks and card companies to take action themselves.

"Those involved in the industry should continue to examine their practices and improve them where possible," she said. If not, she warned, the EU would take antitrust action.

In April Ms. Kroes accused card providers such as Visa and MasterCard of racking up "abnormal" and "excessive" profits for banks. She told them to make changes or face antitrust investigations that could force them to overhaul their business or pay fines.

Both Visa and MasterCard rejected the commission's conclusions, claiming the commission was using flawed data and had failed to grasp how interchange fees covering the processing of payments were an important part of their pricing model.

Visa Europe Chief Executive Peter Ayliffe said the industry needed the freedom to set interchange fees for different markets and deserves a return on investments that allows it to push ahead with innovations such as the "chip and pin" system.

The banking industry would spend some €5 billion, or more than $6 billion, to create a single European payment area by 2010, he said. The commission has also been pushing for this so customers would pay the same price to make payments or transfer money to or from another country in the 12 nations that use the euro currency.

Javier Perez, MasterCard regional president, said anything to undermine payment cards would push customers toward more expensive payments such as store cards.

EU regulators charged MasterCard in June with price-fixing for the fees retailers must pay for accepting MasterCard and Maestro-branded cards. This could cause MasterCard to be forced to end the fees.

Turning to the EU's probe into retail banking, Ms. Kroes said the preliminary findings were that consumers often find it too inconvenient or expensive to switch bank accounts. "We found that less than 8% of European customers decided to switch their current accounts in 2005 -- and this low level of customer mobility is worrying," she said.

The banking industry remains too fragmented along national boundaries, Ms. Kroes said, with very few banks becoming major players outside their home countries. "Consumers aren't being well served," she said, adding that it wasn't yet clear what was the root of the problem.

After hearing all parties, soliciting opinions until Oct. 5 and conducting further investigations, Ms. Kroes will decide if her office should take action.

Maple Leaf Model (WSJ)

The Wall Street Journal, July 18, 2006

By all reports, President Bush and Conservative Canadian Prime Minister Stephen Harper had a meeting of the minds at the White House earlier this month. At their joint press conference, Mr. Harper got a tad carried away when he referred to the U.S.-Canada relationship as the strongest "in the history of mankind."

But even discounting for hyperbole, we think Mr. Harper deserves credit, and more media coverage, for his recent announcement that Canada will spend US$13.5 billion to upgrade its military. The money will go to purchase much-needed equipment, including 16 military helicopters, three navy supply ships, 2,300 high-tech trucks, and 21 aircraft capable of transporting troops and heavy equipment.

The Harper government had previously announced plans to add 23,000 troops to Canada's current force of 62,000 active-duty and 26,000 reserve forces, and to boost base military spending to C$20 billion over the next five years from C$14 billion. In May, the Canadian Parliament voted to keep Canadian troops in Afghanistan until 2009.

What a difference an election makes. Last year, before the Conservatives beat the Liberals in a close vote, Canada spent a mere 1.1% of its GDP on defense, the lowest in NATO after tiny Luxembourg. By contrast, the U.S. spent 3.8%, and the NATO average was 1.9% (a figure inflated by high levels of defense spending in Greece and Turkey, which are preparing for the possibility of fighting each other). Germany spent a mere 1.4% of GDP on defense last year; Italy, 1.8%; and Spain, 1.2%. Britain and France both broke the unofficial NATO expectation of 2% of GDP at 2.5% and 2.3%, respectively.

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The Western European members of NATO have been pledging to modernize their militaries for more than a decade, but nothing seems to happen. Now Canada has given them a good example to follow.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JULY 18, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Missouri Regulators Go To Court Over AT&T Records (AP) 4
Pentagon Suspects Lawyer Involvement In Guantanamo Suicides (LAW) 5
Critics Blast Bill Proposing NSA Spy Changes (CNET) 7
Judge: Feds Can Keep Mum About Phone Taps (CHIT) 8
G.O.P. Senator Resisting Bush Over Detainees (NYT) 8
FBI Sought To Gain Padilla's Trust (FLSUNSEN) 10
FBI Initially Sought Padilla's Cooperation (AP) 10
Retaliation Case Of Arab Specialist At FBI Advances (WP) 11
London Police, But No Officers, To Be Charged In Man's Death (NYT) 12
No Criminal Case For Mistaken British Terror Shooting (CSM) .. 13
Britain Declines To Prosecute Officers In Subway Shooting (WP) 14
Britain Bans 2 Islamist Groups (LAT/AP) 14

Homeland Response:

Feds Need La. Help For Hurricane Plans (AP-Y) 15
Lower 9th Finally Gets Mail Delivery (USAT) 16

War News:

Cheney Argues Against Iraq Timetable (AP) 17
Military-Style Assault Kills Dozens In Iraqi Marketplace (WP) 17
Gunmen Kill Dozens At Shiite Market In Iraq (NYT) 19
At Least 50 Killed In Market Attack South Of Baghdad (WT/AP) 21
87 Iraqis Killed In Two Attacks; Sunnis Blamed (LAT) 21
'Neighbors Are Killing Neighbors' (WP) 23
On Patrol With Marines, Iraqi Soldiers Get A Lesson In War's Danger (NYT) 24
Japan Completes Troop Withdrawal From Iraq (AP) 26
Nations Sign Commercial Cooperation Deal (AP) 26
Taliban Takes Control Of 2 Afghan Towns (AP-Y) 27
Coalition Soldier Killed, 11 Others Wounded In Afghanistan (AFP-Y) 28
Transformation's Toll (WP) 28
The Price Of Success In Iraq (WP) 29
Will Elections Pay Off? (USAT) 30
For Wounded US Veterans, Job Prospects Brighter (CSM) 31
Injured Soldiers Deserve Stronger Show Of Gratitude (USAT) ... 32

Corporate Scandals:

Peregrine Options Case May Preview Current Probes (Update1) (BLOOM) 33
SEC Says Options Charges Likely Soon (FT) 34
White-Collar Prosecutions Dropping (LAW) 35
Law Firm And 4 Figures In Payments Case Enter Pleas (NYT) .. 37
Short-Selling Inquiry Is Widened To Cover Stock-Lending Business (WSJ) 37

Criminal Law:

11 Including CEO Of Offshore Gambling Web Site Charged (AP)38
Online Betting Boss Faces Conspiracy Charges In US (GUARD)39
U.S. Charges Online Betting Site (MRKTWTCH) 40
Arrest Of Gambling Executive Linked To Tax Inquiry (TIMES) ... 41
BetonSports, 3 Other Companies Are Indicted In U.S. (WSJ) 42
FBI To Tape More Interrogations (CHIST) 42
No More Investigations Afoot, Camden Council Leader Says (PHI) 44
TALE OF TAPES MAY KO GOTTI (NYPOST) 44
DA: Cut That Junior Tape! (NYDN) 44
Congressman's Legal Payments On Hold During Tough Campaign (AP) 45
Lewis, DeLay Pay Dearly For Counsel (HILL) 45
Workers Doubted Ceiling Method (BOS) 46
Pair Return From Great Britain To Face Investment Fraud Charges (VP) 47
Canadian Sentenced In Telemarketing Fraud (BOS) 48
Faces Jail Time, Big Fine For Role In Investor Scam (JJ) 48
Guilty Plea Entered In Phone Scam Case (APP) 49
Pompano Man Guilty In $2.5 Million Fraud Involving Foreign Currencies (FLSUNSEN) 49
Businessman, Doctors Plead Guilty To Medicare Fraud Scheme (KCS) 49
Area Business Owner Pleads Guilty To Medicare Fraud (KCBIZ)50
Music Prof Guilty As Web Perv (NYDN) 51
SAX PERVERT (NYPOST) 51
Two Serial Killers, Acting Independently, Terrorize Phoenix (NYT) 51
Phoenix Killings Spark Serial Killer Scare (AP) 53
Cleveland Man Faces Federal Child Pornography Charges (CHATT) 54

Civil Law:

Feds Oppose Public Query In Tobacco Case (AP) 54
Anti-smoking Group Wins Legal Victory (AP-Y) 54
In A Lawsuit Aimed At Iran, Terror Victims Focus On Ancient Artifacts In A Chicago Museum (NYT) 55
New Suit Filed In Janklow Case (AP-Y) 56

Civil Rights:

Mayor Calls For Independent Investigation Of SPD Cases (SPOKSR) 57
Spokane Mayor Orders Review Of Police (AP) 58
New Threat Received At Mosque That Was Bombed (ABJ) 58
Threats Phoned In To Local Mosque (WKRC-TV) 59
Optimism On Both Sides Of Gay-Marriage Debate (WP) 59
Bush May Speak At NAACP Convention, Ending Boycott (LAT) 60
Republicans Coming Up Short In Effort To Reach Out To African-American Voters (NYT) 61
Democrats Fault Abortion Risk Info (AP-Y) 62
Pregnancy Centers Found To Give False Information On Abortion (WP) 63
Voting For Dollars? (USAT) 64

Antitrust:

New Mexico Rescinds Controversial Real Estate Rules (INMAN)65
Technologists Square Off On Net Neutrality (CNET) 66
Healthways Buy Of LifeMasters Cleared (AP) 66
AMD Fires Another Antitrust Salvo At Intel (CNET) 67
Google Action Tests Power Of Cash Vs Votes In Washington (FT) 67
EU: Banks Not Serving Customers Well (AP) 68
When The Chips Are Down (WSJ) 69

Environment:

Heat Blast Tests U.S. Power System (WSJ) 69
Feeling The Heat For Icy Greenland, Global Warming Has A Bright Side (WSJ) 70
Besse Trio Unlikely To Be Tried This Year (TOLB) 73
Energy Firms Keep Taxes At Bay (WSJ) 74
No Drought Required For Federal Drought Aid (WP) 75
Benefit For Ranchers Was Created To Help GOP Candidate (WP) 78
When Feed Was Cheap, Catfish Farmers Got Help Buying It (WP) 79

FBI/DEA/ATF/USMS:

Feds Eye Properties (KNOXNS) 79
Knoxville Businessman, Brother Indicted In Drug Conspiracy (AP) 81
Business Owners Face Drug, Laundering Charges Following Raid (WVLT) 81
Man Who Ran Business Fronting Tunnel Pleads Guilty (SDUT) 81
Doctor Sentenced In NFL Steroids Case (AP) 82
Shortt To Serve One Year, One Day In Prison (TSSC) 82
Physician Sentenced For Distributing Steroids (SN) 83
Doctor In Steroids Case Sentenced To Year In Prison (CO) 83
Tainted Heroin Found In Md. (AP) 84
With Dean On Leave, UVa Makes Plans For Temporary Staffing (DP) 84
MLB May Take Action If Bonds Is Indicted (WP) 84
Editorial: Gun Lobby Trying To Shoot Down Trigger-lock Law (TACNT) 85
Galante Lawyer: Feds Are Running Trash Biz Into The Ground (DANNT) 86

Immigration:

Washington Governor Sends U.S. Attorney General $50 Million Bill (AP) 86
Myrick, Sheriff Lobby For Immigration Court In Charlotte (AP) ... 87
States Stepping Up To Tackle Immigration Laws (WT) 88
Texas Hospitals Reflect The Debate On Immigration (NYT) 88
Republicans Establish Immigration War Room (HILL) 90
Inside The Beltway (WT) 92

Tax:

Former Prosecutor Enters Tax Evasion Plea (KCS) 93

Congress-Administration:

Bush Promises Veto On Stem-cell Funding (WT) 94
Bush Set To Use First Veto On Stem Cell Bill (WP) 95
Stem Cell Bill Nears Passage In The Senate (NYT) 96
Republicans Weigh Appeal To Bush On Stem-cell Research (MCCL) 97
Bush Repeats His Vow To Veto Bill Easing Limits On Stem-Cell Funds (WSJ) 98
Bush Promises Veto Of Stem Cell Bill (AP-Y) 98
US Senate Press Stem Cell Bill In Face Of Bush Veto Threat (AFP-Y) 99
Stem Cell Debate Wedges Bush Between A Rock And A Hard Place (WP) 100
Coburn Sits And Waits To Pounce (HILL) 101
As Senate Begins Stem Cell Debate, Emotions Run High (LAT)102
Meeting Stem Cells' Promise -- Ethically (WP) 104
The Case For Macroscopic Humans (USAT) 105
Standing Up For Stem Cell Research (NYT) 106
Science, Not Politics, For Stem Cells (LAT) 106
To Agency Insiders, Cyber Thefts And Slow Response Are No Surprise (WP) 107
U.S. Gov't Boosts Data Breach Monitoring (UPI) 108
Government Data Thefts Raise Privacy Protection Concerns (FOX) 109
Rep. Maloney Bill Targets Defense Secretary's Wallet (HILL) .. 111
How Welfare Reform Changed America (USAT) 112
Funding For Amtrak Would Increase 8% Under Senate Bill (WSJ/AP) 114
All Smiles As Shuttle Ends A Nearly Perfect Mission (NYT) 114
Mission Applauded As Shuttle Returns (WP) 116
A Safe Journey Home For Space Shuttle, NASA (LAT) 117
Fast Turnarounds Ahead For Shuttle Fleet (CSM) 119
Safe Return For The Shuttle (NYT) 120
The Reliable Source (WP) 120
Hastert Released From Hospital (AP-Y) 121

DOJ_NMG_0041599

Other News:

U.S. Industrial Output Jumps, Amid Strong Business Investment (WSJ) ... 122
Industrial Production Rises As Heat Spurs Electricity Use (NYT) 122
Stocks Put Halt To 3-Day Skid, But Remain Flat (WSJ) ... 123
Wall St Little Changed After Energy Sell-off (FT) ... 123
Investors Fret Buyout-Induced Risk (WSJ) ... 124
Oil Falls On Flurry Of Diplomacy; Futures At $75.30 (WSJ) ... 125
High Fuel Prices Don't Dent Love Of Gas Guzzlers (WSJ) ... 126
EPA Says No Improvement In Fuel Economy (AP-Y) ... 127
A Windfall From Shifts To Medicare (NYT) ... 127
Clinton's $22M War Chest (HILL) ... 129
Why The Left Is Furious At Lieberman (LAT) ... 130
U.S. Rep. Katherine Harris Has Surgery (AP-Y) ... 131
But Seriously, Folks (WP) ... 132
Reed Hopes Voters Keep Faith, Forget Abramoff (LAT) ... 135
Inside Politics (WT) ... 137
Bush's Policy Chit-Chat: Undiplomatic Prose (NYT) ... 138
Bush's Bull Session: Loud And Clear, Chief (WP) ... 139
Live Mike Captures Bush's Tough Talk At G8 Summit (USAT) 141
Bush Confirms Reputation As Straight Talker (FT) ... 142
Bush Curses Hezbollah On Live Microphone (AP) ... 142
A Rare Unscripted Moment (LAT) ... 143
Bush Voices Frustration With Middle East Conflict (MCCL) ... 144
Bush Drops Diplomacy In Candid Exchange With Blair (Update2) (BLOOM) ... 144
Toll Climbs In Mideast As Fighting Rages On (WP) ... 145
Push Made For U.N. To Go Into Lebanon (WP) ... 147
Diplomats Seek Foreign Patrols For Mideast (NYT) ... 148
Bush Doubts Lebanon Peace Plan (FT) ... 150
Annan Urges UN Force For Lebanon (FT) ... 150
G-8 Leaders Consider Mideast Peacekeepers (AP) ... 151
World Leaders Step Up Mideast Diplomacy (AP-Y) ... 153
Diplomats Work To Halt Fighting Between Israel, Hezbollah (KRT) ... 154
Diplomatic Solution Sought (USAT) ... 155
G-8 Leaders Ponder Action In Lebanon (WT) ... 156
Bush Plans Sending Rice To Mideast 'Pretty Soon' (WT) ... 156
Rice Plans Mideast Mission (AFP) ... 157
Battle In Mideast Widens U.S.-Russia Rift (WSJ) ... 158
Bombings Bring Season Of Fear To Seaside Resort (NYT) ... 159
In Israel's North, Waiting Out Rocket Attacks (NYT) ... 160
Vacationers In Beirut Resume Holidays In Hospitable Cairo (WSJ) ... 162
'Rockets Do Not Discriminate' (WP) ... 163
Waiting Anxiously For Word From Family (WP) ... 164
Israel Says It Doesn't Plan To Occupy Lebanon (USAT) ... 166
Back From The Brink (WP) ... 166
Mideast Fighting Continues As Westerners Flee Lebanon Blair And Annan Call For International Intervention (WSJ) ... 167
Cease-Fire Efforts Stepped Up (LAT) ... 169
Senator Clinton Speaks Up For Israel At U.N. Rally (NYT) ... 171
Militia Rebuked By Some Arab Countries (NYT) ... 171
From Arab Leaders, Sympathy For Civilians But Not Hezbollah (WP) ... 173
Hizbullah Winning Over Arab Street (CSM) ... 173
Syrian President May Hold Key To Mideast Crisis (WSJ) ... 175
Crisis May Put Syria Back In Political Mix (LAT) ... 177
Wider War In Middle East? Not Likely. (CSM) ... 178
Iran's First Strike (WSJ) ... 179
A War With Extremists (WP) ... 180
Diplomacy's Turn In Lebanon (NYT) ... 181
Assad And Bush (WSJ) ... 181
A Conflict That Will Stay Close To Home (NYT) ... 182
Middle East: Shaken Awake By War (LAT) ... 183
Hunker Down With History (WP) ... 184
Feeding The Enemy (NYT) ... 185
Hezbollah And Pericles (WSJ) ... 185
Being Hassan Nasrallah (WSJ) ... 186
The Politics Of Sabotage (WSJ) ... 188
The Way We War (NYT) ... 189
Governments Help Nationals Flee From Lebanon And Israel (NYT) ... 189
U.S. Set To Ferry Americans From Lebanon (AP) ... 191
U.S. Choppers Fly Americans Out Of Beirut (AP) ... 192
U.S. Prepares Huge Lebanon Evacuation (WP) ... 193
Expats And Tourists Struggle To Flee The War Zone (USAT) ... 194
Slow U.S. Evacuation Plans Leave Thousands Stranded (USAT) 195
Greek Cruise Ship To Evacuate Americans (KRT) ... 196
Nations Step Up Plans To Evacuate Citizens (FT) ... 196
Westerners Flee Lebanon As Fight Continues (AP) ... 197
Emergency Talks On Doha Follow Lamy Warning (FT) ... 199
G-8 Leaders Push For Trade Deal Amid Doha Round Complexities (WSJ) ... 199
Pressed By Leaders, Trade Officials Work On Talks (NYT) ... 200
The G-8 Wraps With Developing Nations (LAT) ... 201
Trade Success Hinges On G-8 (WT) ... 202
Kremlin Sells Russia's Best Self (WP) ... 202
'Democracy,' Russian-Style (WP) ... 203
G8 Pushes N. Korea To Stop Missile Tests (AP) ... 204
UN Resolution Boosts Coordination On N. Korea (CSM) ... 205
Japan Preparing Sanctions On N. Korea (AP) ... 206
The New Atomic Age Requires New Nonproliferation Strategy (WSJ) ... 206
G-8's 'To Do' List Eclipsed By Crisis In Middle East (CSM) ... 207
US Mission: Missile Defense Base In Europe (CSM) ... 209
Top Chinese Military Leader To Meet With Rumsfeld (AP) ... 210
China's Economy Soars 11.3%; More Fiscal Restraint Expected (WSJ) ... 210
Beijing Shows No Sign Of Letting Yuan Rise (AP) ... 211
India-Pakistan Peace Stalled After Attacks (CSM) ... 212
Is Al Qaeda Setting Up Shop In Kashmir? (CSM) ... 213
Iran, U.S. Allied In Protecting Artifacts (WP) ... 214
U.N. Human Rights Experts Chastise U.S. (AP) ... 215
UN Rights Panel Focuses On US Record (FT) ... 216
Airbus Unveils A350 Redesign (FT) ... 217
Airbus Offers Up Redesigned A350 In A Challenge To Boeing (NYT) ... 217
Clinton Urges Stronger African Governments (AP) ... 218
Crowds Rally Again To Demand Recount In Mexico (NYT) ... 219

DOJ_NMG_0041600

Calderon Followers Send Hostile Response To Mexico City Protest (MCCL) 220
Protests In Mexico Against Poll Result (FT) 221
Is Victory Worth Any Cost? (USAT) 222
Mexican Election Cheers Underdog In Brazil's Race (WSJ) 223
Tsunami Hits Indonesia, Killing More Than 150 (NYT) 223
Death Toll Rises After Indonesia Tsunami (FT) 224
Tsunami Triggered By Quake Kills At Least 226 In Indonesia (WP) 225
Credit-Card Issuers Get Warning (WSJ) 226
Maple Leaf Model (WSJ) 226

TERRORISM NEWS:

Missouri Regulators Go To Court Over AT&T Records (AP)

By David A. Lieb

AP, July 18, 2006

JEFFERSON CITY, Mo. - State regulators have gone to court to try to find out whether AT&T Inc. supplied customer phone records to the National Security Agency in violation of Missouri privacy rules.

Public Service Commission members Robert Clayton and Steve Gaw issued subpoenas last month asking whether Missouri customer information and calling records had been disclosed to the National Security Agency.

If so, the PSC subpoenas seek any court or administrative agency records that demanded the customer information and ask whether AT&T customers were notified and consented to the release.

San Antonio-based AT&T said federal security laws bar it from complying with the state's request. It also asserts that the state lacks authority to examine any alleged cooperation between telecommunications companies and federal intelligence and security agencies.

A Cole County judge on Monday set an Aug. 28 hearing on a request from Clayton and Gaw to compel AT&T to comply with the subpoenas.

"What we are trying to do is determine whether or not Missouri law has been followed regarding privacy rules," Clayton said in an interview Monday.

The Missouri subpoenas came after a USA Today report that AT&T and other phone companies had complied with an NSA request for the phone records of millions of Americans after the Sept. 11 attacks.

President Bush and other top federal officials have refused to confirm or deny the existence of the NSA program.

In a court filing last week, AT&T attached a letter it received from Benjamin Powell, general counsel to the national intelligence director. The letter warned that if AT&T were to comply with the subpoenas it could harm national security by confirming or denying the existence of the information.

The letter also asserts that the subpoenas infringe on federal operations, violate federal law and thus are invalid. It notes that the U.S. Justice Department recently sued New Jersey, seeking a court declaration that the state does not have the authority to enforce similar subpoenas against telecommunications companies.

"The Department of Justice has said that AT&T can neither confirm nor deny any participation in any alleged program," AT&T spokesman Walt Sharp said Monday. "Doing so would violate civil and criminal statues, so under those circumstances we're not able to respond."

The Justice Department has said more than 20 lawsuits have been filed around the country alleging that phone companies illegally assisted the NSA. It said sensitive national security information would be revealed if judges allow those cases to proceed.

Although Clayton and Gaw are pressing ahead with their subpoenas, they are not supported by the entire five-member Missouri Public Service Commission. Chairman Jeff Davis said Monday that he opposed their pursuit. Gaw and Clayton are Democrats, while Davis is a Republican.

"I think the partisanship needs to end on issues of national security, and clearly this is an issue of national security," Davis said.

Clayton said he was surprised by Davis' remarks.

"I don't think national security or privacy are partisan issues, and I don't think they're mutually exclusive - that you have to have one without the other," Clayton said. "We just want to make sure that if any records are being handed over that's being done lawfully."

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ON THE NET
PSC: http://www.psc.mo.gov
AT&T: http://www.att.com

Pentagon Suspects Lawyer Involvement In Guantanamo Suicides (LAW)

By Emma Schwartz, Legal Times
Legal Times, July 17, 2006

Lawyers for detainees say Pentagon treats them as if they were the enemy.

Pentagon officials and attorneys for the 450 foreign detainees held at Guantánamo Bay have always been at odds with each other, but since three prisoners committed suicide last month, the chasm between the two has only grown wider.

Earlier this month investigators probing the suicides disclosed they had seized 1,100 pounds of attorney-client-privilege material — all of the legal documents in the possession of detainees being held as enemy combatants. The move was part of an investigation into whether outsiders, possibly lawyers, were involved in a larger suicide plot.

Government investigators say notes found during their search indicated that detainees "had developed practices for misusing the existence of a privileged attorney-client communication system," which raised questions of "whether a coordinated plan existed for suicides involving the encouragement, assistance or direction of other detainees or individuals," according to a July 7 filing in the U.S. District Court for the District of Columbia. Now the government wants to create a special "filter team" of Pentagon officials and translators to scour thousands of privileged records for any sign of foul play.

Although the Justice Department's brief doesn't say lawyers were knowingly involved in passing information between detainees, public statements by government officials have pointed the finger at the prisoners' counsel. "We find it curious that habeas attorneys may have been involved in the deaths," says Jeffrey Gordon, a Defense Department spokesman.

The seizure of such a broad swath of attorney-client material and the implication that outside lawyers may have played a role in the suicides have evoked a backlash within the legal community and put defense attorneys and government officials on a collision course over the next steps in the contested detention of the Guantánamo prisoners. Defense attorneys fear the seizure will create an irreparable chill in attorney-client relations, which have been strained from the start. The American Bar Association excoriated the seizure in a July 11 letter to Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) and called for a further probe. The letter was the latest in a series of complaints by defense attorneys over how the military has blocked their access to their clients.

"The military is at war with the lawyers because, at the end of the day, the military does not accept that the lawyers have a legitimate role to play," says David Remes, a Covington & Burling partner who represents 17 Yemeni prisoners. "They think our mission is directly at odds with their mission. Our access to our clients makes it impossible for the military to control the narrative."

Attorney-client privilege has long been a contested topic between defense attorneys and prosecutors, particularly in white-collar criminal cases. But the division over the material seized at Guantánamo Bay goes to the heart of a deeper issue — namely, how both sides view the suicides. To the military, they were an act of "asymmetrical warfare," as base administrator Rear Adm. Harry Harris put it, intended to hurt the credibility of the United States. For the detainees' attorneys, more than a dozen of whom were interviewed for this article, the deaths were acts of desperation, and the government's reaction has been just the most recent incident in a long-standing battle between lawyers and military officials over the very legitimacy of the lawyers' task of defending their clients.

Strained relations

It took nearly three years after the first prisoners were sent to the Cuba naval base for the detainees to win the right to challenge their captivity in the U.S. court system with the 2004 Supreme Court decision in Rasul v. Bush.

That effort has not been smooth. The lawyers' first challenge was negotiating a system to meet with their clients while still protecting the classified nature of much of their work. Government officials initially asked to monitor all conversations and communications between lawyers and prisoners — a position Judge Colleen Kollar-Kotelly of the U.S. District Court for the District of Columbia struck down in a 2004 opinion. Instead the two sides entered into a painstakingly negotiated protective order that created an elaborate system of requirements for visits, information sharing, and communication.

Although roughly 115 detainees have met with counsel, according to a figure cited in a February filing by the government, a number of attorneys offer examples of the difficulties they have had in meeting with their clients once on base. Some attorneys say guards have often told them their clients do not want to see them, but when they send a formal letter to their clients, the clients eventually agree to a meeting and say they were never told that they were going to meet their lawyers.

Lawyers say they also have been hampered by the way the privilege team — a separate government group tasked with examining all communications with clients for classified material — reviews their notes. In a February court filing with Kollar-

Kotelly, attorneys for 12 detainees say the team has "undermined counsel's effectiveness." (The judge has yet to rule.) According to the detainees' filing, the privilege team has often wholly refused to release documents that attorneys believe should be public.

For instance, the team would not declassify a letter from a client of former Covington & Burling attorney Mark Falkoff because it asked the lawyer to "tell the world" about the torture the client had claimed to have suffered and because the letter included poems with lines like "My Dear Love" and "Dearest, Forgive Me." The team also refused to review medical records of weight loss that hospital officials had given to a prisoner represented by Kristine Huskey of Shearman & Sterling. After she resubmitted the materials for review, they were marked "unclassified."

More troublesome, attorneys say, are examples of intimidation. Attorneys claim their clients have been interrogated about lawyers' visits and told that their lawyers are Jewish or gay — characterizations intended to make prisoners suspicious of their counsel.

Clive Stafford-Smith, who represents numerous Guantánamo detainees and is the legal director for Reprieve, a British charity, says he believes he is a particular target. During an August 2005 visit, he says, a commander took him into a prison cell and accused him of violating the protective order. Stafford-Smith says the commander accused him of fomenting a hunger strike that dozens of detainees were participating in at the time. The commander told him that his client, Shaker Aamer, a detainee leading the strike, had told staff that Stafford-Smith had planned the strike with him, he says. "I was quite taken aback by this, and said that this was obviously nonsense," Stafford-Smith wrote to Guantánamo officials that day.

Joshua Colangelo-Bryan of Dorsey & Whitney says he came under similar suspicion when he discovered his client, Jumah Dossari, attempting to kill himself during a visit in October. He says a military lawyer told him that "people at Guantánamo had questioned whether I had given him the implement that he used to cut his arm open."

The investigation

Protests from the detainees continued. On May 18 two other detainees attempted to overdose on hoarded medication, which was the same day a band of prisoners attacked cell guards with makeshift weapons fashioned from fans and other material. Then, on June 9, three detainees — two Saudis and one Yemeni — were found dead in their cells.

The Naval Criminal Investigative Service was immediately called in. According to the July 7 government filing, handwritten notes were found on the detainees that appeared to be suicide notes, one of which was hidden in the mesh wall of one of the deceased detainees' cells. That letter, the government claims, had been written on the back of a privileged attorney-client document and "appeared to be written by someone other than the detainee who died in the cell." Notes apparently written by two of the detainees who committed suicide were found in another detainee's cell. This finding prompted investigators to seize the privileged documents from prisoners.

The government claims in its brief that the material already reviewed is "in no way actual attorney-client communications, much less privileged communications." But it contends that the review has "the strong public policy interests in potentially saving lives and in maintaining security and order" at the base.

While detainees' lawyers say they do not object to a thorough probe of the three deaths, they are concerned about the authority the government had for expanding the search to nearly all detainees on the base, especially those in cellblocks far from the three who died. Moreover, only two of the detainees who killed themselves had counsel, and neither had ever met with his lawyer.

Attorneys uniformly say the seized evidence does not show that lawyers gave detainees anything barred by the court. The government brief cites material of "interest" that includes two attorney-client-privileged letters that were examined, one of which contained a "secret" stamp that had been crossed out and marked "unclassified" and another that was marked "for official use only." Attorneys are not inherently barred from sharing information in either of those categories with their clients.

These concerns over the government's evidence, attorneys say, make the government's proposal to create "filter teams" questionable. "Filter teams" are not unusual in the search of law offices during criminal investigations. Most recently, for instance, the Justice Department assigned one to comb through evidence seized from the office of Rep. William Jefferson (D-La.).

But such teams have come under scrutiny over their lack of impartiality in criminal cases targeting lawyers. At least three courts that have allowed similar filter teams have "opined, in retrospect, that the use of other methods of review would have been better," according to a 2002 opinion in the Lynne Stewart case.

Stewart, a radical criminal defense attorney, was convicted of conspiring to defraud the United States in connection with her representation of Sheikh Abdel Rahman, who is serving a life sentence for the 1995 bombing of the World Trade Center. In that case the judge assigned a special master, now the standard practice. The same method was used during the probe of Michael Abbell, a former Justice Department official targeted for his representation of Cali cocaine cartel members in the 1990s.

For now, the detainees' counsel are preparing to file a reply opposing the government's plan for reviewing the seized attorney-client documents. They hope to stop the review, but even if they are successful, some lawyers say it will be hard to rebuild their relationship with clients. "It is a potentially devastating blow to the very delicate situation that lawyers face down

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there, which is the challenge of gaining the trust and confidence of clients," says attorney Neal Sonnett, who has observed the military tribunals.

Emma Schwartz can be contacted by eschwartz@alm.com.

Critics Blast Bill Proposing NSA Spy Changes (CNET)

By Anne Broache, CNET News.com

CNET News, July 18, 2006

Criticism is growing of a proposed law touted by a Republican senator and the White House as a compromise solution to the ongoing controversy over the National Security Agency's electronic surveillance program.

At issue is an announcement late last week by Sen. Arlen Specter of Pennsylvania that the Bush administration, in what appeared to be a reversal of its earlier stance, had conditionally consented to a review of the warrantless eavesdropping program by the top-secret Foreign Intelligence Surveillance Court.

The Senate Judiciary Committee chairman hailed the agreement, reached after weeks of negotiations with Vice President Dick Cheney and administration lawyers, as recognition that the president does not have a "blank check."

But civil liberties advocates and major newspaper editorial boards with knowledge of the draft proposal have charged in recent days that the real picture is vastly different. Some say that Specter's intended bill is a "sham" that would not, in fact, bind the administration to submitting existing or future surveillance programs for scrutiny--and could erode checks on the chief executive's power and constitutional safeguards against unreasonable searches.

"The reality is, Specter is filling in the exact amount--it's not a blank check; it's whatever you want," Lisa Graves, the American Civil Liberties Union's national security lobbyist, said in a telephone interview. She added that the proposal is "far worse than the Patriot Act."

Electronic Frontier Foundation staff attorney Kevin Bankston deemed Specter's draft measure "a rubber stamp for any future spying program dreamed up by the executive," saying it "threatens to make court oversight of electronic surveillance voluntary rather than mandatory."

Scathing editorials in The Washington Post, the Los Angeles Times, and The New York Times this weekend took a similar tack.

"Mr. Specter has not been briefed on the NSA's program," the Post's editorial board wrote. "Yet he's proposing revolutionary changes to the very fiber of the law of domestic surveillance--changes not advocated by key legislators who have detailed knowledge of the program."

A Judiciary Committee spokeswoman on Monday declined to supply the language of the bill to CNET News.com, saying it has not yet been distributed to the media. It's expected to be discussed further and perhaps formally introduced at the committee's business meeting on Thursday.

It's also likely to be a topic of discussion on Tuesday, when the committee plans to grill Attorney General Alberto Gonzales at a Justice Department oversight hearing.

A copy of Specter's draft bill (click for PDF) posted by the EFF contained language that would authorize--but not require--the Foreign Intelligence Surveillance Court to review and sign off on wiretapping programs like the one being conducted by the NSA. It's unclear whether the court would have to reveal its ruling, should it find the program unacceptable, and the administration would be able to resubmit such programs numerous times.

Specter, who had been one of the few Republicans to question the NSA's activities, has said he is chiefly concerned with determining whether the program is constitutional. He assured reporters at a press conference last Thursday that the president would, indeed, submit the program for review, provided that the bill negotiated with the administration "is not changed."

The bill would also require that all cases involving legal challenges to the program or other "classified communications intelligence activity relating to a foreign threat" be transferred to that secret court, placing a new shroud over such findings. More than two dozen cases related to the program, including high-profile challenges against the government and AT&T lodged by the American Civil Liberties Union and the EFF, are pending in various federal courts.

Those are just a few of the concerns embedded in the 18-page draft, civil liberties advocates said. The ACLU's Graves charged that the bill, among other shortcomings, would undermine Fourth Amendment protections against unreasonable searches because it would require the program to be reviewed as a whole, omitting an existing requirement that the secret court receive the names or aliases of people being spied on--or even the number of people being swept up in any given surveillance scheme.

"We believe there's going to be strong opposition to it from the right and from the left," Graves said.

Specter, for his part, told reporters at a press conference last week that he believed "the committee will accept the bill. I believe that the Senate will accept the bill. And, with the president's backing, I think the House will as well."

Judge: Feds Can Keep Mum About Phone Taps (CHIT)

By Rudolph Bush, Tribune Staff Reporter

Chicago Tribune, July 17, 2006

A Des Plaines man accused of being a "sleeper" spy for the government of Saddam Hussein pleaded not guilty Monday to a new charge that he violated U.S. sanctions against Iraq.

Sami Khoshaba Latchin was charged last year with entering the U.S. to spy for Iraq's intelligence agency and lying on his citizenship application about his alleged affiliation with Hussein's Baath Party.

Prosecutors now say Latchin traveled to Jordan in 2001 to illegally collect payment of $24,000 from Hussein's government.

They say Latchin received the payment from an Iraqi intelligence officer and transferred $15,000 to his personal checking account in the U.S.

After Latchin pleaded not guilty in federal court in Chicago, U.S. District Judge Rebecca Pallmeyer addressed a defense motion over alleged secret government wiretaps.

Latchin's attorneys have asked Pallmeyer to require the government to confirm or deny whether agents have listened in on Latchins' telephone conversations without getting a court order.

Prosecutors have refused to discuss the matter because it concerns classified information. They did agree, however, to provide answers privately to Pallmeyer.

The defense raised the question of wiretaps after press reports revealed the National Security Agency has collected data about the telephone activity of Americans without getting a court's approval.

Pallmeyer said Monday that she has privately reviewed documents provided by the Justice Department that apparently relate to the wiretap question. She did not reveal, however, whether she concluded that the NSA has listened to Latchin's calls.

The judge described a cloak-and-dagger scene whereby she reviewed classified material. A government agent twice brought sealed documents to her chambers. After giving Pallmeyer the documents, the agent sat outside her office while she read them and took notes.

When she was done, the agent sealed the documents in envelopes, placed them in a case and left, she said.

Pallmeyer said some of the material she reviewed was not classified and would be made a part of the court's public record, although she did not indicate when that would happen.

Latchin is scheduled to go on trial in October.

rrbush@tribune.com

G.O.P. Senator Resisting Bush Over Detainees (NYT)

By Kate Zernike

The New York Times, July 18, 2006

WASHINGTON, July 17 — Senator Lindsey Graham of South Carolina often plays the contrarian, the conservative Republican willing to poke a stick in the eye of the White House.

Now Mr. Graham is playing an even higher-profile variant of that role, as the Senate's foremost expert on military law in the midst of the emotional debate over what rights to provide to terror suspects.

A former military lawyer who is also a reserve judge on the Air Force Court of Criminal Appeals, his influence is shaping up to be pivotal in forming the Congressional response to the Supreme Court ruling striking down the White House's plan for bringing terror detainees to trial.

Mr. Graham advocates using the existing court-martial system as the basis for trying suspects, a position that has drawn fire from many other Republicans. They say it could cripple the government's ability to protect the nation by giving detainees too many rights and making it harder to use highly classified intelligence against them.

But drawing on his own experience and a deep personal loyalty to the military justice system, Mr. Graham is working across party lines to try to assemble a consensus for his approach, saying it is sound legally and in terms of national security.

His views are shaped not only by his understanding of the law, but also by his respect for an institution he credits with changing his life, by shaping his career and allowing him to support his 13-year-old sister after his parents died when he was in college. His belief in the integrity of the military code has repeatedly led him to resist the White House when it comes to defining the treatment of people accused of being terrorists.

Last year, against the wishes of the Bush administration, he was one of the key forces in helping pass a ban on torture. Last week, he raised questions about the judicial nomination of William J. Haynes II, the Pentagon general counsel who helped write a memorandum that narrowly defined torture only as treatment that causes pain similar to death or major organ failure.

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While some other Republicans argue that terrorists do not deserve legal or human rights, Mr. Graham has insisted that only a system grounded in the fundamental rights of the military code and the Geneva conventions will affirm the reputation of the United States abroad and protect American troops when they are captured by enemies.

"What I'm trying to do with my time in the Senate during this whole debate we're having is to remind the Senate that the rules we set up speak more about us than it does the enemy," Mr. Graham said in an interview. "The enemy has no rules. They don't give people trials, they summarily execute them and they're brutal, inhuman creatures. But when we capture one of them, what we do is about us, not about them.

"Do they deserve, the bad ones, all the rights that are afforded? No. But are we required to do it because of what we believe? Yes."

Administration lawyers have argued for Congress simply to ratify the tribunals that the Supreme Court ruled that the president could not set up on his own.

Mr. Graham has fought back in his hyperkinetic, folksy way. Challenging the lawyers this week, he bounced in his chair, rolled his eyes, shook his head and raised his voice, warning at one point that if they pushed the president's approach, "It's going to be a long hot summer."

"I'm a big fan of the Geneva Conventions," he declared.

At a hearing last week, Mr. Graham backed up Senator Hillary Rodham Clinton, Democrat of New York, as she prodded military lawyers to refute the claim of some Republicans that providing legal rights to terror suspects was tantamount to setting them free.

"Isn't it correct," Mr. Graham asked the panel, after making a polite interruption, "that you could be acquitted in a military commission and still be held as an enemy combatant — even if you're acquitted?"

Nodding at Mrs. Clinton, he explained: "It goes to your point. You're absolutely right."

In an interview later, Mrs. Clinton called Mr. Graham's position "a perfect example of when someone's experience can be used to inform an issue."

"He comes to it from his own experience and deeply held convictions about the importance of our military code of justice," she said, "and an understanding as to the damage that has been done to our standing in general and the potential dangers in particular to our men and women in uniform."

Mrs. Clinton said, "There isn't anyone else in the Congress who can speak with such experience and authority."

Mr. Graham, who turned 51 last week, grew up in the rooms behind the bar and liquor store his parents owned in Central, S.C., a textile town . The first in his family to go to college, he joined R.O.T.C. and wanted to fly but was disqualified by what he calls "lack of math ability and bad hearing."

When his mother died when he was 21, the Air Force allowed him to continue his education instead of going into the service, so he could stay home. When his father died 15 months later, the service said he could attend law school in South Carolina so he could stay with his sister, and when he finished, the service posted him as a defense counsel to South Carolina so he could adopt her. After she went to college, he went to Europe as a military prosecutor.

"It changed my life," he said of the military legal corps. "It exposed me to things. I got to spend four years in Europe. I was thrown into court as a young defense attorney doing things, with responsibilities you'd never have in the civilian world as a lawyer."

Mr. Graham was elected to the House in 1994, where he became widely known for his role as a manager of the impeachment proceedings against President Bill Clinton. He was elected to the Senate in 2002.

Senator John W. Warner of Virginia, chairman of the Armed services Committee, has, along with Senator John McCain of Arizona, been one of Mr. Graham's Republican allies in bucking the White House on the torture issue. "In an extraordinary way," Mr. Warner said, "he overcame many obstacles and misfortunes that others never could imagine. His goals posts in life are to do what's best for the country, what's best for the military."

From his time on the defense, Mr. Graham says, he learned that the system provides fairness; from his time as a prosecutor, he came to see the importance of military discipline.

For that reason, he said, it is important that soldiers continue to be trained using the Geneva Conventions, even in a war against a new kind of enemy.

"If a marine caught Osama bin Laden tomorrow, they're all trained to treat everyone as a prisoner of war under Geneva," he said. "You don't want to change that, because you don't want to confuse your troops out there."

It becomes trickier, Mr. Graham said, when coming up with the rules for interrogation. He argues that Congress must define what the conventions mean by "humiliating" or "degrading" treatment.

Still, he disputes the assertion of some Republicans that using the court-martial system will result in soldiers' having to stop in the middle of capturing a terrorist to read him his Miranda rights.

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"That's an offense to the military legal community, who's telling us there's a better way, to suggest that that better way would hamper us," he said. "It's political rhetoric that's got to stop."

His position has met resistance from many of his fellow Republicans. To them, using the military justice system means giving terrorists the same rights as the troops who fight them. Senator John Thune of South Dakota is among the Republicans who have expressed qualms.

"I think that people across the country, as they listen to this debate, are going to apply what is, I think, a very common-sense standard to this," Mr. Thune said.

He said he preferred the administration's original plan to establish tribunals that did not rest on the Geneva Conventions.

But Mr. Graham believes Republicans in Congress and the administration will ultimately work to come up with a system that starts with the military code. Mr. . Graham says he is hearing three or four appeals as a military judge. But his own status is pending; a defense lawyer has challenged whether he can be a military judge and serve in the Senate. He laughs as he says he expects the case to be resolved by the military court system soon.

"I disagree, but I may have been wrong," he said. "Here I am on the receiving end, and I have nothing but respect for it."

FBI Sought To Gain Padilla's Trust (FLSUNSEN)

By Vanessa Blum

South Florida Sun-Sentinel, July 18, 2006

The FBI agent who first questioned alleged al-Qaida operative Jose Padilla when he arrived at Chicago's O'Hare International Airport in 2002 said Monday authorities hoped to win Padilla's trust, not arrest him.

Special Agent Russell Fincher testified at a hearing in Miami federal court that the agency thought Padilla knew of terrorist plans to detonate a radioactive device on U.S. soil and wanted Padilla's help to disrupt the plot. "I didn't want to arrest him," Fincher said. "I needed his cooperation."

The agent said he arrested Padilla, a former Broward County resident, after he ended the interview and demanded a lawyer.

Fincher said at that point he advised the suspected terrorist of his right to remain silent and consult with an attorney.

Fincher's testimony provided a behind-the-scenes account of events leading to Padilla's arrest and subsequent 31/2-year military detention as an "enemy combatant."

Padilla, 35, was charged in November with being part of a North American-based terrorist cell and training at an al-Qaida camp in Afghanistan.

After hearing from more witnesses, U.S. Magistrate Stephen Brown will determine whether Padilla's statements to federal agents during his interrogation at O'Hare should be kept out of his criminal trial because Padilla was not first advised of his constitutional rights.

Padilla's lawyer, Michael Caruso, said Fincher had an arrest warrant for Padilla in hand when the questioning began. Caruso cited an FBI policy that requires agents to issue the so-called Miranda warning at the outset of any interview expected to end with an arrest.

"There was no way Mr. Padilla was going to walk out of that conference room of his own accord, isn't that correct?" Caruso asked.

Fincher said Padilla's arrest was not a foregone conclusion.

"He could have cooperated with us," Fincher said. "Us having to arrest him was the worst-case scenario."

Padilla's mother, Estrela Ortega Lebron, who lives in Plantation, called the hearing a "big joke."

"If he's a terrorist, why didn't they press charges from the beginning?" asked Ortega Lebron, who attended the hearing. "I don't trust the whole system."

Padilla flew to Chicago from Zurich on May 8, 2002, as he made his way back to the United States after several years in the Middle East.

FBI Initially Sought Padilla's Cooperation (AP)

By Curt Anderson

AP, July 17, 2006

MIAMI - The FBI initially sought terror suspect Jose Padilla's cooperation to help prevent what intelligence sources indicated might be an imminent al-Qaida attack, an FBI agent testified Monday.

Padilla refused and was later implicated in an alleged radioactive "dirty bomb" plot and declared an enemy combatant.

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Russell Fincher, an agent in the FBI's New York-based unit investigating Osama bin Laden, testified at a pretrial hearing for Padilla that he met him at Chicago's O'Hare International Airport in May 2002 believing he could gain information on al-Qaida's plans.

"I believed there was a terrorist act that was going to happen. I believed he had knowledge of that. I needed his help," Fincher said of Padilla. "I didn't want to arrest him."

Fincher said that during a five-hour interview Padilla talked freely about his criminal past as a Chicago gang member, his conversion to Islam and his travels in Egypt, Pakistan and elsewhere. But when his story didn't add up, Fincher said he confronted Padilla with terrorist allegations and asked if he would testify before a grand jury about his purported al-Qaida connections.

"He stood up and told me the interview was over and it was time for him to go," Fincher said.

Padilla was arrested on a material witness warrant, which allows a person with direct knowledge of alleged criminal acts to be taken into custody. A month later, President Bush designated him an "enemy combatant" and he was placed in military custody. He remained there until November, when he was charged in an existing Miami case.

The charges in the Miami case do not mention the "dirty bomb" plot but do claim that Padilla trained at an al-Qaida camp in Afghanistan. Padilla has pleaded not guilty.

The hearing Monday concerned whether Padilla was officially in law enforcement custody when the FBI agent interview him and, if so, whether he was properly advised of his rights. Padilla's lawyers said his statements should be barred from trial if those rights were violated. U.S. Magistrate Judge Stephen T. Brown did not indicate when he would rule.

Fincher testified that Padilla wasn't read his Miranda rights until the interview ended. But he also said that Padilla agreed repeatedly to talk with the FBI agents, was never handcuffed or otherwise restrained and never requested a lawyer.

The initial pretext for Padilla's airport interview was the discovery by customs officials that he was carrying more than $10,000 in cash but had declared only $8,000.

Although he did ask three times to call his mother in Florida, each time he changed his mind, Fincher said. When the FBI offered to contact her for him, Fincher said, Padilla declined because he didn't want her to think he was in trouble again.

The FBI also offered to put Padilla up in a hotel to rest so the interview could resume the next day, but again Padilla refused, saying he wanted to clear up the issue about the cash. "He didn't believe it was a big deal," Fincher said.

Padilla is scheduled to go to trial in September along with two others on charges of participating in a North American network that supported Islamic extremists worldwide.

Retaliation Case Of Arab Specialist At FBI Advances (WP)

By Dan Eggen

The Washington Post, July 18, 2006

The Justice Department has concluded there is "reasonable cause" to believe that senior FBI officials retaliated against the bureau's highest-ranking Arabic speaker for complaining that he was cut out of terrorism cases despite his expertise.

An internal investigation by the department's Office of Professional Responsibility found "sufficient circumstantial evidence" that Special Agent Bassem Youssef was blocked from a counterterrorism assignment in 2002 after he and U.S. Rep. Frank R. Wolf (R-Va.) met with FBI Director Robert S. Mueller III to discuss Youssef's complaints.

Mueller had approved a transfer for Youssef just days before the meeting, but it never occurred and Youssef was never informed of Mueller's decision, according to the report. Investigators also said the FBI "has provided no rationale" for its failure to promote Youssef, although one former senior FBI manager said Mueller was "appalled" that Youssef had complained to a congressman about his treatment.

"We found both the awareness of senior management and the timing of the failure to implement the placement to be circumstantial evidence of retaliation," the report said.

The FBI declined to comment, citing an ongoing lawsuit by Youssef alleging discrimination based on national origin.

The 12-page report, dated last month and provided to The Washington Post yesterday by the office of Sen. Charles E. Grassley (R-Iowa), represents a rare endorsement of a whistle-blower's allegations by the Justice Department's internal review office. It also represents another setback for the FBI as it struggles to attract Arabic speakers and informants in its fight against Islamic extremists.

"Because of this retaliation, we lost four years of expertise for the war on terror from a highly qualified Arab-American agent," Grassley said in a statement.

Youssef, who served as FBI legal attachÃ© in Saudi Arabia for four years, earned raves for his work on the Khobar Towers bombing and other investigations, including praise for his "very, very high performance" by former FBI director Louis J. Freeh, according to court testimony and the report.

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Youssef, a naturalized U.S. citizen who was born in Egypt, says his expertise in Arabic, terrorism and Middle Eastern issues was ignored after the Sept. 11, 2001, attacks. He began making formal complaints after being assigned to a budget unit in February 2002. He was later transferred to a unit that processed documents taken from Afghanistan and other overseas locations.

Youssef's attorney, Stephen M. Kohn, said his client has remained in the documents section ever since. Kohn said the OPR report is troubling because it indicates "the FBI is playing games with national security after 9/11."

"What is wrong with the FBI that it would take four years of litigation and an investigation by the Justice Department just because one of their leading experts on counterterrorism wants to do operational counterterrorism work?" he asked.

A spokesman for Wolf declined to comment on the case yesterday. The Justice Department's Office of Attorney Recruitment and Management will make a final determination on whether Youssef suffered retaliation.

London Police, But No Officers, To Be Charged In Man's Death (NYT)

By Sarah Lyall

The New York Times, July 18, 2006

LONDON, July 17 — A year after the police shot and killed a Brazilian electrician in the subway after apparently mistaking him for a suicide bomber, prosecutors said Monday that they would not charge any individual officers in connection with his death.

But the senior reviewing officer for the Crown Prosecution Service, Stephen O'Doherty, said that the death of the Brazilian, 27-year-old Jean Charles de Menezes, had been the "cumulative result" of police errors. As a result, prosecutors said, the office of the Metropolitan Police commissioner, Sir Ian Blair, would be charged with failing to protect the health and safety of Mr. Menezes.

"After the most careful consideration, I have concluded that there is insufficient evidence to provide a realistic prospect of conviction against any individual police officer," Mr. O'Doherty said in a statement, explaining that the two officers who fired a total of seven shots at Mr. Menezes genuinely believed he was a terrorist.

To be acquitted of the health and safety charge, the police must establish that they did everything possible to protect Mr. Menezes's safety. If convicted, they face a fine to which there is no limit set by law. In a statement, they said they were "concerned and clearly disappointed."

Mr. Menezes's family said they were shocked by the decision not to prosecute any officers individually.

As for the health and safety laws under which the commissioner's office is to be prosecuted, Mr. Menezes's cousin Patricia da Silva Armani said at a news conference that "we did not expect they were going to hide behind another law that has nothing to do with my cousin's case."

She added: "By using these laws to cover up their own mistakes, they are treating my cousin like a dead animal."

Mr. Menezes was killed on July 22, 2005, 15 days after 56 people, including four suicide bombers, were killed and hundreds wounded when bombs went off on three subway lines and in a bus during the morning commute.

The day before Mr. Menezes's death, a second wave of would-be bombers tried unsuccessfully to detonate bombs around the city, and London was jittery and anxious. The police, sensitive to criticism that they had not done enough to prevent the attacks, were on high alert.

According to police accounts, the shooting appeared to be the result of a series of errors, starting with the misidentification of Mr. Menezes as a terrorism suspect who lived in the same building in Stockwell, south London. Leaving home to go to work, Mr. Menezes was trailed by officers as he boarded a bus and as he got off the bus en route to the Stockwell subway station.

The police have said that despite an order to the officers on the ground that they should stop him before he entered the subway, Mr. Menezes proceeded unchallenged through the turnstile and down the escalator. Once he took his seat on the train, the police said, antiterrorist officers burst into the car, pinned his hands to his side and shot him point-blank in the head.

The police originally said he was a terrorist who had vaulted over the turnstile and run down the escalator as officers shouted at him to stop. But within days, they acknowledged that not only had he been blameless, but also that he had walked calmly through the station.

Even so, the prosecution office said in a statement, the two officers who fired the shots that killed Mr. Menezes did so in good faith "because they thought that Mr. de Menezes had been identified to them as a suicide bomber and that if they did not shoot him, he would blow up the train, killing many people."

The office said, "The evidence supports their claim that they genuinely believed that Mr. de Menezes was a suicide bomber and therefore, as we cannot disprove that claim, we cannot prosecute them for murder or any other related offense."

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Shami Chakrabarti, director of the human rights group Liberty, condemned what she said was the secrecy surrounding the shooting. A report by the Independent Police Complaints Commission into the shooting is reportedly severely critical of the police force, but will not be made public until the fall.

"Nearly one year after the Stockwell tragedy, it is grossly unacceptable that there is still no proper public account of what took place," Ms. Chakrabarti said in a statement.

No Criminal Case For Mistaken British Terror Shooting (CSM)

By Tom Regan

The Christian Science Monitor, July 18, 2006

British state prosecutors ruled Monday that there is insufficient evidence to prosecute British police officers who last year shot an innocent man in the belief he was a terrorist.

Police shot Brazilian Jean Charles de Menezes seven times in the head on July 22, 2005, just after he boarded an underground train in south London. CNN reports that Stephen O'Doherty of the Crown Prosecution Service (CPS) ruled instead that the Metropolitian Police will be prosecuted under health and safety laws.

"I concluded that while a number of individuals had made errors in planning and communication, and the cumulative result was the tragic death of Mr. de Menezes, no individual had been culpable to the degree necessary for a criminal offense," said [O'Doherty], senior lawyer from the Crown Prosecution Service's Special Crime Division.

"The two officers who fired the fatal shots did so because they thought that Mr. de Menezes had been identified to them as a suicide bomber and that if they did not shoot him, he would blow up the train, killing many people," O'Doherty said in a statement read to reporters.

BreakingNews.ie, an Irish news website, reports that the de Menezes family told a press conference Monday that the CPS decision was "unbelieveable."

Mr de Menezes' cousin, Alex Pereira, attacked the decision, and said: "It does not make sense, this decision that they made. I find it a shame to take so long for something so important. It is completely unbelievable. I don't know how someone works very hard and spends a lot of money to come to a decision like this."

Another of Mr de Menezes' cousins, Patricia da Silva Armani, said through an interpreter: "We did not expect they were going to hide behind another law that has nothing to do with my cousin's case. I am very disappointed. I think this is shameful. By using these laws to cover up their own mistakes, they are treating my cousin like a dead animal."

The Guardian presents an overview of the entire case, from the moment that police started to follow de Menezes on the morning of the shooting until today's CPS findings.

Although the CPS said the health and safety charges were not aimed at Metropolitan Police Chief Sir Ian Blair, the Financial Times reports that the decision puts embattled Prime Minister Tony Blair (who is not related to Sir Ian Blair) under new scrutiny. An earlier investigation by the Independent Police Complaints Commission found that a series of "blunders" by police had lead to the shooting.

In what turned out to be a case of disastrous mistaken identity, the blunders began with a surveillance officer failing to confirm Mr de Menezes' identity because he was relieving himself when the Brazilian left his flat on his way to work. Further blunders occurred with police officers communicating flawed intelligence and confused orders to each other as Mr de Menezes was followed, first on a bus and later as he walked into Stockwell station.

The inquiry has convincingly discredited early suggestions from within the police that Mr de Menezes was acting suspiciously and jumped over the ticket barrier. But amidst confused operational guidance, he is thought instead to have been followed without being challenged and shot while he was sitting in a carriage in the belief that he was a potential suicide bomber.

The Guardian also reported on Monday that British police officials had feared that Mr. Blair's "decision to block an independent inquiry into the shooting left the force open to accusations of a cover-up."

Their findings are contained in an internal Metropolitan police document that was written hours after Mr de Menezes was killed in Stockwell tube station last July after police mistook him for a terrorist. Just after the shooting, Sir Ian tried to stop the Independent Police Complaints Commission investigating the case, informing the Home Office in writing that he would deny IPCC [Independent Police Complaints Commission] staff access to the scene at Stockwell.

The British Press Association reports that the Metropolitian Police are likely to be "critical" of the decision to pursue health and safety charges. Three years ago, two previous leaders of the the Met police force were charged under health and safety laws for "failing to protect their own officers after one died and another was seriously injured when they fell through roofs while pursuing suspects." The charges were ultimately dismissed.

The Associated Press reports that Jan Berry, the head of the British Police Association, called the ruling "just, fair and difficult."

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"We must never forget the hurt and devastation caused to the de Menezes family by the tragic and fatal shooting of Jean Charles last year," Berry said. "This tragedy took place at an unprecedented time for British policing and in the wake of a new and unrivaled terrorist threat."

"The burden of responsibility on the police service to avert further attacks was tremendous, and on that fateful day that burden was passed on to a few individual officers who will have to live with the consequences of their actions for ever more," he added.

Britain Declines To Prosecute Officers In Subway Shooting (WP)

By Kevin Sullivan

The Washington Post, July 18, 2006

LONDON, July 17 -- British prosecutors on Monday declined to seek criminal charges against two London police officers who shot and killed a Brazilian electrician last July after mistakenly identifying him as a suicide bomber.

Prosecutors said there was insufficient evidence to prosecute the officers, who were not publicly identified. But they said they would seek charges against the Metropolitan Police as an organization for failing to safeguard the "health, safety and welfare" of Jean Charles de Menezes, 27. A conviction on that offense carries a potential fine for the department but no suspensions or other punishment for individuals, prosecutors said.

Members of the Menezes family called the decision "shameful" and said the police had treated the young man, who was shot seven times in the head, like a "dead animal."

"The authorities, in reality, they did not have any shame; I feel sickened by that," Patricia da Silva Armani, a cousin who lived with Menezes in London, said at a news conference. "They are leaving the murder of our cousin on the side. No one is being punished."

The Menezes case became a symbol of the anxiety that gripped London last summer after four attackers killed themselves and 52 other people on London subways and a bus on July 7. An almost identical attack on July 21 failed when the attackers' bombs failed to detonate.

On July 22, as Londoners were fearing that Islamic radicals had begun a campaign of bombings in the city, Menezes was spotted by police who were staking out a building where one of the July 21 bombing suspects lived. Police followed him to a subway station, where he boarded a train and was confronted by anti-terrorism officers who pinned him down and shot him repeatedly in front of horrified passengers.

Critics said that in the tense environment police panicked and used excessive force against an innocent man whose actions had not been unusual or suspicious. Police Commissioner Ian Blair called the incident a tragic error made under extreme pressure by officers who believed they were confronting a bomber determined to kill many people on the subway.

After reviewing evidence gathered by the police watchdog, prosecutors sided with police. "The evidence supports their claim that they genuinely believed that Mr. de Menezes was a suicide bomber," said Stephen O'Doherty of the Crown Prosecution Service.

O'Doherty said officers had made "operational errors" including "a number of errors in planning and communication" that led to the shooting and constituted grounds for prosecuting the police department for failing to safeguard Menezes's health and safety.

Liberty, a British human rights group, said in a statement that the investigation had been marred by secrecy and failure to publicly release the results of the police watchdog's investigation. "It is grossly unacceptable that there is still no proper public account of what took place," said Liberty director Shami Chakrabarti.

Britain Bans 2 Islamist Groups (LAT/AP)

By The Associated Press

The Los Angeles Times, July 18, 2006

LONDON — Britain on Monday banned two Islamist groups operating in the country, invoking for the first time a new law against glorifying terrorism.

Home Secretary John Reid issued an order in Parliament to make it a criminal offense for a person to belong to or encourage support for Al Ghurabaa and the Saved Sect.

Both groups are believed to be splinters of Al Muhajiroun, formed in 1996 by Omar Bakri Mohammed to promote a global Islamic state. The group was disbanded in 2004, and Bakri Mohammed has been prohibited from returning to Britain.

The orders make it illegal to arrange meetings in their support, or to wear clothing or carry any article in public indicating support or membership.

Al Ghurabaa spokesman Anjem Choudary reacted with outrage.

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"The easy option when one is losing an argument is to ban the opposition voice. And that's what's happened here," Choudary said. "We are not a military organization — we have only been vociferous in our views."

Representatives of the Saved Sect were not immediately available for comment.

HOMELAND RESPONSE:

Feds Need La. Help For Hurricane Plans (AP-Y)

By Lara Jakes Jordan, Associated Press Writer

AP2, July 18, 2006

The Bush administration said Monday it needs specific lists of Louisiana's shelters, immobile hospital patients and transportation pickup points before it can promise reliable evacuation help during a major hurricane.

In a letter to Democratic Gov. Kathleen Blanco, Homeland Security Secretary Michael Chertoff made clear what responsibilities the federal government will shoulder the next time a huge storm strikes.

"You have informed DHS that for the 2006 hurricane season the state is unable, without federal support, to evacuate all those who cannot evacuate themselves," Chertoff wrote in an undated nine-page letter to Blanco that aides said was sent Monday. "As such, we are prepared to provide that support. But we cannot do so effectively without your close cooperation and assistance."

He added: "The heart of the hurricane season begins in August and it is critical that we address outstanding preparedness issues in your state before then."

Chertoff gave the state until next week, setting a July 26 deadline, to provide the lists. The needed information, according to the letter, includes:

_Places in southeastern Louisiana where evacuees can be picked up by federally provided transportation and taken to shelters, rail stations or airports.

_All available and adequate shelters in the state.

_An accurate facility-by-facility count of medical patients who will need federal help in evacuating or finding shelter.

Col. Jeff Smith, Blanco's acting homeland security director, said Louisiana expects to meet Chertoff's deadline. "Most of what he had requested is either completed, and it's in his people's hands, or is very close to being completed," Smith said. He called the letter "just another step on the road to that good, close coordination" with Washington.

Though states generally are responsible for ordering, coordinating and planning for evacuations, Chertoff said the federal government would give wide-ranging help to Louisiana, which is still reeling from Hurricane Katrina and vulnerable to future storms.

Chertoff estimated as many as 96,000 sick, elderly, poor or otherwise immobile residents are unable to evacuate themselves. In what he called "a worst-case scenario," he said the federal government is arranging to transport up to 141,000 people — 80,000 by bus, 46,000 by air and 15,000 by rail — in the face of an emergency.

But he said Louisiana officials have yet to provide detailed, updated lists of places where evacuees can be picked up and taken out of harm's way, or of how many hospital patients cannot evacuate themselves. Chertoff also noted limited federal resources in transporting gravely sick people, adding, "Hence, persons in hospitals will need to be safely shelteted-in-place to the greatest degree possible."

Smith, the Louisiana security director, described the state's tallies of those patients as "good for planning." But "statistics change on a daily basis, so it's never something that will ever be a perfect list," he said.

Moreover, Chertoff said, any help Washington could offer would be diminished by the hour if local and state officials in Louisiana put off ordering voluntary or mandatory evacuations. Despite warnings of Katrina's potential destruction 56 hours ahead of landfall last Aug. 29, officials ordered the mandatory evacuation in New Orleans only 19 hours before Katrina hit.

"Without a timely order for evacuation, we cannot deploy federal resources in time to assist the state in evacuating those who cannot evacuate themselves," Chertoff wrote.

The Federal Emergency Management Agency, which Chertoff oversees, has identified shelter space for at least 78,800 people — and potentially 75,000 more — in Louisiana. Chertoff said other states could be asked to shelter Louisiana evacuees, but not until Louisiana "itself has reasonably exhausted its internal resources."

Chertoff said the government would send deputized federal law enforcement officials to Louisiana help keep order during a disaster, adding to the 3,500 National Guardsmen the state plans to deploy before evacuations.

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His letter also promised more motor homes and trailers in the region than were there before Katrina hit. It also offered federal communications equipment, since Louisiana officials have acknowledged their system to let emergency responders talk to each other will not be finished this year.

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On the Net:

Homeland Security Department: http://www.dhs.gov/dhspublic/

Federal Emergency Management Agency: http://www.fema.gov/

Lower 9th Finally Gets Mail Delivery (USAT)

By Anne Rochell Konigsmark

USA Today, July 18, 2006

NEW ORLEANS — Roosevelt Johnson opened the door to a big surprise Monday morning.

The mailman.

"Mail in the Lower 9th Ward — ain't that something," said Johnson, 46, who hasn't seen a mailman around the neighborhood since Hurricane Katrina deluged the city 11 months ago. "This means a lot," he said, shaking mail carrier Wayne Treaudo's hand.

The rest of America takes the mail for granted. But here in the Lower 9th Ward, where Katrina's flooding reached rooftops and pushed houses off foundations, Treaudo's first round of mail delivery carried some hope for normalcy in a place where normal is hard to come by.

The Lower 9th Ward, once home to about 20,000, is one of the last New Orleans neighborhoods where basic services remain scarce. It's the only neighborhood in the city where electricity and gas services have not been fully restored. Government-issue travel trailers began showing up just last month.

One section of the neighborhood, nearest the levee breach, remains essentially closed, with no lights or even drinkable water. It is dotted with empty lots where houses once stood.

That makes mail delivery a big deal for the residents — fewer than 1,000 — who have returned.

"I heard you guys would be coming today," said Rodney Dejoie, 58, as he stepped out of the trailer parked in front of his home. "I've been so anxious to see you. This is great — this is the one I've been looking for." He held up his mortgage bill.

Residents here are few and far between, so Treaudo's new route is a combination of five pre-Katrina routes. He is going beyond the Postal Service vow to deliver mail in snow, rain, heat or gloom of night. On Monday, he encountered addresses with no house, houses with no doors, and everywhere, chest-high weeds. "If I'd thought about it, I would have worn my long pants," he said.

Treaudo seemed to be driving in circles, delivering mail to one house and then driving blocks before stopping again. It took him more than an hour to leave mail at less than a dozen homes. There are few street signs or working traffic lights. In some parts of the neighborhood, Treaudo saw more National Guard patrols than people.

The city requested the guard last month to cruise uninhabited areas, freeing the police to crack down on crime in more populated areas.

Treaudo, who has been a carrier in the 9th Ward for more than 15 years, delivered mail to houses that looked untouched since the storm. The furniture inside a small white house on Forstall Street lay storm-tossed and moldy in the living room. Dusty trophies still sat upright in a corner; two large jars of pickles were on the front porch. "They have indicated to us that they want mail delivered here," Treaudo said as he left a few pieces in the box next to the door. "Probably, they're coming around sometimes to pick it up."

After a complete disruption in mail service following Katrina, the post office began over-the-counter pickup service in October. Delivery, albeit slow and erratic, began in unflooded neighborhoods later in the fall. No one was receiving magazines until May.

As late as April, residents of half a dozen city ZIP codes were still retrieving mail at a Postal Service trailer next door to the New Orleans Arena. The Postal Service says it is now delivering mail along at least a portion of 350 of its 406 pre-Katrina routes. And since the mail processing center, which flooded, reopened in April, letters and bills no longer travel through Houston or Baton Rouge to get a postmark before arriving at their final destination.

Restoring mail delivery is more labor-intensive than, say, turning on the lights, says Postal Service spokesman Dave Lewin. "Mail delivery is personal, and more manpower is needed," he said. Many carriers lost their homes and did not return to the city. There are now 384 carriers in the city, down from almost 600 before the storm.

Treaudo worries about the emotional toll his route will take. "I drive around, and I am spellbound," he said. Treaudo left his family in Beaumont, Texas, where they evacuated, to return to his old job. His home in eastern New Orleans was destroyed.

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"It's difficult, but I wanted to come back and rebuild the city."

WAR NEWS:

Cheney Argues Against Iraq Timetable (AP)

By Mike Glover

The Associated Press, July 18, 2006

Vice President Dick Cheney on Monday rejected a call from some Democrats for a timetable for withdrawing U.S. troops from Iraq, arguing that it would run counter to American interests.

"Either we are serious about fighting this war or we are not," Cheney told an Iowa audience in his first visit to the state since the 2004 election.

Several congressional Democrats favor the initial steps of drawing down U.S. forces in Iraq, a proposal that has divided the party but united Republicans who accuse the opposition of a "cut-and-run" approach.

Looking ahead to the midterm elections, Republicans such as White House adviser Karl Rove have sought to portray the Democrats as weak on national security. Cheney, campaigning for congressional candidates in Iowa, echoed that sentiment.

The vice president singled out Rep. John Murtha, D-Pa., a decorated Marine who has pushed for a timetable for withdrawing Americans from Iraq.

"That's a bad idea. That proposal is contrary to the national interest," said Cheney, who contended that it will be more difficult to defend the country if such a step is taken. The vice president stressed that troop strength would be dictated by conditions on the ground "and not by artificial deadlines set by politicians in Washington, D.C."

Democrats have argued that Gen. George Casey, the top U.S. commander in Iraq, has raised the possibility with a troop withdrawal plan similar to what Democrats have proposed.

Although the latest Associated Press-Ipsos polls showed more Americans favor congressional Democrats over Republicans, the GOP still has the edge in dealing with issues such as foreign policy and terrorism.

The poll found that Republicans in Congress — 43 percent approval — have an advantage over Democrats — 33 percent approval — on handling foreign policy and the war on terrorism.

On Iraq, however, the Republican strength isn't what it used to be. Republicans have a smaller advantage over Democrats — 36 percent to 32 percent approval — when it comes to handling the situation in Iraq. The poll was conducted last week.

Cheney raised $150,000 for Republican Jeff Lamberti, who is challenging Democratic Rep. Leonard Boswell. Later, the vice president was attending a rally with Iowa National Guard troops.

Cheney urged Republicans to focus on the war on terror.

"As we make our case to the voters in this election year, it is vital that we keep issues of national security at the top of the agenda," Cheney said.

The vice president also criticized news organizations, which have published secret information about the government's monitoring of terrorist activities. He said publication of the information makes it more difficult to protect the country.

The New York Times, Los Angeles Times and the Wall Street Journal were the first to report that a secret CIA-Treasury program was tracking millions of financial records in search of terrorists.

The administration and some congressional leaders have focused their criticism on the New York Times, which also reported last year that Bush had authorized an electronic eavesdropping program shortly after the Sept. 11, 2001, terrorist attacks.

"These kind of stories simply alert the terrorists as to what we're doing," Cheney said. "The leak to the New York Times and the publishing of those leaks are very damaging to the national interests."

Cheney said the administration's hard-line stance on terrorism has paid off with a lack of terrorist activity in the United States since the Sept. 11 attacks.

"Obviously, no one can guarantee we won't be hit again, but the relative safety of this past nearly five years did not come about by accident," he said. "It came about because we waged an effort on every front, and we must not let up for a moment."

Even before Cheney's appearance, Democrats issued their own criticism of the vice president and Lamberti.

"If Republicans retain control of the House, the Senate and the White House, they will privatize Social Security," said Iowa Democratic Party Executive Director Mike Milligan.

Military-Style Assault Kills Dozens In Iraqi Marketplace (WP)

By Ellen Knickmeyer

DOJ_NMG_0041614

The Washington Post, July 18, 2006

BAGHDAD, July 17 -- Masked attackers with heavy machine guns mounted on pickup trucks slaughtered at least 40 people in a crowded market area south of Baghdad on Monday, hurling grenades to blow up merchants at their counters and shooting down mothers as they fled with their children, witnesses and authorities said.

The military-style assault on unarmed civilians in the mostly Shiite city of Mahmudiyah lasted 30 minutes and was vicious even for a country besieged daily by bombs and coldblooded attacks. At one point, the assailants entered a cafe and shot dead seven men -- most of them elderly -- while they were having tea, said Maythan Abdul Zahad, a police officer. He said the gunmen stepped on their victims' heads to keep them still.

"Only those who escaped and ran were able to survive," Zahad said in Najaf, where he later traveled to bury a cousin killed in the attack. "They did not spare anyone. Not the children. Not the elderly. The Iraqi army did not interfere."

The massacre left the central shopping street in Mahmudiyah a charred war zone of gutted vehicles and blackened and smoldering tin-roofed shops. Some hospital authorities put the death toll at more than 70; most of the victims were Shiites.

Sunni Arab insurgents asserted responsibility for the slaughter, calling it retaliation for attacks against their own in surging sectarian violence. Hundreds of people have been killed since July 9, when suspected Shiite gunmen carried out a daytime massacre of at least 40 residents in Baghdad's mostly Sunni neighborhood of al-Jihad.

After the attack on Monday, Sunnis and Shiites in central Iraq battened down against what many feared would be a new wave of sectarian violence. Many residents of Mahmudiyah fled; those who stayed rolled out palm tree trunks and stones to block off their streets.

Leaders of two Shiite religious parties, that of powerful cleric Moqtada al-Sadr and the smaller Fadhila bloc, withdrew from parliament indefinitely over the Mahmudiyah attack, storming out of a session of the legislative body. President Jalal Talabani, a Kurd, appealed to clerics to condemn the violence and urged restraint upon Iraqis. "May God accommodate the martyrs in his widest heavens and grant the wounded swift healing," he said in a statement.

Separately on Monday, three U.S. soldiers were reported killed in combat around Iraq. One U.S. soldier in western Baghdad died of gunshot wounds, another died in a bombing south of Baghdad and a third was killed in an attack in western Anbar province, the military said.

Survivors of the massacre in Mahmudiyah and at hospitals and graveyards around south and central Iraq described attackers pulling up about 9 a.m. Monday in several vehicles, armed with PKC Russian-made machine guns, AK-47 assault rifles, grenades and mortars. The assailants resupplied from pickups loaded with ammunition, witnesses said.

"They started shooting randomly, on both sides of the market, to the left and to the right, targeting everyone," said Ahmed Shakir, 35, a Mahmudiyah resident.

He spoke at a Baghdad hospital by the bed of his wounded brother, hit by bullets to the shoulder and leg as he was having tea in a cafe.

"They were throwing grenades into shops, burning the cars," Shakir recalled, as vehicles arriving at the hospital brought the corpses of four Shiites killed in a separate assault just west of Baghdad.

The attackers in Mahmudiyah turned rocket-propelled grenades and automatic and semiautomatic weapons upon shoppers along the thick rows of wooden stalls and cramped shops, witnesses said. Many of those hit were women and children.

"People started falling down, wounded," said Kamal Hussein, a 46-year-old man shopping at the time of the attack. "People started to run, with none stopping to look behind them."

Fatima Khadhim Ali, a spice seller, was shot in the head and chest. She collapsed, miscarrying in her fourth month of pregnancy, brother Ali Khadhim Ali said by her hospital bed in Baghdad. Her husband had died next to her in their tiny market stall.

As the attack continued, a few men emerged from nearby houses with guns to fight off the attackers, witnesses said. The assailants turned on one man who came out of his house armed, shooting him dead and then storming his house to kill everyone inside, said Zahad, the policeman.

Survivors said Iraqi soldiers let the heavily armed, highly visible attackers pass through a checkpoint near the marketplace. Witnesses described Iraqi security forces largely leaving the civilians to their fate, although survivors gave conflicting accounts as to whether Iraqi police, soldiers or Shiite militiamen had tried to fight off the attackers.

Iraqi survivors also condemned U.S. forces, saying they watched the attack from their posts but did nothing until the killing stopped. American troops reported hearing detonations and gunfire, the U.S. command said, but added that Iraqi troops are responsible for security in Mahmudiyah and that American soldiers there do not intervene unless asked by the Iraqis.

After the attack, Iraqi soldiers asked U.S. forces to patrol with them Monday night, as the city's people took to their houses for what many feared would be further retaliation, said Mayor Mouyad Fadhil Saif.

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As day turned into evening, families with coffins of Mahmudiyah's dead strapped to their car roofs streamed south to Najaf, a holy city for Shiites. Wailing, the mother and sisters of one policeman slain in Mahmudiyah ran behind his coffin, beating their heads with their fists and smearing dirt onto their clothes in traditional mourning.

Coffins -- typically borrowed from mosques and returned after the dead inside are buried in shrouds -- accumulated five to 10 at a time outside a graveyard building where corpses are ritually washed before burial.

In statements, Sunni insurgents gave different explanations for why Mahmudiyah was targeted -- some saying that it was because Sadr's Mahdi Army militia had allegedly driven Sunni vendors from the market a week ago, others saying it was because of the recent killing of a Sunni cleric. A written statement in the name of the insurgent group al-Qaeda in Iraq said the attack targeted local leaders of the Mahdi Army.

The massacre in Mahmudiyah -- following the one in Baghdad's al-Jihad neighborhood -- marked another full-scale, daylight military-style assaults on civilians, raising the specter of direct clashes between Sunni insurgents and Shiite militias.

The militias are the armed wings of two of Iraq's governing Shiite religious parties, Sadr's group and the Supreme Council for the Islamic Revolution in Iraq.

The strength of the militias is growing despite repeated pledges by the Shiite-led government to disband them. Iraqi soldiers and U.S. forces are generally credited by Sunnis and Shiites alike as being more neutral parties in the sectarian conflict, while the heavily Shiite police forces are widely seen -- and feared by Sunnis -- as allies of the Shiite militias.

Since Feb. 22, when Shiite militiamen took the offensive after the destruction of a Shiite shrine in Samarra, attacks and threats have led tens of thousands of Iraqis to flee the country or seek safety among their own kind, Shiite or Sunni. The upheaval has transformed much of the country into sectarian enclaves.

In Mahmudiyah on Monday, Shiite men scrambled to a local mosque in the wake of the attack, gathering for any orders by the Mahdi Army.

Resident Karim Hussein had not been a member of the Mahdi Army militia until Monday, he said. After the attack, he joined up.

"All Mahmudiyah is Mahdi Army," Hussein said.

Gunmen Kill Dozens At Shiite Market In Iraq (NYT)

By Edward Wong

The New York Times, July 18, 2006

BAGHDAD, Iraq, July 17 — Dozens of gunmen suspected of being Sunni Arabs went on a rampage through a mostly Shiite market area in the town of Mahmudiya on Monday, killing at least 48 civilians and wounding scores, police officials said.

Many of the attackers, who fired assault rifles, heavy machine guns and rocket-propelled grenades, wore the uniforms of the Iraqi security forces.

“You can’t tell your friend from your enemy,” an Iraqi Army officer said as Iraqi troops moved in.

The daylight killings in Mahmudiya, 20 miles south of Baghdad, increased fears among Iraqis that the country might be sliding into full-scale civil war, and prompted a crucial Shiite bloc to storm out of Parliament, protesting the lack of security in the country.

The attack and other violence on Monday brought to nearly 100 the number of civilians killed in two days in the country, making it one of the deadliest periods since the appointment of the current government in May.

The latest deaths underscored the government’s inability to tamp down spiraling cycles of sectarian violence that, more and more, are characterized by execution-style reprisal killings.

An obscure guerrilla group, the Supporters of the Sunni People, posted an Internet message saying it had carried out the attack to avenge a massacre of Sunni Arab civilians by Shiite militiamen in Baghdad on July 9.

The killings have widened the political fault lines in the Shiite-led government of Prime Minister Nuri Kamal al-Maliki. The legislators who walked out of Parliament on Monday were followers of the radical Shiite cleric Moktada al-Sadr, whose militia, the Mahdi Army, has been engaged in increasingly frequent battles with American-led forces.

Many Iraqi officials, citing Mr. Sadr’s wide following, believe that his participation in the political process is indispensable to achieving stability in Iraq.

Iraqi forces and American soldiers appeared helpless to stop the bloodshed in Mahmudiya, arriving after the gunmen had already killed dozens, witnesses said.

The town, a center of Sunni-Shiite conflict, falls under the watch of the First Battalion of the 502nd Infantry, 101st Airborne Division, the same unit from which five soldiers and a recently discharged soldier have been implicated in connection with the rape of an Iraqi girl in March and the murder of her younger sister and their parents.

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"It's become obvious that the occupation forces are responsible for the devastation taking place in our country," a senior legislator from the Sadr bloc, Bahaa al-Aaraji, said at a news conference in Baghdad.

He said the Sadr bloc, which holds at least 30 of 275 legislative seats, was not permanently boycotting the Parliament, but had walked out of Monday's session out of fury at both the killings and recent American and British attacks on Mr. Sadr's followers.

Mr. Sadr, who led two rebellions against the Americans in 2004, released a statement on Friday saying Iraqis would not "sit by with folded hands" while Israel attacked Lebanon, home to Hezbollah, the militant Shiite group.

That suggested the possibility of more attacks by his militia against the Americans, Israel's staunchest ally, and the consequent widening of the firestorm in the Middle East.

The assault in the Mahmudiya market took place around 9 a.m., when the streets were packed with shoppers and men going to cafes and teahouses.

First came explosions from mortars or grenades, according to witnesses and the town's mayor, Mouayid Fadhil, though some security officials issued early reports of a car bomb. Then dozens of gunmen rolled up in cars and began walking through the market, shooting people. At least eight cars burst into flames. Bodies lay strewn across the street and slumped in shops and restaurants.

Gunmen went into one house and shot dead six people, including two women, said a witness, Maithem Muhammad Harar.

Mr. Harar, 25, a Shiite, said he was walking to the market to join his father at a cafe when the attack began. His father was shot in the stomach, he said. The father lay unconscious in a hospital bed in Baghdad on Monday afternoon, blood staining his white robe and an intravenous drip running into one arm.

"I couldn't do anything," Mr. Harar said quietly, staring down at his white-bearded father, who is 60. "We couldn't save anyone until after the gunmen had left." The attack on Monday resembled one in the Jihad neighborhood of Baghdad on July 9, when Shiite militiamen killed up to 50 Sunni civilians by dragging people from cars and homes and shooting many in the head.

Until recently, such mass killings of civilians had been relatively rare in the Iraq war. The latest episodes have raised fears among many Iraqis that the current civil strife may erupt into full-blown bloodshed with rounds of revenge killings.

Mahmudiya residents said the killers were Sunni Arabs bent on vengeance. The town has become an arena of sectarian combat, with Sunni fighters battling Shiite militiamen believed to be members of Mr. Sadr's private army. Mr. Harar said an office of Mr. Sadr's organization and the local headquarters of the Islamic Dawa Party, a ruling Shiite political group, are both near the market.

Another resident, Hamid Mohsen, 45, a Sunni laborer, said by telephone that the market was filled with members of the Mahdi Army. Sunnis had the right to slaughter them, Mr. Mohsen said, because the "Mahdi Army launched a sectarian war in the city after the American forces turned over the security portfolio to the Iraqi forces."

He said word had spread in the area of a particularly gruesome killing last weekend involving the Mahdi Army. On Saturday, he said, militiamen abducted a 14-year-old Sunni boy named Omar and brought him to a remote compound. The fighters buried Omar up to his neck, then killed him by taking shots at his head, he said.

Mr. Fadhil, the town's mayor, said: "The attackers infiltrated the city at night from their dens outside of Mahmudiya. We were able to capture three who were injured, and an investigation is under way."

Last month, insurgents ambushed three American soldiers in the nearby town of Yusufiya. One was killed immediately and two were abducted. The kidnappers mutilated them, beheading one, and left their bodies along a road booby-trapped with bombs.

A group linked to Al Qaeda put out a video of the mutilations and said the killings were in revenge for the rape of the Iraqi girl from Mahmudiya. The soldiers charged in that investigation were from the same unit of the 502nd Infantry as the Yusufiya victims.

In Baghdad, Mr. Aaraji, the Sadr bloc legislator, expressed frustration over the inability of the Americans to protect Iraqis, and lashed out at the American-led forces for their aggression toward the Sadr group.

He pointed to a British military assault on Sunday in the southern oil city of Basra. An official of Mr. Sadr's organization in Basra said later by telephone that British troops had raided the nearby town of Al Garma and arrested a Sadr follower, Sajad Badr al-Sukany.

Violence also flared in Baghdad on Monday, as gunmen shot into a car of civilians, killing two and wounding two. Insurgents killed three civilians and wounded three others during an ambush on a police convoy, the Interior Ministry said. Gunmen shot dead a man who organized trips for Shiite pilgrims to shrines in Iran.

The American military said a soldier was killed by small-arms fire in western Baghdad, another soldier died in a bombing south of the capital, and a third soldier was killed by "enemy action" in western Iraq.

DOJ_NMG_0041617

At Least 50 Killed In Market Attack South Of Baghdad (WT/AP)

By Bassem Mroue

The Washington Times, July 18, 2006

BAGHDAD -- Gunmen unleashed grenades and automatic-weapons fire in a market south of Baghdad yesterday, killing at least 50 persons, mostly Shi'ites. The sectarian attack drew protest from lawmakers who accused Iraqi forces of standing idly by during the rampage.

Women and children were among the dead and wounded in the assault in Mahmoudiya, hospital officials said. Late yesterday, police said they found 12 bodies in different parts of town -- possible victims of reprisal killings.

Several witnesses, including municipal council members, said the attack began when gunmen -- presumed to be Sunnis -- fired on the funeral of a member of the Mahdi Army, a Shi'ite militia, killing nine mourners.

Assailants then drove to the nearby market area in the town 20 miles south of Baghdad, killing three soldiers at a checkpoint and firing rocket-propelled grenades and automatic rifles at the crowd. After the gunmen sped away, they lobbed several mortar rounds into the neighborhood, the witnesses said.

The assault occurred a few hundred yards from Iraqi army and police positions, but the troops did not intervene until the attackers were fleeing, the witnesses said. They spoke on the condition of anonymity because of fear of reprisals.

The U.S. command announced that three American soldiers were killed in separate attacks yesterday -- two in the Baghdad area and one in Anbar province west of the capital.

There were conflicting casualty figures in the market attack, with a Shi'ite television station reporting more than 70 dead. But local police and Dr. Dawoud al-Taie, director of the Mahmoudiya hospital, said 50 persons were killed and about 90 were wounded.

In Baghdad, Shi'ite legislator Jalaluddin al-Saghir said Iraqi military authorities had ignored warnings that weapons were being stocked in a mosque near the market. He also said the local police commander refused to order his men to confront the attackers because they lacked weapons and ammunition.

Dozens of Shi'ite lawmakers, including followers of radical anti-American cleric Muqtada al-Sadr, stormed out of a parliament session to protest the performance of the security forces.

In Mahmoudiya, long a flashpoint of Shi'ite-Sunni tension, tempers flared as frantic relatives milled about the hospital, scuffling with guards and Iraqi soldiers who tried to keep them outside so doctors could treat the wounded.

"You are strong men only when you face us, but you let them do what they did to us," one man shouted at a guard.

The Shi'ite television station Al Forat broadcast strident quotes from Shi'ites who blamed the attack on Sunni religious extremists. They expressed outrage that Sunni politicians could not rein in the militants.

The main Sunni bloc in parliament said the attack may have been retaliation for the kidnapping of seven Sunnis whose bodies were found Sunday in Mahmoudiya. The bloc accused Shi'ite-dominated Iraqi security forces of failing to control the situation.

87 Iraqis Killed In Two Attacks; Sunnis Blamed (LAT)

By Borzou Daragahi

The Los Angeles Times, July 18, 2006

Shiites are targeted in a half-hour market rampage and a suicide bombing near a shrine.

BAGHDAD — Suspected Sunni insurgents killed at least 87 Iraqis and injured scores more in a pair of devastating attacks on Shiites on Monday night and this morning that threatened again to push the country toward sectarian civil war.

On Monday morning, masked gunmen wielding rocket launchers and grenades killed at least 42 people as they swarmed a predominantly Shiite Muslim market in a town south of the capital, firing on at terrified men, women and children on the streets.

This morning, a suicide bombing near a Shiite shrine in the southern town of Kufa killed at least 45 Iraqis and injured 88, said 1st Lt. Ahmad Hussein at police headquarters in Najaf, the provincial capital.

Three U.S. soldiers also were reported killed in separate combat incidents. One soldier serving in western Baghdad died of gunshot wounds, another died in a bomb blast south of Baghdad and a third was killed "due to enemy action" in western Al Anbar province, the military said.

Morgue officials reported the discovery of 32 bodies of Iraqi men in various parts of the capital. They were found with hands bound and with bullet wounds to the head, officials said.

Several large explosions could be heard in southern Baghdad as the 9 p.m. curfew went into effect.

In addition to the dead, dozens more were injured in Monday's 30-minute rampage through the central market of Mahmoudiya, hospital officials said.

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Mahmoudiya residents and officials accused police of barricading themselves in their headquarters as the multi-pronged attack unfolded, raising questions about the competency of Iraq's security forces as the U.S. attempts to hand over authority to local police and soldiers.

"The terrorists wanted to send a message saying we can attack anywhere we want and kill civilians," said Sheik Bassem Anizi, a municipal official in the area. He and other witnesses were interviewed by telephone.

The town is in a region south of the capital known locally as the "triangle of death," close to where a group of U.S. soldiers allegedly raped an Iraqi girl and killed her and family members in March, and where two U.S. soldiers were kidnapped, mutilated and slain last month.

The marketplace, about 350 yards long and filled with humble shops, eateries, bakeries and ramshackle produce stands, is often filled in the morning with women and the elderly shopping for groceries or eating breakfast.

The armed men, estimated to be at least 50 strong, swarmed the busy central market from the direction of nearby railroad tracks shortly before 9 a.m., driving into town in cars after firing mortar rounds.

They carried rocket-propelled-grenade launchers, machine guns, AK-47s and hand grenades, stepping out of their vehicles and shooting at fleeing residents, witnesses said.

They tossed grenades into restaurants and shops and, according to several witnesses, sprayed panicked residents with powerful machine guns mounted on the beds of pickup trucks.

"There were dozens of them," said Majed Shammari, a government official who was eating his breakfast at a downtown restaurant when the shooting began. "I ran into a corner of the restaurant to avoid the shooting. Then I left the place and headed for the west of the city. It was still going on. I couldn't see anything. I only wanted to survive."

"I saw the armed gunmen shooting randomly at the people," said Anizi, who hunkered down behind a concrete wall in a relative's hardware shop as the massacre proceeded. "Large numbers of people were running away, screaming. They were terrified. They were crying out loud: 'Run away! Gunmen are coming!' "

At some point two cars exploded, possibly after grenades were tossed inside them, witnesses said.

The U.S. military said Iraqi and American soldiers, hearing reports of at least eight explosions in the area, responded immediately and were shot at. In a nearby house, they captured two suspected insurgents with two rocket-propelled-grenade launchers, an AK-47 and a bag of grenades.

There were no reported American, Iraqi army or police casualties, a fact that angered Mahmoudiya's mayor, Muayed Fadil.

"It's a very, very bad sign," he said. "The subject needs to be investigated. The attack targeted civilians. It's the job of the security forces to protect civilians."

Iraqi television showed scenes of Iraqi soldiers walking through a landscape of burned-out shops and smoldering cars. Blood pooled in gutters.

The dead and wounded overwhelmed the small, poorly equipped hospital, and many casualties were rushed to the capital.

Victims blamed the well-coordinated attack on loyalists of Saddam Hussein's regime. It coincided with the anniversary of the uprising that put Hussein's Baath Party in power.

The assault's brutality sparked fears of another round of killings motivated by sectarian hatred between the country's majority Shiites and minority Sunnis, and angry accusations ricocheted across the country.

"At the time of the shooting, all the Sunni shops were closed," said a statement denouncing the attack by the office of Muqtada Sadr, a radical Shiite cleric whose militia has been accused of instigating bloody attacks against Sunnis, including one on July 9 in Baghdad's Jihad neighborhood that left at least three dozen people dead.

Officials speculated that Monday's attack was in retaliation for the Jihad killings. But one local official, speaking on condition of anonymity, said the attack was probably in response to the previous day's abduction and killing of three members of a local Sunni tribe by alleged Shiite militiamen. Police found the burned bodies of the men in the back of a pickup in nearby Musayyib.

The suicide car bombing in Kufa took place near the Shrine of Muslim bin Aqil, where Sadr delivers Friday prayers. A man inside a Korean-made minibus lured a group of day laborers milling about at a nearby market into his vehicle with the promise of work, and then set off a massive explosion.

Local residents rushed to the hospital in the adjacent city of Najaf, weeping and beating their chests when they came upon loved ones.

Sectarian violence and tension have fueled an exodus of families from religiously mixed areas.

The Iraqi Ministry of Displacement and Migration said in a statement Monday that 26,858 families had been forced to move, mostly out of fear of sectarian violence and rampant lawlessness in parts of the country.

Times staff writers Saif Hameed, Zainab Hussein and Shamil Aziz in Baghdad, special correspondent Saad Fakhrildeen in Najaf and special correspondents in Basra, Kirkuk and Ramadi contributed to this report.

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'Neighbors Are Killing Neighbors' (WP)

By Joshua Partlow And Naseer Nouri

The Washington Post, July 18, 2006

BAGHDAD -- When her home became unlivable, when her neighbors were gunned down in the streets, a mother of seven said goodbye to her teenage sons and set out on foot into the lethal Baghdad night.

Ignoring the citywide curfew, the woman known as Um Mustafa grabbed her two youngest children and walked five miles down the back roads of moonlit urban slums to the refugee camp that has become their new home.

In a patch of crusted dirt and scratchy grass, they are now among 30 families living under the camp's green tents, surviving on rations of rice and tomatoes, and watching as violence engulfs much of their city.

"I left my boys in al-Jihad because they refused to leave their house. They said, 'We will never leave our home. We will fight for it,' " recalled Um Mustafa, too afraid to give her full name, as she stood outside her tent. "I ran away when the shooting started. We left with the clothes that were on our bodies."

"Neighbors are killing neighbors," she said. "We cannot trust anyone."

After more than a week of some of the most vicious sectarian violence of the war, Baghdad is a skeleton of a city: Many of its shops are shuttered, its streets drained of people.

The violence erupted July 9 when Shiite Muslim militiamen rampaged through the al-Jihad neighborhood and killed dozens of Sunni Arabs. By Friday, the sixth day, the death toll in Baghdad stood at 628 people, according to Brig. Gen. Mahmoud Nima of the Interior Ministry, citing a figure that far exceeded the numbers previously suggested by news reports.

Across large swaths of territory south and west of the Tigris River -- Baghdad neighborhoods such as al-Jihad, Amiriyah, Ghazaliyah and Dora -- residents who have not fled spent days virtually imprisoned by the military checkpoints and street fighting between residents and marauding militiamen.

To the north, in the Shiite shantytown of Sadr City, at least three bombings have crumbled buildings and burned out shops and cars.

In the relatively safer neighborhoods of central Baghdad -- Karrada and Karadat Maryam -- traffic moved down commercial streets and sidewalk vendors hawked bags of potato chips and piles of watermelons. But there were indications that violence has also affected these neighborhoods.

In his Karrada clothing store, Sarmed Fadhil was hanging rows of suits, but they were pieces cut from last winter's wool.

The summer shipment of 500 European suits and 2,000 dress shirts waited on hold indefinitely outside Iraq, already paid for but with no chance of being sold.

"The market is totally frozen," Fadhil, sweat beading on his brow, said inside a dark, deserted showroom. "Most of our customers have already left the country."

Even in the safer areas of Baghdad, no one is immune from sporadic attacks: Two suicide bombers last week killed 16 people 200 yards outside civilian entrances to the fortified Green Zone where the U.S. government works.

For wealthier Iraqis, perhaps the most welcome patch of ground is inside Baghdad International Airport, the last stop before leaving the country. Airlines added extra flights last week to Amman, Jordan, to accommodate the exodus.

Huzaa Khadam Hamdan, 38, and her sister, who work at the National Organization of Iraqi Women, decided to flee when the organization's director was shot last month and the office was burned. The sisters said they received threats from men who they believed were members of a Shiite militia.

"They call us whores," she said. "Saying we are leading women into sin."

They took refuge last week at the home of a parliament member, borrowed money for plane tickets, and waited in the airport with two suitcases of clothes and rations of rice before boarding a plane to Jordan. For the first time in their lives, the Sunni women wore head scarves on the trip to the airport to hide their identities.

"Believe me, I'm here at the airport and I'm still scared," Hamdan said. "We will never come back. If we come back, we will be killed."

Although Sunni Arab insurgents have instigated months of violence, Shiite militias such as the powerful Mahdi Army have been blamed in the past week for orchestrating dozens of brutal attacks.

Officials in the Mahdi Army, controlled by Shiite cleric Moqtada al-Sadr, have repeatedly denied taking part in the killings in Baghdad over the past week, suggesting instead what they called rogue elements of the militia operating without official orders.

East of the airport, the Dora district lived up to its reputation as one of the most dangerous neighborhoods in the city. At least 245 people died there last week, police said. U.S. troops and Iraqi police descended on Dora on Thursday afternoon, clashing with insurgents outside the al-Rumi mosque.

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From inside his house, a Shiite resident peered through his window at the ragtag collection of warriors menacing the street: shirtless men firing machine guns, gunmen in black tracksuits toting rocket-propelled grenade launchers. His children cried at the rattle of gunfire, unable to fall asleep in their beds. Iraqi police formed a cordon around his house, trapping his family inside and other relatives, trying to get home, outside of it.

"We are hiding now in the house," said the Shiite resident, who spoke on condition of anonymity for security reasons. "It's hard for us to go shopping. There is one grocer whose only new vegetables arrived three days ago, and people are buying whatever is left."

With no electricity in the neighborhood for five days and severe cooking gas shortages, some residents now heat their food over wood fires. In the violence over the past week, material possessions lost some significance: People sold off their furniture to buy AK-47 assault rifles and ammunition, said one resident, Amar al-Jubouri.

Jubouri, a 40-year-old Sunni, said that police are collaborating with the militias and that there is a $1,200 bounty on the head of any Sunni with his surname. When he passed a police checkpoint this week, he said, he overheard someone say: "Wash away your sins and be forgiven with the blood of a Sunni."

The conflict has turned some neighbors into killers. Rashid al-Jubouri, a resident of Dora, said he joined the fighting this week to defend himself and helped capture two militiamen after a raid in which seven young men from the neighborhood were executed.

"They were hanged on the electricity poles, there were traces of drilling and torture on their bodies, and they were burnt with acid," he said. "So when we captured those two and interrogated them, we also executed them and hanged them on the same electricity poles."

Such vigilante spirit has taken hold throughout nearby Sunni neighborhoods such as Amiriyah and Ghazaliyah. Religious leaders canvassed homes last week to recruit people to join neighborhood defense groups, while mosques broadcast warnings whenever gunmen approached.

Amar al-Zobaie, a resident of Ghazaliyah, said militiamen broadcast their own sentiments through megaphones, walking past his home shouting: "We are all your soldiers, Sadr!"

On Thursday night, gunmen scattered fliers in the street addressed to "the scum of Ghazaliyah," giving Sunnis 72 hours to leave the neighborhood.

"Otherwise death will be your destiny and the destiny of all those who underestimate this, and bullets from the rifles of chivalrous men will land in the heads and chests of those who support evil and shook hands with the devil," the flier read.

The next day, Sunni groups distributed their own warnings. One flier, which hung on the wall of al-Abbas mosque in Amiriyah, told children not to buy candy or toys from Shiites and instructed their parents to stockpile weapons, leave mixed Sunni-Shiite neighborhoods or abandon Baghdad altogether.

At the top of the page, above the list of instructions, the flier read: "What are we going to do when the civil war starts?"

On Patrol With Marines, Iraqi Soldiers Get A Lesson In War's Danger (NYT)

By Michael R. Gordon

The New York Times, July 18, 2006

BAGHDADI, Iraq, July 17 — Anbar Province is a violent and unforgiving region. It takes constant vigilance, and a measure of plain dumb luck, to survive here.

On Monday, both were tested along an isolated stretch of highway under a scorching sun. The morning began with the standard battlefield rituals that try to impose order on war. An Iraqi Army officer had given a briefing about the day's mission for the joint Iraqi Army and United States Marine Corps patrol.

The patrol was to screen a two-lane highway between the towns of Baghdadi and Haqlaniya. It was, in effect, filling a security gap for a larger operation that took place elsewhere.

It was not expected to be an exciting morning, and the patrol was not looking for danger. This reporter and a photographer for The New York Times were taking a firsthand view of how a team of Marine advisers was training the new Iraqi Army, specifically the Second Battalion of the Second Brigade of the newly formed Iraqi Seventh Division.

The evening before had been relaxed and even festive. The marines were invited for kebab by Col. Shaban B. al-Ubadi, the police chief of Baghdadi. His force had taken up quarters in a military housing complex formerly occupied by Saddam Hussein's air force. It is nestled close to a forward Marine base occupied by a weapons company.

At dawn the patrol set out in its Humvees. The Iraqis led the way, searching cars and even some houses along the route while the Americans backed them up. It was all according to plan and uneventful. The Euphrates flowed past the palm trees — almost a postcard scene.

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The next phase of the mission was to "overwatch" the highway by driving onto a series of hard-packed sand mounds. The patrol of eight Humvees split up to drive up the hills.

An Iraqi Army Humvee led the way up the hillside. Capt. James Beal, a Tennessean on his second tour of Iraq, drove behind. In his young military career, Captain Beal had already fought as part of the Marine push to Baghdad in 2003 and had been on the first Marine deployment to Afghanistan.

A white pillar of smoke and a black plume smeared the cloudless sky in the distance. The white smoke, as it turned out, was a telltale sign of a phosphorous artillery shell. The significance of the black spiral was immediately clear: a vehicle was on fire. A red flare soon followed, a standard military distress call. It was clear that one of the patrol's Humvees hit an improvised explosive device, or I.E.D., as the roadside bombs are known by the troops.

Captain Beal's Humvee had the only medic on the patrol: Daniel Mayberry, a 22-year-old Navy corpsman from Gaithersburg, Md., who is thinking about becoming a math teacher when he leaves the service. Captain Beal needed to get him to the scene fast. The hill was rugged and rutted with tracks from previous monitoring missions.

Staff Sgt. Lamont Ellison, 25, started to drive forward to proceed down the mound when Cpl. Jeff Globis, 23, who was in the turret, screamed to stop him. The corporal, from Winthrop Harbor, Ill., had spied a fresh mound of dirt just a few feet ahead of the Humvee.

Captain Beal, who was standing outside the vehicle, rushed to take a look and ordered Sergeant Ellison to put the vehicle in reverse. The sergeant had come close to tripping a "pressure plate" I.E.D., connected to two artillery shells. After backing up, Sergeant Ellison rumbled down a different slope. The Humvee reached the road, zoomed forward and came on a horrifying scene.

An Iraqi Army Humvee, its Iraqi banner rent to shreds, was burning furiously on the hill to the left. Three wounded Iraqi soldiers were sprawled across the road. One was trapped in the vehicle.

The corpsman ran out to attend to the stricken Iraqis. One had burns on his leg and was moaning in pain. Another had been hit by shrapnel. One seemed to have a twisted or broken leg and was raised on one elbow. Frantic calls went out for a medevac helicopter.

On the hillside across the road, Lt. Col. Owen Lovejoy, the commander of the Marine training team, ordered his team and Mr. Wilson to take cover behind their Humvee. Rounds from the burning Humvee across the highway were exploding.

The team's gunnery sergeant, Louis Simmons, muttered quietly, "They should have cleared." In their enthusiasm to get to their overwatch positions, the Iraqi troops had driven up the hillsides without first getting out to inspect the area for bombs or mines, and the Americans had followed.

It was now apparent that the insurgents had been monitoring the Americans' movements and had sabotaged the mounts with mines and I.E.D.'s. It was an unmanned ambush: virtually risk-free for the insurgents, but deadly for the Americans and their Iraqi allies. Walking ahead of his Humvee, Colonel Lovejoy guided it down the far hill.

A purple smoke flare was popped so the medevac helicopter could find the site. The chopper landed on the highway and took off with the three wounded Iraqis. There was no way to extract the body of the Iraqi in the Humvee until the fire burned out. Colonel Lovejoy walked to the wreckage with a fire extinguisher, but the blaze was too intense.

The Iraqis were distraught at the loss of their comrade but maintained their composure. Lt. Col. Jebbar Abass, the commander of the Iraqi battalion, was with the patrol to supervise and stayed at the scene. He used a satellite phone to call in a casualty report to his command about a "fallen angel," as the Iraqi Army calls its dead.

Colonel Lovejoy told the Iraqi officers that they had learned a painful lesson: it is vital to clear the terrain first before driving off-road. "Some lessons are learned the hard way," he said. "The Americans have learned this lesson through painful experience as well."

But there was still work to do. An explosive ordnance team from the vast Marine base at Al Asad arrived and examined the scene. It was worse than the marines had thought. In addition to the pressure plate mine that had almost been set off near Captain Beal's Humvees, two antitank mines were found.

There was some nervous laughter among the marines when they discovered that the danger had been greater than they had realized. Corporal Globis, who had been the first to notice the pressure-plate mine, quipped that he had a new series of numbers to play in the lottery: 7-17-10, the month, day and time when the fates smiled on him.

Sgt. Christopher L. Kelbaugh, 21, a marine from Westminster, Md., who had been in a different Humvee at that same location, described the good luck charms he carried each day: a letter from his father and one from his girlfriend, a St. Christopher medal blessed by the pope, a memento from the memorial service for Cpl. Eric R. Lueken, a young marine who had been killed by an I.E.D.

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After the flames died down, the body of the Iraqi soldier was retrieved, put into a body bag and placed in the trunk of a Humvee. Soon a huge flatbed military truck arrived. The twisted metal from the Humvee was hoisted onto the truck by a huge crane.

The patrol drove back to the camp at Baghdadi, where the body of the Iraqi soldier was transferred to a Red Crescent ambulance. Then the Marine training team, the ambulance and the Iraqi colonel left the camp at Baghdadi to drive to Al Asad so the "fallen angel" could be delivered to the morgue. Apart from the radio traffic, we drove in silence.

Japan Completes Troop Withdrawal From Iraq (AP)

By Hiroko Tabuchi

AP, July 18, 2006

The last batch of Japanese troops touched down in Kuwait from southern Iraq on Monday, ending the country's largest and most dangerous overseas mission since World War II.

About 220 troops arrived at Kuwait's Ali Al Salem Air Base from Samawah, the provincial capital of Muthanna, on C-130 transport air planes, the Defense Agency said in a statement. The contingent was the last of about 600 non-combat soldiers previously stationed in Samawah to distribute water and assist in other humanitarian tasks.

"Our ground forces have bravely completed their mission and have now safely withdrawn to Kuwait," Prime Minister Junichiro Koizumi told reporters Monday after the Group of Eight summit in St. Petersburg, Russia.

"We carried out our humanitarian and reconstruction tasks without firing a single shot — in fact, without pointing a gun at anyone," Koizumi said. "Our mission was very highly rated by the Iraqi people."

Japan's defense chief Fukushiro Nukaga, who has been in Kuwait since Sunday, greeted the arriving soldiers Monday. The troops are scheduled to return to Japan in about a week, a defense agency official said on condition of anonymity, citing protocol.

"I'm very happy the whole contingent has arrived safely in Kuwait," Col. Toshihiro Yamanaka, who led Japan's final contingent to Iraq, said on national broadcaster NHK. "I was determined to carry out our mission safely, down to the last troops."

Tokyo's troop dispatch to Iraq in 2004 — the country's largest military deployment and first to a combat zone since World War II — was authorized under a special law because the country's pacifist constitution bans it from taking part in warfare.

Troop activities in Iraq were greatly limited, however. Assigned to a sparsely populated part of southern Iraq, Japan's troops were heavily dependent on Dutch, Australian and British forces for security, and suffered no combat-related casualties. Iraqi forces took over responsibility for security in Muthanna from coalition forces last week.

Still, Japan's mission to Iraq signaled the country's eagerness to play a diplomatic and military role more commensurate with its economic might. The ruling Liberal Democratic Party has proposed revising the pacifist constitution to delete phrasing that renounces the country's right to belligerency.

Tokyo already offered logistical maritime support for the U.S.-led attack on Afghanistan's Taliban regime in late 2001. Koizumi, a strong backer of U.S. operations in both Afghanistan and Iraq, has clearly stated he hopes the Samawah mission will lead to more overseas deployments.

In addition, Tokyo is working on a joint missile defense system with the U.S., and is assuming more responsibility for its own defense under a broad reshuffling of the 50,000 American troops based in Japan. It issued the harshest warning to North Korea over recent missile tests, and it successfully spearheaded efforts at the U.N. Security Council to adopt the recent resolution condemning the tests.

Japan is not completely withdrawing from Iraq. Tokyo plans to expand its Kuwait-based air operations to ferry U.N. and coalition personnel and supplies in Iraq.

Tokyo's military involvement in Iraq has been unpopular with the Japanese public. Many say it violates the constitution and has made Japan a target for terrorism.

Nations Sign Commercial Cooperation Deal (AP)

By Ryan Lenz

AP, July 18, 2006

Iraq and the United States signed a commercial cooperation agreement Monday to move the country toward a market economy after decades of state planning.

U.S. Commerce Secretary Carlos Gutierrez said at the signing that progress in Iraq's economy hinged on improved security.

"We are convinced that Iraq is ready for recovery," Gutierrez said. Security is still the No. 1 challenge."

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Iraq's economy was devastated by the 1980-88 Iran-Iraq war, the 1991 Gulf war and 13 years of crippling international sanctions, historically,

Oil is the biggest source of income for the Iraqi government, which is struggling to curb violence and restore the supply of electricity and water.

Iraqi Trade Minister Abed Falah al-Sudani hailed the pact as a milestone.

"This agreement will be one of the important agreements that encourages the Iraqi economy to move from centralized economy to free economy," he said. "Today we will start a new chapter in Iraq."

Al-Sudani said he hoped the benefits of a free market would help people see hope.

Reprisal killings between Sunnis and Shiites have overtaken the insurgency as the major threat to the country, pushing Iraq to the brink of all-out civil war.

Hundreds of thousands of Iraqis, many of them from the middle class, have fled the country. Business progress has been largely limited to smallscale commerce.

But a structure for recovery is in place. Two years ago, Iraq created an independent stock exchange. Cell phone subscribers have grown to more than 7 million, and the airport in Baghdad offers commercial flights, though with limited destinations.

"Iraq is not a poor country," Gutierrez said. "Iraq was made poor by tyranny. It can grow prosperous through freedom."

Taliban Takes Control Of 2 Afghan Towns (AP-Y)

By Paul Garwood

AP2, July 18, 2006

Taliban militants seized two towns in tumultuous southern Afghanistan, forcing police and government officials to flee, officials said Monday.

The Taliban operate freely in large areas of southern Afghanistan and police presence there often is virtually nonexistent, but insurgents only were known to have completely seized one town since their hard-line regime was toppled by U.S. forces in 2001.

They were quickly driven out of that town, Chora, in Uruzgan province.

The attacks came with thousands of U.S.-led troops involved in an offensive against Taliban holdouts and allied extremists in remote southern and eastern provinces to curb the deadliest upsurge in violence since the hard-line militia was ousted in late 2001.

On Monday, large numbers of militants chased out police after a brief clash in the town of Naway-i-Barakzayi, in Helmand province near the Pakistan border, district police chief Mullah Sharufuddin said.

Scores of Taliban forces overran police holed up Sunday in a compound in the nearby Helmand town of Garmser. The security forces and a handful of government officials fled, a local government official said.

The official, speaking on condition of anonymity because he did not have permission to speak to the media, said Taliban forces were now "moving freely" around the Garmser and the surrounding district.

"We have heard reports of two districts in southern Helmand being under control of the Taliban, and we are in contact with lots of people to build an accurate picture," said another coalition spokesman, Maj. Scott Lundy.

"The Taliban are a credible threat, but the coalition is more than a match for them when and wherever we encounter them," he said.

British military spokesman Capt. Drew Gibson confirmed enemy "activity" in both areas but declined to elaborate. More than 3,000 British soldiers are deploying to Helmand to take over security control from U.S. forces later this month.

Taliban forces killed a coalition soldier and wounded 11 others in a fierce battle Monday in Tirin Kot, capital of Helmand's neighboring Uruzgan province, a U.S. statement said. The nationalities of the soldiers were not released.

More than 800 people, mostly militants, have been killed since May, according to an Associated Press tally of coalition and Afghan figures.

U.S.-led troops entering southern insurgent hotbeds for the first time are facing intense resistance.

In other violence:

· A suicide bomber killed the top two Justice Ministry officials and another employee inside the ministry's office building in the capital of Helmand province, police said.

· Three Afghan soldiers were killed and three wounded when a roadside bomb destroyed their vehicle in the same province.

· In eastern Afghanistan, U.S.-led troops killed four suspected al-Qaida members, including Arab and Chechen fighters, after raiding their hideout.

DOJ_NMG_0041624

Coalition Soldier Killed, 11 Others Wounded In Afghanistan (AFP-Y)

AFP, July 18, 2006

A coalition soldier was killed and 11 others wounded during fierce fighting in southern Afghanistan, the US-led force said, after a suicide bomber killed a local justice official and two others.

The clash in Uruzgan province and the suicide attack in neighbouring Helmand came as the coalition said it had killed four suspected Al-Qaeda fighters in a raid in the east of the violence-plagued central Asian country.

Fighting erupted Monday near the Uruzgan provincial capital Tirin Kot after coalition forces attacked and destroyed a truck that "extremists" were loading with mortar equipment, the coalition said in a statement.

It was unclear how many of the rebels were killed in the clash. The nationality of the soldier killed was not immediately released.

In Helmand, a suicide bomber blew up a crowded provincial justice headquarters, killing the department head and two other employees, an official said.

Nine other people were hurt when the attacker blew himself up in the office in the provincial capital Lashkar Gah, provincial government spokesman Haji Mohaidin Khan said.

"Later we found parts of the body and a leg of the suicide bomber. He had an explosive belt strapped to his body," Khan told AFP.

No one immediately claimed responsibility but such blasts are usually blamed on the Taliban. The insurgents are especially active in Helmand, where experts say they have teamed up with drugs barons to create instability.

Afghanistan is suffering its bloodiest phase since the Taliban were toppled from government in late 2001, with their insurgency stronger than ever and local and foreign forces mounting a major operation against them in the south.

Helmand has seen much of the violence in recent weeks, with the newly deployed British forces of about 2,300 soldiers facing almost daily assaults.

A British helicopter hit an Afghan hospital with a precision-guided missile on Sunday after troops on the ground came under machine-gun fire from the building, the Ministry of Defence in London said.

The ministry said the ground commander confirmed that no patients or staff were in the hospital in Helmand's Nawzad town before the attack by an Apache helicopter was authorised.

Several thousand Afghan, British, Canadian and US soldiers have since Saturday been pursuing Taliban rebels in the dangerous Sangin district of Helmand where five British soldiers were killed in hostile action in the past weeks.

More than 50 foreign soldiers have been killed in action in Afghanistan this year, most of them US troops with the nearly 28,000-strong coalition.

Meanwhile, four suspected Al-Qaeda fighters were killed and three others arrested in a raid in the eastern province of Khost about 15 kilometres (nine miles) from the Pakistan border, the coalition said.

It said it was not sure if the man the raid was targeting, whose name and nationality were not revealed, was among those killed or captured.

"The purpose of this operation was to capture or kill an Al-Qaeda operational leader, who is a significant threat to Afghan and coalition forces in Khost province," it said.

Al-Qaeda militants are believed to be fighting alongside the Taliban movement in Afghanistan in a growing insurgency against the government of President Hamid Karzai.

In a separate incident in the south on Monday, a remote-controlled bomb ripped through an Afghan army vehicle in the Girishk area of Helmand, killing three soldiers and wounding three more, an army general said.

Defence Minister Abdul Rahim Wardak said last week he expected "drastic changes" in the troubled south in the coming months as more foreign and Afghan troops are sent into the area and reconstruction begins.

An expanding NATO-led International Security Assistance Force is due to take over from a US-led coalition in the south on July 31.

Extra British, Canadian and Dutch forces have been moving into the area since the beginning of the year in preparation for the handover.

Transformation's Toll (WP)

By George F. Will

The Washington Post, July 18, 2006

"Grotesque" was Secretary of State Condoleezza Rice's characterization of the charge that the U.S. invasion of Iraq was responsible for the current Middle East conflagration. She is correct, up to a point. This point: Hezbollah and Hamas were alive

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and toxic long before March 2003. Still, it is not perverse to wonder whether the spectacle of America, currently learning a lesson -- one that conservatives should not have to learn on the job -- about the limits of power to subdue an unruly world, has emboldened many enemies.

Speaking on ABC's "This Week," Rice called it "shortsighted" to judge the success of the administration's transformational ambitions by a "snapshot" of progress "some couple of years" into the transformation. She seems to consider today's turmoil preferable to the Middle East's "false stability" of the past 60 years, during which U.S. policy "turned a blind eye to the absence of the democratic forces."

There is, however, a sense in which that argument creates a blind eye: It makes instability, no matter how pandemic or lethal, necessarily a sign of progress. Violence is vindication: Hamas and Hezbollah have, Rice says, "determined that it is time now to try and arrest the move toward moderate democratic forces in the Middle East."

But there also is democratic movement toward extremism. America's intervention was supposed to democratize Iraq, which, by benign infection, would transform the region. Early on in the Iraq occupation, Rice argued that democratic institutions do not just spring from a hospitable political culture, they also can help create such a culture. Perhaps.

But elections have transformed Hamas into the government of the Palestinian territories, and elections have turned Hezbollah into a significant faction in Lebanon's parliament, from which it operates as a state within the state. And as a possible harbinger of future horrors, last year's elections gave the Muslim Brotherhood 19 percent of the seats in Egypt's parliament.

The Bush administration has rightly refrained from criticizing the region's only democracy, Israel, for its forceful response to a thousand rockets fired at its population. U.S. reticence is seemly, considering that terrorism has been Israel's torment for decades, and that America responded to two hours of terrorism one September morning by toppling two regimes halfway around the world with wars that show no signs of ending.

The administration, justly criticized for its Iraq premises and their execution, is suddenly receiving some criticism so untethered from reality as to defy caricature. The national, ethnic and religious dynamics of the Middle East are opaque to most people, but to the Weekly Standard -- voice of a spectacularly misnamed radicalism, "neoconservatism" -- everything is crystal clear: Iran is the key to everything .

"No Islamic Republic of Iran, no Hezbollah. No Islamic Republic of Iran, no one to prop up the Assad regime in Syria. No Iranian support for Syria . . ." You get the drift. So, the Weekly Standard says:

"We might consider countering this act of Iranian aggression with a military strike against Iranian nuclear facilities. Why wait? Does anyone think a nuclear Iran can be contained? That the current regime will negotiate in good faith? It would be easier to act sooner rather than later. Yes, there would be repercussions -- and they would be healthy ones, showing a strong America that has rejected further appeasement."

"Why wait?" Perhaps because the U.S. military has enough on its plate in the deteriorating wars in Afghanistan and Iraq, which both border Iran. And perhaps because containment, although of uncertain success, did work against Stalin and his successors, and might be preferable to a war against a nation much larger and more formidable than Iraq. And if Bashar Assad's regime does not fall after the Weekly Standard's hoped-for third war, with Iran, does the magazine hope for a fourth?

As for the "healthy" repercussions that the Weekly Standard is so eager to experience from yet another war: One envies that publication's powers of prophecy but wishes it had exercised them on the nation's behalf before all of the surprises -- all of them unpleasant -- that Iraq has inflicted. And regarding the "appeasement" that the Weekly Standard decries: Does the magazine really wish the administration had heeded its earlier (Dec. 20, 2004) editorial advocating war with yet another nation -- the bombing of Syria?

Neoconservatives have much to learn, even from Buddy Bell, manager of the Kansas City Royals. After his team lost its 10th consecutive game in April, Bell said, "I never say it can't get worse." In their next game, the Royals extended their losing streak to 11 and in May lost 13 in a row.

The Price Of Success In Iraq (WP)

By Anthony H. Cordesman

The Washington Post, July 18, 2006

The United States and the government of Iraq should have a common goal: To restore Iraq to full sovereignty and withdraw American forces as soon as the insurgency is defeated or contained and Iraqi forces are able to take over the security mission -- and as soon as the United States is reasonably confident that Iraq has reached some degree of political stability.

But there is a price that U.S. forces will have to pay to have any chance of serious success. It is this: If an amnesty that brings insurgents into the Iraqi political process is possible, the United States cannot indulge in political posturing over whether some of the insurgents who join the government are people who attacked and wounded or killed Americans.

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Violent terrorists and extremists will be excluded from such Iraqi proposals in any case. But there are a significant number of Sunnis and other insurgents who saw the United States as an invader, an "occupier" and a "crusader," and who saw their struggle as a war.

This will mean amnesty for some who struck American as well as Iraqi targets. There are as many as 20 such Sunni movements, and ultimately some Shiite elements may be involved. If Iraq is to have peace and reach a stable series of political compromises, these insurgents need to be brought into the political process. They need to be treated as combatants and not as criminals or terrorists.

This not only is the best way to minimize future U.S. casualties, it is also the best way to give meaning to the sacrifices of American soldiers. The goal and purpose of their service is a free Iraq, not punishing the enemy.

Another price to be paid: It must be shown, by the Iraqi government, that it will separately investigate any charge against U.S. personnel in Iraq. The new government cannot claim to be free or sovereign while ignoring American abuses to date. We have made real mistakes, and a handful of soldiers have committed real crimes. The Iraqi people must see that their government will not ignore this or defer to us because of its dependence upon us.

At the same time, we need to understand that honest investigations of this kind will save American lives. Iraq is filled with false charges and conspiracy theories. Exaggerating or falsifying U.S. incidents and crimes is a key propaganda weapon for our enemies. Iraqi investigations that refute such charges, explain the necessities of battle, and show that U.S. and Iraqi forces are cooperating will defuse such charges and the anger and vengeance that follow. It will also give credibility to our efforts to end the involvement of the Iraqi police and security forces in abuses, death squads and other actions that move the country toward civil war and that aid the insurgency.

The third price is a steady increase in Iraqi decision-making and command authority, and Iraqi control over the actions of U.S. forces. The rate at which this occurs should be left to the U.S. ambassador in Iraq and the U.S. military. If it comes too fast, it will endanger victory. If it comes too slowly, it will endanger Iraqi political unity and credibility.

Part of this transition will have to be some better mechanism for jointly reviewing operations and any further charges against American forces. Iraq is far too volatile to allow Iraqi authorities to arrest and try American personnel. They would inevitably become human sacrifices to those Iraqi political interests that want to rush American forces out or serve their own factional interests. Joint review boards or fact-finding groups, however, are very feasible. So is the idea of a special Iraqi tribunal or prosecutor that would raise charges for consideration by U.S. courts-martial. This would give the Iraqi government the ability to exert the proper kind of pressure to prosecute and ensure that complaints and charges get full and immediate U.S. attention.

The final price is making it clear that the United States will not seek military bases in Iraq and will help Iraq move toward possession of a counterinsurgency force capable of defending the country against foreign threats. Far too many Iraqis see our present bases as the prelude to permanent occupation, and many in the Iraqi military question whether we really will give Iraq the ability to defend itself. If the United States makes it clear that it has no intention to stay any longer than Iraq wants and needs U.S. forces, this will be a further major demonstration of our integrity and credibility, and it will undermine the insurgency while potentially bringing some factions back into the peaceful political process.

Every one of these steps will ultimately save American lives and reduce American casualties. Every one will increase the probability that past American sacrifices will have real meaning. Each will show we are serious about creating a free and independent Iraq, and will help to restore the honor tarnished by a handful of soldiers who endangered and dishonored their comrades.

The writer holds the Arleigh A. Burke chair in strategy at the Center for Strategic and International Studies and is the author of "The Iraq War: Strategy, Tactics, and Military Lessons."

Will Elections Pay Off? (USAT)

USA Today, July 18, 2006

Voting participation has hardly been an issue in elections the United States helped bring to Iraq and Afghanistan. Remember the heartening scenes of people risking bombs and bullets to have their say, buying into the idea of democracy? The excited feel of those elections made them qualitatively different from the sham of Saddam Hussein's Iraq, where he was regularly re-elected with nearly 100% of a forced vote.

But even such enthusiastic elections alone do not a democracy make.

That was all too painfully clear over the weekend at the summit of world leaders in Russia. President Bush made the mistake of invoking Iraq to press President Vladimir Putin about backsliding on democracy. Bush said he praised Iraq, “where there is a free press and free religion, and I told him that a lot of people in our country would hope Russia would do the same thing.” Putin shot back with a line worthy of Jay Leno: “To be honest, we would not want to have the same kind of democracy as they have in Iraq.”

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The rejoinder was more than a dig about the sectarian violence teetering on full-scale civil war there. It pinpointed a fundamental issue of our troubling times: The difficulty of implanting democracy where it has not existed before, a problem that was minimized by the architects of the Iraq war.

The lightning spread of democracy through Eastern Europe after the Soviet Union crumbled offered the exhilarating vision that the experience would be shared elsewhere. And, indeed, democracy and capitalism took firmer root in South America as well.

But on both continents, there was some history of democracy. Not so in Russia, accustomed for centuries to authoritarian rule. As Russian institutions collapsed, people sought order, which ex-KGB leader Putin deviously provided.

And not so in the Middle East. Iraqis embraced democracy, only to be tormented by religious intolerance, tribal rivalry and extreme violence. Palestinian elections put a terrorist group in office.

The lesson is obvious but, as the Iraq experience shows, too easily glossed over: Where democracy is new, decades may pass before it takes firm root and then only if carefully nurtured. In Russia, Iraq and other fledgling democracies, people may eventually build the institutions that guarantee freedom. But the zeal to make that happen isn't often matched by the patience the task demands.

For Wounded US Veterans, Job Prospects Brighter (CSM)

By Ron Scherer, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, July 18, 2006

This generation of troops is getting unprecedented help.

RIVERTON, UTAH

For Sgt. Logan Jubeck, sunbaked Camp Williams has nowhere near the excitement of his forward observation base near Kirkuk, Iraq.

Here, at this National Guard base outside Salt Lake City, he's waiting for the Army to decide if he's medically fit to remain in the service. While he's waiting, he's getting briefed on job prospects in the civilian world.

At least four contractors want to interview the Idaho guardsman for jobs. Most are offering "top dollar." And at least two universities are likely to give Sergeant Jubeck, who was an engineering student before serving in Iraq, incentives to return to school.

"That's the scoop," says Rob Brazell of Return to Work Inc., a nonprofit organization that has started working with disabled veterans such as Jubeck.

Return to Work is part of an unprecedented effort to help wounded troops make the transition to the workplace.

Places such as Walter Reed Army Medical Center are holding job fairs. Specialists in the jobs market, such as Monster.com, are pitching in. Vietnam veterans, most of whom had no help like this, are trying to ensure that this generation of injured soldiers gets better treatment. And there is a dedicated group of people, such as Mr. Brazell, who are intent on helping other people.

"Whereas transition services in the 1970s were fairly limited, today we recognize that we have a lifetime commitment beyond [Veteran Affairs] healthcare and education benefits to broader assistance in job training and placement that contribute significantly to improved opportunities when veterans return to civilian life," says William Offutt, director of the HireVetsFirst campaign at the US Department of Labor. "This time, we're going to get this right."

As of last November, the survival rate for those injured in combat was 90 percent, the highest ever, reports Military.com. But 6 percent of wounded US troops have lost a limb, double the rate of past wars, according to the website, which quoted Maj. Gen. George Weightman, then commander of the Army Medical Department Center and School at Fort Sam Houston in San Antonio. (He is now commanding general of the North Atlantic Regional Medical Command and Walter Reed.)

For those who have been injured, it can mean a major change in career plans if the Army decides they can't continue in uniform. "Guys get wounded, and all of a sudden, they are faced with a loss: It's producing a lot of stress, change, and a lot of problems," says Walter Penk, a consultant in New Braunfels, Texas, who has long worked on veterans issues. "The wounded warrior faces a major readjustment, and it's important that employers be aware of their struggles."

Many of the injured are considering returning to school. Some want to figure out a way to continue working on a team with a defined mission. Many don't want to be tied to a desk job.

One of those is Lance Cpl. Chris Hahn, a husky marine from Loveland, Colo. He lost part of his leg in an accident in Iraq. But he's determined not to let that slow him down. He will be fitted with a prosthetic, he says, and will be able to run with anybody. His goal is to become a police officer. "After Iraq, I need excitement," he says.

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Last month, Corporal Hahn attended a job fair with the catchy title, "Hiring Heroes," at Walter Reed in Washington. Organized by the Defense Applicant Assistance Office (DAAO), it gave injured vets the opportunity to meet some 30 government agencies and private companies.

"We have real jobs," says Karen Hannah, a human resources specialist with DAAO. "Some are temporary while the service members rehab, and others are permanent."

A double amputee, Staff Sgt. Joe Beimfohr is talking to the Department of Veterans Affairs. He's thinking about going back to college. But he can also see himself working for the VA, helping other injured service members. As he sits in the wheelchair, he looks down and asks, "Who could do the work better?"

Such a work ethic is appealing to many potential employers. "Companies are very enthusiastic about vets. They recognize the qualities of today's veterans - their flexibility, mission-orientation, teamwork, and their ability to overcome obstacles on the job," says Mr. Offutt.

One firm that's set up a booth is the real estate network RE/MAX, manned by Bill Gailbraith, a retired marine colonel. The Manassas, Va., man says he's interested in recruiting service members since they're accustomed to a disciplined life. Out of 41 troops interviewed, four were "definite" referrals. "They are not looking for sympathy. They want respect for who they are," says Mr. Gailbraith.

Gailbraith is also typical of another part of the process: He had four tours in Vietnam and "suffered the pangs" of coming back to the United States at a time when the nation was deeply divided. Now, he and other Vietnam veterans are in a position to give jobs and referrals to the wounded soldiers. "The Vietnam vets are making sure if a decision is to be made, it is going the right way," he says.

Some private-sector companies, such as Lockheed Martin Corp., are recruiting at Walter Reed because the wounded soldiers can help deliver on military contracts. "I can't find an Aegis missile technician at Georgetown University," explains Miguel Gutierrez, corporate staffing/military relations manager. "Not only can these people get the job done, but many have held on to their [classified] clearances."

Since the war on terrorism has involved the mobilization of both National Guard and Reserve troops, it's not just regular military personnel who are injured. Some of these other soldiers with medical issues - about 3 percent of activated reserves - end up at a Community Based Health Care Organization (CBHCO), such as the one at Camp Williams in Utah, which is responsible for nine states.

"Soldiers heal closer to home," says Sgt. 1st Class Douglas Dellinger, better known around the base as "Bull Dog," for his tenacity in helping the wounded. "Uncle Sam is finally doing something right. We are taking care of our injured soldiers."

Sergeant Dellinger knows the improvement firsthand: He had a tour in Vietnam. "When you came back, you had your steak dinner, the Army gave you an airline ticket and said, 'OK, go to the VA and get fixed.' "

At Camp Williams, part of the "Welcome Back" package includes an introduction to Brazell's organization, which started out by helping disabled civilians. It takes about two weeks to evaluate the soldiers, and it can take as little as a day to find the right employer, says Brazell.

Jubeck figures he has talked with Brazell about 30 times. The sergeant, who was in an engineering program at Boise State when he was sent to Iraq, has experience as a both diesel mechanic and surveyor. "There are a lot of possibilities for me," says Jubeck, who lost a finger in Iraq and developed other health problems.

At the end of Brazell's briefing on his job prospects, Jubeck thanks him for his help. "You deserve it," replies Brazell. Contact information

Injured Soldiers Deserve Stronger Show Of Gratitude (USAT)

By DeWayne Wickham

USA Today, July 18, 2006

FORT MEADE, Md. — All things considered, Army Sgt. Bryan Anderson would rather be in Iraq with members of his unit. But that option was taken from him one day last October when a Humvee he was driving was ripped apart by a roadside bomb.

"I just knew something was wrong — really, really wrong," Anderson says of his thoughts in the moments that followed the blast. When he raised his left arm to brush away a swarm of flies, he saw his entire hand was gone. And so too was part of a finger on his right hand and both of his legs.

"I just remember thinking, 'This kind of sucks,' " the 25-year-old Chicago native, who hopes to land a job as a movie stuntman when he's discharged, tells me shortly after playing a round of golf in a specially designed motorized cart.

Anderson was among a small group of disabled Iraq war veterans who took part in a golf tournament last week that drew 144 golfers — but this military course should have been overrun with many more grateful Americans.

That it wasn't is a real shame.

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"While we mourn our war dead, we have to take care of our disabled soldiers," says Philip Strambler, the tournament's organizer. Since March 2003, when President Bush launched the war in Iraq, more than 2,500 U.S. military personnel have died in that conflict.

That number has gotten a lot of attention. The steady count of Americans being killed in Iraq has driven the public debate about when and how the Bush administration should pull out our forces.

But largely overlooked in this political sparring are the more than 18,490 U.S. servicemen and women who have been wounded in Iraq. Like Anderson, many of them have suffered life-altering injuries that will require a lot of physical — and emotional — healing.

Strambler heads a unit of the Army's Morale, Welfare and Recreation (MWR) program at the Walter Reed Army Medical Center in Washington. The unit seeks to help disabled troops at that hospital cope with the changes their injuries have forced upon them.

MWR has put on comedy shows. It's organizing a job fair to match soon-to-be discharged disabled soldiers with employers, and a Kid's Fest for the families of the hospital's patients. Strambler also has arranged to get some free seven-day vacations for wounded soldiers at Hilton time-share properties, although he lacks the means to fly them all to those destinations.

That's because these activities are done without taxpayer funding. The golf tournament was supposed to help overcome this problem. "It's a part of our awareness campaign," Strambler says. "We know that if we make corporations aware of these young people, they'll help us, help them."

That, at least, is the idea. But only 14 corporations supported the golf tournament, the profits from which are being used to fund other MWR programs. This nation can do a lot better than that.

I'm no fan of the detour the Bush administration's war on terror took into Iraq. I think he was wrong to commit our troops there on the flimsiest of evidence, and wrongheaded to leave them in Iraq as that country slipped into a civil war.

But as someone who volunteered to serve in Vietnam, I understand that military personnel take an oath of service to the Constitution, not a political party or officeholder. They deserve the gratitude of all Americans for the sacrifices they make when this democracy orders them into battle.

I didn't see enough evidence of that gratitude at the golf outing last week. The people who showed up were enthusiastic enough, but programs such as those put on by Walter Reed's MWR program deserve a lot more backing.

At the very least, they deserved support that rises to the level of the sacrifices made by the servicemen and women who suffered disabling wounds in Iraq.

CORPORATE SCANDALS:

Peregrine Options Case May Preview Current Probes (Update1) (BLOOM)

By Otis Bilodeaumiles Weiss

Bloomberg, July 18, 2006

July 17 (Bloomberg) -- U.S. regulators first cracked down on stock-option backdating three years ago in a case that shows how government prosecutors may attack abusive pay practices now under investigation at more than 50 companies.

The Securities and Exchange Commission said in a 2003 lawsuit that San Diego-based Peregrine Systems Inc. committed fraud when the software maker awarded executives stock options and pretended they were granted on the day the company's stock touched its lowest price for the quarter. Since at least March, federal officials have been looking for evidence that companies from Apple Computer Inc. to Home Depot Inc. manipulated the dates of option grants to boost officers' pay.

Regulators this week plan to file criminal charges in the first enforcement case to emerge from the current options scandal, two people with direct knowledge of the matter said. At least 12 more cases probably will follow, said the people, who asked not to be identified because the probes aren't public.

``We are now starting to see that backdating was much more widespread than anybody had any previous indication," said Harvey Pitt, chief executive officer of Kalorama Partners LLC, a Washington consulting firm, and the SEC's chairman from August 2001 to February 2003. The Peregrine suit ``buttresses the observation that this conduct is neither new nor unique, nor uncovered by existing securities laws."

Action `Very Soon'

Speaking with reporters after an SEC event in Washington today, agency Chairman Christopher Cox said the first case tied to the backdating scandal would be announced ``very soon."

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``There is undoubtedly both a criminal and a civil piece when it comes to egregious forms of option backdating,'' Cox said. ``Forging documents, lying to boards of directors, lying to investors all form the basis of civil as well as criminal charges. I can only speak to the civil, for which we are responsible.''

More than 2,200 U.S. companies may have tampered with the timing of executive stock-option grants between 1996 and 2005, according to a study by researchers who helped set off the current wave of federal investigations.

The study found 23 percent of all grants made from 1996 to August 2002, were at low share prices. The authors, Randall Heron at the Kelley School of Business at Indiana University and Erik Lie of the Henry B. Tippie College of Business at the University of Iowa, used the latter date as a cutoff because that's when the SEC tightened reporting rules for option grants.

Backdating Detailed

The Peregrine complaint, filed in San Diego federal court in June 2003, details how a company backdated options.

Peregrine's directors approved stock-option grants at each quarterly board meeting. Instead of pricing the options on the day of the grant, meaning they couldn't be redeemed at a profit until after the stock appreciated, Peregrine waited until after the next board meeting.

The company's stock administrator then ``looked back at the market price of Peregrine's stock between the two quarterly board meetings, to find the lowest price at which Peregrine's stock had traded,'' the SEC said in its suit.

That's where Peregrine set the strike, or exercise, price of the options. The company failed to account for the ``positive difference in the stock price'' as a compensation cost and so understated expenses by about $90 million, according to the SEC.

`Massive Fraud'

At Peregrine, backdating was part of what the SEC alleged was a ``massive financial fraud'' that included inflating revenue and selling false invoices to banks. The stock-option violations are listed in a section of the SEC's 15-page complaint, and the agency didn't mention them in the statement it released on the Peregrine fraud.

``Given the train wreck Peregrine became, backdating was the least of their worries,'' said Thomas McNamara, a San Diego attorney who represented the software company. ``Now backdating is the crime du jour.''

The current probe into stock-option manipulation includes some of America's best-known companies, such as Cupertino, California-based Apple, maker of the iPod digital-music player, Atlanta's Home Depot, the world's biggest home-improvement retailer, and UnitedHealth Group Inc., the No. 2 U.S. health insurer, in Minnetonka, Minnesota.

Companies including software maker Mercury Interactive Corp., of Mountain View, California, and San Francisco-based Cnet Networks Inc., an online publisher of technology news and reviews, determined they granted options at below-market prices and didn't account for them properly. The crackdown has cost the jobs of at least 19 corporate officials, among them four chief executive officers.

SEC, Justice Department

In the enforcement action that may come as early as this week, the SEC probably will file a civil case in tandem with criminal charges by the Justice Department, the people familiar with the matter said.

Unlike the current investigation, the Peregrine case centered on widespread abuses of revenue-recognition rules in the software industry, Debra Patalkis, the SEC's lead trial lawyer in the 2003 case, said in an interview. Peregrine's auditor at the time, Arthur Andersen LLP, was aware of its option practices, the SEC said in its complaint.

Peregrine's proxy statements show CEO Stephen Gardner received options to purchase 1.2 million shares in April 1998 at the split-adjusted price of $4.56 each, coinciding with the lowest close for the company's stock during the fiscal year ended March 30, 1999.

Auditor Uncovered Fraud

The following year, Peregrine granted Gardner options on 291,750 shares at the lowest closing share prices in three fiscal quarters. At least four other executives also received grants that year priced on days that company shares hit quarterly lows.

Peregrine and new auditor KPMG LLP uncovered the fraud in the first half of 2002, triggering a $509 million reduction in previously reported revenue, at least 44 shareholder lawsuits, a bankruptcy filing in September of that year, and criminal charges against Gardner and 14 others.

Reid Figel, an attorney representing Gardner in his criminal case, didn't return calls seeking comment.

After cooperating with the SEC's subsequent investigation, Peregrine settled with the agency in 2003 without admitting guilt or paying a fine. The company was acquired by Palo Alto, California-based Hewlett-Packard Co. in December 2005.

The Peregrine fraud continues to haunt the perpetrators. Last week, Douglas Powanda, Peregrine's former vice president of worldwide sales, pleaded guilty to conspiracy to commit securities fraud.

SEC Says Options Charges Likely Soon (FT)

By Jeremy Grant

Financial Times, July 18, 2006

The first civil charges to be filed in the growing US stock options backdating scandal are likely "very soon", Securities and Exchange Commission chairman Christopher Cox said on Monday.

The development shows the speed at which the regulator is moving to address the practice, which has engulfed over 60 mainly technology companies.

They are being investigated by the SEC or the justice department – in many cases both – over questionable timing of stock options grants. Investigators want to know whether options were deliberately backdated to periods when a company's stock price was at or near a record low and whether this was properly disclosed and accounted for.

"There is undoubtedly both a criminal and a civil piece when it comes to egregious forms of options backdating – forging documents lying to boards of directors, lying to investors," Mr Cox told reporters at an anti-investment fraud seminar. "All can form the basis of criminal or civil charges."

Asked when civil charges could come in any cases, Mr Cox said: "I think very soon." He declined to elaborate on what companies or on a timetable for such charges.

He said: "Each day of course we learn more, but for some period of time now it's been abundantly clear that these are not merely episodic instances but rather there were widespread problems, certainly during the 1990s."

Last week Kevin Ryan, the US attorney in San Francisco, said he had convened a taskforce together with the Federal Bureau of Investigation to determine whether companies that engaged in options backdating did so with "fraudulent intent to defraud the marketplace, or to hide something from the auditors or the taxman".

Mr Ryan hinted that the widespread past practice of companies not accounting for discounted options as an expense in their profit-and-loss account could point to evidence of an intent to deceive investors.

Separately, a study published at the weekend revealed that over 2,000 companies appear to have used backdated options to boost executives' income.

Erik Lie, whose research in 2004 into the subject was largely behind the current set of probes into the issue, said in a paper published by the University of Iowa that a new statistical analysis of the practice showed that it was far more common than initially thought.

It said 29.2 per cent of companies had used backdated options, while 13.6 per cent of options awarded to executives between 1996 and 2000 had been manipulated of backdated.

White-Collar Prosecutions Dropping (LAW)

By Jason McLure, Legal Times

Legal Times, July 18, 2006

Wave of cases after Enron may have crested.

Armed with a slew of statistics, Matthew Friedrich, the Justice Department's No. 2 official in its Criminal Division, went before the Senate Judiciary Committee late last month to tout the federal crackdown on corporate fraud and address concerns about integrity in the hedge fund industry.

By any measure, the numbers Friedrich presented were impressive. Over the past four years the department's Corporate Fraud Task Force had won the convictions of 92 corporate presidents, 82 chief executive officers, and 40 chief financial officers. "We now have the attention of the corporate community," said Friedrich. Nevertheless, he told the senators, white-collar crime remains "a priority for the Department of Justice."

But there were some DOJ statistics Friedrich didn't cite. Those numbers show that by some measures the crackdown on corporate criminals has stalled. For instance, there was a 30 percent drop in the number of defendants charged with corporate fraud in 2005 over the previous year and a more than 50 percent decline in the number of corporate fraud investigations opened by federal prosecutors last year. Those figures, buried in an annual statistical report published by the DOJ's Executive Office of U.S. Attorneys that was released earlier this year, were the lowest since the government's post-Enron crackdown on corporate crime began in 2002.

The decline hasn't gone unnoticed by those who study government prosecution data. "There have been some very high-profile cases like Enron that get a lot of attention," says David Burnham, a co-director of Syracuse University's TRAC research center. "But when you look at [new] cases that the Justice Department classified as white-collar crime, they're down."

The Justice Department attributes the decline in part to the resource-intensive nature of corporate fraud cases, which can involve dozens of prosecutors and FBI agents. And it suggests the downturn may be temporary. "This could be just part of the cycle and reflect movement into a period of investigation which could ripen into prosecutions," says Evan Peterson, a DOJ spokesman.

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To be sure, recent statistics charting new case openings and indictments by federal prosecutors don't tell the entire story of the climate corporations have faced since the collapses of Enron Corp. and WorldCom Inc., in 2001 and 2002, respectively. Public companies have faced increased regulatory scrutiny by a beefed-up Securities and Exchange Commission empowered with the Sarbanes-Oxley Act of 2002. And the lengthy sentences handed down to executives at Enron, WorldCom, and Adelphia have served notice to corporate executives that cooking a company's books can land them in prison for decades.

Meanwhile, white-collar defense lawyers at the nation's largest law firms say the gusher of large corporate fraud cases opened in 2003 and 2004 means they're still busier than ever.

"If there's a drop-off I'm not seeing it," says Mark Hulkower, a white-collar defense lawyer at Steptoe & Johnson, whose clients have included Riggs Bank and Enron accountant Richard Causey. "It may be that the decrease is going to be felt six months from now."

But the figures also come in the context of a steady decline in all forms of white-collar crime — a category the DOJ broadly defines to include not just corporate fraud but a range of crimes, such as bank, health care, and telemarketing frauds. The number of those prosecutions has declined steadily from 8,820 cases in 2002 to 7,822 during the past fiscal year, according to Justice statistics. Syracuse's TRAC, which tabulates federal prosecutions slightly differently, measures an even sharper decline.

In terms of the numbers, white-collar defense lawyers and former Justice officials suggest two main reasons for the decline in new prosecutions: a continued shift in resources toward terrorism investigations and other priorities and a focus on a smaller number of high-profile corporate fraud cases.

Racking up scalps

At the Justice Department the renewed focus on corporate fraud began with a speech on Wall Street by President George W. Bush in July 2002. Enron had declared bankruptcy just eight months earlier, and WorldCom was teetering on the brink.

Among Bush's proposals was the formation of a Corporate Fraud Task Force under then-Deputy Attorney General Larry Thompson. Wall Street reacted skeptically to the speech, in part because such task forces often amount to no more than a reshuffling of the government bureaucracy. But the Justice Department soon began to produce results. In 2003 federal prosecutors opened 224 new corporate fraud cases after opening just 130 the year before, and the number of defendants charged with corporate fraud by the DOJ surged from 180 to 313.

Those indicted included dozens of executives at A-list companies such as Enron, Merrill Lynch, and Qwest Communications. In 2004 the heightened activity began to bear fruit, as the DOJ registered 258 convictions in corporate fraud cases — more than five times as many as it had just two years before. And its pace of new indictments and new investigations didn't slacken.

That is, until last year. Though Justice's efforts continued to win corporate fraud convictions at a furious pace and produce television footage of weeping executives such as WorldCom's Bernard Ebbers, away from the cameras the feds opened fewer corporate fraud cases than they had in 2002. That, say some white-collar fraud experts, indicates a return to a more reactive approach and the end of the wave of corporate prosecutions.

"I think it's crested," says Peter Henning, a former federal prosecutor who now teaches law at Wayne State University. "We're going back to where we were."

Shifting to terror

In June a federal court in Los Angeles sentenced Daren Lynne Tyger to 27 months in prison for embezzling nearly $300,000 from the A.C. Green Youth Foundation, a charity founded by the Los Angeles Lakers' former rebounding specialist.

Green certainly won't be the last professional athlete to be conned by those he entrusts with money. But Tyger's case is something of a rarity in one respect: It's one of a dwindling number of modest-size white-collar crimes the Justice Department has prosecuted in recent years.

Corporate fraud of the type that felled Enron represents just a small portion of the white-collar prosecutions brought by federal authorities. Tyger pleaded guilty to two counts of bank fraud, a crime the FBI has shown a declining interest in investigating since the Sept. 11 terrorist attacks. Since 2001, the number of agents dedicated to white-collar crime has shrank from 30 percent to 20 percent of the FBI's total force, according to the agency. That's meant more smaller cases are being kicked down to state and local authorities.

"The thresholds have gone up," says FBI spokesman Stephen Kodak. "Where we might have opened up a $10,000 fraud case in a district, [today] it might be a $100,000 fraud."

Meanwhile, the number of agents focusing on counterterrorism and public corruption has spiked.

"Clearly, the FBI has rededicated itself to counterterrorism, and that will be a long-range trend that will decrease resources to white collar," says Joshua Hochberg, a partner at McKenna, Long & Aldridge who led Justice's Fraud Section until last fall.

In Los Angeles the restructuring of the FBI meant the 35 agents investigating bank fraud in 2000 had dropped to 17 in 2004, according to a report last year from DOJ Inspector General Glenn Fine. That trend has been mirrored when it comes to

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telemarketing, wire, and mail fraud schemes. From 2000 to 2004 the number of agents nationwide investigating those types of crime fell from 304 to 179.

In some ways the statistics reflect success on the part of the FBI and Director Robert Mueller in shifting the bureau's focus to terrorism. "When you get bodies for white collar, white collar gets prosecuted; when you get bodies for terrorism, you get terrorism cases," says William Mateja, a former senior Justice official who is now a partner at Fish & Richardson.

Though the Corporate Fraud Task Force is cutting a much lower profile these days, Justice officials say it has not yet become obsolete. When it meets later this month, under the direction of Deputy Attorney General Paul McNulty, it's expected to discuss problems in the hedge fund industry and the practice of back-dating stock options. Should it choose to aggressively pursue both of those issues, the number of new prosecutions could soon jump into the hundreds, says Wayne State's Henning.

And though the DOJ's prosecution statistics may be dropping precipitously, the fall may also reflect the success the government has had in changing the climate on Wall Street through its high-profile convictions over the past three years.

"What is it we're really trying to accomplish here?" says Christopher Wray, a partner at King & Spalding who headed Justice's Criminal Division from 2003 to 2005. "Is it just racking up scalps or focusing on the cases that involve the most harm and are most crying out for federal intervention?"

Jason McLure can be contacted by jmclure@alm.com.

Law Firm And 4 Figures In Payments Case Enter Pleas (NYT)

By Cindy Chang

The New York Times, July 27, 2006

LOS ANGELES, July 17 — The law firm Milberg Weiss Bershad & Schulman and two of its partners pleaded not guilty on Monday to charges of making more than $11 million in secret payments to people who agreed to become plaintiffs in lucrative class-action securities lawsuits.

Two other defendants — Seymour M. Lazar, who is accused of serving as a paid plaintiff, and Paul T. Selzer, a lawyer who is accused of helping launder the payments — also pleaded not guilty in Federal District Court.

Milberg Weiss and the two partners, David J. Bershad and Steven G. Schulman, were indicted in May on charges that included mail fraud and conspiracy.

The law firm said in a statement Monday: "The indictment is unprecedented and unfair, and the firm intends to vigorously defend itself against the charges. We are confident that we will be fully vindicated."

At a hearing later in the day, prosecutors told a federal judge there was a possibility that more indictments could be coming.

"We're not sure what the contours would be, but we're trying to push through and get the investigation completed," said Douglas A. Axel, deputy chief of the major frauds section at the United States attorney's office in Los Angeles.

Mr. Bershad and Mr. Schulman have taken leaves of absence from the firm. Melvyn I. Weiss, a founding member of the firm, has not been indicted. Lawrence Milberg, another founder, died in 1989.

Amid its legal troubles, the firm has been trying to hold on to its lawyers. On Monday, the law firm of Epstein Becker & Green said that it had hired Arnold N. Bressler, a former managing partner and head of the corporate department at Milberg Weiss, and two other Milberg Weiss lawyers.

The firm has also struggled to keep clients and has been removed as lead counsel by a handful of large institutional investors in high-profile cases.

A Web site set up to defend the firm, www.milbergweissjustice.com, contends that any payments made to the class-action plaintiffs were "referral fees" that are "an entirely legal, common and efficient way of ensuring that lawyers refer cases to specialists, such as Milberg Weiss, that have the resources and experience to handle complex litigation."

The site also questions whether the prosecutions are politically motivated. Mr. Weiss is a prominent Democratic Party donor.

A trial date has not yet been set. At Monday's hearing, Judge John F. Walter gave the prosecution 60 days to organize the hundreds of boxes of documents it must hand over to the defense in discovery proceedings.

Short-Selling Inquiry Is Widened To Cover Stock-Lending Business (WSJ)

By Randall Smith

The Wall Street Journal, July 18, 2006

Federal prosecutors and civil regulators have opened a new front in their probes of the mechanics of short selling, according to people familiar with the case.

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The Justice Department's U.S. attorney for the Eastern District of New York in Brooklyn is investigating possible overcharging in the stock-lending business, including the use of bogus "finder's fees," the same people said. The prosecutors are working with regulators at the Securities and Exchange Commission and the New York Stock Exchange, a unit of NYSE Group Inc.

Stock lending is an important part of short selling, in which investors sell borrowed stock in hopes of buying it back at a lower price. The improper finder's fees came to light last week in an NYSE regulatory action against one of the NYSE's major "specialist firms" that direct trading on the floor, the specialist unit of Van der Moolen Holding NV, based in the Netherlands.

The NYSE regulators fined Van der Moolen $3.5 million for allegedly overcharging customers with finder's fees and interest rates that were as much as 13 percentage points above market. Van der Moolen consented to the charges without admitting or denying wrongdoing. (On Friday, two former NYSE specialist traders at Van der Moolen Specialists USA were each convicted of securities fraud.)

The prosecutors and regulators are focusing not only on individuals involved in the Van der Moolen case but also on a few other firms that engage in stock lending, according to the people familiar with the case. The probe by the prosecutors was earlier reported by TheStreet.com Inc.

The latest probe follows separate civil lawsuits and regulatory investigations of the influence of short selling on independent research, and how short selling may have contributed to the steep decline of the price of Vonage Holdings Corp. after its initial public offering in May.

Biovail Corp., a specialty pharmaceuticals company that has tangled with short sellers, filed a civil lawsuit in February alleging that a hedge fund conspired with an independent research firm to drive down Biovail's stock price. And last month the NYSE asked Wall Street firms for information about procedures they used to facilitate borrowing in shares of Vonage when it first began trading.

Prime brokers that provide stock-lending services to hedge funds are allowed to facilitate such sales if they have "reasonable grounds" to believe the stock can be borrowed. But a recent civil lawsuit against the largest prime brokers alleged that sometimes such brokers charge fees for such loans without actually borrowing the stock.

As the Van der Moolen case suggests, market rates for such transactions may not be widely known. Indeed, a former consultant at Morgan Stanley, one of the largest prime brokerage firms, was arrested Friday and charged with conspiracy for allegedly improperly emailing rates charged to specific customers for prime brokerage services.

The consultant, Ira Chilowitz, along with an unnamed co-conspirator who formerly worked as a Morgan Stanley prime brokerage salesman, planned to use the data to help customers of Morgan Stanley and other firms negotiate better rates, according to a Federal Bureau of Investigation complaint and affidavit.

Morgan Stanley said in a statement that it sought the action by Manhattan federal prosecutors to safeguard its confidential customer information. A lawyer for Mr. Chilowitz, Peter Batalla Jr., said his client is "innocent and will defend the charges against him."

CRIMINAL LAW:

11 Including CEO Of Offshore Gambling Web Site Charged (AP)

By David Koenig, Associated Press Writer

AP, July 18, 2006

FORT WORTH, Texas (AP) -- Federal officials on Monday charged 11 people, including the CEO of a big gambling Web site, alleging they committed conspiracy, racketeering and fraud in taking sports bets from U.S. residents.

The Justice Department is seeking the forfeiture of $4.5 billion, cars and computers from the defendants, including Betonsports PLC and three other companies.

Betonsports Chief Executive David Carruthers and four other defendants were arrested over the weekend. Carruthers was being prevented from boarding a flight Sunday from Texas to Costa Rica, where the company has operations.

The 22-count indictment was unsealed Monday in St. Louis, where a federal judge also ordered Betonsports to stop accepting bets placed from within the United States.

Several of the defendants live outside the United States, which will make them hard to catch, said U.S. Attorney Catherine Hanaway in St. Louis.

"This is a tough crime to prosecute," she said.

Among those who live abroad is Gary Stephen Kaplan, the founder of Betonsports, which is incorporated in the United Kingdom and listed on the London stock exchange.

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Kaplan is a former New York area bookie who moved his operations to the Caribbean after being arrested on gambling charges in New York in 1993.

Despite the move, the United States has remained Kaplan's main market, officials said. He is now living in Costa Rica and owns 15 percent of the company, according to the indictment. A warrant was issued for his arrest.

Officials said those arrested include Kaplan's brother, Neil Scott Kaplan, who handled purchasing for the company. He was arrested in Fort Pierce, Fla. Two other defendants were arrested in Miami and another was arrested in Philadelphia.

Carruthers was being held in Fort Worth after he was detained while trying to make a connecting flight Sunday from the United Kingdom to Costa Rica. A federal magistrate ordered him held until a detention hearing on Friday.

Carruthers' first appearance in court Monday lasted about 10 minutes. He was led into the courtroom in handcuffs, wearing a lime green T-shirt with the words "World Traveler" across the front, faded jeans and gray suede shoes.

Tim Evans, an attorney who appeared on Carruthers' behalf, handed him a lengthy document, adding, "You won't have time to read it all, of course."

Kevin Smith, a spokesman for Betonsports, said Carruthers and other company officials had no idea that there was an indictment.

"Certainly had they told us, we would have been more than willing to negotiate with them and work on whatever these charges are," Smith said. "There wouldn't have been any need to nab him while he's waiting on a layover for a flight."

Others named in the indictment include Kaplan's sister and several Betonsports employees. The other three companies named in the indictment are based in Florida and handle promotional activity for Betonsports.

The indictment charges Kaplan with failing to pay federal wagering excise taxes on more than $3.3 billion in U.S. wagers.

Authorities also charged that Kaplan's group fraudulently claimed that Internet and phone wagering on sporting events was legal and licensed.

Internet gambling has become a political issue in Washington.

Last week, the House passed a bill that would make it illegal for American banks and credit card issuers to make payments to online gambling sites. The bill's fate in the Senate is uncertain, in part because of exemptions granted for horse racing and state lotteries.

Associated Press writer Jeff Douglas in St. Louis contributed to this report.

Online Betting Boss Faces Conspiracy Charges In US (GUARD)

By Simon Bowers And Agencies

Guardian (UK), July 18, 2006

The boss of the online betting group BetonSports was detained at an airport early yesterday morning by the FBI after he touched down in the US on his way from Britain to the company's main operational base in Costa Rica.

Investor fears that the move marked the start of a broader crackdown on internet gambling, judged to be illegal by the US justice department, sent shares in several online operators plunging.

BetonSports fell 23p, or 16%, to 122.5p and Sportingbet lost 42.25p to 282p. PartyGaming, which does not take sports bets, was down 13p to 96p in early trading, but recovered to end the day down 6p at 103p. These are among several offshore companies to have floated in London in recent years that make a lot of their revenues from American gamblers - though they operate from bases outside the US.

A BetonSports spokeswoman said the firm's chief executive, David Carruthers, 48, was detained, along with his wife Carol, at a US airport at 11pm local time by the federal authorities. Mrs Carruthers has since flown home to Britain. Last night the spokeswoman said BetonSports had still not heard from Mr Carruthers.

He is being held in custody in Fort Worth, Texas, after a federal grand jury in the Eastern District of Missouri returned a 22-count indictment charging him and 10 other individuals and four corporations on various charges of racketeering, conspiracy and fraud, the US justice department said in a statement.

The founder of BetonSports, Gary Kaplan, 47, was also charged with 20 felony violations of federal laws, it said. A warrant has been issued for his arrest.

The US has also filed a civil complaint to obtain an order requiring BetonSports to stop taking sports bets from the country and to return money held in wagering accounts to account holders in the US.

A judge issued a temporary restraining order yesterday, with a hearing in the civil case requested within 10 days.

"Illegal commercial gambling across state and international borders is a crime," US attorney Catherine Hanaway of the Eastern District of Missouri said. "This indictment is but one step in a series of actions designed to punish and seize the profits of individuals who disregard federal and state laws."

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The justice department has repeatedly said it regards online betting - including sports betting and gaming - as an illegal activity under the Wire Act, the wording of which prohibits wagers on "sporting events or contests".

Many businesses, particularly online gaming operators, take issue with this position and point to a federal appellate court judgment in 2002, known as the Mastercard ruling, which states: "The Wire Act does not prohibit non-sports internet gambling."

BetonSports and its much larger rival Sportingbet operate sports betting as well as casino and poker websites targeted at the US market.

Last night, asked if Sportingbet directors would continue to travel to the US in the light of Mr Carruthers' detainment, a spokesman said: "We are monitoring the situation closely."

Chief executive Nigel Payne, who visits the US on a monthly basis, was on holiday yesterday and unavailable for comment. The spokesman confirmed he was not staying at his Florida home or anywhere in the US.

Mr Payne is due to step down as chief executive in October in order to focus on lobbying activities for the group, particularly in the US. He will remain on the board of Sportingbet, which makes 65% of its revenues from the US.

A bill designed to tighten US law on online betting was passed by the House of Representatives last week and has been handed to the Senate.

Mr Carruthers is among those who played down the likelihood of the bill becoming law. Last week he told the company's annual shareholder meeting its chances were "remote".

U.S. Charges Online Betting Site (MRKTWTCH)

By Rex Nutting & Steve Goldstein

MarketWatch, July 18, 2006

Founder, CEO charged with racketeering, fraud, conspiracy

WASHINGTON (MarketWatch) -- U.K. online gambling company BetOnSports PLC, its founder and its chief executive were indicted on racketeering, conspiracy and fraud charges in U.S. court, the Justice Department announced Monday.

A federal judge in St. Louis issued a temporary restraining order on Monday to prevent BetOnSports from accepting bets from the United States. The FBI moved to shut off its phones.

"Illegal commercial gambling across state and international borders is a crime," said U.S. Attorney Catherine L. Hanaway, promising further actions against online gambling. Hanaway is the U.S. Attorney for eastern Missouri.

The 22-count indictment seeks the forfeiture of $4.5 billion from BetOnSports and the other defendants. The government claims the company's founder, Gary Stephen Kaplan, failed to pay federal excise taxes on $3.3 billion in wagers taken from the United States.

The indictment, issued June 1, was unsealed on Monday.

BetOnSports CEO David Carruthers was taken into custody on Sunday at the Dallas-Fort Worth airport during a brief stopover on his way from Britain to Costa Rica. Two other defendants were arrested in Miami.

Carruthers has been a highly visible lobbyist against U.S. legislation against online gambling. He debated the author of the House bill, Rep. Jim Leach, R-Iowa, in an online debate sponsored by the Wall Street Journal. Read debate at WSJ.com (subscription required).

Arrest warrants have been issued for other defendants, the Justice Department said. Kaplan is a resident of Costa Rica. The government said it would seek extradition of all defendants.

The other defendants named in the indictment include: Kaplan's siblings, Neil Scott Kaplan and Lori Kaplan Multz; Norman Steinberg; Peter Wilson, media director for BetonSports.com; and Tim Brown, Steinberg's son-in-law.

The three other companies named in the indictment were Direct Mail Expertise, Inc., DME Global Marketing and Fulfillment Inc. and Mobile Promotions Inc., all based in Florida. Also charged were William Hernan Lenis; Monica Lenis and Manny Gustavo Lenis, owners and operators of the Florida companies; and William Luis Lenis.

BetOnSports (UK:BSS: news, chart, profile) is based in Costa Rica and is listed on the London Stock Exchange. Shares in the company plunged nearly 18% on Monday after news that Carruthers had been arrested in Texas over the weekend.

Other online gambling companies also suffered on Monday on the prospect that American authorities were moving to crack down on overseas Web sites that allow U.S. citizens to bet.

FTSE 100 member PartyGaming (UK:PRTY: news, chart, profile) , fell about 7%, Sportingbet (UK:SBT: news, chart, profile) slipped 12% and 888 Holdings (UK:888: news, chart, profile) shed 4%.

The online sites operate in the United Kingdom, where such betting is legal. But up to 90% of their revenue comes from U.S. bettors, where such gambling has questionable legal status.

On the BetOnSports site, for example, 90% of bets are on American football, basketball and baseball -- three sports hardly played or bet on by British gamblers.

With the exception of pari-mutuel horse racing, placing bets over telephone wires is a violation of federal law. The legality of gambling over the Internet has not been fully tested in court.

Last week, the U.S. House of Representatives moved to strengthen U.S. laws against online gambling. The House passed a bill that would prohibit banks and credit-card companies from processing payments for online bets, and it would also prohibit the gambling companies from accepting credit-card or electronic-transfer payments for online gambling. See archived story.

The bill also would explicitly extend the ban on wagering over phones to wagering over any communications device.

But the prospects for passage of the bill in the U.S. Senate remain uncertain, and President Bush has only given tepid support, saying that he backs it but has unspecified "concerns."

Last year, the WTO decided that parts of some U.S. gambling statutes, including the Wire Act, violate the General Agreement on Trade in Services. The trade body also found in favor of Antigua on a claim that the Interstate Horseracing Act, which permits electronic wagering between states where it is legal, discriminates against foreign operators. Antigua is home to numerous online gambling operations that do most of their business with American bettors. Rex Nutting is Washington bureau chief of MarketWatch.

Steve Goldstein is MarketWatch's London bureau chief.

Arrest Of Gambling Executive Linked To Tax Inquiry (TIMES)

By James Doran, In New York And Dominic Walsh

London Times, July 18, 2006

THE presence of the US Internal Revenue Service at the arrest of David Carruthers, the BetOnSports chief executive, as he got off a flight at Dallas Fort Worth airport suggests that the case may not be centred solely on the legality of online gambling in the US.

The news that he had been detained by federal authorities on Sunday evening sparked fears that it might herald a crackdown on US internet gambling.

However, FBI officials confirmed to The Times that agents from the IRS as well as the FBI were present, indicating an investigation into tax evasion as well as illegal betting.

Fort Worth airport police took Mr Carruthers into the holding cells beneath the arrivals terminal where he spent the night. Then at lunchtime yesterday he was handed over to the custody of the US Marshals Service.

It dispatched two officers to take him in handcuffs and shackles to the Fort Worth federal courthouse where he was scheduled to appear before a judge for a brief hearing at 2pm Dallas time. At some point between his arrest and the appearance in court Mr Carruthers would have suffered the indignity of the Federal booking procedure, an ordeal that involves a strip-search, the taking of mugshots and fingerprinting. The process would have been repeated by the US Marshals Service.

Mr Carruthers will reappear in court on Friday for a detention hearing.

Yesterday's hearing only lasted ten minutes, with prosecutors declining to release details of a multi-count indictment against Mr Carruthers and several others. However, prosecutor Mark Nicholls told the court that they were accused of conspiring to offer bets on professional and college sports to US residents.

Wearing faded jeans and a lime green T-shirt emblazoned with the words "world traveler", Mr Carruthers spoke only when the judge asked him if he understood the charges.

Until he is sent to Missouri to face trial, Mr Carruthers is expected to be housed in a cramped cell at the Seagoville Federal Correctional Centre near Dallas, according to a spokeswoman for the FBI Dallas office.

There, he will be obliged to wear an orange jump-suit and be forced to stay in his small cell for 23 hours a day. He will be allowed out to exercise for one hour a day under close guard.

If he is lucky, Mr Carruthers will have a cell to himself with a bed, a seatless toilet and a small sink. It is more probable, though, that he will have to share the tiny space with an inmate.

The potential significance of Mr Carruthers's arrest can be gauged by the large number of rival internet gambling operators that have contacted BetOnSports for further information on the circumstances surrounding his arrest.

SPORTING PRESENCE

BetOnSports was founded in 1995 in Aruba, West Indies, moving in 1997 to Antigua, where its sports betting and casino operations are still licensed. Expanded in 1998 into Costa Rica, its present base

Since flotation in 2004, has made several acquisitions, giving it a strong presence in Asia, and has launched a poker website

Brands include Easybets, Hooball and 777ball

Pre-tax profits of $14.9 million (£8 million) and gaming volumes of $1.77 billion in year to February

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80 per cent of sportsbook volumes are from the United States. It has offices in the UK, Antigua, Costa Rica, Malaysia, The Philippines, Mexico and Guatemala

Non-executive directors include Lord Glentoran, former chairman of Redland Tile and Brick

BetonSports, 3 Other Companies Are Indicted In U.S. (WSJ)

The Wall Street Journal, July 18, 2006

The Justice Department indicted 11 people and four companies, including major online gambling company BetonSports PLC, on charges of racketeering, conspiracy and fraud, the government said.

BetonSports is based in Costa Rica and is listed on the London Stock Exchange. Shares fell nearly 17% yesterday after news that the company's chief executive officer was arrested.

A federal court in St. Louis issued a temporary restraining order yesterday to prevent BetonSports from accepting bets from the U.S.

REPLY ALL

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Should Online Gambling Be Banned:2 David Carruthers debates the issue with U.S. Rep. Jim Leach (4/4/06)

The founder of the company, Gary Stephen Kaplan, was charged with 20 felonies. The indictment seeks forfeiture of $4.5 billion from Mr. Kaplan and the co-defendants, as well as various properties.

CEO David Carruthers was arrested Sunday in Dallas as he changed planes. The move comes as some U.S. legislators are trying to curtail such sites. Last week the House approved a bill that would make it harder to use credit cards and other electronic payments to place bets over the Internet, including offshore Web sites. It now goes to the Senate, where its fate is uncertain.

BetonSports said Mr. Carruthers was stopped Sunday as he was changing flights in Dallas on his way from the United Kingdom to Costa Rica, where the company has call centers and other operations. He was detained "to assist federal authorities with some inquiries," a BetonSports spokeswoman said. The company said business continued as normal.

David Davidson, assistant chief deputy of the U.S. Marshals Service, said Mr. Carruthers was stopped after an arrest warrant was issued by another district. He said the charge was related to illegal gambling, but he didn't have full details.

Mr. Carruthers was due to face a judge yesterday afternoon, he added.

The online sites operate in the U.K., where betting is legal, but much of their revenue comes from bettors in the U.S., where such gambling is illegal.

FBI To Tape More Interrogations (CHIST)

By Natasha Korecki, Federal Courts Reporter

Chicago Sun-Times, July 18, 2006

As part of its massive effort to fight corruption, the U.S. attorney's office in Chicago increasingly is targeting people who lie to investigators.

And to help in that effort, FBI agents will be urged to expand the audio recording of interviews with suspects, the head of Chicago FBI's white-collar crimes unit told the Chicago Sun-Times.

That's after the failure to do so in two recent high-profile corruption cases -- involving former Gov. George Ryan, and illegal City Hall hiring -- gave ammunition to defense lawyers to dissect agents' reports of interviews.

ACCUSED OF LYING

The number of people charged by the U.S. attorney's office in Chicago with making false statements to federal investigators steadily rose over the past five years.

2003: 26.

2004: 35.

2005: 60.

2006 (to date): 13.

'Hard to argue with that tape'

"There's certainly not a regret. But agents have had close scrutiny on the stand. It does give us pause," said the FBI's William C. Monroe. "I think we are going to see more interviews recorded at the FBI. If a person hears that tape, it's going to be hard to argue with that tape."

Juries did vote to convict on the false statement charges in both trials, which Monroe thinks sends a message to future suspects who are approached by federal agents.

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"I think more people are going to start saying: 'Maybe it's in my best interest to cooperate, as opposed to keeping my mouth shut or, worse, lying,' " he said.

The issue comes as the number of false statement cases in Chicago peaked in 2005, with 60 defendants charged, the highest in at least five years. About 10 of those defendants were tied to the Hired Truck probe.

More charged with lying to FBI

So far this year, thirteen people have been charged with making false statements. The charge applies to lying to any federal agent.

Recording interviews has never been banned at the FBI, but it requires prior approval by the field office chief, which has likely dissuaded agents from asking in the first place, Monroe said. While the FBI hasn't changed that policy, it's trying to change a perception that taping interviews is frowned upon, he said.

To date, more than 1,000 interviews were conducted in the Hired Truck investigation, Monroe said. While the Chicago office interviews about 100 people every day, only a handful out of thousands in recent years were audio recorded, authorities say.

Monroe acknowledged that expanding the practice is in line "with the 21st century," in an era when video cameras are showing up on street corners and local authorities are pushed to record audio and video of interrogations.

Taping a suspect isn't always a good idea, Monroe said. If an agent is trying to build a rapport or has no reason to think the person will lie, it could hinder agents' ability to draw information out of suspects. But in other cases, especially once someone has been arrested, or with someone agents think will mislead them, a recording could become crucial evidence to bring to a jury, Monroe said.

On a national level, the FBI says it always has stood by its policy not to record without prior approval. FBI spokesman William Cotter said defense lawyers commonly second-guess agents on the stand to turn it into a he-said/she-said.

"Any defense attorney worth his salt is going to use that tack," Cotter said, adding that prosecution rates overall for FBI cases are more than 90 percent. But like any interrogators, FBI agents use psychological techniques such as "good cop/bad cop" that might not always come across well on tape, Cotter said.

U.S. Attorney Patrick Fitzgerald's office hasn't been afraid to use the false statement charge as a tool over the last five years. It was used in a murder investigation and a real estate scam. Ryan himself was charged with lying to an FBI agent. And it was among the charges Fitzgerald leveled as a special prosecutor in the CIA leak investigation.

'People lie to us all the time'

It isn't something generally available on the local level.

"Bottom line is that people lie to us all the time, and we have no similar law," said Sheri H. Mecklenburg, general counsel to Chicago Police Supt. Phil Cline.

That tool could prove particularly important with a City Hall investigation and state hiring investigation in full swing.

In the George Ryan and City Hall hiring trials, FBI notes came under attack. Agents rely on their notes to bring charges that a suspect lied in an interview.

In the Ryan trial, much time was spent battling defense lawyers who picked apart an agent's version of events and put on their own witness to combat what happened in the interviews.

"I think our agents did a tremendous job on the stand," Monroe said.

"But hindsight is 20/20. In certain cases I do wish they were taped. Then you could say: 'Here's exactly what was said,' " Monroe said.

The issue came up again in the City Hall trial in which four men were charged with rigging hiring so that clout-backed candidates got jobs and promotions.

Defense lawyer Cynthia Giacchetti argued that her client, former Streets and Sanitation official John Sullivan, should go free because the government couldn't prove he lied to the FBI. She criticized the government for not recording his interviews. She compared that with Mayor Daley's interview, where a court reporter typed a transcript and Daley was allowed to pencil in corrections to his statement.

"How can you possibly decide someone made a false statement unless you know exactly what they were asked and what they said?" Giacchetti asked.

When jurors went back to deliberate, the first thing they requested was a copy of the agent's notes of an interview where a false statement was charged. They didn't get the notes because they were not entered into evidence.

Relying on Agent John Hauser's testimony, the jury convicted Sullivan of one false statement charge but acquitted him of another.

At a news conference after the jury verdict, Assistant U.S. Attorney Patrick Collins said that if Sullivan's session had been recorded, he would have been convicted on both counts.

No More Investigations Afoot, Camden Council Leader Says (PHI)

By Dwight Ott

The Philadelphia Inquirer, July 18, 2006

City Council President Angel Fuentes moved yesterday to reassure Camden residents of the governing body's honesty, saying he was not aware of any investigation involving any of the members.

The assurances came in response to former Councilman Ali Sloan El's acknowledgment Friday that he had taken a $10,000 bribe to pay off campaign debts during an FBI sting in 2003.

"The majority will not tolerate [corruption] and will not compromise," Fuentes said at a hastily called news conference. "We want to emphasize continued trust in government. We're not here to waste taxpayers' money."

Fuentes said Council would continue to insist on transparency in its dealings.

"To my knowledge, there is no other investigation of any other City Council members," he said.

He called the Sloan El case "a sad moment for a person advocating that he was fighting for the residents. It's a sad moment for Camden."

Sloan El has not been charged with any crime, and he would not comment yesterday other than to reiterate that he had acted alone. He also has indicated that he stepped down from Council last month to avoid tainting the image of the rest of the body, although he previously said it was because he had moved from his district and wanted to spend more time with his family.

Councilman Gilbert "Whip" Wilson, who said he was a friend of Sloan El's and would not be on Council if not for him, said later that he did not understand the purpose of the news conference.

He said he believed the public judged Council as individuals, not with a "broad brush stroke."

Sloan El is "no longer on City Council," Wilson said. "His actions had nothing to do with City Council."

He said Fuentes, a longtime political opponent of Sloan El's, was simply dancing on his political grave.

"Instead of kicking people when they're down, some people should look in the mirror at themselves," Wilson said.

TALE OF TAPES MAY KO GOTTI (NYPOST)

By Kati Cornell

The New York Post, July 18, 2006

Prosecutors hope to convict John "Junior" Gotti with his own words - by playing in court prison tapes of the mob scion discussing plans to cop a plea to charges that he kidnapped radio talk-show host Curtis Sliwa.

The tapes prove Gotti's "consciousness of guilt" and should be heard at his racketeering trial next month, federal prosecutors in Manhattan said yesterday in court papers. In one chat, months before being charged with the 1992 kidnapping, Gotti allegedly said he'd "cop out to the Sliwa thing tomorrow" for the right deal. His lawyer, Charles Carnesi, said the tapes were overly prejudicial.

Gotti is to face racketeering charges for a third time in August after two juries each failed to reach a verdict.

DA: Cut That Junior Tape! (NYDN)

By Tamer El-ghobashy, Daily News Staff Writer

New York Daily News, July 18, 2006

Prosecutors don't want jurors to hear a jailhouse recording of John A. (Junior) Gotti suggesting he's given up the mob life.

"It's all done," Gotti, son of the late John (Dapper Don) Gotti, is heard saying in the 2003 conversation.

He also says he had paid his debt to society by copping a plea to racketeering charges in 1999 - and mused the government should "forget about [me]."

The defense says the comments jibe with Gotti's claim that he had left the Mafia.

But prosecutors say the tape - in which Gotti suggested he was shielded from future criminal charges by his plea deal shows his misinterpretation of the law.

"Putting before the jury Gotti's mistaken opinions on this legal issue would be extremely confusing to the jury," prosecutors wrote in papers filed in Manhattan Supreme Court yesterday.

In addition to confusing a jury, the excerpts could make it seem like the prosecution of Gotti "is somehow unwarranted," the prosecutors added.

Gotti's defense lawyers said the comments are a window into the mobster's state of mind, showing that "he wanted to be done with a life of organized crime."

It was the latest bout in a fight over conversations monitored by authorities while Gotti was in jail.

Last week, defense attorneys asked Judge Shira Scheindlin to bar statements in which Gotti said he would cop to ordering a hit on Guardian Angel founder and radio personality Curtis Sliwa.

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In the comments, Gotti doesn't admit to ordering the hit, but says he would take responsibility just to get the feds off his back.

Gotti will soon face his third trial on the Sliwa attack and other charges.

Congressman's Legal Payments On Hold During Tough Campaign (AP)

By David Hammer

AP, July 18, 2006

WASHINGTON - Rep. Bob Ney's lawyer says he isn't worried that it's been more than six months since the embattled Ohio Republican paid a legal bill, even as a federal probe of influence-peddling in Congress closes in.

"Payment will be taken care of in due course," said Mark Tuohey, the lead lawyer at Vinson & Elkins LLP in Washington. "Obviously, he needs money for his campaign and that's a priority right now. He intends to pay. He'll pay his fees, I have no doubt about that."

Ney paid the firm $232,381 between August 2005 and Jan. 5 and hasn't paid anything since.

He hasn't been charged, but the Justice Department has documented claims by lobbyists that he performed official acts in exchange for things of value.

Ney, who denies wrongdoing, said he eventually will use a separate legal defense fund to pay his lawyers. That fund started raising money in January but collected only $40,000 by March 31, the latest data available.

Tuohey and Ney declined to comment further about payment arrangements.

For the first three months of 2006, Ney blamed legal costs for causing his re-election campaign to spend more than it raised. In the past three months, it was unusually intense campaigning in his expansive rural district that caused the six-term incumbent to spend $52,675 more than donors gave him, he said.

"I'm embattled and attacked; I understand that," said Ney, who was outraised last quarter by his lesser-known Democratic opponent, Zack Space. Including $39,000 in loans, Space took in $314,162 from April 13 to June 30, compared with $124,758 for Ney, campaign finance records show.

Another Democratic challenger outraised a Republican incumbent in a Cincinnati-area House race. Cincinnati City Councilman John Cranley collected $463,152 for the quarter and loaned himself $50,000 while Rep. Steve Chabot got $320,295 in contributions for the same period. Like Ney, Chabot maintained a sizable cash advantage, with $1.4 million nearly doubling Cranley's $775,757.

Ney said 15 parades he attended ran up his campaign vehicle costs, which totaled $2,686 from April 13 to June 30. Finance reports show his campaign gave $1,500 to a scholarship fund through Ohio University Foundation and spent $411 on flowers for constituents.

He said he's comfortable with his expenses because with about $420,000 in his coffers, he still has twice the cash on hand as does Space, an advantage he plans to keep using for charities at the county fairs that opened this month.

"I estimate I've spent more than $100,000 on livestock over the course of my career," "Those types of things in support of 4-H and charitable groups count for something at the end of the day. It's important to build up that goodwill."

ON THE NET

Campaign finance reports: http://www.fec.gov

Lewis, DeLay Pay Dearly For Counsel (HILL)

By Patrick O'connor

The Hill, July 18, 2006

House Appropriations Committee Chairman Jerry Lewis spent $200,000 to retain lawyers in California and Washington following media reports linking him to the federal probe of a powerful lobbying firm with close ties to the chairman, according to recent campaign filings.

The California Republican paid Los Angeles-based Gibson, Dunn & Crutcher LLP $200,000 to retain the services of its lawyers, according to the most recent Federal Election Commission (FEC) filing by the Lewis for Congress Committee.

Lewis faces potential federal scrutiny for his ties to lobbyists with Copeland, Lowery, Jacquez, Denton & White, a once-powerful lobbying firm that split up earlier this year after reports it was under federal investigation for its ties to Lewis.

The expenditures were first posted Sunday on the website politicalmoneyline.com, a nonpartisan database of campaign-finance information.

Earlier this year, Lewis retained Robert Bonner in Gibson, Dunn's Los Angeles office and Joseph Warin in the firm's Washington office, as well as other attorneys affiliated with the firm, to represent him in the probe.

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"We consulted in advance with the Ethics Committee in full compliance with House Rules regarding the use of campaign funds for legal representation," Barbara Comstock of Blank and Rome LLP, who is handling legal communications for Lewis, wrote in an e-mail. "An initial retainer then was paid to Gibson Dunn & Crutcher."

Lewis wasn't the only Republican lawmaker to pay hefty legal bills last year. Former Rep. Tom DeLay (R-Texas) paid a combined $485,275 in legal fees to six separate firms during the last filing period, according to PoliticalMoneyLine.

DeLay paid $265,000 to the Washington office of McDermott, Will & Emery; $75,000 to the Richmond, Va., office of McGuire Woods LLP; $69,410 to Blank Rome in Washington; $40,000 to McGahn & Associates PLC of Washington; $25,000 to the Houston office of Bracewell & Giuliani LLP; and $10,865 to Andy Taylor & Associates PC, also of Houston. Comstock did some work for DeLay as well.

As of the July 15 reporting deadline, DeLay's reelection campaign had more than $640,000 on hand, but the retired former majority leader may need that to mount an expected campaign for his old seat if a federal appeals court requires his name to stay on the ballot in November.

Workers Doubted Ceiling Method (BOS)

By Sean P. Murphy And Raja Mishra, Globe Staff

The Boston Globe, July 18, 2006

Firm prevailed on fasteners despite tests

Field tests by construction workers indicated that bolt-and-epoxy fasteners might not support the multi-ton ceiling panels in the Interstate 90 connector tunnel, but the firm that designed the tunnel persuaded Big Dig officials to use the system anyway, law enforcement officials said yesterday.

At the same time, Big Dig officials became so confident in the epoxy used to secure the bolt fixtures that they canceled laboratory tests to regularly check if the high-strength glue was working properly, according to documents obtained by the Globe yesterday.

The Massachusetts Turnpike Authority and lead management contractor Bechtel/Parsons Brinckerhoff approved both decisions as the tunnel ceiling was built in 1999.

The massive investigation into last week's death of Milena Del Valle -- killed when concrete ceiling panels fell on her car -- has focused on the failure of the bolt-and-epoxy ceiling fixtures. Governor Mitt Romney said yesterday that tests completed over the weekend found that nearly all 1,150 bolt-and-epoxy ceiling fixtures in the I-90 connector tunnel were unreliable.

As the connector tunnel ceiling was under construction, Modern Continental Corp. workers expressed concerns after field tests indicated the bolt fixtures were unsound, law enforcement officials said.

The workers' concerns were sent to Modern Continental, which was building the tunnel; Bechtel/Parsons Brinckerhoff; and the Turnpike Authority, which runs the Big Dig, the officials said.

The design firm, Gannett Fleming Inc., countered that its design was safe, the officials said. Although it was unclear how the debate played out, in the end, the Big Dig kept Gannett Fleming's design for the ceilings in the tunnel, which opened in January 2003.

``There were questions raised about whether this design was adequate to carry the weight and hold the weight that it's expected to hold," said Attorney General Thomas F. Reilly , who is leading an investigation into whether criminal charges are warranted in Del Valle's death. ``That was clearly raised, and now we're at the stage of finding out what was the result of that dispute."

A Gannett Fleming official said he could not recall the debate.

``I am not aware of any details," Don Nicholas , a Gannett Fleming vice president who worked on the Big Dig, said in a telephone interview yesterday. ``We have not gone back and looked at records. Right now, we are focused on helping out to get it fixed and the roadways back open."

Reilly said yesterday that he would continue to probe the dispute. His office has subpoenaed documents from Gannett Fleming, as well as Modern Continental, Bechtel/Parsons Brinckerhoff, and the Turnpike Authority.

Others had also questioned if the bolt-and-epoxy fixtures could hold the 2 1/2- to 3-ton ceiling panels.

James F. Bruno , who served as project manager for Modern Continental on the contract, told the Globe last week that in meetings with Big Dig officials, he and other construction managers suggested using a lighter material for the ceiling.

Big Dig officials refused, saying that lighter material would require more supports because it would vibrate more during heavy winds or traffic. The ceiling, suspended from the tunnel roof, created a ventilation path.

At about the same time this debate was unfolding in 1999, Big Dig officials decided that laboratory testing on the epoxy was no longer necessary, according to project documents.

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Until then, the bonding strength of the epoxy used in the ceiling fixtures had been tested at a lab set up to check materials including concrete, steel, and waterproofing sealants. But ``based on project experience and the resulting level of confidence," testing of ``epoxies for anchoring" was waived, according to a May 26, 1999, memo sent out to engineers on the project.

``This revision has been reviewed and approved by" Bechtel/Parsons Brinckerhoff, state officials, and the Federal Highway Administration, the memo said.

A spokesman for Bechtel/Parsons Brinckerhoff said the firm ``is not in a position to comment because fact-gathering is just beginning." The Turnpike Authority did not respond to inquiries yesterday.

Robert Johnson , chief spokesman for the US Department of Transportation, said his agency ``is reviewing years of records and decisions."

``It would be premature to comment on any particular document or documents," he said in a statement.

Glue on bolts removed from the tunnel roof near the accident site was brittle and cracked, not like smooth glass as it should have been, a source briefed on the state investigation but not authorized to speak publicly has told the Globe. Similar ceiling bolts in the Ted Williams Tunnel failed safety tests in 1994 because construction workers failed to mix the two epoxy ingredients correctly, didn't let it harden long enough, or failed to clean the surfaces being glued together, according to a state report.

Reilly disclosed the conflict over the design of the bolt-and-epoxy fasteners in a news conference after a tour of the Big Dig accident site, but would not release more information.

Documents obtained by the Globe also indicate that the design was questioned.

In the summer of 1999, Gannett Fleming made numerous revisions in its original fixture design, including one on July 8 that is described in Big Dig records as a change of the ``project criteria for precast concrete ceiling system," indicating that the firm believed design changes were needed.

That revision request was made on the same day that the Modern Continental contract was modified due to ``adhesive anchor failure" -- evidence that the fixtures failed tests in which devices pulled on the bolts to see if they would come loose.

The ongoing investigation is not the first time Gannett Fleming's work on the Big Dig has been questioned.

In 2004, Edward M. Ginsburg , the retired probate court judge who was then pursuing refunds for shoddy work on behalf of the state, filed breach of contract lawsuits against Gannett Fleming and eight other smaller design firms under the supervision of Bechtel/Parsons Brinckerhoff.

Gannett Fleming's work on the Big Dig, including the I-90 connector tunnel, ``contained numerous defects, errors and omissions," the lawsuit alleged..

Pair Return From Great Britain To Face Investment Fraud Charges (VP)

By Tim Mcglone, The Virginian-Pilot

Virginian-Pilot, July 18, 2006

NORFOLK - Two suspects extradited from Great Britain to face charges in a $31 million investment scheme pledged during their first court appearance here Monday "to get the truth out."

Lee Hope Thrasher, 52, a former victim-witness coordinator in Virginia Beach, and her British-born boyfriend, Howard Welsh, 62, are accused of defrauding more than 1,000 people nationwide who thought that they were investing in a spiritual, tax-free fund that would as much as double their money in the first month.

According to the FBI, Welsh and Thrasher fled the country four years ago, after wiring the $31 million to banks in 13 countries. Authorities have recovered about $2.1 million, according to the U.S. Attorney's Office.

The U.S. Marshals Service flew to London this weekend to retrieve Welsh and Thrasher. The couple spent two years fighting extradition, appealing their case all the way to the House of Lords, Britain's equivalent of the U.S. Supreme Court.

In U.S. District Court on Monday, Thrasher and Welsh both claimed poverty in asking for a court-appointed attorney. Welsh told the court he had no assets. Thrasher said in court records that she had $5,000 to $10,000 in investments and a $3,000 time-share in Florida but was $30,000 in debt.

Thrasher indicated that she and Welsh wished to be tried together. She asked a magistrate judge to name one attorney to represent them both because, she said, it was "going to take the both of us to get the truth out."

Magistrate F. Bradford Stillman denied the request and assigned an attorney to each defendant. He remanded them to a local jail pending a formal bail hearing Thursday.

After the proceeding Monday, Thrasher's father, Harold Thrasher, said his daughter continues to think that the investment plan was legitimate.

"That's been her contention," he said.

Harold Thrasher told The Virginian-Pilot three years ago that he tried to warn his daughter that the investment plan was a scam, but she wouldn't listen.

Now, Thrasher said, he will stand by his daughter through the court proceedings, providing "moral support."

"I'm glad she's back in the country," he said. "I'm glad to see her."

Beginning in 1999, Welsh and Thrasher began offering their "corporation sole" investment plan, calling it "Living Your Sole Purpose," through word of mouth and seminars at hotels across the country, according to an indictment filed in August 2004.

The Internal Revenue Service in 2005 listed "corporation sole" investments among its "dirty dozen" list of tax scams. Corporations sole are legitimate in some states but are strictly regulated and restricted to legitimate religious organizations.

Welsh and Thrasher promised investment returns of between 12 and 100 percent within 30 days. One flier said a $2,000 investment would be worth $1.8 million after six years. The flier also said there was no need for accounting and no requirement to report the income to the IRS.

To participate, investors had to pay a $1,500 fee and submit passport-sized photographs and signature samples, according to court records. A few investors tied directly to the couple received payments, but the vast majority have not seen any profit, the records say.

Many people invested $50,000 or $100,000. One unidentified investor from Illinois lost $8 million, including a $2.5 million bank loan she signed for Welsh, which defaulted, the records say.

By the time the FBI obtained warrants in the summer of 2004, Welsh and Thrasher had wired the $31 million to 13 countries and fled, according to the court records.

In the past two years, the FBI and other law enforcement agencies have tracked the couple to a number of countries. Agents said there was evidence the couple had been to South America and Africa. At one point, Welsh was treated in Belgium for a broken leg, the FBI said.

In the fall of 2004, British authorities discovered the couple living with Welsh's mother in a town near Liverpool. The FBI said they were living under aliases.

The couple had fought extradition ever since, finally losing their case in the House of Lords several weeks ago.

Canadian Sentenced In Telemarketing Fraud (BOS)

The Boston Globe, July 18, 2006

CONCORD, N.H. --A Canadian man who pleaded guilty to defrauding elderly widows and widowers in the United States in an international telemarketing scheme has been sentenced in federal court in New Hampshire to over six years in prison.

Adhemar Baptiste of Montreal was part of a group of Canadians indicted in 2002 after an investigated that included the FBI and Royal Canadian Mounted Police revealed the group defrauded about 80 victims by telling them they had won large lottery prizes but had to prepay Canadian taxes and fees to get the cash.

Some of the victims affected by the fraud were in New Hampshire. Losses exceeded $8 million and $6.4 million in restitution was ordered. Baptiste's share of the obligation was more than $1.5 million.

Baptiste was sentenced Monday to 78 months in prison.

At least six others have been sentenced in the case. Sentences have ranged from one year to 10 years.

Faces Jail Time, Big Fine For Role In Investor Scam (JJ)

By Michaelangelo Conte, Journal Staff Writer

Jersey Journal (NJ), July 18, 2006

A Florida man who bilked investors out of $250,000 in a foreign currency scheme run out of offices around the country - including Hoboken - has pleaded guilty to one count of conspiracy to commit mail fraud, authorities said.

Joseph Valko, 37, faces up to five years in prison and a fine of up to $250,000 when sentenced Nov. 27, said Michael Drewniak, spokesman for the U.S. Attorney's Office in Newark.

From July 1997 to December 1998, Valko operated Risk Capital Management International, which had offices in Hoboken and Red Bank as well as Chicago, Houston and Pompano Beach, Fla., Drewniak said.

The company, using telemarketing as well as written promotional material, claimed to be selling options to purchase foreign currency, but Valko admitted when pleading guilty Wednesday that those claims were false and misleading. The overwhelming majority of investors lost money, Drewniak said.

The company told customers it was purchasing foreign currency options through Nassau Bay Trading, which it claimed to be based in Nassau, Bahamas, Drewniak said.

In fact, Nassau Bay Trading was owned by Charles "Chip" Hoffecker, of Pompano Beach, Fla., Drewniak said.

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On June 26, Hoffecker was sentenced to 210 months in prison for conspiracy and mail fraud related to operating an international telemarketing commodities scam, Drewniak said.

Guilty Plea Entered In Phone Scam Case (APP)

By JAMES A. QUIRK, FREEHOLD BUREAU

Asbury Park Press, July 18, 2006

Man admits fraud of more than $2.5M

NEWARK — The owner of a Red Bank brokerage firm that sought mainly to trick its customers into parting with their money pleaded guilty in federal court Wednesday night to defrauding victims of more than $2.5 million.

Joseph Valko, 37, pleaded guilty before U.S. District Judge Katharine S. Hayden to one count of conspiracy to commit mail fraud. He faces up to five years in prison and a $250,000 fine, and is scheduled to be sentenced Nov. 27.

The federal case against Valko stems from Operation Busy Signal, the largest investigation into telemarketing scams in U.S. history, said Robert Kirsch, the assistant U.S. attorney who prosecuted the case. The 10-year investigation, which resulted in about 35 convictions, began in 1996 with the examination of Freehold-based Northeast Telecom Inc.

In what Kirsch described as one of the most significant convictions to have come out of Operation Busy Signal, Hayden last month sentenced Charles "Chip" Hoffecker, who worked with Valko, to 17 1/4 years in prison. Hoffecker was convicted of bilking hundreds of victims, many of them elderly, out of more than $14 million. His sentence is one of the largest ever imposed on a white-collar criminal in New Jersey, Kirsch said.

Valko owned and operated Risk Capital Management International. The main office was in Red Bank, with an administrative office in Pompano Beach, Fla., and sales offices in Hoboken, Chicago, and Houston. Risk Capital promoted investments into foreign currency options, advising its customers that these options were purchased and sold through Nassau Bay Trading, a "clearinghouse" in Nassau, Bahamas, Kirsch said.

Nassau Bay Trading was owned and operated by Hoffecker.

"We have serious questions as to whether Nassau ever even functioned as a clearinghouse," Kirsch said. "Valko admitted that Nassau would kick back money to Risk Capital for every customer whose options expired as worthless. So Risk Capital, they had an incentive for their customers to lose. It was all rigged."

Most of Valko's victims were solicited through a sophisticated telemarketing campaign and carefully crafted promotional material that touted Risk Capital as a highly profitable money engine, Kirsch said.

"Valko admitted that he was aware most, if not all, of his customers lost money," Kirsch added.

Pompano Man Guilty In $2.5 Million Fraud Involving Foreign Currencies (FLSUNSEN)

By Rachel Hatzipanagos, South Florida Sun-sentinel

South Florida Sun-Sentinel, July 18, 2006

A Pompano Beach man pleaded guilty Wednesday in a U.S. District Court in New Jersey to defrauding investors in a $2.5 million investment scheme involving foreign currencies.

Through the company he operated, Risk Capital Management, Joseph Valko sold $1,000 options to buy the Japanese yen, the British pound, the German deutschmark and the Swiss franc.

The company promoted its options through phone calls and television commercials, the complaint said.

What customers didn't know was that Risk Capital would profit when its clients lost money on the options, said Assistant U.S. District Attorney Robert Kirsch. "The more customers of Risk Capital's who lost money, the more that they would make," Kirsch said.

The company did this through kickbacks received from Risk Management's clearinghouse, Nassau Bay Trading, every time customers lost money, according to Kirsch. Clearinghouses process and settle clients' trades.

Nassau Bay Trading was owned by Charles "Chip" Hoffecker, a Pompano Beach man who was sentenced June 26 to 17 years in prison in a separate case.

Kirsch said that there are serious questions as to whether Nassau Bay operated as a true clearinghouse. He would not comment on whether Hoffecker will be charged. Hoffecker was named a co-conspirator in the indictment against Valko but not named as a defendant.

The maximum penalty for Valko's charge of one count of conspiracy is five years in a federal prison and a $250,000 fine. The sentencing is scheduled for Nov. 27.

Businessman, Doctors Plead Guilty To Medicare Fraud Scheme (KCS)

By Garance Burke

DOJ_NMG_0041646

The Kansas City Star, July 18, 2006

KANSAS CITY, Mo. - Three men who participated in a scheme to bilk the government of millions of dollars by ordering expensive wheelchairs for patients who never received them have pleaded guilty to fraud, authorities said.

Businessman Godwin Iloka, 38, of Lee's Summit, admitted in U.S. District Court on Wednesday that he was involved in a scheme to defraud Medicare of more than $2.5 million, U.S. Attorney Bradley J. Schlozman said.

Two Kansas City-area doctors, Amazair McAllister, 48, of Blue Springs, and Ambrose Wotorson, 70, of Kansas City, previously admitted their involvement in the scheme, Schlozman said.

"Business owners who try to cheat Medicare are stealing not only from their own customers but from all taxpayers," Schlozman said in a prepared statement. "We will vigorously prosecute those who enrich themselves by exploiting programs that serve such a vital public interest."

Iloka, a naturalized U.S. citizen from Nigeria, owns two medical supply businesses in the Kansas City area. Authorities say he was a key player in a scheme in which associates would visit nursing homes and senior centers to recruit people who didn't need motorized wheelchairs.

Then, according to the federal indictment, the two doctors would give Iloka and five other co-defendants fake "certificates of medical necessity" to bill the government for the expensive motorized wheelchairs. Once the claims were paid, authorities said the doctors were rewarded with cash or kickbacks, and the patients would get cheap scooters - or no wheelchair at all.

"Iloka would apply for the Medicare reimbursements for an expensive item but actually supply a cheaper item," said Don Ledford, a spokesman for Schlozman. "The cost difference was his illegal profit."

By pleading guilty, Iloka agreed to forfeit his home, three vehicles and all the funds in his bank accounts, which Schlozman said represented more than $331,000 in illegal proceeds. He also pleaded guilty Wednesday to participating in a similar scheme to submit fraudulent claims for custom-molded shoes for diabetics, to bilking Social Security for disability benefits and to obtaining a credit card under a false name.

Iloka's attorneys could not immediately be reached for comment.

Authorities said McAllister pleaded guilty to fraud earlier this week and agreed to surrender his medical licenses within 45 days, stop practicing medicine and forfeit $100,000 to the government. His attorney said he had just set up his practice in Kansas City when Iloka and other co-defendants approached him.

"Some Nigerians came to him and he initially thought it was legitimate," said attorney David B.B. Helfrey. "Ultimately he realized it wasn't, but he continued to do it anyway. He's accepted his responsibility."

Wotorson, a naturalized U.S. citizen from Liberia, pleaded guilty in February to health care fraud and surrendered his medical license. His attorney did not immediately return calls seeking comment.

Five others who owned or operated medical supply businesses in the Kansas City area also have been charged with participating in the scheme in two criminal complaints. Those include: Raphael Igbokwe, 49, of Kansas City; his brother Kennedy Igbokwe, a 27-year-old Nigerian citizen; Roland Godfrey, 45, a naturalized U.S. citizen from Cameroon; Kenneth Agugua, 46, and Faith Agugua, 33, both permanent U.S. residents from Nigeria.

Authorities said Raphael Igbokwe and Godfrey, who initially was charged under an alias Roland Edomobi, are fugitives. Kennedy Igbokwe and the Aguguas are in federal custody and will go to trial Aug. 28.

The Igbokwe brothers are charged in the second indictment with money laundering and with structuring a currency transaction to evade reporting requirements.

Schlozman said Iloka, McAllister and Wotorson could face up to 10 years in federal prison without parole, plus a fine up to $250,000 and an order of restitution. Their sentencing hearing has yet to be scheduled.

Area Business Owner Pleads Guilty To Medicare Fraud (KCBIZ)

Kansas City Business Journal, July 18, 2006

Another person has pleaded guilty in a scheme to defraud Medicare of millions of dollars through a program that provides motorized wheelchairs.

Godwin Iloka, 38, a naturalized U.S. citizen from Nigeria residing in Lee's Summit who owns medical supply businesses in Raytown and Kansas City pleaded guilty in federal court Wednesday to participating in the scheme, Bradley Schlozman, U.S. attorney for the Western District of Missouri, said in a release.

Iloka owns and operates Xcellent Medical Service, 9500 E. 63rd St. in Raytown, and Xcellent Medical Services, 4403 Blue Parkway in Kansas City. He pleaded guilty to health care fraud before U.S. District Judge Gary Fenner.

Iloka admitted that he had submitted false claims to Medicare for power wheelchairs, then provided beneficiaries with less expensive motorized scooters instead, defrauding Medicare of $84,000. Iloka also admitted that he had engaged in three additional fraud schemes that resulted in a total loss of $331,162, Schlozman said.

By pleading guilty, Iloka agreed to forfeit to the government his residence in Lee's Summit, a 2003 Ford Explorer, a 2004 Honda Accord, a 2004 Chevrolet van and all funds in two bank accounts, all of which represent the proceeds of his criminal activities, Schlozman said. Iloka also acknowledged that his admitted criminal activities violated the terms of his probation in an unrelated federal case.

Iloka could face as much as 10 years in federal prison without parole, plus a fine of as much as $250,000 and an order of restitution, Schlozman said. A sentencing hearing will be scheduled after the completion of a presentence investigation by the U.S. Probation Office.

Two area physicians also have pleaded guilty to their role in the Medicare wheelchair fraud. Amazair McAllister, 48, of Blue Springs, pleaded guilty on Monday to health care fraud. Co-defendant Ambrose Wotorson, 70, a naturalized U.S. citizen from Liberia residing in Kansas City, pleaded guilty on Feb. 24 to health care fraud. Both physicians have agreed to surrender their medical licenses and could face prison sentences of as much as 10 years plus fines.

Music Prof Guilty As Web Perv (NYDN)

By Tamer El-ghobashy, Daily News Staff Writer

New York Daily News, July 18, 2006

A Manhattan musician who conducted youth orchestras faces up to 30 years in prison after being convicted in federal court of trolling the Internet for underage sex partners.

Dennis Joseph, 41, who has played on Broadway and at Carnegie Hall, thought his online overtures were directed at a 13-year-old girl named "Julie" - but they were really going to an FBI agent.

Joseph, a singer and saxophonist, was busted by the FBI last August when he orchestrated a plan to meet the girl in lower Manhattan. He was convicted Friday, after an eight-day trial in Manhattan Federal Court, of attempting to entice a minor to engage in sexual activity.

He faces up to 30 years in jail under 2003's PROTECT Act, said Manhattan U.S. Attorney Michael Garcia.

"Those who troll the Internet looking for young children for sexual purposes should take warning," Garcia said in a statement announcing the verdict.

Joseph, an adjunct professor of music at Nassau County Community College, has worked with youth orchestras and is president of Marty Stevens Music, a wedding band.

Joseph also conducted the Turtle Bay Youth Orchestra and the Junior Strings Orchestra at the Lucy Moses School in Manhattan, prosecutors said.

During the trial, jurors heard sordid details where Joseph, using the screen moniker "DSax25," told "Julie" he would teach her about sex. He sent her a picture of himself, and when he asked to see her, the FBI agent sent him a real picture of a teen, prosecutors said.

He tried to impress his mark by detailing his musical achievements - including telling her he was a substitute performer in the Broadway musical "Sweet Charity," prosecutors said.

During his trial, it was also revealed that in July and August of 2005, Joseph had tried to pick up a 13-year-old girl on the Internet.

A woman who answered the phone at Joseph's company yesterday declined to speak about the conviction.

SAX PERVERT (NYPOST)

By Kati Cornell

The New York Post, July 18, 2006

A sicko saxophonist who performed in the Broadway musical "Sweet Charity" and once conducted youth orchestras was convicted of trying to seduce a 13-year-old girl.

A Manhattan federal jury returned its guilty verdict against Dennis Joseph - a musician who has performed at Carnegie Hall and workedat Nassau Community College.

Joseph, 41, who goes by the stage name "Dennis Stevens" and the Internet name "Dsax25" boasted about his sexual prowess - and his role as a substitute musician in "Sweet Charity" - in lewd e-mails to 13-year-old "Julie" - who was an undercover agent, authorities said.

Two Serial Killers, Acting Independently, Terrorize Phoenix (NYT)

By Paul Giblin

The New York Times, July 18, 2006

DOJ_NMG_0041648

PHOENIX, July 17 — For many months now, two serial killers who are thought to be responsible for dozens of murders, rapes, robberies and shootings have frustrated scores of detectives and frightened thousands of residents across a wide swath of central Phoenix and its suburbs.

After the most recent crimes — a pair of shootings on July 8 attributed to one of the killers — the police increased a reward to $100,000, an Arizona record, for information leading to the arrest of the two, whom they call the Serial Shooter and the Baseline Killer.

"Everyone is terrified, very concerned," said Sonya Pastor LaSota, 33, a community leader in Arcadia West, a neighborhood of spacious older homes and manicured yards that lies in the heart of the area stalked by the killers, who are blamed for 11 slayings and who the police believe are acting independently.

Last Thursday 1,500 residents of all ages, races and incomes filled the auditorium, the lobby, the cafeteria and an outdoor courtyard of an elementary school in central Phoenix to learn what they could of the danger. But the city's mayor, Phil Gordon, and the police chief, Jack Harris, offered little new information and said that the description of one killer remained vague at best and that no one had gotten a clear look at the other.

Chief Harris said he had assigned more than 120 detectives and officers to the case, and they are receiving help from the F.B.I. and the federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

"It is not an easy task," the chief said. "We are living in a city of one and a half million people, we're in a valley of three million people, and we're looking for one or two people that we don't know what they look like. Even if I knew who the person was, it's a difficult task to track someone down in a city of that size."

The Baseline Killer is so called because it is believed that the first of his 21 crimes, which include six slayings, were a series of rapes late last summer near Baseline Road south of Phoenix Sky Harbor International Airport.

Since then, he has expanded both the scope of his crimes and his territory, attacking across an area of some 80 square miles. Like the Serial Shooter, he kills with a gun. The police believe he stalks his victims, springing on them just after sunset, probably while wearing a disguise that may include dreadlocks and a floppy fisherman's hat. Victims have said he wore long-sleeve shirts and khaki pants.

He is described as black, but estimates of his age range from 25 to 40, his height from 5-foot-6 to 6 feet and his weight from 140 to 200 pounds.

The Serial Shooter, whose area of operation is thought to be even larger than that of the Baseline Killer, is suspected of as many as 34 random shootings since May 2005. The shootings have killed five people, wounded 16 others, killed three horses and five dogs, and wounded four animals. In addition, one business has been peppered with gunfire.

The gunman usually makes targets of people walking or bicycling alone along major thoroughfares from 10 p.m. to 4 a.m. He fires from a vehicle that is described as a light-colored van or four-door sedan, a depiction matching thousands of cars in the metropolitan area.

"You get an idea of how difficult this has been for us," Bill Louis, commander of the Violent Crimes Bureau of the Phoenix police, told residents gathered at the community meeting. "We have no license plate. We have no identifying marks on the vehicle. We don't have anything about tinted windows or bumper stickers."

Until a week ago, the police said, they thought the Serial Shooter's attacks might have been the work of two gunmen. But evidence, which they would not discuss, has led investigators to conclude that one person is responsible for all of them.

Self-defense instructors and organizers of neighborhood watches, meanwhile, say they have seen a sharp increase in interest, and many residents say the lengthy crime sprees have persuaded them to change some of their daily routines.

Mrs. Pastor LaSota, who was born and raised here, said she had begun carrying pepper spray that she bought at her local tailor, who just began stocking it.

She and her husband, Tim, also allow Doc, their 75-pound Labrador, to stay inside their house while they are at work. They previously kept him in the yard while they were away but now feel more secure with him inside.

"I've completely changed how I arrive home," Mrs. Pastor LaSota said. "I open the door immediately, and he comes out with me and then walks in through the house with me."

The couple have also hired a security company to activate an alarm system next week.

Even hanging laundry at night poses anxious moments, said Jackie Gifford, 44, who lives alone in an area where both killers have struck.

"I hear a noise now and I'm turning on my fluorescent light in back to see what's going on out there," she said. "It's awful."

One day after work last week, Ms. Gifford said, she popped the hood of her car to check the battery. That evening, after dark, she remembered that she had neglected to snap the hood completely shut. But she remained indoors, feeling trapped, until the next morning.

DOJ_NMG_0041649

“It makes me angry,” she said. “I mean, I want to get hold of him, and that’s a bad attitude to have. I don’t think he should go to court. I think he should be strung up right there for all of us to watch.”

Phoenix Killings Spark Serial Killer Scare (AP)

By Amanda Lee Myers

AP, July 15, 2006

PHOENIX -- People aren't going out alone at night anymore. Co-workers are walking to their cars in pairs in the evenings. Parents aren't letting their children out of their sight. Fear and paranoia have gripped this sprawling city amid reports that not one, but two serial killers have been striking separately in recent months, killing as many as 11 people at random on the darkened streets.

"I'm terrified," said 25-year-old Valerie Alvidrez, who lives alone with her 6-month-old daughter in the central Phoenix area where many of the killings have occurred. "It's scary. If something happens, I have to defend me and my daughter."

The killings and woundings of at least 16 other people evoked the terror of the 2002 Washington-area sniper shootings because of the randomness of the crimes and the fact the victims were struck down while going about their daily routines. People have been shot from behind while biking; one victim was vacuuming her car at a carwash, another was waiting for a bus.

Six of the killings are being attributed to the "Baseline Killer," whose name refers to the street where he is believed to have committed his first crimes. Police say the man likely wears a disguise _ a wig of dreadlocks topped by a fisherman's hat _ and strikes just after sunset. Five of his victims have been women. Police have not said how all his victims were killed but several were shot.

The second suspected predator, dubbed the "Serial Shooter," has been definitively linked to the Dec. 29 wounding of one man and authorities believe he could be responsible for a total of five shooting deaths. Police say the shooter likely watches victims _ mostly pedestrians and bicyclists _ and strikes from behind when no one is looking. The shootings usually occur late at night or in the early morning. Sixteen Serial Shooter victims have survived.

The number of crimes stand out, even in what is one of the nation's most violent cities for its size. Police statistics show a homicide occurred in Phoenix, which has about 1.5 million residents, every 38 hours on average in 2005.

Police have created two task forces made up of a total of 120 officers to investigate the crimes and officials have collected $100,000 as a reward for information leading to the arrest of either suspect.

"We know we're always in a race against the clock," said police spokesman Sgt. Andy Hill. "We don't want there to be another victim."

The latest killing was at about 9:30 p.m. on June 29, when 37-year-old Carmen Miranda is believed to have been attacked by the Baseline Killer as she vacuumed her car at a carwash. Detective Dave Barnes said a surveillance video shows what he called a "blitz attack."

"It appears very calculated," Barnes said. "It all takes place in a matter of seconds."

Another Baseline Killer victim, Liliana Sanchez-Cabrera, 20, was shot to death with 23-year-old George Chou, a co-worker, after they left their jobs at a restaurant the night of March 15. Their bodies were found a mile apart.

Sanchez-Cabrera's mother said it's like her daughter was killed yesterday.

"I think about her when I wake up, when I cook and remember her favorite foods ... when I go to sleep," Juana Sanchez said in Spanish.

Police won't disclose what specific evidence in either set of killings leads them to believe the crimes are connected, but say time of day and locations play a part.

They believe the Baseline Killer got his start in August, committing robberies and sexual assaults in parts of south Phoenix and that he began killing one month later. Police won't say whether any of the murder victims were sexually assaulted.

The Serial Shooter is believed to have been killing victims since May 2005. Although police say they have only definitively linked four of the crimes _ the Dec. 29 wounding of a man and the shootings of several dogs and a horse _ they believe the shooter could be responsible for the random shootings of at least 21 people. In all, five human victims have died, all but one of them men. The shootings usually occur late at night or in the early morning in a rough area in western Phoenix.

Authorities have no witnesses in the Serial Shooter case. Descriptions of the Baseline Killer have varied, with some saying he is bald and black, and others saying he is Hispanic.

Police are trying to reassure residents that they will be able to stop the killings.

"We're in a valley of 3 million people, and we're looking for two people that we don't know what they look like," Phoenix police Chief Jack Harris said. "But let me assure you that we will not rest until we do track these people down."

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On the Net:

DOJ_NMG_0041650

Phoenix police: http://phoenix.gov/POLICE
Silent Witness: http://www.silentwitness.org

Cleveland Man Faces Federal Child Pornography Charges (CHATT)

The Chattanoogan, July 18, 2006

A Cleveland, Tn., man is facing federal child pornography charges.

Authorities said Albert Todd Taylor has agreed to plead guilty in the case.

Prosecutor John MacCoon said in October 2002, the Dallas Division of the FBI began an investigation along with the Internet Crimes Against Children's Task Force.

The probe, known as "Site-Key," targeted individuals who had purchased child pornography from Internet sites and e-mail groups.

The prosecutor said Taylor was identified as a person who had purchased child pornography over the Internet.

Taylor was contacted at his job by Agt. Scott Barker on July 18, 2003. He gave consent for a check of his Dall laptop computer.

An initial review of the laptop revealed numerous images of child pornography, it was stated.

A forensic examination of the Taylor laptop found 791 images that depicted child pornography. A majority of the recovered images were of children partially clothed, nude or involved in sexual acts with other children or adults.

Authorities said they found Taylor had been participating in a Yahoo news group receiving child pornography from January to July 2003.

CIVIL LAW:

Feds Oppose Public Query In Tobacco Case (AP)

By Pete Yost

AP, July 18, 2006

WASHINGTON - The Justice Department is opposing public questioning of a former department official in a lawsuit stemming from the government's landmark case against the tobacco industry.

The court battle involves former associate attorney general Robert McCallum and a private group alleging that McCallum and others at the Justice Department failed to surrender records related to the lawsuit against the cigarette companies.

A year ago, McCallum became the central figure in the government's decision to lower by more than 90 percent the amount of money it was seeking from cigarette companies.

In December, Citizens for Responsibility and Ethics in Washington sued, alleging the department had failed to surrender records that might explain the reasons for the reduction from $130 billion to $10 billion.

McCallum, who was confirmed as U.S. ambassador to Australia last month, was scheduled to undergo a deposition Tuesday in a case that the ethics group filed against the department.

After U.S. District Judge Emmet Sullivan gave the go-ahead to question McCallum, the department sought an order that his videotaped deposition be done in private and not be publicly released.

On Monday, CREW asked Sullivan to address the issue after a federal magistrate sided with the department.

"Where the conduct of a high level government official is at issue, protective orders to shield that office from potential embarrassment are not appropriate," CREW said in court papers.

The private group said it wants to question McCallum "to answer the legitimate question of what role he played in the government's misconduct" in failing to produce records.

The department cited court cases which state that depositions cannot be used to embarrass or harass a witness. The department argues it would be inappropriate for members of the public to attend McCallum's deposition because pretrial depositions generally are not public components of a civil trial.

Anti-smoking Group Wins Legal Victory (AP-Y)

By Nancy Zuckerbrod

AP2, July 18, 2006

An anti-smoking group known for its edgy ads featuring teenagers has won a legal victory over No. 3 cigarette maker Lorillard Tobacco Co.

DOJ_NMG_0041651

The Delaware Supreme Court ruled Monday that the ads created by the Washington-based American Legacy Foundation did not violate a 1998 agreement between the tobacco industry and the states.

That agreement led to restrictions on tobacco marketing and the creation of the foundation, which the tobacco companies fund through their payments to the states.

The agreement stated that the foundation could not vilify or personally attack tobacco companies or executives, something Lorillard argued the foundation has been doing in its ads.

Monday's ruling upheld a lower court decision that found the ads did not violate the agreement.

"I'm just delighted that this five-year unfounded action against us has come to an end and that we have a license to save lives," said Cheryl Healton, president and CEO of the foundation.

Lorillard, based in Greensboro, N.C., declined to comment Monday. The company previously highlighted several Legacy ads it thought went too far.

In one radio ad, a person identifying himself as a dog walker phones Lorillard and tells the operator he wants to sell the company dog urine because it is full of urea, "one of the chemicals you guys put into cigarettes."

In another ad, teens show up at Philip Morris offices in New York, though the company isn't identified in the ad, and announce that they have a delivery for the marketing department. The delivery is a lie detector, and the teens tell the company officials they want to clear up conflicting statements that have been made about the addictive nature of nicotine.

The case was settled in Delaware because that is where Lorillard and the Legacy foundation are incorporated.

In A Lawsuit Aimed At Iran, Terror Victims Focus On Ancient Artifacts In A Chicago Museum (NYT)

By Robin Pogrebin

The New York Times, July 18, 2006

That a victim of a Palestinian suicide bombing would seek legal redress from an American museum might seem baffling to the uninitiated. But for Daniel Miller, 27, it is simply a way of extracting justice from a government that he blames for his suffering.

Because Iran helped to train and support members of Hamas, the militant group that carried out the attack along a Jerusalem shopping promenade in 1997, Mr. Miller and four other Americans who survived the attack decided to seek damages from the Iranian government in American courts.

In 2001 they won a judgment against Iran in federal court in Chicago; in 2003 a United States District judge in Washington awarded them about $71 million in compensatory damages and $180 million in punitive damages, to be paid by the Iranian government, according to the plaintiffs' lawyer.

To collect on the judgment, the plaintiffs seized upon an unusual strategy shortly afterward: laying claim to some 2,500-year-old cuneiform tablets that are on loan from Iran to the University of Chicago's Oriental Institute. The survivors are demanding that the university sell the tablets, unearthed by American archaeologists at the ancient Persian capital of Persepolis in the 1930's, and compensate them with the proceeds.

Last week the Iranian government finally took notice, dispatching a Washington lawyer to District Court in Chicago to plead its case. In a hearing yesterday Iran was given until Aug. 21 to respond to the suit.

The University of Chicago has defended Iran's right to the artifacts, arguing that the Oriental Institute has an obligation to return them as promised.

Mr. Miller, a Florida resident who declined to name his hometown, says his goal is not to gain financially but to force Iran to pay for its role in supporting terrorism. "No amount of money can compensate for mine or any other victim's pain," he said in an e-mail message.

After the bombing on the Ben Yehuda mall in 1997, Mr. Miller said, metal that lodged in his ankles and his left arm had to be surgically removed, permanently damaging his nerves. A rusty seven-inch nail in his right calf muscle makes it difficult for him to walk long distances without stopping to rest, he said, and glass in his left eye causes him continual discomfort.

"Life takes on a whole new meaning from that day forward," he said.

The University of Chicago argues that the cuneiform tablets and fragments sought by the plaintiffs — surviving administrative records of the Persian Empire from around 500 B.C. — are far too valuable as sources of study to be put up for auction.

"They detail the movement of people and goods around different parts of the empire," said Gil Stein, director of the university's Oriental Institute. "It's the first time we have been able to see how the empire functioned. No other scientifically excavated archival source exists anywhere.''

Although the institute has "tremendous sympathy for the victims of the attack," he said, such cultural artifacts cannot be used to satisfy a commercial claim. "They're items of scholarship," he said. "We believe they should be outside the scope of this kind of proceeding."

DOJ_NMG_0041652

In an unusual twist, the State Department and the Justice Department have supported the university, arguing that the artifacts should be exempt under the Foreign Sovereign Immunities Act, a 1976 law that sets the parameters for suing foreign nations for terrorism in American courts. They argue that seizing cultural artifacts belonging to Iran could damage American relations with other countries.

The United States has not had diplomatic relations with Iran since 1979, when Iranian students stormed the United States Embassy in Teheran and set off a 444-day hostage crisis.

The plaintiffs in the lawsuit involving the artifacts — five victims of the bombing and five relatives who say they suffered emotional damage — have recently made some headway in their legal struggle. After the 2003 judgment awarding damages, the University of Chicago invoked sovereign immunity on Iran's behalf, a legal principle holding that governments, unlike ordinary citizens, cannot be sued. The survivors responded by filing a motion seeking to establish that no party other than Iran can assert Iran's sovereign immunity under the act.

On Dec. 15, a federal magistrate, Judge Martin C. Ashman of United States District Court in Illinois, issued a "report and recommendation" concluding that the university had no standing to fight Iran's battles, particularly if Iran chose not to appear in court.

The university appealed, but on June 22, United States District Judge Blanche M. Manning agreed with the original finding. Thomas G. Corcoran Jr., the Washington lawyer who took on Iran's case last week, said he was confident that Iran would retrieve its artifacts. "I don't think Congress intended that 2,500-year-old antiquities should be collected upon," he said in an interview.

Government officials in Teheran say Iran will also work through diplomatic channels, starting with Unesco, to ensure the return of the tablets. "We should first exhaust diplomatic ways, cultural correspondence, administrative and friendly ways to take all of the property back," Omid Ghanami, director of legal affairs at Iran's Cultural Heritage and Tourism Organization, said last week.

David J. Strachman, the Rhode Island-based attorney for the plaintiffs, said he was pleased to see that Iran was responding now. "It's a victory for democracy and for the rule of law that Iran is now going to recognize the jurisdiction of federal courts and that the U.S. justice system will hold it responsible for the sponsorship of terrorism," he said.

The case is being closely watched by American museums that also face legal claims for Persian antiquities by the victims of the 1997 bombing. But those museums contend that the artifacts being claimed belong to them, not Iran. A case against two University of Michigan museums and the Detroit Institute of Arts was dismissed in May without prejudice, meaning the plaintiffs can still refile their claims.

In May, Harvard University filed a motion to dismiss on the grounds that artifacts in its art museums are not owned by Iran and that they are not being used for any commercial purpose that could subject them to attachment. In a statement, the Museum of Fine Arts in Boston, which faces a similar claim, said it was groundless because the artifacts do not belong to Iran.

Patty Gerstenblith, a law professor at DePaul University who specializes in international law governing cultural property, said the artifacts should be protected from seizure. "I don't think this property should be subject to attachment, to satisfying this kind of claim," she said. Scattering the collection, she added, "would be very detrimental from the point of view of scholarship and knowledge."

The tablets were excavated in the 1930's by University of Chicago archaeologists at the ruins of Persepolis, on a plain near the modern city of Shiraz in south-central Iran. The Iranian government lent them to the university in 1937 so they could be translated and cataloged. Because the clay tablets were unbaked and fragile, many of them were recovered largely in fragments.

Professor Stein of the university estimated that 37,000 tablets had been returned to Iran after study between 1938 and 2004, and that about 5,000 tablets and 10,000 fragments remain at the institute. A federal court ruling prohibits the university from returning any of those while the case is pending.

"They belong to the people of Iran and they trusted us to translate them and take care of them," Professor Stein said. He compared the lawsuit to a scenario in which "someone were to seize the Magna Carta and put it up for auction because they had a dispute with England."

But Mr. Miller, the bombing victim, emphasized that Iran need not forfeit its artifacts.

"All Iran has to do is pay the judgment to prevent our action against their antiquities," he said.

New Suit Filed In Janklow Case (AP-Y)

By Carson Walker

AP2, July 18, 2006

The family of a motorcyclist killed when former Rep. Bill Janklow ran a stop sign has filed a new $25 million wrongful death suit against the U.S. government.

DOJ_NMG_0041653

Ronald Meshbesher, attorney for Randy Scott's family, said he filed the federal civil suit Friday in Minneapolis after getting no response from the U.S. House of Representatives on a similar claim filed in 2004.

"It's a clear-cut case that Janklow was responsible," Meshbesher said. "The only issue, as I can see it, is the amount the family will get."

A spokeswoman for the U.S. attorney in Minnesota said the office would not comment. Janklow's lawyer did not return a phone call Monday.

Scott's family initially sued Janklow in Minnesota state court. But it was determined that since Janklow was on official business, he was protected from any monetary claims by the Federal Tort Claims Act. The law safeguards on-duty federal employees from negligence claims.

The case was then moved to federal court. But the family's initial claim against the U.S. House went nowhere.

Janklow, 66, resigned from Congress after being convicted in South Dakota of second-degree manslaughter and other charges stemming from Scott's death.

The 2003 crash ended Janklow's political career. He had dominated South Dakota politics for three decades, first as attorney general, then as governor and finally as the state's only member of the U.S. House.

CIVIL RIGHTS:

Mayor Calls For Independent Investigation Of SPD Cases (SPOKSR)

Spokane (WA) Spokesman-Review, July 18, 2006

Spokane Mayor Dennis Hession this afternoon ordered an independent investigation of the Spokane Police Department's handling of two recent scandals – the beating death of a mentally disabled man and deletion of photos taken by a firefighter who had on-duty sex with a 16-year-old girl.

"I would say mistakes were made,'' the mayor said at a press conference at City Hall.

Acting Police Chief Jim Nicks, who attended the conference, refused to comment as he left City Hall. Earlier in the day, Nicks said he would welcome such an outside investigation.

The "credibility and stability" of the police department have been challenged by the two scandals, the mayor said.

Hession said he hadn't picked the outside expert, but said it likely would be an expert in police training, procedures and communications, possibly someone with academic ties.

"I don't know how much it's going to cost" or where the money will come from, Hession told reporters.

The mayor said he hopes the external review can be completed in six weeks, and he said he will make the findings available to the public.

The mayor's announcement followed a vote this morning by the City Council's three-member Public Safety Committee that called for an outside investigation.

"The case has caused a sense there is a need for an outside investigation of the matter,'' said City Council President Joe Shogun, who chairs the Public Safety Committee that oversees police and fire department issues.

Nicks, who attended the public safety committee meeting, said he now supports such an outside investigation.

"I believe that will be a beneficial result to the city and the police department in particular,'' Nicks told the committee.

The Public Safety Committee called for the investigation after a contentious exchange between Deputy Mayor Jack Lynch and City Councilman Bob Apple, who is a member of the safety committee.

"This is an intolerable situation,'' Apple said of the police department's handling of the Otto Zehm case. Apple said he was particularly disturbed that it took authorities four months before they released a surveillance video and police reports of the encounter between seven officers and the 36-year-old mentally disabled janitor.

Police went to a Zip Trip store at Division and Augusta after a young woman reported seeing a suspicious person while using a drive-up ATM machine at a nearby bank. The woman retrieved her ATM card and drove away before calling police.

Tapes from the store's video surveillance cameras were released last week after city officials and Spokane County Prosecutor Steve Tucker were threatened with a lawsuit by The Spokesman-Review if the material wasn't released to the public.

At the time of their release, Nicks conceded he had mischaracterized aspects of the encounter in his earlier public description of the encounter between Zehm and his officers.

The tape doesn't showed Zehm "lunging" at the responding officer, as Nicks contended, and it also shows he spent considerable time on his stomach after he beaten, Tasered and hog-tied by seven police officers.

The fire department, meanwhile, has launched its own independent probe into issues surrounding a modified oxygen mask that was placed over Zehm's nose and mouth as he was lying on the floor in police restraints. Three minutes after the mask was

placed on Zehm, officers said he stopped breathing. He never regained consciousness and died two days later in a local hospital.

Spokane Mayor Orders Review Of Police (AP)

By JOHN K. WILEY, THE ASSOCIATED PRESS

AP, July 18, 2006

Questions raised over suspect's death, sex scandal

SPOKANE -- Mayor Dennis Hession on Monday ordered an outside review of police conduct in the death of a mentally disabled man and a firehouse sex scandal.

Hession offered no specifics on who would conduct the reviews but said they would look at police practices, training and communication.

"The citizens of our community deserve such a review, and it is my responsibility to initiate the process immediately," Hession said, adding he wants a report within six weeks of appointing a reviewer. "The credibility of the Police Department has been badly compromised."

Otto Zehm, 36, died two days after being hit with a nightstick, jolted with a Taser gun and hogtied by as many as seven officers inside a convenience store March 18.

Spokane County Medical Examiner Sally Aiken ruled the death a homicide. Lying on his stomach with hands and feet tied behind his back was a contributing factor to Zehm's death, she ruled.

Videotapes released last week apparently contradicted key police statements about the arrest attempt.

Earlier, two police detectives were briefly suspended after advising a Spokane firefighter to delete digital computer images of a sexual encounter with a 16-year-old girl in a city firehouse in February.

The decision to allow deletion of the images was challenged by lawyers for the girl in a $1 million "wrongful conduct" claim against the police and fire departments last week.

The officers declined to arrest the firefighter after concluding the encounter was consensual and the girl was over the age of consent.

Firefighter Daniel Ross resigned after being accused of seven counts of "conduct unbecoming an officer" and violating city computer policies.

Spokane County Prosecutor Steve Tucker declined to press criminal charges against Ross.

Hession said the case raised questions about the Police Department's credibility, as did the Zehm case.

Under threat of a lawsuit by The Spokesman-Review of Spokane, Tucker released store surveillance videotapes last week that apparently contradict police versions of the attempt to arrest Zehm.

Acting Chief Jim Nicks originally said Zehm "lunged" at the first officer on the scene and threatened him with a 2-liter plastic bottle. But Nicks later conceded he had given misleading information to the public, based on initial reports from the chaotic scene.

The videotape apparently shows the man retreating with his hands in the air. It also shows him lying on his stomach with his hands and feet bound behind him for most of the time.

Police were called to the convenience store after a reported robbery at a nearby automated teller machine. The report later was found to be erroneous.

Tucker is expected to make a decision this week on whether the police use of force to arrest Zehm was appropriate.

In a meeting with the council's Public Safety Committee on Monday, Nicks said he supports an outside investigation.

"I believe that will be a beneficial result to the city and the Police Department in particular," Nicks said.

In addition to the review ordered Monday, Hession said the Spokane Fire Department will conduct an internal review of its response in the Zehm case.

Nicks disclosed last week that paramedics had placed a plastic oxygen mask on Zehm to prevent him from spitting at police.

The mask had a small hole in it for an oxygen tube but was not attached to an oxygen tank.

The FBI is continuing a civil rights review in the Zehm case, Hession said.

Meanwhile, Hession said an existing citizens police review commission likely will be modified to conform with recommendations of the new review.

Hession said he wanted to order the review before a new police chief is appointed later this week to avoid saddling the new hire with a "cloud of uncertainty under which the department now operates."

New Threat Received At Mosque That Was Bombed (ABJ)

Akron Beacon Journal, July 18, 2006

CINCINNATI - A mosque complex that was bombed in December received a threatening phone call Monday evening, officials said.

The person who called the Islamic Association of Cincinnati around 5 p.m. made death threats against Muslims in general, said Karen Dabdoub, director of the Cincinnati office of the Council on American-Islamic Relations. Dabdoub, who also is a member of the mosque, said security was increased but the building remained open for prayer.

Special Agent Michael Brooks, an FBI spokesman in Cincinnati, said the bureau had been contacted by the council about a bomb threat and would send agents to investigate Tuesday. He said the call was referred to Cincinnati police.

Police said no information was available Monday night. Messages seeking information were left Monday night with the department's public information office.

A call seeking comment also was left for the Islamic Association.

The association's complex was the site of two explosions Dec. 20. There were no injuries and the explosions caused only minor damage.

The day after the bombing, more than two dozen civic and religious leaders, including the mayor, the Roman Catholic archbishop and a rabbi gathered at the Islamic complex. A day later, people of all faiths attended a prayer vigil at the mosque complex.

Between 300 and 400 families attend the mosque, about a mile from the University of Cincinnati campus.

Threats Phoned In To Local Mosque (WKRC-TV)

WKRC-TV, July 18, 2006

The FBI is investigating threats phoned in to a local mosque. The caller reportedly made death threats targeting Muslims Monday evening.

The mosque in Clifton is the same one targeted by two pipe bombs in December.

An FBI spokesperson says agents will investigate Tuesday, and that the matter has been referred to Cincinnati Police.

The local office of the Council on American-Islamic Relations says the mosque remained open for prayer, but security has been increased.

Optimism On Both Sides Of Gay-Marriage Debate (WP)

By T.R. Reid

The Washington Post, July 18, 2006

DENVER -- The safest bet in American politics in recent years has been a state ban on same-sex marriage. Since 1998, proposals to outlaw such unions have appeared on the ballot in 20 states, both red and blue, and they have passed everywhere by big margins.

Accordingly, opponents of same-sex marriage -- who prefer to call the issue "protection of marriage" -- are confident these days as they look ahead to the eight (or possibly nine) states in which the ban is expected to be on the ballot in November.

"It costs some time and money to collect the signatures to put it on the ballot," said Bill Moeller of the Arlington-based citizens group American Values. "But once it's there, it tends to win with large numbers."

And yet, supporters of same-sex marriage -- who prefer to call the issue "marriage equality" -- are also optimistic as they look forward to this fall's campaigns. "Attitudes are changing, as people come to see this as a civil rights issue," said Brad Luna, of the Human Rights Campaign. "All the indicators show Americans are moving in the direction of marriage equality."

Among other things, proponents of same-sex marriage think they have a chance this November, for the first time, to defeat a ban on a state ballot. A nonpartisan poll in Wisconsin last month showed voters evenly split on the issue, with 49 percent favoring such a ban and 48 percent opposed. Gov. Jim Doyle (D) and four former governors from both parties have come out against the amendment.

Polling in Arizona and Colorado also suggests fairly close divisions. But opponents of same-sex marriage note that polls usually understate the actual vote for such a ban.

Beyond that, efforts to put a ban on state ballots are starting to fall short, both in the legislatures and in citizens' initiatives. In eight states, including Maryland, Pennsylvania and West Virginia, proposals calling for a ballot referendum banning same-sex marriage failed to pass the legislature this year. In California and Florida, opponents of same-sex marriage were unable to collect enough signatures to put an initiative on the ballot this fall.

In Illinois, groups opposing same-sex marriage submitted 347,000 signatures for their ballot proposal, but volunteers who support the unions scrutinized every name and challenged so many that the State Board of Elections refused to certify the proposal. Opponents are appealing that ruling.

DOJ_NMG_0041656

Opponents of same-sex marriage have been cheered by a series of recent court decisions in their favor. On Friday, a federal appeals court upheld a measure approved by Nebraska voters in 2000 that bars same-sex marriage and also denies gay partners legal benefits that come with marriage. That reversed the ruling of a lower federal court, which had voided the Nebraska law.

Tennessee's Supreme Court, also on Friday, ruled that a proposal to ban same-sex marriage can be on the November ballot.

Earlier this month, the highest state courts in New York and Georgia rejected arguments that a denial of marriage rights to gays violates the principle of equal rights under law.

In the electoral arena, most of the ballot issues this November fall into two categories. One approach is a simple definition of marriage. For example, the wording suggested by Colorado-based Focus on the Family declares, "Only a union of one man and one woman shall be valid or recognized as a marriage in this state."

Other measures go further, outlawing "civil unions" and denying same-sex couples the legal and tax benefits that married heterosexual couples receive.

The most complex ballot this year on the issue will be in Colorado, where at least two and perhaps four competing measures will face voters.

Opponents there are expected to put up a one-sentence initiative defining marriage as a union of one man and one woman. Supporters decided that they probably could not defeat that proposal, so they put a separate measure on the ballot that would legalize "domestic partnerships" for same-sex couples, giving them various financial, insurance and family benefits restricted to married heterosexual couples.

"We've decided to put most our money and effort into the campaign for domestic partnerships," said Sean Duffy, a Republican consultant in Denver who heads Coloradans for Fairness and Equality, which supports same-sex marriage. "It's possible that we could defeat one-man one-woman here, but we've decided to focus our effort on passing our domestic-partnership plan instead."

To counter the domestic-partnership proposal, opponents of gay rights are soliciting signatures for a "no legal status" ballot initiative, which would prohibit the state from "creating any legal status similar to marriage." If that measure makes the ballot, Duffy said, his side will put up another initiative designed to exclude domestic partnerships from the no-legal-status law.

Opponents of same-sex marriage have repeatedly failed to win enough support in Congress for a federal constitutional amendment banning such unions. The Senate did not approve such an amendment last month. Nonetheless, the House has scheduled a vote for today, and there, too, the measure is expected to fall well short of approval.

As a result, opponents of same-sex marriage see state elections as the place to make their stand. "We expect to win every ballot issue this fall, as we've done in the past, and keep our momentum for protecting traditional marriages," said Moeller, of American Values.

But supporters are seeking a breakthrough this year. "I think Americans look at Massachusetts and say, 'Well, Massachusetts is different,' " said Luna, of the Human Rights Campaign. "But let it happen in Washington or Wisconsin and people will say, 'Okay, this isn't so different, it's not the end of the world to give everybody equal marriage rights."

Bush May Speak At NAACP Convention, Ending Boycott (LAT)

By Peter Wallsten, Times Staff Writer

The Los Angeles Times, July 18, 2006

The first president in decades to not address the group appears ready to reverse course.

WASHINGTON — President Bush is apparently ready to end his boycott of the NAACP, the nation's oldest civil rights organization, with a possible speech Thursday to the group's national convention here.

Bush's appearance would underscore the GOP's continued efforts to recruit black voters. It would also come as some congressional Republicans have balked at renewing Civil Rights-era voter protection laws and almost a year after Hurricane Katrina devastated New Orleans — and criticism began that the Bush administration failed to aid the city's largely poor and black residents.

Negotiations, which have been underway for days, have involved the NAACP's president, Bruce S. Gordon, who has pursued warmer relations with Bush and White House aides, including political strategist Karl Rove.

By Monday it appeared increasingly likely that Bush would speak, although the White House had yet to confirm it with the group, formally known as the National Assn. for the Advancement of Colored People. The convention ends Thursday.

"We would welcome him whenever he wants to come," said John White, a spokesman for the NAACP.

"It would send a signal that he values the importance of black voters, since we represent about 300,000 people," White added. "And the Republicans said they're interested in our votes."

DOJ_NMG_0041657

Bush addressed the NAACP as a candidate in 2000, promising that civil rights enforcement would be a "cornerstone" of his presidency and noting that, unlike other Republicans, he was not avoiding the group.

But Bush went on to reject invitations to address each of the five NAACP conventions since he took office, becoming the first president in decades to not address the organization.

Aides blamed Bush's absence on searing attacks by the group's longtime chairman, Julian Bond, whose speech attacking the president in 2004 sparked a federal inquiry into whether the NAACP had violated tax laws requiring nonprofits to refrain from politics.

Bond continued his rhetorical assaults Sunday in his address opening this year's convention, assailing the Iraq war and conservatives' opposition to certain parts of the Voting Rights Act. But noting the location of the 2006 event, Bond added: "This year the convention has come to the president — and the president, we hope, is coming to it."

The Voting Rights Act offers common ground for Bush and the NAACP. The president has lobbied Congress to renew the law, and White House aides tried to persuade conservatives to drop their opposition. The aides hope that Bush can use an appearance before the convention to talk up his party's votes — in the House last week and potentially this week in the Senate — to renew the law for 25 years.

Gordon, a former Verizon Communications executive, has taken a conciliatory approach to relations with the White House, speaking frequently with Rove and other top aides and meeting with Bush on Katrina and other matters.

Although Bush has avoided the potential confrontation of an NAACP speech, he has not shied away from some hostile audiences. In February, he sat on stage for the funeral of Coretta Scott King even as much of the service turned into a political attack on GOP policies.

Other Republicans have spoken to the NAACP over the years. The GOP's national chairman, Ken Mehlman, appeared last year to officially apologize for the party's "Southern strategy" that used race-baiting tactics to mobilize white voters.

White, the NAACP spokesman, said Bush would receive a "polite" response from the thousands of delegates, who are also hearing this week from Democratic politicians, including Senate Minority Leader Harry Reid of Nevada and Sen. Hillary Rodham Clinton of New York.

White House officials did not respond directly to questions about when, or if, Bush would address the NAACP. But spokesman Tony Snow dropped a hint to reporters on Air Force One as Bush returned Monday from a summit in Russia.

Asked if Bush would address the group on Wednesday, an open day on the president's schedule, Snow said flatly, "No." Asked to clarify, he was more precise: "No, not on Wednesday."

Is Bush speaking this week, a reporter asked.

"Don't know yet," Snow said. "We'll announce when we announce."

Republicans Coming Up Short In Effort To Reach Out To African-American Voters (NYT)

By Adam Nagourney

The New York Times, July 18, 2006

WASHINGTON, July 17 — Even for some Republicans, the notion was hard to take at face value: the Republican Party would make an explicit play for black votes, a strike at the Democratic base and a part of a larger White House plan to achieve long-term Republican dominance.

Starting after President Bush's re-election in 2004, the party chairman, Ken Mehlman, filled his schedule with appearances before black audiences. He apologized for what he described as the racially polarized politics of some Republicans over the past 25 years. And the White House, in pressing issues like same-sex marriage to appeal to social conservatives, was also hoping to gain support among churchgoing African-Americans.

There has been no end to speculation about what the party was up to. Was it simply a ploy to improve the party's image with moderate white voters? Did the White House see an opportunity to make small though significant changes in the American political system by pulling even a relative few black voters into its corner in important states like Ohio? (Yes, and yes.)

But as Mr. Bush is tentatively scheduled to speak at the N.A.A.C.P. convention in Washington this week — after five years of declining to appear before an organization with which he has had tense relations — it seems fair to say that whatever the motivation, the effort has faltered.

Mr. Mehlman's much-publicized apology to the National Association for the Advancement of Colored People seems to have done little to address the resentment that built up over what civil rights leaders view as decades of racial politics practiced or countenanced by Republicans. One example they point to is the first President Bush's use of the escape of Willie Horton, a black convicted murderer, to portray his Democratic opponent in the 1988 election, Michael S. Dukakis, as soft on crime.

That perception of Republicans as insensitive to racial issues was fed again by the opposition mounted by some House conservatives to an extension of the Voting Rights Act. The House approved the extension last week.

"I have heard Ken Mehlman talk about the Republican Party as the party of Lincoln," said Bruce S. Gordon, the president of the N.A.A.C.P. "I have not seen that evidence itself as much as Ken would suggest. If the party wishes to reflect the principles of Lincoln, it has a long way to go."

Coming as the immigration fight on Capitol Hill has undercut Republican efforts to appeal to Hispanic voters, the disappointing results of the outreach to black voters is bad news for a White House that once viewed the 2002 and 2004 elections as a platform to achieve a long-term shift in the balance of power between the two parties. Forcing Democrats to fight to hold on to black voters and Hispanic voters was a crucial part of that strategy.

"I take my hat off to Ken; what he has done is unprecedented in the time I've been a Republican," said J. C. Watts Jr., a former congressman from Oklahoma, who is black. "However, I remain unconvinced that it is in the DNA of our party to get it done. There are just too many things out there that I think Americans of African descent have concerns about."

Senator Barack Obama, Democrat of Illinois, who attended Harvard Law School with Mr. Mehlman and who is black, said: "Ken was sincere in wanting to reach out to the African-American community, and it would be a healthy thing if both parties actively competed for the African-American vote. Unfortunately, the agenda of the Republican Party keeps getting in the way of that outreach."

For all the emphasis that Mr. Mehlman has put on this drive, Mr. Bush — who is highly unpopular among blacks — has not made this effort a public priority of his administration, though Mr. Mehlman said the president shared his desire to expand the party's appeal to blacks.

In an interview, Mr. Mehlman played down the effect of the delay in approving the extension to the Voting Rights Act. He noted that the party had black candidates running in statewide races in four states this fall, and that he always viewed the effort as a long and steady climb.

"As I said from the day I started this,'' Mr. Mehlman said, "there are going to be ups and there are going to be downs — this is going to be a difficult process. It took the Republican Party 40 years, since 1964, to get 8 percent of the vote."

He argued that Republican advocacy of economic policies that would give more power to individuals rather than to government — like health saving accounts — would appeal to middle-class black voters as much as it would to whites.

"What we have today that we had less of 10 years ago is a strong and powerful message,'' Mr. Mehlman said, "and we have candidates."

Lynn Swann, an African-American Republican running for governor in Pennsylvania, argued that his own candidacy showed the extent to which the Republican Party was becoming more diverse and that the debate about the Voting Rights Act extension did not distract from that.

"I don't think it undercuts it — people make mistakes," Mr. Swann said. "I think of Senator Al Gore Sr., who is on record for one of the longest filibusters against the Civil Rights Act when it was first initiated. And he's a Democrat."

Whether the Republican effort ever had much of a chance is open to debate. Donna Brazile, a prominent black Democratic strategist, initially warned Democrats to take Mr. Mehlman's efforts seriously, but Ms. Brazile said last week that any progress he and the White House had been making ended with the administration's response to Hurricane Katrina last year.

"He was on a roll, but Katrina stopped him in his tracks," Ms. Brazile said of Mr. Mehlman. "They are eager to tap into the political support of the African-American community, but they don't have any legs to stand on."

The central problem for Republicans is that Mr. Mehlman's very visible effort to reach out to African-Americans ran into the wall of historical trends that had pushed blacks toward the Democratic Party and Republicans more to the right.

"You have someone stand up one day and say, 'We're going to make a major outreach to African-American voters,' and the next day, you pull the Voting Rights Act from the floor," said Representative Melvin Watt, Democrat of North Carolina and chairman of the Congressional Black Caucus.

As evidence of what has become one of the hallmark initiatives of Mr. Mehlman's chairmanship, his office said he had made 48 visits to African-American audiences since becoming chairman in January 2005. At the same time, Republican strategists have appealed to socially conservative blacks by emphasizing social issues like same-sex marriage.

Mr. Watts, the former Republican congressman, called that a "lame strategy" and said the top concerns of African-American voters were racial and economic issues.

"It's a little bit insulting to all those pastors out there and people who stand with the party on the social issues,'' Mr. Watts said, when the party then does "nothing" to help blacks on opportunity issues.

David A. Bositis, senior political analyst with the Joint Center for Political and Economic Studies, a nonpartisan Washington group that studies black issues, said of the Republican effort: "They haven't had any success. But I thought all along it was never going to be realistic."

Democrats Fault Abortion Risk Info (AP-Y)

DOJ_NMG_0041659

By Kevin Freking
AP2, July 18, 2006

Women who consult with pregnancy resource centers often get misleading information about the health risks associated with having an abortion, according to a report issued Monday by Democrats on the House Government Reform Committee.

Congressional aides, posing as pregnant 17-year-olds, called 25 pregnancy centers that have received some federal funding over the past five years.

The aides were routinely told of increased risk for cancer, infertility and stress disorders, said the report, which was prepared for Rep. Henry Waxman, D-Calif.

Only a small fraction of the more than 4,000 pregnancy clinics nationwide get any federal funding, mostly for promoting sexual abstinence.

With a few exceptions, the federal government doesn't give money specifically for the counseling operations, but Waxman's staff said 25 centers got "capacity building grants." Thus, Waxman said, they should be held accountable for the information they dispense.

Of the 25 centers called, two could not be reached. Eight told the caller that abortion leads to a greater risk of breast cancer, the report said.

Care Net, an umbrella group for evangelical pregnancy centers across the country, instructs its affiliates to tell callers there is a possibility that abortion can lead to greater risk of breast cancer, according to Molly Ford, an official with the organization. She said there have been several studies that say it does, and several that say it doesn't.

"I know the report is wanting to say that it's conclusive, but it isn't," Ford said.

None of the pregnancy centers the committee staff called was identified, and it could not be determined if any were linked to Care Net, which has helped about a quarter of the nation's pregnancy centers begin operations.

One pregnancy center told a congressional aide the risk of cancer after an abortion could be 80 percent higher, the report noted. Ford said she doubted a pregnancy center would go that far, but the Web site for a pregnancy center in Albuquerque says the risk for cancer after an abortion is 50 percent or greater.

In February 2003, a National Cancer Institute workshop concluded that having an abortion or miscarriage does not increase a woman's subsequent risk of developing breast cancer.

The report from the Democratic aides also said the pregnancy resource centers provided false information about the mental health effects of abortion, telling the aides that it could cause severe long-term emotional harm.

However, an American Psychological Association panel said, "Severe negative reactions are rare."

But Ford said that pregnancy center counselors don't need statistics to tell them that many women undergoing an abortion experience severe emotional trauma.

"This isn't about a medical statistic to us. We do post-abortion counseling every day," Ford said.

The Administration for Children and Families within the Department of Health and Human Services funds the abstinence programs overseen by some of the pregnancy centers. Aides referred questions about the report to Wade Horn, a Health and Human Services assistant secretary, who did not want to comment until he read the report.

Waxman said that Americans are divided on the issue of abortion, but no one should support misleading teenagers about basic medical facts.

" It's wrong to pour millions of federal dollars into organizations that are providing false health information to vulnerable teenagers," Waxman said.

Pregnancy Centers Found To Give False Information On Abortion (WP)

By Marc Kaufman
The Washington Post, July 18, 2006

Federally funded "pregnancy resource centers" are incorrectly telling women that abortion results in an increased risk of breast cancer, infertility and deep psychological trauma, a minority congressional report charged yesterday.

The report said that 20 of 23 federally funded centers contacted by staff investigators requesting information about an unintended pregnancy were told false or misleading information about the potential risks of an abortion.

The pregnancy resource centers, which are often affiliated with antiabortion religious groups, have received about $30 million in federal money since 2001, according to the report, requested by Rep. Henry A. Waxman (D-Calif.). The report concluded that the exaggerations "may be effective in frightening pregnant teenagers and women and discouraging abortion. But it denies the teenagers and women vital health information, prevents them from making an informed decision, and is not an accepted public health practice."

DOJ_NMG_0041660

A spokeswoman for one of the two large networks of pregnancy resource centers, Sterling-based Care Net, said that the report is "a routine attack on us that's nothing new."

Care Net's Molly Ford said the centers criticized by Waxman received federal grants for abstinence-only programs they conduct, but not for pregnancy counseling. "The funds are kept entirely separate," she said.

Ford said, however, that she agrees with pregnancy counselors who tell women that abortion may increase the risk of breast cancer, infertility and a condition described by antiabortion groups as "post-abortion syndrome."

"We have many studies that show significant medical problems associated with abortion," she said.

Those studies are at odds with mainstream medical opinion. An expert panel of the National Cancer Institute (NCI), for instance, concluded in 2003 that an "abortion is not associated with an increase in breast cancer." The experts said their conclusion was "well established" by the evidence.

The report, from the Democratic staff of the House Government Reform Committee, found that counselors at eight of the centers told callers that abortion substantially increases the risk of breast cancer. Some counselors also said the psychological effects of abortion are severe and long-lasting, while research generally has found that severe stress reactions are no more common after an abortion than after giving birth.

President Bush has been an advocate for pregnancy resource centers and for abstinence-only sex education. Few of the pregnancy resource centers -- formerly called crisis pregnancy centers -- received any federal funding before 2001. Care Net's Ford said there are now about 2,000 centers in the United States and Canada.

Waxman has been a critic of many Bush administration women's health programs, including a 2002 reference on an NCI Web site suggesting that there was serious debate about whether abortion increases the risk of breast cancer. As a result, the NCI brought together experts to review existing data and came up with its conclusion that no abortion-breast cancer association exists. The statement was later deleted from the NCI Web site.

Last year, Waxman initiated a study of a government Web site intended to help parents and teenagers make "smart choices" about sexual activity. A team of medical experts who reviewed the Web site said it included inaccurate or misleading information that could alienate some families or prompt riskier behavior.

Voting For Dollars? (USAT)

USA Today, July 18, 2006

North of the border, meanwhile, one of Mexico's U.S. neighbors is weighing a novel way to get more citizens to participate in the democratic process: Offer them a chance at winning $1 million.

In an effort to improve voter turnout in Arizona, Tucson political activist Mark Osterloh gathered more than 185,000 signatures to put his Arizona Voter Reward Act on the state ballot this November as Proposition 200.

If Arizona's voters approved, one lucky voter would win a million bucks, financed by unclaimed prize money from the state's existing lottery. Citizens would qualify by voting in the primary or general election; vote in both and they'd be entered twice. Osterloh's slogan: “Who wants to be a millionaire? Vote.”

This is well-intentioned — Arizona ranked no better than 40th in eligible-voter turnout in the 2004 presidential election — but ill-conceived.

For one thing, it might be illegal. Various laws prohibit paying citizens for their votes, although lawyers could quibble about whether that means a vote for a specific candidate or issue, versus the simple act of voting. Osterloh expects the question to go to the U.S. Supreme Court if voters approve his proposition.

But even if it's legal, it's a tawdry idea. It cheapens one of the most important things a citizen of a democracy can do. It amounts to bribing citizens to vote. It reduces the act of voting to the equivalent of buying a Powerball ticket. It says it's less important to weigh candidates, and issues such as the war in Iraq, than to simply show up for a chance at the prize.

As one letter writer to the Arizona Daily Star put it, “The last thing we need is for people to vote without thinking, other than thinking about winning the million dollars.”

There are better ways to increase turnout. Some states have been working to make voting easier by liberalizing absentee voting, allowing more mail-in voting or setting up big, efficient voting centers in high-traffic areas instead of requiring voters to find their way to out-of-the-way polling places.

These require more effort than offering a prize, but they don't distort or demean the process. We hope Arizonans turn out in droves this fall, and turn down Prop 200.

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ANTITRUST:

New Mexico Rescinds Controversial Real Estate Rules (INMAN)

Inman News, July 18, 2006

Commission plans to form task force on minimum-service issues

The New Mexico Real Estate Commission has voted unanimously to rescind the language in a controversial real estate rule that set service requirements for real estate licensees in the state. A commission task force will continue to study the issue.

Despite objections from the U.S. Department of Justice's Antitrust Division, commissioners had passed a rule change in February that required real estate brokers in the state to accept and present all offers and counteroffers to their clients in every real estate transaction and to provide assistance to clients in "developing, communicating, negotiating and presenting offers, counteroffers and notices that relate to the offers and counteroffers until a lease or purchase agreement is signed and all contingencies are satisfied or waived."

The rule, which was not implemented, would have banned real estate businesses from providing some forms of limited service to clients such as the entry of a property into a multiple listing service without any additional representation in a transaction.

Across the country, state legislatures and real estate commissions have considered similar rule changes that are typically promoted by Realtor trade groups as pro-consumer measures that can ensure that consumers receive adequate services in real estate transactions while eliminating confusion in transactions that involve representation from both full-service and limited-service real estate companies.

In a handful of cases, U.S. Justice Department and Federal Trade Commission officials have opposed such measures, charging that the measures can reduce consumer choice and stifle competition in the industry by targeting alternative business models. Several states have passed the measures despite federal opposition.

In a November letter to the New Mexico Real Estate Commission, the Justice Department requested that commissioners reject the proposed real estate rule change in that state. The rule changes "are likely to reduce consumer choice, increase real estate services prices and undercut incentives to innovate," the letter states. "As we have encouraged other state commissions and legislatures, we encourage you to reject rules that could harm New Mexico home sellers and home buyers."

The Justice Department has also cited an absence of consumer complaints against fee-for-service real estate companies in New Mexico in questioning why minimum-service rules are necessary.

And Justice Department antitrust officials took issue with a provision of the rule changes that would have defined Virtual Office Web sites -- a format for the sharing of online property data among real estate brokers -- as a form of advertising.

Commissioners delayed consideration of the rule change until February, when they approved the changes. And commissioners last week considered whether to implement the new rules. Wayne Ciddio, executive secretary for the commission, could not be reached for comment today.

Linda Marquette, vice president for the commission, said the potential for legal action likely played a role in the commission's decision to rescind the language in the rule change.

"We started the process mainly to raise the bar forlicensees in the state of New Mexico. We do, basically as a commission, believe that a licensee has certain duties and requirements more than just listing a property in the MLS. That we all agree on. We didn't intend to bring the Justice Department down on us and open the can of worms. We just don't have the resources to fight the United States government," Marquette said.

"We created a task force to study the issue since it's a national issue. It's a lot bigger than we realized," she added. Marquette, who has experience as a title and mortgage professional, is the state commission's public representative -- the other four members work in the real estate brokerage industry.

A task force will likely be in place in time for the commission's next meeting in September, Marquette said. "We really want to move on this issue. This is not one that we want to go away."

Gary Wallace, a Realtor for Sotheby's International Realty in Santa Fe, N.M., who spoke during the commission's hearing last week, said he has personally experienced problems working with home sellers who do not receive full representation from their real estate company in a real estate transaction.

In one instance, Wallace said the seller appeared "ill-prepared to discuss what the house could be worth, knew nothing about the regulations and furthermore didn't know how to do a counteroffer." The transaction with Wallace's client, who was interested in purchasing the property, eventually fell through, Wallace said.

DOJ_NMG_0041662

There is room for limited-service companies in the industry, Wallace said, though real estate professionals should provide some services to clients. "I think it's important that consumers have choice. I just think they shouldn't be thrown to the wolves," he said. "I just hope that decision (on the minimum-service rules) ... is made soon so it's not hanging out there on a limb."

Wallace said there didn't appear to be any representatives from limited-service real estate companies at last week's commission hearing.

Lisa Hebenstreit, who offers limited-service real estate services in the Albuquerque area, said she is pleased that the commission has rescinded the rule change. "I think it's the right decision for consumers. I think that's a good idea."

Hebenstreit said she has had conversations with the commission's staff and with Justice Department officials to discuss her opposition to minimum-service requirements. She said she was not aware that the rule change would be discussed at last week's meeting or that the commission was forming a task force to further study the issue.

Technologists Square Off On Net Neutrality (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, July 18, 2006

Why do Internet pioneers Vint Cerf and Dave Farber disagree over whether the feds should mandate Net neutrality?

WASHINGTON--Two Internet pioneers dueled on Monday over whether proposed Net neutrality regulations supported by companies like Google and Amazon.com are the best way to prevent "abusive" behavior by broadband providers.

A debate here hosted by the Center for American Progress, a nonpartisan research institute that brags of challenging "conservative thinking," pitted Google Chief Internet Evangelist Vint Cerf, who co-developed the Internet's backbone protocols and has emerged as a leading proponent of congressional antidiscrimination mandates for network operators, against Dave Farber, a Carnegie Mellon University computer scientist widely considered to be a "grandfather" of the Internet.

The pair of technologists appeared to agree on at least one thing: Network operators, in general, shouldn't be allowed to interfere with Net users' activities. Where they disagreed was on the role that Congress and federal regulators should play in the ongoing debate over so-called Net neutrality, the idea that network operators must generally give equal treatment to all content that travels over their pipes.

Without legislation that expressly bars network operators from engaging in such prioritization, start-up Web innovators will suffer and consumers may have to pay higher prices to reach the content they want, Cerf warned.

"I am very concerned that we do not have adequate competition today to act as a restraint on abusive practices on some of the broadband carriers," Cerf said, "and until we have that kind of competition, we still need oversight and some kind of constraints."

When asked by a Comcast representative in the audience whether the same antidiscrimination mandate should apply to browsers, operating systems and search engines like Google, Cerf dismissed the analogy as a "red herring." (One U.S. House of Representatives member, in fact, had put forth such a proposal, and one Senate Republican confessed to having a parallel idea up his sleeve, though he never formally introduced it.)

"There is plenty of competition and choice" in that arena, so new rules aren't needed, Cerf said.

Monday's event came as a massive communications bill, criticized by Net neutrality proponents like Cerf for failing to include adequate protections, awaits a vote by the full Senate. It remains unclear how soon the vote will occur.

Farber said he opposed the antidiscrimination language Net neutrality advocates are pushing, because the proposals are too "hazy" and could create a "slippery slope" to even broader regulations.

"I could see some future congressional politicians who would say, 'Well, you know, we really don't want traffic on the Net that, for instance, is X-rated, and we'd like to stop that,'" he said.

Healthways Buy Of LifeMasters Cleared (AP)

AP, July 18, 2006

Healthways Gets Clearance for $307.5 Million Acquisition of LifeMasters Supported SelfCare

NASHVILLE, Tenn. (AP) -- Health services provider Healthways Inc. said Monday it received clearance for its $307.5 million acquisition of California-based disease management company LifeMasters Supported SelfCare Inc.

In a statement, the company said the required waiting period for antitrust review under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 expired, satisfying a closing condition of the deal.

The combined companies will have almost 75 customers including health plans, employers and government Medicare and Medicaid programs.

It will have a total of 3,500 employees, including nurses and clinicians.

The deal, which was first announced in late May, is expected to close on Sept. 1.

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Shares of Healthways added 17 cents to $50.52 in afternoon trading on the Nasdaq.

AMD Fires Another Antitrust Salvo At Intel (CNET)

By Graeme Wearden, Special to CNET News.com

CNET News, July 18, 2006

Battle between two chipmakers over alleged anticompetitive conduct with PC makers and sellers moves to Germany.

Advanced Micro Devices is stepping up the pressure on Intel over alleged anticompetitive practices by filing another complaint, this time with German authorities.

The latest complaint was filed last week with Germany's Federal Cartel Office, or Bundeskartellamt. In it, AMD claims that Intel made deals with German retailers that violate the country's competition laws.

The complaint was prompted by a report in the German edition of the Financial Times claiming that the Media Markt retail electronics chain had agreed to only sell computers that used Intel's processors in return for a payment from the chipmaker.

"AMD had already received similar information, so we decided to file a formal complaint with the Federal Cartel Office," AMD spokeswoman Hollis Krym explained.

A representative for the German Federal Cartel Office confirmed that a complaint had been received from "a competitor of Intel." It is now liaising with the European Commission, which is conducting its own investigation into Intel.

"We're checking with colleagues in Brussels to see whether they will take this complaint on as well," the Federal Cartel Office representative explained.

In June 2005, AMD filed a lawsuit against Intel, claiming that it had forced major customers to accept exclusive deals, and had withheld rebates and marketing subsidies from customers who bought more AMD processors than Intel had allowed.

The next month, European Commission officials raided Intel's offices in Swindon, England, as well as the offices of several PC retailers, including Dell.

Graeme Wearden of ZDNet UK reported from London.

Google Action Tests Power Of Cash Vs Votes In Washington (FT)

By Stephanie Kirchgaessner, Patti Waldmeir And Richard Waters

Financial Times, July 18, 2006

Google came to Washington as the quintessential outsider: symbol of a populist, counter-cultural, West Coast way of doing things that could not be more alien to the stuffy, hide-bound style of K Street, the main drag of Washington lobbying.

Yet over the past few months, Google and its new-economy allies have had remarkable success at challenging not just the style of Washington lobbying but the central fact of power in the capital: that money often speaks louder than democracy.

On a shoestring budget and with a handful of lobbyists, Google and a coalition of other online content companies have used the internet to mount an unusual challenge to big-money politics. They have got the voters talking directly to the legislators - without the intermediary of opulently shod lobbyists - in ways that could profoundly influence the future of lawmaking and lobbying.

And they have done it with an issue that only a techie could love: "net neutrality", obscure code words that stand for the principle of non-discrimination in the way customers are charged to use the internet. Proponents of this concept now include almost every Democratic presidential contender, half the senators on the powerful Senate commerce committee and an eclectic coalition ranging from companies such as Yahoo, Ebay and Amazon to the Christian Coalition, Gun Owners of America and musicians Mobe and the Dixie Chicks.

Hundreds of thousands of emails and phone calls have besieged the offices of legislators and more than 1m people have signed an online petition urging Congress to adopt net neutrality. Given the power of blogs to set the agenda of mainstream media, candidates in November's congressional elections - especially those in close races - could not afford to ignore the issue.

Net neutrality has emerged as an issue as US telecommunications law is under review. There are powerful forces on both sides. The big telecoms and cable companies say that unless they are allowed to charge more to construct a "fast lane" on the internet, they will not be able to build the next generation of internet connectivity. But internet content companies say price differentiation of this kind would jeopardise the freedom that has fostered innovation in cyberspace. They want stricter regulation of broadband services,

"The strategy from the beginning has been to take this outside the Beltway," says Alan Davidson, Goo-gle's head lobbyist in Washington, referring to the multi-lane motorway that fences in the peculiar political culture of the capital.

Telecoms companies had decades of experience and tens of millions of dollars to spend lobbying this issue - they are already estimated to have spent $50m to fight net neutrality. Sergei Brin, Google's founder, on the other hand, scrambled a trip to

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Washington and failed to see the most powerful senator dealing with the issue, Ted Stevens, Senate commerce committee chairman.

Vin Weber, a veteran Republican lobbyist who represents the pro-neutrality coalition, which includes Google, Ebay, Amazon, Microsoft and others, said the pro-neutrality side has had a "tremendously uphill battle" facing telecoms and cable companies that are "well entrenched" in Washington. Larry Lessig, Stanford law professor and internet analyst, puts it even more simply, saying: "All the money in the world is against net neutrality."

Even so, Google and the others have managed to turn this into an issue of internet freedom that resonates with millions of tech-savvy voters: "This is fundamentally an economic issue for very large application providers," says one Washington lobbyist, referring to the fact that Silicon Valley will benefit hugely if it can defeat toll fees for the internet fast lane. But "they have managed to articulate it as a first amendment issue", he says.

After a heavy defeat in the House, net neutrality proponents delivered a tie vote in the Senate commerce committee. That means there is unlikely to be legislation on net neutrality this year - but all involved say the battle may have just begun.

Lobbyists for the other side - the telecoms and cable companies - doubt that voters will choose candidates based on such an obscure issue. Scott Cleland, who has campaigned for the anti-neutrality side, calls Google's grassroots tactics naive - even if the Democrats make gains in November they will still not have the power to change policy, and the 2008 elections are still a long way away, he says. The issue resonates on both the coasts - but scarcely in between, say telecoms lobbyists. "This can't be a make-or-break election year issue," says one anti-neutrality lobbyist.

"I don't know at the end the day what will matter more: votes or political contributions," says Maura Corbett, spokesperson for the pro-neutrality group. But both sides agree: it will be an interesting test of the power of money versus votes in Washington.

EU: Banks Not Serving Customers Well (AP)

By Aoife White, AP Business Writer

AP, July 18, 2006

European Banks Are Not Serving Customers Well, Antitrust Regulators Warn

BRUSSELS, Belgium (AP) -- European banks are not serving customers well, EU Competition Commissioner Neelie Kroes said Monday as she also warned that she was ready to step up action against credit and debit card providers earning "abnormally high" profits.

EU regulators identified a host of problems showing that banking is still a fairly closed market, but Kroes said the exact causes of that were not clear and she needed the industry to help her show what must be done to open the system.

Banks generally stick to their own national markets and benefit from very faithful customers who usually hold an account with the same bank for an average of about 10 years -- which may partly be because of the high cost of switching banks.

The European Commission believes that breaking down national barriers in financial services could stimulate economic growth and help create more jobs in Europe.

Countries where customers don't shop around tend to have more profitable banks, the Commission said in its report.

"This low level of customer mobility is worrying," said Kroes. "It means that European customers are not putting competitive pressure on banks to force them to provide better services and value for money. It also increases the risk that some banks may take advantage of their customers."

Profits vary widely. Banks in Ireland, Spain and Finland pull in the most pretax, making over 40 percent of total retail banking income in 2004. At the other end of the scale, Austrian banks made 11 percent and banks in Germany 17 percent.

Kroes asked banks to tell her what was wrong -- saying they could come forward confidentially -- but also warned that they needed to examine and improve their own practices.

"Retail banking is quite a profitable business these days," she said. "So, why is it that so few banks are major players outside their home member state?"

"Is it anticompetitive behavior, structural problems with the markets, failures of regulation or other causes?" she asked. "We can clearly see problems, but the cause of those problems is not yet clear."

The report said there were significant entry barriers to banks moving into the sector, including access to payment systems and credit databases. The cost of joining the clearing system for interbank payments in another country can also be prohibitively high, it found.

The final report will be published by the end of the year.

In April, Kroes accused card providers such as Visa and MasterCard of racking up "abnormal" and "excessive" profits for banks. She told them to make changes or face antitrust investigations that could force them to reform their business or pay fines.

"The figures and the facts are too clear to allow to continue this situation," she told reporters Monday. "We will act."

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A report identified agreements between banks as raising the cost of using debit or credit cards, effectively setting a tax on business and consumers. It said customers are paying too much because the industry was split along national lines and new card providers find it hard to set up shop. This increases retail prices by up to 2.5 percent, the Commission said.

"Large price differentials within the EU up to 100 percent for consumers and 650 percent for businesses clearly show that market forces are not yet working at full strength," Kroes said.

Both Visa and MasterCard rejected these conclusions, claiming the Commission was using flawed data and had failed to grasp how interchange fees covering the processing of payments were an important part of their pricing model.

Visa Europe Chief Executive Peter Ayliffe said the industry needed the freedom to set interchange fees for different markets and deserve a return on investments that allow it to push ahead with innovations such as the "chip and pin" system.

The banking industry would spend some euro5 billion to create a single European payment area by 2010, he said. The Commission has also been pushing for this so customers would pay the same price to make payments or transfer money to or from another country in the 12 nations that use the euro currency.

MasterCard Regional President Javier Perez said anything to undermine payment cards would push customers toward more expensive payments such as store cards.

EU regulators charged MasterCard in June with price-fixing for the fees retailers must pay for accepting MasterCard and Maestro branded cards. This could see MasterCard forced to end the fees.

When The Chips Are Down (WSJ)

The Wall Street Journal, July 18, 2006

The class-action reform bill that Congress passed last year was supposed to take some of the shenanigans out of mass tort litigation. But last week, 34 state Attorneys General showed that where there's a will, there's a lawyer.

Those 34 AGs filed civil suits in federal court Friday, seeking to recover damages from seven memory-chip makers from around the world, most of whom have already been through the federal wringer for a price-fixing conspiracy. Four of the seven companies now being sued have pleaded guilty in the criminal case, while a fifth, Micron Technologies, has secured immunity through a cooperation agreement with the Justice Department. Some $730 million in fines have been levied and executives from a number of companies have been handed prison sentences in the case.

Enter the state AGs, who have now ridden in on their taxpayer-funded horses to shoot the wounded. The 2005 Class Action Fairness Act moved certain kinds of class-action suits to federal court, including those involving indirect damages from antitrust violations. So nearly three dozen state Attorneys General have sued the chip makers for damages in federal court in California.

The suit comes in an election year for both Bill Lockyer, California's AG who's running for state Treasurer, and Eliot Spitzer, the New York AG currently running for Governor. The legal theory behind the suits is that customers may have overpaid for computer equipment as a result of the conspiracy, so the AGs are allegedly looking out for the taxpayer in suing on behalf of consumers and state agencies that purchased equipment during the conspiracy.

This comes in spite of the fact that a number of private plaintiffs are already suing for damages or trying to negotiate settlements in the price-fixing case. The addition of a coterie of AGs seems designed to grab some headlines and a share of the glory for our politician-lawyers.

It is hard to know how big this particular pot of gold might be, since the damages are mostly indirect (in the form of higher prices passed on by some computer makers). But antitrust law permits persons harmed by a price-fixing conspiracy to sue for treble damages. And adding consumers to the mix also enlarges the kitty, since the AGs are effectively suing on behalf of everyone in their state who bought a piece of electronics with memory inside between 1998 and 2002.

We've often criticized the cozy relationship between the trial bar and the state Attorneys General, but in this case the AGs seem to have cut out the middle man, bringing a massive class-action suit all on their own. For our tax dollars, we're not sure the 50 states need a trial-lawyer-in-chief.

ENVIRONMENT:

Heat Blast Tests U.S. Power System (WSJ)

By Rebecca Smith

The Wall Street Journal, July 18, 2006

Scorching temperatures strained electric systems throughout the nation as consumption broke records, underscoring warnings by regulators and industry officials that the nation isn't building enough power plants and transmission lines.

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Grid officials in the most populous states asked consumers to trim electricity use to reduce the possibility of supply disruptions. Despite conservation efforts, records for electricity consumption were set in California, Texas, New York, the mid-Atlantic region and the Midwest.

In New York, demand crested at 32,624 megawatts yesterday, about 2% higher than a record set a year ago of 32,075 megawatts, with some power losses occurring in the New York City area. In the Midwest, demand surged past the record of 131,435 megawatts by late afternoon to 132,658 megawatts and in Texas it swept past the record of 60,279 megawatts to 62,396 megawatts, enough to absorb the equivalent of four large power plants, according to the regions' grid operators. In the mid-Atlantic region, demand was 139,746 megawatts by late afternoon, shattering a record of 133,763 megawatts by 4.5%, the widest margin in any region.

In California, the grid-operating California Independent System Operator said demand of 46,561 megawatts beat a record set last July of 45,431 megawatts. Last week, the grid operator submitted a report to Congress in which it predicted the "most likely" summertime peak usage would be more than 500 megawatts less, illustrating the danger of relying on predictions.

Rising demand throughout the nation could reignite debate about how best to stimulate construction of plants in states that have deregulated their retail electricity markets, where regulators typically don't order utilities to build facilities. To encourage building plants, Texas gradually is raising its price caps for wholesale electricity. Those caps are reached periodically at times of high demand. The current cap of $1,000 a megawatt hour is expected to rise to $2,000 next March and to $3,000 by March 2009, making it the highest price ceiling in the nation.

Following a massive blackout in the Northeast and parts of the Midwest in August 2003, Congress in 2005 gave federal energy regulators more authority to intervene in cases where transmission lines are needed but aren't getting built because of disputes between states. Tight supplies this summer could prompt the Federal Energy Regulatory Commission to take a more aggressive stance and push development forward. Three new members join the five-member body this month.

FERC Chairman Joseph Kelliher last week warned a House energy subcommittee that trouble-prone areas include California, Connecticut and New York City. Although many generating plants were built in the U.S. in the late 1990s, the California energy crisis of 2000-2001 and bankruptcy of big power trader Enron Corp. in late 2001 shook up deregulated electricity markets and many projects were canceled.

Now, electricity supplies in some states are becoming uncomfortably tight at times of high demand. "This is not the time for complacency," Mr. Kelliher warned the House subcommittee, adding that electric system "vulnerability" is greatest in summer.

High energy demand this week will likely translate into big profits for some generators, especially those that use lower-cost coal or nuclear fuel to make electricity.

In California, as throughout the arid West, grid officials not only feared demand would outstrip resources but also worried high temperatures could prompt wildfires that could force major transmission lines out of service. Several fires were reported yesterday, but so far none have threatened essential transmission corridors. "That was our lucky break," said Stephanie McCorkle, spokeswoman for the California ISO in Folsom, Calif.

Unlike the East, where electric systems are tightly networked, utilities in the West more often rely on electricity that is carried long distances, making power supplies more vulnerable to disruption. The California ISO has said California needs at least $1.8 billion of additional transmission investments, mostly in the southern part of the state, the area that is the most stressed electrically. Northern California has been helped this year by hydro-electric resources that are the best in years.

Grid operators will likely be stressed again today with high temperatures expected to continue in most places. The longer a heat wave lasts, the more fragile the electric system becomes as older units succumb to mechanical breakdowns and as heavily laden power lines sag from heat, sometimes into trees, causing short-circuits or fires.

Feeling The Heat For Icy Greenland, Global Warming Has A Bright Side (WSJ)

By Lauren Etter

The Wall Street Journal, July 18, 2006

QAQORTOQ, Greenland -- Stefan Magnusson lives at the foot of a giant, melting glacier. Some think he's living on the brink of a cataclysm. He believes he's on the cusp of creation.

The 49-year-old reindeer rancher says a warming trend in Greenland over the past decade has caused the glacier on his farm to retreat 300 feet, revealing land that hasn't seen the light of day for hundreds of years, if not more. Where ice once gripped the earth, he says, his reindeer now graze on wild thyme amid the purple blooms of Niviarsiaq flowers.

The melting glacier near Mr. Magnusson's home is pouring more water into the river, which he hopes soon to harness for hydroelectricity.

"We are seeing genesis by the edge of the glacier," he says.

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Average temperatures in Greenland have risen by 2.7 degrees Fahrenheit over the past 30 years -- more than double the global average, according to the Danish Meteorological Institute. By the end of the century, the institute projects, temperatures could rise another 14 degrees.

The milder weather is promoting new life on the fringes of this barren, arctic land. Swans have been spotted recently for the first time, ducks aren't flying south for the winter anymore and poplar trees have suddenly begun flowering.

Greenland represents one of the largely unrecognized paradoxes of global warming. In former Vice President Al Gore's recent film "An Inconvenient Truth," the melting of Greenland's ice cap, along with a similar cap in the Antarctic, is portrayed as one of the greatest threats of global warming. If the layers of ice and snow holding billions of tons of water were to melt, scientists warn that global sea levels would rise by 40 feet, submerging lower Manhattan, the Netherlands and much of California.

But to many of the people who live here in Greenland, the warming trend is a boon, not a threat.

It is no small feat to get things living and growing in Greenland, an arctic and sub-arctic country at the northern tip of North America whose frigid landscape is often confused with Iceland, a smaller, greener European island nation to the southeast.

More than 80% of Greenland is covered in ice. Temperatures in the south regularly drop to 22 degrees below zero during the long, dark winters when the sun shines for as little as five hours a day. Intermittent frosts during the four-month growing season make it difficult for anything to thrive.

Even small increases in temperature can make a big difference in the quality of life for many Greenlanders who scrabble out a living at the whims of the weather. Freezing temperatures are the biggest factor limiting plant growth in Greenland. If the average temperature warms just a degree or two, the number of freezing nights is reduced. Higher temperatures produce stronger, healthier plants and provide farmers larger crop yields.

Already, the temperature rise in Greenland has extended the growing season by two weeks since the 1970s -- no small matter since those two weeks come during the spring and summer when the sun shines for as long as 20 hours a day in southern Greenland. Warmer days allow farmers to take better advantage of the extended sunlight, which gives plants more energy and a better chance to survive and thrive. If temperatures rose enough to allow the growing season to begin in late April, rather than mid-May, Greenlandic farmers might be able to grow fruit, including strawberries or apples.

Improved crop production could help wean Greenland from its heavy dependence on expensive, imported produce: Greenlanders pay about $3.50 for a cucumber at a local grocery store, $5 for a head of lettuce and $7.50 for a pound of carrots. Since 1980, Greenland has seen farmland devoted to growing crops increase to about 2,500 acres from 620 acres.

For Mr. Magnusson and his reindeer ranch, the longer grazing seasons mean fatter animals for slaughter, since reindeer gain about half a pound per day during the spring and summer grazing season. More abundant grasslands have prompted one farmer to buy cows for a government-funded experiment in dairy farming. A longer growing season allows crop farmers to expand their home gardens into commercial enterprises. Fishermen have begun catching tons of warm-water cod, after that fish's long absence from the region.

"We have so many cold places in Greenland, and a lot of it is covered with ice," says Mr. Magnusson. "So we are grateful for those two extra degrees we get."

Other places are also seeing benefits from a warming trend. For every 1.8 degrees of warming, Canada's wine-growing region can expand 120 miles northward as the climate becomes suitable for growing wine grapes, according to David Phillips, the Canadian government's senior climatologist.

Thirty years ago, farmers in the Peruvian Andes were unable to cultivate crops above 14,000 feet because it was too cold, says climate scientist Anton Seimon. Now, farmers are planting large potato fields at 15,000 feet.

Many climate scientists argue that any local benefits of the warming trend are more than offset by the global costs. One worry: That discussion of the benefits could undermine efforts to slow global warming. "I'm not keen to provide ammunition to those who oppose action," said Dr. Wallace Broecker, a researcher at Columbia University's Earth Institute, in an email declining an interview. "Of course there will be benefits. But the net will be bad."

For the government of Greenland, the calculus is not so simple. Greenland, a self-governing territory of Denmark, supports efforts to curb global warming through the Kyoto Protocol. That international treaty aims to reduce human-related greenhouse gases in the atmosphere, caused by burning fossil fuels such as coal and oil, which many scientists say are helping cause the earth to heat up.

Josef Motzfeldt, Greenland's Vice Premier and Minister of Finance and Foreign Affairs, says he worries about the places that may be engulfed by the sea if Greenland's glaciers melt. "When the seas rise just one meter, it will be a big catastrophe," he says.

Warmer weather has a downside even in Greenland, Mr. Motzfeldt points out. It's hindering the native Inuit's traditional way of life, undermining their ability to hunt seals and polar bears on the thinning ice. He's concerned that polar bears could "disappear completely" in the changing environment.

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Even Greenlanders who welcome the recent climate changes recognize a downside. Mr. Magnusson says he typically uses a snowmobile to herd his 2,300 reindeer. But the area where he can use his snowmobile is shrinking, and the melting snow and ice could eventually make snowmobiling impossible. He says he will adapt by using horses, helicopters or by simply walking.

Still there's no denying the good news for many Greenlanders. "If we are egoistic, we will be happy," says Mr. Motzfeldt. "We have longer growing seasons for the plants and the vegetables."

Many here see warming as an important step toward greater economic independence from Denmark, which still provides about half of Greenland's government revenue. With just 57,000 people on the roughly 840,000-square-mile island, Greenland's gross domestic product is $1.1 billion, about a quarter of the GDP of Fiji, a South Pacific island nation of about 7,000 square miles.

"The conditions for living are getting better," says Kaj Egede, the chairman of Greenland's Board of Agriculture, in his office in Qaqortoq.

Some farmers are trying new types of produce, such as broccoli, cauliflower and Chinese cabbage. Most are getting more from their old crops. "Usually we only have one cut of hay," says Kenneth Hoegh, a farming consultant for Greenland's Department of Agriculture. "But because it is getting warmer -- it is definitely getting warmer -- more and more farmers are getting two cuts of hay."

Those higher yields are rippling through the agriculture chain. Over the past five years, a doubled hay crop has helped sheep farmer Erik Rode Frederiksen. He was named after Eric the Red, a Viking explorer who settled Greenland around 980. The extra hay gives him fatter sheep worth more money at slaughter. Sheep flocks across the country have increased 10% in the past three years, according to government statistics.

From the early 1960s to 1998 cows were rare in Greenland, and Greenlanders relied on powdered milk subsidies from the Danish government. But improved grazing and hay fodder are tempting some farmers and sheep ranchers to add cows to their livestock holdings.

For Greenlanders, adapting to the effects of climate change is nothing new. Oxygen isotope samples taken from Greenland's ice core reveal that temperatures around 1100, during the height of the Norse farming colonies, were similar to those prevailing today. The higher temperatures were part of a warming trend that lasted until the 14th century.

Near the end of the 14th century, the Norse vanished from Greenland. While researchers don't know for sure, many believe an increasingly cold climate made eking out a living here all but impossible as grasses and trees declined. Farming faded away from the 17th century to the 19th century, a period known as the Little Ice Age. Farming didn't return to Greenland in force until the early 1900s, when Inuit farmers began re-learning Norse techniques and applying them to modern conditions. A sharp cooling trend from around 1950 to 1975 stalled the agricultural expansion.

Since then, temperatures have mainly been on the upswing. Ole Egede is taking advantage of the warmer climate. He and his brother live on Greenland's southwest coast on an isolated farm at the head of an inlet that can be reached only by helicopter or by a boat that can navigate around the icebergs that often choke the blue fiord. Mr. Egede started Greenland's first commercial potato farm in 1999 and it remains the largest potato farm in Greenland.

Improved farming technology and methods, such as new cold-resistant seed varieties and cultivation techniques -- are responsible for some of Greenland's expanding agriculture. But experts credit the more-favorable climate with much of the new growth. "There's no doubt he's now growing potatoes because of better conditions," Mr. Hoegh, the farming consultant, says of Mr. Egede.

Greenland's fishermen also are beneficiaries of the higher temperatures. Warm-water-loving cod, one of the region's most commercially lucrative fish, are booming in the balmier coastal waters. In the 1960s, 90% of all fish caught in Greenland were cod. But a string of cold winters in the late 1980s drove off much of the cod population by the early 1990s.

The cod, says commercial fisherman Kim Hoegdan, "just came within the past three years. We have never seen them before in this amount."

Mr. Hoegdan says he expects to catch as much as 440,000 pounds of cod this year, up from about 3,000 pounds two years ago, when the fish began trickling back.

Shrimp -- Greenland's largest export -- could actually decline in numbers since they prefer colder water, and are eaten by cod. But the value of an increased cod harvest likely would exceed any losses of a reduced shrimp harvest, according to the Arctic Climate Impact Assessment, a multigovernmental study looking at the social and economic consequences of the warming. A revitalized cod industry could double the export earnings of the Greenlandic fishing industry, according to the 2005 report.

Greenlanders are aware that the benefits brought to them by global warming could spell disaster for people elsewhere. But as long as the temperatures are rising, they're determined to make the most of it.

"We, as people, need warmer weather as well," says Mr. Frederiksen, the sheep farmer.

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Besse Trio Unlikely To Be Tried This Year (TOLB)

By Tom Henry, BLADE STAFF WRITER

Toledo Blade (OH), July 18, 2006

Prosecution needs more time to prepare

A former Davis-Besse trio being prosecuted for endangering public safety likely won't have their cases heard in U.S. District Court in Toledo this fall, as federal prosecutors had predicted when the indictments were issued in late January.

Andrew Siemaszko, 51, of Spring, Texas; David Geisen, 45, of DePere, Wis., and Rodney N. Cook, 55, of Millington, Tenn., maintain their innocence on charges of making false statements to a federal agency.

They are accused of withholding vital information about the plant's operating status during the fall of 2001, when the Nuclear Regulatory Commission was contemplating what would have been the government's first emergency shutdown of a nuclear plant since 1987.

The government agency admittedly was embarrassed and angered by what was found after it relented. It unknowingly let the plant limp along in an extremely dangerous condition until Feb. 16, 2002.

Mr. Siemaszko and Mr. Geisen, both former FirstEnergy Corp. employees, are being prosecuted on five counts, while Mr. Cook, an outside contractor-consultant who had worked at Davis-Besse for many years, is being prosecuted on four. Each face up to five years in prison and $250,000 in fines if convicted.

On July 7, Magistrate Vernelis Armstrong granted the U.S. Department of Justice's request to waive the speedy trial rule. The government had asked for more time, citing the complexity of the case and its 20,000-plus documents.

During a conference call four days later, the magistrate postponed the deadline for pretrial motions for a second time. The new deadline is Oct. 10.

She also gave FirstEnergy's nuclear subsidiary, FirstEnergy Nuclear Operation Co., or FENOC, two weeks to work out its dispute with Mr. Siemaszko's defense team over 146 documents.

They were presented to the grand jury that reviewed evidence in Cleveland for two years, but FENOC lawyers claim they should be placed under a protective order and kept out of the public proceedings because of the company's proprietary issues or trade secrets.

Mr. Siemaszko's attorneys object, claiming they are entitled to the same information the grand jury received.

"We dispute their claim, since most of the documents are already in the public domain," said Chuck Boss of Maumee, part of Mr. Siemaszko's defense.

The dispute, if resolved in two weeks, will be subject to a ruling after more briefs are filed, he said.

John Conroy, a Washington attorney representing Mr. Cook, said attorneys themselves have not yet sorted out whether the cases will be tried as one or tried separately. Motions could be forthcoming on that issue, he said.

Asked when the case or cases would be heard, Mr. Conroy responded: "Probably not this year."

Mr. Boss said the Siemaszko defense team is fighting FirstEnergy's attempt to shield the documents under a protective order because defense lawyers want to receive technical assistance with the documents from the Union of Concerned Scientists, of Cambridge, Mass.

FirstEnergy said part of its motivation for keeping the records secret is to keep them away from that national activist group, formed years ago to oppose nuclear power expansion.

David Lochbaum, the group's nuclear safety engineer, said he believes the concern about the documents in question is "broader than what we might do with them."

He said he believes those documents will reveal the government - and FirstEnergy - doesn't have a case against Mr. Siemaszko.

His group and others, including Ohio Citizen Action, maintain that Mr. Siemaszko is a nuclear whistle-blower who has been maligned for trying to shed light on Davis-Besse's problems. Mr. Siemaszko told The Blade in a previous interview he felt he was fired for trying to get FirstEnergy to make necessary improvements at the plant. The company denies that.

"I think it would be easier to find weapons of mass destruction in Iraq than it would be to make a case against Andrew," Mr. Lochbaum said.

The Union of Concerned Scientists and Ohio Citizen Action have been granted intervener status in Mr. Siemaszko's appeal of civil penalties, including the NRC's ban on his continued employment in the nuclear industry.

The NRC recently filed an appeal of a panel's decision to grant intervener status to those two groups, in effect trying to quash their involvement.

The case also has the potential of becoming further complicated by FirstEnergy's revelation on Friday that it stumbled upon 70-some documents at Davis-Besse a few weeks ago, while moving around materials in an office at the nuclear plant.

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Todd Schneider, utility spokesman, said five boxes of documents that belonged to a former contractor were discovered. He declined to say whether they belonged to Mr. Cook, the only former contractor who has been indicted.

The boxes contained some duplicates of previously submitted documents, and an undisclosed amount of new material. The Nuclear Regulatory Commission and the Justice Department will likely spend weeks reviewing the new material.

Contact Tom Henry at: thenry@theblade.com or 419-724-6079.

Energy Firms Keep Taxes At Bay (WSJ)

By John M. Biers And Jessica Resnick-ault

The Wall Street Journal, July 18, 2006

Despite public frustration over high pump prices and flush industry profits, major refining companies are seeking and winning large local tax breaks for their refinery-expansion plans with little political opposition.

The reasons: The Bush administration is encouraging refiners to produce more gasoline to help keep prices down, while local communities fear the companies will take jobs elsewhere if they aren't offered inducements to stay.

The various incentives, combined with a federal tax-break package last year, can offer refiners savings that reach hundreds of millions of dollars, though estimating a total is difficult given the range of federal and local levying agencies involved.

The federal and local benefits come at a time when lawmakers are scrutinizing royalty relief, which could save oil companies billions of dollars associated with pumping oil and natural gas in the Gulf of Mexico. By contrast, refinery tax breaks haven't emerged as a political lightning rod, in part because the industry argues that its new projects could help ease refinery constraints and ultimately put downward pressure on gasoline prices.

Companies that stand to benefit from the tax breaks include Chevron Corp.; ConocoPhillips; Marathon Oil Co.; and Motiva Enterprises LLC, a joint venture of Royal Dutch Shell PLC of Britain and the Netherlands and Saudi Arabia's government-controlled Saudi Arabian Oil Co., known as Saudi Aramco.

Former Louisiana senator J. Bennett Johnston, who now heads a Washington lobbying firm, said refining companies still remember the years they were plagued by overcapacity that depressed returns and discouraged investment. "The fact that companies are making record profits does not mean they will make investments where the reward will not compensate for the risk," he said.

U.S. refineries were running nearly flat-out to meet rising gasoline demand until hurricanes Katrina and Rita slammed the Gulf of Mexico last year, taking some capacity offline. Along with rising global crude-oil demand and political turmoil in petroleum-producing regions, refinery constraints have contributed to a rise in the average U.S. regular gasoline price to $3 a gallon in many places.

Though refiners have seen rising cost to acquire crude oil to refine into fuels like gasoline, higher prices for those fuels have led to a surge in profits. Oil giants like Exxon Mobil Corp. and Shell have reported billions more in profits from so-called downstream operations like refining and marketing. For instance, Exxon Mobil posted nearly $8 billion in downstream profits in 2005, compared with $3.4 billion in 2000.

"Given the federal government's fiscal situation and given the oil and gas industry's strong financial situation, you would think a prudent assessment would include revoking these tax breaks," said Tyson Slocum, who directs the energy program at consumer group Public Citizen in Washington.

The assortment of incentives means that a project like Motiva's $3.8 billion expansion in Port Arthur, Texas, could result in nearly $700 million in reduced federal tax payments, plus more than $600 million in local abatements. The federal incentives allow refiners to expense 50% of the costs of refinery investments that increase plant capacity by at least 5% or boost production of key products like gasoline by at least 25%.

Tax breaks are among the factors Motiva has taken into account in going ahead with its Port Arthur expansion, said Motiva spokesman Stan Mays. "Like any business, we'll look at all opportunities to help the economics of a project, and those are avenues certainly to explore," Mr. Mays said of the incentives.

The refiner has applied for a lower assessment from the Port Arthur Independent School District, one of two major tax-collecting bodies in the industrial East Texas city, said Dan Casey, a partner at Moak, Casey & Associates, an Austin-based consultant retained by the school system. If the tax break is granted, Motiva will pay annual taxes on just $30 million of project costs -- instead of the $3.8 billion total -- during the project's first eight years of operations, a shift that could save the company more than $50 million a year during that stretch under the current tax rate.

"The school district's concern is that if there's not consistent expansions, they'll see those jobs go elsewhere," said Mr. Casey.

Jefferson County, another key taxing entity, is also working with Motiva to ensure the refiner's taxes don't increase as much as the plant capacity. Through a variety of taxing measures, Motiva will pay approximately $66 million in taxes on the expansion

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project by 2026, far below its estimated actual tax value of $255 million, based on figures provided by John Johnson, an attorney in the Jefferson County judge's office.

Port Arthur officials defend the discounting as necessary given the aggressive courting of refiners elsewhere. Tax incentives are "available around the world, so we would be cutting our own throats as a community not to offer tax incentives," said Jefferson County Judge Carl Griffith, the top elected county official.

Competitors include neighboring Louisiana, where officials were unsuccessful in their attempt to win the Motiva expansion that instead went to Port Arthur. But Louisiana officials are retooling and working with officials at another large refiner, Marathon Oil, on a proposed $2.2 billion project in Garyville, La.

"Not only are we helping the citizens of Louisiana, but we're helping the rest of the nation by increasing the gasoline capacity of the rest of the nation, so we think it's a win for everyone," said Dane Revette, who directs the energy investment program for the Louisiana Department of Economic Development.

Some incentives have on occasion aroused political criticism, even in states where the petroleum industry is strong. Chevron sought $22 million from the Mississippi legislature this year to support a road expansion that would further the company's proposed refinery expansion in Pascagoula. But the effort died, in part because it started too late in the legislative session and also because of criticism from some circles citing Chevron's high profits.

Chevron has met with Mississippi Department of Transportation officials since the effort failed and is encouraged by their receptivity, said Chevron spokesman Steve Renfroe. Mr. Renfroe said the proposal to expand its Pascagoula refinery by 200,000 barrels a day is still under review. "There are many variables that go into the decision analysis, and that's certainly one of them," he said of the tax structure.

No Drought Required For Federal Drought Aid (WP)

By Gilbert M. Gaul, Dan Morgan And Sarah Cohen

The Washington Post, July 18, 2006

CHANDLER, Tex. -- On a clear, cold morning in February 2003, Nico de Boer heard what sounded like a clap of thunder and stepped outside his hillside home for a look. High above the tree line, the 40-year-old dairy farmer saw a trail of smoke curling across the sky -- all that remained of the space shuttle Columbia.

Weeks later, de Boer was startled to learn that he was one of hundreds of East Texas ranchers entitled to up to $40,000 in disaster compensation from the federal government, even though the nearest debris landed 10 to 20 miles from his cattle.

The money came from the U.S. Department of Agriculture as part of the Livestock Compensation Program, originally intended as a limited helping hand for dairy farmers and ranchers hurt by drought. Hurriedly drafted by the Bush administration in 2002 and expanded by Congress the following year, the relief plan rapidly became an expensive part of the government's sprawling system of entitlements for farmers, which topped $25 billion last year.

In all, the Livestock Compensation Program cost taxpayers $1.2 billion during its two years of existence, 2002 and 2003. Of that, $635 million went to ranchers and dairy farmers in areas where there was moderate drought or none at all, according to an analysis of government records by The Washington Post. None of the ranchers were required to prove they suffered an actual loss. The government simply sent each of them a check based on the number of cattle they owned.

At first, livestock owners were required to be in a county officially suffering a drought to collect the money. But ranchers who weren't eligible complained to their representatives in Washington, and in 2003 Congress dropped that requirement. Ranchers could then get payments for any type of federally declared "disaster." In some cases, USDA administrators prodded employees in the agency's county offices to find qualifying disasters, even if they were two years old or had nothing to do with ranching or farming.

In one county in northern Texas, ranchers collected nearly $1 million for an ice storm that took place a year and a half before the livestock program was even created. In Washington state, ranchers in one county received $1.6 million for an earthquake that caused them no damage. In Wisconsin, a winter snowstorm triggered millions of dollars more. For hundreds of ranchers from East Texas to the Louisiana border, the shuttle explosion opened the door to about $5 million, records show.

John A. Johnson, deputy administrator for farm programs for the USDA, said that initially the program provided meaningful assistance to ranchers in areas suffering from drought. But after Congress loosened the rules, he acknowledged, "what was meant as disaster assistance ended up being given to people who didn't have a need or a loss."

The money doled out for the livestock program was part of more than $20 billion that taxpayers have given to ranchers and farmers since 1990 to compensate for droughts, hurricanes, floods and other forms of damaging weather. Many of those events caused serious damage. But in some cases, routine storms triggered millions in payments, The Post's investigation found.

"The livestock program was a joke. We had no losses," de Boer said. "I don't know what Congress is thinking sometimes."

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Still, while de Boer said he was embarrassed by the $40,000 check, he added: "If there is money available, you might as well take it. You would be a fool not to."$18 a Head

Shortly before the 2002 congressional elections, the Bush administration faced growing pressure from ranchers and politicians in a handful of Western states that were hit hard by drought. Of special political concern to the White House, sources said, was South Dakota, where Republican Rep. John Thune was close to unseating Democratic Sen. Tim Johnson.

The USDA responded with a plan to give ranchers cash payments based on how much livestock they owned. A beef cow would count for $18; a dairy cow, $31.50. Lesser payments would be awarded for buffalo and sheep. The maximum an individual rancher could get was $40,000.

Ann M. Veneman, then secretary of agriculture, proclaimed at a September 2002 news conference that the plan "will provide immediate assistance to producers who need it the most."

To qualify, a rancher had to be in a county that was suffering from a drought and declared a disaster by the agriculture secretary in 2001 or 2002. More than 2,000 counties had such declarations at the time, including many with only modest dry spells.

All that livestock owners had to do was show up at their county agriculture office and fill out a short form certifying the number of animals they owned as of June 1, 2002. Short-staffed county offices were hard pressed to verify the numbers. They did only limited spot checks.

A spokesman for the USDA, Ed Loyd, said last week that the system was meant to distribute funds quickly. "Given the severity of the drought, we were confident enough of the losses" to forgo the time-consuming process of checking every farm and ranch, Loyd said.

Agriculture officials estimated the program would require $752 million. But so many ranchers and dairy farmers applied that the cost quickly ballooned to $900 million. At the time, a second year of the program wasn't being contemplated.

Then lawmakers from Arkansas to Wisconsin wrote more than 100 letters to Veneman's office, complaining that the USDA's sign-up deadline of Sept. 19, 2002, was "arbitrary" and "bureaucratic." Deserving counties, they said, were being excluded. Virginia's delegation alone sent 20 letters, including six from Republican Rep. Virgil H. Goode Jr. The congressman's office said he was responding to requests from his constituents.

The Agriculture Department soon added dozens of counties to its drought list.

"There was pressure that year to grow emergency declarations for drought," recalled Hunt Shipman, a former top USDA official who now works as a lobbyist in Washington.

Still, even with the growing list, hundreds of counties remained ineligible because they had not been declared drought-stricken areas. That, Shipman said, is when "Congress came back in. They decided to drop the drought requirement in the second year."

Under Congress's new version of the program in 2003, livestock owners could qualify as a result of any type of weather-related disaster declaration by the secretary of agriculture. Or they could become eligible if their county was included in a presidential disaster declaration. Under the new rules, the time period covered also was extended, to Feb. 20, 2003. One rule remained the same: Livestock owners still did not have to prove a loss.

The expansion was pushed by a bipartisan group of senators from Western states and House members from the Southeast. House-Senate negotiators then added the legislation to a huge annual spending bill that was not subject to amendments on the floor.

Sen. Thad Cochran (R-Miss.), the top-ranking Senate GOP negotiator on the agricultural provisions, did not return telephone calls seeking comment. Former Rep. Max Burns (R-Ga.), who introduced legislation to extend the livestock program in January 2003, also did not return calls requesting comment.

As a result of the changes, 765 counties that had no droughts in 2001 or 2002 qualified for cash in 2003. In some cases, entire states -- including Arkansas, Florida, Mississippi, West Virginia and Wisconsin -- were now included.Hunting for Disasters

With the rules relaxed by Congress, federal agriculture officials pushed their local offices to find disasters that would make more livestock owners eligible, records and interviews show. It didn't matter if it was a cold snap or a storm that was two years old.

The Agriculture Department inspector general's office eventually audited the program, saying the payments should have gone only to those with legitimate losses. But that was long after the looser rules led the USDA to hand out an additional $234 million in 2003.

No state did better than Texas. In the end, all 254 of its counties qualified. Ranchers in counties without droughts collected $45 million in 2003, on top of the $67 million that had flowed to the state in 2002.

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In northern Texas, Cooke County ranchers qualified for $906,000 in 2003 on the basis of an ice storm that hit the area more than two years earlier. Tim Gilbert, former head of the USDA county office, recalled that "there was no damage in Cooke County to the crops or livestock. Maybe a few pine trees got knocked down."

Nonetheless, the county had been included in a presidential disaster declaration because of the storm. "The state office called and said, 'Yeah, you are eligible,' " Gilbert said. "I said, 'How can I be eligible for a storm in December two years ago?' "

Over in Denton County, northwest of Dallas, ranchers weren't hurting from a drought in 2002. Nor were they pressuring county USDA official Blake English for the livestock money. "There has not been anything like an uproar, because most everyone agrees that there was not a disaster in Denton County," English wrote in the minutes of a December 2002 meeting of a local farm advisory committee.

Still, in 2003, English said, he got word from his state bosses to go back and look again for a disaster -- any disaster -- under which local ranchers could qualify.

"I don't deny it," English said. "We got the message, a message to take another look. It came from our state office, probably through the district director." English said it was "pretty clear that we wanted the entire state of Texas to be eligible."

John Fuston, the Texas USDA director, confirmed that the county offices were urged to look for weather events and disasters that could qualify ranchers for the program. He said the agency was following the rules set by Congress.

Without any real disasters in Denton County, though, English was left to scramble. "We didn't have a drought," he said. "In fact, we were wet. The crops were above normal at the time."

English said he did his best, preparing a report on a rainstorm that had blown through more than a year earlier. "We knew it wasn't a disaster," he said. "We knew it wouldn't be approved." And, according to English, it wasn't.

Then, on Feb. 1, 2003, the shuttle exploded. To ensure recovery of the debris and pay for emergency costs, President Bush issued a federal disaster declaration. As an unintended result, most of East Texas was then eligible for livestock funds. Denton County's livestock owners collected $433,000, records show.

"Speaking personally, I didn't think it was necessary at that point in time," said Calvin Peterson, an 81-year-old rancher who heads the local farm committee. "It might have been more political than anything."

In Henderson County, about 100 miles southeast of Dallas, Nico de Boer felt the same way. When he arrived from the Netherlands 17 years ago, de Boer had 90 acres, a house, one barn and fewer than 200 cows. Today, he has 1,000 acres, multiple cow barns and sheds, 650 cows that produce 3 million pounds of milk monthly, a BMW in the driveway, a swimming pool, and two more farms in neighboring counties.

The rolling hills surrounding his sprawling farm receive a generous average of 40 inches of rain annually. When the shuttle exploded, pastures were full and there hadn't been a drought or any other type of weather disaster in years, records show. But after the presidential disaster declaration, John Reeves of the local USDA office informed livestock owners in Henderson County they were eligible. They eventually collected $751,083 despite no shuttle damage.

Reeves said he had no choice but to write the checks. "Congress passed legislation and approved us for that Livestock Compensation Program, and that's what it was," he said.

"The closest debris I heard about was 10 to 20 miles away. There wasn't anything here," de Boer said. "Believe me, we would be better off if the government got out of the business and limited the payments to those who really need them."Distant Earthquake

On Feb. 28, 2001, the 6.8-magnitude Nisqually earthquake hit near Olympia, Wash., collapsing brick facades of businesses and leaving cracks in several state office buildings. About 170 miles away from the epicenter, in Whatcom County, near the Canadian border, residents felt some of the aftershocks but experienced little damage.

"We registered about a 3 [magnitude] or something," said Don Boyd, a local emergency management official. "We had some minor shaking, some cracks in the chimneys, that sort of thing."

USDA officials didn't check for damage because none of the local dairy farmers complained.

Yet in 2003 more than 200 livestock owners in Whatcom County collected $1.6 million under the Livestock Compensation Program -- one of the largest payouts for a county nationwide -- for the same earthquake.

A 2001 presidential disaster declaration for the Nisqually earthquake had named 22 counties, including Whatcom. Dairy farmers and ranchers in Washington state collected nearly $4 million in livestock funds, according to records analyzed by The Post.

"Don't blame us," said Gary M. West, chief administrator for the USDA's Farm Service Agency in Washington state. "We don't get to choose which programs we implement. We have to work with what Congress gives us."

Larry Reeves, who heads the Whatcom County USDA office, echoed that view. "We do what we are told," he said. "Our thoughts and feelings generally don't have a bearing."

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Terri Noteboom and her husband received nearly $13,000 in livestock funds for their dairy farm in Lynden. Noteboom also chairs the farmers committee that advises Reeves. She said some Whatcom County dairy farmers came into the office to report that they had accidentally received government checks.

"I told them, 'No, you didn't. It wasn't an accident. It's yours,' " she said.

"The way I see it, many times they do these programs and instead of applying it to one area, they find a way to apply it to the entire country. I don't know if you call that a loophole or not."Snow in Wisconsin

In November 2002, Ben Brancel, the top USDA official in Wisconsin, sent out a news release notifying livestock owners that none of the state's counties qualified for the Livestock Compensation Program because they had not received drought declarations from the secretary of agriculture.

Five months later, in April 2003, Brancel put out another news release: As a result of Congress broadening the eligibility criteria, 53 Wisconsin counties now qualified for that cash.

In still another news release, Brancel implored livestock owners to apply for the money. "If you own eligible livestock in eligible counties you are eligible," he wrote. "In these tough economic times, you don't want to miss the opportunity to receive money to help pay some of the bills."

Wisconsin livestock owners took Brancel up on his offer, collecting more than $39 million. Still, some dairy farmers and county officials were confused about why they were getting the money.

"In this county, we got a lot of questions from producers: 'Why are we eligible?' " recalled Tom Schneider, the head of the USDA office in Manitowoc County, where livestock owners got $1.5 million. "Our answer was 'Because we were told you were eligible.' "

Several Wisconsin counties qualified on the basis of a two-year-old disaster declaration for a January 2001 snowstorm. "It was a nasty winter storm," recalled Teresa Zimmer, the USDA official in Green County. Asked how the storm affected ranchers, she said, "There were several days where livestock owners couldn't get to the market . . . to sell their animals."

Ranchers in Green County collected nearly $1.5 million. One of those who got a payment was Cornell Kasbergen, who helps run family dairy farms in Green County and Tulare County, Calif. Family members received a total of $72,000 in livestock funds, records show.

"It was a program that was available that we took advantage of," Kasbergen said. "Did we have any losses? I couldn't tell you. In my mind, I think a lot of these programs are a waste of money."

Benefit For Ranchers Was Created To Help GOP Candidate (WP)

By Dan Morgan

The Washington Post, July 18, 2006

If not for a tight Senate race in South Dakota in 2002, there might have been no Livestock Compensation Program.

In August 2002, 12 weeks before the election, aides to the Republican candidate, then-Rep. John Thune, were worried about the political fallout from a speech made by President Bush during a visit to Mount Rushmore, with Thune in attendance. The president had pointedly refused to promise ranchers new large-scale federal drought relief, suggesting instead that Congress consider shifting some funds from a recently enacted farm bill.

The president's tough line undercut Thune's message that a GOP senator could get more done for the state during a Republican administration than could the Democratic incumbent, Tim Johnson.

Afterward, hundreds of disgruntled ranchers who had attended the president's speech headed for a Democratic rally in nearby Rapid City, where Johnson and Sen. Thomas A. Daschle (D-S.D.), then Senate minority leader, lambasted the administration for letting South Dakota ranchers down.

"It was a stunning political blunder," said Bob Martin, Johnson's communications director. "The president basically said, 'Bootstrap it, boys.' "

In Washington, the White House political affairs office, then directed by Ken Mehlman, recognized the importance of the drought-relief issue to the Thune race. That spurred an effort in the administration to come up with a way to help the embattled Republican candidate, according to a former senior official at the Department of Agriculture.

In his speech in South Dakota, the president said he opposed drought relief that would add to the federal budget deficit. So White House and USDA officials came up with the idea of tapping a special fund derived from annual customs receipts, the former official said. The fund, dating to 1935, is known as Section 32. The secretary of agriculture can use it to help farmers without consulting Congress.

On Sept. 12, Thune weighed in with a letter to the USDA suggesting the use of the fund.

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One week later, then-Agriculture Secretary Ann M. Veneman summoned reporters to the USDA's broadcast center and, with Thune and several other Republican lawmakers at her side, announced the creation of the Livestock Compensation Program, using $750 million from the special fund.

The ceremony, which was not attended by any Democrats, had the aura of a campaign event.

Veneman credited Thune with the "very creative suggestion" of using Section 32. After saying the USDA had "worked closely with the congressman," Veneman explained the program and introduced Thune for remarks.

During a campaign swing through South Dakota four days later, Thune thanked the White House for finding a way to help ranchers "that didn't take an act of Congress."

South Dakota ranchers received $50 million of the first $750 million the USDA set aside for the program.

It did not save Thune. He lost to Johnson by 524 votes and had to wait two more years to enter the Senate. In 2004, after a campaign that focused more on abortion than drought, Thune defeated Daschle.

Asked about the livestock program, Thune's office said last week, "Then-Congressman Thune supported this program because it was a responsible approach to helping South Dakota's farmers and ranchers, who were suffering from a devastating drought."

When Feed Was Cheap, Catfish Farmers Got Help Buying It (WP)

By Gilbert M. Gaul

The Washington Post, July 18, 2006

One of the more unusual offshoots of Congress's drought-relief efforts was a $34 million assistance program for catfish farmers.

Under the 2003 Catfish Feed Assistance Program, announced in August of that year, commercial catfish farmers in Mississippi, Arkansas and a handful of other states got government credits for feed equal to $34 per ton.

All they had to do was apply at their local feed mill. The amount they received was based on how much feed they had purchased at the mill in 2002 -- not any actual losses.

The USDA advertised the program as "an innovative relief to catfish producers who have experienced losses due to adverse weather and natural disasters," according to a news release. The agency said a 2002 drought had driven up the price of feed.

To be sure, some of the states had suffered drought, but not all. Moreover, feed prices for catfish in 2002 were among the lowest in a decade, according to federal data and agricultural economists. They didn't spike again until mid-2003.

The struggles of catfish farmers appeared to have more to do with economics than with bad weather. After expanding for a decade, the industry was contracting in 2002 and 2003 and faced competition from foreign imports that drove prices to record lows. Even though farmers were selling more catfish, their revenue was slipping. Some received separate foreign trade adjustment payments from the government.

"Prices went down in 2002 and 2003. A lot of people had to give up [catfish] farming," said Terry Hanson, an agricultural economist at Mississippi State University. "But feed prices were very low in 2002-2003, about $200 a ton."

Mississippi reeled in by far the largest share of federal dollars -- nearly $19 million, records show. It has more catfish farms than any other state. It also has a powerful U.S. senator, Republican Thad Cochran, then chairman of the agriculture committee and second-ranking majority member of the Appropriations Committee, looking out for the industry's interests.

It was Cochran who inserted language into a wartime appropriations bill in 2003 to ensure that catfish farmers received relief. Cochran also lobbied USDA officials to adopt feed credits of $35 to $40 per ton.

"The catfish industry is in a very precarious situation," Cochran wrote to then-Agriculture Secretary Ann M. Veneman in March 2003. "Higher feed costs . . . have added tremendously to a catfish producer's cost of production." Fish-eating birds and fish-killing parasites had also "decimated the catfish farmers' hope of making a profit," he wrote. Cochran did not respond to requests for an interview.

Most Mississippi catfish farmers did not receive their feed credits until 2004, according to the Mississippi Department of Agriculture and Commerce. By then, catfish prices were rising.

FBI/DEA/ATF/USMS:

Feds Eye Properties (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), July 18, 2006

DOJ_NMG_0041676

Government says it plans to seize West's Market Square businesses

A prominent Market Square entrepreneur has been peddling tons of marijuana over the past 11 years and laundering his ill-gotten gains through his businesses, federal court documents allege.

U.S. Magistrate Judge Bruce Guyton arraigned Scott West, 41, on Monday on a two-count federal indictment accusing West of conspiring with his brother and two unidentified suspects to push thousands upon thousands of pounds of marijuana. He also is accused of plotting with his wife, brother and sister-in-law to hide the proceeds.

Federal court records detail a single shipment seized by authorities in Texas early Sunday that involved nearly 1,000 pounds. It represented a typical amount ferreted to the West brothers from the Southwest, according to court records.

Court records also accuse West, brother James Michael West, 42, sister-in-law Joanne Baker West, 39, and wife Bernadette Trent West, 47, of laundering a minimum of $2.5 million in drug proceeds through various bank accounts and properties, including popular Market Square businesses owned by Scott West and his wife.

Those businesses, which authorities are now seeking to seize, include Preservation Pub, Oodles Uncorked restaurant and wine bar, World Grotto and Marketplace entertainment venue and Earth to Old City gift shop.

Scott West and his wife are considered among the largest property owners and business operators in downtown Knoxville. Federal authorities have filed notice that they intend to take it all - from 28 Market Square to 320 Wall Avenue - if they win convictions in the drug trafficking case.

Also on federal authorities' seizure list is property in Hawkins County, N.C. and in Hawaii deeded to James Michael West and his wife, as well as a slew of bank accounts in their names.

The brothers and their wives have been under probe for at least six months, U.S. Drug Enforcement Administration Agent Michael Davis wrote in a criminal complaint.

On July 8, Davis wrote, he and other agents learned "that James Michael West was expecting a shipment of between 900 and 1,000 pounds of marijuana from his source of supply" and already "had in his possession several hundred pounds of marijuana from a prior shipment."

By then, the DEA and other law enforcement partners had identified Newport resident Frank Logan Asbury as a "regular purchaser of marijuana from James Michael West," Davis wrote.

With help from Assistant U.S. Attorney David Jennings, agents began preparing for a massive series of searches, documents show.

On Saturday night, DEA agents in Texas tracked alleged couriers Melvin Skinner and his son, Samuel Skinner, as they began making their way from a truck stop in northern Texas in a RV loaded with marijuana, Davis wrote.

Early Sunday, the Texas agents swooped in and snatched up the Skinners, seizing the 1,000 pounds of pot stashed in the RV that Davis alleged was ordered up by the West brothers.

"Upon learning that the Skinners had been arrested, I and other agents involved in this investigation immediately executed search warrants at various locations in the Eastern District of Tennessee and the Western District of North Carolina," Davis wrote.

Raided were Scott West's downtown apartment and Market Square businesses. Neither he nor his wife was in the state at the time. Agents also raided James Michael West's houses in Hawkins County, where they seized 400 pounds of pot and $40,000, and in Candler, N.C., where they took $150,000 in alleged drug money, Davis wrote.

Agents found 100 pounds of marijuana and $95,000 as a result of searches at Asbury's Newport home and a nearby storage facility, the complaint alleged.

Guyton ordered Asbury, 55, held without bond Monday after Jennings noted he has a prior felony drug conviction in Cocke County.

Jennings blacked out two names on the indictment returned against the Wests, a signal that those are fugitives still being sought by authorities.

Attorney Donald A. Bosch entered pleas of innocent on behalf of Scott West at Monday's hearing. Jennings agreed to allow Scott West to go free on bond, and West was released by early Monday evening.

"He and his wife are, as the court knows, business owners on Market Square," Jennings said, adding neither was likely to flee.

Bernadette West was out of the country when agents raided the Market Square businesses, and her husband was in Atlanta, Bosch has said. Scott West voluntarily surrendered Sunday.

Bernadette West is now aware of the indictment and is headed back to Knoxville to face it, Bosch said Monday.

"All the businesses are open and running as scheduled," Bosch said.

Jennings asked Guyton to order James Michael West held without bond, alleging he was both a "danger to the community" and likely to flee. Public Defender Jonathan Moffatt objected to the request. Guyton set a hearing for Thursday.

James Michael West will remain locked up until then. It's not clear where his wife is or whether she has been arrested.

Knoxville Businessman, Brother Indicted In Drug Conspiracy (AP)

AP, July 17, 2006

KNOXVILLE, Tenn. - A businessman involved in the redevelopment of downtown Knoxville and his brother were charged Monday in a federal indictment with conspiring to launder millions of dollars from marijuana sales.

Scott West, 41, of Knoxville and James Michael West, 42, who has homes in Hawkins County, Tenn., and Buncombe County, N.C., were indicted with their wives - Bernadette Trent West, 47, and Joanne Baker West, 39, respectively - and two other unnamed individuals.

The indictment charges them with distributing more than 2,200 pounds of marijuana for which they received at least $2.5 million.

However, a criminal complaint in a related case suggests that may have been only a single shipment in a conspiracy that began in 1995, The Knoxville News Sentinel reported.

Prosecutors listed an array of properties on Knoxville's Market Square and in Hawaii owned by the Wests that could be subject to seizure, along with 17 bank and investment accounts.

Assistant U.S. Attorney David Jennings said the drug count carries a mandatory minimum sentence of 10 years in prison and the money laundering up to 20 years in prison.

Scott West and James Michael West entered not guilty pleas Monday. Scott West was released on bond, while his brother has a detention hearing Thursday.

Scott West's lawyer Don Bosch said Bernadette West was out of the country. Joanne Baker West's whereabouts were not immediately known.

Federal agents raided Scott West's home and businesses on Sunday. He returned from a trip to Atlanta and "voluntarily surrendered to federal authorities at my office," Bosch said.

Scott West and Bernadette West own the Earth to Old City gift shop; Oodles Uncorked, a restaurant; and pubs World Grotto and Marketplace and Preservation Pub, as well as several residential spaces in downtown Knoxville.

Margie Nichols, a spokeswoman for the city of Knoxville, said the city does not condone alleged illegal activity, but would like to see the businesses remain open.

"I think the federal government, it's their intent to, if at all possible, to have the businesses remain viable," she said. "That's what they told us. They'll make every effort to keep them operating."

Business Owners Face Drug, Laundering Charges Following Raid (WVLT)

WVLT-TV, July 17, 2006

Knoxville (WVLT) - Two brothers and businessmen from Knoxville were in court Monday, both accused of marijuana possession and distribution.

James Michael and Scott West pleaded not guilty to the charges in federal court.

They're both accused of drug possession and money laundering after a federal grand jury returned a two count indictment against them.

If convicted, they could face ten years to life in prison and a four million dollar fine.

Monday's court appearances are a direct result of a raid on two businesses in Market Square, Preservation Pub and Oodles.

James west will be detained until a hearing because federal prosecutors fear he could flee the area.

However, his brother, Scott was granted $15,000 bond.

"Mr. West has been released. I imagine this is a very difficult time for him. He's just spent the night in jail and he's happy to be getting home," Defense Attorney Don Bosch says.

A trial date for both has been set for September 21st.

That could change since attorneys say this case will be classified as "complex".

Man Who Ran Business Fronting Tunnel Pleads Guilty (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, July 18, 2006

A man who ran a sham produce business out of an Otay Mesa warehouse atop the longest cross-border drug tunnel ever discovered pleaded guilty to conspiracy yesterday and faces about 30 months in prison.

DOJ_NMG_0041678

Carlos Cárdenas Calvillo, 45, of Bell Gardens, near Los Angeles, admitted he was aware that the produce business was a front for drug trafficking at the warehouse on Siempre Viva Road.

But prosecutors said he was not directly involved in bringing drugs into the country through a half-mile tunnel from an industrial area near Tijuana's airport.

Nobody else has been arrested in connection with the tunnel.

Cárdenas told investigators that he knew there was a tunnel inside the V&F Distributors warehouse, according to court documents.

“He was aware that there was a locked room in the warehouse,” prosecutor Sherri Walker Hobson said in a federal court filing. “He noticed tire tracks inside the warehouse, noticed mud on the locked door where the tunnel was located and found narcotics wrapping inside the warehouse.”

Cárdenas said he was hired in October by a longtime friend named Fernando Avila, whom he knew to be linked to a major Mexican drug cartel, to operate a fruit and vegetable business as a front for the drug smuggling, Hobson said.

“The company maintained an appearance of conducting some legitimate commercial and shipping business from Mexico to Los Angeles,” she said in the court papers.

The sophisticated tunnel that ended in a small room in the 50,000-square-foot warehouse had lights, drainage and a ventilation system and was the work of a major cartel, officials said.

Two tons of marijuana were found on the Mexican side of the tunnel in addition to 200 pounds on the U.S. side.

Authorities have sealed the tunnel with a cement plug and investigators are still chasing down leads in the case, said spokespeople for Immigration and Customs Enforcement and the Drug Enforcement Administration.

Cárdenas is scheduled to be sentenced Oct. 10.

Doctor Sentenced In NFL Steroids Case (AP)

AP, July 18, 2006

COLUMBIA, S.C. (AP) -- The doctor who pleaded guilty to conspiring to illegally prescribe steroids to several Carolina Panthers was sentenced Monday to one year and one day in prison.

Dr. James Shortt pleaded guilty in March to one federal count of conspiracy to distribute anabolic steroids and human growth hormone. Prosecutors have said current and former members of the Carolina Panthers were some of Shortt's patients.

As part of the plea deal, prosecutors dropped 42 other counts against Shortt.

Chief U.S. District Judge Joe Anderson ordered Shortt to pay the minimum fine, $500, and a $100 special assessment. He also will serve two years on supervised release.

The maximum sentence for the charge was five years in prison and a $250,000 fine.

Shortt also faces a state criminal investigation in the 2004 death of a Minnesota woman who died three days after receiving intravenous hydrogen peroxide to help her multiple sclerosis.

The South Carolina Board of Medical Examiners revoked Shortt's medical license in May.

Anderson delayed the date on which Shortt must report for prison until the conclusion of any possible appeals, which Anderson said were "almost certain." That could mean Shortt won't begin serving his sentence until 2008, the judge said, estimating the appeals process could take a year and a half.

Shortt has 10 days to appeal his conviction and sentence. His lawyer, federal public defender Allen Burnside, wouldn't comment Monday.

Anderson said he would recommend that the 59-year-old Shortt serve his time at the prison closest to his family.

The additional day tacked on to the one-year sentence means Shortt will be eligible to earn credits for good behavior, which could reduce his time served to less than 11 months, Anderson said.

Shortt acknowledged he "went beyond the boundaries that I should" in writing the prescriptions for testosterone and human growth hormone to professional athletes.

"My intention was to help them reach their goals," he said.

Shortt also said he had no intention of applying for a medical license in California, where he now lives.

"I have accepted the fact that my career is over," Shortt said. "I certainly have no intention of ever doing it again."

Shortt To Serve One Year, One Day In Prison (TSSC)

The State (SC), July 17, 2006

A former West Columbia doctor accused of illegally prescribing steroids to NFL players was sentenced to one year and one day in prison on Monday.

DOJ_NMG_0041679

Chief U.S. District Judge Joe Anderson sentenced Dr. James Shortt, who now lives in California, during a 2-hour morning hearing at the federal courthouse in Columbia.

The doctor has been linked to several Carolina Panthers players.

He had faced a maximum sentence of five years in prison and a $250,000 fine for conspiring to distribute anabolic steroids and human growth hormones to NFL players, bodybuilders and others.

He pleaded guilty in March to the conspiracy charge. In exchange, prosecutors agreed to drop 42 counts of distributing the drugs.

The S.C. Board of Medical Examiners revoked Shortt's medical license in May and fined him $10,000.

— Rick Brundrett

Physician Sentenced For Distributing Steroids (SN)

Spero News, July 18, 2006

An alternative medicine physician who formerly practiced in West Columbia, S.C., was sentenced Monday in federal court for conspiracy to distribute anabolic steroids and Human Growth Hormone (HGH).

Chief U.S. District Judge Joseph F. Anderson, Jr., sentenced James M. Short, 59, to twelve months and one day in prison.

Shortt admitted during his guilty plea last March that he conspired to distribute anabolic steroids and HGH to NFL football players, bodybuilders and law enforcement officers for purposes of performance enhancement. The Controlled Substances Act prohibits distribution of anabolic steroids solely for performance enhancement as being outside the scope of legitimate medical practice.

Federal sentencing guidelines projected Shortt's sentence to range from zero to six months incarceration.

However, prosecutors sought a higher sentence, based on several factors: (1) the advisory sentencing guidelines did not sufficiently address the seriousness of the defendant's conduct in trafficking in performance enhancing drugs; (2) the guidelines failed to include HGH as a drug-trafficking offense; (3) the defendant's prescribing of steroids to a teenager was not accounted for by the guidelines; and (4) recent changes in the sentencing guidelines suggested that a more punitive sentence was appropriate.

Based in part upon the government's argument, and also on what Judge Anderson perceived as a "lack of remorse" on the part of Shortt, the court rejected the zero to six months sentencing range and instead sentenced Shortt to one year and one day in prison.

With the additional day in prison, Shortt can qualify for good behavior credit while incarcerated, potentially resulting in a shorter term of approximately 10 and a half months. Following his release from prison, Shortt will be placed on supervised release for two years.

The case was investigated by agents of the Drug Enforcement Administration.

Doctor In Steroids Case Sentenced To Year In Prison (CO)

By Charles Chandler

The Charlotte Observer, July 17, 2006

The doctor who pled guilty to providing steroids and human growth hormone to some Carolina Panthers players was sentenced Monday to serve one year and one day in prison by a U.S. District Court Judge.

The length of the sentence makes Dr. James Shortt eligible for a reduced sentence of 15 percent for good behavior, which could lower his imprisonment to about 10 1/2 months.

Judge Joe Anderson delayed the start of the sentence until the completion of any appeal Shortt may file.

Shortt must appeal within ten days.

U.S. Attorney Reginald Lloyd said if there's an appeal it would probably delay the start of Shortt's jail term for 18-24 months.

Shortt was also fined $500. He and his attorney, Federal Public Defender Allen Burnside declined comment.

Shortt was eligible for a sentence of five years and $250,000 however, the advisory recommendation based on federal sentencing guidelines was between zero and six months in prison.

Federal prosecutors had asked Anderson to consider a more stringent sentence than the guidelines recommended.

Assistant U.S. Attorney Winston Holliday also revealed the identity of a previously unnamed Panther who received steroids from Shortt -- former backup offensive lineman Louis Williams.

Holliday read from the transcript of a taped conversation between former Carolina center Jeff Mitchell and Shortt in which they discussed Williams.

DOJ_NMG_0041680

Tainted Heroin Found In Md. (AP)

AP, July 17, 2006

CHESTERTOWN, Md. — Maryland State Police issued a warning today about potentially lethal heroin on the Eastern Shore after tests revealed that heroin seized earlier this month contained the deadly drug fentanyl.

Maryland officials said investigators will coordinate with Delaware authorities to try to find the source of the tainted heroin. Fentanyl has been linked to several drug overdoses, some fatal, throughout the Northeast and in parts of the Midwest this year.

Maryland authorities traced the most recent discovery of fentanyl-laced heroin to a July 3 incident in Kent County in which troopers responded to a report of a sick or injured person in a vehicle. Officers found a vehicle stopped on the roadside with an unconscious passenger.

Investigators determined that the man, whose identity has not been released, and the driver of the car, Kathryn L. Hart, 23, of Chestertown were returning from Delaware after buying drugs, and that both had ingested the heroin and drank alcohol.

Hart was charged with possession of a controlled dangerous substance. Her passenger also faces charges, authorities said.

With Dean On Leave, UVa Makes Plans For Temporary Staffing (DP)

Daily Progress, July 18, 2006

The University of Virginia is arranging for additional temporary staffing in the Office of African-American Affairs following the university's decision Friday to place Dean M. Rick Turner on paid administrative leave, officials said in a short statement Monday.

Turner signed an agreement in U.S. District Court on Thursday that stated he had lied about his knowledge "of the activities of a known drug dealer" last year.

Turner, dean of the office since 1988, will stay on leave until the results of a university investigation into the "incident" that landed him on 12 months of federal probation are completed, a UVa official said.

Turner is not subject to the UVa honor system, which has a well-known single sanction of dismissal for students who are found to have lied, cheated or stolen property, said Jeffery G. Hanna, senior director of university relations.

"Only students are subject to the honor system," Hanna said.

In a two-sentence statement about Turner's case released Monday afternoon, Hanna said the temporary staffing is to "ensure that the office and its programs continue to function as expected," Hanna said.

"No permanent decisions regarding staffing will occur until the university concludes its investigation," he said.

Hanna would not speculate how long the investigation might take.

He said UVa procedures prohibit him from disclosing who is conducting the investigation or anything else about Turner's case. "Because it's a personnel matter, I cannot go beyond the statement," he said.

Police and prosecutors declined to comment on what led Turner to enter into a pretrial diversion agreement that allowed him to avoid prosecution by agreeing to 12 months of federal probation.

The agreement states that prosecution is being deferred "in a matter within the jurisdiction of the Drug Enforcement Administration" that on or about July 19, 2005, Turner "knowingly and willfully made a false material representation, in that Milton Turner misrepresented his knowledge of the activities of a known drug dealer" in violation of federal law.

The pretrial diversion agreement was filed Friday in U.S. District Court in Charlottesville. The agreement is signed by Turner; his lawyer, John E. Davidson; U.S. Probation Officer Michael A. Sheffield; and U.S. Attorney Thomas J. Bondurant Jr., chief of the criminal division in Virginia's Western District.

Turner did not return calls or e-mail requests for comment.

The terms of the agreement require Turner to "testify truthfully at any court proceedings [and] submit to any other conditions set forth by your probation officer, including drug testing."

If he meets all the conditions of probation, he will not face prosecution "and the charges against you will be dismissed," the agreement states.

A longtime advocate of diversity at the university, Turner has served the past year as president of the Charlottesville chapter of the National Association for the Advancement of Colored People.

MLB May Take Action If Bonds Is Indicted (WP)

By Dave Sheinin

The Washington Post, July 18, 2006

Major League Baseball is exploring its options for punishing embattled slugger Barry Bonds in the event the San Francisco Giants superstar is indicted by a federal grand jury -- even though an indictment would not be a finding of guilt -- while the players' union is girding for a potential fight over such an action, according to sources on both sides.

DOJ_NMG_0041681

A federal grand jury in San Francisco investigating potential tax evasion, money laundering and perjury charges against Bonds is set to expire by the end of the month, an assistant to Michael Rains, Bonds's defense lawyer, said yesterday, and there has been widespread speculation it could reach a decision as early as Thursday.

There has been no official word that an indictment is coming, but Bonds's defense team, Major League Baseball and the union are preparing in the event there is one.

The Giants conclude a 10-game homestand on Sunday, then begin a six-game trip July 25 at RFK Stadium against the Washington Nationals. At this point, there is no reason to think Bonds, who turns 42 on Monday, would not be in uniform for those games. However, Commissioner of Baseball Bud Selig appears to be weighing the possibility of suspending Bonds if an indictment is handed down, despite the lack of any precedent in that regard.

Selig has declined to comment publicly on the Bonds matter, saying last week: "I'm not going to guess anymore [about an outcome]. I'm saddened by the whole thing but I'm not going to make any judgments until" something happens.

However, according to a person with knowledge of MLB's discussions regarding Bonds, Selig believes he may be empowered by baseball's collective bargaining agreement to suspend him. The source spoke on the condition of anonymity because the indictment remains hypothetical.

The agreement also provides for a grievance process -- the outcome of which would be decided by an arbitrator -- should the player dispute the penalty. Bonds, with the union's backing, almost certainly would file a grievance in this case, according to a source familiar with the union's discussions.

"I think it would be very difficult to get an arbitrator to uphold anything the commissioner tried to do" to punish Bonds, former commissioner Fay Vincent said in a telephone interview yesterday. "That's why it is generally not done until and unless there is a conviction."

The union did not fight the 50-game suspension Selig gave to former Arizona Diamondbacks pitcher Jason Grimsley last month when Grimsley admitted using steroids, amphetamines and human growth hormone to federal investigators, but that was because Grimsley already had asked for his release from the Diamondbacks, and because, unlike Bonds, Grimsley admitted using banned substances.

Bonds, a seven-time National League most valuable player, has never admitted knowingly using banned substances. In December 2003, according to the San Francisco Chronicle, he testified before another grand jury investigating the BALCO steroids ring that he used substances later determined to be steroids, but did not know what the substances were at the time. One of the men convicted in the BALCO case, longtime Bonds personal trainer Greg Anderson, currently is in jail for refusing to testify before the grand jury investigating Bonds.

The perjury charge currently being considered against Bonds reportedly would be for lying under oath about steroid use to the BALCO grand jury and to federal investigators who interviewed Bonds during the BALCO investigation. A perjury conviction carries a maximum five-year prison sentence.

The tax-evasion and money-laundering probes revolve around money Bonds allegedly earned from the sale of baseball memorabilia, including cash allegedly given secretly to a girlfriend, Kimberly Bell.

No precedent is known to exist for an athlete to be suspended successfully following an indictment.

In 1980, baseball attempted to suspend Texas Rangers pitcher Ferguson Jenkins following a drug-possession arrest in Canada. But upon appeal, an arbitrator overturned the suspension, ruling, among other things, that a player could not be punished for an arrest on an offense that does not affect the workplace.

However, baseball officials believe the Jenkins precedent would not necessarily apply to Bonds's case because steroid use does fundamentally affect baseball's workplace.

Bonds hit his 721st career home run Sunday in the Giants' loss to the Philadelphia Phillies, putting him 34 behind the career record held by Hank Aaron. There are some who believe baseball's zeal in taking action against Bonds is in direct proportion to Bonds's zeal in going after Aaron's record.

"If it looks like he'll walk away peacefully [without breaking Aaron's record], they might back off," said one source involved in the discussions regarding Bonds. "If not, they're going to keep going after him until he does."

Editorial: Gun Lobby Trying To Shoot Down Trigger-lock Law (TACNT)

Tacoma (WA) News Tribune, July 17, 2006

Gun-control opponents like to argue that if authorities just enforced laws that are already on the books, that would go a long way toward addressing gun violence in this country.

One law on the books, however, won't be enforced if the U.S. Senate goes along with the House and takes away the funding needed for it. It's the law requiring that gun dealers and manufacturers include trigger locks with the handguns they sell. It doesn't mandate that buyers use trigger locks, just that they be provided at point of sale.

DOJ_NMG_0041682

Congress approved the trigger-lock requirement last fall as part of compromise legislation to limit gun manufacturers' liability. It's hypocritical – not to mention bad form – for the gun-rights crowd to turn around now and try to kill the part of the legislation it agreed to in order to help win passage for the provision it wanted.

The trigger-lock law is enforced by the U.S. Justice Department. An amendment pushed by Rep. Marilyn Musgrave (R-Colo.) and the national gun lobby would kill the funding the department needs for enforcement.

All of Washington's Democratic representatives voted against the amendment. Rep. Dave Reichert, Bellevue, was the only Republican congressman from this state to vote against it. Perhaps it was his law enforcement background and his familiarity with what can happen when a child gets hold of an unsecured gun that persuaded him to break party ranks.

Law enforcement officers have been among the most vocal advocates of trigger locks and other ways to secure guns in the home. They have seen too many senseless tragedies up close involving children having access to firearms in the home and know that most of them could have been avoided had a trigger lock been in place. Nationwide, firearms account for about 10 percent of the deaths of children ages 5 to 14. For every child who dies, three more are injured but survive.

The Centers for Disease Control reports that 1.7 million children live in homes with an unlocked, loaded gun. Earlier this year, a study published in the Archives of Pediatric and Adolescent Medicine examined parents' perceptions about gun storage. Thirty-nine percent of parents who reported that their children did not know the location of the gun and 22 percent of those who said their children had never handled the weapon were contradicted by their children's responses to the same questions.

In other words, many parents are fooling themselves if they think their children aren't interested in their guns.

The trigger-lock requirement has a very real chance of saving young lives – much like laws requiring child car seats and seat belt use. The Senate can act to block the House's irresponsible action, and it should.

Galante Lawyer: Feds Are Running Trash Biz Into The Ground (DANNT)

By Karen Ali

Danbury (CT) News-Times, July 18, 2006

NEW HAVEN – New Fairfield businessman James Galante is firing back at federal marshals who have been overseeing his trash business since his June indictment, saying the federal government is running his empire into the ground.

Galante's New Haven lawyer, Hugh Keefe, said he expects to file a motion later today detailing how the U.S. marshals are doing damage to Galante's Danbury-based sanitation business.

Prosecutors allege Galante was in charge of a scheme to control sanitation routes in Connecticut and New York and that he paid the head of the Genovese crime family to enforce the arrangement.

Keefe said he is filing a motion to revoke the marshal's involvement in Galante's business and to "revoke the monitor essentially before they run it into the ground."

A U.S. government spokesman, Tom Carson, could not be immediately reached for comment.

Galante, the owner of Automated Waste Disposal on White Street and other trash companies, was indicted in a statewide racketeering case that prosecutors said has Mafia ties.

In a report filed last week in U.S. District Court in New Haven, federal monitors state that Galante's empire is suffering and if the federal marshals can't improve its financial shape in six months, the company should be sold.

IMMIGRATION:

Washington Governor Sends U.S. Attorney General $50 Million Bill (AP)

By RACHEL LA CORTE

AP, July 18, 2006

OLYMPIA, Wash. — Gov. Chris Gregoire sent an invoice of nearly $50 million to Attorney General Alberto Gonzales on Monday, saying the federal government needs to reimburse the state for the cost of housing criminal illegal immigrants in state prisons.

Gregoire said that it's the federal government's responsibility to incarcerate illegal immigrants who have committed crimes, but that the state has been doing it for years. From July 2004 to June 2005, Gregoire said the state paid more than $27 million to house 995 prisoners. The U.S. Department of Justice has only reimbursed the state $1.7 million, and still owes $25.3 million.

She's seeking an additional $24.4 million reimbursement for the months from July 2005 to this May.

Gregoire said that the states have been forced to pick up cuts in Medicaid and homeland security and shouldn't have to shoulder the incarceration costs.

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"If we're going to continue to see nothing but cuts come our way, and accountability measures for us, then I think turnaround is fair play," Gregoire said. "They have to live up to their responsibility and we need to hold them accountable."

Justice Department spokeswoman Kathleen Blomquist said her department would respond to Gregoire once the letter was reviewed.

In her letter, Gregoire asked that the federal government repay the state by Aug. 1, or take custody of the prisoners.

"I can't put these people free on the street," she said. "Public safety is at risk here. They're holding us accountable in every respect. It's high time the states said we too are going to hold you accountable."

Gregoire, a Democrat, said she talked with California Gov. Arnold Schwarzenegger, a Republican, and Arizona Gov. Janet Napolitano, a Democrat, about the immigrant incarceration issue at the Western Governors' Association meeting in Arizona last month.

"We, all three, agreed that we were going to take action," she said. Schwarzenegger has not sent such a letter but has fought to increase federal reimbursements, said his press secretary, Margita Thompson. California state officials have lobbied the White House on the issue, and Schwarzenegger brought it up with President Bush during a visit to Silicon Valley in April, she said.

California spends more than $750 million per year on illegal immigrant incarceration costs, Schwarzenegger's office said.

Since late 2004, Napolitano has sent invoices to the federal government requesting reimbursement for her state's costs for imprisoning criminal illegal immigrants.

In a letter in May to Gonzales, she said the federal government owed Arizona more than $270 million for more than 3 1/2 years of unreimbursed immigrant jail costs.

In May, 14 governors, including Gregoire, Schwarzenegger and Napolitano, called on Congress to allot $850 million to fund the State Criminal Alien Assistance Program, which reimburses the states.

Associated Press Writer Laura Kurtzman in Sacramento contributed to this report.

Myrick, Sheriff Lobby For Immigration Court In Charlotte (AP)

By Tim Whitmire

AP, July 18, 2006

CHARLOTTE, N.C. - Rep. Sue Myrick and Mecklenburg County Sheriff Jim Pendergraph on Monday unveiled a campaign to lobby for a Charlotte-based federal immigration court they believe would help manage the cases of the hundreds of thousands of people living in North Carolina illegally.

The state has the nation's eighth-highest estimated population of illegal immigrants - between 300,000 and 600,000, according to Myrick - but 16 states with lower estimated populations have immigration courts. All of North Carolina's immigration cases are handled in Atlanta.

The Justice Department is set to receive congressional funding this fall to open three new immigration courts, Myrick said. It is important, she said, that one be in North Carolina.

"If these statistics don't prove we need an immigration court, I don't know what does," Myrick, R-N.C., said before she and Pendergraph became the first people to sign a petition asking for the new court.

"Oftentimes it's the ones who march up and down the streets that get the attention," Pendergraph said, referring to high-profile protest marches and rallies staged by immigrants and their supporters since Congress began debating tighter border security and immigration reform this spring. "Probably 90 percent of your average citizens are watching TV at home and has no say."

Myrick has been particularly active in her crusade for immigration reform since the July 16, 2005, drunken driving accident in coastal Brunswick County that killed constituent Scott Gardner of Mount Holly and severely injured his wife Tina. The couple's young children suffered minor injuries.

The driver whose truck collided with the Gardners' station wagon, Ramiro Gallegos, had been returned to Mexico twice since 2000 and had four previous DWI convictions.

"I think it brought it (the illegal immigration issue) very much close to home for all of us in the region," Myrick said. "The unfortunate part is it destroyed that whole family's future."

Attorney General Alberto Gonzales will decide where to put the new immigration courts, and Myrick said she is optimistic that Charlotte will get one. The government has estimated the annual cost of operating the court, with a judge and various support personnel, at $383,000, she said.

Pendergraph said he understands federal officials are also negotiating to open a detention center in the region that would serve the court.

DOJ_NMG_0041684

Having the nearest immigration court in Atlanta makes it difficult for many illegal immigrants to show up for court dates, Pendergraph said. That results in failure-to-appear citations and immigrants being tagged as fugitives. Having the court in Charlotte would eliminate some of that problem, he said.

Myrick said she believes the House and Senate are making progress toward a compromise immigration reform bill. Recent comments by Sen. Arlen Specter, R-Pa., showed a willingness by the Senate to commit to tougher border security. House Speaker Dennis Hastert has said he will negotiate some type of guest worker program.

The sides remain at odds on whether there should be a path to citizenship for some or all people now in the country illegally.

States Stepping Up To Tackle Immigration Laws (WT)

By Jerry Seper

The Washington Times, July 18, 2006

State lawmakers are offering more than 500 bills this year targeting state-mandated services, illegal aliens and the employers who hire them, responding to a growing chorus of public opinion nationwide calling for stricter enforcement of immigration laws.

Led by Georgia, where benefits for illegal aliens were cut and stiff sanctions placed on employers who hire illegals, and by Colorado, which banned nonemergency services to those in the country illegally, at least 39 states have either proposed or passed similar legislation.

Lawmakers have focused on constituency concerns regarding an estimated 10 million to 12 million illegal aliens now in the country, resulting in rising costs for education and medical care, higher crime rates and exploitation by employers.

Georgia lawmakers passed and Gov. Sonny Perdue, a Republican, signed legislation this year requiring adults seeking benefits to prove their U.S. citizenship, sanctioning employers who hire illegals and requiring companies with state contracts to check employees' legal status. The Georgia laws also require police to check the legal status of people they arrest.

The bill's author, state Sen. Chip Rogers, called it "the strongest single bill in America dealing with illegal immigration -- bar none." He told The Washington Times that it was intended to send a message that "while the federal government is not enforcing its immigration laws, the state of Georgia takes those laws seriously."

In Colorado, new legislation requires employers to show that new hires are in the country legally and makes it a felony for an illegal to vote. It also put two measures on the November ballot: one barring employers from receiving state tax assistance if they hire illegals and another allowing the state attorney general to sue the U.S. government to force compliance with immigration laws.

"If they've been taking benefits illegally, that's wrong," said Gov. Bill Owens, a Republican who worked with House Speaker Andrew Romanoff and Senate President Joan Fitz-Gerald, both Democrats, to pass the legislation.

With federal immigration reform stalled on Capitol Hill, several states are proposing their own laws. More than 500 bills have been introduced this year covering a variety of topics, including employment, access to public benefits and voting rights, according to the National Conference of State Legislatures.

The conference said 57 bills were passed this year, while others were vetoed and several more are awaiting gubernatorial action.

Other bills were passed in Arizona and Illinois, where U.S. citizenship or legal immigrant status is required to receive health benefits. Kansas will only provide unemployment benefits to citizens and those with legal immigration status, Wyoming bars noncitizens and nonlegal permanent residents from state scholarships, and New Hampshire requires proof of citizenship to register to vote.

In Louisiana, a new law allows any state agency to investigate a contractor's hiring policies if the employment of illegal aliens is suspected and says prosecutors can issue an order to fire the illegals and fine those employers who do not comply.

Other bills were passed in Pennsylvania, which prohibits illegal aliens on projects financed by grants or loans from the state; Tennessee, which bars companies from state contracts for a year after they hired illegal aliens; Missouri, which prohibits learner's permits, driver's licenses or renewal licenses to people illegally in the country; and Virginia, where students with temporary or student visa status are ineligible for in-state tuition.

Several bills also were vetoed, including in Arizona, where lawmakers in the Republican-controlled Legislature sought to criminalize illegal entry and allow trespassers to be prosecuted. They were vetoed by Gov. Janet Napolitano, a Democrat.

Federal law requires states to provide some services to illegal aliens, including education and emergency medical care, but not other services, including continued health care and unemployment benefits.

Texas Hospitals Reflect The Debate On Immigration (NYT)

DOJ_NMG_0041685

By Julia Preston

The New York Times, July 18, 2006

DALLAS — The doctors and nurses at Parkland Memorial Hospital knew a lot about Zahira Domínguez, a maternity patient who was beginning to feel the squeeze of her contractions.

They knew that she had been born in Mexico, was a 15-year-old student at a Dallas high school and had gone to her prenatal checkups. They knew she was scared about giving birth.

What the hospital staff did not know, because they did not ask, was whether Ms. Domínguez was an illegal immigrant.

"I don't want my doctors and nurses to be immigration agents," said Dr. Ron J. Anderson, the president of Parkland.

Patients like Ms. Domínguez — uninsured Hispanic immigrants with uncertain immigration status — have flocked in recent years to public hospital emergency rooms and maternity wards in Texas, California and other border states. Their care has swelled costs for struggling hospitals and increased the health care bills that fall to states and counties, giving ammunition to opponents of illegal immigration who complain of undue burdens on local taxpayers.

As a result, health care has become one of the sorest issues in the border states' debate over illegal immigration. Facing harsh criticism from residents, public hospitals are confronted with an uneasy decision: demand immigration documents from patients and deny subsidized care to those who lack them, or follow the public health principle of providing basic care to anyone who needs it.

In Texas, two of the biggest public hospitals chose differently.

The Parkland Health and Hospital System, which serves Dallas County, offers low-cost care to low-income residents with no questions asked about immigration status.

"We decided that these are folks living in our community and we needed to render the care," Dr. Anderson said.

In Fort Worth, in neighboring Tarrant County, JPS Health Network requires foreign-born patients to show legal immigration documents to receive financial assistance in nonemergencies, like elective surgery and the treatment of routine or chronic illnesses. Executives said that their first responsibility was to legal residents, but that they were uncomfortable about having to make such distinctions.

"I don't think you should ask the hospital to make moral decisions for the State of Texas or, for that matter, for the United States," said Robert Earley, a senior vice president of JPS.

To some Fort Worth residents, the hospital — which does provide emergency and maternity care to illegal immigrants — has nonetheless sent a message that illegal immigrants are not welcome.

"Whenever immigrants go to the hospital, the first thing they are asked is, 'Who are you and where are your immigration papers?' " said José Aguilar, a leader of Allied Communities of Tarrant, a coalition of church-based community groups that has pressured the JPS board to reverse its policy. "They are being scared away."

Across Texas, the debate over illegal immigration has spilled into county commission hearings and hospital board meetings. A study ordered by commissioners in Harris County, which includes Houston, found that about one-fifth of the patients in its health system last year were immigrants without documents, most of them from Mexico. Their numbers had increased 44 percent in three years, the study found, and their care had cost the county $97.3 million, about 14 percent of the health system's total operating costs.

"We have a lot of United States citizens that need our help in health, and we should pull them up before we pull up someone here illegally," said Tim Gallagher, 45, a software salesman from Plano, north of Dallas, who in an interview expressed views widely shared in the state. Mr. Gallagher said he favored deporting illegal immigrants who sought care from public facilities, even if the patient was a mother who gave birth to an American citizen.

"If somebody here needs health care, they should get it, and then if they are illegal, they should go bye-bye," said Mr. Gallagher, who wrote a letter on the subject to The Dallas Morning News.

In California, hospitals spent at least $1.02 billion last year on health care for illegal immigrants that was not reimbursed by federal or state programs, according to federal government estimates. Hospital officials there said the ailing health care system was being pushed to its limit.

"Emergency rooms and hospital doctors are forced to subsidize the lack of immigration enforcement by the federal government," said C. Duane Dauner, president of the California Hospital Association. "It amounts to an unfunded mandate for us to treat everybody."

California received $66 million in federal money in 2005, the first year of a four-year national program to help pay for emergency care for illegal immigrants. But it was "not even a down payment" on the total cost, Mr. Dauner said. With more than 1.4 million of California's residents uninsured and more than half of California's hospitals operating in the red, Mr. Dauner warned that care for illegal immigrants could tip some hospitals into bankruptcy.

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Even so, the surging numbers of illegal immigrants in the health care system have fed some misconceptions, hospital administrators said.

While Texas border hospitals often get "anchor babies" — children of Mexican women who dart across the border to give birth to an American citizen — most illegal immigrants who go to major hospitals in Texas can show that they have been living here for years, said Ernie Schmid, policy director at the Texas Hospital Association. Many immigrant families have mixed status; often a patient with no documents has a spouse or children who are legal.

Most immigrant patients have jobs and pay taxes, through paycheck deductions or property taxes included in their rent, administrators at the Dallas and Fort Worth hospitals said. At both institutions, they have a better record of paying their bills than low-income Americans do, the administrators said.

The largest group of illegal immigrant patients is pregnant women, hospital figures show. Contrary to popular belief here, their care is not paid for through local taxes. Under a 2002 amendment to federal regulations, the births are covered by federal taxes through Medicaid because their children automatically become American citizens.

These cases are not affected by new regulations that went into effect on July 1 requiring Medicaid patients to provide proof of citizenship, Texas health officials said. They said they believed that only small numbers of illegal immigrants had received other Medicaid benefits.

Administrators at Parkland said the hospital delivered 11,500 babies last year to mothers who were probably illegal immigrants, representing at least 56 percent of its maternity patients.

One was Ms. Domínguez, whose family brought her to Dallas from Mexico 11 years ago. Guided through Parkland's prenatal care, the frightened teenager had an unexceptional labor and a robust baby girl.

Many immigrants have sought low-cost care by going to Parkland's emergency room, where, by federal law, they must be examined and treated, as is the case in any emergency room. Leticia Martínez, 24, walked into the emergency room one morning weak with cramps, fearing a miscarriage in her two-month pregnancy.

Ms. Martínez said she had been sure she would get care at Parkland because her first baby had been born there. "They help economically," she said. "They don't ask the immigration question."

Dr. Anderson fiercely defends Parkland's open policy. "It's much wiser to render care than to wait until they are very sick," he said.

In Fort Worth, JPS Health Network also provides low-cost prenatal care and delivery for illegal immigrant mothers. It does not offer them help for other nonemergency care.

In January 2004, the JPS board of managers voted to offer its financial assistance program to all Tarrant County residents, legal or otherwise. But eight months later, with illegal immigrants starting to fill the hospital, the managers reversed course in a meeting where they agonized over their votes, the minutes show.

The policy has given the hospital a mixed reputation among Hispanics in Fort Worth.

Edy Patricia Rodríguez, 18, an illegal immigrant whose husband is an American citizen, cuddled her newborn recently in a private, state-of-the-art room at the JPS hospital. The child, Pablo F. Ibarra, born June 28, thrived in the network's care, and his mother was satisfied.

But misunderstandings about immigration status clouded the case of Victoria Canales, a Mexican immigrant who had sought care for advanced liver disease, said her husband, Jesus Canales, 36.

Mrs. Canales was a legal resident and a member of the JPS network's low-income program. But hospital staff members seemed confused about her case, Mr. Canales said, and twice sent her home when she had gone to seek relief from the liquid filling her body.

Humiliated, Mrs. Canales was reluctant to return to the hospital until she could no longer manage at home, Mr. Canales said. She died June 26.

JPS officials say they do not refuse care to people who need it, but are wrestling with the demands of county residents and changing state laws.

Mr. Earley, the JPS vice president, said, "We have been bounced around like a basketball on this issue."

Republicans Establish Immigration War Room (HILL)

By Patrick O'connor

The Hill, July 18, 2006

House Republicans have organized a communications "war room" to push their enforcement-first strategy on immigration reform during the remaining months of the 109th Congress.

The communications plan will help GOP leadership staff coordinate the party's message in local media markets during the next round of field hearings, in August.

After the hard-fought victory of GOP Rep. Brian Bilbray in California's special election, House Republicans have increasingly hung their hopes of retaining the majority on their unwillingness to compromise on enforcement-first immigration reform.

But their emphasis on immigration this election season only serves to create more expectation among voters that Congress should approve a reform bill before the November elections.

House negotiators continue to insist that Congress address border and workplace enforcement before moving legislation to expand the country's guest-worker programs or deal with the laborers already here illegally, as the Senate bill aims to do.

House Republicans are expected to keep pressuring their Senate colleagues on this issue during the monthlong summer break. Aides to House Speaker Dennis Hastert (R-Ill.) are even planning for the Speaker to make a trip to the border during the recess to push increased enforcement, a Republican aide said.

The "war room" is not a physical space but rather a coordinated strategy to monitor local and national media coverage of the immigration debate and to saturate those markets with favorable comments about the House bill.

Republican aides involved in the effort see it as a chance to respond to critical press while pushing the House immigration plan in local media markets throughout the country. In doing so, leaders would like to harness the energy of their members.

"Members are really on the offensive about this," said Gretchen Hamel, a spokeswoman for the House Republican Conference.

As part of the new media strategy, House Republicans will continue their efforts to label the Senate's comprehensive overhaul as a Democratic plan — specifically the "Reid-Kennedy" bill, a reference to Senate Minority Leader Harry Reid (D-Nev.) and Sen. Edward Kennedy (D-Mass.), who co-wrote a reform bill with Republican Sen. John McCain (R-Ariz.).

In addition, GOP lawmakers and staff have stepped up their criticism of Democratic leaders in the House for what they portray as a failure of those leaders to articulate a unified position on the immigration issue.

"This debate was taking place in the Washington, D.C., vacuum," said Kevin Madden, a spokesman for House Majority Leader John Boehner (R-Ohio). "We think it was being inaccurately reported as a House approach versus a Senate approach. [The Senate legislation] was essentially a bill passed by a coalition of Senate Democrats."

While GOP leaders in the House and Senate squabble over the details of immigration reform, Democrats in the House will continue to point out administration failures on the border and criticize their Republican counterparts for their own failure to move a bill to the president's desk, said Jennifer Crider, spokeswoman for Minority Leader Nancy Pelosi (D-Calif.).

Staffers organized by Pelosi's office meet regularly to discuss the immigration issue, and they will continue to distribute information packets to members who participate in the field hearings. The packets include talking points, fact sheets and press clippings on the immigration issue.

On the Republican side of the aisle, staffers in Hastert's office, Boehner's office and the Republican Conference office have organized much of the GOP's communications effort. They have separated the country into 12 regions and recruited a dozen press aides from various personal offices to review clips from media markets in each region.

Madden, in Boehner's office, drew up the communications strategy, leadership aides involved said, while Lisa Miller in the Speaker's office and Katie Strand in the conference office are responsible for compiling the clips every day from each of the 12 personal-office press contacts. Michael Steel in the office of Rep. Jim McCrery (R-La.) writes up a summary of each day's clips.

The staffers involved hold a conference call every morning at 8:30 to report on clips they have compiled from the local press each day. The calls usually last between 20 and 30 minutes, Hamel said. The aides also meet in person at least once a week to discuss strategy.

The goal is to place opinion pieces and win positive coverage in regions where immigration reform is a prominent issue. To do that, leadership staff will co-opt rank-and-file members from those regions to place op-eds in their local papers or conduct television and radio interviews supporting the House bill.

For example, Boehner is expected to run an op-ed in The Philadelphia Inquirer this week to address the need for expanded enforcement on the border. Not only is the Inquirer the hometown newspaper for Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), whose name graces the Senate bill, at least three House Republicans face difficult reelection fights in the greater Philadelphia region.

The war-room staff also has been e-mailing regular "Border Bulletins" to update staff, members of the media and outside organizations about the field hearings schedule. The bulletins also highlight problems with the Senate bill or criticize Democrats, saying that they have failed to articulate a plan. The group also is expected to launch a website later this week.

The personal-office staff includes Laura Blackann, with Rep. John Doolittle (R-Calif.); Courtney English, with Rep. Todd Tiahrt (R-Kan.); Sarah Jackson, with Rep. Jeff Fortenberry (R-Neb.); Charlie Keller, with Rep. Ginny Brown-Waite (R-Fla.); Ryan Loskarn, with Rep. Marsha Blackburn (R-Tenn.); Brad Mascho, with Rep. Paul Gillmor (R-Ohio); Tory Mazzola, with Rep. Bill

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Shuster (R-Pa.); L.D. Platt, with Rep. Tom Reynolds (R-N.Y.); Becky Ruby, with Rep. Phil Gingrey (R-Ga.); Michelle Stein, with Rep. Mike Burgess (R-Texas); Chris Taylor, with the Speaker's office; and Sylvia Warner, with Rep. Mike Rogers (R-Mich.).

Despite the organized communications plan, Republicans in the House remain divided on the issue of comprehensive reform, but the enforcement-only crowd tends to drown out other members of the conference who are more sympathetic to expanding the current guest-worker program or granting legal status to undocumented workers already here.

During a recent conference meeting of House Republicans, Rep. Jeb Hensarling (Texas) told members about the positive responses he heard during a series of town-hall meetings he held to explain his enforcement-first approach and Rep. Joe Wilson (S.C.) told members that he received above-the-fold front-page coverage in a local newspaper for making a trip to the border.

House leaders are aggressively selling their plan in preparation for possible negotiation with the Senate on a compromise bill, even though the chances of a compromise dimmed significantly after the field hearings were announced. The communications plan is part of that effort.

"This is us going before the American public as judge and jury because all the facts are on our side," Madden said.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, July 18, 2006

Go ahead, caller

Former Secretary of State Lawrence Eagleburger made a surprise appearance yesterday on C-SPAN, weighing in on the precarious state of world affairs during the open-phone segment of "Washington Journal."

"You're on the air. Go ahead, Republican," said the program host.

"Yes, I was in the first Bush administration ..."

"Is that Lawrence Eagleburger?" the surprised host asked.

"Yes, sir. I'd like to make three quick comments," Mr. Eagleburger continued.

One of the comments was to caution those who are quick to criticize the Israeli military response in Lebanon. Mr. Eagleburger said Israel is "surrounded by states who say they want to destroy" it.

And he warned that if the United States and its allies "don't do something about Iran and its building of nuclear weapons, and North Korea and its building of nuclear weapons, there's going to come a time about 10 years from now when Americans are going to look back and say, 'What in the devil were we doing sitting there watching this develop?' "

As soon as the former secretary hung up the phone, the C-SPAN host stated for the record: "That was not set up. He called on his own."

Fighting words

"To all the Republicans who sit in their air-conditioned offices and talk of the courage it takes for them to keep young kids in harm's way, I say enough. [And White House aide] Karl Rove talking about 'cutting and running' while he sits on his big, fat backside saying 'stay the course,' I say enough. That's not a plan."

Or so Rep. John P. Murtha, Pennsylvania Democrat, wrote in a Democratic Party fundraising letter this week.

Pass the worm

Building a massive fence along the U.S.-Mexican border will be the subject of a hearing Thursday in the House, which passed a bill last year calling for the construction of 700 miles of fencing along the porous border.

President Bush, who once said better fences make bitter neighbors, came around this spring to say he would support 370 miles of fencing, but no more.

"We don't think you fence off the entire border," White House spokesman Tony Snow told reporters.

Meanwhile, we learned yesterday that as more and more Mexicans — illegal or otherwise — continue to flood into the United States, the demand for indigenous Mexican food and beverages is increasing to the point that it has become a "booming" industry, both for suppliers in Mexico and distributors in this country.

According to the firm Market Research, the Mexican food industry in the United States is estimated at $52 billion and growing, with seven in 10 surveyed households using Mexican food and ingredients.

Supporting J.D.

One of the biggest proponents of fencing out illegal aliens is Rep. J.D. Hayworth, Arizona Republican, who reported yesterday that his re-election campaign war chest has surpassed $1 million in contributions.

Mr. Hayworth says his state and constituents are tired of being "ground zero" in the illegal alien crisis. In Arizona, he says, there are 6,000 to 6,500 attempted border crossings every night, of which 4,000 to 4,500 are successful.

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The congressman was driven to write a book on illegal border crossing, which he presented earlier this year to President Bush after his visit to the state. It proposes not only building a massive fence along the border, but also halting the U.S. practice of granting citizenship to American-born children of illegal aliens.

Failing schools

Congress today will take the first step toward rescuing children who are trapped in persistently underperforming schools.

House Committee on Education and the Workforce Chairman Howard P. "Buck" McKeon, California Republican, will introduce legislation to establish America's Opportunity Scholarships, which would give states and school districts the ability to provide money to low-income children to attend private schools or else receive intensive, sustained tutoring.

Jumping ship

The number of black Republican candidates seeking major national or statewide offices in the United States in 2006, according to the National Black Republican Association: 43.

TAX:

Former Prosecutor Enters Tax Evasion Plea (KCS)

The Kansas City Star, July 18, 2006

A third member of a now-defunct legal practice in Kansas City has pleaded guilty to not paying federal income taxes over a 10-year period through 2004.

Lynise Michelle Ratliff-Connor, 42, of Raytown, admitted last week that she willfully failed to pay $58,383 in income taxes in 2000 on $195,320 she earned from her law practice that year.

She also admitted failing to pay federal income taxes in 1994, 1995, 1996, 1997, 1998, 2003 and 2004. The IRS has yet to determine how much she owes for those years.

She also failed to pay $3,048 in income tax in 1999 and has yet to pay her 2002 taxes, according to her plea agreement.

Ratliff-Connor faces up to a year in prison and a fine of $25,000.

“This is a practicing attorney who simply refused to pay her federal income taxes for more than a decade,” said U.S. Attorney Bradley J. Schlozman in a written statement. “For an officer of the court to so egregiously violate the law is absolutely inexcusable.”

Ratliff-Connor’s attorney, Bob McQuain of McQuain DeHardt & Rosenbloom, declined to comment.

Ratliff-Connor was formerly associated with attorneys Phillip A. Brooks and Dale E. Lovelace of Brooks & Lovelace.

Brooks, 40, of Lee’s Summit, pleaded guilty more than a year ago to a charge of failing to pay federal income taxes for the year 2000. Brooks had taxable income that year of $171,386 and owed federal taxes of $29,198. He was sentenced to three years of probation.

Lovelace, 39, of Kansas City, pleaded guilty in October to a charge of failing to file a return in the year 2000. Lovelace earned $266,076 that year and owed $109,584 in income taxes.

Lovelace also admitted that he failed to pay income taxes in 1996, 1997, 1998, 1999, 2001 and 2002. Officials said the tax losses for those years totaled at least $162,459.

Lovelace was sentenced in April to a year in federal prison.

Ratliff-Connor was a prosecutor in the Jackson County prosecutor’s office about 15 years ago. She left to open her own practice downtown after getting a $25,000 loan from the Small Business Administration.

Amway case to proceed

The 8th U.S. Circuit Court of Appeals has upheld a lower court’s refusal to force an antitrust case against Amway Corp. into arbitration.

The plaintiffs in the case are so-called tools businesses that use motivational tapes, lectures and rallies to recruit Amway distributors and encourage them to sell as many Amway products as possible. Each tools businesses is owned by a distributor that also operates an Amway products business.

The case, which was filed in 2003 in St. Joseph, seeks millions of dollars in damages. The plaintiffs describe Amway as a pyramid-type scheme in which distributors earn money by recruiting other distributors, with a percentage of each distributor’s revenues passed along to higher-ups in the pyramid.

Like other lawsuits filed in recent years by Amway distributors, the lawsuit says that most of Amway’s profits come not from selling products but from selling the motivational materials to distributors.

Many of the lawsuits allege that Amway exaggerates the profits to be made by selling its products and pressures distributors into buying its motivational materials. The St. Joseph action charges that a few Amway “kingpins” — those who

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bought into Amway early on — control thousands of down-line distributors and make most of their money by selling them the motivational materials.

The lawsuit says that Amway helped the few big players monopolize trade in the motivational arena, using it to subsidize the rest of its business.

Amway has denied the allegations and tried to force the case into arbitration. The company argues that, while none of the tools businesses had signed the arbitration agreement, each was owned by a distributor whose products business had signed it.

In September, U.S. District Judge Richard Dorr ruled that the arbitration agreement was "unconscionable" because it was offered on a "take it or leave it" basis and because Amway hand-picked the arbitrators and trained them.

Last week, the 8th Circuit agreed. The court found that, contrary to Amway's assertions, the tools businesses were not entitled to any rights or benefits under Amway rules of conduct, were not agents of the products businesses, and couldn't be forced into arbitration under the "community of interest doctrine." Amway had invoked the doctrine to argue that, because the interests of the plaintiffs were directly related to those of Amway, ordering arbitration was the only way to prevent evisceration of the arbitration agreement.

The 8th Circuit's decision means the case will go forward in federal court.

The plaintiffs are represented by Shughart Thomson & Kilroy.

CONGRESS-ADMINISTRATION:

Bush Promises Veto On Stem-cell Funding (WT)

By Amy Fagan And Stephen Dinan

The Washington Times, July 18, 2006

The Bush administration said yesterday that the president will veto a bill to have the federal government fund more embryonic stem-cell research, issuing its statement on the day the Senate began debate on the bill and setting up the first major veto confrontation of this presidency.

"Destroying nascent human life for research raises serious ethical problems, and many millions of Americans consider the practice immoral," the White House said in its official statement of policy on the bill.

The Senate is expected today to approve the bill, which would allow federal funding to go to research that uses embryos left over from fertility procedures. The Senate also is expected to approve two other research bills, one that would encourage stem-cell research methods that don't harm embryos and the other that would make it illegal to initiate and then abort human pregnancies in women or animals to obtain research tissue.

The administration strongly supports the two other bills but said additional federal funding for embryonic stem-cell research is unnecessary because the private sector and some states are contributing several billion dollars over the next few years for such studies.

The Senate debate yesterday showed divisions among Republicans over the question of federal funding for embryonic stem-cell research. The bill has the support of top Republicans such as Sen. Arlen Specter of Pennsylvania and Senate Majority Leader Bill Frist of Tennessee, but conservatives such as Sens. Tom Coburn of Oklahoma and Sam Brownback of Kansas said embryonic stem-cell research wrongly and unnecessarily destroys human life.

Mr. Frist said yesterday it is time to expand Mr. Bush's 2001 policy, which allowed federal funding for embryonic stem-cell research but limited it to stem-cell lines available at that time.

"I believe it should be modified," said Mr. Frist, who is a doctor and has been mentioned as a presidential hopeful in 2008. He said the Bush policy "unduly restricts" the number of stem-cell lines. The policy covers 22 lines, although it initially was thought that 78 lines would be usable.

Embryonic stem cells have the ability to develop into almost any cell in the body. Proponents of the research see great potential to cure a host of ailments.

"Rejecting [the bill] is a rejection of science. It's a rejection of the hopes of millions of patients," said Sen. Dianne Feinstein, California Democrat.

Conservatives note that embryos must be destroyed in order to extract their stem cells. Mr. Brownback calls it immoral to use the embryos as "raw material," when they instead could be available for adoption to childless couples, as some have been.

Opponents of embryonic stem-cell research say the promise has been exaggerated and that federal funding instead should go toward effective medical treatments derived from adult stem cells and umbilical cord blood.

"There is not one cure in this country today from embryonic stem cells," said Mr. Coburn, a physician, but treatments for eye problems and illnesses such as juvenile diabetes have been derived from adult stem cells and cord blood.

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Bush Set To Use First Veto On Stem Cell Bill (WP)

By Michael Abramowitz And Chuck Babington

The Washington Post, July 18, 2006

Since his inauguration in 2000, President Bush has gone out of his way to avoid an overt confrontation with Congress. He has been helped by the strong support of GOP leaders, who have made sure that he has been sent bills to his liking, and he has been willing to swallow some legislation -- a campaign finance package, for instance -- to avoid a political confrontation.

But Bush is unwilling to tolerate deviations from his policy restricting federal funding for stem cell research that he set out in his first prime-time television address in August 2001. If all goes as scheduled later this week, he will do something he has avoided for nearly six years: veto a bill.

"The president feels he made the right decision, and a principled decision, and he's not going to be swayed by the fact that he may not have the votes on Capitol Hill," said Jay Lefkowitz, a New York lawyer who helped Bush craft his position while a staff member at the White House.

By refusing to budge from his position, the president also appears to be reaffirming his bona fides with religious conservatives who make up an important part of his political base, even while he differs with other prominent Republicans, including Senate Majority Leader Bill Frist (R-Tenn.) and former first lady Nancy Reagan.

"He's been a clear man of his word," said Sen. Sam Brownback (R-Kan.), a leading opponent of expanded stem cell research, adding that Bush wanted to limit the use of stem cells to those cases in which the life-and-death decision had been made. "He has not been willing to expand that and to thus use taxpayer dollars to kill young human life. And I believe he's going to stand by that position."

Democrats said they think Bush is handing them a potent political issue for the fall elections, because stem cell research has become an important subject in several marquee congressional races. Sen. Tom Harkin (Iowa) expressed amazement that Bush has chosen the stem cell bill for his first veto, given polling showing that Americans overwhelmingly support the research.

"I think this is going to have some real repercussions around the country," Harkin said.

Scientists view embryonic stem cells as promising in the treatment of paralysis and many diseases because the cells can re-create themselves and have the potential to turn into any tissue or organ. Colonies or "lines" derived from adult stem cells are much less versatile, scientists say.

The legislation in question, which the House has passed, would allow federal funding for research on stem cell lines derived from frozen embryos that are stored at fertility clinics and slated for destruction. The president's policy allows for federal funding of research only on stem cell lines that existed as of Aug. 9, 2001, the date he announced his policy. Bush said such a policy was reasonable because additional embryos would not have to be destroyed to create stem cells.

Eager to soften the impact of Bush vetoing a measure that other prominent conservative Republicans support, the GOP leadership is holding votes on two other measures to give Bush stem cell legislation he will sign. One of the bills would encourage research into creating stem cell lines without destroying human embryos. The other would ban the creation of a fetus solely for the purpose of destroying it and harvesting its body parts.

Even so, the one expected refusal would mark the first time the president has wielded a veto pen, putting him far behind his predecessors Bill Clinton (38 vetoes in two terms), George H.W. Bush (44 in one term) and Ronald Reagan (78 in two terms). To a large degree, the lack of a veto reflects the simple fact that Republicans have controlled Congress almost the entire time Bush has been in office and they have been reluctant to send him legislation that might be vetoed.

"If he was vetoing a lot of House-Senate Republican bills, it would make us look chaotic and un-unified," said Rep. Jack Kingston (Ga.), vice chairman of the House Republican Conference. Administration officials said they have also been able to press Congress to change bills to their liking, such as when lawmakers trimmed the size of a recent emergency spending bill for Iraq and Afghanistan after Bush threatened a veto.

"By working closely with Congress -- and by threatening vetoes when they were called for -- discretionary spending has been kept in check and there hasn't been a need to veto a spending bill," said Scott Milburn, a spokesman for the Office of Management and Budget.

But some fiscal conservatives complained that the absence of presidential vetoes reflects a lack of interest by Bush in challenging Congress to reduce costs in large spending bills that are outside the regular budget process -- such as highway, energy and agriculture bills that were full of expensive projects. As long as Bush was receiving support for his big agenda items such as tax cuts and the Iraq war, he went along with the bills, they said.

"He just decided not to spend the political capital in fighting Congress on spending, and Congress basically agreed to go along with his biggest priorities," said Pat Toomey, president of the Club for Growth. "That's gotten us to the point where spending has gotten out of control."

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The Senate opened debate yesterday on the three stem cell bills, all of which appear likely to pass today. The Senate debate was overshadowed by the near certainty that the House bill will not become law because the House will fall short this week in its bid to override Bush's promised veto. A veto override, which requires a two-thirds majority in both chambers, would not be tried in the Senate if it fails in the House.

Much of the Senate debate centered on whether embryos awaiting destruction at fertility clinics are humans. Brownback, a chief opponent of the House bill, said they are.

"What we're talking about in this debate is the use of embryos, young humans, as raw material" in medical research, he told reporters. Thousands of such embryos are discarded annually, he acknowledged, but they should be protected from use in medical research just as death-row inmates are. He urged couples desiring children to "adopt" such embryos, implant them in the woman's womb and bring them to full term.

Frist, a heart-transplant surgeon, said he believes human life begins at conception, but he defended medical advances that might derive from embryos that are "100 percent" certain to be destroyed and have no hope of being adopted.

"We have learned that fewer than the anticipated number of cell lines have proved suitable for research," Frist said in a floor speech, "and I feel that the limit on cell lines available for federally funded research is too restrictive."

Stem Cell Bill Nears Passage In The Senate (NYT)

By Carl Hulse

The New York Times, July 18, 2006

WASHINGTON, July 17 — The Senate moved Monday toward approval of expanded federal spending on medical research using embryonic stem cells, but the immediate results of the legislation were likely to be more political than scientific.

President Bush on Monday reiterated his intention to use the first veto of his presidency to kill the measure, which is scheduled for a vote on Tuesday afternoon. Though the legislation has broad bipartisan support in the House and the Senate, lawmakers said the House would be unable to override a veto, meaning the bill would not become law this year.

But Democrats, citing public opinion surveys showing that almost three out of four Americans back such research, say the issue is particularly potent with independent and more moderate Republican voters who could decide some of the most contested Congressional races this year. The issue has already emerged in Senate contests in Missouri, New Jersey, Pennsylvania and Ohio and is simmering in other Senate and House races.

“This will be one of the major issues of the campaign, and it is going to allow us to win voters we have not won before,” said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

Republicans say the issue also helps motivate their conservative base.

Mr. Bush and other Republican opponents of the proposal say the potential medical advances being promised by its backers will offer false hope to some suffering Americans while encouraging the destruction of embryos that will provide the stem cells.

“The fact is, there is not one cure in this country today from embryonic stem cells,” said Senator Tom Coburn, Republican of Oklahoma and a physician.

But Mr. Coburn and other conservatives were clearly in the minority as both Republicans and Democrats said the expansion of research using stem cells could create new treatments for cancer, heart disease, diabetes, Alzheimer’s disease, Parkinson’s disease and spinal cord injuries.

Supporters said they were confident that they had the necessary 60 votes for approval but were uncertain that they could reach the 67 required to overturn a veto because of an intense lobbying campaign by conservative activists. On the proponents’ side, senators said, Nancy Reagan, the widow of former President Ronald Reagan, was also reaching out to lawmakers.

Senator Arlen Specter, Republican of Pennsylvania and a chief supporter of the legislation, compared resistance to stem cell research to the skepticism that confronted Columbus and Galileo. Senator Bill Frist of Tennessee, the majority leader who brought the measure to the floor, said he believed that the current administration policy was too restrictive.

“We have to work together to allow science to advance,” said Mr. Frist, who is also a physician.

The White House issued a formal statement promising a veto on the ground that the “bill would compel all American taxpayers to pay for research that relies on the intentional destruction of human embryos for the derivation of stem cells, overturning the president’s policy that funds research without promoting such ongoing destruction.”

Under the proposal, the federal government would be allowed to support research on stem cells obtained from embryos donated for in vitro fertilization. Backers of the legislation say that only those embryos that would otherwise be discarded would be used and that the donors would have to provide written consent for the use of the embryos, now numbering about 400,000, that are stored at fertility clinics.

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"So the choice is this," said Senator Tom Harkin, Democrat of Iowa, "throw them away or use them to ease suffering and, hopefully, cure diseases."

Critics said that the measure would create incentives to destroy human embryos and that other types of research held similar potential without the corresponding ethical questions.

"We do not need to treat humans as raw material," said Senator Sam Brownback, Republican of Kansas.

The Senate is also expected to vote Tuesday on two related measures, one that would encourage the creation of lines of stem cells without the destruction of human embryos and another that would prohibit the use of tissue from fetuses gestated for research, which the legislation described as "fetus farming."

Republicans Weigh Appeal To Bush On Stem-cell Research (MCCL)

By Margaret Talev

McClatchy Newspapers, July 17, 2006

WASHINGTON - From lawmakers to former first lady Nancy Reagan, Republicans who support expanded embryonic stem-cell research are considering making appeals to President Bush to change his mind about vetoing the legislation.

As the Senate began debate Monday, the White House said formally what the president has suggested for months: that Bush would veto the bill because the research involves destroying human embryos.

The House of Representatives already has passed the bill. Final congressional passage is expected Tuesday, but amassing the necessary two-thirds majority in both the House and Senate to override a Bush veto could be impossible. That's why even Republicans confident of Senate victory are weighing a final lobbying push to Bush.

That appears to be a hard sell.

"Whatever one's view of the ethical issues or the state of the research, the future of this field does not require a policy of federal subsidies offensive to the moral principles of millions of Americans," the White House declared in a formal policy statement Monday.

But many Republicans were holding to the hope that a strong majority vote in the Senate might push Bush to reconsider the ethical objections he shares with many other religious conservatives.

"There will be a request from a large delegation of senators, including many of the president's strongest allies on the Republican side, urging him to sign the bill - and I think he may get a personal call from Mrs. Reagan," said Sen. Arlen Specter, R-Pa. He said he had been in touch with Nancy Reagan, an advocate of embryonic stem-cell research. She couldn't be reached Monday for comment.

Specter, along with Sens. Tom Harkin, D-Iowa, and Orrin Hatch, R-Utah, has been a leading advocate for the legislation. Specter has battled Hodgkin's disease; the late President Reagan died from Alzheimer's.

The legislation would lift prohibitions on federal funds for research on new stem-cell lines that Bush imposed in 2001. It would allow tax dollars to fund research on lines developed from unused embryos that fertility clinics could otherwise destroy.

While the promise of embryonic stem cells is largely theoretical, top scientists believe these young, versatile cells could be trained to repair bodies ravaged by diseases as diverse as Parkinson's and diabetes. Research is moving ahead in other countries and, on a smaller level, through various private- and state-funded efforts. But scientific advocates say progress will be stilted until the National Institutes of Health can oversee expanded stem-cell research.

Opponents, led by Sens. Sam Brownback, R-Kan., and Tom Coburn, R-Okla., a physician, are fighting the expanded research because it requires the destruction of embryos. They said there's sufficient promise in research from adult stem cells, although scientists generally say there's more promise in embryonic stem cells.

They also point to the phenomenon of "snowflake" babies, in which unused embryos are adopted, implanted in women and carried to term. They argued that there were enough infertile couples willing to adopt them to make destroying them immoral.

Brownback presented some of those "snowflake" children and their parents at a news conference on Monday, along with others who had benefited from less controversial cord blood and adult stem-cell treatments.

Steve Johnson of Pennsylvania, who was partially paralyzed in a bicycle accident and is the father of a "snowflake" girl, argued emotionally with his family in tow: "Would I kill my daughter so I can walk again? Of course not."

But Specter, on the Senate floor, said that there were about 400,000 unused embryos in the country, while only 138 "snowflake" babies had been born. "If they could be used to create human life, I would not in the slightest way contend they should be used for scientific research," he said.

Other arguments mounted Monday in Senate floor speeches and news conferences included:

-That the number of stem cell lines available under Bush's 2001 limits has withered from 78 to about one-fourth that number. "These lines are being less and less stable," said Senate Majority Leader Bill Frist, R-Tenn., a physician who opposes abortion rights but supports expanded stem-cell research.

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-That Bush's limits will yield a patchwork of state and private research with looser ethical guidelines.

-And that a veto could be viewed through the lens of history as comparable to past arguments that the Earth was flat or that women delivering babies shouldn't have access to anesthesia.

"Rejecting HR 810 is a rejection of science," said Sen. Dianne Feinstein, D-Calif.

Bush Repeats His Vow To Veto Bill Easing Limits On Stem-Cell Funds (WSJ)

By Sarah Lueck

The Wall Street Journal, July 18, 2006

WASHINGTON -- As the Senate began debate over funding embryonic stem-cell research, the Bush administration reiterated plans to veto the most controversial of the three bills moving through Congress.

In a statement of policy, the administration said President Bush would veto a bill that would loosen funding restrictions he put on the research in 2001. (See related article.1) The measure "would use federal taxpayer dollars to support and encourage the destruction of human life for research," the statement said.

The Senate is expected to pass the legislation, which the House has approved, and Mr. Bush's veto -- the first of his presidency -- is expected this week. It is unlikely there are enough votes in the Senate to override a veto; the House appears to be even more of an uphill battle.

In yesterday's debate, lawmakers weighed input from top government scientists. In response to questions from two of the bill's sponsors, Sen. Arlen Specter, (R., Pa.), and Sen. Tom Harkin, (D., Iowa), officials from the National Institutes of Health noted the promise of embryonic stem-cell studies in helping to find treatments and cures for illnesses.

Anthony Fauci, head of the National Institute of Allergy and Infectious Diseases, wrote that embryonic stem-cell research "could be advanced by the availability of additional cell lines. ... We may be limiting our ability to achieve the full range of potential therapeutic applications ... by restricting research to the relatively small number of lines currently available."

James Battey, chairman of the NIH's Stem Cell Task Force, said "from a purely scientific standpoint it would be difficult to argue that more cell lines available for federal funding would not speed some areas of research."

The administration supports the two other bills the Senate is considering. One promotes federal funding of stem-cell research that doesn't harm embryos -- something the NIH has said it already has the authority to support.

The administration also backed a bill banning "fetal farming," specifically the solicitation or acceptance by scientists of tissue from fetuses developed and aborted for research purposes.

Bush Promises Veto Of Stem Cell Bill (AP-Y)

By Laurie Kellman

AP2, July 18, 2006

In an emotional session marked by tales of death and hope, the Senate debated on Monday whether the government should pay for new embryonic stem cell research, pushing a measure to do it toward passage and President Bush's first veto.

"He would veto the bill," the White House declared in a written statement, underlining the words for emphasis.

That quieted speculation by supporters that Bush, perhaps persuaded by new science and strong public support for embryonic stem cell research, would reverse course and sign the legislation into law.

Though several Republican Senate leaders support the measure, many GOP lawmakers oppose it, as do conservative voters in a midterm election year.

"The bill would compel all American taxpayers to pay for research that relies on the intentional destruction of human embryos for the derivation of stem cells, overturning the president's policy that funds research without promoting such ongoing destruction," the White House said.

Behind the scenes, former first lady Nancy Reagan lobbied lawmakers on the bill's behalf. Her husband, President Reagan, died in 2004 after a long deterioration from Alzheimer's disease, one of several illnesses that researchers say stem cell research might eventually cure.

"She is still restless on this issue," said Sen. Edward M. Kennedy, D-Mass. "We all know this debate has moved further down the road toward a hopeful conclusion because of her work."

Judiciary Committee Chairman Arlen Specter, R-Pa., a cancer survivor, said his disease is one of many that might be cured sooner with the engine of federal funding behind embryonic stem cell research.

Specter compared opposition to the bill to historical resistance to research that led to space travel and landmark vaccinations "to show how attitudes at different times in retrospect look foolish, look absolutely ridiculous."

"There is just no sensible, logical reason why we would not make use of stem cell research," he said.

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Senate Majority Leader Bill Frist, a transplant surgeon whose negotiations permitted the bill to come to the floor after being stalled for a year, attributed the opposition to "fear (that) can also delay scientific advances that are out there before us."

"We've got to work together to allow science to advance" within ethical boundaries, he said.

Where to draw those boundaries is the heart of the debate.

Bush and his allies believe embryos are nascent human life worth more than the advances they might make through stem cell science and point out that embryonic stem cell research is years away from clinical trials, let alone cures for disease. They rejected arguments that only leftover embryos from fertility clinics would be used.

"Just because the budding lives would not survive does not mean that we should ghoulishly conduct experiments on them," said Sen. Jim Bunning, R-Ky. "Who knows how many human embryos we will have to destroy before any tangible progress is made?"

Sen. Sam Brownback, R-Kan., appeared with three children adopted from in vitro fertilization clinics in an effort to put faces on the argument that frozen embryos could have a future other than being subjects of stem cell research.

"It is immoral to destroy the youngest of human lives for research purposes," Brownback said. "It is an age-old human debate, whether you allow the stronger to take advantage of the weaker. We have already regretted doing it in the past; we will regret this, too."

Neither house has demonstrated the two-thirds majority needed to override a presidential veto. Vote counters on both sides said they expected the Senate to pass the bill with at least 60 votes, but they could not predict there would be the required 67 for a veto override.

The House last year fell 50 votes short of a veto-proof margin when it passed the same bill, 238-194.

The Senate was slated to vote Tuesday afternoon. Bush was expected to veto the bill early Wednesday, followed by the House's override effort.

Two related bills also are scheduled for votes Tuesday in both the House and Senate. One, sponsored by Sen. Rick Santorum, R-Pa., would encourage study on stem cells derived from sources other than embryos. The other, sponsored by Santorum and Brownback, would ban so-called "fetal farming," the possibility of developing fetuses, then aborting them for scientific research.

Both have little or no opposition and Bush is expected to sign them.

US Senate Press Stem Cell Bill In Face Of Bush Veto Threat (AFP-Y)

By Stephanie Griffith

AFP, July 18, 2006

The US Senate debated legislation increasing federal funds for embryonic stem-cell research despite a threat by President George W. Bush to use his veto for the first time.

The Senate debated three separate stem-cell bills, with supporters highlighting the possibilities for medical breakthroughs.

The main bill, the controversial Stem Cell Research Enhancement Act, would lift rules set by Bush in 2001 that make federal funds available only to research on a small number of existing embryonic stem-cell lines.

Government money was meanwhile barred from supporting work on any new lines derived from human embryos -- a restriction that opponents say hampers overall research.

Senator Ted Kennedy, a Democrat and key backer of the new bill, emphasized its importance as "unlike any other we have considered this year."

"Today's debate is about hope," he said on the Senate floor.

"And we must call upon the president of the United States to support hope by not vetoing this bill."

But the White House reiterated in a statement Monday Bush's intention to veto the bill if it is passed.

The proposed bill would compel "all American taxpayers to pay for research that relies on the intentional destruction of human embryos for the derivation of stem cells," it said.

"Destroying nascent human life for research raises serious ethical problems, and many millions of Americans consider the practice immoral."

A Bush veto would be the first of his five and a half year presidency.

Rival interest groups have been busy in recent days lobbying lawmakers to support or oppose the extra funds.

The Coalition for the Advancement of Medical Research, an umbrella organization, emphasized that stem-cell research could provide the key to cures for many life-threatening illnesses, ranging from Parkinson's disease to juvenile diabetes.

"If this bill does not pass, we not only risk the lives and well-being of millions of Americans and their families, we also risk losing Americans leadership position in the fields of science and medicine," the coalition said in a statement.

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But conservative Republican senator Sam Brownback said he was heartened by the president's stance against boosting money for expanded research.

"It's illegal, it's immoral and it's unnecessary," Brownback told reporters.

Many scientists say they need the legislation so they can access a fresh supply of stem cells from donated frozen embryos left over after fertility treatments.

They point out that embryonic stem cells can form all of the different tissue types found in the human body -- perhaps allowing for the replacement some day of damaged or diseased organs.

But Bush, from the very start of his presidency, has firmly stated his opposition to stem-cell research on moral grounds.

"Research on embryonic stem cells raises profound ethical questions, because extracting the stem cell destroys the embryo, and thus destroys its potential for life," he said in nationally televised speech in August 2001.

The bill has drawn support from both congressional Republicans and Democrats.

One of the best-known figures in favor of increased stem-cell use is Nancy Reagan, widow of Republican president Ronald Reagan, who died after a long battle with Alzheimer's disease.

But most Republicans seem to side with the president, while congressional Democrats widely support the bill.

"This is a bill that every family in America ... is one phone call or one diagnosis away from needing," said Nancy Pelosi, leader of the minority Democrats in the House of Representatives, at a news conference last week.

Stem Cell Debate Wedges Bush Between A Rock And A Hard Place (WP)

By Dana Milbank

The Washington Post, July 18, 2006

George W. Bush has signed 1,116 consecutive bills into law since becoming president. He probably wishes he had vetoed just one of them.

Instead, Bush faces the prospect of casting his first veto this week against embryonic stem cell research, defying the wishes not just of a majority of Americans and their representatives but also of Nancy Reagan and those representing millions of people with Parkinson's disease, diabetes, spinal injuries and the like.

Thus did Bush find Sen. Arlen Specter (R-Pa.), chairman of the Judiciary Committee, on the Senate floor yesterday comparing the president's position to those who opposed Columbus, locked up Galileo, and rejected anesthesia, electricity, vaccines and rail travel. Such attitudes "in retrospect look foolish, look absolutely ridiculous," said Specter, daring Bush to join them.

Even Bill Frist (R-Tenn.), a former transplant surgeon who got his job as Senate majority leader thanks to Bush's influence, inserted a scalpel in the president. "Stem cells offer hope for treatment that other lines of research cannot offer," said Frist, who has rescinded his earlier support for the Bush policy. "The current policy unduly restricts the number of cell lines."

Bush's congressional allies, meanwhile, were mailing it in yesterday. GOP Reps. Joseph Pitts (Pa.), Mike Pence (Ind.) and Dave Weldon (Fla.) called a "background briefing" on stem cells for 11 a.m. in the Cannon House Office Building -- but none of the three showed up. "He's a host and sponsor," explained Pence spokesman Matt Lloyd. "I don't think we ever said he was coming."

In the Senate, Bush's defense was taken up almost exclusively by the chamber's two most ardent religious conservatives, Sam Brownback (R-Kan.) and Tom Coburn (R-Okla.). And they were having a tough time of it.

Brownback, beneath an oil portrait of George Washington, beckoned to a photograph of a bald eagle and complained of a disparity between treatment of human and bird embryos. "You can face . . . two years in prison for destroying a bald eagle egg," he said, but "taxpayer dollars are used to destroy a human at the same phase of life."

Brownback brought a group of parents of children grown from "adopted" embryos to make his point. "My daughter was flown out FedEx from the East Coast to the West Coast, where I live," reported Maria Lancaster. "She had been in the freezer four years."

Marlene Strege, with her 7-year-old daughter, who was adopted as an embryo, displayed a drawing by the girl of an embryo asking, "Are you going to kill me?" Said Mom: "Mommy and Daddy and her are all adopted into God's family because of what Christ did on the cross."

This election year has been full of "wedge" issues in which Republicans sought to split Democrats on cultural issues such as flag burning and same-sex marriage; this week alone, while war threatens the Middle East, the House is taking up legislation protecting the words "under God" in the Pledge of Allegiance and a gay-marriage amendment to the Constitution that has already been rejected by the Senate.

Frist, by decreeing that the stem cell bill would get a vote on the floor, gave the Democrats a rare wedge with which to split Republicans, and Democrats were effusive.

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"I privately congratulated and complimented Senator Frist," Sen. Tom Harkin (Iowa) said publicly.

At the same news conference, Harry Reid (Nev.), the Democratic leader, surely did not help Frist's presidential ambitions when he hailed Frist's "gallant efforts on behalf of this legislation." Reid said, "But for him, we wouldn't be to the point where we are now, and so I commend and applaud Senator Frist."

Specter, joining Democrats at the news conference, was also making things difficult for Bush; but while Frist's argument was medical, his was personal. "Had the research and stem cells been available, I wouldn't have had Hodgkin's," said Specter, his eyes glistening, as he spoke of his recent round with cancer.

Dianne Feinstein (D-Calif.) joined in. "I just had a member of my family, 44 years old, the father of two small children, a bodybuilder, diagnosed with Parkinson's," she disclosed.

"Mr. President," Byron Dorgan (D-N.D.) said on the floor, "I lost a beautiful young daughter some years ago to heart disease."

Coburn was not about to concede the personal-suffering point. "I'm a two-time cancer survivor," he told the chamber. "Cancer of the colon and melanoma."

Only Robert Byrd (D-W.Va.) seemed immune to the emotional debate; he delivered a speech about the 219th anniversary of the Constitutional Convention and recited "O Ship of State."

But neither Longfellow nor anybody else was in a position yesterday to help Bush through the difficult veto he has vowed to cast. "We're going to see whether the first veto that the president of the United States makes in his entire political career will be a veto which will dash the hopes of millions of Americans," Feinstein taunted.

Specter, at the same news conference, announced that "there will be a request from a large delegation of senators, including many of the president's strongest allies on the Republican side, to urge him to sign the bill." And then, Specter warned, "he may get a personal call from Mrs. Reagan."

Coburn Sits And Waits To Pounce (HILL)

By Jonathan Allen And Jeffrey Young

The Hill, July 18, 2006

Shortly after the Senate opened a complex and ethically charged debate over a House-passed embryonic-stem-cell bill yesterday, Sen. Tom Coburn claimed a chair on the far right of the Republican side of the chamber and waited for opportunities to contradict supporters of the research.

The Oklahoma Republican, a practicing obstetrician and a two-time cancer survivor, pressured aides and fellow lawmakers into giving him short bursts of time to counter his opponents immediately, rather than making him wait for his appointed 15-minute slot late in the afternoon.

With little or no chance of stopping the publicly popular bill from passing today, Coburn and his conservative colleagues spent much of yesterday trying to cast doubt on the widely held belief that research on embryonic stem cells holds more medical promise than research on other kinds of stem cells. Despite their moral qualms with the destruction of human embryos, they often couched their arguments in scientific terms.

“Will the senator yield for a question?” Coburn asked lead Democratic sponsor Tom Harkin of Iowa nearly two hours after first settling into his seat.

Harkin, perhaps unaware of Coburn’s embarrass-the-messenger strategy, agreed to answer.

“Are you aware of the research that’s been done on juvenile diabetes thus far in terms of embryonic-stem-cell research and adult-stem research?”

“I would say to my friend from Oklahoma, I’m not intimately knowledgeable of all the nuances in research that’s being done,” Harkin admitted. “We have our hearings, and we have the information in our hearing record on a lot of that. But standing here, no, I don’t know all of that.”

Coburn promised last week to employ a rapid-response strategy to try to ensure proponents’ arguments did not go unchecked.

“I am going to counter every point that belies science and does not recognize the true facts out there today,” he said.

But even among senators, Coburn had a monopoly on neither medical training nor illness. Two of the chief Republican proponents of the legislation are Majority Leader Bill Frist (R-Tenn.), a former transplant surgeon, and Judiciary Committee Chairman Arlen Specter (R-Pa.), who was diagnosed with Hodgkin’s disease, a form of lymphatic cancer, last year.

“The evidence of the utility of these embryonic stem cells is unquestioned, and the need for more stem-cell lines is similarly unquestioned,” Specter said.

Conservatives hope focusing attention on stem-cell research that does not involve the destruction of human embryos will turn public opinion against research on embryonic stem cells.

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Echoing Coburn, and carrying on with a tactic that has long been employed by opponents of embryonic research, Sen. Sam Brownback (R-Kan.) held a press conference yesterday, immediately before the bills came to the floor, to highlight the more than 70 treatments created through research on adult stem cells and stem cells from umbilical-cord blood.

Those fighting against the political tides on embryonic-stem-cell research contend that the widespread public support for the controversial science is rooted in a lack of knowledge about the alternatives.

If the public learns more about the other types of research, Brownback said, "I think the numbers will change dramatically" in opinion polls, almost all of which currently show large majorities who support expanding embryonic research.

The senator, one of the leading voices against embryonic-stem-cell research and an aspiring presidential candidate, said that science that destroys embryos is not only wrong but pointless, given the advances in other areas and the potential of the alternative research that would be promoted by legislation sponsored by Sen. Rick Santorum (R-Pa.) and Specter, which also is slated for a vote today.

"We don't need to do it. It is immoral for us to do it," Brownback said.

But the debate over where to draw moral and ethical lines in scientific research cannot be avoided and in fact must be confronted, Frist said.

"This body is going to have to focus on those issues before we go forward because science is growing … close to exponentially and will continue to do just so," Frist said on the floor.

Proponents of the House-passed bill also dismissed the notion that any other method of stem-cell research has as much potential for cures as embryonic research does.

"This is the one bill that will at long last unleash the most exciting and promising research of modern times," Harkin said on the floor.

Specter remarked that the resistance to medical research on embryonic stem cells is tantamount to resisting the advance of science itself.

Citing the persecution of Galileo by the Roman Catholic Church and other historical examples, Specter said, "A century from now, people will look back on what we are doing today in wonderment at how there could be any doubt about using these stem cells to save lives and save people suffering."

Specter and Harkin both claimed the support of top officials at the National Institutes of Health — including the Bush-appointed director the agency, Elias Zerhouni — for their view that embryonic-stem-cell research has greater potential than the other methods.

The White House sought to dispel the argument that President Bush's opposition to embryonic research is akin to opposing scientific research.

The House-passed bill "advances the proposition that the Nation must choose between science and ethics," reads the White House's statement of administration policy. "The administration, however, believes it is possible to advance scientific research without violating ethical principles."

The White House reiterated that Bush would veto the measure if it passes the Senate today. At a press conference yesterday, Specter hinted that the vote would be close to — and perhaps meet — the 67-vote threshold needed to override the veto.

But the House is likely to sustain a veto. The bill passed the lower chamber last year 238-194; 290 votes would be needed to override Bush's rejection of the bill.

The House could vote next week on an override. If that were to fail, as expected, the Senate probably would not revisit the issue.

Senate Democrats say the stem-cell vote will help them in the November election, and their campaign arm sent out a fundraising letter yesterday afternoon bashing the veto threat.

"This decision is heartless. It is an affront to science. And it is just plain ignorant," Harkin wrote in the letter.

In the meantime, the two other bills slated for Senate votes tomorrow have been placed on the suspension calendar in the House and could be passed as soon as today.

In addition to the Santorum-Specter bill, the Senate likely will approve legislation sponsored by Santorum and Brownback to prohibit "fetus farming," or creating embryos expressly for research purposes. Bush is expected to sign both bills, possibly as early as tomorrow.

As Senate Begins Stem Cell Debate, Emotions Run High (LAT)

By Janet Hook

The Los Angeles Times, July 18, 2006

DOJ_NMG_0041699

WASHINGTON — The Senate opened an emotional debate Monday over whether to expand federal funding for embryonic stem cell research, with advocates trying to dramatize the human benefits of the complex procedure and opponents underscoring what they see as its moral cost.

The legislation's supporters argued that it could help transform medical science in the United States, with more than 100 million patients potentially benefiting from research that might develop cures or treatments for such conditions as diabetes, spinal cord injuries and Parkinson's disease.

"The debate on embryonic stem cell research is as important as any issue that has ever been before the United States Senate," said Sen. Arlen Specter (R-Pa.), a leading proponent of the bill, who noted that his struggle with Hodgkin's disease might have been eased if research had advanced more quickly.

Critics of the legislation agreed that the stakes were high, for far different reasons. They said that because the research involves the destruction of human embryos, it is immoral and should not be financed by the government.

Sen. Sam Brownback (R-Kan.) quoted Christian writer C.S. Lewis in calling the procedure an affront to human dignity: "If man chooses to treat himself as raw material, raw material he will be."

Activists on both sides of the issue mobilized for a lobbying drive before today's vote on the measure to ease restrictions President Bush imposed in 2001 on federal funding for embryonic stem cell research.

"A lot of people are twisting a lot of arms today," Specter said.

There is little doubt about the fate of the measure, which will probably unfold in rapid-fire succession over the next few days.

The bill, which has passed the House, is expected to clear the Senate and then go to the White House.

Bush is expected to follow through with his oft-repeated promise to veto the measure — the first veto of his presidency.

Supporters say they probably do not have enough votes to override Bush's veto. They would need a two-thirds majority in each chamber.

Although forestalling a veto is clearly an uphill battle, some bill advocates are trying to bring pressure on the president to sign it.

Specter said Bush might receive a personal call from Nancy Reagan, who became an outspoken advocate for stem cell research after her husband, President Reagan, fell victim to Alzheimer's disease.

But in an official statement Monday on the Senate measure, the White House reiterated the veto promise.

"The bill would compel all American taxpayers to pay for research that relies on the intentional destruction of human embryos," the statement said.

Although a Bush veto would kill the bill in Congress for this year, proponents are encouraged that support for the measure has grown, even in a Republican-controlled Congress.

The debate will probably continue in election campaigns in 2006 and 2008.

"This issue is not going away," said Sen. Edward M. Kennedy (D-Mass.).

"There are some issues you can't get off the national agenda, and this is one of them."

Understanding the emotional power of the issue, proponents of the bill brought patients who potentially could benefit from such research to a Capitol Hill news conference Monday.

Toni Bethea, 10, who was diagnosed with diabetes five years ago, said her message to the Senate's 100 members was this: "Think of me when they vote on the stem cell bill."

Not to be outdone in the effort to put a sympathetic face to the cause, Brownback appeared at a news conference with children born from fertility clinic embryos.

"Embryos are human," said Steve Johnson, who appeared with his wife and their 4-year-old daughter, who began as a frozen embryo they "adopted." "They need to be given a chance to live."

The debate has put senators in an unaccustomed position of bandying medical jargon and quoting from arcane science journals. But the debate also involves a powerful personal dimension, because many senators — like many Americans — have ailing relatives who might be helped by scientific advances.

Sen. Dianne Feinstein (D-Calif.), for example, told of a 44-year-old relative with Parkinson's disease. Sen. Byron L. Dorgan (D-N.D.) recalled his daughter's death from heart disease.

The issue also is a politically tricky one for some Republicans who worry that their opposition to embryonic stem cell research, applauded by conservatives, may be viewed by others as an obstacle to scientific progress.

To blunt that impression, GOP leaders have arranged to send to Bush two uncontroversial research bills that he is to sign when vetoing the broader bill. One is designed to encourage alternative methods of deriving stem cells, without destroying embryos. The other would address fears of some critics that scientists are aiming to create "fetus farms," in which fetuses would be grown for their organs and tissues.

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Both bills are expected to pass the House and Senate today.

But the central debate is over the cutting-edge research that involves destroying human embryos to obtain stem cells, which are thought to be able to develop into any type of cell in the body. Many scientists believe such research may lead to cures or treatments for now incurable ailments.

Under current law, scientists can use federal money for such research only with lines of stem cells created before August 2001, when Bush laid out his policy. Scientists are pushing to lift that restriction, in part because the stem cell lines available under that policy have proved limited.

Officials at the National Institutes of Health say that of the 78 stem cell lines that were expected to work, about 20 have proved useful in research. And because many of those are deteriorating or are unsuitable for human use, most of the research is limited to about six lines, NIH officials say.

"These policies are making scientists work with one arm tied behind their back," said Sen. Tom Harkin (D-Iowa). "The president's policy is not a way forward. It is a dead-end street."

The bill before the Senate would overturn Bush's 2001 policy by allowing federal funding for research on a broad new category of stem cell lines: those derived from frozen embryos held at fertility clinics and scheduled for destruction.

Proponents say the measure is ethically sound because the embryos in question would be destroyed anyway.

But critics say it is still immoral.

"Just because the budding life will not survive does not mean that we should ghoulishly conduct experiments on them," said Sen. Jim Bunning (R-Ky.).

Brownback argued that a better fate for excess fertility clinic embryos would be to allow childless couples to adopt them for their own pregnancies.

About 138 people have done so since 2002, according to Specter.

Meeting Stem Cells' Promise -- Ethically (WP)

By Bill Frist

The Washington Post, July 18, 2006

I am pro-life. I recognize that human life begins at conception; before coming to the Senate, I spent my life practicing medicine in order to save lives. Today, as the Senate discusses legislation about cutting-edge biological research, we will shape our debate around three separate proposals. All three are consistent with my deep-seated belief that human life has value at all stages of development.

While a law that would expand the range of stem cells eligible for federal funding has received the most attention, I think it is equally important that the Senate pass measures that will place "moral guardrails" around future research and accelerate efforts to find alternative means of securing cells for research.

These legislative proposals are important because embryonic stem cell research presents so many ethical quandaries and holds so much scientific promise. Each human embryo represents a nascent, genetically distinct human life and thus has tremendous moral significance.

Because they have a property called pluripotence -- the ability to become almost any other type of body cell -- embryonic stem cells could eventually help treat spinal cord injuries, mitigate diabetes, repair damaged organs, relieve pain and preserve lives. Even though cures may take years to develop, I believe that we cannot ignore the promise these cells hold. But I also believe that whatever research the federal government funds should follow clear ethical guidelines and use only embryos that would otherwise be destroyed.

Under President Bush's current policy, however, scientists can use federal funds only for research on embryonic stem cell lines -- groups of specific cell types maintained in the laboratory for research -- that existed before the summer of 2001. While researchers initially believed that experiments using 80 lines could receive federal funding, in fact, only about a quarter of that number can. Even though the president has made it clear that he will veto any bill that changes his policy, I believe that the progress of science and a pro-life position demand that Congress send a message.

Thus I'm supporting legislation that's gotten enormous attention: a bill that will let scientists use federal funds for research with embryonic stem cells derived from embryos that families created for in vitro fertilization but that are now ready to be discarded and destroyed. I hope that we can redeem this loss of life in part by using these embryos to seed research that will save lives in the future. Under this policy, so long as they follow ethical guidelines, researchers will have as many stem cell lines as they can produce.

At the same time, I recognize that research involving nascent human lives needs clear, strict safeguards. That's why I will also support a bill that would ban scientists from implanting human embryos in order to abort them for experimentation, thus

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placing important moral boundaries around biomedical innovation. Quite simply, we need to draw a bright line against this barbaric practice before it becomes a reality.

Just as importantly, the Senate will also vote on increasing funding for research methods that would create pluripotent stem cells without harming or destroying human embryos. As Robert P. George and Eric Cohen noted recently on this page [July 6], new scientific techniques could create pluripotent stem cells without the need to destroy a single human embryo.

If these techniques proved effective, they would assuage many Americans' legitimate reservations about stem cell research while simultaneously moving science forward.

The debate over embryonic stem cell research will never prove simple. Congress isn't always the best forum to hash out complicated bioethical issues. But it appears inevitable that we will confront these questions time and again as science advances.

The three-bill package the Senate will vote on both recognizes stem cell research's potential to cure and confronts the ethical dilemmas it implies. Because it does both of these things, I believe it will protect human dignity, treat disease and save lives.

The Case For Macroscopic Humans (USAT)

USA Today, July 18, 2006

Once again, the nation has returned to the all-consuming debate over the fate of the embryonic stem cell. With the expected passage of a federal stem cell bill lifting President Bush's harsh restrictions on federal funding, the White House has announced that he will veto the bill despite its overwhelming support among citizens and Republicans and Democrats in Congress. It will be the first veto of Bush's presidency. All for the protection of the beguiling embryonic stem cell: a microscopic cell taken from a microscopic part of a barely perceptible mass of cells called a blastocyst, or early stage human embryo.

To get an idea of the size of the object of this controversy, consider the dot over the “i” in embryonic. I am told by Tim McCaffrey, a leading researcher of adult stem cells at George Washington University, that the dot would hold hundreds of stem cells, dozens of which would be suitable for research. It would also hold at least one blastocyst that contains the cells.

While imperceptibly small, the blastocyst is undeniably a step in the creation of life. This has turned the blastocyst into the poster (pre-)child for the movement to outlaw abortion. Abortion foes have taken the most extreme possible position in opposing any use of the blastocyst for research — converting the blastocyst into a type of “holy dot.”

Despite my long support for stem cell research, I am not in favor of unrestricted use of human embryonic material. There are dangers of a slippery slope if researchers could use in vitro fertilization for the sole purpose of “harvesting” such material. But the federal bill would not create such a limitless environment. Rather, it would focus on thousands of stem cells that are the byproduct of genuine in vitro procedures — used with the permission of each donor couple. These stem cell lines are routinely discarded by clinics but could be used for important scientific research.

Stem cell research could ultimately produce cures or treatments for diseases and injuries affecting an estimated 130 million citizens, including people suffering from such ailments as juvenile diabetes, Parkinson's, ALS and spinal cord injuries. Most treatments remain years away, but stem cell treatment has already begun in Europe for people with heart and nervous system ailments. Clinical tests with animals have shown astonishing success. For example, just last month, it was reported that stem cell treatment can not only repair damaged spinal cords but also regrow them to allow paralyzed animals to walk again.

Given such proven potential, most Americans oppose the president's restrictions on research. Seven out of 10 Americans support fully funded stem cell research. Even ultraconservative leaders such as Sen. Orrin Hatch, R-Utah, and conservative celebrities such as former first lady Nancy Reagan have opposed Bush's ban.

Nevertheless, the president opposes even the use of discarded stem cells with the express consent of the couples. It is a position that is comprehensible only to the most extreme activists: Throw the blastocysts out but do not degrade them by extracting the cells for medical research or cures.

Treating these discarded blastocysts as if they're some microscopic underclass is lost on millions of families with macroscopic loved ones suffering from fatal or crippling diseases. In 2004, I wrote an article on the personal costs of Bush's policy for families such as my own. At the time, my father, Jack Turley, was fighting the rapidly advancing effects of Parkinson's disease. On Feb. 19, 2005, time ran out for my father.

This debate is not about abstractions for millions of Americans. For me, it is about my dad. So I will not claim objectivity, nor would I want to. Once you go through the death of a loved one from one of these vicious diseases, you lose patience with the endless debate over the fate of discarded blastocysts.

My father was no abstraction of life. He was my best friend and the man whom I most admired in this world. With my mom and my oldest brother, Dominic, I held Dad as he died in a Chicago hospital room. In the end, he had lost so much weight that we had to bury him in one of my suits and shirts. It was the suit that I was married in — the day that we first suspected something

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was wrong with Dad, who suddenly could not tie his own tie. As my bride waited downstairs for the ceremony, I remember being slightly embarrassed for my proud father as I knotted his tie. It would be only the first of many increasingly degrading moments for this intensely private person.

Having gone through this nightmare, I cannot work up much sympathy for the holy-dot theory. Nor do I have much patience for the self-described "compromise" of Sen. Rick Santorum, R-Pa., an unflagging opponent to embryonic stem cell research. Facing a tough re-election campaign, Santorum has proposed a bill that calls for more study into the use of non-embryonic cells or ways to remove cells without harming the embryos — which, in the case of the clinic embryos, would then presumably be thrown into the trash "unharmed."

I know that the loss of five years under Bush would not have made a difference for my dad. But what made me angry — what still makes me angry — is that the president and his allies make the blastocyst, not my father or other ailing citizens, the object of their obsession. They are simply immaterial to the president's faith-based politics. But these citizens were not some vague potential for life. They lived and, what should concern the White House, they left millions of newly minted single-issue voters.

Jonathan Turley is the Shapiro Professor of Public Interest Law and a member of USA TODAY's board of contributors.

Standing Up For Stem Cell Research (NYT)

The New York Times, July 18, 2006

The Senate is poised to vote today on a bill that would greatly expand the number of embryonic stem cell lines that can be used in federally financed medical research. This is actually an extremely modest proposal that would allow the new stem cell lines to be derived only from surplus embryos otherwise slated for destruction at fertility clinics. Passage of this bill, which has already been approved by the House, is the very least the Senate should do to spur advancement of one of the most promising fields of biomedical research. A two-thirds majority of each house will be needed to overcome a likely veto from President Bush.

Under current administration policy, scientists can use federal money for research only on some 22 stem cell lines that already existed when President Bush announced his policy in August 2001. Those lines were extracted from microscopic embryos, no bigger than the period at the end of this sentence, that were inevitably destroyed in the process. Mr. Bush was willing to accept that fait accompli in the interest of advancing science but said he did not want to encourage any further destruction of embryos by financing research on additional lines.

That stance has increasingly hobbled embryonic stem cell research because many of the existing lines are deteriorating, contaminated or suffer from technical problems that limit their usefulness. The new proposal would make thousands of surplus embryos from fertility clinics available for federally funded research, a change that would be welcomed by most Americans but is opposed by a minority of religious conservatives.

Our concern with the bill is how limited its reach would be. It would not allow federal financing of the most promising field of research, known as therapeutic or research cloning. Therapeutic cloning involves the creation of embryos genetically matched to patients with specific diseases so that scientists can extract their stem cells and then study how the diseases develop and how best to treat them. The microscopic entities used in these studies may be called embryos but they have none of the attributes of humanity and, sitting outside the womb, no chance of developing into babies. It is no more immoral to create and destroy embryos for therapeutic purposes than to create and destroy surplus embryos for fertility purposes.

But for now the best hope lies with passage of the bill merely allowing use of surplus fertility clinic embryos. If it passes in the Senate, it seems almost certain to draw a veto from Mr. Bush, his first in six years in office. Then it will be up to the House and the Senate to summon the will to override the veto. If they fail to push through this very limited change in federal policy, voters will need to hold all recalcitrant legislators accountable for slowing research that holds great medical potential.

Science, Not Politics, For Stem Cells (LAT)

The Los Angeles Times, July 18, 2006

IF, AS EXPECTED, the U.S. Senate votes to expand federal support of embryonic stem cell research today, the Republican Party will begin making amends for allowing religious conservatives to stall medical progress for nearly five years. If, as threatened, President Bush uses his very first veto to block the bill, the rap on the GOP as the party hostile to science will continue to be deserved.

The government's current split-the-baby approach to embryonic stem cell research makes no sense. In 2001, Bush banned any federal funding for such science other than on the few dozen stem cell lines that had already been harvested, because he didn't want to authorize what he called the deliberate destruction of life. It made no difference to him that the research uses only embryos that would have been destroyed anyway, having been left over from fertility treatments.

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The existing restrictions have created some absurdities. Because many laboratories receive private research funding not subject to the same regulations, some of them are forced to use color-coded tabs to separate identical but separately funded equipment. Others reportedly use police tape to divide the parts of their labs funded by public versus private dollars.

The Senate bill would put an end to this charade. Most important, it would lift the ban on using new stem cell lines for research. But it also would better ensure that only those embryos created for fertility treatment and targeted for destruction would be used. All donors also would have to provide written consent. These guidelines are so strict that several of the presidentially approved lines today might not qualify for funding.

Should Bush follow through on his veto threat, it's unlikely that Congress would be able to override it. The House of Representatives passed the measure 238 to 194 last year, far short of the two-thirds support necessary for an override. The Senate would require a veto-proof 67 votes, which don't appear to exist.

Embryonic stem cells can develop into any kind of cell in the body; researchers believe studying them could eventually lead to treatments for such debilitating diseases as Parkinson's and diabetes. Even if this worthy bill fails to become law, the debate about it may succeed in showing Americans that the advancement of science is more important than the advancement of politics.

To Agency Insiders, Cyber Thefts And Slow Response Are No Surprise (WP)

By Zachary A. Goldfarb

The Washington Post, July 18, 2006

Every day, an electronic wall guarding the Agriculture Department's servers is probed for holes 2,000 times by potential hackers and data thieves.

The probes usually can't get through that wall. But on the first weekend in June, a hacker made it deep into one server, prompting an announcement late last month that personal information on 26,000 Washington area employees, contractors and retirees may have been compromised.

To government officials responsible for information security and to outside experts, the intrusion -- and several recent security incidents at other agencies -- was no surprise. For the past five years, the department had received failing grades on a congressional report card for its information-security practices. The overall grade for federal agencies in 2005 was D-plus.

In the past few weeks, the Agriculture incident was joined by cases of potentially compromised data at Veterans Affairs, Health and Human Services, the Federal Trade Commission, the Government Accountability Office, Housing and Urban Development, the Navy, and the Energy Department. The State Department also suffered a series of hacking attacks.

The VA incident, with a loss of data on 26.5 million veterans and military personnel, drew the sharpest public attention. The data were later recovered. But officials and experts say that the frequency of the recent security incidents is not unusual, and that much more work needs to be done in the federal government to implement effective cybersecurity policies.

"We believe the number of breaches are at the same level as we have experienced them," said Clay Johnson III, deputy director for management in the Office of Management and Budget. "We have been very demanding of agencies to improve the IT security of their systems. We still have a long way to go."

In fiscal 2005, major federal agencies reported about 3,600 incidents that were serious enough to warrant alerting the government's cybersecurity center at the Department of Homeland Security, including 304 instances of unauthorized access and 1,806 cases of malicious computer code, according to a yearly OMB report.

But that does not present a full picture. Despite requirements to do so, agencies are "not consistently reporting incidents of emerging cybersecurity threats," government auditors said last year.

The grades that agencies receive on the congressional report card -- compiled by the House Government Reform Committee -- reflect their level of compliance with the 2002 Federal Information Security Management Act, which outlines security procedures for agencies.

In 2005, in addition to Agriculture, the departments of Defense, Energy, Health and Human Services, Homeland Security, Interior, State and Veterans Affairs received F's.

Department technology officials said in interviews that whatever the past weaknesses, they have taken steps in recent months to improve the situation significantly.

"It's not something that happens overnight. It's not something that happens in a year," said Robert West, DHS's chief information-security officer. "We are walking toward an effective program. We're not chasing grades."

But it is agencies with low grades that have recently been hacked.

Last fall, an intruder gained access to a computer at the National Nuclear Security Administration in Albuquerque -- part of the Energy Department -- and took a file with personal identifying information for 1,500 employees and contractors.

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Rather than alerting those whose data were compromised and senior Energy officials, the administration filed the episode away with about 830 other incidents the department experienced last year. The Albuquerque breach came to light only after the VA incident. In congressional testimony last month, the department's inspector general, Gregory H. Friedman, said "significant weaknesses continue to exist."

Rep. Thomas M. Davis III (R-Va.), chairman of the House Government Reform Committee, explained why he thinks the government doesn't pay enough attention to cybersecurity: "If you don't accomplish your current mission, you know you're going to get dinged. If you don't accomplish this security thing, there's only an outside chance you'll have a data security breach" that garners attention.

Davis said he worries about a kind of cyber Pearl Harbor, and the Pentagon noted in a statement that potential adversaries, realizing the United States's overbearing military might, "see cyber attacks as an inexpensive means of leveling that battlefield." It added, "These asymmetrical threats are real and the results of insecurity are potentially catastrophic."

Davis and OMB's Johnson said federal overseers need to hold accountable federal officials who fail to take the necessary steps to safeguard systems. Davis suggested that criminal penalties may be necessary.

One problem, experts say, is that almost all agencies lack department-wide security programs. Such programs provide "a framework and continuing cycle of activities for managing risk, developing security policies, assigning responsibilities, and monitoring the adequacy of the entity's computer-related control," Gregory Wilshusen, GAO director of information security, told Congress in March.

Bruce Brody, a former VA and Energy chief information-security officer who now works in the private sector, said agencies cherish decentralization, which has "contributed to effective delivery of services to taxpayers. But in the case of information technology, it creates fragmentation. It creates inefficiencies."

Experts also said departments must close the wide gulf between senior leadership and information-security personnel.

Paul Kurtz, who worked in the White House on cybersecurity and now is the security-software industry's trade group president, said that senior agency officials had the attitude that they "had much better things to do with my job" than work on information security.

The VA's chief information-security officer, who announced his resignation June 29, said he had been unable to implement security changes during his more than three years on the job. He told Government Executive magazine that he had met VA Secretary Jim Nicholson only once, at a social event.

"The department has no interest in doing the right thing," Pedro Cadenas Jr. told the magazine. "I am having personal difficulty looking veterans in the eye and telling them that things will be OK."

VA spokesman Matt Burns said Nicholson issued a memorandum empowering security officials to do what is necessary to beef up security, a move he called "a significant step in the right direction."

U.S. Gov't Boosts Data Breach Monitoring (UPI)

United Press International, July 17, 2006

WASHINGTON, July 17 (UPI) -- The U.S. Office of Management and Budget is boosting its standards on reporting breaches of data security.

In an effort to improve the federal response to data breaches putting personal information such as Social Security numbers at risk, the OMB is eliminating the distinction between suspected and confirmed breaches for reporting purposes, GovExec.com reported Friday.

In a July 12 memorandum, Karen Evans, administrator of OMB's Electronic Government and Information Technology division, said that agency chief information officers should not hold back reporting suspected breaches, both electronic and physical, to the Homeland Security Department's computer emergency readiness team, known as US-CERT.

The memo said that all security incidents involving such information must be reported within an hour. US-CERT reporting guidelines for federal agencies already require reporting within one hour for any incidents involving unauthorized electronic or physical access to federal systems or data, GovExec.com said.

In the case of the early May Veterans Affairs Department data breach, it took weeks for senior officials within the agency to take notice of the incident.

U.S. federal agencies now will have to report incidents of improper usage, such as an employee violating policies on handling sensitive data, within an hour. Previously, the requirement was one week, the report said.

Federal agencies have disclosed a rash of data breaches of late. In addition to the VA situation, those include incidents at the Navy, affecting more than 125,000 personnel and their families; the Agriculture Department, affecting 26,000 employees; the Health and Human Services Department, affecting 17,000 Medicare recipients; the Defense Department, affecting 14,000 employees; the Energy Department, affecting 1,500 employees; the Social Security Administration, affecting 200 workers; the

Internal Revenue Service, affecting nearly 300 employees; and the Government Accountability Office, affecting 1,000 people, the report said.

Government Data Thefts Raise Privacy Protection Concerns (FOX)

By Greg Simmons

FOX News, July 17, 2006

WASHINGTON — With a rash of massive security breaches resulting from the recent thefts of government laptops, errant information posted on public Web sites and hacks of government computer security systems, some lawmakers have reignited their call for legislation to hike penalties for unauthorized access of personal information.

"Because of this administration's recklessness and incompetence when it comes to data security and its refusal to admit and learn from its mistakes, millions of Americans — including our veterans and our active-duty service members who, at this very moment, are risking their lives in Iraq, Afghanistan and elsewhere — now have to worry about whether their personal information and the personal information of their loved ones is safe in the hands of the Bush-Cheney administration. That is not something they should have to worry about," Sen. Patrick Leahy, D-Vt., said last week.

But when the dust settles on the recent torrent of security breaches, privacy watchdogs say they are just as concerned about what the federal government is doing with the massive amounts of data it collects and uses as they are about how it plans to protect that data from falling into the wrong hands.

"It's been very clear and it's becoming more clear to the public that there are gaps in privacy protection," said Leslie Reis, an adjunct law professor at the John Marshall Law School in Chicago. She runs the Center for Information Technology and Privacy Law housed at the school and also sits on a privacy advisory board that is part of the Commerce Department.

"The law, the framework, has not kept pace with the technology and practice," she said.

The May theft of a Veterans Affairs Department staffers' laptop computer, which was recovered late last month, exposed up to 26.5 million veterans and their family members to the possibility of identity theft and fraud. Officials say no reports of identity theft yet have been traced to the stolen information.

But identity theft is just one hot-button issue that coincides with data privacy, or the lack thereof. Privacy advocates say they fear that government could keep uncomfortably close tabs on its citizens by comparing and contrasting the mountains of data it collects. And with the rapid changes in technology, an infinite number of other possibilities could surface.

"The whole purpose of privacy law is to respect the right of an individual to retain, in effect, autonomy in their lives and their dealings with government, their dealings with companies, to basically retain control of their personal information," said John Sabo, a security and privacy analyst with the company Computer Associates.

Privacy Not Protected Enough

Reis said data technology has moved from punch-card devices and storage buildings the size of football fields to wireless-transfer machines that can store volumes of information in pocket-sized drives. These changes have outpaced the 1974 Privacy Act, the most comprehensive law so far created to protect citizens against government intrusions.

Sabo, who also sits on a Homeland Security Department privacy advisory board, agreed that a host of technological developments have surpassed an array of privacy laws that have been cobbled together over time.

For instance, commercial airline passenger data is now regularly used in the government security sector. In fact, the government frequently relies on third-party data — information collected by businesses or state and local governments — to make decisions.

Additionally, commercial data aggregators glean information from public databases about as many people as possible, making more information than ever available about and to the general public. Sabo warned that no guarantees are made that any of the information collected through third parties is accurate.

Laws now regulate federal government agencies' collection of data, but third-party information is not covered. So while a federal agency in most cases must notify citizens why it's collecting data and how it plans to use it, the outside data collectors have no such obligation.

Another wrinkle exists in some government agencies' use of new radio-identification chips — radio frequency identification, or just RFID — for document tracking, building security and other measures. According to a Government Accountability Office report last year, questions have been posed about whether the chips could cause privacy problems for government employees.

All those applications of technology lead to a greater number of points along the line of transmission where a breach or a hack or a mistaken data release could occur, Sabo said.

"What was a mainframe [computer] closed environment — a mainframe behind a door, lines running from terminals, card readers, right? Essentially like a silo and stovepipe system back in the early '70s, now suddenly what are you doing? Third party

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cookies. Government systems ...[where a] mainframe interfaces with data to sift, to pull data from various other agency systems, or from non-agency systems, from state systems ... Data is going everywhere," Sabo said.

"Technology and practices have accelerated in the last decade to the point where ... not just security, but privacy obligations have been left behind in the dust," he said.

Where Government Should Go

Analysts say that despite all the problems posed by new technology, government agencies must strive for more efficient systems and balance fears against the risk those systems pose. A threat to a Treasury or Homeland Security Department database, for instance, should be considered more heavily than a threat of a hack to a non-critical Web site.

Top government officials are proposing short-term solutions that are aimed at filling the most prevalent gaps. The White House Office of Management and Budget recently issued a new government-wide directive on laptop security. Veterans Affairs Secretary Jim Nicholson has hired a new information security adviser and has let go a number of employees who were directly involved with his agency's breach.

Other agencies are taking more novel approaches to hammer home the need for data privacy.

Gerald Gates, the chief privacy officer for the U.S. Census Bureau, said his agency continuously struggles to consider privacy concerns in the performance of its functions. With around 10,000 employees nationwide, not including the additional workers the agency takes on for its decennial work, a constant turnover of employees need to be indoctrinated into the culture.

"For Census, privacy is critical. We depend on the public's trust," Gates said.

Since January, the Census Bureau has been running a program designed to raise employees' awareness of citizens' privacy. The agency has designed posters, bookmarks, freestanding cards that sit on cafeteria tables and computer-based Flash-presentations that pepper employees as often as possible with privacy-minded messages.

"Basically, it gives the employees the sort of awareness why ... maintaining the public's trust is so important, [and] what their role is," Gates said.

He said the public often questions how his agency presents data on its Web site, and whether people are identified individually. He said the agency will manipulate data in a way to protect individuals, but not skew aggregated data.

New concerns will need to be addressed before the next census, when the bureau sends out data collectors with wireless devices that will automatically update the bureau's massive database. While the machines will make it much easier to collect data, administrators have to make sure that they can't be hacked or corrupted.

Gates said the machines likely will need fingerprint verification before they can be used, and any data sent from the machines will be encrypted with special codes preventing easy hacking.

The Game of Catch-Up Continues

Reis said that because government has gotten so far behind on the privacy issue, it's time for a more in-depth look at how government handles privacy.

"You can't take a Band-Aid approach to this. There are so many different needs for information," Reis said.

Reis said she is planning a study of the government's privacy approach, and hopes in the coming months to submit recommendations through the Information Security and Privacy Advisory Board, of which she is a member. The group was established by federal law to monitor privacy and report to both the administration and Congress. It is housed in the National Institutes of Standards and Technology, a Commerce Department agency.

She said the basic question is: "Are the laws really doing what they're supposed to be doing?"

Many laws in addition to the 1974 Privacy Act deal with privacy issues — some compete with one another — so it's time to take a comprehensive look and figure out where the gaps are, and where potential gaps could arise, she said.

Sabo said legislators might want to consider stiffer penalties for people whom either negligently or purposefully expose data. He said some good examples of tough provisions can be found in the Health Insurance Portability and Accountability Act and the Sarbanes-Oxley financial reporting bill that arose out of the Enron fiasco. Gates said specific penalties have been created for Census Bureau workers who violate privacy rules.

"If there's no consequences, then the law won't be treated with respect," Sabo said.

Sabo said another question government must continually ask itself is whether the information is necessary to have. It's an important question, he said, because by reducing the amount of information collected, government can reduce the likelihood that useful information can be stolen for malicious purposes.

Peter Swire, an Ohio State University law professor who spoke to the Commerce Department advisory group last month, said that question is being factored into a discussion that the Justice Department is having with Internet companies over data storage. The government is asking companies like Google to maintain search records for up to two years in an effort to combat child pornography and other predatory Internet crimes.

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But Swire said that Justice Department officials apparently hadn't considered the fact that search information on their own FBI agents investigating crimes would be logged also, and could possibly put the agents at risk. He said it's an example of the wide implications of data collection.

"It was clear they hadn't thought of that," Swire said.

Daniel Chenok, the chairman of the Commerce Department advisory group and a security analyst for the consulting firm SRA International, said that government's role ultimately is multi-pronged with respect to protecting privacy.

"It's leading by example, and providing notice as to how information is used. [It includes] providing rapid response and notice when there's an incident," Chenok said. He said federal government can have a great impact by using its weight as a purchaser of information systems, and requiring certain security and privacy requirements.

"Before, people stole wallets, and now people steal data streams. It's just a question of adjusting and responding to the new risks," Chenok said.

Rep. Maloney Bill Targets Defense Secretary's Wallet (HILL)

By Roxana Tiron

The Hill, July 18, 2006

Rep. Carolyn Maloney (D-N.Y.) is fed up with the Pentagon's empty promises and wants Defense Secretary Don Rumsfeld to pay up — literally.

The congresswoman, who comes from a long line of family military service, is pressing the Pentagon to implement promptly an incident-reporting system that would help track sexual-assault problems in the military.

The Department of Defense has had 18 years to implement the Defense Incident-Based Reporting System (DIBRS). Pentagon officials say it will be fully functional next summer.

That is not good enough for Maloney, who with fellow Democrat Chris Van Hollen (Md.) recently introduced a free-standing bill to force the Pentagon to implement the system by Jan. 1.

In the bill, Maloney and Van Hollen take the drastic measure of deducting $1,000 from the secretary of defense's pay for each day the system is overdue after Jan. 1. (The bill does not call for the secretary to dip into his own pockets after his salary is depleted.)

The Pentagon is "not making [the database] a priority," Maloney said. "If they wanted to create a database they could, they are the best and the most organized military in the world."

Even though he has not signed on yet, Rep. Christopher Shays (R-Conn.), chairman of the Government Reform subcommittee with jurisdiction over the issue, said that he supported the idea.

"This is information that should be public, and we should know about it," Shays said.

One reason for the Pentagon's delayed response to fully rolling out DIBRS is that the department "does not like to disclose things that put it in a bad light," Shays added.

While the Air Force and the Army already feed into the system, the Navy is lagging. The Navy is making a transition to a new criminal-justice information system that will cover the Navy and the Marine Corps. Once that was done, the Navy was supposed to fully implement DIBRS by this year. But that is not happening now until next summer, according to the Navy.

Full implementation of the system will significantly enhance the Pentagon's ability to collect and disseminate important criminal incident data in accordance with policy and law, said Lt. Col. Jeremy Martin, a Pentagon spokesman.

The military-justice system, based on the Uniform Code of Military Justice signed into law by President Truman, is separate from the civilian system. The separation recognizes the unique nature of military service and the requirements of discipline in a hierarchical structure, according to the Congressional Research Service.

DIBRS is designed to collect data to meet requests from Congress and the Department of Justice for statistics on criminal offenses, fraternization, suicide, drug abuse, sexual assault, sexual harassment and domestic violence.

It is important to have a working database, especially in the case of sexual assault, Maloney said.

"You cannot effectively tackle a problem like sexual assault in the military of you do not have accurate data," Maloney said.

"If women report a sexual assault, they are drummed out of the military," Maloney added. "If the man rapes a woman, he gets a transfer. He might even get a promotion."

For many women, sexual attacks start at the service academies. In 2005, 4 percent of female Air Force cadets, 5 percent of female Naval Academy midshipmen and 6 percent of female cadets at West Point reported being victims of sexual assault in the previous year.

Congress recognized that sexual assault is more than a service-academy problem and directed the Department of Defense to establish a task force on sexual assault in the military services as part of the 2005 Defense Authorization Act." The

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task force is not yet operational," Shays said during a hearing held by his panel, the National Security, Emerging Threats and International Relations Subcommittee. "This inaction speaks volumes."

In its most recent report to Congress, the Pentagon stated that in 2005 the number of reported sexual assaults reached 2,374.

How Welfare Reform Changed America (USAT)

By Richard Wolf

USA Today, July 18, 2006

KANSAS CITY, Mo. — Michelle Gordon was 30, a poor, single mother with four kids between 5 and 13, when the federal government decided in 1996 that parents on welfare should go to work.

Since then, Gordon's life has been "a little bit of a roller coaster." She has held about 10 jobs — at a call center, as a nurse's aide, as a janitorial supervisor, most recently at a grocery store. She lost that job on April 19, her 40th birthday. It took her two months to find another. For 25 hours a week, she cleans bathrooms and vacuums floors at a drug rehabilitation center.

Mary Bradford was 45 in 1996, with three children between 11 and 25, when she traded welfare for a job filling orders at Victorian Trading Co. Ten years later, her office has moved from Missouri to Kansas, and she's still with the company. She's a production supervisor, and her earnings have more than doubled from the $7 an hour she made in 1996. "Most likely, I'll retire from here," Bradford says.

"She's reliable as the sun coming up," says Randy Rolston, the company's co-founder. "I can't think of a day she's missed."

The paths that Gordon and Bradford have traveled illustrate the successes and frustrations in the decade since the nation's welfare system was overhauled to require work and limit benefits.

The law signed by President Clinton on Aug. 22, 1996, has transformed the way the nation helps its neediest citizens. Gone is the promise of a government check for parents raising children in poverty. In its place are 50 state programs to help those parents get jobs.

In the 12 years since caseloads peaked at 5.1 million families in 1994, millions have left the welfare rolls for low-paying jobs. Nearly 1 million more have been kicked off for not following states' rules or have used up all the benefits they're allowed under time limits. Today, 1.9 million families get cash benefits; in one-third of them, only the children qualify for aid. About 38% of those still on welfare are black, 33% white and 24% Hispanic.

Three in four families on welfare are headed by unmarried women. As a result, employment rates for all single women rose 25% before declining slightly since 2001. Earnings for the poorest 40% of families headed by women doubled from 1994 to 2000, before recession wiped out nearly half the gains. Poverty rates for children fell 25% before rising 10% since 2000.

"It was a profoundly important philosophic shift," says Health and Human Services (HHS) Secretary Michael Leavitt, who was governor of Utah when the law was implemented. "This was … one of the few things in a decade you can look at and say the world really changed."

Many welfare experts, however, cite continuing problems. Liberals such as Olivia Golden of the Urban Institute, who ran the nation's welfare program in 1996, say more government services such as child care assistance are needed to help single parents succeed in the workplace. Conservatives such as Robert Rector of the Heritage Foundation say states should be forcing more of those who remain on welfare to prepare for work. Ron Haskins of the Brookings Institution, who helped write the new law when he worked for Congress, worries that too many women on welfare have turned into the working poor.

Gordon typifies that concern. Between her many jobs, she used up her cash benefits under the five-year time limit imposed by the welfare overhaul. Without work, she lost her federal housing subsidy, which helped pay her rent. So in October, she and three of her kids moved in with her mother. Her oldest son is in jail; she cares for his 6-year-old daughter. The three fathers of her children pay no child support. She gets about $500 a month in food stamps.

These days, the family mows lawns to help make ends meet. "Things are really rough out here," Gordon says. "We do what we need to do to have money."

When Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act, conservatives celebrated and liberals screamed; three administration officials quit their jobs in protest. The act ended a 60-year-old federal guarantee of cash aid for the poor.

The law, modeled on state pilot programs begun in 1994 with federal approval, was intended to prod welfare mothers and fathers into the workplace with a series of carrots and sticks. Work, and you got help with child care, job training, transportation. Refuse, and you risked sanctions and being cut off by time limits.

A decade later, the worst fears of liberals haven't materialized. States did not enter what critics feared would be a money-saving "race to the bottom." Thousands of poor children did not wind up "sleeping on grates," as Democratic senator Daniel Patrick Moynihan predicted.

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Major employers hired thousands of welfare recipients. UPS hired 52,000; CVS/pharmacy hired 45,000, 60% of whom remain. Welfare offices have shed the look and language of their first 60 years for the aura of job-services agencies.

Nearly 70% of all single women are working, compared with 66% of married women, a reversal of the past. Single women's incomes have risen, thanks in part to the expansion of the earned income tax credit, a tax break of up to $4,400 for low-income workers. Child poverty rates have dropped, particularly among blacks and Hispanics. Teen pregnancies are down. Child support collections are up.

"Everything has worked," says conservative Douglas Besharov of the American Enterprise Institute. "Every critique one might have is about what could have gone better, not something that has gone poorly."

Among the things that experts say could be going better:

·Most of the women who left welfare remain in low-paying, unskilled jobs. Those with the greatest burdens — mental illness, substance abuse, criminal records — seldom make it easily from welfare to work. "They became the working poor," says Sheri Steisel, a welfare expert at the National Conference of State Legislatures. "Many of these families are still struggling."

·More than half of those still on welfare aren't looking for work, honing their skills or going to school. That has led to a crackdown by the Bush administration, which last month issued tough new regulations designed to ensure that at least half the people on welfare are involved in activities such as job training or community service.

"There's now a reciprocal responsibility," says Wade Horn, HHS assistant secretary for children and families. "In exchange for the cash assistance, you're supposed to be doing something."

·More than half of those eligible for welfare payments don't get them — a sign, critics say, that the new system discourages people who need help from applying. "We now simply have a system that provides less help in times when people are without work," says Mark Greenberg, a liberal welfare expert at the Center for American Progress, a think tank.

·While welfare was trimmed, other parts of the nation's social safety net were expanding. The number of people receiving Medicaid and food stamps has soared by 50% since 2000. Medicaid is now the nation's largest entitlement program, with 53 million recipients; 25 million people get food stamps. That upsets conservatives who applauded welfare reform. "The bulk of the welfare system is exactly the way it was back in 1972," Rector says, "except that it's bigger and more expensive."

In Kansas City, a team of civic leaders working with the state and county governments enjoyed success in the mid-1990s moving women from welfare to work. Caseloads declined by about 60%, leaving only about 6,000 families on welfare rolls.

In recent years, however, the state stopped subsidizing employers, making the program less inviting. State aid for work supports such as case managers has declined. The welfare caseload has held steady since 1999.

"I think we're back at the drawing board," says Marge Randle, family support director for the Kansas City regional office of the state Department of Social Services.

The state faces new pressure from Washington to move those remaining on welfare to work. Even parents who make the jump often remain mired in $6.50-an-hour jobs. That's a big step up from the average national welfare grant of $445 a month for a family of three. But until they double those wages, the gains they make are roughly offset by cuts in food stamps, health care, child care and energy assistance, which are based on income.

"We're punishing the people who won't work, and we're punishing the people who will work," says Berta Sailer, who helps run a child care and family services center for low-income Kansas City residents. The average income for a family of four in her program is $12,000, well below the federal poverty threshold of $19,307. "I think our moms really feel that they're headed nowhere," she says.

While a $6.50-an-hour job might have seemed like enough in 1996, it's insufficient today, officials agree. Clyde McQueen, president of the local Full Employment Council, a private non-profit corporation, stresses the importance of vocational education. In the 1990s, many of those on welfare who were placed easily in jobs had skills and experience, he says. Most of those who are left on the rolls have fewer skills and need education as well as job training. "Let's take the people who are non-skilled and skill them up for the jobs that are available," McQueen says.

Employers who have hired people off welfare here report mixed results.

Tom Davidson says only "one or two" of the 30 to 40 people he hired from welfare succeeded at his former archives business. "Their personal management skills are horrible," he says. Still, he calls the program "a noble experiment."

Parents who have left welfare are spread throughout Kansas City and the nation. Some are succeeding. Others are struggling.

·At the local welfare office, workers Carol Ward and Charlese Henderson are thriving. Ward, 52, got a high school equivalency diploma, job training and child care through the welfare-to-work program. Now she's a clerical aide earning about $17,000 a year. "This job saved me," she says.

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Henderson, 31, who had the first of her four children at 14, is a $26,000-a-year caseworker after running through about a dozen lesser jobs over the past 15 years. She has little sympathy for clients who aren't motivated to work. “I had a co-worker tell me that I'm not very compassionate,” she says.

·At home and out of work, Patricia Williams is struggling. She needs a few months of cash benefits to get through the summer, until her part-time job in the kitchen of a charter high school resumes. Welfare officials say she's used up 54 of her 60 months under the law. “You have to get out and look for a job,” Williams, 43, says. “You just can't rely on the system anymore.”

·At a local business and technology community college, Sandy Carson and Gary Trimble are somewhere in between. They are getting nearly a year's training for jobs in manufacturing. Trimble, 50, a self-employed carpenter who cares for his 16-year-old son, wound up on welfare after a seven-month jail term for a child-support violation. “I really felt lost,” he says. “I went in telling them right out of the gate, ‘I want school.' ”

Carson, 42, left her postal clerk's job seven years ago to care for a son, then 3, with a disability. She wants to work with animals, but she considers herself lucky to be in the manufacturing course. “It's not my dream job, but it's something I can do,” she says.

For Michelle Gordon, making ends meet these days depends on two lawn mowers, two trimmers and a broom. “I'm living with my mother. I'm 40 years old,” she says.

She uses her experience as a lesson to her children. Daughter Essence, 19, has a high school diploma and a job and is attending college. Son Geno, 17, also has a summer job. Daughter Zoila, 15, says she won't have kids until she's married and established in life. The family gets food stamps, and the youngest two are on Medicaid, but they no longer get cash benefits.

The roller coaster Gordon has been riding for 10 years has made her less dependent on the government and more of a role model for her kids, she says.

“I'm not making $50,000 a year,” she says, “but I'm keeping my head up, and I'm surviving.”

Funding For Amtrak Would Increase 8% Under Senate Bill (WSJ/AP)

The Wall Street Journal, July 18, 2006

WASHINGTON -- Amtrak would see its federal subsidy increased by 8% under a bill ready to advance in the Senate.

The national passenger railroad would receive a $1.4 billion federal subsidy for the budget year beginning Oct. 1. The figure is contained in an as-yet-unreleased bill slated for a vote today by the Senate Appropriations Transportation Subcommittee.

Amtrak received a $1.3 billion subsidy for the current year, but the White House proposed cutting that figure to $900 million in its February budget. Amtrak supporters in the House increased the figure to $1.1 billion.

The Senate also approved $1.4 billion for the money-losing railroad last year but ultimately settled for the lower figure in talks with the House.

The development cheered Amtrak and its many supporters on Capitol Hill. Amtrak runs trains through almost every state, giving it great support among lawmakers despite criticism from the Bush administration and some lawmakers for subsidies on its long-distance trains, labor costs and management practices.

All Smiles As Shuttle Ends A Nearly Perfect Mission (NYT)

By John Schwartz

The New York Times, July 18, 2006

CAPE CANAVERAL, Fla., July 17 — With a distinctive double sonic boom and a whooshing glide to the ground, the space shuttle Discovery landed safely Monday morning, ending a nearly flawless 13-day mission.

“Welcome back, Discovery,” Stephen N. Frick, a NASA astronaut communicating with the shuttle from mission control in Houston, said to the shuttle commander, Col. Steven W. Lindsey of the Air Force, after the shuttle had come to a halt.

Colonel Lindsey replied, “This was a great mission, a really great mission.”

The Discovery’s successful return nonetheless marks the beginning of the end of the shuttle program, which President Bush has ordered to be shut down by 2010.

In that time, the National Aeronautics and Space Administration is to perform 16 more shuttle missions to complete the International Space Station, the half-built orbiting laboratory that was the Discovery’s destination in this flight. The agency will then embark on the president’s stated goal of returning to the Moon in a new generation of space vehicles.

The morale boost of a successful flight after the loss of the shuttle Columbia in 2003 and a frustrating first test flight last year was evident in the beaming smiles of the crew and NASA officials — even Michael D. Griffin, the self-described emotionless engineer who is the space agency’s administrator.

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N. Wayne Hale Jr., the shuttle program manager, said at a news conference at mission control in Houston, "The shuttle is back."

Still, questions remain about whether the program has solved the safety problems that have plagued it over the years — problems that NASA officials pledged to pursue.

NASA managers said that the success of this mission reinforced their view that they could step up the tempo of launchings, with the shuttle Atlantis returning to space as early as Aug. 28 and the mission after that beginning in mid-December.

Mr. Griffin cautioned at a news conference here at the Kennedy Space Center, "We're not going to get overconfident." Engineers and analysts will pore over the data from this flight in the coming weeks and months, he said, to better understand issues like foam debris from the shuttle's external tank before launching the next mission.

The amount of foam shed in the Discovery's July 4 liftoff — the problem that doomed the Columbia and continued to plague last year's return-to-flight mission — posed no threat to the shuttle, with the biggest piece weighing less than two ounces.

But a member of the independent board that investigated the Columbia disaster said the risks of shuttle flight were still very real.

"This shows that with appropriate care and vigilance, the odds of operating the shuttle with acceptable risk are good," said the board member, John M. Logsdon, the director of the Space Policy Institute at George Washington University. But he added: "It doesn't mean the shuttle is safe. The shuttle will remain a very risky vehicle to be operated with extreme care."

The crew took thousands of pounds of supplies to the half-finished space station, performed three spacewalks in which they repaired broken equipment to allow the resumption of construction on future shuttle flights, and tested possible repair techniques.

They also carried up a new crew member, Thomas Reiter, a German astronaut from the European Space Agency. Mr. Reiter remained behind aboard the space station, bringing its crew to three for the first time since the Columbia disaster.

The crew was led by Colonel Lindsey, who was making his fourth trip to space and his second as a commander. The pilot, Cmdr. Mark E. Kelly of the Navy, was on his second shuttle mission. The two spacewalkers were Piers J. Sellers of England and Michael E. Fossum. The flight engineer, Cmdr. Lisa M. Nowak of the Navy, operated the robot arm during the spacewalks, along with Stephanie D. Wilson, who also supervised the transfer of tons of cargo between the two craft.

Despite the astronauts' grueling schedule, there was time to both laugh and marvel. At a news conference here on Monday, Colonel Lindsey recalled that Commander Nowak's ponytail, which acquired a will of its own in zero gravity, had gotten stuck on a strip of Velcro in the mid-deck of the shuttle.

Colonel Lindsey said he and the pilot, Commander Kelly, had had a view on the way home that was even more spectacular than usual.

"It started out in darkness, and of course you see the orange glow as the plasma starts heating up," he said, referring to the superheated gases of re-entry into the atmosphere. "And you can see what looks like explosions out the windows, plasma flashes and things like that."

As the shuttle banked left, "I could see the earth below as the sun was coming up," he continued. "And Mark, through his window, through the plasma, could see the moon. It was just wild." The shuttle did not break through the cloud layer until just 10,000 feet — less than a minute before landing. "I had never gone through weather like that before on a real shuttle landing," he said.

NASA managers and engineers who suffered through the Columbia disaster and last year's troubled mission of the Discovery were visibly moved to see a shuttle finally land in Florida again. The Columbia was heading for the Kennedy landing strip when it broke up over Texas, and the Discovery was diverted to Edwards Air Force Base in California for its landing last year.

"Columbia's landing day was a horrible day," said Michael D. Leinbach, the launching director. "Today was a great day."

In Washington, lawmakers welcomed the safe return of the shuttle and applauded the crew's effort. Senator Kay Bailey Hutchison, Republican of Texas and chairwoman of the Senate Commerce subcommittee on science and space, called the mission "an important milestone in our nation's space exploration history."

Representative Sherwood Boehlert, Republican of New York and the chairman of the House Science Committee, who has been cautious about the shuttle program, commended the NASA scientists, engineers and technicians, who have "worked tirelessly over the past three years to mitigate the problems that tragically doomed the shuttle Columbia in 2003."

Mr. Boehlert added, "While NASA must continue to be vigilant, the shuttle is now poised to proceed" with planned missions. President Bush issued a statement from the Group of 8 summit meeting in Strelna, Russia, congratulating NASA's workers for "putting our space program back on track" and calling the program "a source of great national pride."

Experts on space policy also expressed relief that the mission had gone so well. "They've got the right stuff back," said John Pike, the director of GlobalSecurity.org.

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But he added that the success did not change the fact that the shuttle program itself was in its last phase.

"Mr. Bush has decided that Mr. Nixon's space shuttle and Mr. Reagan's space station are not the way he wants to go," Mr. Pike said. "He likes John Kennedy, going to the moon."

A critic of the space agency, Roger A. Pielke Jr., director of the Center for Science and Technology Policy Research at the University of Colorado, questioned in an e-mail interview whether the "acceptable risk" cited by Professor Logsdon was truly acceptable. "If the reliability of the shuttle is 99 percent, as NASA has suggested," he said, "then there is a significant possibility that there will be another lost shuttle before NASA completes the program." In the face of those odds, he went on, "there is no shame in declaring victory and moving on to the next challenge."

But Administrator Griffin, at his news conference, noted that it took a thousand years from the days the first ships ventured out to open water to the safe ocean voyagers of today. Space travel, by comparison, is in its infancy.

"We've been doing this stuff for 50 years," he said. "The enterprise is eminently worth doing. It's part of what makes us human."

Mission Applauded As Shuttle Returns (WP)

By Guy Gugliotta

The Washington Post, July 18, 2006

CAPE CANAVERAL, July 17 -- Announcing its arrival with a pair of sonic booms, the space shuttle Discovery dropped out of an overcast sky to touch down smoothly at the Kennedy Space Center on Monday in a triumphant climax to its nearly 13-day trip to the international space station.

"Welcome back, Discovery," said shuttle communicator Steve Frick, monitoring the landing from Houston's Johnson Space Center. "Congratulations on a really great mission."

"Thanks -- it was a great mission," replied mission commander Steven W. Lindsey, who took the shuttle controls for the final approach. "Enjoyed the entry and landing."

Discovery landed at 9:14 a.m. Eastern time and coasted to a stop a little more than an hour after flight director Steve Stich decided the weather at Kennedy was good enough to order the orbiter to fire its braking rockets -- setting it on course for the final trip home after a journey of 5.3 million miles.

NASA Administrator Michael D. Griffin and other shuttle officials examined Discovery on the runway and confirmed what exhaustive tests and photographs had shown in space -- that the skin of the orbiter was virtually undamaged from launch debris or other mishaps.

"This is the cleanest orbiter that anyone ever remembers seeing," Griffin said in a post-landing news conference. He added that with Discovery's successful completion of all its on-orbit tasks, it had finished "as good a mission as we have ever flown."

The flight was the second since the shuttle Columbia disintegrated over Texas during reentry more than three years ago, but it gave NASA a significant boost as it resumed an ambitious schedule to finish assembling the space station by 2010. NASA plans to launch Atlantis next month and Discovery again in December.

"The shuttle is back," shuttle project manager N. Wayne Hale Jr. said in a televised news conference at Johnson Space Center. "We are launching six weeks from today, and we have a team that is tested and battle-hardened to go do that."

Discovery's mission began auspiciously with the shuttle's first July 4 launch and fulfilled a heavy schedule virtually without incident. The crew tested new repair techniques, repeatedly inspected the orbiter for damage, fixed a crucial piece of space station machinery, and replenished the station with 2 1/2 tons of equipment and provisions.

"Every single day we were up there, we had something difficult to do," Lindsey said at a news conference. "And we always finished. At the end of the day, I'd sit down and I'd say, 'Wow, we did that.' "

The mission also delivered European Space Agency astronaut Thomas Reiter to the station, increasing its crew to three for the first time since the Columbia disaster.

The five other shuttle astronauts -- pilot Mark E. Kelly, flight engineer Lisa M. Nowak, spacewalkers Piers J. Sellers and Michael E. Fossum, and mission specialist Stephanie D. Wilson -- returned home with Lindsey.

The day began with mission managers somewhat concerned about a possible leak in a fuel tank for one of the turbines that drive the shuttle's hydraulic system, but Stich said the turbine functioned normally, apparently without leaking, throughout reentry.

The second worry was the weather. As predicted, dawn found an overcast sky with rain showers and thunderheads hovering to the east off Florida's Atlantic Coast. Stich had said Sunday that he would try to land on two successive orbits, and, if the weather did not cooperate, would wait and try again Tuesday.

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"We're looking optimistic," Frick told Lindsey shortly before 7 a.m. Despite the overcast sky, conditions were stable, Stich added later during the Houston news conference, and the ceiling was high enough, at 10,000 feet, for Lindsey to fly through the cloud cover on his final descent.

The astronauts began drinking fluids and swallowing salt tablets, raising their blood pressure to ward off the lightheadedness that can occur when blood pools in their lower extremities upon the return to Earth's gravity.

At 8:07 a.m., Stich gave the order for Discovery to fire its braking engines for three minutes, committing the orbiter to a landing. The landing strip, though blanketed in clouds, had seen no storm activity "for hours, and it gave us confidence," Stich said. "I took all the time I could."

At that point, Discovery was cruising stern first and upside down, traveling at 16,465 mph about 211 miles over the Indian Ocean. The three-minute "de-orbit burn" cut its speed by 205 mph, dropped the orbiter sharply toward Earth and flipped it right side up so the heat shielding on its belly could meet the thickening atmosphere at a 40-degree angle.

Once into the atmosphere, Discovery underwent four computer-ordered banking maneuvers, causing it to lose altitude and enabling its instruments to home in on the landing approach. Temperatures on the leading edges of the orbiter's heat shielding rose to 2,900 degrees Fahrenheit.

As Discovery approached Central America heading northeast, meteorologists detected what Stich described as a "small shower" threatening the orbiter's final approach, so he ordered a north-to-south landing approach to stay clear of it.

"We went into the weather at 18,000" feet, Lindsey said. "I'd never gone through weather like that on the shuttle, but it wasn't a big deal."

At 9:11 a.m., the orbiter made a sweeping left turn, emerged from the clouds and made a perfect landing to cheers from a small grandstand full of spectators.

"We're ready to start flying shuttles on a more regular basis," Lindsey said in brief remarks on the runway. "Thanks a lot, and we're going to see our families now. Have a good day."

A Safe Journey Home For Space Shuttle, NASA (LAT)

By John Johnson Jr., Times Staff Writer

The Los Angeles Times, July 18, 2006

Discovery's success is proof the program is 'back on track,' officials say. About four flights a year are planned before fleet retirement in 2010.

CAPE CANAVERAL, Fla. — The space shuttle Discovery roared out of a gray sky Monday and safely landed at Kennedy Space Center, concluding a 13-day mission that clears the way for resuming construction of the International Space Station.

NASA officials said the successful mission showed that the shuttle program was "back on track" after setbacks that began with the loss of the shuttle Columbia in 2003 and continued with last year's problem-plagued shuttle mission.

"We had a great flight," said NASA Administrator Michael D. Griffin.

NASA is now preparing to step up shuttle flights to an average of four a year in a race to finish work on the space station by the time the aging and glitch-prone shuttle fleet is retired in 2010.

"We don't have any slack, so we can't afford to mess up," said Griffin, addressing reporters at Kennedy Space Center. "We know what the job is before us, and we have to do it."

The next scheduled shuttle launch could come as early as Aug. 28. The shuttle Atlantis will carry a space station truss and a solar array. By this fall, Griffin will decide whether to attempt a repair mission to the deteriorating Hubble Space Telescope.

The return of Discovery was heralded by a pair of sonic booms that echoed over the central Florida coast just before 6:15 a.m. PDT. Several hundred observers in grandstands cheered and clapped, perhaps as much out of relief as celebration. All shuttle flights are risky, but the loss of Columbia in 2003 underscored the hazards associated with returning from space, which exposes the shuttle and its fragile heat shield to temperatures above 2,000 degrees.

NASA spent three years and more than $1 billion on improving the shuttle and its giant external fuel tank. The tank was the source of a piece of hard insulating foam that fell off and fatally damaged Columbia. Besides removing more than 30 pounds of foam from the tank, NASA replaced the tires and wheels with stronger models, and installed tighter seals around the landing gear doors.

The upgrades seemed to have worked. After a walk-around inspection of the craft after the landing, Discovery commander Steve Lindsey said he had "never seen a vehicle that looked as clean as this one did" after a flight.

But William H. Gerstenmaier, associate administrator for space operations, cautioned that much data collected by the shuttle's cameras and sensors still needed to be analyzed over the coming weeks before the shuttle redesigns could be declared a success.

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"It's too early to say luck or performance," Gerstenmaier said. But he added that the early evidence showed that "the vehicle performed awesome."

The landing was the final act in a mission that included three spacewalks by astronauts Michael E. Fossum and Piers J. Sellers. They made repairs on a transporter outside the space station that will be used by future astronauts in station construction. They also tested a shuttle repair material called "the goo" on predamaged reinforced carbon protective panels, which cover the front of the wings and nose cone of the craft.

Discovery underwent seven different examinations during the mission to make sure it had not been damaged during its eight-minute ascent into space.

Discovery began its reentry when Lindsey fired the shuttle's engines for three minutes as it glided upside-down 211 miles over the Indian Ocean. The maneuver flipped the orbiter into an upright position for its entry into the upper atmosphere.

Lindsey later described watching the moon through the plasma, a gaseous soup created by the interaction of the shuttle's engines and the superheated atmosphere.

"It was just wild," Lindsey said.

The shuttle's onboard computer controlled a series of sweeping turns in the upper atmosphere to slow the spacecraft enough for landing. At the last moment, suddenly worsening weather required Lindsey and pilot Mark E. Kelly to take the controls and change direction to land from the north, instead of the south.

There were concerns over a leak in one of three units that powered braking and other landing operations. But the landing was unaffected, officials said.

The landing was a homecoming for the shuttle, which had not landed at Kennedy Space Center in nearly four years. Last year's first return-to-flight mission concluded at Edwards Air Force Base in California because the weather prohibited a Florida landing.

Lindsey said he didn't see the successful mission as a concluding chapter to a troubled time at NASA but rather as the beginning of another phase in the space program. "I don't think we ever want to put Columbia behind us," he said.

NASA managers said the space station's assembly work scheduled for upcoming flights is some of the most complex work in space that astronauts have ever attempted. Besides the station truss and the solar array, Japanese and European science modules are scheduled for installation.

NASA committed to building the space station in 1980s when the agency was searching for a new long-term goal after the successes of the Apollo moon missions. The agency came up with the idea of a big space station that could serve as a laboratory for scientists from around the world.

In practice, many at NASA have lost interest in the project, particularly after the president announced his bracing new space vision in 2004, which calls for a return to the moon and an eventual journey to Mars.

Critics also note the station's cost, originally forecast at $8 billion. It has ballooned to several times that figure.

But because the shuttle is the only space vehicle that can carry large construction materials into orbit, and because the Europeans and Japanese remain enthusiastic supporters of the station concept, NASA is obligated to finish construction.

The shuttle fleet has flown 16 construction missions so far, with another 15 scheduled between now and the station's projected completion.

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(INFOBOX BELOW)

With the shuttle's fleet retirement date looming, NASA plans to launch at least 15 flights by September 2010 to finish construction on the International Space Station.

A tight schedule

[Date: Shuttle]

2006

Aug. 28: Atlantis

Dec. 14: Discovery

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2007

Late February: Atlantis

Mid-June: Endeavour

Early August: Atlantis

Late September: Discovery

Late November: Endeavour

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At least eight more construction flights are planned between December 2007 and September 2010.
*
Source: Rob Navias, NASA spokesman Graphics reporting by Brady MacDonald

Fast Turnarounds Ahead For Shuttle Fleet (CSM)

By Peter N. Spotts
The Christian Science Monitor, July 18, 2006
HOUSTON

The space shuttle Discovery's flawless touchdown at the Kennedy Space Center in Florida Monday marks the end of NASA's recovery from the Columbia tragedy and paves the way for the agency to resume building the International Space Station.

Over the next 12 to 18 months, NASA is loading its space shuttles with space-station elements that will push the orbiters to their cargo-carrying limits. The complexity and packed pacing of spacewalks that shuttle astronauts and the station crew will have to perform are unprecedented, NASA officials say.

It's all in the name of putting the infrastructure in place to support the final elements - European and Japanese laboratory modules and a full crew of six - before the shuttle program ends in 2010.

"The operations we plan over the next 12 to 18 months are the most complicated things we've done in the history of manned spaceflight," says Paul Hill, the mission-operations manager for the space-shuttle program.

For the moment, however, NASA managers are savoring the success of Discovery and its six-member crew.

Discovery delivered 500 metric tons of supplies and equipment to the station. By contrast, all of Russia's vital resupply missions after the Columbia accident in 2003, when the shuttles were grounded, delivered some 290 pounds of food, clothing, and other gear. In addition, spacewalking astronauts swapped out a balky piece of hardware associated with a small rail-car-like transporter astronauts will need to use during construction. They bolted a spare cooling pump to the station's exterior, which station crew members can install later.

"I can't think of a better mission in recent history," space-station program manager Michael Suffredini said during a weekend briefing.

Discovery's flight also has demonstrated that NASA appears to have solved the worst of its problems with foam insulation, which can break loose during launch. A suitcase-size chunk of foam weighing just under two pounds damaged Columbia's heat shield and led to its destruction and the death of its seven-member crew in 2003.

The current flight was the second of two aimed at testing on-orbit inspection and repair techniques for the tiles and carbon-composite materials that make up the shuttle's heat shield. The most unusual defects the inspections found turned out to be bird droppings.

Overarching goals for the opening phase of construction are to make sure the station can generate enough electricity for the additional modules it will host, to have the docking capacity it needs, and to have sufficient cooling capabilities. Along the way, astronauts will rearrange existing solar panels along the station's exterior and rewire the station's electrical systems.

At one point during this initial phase, the shuttle and its robotic arm will gently tug one set of multiton solar panels free of its current position at the center of the station, then drag it to its final location at the end of a truss, where it will be reinstalled.

The coming construction missions have been planned for years, delayed only by the Columbia accident. NASA and its contractors have taken advantage of the hiatus to upgrade hardware and give crews extra training time to prepare for this final push.

"Everybody comes up with new things we can go off and do here on the ground that will save us time on orbit," says Brad Cothran, director of station integration operations for Boeing, the prime contractor for the station elements that the US is providing.

For example, engineers and technicians at the Kennedy Space Center spent six to nine months installing and testing a wireless network for sensors on key structural elements that will provide information on the structural health of the station. Initially, NASA had planned to install that system on orbit. The result: "That's going to end up saving the program a lot of precious EVA time," Mr. Cothran says, referring to extra-vehicular activities, or spacewalks.

Here at the Johnson Space Center, mission planners also have been poring over mission-activity schedules to find ways to keep from overtaxing astronauts and station crews, adds John Curry, the lead flight director for Discovery's next mission in December. Some of these changes include eliminating the rigorous exercises that astronauts perform just before spacewalks and giving them extra time to relax prior to a space-walk - called "the camp-out protocol" for EVAs.

Barring another orbiter accident, the biggest concern for Mr. Hill is what he terms "infant mortality ... that we finally have some major piece of equipment that fails. Those are the types of things we can't control."

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Every major component so far "has worked right out of the box," he says. But the failure of a newly installed component "would throw a monkey wrench into everything else we plan to do," he says.

It's unlikely that NASA would delay the shuttles' retirement to compensate. "There's no double-supersecret plan to fly other flights," Hill adds. "The no-kidding NASA policy is that we intend to stop flying the shuttle in 2010."

Still, the goal is worth the risk, he concludes. "We're on the cusp now. The shuttle's back in action. We're going to do these really hard assembly flights in the next 18 months. Then we're going to start using this thing and getting the bang for the buck that we'd intended to get."

Safe Return For The Shuttle (NYT)

The New York Times, July 18, 2006

The gutsy decision by Michael Griffin, the NASA administrator, to launch the shuttle Discovery despite warnings that foam-shedding problems had not been fully resolved appears to be vindicated, at least for now. The shuttle landed safely yesterday after a 13-day mission in which all major objectives were achieved. The successful completion of this second test flight since the Columbia disaster signals that the shuttle fleet is ready to return to the huge task ahead: completing the international space station now circling, half-built, in low Earth orbit overhead.

The main objective on this flight was to show that the shuttles are safe enough to fly again. In that respect, the results were encouraging. Images produced by a large array of cameras and sensors showed no major impacts from falling debris like that which doomed the Columbia. Space officials believe that Discovery sustained less damage during ascent than any shuttle flight in memory. Some experts believe the shuttle may actually be safer today, thanks to numerous modifications, than ever before. That is to be fervently hoped for, given two fatal accidents in the first 114 flights.

The most important task carried out by the astronauts was to repair a damaged transporter on the space station that is used to move a robotic arm from one location to another. Without that transporter in action, it would be impossible to finish assembling the station. Our own view is that the station is of minimal value, but given the administration's determination to finish building it by 2010, this repair was of critical importance.

The daunting construction task will require 16 shuttle flights over the next four years, a pace that may be difficult to maintain. Indeed, the next shuttle flight is scheduled to lift off in six or seven weeks. Any delays will compound the scheduling pressures in future years, raising the specter that NASA may again be tempted to cut safety corners to meet a launching schedule.

Discovery's seemingly unblemished flight raises some hope that a shuttle mission to rejuvenate the Hubble Space Telescope, NASA's most important scientific instrument, may prove feasible. Such a mission would be somewhat more risky than a trip to the space station because the astronauts would not have a place to take refuge were the shuttle orbiter to be damaged. But the scientific payoff, in our view, would be far greater than any likely research benefits from the space station. Astronauts have made several previous missions to service the Hubble without incident, and if the shuttle really is safer than ever, they could presumably do so again.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, July 18, 2006

A handful of designers snubbed Laura Bush last week when she hosted a breakfast for the winners of the National Design Awards. Five honorees in the graphic design category skipped the July 10 gathering and sent the first lady a letter saying they were "compelled to respectfully decline." Their beef? Good design means "words and images must be used responsibly, especially when the matters articulated are of vital importance to the life of our nation" -- and they felt the Bush administration had "seriously harmed" political discourse.

"If you see this as an act of resistance, it's a pretty minor one," said awardee Michael Rock , a partner at the New York firm 2x4 and a professor of design at Yale University School of Art. While honored by the prestigious award (the design Oscars) from Cooper-Hewitt National Design Museum, Rock said yesterday he's professionally offended by the president's "cavalier" use of Sept. 11 imagery in campaign ads, fake news columns and newscasts, and the suppression of "returning war casualties." He and his fellow designers will pick up their prizes in October at the museum gala.

Michael Bierut wrote about the flap on industry blog Design Observer, hoping to stimulate a thoughtful debate about artistic responsibility and protest. Instead, a flurry of vitriolic comments:

· "The Bush Administration has used the mass communication of words and images in a way that the undersigned DO NOT LIKE. Please. Get over yourselves."

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· "It does not take a leftist view of politics to understand that the Bush administration has bent information and muddied communication to fit its political ends."

· "Leave it to mindless, knee-jerk ideaologues [sic] to turn something that is decidedly non-political into an opportunity to grind some political axe."

From there, the news predictably leapt into the blogosphere, where conservatives and liberals have been slugging it out on the subject for a week, much as they did in 2003 after the first lady canceled a White House poetry symposium when some invitees announced plans to read antiwar poems at the event.

Yesterday the first lady's spokeswoman, Susan Whitson , declined to comment because she has not seen the letter.

Said Bierut yesterday: "I thought at the outset that this was a particularly subtle issue with good, articulate arguments on either side, and was chagrined to see how quickly it escalated (or degenerated) into the usual screaming. If the future of political discourse lies in the blogosphere, as some people claim, be very afraid."

GET THIS!

· If you kept seeing the same tough-looking blond hottie circling Capitol Hill -- don't worry, Pink was not casing the joint. The singer (in town for that 9:30 club show reviewed on C1) left the Hotel George for the steam room at Results gym -- riding her own bike. But she got the address wrong, ended up pedaling around lost for more than an hour and never made it. To make it up to the Results folks (who were hovering on VIP standby), she gave owner Doug Jefferies backstage passes.

· Allen Iverson may be one of the finest athletes of his generation, but a rapper stole his thunder in softball on Saturday. At the celebrity game hosted by the 76er's charitable foundation in Bowie, Iverson hit a grounder, but platinum-seller Nelly sent a homer over the fence. Turns out he's something of a ringer, having won an MVP trophy in a St. Louis amateur league. He was playing for Iverson's "all-star" team, which won 7-3 over a WPGC team, despite the no-show of promised stars such as Gilbert Arenas .

· Luciana Pedraza , the Argentina-born wife of actor and horse-country dweller Robert Duvall, was among 40 people taking the oath of citizenship at Homeland Security offices in Fairfax last week. "I'm happy to be part of a great nation," she said in a statement.

She's Standing by Her Fish Story

The one that didn't get away: Sen. Lisa Murkowski caught this 65-pound Alaskan king salmon on July 7 at the Kenai River Classic, hosted by the other Republican senator from Alaska, Ted Stevens . Guys on Capitol Hill say the lawmaker must have had help reeling it in, but her office swears she did it by herself.

"There's nobody in the world like me. I think every decade has an iconic blonde -- like Marilyn Monroe or Princess Diana -- and right now, I'm that icon."

-- Paris Hilton, somberly assessing her place in history for the Times of London

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Hastert Released From Hospital (AP-Y)

By Dennis Conrad

AP2, July 18, 2006

House Speaker Dennis Hastert was released from a suburban Maryland hospital on Monday after spending several days being treated for a skin infection.

Hastert "is ready for another busy legislative week," said spokesman Ron Bonjean.

The spokesman did not provide further details about Hastert's bout with cellulitis, a skin infection that appears as a swollen, red area that feels hot and tender, and that can spread rapidly without treatment.

Hastert, 64, discovered the infection on his lower left leg last week. The Illinois Republican was admitted to Bethesda Naval Hospital on Thursday.

Hastert was treated with intravenous antibiotics through the weekend, and his doctor had ordered him to stay off his feet for several days.

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OTHER NEWS:

U.S. Industrial Output Jumps, Amid Strong Business Investment (WSJ)

By Rafael Gerena-Morales And Dongjin Park

The Wall Street Journal, July 18, 2006

U.S. industrial production rose sharply in June, fueled by strong demand for computers, metals and transit equipment, as capital investment by businesses helped to buoy the economy at a time of cooling consumer spending.

The Federal Reserve reported yesterday that output at the nation's factories, mines and utilities rose a seasonally adjusted 0.8% last month, following an upwardly revised 0.1% rise in May. The May gain originally was reported as a 0.1% decline. Total output in June was up 4.5% from a year earlier.

"It was a strong report, no question about it," said David Resler, chief economist at Nomura Securities in New York. "It's an indication that the U.S. economy continues to enjoy a fairly healthy expansion of the manufacturing sector. It reinforces that we have a pretty good capital-spending trajectory."

Economists said last month's gains, which followed a soft performance in May, reflected strong demand for productivity-enhancing equipment, rising U.S. exports and inventory building by businesses. They said that while business spending is likely to remain firm for the rest of the year, manufacturing output is expected to ease in the second half, curbed by softer consumer spending and a slowdown in the housing market.

"You're not going to replace [the rapid] consumer-spending growth" experienced earlier in the year solely with manufacturing gains, said Joshua Shapiro, chief U.S. economist at New York consulting firm MFR Inc.

June's production increases included 1.3% for information-processing equipment, 1.7% for petroleum and coal products and 1% for primary metals and 0.8% for transit equipment, which includes cars, trucks and civilian-aircraft components.

Overall manufacturing output in June rose a seasonally adjusted 0.7% from May and was up 5.7% from a year earlier. The Fed report showed that output of autos and parts rose a brisk 3.3% last month, even though production figures from auto-industry analysts show that production was lower in June. Economists say the Fed's numbers may have been distorted by seasonal adjustments related to annual auto-company shutdowns for retooling.

The rise in overall factory production last month lifted the industrial capacity utilization rate, which measures how fast industry is running, to 82.4%, up from May's slightly revised 81.8% and the highest rate since June 2000. High utilization rates suggest producers are getting closer to the limits of their capacity, making price increases more likely.

The manufacturing sector "continues to see good news," said John Engler, president of the National Association of Manufacturers. Yesterday's report suggests that factory expansions will become increasingly necessary to keep pace with robust demand for manufactured goods in the months ahead, he said.

For example, TT Technologies, an Aurora, Ill., maker of pipe-renovation equipment, plans to increase its factory space by 50% and to hire 50 employees during the next 15 months to meet bustling demand. "In our industry, everything is really flat-out," said Christian Brahler, president of the company, where sales are up 15% compared with 2005. "It's probably [the first time] in my lifetime that there is a demand for everything everywhere."

Industrial Production Rises As Heat Spurs Electricity Use (NYT)

By Bloomberg News

The New York Times, July 18, 2006

Industrial production rose at a higher-than-expected rate of 0.8 percent last month as hot weather increased the use of electricity, while factories turned out more communications equipment and semiconductors.

The increase followed a 0.1 percent rise in May that was previously reported as a decline, the Federal Reserve said in its monthly report on output at the nation's factories, mines and utilities.

The proportion of industrial capacity in use rose to 82.4 percent, the highest in six years.

Production increased in the second quarter at an annual rate of 6.6 percent, the fastest since the final three months of 1999 and a sign that corporate investment is sustaining economic growth as consumer spending slows. Higher energy costs and factories approaching limits on their ability to produce are inflation threats that Fed policy makers are watching as they decide whether to raise interest rates next month.

"Anything related to capital spending is strong and expected to stay strong," said Nariman Behravesh, chief economist at Global Insight in Lexington, Mass. The rise in capacity utilization "is one more indication that the Fed can't take its eye off of inflation. The Fed probably isn't finished raising rates."

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Economists expected a 0.5 percent increase in June production. Capacity utilization, which rose from 81.8 percent a month earlier, was forecast to rise to 81.9 percent after a previously reported 81.7 percent.

Work at factories, which accounts for almost 90 percent of industrial production, increased 0.7 percent last month after rising 0.1 percent in May. Production of consumer durable goods, which includes automobiles, furniture and electronics, rose 2.2 percent after falling 0.5 percent the previous month.

Production of autos and parts rose 4.2 percent after falling 0.8 percent. Cars and light trucks sold at an annual rate of 16.3 million in June, up from a 16.1 million rate a month earlier, industry data show. Vehicle production increased at an annual rate of 11.61 million in June, after 11.33 million in May.

Production of nondurable consumer goods, like food, clothing and paper products, rose 0.4 percent for a second month.

Electric and gas utility output jumped 0.7 percent in June, the most in three months, after rising 0.2 percent in May as hot weather led to increased air-conditioner use.

Mine production, which includes oil and gas exploration, rose 1.2 percent in June after a 0.3 percent rise in May, the report showed.

Business equipment production, which includes transportation and information-processing equipment, increased 0.7 percent in June after falling 0.2 percent the previous month.

Stocks Put Halt To 3-Day Skid, But Remain Flat (WSJ)

By E.S. Browning

The Wall Street Journal, July 18, 2006

Stocks managed to end their string of sharp declines, but worries about the Middle East fighting kept indexes largely flat.

After falling more than 100 points in each of the previous three sessions, the Dow Jones Industrial Average edged up 8.01 points, or 0.07%, to 10747.36, leaving it up just 29.86 points for 2006. It has fallen nearly 900 points since hitting a six-year high May 10, and is nearing its 2006 low of 10667.39.

Amid optimism the Mideast fighting might be contained, some investors decided that markets had fallen too far. They began buying stocks and selling oil and gold futures.

Crude-oil futures fell $1.73, or 2.3%, to $75.30 a barrel on the New York Mercantile Exchange. Gold, which also had risen on Middle East jitters, fell $16, or 2.4%, to $650.60 a troy ounce.

"The market hung in there pretty well considering all the geopolitical issues going on," said Todd Leone, head of listed trading at New York brokerage firm Cowen & Co.

Investors were nervous about news due later this week, notably Federal Reserve Chairman Ben Bernanke's monetary-policy testimony tomorrow to the Senate Banking Committee. Investors hope for an indication whether Mr. Bernanke is thinking of raising interest rates further at the Fed's next policy meeting, Aug. 8.

On top of that come wholesale-price data today and consumer-price data tomorrow. Thursday, investors get a summary of the minutes of the Fed's last meeting, in June, which also should offer insight into the Fed's mood.

Investors also await a flood of second-quarter profit reports this week. The results so far have been mediocre, contributing to the market malaise. Yesterday, McDonald's said quarterly profit would surpass Wall Street expectations, but Citigroup released disappointing results. Elsewhere, the Federal Reserve reported the nation's industrial production rose more than expected in June.

The Standard & Poor's 500-stock index fell 0.14%, or 1.71 points, to 1234.49, down 1.1% this year. The Nasdaq Composite Index rose 0.02%, or 0.37 point, to 2037.72, down 7.6% in 2006.

Wall St Little Changed After Energy Sell-off (FT)

By John O'Doherty

Financial Times, July 18, 2006

Wall Street traded nervously sideways yesterday as a sell-off in the energy sector dragged on markets that had bounced earlier in the day following stronger-than-expected economic data.

Citigroup reported a 4 per cent rise in second-quarter profit on Monday. Although only slightly below analyst expectations, they pushed shares in the US's largest bank down 2.5 per cent to $46.40, its lowest level in four months.

Oil prices had their worst day in more than a month, knocking 2.2 per cent off Nymex crude futures. The S&P energy index fell more than 3 per cent. Halliburton fell 4.6 per cent to $35.25 and ConocoPhillips lost 3.4 per cent to $65.15.

McDonald's added 5.1 per cent to $34.72 after reporting a 5.9 per cent increase in same-store sales in June. The restaurant chain also said its second quarter earnings would beat analyst expectations.

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At the close, the S&P 500 was down 0.1 per cent or 1.71 points at 1,234.49, while the Nasdaq Composite was flat, up 0.37 points at 2,037.72. The Dow Jones Industrial Average was also flat, adding 8.01 points to 10,747.36.

Industrial output in the US rose more than expected in June, according to the Federal Reserve. Capacity utilisation climbed to 82.4 per cent, its highest level since June 2000.

"There was a little bit of back and forth but I don't think much of anything is going to happen until the CPI numbers [tomorrow]," said Scott Wren, senior equity strategist at AG Edwards, who was nervous about the capacity utilisation index.

"The capacity utilisation number is higher than I would have liked and higher than the Fed would have liked."

Toy maker Mattel reported a swing to profit in the second quarter thanks to sales of movie-themed toys. It leapt 10.8 per cent to $17.60, its best day since October 2002.

Apple Computer rose 3.4 per cent to $52.37 following an article in the US publication Barron's that suggested the stock could double on demand for Macintosh computers.

Copper prices dipped, after pushing higher for five consecutive days last week. Freeport McMoran lost 5.2 per cent to $51.57, and Phelps Dodge tumbled 3.6 per cent to $76.95.

Eaton, maker of electrical systems, reported earnings slightly above expectations. However, investors feared the results were largely the result of a slightly lower tax rate, and the shares fell 4.4 per cent to $65.06.

IT services group Computer Sciences fell 3.9 per cent to $50.68, after Jefferies & Co lowered its rating on the stock from "hold" to "underperform", citing slowing growth.

WW Grainger, distributor of maintenance and repair supplies, sank 13.7 per cent to $63.00 in spite of a 15 per cent increase in second quarter profit. It lowered guidance for 2006 sales growth.

Investors Fret Buyout-Induced Risk (WSJ)

By Serena Ng

The Wall Street Journal, July 18, 2006

Corporate bond investors are getting worried about the risks companies are taking to please stock investors.

A survey by Fitch Ratings of 78 large bond investors for mutual funds, insurance companies, pension funds, hedge funds and banks found money managers worried the recent boom in leveraged buyouts might stretch corporate finances, which have been strong for the past few years.

So far this year, $162 billion of such deals -- in which stock investors use heavy loads of debt to finance acquisitions -- have been announced in the U.S. That already exceeds the $118 billion for all of 2005, itself a record, according to data from Thomson Financial.

"You see these large funds being put together to buy and restructure companies financially, and that's a big concern because they're going to add on more debt -- which will lower credit quality and cause bond downgrades," said Alex Powers, head of fixed income at U.S. Trust.

In addition to LBOs, which have been driven by private equity funds and hedge funds, bond investors signaled concern about other stock-investor-oriented actions taken by executives, like share buybacks and special dividends. These actions use up corporate cash without generating any returns for the company.

Over the past year, Fitch lowered its ratings or outlooks on $53 billion worth of U.S. corporate debt, from more than a dozen companies, because of mergers, buyout deals or share repurchases.

About half of those surveyed listed "shareholder oriented activities" like LBOs and buybacks, as a "high" risk for their investments, and 41% listed it as a "moderate" risk.

Fitch's survey, its first effort to tap into bond investor concerns, was conducted in mid-June, before fighting broke out in the Middle East. A third of those surveyed managed more than $100 billion in fixed income assets. Another third managed $20 million to $100 billion.

Among the concerns of investors were Mideast tensions, the housing market slowdown and "unfavorable risk-return relationships," which means investors don't feel they are earning high enough returns to compensate them for the risk they are taking on in their investments.

The least of their worries included new leadership at the Federal Reserve. They also signaled little concern about settlement issues in the market for credit derivatives. Regulators have been pushing Wall Street banks to clean up a backlog of unsettled credit derivatives trades. But the concerns of regulators aren't hampering the growth of the business.

Four-fifths of investors surveyed said they expected to increase their use of credit derivatives in the next year.

"We've been in a very benign environment for credit, but investors are becoming more concerned about activities that could transform a company and add risk," said Robert Grossman, chief credit officer at Fitch.

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Overall, bond investors don't expect corporate default rates to rise sharply in the coming year, though around 20% of those surveyed see conditions in the junk-bond market deteriorating significantly. The default rate on U.S. high-yield bonds was 3.1% at the end of June, unchanged from the end of 2005, Fitch said.

Treasury Prices Tread Water

Treasury prices settled little changed, ahead of events later this week. Narrow range trading is seen continuing until Wednesday, when attention focuses on inflation data and testimony on the economy and monetary policy from Federal Reserve Chairman Ben Bernanke before the Senate Banking Committee.

At 4 p.m., the benchmark 10-year note was down 1/32 point, or $0.3125 per $1,000 face value, at 100 13/32. Its yield rose slightly to 5.073% from 5.071% Friday, as yields move inversely to prices. The 30-year bond was up 5/32 point at 90 26/32 to yield 5.106%, down from 5.117%.

The major data release was the June industrial production report and it was higher than the market expected. It increased 0.8% in June, according to the Federal Reserve. The median estimate of economists surveyed by Dow Jones Newswires was for a 0.4% increase. The capacity utilization rate of 82.4% was the highest it has been since June 2000.

"The long-term inflationary threshold for the economy is 81.5%," said Drew Matus, financial markets economist at Lehman Brothers Holdings Inc. in New York. That means "capacity utilization has now exceeded that threshold for three consecutive months," and this "only increases the odds of yet another rate hike at the August meeting," he said.

New Plans for Fallen Angels

Moody's Investors Service is considering a change in the way it lowers the ratings of investment-grade companies that embark on activities like leveraged buyouts, stock buybacks financed with debt, or asset spinoffs.

The proposal would affect firms with ratings at risk of falling to speculative-grade because of such activities, which can change a firm's credit outlook. Instead of slashing ratings one or more notches when deals are carried out, Moody's proposes "a series of gradual interim rating actions" as events develop. That would help prevent downgrades to "junk" from occurring prematurely.

Firms often see their bond values fall and their yields -- and borrowing costs -- rise sharply when their ratings are cut to "junk" from "investment grade," which dubs them as a "fallen angel."

Oil Falls On Flurry Of Diplomacy; Futures At $75.30 (WSJ)

By Masood Farivar

The Wall Street Journal, July 18, 2006

Oil prices fell sharply amid a flurry of diplomatic efforts to put an end to the fighting between Israel and Hezbollah, halting a four-day winning streak for crude.

"It's not that a wider conflict couldn't happen, but the market is hearing all this news of diplomacy and thinking it can fix things," said Bill O'Grady, an analyst at brokerage A.G. Edwards in St. Louis.

The nearby August crude contract on the New York Mercantile Exchange fell $1.73 to settle at $75.30 a barrel. The contract had climbed to a Nymex record $78.40 a barrel in electronic trading Friday.

The losses, which came amid moderate volumes, masked a day of extreme volatility, brought on in part by the expiration of options on August crude futures.

In electronic trading late Sunday, prices shot up as traders reacted to an escalation in the fighting over the weekend, afraid that the conflict would spread beyond Lebanon's borders and exacerbate instability in the oil-rich region.

There was no sign of an abatement in the conflict yesterday, but international calls for a cease-fire and the dispatch of diplomatic envoys to the region raised hopes of cessation in the hostility. At worst, traders began betting that the fighting would remain contained to Israel and Lebanon, neither of which is an oil exporter.

"If the war stays contained, the oil market shouldn't be this strong," Mr. O'Grady said.

The oil market has become a barometer of geopolitical tensions, and oil prices could fall an additional $1 to $2 if there is some kind of ceasefire or truce or the situation becomes calmer, said Pete Donovan, vice president at floor brokers Vantage Trading in New York.

Other analysts warn prices could edge higher depending on developments in the region. In after-hours electronic trading, the August contract was already rebounding into positive territory.

In other commodity markets:

GOLD: Prices on the Comex division of the New York Mercantile Exchange tumbled as traders took profits. Most-active August gold hit a high of $677.50 on continued Israeli-Hezbollah fighting before liquidation set in on ideas the conflict may not escalate further, as some had feared, analysts said. Lower crude-oil prices and a stronger dollar also contributed to gold's pullback. Nearby July gold fell $16 to $650.60 an ounce, while August fell $16.10 to $651.90.

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COPPER: Comex prices dropped sharply after news of the end to a monthlong strike at Grupo Mexico's Cananea copper mine capped the highs and sparked selling in the market. Copper prices were also held in check by a decline in precious metals and a higher U.S. dollar. Nearby July copper fell 11.50 cents to $3.7145 a pound.

High Fuel Prices Don't Dent Love Of Gas Guzzlers (WSJ)

By Gina Chon

The Wall Street Journal, July 18, 2006

As gas prices again approach $3 a gallon, consumers are buying new vehicles that are faster and heavier than ever, and less fuel-efficient than 20 years ago, the Environmental Protection Agency says in a new report.

The average fuel economy of new 2006 models was virtually flat with a year ago at 21 miles per gallon, according to the latest EPA report, despite the increasing deployment of technologies such as systems that shut off cylinders in V-8 engines and six-speed transmissions.

The incremental gains from those technologies were offset by consumers, who continued to buy lower-mileage minivans, pickup trucks and sport-utility vehicles. Marc Schwartz, sales manager at Major Chevrolet in Long Island City, N.Y., says that while he has seen an increase in passenger-car sales, there is still a lot of interest in SUVs like the redesigned Chevrolet Tahoe. "People ask about mileage and say they are worried about it," he says. "But in the end, they still want an SUV."

The 2006-model-year vehicles are the heaviest, fastest and most powerful vehicles for any year since the EPA began compiling such data in 1975. The average weight of a 2006 vehicle is 4,142 pounds, compared with 3,727 pounds in 1997.

The EPA said the average 2006 vehicle generated 219 horsepower, compared with the average in 1997 of 169 horsepower. The amount of time it takes for a vehicle to go from zero to 60 miles per hour was 9.7 seconds in 2006, compared with 11 seconds for a 1997 model.

Fuel economy for 2006-model-year vehicles averages 21 miles per gallon. That is slightly worse than in 1987, when fuel economy averaged 22.1 miles per gallon using less sophisticated technology, according to the EPA report.

"The fleet fuel economy has remained stagnant mainly because of the types of vehicles consumers have purchased," says Charles Territo, director of communications for the Washington, D.C.-based Alliance of Automobile Manufacturers, an association made up of nine auto makers, including General Motors Corp., Ford Motor Co., DaimlerChrysler AG and Toyota Motor Corp.

The EPA report divided auto makers into two groups in which Toyota, Honda Motor Co., Hyundai Motor Co. and affiliate Kia Motors Corp., and Volkswagen AG have fuel economies that fall between 23.5 and 24.2 miles per gallon. In the other group, GM, Ford, DaimlerChrysler and Nissan Motor Co. had fuel economies of 19.1 to 20.5 miles per gallon.

But all of the auto makers have let fuel economy slide compared with 20 years ago, including Toyota, Honda and Hyundai-Kia, which now sell more SUVs and trucks than they did in the past.

Mr. Territo noted that auto makers sell more than 100 models that get more than 30 miles per gallon. And there are 46 models available that offer fuel-efficient technology such as vehicles running on ethanol, diesel or a hybrid engine. But auto makers also offer other choices to consumers to meet their needs, such as SUVs and pickup trucks.

More than 55% of all new vehicles purchased in 2005 were minivans, pickup trucks, vans or SUVs, says R.L. Polk, an auto-data provider in Southfield, Mich.

Despite gas prices topping $3 a gallon in California and other parts of the country, light trucks have outsold passenger-car vehicles for the first six months of this year, making up 52.5% of total vehicle sales, according to Autodata Corp.

Consumers have been shifting toward smaller SUVs, known as crossovers, and passenger vehicles in the wake of higher gas prices. Sales of large and midsize SUVs, and pickup trucks, have fallen amid increasing concern over gas prices.

Yesterday's American Automobile Association Fuel Gauge Report showed the average price of fuel is now $2.964 per gallon, nearing the record set in the wake of Hurricane Katrina last year at $3.057 per gallon on Sept. 5, 2005.

The EPA report reflects the balance auto manufacturers have to pursue in meeting many customer requirements at once, says GM representative Sherrie Childers Arb. She also noted safety equipment, such as air bags, also make vehicles heavier.

"Fuel-efficiency improvements have actually taken place," she says. "But vehicles have gotten faster and heavier because of other things consumers want."

The traditional Big Three have relied more on pickup trucks and SUVs for profit, which has hurt them when it comes to fuel-efficiency perceptions. When consumers are more worried about fuel economy, it tends to benefit Asian auto makers that are perceived to produce more fuel-efficient vehicles.

In June, GM sales fell by 26%, while Ford was down by 7.1% and DaimlerChrysler declined by 13.2%. In contrast, Toyota's sales were up by 14.4% while Honda's sales remained flat.

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That's why GM, Ford and DaimlerChrysler's Chrysler Group have been focusing recent ads on the fuel-efficiency of their vehicles. The latest commercials for Chrysler's Town & Country, for example, say the minivan gets 26 miles per gallon.

EPA Says No Improvement In Fuel Economy (AP-Y)

By Ken Thomas

AP2, July 18, 2006

The average fuel economy of 2006 model year vehicles remained constant compared with last year, the government reported Monday.

The Environmental Protection Agency said in its annual report, based on sales projections provided by automakers, that the estimated average fuel economy for 2006 vehicles was 21 miles per gallon, the same as 2005 models.

Honda Motor Co. had the highest fuel economy rating by manufacturer, 24.2 mpg, followed by Toyota Motor Corp., with a 23.8 mpg average. But both Japanese automakers saw their averages drop from the previous year as they placed more of an emphasis on larger vehicles.

DaimlerChrylser AG had the lowest fuel economy rating — 19.1 mpg — followed by Ford Motor Co., which improved 0.5 mpg to reach 19.7 mpg. General Motors Corp. also showed improvements, posting a 20.5 mpg average, but environmental groups said they were disappointed by overall results.

"The more things seem to change in the world in terms gas prices and energy crises, the more things seem to stay the same in the auto industry," said David Friedman, research director for the Clean Vehicles Program at the Union of Concerned Scientists.

The EPA report showed fuel economy averages 5 percent below the peak of 22.1 mpg in 1987-88.

Among vehicle type, passenger cars averaged 24.6 mpg in 2006 — down from 25 mpg in 2005. SUVs averaged 18.5 mpg, an increase of 0.2 mpg, and pickups rose by 0.1 mpg to average 17 mpg.

The amount of miles a motorist gets on a gallon of gas has declined slightly as consumers have bought more sport utility vehicles and pickup trucks and, in general, vehicles have improved in acceleration and become heavier.

In 1987, about 28 percent of vehicle sales were light trucks, which include pickups, SUVs and vans; about half of the vehicles sold today fall into that category. The average vehicle weight has increased from 3,220 pounds in 1987 to 4,142 today, while the average 0-to-60 acceleration time has fallen from 13.1 seconds in 1987 to 9.7 seconds in 2006.

Charles Territo, a spokesman for the Alliance of Automobile Manufacturers, said nearly every new model offers fuel-saving technologies such as engines equipped with variable valve timing and cylinder deactivation.

Consumers can also choose from more than 100 models attaining 30 mpg or better or more than 40 alternate fuel vehicles such as hybrids, diesels or vehicles capable of running on 85 percent ethanol blends.

"Manufacturers are always looking at ways of bringing new fuel efficient technologies to market," Territo said. "The challenge is creating vehicles that continue to meet consumers' needs while also providing increased fuel efficiency."

Gas-electric hybrid vehicles were among the leaders in vehicle nameplates by class. The Honda Civic hybrid led among compact cars with a combined fuel economy rating of 49.8 mpg while the Toyota Prius led midsize sedans with 55.3 mpg. A version of the Ford Escape hybrid led midsize SUVs with a 33.3 mpg average.

A Windfall From Shifts To Medicare (NYT)

By Milt Freudenheim

The New York Times, July 18, 2006

The pharmaceutical industry is beginning to reap a windfall from a surprisingly lucrative niche market: drugs for poor people.

And analysts expect the benefits to show up in many of the quarterly financial results that drug makers will begin posting this week.

The windfall, which by some estimates could be $2 billion or more this year, is a result of the transfer of millions of low-income people into the new Medicare Part D drug program that went into effect in January. Under that program, as it turns out, the prices paid by insurers, and eventually the taxpayer, for the medications given to those transferred are likely to be higher than what was paid under the federal-state Medicaid programs for the poor.

About 6.5 million low-income elderly people or younger disabled poor people were automatically transferred into the Part D program for drug coverage. Because their other health needs are still covered by Medicaid, they are called dual eligibles.

The advent of Part D has not affected the drug coverage for the 45 million other low-income people whose drugs are still paid for under state Medicaid programs. Those programs closely monitor drug prices, and drug makers often typically end up paying rebates to the states.

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It is too early to calculate the full effect of the shift of the former Medicaid patients now covered by Part D. But analysts expect it to generate hundreds of millions of additional dollars this year for the drug companies, which have long chafed under the pricing restraints of the state programs.

Drugs tend to be cheaper under the Medicaid programs because the states are the buyers and by law they receive the lowest available prices for drugs.

But in creating the federal Part D program, Congress — in what critics saw as a sop to the drug industry — barred the government from having a negotiating role. Instead, prices are worked out between drug makers and the dozens of large and small Part D drug plans run by commercial insurers.

Since Part D went into effect, the pharmaceutical industry has raised the wholesale prices of its brand-name drugs an average of 3.6 percent. Although the actual amount spent depends on what each insurer negotiates, in many cases the drugs for those 6.5 million people who used to receive their medicines through Medicaid will cost more now.

Initially, the added costs will be paid by the insurers administering the new Medicare drug program. But when it comes time for the insurers to settle accounts with the government, the costs of the 6.5 million drugs for the transferees will end up being passed along to federal taxpayers, according to analysts and health care economists.

The windfall for the drug makers was made possible by a provision of the 2003 Medicare law that exempts Part D drugs from "best price" rebates that the drug makers have been required to give to the state Medicaid programs since 1991. Those rebates are meant to make sure that state Medicaid agencies pay no more than the best prices drug companies offer to any big commercial insurer.

Under Medicaid, the federal government and state agencies paid more than $14 billion annually for the drugs of the 6.5 million transferees. Without the best-price rebates, the cost would have been 25 percent higher, or about $17.5 billion, said Stephen W. Schondelmeyer, a professor of pharmaceutical economics at the University of Minnesota.

Nobody yet knows what the total drug bill will be for these people under Part D, beyond the assumption by many experts that it will be higher. Medicare will not have solid numbers until it can analyze the hundreds of monthly reports that the plans in the Part D system are required to file.

Yet, one indicator of the higher revenue from dual-eligibles has already been seen in reports by drug companies this year showing double-digit United States sales increases of certain drugs that are heavily used by Medicaid patients. For example, sales of Lamictal, an antipsychosis drug from GlaxoSmithKline, were up 33 percent, to $305 million in the first quarter; sales of Seroquel, an antipsychotic from AstraZeneca, were up 29 percent, to $590 million; and sales of Plavix, a blood thinner from Bristol-Myers Squibb, were up 26 percent, to $850 million.

Timothy Anderson, a pharmaceutical analyst with the Prudential Equity Group, estimates that if Part D were not in place the rebates for the makers for all of 2006 would have been more than $2 billion for 13 drugs widely used by the people transferred from Medicaid to Part D.

Dr. Anderson estimates that because the companies will not have to pay those rebates under Part D, revenue to Glaxo from Lamictal will increase by $298 million this year, AstraZeneca's Seroquel sales will rise by $521 million, and Plavix revenue will increase $169 million. Estimates on the rebate increases because of Part D are few, but all are in general agreement on the size of the rebate to drug makers.

Medicaid programs have been especially important for drugs like Seroquel and Lamictal, which are prescribed for bipolar disorder and other mental health problems

About two million of the people transferred to Part D are disabled and younger than 65, and "more than half of them have mental health problems," said Jim Verdier, a senior fellow at Mathematica Policy Research in Washington and a former Medicaid director in Indiana. "In the past, Medicaid was 80 to 90 percent of the total market for some high-end antipsychotic drugs," Mr. Verdier said.

Over all, the Medicaid best-price rebates have averaged about 15 percent of the list prices of the manufacturers, but some states, including California, New York and Maine have obtained even larger rebates, Professor Schondelmeyer said.

Now, under Part D, all sorts of price deals will be negotiated by dozens of Medicare drug plans, large and small. The prices will be reported to Medicare, but under a provision of the law pushed by industry lobbyists, they will otherwise be kept secret.

Mark B. McClellan, administrator of the federal agency that oversees Medicare and Medicaid, said that the lowest-cost plans among the Part D offerings by commercial insurers were now getting "significantly better prices than Medicaid." But he did not provide specifics.

Dr. McClellan also noted that his agency was requiring the states to return a combined total of $5.8 billion to Washington from federal funds dispensed to the Medicaid program. That money is based on a federal estimate of the amount states will be saving by no longer having to provide drugs to the dual-eligibles.

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But the states, disparaging those refunds as "clawbacks," have disputed the federal formula that was the basis for the repayments. Last month, the Supreme Court declined to hear a case filed by the attorneys general of Texas and four other states seeking to quash the repayment formula as unconstitutional.

Now the plaintiffs, which also include Kentucky, Maine, Missouri, and New Jersey, are expected to take the fight to lower courts. Ten other states have supported the plaintiffs.

The states say the federal formula assumes higher drug costs than many Medicaid programs have been spending.

"We get 32 percent back in drug rebates," said Jude E. Walsh, a special assistant to Governor John Baldacci of Maine. She said Maine's Medicaid drug costs were rising only 2 percent to 3 percent a year, compared with national trends that are three to four times that.

The drug companies, for their part, have played down the size of the expected windfall from Medicaid transferees. And Bush administration officials say they do not know how much they will end up spending on those people. "No one is willing to quantify it," said Dr. Anderson, the Prudential analyst.

In one of the few public comments by a drug company official, Derica W. Rice, chief financial officer of Eli Lilly, told analysts on a conference call in April that Lilly expected "modest price benefits due to lower rebates as patients move from Medicaid to Plan D."

Zyprexa, a Lilly drug for schizophrenia, is another medication widely prescribed for Medicaid patients.

The drug makers do have reason to worry about long-run prospects under the vast new Medicare Part D program. There are currently 81 Part D drug plan sponsors, large and small, with varying degrees of negotiating power. But the plans are expected eventually to merge into a handful of large survivors, each of them presumably having more bargaining power with drug companies.

A further concern is that as the true costs of Part D become known, Congress may eventually impose spending ceilings.

For now though, as the drug industry begins to report its quarterly profits, the market for those 6.5 million poor people is likely to look rather lucrative.

Clinton's $22M War Chest (HILL)

By Alexander Bolton

The Hill, July 18, 2006

Sen. Hillary Rodham Clinton (N.Y.), the early favorite to win the Democratic presidential nomination in 2008, has raised $44 million this election cycle and has $22 million in her campaign war chest, according to her latest finance report.

She is pre-eminent among White House hopefuls in the Senate facing reelection this year who could have a significant financial advantage heading into the presidential primaries, new campaign-finance reports show.

While the midterm elections this November are the main focus, at least officially, preparations for the next presidential race are in full swing behind the scenes. That is probably because, as Federal Election Committee (FEC) Chairman Michael Toner says, presidential contenders will need $100 million by the end of 2007 to be considered serious candidates. Fundraising veterans know that raising campaign cash early is imperative to attracting more money down the road.

Clinton is running for reelection in New York this year, and Republicans have struggled to find a high-quality challenger, which means she may have a bulging campaign account after November.

In addition to her personal campaign account, Clinton has raised $775,000 through the end of May in her leadership political action committee (PAC), Hill PAC, which has $100,000 in the bank.

But money collected in the personal campaign account is more important in the 2008 calculus because it can be transferred to a presidential campaign. Leadership PAC money is useful because it pays for candidates' travel around the country, but it cannot be moved to a presidential campaign committee.

Senators have this advantage over governors positioning themselves for White House runs. Governors cannot move their excess state-level campaign funds to presidential campaigns, said FEC spokesman Bob Biersack.

The presumptive Republican front-runner, Sen. John McCain (R-Ariz.), lags far behind Clinton in proto-presidential fundraising. His campaign, Friends of John McCain, has only $1.1 million on hand, having raised only $11,000 in the past three months, according to a campaign official. His leadership PAC, Straight Talk America, raised $2.12 million through May but had saved only $762,000. In spending his PAC proceeds, however, McCain has traveled the country raising money for GOP candidates, intensifying an unofficial campaign for the White House.

One of McCain's chief rivals, Sen. George Allen (R-Va.), has more, $6.6 million, in his campaign piggybank, and $120,000 in his Good Government for America leadership PAC. But Allen faces a strong challenge from Democrat Jim Webb, an old buddy of McCain's from the Vietnam War. That race could burn much of Allen's cash.

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Among Senate Democrats, the closest behind Clinton is the Senate Foreign Relations Committee ranking member, Sen. Joseph Biden (D-Del.), who has $3.3 million in his personal reelection account, Citizens for Biden, according to records of fundraising activity through the end of June. Biden also has $462,000 in his PAC.

Biden has more reason than several of his colleagues to raise campaign money because he's facing reelection in 2008. Aside from having $19 million less than Clinton, Biden faces another disadvantage. Should he decide to run for Senate reelection, donors who have already given the maximum to his campaign cannot give more to his presidential committee if he were to convert his excess Senate funds for a White House bid.

Other White House aspirants in the Senate have saved relatively little in their personal campaign accounts, making little discernable effort to build their bankrolls in anticipation of what political observers expect to be a frenzied pursuit of donors next year.

Sens. Chuck Hagel (R-Neb.), Sam Brownback (R-Kan.) and John Kerry (D-Mass.) have less than a million dollars saved in their personal campaign accounts.

Sen. Chris Dodd (D-Conn.), who recently declared his White House ambitions, has $1.9 million saved in his campaign account. Sen. Russ Feingold (D-Wis.), fast becoming a favorite among liberal, anti-war Democrats, has saved $1.5 million in his campaign.

But while Kerry doesn't have much in the bank, his allies are stressing how much he has raised for other Democrats — nearly $10 million for candidates and committees since November 2004, according to a Kerry aide. He has raised $2.26 million for 18 Senate candidates and $1 million for 74 House candidates.

Senators, however, are not the only presidential hopefuls raising and spending. Washingtonpost.com's political blog, the Fix, reported recently that Massachusetts Gov. Mitt Romney (R) raised $3.4 million through six political action committees between April 1 and June 30.

Fundraising Name of Raised in Cash through organization/PAC cycle/year (for PACs) on hand
June 30 Friends of John McCain $166,000 $1,100,000
May 31 Straight Talk America (McCain) $2,119,000 $762,000
June 30 Friends of George Allen $11,430,000 $6,600,000
June 30 Good Government for America Committee (Allen) $62,000 $120,000
June 30 Hagel for Senate $438,000 $156,000
May 31 Sandhills PAC (Hagel) $186,000 $139,000 Frist 2000 Inc. terminated committee
May 31 Volunteer PAC (Frist) $2,230,000 $660,000
June 30 Friends of Brownback $268,000 $636,000
June 30 Restore America PAC (Brownback) $194,000 $126,000
June 30 Friends of Hillary $44,000,000 $22,000,000
May 31 Hill PAC (Clinton) $775,000 $100,000
June 30 Friends of John Kerry $4,216,000 $179,000
May 31 Keeping America's Promise (Kerry) $1,603,000 $502,000
June 30 Citizens for Biden $5,100,000 $3,300,000
June 30 Unite our States PAC (Biden) $533,000 $462,000
June 30 Friends of Chris Dodd $19,000 $1,881,000
May 31 CHRIS PAC (Dodd) $142,000 $171,000
June 30 Feingold Senate Committee $2,425,000 $1,452,000
May 31 Progressive Patriots Fund (Feingold) $861,000 $546,000

Why The Left Is Furious At Lieberman (LAT)

By Duncan Black
The Los Angeles Times, July 18, 2006

SOME TIME AFTER having lunch in Iraq with the junior senator from Connecticut, Time magazine Baghdad bureau chief Michael Ware told an interviewer, "Either Sen. Lieberman is so divorced from reality that he's completely lost the plot, or he knows he's spinning a line."

Although Ware was referring specifically to Joe Lieberman's observations about Iraq, his characterization perfectly summarizes the former vice presidential candidate's whole political approach, and it explains why so many Democrats are eager to see him lose in a primary election next month.

Many political observers have tried to paint the candidacy of Lieberman's challenger, Ned Lamont, as merely a referendum on the invasion of Iraq, which Lieberman supported. This newspaper's editorial board declared it "disturbing" that the senator has

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been "targeted for defeat by national fundraisers based on his foreign policy views." The reason for Lamont's popularity, explained the Washington Post's David Broder, "is simple: the war."

The war is certainly a reason — and given how events continue to devolve in Iraq, a perfectly sufficient one — but those who focus only on that miss the broader opposition to Lieberman and the kind of politics he represents.

For too long he has defined his image by distancing himself from other Democrats, cozying up to right-wing media figures and, at key moments, directing his criticisms at members of his own party instead of at the Republicans in power.

Late last year, after President Bush's job approval ratings hit record lows, Lieberman decided to lash out at the administration's critics, writing in the ultraconservative Wall Street Journal editorial pages that "we undermine presidential credibility at our nation's peril." In this he echoed the most toxic of Republican talking points — that criticizing the conduct of the war is actually damaging to national security.

Lieberman has a long history of providing cover for the worst of Republican actions while enthusiastically serving as his own party's scold. After the Senate acquitted President Clinton on all impeachment charges, Lieberman called for his censure. More recently, he rejected a call by Sen. Russell D. Feingold (D-Wis.) to censure Bush over the National Security Agency's warrantless wiretapping program, calling the attempt "divisive."

Lieberman looks happiest when playing a "Fox News Democrat," as he did in a February appearance on Sean Hannity's radio program, during which the two exchanged compliments and expressions of friendship and Hannity offered to campaign for him. The senator seems to enjoy Sunday talk shows more than actually doing his job. New Orleans could have been spared the hacktastic performance of Michael Brown, the unqualified former director of the Federal Emergency Management Agency, had Lieberman not shooed him through the confirmation process in a breezy 42-minute hearing.

Lieberman's relationship with the Democratic Party has been one of convenience, not principle, as was proved definitively in late June when he declared his intention to run as an independent if he loses the Aug. 8 primary. Proclaiming that he had loyalties "greater than those to my party," he decided he would deserve a do-over if rejected by Connecticut Democrats. In what could be the final tragic act of his political career, Lieberman might soon discover that Republicans don't love Democrat-bashing Democrats enough to actually vote for them.

Much of the interest in this race is not because of Lamont but rather his perceived base of support from bloggers, including me. One prominent pundit claimed that Lamont's online backers were practitioners of "blogofascism"; another called the campaign an "inquisition." Online political discourse can indeed be caustic and combative, like talk radio. But too many in the Lieberman wing of the party have elevated civility and the illusion of bipartisan comity over challenging Republicans' failed policies. In the process, they have echoed GOP jargon in dismissing critics as "angry" and "hate-filled."

Politics is a contact sport. Those who would paper it over with a veneer of false propriety are pretending it's something that it is not. More than that, loud and raucous debate is a healthy part of our democracy.

Lieberman's problem isn't bloggers, it's the voters of Connecticut, who seem to be increasingly tired of his support for some very uncivil policies, including federal intervention into the Terri Schiavo case, the administration's operations at the U.S. prison at Guantanamo Bay and, yes, that disastrous invasion of Iraq.

U.S. Rep. Katherine Harris Has Surgery (AP-Y)

AP2, July 18, 2006

U.S. Rep. Katherine Harris was "resting comfortably" at her home Monday after surgery to remove an ovarian mass, her office said.

Harris, a Florida Republican who is running for the U.S. Senate, underwent the procedure at Walter Reed Army Medical Center, her office said. Spokesman Gerry Fritz declined to answer questions about the surgery, citing Harris' wish for privacy.

An earlier statement from her office said the mass was to be biopsied and removed in a minimally invasive laparoscopic surgical procedure.

Harris' Senate campaign has been plagued by problems, and she trails Democratic Sen. Bill Nelson by more than 30 points in most polls.

Fundraising has been slow, GOP leaders tried to find another candidate, and she has received more attention for her association with a corrupt defense contractor who gave her $32,000 in illegal campaign contributions than she has on the issues.

On Friday, her office disclosed that she gave her campaign more than $3 million to run for Senate, but then took back $100,000 to finish renovating her "historic home" in Washington, D.C.

Harris had announced on national television that she would spend $10 million of her own money on the race, but a press release Friday referred to the money as a loan.

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Also last week, she lost much of her core campaign staff for the second time since getting in the race last summer. Her campaign manager, Glenn Hodas, resigned after three months on the job, saying Harris was uncontrollable. He was the third person to hold the position.

But Seriously, Folks (WP)

By Peter Carlson

The Washington Post, July 18, 2006

FORT WORTH

Smoking an illegal substance, Kinky Friedman heads for the Flying Saucer.

Kinky -- nobody calls him Friedman -- is a comic country singer, mystery novelist and Texas humorist. The illegal substance is a fat, stinky Cuban cigar. The Flying Saucer is the Fort Worth bar where Kinky is about to deliver a speech in his campaign for governor.

But first he removes the cigar from his mouth and reveals the wisdom that his old friend, country icon Willie Nelson, imparted when Kinky began his campaign: "No pedophile jokes till after the election."

So far, Kinky has followed that advice, and it has served him well. The pols and the pundits said he was a clown who could never collect the 45,540 signatures necessary to get on the November ballot as an independent candidate. But Kinky showed them: He got 137,154 certified signatures.

He ambles down the sunny street, wearing his trademark outfit: black cowboy hat, black shirt, black leather vest, bluejeans and black cowboy boots. Those duds, along with the Frank Zappa facial hair and the Groucho Marx cigar, make Kinky look like the bad guy in a bad western. They also make him instantly recognizable all over Texas.

"Kinky!" yells a guy who recognizes him from across the street. He gives a thumbs-up sign. "I'm votin' for you!"

"May the God of your choice bless you," Kinky replies.

When Kinky steps into the Flying Saucer, the crowd erupts in cheers. The place is packed, with several hundred people sitting at tables and others filling the aisles. Nearly everybody is drinking beer, which is good preparation for any political speech, particularly one of Kinky's.

"Well, folks, it looks like the election is getting more and more interesting," he says. "The other three candidates seem to have humor bypasses. If you're a politically correct person, you should vote for one of them. You have to be politically correct to be a politician, and the three of them are. Me, I'm a compassionate redneck."

The crowd cheers, and the man President Bush once called "a Texas legend" launches into his stump speech, a zippy combination of Borscht Belt humor and populist politics.

"As you know, I'm 61 years old, which is too young for Medicare and too old for women to care," he says. "But I care about Texas and I want to fix what's wrong with it. We are probably the richest state in the country, but we got potholes in the roads, we can't pay our teachers, we can't provide health insurance for our kids and they're trying to sell off the state parks!"

Kinky promises big changes. He'll legalize casino gambling and use the proceeds to fund public schools -- "slots for tots." He's the only candidate in the race -- or maybe anywhere -- who supports both school prayer and gay marriage. ("They have a right to be as miserable as the rest of us," he explains.) He'll clamp down on illegal immigration. And he'll run the state's school buses on the biodiesel fuel that Willie Nelson uses to propel his tour bus.

"We can make Texas number one in renewable fuels -- which is a helluva lot better than being number one in executions, toll roads, property taxes and dropouts!"

The crowd cheers and Kinky tells them that he can win this race. In the 2002 gubernatorial election, he says, only 29 percent of the voters even bothered to show up.

"Last time, they spent $100 million just to drive 71 percent of us away from the polls," he says. "This time, that 71 percent is coming roarin' back -- with pitchforks ! -- to throw the money-changers out of the temple!"

After the speech, Kinky's supporters swarm the merchandise table to contribute to his campaign by purchasing posters, T-shirts and a $29.95 Kinky doll that utters a couple of dozen of his one-liners when you push a button on its back. "How hard can it be?" the doll says. And: "I can't screw things up any worse than they already have."

An hour later, Kinky is still autographing these items for a long line of fans. It's hot, and he's sweating in a shirt he's already worn for two days. He turns to Jeff Shelby, his childhood friend and campaign chauffeur, and whispers, "Man, I just smelled my shirt -- whew!"

Shelby laughs -- he had told Kinky to bring more shirts -- then Kinky sticks his cigar back into his mouth, lays his wilted black sleeves across the shoulders of two middle-age women and smiles for a cellphone picture.A Four-Way Race

Kinky Friedman is just a part -- one-quarter, to be exact -- of what Texas Monthly recently called "The Weirdest Governor's Race of All Time."

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The Republican candidate is the incumbent, Rick Perry, whose amazing anchorman coiffure inspired the nickname "Governor Good Hair." In 2002, Perry won election with 58 percent of the vote. Since then his popularity has plummeted, the victim of an unpopular school finance plan and a new business tax. Recently, 15 longtime Republican contributors expressed their displeasure over the business tax by writing him checks -- for a penny or two.

One anti-Perry Republican, state Comptroller Carole Keeton McClellan Rylander Strayhorn, is running for governor as an independent. She's a formidable candidate: In 2002, campaigning for comptroller on the slogan "One Tough Grandma," Strayhorn -- the mother of former Bush press secretary Scott McClellan -- won 246,000 more votes than Perry. But her name was Rylander then and her new name doesn't have the same recognition, so she asked to appear on this year's ballot as Carole Keeton "Grandma" Strayhorn. The elections folks declined that request, ruling that "Grandma" isn't a nickname, it's a slogan.

The Democrats, who haven't won a statewide race in Texas since 1994, nominated Chris Bell, an obscure former one-term congressman from Houston. Bell doesn't have a nickname, but he's frequently referred to as "What's-his-name, the Democrat."

And then there's Kinky, the author of 23 books and dozens of country songs as leader of the 1970s band Kinky Friedman and the Texas Jewboys. Kinky's repertoire included the classic anti-bigot anthem "They Ain't Makin' Jews Like Jesus Anymore," which not only contains nearly every ethnic slur imaginable, but also manages to rhyme "Aristotle Onassis" with "ethnocentric racist." (His sidekick, Shelby, played piano in the Jewboys under the nickname "Jewford," and he became semi-famous in Texas himself.)

The campaign is a bizarre, four-way slugfest that has, the Dallas Morning News recently noted, "transformed what probably would have been an easy run for incumbent Rick Perry into a wide-open race."

Some polls show Kinky running second to Perry. Does that mean the Kinkster might actually win ?

"I don't think there's any chance of that," says Jason Stanford, who is Bell's campaign manager.

"He'll come up woefully short," says Mike Baselice, Perry's pollster.

"He won't win," says Evan Smith, editor of the Texas Monthly, "but he'll affect who wins."

Kinky's campaign manager, Dean Barkley, the architect of Jesse Ventura's successful 1998 race for governor of Minnesota, is more optimistic. "If 40 percent of registered voters turn out," Barkley says, "Kinky will win."

Barkley figures Kinky's image as a straight-talking outsider will appeal to angry, alienated folks who seldom vote. Kinky's campaign has raised more than $3.4 million -- more than Bell but far less than Perry or Strayhorn -- while enlisting an army of volunteers who gathered the signatures that put him on the ballot. Now all Kinky has to do is get one more vote than anybody else: The election is winner-take-all, with no runoff.

"Kinky's gonna win," says John McCall, a hair-care products mogul who has donated $1 million to his old friend Kinky's campaign. "I have a business that deals with hairdressers. People talk to their hairdressers. And what I'm hearing is: Kinky's gonna win in a landslide."Unconventional Wisdom

Kinky squats down to pat his two little pit bulls, Valerie and Penny, then he lets them out into the back yard of his funky little ranch house in Austin.

"We can learn a lot from animals," he says. "How to be loyal. How to be ready for fun. How to get over things quick."

Kinky is one of Texas's most famous animal lovers. He donates the proceeds of his line of salsa -- Kinky Friedman's Private Stock -- to the Utopia Animal Rescue Ranch, a central Texas facility for abandoned animals that's on land donated by Kinky's late father, Tom. (Laura Bush is on the board of directors.)

"We've saved more animals than Noah," Kinky says. "It's Gandhi-like work, and I'm a Gandhi-like figure. Meaning I don't do any of the real work, I just promote it."

He ambles into the living room, which houses a pool table, and shoots a quick game of nine-ball. Then he heads to the bedroom to pack his bags.

It's another long day on the campaign trail. He was up at dawn to address a convention of teachers at an Austin hotel. Then he held a quick news conference, revealing, among other things, that he prefers campaigning among Hispanics because "their food is better." Now he's heading to Houston, first stop on a four-day campaign swing.

Jewford stuffs their suitcases into the campaign's rented Chevy Trailblazer, then gets behind the wheel. Kinky rides shotgun and fires up a cigar.

For the next several hours, he keeps up a steady stream of jokes, gripes and stories. He calls Democrats and Republicans "the Crips and the Bloods." He grumbles that election law forbids campaigns to pay the candidate. "And my staffers," he adds, "are such officious, honest [bleeps] that I can't suck any bucks out of the campaign." And he complains about people who complain that his speeches are full of one-liners: "All politicians speak in one-liners and sound bites. They're just not as funny as mine."

He quotes Mark Twain. He quotes Oscar Wilde. He quotes a pig farmer he met while campaigning: "You ain't worth a damn," the farmer told Kinky, "but you're better than what we got."

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He puffs on his cigar a while, then lets it go out and stuffs it into his pocket. A few minutes later he retrieves a different half-smoked cigar from his pocket and ignites it.

"Churchill said cigars are 'gamier when resurrected,' and he was right," he says.

Cruising into Houston on Interstate 10, the Trailblazer runs into a traffic jam. This makes Kinky cranky. He gripes about the traffic. He gripes about Houston. He calls his campaign headquarters to gripe about the next item on his schedule -- taping an ad for the Houston Comets, a women's professional basketball team.

"I don't like basketball and I don't like women's basketball," he grumbles into his cellphone. "If it was roller derby, it would be different."

He listens for a while, puffing away. "All right, I'll do it," he says, "and in September you'll have your candidate in a mental hospital."

He hangs up, then starts trying to figure out what to say in this ad. It's got to be something different, something funny, something . . . Kinky . He tries out a few jokes but rejects them. Then it comes to him -- the perfect line. He starts grinning mischievously.

The Trailblazer pulls into a parking garage beneath the Toyota Center, where the Comets play. A young woman leads Kinky into a TV studio and sits him down behind a fake anchorman desk. It's the Comets' 10th anniversary, she explains, and Texas celebrities are taping greetings that will be played at the arena during games.

The cameraman gives him the signal.

"Hi, folks, it's Kinky Friedman, here to wish the Houston Comets a happy tenth anniversary." He pauses, then leans forward and jabs his cigar at the camera. "Houston Comets basketball -- it's not just for lesbians anymore!"

The cameraman cracks up, then quickly stifles his laughter and asks Kinky to do something a bit more conventional. Kinky obliges, but he's not happy about it.

Back in the car, he starts grumbling again. "If those [bleeps] don't see that as the perfect slogan for them," he says, "they're crazy."

The Second Career

Kinky Friedman has lived a life that could, and soon might, inspire the world's most entertaining political attack ad.

"I've been stoned a lot of times," he says. "And I've been involved with a lot of beautiful women. And I don't regret any of it."

He was born Richard Friedman in 1945 in Chicago, but his parents soon moved to Texas. His mother was a speech therapist, his father a professor of educational psychology at the University of Texas. In 1952, they founded Echo Hill, a Jewish summer camp in the Texas Hill Country, where Kinky worked as a counselor and began performing with Jewford, singing old folk songs and a new one that Kinky wrote at age 11: " Old Ben Lucas, had a lot of mucus coming right out of his nose . . ."

"He was energetic, he was pushing the envelope and he was doing things to irritate people," Jewford recalls. "He was pretty much the same as he is now."

At the University of Texas, he was nicknamed Kinky -- a reference to his hair, not, alas, to anything more risque. After graduating in 1966, he joined the Peace Corps and was sent to Borneo, where, he says, "I was supposed to teach agriculture to people who had been farming successfully for 2,000 years."

Back home in the early '70s, he formed the Texas Jewboys. Kinky, who played guitar, wrote some soulful, sensitive ballads, but what inspired a cult following were his outrageous comic songs: among them, a satire of anti-feminists called "Get Your Biscuits in the Oven and Your Buns in Bed," and a parody of Merle Haggard's "Okie From Muskogee" called "[Lower End of the Intestinal Tract] From El Paso," which suggested that men from that Texas city were a tad too fond of sheep.

Kinky had some success -- he played the Grand Ole Opry, joined Bob Dylan's Rolling Thunder Revue and toured with Willie Nelson -- but by the early '80s, his career was tanking, his longtime girlfriend had died in a car crash and he was doing way too much dope.

"He was high on 27 different herbs and spices," says Jimmie "Ratso" Silman, a Washington TV cameraman who has played backup guitar for Kinky off and on since the '70s. "He was a different person back then, definitely fairly repellent as a human being."

"I quit doing cocaine," Kinky says, "when Bob Marley fell out of my left nostril."

Actually, he quit doing cocaine when he moved into a trailer on the grounds of his parents' camp and began a second career writing comic mystery novels. The novels -- he wrote 17 -- feature a country singer-turned-detective named Kinky Friedman, who smokes cigars, cracks a lot of jokes and occasionally solves a case.

"The point wasn't the mystery, it was the voice," says Evan Smith. "The guy has got one of the most extraordinary authorial voices."

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When Smith became editor of Texas Monthly in 2000, he hired Kinky as a columnist. The column was funny and very popular, but editing the Kinkster wasn't always easy. Once he did a column about . . . well, we can't say what it was about, for the same reason that Smith wouldn't run it.

"Kinky is 60 going on 12," Smith says.

A few years ago, Kinky called Smith at 7 in the morning, grumbling that he couldn't think of an idea for a column. Smith blurted out a suggestion: "Why don't you run for something?"

So Kinky wrote a column about running for governor. Smith thought he was kidding. So did everybody else. But Kinky -- who, in his only other stab at elective office, ran unsuccessfully for justice of the peace back in the '80s -- decided to make a serious run.

"I said, 'If you're really serious, you can't write for us,' " Smith recalls. " 'When you announce officially, I'm going to have to fire you.' "

Early in 2005, Kinky announced his candidacy on the Don Imus radio show and Smith fired him. Now, Smith hopes Kinky will lose so he can start writing the column again. He's fond of Kinky. In fact, he's fond of both Kinkys.

"There's definitely the act and the person," he says. "The person is more insecure and more sweet. He is one of the most genuinely sweet-tempered people I've ever met. You see it when he's with children or animals. . . .

"There's a definite sadness about him. He's alone. His mother and father are dead -- he was very close to them -- and he's not married. In a way, this campaign is a way for him to be out with a lot of people."Hitting the Jackpot

"I gotta go to Vegas," Kinky says.

He's eating lunch at a Mexican restaurant in Fort Worth and longing for a slot machine. His campaign promise to bring casinos to Texas is not mere wonkery: Kinky loves playing the $5 slots. "It's meditative," he says. His love was reciprocated last summer, when he won $45,000 playing $5 slots in Louisiana.

"God help the small child who steps between me and a slot machine," he says, smiling.

His lyrical ruminations on gambling are interrupted when a woman comes to the table to ask for his autograph. A few moments later, a couple stop by to pose for a picture with Kinky.

This happens all over Texas. The previous day, in Houston, a Republican geologist recognized Kinky on the sidewalk and pledged his support. A few hours later, at a Waffle House in rural Ennis, two elderly cowboys said they'll vote for Kinky, too. Later, a waitress in Fort Worth told Kinky that her coven had voted to endorse him.

Now, in the Mexican restaurant, Kinky's shaking hands and posing for pictures.

"He'll get my vote," says Ray Lopez, 32, an auto technician eating with his family. "I know it's a cliche, but I like the underdog. And I like the individualism he brings to the campaign."

Kinky wallows in the love. "I'm predicting landslide," he says on the way back to the hotel.

As he strolls into the lobby, Kinky is recognized by a retired autoworker named Billy Vann.

"I like your style," Vann says. "If you get in, it'll be because of your style."Always the Maverick

Chowing down on eggs Benedict, Kinky grumbles about his shirt.

It's the morning after his speech at the Flying Saucer and he's wearing the same black shirt that he'd found a tad too fragrant last night. It's a problem: He packed only one black shirt, and he can't very well appear in public out of costume. They need to go to a drugstore, he tells Jewford, to buy some of that Febreze stuff that you spray on shirts to de-funkify them.

It's crucial to get Febreze today , Kinky says, because tomorrow he'll be addressing a Dallas convention of the National Association of the Blind.

"They're blind, " Kinky says. "That means they have a heightened sense of smell."

Maybe he's joking. But he looks serious.

Anyway, there's no time for shopping now. They've got to hustle down the highway to join Willie Nelson for a news conference on biodiesel fuels.

A couple of hours later, the news conference begins at Carl's Corner, a biodiesel gas station off Route 35. But Nelson is a no-show, and a panel of earnest environmentalists drones on about renewable resources.

"This is stupefyingly dull," Kinky says, watching from the back of the crowd.

But he's got exciting news: He just thought of a great new line to use in his stump speech. He pauses dramatically, then reveals it: "I'm not like them."

He's smiling. He loves this line. He whips out his notebook and writes it down in big block letters: "NOT LIKE THEM."

He's right about that. No matter who "them" is, Kinky's not like them. If Texans want to elect a certified non-them as governor, they'll know where to find him.

Reed Hopes Voters Keep Faith, Forget Abramoff (LAT)

By Richard Fausset

The Los Angeles Times, July 18, 2006

ALPHARETTA, Ga. — For former Christian Coalition head Ralph Reed to succeed in his first bid for public office, he's going to have to pray for the help of voters like Norma Saunders.

Saunders, 83, has heard about Reed's ties to Jack Abramoff, the disgraced Washington lobbyist. But, she said, she still plans to vote for Reed in today's Republican primary for Georgia lieutenant governor.

"I have read about Ralph Reed through all of his troubles and triumphs, and I'm going to vote for him," Saunders assured a group of campaign volunteers who knocked on her door Friday. "I think he's articulate and capable."

For years, Reed has been the clean-cut, boyish face of the conservative Christian movement — a behind-the-scenes whiz whom many credit with helping the GOP solidify power in Washington. Now, however, it appears he will need every ounce of that talent to survive his bid for the powerful post of lieutenant governor.

His opponent, conservative state Sen. Casey Cagle, has hammered Reed over his connections to Abramoff, the once-powerful Washington insider who in January pleaded guilty to fraud, tax evasion and bribery.

Specifically, Cagle has criticized public relations jobs in which Reed rallied Christian conservatives to thwart regional gambling initiatives. In some cases, that work was funded by competing gambling interests represented by Abramoff, according to the conclusions of a U.S. Senate committee.

"Reed said gambling is immoral, but took millions of dollars from convicted felon Jack Abramoff to help casinos," a recent Cagle TV ad said, referring to Reed's "record of betrayal."

When Reed, 45, announced his candidacy in February 2005, most analysts considered the primary a cakewalk, given his prominence and talent for grass-roots organizing. Now the outcome is anyone's guess: One recent poll of likely Republican voters by the independent firm InsiderAdvantage had the two candidates tied at 43%, with 13% undecided.

If Reed loses the primary, he will probably go down as a footnote in the Abramoff saga — a minor casualty compared with former House Speaker Tom DeLay (R-Texas), who resigned from Congress this year partly because of his ties to the lobbyist.

But if Reed wins the primary, he could pose a campaign risk for Georgia Republicans. The party's popular governor, Sonny Perdue, is up for reelection. And although Georgia's governor and lieutenant governor are independently elected posts, analysts say Democrats would probably try to portray Reed and Perdue as a team in the general election — and saddle Perdue with Reed's baggage.

"The Democrats are really rooting for Reed," said Merle Black, a political science professor at Emory University in Atlanta. "They think his presence on the ticket would weaken Republicans…. Then Gov. Perdue would have to be defending Ralph Reed."

In a statement Monday, Georgia's Democratic Party chairman, Bobby Kahn, said that having Reed on the ticket "might distract from Gov. Perdue's own abysmal record," including a 2005 ethics fine for campaign finance violations.

Reed, who headed the Christian Coalition from 1989 to 1997, is credited with building the group into a powerhouse that helped deliver Republicans a congressional majority in 1994. Time magazine recognized his influence in 1995, placing him on the cover with the headline "The Right Hand of God."

He later served as chairman of the Georgia Republican Party, and worked as southeast regional chairman of President Bush's 2004 reelection campaign.

The current controversies are related to Reed's public relations and public affairs work with Abramoff, a longtime friend.

Last month, the Senate Indian Affairs Committee issued a report on Abramoff that showed Reed had worked to stop the expansion of video poker in Alabama. That work was funded by the Mississippi Band of Choctaw Indians, a casino-owning tribe that was trying to squelch regional competition.

In another case, Reed rallied Christians to shutter the casino of a Texas tribe, the Alabama-Coushatta, an effort funded by a competing Indian band.

The Senate report said the tribes paid Reed millions — indirectly, by funneling the payments through organizations acting as financial "conduits." Among them was Grover Norquist's anti-tax group Americans for Tax Reform.

A planner for the Choctaws, Nell Rogers, told committee staffers Reed was "more comfortable" with that method of payment.

"Ralph Reed did not want to be paid directly by a tribe with gaming interests," the report quoted Rogers. "It was our understanding that the structure was recommended by Jack Abramoff to accommodate Mr. Reed's political concerns."

Last week, the Alabama-Coushatta tribe filed a federal lawsuit against Abramoff, Reed and others, accusing them of engaging in fraud in the efforts to shut down its casino. Reed faces no allegations of criminal wrongdoing.

Reed, through campaign spokeswoman Lisa Baron, said he had received assurances from Abramoff's law firm that he would not be paid with gambling money. Baron described the lawsuit as "frivolous and utterly without merit."

Reed, meanwhile, has unleashed his own attack ads — focusing on Cagle's support of an eminent domain bill and accusing him of ethical lapses on the state Senate's banking committee.

Political observers say it is unwise to count Reed out, given his ability to turn out his evangelical base. Baron said that has been Reed's focus in recent days. Campaign volunteers over the weekend handed out fliers calling Reed a "successful small businessman" who believes in "the values that matter most — faith, family, freedom and hard work."

Reed is refusing interviews with all national media.

"He's not trying to persuade anyone at this point," Black said. "He's just trying to get the vote out among the evangelical Christians. He's been very successful in campaigning for other candidates in achieving those kinds of goals."

Inside Politics (WT)

By Greg Pierce

The Washington Times, July 18, 2006

Change of plans

Bowing to criticism from Democratic and Republican House leaders, a congressionally chartered historical society yesterday dropped plans to include imprisoned former Rep. Randy "Duke" Cunningham in a tribute to retiring members of Congress.

But despite complaints from Minority Leader Nancy Pelosi, California Democrat, the U.S. Capitol Historical Society is keeping former Majority Leader Tom DeLay on the program for tomorrow's annual event, the Associated Press reports.

So despite the group's about-face on Cunningham, Mrs. Pelosi still won't attend the event or let her name be used as a co-host, her spokesman said.

"DeLay left Congress under indictment," said spokesman Brendan Daly. "The ethics committee said they would have investigated him if he weren't leaving."

Ronald A. Sarasin, president and chief executive of the historical society, said Mr. DeLay is "entitled to the presumption of innocence" as he awaits trial in a Texas campaign-finance case.

But in a letter yesterday to Mrs. Pelosi, Mr. Sarasin said he was wrong to have included Cunningham's name on the list for the Tribute to Retiring Members of the 109th Congress being held in the Capitol's Statuary Hall.

Mr. Cunningham, California Republican, was sentenced in March to more than eight years in prison after pleading guilty to taking $2.4 million in bribes. Mr. Sarasin initially had defended the decision to include him and Mr. DeLay in the program, saying it wasn't up to the Capitol Historical Society to "pretend they never existed."

"The critics are right, and I was wrong," Mr. Sarasin wrote yesterday.

Bloomberg's future

"Democrats and Republicans [in New York City] are taking seriously talk that Mayor Michael Bloomberg will run as an independent for president in 2008," John Fund writes at www.OpinionJournal.com.

"One source close to Mr. Bloomberg predicts he will dispose of his multibillion-dollar business holdings next year, give much of it away to charity, and use some of the remainder for a high-stakes presidential campaign," Mr. Fund said.

"At a dinner party I attended last month, much of the talk was about whether the mayor might run. Sen. Charles E. Schumer, a Democrat, noted that the people around Mr. Bloomberg were clearly making noises about the possibility. Another leading Democrat, who is close to Sen. Hillary Rodham Clinton, opined that a Bloomberg candidacy would wind up hurting her general-election chances. A Republican broke in to disagree, noting that should the GOP nominate a highly conservative candidate in 2008, Mr. Bloomberg could snap up votes from middle-of-the-roaders in both parties attracted to his technocratic style.

"But could a Bloomberg candidacy actually succeed? Certainly, dissatisfaction with both major parties is high, with large numbers of Americans viewing Republicans as unprincipled and less-than-competent and Democrats as feckless and unserious. Similar conditions gave rise to Ross Perot in 1992, and for a while the diminutive Texas billionaire was running first in the polls. He eventually won 19 percent of the national vote and helped Bill Clinton defeat the first President Bush.

"Bloomberg boosters say their man has far more advantages than Mr. Perot did. Most obviously, Mr. Bloomberg has actually won two elections, whereas Mr. Perot never held elective office."

Tubes or pipes?

Sen. Ted Stevens is enduring no end of ridicule in the blogosphere for his explanation, in a Commerce, Science and Transportation Committee debate, of how the Internet works, Liz Ruskin of McClatchy Newspapers reports.

"The Internet is not something you just dump something on. It's not a truck. It's a series of tubes," the Alaska Republican said during a June 28 committee session.

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"And if you don't understand, those tubes can be filled. And if they are filled, when you put your message in, it gets in line and it's going to be delayed by anyone that puts into that tube enormous amounts of material, enormous amounts of material."

Internet pundits greeted his explanations with a nonstop sniggerfest, with extra helpings of derision, on sites such as BoingBoing, Daily Kos, Fark, MySpace and YouTube.

"Ted Stevens, unfrozen caveman senator," was the pronouncement on Wonkette.

Snorting loudest are bloggers who say Mr. Stevens' speech shows he is not the right person to chair the committee pushing to rewrite of the nation's fundamental communications act.

Communications lobbyists say Mr. Stevens is getting a bad rap. They say he was employing an analogy in the tubes statement.

Mr. Stevens' staff director on the committee, Lisa Sutherland, said the bloggers were making fun of Mr. Stevens for a minor mistake: Saying "tubes" rather than "pipes." The latter is common slang in the telecommunications industry.

The 'dictator'

"When, on 'The McLaughlin Group' over the weekend, Newsweek's Eleanor Clift charged that President Bush is 'a dictator who's ineffective,' an incensed Chrystia Freeland, a Canadian native who is the managing editor in the U.S. of London's Financial Times, scolded Clift for using the dictator label 'so loosely' and inaccurately," the Media Research Center's Brent Baker writes at www.mrc.org.

"Clift opined that of those attending the G-8 summit, Russian President Vladimir Putin is 'the only one of those leaders who goes in there with a commanding popularity among his own people because he is perceived to be an effective dictator. What we have in this country is a dictator who's ineffective.'

"Freeland, shouting over panelists who were trying to move on to other points, retorted: 'But he's not a dictator. I mean we can't use, no, we can't use these terms so loosely.' Clift backtracked a bit: 'Well, we have an authoritarian president who is ineffective.' But Freeland stood her ground, pointing out: 'You guys can elect your presidents, and there can be a free choice. That's not the case in Russia.' "

Sour singer

Dan Quayle took time out from participating in the American Century Celebrity Golf Championship in Stateline, Nev., on Friday to attend pop singer John Mellencamp's concert, only to run into a political statement, according to the San Jose Mercury News in California.

Mr. Quayle then made a statement of his own by walking out during Mr. Mellencamp's rendition of "Walk Tall." Before beginning the song, Mr. Mellencamp told the Harveys Casino crowd that it was dedicated to everyone hurt by policies of the current Bush administration.

Mr. Quayle, who served as vice president for President Bush's father from 1989 to 1993, walked out of the venue before Mr. Mellencamp finished the song.

Mr. Quayle said through a publicist: "Well, I think Mellencamp's performance was not very good to begin with, and the comment put it over the top."

Bush's Policy Chit-Chat: Undiplomatic Prose (NYT)

By Jim Rutenberg

The New York Times, July 18, 2006

STRELNA, Russia, July 17 — For anyone who has ever wondered what President Bush sounds like when the microphones are off, the answer, at least at lunchtime on Monday, was blunt to the point of profane, laced with a wiseguy edge and, like anyone forced to make small talk, willing to fall back on safe topics like air travel.

Mr. Bush was munching on a roll during lunch with his fellow world leaders on the final day of the Group of 8 summit meeting here as his unguarded comments were picked up by an open microphone and overheard by gleeful journalists.

Whether the cause was poor staff work by the Russian hosts or something more calculated, the result was more interesting and revealing than the catalog of official statements the leaders had issued during their talks here in this St. Petersburg suburb, at the Konstantinovsky Palace.

Using a vulgarity, Mr. Bush said at one point that Syria should get Hezbollah to stop its attacks on Israel, describing American policy in the kind of unfettered language that he acknowledged only weeks ago sometimes gets him in trouble when he uses it publicly.

Discussing diplomatic efforts in the Middle East, Mr. Bush said the approach favored by Kofi Annan, the United Nations secretary general, "seems odd." Referring to President Bashar al-Assad of Syria, Mr. Bush said he "felt like telling Kofi to get on the phone with Assad, make something happen."

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The microphone caught him discussing global trade talks, his impatience with long speeches, even his preference for Diet Coke. For four minutes, the world was given an unscripted look at how he does business with his international counterparts, especially Prime Minister Tony Blair of Britain, who, apparently alert to the peril, brought the episode to a conclusion by turning the microphone off.

But not before Mr. Bush disclosed that he would send Secretary of State Condoleezza Rice to the Middle East and needled Mr. Blair about a recent birthday gift.

"No, I'm just going to make it up," Mr. Bush said in one aside, presumably to an aide, apparently referring to remarks he would be making to the other leaders. "I'm not going to talk too damn long like the rest of them. Some of these guys talk too long."

Ms. Rice was subject to a similar unwitting public airing of her views last month in Moscow, when someone forgot to turn off a microphone while she was having lunch with Sergey V. Lavrov, the foreign minister.

Mr. Bush's unscripted side has been put on public display before, as when his unflattering description of a reporter for The New York Times was picked up by a microphone at a campaign event in 2000.

But this one caught him in interactions with other leaders, mixing the banal with matters of war and peace. Those at the lunch were the leaders of the Group of 8 industrial nations — France, Germany, Japan, the United States, Russia, Britain, Italy and Canada — as well as those of China, India, Brazil and others.

[On Air Force One as Mr. Bush flew home, Tony Snow, the White House press secretary, said the president's "reaction first was, 'What did it say?' So we showed him the transcript, then he rolled his eyes and laughed." Mr. Snow said Mr. Bush "likes Kofi Annan" and "has been supportive from the very start of the U.N. mission to the region."]

In the taped conversation, Mr. Bush, clearly eager to get home to the White House after six days in Europe, is heard saying, apparently to a counterpart, possibly President Hu Jintao of China, who was sitting next to him, possibly President Validimir V. Putin of Russia, his host, "Good job, gotta keep this thing moving — I gotta leave at 2:15 — you'll want me out of town so to free up your security forces." His counterpart agrees, "Ya," and he laughs along with Mr. Bush's trademark giggle.

But Mr. Bush sighs, and explains, "Gotta go home, got something to do."

Then, more likely to Mr. Hu, he asks: "Where you going? Home? This is your neighborhood; it won't take you long to get home."

The response cannot be heard, but Mr. Bush exclaims, "You get home in 8 hours? Me too! Russia is a big country, and you're a big country."

A moment later, Mr. Bush can be heard saying to a waiter, "No, not Coke, Diet Coke."

But it is around then that Mr. Blair walks by, and the president yells out, "Yeah, Blair, what are you doing? Leaving?" It is the beginning of a conversation contrasting Mr. Blair's soft-spoken style to Mr. Bush's more forceful one, with Mr. Bush often interrupting him.

After Mr. Blair raises the issues of global trade talks, Mr. Bush abruptly changes the subject to a recent gift from the prime minister for Mr. Bush's 60th birthday. "Thanks for the sweater, awfully thoughtful of you," Mr. Bush says, then jokes, "I know you picked it out yourself."

Mr. Blair, laughing, says, "Oh, absolutely, absolutely."

Mr. Bush again abruptly changes the subject to the most serious matter of the meetings here, the Middle East. "What about Kofi?" he says, referring to Mr. Annan. "That seems odd."

After a day in which aides stressed they had achieved international unity here on the Middle East violence, Mr. Bush complained about Mr. Annan's approach to the crisis, and for holding a view of many leaders here that Israel and Hamas and Hezbollah should cease fire and hash out their differences. The Americans have said that Israel will probably stand down only if Hamas and Hezbollah return the soldiers they have captured and cease their shelling of Israeli towns.

"I don't like the sequence of it," Mr. Bush said. "His attitude is basically, cease fire and everything else happens."

Bush's Bull Session: Loud And Clear, Chief (WP)

By Peter Baker

The Washington Post, July 18, 2006

ST. PETERSBURG, July 17 -- President Bush should know that in Russia, someone is always listening. In this case, it was the rest of the world.

It did not take a KGB bug to overhear the leader of the free world carp about long-winded counterparts, grumble about the U.N. secretary general and cuss out the rocket-launching radicals in the Middle East. It only took an open microphone -- one the president clearly didn't know about -- at the closing lunch of the Group of Eight summit that ended here on Monday.

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"What they need to do is get Syria to get Hezbollah to stop doing this shit, and it's over," an irritated Bush said with his mouth full as he buttered a piece of bread.

"Who, Syria?" asked British Prime Minister Tony Blair, standing next to the seated Bush.

"Right," Bush said.

Right, indeed. It was the sort of moment that gets technicians fired but offers the world a rare glimpse of a president unplugged. After days of polite diplo-speak, reading from talking points and sticking to the script, here was the unguarded Bush, the impatient Bush, the small-talking Bush marveling at how long it takes to fly around the world and asking the waiter to make sure his Coke was diet.

And at the same time that the gaffe peeled back the curtain on Bush just a bit, it also punctured the White House line that all the leaders here at the summit shared the same view of the Middle East, a line that was never all that convincing in the first place. As he chatted with Blair, Bush expressed pique at U.N. Secretary General Kofi Annan for pushing a cease-fire that the president believes would not be meaningful unless it was preceded by significant concessions by Hezbollah and Hamas.

"What about Kofi?" Bush said. "That seems odd. I don't like the sequence of it. His attitude is basically cease-fire and [only then] everything else happens."

Of course, only the night before, Undersecretary of State Nicholas Burns was claiming to reporters here that "there was no push for a cease-fire this weekend."

There was certainly push- back. Bush seemed exasperated that Annan was not pressuring Syrian President Bashar al-Assad to rein in Hezbollah. "I felt like telling Kofi to get on the phone with Assad and make something happen," he told Blair.

So much for summit harmony. Politicians know better than anyone just how dangerous a microphone can be. Ronald Reagan announced the bombing of the Soviet Union over a hot mike. Bob Kerrey told a lesbian joke. Bill Clinton chewed out a hapless aide.

Bush has been on the wrong end of this before as well. During a campaign event in 2000, Bush forgot his mike as he pointed out a reporter in the crowd to Dick Cheney and called the journalist a "major-league . . ." well, jerk. Cheney concurred: "Big-time."

As recently as February, Bush met with House Republicans at a resort on Maryland's Eastern Shore and swore them to secrecy. "First of all, I expect this conversation we're about to have to stay in the room," he lectured. "I know that's impossible in Washington." Particularly when you leave the microphone on and transmit back to the White House press room.

Bush had special reason to be wary here in Russia. Never mind that the Russians try to bug the White House staff. Twice in recent weeks a live microphone has broadcast private discussions about the summit, first at a meeting of G-8 finance ministers, then at a session between G-8 foreign ministers. The latter captured a heated argument between Secretary of State Condoleezza Rice and Russian Foreign Minister Sergei Lavrov over the text of a statement about Iraq. "If that's how Russia sees it, that's fine," Rice said testily.

Bush's own raw side came out as he and the other G-8 leaders were wolfing down their final meal together after three days of summiting. Official Russian television cameras were panning the room, but the microphones were supposed to be off. Instead, against the clatter of plates and the pouring of drinks, a snippet of the president's lunchtime discussion was broadcast on the official summit channel.

After five days traveling in Germany and Russia, Bush seemed tired of the proceedings. When someone, probably an aide, asked about final remarks, he turned down a text: "No. Just gonna make it up. I'm not going to talk too damn long like the rest of them. Some of these guys talk too long."

He seemed eager to leave: "Gotta go home. Got something to do tonight. Go to the airport, get on the airplane and go home."

Addressing one of the other leaders off camera, he asked how long it takes to get home. It was not clear whom he was talking with, but a good guess is Chinese President Hu Jintao, a guest at the summit.

"Eight hours?" Bush exclaimed. "Me too. Russia's a big country and you're a big country."

Struck by this, Bush then pointed it out to another unidentified leader. "It takes him eight hours to fly home. Eight hours. Russia's big and so is China."

At this point, Blair approached.

"Blair, what are you doing? You leaving?"

"No, no, no, not yet," Blair said.

The British prime minister had business to discuss and raised the subject of global trade talks, which have stalled to the frustration of both men. "It may be that it's impossible," Blair said.

Bush soon lost interest and thanked Blair for a gift, presumably for his recent 60th birthday.

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"Thanks for the sweater. Awfully thoughtful of you," Bush said. Turning mischievous, he added, "I know you picked it out yourself."

"Oh, absolutely," Blair said as they both laughed.

Then Bush turned the discussion to Annan and the cease-fire issue. He told Blair he was sending Rice to the region. Blair offered to make a public statement of some kind to prepare the ground. "Obviously, if she goes out, she's got to succeed, as it were, whereas I can just go out and talk," he said.

That was when Bush complained about Hezbollah and groused about telling Annan to call Assad. Only then did Blair notice the microphone and snap it off.

The exchange with Blair, one of his closest allies, offered a peek into their relationship. Bush repeatedly interrupted or changed the subject, Blair at times stammered as he tried to make his points. Asked about it at a later news conference, Blair smiled and said it was actually "all about transparent government." White House press secretary Tony Snow said Bush "rolled his eyes and laughed" when he learned what happened.

Talking with reporters as Air Force One flew back to Washington, Snow said Bush owes Annan no explanation. "You get a slice of a conversation that was a carry-over from previous conversations and all the president was saying is that he wants to make sure that the sequencing is clear when it comes to action with regard to the situation in the Middle East."

As for the president's relationship with the secretary general, Snow said, "He likes Kofi Annan and he is not only happy to work with him, but has been supportive from the very start of the U.N. mission to the region."

Finally, Snow was asked if he had a comment "on the president's use of a word that some people might consider to be an expletive."

"Not unless you've never used it," Snow said.

"Damn," the reporter replied.

Live Mike Captures Bush's Tough Talk At G8 Summit (USAT)

By David Jackson

USA Today, July 18, 2006

ST. PETERSBURG, Russia — President Bush got bit again Monday by the open-microphone bug.

Apparently unaware that his words were being broadcast, Bush offered an unvarnished assessment of Syria's alleged support for Hezbollah's attacks on Israel.

He also criticized United Nations Secretary-General Kofi Annan, teased British Prime Minister Tony Blair about a sweater he recently gave the president, and joked about the long-windedness of some unnamed world leaders.

His comments of nearly four minutes were heard live at the end of the annual Group of Eight (G8) summit of industrialized nations.

Bush “used an expletive to express his view. That's the way plain folks talk and probably will play pretty well in the heartland and beyond,” said Roderick Hart, a University of Texas communications and government professor.

“That image of being a plain talker is part of the problem he has internationally, where the issues are far more nuanced,” Hart said. “Internationally, he is not seen a man of great nuance and complexity.”

White House press secretary Tony Snow played down the incident. “His reaction first was, what did it say,” Snow said when asked about Bush's comments. “So we showed him the transcript. Then he rolled his eyes and laughed.”

It's not the first incident of Bush's candor. During the 2000 campaign, he referred to Adam Clymer, then a New York Times reporter, as a “major league a------.”

On Monday, as Bush was returning from Russia, morning radio stations in the USA replayed his line about the growing violence in the Middle East. “What they need to do is get Syria to get Hezbollah to stop doing this s---, and it's over,” Bush was caught saying to Blair.

Bush also could be heard questioning Annan's diplomatic strategy and suggesting that Secretary of State Condoleezza Rice would soon be traveling to the Middle East.

He teased Blair about the sweater he received, joking the prime minister must have “picked it out yourself.” Bush said he wouldn't speak long at Monday's summit meetings, unlike some of the other world leaders. “I'm not going to talk too damn long like the rest of them. Some of these guys talk too long.”

Blair eventually shut off Bush's microphone. Asked later about what happened, Blair joked that it was “all about transparent government.” He then tapped the microphone in front of him.

Wayne Fields, a political scientist at Washington University in St. Louis, said Bush is unlikely to take heat at home for his remarks.

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"His informal persona gets a lot of slack," Fields said. "The public has a general sense that these are informal moments and doesn't attach a lot of importance to them. It may be more troubling to the rest of the world, but I doubt it."

Bush isn't the only president to be caught by a live microphone. President Clinton in 1993 once was heard cursing at an aide, while President Reagan joked before a 1984 radio address that the United States was about to bomb what was then the Soviet Union.

Bush's candor capped a G8 summit dominated by the latest wave of violence in the Middle East. Members agreed Sunday on a statement calling on Hezbollah to stop shelling Israel and return captured soldiers; Israel would then suspend military operations.

Publicly, Bush praised his G8 colleagues Monday for addressing the "root causes of the conflict," defining it as "terrorist activity." He singled out Hezbollah, saying it is "housed and encouraged by Syria" and "financed by Iran."

Bush Confirms Reputation As Straight Talker (FT)

By Caroline Daniel

Financial Times, July 18, 2006

President George W. Bush was doing his best this week to be the new, collaborative man, flattering other Group of Eight leaders as he collected 60th birthday presents, and appeared to accept the trade-offs of multilateral diplomacy.

Yet it was the off-mike exchange with his closest ally, Tony Blair, the British prime minister, at Monday's G8 summit that confirmed the caricature of Mr Bush: a man who could sum up the solution to the Middle East conflict as: all they "need to do is get Syria to get Hizbollah to stop doing this shit and it's over".

The coarse exchange appeared to underline Mr Bush's preference for colloquial straight talking Texan over diplomatic ambiguity. Mr Bush remains the gung-ho leader, with a black and white view of the world, clearly dividing it into enemies and friends.

For him the root cause of the crisis remains Hizbollah and Syria, as self-evident villains. As Condoleezza Rice, secretary of state, put it, the recent violence legitimised the US vision for a "different kind of Middle East" and showed that its "sponsors are in Tehran and in Damascus. Things are clarified now. We know where the lines are drawn."

In that world view, Kofi Annan, UN secretary-general, who is leading the international response, does not emerge as a clear friend. Mr Bush criticises him.

"I don't like the sequence of it. His attitude is basically ceasefire and everything else happens." In public, however, Mr Bush has been forced by flagging domestic approval ratings and the continued setbacks in Iraq to adopt a more modest foreign policy. Indeed, the shift was underlined by a new definition coined last week by Tony Snow, White House spokesman.

Amid reports of the death of so-called "pre-emption", the signature policy of his first term, which justified military action to avert potential threats, Mr Snow offered a new interpretation. Referring to action on North Korea, for instance, he said: "Pre-emption is not merely a military doctrine, it's also a diplomatic doctrine. We are engaging in pre-emption at the diplomatic level by working as aggressively and assertively as we can with our allies."

That line was echoed by US officials in St Petersburg this week: Nick Burns, undersecretary for political affairs, said the big story of the week was the action taken by the international community on three subjects: Hizbollah and Hamas, North Korea and Iran.

"It's been a week where the president has been able to assemble major coalitions in each of those cases on three of the most important security concerns that we face." Yet it remains unclear whether this approach is delivering results. Russia, for example, gave little ground this week on allowing UN sanctions against Iran, in spite of being offered an unusually explicit bargain of a civil nuclear co-operation deal with the US.

North Korea has refused to genuflect to the will of the UN Security Council. And in spite of Mr Bush's recognition of the need to reach out to allies, the Blair exchange underlined his frustration at the slowness of diplomacy, with a candid remark. "I felt like telling Kofi to get on the phone with Assad and make something happen."

Bush Curses Hezbollah On Live Microphone (AP)

By Jeannine Aversa

AP, July 18, 2006

It wasn't meant to be overheard. Private luncheon conversations among world leaders, picked up by a microphone, provided a rare window into both banter and substance — including President Bush cursing Hezbollah's attacks against Israel.

Bush expressed his frustration with the United Nations and his disgust with the militant Islamic group and its backers in Syria as he talked to British Prime Minister Tony Blair during the closing lunch at the Group of Eight summit.

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"See the irony is that what they need to do is get Syria to get Hezbollah to stop doing this s--- and it's over," Bush told Blair as he chewed on a buttered roll.

He told Blair he felt like telling U.N. Secretary-General Kofi Annan, who visited the gathered leaders, to get on the phone with Syrian President Bashar Assad to "make something happen." He suggested Secretary of State Condoleezza Rice might visit the region soon.

The unscripted comments came during a photo opportunity at the lunch. The leaders clearly did not realize that a live microphone was picking up their discussion.

Asked about the microphone mishap during his final briefing of the summit, Blair quipped that it was "all about transparent government." He smiled and tapped the microphone in front of him.

Bush "sort of rolled his eyes and laughed" when told the comments had been audible and a copy had been made, said Press Secretary Tony Snow. "Actually his reaction first was, 'What did it say?' So we showed him the transcript, then he rolled his eyes and laughed."

Bush also spoke to other leaders, and his unscripted comments ranged from the serious topic of escalating violence in the Mideast to light banter about his preference for Diet Coke and a gift he received from another leader.

Blair, whose remarks were not as clearly heard, appeared to be pressing Bush about the importance of getting international peacekeepers into the region.

Bush expresses amazement that it will take some leaders as many as eight hours to fly home — about the same time it will take Air Force One with Bush aboard to return to Washington.

"You eight hours? Me, too. Russia's a big country and you're a big country," Bush said, at one point telling a waiter he wanted Diet Coke. "Takes him eight hours to fly home. Russia's big and so is China. Yeah Blair, what're you doing? Are you leaving."

Bush thanked Blair for the gift of a sweater and joked that he knew Blair had picked it out personally. "Absolutely," Blair responded, with a laugh.

A stickler for keeping to his schedule, Bush could also be heard telling Russian President Vladimir Putin, "We've got to keep this thing moving. I have to leave at 2:15. They want me out of town so to free up your security forces."

Bush also remarked that some speakers at the meeting talk too long.

It was the second time in less than a month that remarks at a G-8 event in Russia ended up being heard over an audio system officials thought was off.

Last month, an inadvertent audio feed from a closed-door lunch in Moscow between Secretary of State Condoleezza Rice and Russian Foreign Minister Sergey Lavrov exposed their sometimes testy discussion about the security situation in Iraq.

A Rare Unscripted Moment (LAT)

By James Gerstenzang

The Los Angeles Times, July 18, 2006

STRELNA, Russia — President Bush complained Monday that some of his fellow leaders at an international summit talk too much — way too much. His advice to the host, Russian President Vladimir V. Putin, was that they "gotta keep this thing moving."

And he had a profane suggestion for resolving the conflict in Lebanon.

A nearly four-minute recording apparently made without Bush's knowledge and relayed by Russian television captured the president's candid lunchtime chatter at a gathering of the Group of 8 industrialized nations.

The tape offered a rare instance of unfiltered conversation among leaders that veered from the serious, such as the Middle East crisis, to inconsequential chitchat while beverages were poured and bread was broken.

During a conversation with British Prime Minister Tony Blair about ways that U.S. Secretary of State Condoleezza Rice and U.N. Secretary-General Kofi Annan might help resolve the ongoing warfare between Israeli troops and Hezbollah guerrillas in Lebanon, Bush put it this way: "See, the irony is that what they need to do is get Syria to get Hezbollah to stop doing this shit, and it's over."

Blair subsequently noticed that the microphone was on and turned it off.

The president showed impatience to move on after the three-day summit, saying he planned to deliver his final remarks off the cuff and to keep them short.

"I'm just gonna make it up. I'm not gonna talk too damn long like the rest of 'em," he said. "Some of these guys talk too long." Putin, sitting on Bush's left, seemed to chime in, "yeah," in heavily accented English.

"Good job," Bush replied. "Gotta keep this thing moving.

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"I gotta leave at 2:15. You want me out of town so it can free up your security forces," Bush continued, apparently to his host. The president said he was ready to finish a trip that began in Germany on Wednesday.

"Get on a plane and go home," he said of his plans.

Then, to Chinese President Hu Jintao, Bush said: "Where you going? Home? This is your neighborhood. Doesn't take too long to get home?" When told Hu's flight to Beijing would be eight hours, Bush said, "Me too."

"Russia's a big country and you're a big country." Then he told someone else, "No, not Coke. Diet Coke."

And resuming his flight geography lesson, he was heard saying to someone: "Takes him eight hours to fly home. Eight hours. Russia's big and so's China."

To Blair he said: "Yeah, Blair. What are you doing? You leaving?" Blair responded that he wasn't leaving right away.

Moments later, Bush remembered a gift had come his way.

"Thanks for the sweater," Bush, who just celebrated his 60th birthday, told Blair. "It was awfully thoughtful of you. I know you picked it out yourself."

The prime minister chimed in, "Oh, absolutely."

Bush Voices Frustration With Middle East Conflict (MCCL)

By William Douglas

McClatchy Newspapers, July 17, 2006

ST. PETERSBURG, Russia - A frustrated President Bush used a four-letter expletive here on Monday to describe his frustration with violence in the Middle East.

At a luncheon for leaders of the so-called Group of Eight, Bush spoke frankly and profanely to British Prime Minister Tony Blair about the clash between Hezbollah and Israel, not knowing that a microphone at the table was turned on.

Munching on a roll, Bush told Blair, "What they need to do is get Syria to get Hezbollah to stop doing this s--- and it's over."

Bush told Blair that he felt like telling United Nations Secretary-General Kofi Annan to "get on the phone" with Syrian President Bashar Assad "and make something happen."

The president expressed reservations about Annan's approach.

"I don't like the sequence of it," Bush said. "His attitude is basically cease-fire and everything else happens."

Bush and Blair also discussed sending Secretary of State Condoleezza Rice to the Middle East. Her trip was announced later Monday.

"Obviously, if she goes out, she's got to succeed," Blair said to Bush, "whereas I can just go out and talk."

Bush also got personal, thanking Blair for giving him a sweater.

"I know you picked it out yourself," Bush said.

"Oh, absolutely," Blair replied.

Later, on Air Force One, White House press secretary Tony Snow said that when Bush found out that his dialogue with Blair had been public, "he rolled his eyes and laughed."

Snow also took pains to emphasize that Bush "likes Kofi Annan," saying, "We are supportive and grateful for the help that the U.N. is trying to provide."

Asked to comment on Bush's use of the barnyard epithet, Snow told his inquirer, "Not unless you've never used it."

"Damn," the trumped reporter replied, to laughter from his colleagues.

Bush Drops Diplomacy In Candid Exchange With Blair (Update2) (BLOOM)

By Brendan Murray

Bloomberg, July 18, 2006

July 17 (Bloomberg) -- Two world leaders today had an exchange that was unquestionably frank and candid.

President George W. Bush let loose his inner Texan in what he thought was a private conversation with U.K. Prime Minister Tony Blair during the final lunch for Group of Eight leaders in St. Petersburg, Russia. The discussion was picked up by an open microphone on the table.

As Blair leaned over Bush's shoulder, the U.S. president expressed his frustration with United Nations Secretary General Kofi Annan's approach to ending the fighting between Israel and Hezbollah militants in Lebanon.

``His attitude is basically cease-fire and everything else happens," Bush said, adding later, ``See, the irony is what they need to do is get Syria to get Hezbollah to stop doing this shit and it's over."

A Russian television crew was broadcasting the start of the lunch with the video and audio distributed to television networks from G-8 member nations. As the conversation continues, Blair is seen leaning forward and cutting off the microphone.

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Bush also said U.S. Secretary of State Condoleezza Rice may be going to the region ``pretty soon.'' Blair suggested he might be a better choice to present the U.S.-U.K. position that Hezbollah must be neutralized and that Syrian and Iranian assistance to the militants must end.

``See if she goes out she's got to succeed as it were, where as I can just go out and talk,'' Blair said.

`Yo, Blair'

Before turning to the Middle East, the conversation was on lighter subjects and the microphone caught other exchanges between Bush and his closest ally, Blair.

Bush marveled at how long it would take Chinese President Hu Jintao to fly home -- eight hours -- because ``Russia's big and so is China.''

Getting the U.K. prime minister's attention by saying ``Yo Blair,'' Bush thanked him for a gift of a sweater. ``It was awfully thoughtful of you. I know you picked it out yourself,'' Bush said.

``Oh absolutely,'' Blair replied, laughing.

Bush, known for being punctual, also said he had a schedule to keep and planned to keep his remarks short, unlike some of his fellow world leaders.

``No, just going to make it up,'' Bush said, according to transcripts put together from the audio by journalists covering the event. ``I'm not going to talk too long, like the rest of them.''

Bush's Reaction

Bush didn't discover the microphone was live until he was informed later by aides that his words had been transcribed, White House Press Secretary Tony Snow told reporters as Bush returned to Washington.

``His reaction first was, `What does it say?'" Snow said. ``So we showed him the transcript, then he rolled his eyes and laughed.''

It wasn't the first time Bush or a member of the administration was caught by an open microphone.

During a meeting last month of G-8 foreign ministers, a contentious exchange about the text of a statement on Iraq between Rice and Russian Foreign Minister Sergei Lavrov was inadvertently transmitted to reporters waiting outside the closed door meeting.

During his first presidential campaign in 2000, Bush was on a stage in Naperville, Illinois, when he noticed a New York Times reporter in the crowd. Turning to his running mate Dick Cheney, Bush said, ``There's Adam Clymer -- a major league asshole.''

The general public got its first extended glimpse of presidential profanity with the release of transcripts from a White House recording system during the Watergate investigation in Richard Nixon's administration. Nixon's regular use of salty language was edited out of the written record, bringing the expression ``expletive deleted'' into popular use.

The microphones for the White House tape system also captured the colorful vernacular of Nixon's predecessor, Lyndon Baines Johnson, who peppered private conversations with vulgarities.

Toll Climbs In Mideast As Fighting Rages On (WP)

By Jonathan Finer And Anthony Shadid

The Washington Post, July 18, 2006

JERUSALEM, July 17 -- Israel traded heavy fire with Hezbollah fighters in Lebanon on Monday, its air and artillery attacks killing at least 38 Lebanese, many of them civilians, and Hezbollah rockets made their deepest strikes yet into the Jewish state.

Blaring air raid sirens sent Israelis dashing for concrete bomb shelters throughout the day, and thousands of people across Lebanon abandoned their homes to flee the violence. Several Western nations, including the United States, launched plans to evacuate their citizens from the battered country.

With the violence came a flurry of diplomatic efforts to bring about a cease-fire and quell the crisis. British Prime Minister Tony Blair and U.N. Secretary General Kofi Annan called for deployment of multinational peacekeeping forces to southern Lebanon. U.S. officials called such a move premature, but did not reject it; Israeli officials did.

Hours after that proposal, Israeli Prime Minister Ehud Olmert vowed that Israel would not halt its offensive on Lebanon until four conditions were met: the release of two soldiers abducted last week, the deployment of the Lebanese army along a buffer zone at the border, the withdrawal of Hezbollah fighters from that zone and the implementation of U.N. Resolution 1559, which calls for the disarmament of militias such as Hezbollah, a radical Shiite Muslim group.

"There are moments in the life of a nation when it is compelled to look directly into the face of reality and say: no more. This is such a moment," Olmert told Israel's parliament in a defiant, emotional speech, his first formal address since the new violence began. "We will search every compound, target every terrorist who assists in attacking the citizens of Israel and destroy every terrorist infrastructure, everywhere."

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He continued: "When missiles are launched at our residents and cities, our answer will be war with all the strength, determination, valor, sacrifice and dedication which characterize this nation."

The cross-border attacks, the largest conflagration along that front since Israel invaded in 1982, began last week when Hezbollah attacked Israeli soldiers in the country's north, abducting two of them.

The clash followed a similar assault by Hamas fighters who crossed Israel's boundary with the Gaza Strip last month. They killed two soldiers and captured another, prompting Israeli air and ground forces to launch an offensive there. On both fronts Israel has said it intends to continue fighting until its borders are secured.

The Israeli government said Monday it was extending indefinitely a two-day state of emergency in the north. In the Gaza Strip, Israeli troops continued to operate around the town of Beit Hanoun, clashing occasionally with Palestinian fighters. Palestinian doctors in Beit Hanoun said three people were killed in their homes by Israeli snipers and 14 others wounded. Israeli military sources said they had no information on such attacks. An Israeli military spokeswoman said that seven rockets were fired from the area Monday, injuring two Israeli civilians.

In Lebanon, Israeli raids again struck the Beirut-Damascus highway, along with gas stations, factories and a small fishing port. Smoke from fires arced over the Beirut sky.

News agencies quoted the military and police as saying that more than 210 people had been killed since the attacks began Wednesday. The Health Ministry put the number at 182 dead and 525 wounded, almost all of them civilians, but said that count included only those identified by hospital officials.

Twelve Israeli civilians have died in the recent wave of Hezbollah attacks, with more than 300 others receiving medical treatment, most for shock. Twelve soldiers have also been killed.

In one of the worst losses of civilian life in Lebanon, an Israeli attack targeted two cars crossing a bridge in Rmeileh, north of the southern port city of Sidon. Government officials said 10 civilians were killed, including two children.

Nine Lebanese soldiers were killed Monday in an attack on the fishing port of Abdeh in northern Lebanon, the Health Ministry said. Israeli military officials said the only army installation targeted Monday was a radar post used by Hezbollah to attack an Israeli ship last week.

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The New York-based advocacy group Human Rights Watch called on the Israeli military to provide details about a bombing Saturday that killed 16 people in a convoy of civilians fleeing a Lebanese village near Israel's border.

Meanwhile, in a sign of a potentially prolonged conflict, the United States said it was sending a cruise ship to begin evacuating Tuesday some of the 25,000 Americans in Lebanon. The Pentagon said the Orient Queen, which can carry 750 people, will take the evacuees to the Mediterranean island of Cyprus. The U.S. Navy will provide an escort through waters blockaded by Israeli warships.

The French Embassy began evacuating its citizens, along with other Europeans, on Monday. About 1,200 people gathered at a French school in eastern Beirut to board buses that carried them to the Beirut port, where they were to depart for Cyprus and then catch flights home. At the school, people waited hours on a humid, overcast day, their suitcases and strollers piled along the school's courtyard.

"This isn't going to end," said Prince Michilidis, a Lebanese Greek who was returning to Greece with his three sisters. "It's a shame. Just that."

He pointed beyond the school's walls, where bomb blasts occasionally echoed. "I'm lucky to leave, but there are thousands who are not as lucky, and they don't have food, they don't have water and they don't have money," he said. "It's chaos."

Many people shared the gloom as they waited. Hagop Manuokian wrapped a pink towel around his neck to wipe his brow. He and his three children had come for a summer vacation in Lebanon, but now were returning home to the Netherlands.

"At least three days from now, I'm going to be sleeping like a lamb on my pillow, but everyone else here is going to live with it," he said. "Injuries don't heal quickly. It takes time, and they leave scars."

The fighting has displaced more than 60,000 people, the government said, a figure thought to be a conservative estimate. At Mohammed Shamil School in Beirut, some of those displaced threw mats, blankets and foam mattresses on classroom floors.

Food was short; a few boxes of cheese, beans and tuna were stacked outside, hardly enough to feed the 300 people who had arrived since Wednesday.

In the northern Israeli city of Haifa, where eight civilians were killed in rocket attacks a day earlier, three more rockets struck late Monday afternoon, one smashing the facade of a three-story apartment building and wounding at least six people. The attack prompted Israel to shut the city's port, the country's largest.

Another barrage struck the town of Atlit, 35 miles south of the border with Lebanon, in the longest-range strike to date. No one was hurt.

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Israel's defense forces said that an airstrike in Lebanon destroyed a truck carrying Iranian-made missiles, one of which has a range of nearly 100 miles, military sources said. Hezbollah has previously said its munitions could reach Tel Aviv, 75 miles south of the Lebanese border.

Earlier Monday morning, small teams of Israeli ground soldiers briefly crossed into Lebanon to attack Hezbollah targets, a military spokesman said, calling it "a very pinpointed operation, not an incursion."

Also Monday, in the West Bank town of Nablus, Palestinian gunmen threw an explosive at Israeli soldiers conducting a raid on what military sources described as a militant stronghold, killing one soldier. Six soldiers were wounded in the skirmish, one seriously, the military said.

Push Made For U.N. To Go Into Lebanon (WP)

By Peter Baker And Robin Wright

The Washington Post, July 18, 2006

ST. PETERSBURG, July 17 -- U.N. and European leaders pressed Monday for an international peacekeeping force to be sent to Lebanon to defuse the conflict with Israel, an approach that ended in failure two decades ago when a U.S.-led foreign troop contingent was driven out by violence.

At the instigation of British Prime Minister Tony Blair and French President Jacques Chirac, the Group of Eight industrial countries over the weekend asked the U.N. Security Council to study creation of an "international security/monitoring presence." As the G-8 summit wrapped up Monday, Blair lobbied President Bush and other skeptics to embrace the idea, and U.N. Secretary General Kofi Annan endorsed it.

In Washington, the State Department announced that Secretary of State Condoleezza Rice will make an emergency visit to the Middle East to seek a settlement. Her dates and itinerary are still to be set, department spokesman Sean McCormack told reporters.

The call for an international force emerged as perhaps the biggest surprise of the G-8 summit, which wrapped up Monday after a weekend dominated by the latest Middle East violence.

The G-8 members -- the United States, Britain, France, Japan, Germany, Italy, Canada and Russia -- reached a compromise plan Sunday that calls on Hezbollah and Hamas to release Israeli captives and stop firing rockets into Israel, and tells Israel to end its attacks and free arrested Palestinian officials. The international force would be sent into a buffer zone separating the sides in southern Lebanon only after fighting ended, officials said.

"The blunt reality is that this violence is not going to stop unless we create the conditions for the cessation of violence," Blair said after meeting with Annan, who attended the summit as a guest. "The only way is if we have a deployment of international forces that can stop bombardment coming into Israel."

Blair was overheard on a live microphone at the closing G-8 lunch appealing to Bush personally. "The thing that's really difficult is we can't stop this unless you get this international presence agreed," Blair told him.

Bush did not respond audibly, but White House aides said the approach in some form may be acceptable to the United States. The United States and its allies are considering a variety of options, including a U.N. or European Union force, and the subject is to be discussed at the United Nations on Thursday.

"There are a lot of people with various ideas," said a senior U.S. official, speaking on condition of anonymity. "It hasn't been thoroughly talked through. There's a concept that you need that southern border region free from threat. The Lebanese armed forces may not be up to that, and the issue is how do you help them out?"

Still, John R. Bolton, the U.S. ambassador to the United Nations, raised skeptical questions in New York. Israeli officials expressed opposition and the idea seemed unlikely to be accepted by Hezbollah, which operates in southern Lebanon with little interference from the Lebanese government.

Experts who have served in Lebanon dismissed the idea of an international force unless it has the full backing of both Israel and Hezbollah. "This is a monumentally stupid idea," said Augustus Richard Norton, who served with a small U.N. observer force that has been deployed in southern Lebanon since Israel's first incursion in 1978. He is a Middle East specialist at Boston University.

"It's a non-starter," Timur Goksel, who served 24 years with the U.N. force and now teaches in Beirut, said by telephone. "If the intention is to observe, there is already a force in place. If they are talking of a deterrent force to prevent fighting, it will immediately be seen as an occupation force here. And when you have an occupation force, no matter what your flag, even under the United Nations, that's when the trouble starts. This is a most ridiculous idea. Nobody will accept it."

There are two main scenarios for a foreign force. One is to expand the existing U.N. Interim Force in Lebanon, or UNIFIL. The 2,000-member contingent, which has suffered 257 fatalities of its own, has usually been unable to do more than watch when fighting erupts. Israel rolled right by it during its 1982 invasion.

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UNIFIL's limitations were underscored over the past week when it basically became stranded. A UNIFIL statement Monday complained that it was unable to supply food and water to its own troops, much less help deliver humanitarian aid to civilians, because Israel had not guaranteed free passage.

The other scenario is a fresh, stronger multinational force. But that too has been tried in Lebanon, with disastrous results. After Israel's 1982 invasion, the United States led a four-nation force with France, Italy and Britain in Beirut as part of a cease-fire. The U.S. force was gradually sucked into Lebanon's civil war. Shortly after a U.S. warship off the coast fired at a Muslim militia on behalf of rival Christians, a suicide bomber in 1983 destroyed a Marine barracks in Beirut, killing 241 Marines, in the single largest loss of military personnel since World War II.

Supporters said any new force would have to be more robust than UNIFIL. Italian Prime Minister Romano Prodi suggested it would require at least 10,000 troops and a broad mandate. Chirac said it should be charged with enforcing a 2004 Security Council resolution ordering Hezbollah to disarm.

Israel would almost certainly insist that the United States provide a major portion of the contingent and command it. But regional experts question both the U.S. will and the ability to provide forces. "The military is overstretched. Most of the army is wrapped up in Iraq," said Norton, a retired army colonel and former West Point professor. "A deployment in Lebanon would potentially be interminable."

Diplomats Seek Foreign Patrols For Mideast (NYT)

By Steven Erlanger And Jad Mouawad

The New York Times, July 18, 2006

JERUSALEM, July 17 — Prime Minister Tony Blair of Britain and Secretary General Kofi Annan of the United Nations called Monday for an international force in southern Lebanon to end the fighting between Israel and the Hezbollah militia, which continued for a sixth deadly day.

The United States and Israel reacted skeptically, with President Bush urging tartly that Mr. Annan telephone President Bashar al-Assad of Syria, a key sponsor of Hezbollah, “and make something happen.” In Russia for a Group of 8 summit meeting, Mr. Bush expressed his views to Mr. Blair, using a vulgarity that was caught by an open microphone.

With the Lebanese death toll exceeding 200 and the Israeli count at 24, the increased efforts to turn to diplomacy showed little prospect of an immediate way out. In Lebanon, a vast majority of those killed were civilians, while in Israel about half of the dead were civilians.

In a televised speech to the Israeli Parliament, Prime Minister Ehud Olmert vowed to continue the offensive until Hezbollah freed two captured Israeli soldiers, the Lebanese Army was deployed along the border, and Hezbollah was effectively disarmed. Hezbollah has consistently rejected those terms.

Secretary of State Condoleezza Rice will travel to the Middle East to try to resolve the crisis, Bush administration officials said. The timing is still up in the air, and the trip will be a gamble. Israel’s ambassador to the United States, Daniel Ayalon, said on CNN that it might be too soon for Ms. Rice to accomplish anything.

Israel intensified its bombing across Lebanon on Monday, hitting an army barracks in Tripoli and bases in Baalbek, both in the north. It shelled fuel tanks in Beirut’s port and continued pounding southern Lebanon and Beirut’s southern suburbs. In the afternoon, Israel made a brief ground raid into Lebanon.

Israeli military officials said they succeeded in hitting a rocket launcher in Beirut carrying one of Hezbollah’s longest-range rockets, an Iranian Zelzal, with a range of 62 to 124 miles. The attack caused the rocket to flare in the air, leading to reports that an Israeli plane might have been shot down.

At least 43 Lebanese were killed Monday, according to Lebanese authorities, raising the toll to more than 200 since the Israeli offensive began Thursday. In one large group of fatalities, a missile hit a minibus, killing 12 civilians as they were driving through Rmeileh, a seaside town south of Beirut.

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Some 30 rockets fired by Hezbollah hit Haifa and other parts of northern Israel. One rocket leveled much of an apartment house, critically wounding one person. Another Hezbollah rocket landed next to a hospital in Safed, slightly wounding six people.

Israel’s rejection of an international force stems partly from recent history. The foreign minister, Tzipi Livni, said in an interview that such a force must be able to intervene, unlike the current troops, the United Nations Interim Force in Lebanon, or Unifil, which was established in 1978.

“We have an experience with Unifil,” she said: When an Israeli was seized previously, “they just watched.”

The Israeli military wants to continue its largely aerial campaign against Hezbollah, with one senior Israeli official suggesting that Hezbollah’s capacity to launch missiles had already been degraded “about 30 percent.”

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Brig. Gen. Ido Nehushtan, on the Israeli general staff, said, "We have damaged Hezbollah but they still have significant operational capacity." He noted the decline in rockets launched into Israel in the last two days — an average of 40 a day, down from initial highs of 150 — and said it was a testament to the damage caused by the Israelis.

"It will take time, it's more than a matter of days on the military side," he said. "We aim to change the situation and not go back to where we are."

Israel's deputy chief of staff, Maj. Gen. Moshe Kaplinski, told Agence France-Presse: "The operation will last for at least another week. The international pressure on Israel will allow us to continue for another week at least."

In his speech, Prime Minister Olmert said, "The terrorist organizations we are fighting take their orders from the Tehran-Damascus axis of evil." He said Israel would continue to fight until both Hezbollah and Hamas stopped attacks on Israel.

"In Lebanon, we will fight to enforce the demands long voiced by the international community," he said. He demanded "an absolute end to fire" from Hezbollah, "the deployment of the Lebanese Army all along the southern border, and the departure of Hezbollah from this region and fulfillment of U.N. Security Council Resolution 1559."

That resolution calls for the pullout of all foreign forces from Lebanon, the disbanding and disarmament of all militias and the deployment of the Lebanese Army on the border. But the Security Council included no provisions to implement the agreement, and the Lebanese government, which contains some Hezbollah ministers, is considered too weak to do so.

Hezbollah is supported by Iran and Syria, and Mr. Bush's pungent conclusion, as he summarized it to Mr. Blair in Russia was, "What they need to do is get Syria to get Hezbollah to stop doing this shit, and it's over."

The current conflict began when Hezbollah fighters crossed into Israel and captured two Israeli soldiers on July 12, and Israel immediately attacked Hezbollah positions in Lebanon, calling the initial incursion an act of war. Hezbollah, a radical Shiite group, was established with Iranian help in 1982 to fight Israel, and both Iran and Syria supply the group with money and weaponry.

"Israel is making it possible for the Lebanese government to move in," Foreign Minister Livni said. "In a way, Israel is doing the Lebanese government's job for it" by taking on Hezbollah, which has been a state-within-a-state in southern Lebanon and southern Beirut.

"Israel shares the same goals as the international community, and for us the best option is full implementation of 1559," Ms. Livni said. "That's the way out of this crisis, and now is the time to implement it."

It was a great accomplishment to get the Syrians largely out of Lebanon, she said, but there is more to do. "The Syrians have left," she said, "but they have a kind of branch in Lebanon, and Hezbollah keeps an open front for Iran with Israel."

At the United Nations, the Security Council went into its third session on Lebanon in four days, but beforehand John R. Bolton, the American ambassador, discouraged talk of a multilateral force. Three questions must be addressed, he said: "Would such a force be empowered to deal with the real problem? The real problem is Hezbollah. Would it be empowered to deal with countries like Syria and Iran that support Hezbollah?"

Third, he said, was how a new force would improve on Unifil or help strengthen Lebanese institutions.

Asked why the United States was not backing an immediate cease-fire, he said, "We could have a cease-fire in a matter of nanoseconds if Hezbollah and Hamas would release their kidnap victims and would stop engaging in rocket attacks and other acts of terrorism against Israel."

A United Nations mission dispatched by Mr. Annan to the region will make its first visit to Israel on Friday and return to report at the end of the week.

Initially, Mr. Olmert refused to see the team, but changed his mind after Ms. Livni argued that a robust international force that could enforce Resolution 1559, blessed by the United Nations, would be an opportunity for Israel to be seen on the right side of international legitimacy.

The Lebanese prime minister, Fouad Siniora, met with Mr. Annan's team and said afterward, "We don't want to talk about any steps before they become concrete, and I want to assure the Lebanese people that we are exerting all possible efforts to resolve the crisis."

Michael Young, a Lebanese political analyst, said: "The Israelis are creating a humanitarian and social and economic crisis. But there is also a great deal of anger in the country at Hezbollah for inviting disaster on Lebanon."

Officials in Washington said an attack on Friday on an Israeli naval vessel by a C-802 anti-ship cruise missile was Hezbollah's most sophisticated to date. Given that advanced radar is needed to guide a C-802 to its target, Israeli officials have accused the Lebanese military of directly aiding Hezbollah fighters, and Israeli jets struck several radar targets in Lebanon over the weekend.

Of the 13,000 missiles and rockets estimated to be in Hezbollah's arsenal, about 11,000 are believed to have been shipped from Iran. Western intelligence officials also say Syria has armed Hezbollah with short- and medium-range rockets, some of which have been used in the current attacks on Israel.

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Western governments were rushing to set up evacuation plans for thousands of foreigners living in Lebanon or on vacation there. British military helicopters started carrying some out of Lebanon on Monday. A Greek passenger ferry chartered by the French government reached Beirut Monday afternoon and loaded about 1,200 people before heading for Cyprus. Norway, Sweden, Italy and Ukraine also started organizing the departure of their citizens.

The United States is planning to start evacuating its citizens on Tuesday. The embassy said there was no mandatory evacuation. There are 8,000 Americans registered with the embassy, but the number of Americans or Lebanese also holding American citizenship could be three times larger.

At the Pentagon on Monday, officials said a commercial passenger ship had been contracted to ferry Americans from Lebanon to Cyprus. Bryan Whitman, a Pentagon spokesman, said the ship, the Orient Queen, would be able to carry 750 passengers at a time on the five-hour trip.

A Navy destroyer would be available to escort the ship, Mr. Whitman said.

By early Monday, 64 Americans, designated by the embassy as having special needs, had been evacuated by Marine helicopters.

In front of the French Consulate in Beirut, stranded tourists and foreign residents lugged their bags and lined up to register for evacuation.

"I'm worried this may drag on, and I'm leaving," said Souad Mehdi, 32, a French citizen on vacation with her two sons. "My heart and thoughts are still here with my family and friends. I am scared I won't see them again."

Bush Doubts Lebanon Peace Plan (FT)

Financial Times, July 18, 2006

Europe's leaders on Monday sought to build momentum behind a United Nations plan to send soldiers to the conflict zone in Lebanon. But doubts about the viability of such a move – already resisted by Israel – were raised when George W. Bush, US president, made unguarded critical remarks about the thinking behind the idea.

Meeting at the G8 summit in St Petersburg, Tony Blair of Britain, Jacques Chirac of France and Angela Merkel of Germany rallied behind the proposal to deploy thousands of soldiers to southern Lebanon to serve as a "buffer" between the battling forces. This would supplement a UN force of 2,000 already in the area with a mandate to restore "peace and security".

"The only way we are going to get a cessation of hostilities is if we have the deployment of an international force," said Kofi Annan, UN secretary-general, at an appearance with Mr Blair.

However, the practical difficulties were highlighted by developments as Israeli warplanes bombarded Lebanon for the sixth day in the wake of Hizbollah's kidnapping of two Israeli soldiers.

Mr Annan called on the UN Security Council to discuss the stabilisation force at the end of this week, adding: "I appeal to governments . . . to make sure that we have the troops; well-trained, well-equipped troops that can go in quite quickly."

Romano Prodi, Italian prime minister, suggested the UN presence be increased to 10,000 monitors. Italy would "play its part". Finland, the current presidency of the European Union, said the EU as a whole would "stand ready" to participate. But Israel played down the idea of the UN force, saying it wanted to be "sure Hizbollah is not deployed at our northern border".

More doubts were raised when Mr Bush was caught privately discussing the idea with Mr Blair, unaware that their remarks were being captured on a TV microphone.

Mr Bush appeared to fault Mr Annan for pushing for an immediate ceasefire between Israel and Lebanon and for exercising insufficient pressure on Syria, which the US and many of its allies allege has colluded in Hizbollah's actions.

"I don't like the sequence of it," Mr Bush said to Mr Blair before the G8 leaders sat down to lunch. "His attitude is basically ceasefire and everything else happens."

"What they need to do is get Syria to get Hizbollah to stop doing this shit and it's over," Mr Bush said. "I felt like telling Kofi to get on the phone with [Syrian president Bashar al-] Assad and make something happen."

Mr Bush said Condoleezza Rice, US secretary of state, would soon visit the region.

Mr Bush's position appeared to have support in the US, where John McCain, a senator known for his independent foreign policy views, proclaimed himself "amazed by some of our European friends who have called on the Israelis" to rein in their military campaign in Lebanon.

Reporting by Daniel Dombey, James Blitz, Neil Buckley and Caroline Daniel in St Petersburg, Ferry Biederman in Beirut, Sharmila Devi in Jerusalem, Christopher Grimes in New York, Mark Turner at the United Nations and George Parker

Annan Urges UN Force For Lebanon (FT)

Financial Times, July 18, 2006

DOJ_NMG_0041747

As violence in the Middle East escalated on Monday, Kofi Annan, the United Nations secretary-general, called an emergency meeting of the UN Security Council at the Group of Eight summit in St Petersburg to hammer out a deal on the deployment of a multilateral peace-keeping force to Lebanon.

The special force had been discussed by the G8 leaders at the weekend, but Mr Annan said on Monday that it was a matter of urgency amid the deepening Middle East crisis. All five permanent members are present at the summit, with China's President Hu Jintao joining the world's most powerful leaders as a guest. Israel rebuffed the move as premature.

Israeli ground forces entered Lebanon overnight to attack Hizbollah bases on the border as the crisis in the Middle East deepened.

The incursion was expected to be a limited operation rather than a prelude to full-scale re-invasion of territory the Israeli army evacuated in 2000. Israeli officials said there was no intention to re-establish the 22-year-old occupation of southern Lebanon, although repeated, limited incursions have not been ruled out.

The latest raids came shortly after Israel Radio quoted Dan Halutz, chief of staff, as saying Israel would prevent Hizbollah fighters entering a 1km wide security zone along the border. The radio said army bulldozers entered the zone to demolish Hizbollah outposts abandoned in the recent fighting. Since 2000, the two forces have faced each other across the UN Blue Line to which Israeli forces withdrew that year.

Israeli warplanes hit coastal targets in the north and south of Lebanon on Monday and struck Beirut while Hizbollah targeted Haifa in northern Israel, sending rockets across the border which destroyed a three story building and forced Israel to close the port.

Israeli Prime Minister Ehud Olmert said on Monday Israel would pursue its offensive against Hizbollah until two captured soldiers were returned and Lebanese army troops controlled all of southern Lebanon.

"We will struggle for the conditions set by the international community," Olmert told the Israeli parliament. "Return of the hostages ... a full ceasefire, deployment of the Lebanese army in all southern Lebanon and the disarming of Hizbollah."

On Monday crude oil hit a record high amid concerns that the escalating violence could provoke a wider regional conflict.

The G8 on Sunday sought to reconcile their differences over the Middle East and calm the violence raging in the region by uniting around a detailed plan that makes demands on all sides.

The five-page document, backed by all the leaders meeting at the G8 summit, calls on Israel to exercise "utmost restraint" in its military operations in Lebanon and suggests that a UN monitoring force be deployed in the area.

But it also hits out at "extremist elements and those that support them" – a swipe at Syria and Iran – while calling for the Palestinian group Hamas and the Islamist movement Hizbollah to cease shelling Israeli territory and return kidnapped soldiers.

While British officials said Tony Blair, UK premier, was delegated to broker the final text with Vladimir Putin, Russian president, Mr Putin insisted on Sunday night the agreement had been reached by all leaders working with their officials.

Emergency evacuation plans for foreign nationals was gaining pace on Monday as Britain, France, Germany and the United States, along with other nations, scrambled to get their citizens out of Beirut. In a show of solidarity, French premier Dominique de Villepin is travelling to Beirut on Monday for talks with his Lebanese counterpart Fouad Siniora. France has long ties with its former colony and has at least 17,000 citizens there.

The G8 statement goes much further in urging caution on Israel than previous statements by George W. Bush, US president, who has consistently stressed Hizbollah's responsibility for starting the crisis. But Mr Bush opted to agree a common line with his G8 colleagues, particularly Mr Putin and Jacques Chirac, French president.

"I think most leaders are now beginning to recognise the root cause of the problem," said Mr Bush. "There seems to be a consensus growing that . . . the world is going to have to recognise that there are terrorist elements who are dedicated to stopping the advance of democracy and peace."

Both Moscow and Paris have criticised Israel for its "disproportionate response" to the crisis, while Mr Putin suggested that in addition to wanting to ensure the return of its kidnapped servicemen, "Israel is pursuing larger strategy goals".

The statement says: "The most urgent priority is to create conditions for a cessation of violence that will be sustainable and lay the foundation for a more permanent solution."

Among the necessary steps it specifies for that end, the declaration calls for "an end to Israeli military operations and the early withdrawal of Israeli forces from Gaza".

Reporting by By Daniel Dombey, James Blitz and Caroline Daniel in St Petersburg, Harvey Morris in Jerusalem and Ferry Biedermann in Beirut

G-8 Leaders Consider Mideast Peacekeepers (AP)

By Martin Crutsinger

AP, July 18, 2006

DOJ_NMG_0041748

World leaders sought to halt escalating violence in the Middle East, considering the possibility of sending international peacekeepers to stop Hezbollah from bombing Israel. Israel quickly rejected the idea.

The Mideast situation overshadowed the summit of world leaders where President Bush, unaware his remarks were being picked up by microphone, bluntly expressed his frustration with Hezbollah, a militant Islamic group believed backed by Iran and Syria.

"See the irony is that what they need to do is get Syria to get Hezbollah to stop doing this s--- and it's over," Bush told British Prime Minister Tony Blair on Monday as they chatted before the Group of Eight leaders began their final lunch.

Bush also suggested that U.N. Secretary General Kofi Annan call Syrian President Bashar Assad to "make something happen."

In Damacus, Iran's foreign minister said a cease-fire and an exchange of hostages would be an acceptable and fair deal in resolving the conflict. "In fact, there can be a cease-fire followed by a prisoner swap," said Foreign Minister Manouchehr Mottaki, who spoke after talks with Syria's vice president.

Israeli Prime Minister Ehud Olmert opposes sending international forces to Lebanon to help end bloodshed, Israeli senior officials said. Olmert instead wants Lebanese forces to take control of the border area with Israel and wants the Hezbollah militia disarmed.

The warfare between Hezbollah and Israel generated reaction around the globe, and several nations made plans to evacuate their citizens.

Russian President Vladimir Putin, who had hoped to use the first G-8 summit on Russian soil to burnish his country's standing on the global stage, saw his summit priorities overshadowed by the Mideast crisis.

But he put the best face on the three days of discussions, telling a closing news conference that "all the aims which we had set ourselves have been achieved."

Putin said his nation would consider contributing troops to a U.N. peacekeeping force. The European Union said it also was considering deploying peacekeepers in Lebanon.

The United Nations already has a 2,000-man force in the region monitoring the line separating Israel and Lebanon. The proposed peacekeeping mission under consideration would presumably have a far broader mandate than the current force.

France said it is sending Prime Minister Dominique de Villepin to Beirut to express support for Lebanon's government. And French President Jacques Chirac, who attended the summit, said he believed "some means of coercion" may be needed to enforce a U.N. resolution that calls for the disarmament of Hezbollah and other militias in Lebanon.

After his talks with Annan on the sidelines of the G-8 summit, Blair said, "The blunt reality is that this violence is not going to stop unless we create the conditions for the cessation of violence." He said the only way to do that is by sending an international force into the area that can "stop the bombardment over into Israel and therefore gives Israel a reason to stop its attacks on Hezbollah."

Asked about the comments on an international force, White House national security spokesman Frederick Jones said, "We're open to the possibility of that force being necessary."

The White House said it had nothing to announce about a trip to the Middle East by Secretary of State Condoleezza Rice, even though Bush was overheard telling Blair, "She's going. I think Condi's going to go pretty soon."

Annan, in a joint press appearance with Blair, appealed to Israel to abide by international law, spare civilian lives and infrastructure. "We should not inflict any more suffering on them," Annan said. "Both parties should bear that in mind and respect international humanitarian law."

At his closing G-8 news conference, Blair said assembling an international peacekeeping force could take time. He said Britain would work with other countries. He described British forces, which are part of the U.S.-led effort in Iraq, as "somewhat stretched."

The comments by Blair and Annan came a day after world leaders forged a unified response at their G-8 summit to the crisis in the Middle East, blaming Hezbollah and Hamas for the escalating violence and recognizing Israel's right to defend itself — although they called on the Jewish state to show restraint.

"I am most pleased that the leaders came together to say, look, we condemn violence. We honor innocent life," Bush said before heading into a meeting with Indian Prime Minister Manmohan Singh. "For the first time, we've really begun to address with clarity the root causes of the conflict ... and that is terrorist activity — namely Hezbollah, that's housed and encouraged by Syria."

Bush also asserted that the militant Islamic group is financed by Iran. However, the G-8 statement does not mention Syria or Iran. Putin told reporters that Russia blocked the effort to name Syria.

"If we don't have enough grounds to blame somebody, we cannot ... put them in documents on such a serious state level just based on assertions," Putin said.

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Bush's overheard remarks were picked up by the summit's closed-circuit television, which filmed the leaders as they dined. Normally, the images are transmitted with sound that does not allow reporters to pick out individual comments. But in this case, a microphone picked up Bush's comments to Blair.

On their final day of meetings, the leaders — the United States, Russia, Japan, Germany, Britain, France, Italy and Canada — focused on more traditional summit fare, such as restarting stalled global trade talks and implementing a major debt relief program for the world's poorest nations that was announced at last year's summit.

But the Mideast, North Korea and Iran claimed more of the spotlight.

The leaders called on North Korea to put a stop to its missile tests and to abandon its nuclear weapons program.

On Iran's nuclear ambitions, the leaders sought to keep up pressure for a U.N. resolution seeking sanctions.

The G-8 leaders also met on Monday with seven leaders of the developing world, including a trio of emerging economic powerhouses — China, India and Brazil.

Associated Press writers Jean Lee and Paisley Dodds contributed to this report.

World Leaders Step Up Mideast Diplomacy (AP-Y)

By Lauren Frayer

AP2, July 18, 2006

The United Nations and Britain urged the deployment of peacekeepers in Lebanon and Russia offered troops for any such force, as the U.N. sent an envoy to Israel on Monday in the first big swirl of diplomatic efforts to stem Middle East violence.

Iran called for a cease-fire and exchange of prisoners, while Israel signaled it was scaling back its demands.

Israeli Prime Minister Ehud Olmert said Hezbollah, a Shiite militia that controls much of south Lebanon, must free two captive Israeli soldiers and pull back from the border for fighting to halt. An aide to Olmert indicated the prime minister was ready to compromise on his demand that Hezbollah be dismantled, but said he might oppose the idea of international forces.

The stepped-up diplomacy was the first real movement toward an end to the Israeli-Hezbollah fighting that broke out Wednesday in Lebanon. President Bush and others have come under criticism for taking little seeming action while the Islamic militant group fired rockets at Israel and the Israelis retaliated with airstrikes.

But on Monday, British Prime Minister Tony Blair joined U.N. Secretary-General Kofi Annan in calling for deployment of international forces to stop Hezbollah from using southern Lebanon as a launching ground.

"The only way we're going to get a cessation of hostilities is if we have the deployment of an international force into that area, that can stop the bombardment over into Israel, and therefore give Israel a reason to stop its attacks on Hezbollah," Blair said.

However, the U.S. ambassador to the U.N., John Bolton, said the Security Council should delay any action until the U.N. envoy now in the Mideast returns to New York this week.

That envoy, Vijay Nambiar, expressed optimism about efforts to resolve the crisis and said he would go to Israel shortly with "concrete ideas" on ending the fighting.

"We have made some promising first efforts on the way forward," Nambiar, Annan's special political adviser, told reporters in Beirut. He called time an important factor.

U.N. Undersecretary-General for Political Affairs Ibrahim Gambari said Nambiar had "very useful discussions" with Lebanese Prime Minister Fuad Saniora and parliament speaker Nabih Berri, an ally of Hezbollah leader Sheik Hassan Nasrallah.

"They have agreed on some specifics, and this is going to be carried to Israel, and they will probably go back to Lebanon if they are a promising signal. I wouldn't like to go further on that," Gambari said. Nambiar went to Israel late Monday.

French Prime Minister Dominique de Villepin, the highest-level visitor to Lebanon since the crisis began, also urged Hezbollah and Israel to join in a cease-fire and proposed dispatching international monitors to southern Lebanon.

But he stressed an end to the worst Lebanese-Israeli fighting in 24 years must include the release of the two Israeli soldiers seized last week.

Blair said assembling an international peacekeeping force could take time. He said Britain would work with other countries although he called British forces, which are part of U.S.-led efforts in Iraq, "somewhat stretched."

Russian President Vladimir Putin said his nation would contribute troops to a U.N. peacekeeping force. The European Union said it also was considering deploying peacekeepers in Lebanon.

Israel, which distrusts the U.N. and views international bodies as pro-Arab, has had bad experiences with international forces and prefers the Lebanese government to patrol the south of the country.

UNIFIL, an international force already in south Lebanon, failed to prevent the Hezbollah raid and missile firings that triggered the current crisis. Also, a large international force could hinder Israel's freedom to wage such a large-scale offensive were Hezbollah to attack again.

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Asked about the comments from world leaders on an international force, White House national security spokesman Frederick Jones said, "We're open to the possibility of that force being necessary."

Throughout the conflict, Bush has defended Israel and said he would not demand a cease-fire, despite accusations by other world leaders that the Israelis have gone too far.

Bush, not realizing his remarks were being picked up by a microphone, candidly expressed his frustration with Hezbollah, a militant Islamic group backed by Iran and Syria, on the margins of the Group of Eight summit in Russia.

"See the irony is that what they need to do is get Syria to get Hezbollah to stop doing this s--- and it's over," Bush told Blair.

Bush also suggested that Annan call Syrian President Bashar Assad to "make something happen."

The White House said it had nothing to announce about a trip to the Middle East by Secretary of State Condoleezza Rice, even though Bush was overheard telling Blair, "She's going. I think Condi's going to go pretty soon."

Diplomats Work To Halt Fighting Between Israel, Hezbollah (KRT)

By Dion Nissenbaum

Knight Ridder, July 18, 2006

JERUSALEM - International diplomats swung into action Monday on the increasingly deadly face-off between Israel and Hezbollah as Israeli air attacks claimed at least 40 more lives in Lebanon and Hezbollah missiles wounded 11 in Israel.

Israel acknowledged for the first time that only diplomacy would bring a long-term solution to the conflict, and Lebanon's prime minister pleaded for a cease-fire. But Israel rebuffed a proposal to deploy United Nations peacekeepers along its border with Lebanon and stuck to its refusal to release prisoners in exchange for the return of two Israeli soldiers captured last week by Hezbollah.

"Time is of the essence," said U.N. Undersecretary-General Vijay Nambiar, head of a U.N. team that was shuttling between Beirut and Jerusalem. "Creative solutions have to be found in order to prevent a broadening and deepening of the conflict."

After days of saying it wouldn't intervene in the conflict, the Bush administration also began showing an interest in brokering an end to the fighting. State Department spokesman Sean McCormack said Secretary of State Condoleezza Rice planned to travel to the Middle East to mediate.

But McCormack said details of the trip had to be worked out, and Rice had just returned to the United States from Russia, where she'd been attending the G-8 summit.

Iran and Russia also pressed for diplomatic solutions, with Iran calling for a cease-fire and a prisoner exchange and Russia offering to contribute troops to a peacekeeping force.

Meanwhile, the United States said it would begin evacuating those Americans wishing to leave Lebanon.

The civilian toll continued to climb. Lebanese officials said more than 40 people were killed in Israeli airstrikes on Monday, including 10 on a bridge in southern Lebanon. Human Rights Watch called for Israel to investigate the deaths of at least 16 civilians killed by an Israeli attack over the weekend as they tried to flee southern Lebanon.

Israeli jets again hit Beirut's airport, blowing up the last two oil depots and creating another intense fireball. Israel said it also hit a Hezbollah vehicle carrying long-range missiles that could have hit deep inside Israel.

Hezbollah rockets once again hit Haifa, Israel's third-largest city, where 11 people were injured in strikes that also destroyed an apartment building.

All together, more than 200 people in Lebanon and 24 in Israel have died in the fighting, including eight Israelis killed Sunday when a Hezbollah rocket struck a train maintenance area in Haifa.

In a candid moment of frustration captured by an open microphone, President Bush lashed out at Hezbollah and expressed frustration with U.N. Secretary-General Kofi Annan for not prodding Syrian President Bashar Assad, one of the Lebanese militant group's main backers.

"I feel like telling Kofi to get on the phone with Assad and make something happen," Bush told British Prime Minister Tony Blair during a lunch at the G-8 summit in St. Petersburg, Russia.

"See, the irony is that what they need to do is get Syria to get Hezbollah to stop doing this s--- and it's over," said the president.

Israeli Prime Minister Ehud Olmert also singled out Syria for prolonging the crisis by not stopping Hezbollah from firing rockets into northern Israel and not trying to persuade the group to free two Israeli soldiers captured in a cross-border raid last Wednesday.

In a speech carried live in Israel, Olmert denounced Hezbollah as "subcontractors for the axis of evil that runs from Tehran to Damascus" and said his nation was prepared for a long fight.

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"We are not looking for war or conflict," Olmert told the Israeli parliament. "But when necessary we will not shy away from them."

In his speech, Olmert outlined his demands to end the crisis: Release of the two Israeli soldiers; expulsion of Hezbollah from the southern Lebanese border where militants are firing rockets into Israel; deployment of Lebanese troops in the area; and full disarmament of Hezbollah under unfulfilled U.N. resolutions.

"We are trying to neutralize their ability to rain terror on us," said Mark Regev, a spokesman for the Israeli Foreign Ministry. "Having said that, we understand that the long-term solution is not military, but diplomatic."

Regev suggested that Israel's military campaign had succeeded in laying the groundwork for peace talks by targeting Hezbollah and weakening its ties to Syria and Iran.

"If you have more energetic support behind the Lebanese government, that is a recipe for an improved reality," said Regev.

U.N. official Nambiar, conferring with Lebanese Prime Minister Fuad Saniora on Monday, called his meeting "a promising first start" but stressed that "much diplomatic work needs to be done before we arrive at any grounds for optimism."

Nambiar declined to discuss what idea he'll present to Israeli Foreign Minister Tzipi Livni when they meet on Tuesday. It wasn't clear whether he'd met with Hezbollah representatives.

Israel already has dismissed one idea proposed by Annan and Blair for the creation of an international force to be sent to the Israel-Lebanon border.

"We've got one force that has been quite a failure and that's UNIFIL," said Regev, referring to the 2,000-strong United Nations Interim Force in Lebanon deployed along the border.

Israel has demanded that Lebanon dispatch its troops to the border to rein in Hezbollah, a proposal that most analysts believe the weak Saniora coalition couldn't achieve.

Saniora again appealed for Israel to halt its punishing bombardment of Lebanon, which, in addition to killing scores, has created a growing refugee crisis. Thousands of Lebanese residents are heeding Israel's warning and are fleeing southern Lebanon.

Villages near the border with Israel were almost empty Monday, with officials estimating that 36,000 refugees have fled. Thousands more have left Beirut to shelter in villages and towns in northern Lebanon.

Diplomatic Solution Sought (USAT)

By Yaakov Katz Special For

USA Today, July 18, 2006

TEL AVIV, Israel — Diplomatic maneuvers to stem the growing crisis in the Middle East intensified Monday as attacks on Lebanon by Israeli warplanes and artillery continued and the regional death toll topped 200.

As the violence entered its sixth day, United Nations envoy Vijay Nambiar reported “promising first efforts” after meetings in Beirut with Lebanese officials. Nambiar's U.N. team planned to travel to Israel and meet today with Israeli officials.

As the Group of Eight (G8) summit of nations ended in St. Petersburg, Russia, U.N. Secretary-General Kofi Annan and British Prime Minister Tony Blair called for sending international forces to southern Lebanon to create a buffer between the Hezbollah militia and the Israeli border. The European Union also backed the idea.

No immediate diplomatic breakthrough was apparent. Hezbollah legislator Hussein Haj Hassan dismissed cease-fire proposals as “Israeli conditions” that give Israel more time to pummel Lebanon.

In a speech to the Israeli parliament, Prime Minister Ehud Olmert insisted on the return of two soldiers kidnapped last week by Hezbollah, an end to rocket attacks on Israel and the deployment of the Lebanese army along the Israeli border. “We shall continue this (military operation) until Hezbollah does the basic and fair things required of it by every civilized person,” Olmert said.

Olmert did signal a potential softening of Israel's demands for a cease-fire. He did not insist that Hezbollah be dismantled, a previous Israeli condition.

At the United Nations, U.S. Ambassador John Bolton questioned whether a new multinational force in Lebanon would be any more successful than the U.N. force that has been there for 28 years.

At the G8 meetings, President Bush — unaware that a microphone was picking up private comments to Blair — complained that Annan was focusing too much on a cease-fire rather than on efforts to pressure Iran and Syria to discourage Hezbollah violence.

Bush also suggested Secretary of State Condoleezza Rice may soon head to the Middle East. Rice said Sunday she was considering such a mission. State Department spokesman Sean McCormack said Rice planned to travel to the region but was unsure when.

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Pentagon spokesman Bryan Whitman said a commercial ship possibly escorted by a U.S. destroyer will start evacuating Americans from Lebanon to Cyprus today. The ship can carry 750 at a time. There are about 25,000 Americans in Lebanon.

Thousands of foreigners were fleeing to Cyprus, some by road to Syria, others waiting for spots on U.S. and European ships. “I don't feel in that much danger,” said Stephen McInerney, 31, of Southern Pines, N.C. He is a student at the American University of Beirut and registered to be evacuated. “But if things get worse, there might not be a way to get out.”

G-8 Leaders Ponder Action In Lebanon (WT)

By Nicholas Kralev And Betsy Pisik

The Washington Times, July 18, 2006

World leaders wrestled yesterday with the idea of deploying an international security force to southern Lebanon, but the United States said it would wait until a United Nations team returns from the region later this week before deciding on the best way to tackle the crisis.

The State Department said that the Group of Eight nations, which concluded their annual summit in Russia, found the concept of a security force "attractive," but there are "many, many different questions" to be answered first.

The force would be deployed to help enforce a cease-fire between Israel and the militant group Hezbollah.

"We want to hear back from the U.N. assessment team that's traveling in the region about what combination of a security-monitoring presence -- what, combined with Lebanese armed forces -- might provide a more secure, stable atmosphere," said State Department spokesman Sean McCormack.

He was vague about a potential trip to the region by Secretary of State Condoleezza Rice, saying she intends to travel "at some point in the future," but she wants to hear from the U.N. team first.

"Her goal in traveling to the region would be to try to further the diplomacy that would lay the groundwork for a lasting cessation of violence," he said. "What you don't want to do is you don't want to be back in the same position three weeks from now, three months from now, six months from now, where a group of extremists, terrorists and their backers can drag the region into a crisis."

Miss Rice is scheduled to travel to Asia next week, and Mr. McCormack did not indicate that she might change her plans.

A trio of U.N. envoys with long experience in the region has been shuttling between capitals, and last night the three were expected to carry some Lebanese proposals to the Israeli government.

The proposed international force could either be an extension of the existing U.N. peacekeeping mission in southern Lebanon, UNIFIL, or a U.N.-authorized effort that could temporarily serve beside it.

U.N. Secretary-General Kofi Annan appealed to governments "to make sure that we have the troops -- well-trained, well-equipped troops -- that can go in quite quickly" once the Security Council agrees on the details.

At the G-8 summit in St. Petersburg, President Bush was cautious in responding to the proposal for a security force, but German Chancellor Angela Merkel, French President Jacques Chirac and British Prime Minister Tony Blair backed the idea.

Italian Prime Minister Romano Prodi said that his nation could contribute 8,000 troops to the effort, in addition to the 2,000 already in the region.

At the United Nations, Undersecretary-General for Political Affairs Ibrahim Gambari told the Security Council that Israel's bombing of Lebanon would energize the "most radical elements" in the region.

"We are now in a situation of open war. The consequences are serious and the impact is devastating not only on Lebanon and Israel but on the entire Middle East," Mr. Gambari said.

"We cannot see how this destruction contributed to the goal of ensuring that the government of Lebanon is able to exert its control over the country, particularly the south," he said.

The United Nations said that nearly 200 Lebanese civilians have been killed at least 500 injured by the Israeli shelling. It also said that tens of thousands of Lebanese have been displaced by the attacks, and thousands of foreign nationals are trying to get out.

Bush Plans Sending Rice To Mideast 'Pretty Soon' (WT)

By Joseph Curl

The Washington Times, July 18, 2006

ST. PETERSBURG -- President Bush said yesterday that he would send Secretary of State Condoleezza Rice to the Middle East "pretty soon" and expressed impatience with U.N. Secretary-General Kofi Annan's proposal of an immediate cease-fire as the solution to the escalating crisis in the region.

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The diplomacy of the discourse at the Group of Eight summit in this Baltic Sea city was shattered when Mr. Bush was caught using profanity on an open microphone at a luncheon of the leaders of the eight major industrialized nations. The president was heard describing Hezbollah in vulgar terms.

Mr. Bush, nibbling on a buttered roll and ordering a Diet Coke as he chatted informally with the other leaders, gave a candid assessment of the Hezbollah terror campaign to Prime Minister Tony Blair -- using a familiar word describing excrement -- apparently unaware that a microphone nearby was live. Television networks, including CNN, aired the tape throughout the day, leaving the expletive intact.

"See, the irony is that what they need to do is get Syria to get Hezbollah to stop doing this [excrement] and it's over," Mr. Bush said.

The president and Mr. Blair voiced frustration with Mr. Annan, with Mr. Bush suggesting that the U.N. secretary-general thinks a cease-fire by itself will resolve the conflict.

"What about Kofi Annan? I don't like the sequence of it. His attitude is basically 'cease fire and everything else happens,' " Mr. Bush said.

Mr. Blair replied: "What does he think? He thinks if Lebanon turns out fine, if he gets a solution in Israel and Palestine, Iraq goes in the right way, he has done it. That's what this whole thing's about. It's the same with Iran."

But the prime minister cautioned, "The thing that is really difficult is you can't stop this unless you get this international presence agreed," a reference to the G-8 leaders' call for the United Nations to consider an international security force in Lebanon.

On his six-day trip to Germany and Russia, Mr. Bush repeatedly has accused Hezbollah, a militant Shi'ite group backed by Syria and Iran and based in Lebanon, of spurring the recent violence in the Middle East. He won concessions from other leaders yesterday, when the G-8 issued a statement condemning Hezbollah and acknowledging Israel's right to defend itself. But Mr. Bush continues to think that more pressure needs to be applied on Syrian President Bashar Assad.

"I felt like telling Kofi to get on the phone with Assad and make something happen. We're not blaming Israel, and we're not blaming the Lebanese government," Mr. Bush said.

Mr. Blair cautioned Mr. Bush about Miss Rice's expected visit to the Middle East when a U.N. team returns later this week. "If she's going ... she needs the ground prepared, as it were. See, if she goes out, she has got to succeed, as it were, whereas I can just go out and talk," the prime minister said.

The unscripted comments were extraordinary given the highly choreographed nature of such summits, during which every movement by world leaders is broken down to the minute. The recording picked up Mr. Bush making small talk to other leaders as well. Expected to deliver remarks at the luncheon, the president said: "I'm just going to make it up. I'm not going to talk too damn long like the rest of them. Some of these guys talk too long."

Asked about the microphone mishap during his final briefing of the summit, Mr. Blair joked that it was "all about transparent government." He smiled and tapped the microphone in front of him.

The summit ended yesterday after world leaders unified to seek to halt the Middle East crisis, giving consideration to sending international peacekeepers to stop Hezbollah from bombing Israel.

Mr. Putin, closing the first G-8 summit in Russia, said his nation would contribute troops to a U.N. peacekeeping force. The European Union said it also was considering sending peacekeepers to Lebanon. France said it is sending Prime Minister Dominique de Villepin to Beirut to express support for Lebanon's government. French President Jacques Chirac said that "some means of coercion" may be needed to enforce a U.N. resolution that calls for the disarmament of Hezbollah and other militias in Lebanon.

Rice Plans Mideast Mission (AFP)

By Stephen Collinson

AFP, July 18, 2006

WASHINGTON - US Secretary of State Condoleezza Rice laid plans to visit the crisis-torn Middle East, as Washington refused to endorse calls for an immediate ceasefire between Israel and Hezbollah.

As one prominent analyst described Rice's prospective trip as a "mission impossible," the United States also organised the evacuation of thousands of US nationals from Lebanon.

State Department spokesman Sean McCormack confirmed Rice was preparing a visit, after President George W. Bush, in an unguarded moment caught on a microphone at the G8 summit, said she would go "soon."

McCormack said Rice wanted to hear from a United Nations crisis mission expected to report back to UN Secretary General Kofi Annan later this week before leaving.

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"Her goal would be to further the diplomacy that would lay the groundwork for a lasting cessation of violence," he said, apparently seeking to downplay expectations for a breakthrough.

State Department sources said Rice was pondering whether to add a Middle East swing ahead of an already planned departure for Asia next week.

Though Rice's presence would kick diplomatic efforts into higher gear, it remained uncertain how she could immediately ease the crisis.

She has already cautioned her trip does not mean a return to the days when US secretaries of state zipped across the region brokering ceasefires.

"We first need a way ahead. Let's recognize that simply going in and shuttling back and forth if you don't know where you're trying to go is not going to help," Rice said on Fox television Sunday.

Washington again rejected calls for an immediate ceasefire after six days of fighting sparked by the kidnapping of two Israeli soldiers by Hezbollah.

"Nobody wants to see a cessation of violence done in such a way that you end up back where we are today at some point in the future," said McCormack.

A senior State Department official said on condition of anonymity meanwhile that "you have to take those steps where the government of Lebanon exercises control over its entire space and Hezbollah is dismantled."

Some analysts believe Washington wants to let Israel severely disable the militia group's infrastructure before backing a ceasefire.

It is uncertain whether Israel, locked with Hezbollah in an escalating spiral of violence, would end its action before then -- and there is no sign the Bush administration would press it to do so.

With only a few exceptions, the Bush administration has been loath to delve into the minutiae of Middle East peacebrokering favored by former president Bill Clinton, for instance.

Some experts question whether Rice should risk her own prestige, given the long odds of pulling off a success, especially given the US refusal to talk to Iran and Syria, which it accuses of masterminding Hezbollah's action.

"I have to say from previous experiences that secretaries of state do not go on a mission impossible because then their credibility will be directly affected," said Martin Indyk, a former US ambassador to Israel.

"There doesn't seem to be any way in which she could put together a positive outcome in these kinds of circumstances," Indyk, now with the Brookings Institution, said.

The Bush administration has ostracised Syria, as part of its campaign to promote democracy in the Middle East and target autocratic regimes it says foment violence and hold back reform.

Washington is confronting Iran over its nuclear program and alleged support for Iraqi insurgents after a years-long diplomatic freeze, ruling out Tehran as a dialogue partner.

"You have a big problem when you can't talk to the Iranians, when you cannot talk to Hamas, you cannot talk to Hezbollah, and you have minimal contact with the Syrians," said Hisham Melhem, a journalist for outlets including Al-Arabiya at a Brookings forum on Monday.

Some observers also believe US leverage has ebbed as American prestige is battered by a bloody battle to control Iraq.

Indyk said Rice's best bet may be to wait to see the result of Israel's military action -- before putting her political capital on the line.

"I do think this cannot be ended without her intervention but it would be premature to do that (yet)," he said.

Battle In Mideast Widens U.S.-Russia Rift (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, July 18, 2006

ST. PETERSBURG, Russia -- The U.S. and Russia differ sharply on the causes and cures for the outbreak of Middle East violence, complicating the diplomatic response and further straining relations between Washington and Moscow.

The tension between President Bush and Russian President Vladimir Putin hung over this year's Group of Eight summit here, as the two sides traded jabs over whether responsibility lay with Israel or the Lebanese-based Hezbollah militia. It also heralded further diplomatic strains, because Russia's proposals -- negotiating with Hezbollah, pressing Israel to halt its offensive and resisting efforts to lay blame on Syria and Iran -- run counter to those of the U.S.

Mr. Bush offered a blunt prescription during a lunch meeting yesterday with other G-8 leaders, when a microphone accidentally left on picked up the president using an expletive to illustrate his belief that Syria bore responsibility. In an exchange with British Prime Minister Tony Blair, Mr. Bush said global powers had to "get Syria to get Hezbollah to stop doing this s-, and

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then it's over." Mr. Bush also told Mr. Blair he wanted to tell United Nations Secretary-General Kofi Annan "to get on the phone with [Syrian President Bashar] Assad and make something happen."

The divide came to a head during a tussle over a Russian attempt to have the summit formally condemn Israel's assault on Lebanon. After the U.S. blocked the move, Russia stymied a U.S. effort to include language specifically linking Syria and Iran to the violence. Ultimately, the G-8 statement on the Middle East expressed the leaders' "determination to pursue efforts to restore peace," but didn't address differences between the U.S. and Russian approaches.

Still, the U.S. and Russia have some common ground, with both expressing cautious support for an emerging proposal to send an armed international force to the Israel-Lebanon border. "The G-8 will ask the U.N. Security Council to consider sending an international peacekeeping force to Lebanon...and I hope the United Nations Security Council will take this decision," Mr. Putin said. He said Russia would consider sending troops to a U.N.-created force.

Disagreement over Mideast violence is a new irritant in the rocky ties between the U.S. and Russia. Despite round-the-clock negotiations, the two sides failed last week to reach agreement on a deal that would allow Russia into the World Trade Organization, a priority for Mr. Putin. The leaders also had tense exchanges about Russia's record on democracy and human rights. And Mr. Putin publicly mocked U.S. progress in Iraq.

Today's Mideast dispute reflects each country's positions on the decades-old Arab-Israeli conflict, but U.S. officials say it is being fueled by Russia's desire to challenge the U.S. on a variety of fronts to demonstrate its resurgence as a global power. A senior U.S. official said Russia's position also reflects Moscow's growing business and financial ties with Iran.

While the gap between the U.S. and Russia looks to be widening over the Middle East, the summit seemed to chart new agreement between the U.S. and its European allies, who often find themselves on opposite sides of the Arab-Israeli conflict.

None of the European countries backed Israel as strongly as the U.S., and several mixed condemnations of Hezbollah with expressions of concern about the scope of the Israeli offensive. Still, the public statements of most G-8 leaders seemed closer to Mr. Bush's than Mr. Putin's.

French President Jacques Chirac, in an appearance with Mr. Bush, emphasized the need for "to-the-letter implementation of Security Council Resolution 1559," which calls for Hezbollah to be disarmed. Mr. Blair echoed American language accusing Iran and Syria of contributing to the violence through military and financial support of Hezbollah.

Mr. Putin's denunciation of the Israeli offensive could open him up to charges of hypocrisy in his views in the war on terror, given Russia's crackdown on Chechnya, where Russian forces battling Islamic separatists have killed thousands of civilians. Mr. Putin's public statements make clear that he sees Hamas's and Hezbollah's battles with Israel as predominantly political in nature, while he sees the Chechens' attacks on Russia as religiously inspired terrorism.

The U.S. has rejected Arab and European appeals to pressure Israel to halt its counteroffensive and has condemned Syria and Iran for supplying arms and financial aid to the Shiite militia. The U.S. wants Lebanon to fulfill the U.N. resolution calling for Hezbollah to be disarmed and has called for international pressure on Syria and Iran to curtail support for the group.

"For the first time we've really begun to address with clarity the root causes of the conflict...and that is terrorist activity -- namely, Hezbollah, that's housed and encouraged by Syria, financed by Iran, are making these moves to stop the progress of peace," Mr. Bush said.

Russia argues that the root cause of the current violence is Israel's occupation of Palestinian territory in the West Bank and Syrian territory in the Golan Heights. Moscow has criticized Hezbollah for abducting Israeli soldiers and striking northern Israel, but it broke with the U.S. by condemning the Israeli military attacks as excessive and disproportionate. Mr. Putin also said that there is no definitive proof that Syria and Iran have continuing ties to Hezbollah.

Mr. Putin's government also has laid out a different set of responses. Speaking to reporters in recent days, Mr. Putin has said his government has held back-channel talks with Hezbollah and would be willing to hold formal negotiations with the group, as it does with the Palestinian militant organization Hamas.

Bombings Bring Season Of Fear To Seaside Resort (NYT)

By Hassan M. Fattah

The New York Times, July 18, 2006

TYRE, Lebanon, July 17 — Just a week ago, Tyre was an idyllic seaside town on the Mediterranean Sea, a fledgling tourist spot with everything from scuba diving to fishing cruises, populated by a mixture of Christians and Shiite Muslims.

Posters herald a concert by Nancy Ajram, one of the hottest pop singers in the Arab world. But this town is also the gateway to Hezbollah country, where Hezbollah controls everything from local administration and schools to security. Hezbollah has its footprint everywhere here, from its signature yellow banners to portraits celebrating fallen martyrs.

So since the current conflict began, Israeli aircraft have sought to bomb Tyre and the area south of here into submission, while refugees fleeing the bombing have turned the town into a way station on the path to safety in the north.

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"This is a war of nerves,'' said Khalid Mehdi, 50, a fisherman who sat near the city's harbor with several of his friends on Monday in a rare moment of quiet. "Don't be fooled by quiet. Be afraid of it.''

On Saturday and Sunday, Israeli warplanes carried out their heaviest bombing yet of southern Lebanon, and there was enough horror to go around. On Sunday, at least 10 people, including children, were killed when a bomb aimed at the civil defense headquarters here demolished the top two floors of the building. Their mangled bodies were pulled out of the rubble on Monday.

Not far from here, near the village of Marwaheen, a van filled with fleeing families was bombed Saturday, and 16 of the 20 aboard were killed. And on Monday afternoon, a bomb fell near an irrigation canal on the edge of the city where three children were swimming, severely wounding them. Hours later, another group of children was wounded in a nearly identical incident. Late Sunday, a residential building adjacent to the Amel Hospital on the outskirts of town was bombed repeatedly, local residents said.

The bombing feels sporadic — an apartment demolished in one part of town, a home bombed in another, a residential tower abutting a hospital destroyed — but for many that only rattled nerves further.

"If there were heavy bombing you could find ways of avoiding it,'' said Mr. Mehdi, who was jailed by the Israelis when they occupied southern Lebanon in the 1980's.

At the Amel Hospital, Dr. Ali Mroue took stock of what he had seen in recent days: decapitated bodies, severe burns, disfigured faces. The hospital has lost 25 patients, he said, but saved 100.

But most of all, he lamented the death of a 2-year-old girl, whom he tried desperately to save. She had severe burns on half her body, internal bleeding and her eyes were perforated, but she fought to live, he said.

"She was a mere child," he said, as his voice cracked. "She had nothing to do with this. Maybe you can accept the death of an adult, but she had so much ahead of her.''

He was surrounded by families that rushed to the hospital for care and stayed there for safety. Hundreds of men and women lay in the hospital basement, not sure where to go or when they could return home.

"We drove and drove, and the bombs kept coming behind us,'' said Saada Ashour, who raced here with her family of five from the nearby town of Shaqra. "We hoped the United Nations would help us, but they did nothing.''

Ali Khalil's family was in his aunt's house when a bomb hit it on Saturday morning, he said. Some in the family rushed to the hospital in a convoy of three cars with several of the wounded. The rest decided to camp out in the basement.

But even the protection of the hospital did not prove strong enough when warplanes hit a residential tower adjacent to it on Sunday evening, bringing the structure down. Several bodies were still buried beneath the rubble Monday.

"We only ask one thing: keep the hospitals out of this,'' said Dr. Mroue. "We just want to do our job and help the people.''

The sight of ambulances screeching through the city was so disturbing to residents that Muhammad and Ahmed, two ambulance drivers who gave only their first names, decided to park on a side street under the trees Monday, awaiting emergency calls rather than cruising the city looking for them.

"We're trying not to drive through any of the cities," said Muhammad. "It is just too difficult for the people to see them, so we have decided to stay here.''

Tyre was cut off from the rest of Lebanon on Monday as the Israeli bombings of bridges and roads have turned this city into a virtual island. To leave here, residents have had to take back roads, dirt roads and makeshift bridges to cross the valleys and streams. The obstacles have turned a two-hour drive to Beirut into a daylong trip through the Shouf mountains over twisting roads marked periodically with signs commemorating ambushes of Israeli soldiers.

Many residents, acting on Israeli warnings in leaflets dropped over the area, gave up their stand Monday and decided to brave the drive. A seemingly endless line of cars, packed with families and piled with bags, crossed the mountain passes leading out of here.

Mr. Mehdi was one of those who stayed behind. The cost of a trip to Beirut had reached $500, an impossible sum for someone of his means, he admitted. But even if he could, he would not leave, he said, because he had to defend his home.

"I'm better off dying here,'' Mr. Mehdi said, as a fighter jet broke the evening quiet overhead. "You can't go to hell from here because you already are in hell.''

In Israel's North, Waiting Out Rocket Attacks (NYT)

By Greg Myre

The New York Times, July 18, 2006

NAHARIYA, Israel, July 17 — As members of the Siboni family whiled away Monday afternoon in lawn chairs just outside their bomb shelter, knitting, smoking and reading the Torah, Hezbollah's rockets suddenly fell with their signature thump.

"Go inside, go inside," advised Talia Siboni, age 2, who was clutching her doll. "This really scares me."

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The family swiftly complied, and over the next hour the thunder of eight crashing rockets was audible in this coastal town, several miles south of the Lebanese border.

With Hezbollah firing rockets on northern Israel for a sixth straight day on Monday — including one that destroyed part of an apartment building in nearby Haifa — tens of thousands of Israelis in the region remained holed up in bomb shelters that, while apparently rocket-proof, are hot and uncomfortable.

In this part of the country, where Hezbollah rockets have been a threat for decades, taking cover in bomb shelters has become as commonplace as bracing for a hurricane is in Florida.

This time, many families have evacuated to the south, waiting out the fighting with relatives. Of the 12 families in the Sibonis' four-story apartment building, 9 have left.

But Shlomo Siboni, a 45-year-old retired army major, offered a typical Israeli response when asked why his family was staying: "This is my home. Why should I leave? And besides, something could happen to you anywhere in this country."

The shelters are simple concrete boxes with minimal facilities that usually include bunk beds that fold out from the walls, a toilet and a sink. Electricity allows for cooking on a hot plate, watching television and running a fan.

The Sibonis use a shelter on the ground floor of their building, though most are typically in basements. Most larger apartment buildings have their own shelters, and local governments also provide them.

As the days drag on, tedium sets in, increasing the temptation to spend time outside, particularly for restless children. Mr. Siboni said that he made occasional trips to the store, and that the family had been going upstairs at night to sleep in their third-floor apartment.

When two rockets suddenly landed back-to-back in the distance, Talia offered her own analysis: "The eggs are breaking, the eggs are breaking."

Mr. Siboni said he and his wife, Kathy, tried to explain the rockets to Talia by saying they were falling eggs that belonged to the egg delivery man. For now, Talia seems to accept that, though she periodically asks, "How do the eggs fly?"

Ms. Siboni's sister and her family of five visit each summer from Los Angeles for a month or more, and this year they arrived just in time for the rocket barrage. After two days, they retreated to the safety of Tel Aviv and are planning to return home, Ms. Siboni said.

As the rockets hit Monday, the family was joined in the shelter by their neighbor, Avraham Daniel. He was praying in a nearby synagogue last Thursday when a Katyusha landed outside, shattering the windows and showering him with glass.

"They took a few pieces of glass out of my head at the hospital and told me to stay and lie down, but I came home," said Mr. Daniel, 60.

A grown daughter has urged him to stay with her in Tel Aviv, a little over an hour away by car and out of rocket range. But Mr. Daniel has refused.

"I've lived in this apartment for 35 years," he said. "I'm a Katyusha veteran. I know how to take care of myself."

Communities in northern Israel have a well-developed game plan for helping their residents when the rockets fall. The town hall in Nahariya has a 24-hour hot line, and municipal workers in flak jackets carry food, water, medicine and even diapers to families running low on supplies in the shelters. The elderly are transported to senior citizens' homes in safer regions.

The town also organizes activities inside the shelters. Singers from around the country give impromptu concerts. Artists set up craft centers for painting and woodworking. Soldiers are sent to entertain children.

"Unfortunately, we are all too familiar with this," said Galia Mor, a spokeswoman for Nahariya, which has about 60,000 residents.

While communities farther north have had bomb shelters for many years, the government ordered all homes in Israel to have safe rooms after the Persian Gulf war in 1991, when Iraq fired dozens of Scud missiles into the country.

Still, the past two days have brought an ominous new development, with Hezbollah firing rockets much more powerful than the Katyushas it has been launching for more than two decades.

Since Sunday, at least 20 rockets have hit in or near Haifa, a major port and Israel's third largest city, which is about 20 miles south of the border. While many homes in Haifa have some kind of bomb shelter arrangement, the city had never been hit until last Thursday.

On Sunday, one of the new rockets killed 8 workers and wounded 20 at a maintenance building in the railroad yard in Haifa. On Monday, a rocket slammed into the top floor of a three-story residential building, destroying apartments on all three floors on one side of the building. One person was critically wounded and at least five others were hurt, the police said.

On Monday, much of Haifa was empty. As Mayor Yona Yahav surveyed the damaged apartment building, he said people did not need to leave the city, but he urged them to remain inside. The city was trying to maintain some semblance of normality and the port was operating, he said. Still, he acknowledged the potential damage to the local economy.

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"Hundreds of thousands of people come every summer to festivals here," Mr. Yahav said. "Without this, our local economy will be hurting."

Vacationers In Beirut Resume Holidays In Hospitable Cairo (WSJ)

By Yasmine El-Rashidi And Mariam Fam

The Wall Street Journal, July 18, 2006

This week, 28-year-old Majdi al-Ansaari and two of his cousins, all from Saudi Arabia, found themselves heading to Cairo as their Beirut vacation was cut short by Israeli bombing. His family used to spend two full months each year vacationing in the Egyptian capital. But since the end of Lebanon's civil war and the revival of Beirut, the clan had started spending half its vacation in Lebanon's increasingly lively capital.

In Cairo, Mr. Ansaari met up with more than a dozen other family members -- plus drivers and nannies -- who had been planning to travel to Beirut next week. Mr. Ansaari says he has vowed to make the best of it. "Cairo's cool and fun, but different," he said. "Beirut is like going to Europe... the girls and the nightlife."

He's especially disappointed to miss several concerts that had been on the Beirut calendar, including one by the rock group Deep Purple. "It's not the same. Beirut is hard-core partying. Cairo is like 20 years behind," he said.

The Middle East has seen a tremendous increase in tourism in the past several years, with a resurgent Beirut one of the industry's biggest destinations, especially in August. The travel surge has been driven by higher oil revenues in the region and the increasing desire of many Middle Easterners to vacation within the region. Travelers from the Persian Gulf states -- fleeing the scorching heat of the summer desert -- often divide their summer vacation time between Lebanon and places such as Syria and Egypt.

After a long climb back from civil war, Lebanon had restored and renovated its war-torn capital, re-establishing European-style restaurants and bars, and the freedom to dress skimpily and drink alcohol. Lebanon's tourism industry had been forecast to hit 6.2% growth this year, accounting for approximately 15% of the nation's $23.7 billion gross domestic product, according to a recent report released by the World Travel and Tourism Council. Arrivals had increased almost 50% so far this year, compared to last.

The industry was expected to generate 175,000 jobs in Lebanon this year, accounting for 11% of total employment in the country. According to the Lebanese Tourism Ministry, 1.6 million tourists -- half from Arab countries -- were expected to spend up to $2.5 billion in 2006.

Now Lebanon's ports and airports are closed in the wake of heavy Israeli bombing that also is bringing havoc to its tourism industry. That's bound to put a big dent in Lebanon's vulnerable economy, already burdened by $40 billion of foreign debt.

Nearby Damascus, the capital of neighboring Syria, rapidly filled with tourists exiting Lebanon in a hurry this week. Badriya Youssef, a 50-year-old tourist from Kuwait, said she was vacationing at her family's recently finished home in Lebanon near Beirut, when she heard the sound of echoing explosions. "Our house shook," she said. "We didn't expect anything like this to happen. We wouldn't have taken this vacation if we had."

Ms. Youssef tried to wait out the conflict, but when the violence showed no signs of abating, she headed for Syria on Sunday with her daughter and relatives and friends. "It came to the point where we were not even able to sleep at night. We could hear booms everywhere," she said. "We felt things might get better and we could continue our holiday. But it just kept on getting worse… You have to fear for yourself."

"May God get us out of this pinch," she remembers murmuring on the way. "And he did," she said.

Ms. Youssef plans to go to London for the second half of her vacation.

Thousands of summer tourists who were scheduled to arrive in Beirut in the coming weeks now have other plans. Many of those traveling from the countries of the Persian Gulf will end up in Egypt. That's welcome news for Egypt's tourism industry, which itself has been battered by violence in recent years, including two bombings in the Red Sea resort of Sharm el Sheikh.

Mohamed Abu Bakr, known as Amm Mohamed, a porter in a building in a residential neighborhood overlooking the Nile, says he has made 32 times his monthly salary in the past two days, locating apartments for Saudi Arabian families who have suddenly switched their vacation destination from Beirut to Cairo.

Many landlords of buildings in the neighborhood where he works are eager to lure back Arab tourists who once were attracted to Egypt by its bustling nightlife and relatively cool summer weather. "Landlords know they can make all their fortune in the summer when the Arabs arrive," Mr. Abu Bakr said.

They pay him a finder's fee of as much as $500. He says he just sealed another deal, typical of the ones coming his way: a Saudi family that was planning to leave Cairo and join friends and family in Beirut for the second half of their vacation. "Instead, they extended their lease for the month of August and guided two other families to me as well," he said.

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The summer months once guaranteed the arrival in Cairo of rich Arabs from countries such as Saudi Arabia and Kuwait. They would show up in groups of 10 or 20, with nannies, household staff, and 20 or 30 pieces of luggage. Some own property in the city, but many rent apartments or take up entire floors of hotels. Even in the pre-oil-boom days, the weak Egyptian pound, which now stands at about 5.70 to the dollar, meant the city offered a place where Gulf-state tourists could come and spend lavishly and be treated like royalty. Cairo's nightclubs, Nile-side restaurants and all-night cafes have long offered an escape from the confines of the conservatism widespread across the Gulf.

But in the past few years, Cairo has faced competition from a reviving Beirut, which spruced up its nightlife and fashioned itself into a hip vacation spot complete with clubs and bars and the freedom to go with it.

That suddenly changed last week. In Saudi Arabia the Al-Tayyar travel group was just one of many agencies that reported a slew of cancellations. At this time of year, up to 3,000 Saudis leave for Beirut from the Kingdom alone, said a travel consultant for Saudi Arabian airlines. Many travel to Beirut from Cairo or from stopovers elsewhere, such as neighboring Dubai. Many Egyptians also have chosen to holiday in Beirut as a more-affordable alternative to Europe.

Now, for Egyptians involved in the service industry, business prospects are suddenly booming. Luxury Car rental operator Maged Ahmed says that this past week the last six vehicles of his 16-car fleet were snapped up, including the car he normally uses. "I'll be using taxis for the rest of the summer," he says. Mr. Ahmed, who says his mobile phone is his office, attracts business by distributing business cards around popular buildings and hotels, such as the Ramses Hilton hotel and Safir apartment-hotel. "I knew right away and sent a messenger boy down to Safir to pass out more. All the Arabs there would for sure have relatives coming back to Cairo or coming here instead."

In Syria many tourists are now in transit -- some heading back home from Beirut, traumatized by the experience of war. In one luxury Damascus hotel, a Qatari sheik and his traveling clan of 12 are taking a few days of down time before heading to Cairo. Their Beirut plans were canceled, and instead they have booked a wing of a downtown Cairo hotel.

'Rockets Do Not Discriminate' (WP)

By Scott Wilson

The Washington Post, July 18, 2006

NAZARETH, Israel, July 17 -- The rockets landed in darkness on either side of this sacred city, long considered out of range and off-limits for the radical armed groups that have bombarded Israel's Galilee region from south Lebanon.

Out of range because Nazareth lies across a hilltop more than 20 miles south of the Lebanese border, where Hezbollah gunmen set off a new war last week by capturing two Israeli soldiers and killing eight others. Off-limits because, like the people firing the rockets, most of the residents here are Arabs.

Amin Abu Taha, a dentist with two teenage children, worried as he took a midday break outside a coffeehouse along Paulus VI Avenue. "Israel is the most powerful state in the Middle East," he said, sweating in the summer heat. "But rockets do not discriminate. This is an old story that must be resolved."

The barrage around midnight Sunday caused no casualties and it remained unclear whether Hezbollah intended to hit Nazareth or the nearby Jewish town of Nazaret Ilit. But the explosions prompted feelings of fear, despair and a touch of pride here in Israel's largest Arab city.

Conversations along Paulus VI Avenue, empty of the Christian tourists who come to the place known as the home town of Jesus, also highlighted the peculiar place that Arab citizens hold within the Jewish state, especially in times of war. "From a political perspective, we have no impact," Abu Taha said. "And we know it."

The roughly 1.2 million Arab citizens of Israel -- one-fifth of the population -- do not serve in the army, now engaged on the northern and southern borders. They have slim representation in parliament, and receive scant government support for the kind of bunkers and warning systems that have been well used in other northern Israeli cities since the fighting began.

The people here also have far fewer places to flee than the Jewish residents of northern Israel, thousands of whom are heading south to family and friends to wait out the war. For many of the 75,000 Arabs of this city, their only family is in Lebanon -- where, since the 1948 Arab-Israeli war, they have lived in refugee camps and cities that now may be under Israeli attack.

Along streets and in market stalls abuzz with radio news broadcasts, opinions ranged Monday from fear that Hezbollah would target the city center to rage at other Arab nations for not joining the fight against Israel. Despite the rocket attacks, Nazareth remains a restive exception in a country that has largely rallied around the attacks inside Lebanon.

"We heard explosions in the night, but we had nowhere to go," said Yihiya Sotari, 44, who for three decades has sold taped Islamic sermons, tracts and prayer beads from a market stall. "In Jewish towns you have shelters and sirens, but here you have nothing," he said. "When it comes to security matters, it is an issue where the Arabs have no say. It is a Jewish-only issue."

Sotari is a native of Nazareth, now raising six children. But his extended family has lived in Lebanon since they fled the village of al-Mujaydil during the fighting in 1948. The town has since been given a Hebrew name, Migdal HaEmek.

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Sotari's relatives settled in Baalbek near Lebanon's eastern border, where Israel carried out recent airstrikes targeting transmitters of al-Manar, Hezbollah's satellite television channel. He has not spoken to his family there since Israel's 1982 invasion of southern Lebanon, an operation that was also launched in response to rocket fire into the Galilee area.

With Koranic verses ringing out from the tape player behind his display, Sotari said he expected an Israeli attack on southern Lebanon following last Wednesday's cross-border capture of the two soldiers, whom Hezbollah leaders want to trade for Lebanese prisoners in Israeli jails. But he said he thought international mediation would follow.

"I don't know how or where it will end," said Sotari, whose 13-year-old son Mohammed helps him tend the stall.

After Iraqi attacks with Scud missiles during the 1991 Persian Gulf War, Israel passed a law requiring every new building to include a bombproof bunker. But most of the homes, apartments and office buildings here predate that regulation, and few of the centuries-old stone buildings that climb up the hillside from Paulus VI Avenue have shelters. There are no public bomb shelters here, although some schools plan to open up basements during air raids.

On the next hilltop, the largely Jewish town of Nazaret Ilit has a number of shelters.

"I have discussed the issue with the Ministry of Interior and the home front and they have said there is no money for them," said Ramez Jaraysi, the mayor.

The Basilica of the Annunciation, marking the site where Christian tradition says Mary received word that she would give birth to Jesus, looms above a warren of narrow market stalls. On Monday, they contained only idle merchants and their unsold clothes, souvenirs and CDs.

Omar Nasri, perched on a plastic stool in front of his display of clothing, tuned his radio to a Hebrew-language station that he said gave the earliest reports of rocket launches.

"Here now there are rockets, over there they have bombing," said Nasri, 34, who picked up a pair of socks and dropped them, to imitate the fall of bombs. "Nothing is in our hands. How will it end? Ask Olmert, ask Nasrallah," he said, referring to Israeli Prime Minister Ehud Olmert and Hezbollah leader Hasan Nasrallah.

Turn the radio to an Arab station, shouted a man who identified himself as Abu Ali, 60, another merchant. "Israel wants to destroy not only Lebanon, but the entire Middle East."

Waiting Anxiously For Word From Family (WP)

By Anthony Shadid

The Washington Post, July 18, 2006

BEIRUT, July 17 -- The families started arriving at Shakib Arslan High School days ago, by car, van and bus from battered neighborhoods of Beirut and southern Lebanon. There were a few at first, some with only the clothes they were wearing. By Monday, the pilgrimage had brought more than 1,000. They threw frayed blankets, foam mattresses and cheap mats over dusty tile floors, staking claims to a sunlit courtyard that, in a capricious war, had become sanctuary.

"There's no way for any of us to know anything here," said Hassan Abdullah, whose mother and two brothers were trapped in the south. The wiry 24-year-old shook his head. "I just don't know anything about them."

In six days of Israeli strikes that followed Hezbollah's capture of two Israeli soldiers in a cross-border raid, more than 60,000 Lebanese have been driven from their homes, an estimate that officials acknowledged was conservative. The exodus has overwhelmed Lebanon's already feeble infrastructure, swamping schools, clubs, mosques and churches in the capital and its mountain hinterland. In a war many Lebanese suspect will last weeks, months or perhaps longer, the unknown sometimes inspires the greatest fear.

"We're praying for them to be safe," Abdullah, who was at the school with another brother, said of his family.

"God save them," added his friend, Ayman Ghannam, 26.

The exodus that has washed over Beirut has sharpened Lebanon's myriad sectarian divisions: At the high school, a Sunni Muslim family fought a Shiite family over their opinions of Hezbollah and the conflict. But in a campaign that has gathered momentum in the past day, traditional parties have come together -- Druze, Christian and Sunni -- to provide food, shelter, mattresses and clothes. Radio stations have pleaded for help for the refugees, and television stations have broadcast a scrolling bar appealing for donations. Activists have inundated friends with text messages and e-mails, seeking their help.

"They've been at each other's throats, and now they're coordinating. That's the essence of it," said Rabi Bashour, helping coordinate efforts with friends at two Beirut schools housing 750 displaced people. "In Lebanon, unity takes place when it's not about politics anymore. And it's not about politics. It's about the country getting through this."

With a dozen other people, some drawn from a social work organization, Bashour has helped distribute more than 400 packages of bread, cheese, tuna, canned meat and milk to families like Abdullah's. They have relied on donations: One friend called to say he was bringing 200 loaves of bread by car. For children, they have brought diapers, baby food and baby milk. A mobile clinic from the hospital at the American University of Beirut has provided medical care.

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As they work, television stations -- al-Jazeera, al-Arabiya and Lebanese counterparts -- punctuate the day with reports of more casualties: On this day, 10 civilians were killed when an Israeli attack struck two cars crossing a bridge.

"It's like each one of us has his own moment of silence and goes on with work," Bashour said. "We have to go on."

While Lebanese factions have fiercely disagreed over the war itself, to a striking degree they have come together to help the displaced, who are mainly poor Shiite Muslims, Hezbollah's base of support. Supporters of Michel Aoun, a Christian leader who has a tactical alliance with Hezbollah, have been among the most energetic. But even the factions most at odds with Hezbollah -- the Druze led by Walid Jumblatt, for instance -- have come to their aid in his community's mountainous redoubt in the north.

"People are the same in hardship," said Ghassan Mahm, a Jumblatt follower in Barouk, a town in the Chouf Mountains, where more than 800 people have filled 40 schools perched along winding, misty roads.

Hussein Yaman left his village near Tyre on Thursday after a rocket fell 50 yards from his house. "Maybe God still likes us," he said. Yaman went first to western Beirut, but considered it too close to the bombing; his children could still hear airplanes. A day later, he took his children, ages 3 and 6, to eastern Beirut in his 1989 white Toyota. Again, too close. From there, he went to Byblos, a Christian coastal city north of Beirut also known as Jubayl, where he joined 180 people in the town's middle school.

"It was our luck we didn't get hurt," Yaman said.

Water bottles were stacked against the door, along with jerry cans filled by municipal authorities. Foam mattresses were spread on the floor in classrooms sometimes shared by three, four, even five families. Towels hung from the windows in lieu of clotheslines. Yaman was left angry by his exodus -- a journey he didn't choose. He was angrier at the war's toll.

"We can build again. That's not a problem," he said. "It's the children. Until now, when my daughter hears an airplane, she starts crying. What's her guilt? What did the children and others do wrong?" As he spoke, he grew more agitated, shaking. "When do you think this war is going to end? When is this war going to stop? This is the question to ask."

He thought about his brother Abdullah, still in his village near Tyre.

"Maybe he's dead," he said. "I don't know."

The fears of the displaced are often driven by memories that two names evoke. One is Qana, the town where more than 100 civilians were killed when Israeli forces shelled a U.N. peacekeepers' post on April 18, 1996, in another bout of fighting between Hezbollah and Israel. The other is Marwaheen, where at least 16 civilians were killed last week in an Israeli attack on two cars fleeing the village. Those recollections justify their flight, mitigating what seems to be a sense of shame held by many for abandoning their homes and having to endure the indignities of seeking others' shelter.

"Marwaheen could have happened to us," Yaman said.

At the Shakib Arslan, neighborhood activists had handed out more than 1,000 packages of rice, soup, chicken, bread and cheese to the displaced, nearly all of them from the Shiite southern suburbs, which have endured most of the Israeli attacks in Beirut. "It's a mess," said Mohammed Ghali, one of the activists. Four or five families were sharing each classroom. A small pup tent was erected in the corner. On a hot plate, tea brewed. A web of wires powered the few television sets the displaced had brought.

Along one wall sat an elderly woman, a radio to her ear, as she strained, grimacing, to hear news from home.

"We're sleeping here on the ground," Ghannam said, pointing at the floor.

"This is what I brought," Abdullah said, pulling on his jeans, then an orange shirt embroidered with the words, "Day Sailor," which he said he washed each evening, hung to dry at night, then wore the next day. He turned his head.

"Look at the children," he said, as a young girl washed the floor with soapy water and a tattered broom.

Abdullah's mother and two brothers had left the Beirut neighborhood of Bir Hassan to visit Marwaheen last week. It was the kind of trip Lebanese often take, to spend part of the summer in their ancestral village. Abdullah had heard the news of the 16 people killed as they fled. He and others traded stories about the 100 villagers who had sought shelter at a nearby U.N. post, but were turned away. Rumors swirled: that the village's mosque was destroyed, that houses were rubble, that only shepherds had stayed after Israel ordered the town evacuated.

"I wish I could go, by helicopter or something, just to bring them home," said Rabab Hammadi, 27, whose grandparents, Mohammed and Hasna al-Hajj, both 80, were in another village next to Marwaheen. "But I know I can't."

She tried to reach them by cellphone, but with electricity cut in parts of the south, they couldn't recharge the batteries. The land lines weren't working. Her grandmother had high blood pressure, and she feared she was running out of medicine.

"I want to know if they're still alive or not," she said, her voice pleading. "Is it not my right?"

As she spoke, there was tumult in the corner, shouts of grief and anger. Friends rushed toward Abdullah and his brother, Ali, both of them pulling away instinctively. The friends grasped them again, trying to get them to chairs.

"Why?" Abdullah yelled. "Oh, my God!" his brother shouted.

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The names of the victims from Marwaheen had just been read, one by one, on a television set up at the shelter. Abdullah's mother and two brothers were among the victims. Shaking his head, Ghannam, his friend, walked away.

"We can't tell his sisters," he said. "We don't want them to know."

Ghannam looked back at his friend, still crying. "There's no way he can get home."

Israel Says It Doesn't Plan To Occupy Lebanon (USAT)

By Thomas Frank

USA Today, July 18, 2006

HAIFA, Israel — Israel's offensive in Lebanon is a temporary campaign designed to weaken Hezbollah militants and establish a buffer zone between Israel and Lebanon, Israeli officials and experts say.

Israeli leaders "don't think we have the capability to destroy them," said government spokeswoman Miri Eisin, referring to Hezbollah. "We're trying as much as possible to hurt them very badly."

Israel says it wants to end the missile attacks into northern Israel from Hezbollah positions in southern Lebanon. The offensive was triggered when Hezbollah guerrillas seized two Israeli soldiers and killed eight in a cross-border raid July 12.

Israel's goals go beyond trying to get back the two soldiers and stop the missile attacks, but stop short of a large ground invasion.

Israel plans to attack "primarily by air," limit ground attacks and avoid repeating its 18-year occupation of Lebanon that ended in 2000, Eisin said. "Israel has no intention of returning to Lebanon."

Israel wants implementation of a United Nations resolution approved in 2004 calling for Hezbollah to disarm and the Lebanese army to control the southern border. But the difficulty of disarming a large militia backed by Syria and Iran has put the focus on a more limited goal: forcing Hezbollah to withdraw from the southern Lebanon mountains, from which it has been firing rockets into Israel.

"I'd like to see Hezbollah disarm, but I don't see anyone volunteering for the job," said Shlomo Brom, a retired Israeli brigadier general and analyst at the Jaffee Center for Strategic Studies in Tel Aviv.

Israel is attacking Hezbollah targets directly. Its destruction of Lebanon's infrastructure — the Beirut airport, roads and bridges, which Israel calls munitions supply routes for Hezbollah — is intended to pressure the Lebanese government to clamp down on Hezbollah.

"The Lebanese government didn't act against Hezbollah because they calculated that it will cause them unbearable damage," Brom said.

Hezbollah's political organization has two seats in Lebanon's Cabinet and enjoys support among many of the country's Shiite Muslims.

"If you show them that the alternative is worse, that may push them to do something," Brom said.

Hezbollah has shown no sign of relenting, continuing to strike Israeli targets Monday.

The military strategy Israel has pursued aggressively is risky because its attacks have killed nearly 200 civilians in Lebanon. That's drawn criticism from some European leaders as disproportionate and may bolster Hezbollah efforts to be seen as "the defenders of Lebanon," Brom said.

Even Israel's short-term goal of stopping the Hezbollah rockets that have killed 12 Israeli civilians is uncertain. Hezbollah fired dozens of rockets at this port city Monday, the day after eight people here were killed in a rocket attack.

"Every part of Lebanon can be a launching area for this (Katyusha) missile. So to detect all missiles all around Lebanon and stop them, it's impossible by the air," said Maj. Gen. Yaacov Amidror, a former Israeli intelligence officer now at the Jerusalem Center for Public Affairs.

Experts say Israel's military campaign is a prelude to diplomatic efforts, which have started to gain momentum. The United Nations and the European Union have planned peace missions to the Middle East.

"There are no military solutions," said Shlomo Avineri, an analyst at Hebrew University of Jerusalem. "But military actions can change the reality on the ground and introduce new diplomatic solutions."

Back From The Brink (WP)

By E. J. Dionne Jr.

The Washington Post, July 18, 2006

The question in Israel's war with Hezbollah is not whether the Israeli government had a right to retaliate. It is whether there is a way of avoiding full-scale war in the Middle East.

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Israeli Prime Minister Ehud Olmert responded to Hezbollah's attacks on Israeli soldiers because Israel has been trying to do what the world has told the Jewish state it had to do: live within internationally recognized borders and pull Israeli troops out from lands it came to occupy as a result of past military victories.

Ari Shavit, a columnist for the Israeli newspaper Haaretz, put the matter as well as anyone: "Israel is currently waging the most just war in its history," he wrote Monday. "Not a war of occupation, but rather a war of defense. Not a settlements war, but rather a Green Line war. A war over the validity of an international border that was drawn, defined and recognized by the United Nations."

As it happens, Shavit is also critical of the Israeli government's handling of this war and suggests a unilateral 72-hour cease-fire to give the "international community" a chance to resolve the "problem of the northern border by nonviolent means." In the meantime, Israel could plan "thoroughly and meticulously" to defeat Hezbollah if everyone else's efforts failed.

I found myself sympathetic to Shavit's proposal in part because it might give the normally ineffectual players outside the region a chance to think through the disaster that is in the making.

For anyone who spent time in Lebanon in the mid-1980s, this struggle is a particularly toxic case of deja vu -- even if Olmert is trying to learn lessons from Ariel Sharon's failed effort to reorder Lebanese politics by way of Israel's 1982 invasion.

The law of unintended consequences seems to be an iron law in the Middle East. The most depressing view of 1982 and today now goes like this: The 1982 Israeli invasion did indeed destroy the Palestine Liberation Organization infrastructure in Lebanon -- initially to the satisfaction of many Lebanese Shiites tired of living under the PLO's thumb. Israel hoped that the Shiites, long forced to the bottom of the Lebanese class and religious heap, might be their allies in a new Lebanon.

But many unfortunate things happened on the road to that new Lebanon. One of them was the replacement of an older Shiite protest politics, rooted in secular leftist ideologies, with a new politics that grew steadily more religious and then more fundamentalist. Hezbollah became the dominant voice of this tendency. Under Hasan Nasrallah, Hezbollah's leader since 1992, the movement has used Iranian help and Syrian cooperation to become the most powerful voice of Shiite discontent.

And so, having rid Lebanon of the PLO, the Israelis now find themselves roughly a quarter-century later confronting a movement that is, if anything, more extreme and intransigent, powered by Tehran's deep pockets and its palpable interest, shared with the Syrians, in causing trouble. Talk about unintended consequences.

If there is any good news here, it is that parts of the Arab world -- particularly Sunni governments alarmed by Iran's use of Shiism in its reach for hegemony -- have criticized Hezbollah's provocations. But what will those reproofs mean on the ground? Olmert himself took a step toward a solution yesterday by telling the Israeli Knesset that the fighting could stop if two kidnapped Israeli soldiers were released and the Lebanese army took control of the country's southern border.

The most frightening aspect of this war is that the logic for escalation is far stronger than the logic for de-escalation. If Hezbollah's power is not severely degraded, Israel will remain vulnerable. But if Olmert wants to avoid Sharon's 1982 mistake of a large-scale occupation of Lebanon, what options does he have?

As long as Hezbollah continues to receive support from its Iranian patrons and its Syrian partners, it will be able to re-create itself, building on long-standing Shiite grievances. Absent such support, the movement would wither militarily. That argues for settling things once and for all with Iran and Syria -- which means wholesale war in the Middle East at a time when roughly 130,000 American troops are in Iraq.

This would be a calamity, which is why alarmism is the highest form of realism in this case. The "international community" cannot engage in its usual dithering. When British Prime Minister Tony Blair called yesterday for an international force to disarm Hezbollah, it seemed an impossibly impractical demand. But if there's something more practical than avoiding a full-scale regional war, I don't know what it is. And in this case, it will take a genuine international effort, not a narrow "coalition of the willing."

So let there be at least a brief cease-fire to let the world take account of the catastrophe on its doorstep.

Mideast Fighting Continues As Westerners Flee Lebanon Blair And Annan Call For International Intervention (WSJ)

The Wall Street Journal, July 18, 2006

BEIRUT, Lebanon -- Westerners fled by land, sea and air Monday as Israel sent ground troops into Lebanon briefly and Hezbollah rockets knocked down a three-story house in northern Israel. However, there were signs of movement on the diplomatic front to end the worst fighting in 24 years. 1

The exodus of tourists left downtown Beirut eerily silent, with the shutters down on fancy stores and restaurants in a stark reminder of the country's 1980s civil war. Israeli military officials said an airstrike in Lebanon destroyed at least one long-range

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Iranian missile capable of hitting Tel Aviv, where sunbathers, swimmers and paddleball players filled the beaches, determined to defy the guerrilla attacks.

By nightfall Monday, 210 Lebanese had been reported killed in the six days of fighting, according to figures provided to The Associated Press by the national police. Nine civilians, including two children, died in an afternoon airstrike on a bridge near the southern port city of Sidon, Lebanese officials said. At least 24 Israelis have been killed.

Escorted by a U.S. destroyer, a cruise ship, the Orient Queen, was to begin evacuating some of the 25,000 Americans in Lebanon on Tuesday, joining U.S. military helicopters that have ferried about a score of U.S. citizens to a British base on the Mediterranean island of Cyprus. More helicopter transfers were planned Tuesday, a U.S. official said.

On the sixth day of its major offensive in Lebanon, Israel was allowing evacuation ships through its blockade of the country. France and Italy moved hundreds of nationals and other Europeans out Monday on a Greek cruise liner. An Italian ship left earlier with 350 people, and other governments were organizing pullouts by land to Syria.

Diplomatic efforts gained traction with Israel signaling it might scale back its demands. Israeli Prime Minister Ehud Olmert said fighting would halt only if Hezbollah, a Shiite militia that controls much of south Lebanon, pulls back from the border and releases the two soldiers whose capture last week triggered the Israeli offensive.

An aide to Mr. Olmert indicated the prime minister was ready to compromise on the question of dismantling the Islamic militant group. But the aide said Mr. Olmert might oppose a U.N. and British idea of deploying international forces to Lebanon.

The current U.N. force in southern Lebanon has proven impotent and a larger, stronger force could hamper any future Israeli attacks, should any deal fall apart. Israel wants the Lebanese government to patrol the south.

WALL STREET JOURNAL VIDEO

WSJ's Gerald Seib2 and Middle East military analyst Lt. Colonel Rick Francona discuss diplomatic solutions for the Mideast and what it would take for the U.S. military to get involved.

In an impassioned speech to Israel's parliament, Mr. Olmert said the country would have no mercy on Lebanese militants who attack its cities with rockets.

"We shall seek out every installation, hit every terrorist helping to attack Israeli citizens, destroy all the terrorist infrastructure, in every place. We shall continue this until Hezbollah does the basic and fair things required of it by every civilized person," he said.

Hezbollah's patron Iran, meanwhile, said a cease-fire and prisoner exchange would be acceptable and fair. Israel has ruled out releasing any prisoners.

But Hezbollah dismissed international cease-fire proposals as "Israeli conditions" and accused foreign envoys of allowing Israel time to continue its offensive.

U.N. Secretary-General Kofi Annan's special political adviser emerged from talks with Lebanon's prime minister to say he would present Israel "concrete ideas" to end the fighting.

"We have made some promising first efforts on the way forward," the adviser, Vijay Nambiar, told reporters, while warning that much work needs to be done.

One U.N. official said Mr. Nambiar's mission had "very useful discussions" with Lebanon's prime minister and parliament speaker -- an ally of Hezbollah's leader.

Despite Arab calls for an immediate cease-fire, the U.N. Security Council on Monday put off a response to the escalating violence to wait for the results of Mr. Nambiar's mission.

MILITARY CAPABILITIES

Meanwhile, the fighting went on.

Early Tuesday, Israeli warplanes renewed attacks on Beirut's southern suburbs, Hezbollah's Al-Manar television station reported. Warplanes also fired four missiles on the eastern city of Baalbek, witnesses said. Both are Hezbollah strongholds. There was no word on casualties.

Attacks by Israeli warplanes and big guns late Sunday and early Monday killed 17 people and wounded at least 53, security officials said. Israeli government spokesman Asaf Shariv said ground troops also entered southern Lebanon, attacked Hezbollah bases near the border and quickly returned to Israel.

Israel said its planes and artillery struck 60 targets in Lebanon overnight in retaliation for Sunday's 20-rocket barrage on Haifa, Israel's third-largest city.

In the deepest-ever Hezbollah missile strike into Israel, Katyusha rockets struck the Israeli town of Atlit, 35 miles south of the border. Nobody was hurt.

Later, guerrillas fired three rocket barrages into the port city of Haifa, destroying a three-story building and wounding at least three people, Israeli medics said.

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Late Monday, a further barrage of rockets hit northern Israel. Some landed in Haifa and one near a hospital in the northern town of Safed, injuring five people.

Israel also kept up pressure in the Gaza Strip as it searched for another soldier seized by Hamas-linked militants there. It bombed the empty Palestinian Foreign Ministry building for the second time in less than a week in what it said was a warning to the ruling Hamas party.

Cease-Fire Efforts Stepped Up (LAT)

By Laura King And Megan K. Stack

The Los Angeles Times, July 18, 2006

BEIRUT — Diplomatic efforts to end the Mideast bloodletting moved to the fore Monday, with Israel for the first time signaling willingness to accept a cease-fire based on a pullback of Hezbollah guerrillas from the volatile Lebanese frontier and the release of two captured soldiers.

Britain and the United Nations called for deployment of a peacekeeping force, a proposal Israel said would not stop Hezbollah attacks but would hamper the Jewish state's ability to strike back.

Even Iran and Syria, Hezbollah's primary supporters, appeared to join those searching for a way out of the raging 6-day-old battle between Israeli forces and the Shiite Muslim group that has left Lebanon's infrastructure in ruins and terrorized Israelis living under a hail of rocket fire.

The Tehran government called for a cease-fire, followed by a prisoner exchange, and Syria also promised to aid mediation efforts.

More than 200 Lebanese, almost all civilians, have died, along with 24 Israelis, half of them soldiers, since the fighting flared Wednesday. Monday's salvos included dozens of Hezbollah rocket attacks on Israeli communities, including the port city of Haifa, and Israeli airstrikes that killed at least 48 people across Lebanon.

Tens of thousands of Lebanese and foreign residents have fled to Syria and elsewhere, while U.S. officials began preparations for the first large-scale evacuation of American citizens today.

Adding impetus to efforts to resolve the crisis, the Bush administration announced that Secretary of State Condoleezza Rice would travel to the region in coming days, though without specifying a date.

Israel's apparent softening of its stance on truce terms, which included dropping a demand that Hezbollah be disarmed and dismantled, was conveyed by Prime Minister Ehud Olmert to his Italian counterpart, Romano Prodi, senior aides to Olmert said. But Israel is insisting that the guerrillas pull back about 20 miles from the frontier.

Israel was cool to the idea of an international peacekeeping force in southern Lebanon to bolster what has been a small and largely ineffectual United Nations contingent that Israel says has done little or nothing to challenge Hezbollah's control of the border zone. And there was widespread skepticism in Lebanon that Hezbollah, or Party of God, would agree to Israel's cease-fire conditions.

The Shiite militia has insisted that it will only consider direct negotiations with the Jewish state, and that it will only release the Israeli soldiers in exchange for Lebanese and other Arab prisoners being held by Israel.

Moreover, few Lebanese believe that Hezbollah would ever abandon the Israeli border unless the guerrillas were forced out militarily.

Israel and the Bush administration continued to lay full blame for the confrontation on Hezbollah and its patrons — with President Bush, in an unscripted declaration caught by an open microphone, using a pungent epithet to convey his conviction that Syria must be induced to rein in the Shiite Muslim militia.

Speaking to British Prime Minister Tony Blair at a luncheon at the Group of 8 summit outside St. Petersburg, Russia, Bush asserted that "what they need to do is get Syria to get Hezbollah to stop doing this shit, and it's over."

It was Blair and U.N. Secretary-General Kofi Annan who proposed the deployment of an international peacekeeping force along the Lebanese frontier — a measure Israel characterized as premature.

"I don't think we're at that stage yet," said Israeli government spokeswoman Miri Eisin. "We're at the stage where we want to be sure that Hezbollah is not deployed at our northern border."

The Bush administration echoed Israel's reservations that peacekeepers would be insufficient to prevent Hezbollah from continuing attacks, yet would hobble Israel in responding militarily to any provocations by the guerrilla group.

Olmert, in a speech to Israel's Knesset, or parliament, insisted that Israel would press ahead with its military campaign until the two captured Israeli soldiers were freed, rocket fire against northern Israel ended and the Lebanese army secured the frontier.

"Israel will not be held hostage by terror groups, a terror authority or by any sovereign country," the Israeli leader declared.

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Lebanon has suffered mightily under Israeli airstrikes, which continued to pummel the country Monday. Fewer midday explosions were heard in Beirut than on previous days, but Israel continued to hammer roads and highway bridges, as well as Hezbollah offices and residential buildings.

Israeli warplanes struck a bridge that links the southern port city of Sidon with Beirut, killing at least 10 people who were traveling in civilian vehicles, according to Lebanese media reports.

Local news reports said nine more bodies were found in the rubble of a rescue headquarters bombed over the weekend in Tyre, bringing the death toll in that blast to 25.

A Hezbollah-funded school and homes of Hezbollah officials were struck in the Bekaa Valley, according to media reports. Beirut's port and southern suburbs continued to be pounded from the sky, and Israel's army said it targeted rocket launching sites in southern Lebanon.

With the country languishing under total blockade, Beirut was beginning to suffer shortages of some supplies. Attacks on power plants and fuel storage tanks have left the electrical grid feeble and flickering.

...

"What Israel has been trying to do is take the country 50 years backward," he said.

The United Nations complained that bombing remained so relentless in the south that the flow of humanitarian aid had been stanched. Residents in the south said there was no bread, water or electricity, and that the roads were impassable.

"Heavy exchanges continue — they're firing rockets on this side and shelling from the other," said Milos Strugar, spokesman for the U.N. peacekeeping force in southern Lebanon. "People are stranded in their villages."

Hezbollah also kept up its attack, aiming dozens of rockets at Israeli towns and cities, penetrating deeper into northern Israel than before.

One barrage peeled the facade off a vacant three-story building in Haifa, the scene of Hezbollah's most lethal rocket attack a day earlier, which killed eight people; the city's busy commercial port was closed by the rocket fire. A barrage of rockets struck a synagogue in the northern town of Safat, injuring five people, and another rocket fell close to a hospital there.

In the deepest strike into Israel yet, Israeli officials said, Hezbollah fired rockets that landed in the town of Atlit, about 27 miles south of the frontier and five miles south of Haifa. No one was hurt, but the strike accentuated fears of Hezbollah's use of long-range rockets, supplied by Iran, capable of hitting Tel Aviv, 75 miles from the border.

Israeli authorities on Monday extended a state of emergency in northern Israel, which has been hit by about 800 rockets since the fighting erupted.

The Israeli military campaign in Lebanon has been overwhelmingly weighted toward airstrikes, but ground troops, mainly elite commando units, have been a sporadic presence inside southern Lebanon since the start of the campaign. An army spokesman said Israeli troops made a "very small incursion" overnight to dismantle Hezbollah positions, returning to Israel before dawn. No casualties were reported.

Foreigners and Lebanese alike are fleeing the warfare in burgeoning numbers. Syrian authorities reported that more than 100,000 people had crossed into Syria from Lebanon, forced to make the mountainous trek on back roads after Israel bombed the main Beirut-Damascus highway.

A commercial cruise ship was to begin ferrying out U.S. citizens today, under escort by a guided-missile destroyer.

The ferocity of the fighting, which surged over the weekend, spurred efforts to find some mediated solution. In Beirut for meetings with Lebanese officials, Annan's special political advisor said he was prepared to give Israel "concrete ideas" to broker a cease-fire.

"We have made some promising efforts on the way forward," Vijay Nambiar told reporters, but quickly warned that "much diplomatic work" remained.

Talk of a cease-fire also came from an unexpected quarter: Iran, which the United States and Israel accuse of being the guiding hand behind Hezbollah.

Iranian Foreign Minister Manouchehr Mottaki, in Damascus for consultations with Syrian President Bashar Assad, opened the door to prospects of a cease-fire, which he said could be followed by an exchange of prisoners between Israelis and Muslim militants.

"A cease-fire could be pronounced which would be followed by an exchange," Mottaki said, referring to "dozens" of Lebanese prisoners and an estimated 2,000 Palestinian prisoners in Israeli jails.

The two nations, Hezbollah's primary backers, did not specify truce terms but said they would continue to work to mediate the crisis, while at the same time "condemning the Israeli aggression, and expressing solidarity and total support for the Lebanese and Palestinian resistance," according to the Syrian Arab News Agency.

"We need to reflect in a reasonable and just manner so that we can put an end to the crisis," Mottaki said.

The Iranian official accused Israel of deliberately provoking the crisis.

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"Extensive attacks on Gaza Strip, detention of Palestinian ministers and members of parliament, destruction of residential areas and farmlands, taking the lives of innocent people including women and children … and smashing its economic infrastructures, bridges … show that the Zionist regime proceeded according to predetermined plans," Mottaki said in remarks quoted by the Islamic Republic News Agency.

Meanwhile, Iran lodged a letter with the United Nations Security Council bitterly contesting claims of Israel and the U.S. that Iran is behind Hezbollah's current assault, and railing against what it called Israel's "unbridled atrocities" in the Gaza Strip.

Clashes in Gaza continued, but on a far smaller scale than in Lebanon. Palestinians on Monday angrily protested the early-morning bombardment of the Hamas-run Foreign Ministry, which was hit for the second time since the Israeli offensive began June 28. Several other ministries have been hit as well.

The Gaza fighting, too, was sparked by the abduction of a soldier, 19-year-old tank gunner Gilad Shalit, during a cross-border raid June 25. Many Israeli strategists believe the deployment of thousands of Israeli troops in and around Gaza may have emboldened Hezbollah to carry out the raid that resulted in the seizure of two more soldiers on the Lebanese frontier.

King reported from Jerusalem and Stack from Beirut. Times staff writers Kim Murphy in Damascus, Paul Richter in Washington and James Gerstenzang in Strelna, Russia contributed to this report.

Senator Clinton Speaks Up For Israel At U.N. Rally (NYT)

By Patrick Healy

The New York Times, July 18, 2006

Speaking at a boisterous rally for Israel near the United Nations headquarters this afternoon, Senator Hillary Rodham Clinton said she supported taking “whatever steps are necessary” to defend Israel against Hamas, Hezbollah, Iran and Syria in the military conflict in the Middle East.

Senator Clinton, addressing a crowd of several thousand people, said the United States must show “solidarity and support” for Israel in the face of the “unwarranted, unprovoked” seizure of three Israeli soldiers by members of Hamas and Hezbollah, which she referred to as among “the new totalitarians of the 21st century.”

“We will stand with Israel because Israel is standing for American values as well as Israeli ones,” said Mrs. Clinton, who was joined by two dozen political and religious leaders on a stage along 42nd Street.

Mrs. Clinton, who is seeking re-election to the Senate and is considered a possible candidate for president in 2008, also compared Israel’s fierce response, which has included heavy bombardment of Lebanon, to a theoretical response by the United States if it faced attacks from neighboring countries.

“I want us here in New York to imagine, if extremist terrorists were launching rocket attacks across the Mexican or Canadian border, would we stand by or would we defend America against these attacks from extremists?” Mrs. Clinton said to roars of approval.

“We will support her efforts to send a message to Hamas, Hezbollah, to the Syrians, to the Iranians,” Mrs. Clinton said. “We will not permit this to happen and we will take whatever steps are necessary.”

“It is a message that we want not only those in the Middle East to hear, but the world, because no nation is safe from these terrorist extremists,” she said. “They do not believe in human rights, they do not believe in democracy. They are totalitarians, they are the new totalitarians of the 21st century.”

Mrs. Clinton spoke for about two minutes and focused specifically on Israel and its citizens. She made no reference to a proposal, made earlier today by British Prime Minister Tony Blair and United Nations Secretary General Kofi Annan, for sending an international “stabilization force” to quell the fighting between Israel and Hezbollah in the south of Lebanon.

The event drew a who’s who of New York City politicians, including Congressmen Jerrold Nadler and Anthony D. Weiner, City Council Speaker Christine C. Quinn, and two candidates for state attorney general, Andrew M. Cuomo and Mark Green.

Militia Rebuked By Some Arab Countries (NYT)

By Hassan M. Fattah

The New York Times, July 18, 2006

BEIRUT, Lebanon, July 16 — With the battle between Israel and the Lebanese militia Hezbollah raging, key Arab governments have taken the rare step of blaming Hezbollah, underscoring in part their growing fear of influence by the group’s main sponsor, Iran.

Saudi Arabia, with Jordan, Egypt and several Persian Gulf states, chastised Hezbollah for “unexpected, inappropriate and irresponsible acts” at an emergency Arab League summit meeting in Cairo on Saturday.

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The Saudi foreign minister, Prince Saud al-Faisal, said of Hezbollah's attacks on Israel, "These acts will pull the whole region back to years ago, and we cannot simply accept them." Prince Faisal spoke at the closed-door meeting but his words were reported to journalists by other delegates.

The meeting ended with participants asserting that the Middle East peace process had failed and requesting help from the United Nations Security Council.

It is nearly unheard of for Arab officials to chastise an Arab group engaged in conflict with Israel, especially as images of destruction by Israeli warplanes are beamed into Arab living rooms. Normally under such circumstances, Arabs are not blamed, and condemnations of Israel are routine.

But the willingness of those governments to defy public opinion in their own countries underscores a shift that is prompted by the growing influence of Iran and Shiite Muslims in Iraq and across the region.

The way some officials see it, Arab analysts said, Israel is the devil they know, but Iran is the growing threat.

"There is a school of thought, led by Saudi Arabia, that believes that Hezbollah is a source of trouble, a protégé of Iran, but also a political instrument in the hands of Iran," said Adnan Abu Odeh, a Jordanian sociologist. 'This school says we should not play into the hands of Iran, which has its own agenda, by sympathizing or supporting Hezbollah fighting against the Israelis."

Hanna Seniora, a Palestinian analyst with the Israel/Palestine Center for Research and Information, lauded the Arab opposition to Hezbollah on Sunday.

"For the first time ever, open criticism was heard from countries like Saudi Arabia, Egypt and Jordan against the unilateral actions carried out by radical organizations, especially Hezbollah of Lebanon," wrote Mr. Seniora, who favors coexistence with Israel and opposes radical Islam. "It became clear and beyond doubt that the most important Arab countries did not allow their emotions to rule their judgment."

The willingness of the leading governments to openly defy Arab public opinion, which has raged against Israel's actions in Lebanon and the Gaza Strip, underscores the readjustment of risks Arab governments say they face.

It also reflects pressure from Washington on its Arab allies to stand against Hezbollah's actions, American officials said. At the Group of 8 summit meeting in Russia, President Bush and Secretary of State Condoleezza Rice noted with approval that a number of Arab countries had criticized Hezbollah.

That criticism could pressure Hezbollah to give up its weapons. It could also help American efforts to contain Iran.

"Who's benefiting?" asked a senior official of one of the Arab countries critical of Hezbollah who was granted anonymity because he was not authorized to speak publicly. "Definitely not the Arabs or the peace process. But definitely the Iranians are."

There may be no material proof of Iran's involvement in the conflict, the senior official added, but all indications point to an Iranian role.

Arab leaders have long been wary fof Iran. But with Iran exercising increased influence in Iraq and stirring the emotions of Arab and Muslim masses frustrated about the occupation of Iraq, the Palestinian-Israeli conflict and America's role in the region, fear of Iranian influence has increased.

"You have Hezbollah, a Shiite minority, controlled by Iran, working, and the Iranians are embarrassing the hell out of the Arab governments," said Riad Kahwaji, managing director of the Institute for Near East and Gulf Military Analysis in Dubai. "The peace process has collapsed, the Palestinians are being killed and nothing is being done for them. And here comes Hezbollah, which is actually scoring hits against Israel."

From its start in 1982, Hezbollah has relied on Iranian support and weapons, and logistical support from Syria. Iran has made no secret of its support for Hezbollah, and in recent months boasted to visiting scholars about providing it with missiles.

Israel has accused Iran of providing Hezbollah with sophisticated weaponry and said Iran's elite Revolutionary Guard has trained guerrillas in Lebanon. The Iranian Foreign Ministry spokesman, Hamidreza Assefi, brushed aside the accusations on Sunday. Mr. Assefi denied that Iran had trained guerrillas in Lebanon, and added: "It is not true that we have sent missiles. Hezbollah is capable enough. The Zionist regime is under pressure."

A number of Lebanese have also publicly complained about Hezbollah, saying its attack on Israeli soldiers last Wednesday was carried out unilaterally and has drawn the country into a conflict it did not seek.

At the Arab summit meeting on Saturday, Syria's foreign minister, Walid Moallem, lashed back at the critics of Hezbollah, The Associated Press reported, demanding, "How can we come here to discuss the burning situation in Lebanon while others are making statements criticizing the resistance?"

The countries supporting Syria included Yemen, Algeria and Lebanon.

In a speech broadcast on Sunday, Hezbollah's leader, Sheik Hassan Nasrallah, derided the Arab criticism. "It is clear that they are unable as governments and leaders to do anything," he said. "The people of the Arab and Islamic world face a historic chance to achieve a historic victory against the Zionist enemy."

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Some in Beirut said they were deeply disappointed in their fellow Arabs. “I am ashamed of the Arabs,” said Omar Ajaq, who with his family escaped the bombing of Beirut’s southern suburbs to a shelter in central Beirut. “They are utterly useless. People are now betting on the resistance. We no longer have faith in Arab leaders.”

From Arab Leaders, Sympathy For Civilians But Not Hezbollah (WP)

By Andy Mosher

The Washington Post, July 18, 2006

BAGHDAD, July 17 -- Nearly a week of fighting in Israel and Lebanon has prompted the two countries' Arab neighbors to express broad support for the civilians caught in the path of Israel's military assault and a measure of anger over the Hezbollah attack that triggered it.

In comments, news conferences and official statements, leaders from throughout the Arab Middle East have voiced concern over the plight of the people of Lebanon and their government, as well as for Palestinians in the Gaza Strip, the focus of an Israeli operation that is now ending its third week. A few countries -- notably Saudi Arabia and Jordan, both U.S. allies -- have made clear that their sympathy does not extend to Hezbollah and suggested that violence that followed Wednesday's raid into Israel by the Lebanese Shiite militia could -- and should -- have been avoided.

In a statement issued Monday, the Saudi cabinet said that "some elements and groups have got loose and slipped into taking decisions on their own" but that Israel has exploited the situation "to wage a ferocious war against Lebanon and to imprison the entire Palestinian people."

The cabinet said that the Saudis supported "the legitimate and reasonable-minded national forces in Lebanon and occupied Palestine to combat these dangers to the Arab and Muslim nation." Though Hezbollah is a partner in the Lebanese government, the country's leaders have denounced last week's raid by the group.

...

Jordan's King Abdullah, meanwhile, continued to express support for the Lebanese and Palestinians. Speaking by telephone with Lebanese Prime Minister Fouad Siniora on Monday, he "expressed Jordan's solidarity with the Lebanese people in the face of the Israeli aggression," Jordan's state-run Petra news agency reported.

Abdullah, who over the weekend ordered more than 600 tons of aid to be sent to the Palestinians and Lebanese, has also been critical of the Hezbollah strike across Israel's border. On Friday, during a trip to Cairo for talks with Egyptian President Hosni Mubarak, Abdullah warned against "adventures that do not serve Arab interests."

Mubarak and Abdullah have called for an immediate, unconditional cease-fire in Lebanon. "Without a cease-fire, people continue to die, infrastructure is destroyed, the people are made homeless," Mubarak said during a news conference Sunday. "Therefore, I call on Israel to end the hostilities. War will not solve this."

But the reservations some governments have expressed about Hezbollah are not widely shared among the common people of the Middle East, said Abdel-Menem Mustapha, Egypt bureau chief of pan-Arab daily Asharq al-Awsat. Mustapha said that popular support for the movement and its leader, Hasan Nasrallah, is overwhelming throughout the Arab world and that the region's governments would be wise to take heed.

"The Arab street feels strong sympathy with Hezbollah and with Nasrallah," Mustapha said, "because its pride has been battered, and it is weary of decades of concessions made to Israel by Arab governments. Arab governments will have to rethink their criticism of Hezbollah if they don't want the chasm between them and their people to widen."

In Iraq, political leaders from a wide range of factions expressed unbridled support for the Palestinians and Lebanese, including Hezbollah.

On Saturday, Prime Minister Nouri al-Maliki, a Shiite, denounced Israel and warned of the dangers of escalating tensions in the region. Moqtada al-Sadr, the cleric who leads a rival Shiite group, accused Israel and its U.S. backers of "bombing and terror and flagrant aggression on the patient Lebanese people." And in an editorial Monday in the al-Mashriq newspaper, Sunni politician Hameed Abdullah called on all Iraqis to "support Nasrallah and stand by his side, and you will be closer to the angels in heaven."

Special correspondents Yasmin Mousa in Amman, Jordan, and Faiza Saleh Ambah in Jiddah, Saudi Arabia, contributed to this report.

Hizbullah Winning Over Arab Street (CSM)

By Dan Murphy And Sameh Naguib

The Christian Science Monitor, July 18, 2006

BAGHDAD AND CAIRO

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With Israel's confrontation with Hizbullah and Lebanon lurching closer to all-out war, winds of anger are blowing through the Middle East that are likely to strengthen the political hand of radical Islamists from Egypt to Saudi Arabia.

Since the fighting began, at least 24 Israelis, 12 of them civilians, have been killed and at least 175 Lebanese, nearly all civilians. In recent weeks, about 200 Palestinians in Gaza have been killed in a separate showdown between Israel and Hamas, the Palestinian militant group who won power in elections earlier this year.

The confrontation - coupled with the rising civilian toll - also poses a serious threat to US interests in the region.

Islamists who are hostile to Israel and the US - and to their Arab allies who have criticized Hizbullah - are shoring up support, increasing the chances they will seize power if the elections President Bush has urged for the region take place.

Iran is making new friends, as is Syria. And if history is a guide, a new wave of outrage could bring new recruits to terrorist groups, much as Israel's occupation of parts of Lebanon in 1982 fueled the rise of Hizbullah.

Last Friday, Mr. Bush called Jordan, Egypt, and Saudi Arabia - America's closest Arab allies - and urged them to help defuse the crisis. Those calls, and the attitudes of those countries' people, served to emphasize the ways in which this crisis could hurt Israeli and American interests far beyond Lebanon and the Palestine territories.

Jordan's King Abdullah and Egyptian President Hosni Mubarak responded with a joint statement condemning Hizbullah for "adventurism that does not serve Arab interests." Soon after, a Saudi spokesman also blamed Hizbullah "adventurism" as "exposing Arab nations ... to grave dangers without these nations having a say in the matter."

But countries like Egypt and Saudi Arabia have little influence over the militant Shiite group and its backers Iran and Syria, so their statements may be of little practical value. Instead, their comments emphasize the widening gap between these regimes and their people.

"These events put pressure on Arab governments to take action, and they haven't," says Nadia Hijab, a senior fellow at the Institute for Palestine Studies in Washington. "Shouldn't they be recalling their ambassadors? That's what the people on the street would be thinking."

That gap, fed by support for Palestinians, hatred of Israel, and anger at its close alliance with America, is already being exploited by the region's Islamist movements, turning TV images of dead civilians into political opposition to their own regimes. In particular, the peace deals signed by Egypt and Jordan with Israel make these governments less popular with their people.

"The Arab leaders are traitors who work for the Americans and the Israelis.... [Hizbullah leader] Hassan Nasrallah represents Arab and Islamic dignity," says Ahmed, an Egyptian mechanic who asked that his full name not be used.

"The regime claimed that peace with Israel would create prosperity and jobs. But we have been at peace for over 20 years and have not seen any prosperity. We can't watch our Palestinian and Lebanese and Iraqi brothers be slaughtered every day and do nothing."

In Saudi, too, the regime's position isn't shared by its public. "I don't think the Saudi government's statement is in tune with how most Saudis feel about the Lebanese situation," says Bassem Alim, an activist lawyer based in Jeddah, and frequent government critic.

"The way they said it was extremely damaging to their reputation in the Islamic world."

Anger at Saudi Arabia's close relationship with the US, and by association Israel, has long generated support for Al Qaeda among many Saudis, so the government has taken a risk by speaking in a manner that jihadists view as supporting Israel.

But he and other analysts say that Sunni Muslim Saudi Arabia's history of animosity with Shiite Iran, which sought to challenge the Saudi monarchy's position of leadership among world Muslims after its Islamic revolution, has left the regime more nervous about Iran's nuclear program than about flareups of terrorism that, while dramatic, have never challenged the regime.

"The Saudis are trying to make sure that the United Nations and the Security Council will be involved in the region as a way of controlling Iran," says Saudi political analyst Adel al-Toraifi.

The escalating confrontation between Israel and Lebanon is also helping Syria and Iran gain influence and prestige among Arab populations for their strong support of Hizbullah and Hamas.

"Iran will certainly benefit from Hizbullah strikes in some ways," wrote Anthony Cordesman, a senior analyst at the Center for Strategic and International Studies Washington. "They distract from its nuclear activities. They show the Arab and Muslim world that Iran is a government willing to strike at the Israeli enemy... [and] Israel's reprisals build Arab and Muslim anger against the US."

Meanwhile, Hizbullah, with its status as the most organized force in the region willing to oppose Israel, is likely to deepen its support among Lebanon's Shiite community and at the same time exacerbate the sectarian tension in the country that fed its 16-year civil war, which ended in 1990. In Egypt thousands have protested what they're terming "Israeli aggression."

The Muslim Brotherhood, Egypt's strongest and most popular opposition movement, stated its strong support for Hizbullah and Hamas and condemned Arab governments for passive support of Israel. Hamas is an informal offshoot of the Brotherhood.

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"The position of the Arab regimes has ... [become] one of silence toward Israeli crimes and probable collusion of some regimes with the enemy," Brotherhood Supreme Guide Mahdi Akef said last week about the fighting in Lebanon.

In an interview with Al Jazeera on Monday, he lashed out at Arab leaders again, and then went further, comparing Israel with Nazi Germany and praising Hizbullah. "The Lebanese who kidnapped the Zionist soldiers are true nationalists led by a great man. These regimes continue to serve foreign interests completely ignoring and repressing the demands and hopes of their people," he said.

In Jordan, a protest of a few hundred citizens over Israel's strikes into Lebanon Saturday also focused on the restrictions on political organization and speech inside the country. Many Jordanians say the repressions of their own regime are tolerated by the US in exchange for Jordan's peace deal with Israel.

And as the crisis has spiraled, even Arab leaders close to the US and Israel, have warned of the potential for blowback. "Israel will not emerge as a victor in this war. It will only create more enemies," Egyptian President Mubarak said Monday. "The war will only inflame Arab animosity toward Israel (and) many anti-Israel extremist forces will surface."

On Monday, at least 17 Lebanese were killed in Israeli bombings, and the Israeli military confirmed a raid into Lebanese territory the previous day. Eight of the dead were Lebanese soldiers. Hizbullah responded with another volley of rockets at Haifa, which exploded without causing casualties.

Israeli Prime Minister Ehud Olmert said Monday that Israel would pursue its offensive against Hizbullah until two captured soldiers were returned and Lebanese Army troops controlled all of southern Lebanon.

The fighting led to calls from British Prime Minister Tony Blair and UN Secretary-General Kofi Annan for the insertion of an international peacekeeping force into southern Lebanon, though that's an option that Israeli Prime Minister Ehud Olmert staunchly opposes.

Whether Syria or Iran has the ability to force Hizbullah leader Nasrallah to release two Israeli soldiers his forces kidnapped a week ago, precipitating the crisis, is unclear. Nasrallah, a fiery Shiite cleric, has vowed to release the soldiers only in exchange for three Lebanese and a much larger group of Palestinians in Israeli jails.

Syrian President May Hold Key To Mideast Crisis (WSJ)

By Karby Leggett, Mariam Fam And Neil King Jr.

The Wall Street Journal, July 18, 2006

Diplomatic initiatives to contain the warfare in the Middle East began to emerge Monday, with Israel and Iran offering possible steps to end the violence and Secretary of State Condoleezza Rice pledging a visit to the region.

But one of the key players in determining the success of any efforts will be Syrian President Bashar Assad, a diplomatic neophyte, whose decisions in the coming days could either escalate or defuse the crisis that has enveloped his country, neighboring Lebanon and Israel. It is a return to regional pre-eminence for Syria, which under President Assad's late father, Hafez el-Assad, was at the center of power politics in the Mideast for years.

President Bush, in remarks unintentionally picked up by a nearby microphone during a lunch meeting Monday with other Group of Eight leaders, named Mr. Assad as a central factor in any ceasefire. He told British Prime Minister Tony Blair that the most important development would be to "get Syria to get Hezbollah to stop doing this s- and then it's over." Mr. Bush also told Mr. Blair he wanted to tell United Nations Secretary-General Kofi Annan "to get on the phone with Assad and make something happen." (See related article on the G-8 meetings in Russia.1)

For his part, Mr. Bush has decided to have Ms. Rice squeeze in a quick Mideast visit, most likely before a pre-planned trip to Asia next week. State Department spokesman Sean McCormack said Ms. Rice would "try to further the diplomacy that could lay the groundwork for a lasting cessation of violence," but would not elaborate on her itinerary. U.S. officials don't expect her to stop in Damascus, as the U.S. wants to avoid the appearance of direct talks with Syria. It's more likely she would make quick visits to Egypt, Jordan, Israel and possibly Saudi Arabia. The Bush administration is eager not to exert undue pressure on Israel to lay off its attacks on Hezbollah or to agree to an early ceasefire.

Separately, leaders of the G8 world powers said they were willing to consider a proposal, put forward by Mr. Blair, to possibly send international peacekeepers to the Israel-Lebanon border region in the event of a Hezbollah pullout, though that could only come after a comprehensive ceasefire deal. 2

Israel, meanwhile, outlined its own plan for ending the violence, with Prime Minister Ehud Olmert telling Parliament that Israel would agree to a ceasefire if Hezbollah stopped its rocket attacks, released the two Israeli soldiers it kidnapped last week, and removed itself from the border. Iran's foreign minister, in a meeting in Damascus, also raised the prospect of some kind of ceasefire and prisoner exchange.

Those are, at best, early steps. Both Israel and Lebanon set terms and conditions likely to be rejected by the other. And the violence continued Monday. Israel's military pressed on with its bombing campaign, focusing on Hezbollah targets around the

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country. Israeli media reports said the military was also clearing a one-kilometer "buffer zone" in the southernmost part of Lebanon as a way to prevent Hezbollah militants from returning there. For its part, Hezbollah continued to strike back, sending several more volleys of rockets into northern Israel Monday, including a new attack on Haifa, Israel's third-largest city. The Hezbollah strikes underscore how, despite six days of heavy attacks, Israel has yet to significantly diminish the group's military capacity.

Israel and Hezbollah militants also engaged in a brief firefight late Monday, one of the first ground confrontations since the fighting began. The Israeli military said it fired on the gunmen as they approached the border, apparently in an attempt to infiltrate Israel. The military also reported that it destroyed one of Hezbollah's long-range missiles -- capable of hitting Tel Aviv -- as it was being transported through Beirut's streets. Meanwhile, Hezbollah fired a total of 50 rockets into Israel Monday, including a late-night barrage that hit at least six different towns in the north. Five people were wounded in the attacks.

Though Israel has focused its campaign on Lebanon and Hezbollah, Israeli officials have also warned that Syria itself could end up as a target. Aside from supporting Hezbollah with weapons and aid -- including many of the missiles Hezbollah is firing at Israel -- Syria provides safe haven to senior leaders of Hamas, a Sunni Muslim movement based in the Palestinian territories that seeks to replace Israel with an Islamic state.

So far in the current crisis, Syria has been content to defend Hezbollah vigorously, even as some other Arab governments have raised surprisingly sharp questions about the group's kidnapping of two Israeli soldiers. Moving forward, the question is whether Mr. Assad will maintain that stance, or begin to ease it -- and, beyond that, whether the crisis ends up changing the role Syria plays in the region.

When Mr. Assad, now 40, took power in 2000, many hoped he would usher in a new era of political and economic liberalization that would return Syria to the regional power it was under Mr. Assad's father, Hafez. Prospects seemed even brighter in the immediate aftermath of the Sept. 11, 2001, attacks on the U.S., when Damascus worked closely with Washington, providing intelligence on suspected terrorists, and even backed the U.S.-led attack on the Taliban government in Afghanistan.

But Syria's economic and diplomatic reforms then languished. With its one-time sponsor the Soviet Union gone, Syria continued on a largely downward trajectory. Its economy has struggled as the major western powers, especially the United States, have vacillated between outright hostility and indifference to the regime. But Syria then opposed the U.S. invasion of Iraq and has been severely criticized by U.S. officials, who say the country hasn't worked hard enough to prevent foreign fighters from infiltrating Iraq via Syria and joining the insurgency there.

Last year, Syria was forced to end its long-time occupation of Lebanon in the aftermath of the assassination of former Lebanese Prime Minister Rafik Hariri. The U.S. withdrew its ambassador to Syria, accusing Damascus of possible involvement.

All of that has pushed Syria in recent years to broaden its relationship with Iran, the militant Palestinian group Hamas and Hezbollah in neighboring Lebanon. Iran's foreign minister visited Damascus Monday to discuss the crisis in Lebanon.

Syria and Iran are now at the "highest point in their honeymoon," said Sami Moubayed, a Syrian political analyst. Mr. Moubayed blamed Syria's shift toward Iran on the "cold shoulder" it has received in recent years from its Arab neighbors, a position Washington has encouraged.

Despite Syria's growing isolation, some Israeli analysts have begun speculating that the U.S. may seek to throw Syria a lifeline. Under one scenario, the U.S. would end Syria's international isolation and possibly offer it some kind of aid package, in return for cutting ties with Iran and ending support for Hezbollah and Hamas.

"There is no military solution to the current problem, unless you kill every single Hezbollah and Hamas member. So reality for the U.S. is there is no end game unless you sit down and talk with the bad guys," says Joshua Landis, a professor at Oklahoma University and a expert on Syria politics. "And so the choice is between Damascus or Tehran."

During his meeting with the Syrian vice president and other officials, the Iranian foreign minister addressed how to end the conflict in Lebanon, including the possibility of a ceasefire followed by a prisoner exchange. He also delivered a letter to Mr. Assad from Iranian President Mahmoud Ahmedinejad, who last week suggested Iran would come to the defense of Syria if Israel strikes Damascus. The contents of the letter weren't revealed.

The meeting underscored a growing regional rift, one that has left Syria and Iran in one camp and Jordan, Egypt and Saudi Arabia in another. This divide was on display during a weekend meeting of the Arab League in Cairo. A Saudi Arabian official issued an unusual criticism of Hezbollah. "These acts will pull the whole region back to years ago and we can't simply accept them," the official said, referring to the kidnapping of the Israeli soldiers, according to an Associated Press report. Egypt, Jordan and some countries along the Persian Gulf backed the Saudi position.

In contrast, during the meeting Syria led calls to support Hezbollah and Hamas and denounce Israel as the source of the problem. On Sunday, a front-page editorial in a major Syrian state-run newspaper outlined the logic of the country's position. "At a time when the Arab public is seething with anger as it watches the painful attacks the Lebanese and Palestinians are being

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subjected to, we hear some voices singing to the same tune of the American rhetoric," the editorial said. Some analysts in the region fear the overt Arab criticism of Syria could further isolate Damascus and push it deeper into Iran's camp.

Akiva Eldar, a prominent Israeli columnist, said that though he thinks a U.S.-Syria deal is highly unlikely, it could work to the benefit of the U.S. and Israel, particularly as they deal with the Iranian nuclear issue in the months ahead. Meanwhile, a political adviser to Israeli Prime Minister Ehud Olmert said that while such a deal would make sense, it isn't currently on Israel's agenda. One major reason, he said: "Bashar [Assad] is weak and no one believes he could deliver on his end of it."

Crisis May Put Syria Back In Political Mix (LAT)

By Kim Murphy

The Los Angeles Times, July 18, 2006

DAMASCUS, Syria — After years spent edging Syrian troops out of Lebanon in a bid to win independence for the beleaguered nation, Western leaders face the prospect of pressing Damascus to reassert its influence with Islamic militants there to halt rocket attacks on Israel and free Israeli prisoners.

As a consequence, Syria sees itself as back in the driver's seat of regional politics after years of U.S.-imposed diplomatic and economic isolation, several Syrian politicians and analysts said. The leverage could allow Damascus to seek further advantage, including new talks on the fate of the Golan Heights, in exchange for any intervention in Lebanon.

Increasingly, they added, Syria is following the model of its ally Iran, which Damascus believes has gained more control over its destiny in the last year through defiance over its nuclear program than moderate Arab regimes have during years of concession and compromise with the U.S. and Israel.

"The Iranians speak to the Americans with the same defiant attitude that the Americans address the Iranians with, and that has increased the popularity of [Iranian] President Mahmoud Ahmadinejad threefold," said Sami Moubayed, a Damascus-based political analyst.

"They've tamed the American attitude toward the Iranian regime — it's not as aggressive or violent since Ahmadinejad came to power," he said. "So the Iranians have given Syria this advice: Don't give in that easily."

In the current crisis, during which U.S. officials have called on Damascus to force its Muslim militant allies in Lebanon to back down from the conflict, Syria appears anxious to reassert its claim as a crucial guarantor of stability in the Middle East.

"There is a misconception in the policy that the United States has been following since the second war in Iraq. This misconception is that you can relegate Syria out of the politics of the area, that you can conduct your policies without Syria. We have seen now that this is wrong," said Georges Jabbour, a lawmaker from Syria's ruling Baath Party and an advisor to Hafez Assad, the late father and predecessor of President Bashar Assad.

In exchange for any attempt to end rocket attacks on Israel by Islamic militants of the Hamas and Hezbollah movements, Syria might be expected to ask for a final decision on the status of Syrian lands seized by Israel in 1967, along with guarantees that the U.S. is not targeting the Assad government for regime change, said M. Riad Abrash, a former liaison of the Syrian government.

"The Golan Heights is No. 1: The people of Syria want to know whether they will retrieve it or not. And second, this regime wants to know whether it's going to survive or not," Abrash said. "It's a matter of price. Syria wants something in return."

Israel seized the Golan Heights from Syria during the 1967 Middle East War.

Although the U.S. has cited Syria and Iran as possible behind-the-scenes instigators of rocket attacks against Israel, and possibly the only parties capable of persuading the militants to release three Israeli soldiers whose capture touched off the current crisis, Syria has taken pains to publicly distance itself from the Lebanese militants — if only to avoid direct accountability for the conflict.

Analysts point out that Syria lost day-to-day control over Hezbollah when the last of its troops pulled out of Lebanon in 2005. Syria saw that pullout as a painful blow to its rightful influence in the region and, from its perspective, prospects for future stability in Lebanon.

"Just what does the United States want?" Abrash asked. "Syria to play a role? Or to get out of all roles?"

"If we imagine that Mr. Assad gets on the phone to ask [Hezbollah leader Sheik Hassan] Nasrallah to stop, do you really think he will stop?" asked Mohammed Habash, an independent member of parliament and director of the Islamic Studies Center in Damascus.

"We are dealing with a person who has decided to deliver his soul. Do you think he's waiting for comments from Damascus? Any thinking that the resistance in Lebanon or Palestine or Iraq is controlled by Syria is, I think, a stupid understanding."

Although all of that may be true, few doubt that an unequivocal command from Syria, combined with a blockade of supply routes across the Lebanese border, could provide the means to halt the current round of violence on the Muslim side.

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In any case, Syria would be unlikely to move forward on negotiations without an Israeli commitment to a cease-fire and the assurance of concessions, including a release of Arab prisoners, analysts said.

This is especially true, they say, because war in Lebanon carries distinct political advantages for Damascus — as long as it doesn't stretch across the border into Syria.

These advantages include the undermining of the current anti-Syrian government in Lebanon, an indefinite postponement of United Nations resolutions aimed at disarming Hezbollah, the reassertion of Syrian influence in a chaotic Lebanon and the postponement of democratic reforms at home.

Just how limited Washington is in its own communication channels with Syria was made clear Monday, when President Bush was overheard in conversation with British Prime Minister Tony Blair at the Group of 8 summit as saying he felt like asking U.N. Secretary-General Kofi Annan to telephone Syria and "make something happen" to end the crisis in Lebanon.

A decade ago, U.S. diplomats in Damascus were working days at a stretch in close contact with the Syrians to successfully secure the release of kidnapped American hostages in Lebanon. But the U.S. has not had an ambassador in Damascus since the assassination of former Lebanese Prime Minister Rafik Hariri in February 2005, and other diplomats remaining in the capital have limited, low-level contacts with Syrian officials.

Economic sanctions involving U.S. banks have forced delays in cashing checks for thousands of citizens and prompted the Syrian government to begin converting most official transactions to the euro, and bans are in place on the export of military hardware and U.S.-manufactured goods to Syria.

The intent was to isolate Syria and force a "regime behavior change," in the words of the State Department, similar to the about-face conducted by Libyan leader Moammar Kadafi.

But the upshot is that Washington has been left in the current crisis with fewer negotiating levers, said Joshua Landis, an expert on Syria and a professor at the University of Oklahoma.

The Syrians are "playing a very dangerous game. But until the first bomb starts falling on Damascus, everything's going Syria's way," Landis said.

Syria backed Hamas when it was a fledgling Islamic resistance movement, only to see it triumph at the polls this spring and take over the Palestinian government, he said.

"Last week when all hell broke loose in Gaza, the [Palestinian administration] was sending negotiators to Damascus to try to get the release of this [captured] Israeli young man," Landis said. "A year ago, those people would all have been sent to Cairo.

"Now Egypt has been replaced by Syria as the major broker in the Arab-Israeli conflict," he added. "Bashar has outfoxed them."

Wider War In Middle East? Not Likely. (CSM)

By Mark Sappenfield

The Christian Science Monitor, July 18, 2006

WASHINGTON

Of the dangers presented by the conflict between Israel and Hizbullah in southern Lebanon, the possibility of a broader Middle East war is among the less likely.

In the 1967 Arab-Israeli war - and repeatedly since - Israel has shown its clear military supremacy. So dominant has been Israel's advantage in both technology and tactics that former foes such as Jordan and Egypt sued for peace in those wars, while Tel Aviv's avowed enemies - Syria and Iran - have turned to backing terrorists.

At this moment, the calculus doesn't appear to have changed. There is no coalition of Arab governments willing to unite militarily against Israel. Syria's military prowess has crumbled since the fall of the Soviet Union - its greatest benefactor - while Iran remains too geographically remote to strike effectively.

The result is a new paroxysm of the proxy war that has existed in the region for a generation - ebbing and flowing as Hizbullah, armed and financed by Iran and Syria, harass Israel without provoking a major Middle East war, military analysts say.

"No state is willing to deal with Israel conventionally," says Seth Jones, a terrorism expert at the RAND Corp.

The shape of the conflict so far - sparked by Hizbullah's raid into northern Israel and capture of two Israeli soldiers - reveals both the capabilities and limitations of each side.

Historically, Hizbullah has been able to do little more than nip at Israel's northern border with incursions and sporadic rocket attacks. By and large, its arsenal is primitive, comprising various short-range rockets that can destroy buildings only with a direct hit, yet are difficult to aim with any precision. It has continually fired rockets into northern Israel. Hizbullah's longer-range rockets

Yet there are signs of increasing sophistication, perhaps due to help from Iran, experts say. On Friday, Hizbullah launched a more advanced missile, which struck an Israeli warship. Hizbullah rockets are also penetrating deeper into Israel than ever

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before, with several striking Haifa, Israel's third-largest city, on Sunday. Israel claims that four of the missiles were the Iranian-made Fajr-3, with a 28-mile range.

For its part, Israel has so far relied mostly on air strikes as its military response. Monday, Israel acknowledged that its forces had invaded Lebanon, though they returned shortly after. Israel invaded southern Lebanon in 1982. Its army occupied the territory for three years, then withdrew because of the strain of the occupation and broad international condemnation.

History also offers a note of caution to Israel's foes. In 1967, Israel responded to Egyptian aggression by taking the Sinai Peninsula and the Gaza Strip from Egypt, the West Bank from Jordan, and the Golan Heights from Syria. Years later, when Syria and Israel fought over control of Lebanon in 1982, Israeli jet fighters reportedly shot down 80 Syrian planes without losing any of its own.

Israel's military superiority is built on American support and a skill honed by decades of fighting for the very existence of the nation. Israel receives the best equipment that the United States can offer its allies. "They have some of the most highly advanced weapons systems in the world," says Dr. Jones.

Israel's air force, in particular, has no rival in the region, which makes air strikes the most effective - and most probable - means of Israeli retaliation and aggression. Yet Israel has so far focused most of its attacks on Lebanon, despite Hizbullah's links to Syria and Iran. Indeed, both sides have long used Lebanon as a way to harass the other, since Lebanon's military is almost irrelevant, analysts say.

Even though Israel accuses Syria and Iran of backing Hizbullah's attacks, it hesitates to attack them directly. The reason is simple: Though Syria's aging military is no match for Israel's, it has missiles that could strike any part of Israel, as well as stocks of chemical weapons. Moreover, the 60 miles from the Israeli border to the Syrian capital of Damascus is one of the most heavily fortified zones in the world.

"Syria doesn't have the capacity to win [a war against Israel], but it can cause lots of suffering," says Nadav Morag, former senior director for domestic policy in the Israel National Security Council. Iran more formidable than Syria

By contrast, Iran presents a far more formidable challenge - but one that is so remote from Israel geographically as to make hostilities difficult. As with Syria, Iran's greatest threat lies in its missiles. Yet the prospect of firing missiles at America's greatest ally - at a time when it is surrounded by American forces in Iraq and Afghanistan - is decidedly risky.

Likewise, the notion of an Israeli air strike against Iran presents enormous logistical hurdles. Although Iran does not possess a credible air force and has only mid-grade Russian air-defense systems to contend with Israeli jets, Israel would surely be denied overfly rights by the Arab countries that surround them, meaning it would have to take a circuitous and difficult oversea route to Iran.

It would probably be a measure taken only as a last resort., Mr. Morag says.

Iran's First Strike (WSJ)

The Wall Street Journal, July 18, 2006

The war between Hezbollah and Israel is a tragedy for its victims, but it could also be a clarifying moment if the world draws the proper lessons. To wit, this is a preview of what the Middle East will look like if Iran succeeds in going nuclear.

The threat of a nuclear Iran isn't primarily that the mullahs might actually use such a weapon if they got one. The more immediate threat is that Iran would use the weapon as a shield to pursue its hegemonic ambitions throughout the Middle East, promoting terrorist attacks on its enemies and intimidating anyone with the nerve to fight back. The Hamas-Hezbollah double assault on Israel is a portent of things to come unless the world gets serious about Iran's radicalism.

Keep in mind that Hezbollah is not the indigenous Lebanese "resistance" organization it claims to be, but is a military creature of Tehran. Iran has used its strategic alliance with Syria to arm the group, primarily via shipments through Damascus airport. The Palestinian terrorist-political group Hamas likewise maintains close ties to both Iran and Syria. And a week ago Monday this axis of evil swung into action.

First Hamas political chief Khaled Meshal held a news conference in Damascus -- where he lives -- to boast about the kidnapping of an Israeli soldier near Gaza. The next day Iran's top nuclear negotiator rebuffed a European-American incentive package to negotiate over its nuclear program and flew to Damascus. And the next day, another more brazen cross-border attack on Israel came from the north, when Hezbollah killed eight Israeli soldiers and captured two.

The Hezbollah operation would never have been attempted without the agreement, and probably the active encouragement, of Tehran. The attack managed to hijack the agenda of the G-8 leaders meeting in St. Petersburg, from focusing on Iran's nuclear threat to coping with the mayhem stirred up by Iran's proxies. The attack also sent a message that if the U.S., or Israel, or the U.N. attempt to block Iran's program, the mullahs can strike back with a vengeance. In short, while many elites in America and Europe have spent the past year fretting that President Bush might strike Iran, the Iranians have struck first.

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But don't take our word for it. Lebanese Druze leader Walid Jumblatt recently told al-Arabiya television that "What is happening in Lebanon is part of the struggle between Syria and Iran on the one side and Israel on the other." And: "Iran is saying to the U.S.: '[If] you want to fight in the Gulf or hit our nuclear facilities, we will hurt you in your home, in Israel . . .'" This also helps explain why even some Arab governments in the region, notably Egypt and Saudi Arabia, have publicly criticized the Hezbollah attacks. They don't want Iran to dominate the Middle East either.

The question going forward is whether the Bush Administration will acknowledge this Lebanon conflict as the strategic threat it is and fight back accordingly. That means at a minimum allowing our ally in the region, Israel, the time and diplomatic support to deal Iran's Hezbollah proxies a heavy blow. Israel has already cut off supply lines from Syria by land and air. And now it is working systematically to destroy the military force that Hezbollah has accumulated, especially its missiles, which now include radars that can hit a warship and perhaps have the range to reach Tel Aviv.

In other words, Israel is attempting to do what the world has been unable to accomplish: Enforce U.N. Resolution 1559, which calls for the disarming of all Lebanese militias and Beirut's control of its own borders. It's a shame to see Lebanon's first semi-independent government in decades caught up in this new round of violence. But Hezbollah's continued military might, backed by Iranian arms and Syrian intelligence, is the main threat to Lebanese independence. In disarming Hezbollah, Israel would be doing Lebanese patriots a favor.

In this regard, one bad idea is the international call for an immediate "cease-fire" to be monitored by a multinational peace-keeping force. U.N. Secretary-General Kofi Annan has made this suggestion, as has British Prime Minister Tony Blair. This didn't work out too well the last time, in the early 1980s, when 241 Americans and 58 French soldiers were killed in Beirut by truck bombs almost surely sent by Hezbollah. Any international force would be a terror target once again, and at this stage any cease-fire imposed from the outside would merely hand Hezbollah a victory.

The terror group will have struck first at Israel, only to have the world stop Israel from protecting itself. Hezbollah would slowly re-arm and re-group, and a year or two from now could do it all over again. Hezbollah would remain not only a threat to Israel, but a cancer on the Lebanese political process, holding an illegitimate veto in the threat of violence. Mr. Blair of all people should understand this, having watched Sinn Fein operate as the political arm of the IRA in Northern Ireland.

The better and necessary response is to let Israel's counterattacks continue until Hezbollah's military power is substantially degraded. As for the G-8 and the U.N., they can be constructive by moving swiftly to impose sanctions on Iran for rejecting the generous offer to negotiate directly with the U.S. It's clear now that Tehran perceived that offer, which was promoted by Secretary of State Condoleezza Rice and Undersecretary Nicholas Burns, as a show of weakness.

Iran is testing the world right now. And if there is to be any hope at all of a diplomatic solution to its nuclear program, the mullahs have to see that their military option won't be tolerated.

A War With Extremists (WP)

The Washington Post, July 18, 2006

SOMEWHAT remarkably, the world leaders gathered in St. Petersburg managed to grasp the most important point about the current Middle East crisis: It "results from efforts by extremist forces to destabilize the region and to frustrate the aspirations of the Palestinian, Israeli and Lebanese people for democracy and peace." In other words, the current warfare in Lebanon, Gaza and Israel stems not from Israel's occupation of Arab lands or its holding of Palestinian and Lebanese prisoners, but from a blatant bid by Iran and Syria and their allies in Hamas and Hezbollah to stop the creation of a democratic Palestinian state in the West Bank and Gaza and the parallel consolidation of a democracy in Lebanon.

It follows that the only satisfactory outcome to the conflict would be a decisive defeat for those extremist forces. Should Hamas and Hezbollah fail militarily, Arab democrats and those who favor the creation of a peaceful Palestine alongside Israel would see the removal of their largest obstacle, while the pernicious influence of Iran and Syria in the region would be curtailed.

The worst result would be that suggested yesterday by Iranian Foreign Minister Manouchehr Mottaki following consultations with his allies in Damascus: "a cease-fire followed by a prisoner swap." Such an outcome would legitimize the terrorist operations by Hamas and Hezbollah that began the conflict and further empower their rogue military organizations at the expense of the Lebanese government and the Palestinian Authority. It would restore Syrian influence in Lebanon and grant Tehran the ability to ignite a new Middle East conflagration at its convenience.

The extremists now favor a cease-fire because they know that the longer the fighting continues, the more damage Israel is likely to do to the military infrastructure and leadership of Hamas and Hezbollah. Anyone who believes the Israeli army can't be effective in this kind of war hasn't followed the events of the past several years, during which its devastating assassination campaign against Hamas induced that group to declare a unilateral cease-fire in early 2005. Since Hamas broke that truce last month, Israel has killed or captured several score of its leaders; the rest cannot appear in public without inviting an airstrike.

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The centrist government of Israeli Prime Minister Ehud Olmert risks overplaying its hand if it continues to attack Lebanese civilian infrastructure or if the death toll of civilians, which now stands above 200, continues to rise. If it limits its aim to Hezbollah and Hamas and their weapons, it will be quietly cheered by many Lebanese and Palestinians, as well as by moderate Arabs around the Middle East.

The middle course between allowing Israel to take the fight to Hamas and Hezbollah and pressuring it to accept Tehran's terms is that suggested by Britain and U.N. Secretary General Kofi Annan: an international peacekeeping force in southern Lebanon. It's worth noting that such a force already exists -- and has failed miserably in its nearly three decades of existence. Success would require Western troops and a very different mandate: in particular, authority to prevent launchings of missiles and raids against Israel from Lebanon, and to enforce Security Council Resolution 1559, which ordered the disarmament of Hezbollah. An international diplomatic initiative that allows Hezbollah to preserve and eventually restock its military wing would be worse than none at all.

Diplomacy's Turn In Lebanon (NYT)

The New York Times, July 18, 2006

International diplomacy finally started to stir yesterday in response to the havoc on both sides of the Israeli-Lebanese border, including calls by the United Nations secretary general, Kofi Annan, and Prime Minister Tony Blair of Britain for dispatching an international peacekeeping force. Stopping the fighting won't be easy, but the dangers of escalation are too great to permit the major powers, or worried Arab rulers, to turn away.

The only beneficiaries of a wider war would be Iran, Syria and the armed Islamic radical groups that they support throughout the region. The challenge for everyone else is to find a formula to achieve peacefully what just about every country apart from Syria and Iran now seems to agree has to happen. Hezbollah should disarm its private militia, stop operating as a state within a state in southern Lebanon and allow the Lebanese government in Beirut to exercise the full sovereignty it has been denied for decades.

As it happens, the United Nations Security Council went on record calling for just that to happen nearly two years ago. Unfortunately, the members of the Council never did anything to turn those particular provisions into reality. Instead, Security Council members, including the United States, hoped that Hezbollah's participation in parliamentary politics would speed its transformation into a normal political party and eventually lead to the desired result.

Hezbollah's raid into Israel this month, in which it killed three Israeli soldiers and took two more hostage, put an abrupt stop to such wishful thinking. Now it's up to the Security Council to finish the job it left unfinished two years ago.

That can be achieved only by a unified Security Council, led by the two countries that have long taken the lead on Lebanese issues — France and the United States. At this point, such unity appears elusive, with the Bush administration arguing that Hezbollah should act first, returning the kidnapped Israeli soldiers and halting its rocket attacks before any cease-fire, while others seem to envision a simultaneous halting of hostilities by both sides.

Those differences need to be worked out over the next few days, so that the killing and human suffering can stop as soon as possible. Washington is right to press for the release of the Israeli soldiers held hostage. But this should not be a precondition for the earliest possible cease-fire. Many lives and the stability of the wider region depend on achieving a quick halt to the fighting.

Assad And Bush (WSJ)

The Wall Street Journal, July 18, 2006

In 2003, after the fall of Saddam Hussein, the Bush Administration debated how to handle Syrian dictator Bashar Assad. Colin Powell and the U.S. State Department argued for engaging him directly and inviting him to join a new reform era. Pentagon officials argued that such a visit would signal U.S. weakness and proposed a tougher approach. President Bush sided with Mr. Powell, who made his trip to Damascus -- and most of the rest has been bad Middle Eastern history.

Last week's Hezbollah assaults on Israel have been abetted by Syria, which plainly believes it has nothing to fear from the U.S., much less from the "international community." And why not? Since the fall of Saddam, Assad the Younger has spent three years listening to the U.S. alternate threats with attempts to curry favor with his regime. The threats have proven to be empty, no matter how much trouble he makes for our soldiers in Iraq, or how much mischief he makes in Lebanon and now in Israel.

In late 2003, the U.S. Congress passed the Syria Accountability and Lebanese Sovereignty Restoration Act, which gave Mr. Bush the option of imposing two of six sanctions on Syria. Again at the urging of the State Department, the President picked the least onerous sanctions. He imposed a ban on flights, though Syrian airlines don't fly to the U.S., and he banned U.S. exports to Syria, which were minimal. Around the same time, too, he named a new ambassador to Damascus, sending a message of business as usual.

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Assad repaid that forbearance by continuing to shelter and assist the Iraqi insurgency. Throughout 2004, Iraqi Baathist financiers operated openly out of Damascus, and insurgents moved freely across the Syria-Iraq border. Pentagon officials argued for some show of force against insurgents in Syria, such as a Predator strike, but State and the CIA again counseled restraint. The CIA works with Syrian intelligence and prefers smooth country-to-country ties.

In January 2005, Mr. Bush finally sent Deputy Secretary of State Richard Armitage to Damascus ostensibly to read Assad the riot act. But his main demand was that Assad turn over Saddam's half-brother, Sabawi Ibrahim Hassan, who was aiding the insurgency from Syria. Some weeks later, Syria delivered Hassan to the U.S. -- a token sacrifice designed to blunt greater pressure.

In 2005 when the Cedar Revolution hit Lebanon, the U.S. spoke up more loudly against Assad. But it also resisted French suggestions to push for regime change in Damascus after the murder of Lebanese leader Rafik Hariri. Syria pulled its army from Lebanon in response to world pressure, but its intelligence services remain and assassinations against Lebanese patriots continue. Meanwhile, Assad has formed a much closer alliance with Tehran, culminating in their mutual support for the current two-front assault on Israel. The State Department has counseled "restraint" by all sides.

It seems to us that Assad has assessed the second-term Bush Administration this way: The State Department has won, the "neocons" are out, and there is little the U.S. will do to stop Damascus as it attempts to restore its dominance in Lebanon. Though maybe if Condoleezza Rice asks nicely enough, Assad will turn over another token Baathist.

A Conflict That Will Stay Close To Home (NYT)

By Edward M. Luttwak

The New York Times, July 18, 2006

Chevy Chase, Md.

IT is obvious by now that Israel's conflict with Hezbollah and Hamas is part of a larger conflict largely paid for and directed by Iran and Syria. To divert attention from its nuclear ambitions, Iran undoubtedly sanctioned Hezbollah's adventurism into Israel last week. Syria harbors Khaled Meshal, the political leader of Hamas, and fully supports its actions.

So, could the fighting widen across the region? It is possible, of course, but not likely.

First, Hamas is very isolated, with no local allies other than Syria. As the Palestinian branch of the Muslim Brotherhood, which was founded in Egypt and is dedicated to overthrowing the government of Hosni Mubarak, Hamas can hardly expect any help from Egypt, by far Israel's most powerful neighbor.

Likewise, the Muslim Brotherhood of Jordan is the main political opposition to the royal family. Since April, when the Jordanian government intercepted weapons coming from Syria and intended for Hamas, it has barred Hamas officials from its territory.

As for Hezbollah, the Israeli bombing of Lebanon is arousing some Arab solidarity in the region. But all know that the Israelis are acting only incidentally against Lebanon and that their target is Hezbollah, which deliberately started the fighting by crossing into Israel. Much more important, other Arabs view Hezbollah as the paid agent of its Shiite brethren, the leaders of non-Arab Iran. That makes it much easier for Sunni Arab states like Egypt and Jordan to stay on the sidelines.

Likewise, Saudi Arabia, another Sunni-ruled country, quickly came out against Hezbollah and Iran through its official news agency, which said, "A distinction must be made between legitimate resistance and uncalculated adventures undertaken by elements inside Lebanon and those behind them."

In the Arab world, only Syrian President Bashar al-Assad supports both Hamas and Hezbollah. Would he help both by, say, opening a new front on the Golan Heights? Syria has large artillery forces that could quickly launch a tremendous barrage; it has missiles than can reach deep into Israel, and its armored forces and commando units could go into action almost immediately.

On the other hand, Syria has never violated the 1974 cease-fire on the Golan Heights, not even in 1982 when the Israelis destroyed Syrian forces in Lebanon. The Syrians know that even if they struck first, the Israelis would retaliate very quickly by bombing Syrian air bases and by destroying electrical power stations, oil refineries, major bridges and the like. And the Syrian Army would undoubtedly suffer heavy losses once the Israelis mobilized their reserve divisions, in less than 48 hours.

Most important, Mr. Assad must be concerned that his regime, narrowly based on the loyalty of the small Alawite religious minority to which he belongs, would be overthrown if the country suffered a major military defeat.

Which brings us back to Iran. President Mahmoud Ahmadinejad has been threatening Israel with destruction daily and keeps denying the Holocaust in a manner that reveals his own genocidal fantasies. But as of now, Iran has no military capacity against Israel other than a few unreliable ballistic missiles imported from North Korea whose warheads could fall just about anywhere. Even if by some miracle they were to hit a city or town in Israel, their conventional explosives would not inflict much damage anyway.

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On the other hand, an Iranian missile attack would give Israel the opportunity to strike Iran's nuclear installations without provoking global outrage. It would be a very serious act of war, but it would not stir the Arab states to aid Iran's mullahs: they, too, fear a nuclear Iran.

Much is at stake in the current crisis: Israel's security; Lebanon's viability as a nation; the future roles of Hamas and Hezbollah; America's ability to function as an effective power in the Middle East; and more still. There are dangers on every side. But, fortunately, the outbreak of a regional war is not one of them.

Middle East: Shaken Awake By War (LAT)

By David Grossman

The Los Angeles Times, July 18, 2006

There is no justification for the large-scale violence that Hezbollah has unleashed from Lebanese territory on dozens of peaceful Israeli villages, town and cities. Israel has counterattacked, and it has every right to do so. No country in the world would remain silent and abandon its citizens when its neighbor strikes without any provocation.

Six years ago, Israel withdrew from all the Lebanese territory

occupied in 1982 and redeployed behind the international border. Immediately, Hezbollah began violating the relevant United Nations resolutions. It established armed positions along the border and began building up its military strength, with the aid of Syria and Iran.

For years, the government of Lebanon has avoided direct confrontation with Hezbollah. Israel, seeking not to heat up the border, also abstained from taking any real action against Hezbollah. Israel is now acting against Lebanon because Lebanon is officially responsible for Hezbollah. It is also the address from which missiles and Katyusha rockets are being fired at Israeli cities. Hezbollah's leaders are members of the Lebanese Cabinet and participate in setting the country's policies.

At this writing, millions of innocent civilians — Israelis and Lebanese — are under heavy fire. In Beirut and in Haifa, in Lebanon's Bekaa Valley and in the Israeli Galilee, children and adults face the horrors of war. Israel and Lebanon must do all they can to not harm innocent people. But even those who hope for an immediate end to violence and the opening of negotiations must acknowledge that Hezbollah cynically and deliberately created the crisis. Israel had no choice but to respond to the severe attack on its territory.

This latest eruption of hostilities underlines the problematic similarities between the governments of Lebanon and the Palestinian Authority.

Both have two heads, whose behavior contradicts one another. One Lebanese and one Palestinian head act as statesmen, using diplomatic channels, conducting themselves with relative moderation. The two other heads declare that they are free to do whatever they wish — to use racist rhetoric and terror against civilians and to call openly for the destruction of Israel.

This dual phantasm is the main reason that a great majority of Israelis, including many in the peace camp, have in recent years lost all confidence in the good intentions of the more moderate elements in the Arab world. (Another complication is that a similar double phantasm — if less extreme and without aspirations of destroying its enemy — is also evident in Israel's behavior toward the Palestinians.)

The scenarios for the future do not look good. Of course, Israel does not intend merely to respond to the Hezbollah attacks. It is also acting to reshape the realities on its border with Lebanon and to force the Lebanese government to move Hezbollah out of the country's south. Israel's goal is logical and just, but the aggressive conduct of the operation is dangerous. The Lebanese government is weak, and Lebanon itself could again slip into general collapse and civil war.

Such a local conflict could easily develop into a regional one, with unpredictable consequences.

In recent decades, Israel has gotten tangled in military operations in Lebanon again and again. It never succeeded in achieving its goals. Previous attempts to shape the Arab world in accordance with Israel's needs have failed. (Today, President Bush can also testify to the doubtful efficacy of such attempts.)

Another goal declared by many of Israel's military and political leaders is to break Hezbollah's power and influence. This is doomed from the start. It recalls the shortsightedness of Israeli leaders in 1982, when they declared that they would destroy the Palestine Liberation Organization. Even though Israel has vastly superior forces, Hezbollah has very strong backing in Iran, Syria and the Arab world. Anyone who thinks Israel can achieve a knockout victory lives an illusion.

And there is also a fundamental difference between Hezbollah and the Palestinian front.

Hezbollah is, openly, an Iranian agent in the Middle East, a bridgehead for its murderous plans against Israel. Iran is doubtless committed to the Palestinian cause, but its aspirations do not include an equitable peace between Israel and Palestine. Its ideology and actions demonstrate that, even if Israel and the Palestinians reach a peace agreement, Hezbollah will oppose compromises. It will continue to fight Israel and will thus threaten the fragile stability that such an agreement achieves.

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Israel's relations with the Palestinians are utterly different. These two peoples must achieve peace if they wish to live. Their fates are intertwined and cannot be separated. Both have a clear interest in reaching a compromise in which each will give up some of its most central demands. Both sides know that ultimately their conflict cannot be resolved by force.

Hezbollah's deadly attack this week impels the great majority of Israelis to view the two fronts as one, both constituting threats to Israel's existence. While this instinct may not reflect the military balance, it could lead not only to a disproportionate attack on Lebanon but to an indefinite postponement of a solution to the Israeli-Palestinian conflict.

Many citizens of Israel, like those of prosperous, Westernized Beirut, wanted to believe that they were no longer really part of the Middle East conflict. Despairing of its bloody, fundamentalist, hopeless nature, they built themselves bubbles of comfort, escapism and luxury. In Israel, many even managed to sublimate the current war with the Palestinians in the Gaza Strip, the rockets that the Palestinians have been firing on southern Israel and the suffering the Palestinians are enduring from Israel's counterattacks.

The events of the last few days have shaken everyone awake. The war has reached their doorsteps, reminding them what materials make up life here. Diplomatic acumen will no longer suffice to turn those materials into a stable peace. It looks as if only an alchemist's lore can do that now.

Hunker Down With History (WP)

By Richard Cohen

The Washington Post, July 18, 2006

The greatest mistake Israel could make at the moment is to forget that Israel itself is a mistake. It is an honest mistake, a well-intentioned mistake, a mistake for which no one is culpable, but the idea of creating a nation of European Jews in an area of Arab Muslims (and some Christians) has produced a century of warfare and terrorism of the sort we are seeing now. Israel fights Hezbollah in the north and Hamas in the south, but its most formidable enemy is history itself.

This is why the Israeli-Arab war, now transformed into the Israeli-Muslim war (Iran is not an Arab state), persists and widens. It is why the conflict mutates and festers. It is why Israel is now fighting an organization, Hezbollah, that did not exist 30 years ago and why Hezbollah is being supported by a nation, Iran, that was once a tacit ally of Israel's. The underlying, subterranean hatred of the Jewish state in the Islamic world just keeps bubbling to the surface. The leaders of Saudi Arabia, Egypt, Jordan and some other Arab countries may condemn Hezbollah, but I doubt the proverbial man in their street shares that view.

There is no point in condemning Hezbollah. Zealots are not amenable to reason. And there's not much point, either, in condemning Hamas. It is a fetid, anti-Semitic outfit whose organizing principle is hatred of Israel. There is, though, a point in cautioning Israel to exercise restraint -- not for the sake of its enemies but for itself. Whatever happens, Israel must not use its military might to win back what it has already chosen to lose: the buffer zone in southern Lebanon and the Gaza Strip itself.

Hard-line critics of Ariel Sharon, the now-comatose Israeli leader who initiated the pullout from Gaza, always said this would happen: Gaza would become a terrorist haven. They said that the moderate Palestinian Authority would not be able to control the militants and that Gaza would be used to fire rockets into Israel and to launch terrorist raids. This is precisely what has happened.

It is also true, as some critics warned, that Israel's withdrawal from southern Lebanon was seen by its enemies -- and claimed by Hezbollah -- as a defeat for the mighty Jewish state. Hezbollah took credit for this, as well it should. Its persistent attacks bled Israel. In the end, Israel got out and the United Nations promised it a secure border. The Lebanese army would see to that. (And the check is in the mail.)

All that the critics warned has come true. But worse than what is happening now would be a retaking of those territories. That would put Israel smack back to where it was, subjugating a restless, angry population and having the world look on as it committed the inevitable sins of an occupying power. The smart choice is to pull back to defensible -- but hardly impervious -- borders. That includes getting out of most of the West Bank -- and waiting (and hoping) that history will get distracted and move on to something else. This will take some time, and in the meantime terrorism and rocket attacks will continue.

In his forthcoming book, "The War of the World," the admirably readable British historian Niall Ferguson devotes considerable space to the horrific history of the Jews in 19th- and 20th-century Europe. Never mind the Holocaust. In 1905 there were pogroms in 660 different places in Russia, and more than 800 Jews were killed -- all this in a period of less than two weeks. This was the reality of life for many of Europe's Jews.

Little wonder so many of them emigrated to the United States, Canada, Argentina or South Africa. Little wonder others embraced the dream of Zionism and went to Palestine, first a colony of Turkey and later of Britain. They were in effect running for their lives. Most of those who remained -- 97.5 percent of Poland's Jews, for instance -- were murdered in the Holocaust.

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Another gifted British historian, Tony Judt, wraps up his recent book "Postwar" with an epilogue on how the sine qua non of the modern civilized state is recognition of the Holocaust. Much of the Islamic world, notably Iran under its Holocaust-denying president, Mahmoud Ahmadinejad, stands outside that circle, refusing to make even a little space for the Jews of Europe and, later, those from the Islamic world. They see Israel not as a mistake but as a crime. Until they change their view, the longest war of the 20th century will persist deep into the 21st. It is best for Israel to hunker down.

Feeding The Enemy (NYT)

By Nicholas D. Kristof

The New York Times, July 18, 2006

One of the broader tragedies in the Middle East is "the boomerang syndrome."

Impatient Arabs backed violence and thus put Ariel Sharon and now Ehud Olmert into power, while utterly discrediting Israeli doves. Some Arabs seethed at their daily discomforts, and so they backed provocations that are now vastly multiplying the suffering in Gaza and Lebanon alike.

I'm afraid that impatient Israelis may now be falling into the same trap. Israelis, outraged by attacks and kidnappings, have escalated the conflict by launching an assault on Lebanon that may make life in Israel far more dangerous for many years to come.

It's easy to sympathize with Israeli outrage, particularly since the attacks on it follow its withdrawals first from Lebanon and then from Gaza. But the winners in this conflict, in the medium to long term, are likely to be hard-liners throughout the Islamic world.

The Iranian and Syrian regimes are illegitimate, incompetent and unpopular, but they may be able to exploit anger at the television images from Lebanon into a longer lease on life for themselves. Pakistani extremists will be strengthened in their calls for jihad. In Sudan, President Omar Hassan al-Bashir will rally popular anger to resist U.N. peacekeepers in Darfur. In Iraq, sympathy for Lebanese Shiites may strengthen Iraq's own extremist Shiite militias.

Meanwhile, it's not clear what Israel can achieve militarily in Lebanon. The 12,000 missiles controlled by Hezbollah are not kept in arsenals, but in unmarked homes and garages, so it's uncertain that Israel will be able to destroy very many. If Israel continues with a limited air war for a couple of weeks, it will produce enough television footage of bleeding Lebanese to anger the world, but not enough to achieve any substantial shift in power on the ground.

Until this month, Hezbollah had been on the defensive in Lebanon. It was under pressure to disarm and was resented as a pawn of Syria and Iran. Al Qaeda had even tried to assassinate its leader, Hassan Nasrallah.

But now Sheik Nasrallah, one of the canniest politicians in the region, has kidnapped not only Israeli soldiers but the Middle East conflict. He may well emerge with more credibility than ever among Sunnis as well as Shiites.

A rule of thumb in the Middle East is that anyone who makes confident predictions is too dogmatic to be worth listening to. Maybe I'm wrong and Israel will achieve its short-term security goals, for it's conceivable that the warfare will galvanize the U.N. Security Council — and Lebanon itself — to disarm Hezbollah. But there's also the longer term to worry about, and the fury at Israel will be much harder to dismantle than Katyusha rockets.

I hitchhiked through Lebanon and the region while a student in 1982, shortly after the Israeli invasion. Though Syria had recently massacred some 10,000 to 20,000 of its people in Hama — the center of town was rubble — most Arabs weren't exercised about Syrians killing Syrians, they were enraged by Israelis killing Arabs. That may not be fair, but that's reality: Sheik Nasrallah's power today arises in part from Israeli bombing back in 1982.

Likewise, the sheik's radical successor in 2030 will be empowered in part because of Israeli bombings in 2006.

"It is simple to join emotionally in George Bush's culture war against the axis of evil," editorialized Haaretz, the Israeli newspaper, "but it must be remembered that, at the end of the day, it is the citizens of Israel and not the Americans who have to continue living in the Middle East. Therefore, we have to think of ways that will make it possible for us to coexist, even with those we do not enjoy being with."

Plenty of experience shows that Israel can't deter private terror networks, but that it can deter states. Syria, for example, despises Israel but doesn't launch rockets or kidnap soldiers. So Israel might benefit from firmer states in Lebanon and Gaza that actually control their territories. Instead, the latest Israeli offensives foster anarchy to both the north and the south, potentially nurturing militant groups that are not subject to classical deterrence.

If Israel is ever to achieve real security, we have a pretty good idea how it will be achieved: the kind of two-state solution reached in the private Geneva accord of 2003 between Arab and Israeli peaceniks. The fighting in Lebanon pushes that possibility even farther away — and in that sense, each bombing mission harms Israel's future as well as Lebanon's.

Hezbollah And Pericles (WSJ)

DOJ_NMG_0041782

By Fania Oz-Salzberger

The Wall Street Journal, July 18, 2006

War does not preclude clear thinking. When Israel withdrew from southern Lebanon six years ago, to the last inch, and from Gaza one year ago, to the last inch, scenarios of over-the-border hostilities were high on the public agenda. Thus, even as smoke rises over northern Israel, Lebanon and Gaza, some clearheaded points are being made on the Israeli side of the border. Here is a brief selection.

First and most crucial, a majority of Israelis consider this sad unleashing of Israeli firepower in Gaza and Lebanon to be, up to now, a just war. It has both a casus belli and a convincing rationale. Hostilities were initiated by militias strongly associated with the elected governments in both regions, targeting IDF personnel strictly on the Israeli side of the border. Since many media consumers have short memories, a reminder is in order: Over the last five months, some 800 Kassam rockets were fired at towns and villages in southwestern Israel. The town of Sderot alone was hit several hundred times. Israel occupied not an inch of Gaza at that time.

Israel certainly responded, as any sovereign state would; and it did so not by reinvading Gaza, but with air strikes against militants and launchers. Palestinian civilians were hurt; Europeans vocally reproached us; the rockets kept coming. Then came the recent assault on soldiers stationed within Israel, killing three and kidnapping one. Hezbollah of Lebanon, wholly unprovoked, simply liked the idea and sent a force into northern Israel and two follow-up ambushes, killing a total of eight soldiers and kidnapping two. Both assaults breached a fully legitimate international border, in the aftermath of a full Israeli withdrawal -- just in case some media consumers have forgotten. Possible lesson: A sense of right still counts for something amidst all the smoke.

Which leads to a second clearheaded point. Why is Israel's response not "proportional," and why don't we rush to negotiate with the kidnappers, as so many peace-lovers in the Western world would like us to do? Let me be blunt: A "proportional" response would please many Europeans no end, but would scarcely move a hair in the beard of a Hamas or a Hezbollah leader.

They are not set to be gently pushed into moderation, or to hammer out an exquisite compromise with the Jewish state, but to wipe it out as soon as they can. If we shoot a little, they will shoot back all the way into Islamic eternity. If we "negotiate," cave in to blackmail and release Hamas and Hezbollah militants held in Israeli prisons in return for our three kidnapped soldiers, they will send them back to bomb schools and buses and pizza parlors in no time at all.

Negotiation? For sure. It worked with Egypt and Jordan. It would work with Saudi Arabia. It would work with moderate Palestinians -- as soon as they recapture their own polity from Hamas and Hezbollah. But it would not work with the latter, who along with their Iranian allies openly declare that they want us dead, not merely complacent. Possible lesson: Compromise with ultra-extremists usually misfires.

And here is a sad, third clearheaded point: Democracy, in the Middle East as elsewhere, is not just about universal suffrage. The Palestinians brought Hamas to power, and Hezbollah is a coalition partner in the Lebanese government. Please reflect on this, dear Western lovers of democracy: Is majority vote truly the sole gist of it all? Here is a painful truth: Israel is killing civilians -- inadvertently, though arguably too freely -- as it targets militants in Gaza and Lebanon. Yet the hair-raising aspect of it is that many of those civilians voted Hamas, and some voted Hezbollah, into their own governments. Democratically elected, these groups care little for the lives of their own citizens, even less for the Israeli Arabs they have bombed and killed in recent days, and null for Israeli civilians. Yet their voters keep applauding. Gazan and Lebanese children are innocent victims of this policy, and many Israelis -- I must assert this even in the face of disbelief -- truly grieve for them.

But the adults? Are these men and women hostages of live-in terrorists, dumb natives managed by shrewd colonialists, or are they perhaps accountable civil agents who made a very bad choice in one of their first democratic performances? Possible lesson: Reread Pericles.

Arab democracy is not hopeless, a fourth clearheaded reflection suggests. The Middle East is divided between those who jeer with any rocket hitting Haifa, and those -- in Lebanon, Palestine and Saudi Arabia -- who secretly hope for both Hamas and Hezbollah to vanish into the limbo of lost lunatics and make way for better and saner Arab regimes. In the aftermath of the current war, Ehud Olmert's Kadima-Labor coalition government would promptly talk with a peace-seeking Palestinian government; this is why a majority of Israelis voted them in to begin with. Possible lesson: Moderates don't easily lose their nerve these days.

My final point may be news to both friends and foes of Israel: This society is holding strong. Opinions here are divided, for sure, about the wisdom and morality of using force, and about the wisdom and effectiveness of withholding force. The public argument keeps sizzling as the north of Israel, including my own Jewish-Arab university of Haifa, is under fire. For some reason, going beyond Israel and deeply linked to Pericles, I take this to be good news.

Being Hassan Nasrallah (WSJ)

By Bret Stephens

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The Wall Street Journal, July 18, 2006

Imagine yourself as a heavily bearded 46-year-old Shiite cleric from Lebanon named Hassan Nasrallah. Your job title is secretary general of Hezb Allah, or Party of God, which holds 14 of parliament's 128 seats, including a seat in the cabinet. You've provoked a war with Israel, to the dismay of many Lebanese, though by no means of all. Refugees are streaming northward as an Israeli land invasion threatens. The south Beirut office where you worked until last week has been reduced to rubble by Israeli warplanes.

Generally speaking, things are going your way.

It helps that the same air force that destroyed your offices previously dropped leaflets to warn of the coming demolition. (The neighborhood was never much to look at in the first place.) It helps, too, that of the few hundred missiles you've lost from your arsenal of 13,000 -- either because you fired them or because they were destroyed by Israeli air and artillery attacks -- can easily be replaced by your Iranian suppliers. You've also lost some men, none senior in the organization. They will serve as faces for Hezbollah's next batch of recruitment posters.

It's true this isn't quite how you imagined it would be. You wanted to prick, not provoke. You wanted to engage in some symbolic act of solidarity with Hamas, your Sunni "brothers" in the anti-Zionist resistance, which is under extreme Israeli pressure in the Gaza Strip.

You also figured you might get something for your trouble. In 2000, you captured and killed three Israeli soldiers without consequence. You also kidnapped a shady Israeli businessman named Elhanan Tannenbaum, who happened to be a colonel in the army reserves. A little more than three years later, Ariel Sharon himself agreed to swap hundreds of prisoners for Mr. Tannenbaum and the remains of the three soldiers. Earlier this month, a senior Israeli security official made noises that Israel might release Palestinian prisoners in exchange for Gilad Shalit, the 19-year-old corporal Hamas captured in a raid from Gaza in June. The Zionists have a motherly regard for the safety of their soldiers. It's one of their weaknesses, you think.

But now the Israelis have upped the ante. You might have thought they would attack Syria, as they had every right to do. Syria openly harbors Hamas chieftain Khaled Mashaal, who's calling the shots in Gaza. Syria is also, with Iran, your patron and supplier. Instead, not only have the Israelis come after you in Lebanon, they've all but declared war on the pro-American government of Prime Minister Fouad Siniora and attacked Lebanese army installations. Christmas in July! (as the infidels say).

So now you're considering broader possibilities. Your missile barrages into the Israeli heartland are once again burnishing your reputation as the boldest and most effective anti-Zionist force in the Arab world. That's a welcome change: After the Israeli withdrawal from southern Lebanon in 2000, Hezbollah had gone from being seen as a noble resistance force to a stooge of Lebanon's Syrian occupiers.

Then, too, in the last year there has been growing international and domestic pressure to fold Hezbollah's military wing into the national army, as required by the 1989 Taif Accords that ended the Lebanese civil war and by U.N. Security Council Resolution 1559. If the Israeli army invades southern Lebanon, you'll get to play the resistance card all over again. That you started this whole business will quickly be forgotten.

You're also thinking about what all this might mean for Hezbollah's political future. Here's a fact about Lebanon that many people would rather forget: The birth rate among Shiites averages between eight and nine per household. By contrast, Sunni households produce about five children, while Christians and Druze average two. Yet Lebanon's antiquated "confessional" political system, based in part on a 1932 census, gives Christians half the seats in parliament (as well as the presidency), while Shiites, who may already be a majority, are allotted only 27 seats. Is this "democratic"? You think not.

For years, your political strategy has been to consolidate Hezbollah's position among Shiites and co-opt the ever-weakening Christians in a common alliance against the Sunnis. Hezbollah has also consciously soft-pedaled its position in parliament, figuring it can bide its time before it claims its rightful place.

Now you're thinking of accelerating that timetable. If the security situation really gets out of hand in the next few weeks, you might assert military control in the Bekaa Valley and around Beirut. The Sunnis and Christians will denounce you, but they no longer have militias of their own to fight you. Besides, current Lebanese President Emile Lahoud -- an ally of Syria and therefore an ally of yours -- still exerts influence with the army, which happens to be about 35% Shiite.

What worries you? Not the "international community," which dependably finds more to fault in Israel's actions than in yours. Not an enlarged U.N. peacekeeping force; the U.N. has been in southern Lebanon for ages, without ever obstructing your designs. The Americans tilt toward Israel, but there's no chance of them intervening: They learned their lesson after you bombed their Marines' barracks in 1983.

As for the Israelis, so far they have not meaningfully degraded your capacity to fight. Their chief of staff, Dan Halutz, is every bit as tough-minded as Ariel Sharon was in his prime. But their prime minister is untested, and their defense minister is a political dove. You also suspect the Israeli public is in no mood for a reprise of their full-scale invasion of 1982, the only scenario that really frightens you. So at worst it's back to an Israeli "security zone." Been there; beaten that.

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Things could go wrong: Maybe the Israelis will find and kill you; maybe they'll put the squeeze on Syria. But as they say about these sorts of conflicts, anything except total defeat is victory. Your masters in Tehran -- Ayatollah Ali Khamenei and President Mahmoud Ahmadinejad -- are well pleased.

The Politics Of Sabotage (WSJ)

By Christopher Hitchens

The Wall Street Journal, July 18, 2006

As the misery and wreckage mount in Lebanon, I find myself wondering what happened to two news items, one old and the other very recent. The old item concerns the fate of Lt. Col. Ron Arad, an Israeli air force officer whose plane went down over Sidon 20 years ago and who was captured by Hezbollah. He was at one point offered as a bargaining chip for Hezbollah prisoners, and letters from him were produced as proof that he was alive. A strong but unconfirmed report indicated that he had been taken to Iran, or even sold to Iran, which would have been a fairly extreme form of rendition. In any event, Hezbollah's Lebanese chieftain Hassan Nasrallah has since announced that Lt. Col. Arad is dead, and that his remains have been "lost," so that his family has no information and nothing to bury.

We may well deplore the promiscuity of Israel's intervention, or its lack of proportion, but the blowing up of the bridges and the other interruptions of all air and sea traffic possess a certain grim rationale. The freshly kidnapped Israeli soldiers are not, if the Israeli Defense Forces can help it, going to be transferred north to end up as anonymous meat in some dungeon run by Bashar al-Assad or Mahmoud Ahmadinejad. When one thinks of what currently happens to Syrian or Iranian civilians held by these two men . . . * * *

The more recent story has also become buried in the rubble. Until a very few weeks ago, Palestinian President Mahmoud Abbas was confronting the Hamas-led government with a very important decision. If you do not recognize the newly elected government of Israel as a legitimate negotiating partner, he told them, I will order a referendum among the Palestinians on the single issue of that recognition. He had at his disposal an important letter, signed by several respected Palestinian political prisoners, that called for a two-state solution on this basis, and he was also cutting with the grain of important resolutions by the European Union and other concerned international interlocutors. He also knew what many people forget -- Hamas did not win a majority of the votes in the Palestinian elections, and only hold a tenuous supermajority of the parliamentary seats. Hamas made it very clear that they did not relish this proposal, the ultimatum-point of which was just coming due.

Does it not seem obvious that the intention of the various provocations launched from Gaza, from the missiles to the first abduction of an Israeli soldier, were designed precisely to make this referendum impossible? And does it not seem at least very likely that the Hezbollah operations on Israel's northern border have been implicitly coordinated to assist Hamas in this respect?

Robert Fisk, the veteran Beirut-based British correspondent, would probably be able to win a lawsuit for libel if anyone referred to him as an Israeli sympathizer. And his knowledge of the sectarian politics of Lebanon is very strong. According to him -- and to a statement from Hassan Nasrullah -- the recent "operations" were planned some months ago. Empirical evidence for this proposition is not wanting. It is unlikely that Hezbollah could have hastily moved a ship-killing missile into position as an improvised response to an Israeli incursion, and scored a direct hit on an Israeli naval vessel, without some careful rehearsal. The same goes for the deployment of Iranian missiles that can be brought to bear on Haifa.

If this is so, then the difference between this month's events and the calamity of Ariel Sharon's 1982 invasion could not be more marked. The declared intention of "Operation Peace For Galilee" was, by smashing the PLO presence in southern Lebanon, also to repress demands for Palestinian statehood in the West Bank and Gaza. When Syria intervened, apparently as a counterforce, it actually did so in order to put down the Palestinian and Lebanese radicals who posed a threat to its own hegemony. Everybody in Lebanon knows that Kemal Jumblatt, the leader of the Lebanese Socialist Party and father of its present leader Walid Jumblatt, was murdered on the orders of President Hafez al-Assad, father of Syria's current dictator.

Now, however, the former Israeli fans of Vladimir Jabotinsky are saying in public that Israeli colonization of Arabs is demographically impossible and morally wrong. But Syria and Iran are using proxies in Lebanon and among Hamas to destabilize an actual Palestinian authority that wants to hold a vote on Palestinian self-determination. Forces that claim to be "liberation movements" actually have their headquarters and leadership in the capital cities of two of the region's most reactionary despotisms. They also have connections to those fanatics who hope to sabotage the tenuous federal democracy that is fighting for its life in Iraq. That recent events have been returning Lebanon to the chaos from which it had been escaping is unimportant to them: They are allied with the regime that organized the murder of Lebanon's much-loved Rafik Hariri, and they were discountenanced by the withdrawal of the Syrian army and police from that country -- whose existence as an independent state Syria still refuses to recognize.

The only real similarity with 1982 appears to be this. The pretext for Mr. Sharon's intervention that year was furnished by the shooting of Ambassador Shlomo Argov, Israel's envoy in London, by the opaque nihilist gang led by the late Abu Nidal. It

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seems certain that Abu Nidal's intention, too (and that of his Iraqi Baathist masters), was to make trouble for what he saw as the overly conciliatory leadership of the PLO. In both cases, to an alarming degree, the nihilists and jihadists and death-squad sponsors appear to be able to call the tune, and in a weird way to determine Israel's actions.

Israelis might like to ask themselves if this is the outcome they really desire. Now, Rafik Hariri airport in Beirut is being cratered, and the Palestinians have to endure yet another collective punishment. And nobody seems to remember that they were just about to be asked to give their own opinion.

Mr. Hitchens, a columnist for Vanity Fair, is author, most recently, of "Thomas Jefferson: Author of America" (HarperCollins, 2005).

The Way We War (NYT)

By Etgar Keret

The New York Times, July 18, 2006

Tel Aviv

YESTERDAY I called the cable people to yell at them. The day before, my friend told me he'd called and yelled at them a little, threatened to switch to satellite. And they immediately lowered their price by 50 shekels a month (about $11). "Can you believe it?" my friend said excitedly. "One angry five-minute call and you save 600 shekels a year."

The customer service representative was named Tali. She listened silently to all my complaints and threats and when I finished she said in a low, deep voice: "Tell me, sir, aren't you ashamed of yourself? We're at war. People are getting killed. Missiles are falling on Haifa and Tiberias and all you can think about is your 50 shekels?"

There was something to that, something that made me slightly uncomfortable. I apologized immediately and the noble Tali quickly forgave me. After all, war is not exactly the right time to bear a grudge against one of your own.

That afternoon I decided to test the effectiveness of the Tali argument on a stubborn taxi driver who refused to take me and my baby son in his cab because I didn't have a car seat with me.

"Tell me, aren't you ashamed of yourself?" I said, trying to quote Tali as precisely as I could. "We're at war. People are getting killed. Missiles are falling on Tiberias and all you can think about is your car seat?"

The argument worked here too, and the embarrassed driver quickly apologized and told me to hop in. When we got on the highway, he said partly to me, partly to himself, "It's a real war, eh?" And after taking a long breath, he added nostalgically, "Just like in the old days."

Now that "just like in the old days" keeps echoing in my mind, and I suddenly see this whole conflict with Lebanon in a completely different light. Thinking back, trying to recreate my conversations with worried friends about this war with Lebanon, about the Iranian missiles, the Syrian machinations and the assumption that Hezbollah's leader, Sheik Hassan Nasrallah, has the ability to strike any place in the country, even Tel Aviv, I realize that there was a small gleam in almost everyone's eyes, a kind of unconscious breath of relief.

And no, it's not that we Israelis long for war or death or grief, but we do long for those "old days" the taxi driver talked about. We long for a real war to take the place of all those exhausting years of intifada when there was no black or white, only gray, when we were confronted not by armed forces, but only by resolute young people wearing explosive belts, years when the aura of bravery ceased to exist, replaced by long lines of people waiting at our checkpoints, women about to give birth and elderly people struggling to endure the stifling heat.

Suddenly, the first salvo of missiles returned us to that familiar feeling of a war fought against a ruthless enemy who attacks our borders, a truly vicious enemy, not one fighting for its freedom and self-determination, not the kind that makes us stammer and throws us into confusion. Once again we're confident about the rightness of our cause and we return with lightning speed to the bosom of the patriotism we had almost abandoned. Once again, we're a small country surrounded by enemies, fighting for our lives, not a strong, occupying country forced to fight daily against a civilian population.

So is it any wonder that we're all secretly just a tiny bit relieved? Give us Iran, give us a pinch of Syria, give us a handful of Sheik Nasrallah and we'll devour them whole. After all, we're no better than anyone else at resolving moral ambiguities. But we always did know how to win a war.

Governments Help Nationals Flee From Lebanon And Israel (NYT)

By Brian Knowlton

The New York Times, July 18, 2006

Amid continuing violence today, foreign governments rushed plans to evacuate their nationals from Lebanon and Israel. France, Britain and the United States sent military or civilian ships to begin large-scale shuttle operations, mostly to Cyprus.

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The Pentagon said that it would send the Orient Queen, a chartered cruise ship to be escorted by the Navy destroyer Gonzalez, for evacuations as early as Tuesday. Twenty-one Americans, including children and those with medical problems, were evacuated Sunday by helicopter, and 43 more left today. Additional big CH-53 helicopters were being brought in to fly evacuees to Cyprus.

Governments from Manila to Madrid hurriedly devised plans to protect their nationals, as hostilities seriously hampered air, sea and land travel. Israel, which bombed the Beirut airport and has blockaded Lebanese ports, said that it would cooperate. "We are coordinating with the Europeans and Americans how to get foreign civilians out," an Israeli security official told Agence France-Presse.

Australia said it had been working with Israeli and Lebanese authorities to organize a safe departure for those of its 25,000 citizens wishing to leave, Foreign Minister Alexander Downer said. "There is no point in providing buses and ships for them to get out if those buses are going to end up being attacked," he said.

But frightened citizens of many countries complained that their governments were not moving quickly enough.

Thousands of foreigners traveled by land to Syria, creating what one witness called an "absolutely chaotic" scene at the border; Americans were urged to avoid that route.

The United States Embassy Web site did not yet have specific evacuation guidelines, but Sean McCormack, the State Department spokesman, said people seeking to leave should pack their bags, gather travel documents, and be ready to go.

A ferryboat chartered by the French government, the Iera Petra, took on a first load of evacuees in Beirut: 800 French nationals, 400 other Europeans and 50 Americans. The boat is to continue shuttling between Beirut and Cyprus. An estimated 20,000 French tourists and residents are in Lebanon.

A British aircraft carrier, the Illustrious, and an assault ship, the Bulwark, were reportedly steaming toward the area. About 10,000 Britons live in Lebanon.

British newspapers complained that their government had moved too slowly. A headline in the Daily Mail read, "Beirut Britons 'Abandoned.' " But governments said they were moving as quickly as a difficult situation allowed.

The Web site of the British Embassy in Beirut urged people to "stay put, keep a low profile, exercise caution, keep in touch with the Embassy" but to be ready to leave at short notice. Britons who have not registered to leave are urged to phone (44) 20-7008-1500.

About 40 British nationals left Beirut by helicopter this morning, Ambassador James Watt told the BBC.

The United Nations was considering bringing staff members and dependents out of Lebanon.

An American team reached the embassy in Beirut by helicopter on Sunday to plan evacuations, the embassy Web site said. It encouraged those who want to leave to register on-line at http://lebanon.usembassy.gov or by fax at 961-4544-209 or 961-4544-037.

The United States has 25,000 nationals in Lebanon. Its evacuation plans have moved more slowly than those of some other countries.

Leah Byrne, 26, an Ohio native, said that she had tried phoning the embassy nonstop — "literally every five seconds" — after Israeli planes began bombing targets south of her central Beirut apartment last week. "I never got through," she said.

"We could hear all the bombs, could almost feel the bombs in our bodies," her partner, Miguel Betegon, a 24-year-old Spaniard, said by telephone from Madrid. "She was worried and I was worried because at the time, the only way to get out of the country was by road" — and she had already been turned away once when attempting to enter Syria.

But Mr. Betegon, an intern at the Spanish Embassy in Beirut who made clear he was speaking only in a private capacity, learned that the embassy was planning a bus convoy to Syria, and was told that his friend could come along.

The three-bus convoy, escorted by Lebanese police, reached the no-man's-land at the border after midnight. The scene, Mr. Betegon said, was "absolutely chaotic," including vehicles jammed with people and belongings and other people fleeing on foot. Finally the convoy made it to Damascus, where a Spanish military plane flew the evacuees — 116 Spaniards and 10 other nationals, including Ms. Byrne — to Madrid. The Spanish government covered all costs.

About 170 civilians have died in the fighting, including a Canadian-Lebanese family vacationing in southern Lebanon. About 10,000 nationals are registered with the Canadian Embassy, which is developing evacuation plans. People with questions are urged to contact the embassy at 961-4713-900, by email at berut-cs@international.gc.ca, or by collect call to 001-613-996-8885, an emergency center in Ottawa.

The United States government was expected to evacuate most Americans to Cyprus, where they would have to make individual plans to travel onward at their own expense. The government provides loans, but no grants, for such costs.

Wire services also reported the following:

* An Italian ship carrying 350 Italians was expected in Larnaca, Cyprus, later today.

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* Russia sent a special flight to Amman to pick up 74 Russians and citizens of former Soviet republics living in the Palestinian territories, and was making plans to evacuate 1,400 nationals from Lebanon.

* About 850 Swedes have been evacuated, mostly to Aleppo in northern Syria. And 700 Danes have left Lebanon, Copenhagen said.

* A British Foreign Office spokesman said the first wave of Britons — children, elderly and ill people — left Sunday aboard a helicopter that also transported the European Union foreign policy chief, Javier Solana.

* Prime Minister John Howard said Australia was making evacuation plans for those of the 25,000 Lebanese-Australian nationals and 3,000 Australian visitors now in Lebanon, probably by ferry to Cyprus. "We are doing everything we can, 24 hours a day," he said.

* Indonesia said it was evacuating all its nationals, including diplomatic staff and others, to Syria. New Zealand, Japan and the Philippines were also helping their citizens flee the violence.

* Bangkok made contingency plans to evacuate 25,000 Thai farm-workers in Israel.

U.S. Set To Ferry Americans From Lebanon (AP)

By Barry Schweid

AP, July 18, 2006

By air and increasingly by sea, an evacuation is under way to take Americans out of danger in Lebanon.

An estimated 25,000 Americans are there. Some 15,000 have registered with the U.S. Embassy in Beirut, but evidently not all are trying to get out.

"Our planning assumptions are on the order of thousands," State Department spokesman Sean McCormack said Monday. "You don't actually know how many people are going to want to leave until you actually start the larger-scale operations."

The operation began slowly. By late Monday only 64 were known to have departed.

U.S. government officials, basing their estimates on similar situations in the past, say the range of Americans planning to leave could range from 10 percent of those in the country up to 100 percent.

Most other countries have a far less difficult evacuation task since they have fewer of their people in Lebanon. Convoys of buses have been used effectively.

The U.S. government is discouraging travel by land to the Lebanon-Syria border. Two of the three major roads have been bombed severely, Maura Harty, assistant secretary of state for consular affairs, told CNN. And Syria denied entry to some Americans who got to the border.

"We did not think that was a wise way to counsel people to leave the country," she said.

At the Pentagon, spokesman Bryan Whitman said a commercial ship, the Orient Queen, had been contracted to ferry evacuating Americans to Cyprus. He said it could carry 750 people at a time. A U.S. Navy destroyer, the USS Gonzales, will be available to escort the Orient Queen, he said.

The French lent a hand. In Paris, the foreign ministry said 50 U.S. citizens were evacuated with 800 French citizens and 400 other Europeans on a Greek ferry, Iera Petra, chartered by the French government.

Most of the first Americans to depart were removed by U.S. helicopters, some of which flew to a British base on Cyprus.

At the State Department, McCormack said the cost of a massive evacuation was beyond U.S. resources. He said evacuated Americans would be asked to pay commercial rates, and if they did not have the money, to promise to pay in the future.

"Everybody who wishes to leave will be able to leave," he promised.

Secretary of State Condoleezza Rice and national security adviser Stephen Hadley were briefed on the evacuation Monday as they returned to the United States aboard Air Force One, McCormack said. Rice and Hadley were part of the U.S. delegation at this weekend's G-8 summit in Russia. Rice is planning to go to the Middle East to try to help defuse the situation, McCormack said.

Senate Armed Services Committee Chairman John Warner, R-Va., said Monday that U.S. diplomatic efforts, the well-being of Americans in the region and the effect the conflict could have on American involvement in Iraq and Afghanistan must be reflected in a Senate resolution being drafted this week.

"Our support for Israel is very strong, Mr. President, but it cannot be unconditional," Warner said on the Senate floor late Monday.

The U.S. Embassy advised Americans to carry a valid passport, a birth certificate and marriage or other civil documents. Each traveler is limited to one suitcase weighing up to 30 pounds. Pets will not be allowed to travel.

The embassy is not being evacuated, Harty said in an ABC News interview. But dependents of U.S. personnel who have chosen to leave will be able to depart, she said.

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Two organizations, one Arab-American and the other Muslim-American, criticized the slow start and that the United States was not promoting a cease-fire.

"The absence of American leadership to secure a cease-fire and protect its own citizens is appalling," said James Zogby, president of the Arab American Institute.

Nihad Awad, executive director of the Council on American-Islamic Relations, said, "The highest duty of any president is to protect the lives of Americans."

Many of the U.S. citizens in Lebanon are Arab-Americans making regular summer pilgrimages to visit family members.

U.S. Choppers Fly Americans Out Of Beirut (AP)

By Hamza Hendawi And George Psyllides

AP, July 18, 2006

A handful of military helicopters flew Americans out of Beirut on Monday and U.S. officials said a rented cruise ship would help the evacuation of possibly thousands more citizens.

About 15,000 of the estimated 25,000 U.S. citizens in Lebanon have registered with the U.S. Embassy in Beirut, but not all appeared to be trying to get out.

Only 64 Americans were known to have departed by late Monday.

The proportion of those who want to flee could range from 10 percent to all of them, U.S. officials said, basing the estimate on similar crises.

"Our planning assumptions are on the order of thousands," State Department spokesman Sean McCormack said. "You don't actually know how many people are going to want to leave until you actually start the larger-scale operations."

Two Arab-American organizations criticized the slow start. Many of the U.S. citizens in Lebanon are Arab-Americans visiting family over the summer.

Three CH-53 Super Stallion helicopters — each able to carry 36 people — were available to fly evacuees from Beirut to a British air base on the nearby Mediterranean island nation of Cyprus, Pentagon spokesman Bryan Whitman said, and some flights were taking place Monday.

He declined to provide details about the flights, citing security reasons.

He said more choppers will be available Tuesday.

Two CH-53s from the 24th Marine Expeditionary Unit, which has been conducting an exercise with Jordanian forces, evacuated 21 Americans from the U.S. Embassy compound Sunday.

Whitman said that the cruise ship Orient Queen, which can carry up to 750 people, had been contracted to help the evacuation starting Tuesday.

The Navy destroyer USS Gonzalez, and possibly the USS Iwo Jima amphibious assault ship, will accompany it to Cyprus.

The government of Cyprus prepared to help with the evacuation of the thousands expected to be brought by the United States and European countries.

Israel appeared to be allowing evacuation ships through the blockade of Lebanon it imposed after Hezbollah militants based there captured two Israeli soldiers last week.

The U.S. Embassy has advised those who wish to leave that they should prepare one bag for each person, weighing no more than 30 pounds, and be ready for announcements on how to depart.

An Embassy statement Monday did not say how it planned to evacuate Americans. Further instructions, it said, would be in local media and on the embassy's Web site.

Some Americans have driven themselves to Syria and then flown to Jordan, although the U.S. government has advised Americans not to leave that way.

Hundreds of French citizens and other Europeans boarded a Greek cruise liner chartered by the French government. French Prime Minister Dominique de Villepin, there after a meeting with his Lebanese counterpart, watched busloads of evacuees board the Ierapetra.

France has more than 20,000 citizens in Lebanon.

"Who knows when this will end?" said Habib al-Saad, who was sending his three sons. "If any of our Arab leaders had a brain, this would have been resolved a long time ago. But they don't," al-Saad said as his sons — Marwan, 20, Thomas, 17, and Pierre, 10 — looking bewildered and anxious — listened to their father in silence.

"I am not worried about them," al-Saad said. "They will look after themselves."

An Italian ship evacuated some 350 people, including 187 Italians.

Greece was sending a navy frigate to a Lebanese port to pick up 100 people and has three additional warships on standby.

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Hundreds of thousands in Lebanon left areas considered dangerous for the relative safety of the hills east of Beirut, the eastern Bekaa valley and northern Lebanon.

Wisam Musalam, a statistics student in Lyons, France, was standing in line outside the French Culture Center, waiting to register his name for evacuation. He is not a French national, but has a residence permit in France.

"Slowly, slowly we will become like the Palestinians," he said. "A nation of refugees."

The Arab-American organizations criticized U.S. evacuation planning, and the administration's reluctance to promote a cease-fire.

"The absence of American leadership to secure a cease-fire and protect its own citizens is appalling," said James Zogby, president of the Arab American Institute.

Nihad Awad, executive director of the Council on American-Islamic Relations, said "the highest duty of any president is to protect the lives of Americans."

About 850 of about 5,000 Swedes in Lebanon have been evacuated. Sweden chartered three ships to help and was awaiting security guarantees.

A British aircraft carrier and another warship — both in the Mediterranean — set off Sunday on a three-day trip to the Middle East in preparation for the possible evacuation of Britons. A British Foreign Office spokesman said the first wave of Britons — children, elderly and ill people — left Sunday aboard a helicopter that also transported European Union foreign policy chief Javier Solana.

Denmark began evacuating some 2,300 people by bus to Damascus, Syria. So far, some 700 have returned home, the Danish government said.

Russia's Foreign Ministry said there were more than 1,400 Russian citizens in Lebanon and more than 1,000 were ready to leave.

U.S. Prepares Huge Lebanon Evacuation (WP)

By Josh White

The Washington Post, July 18, 2006

U.S. Marine Corps helicopters ferried 42 Americans to safety at a British air base in Cyprus yesterday as officials moved closer to a massive evacuation of thousands of U.S. citizens from besieged Lebanon.

The military began discussing plans to move an expeditionary strike group that includes 2,200 Marines to the Mediterranean Sea and hired a private cruise ship to take evacuees from Beirut to Cyprus, possibly as soon as today, U.S. officials said. The State Department advised U.S. citizens to avoid individual evacuations via increasingly dangerous Lebanese roads and border crossings with Syria.

Marine CH-53 Super Stallion helicopters evacuated about 65 people from Lebanon on Sunday and yesterday, and 50 more Americans were set to arrive in Cyprus early this morning on a French ship, according to State and Defense department officials.

As the conflict between Hezbollah and Israel has intensified, U.S. officials have begun what could become the largest evacuation since Americans exited Liberia a decade ago. State Department officials estimated that roughly 25,000 Americans are in Lebanon, 15,000 of whom had registered with the embassy by yesterday.

But the United States appeared to lag behind several other countries that have already evacuated hundreds of their citizens in the wake of the Israeli attacks. Some nations rented buses and sent people by road into Syria and on to Jordan, a route U.S. officials have deemed too dangerous.

Italy and France have evacuated more than 1,000 people between them, while Denmark has started evacuating 2,300 of its citizens and Sweden 850, according to the Associated Press.

Britain has managed a few evacuations, with helicopters landing near Beirut to take a few dozen passengers away yesterday and warships heading to Lebanon to take hundreds more in coming days. Syrian officials have estimated that tens of thousands of people have fled over their border in the past week.

The U.S. Embassy in Beirut yesterday sent messages to U.S. citizens there that it is monitoring the situation closely and is "reviewing all options for assisting Americans who wish to depart Lebanon." Because Beirut's international airport was closed after it was severely damaged by Israeli attacks, U.S. officials were relying on helicopters and ships as potential major evacuation methods.

Tom Miller, a spokesman for the U.S. Embassy in Cyprus, said authorities there are planning on 2,500 to 6,000 U.S. evacuees arriving over the next few days. With Cyprus at the height of its tourist season and few hotel rooms available, Miller said embassy officials hope to use school dormitories and a local fairground to house them while arranging their return to the United States on commercial airlines.

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"It's going to be fairly large-scale," said Miller, who anticipated logjams at airports in Cyprus.

The State Department urged U.S. citizens to remain in safe locations, advising against the drive to Damascus.

"Americans who attempt such crossings are advised to exercise great caution when traveling on major roads as they are subject to an air strike at any time," read the State Department statement to U.S. citizens in Lebanon. Israeli bombs over the past few days have targeted the roads leading to Syria.

Americans were told to prepare travel documents and to pack only one suitcase should they decide to leave.

The State Department chose to prepare a large-scale evacuation rather than allowing evacuees to filter out in small numbers. Officials have been coordinating their efforts with Lebanese and Israeli authorities to try to ensure a safe exodus.

"We're building up the assets in the region so that we can operate on a scale of moving thousands of people," State Department spokesman Sean McCormack said yesterday. He said smaller-scale operations were not feasible.

Maj. Matt McLaughlin, a spokesman for the U.S. Central Command, said that an assessment team moved into Lebanon on Sunday to help the embassy plan for evacuations and that the command is awaiting the go-ahead from the U.S. ambassador for a wider effort. McLaughlin said that there would be "a gradual ramp-up in numbers that are coming out" and that the military is looking at all means of evacuation.

Military officials said yesterday that Marine Corps Brig. Gen. Carl Jensen, commander of the 24th Marine Expeditionary Unit, was in Cyprus leading coordination efforts. Helicopters from his unit were flying into Lebanon for early evacuations, and three other helicopters were standing by at the U.S. Embassy in Beirut, a Pentagon spokesman said.

The 24th MEU has been stationed in Jordan, conducting training exercises that recently ended. A naval destroyer from the unit's expeditionary strike group, the USS Gonzalez, was prepared to escort the civilian cruise ship Orient Queen to take roughly 750 people at a time from Beirut to Cyprus.

Military commanders also were discussing the move of the full strike group into the Mediterranean in preparation for a major evacuation. The 2,200 Marines in the 24th MEU would assist in getting people out of Lebanon but would not be involved in the conflict, military officials said.

Although the unit has not yet received orders to move, the Marines were loading ships in Jordan to head out to sea. Such a movement would require the battle group to sail through the Suez Canal and then north into the Mediterranean, which could take several days.

As part of their regular training, such Marine units practice civilian evacuations. "This is their bread and butter," McLaughlin said.

Expats And Tourists Struggle To Flee The War Zone (USAT)

By Jeffrey Stinson And Wendy Koch

USA Today, July 18, 2006

LARNACA, Cyprus — Jade Jurdi cannot shake the images of his three-day journey to escape from Lebanon, which Israel has bombarded for six days in an escalating conflict with Hezbollah militants.

All around him roads and bridges were shattered and the thunder of bombs and missiles rang in his ears as Jurdi, an American student, fled a mountain hideaway for Beirut on Saturday.

Sunday, he joined the exodus of frightened refugees on the chaotic road to Damascus, Syria. Only when Jurdi arrived here at dawn on Monday after an overnight flight did he find some calm.

“It was amazing and bad at the same time,” says Jurdi, 21, a senior at Harvard University who grew up in Orange County, Calif.

He had planned to spend the summer living with his grandmother, a Beirut resident, and writing a thesis on how Lebanon had begun to return to normal. Jurdi's safe arrival in Cyprus was a relief: “When I got to my (hotel) room here, I started to tear up,” he says.

Jurdi is among a small number of Americans — 64 as of late Monday — to have so far escaped the rising strife. Cyprus is where many of the evacuees appear to be headed.

The Pentagon said it hired a private cruise liner, the Orient Queen, to pick up evacuees and would send at least one warship as an escort when the evacuation ship docks at the Lebanese capital today.

Jurdi, other students and employees of U.S. firms were flown out of Damascus by International SOS, a security and medical company that contracts with private clients for such emergencies.

In Beirut, the palm-tree-studded seaside campus of the American University of Beirut remained relatively quiet.

“I feel safe here,” says Stephen McInerney, 31, a graduate student in Middle East studies from Southern Pines, N.C. Still, he says he's joining the planned U.S. evacuation.

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He fears that if the fighting escalates, there may be no way out. “The concern is that the Israelis will show less restraint once the bulk of the foreigners leave,” he says.

“I've really enjoyed my time here; it's been educational,” says Ben Ryan, 27, a student from New York. But, he adds, “Educational experiences are only worth it when you live.”

At least 80 of American University of Beirut's 282 American students enrolled in summer or degree programs have signed up to be evacuated by the U.S. Embassy, says Caroline Chalouhi, coordinator for international student services.

Some, including McInerney, are annoyed that they had to agree to pay to be brought out. The State Department has no funds to cover evacuation costs and asks evacuees to pay the “going commercial rate for transport out,” spokesman Kurtis Cooper says.

Many family members of Americans in Lebanon are eager to see their loved ones leave.

Sandra McCormick of Helena, Mont., whose son Jared, 25, has been studying in Beirut, says she's “extremely worried.”

“It's up and down every day,” she says. She says her anxiety rises when she sees the latest news and subsides after his phone calls.

“I'm very concerned about my brother, nephew and father,” says Mohamed Saad, 30, of Dearborn, Mich. He says they are U.S. citizens who recently went to Lebanon to visit family. “It's tough, not just for us but for everyone.”

Unlike students at the American University of Beirut who have been waiting out the violence, Harvard student Jurdi began his trek to Cyprus on Saturday. That's when friends connected to the Lebanese government told him that he and his friend A.G. Levanthal, 20, a Harvard junior from New York City, were no longer safe.

They had taken refuge in the mountains east of Beirut after last week's outbreak of violence. They were told that if they didn't get to Beirut immediately to be evacuated by International SOS, it was unclear when they would be able to leave, Jurdi says.

Bridges and roads were out all along the route to Beirut, Jurdi says. Bomb blasts echoed constantly in the background as they made their way to the capital. All the traffic was heading the opposite way.

When they got to Beirut, the city was being bombed. “We heard this just catastrophic boom,” he says. “This building was going up in smoke and parts started falling off.” He reached his grandmother's house, only to be rocked in the elevator by a nearby blast. “I just packed what we needed for a couple of days and we took off.”

They drove out early Sunday in the shadow of a caravan of United Nations vans headed for Syria.

The airport in Damascus was a zoo, he says. Italians, Danes and other foreign nationals already were there trying to fly out. Eventually he made it onto the International SOS flight to Cyprus.

Jurdi's thesis — that Beirut had begun to revive after 15 years of civil war and occupation by Israeli and Syrian forces — became quickly obsolete as the conflict intensified.

“It's not going to get written,” he says.

Slow U.S. Evacuation Plans Leave Thousands Stranded (USAT)

By Tom Vanden Brook

USA Today, July 18, 2006

WASHINGTON — Thousands of Americans remained stranded Monday in Lebanon as the State and Defense departments developed plans to evacuate them.

By late Monday, 64 Americans had been flown by Marine helicopter to safety on the island of Cyprus. The pace of the evacuation angered some in the USA with relatives in the country.

“If anything, it seems to me the administration is willing to tolerate this, and they are not willing to interject themselves,” said Nora Colton, whose husband, Middle Eastern studies expert Fawaz Gerges, and three of her children are in Lebanon.

As Israel and the militant Islamic group Hezbollah trade rocket attacks and airstrikes, European nations with citizens in Lebanon have evacuated more of their citizens more quickly than the United States. For example, about 850 Swedes among about 5,000 in Lebanon have been evacuated, and Sweden also chartered three ships to bring Swedes from Beirut to Cyprus.

Colton said she was puzzled that Italy moved 350 Europeans out Monday and France docked a chartered Greek cruise liner that took away about 700 people, including some Americans.

Kurtis Cooper, a State Department spokesman, said U.S. officials didn't want to endanger Americans in Beirut in an ill-conceived evacuation. The State Department rejected a land evacuation through Syria because of safety concerns for Americans in that country, he said. He added that mass evacuations would occur “soon” but declined to say exactly when.

The Defense and State departments are developing a plan to evacuate those of the 25,000 Americans in Lebanon who want to leave, said Thomas Miller, a spokesman for the U.S. Embassy in Cyprus.

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A U.S. Embassy statement issued Monday instructed American citizens to be ready to leave immediately. It may be a week or more before the evacuation is fully underway, Miller said.

Israeli airstrikes have damaged the international airport, making the sea Americans' main escape route.

The Pentagon has mobilized some ships and troops to aid in the evacuation. The 750-passenger Orient Queen, a Greek cruise ship, has been chartered to ferry evacuees from Beirut to Cyprus. It will be available beginning today, said Lt. Col. Mark Ballesteros, a Pentagon spokesman.

Greek Cruise Ship To Evacuate Americans (KRT)

By Drew Brown

Knight Ridder, July 18, 2006

WASHINGTON - The U.S. military plans to use a commercial cruise ship escorted by a Navy destroyer for a large-scale evacuation of Americans fleeing Israel's bombardment of Lebanon.

The Orient Queen, a Greek cruise ship capable of carrying 750 passengers, was due to arrive at the island nation of Cyprus, 125 miles from Lebanon, on Tuesday, said Lt. Col. Trey Kate, a spokesman for U.S. Central Command. The USS Gonzalez will accompany the ship to Lebanon, said Lt. Cmdr. Jeff Breslau, a spokesman for the U.S. Navy's Fifth Fleet.

People trapped in Lebanon can't fly out from Beirut because the airport is closed due to heavy bombing damage. Syria agreed to accept Americans leaving Lebanon by land, but the U.S. State Department advised against driving to Syria because so many roads and bridges in Lebanon have been destroyed and could be hit by further airstrikes.

Israeli jets and artillery began pounding Lebanon last week after gunmen from Hezbollah, which is based in Lebanon, kidnapped two Israeli soldiers in a cross-border raid. Hezbollah has struck back with missile attacks on northern Israeli towns and cities, and last week a missile struck an Israeli warship several miles off the Lebanese coast. More than 200 people have been reported killed in Lebanon.

An estimated 25,000 Americans are in Lebanon, State Department spokesman Sean McCormack said. The U.S. government is planning for an evacuation of thousands, he said.

A group of about 100 Marines from the 24th Marine Expeditionary Unit under the command of Brig. Gen. Carl Jensen in Cyprus was coordinating the evacuation.

It was unclear how many days it would take to move hundreds of Americans at a time. McCormack would only say that it would happen "in the very near future."

Only 64 Americans had been evacuated as of Monday. Marine Corps CH-53 helicopters ferried them on Sunday and Monday to Cyprus.

The U.S. Embassy in Beirut on Monday instructed Americans who wanted to be evacuated to pack and be ready, but it didn't say when they'd be leaving.

An American aircraft carrier could accommodate more people, but none was in the Mediterranean and the smaller cruise ship would be easier to maneuver into port, Breslau said.

Breslau said the operation would have to be coordinated with the Lebanese and Israeli governments before the evacuation ships entered into the danger zone.

People with urgent medical needs and elderly and unaccompanied minors will get helped out first, McCormack said. "We want to work to get everybody out who wants to get out. That's our job, and that's what we're working on."

Jonathan Godfrey, a spokesman for Rep. John Conyers, D-Mich., said Conyers' office had received about 30 calls from constituents demanding U.S. government action to get their loved ones out of harm's way.

Rep. John Dingell, D-Mich., said many people within his district of Dearborn, which is home to many Arab Americans, also had received numerous calls for help.

"We have been contacted by many of our constituents worried about their loved ones in harm's way, and we are working with them, the U.S. government and humanitarian organizations to help," he said. "Evacuating 25,000 Americans on a moment's notice is a difficult operation for the State Department and our military planners, but it must be handled expeditiously."

The State Department said those evacuated would pay the commercial cost for the trip.

Nations Step Up Plans To Evacuate Citizens (FT)

By George Parker And Guy Dinmore

Financial Times, July 18, 2006

Europe on Monday urged Israel not to act in a “disproportionate” manner or to break international law in its assault on Lebanon, as national capitals stepped up plans for an evacuation of EU citizens.

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European foreign ministers, meeting in Brussels, issued a statement that also called for an end to Hizbollah attacks on northern Israel and a de-escalation of violence on both sides.

The 25-member bloc has vowed to send peacekeeping troops to the region if requested by the United Nations, but its more immediate concern is evacuating European citizens.

The US on Monday said it was putting plans into place to evacuate thousands of its citizens from Beirut by helicopters and sea via Cyprus. US citizens, believed to number some 25,000, were told to get their identity documents and one small suitcase ready, but to leave their pets behind.

Diplomats said citizens from Germany, Spain, Britain and France were affected by the violence in Lebanon and informal talks between the four countries on evacuation were under way.

The European countries will also try to work together in negotiating with Israel safe periods during which civilians could be evacuated from Beirut and other parts of Lebanon.

Erkki Tuomioja, foreign minister of Finland, holder of the EU presidency, said: "Several times I have been in touch with the Israeli minister and urged them to give clear guarantees these people are not endangered."

Britain is said to have four warships heading for the area and British helicopters operating from Cyprus have evacuated some families.

Many European countries have taken several hundreds of their people out by bus to Syria. An Italian ship yesterday carried some 300 people from Beirut to Larnaca.

A 1,300-passenger ferry chartered by France was heading for waters off Beirut yesterday and was expected to take evacuees to Cyprus.

Mr Tuomioja, speaking after the foreign ministers' meeting in Brussels, said he was not yet talking about a general evacuation, but feared it was "only a matter of time" before European citizens were injured or killed in the fighting.

Javier Solana, the EU foreign policy chief, reporting back from a visit to Beirut, said getting people out was difficult because only one road to Syria was still open and the airport was closed.

He urged the Lebanese government to do its best to get a grip on the situation. "It's important that the government of Lebanon plays an important role," he said. "It's a solid government, which we support."

The US State Department said it had learned Syria was willing to admit Americans without visas, but there were reports of damage to border crossings. Main roads were "subject to an air strike at any time", it said, referring to Israeli raids.

"We're planning for thousands," a spokesman said, noting that some 3,000 Americans had registered since the conflict erupted.

Westerners Flee Lebanon As Fight Continues (AP)

By Lee Keath

AP, July 18, 2006

Westerners fled by land, sea and air Monday as Israel sent ground troops into Lebanon briefly and Hezbollah rockets knocked down a three-story house in northern Israel. However, there were signs of movement on the diplomatic front to end the worst fighting in 24 years.

The exodus of tourists left downtown Beirut eerily silent, with the shutters down on fancy stores and restaurants in a stark reminder of the country's civil war. Israeli military officials said an airstrike in Lebanon destroyed at least one long-range Iranian missile capable of hitting Tel Aviv, where sunbathers, swimmers and paddleball players filled the beaches, determined to defy the guerrilla attacks.

By nightfall Monday, 210 Lebanese had been reported killed in the six days of fighting, according to figures provided to The Associated Press by the national police. Nine civilians, including two children, died in an afternoon airstrike on a bridge near the southern port city of Sidon, Lebanese officials said. At least 24 Israelis have been killed.

A cruise ship, the Orient Queen, escorted by a U.S. destroyer was to begin evacuating some of the 25,000 Americans in Lebanon on Tuesday, joining U.S. military helicopters that have ferried about a score of U.S. citizens to a British base on the Mediterranean island of Cyprus. More helicopter transfers were planned Tuesday, a U.S. official said.

On the sixth day of its major offensive in Lebanon, Israel was allowing evacuation ships through its blockade of the country. France and Italy moved hundreds of nationals and other Europeans out Monday on a Greek cruise liner. An Italian ship left earlier with 350 people, and other governments were organizing pullouts by land to Syria.

Diplomatic efforts gained traction with Israel signaling it might scale back its demands. Israeli Prime Minister Ehud Olmert said fighting would halt only if Hezbollah, a Shiite militia that controls much of south Lebanon, pulls back from the border and releases the two soldiers whose capture last week triggered the Israeli offensive.

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An aide to Olmert indicated the prime minister was ready to compromise on the question of dismantling the Islamic militant group. But the aide said Olmert might oppose a U.N. and British idea of deploying international forces to Lebanon.

The current U.N. force in southern Lebanon has proven impotent and a larger, stronger force could hamper any future Israeli attacks, should any deal fall apart. Israel wants the Lebanese government to patrol the south.

In an impassioned speech to Israel's parliament, Olmert said the country would have no mercy on Lebanese militants who attack its cities with rockets.

"We shall seek out every installation, hit every terrorist helping to attack Israeli citizens, destroy all the terrorist infrastructure, in every place. We shall continue this until Hezbollah does the basic and fair things required of it by every civilized person," he said.

Hezbollah's patron Iran, meanwhile, said a cease-fire and prisoner exchange would be acceptable and fair. Israel has ruled out releasing any prisoners.

But Hezbollah dismissed international cease-fire proposals as "Israeli conditions" and accused foreign envoys of allowing Israel time to continue its offensive.

U.N. Secretary-General Kofi Annan's special political adviser emerged from talks with Lebanon's prime minister to say he would present Israel "concrete ideas" to end the fighting.

"We have made some promising first efforts on the way forward," the adviser, Vijay Nambiar, told reporters, while warning that much work needs to be done.

One U.N. official said Nambiar's mission had "very useful discussions" with Lebanon's prime minister and parliament speaker — an ally of Hezbollah's leader.

"They have agreed on some specifics, and this is going to be carried to Israel, and they will probably go back to Lebanon if they are a promising signal," said the official, U.N. Undersecretary-General for Political Affairs Ibrahim Gambari.

British Prime Minister Tony Blair and Annan called for sending international forces to southern Lebanon, and the United States said it did not oppose the idea.

But President Bush also suggested, in a moment of unscripted frank discussion caught on tape, that Annan simply call the president of Syria, another Hezbollah backer, to "make something happen."

Speaking with Blair privately before the G-8 leaders began their final lunch in St. Petersburg, Russia, Bush swore about Hezbollah's border raids and rockets.

"See, the irony is that what they need to do is get Syria to get Hezbollah to stop doing this s--- and it's over," Bush said.

Meanwhile, the fighting went on.

Early Tuesday, Israeli warplanes renewed attacks on Beirut's southern suburbs, Hezbollah's Al-Manar television station reported. Warplanes also fired four missiles on the eastern city of Baalbek, witnesses said. Both are Hezbollah strongholds. There was no word on casualties.

Attacks by Israeli warplanes and big guns late Sunday and early Monday killed 17 people and wounded at least 53, security officials said. Israeli government spokesman Asaf Shariv said ground troops also entered southern Lebanon, attacked Hezbollah bases near the border and quickly returned to Israel.

Israel said its planes and artillery struck 60 targets in Lebanon overnight in retaliation for Sunday's 20-rocket barrage on Haifa, Israel's third-largest city.

In the deepest-ever Hezbollah missile strike into Israel, Katyusha rockets struck the Israeli town of Atlit, 35 miles south of the border. Nobody was hurt.

Later, guerrillas fired three rocket barrages into the port city of Haifa, destroying the three-story building and wounding at least three people, Israeli medics said.

Late Monday, a further barrage of rockets hit northern Israel. Some landed in Haifa and one near a hospital in the northern town of Safed, injuring five people.

Israel also kept up pressure in the Gaza Strip as it searched for another soldier seized by Hamas-linked militants there. It bombed the empty Palestinian Foreign Ministry building for the second time in less than a week in what it said was a warning to the ruling Hamas party.

Also Monday:

· Israel attack jets killed two people in the Beirut harbor and started a large fire.

· Warplanes set fire to a gas storage tank in the northern neighborhood of Dawra and another fuel storage tank at Beirut airport. The airport has been closed since Thursday, when Israeli jets blasted its runways.

· An Israeli airstrike in Lebanon destroyed at least one long-range Iranian missile capable of hitting Tel Aviv. Israeli military officials said aircraft targeted a truck carrying the weapons before they could be launched.

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· Israeli fighter jets again hit the Beirut to Damascus highway, which has been targeted as part of a strategy of severing Lebanon's links to the outside world. Two people were killed, Lebanese officials said.

· Eight Lebanese soldiers were killed when Israeli jets hit a fishing port at Abdeh in northern Lebanon near a highway leading to Syria. Twelve Lebanese soldiers also were wounded.

· An Israeli missile strike on southern Lebanon missed its apparent target — a Hezbollah site — and hit a private house, killing two people, security officials said.

AP correspondents Ravi Nessman and Steve Weizman in Jerusalem, and Edith M. Lederer at the United Nations contributed to this report.

Emergency Talks On Doha Follow Lamy Warning (FT)

By Alan Beattie, Neil Buckley And Daniel Dombey

Financial Times, July 18, 2006

Leading countries in the crisis-hit "Doha round" of trade talks on Monday announced emergency meetings between ministers over the next two weekends, after the US, Brazil and some European Union countries signalled they would compromise to reach a deal.

The decision was announced after talks in Geneva on Monday night between the core group of six – the EU, US, Japan, Brazil, India and Australia. It followed a stark warning from Pascal Lamy, director-general of the World Trade Organisation, who told the Group of Eight heads of government in St Petersburg that the round would collapse unless they made concessions.

"The deadlock in which we are caught will lead us to failure very soon if you do not give your ministers further room for negotiation," Mr Lamy said.

On Monday, during meetings between the G8 and big emerging-market countries, President George W. Bush and Luiz Inácio Lula da Silva of Brazil had signalled they were prepared to compromise, officials said. But a sharp difference of opinion persisted within the EU.

José Manuel Barroso, president of the European Commission, Tony Blair, UK prime minister, Angela Merkel, German chancellor, and Romano Prodi, Italian prime minister, all struck upbeat notes, officials said.

But Jacques Chirac, French president, said the EU had reached the outer limit of its mandate. "We have made enough concessions, unless there is a very important counter-offer by our American friends," Mr Chirac told reporters after the meeting. France has intermittently orchestrated a group of EU member states to restrain the Commission during the Doha talks.

Monday's decision, which will have ministers meeting on July 23-24 and again on 28-29 in Geneva, follows two weeks of intensive diplomacy by Mr Lamy to find common ground among leading countries after an abortive conference at the end of June. Mr Lamy has said that to reach a deal, the EU needs to offer deeper cuts in farm tariffs, the US sharper reductions in farm subsidies and the Group of 20 developing countries better access to their manufacturing and services markets.

The EU has already prepared an offer that would take its cuts in farm tariffs close to the demands of the G20. Negotiators have also known for some time that Brazil is willing to cut protection for manufacturers.

But there was little explicit sign of concessions by two of the most determined hold-outs in the talks, the US and India. The US insists it needs new export markets for farmers. India and some other poor countries have turned that down and insisted on the right to protect farmers by exempting them from tariff cuts.

Susan Schwab, US trade representative, has not yet withdrawn those demands nor offered a bigger cut in America's farm subsidies. "I think the next step for us is to go back to our capitals to see what sort of flexibility to bring back to the table," she said after the meeting.

One EU official said on Monday: "If the US is calling for ambition in market access, it needs to show similar ambition in terms of reducing farm subsidies."

G-8 Leaders Push For Trade Deal Amid Doha Round Complexities (WSJ)

By Yochi J. Dreazen And Greg Hitt

The Wall Street Journal, July 18, 2006

STRELNA, Russia -- The Bush administration said it would work with Brazil and other major economic partners to salvage a global trade pact endangered by domestic and international opposition.

Trade wasn't formally on the agenda of this year's Group of Eight summit, but the leaders of Brazil, India and China -- all involved in the trade talks -- were invited to a series of meetings with G-8 leaders here. In private sessions, the three leaders emphasized that time is running out on the Doha Round of trade talks.

The latest push for compromise faces significant hurdles. The U.S. couldn't work out details of a separate deal that would have cleared the way for Russia to join the World Trade Organization.

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The Doha Round is more complicated than the narrower Russia deal. The U.S. wants cuts in tariffs to increase market access abroad for American farmers. Europe is resisting, while demanding that the U.S. agree to cuts in domestic farm subsidies. The two camps are pressing middle-income developing nations, such as Brazil and India, to open their markets to industrial goods made by the U.S. and Europe, a move they have been loath to support. No major players have come to terms with how to meet the demands of the world's poorest countries, which want a greater foothold in the world economy.

"The political costs of reaching a deal still significantly outweigh benefits for virtually every one of the major players," said Grant Aldonas, a trade official in President Bush's first term.

Exchanges among leaders at the summit underscored divisions. Brazilian President Luiz Inácio Lula da Silva told reporters that trade negotiators were largely out of ideas for resolving the impasse in negotiations and emphasized the importance of having heads of state "make a political decision, whatever might it be."

President Bush said "we're committed to a successful Doha round" and sent U.S. Trade Representative Susan Schwab to Geneva yesterday for hastily organized talks with the European Union, Brazil, Japan, India and Australia.

WTO Director-General Pascal Lamy, who was at the summit in Russia, flew to Geneva to lead the meeting, scheduled after G-8 leaders Sunday gave negotiators one month to agree on a framework for completing the five-year-old trade talks. Mr. Lamy has been working to revive talks since an end-of-June negotiating session collapsed. Last week, Mr. Lamy led a series of meetings with major players, including Brazil, the EU, the U.S. and India, aimed at exploring bottom lines outside of the group sessions. Last night in Geneva, negotiators agreed to a new timetable for discussions, including at least two face-to-face meetings of key trade ministers before the end of the July.

"There is a sense of resolve," Ms. Schwab said.

Launched in the Qatari capital of Doha in 2001, the talks are more than 18 months behind schedule. If negotiators craft a framework deal, months of negotiations remain to flesh out the details. U.S. officials feel those details must be wrapped up by year end to give Mr. Bush time to push a pact through Congress before his trade-promotion authority expires in mid-2007. Trade-promotion authority bars Congress from amending any trade deal and guarantees the president an up or down vote on the initiative.

Pressed By Leaders, Trade Officials Work On Talks (NYT)

By Tom Wright

The New York Times, July 18, 2006

GENEVA, July 17 — Trade ministers will meet twice next week in Geneva in a last-ditch attempt to rescue the stalled World Trade Organization talks, they said on Monday.

At the encouragement of leaders of the Group of 8 industrialized countries, negotiators from Australia, Brazil, the European Union, India, Japan and the United States met Monday night with the director general of the World Trade Organization, Pascal Lamy, to assess the talks.

Trade negotiators will meet on July 23 and 24 and again on July 28 and 29. They will try to agree on formulas for cutting industrial and farm tariffs and subsidies.

“The idea is to have another go at it with a bit more determination and hopefully a bit more flexibility,” India’s minister of commerce and industry, Kamal Nath, told The Associated Press. “The work could spill into August, as there’s a lot of work to do.”

President Bush told government leaders at the Group of 8 meeting in St. Petersburg, Russia, that he was committed to reaching an agreement that would lead to a significant easing of trade barriers, according to Sean Spicer, a spokesman for the United States trade representative, Susan C. Schwab.

“President Bush made it clear he wanted a robust Doha round, and Ambassador Schwab is going to meet with some of her counterparts to work on a breakthrough,” Mr. Spicer said. “We hope other nations will match the bold offer that the U.S. has on the table.”

The talks, which began five years ago in Doha, Qatar, have ground to a virtual halt, largely because of disagreements between the United States and the European Union over how to reduce subsidies to farmers.

The Group of 8 leaders called Monday for greater efforts to move the talks forward.

Mr. Lamy said that a breakthrough was unlikely without greater concessions from rich nations. “The chief political responsibility lies here,” he told politicians at the St. Petersburg meeting. “The deadlock in which we are caught will lead us to failure very soon if you do not give your ministers further room for negotiation.”

Peter Power, a spokesman for Peter Mandelson, the European Union trade commissioner, said: “Time is of the essence now. We need to capture the positive signals coming from St. Petersburg and translate them into genuine movement across all areas of negotiation.”

But it remained unclear whether the intensified political spotlight on trade would help lead to a deal.

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Reaching an agreement soon is important because next year President Bush will lose fast-track authority, which allows him to send a trade agreement to Congress for a simple yes-or-no vote without amendments.

Developing countries like Brazil and India are refusing to open their markets to manufactured goods and services until the United States and Europe reduce farm subsidies and tariffs.

Although many American and European companies support a trade deal, President Bush and leaders like President Jacques Chirac of France face pressures at home from powerful farm lobbies not to sign a deal at any cost to the agricultural sector.

President Chirac said on Monday that the European Union would not consider further concessions unless the United States agreed to deeper cuts in farm subsidies. The United States wants Europe to first agree to wider cuts in agricultural tariffs. Both argue that developing nations, which are being led by Brazil and India, also need to make concessions.

Mr. Lamy warned Group of 8 leaders that failure to push the talks forward would mean a lost opportunity to increase growth and could lead to rising protectionism.

The Group of 8 leaders met Monday with leaders from Brazil, China, India, Mexico and South Africa in an attempt to break the impasse.

The Group of 8 set a one-month deadline for Mr. Lamy to forge an agreement among the 149 members of the W.T.O. Trade deals are hammered out by consensus at the W.T.O., meaning small countries can theoretically scuttle any deal, as happened at ministerial meetings in Cancún, Mexico, in 2003, and in Hong Kong late last year.

Earlier this month, talks in Geneva aimed at reaching an outline deal by the end of July broke up ahead of schedule because of a lack of common ground between the United States and Europe on agriculture. Mr. Lamy said on Monday that setting more deadlines was not useful unless nations came to the table willing to make fresh concessions.

The G-8 Wraps With Developing Nations (LAT)

By David Holley And James Gerstenzang, Times Staff Writers

The Los Angeles Times, July 18, 2006

Summit's last session includes China, India, Brazil, South Africa and Mexico to help resolve the trade deadlock with the industrial countries.

STRELNA, Russia — World leaders meeting here sought on Monday to energize international trade talks intended to lower tariffs and make it easier for nations to sell their products in now protected markets.

The three-day summit of the Group of 8 leading industrialized nations concluded with a final session that also included leaders of five major developing countries: China, India, Brazil, Mexico and South Africa. That gave the opportunity for balanced discussion of the trade deadlock, as the needs of industries and agriculture in different regions of the world have brought a three-way split among the United States, the European Union and developing nations.

Key to progress is how much the U.S. government will cut its farm subsidies, how much the EU will lower tariffs on farm imports and how much developing countries will reduce barriers to industrial and service imports.

The most recent effort to complete the so-called Doha round of trade talks, begun five years ago in Qatar's capital, for which the talks were named, broke down two weeks ago. In a statement Sunday, leaders from the Group of 8 — the U.S., Russia, Britain, Germany, France, Italy, Canada and Japan — called for negotiators to try again.

They hope to achieve a breakthrough on the talks among World Trade Organization members within a month and wrap up a deal by year's end.

"This is a historic opportunity to generate economic growth, create potential for development and raise living standards across the world," they said. "We urge all parties to work with utmost urgency for conclusion of the round by the end of 2006, to strengthen the multilateral trading system and provide an important boost for the world's economy."

The G-8 leaders and their guests sought Monday to build political momentum to achieve those goals.

Speaking during a picture-taking session with President Luis Inacio Lula da Silva of Brazil, as rain squalls chilled this suburb of the northern Russian city of St. Petersburg, Bush said, "We're committed to a successful Doha round." Lula in turn saluted the G-8 decision to devote attention to the trade negotiations. "Now is the time for us to make a political decision," he said.

The negotiators "have done immense work," the Brazilian president said. "But now it seems to me that they don't have any hidden card in their pockets any more. Now we're the ones that have to take our cards from the pockets."

Later, some of the G-8 leaders indicated that the day's talks had shown signs of political will to break the deadlock.

"Before we had our lunch discussion I was somewhat pessimistic," British Prime Minister Tony Blair said. "I am less pessimistic now."

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As the most recent efforts to overcome obstacles broke down in Geneva this month, the U.S. and the EU, two regions where farm interests exert strong political influence, were wrangling over an acceptable level of government support for farmers. Subsidies make it easier for agricultural interests to try to undercut foreign competitors by lowering prices.

The expanded gathering also issued a statement Monday condemning the terrorist bombings of commuter trains in Mumbai, India, on July 11. "We are united with India in our resolve to intensify efforts to fight terrorism, which constitutes a threat to each of our countries as well as to international peace and security," they said.

At a closing news conference, Russian President Vladimir V. Putin, the host, expressed satisfaction with the results of the gathering.

"All the goals we set ourselves have been achieved," he said. "Not a single issue arose which we failed to agree upon."

The G-8 leaders issued statements Sunday on the Mideast, the dominant discussion topic, trade and the official thrusts of the summit: energy security, education and infectious diseases. They also issued documents on counter-terrorism efforts, intellectual property rights, African development and high-level public corruption.

In the statement on energy security, Russia agreed to EU demands to support in principle transparent and open energy markets. But the document appeared to do little to resolve disagreements between the two sides.

The United States and the European Union have pressed Russia, a major exporter of oil and gas, to open its largely state-controlled energy sector to more foreign investment and market competition. Meanwhile, Russia has urged the EU to allow its firms to buy into European distribution networks. Aside from endorsing vague principles such as "market-based investment flows," the statement did little to clarify how this issue might be resolved.

As for expanding the use of nuclear energy and addressing climate change, it simply acknowledged that participants disagreed.

Trade Success Hinges On G-8 (WT)

By Jeffrey Sparshott

The Washington Times, July 18, 2006

The head of the World Trade Organization yesterday told leaders from the Group of Eight industrialized nations that they bore responsibility for the success or failure of global trade talks.

"The fact is that the chief political responsibility lies here," Pascal Lamy, the WTO's director general, told G-8 leaders meeting in St. Petersburg.

"At this stage, the deadlock in which we are caught will lead us to failure very soon if you do not give your ministers further room for negotiation," Mr. Lamy said.

WTO negotiations are meant to promote commerce and improve the fortunes of the world's poorest countries, but have stalled because the United States, the European Union, Brazil and other nations cannot agree how far to cut farm subsidies and how wide to open their markets to competition.

President Bush and his counterparts over the weekend renewed their commitment to break the impasse within a month. Mr. Bush met with leaders of Canada, France, Germany, Italy, Japan, Britain and Russia, which is a member of the G-8 but not a member of the WTO. Mr. Lamy, Brazilian President Luiz Inacio Lula da Silva and Indian Prime Minister Manmohan Singh yesterday joined the meeting to discuss the WTO impasse.

"I am convinced that now is the time for us to make a political decision, whatever it might be. We cannot leave [the round] in the hands of our negotiators only," Mr. Lula da Silva said during brief remarks with Mr. Bush.

Mr. Bush's trade envoy, U.S. Trade Representative Susan Schwab, traveled to the WTO's Geneva headquarters yesterday to meet with trade ministers from six of the WTO's biggest members under the renewed mandate to break the deadlock.

The officials, from the United States, the 25-nation European Union, Brazil, India, Japan and Australia, agreed to meet twice more this month in a last-ditch effort to conclude the negotiations this year. The meetings are scheduled for Sunday and Monday and July 28 and 29 in Geneva.

The Bush administration last year was widely credited with reviving the negotiations when it outlined a plan to slash its agricultural subsidies as long as other countries lowered barriers to U.S. farm goods.

But the United States has since become increasingly isolated as the European Union, Brazil and India have demanded even deeper subsidy cuts from the United States while refusing to make the deep tariff reductions that the White House demands.

Mr. Lamy warned that failure would hurt developing countries and could lead to greater protectionism.

Kremlin Sells Russia's Best Self (WP)

By Peter Finn And Peter Baker

DOJ_NMG_0041799

The Washington Post, July 18, 2006

ST. PETERSBURG, July 17 -- The setting was a picture of Czarist splendor. The host was charming if occasionally acid-tongued. And even the unexpected shadow of violence in the Middle East was an opportunity to improvise deftly and reinforce the political message: Russia is ascendant and its president, Vladimir Putin, is the equal of his powerful guests.

The annual summit of the leaders of the Group of Eight industrial democracies, which ended Monday at a palace outside St. Petersburg, was almost everything the Kremlin had hoped for.

"I believe the Kremlin's main goal was to improve Russia's image and to demonstrate to both Russians and the world that Russia has restored its status as a superpower," said Yevgeny Volk, head of the Moscow office of the Heritage Foundation. "And from this point of view, Putin and the Kremlin succeeded."

Indeed, the summit sometimes seemed like a three-day tutorial on Russia's revival, with Putin as professor. "It is clear that Russia's growing economic potential is enabling it to play an increasingly important role in global development," he said at a post-summit news conference.

After the leaders struggled to reach a common position on the conflicts in Lebanon and the Gaza Strip, Putin spoke to journalists about Russia's role as a critical broker with lines of communication to all parties and its ability to mitigate the stridency of other powers at the summit, unnamed but clearly the United States.

In an 18th-century palace re-gilded with the bounty of Russia's new riches from its energy wealth, the Russian leader oversaw a smooth-running meeting in which the contentious issue of Russia's democratic direction barely ruffled the rococo retreat.

"Western leaders meekly avoided unpleasantries about democracy," said Lilia Shevtsova, author of "Putin's Russia."

Behind closed doors, the G-8 leaders discussed democracy at dinner Sunday after Putin broached the subject, according to diplomats.

...

There were a couple of awkward moments, for instance, when President Bush spoke of bringing freedom of the press and religion to Iraq and added that "a lot of people in our country would hope that Russia would do the same thing."

Putin was ready with a put-down.

"Well, of course, we wouldn't want the same kind of democracy as in Iraq, I'll say that quite honestly," said Putin, eliciting a ripple of laughter from watching reporters.

He waited until Bush had left for Washington on Monday before telling a news conference that he would not support the president's strategy on Iran's nuclear program. "Speaking of sanctions against Iran is premature," Putin said. "We haven't reached that point yet."

The normally opaque Kremlin put on an extravagant show of Western-style openness to the international media. It hired Ketchum Inc., a U.S. public relations firm, which in the days before the summit set up a series of briefings for American reporters with Russian officials. Putin's top aide for the summit answered questions on the record on the same day that two Bush administration officials briefed anonymously.

Once the summit began, Ketchum organized one news briefing after another with a range of Russian officials, all broadcast for reporters on a special television channel. Putin, who normally holds just one news conference in Moscow each year, gave three by himself during the summit and a fourth at Bush's side. Putin's spokesman was even brought by a Ketchum official to a U.S. filing center to brief the White House press corps.

In particular, Putin touted a summit declaration on energy security, a major Western concern because of fears that Russia has used its resources as a weapon. For example, Russia shut off natural gas supplies to Ukraine in January during a price dispute. Putin said that energy security has been redefined to include Russian interests.

"Previously, energy security was interpreted as meaning stable supply of energy resources to the main consumers," Putin said. "Now we have convinced our partners that energy security is a much broader concept that extends to the extraction, transport and sale of energy."

For Putin personally, it was an extraordinary road to the palace. He grew up in St. Petersburg back when it was known as Leningrad, the only surviving son of a dour father in an impoverished family living in a dank communal apartment that had no bathroom or hot water but plenty of rats.

On Saturday night, he stood outside the entrance to Peterhof, summer palace of Peter the Great, its facade extending more than 400 yards. His dinner guests, couple by couple, leaders and spouses, were dropped at the edge of the building to begin the 200-yard walk to where Putin awaited them.

'Democracy,' Russian-Style (WP)

The Washington Post, July 18, 2006

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A FEW MONTHS ago it looked as though the subject of the Group of Eight summit in Russia would be Russia itself. Under the leadership of President Vladimir Putin, Russia has retreated from the democratic ideals to which it aspired when it was invited into the G-8; in a speech in May in Lithuania, Vice President Cheney took aim at this backsliding, accusing Mr. Putin's government of unfairly restricting citizens' rights. But during the three days of summitry that ended yesterday, the attempts to call Mr. Putin to account were limited -- and Mr. Putin batted them away with contempt.

President Bush raised the subject of Russian politics deferentially. "There will be a Russian-style democracy," he conceded, borrowing from the Kremlin's talking points; "I don't expect Russia to look like the United States." British Prime Minister Tony Blair took the same approach, saying he would raise the question of democracy "without wrecking the hotel room." But this gentlemanly style did not appeal to Mr. Putin. When Mr. Bush recommended democratic reform for Russia, Mr. Putin went for the jugular: "We certainly would not want to have the same kind of democracy as they have in Iraq," he said. When questioned about Russia's rampant corruption, Mr. Putin suggested that the British were the experts, and he invoked a campaign finance scandal that has tainted Mr. Blair.

If this is how Mr. Putin behaves when the eyes of the world are upon him, the coming months look bleak. Russia's leader has already squashed the independent media. He has emasculated the powers of Russia's parliament and the independence of its judiciary. He has abolished regional democracy, replacing elected governors with Kremlin appointees. Anyone who challenges Mr. Putin's authority faces semi-legal harassment: tax inspections, lawsuits, regulatory restrictions on efforts to open offices or hold meetings.

This is not enough for Mr. Putin, however. Writing on the opposite page Saturday, Masha Lipman called attention to electoral "reform" that has consolidated the dominance of the United Russia party, whose only policy is to support the Kremlin. One reform measure equips the Kremlin with more than 60 pretexts to exclude unwanted candidates or parties from elections; another allows "early voting," a practice that permits ballot boxes to be brought to voters in places unobserved by election monitors -- a well-known recipe for rigging elections. There is less and less prospect, in other words, that Russia's presidential election in 2008 will approximate an open or fair competition. When Mr. Bush talks of a "Russian-style democracy," we trust he means something better than this.

G8 Pushes N. Korea To Stop Missile Tests (AP)

By Jeannine Aversa

AP, July 18, 2006

World leaders on Monday called on North Korea to stop its missile tests and to abandon its nuclear weapons program.

Although the Group of Eight summit of industrial powers was dominated by worries the escalating warfare between Israel and Lebanon, leaders managed to address sensitive situations posed by the nuclear ambitions of North Korea and Iran.

The leaders urged North Korea to reinstate a moratorium on missile launching and said the country's recent test firing of missiles "intensify our deep concern over the DPRK's nuclear weapons program," the leaders said in the document.

North Korea is officially known as the Democratic People's Republic of Korea.

North Korea test-fired seven missiles on July 4 — including a long-range Taepodong-2 — which was believed capable of reaching the United States.

The U.N. Security Council adopted a resolution over the weekend demanding that North Korea suspend its ballistic missile program. The resolution bans all U.N. member states from selling material or technology for missiles or weapons of mass destruction to North Korea, and from receiving missiles, banned weapons or technology from North Korea.

In a document released Monday by Russian President Vladimir Putin, the leaders expressed support for the U.N. resolution. Besides Russia, the Group of Eight includes the United States, Japan, Germany, Britain, France, Italy, and Canada.

North Korea has rejected the council's unanimous vote Saturday adopting the resolution and warned that it was a prelude to a renewed Korean war.

The leaders urged North Korea to return to disarmament talks with China, North and South Korea, Japan, Russia and the United States. The talks have been stalled since the fall, and North Korea has not agreed to return.

"We strongly support the six-party talks, and urge the DPRK to promptly return to them," the leaders said. "We strongly urge the DPRK to abandon all nuclear weapons and existing nuclear programs."

Japanese Prime Minister Junichiro Koizumi told reporters Monday that cooperation is possible with North Korea if it halts the missile tests and returns to the multination talks, which are aimed primarily at persuading North Korea to stop developing nuclear weapons.

"The door is not closed" Koizumi said. "North Korea must return to the talks as soon as possible."

Koizumi said the G-8 and the U.N. Security Council had sent North Korea a "clear message" that it must stop its missile tests. "The North must respect this message," he said.

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World leaders also pledged to keep pressing for a resolution on Iran.

World powers rebuked Iran last week by seeking possible punishment from the Security Council, saying Iran had not signaled an intent to negotiate seriously over its disputed nuclear program. Iran said Sunday that a pending package of incentives to halt its nuclear program was "an acceptable basis" for talks.

"Iran has a serious choice to make and we invited it to make the right decision — to react positively to the concrete proposals presented to it," the leaders said.

UN Resolution Boosts Coordination On N. Korea (CSM)

By Robert Marquand And Donald Kirk

The Christian Science Monitor, July 18, 2006

SEOUL, SOUTH KOREA

No East Asian nation thinks the 15-0 UN resolution to block the shipment of missile parts to North Korea is ideal or even adequate. Kim Jong Il still has missiles and nuclear material to develop. No clear next step is prepared, other than cajoling Mr. Kim back to the six-party talks, experts say. UN Resolution 1695 is a "prelude to the provocation of the second Korean War" says the North's foreign ministry.

But the surprising unanimous vote and smiles at the round table in New York may be the best achievable deal for now, and may offer grounds for further coordination, these experts say. Any next steps to control the North will require a degree of cooperation that has not yet been seen.

China, notably, shifted in ways that were unanticipated days earlier. After numerous fruitless visits to Pyongyang in recent weeks, Beijing appeared annoyed with the North - partly over Japan's success in developing leverage in Asia by arguing that a more robust military is needed for its self-defense.

For the North, the timing seems unfortunate. The Israel-Lebanon conflict has put the world on even higher alert than when Kim launched Scuds, Nodongs, and the long-range Taepodong-2 missile early on July 4, US Independence Day. North Korea was not the top story at the G-8 in St. Petersburg, Russia.

Rather, northeast Asia's missile minicrisis suddenly evolved in a way that leading powers could agree about: a need to work together to face intractable problems each would rather handle differently.

"An important milestone," is Tokyo's official word, despite Japan's earlier hope for a Chapter Seven resolution requiring action against North Korea. "A turning point," stated Zhang Yu, China's spokeswoman, saying right after that no further action should be taken against the North.

"It's good news that it was unanimous," says Albert Kim, a retired senior United Nations official in Seoul. "China is angry with North Korea. Everyone is in agreement.

"Nobody wants a war," adds Kim. "This resolution was the strongest you could have without talking about war."

China found a need to choose between very different interests and values. It has invested in a program to help stabilize North Korea as a regional partner.

Yet it has an interest in not being isolated in the international community by siding with a pariah state. It also has to take into account the success of the United States and Japan in convincing the international community that the missile tests went too far. The US is committed to defending Japan, a longtime ally, and Japan is a main target for Kim's missiles.

"China ... accomplished its priorities and those of President Bush by rallying an international consensus that pointedly condemned North Korea, but still left open a graceful way out for Pyongyang via the six-party talks," says Kenneth Quinones, a former assistant secretary of state who visited North Korea in 1992.

"This shows that China is willing to cooperate with the US," says a Chinese professor in Beijing who does not have clearance to use his name. "China only wanted a UN presidential statement but it compromised."

Yet few experts say the UN action of itself will ameliorate the North Korean problem. "This is not a solution, but a Band-Aid," says Joseph Cheng, head of political studies at City University in Hong Kong. "Eventually, the US is going to have to make concessions in order to keep control."

The resolution, cobbled together by China and Russia to tone down a US-Japanese draft, is the first passed by the Security Council on North Korea since 1993. The US-Japanese version would have invoked the threat of strong economic sanctions - and military force - if North Korea did not abide by the terms.

China had said that it would exercise its veto power in the Security Council to block such a resolution, and Russia also strenuously opposed it. Only China and Russia, along with the US, Britain, and France, can veto resolutions.

Clearly happy that the Security Council had agreed on the weaker resolution, South Korea's national security adviser, Song Min Soon, warned the North not to engage in more provocative acts. Mr. Song blamed all problems on North Korea's failure to return to six-party talks on its nuclear weapons.

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President Roh Moo-hyun, who has never come out with a strong statement on the tests, remained conspicuously silent after the resolution passed. But his government now hopes to begin reviving the stalled process of North-South rapprochement.

South Korea, said Song, remains "determined to resolve North Korean problems through dialogue and diplomatic means."

As a stopgap, before six-party talks, he said, the government would go along with five-party talks involving China, Russia, the US, and Japan if North Korea still balked at returning to talks, last held in Beijing in November. China has opposed a five-party meeting.

South Korean officials appeared relieved that the resolution did not get tough with the North regarding the increasing flow of North-South trade and investment, including factories in the special Kaesong economic zone, as well as tourism.

Mr. Roh was quoted as telling visiting American evangelical Rick Warren, author of "The Purpose-Driven Life," that he did not believe North Korea would change until its security and other concerns were met. That view jibes with North Korea's oft-stated fear of a "preemptive strike" and demands for energy and food aid.

Japan Preparing Sanctions On N. Korea (AP)

AP, July 18, 2006

Japan has begun preparations to impose its own set of economic sanctions on North Korea after the hardline regime rejected a U.N. Security Council resolution condemning its ballistic missile tests, top government official said Tuesday.

Chief Cabinet Secretary Shinzo Abe told a news conference that he has instructed officials to ready necessary procedures to ban cash remittances to North Korea in addition to sanctions already called for in the U.N. resolution.

North Korea drew international condemnation this month after firing seven missiles, including a long-range Taepodong-2 believed capable of reaching parts of the U.S., violating a self-imposed moratorium. Japan so far has in place only limited sanctions against Pyongyang.

"We have started preparations to properly achieve necessary steps involving financial restrictions (on North Korea)," Abe said, adding that Japan will make a final decision following consultation and cooperation with other countries to make sanctions effective.

"International coordination with the United States and other countries is extremely important," Abe said.

Japanese newspapers on Monday reported that Japan was also considering freezing assets held by North Korea as part of the economic sanctions.

On Saturday, the U.N. Security Council unanimously passed a resolution criticizing the launches and banning all U.N. member states from dealing with North Korea on material or technology for missiles or weapons of mass destruction.

The North's U.N. ambassador promptly rejected the resolution at the Security Council and left the chamber, a breach of typical diplomatic protocol. On Sunday, the North's Foreign Ministry warned of further repercussions.

Tokyo has so far only imposed limited sanctions against North Korean in the wake of its missile tests, including barring a trade ferry from Japanese ports.

The New Atomic Age Requires New Nonproliferation Strategy (WSJ)

By Frederick Kempe

Wall Street Journal, July 18, 2006

WASHINGTON -- Accuse the U.S. State Department's Nicholas Burns of a double standard in advancing the Bush administration's efforts to stop nuclear-weapons proliferation, and he will thank you for the compliment.

"I'm proud of our double standard, so guilty as charged," he says, if that means trying to punish what Washington considers the world's most threatening states -- North Korea and Iran -- while embracing India, the world's largest democracy, which U.S. officials insist has a clean record in protecting against leaks of weapons technology. "You reward positive behavior and you punish negative behavior. Any parent knows that and any national-security expert knows that," Mr. Burns says.

So even as the administration rallies support for multilateral initiatives against North Korea's and Iran's nuclear ambitions, Mr. Burns and a host of others have been lobbying lawmakers hard to pass an Indo-U.S. civilian nuclear pact. India would gain access to civilian nuclear trade while opening some of its programs to international monitors, after sitting in the penalty box more than 30 years for going nuclear.

The administration shrugs off critics who say the deal would encourage proliferation, responding that such narrow thinking misses the greater gain of India's friendship in a region where Iran grows more potent, nuclear Pakistan could unravel and China remains a wild card. "If we want India to be part of the solution, we have to bring them into the system," Mr. Burns says.

This double standard makes sense, but it doesn't go nearly far enough to address a new atomic age that is emerging. A perfect storm is brewing, with the Middle East in flames and North Korea and Iran engaged in nuclear brinkmanship, at a point when those who make the bombs won't necessarily be the ones who use them. The latest outbreak of Mideast violence also has

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renewed the focus on Israel's nuclear capability, which its friends call an invaluable deterrent and its enemies see as an ironclad argument for an Islamic bomb.

This leaves the Bush administration in need of a nonproliferation strategy that goes far beyond rewarding friends and punishing allies. That will require a shift from temporizing to a comprehensive effort to block the largest and most destabilizing emergence of new nuclear states since the Nuclear Non-Proliferation Treaty was signed in 1968. Washington should reject those who want to discard the NPT and instead plug its holes, as negotiating any new agreement would be near-impossible in today's world.

India, Iran and North Korea "are like soccer fans who have leapt over the fence and got onto the field," says Ashton Carter, an administration arms controller under President Clinton who with former Defense Secretary William Perry raised considerable dust with the argument that the U.S. should have taken out North Korean missiles before they were launched July 4. "That doesn't mean the fence isn't worth having."

Indeed, since the Cold War, the U.S. and others have successfully denuclearized Ukraine, Belarus, Kazakhstan and South Africa, and convinced countries like South Korea and Taiwan to abstain. "We told them it's either the bomb or us, pick who you want to protect you," says Mr. Carter.

Rather than tearing down the fence and trying to replace it, Mr. Carter suggests the following repairs:

Tougher membership rules: Current NPT membership is voluntary, which allowed India and Israel not to join and North Korea to withdraw. To prevent more countries from "breaking out," NPT cheaters who get caught, such as Iran, should be automatically sanctioned, and those that withdraw from the treaty, such as North Korea, should be punished -- as should those who choose not to join.

Further restrictions on enrichment and reprocessing: Current rules allow NPT signatories without nuclear weapons to come dangerously close to arms capability through their energy programs. Republican Sen. Richard Lugar of Indiana is going after the problem with an advisory group working toward a new fuel-cycle understanding. The aim would be to get all current uranium enrichers to supply the material to any nation that wants nuclear power so that nonweapons states don't engage in work that produces the fissile material needed for bombs. This is at the heart of what Russia still has on offer to Iran. The Iranians insist their program is for civilian use only, but few in the world believe them.

Tougher efforts to keep nongovernment actors from getting the bomb: The original NPT authors never imagined the post-Sept. 11 world, in which terrorists might be the most likely users of nuclear weapons they obtained from others.

Russia and the U.S. struck a deal during the weekend that aims to further limit the possibility of rogue states and terrorists from gaining nuclear capability, by agreeing both to combat the spread of weapons and to start talks toward a pact under which nuclear waste from U.S.-produced plutonium around the world would be stored in Russia.

What is needed now is tough enforcement and expansion of national responsibilities for controlling all nuclear material.

None of this, however, will make any difference if world leaders aren't willing to go to the mat with the most dangerous offenders.

That's why Mr. Carter called for the attack on North Korea. "If you think taking out the missiles would have been too much, wherever are you going to draw a line" if not at testing missiles that can reach U.S. targets with nuclear weapons? says Mr. Carter.

While poverty-stricken North Korea would be relatively easy to contain, Iran is potentially a far greater problem, with its energy riches, a track record of supporting terrorists and the ability to disrupt oil supplies -- and the resources to create a comprehensive nuclear-weapons program if it chooses.

So a new nuclear age has opened. Its long-term dangers demand a policy that goes far beyond helping friends and hurting enemies.

G-8's 'To Do' List Eclipsed By Crisis In Middle East (CSM)

By Howard Lafranchi

The Christian Science Monitor, July 18, 2006

STRELNA, RUSSIA

Their proceedings overtaken by expanding violence in the Middle East, leaders of G-8 countries ended their summit here Monday without any fresh call for Iran to heed international demands on its nuclear program. They did, however, issue a call for redoubled efforts to break an impasse on international talks to liberalize trade.

In many ways the annual meeting of leaders of the world's largest economies demonstrated how some of its most consequential work can take place not in prenegotiated documents on broad themes, but in side meetings and unscripted responses to sudden crises.

Response to the Middle East crisis was one example.

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In the margins of formal meetings Monday, British Prime Minister Tony Blair met with UN Secretary-General Kofi Annan, and then proposed that the United Nations send an international force to southern Lebanon. That is the only way, Mr. Blair said, to end hostilities in the mounting crisis involving Lebanon, Israel, and the radical Shiite group Hizbullah and its sponsors, Syria and Iran.

The next venue for discussion of that idea is the UN Security Council, after a peace mission sent to the region by Mr. Annan reports back, perhaps later this week.

A second example came from President Bush, who met with India's Prime Minister Manmohan Singh, signaling America's growing relations with one of the 21st century's emerging powers. Mr. Singh was one of several leaders - including those of China, Brazil, Mexico, and South Africa - who are not members but who were invited to participate on the summit's last day. The invitation is a recognition that the world is a different place from what it was when annual Group of Eight summits began in 1975.

The G-8 is often accused of being an inconsequential club, issuing meaningless documents that are soon forgotten. Or it is dismissed as reflecting a bygone era: Why is Italy a member while India or Brazil are not?

Few leaders and experts would challenge the idea that these are rough times for multinational institutions, with terror groups and radicalized states increasingly willing to ignore or buck their demands. But the G-8, while not a formal body, showed over its three days of meetings here that it is evolving to keep up with a changing world - and that this kind of gathering still makes sense.

True, the atmosphere can be clubby: There's a jocular President Bush sparring (in a verbal sense) with Russia's President Vladimir Putin, or amicably squeezing the shoulders of a surprised German Chancellor Angela Merkel. But the summit also provides a small forum for the leaders of the world's top powers to take on the global issues of the day in what can be a more workable environment than that of other institutions.

"We are able to strengthen our personal contacts and relations" in this setting, Mr. Putin said at the summit's close. "People open their hearts to each other ... we understand better the motivations of each other, so the feedback is better."

Sometimes that means action is taken that failed in other diplomatic venues.

For example, the UN Security Council was unable to agree on a resolution on the Middle East crisis last week. But the G-8 leaders on Sunday - by which time the crisis had become even more alarming - worked through their foreign ministers to unite behind a statement with a list of demands to all sides in the conflict.

The statement places the onus for the spiraling violence on Hizbullah and "those that support" it - a veiled reference to Syria and Iran - and calls on it to cease shelling Israel and to release captured Israeli soldiers. At the same time, it calls on Israel to exercise "utmost restraint" to avoid civilian casualties in its military operations against Hizbullah positions.

The statement marks a compromise between the US and its G-8 partners, who entered the summit divided over how much pressure to apply to Israel to restrain its bombings of Lebanon, a base of Hizbullah operations. Bush said Monday he was pleased the leaders had been able to take a common stand against the radical elements threatening the Middle East's progress and stability.

US officials say Bush, who has refrained from assigning any fault to Israel, decided a unified position out of the summit and a recognition of Hizbullah's role were worth some compromise.

That does not mean all differences over the crisis were ironed out. Putin suggested the US had wanted the statement to name Syria and Iran as "terrorist states," an option he said would not have been helpful for either reaching a common stand at the summit or defusing the crisis.

And Blair's call for international boots on the ground in Lebanon to tamp down the violence was not immediately endorsed all around. Bush said he didn't like the "sequence" of talking about a cease-fire before dealing with Hizbullah.

Blair laid out the international-force proposal by saying nothing else would stop the violence. "The only way we're going to get a cessation of hostilities is if we have the deployment of an international force into the area that can stop the bombardment coming over into Israel and therefore gives Israel a reason to stop its attacks on Hizbullah," Blair said.

But US Secretary of State Condoleezza Rice said any cease-fire - a word the US labored to keep out of the leaders' statement - that did not address the role of Hizbullah, as well as Iran and Syria, would collapse. If violence ends "on the basis of Syria and Iran being able to turn on the key again any time," Ms. Rice said, it would be a false peace promising deeper conflict later. Also in a conversation picked up on a live microphone, Bush told Blair he expects Rice to travel to the region "pretty soon."

The G-8 leaders did issue statements on promoting world trade, addressing infectious diseases, and energy security - the Russian host's chosen theme for the summit. Those gave civil society organizations and advocacy groups an opportunity to criticize the wealthy countries' club and to hold the leaders' feet to the global fire.

Greenpeace said the G-8 leaders had failed to craft a "common strategy" for energy security and was divided over nuclear energy.

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ActionAid International urged leaders to "close the gap between rhetoric and action" on addressing infectious diseases and HIV/AIDS, and criticized them for "sidelining the world's poorest nations" in trade talks.

WWF (World Wildlife Fund) lamented that leaders had "fallen short" on climate-change action. It asked Germany - host of the next G-8 summit in summer 2007 - to deliver a "serious climate and energy plan."

US Mission: Missile Defense Base In Europe (CSM)

By Jeffrey White

The Christian Science Monitor, July 18, 2006

JINCE, CZECH REPUBLIC

At the heart of a 64,268-acre military zone here bordering this small town, Vladimir stops his car and points to a ridgeline of fir and pine.

From there, says the retired army officer who would give only his first name, the Czech Army fires rounds of tank shells during military exercises. He traces the arc of those volleys that meet imaginary targets somewhere in the distant scruff.

But the scope of projectiles launched from these lowland woods could greatly increase if a US delegation of missile experts arriving Tuesday likes what they see here in Jince (pronounced YIN-tseh), a small town just southwest of the Czech Republic's capital, Prague.

This military zone is one of at least three that the team from the US Department of Defense will scout when they arrive in the country Tuesday for a week-long visit to identify potential sites for a US missile defense base.

"I don't wish for the base to be here," says Petr Smola, a military police officer stationed at the edge of the zone. "First we had the Russians here, and now the Americans will be here."

Mr. Smola echoes the concerns of many Czechs, for whom the idea of a missile base brings back troubling memories of the Soviet occupation, when missile silos were a common fixture in the countryside and troops carried out military exercises in zones like Jince.

Czech politicians, struggling to overcome a parliamentary deadlock after a general election last month, are split on the issue. But defense experts agree that a missile defense base somewhere in Central Europe makes good strategic sense for the United States and Europe amid growing tensions between Western governments and Iran and North Korea.

"Because of Iran and North Korea, the United States was bound to start exploring its options in Poland, the Czech Republic, in Britain even," says Daniel Keohane, a defense expert at the Center for European Reform in London.

The Americans are reportedly considering sites in the Czech Republic, Poland, and Hungary, and are expected to approach one of these governments with a proposal by the fall.

Such a base, which would be the first foreign site in the US missile defense program, would be equipped to track and, if necessary, defend against intercontinental missiles launched from countries to the east such as Iran.

In Europe, regional missile defense has not been a major agenda topic since Sept. 11, 2001, when counterterrorism became a higher priority. That's going to change, say experts like Mr. Keohane: NATO is expected to release a new report on trans-Atlantic missile defense during its summit in Riga, Latvia in November.

European governments, Keohane says, "will want convincing that [a missile defense base] can work, but they will want to be involved. They'll want to explore their options as much as possible. This is an exploratory time for this issue."

Currently two bases - one in Alaska, one in California - make up the US missile defense shield. The shield has been controversial for years, with detractors saying its technologies remain unproven and that the end of the cold war made such a defense weapon unnecessary. But missile defense has resurfaced under President Bush, who earmarked $9.3 billion for missile defense in the government's 2007 budget - $118 million of which is slated for a base in Central Europe, according to recent Czech press reports that sourced the Missile Defense Agency.

Washington and the Czech government have been talking for at least two years, according to the Czech Defense Ministry, which is hosting the US visit.

It has said that the American team will include about 20 experts from the Department of Defense and will visit sites in Jince, Boletice, and Libava, to study geographical, hydrological, and weather conditions at the sites. A team made a similar visit to Poland last month and is expected to visit Hungary at a later date.

"They want to see the terrain for themselves ... They also want to find out if there is enough of an available labor force in the area," says Jan Pejsek, a spokesman for the Defense Ministry.

An official with the Missile Defense Agency could not be reached for comment. Jan Krc, a spokesman for the US Embassy in Prague, confirmed the visit and said that an American decision on the base is expected in the next two months.

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If the US requests to build a base in the Czech Republic, the government will decide whether to accept the proposal. Prime Minister Jiri Paroubek, who may soon be forced out by a new coalition government, has called for a nationwide referendum before any government decision is taken, a position not held by other leaders struggling to reshape parliament.

But calls for a referendum are loud here in Jince, a rural community mainly inhabited by people old enough to remember the Soviet era.

Those years made Czechs particularly leery of a military presence from any outsider, and that history could be a major obstacle for the US, if it ends up asking to build a base here. "A referendum is very important," says local pensioner Miroslav Rajtl. "Russia used to be the police state. But now it seems that the Americans can be the ones, and I don't like that."

Top Chinese Military Leader To Meet With Rumsfeld (AP)

AP, July 18, 2006

BEIJING — A top Chinese military leader was headed to Washington for talks with Defense Secretary Donald Rumsfeld, as part of the highest-level Chinese military delegation to visit the U.S. since 2001, state media said.

Guo Boxiong, vice chairman of China's Central Military Commission, departed Beijing late Sunday, the official Xinhua News Agency said.

Exchanges between the two militaries ground to a halt after a U.S. spy plane collided with a Chinese jet fighter over the South China Sea in 2001 but have been gradually increasing in recent years.

Xinhua quoted Qian Lihua, deputy director of Foreign Affairs Office of Chinese Defense Ministry, as saying the visit was "the most important Chinese military exchange with another country this year."

Guo was to spend a week in the United States, meeting with Rumsfeld and other officials in Washington, D.C. and visiting military bases and institutions, Xinhua said.

Guo is the second highest ranking member of the commission, after Chairman Hu Jintao, who is also China's president.

On Sunday, Hu met with President George W. Bush on the sidelines of a G-8 Summit in St. Petersburg, Russia.

Xinhua reported that Hu said he hoped that the U.S. side would be more explicit in opposing and containing separatist activities on Taiwan aimed at independence. It gave no further details.

China and Taiwan split in 1949 amid a civil war but the mainland still considers the self-ruling island its territory and has threatened war if Taiwan tries to make its de facto independence permanent.

The U.S., as Taiwan's main arms supplier, could be drawn into any conflict.

China's Economy Soars 11.3%; More Fiscal Restraint Expected (WSJ)

By Andrew Browne

The Wall Street Journal, July 18, 2006

BEIJING -- China's economy is picking up more speed, expanding by 11.3% in the second quarter of this year from a year earlier despite Beijing's efforts to slow the pace.

The figure released Tuesday by the National Bureau of Statistics highlights the failure of measures by Beijing to rein in expansion and avoid overheating. It is likely to dismay Chinese leaders who began clamping down more seriously after data showed the economy expanded by 10.2% in the first quarter. The first-quarter number was later revised to 10.3%.

For the first half of the year, the economy expanded by 10.9%. The Chinese economy is increasing by the fastest pace in roughly a decade.

The fear is that an overheated economy is producing excessive investment that could lead to industrial overcapacity, falling profits and, eventually, a crash caused by mass bankruptcies.

Many Chinese and foreign economists expect authorities will be forced to raise bank-interest rates for a second time this year, and issue more aggressive instructions to banks to curb lending. Reducing lending is the best way to bring down investment in a bank-dominated economy.

In releasing the data, statistics bureau spokesman Zheng Jingping characterized growth as "fast and stable." Nevertheless, he said in a statement that investment in fixed assets was "excessive" and the supply of credit was "overscaled."

One of the root causes of expansion is excess money in the economy, partly the result of trade surpluses with the U.S. and other trading partners. As dollars flood into China as payment for exports, they are bought by the central bank in return for yuan, a process that keeps the value of the yuan stable. Some of the surplus of yuan ends up being lent out by banks, swelling investment that is running far too hot.

The figures showed that fixed-asset investment increased by 30% in the first half of this year on a national basis. Industrial output for the month of June was up 20%. Retail sales for the month expanded 14% from the same month a year earlier.

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Authorities have been comforted by the fact that inflation is low. Tuesday's figure shows that it is creeping up, with the consumer-price index in June up 1.5% from a year earlier after rising 1.4% in May.

In the first half of this year, banks have dished out 87% of the whole year's loan target set by the central bank.

Yet few economists believe Beijing is prepared to tackle the problem of easy money by allowing the yuan to appreciate more steeply, a move that could help narrow the trade surplus by making China's exports more expensive in dollar terms and its imports cheaper.

Last month's trade surplus hit its highest level ever of $14.5 billion, helping to balloon the surplus for the first half to $61.45 billion, 54% bigger than the surplus for the same period a year earlier. After tripling to $102 billion for the whole of last year, the surplus this year is on track to reach $150 billion or more.

The increasing surplus risks a protectionist backlash in Washington, where the Bush administration is pressing China to allow its currency to appreciate faster.

Beijing is scrambling to cool overheated parts of the economy, including property markets in several large cities, without derailing rapid expansion needed to create jobs. In April, the central bank lifted benchmark one-year bank lending rates by 0.27 percentage points to 5.85% from 5.58%. This month it raised the reserve requirement ratio for commercial banks -- the amount of money banks must deposit with the central bank -- by half a percentage point to 8%. For every $100 dollars of deposits, banks must set aside $8 in reserves, meaning the money can't be lent out.

Some economists believe another lending-rate increase of a similar magnitude is imminent. They speculate that it may be accompanied by a simultaneous increase in bank-deposit rates. That is because banks make most of their money from the difference between the low interest rates that they pay depositors and the higher rates they charge borrowers, and widening that so-called spread by raising lending rates might encourage banks to lend more.

But authorities are in a bind. If they raise interest rates sharply enough to cause a significant drop in lending, they risk attracting new inflows of speculative money betting that eventually the yuan will have to appreciate. Those inflows will add to liquidity in the domestic economy, undermining the effectiveness of the rate increases.

Beijing Shows No Sign Of Letting Yuan Rise (AP)

By Joe Mcdonald

AP, July 18, 2006

Worried that China's sizzling economic growth could ignite a financial crisis, the country's leaders have raised interest rates and imposed regulatory controls. But they have avoided the step that Washington most wants: a sharp rise in the value of China's currency.

A more expensive yuan would make China's exports less competitive, shrink its multibillion-dollar annual trade surplus and probably rein in economic growth, now roaring ahead at a 10 percent-plus annual pace.

A year ago this Friday, Beijing revalued the yuan by 2.1 percent and then loosened its decade-long link to the U.S. dollar. Since then, the yuan has been allowed to rise a mere 1.4 percent against the dollar — less than some currencies move in a day.

And China gives no sign it will let the yuan rise significantly any time soon, despite threats of sanctions from U.S. lawmakers and urgings by its own advisers.

"The government is going to use everything but the exchange rate to moderate the imbalances that have shown up in the economy," said Stephen Green, senior economist for Standard Chartered Bank in Shanghai. "The currency is really the last tool in the box."

Though seemingly arcane, the argument among economists takes on importance for millions of ordinary workers around the world at a time when their employers face growing competition from a flood of low-priced Chinese exports.

Some American companies complain that the yuan is undervalued by up to 40 percent, giving China's exporters an unfair price advantage and hurting competitors that want to sell to Chinese customers.

But any Chinese concern about foreign repercussions is secondary to a string of domestic problems: creating new jobs for millions of laid-off workers, rural migrants and new college graduates; restructuring lumbering state industries; cooling a construction boom; and reducing poverty in a country where many millions of families get by on only a few hundred dollars a year.

With exports up and inflation down, Chinese officials are reluctant to embrace big changes.

Chinese leaders say they plan eventually to let the yuan trade freely on world markets. But they say doing so too quickly could throw the economy in turmoil and damage the country's frail banks. They say changes will be dictated not by diplomatic pressure but by China's own needs.

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One key concern facing authorities is how to restrain the country's construction frenzy. They're worried that a financial crisis could erupt if borrowers fail to repay loans for ill-considered projects. So to curb lending, the central bank raised interest rates in April, ordered banks to tighten scrutiny on new loans and banned a wide range of new projects.

Meanwhile, surging exports are bringing in a flood of money, lifting incomes and fueling robust economic growth.

In this climate, a move by Beijing to allow a big rise in the yuan — also known as the renminbi, or people's money — could potentially inflict widespread pain, especially among the smaller players and poor.

"Another `renminbi surprise' would hurt exporters and farmers" who lack access to the financial instruments that foreign companies with businesses in China use to insure against currency fluctuations, said a report this month by Jonathan Anderson, chief Asia economist for UBS Securities.

Perhaps one reason authorities haven't taken more drastic measures to cool the economy — including letting the yuan appreciate — is that inflation, remarkably, hasn't emerged as a major problem. In May, consumer prices were just 1.4 percent higher than a year earlier.

"In any normal economy, you'd already see inflation numbers much higher than the official numbers say it is," said Green of Standard Chartered. "But China is not a normal country."

Inflation remains low because of swift gains in productivity and intense competition among Chinese retailers that is holding down prices of food and other goods, Green said.

While some government advisers have been calling for faster progress toward a flexible foreign-exchange system, some officials are reluctant, and can point to high exports, low inflation and rising incomes as proof the current arrangement is serving China well.

Business leaders quoted by state media say that if a stronger yuan drives up export prices, companies ranging from textile mills to air conditioner factories could face a fall in profits or be forced out of some markets.

After intense pressure to loosen exchange rate controls, authorities last July cut the yuan's direct link to the U.S. dollar and started a more flexible system by which the yuan's value would be determined by a basket of currencies. At that time, the yuan was lifted 2.1 percent to 8.11 to the dollar and allowed to move as much as 0.3 percent a day in either direction.

But its daily movements since then have been far smaller. On Monday, the yuan closed at 7.9992 to the dollar.

Managing the current system forces China's central bank to buy up billions of dollars a month to hold the yuan steady amid an export-driven influx of foreign money.

The bank announced Friday that its foreign currency reserves, already the world's biggest, had reached $941.1 billion, putting China on track to surpass $1 trillion this year.

Meanwhile, China's ballooning trade surplus shows no sign of slowing. In June, its global trade gap jumped to a record monthly high of $14.5 billion. Officials say China's the trade surplus could hit $130 billion this year, up from $102 billion in 2005.

"China will forthrightly continue to push forward the reform of the flexibility of the renminbi exchange rate," said Finance Minister Jin Renqing last month, quoted by state media. "But we will not blindly follow demands by other countries to correct global imbalances."

India-Pakistan Peace Stalled After Attacks (CSM)

By David Montero

The Christian Science Monitor, July 18, 2006

ISLAMABAD, PAKISTAN

In what analysts say is a severe setback to an already teetering peace process, Indian authorities have officially implicated Pakistan in the deadly July 11 railway blasts in Mumbai (Bombay) and charged Islamabad with failing to curb terrorism.

Although India has not named specific names, awaiting more evidence as it tracks down leads, it made clear that the possibility of Pakistani involvement could stall the peace process. And the fallout has been swift: The next round of high-level peace talks was originally slated for this Thursday in New Delhi, but Indian officials have now postponed them indefinitely following the Mumbai blasts. The setback, analysts here say, exposes the limited progress of the faltering peace process begun in 2004, and highlights the obstacles for advancement presented by the conservative bureaucracies on both sides of the border.

"The Indian side mirrors the Pakistani side. The civil bureaucracy on the Indian side is as conservative as the military bureaucracy on the Pakistani. The bureaucracies are the impediment," says Samina Ahmed, South Asia director of the International Crisis Group (ICG).

India and Pakistan have fought four wars and both possess nuclear weapons. The fledgling peace process, which aims to resolve territorial disputes and animosities as well as expand trade and transit across their shared border, was already, by most accounts, only barely progressing. Symbolic overtures, such as the opening of new border crossings in Kashmir and the

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inauguration of a bus service between the two countries, offered a glimmer of hope but little substantive reform, according to analysts.

Peace has dragged, observers say, because the mind-sets on both sides have hardened, with bureaucratic hawks outnumbering doves.

"There's been a hardening of positions over the years," says Ayesha Siddiqa, an independent defense analyst in Islamabad. "On India's side, there's an image issue. Terrorists: That's how they popularly know us. On the Pakistani side, there's an increase in nationalism. Now you have a new generation which is very xenophobic."

An attack of this magnitude was not what the process needed. India's Prime Minister Manmohan Singh, on a visit to Mumbai this past week, said that Pakistan had promised its territory "would not be used to promote, encourage, aid, and abet terrorism," adding "that assurance has to be fulfilled before the peace process ... progress." Pakistan denied claims of involvement, reiterating its commitment to peace and offering help in the investigations.

Analysts agree the incident could create an impasse, but hope that a situation like that of 2002, when the two countries teetered on the brink of war, can be avoided by sustained dialogue.

"The talks need to continue. It's absolutely essential that the talks not shut down," says Ms. Ahmed of ICG. In the longer term, analysts agree that setting the peace process back on track requires broader engagement from civil society - think tanks, academia, the media, and ordinary people - who have little influence over the decisionmaking inside conservative bureaucracies. Here in Pakistan, they say, peace with India is a priority of both civil society groups as well as major political parties. But that impulse is drowned out by the heavy-handed rule of the military.

"Part of the problem with Musharraf running the peace process is that he has only one constituency: the military. And the military is intrinsically conservative and has a long history of conflicts with India," says Ahmed. "If you were to have a democratic transition, you could give civil society players more of a role. Without civilian input, it's going to be very difficult to move forward."

Is Al Qaeda Setting Up Shop In Kashmir? (CSM)

By Scott Baldauf

The Christian Science Monitor, July 18, 2006

SRINAGAR, INDIAN KASHMIR

Last Wednesday, barely 18 hours after the railway blasts in Mumbai (Bombay) that claimed some 200 lives, a mysterious caller phoned up local journalist Rashid Rahi to praise the attacks and to proclaim the arrival of a new militant group, Jammu and Kashmir Al Qaeda.

With its call for Indian Muslims to join the struggle for "complete liberation and dominance of the religion of Islam," the caller hinted darkly of a heightened confrontation with America's chief ally in South Asia, India.

"I'm Abu al-Hadeed, spokesperson of Al Qaeda Jammu and Kashmir and Abu Abdur Rehman Ansari is our chief commander here," the caller said, according to Mr. Rahi's report. "Soon we will make public our organizational structure and motives."

While Indian police hinted that the call may have been a hoax, it has been taken seriously by Indian investigators, and has shaken the confidence of many Kashmiris here. The call comes at a time of escalating attacks against tourists and civilians, and a sluggish Indo-Pakistan dialogue over Kashmir that has now been put on hold. After a year and a half of negotiation, momentum is shifting toward the militants.

"Personally, I believe this is a red herring, but the desperation is to such an extent here, that whosoever is ready to support people, whether it is Al Qaeda or anyone else, people are receptive to them," says Sheikh Showkat Hussein, a professor of law at the University of Kashmir in Srinagar.

Noting that only 300 Indian Kashmiris have managed to take the much-touted bus service from Srinagar to Muzaffarabad in Pakistan-administered Kashmir, Mr. Hussein says, "Whatever you try to project as a success, you can do so, but for the ordinary man there has been no change."

Yet, with multiple attacks on civilians in both Mumbai and Srinagar on July 11, and a recent speech by Osama bin Laden that mentioned the militant struggle of Muslims in Kashmir, Indian police are not taking any chances.

Indian police and Army commanders in the highly militarized valley - where perhaps 600,000 Army and paramilitary forces have been based since the insurgency began in 1989 - say that they have heard intelligence chatter about Al Qaeda's presence in Kashmir as far back as 2002. But any such branch of Osama bin Laden's network has not been active, they add.

"Let them act and do something, we'll act accordingly," says Lt. Gen. S.S. Dhillon, the commander of the 15th Corps for the Indian Army in Srinagar. "The Indian Army is professionally trained and efficient enough to deal with it and its men."

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General Dhillon told reporters that India estimates that there are only about 1,300 to 1,400 active militants in the Kashmir valley, nearly 1,000 of them local Kashmiris. But while local militant organizations like Hizbul Mujahideen and Jamiatul Mujahideen enjoy broad local support, foreign militants are seen as much more active.

Since July last year, militants of the Pakistan-based Lashkar-i Tayyaba and Al Badr were blamed for 100 grenade attacks, killing 38 people, mostly civilians and tourists. Lashkar, however, denies responsibility for these attacks.

Rashid Rahi's office in Srinagar has long been a central clearing house for militant groups contacting the press. More than 30 local newspapers subscribe to Mr. Rahi's Current News Service (CNS), and "with one phone call, they can talk to 30 newspapers and their work is done," says Manohar Bhat, a reporter at CNS.

But the call on 12:15 p.m. Wednesday, the day after the Mumbai blasts, was different. Rashid Rahi, editor of CNS, seems nervous as he describes - yet again - the alleged call from Al Qaeda. "As Kashmiris, we can tell by phone who is a non-Kashmiri, so to me, the caller was a Pakistani. He spoke in pure Urdu."

If Al Qaeda has arrived in Kashmir, they should expect no welcome party from other militant groups, who have fought for separation from Indian control since 1989.

"Kashmir is not conducive for Al Qaeda," says Junaid-ul-Islam, spokesman for the Kashmiri militant group, Hizbul Mujahideen, in a phone interview with the Monitor. "Their men and material are busy fighting US troops in Iraq and Afghanistan. And given the sophistication of Al Qaeda, they inform people through the press and Osama Bin Laden, their chief, to [trumpet new franchises]. But in Kashmir's case, there has been no announcement or a statement from Osama."

"So, we have strong reasons to believe this whole episode is concocted and fabricated," says Mr. Islam, who condemns the blasts in Mumbai. "Kashmiri armed struggle needs manpower, resources, finances, arms - but all is locally available. Why should Al Qaeda come here?"

Furthermore, Al Qaeda's agenda of international jihad is different from the Kashmir issue, Islam says. "So far as Al Qaeda is concerned, it is a thing of yesterday.... But the freedom struggle of Kashmiris is as old as 1931."

He also strongly condemned the recent spate of grenade attacks on tourists in Kashmir, saying, "Every single Kashmiri, innocent civilian, and tourist is dear to us. Tourism is the backbone of our economy."

Police traced the call placed to Rahi to a public phone booth business in Srinagar's Lal Chowk district, and brought the owner of the phone booth in for questioning. The owner says he cannot remember anything about the caller, but he only remembers Kashmiri customers that day.

"The ideology of Kashmiri Muslims is entirely different from what is preached by Mr. Osama Bin Laden," says Farooq Ahmad, deputy inspector general of J&K Police in Srinagar, Kashmir zone. "And as it is there are plenty of militant groups here, Hizbul Mujahideen and Lashkar-i Tayyaba and Al Badr. They are enough to create trouble here. I don't think Al Qaeda needs to come here." Recent attacks in Srinagar

April 14: Seven grenades kill five people, wound 24.

May 25: During visit of India's prime minister, four tourists were killed in grenade attacks.

May 31: One tourist killed and several injured in a grenade attack aimed at a tourist bus.

June 24: Grenade attack kills one and injures eight civilians.

July 11: Six grenade blasts in a span of three hours kill eight civilians, including six tourists.

Iran, U.S. Allied In Protecting Artifacts (WP)

By Peter Slevin

The Washington Post, July 18, 2006

CHICAGO -- Iran and the United States make an unlikely pair these days, dueling over nuclear plans and radical Islam. Yet lawyers for the feuding governments are on the same side here in a dispute over thousands of ancient Persian artifacts held by a Chicago museum.

Their opponent is a lawyer trying to collect Iranian cash for survivors of a bloody Jerusalem suicide bombing.

In a case that raises issues of victims' rights and cultural heritage, Rhode Island lawyer David J. Strachman aims to seize and sell Iranian property -- including thousands of 2,500-year-old clay artifacts known as the Persepolis tablets -- and channel the profits to victims of the 1997 terrorist attack.

State Department lawyers and a Washington attorney for Iran contended last week in Chicago's federal courthouse that the priceless Iranian property is protected from seizure by the sovereign immunity doctrine. Art and archeology experts speak in much more personal terms.

"There's absolutely no justification for this. It's a bizarre, almost surreal kind of thing," said Gil Stein, director of the Oriental Institute at the University of Chicago, which has studied the unbaked clay tablets on loan from Iran since the 1930s. "The

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Iranians are understandably furious about this. You'd have to imagine how we would feel if we loaned the Liberty Bell to Russia and a Russian court put it up for auction."

Foreign Minister Manouchehr Mottaki described the case on June 30 as an "indecent cultural move by the United States." He said if federal courts approved the sale, Iran could make retaliatory legal claims against the United States for supporting the 1953 coup in Tehran and backing Iraq during the deadly 1980s Iran-Iraq war.

Ten days later, Iran dispatched Washington lawyer Thomas Corcoran to Chicago after years of refusing to participate in the original terrorism case or the Chicago artifacts litigation.

"Things were looking bad for the Iranians," Corcoran said. "Iran asked me to note an appearance to assert Iran's immunities."

The events that led to the courthouse began Sept. 4, 1997, when three suicide bombers detonated their explosives in the crowded Ben Yehuda marketplace. Five Israelis died, and more than 100 people were wounded, including a number of foreign tourists. The Islamic Resistance Movement, known as Hamas, took responsibility for the attack.

Six years later in Washington, U.S. District Judge Ricardo M. Urbina ruled that a group of bombing victims and surviving relatives could claim $423.5 million in damages from Iran as a sponsor of Hamas. The award included $300 million in punitive damages.

The question for Strachman and other lawyers was how to collect. They located a home in Lubbock, Tex., that the late shah had purchased for his son. They navigated its sale for $400,000 and focused on Iranian art and artifacts held by museums in Illinois, Massachusetts and Michigan.

The Oriental Institute and its holdings from Persepolis, the capital of ancient Persia, became a primary target.

Excavated by a leading institute archeologist in the early 1930s, the tablets are considered a remarkable record of daily transactions from 2,500 years ago. Each text is about half the size of a deck of cards and bears characters in a dialect of Elamite, understood by perhaps a dozen scholars in the world.

"It tells you how the Persian empire worked," Stein said. While much knowledge of ancient Persia came from the accounts of others, most famously the Greek storyteller Herodotus, Stein called the tablets "the first chance to hear the Persians speaking of their own empire."

"It's valuable because it's a group of tablets, thousands of them from the same archive. It's like the same filing cabinet. They're very, very valuable scientifically," Stein said. He said the details largely concern food for people on diplomatic or military missions.

Loaned to the Oriental Institute seven decades ago for study, experts have painstakingly pieced together and deciphered many of the texts, with the understanding that they would be returned to Iran. The institute returned 37,000 tablets and fragments to Iran and was preparing another shipment when Strachman intervened.

Strachman filed suit in 2004 on behalf of his clients, including lead plaintiff Jenny Rubin, a New York fashion designer. He also targeted other holdings gathered from Iran by the institute and the nearby Field Museum.

"We are seeking to enforce the judgment that was awarded to my client," said Strachman, who considers it ironic that the terrorism-fighting Bush administration is backing Iran's immunity claims -- "blatantly opposing us," as he put it. Meanwhile, Iranian commentators have hammered U.S. authorities with "crazy conspiratorial things in recent days."

"They've gotten a little wackier," Strachman said. "They were saying this is a Zionist conspiracy."

In each case, attorneys for the defendants say that the property does not belong to Iran or that it is not subject to seizure. The museums sought to assert Iran's sovereign immunity claim to protect the artifacts, but U.S. District Judge Blanche M. Manning ruled that Iran must do so itself.

When Corcoran made his appearance last week after being retained by Iran on July 10, the case's dynamics shifted, said Patty Gerstenblith, a cultural property law specialist at DePaul University.

"It changes things pretty dramatically. If foreign sovereign immunity can be asserted, the case should be more or less resolved," she said. "Iran wins on this case, I think the other cases are blown out of the water."

That would suit Stein, who thinks larger issues are at stake.

"Would Egypt loan the treasures of King Tut if they thought they could be seized by anyone who had a beef with the government of Egypt?" he asked.

"Scholarship depends on the ability to trust each other to work above the level of politics and infighting. The whole structure of scholarly collaboration would fall apart, and the whole world would be very much the poorer for it."

U.N. Human Rights Experts Chastise U.S. (AP)

By Alexander G. Higgins, Associated Press Writer

AP, July 18, 2006

The United States must set a better example for the world in areas ranging from its treatment of Latin American migrants to its handling of detainees in the war on terror, U.N. human rights experts said Monday.

The U.N. Human Rights Committee is conducting a periodic review of Washington's adherence to the 1966 International Covenant on Civil and Political Rights. The committee is expected to issue conclusions before the end of the month.

Criticism by the panel brings no penalties beyond international scrutiny.

Member Hipolito Solari Yrigoyen, an Argentine lawyer and human rights activist, said he worried about U.S. efforts to deal with illegal migrants from Mexico.

Hundreds of National Guard troops have been deployed along the border in an effort to stop illegal immigration.

"My major concern ... is the level of militarization on the border with Mexico," he said. "Militarization of the border creates a conflict zone."

Panel member Sir Nigel Rodley, a British law professor, criticized the alleged U.S. practice of holding detainees in the war on terror incommunicado for long periods.

Abdelfattah Amor, a senior Tunisian law professor, noted allegations of prisoner abuse in Abu Ghraib prison in Iraq and the U.S. detention center for terrorist suspects at Guantanamo Bay, Cuba.

The U.S. delegation steered clear of such questions.

"While the U.S. obligations under the covenant do not apply outside of U.S. territory, it is important to recall that there is a body of both domestic and international law that protects individuals outside U.S. territory," said State Department official Matthew Waxman.

About 40 human rights groups sent representatives to meet separately with the committee and monitor proceedings. Amnesty International said it had raised a number of issues, including the death penalty, supermaximum security prisons and life sentences for those who committed crimes as juveniles.

Other questions from the panel concerned racial discrimination, the rights of native Americans and the treatment of African-Americans in the Gulf Coast area before and after Hurricane Katrina.

In May, the top U.N. anti-torture panel recommended the closure of the Guantanamo Bay prison, and criticized alleged U.S. use of secret prisons and suspected delivery of prisoners to foreign countries for interrogation.

Associated Press writer Sam Cage contributed to this report.

UN Rights Panel Focuses On US Record (FT)

By Frances Williams

Financial Times, July 18, 2006

US officials on Monday faced their second grilling in two months by United Nations human rights experts on alleged violations of international law in the fight against terrorism.

The 18-member UN human rights committee, which oversees countries' compliance with the International Covenant on Civil and Political Rights, made it clear that it did not accept US arguments that the covenant did not apply to US actions abroad.

Human rights groups argue that the US is failing to respect key provisions of the covenant in its "war on terror", especially in relation to the detention without charge of thousands of non-US nationals held in prisons in Afghanistan, Iraq, Guantánamo Bay and secret locations.

Alleged abuses documented by Amnesty International, among other groups, and submitted to the human rights committee include torture and ill-treatment, arbitrary detention, "disappearances" and "extraordinary" renditions of terror suspects to countries known to practise torture.

Sir Nigel Rodley, a UK expert on the committee and a former UN torture envoy, said prolonged secret detention was an egregious violation of the covenant and he was "dismayed and astonished" that the US was apparently carrying out a "practice of such extravagant enormity".

The two-day hearing, 11 years after Washington's first appearance before the human rights committee in 1995, follows a similar session in May before the UN committee against torture. The human rights committee is due to release its conclusions and recommendations, which are not binding, at the end of this month.

The US administration says the covenant, adopted by the UN in 1966, applies only to US territory but the committee, in common with other international legal bodies, argues that it applies wherever the US has jurisdiction, including military bases abroad. The US ratified the covenant, to which 156 states are party, in 1992.

Washington is also under fire for certain domestic policies and practices that civil liberties organisations claim violate the covenant. These include the execution of the mentally ill, the alleged discriminatory response to Hurricane Katrina and the rebuilding of New Orleans, harsh and abusive prison conditions and the sentencing of juveniles to life without parole.

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Matthew Waxman, the State Department official heading the large US inter-agency team despatched to Geneva, said the US was proud of its human rights record, while recognising there was always more to be done.

Airbus Unveils A350 Redesign (FT)

By Ft Reporters

Financial Times, July 18, 2006

Airbus executives unveiled the much-anticipated revamp of its mid-sized A350 passenger jet on Monday as they admitted the company was in the middle of a "serious crisis" that was being exploited by its US rivals at Boeing.

The European aircraft maker's new chief executive, Christian Streiff, who has been in his job for only two weeks, said about $10bn would be spent to develop a new aircraft that would be called the A350XWB, for "extra-wide body", and enter service in 2012.

Airbus has been hit by problems at its Franco-German parent, EADS, which led to delays in the delivery of the A380 superjumbo and saw the resignation of Noël Forgeard, the French co-chief executive of EADS, and Gustav Humbert, the Airbus chief executive.

It has also suffered a sharp drop in aircraft orders that left it trailing Boeing, which announced several orders on Monday for passenger and cargo planes.

Speaking at Britain's Farnborough Air Show, Mr Streiff acknowledged Airbus's difficulties.

"Yes, Airbus in the middle of a serious crisis in our relationship with our customers," he told a news conference. "Yes, this is something we are taking extremely seriously inside Airbus, and yes, we know the competition is taking advantage of this today."

Mr Streiff added that the company was ``learning to be humble and learning to change our bad habits".

In an attempt to reassure Airbus's customers and investors, Mr Streiff said he was going to personally oversee "all aspects" of the new A350XWB airliner programme for the the next three months.

Airbus said the new aircraft would be superior to Boeing's 787 Dreamliner: it would have more powerful engines, a wider body and an advanced cockpit, as well as a redesigned cabin with bigger windows.

But Boeing has outstripped Airbus in terms of orders in the first half of this year. It has taken 403 firm orders or commitments from 28 airlines for the long-range 787, while Airbus has won just 182 orders and commitments from 14 airlines for the A350.

Civil aviation ministers from Airbus's partner countries of France, Germany, Spain and the UK, announced at Farnborough they were confident the planemaker would address industrial issues with its delayed A380 superjumbo and that its programme would be commercially successful.

The ministers reaffirmed their agreement to support Airbus to continue to develop programmes and welcomed its new wide-body aircraft family.

Meanwhile, the French government could be reviving attempts to renegotiate its rights under the shareholder pact that governs its 15 per cent stake in EADS.

Currently it is barred from any operational input at EADS, although it has the right to veto board appointments. Lagardère, the conglomerate that owns 7.5 per cent of EADS, manages the combined French interests in a separate holding company, Sogeade.

Dominique Perben, French transport minister, said that now the recent management crisis was over, it could be time to review the situation. "Our relations with Lagardère... were fixed ... to meet the priorities of the partners at the time. We have to verify that these priorities are still the same," he said in an interview in the French daily, La Tribune.

The government is understood to have been frustrated by its limited room for manoeuvre in the recent crisis, particularly given its greater stake in EADS. .

Airbus Offers Up Redesigned A350 In A Challenge To Boeing (NYT)

By Mark Landler

The New York Times, July 18, 2006

FARNBOROUGH, England, July 17 — Airbus thought seriously of calling it the A280, a deliberate echo of the A380, the troubled giant that is the biggest passenger jet ever made. But the midsize plane it announced here on Monday goes by the name A350 XWB — as in "extra wide body."

Airbus promoted the plane, which will carry from 250 to 375 passengers, as the linchpin of its recovery. Avoiding too many associations with the A380 may have been wise: costly delays in deliveries of the superjumbo plane plunged Airbus into the most serious crisis in its history.

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"Customers and future customers told Airbus they wanted something extra," said Christian Streiff, the chief executive of Airbus, at a news conference at the Farnborough International Air Show. The A350, he said, has an "entirely new and uncompromised design."

Preserving the A350 name is a reminder that this is not a wholly new plane, but a redesign of the earlier A350, which had disappointed airlines and seemed likely to be an also-ran to Boeing's 787. Airbus contends that the new, improved version surpasses the 787 in several respects, not least its cabin, which is five inches wider than the cabin of the Boeing plane. The debut of the XWB dominated the first day of the air show, with competitors and analysts debating its merits.

"It doesn't have the splash of the 787, but splash is only part of the story," said Richard Aboulafia, an analyst at the Teal Group, an aerospace research firm in Fairfax, Va. "Given the circumstances, they're going after the right part of the market, and they're doing it in a smart way."

The new plane will cost $10 billion to develop, roughly double the budget of the original A350. Airbus finances some of the cost of its new planes with loans backed by European governments — a practice that started a trade battle between the United States and the European Union.

Mr. Streiff declined to specify how Airbus planned to pay for this one, saying he did not want to fan the flames of that dispute.

Airbus is actually aiming at two Boeing jets with the A350: the 787 and the 777, which is larger and can fly very long routes — between Los Angeles and Singapore, for example. In the last year, the 777 crushed the long-range A340 in orders, giving Airbus little choice but to replace it.

With a fuselage a foot wider than the old A350's, Airbus said it would be able to offer passengers the same, or greater, levels of comfort as the 787. The plane will have the "widest windows in the industry," said John Leahy, the chief commercial officer of Airbus.

Humidity in the cabin will be adjusted to 20 percent, in contrast to 15 percent on the 787 and less than 10 percent on existing planes. The level of humidity, as well as the temperature, can be varied, depending on whether passengers are seated in economy, business or first class.

"We're taking the time to come up with an aircraft that is a step ahead of the 787," Mr. Leahy said.

Boeing seemed unruffled by the A350, noting it would not enter service until 2012, four years after the 787. While the plane will have a wider cabin than the 787, it will be narrower than the 777.

By trying to straddle too much of the market with a single plane, Boeing said Airbus would wind up with a plane that is less economical for the airlines. "It's a big chunk of territory to try to cover with one plane," said Michael B. Bair, who heads the 787 program.

Boeing also noted that the plane would have an aluminum fuselage, not one made of advanced composite materials, like the 787. "It sounds like it's going to fall short of the available technology," said Randy Baseler, vice president for marketing at Boeing's commercial aircraft division.

Finally, Airbus does not plan to build an A350 with fewer than 250 seats, ceding that market to the 787. Boeing says there are 1,500 planes of that size, which airlines will have to replace in coming years.

For all the criticisms, the Airbus announcement puts the company back into the game against Boeing. Mr. Leahy can now begin selling the A350 to carriers, which have been withholding orders or switching to Boeing out of frustration with what some perceived as an inferior design.

Mr. Streiff said he met Monday with one of the most outspoken critics, Steven F. Udvar-Hazy, the chairman of the International Lease Finance Corporation, a major aircraft leasing company and customer of Airbus. "We had a long, very positive, very tough conversation," he said.

Analysts had speculated that Airbus might rename the plane A370, to emphasize its new design. But people at the company said the second choice had been to call it A280 — a nod to its shared technology with the A380. In the end, though, Airbus merely added to its original name.

Even the old A350 managed to lure 100 firm orders. Mr. Leahy said he expected only one or two airlines to cancel those orders. The rest will be switched over to the new plane. The plane comes in three sizes, with catalog prices of $186 million, $215 million and $242 million, he said.

Clinton Urges Stronger African Governments (AP)

By Dulue Mbachu, Associated Press Writer

AP, July 18, 2006

Former President Clinton told African leaders Monday that they need to strengthen their governments so that they can address long-standing problems of hunger and disease.

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Clinton spoke at a summit bringing African political and business leaders together with their U.S. counterparts in search of partnerships to lift the world's poorest continent.

"We can't stop the spread of AIDS without building the capacity of government," Clinton said. He also used the meeting to push cooperation agreements with African countries under which his foundation plans to provide HIV/AIDS drugs to Africans at low costs.

Presidents from more than a dozen African countries are in the Nigerian capital of Abuja with executives from companies including Chevron Corp., Coca-Cola Co., General Motors, and DaimlerChrysler AG at the seventh Leon Sullivan Summit. The meeting takes its name from a renowned U.S. civil rights campaigner who worked to get black Americans to share their wealth and experience with Africa.

"We need to say where we want Africa to be in five to 10 years from now," Clinton said. "So that every boy and girl living in this continent has a chance to live his or her own dream."

Partnerships between the public and private sectors forged at the four-day summit will aim to quicken both economic and social development along the lines of the Sullivan Principle, an international business ethics code that urges corporate responsibility and was credited with helping end apartheid in South Africa.

World Bank President Paul Wolfowitz is scheduled to address participants Tuesday.

Sullivan, who died in 2001, first articulated the principle in the 1970s after becoming the first black board member of General Motors Corp.

The last summit in Nigeria in 2003 was opened by President Bush and attended by leading black Americans, including former Secretary of State Colin Powell and the former ambassador to the United Nations and mayor of Atlanta, Andrew Young.

Donations arising from the summits, which began in Ivory Coast in 1991, have helped the Sullivan Foundation build 170 schools, bring 750 American teachers to Africa and distribute $20 million worth of books. In partnership with the World Bank, the foundation has trained more than 1 million people to build wells.

Crowds Rally Again To Demand Recount In Mexico (NYT)

By Ginger Thompson

The New York Times, July 17, 2006

MEXICO CITY, July 16 — For the second time in eight days, thousands of supporters of the leftist presidential candidate, Andrés Manuel López Obrador, filled this city's historic central plaza to demonstrate their support for his demand for a vote-by-vote recount of Mexico's disputed July 2 election.

The crowds at this rally — several hundred thousand — were considerably larger than the last and seemed to indicate that the movement started by the embattled former mayor of Mexico City remained strong.

Mr. López Obrador told the throngs of people roaring his name that a recount was not too much to ask to resolve the political crisis that has gripped the nation since election officials declared his conservative opponent, Felipe Calderón, who appeared to be the winner by less than 1 percent of 41 million ballots cast.

That victory has yet to be certified by the Federal Electoral Tribunal as it weighs a legal challenge from Mr. López Obrador. In the meantime, he seems determined to keep up pressure on the tribunal to grant his demand for a recount.

Mr. López Obrador and supporters who helped organize the rally urged his followers to conduct nonviolent acts of civil disobedience, including boycotts of products made by Mexican companies that opposed his candidacy as well as those of some American companies, without explaining why.

He also asked them to stage sit-ins starting Sunday at the 300 district election offices across the country. The purpose, he said, was to prevent any tampering with ballot boxes.

At one point during his speech, Mr. López Obrador smiled as the crowd chanted, "You are not alone." He told them that the movement he was leading was about more than one man or one political party. He said it was about the future of this country's fragile democracy.

"I have the deep conviction that despite all the machinery of the state, and all the money of a privileged group, they will not be able to stop the free will of millions of Mexicans," he said. "That is the greatest force of a democracy."

Mr. Calderón and his supporters say that their victory is legitimate and that a recount will do more harm than good to an electoral system that was meticulously engineered to move Mexico toward democracy after decades of autocratic, one-party rule.

They have described Mr. López Obrador as so obsessed with power that he will stop at nothing to win, even using mass marches to try to bully his way to power over the decisions of the democratic institutions it has taken Mexico more than a decade to build.

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Arturo Sarukhan, a leading adviser to Mr. Calderón, said his candidate would accept a recount if one was ordered by the electoral tribunal. But he said his candidate did not believe a recount was legally necessary, since the votes were counted on election night by citizens recruited at random to be poll workers.

"They are seeking to pressure the tribunal to say this is too complicated, let's annul the whole thing," Mr. Sarukhan said. "We are convinced this is not about a recount. This is about annulment."

In a voluminous complaint before the electoral tribunal, Mr. López Obrador charged that the voting was riddled with mistakes and rigged against him by President Vicente Fox, who openly supported Mr. Calderón, who is from the same party.

He also accused business leaders of meddling in the election by conducting a campaign that depicted Mr. López Obrador as a danger to the political and economic stability Mexico has enjoyed over the last six years.

At 1:30 p.m. Sunday, Mr. López Obrador led about 200,000 supporters down one of the city's main thoroughfares and into the Zócalo, as the city's main plaza is known. About 200,000 more were already waiting there.

Rossana Fuentes Berain, a political analyst at the Autonomous Technological Institute of Mexico, looked out on the crowd from the terrace of a hotel adjacent to the plaza and wondered whether Mr. López Obrador could keep a rein on the outrage he had unleashed.

"I am very worried," she said. "If he can convince so many people that the democratic system isn't working, then we are going to throw away 20 years of building trust and confidence."

People interviewed at the rally said their distrust of the system had compelled them to come from as far north as Mexico's border with the United States and as far south as the state of Chiapas.

Like the crowd of people who came out last week to support Mr. López Obrador, this gathering also seemed to be a broad cross section of people with different levels of education and incomes.

Many of those interviewed brought up the 1988 election, considered a pivotal moment in this country's long history of electoral fraud. Some said that although there had been progress since then, it had not been enough to stop the entrenched oligarchies from using their powers to stand in the way of the will of the people.

Others said that although they supported Mr. López Obrador, they worried that his language had become increasingly volatile and could push the country into violence.

"People are tired of so much injustice," said Pablo Huitrón Neguis, 44, an elementary school teacher. "We have fought years to have our votes respected, and now they are using the same old strategies to rob us again. López Obrador knows that if the people unite, there is no one who can stop us."

There were lots of angry expressions from unlikely places.

"If blood must be spilled, then so be it," said a housewife, Graciela Saavedra, 44. "We don't want it, but we are tired of accepting fraud with our arms crossed."

There seemed to be just as many calls for calm. "We know there was fraud," said Pablo Serna, 27, a dentist from the north central state of Zacatecas. "But there is no reason to generate so much resentment. There is also no reason to discredit everything because the movement could turn against us."

Although it was clear Mr. López Obrador would not back down from his fight, his appeals Sunday seemed toned down from earlier this week, when election officials challenged the credibility of several videos he presented as proof of fraud.

"He who owes nothing, fears nothing," Mr. López Obrador said, explaining why in his view Mr. Calderon should not object to a recount. Later, he added, "The stain of an illegitimate election cannot be cleaned with all the water in all the oceans."

Calderon Followers Send Hostile Response To Mexico City Protest (MCCL)

By Kevin Diaz

McClatchy Newspapers, July 17, 2006

MEXICO CITY - Compromise seemed more elusive than ever in Mexico's bitter presidential election dispute on Monday, one day after leftist candidate Andres Manuel Lopez Obrador mounted the largest protest in Mexican history.

Analysts said the demonstration, during which more than 1 million people jammed this city's main square and the surrounding streets, didn't change anything - the dispute still must be resolved by the Federal Electoral Tribunal, known as TRIFE.

But the rally sparked an unusually indignant response from the July 2 election's apparent winner, conservative Felipe Calderon, and many of the capital's commentators, promising more acrimony in the weeks ahead.

Cesar Nava, a Calderon spokesman, said that the election would be decided "by votes, not by marches," and that the National Action Party, or PAN, wouldn't succumb to the "blackmail" of street protests.

One Mexico City newspaper, Milenio, dubbed the demonstration "the great yellow beast," referring to the swarms of yellow-clad Lopez Obrador supporters - many of them elderly and poor - who believe the election was stolen.

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"OK, so you've put a million people in the streets," said Mexican political observer Jorge Chabat. "So what's the conclusion? Nothing."

But John Ackerman, a law professor at the National Autonomous University of Mexico, said the outpouring of support for Lopez Obrador raises the stakes for the election judges, who have the power to annul the election or order a recount.

"It's a clear demonstration that it's not going to be easy to sweep the apparent irregularities under the rug," Ackerman said. "They're going to have to take this seriously. They can't be a rubber stamp."

Many legal observers say there's nothing in Mexican law to prevent a total recount in the election, which Calderon won by a margin of less than 1 percent out of 41 million ballots. But Pamela Starr, a Latin America analyst for the Eurasia Group in Washington, D.C., said the court is unlikely to go that far, noting that in the past, "it has expressly limited itself to reviewing only those ballot packets that have been specifically challenged."

Lopez Obrador, the former mayor of Mexico City, has said he would abide by the court's decision. But he has also said his street mobilizations will continue unless there's a recount.

This has opened him to accusations that he's trying to bully his way to the presidency through political, rather than legal, means.

"Unfortunately, we live in a country where pressure groups are used to getting their way if they make enough noise," columnist Sergio Sarmiento wrote in Monday's edition of the Reforma newspaper. "The incentives for big demonstrations and blockades are huge."

Rallying his supporters Sunday, Lopez Obrador called for a continuing campaign of "peaceful resistance," including constant vigils outside the nation's 300 district election offices, as well as another massive march on the capital in two weeks.

"You can't wipe away the stain of a fraudulent election with all the water in the oceans," he said.

No one knows how far Lopez Obrador is willing to go to test the nation's fragile election institutions, which were created only a decade ago in a wave of political reform.

The central argument of Lopez Obrador's Party of the Democratic Revolution, or PRD, is that a recount would best serve the interests of political stability. His opponents argue that democracy depends on adhering strictly to the rule of law, whether or not that leads to a reopening of the ballot boxes.

"There's no need to improvise or invent new ways to do things," former treasury secretary Jose Angel Garcia told Reforma. "The law is what it is, and it's our main guarantee that things will move ahead with total transparency."

What remains to be seen is whether Mexicans can keep faith in their new electoral system in the face of Lopez Obrador's sweeping challenge.

"The beauty of Lopez Obrador's position is that he offers an opportunity for closure," said Robert Pastor, director of the Center for North American Studies at American University. "The worst outcome is one in which a third of the voters are left thinking the election was fraudulent or stolen."

Protests In Mexico Against Poll Result (FT)

By Adam Thomson

Financial Times, July 18, 2006

Mexico City on Sunday hosted one of the biggest demonstrations in its history as people from around the country protested against the results of this month's presidential elections and demanded a full recount of the vote.

According to local police, more than a million people marched on the Zócalo, the city's main square, in support of Andrés Manuel López Obrador, the losing leftwing candidate. Independent estimates suggested the turn-out was slightly smaller.

On July 2, Mr López Obrador, a 52-year-old former Mexico-City mayor, lost to Felipe Calderón of the ruling centre-right National Action party by 0.58 per cent or just 243,000 votes.

He has responded by calling the election "fraudulent", and has accused Mexico's electoral authorities of "manipulating the counting". He has vowed to continue organising mass protests until the country's electoral authorities give in to his demands for a recount.

At Sunday's demonstration, which far outnumbered an initial protest last week, Mr López Obrador called on supporters to begin a week of civil resistance and announced another mega rally on July 30 to keep up the pressure on the authorities.

"Democracy and the country's political stability are at stake," he told a sea of chanting supporters draped in the gold colours of his Democratic Revolution Party. The rally passed without violence.

Mr López Obrador confirmed last week that his strategy would be to seek an annulment of the election if the authorities did not grant a recount.

The Federal Electoral Tribunal, the highest electoral court, has until September 6 to announce whether it considers there is any merit to the complaints and how it intends to respond.

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On Friday Mexican bonds rallied and the peso strengthened to a two-month high against the dollar, which analysts say reflect investors' growing confidence that Mr López Obrador's legal complaints will come to nothing and that the authorities will eventually confirm Mr Calderón as president-elect.

The business-friendly Mr Calderón has vowed to continue the economic policies of President Vicente Fox that have helped consolidate macroeconomic stability, reducing interest rates and inflation to historic lows while pushing up international reserves to historic highs.

The campaign team behind Mr Calderón, a 43-year-old Harvard-trained technocrat, has resisted calls for a total recount on the grounds that it is illegal, and last week told foreign journalists that Mexican law does not allow for an annulment of a presidential election.

But on the streets of Mexico City on Sunday, Mr López Obrador's supporters appeared to be in a confident mood. On Paseo de la Reforma, one of the city's main avenues, a group of Mexican youth sat on the roof of a lorry beating drums and chanting "vote by vote", in reference to their insistence on recounting each and every one of the ballots cast.

People of all ages filed past holding posters saying "Hang on López Obrador, the people are rising up" and "We won". One man dressed in black walked towards the Zócalo with a cardboard coffin balanced on his head with the word "Democracy" painted on the side.

In a radio interview last Friday, Mr López Obrador said he would call off the protests if the authorities granted a recount of the votes. He also said he would accept the result of the recount even if it went against him, though adding that he would only do so "under protest".

"I won… [and] this election is fraudulent from start to finish.

Is Victory Worth Any Cost? (USAT)

USA Today, July 18, 2006

Ever since the July 2 election in Mexico, leftist candidate Andrés Manuel López Obrador has been crying foul. The results had him being narrowly overtaken by rightist candidate Felipe Calderón in the final hours of counting. He suspects fraud and wants a recount.

Americans can relate. In 2000, Republican George W. Bush and Democrat Al Gore sparred over the Florida results for more than a month before the U.S. Supreme Court stepped in.

But López Obrador has gone one step further than Gore did. Not only is he demanding a recount, he is organizing civil resistance campaigns to pressure Mexico's election court to grant him one. Those efforts, which reached a fever pitch with a huge rally in Mexico City on Sunday, show a destructive win-at-all-costs attitude that could undermine respect for Mexico's nascent democratic institutions. Extended political turmoil or violence could also undermine Mexico's economy, sending even more illegal immigrants into the USA.

López Obrador is, of course, within his rights to seek a recount and to make the case for such an action in the court of public opinion. And, at the end of the day, it is not inconceivable that the court will side with him. He might even be declared the winner after a recount.

But he crosses a line when he tries to pressure or intimidate the court into granting a recount by putting large numbers of supporters on the streets and making unsubstantiated claims of fraud.

Mexico, though, might yet settle the election with more dignity than some local, state and federal officials displayed in Florida's fracas. It has a specially created seven-member election court empowered to decide when, where and whether recounts are in order.

This type of system can get around a major issue in Florida, which was whether it was fair to conduct recounts only in jurisdictions chosen by the Gore campaign, and where local election officials were sympathetic to his cause. It also would bypass blatantly partisan election officials such as Katherine Harris, Florida's secretary of state and now member of Congress, who showed scant interest in neutrality or integrity.

But like any other court, Mexico's election court needs to be seen as impartial and insulated from political pressure. López Obrador's actions ill serve that cause.

They also raise serious questions about his commitment to truthfulness. As evidence of the alleged fraud, he recently showed a video of a man putting multiple ballots in a box. But the man was quickly identified as a legitimate election official transferring presidential ballots mistakenly placed in a legislative ballot box. If he was not intent on fanning the flames of partisan and class discontent, López Obrador would have investigated the video before making such claims.

Gore realized there was a time to fight and a time to concede. So did Richard Nixon, who did not even challenge his narrow loss in 1960 despite evidence of vote rigging in Illinois. Both put the nation's interests above personal ambition. As he weighs his next move, López Obrador would do well to heed their example.

DOJ_NMG_0041819

Mexican Election Cheers Underdog In Brazil's Race (WSJ)

By Matt Moffett

The Wall Street Journal, July 18, 2006

RIO DE JANEIRO -- The come-from-behind win by Mexico's pro-business presidential candidate has heartened supporters of the underdog in Brazil, the site of Latin America's next face-off.

The long-shot presidential campaign of Brazilian centrist Geraldo Alckmin also gave itself a breath of life with a media blitz that has lifted his standing in opinion polls.

But Mr. Alckmin still faces a daunting, uphill struggle against leftist President Luiz Inácio Lula da Silva. Mr. da Silva's economic pragmatism and incumbent status distinguish the campaign landscape in Brazil -- home to South America's biggest economy -- from Mexico and Peru, where market-friendly candidates came from behind to defeat populists.

Mr. Alckmin, a former governor of the state of São Paulo, had been stagnating in the polls until recently ramping up an advertising campaign touting his administrative competence and highlighting corruption scandals on Mr. da Silva's watch. A poll released Friday by the Vox Populi group showed that Mr. Alckmin had cut 16 points from his deficit to Mr. da Silva since May.

Mr. da Silva, a former factory worker known for his common touch, still held an advantage of 42% to 32% over Mr. Alckmin, who is low on charisma but high on administrative experience. Candidates will need more than 50% of the vote for an outright victory in the Oct. 1 election; anything less brings the top two finishers to a run-off.

Brazil's electorate is highly polarized. Mr. da Silva, of the leftist Workers Party, is strong among poor voters, especially in the impoverished Northeast and Amazon regions. Mr. Alckmin, of the centrist Social Democratic Party, is preferred by middle and upper-class voters and business interests, especially in Brazil's more prosperous south.

Mr. Alckmin's supporters say the increase in backing for their candidate is a sign of Latin America's shifting political mood. The victories of centrist and conservative candidates in Peru and Mexico follow four years in which leftist candidates have been on the rise throughout the region, they note.

The trouble for Mr. Alckmin is that Mr. da Silva isn't a populist in the mode of failed candidates like Peru's Ollanta Humala or Mexico's Andrés Manuel López Obrador, who has challenged Felipe Calderón's July 2 victory in the courts. In both those countries, the more-conservative candidates made hay by linking the leftists to the polarizing Venezuelan President Hugo Chávez, an old-school leftist.

Such a strategy would be difficult to employ against Mr. da Silva, an economic pragmatist who has managed to win over financial markets with a rigid fiscal policy and to pay off Brazil's debt to the International Monetary Fund well ahead of time. Some seven million poor Brazilians have moved into the middle class over the past year, due to an improving employment picture, more access to credit and lower inflation, according to government statistics.

"The average voter has seen Lula for almost four years and knows he's not a populist like Chávez," says political analyst Cristiano Noronha.

The opposition thought it had found an opening against Mr. da Silva in May after the populist Bolivian President Evo Morales, whose candidacy Mr. da Silva had openly supported, sent troops to seize local oil installations controlled by Brazil's state oil company. But Brazilians didn't seem to hold Mr. da Silva responsible. "The opposition in the Congress made a lot of noise about Bolivia and how Brazil's foreign policy was a disaster, but that strategy just didn't cut any ice," says political analyst David Fleischer. He notes that Brazilian campaigns tend to be inward looking. "Brazilian politics very rarely involves foreign affairs," he says.

At home, incumbency has given Mr. da Silva the power to launch social and wage policies that are friendly to the mostly working-class population in this nation of 170 million. Almost 11 million poor families are benefiting from government assistance programs, and they are some of Mr. da Silva's most loyal supporters. Mr. da Silva also recently signed off on a generous increase in the minimum wage.

Such largesse is one reason many working-class voters seem willing to overlook a series of corruption scandals that have led to the resignation of Mr. da Silva's chief of staff, finance minister, and much of the Workers Party's senior leadership. Mr. da Silva has managed to turn attacks over corruption against the opposition by holding them up as evidence that "the elites" are out to get Brazil's first working-class president.

Even Brazil's chronic crime problem doesn't seem to be hurting Mr. da Silva much. Mr. Alckmin was expected to make his record of lowering crime rates in São Paulo a major selling point, but will likely have to back off in the wake of a recent wave of gang wars there that have claimed scores of lives.

Tsunami Hits Indonesia, Killing More Than 150 (NYT)

By Raymond Bonner

DOJ_NMG_0041820

The New York Times, July 18, 2006

JAKARTA, Indonesia, Tuesday, July 18— A powerful undersea earthquake struck off the south coast of Java, Indonesia, on Monday afternoon, creating a tsunami that killed scores of people.

The Indonesian Red Cross put the death toll at 155 as of Tuesday morning, and officials continued to sort through debris looking for bodies.

The wave was about six feet high, considerably smaller than those that hit Aceh and elsewhere in the region in December 2004, killing more than 200,000 people.

But it carried a tremendous amount of destructive power, and seemed to have hit hardest at Pangandaran, a beach town popular with Indonesians and foreigners.

The wave heaved boats, destroyed guest cottages, beachside kiosks and restaurants, and may have swept some surfers out to sea. Most of the area's villagers are fishermen and rice farmers.

The tsunami was set off by an earthquake that registered 7.7 in magnitude, according to the United States Geological Survey. The epicenter was beneath the seabed of the Indian Ocean 110 miles south of Pangandaran.

The earthquake struck around 3:15 p.m. local time and was felt in Jakarta, the capital, more than 200 miles north of the epicenter. High-rise office buildings swayed, and workers scurried to get out. There were at least two large aftershocks.

The Pacific Tsunami Warning Center, in Hawaii, issued a tsunami bulletin about 15 minutes after the earthquake hit, but Indonesia has not yet installed a warning system on the island of Java, the country's most populous. Australia also issued an alert for western Australia and Christmas Island, but only small swells, less than two feet high, were reported.

A local television station, Trans TV, said 40 people had drowned in Kebumen, about 30 miles east of Pangandaran, The Sydney Morning Herald reported Monday evening on its Web site.

In Batu Keras, an Indonesian surfer said that two bodies had been found and that he had seen some French tourists who were surfing swept away, the newspaper reported. "I don't know what happened to them," he said.

A tsunami is produced when an earthquake thrusts the seabed upward. The resulting waves have little in common with wind-driven surf, which has a very short distance from the crest of one wave to that of the next.

An earthquake briefly jolts an entire column of thousands of vertical feet of water from the sea floor to the surface. A result, once the waves reach shore, is more like a sudden rise and fall in the tide than a crashing breaker that quickly washes away.

It is unusual for an earthquake with a magnitude below 8.0 to generate a tsunami, said Bruce Jaffe, a United States Geological Survey oceanographer.

In this case, the thrust must have been sufficient to jolt the sea, he said.

"It's all related to how much sea-floor displacement there is," he said. "If you have a plastic cup of water and you punch it on the bottom, a bigger punch will create a bigger surge."

Dr. Jaffe said this tsunami, at first look, appeared quite similar to one that struck the southeastern coast of Java and southwest Bali in 1994, killing 223 people. That wave was generated by an earthquake with a magnitude of 7.8 that shook the seabed about the same distance offshore, he said.

Fred Pollitz, an expert on Indonesian earthquake risks at the United States Geological Survey, said that while the earthquake on Monday probably locally dissipated stresses in the submarine fault line that runs offshore parallel to the Indonesian archipelago, coasts to the west on Java and areas of Sumatra probably remained at high risk from big earthquakes and tsunamis.

Death Toll Rises After Indonesia Tsunami (FT)

By Shawn Donnan

Financial Times, July 18, 2006

As many as 226 people were killed on Monday when a tsunami triggered by a 7.2-magnitude undersea earthquake hit the southern coast of Java, according to officials and media reports.

The death toll has been rising as the search continued for people feared to have been swept away by the tsunami.

Officials in the resort town of Pangandaran, which appeared to be the hardest hit area, said at least 127 people were killed there, the Associated Press reported on Tuesday morning.

The quake caused office towers to sway in Jakarta and prompted tsunami warnings for India's Andaman and Nicobar islands and Australia's Christmas island.

But on Monday night there were no reports of casualties outside Indonesia. The Pacific Tsunami Warning Center in Hawaii indicated that a repeat of the tsunami disaster on December 26, 2004 was unlikely. Earthquakes are not unusual in Indonesia, which sits on the Pacific "ring of fire" and has more than 100 active volcanoes on its 17,000 islands.

DOJ_NMG_0041821

In May, a 6.3-magnitude earthquake centred a few hundred kilometres to the east of Monday's quake left almost 6,000 dead and destroyed more than 100,000 homes near the central Javanese city of Yogyakarta.

The December 2004 Indian Ocean tsunami after a 9.0 magnitude quake off western Sumatra left more than 160,000 dead or missing in the province of Aceh alone.

It was unclear on Monday night whether the affected areas of Java had received notice of the tsunami from warning centres in Hawaii and Tokyo set up after the 2004 disaster.

If they did not, this points to what remains the biggest hole in the system – the local infrastructure through which the message is supposed to be relayed. In a test earlier this year text messages took hours to reach mobile phones in Thailand, and in Indonesia faxed warnings have taken hours to be passed on to authorities.

A big Java refinery was not damaged, an official said.

Tsunami Triggered By Quake Kills At Least 226 In Indonesia (WP)

By Alan Sipress

The Washington Post, July 18, 2006

JAKARTA, Indonesia, July 17 -- Six-foot tsunami waves triggered by an underwater earthquake swamped several resorts and village seafronts on the southern coast of Java island Monday, killing at least 226 people, officials reported. Dozens more were reported missing in the area, which apparently had no warning system.

A wall of water crashed into the resort town of Pangandaran, badly damaging modest hotels, restaurants and rows of beachfront homes, witnesses told Indonesian radio and television.

"All the houses were destroyed along the beach," a woman named Teti told el-Shinta radio in a rambling, emotional account. She said she had been playing with a half-dozen friends along the beach when they spotted the wall of water nearly five feet high.

"It chased us from the beach and we ran to the hill," she said. Teti added that she saw three dead bodies.

The magnitude 7.7. earthquake occurred about 3:15 p.m. and was centered about 150 miles off the southern coast of Java, Indonesia's most populous island. It was followed within the hour by several aftershocks. Office workers in high-rise buildings as far away as Jakarta, the capital, located on Java's north coast, said they felt tremors.

Indonesians became acutely aware of the ocean's devastating power in December 2004 when the South Asia tsunami was triggered by a massive magnitude 9.0 undersea earthquake off Sumatra island. It left more than 170,000 dead or missing in Aceh province and flattened much of the provincial capital.

Around the Indian Ocean basin, a total of at least 235,000 people died as a result of the tsunami. Water crashed with devastating force into coastlines in Thailand, Sri Lanka, India and East Africa.

The Associated Press reported that Sumatra now has a tsunami alarm system to alert people to leave coastal areas, but Java's is not due to begin operation until 2007. So there was no organized warning to people along the approximately 110 miles of coastline when the waves struck on Monday.

Witnesses in Pangandaran said that as the wave approached, people shouted "Tsunami! Tsunami!" and climbed trees or crowded into inland mosques. In some places, the water was reported to have traveled 900 feet inland. Power lines were washed out.

Another witness to Monday's wave, Miswen, who lives 50 yards from the ocean in Pangandaran, told el-Shinta radio that he saw the seawater recede shortly after the earthquake. Within half an hour, he saw three huge swells racing toward the shore.

"I shouted to people to start running. We were afraid that what happened in Aceh would happen here," he said. "I'm sure many people died on the beach."

When the water retreated, parts of the town were littered with plastic sheeting, boxes, splintered wood and other debris. Rescue workers struggled to move an injured woman, carrying her in a woven mat; medical personnel treated an injured Belgian tourist.

Bodies of dead children and adults, covered by cloths, were laid out on the white tile floor of a local community health center. Relatives raised the cloths fearfully to see if loved ones were among the deceased.

...

"We are going to send body bags, tents and other equipment," she said. "Around 650 fishing boats are damaged."

Indonesia's official Antara news agency reported that deaths had occurred at two other beach resorts in Java. Metro TV put the number of dead at more than 30 in the central Java port of Cilacap.

Indonesian President Susilo Bambang Yudhoyono told reporters that rescue efforts were underway to locate people who were swept away.

DOJ_NMG_0041822

"Up to now, we can't tell how many people are dead and hurt," Yudhoyono said. "The local government has started to evacuate people from the area."

Credit-Card Issuers Get Warning (WSJ)

The Wall Street Journal, July 18, 2006

BRUSSELS -- European Competition Commissioner Neelie Kroes called on credit-card companies and banks to end anticompetitive behavior in the payment-card services they provide to consumers, or face antitrust action.

"Problems in the market result from anticompetitive behavior by market players," she said. "We are not waiting."

Speaking at a public hearing on the first findings of the European Union's retail-banking inquiry, Ms. Kroes said more competition is needed between banks that provide payment-card services for shops.

"In some member states there is only one provider," she said, and often this is a joint venture owned by the local banks. In other member states there are "only a handful" of banks which provide the service, she said.

Credit-card companies such as MasterCard International Inc. and Visa International Ltd. must open up their networks to other payment operators, she said, allowing banks more choice in how to wire money across borders. Ms. Kroes's office already has asked payment-card companies Visa Europe and MasterCard to make domestic and cross-border prices the same, open up their networks and share their antifraud database with competitors.

Changes must also be made to the way banks collectively set fees for credit- and debit-card services, Ms. Kroes said. This "amounts to a 'tax' on businesses and consumers," she said. The commissioner said the best way to achieve the EU objectives was for the banks and card companies to take action themselves.

"Those involved in the industry should continue to examine their practices and improve them where possible," she said. If not, she warned, the EU would take antitrust action.

In April Ms. Kroes accused card providers such as Visa and MasterCard of racking up "abnormal" and "excessive" profits for banks. She told them to make changes or face antitrust investigations that could force them to overhaul their business or pay fines.

Both Visa and MasterCard rejected the commission's conclusions, claiming the commission was using flawed data and had failed to grasp how interchange fees covering the processing of payments were an important part of their pricing model.

Visa Europe Chief Executive Peter Ayliffe said the industry needed the freedom to set interchange fees for different markets and deserves a return on investments that allows it to push ahead with innovations such as the "chip and pin" system.

The banking industry would spend some €5 billion, or more than $6 billion, to create a single European payment area by 2010, he said. The commission has also been pushing for this so customers would pay the same price to make payments or transfer money to or from another country in the 12 nations that use the euro currency.

Javier Perez, MasterCard regional president, said anything to undermine payment cards would push customers toward more expensive payments such as store cards.

EU regulators charged MasterCard in June with price-fixing for the fees retailers must pay for accepting MasterCard and Maestro-branded cards. This could cause MasterCard to be forced to end the fees.

Turning to the EU's probe into retail banking, Ms. Kroes said the preliminary findings were that consumers often find it too inconvenient or expensive to switch bank accounts. "We found that less than 8% of European customers decided to switch their current accounts in 2005 -- and this low level of customer mobility is worrying," she said.

The banking industry remains too fragmented along national boundaries, Ms. Kroes said, with very few banks becoming major players outside their home countries. "Consumers aren't being well served," she said, adding that it wasn't yet clear what was the root of the problem.

After hearing all parties, soliciting opinions until Oct. 5 and conducting further investigations, Ms. Kroes will decide if her office should take action.

Maple Leaf Model (WSJ)

The Wall Street Journal, July 18, 2006

By all reports, President Bush and Conservative Canadian Prime Minister Stephen Harper had a meeting of the minds at the White House earlier this month. At their joint press conference, Mr. Harper got a tad carried away when he referred to the U.S.-Canada relationship as the strongest "in the history of mankind."

But even discounting for hyperbole, we think Mr. Harper deserves credit, and more media coverage, for his recent announcement that Canada will spend US$13.5 billion to upgrade its military. The money will go to purchase much-needed equipment, including 16 military helicopters, three navy supply ships, 2,300 high-tech trucks, and 21 aircraft capable of transporting troops and heavy equipment.

DOJ_NMG_0041823

The Harper government had previously announced plans to add 23,000 troops to Canada's current force of 62,000 active-duty and 26,000 reserve forces, and to boost base military spending to C$20 billion over the next five years from C$14 billion. In May, the Canadian Parliament voted to keep Canadian troops in Afghanistan until 2009.

What a difference an election makes. Last year, before the Conservatives beat the Liberals in a close vote, Canada spent a mere 1.1% of its GDP on defense, the lowest in NATO after tiny Luxembourg. By contrast, the U.S. spent 3.8%, and the NATO average was 1.9% (a figure inflated by high levels of defense spending in Greece and Turkey, which are preparing for the possibility of fighting each other). Germany spent a mere 1.4% of GDP on defense last year; Italy, 1.8%; and Spain, 1.2%. Britain and France both broke the unofficial NATO expectation of 2% of GDP at 2.5% and 2.3%, respectively.

The Western European members of NATO have been pledging to modernize their militaries for more than a decade, but nothing seems to happen. Now Canada has given them a good example to follow.

DOJ_NMG_0041824

Nichols, Carl (CIV)

From:	Nichols, Carl (CIV)
Sent:	Tuesday, July 18, 2006 8:26 AM
To:	Bucholtz, Jeffrey (CIV); Katsas, Gregory (CIV); Hunt, Jody (CIV); Shapiro, Elizabeth (CIV); Swenson, Lily F
Cc:	Seidel, Rebecca; Gorsuch, Neil M
Subject:	Re: AG Hearing-FOIA

5 is usually invoked for privileges (eg WP and ACP, but also DPP) that are also available in non-FOIA litigation. Can't recall off the top of my head what 2 is, but it's not for classified info -- that's 1

-----Original Message-----
From: Bucholtz, Jeffrey (CIV) <JBucholt@CIV.USDOJ.GOV>
To: Nichols, Carl (CIV) <canichol@CIV.USDOJ.GOV>; Katsas, Gregory (CIV) <GKatsas@CIV.USDOJ.GOV>; Hunt, Jody (CIV) <JHunt@CIV.USDOJ.GOV>; Shapiro, Elizabeth (CIV) <EShapiro@CIV.USDOJ.GOV>
CC: Seidel, Rebecca <Rebecca.Seidel@SMOJMD.USDOJ.gov>
Sent: Tue Jul 18 08:12:36 2006
Subject: Fw: AG Hearing-FOIA

Could one of you pls respond to Rebecca, Neil, and Lily as best you can offhand (this is for the hearing today, so there's no time to collect statistics). Thx.

-----Original Message-----
From: Seidel, Rebecca <Rebecca.Seidel@SMOJMD.USDOJ.gov>
To: Nichols, Carl (CIV) <canichol@CIV.USDOJ.GOV>; Bucholtz, Jeffrey (CIV) <JBucholt@CIV.USDOJ.GOV> ; Gorsuch, Neil M <Neil.Gorsuch@SMOJMD.USDOJ.gov>; Swenson, Lily F <Lily.Fu.Swenson@SMOJMD.USDOJ.gov>
Sent: Tue Jul 18 08:03:13 2006
Subject: Fw: AG Hearing-FOIA

See below. What are FOIA exemptions 2 and 5? Are they national secutiry related? I doubr we can get answer on how many times, but would like to tell AG what they are.

-----Original Message-----
From: Moschella, William
To: Seidel, Rebecca
Sent: Tue Jul 18 07:59:43 2006
Subject: Fw: AG Hearing

Fyi

Sent from my BlackBerry Wireless Handheld

-----Original Message-----
From: [redacted]@judiciary-dem.senate.gov <[redacted]@judiciary-dem.senate.gov>
To: Moschella, William
Sent: Mon Jul 17 18:10:25 2006
Subject: RE: AG Hearing

Will, with respect to FOIA, the Senator is interested in how often the Department seeks to withhold information by asserting the exemptions under FOIA in litigation. Particularly, exemptions 2 and 5. Has this number increased or decreased in the last 2 years.

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From: William.Moschella@usdoj.gov [mailto:William.Moschella@usdoj.gov]
Sent: Monday, July 17, 2006 5:44 PM
To: [redacted]@judiciary-dem.senate.gov
Cc: [redacted](Judiciary-Dem)
Subject: RE: AG Hearing

What is "status of Department's FOIA litigation" refer to? We have lots of FOIA litigation. Also, did you ever find the letter re: monitoring of journalists?

-----Original Message-----
From: [redacted]@judiciary-dem.senate.gov
[mailto[redacted]@judiciary-dem.senate.gov]
Sent: Thursday, July 13, 2006 3:56 PM
To: Moschella, William
Cc: [redacted]@judiciary-dem.senate.gov
Subject: RE: AG Hearing

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W/r/t your question .... hard to say. Perhaps we will read about another secret program on Tuesday morning, and all bets are off. But possibilities include: monitoring of journalist calls in Vt and elsewhere (Leahy sent a letter to AG on this); increase in violent crime; status of Department's FOIA litigation.

jek

-----Original Message-----
From: William.Moschella@usdoj.gov [mailto:William.Moschella@usdoj.gov]
Sent: Thursday, July 13, 2006 3:39 PM
To: [redacted](Judiciary-Dem)
Subject: AG Hearing

Other than Hamdan and TSP, are there particular areas that Sen. Leahy would like the AG to be

prepared?

I would like to avoid the post-hearing get backs to a minimum.

Sent from my BlackBerry Wireless Handheld

Nichols, Carl (CIV)

From: Nichols, Carl (CIV)
Sent: Tuesday, July 18, 2006 8:39 AM
To: Gorsuch, Neil M; Swenson, Lily F
Subject: Fw: AG Hearing-FOIA

-----Original Message-----
From: Shapiro, Elizabeth (CIV) <EShapiro@CIV.USDOJ.GOV>
To: Bucholtz, Jeffrey (CIV) <JBucholt@CIV.USDOJ.GOV>; Nichols, Carl (CIV) <canichol@CIV.USDOJ.GOV>
; Katsas, Gregory (CIV) <GKatsas@CIV.USDOJ.GOV>; Hunt, Jody (CIV) <JHunt@CIV.USDOJ.GOV>
CC: Seidel, Rebecca <Rebecca.Seidel@SMOJMD.USDOJ.gov>
Sent: Tue Jul 18 08:26:41 2006
Subject: RE: AG Hearing-FOIA

Rebecca,

FOIA exemption 2 is to protect internal agency procedures, and in most circuits is broken into "low 2" and "high 2". Low 2 is ordinarily internal agency markings and other trivial notations that implicate internal agency organization but have no greater import. High 2, however, is to protect internal agency procedures such as manuals and internal guidance, the disclosure of which may result in circumvention of the law. An example is the Secret Service's withholding of a training manual on how to perform its protective services. High 2 cases can implicate national security. We have argued, for example, that the release of inteernal dam innundation maps could lead to circumvention of the law by aidding terrorists in the planning of terrorist attacks on our critical infrastructure.

FOIA exemption 5 protects information that would normally be protected in litigation. It would not normally involve national security, but it could if presidential communications or other deliberative exchanges involved that sort of discussion.

-----O riginal Message-----
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Importance: High

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Gorsuch, Neil M

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Cc:	Seidel, Rebecca
Subject:	RE: AG Hearing-FOIA

2 = agency personnel rules/practices incl. info that would disclose identities of undercover agents/intelligence sources/law enforcement methods as well as info. related to agency self-assessments on issues like preparedness for another terrorist attack

5, as Carl indicates, is used for all manner of privileges from civil discovery - deliberative process, atty/client, work product.

-----Original Message-----
From: Nichols, Carl (CIV)
Sent: Tuesday, July 18, 2006 8:26 AM
To: Bucholtz, Jeffrey (CIV); Katsas, Gregory (CIV); Hunt, Jody (CIV); Shapiro, Elizabeth (CIV); Swenson, Lily F
Cc: Seidel, Rebecca; Gorsuch, Neil M
Subject: Re: AG Hearing-FOIA

5 is usually invoked for privileges (eg WP and ACP, but also DPP) that are also available in non-FOIA litigation. Can't recall off the top of my head what 2 is, but it's not for classified info -- that's 1

-----Original Message-----
From: Bucholtz, Jeffrey (CIV) <JBucholt@CIV.USDOJ.GOV>
To: Nichols, Carl (CIV) <canichol@CIV.USDOJ.GOV>; Katsas, Gregory (CIV) <GKatsas@CIV.USDOJ.GOV>; Hunt, Jody (CIV) <JHunt@CIV.USDOJ.GOV>; Shapiro, Elizabeth (CIV) <EShapiro@CIV.USDOJ.GOV>
CC: Seidel, Rebecca <Rebecca.Seidel@SMOJMD.USDOJ.gov>
Sent: Tue Jul 18 08:12:36 2006
Subject: Fw: AG Hearing-FOIA

Could one of you pls respond to Rebecca, Neil, and Lily as best you can offhand (this is for the hearing today, so there's no time to collect statistics). Thx.

-----Original Message-----
From: Seidel, Rebecca <Rebecca.Seidel@SMOJMD.USDOJ.gov>
To: Nichols, Carl (CIV) <canichol@CIV.USDOJ.GOV>; Bucholtz, Jeffrey (CIV) <JBucholt@CIV.USDOJ.GOV>

; Gorsuch, Neil M <Neil.Gorsuch@SMOJMD.USDOJ.gov>; Swenson, Lily F <Lily.Fu.Swenson@SMOJMD.USDOJ.gov>
Sent: Tue Jul 18 08:03:13 2006
Subject: Fw: AG Hearing-FOIA

See below. What are FOIA exemptions 2 and 5? Are they national secutiry related? I doubr we can get answer on how many times, but would like to tell AG what they are.

-----Original Message-----
From: Moschella, William
To: Seidel, Rebecca
Sent: Tue Jul 18 07:59:43 2006
Subject: Fw: AG Hearing

Fyi

Sent from my BlackBerry Wireless Handheld

-----Original Message-----
From: [redacted]@judiciary-dem.senate.gov <[redacted]@judiciary-dem.senate.gov>
To: Moschella, William
Sent: Mon Jul 17 18:10:25 2006
Subject: RE: AG Hearing

Will, with respect to FOIA, the Senator is interested in how often the Department seeks to withhold information by asserting the exemptions under FOIA in litigation. Particularly, exemptions 2 and 5. Has this number increased or decreased in the last 2 years.

-----Original Message-----
From: William.Moschella@usdoj.gov [mailto:William.Moschella@usdoj.gov]
Sent: Monday, July 17, 2006 5:44 PM
To: [redacted]@judiciary-dem.senate.gov
Cc: [redacted] (Judiciary-Dem)
Subject: RE: AG Hearing

What is "status of Department's FOIA litigation" refer to? We have lots of FOIA litigation. Also, did you ever find the letter re: monitoring of journalists?

-----Original Message-----
From: [redacted]@judiciary-dem.senate.gov
[mailto:[redacted]@judiciary-dem.senate.gov]
Sent: Thursday, July 13, 2006 3:56 PM
To: Moschella, William
Cc: [redacted]@judiciary-dem.senate.gov
Subject: RE: AG Hearing

Hi, Will. Thanks very much to you and your staff for hunting down the Ashcroft Q&A before our hearing on Tuesday. Weird that it didn't make it into the bound volumes, or the official archives.

W/r/t your question .... hard to say. Perhaps we will read about another secret program on Tuesday morning, and all bets are off. But possibilities include: monitoring of journalist calls in Vt and elsewhere (Leahy sent a letter to AG on this); increase in violent crime; status of Department's FOIA litigation.

jek

-----Original Message-----
From: William.Moschella@usdoj.gov [mailto:William.Moschella@usdoj.gov]
Sent: Thursday, July 13, 2006 3:39 PM
To: [redacted] (Judiciary-Dem)
Subject: AG Hearing

Other than Hamdan and TSP, are there particular areas that Sen. Leahy would like the AG to be prepared?

I would like to avoid the post-hearing get backs to a minimum.

Sent from my BlackBerry Wireless Handheld

McKenzie, Peggy (CIV)

From:	McKenzie, Peggy (CIV)
Sent:	Tuesday, July 18, 2006 1:23 PM
To:	Agarwal, Asheesh (CRT); Bahr, Dorothy (CIV); Baxter, Felix (CIV); Beckner, Rick (CIV); Bordeaux, JoAnn (CIV); Bucholtz, Jeffrey (CIV); Calvert, Chris (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fishback, David (CIV); Flentje, August (CIV); Fowler, Liane (SMO); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Goldberg, Arthur (CIV); Gorsuch, Neil M; Gray, Towanda (CIV); Hertz, Michael (CIV); Hollis, Robert (CIV); Hudson, Lewis (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennings, Geraldine (CIV); Katsas, Gregory (CIV); Keener, Donald (CIV); Kent, Alexander (CIV); Kohl, Christine (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Liner, Linda (CIV); Lloyd, Shirley (CIV); Lucas, Regina E. (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Schiffer, Stuart (CIV); Shannen Coffin; Shaw, Aloma A; Swenson, Lily F; Thirolf, Eugene; Williams, Angela (CIV); Williams, Toni (CIV); Willis, Kerry (CIV); Zwick, Ken (CIV)
Subject:	7/18 CIV Weekly Report to the AG
Attachments:	CivDivWkly0718.wpd

U.S. Department of Justice

Civil Division

Assistant Attorney General *Washington, D.C. 20530*

July 18, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Peter D. Keisler
Assistant Attorney General

SUBJECT: Civil Division Weekly Report to the Attorney General

A. NEXT WEEK

- No items to report.

B. THIS WEEK

- ***Defendant in Miami Fraud Case Arrested in Costa Rica***
  United States v. Russell G. MacArthur [Southern District of Florida] (Judge Martinez). On July 17, Russell G. MacArthur was arrested in Costa Rica, where he fled several days after being indicted, arrested, and making his initial court appearance last August. MacArthur is charged with conspiracy, mail fraud, wire fraud, and criminal contempt for setting up American Entertainment Distributors, Inc., a Florida-based company that fraudulently sold $19 million in DVD vending machines to consumers throughout the United States. At the time, MacArthur was under a federal court order banning him from the "business opportunity" business. One defendant has pled guilty in the case. MacArthur and six co-defendants are scheduled to stand trial beginning October 10. The government will now attempt to extradite MacArthur from Costa Rica.

C. LAST WEEK

· ***Court Dismisses Generic Drug Company's Challenge to Denial of Application To Import Controlled Substance***

John Doe, Inc. v. Gonzales [District of Columbia]. On June 29, Judge Kollar-Kotelly denied plaintiff's motion for a preliminary injunction and dismissed plaintiff's claims without prejudice. This action was brought by a manufacturer of generic pharmaceutical products challenging the Drug Enforcement Administration's May 5 denial of its application under the Controlled Substances Act (CSA) to import dronabinol encapsulated in a soft gelatin capsule. The district court concluded that it lacked subject-
matter jurisdiction over plaintiff's claims because either that denial was not final agency action for purposes of the Administrative Procedure Act, or, if final, the D.C. Circuit, not the district court, had jurisdiction over plaintiff's claim pursuant to the CSA. Plaintiff subsequently moved the district court to vacate its order and instead transfer this action to the D.C. Circuit. By Order of July 6, the district denied that motion on grounds that the court had not concluded that the D.C. Circuit had jurisdiction over plaintiff's claim at this time.

· ***"Fair Balance" Claim Under Federal Advisory Committee Act Held Nonjusticiable***

Center for Policy Analysis on Trade and Health v. Office of the United States Trade Representative [Northern District of California]. On June 29, Judge Martin J. Jenkins granted the government's motion to dismiss an action in which plaintiffs allege that several industry trade advisory committees established pursuant to the Trade Act of 1974 were in violation of the "fair balance" requirement of the Federal Advisory Committee Act. The district court concluded that plaintiffs' claim was nonjusticiable because there was no meaningful standing by which the court could determine whether the challenged advisory committees were fairly balanced within the context of the Trade Act.

· ***Court Certifies Class in Katrina Victims' Suit After Ruling on Merits***

McWaters v. Federal Emergency Management Agency (Eastern District of Louisiana). On June 30, Judge Stanwood R. Duval, Jr., certified a Rule 23(b)(2) class. The class certification order was issued after a two-day trial on plaintiffs' claims held in February, and two weeks after the court issued a final decision on the merits which dismissed 14 of plaintiffs' 17 claims. Plaintiffs sought to represent a nationwide class of Katrina victims who, plaintiffs allege, were erroneously denied housing assistance by the Federal Emergency Management Agency (FEMA), whose applications for housing assistance remained pending before FEMA, or who had received housing assistance below the fair market rental rates for their locations. Although the order did not certify as expansive a class as the one plaintiffs proposed, it defined the class to include, inter alia, all persons

who "applied for assistance" under the Stafford Act. Thus, not only does the order encompass those Katrina victims covered by the three claims decided in plaintiffs' favor, it appears to encompass as well those persons who are covered by the 14 claims decided in FEMA's favor. We therefore intend to use the decision as a ground to support our motion to dismiss some of the claims asserted in *Watson v. FEMA* (Southern District of Texas), another putative class action Katrina suit that asserts some of the claims decided in the government's favor in *McWaters*.

- ***Sixth Circuit Holds that Sentence Disparity Created by Absence of Fast-Track Program Is not a Basis For Below-Zone Booker Variance From Sentencing-Guideline Range***
  United States v. Hernandez-Fierros, [6th Cir.]. On July 3, the Sixth Circuit affirmed the district court's refusal to sentence below the advisory U.S. Sentencing Guideline range. Defendant, a previously-deported aggravated felon sentenced for violation of 8 U.S.C. § 1326(a) and (b)(2), argued at sentencing and on appeal that the unavailability of fast-track disposition in his district created an unwarranted sentencing disparity that justified a below-zone sentence variance pursuant to 18 U.S.C. § 3553(a)(6). The district court rejected that argument, finding that any disparity was outweighed by the needs for deterrence and to protect the public. The Sixth Circuit expressly joined the Seventh and Tenth Circuits in holding that the need to avoid sentence disparity was only one of several statutory factors to be considered in determining an appropriate sentence, and that the disparity created by the geographically-targeted implementation of fast-track programs was not unwarranted because those programs are authorized by statute and are implemented based on the unique problems of fast-track districts.

- ***Fifth Circuit Joins Tenth Circuit in Finding No Jurisdiction to Review "Extreme Cruelty" Determination in Special-Rule Cancellation Case***
  Wilmore v. Gonzales [5th Cir.]. On July 5, the Fifth Circuit ruled that a determination whether an applicant for cancellation of removal under the "special rule" in section 240A(b)(2) of the Immigration and Nationality Act had been subjected to "extreme cruelty" by his or her spouse was discretionary, similar to determinations regarding "extreme hardship," and therefore removed from judicial review by INA § 242(a)(2)(B)(I). The Court expressly agreed with the Tenth Circuit's similar conclusion in *Perales-Cumpean v. Gonzales* and disagreed with the Ninth Circuit's earlier assertion of jurisdiction in *Hernandez v. Ashcroft.* The Court also ruled that the REAL ID Act did not confer jurisdiction to review "extreme cruelty" determinations.

- ***Katrina Evacuees Move for Second Time for Preliminary Injunction Requiring Continued Rental Assistance***
  Armstead v. Nagin [E.D. La.]. On July 6, Magistrate Judge Joseph C. Wilkinson, Jr., recommended denial of plaintiffs' second motion for preliminary injunction. Plaintiffs, a husband and wife who evacuated New Orleans because of Hurricane Katrina, allege that the Federal Emergency Management Agency (FEMA) has not given them the rental assistance to which they are entitled, that the President provided insufficient notice of the need to evacuate and failed to "render prompt and necessary aid" after the hurricane, and that FEMA discriminates among Katrina victims by giving more support to some applicants than to others. Plaintiffs filed a motion for preliminary injunction in April 2006, seeking to require FEMA to provide them rental assistance, but that motion was denied as moot after FEMA reversed its initial denial of assistance. In June 2006, the

plaintiffs, acting without their attorney, faxed a second motion for preliminary injunction to the Court, asserting that FEMA had improperly declined to continue plaintiffs' rental assistance. That motion was unsigned, did not include a certificate of service, and was not noticed for hearing, and Magistrate Judge Wilkinson entered an order, on June 23, directing plaintiffs' counsel to confer with his clients and to file and serve the motion properly by June 30. When plaintiffs' counsel failed to comply, Judge Wilkinson recommended denial of the second motion on July 6. On July 7, plaintiffs' counsel filed a second motion for preliminary injunction, and noticed it for hearing on July 26. The

principal issue — aside from our jurisdictional defenses — is whether plaintiffs have adequately documented their eligibility for continued rental assistance.

- ***Fifth Circuit Holds That U.S. Citizenship Is not Automatically Obtained by Virtue of Adoption by a U.S. Citizen***
  Marquez-Marquez v. Gonzales [5th Cir.]. On July 6, the Fifth Circuit held that an alien did not automatically obtain U.S. citizenship pursuant to section 301(g) of the Immigration and Naturalization Act, 8 U.S.C. § 1401(g), by virtue of her adoption by a U.S. citizen, because adoption does not establish the "blood relationship" required by section 301 for obtaining citizenship at birth. Because Petitioner was removable by reason of having committed a criminal offense, the Court ruled it lacked jurisdiction under 8 U.S.C. § 1252(a)(2)©, to review her challenge to the rulings of the Immigration Judge and the Board denying her relief under former section 212©.

- ***Ninth Circuit Grants Rehearing, Holds that Unlawful Sexual Intercourse with a Minor Is an Aggravated Felony.***
  Soto-Armenta v. Gonzales, [9th Cir.]. On July 6, the Ninth Circuit granted the government's petition for rehearing, withdrew its prior decision, and issued a new decision. The new decision holds that Soto-Armenta's California conviction for unlawful sexual intercourse with a minor is an aggravated felony "sexual abuse of a minor" under 8 U.S.C. § 1101(a)(42)(A). The government's petition for rehearing urged that the Court's prior decision was inconsistent with *Afridi v. Gonzales*, 442 F.3d 1212 (9th Cir. 2006).

- ***Seventh Circuit Holds that War Veteran Who Served During Time of Hostilities Is not Exempt From Establishing Good Moral Character For Purposes of Naturalization Under 8 U.S.C. §1440***.
  O'Sullivan v. U.S. Citizenship and Immigration Services [7th Cir.]. On July 6, the Seventh Circuit affirmed the district court's decision denying an alien wartime veteran's petition for naturalization which had been filed while removal proceedings were pending, even though the petitioner qualified for treatment as a veteran who served during a period of designated military hostilities (Vietnam War) pursuant to 8 U.S.C. §1440. Petitioner's distribution of cocaine conviction was an aggravated felony and prevented him from establishing the "good moral character" element in his naturalization petition, and the aggravated felony bar in 8 U.S.C. §1101(f)(8) applies to wartime veterans seeking the benefit of citizenship through naturalization.

- ***Court Refuses To Enter Temporary Injunction in Challenge to Medicaid Citizenship Requirement***
  Bell v. Leavitt [Northern District of Illinois]. On July 7, Judge Ronald A. Guzman

declined to enter a temporary restraining order on behalf of plaintiffs. This putative class action concerns section 6036 of the Deficit Reduction Act of 2005, which requires Medicaid beneficiaries or applicants who claim U.S. citizenship to produce documentation of their citizenship, such as, inter alia, a passport or birth certificate. Section 6036 became effective on July 1, 2006; previously, Medicaid applicants and beneficiaries could establish their citizenship for Medicaid purposes in most states by signing a declaration under penalty of perjury. Plaintiffs had sought to enjoin enforcement of a June 9 implementation letter that the Secretary of Health and Human Services transmitted to state Medicaid directors advising them of the Secretary's preliminary interpretation of section 6036. Plaintiffs argued the letter violated the Administrative Procedure Act and the Due Process Clause. Judge Guzman agreed with our argument that plaintiffs' claims concerning the June 9 letter were mooted by the Secretary's July 6 release of an interim final rule, which supersedes any effect the June 9 letter may have had. The interim final rule exempts from the new documentation requirement most Medicaid beneficiaries or applicants who are also receiving Supplemental Security Income, as well as those who are also eligible for Medicare; most of the named plaintiffs in *Bell* fall into one or both of those categories. As a result, counsel for plaintiffs stated plaintiffs' intent to amend their complaint, which includes an alternative claim that section 6036 itself violates the Fifth Amendment Due Process Clause. Judge Guzman, however, *sua sponte* granted plaintiffs leave to take discovery from the government before filing an amended complaint, and set a status conference for July 28.

Magistrate Judge Recommends Dismissal of Facial Claims Challenging "Program Integrity" Regulation for Legal Services Grantees

Legal Aid Services of Oregon v. Legal Services Corporation and *State of Oregon v. Legal Services Corporation* [District of Oregon]. On July 10, Magistrate Judge Paul Papak issued a recommendation that motions to dismiss filed by the United States and the Legal Services Corporation (LSC) be granted, in part. The United States moved to intervene in these cases to defend the constitutionality of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 ("1996 Act"). That act expanded the scope of restrictions on certain litigation activities of grantees of LSC's funds. The present regulation implementing the 1996 Act – called the program integrity regulation – allows the funded grantees to establish affiliations with separate organizations which may engage in prohibited activities funded solely with non-federal funds so long as the affiliates maintain "objective integrity and independence" from the grantees. In *Legal Aid Services of Oregon,* Judge Papak recommended that the United States' and LSC's motions to dismiss be granted with respect to: (1) plaintiffs' facial challenges to the 1996 Act and the program integrity regulation under the First and Fifth Amendments, (2) plaintiffs' challenge to the regulation under the Establishment Clause, and (3) plaintiffs' challenge to the 1996 Act and the regulation on vagueness grounds. Judge Papak, however, found that factual disputes need to be resolved with regard to plaintiffs' as-applied First Amendment challenge to the 1996 Act and the regulation and thus recommended that the motions to dismiss on this issue be denied with leave to file a renewed motion for summary judgment after limited discovery. In *State of Oregon,* Judge Papak recommended that the plaintiffs' challenges to the program integrity regulation under the Tenth Amendment and the Spending Clause be dismissed in their entirety. Objections to the Magistrate's Findings and Recommendation are due by July 24.

- ***Southern District of New York Grants Prelilminary Injunction Requiring Government to Decide Pending Nonimmigrant Visa Application Within 90 Days***
  American Academy of Religion, et al, v. Chertoff, et al. [S.D. N.Y.]. On June 23, Judge Crotty required the Government to adjudicate the nonimmigrant visa petition of Swiss national Tariq Ramadan within 90 days. The Court denied plaintiffs' request to enjoin the government from excluding Mr. Ramadan on any particular basis. Plaintiffs, American groups that wish to meet in the United States with Mr. Ramadan, allege that the government is violating their First Amendment rights by excluding him pursuant to 8 U.S.C. § 1182(a)(3)(B)(i)(VII), which renders inadmissible aliens who "endorse or espouse" terrorism. Although Mr. Ramadan has not been excluded on this basis, his visa application has been pending since September 2005.

- ***United States Defeats Defendants' Motion to Quash Asset Garnishment***
  United States v. Lighthouse Disaster Relief, Gary Heldreth, and Kerry Farmer, Civ. No. 46-32M-86 [M..D. La., filed February 27, 2006](J. Brady). On July 10, the United States defeated statutory and constitutional challenges to its use of the Federal Debt Collection Procedures Act to garnish $1.4 million pending trial in a Katrina fraud case. In the False Claims Act suit, the U.S. alleges that Lighthouse Disaster Relief and its principals did not adequately perform their responsibilities under a contract to construct a base camp for Hurricane Katrina first responders, and that they billed the government for services they never delivered. The government also successfully applied for relief under the Federal Debt Collection Procedures Act, garnishing Defendants' bank accounts pending trial.

- ***D.C. Circuit Vacates Class Notice Order in Cobell Case, and Directs that this Indian Trust Litigation be Reassigned to a Different District Court Judge***
  Cobell v. Norton [United States Court of Appeals for the District of Columbia Circuit; United States District Court for the District of Columbia]. On July 11, the District of Columbia Circuit (Tatel, Brown, Silberman) vacated an order requiring the Department of the Interior to declare in all written communications with class members that "any" information provided about trust matters "may be unreliable." The court also granted the government's motion to reassign this 10-year old litigation to another district court judge, citing the district court's unwarranted condemnation of Interior and the unbroken string of eight appeals in which it reversed or vacated the district court's rulings.

- ***D.C. Circuit Vacates Injunction Requiring Interior Department to Disconnect its Computers from the Internet and Internal Networks***
  Cobell v. Norton [United States Court of Appeals for the District of Columbia Circuit; United States District Court for the District of Columbia]. On July 11, the District of Columbia Circuit (Tatel, Brown, Silberman) vacated an injunction requiring the Department of the Interior to disconnect its computer systems from the internet and from all internal agency networks. Noting the lack of evidence of any direct threat to trust-related data, and concluding that the district court had "seemingly disregarded the harm [such] an injunction would cause to Interior and those depending on Interior's services," the court held that the district court had abused its discretion by granting the injunction.

- ***Court of Federal Claims Holds that Equal Pay Act Claims Are not a "Continuing Violation" Under National R.R. Passenger Corp. v. Morgan, 536 U.S. 101 (2002)***
  Weber v. United States [Court of Federal Claims No. 06-1290C] (Lettow).

On July 11, the Court of Federal Claims dismissed Enid W. Weber's claims for disparate pay that accrued prior to the three-year statute of limitations applicable to willful violations of the Equal Pay Act, 29 U.S.C. § 206(d). Interpreting Morgan in a case of first impression, the court rejected Ms. Weber's contention that her allegations of gender-based disparate pay demonstrated a "continuing violation," which would have permitted her to maintain a claim for damages based in part upon allegedly due compensation outside of the applicable statute of limitations. The court held that actionable Equal Pay Act claims accrue when each paycheck becomes due. Such claims do not constitute a "continuing violation" because the alleged disparate pay involves "a series of distinct events or wrongs" under Morgan.

- ***District Court Upholds Food and Drug Administration in Generic Drug Action***
Sandoz v. Food and Drug Administration [District Court for the District of Columbia] (Judge Lamberth). On July 12, the court denied a preliminary injunction sought by Sandoz, Inc., a manufacturer of generic Zocor. Sandoz challenged the Food and Drug Administration (FDA) relisting of the two patents for simvastatin (the generic name of Zocor) and the agency's requirement that the generic applicants refile their Abbreviated New Drug Applications. The court concluded that Sandoz had no chance to succeed on the merits and had not shown irreparable harm. This case arose out of the earlier ruling by Judge Roberts in a separate case involving the same drug that FDA could not deny six months' marketing exclusivity to Teva and Ranbaxy, two other manufacturers of generic Zocor. That ruling is now on appeal to the D.C. Circuit.

- ***Federal Circuit Affirms Dismissal of Claim for Military Pay As Untimely***
MacLean v. United States, *No. 05-5149 [Fed. Cir. - Friedman, Michel, Gajarsa]*. On July 12, the Court of Appeals for the Federal Circuit affirmed the decision of the Court of Federal Claims to dismiss as untimely the claims for military pay filed by Norbert Basil MacLean. Mr. MacLean was convicted by a court-martial of several offenses, and was dishonorably discharged from the Navy. Prior to the date upon which his commanding officer recommended to the convening authority that he be subject to court-martial, Mr. MacLean filed a complaint of wrongs, known as an Article 32 complaint, against his commanding officer. The Navy sustained Mr. MacLean's Article 32 complaint during the pendency of the court-martial. Mr. MacLean alleged that the Navy purposefully concealed from him its decision regarding his Article 32 complaint until more than eight years after his discharge and that, accordingly, the six-year statute of limitations applicable to claims for military pay should be equitably tolled. The Federal Circuit rejected that contention, finding that even if the six-year statute of limitations is subject to equitable tolling, which the court declined to decide, Mr. MacLean failed to demonstrate that the Navy intentionally concealed its Article 32 decision from him. In addition, the court rejected Mr. MacLean's assertion that a claim for military pay resulting from a punitive discharge does not accrue until the service member has exhausted all permissible administrative remedies, finding that such claims accrue upon the exhaustion of mandatory administrative remedies, meaning the completion of direct appeals of the court-martial conviction within the military justice system.

- ***Court Issues Preliminary Injunction Requiring Federal Emergency Management Agency to Increase Temporary Housing Assistance for Utility Costs and Rent Paid***

Watson v. Federal Emergency Management Agency [Southern District of Texas]. On July 13, a preliminary injunction was issued. In this order, Judge David Hittner requires the Federal Emergency Management Agency (FEMA) to reimburse recipients of Temporary Housing Assistance under Section 408 of the Stafford Act for the costs of their separately-metered utility bills, in addition to the cost of the actual rent on the apartments themselves, up to the Fair Market Rent for a residence of a particular size in a particular geographic location, as determined by the Department of Housing and Urban Development (HUD). The order was issued following a one-day evidentiary hearing held on June 20. Previously, a hearing had been held on plaintiffs' request for a temporary restraining order (TRO) on May 25-26 and an order issued on May 31 denying that request. This was followed by a denial of plaintiffs' request for reconsideration or clarification of that order. Plaintiffs' TRO request had sought relief on all four counts of the complaint, which alleges that FEMA acted in violation of the Stafford Act, the Due Process Clause, and the Administrative Procedure Act in administering housing relief to Hurricane Katrina evacuees. Although the plaintiffs had initially sought the same relief in their request for preliminary injunction, they narrowed that request to the utilities issue after an order was issued on June 12 in *McWaters v. Federal Emergency Management Agency* (Eastern District of Louisiana) in which claims similar to the *Watson* plaintiffs' remaining claims were dismissed or denied on the merits following a two-day bench trial on a putative nationwide class action.

The court's analysis did not apply the standard appropriate to consideration of a mandatory injunction, or the deference appropriate either to an agency's interpretation of its authorizing statute or to an agency's interpretation of its own regulations. Furthermore, although no class has been certified, and no motion for class certification yet filed in *Watson*, the order does not explicitly confine its scope to the named plaintiffs, or even to the putative plaintiff class of Hurricane Katrina and Rita evacuees who have previously been housed in an emergency shelter program pursuant to Section 403 of the Stafford Act. Indeed, the preliminary injunction order does not limit its scope even to victims of Hurricanes Katrina and Rita. The order appears to require FEMA to reimburse both current and future utility expenses and past utility expenses of current Temporary Housing Assistance recipients. Indeed, the order appears to mandate that all recipients of Temporary Housing Assistance be reimbursed for the maximum Fair Market Rent calculated by HUD irrespective of the actual amount the recipients pay for either rent or monthly utility bills. An interlocutory appeal is being considered.

- ***Court of Appeals for Federal Circuit Affirms No-Interest Rule***
  Allan S. Matthews v. R. James Nicholson, Secretary of Veterans Affairs, No. 05-7163 (Prost, Newman, Rader). On July 13, the Court of Appeals for the Federal Circuit held that a veteran awarded retroactive disability benefits was not entitled to receive payments in the amount specified by statute at the time of his award. Instead, the court found, the Secretary properly calculated the veteran's benefits based upon the statutory rates of compensation in effect over the course of the veteran's disability.

- ***D.C. Circuit Holds that a Material Issue of Fact as to Whether a Payment to a Government Official was Made "As Compensation For His Services," in Violation of 18 U.S.C. § 209(a), Precluded the Entry of Summary Judgment Against Defendant***
  United States v. Project on Government Oversight [District of Columbia Circuit]. On

July 14, the District of Columbia Circuit (Ginsburg, Garland, and Brown) reversed the grant of summary judgment in favor of the United States and remanded for further proceedings. The district court had ruled that the Project on Government Oversight violated 18 U.S.C. § 209(a), which prohibits a private party from making a contribution to the salary of an executive branch official "as compensation for his services" as a government employee, when the Project on Government Oversight paid Robert A. Berman, a senior economist at the Interior Department, $383,600. While the court of appeals found that government's evidence that the payment violated § 209(a) was "impressive," it held there was contrary evidence in the record that created a genuine dispute as to whether the Project on Government Oversight issued the check as compensation for the economist's government service.

- ***Government to Seek Dismissal of Claims by "Dual Eligibles" for Medicare Drug Benefits***
  Situ v. Leavitt [Northern District of California]. On July 14, the government filed a motion to dismiss. Plaintiffs are "dual eligibles" (eligible for both Medicare and Medicaid) who allege that they have been denied benefits to which they are entitled under the Medicare prescription drug program. We argue lack of standing and, for some of the plaintiffs, mootness and failure to exhaust administrative remedies. The court has scheduled argument on our motion to dismiss and Plaintiffs' motion for class certification for August 28.

- ***United States Settles with Odyssey for $12.9 Million to Resolve Hospice Fraud Allegations***
  U.S. ex rel. JoAnn Russell v. Odyssey HealthCare, Inc. [E.D. Wis.] (Aaron Goodstein, Mag. J.); *U.S. ex rel. Colbert v. Odyssey HealthCare, Inc.* [S.D. Tex.] (Kenneth M. Hoyt, J.). In two separate qui tam cases filed under the False Claims Act, Odyssey, a national hospice provider, was alleged to have falsely billed Medicare for services provided to hospice patients who were not terminally ill and, hence, were ineligible for the Medicare hospice benefit. The $12.9 million settlement, announced by the Department on July 13, covers Odyssey's alleged false billings for the period 2001 to 2005. Odyssey also entered into a Corporate Integrity Agreement with the Office of Inspector General of the Department of Health and Human Services.

Contact: August Flentje, Counsel, 514.3309

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, July 19, 2006 8:22 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, July 19, 2006
Attachments:	agnb060719.pdf; agnb060719.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JULY 19, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Gonzales Says Bush Blocked DOJ Probe Of Warrentless Wiretap Program 4
FBI Agents Testify Padilla Initially Cooperated In Interview 6
Spiritual Adviser Who Reported Miami Suspects To FBI Calls Terror Charges "Preposterous." 6
Ohio Terror Suspect Maintains Innocence 6

Homeland Response:

Missile Defense Is Considered "Too Fragile" For Airliners 7
WSJ Criticizes GOP For Overreacting To Dubai Ports Deal Embarrassment 7
GAO Audit Finds Credit Card Misuse At DHS 7

War News:

Iraqi Civilian Death Toll Rises As Violence Continues Across Iraq 8
Iraqi Oil Output Grows In South 9
Coalition Forces Retake Taliban-Seized Town 9
Afghanistan Recreates Virtues Ministry 9
Turkey Demands US-Iraqi Containment Of Kurdish Guerillas 9

Corporate Scandals:

Scrutiny Of Options Backdating Intensifies 10

Criminal Law:

DOJ Questions Former Harris Advisor 10
Arrests Roil Online Gambling Industry 11
DC Mayor Outlines Plan To Curb Crime 12
Doctor, Two Nurses Arrested In Katrina Mercy Killing Investigation 12
Chicago City Employee Gets 90 Days For Lying To FBI In Hired Truck Probe 13
Four Charged In Alleged South Florida Medicare Fraud Scam 13
Florida Couple Arrested For Alleged Retail Return Scam 13
Virginia Man Sentenced To 150 Years In Prison For Child Porn Charges 13
Maryland Man Sentenced To 30 Years In Prison For Child Porn Production 14
Former NASA Manager Pleads Guilty To Child Porn Distribution 14
Florida Sports Photographer To Plead Guilty To Child Porn Charge 14
Former Midshipman Accused Of Rape Testifies Sex Was Consensual 14
Former Oswego, NY, Mayor Sentenced For Sex Crime 14

Civil Law:

Medtronic Settles Kickback Allegations With DOJ For $40 Million 15
DOJ Settles E-Rate Case, Other Fraud Claims 15
Senators Press DOJ About Boeing Settlement 16

Civil Rights:

Korean Woman Sentenced To 10 Years For Running Dallas Prostitution Ring 16
Democrats Challenge Michigan Voter ID Law 16
DOJ Settles Disability Access Issues With University Of Chicago 17
Bush To Address NAACP Convention Thursday 17
Marriage Amendment Fails To Reach Two-Thirds Majority In House 17
GAO Says Bush's Faith-Based Programs Lack Discrimination Safeguards 18

Antitrust:

FTC Clears Germany's Linde To Purchase British Gas Company 18
WP Columnist Proposes Music Industry Deregulation, Copyright Reform 18
Dallas Airfield Deal Challenged By Antitrust Suit 19

DVD Deal Will Allow Films To Go From Web To Television . 19

Environment:

Overseer Says Sago Mine Seals Were Poorly Built..... 19
Indianapolis Reaches Sewer Repair Deal With US 20
DOE Says Yucca Mountain Waste Repository Will Open 2017 20
Governors Urge States To Prepare For Bird Flu 20
Domenici Lays Out Energy Agenda..... 21
Boucher Calls For Incentives For Coal-To-Liquids Technology 21
USDA Milk Price-Support Program Allowed Traders To Make Millions Of Dollars 21
Heat Wave Spurs Calls For Revamp Of US Power Grid 21

FBI/DEA/ATF/USMS:

Eight Colombians Plead Guilty To Smuggling Cocaine..... 22
91 Arrested In Crackdown By Nevada Drug Trafficking Task Force 22
Meth Seen As Growing National Drug Problem 22
In Texas, Man Gets 10-Year Sentence For His Role In Cocaine Operation 23
Wife Of Tennessee Businessman Accused Of Helping Husband Launder Drug Money..... 23
Indictment Of Bonds Could Lead To His Suspension By MLB 23
Detroit-Area Crime Sweep Nets 115 Arrests..... 23

Immigration:

Fort Bragg Immigration Sweep Nets 58 24
House Said To Be Dragging Out Immigration Hearings 24

Tax:

New IRS Policy Aims At Curbing Political Activity By Churches 25
Study Says Urban Dwellers Face "Ghetto Tax." 26
New Tax Law Increases Burden On Many Americans Overseas..... 26

Congress-Administration:

Senate Approves Stem Cell Bill 63-37; White House Pledges "Swift" Veto 26
Breyer Passes Up Chance To Throw First Pitch At Fenway.. 29
Senate Shifts $9 Billion In Defense Spending To Domestic Programs 29
Congress Reportedly Near Agreement On Pension Bill..... 30
Administration Declines To Offer Free Credit Monitoring To Veterans 30
Administration, Congressional Leaders Propose National School Voucher Plan 31
Blackburn Seen As Positioning Self For Leadership Run 32
Defense Lobbyists Worry About McCain Chairmanship Of Armed Services Panel 32
Hunter And Skelton Urge Passage Of NDAA..... 32
Bill Would Eliminate Obsolete Agencies 32
Report Finds Pay For DHS, Pentagon Execs Lagged Behind Other Agencies 33
WSJournal Criticizes End-Of-Fiscal Year Spending 33

Other News:

Weak Dollar, Strong Global Demand Boost US Exports 33
Wholesale Prices Up More Than Expected 33
Strong Earning Reports Boost Stock Markets..... 34
Federal Reserve Presidents See Big Salary Increase 35
Growth Of Income Inequality Examined 35
Unions Target Foreign-Based Firms With High Overseas Unionization Rates 35
WSJournal Criticizes Trial Lawyers Group For Name Change Plans..... 35
Medical Reviews Under Fire Over Disclosure Lapses 35
Brownback Hopes To Emerge As Christian Conservatives' Candidate In 2008 36
Kerry May Use Leftover $14 Million From '04 To Mount New Presidential Bid 36
DLC Leaders Say Democrats Should Follow Bill Clinton's Lead 36
Reynolds Expects About 36 House Races To Be Competitive In '06..... 36
In Debate Of Maryland Senate Hopefuls, Cardin Attacked Over Iraq War Votes..... 37
Reed Loses GOP Lieutenant Governor Primary In Georgia... 37
Bush Places Responsibility For Mideast Violence On Hezbollah, Syria 37
State Department Will Not Confirm Rice's Intention To Fly To Mideast Friday..... 40
Congress Expresses Bipartisan Support For Bush Response To Mideast Violence..... 41
Mideast Violence Continues 42
Israel Considers International Diplomatic Options 44
Israeli Tanks Enter Central Gaza Refugee Camp 45
Pace Of US Evacuation Efforts Criticized 45
Bush Faces Backlash From Conservatives Over Foreign Policy..... 47
"Competitive Friction" Between US, Russia Said To Be High 47
Yanukovich Set To Become Ukraine's Prime Minister..... 47

DOJ_NMG_0041847

US Sanctions Iranian Companies 47
Schwab Says G8's Resolve Will Be Tested In New Talks..... 47
Selection Of Annan's Successor Accelerates..... 48
Chinese Give Rumsfeld Info On Shootdown Of Friend..... 48
China's Economy Surged In Second Quarter 48
India Bomb Investigators Examine Link Between Muslim Groups..... 48
Four Nations Encounter Resistance In Bids To Join NATO .. 49
Brothers' Leadership As Consolidating Poland's Shift To Right..... 49
Bolivian, Columbian Leaders Seek Meeting With Bush 49
Kosovo Tensions Said To Be Near Boiling Point..... 49
Sudan Urged To Accept UN Peacekeeping Force 49
Reports Vary On Death Toll From Indonesian Tsunami 49
WPost Says US Has Betrayed Egypt's Democrats..... 50
Lopez Says He Is A Fiscally Conservative Alternative To Chavez In Venezuela..... 50

The Big Picture:

Headlines From Today's Front Pages..... 50

Washington's Schedule:

Today's Events In Washington 51

DOJ_NMG_0041848

TERRORISM NEWS:

Gonzales Says Bush Blocked DOJ Probe Of Warrentless Wiretap Program. The Washington Post (7/19, Eggen) reports, "President Bush effectively blocked a Justice Department investigation of the National Security Agency's warrantless surveillance program, refusing to give security clearances to attorneys who were attempting to conduct the probe, Attorney General Alberto R. Gonzales said yesterday." The Post continues, "Bush's decision represents an unusually direct and unprecedented White House intervention into an investigation by the Office of Professional Responsibility, the internal affairs office at Justice, administration officials and legal experts said. It forced OPR to abandon its investigation of the role Justice officials played in authorizing and monitoring the controversial NSA eavesdropping effort, according to officials and government documents. … 'Since its creation some 31 years ago, OPR has conducted many highly sensitive investigations involving Executive Branch programs and has obtained access to information classified at the highest levels,' the office's chief lawyer, H. Marshall Jarrett, wrote in a memorandum released yesterday. 'In all those years, OPR has never been prevented from initiating or pursuing an investigation.;" The Post notes, "In testimony yesterday to the Senate Judiciary Committee, Gonzales said that in matters involving access to classified programs, 'the president of the United States makes the decision.' … 'The president decided that protecting the secrecy and security of the program requires that a strict limit be placed on the number of persons granted access to information about the program for non-operational reasons,' Gonzales wrote in a related letter sent to the committee's chairman, Sen. Arlen Specter (R-Pa.). 'Every additional security clearance that is granted for the [program] increases the risk that national security might be compromised.'"

The New York Times (7/19, Lewis) reports, "The shutting down of Mr. Jarrett's efforts had been previously reported, but Mr. Gonzales's comments Tuesday during a hearing on oversight of the Justice Department were the first acknowledgment of Mr. Bush's direct role. … Administration officials said Mr. Bush made the decision because he believed there were other avenues of oversight, including investigations by the inspectors general of the Justice Department and the National Security Agency as well as the Intelligence Committees of both houses. … 'We had to draw the line somewhere,' said a senior Justice Department official who spoke on condition of anonymity because of lack of authorization to comment. 'There was already lots of oversight on this program, and we had to consider the interest' in protecting the program's secrecy by limiting the number of people who knew its details. … The official also asserted that while some lawyers might have questioned the legality of the surveillance program, there was never an issue of legal ethics, which is the purview of the Office of Professional Responsibility. … 'We were trying to limit the scope of people who had access to all the details of the program,' the official said, 'and a judgment was made that it was not worth reading these additional people into it.'"

The Wall Street Journal (7/19, Squeo) reports, "White House press secretary Tony Snow later told reporters, 'There were proper channels for doing legal review, and in fact, a legal review was done every 45 days, and the attorney general himself was involved in it. The Office of Professional Responsibility was not the proper venue for conducting that.'" The Journal adds, "Mr. Gonzales's daylong testimony came at a time when the Bush administration is trying to smooth differences with Mr. Specter and other Judiciary Committee members about a number of counterterrorism initiatives that have raised questions of legality -- and defuse criticism from lawmakers who say the administration failed to keep them apprised of the programs. … In addition to the NSA program, it was disclosed last month that the Treasury Department has been secretly tracking suspected terrorist financing through a program that gives it access to records from the network that handles nearly all international financial transfers. The program, started shortly after the Sept. 11, 2001, terrorist attacks, uses information from a Belgian firm known by its acronym, Swift, that manages much of the world's financial-message traffic."

CNN's The Situation Room (7/18, Blitzer) reported Attorney General Gonzales "revealed to senators today that President Bush personally blocked the Justice Department from investigating the National Security Agency's domestic surveillance program. That program raised serious questions about the Administration's terror-fighting tactics and whether Americans' privacy had been violated. A Democrat

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who had originally requested a Justice Department probe of the program says he will ask Mr. Bush to allow one now, saying, we can't have a president acting in what he called a dictatorial fashion."

The Washington Times (7/19, Seper) reports, "Mr. Gonzales said he was confident the program's constitutionality would be upheld by a pending review by the Foreign Intelligence Surveillance Act (FISA) court -- part of a deal negotiated last week clearing the way for a review in exchange for a bill to update electronic surveillance laws. … The 1978 FISA law requires warrants from the court for intelligence-related eavesdropping inside the United States. The NSA program targets overseas telephone calls and e-mails of Americans with suspected ties to terrorists. OPR said in May that it could not pursue the investigation because it could not obtain security clearance to examine the program. … Mr. Gonzales has steadfastly defended the program. A Justice Department briefing paper said that as commander in chief and chief executive, Mr. Bush has the constitutional authority to authorize the program. It said Congress confirmed that authority when it passed the Authorization for Use of Military Force in 2001, giving Mr. Bush the authority 'under the Constitution to take action to deter and prevent acts of international terrorism against the United States.'"

USA Today (7/19, Brook) reports, "Gonzales did not give Bush's reason for blocking the ethics probe. White House spokesman Tony Snow said the program was being reviewed by others, and Bush believed 'you need to keep the number of people exposed to it tight for reasons of national security, and that's what he did.' … Gonzales, Snow said, was one of the government officials who reviewed the program every 45 days." USA notes, "Rep. Maurice Hinchey, D-N.Y., who requested the Justice Department investigation, said he and other lawmakers would ask Bush to allow the probe to go forward. 'We can't have a president acting in a dictatorial fashion,' Hinchey said. … Republicans such as Sen. John Cornyn of Texas have countered that the program is legal and vital to combat terrorism."

The AP (7/19, Sherman) reports that according to OPR chief Jarrett, '"a large team'" of prosecutors and FBI agents were granted security clearances to pursue an investigation into leaks of information that resulted in the program's disclosure in December. Justice Department inspector general Glenn A. Fine and two of his aides were among other department officials who were granted clearances, Jarrett said in an April memo explaining the end of his probe. That memo was released by the Justice Department Tuesday. … The inspector general is conducting a limited, preliminary inquiry into the FBI's role in and use of information from the NSA surveillance program, deputy inspector general Paul Martin said."

The Los Angeles Times (7/19, Schmitt) reports that Specter suggested "that the administration was employing a double standard. Other Justice Department lawyers were given security clearances to defend the NSA program against legal challenges and to pursue government officials suspected of leaking details of the program to the New York Times, which broke the story in December, Specter said. … 'With so many other lawyers in the Department of Justice being granted clearance, it raises the obvious question of whether there was some interest on the part of the administration in not having that opinion given,' Specter said." The Times adds, "Later, speaking to reporters at the White House, Snow said Bush believed that the legality of the program was already being considered by others in the government and that the president was concerned about widening the circle of people who knew about the program for fear that it might be further compromised. The administration has said that the program's operations are regularly reviewed by the general counsel of the NSA, as well as by the agency's inspector general, among others. … But Democrats who requested the original investigation called on Bush to reverse his stand. They had asked the professional-responsibility unit to investigate reports of internal discord within the Justice Department about the legality of the program and to pursue such questions as whether the administration had enacted the program before the department weighed in with a legal opinion."

CNET News (7/19, Broache) reports that Gonzales "faced more than three hours of at-times stern questioning from both political parties on a wide range of topics, ranging from funding for local law enforcement at the nation's Mexican borders to how the administration investigates leaks of sensitive information to the press." CNET continues, "The topic of the NSA spy program weighed heavy on the minds of many committee members, particularly Democrats inflamed about a draft bill negotiated by the Bush administration and Specter. … Specter said last week that the president agreed to submit the NSA program for review provided that Congress passed a 'compromise' version of that legislation, which has not yet formally been made public. … Civil liberties groups have assailed the version they were able to obtain, calling it a

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'sham.' They've criticized it on a number of fronts, such as failing to require that the current surveillance programs or any future ones be vetted by a court, sweeping all legal proceedings involving such eavesdropping to the secret Foreign Intelligence Surveillance Court, and eroding Fourth Amendment protections against unreasonable searches and seizures by requiring less information before such activities can gain approval."

AFP (7/19) and Voice of America (7/19, Malone) also report on Gonzales' testimony before the committee.

Gonzales Says Congress Can Approve Tribunals. United Press International (7/19) reports, "U.S. Attorney General Alberto Gonzales suggested Congress could ratify the administration's military tribunal procedure for trying Guantanamo detainees." UPI continues, "Gonzales made the point in an exchange with Sen. Patrick Leahy, D-Vt., the New York Times reported. … 'The question is very specific,' Leahy said. 'Is it the administration's position, as one of your assistants suggested, that we should simply ratify the military-commission procedures that the president designed and the Supreme Court struck down in Hamdan?' … 'That would certainly be one alternative that Congress could consider, Senator Leahy,' Gonzales answered."

House GOP Bill Would Revise FISA Statute. CQ (7/18, Perine) reports three key House Republicans "have introduced legislation to revise a 1978 law on electronic surveillance that is at the heart of the debate over the National Security Agency's warrantless surveillance program." Rep. Heather A. Wilson of New Mexico, "the chairwoman of the House Intelligence Subcommittee on Technical and Tactical Intelligence, introduced the bill. House Intelligence Chairman Peter Hoekstra of Michigan and House Judiciary Chairman F. James Sensenbrenner Jr. of Wisconsin are cosponsoring the measure." Wilson's bill "would allow the president to conduct electronic surveillance without a court order to gather foreign intelligence information for up to 60 days 'following an armed attack against the territory of the United States' if the president notifies the House and Senate Intelligence Committees." The House Republican bill "is much more stringent than a deal the president has struck with Senate Judiciary Chairman Arlen Specter, R-Pa."

FBI Agents Testify Padilla Initially Cooperated In Interview. The AP (7/19, Anderson) reports, "Jose Padilla didn't immediately request a lawyer or try to cut off an interview with the FBI until it had lasted nearly three hours, FBI agents testified Tuesday at a hearing on whether Padilla's rights were violated during the May 2002 session. In fact, they said, Padilla was initially talkative and cooperative, raising hopes among the four agents that they might persuade him into providing them with information about al-Qaida terrorism plots and operatives." FBI Special Agents Craig Donnachie and Robert Holley "testified that Padilla did not request the presence of an attorney until he was accused of involvement in a terrorism plot that included use of a radioactive 'dirty bomb.'" The AP adds, "Both agents also said that Padilla never specifically requested that he be allowed to leave the interview. But they added that they never specifically told him he would be allowed depart, either."

Spiritual Adviser Who Reported Miami Suspects To FBI Calls Terror Charges "Preposterous." The Miami Herald (7/19, Weaver, Ovalle, 310K) reports on Master G.J.G. Atheea, spiritual advisor to alleged Miami terror plotter Narseal Batiste. "Interviews with Atheea -- and his own lengthy written accounts -- paint a clearer picture of Batiste's relationship with the mysterious spiritual advisor who at one time was a suspect in the FBI's investigation. In late April -- after ego clashes, gunplay and the splintering of Batiste's group -- Atheea called the FBI to report a 'possible terrorist threat to the U.S.,' according to an FBI affidavit. … 'I agreed to go in with wire to find out from him…where his head was at, where his heart was at,' Atheea said Tuesday in an interview with The Miami Herald." Atheea "came away from that meeting believing neither Batiste nor his followers were terrorists. He said even now, he doesn't believe Batiste had any intention of blowing up the Sears Tower," calling the allegation "preposterous."

Ohio Terror Suspect Maintains Innocence. The Toledo Free Press (7/19, Kalmes) reports, "A Toledo-area man accused of engaging in terrorist activity is maintaining his innocence and looking forward to a trial, his legal representatives say. Marwan Othman El-Hindi, along with Mohammad Zaki Amawi and Wassim Mazloum, was indicted in February on counts involving conspiracy to kill or maim people overseas, conspiracy to provide material support to terrorists and conspiracy to obtain explosives." El-Hindi lawyer Charles Boss said that prosecutors have turned over "more than 150 hours of surveillance-type materials, which include recordings and phone conversations," but

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"Boss said 'nothing he has seen' was incriminating for his client." Assistant US Attorney Thomas Getz "responded by saying his team is prepared and anticipating the opportunity to present its evidence in trial. 'The indictment speaks for itself,' Getz said."

HOMELAND RESPONSE:

Missile Defense Is Considered "Too Fragile" For Airliners. USA Today (7/19, Hall, 2.27M) reports, "Nearly three years after the government began $100 million worth of tests on lasers that could thwart missiles aimed at planes, the Homeland Security Department says the systems are too fragile and expensive to put on commercial jets." Tests found that the laser systems "break down after 300 to 400 hours of use," a rate that would "cause chaos" by forcing frequent repairs. Officials want the systems to "last 10 times longer" for airliners. "Some members of Congress" are "frustrated" by DHS's inability so far to produce a solution. Rep. John Mica (R) warned it would be only "a matter of time" before someone aimed a missile at an American airliner.

WSJ Criticizes GOP For Overreacting To Dubai Ports Deal Embarrassment. The Wall Street Journal (7/19, 2.03M) editorializes that members of Congress "profess to dislike 'outsourcing,' which is said to cost American jobs. Yet some of the same Members are now preparing to erect barriers against the insourcing of jobs from foreign investment into the U.S. The rationale for this is 'national security,' but it's actually a threat to American prosperity." Over the "past 25 years, the U.S. has imported nearly $3 trillion net, which has helped to fuel our rapid growth. Roughly three-quarters of all foreign investment comes from Europe and Canada, so security fears have always been exaggerated. The economic benefits have not. Roughly one in 20 Americans now works for a foreign-owned firm, and those jobs on average pay 30% above the U.S. median." The US "still attracts roughly twice the level of direct foreign investment as fast-growing China." But Republicans are "running scared after the Dubai Ports incident, and they privately concede they want to 'do something,' mainly to block such Democrats as New York's Chuck Schumer from getting to their right on a security issue." The "big problem is the Senate, where Richard Shelby (R., Ala.) and Paul Sarbanes (D., Md.) are pushing for 'unanimous consent' -- that is, no roll call vote -- for a bill that would impose new regulations if a sale could cause 'any possible impairment to national security . . . or have a debilitating impact on national economic security.'"

GAO Audit Finds Credit Card Misuse At DHS. The New York Times (7/19, Lipton, 1.21M) reports an audit to be released Wednesday by the GAO has uncovered "credit card misuse" at the Department of Homeland Security, which "could probably have been avoided had the department completed a long-planned rulebook for its more than 9,000 employees who spent $420 million last year using government-issued credit cards." The audit blames "a lack of leadership" for the lack of a rulebook, which has created "accounting weaknesses that 'leave DHS highly vulnerable to fraudulent, improper and abusive activity.'" The investigators examined five months of records, which included the immediate response to hurricanes Katrina and Rita, and "found that 45 percent of purchases did not have appropriate preauthorization by supervisors and that 63 percent did not include documentation stating whether the goods or services had been received."

The CBS Evening News (7/18, story 12, 1:30, Schieffer, 7.66M) reported "taxpayers -- that's us -- will not be happy" with the findings of the audit. CBS (Attkisson) added that it shows "more maddening instances of the government wasting your tax dollars in the aftermath of Katrina, this time it's government credit cards." Sen. Susan Collins, who requested the investigation, was shown saying, "There's just no excuse for wasting tax dollars when the needs are so great."

USA Today (7/19, Hall, 2.27M) reports DHS employees, "including Secret Service agents and FEMA workers, wasted hundreds of thousands of dollars on iPods, beer-making equipment, a flat-screen TV, dog booties and clothing after Hurricane Katrina hit the Gulf Coast last fall, according to government investigators." USA Today adds that the waste cited in the report "is minor compared with the roughly $1.4 billion" FEMA reportedly lost following Katrina, but it highlights accountability problems at the department. … Homeland Security spokesman Russ Knocke said the abuse was relegated to 'a few bad apples' and the waste represented a 'very small fraction' of the department's purchases."

In an article appearing on more than 150 news websites, the AP (7/19, Jordan) reported, "Poor training, lax oversight and rampant confusion over what employees are allowed to buy with government-issued purchase cards left

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Homeland Security 'vulnerable to fraud, waste and abuse,' according to" the GAO. Knocke said DHS "has disciplined about 70 employees amid 1.1 million purchases."

WAR NEWS:

Iraqi Civilian Death Toll Rises As Violence Continues Across Iraq. The continuing and growing bloodshed in Iraq appeared on the TV news and in the major print media. ABC Nightly News (7/18, story 5, 0:15, Gibson) reported, "Also in the Middle East today, in Iraq, a horrific suicide bombing. In a Shiite city south of Baghdad, a man drove to a site where laborers gather and lured him toward his van with promises of work. And then, he blew himself up; 53 people dead and more than 100 were injured. One other story from Iraq tonight. Officials there say one of the killers that brutally butchered two captured soldiers in June was killed in a clash with security forces."

The CBS Evening News (7/18, story 7, 0:20, Schieffer, 7.66M) reported, "In Iraq today, the government reported that its forces cornered and killed the Jordanian terrorist blamed for last month's kidnapping in the murder of two American soldiers. South of Baghdad a suicide bomber lured Shiite civilians into a van with a promise of work then set off his bomb on a busy street. At least 53 people were killed, more than a hundred wounded."

The USA Today/AP (7/19) reports, "The man behind the killing and mutilation of two U.S. soldiers died after a clash with security forces, Iraq's national security adviser said Tuesday." Mouwafak al-Rubaie "said Diyar Ismail Mahmoud, a Jordanian also known as Abu al-Afghani, died from wounds suffered in a firefight with U.S.-backed Iraqi forces. He did not say when or where the clash occurred." The US military confirmed the statement but did not elaborate. The AP adds, "The death and the arrests did little to slow the tit-for-tat killings between Sunni and Shiite militants. ... The spate of sectarian killings has discredited the unity government of Prime Minister Nouri al-Maliki."

NBC Nightly News (7/18, story 6, 0:25, Williams, 9.87M) reported, "Civilians were the targets of an especially vicious attack today. In Kufa, a hundred miles south of Baghdad, a man drove a minivan to an area where Shiites had gathered to look for work for the day. He offered them jobs, loaded them into the minivan, and blew it up. At least 59 people, including in the surrounding area, were killed. The UN reports about 6,000 Iraqi civilians have been killed in sectarian violence alone in these last two months alone."

The Washington Times/AP (7/19, Wadhams) reports, "Nearly 6,000 civilians were slain across Iraq in May and June, a spike in deaths that coincided with rising sectarian attacks across the country, the United Nations said Tuesday." The AP states, "Hundreds of teachers, judges, religious leaders and doctors have been targeted for death, and thousands of people have fled, the report said. Evidence suggests militants also have begun to target homosexuals, it said." The UN found "a month-by-month increase in the number of civilians killed, from 710 in January to 1,129 in April. In the first six months of the year, it said 14,338 people had been killed."

The New York Times (7/19, Semple, 1.21M) reports the study as "the most precise measurement of civilian deaths provided by any government organization since the invasion and represented a substantial increase over the figures in daily news media reports." It states, "Sectarian violence has worsened and Iraqi and American government forces have been unable to stop it."

The Washington Post (7/19, A13, Mosher, Sarhan, 748K) and the New York Times (7/19, Semple, 1.21M) report the praise of UN official Gianni Magazzeni for Prime Minister Maliki despite the grim statistics; Magazzeni called his government "more forthcoming" and one more inclined than previous governments to taking "concrete steps" to reduce violence.

Kufa Suicide Bombing Is Reported By Newspapers. The New York Times (7/19, Semple, 1.21M) reports, "A suicide car bomber killed at least 53 people and wounded at least 105 in the holy Shiite city of Kufa on Tuesday after he lured a throng of day laborers to his van with the offer of work. ... Kufa is a stronghold of the powerful Shiite cleric Moktada al-Sadr and the site of a major shrine." The Washington Post (7/19, A13, Mosher, Sarhan, 748K) and the Los Angeles Times (7/19, Daragahi, 918K) also report this incident.

Sectarian Violence Is Called "Out Of Control." The AP (7/19, Reid) reports, "The new unity government of Shiites, Sunnis and Kurds was supposed to bring Iraqis together. Instead, sectarian bloodletting is spiraling out of control. ... With the government unable to protect them, people put their trust in religious-based militias. The killings continue and the government loses respect with every mass killing." Prime Minister Maliki's security plan "is widely perceived as a

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failure." While US officials blame much of the problem on the late Abu Musab al-Zarqawi, who "sought to promote civil war" by attacking Shiites, "others believe the U.S. contributed to sectarian strains by appearing to favor Shiites early in the occupation, in the belief that many Sunni Arabs remained loyal to Saddam Hussein."

The Los Angeles Times (7/19, Daragahi, 918K) reports that "some politicians" now call the situation an "undeclared civil war." Iraqis "of modest means" have "flooded" the airport in hopes of escaping the violence. The Times writes dismissively that "two U.S. Cabinet officials visiting Baghdad's heavily fortified Green Zone this week touted Iraq as a potential bonanza for private investors."

Iraqis Reject Idea Of Breakup And Approve Of Maliki. The Washington Times (7/19, Sands, 88K) reports that a new nationwide poll shows that "Iraqis overwhelmingly reject a breakup of their country along religious or ethnic lines and see some hope for progress with the formation of the new unity government of Prime Minister Nouri al-Maliki." In the poll, "78 percent of Iraqis either disagree or 'strongly disagree' with the idea of segregating the country by religious or ethnic sect." Also, "about 55 percent of Iraqis approved of the job Mr. al-Maliki had done in his first month, compared with 20 percent who disapproved."

Iraqi Oil Output Grows In South. The Wall Street Journal (7/19, Cummins, Iraq, Hafidh, Jordan, 2.03M) reports, "Iraqi engineers have significantly lifted crude-oil output capacity in the country's southern fields, delivering a short-term shot in the arm to Baghdad's new government and underscoring its oil supply's vast geologic potential despite increasing sectarian violence and insurgency." The Journal credits the improvement to "relatively secure and accessible" conditions in fields near Basra, repairs of aboveground infrastructure, and now efforts underground. South Oil (of Iraq) now contends that "the southern oil region is now pumping as much as it did before the invasion three years ago." Any deterioration in security, "a lack of adequate funding from the Ministry of Oil," and potential strikes by dissatisfied workers remain threats.

Coalition Forces Retake Taliban-Seized Town. Bloomberg (7/19) reports, "Afghan and U.S.-led coalition forces took control of a town [Narwa] briefly held by Taliban fighters in the southern province of Helmand and are advancing on a second [Garmser] controlled by the militia." Coalition spokesmen said that their forces met only "limited" fire from Taliban members and that they had killed "numerous lower and mid-level commanders" of the Taliban. Bloomberg also quotes Secretary Rumsfeld's letter to the Afghan people praising their country's progress and his concerns about Taliban profits from the drug trade.

The AP (7/19, Shah) also reports the retaking of the town of Narwa, stating, "A top Afghan security official accused Pakistani Islamist groups of helping the Taliban fighters chase police from the two towns in the south." The militants' seizure of the towns "highlighted the weakness of Afghanistan's police forces in remote areas, and the challenge faced by international forces in restoring order in the country."

The New York Times (7/19, Munadi, 1.21M) reports criticism of Pakistan from Afghan President Hamid Karzai, who "has recently stepped up criticism of Pakistan, accusing the government of failing to root out terrorist training bases near the Afghan border. Pakistan has denied the charge." It implies that the capture of the towns is a retrogressive sign for the coalition, saying, "In the past, the Taliban have seized towns for a few hours before being routed by coalition and Afghan forces. This time, the insurgents have retained control of a town in the district of Garmser for two days."

The Christian Science Monitor (7/19, Regan, 58K), in addition to quoting the AP, reports, "Across the border in Pakistan, police arrested former Taliban commander Mullah Hamdullah and 140 illegal Afghan migrants over the past 48 hours."

Afghanistan Recreates Virtues Ministry. The AP (7/19, Shah) reports, "The Afghan government announced plans Tuesday to re-establish a Vice and Virtues Ministry, but it assured the public the office would not resemble the Taliban version that became a symbol of the brutal regime toppled by U.S. forces in 2001." The move comes after pressure from "powerful religious and tribal leaders." Human Rights Watch "said the move 'raises serious concerns about potential abuse of the rights of women and vulnerable groups.'" President Karzai's spokesman said, "This new ministry won't be like the Taliban's."

Turkey Demands US-Iraqi Containment Of Kurdish Guerillas. The AP (7/19, Meixler) reports Ankara "signaled Tuesday" its military is "prepared to send the army into northern Iraq if U.S. and Iraqi forces do not take

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steps to combat Turkish Kurdish guerrillas there — a move that could put Turkey on a collision course with the United States." Turkey "is facing increasing domestic pressure to act after 15 soldiers, police and guards were killed fighting the guerrillas in southeastern Turkey in the past week." Experts said Ankara's remarks "were likely aimed at calming public anger and pressing the U.S. and Iraq to act against the Turkish Kurdish guerrillas. But they also said Turkish politicians and military officers could act if nothing is done." US officials "were in contact with Turkish" counterparts "to press them to work with Washington to combat the guerrillas and not to act alone." The AP notes, "Any operation was unlikely before the end of August, when the current military chief of staff is replaced by an officer widely regarded as a hard-liner, NTV said." US officials "including" Secretary Rice "have repeatedly warned Turkey against entering northern Iraq, one of the few stable areas of the country. U.S. Ambassador Ross Wilson said Turkish, Iraqi and U.S. cooperation is a 'more sensible way to go forward than perhaps to ... try to do it unilaterally.'"

CORPORATE SCANDALS:

Scrutiny Of Options Backdating Intensifies. The Christian Science Monitor (7/19, Trumbull) reports, "A widening federal investigation of stock-option trickery is part of a larger story: an unfinished effort to transform the governance of American corporations." The Monitor continues, "This week, the chairman of the US Securities and Exchange Commission (SEC) said the agency is poised to bring its first lawsuit 'very soon' regarding the practice of so-called backdated options. … Think of it as a chance to buy a stock at a rock-bottom price after you already know it's gone up. It now appears that many companies offered executives this opportunity over the past decade - and broke laws in the process. … 'These are not merely episodic instances,' SEC Chairman Christopher Cox said Monday." The Monitor adds, "As the SEC moves toward civil lawsuits, US attorney Kevin Ryan in San Francisco announced a stock-option task force that could result in criminal cases against high-tech firms in Silicon Valley. … The probes come at a time of growing concern about skyrocketing executive pay, and about the need for stronger oversight by corporate boards of directors. Some observers say America's system of corporate governance still requires major reforms, despite new scrutiny imposed after the collapse of corporations such as Enron and WorldCom several years ago. … Not everyone agrees that poor oversight by directors is a systemic problem in corporate America. But wide agreement exists that when problems such as illegal stock-option grants crop up, the buck stops in the boardroom."

Options Timing Probes Boost Business For Big Law Firms. The Wall Street Journal (7/19, Lattman) reports, "For public companies, investigations of possible stock-option backdating have become a huge headache. But for big law firms, they're the latest full employment act, generating hour after billable hour of work across practice areas, from tax and executive compensation to securities and white-collar defense." The Journal continues, "Big law firms have traditionally tilted their practices to capitalize on the business topic of the day, from the M&A wave in the 1980s to the post-Enron and WorldCom bankruptcy boom. But the backdating scandal 'is fairly unique in its complexity and scope and how many clients it touches and how serious and important it is to them,' says Jim Barrall, chairman of the executive compensation practice at Latham & Watkins, one of the nation's largest firms." The Journal adds, "Because cases of backdating can require restating earnings, there is tremendous pressure on companies to address any problems immediately. And even as backdating touches myriad legal disciplines, individual players -- from the company itself to a board committee to individuals -- often require their own separate counsel. … Right now, more than 50 companies are being investigated by federal prosecutors and the Securities and Exchange Commission on suspicion of having backdated, or otherwise manipulated, the dating of their stock options to make them more lucrative. And a recent academic study estimated that more than 2,000 companies engaged in some form of manipulation of their grants to top executives."

CRIMINAL LAW:

DOJ Questions Former Harris Advisor. The Orlando Sentinel (7/18, Stratton) reports, "Federal investigators have interviewed U.S. Rep. Katherine Harris' former top political strategist about the congresswoman's dealings with a defense contractor at the center of a widening Capitol Hill corruption probe." The Sentinel continues, "Political consultant Ed Rollins confirmed Monday that Justice Department lawyers and FBI agents recently questioned him for two hours in Washington. He said the discussion focused on Harris' dealings with Mitchell Wade, a

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defense contractor who funneled $32,000 in illegal campaign contributions to Harris and also bribed a former California congressman. … Wade, who is cooperating with federal authorities, pleaded guilty to giving the illegal donations to Harris in 2004. He also admitted trying to curry favor with her in 2005 by offering to hold a fundraiser for her U.S. Senate campaign in Florida." The Sentinel adds, "Rollins would not discuss his conversation with Justice investigators, saying only: 'I assume more [interviews] will be coming, though. They were very serious.'"

Harris Denies Being Target Of Probe. The AP (7/19, Stacy) reports, "Rep. Katherine Harris denied Tuesday that she is a target of a federal probe involving a corrupt defense contractor who funneled $32,000 in illegal contributions to her U.S. Senate campaign." The AP continues, "Harris issued a statement in the wake of reports that her former chief political strategist, Ed Rollins, was questioned by the Justice Department about her association with Mitchell Wade. … Harris said she urged Rollins to cooperate with federal agents, and the Justice Department told her she wasn't a target of the investigation. She has denied knowingly doing anything wrong when she took money from donors who were reimbursed by Wade. … The Justice Department 'requested information in May that we were more than willing to give, but our cooperation is now being exploited by people engaged in an unsuccessful, coordinated effort to end my candidacy for the United States Senate,' Harris said in the statement. She didn't elaborate."

Arrests Roil Online Gambling Industry. The AP (7/19) reports, "Online gambling company BetOnSports PLC asked for trading in its shares to be suspended Tuesday following the arrest of its chief executive in the United States." The AP continues, "The company's chief executive, David Carruthers, was being held in Fort Worth, Texas, after he was detained while trying to make a connecting flight Sunday from the United Kingdom to Costa Rica, where BetOnSports is based. … U.S. authorities said an arrest warrant was issued for Gary Stephen Kaplan, the founder of the company. … Kaplan, was charged with 20 felonies. The indictment seeks forfeiture of $4.5 billion and various properties from Kaplan and the co-defendants. … His brother, Neil Scott Kaplan, was arrested in Fort Pierce, Florida, U.S. officials said." The AP notes, "A federal court in St. Louis also issued a temporary restraining order Monday to prevent BetOnSports from accepting bets from the United States, which is reported to be the company's biggest market. … The indictment charges Kaplan with failing to pay federal wagering excise taxes on more than $3.3 billion on U.S. wagers. It also says undercover agents took bets from some of the defendants' companies, which allegedly transported equipment used in transmitting betting information across state lines and from Florida to Costa Rica."

The New York Times (7/19, Timmons) reports, "The multibillion-dollar online gambling industry was thrown into turmoil Tuesday after the United States government arrested a top executive from a London-based betting company, leaving his competitors wondering whether they could be next." The Times continues, {Stock prices of the industry's biggest names, including PartyGaming and SportingBet, plummeted on Tuesday on fears that they could fall under the Department of Justice's spotlight next after prosecutors in St. Louis charged the London company, BetOnSports, with criminal racketeering and wire fraud on Monday. … In addition to arresting the chief executive of BetOnSports, David Carruthers, when he touched down in the United States on a flight from Britain to Costa Rica, prosecutors charged the company and 10 others who worked with the company." The Times adds, "Investors and executives are concerned that the charges reflect a new get-tough posture on the part of prosecutors as well as legislators. The House of Representatives passed a bill last week that would ban Internet gambling sites from knowingly accepting money from United States citizens. The Senate has not voted on the bill."

USA Today (7/19, McCarthy) reports, "The arrest of Carruthers, a longtime British racing industry executive who joined Bet On Sports in 2000, is setting off alarm bells in Europe and the Caribbean, where the offshore casino industry is based. Bet On Sports asked for its stock to be suspended on the London Stock Exchange on Tuesday. Shares of British gaming stocks, such as industry leader Party Gaming, fell Tuesday in heavy trading, wiping out more than $1 billion in value. … 'The No. 1 topic at every board meeting today is "Am I next?"' says Internet gambling attorney Lawrence Walters. 'There's a high degree of concern now that the government has made it clear they think they can prosecute foreign citizens at foreign corporations.'" USA adds, "The House bill is the first shot in an attack by the federal government on a foreign industry that considers itself beyond the reach of U.S. law — while generating most of its revenue from U.S. customers. An estimated 23 million Americans play casino games such as poker and blackjack online,

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according to the Poker Players Alliance. … The Justice Department says online gambling is illegal under the Federal Wire Act of 1961. While authorities have not pursued individual bettors playing poker on their home or office PC, they have gone after some gaming executives. … Despite generating half or more of their revenue from U.S. customers, online gaming companies maintain U.S. laws don't apply to them because they're located in places where online gaming is legal, such as England, Costa Rica and Gibraltar. … U.S. Attorney Hanaway promised the indictments are 'but one step in a series of actions designed to punish and seize the profits of individuals who disregard federal and state laws' during a news conference Monday. That means top casino executives will have to worry about personal exposure if they try to catch a connecting flight in the USA, as did Carruthers, says Walters."

The Kansas City Star (7/19, Alm) reports, "The action ups the ante in the federal government's campaign against the $12-billion-a-year worldwide Internet gambling industry. … 'Illegal commercial gambling across state and international borders is a crime,' said Catherine Hanaway, a former Missouri House speaker and U.S. attorney for the Eastern District of Missouri. She obtained the indictment and will prosecute the case in St. Louis. … 'Misuse of the Internet to violate the law can ultimately only serve to harm legitimate businesses,' Hanaway said. 'This indictment is but one step in a series of actions designed to punish and seize the profits of individuals who disregard federal and state laws.'"

DC Mayor Outlines Plan To Curb Crime. The Washington Post (7/19, B9, Stewart) reports, "A majority of D.C. Council members indicated yesterday that they will support Mayor Anthony A. Williams's emergency crime plan, which would include surveillance cameras in residential communities and a toughened teenage curfew of 10 p.m. for the next 90 days." The Post continues, "Civil rights groups and youth advocates decried the proposals -- and another that would require Family Court to alert police when juveniles accused of serious crimes are released -- as an assault on privacy and a futile way to solve crime. … 'The proposals in the Mayor's bill are, at best, constitutionally suspect and, at worst, completely ineffective,' Johnny Barnes, executive director of the American Civil Liberties Union of the National Capital Area, said in a statement." The Post adds, "Williams (D), citing an urgent need for action, outlined his crime plan at a briefing before the council yesterday after recalling members from summer break. They were scheduled to vote on the emergency legislation at 1 p.m. today. … Williams said he would prefer that the proposals be approved on a permanent basis in the future, but council procedures allow him only to ask for the measures on an emergency basis during a special session. … Hours before yesterday's briefing, Williams appeared before a Senate panel, where Sen. Daniel K. Akaka (D-Hawaii) questioned him about the ACLU's concerns. The mayor said security cameras have been used at malls, which are public spaces. 'To me, it follows as a corollary that cameras should be able to be used in public spaces,' he said." The Post notes, "There have been 15 slayings since July 1, including the high-profile homicides of British citizen Alan Senitt, who was robbed and stabbed in Georgetown, and community activist Chris Crowder, who was shot in a park near the Washington Convention Center. There have been no arrests in a majority of the cases. The number of juveniles arrested on robbery charges has risen 82 percent from this time last year, and the number of those arrested on weapons charges has increased 27 percent, Williams said."

Doctor, Two Nurses Arrested In Katrina Mercy Killing Investigation. The arrest of a doctor and two nurses accused of killing patients at New Orleans' Memorial Medical Center during Hurricane Katrina's aftermath was covered on each of the network evening news broadcasts last night and is getting play in the major dailies this morning. ABC Nightly News (7/18, story 8, 2:10, Gibson) reported the accused "allegedly gave fatal drug overdoses to four patients at Memorial Medical Center, when the flood waters rose, the temperatures soared and the rescuers didn't come." ABC (Von Fremd) added "prosecutors say at least four patients were intentionally put to death by medical staff who 'pretended that maybe they were God.'" Louisiana Attorney General Charles Foti was shown saying, "This is not euthanasia. This is homicide."

NBC Nightly News (7/18, story 11, 2:10, Teague, 9.87M) reported deaths at the hospital "happened during the nightmarish aftermath of Hurricane Katrina while hundreds of patients, doctors and nurses were trapped in a sweltering, flooded Memorial Medical Center. Thirty four patients died, many because of the harsh conditions. But state investigators now say at least four were murdered." The CBS Evening News aired a brief report.

The Los Angeles Times (7/19, Simmons, Fausset, 918K) reports describes the hospital as "emblematic of the

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near-total breakdown of New Orleans' emergency and healthcare systems after rising water breached the levee system Aug. 29. … When substantial help arrived six days later, 41 patients were dead." The Washington Post (7/19, A3, Whoriskey, Skipp, 748K) Some of the deaths at the hospital "originally came to the attention of authorities described as euthanasia, but Louisiana Attorney General Charles C. Foti said yesterday that the killings were murder." The doctor, Anna Pou, and nurses Lori L. Budo and Cheri A. Landry were "charged with four counts of being a principal in a second-degree murder."

The New York Times (7/19, Nossiter, Dewan, 1.21M) reports Pou is portrayed in a state affidavit "as methodically ordering up a list of patients remaining at the flooded Memorial Medical Center, three days after the storm. Many had already been evacuated from the hospital, which was surrounded by five feet of water and was baking in 100-degree-plus heat. The sickest, however, were still there." Foti "said that the investigation was not over and that additional charges and arrests could be imminent."

USA Today (7/19, Konigsmark, Johnson, 2.27M) reports Pou's lawyer said his client "has continued practicing in Baton Rouge and was arrested Monday night in her scrubs as she came home from work. … Cheri Landry's lawyer, John DiGiulio, said Landry 'expects to be exonerated.' Budo's lawyer, Eddie Castaing, said his client will plead not guilty."

The Wall Street Journal (7/19, Rundle, 2.03M) reports Tenet Healthcare Corp., which owns the hospital "reiterated yesterday that it has received assurances from state investigators that neither Tenet nor the hospital is a target of the investigation. … If the allegations against the doctor and nurses are proven true, they 'made these decisions without the knowledge, approval or acquiescence of the hospital or the key physician leaders,' Tenet said in a statement." The Washington Times and AP also report on the arrests.

Chicago City Employee Gets 90 Days For Lying To FBI In Hired Truck Probe. The AP (7/19, Robinson) reports, "A former Chicago water department worker fired for playing hooky from his job was sentenced Tuesday to 90 days for lying to FBI agents investigating the corruption-plagued Hired Truck Program." Frank Cannatello "was also fined $5,000 by federal Judge Matthew F. Kennelly and will be on probation for two years after his release." The AP adds, "Cannatello admitted lying to agents when he said he had nothing to do with FRC Trucking Co. and knew little about the program. Prosecutors say he organized the now dissolved company and helped to run it, even though his mother was listed as the owner. … Cannatello says he lied to protect his mother, not to hide a payoff."

Four Charged In Alleged South Florida Medicare Fraud Scam. The Miami Herald (7/19, Dorschner, 310K) reports, "Federal officials Tuesday charged four persons with defrauding Medicare out of $10 million for charging for unnecessary psychiatric care at the now defunct Oakland Community Health Center in Oakland Park." South Florida residents Althea N. Graves, Bernard R. Graves Jr., Yvonne May Richards and Neil Leder, "were accused of billing Medicare for $25 million during a six-year scheme."

Florida Couple Arrested For Alleged Retail Return Scam. The Bradenton Herald (7/18, 52K) reported, "A couple being investigated by the FBI and the Florida Department of Law Enforcement was busted in Manatee County after their elaborate attempt to steal a welding machine went bad." Arthur L. Vanwinkle III "was arrested just after 4:30 p.m. Monday after he and his wife stole two circuit breakers, returned them to the Lowe's" in Manatee "for store credit, switched two barcodes between a welding machine that was nearly $600 and one that was $49.97 and used the store credit to buy the mislabeled machine, a Manatee County Sheriff's Office report said." The Herald noted, "The couple has carried out the alleged scheme in different states and has stolen thousands of dollars from other retail stores, law officers said"

Virginia Man Sentenced To 150 Years In Prison For Child Porn Charges. In a widely-distributed story, the AP (7/16) reported, "A Virginia man was sentenced to 150 years in prison for sexually exploiting minors and operating child pornography Web sites. Gregory John Mitchel, who previously had been convicted of child pornography crimes, pleaded guilty in January to the production, distribution, sale and possession of child pornography. Mitchel, 39, was sentenced Friday in federal court in Roanoke, the U.S. Attorney's office for the Western District of Virginia said." The AP noted, "Mitchel was implicated by Justin Berry, 19, who for five years starred in his own Web cam child pornography business and has testified before Congress about Internet child pornography."

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Maryland Man Sentenced To 30 Years In Prison For Child Porn Production. The Baltimore Sun (7/18, Dolan, 262K) reported, "A 45-year-old Harford County man who produced videotapes of himself having sex with a 5-year-old girl was sentenced to 30 years in federal prison yesterday and will have to remain on supervised release for the rest of his life." Brian Edward Dotson "pleaded guilty in U.S. District Court in Baltimore to sexually exploiting a minor to produce child pornography and possession of child pornography. 'Today's conviction and sentence emphasizes the importance the FBI places on investigations relating to the victimization of children,' said William D. Chase, the special agent in charge of the FBI's Baltimore field office."

Former NASA Manager Pleads Guilty To Child Porn Distribution. In a widely-distributed story, the AP (7/19) reports former senior NASA manager James R. Robinson "pleaded guilty to distributing child pornography from his government and home computers," and he "faces five to 20 years in prison after he admitted in U.S. District Court in Alexandria, Va., that he sent digital movies of children engaging in sexual acts with adults to three different undercover U.S. Postal Inspectors in March 2005." The AP notes, "Investigators searched Robinson's office at NASA headquarters and seized computer equipment in March."

Florida Sports Photographer To Plead Guilty To Child Porn Charge. The Ft. Myers News-Press (7/18) reported, "John Edwards Kutchmarek, a Bonita Springs sports photographer, has pleaded guilty plea to one charge of distributing child pornography." Kutchmarek "was accused of the crime after it was discovered by invesitigators he was trading files on Limewire, a peer-to-peer online network. … On Nov. 1, FBI agent Phillipe Dubord accessed the network and found shared files on Kutchmarek's computer which showed prepubescent children engaged in sexual acts. When investigators searched his home, additional files on disc were found." The Naples Daily News (7/18, Zambo) added, "The plea deal means he will be sentenced to a minimum of five years in prison. … Kutchmarek, who operated Action Team Photos in Bonita, took pictures of youth sports teams from Lee and Collier counties, and coached Lee County soccer and baseball teams. He worked as a security guard, and also was a big brother in the region's Big Brothers Big Sisters program." The Daily News also noted, "FBI agents and Lee County Sheriff's Office deputies searched Kutchmarek's home March 8 after an undercover agent traced child pornography to Kutchmarek's home computer."

Former Midshipman Accused Of Rape Testifies Sex Was Consensual. The Washington Post (7/19, B5, Hernandez) reports, "The former U.S. Naval Academy quarterback accused of raping a female midshipman testified yesterday that the woman invited him to her dorm room and willingly engaged in sex before becoming unresponsive." The Post continues, "In his first public testimony in the case, midshipman Lamar S. Owens Jr. said that what happened in the early hours of Jan. 29 was not rape, but 'sex going bad.' … 'It was the most bizarre thing that ever happened to me,' Owens told the jury at the Washington Navy Yard. 'I've never been having sex with someone and they stopped having sex with me.'" The Post adds, "Owens, 22, of Savannah, Ga., is facing a court-martial on charges of rape, conduct unbecoming an officer and violating a protective order. His accuser testified last week that the football star came into her room and had sex with her while she was passed out after a night of heavy drinking. … Owens testified yesterday that he did not realize that the 20-year-old woman had been drinking when he came to her room. … On cross-examination, the prosecution asked about his relationship with the woman: whether the two had dated, gone to a movie or given any indication that they were ready for a romantic relationship. … Owens answered no to each question."

Former Oswego, NY, Mayor Sentenced For Sex Crime. The AP (7/19) reports, "The former mayor of this Lake Ontario town was sentenced Tuesday to more than three years in federal prison for trying to arrange a sexual encounter with two teenage girls." The AP continues, "John Gosek, mayor of Oswego from 2000 to 2005, admitted paying $250 to a woman he believed had lined up two 15-year-old girls for sex at a hotel in suburban Syracuse. The woman was an FBI informant who secretly recorded Gosek as part of a sting operation." The AP adds, "U.S. District Judge Thomas McAvoy in Binghamton sentenced Gosek to 37 months in prison. He will have to register as a sex offender after his release. … Gosek, 59, pleaded guilty in March to using a cell phone to entice someone under 18 to have sex with him."

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CIVIL LAW:

Medtronic Settles Kickback Allegations With DOJ For $40 Million. The AP (7/19, Freed) reports, "Medical device maker Medtronic Inc. will pay $40 million to settle civil allegations that it paid kickbacks to doctors, federal prosecutors said on Tuesday." The AP continues, "The allegations centered around its Memphis, Tenn.-based subsidiary Medtronic Sofamor Danek, which makes implants used in back surgery to stabilize a patient's spine." The AP adds, "The government said that between 1998 and 2003, Medtronic paid kickbacks to doctors, including sham consulting fees, bogus royalty payments, and trips to tourist destinations. … Medtronic said the settlement, in which it denied wrongdoing, 'is consistent with Medtronic's assertion that the company and its current employees had not engaged in any wrongdoing or illegal activity.'"

Bloomberg (7/19) reports, "The investigation was triggered by the filing of a whistleblower complaint in 2002. Under the U.S. False Claims Act, private parties may file whistleblower lawsuits on behalf of the government and collect a share of any recovery. The government then reviews the suits and decides whether to join. … 'Kickbacks to physicians are incompatible with a properly functioning health care system,' Assistant Attorney General Peter Keisler said in the statement. 'They corrupt physicians' medical judgment, and they cause over-utilization and misallocation of vital health care resources.'"

The Minneapolis Star Tribune (7/19, Moore) reports, "The two whistleblower cases, filed separately in 2002 and 2004 in Tennessee federal court, spurred the government's investigation. While the earlier case remains under seal, the 2004 complaint was filed by a former senior manager for travel services for Medtronic's Memphis-based spinal division -- a job that involved booking trips for doctors to attend conferences and other outings. … Other agreements with doctors included lucrative consulting deals, including one with a University of Wisconsin physician who received $400,000 for eight days of work, according to the suit. In another contract cited in the case, two Tennessee doctors were paid $25,000 to develop a surgical tool for spinal and orthopedic procedures." The Tribune adds, "Medtronic argues that collaborating with doctors is critical to developing the best possible devices to treat patients, and that research and consulting agreements, as well as royalty payments, are legal. … But the Justice Department alleges the 'sham' consulting and royalty agreements cited in the lawsuits crossed the line and resulted in kickbacks to induce doctors to use Medtronic's products to treat spinal disorders. The Memphis-based division is one of the company's more robust businesses, with $2.24 billion in annual sales."

The New York Times (7/19, Abelson) reports, "Medtronic was the subject of two lawsuits filed in Federal District Court in Memphis by whistle-blowers on the actions of its spinal-implant division, Medtronic Sofamor Danek. The company and its division deny any wrongdoing. … Yesterday's agreement covers the first lawsuit, which was filed in 2002; the whistle-blower who filed it has not been identified. Justice Department officials are seeking to have the second lawsuit dismissed. The lawsuits were the subject of a New York Times article in January."

DOJ Settles E-Rate Case, Other Fraud Claims. Government Computer News (7/19, Dizard) reports, "The Justice Department has recovered more than $13 million from two companies and one state as a part of a settlement of technology fraud cases against the federal government under the Federal Civil False Claims Act." GCN continues, "The settlements involved one case concerning the FCC's troubled E-Rate program, another about overbilling for telephone service and a third involving sales of allegedly shoddy electronics packaging. … In each of the agreements, together amounting to $13.8 million, the parties provided payment without admitting guilt." GCN adds, "In the largest case, Indiana paid $8.3 million to settle charges that its shuttered Intelenet Commission had defrauded the E-Rate program, Justice said in a June 27 statement. … Justice held that 'Intelenet and the state of Indiana provided false information to the E-Rate program and ... violated the program's requirements, including charging inflated prices for services provided to Indiana schools and libraries, falsifying invoices, disregarding the requirement that schools and libraries make co-payments for the expenses charged to the E-Rate program for the services and engaging in noncompetitive bidding practices.' … Indiana's catalog of E-Rate wrongdoing included many of the same violations committed by other individuals and agencies that have cheated the program." GCN notes, "The Justice Department's civil division worked with the U.S. attorney's office for the Southern District of Indiana to resolve the case. … Peter D. Keisler, assistant attorney general for the Civil

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Division, emphasized that partly because the E-Rate program helps the nation's poorest schools and libraries get Internet access, 'False claims to this very important federal program will not be tolerated.' … In a separate case, AT&T Corp. paid $2.9 million to settle a lawsuit filed under seal in February 2004 that alleged overcharging under the FTS 2000 telecommunications services contract administered by the General Services Administration."

Senators Press DOJ About Boeing Settlement. The Seattle Times (7/19, Mundy) reports, "Three influential senators have questions about Boeing's recent $615 million federal settlement of its procurement scandals, and they want answers from Boeing Chief Executive James McNerney." The Times continues, "Sens. John Warner, John McCain and Charles Grassley have joined forces, and Warner, R-Va., chairman of the Senate Armed Services Committee, has called an Aug. 1 hearing on the settlement. McNerney will be asked to testify, as will Deputy Attorney General Paul McNulty, who helped negotiate the deal while he was the U.S. attorney in Virginia. … The company agreed to pay $565 million in civil penalties and $50 million for criminal fines, and the government agreed not to file any charges against the company in two major contracting scandals." The Times adds, "One scandal centered on dealings with former Air Force procurement official Darleen Druyun, who steered billions of dollars in contracts to Boeing. The other involved engineers who brought proprietary Lockheed Martin rocket data to Boeing. … The settlement, finalized June 30, ended a three-year investigation of Boeing by the Justice Department but seems to have begun another round of scrutiny in Congress." The Times notes, "Grassley, R-Iowa, chairman of the Senate Finance Committee, is concerned about whether Boeing will be able to deduct its civil fines from its income taxes. He pressed Attorney General Alberto Gonzales about it Tuesday during a Senate hearing. … On June 29, Grassley, Warner and McCain said in a letter to Gonzales that allowing tax deductibility would leave the American taxpayer to subsidize Boeing's misconduct. … The Justice Department responded last week that it would remain neutral on the tax issue." The Times continues, "Grassley complained Tuesday that if Boeing could deduct its $565 million civil fine from its taxes, that would lower the company's bill by 35 percent. … Grassley scolded Gonzales, saying: 'It is actually worse that DOJ doesn't even know what the tax treatment is of the Boeing settlement. It tells me that DOJ lawyers gave away 35 percent of the store without even knowing it.'"

CIVIL RIGHTS:

Korean Woman Sentenced To 10 Years For Running Dallas Prostitution Ring. AFP (7/19) reports, "A Korean woman was sentenced to a 10-year jail term for running a prostitution ring in Dallas, Texas using illegal immigrants she forced into the sex trade, the Justice Department said." AFP continues, "Mi Na Malcolm was also ordered to pay 460,000 dollars for having 'coerced them into prostitution, and laundered the proceeds of the prostitution,' the department said in a statement. … The Dallas Morning News reported earlier that the South Korean woman ran three massage parlors in Dallas staffed by South Korean women who snuck into the United States." AFP adds, "The Justice Department said Tuesday that Malcolm admitted that she paid the women's debts to human smugglers, took their passports, and forced them into prostitution to pay off their debts to her. … They had to be available for sex 24 hours a day, six to seven days a week, it said. … 'Mi Na Malcolm preyed upon some of society's most vulnerable individuals -- frightened runaways and illegal immigrants trapped in a cycle of violence, prostitution and forced labor,' the US Justice Department statement said. … 'The sentence imposed upon Malcom today for her brutal crime and assault on human dignity should serve as a warning to any who would traffic in and harbor illegal aliens,' it added."

Democrats Challenge Michigan Voter ID Law. The AP (7/19, Hoffman) reports, "The Michigan Democratic Party, the Michigan Legislative Black Caucus and the Democratic caucuses in the state House and Senate filed a friend-of-the-court brief Tuesday in a case that could decide whether Michigan can require voters to show photo identification at the polls." The AP continues, "The Michigan Supreme Court in April voted 5-2 to issue an advisory opinion on the constitutionality of a 1997 state law requiring voters to show photo identification to get a ballot. A court spokeswoman said the ruling will be binding, although it could be appealed to the U.S. Supreme Court." The AP adds, "Former Attorney General Frank Kelley, a Democrat, issued an opinion nine years ago that the law violated the equal protection clause of the 14th Amendment of the U.S. Constitution, which guarantees U.S. citizens the right to vote.

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… Opponents of the law say the requirement would keep poor people, non-drivers and others away from the polls. They cite figures showing that about 370,000 of the state's registered voters do not have a driver's license or state ID card. … But supporters say the law is needed to prevent election fraud. The U.S. Justice Department, for example, has been investigating allegations that Detroit votes were cast last year in the names of dead people."

DOJ Settles Disability Access Issues With University Of Chicago. The AP (7/19, Conrad) reports, "The University of Chicago will make its campus and services more accessible to people with disabilities under an out-of-court settlement the private institution has reached with the Justice Department. … 'We don't know at this time how much this will cost,' university spokesman William Harms said Tuesday. "The agreement lays out a roadmap, part of which includes surveying campus buildings for deficiencies. That process is ongoing.'" The AP continues, "The Justice Department formally announced the deal Monday. … 'We applaud the University of Chicago for its extensive effort to improve campus access greatly for all students and visitors,' Wan J. Kim, assistant attorney general for civil rights, said in a statement reacting to the agreement." The AP adds, "The University of Chicago acknowledged it had come to an agreement in 'early July' in a statement issued Thursday. … The settlement resolves a 2004 compliance review during which Justice found violations of the Americans with Disabilities Act's Standards for Accessible Design in newly built buildings, as well as barriers to existing facilities and elements, including doors, restrooms and entrances, among other things. … The university said the review was initiated by the Justice Department as part of its effort to examine accessibility at universities and other institutions and was not the result of a complaint."

Bush To Address NAACP Convention Thursday. CNN's The Situation Room (7/18, Blitzer) reported, "A political about-face today for President Bush. The White House says he will address the NAACP Convention on Thursday, and make an appeal for racial unity. This is the first time he has agreed to appear before the nation's oldest civil rights group in his five years in office."

The Washington Post (7/19, A5, Fears, 748K) reports White House spokesman Tony Snow "said the president will appear before the nation's oldest and largest civil rights group tomorrow after years of trading rhetorical jabs with its leadership. 'I think the president wants to make the argument that he has had a career that reflects a strong commitment to civil rights,' Snow said at a news conference." The Post notes, Bush "will avoid becoming the first president since Warren G. Harding to snub the predominantly black organization throughout his term."

The AP (7/19, Texeira) notes, "Bush's decision comes in a critical midterm election year. … Bush received just 11 percent of the black vote in the 2004 election." Rep. Diane Watson "was…skeptical about Bush's visit. The president is 'reading the polls,' she said."

Gordon Calls On Bush To "Express His Commitment" To VRA Reauthorization. USA Today (7/19, Benedetto, 2.27M) reports Snow said Bush accepted the invitation because relations between the White House and the NAACP "have improved since Bruce Gordon, a retired telecommunications executive, took over as NAACP president last year." Gordon "said he welcomed Bush's decision to speak to the convention, particularly since the 1965 Voting Rights Act is up for renewal in the Senate. 'This is a great opportunity for the president to express his commitment for Voting Rights reauthorization,' he said."

The Washington Times (7/19, Dinan, Debose, 88K) adds that the "relationship soured to the point in 2004 where the NAACP's former president, Kweisi Mfume, said black supporters of Mr. Bush were 'ventriloquists' dummies' and organization Chairman Julian Bond urged Mr. Bush's defeat in that year's elections."

Marriage Amendment Fails To Reach Two-Thirds Majority In House. The New York Times (7/19, Zernike, 1.21M) reports House Republicans "failed Tuesday in an effort to pass a constitutional amendment banning same-sex marriage, part of a proposed 'values agenda' that they hope will rally voters in midterm elections in November." The vote was 237 to 187, with one member voting 'present,' well short of the two-thirds majority needed to amend the Constitution." While the vote "was largely symbolic because the Senate rejected a similar bill in May," amendment supporters "said they were gaining in their efforts to define marriage as a relationship between a man and a woman, a move necessary to 'safeguard the American family' and block 'radical' judges from promoting same-sex marriage."

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The AP (7/19, Abrams) reports the House "rejected a proposed constitutional amendment to ban gay marriage on Tuesday, a setback that conservatives hope to turn to their advantage in the fall elections." Democrats "argued that the House's focus on the GOP's 'American values agenda,' which includes votes this week on a pledge protection bill and a vote on President Bush's expected veto of an embryonic stem cell bill, was a distraction at a time the nation faced serious domestic and international problems."

The Los Angeles Times (7/19, Reynolds, 918K) reports, "The measure had failed to win the two-thirds majority it needed for Senate approval last month. And vote-counters in both parties had predicted it would fall well-short of that threshold in the House. … The measure's supporters, however, argued that lawmakers had to be put on the record on the issue."

CNN's The Situation Room (7/18, Blitzer) reported, "The House today rejected a proposed constitutional amendment to ban same-sex marriages. Opponents of the gay marriages fell 47 votes short of the two-thirds majority needed to move the amendment forward. But many supporters of the ban still hope to use the issue in their reelection bids this November."

CQ (7/18, Stern) reports the 236-187 vote on the measure (H J Res 88), "with one member voting 'present,' attracted nine more supporters and one more opponent than the proposal that appeared on the House floor in 2004. In the end, 27 Republicans voted against the measure; 34 Democrats broke with their party and voted for it."

In the Washington Post's "Washington Sketch" column (7/19, A2), Dana Milbank writes the House "could not have been any more obvious if the sergeant-at-arms had wheeled an equine carcass into the well and the speaker had pummeled it with his gavel. Yesterday's House debate on same-sex marriage was pure dead horse: The Senate last month rejected -- emphatically -- a constitutional amendment that would allow Congress to ban same-sex marriage, so there was zero chance the amendment could be approved this year. But members of the House were answering to a Higher Authority." But Democrats "and a couple of sympathetic Republicans wondered whether, with the House planning to spend just five more weeks in session for the rest of the year, their colleagues were fiddling while Beirut burns."

GAO Says Bush's Faith-Based Programs Lack Discrimination Safeguards. The New York Times (7/19, Banerjee, 1.21M) reports a Government Accountability Office report says the Bush Administration's program "of financing social service initiatives run by religiously affiliated groups lacks adequate safeguards against religious discrimination and has yet to measure the performance of the groups." The GAO report "did not find evidence of a widespread diversion of government money to religious activity from social services, which had been a concern of some critics of such religion-based initiatives." But in "looking at 10 federal programs, the researchers found that only four gave an explicit statement to religious organizations about protecting the religious liberties of the people they serve."

ANTITRUST:

FTC Clears Germany's Linde To Purchase British Gas Company. The AP (7/19) reports, "Germany's Linde AG said Tuesday the U.S. Federal Trade Commission had cleared its proposed $14.9 billion deal for British gas company BOC Group PLC, paving the way for it to become the world's biggest industrial gas company." The AP continues, "To meet FTC approval for the acquisition, Linde said it has agreed to divest eight of its U.S. units, as well as certain liquid helium purchase agreements with suppliers in the U.S., Russia, and Poland. … 'We are pleased to confirm that each of the preconditions to the making of the offer has now been satisfied,' said Linde's chief executive, Wolfgang Reitzle. 'We will swiftly take the next steps to implement the transaction.'" The AP adds, "Both Linde and BOC Group provide gases to the chemicals, food, health care, electronics and other industries. The combined firm would overtake France's L'Air Liquide SA as the market leader, with 22 percent of the world's sales of industrial gases. … Combined annual sales of the new company are expected to be around 11.9 billion euros ($14.3 billion), Linde has said."

WP Columnist Proposes Music Industry Deregulation, Copyright Reform. In a column in the Washington Post (7/19, D1), Steven Pearlstein writes about "the political and legal attack mounted by the music-recording industry against the upstarts of satellite radio. … You'd think an industry that has managed to turn out so much mediocre music for so many years, done so much to lower moral standards and lost so much business to illegal file-sharing would have something better to do than attack some

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of the few distributors that are actually expanding the market and charging for music. But the prospect that the industry might not extract every last penny out of the new satellite radio services and their customers is simply unacceptable to the Recording Industry Association of America." Pearlstein continues, "The controversy concerns new devices that allow satellite radio's paying customers to record programs they listen to, or would have listened to if they were aired at a more convenient time, as a TiVo does for TV viewers. And like TiVos, these devices allow customers to keep the stuff they like and delete the rest. … And there's the rub. For if you can store the tunes you like and listen to them as many times as you want, the RIAA argues, that's suspiciously like downloading a song for free. So the record labels, waving the flag of piracy and decrying the loss of a "level playing field," are demanding to be paid the same fees paid by the other download services." Pearlstein concludes that, "if the goal here is to encourage innovation and competition in the market for recorded music, I can assure you that lawsuits and lobbying battles are a lousy way to go. The better strategy is to prune overgrown copyright protections, deregulate the industry and let the marketplace set prices and decide which companies and technologies and business models survive."

Dallas Airfield Deal Challenged By Antitrust Suit. The Dallas Business Journal (7/19) reports, "The owners of a vacant passenger terminal at Dallas Love Field have filed a lawsuit claiming a compromise forged by the mayors of Dallas and Fort Worth on the Wright Amendment violates antitrust law." The Journal continues, "Love Terminal Partners L.L.C., the owners of the old Legend Airlines terminal at city-owned Love Field, filed the suit late Monday in federal district court in Dallas. The suit names the cities of Dallas and Fort Worth, Southwest Airlines, American Airlines and the Dallas/Fort Worth International Airport Board." The Journal adds, "The suit claims that the Wright Amendment compromise eliminates Love Terminal Partners' gates at Love Field, which is currently available for competitors of American and Southwest. … The suit calls the local deal 'a wildly pernicious and anti-competitive arrangement to limit carrier operations and consumer choices for air travelers in North Texas.' … The compromise, which would eliminate the restrictions of the Wright Amendment in eight years, calls for limiting the number of gates at Love Field to 20. Love Field currently has 32 gates."

DVD Deal Will Allow Films To Go From Web To Television. The Los Angeles Times (7/19, Chmielewski) reports, "Hollywood studios will cross a significant technological and psychological frontier today when they offer the first downloadable movies that can be legally burned onto a DVD." The Times continues, "Four major studios struck a deal with online movie service CinemaNow Inc. to offer more than 100 mainstream titles that can be copied to a disc and played on almost any DVD player or television set. Prices will start at about $9 a movie." The Times adds, "The deal was hailed as a milestone in Internet distribution, giving film fans what they've long demanded: the convenience of downloading a movie and playing it on the living room TV. … Today's launch also previews a likely agreement between the major studios and Apple Computer Inc., which is expected to expand the offerings on its popular iTunes online store to include big-studio movies. Several studio executives Tuesday confirmed that they were holding talks with Apple but did not want to be named because of the sensitive nature of the discussions. … Coupled with the CinemaNow agreement, an Apple deal would cement the Internet as a viable film distribution vehicle. Although studios have offered online movies since 2002, fears over piracy have kept the films locked to computer hard drives or to discs that play only on a PC. That restriction has kept the market for legal movie downloads relatively limited."

ENVIRONMENT:

Overseer Says Sago Mine Seals Were Poorly Built. The Pittsburgh Post-Gazette (7/19, Roddy) reports, "The man who oversaw construction of the underground Omega block seal that failed at the Sago mine in West Virginia, causing the deaths of 12 men, says the company used 'the easiest and fastest' way to build the wall, and that some miners were sent underground after falsifying safety training documents. … 'That's a cheap block.... And that's the cheapest way for them to build them,' James F. Scott told the Pittsburgh Post-Gazette. Mr. Scott was working as an outside contractor at the time he oversaw a crew that constructed the series of 10 walls used to seal off an abandoned portion of the mine." The Post-Gazette continues, "The seal -- built of the dense, foam-like block -- was pulverized when a buildup of methane ignited behind it Jan. 2. One miner died immediately and 12 others were stranded underground.

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Eleven of those stranded miners died of carbon monoxide poisoning. … Omega block, a lightweight foam and fiber material manufactured by a Westmoreland County firm, has figured in at least one other fatal mine accident this year. Five workers at a Kentucky mine died when an Omega seal was blown apart by an apparent methane explosion May 20." The Post-Gazette adds, "Researchers at the Pittsburgh office of the National Institute of Occupational Safety and Health plan another series of blast tests Aug. 4 on an Omega seal they believe will replicate the ones built at Sago. … In addition to suggestions the blast might have exceeded the 20 pounds per square inch the wall was built to withstand, protocols for the test say the seals 'may not have been constructed properly' and that 'construction materials may have been substandard.'"

Indianapolis Reaches Sewer Repair Deal With US. The Indianapolis Star (7/19, Webber) reports, "Indianapolis residents will see their sewage bills go from among the lowest in the nation to about $60 a month over the next 20 years to pay for a huge, $1.8 billion overhaul of the city's antiquated sewer system." The Star continues, "The project, which city officials will announce today, all but settles five years of talks between Indianapolis and the EPA over a rejected $1 billion plan that the federal agency said wouldn't have done enough to protect people's health. … The tougher plan, which the EPA is expected to approve later this year, will increase sewer rates every year or two until 2026. Rates already have increased twice to pay for about $600 million in improvements. The latter of the two came last fall, when the City-County Council approved a series of rate increases under which average residential sewer bills will climb from $12.28 this year to $17.96 by 2008. … But rates will need to increase much more to pay for the largest capital improvement project in Indianapolis' history, including a 10-mile-long tunnel that, among other upgrades, are designed to dramatically reduce the number of instances each year that heavy rains or snows overwhelm the system and cause an estimated 7 billion gallons of wastewater to spill into rivers and streams." The Star notes, "The plan is intended to settle a longstanding enforcement action by the U.S. Environmental Protection Agency. … The $1 billion plan in 2001 would have cut overflows from about 60 annually to 12. But the EPA rejected that plan, saying the city could afford to spend more than twice that amount to further reduce the number of spills. … Neither EPA nor Justice Department officials would comment because the consent agreement was not expected to be final until later this year."

DOE Says Yucca Mountain Waste Repository Will Open 2017. The AP (7/19, Werner) reports that the DOE "has a new opening date for the long-delayed Yucca Mountain nuclear waste dump in Nevada: March 31, 2017." The AP adds that the DOE "planned to announce the schedule at a congressional hearing Wednesday but shared it with congressional offices Tuesday," and "several of them made it public." According to the new schedule, DOE should "submit its license application to the Nuclear Regulatory Commission on June 30, 2008, get authorization to begin construction on Sept. 30, 2011, complete construction on March 30, 2016 and begin accepting nuclear waste on March 31, 2017." The AP adds that Senate Energy Committee Chairman Pete Domenici, R-NM, lauded the "ambitious" and "most detailed schedule on Yucca Mountain that I have seen in recent memory."

Governors Urge States To Prepare For Bird Flu. The Wall Street Journal Online (7/19) reports the National Governors Association Tuesday released a 23-page report "suggesting states need to take the initiative on bird flu." The report calls for preparation in four key areas, including: "ensuring that vital services continue in the event of a pandemic; restricting travel and movement to curb the spread of the disease; working closely with private sector to ensure the distribution of food, energy and health-care; and thoroughly testing emergency plans and responses immediately."

The AP (7/19, Tanner) notes Arizona Gov. Janet Napolitano and Minnesota Gov. Tim Pawlenty, who are leading the group's bird flu readiness effort, said states "must expect to be the main coordinators of care, because the federal government will be spread too thin."

CQ Homeland Security (7/19, Berger) says the report comes "amid concern from some in Congress that too much of the burden for coping with the pandemic will fall to state and local governments, and that federal departments have not done enough to ready the nation for the avian flu's potential impact." Some in Washington have "been critical about the federal government response, suggesting the Bush administration has been too focused on seeking a vaccine and not enough on mitigation response planning," CQ notes.

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States Hesitant To Buy Bird Flu Drugs. USA Today (7/19, B1, Schmit, 2.27M) reports, "At least six states plan to buy smaller quantities of antiviral drugs than the federal government has offered them, a setback for part of the government's bird flu pandemic plan." Less than two weeks before a federal deadline for states to announce their plans, "at least 16 say they're undecided how much Tamiflu and Relenza they'll buy. Thirteen others—including California, the biggest state—say they plan to buy their full allotments."

Domenici Lays Out Energy Agenda. In an op-ed in The Hill (7/19), Senate Energy and Natural Resources Committee Chairman Pete Domenici writes that he wants to see Congress build on the success of the Energy Policy Act of 2005 and "address refinery capacity, spent nuclear fuel, the Outer Continental Shelf (OCS) and the Arctic National Wildlife Refuge (ANWR)." Domenici writes, "We need to find ways to increase capacity at existing refineries and explore ways to build refineries in places other than the Gulf of Mexico," noting that his committee recently held a hearing on the Refinery Permit Process Schedule Act. Regarding the OCS, Domenici notes that his committee recently approved, by a bipartisan vote, a bill directing leasing in "the area known as Lease Sale 181. This bill will develop oil and gas at least 100 miles off the Florida coast in a manner that upholds environmental protections and military training areas." He says the measure "would be the single most important thing this nation could do to reduce the price of natural gas in the near term." On spent nuclear fuel, Domenici says the Energy and Water Appropriations Subcommittee "recently approved the fiscal year 2007 appropriations bill for the Department of Energy, which included language addressing a short-term solution for the spent nuclear fuel gathering at reactor sites around the nation." He adds, "Sen. Jim Inhofe (R-Okla.) and I introduced the Bush administration's proposed Yucca Mountain 'fix' language, S. 2589, the Nuclear Fuel Management and Disposal Act." Finally, Domenici writes, "Opening ANWR is the most meaningful thing Congress can for domestic oil production."

Boucher Calls For Incentives For Coal-To-Liquids Technology. In an op-ed in The Hill (7/19), Virginia Rep. Rick Boucher (D) writes that one way to reduce US dependence on imported oil "is to incent the use of coal-to-liquids technologies that can replace petroleum in powering transportation." Boucher says, "There is a proven technology that enables the conversion of coal to liquid fuel" and writes that the "technology is economic when crude-oil prices are approximately $40 per barrel." Noting that "a 50-cent-per-gallon excise-tax credit for alternative fuel mixtures — including fuel derived from coal" is set to expire in 2009, Boucher calls for legislation that would extend the tax credit through 2020. In addition, Boucher writes, "Congress should examine additional methods by which we can incent coal liquefaction as well as specific partnerships that might facilitate the launch of coal-to-liquids production."

USDA Milk Price-Support Program Allowed Traders To Make Millions Of Dollars. The Washington Post (7/19, A1, Gaul, Cohen, Morgan, 748K), in a front-page article that is part of an investigative series, reports, "When a drought left pastures in a handful of Plains states parched in 2003, ranchers turned to the federal government for help." USDA officials "decided to dip into massive stockpiles of powdered milk that the agency had stored in warehouses nationwide as part of its milk price-support program. Livestock owners could get the protein-rich commodity free and feed it to their cattle and calves. … But within months, the program spawned a lucrative secondary market in which ranchers, feed dealers and brokers began trading the powdered milk in a daisy chain of transactions, generating millions of dollars in profits. Tens of millions of pounds of powdered milk intended solely for livestock owners in drought-stricken states went to states with no drought or were sold to middlemen in Mexico and other countries, a Washington Post investigation found. Taxpayers paid at least $400 million for the emergency milk program, one of an array of costly relief plans crafted by Congress and the USDA to insulate farmers and ranchers from risk."

Heat Wave Spurs Calls For Revamp Of US Power Grid. The Wall Street Journal (7/19, Fialka, Smith, 2.03M) reports the heat wave "that put pressure on North America's power-transmission system for the second day soaked up more electricity reserves than expected and spurred calls for strengthening the nation's power grid." The week's "heat wave brought record levels of electricity demand and amounted to a giant stress test that the U.S. power grid -- actually three interconnected grids that involve 3,500 utilities serving 283 million people -- wasn't designed to handle. While massive outages were avoided, some regions saw problems."

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Again, the networks last night reported on the heat wave, generally giving the strain on the power grid a short mention. ABC Nightly News (7/18, story 7, 0:20, Gibson) reported, "Heat advisories and warnings were posted today from coast-to-coast. At least four deaths have been blamed on the heat. And the weather is suspected in at least three others. Some zoos have temporarily closed. And power grids serving the Northeast, the Midwest and California, all have reported record demand."

NBC Nightly News (7/18, story 9, 0:20, Williams, 9.87M) reported, "Power grids have been especially strained, leading to some additional misery at New York's LaGuardia Airport today, where a power failure there brought things to a standing halt for some time."

The CBS Evening News (7/18, story 9, 2:30, Regan, 7.66M) reported, "Power consumption records were set all over the country. Californians used 46,000 megawatts, the most ever. In New York, hundreds were stranded by a second day of power failures in the subway. Air travelers were left in the dark buying coffee by candlelight at La Guardia airport."

FBI/DEA/ATF/USMS:

Eight Colombians Plead Guilty To Smuggling Cocaine. AFP (7/19) reports, "Eight Colombians have pleaded guilty in a US court to trying to smuggle a huge cache of cocaine in a submersible vessel, authorities said." AFP continues, "The eight now face extensive jail terms and fines of up to four million dollars following their plea in a court in Tampa, Florida." AFP adds, "The US Coast Guard caught the eight after intercepting a Colombian fishing vessel on August 19 last year near the Galapagos islands in the Pacific, the Justice Department said in a statement. … The boat was pulling a steel submersible in which 5,500 pounds (2,500 kilogrammes) of cocaine was hidden. … 'This seizure marks the first capture by US law enforcement of a submersible vessel used to transport cocaine from Colombia,' said the statement." AFP notes, "The men were charged with possession of more than five kilos (11 pounds) of cocaine with intent to distribute it. 'The defendants are facing a mandatory minimum term of 10 years' imprisonment up to maximum life imprisonment, and a four million dollar fine,' said the statement."

The Tampa Tribune (7/19) reports authorities "announced Tuesday that eight Colombian fishermen have pleaded guilty to federal charges of cocaine possession with intent to distribute. The men were arrested in August onboard the fishing vessel Rio Mar I, 90 nautical miles southwest of the Galapagos Islands. … The fishing vessel was interdicted Aug. 19. … The day after stopping the boat, guardsmen found a 31-foot-long, submersible vessel about 15 miles away from where the Rio Mar had been boarded. The steel sub was about 4 feet in diameter, contained 5,500 pounds of cocaine and was attached to a 350-foot cable. It had an electronic transmitter in its nose cone."

91 Arrested In Crackdown By Nevada Drug Trafficking Task Force. The AP (7/19) reports, "Ninety-one people were arrested and 22 pounds of methamphetamine were seized in a two-phase undercover operation over two years aimed at interrupting the flow of the drug in southern Nevada, authorities announced Tuesday. 'We're getting those midlevel drug traffickers, those supplying the street dealers, out of business,' U.S. Attorney Daniel Bogden said of the Nevada High Intensity Drug Trafficking Area operation, which concluded last week. The latest 90-day push involved undercover buys by FBI, Drug Enforcement Administration, Immigration and Customs Enforcement agents and police from Las Vegas, Henderson and North Las Vegas." The AP notes, "Clark County is one of 28 places around the nation with a joint local-state-federal HIDTA task force, Bogden and other officials said during a news conference at the U.S. District Courthouse in Las Vegas."

Meth Seen As Growing National Drug Problem. McClatchy Newspapers (7/19, Doyle) reports, "The methamphetamine industry spawned in California's Central Valley continues to proliferate, and so does the political response to it." McClatchy continues, "Sheriffs in 48 percent of counties polled nationwide now identify meth as their No. 1 drug problem, according to a new survey released Tuesday. Law enforcement officials are warning that meth-related crimes have surpassed other drug problems, boosted workloads and filled local jails. … 'The abuse of this drug is spreading from the West to the East, though the problem continues to be most severe in the West,' said Larry Naake, executive director of the National Association of Counties." McClatchy adds, "A National Association of Counties' telephone survey of 500 jurisdictions found that 55 percent of sheriffs surveyed reported an increase in meth-related robberies or burglaries over the past year, while 73 percent reported having to pay more in overtime to handle the meth-

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related workload. … Meth problems outpace those attributed to heroin, cocaine and marijuana, according to the new study. … Sheriffs in 42 percent of Georgia counties surveyed last year identified meth as their No. 1 problem. This year, 63 percent of the Georgia sheriffs cited meth as their top problem. Similarly, meth was cited as the No. 1 problem in 25 percent of North Carolina counties last year and in 44 percent of North Carolina counties this year."

The AP (7/18) reports the survey released on Tuesday found nearly half of county law enforcement officials "consider methamphetamine their primary drug problem, more than cocaine, marijuana and heroin combined." In June "the White House drug-policy office set a goal to cut meth use by 15 percent over the next three years and increase seizures of meth labs by 25 percent."

In Texas, Man Gets 10-Year Sentence For His Role In Cocaine Operation. In Galveston County, Texas, the Daily News (7/19) reports a judge Tuesday "sentenced to 10 years in prison a man charged last year as part of a major cocaine operation by police and federal agents. Kenneth Dewayne Hayes, 36, was one of 32 people indicted 18 months ago after a months-long undercover operation. … In January 2005, based on evidence collected in the past months of drug buys, officers and agents initiated a sweep of arrests, dubbed 'Operation Wicked City No More.'"

In a separate story, the Knoxville (TN) News Sentinel (7/19, Satterfield) writes that a federal grand jury on Tuesday "also returned an indictment against an alleged marijuana customer of the West brothers, Newport resident Frank Logan Asbury, and two alleged couriers arrested in Texas with 1,000 pounds of marijuana that federal authorities contend was ordered by the West brothers."

Wife Of Tennessee Businessman Accused Of Helping Husband Launder Drug Money. According to the Knoxville (TN) News Sentinel (7/18, Satterfield), the wife of a prominent businessman "was arraigned [Tuesday] on charges she helped her husband launder his alleged drug-trafficking proceeds. Bernadette Trent West made her first appearance in U.S. District Court since a two-count indictment was returned last week by a federal grand jury. The indictment accuses her husband…Scott West of running with his brother and two other men an 11-year marijuana peddling ring. … The Wests have been under probe by the U.S. Drug Enforcement Administration for at least six months, according to federal court records."

Indictment Of Bonds Could Lead To His Suspension By MLB. According to USA Today (7/18, Nightengale), Major League Baseball "believes it has the right to suspend San Francisco Giants outfielder Barry Bonds if he is indicted, but Commissioner Bud Selig said Monday that he has yet to make a decision on Bonds' fate. … When asked whether Bonds would be suspended, Selig said, 'I'm not going to get into it, I'm just not. I'm in a sensitive spot. And frankly, sitting around and speculating on that is not fair to him.' The precedent for Major League Baseball to act against Bonds stems from the 1980 suspension of Ferguson Jenkins, who was arrested for possession of drugs before baseball had a drug policy."

USA Today (7/19, Nightengale) also reports that Bonds, "who has repeatedly denied he knowingly used illegal performance-enhancing drugs, could be indicted as early as Wednesday by a federal grand jury for perjury and tax evasion, according to attorneys involved in the case. … 'My guess is that if they're going to indict, it certainly will be this week,' says Michael Cardoza, who represents Steve Hoskins, Bonds' former best friend and business manager who testified to the grand jury. 'I don't have inside information, but it really could happen at any time. Hypothetically, they could do it' Wednesday."

The AP (7/18) writes a federal grand jury "is probing whether he paid taxes on some of [his] fortune. … He also is being investigated for allegedly lying to another federal grand jury about his steroid use. Legal analysts said proving the Giants star cheated the IRS out of its cut of memorabilia sales is far easier to prove than perjury."

Detroit-Area Crime Sweep Nets 115 Arrests. The Detroit News (7/19) reports, "Top law enforcement officials in Metro Detroit on Tuesday said 115 people have been arrested for violent crime since May under Operation Tide, a combined effort by 10 local, federal and state agencies launched in May to identify and target the city's worst criminals." The News continues, "The suspects, who are tied to gun crime and gang violence, were arrested in the police department's Northwestern District through TIDE or Tactical Intelligence Driven Enforcement. … That program is being expanded into the other three police districts." The

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News adds, "The results were released in a joint announcement by Detroit Police Chief Ella Bully-Cummings, U.S. Attorney Stephen J. Murphy, Wayne County Prosecutor Kym Worthy and Special Agent-in-Charge Valerie Goddard of the U.S. Bureau of Alcohol Tobacco and Firearms. … The program is funded by $600,000 through the federal Project Safe Neighborhoods campaign against guns and gang violence."

The Detroit Free Press (7/18, Angel) reports, "In a show of unprecedented unity…ten federal, state and local law enforcement agencies gathered at Detroit's Northwestern police district and vowed to reduce crime in the city. It was the official introduction of Operation TIDE, Tactical Intelligence Driven Enforcement, a crime-fighting collaboration that has been quietly in operation since May 5. All the agencies pool their resources and intelligence to identify crime patterns and the city's worst criminals." The Free Press notes the DEA's involvement in Operation TIDE.

IMMIGRATION:

Fort Bragg Immigration Sweep Nets 58. The AP (7/19) reports, "Federal agents conducting a sweep aimed at illegal immigrants detained 58 civilian workers Tuesday as they tried to enter Fort Bragg with suspected false or fraudulently obtained identification, officials said. … Almost all of them were construction workers, officials said." The AP continues, "U.S. Immigration and Customs Enforcement agents, U.S. marshals and FBI agents worked with the military on the sweep, which was conducted between 6 a.m. and 7:30 a.m. when most of the thousands of soldiers and civilian workers who live off the post enter the gates. … 'Today's operation was part of our ongoing force protection measures,' said post spokesman Tom McCollum. 'There were no incidents or accidents.' … Some of the people detained were from Mexico, Guatemala, El Salvador and Honduras, ICE spokesman Marc Raimondi said. … Four people were arrested for drug possession, McCollum said."

The Fayetteville Observer (7/19, Willett) reports, "People whose vehicles clearly identified them as contract workers or people who identified themselves as contract workers were isolated for in-depth checks, McCollum said. … All visitors to post have their driver's licenses or Defense Department identification cards read by scanners at the post's 17 access-control points. … The information is compared to several databases, including the National Crime Information Center database, the terrorism watch list and lists of people who are barred from post. … On Tuesday, contract workers were subjected to additional checks, McCollum said." The Observer notes, "Personnel from U.S. Immigration and Customs Enforcement, Defense Criminal Investigation Service, the U.S. Attorney's Office in Raleigh, U.S. marshals and the FBI participated in Tuesday's sweep."

House Said To Be Dragging Out Immigration Hearings. The AP (7/19, Gamboa) reports that after "more than 50 congressional hearings on immigration, lawmakers complained Tuesday about the prospect of even more hearings in a House-Senate standoff over how to deter illegal immigrants." House Republicans have scheduled six additional hearings for July, which have been "criticized as a political maneuver to delay immigration legislation and to help Republican candidates in an election year." Rep. Jeff Flake, who "sponsored an unsuccessful House bill that, like the Senate's measure, would offer some amnesty," said, "They ought to be called faux hearings." The AP added that at a House Judiciary immigration subcommittee hearing, three witnesses "testifying on behalf of Republicans criticized the Senate bill and the lone witness for Democrats, Rep. Silvestre Reyes of Texas, the only member of Congress to serve in the Border Patrol, supported it."

CQ (7/18, Sandler) reported the hearing "advertised as seeking to compare the bills (HR 4437, S 2611) passed by the two chambers, more closely resembled a bare-knuckles political debate. Republicans derided Democrats for blurring the lines between legal and illegal immigration. Democrats accused their counterparts of playing election year politics. The hearing had a circus-like feel even before members took their chairs, with a disparaging title offered by House GOP leaders: 'Should We Embrace the Senate's Grant of Amnesty to Millions of Illegal Aliens and Repeat the Mistakes of the Immigration and Control Act of 1986?'"

The New York Times (7/19, Preston, 1.21M) reports the hearing was "supposed to highlight conservative support for House Republicans' position on immigration legislation. But the results were decidedly mixed." While "expressing support for" the House legislation, "one witness, the Christian conservative advocate Phyllis Schlafly, devoted most of her testimony to her assertion that President Bush had betrayed Americans by supporting a rival Senate bill that offers a route to citizenship for most illegal immigrants already in the country." In addition, Democratic Rep. Silvestre Reyes, "who

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was called because he served in the Border Patrol for 26 years, dismissed the hearing as 'a waste of time,' saying the Republican-led Congress had repeatedly failed to provide enough money for border enforcement."

The Washington Times (7/19, Hurt, 88K) reports the "latest immigration bill approved by the Senate is "far, far worse" than the 1986 immigration bill that granted amnesty to 2.7 million illegal aliens and created the magnet for the millions more who have come here since, a House panel was told at a hearing yesterday." In addition "to providing legalization to about four times as many illegal aliens as did the 1986 Immigration Reform and Control Act (IRCA), witnesses said, the current bill also repeats mistakes made 20 years ago that will render the border-enforcement provisions and employer sanctions meaningless."

The Hill (7/19, Allen) reports House Republicans are "divided over the question of whether enactment of an immigration law this year is an electoral imperative, but they remain committed — at least for the time being — to bashing their Senate counterparts on the contentious topic." Like "'many of his fellow Republicans, Rep. Lee Terry of Nebraska says he would like to see an agreement between the chambers on the House priority of enforcing the border, but he has heard colleagues say Republicans are best served if they 'just hang the Senate bill up like a piñata and beat it until the election.'" House Republicans "are clearly upset that their Senate allies are not bending to their will as the election approaches. They believe the answer is simple: enact a law containing border-enforcement measures that can win broad support in both chambers and come back to other issues later."

Private Prison Firms May Benefit From Enforcement Crackdown. The New York Times (7/19, Kolodner, 1.21M) reports as the Bush Administration "gets tougher on illegal immigration and increases its spending on enforcement, some of the biggest beneficiaries may be the companies that have been building and running private prisons around the country." By the fall "of 2007, the administration expects that about 27,500 immigrants will be in detention each night, an increase of 6,700 over the current number in custody. At the average cost these days of $95 a night, that adds up to an estimated total annual cost of nearly $1 billion." The Corrections Corporation of America "and the Geo Group (formerly the Wackenhut Corrections Corporation) — the two biggest prison operators — now house a total of fewer than 20 percent of the immigrants in detention. But along with several smaller companies, they are jockeying for a bigger piece of the growing business."

Latino Culture Generates Backlash In Some Localities. The Christian Science Monitor (7/19, Jonsson, 58K) reports that in "some ways, the traveling taco stand has become a symbol of the rise of Hispanics in the US. Here in Gwinnett County, Ga., it wasn't any different - until lawmakers outlawed the $1 street-corner taco vendor last month." In "resisting the sudden and growing influence of Latino culture, some cities and towns across America are requiring the use of English and restricting culinary mores and even the Hispanic tradition of sitting on the front porch."

Nogales Strained By Deportation Of Illegal Immigrants. The Los Angeles Times (7/19, Riccardi, 918K) reports a Mexican city "may seem an unlikely place for a backlash against immigrants. But Nogales has been struggling with the costs of illegal immigration in ways that few U.S. cities can imagine." Up to "a dozen times a day, a white bus pulls up across the border from Nogales and unloads migrants the Border Patrol in Arizona has caught trying to enter the U.S. illegally. The deportees flood the city's shelters and strain public services as they try to raise money for another illegal crossing. Increasing numbers of them have come from southern Mexico and Central America, drawn by rumors of amnesty." Last month, "the deployment of the U.S. National Guard on the border made it even tougher to cross illegally, compounding problems for the city. The deportees engender suspicion and resentment from longtime residents."

TAX:

New IRS Policy Aims At Curbing Political Activity By Churches. The Los Angeles Times (7/19, Clark) reports, "The Internal Revenue Service is warning churches and nonprofits that improper campaigning in the upcoming political season could endanger their tax-exempt status." The Times continues, "The agency also launched a program to expedite investigations into claims of improper campaigning, prompting an advocacy group to charge this month that the program could restrict the free speech of nonprofit groups and churches. …. Such investigations came to light last year when the IRS warned All Saints Church in Pasadena that it was reviewing the Episcopal church's tax-exempt status because a priest criticized the Iraq war shortly before the 2004 presidential election. Church leaders say

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they have no intention of scaling back their criticism of the war." The Times adds, "The IRS' new enforcement program — the Political Activity Compliance Initiative — was first announced in February and again in June through news releases and notices to more than 15,000 tax-exempt organizations, numerous church denominations and tax preparers. … Under the program, the IRS will no longer wait for an annual tax return to be filed or the tax year to end before investigating allegations of wrongful campaigning. A three-member committee will make an initial review of complaints and then vote on whether to pursue the investigation in detail."

Study Says Urban Dwellers Face "Ghetto Tax." The New York Times (7/19, Eckholm, 1.21M) reports a Brookings Institution study finds drivers "from low-income neighborhoods of New York, Hartford and Baltimore, insuring identical cars and with the same driving records as those from middle-class neighborhoods, paid $400 more on average for a year's insurance." The poor are "also the main customers for appliances and furniture at 'rent to own' stores, where payments are stretched out at very high interest rates; in Wisconsin, a $200 television can end up costing $700." Those were "just two examples among several cited in a report Tuesday showing that poor urban residents frequently pay hundreds if not thousands of dollars a year in extra costs for everyday necessities. The study said some of the disparities were due to real differences in the cost of doing business in poor areas, some to predatory financial practices and some to consumer ignorance."

New Tax Law Increases Burden On Many Americans Overseas. The Wall Street Journal (7/19, Prystay, Herman, 2.03M) reports a new tax law "that ratchets up costs for many Americans working overseas could change company hiring practices in certain countries -- and is causing some employees to consider coming back home." The increased taxes "are hitting hardest at American expatriates working in places where housing costs are high and local taxes are relatively low, such as Russia, Hong Kong and Singapore. The higher costs can fall on employers, some of which guarantee that their workers don't pay more in taxes than they would if they were living in the U.S. But many Americans living abroad aren't offered such guarantees, known as tax equalization, and must shoulder the increases on their own."

CONGRESS-ADMINISTRATION:

Senate Approves Stem Cell Bill 63-37; White House Pledges "Swift" Veto. Network news coverage of the Senate vote on federal funding for stem cell research, and the president's expected veto, was notably brief. NBC and CBS merely mentioned the outcome of the vote and reminded audiences of the president's intention to veto the bill. ABC ran a two-minute report emphasizing the political repercussions of the vote and probable veto. The CBS Evening News (7/18, story 10, 0:20, Schieffer, 7.66M) reported, "Senate voted today to expand federal funding of embryonic stem cell research after two days of emotional debate. The Bill passed 63-37. That's four votes short of the two-thirds majority needed to override a veto. That was promised by President Bush as early as tomorrow. It would be the first veto of his Presidency."

NBC Nightly News (7/18, story 10, 0:20, Williams, 9.87M) reported, "The bill would allow embryos created for in-vitro fertilization that would otherwise be thrown away to be used, in this case, for research into possible cures for diseases including diabetes and Parkinson's, as well as spinal chord injuries."

The Washington Post (7/19, A1, Babington, 748K), in a front-page story, reports White House press secretary Tony Snow "said Bush's veto 'will be pretty swift' once he receives the bill, possibly as soon as today." The Post goes on to report, "Polls show that a solid majority of Americans support human embryonic stem cell research, and Democrats are portraying Bush and his allies as captives of a dogmatic segment of the GOP that is blocking possible cures for major diseases. … The stem cell issue is prominent in several congressional races, including sharply contested Senate races in Maryland, Missouri and Virginia."

Fox News' Special Report (7/18, Garrett) reported, "Neither the House nor Senate have the votes to override the President's veto which could come as early as tomorrow."

The Los Angeles Times (7/19, Hook, 918K) reports, "the bill's proponents saw Congress' action as a legislative landmark that could pave the way for substantial federal backing for a controversial procedure at the cutting edge of medical science. 'In the future, in all likelihood, we will see increased federal funding of embryonic stem cell research,' said Senate Majority Leader Bill Frist, who made a rare break with the White House to support the legislation."

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Bush Will Sign Two Other Stem Cell Bills. CNN's The Situation Room (7/18, Bash) Bush could veto the bill "as soon as tomorrow. But he will also get two stem cell bills that he will sign, both of which just passed the Senate by votes of 100-0, unanimously."

The Washington Times (7/19, Fagan, 88K) reports, "Democratic critics have said the two extra research bills were meant to be political cover for Mr. Bush and conservatives." Snow "complained that the two extra bills are being overlooked and that Mr. Bush would sign them."

Veto Threat Said To Pit Bush Against the "Medical Community," 60% Of The Public. ABC Nightly News (7/18, story 9, 2:00, Gibson) reported, "the Senate defied President Bush and voted to expand funding for embryonic stem cell research. … Mr. Bush believes the destruction of the embryos would be considered murder. ABC adds that the President "takes a stand against the House, the Senate and, polls say, around 60% of the public. This issue pits those who agree with the President that the embryos are human life against the medical community, which argues they are crucial to the potential cures for diseases such as also Alzheimer's and Parkinson's." ABC added, "Republicans say this could hurt them. … After all, even many who oppose abortion, oppose the president on this." GOP strategist Frank Luntz was shown saying, "There's so many divisive issues that are causing republicans to pull apart, we don't need another one right now."

The AP (7/19, Kellman) reports, "The president left little doubt he would reject the bill despite late appeals on its behalf from fellow Republicans Nancy Reagan and Arnold Schwarzenegger. 'The simple answer is he thinks murder's wrong,' said White House spokesman Tony Snow. 'The president is not going to get on the slippery slope of taking something living and making it dead for the purposes of scientific research.'"

USA Today (7/19, Stone, 2.27M) reports, "The legislative action caps years of debate over science and ethics. Sen. Sam Brownback, R-Kan., and some religious conservatives link the research to abortion. … 'People will look back…in wonderment at how there could be any doubt about using these stem cells to save lives,' said Sen. Arlen Specter…a cancer survivor."

The New York Times (7/19, Hulse, 1.21M) reports Bush "planned to veto the measure as early as Wednesday, ignoring the substantial support it won from Senate Republicans, including…Frist. … The issue has deeply divided Republicans, many of whom support expanded research on medical or political grounds or both. Backers of the bill pleaded publicly with Mr. Bush on Tuesday to reconsider his decision." The Times adds, "The bipartisan push for Mr. Bush to reconsider his veto threat was joined Tuesday by other prominent Republicans, including" Schwarzenegger "who wrote to the president and urged him not to make his first veto 'one that turns America backwards on the path of scientific progress.'" Nancy Reagan, "who was instrumental in lobbying for a Senate vote on the issue, issued a statement that did not address Mr. Bush directly."

The Financial Times (7/19, Yeager) reports Bruce Reed, president of the Democratic Leadership Council, "said rejecting the legislation would 'very much isolate the administration outside the mainstream'."

Specter And Hatch Urge Bush To Reconsider. The Hill (7/19, Young) reports, "After the vote, the bill's lead Senate sponsor, Sen. Arlen Specter and other supporters continued to maintain they were hopeful Bush would reconsider. 'I would just say to the president: Don't kill this bill,' said Sen. Orrin Hatch. Specter said he hoped Bush might be swayed in the days ahead by a 'substantial public outcry.''

The Washington Times (7/19, Fagan, 88K) reports Senators "such as Gordon H. Smith, Oregon Republican, and Democrats Tom Harkin of Iowa and Edward M. Kennedy of Massachusetts joined Mr. Specter in urging Mr. Bush to change his mind. Sen. Hillary Rodham Clinton "warned that it would be 'a serious mistake' for Mr. Bush to veto the bill, and that many Americans 'believe that this holds promise for their lives.'"

McClatchy Newspapers (7/19, Talev) reports, "Senators summoned their family ghosts Tuesday, and for a few moments they almost lived again - relatives who trembled helplessly, slowly lost their minds or withered away from incurable diseases. … Tuesday's Senate debate was dramatic, as many Republicans joined Democrats and various celebrities in urging Bush to reconsider, while others stood with the president, saying morality demands no less."

Veto Unlikely To Hurt Bush's Relationship With Hill Republicans. Roll Call (7/19, Billings) reports that even though President Bush is expected to issue the first veto of his presidency today, "few on Capitol Hill expect the floodgates to open with future White House policy rejections, nor do they expect to see any long-term damage to his relationship with Congressional Republicans." Bush's first veto "is being viewed by his party as a footnote in the history books, rather

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than as a new chapter for a two-term president who has enjoyed unprecedented policy agreement with his Congressional colleagues."

Senate Vote Splits GOP Presidential Aspirants. The AP (7/19, Sidoti) reports Frist and Sen. John McCain, "abortion opponents who are considering presidential bids, broke with Bush — and the social conservatives who are crucial to the GOP — when they voted Tuesday for a bill that would expand federal funding for embryonic stem cell research. Three other potential Republican presidential candidates — Sens. Sam Brownback of Kansas, Chuck Hagel of Nebraska and George Allen of Virginia — opposed the bill.

Ben Nelson Casts Lone Democrat "No" Vote. Bloomberg (7/19, Roberts) reports, "Nineteen Republicans joined all but one Democrat to vote in favor of federal funding for embryonic stem cell research. Senator Ben Nelson, a Nebraska Democrat, joined 36 Republicans in support of Bush's ban."

Zogby Calls Stem Cell Issue An "Ace In The Hole" For Democrats. McClatchy Newspapers (7/19, Douglas) reports, "While Bush's veto may curry favor with religious conservatives, who compose the cornerstone of his political base, his stand may alienate moderate Republicans, independent voters and others who see the research as key to helping save lives. 'On the Democratic side of things, it's an ace in the hole. It's a good wedge issue and a good base issue that appeals to crossover Republicans,' said John Zogby, an independent pollster. 'For the president, it's business as usual. This is a guy who's staked his entire career on shoring up the base, and this is a base kind of issue.' But Bush's veto may be not so much a political act as one of personal conscience." The Free Congress Foundation's Paul Weyrich "says Bush's veto decision is devoid of politics."

In an op-ed for The Hill (7/19) Sen. Tom Harkin writes, "the president's policy is not a way forward; it has become a dead end. It offers only false hope to the millions of people across America and the world who are suffering from diseases that could be cured or treated through research on embryonic stem cells. We need a policy that offers true, meaningful hope to these patients and their loved ones."

GOP Said To Hope Stem Cell Issue Fades By November. Time.com (7/19, Calabresi) reports, "The doomed bill is more than just another round of conservative vs. moderate battling in the GOP. It is the latest bet in a high-stakes gamble pitting the Republicans' short-term electoral tactics against their long-term strategy of building a permanent majority. … The Republican leadership is aware of the conflict between the short- and long-term interests of the party and is doing what it can to diminish the cost. On stem cells…the tactic is to get the battle over with as soon as possible. The GOP leadership chose the gap between the July 4th and August recesses as a low-visibility moment for the vote and compressed the time the voting would take. Bush's veto, and the expected House failure to override it, will come within days and will soon have been replaced by other issues. 'It'll all be over in 72 hours,' says one top GOP aide."

Santorum's Alternative Bill Fails To Attract Two-Thirds Support In The House. The AP (7/19, Kellman) reports, "But in a surprise victory for embryonic stem cell supporters, the House defeated a second bill that would have encouraged stem cell research from sources other than embryos. Opponents of that bill, sponsored by Sen. Rick Santorum…called it election-year cover that would allow Bush and other embryonic stem cell opponents to say they nonetheless support stem cell research. While the Senate approved that measure unanimously, the House's 273-154 vote fell 12 votes short of the two-thirds majority required for passage under the rules. The House could try again to pass the bill Wednesday by a simple majority and send it to Bush for his signature."

The AP (7/19, Hefling) reports Santorum, "a conservative struggling to win reelection, suffered a political setback late Tuesday when the House rejected his bill to encourage adult stem cell research. … Santorum likens embryonic stem cell research to abortion because a days-old embryo is destroyed in the process of extracting stem cells."

CQ Today (7/18, Crowley, Phillips) reports, "When the Senate agreed to bring up the House bill," Frist "arranged to bring up the two other measures at the same time. The alternative bills were designed to offer some socially conservative anti-abortion senators and Bush political cover to oppose the House bill." Rep. Jack Kingston "called it a 'bump in the legislative road' when the House vote fell short on one of the Senate bills; still, the vote clearly took GOP leaders by surprise." Majority Whip Roy Blunt "applauded the clearing of both Senate bills — before an e-mail 11 minutes later recalled the statement."

Castle Claims Alternative Bill A "Distraction" And A "Delay." The Wall Street Journal (7/19, Lueck, 2.03M) reports, "Last night, the House took up the two bills the Senate

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passed unanimously, in the hopes of giving Mr. Bush legislation to sign at the same time he vetoes the funding expansion. … But the bill promoting research that doesn't harm embryos failed to get the two-thirds support needed under House rules. Democratic opposition was a major reason, but 15 Republicans also opposed the measure, including Rep. Mike Castle (R., Del.), a sponsor of the House version of the Specter bill. The alternative, he said, 'is a distraction for our researchers and it is a delay to cures.'"

Senate Bill Could Improve "American Competitiveness" According To Researchers. The New York Times (7/19, A1, Pollack, 1.21M), in a front-page story, reports, "A bill approved by the Senate yesterday to spur stem cell research would go a long way toward removing restrictions that have slowed progress, burdened laboratories with red tape, reduced American competitiveness and discouraged young researchers from entering the field, several leading stem cell scientists said. … It is difficult to quantify how much the president's policy has actually retarded research. Private donations worth tens of millions of dollars have filled the gap to some extent, though scientists say the federal government would be a larger and steadier source of money. A few states are also putting money into the field."

The Washington Post (7/19, A4, Weiss, 748K) notes that though President Bush "declared that federal money could be used to study embryonic stem cell colonies made only from embryos that had been destroyed by that date. … Over the following months, however, it turned out that cells from only a handful of colonies were available for distribution and study."

Leavitt Notes Increase In Research Funding Since 2001. In an op-ed for USA Today (7/19, 2.27M) Mike Leavitt, secretary of Health and Human Services, writes, "Some have described the president's policy as a 'ban' on embryonic stem cell research. On the contrary, under the president, federal funding on embryonic stem cells has grown from zero dollars in 2001 to more than $40 million in 2005 and keeps growing as the research holds increasing promise."

WPost Claims Bush's Position Is Illogical. The Washington Post (7/19, 748K) editorializes, "We understand that people can in good faith disagree on this question. But we don't understand the logic of Mr. Bush's position. If using discarded embryos to extract stem cells is murder, how can he permit it to proceed with private funding? If this is murder, isn't it also immoral to allow federal research on existing lines of embryonic stem cells, as the current administration policy permits, though they are the fruit of a homicidal act?"

USA Today Calls Bush Veto "Embarrassing." USA Today (7/19, 2.27M), in an editorial, writes, "for Bush to use his first veto to block scientific progress is downright embarrassing. … The veto would impede medical progress at potentially enormous human cost, allow abortion politics to trump science and go against the wishes of most Americans."

Breyer Passes Up Chance To Throw First Pitch At Fenway. The AP (7/19, Golen) reports, "Supreme Court Justice Stephen Breyer passed up a chance to throw out the ceremonial first pitch at Fenway Park on Tuesday night, allowing his wife and granddaughter to instead claim the honor that a day before had been bestowed upon singer Meat Loaf." The AP continues, "Clara Scholl, 3 1/2, tossed the ball to Breyer's wife of 39 years, Joanna Hare, who relayed the ball to the catcher while Breyer looked on. The crowd cheered, which might have had less to do with Breyer's judicial decisions than the fact that all three of them were wearing Red Sox caps. … The 67-year-old Breyer spoke at the ballpark earlier about his book, 'Active Liberty,' as part of the 'Great Fenway Park Writers Series.' After being introduced by former Massachusetts Gov. Michael Dukakis, Breyer told about 125 in attendance that he grew up in the Bay Area as a fan of the minor league San Francisco Seals and Oakland Oaks. … Asked which of the court's sports cases stood out for him, he discussed the line of decisions that left baseball's antitrust exemption largely intact even though the original reasoning has been discredited."

Senate Shifts $9 Billion In Defense Spending To Domestic Programs. The AP (7/19, Taylor) reports, "Clashing with President Bush and House conservatives, Senate committees transferred $9 billion from Bush's proposed defense budget Tuesday to domestic programs. Subcommittees approved bills adding to Bush's budgets for some domestic programs, including Amtrak, health research, and housing for the elderly and disabled. At the same time, the defense panel trimmed the Pentagon's request for KC-130 tanker planes and for the overhaul of Army combat systems." Senate Defense Appropriations Subcommittee Chairman Ted Stevens "acknowledged that 'to a certain extent' he is using some of $50 billion that's supposed to go directly for military operations in Iraq and Afghanistan to ease cuts to the Pentagon's non-war budget.

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Such moves have already provoked a thinly veiled veto threat from the White House, which says they amount to a shell game that ultimately results in using emergency war funding bills to ease the crunch on domestic programs."

The Wall Street Journal (7/19, Rogers, 2.03M) reports, "The Pentagon would get less than two-thirds of the $23.8 billion increase it hoped for in the fiscal year that begins Oct. 1, even as about $5 billion would be added to Mr. Bush's budget for the departments of Education, Labor, and Health and Human Services. Amtrak, the national passenger-rail corporation, is promised $1.4 billion, $500 million more than the president's request. Community-development funds are restored to $4.2 billion, almost $1.2 billion over Mr. Bush's budget. Even the Internal Revenue Service fares well, with an estimated $64 million increase over the president's figure."

Congress Reportedly Near Agreement On Pension Bill. The Wall Street Journal (7/19, Solomon, Rogers, Perez, 2.03M) reports Congress "neared a deal on a long-awaited pension bill as airline executives appeared to make headway in winning more time to fully fund their employee pension plans." House and Senate negotiators "have largely resolved some major sticking points, including giving struggling airlines some form of relief and making it easier for investment firms to provide advice to their 401(k) clients. … This past weekend, a bipartisan bloc of five House and Senate members began drafting a proposed settlement independent of Sen. Michael Enzi (R., Wyo.), the official leader of the talks and chairman of the Senate Health, Education, Labor & Pension Committee. The unusual process is politically delicate for all involved, but it has had the active support of House Majority Leader John Boehner (R., Ohio). 'I think we are very close to an agreement,' Mr. Boehner said yesterday." Sen. Max Baucus, the ranking Democrat on the Senate Finance Committee, "said there's a 'good chance of getting this all wrapped up before the August recess.'"

In an op-ed for The Hill (7/19) Rep. Buck McKeon, chairman of the House Education and the Workforce Committee, writes, "Workers and retirees who rely on multiemployer pensions are left vulnerable because of funding losses and outdated rules that need significant reform. The conference report we will send President Bush will include significant multiemployer reforms to ensure that the pension promises made to our workers are kept."

In another op-ed for The Hill (7/19) Rep. Major Owens writes, "In the arena of private-sector defined-benefit pension plans, a huge conspiracy has been set in motion with a profitable bailout at the end for corporations. Yet even the luckiest workers will get no more than half of the pension benefits they worked hard to earn. And of course any large-scale eradication of private-sector pension plans will establish the necessary precedents for legislating similar cuts for public-sector employees."

Lobbyists See Pension Bill As Opportunity For Changing Tax Rules. Roll Call (7/19, Ackley) reports, "The long-stalled pension reform measure, now awaiting action in Congress, could turn into a magnet for lobbyists who want to find one last vehicle this year to turn their clients' favored tax credits into reality. 'This seems like the last golden goose of this Congress,' said one lobbyist who is working the bill. Bob Shepler, director of corporate finance and tax at the National Association of Manufacturers, has been monitoring the pension bill for his association. 'I think folks have been going under the assumption that the pension bill would be the engine for a lot of tax work,' he said. … Shepler's group and most American businesses want to see a package of tax-credit extensions added to the pension bill. 'It was assumed that the pension bill was going to be the vehicle for the extenders,' he said. And the business community has been pushing hard for that."

Administration Declines To Offer Free Credit Monitoring To Veterans. Media outlets across the country report that the federal government will no longer offer free credit monitoring to veterans whose information was on a laptop stolen from a VA employee's home in May. Coverage is mostly neutral toward VA. Coverage tends to hit three major points: First, that the White House decided to withdraw the request for funding; second, that the FBI determined "with a high degree of confidence" that no individual attempted to access the data; and third, that VA plans to hire a company to study whether veterans are having problems stemming from the data breach. Additionally, the AP and others note that members of the Veterans of Foreign Wars and the American Legion object to the planned withdrawal of funds.

The Washington Post (7/19, 748K) reports, "The Bush administration has decided not to offer free credit monitoring to 26.5 million veterans and military personnel whose personal information was on computer equipment stolen from the home of a Department of Veterans Affairs analyst in

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May. Rob Portman, the White House budget director, wrote House Speaker J. Dennis Hastert (R-Ill.) yesterday withdrawing the administration's request for $160.5 million to pay for a year of free credit monitoring and citing the June 28 recovery of the stolen laptop and external hard drive by police." The Post adds, "VA spokesman Matt Burns said yesterday that the department still plans to hire a company to study whether any veterans are having problems with identity theft as a result of the data breach."

On its Web site, the Air Force Times (7/18, Maze) notes, "The proposed contract would try to detect patterns that would indicate any of the lost, but now recovered, data is being misused, Burns said. The VA 'has funds in its budget that can be used for this purpose, and there will be no diminution in the quality of health care and other services provided to veterans as a result of this expenditure.'"

CNN Live Today (7/18, 11:46 a.m.) reports, "White House Budget Director Rob Portman says that he is canceling his request to Congress for $160 million to cover the costs as the FBI determined with a high degree of confidence that the information on the laptop had not been compromised."

CNN Headline News (7/18, 2:19 p.m., 2:49 p.m., 3:49 p.m.) adds, "The 26 million veterans whose personal information was stolen in May will not get free credit monitoring after all. The White House has notified House Speaker Dennis Hastert it is canceling the funding for the program. The Department of Veterans Affairs promised the free monitoring after an employee reported a laptop computer containing the data had been taken from his home."

In a news update aired during the O'Reilly Factor, Fox News (7/18, 8:12 p.m.) reports, "Veterans whose personal information was stolen back in May wont' get free credit monitoring."

In a brief article, the New York Times/AP (7/19) reports, "The announcement came a week after the Federal Bureau of Investigation determined with what it said was a 'high degree of confidence' that no one had gained access to the information stored on a Veterans Affairs employee's laptop and external drive." However, Bob Wallace, Veterans of Foreign Wars executive director, said, "We are outraged that the administration would renege on its offer. … There is no 100 percent assurance that the laptop was not compromised."

In a story carried in media outlets across the country, the AP (7/19, Yen) reports, "Veterans groups have said they should still receive the free monitoring following the government's worst information security breach, noting there was no certainty that the information had not been compromised. They also have criticized the VA for the theft, which came after years of warnings by auditors that information security was lax, and say that other breaches are likely to happen. In a blistering report last week, Veterans Affairs Inspector General George Opfer faulted both the VA data analyst and his supervisors for poor judgment and said dramatic reform was needed."

Administration, Congressional Leaders Propose National School Voucher Plan. National news sources all tied coverage of a $100 million proposal to offer scholarships for tutoring or for private school tuition on behalf of students in schools not meeting federal standards for five or six years to a Department of Education report released last Friday that is said to show that private schools do no better than public schools in educating students. The New York Times (7/19, Schemo, 1.21M) reports, "With Education Secretary Margaret Spellings joining them in a show of support, Congressional Republicans proposed Tuesday to spend $100 million on vouchers for low-income students in chronically failing public schools around the country to attend private and religious schools." The plan would offer "tuition and private tutoring for some 28,000 students." But "an Education Department report released Friday…showed that students attending public schools generally did as well as or better than comparable students in private schools." And "opponents of school vouchers seized on those findings." Spellings said the report was "basically inconclusive."

The Washington Post (7/19, Romano, 748K) reports, "The plan was immediately assailed by Democrats, unions and liberal advocacy groups." The Ed. Dept. report "prompted questions from foes of vouchers about why taxpayer money should go toward private schools instead of toward improving public schools." Spellings said that "if schools cannot show progress after six years of required improvements under the federal No Child Left Behind law, then parents must be offered a way out for their children."

USA Today (7/19, Toppo, 2.27M) described the plan as "the latest in a string of voucher proposals from the Bush administration."

The AP (7/19, Feller) reports the proposal is "one in a series of social conservative issues meant to energize the

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Republican base as midterm elections approach." Yet "Congress likely won't even vote on the legislation this year." Instead, Republicans "plan to try to work their voucher plan into the No Child Left Behind law when it is updated in 2007."

Editorials Call For More Widespread Use Of Effective Practices. The New York Times (7/19, 1.21M) argues in an editorial that the report shows that attention should be focused on "teacher training and high standards" because "public, private, charter and religious schools all suffer from the wide fluctuations in quality and effectiveness" and "American schoolchildren are performing at mediocre levels in reading, math and science -- wherever they attend school."

USA Today (7/19, 2.27M) writes in an editorial that "Schools that outperform their peers" have common "best practices" and that "persuading more schools to adopt proven strategies would make the quality of children's education less dependent on the value of their parents' real estate."

Blackburn Seen As Positioning Self For Leadership Run. The Roll Call (7/19, Pershing) reports when "an International Relations subcommittee held a high-profile hearing in San Diego earlier this month on border security," Rep. Marsha Blackburn "was there on the dais, asking questions and lamenting that 'the American people are frustrated with the issue.' For her trouble, Blackburn got quotes in a handful of print news accounts of the hearing, plus an interview on a Fox News Channel morning show and a brief clip on that evening's 'NBC Nightly News.'" Roll Call adds, "So it goes for Blackburn, who increasingly has been active in the six months since she briefly was a candidate to challenge Republican Conference Chairwoman Deborah Pryce (Ohio) in a race that never actually materialized." Blackburn "temporarily has gone back to her rank-and-file status and says — as is standard practice — that she is not currently thinking about leadership races." But while Blackburn "isn't publicly talking about challenging Pryce for the Conference chairman post again after November's election, the Tennessean's ambitions are an open secret among her colleagues, though leadership aides caution that Blackburn needs to be careful not to appear too self-promoting or to be openly campaigning for leadership in a tough election year."

Defense Lobbyists Worry About McCain Chairmanship Of Armed Services Panel. The Hill (7/19, Tiron) reports, "The 2007 defense authorization bill is Sen. John Warner's last as chairman of the Senate Armed Services Committee, and it effectively serves as a drum roll for the panel's next chairman, potentially Sen. John McCain, currently the vice chairman." "Some in the defense industry and lobbying shops" are "on edge" because McCain "is a constant critic of the Pentagon's contracting and procurement tactics as well as of the pork-barrel projects that pepper the annual defense bills." Besides thwarting the Boeing tanker leasing deal two years ago, he "has emerged as a staunch critic of the Air Force's contract for the C-130J and the Army's contract with Boeing for the Future Combat Systems."

Hunter And Skelton Urge Passage Of NDAA. In The Hill (7/19), House Armed Services chair Duncan Hunter (R) and ranking member Ike Skelton (D) urge passage of the National Defense Authorization Act. Hunter says that HR 5122 "provides improved capabilities to counter improvised explosive devices (IEDs) and authorizes an increase of $109.7 million to fund counter-IED measures. The legislation also includes an initiative to take back the roads in Iraq from terrorists and provides the best available IED-jamming devices for vehicle convoys and dismounted soldiers." Skelton observes, "Battle losses and damage, operational requirements, and the harsh environment are wearing out equipment at nine times the peacetime rate. What does all this mean? It means that for 2007, the Army alone will require $17 billion to reset its force. That is an extraordinary figure for a single year. Congress must ensure in this conference and in the years to come that we provide the funds required to reset the force and to restore our military's optimal readiness."

Bill Would Eliminate Obsolete Agencies. The Washington Times (7/19, McCaslin, 88K) reports in its "Inside the Beltway" column that GOP Rep. Kevin Brady "continues to seek co-sponsors — he's got more than 100 already — to his 'Abolishment of Obsolete Agencies' act. … If approved, the act would establish a 12-member bipartisan federal Sunset Commission, which would then set out to identify savings and improve government efficiency by abolishing obsolete federal agencies. Each agency identified as redundant would be given an expiration date and allowed some time to justify its existence. If it fails, it faces reorganization or abolishment."

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Report Finds Pay For DHS, Pentagon Execs Lagged Behind Other Agencies. The Washington Post (7/19, D4, Barr, 748K) reports in its "Federal Diary" column, "Pay for federal executives at two key departments -- Defense and Homeland Security -- lagged most other agencies in fiscal 2005, a recently released report shows. While average basic pay for members of the Senior Executive Service was $147,751 at Defense and $149,667 at Homeland Security, across government, SES members received an average of $151,266, according to the report."

WSJournal Criticizes End-Of-Fiscal Year Spending. The Wall Street Journal (7/19, 2.03M) editorializes, "July marks the start of the fourth quarter of Washington's fiscal year, which means the government is about to spend money like there's no tomorrow -- literally. The Government Accountability Office calls this the 'hurry-up spending' season, while federal contractors refer to it as 'Christmas in July.'" The reason "is a spend-it-or-lose-it ethic that pervades government agencies. Washington department heads gain power and prestige by expanding their budget allocations from Congress. But taxpayer dollars left unspent are punished with a shrinking budget from Appropriators the next year." When federal bureaucrats "can't spend the money the pols are giving them, something is rotten on Capitol Hill. Had federal expenditures grown since 2000 merely at the inflation rate, rather than three times that rate, there wouldn't be a budget deficit today. In private industry, competition forces continuous cost cutting. In federal agencies the incentive is to shop until you drop."

OTHER NEWS:

Weak Dollar, Strong Global Demand Boost US Exports. The Wall Street Journal (7/19, A1, Whitehouse, 2.03M) reports in a front page story that as "trade data roll in, an encouraging picture is taking shape for American industry: Helped by a weaker dollar and strong global economic growth, U.S. companies are finding increasingly eager customers abroad." In the first five months of this year, US exports "of goods totaled an inflation-adjusted $376 billion, up 10% from a year earlier. Exports of capital goods, such as heavy construction equipment and machine tools, were up even more sharply -- at 15%. Goods imports, meanwhile, rose 6% to $666 billion, also in inflation-adjusted terms." With the US' "imports continuing to far exceed its exports, the U.S. trade deficit remains stubbornly wide. But economists say the pickup in export growth relatively to imports is important because it could stabilize the gap between what the U.S. buys abroad and what it sells to the rest of the world."

Wholesale Prices Up More Than Expected. The New York Times (7/19, Peters, 1.21M) reports, "Higher costs of food and energy pushed up wholesale prices in June to an unexpectedly high level, leaving economists to debate whether prices might be rising too quickly." The Labor Department "said yesterday that the Producer Price Index rose 0.5 percent in June, after a 0.2 percent increase in May." Wholesale food prices "increased 1.4 percent in June, propelled by higher costs for chicken, eggs and fruit. The rise in food prices alone added 0.3 point to the overall index for June. Wholesale energy prices climbed 0.7 percent." But excluding 'food and fuel, the monthly price gain was not as strong. The so-called core index, producer prices without those sometimes volatile components, rose 0.2 percent in June, in line with economists' expectations, after a 0.3 percent increase in May." The "upward momentum of prices at the wholesale and retail levels has taken on added significance as investors await the Federal Reserve's next move on interest rates."

The Wall Street Journal (7/19, Gerena-Morales, 2.03M) reports wholesale prices "rose more than expected last month, as the nation's producers passed along higher food and energy bills to their business customers." Economists are "keeping a close eye on inflation, which has been accelerating even as the economy has started to cool. That poses a delicate challenge for the Federal Reserve. Higher interest rates are the central bank's chief weapon against inflation, but if rates rise too high they could choke off economic expansion."

Bloomberg (7/19, Torres) reports Treasury notes "fell as traders increased bets the Fed will push its benchmark rate higher, extending a two-year tightening. Chairman Ben S. Bernanke will present the central bank's semi- annual report to Congress tomorrow, less than two hours after the government releases consumer inflation figures for June."

Investors To Scrutinize Bernanke's Testimony Carefully. The Wall Street Journal (7/19, Lahart, 2.03M) reports the "main event for investors this week is Federal Reserve Chairman Ben Bernanke's semiannual testimony

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before Congress. What Mr. Bernanke says and how the market reacts will be colored by the other big economic news: The Labor Department's report on consumer prices, due out before the testimony begins." The Consumer Price Index "has shown inflation running faster than economists expected this year." A "high core rate, which would signal inflation further out of the Fed's comfort zone, would make the case for pausing harder to make" at the Fed's next meeting on August 8, but "not impossible."

The Financial Times (7/19, Authers) reports the "economic data from both sides of the Atlantic on Tuesday had an uncomfortable message for the markets: the risk of inflation is real. Much now rests on how strongly Fed chairman Ben Bernanke chooses to send that message himself in Wednesday's testimony to Congress." All of this "is just in time for Mr Bernanke to start his testimony before Congress. Almost the last thing the markets want at this moment is reassurance of the Fed's zeal to stamp out inflation."

The Los Angeles Times (7/19, Havemann, 918K) reports when Federal Reserve Chairman Ben S. Bernanke "testifies about the economy to a Senate committee this morning, all eyes and ears will be on his view of inflation and any hints about whether he will keep raising interest rates to curb it." But some analysts "think the Fed wields less influence over inflation these days, making higher interest rates less effective as a tool to control it. They fear that further hikes could end up slowing the economy and hurting consumers without constraining prices." Today's inflation, "these economists believe, is driven substantially by the value of commodities and basic materials — oil as well as copper, aluminum, steel and others. That commodity inflation, they argue, is the result of forces largely beyond the scope of high U.S. interest rates: volatile politics in the Middle East, for example, and rising demand for materials from the rapidly growing economies of China and India."

Strong Earning Reports Boost Stock Markets. NBC Nightly News (7/18, story 12, 0:10, Williams, 9.87M) reported, "We turn quickly to Wall Street now. Some strong earning reports led to a late rally there. The Dow as a result rose nearly 52 points [to close at 10,799.23]. NASDAQ was up five and a half on the day's trading [to close at 2,043.22]."

The Wall Street Journal (7/19, McKay, 2.03M) reports, "Strong earnings at Coca-Cola and United Technologies, both among the Dow's 30 components, buoyed the average. Investors also placed last-minute bets in anticipation of today's scheduled appearance by Federal Reserve Chairman Ben Bernanke, who will update the Senate banking committee about the nation's economy." The Standard & Poor's 500-stock index "inched up 0.2%, or 2.37 points, to 1236.86, off 0.9% on the year. And the Nasdaq Composite Index rose 0.3%, or 5.50 points, to 2043.22, off 7.4% on the year."

The New York Times (7/19, News, 1.21M) reports a "late rally in stocks ended a four-day losing streak yesterday as oil prices dropped, Coca-Cola's profit surpassed estimates and United Technologies raised its full-year earnings forecast." Investors are "focusing on earnings growth to gauge whether the Federal Reserve's two-year campaign of increased borrowing costs is curtailing corporate profits. They are also awaiting today's consumer price data and Congressional testimony by the Fed chairman, Ben S. Bernanke, to determine the direction of inflation, monetary policy and the rest of the economy."

The Financial Times (7/19, O'Doherty) reports, "Lower crude prices and greater confidence over the Middle East cheered investors who had previously reacted relatively coolly to some leading earnings reports." The "focus is likely to remain on earnings as more than 100 companies in the S&P 500 report this week."

Dollar Rises Against Euro, Yen. The Wall Street Journal (7/19, Ahmed, 2.03M) reports the dollar "advanced ahead of today's U.S. consumer-inflation data and testimony by the head of the Federal Reserve. Solid U.S. data yesterday helped to push the dollar higher, with the euro falling under $1.25 and the dollar rising to about 117.50 yen during the day. Some analysts attributed part of the move to technical trading, as automatic orders to buy dollars were triggered when the U.S. currency passed key levels."

Inflation Report Leads To Sell Off Of Treasurys. The Wall Street Journal (7/19, Hudson, Derby, 2.03M) reports investors "sold off U.S. Treasurys as higher-than-expected numbers on wholesale inflation fueled worries the Federal Reserve would opt for another interest rate increase next month." Treasury prices "fell as a result. At 4 p.m., the 10-year Treasury note stood at 99 29/32, down 16/32 to yield 5.136%. The price for two-year Treasury securities fell 5/32 to 99 28/32, yielding 5.196%."

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Federal Reserve Presidents See Big Salary Increase. The Wall Street Journal (7/19, lp, 2.03M) reports a "big increase in the salaries of some of the Federal Reserve's longest-serving reserve bank presidents last year has widened the compensation gap with governors of the Federal Reserve Board, a new report says." The average salary "of the 12 bank presidents rose 26% to $312,392 from 2001 to 2005, according to the Financial Markets Center, a Fed watchdog group. That compares with a 22.5% increase for the average full-time employee who isn't a bank officer to $57,533." The reserve banks "are quasi-private institutions and their presidents are paid far more than Fed governors. The lowest-paid president makes more than Fed Chairman Ben Bernanke's $183,500."

Growth Of Income Inequality Examined. In a New York Times op-ed (7/19), Teresa Tritch says, "Income inequality used to be about rich versus poor, but now it's increasingly a matter of the ultra rich and everyone else. The curious effect of the new divide is an economy that appears to be charging ahead, until you realize that the most of the people in it are being left in the dust. President Bush has yet to acknowledge the true state of affairs, though it's at the root of his failure to convince Americans that the good times are rolling."

In a Wall Street Journal op-ed (7/19), Steven Rattner of the Quadrangle Group says after "months without a domestic agenda to capitalize on Bush administration unpopularity, Democrats are moving -- haltingly, disjointedly, belatedly -- toward embracing the mother of all electoral issues: the failure of robust top-line growth in the U.S. economy to filter into the wallets of Americans below the top of the pyramid. It's about time. Income inequality has become the next global warming: an unwelcome development whose once-fuzzy outlines have become more crisp with every piece of new data, even as those who fear the policy consequences of acknowledging these realities throw up barrages of pseudo-statistics and psycho-logic." What Democrats "now need to do is to reconcile an armada of alternatives." But "of course, any sensible Democratic agenda must also include getting a grip on runaway federal spending, budget deficits and unfunded entitlement programs, all of which would be aided by rolling back President Bush's outlandish tax cuts."

Unions Target Foreign-Based Firms With High Overseas Unionization Rates. The Wall Street Journal (7/19, Maher, 2.03M) reports several large US unions "are increasingly targeting subsidiaries of foreign-based companies that have high unionization rates overseas, but they are finding stiff resistance instead of the more-receptive attitude they were hoping for." The targeted multinationals "say they support unions in general, but in some cases say they have problems with tactics employed by some U.S. unions. Many multinational companies also have economic incentives to resist U.S. unions. While health-care benefits are typically subsidized by governments elsewhere, such benefits in the U.S. are partly employer-paid, and unions generally push for even more."

WSJournal Criticizes Trial Lawyers Group For Name Change Plans. The Wall Street Journal (7/19, 2.03M) says in an editorial, "What's in a name? More, it would seem, if the name doesn't contain the words 'trial' or 'lawyer.' At least that's the hope of the Association of Trial Lawyers of America, which today will ask its membership to vote to give that 60-year-old political lobbying institution a brand new moniker. ATLA's board of governors already resoundingly approved a switch, voting 91-5 last month to drop any reference to the lawyerly profession, and instead go with the impressively unspecific and high-minded 'American Association for Justice.'" Driving this "switcheroo is ATLA's concern that more and more Americans are under the impression that trial lawyers are less interested in justice than they are in generating frivolous lawsuits that pad their own bank accounts."

Medical Reviews Under Fire Over Disclosure Lapses. The Wall Street Journal (7/19, Armstrong) reports, "Charles Nemeroff, one of the nation's most prominent psychiatrists, edits the journal Neuropsychopharmacology, which this month favorably reviewed a controversial new treatment for depression. … But yesterday, the journal said it plans to publish a correction because it failed to cite the ties of the article's eight academic authors to the company that makes the treatment, including the article's lead author: Dr. Nemeroff." The Journal continues, "The journal's nondisclosure of the financial ties of its own editor as well as those of the other authors highlights the failure of many respected medical journals to identify relationships between academic researchers and medical companies that may benefit from positive research reports. A spate of recent lapses is prompting calls for more journals to

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ban offending authors from publication. In addition, medical schools are being urged to regulate relationships between their researchers and industry more closely." The Journal adds, "Last week, the Journal of the American Medical Association published a correction indicating that seven authors of a February paper on depression during pregnancy failed to reveal they were paid by the makers of antidepressants. It was the third such incident at JAMA this year."

Brownback Hopes To Emerge As Christian Conservatives' Candidate In 2008. USA Today's Susan Page (7/19), in a front page article titled, "Will Christian Right Embrace — And Support — One Of Its Own? Sen. Brownback is basing presidential bid on stem cell research, other social issues," writes, "Big issues like ending abortion, banning same-sex marriage, battling indecency on TV and refusing to fund embryonic stem cell research fuel" Sen. Sam Brownback's "long-shot hopes for the Republican presidential nomination in 2008. Most Americans have never heard of him, but the conservative Christian leaders who play a critical role in the GOP take him seriously. … Leaders of such groups as the Family Research Council and American Values have agreed to look at the 2008 contenders together in hopes of identifying a consensus choice." The Southern Baptist Convention's Richard Land is quoted as saying, "I love Sam Brownback. … Sam Brownback is a great man, and Sam Brownback is a great senator. … Whether he is a credible presidential candidate is up to Sam to prove."

Kerry May Use Leftover $14 Million From '04 To Mount New Presidential Bid. The Hill (7/19, Bolton) reports that Massachusetts Sen. John Kerry (D) "is willing to use nearly $14 million left over from his 2004 presidential bid to narrow the fundraising lead of his chief rival for the Democratic nomination," New York Sen. Hillary Clinton (D). Kerry "has $8.2 million in his John Kerry for President account and $5.4 million in his Kerry-Edwards 2004 Inc. General Election Legal and Accounting Compliance (GELAC) Fund. … If Kerry were to use that money in the primary, he, Clinton and" Indiana Sen. Evan Bayh (D) "would probably be the best-funded Democratic candidates to enter the race. His 2004 nest egg has given Kerry the luxury of focusing his efforts on raising money for Democratic candidates rather than worrying about money for his own 2008 Senate reelection race or about courting donors for another presidential run. But using 2004 funds in a Democratic primary is certain to spark criticism from Democrats still angry that Kerry didn't spend all of his available resources to defeat Bush."

DLC Leaders Say Democrats Should Follow Bill Clinton's Lead. The Washington Times (7/19, Pfeiffer, 88K) reports, "Democrats should emulate the policies of Bill Clinton and ignore 'the noise' of their liberal base if they want to win national elections, said a leading moderate Democratic group. In advance of their 'national conversation' event scheduled in Denver this weekend, Al From, chief executive officer of the Democratic Leadership Council (DLC), and Bruce Reed, council president, met with reporters yesterday morning in a wide-ranging discussion that included a preview of their plan to help Democrats win control of Congress this year and the White House in 2008." From and Reed "bristled at mention of the so-called 'netroots' base of liberal online activists. 'Narrowing the party will not win elections,' Mr. From said when asked about the left's fiery rhetoric. 'It doesn't matter how much noise there is. … A party's health is directly related to its ideas.'" Though optimistic "about this year's elections, both men stressed the importance for Democrats to focus on ideas with broad, mainstream appeal if they want to win control of Congress and have a viable shot at winning the White House in 2008. 'Even if we win the Congress, we are still going to be the minority party,'" said Reed.

Reynolds Expects About 36 House Races To Be Competitive In '06. The Hill (7/19, Blake) reports, "Beyond President Bush's low approval ratings and the GOP's double-digit deficit in generic polling, National Republican Congressional Committee (NRCC) Chairman Tom Reynolds (N.Y.) estimates there will be about the same number of competitive seats this year as there were in each of the past two elections and that Republicans will retain their majority. … Reynolds does not say the GOP will gain seats in this November, conceding that he will 'have a few sleepless nights,' but he says he expects the party to add to its six consecutive terms in power. 'Will it be pretty? No,' Reynolds said in an interview with The Hill last week. 'Will we finish it up with another record, holding the House when so many said it couldn't be done? I believe so.'" Reynolds "said he expects the number of seats in play in November will be about three dozen." Meanwhile, Democratic Congressional

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Campaign Committee spokesman Bill Burton "said Democrats have the number of competitive House races at 'more than 40.'"

Nethercutt Predicts GOP Will Maintain Majority In The House. In an op-ed for the Wall Street Journal (7/19, 2.03M) former Rep. George Nethercutt writes, "Those who predict a Democratic takeover of the House are wrong -- but maybe by just a couple of years. … The Republicans will hold their majorities, in spite of themselves. But it may prove a hollow victory. The real fulcrum of historic political change will confront them in 2008. And it will emerge from a different political calculation, also based on ideas: 'bankrupt vs. bankrupt = change.' If Republicans can't muster a spirited and substantive agenda of specific ideas to unite this party…they will likely surrender their majorities, and probably the White House, by default."

In Debate Of Maryland Senate Hopefuls, Cardin Attacked Over Iraq War Votes. The Washington Times (7/19, Ward, 88K) reports that Democratic candidates for Maryland's U.S. Senate seat on Tuesday squared off in the first debate of the campaign. MD3 Rep. Ben Cardin (D), viewed by many as the frontrunner in the primary contest, "came under fire from two marginal candidates who likely will not figure prominently in the Sept. 12 primary, but whose criticisms did the dirty work for Mr. Cardin's surging challenger, Kweisi Mfume. … 'In 55 days, you the people of the state get a chance to make a decision, not the good old boys in backrooms who smoke cigars,' Mr. Mfume said. He was referring to his charge that House Minority Whip Steny H. Hoyer and other Democratic leaders have tried to 'coronate' Mr. Cardin." Two other candidates "repeatedly criticized Mr. Cardin. 'Ben Cardin may have voted against the war two years ago but he voted to finance it when [President] Bush asked him for it, and I find that inexcusable and unforgivable,' said A. Robert Kaufman, a socialist renegade." American University history professor Allan Lichtman (D) "chimed in. 'Just last year…he voted against an amendment simply calling on the president to develop a plan to withdraw troops from Iraq,' Mr. Lichtman said." Montgomery County businessman Josh Rales and research physicist Thomas McCaskill also participated in the debate.

Reed Loses GOP Lieutenant Governor Primary In Georgia. The Wall Street Journal (7/19, Cummings, 2.03M) reports, "The Abramoff scandal appeared to claim its first electoral victim with the defeat of former lobbying ally and Christian Coalition director Ralph Reed in Georgia's Republican primary to pick a candidate for lieutenant governor." Reed, "once rising political star and close adviser to White House political director Karl Rove, Tuesday night conceded the election to Georgia State Sen. Casey Cagle." Cagle "won handily in the heavily Republican Atlanta suburbs and appeared to fight Mr. Reed to a draw in much of rural Georgia."

The Washington Post (7/19, A3, Cillizza, 748K) reports Cagle "led by 56 percent to 44 percent. … The defeat represents an astounding fall for Reed, who presided over the Christian Coalition for most of the 1990s and was regarded as one of the Republicans' rising stars."

Bush Places Responsibility For Mideast Violence On Hezbollah, Syria. President Bush reiterated his stance that Hezbollah and its supporters were responsible for the escalating violence in the Middle East. The TV networks and major US newspapers all noted Bush's remarks and with newspapers providing additional analysis suggesting that Bush is delaying action in the Mideast to allow Israel to significantly damage Hezbollah. ABC Nightly News (7/18, lead story, 4:00, Gibson) reported, "There is no end in sight" to the Mideast violence as world leaders "talk about ways the crisis might be resolved. But for now, Israel is very obviously being given time to carry out its campaign to cripple Hezbollah and drive it back from Israel's northern boarder." Meanwhile, "Israel's prime minister has taken aim at Iran, which finances Hezbollah, accusing it of direct involvement in the kidnapping of two Israeli soldiers, while President Bush accuses Syria of trying to get troops back into Lebanon."

The CBS Evening News (7/18, story 3, 1:50, Schieffer, 7.66M) reported Bush is sending Rice to the Middle East "to see what, if anything, she can do to help stop the fighting. But the President made it clear today he sees Syria as a key problem." CBS (Axelrod) added, "President Bush sharpened his position on the Middle East crisis. Hezbollah is to blame, but as its sponsor, Syria needs to be stopped." He "is casting this now not just as a war in the Middle East but as another front in the war on terror and another chance to have democracy gain a foothold.

CNN's The Situation Room (7/18, Blitzer) reported that President Bush is "accusing Syria of 'trying to get back into

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Lebanon through its support of Hezbollah.' Mr. Bush is also calling on Israel to be mindful of Lebanon's government."

Fox News' Special Report (7/18, Baier) reported, "President Bush said he has suspicions that the recent instability created by Hezbollah will cause some to invite Syria back in to calm things down, in spite of a specific United Nations resolution and US policy on the issue."

The Washington Post (7/19, A10, Wright, Ricks, 748K) reports, "In blunt language, President Bush yesterday endorsed Israel's campaign to cripple or eliminate Hezbollah, charged that Syria is trying to reassert control of Lebanon, and called for the isolation of Iran." The Post says Bush "spoke amid increasing pessimism about the potential for diplomacy to defuse the conflict between Israel and Hezbollah in the near future." The Administration "is scrambling to develop a strategy to deal with the crisis. Despite unity at the G-8, U.S. officials said that a lot of ideas have been offered without details or feasibility assessments. … For now, the administration is letting Israel's military strategy to weaken Hezbollah and its Syrian and Iranian backers play out." The Post adds, "Pressed on whether he is trying to buy time for Israel to eliminate Hezbollah, Bush said Israel should be allowed to defend itself. But he also cautioned that Israel should be 'mindful' to allow Lebanon's government to 'succeed and survive' after the conflict." Secretary Rice "indicated yesterday that the situation is not yet ripe for U.S. diplomatic intervention."

Related AP (7/19) reporting says Rice "said Tuesday any cease-fire in Mideast fighting ought to be based on fundamental changes that could lead to a lasting impact. 'We all want a cessation of violence. We all want the protection of civilians. We have to make certain that anything that we do is going to be of lasting value,' Rice said."

The Washington Times (7/19, Kralev, 88K) in an article titled "Elimination Of Hezbollah The Ultimate Goal" reports, "Israel's military operation in Lebanon is designed to cripple Hezbollah by destroying its headquarters, weapons stockpiles and supply network, and eventually eliminating the militant group, Israeli officials and analysts said yesterday." The US "supports that goal, even as it cautions Israel to exercise restraint in carrying it out. 'The root cause of the problem is Hezbollah, and that problem needs to addressed,' President Bush said yesterday." AFP (7/19, Griffith) reports similar details.

The Financial Times (7/19, Dinmore, Turner) reports President Bush "on Tuesday warned Syria to stay out of Lebanon," while the "State Department denied reports [Secretary] Rice had plans to go to Syria. A spokesman said the US had channels of communication through its embassy in Damascus, despite the withdrawal of the US ambassador in February 2005." Bush is quoted saying, "Syria's trying to get back into Lebanon, it looks like to me." The AP (7/19, Riechmann) adds Bush "said Tuesday he suspects Syria is trying to reassert influence in Lebanon more than a year after Damascus ended what had effectively been a long-term military occupation of its smaller, weaker neighbor."

Burns Contends Syria Can Use Its "Direct Influence" To Halt Hezbollah Launches. Undersecretary of State Nicholas Burns, on PBS's Newshour with Jim Lehrer (7/18, Ifill), said, "The Syrian government has been trying to resupply Hezbollah with the Katyusha rockets and Fajr missiles. The Fajr missiles are the longer-range missiles that have been able to hit Haifa and killed nine Israelis there yesterday. … Syria has a responsibility to stop arming Hezbollah, and to use its direct influence, with Sheikh Nasrallah, the head of Hezbollah, to get Hezbollah to stop the fighting and pull back from southern Lebanon so that we can then come in with an effort to provide some stability." Burns added, "until Syria and Iran stop their outright support for Hezbollah, then obviously, this is going to be a crisis that's going to be very difficult to resolve."

Snow Defends Administration Response To Mideast Violence. In an article on the latest development in the Mideast McClatchy Newspapers (7/19, Nissenbaum) notes, "White House officials defended the Bush administration's position on the conflict. White House spokesman Tony Snow said officials had been engaged in efforts to resolve the conflict that were directed at persuading Syria and Iran to bring their influence to bear on Hezbollah." Snow said, "The United States actually has been in the lead of the diplomatic efforts, issuing repeated calls for restraint, but at the same time, putting together an international consensus that -- we've got to remember who is responsible for this: Hezbollah." He "said Bush had spoken with the leaders of Saudi Arabia, Jordan and Egypt and that Rice had spoken 'multiple times' with Israeli Prime Minister Ehud Olmert. He denied that Israel and the United States had cooperated on military aspects of the fighting."

US Said To Seek End To Hezbollah, Not Violence. In an 1,820-word front page analysis piece entitled, "Bush's Risky Mideast Strategy: Seek Change, Not Quick Peace," the Wall Street Journal (7/19, King, Leggett, Solomon, 2.03M)

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reports the Administration "has a starkly different approach" to that employed by the Clinton Administration. "Emphasizing fundamental change over short-term peace and stability, President Bush and his top diplomat," Secretary Rice, "have no intention of launching a similar round of diplomacy to end the current fighting. Visiting Damascus is out of the question. And a cease-fire isn't their most pressing aim, they say." The Journal says Rice's "mission" during an anticipated visit to the region "will be to build support for the effective crippling of Hezbollah" and to diminish "the influence of Hezbollah's chief sponsors, Syria and Iran." The Administration's "attempts to use the current crisis to force long-lasting change carries high risks," including increasing support for Hezbollah and weakening Lebanese Prime Minister Fouad Siniora's government.

NBC Nightly News (7/18, story 5, 1:20, Gregory, 9.87M) reported the Administration's position "really hasn't changed at all, and that's part of the point -- calls for an end to the violence throughout the world but at the White House tonight, still a hard line, the President today briefing members of Congress on his trip to Russia. He said, the President did, that it's Hezbollah that is still the root cause of all this fighting and today he accused Syria of trying to 'get back into Lebanon through this conflict more than a year after ending its military conflict in the country.'" Rice "said today that she does want a ceasefire, but the Administration only wants one if it can have a long-term prospect of actually holding, through Lebanese forces on the border as well as international troops being deployed at some point as well."

In a lengthy front page analysis of US policy, the New York Times (7/19, A1, Cooper, Erlanger, 1.21M) says, "The outlines of an American-Israeli consensus began to emerge on Tuesday in which Israel would continue to bombard Lebanon for about another week to degrade the capabilities of the Hezbollah militia, officials of the two countries said. Then," Secretary Rice "would go to the region and seek to establish a buffer zone in southern Lebanon and perhaps an international force to monitor Lebanon's borders to prevent Hezbollah from obtaining more rockets with which to bombard Israel." US officials said Rice "was waiting at least a few more days before wading into the conflict, in part to give Israel more time to weaken Hezbollah forces." The Times says the plan "carries risk, partly because it remains unclear just how long the rest of the world, particularly America's Arab allies, will continue to stay silent as the toll on Lebanese civilians rises."

The AP (7/19, Gearan) in an article titled "Bush Giving Israel Running Room" adds the Administration "is trying to hold off international pressure for an immediate halt to the Israeli assault in southern Lebanon, apparently to allow Israel a short window to do as much damage as possible to the Hezbollah guerrillas." The AP continues, "Neither Bush nor his spokesmen say that publicly, but their actions speak for themselves. Taking a cue from Israel, the administration is distancing itself from allies' calls for a cease-fire." The Los Angeles Times (7/19, King, 918K) also examines Israel's strategy.

Syrian Foreign Official Denies Allegations Of Support For Hezbollah. The CBS Evening News (7/18, story 4, 2:00, Logan, 7.66M) reported, "With the white House now sharply focused on serious sponsorship of Hezbollah, the Syrian government is feeling the pressure and denying just about everything." CBS (Roth) added, "Syria's vice foreign minister flat out denied that" it was currently supplying Hezbollah with weapons. Fayssal Mekdad: "We have stopped all these kinds of things a long time ago." Asked about charges Syria supports terrorism, Mekdad replied, "Don't accuse Syria of terrorism, don't impose your own views, and don't give us orders." Roth: "Syria says it has influence it could exert on Hezbollah, but it's also telling Washington -- negotiate with us and we'll help you, don't and we won't. The Syrian government's complaint is that Washington's not even willing to listen."

Tehran Using Crisis To Bolster Regional Status. The New York Times (7/19, Sciolino, 1.21M) reports Iran's "support for Hezbollah's actions against Israel seems to have a twofold purpose: to deflect attention from Tehran's impasse with the United States and five other nations over its nuclear program, and to further position itself as a powerful regional player." Tehran's "unconditional defense of the militia has convinced the United States and many European and Arab governments that Iran is fueling the crisis to project power — whether or not Iran directly inspired or approved Hezbollah's actions against Israel in the first place." The Times notes, "Underscoring the heightened sense of Iran as a dangerous regional player, Prime Minister Tony Blair of Britain accused Iran on Tuesday of supporting Hezbollah with weapons" similar to those used in Iraq, and "of supporting Iran 'in many different ways' and both countries of providing financial support." The Times cautions, "Even some of the most seasoned analysts of Iran's backing for Hezbollah are

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restrained in their conclusions of Iran's role in the recent crisis."

In related reporting focusing on weaponry, the New York Times (7/19, Mazzetti, Shanker, 1.21M) reports, "The power and sophistication of the missile and rocket arsenal that Hezbollah has used in recent days has caught the United States and Israel off guard, and officials in both countries are just now learning the extent to which the militant group has succeeded in getting weapons from Iran and Syria."

Ignatius Criticizes Administration's Handling Of Middle East Crisis. In his column in the Washington Post (7/19, A19, 748K) David Ignatius criticizes President Bush's "slow motion diplomacy" in the Middle East. Ignatius says that "the Bush Administration's passivity is inexplicable. Hezbollah and Israel have been tossing lighted matches back and forth in a region soaked with gasoline, and the world is waiting for robust American diplomacy. Instead we see a tongue-tied superpower, led by a president who grumbles into an open mike in St. Petersburg that Kofi Annan should get on the phone to Syria and make it all go away, or maybe Condoleezza Rice should get on a plane to the Middle East." Ignatius adds that this "ought to be a week when Americans are aggressive, active diplomats, rather than bystanders."

Writer Says Bush Sees Israel As An Ally. Zev Chafets, who is writing a book about Christian evangelicals, American Jews and Israel, writes in the New York Times (7/19, 1.21M) that there is "a certain poetic justice in having President George W. Bush help Israel restore the deterrent power President George H. W. Bush undermined in 1991. Unlike his father, this president doesn't seem to regard Israel as a nuisance. On the contrary, he sees it as a friend and an ally in the fight against Islamic radicalism. An Israeli victory in Lebanon wounds Hezbollah's patrons, Syria and Iran, both of which threaten American troops and aspirations in Iraq."

Ross Says US Should Help Create An "Arab Umbrella" To Bolster Lebanese Government. Former US envoy Dennis Ross writes in USA Today (7/19, 2.27M) that the US should "work with those who could create an 'Arab umbrella' for bolstering the Lebanese government, its prime minister, Fuad Saniora, and Palestinian President Mahmoud Abbas. Such an Arab umbrella could justify, support and assist in deploying the Lebanese army to Israel's border. Helping to establish security on the Lebanese-Israeli border and the Israeli-Gaza border in a way that ends rocket fire from areas that Israel has left might not only end the current crisis but also pave the way to a more hopeful future."

Hezbollah Said To Be Seen As An Arm Of Iranian Influence. Michael Rubin, a resident scholar at the American Enterprise Institute, writes in the Wall Street Journal (7/19, 2.03M), "Most Arabs perceive Israel as small. Egypt -- home to one of every three Arabs -- has enjoyed a cold peace with Israel for more than a quarter-century. Gulf states, on the whole, would rather make money than directly fight Israel. While they do not like Israel's existence, Jerusalem presents no threat. Not so Tehran. A giant with 70 million people, Iran is no status quo power. Its ideological commitment to export revolution is real. Across Lebanon and the region, Arab leaders see Hezbollah for what it is: An arm of Iranian influence waging a sectarian battle in the heart of the Middle East."

LAT Suggests Israel Planning Attack On Iran Nuclear Facilities. The Los Angeles Times (7/19, 918K) in an editorial writes that "it becomes more obvious that Israel's military strategy is not merely a rescue operation or a punitive lesson. It is moving toward a more far-reaching exercise in preemption, aimed squarely at Hezbollah and its sponsor, Iran. There is increasing evidence that Israel is also trying to improve its position in the event that it decides — weeks, months or years from now — to try to strike at Iran's nuclear facilities."

State Department Will Not Confirm Rice's Intention To Fly To Mideast Friday. CNN's The Situation Room (7/18, Robertson) reported, "It doesn't look like anything substantial is going to happen on the diplomatic front this week. The United States is not about to ask the Israelis to stop, and Condoleezza Rice has no firm plans yet to travel to the region." CNN added, "In the near term, Rice has limited options. She can't talk to Hezbollah or Syria. Lebanon's government doesn't have the power to make a deal. And she's not about to go to Israel if she can't make an impact. … Rice's task will be to build international pressure for a deal."

Asked on PBS's Newshour with Jim Lehrer (7/18, Ifill) to confirm that Secretary of State Rice will travel to the mideast on Friday, Undersecretary of State Nicholas Burns answered, "I can't confirm those specific plans. … Secretary Rice "is considering when the best time to make that trip would be, as she said today."

The AP (7/19, Riechmann) notes, "Rice's skepticism about trying to work out an immediate, makeshift cease-fire reflects views shared by the Israeli government in seeking

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fundamental changes to guard against another flare-up. These include ensuring southern Lebanon does not remain a launching pad for attacks on Israel." AFP (7/19) reports similar details.

Potential Impact Of Rice Trip Questioned. At the end of its story on the Administration's response to the Mideast violence the CBS Evening News (7/18, story 3, 1:50, Axelrod, 7.66M) reported, "Secretary of State Rice won't leave for the region until later this week or early next week. The question is, since she won't be meeting with leaders of either Hezbollah or Syria, what will she accomplish that will bring this crisis any closer to an end?"

Kissinger, Brzezinski Analyze Potential Benefit Of Intervention By Rice. Former Secretary of State Henry Kissinger was asked on PBS's Newshour with Jim Lehrer (7/18, Lehrer) if he thinks it is a good idea for Secretary Rice's to travel to the region, Kissinger responded, "I have very great respect for Secretary Rice. If she thinks she can come to some conclusion, and if she can have an impact on the situation, then it will…turn out to be the right thing to do, but what we don't need is a high level visit that leaves the situation unchanged. … I would think that when the Secretary of State visits the region, some significant progress towards a cease-fire ought to result from it." Former National Security Advisor Zbigniew Brzezinski added, "I feel she is right in going, because for her not to go would indicate a degree of U.S. passivity, even disengagement, which I think would be counter-productive. I think it's clear by now that the issue is not one that the parties themselves can resolve, so some international involvement is needed, and above all else, American involvement."

Congress Expresses Bipartisan Support For Bush Response To Mideast Violence. The Washington Post (7/19, A5, Vandehei, 748K) reports, "Democratic and Republican congressional leaders are rushing to offer unalloyed support for Israel's offensive against Hezbollah fighters, reflecting a bipartisan desire to not only defend a key U.S. ally but also solidify long-term backing of Jewish voters and political donors in the United States, according to officials and strategists in both parties." Support for Israel in the fight against Hezbollah is becoming a political campaign issue as wee. For example, RNC Chairman Ken Mehlman "punctuated the day with a speech to Christians United for Israel last night, declaring that 'today, we are all Israelis.'"

Congressional Quarterly (7/19, Monaghan, Ferrechio) reports, "With bipartisan assent, Congress is extending its support to Israel in the Jewish state's battle to crush the Muslim Hezbollah militia. This comes after a partisan rift emerged in the House over the wording of a resolution and how it should allude to civilian casualties that Israeli air attacks have inflicted in Lebanon." Following Tuesday's voice vote in the Senate, "the House is scheduled to vote on a resolution (H Res 921) Wednesday that would 'support the president's approach for finding a peaceful resolution' to the escalating Middle East crisis, according to Majority Leader John A. Boehner, R-Ohio." The resolution is expected to "condemn Iran-backed Hezbollah for "engaging in unprovoked and reprehensible armed attacks against Israel on undisputed Israeli territory." The language supports "Israel's right to defend itself, including to conduct operations in Israel and in the territory of nations which pose a threat to it."

Bush Tells Lawmakers G8 Leaders Have Strong Consensus To Confront Root Causes Of Mideast Violence. Congressional Quarterly (7/19, Monaghan, Ferrechio) reports President Bush briefed Congressional leaders about the his efforts to respond to the escalating Mideast violence while at the G8 summit. He told lawmakers "there was 'strong consensus' at the summit that the 'world must confront the root causes of the current instability.' He added that 'to deal with this crisis, the world must deal with Hezbollah, with Syria, and to continue to work to isolate Iran.'" He "also stressed the need to support the new Lebanese government, led by Prime Minister Fouad Siniora. Emerging from the meeting House Armed Services Chairman Duncan Hunter, R-Calif., told reporters, 'We're all interested in Syria not reasserting its dominance in Lebanon.'"

Gingrich Says G8's Advice To Israel Is Wrong. Former House Speaker Newt Gingrich writes in USA Today (7/19, 2.27M) that "the advice of the Group of Eight industrial nations to Israel is wrong. The communiqué says the No. 1 priority is a cease-fire that would effectively leave Hezbollah in possession of all its rockets. We'd never accept such advice for ourselves. The Israelis should not accept it for the same reasons: It would not end the threat." The US "should offer to help strengthen the Lebanese government so that it has the ability to re-establish itself in all of Lebanon and defeat the military wing of Hezbollah. We should encourage the Israelis to work with the Lebanese government to eliminate the thousands of missiles within its borders that threaten Israel.

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Finally, Iran and Syria must be forced to cease their support of Hezbollah and Hamas by the United States communicating to them such dire consequences that they could not sustain the relationships. And then we should be prepared, if necessary, to impose those consequences."

Mideast Violence Continues. Military strikes between Israel and Lebanon continue to dominate the media. The national TV networks devoted 11 stories totaling over 22 minutes of coverage to the attacks, much of it focused on Hezbollah's rocket attacks in Israel, stressing how the random nature of the attacks was unnerving for Israeli citizens. ABC Nightly News (7/18, story 3, 1:50, Gibson) reported that "there were fewer Hezbollah missiles fired into the country today. But many of those that did come were again aimed at the country's third-largest city of Haifa." ABC (Harris) added, "Hezbollah hit not only Haifa today, but as well as cities and towns across northern Israel. The worst attacks were in the northern city of Nahariya, where missiles punctured homes and slammed into streets."

NBC Nightly News (7/18, story 13, 1:20, Williams, 9.87M) reported on the "randomness of" the rocket attacks on Israel noting that "even in Iraq, where the violence is so perverse, at least you know that roads have a certain hazard to them. Here, anything could happen at any time." NBC (Fletcher) added, "That's right. Here you know nothing. It can happen any time. There's no one to look at. It just falls out of the sky. That's very terrifying indeed."

NBC Nightly News (7/18, story 2, 2:40, Fletcher, 9.87M) reported, "We started out the day in a bomb shelter in Nahariya. I asked the kids, 'Do you know Hezbollah?' 'They want to kill us,' 11-year-old Tal says. His sister, Michal, feels safe here. But as we left, panic. New rocket attacks all around us. 'Katyushas,' she shouts 'Bombs! Where are my children?' she cries. A man points to the smoke and we run there, half a mile, past another bomb shelter, more frightened people pointing the way. When we get there, cars are destroyed, gasoline flowing down the street, burning embers. Live electric cables on the ground, water mains broken -- deadly combinations."

The CBS Evening News (7/18, story 6, 3:20, Logan, 7.66M) reported, "Now, many Israelis spent this summer day far from the sunshine sheltered from the rockets but not from the fear. Sharyn Alfonsi reports tonight from Nahariya which has taken some of the worst punishment from Hezbollah's deadly fire." CBS (Alfonsi) added, "Well, the rockets have forced many Israelis who were fearful into shelters."

NBC Nightly News (7/18, story 8, 2:20, Williams, 9.87M) reported, "This is an unusual site in the city of 500,000 people -- the city of Haifa, a major thoroughfare with no cars. Most of these buildings are empty. But over here is the view the Israelis are most worried about -- down in the port section of the city, the petrochemical plant and the fuel storage tanks. Haifa is a battleground in a random war."

The Washington Post (7/19, A10, Cody, 748K) notes, "Thousands of Lebanese have poured out of the country into Syria, jamming hotels in Damascus, and on to Amman, the Jordanian capital. Hundreds of cars backed up Tuesday at the border crossing. Families packed into cars waited in the heat for clearance from customs and immigration officials. One man drove a sedan with no doors. Another played with his iPod in a shiny, black Audi, keeping the motor running for air conditioning."

The Washington Post (7/19, A10, Finer, 748K) notes, "The Israeli government is funding a broad range of programs for displaced Israelis, and private citizens in safer regions are advertising widely on the radio and Internet, offering shelter for those in need."

Israeli Military Cites Success In Preventing Missile Attacks. ABC Nightly News (7/18, story 4, 2:45, Gibson) reported, "With rockets that can reach farther into Israel than ever before, Hezbollah has redrawn the map of this conflict. But the front line remains the border between Israel and Lebanon." Gibson noted that Israeli Gen. Shuki Shihruiz "said they've counted 850 rockets fired into Israel so far, all at civilian targets. In the first two days of conflict, there were 300 a day. In recent days, far less. The critical question pending -- can the Israelis achieve their goal of crippling Hezbollah strictly from the air? Or will they need to go in with ground forces?" Shihruiz: "Ground forces are doing whatever it takes. Time will tell. The ground forces are ready. But time will tell."

But the CBS Evening News (7/18, story 5, 2:15, Logan, 7.66M) noted, "After two days of quiet in Nahariya, as people were starting to venture back on to the streets, the town was hit hard by a volley of Hezbollah rockets." It "came just hours after Israel's army said the number of rocket attacks have been falling casting doubt on the army's claim that their campaigns seemed to be working.

New Hezbollah Missile Capabilities Pose Challenge For Israel. The Washington Post (7/19, A1, Wilson, 748K) in

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a front page story reports, "Israel dominated air power in earlier years but now faces a fresh challenge from the crude rockets that Hezbollah and Hamas are using to strike Israeli cities. The war of the missiles could also render less relevant the large-scale ground operations that the Israeli military relied on in the past." Israeli Brig. Gen. Ido Nehushtan "acknowledged that Israel faces many difficulties, including how to track primitive rockets, the high cost of using precision bombs against Hezbollah missiles that sometimes cost only hundreds of dollars, and limiting civilian casualties in a war being fought in residential neighborhoods. 'This is asymmetric war in its purest form. And the outcome of the conflict will project a lot about terror activity not only throughout the Middle East but the rest of the world.'"

US Seen As Caught Off Guard By Hezbollah Missile Capability. The New York Times (7/19, Mazzetti, Shanker, 1.21M) reports, "While the Bush administration has stated that cracking down on weapons proliferation is one of its top priorities, the arming of Hezbollah shows the blind spots of American and other Western intelligence services in assessing the threat, officials from across those governments said." US and Israeli officials "said the successful attack last Friday on an Israeli naval vessel was the strongest evidence to date of direct support by Iran to Hezbollah" but neither the US or Israel "had any idea that Hezbollah had such a missile in its arsenal, the officials said, adding that the Israeli ship had not even activated its missile defense system because intelligence assessments had not identified a threat from such a radar-guided cruise missile."

Israel Seen As Losing Battle Of Images. The CBS Evening News (7/18, story 5, 2:15, Logan, 7.66M) reported, "One of Israel's top defense analysts, Alon Ben David, told CBS news that one area where Israel was clearly losing, was in the war of images." Alon Ben David: "And right now the image of Hezbollah is the bold one, a daring one and quite a professional one that can stand up and fight to the might of the Israeli army while the Israeli image is of military striking a lot of civilian infrastructure but still being caught unprepared when a small guerrilla organization is hitting it."

The New York Times (7/19, Erlanger, 1.21M) reports, "The asymmetry in the reported death tolls is marked and growing: some 230 Lebanese dead, most of them civilians, to 25 Israeli dead, 13 of them civilians. In Gaza, one Israel soldier has died from his own army's fire, and 103 Palestinians have been killed, 70 percent of them militants." The Times notes, "The cold figures, combined with Israeli air attacks on civilian infrastructure like power plants, electricity transformers, airports, bridges, highways and government buildings, have led to accusations by France and the European Union, echoed by some nongovernmental organizations, that Israel is guilty of 'disproportionate use of force' in the Gaza Strip and Lebanon and of 'collective punishment' of the civilian populations."

Concerns Raised Violence Will Escalate After Evacuation Complete. The CBS Evening News (7/18, story 2, 2:00, Palmer, 7.66M) reported that "The American ambassador, there to see them off, offered only faint diplomatic hope that the bombing would stop any time soon." Jeffrey Feltman, US Ambassador to Lebanon: "There's a lot of contact back and forth between the government of Lebanon and other parties, Washington, here -- I saw the prime minister today -- to create the conditions for a sustainable cease-fire." Palmer: "So far, Israel's air strikes have focused on a Hezbollah neighborhood less than a mile square. But the fear is that with foreign citizens safely out of the way, the target area will expand. If so, a flood of frightened people will want to follow those few who left today."

Commander Says Israeli Forces Are "In It For The Long Haul." CNN's The Situation Room (7/18, Amanpour) reported, "There are conflicting reports from the IDF, the Israeli army…as to how much of the Hezbollah military capability has been neutralized. We talked to the commander of all the northern forces who said they're here and in it for the long haul, that it's all about never again allowing Hezbollah retain this military capability so close to the Israeli border."

Small Israeli Force Enters Lebanon. The AP (7/19, Nessman) reports Israel "declared Tuesday it was ready to fight Hezbollah guerrillas for several more weeks, raising doubts about international efforts to broker an immediate cease-fire… The military said early Wednesday it sent some troops into southern Lebanon searching for tunnels and weapons. … At daybreak Wednesday, a small number of Israeli troops were operating just across the border inside southern Lebanon." The New York Times (7/19, Mouawad, Erlanger, 1.21M)'s 1,709-word piece on the military conflict is entitled, "Israeli Planes Batter Lebanon Again, Killing 30 People." Israeli forces "continued to batter targets in Lebanon today, killing 30 people, including 11 members of the Lebanese Army when bombs hit their barracks east of Beirut. Four of the dead were officers, and 30 more soldiers were wounded."

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Civilians Face Brunt Of War's Costs. The Christian Science Monitor (7/19, Blanford, 58K) reports, "According to eyewitness accounts from survivors interviewed by the Monitor, Israel is striking homes, schools, town centers, using bombs that obliterate entire buildings. Israel is targeting the region because it is a Hizbullah stronghold and the base for rocket attacks on northern Israel." The Christian Science Monitor (7/19, Mitnick, 58K) and the Financial Times (7/19, Khalaf, Biedermann) also report on the impact of the violence on Lebanese civilians.

Mobile Bank Provides Service For Dislocated Israelis. ABC Nightly News (7/18, story 10, 1:20, Gibson) reported, "There is this problem up north in Israel. Shops, stores, even banks are closed down with all those missile alerts. So, how to get money? Well, when the going gets tough, Bank Hapoalim gets going. They've put a full-service bank on wheels."

Friedman Says Nasrallah Has Set Back The Arab Democracy Movement. Thomas Friedman writes in the New York Times (7/19, 1.21M) that Hezbollah leader Hassan Nasrallah "has set back the whole fledgling Arab democracy movement. … What both Hamas and Nasrallah have done — by dragging their nations into unnecessary wars with Israel — is to prove that Islamists will not be made more accountable by political power. Just the opposite; not only will they not fix the potholes, they will start wars, whenever they choose, that will lead to even bigger potholes."

Dershowitz Says Hezbollah Wants To Maximize Civilian Casualties. Harvard law school professor Alan Dershowitz writes in the Wall Street Journal (7/19, 2.03M), "The big question raised by Israel's military actions in Lebanon is what is 'reasonable.' The answer, according to the laws of war, is that it is reasonable to attack military targets, so long as every effort is made to reduce civilian casualties. … This is all well and good for democratic nations that deliberately locate their military bases away from civilian population centers." Hezbollah and Hamas "deliberately operate military wings out of densely populated areas." Hezbollah and Hamas "want to maximize civilian casualties on both sides." Dershowitz adds, "Israel must be allowed to finish the fight that Hamas and Hezbollah started, even if that means civilian casualties in Gaza and Lebanon."

Krauthammer Says Only Israel Can Restore Lebanese Sovereignty In The South. Charles Krauthammer writes in the Washington Post (7/19, A19, 748K) that the current crisis in the Middle East "represents a rare, perhaps irreproducible, opportunity." Hezbollah "makes a fatal mistake. It crosses the U.N.-delineated international frontier to attack Israel, kill soldiers and take hostages. This aggression is so naked that even Russia joins in the Group of Eight summit communique blaming Hezbollah for the violence and calling for the restoration of Lebanese sovereignty in the south. But only one country has the capacity to do the job. That is Israel, now recognized by the world as forced into this fight by Hezbollah's aggression. The road to a solution is therefore clear: Israel liberates south Lebanon and gives it back to the Lebanese."

Writer Says Hezbollah Did Not Anticipate Arab Reaction. Youssef Ibrahim, a freelance writer and political-risk consultant based in the United Arab Emirates and New York, writes in USA Today (7/19, 2.27M), "The attempt by Hezbollah and Hamas to drag the whole Arab world into their war with Israel in the past two weeks has drawn flak in the form of Arab public opinion that neither militant jihadist organizations anticipated. … Ironically, Hamas and Hezbollah's provocation of Israel, coupled with the Jewish state's retaliation, might have opened a new chapter in the greater Middle East discourse — but not the one these groups anticipated. Perhaps the time has come in which war for war's sake might not just bring condemnation from the world at large, but from the Arab world as well."

Israel Considers International Diplomatic Options. The Washington Times/AP (7/19, Ghattas) reports, "Diplomatic efforts are coalescing around a plan to expand the U.N. Interim Force in Lebanon, which was created in 1978 to boost the Beirut government's authority there but has proved to be powerless." UN General Secretary Kofi Annan "said a new U.N. force would have 'different capabilities,' suggesting a more powerful military presence." Meanwhile, "Israeli Foreign Minister Tzipi Livni said Israel temporarily could help the Lebanese army enforce a cease-fire, but she stressed Israel would continue military operations until its goals were achieved." He "also indicated that Israel could agree to put off the disarmament of Hezbollah, provided Lebanon immediately deployed its troops along the border to prevent rocket attacks."

The Washington Post (7/19, A1, Shadid, 748K) in a front page story on the evacuation of Lebanon notes, "Even the most optimistic Lebanese officials have acknowledged that diplomacy to end the conflict remains at its initial stages." While "some European countries have expressed support,

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both the United States and Israel have responded coolly, and Israeli officials, after meeting U.N. negotiators Tuesday, said that the campaign will not let up before the soldiers are released and Hezbollah withdraws from the Israeli border. For their part, Hezbollah officials seem to have become convinced that the stakes of the war have become much higher: a U.S.-backed Israeli plan to strategically realign the region. To a striking degree, both the Israeli public and Hezbollah's supporters seem prepared for a longer struggle."

McClatchy Newspapers (7/19, Nissenbaum) reports, "Diplomats warned Tuesday that it could take weeks to bring an end to the fighting between Israel and Hezbollah militants." UN officials "met with Israeli officials, but there was no sign of a quick agreement. Israeli Foreign Minister Tzipi Livni called the talks a 'long-range' solution that would in no way curtail Israel's ongoing military campaign to rout Hezbollah in Lebanon." Livni "also said that Israel's military campaign will not end until Hezbollah rocket attacks stop, the group frees the two Israeli soldiers, and the Lebanese government steps in to disarm all militant groups as called for by U.N. resolutions. Hezbollah leaders have rejected those demands."

Bolton Warns Against Precipitous Deployment Of UN Forces. The AP (7/19, Wielaard) notes, "John Bolton, the U.S. ambassador to the U.N., said that the Security Council shouldn't start talking about sending such a force until it knows how the conflict is going to be resolved." Bolton said, "I think it's the cart before the horse to talk about applying force before we know what the overall military or political resolution is like to be."

UN Forces Currently In Lebanon Ineffective. The New York Times (7/19, Fattah, Hoge, 1.21M) reports, "Buried in the rubble of one of the homes demolished in Israel's relentless bombardment of southern Lebanon was a stark illustration of why the United Nations' peacekeeping efforts have been seen as ineffective." Their example "offers a sobering reminder of the grueling realities of peacekeeping to politicians hoping that a new United Nations contingent might be the solution in Lebanon. And, peacekeeping experts say, it offers lessons on how to shape a more effective force."

Meyerson Says International Force Is Needed To Restore Peace. In his column in the Washington Post (7/19, A19, 748K), Harold Meyerson writes that the US "has been super-absent from any role in mediating and mitigating the Israeli-Palestinian conflict -- partly because until recently the president didn't believe in diplomacy, partly because he believed that the key to regional stability was deposing Saddam Hussein." Meyerson adds, "With the Lebanese army no match for Hezbollah, a genuine international army such as that proposed by Kofi Annan and Tony Blair (and bigger and more assertive than the Boy Scout troops that the United Nations periodically deploys) is needed to restore the peace."

Israeli Tanks Enter Central Gaza Refugee Camp. The New York Times (7/19, Smith, 1.21M) reports, "Just hours after withdrawing from the northern Gaza Strip, Israeli tanks moved into central Gaza early Wednesday, encountering fierce fighting that wounded at least three Israeli soldiers." Noting that violence in Gaza has been "largely overlooked" because of the Lebanon crisis, the Times says, "On Tuesday, as Israel withdrew from the north, there were hopeful signs of normalcy," including the opening of a border crossing. "But by midnight the boom of artillery fire once again echoed across northern Gaza, and by early Wednesday the Israeli Army was moving back into the middle of the territory. The target this time was the Maghazi refugee camp, north of Khan Yunis and not far from where Israel had earlier cut Gaza in two." The AP (7/19, Barzak) adds, "Israeli tanks moved into the Mughazi refugee camp in central Gaza early Wednesday under cover of machine gun fire from troops, the latest incursion in its three-week military push in the seaside territory."

Pace Of US Evacuation Efforts Criticized. The evacuation of US citizens from Lebanon continued to receive considerable attention in the US media, with at least four stories totaling almost 10 minutes on the national TV news and numerous articles in the major US newspapers. TV coverage stressed criticism of the pace of the US evacuation effort. In its lead story ABC Nightly News (7/18, lead story, 4:00, Gibson) noted, "And at after what must have seemed after an interminable wait, Americans are beginning, now, to get out of Lebanon. … Other nations have been much more prompt in getting their citizens out of harm's way. But now, better late than never, Americans began leaving in large numbers." ABC (Wright) added, "Many Americans here feel shocked. Today, hundreds clogged the embassy gates, clamoring to leave. Most will have to wait. There's a perception that this is taking too long. Jeffrey Feltman, US Ambassador to Lebanon: "Our mission is safe travel. And that takes a little bit of time."

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And in its second story ABC Nightly News (7/18, story 2, 2:10, Sciutto) noted, "The first ship carrying large numbers of American citizens will not arrive until tomorrow, and for many, that delay has added days of fear and frustration" NBC Nightly News (7/18, lead story, 4:05, Engel, 9.87M) reported, "The evacuation of Americans from here in Lebanon began in earnest today, by air and sea. US officials say they have coordinated with the governments here in the region to make sure that it happens safely."

In a recap of the evacuation effort NBC Nightly News (7/18, story 3, 1:20, Fratangelo, 9.87M) reported that the successful evacuations of other foreign citizens "is frustrating for the Americans still in Lebanon who are questioning the slow pace of their evacuation. That operation is expected to begin in earnest tomorrow and include the use of a cruise ship that can carry 750 passengers at a time. Now the US Embassy in Beirut is saying that by the end of this week, it hopes to be ferrying out 1,000 Americans a day."

CNN's The Situation Room (7/18, Blitzer) reported, "Efforts to evacuate US citizens from Lebanon are stepping up and about to go into full-scale mode, with the US military clearly leading the way." CNN (McIntyre) added that "in addition to chartered cruise ships and ferries, the US has now ordered a fleet of nine Navy ships, including the helicopter carrier USS Iwo Jima, to Lebanon. And not just as backup, but as primary transportation to kick the evacuation effort into high gear."

The New York Times (7/19, 1.21M) reports, "A five-ship United States naval group and a British flotilla steamed toward Lebanon today to help in a large and hastily organized evacuation — and perhaps to send an implicit message — as thousands of foreign nationals continued to flee the violence by helicopter, passenger ships and chartered ferries, or by bus or car to Syria." Yet "American, British and German officials faced fierce complaints that they have moved too slowly to help their nationals leave after Israeli missiles and bombs crippled airports, seaports and roads in retaliation for attacks by Hezbollah militants."

The AP (7/19, Jelinek) reports, "Nearly a week into the violence, the evacuation has been criticized as slow and chaotic. Vice Adm. Patrick M. Walsh, the top U.S. Naval officer in the Mideast, said nine Navy ships were en route to the area and officials had arranged for a second commercial ship to dock in Beirut." The AP (7/19, Hendawi, Karam), the Financial Times (7/19, Reporters) and McClatchy Newspapers (7/19, Raad, Brown) report similar details.

USA Today (7/19, Nichols, Kiely, 2.27M) reports, "To get on the ships, Americans were being asked to pledge to reimburse the U.S. government. The potential charge: The price of a commercial flight from Beirut to Cyprus — about $150-$200." In the face of congressional complaints, "State Department spokesman Sean McCormack said late Tuesday that Secretary of State Condoleezza Rice had decided to waive it." USA Today notes, "Senate Minority Leader Harry Reid had urged the law to be waived, and he criticized the speed of the evacuation. 'People are being stranded,' Reid said."

State's Burns Defends Pace Of Effort To Evacuate US Citizens. On PBS's Newshour with Jim Lehrer (7/18, Ifill) Undersecretary of State Nicholas Burns said, "We have got well more than 25,000 American citizens in Lebanon. Perhaps 5,000 to 6,000 of them wish to leave and feel insecure and so what we're doing is registering all of them with our embassy, 356 came out today, several more hundred have come out in previous days because we established an air bridge through the U.S. military from Cyprus into Beirut." Asked if US citizens are right to complain the US has been slower that other nations in evacuating its citizens, Burns replied, "I don't think so. I'm sorry that that perception is out there, because I can tell you, we are working 24/7 on this. … A lot of European countries have citizens in Lebanon who were there frankly as tourists, or short-term visitors. The great majority of Americans who live in Lebanon are dual citizens." Burns also defended the US policy of asking evacuees to pay for their own transport, saying, "American government practice over the last several decades has been that if there's an evacuation such as this…people commit to pay the commercial rate at some later date, not at the time. … Believe me, we're not going to be asking American citizens to pay before they leave, if people don't have the money, that's fine."

Lebanese-Americans Voice Concerns Over Pace Of Evacuation. In a story focused on the reaction of Lebanese-Americans to the Mideast violence NBC Nightly News (7/18, story 4, 1:50, Williams, 9.87M) reported that in Dearborn, Michigan, "a demonstration today, many critical of the speed of US efforts to remove Americans from harm's way. A feeling echoed in the Abbas kitchen." Hussein Abbas, son: "Actually, it kind of worries me that it's taking so long for them to evacuate." Tibbles: "Then, the phone finally rings. Good news. Mom and Dad paid a driver $500 dollars to take them to Syria -- a journey filled with peril."

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Bush Faces Backlash From Conservatives Over Foreign Policy. The Washington Post (7/19, A1, Abramowitz, 748K) in a front page story reports, "At a moment when his conservative coalition is already under strain over domestic policy, President Bush is facing a new and swiftly building backlash on the right over his handling of foreign affairs." Leading conservatives "who once lauded Bush for what they saw as a willingness to aggressively confront threats and advance U.S. interests said in interviews that they perceive timidity and confusion about long-standing problems including Iran and North Korea, as well as urgent new ones such as the latest crisis between Israel and Hezbollah." The Post notes, "White House counselor Dan Bartlett said the president listens to all these criticisms but believes that aggressive diplomacy is paying off by bringing other countries into his effort to isolate North Korea and Iran. 'Some people are impatient with the pace of diplomacy,' he said. 'But the president believes it is important to have an all-out effort to solve these problems in a peaceful way.'" In contrast to conservative activists Republican lawmakers "appear to be lining up closely with the president on foreign policy. It has not helped the neoconservative case, perhaps, that the occupation of Iraq has not gone as smoothly as some had predicted."

"Competitive Friction" Between US, Russia Said To Be High. The New York Times (7/19, Rutenberg, 1.21M) reports, "United States and Russian officials say that despite some appearances, President Bush and President Vladimir V. Putin got along famously at the Group of 8 summit meeting this week, and that their relationship is at one of its highest points in its five-year history. Still, though the officials said there were great areas of agreement, they did not work quite as hard to deny analyses that competitive friction between the nations was as high as it had been in years." The Times adds, "American officials are always wary of being spied on when they come to Russia. But on this visit, officials said they had very little doubt that their suspicions were correct: the attic and basement of Mr. Bush's 'cottage' were sealed off from him and his security detail."

NYT Pans G8 Summit. The New York Times (7/19, 1.21M) editorializes, "It was awkward for Western and Japanese leaders to pretend that their host, President Vladimir Putin, was committed to making Russia a full-fledged democracy. But it might have been worth the embarrassment if the assembled leaders had actually come up with some serious joint initiatives for addressing the problems that beset their countries and the world. Maybe next year."

Yanukovich Set To Become Ukraine's Prime Minister. The New York Times (7/19, Dempsey, 1.21M) reports, "Viktor F. Yanukovich, the Russia-backed Ukrainian politician vanquished by the Orange Revolution of 2004, was poised Tuesday to make a spectacular comeback as prime minister after the pro-West president, Viktor A. Yushchenko, said his party would not join a broad governing coalition. With Mr. Yushchenko saying he would take his Our Ukraine party into the parliamentary opposition, Ukraine appeared on course to be led by Mr. Yanukovich." Yanukovich "had the strong support of President Vladimir V. Putin of Russia during the first round of presidential elections in November 2004."

US Sanctions Iranian Companies. The US yesterday imposed sanctions on two Iranian companies suspected of aiding Iran's nuclear program. The AP (7/19, Gordon) reports, "The action by the Treasury Department's Office of Foreign Assets Control targets Sanam Industrial Group and Ya Mahdi Industries Group, which are said to be owned, controlled by or agents of the Aerospace Industries Organization of Iran, a subsidiary of the Iranian Ministry of Defense and Armed Forces Logistics. … The Treasury Department ordered U.S. banks to freeze any bank accounts or other financial assets found in the United States that belong to Sanam and Ya Mahdi. The U.S. government also is prohibiting Americans from doing business with them."

Schwab Says G8's Resolve Will Be Tested In New Talks. The Financial Times (7/19, Williams) reports, "World leaders' resolve at the Group of Eight summit in St Petersburg to unblock the troubled Doha round of trade talks will be tested when trade ministers meet in Geneva on Sunday," US Trade Representative Susan Schwab said Tuesday. "We should see the impact of the G8 leaders' commitment by this weekend," she said in Geneva, before flying back to Washington for meetings with key Congressional leaders to discuss the US negotiating position. Meanwhile, the Times notes that legislators and the US farm lobby have warned Schwab that they will reject a "Doha lite" deal that "does not give their farmers significant new access to export markets." They said yesterday they "had not been consulted" before President Bush "signaled willingness to

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compromise at the G8." The AP (7/19, Cage) also reports on Schwab's comments.

Selection Of Annan's Successor Accelerates. The Financial Times (7/19, Turner, Johnson) reports, "The search for a new UN secretary-general shifts into a higher gear during the last 10 days of this month, as the Security Council prepares to cast a first informal straw poll on the person to replace Kofi Annan when he steps down at the end of the year." The Times adds, "Asia's claim appeared to be increasingly firm after" President Bush "last Tuesday appeared to concede the principle of regional rotation. 'We're really looking in the Far East right now to be the secretary-general,' he said." The Times says Bush's "statement would appear to rule out any of the eastern European candidates, while events in East Timor have put Jose Ramos-Horta out of the race. Kemal Dervis, the architect of Turkish economic reforms and UN development programme head, and Prince Zeid of Jordan are still thought to be in the picture."

Chinese Give Rumsfeld Info On Shootdown Of Friend. The AP (7/18, Burns) reports, "China's most senior military officer gave Defense Secretary Donald H. Rumsfeld new documentation Tuesday on the 1956 Chinese shootdown of a Navy pilot who was a friend of Rumsfeld's." The AP discusses the crash that killed "Navy Lt. j.g. James B. Deane Jr. of Grand Rapids, Mich.," who trained with Rumsfeld in the 1950s, and notes that Rumsfeld has "stayed in touch" with Deane's widow ever since. Deane's "remains were never recovered," causing Rumsfeld to press for more information during his China visit in October. The secretary and Gen. Guo Boxiong "agreed in principle to continue expanding military-to-military contacts. They also agreed to continue planning a search-and-rescue exercise for later this year." About 28 sites carried this story.

China's Economy Surged In Second Quarter. The Wall Street Journal (7/19, Browne, 2.03M) reports that China's economy surged in the second quarter, underscoring "the mounting danger of runaway growth fueled by huge trade surpluses, and it creates a number of thorny policy dilemmas for China's leaders. The National Bureau of Statistics said yesterday that the economy expanded at an annual rate of 11.3% in the second quarter compared with the same period last year -- a full percentage point faster than in the first quarter." The danger "is that excessive investment will spawn overcapacity, leading to falling profits and bankruptcies. That, in turn, could devastate Chinese banks and cause the economy to stall -- a jolt that would be widely felt."

The New York Times (7/19, Barboza, 1.21M) reports that China's economy "is growing almost as fast as it did in its peak years of growth, in the early 1990's, when the economy was much smaller. And that is worrying government bureaucrats, economists and analysts who see inherent risks of inflation and overheating when an economy blows off this much steam."

China Sends Mixed Signals On Water Pollution Problem. The Wall Street Journal (7/19, Oster, Fong, 2.03M) reports on Doctor Zhang Changjian, who has rallied farmers in China "against a chemical factory dumping pollutants into a river. This spring, they won a rare victory. A court found the pollution exceeded acceptable levels and ordered the Rongping Joint Chemical Plant to pay damages of about $85,000. But the farmers have yet to see any of the settlement. Mr. Zhang has been the target of police harassment, and the county government has closed down his clinic." The Journal notes, "Water pollution is among the most worrisome byproducts of China's rapid economic growth. … The government has sent mixed signals about how it intends to tackle the problem."

India Bomb Investigators Examine Link Between Muslim Groups. The Christian Science Monitor (7/19, Chopra, 58K) reports that Indian authorities investigating last week's bombings "are probing a link between Pakistan-based Lashkar-i Tayyaba (LeT), the main suspect, and a banned Islamic organization in India called the Students Islamic Movement of India (SIMI). Tests confirmed Monday that the bombers used the powerful military explosive RDX, a weapon used before by the LeT. Indian investigators say they suspect that LeT provided the bombs, the funding, the target, and the know-how to SIMI, which in turn provided the people on the ground." The Monitor notes, "This thread of the investigation has Indians facing the uncomfortable possibility that international jihad may have found a receptive ear within pockets of a huge religious minority."

India Blocks Access To Some Web Sites. The Wall Street Journal (7/19, Bellman, Wonacott, 2.03M) reports, "India's Internet regulators have started blocking several Web

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sites in a move that borrows a page from China, where government censors heavily restrict the flow of online information. … Several telecom operators confirmed there were more than 15 sites they were directed to block."

Four Nations Encounter Resistance In Bids To Join NATO. The New York Times (7/19, Wood, 1.21M) reports that Croatia, Macedonia, Albania and Georgia are "encountering resistance" in their efforts to gain membership in NATO. The US "wants NATO to grow. But Daniel Fried, the assistant secretary of state for European and Eurasian affairs…noted a lack of enthusiasm among European members." The Times adds, "American backing for Ukraine and Georgia has concerned some European countries and Canada. They worry about the alliance's capacity to absorb states in the Balkans, let alone those so far away. Russia also strongly opposes membership for the two former Soviet states."

Brothers' Leadership As Consolidating Poland's Shift To Right. The New York Times (7/19, Smith, 1.21M) reports that many Poles see the leadership of President Lech Kaczynski and his twin brother, Prime Minister Jaroslaw Kaczynski "as consolidating a shift toward right-wing, nationalist politics that has polarized the country between older, less educated rural voters who elected Mr. Kaczynski and the younger, educated urban voters who largely oppose him." The Times adds, "Many people see the appointment of President Kaczynski's brother as prime minister as a step toward the so-called Fourth Republic that the twin brothers have said they want to build. The Fourth Republic would purge former Communists from the corridors of power and concentrate power in the hands of the president. They lack the two-thirds parliamentary majority required for the constitutional changes that would make that dream a reality, but securing the presidency and the prime minister's job comes close to the same thing."

Bolivian, Columbian Leaders Seek Meeting With Bush. The Miami Herald (7/19, 310K) reports top Bolivian and Colombian government officials will "make overtures this week in Washington seeking a three-way meeting to bring together President Bush, Bolivia's Evo Morales and Colombia's Alvaro Uribe," officials say. Bolivian Planning and Development Minister Carlos Villegas "said such a meeting had been in the works for months and would revolve around Bolivian concerns about the recent US-Colombian free trade agreement."

Kosovo Tensions Said To Be Near Boiling Point. The Christian Science Monitor (7/19, Kampschror, 58K) reports that tensions in Kosovo "are threatening to reach a boiling point as UN-appointed envoy Martti Ahtisaari hosts a seventh round of negotiations in Vienna this week, aimed at settling the province's final status: Albanian Kosovars favor independence, while Serbia is pushing for the province to remain under its control."

Sudan Urged To Accept UN Peacekeeping Force. The AP (7/19, Ames) reports that the Sudanese government is under pressure from world powers to accept a UN peacekeeping force in Darfur. According to the AP, "Delegates from more than 70 nations at a conference on Sudan were united in calling for the UN force, which the Sudanese government is refusing to allow in to replace AU peacekeepers, and a halt to violence in the vast western region."

The New York Times (7/19, Polgreen, 1.21M) reports, "The United States and the European Union pledged nearly $150 million at a conference in Brussels to shore up the overmatched and nearly broke African Union force in the Darfur region of Sudan. The money is a short-term fix intended to allow the 7,000-member African force to keep operating until the end of the year."

Reports Vary On Death Toll From Indonesian Tsunami. There are conflicting reports this morning about the death toll from Monday's tsunami in Indonesia. The AP (7/19, Firdaus) and NBC Nightly News (7/18, story 7, , Williams, 9.87M) report that the death toll hit 341, with nearly 230 people missing. The CBS Evening News (7/18, story 8, 0:20, Schieffer, 7.66M) also reported that the death toll reached 341, but said "200 are still missing." The Washington Post (7/19, A12, Sipress, 748K) reports that the tsunami killed "at least 463 people." Meanwhile, the Christian Science Monitor (7/19, McCawley, Coren, 58K) reports, "Officials said 306 people were killed with another 160 or more missing." ABC Nightly News (7/18, story 6, 0:15, Gibson) reported that "340 were killed. And another 230 are missing."

Tsunami Revives Debate About Early Warning System. The Monitor also reports that the latest tsunami

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"has revived debate about how best to implement an early warning system to notify coastal residents of oncoming killer waves. And disaster relief officials here, confronted by the rapid succession of the 2004 tsunami, several major earthquakes, and a threatening volcano, are hoping that Monday's one-two punch of temblor and tsunami will prod the government to pass a stalled natural-disaster bill."

Indonesians Flee To Higher Ground Fearing Another Tsunami. The New York Times (7/19, Gelling, 1.21M) reports, "Thousands of residents of this coastal community huddled together in makeshift camps on the crest of nearby hills on Tuesday night, fearing a repeat of Monday's tsunami, which killed more than 300 people and injured hundreds more. … About 40,000 people have abandoned their homes for higher ground, according to Indonesia's disaster coordination unit, making it hard to tally the numbers of dead, injured and missing."

WPost Says US Has Betrayed Egypt's Democrats. The Washington Post (7/19, A18, 748K) editorializes, "With the tacit consent of the Bush administration, authoritarian Egyptian President Hosni Mubarak is continuing his campaign against the democratic movement that sprouted in his country last year. His latest target is the fledgling independent press, which in recent months has dared to publish stories about rampant official corruption, criticize Mr. Mubarak's promotion of his son's political career and promote the liberal democratic reforms that President Bush once advocated for Egypt." The Post notes, "High-level Egyptian-U.S. contacts have been stepped up and the administration has strongly urged Congress not to subtract a single dollar from Egypt's $2 billion in annual aid. Egypt's democrats feel betrayed by the United States -- and rightly so."

Lopez Says He Is A Fiscally Conservative Alternative To Chavez In Venezuela. The Los Angeles Times (7/19, Kraul, 918K) reports on Venezuelan politician Leopoldo Lopez, the Mayor of Chacao." Lopez "was a driving force in the post-coup general strike that almost brought the Venezuelan economy to a halt. But Lopez figures his real offense is that he poses an electoral threat as a fiscally conservative alternative to the socialist, anti-American 'Bolivarian Revolution' espoused by [President Hugo] Chavez." The Times adds, "Although Chavez opponents say all dissidents are being targeted, Lopez seems to be the object of a full-out campaign. The government has filed 26 criminal charges against him going back to 1998, with counts including illegal campaign financing and violation of building codes. Conviction on any one of them could result in a jail term. Lopez denies the charges."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Israel's Attack Is 3-Pronged."
"On The Border, In A Fix."
"Dazed Refugees Flood Beirut."
"3 Arrested In Katrina Hospital Deaths."
"In Iraq, Civil War All But Declared."
"DVD Deal Lets Films Go From Web To TV."
"Flag Battle Not So Proudly Hailed."

USA Today:
"U.S. Steps Up Evacuation Of Americans In Lebanon."
"Senate Defies Veto Threat, Sends Stem Cell Bill To Bush."
"Will Christian Right Embrace — And Support — One Of Its Own?"
"Katrina Killings Charged."

New York Times:
"US Seen Waiting To Act On Israeli Strikes In Lebanon."
"Iraqi Death Toll Rises Above 100 Per Day, U.N. Says."
"Patient Deaths In New Orleans Bring Arrests."
"Officials Expect Visit By Rice, But Not Yet."
"Senate Approves A Stem Cell Bill; Veto Is Expected."
"Lieberman Rival Hopes To Find Support In Issues Beyond Iraq."

Washington Post:
"Heat, Humidity And Foul Air Smother Area."
"Evacuations Underway In Beirut.'
"Senate Passes Stem Cell Bill; Bush Vows Veto."
"Missile War Is a New Challenge To Israel's Long Rule Of The Sky."
"Aid To Ranchers Was Diverted For Big Profits."
"Conservative Anger Grows Over Bush's Foreign Policy."

Washington Times:
"Senate OKs Stem-Cell Bill."
"Israel Hits Lebanese Army Base."
"3 Face Charges In Mercy Killings."
"DC Officials Earn In City, Live In 'Burbs."
"For Hill Teams, It's A Whole New Ballgame."

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"Senate Immigration Bill 'Far Worse' Than In '86."

Atlanta Journal-Constitution:

"Taylor Over Cox, Reed Loses GOP Race."
"Stem Cell Bill OK Sets Up Bush Veto."
"MegaFest's Message Of Deliverance From Devil, Debt Draws Big Crowd."

Houston Chronicle:

"3 Caretakers Accused Of Administering Fatal Doses."
"Will It Worsen Or Fade Away?"
"Metro Hopes Rail Options Get Richmond Route Foes Onboard."
"Texas Division's 2nd Tour Deadlier."

Story Lineup From Last Night's Network News:

ABC: Mideast Violence; Lebanon-American Evacuation; Mideast Violence-Israel; Israeli/ Lebanese Border; Iraq Violence; Indonesia-Tsunami; US Heat Wave; Katrina-Medical Personnel, Murder Charges; Senate-Stem Cell Research; Mobile Israeli Bank.

CBS: Mideast Violence; Lebanon-American Evacuation; Mideast Violence-Bush; Mideast Violence-Syria; Mideast Violence-Israel; Mideast Violence-Nahariya; Iraq Violence; Indonesia-Tsunami; US Heat Wave; Senate-Stem Cell Research; Katrina-Medical Personnel, Murder Charges; Katrina-Fraud; Mideast Recap.

NBC: Lebanon-American Evacuation; Mideast Violence-Israel; Lebanon Evacuees-Cyprus; Mideast Violence-Lebanese-Americans; Mideast Violence-Bush; Iraq Violence; Indonesia-Tsunami; Mideast Violence-Haifa; US Heat Wave; Senate-Stem Cell Research; Katrina-Medical Personnel, Murder Charges; Stock Markets; Mideast Recap.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Lebanon-American Evacuation; Israel-Lebanon Attacks; Israel-Gaza Incursion; Senate-Stem Cell Research; Cruise Ship-Steering Problem.

CBS: Lebanon-American Evacuation; Israel-Lebanon Attacks; Philadelphia-Heavy Winds; Providence-Dock Fire; CA-Airport Radar Outage; Cruise Ship-Steering Problem; Wall Street.

NPR: Israel-Lebanon Attacks; Bush-Syria; Indonesia-Tsunami; Senate-Stem Cell Research; Foreign Stock Markets; Providence-Dock Fire; CA-Wildfires; GA-Reed Concedes.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9 a.m. ENVIORNMENT AND PUBLIC WORKS _ Full Committee. Hearing on the science and risk assessment behind the EPA's revisions to the particulate matter air quality standards. George Gray, EPA; John Stephenson, GAO; Roger McClellan, adviser, Toxicology and Human Health Risk Analysis; George Thurston, New York University Medical School; Annie Smith, CRA International; Daniel Greenbaum, Health Effects Institute. Location: Room 628, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on the semiannual report of the Federal Reserve Board. Chairman Ben Bernanke. Location: Room 106, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Markup of pending nominations and legislation. Location: Room 253, Russell.

10 a.m. ENERGY AND NATURAL RESOURCES _ Public Lands and Forests Subcommittee. Hearing to provide oversight on the implementation of public law 108-148, The Healthy Forests Restoration Act. Deputy Assistant Interior Secretary Nina Rose Hatfield; Deputy Agriculture Undersecretary David Tenny; BLM Director Kathleen Clarke; Forest Service Chief Dale Bosworth; Rick Delaco, Village of Ruidoso, Ruidoso, N.M.; Union County, Ore. Commissioner Colleen Macleod; Matthew Koehler, WildWest Institute, Missoula, Mont.; Jay Jensen, Western Forestry Leadership Coalition, Lakewood, Colo. Location: Room 366, Dirksen.

10 a.m. FINANCE _ Full Committee. Meeting to discuss the intnernational trade agenda. USTR Susan Schwab. Closed meeting. Location: Room 215, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on DHS purchase cards. Gregory Kutz, GAO; DHS CFO David Norquist. Location: Room 342, Dirksen.

10:30 a.m. HEALTH, EDUCATION, LABOR AND EDUCATION _ Full Committee. Markup of pending legislation. Location: Room 430, Dirksen.

11 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Subcommittee on Technology,

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Innovation, and Competitiveness. Hearing on high performance computing. Simon Szykman, National Coordination Office for Networking and Information Technology Research and Development; Irving Wladasky-Berger, IBM; Christopher Jehn, Cray Inc.; Jack Waters, Level 3 Communications; Joseph Lombardo, University of Nebada, Las Vegas; Michael Garrett, Boeing CStanley Burt, Advanced Biomedical Computing Center. Location: Room 253, Russell.

2 p.m. JUDICIARY _ Full Committee. Hearing on pending nominations. Location: Room 226, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on the U.S.-UK extradition treaty. Location: Room 419, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on pending matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (3 bills): 1) H.R. 5683 - To preserve the Mt. Soledad Veterans Memorial in San Diego, California, by providing for the immediate acquisition of the memorial by the United States; 2) H.Con.Res. 448 - Commending the National Aeronautics and Space Administration on the completion of the Space Shuttle's second Return-to-Flight mission; 3) H.Res. __ - A resolution expressing support for the security of the State of Israel. H.R. 2389 - Pledge Protection Act of 2005.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on credit card interchange rates. Bill Douglas, Douglas Distributing, Sherman, Texas; Kathy Miller, The Elmore Store, Elmore, Vt.; Joshua R. Floum, Visa USA; Joshua L. Peirez, MasterCard Worldwide; Timothy J. Muris, former chairman, FTC; W. Stephen Cannon, president and managing partner, Constantine Cannon. Location: Room 226, Dirksen.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on climate change assessments. Edward J. Wegman, George Mason University; Gerald R. North, Texas A&M University; Thomas R. Karl, Director, National Climatic Data Center; Thomas J. Crowley, Duke University; Hans von Storch, Director, Institute for Coastal Research, GKSS-Research Centre Geesthacht GmbH, Geesthacht, Germany; Stephen McIntyre, Toronto. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee. Markup of pending legislation. Location: Room 2128, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on pending legislation.

10 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 2141, Rayburn.

10 a.m. RESOURCES _ Full Committee. Markup of pending legislation. Location: Room 1324, Longworth.

10 a.m. SELECT INTELLIGENCE _ Full Committee. Hearing on different perspectives on the Foreign Intelligence Surveillance Act. American Bar Association President Michael Greco; James Dempsey, Center for Democracy and Technology; Richard Posner, University of Chicago Law School; Kim Tiapale, Center for Advanced Studies in Science and Technology Policy. Location: Room 2212, Rayburn.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Full Committee. Hearing on guest worker programs and their impact on the American workforce and immigration policy. Location: Room 2175, Rayburn.

10:30 a.m. WAYS AND MEANS _ Full committee. Hearing to review the outcomes of the 1996 welfare reform law.Former House Speaker Newt Gingrich; former HHS Secretary Tommy Thompson; Ronald Haskins, Brookings Institution; Roy Riley, Conference of Bishops for the Evangelical Lutheran Church of America; June O'Neill, Baruch College, New York; Sharon Parrott, Center on Budget and Policy Priorities; Robert Rector, Heritage Foundation. Location: Room 1100, Longworth.

11 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Full Committee. Markup of pending legislation. Location: Room 2167, Rayburn.

1 p.m. VETERANS AFFAIRS _ Disability Assistance and Memorial Affairs Subcommittee. Hearing on the role of national, state and county veterans' service officers in claims development. Location: Room 334, Cannon.

2 p.m. ENERGY AND COMMERCE _ Energy and Air Quality Subcommittee. Hearing on the revised schedule for the Yucca Mountain nuclear waste repository. Ward Sproat, director of the Office of Civilian Radioactive Waste Management. Location: Room 2322, Rayburn.

2 p.m. FINANCIAL SERVICES _ Domestic and International Monetary Policy, Trade and Technology Subcommittee. Hearing on coin and currency issues. Larry Felix, Director, Bureau of Engraving and Printing; Louise Roseman, Federal Reserve System; David A. Lebryk, Acting Director, U.S. Mint; Douglas S. Johnson, U.S. Secret Service;

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Brent D. Glass, Smithsonian Institution; Q. David Bowers, American Numismatic Rarities, LLC; Christopher Cipoletti, American Numismatic Association; Beth Deisher, Editor, Coin World; Fred Weinberg, Industry Council for Tangible Assets. Location: Room 2128, Rayburn.

2 p.m. GOVERNMENT REFORM _ Criminal Justice, Drug Policy and Human Resources Subcommittee. Hearing on expanding fences at the borders. Location: Room 2154, Rayburn.

2 p.m. SCIENCE AND HOUSE ADMINISTRATION _ Full Committees. Joint hearing on voting machines. Election Assistance Commission member Donetta Davidson; William Jeffrey, NIST; Mary Kiffmeyer, Minnesota Secretary of State; Linda Lamone, Maryland Board of Elections; John Groh, Information Technology Association of America; David Wagner, University of California at Berkeley. Location: Room 2318, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways, Transit and Pipelines Subcommittee. Oversight hearing on the Federal Transit Administration's safety oversight program. Susan Schruth, FTA; Kate Siggerud, GAO; William Millar, President, American Public Transportation Association; Richard Clarke, California PUC; Duana Love, Regional Transportation Authority (Chicago); Robert Kraus, Missouri DOT; Robert Sedlock, New Jersey DOT. Location: Room 2167, Rayburn.

3 p.m. RULES _ Full Committee. Meeting on rules for floor debate. Location: Room H-313, Capitol.

Other: NAACP CONVENTION _ NAACP holds 97th annual convention. This year's theme: ``Voting Our Values: Valuing Our Votes." Highlights: 9:30 a.m. Plenary session on youth activism. Presentation of NAACP Awards. 9:30 a.m. - 12 p.m. Legislative advocacy day event. With Rep. Mel Watt; Sen. Ted Kennedy; Sen. Hillary Clinton; Sen. Sam Brownback; and others. 1 p.m. Youth leadership luncheon. Remarks by Rep. Jesse Jackson, Jr.; and others. Grand Hyatt, Independence Ballroom. 1 p.m. - 2:30 p.m. Labor luncheon. Remarks by Julain Bond, Chairman, NNACP Board; Bruce Gordon, President, NAACP; Judge Greg Mathis; and others. Convention Center ballroom. 7 p.m. - 11 p.m. Youth Freedom Fund Awards dinner. With Rep. Barbara Lee; and others. Convention Center ballroom. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va., Washington Convention Center, Mt. Vernon Square.

ENERGY SECURITY _ 8:30 a.m. - 8 p.m. The 2020 Vision Education Fund, others, hold a day-long summit on energy security. Highlights: 9:15 a.m. Sen. Joseph Biden. 11:15 a.m. Sen. Sam Brownback. 12 p.m. Luncheon speaker - Assistant Energy Secretary Andrw Karsner. 1 p.m. Panel discussion on ``Promising Solutions to Oil Dependence." Location: National Press Club.

ISRAEL-CHRISTIANS _ 9:30 a.m. Christians United for Israel organization holds a news conference to urge congressional support for Israel. Location: Room S-207, Capitol.

GOP-VALUES _ 10 a.m. House GOP leadership holds a media availability to discuss values and families at a stakeout following the regular weekly House GOP Conference's closed meeting. Location: Room HC-6, Capitol.

NATIONAL SECURITY _ 10 a.m. House Democratic leadership holds news conference on national security after the closed House Democratic Caucus meeting. Location: Outside Cannon Caucus Room.

OIL SUPPLIES _ 10 a.m. The American Petroleum Institute holds a news conference to discuss mid-2006 statistical review. Location: API, 12th floor, 1220 L St. NW.

BROWNBACK-NORTH KOREA _ 10:30 a.m. Sen. Sam Brownback holds a news conference to introduce the first North Koreans admitted into the U.S. as refugees since the end of the Korean War. Location: Room 138, Dirksen.

US-RUSSIAN RELATIONS _ 10:30 a.m. The Heritage Foundation sponsors a discussion, ``After the G-8: The Future Orbit of U.S.-Russian Relations." Speakers include: David J. Kramer, Deputy Assistant Secretary of State for European and Eurasian Affairs, State Department; Andrew Kuchins, Senior Associate and Director, Russian and Eurasian Program, Carnegie Endowment for International Peace; Angela Stent, professor and director, Center for Eurasian, Russian and East European Studies, Georgetown University, and former National Intelligence Officer, Russia and Eurasia; and Ariel Cohen, senior research fellow, Russian and Eurasian Affairs and International Energy Security, The Heritage Foundation. Location: Heritage Foundation's Lehrman Auditorium, 214 Massachusetts Ave. NE.

ALLEN _ 11:30 a.m. Coast Guard Commandant Adm. Thad Allen speaks at the 34th annual National Naval Officers Association Conference. Location: Marine Corps Base, Quantico.

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ISRAEL RALLY _ 12 p.m. The Jewish Federation of Greater Washington holds a ``Solidarity with Israel Rally." Location: Freedom Plaza.

MEXICAN ELECTIONS _ 12 p.m. The Institute for Policy Studies hosts a panel, ``Mexican Elections: Another Florida?" Participants are Jonathan Fox , University of California, Santa Cruz; Manuel Perez Rocha, Mexican Action Network on Free Trade; and John Cavanagh, director, Institute for Policy Studies. Location: Suite 600, Institute for Policy Studies, Conference Room, 1112 16th St. NW.

US-CHINA ECONOMICS _ 12 p.m. The Cato Institute hosts a policy forum on U.S.-China trade, exchange rates and the U.S. economy. Topics to include tariffs, trade and minufacturing, whether the yuan is undervalued, and U.S. economic policy. With Nicholas Lardy, Institute for International Economics; Frank Vargo, National Association of Manufactureres; and Daniel Griswold, Cato Institute. Location: 1000 Massachusetts Ave. NW.

HISPANICS POLL _ 12 p.m. - 2 p.m. The NDN Political Fund holds an open-press luncheon briefing to unveil the findings of a new national poll of Hispanic citizens, and will announce the next stage of its national media campaign. Presenters include Joe Garcia, HSC Director, Marcela Berland of the research firm Latin Insights, Jimmy Learned of the media firm Elevacisn, Maria Cardona, HSC board member, and Simon Rosenberg. Location: Phoenix Park Hotel, 520 North Capitol St. NW.

AIRLINES-PENSIONS _ 12:30 p.m. Sens. Johnny Isakson, R-Ga., and Norm Coleman, R-Minn., hold a press conference with Delta Air Lines CEO Gerald Grinstein and Northwest Airlines President and CEO Douglas Steenland to urge timely passage of pension reform legislation, including Senate-approved airline funding provisions. Location: Room 428A, Russell Senate Office Building.

BOEHNER _ 12:30 p.m. House Majority Leader Rep. John Boehner speaks to the Heritage Foundation on ``A Majority Agenda That Matters: Why Strength and Prosperity Triumph Over Hesitation and Big Government." Location: Allison Auditorium, 214 Massachusetts Ave. NE.

POLLUTION RULES _ 1 p.m. Clean Air Watch holds a briefing with speakers from the American Thoracic Society, Johns Hopkins University, American Lung Association, others, to discuss the upcoming EPA rules for particulate emissions. Location: National Press Club.

TELEPHONE SERVICE _ 1:30 p.m. The Seniors Coalition holds a telephone briefing to release a study showing government waste in the Universal Service Fund federal phone subsidy program. Contacts: Ailis Aaron, 703-276-3265. Notes: Callin number: 800-860-2442; ask for the ``USF taxpayer rip-off" event.

DEMOCRATS-COLLEGE _ 2 p.m. The Democratic Governors Association holds a news conference to announce a plan to increase college enrollments and improve graduation rates, with Gov. Tom Vilsack and Sens. Tom Carper and Hillary Clinton. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

PELOSI-VA _ 2 p.m. House Democratic Leader Nancy Pelosi speaks at a ceremony honoring the 75th anniversary of the Department of Veterans Affairs. Location: Capitol Rotunda.

BLACK CAUCUS-RICE _ 5 p.m. Members of the Congressional Black Caucus meet with Secretary of State Condoleezza Rice to discuss issues relevant to African Americans and people of color worldwide. Location: West Center Steps Hallway in the U.S. Capitol basement.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JULY 19, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Gonzales Says Bush Blocked DOJ Probe Of Warrentless Wiretap Program ... 3
FBI Agents Testify Padilla Initially Cooperated In Interview ... 5
Spiritual Adviser Who Reported Miami Suspects To FBI Calls Terror Charges "Preposterous." ... 5
Ohio Terror Suspect Maintains Innocence ... 5

Homeland Response:
Missile Defense Is Considered "Too Fragile" For Airliners ... 5
WSJ Criticizes GOP For Overreacting To Dubai Ports Deal Embarrassment ... 5
GAO Audit Finds Credit Card Misuse At DHS ... 6

War News:
Iraqi Civilian Death Toll Rises As Violence Continues Across Iraq ... 6
Iraqi Oil Output Grows In South ... 7
Coalition Forces Retake Taliban-Seized Town ... 7
Afghanistan Recreates Virtues Ministry ... 8
Turkey Demands US-Iraqi Containment Of Kurdish Guerillas ... 8

Corporate Scandals:
Scrutiny Of Options Backdating Intensifies ... 8

Criminal Law:
DOJ Questions Former Harris Advisor ... 9
Arrests Roil Online Gambling Industry ... 9
DC Mayor Outlines Plan To Curb Crime ... 10
Doctor, Two Nurses Arrested In Katrina Mercy Killing Investigation ... 10
Chicago City Employee Gets 90 Days For Lying To FBI In Hired Truck Probe ... 11
Four Charged In Alleged South Florida Medicare Fraud Scam ... 11
Florida Couple Arrested For Alleged Retail Return Scam ... 11
Virginia Man Sentenced To 150 Years In Prison For Child Porn Charges ... 11
Maryland Man Sentenced To 30 Years In Prison For Child Porn Production ... 11
Former NASA Manager Pleads Guilty To Child Porn Distribution ... 11
Florida Sports Photographer To Plead Guilty To Child Porn Charge ... 12
Former Midshipman Accused Of Rape Testifies Sex Was Consensual ... 12
Former Oswego, NY, Mayor Sentenced For Sex Crime ... 12

Civil Law:
Medtronic Settles Kickback Allegations With DOJ For $40 Million ... 12
DOJ Settles E-Rate Case, Other Fraud Claims ... 13
Senators Press DOJ About Boeing Settlement ... 13

Civil Rights:
Korean Woman Sentenced To 10 Years For Running Dallas Prostitution Ring ... 14
Democrats Challenge Michigan Voter ID Law ... 14
DOJ Settles Disability Access Issues With University Of Chicago ... 14
Bush To Address NAACP Convention Thursday ... 14
Marriage Amendment Fails To Reach Two-Thirds Majority In House ... 15
GAO Says Bush's Faith-Based Programs Lack Discrimination Safeguards ... 15

Antitrust:
FTC Clears Germany's Linde To Purchase British Gas Company ... 15
WP Columnist Proposes Music Industry Deregulation, Copyright Reform ... 16
Dallas Airfield Deal Challenged By Antitrust Suit ... 16
DVD Deal Will Allow Films To Go From Web To Television ... 16

Environment:
Overseer Says Sago Mine Seals Were Poorly Built ... 16
Indianapolis Reaches Sewer Repair Deal With US ... 17
DOE Says Yucca Mountain Waste Repository Will Open 2017 ... 17
Governors Urge States To Prepare For Bird Flu ... 17
Domenici Lays Out Energy Agenda ... 18
Boucher Calls For Incentives For Coal-To-Liquids Technology ... 18
USDA Milk Price-Support Program Allowed Traders To Make Millions Of Dollars ... 18
Heat Wave Spurs Calls For Revamp Of US Power Grid ... 18

FBI/DEA/ATF/USMS:
Eight Colombians Plead Guilty To Smuggling Cocaine ... 19
91 Arrested In Crackdown By Nevada Drug Trafficking Task Force ... 19

Meth Seen As Growing National Drug Problem 19
In Texas, Man Gets 10-Year Sentence For His Role In Cocaine Operation 19
Wife Of Tennessee Businessman Accused Of Helping Husband Launder Drug Money 20
Indictment Of Bonds Could Lead To His Suspension By MLB.... 20
Detroit-Area Crime Sweep Nets 115 Arrests 20

Immigration:

Fort Bragg Immigration Sweep Nets 58..... 20
House Said To Be Dragging Out Immigration Hearings..... 21

Tax:

New IRS Policy Aims At Curbing Political Activity By Churches . 22
Study Says Urban Dwellers Face "Ghetto Tax."..... 22
New Tax Law Increases Burden On Many Americans Overseas 22

Congress-Administration:

Senate Approves Stem Cell Bill 63-37; White House Pledges "Swift" Veto 22
Breyer Passes Up Chance To Throw First Pitch At Fenway..... 25
Senate Shifts $9 Billion In Defense Spending To Domestic Programs 25
Congress Reportedly Near Agreement On Pension Bill..... 26
Administration Declines To Offer Free Credit Monitoring To Veterans..... 26
Administration, Congressional Leaders Propose National School Voucher Plan 27
Blackburn Seen As Positioning Self For Leadership Run 27
Defense Lobbyists Worry About McCain Chairmanship Of Armed Services Panel 28
Hunter And Skelton Urge Passage Of NDAA..... 28
Bill Would Eliminate Obsolete Agencies..... 28
Report Finds Pay For DHS, Pentagon Execs Lagged Behind Other Agencies 28
WSJournal Criticizes End-Of-Fiscal Year Spending..... 28

Other News:

Weak Dollar, Strong Global Demand Boost US Exports..... 28
Wholesale Prices Up More Than Expected..... 29
Strong Earning Reports Boost Stock Markets 29
Federal Reserve Presidents See Big Salary Increase 30
Growth Of Income Inequality Examined 30
Unions Target Foreign-Based Firms With High Overseas Unionization Rates..... 30
WSJournal Criticizes Trial Lawyers Group For Name Change Plans 30
Medical Reviews Under Fire Over Disclosure Lapses 30
Brownback Hopes To Emerge As Christian Conservatives' Candidate In 2008..... 31
Kerry May Use Leftover $14 Million From '04 To Mount New Presidential Bid 31
DLC Leaders Say Democrats Should Follow Bill Clinton's Lead. 31
Reynolds Expects About 36 House Races To Be Competitive In '06 31
In Debate Of Maryland Senate Hopefuls, Cardin Attacked Over Iraq War Votes..... 32
Reed Loses GOP Lieutenant Governor Primary In Georgia 32
Bush Places Responsibility For Mideast Violence On Hezbollah, Syria 32
State Department Will Not Confirm Rice's Intention To Fly To Mideast Friday 35
Congress Expresses Bipartisan Support For Bush Response To Mideast Violence..... 35
Mideast Violence Continues 36
Israel Considers International Diplomatic Options..... 38
Israeli Tanks Enter Central Gaza Refugee Camp 39
Pace Of US Evacuation Efforts Criticized..... 39
Bush Faces Backlash From Conservatives Over Foreign Policy 40
"Competitive Friction" Between US, Russia Said To Be High 40
Yanukovich Set To Become Ukraine's Prime Minister 41
US Sanctions Iranian Companies..... 41
Schwab Says G8's Resolve Will Be Tested In New Talks 41
Selection Of Annan's Successor Accelerates..... 41
Chinese Give Rumsfeld Info On Shootdown Of Friend..... 41
China's Economy Surged In Second Quarter..... 41
India Bomb Investigators Examine Link Between Muslim Groups42
Four Nations Encounter Resistance In Bids To Join NATO..... 42
Brothers' Leadership As Consolidating Poland's Shift To Right.. 42
Bolivian, Columbian Leaders Seek Meeting With Bush 42
Kosovo Tensions Said To Be Near Boiling Point..... 42
Sudan Urged To Accept UN Peacekeeping Force..... 43
Reports Vary On Death Toll From Indonesian Tsunami 43
WPost Says US Has Betrayed Egypt's Democrats..... 43
Lopez Says He Is A Fiscally Conservative Alternative To Chavez In Venezuela 43

The Big Picture:

Headlines From Today's Front Pages 43

Washington's Schedule:

Today's Events In Washington 44

DOJ_NMG_0041901

TERRORISM NEWS:

Gonzales Says Bush Blocked DOJ Probe Of Warrentless Wiretap Program. The Washington Post (7/19, Eggen) reports, "President Bush effectively blocked a Justice Department investigation of the National Security Agency's warrantless surveillance program, refusing to give security clearances to attorneys who were attempting to conduct the probe, Attorney General Alberto R. Gonzales said yesterday." The Post continues, "Bush's decision represents an unusually direct and unprecedented White House intervention into an investigation by the Office of Professional Responsibility, the internal affairs office at Justice, administration officials and legal experts said. It forced OPR to abandon its investigation of the role Justice officials played in authorizing and monitoring the controversial NSA eavesdropping effort, according to officials and government documents. … 'Since its creation some 31 years ago, OPR has conducted many highly sensitive investigations involving Executive Branch programs and has obtained access to information classified at the highest levels,' the office's chief lawyer, H. Marshall Jarrett, wrote in a memorandum released yesterday. 'In all those years, OPR has never been prevented from initiating or pursuing an investigation.;" The Post notes, "In testimony yesterday to the Senate Judiciary Committee, Gonzales said that in matters involving access to classified programs, 'the president of the United States makes the decision.' … 'The president decided that protecting the secrecy and security of the program requires that a strict limit be placed on the number of persons granted access to information about the program for non-operational reasons,' Gonzales wrote in a related letter sent to the committee's chairman, Sen. Arlen Specter (R-Pa.). 'Every additional security clearance that is granted for the [program] increases the risk that national security might be compromised.'"

The New York Times (7/19, Lewis) reports, "The shutting down of Mr. Jarrett's efforts had been previously reported, but Mr. Gonzales's comments Tuesday during a hearing on oversight of the Justice Department were the first acknowledgment of Mr. Bush's direct role. … Administration officials said Mr. Bush made the decision because he believed there were other avenues of oversight, including investigations by the inspectors general of the Justice Department and the National Security Agency as well as the Intelligence Committees of both houses. … 'We had to draw the line somewhere,' said a senior Justice Department official who spoke on condition of anonymity because of lack of authorization to comment. 'There was already lots of oversight on this program, and we had to consider the interest' in protecting the program's secrecy by limiting the number of people who knew its details. … The official also asserted that while some lawyers might have questioned the legality of the surveillance program, there was never an issue of legal ethics, which is the purview of the Office of Professional Responsibility. … 'We were trying to limit the scope of people who had access to all the details of the program,' the official said, 'and a judgment was made that it was not worth reading these additional people into it.'"

The Wall Street Journal (7/19, Squeo) reports, "White House press secretary Tony Snow later told reporters, 'There were proper channels for doing legal review, and in fact, a legal review was done every 45 days, and the attorney general himself was involved in it. The Office of Professional Responsibility was not the proper venue for conducting that.'" The Journal adds, "Mr. Gonzales's daylong testimony came at a time when the Bush administration is trying to smooth differences with Mr. Specter and other Judiciary Committee members about a number of counterterrorism initiatives that have raised questions of legality -- and defuse criticism from lawmakers who say the administration failed to keep them apprised of the programs. … In addition to the NSA program, it was disclosed last month that the Treasury Department has been secretly tracking suspected terrorist financing through a program that gives it access to records from the network that handles nearly all international financial transfers. The program, started shortly after the Sept. 11, 2001, terrorist attacks, uses information from a Belgian firm known by its acronym, Swift, that manages much of the world's financial-message traffic."

CNN's The Situation Room (7/18, Blitzer) reported Attorney General Gonzales "revealed to senators today that President Bush personally blocked the Justice Department from investigating the National Security Agency's domestic surveillance program. That program raised serious questions about the Administration's terror-fighting tactics and whether Americans' privacy had been violated. A Democrat who had originally requested a Justice Department probe of the program says he will ask Mr. Bush to allow one now, saying, we can't have a president acting in what he called a dictatorial fashion."

The Washington Times (7/19, Seper) reports, "Mr. Gonzales said he was confident the program's constitutionality would be upheld by a pending review by the Foreign Intelligence Surveillance Act (FISA) court -- part of a deal negotiated last week clearing the way for a review in exchange for a bill to update electronic surveillance laws. … The 1978 FISA law requires warrants from the court for intelligence-related eavesdropping inside the United States. The NSA program targets overseas telephone calls and e-

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mails of Americans with suspected ties to terrorists. OPR said in May that it could not pursue the investigation because it could not obtain security clearance to examine the program. … Mr. Gonzales has steadfastly defended the program. A Justice Department briefing paper said that as commander in chief and chief executive, Mr. Bush has the constitutional authority to authorize the program. It said Congress confirmed that authority when it passed the Authorization for Use of Military Force in 2001, giving Mr. Bush the authority 'under the Constitution to take action to deter and prevent acts of international terrorism against the United States.'"

USA Today (7/19, Brook) reports, "Gonzales did not give Bush's reason for blocking the ethics probe. White House spokesman Tony Snow said the program was being reviewed by others, and Bush believed 'you need to keep the number of people exposed to it tight for reasons of national security, and that's what he did.' … Gonzales, Snow said, was one of the government officials who reviewed the program every 45 days." USA notes, "Rep. Maurice Hinchey, D-N.Y., who requested the Justice Department investigation, said he and other lawmakers would ask Bush to allow the probe to go forward. 'We can't have a president acting in a dictatorial fashion,' Hinchey said. … Republicans such as Sen. John Cornyn of Texas have countered that the program is legal and vital to combat terrorism."

The AP (7/19, Sherman) reports that according to OPR chief Jarrett, '"a large team'" of prosecutors and FBI agents were granted security clearances to pursue an investigation into leaks of information that resulted in the program's disclosure in December. Justice Department inspector general Glenn A. Fine and two of his aides were among other department officials who were granted clearances, Jarrett said in an April memo explaining the end of his probe. That memo was released by the Justice Department Tuesday. … The inspector general is conducting a limited, preliminary inquiry into the FBI's role in and use of information from the NSA surveillance program, deputy inspector general Paul Martin said."

The Los Angeles Times (7/19, Schmitt) reports that Specter suggested "that the administration was employing a double standard. Other Justice Department lawyers were given security clearances to defend the NSA program against legal challenges and to pursue government officials suspected of leaking details of the program to the New York Times, which broke the story in December, Specter said. … 'With so many other lawyers in the Department of Justice being granted clearance, it raises the obvious question of whether there was some interest on the part of the administration in not having that opinion given,' Specter said." The Times adds, "Later, speaking to reporters at the White House, Snow said Bush believed that the legality of the program was already being considered by others in the government and that the president was concerned about widening the circle of people who knew about the program for fear that it might be further compromised. The administration has said that the program's operations are regularly reviewed by the general counsel of the NSA, as well as by the agency's inspector general, among others. … But Democrats who requested the original investigation called on Bush to reverse his stand. They had asked the professional-responsibility unit to investigate reports of internal discord within the Justice Department about the legality of the program and to pursue such questions as whether the administration had enacted the program before the department weighed in with a legal opinion."

CNET News (7/19, Broache) reports that Gonzales "faced more than three hours of at-times stern questioning from both political parties on a wide range of topics, ranging from funding for local law enforcement at the nation's Mexican borders to how the administration investigates leaks of sensitive information to the press." CNET continues, "The topic of the NSA spy program weighed heavy on the minds of many committee members, particularly Democrats inflamed about a draft bill negotiated by the Bush administration and Specter. … Specter said last week that the president agreed to submit the NSA program for review provided that Congress passed a 'compromise' version of that legislation, which has not yet formally been made public. … Civil liberties groups have assailed the version they were able to obtain, calling it a 'sham.' They've criticized it on a number of fronts, such as failing to require that the current surveillance programs or any future ones be vetted by a court, sweeping all legal proceedings involving such eavesdropping to the secret Foreign Intelligence Surveillance Court, and eroding Fourth Amendment protections against unreasonable searches and seizures by requiring less information before such activities can gain approval."

AFP (7/19) and Voice of America (7/19, Malone) also report on Gonzales' testimony before the committee.

Gonzales Says Congress Can Approve Tribunals. United Press International (7/19) reports, "U.S. Attorney General Alberto Gonzales suggested Congress could ratify the administration's military tribunal procedure for trying Guantanamo detainees." UPI continues, "Gonzales made the point in an exchange with Sen. Patrick Leahy, D-Vt., the New York Times reported. … 'The question is very specific,' Leahy said. 'Is it the administration's position, as one of your assistants suggested, that we should simply ratify the military-commission procedures that the president designed and the Supreme Court struck down in Hamdan?' … 'That would certainly be one alternative that Congress could consider, Senator Leahy,' Gonzales answered."

House GOP Bill Would Revise FISA Statute. CQ (7/18, Perine) reports three key House Republicans "have introduced legislation to revise a 1978 law on electronic surveillance that is at the heart of the debate over the

National Security Agency's warrantless surveillance program." Rep. Heather A. Wilson of New Mexico, "the chairwoman of the House Intelligence Subcommittee on Technical and Tactical Intelligence, introduced the bill. House Intelligence Chairman Peter Hoekstra of Michigan and House Judiciary Chairman F. James Sensenbrenner Jr. of Wisconsin are cosponsoring the measure." Wilson's bill "would allow the president to conduct electronic surveillance without a court order to gather foreign intelligence information for up to 60 days 'following an armed attack against the territory of the United States' if the president notifies the House and Senate Intelligence Committees." The House Republican bill "is much more stringent than a deal the president has struck with Senate Judiciary Chairman Arlen Specter, R-Pa."

FBI Agents Testify Padilla Initially Cooperated In Interview. The AP (7/19, Anderson) reports, "Jose Padilla didn't immediately request a lawyer or try to cut off an interview with the FBI until it had lasted nearly three hours, FBI agents testified Tuesday at a hearing on whether Padilla's rights were violated during the May 2002 session. In fact, they said, Padilla was initially talkative and cooperative, raising hopes among the four agents that they might persuade him into providing them with information about al-Qaida terrorism plots and operatives." FBI Special Agents Craig Donnachie and Robert Holley "testified that Padilla did not request the presence of an attorney until he was accused of involvement in a terrorism plot that included use of a radioactive 'dirty bomb.'" The AP adds, "Both agents also said that Padilla never specifically requested that he be allowed to leave the interview. But they added that they never specifically told him he would be allowed depart, either."

Spiritual Adviser Who Reported Miami Suspects To FBI Calls Terror Charges "Preposterous." The Miami Herald (7/19, Weaver, Ovalle, 310K) reports on Master G.J.G. Atheea, spiritual advisor to alleged Miami terror plotter Narseal Batiste. "Interviews with Atheea -- and his own lengthy written accounts -- paint a clearer picture of Batiste's relationship with the mysterious spiritual advisor who at one time was a suspect in the FBI's investigation. In late April -- after ego clashes, gunplay and the splintering of Batiste's group -- Atheea called the FBI to report a 'possible terrorist threat to the U.S.,' according to an FBI affidavit. … 'I agreed to go in with wire to find out from him…where his head was at, where his heart was at,' Atheea said Tuesday in an interview with The Miami Herald." Atheea "came away from that meeting believing neither Batiste nor his followers were terrorists. He said even now, he doesn't believe Batiste had any intention of blowing up the Sears Tower," calling the allegation "preposterous."

Ohio Terror Suspect Maintains Innocence. The Toledo Free Press (7/19, Kalmes) reports, "A Toledo-area man accused of engaging in terrorist activity is maintaining his innocence and looking forward to a trial, his legal representatives say. Marwan Othman El-Hindi, along with Mohammad Zaki Amawi and Wassim Mazloum, was indicted in February on counts involving conspiracy to kill or maim people overseas, conspiracy to provide material support to terrorists and conspiracy to obtain explosives." El-Hindi lawyer Charles Boss said that prosecutors have turned over "more than 150 hours of surveillance-type materials, which include recordings and phone conversations," but "Boss said 'nothing he has seen' was incriminating for his client." Assistant US Attorney Thomas Getz "responded by saying his team is prepared and anticipating the opportunity to present its evidence in trial. 'The indictment speaks for itself,' Getz said."

HOMELAND RESPONSE:

Missile Defense Is Considered "Too Fragile" For Airliners. USA Today (7/19, Hall, 2.27M) reports, "Nearly three years after the government began $100 million worth of tests on lasers that could thwart missiles aimed at planes, the Homeland Security Department says the systems are too fragile and expensive to put on commercial jets." Tests found that the laser systems "break down after 300 to 400 hours of use," a rate that would "cause chaos" by forcing frequent repairs. Officials want the systems to "last 10 times longer" for airliners. "Some members of Congress" are "frustrated" by DHS's inability so far to produce a solution. Rep. John Mica (R) warned it would be only "a matter of time" before someone aimed a missile at an American airliner.

WSJ Criticizes GOP For Overreacting To Dubai Ports Deal Embarrassment. The Wall Street Journal (7/19, 2.03M) editorializes that members of Congress "profess to dislike 'outsourcing,' which is said to cost American jobs. Yet some of the same Members are now preparing to erect barriers against the insourcing of jobs from foreign investment into the U.S. The rationale for this is 'national security,' but it's actually a threat to American prosperity." Over the "past 25 years, the U.S. has imported nearly $3 trillion net, which has helped to fuel our rapid growth. Roughly three-quarters of all foreign investment comes from Europe and Canada, so security fears have always been exaggerated. The economic benefits have not. Roughly one in 20 Americans now works for a foreign-owned firm, and those jobs on average pay 30% above the U.S.

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median." The US "still attracts roughly twice the level of direct foreign investment as fast-growing China." But Republicans are "running scared after the Dubai Ports incident, and they privately concede they want to 'do something,' mainly to block such Democrats as New York's Chuck Schumer from getting to their right on a security issue." The "big problem is the Senate, where Richard Shelby (R., Ala.) and Paul Sarbanes (D., Md.) are pushing for 'unanimous consent' -- that is, no roll call vote -- for a bill that would impose new regulations if a sale could cause 'any possible impairment to national security . . . or have a debilitating impact on national economic security.'"

GAO Audit Finds Credit Card Misuse At DHS. The New York Times (7/19, Lipton, 1.21M) reports an audit to be released Wednesday by the GAO has uncovered "credit card misuse" at the Department of Homeland Security, which "could probably have been avoided had the department completed a long-planned rulebook for its more than 9,000 employees who spent $420 million last year using government-issued credit cards." The audit blames "a lack of leadership" for the lack of a rulebook, which has created "accounting weaknesses that 'leave DHS highly vulnerable to fraudulent, improper and abusive activity.'" The investigators examined five months of records, which included the immediate response to hurricanes Katrina and Rita, and "found that 45 percent of purchases did not have appropriate preauthorization by supervisors and that 63 percent did not include documentation stating whether the goods or services had been received."

The CBS Evening News (7/18, story 12, 1:30, Schieffer, 7.66M) reported "taxpayers -- that's us -- will not be happy" with the findings of the audit. CBS (Attkisson) added that it shows "more maddening instances of the government wasting your tax dollars in the aftermath of Katrina, this time it's government credit cards." Sen. Susan Collins, who requested the investigation, was shown saying, "There's just no excuse for wasting tax dollars when the needs are so great."

USA Today (7/19, Hall, 2.27M) reports DHS employees, "including Secret Service agents and FEMA workers, wasted hundreds of thousands of dollars on iPods, beer-making equipment, a flat-screen TV, dog booties and clothing after Hurricane Katrina hit the Gulf Coast last fall, according to government investigators." USA Today adds that the waste cited in the report "is minor compared with the roughly $1.4 billion" FEMA reportedly lost following Katrina, but it highlights accountability problems at the department. … Homeland Security spokesman Russ Knocke said the abuse was relegated to 'a few bad apples' and the waste represented a 'very small fraction' of the department's purchases."

In an article appearing on more than 150 news websites, the AP (7/19, Jordan) reported, "Poor training, lax oversight and rampant confusion over what employees are allowed to buy with government-issued purchase cards left Homeland Security 'vulnerable to fraud, waste and abuse,' according to" the GAO. Knocke said DHS "has disciplined about 70 employees amid 1.1 million purchases."

WAR NEWS:

Iraqi Civilian Death Toll Rises As Violence Continues Across Iraq. The continuing and growing bloodshed in Iraq appeared on the TV news and in the major print media. ABC Nightly News (7/18, story 5, 0:15, Gibson) reported, "Also in the Middle East today, in Iraq, a horrific suicide bombing. In a Shiite city south of Baghdad, a man drove to a site where laborers gather and lured him toward his van with promises of work. And then, he blew himself up; 53 people dead and more than 100 were injured. One other story from Iraq tonight. Officials there say one of the killers that brutally butchered two captured soldiers in June was killed in a clash with security forces."

The CBS Evening News (7/18, story 7, 0:20, Schieffer, 7.66M) reported, "In Iraq today, the government reported that its forces cornered and killed the Jordanian terrorist blamed for last month's kidnapping in the murder of two American soldiers. South of Baghdad a suicide bomber lured Shiite civilians into a van with a promise of work then set off his bomb on a busy street. At least 53 people were killed, more than a hundred wounded."

The USA Today/AP (7/19) reports, "The man behind the killing and mutilation of two U.S. soldiers died after a clash with security forces, Iraq's national security adviser said Tuesday." Mouwafak al-Rubaie "said Diyar Ismail Mahmoud, a Jordanian also known as Abu al-Afghani, died from wounds suffered in a firefight with U.S.-backed Iraqi forces. He did not say when or where the clash occurred." The US military confirmed the statement but did not elaborate. The AP adds, "The death and the arrests did little to slow the tit-for-tat killings between Sunni and Shiite militants. ... The spate of sectarian killings has discredited the unity government of Prime Minister Nouri al-Maliki."

NBC Nightly News (7/18, story 6, 0:25, Williams, 9.87M) reported, "Civilians were the targets of an especially vicious attack today. In Kufa, a hundred miles south of Baghdad, a man drove a minivan to an area where Shiites had gathered to look for work for the day. He offered them jobs, loaded them into the minivan, and blew it up. At least 59 people, including in the surrounding area, were killed. The UN reports about 6,000 Iraqi civilians have been killed in sectarian violence alone in these last two months alone."

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The Washington Times/AP (7/19, Wadhams) reports, "Nearly 6,000 civilians were slain across Iraq in May and June, a spike in deaths that coincided with rising sectarian attacks across the country, the United Nations said Tuesday." The AP states, "Hundreds of teachers, judges, religious leaders and doctors have been targeted for death, and thousands of people have fled, the report said. Evidence suggests militants also have begun to target homosexuals, it said." The UN found "a month-by-month increase in the number of civilians killed, from 710 in January to 1,129 in April. In the first six months of the year, it said 14,338 people had been killed."

The New York Times (7/19, Semple, 1.21M) reports the study as "the most precise measurement of civilian deaths provided by any government organization since the invasion and represented a substantial increase over the figures in daily news media reports." It states, "Sectarian violence has worsened and Iraqi and American government forces have been unable to stop it."

The Washington Post (7/19, A13, Mosher, Sarhan, 748K) and the New York Times (7/19, Semple, 1.21M) report the praise of UN official Gianni Magazzeni for Prime Minister Maliki despite the grim statistics; Magazzeni called his government "more forthcoming" and one more inclined than previous governments to taking "concrete steps" to reduce violence.

Kufa Suicide Bombing Is Reported By Newspapers. The New York Times (7/19, Semple, 1.21M) reports, "A suicide car bomber killed at least 53 people and wounded at least 105 in the holy Shiite city of Kufa on Tuesday after he lured a throng of day laborers to his van with the offer of work. ... Kufa is a stronghold of the powerful Shiite cleric Moktada al-Sadr and the site of a major shrine." The Washington Post (7/19, A13, Mosher, Sarhan, 748K) and the Los Angeles Times (7/19, Daragahi, 918K) also report this incident.

Sectarian Violence Is Called "Out Of Control." The AP (7/19, Reid) reports, "The new unity government of Shiites, Sunnis and Kurds was supposed to bring Iraqis together. Instead, sectarian bloodletting is spiraling out of control. ... With the government unable to protect them, people put their trust in religious-based militias. The killings continue and the government loses respect with every mass killing." Prime Minister Maliki's security plan "is widely perceived as a failure." While US officials blame much of the problem on the late Abu Musab al-Zarqawi, who "sought to promote civil war" by attacking Shiites, "others believe the U.S. contributed to sectarian strains by appearing to favor Shiites early in the occupation, in the belief that many Sunni Arabs remained loyal to Saddam Hussein."

The Los Angeles Times (7/19, Daragahi, 918K) reports that "some politicians" now call the situation an "undeclared civil war." Iraqis "of modest means" have "flooded" the airport in hopes of escaping the violence. The Times writes dismissively that "two U.S. Cabinet officials visiting Baghdad's heavily fortified Green Zone this week touted Iraq as a potential bonanza for private investors."

Iraqis Reject Idea Of Breakup And Approve Of Maliki. The Washington Times (7/19, Sands, 88K) reports that a new nationwide poll shows that "Iraqis overwhelmingly reject a breakup of their country along religious or ethnic lines and see some hope for progress with the formation of the new unity government of Prime Minister Nouri al-Maliki." In the poll, "78 percent of Iraqis either disagree or 'strongly disagree' with the idea of segregating the country by religious or ethnic sect." Also, "about 55 percent of Iraqis approved of the job Mr. al-Maliki had done in his first month, compared with 20 percent who disapproved."

Iraqi Oil Output Grows In South. The Wall Street Journal (7/19, Cummins, Iraq, Hafidh, Jordan, 2.03M) reports, "Iraqi engineers have significantly lifted crude-oil output capacity in the country's southern fields, delivering a short-term shot in the arm to Baghdad's new government and underscoring its oil supply's vast geologic potential despite increasing sectarian violence and insurgency." The Journal credits the improvement to "relatively secure and accessible" conditions in fields near Basra, repairs of aboveground infrastructure, and now efforts underground. South Oil (of Iraq) now contends that "the southern oil region is now pumping as much as it did before the invasion three years ago." Any deterioration in security, "a lack of adequate funding from the Ministry of Oil," and potential strikes by dissatisfied workers remain threats.

Coalition Forces Retake Taliban-Seized Town. Bloomberg (7/19) reports, "Afghan and U.S.-led coalition forces took control of a town [Narwa] briefly held by Taliban fighters in the southern province of Helmand and are advancing on a second [Garmser] controlled by the militia." Coalition spokesmen said that their forces met only "limited" fire from Taliban members and that they had killed "numerous lower and mid-level commanders" of the Taliban. Bloomberg also quotes Secretary Rumsfeld's letter to the Afghan people praising their country's progress and his concerns about Taliban profits from the drug trade.

The AP (7/19, Shah) also reports the retaking of the town of Narwa, stating, "A top Afghan security official accused Pakistani Islamist groups of helping the Taliban fighters chase police from the two towns in the south." The militants' seizure of the towns "highlighted the weakness of Afghanistan's police forces in remote areas, and the challenge faced by international forces in restoring order in the country."

The New York Times (7/19, Munadi, 1.21M) reports criticism of Pakistan from Afghan President Hamid Karzai,

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who "has recently stepped up criticism of Pakistan, accusing the government of failing to root out terrorist training bases near the Afghan border. Pakistan has denied the charge." It implies that the capture of the towns is a retrogressive sign for the coalition, saying, "In the past, the Taliban have seized towns for a few hours before being routed by coalition and Afghan forces. This time, the insurgents have retained control of a town in the district of Garmser for two days."

The Christian Science Monitor (7/19, Regan, 58K), in addition to quoting the AP, reports, "Across the border in Pakistan, police arrested former Taliban commander Mullah Hamdullah and 140 illegal Afghan migrants over the past 48 hours."

Afghanistan Recreates Virtues Ministry. The AP (7/19, Shah) reports, "The Afghan government announced plans Tuesday to re-establish a Vice and Virtues Ministry, but it assured the public the office would not resemble the Taliban version that became a symbol of the brutal regime toppled by U.S. forces in 2001." The move comes after pressure from "powerful religious and tribal leaders." Human Rights Watch "said the move 'raises serious concerns about potential abuse of the rights of women and vulnerable groups.'" President Karzai's spokesman said, "This new ministry won't be like the Taliban's."

Turkey Demands US-Iraqi Containment Of Kurdish Guerillas. The AP (7/19, Meixler) reports Ankara "signaled Tuesday" its military is "prepared to send the army into northern Iraq if U.S. and Iraqi forces do not take steps to combat Turkish Kurdish guerrillas there — a move that could put Turkey on a collision course with the United States." Turkey "is facing increasing domestic pressure to act after 15 soldiers, police and guards were killed fighting the guerrillas in southeastern Turkey in the past week." Experts said Ankara's remarks "were likely aimed at calming public anger and pressing the U.S. and Iraq to act against the Turkish Kurdish guerrillas. But they also said Turkish politicians and military officers could act if nothing is done." US officials "were in contact with Turkish" counterparts "to press them to work with Washington to combat the guerrillas and not to act alone." The AP notes, "Any operation was unlikely before the end of August, when the current military chief of staff is replaced by an officer widely regarded as a hard-liner, NTV said." US officials "including" Secretary Rice "have repeatedly warned Turkey against entering northern Iraq, one of the few stable areas of the country. U.S. Ambassador Ross Wilson said Turkish, Iraqi and U.S. cooperation is a 'more sensible way to go forward than perhaps to ... try to do it unilaterally.'"

CORPORATE SCANDALS:

Scrutiny Of Options Backdating Intensifies. The Christian Science Monitor (7/19, Trumbull) reports, "A widening federal investigation of stock-option trickery is part of a larger story: an unfinished effort to transform the governance of American corporations." The Monitor continues, "This week, the chairman of the US Securities and Exchange Commission (SEC) said the agency is poised to bring its first lawsuit 'very soon' regarding the practice of so-called backdated options. … Think of it as a chance to buy a stock at a rock-bottom price after you already know it's gone up. It now appears that many companies offered executives this opportunity over the past decade - and broke laws in the process. … 'These are not merely episodic instances,' SEC Chairman Christopher Cox said Monday." The Monitor adds, "As the SEC moves toward civil lawsuits, US attorney Kevin Ryan in San Francisco announced a stock-option task force that could result in criminal cases against high-tech firms in Silicon Valley. … The probes come at a time of growing concern about skyrocketing executive pay, and about the need for stronger oversight by corporate boards of directors. Some observers say America's system of corporate governance still requires major reforms, despite new scrutiny imposed after the collapse of corporations such as Enron and WorldCom several years ago. … Not everyone agrees that poor oversight by directors is a systemic problem in corporate America. But wide agreement exists that when problems such as illegal stock-option grants crop up, the buck stops in the boardroom."

Options Timing Probes Boost Business For Big Law Firms. The Wall Street Journal (7/19, Lattman) reports, "For public companies, investigations of possible stock-option backdating have become a huge headache. But for big law firms, they're the latest full employment act, generating hour after billable hour of work across practice areas, from tax and executive compensation to securities and white-collar defense." The Journal continues, "Big law firms have traditionally tilted their practices to capitalize on the business topic of the day, from the M&A wave in the 1980s to the post-Enron and WorldCom bankruptcy boom. But the backdating scandal 'is fairly unique in its complexity and scope and how many clients it touches and how serious and important it is to them,' says Jim Barrall, chairman of the executive compensation practice at Latham & Watkins, one of the nation's largest firms." The Journal adds, "Because cases of backdating can require restating earnings, there is tremendous pressure on companies to address any problems immediately. And even as backdating touches myriad legal disciplines, individual players -- from the company itself to a board committee to individuals -- often require their own separate counsel. … Right now, more than 50 companies

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are being investigated by federal prosecutors and the Securities and Exchange Commission on suspicion of having backdated, or otherwise manipulated, the dating of their stock options to make them more lucrative. And a recent academic study estimated that more than 2,000 companies engaged in some form of manipulation of their grants to top executives."

CRIMINAL LAW:

DOJ Questions Former Harris Advisor. The Orlando Sentinel (7/18, Stratton) reports, "Federal investigators have interviewed U.S. Rep. Katherine Harris' former top political strategist about the congresswoman's dealings with a defense contractor at the center of a widening Capitol Hill corruption probe." The Sentinel continues, "Political consultant Ed Rollins confirmed Monday that Justice Department lawyers and FBI agents recently questioned him for two hours in Washington. He said the discussion focused on Harris' dealings with Mitchell Wade, a defense contractor who funneled $32,000 in illegal campaign contributions to Harris and also bribed a former California congressman. … Wade, who is cooperating with federal authorities, pleaded guilty to giving the illegal donations to Harris in 2004. He also admitted trying to curry favor with her in 2005 by offering to hold a fundraiser for her U.S. Senate campaign in Florida." The Sentinel adds, "Rollins would not discuss his conversation with Justice investigators, saying only: 'I assume more [interviews] will be coming, though. They were very serious.'"

Harris Denies Being Target Of Probe. The AP (7/19, Stacy) reports, "Rep. Katherine Harris denied Tuesday that she is a target of a federal probe involving a corrupt defense contractor who funneled $32,000 in illegal contributions to her U.S. Senate campaign." The AP continues, "Harris issued a statement in the wake of reports that her former chief political strategist, Ed Rollins, was questioned by the Justice Department about her association with Mitchell Wade. … Harris said she urged Rollins to cooperate with federal agents, and the Justice Department told her she wasn't a target of the investigation. She has denied knowingly doing anything wrong when she took money from donors who were reimbursed by Wade. … The Justice Department 'requested information in May that we were more than willing to give, but our cooperation is now being exploited by people engaged in an unsuccessful, coordinated effort to end my candidacy for the United States Senate,' Harris said in the statement. She didn't elaborate."

Arrests Roil Online Gambling Industry. The AP (7/19) reports, "Online gambling company BetOnSports PLC asked for trading in its shares to be suspended Tuesday following the arrest of its chief executive in the United States." The AP continues, "The company's chief executive, David Carruthers, was being held in Fort Worth, Texas, after he was detained while trying to make a connecting flight Sunday from the United Kingdom to Costa Rica, where BetOnSports is based. … U.S. authorities said an arrest warrant was issued for Gary Stephen Kaplan, the founder of the company. … Kaplan, was charged with 20 felonies. The indictment seeks forfeiture of $4.5 billion and various properties from Kaplan and the co-defendants. … His brother, Neil Scott Kaplan, was arrested in Fort Pierce, Florida, U.S. officials said." The AP notes, "A federal court in St. Louis also issued a temporary restraining order Monday to prevent BetOnSports from accepting bets from the United States, which is reported to be the company's biggest market. … The indictment charges Kaplan with failing to pay federal wagering excise taxes on more than $3.3 billion on U.S. wagers. It also says undercover agents took bets from some of the defendants' companies, which allegedly transported equipment used in transmitting betting information across state lines and from Florida to Costa Rica."

The New York Times (7/19, Timmons) reports, "The multibillion-dollar online gambling industry was thrown into turmoil Tuesday after the United States government arrested a top executive from a London-based betting company, leaving his competitors wondering whether they could be next." The Times continues, {Stock prices of the industry's biggest names, including PartyGaming and SportingBet, plummeted on Tuesday on fears that they could fall under the Department of Justice's spotlight next after prosecutors in St. Louis charged the London company, BetOnSports, with criminal racketeering and wire fraud on Monday. … In addition to arresting the chief executive of BetOnSports, David Carruthers, when he touched down in the United States on a flight from Britain to Costa Rica, prosecutors charged the company and 10 others who worked with the company." The Times adds, "Investors and executives are concerned that the charges reflect a new get-tough posture on the part of prosecutors as well as legislators. The House of Representatives passed a bill last week that would ban Internet gambling sites from knowingly accepting money from United States citizens. The Senate has not voted on the bill."

USA Today (7/19, McCarthy) reports, "The arrest of Carruthers, a longtime British racing industry executive who joined Bet On Sports in 2000, is setting off alarm bells in Europe and the Caribbean, where the offshore casino industry is based. Bet On Sports asked for its stock to be suspended on the London Stock Exchange on Tuesday. Shares of British gaming stocks, such as industry leader Party Gaming, fell Tuesday in heavy trading, wiping out more than $1 billion in value. … 'The No. 1 topic at every board meeting today is "Am I next?"' says Internet gambling attorney Lawrence Walters. 'There's a high degree of concern now that the government has made it clear they think they

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can prosecute foreign citizens at foreign corporations.'" USA adds, "The House bill is the first shot in an attack by the federal government on a foreign industry that considers itself beyond the reach of U.S. law — while generating most of its revenue from U.S. customers. An estimated 23 million Americans play casino games such as poker and blackjack online, according to the Poker Players Alliance. … The Justice Department says online gambling is illegal under the Federal Wire Act of 1961. While authorities have not pursued individual bettors playing poker on their home or office PC, they have gone after some gaming executives. … Despite generating half or more of their revenue from U.S. customers, online gaming companies maintain U.S. laws don't apply to them because they're located in places where online gaming is legal, such as England, Costa Rica and Gibraltar. … U.S. Attorney Hanaway promised the indictments are 'but one step in a series of actions designed to punish and seize the profits of individuals who disregard federal and state laws' during a news conference Monday. That means top casino executives will have to worry about personal exposure if they try to catch a connecting flight in the USA, as did Carruthers, says Walters."

The Kansas City Star (7/19, Alm) reports, "The action ups the ante in the federal government's campaign against the $12-billion-a-year worldwide Internet gambling industry. … 'IIllegal commercial gambling across state and international borders is a crime,' said Catherine Hanaway, a former Missouri House speaker and U.S. attorney for the Eastern District of Missouri. She obtained the indictment and will prosecute the case in St. Louis. … 'Misuse of the Internet to violate the law can ultimately only serve to harm legitimate businesses,' Hanaway said. 'This indictment is but one step in a series of actions designed to punish and seize the profits of individuals who disregard federal and state laws.'"

DC Mayor Outlines Plan To Curb Crime. The Washington Post (7/19, B9, Stewart) reports, "A majority of D.C. Council members indicated yesterday that they will support Mayor Anthony A. Williams's emergency crime plan, which would include surveillance cameras in residential communities and a toughened teenage curfew of 10 p.m. for the next 90 days." The Post continues, "Civil rights groups and youth advocates decried the proposals -- and another that would require Family Court to alert police when juveniles accused of serious crimes are released -- as an assault on privacy and a futile way to solve crime. … 'The proposals in the Mayor's bill are, at best, constitutionally suspect and, at worst, completely ineffective,' Johnny Barnes, executive director of the American Civil Liberties Union of the National Capital Area, said in a statement." The Post adds, "Williams (D), citing an urgent need for action, outlined his crime plan at a briefing before the council yesterday after recalling members from summer break. They were scheduled to vote on the emergency legislation at 1 p.m. today. … Williams said he would prefer that the proposals be approved on a permanent basis in the future, but council procedures allow him only to ask for the measures on an emergency basis during a special session. … Hours before yesterday's briefing, Williams appeared before a Senate panel, where Sen. Daniel K. Akaka (D-Hawaii) questioned him about the ACLU's concerns. The mayor said security cameras have been used at malls, which are public spaces. 'To me, it follows as a corollary that cameras should be able to be used in public spaces,' he said." The Post notes, "There have been 15 slayings since July 1, including the high-profile homicides of British citizen Alan Senitt, who was robbed and stabbed in Georgetown, and community activist Chris Crowder, who was shot in a park near the Washington Convention Center. There have been no arrests in a majority of the cases. The number of juveniles arrested on robbery charges has risen 82 percent from this time last year, and the number of those arrested on weapons charges has increased 27 percent, Williams said."

Doctor, Two Nurses Arrested In Katrina Mercy Killing Investigation. The arrest of a doctor and two nurses accused of killing patients at New Orleans' Memorial Medical Center during Hurricane Katrina's aftermath was covered on each of the network evening news broadcasts last night and is getting play in the major dailies this morning. ABC Nightly News (7/18, story 8, 2:10, Gibson) reported the accused "allegedly gave fatal drug overdoses to four patients at Memorial Medical Center, when the flood waters rose, the temperatures soared and the rescuers didn't come." ABC (Von Fremd) added "prosecutors say at least four patients were intentionally put to death by medical staff who 'pretended that maybe they were God.'" Louisiana Attorney General Charles Foti was shown saying, "This is not euthanasia. This is homicide."

NBC Nightly News (7/18, story 11, 2:10, Teague, 9.87M) reported deaths at the hospital "happened during the nightmarish aftermath of Hurricane Katrina while hundreds of patients, doctors and nurses were trapped in a sweltering, flooded Memorial Medical Center. Thirty four patients died, many because of the harsh conditions. But state investigators now say at least four were murdered." The CBS Evening News aired a brief report.

The Los Angeles Times (7/19, Simmons, Fausset, 918K) reports describes the hospital as "emblematic of the near-total breakdown of New Orleans' emergency and healthcare systems after rising water breached the levee system Aug. 29. … When substantial help arrived six days later, 41 patients were dead." The Washington Post (7/19, A3, Whoriskey, Skipp, 748K) Some of the deaths at the hospital "originally came to the attention of authorities described as euthanasia, but Louisiana Attorney General

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Charles C. Foti said yesterday that the killings were murder." The doctor, Anna Pou, and nurses Lori L. Budo and Cheri A. Landry were "charged with four counts of being a principal in a second-degree murder."

The New York Times (7/19, Nossiter, Dewan, 1.21M) reports Pou is portrayed in a state affidavit "as methodically ordering up a list of patients remaining at the flooded Memorial Medical Center, three days after the storm. Many had already been evacuated from the hospital, which was surrounded by five feet of water and was baking in 100-degree-plus heat. The sickest, however, were still there." Foti "said that the investigation was not over and that additional charges and arrests could be imminent."

USA Today (7/19, Konigsmark, Johnson, 2.27M) reports Pou's lawyer said his client "has continued practicing in Baton Rouge and was arrested Monday night in her scrubs as she came home from work. … Cheri Landry's lawyer, John DiGiulio, said Landry 'expects to be exonerated.' Budo's lawyer, Eddie Castaing, said his client will plead not guilty."

The Wall Street Journal (7/19, Rundle, 2.03M) reports Tenet Healthcare Corp., which owns the hospital "reiterated yesterday that it has received assurances from state investigators that neither Tenet nor the hospital is a target of the investigation. … If the allegations against the doctor and nurses are proven true, they 'made these decisions without the knowledge, approval or acquiescence of the hospital or the key physician leaders,' Tenet said in a statement." The Washington Times and AP also report on the arrests.

Chicago City Employee Gets 90 Days For Lying To FBI In Hired Truck Probe. The AP (7/19, Robinson) reports, "A former Chicago water department worker fired for playing hooky from his job was sentenced Tuesday to 90 days for lying to FBI agents investigating the corruption-plagued Hired Truck Program." Frank Cannatello "was also fined $5,000 by federal Judge Matthew F. Kennelly and will be on probation for two years after his release." The AP adds, "Cannatello admitted lying to agents when he said he had nothing to do with FRC Trucking Co. and knew little about the program. Prosecutors say he organized the now dissolved company and helped to run it, even though his mother was listed as the owner. … Cannatello says he lied to protect his mother, not to hide a payoff."

Four Charged In Alleged South Florida Medicare Fraud Scam. The Miami Herald (7/19, Dorschner, 310K) reports, "Federal officials Tuesday charged four persons with defrauding Medicare out of $10 million for charging for unnecessary psychiatric care at the now defunct Oakland Community Health Center in Oakland Park." South Florida residents Althea N. Graves, Bernard R. Graves Jr., Yvonne May Richards and Neil Leder, "were accused of billing Medicare for $25 million during a six-year scheme."

Florida Couple Arrested For Alleged Retail Return Scam. The Bradenton Herald (7/18, 52K) reported, "A couple being investigated by the FBI and the Florida Department of Law Enforcement was busted in Manatee County after their elaborate attempt to steal a welding machine went bad." Arthur L. Vanwinkle III "was arrested just after 4:30 p.m. Monday after he and his wife stole two circuit breakers, returned them to the Lowe's" in Manatee "for store credit, switched two barcodes between a welding machine that was nearly $600 and one that was $49.97 and used the store credit to buy the mislabeled machine, a Manatee County Sheriff's Office report said." The Herald noted, "The couple has carried out the alleged scheme in different states and has stolen thousands of dollars from other retail stores, law officers said"

Virginia Man Sentenced To 150 Years In Prison For Child Porn Charges. In a widely-distributed story, the AP (7/16) reported, "A Virginia man was sentenced to 150 years in prison for sexually exploiting minors and operating child pornography Web sites. Gregory John Mitchel, who previously had been convicted of child pornography crimes, pleaded guilty in January to the production, distribution, sale and possession of child pornography. Mitchel, 39, was sentenced Friday in federal court in Roanoke, the U.S. Attorney's office for the Western District of Virginia said." The AP noted, "Mitchel was implicated by Justin Berry, 19, who for five years starred in his own Web cam child pornography business and has testified before Congress about Internet child pornography."

Maryland Man Sentenced To 30 Years In Prison For Child Porn Production. The Baltimore Sun (7/18, Dolan, 262K) reported, "A 45-year-old Harford County man who produced videotapes of himself having sex with a 5-year-old girl was sentenced to 30 years in federal prison yesterday and will have to remain on supervised release for the rest of his life." Brian Edward Dotson "pleaded guilty in U.S. District Court in Baltimore to sexually exploiting a minor to produce child pornography and possession of child pornography. 'Today's conviction and sentence emphasizes the importance the FBI places on investigations relating to the victimization of children,' said William D. Chase, the special agent in charge of the FBI's Baltimore field office."

Former NASA Manager Pleads Guilty To Child Porn Distribution. In a widely-distributed story, the AP (7/19) reports former senior NASA manager James R. Robinson "pleaded guilty to distributing child pornography

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from his government and home computers," and he "faces five to 20 years in prison after he admitted in U.S. District Court in Alexandria, Va., that he sent digital movies of children engaging in sexual acts with adults to three different undercover U.S. Postal Inspectors in March 2005." The AP notes, "Investigators searched Robinson's office at NASA headquarters and seized computer equipment in March."

Florida Sports Photographer To Plead Guilty To Child Porn Charge. The Ft. Myers News-Press (7/18) reported, "John Edwards Kutchmarek, a Bonita Springs sports photographer, has pleaded guilty plea to one charge of distributing child pornography." Kutchmarek "was accused of the crime after it was discovered by invesitigators he was trading files on Limewire, a peer-to-peer online network. … On Nov. 1, FBI agent Phillipe Dubord accessed the network and found shared files on Kutchmarek's computer which showed prepubescent children engaged in sexual acts. When investigators searched his home, additional files on disc were found." The Naples Daily News (7/18, Zambo) added, "The plea deal means he will be sentenced to a minimum of five years in prison. … Kutchmarek, who operated Action Team Photos in Bonita, took pictures of youth sports teams from Lee and Collier counties, and coached Lee County soccer and baseball teams. He worked as a security guard, and also was a big brother in the region's Big Brothers Big Sisters program." The Daily News also noted, "FBI agents and Lee County Sheriff's Office deputies searched Kutchmarek's home March 8 after an undercover agent traced child pornography to Kutchmarek's home computer."

Former Midshipman Accused Of Rape Testifies Sex Was Consensual. The Washington Post (7/19, B5, Hernandez) reports, "The former U.S. Naval Academy quarterback accused of raping a female midshipman testified yesterday that the woman invited him to her dorm room and willingly engaged in sex before becoming unresponsive." The Post continues, "In his first public testimony in the case, midshipman Lamar S. Owens Jr. said that what happened in the early hours of Jan. 29 was not rape, but 'sex going bad.' … 'It was the most bizarre thing that ever happened to me,' Owens told the jury at the Washington Navy Yard. 'I've never been having sex with someone and they stopped having sex with me.'" The Post adds, "Owens, 22, of Savannah, Ga., is facing a court-martial on charges of rape, conduct unbecoming an officer and violating a protective order. His accuser testified last week that the football star came into her room and had sex with her while she was passed out after a night of heavy drinking. … Owens testified yesterday that he did not realize that the 20-year-old woman had been drinking when he came to her room. … On cross-examination, the prosecution asked about his relationship with the woman: whether the two had dated, gone to a movie or given any indication that they were ready for a romantic relationship. … Owens answered no to each question."

Former Oswego, NY, Mayor Sentenced For Sex Crime. The AP (7/19) reports, "The former mayor of this Lake Ontario town was sentenced Tuesday to more than three years in federal prison for trying to arrange a sexual encounter with two teenage girls." The AP continues, "John Gosek, mayor of Oswego from 2000 to 2005, admitted paying $250 to a woman he believed had lined up two 15-year-old girls for sex at a hotel in suburban Syracuse. The woman was an FBI informant who secretly recorded Gosek as part of a sting operation." The AP adds, "U.S. District Judge Thomas McAvoy in Binghamton sentenced Gosek to 37 months in prison. He will have to register as a sex offender after his release. … Gosek, 59, pleaded guilty in March to using a cell phone to entice someone under 18 to have sex with him."

CIVIL LAW:

Medtronic Settles Kickback Allegations With DOJ For $40 Million. The AP (7/19, Freed) reports, "Medical device maker Medtronic Inc. will pay $40 million to settle civil allegations that it paid kickbacks to doctors, federal prosecutors said on Tuesday." The AP continues, "The allegations centered around its Memphis, Tenn.-based subsidiary Medtronic Sofamor Danek, which makes implants used in back surgery to stabilize a patient's spine." The AP adds, "The government said that between 1998 and 2003, Medtronic paid kickbacks to doctors, including sham consulting fees, bogus royalty payments, and trips to tourist destinations. … Medtronic said the settlement, in which it denied wrongdoing, 'is consistent with Medtronic's assertion that the company and its current employees had not engaged in any wrongdoing or illegal activity.'"

Bloomberg (7/19) reports, "The investigation was triggered by the filing of a whistleblower complaint in 2002. Under the U.S. False Claims Act, private parties may file whistleblower lawsuits on behalf of the government and collect a share of any recovery. The government then reviews the suits and decides whether to join. … 'Kickbacks to physicians are incompatible with a properly functioning health care system,' Assistant Attorney General Peter Keisler said in the statement. 'They corrupt physicians' medical judgment, and they cause over-utilization and misallocation of vital health care resources.'"

The Minneapolis Star Tribune (7/19, Moore) reports, "The two whistleblower cases, filed separately in 2002 and 2004 in Tennessee federal court, spurred the government's investigation. While the earlier case remains under seal, the

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2004 complaint was filed by a former senior manager for travel services for Medtronic's Memphis-based spinal division -- a job that involved booking trips for doctors to attend conferences and other outings. … Other agreements with doctors included lucrative consulting deals, including one with a University of Wisconsin physician who received $400,000 for eight days of work, according to the suit. In another contract cited in the case, two Tennessee doctors were paid $25,000 to develop a surgical tool for spinal and orthopedic procedures." The Tribune adds, "Medtronic argues that collaborating with doctors is critical to developing the best possible devices to treat patients, and that research and consulting agreements, as well as royalty payments, are legal. … But the Justice Department alleges the 'sham' consulting and royalty agreements cited in the lawsuits crossed the line and resulted in kickbacks to induce doctors to use Medtronic's products to treat spinal disorders. The Memphis-based division is one of the company's more robust businesses, with $2.24 billion in annual sales."

The New York Times (7/19, Abelson) reports, "Medtronic was the subject of two lawsuits filed in Federal District Court in Memphis by whistle-blowers on the actions of its spinal-implant division, Medtronic Sofamor Danek. The company and its division deny any wrongdoing. … Yesterday's agreement covers the first lawsuit, which was filed in 2002; the whistle-blower who filed it has not been identified. Justice Department officials are seeking to have the second lawsuit dismissed. The lawsuits were the subject of a New York Times article in January."

DOJ Settles E-Rate Case, Other Fraud Claims.

Government Computer News (7/19, Dizard) reports, "The Justice Department has recovered more than $13 million from two companies and one state as a part of a settlement of technology fraud cases against the federal government under the Federal Civil False Claims Act." GCN continues, "The settlements involved one case concerning the FCC's troubled E-Rate program, another about overbilling for telephone service and a third involving sales of allegedly shoddy electronics packaging. … In each of the agreements, together amounting to $13.8 million, the parties provided payment without admitting guilt." GCN adds, "In the largest case, Indiana paid $8.3 million to settle charges that its shuttered Intelenet Commission had defrauded the E-Rate program, Justice said in a June 27 statement. … Justice held that 'Intelenet and the state of Indiana provided false information to the E-Rate program and ... violated the program's requirements, including charging inflated prices for services provided to Indiana schools and libraries, falsifying invoices, disregarding the requirement that schools and libraries make co-payments for the expenses charged to the E-Rate program for the services and engaging in noncompetitive bidding practices.' … Indiana's catalog of E-Rate wrongdoing included many of the same violations committed by other individuals and agencies that have cheated the program." GCN notes, "The Justice Department's civil division worked with the U.S. attorney's office for the Southern District of Indiana to resolve the case. … Peter D. Keisler, assistant attorney general for the Civil Division, emphasized that partly because the E-Rate program helps the nation's poorest schools and libraries get Internet access, 'False claims to this very important federal program will not be tolerated.' … In a separate case, AT&T Corp. paid $2.9 million to settle a lawsuit filed under seal in February 2004 that alleged overcharging under the FTS 2000 telecommunications services contract administered by the General Services Administration."

Senators Press DOJ About Boeing Settlement.

The Seattle Times (7/19, Mundy) reports, "Three influential senators have questions about Boeing's recent $615 million federal settlement of its procurement scandals, and they want answers from Boeing Chief Executive James McNerney." The Times continues, "Sens. John Warner, John McCain and Charles Grassley have joined forces, and Warner, R-Va., chairman of the Senate Armed Services Committee, has called an Aug. 1 hearing on the settlement. McNerney will be asked to testify, as will Deputy Attorney General Paul McNulty, who helped negotiate the deal while he was the U.S. attorney in Virginia. … The company agreed to pay $565 million in civil penalties and $50 million for criminal fines, and the government agreed not to file any charges against the company in two major contracting scandals." The Times adds, "One scandal centered on dealings with former Air Force procurement official Darleen Druyun, who steered billions of dollars in contracts to Boeing. The other involved engineers who brought proprietary Lockheed Martin rocket data to Boeing. … The settlement, finalized June 30, ended a three-year investigation of Boeing by the Justice Department but seems to have begun another round of scrutiny in Congress." The Times notes, "Grassley, R-Iowa, chairman of the Senate Finance Committee, is concerned about whether Boeing will be able to deduct its civil fines from its income taxes. He pressed Attorney General Alberto Gonzales about it Tuesday during a Senate hearing. … On June 29, Grassley, Warner and McCain said in a letter to Gonzales that allowing tax deductibility would leave the American taxpayer to subsidize Boeing's misconduct. … The Justice Department responded last week that it would remain neutral on the tax issue." The Times continues, "Grassley complained Tuesday that if Boeing could deduct its $565 million civil fine from its taxes, that would lower the company's bill by 35 percent. … Grassley scolded Gonzales, saying: 'It is actually worse that DOJ doesn't even know what the tax treatment is of the Boeing settlement. It tells me that DOJ

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lawyers gave away 35 percent of the store without even knowing it.'"

CIVIL RIGHTS:

Korean Woman Sentenced To 10 Years For Running Dallas Prostitution Ring. AFP (7/19) reports, "A Korean woman was sentenced to a 10-year jail term for running a prostitution ring in Dallas, Texas using illegal immigrants she forced into the sex trade, the Justice Department said." AFP continues, "Mi Na Malcolm was also ordered to pay 460,000 dollars for having 'coerced them into prostitution, and laundered the proceeds of the prostitution,' the department said in a statement. … The Dallas Morning News reported earlier that the South Korean woman ran three massage parlors in Dallas staffed by South Korean women who snuck into the United States." AFP adds, "The Justice Department said Tuesday that Malcolm admitted that she paid the women's debts to human smugglers, took their passports, and forced them into prostitution to pay off their debts to her. … They had to be available for sex 24 hours a day, six to seven days a week, it said. … 'Mi Na Malcolm preyed upon some of society's most vulnerable individuals -- frightened runaways and illegal immigrants trapped in a cycle of violence, prostitution and forced labor,' the US Justice Department statement said. … 'The sentence imposed upon Malcom today for her brutal crime and assault on human dignity should serve as a warning to any who would traffic in and harbor illegal aliens,' it added."

Democrats Challenge Michigan Voter ID Law. The AP (7/19, Hoffman) reports, "The Michigan Democratic Party, the Michigan Legislative Black Caucus and the Democratic caucuses in the state House and Senate filed a friend-of-the-court brief Tuesday in a case that could decide whether Michigan can require voters to show photo identification at the polls." The AP continues, "The Michigan Supreme Court in April voted 5-2 to issue an advisory opinion on the constitutionality of a 1997 state law requiring voters to show photo identification to get a ballot. A court spokeswoman said the ruling will be binding, although it could be appealed to the U.S. Supreme Court." The AP adds, "Former Attorney General Frank Kelley, a Democrat, issued an opinion nine years ago that the law violated the equal protection clause of the 14th Amendment of the U.S. Constitution, which guarantees U.S. citizens the right to vote. … Opponents of the law say the requirement would keep poor people, non-drivers and others away from the polls. They cite figures showing that about 370,000 of the state's registered voters do not have a driver's license or state ID card. … But supporters say the law is needed to prevent election fraud. The U.S. Justice Department, for example, has been investigating allegations that Detroit votes were cast last year in the names of dead people."

DOJ Settles Disability Access Issues With University Of Chicago. The AP (7/19, Conrad) reports, "The University of Chicago will make its campus and services more accessible to people with disabilities under an out-of-court settlement the private institution has reached with the Justice Department. … 'We don't know at this time how much this will cost,' university spokesman William Harms said Tuesday. "The agreement lays out a roadmap, part of which includes surveying campus buildings for deficiencies. That process is ongoing.'" The AP continues, "The Justice Department formally announced the deal Monday. … 'We applaud the University of Chicago for its extensive effort to improve campus access greatly for all students and visitors,' Wan J. Kim, assistant attorney general for civil rights, said in a statement reacting to the agreement." The AP adds, "The University of Chicago acknowledged it had come to an agreement in 'early July' in a statement issued Thursday. … The settlement resolves a 2004 compliance review during which Justice found violations of the Americans with Disabilities Act's Standards for Accessible Design in newly built buildings, as well as barriers to existing facilities and elements, including doors, restrooms and entrances, among other things. … The university said the review was initiated by the Justice Department as part of its effort to examine accessibility at universities and other institutions and was not the result of a complaint."

Bush To Address NAACP Convention Thursday. CNN's The Situation Room (7/18, Blitzer) reported, "A political about-face today for President Bush. The White House says he will address the NAACP Convention on Thursday, and make an appeal for racial unity. This is the first time he has agreed to appear before the nation's oldest civil rights group in his five years in office."

The Washington Post (7/19, A5, Fears, 748K) reports White House spokesman Tony Snow "said the president will appear before the nation's oldest and largest civil rights group tomorrow after years of trading rhetorical jabs with its leadership. 'I think the president wants to make the argument that he has had a career that reflects a strong commitment to civil rights,' Snow said at a news conference." The Post notes, Bush "will avoid becoming the first president since Warren G. Harding to snub the predominantly black organization throughout his term."

The AP (7/19, Texeira) notes, "Bush's decision comes in a critical midterm election year. … Bush received just 11 percent of the black vote in the 2004 election." Rep. Diane Watson "was…skeptical about Bush's visit. The president is 'reading the polls,' she said."

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Gordon Calls On Bush To "Express His Commitment" To VRA Reauthorization. USA Today (7/19, Benedetto, 2.27M) reports Snow said Bush accepted the invitation because relations between the White House and the NAACP "have improved since Bruce Gordon, a retired telecommunications executive, took over as NAACP president last year." Gordon "said he welcomed Bush's decision to speak to the convention, particularly since the 1965 Voting Rights Act is up for renewal in the Senate. 'This is a great opportunity for the president to express his commitment for Voting Rights reauthorization,' he said."

The Washington Times (7/19, Dinan, Debose, 88K) adds that the "relationship soured to the point in 2004 where the NAACP's former president, Kweisi Mfume, said black supporters of Mr. Bush were 'ventriloquists' dummies' and organization Chairman Julian Bond urged Mr. Bush's defeat in that year's elections."

Marriage Amendment Fails To Reach Two-Thirds Majority In House. The New York Times (7/19, Zernike, 1.21M) reports House Republicans "failed Tuesday in an effort to pass a constitutional amendment banning same-sex marriage, part of a proposed 'values agenda' that they hope will rally voters in midterm elections in November." The vote was 237 to 187, with one member voting 'present,' well short of the two-thirds majority needed to amend the Constitution." While the vote "was largely symbolic because the Senate rejected a similar bill in May," amendment supporters "said they were gaining in their efforts to define marriage as a relationship between a man and a woman, a move necessary to 'safeguard the American family' and block 'radical' judges from promoting same-sex marriage."

The AP (7/19, Abrams) reports the House "rejected a proposed constitutional amendment to ban gay marriage on Tuesday, a setback that conservatives hope to turn to their advantage in the fall elections." Democrats "argued that the House's focus on the GOP's 'American values agenda,' which includes votes this week on a pledge protection bill and a vote on President Bush's expected veto of an embryonic stem cell bill, was a distraction at a time the nation faced serious domestic and international problems."

The Los Angeles Times (7/19, Reynolds, 918K) reports, "The measure had failed to win the two-thirds majority it needed for Senate approval last month. And vote-counters in both parties had predicted it would fall well-short of that threshold in the House. … The measure's supporters, however, argued that lawmakers had to be put on the record on the issue."

CNN's The Situation Room (7/18, Blitzer) reported, "The House today rejected a proposed constitutional amendment to ban same-sex marriages. Opponents of the gay marriages fell 47 votes short of the two-thirds majority needed to move the amendment forward. But many supporters of the ban still hope to use the issue in their reelection bids this November."

CQ (7/18, Stern) reports the 236-187 vote on the measure (H J Res 88), "with one member voting 'present,' attracted nine more supporters and one more opponent than the proposal that appeared on the House floor in 2004. In the end, 27 Republicans voted against the measure; 34 Democrats broke with their party and voted for it."

In the Washington Post's "Washington Sketch" column (7/19, A2), Dana Milbank writes the House "could not have been any more obvious if the sergeant-at-arms had wheeled an equine carcass into the well and the speaker had pummeled it with his gavel. Yesterday's House debate on same-sex marriage was pure dead horse: The Senate last month rejected -- emphatically -- a constitutional amendment that would allow Congress to ban same-sex marriage, so there was zero chance the amendment could be approved this year. But members of the House were answering to a Higher Authority." But Democrats "and a couple of sympathetic Republicans wondered whether, with the House planning to spend just five more weeks in session for the rest of the year, their colleagues were fiddling while Beirut burns."

GAO Says Bush's Faith-Based Programs Lack Discrimination Safeguards. The New York Times (7/19, Banerjee, 1.21M) reports a Government Accountability Office report says the Bush Administration's program "of financing social service initiatives run by religiously affiliated groups lacks adequate safeguards against religious discrimination and has yet to measure the performance of the groups." The GAO report "did not find evidence of a widespread diversion of government money to religious activity from social services, which had been a concern of some critics of such religion-based initiatives." But in "looking at 10 federal programs, the researchers found that only four gave an explicit statement to religious organizations about protecting the religious liberties of the people they serve."

ANTITRUST:

FTC Clears Germany's Linde To Purchase British Gas Company. The AP (7/19) reports, "Germany's Linde AG said Tuesday the U.S. Federal Trade Commission had cleared its proposed $14.9 billion deal for British gas company BOC Group PLC, paving the way for it to become the world's biggest industrial gas company." The AP continues, "To meet FTC approval for the acquisition, Linde said it has agreed to divest eight of its U.S. units, as well as certain liquid helium purchase agreements with suppliers in the U.S., Russia, and Poland. … 'We are pleased to confirm that each of the preconditions to the making of the offer has

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now been satisfied,' said Linde's chief executive, Wolfgang Reitzle. 'We will swiftly take the next steps to implement the transaction.'" The AP adds, "Both Linde and BOC Group provide gases to the chemicals, food, health care, electronics and other industries. The combined firm would overtake France's L'Air Liquide SA as the market leader, with 22 percent of the world's sales of industrial gases. … Combined annual sales of the new company are expected to be around 11.9 billion euros ($14.3 billion), Linde has said."

WP Columnist Proposes Music Industry Deregulation, Copyright Reform. In a column in the Washington Post (7/19, D1), Steven Pearlstein writes about "the political and legal attack mounted by the music-recording industry against the upstarts of satellite radio. … You'd think an industry that has managed to turn out so much mediocre music for so many years, done so much to lower moral standards and lost so much business to illegal file-sharing would have something better to do than attack some of the few distributors that are actually expanding the market and charging for music. But the prospect that the industry might not extract every last penny out of the new satellite radio services and their customers is simply unacceptable to the Recording Industry Association of America." Pearlstein continues, "The controversy concerns new devices that allow satellite radio's paying customers to record programs they listen to, or would have listened to if they were aired at a more convenient time, as a TiVo does for TV viewers. And like TiVos, these devices allow customers to keep the stuff they like and delete the rest. … And there's the rub. For if you can store the tunes you like and listen to them as many times as you want, the RIAA argues, that's suspiciously like downloading a song for free. So the record labels, waving the flag of piracy and decrying the loss of a "level playing field," are demanding to be paid the same fees paid by the other download services." Pearlstein concludes that, "if the goal here is to encourage innovation and competition in the market for recorded music, I can assure you that lawsuits and lobbying battles are a lousy way to go. The better strategy is to prune overgrown copyright protections, deregulate the industry and let the marketplace set prices and decide which companies and technologies and business models survive."

Dallas Airfield Deal Challenged By Antitrust Suit. The Dallas Business Journal (7/19) reports, "The owners of a vacant passenger terminal at Dallas Love Field have filed a lawsuit claiming a compromise forged by the mayors of Dallas and Fort Worth on the Wright Amendment violates antitrust law." The Journal continues, "Love Terminal Partners L.L.C., the owners of the old Legend Airlines terminal at city-owned Love Field, filed the suit late Monday in federal district court in Dallas. The suit names the cities of Dallas and Fort Worth, Southwest Airlines, American Airlines and the Dallas/Fort Worth International Airport Board." The Journal adds, "The suit claims that the Wright Amendment compromise eliminates Love Terminal Partners' gates at Love Field, which is currently available for competitors of American and Southwest. … The suit calls the local deal 'a wildly pernicious and anti-competitive arrangement to limit carrier operations and consumer choices for air travelers in North Texas.' … The compromise, which would eliminate the restrictions of the Wright Amendment in eight years, calls for limiting the number of gates at Love Field to 20. Love Field currently has 32 gates."

DVD Deal Will Allow Films To Go From Web To Television. The Los Angeles Times (7/19, Chmielewski) reports, "Hollywood studios will cross a significant technological and psychological frontier today when they offer the first downloadable movies that can be legally burned onto a DVD." The Times continues, "Four major studios struck a deal with online movie service CinemaNow Inc. to offer more than 100 mainstream titles that can be copied to a disc and played on almost any DVD player or television set. Prices will start at about $9 a movie." The Times adds, "The deal was hailed as a milestone in Internet distribution, giving film fans what they've long demanded: the convenience of downloading a movie and playing it on the living room TV. … Today's launch also previews a likely agreement between the major studios and Apple Computer Inc., which is expected to expand the offerings on its popular iTunes online store to include big-studio movies. Several studio executives Tuesday confirmed that they were holding talks with Apple but did not want to be named because of the sensitive nature of the discussions. … Coupled with the CinemaNow agreement, an Apple deal would cement the Internet as a viable film distribution vehicle. Although studios have offered online movies since 2002, fears over piracy have kept the films locked to computer hard drives or to discs that play only on a PC. That restriction has kept the market for legal movie downloads relatively limited."

ENVIRONMENT:

Overseer Says Sago Mine Seals Were Poorly Built. The Pittsburgh Post-Gazette (7/19, Roddy) reports, "The man who oversaw construction of the underground Omega block seal that failed at the Sago mine in West Virginia, causing the deaths of 12 men, says the company used 'the easiest and fastest' way to build the wall, and that some miners were sent underground after falsifying safety training documents. … 'That's a cheap block.... And that's the cheapest way for them to build them,' James F. Scott told the Pittsburgh Post-Gazette. Mr. Scott was working as an

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outside contractor at the time he oversaw a crew that constructed the series of 10 walls used to seal off an abandoned portion of the mine." The Post-Gazette continues, "The seal -- built of the dense, foam-like block -- was pulverized when a buildup of methane ignited behind it Jan. 2. One miner died immediately and 12 others were stranded underground. Eleven of those stranded miners died of carbon monoxide poisoning. … Omega block, a lightweight foam and fiber material manufactured by a Westmoreland County firm, has figured in at least one other fatal mine accident this year. Five workers at a Kentucky mine died when an Omega seal was blown apart by an apparent methane explosion May 20." The Post-Gazette adds, "Researchers at the Pittsburgh office of the National Institute of Occupational Safety and Health plan another series of blast tests Aug. 4 on an Omega seal they believe will replicate the ones built at Sago. … In addition to suggestions the blast might have exceeded the 20 pounds per square inch the wall was built to withstand, protocols for the test say the seals 'may not have been constructed properly' and that 'construction materials may have been substandard.'"

Indianapolis Reaches Sewer Repair Deal With US. The Indianapolis Star (7/19, Webber) reports, "Indianapolis residents will see their sewage bills go from among the lowest in the nation to about $60 a month over the next 20 years to pay for a huge, $1.8 billion overhaul of the city's antiquated sewer system." The Star continues, "The project, which city officials will announce today, all but settles five years of talks between Indianapolis and the EPA over a rejected $1 billion plan that the federal agency said wouldn't have done enough to protect people's health. … The tougher plan, which the EPA is expected to approve later this year, will increase sewer rates every year or two until 2026. Rates already have increased twice to pay for about $600 million in improvements. The latter of the two came last fall, when the City-County Council approved a series of rate increases under which average residential sewer bills will climb from $12.28 this year to $17.96 by 2008. … But rates will need to increase much more to pay for the largest capital improvement project in Indianapolis' history, including a 10-mile-long tunnel that, among other upgrades, are designed to dramatically reduce the number of instances each year that heavy rains or snows overwhelm the system and cause an estimated 7 billion gallons of wastewater to spill into rivers and streams." The Star notes, "The plan is intended to settle a longstanding enforcement action by the U.S. Environmental Protection Agency. … The $1 billion plan in 2001 would have cut overflows from about 60 annually to 12. But the EPA rejected that plan, saying the city could afford to spend more than twice that amount to further reduce the number of spills. … Neither EPA nor Justice Department officials would comment because the consent agreement was not expected to be final until later this year."

DOE Says Yucca Mountain Waste Repository Will Open 2017. The AP (7/19, Werner) reports that the DOE "has a new opening date for the long-delayed Yucca Mountain nuclear waste dump in Nevada: March 31, 2017." The AP adds that the DOE "planned to announce the schedule at a congressional hearing Wednesday but shared it with congressional offices Tuesday," and "several of them made it public." According to the new schedule, DOE should "submit its license application to the Nuclear Regulatory Commission on June 30, 2008, get authorization to begin construction on Sept. 30, 2011, complete construction on March 30, 2016 and begin accepting nuclear waste on March 31, 2017." The AP adds that Senate Energy Committee Chairman Pete Domenici, R-NM, lauded the "ambitious" and "most detailed schedule on Yucca Mountain that I have seen in recent memory."

Governors Urge States To Prepare For Bird Flu. The Wall Street Journal Online (7/19) reports the National Governors Association Tuesday released a 23-page report "suggesting states need to take the initiative on bird flu." The report calls for preparation in four key areas, including: "ensuring that vital services continue in the event of a pandemic; restricting travel and movement to curb the spread of the disease; working closely with private sector to ensure the distribution of food, energy and health-care; and thoroughly testing emergency plans and responses immediately."

The AP (7/19, Tanner) notes Arizona Gov. Janet Napolitano and Minnesota Gov. Tim Pawlenty, who are leading the group's bird flu readiness effort, said states "must expect to be the main coordinators of care, because the federal government will be spread too thin."

CQ Homeland Security (7/19, Berger) says the report comes "amid concern from some in Congress that too much of the burden for coping with the pandemic will fall to state and local governments, and that federal departments have not done enough to ready the nation for the avian flu's potential impact." Some in Washington have "been critical about the federal government response, suggesting the Bush administration has been too focused on seeking a vaccine and not enough on mitigation response planning," CQ notes.

States Hesitant To Buy Bird Flu Drugs. USA Today (7/19, B1, Schmit, 2.27M) reports, "At least six states plan to buy smaller quantities of antiviral drugs than the federal government has offered them, a setback for part of the government's bird flu pandemic plan." Less than two weeks before a federal deadline for states to announce their plans, "at least 16 say they're undecided how much Tamiflu and

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Relenza they'll buy. Thirteen others—including California, the biggest state—say they plan to buy their full allotments."

Domenici Lays Out Energy Agenda. In an op-ed in The Hill (7/19), Senate Energy and Natural Resources Committee Chairman Pete Domenici writes that he wants to see Congress build on the success of the Energy Policy Act of 2005 and "address refinery capacity, spent nuclear fuel, the Outer Continental Shelf (OCS) and the Arctic National Wildlife Refuge (ANWR)." Domenici writes, "We need to find ways to increase capacity at existing refineries and explore ways to build refineries in places other than the Gulf of Mexico," noting that his committee recently held a hearing on the Refinery Permit Process Schedule Act. Regarding the OCS, Domenici notes that his committee recently approved, by a bipartisan vote, a bill directing leasing in "the area known as Lease Sale 181. This bill will develop oil and gas at least 100 miles off the Florida coast in a manner that upholds environmental protections and military training areas." He says the measure "would be the single most important thing this nation could do to reduce the price of natural gas in the near term." On spent nuclear fuel, Domenici says the Energy and Water Appropriations Subcommittee "recently approved the fiscal year 2007 appropriations bill for the Department of Energy, which included language addressing a short-term solution for the spent nuclear fuel gathering at reactor sites around the nation." He adds, "Sen. Jim Inhofe (R-Okla.) and I introduced the Bush administration's proposed Yucca Mountain 'fix' language, S. 2589, the Nuclear Fuel Management and Disposal Act." Finally, Domenici writes, "Opening ANWR is the most meaningful thing Congress can for domestic oil production."

Boucher Calls For Incentives For Coal-To-Liquids Technology. In an op-ed in The Hill (7/19), Virginia Rep. Rick Boucher (D) writes that one way to reduce US dependence on imported oil "is to incent the use of coal-to-liquids technologies that can replace petroleum in powering transportation." Boucher says, "There is a proven technology that enables the conversion of coal to liquid fuel" and writes that the "technology is economic when crude-oil prices are approximately $40 per barrel." Noting that "a 50-cent-per-gallon excise-tax credit for alternative fuel mixtures — including fuel derived from coal" is set to expire in 2009, Boucher calls for legislation that would extend the tax credit through 2020. In addition, Boucher writes, "Congress should examine additional methods by which we can incent coal liquefaction as well as specific partnerships that might facilitate the launch of coal-to-liquids production."

USDA Milk Price-Support Program Allowed Traders To Make Millions Of Dollars. The Washington Post (7/19, A1, Gaul, Cohen, Morgan, 748K), in a front-page article that is part of an investigative series, reports, "When a drought left pastures in a handful of Plains states parched in 2003, ranchers turned to the federal government for help." USDA officials "decided to dip into massive stockpiles of powdered milk that the agency had stored in warehouses nationwide as part of its milk price-support program. Livestock owners could get the protein-rich commodity free and feed it to their cattle and calves. … But within months, the program spawned a lucrative secondary market in which ranchers, feed dealers and brokers began trading the powdered milk in a daisy chain of transactions, generating millions of dollars in profits. Tens of millions of pounds of powdered milk intended solely for livestock owners in drought-stricken states went to states with no drought or were sold to middlemen in Mexico and other countries, a Washington Post investigation found. Taxpayers paid at least $400 million for the emergency milk program, one of an array of costly relief plans crafted by Congress and the USDA to insulate farmers and ranchers from risk."

Heat Wave Spurs Calls For Revamp Of US Power Grid. The Wall Street Journal (7/19, Fialka, Smith, 2.03M) reports the heat wave "that put pressure on North America's power-transmission system for the second day soaked up more electricity reserves than expected and spurred calls for strengthening the nation's power grid." The week's "heat wave brought record levels of electricity demand and amounted to a giant stress test that the U.S. power grid -- actually three interconnected grids that involve 3,500 utilities serving 283 million people -- wasn't designed to handle. While massive outages were avoided, some regions saw problems."

Again, the networks last night reported on the heat wave, generally giving the strain on the power grid a short mention. ABC Nightly News (7/18, story 7, 0:20, Gibson) reported, "Heat advisories and warnings were posted today from coast-to-coast. At least four deaths have been blamed on the heat. And the weather is suspected in at least three others. Some zoos have temporarily closed. And power grids serving the Northeast, the Midwest and California, all have reported record demand."

NBC Nightly News (7/18, story 9, 0:20, Williams, 9.87M) reported, "Power grids have been especially strained, leading to some additional misery at New York's LaGuardia Airport today, where a power failure there brought things to a standing halt for some time."

The CBS Evening News (7/18, story 9, 2:30, Regan, 7.66M) reported, "Power consumption records were set all over the country. Californians used 46,000 megawatts, the most ever. In New York, hundreds were stranded by a second day of power failures in the subway. Air travelers

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were left in the dark buying coffee by candlelight at La Guardia airport."

FBI/DEA/ATF/USMS:

Eight Colombians Plead Guilty To Smuggling Cocaine. AFP (7/19) reports, "Eight Colombians have pleaded guilty in a US court to trying to smuggle a huge cache of cocaine in a submersible vessel, authorities said." AFP continues, "The eight now face extensive jail terms and fines of up to four million dollars following their plea in a court in Tampa, Florida." AFP adds, "The US Coast Guard caught the eight after intercepting a Colombian fishing vessel on August 19 last year near the Galapagos islands in the Pacific, the Justice Department said in a statement. … The boat was pulling a steel submersible in which 5,500 pounds (2,500 kilogrammes) of cocaine was hidden. … 'This seizure marks the first capture by US law enforcement of a submersible vessel used to transport cocaine from Colombia,' said the statement." AFP notes, "The men were charged with possession of more than five kilos (11 pounds) of cocaine with intent to distribute it. 'The defendants are facing a mandatory minimum term of 10 years' imprisonment up to maximum life imprisonment, and a four million dollar fine,' said the statement."

The Tampa Tribune (7/19) reports authorities "announced Tuesday that eight Colombian fishermen have pleaded guilty to federal charges of cocaine possession with intent to distribute. The men were arrested in August onboard the fishing vessel Rio Mar I, 90 nautical miles southwest of the Galapagos Islands. … The fishing vessel was interdicted Aug. 19. … The day after stopping the boat, guardsmen found a 31-foot-long, submersible vessel about 15 miles away from where the Rio Mar had been boarded. The steel sub was about 4 feet in diameter, contained 5,500 pounds of cocaine and was attached to a 350-foot cable. It had an electronic transmitter in its nose cone."

91 Arrested In Crackdown By Nevada Drug Trafficking Task Force. The AP (7/19) reports, "Ninety-one people were arrested and 22 pounds of methamphetamine were seized in a two-phase undercover operation over two years aimed at interrupting the flow of the drug in southern Nevada, authorities announced Tuesday. 'We're getting those midlevel drug traffickers, those supplying the street dealers, out of business,' U.S. Attorney Daniel Bogden said of the Nevada High Intensity Drug Trafficking Area operation, which concluded last week. The latest 90-day push involved undercover buys by FBI, Drug Enforcement Administration, Immigration and Customs Enforcement agents and police from Las Vegas, Henderson and North Las Vegas." The AP notes, "Clark County is one of 28 places around the nation with a joint local-state-federal HIDTA task force, Bogden and other officials said during a news conference at the U.S. District Courthouse in Las Vegas."

Meth Seen As Growing National Drug Problem. McClatchy Newspapers (7/19, Doyle) reports, "The methamphetamine industry spawned in California's Central Valley continues to proliferate, and so does the political response to it." McClatchy continues, "Sheriffs in 48 percent of counties polled nationwide now identify meth as their No. 1 drug problem, according to a new survey released Tuesday. Law enforcement officials are warning that meth-related crimes have surpassed other drug problems, boosted workloads and filled local jails. … 'The abuse of this drug is spreading from the West to the East, though the problem continues to be most severe in the West,' said Larry Naake, executive director of the National Association of Counties." McClatchy adds, "A National Association of Counties' telephone survey of 500 jurisdictions found that 55 percent of sheriffs surveyed reported an increase in meth-related robberies or burglaries over the past year, while 73 percent reported having to pay more in overtime to handle the meth-related workload. … Meth problems outpace those attributed to heroin, cocaine and marijuana, according to the new study. … Sheriffs in 42 percent of Georgia counties surveyed last year identified meth as their No. 1 problem. This year, 63 percent of the Georgia sheriffs cited meth as their top problem. Similarly, meth was cited as the No. 1 problem in 25 percent of North Carolina counties last year and in 44 percent of North Carolina counties this year."

The AP (7/18) reports the survey released on Tuesday found nearly half of county law enforcement officials "consider methamphetamine their primary drug problem, more than cocaine, marijuana and heroin combined." In June "the White House drug-policy office set a goal to cut meth use by 15 percent over the next three years and increase seizures of meth labs by 25 percent."

In Texas, Man Gets 10-Year Sentence For His Role In Cocaine Operation. In Galveston County, Texas, the Daily News (7/19) reports a judge Tuesday "sentenced to 10 years in prison a man charged last year as part of a major cocaine operation by police and federal agents. Kenneth Dewayne Hayes, 36, was one of 32 people indicted 18 months ago after a months-long undercover operation. … In January 2005, based on evidence collected in the past months of drug buys, officers and agents initiated a sweep of arrests, dubbed 'Operation Wicked City No More.'"

In a separate story, the Knoxville (TN) News Sentinel (7/19, Satterfield) writes that a federal grand jury on Tuesday "also returned an indictment against an alleged marijuana

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customer of the West brothers, Newport resident Frank Logan Asbury, and two alleged couriers arrested in Texas with 1,000 pounds of marijuana that federal authorities contend was ordered by the West brothers."

Wife Of Tennessee Businessman Accused Of Helping Husband Launder Drug Money. According to the Knoxville (TN) News Sentinel (7/18, Satterfield), the wife of a prominent businessman "was arraigned [Tuesday] on charges she helped her husband launder his alleged drug-trafficking proceeds. Bernadette Trent West made her first appearance in U.S. District Court since a two-count indictment was returned last week by a federal grand jury. The indictment accuses her husband…Scott West of running with his brother and two other men an 11-year marijuana peddling ring. … The Wests have been under probe by the U.S. Drug Enforcement Administration for at least six months, according to federal court records."

Indictment Of Bonds Could Lead To His Suspension By MLB. According to USA Today (7/18, Nightengale), Major League Baseball "believes it has the right to suspend San Francisco Giants outfielder Barry Bonds if he is indicted, but Commissioner Bud Selig said Monday that he has yet to make a decision on Bonds' fate. … When asked whether Bonds would be suspended, Selig said, 'I'm not going to get into it, I'm just not. I'm in a sensitive spot. And frankly, sitting around and speculating on that is not fair to him.' The precedent for Major League Baseball to act against Bonds stems from the 1980 suspension of Ferguson Jenkins, who was arrested for possession of drugs before baseball had a drug policy."

USA Today (7/19, Nightengale) also reports that Bonds, "who has repeatedly denied he knowingly used illegal performance-enhancing drugs, could be indicted as early as Wednesday by a federal grand jury for perjury and tax evasion, according to attorneys involved in the case. … 'My guess is that if they're going to indict, it certainly will be this week,' says Michael Cardoza, who represents Steve Hoskins, Bonds' former best friend and business manager who testified to the grand jury. 'I don't have inside information, but it really could happen at any time. Hypothetically, they could do it' Wednesday."

The AP (7/18) writes a federal grand jury "is probing whether he paid taxes on some of [his] fortune. … He also is being investigated for allegedly lying to another federal grand jury about his steroid use. Legal analysts said proving the Giants star cheated the IRS out of its cut of memorabilia sales is far easier to prove than perjury."

Detroit-Area Crime Sweep Nets 115 Arrests. The Detroit News (7/19) reports, "Top law enforcement officials in Metro Detroit on Tuesday said 115 people have been arrested for violent crime since May under Operation Tide, a combined effort by 10 local, federal and state agencies launched in May to identify and target the city's worst criminals." The News continues, "The suspects, who are tied to gun crime and gang violence, were arrested in the police department's Northwestern District through TIDE or Tactical Intelligence Driven Enforcement. … That program is being expanded into the other three police districts." The News adds, "The results were released in a joint announcement by Detroit Police Chief Ella Bully-Cummings, U.S. Attorney Stephen J. Murphy, Wayne County Prosecutor Kym Worthy and Special Agent-in-Charge Valerie Goddard of the U.S. Bureau of Alcohol Tobacco and Firearms. … The program is funded by $600,000 through the federal Project Safe Neighborhoods campaign against guns and gang violence."

The Detroit Free Press (7/18, Angel) reports, "In a show of unprecedented unity…ten federal, state and local law enforcement agencies gathered at Detroit's Northwestern police district and vowed to reduce crime in the city. It was the official introduction of Operation TIDE, Tactical Intelligence Driven Enforcement, a crime-fighting collaboration that has been quietly in operation since May 5. All the agencies pool their resources and intelligence to identify crime patterns and the city's worst criminals." The Free Press notes the DEA's involvement in Operation TIDE.

IMMIGRATION:

Fort Bragg Immigration Sweep Nets 58. The AP (7/19) reports, "Federal agents conducting a sweep aimed at illegal immigrants detained 58 civilian workers Tuesday as they tried to enter Fort Bragg with suspected false or fraudulently obtained identification, officials said. … Almost all of them were construction workers, officials said." The AP continues, "U.S. Immigration and Customs Enforcement agents, U.S. marshals and FBI agents worked with the military on the sweep, which was conducted between 6 a.m. and 7:30 a.m. when most of the thousands of soldiers and civilian workers who live off the post enter the gates. … 'Today's operation was part of our ongoing force protection measures,' said post spokesman Tom McCollum. 'There were no incidents or accidents.' … Some of the people detained were from Mexico, Guatemala, El Salvador and Honduras, ICE spokesman Marc Raimondi said. … Four people were arrested for drug possession, McCollum said."

The Fayetteville Observer (7/19, Willett) reports, "People whose vehicles clearly identified them as contract workers or people who identified themselves as contract workers were isolated for in-depth checks, McCollum said. … All visitors to post have their driver's licenses or Defense

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Department identification cards read by scanners at the post's 17 access-control points. … The information is compared to several databases, including the National Crime Information Center database, the terrorism watch list and lists of people who are barred from post. … On Tuesday, contract workers were subjected to additional checks, McCollum said." The Observer notes, "Personnel from U.S. Immigration and Customs Enforcement, Defense Criminal Investigation Service, the U.S. Attorney's Office in Raleigh, U.S. marshals and the FBI participated in Tuesday's sweep."

House Said To Be Dragging Out Immigration Hearings. The AP (7/19, Gamboa) reports that after "more than 50 congressional hearings on immigration, lawmakers complained Tuesday about the prospect of even more hearings in a House-Senate standoff over how to deter illegal immigrants." House Republicans have scheduled six additional hearings for July, which have been "criticized as a political maneuver to delay immigration legislation and to help Republican candidates in an election year." Rep. Jeff Flake, who "sponsored an unsuccessful House bill that, like the Senate's measure, would offer some amnesty," said, "They ought to be called faux hearings." The AP added that at a House Judiciary immigration subcommittee hearing, three witnesses "testifying on behalf of Republicans criticized the Senate bill and the lone witness for Democrats, Rep. Silvestre Reyes of Texas, the only member of Congress to serve in the Border Patrol, supported it."

CQ (7/18, Sandler) reported the hearing "advertised as seeking to compare the bills (HR 4437, S 2611) passed by the two chambers, more closely resembled a bare-knuckles political debate. Republicans derided Democrats for blurring the lines between legal and illegal immigration. Democrats accused their counterparts of playing election year politics. The hearing had a circus-like feel even before members took their chairs, with a disparaging title offered by House GOP leaders: 'Should We Embrace the Senate's Grant of Amnesty to Millions of Illegal Aliens and Repeat the Mistakes of the Immigration and Control Act of 1986?'"

The New York Times (7/19, Preston, 1.21M) reports the hearing was "supposed to highlight conservative support for House Republicans' position on immigration legislation. But the results were decidedly mixed." While "expressing support for" the House legislation, "one witness, the Christian conservative advocate Phyllis Schlafly, devoted most of her testimony to her assertion that President Bush had betrayed Americans by supporting a rival Senate bill that offers a route to citizenship for most illegal immigrants already in the country." In addition, Democratic Rep. Silvestre Reyes, "who was called because he served in the Border Patrol for 26 years, dismissed the hearing as 'a waste of time,' saying the Republican-led Congress had repeatedly failed to provide enough money for border enforcement."

The Washington Times (7/19, Hurt, 88K) reports the "latest immigration bill approved by the Senate is "far, far worse" than the 1986 immigration bill that granted amnesty to 2.7 million illegal aliens and created the magnet for the millions more who have come here since, a House panel was told at a hearing yesterday." In addition "to providing legalization to about four times as many illegal aliens as did the 1986 Immigration Reform and Control Act (IRCA), witnesses said, the current bill also repeats mistakes made 20 years ago that will render the border-enforcement provisions and employer sanctions meaningless."

The Hill (7/19, Allen) reports House Republicans are "divided over the question of whether enactment of an immigration law this year is an electoral imperative, but they remain committed — at least for the time being — to bashing their Senate counterparts on the contentious topic." Like "'many of his fellow Republicans, Rep. Lee Terry of Nebraska says he would like to see an agreement between the chambers on the House priority of enforcing the border, but he has heard colleagues say Republicans are best served if they 'just hang the Senate bill up like a piñata and beat it until the election.'" House Republicans "are clearly upset that their Senate allies are not bending to their will as the election approaches. They believe the answer is simple: enact a law containing border-enforcement measures that can win broad support in both chambers and come back to other issues later."

Private Prison Firms May Benefit From Enforcement Crackdown. The New York Times (7/19, Kolodner, 1.21M) reports as the Bush Administration "gets tougher on illegal immigration and increases its spending on enforcement, some of the biggest beneficiaries may be the companies that have been building and running private prisons around the country." By the fall "of 2007, the administration expects that about 27,500 immigrants will be in detention each night, an increase of 6,700 over the current number in custody. At the average cost these days of $95 a night, that adds up to an estimated total annual cost of nearly $1 billion." The Corrections Corporation of America "and the Geo Group (formerly the Wackenhut Corrections Corporation) — the two biggest prison operators — now house a total of fewer than 20 percent of the immigrants in detention. But along with several smaller companies, they are jockeying for a bigger piece of the growing business."

Latino Culture Generates Backlash In Some Localities. The Christian Science Monitor (7/19, Jonsson, 58K) reports that in "some ways, the traveling taco stand has become a symbol of the rise of Hispanics in the US. Here in Gwinnett County, Ga., it wasn't any different - until lawmakers outlawed the $1 street-corner taco vendor last month." In "resisting the sudden and growing influence of Latino culture,

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some cities and towns across America are requiring the use of English and restricting culinary mores and even the Hispanic tradition of sitting on the front porch."

Nogales Strained By Deportation Of Illegal Immigrants. The Los Angeles Times (7/19, Riccardi, 918K) reports a Mexican city "may seem an unlikely place for a backlash against immigrants. But Nogales has been struggling with the costs of illegal immigration in ways that few U.S. cities can imagine." Up to "a dozen times a day, a white bus pulls up across the border from Nogales and unloads migrants the Border Patrol in Arizona has caught trying to enter the U.S. illegally. The deportees flood the city's shelters and strain public services as they try to raise money for another illegal crossing. Increasing numbers of them have come from southern Mexico and Central America, drawn by rumors of amnesty." Last month, "the deployment of the U.S. National Guard on the border made it even tougher to cross illegally, compounding problems for the city. The deportees engender suspicion and resentment from longtime residents."

TAX:

New IRS Policy Aims At Curbing Political Activity By Churches. The Los Angeles Times (7/19, Clark) reports, "The Internal Revenue Service is warning churches and nonprofits that improper campaigning in the upcoming political season could endanger their tax-exempt status." The Times continues, "The agency also launched a program to expedite investigations into claims of improper campaigning, prompting an advocacy group to charge this month that the program could restrict the free speech of nonprofit groups and churches. …. Such investigations came to light last year when the IRS warned All Saints Church in Pasadena that it was reviewing the Episcopal church's tax-exempt status because a priest criticized the Iraq war shortly before the 2004 presidential election. Church leaders say they have no intention of scaling back their criticism of the war." The Times adds, "The IRS' new enforcement program — the Political Activity Compliance Initiative — was first announced in February and again in June through news releases and notices to more than 15,000 tax-exempt organizations, numerous church denominations and tax preparers. … Under the program, the IRS will no longer wait for an annual tax return to be filed or the tax year to end before investigating allegations of wrongful campaigning. A three-member committee will make an initial review of complaints and then vote on whether to pursue the investigation in detail."

Study Says Urban Dwellers Face "Ghetto Tax." The New York Times (7/19, Eckholm, 1.21M) reports a Brookings Institution study finds drivers "from low-income neighborhoods of New York, Hartford and Baltimore, insuring identical cars and with the same driving records as those from middle-class neighborhoods, paid $400 more on average for a year's insurance." The poor are "also the main customers for appliances and furniture at 'rent to own' stores, where payments are stretched out at very high interest rates; in Wisconsin, a $200 television can end up costing $700." Those were "just two examples among several cited in a report Tuesday showing that poor urban residents frequently pay hundreds if not thousands of dollars a year in extra costs for everyday necessities. The study said some of the disparities were due to real differences in the cost of doing business in poor areas, some to predatory financial practices and some to consumer ignorance."

New Tax Law Increases Burden On Many Americans Overseas. The Wall Street Journal (7/19, Prystay, Herman, 2.03M) reports a new tax law "that ratchets up costs for many Americans working overseas could change company hiring practices in certain countries -- and is causing some employees to consider coming back home." The increased taxes "are hitting hardest at American expatriates working in places where housing costs are high and local taxes are relatively low, such as Russia, Hong Kong and Singapore. The higher costs can fall on employers, some of which guarantee that their workers don't pay more in taxes than they would if they were living in the U.S. But many Americans living abroad aren't offered such guarantees, known as tax equalization, and must shoulder the increases on their own."

CONGRESS-ADMINISTRATION:

Senate Approves Stem Cell Bill 63-37; White House Pledges "Swift" Veto. Network news coverage of the Senate vote on federal funding for stem cell research, and the president's expected veto, was notably brief. NBC and CBS merely mentioned the outcome of the vote and reminded audiences of the president's intention to veto the bill. ABC ran a two-minute report emphasizing the political repercussions of the vote and probable veto. The CBS Evening News (7/18, story 10, 0:20, Schieffer, 7.66M) reported, "Senate voted today to expand federal funding of embryonic stem cell research after two days of emotional debate. The Bill passed 63-37. That's four votes short of the two-thirds majority needed to override a veto. That was promised by President Bush as early as tomorrow. It would be the first veto of his Presidency."

NBC Nightly News (7/18, story 10, 0:20, Williams, 9.87M) reported, "The bill would allow embryos created for in-vitro fertilization that would otherwise be thrown away to be

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used, in this case, for research into possible cures for diseases including diabetes and Parkinson's, as well as spinal chord injuries."

The Washington Post (7/19, A1, Babington, 748K), in a front-page story, reports White House press secretary Tony Snow "said Bush's veto 'will be pretty swift' once he receives the bill, possibly as soon as today." The Post goes on to report, "Polls show that a solid majority of Americans support human embryonic stem cell research, and Democrats are portraying Bush and his allies as captives of a dogmatic segment of the GOP that is blocking possible cures for major diseases. … The stem cell issue is prominent in several congressional races, including sharply contested Senate races in Maryland, Missouri and Virginia."

Fox News' Special Report (7/18, Garrett) reported, "Neither the House nor Senate have the votes to override the President's veto which could come as early as tomorrow."

The Los Angeles Times (7/19, Hook, 918K) reports, "the bill's proponents saw Congress' action as a legislative landmark that could pave the way for substantial federal backing for a controversial procedure at the cutting edge of medical science. 'In the future, in all likelihood, we will see increased federal funding of embryonic stem cell research,' said Senate Majority Leader Bill Frist, who made a rare break with the White House to support the legislation."

Bush Will Sign Two Other Stem Cell Bills. CNN's The Situation Room (7/18, Bash) Bush could veto the bill "as soon as tomorrow. But he will also get two stem cell bills that he will sign, both of which just passed the Senate by votes of 100-0, unanimously."

The Washington Times (7/19, Fagan, 88K) reports, "Democratic critics have said the two extra research bills were meant to be political cover for Mr. Bush and conservatives." Snow "complained that the two extra bills are being overlooked and that Mr. Bush would sign them."

Veto Threat Said To Pit Bush Against the "Medical Community," 60% Of The Public. ABC Nightly News (7/18, story 9, 2:00, Gibson) reported, "the Senate defied President Bush and voted to expand funding for embryonic stem cell research. … Mr. Bush believes the destruction of the embryos would be considered murder. ABC adds that the President "takes a stand against the House, the Senate and, polls say, around 60% of the public. This issue pits those who agree with the President that the embryos are human life against the medical community, which argues they are crucial to the potential cures for diseases such as also Alzheimer's and Parkinson's." ABC added, "Republicans say this could hurt them. … After all, even many who oppose abortion, oppose the president on this." GOP strategist Frank Luntz was shown saying, "There's so many divisive issues that are causing republicans to pull apart, we don't need another one right now."

The AP (7/19, Kellman) reports, "The president left little doubt he would reject the bill despite late appeals on its behalf from fellow Republicans Nancy Reagan and Arnold Schwarzenegger. 'The simple answer is he thinks murder's wrong,' said White House spokesman Tony Snow. 'The president is not going to get on the slippery slope of taking something living and making it dead for the purposes of scientific research.'"

USA Today (7/19, Stone, 2.27M) reports, "The legislative action caps years of debate over science and ethics. Sen. Sam Brownback, R-Kan., and some religious conservatives link the research to abortion. … 'People will look back…in wonderment at how there could be any doubt about using these stem cells to save lives,' said Sen. Arlen Specter…a cancer survivor."

The New York Times (7/19, Hulse, 1.21M) reports Bush "planned to veto the measure as early as Wednesday, ignoring the substantial support it won from Senate Republicans, including…Frist. … The issue has deeply divided Republicans, many of whom support expanded research on medical or political grounds or both. Backers of the bill pleaded publicly with Mr. Bush on Tuesday to reconsider his decision." The Times adds, "The bipartisan push for Mr. Bush to reconsider his veto threat was joined Tuesday by other prominent Republicans, including" Schwarzenegger "who wrote to the president and urged him not to make his first veto 'one that turns America backwards on the path of scientific progress.'" Nancy Reagan, "who was instrumental in lobbying for a Senate vote on the issue, issued a statement that did not address Mr. Bush directly."

The Financial Times (7/19, Yeager) reports Bruce Reed, president of the Democratic Leadership Council, "said rejecting the legislation would 'very much isolate the administration outside the mainstream'."

Specter And Hatch Urge Bush To Reconsider. The Hill (7/19, Young) reports, "After the vote, the bill's lead Senate sponsor, Sen. Arlen Specter and other supporters continued to maintain they were hopeful Bush would reconsider. 'I would just say to the president: Don't kill this bill,' said Sen. Orrin Hatch. Specter said he hoped Bush might be swayed in the days ahead by a 'substantial public outcry.''

The Washington Times (7/19, Fagan, 88K) reports Senators "such as Gordon H. Smith, Oregon Republican, and Democrats Tom Harkin of Iowa and Edward M. Kennedy of Massachusetts joined Mr. Specter in urging Mr. Bush to change his mind. Sen. Hillary Rodham Clinton "warned that it would be 'a serious mistake' for Mr. Bush to veto the bill, and that many Americans 'believe that this holds promise for their lives.'"

McClatchy Newspapers (7/19, Talev) reports, "Senators summoned their family ghosts Tuesday, and for a few moments they almost lived again - relatives who trembled

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helplessly, slowly lost their minds or withered away from incurable diseases. … Tuesday's Senate debate was dramatic, as many Republicans joined Democrats and various celebrities in urging Bush to reconsider, while others stood with the president, saying morality demands no less."

Veto Unlikely To Hurt Bush's Relationship With Hill Republicans. Roll Call (7/19, Billings) reports that even though President Bush is expected to issue the first veto of his presidency today, "few on Capitol Hill expect the floodgates to open with future White House policy rejections, nor do they expect to see any long-term damage to his relationship with Congressional Republicans." Bush's first veto "is being viewed by his party as a footnote in the history books, rather than as a new chapter for a two-term president who has enjoyed unprecedented policy agreement with his Congressional colleagues."

Senate Vote Splits GOP Presidential Aspirants. The AP (7/19, Sidoti) reports Frist and Sen. John McCain, "abortion opponents who are considering presidential bids, broke with Bush — and the social conservatives who are crucial to the GOP — when they voted Tuesday for a bill that would expand federal funding for embryonic stem cell research. Three other potential Republican presidential candidates — Sens. Sam Brownback of Kansas, Chuck Hagel of Nebraska and George Allen of Virginia — opposed the bill.

Ben Nelson Casts Lone Democrat "No" Vote. Bloomberg (7/19, Roberts) reports, "Nineteen Republicans joined all but one Democrat to vote in favor of federal funding for embryonic stem cell research. Senator Ben Nelson, a Nebraska Democrat, joined 36 Republicans in support of Bush's ban."

Zogby Calls Stem Cell Issue An "Ace In The Hole" For Democrats. McClatchy Newspapers (7/19, Douglas) reports, "While Bush's veto may curry favor with religious conservatives, who compose the cornerstone of his political base, his stand may alienate moderate Republicans, independent voters and others who see the research as key to helping save lives. 'On the Democratic side of things, it's an ace in the hole. It's a good wedge issue and a good base issue that appeals to crossover Republicans,' said John Zogby, an independent pollster. 'For the president, it's business as usual. This is a guy who's staked his entire career on shoring up the base, and this is a base kind of issue.' But Bush's veto may be not so much a political act as one of personal conscience." The Free Congress Foundation's Paul Weyrich "says Bush's veto decision is devoid of politics."

In an op-ed for The Hill (7/19) Sen. Tom Harkin writes, "the president's policy is not a way forward; it has become a dead end. It offers only false hope to the millions of people across America and the world who are suffering from diseases that could be cured or treated through research on embryonic stem cells. We need a policy that offers true, meaningful hope to these patients and their loved ones."

GOP Said To Hope Stem Cell Issue Fades By November. Time.com (7/19, Calabresi) reports, "The doomed bill is more than just another round of conservative vs. moderate battling in the GOP. It is the latest bet in a high-stakes gamble pitting the Republicans' short-term electoral tactics against their long-term strategy of building a permanent majority. … The Republican leadership is aware of the conflict between the short- and long-term interests of the party and is doing what it can to diminish the cost. On stem cells…the tactic is to get the battle over with as soon as possible. The GOP leadership chose the gap between the July 4th and August recesses as a low-visibility moment for the vote and compressed the time the voting would take. Bush's veto, and the expected House failure to override it, will come within days and will soon have been replaced by other issues. 'It'll all be over in 72 hours,' says one top GOP aide."

Santorum's Alternative Bill Fails To Attract Two-Thirds Support In The House. The AP (7/19, Kellman) reports, "But in a surprise victory for embryonic stem cell supporters, the House defeated a second bill that would have encouraged stem cell research from sources other than embryos. Opponents of that bill, sponsored by Sen. Rick Santorum…called it election-year cover that would allow Bush and other embryonic stem cell opponents to say they nonetheless support stem cell research. While the Senate approved that measure unanimously, the House's 273-154 vote fell 12 votes short of the two-thirds majority required for passage under the rules. The House could try again to pass the bill Wednesday by a simple majority and send it to Bush for his signature."

The AP (7/19, Hefling) reports Santorum, "a conservative struggling to win reelection, suffered a political setback late Tuesday when the House rejected his bill to encourage adult stem cell research. … Santorum likens embryonic stem cell research to abortion because a days-old embryo is destroyed in the process of extracting stem cells."

CQ Today (7/18, Crowley, Phillips) reports, "When the Senate agreed to bring up the House bill," Frist "arranged to bring up the two other measures at the same time. The alternative bills were designed to offer some socially conservative anti-abortion senators and Bush political cover to oppose the House bill." Rep. Jack Kingston "called it a 'bump in the legislative road' when the House vote fell short on one of the Senate bills; still, the vote clearly took GOP leaders by surprise." Majority Whip Roy Blunt "applauded the clearing of both Senate bills — before an e-mail 11 minutes later recalled the statement."

Castle Claims Alternative Bill A "Distraction" And A "Delay." The Wall Street Journal (7/19, Lueck, 2.03M) reports, "Last night, the House took up the two bills the Senate passed unanimously, in the hopes of giving Mr. Bush

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legislation to sign at the same time he vetoes the funding expansion. … But the bill promoting research that doesn't harm embryos failed to get the two-thirds support needed under House rules. Democratic opposition was a major reason, but 15 Republicans also opposed the measure, including Rep. Mike Castle (R., Del.), a sponsor of the House version of the Specter bill. The alternative, he said, 'is a distraction for our researchers and it is a delay to cures.'"

Senate Bill Could Improve "American Competitiveness" According To Researchers. The New York Times (7/19, A1, Pollack, 1.21M), in a front-page story, reports, "A bill approved by the Senate yesterday to spur stem cell research would go a long way toward removing restrictions that have slowed progress, burdened laboratories with red tape, reduced American competitiveness and discouraged young researchers from entering the field, several leading stem cell scientists said. … It is difficult to quantify how much the president's policy has actually retarded research. Private donations worth tens of millions of dollars have filled the gap to some extent, though scientists say the federal government would be a larger and steadier source of money. A few states are also putting money into the field."

The Washington Post (7/19, A4, Weiss, 748K) notes that though President Bush "declared that federal money could be used to study embryonic stem cell colonies made only from embryos that had been destroyed by that date. … Over the following months, however, it turned out that cells from only a handful of colonies were available for distribution and study."

Leavitt Notes Increase In Research Funding Since 2001. In an op-ed for USA Today (7/19, 2.27M) Mike Leavitt, secretary of Health and Human Services, writes, "Some have described the president's policy as a 'ban' on embryonic stem cell research. On the contrary, under the president, federal funding on embryonic stem cells has grown from zero dollars in 2001 to more than $40 million in 2005 and keeps growing as the research holds increasing promise."

WPost Claims Bush's Position Is Illogical. The Washington Post (7/19, 748K) editorializes, "We understand that people can in good faith disagree on this question. But we don't understand the logic of Mr. Bush's position. If using discarded embryos to extract stem cells is murder, how can he permit it to proceed with private funding? If this is murder, isn't it also immoral to allow federal research on existing lines of embryonic stem cells, as the current administration policy permits, though they are the fruit of a homicidal act?"

USA Today Calls Bush Veto "Embarrassing." USA Today (7/19, 2.27M), in an editorial, writes, "for Bush to use his first veto to block scientific progress is downright embarrassing. … The veto would impede medical progress at potentially enormous human cost, allow abortion politics to trump science and go against the wishes of most Americans."

Breyer Passes Up Chance To Throw First Pitch At Fenway. The AP (7/19, Golen) reports, "Supreme Court Justice Stephen Breyer passed up a chance to throw out the ceremonial first pitch at Fenway Park on Tuesday night, allowing his wife and granddaughter to instead claim the honor that a day before had been bestowed upon singer Meat Loaf." The AP continues, "Clara Scholl, 3 1/2, tossed the ball to Breyer's wife of 39 years, Joanna Hare, who relayed the ball to the catcher while Breyer looked on. The crowd cheered, which might have had less to do with Breyer's judicial decisions than the fact that all three of them were wearing Red Sox caps. … The 67-year-old Breyer spoke at the ballpark earlier about his book, 'Active Liberty,' as part of the 'Great Fenway Park Writers Series.' After being introduced by former Massachusetts Gov. Michael Dukakis, Breyer told about 125 in attendance that he grew up in the Bay Area as a fan of the minor league San Francisco Seals and Oakland Oaks. … Asked which of the court's sports cases stood out for him, he discussed the line of decisions that left baseball's antitrust exemption largely intact even though the original reasoning has been discredited."

Senate Shifts $9 Billion In Defense Spending To Domestic Programs. The AP (7/19, Taylor) reports, "Clashing with President Bush and House conservatives, Senate committees transferred $9 billion from Bush's proposed defense budget Tuesday to domestic programs. Subcommittees approved bills adding to Bush's budgets for some domestic programs, including Amtrak, health research, and housing for the elderly and disabled. At the same time, the defense panel trimmed the Pentagon's request for KC-130 tanker planes and for the overhaul of Army combat systems." Senate Defense Appropriations Subcommittee Chairman Ted Stevens "acknowledged that 'to a certain extent' he is using some of $50 billion that's supposed to go directly for military operations in Iraq and Afghanistan to ease cuts to the Pentagon's non-war budget. Such moves have already provoked a thinly veiled veto threat from the White House, which says they amount to a shell game that ultimately results in using emergency war funding bills to ease the crunch on domestic programs."

The Wall Street Journal (7/19, Rogers, 2.03M) reports, "The Pentagon would get less than two-thirds of the $23.8 billion increase it hoped for in the fiscal year that begins Oct. 1, even as about $5 billion would be added to Mr. Bush's budget for the departments of Education, Labor, and Health and Human Services. Amtrak, the national passenger-rail corporation, is promised $1.4 billion, $500 million more than the president's request. Community-development funds are restored to $4.2 billion, almost $1.2 billion over Mr. Bush's budget. Even the Internal Revenue Service fares well, with an estimated $64 million increase over the president's figure."

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Congress Reportedly Near Agreement On Pension Bill. The Wall Street Journal (7/19, Solomon, Rogers, Perez, 2.03M) reports Congress "neared a deal on a long-awaited pension bill as airline executives appeared to make headway in winning more time to fully fund their employee pension plans." House and Senate negotiators "have largely resolved some major sticking points, including giving struggling airlines some form of relief and making it easier for investment firms to provide advice to their 401(k) clients. … This past weekend, a bipartisan bloc of five House and Senate members began drafting a proposed settlement independent of Sen. Michael Enzi (R., Wyo.), the official leader of the talks and chairman of the Senate Health, Education, Labor & Pension Committee. The unusual process is politically delicate for all involved, but it has had the active support of House Majority Leader John Boehner (R., Ohio). 'I think we are very close to an agreement,' Mr. Boehner said yesterday." Sen. Max Baucus, the ranking Democrat on the Senate Finance Committee, "said there's a 'good chance of getting this all wrapped up before the August recess.'"

In an op-ed for The Hill (7/19) Rep. Buck McKeon, chairman of the House Education and the Workforce Committee, writes, "Workers and retirees who rely on multiemployer pensions are left vulnerable because of funding losses and outdated rules that need significant reform. The conference report we will send President Bush will include significant multiemployer reforms to ensure that the pension promises made to our workers are kept."

In another op-ed for The Hill (7/19) Rep. Major Owens writes, "In the arena of private-sector defined-benefit pension plans, a huge conspiracy has been set in motion with a profitable bailout at the end for corporations. Yet even the luckiest workers will get no more than half of the pension benefits they worked hard to earn. And of course any large-scale eradication of private-sector pension plans will establish the necessary precedents for legislating similar cuts for public-sector employees."

Lobbyists See Pension Bill As Opportunity For Changing Tax Rules. Roll Call (7/19, Ackley) reports, "The long-stalled pension reform measure, now awaiting action in Congress, could turn into a magnet for lobbyists who want to find one last vehicle this year to turn their clients' favored tax credits into reality. 'This seems like the last golden goose of this Congress,' said one lobbyist who is working the bill. Bob Shepler, director of corporate finance and tax at the National Association of Manufacturers, has been monitoring the pension bill for his association. 'I think folks have been going under the assumption that the pension bill would be the engine for a lot of tax work,' he said. … Shepler's group and most American businesses want to see a package of tax-credit extensions added to the pension bill. 'It was assumed that the pension bill was going to be the vehicle for the extenders,' he said. And the business community has been pushing hard for that."

Administration Declines To Offer Free Credit Monitoring To Veterans. Media outlets across the country report that the federal government will no longer offer free credit monitoring to veterans whose information was on a laptop stolen from a VA employee's home in May. Coverage is mostly neutral toward VA. Coverage tends to hit three major points: First, that the White House decided to withdraw the request for funding; second, that the FBI determined "with a high degree of confidence" that no individual attempted to access the data; and third, that VA plans to hire a company to study whether veterans are having problems stemming from the data breach. Additionally, the AP and others note that members of the Veterans of Foreign Wars and the American Legion object to the planned withdrawal of funds.

The Washington Post (7/19, 748K) reports, "The Bush administration has decided not to offer free credit monitoring to 26.5 million veterans and military personnel whose personal information was on computer equipment stolen from the home of a Department of Veterans Affairs analyst in May. Rob Portman, the White House budget director, wrote House Speaker J. Dennis Hastert (R-Ill.) yesterday withdrawing the administration's request for $160.5 million to pay for a year of free credit monitoring and citing the June 28 recovery of the stolen laptop and external hard drive by police." The Post adds, "VA spokesman Matt Burns said yesterday that the department still plans to hire a company to study whether any veterans are having problems with identity theft as a result of the data breach."

On its Web site, the Air Force Times (7/18, Maze) notes, "The proposed contract would try to detect patterns that would indicate any of the lost, but now recovered, data is being misused, Burns said. The VA 'has funds in its budget that can be used for this purpose, and there will be no diminution in the quality of health care and other services provided to veterans as a result of this expenditure.'"

CNN Live Today (7/18, 11:46 a.m.) reports, "White House Budget Director Rob Portman says that he is canceling his request to Congress for $160 million to cover the costs as the FBI determined with a high degree of confidence that the information on the laptop had not been compromised."

CNN Headline News (7/18, 2:19 p.m., 2:49 p.m., 3:49 p.m.) adds, "The 26 million veterans whose personal information was stolen in May will not get free credit monitoring after all. The White House has notified House Speaker Dennis Hastert it is canceling the funding for the program. The Department of Veterans Affairs promised the

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free monitoring after an employee reported a laptop computer containing the data had been taken from his home."

In a news update aired during the O'Reilly Factor, Fox News (7/18, 8:12 p.m.) reports, "Veterans whose personal information was stolen back in May wont' get free credit monitoring."

In a brief article, the New York Times/AP (7/19) reports, "The announcement came a week after the Federal Bureau of Investigation determined with what it said was a 'high degree of confidence' that no one had gained access to the information stored on a Veterans Affairs employee's laptop and external drive." However, Bob Wallace, Veterans of Foreign Wars executive director, said, "We are outraged that the administration would renege on its offer. … There is no 100 percent assurance that the laptop was not compromised."

In a story carried in media outlets across the country, the AP (7/19, Yen) reports, "Veterans groups have said they should still receive the free monitoring following the government's worst information security breach, noting there was no certainty that the information had not been compromised. They also have criticized the VA for the theft, which came after years of warnings by auditors that information security was lax, and say that other breaches are likely to happen. In a blistering report last week, Veterans Affairs Inspector General George Opfer faulted both the VA data analyst and his supervisors for poor judgment and said dramatic reform was needed."

Administration, Congressional Leaders Propose National School Voucher Plan. National news sources all tied coverage of a $100 million proposal to offer scholarships for tutoring or for private school tuition on behalf of students in schools not meeting federal standards for five or six years to a Department of Education report released last Friday that is said to show that private schools do no better than public schools in educating students. The New York Times (7/19, Schemo, 1.21M) reports, "With Education Secretary Margaret Spellings joining them in a show of support, Congressional Republicans proposed Tuesday to spend $100 million on vouchers for low-income students in chronically failing public schools around the country to attend private and religious schools." The plan would offer "tuition and private tutoring for some 28,000 students." But "an Education Department report released Friday…showed that students attending public schools generally did as well as or better than comparable students in private schools." And "opponents of school vouchers seized on those findings." Spellings said the report was "basically inconclusive."

The Washington Post (7/19, Romano, 748K) reports, "The plan was immediately assailed by Democrats, unions and liberal advocacy groups." The Ed. Dept. report "prompted questions from foes of vouchers about why taxpayer money should go toward private schools instead of toward improving public schools." Spellings said that "if schools cannot show progress after six years of required improvements under the federal No Child Left Behind law, then parents must be offered a way out for their children."

USA Today (7/19, Toppo, 2.27M) described the plan as "the latest in a string of voucher proposals from the Bush administration."

The AP (7/19, Feller) reports the proposal is "one in a series of social conservative issues meant to energize the Republican base as midterm elections approach." Yet "Congress likely won't even vote on the legislation this year." Instead, Republicans "plan to try to work their voucher plan into the No Child Left Behind law when it is updated in 2007."

Editorials Call For More Widespread Use Of Effective Practices. The New York Times (7/19, 1.21M) argues in an editorial that the report shows that attention should be focused on "teacher training and high standards" because "public, private, charter and religious schools all suffer from the wide fluctuations in quality and effectiveness" and "American schoolchildren are performing at mediocre levels in reading, math and science -- wherever they attend school."

USA Today (7/19, 2.27M) writes in an editorial that "Schools that outperform their peers" have common "best practices" and that "persuading more schools to adopt proven strategies would make the quality of children's education less dependent on the value of their parents' real estate."

Blackburn Seen As Positioning Self For Leadership Run. The Roll Call (7/19, Pershing) reports when "an International Relations subcommittee held a high-profile hearing in San Diego earlier this month on border security," Rep. Marsha Blackburn "was there on the dais, asking questions and lamenting that 'the American people are frustrated with the issue.' For her trouble, Blackburn got quotes in a handful of print news accounts of the hearing, plus an interview on a Fox News Channel morning show and a brief clip on that evening's 'NBC Nightly News.'" Roll Call adds, "So it goes for Blackburn, who increasingly has been active in the six months since she briefly was a candidate to challenge Republican Conference Chairwoman Deborah Pryce (Ohio) in a race that never actually materialized." Blackburn "temporarily has gone back to her rank-and-file status and says — as is standard practice — that she is not currently thinking about leadership races." But while Blackburn "isn't publicly talking about challenging Pryce for the Conference chairman post again after November's election, the Tennessean's ambitions are an open secret among her colleagues, though leadership aides caution that

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Blackburn needs to be careful not to appear too self-promoting or to be openly campaigning for leadership in a tough election year."

Defense Lobbyists Worry About McCain Chairmanship Of Armed Services Panel. The Hill (7/19, Tiron) reports, "The 2007 defense authorization bill is Sen. John Warner's last as chairman of the Senate Armed Services Committee, and it effectively serves as a drum roll for the panel's next chairman, potentially Sen. John McCain, currently the vice chairman." "Some in the defense industry and lobbying shops" are "on edge" because McCain "is a constant critic of the Pentagon's contracting and procurement tactics as well as of the pork-barrel projects that pepper the annual defense bills." Besides thwarting the Boeing tanker leasing deal two years ago, he "has emerged as a staunch critic of the Air Force's contract for the C-130J and the Army's contract with Boeing for the Future Combat Systems."

Hunter And Skelton Urge Passage Of NDAA. In The Hill (7/19), House Armed Services chair Duncan Hunter (R) and ranking member Ike Skelton (D) urge passage of the National Defense Authorization Act. Hunter says that HR 5122 "provides improved capabilities to counter improvised explosive devices (IEDs) and authorizes an increase of $109.7 million to fund counter-IED measures. The legislation also includes an initiative to take back the roads in Iraq from terrorists and provides the best available IED-jamming devices for vehicle convoys and dismounted soldiers." Skelton observes, "Battle losses and damage, operational requirements, and the harsh environment are wearing out equipment at nine times the peacetime rate. What does all this mean? It means that for 2007, the Army alone will require $17 billion to reset its force. That is an extraordinary figure for a single year. Congress must ensure in this conference and in the years to come that we provide the funds required to reset the force and to restore our military's optimal readiness."

Bill Would Eliminate Obsolete Agencies. The Washington Times (7/19, McCaslin, 88K) reports in its "Inside the Beltway" column that GOP Rep. Kevin Brady "continues to seek co-sponsors — he's got more than 100 already — to his 'Abolishment of Obsolete Agencies' act. … If approved, the act would establish a 12-member bipartisan federal Sunset Commission, which would then set out to identify savings and improve government efficiency by abolishing obsolete federal agencies. Each agency identified as redundant would be given an expiration date and allowed some time to justify its existence. If it fails, it faces reorganization or abolishment."

Report Finds Pay For DHS, Pentagon Execs Lagged Behind Other Agencies. The Washington Post (7/19, D4, Barr, 748K) reports in its "Federal Diary" column, "Pay for federal executives at two key departments -- Defense and Homeland Security -- lagged most other agencies in fiscal 2005, a recently released report shows. While average basic pay for members of the Senior Executive Service was $147,751 at Defense and $149,667 at Homeland Security, across government, SES members received an average of $151,266, according to the report."

WSJournal Criticizes End-Of-Fiscal Year Spending. The Wall Street Journal (7/19, 2.03M) editorializes, "July marks the start of the fourth quarter of Washington's fiscal year, which means the government is about to spend money like there's no tomorrow -- literally. The Government Accountability Office calls this the 'hurry-up spending' season, while federal contractors refer to it as 'Christmas in July.'" The reason "is a spend-it-or-lose-it ethic that pervades government agencies. Washington department heads gain power and prestige by expanding their budget allocations from Congress. But taxpayer dollars left unspent are punished with a shrinking budget from Appropriators the next year." When federal bureaucrats "can't spend the money the pols are giving them, something is rotten on Capitol Hill. Had federal expenditures grown since 2000 merely at the inflation rate, rather than three times that rate, there wouldn't be a budget deficit today. In private industry, competition forces continuous cost cutting. In federal agencies the incentive is to shop until you drop."

OTHER NEWS:

Weak Dollar, Strong Global Demand Boost US Exports. The Wall Street Journal (7/19, A1, Whitehouse, 2.03M) reports in a front page story that as "trade data roll in, an encouraging picture is taking shape for American industry: Helped by a weaker dollar and strong global economic growth, U.S. companies are finding increasingly eager customers abroad." In the first five months of this year, US exports "of goods totaled an inflation-adjusted $376 billion, up 10% from a year earlier. Exports of capital goods, such as heavy construction equipment and machine tools, were up even more sharply -- at 15%. Goods imports, meanwhile, rose 6% to $666 billion, also in inflation-adjusted terms." With the US' "imports continuing to far exceed its exports, the U.S. trade deficit remains stubbornly wide. But economists say the pickup in export growth relatively to imports is important because it could stabilize the gap between what the U.S. buys abroad and what it sells to the rest of the world."

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Wholesale Prices Up More Than Expected. The New York Times (7/19, Peters, 1.21M) reports, "Higher costs of food and energy pushed up wholesale prices in June to an unexpectedly high level, leaving economists to debate whether prices might be rising too quickly." The Labor Department "said yesterday that the Producer Price Index rose 0.5 percent in June, after a 0.2 percent increase in May." Wholesale food prices "increased 1.4 percent in June, propelled by higher costs for chicken, eggs and fruit. The rise in food prices alone added 0.3 point to the overall index for June. Wholesale energy prices climbed 0.7 percent." But excluding 'food and fuel, the monthly price gain was not as strong. The so-called core index, producer prices without those sometimes volatile components, rose 0.2 percent in June, in line with economists' expectations, after a 0.3 percent increase in May." The "upward momentum of prices at the wholesale and retail levels has taken on added significance as investors await the Federal Reserve's next move on interest rates."

The Wall Street Journal (7/19, Gerena-Morales, 2.03M) reports wholesale prices "rose more than expected last month, as the nation's producers passed along higher food and energy bills to their business customers." Economists are "keeping a close eye on inflation, which has been accelerating even as the economy has started to cool. That poses a delicate challenge for the Federal Reserve. Higher interest rates are the central bank's chief weapon against inflation, but if rates rise too high they could choke off economic expansion."

Bloomberg (7/19, Torres) reports Treasury notes "fell as traders increased bets the Fed will push its benchmark rate higher, extending a two-year tightening. Chairman Ben S. Bernanke will present the central bank's semi- annual report to Congress tomorrow, less than two hours after the government releases consumer inflation figures for June."

Investors To Scrutinize Bernanke's Testimony Carefully. The Wall Street Journal (7/19, Lahart, 2.03M) reports the "main event for investors this week is Federal Reserve Chairman Ben Bernanke's semiannual testimony before Congress. What Mr. Bernanke says and how the market reacts will be colored by the other big economic news: The Labor Department's report on consumer prices, due out before the testimony begins." The Consumer Price Index "has shown inflation running faster than economists expected this year." A "high core rate, which would signal inflation further out of the Fed's comfort zone, would make the case for pausing harder to make" at the Fed's next meeting on August 8, but "not impossible."

The Financial Times (7/19, Authers) reports the "economic data from both sides of the Atlantic on Tuesday had an uncomfortable message for the markets: the risk of inflation is real. Much now rests on how strongly Fed chairman Ben Bernanke chooses to send that message himself in Wednesday's testimony to Congress." All of this "is just in time for Mr Bernanke to start his testimony before Congress. Almost the last thing the markets want at this moment is reassurance of the Fed's zeal to stamp out inflation."

The Los Angeles Times (7/19, Havemann, 918K) reports when Federal Reserve Chairman Ben S. Bernanke "testifies about the economy to a Senate committee this morning, all eyes and ears will be on his view of inflation and any hints about whether he will keep raising interest rates to curb it." But some analysts "think the Fed wields less influence over inflation these days, making higher interest rates less effective as a tool to control it. They fear that further hikes could end up slowing the economy and hurting consumers without constraining prices." Today's inflation, "these economists believe, is driven substantially by the value of commodities and basic materials — oil as well as copper, aluminum, steel and others. That commodity inflation, they argue, is the result of forces largely beyond the scope of high U.S. interest rates: volatile politics in the Middle East, for example, and rising demand for materials from the rapidly growing economies of China and India."

Strong Earning Reports Boost Stock Markets. NBC Nightly News (7/18, story 12, 0:10, Williams, 9.87M) reported, "We turn quickly to Wall Street now. Some strong earning reports led to a late rally there. The Dow as a result rose nearly 52 points [to close at 10,799.23]. NASDAQ was up five and a half on the day's trading [to close at 2,043.22]."

The Wall Street Journal (7/19, McKay, 2.03M) reports, "Strong earnings at Coca-Cola and United Technologies, both among the Dow's 30 components, buoyed the average. Investors also placed last-minute bets in anticipation of today's scheduled appearance by Federal Reserve Chairman Ben Bernanke, who will update the Senate banking committee about the nation's economy." The Standard & Poor's 500-stock index "inched up 0.2%, or 2.37 points, to 1236.86, off 0.9% on the year. And the Nasdaq Composite Index rose 0.3%, or 5.50 points, to 2043.22, off 7.4% on the year."

The New York Times (7/19, News, 1.21M) reports a "late rally in stocks ended a four-day losing streak yesterday as oil prices dropped, Coca-Cola's profit surpassed estimates and United Technologies raised its full-year earnings forecast." Investors are "focusing on earnings growth to gauge whether the Federal Reserve's two-year campaign of increased borrowing costs is curtailing corporate profits. They are also awaiting today's consumer price data and Congressional testimony by the Fed chairman, Ben S. Bernanke, to determine the direction of inflation, monetary policy and the rest of the economy."

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The Financial Times (7/19, O'Doherty) reports, "Lower crude prices and greater confidence over the Middle East cheered investors who had previously reacted relatively coolly to some leading earnings reports." The "focus is likely to remain on earnings as more than 100 companies in the S&P 500 report this week."

Dollar Rises Against Euro, Yen. The Wall Street Journal (7/19, Ahmed, 2.03M) reports the dollar "advanced ahead of today's U.S. consumer-inflation data and testimony by the head of the Federal Reserve. Solid U.S. data yesterday helped to push the dollar higher, with the euro falling under $1.25 and the dollar rising to about 117.50 yen during the day. Some analysts attributed part of the move to technical trading, as automatic orders to buy dollars were triggered when the U.S. currency passed key levels."

Inflation Report Leads To Sell Off Of Treasurys. The Wall Street Journal (7/19, Hudson, Derby, 2.03M) reports investors "sold off U.S. Treasurys as higher-than-expected numbers on wholesale inflation fueled worries the Federal Reserve would opt for another interest rate increase next month." Treasury prices "fell as a result. At 4 p.m., the 10-year Treasury note stood at 99 29/32, down 16/32 to yield 5.136%. The price for two-year Treasury securities fell 5/32 to 99 28/32, yielding 5.196%."

Federal Reserve Presidents See Big Salary Increase. The Wall Street Journal (7/19, Ip, 2.03M) reports a "big increase in the salaries of some of the Federal Reserve's longest-serving reserve bank presidents last year has widened the compensation gap with governors of the Federal Reserve Board, a new report says." The average salary "of the 12 bank presidents rose 26% to $312,392 from 2001 to 2005, according to the Financial Markets Center, a Fed watchdog group. That compares with a 22.5% increase for the average full-time employee who isn't a bank officer to $57,533." The reserve banks "are quasi-private institutions and their presidents are paid far more than Fed governors. The lowest-paid president makes more than Fed Chairman Ben Bernanke's $183,500."

Growth Of Income Inequality Examined. In a New York Times op-ed (7/19), Teresa Tritch says, "Income inequality used to be about rich versus poor, but now it's increasingly a matter of the ultra rich and everyone else. The curious effect of the new divide is an economy that appears to be charging ahead, until you realize that the most of the people in it are being left in the dust. President Bush has yet to acknowledge the true state of affairs, though it's at the root of his failure to convince Americans that the good times are rolling."

In a Wall Street Journal op-ed (7/19), Steven Rattner of the Quadrangle Group says after "months without a domestic agenda to capitalize on Bush administration unpopularity, Democrats are moving -- haltingly, disjointedly, belatedly -- toward embracing the mother of all electoral issues: the failure of robust top-line growth in the U.S. economy to filter into the wallets of Americans below the top of the pyramid. It's about time. Income inequality has become the next global warming: an unwelcome development whose once-fuzzy outlines have become more crisp with every piece of new data, even as those who fear the policy consequences of acknowledging these realities throw up barrages of pseudo-statistics and psycho-logic." What Democrats "now need to do is to reconcile an armada of alternatives." But "of course, any sensible Democratic agenda must also include getting a grip on runaway federal spending, budget deficits and unfunded entitlement programs, all of which would be aided by rolling back President Bush's outlandish tax cuts."

Unions Target Foreign-Based Firms With High Overseas Unionization Rates. The Wall Street Journal (7/19, Maher, 2.03M) reports several large US unions "are increasingly targeting subsidiaries of foreign-based companies that have high unionization rates overseas, but they are finding stiff resistance instead of the more-receptive attitude they were hoping for." The targeted multinationals "say they support unions in general, but in some cases say they have problems with tactics employed by some U.S. unions. Many multinational companies also have economic incentives to resist U.S. unions. While health-care benefits are typically subsidized by governments elsewhere, such benefits in the U.S. are partly employer-paid, and unions generally push for even more."

WSJournal Criticizes Trial Lawyers Group For Name Change Plans. The Wall Street Journal (7/19, 2.03M) says in an editorial, "What's in a name? More, it would seem, if the name doesn't contain the words 'trial' or 'lawyer.' At least that's the hope of the Association of Trial Lawyers of America, which today will ask its membership to vote to give that 60-year-old political lobbying institution a brand new moniker. ATLA's board of governors already resoundingly approved a switch, voting 91-5 last month to drop any reference to the lawyerly profession, and instead go with the impressively unspecific and high-minded 'American Association for Justice.'" Driving this "switcheroo is ATLA's concern that more and more Americans are under the impression that trial lawyers are less interested in justice than they are in generating frivolous lawsuits that pad their own bank accounts."

Medical Reviews Under Fire Over Disclosure Lapses. The Wall Street Journal (7/19, Armstrong) reports, "Charles Nemeroff, one of the nation's most prominent psychiatrists, edits the journal Neuropsychopharmacology,

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which this month favorably reviewed a controversial new treatment for depression. … But yesterday, the journal said it plans to publish a correction because it failed to cite the ties of the article's eight academic authors to the company that makes the treatment, including the article's lead author: Dr. Nemeroff." The Journal continues, "The journal's nondisclosure of the financial ties of its own editor as well as those of the other authors highlights the failure of many respected medical journals to identify relationships between academic researchers and medical companies that may benefit from positive research reports. A spate of recent lapses is prompting calls for more journals to ban offending authors from publication. In addition, medical schools are being urged to regulate relationships between their researchers and industry more closely." The Journal adds, "Last week, the Journal of the American Medical Association published a correction indicating that seven authors of a February paper on depression during pregnancy failed to reveal they were paid by the makers of antidepressants. It was the third such incident at JAMA this year."

Brownback Hopes To Emerge As Christian Conservatives' Candidate In 2008. USA Today's Susan Page (7/19), in a front page article titled, "Will Christian Right Embrace — And Support — One Of Its Own? Sen. Brownback is basing presidential bid on stem cell research, other social issues," writes, "Big issues like ending abortion, banning same-sex marriage, battling indecency on TV and refusing to fund embryonic stem cell research fuel" Sen. Sam Brownback's "long-shot hopes for the Republican presidential nomination in 2008. Most Americans have never heard of him, but the conservative Christian leaders who play a critical role in the GOP take him seriously. … Leaders of such groups as the Family Research Council and American Values have agreed to look at the 2008 contenders together in hopes of identifying a consensus choice." The Southern Baptist Convention's Richard Land is quoted as saying, "I love Sam Brownback. … Sam Brownback is a great man, and Sam Brownback is a great senator. … Whether he is a credible presidential candidate is up to Sam to prove."

Kerry May Use Leftover $14 Million From '04 To Mount New Presidential Bid. The Hill (7/19, Bolton) reports that Massachusetts Sen. John Kerry (D) "is willing to use nearly $14 million left over from his 2004 presidential bid to narrow the fundraising lead of his chief rival for the Democratic nomination," New York Sen. Hillary Clinton (D). Kerry "has $8.2 million in his John Kerry for President account and $5.4 million in his Kerry-Edwards 2004 Inc. General Election Legal and Accounting Compliance (GELAC) Fund. … If Kerry were to use that money in the primary, he, Clinton and" Indiana Sen. Evan Bayh (D) "would probably be the best-funded Democratic candidates to enter the race. His 2004 nest egg has given Kerry the luxury of focusing his efforts on raising money for Democratic candidates rather than worrying about money for his own 2008 Senate reelection race or about courting donors for another presidential run. But using 2004 funds in a Democratic primary is certain to spark criticism from Democrats still angry that Kerry didn't spend all of his available resources to defeat Bush."

DLC Leaders Say Democrats Should Follow Bill Clinton's Lead. The Washington Times (7/19, Pfeiffer, 88K) reports, "Democrats should emulate the policies of Bill Clinton and ignore 'the noise' of their liberal base if they want to win national elections, said a leading moderate Democratic group. In advance of their 'national conversation' event scheduled in Denver this weekend, Al From, chief executive officer of the Democratic Leadership Council (DLC), and Bruce Reed, council president, met with reporters yesterday morning in a wide-ranging discussion that included a preview of their plan to help Democrats win control of Congress this year and the White House in 2008." From and Reed "bristled at mention of the so-called 'netroots' base of liberal online activists. 'Narrowing the party will not win elections,' Mr. From said when asked about the left's fiery rhetoric. 'It doesn't matter how much noise there is. … A party's health is directly related to its ideas.'" Though optimistic "about this year's elections, both men stressed the importance for Democrats to focus on ideas with broad, mainstream appeal if they want to win control of Congress and have a viable shot at winning the White House in 2008. 'Even if we win the Congress, we are still going to be the minority party,'" said Reed.

Reynolds Expects About 36 House Races To Be Competitive In '06. The Hill (7/19, Blake) reports, "Beyond President Bush's low approval ratings and the GOP's double-digit deficit in generic polling, National Republican Congressional Committee (NRCC) Chairman Tom Reynolds (N.Y.) estimates there will be about the same number of competitive seats this year as there were in each of the past two elections and that Republicans will retain their majority. … Reynolds does not say the GOP will gain seats in this November, conceding that he will 'have a few sleepless nights,' but he says he expects the party to add to its six consecutive terms in power. 'Will it be pretty? No,' Reynolds said in an interview with The Hill last week. 'Will we finish it up with another record, holding the House when so many said it couldn't be done? I believe so.'" Reynolds "said he expects the number of seats in play in November will be about three dozen." Meanwhile, Democratic Congressional Campaign Committee spokesman Bill Burton "said

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Democrats have the number of competitive House races at 'more than 40.'"

Nethercutt Predicts GOP Will Maintain Majority In The House. In an op-ed for the Wall Street Journal (7/19, 2.03M) former Rep. George Nethercutt writes, "Those who predict a Democratic takeover of the House are wrong -- but maybe by just a couple of years. … The Republicans will hold their majorities, in spite of themselves. But it may prove a hollow victory. The real fulcrum of historic political change will confront them in 2008. And it will emerge from a different political calculation, also based on ideas: 'bankrupt vs. bankrupt = change.' If Republicans can't muster a spirited and substantive agenda of specific ideas to unite this party…they will likely surrender their majorities, and probably the White House, by default."

In Debate Of Maryland Senate Hopefuls, Cardin Attacked Over Iraq War Votes. The Washington Times (7/19, Ward, 88K) reports that Democratic candidates for Maryland's U.S. Senate seat on Tuesday squared off in the first debate of the campaign. MD3 Rep. Ben Cardin (D), viewed by many as the frontrunner in the primary contest, "came under fire from two marginal candidates who likely will not figure prominently in the Sept. 12 primary, but whose criticisms did the dirty work for Mr. Cardin's surging challenger, Kweisi Mfume. … 'In 55 days, you the people of the state get a chance to make a decision, not the good old boys in backrooms who smoke cigars,' Mr. Mfume said. He was referring to his charge that House Minority Whip Steny H. Hoyer and other Democratic leaders have tried to 'coronate' Mr. Cardin." Two other candidates "repeatedly criticized Mr. Cardin. 'Ben Cardin may have voted against the war two years ago but he voted to finance it when [President] Bush asked him for it, and I find that inexcusable and unforgivable,' said A. Robert Kaufman, a socialist renegade." American University history professor Allan Lichtman (D) "chimed in. 'Just last year…he voted against an amendment simply calling on the president to develop a plan to withdraw troops from Iraq,' Mr. Lichtman said." Montgomery County businessman Josh Rales and research physicist Thomas McCaskill also participated in the debate.

Reed Loses GOP Lieutenant Governor Primary In Georgia. The Wall Street Journal (7/19, Cummings, 2.03M) reports, "The Abramoff scandal appeared to claim its first electoral victim with the defeat of former lobbying ally and Christian Coalition director Ralph Reed in Georgia's Republican primary to pick a candidate for lieutenant governor." Reed, "once rising political star and close adviser to White House political director Karl Rove, Tuesday night conceded the election to Georgia State Sen. Casey Cagle." Cagle "won handily in the heavily Republican Atlanta suburbs and appeared to fight Mr. Reed to a draw in much of rural Georgia."

The Washington Post (7/19, A3, Cillizza, 748K) reports Cagle "led by 56 percent to 44 percent. … The defeat represents an astounding fall for Reed, who presided over the Christian Coalition for most of the 1990s and was regarded as one of the Republicans' rising stars."

Bush Places Responsibility For Mideast Violence On Hezbollah, Syria. President Bush reiterated his stance that Hezbollah and its supporters were responsible for the escalating violence in the Middle East. The TV networks and major US newspapers all noted Bush's remarks and with newspapers providing additional analysis suggesting that Bush is delaying action in the Mideast to allow Israel to significantly damage Hezbollah. ABC Nightly News (7/18, lead story, 4:00, Gibson) reported, "There is no end in sight" to the Mideast violence as world leaders "talk about ways the crisis might be resolved. But for now, Israel is very obviously being given time to carry out its campaign to cripple Hezbollah and drive it back from Israel's northern boarder." Meanwhile, "Israel's prime minister has taken aim at Iran, which finances Hezbollah, accusing it of direct involvement in the kidnapping of two Israeli soldiers, while President Bush accuses Syria of trying to get troops back into Lebanon."

The CBS Evening News (7/18, story 3, 1:50, Schieffer, 7.66M) reported Bush is sending Rice to the Middle East "to see what, if anything, she can do to help stop the fighting. But the President made it clear today he sees Syria as a key problem." CBS (Axelrod) added, "President Bush sharpened his position on the Middle East crisis. Hezbollah is to blame, but as its sponsor, Syria needs to be stopped." He "is casting this now not just as a war in the Middle East but as another front in the war on terror and another chance to have democracy gain a foothold.

CNN's The Situation Room (7/18, Blitzer) reported that President Bush is "accusing Syria of 'trying to get back into Lebanon through its support of Hezbollah.' Mr. Bush is also calling on Israel to be mindful of Lebanon's government."

Fox News' Special Report (7/18, Baier) reported, "President Bush said he has suspicions that the recent instability created by Hezbollah will cause some to invite Syria back in to calm things down, in spite of a specific United Nations resolution and US policy on the issue."

The Washington Post (7/19, A10, Wright, Ricks, 748K) reports, "In blunt language, President Bush yesterday endorsed Israel's campaign to cripple or eliminate Hezbollah, charged that Syria is trying to reassert control of Lebanon, and called for the isolation of Iran." The Post says Bush "spoke amid increasing pessimism about the potential for diplomacy to defuse the conflict between Israel and

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Hezbollah in the near future." The Administration "is scrambling to develop a strategy to deal with the crisis. Despite unity at the G-8, U.S. officials said that a lot of ideas have been offered without details or feasibility assessments. … For now, the administration is letting Israel's military strategy to weaken Hezbollah and its Syrian and Iranian backers play out." The Post adds, "Pressed on whether he is trying to buy time for Israel to eliminate Hezbollah, Bush said Israel should be allowed to defend itself. But he also cautioned that Israel should be 'mindful' to allow Lebanon's government to 'succeed and survive' after the conflict." Secretary Rice "indicated yesterday that the situation is not yet ripe for U.S. diplomatic intervention."

Related AP (7/19) reporting says Rice "said Tuesday any cease-fire in Mideast fighting ought to be based on fundamental changes that could lead to a lasting impact. 'We all want a cessation of violence. We all want the protection of civilians. We have to make certain that anything that we do is going to be of lasting value,' Rice said."

The Washington Times (7/19, Kralev, 88K) in an article titled "Elimination Of Hezbollah The Ultimate Goal" reports, "Israel's military operation in Lebanon is designed to cripple Hezbollah by destroying its headquarters, weapons stockpiles and supply network, and eventually eliminating the militant group, Israeli officials and analysts said yesterday." The US "supports that goal, even as it cautions Israel to exercise restraint in carrying it out. 'The root cause of the problem is Hezbollah, and that problem needs to addressed,' President Bush said yesterday." AFP (7/19, Griffith) reports similar details.

The Financial Times (7/19, Dinmore, Turner) reports President Bush "on Tuesday warned Syria to stay out of Lebanon," while the "State Department denied reports [Secretary] Rice had plans to go to Syria. A spokesman said the US had channels of communication through its embassy in Damascus, despite the withdrawal of the US ambassador in February 2005." Bush is quoted saying, "Syria's trying to get back into Lebanon, it looks like to me." The AP (7/19, Riechmann) adds Bush "said Tuesday he suspects Syria is trying to reassert influence in Lebanon more than a year after Damascus ended what had effectively been a long-term military occupation of its smaller, weaker neighbor."

Burns Contends Syria Can Use Its "Direct Influence" To Halt Hezbollah Launches. Undersecretary of State Nicholas Burns, on PBS's Newshour with Jim Lehrer (7/18, Ifill), said, "The Syrian government has been trying to resupply Hezbollah with the Katyusha rockets and Fajr missiles. The Fajr missiles are the longer-range missiles that have been able to hit Haifa and killed nine Israelis there yesterday. … Syria has a responsibility to stop arming Hezbollah, and to use its direct influence, with Sheikh Nasrallah, the head of Hezbollah, to get Hezbollah to stop the fighting and pull back from southern Lebanon so that we can then come in with an effort to provide some stability." Burns added, "until Syria and Iran stop their outright support for Hezbollah, then obviously, this is going to be a crisis that's going to be very difficult to resolve."

Snow Defends Administration Response To Mideast Violence. In an article on the latest development in the Mideast McClatchy Newspapers (7/19, Nissenbaum) notes, "White House officials defended the Bush administration's position on the conflict. White House spokesman Tony Snow said officials had been engaged in efforts to resolve the conflict that were directed at persuading Syria and Iran to bring their influence to bear on Hezbollah." Snow said, "The United States actually has been in the lead of the diplomatic efforts, issuing repeated calls for restraint, but at the same time, putting together an international consensus that -- we've got to remember who is responsible for this: Hezbollah." He "said Bush had spoken with the leaders of Saudi Arabia, Jordan and Egypt and that Rice had spoken 'multiple times' with Israeli Prime Minister Ehud Olmert. He denied that Israel and the United States had cooperated on military aspects of the fighting."

US Said To Seek End To Hezbollah, Not Violence. In an 1,820-word front page analysis piece entitled, "Bush's Risky Mideast Strategy: Seek Change, Not Quick Peace," the Wall Street Journal (7/19, King, Leggett, Solomon, 2.03M) reports the Administration "has a starkly different approach" to that employed by the Clinton Administration. "Emphasizing fundamental change over short-term peace and stability, President Bush and his top diplomat," Secretary Rice, "have no intention of launching a similar round of diplomacy to end the current fighting. Visiting Damascus is out of the question. And a cease-fire isn't their most pressing aim, they say." The Journal says Rice's "mission" during an anticipated visit to the region "will be to build support for the effective crippling of Hezbollah" and to diminish "the influence of Hezbollah's chief sponsors, Syria and Iran." The Administration's "attempts to use the current crisis to force long-lasting change carries high risks," including increasing support for Hezbollah and weakening Lebanese Prime Minister Fouad Siniora's government.

NBC Nightly News (7/18, story 5, 1:20, Gregory, 9.87M) reported the Administration's position "really hasn't changed at all, and that's part of the point -- calls for an end to the violence throughout the world but at the White House tonight, still a hard line, the President today briefing members of Congress on his trip to Russia. He said, the President did, that it's Hezbollah that is still the root cause of all this fighting and today he accused Syria of trying to 'get back into Lebanon through this conflict more than a year after ending its military conflict in the country.'" Rice "said today that she does want a ceasefire, but the Administration only wants one if it can have a long-term prospect of actually holding, through

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Lebanese forces on the border as well as international troops being deployed at some point as well."

In a lengthy front page analysis of US policy, the New York Times (7/19, A1, Cooper, Erlanger, 1.21M) says, "The outlines of an American-Israeli consensus began to emerge on Tuesday in which Israel would continue to bombard Lebanon for about another week to degrade the capabilities of the Hezbollah militia, officials of the two countries said. Then," Secretary Rice "would go to the region and seek to establish a buffer zone in southern Lebanon and perhaps an international force to monitor Lebanon's borders to prevent Hezbollah from obtaining more rockets with which to bombard Israel." US officials said Rice "was waiting at least a few more days before wading into the conflict, in part to give Israel more time to weaken Hezbollah forces." The Times says the plan "carries risk, partly because it remains unclear just how long the rest of the world, particularly America's Arab allies, will continue to stay silent as the toll on Lebanese civilians rises."

The AP (7/19, Gearan) in an article titled "Bush Giving Israel Running Room" adds the Administration "is trying to hold off international pressure for an immediate halt to the Israeli assault in southern Lebanon, apparently to allow Israel a short window to do as much damage as possible to the Hezbollah guerrillas." The AP continues, "Neither Bush nor his spokesmen say that publicly, but their actions speak for themselves. Taking a cue from Israel, the administration is distancing itself from allies' calls for a cease-fire." The Los Angeles Times (7/19, King, 918K) also examines Israel's strategy.

Syrian Foreign Official Denies Allegations Of Support For Hezbollah. The CBS Evening News (7/18, story 4, 2:00, Logan, 7.66M) reported, "With the white House now sharply focused on serious sponsorship of Hezbollah, the Syrian government is feeling the pressure and denying just about everything." CBS (Roth) added, "Syria's vice foreign minister flat out denied that" it was currently supplying Hezbollah with weapons. Fayssal Mekdad: "We have stopped all these kinds of things a long time ago." Asked about charges Syria supports terrorism, Mekdad replied, "Don't accuse Syria of terrorism, don't impose your own views, and don't give us orders." Roth: "Syria says it has influence it could exert on Hezbollah, but it's also telling Washington -- negotiate with us and we'll help you, don't and we won't. The Syrian government's complaint is that Washington's not even willing to listen."

Tehran Using Crisis To Bolster Regional Status. The New York Times (7/19, Sciolino, 1.21M) reports Iran's "support for Hezbollah's actions against Israel seems to have a twofold purpose: to deflect attention from Tehran's impasse with the United States and five other nations over its nuclear program, and to further position itself as a powerful regional player." Tehran's "unconditional defense of the militia has convinced the United States and many European and Arab governments that Iran is fueling the crisis to project power — whether or not Iran directly inspired or approved Hezbollah's actions against Israel in the first place." The Times notes, "Underscoring the heightened sense of Iran as a dangerous regional player, Prime Minister Tony Blair of Britain accused Iran on Tuesday of supporting Hezbollah with weapons" similar to those used in Iraq, and "of supporting Iran 'in many different ways' and both countries of providing financial support." The Times cautions, "Even some of the most seasoned analysts of Iran's backing for Hezbollah are restrained in their conclusions of Iran's role in the recent crisis."

In related reporting focusing on weaponry, the New York Times (7/19, Mazzetti, Shanker, 1.21M) reports, "The power and sophistication of the missile and rocket arsenal that Hezbollah has used in recent days has caught the United States and Israel off guard, and officials in both countries are just now learning the extent to which the militant group has succeeded in getting weapons from Iran and Syria."

Ignatius Criticizes Administration's Handling Of Middle East Crisis. In his column in the Washington Post (7/19, A19, 748K) David Ignatius criticizes President Bush's "slow motion diplomacy" in the Middle East. Ignatius says that "the Bush Administration's passivity is inexplicable. Hezbollah and Israel have been tossing lighted matches back and forth in a region soaked with gasoline, and the world is waiting for robust American diplomacy. Instead we see a tongue-tied superpower, led by a president who grumbles into an open mike in St. Petersburg that Kofi Annan should get on the phone to Syria and make it all go away, or maybe Condoleezza Rice should get on a plane to the Middle East." Ignatius adds that this "ought to be a week when Americans are aggressive, active diplomats, rather than bystanders."

Writer Says Bush Sees Israel As An Ally. Zev Chafets, who is writing a book about Christian evangelicals, American Jews and Israel, writes in the New York Times (7/19, 1.21M) that there is "a certain poetic justice in having President George W. Bush help Israel restore the deterrent power President George H. W. Bush undermined in 1991. Unlike his father, this president doesn't seem to regard Israel as a nuisance. On the contrary, he sees it as a friend and an ally in the fight against Islamic radicalism. An Israeli victory in Lebanon wounds Hezbollah's patrons, Syria and Iran, both of which threaten American troops and aspirations in Iraq."

Ross Says US Should Help Create An "Arab Umbrella" To Bolster Lebanese Government. Former US envoy Dennis Ross writes in USA Today (7/19, 2.27M) that the US should "work with those who could create an 'Arab umbrella' for bolstering the Lebanese government, its prime minister, Fuad Saniora, and Palestinian President Mahmoud Abbas. Such an Arab umbrella could justify, support and assist in deploying the Lebanese army to Israel's border.

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Helping to establish security on the Lebanese-Israeli border and the Israeli-Gaza border in a way that ends rocket fire from areas that Israel has left might not only end the current crisis but also pave the way to a more hopeful future."

Hezbollah Said To Be Seen As An Arm Of Iranian Influence. Michael Rubin, a resident scholar at the American Enterprise Institute, writes in the Wall Street Journal (7/19, 2.03M), "Most Arabs perceive Israel as small. Egypt -- home to one of every three Arabs -- has enjoyed a cold peace with Israel for more than a quarter-century. Gulf states, on the whole, would rather make money than directly fight Israel. While they do not like Israel's existence, Jerusalem presents no threat. Not so Tehran. A giant with 70 million people, Iran is no status quo power. Its ideological commitment to export revolution is real. Across Lebanon and the region, Arab leaders see Hezbollah for what it is: An arm of Iranian influence waging a sectarian battle in the heart of the Middle East."

LAT Suggests Israel Planning Attack On Iran Nuclear Facilities. The Los Angeles Times (7/19, 918K) in an editorial writes that "it becomes more obvious that Israel's military strategy is not merely a rescue operation or a punitive lesson. It is moving toward a more far-reaching exercise in preemption, aimed squarely at Hezbollah and its sponsor, Iran. There is increasing evidence that Israel is also trying to improve its position in the event that it decides — weeks, months or years from now — to try to strike at Iran's nuclear facilities."

State Department Will Not Confirm Rice's Intention To Fly To Mideast Friday. CNN's The Situation Room (7/18, Robertson) reported, "It doesn't look like anything substantial is going to happen on the diplomatic front this week. The United States is not about to ask the Israelis to stop, and Condoleezza Rice has no firm plans yet to travel to the region." CNN added, "In the near term, Rice has limited options. She can't talk to Hezbollah or Syria. Lebanon's government doesn't have the power to make a deal. And she's not about to go to Israel if she can't make an impact. … Rice's task will be to build international pressure for a deal."

Asked on PBS's Newshour with Jim Lehrer (7/18, Ifill) to confirm that Secretary of State Rice will travel to the mideast on Friday, Undersecretary of State Nicholas Burns answered, "I can't confirm those specific plans. … Secretary Rice "is considering when the best time to make that trip would be, as she said today."

The AP (7/19, Riechmann) notes, "Rice's skepticism about trying to work out an immediate, makeshift cease-fire reflects views shared by the Israeli government in seeking fundamental changes to guard against another flare-up. These include ensuring southern Lebanon does not remain a launching pad for attacks on Israel." AFP (7/19) reports similar details.

Potential Impact Of Rice Trip Questioned. At the end of its story on the Administration's response to the Mideast violence the CBS Evening News (7/18, story 3, 1:50, Axelrod, 7.66M) reported, "Secretary of State Rice won't leave for the region until later this week or early next week. The question is, since she won't be meeting with leaders of either Hezbollah or Syria, what will she accomplish that will bring this crisis any closer to an end?"

Kissinger, Brzezinski Analyze Potential Benefit Of Intervention By Rice. Former Secretary of State Henry Kissinger was asked on PBS's Newshour with Jim Lehrer (7/18, Lehrer) if he thinks it is a good idea for Secretary Rice's to travel to the region, Kissinger responded, "I have very great respect for Secretary Rice. If she thinks she can come to some conclusion, and if she can have an impact on the situation, then it will…turn out to be the right thing to do, but what we don't need is a high level visit that leaves the situation unchanged. … I would think that when the Secretary of State visits the region, some significant progress towards a cease-fire ought to result from it." Former National Security Advisor Zbigniew Brzezinski added, "I feel she is right in going, because for her not to go would indicate a degree of U.S. passivity, even disengagement, which I think would be counter-productive. I think it's clear by now that the issue is not one that the parties themselves can resolve, so some international involvement is needed, and above all else, American involvement."

Congress Expresses Bipartisan Support For Bush Response To Mideast Violence. The Washington Post (7/19, A5, Vandehei, 748K) reports, "Democratic and Republican congressional leaders are rushing to offer unalloyed support for Israel's offensive against Hezbollah fighters, reflecting a bipartisan desire to not only defend a key U.S. ally but also solidify long-term backing of Jewish voters and political donors in the United States, according to officials and strategists in both parties." Support for Israel in the fight against Hezbollah is becoming a political campaign issue as wee. For example, RNC Chairman Ken Mehlman "punctuated the day with a speech to Christians United for Israel last night, declaring that 'today, we are all Israelis.'"

Congressional Quarterly (7/19, Monaghan, Ferrechio) reports, "With bipartisan assent, Congress is extending its support to Israel in the Jewish state's battle to crush the Muslim Hezbollah militia. This comes after a partisan rift emerged in the House over the wording of a resolution and how it should allude to civilian casualties that Israeli air attacks have inflicted in Lebanon." Following Tuesday's voice vote in the Senate, "the House is scheduled to vote on a

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resolution (H Res 921) Wednesday that would 'support the president's approach for finding a peaceful resolution' to the escalating Middle East crisis, according to Majority Leader John A. Boehner, R-Ohio." The resolution is expected to "condemn Iran-backed Hezbollah for "engaging in unprovoked and reprehensible armed attacks against Israel on undisputed Israeli territory." The language supports "Israel's right to defend itself, including to conduct operations in Israel and in the territory of nations which pose a threat to it."

Bush Tells Lawmakers G8 Leaders Have Strong Consensus To Confront Root Causes Of Mideast Violence. Congressional Quarterly (7/19, Monaghan, Ferrechio) reports President Bush briefed Congressional leaders about the his efforts to respond to the escalating Mideast violence while at the G8 summit. He told lawmakers "there was 'strong consensus' at the summit that the 'world must confront the root causes of the current instability.' He added that 'to deal with this crisis, the world must deal with Hezbollah, with Syria, and to continue to work to isolate Iran.'" He "also stressed the need to support the new Lebanese government, led by Prime Minister Fouad Siniora. Emerging from the meeting House Armed Services Chairman Duncan Hunter, R-Calif., told reporters, 'We're all interested in Syria not reasserting its dominance in Lebanon.'"

Gingrich Says G8's Advice To Israel Is Wrong. Former House Speaker Newt Gingrich writes in USA Today (7/19, 2.27M) that "the advice of the Group of Eight industrial nations to Israel is wrong. The communiqué says the No. 1 priority is a cease-fire that would effectively leave Hezbollah in possession of all its rockets. We'd never accept such advice for ourselves. The Israelis should not accept it for the same reasons: It would not end the threat." The US "should offer to help strengthen the Lebanese government so that it has the ability to re-establish itself in all of Lebanon and defeat the military wing of Hezbollah. We should encourage the Israelis to work with the Lebanese government to eliminate the thousands of missiles within its borders that threaten Israel. Finally, Iran and Syria must be forced to cease their support of Hezbollah and Hamas by the United States communicating to them such dire consequences that they could not sustain the relationships. And then we should be prepared, if necessary, to impose those consequences."

Mideast Violence Continues. Military strikes between Israel and Lebanon continue to dominate the media. The national TV networks devoted 11 stories totaling over 22 minutes of coverage to the attacks, much of it focused on Hezbollah's rocket attacks in Israel, stressing how the random nature of the attacks was unnerving for Israeli citizens. ABC Nightly News (7/18, story 3, 1:50, Gibson) reported that "there were fewer Hezbollah missiles fired into the country today. But many of those that did come were again aimed at the country's third-largest city of Haifa." ABC (Harris) added, "Hezbollah hit not only Haifa today, but as well as cities and towns across northern Israel. The worst attacks were in the northern city of Nahariya, where missiles punctured homes and slammed into streets."

NBC Nightly News (7/18, story 13, 1:20, Williams, 9.87M) reported on the "randomness of" the rocket attacks on Israel noting that "even in Iraq, where the violence is so perverse, at least you know that roads have a certain hazard to them. Here, anything could happen at any time." NBC (Fletcher) added, "That's right. Here you know nothing. It can happen any time. There's no one to look at. It just falls out of the sky. That's very terrifying indeed."

NBC Nightly News (7/18, story 2, 2:40, Fletcher, 9.87M) reported, "We started out the day in a bomb shelter in Nahariya. I asked the kids, 'Do you know Hezbollah?' 'They want to kill us,' 11-year-old Tal says. His sister, Michal, feels safe here. But as we left, panic. New rocket attacks all around us. 'Katyushas,' she shouts 'Bombs! Where are my children?' she cries. A man points to the smoke and we run there, half a mile, past another bomb shelter, more frightened people pointing the way. When we get there, cars are destroyed, gasoline flowing down the street, burning embers. Live electric cables on the ground, water mains broken -- deadly combinations."

The CBS Evening News (7/18, story 6, 3:20, Logan, 7.66M) reported, "Now, many Israelis spent this summer day far from the sunshine sheltered from the rockets but not from the fear. Sharyn Alfonsi reports tonight from Nahariya which has taken some of the worst punishment from Hezbollah's deadly fire." CBS (Alfonsi) added, "Well, the rockets have forced many Israelis who were fearful into shelters."

NBC Nightly News (7/18, story 8, 2:20, Williams, 9.87M) reported, "This is an unusual site in the city of 500,000 people -- the city of Haifa, a major thoroughfare with no cars. Most of these buildings are empty. But over here is the view the Israelis are most worried about -- down in the port section of the city, the petrochemical plant and the fuel storage tanks. Haifa is a battleground in a random war."

The Washington Post (7/19, A10, Cody, 748K) notes, "Thousands of Lebanese have poured out of the country into Syria, jamming hotels in Damascus, and on to Amman, the Jordanian capital. Hundreds of cars backed up Tuesday at the border crossing. Families packed into cars waited in the heat for clearance from customs and immigration officials. One man drove a sedan with no doors. Another played with his iPod in a shiny, black Audi, keeping the motor running for air conditioning."

The Washington Post (7/19, A10, Finer, 748K) notes, "The Israeli government is funding a broad range of programs for displaced Israelis, and private citizens in safer regions are advertising widely on the radio and Internet, offering shelter for those in need."

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Israeli Military Cites Success In Preventing Missile Attacks. ABC Nightly News (7/18, story 4, 2:45, Gibson) reported, "With rockets that can reach farther into Israel than ever before, Hezbollah has redrawn the map of this conflict. But the front line remains the border between Israel and Lebanon." Gibson noted that Israeli Gen. Shuki Shihruiz "said they've counted 850 rockets fired into Israel so far, all at civilian targets. In the first two days of conflict, there were 300 a day. In recent days, far less. The critical question pending -- can the Israelis achieve their goal of crippling Hezbollah strictly from the air? Or will they need to go in with ground forces?" Shihruiz: "Ground forces are doing whatever it takes. Time will tell. The ground forces are ready. But time will tell."

But the CBS Evening News (7/18, story 5, 2:15, Logan, 7.66M) noted, "After two days of quiet in Nahariya, as people were starting to venture back on to the streets, the town was hit hard by a volley of Hezbollah rockets." It "came just hours after Israel's army said the number of rocket attacks have been falling casting doubt on the army's claim that their campaigns seemed to be working.

New Hezbollah Missile Capabilities Pose Challenge For Israel. The Washington Post (7/19, A1, Wilson, 748K) in a front page story reports, "Israel dominated air power in earlier years but now faces a fresh challenge from the crude rockets that Hezbollah and Hamas are using to strike Israeli cities. The war of the missiles could also render less relevant the large-scale ground operations that the Israeli military relied on in the past." Israeli Brig. Gen. Ido Nehushtan "acknowledged that Israel faces many difficulties, including how to track primitive rockets, the high cost of using precision bombs against Hezbollah missiles that sometimes cost only hundreds of dollars, and limiting civilian casualties in a war being fought in residential neighborhoods. 'This is asymmetric war in its purest form. And the outcome of the conflict will project a lot about terror activity not only throughout the Middle East but the rest of the world.'"

US Seen As Caught Off Guard By Hezbollah Missile Capability. The New York Times (7/19, Mazzetti, Shanker, 1.21M) reports, "While the Bush administration has stated that cracking down on weapons proliferation is one of its top priorities, the arming of Hezbollah shows the blind spots of American and other Western intelligence services in assessing the threat, officials from across those governments said." US and Israeli officials "said the successful attack last Friday on an Israeli naval vessel was the strongest evidence to date of direct support by Iran to Hezbollah" but neither the US or Israel "had any idea that Hezbollah had such a missile in its arsenal, the officials said, adding that the Israeli ship had not even activated its missile defense system because intelligence assessments had not identified a threat from such a radar-guided cruise missile."

Israel Seen As Losing Battle Of Images. The CBS Evening News (7/18, story 5, 2:15, Logan, 7.66M) reported, "One of Israel's top defense analysts, Alon Ben David, told CBS news that one area where Israel was clearly losing, was in the war of images." Alon Ben David: "And right now the image of Hezbollah is the bold one, a daring one and quite a professional one that can stand up and fight to the might of the Israeli army while the Israeli image is of military striking a lot of civilian infrastructure but still being caught unprepared when a small guerrilla organization is hitting it."

The New York Times (7/19, Erlanger, 1.21M) reports, "The asymmetry in the reported death tolls is marked and growing: some 230 Lebanese dead, most of them civilians, to 25 Israeli dead, 13 of them civilians. In Gaza, one Israel soldier has died from his own army's fire, and 103 Palestinians have been killed, 70 percent of them militants." The Times notes, "The cold figures, combined with Israeli air attacks on civilian infrastructure like power plants, electricity transformers, airports, bridges, highways and government buildings, have led to accusations by France and the European Union, echoed by some nongovernmental organizations, that Israel is guilty of 'disproportionate use of force' in the Gaza Strip and Lebanon and of 'collective punishment' of the civilian populations."

Concerns Raised Violence Will Escalate After Evacuation Complete. The CBS Evening News (7/18, story 2, 2:00, Palmer, 7.66M) reported that "The American ambassador, there to see them off, offered only faint diplomatic hope that the bombing would stop any time soon." Jeffrey Feltman, US Ambassador to Lebanon: "There's a lot of contact back and forth between the government of Lebanon and other parties, Washington, here -- I saw the prime minister today -- to create the conditions for a sustainable cease-fire." Palmer: "So far, Israel's air strikes have focused on a Hezbollah neighborhood less than a mile square. But the fear is that with foreign citizens safely out of the way, the target area will expand. If so, a flood of frightened people will want to follow those few who left today."

Commander Says Israeli Forces Are "In It For The Long Haul." CNN's The Situation Room (7/18, Amanpour) reported, "There are conflicting reports from the IDF, the Israeli army…as to how much of the Hezbollah military capability has been neutralized. We talked to the commander of all the northern forces who said they're here and in it for the long haul, that it's all about never again allowing Hezbollah retain this military capability so close to the Israeli border."

Small Israeli Force Enters Lebanon. The AP (7/19, Nessman) reports Israel "declared Tuesday it was ready to fight Hezbollah guerrillas for several more weeks, raising doubts about international efforts to broker an immediate cease-fire… The military said early Wednesday it sent some troops into southern Lebanon searching for tunnels and

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weapons. … At daybreak Wednesday, a small number of Israeli troops were operating just across the border inside southern Lebanon." The New York Times (7/19, Mouawad, Erlanger, 1.21M)'s 1,709-word piece on the military conflict is entitled, "Israeli Planes Batter Lebanon Again, Killing 30 People." Israeli forces "continued to batter targets in Lebanon today, killing 30 people, including 11 members of the Lebanese Army when bombs hit their barracks east of Beirut. Four of the dead were officers, and 30 more soldiers were wounded."

Civilians Face Brunt Of War's Costs. The Christian Science Monitor (7/19, Blanford, 58K) reports, "According to eyewitness accounts from survivors interviewed by the Monitor, Israel is striking homes, schools, town centers, using bombs that obliterate entire buildings. Israel is targeting the region because it is a Hizbullah stronghold and the base for rocket attacks on northern Israel." The Christian Science Monitor (7/19, Mitnick, 58K) and the Financial Times (7/19, Khalaf, Biedermann) also report on the impact of the violence on Lebanese civilians.

Mobile Bank Provides Service For Dislocated Israelis. ABC Nightly News (7/18, story 10, 1:20, Gibson) reported, "There is this problem up north in Israel. Shops, stores, even banks are closed down with all those missile alerts. So, how to get money? Well, when the going gets tough, Bank Hapoalim gets going. They've put a full-service bank on wheels."

Friedman Says Nasrallah Has Set Back The Arab Democracy Movement. Thomas Friedman writes in the New York Times (7/19, 1.21M) that Hezbollah leader Hassan Nasrallah "has set back the whole fledgling Arab democracy movement. … What both Hamas and Nasrallah have done — by dragging their nations into unnecessary wars with Israel — is to prove that Islamists will not be made more accountable by political power. Just the opposite; not only will they not fix the potholes, they will start wars, whenever they choose, that will lead to even bigger potholes."

Dershowitz Says Hezbollah Wants To Maximize Civilian Casualties. Harvard law school professor Alan Dershowitz writes in the Wall Street Journal (7/19, 2.03M), "The big question raised by Israel's military actions in Lebanon is what is 'reasonable.' The answer, according to the laws of war, is that it is reasonable to attack military targets, so long as every effort is made to reduce civilian casualties. … This is all well and good for democratic nations that deliberately locate their military bases away from civilian population centers." Hezbollah and Hamas "deliberately operate military wings out of densely populated areas." Hezbollah and Hamas "want to maximize civilian casualties on both sides." Dershowitz adds, "Israel must be allowed to finish the fight that Hamas and Hezbollah started, even if that means civilian casualties in Gaza and Lebanon."

Krauthammer Says Only Israel Can Restore Lebanese Sovereignty In The South. Charles Krauthammer writes in the Washington Post (7/19, A19, 748K) that the current crisis in the Middle East "represents a rare, perhaps irreproducible, opportunity." Hezbollah "makes a fatal mistake. It crosses the U.N.-delineated international frontier to attack Israel, kill soldiers and take hostages. This aggression is so naked that even Russia joins in the Group of Eight summit communique blaming Hezbollah for the violence and calling for the restoration of Lebanese sovereignty in the south. But only one country has the capacity to do the job. That is Israel, now recognized by the world as forced into this fight by Hezbollah's aggression. The road to a solution is therefore clear: Israel liberates south Lebanon and gives it back to the Lebanese."

Writer Says Hezbollah Did Not Anticipate Arab Reaction. Youssef Ibrahim, a freelance writer and political-risk consultant based in the United Arab Emirates and New York, writes in USA Today (7/19, 2.27M), "The attempt by Hezbollah and Hamas to drag the whole Arab world into their war with Israel in the past two weeks has drawn flak in the form of Arab public opinion that neither militant jihadist organizations anticipated. … Ironically, Hamas and Hezbollah's provocation of Israel, coupled with the Jewish state's retaliation, might have opened a new chapter in the greater Middle East discourse — but not the one these groups anticipated. Perhaps the time has come in which war for war's sake might not just bring condemnation from the world at large, but from the Arab world as well."

Israel Considers International Diplomatic Options. The Washington Times/AP (7/19, Ghattas) reports, "Diplomatic efforts are coalescing around a plan to expand the U.N. Interim Force in Lebanon, which was created in 1978 to boost the Beirut government's authority there but has proved to be powerless." UN General Secretary Kofi Annan "said a new U.N. force would have 'different capabilities,' suggesting a more powerful military presence." Meanwhile, "Israeli Foreign Minister Tzipi Livni said Israel temporarily could help the Lebanese army enforce a cease-fire, but she stressed Israel would continue military operations until its goals were achieved." He "also indicated that Israel could agree to put off the disarmament of Hezbollah, provided Lebanon immediately deployed its troops along the border to prevent rocket attacks."

The Washington Post (7/19, A1, Shadid, 748K) in a front page story on the evacuation of Lebanon notes, "Even the most optimistic Lebanese officials have acknowledged that diplomacy to end the conflict remains at its initial stages." While "some European countries have expressed support, both the United States and Israel have responded coolly, and Israeli officials, after meeting U.N. negotiators Tuesday, said that the campaign will not let up before the soldiers are

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released and Hezbollah withdraws from the Israeli border. For their part, Hezbollah officials seem to have become convinced that the stakes of the war have become much higher: a U.S.-backed Israeli plan to strategically realign the region. To a striking degree, both the Israeli public and Hezbollah's supporters seem prepared for a longer struggle."

McClatchy Newspapers (7/19, Nissenbaum) reports, "Diplomats warned Tuesday that it could take weeks to bring an end to the fighting between Israel and Hezbollah militants." UN officials "met with Israeli officials, but there was no sign of a quick agreement. Israeli Foreign Minister Tzipi Livni called the talks a 'long-range' solution that would in no way curtail Israel's ongoing military campaign to rout Hezbollah in Lebanon." Livni "also said that Israel's military campaign will not end until Hezbollah rocket attacks stop, the group frees the two Israeli soldiers, and the Lebanese government steps in to disarm all militant groups as called for by U.N. resolutions. Hezbollah leaders have rejected those demands."

Bolton Warns Against Precipitous Deployment Of UN Forces. The AP (7/19, Wielaard) notes, "John Bolton, the U.S. ambassador to the U.N., said that the Security Council shouldn't start talking about sending such a force until it knows how the conflict is going to be resolved." Bolton said, "I think it's the cart before the horse to talk about applying force before we know what the overall military or political resolution is like to be."

UN Forces Currently In Lebanon Ineffective. The New York Times (7/19, Fattah, Hoge, 1.21M) reports, "Buried in the rubble of one of the homes demolished in Israel's relentless bombardment of southern Lebanon was a stark illustration of why the United Nations' peacekeeping efforts have been seen as ineffective." Their example "offers a sobering reminder of the grueling realities of peacekeeping to politicians hoping that a new United Nations contingent might be the solution in Lebanon. And, peacekeeping experts say, it offers lessons on how to shape a more effective force."

Meyerson Says International Force Is Needed To Restore Peace. In his column in the Washington Post (7/19, A19, 748K), Harold Meyerson writes that the US "has been super-absent from any role in mediating and mitigating the Israeli-Palestinian conflict -- partly because until recently the president didn't believe in diplomacy, partly because he believed that the key to regional stability was deposing Saddam Hussein." Meyerson adds, "With the Lebanese army no match for Hezbollah, a genuine international army such as that proposed by Kofi Annan and Tony Blair (and bigger and more assertive than the Boy Scout troops that the United Nations periodically deploys) is needed to restore the peace."

Israeli Tanks Enter Central Gaza Refugee Camp. The New York Times (7/19, Smith, 1.21M) reports, "Just hours after withdrawing from the northern Gaza Strip, Israeli tanks moved into central Gaza early Wednesday, encountering fierce fighting that wounded at least three Israeli soldiers." Noting that violence in Gaza has been "largely overlooked" because of the Lebanon crisis, the Times says, "On Tuesday, as Israel withdrew from the north, there were hopeful signs of normalcy," including the opening of a border crossing. "But by midnight the boom of artillery fire once again echoed across northern Gaza, and by early Wednesday the Israeli Army was moving back into the middle of the territory. The target this time was the Maghazi refugee camp, north of Khan Yunis and not far from where Israel had earlier cut Gaza in two." The AP (7/19, Barzak) adds, "Israeli tanks moved into the Mughazi refugee camp in central Gaza early Wednesday under cover of machine gun fire from troops, the latest incursion in its three-week military push in the seaside territory."

Pace Of US Evacuation Efforts Criticized. The evacuation of US citizens from Lebanon continued to receive considerable attention in the US media, with at least four stories totaling almost 10 minutes on the national TV news and numerous articles in the major US newspapers. TV coverage stressed criticism of the pace of the US evacuation effort. In its lead story ABC Nightly News (7/18, lead story, 4:00, Gibson) noted, "And at after what must have seemed after an interminable wait, Americans are beginning, now, to get out of Lebanon. … Other nations have been much more prompt in getting their citizens out of harm's way. But now, better late than never, Americans began leaving in large numbers." ABC (Wright) added, "Many Americans here feel shocked. Today, hundreds clogged the embassy gates, clamoring to leave. Most will have to wait. There's a perception that this is taking too long. Jeffrey Feltman, US Ambassador to Lebanon: "Our mission is safe travel. And that takes a little bit of time."

And in its second story ABC Nightly News (7/18, story 2, 2:10, Sciutto) noted, "The first ship carrying large numbers of American citizens will not arrive until tomorrow, and for many, that delay has added days of fear and frustration" NBC Nightly News (7/18, lead story, 4:05, Engel, 9.87M) reported, "The evacuation of Americans from here in Lebanon began in earnest today, by air and sea. US officials say they have coordinated with the governments here in the region to make sure that it happens safely."

In a recap of the evacuation effort NBC Nightly News (7/18, story 3, 1:20, Fratangelo, 9.87M) reported that the successful evacuations of other foreign citizens "is frustrating for the Americans still in Lebanon who are questioning the slow pace of their evacuation. That operation is expected to begin in earnest tomorrow and include the use of a cruise ship that can carry 750 passengers at a time. Now the US

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Embassy in Beirut is saying that by the end of this week, it hopes to be ferrying out 1,000 Americans a day."

CNN's The Situation Room (7/18, Blitzer) reported, "Efforts to evacuate US citizens from Lebanon are stepping up and about to go into full-scale mode, with the US military clearly leading the way." CNN (McIntyre) added that "in addition to chartered cruise ships and ferries, the US has now ordered a fleet of nine Navy ships, including the helicopter carrier USS Iwo Jima, to Lebanon. And not just as backup, but as primary transportation to kick the evacuation effort into high gear."

The New York Times (7/19, 1.21M) reports, "A five-ship United States naval group and a British flotilla steamed toward Lebanon today to help in a large and hastily organized evacuation — and perhaps to send an implicit message — as thousands of foreign nationals continued to flee the violence by helicopter, passenger ships and chartered ferries, or by bus or car to Syria." Yet "American, British and German officials faced fierce complaints that they have moved too slowly to help their nationals leave after Israeli missiles and bombs crippled airports, seaports and roads in retaliation for attacks by Hezbollah militants."

The AP (7/19, Jelinek) reports, "Nearly a week into the violence, the evacuation has been criticized as slow and chaotic. Vice Adm. Patrick M. Walsh, the top U.S. Naval officer in the Mideast, said nine Navy ships were en route to the area and officials had arranged for a second commercial ship to dock in Beirut." The AP (7/19, Hendawi, Karam), the Financial Times (7/19, Reporters) and McClatchy Newspapers (7/19, Raad, Brown) report similar details.

USA Today (7/19, Nichols, Kiely, 2.27M) reports, "To get on the ships, Americans were being asked to pledge to reimburse the U.S. government. The potential charge: The price of a commercial flight from Beirut to Cyprus — about $150-$200." In the face of congressional complaints, "State Department spokesman Sean McCormack said late Tuesday that Secretary of State Condoleezza Rice had decided to waive it." USA Today notes, "Senate Minority Leader Harry Reid had urged the law to be waived, and he criticized the speed of the evacuation. 'People are being stranded,' Reid said."

State's Burns Defends Pace Of Effort To Evacuate US Citizens. On PBS's Newshour with Jim Lehrer (7/18, Ifill) Undersecretary of State Nicholas Burns said, "We have got well more than 25,000 American citizens in Lebanon. Perhaps 5,000 to 6,000 of them wish to leave and feel insecure and so what we're doing is registering all of them with our embassy, 356 came out today, several more hundred have come out in previous days because we established an air bridge through the U.S. military from Cyprus into Beirut." Asked if US citizens are right to complain the US has been slower that other nations in evacuating its citizens, Burns replied, "I don't think so. I'm sorry that that perception is out there, because I can tell you, we are working 24/7 on this. … A lot of European countries have citizens in Lebanon who were there frankly as tourists, or short-term visitors. The great majority of Americans who live in Lebanon are dual citizens." Burns also defended the US policy of asking evacuees to pay for their own transport, saying, "American government practice over the last several decades has been that if there's an evacuation such as this…people commit to pay the commercial rate at some later date, not at the time. … Believe me, we're not going to be asking American citizens to pay before they leave, if people don't have the money, that's fine."

Lebanese-Americans Voice Concerns Over Pace Of Evacuation. In a story focused on the reaction of Lebanese-Americans to the Mideast violence NBC Nightly News (7/18, story 4, 1:50, Williams, 9.87M) reported that in Dearborn, Michigan, "a demonstration today, many critical of the speed of US efforts to remove Americans from harm's way. A feeling echoed in the Abbas kitchen." Hussein Abbas, son: "Actually, it kind of worries me that it's taking so long for them to evacuate." Tibbles: "Then, the phone finally rings. Good news. Mom and Dad paid a driver $500 dollars to take them to Syria -- a journey filled with peril."

Bush Faces Backlash From Conservatives Over Foreign Policy. The Washington Post (7/19, A1, Abramowitz, 748K) in a front page story reports, "At a moment when his conservative coalition is already under strain over domestic policy, President Bush is facing a new and swiftly building backlash on the right over his handling of foreign affairs." Leading conservatives "who once lauded Bush for what they saw as a willingness to aggressively confront threats and advance U.S. interests said in interviews that they perceive timidity and confusion about long-standing problems including Iran and North Korea, as well as urgent new ones such as the latest crisis between Israel and Hezbollah." The Post notes, "White House counselor Dan Bartlett said the president listens to all these criticisms but believes that aggressive diplomacy is paying off by bringing other countries into his effort to isolate North Korea and Iran. 'Some people are impatient with the pace of diplomacy,' he said. 'But the president believes it is important to have an all-out effort to solve these problems in a peaceful way.'" In contrast to conservative activists Republican lawmakers "appear to be lining up closely with the president on foreign policy. It has not helped the neoconservative case, perhaps, that the occupation of Iraq has not gone as smoothly as some had predicted."

"Competitive Friction" Between US, Russia Said To Be High. The New York Times (7/19, Rutenberg, 1.21M) reports, "United States and Russian

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officials say that despite some appearances, President Bush and President Vladimir V. Putin got along famously at the Group of 8 summit meeting this week, and that their relationship is at one of its highest points in its five-year history. Still, though the officials said there were great areas of agreement, they did not work quite as hard to deny analyses that competitive friction between the nations was as high as it had been in years." The Times adds, "American officials are always wary of being spied on when they come to Russia. But on this visit, officials said they had very little doubt that their suspicions were correct: the attic and basement of Mr. Bush's 'cottage' were sealed off from him and his security detail."

NYT Pans G8 Summit. The New York Times (7/19, 1.21M) editorializes, "It was awkward for Western and Japanese leaders to pretend that their host, President Vladimir Putin, was committed to making Russia a full-fledged democracy. But it might have been worth the embarrassment if the assembled leaders had actually come up with some serious joint initiatives for addressing the problems that beset their countries and the world. Maybe next year."

Yanukovich Set To Become Ukraine's Prime Minister. The New York Times (7/19, Dempsey, 1.21M) reports, "Viktor F. Yanukovich, the Russia-backed Ukrainian politician vanquished by the Orange Revolution of 2004, was poised Tuesday to make a spectacular comeback as prime minister after the pro-West president, Viktor A. Yushchenko, said his party would not join a broad governing coalition. With Mr. Yushchenko saying he would take his Our Ukraine party into the parliamentary opposition, Ukraine appeared on course to be led by Mr. Yanukovich." Yanukovich "had the strong support of President Vladimir V. Putin of Russia during the first round of presidential elections in November 2004."

US Sanctions Iranian Companies. The US yesterday imposed sanctions on two Iranian companies suspected of aiding Iran's nuclear program. The AP (7/19, Gordon) reports, "The action by the Treasury Department's Office of Foreign Assets Control targets Sanam Industrial Group and Ya Mahdi Industries Group, which are said to be owned, controlled by or agents of the Aerospace Industries Organization of Iran, a subsidiary of the Iranian Ministry of Defense and Armed Forces Logistics. … The Treasury Department ordered U.S. banks to freeze any bank accounts or other financial assets found in the United States that belong to Sanam and Ya Mahdi. The U.S. government also is prohibiting Americans from doing business with them."

Schwab Says G8's Resolve Will Be Tested In New Talks. The Financial Times (7/19, Williams) reports, "World leaders' resolve at the Group of Eight summit in St Petersburg to unblock the troubled Doha round of trade talks will be tested when trade ministers meet in Geneva on Sunday," US Trade Representative Susan Schwab said Tuesday. "We should see the impact of the G8 leaders' commitment by this weekend," she said in Geneva, before flying back to Washington for meetings with key Congressional leaders to discuss the US negotiating position. Meanwhile, the Times notes that legislators and the US farm lobby have warned Schwab that they will reject a "Doha lite" deal that "does not give their farmers significant new access to export markets." They said yesterday they "had not been consulted" before President Bush "signaled willingness to compromise at the G8." The AP (7/19, Cage) also reports on Schwab's comments.

Selection Of Annan's Successor Accelerates. The Financial Times (7/19, Turner, Johnson) reports, "The search for a new UN secretary-general shifts into a higher gear during the last 10 days of this month, as the Security Council prepares to cast a first informal straw poll on the person to replace Kofi Annan when he steps down at the end of the year." The Times adds, "Asia's claim appeared to be increasingly firm after" President Bush "last Tuesday appeared to concede the principle of regional rotation. 'We're really looking in the Far East right now to be the secretary-general,' he said." The Times says Bush's "statement would appear to rule out any of the eastern European candidates, while events in East Timor have put Jose Ramos-Horta out of the race. Kemal Dervis, the architect of Turkish economic reforms and UN development programme head, and Prince Zeid of Jordan are still thought to be in the picture."

Chinese Give Rumsfeld Info On Shootdown Of Friend. The AP (7/18, Burns) reports, "China's most senior military officer gave Defense Secretary Donald H. Rumsfeld new documentation Tuesday on the 1956 Chinese shootdown of a Navy pilot who was a friend of Rumsfeld's." The AP discusses the crash that killed "Navy Lt. j.g. James B. Deane Jr. of Grand Rapids, Mich.," who trained with Rumsfeld in the 1950s, and notes that Rumsfeld has "stayed in touch" with Deane's widow ever since. Deane's "remains were never recovered," causing Rumsfeld to press for more information during his China visit in October. The secretary and Gen. Guo Boxiong "agreed in principle to continue expanding military-to-military contacts. They also agreed to continue planning a search-and-rescue exercise for later this year." About 28 sites carried this story.

China's Economy Surged In Second Quarter. The Wall Street Journal (7/19, Browne, 2.03M) reports that China's economy surged in the second quarter, underscoring "the mounting danger of runaway growth fueled by huge trade surpluses, and it creates a number of thorny policy dilemmas for China's leaders. The National Bureau of

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Statistics said yesterday that the economy expanded at an annual rate of 11.3% in the second quarter compared with the same period last year -- a full percentage point faster than in the first quarter." The danger "is that excessive investment will spawn overcapacity, leading to falling profits and bankruptcies. That, in turn, could devastate Chinese banks and cause the economy to stall -- a jolt that would be widely felt."

The New York Times (7/19, Barboza, 1.21M) reports that China's economy "is growing almost as fast as it did in its peak years of growth, in the early 1990's, when the economy was much smaller. And that is worrying government bureaucrats, economists and analysts who see inherent risks of inflation and overheating when an economy blows off this much steam."

China Sends Mixed Signals On Water Pollution Problem. The Wall Street Journal (7/19, Oster, Fong, 2.03M) reports on Doctor Zhang Changjian, who has rallied farmers in China "against a chemical factory dumping pollutants into a river. This spring, they won a rare victory. A court found the pollution exceeded acceptable levels and ordered the Rongping Joint Chemical Plant to pay damages of about $85,000. But the farmers have yet to see any of the settlement. Mr. Zhang has been the target of police harassment, and the county government has closed down his clinic." The Journal notes, "Water pollution is among the most worrisome byproducts of China's rapid economic growth. … The government has sent mixed signals about how it intends to tackle the problem."

India Bomb Investigators Examine Link Between Muslim Groups. The Christian Science Monitor (7/19, Chopra, 58K) reports that Indian authorities investigating last week's bombings "are probing a link between Pakistan-based Lashkar-i Tayyaba (LeT), the main suspect, and a banned Islamic organization in India called the Students Islamic Movement of India (SIMI). Tests confirmed Monday that the bombers used the powerful military explosive RDX, a weapon used before by the LeT. Indian investigators say they suspect that LeT provided the bombs, the funding, the target, and the know-how to SIMI, which in turn provided the people on the ground." The Monitor notes, "This thread of the investigation has Indians facing the uncomfortable possibility that international jihad may have found a receptive ear within pockets of a huge religious minority."

India Blocks Access To Some Web Sites. The Wall Street Journal (7/19, Bellman, Wonacott, 2.03M) reports, "India's Internet regulators have started blocking several Web sites in a move that borrows a page from China, where government censors heavily restrict the flow of online information. … Several telecom operators confirmed there were more than 15 sites they were directed to block."

Four Nations Encounter Resistance In Bids To Join NATO. The New York Times (7/19, Wood, 1.21M) reports that Croatia, Macedonia, Albania and Georgia are "encountering resistance" in their efforts to gain membership in NATO. The US "wants NATO to grow. But Daniel Fried, the assistant secretary of state for European and Eurasian affairs…noted a lack of enthusiasm among European members." The Times adds, "American backing for Ukraine and Georgia has concerned some European countries and Canada. They worry about the alliance's capacity to absorb states in the Balkans, let alone those so far away. Russia also strongly opposes membership for the two former Soviet states."

Brothers' Leadership As Consolidating Poland's Shift To Right. The New York Times (7/19, Smith, 1.21M) reports that many Poles see the leadership of President Lech Kaczynski and his twin brother, Prime Minister Jaroslaw Kaczynski "as consolidating a shift toward right-wing, nationalist politics that has polarized the country between older, less educated rural voters who elected Mr. Kaczynski and the younger, educated urban voters who largely oppose him." The Times adds, "Many people see the appointment of President Kaczynski's brother as prime minister as a step toward the so-called Fourth Republic that the twin brothers have said they want to build. The Fourth Republic would purge former Communists from the corridors of power and concentrate power in the hands of the president. They lack the two-thirds parliamentary majority required for the constitutional changes that would make that dream a reality, but securing the presidency and the prime minister's job comes close to the same thing."

Bolivian, Columbian Leaders Seek Meeting With Bush. The Miami Herald (7/19, 310K) reports top Bolivian and Colombian government officials will "make overtures this week in Washington seeking a three-way meeting to bring together President Bush, Bolivia's Evo Morales and Colombia's Alvaro Uribe," officials say. Bolivian Planning and Development Minister Carlos Villegas "said such a meeting had been in the works for months and would revolve around Bolivian concerns about the recent US-Colombian free trade agreement."

Kosovo Tensions Said To Be Near Boiling Point. The Christian Science Monitor (7/19, Kampschror, 58K) reports that tensions in Kosovo "are threatening to reach a boiling point as UN-appointed envoy Martti Ahtisaari hosts a seventh round of negotiations in Vienna this week, aimed at

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settling the province's final status: Albanian Kosovars favor independence, while Serbia is pushing for the province to remain under its control."

Sudan Urged To Accept UN Peacekeeping Force. The AP (7/19, Ames) reports that the Sudanese government is under pressure from world powers to accept a UN peacekeeping force in Darfur. According to the AP, "Delegates from more than 70 nations at a conference on Sudan were united in calling for the UN force, which the Sudanese government is refusing to allow in to replace AU peacekeepers, and a halt to violence in the vast western region."

The New York Times (7/19, Polgreen, 1.21M) reports, "The United States and the European Union pledged nearly $150 million at a conference in Brussels to shore up the overmatched and nearly broke African Union force in the Darfur region of Sudan. The money is a short-term fix intended to allow the 7,000-member African force to keep operating until the end of the year."

Reports Vary On Death Toll From Indonesian Tsunami. There are conflicting reports this morning about the death toll from Monday's tsunami in Indonesia. The AP (7/19, Firdaus) and NBC Nightly News (7/18, story 7, , Williams, 9.87M) report that the death toll hit 341, with nearly 230 people missing. The CBS Evening News (7/18, story 8, 0:20, Schieffer, 7.66M) also reported that the death toll reached 341, but said "200 are still missing." The Washington Post (7/19, A12, Sipress, 748K) reports that the tsunami killed "at least 463 people." Meanwhile, the Christian Science Monitor (7/19, McCawley, Coren, 58K) reports, "Officials said 306 people were killed with another 160 or more missing." ABC Nightly News (7/18, story 6, 0:15, Gibson) reported that "340 were killed. And another 230 are missing."

Tsunami Revives Debate About Early Warning System. The Monitor also reports that the latest tsunami "has revived debate about how best to implement an early warning system to notify coastal residents of oncoming killer waves. And disaster relief officials here, confronted by the rapid succession of the 2004 tsunami, several major earthquakes, and a threatening volcano, are hoping that Monday's one-two punch of temblor and tsunami will prod the government to pass a stalled natural-disaster bill."

Indonesians Flee To Higher Ground Fearing Another Tsunami. The New York Times (7/19, Gelling, 1.21M) reports, "Thousands of residents of this coastal community huddled together in makeshift camps on the crest of nearby hills on Tuesday night, fearing a repeat of Monday's tsunami, which killed more than 300 people and injured hundreds more. … About 40,000 people have abandoned their homes for higher ground, according to Indonesia's disaster coordination unit, making it hard to tally the numbers of dead, injured and missing."

WPost Says US Has Betrayed Egypt's Democrats. The Washington Post (7/19, A18, 748K) editorializes, "With the tacit consent of the Bush administration, authoritarian Egyptian President Hosni Mubarak is continuing his campaign against the democratic movement that sprouted in his country last year. His latest target is the fledgling independent press, which in recent months has dared to publish stories about rampant official corruption, criticize Mr. Mubarak's promotion of his son's political career and promote the liberal democratic reforms that President Bush once advocated for Egypt." The Post notes, "High-level Egyptian-U.S. contacts have been stepped up and the administration has strongly urged Congress not to subtract a single dollar from Egypt's $2 billion in annual aid. Egypt's democrats feel betrayed by the United States -- and rightly so."

Lopez Says He Is A Fiscally Conservative Alternative To Chavez In Venezuela. The Los Angeles Times (7/19, Kraul, 918K) reports on Venezuelan politician Leopoldo Lopez, the Mayor of Chacao." Lopez "was a driving force in the post-coup general strike that almost brought the Venezuelan economy to a halt. But Lopez figures his real offense is that he poses an electoral threat as a fiscally conservative alternative to the socialist, anti-American 'Bolivarian Revolution' espoused by [President Hugo] Chavez." The Times adds, "Although Chavez opponents say all dissidents are being targeted, Lopez seems to be the object of a full-out campaign. The government has filed 26 criminal charges against him going back to 1998, with counts including illegal campaign financing and violation of building codes. Conviction on any one of them could result in a jail term. Lopez denies the charges."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Israel's Attack Is 3-Pronged."
"On The Border, In A Fix."
"Dazed Refugees Flood Beirut."
"3 Arrested In Katrina Hospital Deaths."
"In Iraq, Civil War All But Declared."
"DVD Deal Lets Films Go From Web To TV."
"Flag Battle Not So Proudly Hailed."

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USA Today:
"U.S. Steps Up Evacuation Of Americans In Lebanon."
"Senate Defies Veto Threat, Sends Stem Cell Bill To Bush."
"Will Christian Right Embrace — And Support — One Of Its Own?"
"Katrina Killings Charged."

New York Times:
"US Seen Waiting To Act On Israeli Strikes In Lebanon."
"Iraqi Death Toll Rises Above 100 Per Day, U.N. Says."
"Patient Deaths In New Orleans Bring Arrests."
"Officials Expect Visit By Rice, But Not Yet."
"Senate Approves A Stem Cell Bill; Veto Is Expected."
"Lieberman Rival Hopes To Find Support In Issues Beyond Iraq."

Washington Post:
"Heat, Humidity And Foul Air Smother Area."
"Evacuations Underway In Beirut.'
"Senate Passes Stem Cell Bill; Bush Vows Veto."
"Missile War Is a New Challenge To Israel's Long Rule Of The Sky."
"Aid To Ranchers Was Diverted For Big Profits."
"Conservative Anger Grows Over Bush's Foreign Policy."

Washington Times:
"Senate OKs Stem-Cell Bill."
"Israel Hits Lebanese Army Base."
"3 Face Charges In Mercy Killings."
"DC Officials Earn In City, Live In 'Burbs."
"For Hill Teams, It's A Whole New Ballgame."
"Senate Immigration Bill 'Far Worse' Than In '86."

Atlanta Journal-Constitution:
"Taylor Over Cox, Reed Loses GOP Race."
"Stem Cell Bill OK Sets Up Bush Veto."
"MegaFest's Message Of Deliverance From Devil, Debt Draws Big Crowd."

Houston Chronicle:
"3 Caretakers Accused Of Administering Fatal Doses."
"Will It Worsen Or Fade Away?"
"Metro Hopes Rail Options Get Richmond Route Foes Onboard."
"Texas Division's 2nd Tour Deadlier."

Story Lineup From Last Night's Network News:
ABC: Mideast Violence; Lebanon-American Evacuation; Mideast Violence-Israel; Israeli/ Lebanese Border; Iraq Violence; Indonesia-Tsunami; US Heat Wave; Katrina-Medical Personnel, Murder Charges; Senate-Stem Cell Research; Mobile Israeli Bank.
CBS: Mideast Violence; Lebanon-American Evacuation; Mideast Violence-Bush; Mideast Violence-Syria; Mideast Violence-Israel; Mideast Violence-Nahariya; Iraq Violence; Indonesia-Tsunami; US Heat Wave; Senate-Stem Cell Research; Katrina-Medical Personnel, Murder Charges; Katrina-Fraud; Mideast Recap.
NBC: Lebanon-American Evacuation; Mideast Violence-Israel; Lebanon Evacuees-Cyprus; Mideast Violence-Lebanese-Americans; Mideast Violence-Bush; Iraq Violence; Indonesia-Tsunami; Mideast Violence-Haifa; US Heat Wave; Senate-Stem Cell Research; Katrina-Medical Personnel, Murder Charges; Stock Markets; Mideast Recap.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Lebanon-American Evacuation; Israel-Lebanon Attacks; Israel-Gaza Incursion; Senate-Stem Cell Research; Cruise Ship-Steering Problem.
CBS: Lebanon-American Evacuation; Israel-Lebanon Attacks; Philadelphia-Heavy Winds; Providence-Dock Fire; CA-Airport Radar Outage; Cruise Ship-Steering Problem; Wall Street.
NPR: Israel-Lebanon Attacks; Bush-Syria; Indonesia-Tsunami; Senate-Stem Cell Research; Foreign Stock Markets; Providence-Dock Fire; CA-Wildfires; GA-Reed Concedes.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9 a.m. ENVIORNMENT AND PUBLIC WORKS _ Full Committee. Hearing on the science and risk assessment behind the EPA's revisions to the particulate matter air quality standards. George Gray, EPA; John Stephenson, GAO; Roger McClellan, adviser, Toxicology and Human Health Risk Analysis; George Thurston, New York University Medical School; Annie Smith, CRA International; Daniel Greenbaum, Health Effects Institute. Location: Room 628, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on the semiannual report of the Federal Reserve Board. Chairman Ben Bernanke. Location: Room 106, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Markup of pending nominations and legislation. Location: Room 253, Russell.

10 a.m. ENERGY AND NATURAL RESOURCES _ Public Lands and Forests Subcommittee. Hearing to provide oversight on the implementation of public law 108-148, The Healthy Forests Restoration Act. Deputy Assistant Interior Secretary Nina Rose Hatfield; Deputy Agriculture Undersecretary David Tenny; BLM Director Kathleen Clarke; Forest Service Chief Dale Bosworth; Rick Delaco, Village of Ruidoso, Ruidoso, N.M.; Union County, Ore. Commissioner Colleen Macleod; Matthew Koehler, WildWest Institute,

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Missoula, Mont.; Jay Jensen, Western Forestry Leadership Coalition, Lakewood, Colo. Location: Room 366, Dirksen.

10 a.m. FINANCE _ Full Committee. Meeting to discuss the intnernational trade agenda. USTR Susan Schwab. Closed meeting. Location: Room 215, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on DHS purchase cards. Gregory Kutz, GAO; DHS CFO David Norquist. Location: Room 342, Dirksen.

10:30 a.m. HEALTH, EDUCATION, LABOR AND EDUCATION _ Full Committee. Markup of pending legislation. Location: Room 430, Dirksen.

11 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Subcommittee on Technology, Innovation, and Competitiveness. Hearing on high performance computing. Simon Szykman, National Coordination Office for Networking and Information Technology Research and Development; Irving Wladasky-Berger, IBM; Christopher Jehn, Cray Inc.; Jack Waters, Level 3 Communications; Joseph Lombardo, University of Nebada, Las Vegas; Michael Garrett, Boeing CStanley Burt, Advanced Biomedical Computing Center. Location: Room 253, Russell.

2 p.m. JUDICIARY _ Full Committee. Hearing on pending nominations. Location: Room 226, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on the U.S.-UK extradition treaty. Location: Room 419, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on pending matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (3 bills): 1) H.R. 5683 - To preserve the Mt. Soledad Veterans Memorial in San Diego, California, by providing for the immediate acquisition of the memorial by the United States; 2) H.Con.Res. 448 - Commending the National Aeronautics and Space Administration on the completion of the Space Shuttle's second Return-to-Flight mission; 3) H.Res. __ - A resolution expressing support for the security of the State of Israel. H.R. 2389 - Pledge Protection Act of 2005.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on credit card interchange rates. Bill Douglas, Douglas Distributing, Sherman, Texas; Kathy Miller, The Elmore Store, Elmore, Vt.; Joshua R. Floum, Visa USA; Joshua L. Peirez, MasterCard Worldwide; Timothy J. Muris, former chairman, FTC; W. Stephen Cannon, president and managing partner, Constantine Cannon. Location: Room 226, Dirksen.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on climate change assessments. Edward J. Wegman, George Mason University; Gerald R. North, Texas A&M University; Thomas R. Karl, Director, National Climatic Data Center; Thomas J. Crowley, Duke University; Hans von Storch, Director, Institute for Coastal Research, GKSS-Research Centre Geesthacht GmbH, Geesthacht, Germany; Stephen McIntyre, Toronto. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee. Markup of pending legislation. Location: Room 2128, Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on pending legislation.

10 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 2141, Rayburn.

10 a.m. RESOURCES _ Full Committee. Markup of pending legislation. Location: Room 1324, Longworth.

10 a.m. SELECT INTELLIGENCE _ Full Committee. Hearing on different perspectives on the Foreign Intelligence Surveillance Act. American Bar Association President Michael Greco; James Dempsey, Center for Democracy and Technology; Richard Posner, University of Chicago Law School; Kim Tiapale, Center for Advanced Studies in Science and Technology Policy. Location: Room 2212, Rayburn.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Full Committee. Hearing on guest worker programs and their impact on the American workforce and immigration policy. Location: Room 2175, Rayburn.

10:30 a.m. WAYS AND MEANS _ Full committee. Hearing to review the outcomes of the 1996 welfare reform law.Former House Speaker Newt Gingrich; former HHS Secretary Tommy Thompson; Ronald Haskins, Brookings Institution; Roy Riley, Conference of Bishops for the Evangelical Lutheran Church of America; June O'Neill, Baruch College, New York; Sharon Parrott, Center on Budget and Policy Priorities; Robert Rector, Heritage Foundation. Location: Room 1100, Longworth.

11 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Full Committee. Markup of pending legislation. Location: Room 2167, Rayburn.

1 p.m. VETERANS AFFAIRS _ Disability Assistance and Memorial Affairs Subcommittee. Hearing on the role of national, state and county veterans' service officers in claims development. Location: Room 334, Cannon.

2 p.m. ENERGY AND COMMERCE _ Energy and Air Quality Subcommittee. Hearing on the revised schedule for the Yucca Mountain nuclear waste repository. Ward Sproat, director of the Office of Civilian Radioactive Waste Management. Location: Room 2322, Rayburn.

2 p.m. FINANCIAL SERVICES _ Domestic and International Monetary Policy, Trade and Technology Subcommittee. Hearing on coin and currency issues. Larry Felix, Director, Bureau of Engraving and Printing; Louise Roseman, Federal Reserve System; David A. Lebryk, Acting Director, U.S. Mint; Douglas S. Johnson, U.S. Secret Service; Brent D. Glass, Smithsonian Institution; Q. David Bowers,

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American Numismatic Rarities, LLC; Christopher Cipoletti, American Numismatic Association; Beth Deisher, Editor, Coin World; Fred Weinberg, Industry Council for Tangible Assets. Location: Room 2128, Rayburn.

2 p.m. GOVERNMENT REFORM _ Criminal Justice, Drug Policy and Human Resources Subcommittee. Hearing on expanding fences at the borders. Location: Room 2154, Rayburn.

2 p.m. SCIENCE AND HOUSE ADMINISTRATION _ Full Committees. Joint hearing on voting machines. Election Assistance Commission member Donetta Davidson; William Jeffrey, NIST; Mary Kiffmeyer, Minnesota Secretary of State; Linda Lamone, Maryland Board of Elections; John Groh, Information Technology Association of America; David Wagner, University of California at Berkeley. Location: Room 2318, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways, Transit and Pipelines Subcommittee. Oversight hearing on the Federal Transit Administration's safety oversight program. Susan Schruth, FTA; Kate Siggerud, GAO; William Millar, President, American Public Transportation Association; Richard Clarke, California PUC; Duana Love, Regional Transportation Authority (Chicago); Robert Kraus, Missouri DOT; Robert Sedlock, New Jersey DOT. Location: Room 2167, Rayburn.

3 p.m. RULES _ Full Committee. Meeting on rules for floor debate. Location: Room H-313, Capitol.

Other: NAACP CONVENTION _ NAACP holds 97th annual convention. This year's theme: ``Voting Our Values: Valuing Our Votes." Highlights: 9:30 a.m. Plenary session on youth activism. Presentation of NAACP Awards. 9:30 a.m. - 12 p.m. Legislative advocacy day event. With Rep. Mel Watt; Sen. Ted Kennedy; Sen. Hillary Clinton; Sen. Sam Brownback; and others. 1 p.m. Youth leadership luncheon. Remarks by Rep. Jesse Jackson, Jr.; and others. Grand Hyatt, Independence Ballroom. 1 p.m. - 2:30 p.m. Labor luncheon. Remarks by Julain Bond, Chairman, NNACP Board; Bruce Gordon, President, NAACP; Judge Greg Mathis; and others. Convention Center ballroom. 7 p.m. - 11 p.m. Youth Freedom Fund Awards dinner. With Rep. Barbara Lee; and others. Convention Center ballroom. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va., Washington Convention Center, Mt. Vernon Square.

ENERGY SECURITY _ 8:30 a.m. - 8 p.m. The 2020 Vision Education Fund, others, hold a day-long summit on energy security. Highlights: 9:15 a.m. Sen. Joseph Biden. 11:15 a.m. Sen. Sam Brownback. 12 p.m. Luncheon speaker - Assistant Energy Secretary Andrw Karsner. 1 p.m. Panel discussion on ``Promising Solutions to Oil Dependence." Location: National Press Club.

ISRAEL-CHRISTIANS _ 9:30 a.m. Christians United for Israel organization holds a news conference to urge congressional support for Israel. Location: Room S-207, Capitol.

GOP-VALUES _ 10 a.m. House GOP leadership holds a media availability to discuss values and families at a stakeout following the regular weekly House GOP Conference's closed meeting. Location: Room HC-6, Capitol.

NATIONAL SECURITY _ 10 a.m. House Democratic leadership holds news conference on national security after the closed House Democratic Caucus meeting. Location: Outside Cannon Caucus Room.

OIL SUPPLIES _ 10 a.m. The American Petroleum Institute holds a news conference to discuss mid-2006 statistical review. Location: API, 12th floor, 1220 L St. NW.

BROWNBACK-NORTH KOREA _ 10:30 a.m. Sen. Sam Brownback holds a news conference to introduce the first North Koreans admitted into the U.S. as refugees since the end of the Korean War. Location: Room 138, Dirksen.

US-RUSSIAN RELATIONS _ 10:30 a.m. The Heritage Foundation sponsors a discussion, ``After the G-8: The Future Orbit of U.S.-Russian Relations." Speakers include: David J. Kramer, Deputy Assistant Secretary of State for European and Eurasian Affairs, State Department; Andrew Kuchins, Senior Associate and Director, Russian and Eurasian Program, Carnegie Endowment for International Peace; Angela Stent, professor and director, Center for Eurasian, Russian and East European Studies, Georgetown University, and former National Intelligence Officer, Russia and Eurasia; and Ariel Cohen, senior research fellow, Russian and Eurasian Affairs and International Energy Security, The Heritage Foundation. Location: Heritage Foundation's Lehrman Auditorium, 214 Massachusetts Ave. NE.

ALLEN _ 11:30 a.m. Coast Guard Commandant Adm. Thad Allen speaks at the 34th annual National Naval Officers Association Conference. Location: Marine Corps Base, Quantico.

ISRAEL RALLY _ 12 p.m. The Jewish Federation of Greater Washington holds a ``Solidarity with Israel Rally." Location: Freedom Plaza.

MEXICAN ELECTIONS _ 12 p.m. The Institute for Policy Studies hosts a panel, ``Mexican Elections: Another Florida?" Participants are Jonathan Fox , University of California, Santa Cruz; Manuel Perez Rocha, Mexican Action Network on Free Trade; and John Cavanagh, director, Institute for Policy Studies. Location: Suite 600, Institute for Policy Studies, Conference Room, 1112 16th St. NW.

US-CHINA ECONOMICS _ 12 p.m. The Cato Institute hosts a policy forum on U.S.-China trade, exchange rates and the U.S. economy. Topics to include tariffs, trade and minufacturing, whether the yuan is undervalued, and U.S. economic policy. With Nicholas Lardy, Institute for

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International Economics; Frank Vargo, National Association of Manufactureres; and Daniel Griswold, Cato Institute. Location: 1000 Massachusetts Ave. NW.

HISPANICS POLL _ 12 p.m. - 2 p.m. The NDN Political Fund holds an open-press luncheon briefing to unveil the findings of a new national poll of Hispanic citizens, and will announce the next stage of its national media campaign. Presenters include Joe Garcia, HSC Director, Marcela Berland of the research firm Latin Insights, Jimmy Learned of the media firm Elevacisn, Maria Cardona, HSC board member, and Simon Rosenberg. Location: Phoenix Park Hotel, 520 North Capitol St. NW.

AIRLINES-PENSIONS _ 12:30 p.m. Sens. Johnny Isakson, R-Ga., and Norm Coleman, R-Minn., hold a press conference with Delta Air Lines CEO Gerald Grinstein and Northwest Airlines President and CEO Douglas Steenland to urge timely passage of pension reform legislation, including Senate-approved airline funding provisions. Location: Room 428A, Russell Senate Office Building.

BOEHNER _ 12:30 p.m. House Majority Leader Rep. John Boehner speaks to the Heritage Foundation on ``A Majority Agenda That Matters: Why Strength and Prosperity Triumph Over Hesitation and Big Government." Location: Allison Auditorium, 214 Massachusetts Ave. NE.

POLLUTION RULES _ 1 p.m. Clean Air Watch holds a briefing with speakers from the American Thoracic Society, Johns Hopkins University, American Lung Association, others, to discuss the upcoming EPA rules for particulate emissions. Location: National Press Club.

TELEPHONE SERVICE _ 1:30 p.m. The Seniors Coalition holds a telephone briefing to release a study showing government waste in the Universal Service Fund federal phone subsidy program. Contacts: Ailis Aaron, 703-276-3265. Notes: Callin number: 800-860-2442; ask for the ``USF taxpayer rip-off" event.

DEMOCRATS-COLLEGE _ 2 p.m. The Democratic Governors Association holds a news conference to announce a plan to increase college enrollments and improve graduation rates, with Gov. Tom Vilsack and Sens. Tom Carper and Hillary Clinton. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

PELOSI-VA _ 2 p.m. House Democratic Leader Nancy Pelosi speaks at a ceremony honoring the 75th anniversary of the Department of Veterans Affairs. Location: Capitol Rotunda.

BLACK CAUCUS-RICE _ 5 p.m. Members of the Congressional Black Caucus meet with Secretary of State Condoleezza Rice to discuss issues relevant to African Americans and people of color worldwide. Location: West Center Steps Hallway in the U.S. Capitol basement.

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Engel, Steve

From: Engel, Steve
Sent: Wednesday, July 19, 2006 11:10 AM
To: Gorsuch, Neil M
Subject: Read: Hamdan Legislation

Bucholtz, Jeffrey (CIV)

From: Bucholtz, Jeffrey (CIV)
Sent: Wednesday, July 19, 2006 12:57 PM
To: Gorsuch, Neil M
Subject: Read: Hamdan Legislation

Nichols, Carl (CIV)

From: Nichols, Carl (CIV)
Sent: Wednesday, July 19, 2006 12:58 PM
To: Gorsuch, Neil M
Subject: Read: Hamdan Legislation

Bradbury, Steve

From: Bradbury, Steve
Sent: Wednesday, July 19, 2006 1:01 PM
To: Gorsuch, Neil M
Subject: Read: Hamdan Legislation

Bradbury, Steve

From: Bradbury, Steve
Sent: Wednesday, July 19, 2006 1:01 PM
To: Gorsuch, Neil M
Subject: Read: Hamdan Legislation

Engel, Steve

From: Engel, Steve
Sent: Wednesday, July 19, 2006 1:04 PM
To: Gorsuch, Neil M
Subject: Read: Hamdan Legislation

Katsas, Gregory (CIV)

From: Katsas, Gregory (CIV)
Sent: Wednesday, July 19, 2006 1:12 PM
To: Gorsuch, Neil M
Subject: Read: Hamdan Legislation

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, July 20, 2006 7:59 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, July 20, 2006
Attachments:	agnb060720.pdf; agnb060720.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JULY 20, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

US Agencies Continue To Expand TIA Data Mining Programs 3
Administration Shifts To Supporting Only Minor Changes To Tribunals....4
CIA Report Says Detainees Followed Al-Qaeda Prison Manual 5
Georgia Men Indicted On Additional Terrorism Charges....5
UK Arrests Terror Suspect Indicted In US....5
Former Miami Suspects' Associates Provided FBI With Key Information....6
Defense Lawyers Seek New Judge For Hamas Funding Trial Hearing....6

Homeland Response:

In Buffalo, Mueller Urges Vigilance Against Homegrown Terrorists....6
Fake Passports, Bomb Scare Prompt Diversion Of US-Canada Flight 7
Second ELF Suspect Pleads Guilty To California Eco-Terror Plot 7
TSA Expands Career Opportunities For Airport Screeners....8

War News:

GOP Congressmen Shifting From Upbeat Iraq Appraisals....8
Iraqi Government Calls For Halt To Violence 8
Violence Rises In Spite Of Growing Iraqi Security Forces....9
Violence Surges In Kirkuk....9
Iraq Accuses Iranian Opposition Group Of Domestic Meddling 9
Maliki Denounces Israeli Aggression Against Lebanon....10
Oil For Food Conviction Said To Be Warning About Back Channels....10
Turkey Says Iraq Expedition Plans Moving Forward....10
Coalition Troops Recapture Afghan Towns Seized By Taliban 10
Discussion Of War's Merits Ahead Of Time Suggested To Prevent Disunity In The Future....11
Rule Changes Sought To Encourage Guard And Reserve Recruitment, Retention 11

Corporate Scandals:

SEC Wins Asset Freeze In Petco Insider Trading Probe....11
Rambus, Juniper Networks To Restate Earnings After Options Review....11
AOL To Pay Former Executives' Legal Fees....12
Accounting Rule Makers Move To Update Lease-Accounting Regulations....12

Criminal Law:

Federal Judge Allows Jefferson Probe To Proceed....13
Former Harris Adviser To Talk To DOJ....13
House Government Reform Committee Seeks Abramoff-White House Contacts....14
Judge Delays Sentencing Of Tennessee Waltz Bag Man 14
Utah Man Convicted Of Perjury In Disappearance Of Teen ..14
British Online Gambling Executives At Risk Of Extradition To US....14
Alabama Woman Surrenders To Face Katrina Fraud Charges....15
Former Tennessee Banker Indicted For Fraud....15
Texas Executes Man For 1996 Murder....15
Former Illinois Bank Employee Pleads Guilty To Embezzlement....16
Former Wisconsin Bank Executives Charged With Loan Fraud....16
Indiana Couple Indicted On Investment Fraud Charges....16
South Carolina Hospital To Pay $3.75 Million Medicare Fraud Settlement....16

Former Texas Police Officer Gets 10 Years In Prison For Child Porn Possession 16
Lawmakers Reach Agreement On Sex Crimes Legislation ... 16
Plame Leak Investigations Called "A Huge, Dangerous Waste Of Time." 17

Civil Law:

Republicans Seeking To Challenge Clinton Report Debt In Latest Campaign Filings 17

Civil Rights:

Report Finds Chicago Police Abused Criminal Suspects 17
Study Finds California Hate Crimes At 10-Year Low 18
House Approves Bill Shielding Pledge From Court Changes 18
Judge Rules Missouri Must Allow Inmates To Have Abortions 18
Bush Urged To Renew Voting Rights Act At NAACP Conference 19
Lawmakers Warned Of Potential Voting Security Problems ... 19

Antitrust:

Microsoft Announces "Guiding Principles" Aimed At Easing Antitrust Woes 19
Discussion Of Potential GM Alliance Spurs Unease In Michigan 20
Poker Players Sue Over Use Of Likeness, Names 21
Mittal Claims Its Bid For Arcelor Is A Success 21

Environment:

DOE's Yucca Mountain Boss Doubts Senate's Radioactive Waste Storage Plan 21
Report Faults Former Interior Official For Shooting Buffalo ... 22
Grassley, Baucus Reject Further Farm Subsidy Cuts 22
Improperly Installed Seals Blamed For Sago Mine Deaths 22
Heat Wave, Drought Hit US Farmers Hard 22

FBI/DEA/ATF/USMS:

San Francisco Grand Jury Said To Be Investigating Coach Who Prompted BALCO Case 23
Former Head Of Meth Ring Is Sentenced In Alabama 23
Arizona Man Accused Of Supplying Tons Of Marijuana To Tennessee Businessman 23
Authorities Say Hollywood Film Company Was Front For International Drug-Smuggling Operation 23
Dallas Police Seize $13 Million Worth Of Cocaine, Four Arrested 24
Authorities Target New York Drug Network, More Than 70 Arrested 24
In California, Marshals Arrest East Palo Alto "Top Ten" Fugitive 24
FBI Investigating Possible Link Between Ohio Mosque Threat, Earlier Bombing 24
Six Charged With Arson In Philadelphia Fire 24

Immigration:

Battle For Control Of Congress Complicates Efforts To Find Compromise On Immigration 25
Authorities Comb Arizona Desert For Abandoned Immigrants 25
Minuteman Leaders Question Whereabouts Of Donations 26

Tax:

Judge Delays KPMG Tax Shelter Trial By Four Months 26

Congress-Administration:

In First Exercise Of Veto Power, Bush Rejects Stem Cell Research Funding Bill 27
Sensenbrenner Seeks Probe, Possible Impeachment Of California Judge 28
Bush Has Spoken Little Of Poverty Since Katrina Crisis Passed 29
Portman Aims To Improve Communication With Congress, Reduce Supplemental Spending 29
Lewis Saw Large Profit From Investment In Friend's Bank 29
Senators Propose Web Site Listing All Federal Spending 30
Negotiators Reach Agreement On Pension System Overhaul Legislation 30
Senate Passes Bill To Stop Abusive Financial Practices Towards Service Members 31
NYTimes Decries Boehner's Wooing Of Special-Interest Groups 31

Other News:

Fed Chairman Says Inflation Moderating 31
Stock Markets Up Sharply 32
Oil Closes Below $73 Per Barrel 33
Maryland Law Forcing Wal-Mart To Pay For Employees' Health Benefits Struck Down 34
Clinics Will Teach Law Students The Art Of Supreme Court Advocacy 34
If Running For Reelection In '06, Thune Says He Would Distance Himself From Bush 35
Donor List Provides Evidence Of Lieberman's Bipartisan Appeal 35
DeWine Orders Image Changed In Ad Attacking Democratic Opponent 36

DOJ_NMG_0041956

Maryland Senate Hopefuls Woo Voters At Annual Crab And Clam Bake 36
Some Say Reed's Defeat Could Be First Of Several Tied To Corruption Issue 36
DeLay Allies Say Effort To Keep His Name On Ballot Could Backfire On Democrats 37
Democratic-Allied Groups Targeting House Republican Candidates 37
Rothenberg Says It's Too Soon To Predict Huge Democratic House Gains 37
Conservative Bloggers Host Roundtable Meetings With Top Republicans 37
Gates Awards $287 Million To AIDS Researchers 38
Bush Administration Reportedly Reassessing Mideast Response 38
Israel's Capability To Defeat Hezbollah Questioned 41
Impact Of Mideast Violence On Civilians Highlighted 42
Israel Continues Military Actions In Gaza 42
US Makes Progress In Evacuation From Lebanon 43
FBI Increases Monitoring Of Hezbollah Members In US 44
Voinovich Backs Bolton For Reappointment 45
Hill Says North Korea May Not Want Deal On Its Nuclear Program 45
Moscow Eases UNSC Pressure On Tehran 45
Rice Said To Eye ASEAN And ARF Attendance 46
Case Shows China's Effort To Punish Activists 46
India To Build Crude Oil Storage Facility 46
US Cites Saudi Progress At Implementing Reforms 47
Swiss Authorities Uncover Radical Muslims' Terrorism Plots 47
Oman Trade Deal Faces Opposition In Senate 47
House Panel To Offer Recommendations On Peru Trade Pact 47
US Opposition To Venezuela's Security Council Bid Has Unintended Consequences 47
Islamic Militia On The Verge Of Overrunning UN-Backed Government In Somalia 47
Death Toll In Indonesia From Monday's Tsunami Grows 48
Several Second-Term Asian Leaders Battle Attempts To Oust Them 48
Japan Said To Have Emerged From Five Years Of Deflation 48

The Big Picture:
Headlines From Today's Front Pages 48

Washington's Schedule:
Today's Events In Washington 49

TERRORISM NEWS:

US Agencies Continue To Expand TIA Data Mining Programs. USA Today (7/20, 5A, Kelley, 2.27M) reports, "U.S. intelligence agencies have invested millions of dollars since 9/11 on computer programs that search through financial, communications, travel and other personal records of people in the USA and around the world for connections to terrorism, according to public records and security experts. … At least five of the data-mining programs were developed under a Pentagon program, called Total Information Awareness (TIA), that Congress disbanded nearly three years ago because of concerns that it threatened personal privacy, according to government records and participants in the projects. President Bush and administration officials say the searches for terrorists' trails follow the law and don't invade Americans' privacy." USA notes, "Supporters including Robert Popp, a former TIA official, say the continuation of some of TIA's programs is legal under the exceptions approved by Congress," but Electronic Privacy Information Center executive director Marc Rotenberg "says the continuation heightens concerns about oversight." In a companion table, USA Today (7/20, 5A, 2.27M) briefly describes "eight projects started under the controversial Total Information Awareness program continued after Congress disbanded the program in 2003."

Legal Experts Clash Over NSA Surveillance Program At House Hearing. The New York Times (7/20, Shane, 1.21M) reports, "Legal experts squared off before Congress on Wednesday about the National Security Agency's domestic surveillance program." Judge Richard A. Posner "told the House Intelligence Committee that the requirement for court warrants under the Foreign Intelligence Surveillance Act was 'obsolete,'" but American Bar Association president Michael S. Greco "sharply disagreed, saying the FISA statute and its requirements for warrants remained a crucial protection for civil liberties." The Times notes that the "hearing was the latest sign that Congress was reasserting its role in overseeing sensitive counterterrorist

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surveillance programs, despite President Bush's argument that he has the inherent constitutional authority to order eavesdropping without court approval," and "Committee Democrats took note of Attorney General Alberto R. Gonzales's revelation on Tuesday that the president personally blocked an internal Justice Department investigation of the lawyers who approved the eavesdropping program."

NYTimes Denounces Gonzales "Tap-Dancing" On Surveillance Program. The New York Times (7/20, 1.21M) in an editorial titled "Tap-Dancing as Fast as He Can" writes, "This is how President Bush keeps his promise to deal with Congress in good faith on issues of national security and the balance of powers: He sends the attorney general to the Senate Judiciary Committee to stonewall, obfuscate and spin fairy tales. Testifying on Tuesday after months of refusing to show up, Alberto Gonzales dodged questions about President Bush's warrantless wiretapping operation." The Times adds, "Mr. Gonzales has turned in this sort of performance before, starting with his confirmation hearing. But this one was particularly galling because the White House was piously promising only last week to stop stonewalling Congress on matters of national security."

Praising Rep. Frank Speech, Broder Supports Congressional Challenge To Bush Power. In his Washington Post (7/20, 748K) column, David S. Broder details the July 13 House speech by Rep. Barney Frank, "the exceptionally bright liberal who has long been a respected voice in Democratic debates. His subject was the Bush presidency. … The problem, as Frank sees it, is that Bush believes in a 'plebiscitary presidency' in which the election makes the chief executive the 'decider' of national policy, to use one of Bush's favorite terms." Broder notes that Frank also criticized Congress for ceding power to Bush, "But that is beginning to change. Frank said he saw 'stirrings' of institutional pride among some of his Republican colleagues." Broder adds, "A Congress that challenges a president when it thinks he is wrong is not infringing on the rights of the 'decider.' It is reminding him that the Constitution and American history decree a division of power, with a set of checks and balances that make this a different form of democracy from that of parliamentary systems -- or disguised dictatorships such as those run by Vladimir Putin, Hugo Chavez and Hosni Mubarak."

More Commentary. The Boston Globe (7/20) editorializes, "In the Bush administration's campaign to consolidate power that had once been exercised by Congress or the courts , it has taken one step after another to avoid congressional and judicial review. Now it turns out that President Bush himself blocked an internal Justice Department inquiry into the administration's decision to eavesdrop on domestic phone calls without a warrant from a judge, as required by a 1978 law. The short-circuiting of that investigation makes it all the more important that Congress mandate full judicial review of the program's legality." The Globe continues, "A president who will not let his own Justice Department's ethics office examine the process by which the administration approved the circumvention of a law is doing his best to unmoor the government from the checks and balances so valued by (James) Madison and the other Founding Fathers."

Administration Shifts To Supporting Only Minor Changes To Tribunals. The Washington Post (7/20, A3, Weisman, Abramowitz, 748K) reports, "Top White House officials took a harder line yesterday on a new system to try terrorism suspects, telling Republican senators that President Bush will soon formally propose a tribunal structure with only minor changes from the military commissions that were ruled unconstitutional last month." Attorney General Alberto R. Gonzales and national security adviser Stephen J. Hadley met with Sens. John W. Warner, John McCain, and Lindsey O. Graham," and "Senate Republican aides familiar with the discussion said that the White House position has hardened since a White House meeting earlier this month, when Hadley assured the same senators the White House could accept tribunals based largely on existing military law, known as the Uniform Code of Military Justice." Following "starkly mixed signals last week," this "could place Bush on a collision course with the Senate."

Herbert Says Administration Is Taking Moral Low Ground. Bob Herbert writes in his column in the New York Times (7/20, 1.21M), "The United States had complete command of the moral and ethical high ground in the immediate aftermath of Sept. 11, 2001," but "the Bush administration deliberately abandoned those heights to pursue policies that were not just morally questionable, but reprehensible." The torture, imprisoning people "willy-nilly," and "kangaroo courts" "should have sent shudders of shame down the spines of decent Americans. In fact, most Americans never bothered to notice." Still, "the Bush administration didn't just leave the moral and ethical high

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ground. It sped away with great enthusiasm," until the Supreme Court stood up to them. Now in these hearings, "what is interesting is the common ground on this issue that is being found by human rights groups and the highest-ranking lawyers of America's armed forces," and "after a while you get the sense that real progress could be made, if only the Bush administration would get out of the way."

CIA Report Says Detainees Followed Al-Qaeda Prison Manual. The Washington Post (7/20, A12, Pincus, 748K) reports that according to a classified report by analysts in the CIA's Counterterrorism Center, "The first wave of detainees at the military prison at Guantanamo Bay, Cuba, created their own internal organizational structure to maintain morale, resist interrogation and recruit members, adhering to instructions in a 10-year-old al-Qaeda training manual." The report "was recently examined in the Office of the Director of National Intelligence after it was downloaded from a Web site and no one questioned its authenticity, an ODNI official said." A number of times "administration officials have publicly alleged that captives were following training outlined in the al-Qaeda manual," including "staging hunger strikes and inventing claims of abuse."

Georgia Men Indicted On Additional Terrorism Charges. The Washington Post (7/20, A12, Eggen, 748K) reports, "Two Georgia men previously accused of contact with Islamic militants were charged with plotting attacks against civilian and military targets, including the U.S. Capitol and World Bank headquarters, according to an indictment handed up yesterday in Atlanta." The superseding indictment also claims Syed Haris Ahmed and Ehsanul Islam Sadequee "underwent 'physical and rudimentary paramilitary training to prepare for participation in violent jihad' both overseas and in northwest Georgia." US Attorney David E. Nahmias "said in a statement that the suspects had not 'proceeded to the point that they posed an imminent threat to the United States,' but that 'we no longer wait until a bomb is built and ready to explode.' His remarks came after recent criticism from lawmakers and national security experts about other recent arrests, particularly of a group of defendants in Miami described by the FBI as 'more aspirational than operational' in an alleged plot to bomb Chicago's Sears Tower." The Washington Times (7/20, Seper, 88K) also reports on the new charges.

In a widely-distributed story, the AP (7/20, Dell'Orto) notes that the new indictment "charges both men with providing and attempting to provide material support to terrorists, attempting to provide material support to a foreign terrorist organization and related conspiracy counts. … The FBI has said the men may have had limited contact with some of 17 suspects arrested in Canada last month in an alleged plot to bomb buildings in that country, but Nahmias on Wednesday declined to comment on whether Ahmed and Sadequee met up with those suspects." The Atlanta Journal-Constitution (7/20, Scott, 399K) adds, "The indictment claims Ahmed and Sadequee videotaped targets and provided clips to a co-conspirator in the United Kingdom, Younis Tsouli, an Internet hacker who is in custody in the UK. Tsouli allegedly ran an online information network for terrorists where they could obtain instructions on such things as building car bombs." The Journal-Constitution notes, "After Ahmed was interviewed by the FBI, he contacted Sadequee and warned him not to return to the United States."

UK Arrests Terror Suspect Indicted In US. The Financial Times (7/20, Kirchgaessner) reports, "British authorities on Wednesday arrested and detained a UK citizen on terrorism-related charges following his indictment by a federal grand jury in the US. The Justice Department said it would 'shortly' file an extradition request for Syed Talha Ahsan, who was arrested at his London home." The FT notes, "Among other alleged crimes, Mr Ahsan was accused by US prosecutors of having accessed, modified and re-saved an electronic document in April 2001 that contained classified US Navy plans of a group operating in the Straits of Hormuz. In one e-mail exchange with a US naval enlistee who the indictment referred to as 'sympathetic' to the views expressed in some of the websites Mr Ahsan has been affiliated with, an unnamed conspirator refered to the October 2000 attack on the USS Cole as a 'martyrdom operation'." The AP (7/20) notes, "Officials say they believe they disrupted a network that recruited and financed terrorists, outfitted them with equipment, and dispatched them to fight in countries such as Afghanistan. 'We're trying to make it as difficult, if not impossible, for people to commit terrorist acts,' US Attorney Kevin O'Connor said yesterday. 'If you can deprive these terrorist organizations of money, it's like depriving them of oxygen.' Ahsan is accused in the same case as Babar Ahmad, a British computer specialist who was indicted in Connecticut in October 2004."

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Former Miami Suspects' Associates Provided FBI With Key Information. The AP (7/20, Anderson) reports, "Two men who were once allies of the alleged ringleader of a would-be Miami terrorism cell that had visions of targeting Chicago's Sears Tower have turned against their former associate and provided key information to federal investigators, according to court documents and interviews." Sultan Khanbey "is jailed awaiting trial in Miami on charges of illegal weapons possession by a felon stemming from an April incident in which he allegedly fired a shot at the other man," the "self-described spiritual missionary who goes by the name Master G.J.G. Atheea." Atheea "has not been charged but says he helped the FBI investigate the cell and its leader, Narseal Batiste," because, "I had to get this cleared up." He also told the AP "he did not believe that Batiste and the six others…ever actually intended to carry out" the attacks.

Defense Lawyers Seek New Judge For Hamas Funding Trial Hearing. In a story distributed by McClatchy Newspapers, the Chicago Tribune (7/20, Bush, 623K) reports, "Defense attorneys for an Illinois man accused of funding terrorists sharply criticized Wednesday the way U.S. District Judge Amy St. Eve has handled key parts of the case. Muhammad Salah's lawyers requested that St. Eve set aside a ruling permitting prosecutors to use a confession Salah gave to Israeli agents in 1993. The defense further requested that St. Eve reassign the case to a new judge for a hearing on whether the confession should be barred at trial." The Tribune notes Salah's lawyers said "that St. Eve improperly listened to portions of the Israeli agents' testimony outside the presence of the defense," which "influenced St. Eve's conclusion that the men were credible witnesses, the defense argued."

HOMELAND RESPONSE:

In Buffalo, Mueller Urges Vigilance Against Homegrown Terrorists. The AP (7/20, Thompson) reports, "FBI Director Robert Mueller said Wednesday that while U.S. anti-terrorism efforts have been successful against al-Qaida, the growth of 'self-radicalized, self-financed groups' demands continued vigilance. 'We cannot become complacent. We must understand that terrorism will be with us for a period of time,' Mueller said following a routine visit to the FBI's Buffalo field office. It was Mueller's second visit in as many days to a city experienced in homegrown threats. In Toronto on Tuesday, Mueller praised Canadian law enforcement for a sting operation last month that led to the arrest of 17 Canadians on terror-related charges. … In Buffalo, he had similar praise for agents who secured the 2002 arrests of the so-called Lackawanna Six." The AP notes, "Officials in Buffalo have been concerned by a deep cut in federal anti-terror money from the Department of Homeland Security, citing the city's shared border with Canada as a potential vulnerability. Mueller declined to address the funding decisions but suggested Canada could improve security by establishing U.S.-style laws such as the Classified Information Procedures Act, which provides for the protection of classified evidence in prosecutions.

FBI Increases Monitoring Of Hezbollah Members In US. The CBS Evening News (7/19, story 4, 1:40, Schieffer, 7.66M) reported on the Hezbollah presence in the US. CBS (Stewart) noted that "the FBI says it's keeping a closer watch on Hezbollah followers here since the fighting started, but say they don't expect any trouble, mainly because this is where Hezbollah raises money, not wages war. FBI Director Robert Mueller was asked about that today in a Buffalo press conference." Mueller: "To the extent that we have identified individuals associated with Hezbollah, that we are taking additional precautions to assure that we do not face any threat from these individuals." Stewart: "Most analysts say they're certainly capable of" attacking in the US, "but probably won't, because that would dry up their money and bring the U.S. military down on them." FOX News' Special Report With Brit Hume (7/19, Baier) noted, "A senior FBI official said at this point, there's no reason to believe that a Hezbollah attack on the US is imminent, but the agency has stepped up its efforts to try to find Hezbollah sleeper cells believed to be inside the US. In fact, the FBI has a number of people thought to be tied to Hezbollah under surveillance in several US cities."

CNN's Situation Room (7/19, Blitzer) reported, "US law enforcement agencies are right now being warned to keep an eye on people in this country with ties to Hezbollah." CNN (Arena) added that Hezbollah "has never attacked on US soil, but US officials say if the situation in the Middle East escalates further, that could change." Mueller: "We're taking precautions here in the United States. And to the extent that we have identified individuals associated with Hezbollah, we're taking additional precautions to assure that we do not face a threat from these individuals." Arena:

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"Counterterrorism officials stress that there is no new intelligence suggesting that Hezbollah is planning an attack against the US or US interests. But in an advisory sent to law enforcement partners late last week, FBI and Department of Homeland Security warned that it is possible individuals residing in the US who sympathize with Hezbollah could act."

In a widely-distributed story, the AP (7/20, Sherman) reports, "The FBI has numerous investigations into Hezbollah's recruitment, training and fundraising activities, FBI spokesman Paul Bresson said. 'At this time, there is no specific or credible intelligence pointing to an imminent attack by Hezbollah in the United States,' Bresson said. … The group has never launched a terrorist attack inside the United States. But before the attacks of Sept. 11, 2001, Hezbollah was responsible for more American deaths than any other single terrorist organization," with its 1983 attack on the US Marine barracks in Beirut. NCTC Deputy Director Kevin Brock "recently told reporters that the U.S. has remained vigilant about Hezbollah, even as the focus of U.S. anti-terror efforts has shifted to al-Qaida." In its story about Director Robert Mueller's visit to Buffalo, the AP (7/20, Thompson) notes, "Also Wednesday, Mueller said that in light of fighting in the Middle East, the FBI was taking 'additional precautions' to prevent potential threats from members of…Hezbollah. 'Whenever there are flare-ups in the Middle East involving parties such as Hezbollah, you can assume that we are taking precautions here in the United States,' he said, 'and to the extent that we have identified individuals associated with Hezbollah, that we are taking additional precautions to assure that we do not face any threat from these individuals.'"

In a Web Exclusive, Newsweek (7/19, Hosenball, 3.12M) reports, "In a written statement, the FBI said that while the public should remain alert 'during this heightened state of tension in the Middle East,' there is 'no credible or specific information at this time suggesting individuals may be planning to act out on grievances or sympathies in the Homeland.'" Newsweek adds that "when tensions between the United States and Iran began heating up, the FBI 'increased its focus on Hizbollah,' said bureau spokesman Bill Carter in an e-mail. Carter said the FBI has investigations into the 'potential presence of Hizbullah members, alleged fund-raising and financial activity on U.S. soil.' … While both British and U.S. intelligence agencies see little indication that Hizbullah has decided to attack Americans once again, U.S. officials say they can't rule it out. Such a change, one U.S. official said, could be triggered if Hizbullah became convinced that it was a target of what it regarded as a particularly antagonistic act by the U.S. government. Another theoretical possibility that official analysts have considered is that Hizbullah's patrons in the Iranian government would order the Lebanese group to strike U.S. or other Western targets."

Meanwhile, FOX News' Big Story With John Gibson (7/19) noted, "Hezbollah's threats are being taken seriously by the FBI. Director Robert Mueller told congress the FBI busted a smuggling ring, bringing operatives bringing operatives from Mexico." A Lebanese restaurant owner in Mexico "has smuggled over 200 Lebanese through Mexico into the United States. That's not to say that all of these people came here as part of a sleeper cell or have any evil plans. But it is to say they got in the country through illegal means and they're still here."

Fake Passports, Bomb Scare Prompt Diversion Of US-Canada Flight. The AP (7/20) reports, "Two Sri Lankans carrying suspected false passports were taken into custody and an Air Canada commuter plane they had tried to board was diverted back to Rochester's airport Wednesday morning because one of their bags was believed to be aboard, authorities said." DHS spokesman Russ Knocke said that "authorities placed the pair in custody for questioning, during which the woman became upset, began complaining of chest pains and indicated she needed her bag, which had already been loaded onto the flight." Knocke added, "There was a significant language barrier with the passengers, and the male is believed to have made a confusing remark about a possible suicide bomb." The AP notes, "The investigation was continuing and was being coordinated by the Monroe County sheriff's office bomb squad, Homeland Security and FBI agents."

Second ELF Suspect Pleads Guilty To California Eco-Terror Plot. The Sacramento Bee (7/20, Minugh, 298K) reports, "The second of three people believed to have been plotting eco-terror attacks in the Sacramento area pleaded guilty Tuesday, authorities said Wednesday." Zachary Jenson "pleaded guilty to one count of conspiracy in connection with a plot to blow up commercial and governmental facilities in the Sacramento region, including the U.S. Forest Service Institute of Forest Genetics in Placerville," and "as part of his plea agreement, Jenson will

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cooperate with the government's investigation and prosecution." The Bee notes, "The case is being investigated by various federal, state and local law enforcement agencies comprising the FBI Joint Terrorism Task Force, as well as the U.S. Forest Service and the California Department of Forestry and Fire Protection." In a widely-distributed story, the AP (7/20) adds that Jenson "pleaded guilty…in what the FBI alleges was an eco-terrorist plot to be carried out in the name of the Earth Liberation Front. … They didn't know an undercover FBI informant had infiltrated the group. The FBI secretly rented a cabin for the group…and wired the building for audio and video surveillance." The Sacramento Business Journal (7/19) also reports on Jenson's plea, as does the Seattle Times (7/20, 217K) in its "Local Digest" column.

TSA Expands Career Opportunities For Airport Screeners. The Washington Post (7/20, D4, Barr, 748K) reports in its "Federal Diary" column that the Transportation Security Administration is "expanding career opportunities for passenger and baggage screeners in hopes of reducing staff turnover and improving aviation security. ... The career opportunities, announced this week, will permit screeners to compete for jobs as supervisors and technical experts, such as behavior detection officers, who look for high-risk individuals, and bomb appraisal officers, who spot improvised explosive devices. The new career paths will permit screeners hired at entry-level salaries of $25,000 to $36,000 to apply for jobs that pay up to about $50,000 annually."

WAR NEWS:

GOP Congressmen Shifting From Upbeat Iraq Appraisals. The Washington Post (7/20, A1, Weisman, Asthana, 748K) reports, "Faced with almost daily reports of sectarian carnage in Iraq, congressional Republicans are shifting their message on the war from speaking optimistically of progress to acknowledging the difficulty of the mission and pointing up mistakes in planning and execution." Those "who have backed the president's call to stay the course are finding it increasingly difficult to square their generally optimistic rhetoric with the grim situation on the ground." The "Republicans who once adamantly backed the administration on the war are moving to a two-stage new message" by "making it clear to constituents they do not agree with every decision the president has made on Iraq. Then they boil the argument down to two choices: staying and fighting or conceding defeat to a vicious enemy." This "evolving Republican message on the war contrasts with the strong rhetoric used by House and Senate Republicans recently in opposing a deadline for withdrawal from Iraq."

The Hill (7/20, Allen) adds, "The likely next chairman of the National Republican Senatorial Committee (NRSC)," Sen. John Thune, says "GOP candidates should distance themselves both from the Democrats and from the Republican president on Iraq policy in the midterm election." He "encouraged GOP candidates to clarify where they disagree with President Bush's prosecution of the war."

GOP Contextualizing More Issues As National Security. In contrast, Roll Call (7/20, Ben Pershing) reports, "Congressional Republicans are looking to exploit their traditional political advantage on defense matters by placing a growing number of issues under the national security umbrella." House Republican leaders "have been bringing up domestic and economic issues in the context of national security. And Republican strategists said they expected the practice to become more frequent as Election Day approaches." However, "while Republicans say they are playing to their strengths, Democrats believe Republicans are trying to cover up their own weaknesses."

Iraqi Government Calls For Halt To Violence. The Washington Post (7/20, A14, Mosher, 748K) reports, "Iraqi and foreign officials implored the country's rival factions Wednesday to halt sectarian and political violence." Prime Minister Nouri al-Maliki "said at a news conference that the most recent attacks were intended 'to confront the national unity government, because this government's success means the defeat of al-Qaeda.'" He "also said he had spoken with the heads of some news organizations and urged them to 'stop provoking strife through conducting interviews with those who are provoking it, or adopting emotional statements without considering the common welfare of the Iraqi people.'" Additionally, President Jalal Talabani "called for Iraq to draft a treaty that would 'ban the spilling of Iraqi blood,'"

The Christian Science Monitor (7/20, Regan, 58K) adds, "sectarian killings in Iraq have accelerated at an alarming pace, according to Iraqi officials," and "the surge in attacks has led to leaders of both Sunni and Shiite communities, as well as other Iraqi politicians, to see the violence in a new light."

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Deputy Prime Minister Blames Coalition For Much Of The Violence. The AP (7/20, Mroue) notes, "Ambassador Zalmay Khalilzad and Gen. George W. Casey also called on Iraq's leaders 'to take responsibility and pursue reconciliation not just in words, but through deeds as well.' The statement reflected U.S. disappointment that the national unity government…has faltered in its attempts to win public trust, calm sectarian tensions and persuade Sunni-led insurgents to lay down their weapons." However, "deputy Prime Minister Salam al-Zubaie, a Sunni Arab, blamed U.S. and other coalition forces for much of the violence, saying their troops were responsible for about half the deaths due to 'raids, shootings and clashes with insurgents.'"

Ethnic Divisions, Not Violence Said To Herald Bleak Future. The New York Times (7/20, Goolsbee, 1.21M) reports that in the long-run prospects for Iraq, "the good news is that history suggests that the destruction of war has no lasting impact on economic prospects. The bad news is that most of these countries, especially Iraq, are filled with ethnic divisions and civil discord. The evidence shows that these problems, unlike bombs, cause lasting damage to the prospects for a nation's economy, even if they do not boil over into civil war." The "ethnic division…will probably mar them permanently in a way that bombs never could."

Violence Rises In Spite Of Growing Iraqi Security Forces. The CBS Evening News (7/19, story 5, 0:20, Schieffer, 7.66M) reported, "The United Nations is out with a report tonight on Iraq that puts in the starkest terms yet how costly the war has become for Iraqi civilians and it is getting worse. Last month alone, it says, civilian deaths topped 3,000, a rate of more than 100 a day. That is the worst one-month death toll since the fall of Baghdad."

The McClatchy Newspapers (7/20, Lasseter) reports, "Despite the addition of almost 100,000 U.S.-trained Iraqi troops in the past year, American efforts to pacify central Iraq and the capital appear to be failing, challenging a central assumption behind the U.S. strategy in Iraq: that training more Iraqi security forces will allow American troops to start going home." However, "American officers in Iraq acknowledged the difficulties but counseled patience." Still, "if the U.S.-led effort to stand up more Iraqi troops and police doesn't start improving security in the capital and other troubled areas…the Bush administration may be forced to consider sending more troops to Iraq, trying to convince other nations to send troops or even beginning to withdraw some Americans from the worst areas - or from Iraq."

Gunmen Kidnap 20 Sunni Government Employees. NBC Nightly News (7/19, story 7, 0:20, Williams, 9.87M) reported, "Now to the east of here in Iraq, where attacks on civilians took an especially ugly turn again today. In Basra, a mother and her three children had their throats slit, apparently because they cooperated with Americans operating in Iraq. We also learned today that twenty Sunnis were reported kidnapped in Baghdad."

The New York Times (7/20, Cave, 1.21M) reports, "Gunmen kidnapped as many as 20 employees of a government agency that oversees Sunni mosques," the Sunni Endowment, "Iraq's most prominent association of Sunni mosques and shrines." This "continued a string of high-profile kidnapping attacks against government-related figures this month," although "little else has tied the attacks together other than a continuing demonstration of the lawlessness that has struck the capital and surrounding areas."

USA Today/AP (7/20) adds, "There were conflicting reports about whether the employees of the Sunni Endowment were seized late Tuesday or Wednesday. The organization announced it was suspending its work for a week to protest the kidnapping and demanded that its employees be freed." The Los Angeles Times (7/20, Daragahi, 918K) also covers this story.

Violence Surges In Kirkuk. The Los Angeles Times (7/20, Windawi, Barnes, 918K) reports, "A surge in violence in" Kirkuk "among Kurds, Sunni Arabs and Turkmens vying for power has alarmed Iraqi officials amid intensifying sectarian warfare in central and southern Iraq." As "the number of bombings, assassinations and other attacks has risen sharply" after the death of militant leader Abu Musab Zarqawi. "Sunni Arab political leaders believe the Kurds are trying to push them out of the northern city and intend to annex it to the Kurdish region of Iraq. Kurds believe that Kirkuk is part of a greater Kurdistan and that they have a historic claim to the city." Meanwhile, "some Sunni Arab leaders blame the United States for the rise in violence, saying U.S. troops have moved some Iraqi security forces out of volatile parts of the region, leaving the areas without adequate police or army protection."

Iraq Accuses Iranian Opposition Group Of Domestic Meddling. The Los Angeles Times (7/20,

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918K) reports, "Prime Minister Nouri Maliki on Wednesday accused a militant Iranian opposition group," the Mujahedin Khalq, "of meddling in his country's affairs and suggested that it could face expulsion from Iraq." He said it "had become too involved in Iraq's political and social issues," that "government communications with the group had been banned and that a committee had been established 'to find out the procedures related to their existence here' and to determine which countries would be ready to accept them as refugees." The Mujahedin Khalq "said that its members had a right to protection under the Geneva Convention and that their safety was the responsibility of U.S.-led forces," and "it had not been informed by Baghdad that it may have to leave Iraq."

Maliki Denounces Israeli Aggression Against Lebanon. The New York Times (7/20, Wong, Slackman, 1.21M) reports Prime Minister Nuri Kamal al-Maliki of Iraq "forcefully denounced the Israeli attacks on Lebanon, marking a sharp break with President Bush's position and highlighting the growing power of a Shiite Muslim identity across the Middle East." Maliki is quoted as saying, "I condemn these aggressions and call on the Arab League foreign ministers' meeting in Cairo to take quick action to stop these aggressions. We call on the world to take quick stands to stop the Israeli aggression." According to the Times, "The comments by Mr. Maliki, a Shiite Arab whose party has close ties to Iran, were noticeably stronger than those made by Sunni Arab governments in recent days. Those governments have refused to take an unequivocal stand on Lebanon, reflecting their concern about the growing influence of Iran. … But the longer the conflict drags on, the more these leaders are finding their credibility called into question. The longer satellite television shows images of civilians killed and maimed by Israeli bombs, the more these leaders face hostility from their own people."

Oil For Food Conviction Said To Be Warning About Back Channels. Claudia Rosett, journalist-in-residence with the Foundation for the Defense of Democracies, writes in an op-ed in the Wall Street Journal (7/20, A12, 2.03M) that the Oil for Food program "has finally resulted in a guilty verdict in open court." While "The Tongsun Park case has gotten remarkably little press…it is both an important and a cautionary tale. It illustrates how easily the U.N., behind its veils of secrecy and diplomatic immunity, can be exploited by the most unscrupulous tyrants on the planet. And Mr. Park's conviction is a warning to beware any 'back channels' now running between the U.N. executive suite and such rogue states as North Korea and Iran."

Turkey Says Iraq Expedition Plans Moving Forward. The AP (7/20, Meixler) reports that Turkish Prime Minister Recep Tayyip Erdogan said "the Turkish military is moving forward with plans to send forces into northern Iraq to clear out Turkish Kurdish guerrilla bases," although he "also said officials were holding talks with the United States and Iraq in an attempt to defuse tensions." U.S. Ambassador Ross Wilson said "Turkey should work with Washington and Baghdad and should not take unilateral action in Iraq." A "Turkish cross-border operation is likely to inflame tensions with the United States and destabilize one of the only calm regions of Iraq."

Coalition Troops Recapture Afghan Towns Seized By Taliban. An AP brief printed in the New York Times (7/20, 1.21M) reports, "The second of two southern towns seized by the Taliban this week went back into government hands after more than 1,000 Afghan and American-led coalition troops swept into the area. Two Afghan soldiers were wounded and two Taliban were killed in the fight to retake Garmser, a town of about 50,000 people in Helmand Province. Coalition and Afghan forces deployed in the second town, Naway i Barakzayi, 20 miles north, on Tuesday."

Taliban Resurgence Allegedly Made Possible By Pakistani Support. In an op-ed for the New York Times (7/20, 1.21M) author and Atlantic Monthly correspondent Robert D. Kaplan writes that the US-led coalition in Afghanistan "finds itself, like its Soviet predecessors, in control of major cities and towns, very weak in the villages, and besieged by a shadowy insurgency that uses Pakistan as its rear base. The United States and NATO will not prevail unless they can persuade Pakistan's president, Pervez Musharraf, to help us more than he has. Unfortunately, based on what senior Afghans have explained in detail to American officials, Pakistan is now supporting the Taliban in a manner similar to the way it supported the Afghan mujahedeen against the Soviets two decades ago. The Taliban has two leadership cells operating inside Pakistan, presumably with the guidance and logistical support of local authorities. Senior lieutenants to Mullah Muhammad Omar, the

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Taliban's supreme leader, are ensconced in Quetta, the capital of the Pakistani province of Baluchistan. … Meanwhile, one of the Taliban's savviest military commanders, Jalaluddin Haqqani, and his sons operate out of Miramshah, the capital of the North Waziristan Province."

Discussion Of War's Merits Ahead Of Time Suggested To Prevent Disunity In The Future. USA Today (7/20, 2.27M) publishes a back and forth discussion between conservative columnist Cal Thomas and liberal Democratic strategist Bob Beckel. Both agree that having "our best and brightest — in and out of government — together so that the country can make an informed decision" would be good. The President's Foreign Intelligence Advisory Board could create "broad guidelines on America's interests in the world would help start a national conversation on this critical subject." Then, "Bob: if the public receives accurate information before a war, we might avoid landing in quagmires like the current one in Iraq. That would avoid any cut-and-run talk. An independent review would hopefully get the country walking together before a conflict, fighting as one during it and emerging united in its wake."

Rule Changes Sought To Encourage Guard And Reserve Recruitment, Retention. USA Today (7/20, 3A, 2.27M) reports that at a hearing Wednesday in San Antonio top commanders of the National Guard and Reserves told an independent commission "formed by Congress to investigate how well units are equipped and organized" that US "laws and policies aren't changing fast enough to reflect demands on citizen soldiers." Chief of the Navy Reserve Vice Adm. John Cotton "said the Guard and Reserves must focus on recruitment and retention." Commission Chairman Arnold Punaro "said pay systems and pay categories need more flexibility as the Guard and Reserves are asked to perform the same tasks as active-duty troops.

CORPORATE SCANDALS:

SEC Wins Asset Freeze In Petco Insider Trading Probe. The Wall Street Journal (7/20, Hughes) reports, "Federal regulators yesterday won an order freezing an estimated $862,000 in profits that appear to have potentially been earned from insider trading in Petco Animal Supplies Inc. options before last week's announcement that the pet-supplies retailer had agreed to be purchased for $1.68 billion." The Journal continues, "The Securities and Exchange Commission acted in hopes of preventing the money from flowing out of the country while it figures out who was involved. … 'Our action today demonstrates that the Commission will move swiftly to enforce U.S. insider-trading laws and to prevent violators from reaping the benefits of their illegal trading, no matter where the misconduct may have occurred,' said Randall Lee, director of the SEC's Pacific regional office." The Journal adds, "Regulators charged that from June 27 through July 13, clients of Man Financial Ltd. in London and Habib Bank AG in Zurich purchased almost 1,500 options, generating big profits when Petco shares surged 43% after news of its acquisition."

Rambus, Juniper Networks To Restate Earnings After Options Review. The San Jose Mercury News (7/20, Schwanhausser) reports, "Rambus and Juniper Networks warned Wednesday that they will restate financial statements to account for stock-option abuses uncovered by internal investigators probing whether options had been rigged to give recipients a head start to profits." The News continues, "Separately, Apple Computer said 'irregularities' found in grants from 1997 through 2001 -- including one to Chairman and Chief Executive Steve Jobs -- are not likely to necessitate revising past financial statements. The Cupertino company did not rule out the possibility of restating earnings if its internal review turns up other suspicious grants, however." The News adds, "The three Silicon Valley companies are among dozens nationwide that have launched internal reviews in the past two months as the scandal over stock-option rigging has grown. So far, about 60 companies are under federal investigation by the Securities and Exchange Commission and the Justice Department. … Most of the federal investigations are in the early stages, but SEC and Justice Department officials warned Monday that they will take legal action against a company or executives soon."

Former Brocade Employees Detail Stock Options Backdating. The Wall Street Journal (7/20, Stecklow) reports, "At the high-tech company Brocade Communications Systems Inc., employees received an unusual request from human-resources managers in 2002: Alter the employment records of several executives to make it seem they joined the company later than they really did." The Journal continues, "The reason for this strange request was to give their stock

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options more value. … The executives had received options when they joined. But with the tech bubble then fast deflating, Brocade's stock price had fallen below the price at which the options could be exercised. With a change in start date, the options could be replaced with some that carried a later date when the price was lower. That would enhance their value, since options give recipients the right to buy shares at the stock's price when they're granted." The Journal adds, "This episode, related by two former employees, is part of a detailed picture of what went on inside one company caught up in the stock-options scandal. The events at Brocade, according to nine former employees and to company documents, involved not only altered start dates but a one-man options committee and a technique for influencing options grant dates through part-time employment. … It's a pattern of options practices that has drawn the attention of federal prosecutors. They are considering bringing criminal charges against a former Brocade chief executive, Gregory L. Reyes, says a person familiar with the situation -- in what would be the first criminal case in the spiraling scandal over the timing of options. The Securities and Exchange Commission also is considering civil charges in the matter, according to people familiar with the SEC probe. Mr. Reyes denies any wrongdoing."

Insurance Claims For Directors, Officers On The Rise. MarketWatch (7/20, Barr) reports, "The business of insuring corporate directors and executives just got over the costly effects of the technology stock-market slump earlier this decade and the scandals involving Enron and WorldCom. … Now, insurers such as Chubb Corp., American International Group and XL Capital may get lots of little reminders soon about how expensive offering directors and officers coverage can be." MarketWatch continues, "So-called D&O policies protect executives and members of a company's board from liability in the event of a lawsuit against them claiming wrongdoing in connection with their firm's business. The coverage usually pays for the cost of defending lawsuits, after a deductible, and also a portion of any settlement. … The stock-option backdating scandal could spark a flurry of small D&O claims from companies, mostly in the technology sector. … Roughly 60 companies, including Analog Devices and Home Depot, have been either contacted by the Securities and Exchange Commission or the Justice Department about the practice. Others, such as Apple Computer and Barnes & Noble, have started their own investigations. … More than a third of those businesses have already seen directors and other executives sued by shareholders over the issue."

AOL To Pay Former Executives' Legal Fees. The Legal Times (7/20, Mclure) reports, "AOL will begin paying the legal fees for two former executives charged with corporate fraud in federal court in Alexandria, Va., according to two sources with knowledge of the case." The Times continues, "The move came just days before a landmark ruling last month by Judge Lewis Kaplan in a separate case involving New York accounting firm KPMG. Kaplan's decision found that the Justice Department's much-criticized practice of forcing companies to cut off legal fees to former executives under investigation, outlined in the 2003 'Thompson memo,' violated the executives' constitutional rights. … Lawyers for former AOL executives John Tuli and Kent Wakeford had advanced similar arguments in their case in Alexandria." The Times notes, "Tuli and Wakeford were indicted shortly after AOL entered into a deferred-prosecution agreement with DOJ in December 2004. That agreement helped the company avoid charges of aiding and abetting securities fraud over transactions between AOL and Internet startup Purchasepro.com that were alleged to have artificially inflated earnings at both companies."

Accounting Rule Makers Move To Update Lease-Accounting Regulations. In a column for the New York Times (7/20), Floyd Norris writes, "Accounting rule makers agreed yesterday to try to develop a new rule on lease accounting to replace a 30-year-old standard that critics say has enabled companies to leave hundreds of billions in debt off their balance sheets. … The International Accounting Standards Board, whose rules cover Europe and a growing number of other countries, and the Financial Accounting Standards Board, which sets United States rules, agreed to begin a joint project to produce a unified rule." Norris continues, "A new standard, if it emerges, could lead to many companies reporting more assets and liabilities on their balance sheets, and could change how leases are structured around the world. … Any change will not come rapidly. The boards hope to put out a statement in 2008 giving their preliminary views on the issue and seeking comment. Only after reviewing those comments would a standard be proposed. It is possible that adoption could happen as early as 2009, but further delays are likely."

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CRIMINAL LAW:

Federal Judge Allows Jefferson Probe To Proceed. The AP (7/19) reports, "A federal judge said Wednesday that investigators could examine documents seized in a search of Rep. William Jefferson's office, denying a request to delay the bribery probe while the Louisiana Democrat appeals the judge's earlier ruling that the search was legal." The AP continues, "Chief U.S. District Judge Thomas F. Hogan said granting the delay 'would harm the public's interest in a prompt and final outcome of the government's investigation of serious crimes involving a sitting United States congressman running for re-election in November.'" The AP adds, "Last week, Hogan rejected arguments by Jefferson and House leaders in both parties that the May 20-21 search of Jefferson's congressional office violated the Constitution's protections against intimidation of elected officials. … For 16 months, investigators have been looking into whether the congressman promoted the sale of telecommunications equipment and services in exchange for stock and cash. … At issue is whether a review of the seized documents can begin by an FBI 'filter team' unconnected to the prosecution team looking into bribery allegations. Jefferson contends no one in the executive branch of government should examine the documents until the question of returning the material to Jefferson is resolved on appeal."

CQ (7/19, Ferrechio) reported, "The judge also said Jefferson was 'unlikely' to win an appeal of his initial July 10 ruling denying the congressman's request for return of the materials because he has failed to demonstrate how he would be irreparably harmed by a review of the materials."

Nigerian Official Denies Relationship With Jefferson. Nigeria's Vice President Atiku Abubakar denied yesterday that he accepted bribes or had a business relationship with Jefferson. The New York Times (7/20, Shenon, 1.21M) reports that in a statement made available by his lawyers, Abubakar "insisted that Mr. Jefferson had never 'suggested -- in any way -- providing any personal economic benefits" to him. Mr. Abubakar said he had 'no relationship with Mr. Jefferson, personal or private, other than the usual diplomatic courtesies' extended to an American official promoting development in Nigeria, a major exporter of oil to the United States."

Former Harris Adviser To Talk To DOJ. The Tampa Tribune (7/20, Epstein, March) reports, "The former head of Katherine Harris' congressional office staff expects to speak to federal investigators soon concerning the investigation of a congressional bribery scandal, a former Harris aide said Wednesday. … Meanwhile, in a statement issued late Wednesday, the Harris campaign declined to provide specifics about the investigation." The Tribune continues, "Fred Asbell, who quit in June as chief of staff of Harris' congressional office, says he will speak voluntarily to Department of Justice investigators soon, said Ed Rollins, former consultant to Harris' U.S. Senate campaign. … 'He told me he'd been called … to come down voluntarily,' Rollins said." The Tribune adds, "In a statement Tuesday, Harris said she had been told by the Justice Department that she's not a 'target' of the investigation into bribery of at least one member of Congress by former defense contractor Mitchell Wade. … She said her campaign was cooperating with the investigation, but that cooperation was 'being exploited by people engaged in an unsuccessful, coordinated effort to end my candidacy for the United States Senate.' … Wednesday, she repeated that she's not a target, but didn't provide details, or say who is trying to end her candidacy."

The South Florida Sun-Sentinel (7/19, Stratton) reports, "Justice Department officials have requested records from the Senate campaign of U.S. Rep. Katherine Harris as they continue investigating the dealings of a defense contractor involved in a wide-ranging congressional corruption case." The Sun-Sentinel continues, "Harris acknowledged the Justice Department action Tuesday after her campaign was asked about it earlier in the day. It was not clear if federal prosecutors issued a subpoena or sent a letter to the campaign in search of information, and a Harris spokeswoman would not elaborate." The Sun-Sentiniel adds, "Justice Department officials would not comment on the Harris news release, which came a day after her former top political strategist confirmed that FBI agents and Justice Department lawyers had interviewed him recently about the congresswoman's dealings with Wade. … Republican political consultant Ed Rollins told the Orlando Sentinel that he met with investigators for two hours, but he would not provide details. … Sources familiar with the campaign said Harris mentioned to then-campaign manager Glenn Hodas several weeks ago that the Justice Department was seeking the records."

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House Government Reform Committee Seeks Abramoff-White House Contacts. Roll Call (7/20, Bresnahan) reports the House Government Reform Committee "is seeking e-mails, billing records and other documents from several firms tied to former lobbyist Jack Abramoff, searching for contacts between employees of those firms and high-ranking White House officials, including President Bush, Karl Rove and dozens of other current and former administration aides." The committee "has requested documents from the now-defunct Alexander Strategy Group," a lobbying firm founded by Ed Buckham, a former aide to Rep. Tom DeLay. Preston Gates & Ellis, "where Abramoff worked until January 2001, also has been asked to turn over documents and other materials, the sources said." The committee "issued a subpoena on May 2 to Greenberg Traurig, another of Abramoff's former employers, and already has begun reviewing documents and other materials turned over by that firm." Chairman Tom Davis said "no hearings by the panel on the Abramoff scandal have yet been scheduled."

Judge Delays Sentencing Of Tennessee Waltz Bag Man. The Chattanoogan (7/20) reports, "A Memphis judge has granted a delay in sentencing for former Hamilton County School Board member Charles Love. … Attorney Bryan Hoss made the request, saying Love 'is an anticipated government witness against his co-defendant, Ward Crutchfield, whose trial date has not been set.' … He said prosecutor Tim Dicenza had no objection to the motion." The Chattanoogan notes, "Both Love and Sen. Crutchfield were charged in the FBI sting 'Tennessee Waltz.'" Love "was described as a 'bag man' delivering money from a company set up by the FBI seeking favorable legislation from state legislators."

Utah Man Convicted Of Perjury In Disappearance Of Teen. The Deseret Morning News (7/20, Fattah) reports, "A federal jury Wednesday night found Timmy Brent Olsen guilty on all 15 counts of perjury in the disappearance 11 years ago of Spanish Fork teenager Kiplyn Davis. … Through testimony, prosecutors painted Olsen, 28, as a possessive boyfriend and husband who had a history of violence toward women. Two women testified that Olsen raped them, including one woman who said Olsen drove her up Spanish Fork Canyon to rape her after she pressed him about his role in Davis' disappearance. One of the last prosecution witnesses was former FBI agent Carlos Villar, who testified that he interviewed Olsen five times between August 1995 and October 1996. Each time, Olsen changed his story about where he was and what he was doing on May 2, 1995, the day Davis disappeared." The Salt Lake Tribune (7/20, Manson, Hollingshead) notes, "Olsen next faces a trial in Utah's 4th District Court in Provo on a charge that he murdered Kiplyn. If convicted, he could be sentenced to life in prison."

British Online Gambling Executives At Risk Of Extradition To US. The London Times (7/20, Kennedy, Doran) reports, "Internet gambling executives in Britain were told yesterday that they are vulnerable to fast-track extradition to the United States because their businesses are breaking American tax law." The Times continues, "Concerns are also growing that an anti-terror agreement by Europe to hand passenger flight lists to the US may have been used by FBI and tax agents to swoop on David Carruthers, the BetOnSports chief executive." The Times adds, "America's clampdown on gambling highlights how legal and security arrangements in the War on Terror have made it easier to target British businessmen suspected of breaching American laws. … The US Government last night warned Britain's online gambling industry that allowing its services to be used within the US could result in criminal charges. … 'Internet gambling companies in Britain, in any country, anywhere, if they do business in the United States they do so today at their own risk,' a Justice Department spokesman told The Times. 'This is a crime and it can be prosecuted.' … The threat to British online businesses was reinforced by Senator Bob Goodlatte, author of a tough new Bill that would further restrict internet gambling. He urged executives of overseas gambling companies to take note of the BetOnSports prosecution. 'They should be wary of the United States exercising its treaty rights to seek extradition,' he said."

LATimes Criticizes FBI Arrest Of Carruthers, Calls For Legalization Of Online Gambling. The Los Angeles Times (7/20, 918K) editorializes, "What do you do with suspected white-collar criminals who live in countries where their activities are legal, regulated and even considered proper? If you're the FBI, you wait for them to change planes in Dallas while flying from Britain to Costa Rica, then arrest them for tax evasion." However, the Times adds, "There's a far more effective way to bring Internet gaming within reach of Uncle Sam: Legalize it." BetOnSports CEO David Carruthers

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"argued for that in this newspaper just four months ago, when the House of Representatives was considering a bill to outlaw online gambling. … Maybe enough senators still believe in liberty and free trade to defeat this bill. And maybe the FBI has more pressing tasks than scouring tarmacs for the expatriate enablers of victimless acts.

Alabama Woman Surrenders To Face Katrina Fraud Charges. The Mobile Register (7/19, Kirby) reported, "A Clarke County woman accused of defrauding the federal government with bogus Hurricane Katrina claims surrendered to authorities on Tuesday, the FBI said. Law enforcement authorities accuse Lawanda Williams of using several combinations of names, addresses and Social Security numbers to file about 30 claims with FEMA following last summer's disaster. The FBI had offered a $1,000 reward for her arrest, but she surrendered Tuesday to the Alabama Bureau of Investigation in Mobile, officials said. … 'She apparently was aware that she was wanted, and she had spoken to various investigators,' said Special Agent Craig Dahle, a spokesman with the FBI in Mobile." The AP (7/19) noted, "Williams allegedly used different names, addresses and Social Security numbers to file about 30 claims with the Federal Emergency Management Agency after the Aug. 29 hurricane." The AP also included the Dahle's comment in the Register story.

FBI Arrests Houston Men On Hurricane Relief Fraud Charges. The Houston Chronicle (7/18, 535K) reported, "FBI agents arrested two Houston men Monday for allegedly operating a Web site that falsely claimed to raise money for a nonexistent Salvation Army relief fund for victims of hurricanes Katrina and Rita." Steven Anyanwu Stephens and Bartholomew Stephens "were charged in a nine-count indictment by a federal grand jury of conspiracy, fraud and aggravated identity theft, the U.S. Attorney's Office said. The men are accused of fraudulently raising about $48,000 that was transferred to their own accounts."

Former Tennessee Banker Indicted For Fraud. The AP (7/20) reports, "A former Humboldt (TN) bank president has been indicted on 49 counts of bank fraud that include unlawfully authorizing loans and charging loan origination fees kept for his own personal use, FBI officials said." The AP continues, "William D. Smallwood, 53, former president and CEO of Humboldt Bank, pleaded not guilty in U.S. District Court (in Jackson, TN) Tuesday after surrendering to U.S. marshals, said Todd McCall, supervisory senior resident agent with the FBI in Jackson. … He said the FBI, as well as local and state officials, have been investigating Smallwood the past two years." The AP adds, "The indictment listed 49 loans — ranging from $18,925 to $283,000 — authorized by Smallwood under 'fraudulent pretenses' from September 1996 to October 2001. … Smallwood also is accused of making loans or other extensions of credit to unqualified people, reporting that loans were secured by collateral that did not exist, concealing the identity of the individual who would receive a loan's proceeds, putting false documentation in bank files and using a bank-issued credit card for his personal benefit."

Texas Executes Man For 1996 Murder. The AP (7/20, Graczyk) reports, "An apologetic San Antonio gang member was executed today for the shooting death of a man during a robbery attempt in the driveway of his victim's home." The AP reports that Mauriceo Brown "was pronounced dead at 6:47 p.m., eight minutes after the lethal flow of drugs began. The execution was delayed briefly while the U.S. Supreme Court considered appeals. … Brown, 31, confessed to the 1996 slaying of Michael LaHood Jr., 25, when he and three companions, high on marijuana and alcohol, were arrested about an hour after the shooting. One companion, Kenneth Foster, also received the death penalty but doesn't have an execution date. The two others, including one who testified against Brown, received long prison terms." The AP adds, "Brown was the 15th Texas prisoner executed this year in the nation's busiest capital punishment state. His execution was the first of two scheduled for consecutive evenings this week in Huntsville."

Virginia Inmate Set To Die In Electric Chair. The AP (7/20, Gelineau) reports, "Unless Virginia's governor or the U.S. Supreme Court intervene, a man convicted of raping and killing a young mother will on Thursday become the first person in the United States to die in the electric chair in more than two years." The AP continues, "Brandon Hedrick, 27, opted for electrocution rather than lethal injection, a decision that caught his own lawyers off-guard. … Inmates on Virginia's death row have the option of choosing to die by injection or electrocution. If they decline to choose, the method defaults to injection. Earl Bramblett, convicted of murdering a Roanoke couple and their two young daughters, was the last Virginian to die in the electric chair, in 2003." The AP adds, "Hedrick also would become just the 13th white

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inmate in the United States executed for the slaying of a black victim since the Supreme Court reinstated the death penalty in 1976, according to the Death Penalty Information Center. Six additional white inmates have been executed for killing multiple victims of different races. … Hedrick was sentenced to death in 1998 for the slaying of 23-year-old Lisa Crider in Appomattox County. Hedrick and his friend, Trevor Jones, had devised a plan to rob Crider, whom they spotted walking along a road in Lynchburg on the night of May 10, 1997. After bringing her back to Jones' apartment, they forced her at gunpoint into Jones' truck, where prosecutors said Hedrick raped and sodomized her. They later stopped the truck along a remote bank of the James River, where Hedrick delivered a fatal shotgun blast to Crider's face. Jones received a life sentence for his part in the crime."

Former Illinois Bank Employee Pleads Guilty To Embezzlement. The Chicago Tribune (7/20, Black, 623K) reports, "A former U.S. Bank employee pleaded guilty Wednesday to embezzling more than $3.3 million from her customers' accounts." Estela Ramos of Highland Park "changed her initial plea of not guilty in hopes of obtaining a more lenient sentence in U.S. District Court, said her lawyer, John Bickley Jr. of Waukegan. Ramos gambled away most of the money at casinos, including $800,000 just in the last year, Bickley said after the court appearance. Ramos is scheduled for sentencing Sept. 29 and faces up to 30 years in prison," but "most likely, she will be sentenced to 4 to 7 years in prison, as requested by attorneys on both sides, Bickley said.

Former Wisconsin Bank Executives Charged With Loan Fraud. The AP (7/20) reports, "Two former executives at the State Bank of Cokato (WI) were charged in federal court Wednesday in connection with a number of loan frauds, the U.S. attorney's office said." Robert N. Aanenson, "the bank's former president and director, is charged with bank fraud and making a false entry in a bank report." Donald Peroutka, "former executive vice president, is charged with lying to an FBI agent who was investigating fraud at the bank. Authorities say Aanenson approved a $65,000 loan in September 2003 to Moldserv Inc. but the loan was intended to benefit another company, Plastic Solutions. The bank then wrote off the debt as uncollectible in October 2004."

Indiana Couple Indicted On Investment Fraud Charges. The South Bend (IN) Tribune (7/20, Moor) reports, "A Mishawaka (IN) couple have been indicted on 20 counts of mail fraud, wire fraud and conspiracy to commit mail and wire fraud, federal prosecutors announced on Wednesday. Thomas Squibb, 71, and his wife, Marietta, 68, told investors they planned to use their money to develop campgrounds in four Michigan cities and condominiums in Naples, Fla., but they did not spend any money on those projects, U.S. Attorney Joseph Van Bokkelen said at a news conference." The Tribune notes, "Van Bokkelen said that since at least 1995, the Squibbs have not returned in excess of $3 million to investors. … The charges were filed after an investigation by the FBI and the Indiana secretary of state."

South Carolina Hospital To Pay $3.75 Million Medicare Fraud Settlement. The AP (7/18) reported that the Marion County Medical Center in Columbia, S.C., "has agreed to pay the federal government $3.75 million to settle allegations it submitted false claims for medical care. The hospital hired two doctors and paid them salaries that far exceeded the fair market value, U.S. Attorney Reggie Lloyd said in a statement Monday. The hospital also submitted false claims to Medicare, Medicaid and Tricare, the military's health program, Lloyd said." The AP noted, "Dr. Kenneth Orbeck brought the claims to the government's attention and will receive more than $610,000 from the settlement with the hospital as part of the federal whistle-blower law, Lloyd said."

Former Texas Police Officer Gets 10 Years In Prison For Child Porn Possession. The Waco Tribune-Herald (7/20, Anderson) reports, "A former Waco police officer who pleaded guilty to possessing child pornography was sentenced to 10 years in federal prison" on Wednesday. "Amador Gonzalez Jr. was given the maximum sentence allowable for the offense by U.S. District Judge Walter S. Smith Jr." The Tribune-Herald notes, "FBI agents searched Gonzalez's home Feb. 6 and found computer storage equipment with more than 600 images of child pornography, including at least 79 identifiable children, federal authorities said. Shortly after the search, Gonzalez admitted to an FBI agent that he had downloaded and possessed the images, according to court records."

Lawmakers Reach Agreement On Sex Crimes Legislation. USA Today (7/20, Koch, 2.27M)

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reports that lawmakers have reached agreement on a bill that would create the first national database and laws aimed at improving the tracking of convicted sex offenders. The compromise "would increase minimum sentences for molesters who cross state lines and allow the death penalty for those who murder child victims. It would increase the number of investigators and prosecutors fighting child pornography." The AP adds, "Supporters including Sen. Orrin Hatch, R-Utah, expect quick passage, as early as today in the Senate and Monday in the House. They hope President Bush, who has signaled his support, will sign the bill July 27, the 25th anniversary of the abduction of 6-year-old Adam Walsh, son of America's Most Wanted host John Walsh."

Plame Leak Investigations Called "A Huge, Dangerous Waste Of Time." In an op-ed for the Washington Post (7/20, 748K) Bruce W. Sanford and Bruce D. Brown, partners at Baker Hostetler, write, "Almost three years to the day after he published his now-infamous 'Mission to Niger' column…Robert D. Novak revealed last week what he had told special prosecutor Patrick Fitzgerald about the sourcing for his article. By supplying corroboration of what has long been suspected -- that Fitzgerald knew almost immediately and on his own who Novak's three sources were -- Novak has further confirmed another truth about leak investigations: They are a huge, dangerous waste of time."

CIVIL LAW:

Republicans Seeking To Challenge Clinton Report Debt In Latest Campaign Filings. The New York Times (7/20, Healy, 1.21M) reports, "A combination of high-priced consultants and weak fund-raising has led to deep debts for the two Republicans" seeking to challenge New York Sen. Hillary Clinton (D) in November. U.S. Senate candidate Kathleen Troia "KT" McFarland (R), "a former spokeswoman in the Reagan Pentagon, owes $191,382 to her team of consultants, according to her latest campaign finance report. She cannot pay them because she is virtually out of money and her fund-raising operation has stalled, her advisers say. She had $282,000 on hand on June 30, the last day of the three-month period covered in the new report." Fellow GOP hopeful John Spencer (R), "a former mayor of Yonkers, is in greater debt than Ms. McFarland; as of June 30, his finance reports showed that he owed his consultants $285,936. But the reports also showed that he had more cash on hand, $646,000, and he has a leaner campaign staff than Ms. McFarland. Mr. Spencer raised more than $1.2 million in the last quarter." Sen. Clinton, meanwhile, "has $22 million on hand."

CIVIL RIGHTS:

Report Finds Chicago Police Abused Criminal Suspects. McClatchy Newspapers distributes a Chicago Tribune story (7/20, Sadovi, Secter) that reports, "Former Chicago police commander Jon Burge directed a pattern of torture against criminal suspects for two decades, coercing dozens of confessions with fists, feet, radiator burns, guns to the mouth, bags over the head and electric shock to the genitals, special prosecutors charged Wednesday." The Tribune continues, "Concluding a four-year investigation, the prosecutors painted a portrait of a criminal justice system where top officials in a position to stop Burge - among them Mayor Richard Daley when he served as Cook County, Ill., state's attorney - appeared to have blinders on. .. . But, the prosecutors concluded, it's too late to pursue charges against Burge or any of the other officers involved. Statutes of limitations have long since run on the cases, which they said stretched from the 1970s to the early 1990s." The Tribune adds, "The prosecutors singled out for criticism former Chicago Police Superintendent Richard Brzeczek, who served under Mayor Jane Byrne. … Brzeczek was guilty of 'dereliction of duty' and acted in bad faith by failing to act in the early 1980s on suspicions that Burge and detectives under his command had mistreated prisoners. … Brzeczek publicly praised the detectives while privately harboring suspicions about their activities, the prosecutors alleged. … Their conclusions could find their way into civil lawsuits that former death row inmates have filed against Burge and the city. Officials at the state appellate defender's office said they will study the report for evidence of additional wrongful convictions that might be appealed. … Meanwhile, the office of U.S. Attorney Patrick Fitzgerald requested a copy of the 292-page report."

The AP (7/20, Babwin) reports, "Special prosecutors investigating allegations that police tortured black suspects in the 1970s and '80s said Wednesday they found evidence of mistreatment, but any crimes are now too old to prosecute. … 'It is our judgment that the evidence in those cases would be sufficient to establish guilt beyond a reasonable doubt,' Robert D. Boyle and Edward J. Egan wrote in a long-awaited

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report." The AP continues, "Their four-year investigation focused on allegations that detectives under the command of Lt. Jon Burge beat suspects, used electric shock on them, played mock Russian roulette and started to smother at least one man to elicit confessions. … No one has ever been charged, but Burge was fired after a police board found he had abused Andrew Wilson while he was in custody. Burge's attorney has said he never tortured anyone. … Boyle and Egan investigated cases based on the complaints. … 'Regrettably, we have concluded that the statute of limitations would bar any prosecution of any offenses our investigation has disclosed,' they said. The statute of limitations is three years. … The report found there were three cases that had enough evidence to seek an indictment. Special prosecutors said they believe there was abuse in other cases, but that they don't have enough proof beyond a reasonable doubt those people were mistreated."

The New York Times (7/20, Rudoren) reports, "After four years, more than 700 interviews and $6 million, the prosecutors said they could prove beyond a reasonable doubt in court at least three cases of torture by the police, involving five former officers, and that they had found credible evidence of abuse in about half the 148 complaints they thoroughly investigated. But they rejected arguments by lawyers for people alleging abuse who said criminal charges could still be filed. … 'We want to make it really clear, we only wish we could indict in these three cases,' Robert D. Boyle, the chief deputy special state's attorney, said at a morning news conference downtown. … But Flint Taylor, a lawyer who represents some plaintiffs in abuse cases against the police, likened the situation to Ku Klux Klan killings in the 1960's that have led to prosecutions in recent years. 'Something as serious as police torture, there shouldn't be a statute of limitations,' Mr. Taylor said. 'It's like murder.'"

Study Finds California Hate Crimes At 10-Year Low. The AP (7/20) reports, "Hate crimes in California dropped to their lowest level in a decade last year, the state justice department said Wednesday." The AP continues, "The downward trend of recent years was broken by a temporary spike in hate crimes against Muslims after the Sept. 11, 2001, terrorist attacks, but the rate has declined since. The numbers mirror the general decline in violent crimes." The AP adds, "Reported hate crimes declined 4.5 percent in 2005 from the previous year, to 1,691. Race, ethnicity or national origin remained the top motivation, followed by sexual orientation and religion. … While the overall rate declined, increases were reported for hate crimes against Hispanics (from 138 in 2004 to 147 last year); whites (from 61 to 77); and against multiple races (from 45 in 2004 to 61)."

House Approves Bill Shielding Pledge From Court Changes. The AP (7/20, Abrams) reports, "The House, citing the nation's religious origins, voted Wednesday to protect the Pledge of Allegiance from federal judges who might try to stop schoolchildren and others from reciting it because of the phrase 'under God.'" The AP continues, "The legislation, a priority of social conservatives, passed 260-167. It now goes to the Senate, where its future is uncertain. … 'We should not and cannot rewrite history to ignore our spiritual heritage,' said Rep. Zach Wamp, R-Tenn. 'It surrounds us. It cries out for our country to honor God.'" The AP adds, "Opponents said the legislation, which would bar federal courts from ruling on the constitutional validity of the pledge, would undercut judicial independence and would deny access to federal courts to religious minorities seeking to defend their rights. … 'We are making an all-out assault on the Constitution of the United States, which, thank God, will fail,' said Minority Leader Nancy Pelosi, D-Calif." The AP notes, "The pledge bill would deny jurisdiction to federal courts, and appellate jurisdiction to the Supreme Court, to decide questions pertaining to the interpretation or constitutionality of the pledge. State courts could still decide whether the pledge is valid within the state. … The legislation grew out of a 2002 ruling by the 9th U.S. Circuit Court of Appeals that the pledge is unconstitutional when recited in public schools. … The Supreme Court in 2004 reversed that decision on a technicality, saying Sacramento atheist Michael Newdow did not have legal standing to sue on behalf of his daughter because the mother had custody of the child. Newdow has since revived the case, and last year a U.S. District judge ruled in his favor."

Judge Rules Missouri Must Allow Inmates To Have Abortions. The AP (7/20, Salter) reports that Missouri "must allow pregnant inmates to have abortions and transport them to facilities that perform the procedure, a federal judge ruled Tuesday." The AP continues, "The ruling by U.S. District Judge Dean Whipple applies to all female prisoners in Missouri. In October, the U.S. Supreme Court ruled the state had to allow a specific inmate, listed as Jane

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Roe, to have an abortion." The AP adds, "The American Civil Liberties Union then sought a federal ruling making the high court's decision a class-action on behalf of all imprisoned pregnant women in the state. … Tuesday's ruling reaffirmed two principles, ACLU attorney Tom Blumenthal said: 'The rights of prisoners to their constitutional rights while they are incarcerated and the rights of pregnant women to have the choice as to whether they will carry (pregnancy) to term or not.' … Gov. Matt Blunt urged Attorney General Jay Nixon to appeal the decision."

Bush Urged To Renew Voting Rights Act At NAACP Conference. Sens. Hillary Clinton and Barack Obama yesterday called on President Bush to use his speech Thursday before the NAACP's annual conference to renew the 1965 Voting Rights Act. The AP (7/20, Sidoti) reports, "Signing the legislation, however, would require Bush to pressure the Republican-controlled Senate to act quickly in passing the renewal that the House approved last week. A Senate committee passed the bill on Wednesday and the president is scheduled to address the NAACP on Thursday after rejecting the civil rights group's invitations for five straight years."

The Washington Times (7/20, DeBose, 88K) reports that Clinton told the NAACP that "it would be easier to protect their rights by putting Democrats in power in November." Clinton said, "The best way to prevent people from benefiting from their behavior in weakening our voting rights is to vote in a Democratic Senate and House majority this November, because we can talk all we want, but at the end of the day, we get the government we vote for."

Clinton And Obama Warn NAACP Not To Be "Bamboozled" By Bush. The Los Angeles Times (7/20, Zeleny, 918K) reports, "One day before President Bush addresses the NAACP for the first time during his presidency," Sens. Hillary Rodham Clinton and Barack Obama "urged those attending the meeting to hold the administration accountable for renewing — and enforcing — the Voting Rights Act." The Senators "warned NAACP delegates to be cautious of any civil rights promises Bush offers when speaking to the group today. The senators criticized Republicans for allowing the landmark 1965 Voting Rights Act to nearly expire and said the Justice Department had failed to aggressively pursue allegations of disenfranchisement." Obama is quoted as saying, "Don't be bamboozled. Don't buy into it. … It's great if he commits to signing it, but what is critical is the follow-through." The Times goes on to report, "During a panel discussion at the NAACP convention," Clinton, Obama and Sen. Edward Kennedy "repeatedly referred to Bush as the 'mystery speaker' and suggested that his decision to speak was politically motivated."

Lawmakers Warned Of Potential Voting Security Problems. The AP (7/20, Lester) reports, "Experts told members of two House committees on Wednesday that security for electronic voting machines is inadequate, lab testing of this machinery is insufficient and a paper record of voting is essential to protect election integrity. … 'The federal standards are not sufficient to prove that election systems are able to guarantee federally approved voting systems can adequately protect the integrity of our elections against unintentional failures or against tampering,' said David Wagner, a specialist in computer science from the University of California-Berkeley. … An official with the federal agency created to ensure successful elections tried to assure lawmakers that all steps are being taken to train elections officials and workers and make certain equipment is up to standards."

ANTITRUST:

Microsoft Announces "Guiding Principles" Aimed At Easing Antitrust Woes. The Washington Post (7/20, D1, Goo) reports, "Microsoft Corp. said yesterday that it will allow competitors' software to appear more prominently than its own on the new Windows operating system, scheduled for sale next year." The Post continues, "The European Commission fined the software giant $357 million last week for not moving fast enough to make its systems more open to competition, and the two parties have yet to resolve a few issues about Vista, the operating system that will succeed Windows XP. Microsoft outlined a dozen 'guiding principles' yesterday to show that it will comply with demands from government regulators here and abroad who are closely monitoring Vista."

Dow Jones (7/20) reports, "Microsoft Corp. on Wednesday said it would allow computer makers to set rival search engines such as Google Inc. as the default in upcoming versions of its Windows operating system. … This announcement confirmed earlier findings by the Justice Department that its new Vista software won't shut out rival

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offerings." Dow Jones continues, "Microsoft vowed it would employ guidelines to allow competition and be transparent as it develops new versions of its software, used to power over 90% of the world's computers. The company said is would continue to follow the guidelines even after major portions of a U.S. antitrust settlement expire in November of next year. … In May, the Redmond, Wash.-based company agreed to a two-year extension of a key part of its landmark U.S. antitrust settlement. Justice Department officials also found that a new search feature in the latest version of Microsoft's Web-browsing software wasn't anticompetitive."

The Financial Times (7/20, Francisco) reports, "The guidelines in part reflect a voluntary extension of some of the business practices imposed on the software company as part of its antitrust settlement with the US government in 2002, it said. … The proposed self-regulatory approach to software development comes as European regulators gear up for a fight over Vista, the first new release of the Windows computer operating system in five years." The Times adds, "Unveiling the plan in Washington yesterday, Brad Smith, Microsoft's general counsel, said the voluntary framework was not meant to pre-empt the actions of regulators. But it was 'an important step . . . in our implementation of antitrust law' … Among its 12 voluntary principles, Microsoft said it would let computer makers and users choose the default settings for its software, enabling them to pick products from companies other than Microsoft if they wanted."

CNET News (7/20, Broache) reports, "Under the principles, users and manufacturers will be free to change any default settings, to install any software and to remove key Windows features as they please, Smith said. Developers will enjoy access to a broader range of application programming interfaces, or APIs, and anyone will be able to license Microsoft's communications protocol or patents, within certain parameters. … The announcement comes just a week after the European regulators slapped the company with a $357.3 million fine for noncompliance with a 2004 antitrust ruling. In addition, several U.S. antitrust-related provisions imposed on Microsoft by a federal court run out in November 2007. The company agreed with federal and state prosecutors in May to extend certain parts of the judgment related to licensing of its communications protocols until 2009." CNET notes, "The principles unveiled on Wednesday aren't meant to substitute for antitrust law, nor are they as comprehensive as some might like, Smith acknowledged. 'We do not pretend these principles answer all questions for all time or even for now,' he said. … But they reflect the fact that Microsoft has learned a lot in the nine years since the U.S. government launched its antitrust probe in earnest, Smith said. Chief among those lessons, he said, is the recognition that Microsoft has 'a special responsibility both to advance innovation and to help preserve competition in the information technology ecosystem.'"

The Seattle Times (7/20, Romano) reports, "The principles, about eight of which are adaptations or extensions of parts of the U.S. antitrust ruling against the company, are organized under three main ideas, each with several specific tenets: … 'Microsoft is committed to designing Windows and licensing it on contractual terms so as to make it easy to install non-Microsoft programs and to configure Windows-based PCs to use non-Microsoft programs instead of or in addition to Windows features.' … This includes specifics such as the freedom to add 'icons, shortcuts and the like to the Windows Start menu and other places used to access software programs'; the ability for manufacturers to set non-Microsoft programs to be used by default; the ability to remove Microsoft programs like Explorer and Media Player and promote non-Microsoft programs exclusively; and business terms that protect manufacturers who go the non-Microsoft route from retaliation."

The AP (7/20, Caterinicchia) reports, "Some industry analysts questioned the significance of Microsoft's announcement. … 'There's almost nothing new here,' said Joe Wilcox, an analyst with Jupiter Research. 'They're taking something they're compelled to do and putting a PR spin on it.' … The one exception was not requiring buyers of Microsoft software to use Windows Live. … 'That's actually a pretty big deal,' Wilcox said, because it could allow Web offerings, like those from Google and others, to become more competitive."

Discussion Of Potential GM Alliance Spurs Unease In Michigan. The New York Times (7/20, Maynard, Bunkley, 1.21M) reports General Motors, Renault and Nissan "have only begun talking about a possible alliance, but the prospect of such a deal has touched a raw political nerve in the Motor City. Members of Congress from both parties, Michigan's governor and the head of the United Automobile Workers union have all questioned whether the deal would be good for a state troubled by high unemployment, plant closings and the erosion of its mainstay auto companies." Rep. John Dingell, "whose wife…is a

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senior official in G.M.'s Washington office," said "shareholders and employees of the company had told him they were fearful of an alliance. 'Most of them think it's a bad deal — a bad deal for the company, a bad deal for the state and a bad deal for them,' he said."

Poker Players Sue Over Use Of Likeness, Names. The AP (7/20, Nakashima) reports, "Seven professional poker players filed an antitrust lawsuit Wednesday against the operator of the World Poker Tour over the use of their likeness and their access to play in televised tournaments." The AP continues, "The lawsuit, filed in U.S. District Court in Los Angeles, came as the world's largest poker tournament, the World Series of Poker, was under way at the Rio casino-hotel in Las Vegas. … The players, including famous pros Howard 'The Professor' Lederer, Chris 'Jesus' Ferguson, and World Series champs Joseph Hachem and Greg Raymer, argued that WPT Enterprises Inc. made them waive lucrative rights to use their images and names to promote products and video games before they could enter WPT tournaments." The AP notes, "Lederer told The Associated Press that video clips of him playing in a WPT tournament were used in a WPT video game that competed directly with one he and his sister Annie Duke appear in, 'World Championship Poker 2.' … 'All I'm asking is that they not compete against me, with me, without even offering to pay me or asking my permission,' Lederer said. 'People are being paid seven-figure endorsement contracts. These are rights that should not be demanded of us for nothing.'"

The Minneapolis/St. Paul Business Journal (7/20) reports, "The lawsuit seeks to void releases that the players signed that give the WPT rights to use their names and likenesses, and also seeks to void agreements between the WPT and Las Vegas casinos that prohibit the casinos from staging poker tournaments that compete with WPT events, attorney Jeff Kessler said. … The suit also seeks to recover unspecified compensatory and treble punitive damages."

Mittal Claims Its Bid For Arcelor Is A Success. The Baltimore Sun (7/19, Connolly) reports, "Mittal Steel Co. NV said yesterday that it has succeeded in its $32 billion takeover bid for Luxembourg-based Arcelor SA, having acquired half of Arcelor's shares." The Sun continues, "While the final tally won't be announced until next Wednesday, Mittal officials said they are confident that enough Arcelor shareholders have agreed to sell their shares to Mittal, which is based in Rotterdam, the Netherlands. The merger would create the world's largest steelmaker, to be called Arcelor-Mittal, with annual production of more than 110 million tons." The Sun adds, "The deal raises questions about whether Mittal will sell its steel mill at Sparrows Point to assuage regulators' antitrust concerns. … After a five-month battle, Arcelor surrendered to Mittal's advances last month and agreed to a merger. To avoid antitrust issues, Mittal had promised to sell Canadian steelmaker Dofasco, which provides high-grade sheet metal to the auto industry, to German-owned ThyssenKrupp AG. … However, in one of a series of defensive moves to thwart Mittal's takeover bid, Arcelor transferred its Dofasco unit to a Dutch foundation to make a sale difficult. … Despite their merger agreement, Arcelor officials still refuse to approve Dofasco's sale. Arcelor will hold a majority of seats on the new company's board and will have considerable say in decision-making." The Sun notes, "If Mittal is unable to sell Dofasco, Justice Department officials said, Mittal must divest itself of 'alternative assets,' according to the agreement reached May 12. Two weeks later, representatives from ThyssenKrupp toured Sparrows Point, plant officials confirmed. … But whether Sparrows Point is put up for sale depends on what the Justice Department considers a monopoly, said steel consultant Charles Bradford of New York City-based Bradford Research Inc."

ENVIRONMENT:

DOE's Yucca Mountain Boss Doubts Senate's Radioactive Waste Storage Plan. The AP (7/20, Werner) reports that DOE's new Yucca Mountain project head "has doubts about a Senate plan for temporary storage of highly radioactive nuclear waste pending completion of Yucca. 'I'm not saying it can't be done but it's going to be a challenge,' Edward F. 'Ward' Sproat," who directs the DOE's "Office of Civilian Radioactive Waste Management." Sproat, "also said that if Yucca Mountain opens in Nevada in 2017" there may be "no need for interim storage anyway." The AP adds that "a series of problems including lawsuits and funding shortfalls have delayed the project, and more than 50,000 tons of nuclear waste is now piling up at nuclear power plants in 31 states, with nowhere to go. The government is facing mounting legal liability because it was contractually obligated to begin storing the material starting in 1998."

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US Nuclear Renaissance Won't Be Held Back By Lack Of Progress On Yucca Mountain. In a lengthy 1,000 word plus piece appearing in the Wall Street Journal (7/20, 2.03M), author William Tucker, writes, "Right now the Yucca Mountain Repository consists of one five-mile long tunnel dug into the side of the mountain/ridge. In 1994, a locomotive-like device with a 25-foot drill face started burrowing about 185 feet a day. After a mile into the mountain it turned left for three miles, then left again, re-emerging only five feet from its target." That "was 1997" and "nothing much has happened since." Tucker adds, "Even as Yucca submerges slowly beneath a raft of environmental impact statements, alternatives are emerging. Some utilities are using 'dry cask storage,'" and "as half a dozen utilities prepare to submit applications for new reactors to the Nuclear Regulatory Commission, perhaps the best role for DOE's effort will be to serve as a distraction. While environmentalists continue their war dance around Yucca Mountain, a revived nuclear industry will be solving their global warming problem for them."

Report Faults Former Interior Official For Shooting Buffalo. The AP (7/20, Heilprin) reports, "A senior Interior Department official was awarded his own buffalo to hunt and kill on a billionaire's private ranch a month before his office designated Houston as a port for exotic wildlife – a move that benefited the ranch owner." The AP continues, "The official's involvement 'was inappropriate and violated the appearance standard,' the department's inspector general said in a report. … The official, David P. Smith, was deputy assistant secretary for fish, wildlife and parks, when he shot and killed the buffalo during the first weekend of December 2004. … It was a buffalo whose health was failing due to old age, according to the report. Smith drove to about 30 yards to 40 yards away from the buffalo – an iconic mammal that is the official symbol of the Interior Department – and shot it in the eye." The AP adds, "After the department's internal watchdog began investigating, Smith reimbursed the ranch $3,170.54 for the buffalo's shoulder mount, skull, tanned hide and 20 pounds of meat in a cooler. He also had the dead animal's hooves made into bookends. … The department on Jan. 5, 2005, designated Houston, along with Memphis, Tenn., and Louisville, Ky., as official ports for bringing exotic wildlife animals and trophies into the United States. That brought to 18 the number of such ports, which can save big-time hunters and other noncommercial importers time and about $200 in fees for each shipment. … Smith resigned from the department effective Friday. … The agency report, obtained through a Freedom of Information Act request by U.S. News & World Report, said the Justice Department had declined to prosecute."

Grassley, Baucus Reject Further Farm Subsidy Cuts. After meeting with US Trade Representative Susan Schwab Wednesday, Bloomberg (7/20, Drajem) reports Sens. Charles Grassley and Max Baucus said the Bush administration has "limited scope to offer further cuts in US farm subsidies as it seeks a new global trade accord." At the G8 meeting last weekend, President Bush hinted at new concessions in order to reach a WTO deal, but lawmakers, who will have to approve any agreement, said the US had already offered significant cuts to farm subsidies last October. After meeting with Schwab, Grassley said, "We're waiting for others to move now." Baucus added: "There is the strong perception here that the ball is still in the EU's court." Meanwhile Schwab said President Bush "indicated that the US would have additional flexibility for significant improvements on market access on the table."

Improperly Installed Seals Blamed For Sago Mine Deaths. The New York Times (7/20, Urbina, 1.21M) reports, "The 12 miners who died in the Sago Mine in West Virginia in January would have survived an explosion in an abandoned section of the mine if the seals cordoning off that area had been properly installed, state mining officials concluded in a report released yesterday."

USA Today (7/20, Bazar, 2.27M) reports, "The report says the disaster cannot be "attributed to any specific actions" by the mine's operator, International Coal Group (ICG), or by state and federal mine-safety officials. 'In mining accidents and rescue efforts, you need a break. You need luck. And we didn't have any,' said J. Davitt McAteer, West Virginia Gov. Joe Manchin's adviser on the tragedy, who prepared the report. 'Every possible thing went awry.'"

Heat Wave, Drought Hit US Farmers Hard. The Christian Science Monitor (7/20, Paulson, 58K) reports, "As America wilts from triple-digit temperatures this week, farmers and ranchers in the Midwest and West have been hit especially hard" by a "combination of heat and, in many places, drought." According to the Monitor, the heat has had

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"far more impact on local producers than on national grain or livestock prices." Relief from the heat is "in sight for much of the country," but the lack of rain remains an issue. The Department of Agriculture has "already announced measures to help," including giving natural disaster designation to "dozens of counties in Colorado and Nebraska, as well as a few in neighboring states."

FBI/DEA/ATF/USMS:

San Francisco Grand Jury Said To Be Investigating Coach Who Prompted BALCO Case. According to the New York Times (7/20, Wilson, 1.21M), even though attention has focused on a possible federal indictment of Giants slugger Barry Bonds as early as Thursday, the grand jury in San Francisco also is investigating top track coach Trevor Graham. The Times says Graham "set off the Bay Area Laboratory Co-Operative steroids case when he anonymously mailed a syringe to the United States Anti-Doping Agency in June 2003. Chemists found a new type of steroid in the syringe, prompting the biggest drug scandal in the history of sports." However, a man who worked with Graham "has told the grand jury…and federal investigators that he was the main supplier of performance-enhancing drugs to Mr. Graham and many of his athletes." The Times reports that allegedly includes top track and field athletes such as Marion Jones and Tim Montgomery.

The San Jose Mercury News (7/19, Almond) reports, "Graham…denied giving athletes drugs during an interview with chief BALCO investigator Jeff Novitzky in 2004. … Sources have told the Mercury News that drug testers have worked with Novitzky in an effort to charge Graham and his athletes for the past two years."

The AP (7/20) report cites The New York Times story on the investigation of Graham.

Trainer Expected To Be Released From Prison. The AP (7/20) reports, "Barry Bonds' personal trainer was set to be released from prison Thursday, his attorney said, the same day the term of the grand jury investigating the baseball star was to expire. It was unclear if Greg Anderson's expected release would have any bearing on whether indictments were handed up against Bonds. … Anderson was held in civil contempt and sent to federal prison earlier this month for refusing to testify to the grand jury investigating Bonds. … Anderson likely holds the key to whether perjury charges could stick against Bonds, who testified in 2003 that he thought substances given to him by the trainer were arthritis balm and flaxseed oil," not performance-enhancing drugs.

Former Head Of Meth Ring Is Sentenced In Alabama. According to the AP (7/19), the former head of a meth distribution ring in Gadsden "has been sentenced to almost 16 years in prison. At a federal court hearing in Birmingham Tuesday, Javier Zavala was ordered to serve 15 years and eight months in prison. … Zavala was among 21 people, including four of his siblings, indicted in November 2002 following an investigation called 'Rolling Thunder.'"

Arizona Man Accused Of Supplying Tons Of Marijuana To Tennessee Businessman. The Knoxville (TN) News Sentinel (7/20, Satterfield, Keim) reports an Arizona man federal authorities "allege supplied prominent…businessman Scott West and his brother tons of marijuana is headed back to Knoxville to face federal charges. … It is the alleged supplier whose name had been blacked out on the indictment. That changed Wednesday after authorities confirmed that he - Phillip A. Apodaca - had been arrested at his home in Tucson, Ariz. … However, federal court records already filed in the West case make it clear that Apodaca is the man authorities, including the U.S. Drug Enforcement Administration, allege was the go-to guy the Wests looked to when ordering marijuana."

Authorities Say Hollywood Film Company Was Front For International Drug-Smuggling Operation. In a report about Hollywood's Limelight Films, the Los Angeles Times (7/20) reports federal authorities "have alleged that the film corporation was a front for an international drug-smuggling and money-laundering operation stretching from Los Angeles to Switzerland. Limelight Chief Executive Bruno D'Esclavelles of Los Angeles and Alexandre De Basseville, an executive in a Swiss financial firm that owned the film company, were among seven men arrested June 1 as part of a two-year federal investigation dubbed 'Operation Director's Cut.' D'Esclavelles and De Basseville were arrested in Arlington, Va., and charged with conspiracy to distribute Ecstasy." The Times adds, "Neither D'Esclavelles nor De Basseville could be

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reached Wednesday for comment, and the number listed for Limelight's West Hollywood offices was disconnected."

Dallas Police Seize $13 Million Worth Of Cocaine, Four Arrested. The Fort Worth (TX) Star-Telegram (7/19, White) reports the Dallas Police Department "seized 297 kilos of cocaine late Tuesday — the largest seizure in the department's history. The cocaine, equaling 653.4 pounds, was found during two traffic stops in two different vehicles, said Lt. Rick Watson, police spokesman. Watson said the cocaine is worth $13.3 million." The Star-Telegram says four people were arrested with the help of the DEA and others.

The Houston Chronicle (7/20) reports, "Police also seized $26,353, five guns, including two assault rifles, and equipment and materials authorities said could be used to package large amounts of money and cocaine."

Local TV Coverage. KDAF-TV, Dallas-Ft. Worth (7/19, 9:00 p.m.) reported, "They're calling it the largest cocaine bust in Dallas history. … High amounts of cocaine, also more than 26,000 in cash, and a small army of hand guns and shot guns. … Police arrested four suspects."

KDFW-TV, Dallas-Ft. Worth (7/19, 10:00 p.m.) reported, "Dallas police showed off the stash of what they call the biggest cocaine bust in DPD's history. More than 650 pounds of coke. … The biggest cocaine bust in the history of the Dallas Police Department happened in a neighborhood of hard working people who are very upset as you can imagine, but they are also relieved that the men police call drug dealers are now behind bars."

KTVT-TV, Dallas-Ft. Worth (7/19, 10:00 p.m.) reported, "Dallas police make what they call their biggest cocaine seizure ever. Police grabbed more than 650 pounds of cocaine along with some high powered firearms. Investigators say the street value was worth more than $13 million. Four people have been arrested."

Authorities Target New York Drug Network, More Than 70 Arrested. In Albany, New York, the AP (7/19) reports state and local police "made 74 arrests in pre-dawn raids Wednesday in what they said was a drug-dealing network across the state dealing in cocaine, heroin, crack and ecstasy. The door-to-door execution of search warrants by 300 police officers in six counties targeted 104 suspects." The AP notes the DEA's involvement and reports New York Attorney General Eliot Spitzer "said the arrests are part of a crackdown on drug routes from New York City and the gang violence that it spawned from Niagara Falls to Albany."

In California, Marshals Arrest East Palo Alto "Top Ten" Fugitive. The Palo Alto (CA) Weekly (7/19) reports marshals have "arrested one of East Palo Alto's top ten fugitives, according to U.S. Marshal Federico L. Rocha. Larry Lloyd, 32, was arrested last Friday at a Union City residence. Lloyd had been wanted by the federal Drug Enforcement Agency on charges of distribution of cocaine, and by local police on similar charges."

FBI Investigating Possible Link Between Ohio Mosque Threat, Earlier Bombing. The Cincinnati Enquirer (7/19, Weathers, 212K) reported, "The FBI is investigating whether there's a connection between a bomb threat to a mosque Monday and a pipe-bomb explosion at the mosque in December. 'That's one of the things we're looking into,' Special Agent Michael Brooks, spokesman for the Cincinnati FBI office, said Tuesday." Islamic Center of Cincinnati spokeswoman Karen Dabdoub said that "mosque officials are taking the threats seriously and security has been increased," and she noted that "the December bombing, which caused minor damage to the building, failed to intimidate worshipers." Brooks said that "agents were at the mosque conducting interviews Tuesday" and he added that "the investigation of the December bombing at the mosque continues."

Six Charged With Arson In Philadelphia Fire. The Philadelphia Inquirer (7/20, Clark) reports, "A Philadelphia man and five juvenile boys have been charged in an arson fire that heavily damaged a former church in the city's Northeast section, authorities said yesterday." The Inquirer continues, "Nicholas Lawrence, 19, of the 1000 block of Hoven Road in Bustleton, and the others were charged over the last three days with setting the July 8 fire that caused extensive damage to Eden Hall Chapel, 4800 Grant Ave., said Special Agent John Hageman, a spokesman for the federal Bureau of Alcohol, Tobacco, Firearms and Explosives." The Inquirer adds, "Hageman said Lawrence was being held on $100,000 bail and the boys, whose names were withheld by police because of their ages, were all in custody. … Investigators linked Lawrence to the fire after a witness described a truck that was at the scene. The owner of the truck was later located; it was learned that Lawrence had borrowed the vehicle, Hageman said. … Mark W. Potter, ATF

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special agent in charge, said, 'The community suffers when historical buildings become targets for vandals and arsonists.' Potter said he hoped that the arrests would deter others from 'destroying pieces of a community that promote civic pride.'"

IMMIGRATION:

Battle For Control Of Congress Complicates Efforts To Find Compromise On Immigration. USA Today (7/20, Kiely, 2.27M) reports that while the Pew Hispanic Center estimates Pennsylvania's illegal immigrant population at no more than 175,000, or 1.4% of the population, illegal immigration has become "a campaign issue, not only here but in places such as Omaha, Nashville and Salt Lake City." Sen. Rick Santorum, "running behind Democrat Bob Casey in his race for re-election to a third term, made border security the theme of his first campaign commercials, which began airing last month." USA adds, "People on both sides of the immigration debate agree it could help decide this fall's elections. … The battle for control of Congress is complicating efforts to reach a legislative compromise."

Business Advocates Troubled By Some Provisions In Senate Bill. The Washington Times (7/20, Hurt, 88K) reports, "Pro-business advocates urged Congress yesterday to create a program for foreign 'guest workers' but called some of the provisions in the Senate immigration bill 'troubling.' The Senate legislation, said Elizabeth C. Dickson of the U.S. Chamber of Commerce to a House committee yesterday, 'includes a number of requirements that are unclear, unnecessary or simply unwise, and we hope that should Congress move to enact a new temporary-worker program that these problems will be addressed.' … Despite flaws in the Senate bill, Ms. Dickson said a guest-worker program is needed."

State, Local Governments Pass Illegal Immigration Measures. Frustrated by Congress' efforts to craft a compromise on an immigration bill, cities and states are passing their own measures. The AP (7/20, Tanner) reports that most of these state and local measures "make life harder for undocumented workers and demand that employers, law enforcement officers and even landlords act as the front line." The AP adds, "One question is whether the local and state laws would stand if Congress overcame the split between the Senate and the House and approved a new federal law. Many would be superseded, officials acknowledge -- but they say it's better to pass a local measure that won't last than nothing at all, and right now it's unclear whether Congress will make a deal."

NYTimes Faults Congress' Failure To Reach Compromise On Immigration. An editorial in the New York Times (7/20, 1.21M) says, "Washington's immigration debate is stuck in the political doldrums, becalmed and hot, going nowhere. The hard task of making policy has been set aside for a summer of theater. … In Washington, there is no hint of compromise. The feeling grows that any hope of an immigration overhaul is dead for the year." Meanwhile, state legislatures and city governments "doggedly propose or enact laws to control their small patches of the immigration battleground. Most veer toward harshness, to milk anti-immigrant passions. … The status quo -- localities running wild in a federal vacuum, hidden communities of fearful immigrants bracing for the worst, immigrant-dependent businesses unwilling and unable to get right with the law -- is a parody of sensible governing."

Authorities Comb Arizona Desert For Abandoned Immigrants. Authorities were searching the desert west of Phoenix yesterday for as many as 200 illegal immigrants who may have been abandoned by smugglers. The New York Times (7/20, Giblin, 1.21M) reports, "The search began after Maricopa County sheriff's deputies and United States Border Patrol agents found 90 illegal immigrants hiding Tuesday along a remote road about 50 miles from Phoenix. … The immigrants told the authorities that three people in their group had died and that hundreds more remained hidden in the desert. The authorities have been unable to verify those claims." Authorities "have used helicopters, planes, off-road vehicles and dogs in the search. But the heat and the location have made the task difficult, said Lt. Paul Chagolla of the Sheriff's Office."

The Los Angeles Times (7/20, Riccardi, 918K) reports, "Federal immigration investigators were interviewing dozens of the migrants, mostly Guatemalans, in an attempt to piece together what had happened. … The migrants will be held at a detention facility south of Phoenix while investigators try to build a case against the smugglers."

Judge Threatens To Have Woman Deported. The Los Angeles Times (7/20, Quinones, 918K) reports, "A substitute judge hearing the case of an illegal immigrant

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seeking a restraining order against her husband threatened to turn her over to immigration officials if she didn't leave his courtroom. Los Angeles Superior Court Judge Pro Tem Bruce R. Fink told Aurora Gonzalez during last week's hearing that he was going to count to 20 and that if she was still in his courtroom when he finished, he would have her arrested and deported to Mexico. In an interview Wednesday, Fink said that the woman had admitted in court that she was in the country illegally and that he didn't want her to get in trouble with immigration officials."

Thousands Rally In Support Of Immigrants. Thousands of people marched through downtown Chicago yesterday in support of more lenient treatment of illegal immigrants. The Washington Post/AP (7/20, A10) reports, "Rep. Luis Gutierrez (D.-Ill) fired up the crowd at the rally in Grant Park, telling them: 'It is through your actions and mobilizations that you will get Congress to act on immigration reform.'" The AP adds, "The focus of the city's third-largest immigration rally since March was to urge the government to stop deporting illegal immigrants and to put a moratorium on sanctions against businesses that employ them, while Congress debates immigration legislation."

La Raza President Wants To Provide Same Opportunities She Enjoyed. The Los Angeles Times (7/20, Watanabe, 918K) reports that Janet Murguia, the president and CEO of the National Council of La Raza, is the child of one Mexican immigrant and the son of another one. Three of her six siblings "also went to law school; two are federal judges." Murguia, who worked her way from poverty to success, says "she wants to make such dreams accessible to all."

Americans Relocating To Small Border Town In Washington State. The Washington Post (7/20, A2, Pomfret, 748K) reports on the town of Point Roberts, Washington, a "tiny speck on the Canadian border" where dozens of people from DC, New York and Los Angeles have relocated since the 9/11 attacks. The "five-square-mile community of Point Roberts is going through a boom as Americans seeking a safe place to raise their children or to retire move here." The Post reports, "Hanging off a Canadian peninsula just below the 49th parallel, which divides the two countries, Point Roberts is accessible by land only via Canada. Residents call it an enormous gated community, with agents from US Customs and Border Protection as guards."

Minuteman Leaders Question Whereabouts Of Donations. A front page story in the Washington Times (7/20, Seper, 88K) reports, "A growing number of Minuteman Civil Defense Corps leaders and volunteers are questioning the whereabouts of hundreds of thousands, perhaps millions, of dollars in donations collected in the past 15 months, challenging the organization's leadership over financial accountability. … Several of the group's top lieutenants have either quit or are threatening to do so, saying requests to Minuteman President Chris Simcox for a financial accounting have been ignored. Other Minuteman members said money promised for food, fuel, radios, computers, tents, night-vision scopes, binoculars, porta-potties and other necessary equipment and supplies never reached volunteers who have manned observation posts to spot and report illegal border crossers."

Minuteman Leaders Question Ties To Keyes Organization. The Washington Times (7/20, Seper, 88K) reports, "The Minuteman Civil Defense Corps calls itself a 'project of the Declaration Alliance,' although few MCDC volunteers know what the alliance does or why Minuteman donations are routed through the charity founded and headed by conservative activist Alan Keyes. Several Minuteman leaders and members questioned the wisdom of ceding control over fundraising to the Herndon-based Declaration Alliance, part of an intricate weave of conservative organizations founded and chaired by Mr. Keyes or tied to longtime Keyes associates working with MCDC."

TAX:

Judge Delays KPMG Tax Shelter Trial By Four Months. The AP (7/20) reports, "The judge overseeing the tax fraud trial involving shelters designed or marketed by 16 former partners at the accounting firm KPMG and two others has delayed the trial by four months." The AP continues, "Judge Lewis A. Kaplan of Federal District Court in Manhattan moved the start of the trial to Jan. 15 yesterday because of delays in turning over information to defense lawyers and a dispute over the firm's decision to cut off payment of the partners' legal fees. It had been scheduled to start Sept. 11." The AP adds, 'The judge cited the government's failure to give documents to the defendants' lawyers by an October 2005 deadline; some were turned over

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this month. He said he might impose sanctions if the material was not turned over by Nov. 15."

CONGRESS-ADMINISTRATION:

In First Exercise Of Veto Power, Bush Rejects Stem Cell Research Funding Bill. As expected, President Bush yesterday vetoed the stem cell research funding bill passed by the Senate, saying it would cross a "moral boundary that our decent society needs to respect." Media coverage generally portrayed Bush's move as designed to appeal to social conservatives at the expense of medical research supported by a majority of Americans. The story was covered by each of the networks in a full segment.

ABC World News Tonight (7/19, story 8, 1:55, Tapper, 8.78M) reported, "Surrounded by enthusiastic supporters, the President announced he wielded his veto pen for the first time." The White House "has gone so far as to say using embryos for stem cell research is murder. And to make that point, among the guests today were children whose parents adopted them as embryos." President Bush: "These boys and girls are not spare parts." Tapper: "But the cheering for the president's position in the East Room, stands in stark contrast with the views of the American people in general. About 60% of whom, according to polls, support funding this research."

The CBS Evening News (7/19, story 6, 2:45, Borger, 7.66M) reported, "The President signed his first-ever veto privately but then made a very public appearance with children created from leftover embryos. Just the sort that could have been used for Federally funded stem cell research under the bill passed by Congress." But "even some of the President's allies who oppose abortion, like Senate Majority Leader Bill Frist, a doctor, have now had a second opinion and passed the bill lifting research restrictions. That means politicians have to come back and say, gee, I might have been wrong three years ago." Sen. Bill Frist: "Well, it's not so much as being wrong, it's viewing whatever comes to the floor in the light of the current science."

NBC Nightly News (7/19, story 10, 2:10, Gregory, 9.87M) reported, "The President defended his first-ever veto by surrounding himself with young children, who as embryos, were donated to couples unable to have children on their own. The point, even a small cluster of human cells should be allowed to grow, not destroyed for research." The veto "is a big winner with social conservatives who are angry with the President over Iraq and immigration. But supporters of expanded Federal support for stem cell research from both parties argue the President is thwarting important scientific gains."

The Los Angeles Times (7/20, Hook, 918K) reports Bush "said the veto was not a setback for science but rather a victory of conscience, as taxpayers should not pay for research that destroys human embryos — even in the service of obtaining stem cells to develop potential cures for disease."

CNN's The Situation Room (7/19, Blitzer) reported that President Bush has vetoed "an embryonic stem cell research bill passed by Congress, saying it crosses a moral boundary." CNN (Bash) added, "The bill would have lifted restrictions on Federal funding for embryonic stem cell research. And Democrats say in rejecting that, the President defied the will of the people and they say Republicans will pay a political price."

The AP (7/20, Woodward) reports stem cell research "packs the emotional punch of abortion and assisted suicide for people engaged on both sides but with this difference: So far, most people are on one side of the debate. That's a complication for Republicans, who like to say their 'big tent' makes room for differing views." President Bush's "veto of legislation Wednesday that sought to ease his restrictions on federal financing of stem cell research shakes that tent in ways other ethical issues have not." So "why the veto, the first of his presidency, and in the middle of a tough GOP campaign to keep control of Congress? Personal conviction is part of it but nothing comes out of the White House without political calculation." Bruce Buchanan of the University of Texas at Austin said, "The salience of this issue to a small, intensely motivated portion of his base has something to do with his decision to veto the bill."

The New York Times (7/20, Stolberg, 1.21M) reports Bush exercised "his first veto while putting himself at odds with many members of his own party and what polls say is a majority of the public." Within hours "of the East Room ceremony, the House hurriedly took up a measure to override the veto, but the vote, 235 to 193, fell 51 short of the two-thirds majority required. Fifty-one Republicans, 183 Democrats and 1 independent voted to override, while 4 Democrats joined 179 Republicans in voting to keep the veto intact."

CQ (7/19, Ferrechio, Crowley) reports the Senate will "not vote on an override. Vetoed legislation first goes to the chamber where it originated." In debate "before the vote,

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Majority Leader John A. Boehner, R-Ohio, urged lawmakers to sustain the veto." But Rep. Thomas M. Davis III, R-Va., "went against his leader, however, saying those seeking re-election this fall would have to defend their decision to constituents."

The Washington Post (7/20, A4, Babington, 748K) reports Democrats "said voters will penalize GOP candidates for the demise of a popular measure, and predicted the issue could trigger the defeat of Bush allies such as Sen. James M. Talent, who faces a tough reelection battle in Missouri." The McClatchy Newspapers (7/20, Douglas) reports Bush's "choice for such a signature event is thus fraught with potential political consequences. While it may curry favor with religious conservatives, who compose the cornerstone of his political base, his stand may alienate moderate Republicans, independent voters and others who see the research as key to helping save lives."

USA Today (7/20, Benedetto, Stone, 2.27M) reports, "Criticism for the veto came from prominent Republicans such as former first lady Nancy Reagan and California Gov. Arnold Schwarzenegger. They note that the original stem cell lines have been whittled to about 20, all of them contaminated. They urged that the policy be loosened, even as private foundations and states, including California, funded their own research."

The Wall Street Journal (7/20, Lueck, 2.03M) reports Republicans "had settled on a strategy of swift action to reduce potential political fallout for the party. But Mr. Bush's decision to speak publicly was a sign he didn't want to hide from a debate that puts him on the side of many antiabortion and religious groups."

The Christian Science Monitor (7/20, Feldmann, 58K) reports analysts "agree that President Bush's veto was risky but unavoidable. Since the issue of stem-cell research arose early in his presidency, when Mr. Bush approved federal funding of preexisting stem-cell lines, he has remained adamant that no federal monies be used on newer cell colonies. The president believes the killing of human embryos, from which stem cells are harvested, is murder, says press secretary Tony Snow."

The AP (7/20, Pickler) reports the issue "split the Republican senators who are thinking about running to replace Bush in the White House in 2008. Sens. Sam Brownback of Kansas, Chuck Hagel of Nebraska and George Allen of Virginia sided with Bush in opposing the bill. Senate Majority Leader Bill Frist of Tennessee and Sen. John McCain of Arizona voted for the increased federal funding."

The Financial Times (7/20, Yeager), Bloomberg (7/20, Mcquillen), and the Washington Times (7/20, Dinan, 88K), also reported the story.

Some Conservatives Note Opposition Is To Use Of Federal Money. The Washington Times (7/20, Fagan, 88K) reports some Republicans "said they have been unable to define their opposition to the embryonic-stem-cell bill as criticism of the use of government money rather than being about the research itself." Rep. Mike Pence said, "I don't think we've made that case yet -- that this is an issue of federal dollars. This is only a debate of whether we want to use the taxpayer dollars of millions of Americans to fund research they find objectionable." The Times adds many Americans "think Congress is debating whether to ban embryonic-stem-cell research, conservatives said."

Bush's Choice Of Settings For Veto Announcement Noted. The AP (7/20, Pickler) reports the "somber tone of President Bush's first veto was somewhat betrayed by a little child's play at the White House. The president was surrounded by two dozen children as he announced that he had rejected legislation that would fund more embryonic stem cell research. Those boys and girls were born from leftover frozen embryos that their parents adopted from families that had gone through in-vitro fertilization." The White House "sought to showcase the children rather than the veto itself, which Bush had signed out of sight of cameras and reporters." But the children "had a hard time staying still and quiet."

LATimes Criticizes Bush Veto. The Los Angeles Times (7/20, 918K) says in an editorial, "By rejecting a bill that would have lifted some federal restrictions on funding for stem cell research, Bush handed a political victory to social conservatives, widened a rift in the Republican Party and gave electoral ammunition to his Democratic opponents. Oh, and he also landed quite a blow against scientific progress and human health."

Sensenbrenner Seeks Probe, Possible Impeachment Of California Judge. The AP (7/20, Werner) reports, "A House Republican has taken the first step toward impeachment proceedings against a federal judge in California accused of misconduct." The AP continues, "House Judiciary Committee Chairman James Sensenbrenner, R-Wis., introduced a resolution to allow his

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committee to investigate U.S. District Judge Manuel Real, who has served on the federal bench in Los Angeles since 1966. The committee would then consider whether impeachment proceedings are warranted, Sensenbrenner said." The AP adds, "Real, 82, allegedly seized control of a bankruptcy case involving a defendant he knew, then allowed the defendant to live rent-free for years in a house she'd been ordered to vacate. … A national federal judicial discipline committee ruled 3-2 in April that it could not sanction Real because the chief judge of the 9th U.S. Circuit Court of Appeals did not properly investigate the complaint. … 'When the judicial branch has failed to address serious allegations of judicial misconduct, as the 9th Circuit arguably has in this matter, the Constitution provides the Congress only one course of action: opening an impeachment inquiry,' Sensenbrenner said in a statement. … He said such a step would come only after 'a fair, thorough and detailed investigation.'"

Bush Has Spoken Little Of Poverty Since Katrina Crisis Passed. The Washington Post (7/20, Fletcher, 748K) reports that after Hurricane Katrina, poverty "forced its way to the top of President Bush's agenda." But, "poverty's turn in the presidential limelight was brief. Bush has talked little about the issue since the immediate crisis passed, while pursuing policies that his liberal critics say will hurt the poor. … Preoccupied by war and the specter of terrorism and threatened with revolt by his core supporters because of what they see as his free-spending ways, Bush has used the bully pulpit of the presidency not to marshal a new national consensus for fighting poverty but to make the case for cutting taxes along with domestic programs." Bush critics "say that progress on poverty has stopped because the president has not invested much time in championing the issue."

Administration Will Award $150 Million For Marriage, Fatherhood Programs. The New York Times (7/20, Eckholm, 1.21M) reports that a course about relationship skills and commitment is "a prototype in the Bush administration's campaign to fight poverty and aid children by promoting marriage -- an effort that, after years in the pilot stage, is about to get going in earnest this fall and has drawn surprising support from some liberal poverty experts. In a little-noticed bill reauthorizing welfare reform this year, Congress earmarked $750 million over five years for programs to promote 'healthy marriages' and 'responsible fatherhood.' The administration is now sifting through more than 2,000 proposals and in September will award $100 million to nonprofit groups, churches and local agencies around the country for marriage programs and $50 million for related fatherhood programs."

Portman Aims To Improve Communication With Congress, Reduce Supplemental Spending. In an interview with The Hill (7/20, Schor, Tiron) OMB Director Rob Portman said he is intent on improving communication between the White House and Congress. According to The Hill, Portman "has repeatedly asked administration officials about whether they have communicated to relevant lawmakers on various policy plans. The response, he said, usually is, 'Well, no, we don't do that.' Portman said, 'Well, we've got to do that.'" The Hill goes on to report Portman "said…for the first time since 2001, the administration is reflecting what he called an "approximation of the full amounts" to cover the conflicts in Afghanistan and Iraq for next year. … For its fiscal year 2008 budget request, OMB is preparing for another $50 billion budget allowance to fund the wars." Portman said, "I like the idea of minimizing supplementals to the appropriations bill … Emergency spending supplementals have the potential for becoming magnets for spending that should be in the normal appropriations process, so I prefer putting all we can in the budget."

Bush Deemed "Shameless" For Boasting About Federal Deficit Projections. The Washington Post's Robert Samuelson (7/20) writes, "For those who believe our leading politicians are utterly shameless, there was dreary confirmation last week. President Bush publicly bragged about the federal budget. Here's the objective situation that inspired the president's self-congratulation: With the unemployment rate at 4.6 percent (close to 'full employment' by anyone's definition), the White House and Congress still can't balance the budget. … How could anyone boast about that?"

Lewis Saw Large Profit From Investment In Friend's Bank. Rep. Jerry Lewis saw a large profit from his investment in a bank headed by a close friend who invited him to take part on the company's initial stock offering. The AP (7/20, Blood) reports that Lewis "was given the opportunity to buy into Security Bank of California in early 2005, shortly after becoming chairman of the powerful House

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Appropriations Committee. Lewis' initial $22,000 investment now is worth nearly $60,000." The AP notes that in addition to his friendship with bank Chairman James Robinson, Lewis "has other connections to the bank. Several of its board members have contributed to his campaigns and are linked to businesses that shared in the bonanza of federal dollars Lewis steered back home."

Senators Propose Web Site Listing All Federal Spending. The Christian Science Monitor (7/20, Chaddock, 58K) reports that a group of "pork busters" in the Senate is proposing listing all federal spending "on one easy-to-access website." The Senators say "it will be simpler for ordinary citizens to see where tax dollars are going - and to shame lawmakers into being more accountable. … The Senators' system would allow online users to search for all the US contracts, grants, or other payments made, for example, to Enron or Halliburton over a decade. … The proposed law -- cosponsored by Sens. Tom Coburn (R) of Oklahoma, Barack Obama (D) of Illinois, Thomas Carper (D) of Delaware, and John McCain (R) of Arizona -- directs the White House Office of Management and Budget to create a website showing all recipients of federal grants, contracts, and other payments. It must be free, easy to search, and accessible to the public, they say."

NTU Official Doubts Pelosi's Promise Of Earmark Reform. Jeff Dircksen, Director of Congressional Analysis at the National Taxpayers Union Foundation, writes in a letter to the Wall Street Journal (7/20, 2.03M), "Rep. Nancy Pelosi says she would end earmarks if she could and that she will press to reduce them if she becomes speaker next year ('Pelosi Promises Fiscal Restraint if Democrats Win1,' Politics & Economics, July 13). … The House has voted on 14 anti-earmark amendments offered by Rep. Jeff Flake of Arizona since June 14. Ms. Pelosi has voted against every one of them and her caucus seems to like earmarks almost as much as she does." Dircksen, "Taxpayers shouldn't have to wait for 'Speaker' Pelosi or the next Congress for an end to profligate earmarks. The leadership of both parties should regain some sense of shame and press to end earmarks now."

Negotiators Reach Agreement On Pension System Overhaul Legislation. Congressional negotiators have reached a preliminary oral agreement on amendments to overhaul the nation's pension system, according to Sen. Michael Enzi, chairman of the negotiating group. The New York Times (7/20, Walsh, 1.21M) reports that Enzi left a session yesterday afternoon "saying that he thought 'everything is resolved, pending getting the exact wording.'" While Enzi declined to provide details, "he said the negotiators would be working today on a written draft."

The AP (7/20, Abrams) reports that "aides familiar with the negotiations said they had yet to reach agreement on all parts of the bill, although they should be able to nail down a deal this week. One unresolved issue was the Senate-backed proposal to give special relief to financially troubled airlines. Negotiators also had not finished work on proposals to extend some popular tax breaks; these would be added to the pension bill. The chairman of the Senate Finance Committee, Sen. Charles Grassley, R-Iowa, said negotiators were under pressure from GOP leaders to fold in a cut in estate taxes."

The Wall Street Journal (7/20, Rogers, 2.03M) reports that the legislation "is expected to carry with it a substantial tax-cut package, including possible provisions to permanently extend savings and retirement-related tax breaks enacted in 2001." Top GOP negotiators, "including House Ways and Means Committee Chairman Bill Thomas (R., Calif.), said a final bill will be complete in time for House passage next week." Thomas "said the House 'must do it before we go home for August.'"

Bush Urged To Support Boehner On Pension Reforms. The Washington Post (7/20, A22, 748K), in an editorial, notes that airline carriers "have all made retirement promises to their workers, who agreed to work hard and loyally on the assumption that the promises would be honored. But the airlines treated these commitments as casually as they sometimes seem to treat their flight schedules. They failed to put enough money aside to fund their pensions. Then, when the funding shortfall grew too onerous, United Airlines, US Airways and most recently Delta Air Lines washed their hands of their retirement promises." Congress "is finalizing legislation that ought to clamp down on this financial abuse. … In the House-Senate conference negotiations now concluding, House Majority Leader John A. Boehner (R-Ohio) has stood up for the common-sense idea that pension promises should be funded, and he's been supported by the Bush administration. But the good guys need to press their case with more determination. A clear statement from President Bush that he will veto any bill that caves to airlines could yet salvage it."

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Senate Passes Bill To Stop Abusive Financial Practices Towards Service Members. The New York Times (7/20, Henriques, 1.21M) reports, "After two years of Congressional study, the Senate approved a bill yesterday that would tighten the rules governing the marketing of life insurance and high-cost mutual funds to American military personnel." While it "differs slightly from a companion bill approved by the House last summer," the "sponsors of the Senate bill said yesterday that they were confident that the two versions could be reconciled, given their broad bipartisan support." Both "measures are aimed at preventing problems in the sale of life insurance and other financial products," including "high-pressure sales pitches, violations of Pentagon rules governing solicitations on military bases, and deceptive and misleading information about the products sold and their suitability for service members and their families." They also "would give state regulators clear jurisdiction over insurance sales on military bases within their borders and would require the Defense Department to report people who violate military sales rules to those licensing agencies. It would also establish a central registry for tracking the agents base to base."

NYTimes Decries Boehner's Wooing Of Special-Interest Groups. The New York Times (7/20, 1.21M) editorializes, "The true talents of the new House majority leader, John Boehner, are becoming appallingly evident when it comes to the top item on Congress's real agenda: the need to raise lots and lots of political money." Boehner "is setting a fund-raising pace with powerful special-interest groups that already is challenging the achievements of his predecessor, Tom DeLay," who "made the symbiosis of lobbyist and lawmaker an unabashed money machine that scandalized Congress." Boehner "took over with vows to reform Congress. But he's busier beating Mr. DeLay's game at extracting contributions from power lobbyists and their corporate clients. He's averaged $10,000 a day since February, according to an article in The Times by Mike McIntire." Also, DeLay "scored 18 trips financed by private interests since 2000; Mr. Boehner has racked up 39 in that time." The Times adds, "It's all too clear that nothing serious can come of the vows of Mr. Boehner and other Congressional leaders to rein in ethical lapses so long as members remain addicted to lobbyist-generated campaign money."

OTHER NEWS:

Fed Chairman Says Inflation Moderating. Federal Reserve Board Chairman Ben Bernanke testified before Congress yesterday that economic growth is slowing and inflation is moderating, which observers took as an indication that the Fed would end its string of interest rate hikes. As a result, stock markets rose significantly on the day.

NBC Nightly News (7/19, story 9, 2:10, Williams, 9.87M) reported, "The core rate of inflation at the consumer level – that's the rate after you subtract volatile food and energy costs – was up an unexpectedly steep .3% in the US last month." But Bernanke "said today he thinks economic growth is slowing and inflation is 'moderating.' Well, many analysts took that as a signal that the Fed's long campaign of interest rate hikes is ending. Hearing that, stocks went soaring today. The Dow gained more than 212 points, surging back above that 11,000 mark [to close at 11,011.42]. NASDAQ was up 37.5 points [to close at 2080.71]."

ABC World News Tonight (7/19, story 7, 0:15, Gibson, 8.78M) reported, "And stocks had one of their strongest days of the year, with the Dow industrials shooting up more than 200 points [to close at 11,001.42] and the NASDAQ gaining 37 [to close at 2,080.71]. What fueled the optimism? Reassuring comments from" Bernanke "that inflation was subsiding raising hope that the long string of interest rate hikes may be over."

The CBS Evening News (7/19, story 7, 0:20, Schieffer, 7.66M) reported, "When Ben Bernanke told Congress today he expects inflation to moderate, Wall Street celebrated. The Dow took off like a skyrocket and closed with a gain of more than 200 points [to close at 11,011.42]. That is the second best day of the year."

The Wall Street Journal (7/20, lp, Whitehouse, 2.03M) reports Bernanke "predicted that an unfolding economic slowdown will reverse a worrisome rise in inflation, cheering financial markets, which took his words to mean that the Fed will stop raising interest rates soon." Part of Bernanke's "task was to blunt accusations of sending inconsistent messages since taking the post on Feb. 1. In April, he raised the possibility of a pause in interest-rate increases just as inflation began to rise. The following month, he talked tough on inflation as signs of economic weakness began to gather." Yesterday, he "appeared to seek a better balance by acknowledging that inflation was too high but laying out a

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forecast of slowing growth and stable energy prices under which inflation would fall back to a more comfortable level."

The Los Angeles Times (7/20, Havemann, 918K) reports Bernanke "presented a benign forecast for the U.S. economy, and markets welcomed his testimony as evidence that the Fed would soon halt its campaign of raising short-term interest rates." In his "semiannual economic assessment to Congress, Bernanke predicted a happy combination of slower but sustainable expansion and gradually moderating inflation."

The New York Times (7/20, Andrews, 1.21M) reports Bernanke's comments "helped fuel a rally in financial markets, which had already started the day up on strong earnings reports from I.B.M., banks and airlines." And "even though the Labor Department reported Wednesday morning that consumer price increases in June slightly exceeded expectations, Treasury bonds recovered from their earlier losses and shot higher." The McClatchy Newspapers (7/20, Hall) reports Bernanke's testimony "didn't erase expectations of at least one last quarter-point rate increase when the Fed's policymaking committee meets Aug. 8. That would take the federal funds rate - the benchmark rate for commercial bank lending - to 5.5 percent." The Washington Times (7/20, Hill, 88K) reports Bernanke "sparked a major market rally yesterday by saying the central bank expects the slowdown in economic growth that started this spring to temper the threat of inflation stemming from high energy prices."

The Christian Science Monitor (7/20, Trumbull, 58K) reports even as "US economic growth appears to be cooling a bit, inflation is not. The pressure of rising prices goes beyond oil, judging by some components of the Labor Department's Consumer Price Index (CPI)." All that "helps explain why the so-called core rate of consumer inflation, which excludes volatile food and energy prices, rose 0.3 percent for the third straight month in June." It's a "trendline that exceeds the Federal Reserve's comfort level. But it comes even as concern mounts that Fed policies - lifting interest rates 17 consecutive times since June 2004 to fight inflation - risk an economic slump. This could challenge the Fed, under new chairman Ben Bernanke, to walk a fine line between recession and an inflationary spiral."

Housing Costs Contribute To Increase In Inflation. The New York Times (7/20, Peters, 1.21M) reports a "closely watched barometer of inflation grew at a strong pace in June but shed little light on whether the Federal Reserve would increase interest rates again next month." The Labor Department "reported that the core Consumer Price Index, which does not include food and energy prices, rose by 0.3 percent in June, its fourth consecutive increase. That was a larger increase than economists expected, and represented the longest period of high inflation in the core rate since the first four months of 1995." A "major contributor to the increase in consumer prices last month was the cost of housing. The indexes for rent and its equivalents in the consumer price calculation climbed 0.4 percent. Prices for medical care, education and tobacco also went up."

Homes For Sale On The Rise Across US. The Wall Street Journal (7/20, Hagerty, 2.03M) reports, "The housing market continues to weaken in much of the country as inventories of unsold homes rise and many sellers cut their asking prices, a quarterly survey by The Wall Street Journal shows." There has yet to be any "sign of a broad collapse of housing prices about a year after the once-hot coastal markets entered a long-anticipated cooling phase. But the general level of prices is edging down in some areas and leveling off in others, while the supply of homes for sale keeps rising. The number of homes on the market in Orlando, Fla., for example, is nearly five times the year-earlier level, while the inventory has quadrupled in Phoenix and Tampa, Fla., and nearly tripled in the Washington, D.C., area." In a separate "sign of the housing market's growing weakness, the Commerce Department said housing starts fell 5.3% last month from May, to an annual rate of 1.85 million."

Stock Markets Up Sharply. The Wall Street Journal (7/20, Browning, 2.03M) reports the Dow Jones Industrial Average "soared, recording the year's second-strongest gain, after Federal Reserve Chairman Ben Bernanke offered hope for an end to interest-rate increases. Treasury-bond prices also surged." After "slumping below 11000 last week as fighting raged in the Gaza Strip and in Lebanon, the Dow Jones Industrial Average yesterday pushed back above that milestone, jumping 212.19 points, or 1.96%, to 11011.42. It was the sharpest point or percentage gain since June 29, and left the Dow industrials ahead 2.7% for 2006. Other indexes also rose sharply."

The New York Times/AP (7/20) reports, "Broader stock indicators also gained sharply. The Standard & Poor's 500-stock index rose 22.95 points, up 1.86 percent, to 1,259.81 and the Nasdaq composite index rose 37.49 points, or 1.83 percent, to 2,080.71." But some analysts "expressed the view

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that the market was hearing everything positive Mr. Bernanke said and was ignoring his many caveats."

The Wall Street Journal (7/20, Hadi, 2.03M) reports, "Expectations for stock-market volatility deflated along with expectations the Federal Reserve is going to raise interest rates when it next meets in August." The Washington Post (7/20, D1, Henderson, 748K) reports stocks "were also rebounding yesterday after dropping sharply late last week, when the escalating Middle East conflict pushed oil prices above $78 a barrel, fanning market fears of both higher inflation and slower economic growth, analysts said."

Bernanke Seen As Possibly Confusing Financial Markets. The Financial Times (7/20, Authers) questions the conventional wisdom on Bernanke's comments, saying his "central message seems to be that markets need to spend less time looking for clues in his adventures with the English language and more time looking at the data that affect his decisions. And that message has not been received. The net result of Wednesday's market moves is the following: the chances of a tightening next month have increased, thanks to the CPI data. But the market's estimation of that probability has decreased. So the risk of a surprise next month on the downside and, therefore, another swing downwards in stock prices has increased. The chance Mr Bernanke will take the blame? Very high."

BofA, JPM Post Better Than Expected Earnings. The Financial Times (7/20, Wighton, Ben White) reports Bank of America and JPMorgan Chase, "the second and third biggest US banking groups, on Wednesday reported unexpectedly better quarterly earnings, in contrast to the disappointing figures Citigroup unveiled on Monday." BofA's 18 per cent "jump in earnings to $5.48bn (€4.7bn), on the back of its acquiring the MBNA credit card business, for the first time took its underlying income ahead of Citigroup which made $5.26bn. BofA has also come close to overtaking Citigroup as the world's most valuable financial services group."

WSJ Worries Bernanke Not Concerned Enough About Inflation. The Wall Street Journal (7/20, 2.03M) says in an editorial, "Every investor likes to believe that the bad news is behind him, so stocks understandably soared yesterday on Fed Chairman Ben Bernanke's allegedly dovish testimony to Congress on the future course of interest rates. For our money, however, yesterday's bigger and less reassuring news was the Commerce Department's June inflation report." The report "proved…just how big a monetary policy mistake the Fed made from late 2003 through 2005. The government's price indices operate on a lag, often as long as 24 months, and they are now showing a marked inflation revival that too many economists and pundits, including more than a few Fed Governors, have been reluctant to acknowledge." One "striking, and perhaps worrying, part of Mr. Bernanke's testimony yesterday was his implicit logic that real economic growth will soon slow down, therefore we don't have to worry about inflation as much, ergo interest rates may not have to keep rising. Mr. Bernanke is too good an economist to actually believe this."

Oil Closes Below $73 Per Barrel. ABC World News Tonight (7/19, story 6, 0:10, Gibson, 8.78M) reported, "And events in the Middle East have been weighing on US Markets. But not today, a barrel of oil closed down almost $1 than below as $73 on news of improving supplies."

The Wall Street Journal (7/20, Chambers, 2.03M) reports crude oil prices "closed at their lowest level for the month, hit by reduced concern about escalating conflict in the Middle East and after government data showed U.S. gasoline stockpiles unexpectedly rose." The "front-month August crude contract on the New York Mercantile Exchange closed down 88 cents at $72.66 a barrel, helped by a late rally after prices dropped as low as $71.65. It was crude's lowest closing price since June 29." Crude prices "have fallen 7.3% since hitting a record $78.40 a barrel Friday on concerns that fighting between Israel and Hezbollah would escalate to include Iran and threaten Persian Gulf oil supplies."

Companies Able To Preserve Profits Despite Higher Energy Prices. The New York Times (7/20, Uchitelle, 1.21M) reports demand is "strong at other energy-dependent operations, notably railroads, airlines and chemical companies. They, too, are raising prices to recapture as much as they can of the run-up in oil prices." That is "gradually adding to the inflation rate and appears to be contributing to a slowdown in growth — but it has not crippled the economy." Whatever the "energy costs, many companies have managed to absorb much of the price shock and preserve profits, which have risen to record levels recently as a share of national income. The companies have done this by raising prices and instituting efficiencies that reduce the use of petroleum and natural gas." But consumers "have not fared as well. Rising gasoline prices constitute what economists sometimes describe as a consumption tax."

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Wyoming Finds Down Side To Energy Boom. The New York Times (7/20, Klinkenborg, 1.21M) reports Wyoming is "likely to have a $1.8 billion budget surplus next year, even though state spending has jumped by more than 50 percent in the past two years. In the past quarter, Wyoming had the highest per-capita income growth rate in the nation and the third lowest unemployment. It usually ranks at the top of the 'best business climate' charts, because it has no personal or corporate income taxes." Higher energy prices and "the Bush administration's freewheeling approach to energy development" have "resulted in a petroleum boom that is transforming the state." It's "hard to argue with prosperity, but a lot of people in Wyoming are worrying about its ultimate costs. Over the past few years, for instance, the rush to develop coal-bed methane, a process that involves extracting methane from water pumped out of coal seams, has done enormous harm to the landscape of the Powder River Basin in north-central Wyoming and to the reputation of the petroleum industry."

Maryland Law Forcing Wal-Mart To Pay For Employees' Health Benefits Struck Down. The CBS Evening News (7/19, story 9, 0:15, Schieffer, 7.66M) reported, "A Federal judge struck down a new Maryland law that required Wal-Mart and other big retailers to provide health insurance for their employees. Labor groups hoped the law would be a model for other states, but the judge said it would unfairly hurt Wal-Mart."

The New York Times (7/20, Abelson, Barbaro, 1.21M) reports, "The judge ruled that the federal law governing employer-provided health benefits takes precedence over the state law, which would have required companies with 10,000 or more workers to spend at least 8 percent of their payrolls on health insurance, or pay the difference into a state Medicaid fund." The Times notes that only Wal-Mart, "which has been thrust into the center of the national debate over who should pay for health care, would have been affected by the law."

The Washington Post (7/20, A1, Mosk, Mui, 748K) reports U.S. District Judge J. Frederick Motz "ruled that the 'Wal-Mart Law,' which won overwhelming support in the General Assembly this year, ran afoul of a 32-year-old federal statute intended to protect corporations from having to navigate a patchwork of benefits requirements from state to state. The ruling could stymie plans by labor unions and health-care advocates to replicate Maryland's law in states across the country and turn the legislation into a model for shifting more of the health-care burden onto large corporations." Gov. Robert L. Ehrlich Jr. "lobbied hard to defeat the measure and then vetoed it."

The Wall Street Journal (7/20, Hudson, 2.03M) reports Maryland's attorney general "said the state expects to appeal the decision." The Washington Times (7/20, Haberkorn, 88K) reports, "The Retail Industry Leaders Association (RILA), the trade group that challenged the law, argued that the law violated the equal protection clause of the Constitution because it targeted only Wal-Mart, but Judge Motz ruled against RILA on this point."

The Wall Street Journal (7/20, 2.03M) in an editorial, writes, "Everyone who really believes in the welfare of workers -- rather than just scoring political points by punishing big business -- should cheer the decision. Obviously, companies that have to meet a multitude of local requirements would be faced with much higher administrative costs, and as a consequence have less money left over to spend on actual health care."

Clinics Will Teach Law Students The Art Of Supreme Court Advocacy. The Legal Times (7/20, Mauro) reports, "The allure of Supreme Court advocacy, Washington, D.C.-style, is spreading among top law schools. Lawyers from two D.C. firms are working with law schools that are launching Supreme Court litigation clinics this fall and others, we hear, are not far behind." The Times continues, "Andrew Pincus and Charles Rothfeld, D.C. partners at Mayer Brown Rowe & Maw, will be sharing their high court skills at Yale Law School. And Mark Stancil, who is moving this week from Baker Botts to the smaller appellate shop of Robbins, Russell, Englert, Orseck & Untereiner, will be working on Supreme Court cases with 3Ls at University of Virginia School of Law." The Times adds, "Top students at both schools, many of them on law review, will be working on real-life petitions and both merits and amicus curiae briefs in pro bono cases. Yale Law School professor Dan Kahan reports that students there are clamoring to sign up. … The model for the ventures, all concede, is Stanford Law School's clinic, launched three years ago by upstart Supreme Court advocate Thomas Goldstein, now with Akin Gump, and professor Pamela Karlan. The clinic landed several cases that were granted review by the high court, giving the students a priceless selling point on their resumes. Other schools, feeling competitive pressure from their top students, are

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following suit. … But all agree that the clinics are not just a ploy for law firms to win free labor from eager law students."

If Running For Reelection In '06, Thune Says He Would Distance Himself From Bush. The AP (7/20, Jalonick) reports that South Dakota Sen. John Thune (R) said Wednesday that if he were up for reelection this cycle that "he'd distance himself from President Bush and his agenda. In 2004, the White House political operation recruited Thune to challenge Senate Minority Leader Tom Daschle. He dealt the Democratic Party a major blow, edging Daschle in South Dakota as Bush captured a second term. Thune, a conservative who rarely breaks with the GOP or Bush, said Wednesday that if he were up for re-election this year, he'd adopt a different strategy. 'If I were running in the state this year, you obviously don't embrace the president and his agenda,' Thune told reporters at the National Press Club. He said the Iraq war is Bush's biggest problem. 'The first thing I'd do is acknowledge that there have been mistakes made,' he said. 'Our candidates have to draw and point out differences in how they would approach and win the war in Iraq and how their opponents would. The biggest thing we have going for us on that issue is that Democrats are very divided."

The Hill (7/20, Allen) notes that Thune's "views are important because he is widely seen as the probable choice to head Senate Republicans' campaign arm in the 2008 election cycle. He has told Republican leaders that he will make a decision on seeking the job either just before or just after the August recess." Thune, "an Armed Services Committee member who has supported the president on Iraq, said voters would reward the GOP for having a unified message on national security. 'They see [Republicans] as willing to do what it takes to win' and Democrats as 'perhaps not as committed to winning,' he said. But he said that the Iraq war has been the biggest drag on Bush's popularity and that Republican candidates should not shy away from issues on which there is daylight between them and the president."

Donor List Provides Evidence Of Lieberman's Bipartisan Appeal. The New York Times (7/20, McIntyre, Medina, 1.21M) reports, "When it comes to supporting candidates for public office, the Associated General Contractors of America gives 90 percent of its campaign contributions to Republicans." However, the group, "which represents the construction industry, wrote a $4,000 check last month to" Connecticut Sen. Joe Lieberman (D), who is in a primary battle with political neophyte Ned Lamont (D). The Times notes that "that donation and others like it have fed a perception, stoked by the Lamont campaign and its supporters on the Internet, that Mr. Lieberman is too cozy with Republicans. … Anyone looking for evidence of Mr. Lieberman's bipartisan appeal can find it in his roster of recent contributors, which includes organizations that traditionally give more to Republicans. They include engineering and construction firms, some with contracts in Iraq. Those firms include Bechtel, Fluor International and Siemens, which support Republicans 64 to 70 percent of the time, according to data compiled by PoliticalMoneyLine. … Florida Power and Light, which supports Republicans 84 percent of the time, gave $5,000 to Mr. Lieberman."

Kondracke Says Lieberman Loss Would Further Handicap Democratic Party. In a piece in Roll Call (7/20), Morton M. Kondracke, executive editor of the publication, writes, "This is no exaggeration: The soul of the Democratic Party -- and possibly the future of civility in American politics -- is on the line in the Aug. 8 Senate primary in Connecticut." Kondracke says that if Lamont defeats Lieberman "in the Democratic primary, it will represent a signal victory for the MoveOn.org-Michael Moore-DailyKos left wing of the Democratic Party and for vicious name-calling as a political tactic. The Democratic Party already is handicapped by the fact that its liberal base amounts to just 20 percent of the electorate, while the Republicans' conservative base is 33 percent, according to decades of polling. Both parties must appeal to the remaining 47 percent who describe themselves as 'moderate' -- which Democrats can't do if the left triumphs." Kondracke says that while Lieberman "is out of his party's…mainstream on foreign policy," the Democratic Party "desperately needs his voice, and American politics also needs his willingness to cooperate with his political adversaries and to act independently. 'Hatred divides the country and blinds us to the fact that we are all in this together, particularly when it comes to national security,' Lieberman said. … 'The hatred of Bush among some Democrats mirrors the hatred of Bill Clinton among some Republicans in the 1990s. It's destructive.' And it's now up to Connecticut voters to decide whether hatred-politics will prevail."

Pointing To Lieberman-Lamont Race, Editorial Decries "Ideological Purity Crusades." An editorial in USA Today (7/20, 9A, 2.27M) relates, "If Connecticut Democrats

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want to oust Lieberman, who plans to run as an independent if he loses the primary, that's their entitlement. But the strident attacks on Lieberman from the out-of-state antiwar left reflect a common, and regrettable, trend: true believers going on ideological purity crusades to rid their party of those who don't conform." USA adds, "Ideologically pure politics harm a party because they target the people who can appeal across party lines and who tend to represent areas with traditions of political centrism. … More important, the nation is harmed. Both parties agree, for instance, that a Social Security crisis could be averted by acting now. Centrist, pragmatic leadership did just that in 1983. But this year, reform died because both parties used it to gain political advantage. The same problem makes it harder to develop a bipartisan foreign policy, as Lieberman found out, even at a time of war. Ideology has a proper place, but it's second place behind the nation's common needs."

Bill Clinton Set To Endorse Lieberman. Roll Call (7/20, Akers) reports in its "Heard on the Hill" column, "Former President Bill Clinton may be set to endorse [Sen. Joe] Lieberman in his excruciatingly tougher-than-expected Democratic primary against millionaire Ned Lamont. A source close to Lieberman said on Wednesday that Clinton plans to announce his endorsement at a press conference in Hartford on Monday afternoon."

DeWine Orders Image Changed In Ad Attacking Democratic Opponent. The AP (7/20, Hammer) reports that Ohio Sen. Mike DeWine (R) "is changing the images of the burning World Trade Center towers in a campaign ad, but not for the reasons Democrats objected to it." DeWine "released a statewide television ad last week accusing his opponent," OH13 Rep. Sherrod Brown (D) "of being soft on national security. Democrats criticized DeWine for using images of the Sept. 11, 2001, terrorist attacks and the 19 men accused of hijacking the planes in those attacks. The senator was notified Wednesday that the image of the Twin Towers burning could not have depicted the actual event because the smoke was blowing the wrong way. He immediately ordered the image replaced with a photograph of the moment, his campaign said." DeWine campaign spokesman Brian Seitchik "called the image in the original ad a 'graphic representation,' produced by the advertising production firm Stevens Reed Curcio & Potholm. 'The senator thought it depicted the actual events of 9-11 and when he found out that wasn't the case, he wanted an actual picture used,' Seitchik said."

Maryland Senate Hopefuls Woo Voters At Annual Crab And Clam Bake. Roll Call (7/20, Kurtz) reports, "On a sun-baked parking lot in this faraway corner of Maryland's Eastern Shore, the many advantages that Lt. Gov. Michael Steele (R) brings to this year's Senate race were on vivid display Wednesday. Steele arrived" in Crisfield, MD "at the 30th annual J. Millard Tawes Crab and Clam Bake, stepped out of his state-issued bulletproof black SUV and was greeted like a conquering hero. … Once a year, this tiny town three hours from Washington, D.C., and Baltimore, becomes Ground Zero for Maryland's political community. The crab feast draws roughly 5,000 people who plunk down $35 for all-you-can-consume seafood and beer and an intolerable degree of windless sunshine. But -- particularly in an election year like this -- all the politicians follow, eager for an opportunity to press the flesh and gossip with one another." Roll Call notes that along with Steele, Democratic U.S. Senate candidate Josh Rales also appeared at the event. However, the two candidates viewed by most as the frontrunners in the Democratic primary race – MD# Rep. Ben Cardin (D) and ex-NAACP President Kweisi Mfume (D) – were unable to attend due to prior commitments.

Some Say Reed's Defeat Could Be First Of Several Tied To Corruption Issue. The Washington Post (7/20, A6, VandeHei, 748K) reports that "the defeat of scandal-stained Ralph Reed in Georgia on Tuesday showed that federal investigators could tip some key House and Senate races this fall, according to party strategists. Reed, a former top campaign official for President Bush and executive director of the Christian Coalition, lost the Republican primary for lieutenant governor after getting pounded by his opponent for his close and profitable relationship with convicted lobbyist Jack Abramoff." Reed "was the first electoral victim of political corruption probes -- but officials in both parties said he probably won't be the last." The Post notes, "Republicans worry that more than six candidates for the House and Senate could be hurt by Justice Department investigations, the courts and revelations in the Abramoff affair. Topping the list are Rep. Robert W. Ney (R-Ohio) and Sen. Conrad Burns (R-Mont.). … Democratic leaders are concerned about a few of their members, too.

DOJ_NMG_0041990

Reps. William J. Jefferson (La.) and Alan B. Mollohan (W.Va.) are under investigation. Party leaders are bracing for a possible pre-election Jefferson indictment that would undercut their campaign to paint Republicans as the party of corruption. Mollohan's troubles have given the GOP a shot at winning a seat otherwise considered solidly Democratic."

DeLay Allies Say Effort To Keep His Name On Ballot Could Backfire On Democrats. The Washington Times (7/20, Hallow, 88K) reports, "Democrats' efforts to force former Rep. Tom DeLay to stand for re-election in Texas could backfire, Republicans say." Allies of DeLay say he "is willing to wage a full-scale campaign for the seat if Democrats succeed in preventing the Texas Republican Party from replacing him on the November ballot. 'This whole thing could explode in the Democrats' face,' says Rep. Jeb Hensarling, Texas Republican. 'He has indicated that if called back into battle, he'll fight -- and I'd say his chances of keeping this seat in Republican hands are pretty good.'" The Times notes, "Earlier this month, a federal judge ruled in favor of the Texas Democratic Party's lawsuit to prevent Republicans from substituting another candidate for Mr. DeLay, who in March won 62 percent of the 22nd District's vote in the Republican primary. That decision is being appealed, but the dispute may not be resolved in time to allow Republicans to mount a strong campaign on behalf of another candidate, prompting speculation that Mr. DeLay may choose instead to make an all-out fight for what would be his 12th term in Congress. 'The Democrats overplayed their hand,' Mr. Hensarling said."

Democratic-Allied Groups Targeting House Republican Candidates. The Hill (7/20, Bolton) reports, "As many as 24 Democratic-allied outside interest groups have launched attacks or waged other political activity in 82 congressional districts represented by House Republicans, according to data compiled the National Republican Congressional Committee (NRCC). The breadth of this mobilization against House Republican candidates appears to surpass by far any similar effort being waged against Democratic House candidates or Senate candidates. The data show how much Democrats are benefiting from the work of outside allies and how energized labor, environmental and liberal advocacy groups are about the prospect of taking back the House. The research also reveals why many House Republicans may be unhappy about voting on lobbying reform legislation that does not include restrictions on the soft-money groups known as 527s," which "can raise and spend unlimited amounts of money on political races. The activity of liberal-leaning outside groups is concentrated in several states. Groups are active in eight districts in New York, nine in Ohio and nine in Pennsylvania. Left-leaning groups have also been active in four Florida districts and four New Jersey districts."

Rothenberg Says It's Too Soon To Predict Huge Democratic House Gains. In a piece in Roll Call (7/20), Stuart Rothenberg, editor of the Rothenberg Political Report, writes, "Democrats have a number of surprisingly good polls that suggest a wide range of Democratic challengers, from top-tier hopefuls to second- and third-tier long shots, have a serious chance of winning this fall. But that's the problem. Rather than reflecting the appeal of Democratic candidates, those surveys primarily reflect the national political landscape. The president is in a deep, deep hole, and Congress is even less popular than President Bush. … Given that, voters are likely to have a less-than-positive view of Republican incumbents…and their dissatisfaction with the status quo is likely to make them tell pollsters that they prefer Democratic candidates for Congress." Rothenberg notes, "My point definitely is not that the national dynamics don't matter. … The lay of the land is a huge problem for Republicans, and it makes it more difficult for them to make their opponents unacceptable to voters. … But anyone who buys the early Democratic polls at face value is making a mistake. Many of these surveys measure the landscape, not the combatants, and we won't know how well Democratic candidates will do until much later in the year, possibly mid-October -- after Republicans have spent some of their sizable war chests on demonizing their opponents."

Conservative Bloggers Host Roundtable Meetings With Top Republicans. The Washington Times (7/20, Pierce, 88K) reports in its "Inside Politics" column, "A group of conservative Washington bloggers has started hosting weekly roundtable discussions with high-profile Republicans, such as former House Speaker Newt Gingrich of Georgia and Republican Study Committee Chairman Mike Pence of Indiana. The meetings, organized by Robert Bluey, editor of Human Events Online, and Tim Chapman of the Heritage Foundation, began in May. Mr. Bluey said about 15 bloggers attend in person or participate

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by telephone. Along with Mr. Gingrich and Mr. Pence, the group has also hosted Republican Reps. Jeff Flake of Arizona, Paul D. Ryan of Wisconsin and Steve King of Iowa. … Next week, the group plans to host Ohio Secretary of State J. Kenneth Blackwell, the Republican nominee for governor of that state."

Gates Awards $287 Million To AIDS Researchers. The New York Times (7/20, Altman, 1.21M) reports the Bill and Melinda Gates Foundation "awarded more than a quarter of a billion dollars on Wednesday to researchers in 19 countries to speed the lagging development of an H.I.V. vaccine. The grants, totaling $287 million, are the largest private investment in making such a vaccine, the foundation said. They represent a significant shift in emphasis, to large-scale collaborative projects instead of small teams of researchers working independently."

Bush Administration Reportedly Reassessing Mideast Response. ABC World News Tonight (7/19, story 3, 2:30, Gibson, 8.78M) reported, "Well, the Bush Administration has been supportive of the Israeli offensive against Hezbollah militants. But as the Israeli air attacks take a great toll on Lebanon itself, there may be some reassessment in Washington." ABC (Raddatz) added, "The US is starting to experience some discomfort with the Israeli operation, a senior US official telling ABC News, 'We are walking a fine line. We want tough-minded diplomacy. But we also have to be mindful of public opinion, not just in the Arab world, but American public opinion.' Americans are becoming more and more concerned about the fate of fellow citizens in Lebanon. They've watched those American citizens be evacuated from the area. So, the green light that the US has been giving to Israel will have a time limit. It's unclear whether that will be a week or two."

White House "Strongly" Denies Colluding With Israel On Hezbollah Attacks. NBC Nightly News (7/19, story 8, 2:00, Mitchell, 9.87M) reported, "Is the US standing in the way of a ceasefire to give Israel more time to pound Hezbollah targets? Today, a strong denial from the White House." White House spokesman Tony Snow: "We're not engaged in military strategy sessions with the Israelis. We're not colluding, we're not cooperating, we're not conspiring, we're not doing any of that." Mitchell: "Would a ceasefire even work? American diplomats say no." US Ambassador to the UN John Bolton: "I want somebody to address the problem, how do you get a ceasefire with a terrorist organization?" But in contrast to previous Administrations which sent high-level envoys to broker Mideast deals, Secretary of State Condoleezza Rice "is waiting from a report from this little-known UN envoy, DJ Nambiar, who returns from a fact-finding mission tonight." Secretary of State Rice: "When it is necessary and will be helpful to the situation, I will be more than pleased to go to the region."

But the CBS Evening News (7/19, lead story, 3:00, Schieffer, 7.66M) continued to follow the theme in yesterday's coverage reporting at the end of its lead story on the Mideast violence, "Have you seen any sign, Lara, that the United States may be urging Israel to call a cease-fire here?" Logan: "No. There's been absolutely no sign of that. And, in fact, many Israelis see that as a sign of encouragement. And the talk here is that behind the scenes Israel has been given the green light by the United States to go ahead with their military campaign, hit Hezbollah as hard as they can, destroy as much of their weapons and their organization as possible before they're forced to the negotiating table that there's so much international pressure they have to reach some kind of deal."

And following NBC's theme of comparing the US' response to past Administration's, McClatchy Newspapers (7/20, Douglas, Walcott) reports, "In a departure from almost 60 years of American Middle East policy, the Bush administration hasn't intervened to stop the fighting between Israel and Hezbollah or made a serious effort to negotiate a lasting peace between Israelis and Palestinians." The Administration "instead has sought to transform the region by ousting or isolating regimes that support terrorism and by promoting democracy. It argues that past administrations' attempts to achieve peace and stability in the Middle East have failed and that more radical change is needed." The President "has placed a premium on weakening or dismantling Hezbollah, rather than stopping the violence" and the White House approach "is consistent with its belief that the goal of American Mideast policy shouldn't be keeping the peace but transforming the region by destabilizing, defeating or overthrowing groups and regimes that practice or support terrorism and are hostile to Israel."

US, Allies Seen As Split Over Response To Mideast Violence. The Washington Post (7/20, A17, Wright, Lynch, 748K) in an article titled "U.S. At Odds With Allies On Mideast Conflict" reports the US "faces growing tensions with allies

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over its support of Israel's military campaign to cripple Hezbollah." Allies "are particularly alarmed about the disproportionately high civilian death toll in Lebanon. They are also concerned that the U.S. position will increase tensions between the Islamic world and the West by fueling militants, playing into the rhetoric of Osama bin Laden and adding to the problems of the U.S.-led coalition force in Iraq." Washington "is increasingly out of sync with key allies…because it remains content to allow Israel to pound Hezbollah, both to remove it as a threat and to undermine the region's extremist movements and hard-line regimes."

The AP (7/20, Wagner) adds, "A rift is emerging between the European Union and the United States over whether Israel should cease its offensive against Hezbollah guerrillas. The Europeans fear mounting civilian casualties will play into the hands of militants and weaken Lebanon's democratically elected government. The Bush administration, while noting these concerns, is giving Israel a tacit green light to take the time it needs to neutralize the Shiite militant group."

Islamic Extremists United In Opposition To US, Israel. Providing counterpoint to the articles stressing differences between the US and its allies, the Los Angeles Times (7/20, Murphy, 918K) in an article titled "United Against The U.S., Israel" reports, "Syria's secular regime, governing a nation of mainly Sunni Muslims, forged a friendship with Shiite Iran years ago based on their mutual antagonism toward Hussein. Hezbollah and Hamas come from entirely separate schools of Islamic theology, but the two found common cause in their hatred of Israel. And "all four are united in a program whose ultimate goal is ejecting Israel from at least the West Bank, Gaza Strip, Golan Heights and Lebanon, undermining pro-Western Arab governments." Experts "here say a key factor in solidifying the partnership was the current war in Iraq, which not only raised fears among pro-Western Sunni Arab leaders that Shiites were gaining power, but also provided a successful model for long-running guerrilla warfare against the U.S."

White House Dismisses Value Of Negotiating With Syria. The CBS Evening News (7/19, story 3, 2:30, Schieffer, 7.66M) noted, "Syria's President Assad called on the international community today to impose a cease-fire in Lebanon, blaming the conflict on Israel and the United States. But the White House said that talks with Syria, one of Hezbollah's chief supporters, would be a waste of time."

The AP (7/20, Gearan) in an article titled "Administration Seeks Lasting Cease-fire" reports, "The Bush administration said Wednesday it sees no point in leaning directly on Syria to help stop the cross-border warfare between Israel and the Hezbollah guerrillas that the Syrians support." White House press secretary Tony Snow "described previous diplomatic sessions with Syria as meetings in which U.S. officials drank tea and sat for 'five, six, 10 hours listening to polite but long discourses on greater Syria and at the end of that having gotten nothing.'" The AP notes that past efforts by previous US Administrations "generally were frustrating. A striking example: Secretary of State Warren Christopher made 26 trips to Damascus in President Clinton's first administration in a futile effort. At times, he was kept waiting in Damascus for hours by the late President Hafez Assad, their appointment notwithstanding."

WPost Supports Position On Syria Negotiations. The Washington Post (7/20, A22, 748K) in an editorial echoes some of the Administration's concerns about negotiating with Syria writing, "The standard American gambit during a crisis in Lebanon is to dispatch the secretary of state to neighboring Syria to work out a cease-fire. That's what Warren Christopher did during the last big blowup between Israel and Hezbollah in 1996 -- and it's exactly what Syria's dictator, Bashar al-Assad, is hoping for." If "Rice makes the mistake of visiting Damascus, Mr. Assad will roll out the red carpet; then he will offer to stop the rocket and missile fire against Israel by Hezbollah and Hamas, on Syria's terms. The result will be to restore Damascus's influence in Lebanon and destroy the new independent, democratic government in Beirut -- which has far more to fear from such a deal than from Israel's cratering of its airport runways and bridges. That's why the best diplomatic step the Bush administration can take toward Syria is to ignore Mr. Assad. He should be excluded from any settlement of the current crisis and from the postwar order in Lebanon."

Rice Will Meet Annan, Solana In New York Tonight. The AP (7/20, Wadhams) reports Secretary Rice "will travel to New York to discuss the crisis in Lebanon with U.N. Secretary-General Kofi Annan and the European Union foreign policy chief," Javier Solana. The three leaders "will have a private dinner Thursday evening after Annan briefs the full U.N. Security Council on Lebanon." AFP (7/20, Aziakou) adds Annan "was to brief the Security Council and later meet with" Secretary Rice "Thursday to enlist support for a quick end to the deadly fighting between Israel and Hezbollah in

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Lebanon." Assistant Secretary McCormack "confirmed that Rice, who is considering a peace mission to the Middle East, would be heading to New York for talks with the UN chief. He added that early Friday Rice and Annan would receive a briefing from the UN mediation team sent to the Middle East to try to defuse the crisis. 'She'll integrate what she hears into her thinking about the diplomatic way forward.'"

CNN's The Situation Room (7/19, Blitzer) reported, "Secretary of State Condoleezza Rice now plans to meet tomorrow night in New York with the United Nations Secretary-General Kofi Annan. On Friday she'll go to the United Nations to hear a UN team's assessment of the Middle East crisis." CNN (Quijano) added , "All of this is coming in advance of an expected trip by Secretary Rice, herself, to the region, though it's not clear exactly when that trip might happen. A senior official says that it would not happen before next week. US officials say that more time is needed to create conditions on the ground that ensure a more permanent change in the situation there, not just a cease-fire."

Rice Could Visit Region This Weekend. The Washington Post (7/20, A17, Wright, Lynch, 748K) reports Secretary Rice "is now expected to travel to the Middle East as soon as this weekend, but with a limited listening mission in Israel and Egypt. The United States is still struggling to define the timing and purpose of her mission. She is tentatively expected to leave a team behind in Israel, head on to Malaysia for a conference of Southeast Asian nations, and possibly return to the Middle East for further negotiations if her team can put the right 'building blocks' in place, a U.S. official said."

US Courting Arab Allies. The AFP (7/20) reports, "New hints emerged of the US strategy on the raging conflict between Israel and Hezbollah, as Washington said its allies Saudi Arabia, Egypt and Jordan were critical to peace hopes." Secretary Rice "had held extensive conversations with counterparts from the three countries, her spokesman Sean McCormack said." The three nations "are seen as crucial in Washington to pressuring Syria and Iran, which Washington accuses of backing Hezbollah." AFP notes, "It was not clear however how much influence the three US Arab allies could exert on Iran and Syria over Hezbollah."

Bolton Says Israel Is Exercising Legitimate Right to Self Defense. John Bolton, US Ambassador to the UN, said on Fox News' Hannity and Colmes (7/19), "I think President Bush and Secretary Rice have made it clear that Israel is exercising the legitimate right to self-defense with the kidnapping in the Gaza Strip and the kidnapping across the blue line from Lebanon so that what we're trying to do now is allow a legitimate exercise of self-defense, while keeping in mind, particularly in the case of Lebanon, we want to help the fragile Lebanese democracy."

Lott Says Bringing Fighting To Conclusion Within A Week Will Be Hard. Sen. Trent Lott said on MSNBC's Hardball (7/19), "I think it's going to be very difficult to bring the fighting to a conclusion within a week because I think it will be hard for Israel to bring Hezbollah under control in a week. I do think the President needs to be engaged, you need to pursue every possible angle. But this has ramifications beyond just southern Lebanon. There are some real difficult problems that are going to have to be resolved and while diplomacy has always got to be pursued, it cannot be the primary principle in what you are trying to achieve here."

Biden Says War Presents An Opportunity. Sen. Joe Biden was asked on CNN's Larry King Live (7/19) if this is the beginning of World War III. Biden said, "No, it's not the beginning of World War III. Actually, it may be a real opportunity to change the dynamic in the region. This is the first time that everyone's on the same page. Not only are the Hezbollah holding Israeli soldiers hostage but they're holding Lebanon hostage and half the Lebanese people are angered at Hezbollah. The whole Sunni world understands this is a major gambit by Iran. France and the European countries are united in this effort. And so, if we're smart, we have an opportunity to use this as a very serious uniting effort to close down Syria and put inordinate pressure on Hezbollah."

More Commentary. David Brooks in his column in the New York Times (7/20, Brooks, 1.21M) writes, "What this debate is really about is the mother of all chicken-and-egg problems. Can we use political reform to spark cultural change, or do we have to wait for cultural reformation before we can change politics?" Brooks continues, "The Bush administration's position is clear. In some of my best arguments with senior officials, they insist, à la Gerecht, that institutions shape behavior. And to their credit, even in this moment of turmoil they are hanging tough and pushing for more democratic reform." Yet "the truth is that at the moment neither the Goldberg nor the Gerecht thesis is winning. The fever Gerecht predicted has sent world opinion scurrying off for stability at any cost. World opinion is abandoning both Palestinian-style democratic transformation and the cultural modernizers who are being crushed in places like Egypt.

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People are rushing back toward the illusory stability of Mubarak and the House of Saud. That, Goldberg and Gerecht both agree, is what brought us 9/11."

Israel's Capability To Defeat Hezbollah Questioned. The New York Times (7/20, Shanker, 1.21M) reports, "With its bombardment of Lebanon, Israel aims to accomplish the military goals of eliminating Hezbollah's ability to fire missiles over the border, cutting its lines of resupply from Syria or Iran and demonstrating — under pain of chaos — the cost to the Lebanese government of allowing the militant group to operate freely from its territory." Yet "recent combat history provides a chastening lesson that air power, regardless of its accuracy and punch, cannot defeat even a conventional adversary unless it is backed by ground forces. Thus, American military analysts monitoring the conflict caution that Israel may be unable to reach its goal of disarming a shadowy guerrilla army by missiles, bombs and long-range artillery alone."

The Christian Science Monitor (7/20, Mitnick, 58K) reports, "With tacit support from the US, Israel has operated with a relatively free hand, leaving hundreds of Lebanese civilians dead. But that window of opportunity will close as the US ramps up cease-fire efforts and as images of ruin in Lebanon begin to dominate the international agenda." The Monitor notes, "With the limited time frame for Israel's offensive, analysts say that Israel is hoping to ultimately turn to diplomacy to broker a cease-fire that would include a return of the captured soldiers as well as the deployment of either the Lebanese military or a multinational force in the border region." Yet "it's unclear what type of international mechanism will be used to restrain Hizbullah after Israel's withdrawal."

Israeli Special Forces Ambushed After Crossing Lebanese Border. The Washington Times/AP (7/20, Dakroub) reports, "Israeli troops clashed with Hezbollah guerrillas on the Lebanese side of the border today." The AP adds, "Hezbollah claimed to have 'repelled' Israeli forces near the coastal border town of Naqoura, and the Israeli army said two of its soldiers were killed and nine were wounded in the battle. Hezbollah said one guerrilla was killed."

McClatchy Newspapers (7/20, Nissenbaum) notes, "The Israeli incursion into southern Lebanon was a relatively rare ground confrontation in a conflict that's been fought primarily by air, artillery and rockets. Two Israeli soldiers were killed in the fighting, which took place north of the Israeli town of Avivim. There was no word on Hezbollah casualties."

Israel's UN Ambassador Says Israel Will "Finish The Job" Against Hezbollah. Dan Gillerman, Israel's Ambassador to the UN, said on CNN's The Situation Room (7/19), "We cannot allow ourselves to return to a point where the Hezbollah, with its lethal arsenal of weapons, will be able, at whim, to exercise terror, both towards us and towards Lebanon, and destabilize the whole region. So, we have to finish the job. We have to see Hezbollah totally disarmed. We have to see the government of Lebanon exert its authority and sovereignty over the whole of Lebanon, and deploy its forces in the south, before we can stop this operation."

Lebanese Leader Warns Israeli Attacks Will Strengthen Hezbollah Support. The Financial Times (7/20, Khalaf) in an article titled "Israeli Force Will Backfire, PM Warns reports embattled Lebanese prime minister Fouad Siniora "said on Wednesday Israel's fierce military offensive would backfire, suggesting it could bolster support for the Hizbollah group rather than undermine it."

Peacekeeping Plan Carries Historical Baggage. The Wall Street Journal (7/20, Dreazen, 2.03M) notes, "The U.S. and its allies are lining up behind a proposal to send a well-armed international force to Lebanon, but past peacekeeping failures in the Mideast are shaping the debate over what that force should look like." Diplomatic discussions "are coalescing around calls to send an international force charged with separating Israel and Hezbollah and preventing more bloodshed," and "there is broad agreement that the new force needs to be substantially larger and better-armed than the ineffectual" UNIFIL. "But important details remain unresolved," and "it is far from clear whether such a force will ultimately be sent to the region." Talks are "being shaped by the U.N.'s past failures at preventing Arab-Israeli bloodshed."

UN Forces In Lebanon Inadequate. The Christian Science Monitor (7/20, Blanford, 58K) reports, "The escalating civilian death toll in south Lebanon from Israeli airstrikes and artillery bombardments, and the inability to evacuate casualties, is causing mounting alarm to United Nations peacekeepers who have found themselves almost powerless to assist."

UNHCR Likens Violence To War Crimes. The New York Times (7/20, Hoge, 1.21M) reports comments by UN High Commissioner for Human Rights Louise Arbour "that the killing and maiming of civilians under attack in Lebanon, Israel and Gaza and the West Bank could constitute war

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crimes." She is quoted saying, "The scale of killings in the region, and their predictability, could engage the personal criminal responsibility of those involved, particularly those in a position of command and control." The Times adds, "The Swiss-based International Red Cross, the recognized guardian of the Geneva Conventions on the conduct of war, said Wednesday that Israel had violated the principle of proportionality provided for in the" agreements.

Impact Of Mideast Violence On Civilians Highlighted. News coverage of the continuing violence between Israel and Hezbollah militants continued to receive extensive coverage on both the national TV news and in the major US newspapers with coverage focusing on the impact on civilians. ABC World News Tonight (7/19, 2:30, lead story, 4:10, Gibson, 8.78M) called it the "deadliest day of the conflict so far."

After describing the aftermath of the attacks in Lebanon ABC World News Tonight (7/19, story 2, 2:55, Wright, 8.78M) quoted Fouad Siniora, Lebanese Prime Minister: "It is cutting the whole country into pieces." Wright: "There's no disputing that civilians have borne the brunt of this conflict. But if those reports" about Israeli success in targeting Hezbollah "are true tonight, and again, too soon to tell, then tonight may mark a turning point in this war."

And in a story on the US evacuation from Lebanon the CBS Evening News (7/19, story 2, 2:50, Palmer, 7.66M) noted "Israeli air strikes have battered Lebanon night and day since last Wednesday. Hezbollah is the target, but, says Lebanon's Prime Minister, many of the victims are civilians." Fouad Siniora, Lebanese Prime Minister: "Can the international community stand by while such callous retribution by the state of Israel is inflicted on us?"

ABC World News Tonight (7/19, story 2, 2:55, Gibson, 8.78M) reported on "the destruction from Israeli air strikes. And it is extensive. The Lebanese prime minister today described it as unthinkable." ABC (Wright) added, "So far, this neighborhood has just lost its night life. Its famous bars and nightclubs are all closed. But in other parts of the country, the degree of loss is staggering. Much of South Beirut has been reduced to rubble. And in the valley, whole villages are now ghost towns. It's simply not safe for people to sta In a 1,750-word story on its front page, the Washington Post (7/20, A1, Cody, Anderson, 748K) reports, "Israeli warplanes continued their punishing airstrikes across Lebanon on Wednesday, including for the first time striking Beirut's main Christian enclave and later bombing a bunker believed to be sheltering Hezbollah leaders. Ground troops meanwhile launched their most significant incursion so far into southern Lebanon, joining attacks that killed more than 50 Lebanese on the deadliest day" of the conflict. The Post says the "tempo of air attacks, along with the new ground operation, eclipsed diplomatic efforts to halt the bloodshed and prompted an emotional appeal from Lebanese Prime Minister Fouad Siniora for international help in stopping the bombing on humanitarian grounds."

The Wall Street Journal (7/20, Solomon, Fam, Leggett, King, 2.03M) adds, "A week into its bombardment of Lebanon, Israel faces a key decision: whether to ramp up a ground war in southern Lebanon. Such a move would mark a major escalation," and the "risks of a ground assault in Lebanon were underscored Wednesday as elite Israeli troops made an initial foray across the border." In a large ground invasion, "the casualties would likely be far greater than the Israeli military has experienced so far. The operation could fail, dealing a devastating blow to Israel's reputation in the region."

The New York Times (7/20, Mouawad, Erlanger, 1.21M) opens its coverage by saying, "The deadliest day yet in the deepening two-front Middle East crisis claimed more than 70 lives on Wednesday in Lebanon, the Gaza Strip, the West Bank and northern Israel, with no immediate cease-fire in sight."

USA Today (7/20, Frank, 2.27M) reports on the concerns of Israeli citizens and the Washington Post (7/20, A1, Shadid, 748K) in a front page story reports on the impact of the violence on Lebanese civilians.

Families Of Kidnapped Soldiers Concerned They Will Be Overlooked. The Washington Post (7/20, A1, Finer, 748K) reports, "It was the capture of Regev, 26, and platoon-mate Ehud Goldwasser, 31 -- and the seizure of Cpl. Gilad Shalit, 19, near the Gaza Strip last month -- that touched off the wide new war raging in the Middle East. As the days have passed, the men's families have grown concerned that the increasing focus on geopolitics and the destruction of Hezbollah has overshadowed the plight of their loved ones, they said in interviews Tuesday." And they have recently "made impassioned pleas for information and for the government to negotiate with the captors."

Israel Continues Military Actions In Gaza. ABC World News Tonight (7/19, story 5, 0:10, Gibson, 8.78M) reported, "One other note, the world has been focused on

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Israel and Lebanon. But there was renewed fighting in Gaza. At least eight Palestinians died. Israel, of course, started its offensive in Gaza, after Hamas militants seized an Israeli soldier."

The AP (7/20, El Deeb) reports, "Israeli forces killed 14 Palestinians in fighting in the Gaza Strip and the West Bank city of Nablus on Wednesday as the army pressed a wide-ranging offensive against militants." The AP adds, "A U.N. report issued Wednesday said the Israeli army has carried out 168 airstrikes and fired more than 600 shells into Gaza, while Palestinian militants have fired 177 homemade rockets toward Israel."

Israel Delays Plans To Withdraw From West Bank. The New York Times (7/20, Myre, 1.21M) reports, "With daily rocket fire coming from Lebanon and the Gaza Strip, two places from which Israel has withdrawn in recent years, Prime Minister Ehud Olmert can expect greater resistance in pursuing any plan to withdraw from parts of the West Bank, some Israeli analysts and citizens said."

EU, Arab League To Restart Aid To Abbas. The New York Times (7/20, Smith, 1.21M) reports EU foreign policy head Javier Solana "pledged Wednesday to start international donor funds flowing to cash-starved Palestinian hospitals as early as Aug. 1, part of a broader relief package that will provide the Palestinian Authority with about $130 million over three months." The EU and Arab League's funds, both directed to Palestinian President Mahmoud Abbas, "are intended to ease the Palestinian government's dire financial crisis without dealing directly with the Hamas leadership." The Times says the Quartet "has been working to find a way to funnel money to Authority employees through Mr. Abbas while maintaining pressure on Hamas, which all members of the quartet except Russia consider a terrorist organization." The directing of assistance to Abbas has shifted "the balance of power in Mr. Abbas's favor, making the Hamas government dependent on him for its financial survival."

US Makes Progress In Evacuation From Lebanon. The US effort to evacuate US citizens from Lebanon continued to be highlighted by the US media. The national TV networks devoted six stories totaling nine minutes to the evacuation with most attention focusing on the State Department. After describing it as the "largest evacuation of Americans since the Vietnam War" in its lead story it ABC World News Tonight (7/19, story 4, 1:50, Gibson, 8.78M) reported on the "thousands of American citizens in Lebanon" who "have been frightened and anxious. Anxious to get out, they've also been frustrated that its taken days to get their departure organized. But today, that changed. The exodus began in earnest today. 1,000 Americans boarded the first large ship chartered by American officials. It was orderly. It was efficient. But for those in the vanguard of Americans departing, 'the Orient Queen' couldn't leave soon enough."

NBC Nightly News (7/19, story 4, 1:40, Williams, 9.87M) called it "one of the most extensive evacuation operations since the second World War." NBC (Sanders) added, "Today there is a sense of anxiety gone a relief setting in. They're on there way home."

The CBS Evening News (7/19, story 2, 2:50, Palmer, 7.66M) reported "the mass evacuation of Americans really began in earnest today." Early in the day "worried Americans lined up outside the US Embassy in Beirut, desperate for a place on the waiting ship." And US diplomats "were on hand with reassuring news."

The AP (7/20, Karam) in an article title "U.S. Ramps Up Evacuations From Lebanon reports, "Amid complaints the U.S. effort had lagged, American officials made clear that fears about Americans traveling on roads in Beirut, especially at night, and on roads to Syria had led to some of the delays. The U.S. ambassador said Tuesday that an orderly and safe evacuation had been a first priority." The AP adds, "A Navy task force of nine ships, seven of which were en route late Wednesday, will help with the evacuation. Two more passenger ships chartered by the Navy — the Rahman and the Vittoria M — were due to arrive on Friday, giving U.S. authorities the ability to take a total of 2,700 passengers daily, according to the Navy's Sealift Command spokesman Tim Boulay. He said they were seeking more ships."

McClatchy Newspapers (7/20, Brown) notes "the U.S. military began full-scale evacuation of U.S. citizens from Lebanon" and approximately "1,500 Americans have been evacuated so far. With the U.S. destroyers USS Gonzalez and USS Barry already off the Lebanese coast, and with a half-dozen more Navy vessels and another cruise ship, the Saudi-owned Rahmah, steaming toward the region, U.S. officials plan to evacuate around 2,000 people on Thursday and another 4,000 on Friday." McClatchy notes, "A military survey and assessment team flew into Lebanon on Saturday, and on Sunday the military began flying small groups of people out by helicopter." While the military worked to boost its evacuation capacity the effort was "hampered by the fact that the U.S. Navy had few ships in the eastern Mediterranean. At least six

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of the vessels that are participating were dispatched from the Indian Ocean, the Red Sea, and the Gulf of Aqaba. Three others were dispatched from Europe, said Vice Adm. Patrick Walsh, commander of the U.S. Fifth Fleet, during a briefing Tuesday."

USA Today (7/20, Nichols, Brook, 2.27M) notes, "The Pentagon hopes to boost its daily capacity to move evacuees to 4,000 by Friday as additional Navy ships and two more chartered commercial vessels come into the area, Pentagon spokesman Bryan Whitman said. Nine Navy ships will assist."

The Christian Science Monitor (7/20, Fielder, 58K) adds, "Brig. Gen. Carl Jensen, coordinator for the US evacuation, estimated that more than 6,000 Americans would have been evacuated by the weekend. 'We expect this to go on for the next week until every American who has asked us for help to leave, gets to leave,' said US Ambassador Jeffrey Feltman, who watched from the dock as the ship left."

Most TV coverage noted the relief of US evacuees, but NBC Nightly News (7/19, story 5, 0:50, Curry, 9.87M) highlighted the problems others were still experiencing reporting, "This is Ann Curry with Americans still stranded in Beirut." Unidentified female: "Dogs are treated better than us! This is not acceptable!" Curry: "Their anger at the US Government is intensifying" and "confusion has led to questions about fairness." David Simaan: "We are not being informed who is going. Why are these people going? And why are we not going?" Curry: "So Wednesday night these Americans are preparing for another nerve-shattering night under Israeli fire. The State Department on Wednesday claimed US officials are doing everything they humanly can to protect their fellow citizens but conceded those officials are facing a tough time in this war zone."

And under the headline, "Americans Took Evacuation Into Their Own Hands," the Washington Post (7/20, A19, Raghavan, Ricks, 748K) reports the evacuation of "hundreds of Americans" from Lebanon Wednesday "comes amid growing criticism that the United States has lagged behind other nations in evacuating its citizens, as many Americans were left to flee the violence by their own means." State Department leaders "defended the speed of the evacuation, saying they had to balance swiftness with prudence. 'We are always going to err on the side of caution,' said [Assistant Secretary] Maura Harty. 'It is a volatile situation.'" A Pentagon official "insisted that the U.S. evacuation effort isn't lagging behind those of other countries, such as Canada, and that U.S. officials are working with a sense of urgency."

Democrats Accuse Administration Of Slow Response. Congressional Quarterly (7/20, Monaghan) reports, "Democrats complained that the White House, which informed Congress Wednesday that the U.S. military will evacuate U.S. citizens from Lebanon, had responded too slowly to protect Americans caught in the fighting between Israel and Hezbollah militants." In a letter to Congress, "Bush said he had sent combat-equipped helicopters to Cyprus and a contingent of troops to the embassy in Beirut the following day. Further combat-equipped forces could be deployed to Lebanon, Cyprus and other locations as necessary, he added." Bush "said he was delivering that report to comply with a provision of the 1973 War Powers Act (PL 93-148) requiring presidential notice to Congress whenever forces are sent to face hostilities. The law also requires withdrawal of such forces within 90 days, absent congressional authorization — a provision that every president since Richard Nixon has described as an unconstitutional curb of presidential commander-in-chief powers."

FBI Increases Monitoring Of Hezbollah Members In US. The CBS Evening News (7/19, story 4, 1:40, Schieffer, 7.66M) reported on the Hezbollah presence in the US. CBS (Stewart) noted that "the FBI says it's keeping a closer watch on Hezbollah followers here since the fighting started, but say they don't expect any trouble, mainly because this is where Hezbollah raises money, not wages war. FBI Director Robert Mueller was asked about that today in a Buffalo press conference." Mueller: "To the extent that we have identified individuals associated with Hezbollah, that we are taking additional precautions to assure that we do not face any threat from these individuals." Stewart: "Most analysts say they're certainly capable of" attacking in the US, "but probably won't, because that would dry up their money and bring the U.S. military down on them."

FOX News' Special Report With Brit Hume (7/19, Baier) noted, "A senior FBI official said at this point, there's no reason to believe that a Hezbollah attack on the US is imminent, but the agency has stepped up its efforts to try to find Hezbollah sleeper cells believed to be inside the US. In fact, the FBI has a number of people thought to be tied to Hezbollah under surveillance in several US cities."

The AP (7/20, Sherman) reports, "The FBI has numerous investigations into Hezbollah's recruitment, training and fundraising activities, FBI spokesman Paul Bresson said. 'At this time, there is no specific or credible intelligence

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pointing to an imminent attack by Hezbollah in the United States,' Bresson said." The AP notes that before 9/11, "Hezbollah was responsible for more American deaths than any other single terrorist organization," with its 1983 attack on the US Marine barracks in Beirut. NCTC Deputy Director Kevin Brock "recently told reporters that the U.S. has remained vigilant about Hezbollah, even as the focus of U.S. anti-terror efforts has shifted to al-Qaida."

Meanwhile, FOX News' Big Story With John Gibson (7/19) reported, "Hezbollah's threats are being taken seriously by the FBI. Director Robert Mueller told congress the FBI busted a smuggling ring, bringing operatives bringing operatives from Mexico." A Lebanese restaurant owner in Mexico "has smuggled over 200 Lebanese through Mexico into the United States. That's not to say that all of these people came here as part of a sleeper cell or have any evil plans. But it is to say they got in the country through illegal means and they're still here."

Voinovich Backs Bolton For Reappointment. In an op-ed in today's Washington Post (7/20, A23, 748K), Sen. George Voinovich lays out his rationale for supporting Ambassador John Bolton's continued service as the US Ambassador to the United Nations. Voinovich writes that Bolton "has demonstrated his ability, especially in recent months, to work with others and follow the President's lead by working multilaterally." Of the prospect of President Bush renominating Bolton this fall when his recess appointment expires, Voinovich says, "I cannot imagine a worse message to send to the terrorists -- and to other nations deciding whether to engage in this effort -- than to drag out a possible renomination process or even replace the person our President has entrusted to lead our nation at the United Nations at a time when we are working on these historic objectives." He concludes, "For the good of our country, the United Nations and the free world, we must end any ambiguity about whether John Bolton speaks for the United States so that he can work to support our interests at the United Nations during this critical time."

Hill Says North Korea May Not Want Deal On Its Nuclear Program. Assistant Secretary of State for East Asian and Pacific Affairs Christopher Hill, the chief US negotiator on North Korea, said yesterday he will not visit Pyongyang until it shuts down its Yongbyon nuclear reactor. The Washington Times (7/20, Kralev, 88K) reports that Hill "also expressed concern that the North Koreans 'may not even want a deal' on their nuclear program. 'We would consider a trip if it would serve our interest to do so,' Mr. Hill told editors and reporters at a luncheon at The Washington Times. 'But our concern is that North Korea is continuing to run a nuclear reactor whose purpose is to make bombs, and to be talking to them while they are making bombs doesn't appear to be in our interest,' he said."

Food Aid To North Korea Rose 23% Last Year. Boosted largely by donations from China and south Korea, food aid to North Korea rose 23% to 1.08 million metric tons last year. The Wall Street Journal (7/20, Ramstad, 2.03M) notes that China "was the only one of the major donors to also receive food assistance, underscoring how intent Beijing is on preventing North Korea's collapse." The Journal adds, "China and South Korea have been increasing food and other economic support to the North in recent years, chiefly to prevent instability and unrest that would send North Korean refugees flocking their way."

Refugees Describe Treatment At Hands Of North Korean Government. Six North Korean refugees yesterday participated in a Capitol Hill press conference Wednesday to highlight legislation designed to for US negotiators to address human rights in North Korea. The refugees AFP (7/20) reports, "One, who went by the name Joseph to hide his true identity, spoke of abuse in China's prisons, and told a horrific tale of cannibalism in Kim Jong-Il's North Korea. Several others declined to speak, covering their faces with their hands, their chins buried in their chests, fearing press photographs of their appearance could endanger family members still in the Stalinist state." Sen. Sam Brownback "said such stories underscored the need for his resolution, which would require US negotiators to discuss human rights in North Korea alongside efforts to end its missile and nuclear programs."

Moscow Eases UNSC Pressure On Tehran. The AP (7/20, Wadhams) reports comments by Russian PermRep Vitaly Churkin that the UNSC "is in no rush to pressure Iran over its suspect nuclear program." His remarks struck "a more conciliatory tone than the United States as diplomats began discussing a resolution to put legal muscle behind demands that Tehran suspend uranium enrichment." Churkin "said the council wants an answer sometime soon to" the June incentives package, but "he stressed the council is not trying to push Tehran." That line "seemed distinctly

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more relaxed than the message that was sent on July 12, when foreign ministers of Britain, China, France, Germany, Russia and the U.S. met and expressed disappointment that Iran had failed to respond positively to the package," and the "Russian tone contrasted with Washington's. The U.S. has been vocal in its frustration with the Iranian response so far." Ambassador Bolton "said Washington had instructed him to get a resolution on Iran passed by the end of the week. But with the council so busy on Lebanon, and negotiations on Iran likely to take several days, other diplomats said that seemed unlikely."

Rice Said To Eye ASEAN And ARF Attendance. The AFP (7/20) notes the State Department "sent a strong hint that" Secretary Rice "would still go to next week's Asian security forum, despite her possible Middle East peace mission. Host Malaysia had earlier warned that Rice, who skipped the meeting last year, would send a negative message with another no-show at the Association of Southeast Asian Nations (ASEAN)." Assistant Secretary McCormack "declined to go into Rice's travel plans, but said she hoped to use the forum to ratchet up pressure on North Korea for a return to six party nuclear talks. 'When Secretary Rice travels to the ASEAN ... forums, there will be plenty of opportunity to meet in bilateral format, as well as in groupings, to talk about the North Korea issue and the way forward,' he said. 'We don't have any announcements with regard to particular meetings, but you can be certain that North Korea is going to be a topic of heavy discussions at these meetings.'" AFP says Rice "is widely expected to head to the region as early as this weekend or early next week, which would leave to some hasty rearranging of her Asian itinerary."

A separate ASEAN preview piece from the AFP (7/20, Collinson) says Rice "will look to make up for lost time next week on her debut at Southeast Asia's top security forum, after dismaying regional leaders last year by staying away." She "will canvass support for US positions on North Korea, Myanmar and Iran's nuclear programs, as she turns her focus from the Middle East to Asia." AFP adds 2005 "was the first time since 1994 that the US secretary of state was missing, but analysts said her absence did not seriously dent US relations with ASEAN." The ARF "looks set to break new ground over Myanmar," which is significant because "Rice's no-show last year was seen in some quarters as a gesture of disappointment at ASEAN's stance on Myanmar."

Case Shows China's Effort To Punish Activists. The New York Times (7/20, Kahn, 1.21M) reports on Chen Guangcheng, who once "symbolized China's growing embrace of legal norms. … All that changed last year, when he organized a rare class-action lawsuit against the local government for forcing peasants to have late-term abortions and be sterilized. Mr. Chen, 35, is now a symbol of something else: the tendency of Communist Party officials to use legal pretexts to crush dissent." The Times adds, "His case is typical of efforts to punish lawyers, journalists and participants in environmental, health and religious groups who expose abuses or organize people in a manner officials consider threatening. Like Mr. Chen, they are often accused of fraud, illicit business practices or leaking state secrets, charges that do not reflect the political nature of their offenses."

Internet Companies Said To Ignore China's Human Rights Record. Amnesty International has accused internet companies Yahoo, Microsoft and Google of overlooking human rights obligations to tap China's online market. The Financial Times (7/20, Dickie) reports, "The human rights organisation says, in a report to be issued on Thursday: 'All three companies have in different ways facilitated or participated in the practice of government censorship in China. While companies are under continuous pressure from shareholders to maximise their profits and can be expected to have a presence in lucrative markets, this does not absolve them from their human rights responsibilities.' Amnesty also demanded that the three companies lobby Beijing for better human rights protection."

China Buys $500 Million Stake In Russian Oil Company. China National Petroleum, China's largest oil company, announced Wednesday it had bought a $500 million stake in Russia's petroleum giant Rosneft as part of its effort to secure energy for the Chinese market. The New York Times (7/20, 1.21M), "Rosneft allocated the Chinese oil company 66.22 million shares in its $10.4 billion initial public offering on Friday in Moscow and London — the biggest in Europe in 7 years. China National bought those shares at the offer price of $7.55, according to a statement it issued, adding that Rosneft had proven oil reserves of almost 19 billion barrels."

India To Build Crude Oil Storage Facility. A senior Indian government official said India will begin building its first strategic crude oil storage facility in January at Vizag.

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The Wall Street Journal (7/20, Kumar, Pin, 2.03M) reports, "The official said in an interview that the Vizag facility 'will have a capacity to store one million tons of crude oil, and it will be ready in January 2010.' … Two other crude-storage facilities also will be built, he said. One, with a capacity of 2.5 million tons, will be built at Padru in Karnataka state, while a facility with a capacity of 1.5 million tons will be built at Mangalore, also in Karnataka. The cost of building the strategic crude-oil reserves, including the cost of buying five million metric tons of crude, will be 112.7 billion rupees ($2.42 billion), according to government estimates."

US Cites Saudi Progress At Implementing Reforms. The State Department said yesterday that US trade sanctions against Saudi Arabia will continue to be withheld. The AP (7/20, Schweid) reports that US ambassador at large for international religious freedom John Hanford said Saudi Arabia "is making progress in removing bigoted references to religious minorities in school textbooks," and the US is "very pleased with the reforms that King Abdullah and his government have been making."

Swiss Authorities Uncover Radical Muslims' Terrorism Plots. The Washington Post (7/20, A14, Whitlock, 748K) reports, "As they have elsewhere in Europe, Islamic radicals are making inroads in Switzerland. Last month, Swiss officials announced the arrests of a dozen suspects who allegedly conspired to shoot down an Israeli airliner flying from Geneva to Tel Aviv. In a related case, a North African man has been charged with organizing a plot from Swiss soil to blow up the Spanish supreme court in Madrid. … Swiss security officials are warning that their country could become a target. In an intelligence report completed in May, the Swiss Federal Police reversed previous assessments that the domestic risk of terrorism was nearly nonexistent. The report concluded that Switzerland had become 'a jihadi field of operation' and predicted that terrorist attacks were 'an increasing possibility.'"

Oman Trade Deal Faces Opposition In Senate. CQ (7/20, Higa, Freedman) reports the House is "set to approve legislation Thursday to implement a free-trade agreement with Oman, though the pact faces significant opposition from lawmakers concerned about that country's labor standards and national security at home." The measure, CQ says, is "expected to face stiffer resistance from Democrats and some Republicans." Many Democrats want tougher language to guarantee that Oman will enforce international labor standards, while others have "argued that the agreement would allow companies that set up in Oman to buy port operations in the United States."

House Panel To Offer Recommendations On Peru Trade Pact. CQ (7/20, Freedman) reports the House Ways and Means Committee is "set to offer recommendations Thursday on a draft trade agreement the Bush administration has signed with Peru." Democrats are expected to "raise concerns about labor laws, which have been a source of friction with the Bush administration in a series of bilateral trade agreements, including the Oman trade pact."

US Opposition To Venezuela's Security Council Bid Has Unintended Consequences. The AP (7/20, Wadhams) reports the United States "is lobbying hard to block Venezuela's bid for a seat on the U.N. Security Council, fearful that Hugo Chavez.will disrupt the body as it confronts hot issues such as Iran and Sudan. But interviews with some 15 diplomats of member states reveal substantial wariness about the U.S. effort, with the critics warning it could boomerang against the U.S. choice, Guatemala, when the General Assembly votes in October. A European diplomat, refusing to be identified further saying he didn't want to anger the Americans, said lobbying against Venezuela would only gain it votes."

Islamic Militia On The Verge Of Overrunning UN-Backed Government In Somalia. The Washington Post/AP (7/20, A15, Nor) reports, "The Islamic militiamen who control most of southern Somalia deployed hundreds of fighters Wednesday outside" Baidoa "where the U.N.-backed interim government is based and said they planned to seize it. Capturing Baidoa would make the Islamic militia the uncontested authority over most of the country. … The interim government was on high alert and ready to defend itself from a militia attack, Deputy Information Minister Salad Ali Jelle said. The government, however, is virtually powerless and has been unable to exert control beyond Baidoa, 150 miles northwest of the capital, Mogadishu."

The New York Times/AP (7/20) reports, "Relations between the interim Somali government and the Islamic militiamen were already strained after the government

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accused the Islamic group of planning to attack Baidoa, receiving help from foreign terrorists and killing government supporters during recent fighting in Mogadishu. The government refused to meet the Islamic group in peace talks set for last Saturday in Sudan, although it appeared to reverse course on Monday under pressure from foreign governments."

Ethiopia Threatens To Invade Somalia. The AP (7/20, Neuhaus) reports, "Ethiopia is prepared to invade neighboring Somalia to defend its U.N.-backed government against what appeared to be an imminent attack by Islamic militiamen, a government spokesman said Wednesday. … 'We have the responsibility to defend the border and the Somali government. We will crush them,' Ethiopia's Minister of Information, Berhan Hailu, told The Associated Press."

Death Toll In Indonesia From Monday's Tsunami Grows. The New York Times (7/20, Gelling, 1.21M) reports, "the official death toll from Indonesia's second tsunami in two years reached about 400, with more than 100 injured."

The Washington Post (7/20, A14, Sipress, 748K) reports, "Panic raced through [a] beleaguered beachfront town Wednesday, carried by word of mouth and cellphone text messages: The sea is rising again! Another tsunami! Run! Two days after a wall of water battered the southern coast of the Indonesian island of Java, killing at least 531 people, hundreds of villagers fled Pangandaran as the rumors swirled. … The rumors proved to be unfounded. But they kept many of the people who had escaped Monday afternoon's tsunami from venturing down from hilltop camps to check on their abandoned homes."

Several Second-Term Asian Leaders Battle Attempts To Oust Them. The Christian Science Monitor (7/20, Montlake, 58K) reports, "A severe bout of second-term blues is afflicting the leadership of some of [Asia's] most vibrant, US-allied democracies. How their institutions resolve the various clouds hanging over their elected leaders, amid rumblings of extra-constitutional plots to unseat them, is shaping up as a crucial test of their resilience." Thai Prime Minister Thaksin Shinawatra "is clinging to office after a disputed April 2 election that was later annulled." Taiwan President Chen Shui-bian "has been beset by a corruption scandal in his family." Philippine President Gloria Arroyo "faces an impeachment bid over claims of massive electoral fraud in her 2004 victory."

Japan Said To Have Emerged From Five Years Of Deflation. The Wall Street Journal (7/20, Nakamichi, Inoue, 2.03M) reports Japan "dropped the word 'deflation' from part of its monthly economic report for the first time in more than five years, in a step toward formally declaring an end to its nagging problem of falling prices. … The Cabinet Office had used the term to describe the country's price trends since April 2001. The word was removed because 'we aren't in a situation where prices are continuing to decline in a sustained manner,' said Hiroyuki Inoue, a senior official in the Cabinet Office's economic-assessment and policy-analysis division."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Bombs Rain On Bunker In Beirut."
"The Boy In The Chimney."
"Stem Cell Bill Vetoed; Override Effort Fails."
"U.S. Now Supports A Buffer."
"Fail-Safe Fails: FAA Looks For Answers."
"As Layoffs Sweep Movie Studios, Hollywood Fears For Its Future."
"China's Karaoke Police Have A Request: Do It Mao's Way."

USA Today:

"Language Barriers Plague Hospitals."
"1 In 5 Adults Have a Close Relative Who Is Or Was Addicted To Drugs Or Alcohol."
"Sex-Crimes Bill Poised To Pass."
"'We Thought We Were Gone' After Cruise Ship Tilts."

New York Times:

"Death Toll Rises In Mideast Fight; Bunker Bombed."
"First Bush Veto Maintains Limits On Stem Cell Use."
"Iraqi Denounces Israel's Actions."
"Advocate For China's Week Runs Afoul Of Power"
"New York Has Work To Do To keep Its Tap Water Pure."
"Instigator Of Steroids Inquiry Is said To Be A Target."

Washington Post:

"Deadliest Day Yet In Assault On Lebanon."
"Council Approves Earlier Curfew."

DOJ_NMG_0042002

"No Haven In A City Paralyzed By Dread."
"Families Of Captives Fear 3 Men Will Be Forgotten."
"Marriott Hotels Ban Smoking In Rooms."
"GOP Lawmakers Edge Away From Optimism On Iraq."

Washington Times:
"No Accounting For Minutemen Funds."
"Ambush Spurs Ground Fight."
"Bush Vetoes Stem-Cell Funding."
"Pyongyang Visit Tied To Nuclear Reactor."
"Wal-Mart Wins Case On Health Care Costs."
"Not So Fast: Slower E-Mail Can't Keep Up With Young."

Atlanta Journal-Constitution:
"Agency Workers Went On Katrina Spending Spree."
"Veto Halts Stem-Cell Bill For Now."
"Face-Off In The 4th District."
"As Other Major Meetings Depart, MegaFest A Welcome Mainstay."

Houston Chronicle:
"Intensified Bombing Elevates Death Toll."
"Autopsy: Lay Had 3 Blocked Arteries."
"PUC Rules Today On Plan To Keep Needy's Power On."
"Bush's First Veto Denies More Funds To Embryonic Stem-Cell Researchers."
"It's Harder To Fly Cheaply This Summer."

Story Lineup From Last Night's Network News:
ABC: Mideast Violence; Mideast Violence-Lebanon; Mideast Violence-Bush Administration; Americans Evacuated Gaza-Renewed Fighting; Gas Prices; Bernanke-Inflation; Bush-Stem Cell Veto; Bill Gates-AIDS-Vaccine; Alzheimer's-Skin Patch; Homeland Security-Wasteful Spending; American Evacuees-Cyprus.
CBS: Mideast Violence; American Evacuated; Attacks In Nazareth; Hezbollah-US Threat; Iraq Violence; Bush-Stem Cell Veto; Bernanke-Inflation; Katrina Lawsuits; MD-Wal-Mart Court Victory; Israeli Air Strike-Hezbollah.
NBC: Hezbollah Bunker Attack; Israeli Troops Ambushed; Rocket Corridor; Americans Evacuated; Americans Stranded In Beirut; American Evacuees-Cyprus; Iraq-Civilian Attacks; Middle East Diplomacy; Bernanke-Inflation; Bush-Stem Cell Veto; Northern Israel-War Images.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: US Citizens Evacuate Lebanon; Israel-Lebanon Attacks; Bonds-Grand Jury Decision; Bush-Stem Cell Veto.
CBS: US Citizens Evacuate Lebanon; Israel-Lebanon Attacks; MO-Storms; Bush-Stem Cell Veto; Wall Street.
NPR: Israel-Lebanon attacks; US Citizens Evacuate Lebanon; Bush-Stem Cell Veto; MO-Storms; Foreign Stock Markets; Tropical Storm Beryl; Heat Wave; CO-Common Law Marriage.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Speaks to the NAACP convention, Washington Convention Center.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at the Big Read Event, Library of Congress, Jefferson Building, Coolidge Auditorium.

US Senate: 9:30 a.m. ARMED SERVICES _ Full Committee. Closed briefing on overhead imagery systems. Location: Room S-407, Capitol.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on U.S. policy options with North Korea. Assistant Secretary of State Christopher Kill; Arnold Kanter, Scowcroft Group; Morton Abramowitz, Century Foundation. Location: Room 419, Dirksen.

10 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. oversight hearing on the USDA dairy program. Keith Collins, chief economist, Department of Agriculture; Charles Beckendorf, National Milk Producers Federation, Tomball, Texas; Jim Green, International Dairy Foods Association, Buffalo, N.Y.; Ken Hall, dairy producer, Terreton, Idaho; Leon Berthiaume, St. Albans Cooperative Creamery, Swanton, Vt. Location: Room 328A, Russell.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on pending nominations. Location: Room 366, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on the generic drugs. Location: Room 106, Dirksen.

10 a.m. VETERANS AFFAIRS _ Full Committee. Continued hearing on the Inspector General report on computer thefts. VA Secretary Nicholson; VA Inspector General George Opfer. Location: Room 418, Russell.

11 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information and International

DOJ_NMG_0042003

Security Subcommittee. Closed hearing on Iran. Location: Room S-407, Capitol. Notes: Open hearing at 1:30 p.m. in room 342, Dirksen.

2 p.m. APPROPRIATIONS _ Full Committee. Markup of the Military Construction-VA, Defense, Transportation-Treasury-Housing, and Labor-HHS-Education appropriations bills. Location: Room 106, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on intelligence matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 5684 - U.S.-Oman Free Trade Agreement Implementation Act.

9 a.m. SELECT INTELLIGENCE _ Full Committee Closed briefing on world problem areas. Location: Room H-405, Capitol.

9:30 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on climate change. Jim Connaughton, Chairman, Council on Environmental Quality; Thomas Karl, Director, National Climatic Data Center, NOAA; John R. Christy, NSSTC University of Alabama in Huntsville; Judith Curry, Georgia Institute of Technology; James Hansen, NOAA; Roger A. Pielke, Jr., University of Colorado; Theodore Roosevelt IV, Strategies for the Global Environment / Pew Center on Global Climate Change; Andy Rubens, Wal-Mart Stores; others. Location: Room 2154, Rayburn.

9:30 a.m. INTERNATIONAL RELATIONS _ Oversight and Investigations Committee. Hearing on U.S. nonproliferation strategy. Francis C. Record, acting assistant secretary of State; John F. Kotek, Washington Policy and Analysis Inc.; Mark Haynes, General Atomics; Leonard S. Spector, Monterey Institute of International Studies. Location: Room 2255, Rayburn.

9:30 a.m. WAYS AND MEANS _ Full Committee. Informal markup of draft imjplementing proposal of H.R. ___ - U.S.-Peru Trade Promotion Agreement Implementation Act. Location: Room 1100, Longworth.

10 a.m. AGRICULTURE _ Full Committee. Hearing on implementation of certain treaties. EPA Administrator Stephen Johnson; EPA Assistant Administrator Jim Guillford; Susan Hazen, EPA. Location: Room 1300, Longworth.

10 a.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee. Hearing on expansion of the Emergency Alert System. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Full committee. Meets to receive Federal Reserve Chairman Ben Bernanke's semiannual monetary policy report. Location: Room 2128, Rayburn.

10 a.m. HOMELAND SECURITY _ Full Committee. Closed briefing on the National Asset Database by DHS. Location: Room H2-176, Ford.

10 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on whether Asian free trade agreements are good for the U.S. Deputy USTR Karan Bhatia. Location: Room 2172, Rayburn.

10 a.m. RESOURCES _ Fisheries and Oceans Subcommittee. Hearing on the Fish and Wildlife Service and the National Wildlife Refuge System. Location: Room 1324, Longworth.

10 a.m. SCIENCE _ Full Committee. Hearing on how technology can improve border security. Location: Room 2318, Rayburn.

10 a.m. SMALL BUSINESS _ Tax, Finance and Exports Subcommittee and Rural Enterprises, Agriculture and Technology Subcommittee. Joint hearing on Chinese barriers to trade. Tom Goodpasture, President, Pride Manufacturing Co., Inc, Liberty, Mo.; Stuart D. Gosswein, Specialty Equipment Market Association; Brian Duggan, Motor & Equipment Manufacturers Association; Dan LePre, American Manufacturing Trade Action Coalition. Location: Room 2360, Rayburn.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Employer-Employee Relations Subcommittee. Hearing on a bill clarifying the rights of American Indians and Indan tribes on Indian lands. Gov. Joe Garcia, Pueblo of San Juan, San Juan, N.M.; Philip Harvey, Rutgers Law School; Ronald Johnson, President, Prairie Island Indian Community Tribal Council, Welch, Minn. Location: Room 2175, Rayburn.

10:30 a.m. VETERANS AFFAIRS _ Full Committee. Markup of a VA cybersecurity bill, others. Location: Room 334, Cannon.

11 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Coasat Guard and Maritime Transportation Subcommittee. Markup of GSA Capital Investment and Leasing Program Resolutions; H.R. 4126 - Chesapeake Bay Restoration Enhancement Act; H.R. 5483 - Railroad Retirement Disability Earnings Act; H.R. 5782 - Pipeline Safety Improvement Act; H.R. ____ - Public Transportation Security Assistance Act. Location: Room 2167, Rayburn.

DOJ_NMG_0042004

11:30 a.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on H.R. 682 - Regulatory Flexibility Improvements Act. Location: Room 2141, Rayburn.

1:30 p.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on the sale of F-16 aircraft to Pakistan. Assistant Secretary of State John Hillen. Location: Room 2172, Rayburn.

1:30 p.m. SELECT INTELLIGENCE _ Terrorism/Human Intelligence, Analysis and Counterintelligence Subcommittee. Closed hearing on FBI confidential human source operations. Location: Room H-405, Capitol.

2 p.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Hearing on hybrid autos. Location: Room 2247, Rayburn.

2 p.m. GOVERNMENT REFORM AND HOMELAND SECURITY _ Criminal Justice, Drug Policy and Human Resources Subcommittee, Homeland Security Subcommittee, and Economic Security, Infrastructure Protection and Cyber-Security Subcommittee. Joint hearing on ``Expanding the Border Fence." Kevin Stevens, CBP; Douglas Barnhart, Association of General Contractors; T.J. Bonner, National Border Patrol Council; Art Mayne, Fences and Security Products; Don Williams, consultant. Location: Room 2118, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on Angola's elections. Bobby J. Pittman Jr., principal deputy assistant secretary of State; Paul Bonicelli, USAID; Caetano De Sousa, chairman, Angolan National Electoral Commission; a Alcides Sakala Simoes, president, Parliamentary Group of UNITA, National Assembly. Location: Room 2255, Rayburn.

2 p.m. JUDICIARY _ Immigration, Border Security and Claims Subcommittee. Hearing on the Energy Employees Occupational Illness Compensation Program Act. Location: Room 2141, Rayburn.

Other: NAACP CONVENTION _ NAACP holds 97th annual convention. This year's theme: ``Voting Our Values: Valuing Our Votes." Highlights: 9:30 a.m. Senate Democratic Leader Harry Reid. 9:30 a.m. - 12:30 p.m. Final plenary session. International affairs. With Barbara Masakela, South African Ambassador; Rep. Donald Payne; Isaiah Washington, actor; and others. Convention Center Hall C. 10:30 a.m. President Bush addresses the convention. Washington Convention Center. 12:30 p.m. - 4 p.m. NAACP Board of Directors meeting. Convention Center ballroom. 7:30 p.m. Freedom Fund/Springarn Awards presentation. With recipient Dr. Benjamin Carson, director of pediatric neurosurgery, Johns Hopkins Hospital; entertainment by the O'Jays. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va., Washington Convention Center, Mt. Vernon Square.

ELECTRONIC INDUSTRIES _ 8 a.m. - 12 p.m. The Electronic Industries Alliance holds its Board of Governors Legislative Update, with EIA President Dave McCurdy, Sen. Jack Reed, Rep. Joe Barton, Rep. Rick Larsen, and Rep. Adam Smith. Location: Westin Arlington Gateway, 801 N. Glebe Rd., Arlington.

FUEL CELL _ 9 a.m. - 4 p.m. The US Fuel Cell Council, others, hold the 2006 Congressional Fuel Cell EXPO. Highlights: 12:30 p.m. Opening ceremony with Energy Undersecretary David Garman, and Reps. Lee Terry and Zah Wamp. Location: Cannon Caucus Room.

CORRUPTION SEMINAR _ 10 a.m. Judicial Watch sponsors a seminar for Washington interns on ``How to Fight Corruption in Washington." With Tom Fitton, president, Judicial Watch; Paul Orfanedes, director of litigation; and Chris Farrell, director of investigations and research. Location: Judicial Watch, Suite 500, 501 School St., SW.

G-8 OUTCOME _ 10 a.m. The Center for Strategic and International Studies holds a discussion on the G-8 Summit and outcomes for global health, with Undersecretary of State Josette Shiner, Lisa Carty of the Bill and Melinda Gates Foundation and Jennifer Kates of the Kaiser Family Foundation. Location: B-1 conference level, 1800 K St. NW.

MIDEAST VIEWS-US _ 10 a.m. - 12:30 p.m. The Middle East Polciy Council holds a forum, ``Middle Eastern Views of the US: What Do the Trends Indicate?" Participants are Shibley Telhami, Sadat Chair, University fo Maryland; Brian Katulis, director of democracy and public diplomacy, Center for American Progress; Jon Alterman, director and senior fellow, Middle East Program, CSIS; and Milton Viorst, author, ``Storm from the East." Location: Room HC-8, Capitol.

CHINA-FALUN GONG _ 10:30 a.m. The Congressional Human Rights Caucus holds a briefing on the Falun Gong in China. Location: Room 2216, Rayburn.

IMMIGRATION REFORM _ 10:30 a.m. The Coalition for Immigration Security holds a briefing with security experts

DOJ_NMG_0042005

to discuss the need for comprehensive immigration reform. Location: Room 2456, Rayburn.

PELOSI _ 10:45 a.m. House Democratic Leader Nancy Pelosi holds her weekly press conference. Location: Room H-206, Capitol.

FEMA TOUR _ 11 a.m. FEMA Director David Paulison hosts a media tour of the National Response Coordination Center. Location: FEMA headquarters, 500 C St. SW.

DOHA _ 12 p.m. The Cato Institute holds a briefing on U.S. trade policy in the wake of Doha, with Dan Ikenson of the institute and Will Martin of the World Bank. Location: Room B-339, Rayburn.

GREENHOUSE GASES _ 12 p.m. Sen. Jim Jeffords, I-Vt., hosts a rally to announce legislation that he says will for the first time set the United States on a path to decrease and, in time, reverse the production of greenhouse gases associated with cause global warming. Other participants are Sens. Barbara Boxer, D-Calif., Jack Reed, D-R.I., and Frank Lautenberg, D-N.J., as well as leaders of national environmental groups. Location: Room 628, Dirksen Senate Office Building. Notes: There will be a pen-and-pad briefing by staff on the legislation following the rally at approximately 12:30 pm in Room 413, Dirksen Senate Office Building.

HUMAN RIGHTS-KOREA _ 12 p.m. A broad left-right group of organizations consisting of various human rights and faith-based organizations and leaders of the Korean-American community will issue an introductory statement and an 18-point Statement of Principles in a press conference to indicate its strong support for a Helsinki-based approach to U.S.-North Korea policy and for recent pro-human rights actions of the Bush administration. Location: National Press Club, Lisagor Room.

MURTHA-AWARD _ 12 p.m. The Center for National Policy presents its Edmund Muskie Distinguished Public Service Award to Rep. John Murtha. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

PENSION REFORM _ 12 p.m. The American Benefits Council holds a news briefing to discuss the status of the two pension reform bills pending in a congressional conference committee. Location: Suite 1250, 1212 New York Ave. NW.

FALUN GONG _ 12:30 p.m. Falun Gong supporters hold a rally against Chinese government practices. Location: Lower West Terrace Lawn, Capitol.

SANTORUM _ 12:30 p.m. Sen. Rick Santorum, R-Pa., delivers a ``major'' policy address at a National Press Club luncheon. His remarks will focus on America's war against ``Islamic fascism,'' including its roots and influence in Iraq and Iran. Location: National Press Club. Notes: Santorum's address begins at 1 p.m.

DEFENSE ENERGY _ 1:45 p.m. Reps. Roscoe Bartlett and Steve Israel, others, hold a news conference to announce the formation of the Congressional Defense Energy Working Group. Location: Room 2216, Rayburn.

DEFENSE-ENERGY _ 1:45 p.m. Reps. Roscoe Bartlett, R-Md., and Steve Israel, D-N.Y., join former CIA Director James Woolsey for a news conference to announce the formation of the Defense Energy Working Group. Location: Room 2216, Rayburn House Office Building.

MUSLIM CANDIDATE _ 6 p.m. - 8 p.m. Candidate for Congress Keith Ellison will attend a fundraiser hosted by the Muslim community of the Greater DC area. Sponsors say Ellison, currently serving in the Minnesota State Legislature, is favored to win the election for Minnesota's Fifth Congressional district, which includes Minneapolis. If victorious, Ellison would become the first Muslim member of Congress. Location: Hunan Dynasty, 215 Pennsylvania Ave. SE.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JULY 20, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

US Agencies Continue To Expand TIA Data Mining Programs 3
Administration Shifts To Supporting Only Minor Changes To Tribunals 3
CIA Report Says Detainees Followed Al-Qaeda Prison Manual... 4
Georgia Men Indicted On Additional Terrorism Charges..... 4
UK Arrests Terror Suspect Indicted In US 4
Former Miami Suspects' Associates Provided FBI With Key Information 5
Defense Lawyers Seek New Judge For Hamas Funding Trial Hearing 5

Homeland Response:

In Buffalo, Mueller Urges Vigilance Against Homegrown Terrorists 5
Fake Passports, Bomb Scare Prompt Diversion Of US-Canada Flight 6
Second ELF Suspect Pleads Guilty To California Eco-Terror Plot 6
TSA Expands Career Opportunities For Airport Screeners..... 7

War News:

GOP Congressmen Shifting From Upbeat Iraq Appraisals..... 7
Iraqi Government Calls For Halt To Violence 7
Violence Rises In Spite Of Growing Iraqi Security Forces 7
Violence Surges In Kirkuk 8
Iraq Accuses Iranian Opposition Group Of Domestic Meddling 8
Maliki Denounces Israeli Aggression Against Lebanon..... 8
Oil For Food Conviction Said To Be Warning About Back Channels 8
Turkey Says Iraq Expedition Plans Moving Forward..... 9
Coalition Troops Recapture Afghan Towns Seized By Taliban..... 9
Discussion Of War's Merits Ahead Of Time Suggested To Prevent Disunity In The Future 9
Rule Changes Sought To Encourage Guard And Reserve Recruitment, Retention 9

Corporate Scandals:

SEC Wins Asset Freeze In Petco Insider Trading Probe 9
Rambus, Juniper Networks To Restate Earnings After Options Review 10
AOL To Pay Former Executives' Legal Fees 10
Accounting Rule Makers Move To Update Lease-Accounting Regulations 11

Criminal Law:

Federal Judge Allows Jefferson Probe To Proceed 11
Former Harris Adviser To Talk To DOJ 11
House Government Reform Committee Seeks Abramoff-White House Contacts 12
Judge Delays Sentencing Of Tennessee Waltz Bag Man..... 12
Utah Man Convicted Of Perjury In Disappearance Of Teen 12
British Online Gambling Executives At Risk Of Extradition To US12
Alabama Woman Surrenders To Face Katrina Fraud Charges .. 13
Former Tennessee Banker Indicted For Fraud 13
Texas Executes Man For 1996 Murder 13
Former Illinois Bank Employee Pleads Guilty To Embezzlement 14
Former Wisconsin Bank Executives Charged With Loan Fraud . 14
Indiana Couple Indicted On Investment Fraud Charges 14
South Carolina Hospital To Pay $3.75 Million Medicare Fraud Settlement 14
Former Texas Police Officer Gets 10 Years In Prison For Child Porn Possession 14
Lawmakers Reach Agreement On Sex Crimes Legislation 14
Plame Leak Investigations Called "A Huge, Dangerous Waste Of Time." 14

Civil Law:

Republicans Seeking To Challenge Clinton Report Debt In Latest Campaign Filings 15

Civil Rights:

Report Finds Chicago Police Abused Criminal Suspects..... 15
Study Finds California Hate Crimes At 10-Year Low..... 15
House Approves Bill Shielding Pledge From Court Changes..... 16
Judge Rules Missouri Must Allow Inmates To Have Abortions ... 16
Bush Urged To Renew Voting Rights Act At NAACP Conference16
Lawmakers Warned Of Potential Voting Security Problems 17

Antitrust:

Microsoft Announces "Guiding Principles" Aimed At Easing Antitrust Woes..... 17
Discussion Of Potential GM Alliance Spurs Unease In Michigan 18
Poker Players Sue Over Use Of Likeness, Names 18
Mittal Claims Its Bid For Arcelor Is A Success..... 18

Environment:
DOE's Yucca Mountain Boss Doubts Senate's Radioactive Waste Storage Plan ... 19
Report Faults Former Interior Official For Shooting Buffalo ... 19
Grassley, Baucus Reject Further Farm Subsidy Cuts ... 19
Improperly Installed Seals Blamed For Sago Mine Deaths ... 19
Heat Wave, Drought Hit US Farmers Hard ... 20

FBI/DEA/ATF/USMS:
San Francisco Grand Jury Said To Be Investigating Coach Who Prompted BALCO Case ... 20
Former Head Of Meth Ring Is Sentenced In Alabama ... 20
Arizona Man Accused Of Supplying Tons Of Marijuana To Tennessee Businessman ... 20
Authorities Say Hollywood Film Company Was Front For International Drug-Smuggling Operation ... 20
Dallas Police Seize $13 Million Worth Of Cocaine, Four Arrested 20
Authorities Target New York Drug Network, More Than 70 Arrested ... 21
In California, Marshals Arrest East Palo Alto "Top Ten" Fugitive 21
FBI Investigating Possible Link Between Ohio Mosque Threat, Earlier Bombing ... 21
Six Charged With Arson In Philadelphia Fire ... 21

Immigration:
Battle For Control Of Congress Complicates Efforts To Find Compromise On Immigration ... 21
Authorities Comb Arizona Desert For Abandoned Immigrants ... 22
Minuteman Leaders Question Whereabouts Of Donations ... 23

Tax:
Judge Delays KPMG Tax Shelter Trial By Four Months ... 23

Congress-Administration:
In First Exercise Of Veto Power, Bush Rejects Stem Cell Research Funding Bill ... 23
Sensenbrenner Seeks Probe, Possible Impeachment Of California Judge ... 25
Bush Has Spoken Little Of Poverty Since Katrina Crisis Passed 25
Portman Aims To Improve Communication With Congress, Reduce Supplemental Spending ... 25
Lewis Saw Large Profit From Investment In Friend's Bank ... 26
Senators Propose Web Site Listing All Federal Spending ... 26
Negotiators Reach Agreement On Pension System Overhaul Legislation ... 26
Senate Passes Bill To Stop Abusive Financial Practices Towards Service Members ... 27
NYTimes Decries Boehner's Wooing Of Special-Interest Groups 27

Other News:
Fed Chairman Says Inflation Moderating ... 27
Stock Markets Up Sharply ... 28
Oil Closes Below $73 Per Barrel ... 29
Maryland Law Forcing Wal-Mart To Pay For Employees' Health Benefits Struck Down ... 29
Clinics Will Teach Law Students The Art Of Supreme Court Advocacy ... 30
If Running For Reelection In '06, Thune Says He Would Distance Himself From Bush ... 30
Donor List Provides Evidence Of Lieberman's Bipartisan Appeal 30
DeWine Orders Image Changed In Ad Attacking Democratic Opponent ... 31
Maryland Senate Hopefuls Woo Voters At Annual Crab And Clam Bake ... 31
Some Say Reed's Defeat Could Be First Of Several Tied To Corruption Issue ... 32
DeLay Allies Say Effort To Keep His Name On Ballot Could Backfire On Democrats ... 32
Democratic-Allied Groups Targeting House Republican Candidates ... 32
Rothenberg Says It's Too Soon To Predict Huge Democratic House Gains ... 32
Conservative Bloggers Host Roundtable Meetings With Top Republicans ... 33
Gates Awards $287 Million To AIDS Researchers ... 33
Bush Administration Reportedly Reassessing Mideast Response 33
Israel's Capability To Defeat Hezbollah Questioned ... 35
Impact Of Mideast Violence On Civilians Highlighted ... 36
Israel Continues Military Actions In Gaza ... 37
US Makes Progress In Evacuation From Lebanon ... 37
FBI Increases Monitoring Of Hezbollah Members In US ... 39
Voinovich Backs Bolton For Reappointment ... 39
Hill Says North Korea May Not Want Deal On Its Nuclear Program ... 39
Moscow Eases UNSC Pressure On Tehran ... 40
Rice Said To Eye ASEAN And ARF Attendance ... 40
Case Shows China's Effort To Punish Activists ... 40
India To Build Crude Oil Storage Facility ... 41
US Cites Saudi Progress At Implementing Reforms ... 41
Swiss Authorities Uncover Radical Muslims' Terrorism Plots ... 41
Oman Trade Deal Faces Opposition In Senate ... 41
House Panel To Offer Recommendations On Peru Trade Pact . 41
US Opposition To Venezuela's Security Council Bid Has Unintended Consequences ... 41
Islamic Militia On The Verge Of Overrunning UN-Backed Government In Somalia ... 41
Death Toll In Indonesia From Monday's Tsunami Grows ... 42
Several Second-Term Asian Leaders Battle Attempts To Oust Them ... 42
Japan Said To Have Emerged From Five Years Of Deflation ... 42

The Big Picture:
Headlines From Today's Front Pages ... 42

Washington's Schedule:
Today's Events In Washington ... 43

DOJ_NMG_0042008

TERRORISM NEWS:

US Agencies Continue To Expand TIA Data Mining Programs. USA Today (7/20, 5A, Kelley, 2.27M) reports, "U.S. intelligence agencies have invested millions of dollars since 9/11 on computer programs that search through financial, communications, travel and other personal records of people in the USA and around the world for connections to terrorism, according to public records and security experts. … At least five of the data-mining programs were developed under a Pentagon program, called Total Information Awareness (TIA), that Congress disbanded nearly three years ago because of concerns that it threatened personal privacy, according to government records and participants in the projects. President Bush and administration officials say the searches for terrorists' trails follow the law and don't invade Americans' privacy." USA notes, "Supporters including Robert Popp, a former TIA official, say the continuation of some of TIA's programs is legal under the exceptions approved by Congress," but Electronic Privacy Information Center executive director Marc Rotenberg "says the continuation heightens concerns about oversight." In a companion table, USA Today (7/20, 5A, 2.27M) briefly describes "eight projects started under the controversial Total Information Awareness program continued after Congress disbanded the program in 2003."

Legal Experts Clash Over NSA Surveillance Program At House Hearing. The New York Times (7/20, Shane, 1.21M) reports, "Legal experts squared off before Congress on Wednesday about the National Security Agency's domestic surveillance program." Judge Richard A. Posner "told the House Intelligence Committee that the requirement for court warrants under the Foreign Intelligence Surveillance Act was 'obsolete,'" but American Bar Association president Michael S. Greco "sharply disagreed, saying the FISA statute and its requirements for warrants remained a crucial protection for civil liberties." The Times notes that the "hearing was the latest sign that Congress was reasserting its role in overseeing sensitive counterterrorist surveillance programs, despite President Bush's argument that he has the inherent constitutional authority to order eavesdropping without court approval," and "Committee Democrats took note of Attorney General Alberto R. Gonzales's revelation on Tuesday that the president personally blocked an internal Justice Department investigation of the lawyers who approved the eavesdropping program."

NYTimes Denounces Gonzales "Tap-Dancing" On Surveillance Program. The New York Times (7/20, 1.21M) in an editorial titled "Tap-Dancing as Fast as He Can" writes, "This is how President Bush keeps his promise to deal with Congress in good faith on issues of national security and the balance of powers: He sends the attorney general to the Senate Judiciary Committee to stonewall, obfuscate and spin fairy tales. Testifying on Tuesday after months of refusing to show up, Alberto Gonzales dodged questions about President Bush's warrantless wiretapping operation." The Times adds, "Mr. Gonzales has turned in this sort of performance before, starting with his confirmation hearing. But this one was particularly galling because the White House was piously promising only last week to stop stonewalling Congress on matters of national security."

Praising Rep. Frank Speech, Broder Supports Congressional Challenge To Bush Power. In his Washington Post (7/20, 748K) column, David S. Broder details the July 13 House speech by Rep. Barney Frank, "the exceptionally bright liberal who has long been a respected voice in Democratic debates. His subject was the Bush presidency. … The problem, as Frank sees it, is that Bush believes in a 'plebiscitary presidency' in which the election makes the chief executive the 'decider' of national policy, to use one of Bush's favorite terms." Broder notes that Frank also criticized Congress for ceding power to Bush, "But that is beginning to change. Frank said he saw 'stirrings' of institutional pride among some of his Republican colleagues." Broder adds, "A Congress that challenges a president when it thinks he is wrong is not infringing on the rights of the 'decider.' It is reminding him that the Constitution and American history decree a division of power, with a set of checks and balances that make this a different form of democracy from that of parliamentary systems -- or disguised dictatorships such as those run by Vladimir Putin, Hugo Chavez and Hosni Mubarak."

More Commentary. The Boston Globe (7/20) editorializes, "In the Bush administration's campaign to consolidate power that had once been exercised by Congress or the courts , it has taken one step after another to avoid congressional and judicial review. Now it turns out that President Bush himself blocked an internal Justice Department inquiry into the administration's decision to eavesdrop on domestic phone calls without a warrant from a judge, as required by a 1978 law. The short-circuiting of that investigation makes it all the more important that Congress mandate full judicial review of the program's legality." The Globe continues, "A president who will not let his own Justice Department's ethics office examine the process by which the administration approved the circumvention of a law is doing his best to unmoor the government from the checks and balances so valued by (James) Madison and the other Founding Fathers."

Administration Shifts To Supporting Only Minor Changes To Tribunals. The Washington Post (7/20, A3, Weisman, Abramowitz, 748K) reports, "Top White House officials took a harder line yesterday on a new system

to try terrorism suspects, telling Republican senators that President Bush will soon formally propose a tribunal structure with only minor changes from the military commissions that were ruled unconstitutional last month." Attorney General Alberto R. Gonzales and national security adviser Stephen J. Hadley met with Sens. John W. Warner, John McCain, and Lindsey O. Graham," and "Senate Republican aides familiar with the discussion said that the White House position has hardened since a White House meeting earlier this month, when Hadley assured the same senators the White House could accept tribunals based largely on existing military law, known as the Uniform Code of Military Justice." Following "starkly mixed signals last week," this "could place Bush on a collision course with the Senate."

Herbert Says Administration Is Taking Moral Low Ground. Bob Herbert writes in his column in the New York Times (7/20, 1.21M), "The United States had complete command of the moral and ethical high ground in the immediate aftermath of Sept. 11, 2001," but "the Bush administration deliberately abandoned those heights to pursue policies that were not just morally questionable, but reprehensible." The torture, imprisoning people "willy-nilly," and "kangaroo courts" "should have sent shudders of shame down the spines of decent Americans. In fact, most Americans never bothered to notice." Still, "the Bush administration didn't just leave the moral and ethical high ground. It sped away with great enthusiasm," until the Supreme Court stood up to them. Now in these hearings, "what is interesting is the common ground on this issue that is being found by human rights groups and the highest-ranking lawyers of America's armed forces," and "after a while you get the sense that real progress could be made, if only the Bush administration would get out of the way."

CIA Report Says Detainees Followed Al-Qaeda Prison Manual. The Washington Post (7/20, A12, Pincus, 748K) reports that according to a classified report by analysts in the CIA's Counterterrorism Center, "The first wave of detainees at the military prison at Guantanamo Bay, Cuba, created their own internal organizational structure to maintain morale, resist interrogation and recruit members, adhering to instructions in a 10-year-old al-Qaeda training manual." The report "was recently examined in the Office of the Director of National Intelligence after it was downloaded from a Web site and no one questioned its authenticity, an ODNI official said." A number of times "administration officials have publicly alleged that captives were following training outlined in the al-Qaeda manual," including "staging hunger strikes and inventing claims of abuse."

Georgia Men Indicted On Additional Terrorism Charges. The Washington Post (7/20, A12, Eggen, 748K) reports, "Two Georgia men previously accused of contact with Islamic militants were charged with plotting attacks against civilian and military targets, including the U.S. Capitol and World Bank headquarters, according to an indictment handed up yesterday in Atlanta." The superseding indictment also claims Syed Haris Ahmed and Ehsanul Islam Sadequee "underwent 'physical and rudimentary paramilitary training to prepare for participation in violent jihad' both overseas and in northwest Georgia." US Attorney David E. Nahmias "said in a statement that the suspects had not 'proceeded to the point that they posed an imminent threat to the United States,' but that 'we no longer wait until a bomb is built and ready to explode.' His remarks came after recent criticism from lawmakers and national security experts about other recent arrests, particularly of a group of defendants in Miami described by the FBI as 'more aspirational than operational' in an alleged plot to bomb Chicago's Sears Tower." The Washington Times (7/20, Seper, 88K) also reports on the new charges.

In a widely-distributed story, the AP (7/20, Dell'Orto) notes that the new indictment "charges both men with providing and attempting to provide material support to terrorists, attempting to provide material support to a foreign terrorist organization and related conspiracy counts. … The FBI has said the men may have had limited contact with some of 17 suspects arrested in Canada last month in an alleged plot to bomb buildings in that country, but Nahmias on Wednesday declined to comment on whether Ahmed and Sadequee met up with those suspects." The Atlanta Journal-Constitution (7/20, Scott, 399K) adds, "The indictment claims Ahmed and Sadequee videotaped targets and provided clips to a co-conspirator in the United Kingdom, Younis Tsouli, an Internet hacker who is in custody in the UK. Tsouli allegedly ran an online information network for terrorists where they could obtain instructions on such things as building car bombs." The Journal-Constitution notes, "After Ahmed was interviewed by the FBI, he contacted Sadequee and warned him not to return to the United States."

UK Arrests Terror Suspect Indicted In US. The Financial Times (7/20, Kirchgaessner) reports, "British authorities on Wednesday arrested and detained a UK citizen on terrorism-related charges following his indictment by a federal grand jury in the US. The Justice Department said it would 'shortly' file an extradition request for Syed Talha Ahsan, who was arrested at his London home." The FT notes, "Among other alleged crimes, Mr Ahsan was accused by US prosecutors of having accessed, modified and re-saved an electronic document in April 2001 that contained classified US Navy plans of a group operating in the Straits of Hormuz. In one e-mail exchange with a US naval enlistee who the indictment referred to as 'sympathetic' to the views expressed in some of the websites Mr Ahsan has been

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affiliated with, an unnamed conspirator refered to the October 2000 attack on the USS Cole as a 'martyrdom operation'." The AP (7/20) notes, "Officials say they believe they disrupted a network that recruited and financed terrorists, outfitted them with equipment, and dispatched them to fight in countries such as Afghanistan. 'We're trying to make it as difficult, if not impossible, for people to commit terrorist acts,' US Attorney Kevin O'Connor said yesterday. 'If you can deprive these terrorist organizations of money, it's like depriving them of oxygen.' Ahsan is accused in the same case as Babar Ahmad, a British computer specialist who was indicted in Connecticut in October 2004."

Former Miami Suspects' Associates Provided FBI With Key Information. The AP (7/20, Anderson) reports, "Two men who were once allies of the alleged ringleader of a would-be Miami terrorism cell that had visions of targeting Chicago's Sears Tower have turned against their former associate and provided key information to federal investigators, according to court documents and interviews." Sultan Khanbey "is jailed awaiting trial in Miami on charges of illegal weapons possession by a felon stemming from an April incident in which he allegedly fired a shot at the other man," the "self-described spiritual missionary who goes by the name Master G.J.G. Atheea." Atheea "has not been charged but says he helped the FBI investigate the cell and its leader, Narseal Batiste," because, "I had to get this cleared up." He also told the AP "he did not believe that Batiste and the six others…ever actually intended to carry out" the attacks.

Defense Lawyers Seek New Judge For Hamas Funding Trial Hearing. In a story distributed by McClatchy Newspapers, the Chicago Tribune (7/20, Bush, 623K) reports, "Defense attorneys for an Illinois man accused of funding terrorists sharply criticized Wednesday the way U.S. District Judge Amy St. Eve has handled key parts of the case. Muhammad Salah's lawyers requested that St. Eve set aside a ruling permitting prosecutors to use a confession Salah gave to Israeli agents in 1993. The defense further requested that St. Eve reassign the case to a new judge for a hearing on whether the confession should be barred at trial." The Tribune notes Salah's lawyers said "that St. Eve improperly listened to portions of the Israeli agents' testimony outside the presence of the defense," which "influenced St. Eve's conclusion that the men were credible witnesses, the defense argued."

HOMELAND RESPONSE:

In Buffalo, Mueller Urges Vigilance Against Homegrown Terrorists. The AP (7/20, Thompson) reports, "FBI Director Robert Mueller said Wednesday that while U.S. anti-terrorism efforts have been successful against al-Qaida, the growth of 'self-radicalized, self-financed groups' demands continued vigilance. 'We cannot become complacent. We must understand that terrorism will be with us for a period of time,' Mueller said following a routine visit to the FBI's Buffalo field office. It was Mueller's second visit in as many days to a city experienced in homegrown threats. In Toronto on Tuesday, Mueller praised Canadian law enforcement for a sting operation last month that led to the arrest of 17 Canadians on terror-related charges. … In Buffalo, he had similar praise for agents who secured the 2002 arrests of the so-called Lackawanna Six." The AP notes, "Officials in Buffalo have been concerned by a deep cut in federal anti-terror money from the Department of Homeland Security, citing the city's shared border with Canada as a potential vulnerability. Mueller declined to address the funding decisions but suggested Canada could improve security by establishing U.S.-style laws such as the Classified Information Procedures Act, which provides for the protection of classified evidence in prosecutions.

FBI Increases Monitoring Of Hezbollah Members In US. The CBS Evening News (7/19, story 4, 1:40, Schieffer, 7.66M) reported on the Hezbollah presence in the US. CBS (Stewart) noted that "the FBI says it's keeping a closer watch on Hezbollah followers here since the fighting started, but say they don't expect any trouble, mainly because this is where Hezbollah raises money, not wages war. FBI Director Robert Mueller was asked about that today in a Buffalo press conference." Mueller: "To the extent that we have identified individuals associated with Hezbollah, that we are taking additional precautions to assure that we do not face any threat from these individuals." Stewart: "Most analysts say they're certainly capable of" attacking in the US, "but probably won't, because that would dry up their money and bring the U.S. military down on them." FOX News' Special Report With Brit Hume (7/19, Baier) noted, "A senior FBI official said at this point, there's no reason to believe that a Hezbollah attack on the US is imminent, but the agency has stepped up its efforts to try to find Hezbollah sleeper cells believed to be inside the US. In fact, the FBI has a number of people thought to be tied to Hezbollah under surveillance in several US cities."

CNN's Situation Room (7/19, Blitzer) reported, "US law enforcement agencies are right now being warned to keep an eye on people in this country with ties to Hezbollah." CNN (Arena) added that Hezbollah "has never attacked on US soil, but US officials say if the situation in the Middle East escalates further, that could change." Mueller: "We're taking precautions here in the United States. And to the extent that we have identified individuals associated with Hezbollah, we're taking additional precautions to assure that we do not face a threat from these individuals." Arena:

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"Counterterrorism officials stress that there is no new intelligence suggesting that Hezbollah is planning an attack against the US or US interests. But in an advisory sent to law enforcement partners late last week, FBI and Department of Homeland Security warned that it is possible individuals residing in the US who sympathize with Hezbollah could act."

In a widely-distributed story, the AP (7/20, Sherman) reports, "The FBI has numerous investigations into Hezbollah's recruitment, training and fundraising activities, FBI spokesman Paul Bresson said. 'At this time, there is no specific or credible intelligence pointing to an imminent attack by Hezbollah in the United States,' Bresson said. … The group has never launched a terrorist attack inside the United States. But before the attacks of Sept. 11, 2001, Hezbollah was responsible for more American deaths than any other single terrorist organization," with its 1983 attack on the US Marine barracks in Beirut. NCTC Deputy Director Kevin Brock "recently told reporters that the U.S. has remained vigilant about Hezbollah, even as the focus of U.S. anti-terror efforts has shifted to al-Qaida." In its story about Director Robert Mueller's visit to Buffalo, the AP (7/20, Thompson) notes, "Also Wednesday, Mueller said that in light of fighting in the Middle East, the FBI was taking 'additional precautions' to prevent potential threats from members of…Hezbollah. 'Whenever there are flare-ups in the Middle East involving parties such as Hezbollah, you can assume that we are taking precautions here in the United States,' he said, 'and to the extent that we have identified individuals associated with Hezbollah, that we are taking additional precautions to assure that we do not face any threat from these individuals.'"

In a Web Exclusive, Newsweek (7/19, Hosenball, 3.12M) reports, "In a written statement, the FBI said that while the public should remain alert 'during this heightened state of tension in the Middle East,' there is 'no credible or specific information at this time suggesting individuals may be planning to act out on grievances or sympathies in the Homeland.'" Newsweek adds that "when tensions between the United States and Iran began heating up, the FBI 'increased its focus on Hizbollah,' said bureau spokesman Bill Carter in an e-mail. Carter said the FBI has investigations into the 'potential presence of Hizbullah members, alleged fund-raising and financial activity on U.S. soil.' … While both British and U.S. intelligence agencies see little indication that Hizbullah has decided to attack Americans once again, U.S. officials say they can't rule it out. Such a change, one U.S. official said, could be triggered if Hizbullah became convinced that it was a target of what it regarded as a particularly antagonistic act by the U.S. government. Another theoretical possibility that official analysts have considered is that Hizbullah's patrons in the Iranian government would order the Lebanese group to strike U.S. or other Western targets."

Meanwhile, FOX News' Big Story With John Gibson (7/19) noted, "Hezbollah's threats are being taken seriously by the FBI. Director Robert Mueller told congress the FBI busted a smuggling ring, bringing operatives bringing operatives from Mexico." A Lebanese restaurant owner in Mexico "has smuggled over 200 Lebanese through Mexico into the United States. That's not to say that all of these people came here as part of a sleeper cell or have any evil plans. But it is to say they got in the country through illegal means and they're still here."

Fake Passports, Bomb Scare Prompt Diversion Of US-Canada Flight. The AP (7/20) reports, "Two Sri Lankans carrying suspected false passports were taken into custody and an Air Canada commuter plane they had tried to board was diverted back to Rochester's airport Wednesday morning because one of their bags was believed to be aboard, authorities said." DHS spokesman Russ Knocke said that "authorities placed the pair in custody for questioning, during which the woman became upset, began complaining of chest pains and indicated she needed her bag, which had already been loaded onto the flight." Knocke added, "There was a significant language barrier with the passengers, and the male is believed to have made a confusing remark about a possible suicide bomb." The AP notes, "The investigation was continuing and was being coordinated by the Monroe County sheriff's office bomb squad, Homeland Security and FBI agents."

Second ELF Suspect Pleads Guilty To California Eco-Terror Plot. The Sacramento Bee (7/20, Minugh, 298K) reports, "The second of three people believed to have been plotting eco-terror attacks in the Sacramento area pleaded guilty Tuesday, authorities said Wednesday." Zachary Jenson "pleaded guilty to one count of conspiracy in connection with a plot to blow up commercial and governmental facilities in the Sacramento region, including the U.S. Forest Service Institute of Forest Genetics in Placerville," and "as part of his plea agreement, Jenson will cooperate with the government's investigation and prosecution." The Bee notes, "The case is being investigated by various federal, state and local law enforcement agencies comprising the FBI Joint Terrorism Task Force, as well as the U.S. Forest Service and the California Department of Forestry and Fire Protection." In a widely-distributed story, the AP (7/20) adds that Jenson "pleaded guilty…in what the FBI alleges was an eco-terrorist plot to be carried out in the name of the Earth Liberation Front. … They didn't know an undercover FBI informant had infiltrated the group. The FBI secretly rented a cabin for the group…and wired the building for audio and video surveillance." The Sacramento Business Journal (7/19) also reports on Jenson's plea, as does the Seattle Times (7/20, 217K) in its "Local Digest" column.

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TSA Expands Career Opportunities For Airport Screeners. The Washington Post (7/20, D4, Barr, 748K) reports in its "Federal Diary" column that the Transportation Security Administration is "expanding career opportunities for passenger and baggage screeners in hopes of reducing staff turnover and improving aviation security. ... The career opportunities, announced this week, will permit screeners to compete for jobs as supervisors and technical experts, such as behavior detection officers, who look for high-risk individuals, and bomb appraisal officers, who spot improvised explosive devices. The new career paths will permit screeners hired at entry-level salaries of $25,000 to $36,000 to apply for jobs that pay up to about $50,000 annually."

WAR NEWS:

GOP Congressmen Shifting From Upbeat Iraq Appraisals. The Washington Post (7/20, A1, Weisman, Asthana, 748K) reports, "Faced with almost daily reports of sectarian carnage in Iraq, congressional Republicans are shifting their message on the war from speaking optimistically of progress to acknowledging the difficulty of the mission and pointing up mistakes in planning and execution." Those "who have backed the president's call to stay the course are finding it increasingly difficult to square their generally optimistic rhetoric with the grim situation on the ground." The "Republicans who once adamantly backed the administration on the war are moving to a two-stage new message" by "making it clear to constituents they do not agree with every decision the president has made on Iraq. Then they boil the argument down to two choices: staying and fighting or conceding defeat to a vicious enemy." This "evolving Republican message on the war contrasts with the strong rhetoric used by House and Senate Republicans recently in opposing a deadline for withdrawal from Iraq."

The Hill (7/20, Allen) adds, "The likely next chairman of the National Republican Senatorial Committee (NRSC)," Sen. John Thune, says "GOP candidates should distance themselves both from the Democrats and from the Republican president on Iraq policy in the midterm election." He "encouraged GOP candidates to clarify where they disagree with President Bush's prosecution of the war."

GOP Contextualizing More Issues As National Security. In contrast, Roll Call (7/20, Ben Pershing) reports, "Congressional Republicans are looking to exploit their traditional political advantage on defense matters by placing a growing number of issues under the national security umbrella." House Republican leaders "have been bringing up domestic and economic issues in the context of national security. And Republican strategists said they expected the practice to become more frequent as Election Day approaches." However, "while Republicans say they are playing to their strengths, Democrats believe Republicans are trying to cover up their own weaknesses."

Iraqi Government Calls For Halt To Violence. The Washington Post (7/20, A14, Mosher, 748K) reports, "Iraqi and foreign officials implored the country's rival factions Wednesday to halt sectarian and political violence." Prime Minister Nouri al-Maliki "said at a news conference that the most recent attacks were intended 'to confront the national unity government, because this government's success means the defeat of al-Qaeda.'" He "also said he had spoken with the heads of some news organizations and urged them to 'stop provoking strife through conducting interviews with those who are provoking it, or adopting emotional statements without considering the common welfare of the Iraqi people.'" Additionally, President Jalal Talabani "called for Iraq to draft a treaty that would 'ban the spilling of Iraqi blood,'"

The Christian Science Monitor (7/20, Regan, 58K) adds, "sectarian killings in Iraq have accelerated at an alarming pace, according to Iraqi officials," and "the surge in attacks has led to leaders of both Sunni and Shiite communities, as well as other Iraqi politicians, to see the violence in a new light."

Deputy Prime Minister Blames Coalition For Much Of The Violence. The AP (7/20, Mroue) notes, "Ambassador Zalmay Khalilzad and Gen. George W. Casey also called on Iraq's leaders 'to take responsibility and pursue reconciliation not just in words, but through deeds as well.' The statement reflected U.S. disappointment that the national unity government…has faltered in its attempts to win public trust, calm sectarian tensions and persuade Sunni-led insurgents to lay down their weapons." However, "deputy Prime Minister Salam al-Zubaie, a Sunni Arab, blamed U.S. and other coalition forces for much of the violence, saying their troops were responsible for about half the deaths due to 'raids, shootings and clashes with insurgents.'"

Ethnic Divisions, Not Violence Said To Herald Bleak Future. The New York Times (7/20, Goolsbee, 1.21M) reports that in the long-run prospects for Iraq, "the good news is that history suggests that the destruction of war has no lasting impact on economic prospects. The bad news is that most of these countries, especially Iraq, are filled with ethnic divisions and civil discord. The evidence shows that these problems, unlike bombs, cause lasting damage to the prospects for a nation's economy, even if they do not boil over into civil war." The "ethnic division…will probably mar them permanently in a way that bombs never could."

Violence Rises In Spite Of Growing Iraqi Security Forces. The CBS Evening News (7/19, story 5, 0:20, Schieffer, 7.66M) reported, "The United Nations is out with a report tonight on Iraq that puts in the starkest terms yet

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how costly the war has become for Iraqi civilians and it is getting worse. Last month alone, it says, civilian deaths topped 3,000, a rate of more than 100 a day. That is the worst one-month death toll since the fall of Baghdad."

The McClatchy Newspapers (7/20, Lasseter) reports, "Despite the addition of almost 100,000 U.S.-trained Iraqi troops in the past year, American efforts to pacify central Iraq and the capital appear to be failing, challenging a central assumption behind the U.S. strategy in Iraq: that training more Iraqi security forces will allow American troops to start going home." However, "American officers in Iraq acknowledged the difficulties but counseled patience." Still, "if the U.S.-led effort to stand up more Iraqi troops and police doesn't start improving security in the capital and other troubled areas…the Bush administration may be forced to consider sending more troops to Iraq, trying to convince other nations to send troops or even beginning to withdraw some Americans from the worst areas - or from Iraq."

Gunmen Kidnap 20 Sunni Government Employees. NBC Nightly News (7/19, story 7, 0:20, Williams, 9.87M) reported, "Now to the east of here in Iraq, where attacks on civilians took an especially ugly turn again today. In Basra, a mother and her three children had their throats slit, apparently because they cooperated with Americans operating in Iraq. We also learned today that twenty Sunnis were reported kidnapped in Baghdad."

The New York Times (7/20, Cave, 1.21M) reports, "Gunmen kidnapped as many as 20 employees of a government agency that oversees Sunni mosques," the Sunni Endowment, "Iraq's most prominent association of Sunni mosques and shrines." This "continued a string of high-profile kidnapping attacks against government-related figures this month," although "little else has tied the attacks together other than a continuing demonstration of the lawlessness that has struck the capital and surrounding areas."

USA Today/AP (7/20) adds, "There were conflicting reports about whether the employees of the Sunni Endowment were seized late Tuesday or Wednesday. The organization announced it was suspending its work for a week to protest the kidnapping and demanded that its employees be freed." The Los Angeles Times (7/20, Daragahi, 918K) also covers this story.

Violence Surges In Kirkuk. The Los Angeles Times (7/20, Windawi, Barnes, 918K) reports, "A surge in violence in" Kirkuk "among Kurds, Sunni Arabs and Turkmens vying for power has alarmed Iraqi officials amid intensifying sectarian warfare in central and southern Iraq." As "the number of bombings, assassinations and other attacks has risen sharply" after the death of militant leader Abu Musab Zarqawi. "Sunni Arab political leaders believe the Kurds are trying to push them out of the northern city and intend to annex it to the Kurdish region of Iraq. Kurds believe that Kirkuk is part of a greater Kurdistan and that they have a historic claim to the city." Meanwhile, "some Sunni Arab leaders blame the United States for the rise in violence, saying U.S. troops have moved some Iraqi security forces out of volatile parts of the region, leaving the areas without adequate police or army protection."

Iraq Accuses Iranian Opposition Group Of Domestic Meddling. The Los Angeles Times (7/20, 918K) reports, "Prime Minister Nouri Maliki on Wednesday accused a militant Iranian opposition group," the Mujahedin Khalq, "of meddling in his country's affairs and suggested that it could face expulsion from Iraq." He said it "had become too involved in Iraq's political and social issues," that "government communications with the group had been banned and that a committee had been established 'to find out the procedures related to their existence here' and to determine which countries would be ready to accept them as refugees." The Mujahedin Khalq "said that its members had a right to protection under the Geneva Convention and that their safety was the responsibility of U.S.-led forces," and "it had not been informed by Baghdad that it may have to leave Iraq."

Maliki Denounces Israeli Aggression Against Lebanon. The New York Times (7/20, Wong, Slackman, 1.21M) reports Prime Minister Nuri Kamal al-Maliki of Iraq "forcefully denounced the Israeli attacks on Lebanon, marking a sharp break with President Bush's position and highlighting the growing power of a Shiite Muslim identity across the Middle East." Maliki is quoted as saying, "I condemn these aggressions and call on the Arab League foreign ministers' meeting in Cairo to take quick action to stop these aggressions. We call on the world to take quick stands to stop the Israeli aggression." According to the Times, "The comments by Mr. Maliki, a Shiite Arab whose party has close ties to Iran, were noticeably stronger than those made by Sunni Arab governments in recent days. Those governments have refused to take an unequivocal stand on Lebanon, reflecting their concern about the growing influence of Iran. … But the longer the conflict drags on, the more these leaders are finding their credibility called into question. The longer satellite television shows images of civilians killed and maimed by Israeli bombs, the more these leaders face hostility from their own people."

Oil For Food Conviction Said To Be Warning About Back Channels. Claudia Rosett, journalist-in-residence with the Foundation for the Defense of Democracies, writes in an op-ed in the Wall Street Journal (7/20, A12, 2.03M) that the Oil for Food program "has finally resulted in a guilty verdict in open court." While "The Tongsun Park case has gotten remarkably little press…it is

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both an important and a cautionary tale. It illustrates how easily the U.N., behind its veils of secrecy and diplomatic immunity, can be exploited by the most unscrupulous tyrants on the planet. And Mr. Park's conviction is a warning to beware any 'back channels' now running between the U.N. executive suite and such rogue states as North Korea and Iran."

Turkey Says Iraq Expedition Plans Moving Forward. The AP (7/20, Meixler) reports that Turkish Prime Minister Recep Tayyip Erdogan said "the Turkish military is moving forward with plans to send forces into northern Iraq to clear out Turkish Kurdish guerrilla bases," although he "also said officials were holding talks with the United States and Iraq in an attempt to defuse tensions." U.S. Ambassador Ross Wilson said "Turkey should work with Washington and Baghdad and should not take unilateral action in Iraq." A "Turkish cross-border operation is likely to inflame tensions with the United States and destabilize one of the only calm regions of Iraq."

Coalition Troops Recapture Afghan Towns Seized By Taliban. An AP brief printed in the New York Times (7/20, 1.21M) reports, "The second of two southern towns seized by the Taliban this week went back into government hands after more than 1,000 Afghan and American-led coalition troops swept into the area. Two Afghan soldiers were wounded and two Taliban were killed in the fight to retake Garmser, a town of about 50,000 people in Helmand Province. Coalition and Afghan forces deployed in the second town, Naway i Barakzayi, 20 miles north, on Tuesday."

Taliban Resurgence Allegedly Made Possible By Pakistani Support. In an op-ed for the New York Times (7/20, 1.21M) author and Atlantic Monthly correspondent Robert D. Kaplan writes that the US-led coalition in Afghanistan "finds itself, like its Soviet predecessors, in control of major cities and towns, very weak in the villages, and besieged by a shadowy insurgency that uses Pakistan as its rear base. The United States and NATO will not prevail unless they can persuade Pakistan's president, Pervez Musharraf, to help us more than he has. Unfortunately, based on what senior Afghans have explained in detail to American officials, Pakistan is now supporting the Taliban in a manner similar to the way it supported the Afghan mujahedeen against the Soviets two decades ago. The Taliban has two leadership cells operating inside Pakistan, presumably with the guidance and logistical support of local authorities. Senior lieutenants to Mullah Muhammad Omar, the Taliban's supreme leader, are ensconced in Quetta, the capital of the Pakistani province of Baluchistan. … Meanwhile, one of the Taliban's savviest military commanders, Jalaluddin Haqqani, and his sons operate out of Miramshah, the capital of the North Waziristan Province."

Discussion Of War's Merits Ahead Of Time Suggested To Prevent Disunity In The Future. USA Today (7/20, 2.27M) publishes a back and forth discussion between conservative columnist Cal Thomas and liberal Democratic strategist Bob Beckel. Both agree that having "our best and brightest — in and out of government — together so that the country can make an informed decision" would be good. The President's Foreign Intelligence Advisory Board could create "broad guidelines on America's interests in the world would help start a national conversation on this critical subject." Then, "Bob: if the public receives accurate information before a war, we might avoid landing in quagmires like the current one in Iraq. That would avoid any cut-and-run talk. An independent review would hopefully get the country walking together before a conflict, fighting as one during it and emerging united in its wake."

Rule Changes Sought To Encourage Guard And Reserve Recruitment, Retention. USA Today (7/20, 3A, 2.27M) reports that at a hearing Wednesday in San Antonio top commanders of the National Guard and Reserves told an independent commission "formed by Congress to investigate how well units are equipped and organized" that US "laws and policies aren't changing fast enough to reflect demands on citizen soldiers." Chief of the Navy Reserve Vice Adm. John Cotton "said the Guard and Reserves must focus on recruitment and retention." Commission Chairman Arnold Punaro "said pay systems and pay categories need more flexibility as the Guard and Reserves are asked to perform the same tasks as active-duty troops.

CORPORATE SCANDALS:

SEC Wins Asset Freeze In Petco Insider Trading Probe. The Wall Street Journal (7/20, Hughes) reports, "Federal regulators yesterday won an order freezing an estimated $862,000 in profits that appear to have potentially been earned from insider trading in Petco Animal Supplies Inc. options before last week's announcement that the pet-supplies retailer had agreed to be purchased for $1.68 billion." The Journal continues, "The Securities and Exchange Commission acted in hopes of preventing the money from flowing out of the country while it figures out who was involved. … 'Our action today demonstrates that the Commission will move swiftly to enforce U.S. insider-trading laws and to prevent violators from reaping the benefits of their illegal trading, no matter where the misconduct may have

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occurred,' said Randall Lee, director of the SEC's Pacific regional office." The Journal adds, "Regulators charged that from June 27 through July 13, clients of Man Financial Ltd. in London and Habib Bank AG in Zurich purchased almost 1,500 options, generating big profits when Petco shares surged 43% after news of its acquisition."

Rambus, Juniper Networks To Restate Earnings After Options Review. The San Jose Mercury News (7/20, Schwanhausser) reports, "Rambus and Juniper Networks warned Wednesday that they will restate financial statements to account for stock-option abuses uncovered by internal investigators probing whether options had been rigged to give recipients a head start to profits." The News continues, "Separately, Apple Computer said 'irregularities' found in grants from 1997 through 2001 -- including one to Chairman and Chief Executive Steve Jobs -- are not likely to necessitate revising past financial statements. The Cupertino company did not rule out the possibility of restating earnings if its internal review turns up other suspicious grants, however." The News adds, "The three Silicon Valley companies are among dozens nationwide that have launched internal reviews in the past two months as the scandal over stock-option rigging has grown. So far, about 60 companies are under federal investigation by the Securities and Exchange Commission and the Justice Department. … Most of the federal investigations are in the early stages, but SEC and Justice Department officials warned Monday that they will take legal action against a company or executives soon."

Former Brocade Employees Detail Stock Options Backdating. The Wall Street Journal (7/20, Stecklow) reports, "At the high-tech company Brocade Communications Systems Inc., employees received an unusual request from human-resources managers in 2002: Alter the employment records of several executives to make it seem they joined the company later than they really did." The Journal continues, "The reason for this strange request was to give their stock options more value. … The executives had received options when they joined. But with the tech bubble then fast deflating, Brocade's stock price had fallen below the price at which the options could be exercised. With a change in start date, the options could be replaced with some that carried a later date when the price was lower. That would enhance their value, since options give recipients the right to buy shares at the stock's price when they're granted." The Journal adds, "This episode, related by two former employees, is part of a detailed picture of what went on inside one company caught up in the stock-options scandal. The events at Brocade, according to nine former employees and to company documents, involved not only altered start dates but a one-man options committee and a technique for influencing options grant dates through part-time employment. … It's a pattern of options practices that has drawn the attention of federal prosecutors. They are considering bringing criminal charges against a former Brocade chief executive, Gregory L. Reyes, says a person familiar with the situation -- in what would be the first criminal case in the spiraling scandal over the timing of options. The Securities and Exchange Commission also is considering civil charges in the matter, according to people familiar with the SEC probe. Mr. Reyes denies any wrongdoing."

Insurance Claims For Directors, Officers On The Rise. MarketWatch (7/20, Barr) reports, "The business of insuring corporate directors and executives just got over the costly effects of the technology stock-market slump earlier this decade and the scandals involving Enron and WorldCom. … Now, insurers such as Chubb Corp., American International Group and XL Capital may get lots of little reminders soon about how expensive offering directors and officers coverage can be." MarketWatch continues, "So-called D&O policies protect executives and members of a company's board from liability in the event of a lawsuit against them claiming wrongdoing in connection with their firm's business. The coverage usually pays for the cost of defending lawsuits, after a deductible, and also a portion of any settlement. … The stock-option backdating scandal could spark a flurry of small D&O claims from companies, mostly in the technology sector. … Roughly 60 companies, including Analog Devices and Home Depot, have been either contacted by the Securities and Exchange Commission or the Justice Department about the practice. Others, such as Apple Computer and Barnes & Noble, have started their own investigations. … More than a third of those businesses have already seen directors and other executives sued by shareholders over the issue."

AOL To Pay Former Executives' Legal Fees. The Legal Times (7/20, Mclure) reports, "AOL will begin paying the legal fees for two former executives charged with corporate fraud in federal court in Alexandria, Va., according to two sources with knowledge of the case." The Times continues, "The move came just days before a landmark ruling last month by Judge Lewis Kaplan in a separate case involving New York accounting firm KPMG. Kaplan's decision found that the Justice Department's much-criticized practice of forcing companies to cut off legal fees to former executives under investigation, outlined in the 2003 'Thompson memo,' violated the executives' constitutional rights. … Lawyers for former AOL executives John Tuli and Kent Wakeford had advanced similar arguments in their case in Alexandria." The Times notes, "Tuli and Wakeford were indicted shortly after AOL entered into a deferred-prosecution agreement with DOJ in December 2004. That agreement helped the company avoid charges of aiding and abetting securities fraud over

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transactions between AOL and Internet startup Purchasepro.com that were alleged to have artificially inflated earnings at both companies."

Accounting Rule Makers Move To Update Lease-Accounting Regulations. In a column for the New York Times (7/20), Floyd Norris writes, "Accounting rule makers agreed yesterday to try to develop a new rule on lease accounting to replace a 30-year-old standard that critics say has enabled companies to leave hundreds of billions in debt off their balance sheets. … The International Accounting Standards Board, whose rules cover Europe and a growing number of other countries, and the Financial Accounting Standards Board, which sets United States rules, agreed to begin a joint project to produce a unified rule." Norris continues, "A new standard, if it emerges, could lead to many companies reporting more assets and liabilities on their balance sheets, and could change how leases are structured around the world. … Any change will not come rapidly. The boards hope to put out a statement in 2008 giving their preliminary views on the issue and seeking comment. Only after reviewing those comments would a standard be proposed. It is possible that adoptioncould happen as early as 2009, but further delays are likely."

CRIMINAL LAW:

Federal Judge Allows Jefferson Probe To Proceed. The AP (7/19) reports, "A federal judge said Wednesday that investigators could examine documents seized in a search of Rep. William Jefferson's office, denying a request to delay the bribery probe while the Louisiana Democrat appeals the judge's earlier ruling that the search was legal." The AP continues, "Chief U.S. District Judge Thomas F. Hogan said granting the delay 'would harm the public's interest in a prompt and final outcome of the government's investigation of serious crimes involving a sitting United States congressman running for re-election in November.'" The AP adds, "Last week, Hogan rejected arguments by Jefferson and House leaders in both parties that the May 20-21 search of Jefferson's congressional office violated the Constitution's protections against intimidation of elected officials. … For 16 months, investigators have been looking into whether the congressman promoted the sale of telecommunications equipment and services in exchange for stock and cash. … At issue is whether a review of the seized documents can begin by an FBI 'filter team' unconnected to the prosecution team looking into bribery allegations. Jefferson contends no one in the executive branch of government should examine the documents until the question of returning the material to Jefferson is resolved on appeal."

CQ (7/19, Ferrechio) reported, "The judge also said Jefferson was 'unlikely' to win an appeal of his initial July 10 ruling denying the congressman's request for return of the materials because he has failed to demonstrate how he would be irreparably harmed by a review of the materials."

Nigerian Official Denies Relationship With Jefferson. Nigeria's Vice President Atiku Abubakar denied yesterday that he accepted bribes or had a business relationship with Jefferson. The New York Times (7/20, Shenon, 1.21M) reports that in a statement made available by his lawyers, Abubakar "insisted that Mr. Jefferson had never 'suggested -- in any way -- providing any personal economic benefits" to him. Mr. Abubakar said he had 'no relationship with Mr. Jefferson, personal or private, other than the usual diplomatic courtesies' extended to an American official promoting development in Nigeria, a major exporter of oil to the United States."

Former Harris Adviser To Talk To DOJ. The Tampa Tribune (7/20, Epstein, March) reports, "The former head of Katherine Harris' congressional office staff expects to speak to federal investigators soon concerning the investigation of a congressional bribery scandal, a former Harris aide said Wednesday. … Meanwhile, in a statement issued late Wednesday, the Harris campaign declined to provide specifics about the investigation." The Tribune continues, "Fred Asbell, who quit in June as chief of staff of Harris' congressional office, says he will speak voluntarily to Department of Justice investigators soon, said Ed Rollins, former consultant to Harris' U.S. Senate campaign. … 'He told me he'd been called … to come down voluntarily,' Rollins said." The Tribune adds, "In a statement Tuesday, Harris said she had been told by the Justice Department that she's not a 'target' of the investigation into bribery of at least one member of Congress by former defense contractor Mitchell Wade. … She said her campaign was cooperating with the investigation, but that cooperation was 'being exploited by people engaged in an unsuccessful, coordinated effort to end my candidacy for the United States Senate.' … Wednesday, she repeated that she's not a target, but didn't provide details, or say who is trying to end her candidacy."

The South Florida Sun-Sentinel (7/19, Stratton) reports, "Justice Department officials have requested records from the Senate campaign of U.S. Rep. Katherine Harris as they continue investigating the dealings of a defense contractor involved in a wide-ranging congressional corruption case." The Sun-Sentinel continues, "Harris acknowledged the Justice Department action Tuesday after her campaign was asked about it earlier in the day. It was not clear if federal prosecutors issued a subpoena or sent a letter to the campaign in search of information, and a Harris spokeswoman would not elaborate." The Sun-Sentiniel adds, "Justice Department officials would not comment on the

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Harris news release, which came a day after her former top political strategist confirmed that FBI agents and Justice Department lawyers had interviewed him recently about the congresswoman's dealings with Wade. … Republican political consultant Ed Rollins told the Orlando Sentinel that he met with investigators for two hours, but he would not provide details. … Sources familiar with the campaign said Harris mentioned to then-campaign manager Glenn Hodas several weeks ago that the Justice Department was seeking the records."

House Government Reform Committee Seeks Abramoff-White House Contacts. Roll Call (7/20, Bresnahan) reports the House Government Reform Committee "is seeking e-mails, billing records and other documents from several firms tied to former lobbyist Jack Abramoff, searching for contacts between employees of those firms and high-ranking White House officials, including President Bush, Karl Rove and dozens of other current and former administration aides." The committee "has requested documents from the now-defunct Alexander Strategy Group," a lobbying firm founded by Ed Buckham, a former aide to Rep. Tom DeLay. Preston Gates & Ellis, "where Abramoff worked until January 2001, also has been asked to turn over documents and other materials, the sources said." The committee "issued a subpoena on May 2 to Greenberg Traurig, another of Abramoff's former employers, and already has begun reviewing documents and other materials turned over by that firm." Chairman Tom Davis said "no hearings by the panel on the Abramoff scandal have yet been scheduled."

Judge Delays Sentencing Of Tennessee Waltz Bag Man. The Chattanoogan (7/20) reports, "A Memphis judge has granted a delay in sentencing for former Hamilton County School Board member Charles Love. … Attorney Bryan Hoss made the request, saying Love 'is an anticipated government witness against his co-defendant, Ward Crutchfield, whose trial date has not been set.' … He said prosecutor Tim Dicenza had no objection to the motion." The Chattanoogan notes, "Both Love and Sen. Crutchfield were charged in the FBI sting 'Tennessee Waltz.'" Love "was described as a 'bag man' delivering money from a company set up by the FBI seeking favorable legislation from state legislators."

Utah Man Convicted Of Perjury In Disappearance Of Teen. The Deseret Morning News (7/20, Fattah) reports, "A federal jury Wednesday night found Timmy Brent Olsen guilty on all 15 counts of perjury in the disappearance 11 years ago of Spanish Fork teenager Kiplyn Davis. … Through testimony, prosecutors painted Olsen, 28, as a possessive boyfriend and husband who had a history of violence toward women. Two women testified that Olsen raped them, including one woman who said Olsen drove her up Spanish Fork Canyon to rape her after she pressed him about his role in Davis' disappearance. One of the last prosecution witnesses was former FBI agent Carlos Villar, who testified that he interviewed Olsen five times between August 1995 and October 1996. Each time, Olsen changed his story about where he was and what he was doing on May 2, 1995, the day Davis disappeared." The Salt Lake Tribune (7/20, Manson, Hollingshead) notes, "Olsen next faces a trial in Utah's 4th District Court in Provo on a charge that he murdered Kiplyn. If convicted, he could be sentenced to life in prison."

British Online Gambling Executives At Risk Of Extradition To US. The London Times (7/20, Kennedy, Doran) reports, "Internet gambling executives in Britain were told yesterday that they are vulnerable to fast-track extradition to the United States because their businesses are breaking American tax law." The Times continues, "Concerns are also growing that an anti-terror agreement by Europe to hand passenger flight lists to the US may have been used by FBI and tax agents to swoop on David Carruthers, the BetOnSports chief executive." The Times adds, "America's clampdown on gambling highlights how legal and security arrangements in the War on Terror have made it easier to target British businessmen suspected of breaching American laws. … The US Government last night warned Britain's online gambling industry that allowing its services to be used within the US could result in criminal charges. … 'Internet gambling companies in Britain, in any country, anywhere, if they do business in the United States they do so today at their own risk,' a Justice Department spokesman told The Times. 'This is a crime and it can be prosecuted.' … The threat to British online businesses was reinforced by Senator Bob Goodlatte, author of a tough new Bill that would further restrict internet gambling. He urged executives of overseas gambling companies to take note of the BetOnSports prosecution. 'They should be wary of the United States exercising its treaty rights to seek extradition,' he said."

LATimes Criticizes FBI Arrest Of Carruthers, Calls For Legalization Of Online Gambling. The Los Angeles Times (7/20, 918K) editorializes, "What do you do with suspected white-collar criminals who live in countries where their activities are legal, regulated and even considered proper? If you're the FBI, you wait for them to change planes in Dallas while flying from Britain to Costa Rica, then arrest them for tax evasion." However, the Times adds, "There's a far more effective way to bring Internet gaming within reach of Uncle Sam: Legalize it." BetOnSports CEO David Carruthers "argued for that in this newspaper just four months ago, when the House of Representatives was considering a bill to outlaw

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online gambling. … Maybe enough senators still believe in liberty and free trade to defeat this bill. And maybe the FBI has more pressing tasks than scouring tarmacs for the expatriate enablers of victimless acts.

Alabama Woman Surrenders To Face Katrina Fraud Charges. The Mobile Register (7/19, Kirby) reported, "A Clarke County woman accused of defrauding the federal government with bogus Hurricane Katrina claims surrendered to authorities on Tuesday, the FBI said. Law enforcement authorities accuse Lawanda Williams of using several combinations of names, addresses and Social Security numbers to file about 30 claims with FEMA following last summer's disaster. The FBI had offered a $1,000 reward for her arrest, but she surrendered Tuesday to the Alabama Bureau of Investigation in Mobile, officials said. … 'She apparently was aware that she was wanted, and she had spoken to various investigators,' said Special Agent Craig Dahle, a spokesman with the FBI in Mobile." The AP (7/19) noted, "Williams allegedly used different names, addresses and Social Security numbers to file about 30 claims with the Federal Emergency Management Agency after the Aug. 29 hurricane." The AP also included the Dahle's comment in the Register story.

FBI Arrests Houston Men On Hurricane Relief Fraud Charges. The Houston Chronicle (7/18, 535K) reported, "FBI agents arrested two Houston men Monday for allegedly operating a Web site that falsely claimed to raise money for a nonexistent Salvation Army relief fund for victims of hurricanes Katrina and Rita." Steven Anyanwu Stephens and Bartholomew Stephens "were charged in a nine-count indictment by a federal grand jury of conspiracy, fraud and aggravated identity theft, the U.S. Attorney's Office said. The men are accused of fraudulently raising about $48,000 that was transferred to their own accounts."

Former Tennessee Banker Indicted For Fraud. The AP (7/20) reports, "A former Humboldt (TN) bank president has been indicted on 49 counts of bank fraud that include unlawfully authorizing loans and charging loan origination fees kept for his own personal use, FBI officials said." The AP continues, "William D. Smallwood, 53, former president and CEO of Humboldt Bank, pleaded not guilty in U.S. District Court (in Jackson, TN) Tuesday after surrendering to U.S. marshals, said Todd McCall, supervisory senior resident agent with the FBI in Jackson. … He said the FBI, as well as local and state officials, have been investigating Smallwood the past two years." The AP adds, "The indictment listed 49 loans — ranging from $18,925 to $283,000 — authorized by Smallwood under 'fraudulent pretenses' from September 1996 to October 2001. … Smallwood also is accused of making loans or other extensions of credit to unqualified people, reporting that loans were secured by collateral that did not exist, concealing the identity of the individual who would receive a loan's proceeds, putting false documentation in bank files and using a bank-issued credit card for his personal benefit."

Texas Executes Man For 1996 Murder. The AP (7/20, Graczyk) reports, "An apologetic San Antonio gang member was executed today for the shooting death of a man during a robbery attempt in the driveway of his victim's home." The AP reports that Mauriceo Brown "was pronounced dead at 6:47 p.m., eight minutes after the lethal flow of drugs began. The execution was delayed briefly while the U.S. Supreme Court considered appeals. … Brown, 31, confessed to the 1996 slaying of Michael LaHood Jr., 25, when he and three companions, high on marijuana and alcohol, were arrested about an hour after the shooting. One companion, Kenneth Foster, also received the death penalty but doesn't have an execution date. The two others, including one who testified against Brown, received long prison terms." The AP adds, "Brown was the 15th Texas prisoner executed this year in the nation's busiest capital punishment state. His execution was the first of two scheduled for consecutive evenings this week in Huntsville."

Virginia Inmate Set To Die In Electric Chair. The AP (7/20, Gelineau) reports, "Unless Virginia's governor or the U.S. Supreme Court intervene, a man convicted of raping and killing a young mother will on Thursday become the first person in the United States to die in the electric chair in more than two years." The AP continues, "Brandon Hedrick, 27, opted for electrocution rather than lethal injection, a decision that caught his own lawyers off-guard. … Inmates on Virginia's death row have the option of choosing to die by injection or electrocution. If they decline to choose, the method defaults to injection. Earl Bramblett, convicted of murdering a Roanoke couple and their two young daughters, was the last Virginian to die in the electric chair, in 2003." The AP adds, "Hedrick also would become just the 13th white inmate in the United States executed for the slaying of a black victim since the Supreme Court reinstated the death penalty in 1976, according to the Death Penalty Information Center. Six additional white inmates have been executed for killing multiple victims of different races. … Hedrick was sentenced to death in 1998 for the slaying of 23-year-old Lisa Crider in Appomattox County. Hedrick and his friend, Trevor Jones, had devised a plan to rob Crider, whom they spotted walking along a road in Lynchburg on the night of May 10, 1997. After bringing her back to Jones' apartment, they forced her at gunpoint into Jones' truck, where prosecutors said Hedrick raped and sodomized her. They later stopped the truck along a remote bank of the James River, where Hedrick delivered a fatal shotgun blast to Crider's face. Jones received a life sentence for his part in the crime."

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Former Illinois Bank Employee Pleads Guilty To Embezzlement. The Chicago Tribune (7/20, Black, 623K) reports, "A former U.S. Bank employee pleaded guilty Wednesday to embezzling more than $3.3 million from her customers' accounts." Estela Ramos of Highland Park "changed her initial plea of not guilty in hopes of obtaining a more lenient sentence in U.S. District Court, said her lawyer, John Bickley Jr. of Waukegan. Ramos gambled away most of the money at casinos, including $800,000 just in the last year, Bickley said after the court appearance. Ramos is scheduled for sentencing Sept. 29 and faces up to 30 years in prison," but "most likely, she will be sentenced to 4 to 7 years in prison, as requested by attorneys on both sides, Bickley said.

Former Wisconsin Bank Executives Charged With Loan Fraud. The AP (7/20) reports, "Two former executives at the State Bank of Cokato (WI) were charged in federal court Wednesday in connection with a number of loan frauds, the U.S. attorney's office said." Robert N. Aanenson, "the bank's former president and director, is charged with bank fraud and making a false entry in a bank report." Donald Peroutka, "former executive vice president, is charged with lying to an FBI agent who was investigating fraud at the bank. Authorities say Aanenson approved a $65,000 loan in September 2003 to Moldserv Inc. but the loan was intended to benefit another company, Plastic Solutions. The bank then wrote off the debt as uncollectible in October 2004."

Indiana Couple Indicted On Investment Fraud Charges. The South Bend (IN) Tribune (7/20, Moor) reports, "A Mishawaka (IN) couple have been indicted on 20 counts of mail fraud, wire fraud and conspiracy to commit mail and wire fraud, federal prosecutors announced on Wednesday. Thomas Squibb, 71, and his wife, Marietta, 68, told investors they planned to use their money to develop campgrounds in four Michigan cities and condominiums in Naples, Fla., but they did not spend any money on those projects, U.S. Attorney Joseph Van Bokkelen said at a news conference." The Tribune notes, "Van Bokkelen said that since at least 1995, the Squibbs have not returned in excess of $3 million to investors. … The charges were filed after an investigation by the FBI and the Indiana secretary of state."

South Carolina Hospital To Pay $3.75 Million Medicare Fraud Settlement. The AP (7/18) reported that the Marion County Medical Center in Columbia, S.C., "has agreed to pay the federal government $3.75 million to settle allegations it submitted false claims for medical care. The hospital hired two doctors and paid them salaries that far exceeded the fair market value, U.S. Attorney Reggie Lloyd said in a statement Monday. The hospital also submitted false claims to Medicare, Medicaid and Tricare, the military's health program, Lloyd said." The AP noted, "Dr. Kenneth Orbeck brought the claims to the government's attention and will receive more than $610,000 from the settlement with the hospital as part of the federal whistle-blower law, Lloyd said."

Former Texas Police Officer Gets 10 Years In Prison For Child Porn Possession. The Waco Tribune-Herald (7/20, Anderson) reports, "A former Waco police officer who pleaded guilty to possessing child pornography was sentenced to 10 years in federal prison" on Wednesday. "Amador Gonzalez Jr. was given the maximum sentence allowable for the offense by U.S. District Judge Walter S. Smith Jr." The Tribune-Herald notes, "FBI agents searched Gonzalez's home Feb. 6 and found computer storage equipment with more than 600 images of child pornography, including at least 79 identifiable children, federal authorities said. Shortly after the search, Gonzalez admitted to an FBI agent that he had downloaded and possessed the images, according to court records."

Lawmakers Reach Agreement On Sex Crimes Legislation. USA Today (7/20, Koch, 2.27M) reports that lawmakers have reached agreement on a bill that would create the first national database and laws aimed at improving the tracking of convicted sex offenders. The compromise "would increase minimum sentences for molesters who cross state lines and allow the death penalty for those who murder child victims. It would increase the number of investigators and prosecutors fighting child pornography." The AP adds, "Supporters including Sen. Orrin Hatch, R-Utah, expect quick passage, as early as today in the Senate and Monday in the House. They hope President Bush, who has signaled his support, will sign the bill July 27, the 25th anniversary of the abduction of 6-year-old Adam Walsh, son of America's Most Wanted host John Walsh."

Plame Leak Investigations Called "A Huge, Dangerous Waste Of Time." In an op-ed for the Washington Post (7/20, 748K) Bruce W. Sanford and Bruce D. Brown, partners at Baker Hostetler, write, "Almost three years to the day after he published his now-infamous 'Mission to Niger' column…Robert D. Novak revealed last week what he had told special prosecutor Patrick Fitzgerald about the sourcing for his article. By supplying corroboration of what has long been suspected -- that Fitzgerald knew almost immediately and on his own who Novak's three sources were -- Novak has further confirmed another truth about leak investigations: They are a huge, dangerous waste of time."

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CIVIL LAW:

Republicans Seeking To Challenge Clinton Report Debt In Latest Campaign Filings. The New York Times (7/20, Healy, 1.21M) reports, "A combination of high-priced consultants and weak fund-raising has led to deep debts for the two Republicans" seeking to challenge New York Sen. Hillary Clinton (D) in November. U.S. Senate candidate Kathleen Troia "KT" McFarland (R), "a former spokeswoman in the Reagan Pentagon, owes $191,382 to her team of consultants, according to her latest campaign finance report. She cannot pay them because she is virtually out of money and her fund-raising operation has stalled, her advisers say. She had $282,000 on hand on June 30, the last day of the three-month period covered in the new report." Fellow GOP hopeful John Spencer (R), "a former mayor of Yonkers, is in greater debt than Ms. McFarland; as of June 30, his finance reports showed that he owed his consultants $285,936. But the reports also showed that he had more cash on hand, $646,000, and he has a leaner campaign staff than Ms. McFarland. Mr. Spencer raised more than $1.2 million in the last quarter." Sen. Clinton, meanwhile, "has $22 million on hand."

CIVIL RIGHTS:

Report Finds Chicago Police Abused Criminal Suspects. McClatchy Newspapers distributes a Chicago Tribune story (7/20, Sadovi, Secter) that reports, "Former Chicago police commander Jon Burge directed a pattern of torture against criminal suspects for two decades, coercing dozens of confessions with fists, feet, radiator burns, guns to the mouth, bags over the head and electric shock to the genitals, special prosecutors charged Wednesday." The Tribune continues, "Concluding a four-year investigation, the prosecutors painted a portrait of a criminal justice system where top officials in a position to stop Burge - among them Mayor Richard Daley when he served as Cook County, Ill., state's attorney - appeared to have blinders on. .. . But, the prosecutors concluded, it's too late to pursue charges against Burge or any of the other officers involved. Statutes of limitations have long since run on the cases, which they said stretched from the 1970s to the early 1990s." The Tribune adds, "The prosecutors singled out for criticism former Chicago Police Superintendent Richard Brzeczek, who served under Mayor Jane Byrne. … Brzeczek was guilty of 'dereliction of duty' and acted in bad faith by failing to act in the early 1980s on suspicions that Burge and detectives under his command had mistreated prisoners. … Brzeczek publicly praised the detectives while privately harboring suspicions about their activities, the prosecutors alleged. … Their conclusions could find their way into civil lawsuits that former death row inmates have filed against Burge and the city. Officials at the state appellate defender's office said they will study the report for evidence of additional wrongful convictions that might be appealed. … Meanwhile, the office of U.S. Attorney Patrick Fitzgerald requested a copy of the 292-page report."

The AP (7/20, Babwin) reports, "Special prosecutors investigating allegations that police tortured black suspects in the 1970s and '80s said Wednesday they found evidence of mistreatment, but any crimes are now too old to prosecute. … 'It is our judgment that the evidence in those cases would be sufficient to establish guilt beyond a reasonable doubt,' Robert D. Boyle and Edward J. Egan wrote in a long-awaited report." The AP continues, "Their four-year investigation focused on allegations that detectives under the command of Lt. Jon Burge beat suspects, used electric shock on them, played mock Russian roulette and started to smother at least one man to elicit confessions. … No one has ever been charged, but Burge was fired after a police board found he had abused Andrew Wilson while he was in custody. Burge's attorney has said he never tortured anyone. … Boyle and Egan investigated cases based on the complaints. … 'Regrettably, we have concluded that the statute of limitations would bar any prosecution of any offenses our investigation has disclosed,' they said. The statute of limitations is three years. … The report found there were three cases that had enough evidence to seek an indictment. Special prosecutors said they believe there was abuse in other cases, but that they don't have enough proof beyond a reasonable doubt those people were mistreated."

The New York Times (7/20, Rudoren) reports, "After four years, more than 700 interviews and $6 million, the prosecutors said they could prove beyond a reasonable doubt in court at least three cases of torture by the police, involving five former officers, and that they had found credible evidence of abuse in about half the 148 complaints they thoroughly investigated. But they rejected arguments by lawyers for people alleging abuse who said criminal charges could still be filed. … 'We want to make it really clear, we only wish we could indict in these three cases,' Robert D. Boyle, the chief deputy special state's attorney, said at a morning news conference downtown. … But Flint Taylor, a lawyer who represents some plaintiffs in abuse cases against the police, likened the situation to Ku Klux Klan killings in the 1960's that have led to prosecutions in recent years. 'Something as serious as police torture, there shouldn't be a statute of limitations,' Mr. Taylor said. 'It's like murder.'"

Study Finds California Hate Crimes At 10-Year Low. The AP (7/20) reports, "Hate crimes in California

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dropped to their lowest level in a decade last year, the state justice department said Wednesday." The AP continues, "The downward trend of recent years was broken by a temporary spike in hate crimes against Muslims after the Sept. 11, 2001, terrorist attacks, but the rate has declined since. The numbers mirror the general decline in violent crimes." The AP adds, "Reported hate crimes declined 4.5 percent in 2005 from the previous year, to 1,691. Race, ethnicity or national origin remained the top motivation, followed by sexual orientation and religion. … While the overall rate declined, increases were reported for hate crimes against Hispanics (from 138 in 2004 to 147 last year); whites (from 61 to 77); and against multiple races (from 45 in 2004 to 61)."

House Approves Bill Shielding Pledge From Court Changes. The AP (7/20, Abrams) reports, "The House, citing the nation's religious origins, voted Wednesday to protect the Pledge of Allegiance from federal judges who might try to stop schoolchildren and others from reciting it because of the phrase 'under God.'" The AP continues, "The legislation, a priority of social conservatives, passed 260-167. It now goes to the Senate, where its future is uncertain. … 'We should not and cannot rewrite history to ignore our spiritual heritage,' said Rep. Zach Wamp, R-Tenn. 'It surrounds us. It cries out for our country to honor God.'" The AP adds, "Opponents said the legislation, which would bar federal courts from ruling on the constitutional validity of the pledge, would undercut judicial independence and would deny access to federal courts to religious minorities seeking to defend their rights. … 'We are making an all-out assault on the Constitution of the United States, which, thank God, will fail,' said Minority Leader Nancy Pelosi, D-Calif." The AP notes, "The pledge bill would deny jurisdiction to federal courts, and appellate jurisdiction to the Supreme Court, to decide questions pertaining to the interpretation or constitutionality of the pledge. State courts could still decide whether the pledge is valid within the state. … The legislation grew out of a 2002 ruling by the 9th U.S. Circuit Court of Appeals that the pledge is unconstitutional when recited in public schools. … The Supreme Court in 2004 reversed that decision on a technicality, saying Sacramento atheist Michael Newdow did not have legal standing to sue on behalf of his daughter because the mother had custody of the child. Newdow has since revived the case, and last year a U.S. District judge ruled in his favor."

Judge Rules Missouri Must Allow Inmates To Have Abortions. The AP (7/20, Salter) reports that Missouri "must allow pregnant inmates to have abortions and transport them to facilities that perform the procedure, a federal judge ruled Tuesday." The AP continues, "The ruling by U.S. District Judge Dean Whipple applies to all female prisoners in Missouri. In October, the U.S. Supreme Court ruled the state had to allow a specific inmate, listed as Jane Roe, to have an abortion." The AP adds, "The American Civil Liberties Union then sought a federal ruling making the high court's decision a class-action on behalf of all imprisoned pregnant women in the state. … Tuesday's ruling reaffirmed two principles, ACLU attorney Tom Blumenthal said: 'The rights of prisoners to their constitutional rights while they are incarcerated and the rights of pregnant women to have the choice as to whether they will carry (pregnancy) to term or not.' … Gov. Matt Blunt urged Attorney General Jay Nixon to appeal the decision."

Bush Urged To Renew Voting Rights Act At NAACP Conference. Sens. Hillary Clinton and Barack Obama yesterday called on President Bush to use his speech Thursday before the NAACP's annual conference to renew the 1965 Voting Rights Act. The AP (7/20, Sidoti) reports, "Signing the legislation, however, would require Bush to pressure the Republican-controlled Senate to act quickly in passing the renewal that the House approved last week. A Senate committee passed the bill on Wednesday and the president is scheduled to address the NAACP on Thursday after rejecting the civil rights group's invitations for five straight years."

The Washington Times (7/20, DeBose, 88K) reports that Clinton told the NAACP that "it would be easier to protect their rights by putting Democrats in power in November." Clinton said, "The best way to prevent people from benefiting from their behavior in weakening our voting rights is to vote in a Democratic Senate and House majority this November, because we can talk all we want, but at the end of the day, we get the government we vote for."

Clinton And Obama Warn NAACP Not To Be "Bamboozled" By Bush. The Los Angeles Times (7/20, Zeleny, 918K) reports, "One day before President Bush addresses the NAACP for the first time during his presidency," Sens. Hillary Rodham Clinton and Barack Obama "urged those attending the meeting to hold the administration accountable for renewing — and enforcing — the Voting Rights Act." The Senators "warned NAACP delegates to be cautious of any civil rights promises Bush offers when speaking to the group today. The senators criticized Republicans for allowing the landmark 1965 Voting Rights Act to nearly expire and said the Justice Department had failed to aggressively pursue allegations of disenfranchisement." Obama is quoted as saying, "Don't be bamboozled. Don't buy into it. … It's great if he commits to signing it, but what is critical is the follow-through." The Times goes on to report, "During a panel discussion at the NAACP convention," Clinton, Obama and Sen. Edward Kennedy "repeatedly referred to Bush as the 'mystery

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speaker' and suggested that his decision to speak was politically motivated."

Lawmakers Warned Of Potential Voting Security Problems. The AP (7/20, Lester) reports, "Experts told members of two House committees on Wednesday that security for electronic voting machines is inadequate, lab testing of this machinery is insufficient and a paper record of voting is essential to protect election integrity. … 'The federal standards are not sufficient to prove that election systems are able to guarantee federally approved voting systems can adequately protect the integrity of our elections against unintentional failures or against tampering,' said David Wagner, a specialist in computer science from the University of California-Berkeley. … An official with the federal agency created to ensure successful elections tried to assure lawmakers that all steps are being taken to train elections officials and workers and make certain equipment is up to standards."

ANTITRUST:

Microsoft Announces "Guiding Principles" Aimed At Easing Antitrust Woes. The Washington Post (7/20, D1, Goo) reports, "Microsoft Corp. said yesterday that it will allow competitors' software to appear more prominently than its own on the new Windows operating system, scheduled for sale next year." The Post continues, "The European Commission fined the software giant $357 million last week for not moving fast enough to make its systems more open to competition, and the two parties have yet to resolve a few issues about Vista, the operating system that will succeed Windows XP. Microsoft outlined a dozen 'guiding principles' yesterday to show that it will comply with demands from government regulators here and abroad who are closely monitoring Vista."

Dow Jones (7/20) reports, "Microsoft Corp. on Wednesday said it would allow computer makers to set rival search engines such as Google Inc. as the default in upcoming versions of its Windows operating system. … This announcement confirmed earlier findings by the Justice Department that its new Vista software won't shut out rival offerings." Dow Jones continues, "Microsoft vowed it would employ guidelines to allow competition and be transparent as it develops new versions of its software, used to power over 90% of the world's computers. The company said is would continue to follow the guidelines even after major portions of a U.S. antitrust settlement expire in November of next year. … In May, the Redmond, Wash.-based company agreed to a two-year extension of a key part of its landmark U.S. antitrust settlement. Justice Department officials also found that a new search feature in the latest version of Microsoft's Web-browsing software wasn't anticompetitive."

The Financial Times (7/20, Francisco) reports, "The guidelines in part reflect a voluntary extension of some of the business practices imposed on the software company as part of its antitrust settlement with the US government in 2002, it said. … The proposed self-regulatory approach to software development comes as European regulators gear up for a fight over Vista, the first new release of the Windows computer operating system in five years." The Times adds, "Unveiling the plan in Washington yesterday, Brad Smith, Microsoft's general counsel, said the voluntary framework was not meant to pre-empt the actions of regulators. But it was 'an important step . . . in our implementation of antitrust law' … Among its 12 voluntary principles, Microsoft said it would let computer makers and users choose the default settings for its software, enabling them to pick products from companies other than Microsoft if they wanted."

CNET News (7/20, Broache) reports, "Under the principles, users and manufacturers will be free to change any default settings, to install any software and to remove key Windows features as they please, Smith said. Developers will enjoy access to a broader range of application programming interfaces, or APIs, and anyone will be able to license Microsoft's communications protocol or patents, within certain parameters. … The announcement comes just a week after the European regulators slapped the company with a $357.3 million fine for noncompliance with a 2004 antitrust ruling. In addition, several U.S. antitrust-related provisions imposed on Microsoft by a federal court run out in November 2007. The company agreed with federal and state prosecutors in May to extend certain parts of the judgment related to licensing of its communications protocols until 2009." CNET notes, "The principles unveiled on Wednesday aren't meant to substitute for antitrust law, nor are they as comprehensive as some might like, Smith acknowledged. 'We do not pretend these principles answer all questions for all time or even for now,' he said. … But they reflect the fact that Microsoft has learned a lot in the nine years since the U.S. government launched its antitrust probe in earnest, Smith said. Chief among those lessons, he said, is the recognition that Microsoft has 'a special responsibility both to advance innovation and to help preserve competition in the information technology ecosystem.'"

The Seattle Times (7/20, Romano) reports, "The principles, about eight of which are adaptations or extensions of parts of the U.S. antitrust ruling against the company, are organized under three main ideas, each with several specific tenets: … 'Microsoft is committed to designing Windows and licensing it on contractual terms so as to make it easy to install non-Microsoft programs and to configure Windows-based PCs to use non-Microsoft programs instead of or in addition to Windows features.' … This includes specifics

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such as the freedom to add 'icons, shortcuts and the like to the Windows Start menu and other places used to access software programs'; the ability for manufacturers to set non-Microsoft programs to be used by default; the ability to remove Microsoft programs like Explorer and Media Player and promote non-Microsoft programs exclusively; and business terms that protect manufacturers who go the non-Microsoft route from retaliation."

The AP (7/20, Caterinicchia) reports, "Some industry analysts questioned the significance of Microsoft's announcement. … 'There's almost nothing new here,' said Joe Wilcox, an analyst with Jupiter Research. 'They're taking something they're compelled to do and putting a PR spin on it.' … The one exception was not requiring buyers of Microsoft software to use Windows Live. … 'That's actually a pretty big deal,' Wilcox said, because it could allow Web offerings, like those from Google and others, to become more competitive."

Discussion Of Potential GM Alliance Spurs Unease In Michigan. The New York Times (7/20, Maynard, Bunkley, 1.21M) reports General Motors, Renault and Nissan "have only begun talking about a possible alliance, but the prospect of such a deal has touched a raw political nerve in the Motor City. Members of Congress from both parties, Michigan's governor and the head of the United Automobile Workers union have all questioned whether the deal would be good for a state troubled by high unemployment, plant closings and the erosion of its mainstay auto companies." Rep. John Dingell, "whose wife…is a senior official in G.M.'s Washington office," said "shareholders and employees of the company had told him they were fearful of an alliance. 'Most of them think it's a bad deal — a bad deal for the company, a bad deal for the state and a bad deal for them,' he said."

Poker Players Sue Over Use Of Likeness, Names. The AP (7/20, Nakashima) reports, "Seven professional poker players filed an antitrust lawsuit Wednesday against the operator of the World Poker Tour over the use of their likeness and their access to play in televised tournaments." The AP continues, "The lawsuit, filed in U.S. District Court in Los Angeles, came as the world's largest poker tournament, the World Series of Poker, was under way at the Rio casino-hotel in Las Vegas. … The players, including famous pros Howard 'The Professor' Lederer, Chris 'Jesus' Ferguson, and World Series champs Joseph Hachem and Greg Raymer, argued that WPT Enterprises Inc. made them waive lucrative rights to use their images and names to promote products and video games before they could enter WPT tournaments." The AP notes, "Lederer told The Associated Press that video clips of him playing in a WPT tournament were used in a WPT video game that competed directly with one he and his sister Annie Duke appear in, 'World Championship Poker 2.' … 'All I'm asking is that they not compete against me, with me, without even offering to pay me or asking my permission,' Lederer said. 'People are being paid seven-figure endorsement contracts. These are rights that should not be demanded of us for nothing.'"

The Minneapolis/St. Paul Business Journal (7/20) reports, "The lawsuit seeks to void releases that the players signed that give the WPT rights to use their names and likenesses, and also seeks to void agreements between the WPT and Las Vegas casinos that prohibit the casinos from staging poker tournaments that compete with WPT events, attorney Jeff Kessler said. … The suit also seeks to recover unspecified compensatory and treble punitive damages."

Mittal Claims Its Bid For Arcelor Is A Success. The Baltimore Sun (7/19, Connolly) reports, "Mittal Steel Co. NV said yesterday that it has succeeded in its $32 billion takeover bid for Luxembourg-based Arcelor SA, having acquired half of Arcelor's shares." The Sun continues, "While the final tally won't be announced until next Wednesday, Mittal officials said they are confident that enough Arcelor shareholders have agreed to sell their shares to Mittal, which is based in Rotterdam, the Netherlands. The merger would create the world's largest steelmaker, to be called Arcelor-Mittal, with annual production of more than 110 million tons." The Sun adds, "The deal raises questions about whether Mittal will sell its steel mill at Sparrows Point to assuage regulators' antitrust concerns. … After a five-month battle, Arcelor surrendered to Mittal's advances last month and agreed to a merger. To avoid antitrust issues, Mittal had promised to sell Canadian steelmaker Dofasco, which provides high-grade sheet metal to the auto industry, to German-owned ThyssenKrupp AG. … However, in one of a series of defensive moves to thwart Mittal's takeover bid, Arcelor transferred its Dofasco unit to a Dutch foundation to make a sale difficult. … Despite their merger agreement, Arcelor officials still refuse to approve Dofasco's sale. Arcelor will hold a majority of seats on the new company's board and will have considerable say in decision-making." The Sun notes, "If Mittal is unable to sell Dofasco, Justice Department officials said, Mittal must divest itself of 'alternative assets,' according to the agreement reached May 12. Two weeks later, representatives from ThyssenKrupp toured Sparrows Point, plant officials confirmed. … But whether Sparrows Point is put up for sale depends on what the Justice Department considers a monopoly, said steel consultant Charles Bradford of New York City-based Bradford Research Inc."

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ENVIRONMENT:

DOE's Yucca Mountain Boss Doubts Senate's Radioactive Waste Storage Plan. The AP (7/20, Werner) reports that DOE's new Yucca Mountain project head "has doubts about a Senate plan for temporary storage of highly radioactive nuclear waste pending completion of Yucca. 'I'm not saying it can't be done but it's going to be a challenge,' Edward F. 'Ward' Sproat," who directs the DOE's "Office of Civilian Radioactive Waste Management." Sproat, "also said that if Yucca Mountain opens in Nevada in 2017" there may be "no need for interim storage anyway." The AP adds that "a series of problems including lawsuits and funding shortfalls have delayed the project, and more than 50,000 tons of nuclear waste is now piling up at nuclear power plants in 31 states, with nowhere to go. The government is facing mounting legal liability because it was contractually obligated to begin storing the material starting in 1998."

US Nuclear Renaissance Won't Be Held Back By Lack Of Progress On Yucca Mountain. In a lengthy 1,000 word plus piece appearing in the Wall Street Journal (7/20, 2.03M), author William Tucker, writes, "Right now the Yucca Mountain Repository consists of one five-mile long tunnel dug into the side of the mountain/ridge. In 1994, a locomotive-like device with a 25-foot drill face started burrowing about 185 feet a day. After a mile into the mountain it turned left for three miles, then left again, re-emerging only five feet from its target." That "was 1997" and "nothing much has happened since." Tucker adds, "Even as Yucca submerges slowly beneath a raft of environmental impact statements, alternatives are emerging. Some utilities are using 'dry cask storage,'" and "as half a dozen utilities prepare to submit applications for new reactors to the Nuclear Regulatory Commission, perhaps the best role for DOE's effort will be to serve as a distraction. While environmentalists continue their war dance around Yucca Mountain, a revived nuclear industry will be solving their global warming problem for them."

Report Faults Former Interior Official For Shooting Buffalo. The AP (7/20, Heilprin) reports, "A senior Interior Department official was awarded his own buffalo to hunt and kill on a billionaire's private ranch a month before his office designated Houston as a port for exotic wildlife – a move that benefited the ranch owner." The AP continues, "The official's involvement 'was inappropriate and violated the appearance standard,' the department's inspector general said in a report. … The official, David P. Smith, was deputy assistant secretary for fish, wildlife and parks, when he shot and killed the buffalo during the first weekend of December 2004. … It was a buffalo whose health was failing due to old age, according to the report. Smith drove to about 30 yards to 40 yards away from the buffalo – an iconic mammal that is the official symbol of the Interior Department – and shot it in the eye." The AP adds, "After the department's internal watchdog began investigating, Smith reimbursed the ranch $3,170.54 for the buffalo's shoulder mount, skull, tanned hide and 20 pounds of meat in a cooler. He also had the dead animal's hooves made into bookends. … The department on Jan. 5, 2005, designated Houston, along with Memphis, Tenn., and Louisville, Ky., as official ports for bringing exotic wildlife animals and trophies into the United States. That brought to 18 the number of such ports, which can save big-time hunters and other noncommercial importers time and about $200 in fees for each shipment. … Smith resigned from the department effective Friday. … The agency report, obtained through a Freedom of Information Act request by U.S. News & World Report, said the Justice Department had declined to prosecute."

Grassley, Baucus Reject Further Farm Subsidy Cuts. After meeting with US Trade Representative Susan Schwab Wednesday, Bloomberg (7/20, Drajem) reports Sens. Charles Grassley and Max Baucus said the Bush administration has "limited scope to offer further cuts in US farm subsidies as it seeks a new global trade accord." At the G8 meeting last weekend, President Bush hinted at new concessions in order to reach a WTO deal, but lawmakers, who will have to approve any agreement, said the US had already offered significant cuts to farm subsidies last October. After meeting with Schwab, Grassley said, "We're waiting for others to move now." Baucus added: "There is the strong perception here that the ball is still in the EU's court." Meanwhile Schwab said President Bush "indicated that the US would have additional flexibility for significant improvements on market access on the table."

Improperly Installed Seals Blamed For Sago Mine Deaths. The New York Times (7/20, Urbina, 1.21M) reports, "The 12 miners who died in the Sago Mine in West Virginia in January would have survived an explosion in an abandoned section of the mine if the seals cordoning off that area had been properly installed, state mining officials concluded in a report released yesterday."

USA Today (7/20, Bazar, 2.27M) reports, "The report says the disaster cannot be "attributed to any specific actions" by the mine's operator, International Coal Group (ICG), or by state and federal mine-safety officials. 'In mining accidents and rescue efforts, you need a break. You need luck. And we didn't have any,' said J. Davitt McAteer, West Virginia Gov. Joe Manchin's adviser on the tragedy, who prepared the report. 'Every possible thing went awry.'"

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Heat Wave, Drought Hit US Farmers Hard. The Christian Science Monitor (7/20, Paulson, 58K) reports, "As America wilts from triple-digit temperatures this week, farmers and ranchers in the Midwest and West have been hit especially hard" by a "combination of heat and, in many places, drought." According to the Monitor, the heat has had "far more impact on local producers than on national grain or livestock prices." Relief from the heat is "in sight for much of the country," but the lack of rain remains an issue. The Department of Agriculture has "already announced measures to help," including giving natural disaster designation to "dozens of counties in Colorado and Nebraska, as well as a few in neighboring states."

FBI/DEA/ATF/USMS:

San Francisco Grand Jury Said To Be Investigating Coach Who Prompted BALCO Case. According to the New York Times (7/20, Wilson, 1.21M), even though attention has focused on a possible federal indictment of Giants slugger Barry Bonds as early as Thursday, the grand jury in San Francisco also is investigating top track coach Trevor Graham. The Times says Graham "set off the Bay Area Laboratory Co-Operative steroids case when he anonymously mailed a syringe to the United States Anti-Doping Agency in June 2003. Chemists found a new type of steroid in the syringe, prompting the biggest drug scandal in the history of sports." However, a man who worked with Graham "has told the grand jury…and federal investigators that he was the main supplier of performance-enhancing drugs to Mr. Graham and many of his athletes." The Times reports that allegedly includes top track and field athletes such as Marion Jones and Tim Montgomery.

The San Jose Mercury News (7/19, Almond) reports, "Graham…denied giving athletes drugs during an interview with chief BALCO investigator Jeff Novitzky in 2004. … Sources have told the Mercury News that drug testers have worked with Novitzky in an effort to charge Graham and his athletes for the past two years."

The AP (7/20) report cites The New York Times story on the investigation of Graham.

Trainer Expected To Be Released From Prison. The AP (7/20) reports, "Barry Bonds' personal trainer was set to be released from prison Thursday, his attorney said, the same day the term of the grand jury investigating the baseball star was to expire. It was unclear if Greg Anderson's expected release would have any bearing on whether indictments were handed up against Bonds. … Anderson was held in civil contempt and sent to federal prison earlier this month for refusing to testify to the grand jury investigating Bonds. … Anderson likely holds the key to whether perjury charges could stick against Bonds, who testified in 2003 that he thought substances given to him by the trainer were arthritis balm and flaxseed oil," not performance-enhancing drugs.

Former Head Of Meth Ring Is Sentenced In Alabama. According to the AP (7/19), the former head of a meth distribution ring in Gadsden "has been sentenced to almost 16 years in prison. At a federal court hearing in Birmingham Tuesday, Javier Zavala was ordered to serve 15 years and eight months in prison. … Zavala was among 21 people, including four of his siblings, indicted in November 2002 following an investigation called 'Rolling Thunder.'"

Arizona Man Accused Of Supplying Tons Of Marijuana To Tennessee Businessman. The Knoxville (TN) News Sentinel (7/20, Satterfield, Keim) reports an Arizona man federal authorities "allege supplied prominent…businessman Scott West and his brother tons of marijuana is headed back to Knoxville to face federal charges. … It is the alleged supplier whose name had been blacked out on the indictment. That changed Wednesday after authorities confirmed that he - Phillip A. Apodaca - had been arrested at his home in Tucson, Ariz. … However, federal court records already filed in the West case make it clear that Apodaca is the man authorities, including the U.S. Drug Enforcement Administration, allege was the go-to guy the Wests looked to when ordering marijuana."

Authorities Say Hollywood Film Company Was Front For International Drug-Smuggling Operation. In a report about Hollywood's Limelight Films, the Los Angeles Times (7/20) reports federal authorities "have alleged that the film corporation was a front for an international drug-smuggling and money-laundering operation stretching from Los Angeles to Switzerland. Limelight Chief Executive Bruno D'Esclavelles of Los Angeles and Alexandre De Basseville, an executive in a Swiss financial firm that owned the film company, were among seven men arrested June 1 as part of a two-year federal investigation dubbed 'Operation Director's Cut.' D'Esclavelles and De Basseville were arrested in Arlington, Va., and charged with conspiracy to distribute Ecstasy." The Times adds, "Neither D'Esclavelles nor De Basseville could be reached Wednesday for comment, and the number listed for Limelight's West Hollywood offices was disconnected."

Dallas Police Seize $13 Million Worth Of Cocaine, Four Arrested. The Fort Worth (TX) Star-Telegram (7/19, White) reports the Dallas Police Department "seized 297 kilos of cocaine late Tuesday — the largest

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seizure in the department's history. The cocaine, equaling 653.4 pounds, was found during two traffic stops in two different vehicles, said Lt. Rick Watson, police spokesman. Watson said the cocaine is worth $13.3 million." The Star-Telegram says four people were arrested with the help of the DEA and others.

The Houston Chronicle (7/20) reports, "Police also seized $26,353, five guns, including two assault rifles, and equipment and materials authorities said could be used to package large amounts of money and cocaine."

Local TV Coverage. KDAF-TV, Dallas-Ft. Worth (7/19, 9:00 p.m.) reported, "They're calling it the largest cocaine bust in Dallas history. … High amounts of cocaine, also more than 26,000 in cash, and a small army of hand guns and shot guns. … Police arrested four suspects."

KDFW-TV, Dallas-Ft. Worth (7/19, 10:00 p.m.) reported, "Dallas police showed off the stash of what they call the biggest cocaine bust in DPD's history. More than 650 pounds of coke. … The biggest cocaine bust in the history of the Dallas Police Department happened in a neighborhood of hard working people who are very upset as you can imagine, but they are also relieved that the men police call drug dealers are now behind bars."

KTVT-TV, Dallas-Ft. Worth (7/19, 10:00 p.m.) reported, "Dallas police make what they call their biggest cocaine seizure ever. Police grabbed more than 650 pounds of cocaine along with some high powered firearms. Investigators say the street value was worth more than $13 million. Four people have been arrested."

Authorities Target New York Drug Network, More Than 70 Arrested. In Albany, New York, the AP (7/19) reports state and local police "made 74 arrests in pre-dawn raids Wednesday in what they said was a drug-dealing network across the state dealing in cocaine, heroin, crack and ecstasy. The door-to-door execution of search warrants by 300 police officers in six counties targeted 104 suspects." The AP notes the DEA's involvement and reports New York Attorney General Eliot Spitzer "said the arrests are part of a crackdown on drug routes from New York City and the gang violence that it spawned from Niagara Falls to Albany."

In California, Marshals Arrest East Palo Alto "Top Ten" Fugitive. The Palo Alto (CA) Weekly (7/19) reports marshals have "arrested one of East Palo Alto's top ten fugitives, according to U.S. Marshal Federico L. Rocha. Larry Lloyd, 32, was arrested last Friday at a Union City residence. Lloyd had been wanted by the federal Drug Enforcement Agency on charges of distribution of cocaine, and by local police on similar charges."

FBI Investigating Possible Link Between Ohio Mosque Threat, Earlier Bombing. The Cincinnati Enquirer (7/19, Weathers, 212K) reported, "The FBI is investigating whether there's a connection between a bomb threat to a mosque Monday and a pipe-bomb explosion at the mosque in December. 'That's one of the things we're looking into,' Special Agent Michael Brooks, spokesman for the Cincinnati FBI office, said Tuesday." Islamic Center of Cincinnati spokeswoman Karen Dabdoub said that "mosque officials are taking the threats seriously and security has been increased," and she noted that "the December bombing, which caused minor damage to the building, failed to intimidate worshipers." Brooks said that "agents were at the mosque conducting interviews Tuesday" and he added that "the investigation of the December bombing at the mosque continues."

Six Charged With Arson In Philadelphia Fire. The Philadelphia Inquirer (7/20, Clark) reports, "A Philadelphia man and five juvenile boys have been charged in an arson fire that heavily damaged a former church in the city's Northeast section, authorities said yesterday." The Inquirer continues, "Nicholas Lawrence, 19, of the 1000 block of Hoven Road in Bustleton, and the others were charged over the last three days with setting the July 8 fire that caused extensive damage to Eden Hall Chapel, 4800 Grant Ave., said Special Agent John Hageman, a spokesman for the federal Bureau of Alcohol, Tobacco, Firearms and Explosives." The Inquirer adds, "Hageman said Lawrence was being held on $100,000 bail and the boys, whose names were withheld by police because of their ages, were all in custody. … Investigators linked Lawrence to the fire after a witness described a truck that was at the scene. The owner of the truck was later located; it was learned that Lawrence had borrowed the vehicle, Hageman said. … Mark W. Potter, ATF special agent in charge, said, 'The community suffers when historical buildings become targets for vandals and arsonists.' Potter said he hoped that the arrests would deter others from 'destroying pieces of a community that promote civic pride.'"

IMMIGRATION:

Battle For Control Of Congress Complicates Efforts To Find Compromise On Immigration. USA Today (7/20, Kiely, 2.27M) reports that while the Pew Hispanic Center estimates Pennsylvania's illegal immigrant population at no more than 175,000, or 1.4% of the population, illegal immigration has become "a campaign issue, not only here but in places such as Omaha, Nashville and Salt Lake City." Sen. Rick Santorum, "running behind

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Democrat Bob Casey in his race for re-election to a third term, made border security the theme of his first campaign commercials, which began airing last month." USA adds, "People on both sides of the immigration debate agree it could help decide this fall's elections. … The battle for control of Congress is complicating efforts to reach a legislative compromise."

Business Advocates Troubled By Some Provisions In Senate Bill. The Washington Times (7/20, Hurt, 88K) reports, "Pro-business advocates urged Congress yesterday to create a program for foreign 'guest workers' but called some of the provisions in the Senate immigration bill 'troubling.' The Senate legislation, said Elizabeth C. Dickson of the U.S. Chamber of Commerce to a House committee yesterday, 'includes a number of requirements that are unclear, unnecessary or simply unwise, and we hope that should Congress move to enact a new temporary-worker program that these problems will be addressed.' … Despite flaws in the Senate bill, Ms. Dickson said a guest-worker program is needed."

State, Local Governments Pass Illegal Immigration Measures. Frustrated by Congress' efforts to craft a compromise on an immigration bill, cities and states are passing their own measures. The AP (7/20, Tanner) reports that most of these state and local measures "make life harder for undocumented workers and demand that employers, law enforcement officers and even landlords act as the front line." The AP adds, "One question is whether the local and state laws would stand if Congress overcame the split between the Senate and the House and approved a new federal law. Many would be superseded, officials acknowledge -- but they say it's better to pass a local measure that won't last than nothing at all, and right now it's unclear whether Congress will make a deal."

NYTimes Faults Congress' Failure To Reach Compromise On Immigration. An editorial in the New York Times (7/20, 1.21M) says, "Washington's immigration debate is stuck in the political doldrums, becalmed and hot, going nowhere. The hard task of making policy has been set aside for a summer of theater. … In Washington, there is no hint of compromise. The feeling grows that any hope of an immigration overhaul is dead for the year." Meanwhile, state legislatures and city governments "doggedly propose or enact laws to control their small patches of the immigration battleground. Most veer toward harshness, to milk anti-immigrant passions. … The status quo -- localities running wild in a federal vacuum, hidden communities of fearful immigrants bracing for the worst, immigrant-dependent businesses unwilling and unable to get right with the law -- is a parody of sensible governing."

Authorities Comb Arizona Desert For Abandoned Immigrants. Authorities were searching the desert west of Phoenix yesterday for as many as 200 illegal immigrants who may have been abandoned by smugglers. The New York Times (7/20, Giblin, 1.21M) reports, "The search began after Maricopa County sheriff's deputies and United States Border Patrol agents found 90 illegal immigrants hiding Tuesday along a remote road about 50 miles from Phoenix. … The immigrants told the authorities that three people in their group had died and that hundreds more remained hidden in the desert. The authorities have been unable to verify those claims." Authorities "have used helicopters, planes, off-road vehicles and dogs in the search. But the heat and the location have made the task difficult, said Lt. Paul Chagolla of the Sheriff's Office."

The Los Angeles Times (7/20, Riccardi, 918K) reports, "Federal immigration investigators were interviewing dozens of the migrants, mostly Guatemalans, in an attempt to piece together what had happened. … The migrants will be held at a detention facility south of Phoenix while investigators try to build a case against the smugglers."

Judge Threatens To Have Woman Deported. The Los Angeles Times (7/20, Quinones, 918K) reports, "A substitute judge hearing the case of an illegal immigrant seeking a restraining order against her husband threatened to turn her over to immigration officials if she didn't leave his courtroom. Los Angeles Superior Court Judge Pro Tem Bruce R. Fink told Aurora Gonzalez during last week's hearing that he was going to count to 20 and that if she was still in his courtroom when he finished, he would have her arrested and deported to Mexico. In an interview Wednesday, Fink said that the woman had admitted in court that she was in the country illegally and that he didn't want her to get in trouble with immigration officials."

Thousands Rally In Support Of Immigrants. Thousands of people marched through downtown Chicago yesterday in support of more lenient treatment of illegal immigrants. The Washington Post/AP (7/20, A10) reports, "Rep. Luis Gutierrez (D.-Ill) fired up the crowd at the rally in Grant Park, telling them: 'It is through your actions and mobilizations that you will get Congress to act on immigration reform.'" The AP adds, "The focus of the city's third-largest immigration rally since March was to urge the government to stop deporting illegal immigrants and to put a moratorium on sanctions against businesses that employ them, while Congress debates immigration legislation."

La Raza President Wants To Provide Same Opportunities She Enjoyed. The Los Angeles Times (7/20, Watanabe, 918K) reports that Janet Murguia, the president and CEO of the National Council of La Raza, is the child of one Mexican immigrant and the son of another one. Three of her six siblings "also went to law school; two are federal judges." Murguia, who worked her way from poverty to success, says "she wants to make such dreams accessible to all."

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Americans Relocating To Small Border Town In Washington State. The Washington Post (7/20, A2, Pomfret, 748K) reports on the town of Point Roberts, Washington, a "tiny speck on the Canadian border" where dozens of people from DC, New York and Los Angeles have relocated since the 9/11 attacks. The "five-square-mile community of Point Roberts is going through a boom as Americans seeking a safe place to raise their children or to retire move here." The Post reports, "Hanging off a Canadian peninsula just below the 49th parallel, which divides the two countries, Point Roberts is accessible by land only via Canada. Residents call it an enormous gated community, with agents from US Customs and Border Protection as guards."

Minuteman Leaders Question Whereabouts Of Donations. A front page story in the Washington Times (7/20, Seper, 88K) reports, "A growing number of Minuteman Civil Defense Corps leaders and volunteers are questioning the whereabouts of hundreds of thousands, perhaps millions, of dollars in donations collected in the past 15 months, challenging the organization's leadership over financial accountability. … Several of the group's top lieutenants have either quit or are threatening to do so, saying requests to Minuteman President Chris Simcox for a financial accounting have been ignored. Other Minuteman members said money promised for food, fuel, radios, computers, tents, night-vision scopes, binoculars, porta-potties and other necessary equipment and supplies never reached volunteers who have manned observation posts to spot and report illegal border crossers."

Minuteman Leaders Question Ties To Keyes Organization. The Washington Times (7/20, Seper, 88K) reports, "The Minuteman Civil Defense Corps calls itself a 'project of the Declaration Alliance,' although few MCDC volunteers know what the alliance does or why Minuteman donations are routed through the charity founded and headed by conservative activist Alan Keyes. Several Minuteman leaders and members questioned the wisdom of ceding control over fundraising to the Herndon-based Declaration Alliance, part of an intricate weave of conservative organizations founded and chaired by Mr. Keyes or tied to longtime Keyes associates working with MCDC."

TAX:

Judge Delays KPMG Tax Shelter Trial By Four Months. The AP (7/20) reports, "The judge overseeing the tax fraud trial involving shelters designed or marketed by 16 former partners at the accounting firm KPMG and two others has delayed the trial by four months." The AP continues, "Judge Lewis A. Kaplan of Federal District Court in Manhattan moved the start of the trial to Jan. 15 yesterday because of delays in turning over information to defense lawyers and a dispute over the firm's decision to cut off payment of the partners' legal fees. It had been scheduled to start Sept. 11." The AP adds, 'The judge cited the government's failure to give documents to the defendants' lawyers by an October 2005 deadline; some were turned over this month. He said he might impose sanctions if the material was not turned over by Nov. 15."

CONGRESS-ADMINISTRATION:

In First Exercise Of Veto Power, Bush Rejects Stem Cell Research Funding Bill. As expected, President Bush yesterday vetoed the stem cell research funding bill passed by the Senate, saying it would cross a "moral boundary that our decent society needs to respect." Media coverage generally portrayed Bush's move as designed to appeal to social conservatives at the expense of medical research supported by a majority of Americans. The story was covered by each of the networks in a full segment.

ABC World News Tonight (7/19, story 8, 1:55, Tapper, 8.78M) reported, "Surrounded by enthusiastic supporters, the President announced he wielded his veto pen for the first time." The White House "has gone so far as to say using embryos for stem cell research is murder. And to make that point, among the guests today were children whose parents adopted them as embryos." President Bush: "These boys and girls are not spare parts." Tapper: "But the cheering for the president's position in the East Room, stands in stark contrast with the views of the American people in general. About 60% of whom, according to polls, support funding this research."

The CBS Evening News (7/19, story 6, 2:45, Borger, 7.66M) reported, "The President signed his first-ever veto privately but then made a very public appearance with children created from leftover embryos. Just the sort that could have been used for Federally funded stem cell research under the bill passed by Congress." But "even some of the President's allies who oppose abortion, like Senate Majority Leader Bill Frist, a doctor, have now had a second opinion and passed the bill lifting research restrictions. That means politicians have to come back and say, gee, I might have been wrong three years ago." Sen. Bill Frist: "Well, it's not so much as being wrong, it's viewing whatever comes to the floor in the light of the current science."

NBC Nightly News (7/19, story 10, 2:10, Gregory, 9.87M) reported, "The President defended his first-ever veto by surrounding himself with young children, who as embryos, were donated to couples unable to have children on their own. The point, even a small cluster of human cells should

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be allowed to grow, not destroyed for research." The veto "is a big winner with social conservatives who are angry with the President over Iraq and immigration. But supporters of expanded Federal support for stem cell research from both parties argue the President is thwarting important scientific gains."

The Los Angeles Times (7/20, Hook, 918K) reports Bush "said the veto was not a setback for science but rather a victory of conscience, as taxpayers should not pay for research that destroys human embryos — even in the service of obtaining stem cells to develop potential cures for disease."

CNN's The Situation Room (7/19, Blitzer) reported that President Bush has vetoed "an embryonic stem cell research bill passed by Congress, saying it crosses a moral boundary." CNN (Bash) added, "The bill would have lifted restrictions on Federal funding for embryonic stem cell research. And Democrats say in rejecting that, the President defied the will of the people and they say Republicans will pay a political price."

The AP (7/20, Woodward) reports stem cell research "packs the emotional punch of abortion and assisted suicide for people engaged on both sides but with this difference: So far, most people are on one side of the debate. That's a complication for Republicans, who like to say their 'big tent' makes room for differing views." President Bush's "veto of legislation Wednesday that sought to ease his restrictions on federal financing of stem cell research shakes that tent in ways other ethical issues have not." So "why the veto, the first of his presidency, and in the middle of a tough GOP campaign to keep control of Congress? Personal conviction is part of it but nothing comes out of the White House without political calculation." Bruce Buchanan of the University of Texas at Austin said, "The salience of this issue to a small, intensely motivated portion of his base has something to do with his decision to veto the bill."

The New York Times (7/20, Stolberg, 1.21M) reports Bush exercised "his first veto while putting himself at odds with many members of his own party and what polls say is a majority of the public." Within hours "of the East Room ceremony, the House hurriedly took up a measure to override the veto, but the vote, 235 to 193, fell 51 short of the two-thirds majority required. Fifty-one Republicans, 183 Democrats and 1 independent voted to override, while 4 Democrats joined 179 Republicans in voting to keep the veto intact."

CQ (7/19, Ferrechio, Crowley) reports the Senate will "not vote on an override. Vetoed legislation first goes to the chamber where it originated." In debate "before the vote, Majority Leader John A. Boehner, R-Ohio, urged lawmakers to sustain the veto." But Rep. Thomas M. Davis III, R-Va., "went against his leader, however, saying those seeking re-election this fall would have to defend their decision to constituents."

The Washington Post (7/20, A4, Babington, 748K) reports Democrats "said voters will penalize GOP candidates for the demise of a popular measure, and predicted the issue could trigger the defeat of Bush allies such as Sen. James M. Talent, who faces a tough reelection battle in Missouri." The McClatchy Newspapers (7/20, Douglas) reports Bush's "choice for such a signature event is thus fraught with potential political consequences. While it may curry favor with religious conservatives, who compose the cornerstone of his political base, his stand may alienate moderate Republicans, independent voters and others who see the research as key to helping save lives."

USA Today (7/20, Benedetto, Stone, 2.27M) reports, "Criticism for the veto came from prominent Republicans such as former first lady Nancy Reagan and California Gov. Arnold Schwarzenegger. They note that the original stem cell lines have been whittled to about 20, all of them contaminated. They urged that the policy be loosened, even as private foundations and states, including California, funded their own research."

The Wall Street Journal (7/20, Lueck, 2.03M) reports Republicans "had settled on a strategy of swift action to reduce potential political fallout for the party. But Mr. Bush's decision to speak publicly was a sign he didn't want to hide from a debate that puts him on the side of many antiabortion and religious groups."

The Christian Science Monitor (7/20, Feldmann, 58K) reports analysts "agree that President Bush's veto was risky but unavoidable. Since the issue of stem-cell research arose early in his presidency, when Mr. Bush approved federal funding of preexisting stem-cell lines, he has remained adamant that no federal monies be used on newer cell colonies. The president believes the killing of human embryos, from which stem cells are harvested, is murder, says press secretary Tony Snow."

The AP (7/20, Pickler) reports the issue "split the Republican senators who are thinking about running to replace Bush in the White House in 2008. Sens. Sam Brownback of Kansas, Chuck Hagel of Nebraska and George Allen of Virginia sided with Bush in opposing the bill. Senate Majority Leader Bill Frist of Tennessee and Sen. John McCain of Arizona voted for the increased federal funding."

The Financial Times (7/20, Yeager), Bloomberg (7/20, Mcquillen), and the Washington Times (7/20, Dinan, 88K), also reported the story.

Some Conservatives Note Opposition Is To Use Of Federal Money. The Washington Times (7/20, Fagan, 88K) reports some Republicans "said they have been unable to define their opposition to the embryonic-stem-cell bill as criticism of the use of government money rather than being about the research itself." Rep. Mike Pence said, "I don't think we've made that case yet -- that this is an issue of federal dollars. This is only a debate of whether we want to

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use the taxpayer dollars of millions of Americans to fund research they find objectionable." The Times adds many Americans "think Congress is debating whether to ban embryonic-stem-cell research, conservatives said."

Bush's Choice Of Settings For Veto Announcement Noted. The AP (7/20, Pickler) reports the "somber tone of President Bush's first veto was somewhat betrayed by a little child's play at the White House. The president was surrounded by two dozen children as he announced that he had rejected legislation that would fund more embryonic stem cell research. Those boys and girls were born from leftover frozen embryos that their parents adopted from families that had gone through in-vitro fertilization." The White House "sought to showcase the children rather than the veto itself, which Bush had signed out of sight of cameras and reporters." But the children "had a hard time staying still and quiet."

LATimes Criticizes Bush Veto. The Los Angeles Times (7/20, 918K) says in an editorial, "By rejecting a bill that would have lifted some federal restrictions on funding for stem cell research, Bush handed a political victory to social conservatives, widened a rift in the Republican Party and gave electoral ammunition to his Democratic opponents. Oh, and he also landed quite a blow against scientific progress and human health."

Sensenbrenner Seeks Probe, Possible Impeachment Of California Judge. The AP (7/20, Werner) reports, "A House Republican has taken the first step toward impeachment proceedings against a federal judge in California accused of misconduct." The AP continues, "House Judiciary Committee Chairman James Sensenbrenner, R-Wis., introduced a resolution to allow his committee to investigate U.S. District Judge Manuel Real, who has served on the federal bench in Los Angeles since 1966. The committee would then consider whether impeachment proceedings are warranted, Sensenbrenner said." The AP adds, "Real, 82, allegedly seized control of a bankruptcy case involving a defendant he knew, then allowed the defendant to live rent-free for years in a house she'd been ordered to vacate. … A national federal judicial discipline committee ruled 3-2 in April that it could not sanction Real because the chief judge of the 9th U.S. Circuit Court of Appeals did not properly investigate the complaint. … 'When the judicial branch has failed to address serious allegations of judicial misconduct, as the 9th Circuit arguably has in this matter, the Constitution provides the Congress only one course of action: opening an impeachment inquiry,' Sensenbrenner said in a statement. … He said such a step would come only after 'a fair, thorough and detailed investigation.'"

Bush Has Spoken Little Of Poverty Since Katrina Crisis Passed. The Washington Post (7/20, Fletcher, 748K) reports that after Hurricane Katrina, poverty "forced its way to the top of President Bush's agenda." But, "poverty's turn in the presidential limelight was brief. Bush has talked little about the issue since the immediate crisis passed, while pursuing policies that his liberal critics say will hurt the poor. … Preoccupied by war and the specter of terrorism and threatened with revolt by his core supporters because of what they see as his free-spending ways, Bush has used the bully pulpit of the presidency not to marshal a new national consensus for fighting poverty but to make the case for cutting taxes along with domestic programs." Bush critics "say that progress on poverty has stopped because the president has not invested much time in championing the issue."

Administration Will Award $150 Million For Marriage, Fatherhood Programs. The New York Times (7/20, Eckholm, 1.21M) reports that a course about relationship skills and commitment is "a prototype in the Bush administration's campaign to fight poverty and aid children by promoting marriage -- an effort that, after years in the pilot stage, is about to get going in earnest this fall and has drawn surprising support from some liberal poverty experts. In a little-noticed bill reauthorizing welfare reform this year, Congress earmarked $750 million over five years for programs to promote 'healthy marriages' and 'responsible fatherhood.' The administration is now sifting through more than 2,000 proposals and in September will award $100 million to nonprofit groups, churches and local agencies around the country for marriage programs and $50 million for related fatherhood programs."

Portman Aims To Improve Communication With Congress, Reduce Supplemental Spending. In an interview with The Hill (7/20, Schor, Tiron) OMB Director Rob Portman said he is intent on improving communication between the White House and Congress. According to The Hill, Portman "has repeatedly asked administration officials about whether they have communicated to relevant lawmakers on various policy plans. The response, he said, usually is, 'Well, no, we don't do that.' Portman said, 'Well, we've got to do that.'" The Hill goes on to report Portman "said…for the first time since 2001, the administration is reflecting what he called an "approximation of the full amounts" to cover the conflicts in Afghanistan and Iraq for next year. … For its fiscal year 2008 budget request, OMB is preparing for another $50 billion budget allowance to fund the wars." Portman said, "I like the idea of minimizing supplementals to the appropriations bill … Emergency spending supplementals have the potential for becoming magnets for spending that should be in the normal

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appropriations process, so I prefer putting all we can in the budget."

Bush Deemed "Shameless" For Boasting About Federal Deficit Projections. The Washington Post's Robert Samuelson (7/20) writes, "For those who believe our leading politicians are utterly shameless, there was dreary confirmation last week. President Bush publicly bragged about the federal budget. Here's the objective situation that inspired the president's self-congratulation: With the unemployment rate at 4.6 percent (close to 'full employment' by anyone's definition), the White House and Congress still can't balance the budget. … How could anyone boast about that?"

Lewis Saw Large Profit From Investment In Friend's Bank. Rep. Jerry Lewis saw a large profit from his investment in a bank headed by a close friend who invited him to take part on the company's initial stock offering. The AP (7/20, Blood) reports that Lewis "was given the opportunity to buy into Security Bank of California in early 2005, shortly after becoming chairman of the powerful House Appropriations Committee. Lewis' initial $22,000 investment now is worth nearly $60,000." The AP notes that in addition to his friendship with bank Chairman James Robinson, Lewis "has other connections to the bank. Several of its board members have contributed to his campaigns and are linked to businesses that shared in the bonanza of federal dollars Lewis steered back home."

Senators Propose Web Site Listing All Federal Spending. The Christian Science Monitor (7/20, Chaddock, 58K) reports that a group of "pork busters" in the Senate is proposing listing all federal spending "on one easy-to-access website." The Senators say "it will be simpler for ordinary citizens to see where tax dollars are going - and to shame lawmakers into being more accountable. … The Senators' system would allow online users to search for all the US contracts, grants, or other payments made, for example, to Enron or Halliburton over a decade. … The proposed law -- cosponsored by Sens. Tom Coburn (R) of Oklahoma, Barack Obama (D) of Illinois, Thomas Carper (D) of Delaware, and John McCain (R) of Arizona -- directs the White House Office of Management and Budget to create a website showing all recipients of federal grants, contracts, and other payments. It must be free, easy to search, and accessible to the public, they say."

NTU Official Doubts Pelosi's Promise Of Earmark Reform. Jeff Dircksen, Director of Congressional Analysis at the National Taxpayers Union Foundation, writes in a letter to the Wall Street Journal (7/20, 2.03M), "Rep. Nancy Pelosi says she would end earmarks if she could and that she will press to reduce them if she becomes speaker next year ('Pelosi Promises Fiscal Restraint if Democrats Win1,' Politics & Economics, July 13). … The House has voted on 14 anti-earmark amendments offered by Rep. Jeff Flake of Arizona since June 14. Ms. Pelosi has voted against every one of them and her caucus seems to like earmarks almost as much as she does." Dircksen, "Taxpayers shouldn't have to wait for 'Speaker' Pelosi or the next Congress for an end to profligate earmarks. The leadership of both parties should regain some sense of shame and press to end earmarks now."

Negotiators Reach Agreement On Pension System Overhaul Legislation. Congressional negotiators have reached a preliminary oral agreement on amendments to overhaul the nation's pension system, according to Sen. Michael Enzi, chairman of the negotiating group. The New York Times (7/20, Walsh, 1.21M) reports that Enzi left a session yesterday afternoon "saying that he thought 'everything is resolved, pending getting the exact wording.'" While Enzi declined to provide details, "he said the negotiators would be working today on a written draft."

The AP (7/20, Abrams) reports that "aides familiar with the negotiations said they had yet to reach agreement on all parts of the bill, although they should be able to nail down a deal this week. One unresolved issue was the Senate-backed proposal to give special relief to financially troubled airlines. Negotiators also had not finished work on proposals to extend some popular tax breaks; these would be added to the pension bill. The chairman of the Senate Finance Committee, Sen. Charles Grassley, R-Iowa, said negotiators were under pressure from GOP leaders to fold in a cut in estate taxes."

The Wall Street Journal (7/20, Rogers, 2.03M) reports that the legislation "is expected to carry with it a substantial tax-cut package, including possible provisions to permanently extend savings and retirement-related tax breaks enacted in 2001." Top GOP negotiators, "including House Ways and Means Committee Chairman Bill Thomas (R., Calif.), said a final bill will be complete in time for House passage next week." Thomas "said the House 'must do it before we go home for August.'"

Bush Urged To Support Boehner On Pension Reforms. The Washington Post (7/20, A22, 748K), in an editorial, notes that airline carriers "have all made retirement promises to their workers, who agreed to work hard and loyally on the assumption that the promises would be honored. But the airlines treated these commitments as casually as they sometimes seem to treat their flight schedules. They failed to put enough money aside to fund their pensions. Then, when the funding shortfall grew too onerous, United Airlines, US Airways and most recently Delta Air Lines washed their hands of their retirement promises." Congress "is finalizing legislation that ought to clamp down on

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this financial abuse. … In the House-Senate conference negotiations now concluding, House Majority Leader John A. Boehner (R-Ohio) has stood up for the common-sense idea that pension promises should be funded, and he's been supported by the Bush administration. But the good guys need to press their case with more determination. A clear statement from President Bush that he will veto any bill that caves to airlines could yet salvage it."

Senate Passes Bill To Stop Abusive Financial Practices Towards Service Members. The New York Times (7/20, Henriques, 1.21M) reports, "After two years of Congressional study, the Senate approved a bill yesterday that would tighten the rules governing the marketing of life insurance and high-cost mutual funds to American military personnel." While it "differs slightly from a companion bill approved by the House last summer," the "sponsors of the Senate bill said yesterday that they were confident that the two versions could be reconciled, given their broad bipartisan support." Both "measures are aimed at preventing problems in the sale of life insurance and other financial products," including "high-pressure sales pitches, violations of Pentagon rules governing solicitations on military bases, and deceptive and misleading information about the products sold and their suitability for service members and their families." They also "would give state regulators clear jurisdiction over insurance sales on military bases within their borders and would require the Defense Department to report people who violate military sales rules to those licensing agencies. It would also establish a central registry for tracking the agents base to base."

NYTimes Decries Boehner's Wooing Of Special-Interest Groups. The New York Times (7/20, 1.21M) editorializes, "The true talents of the new House majority leader, John Boehner, are becoming appallingly evident when it comes to the top item on Congress's real agenda: the need to raise lots and lots of political money." Boehner "is setting a fund-raising pace with powerful special-interest groups that already is challenging the achievements of his predecessor, Tom DeLay," who "made the symbiosis of lobbyist and lawmaker an unabashed money machine that scandalized Congress." Boehner "took over with vows to reform Congress. But he's busier beating Mr. DeLay's game at extracting contributions from power lobbyists and their corporate clients. He's averaged $10,000 a day since February, according to an article in The Times by Mike McIntire." Also, DeLay "scored 18 trips financed by private interests since 2000; Mr. Boehner has racked up 39 in that time." The Times adds, "It's all too clear that nothing serious can come of the vows of Mr. Boehner and other Congressional leaders to rein in ethical lapses so long as members remain addicted to lobbyist-generated campaign money."

OTHER NEWS:

Fed Chairman Says Inflation Moderating. Federal Reserve Board Chairman Ben Bernanke testified before Congress yesterday that economic growth is slowing and inflation is moderating, which observers took as an indication that the Fed would end its string of interest rate hikes. As a result, stock markets rose significantly on the day.

NBC Nightly News (7/19, story 9, 2:10, Williams, 9.87M) reported, "The core rate of inflation at the consumer level – that's the rate after you subtract volatile food and energy costs – was up an unexpectedly steep .3% in the US last month." But Bernanke "said today he thinks economic growth is slowing and inflation is 'moderating.' Well, many analysts took that as a signal that the Fed's long campaign of interest rate hikes is ending. Hearing that, stocks went soaring today. The Dow gained more than 212 points, surging back above that 11,000 mark [to close at 11,011.42]. NASDAQ was up 37.5 points [to close at 2080.71]."

ABC World News Tonight (7/19, story 7, 0:15, Gibson, 8.78M) reported, "And stocks had one of their strongest days of the year, with the Dow industrials shooting up more than 200 points [to close at 11,001.42] and the NASDAQ gaining 37 [to close at 2,080.71]. What fueled the optimism? Reassuring comments from" Bernanke "that inflation was subsiding raising hope that the long string of interest rate hikes may be over."

The CBS Evening News (7/19, story 7, 0:20, Schieffer, 7.66M) reported, "When Ben Bernanke told Congress today he expects inflation to moderate, Wall Street celebrated. The Dow took off like a skyrocket and closed with a gain of more than 200 points [to close at 11,011.42]. That is the second best day of the year."

The Wall Street Journal (7/20, Ip, Whitehouse, 2.03M) reports Bernanke "predicted that an unfolding economic slowdown will reverse a worrisome rise in inflation, cheering financial markets, which took his words to mean that the Fed will stop raising interest rates soon." Part of Bernanke's "task was to blunt accusations of sending inconsistent messages since taking the post on Feb. 1. In April, he raised the possibility of a pause in interest-rate increases just as inflation began to rise. The following month, he talked tough on inflation as signs of economic weakness began to gather." Yesterday, he "appeared to seek a better balance by acknowledging that inflation was too high but laying out a forecast of slowing growth and stable energy prices under which inflation would fall back to a more comfortable level."

The Los Angeles Times (7/20, Havemann, 918K) reports Bernanke "presented a benign forecast for the U.S.

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economy, and markets welcomed his testimony as evidence that the Fed would soon halt its campaign of raising short-term interest rates." In his "semiannual economic assessment to Congress, Bernanke predicted a happy combination of slower but sustainable expansion and gradually moderating inflation."

The New York Times (7/20, Andrews, 1.21M) reports Bernanke's comments "helped fuel a rally in financial markets, which had already started the day up on strong earnings reports from I.B.M., banks and airlines." And "even though the Labor Department reported Wednesday morning that consumer price increases in June slightly exceeded expectations, Treasury bonds recovered from their earlier losses and shot higher." The McClatchy Newspapers (7/20, Hall) reports Bernanke's testimony "didn't erase expectations of at least one last quarter-point rate increase when the Fed's policymaking committee meets Aug. 8. That would take the federal funds rate - the benchmark rate for commercial bank lending - to 5.5 percent." The Washington Times (7/20, Hill, 88K) reports Bernanke "sparked a major market rally yesterday by saying the central bank expects the slowdown in economic growth that started this spring to temper the threat of inflation stemming from high energy prices."

The Christian Science Monitor (7/20, Trumbull, 58K) reports even as "US economic growth appears to be cooling a bit, inflation is not. The pressure of rising prices goes beyond oil, judging by some components of the Labor Department's Consumer Price Index (CPI)." All that "helps explain why the so-called core rate of consumer inflation, which excludes volatile food and energy prices, rose 0.3 percent for the third straight month in June." It's a "trendline that exceeds the Federal Reserve's comfort level. But it comes even as concern mounts that Fed policies - lifting interest rates 17 consecutive times since June 2004 to fight inflation - risk an economic slump. This could challenge the Fed, under new chairman Ben Bernanke, to walk a fine line between recession and an inflationary spiral."

Housing Costs Contribute To Increase In Inflation. The New York Times (7/20, Peters, 1.21M) reports a "closely watched barometer of inflation grew at a strong pace in June but shed little light on whether the Federal Reserve would increase interest rates again next month." The Labor Department "reported that the core Consumer Price Index, which does not include food and energy prices, rose by 0.3 percent in June, its fourth consecutive increase. That was a larger increase than economists expected, and represented the longest period of high inflation in the core rate since the first four months of 1995." A "major contributor to the increase in consumer prices last month was the cost of housing. The indexes for rent and its equivalents in the consumer price calculation climbed 0.4 percent. Prices for medical care, education and tobacco also went up."

Homes For Sale On The Rise Across US. The Wall Street Journal (7/20, Hagerty, 2.03M) reports, "The housing market continues to weaken in much of the country as inventories of unsold homes rise and many sellers cut their asking prices, a quarterly survey by The Wall Street Journal shows." There has yet to be any "sign of a broad collapse of housing prices about a year after the once-hot coastal markets entered a long-anticipated cooling phase. But the general level of prices is edging down in some areas and leveling off in others, while the supply of homes for sale keeps rising. The number of homes on the market in Orlando, Fla., for example, is nearly five times the year-earlier level, while the inventory has quadrupled in Phoenix and Tampa, Fla., and nearly tripled in the Washington, D.C., area." In a separate "sign of the housing market's growing weakness, the Commerce Department said housing starts fell 5.3% last month from May, to an annual rate of 1.85 million."

Stock Markets Up Sharply. The Wall Street Journal (7/20, Browning, 2.03M) reports the Dow Jones Industrial Average "soared, recording the year's second-strongest gain, after Federal Reserve Chairman Ben Bernanke offered hope for an end to interest-rate increases. Treasury-bond prices also surged." After "slumping below 11000 last week as fighting raged in the Gaza Strip and in Lebanon, the Dow Jones Industrial Average yesterday pushed back above that milestone, jumping 212.19 points, or 1.96%, to 11011.42. It was the sharpest point or percentage gain since June 29, and left the Dow industrials ahead 2.7% for 2006. Other indexes also rose sharply."

The New York Times/AP (7/20) reports, "Broader stock indicators also gained sharply. The Standard & Poor's 500-stock index rose 22.95 points, up 1.86 percent, to 1,259.81 and the Nasdaq composite index rose 37.49 points, or 1.83 percent, to 2,080.71." But some analysts "expressed the view that the market was hearing everything positive Mr. Bernanke said and was ignoring his many caveats."

The Wall Street Journal (7/20, Hadi, 2.03M) reports, "Expectations for stock-market volatility deflated along with expectations the Federal Reserve is going to raise interest rates when it next meets in August." The Washington Post (7/20, D1, Henderson, 748K) reports stocks "were also rebounding yesterday after dropping sharply late last week, when the escalating Middle East conflict pushed oil prices above $78 a barrel, fanning market fears of both higher inflation and slower economic growth, analysts said."

Bernanke Seen As Possibly Confusing Financial Markets. The Financial Times (7/20, Authers) questions the conventional wisdom on Bernanke's comments, saying his "central message seems to be that markets need to spend less time looking for clues in his adventures with the English language and more time looking at the data that affect his decisions. And that message has not been received. The

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net result of Wednesday's market moves is the following: the chances of a tightening next month have increased, thanks to the CPI data. But the market's estimation of that probability has decreased. So the risk of a surprise next month on the downside and, therefore, another swing downwards in stock prices has increased. The chance Mr Bernanke will take the blame? Very high."

BofA, JPM Post Better Than Expected Earnings. The Financial Times (7/20, Wighton, Ben White) reports Bank of America and JPMorgan Chase, "the second and third biggest US banking groups, on Wednesday reported unexpectedly better quarterly earnings, in contrast to the disappointing figures Citigroup unveiled on Monday." BofA's 18 per cent "jump in earnings to $5.48bn (€4.7bn), on the back of its acquiring the MBNA credit card business, for the first time took its underlying income ahead of Citigroup which made $5.26bn. BofA has also come close to overtaking Citigroup as the world's most valuable financial services group."

WSJ Worries Bernanke Not Concerned Enough About Inflation. The Wall Street Journal (7/20, 2.03M) says in an editorial, "Every investor likes to believe that the bad news is behind him, so stocks understandably soared yesterday on Fed Chairman Ben Bernanke's allegedly dovish testimony to Congress on the future course of interest rates. For our money, however, yesterday's bigger and less reassuring news was the Commerce Department's June inflation report." The report "proved…just how big a monetary policy mistake the Fed made from late 2003 through 2005. The government's price indices operate on a lag, often as long as 24 months, and they are now showing a marked inflation revival that too many economists and pundits, including more than a few Fed Governors, have been reluctant to acknowledge." One "striking, and perhaps worrying, part of Mr. Bernanke's testimony yesterday was his implicit logic that real economic growth will soon slow down, therefore we don't have to worry about inflation as much, ergo interest rates may not have to keep rising. Mr. Bernanke is too good an economist to actually believe this."

Oil Closes Below $73 Per Barrel. ABC World News Tonight (7/19, story 6, 0:10, Gibson, 8.78M) reported, "And events in the Middle East have been weighing on US Markets. But not today, a barrel of oil closed down almost $1 than below as $73 on news of improving supplies."

The Wall Street Journal (7/20, Chambers, 2.03M) reports crude oil prices "closed at their lowest level for the month, hit by reduced concern about escalating conflict in the Middle East and after government data showed U.S. gasoline stockpiles unexpectedly rose." The "front-month August crude contract on the New York Mercantile Exchange closed down 88 cents at $72.66 a barrel, helped by a late rally after prices dropped as low as $71.65. It was crude's lowest closing price since June 29." Crude prices "have fallen 7.3% since hitting a record $78.40 a barrel Friday on concerns that fighting between Israel and Hezbollah would escalate to include Iran and threaten Persian Gulf oil supplies."

Companies Able To Preserve Profits Despite Higher Energy Prices. The New York Times (7/20, Uchitelle, 1.21M) reports demand is "strong at other energy-dependent operations, notably railroads, airlines and chemical companies. They, too, are raising prices to recapture as much as they can of the run-up in oil prices." That is "gradually adding to the inflation rate and appears to be contributing to a slowdown in growth — but it has not crippled the economy." Whatever the "energy costs, many companies have managed to absorb much of the price shock and preserve profits, which have risen to record levels recently as a share of national income. The companies have done this by raising prices and instituting efficiencies that reduce the use of petroleum and natural gas." But consumers "have not fared as well. Rising gasoline prices constitute what economists sometimes describe as a consumption tax."

Wyoming Finds Down Side To Energy Boom. The New York Times (7/20, Klinkenborg, 1.21M) reports Wyoming is "likely to have a $1.8 billion budget surplus next year, even though state spending has jumped by more than 50 percent in the past two years. In the past quarter, Wyoming had the highest per-capita income growth rate in the nation and the third lowest unemployment. It usually ranks at the top of the 'best business climate' charts, because it has no personal or corporate income taxes." Higher energy prices and "the Bush administration's freewheeling approach to energy development" have "resulted in a petroleum boom that is transforming the state." It's "hard to argue with prosperity, but a lot of people in Wyoming are worrying about its ultimate costs. Over the past few years, for instance, the rush to develop coal-bed methane, a process that involves extracting methane from water pumped out of coal seams, has done enormous harm to the landscape of the Powder River Basin in north-central Wyoming and to the reputation of the petroleum industry."

Maryland Law Forcing Wal-Mart To Pay For Employees' Health Benefits Struck Down. The CBS Evening News (7/19, story 9, 0:15, Schieffer, 7.66M) reported, "A Federal judge struck down a new Maryland law that required Wal-Mart and other big retailers to provide health insurance for their employees. Labor groups hoped the law would be a model for other states, but the judge said it would unfairly hurt Wal-Mart."

The New York Times (7/20, Abelson, Barbaro, 1.21M) reports, "The judge ruled that the federal law governing employer-provided health benefits takes precedence over the state law, which would have required companies with 10,000

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or more workers to spend at least 8 percent of their payrolls on health insurance, or pay the difference into a state Medicaid fund." The Times notes that only Wal-Mart, "which has been thrust into the center of the national debate over who should pay for health care, would have been affected by the law."

The Washington Post (7/20, A1, Mosk, Mui, 748K) reports U.S. District Judge J. Frederick Motz "ruled that the 'Wal-Mart Law,' which won overwhelming support in the General Assembly this year, ran afoul of a 32-year-old federal statute intended to protect corporations from having to navigate a patchwork of benefits requirements from state to state. The ruling could stymie plans by labor unions and health-care advocates to replicate Maryland's law in states across the country and turn the legislation into a model for shifting more of the health-care burden onto large corporations." Gov. Robert L. Ehrlich Jr. "lobbied hard to defeat the measure and then vetoed it."

The Wall Street Journal (7/20, Hudson, 2.03M) reports Maryland's attorney general "said the state expects to appeal the decision." The Washington Times (7/20, Haberkorn, 88K) reports, "The Retail Industry Leaders Association (RILA), the trade group that challenged the law, argued that the law violated the equal protection clause of the Constitution because it targeted only Wal-Mart, but Judge Motz ruled against RILA on this point."

The Wall Street Journal (7/20, 2.03M) in an editorial, writes, "Everyone who really believes in the welfare of workers -- rather than just scoring political points by punishing big business -- should cheer the decision. Obviously, companies that have to meet a multitude of local requirements would be faced with much higher administrative costs, and as a consequence have less money left over to spend on actual health care."

Clinics Will Teach Law Students The Art Of Supreme Court Advocacy. The Legal Times (7/20, Mauro) reports, "The allure of Supreme Court advocacy, Washington, D.C.-style, is spreading among top law schools. Lawyers from two D.C. firms are working with law schools that are launching Supreme Court litigation clinics this fall and others, we hear, are not far behind." The Times continues, "Andrew Pincus and Charles Rothfeld, D.C. partners at Mayer Brown Rowe & Maw, will be sharing their high court skills at Yale Law School. And Mark Stancil, who is moving this week from Baker Botts to the smaller appellate shop of Robbins, Russell, Englert, Orseck & Untereiner, will be working on Supreme Court cases with 3Ls at University of Virginia School of Law." The Times adds, "Top students at both schools, many of them on law review, will be working on real-life petitions and both merits and amicus curiae briefs in pro bono cases. Yale Law School professor Dan Kahan reports that students there are clamoring to sign up. … The model for the ventures, all concede, is Stanford Law School's clinic, launched three years ago by upstart Supreme Court advocate Thomas Goldstein, now with Akin Gump, and professor Pamela Karlan. The clinic landed several cases that were granted review by the high court, giving the students a priceless selling point on their resumes. Other schools, feeling competitive pressure from their top students, are following suit. … But all agree that the clinics are not just a ploy for law firms to win free labor from eager law students."

If Running For Reelection In '06, Thune Says He Would Distance Himself From Bush. The AP (7/20, Jalonick) reports that South Dakota Sen. John Thune (R) said Wednesday that if he were up for reelection this cycle that "he'd distance himself from President Bush and his agenda. In 2004, the White House political operation recruited Thune to challenge Senate Minority Leader Tom Daschle. He dealt the Democratic Party a major blow, edging Daschle in South Dakota as Bush captured a second term. Thune, a conservative who rarely breaks with the GOP or Bush, said Wednesday that if he were up for re-election this year, he'd adopt a different strategy. 'If I were running in the state this year, you obviously don't embrace the president and his agenda,' Thune told reporters at the National Press Club. He said the Iraq war is Bush's biggest problem. 'The first thing I'd do is acknowledge that there have been mistakes made,' he said. 'Our candidates have to draw and point out differences in how they would approach and win the war in Iraq and how their opponents would. The biggest thing we have going for us on that issue is that Democrats are very divided."

The Hill (7/20, Allen) notes that Thune's "views are important because he is widely seen as the probable choice to head Senate Republicans' campaign arm in the 2008 election cycle. He has told Republican leaders that he will make a decision on seeking the job either just before or just after the August recess." Thune, "an Armed Services Committee member who has supported the president on Iraq, said voters would reward the GOP for having a unified message on national security. 'They see [Republicans] as willing to do what it takes to win' and Democrats as 'perhaps not as committed to winning,' he said. But he said that the Iraq war has been the biggest drag on Bush's popularity and that Republican candidates should not shy away from issues on which there is daylight between them and the president."

Donor List Provides Evidence Of Lieberman's Bipartisan Appeal. The New York Times (7/20, McIntyre, Medina, 1.21M) reports, "When it comes to supporting candidates for public office, the Associated General Contractors of America gives 90 percent of its

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campaign contributions to Republicans." However, the group, "which represents the construction industry, wrote a $4,000 check last month to" Connecticut Sen. Joe Lieberman (D), who is in a primary battle with political neophyte Ned Lamont (D). The Times notes that "that donation and others like it have fed a perception, stoked by the Lamont campaign and its supporters on the Internet, that Mr. Lieberman is too cozy with Republicans. … Anyone looking for evidence of Mr. Lieberman's bipartisan appeal can find it in his roster of recent contributors, which includes organizations that traditionally give more to Republicans. They include engineering and construction firms, some with contracts in Iraq. Those firms include Bechtel, Fluor International and Siemens, which support Republicans 64 to 70 percent of the time, according to data compiled by PoliticalMoneyLine. … Florida Power and Light, which supports Republicans 84 percent of the time, gave $5,000 to Mr. Lieberman."

Kondracke Says Lieberman Loss Would Further Handicap Democratic Party. In a piece in Roll Call (7/20), Morton M. Kondracke, executive editor of the publication, writes, "This is no exaggeration: The soul of the Democratic Party -- and possibly the future of civility in American politics -- is on the line in the Aug. 8 Senate primary in Connecticut." Kondracke says that if Lamont defeats Lieberman "in the Democratic primary, it will represent a signal victory for the MoveOn.org-Michael Moore-DailyKos left wing of the Democratic Party and for vicious name-calling as a political tactic. The Democratic Party already is handicapped by the fact that its liberal base amounts to just 20 percent of the electorate, while the Republicans' conservative base is 33 percent, according to decades of polling. Both parties must appeal to the remaining 47 percent who describe themselves as 'moderate' -- which Democrats can't do if the left triumphs." Kondracke says that while Lieberman "is out of his party's…mainstream on foreign policy," the Democratic Party "desperately needs his voice, and American politics also needs his willingness to cooperate with his political adversaries and to act independently. 'Hatred divides the country and blinds us to the fact that we are all in this together, particularly when it comes to national security,' Lieberman said. … 'The hatred of Bush among some Democrats mirrors the hatred of Bill Clinton among some Republicans in the 1990s. It's destructive.' And it's now up to Connecticut voters to decide whether hatred-politics will prevail."

Pointing To Lieberman-Lamont Race, Editorial Decries "Ideological Purity Crusades." An editorial in USA Today (7/20, 9A, 2.27M) relates, "If Connecticut Democrats want to oust Lieberman, who plans to run as an independent if he loses the primary, that's their entitlement. But the strident attacks on Lieberman from the out-of-state antiwar left reflect a common, and regrettable, trend: true believers going on ideological purity crusades to rid their party of those who don't conform." USA adds, "Ideologically pure politics harm a party because they target the people who can appeal across party lines and who tend to represent areas with traditions of political centrism. … More important, the nation is harmed. Both parties agree, for instance, that a Social Security crisis could be averted by acting now. Centrist, pragmatic leadership did just that in 1983. But this year, reform died because both parties used it to gain political advantage. The same problem makes it harder to develop a bipartisan foreign policy, as Lieberman found out, even at a time of war. Ideology has a proper place, but it's second place behind the nation's common needs."

Bill Clinton Set To Endorse Lieberman. Roll Call (7/20, Akers) reports in its "Heard on the Hill" column, "Former President Bill Clinton may be set to endorse [Sen. Joe] Lieberman in his excruciatingly tougher-than-expected Democratic primary against millionaire Ned Lamont. A source close to Lieberman said on Wednesday that Clinton plans to announce his endorsement at a press conference in Hartford on Monday afternoon."

DeWine Orders Image Changed In Ad Attacking Democratic Opponent. The AP (7/20, Hammer) reports that Ohio Sen. Mike DeWine (R) "is changing the images of the burning World Trade Center towers in a campaign ad, but not for the reasons Democrats objected to it." DeWine "released a statewide television ad last week accusing his opponent," OH13 Rep. Sherrod Brown (D) "of being soft on national security. Democrats criticized DeWine for using images of the Sept. 11, 2001, terrorist attacks and the 19 men accused of hijacking the planes in those attacks. The senator was notified Wednesday that the image of the Twin Towers burning could not have depicted the actual event because the smoke was blowing the wrong way. He immediately ordered the image replaced with a photograph of the moment, his campaign said." DeWine campaign spokesman Brian Seitchik "called the image in the original ad a 'graphic representation,' produced by the advertising production firm Stevens Reed Curcio & Potholm. 'The senator thought it depicted the actual events of 9-11 and when he found out that wasn't the case, he wanted an actual picture used,' Seitchik said."

Maryland Senate Hopefuls Woo Voters At Annual Crab And Clam Bake. Roll Call (7/20, Kurtz) reports, "On a sun-baked parking lot in this faraway corner of Maryland's Eastern Shore, the many advantages that Lt. Gov. Michael Steele (R) brings to this year's Senate race were on vivid display Wednesday. Steele arrived" in Crisfield, MD "at the 30th annual J. Millard Tawes Crab and Clam Bake, stepped out of his state-issued bulletproof black SUV and was greeted like a conquering hero. … Once a year, this

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tiny town three hours from Washington, D.C., and Baltimore, becomes Ground Zero for Maryland's political community. The crab feast draws roughly 5,000 people who plunk down $35 for all-you-can-consume seafood and beer and an intolerable degree of windless sunshine. But -- particularly in an election year like this -- all the politicians follow, eager for an opportunity to press the flesh and gossip with one another." Roll Call notes that along with Steele, Democratic U.S. Senate candidate Josh Rales also appeared at the event. However, the two candidates viewed by most as the frontrunners in the Democratic primary race – MD# Rep. Ben Cardin (D) and ex-NAACP President Kweisi Mfume (D) – were unable to attend due to prior commitments.

Some Say Reed's Defeat Could Be First Of Several Tied To Corruption Issue. The Washington Post (7/20, A6, VandeHei, 748K) reports that "the defeat of scandal-stained Ralph Reed in Georgia on Tuesday showed that federal investigators could tip some key House and Senate races this fall, according to party strategists. Reed, a former top campaign official for President Bush and executive director of the Christian Coalition, lost the Republican primary for lieutenant governor after getting pounded by his opponent for his close and profitable relationship with convicted lobbyist Jack Abramoff." Reed "was the first electoral victim of political corruption probes -- but officials in both parties said he probably won't be the last." The Post notes, "Republicans worry that more than six candidates for the House and Senate could be hurt by Justice Department investigations, the courts and revelations in the Abramoff affair. Topping the list are Rep. Robert W. Ney (R-Ohio) and Sen. Conrad Burns (R-Mont.). … Democratic leaders are concerned about a few of their members, too. Reps. William J. Jefferson (La.) and Alan B. Mollohan (W.Va.) are under investigation. Party leaders are bracing for a possible pre-election Jefferson indictment that would undercut their campaign to paint Republicans as the party of corruption. Mollohan's troubles have given the GOP a shot at winning a seat otherwise considered solidly Democratic."

DeLay Allies Say Effort To Keep His Name On Ballot Could Backfire On Democrats. The Washington Times (7/20, Hallow, 88K) reports, "Democrats' efforts to force former Rep. Tom DeLay to stand for re-election in Texas could backfire, Republicans say." Allies of DeLay say he "is willing to wage a full-scale campaign for the seat if Democrats succeed in preventing the Texas Republican Party from replacing him on the November ballot. 'This whole thing could explode in the Democrats' face,' says Rep. Jeb Hensarling, Texas Republican. 'He has indicated that if called back into battle, he'll fight -- and I'd say his chances of keeping this seat in Republican hands are pretty good.'" The Times notes, "Earlier this month, a federal judge ruled in favor of the Texas Democratic Party's lawsuit to prevent Republicans from substituting another candidate for Mr. DeLay, who in March won 62 percent of the 22nd District's vote in the Republican primary. That decision is being appealed, but the dispute may not be resolved in time to allow Republicans to mount a strong campaign on behalf of another candidate, prompting speculation that Mr. DeLay may choose instead to make an all-out fight for what would be his 12th term in Congress. 'The Democrats overplayed their hand,' Mr. Hensarling said."

Democratic-Allied Groups Targeting House Republican Candidates. The Hill (7/20, Bolton) reports, "As many as 24 Democratic-allied outside interest groups have launched attacks or waged other political activity in 82 congressional districts represented by House Republicans, according to data compiled the National Republican Congressional Committee (NRCC). The breadth of this mobilization against House Republican candidates appears to surpass by far any similar effort being waged against Democratic House candidates or Senate candidates. The data show how much Democrats are benefiting from the work of outside allies and how energized labor, environmental and liberal advocacy groups are about the prospect of taking back the House. The research also reveals why many House Republicans may be unhappy about voting on lobbying reform legislation that does not include restrictions on the soft-money groups known as 527s," which "can raise and spend unlimited amounts of money on political races. The activity of liberal-leaning outside groups is concentrated in several states. Groups are active in eight districts in New York, nine in Ohio and nine in Pennsylvania. Left-leaning groups have also been active in four Florida districts and four New Jersey districts."

Rothenberg Says It's Too Soon To Predict Huge Democratic House Gains. In a piece in Roll Call (7/20), Stuart Rothenberg, editor of the Rothenberg Political Report, writes, "Democrats have a number of surprisingly good polls that suggest a wide range of Democratic challengers, from top-tier hopefuls to second- and third-tier long shots, have a serious chance of winning this fall. But that's the problem. Rather than reflecting the appeal of Democratic candidates, those surveys primarily reflect the national political landscape. The president is in a deep, deep hole, and Congress is even less popular than President Bush. … Given that, voters are likely to have a less-than-positive view of Republican incumbents…and their dissatisfaction with the status quo is likely to make them tell pollsters that they prefer Democratic candidates for Congress." Rothenberg notes, "My point definitely is not that

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the national dynamics don't matter. … The lay of the land is a huge problem for Republicans, and it makes it more difficult for them to make their opponents unacceptable to voters. … But anyone who buys the early Democratic polls at face value is making a mistake. Many of these surveys measure the landscape, not the combatants, and we won't know how well Democratic candidates will do until much later in the year, possibly mid-October -- after Republicans have spent some of their sizable war chests on demonizing their opponents."

Conservative Bloggers Host Roundtable Meetings With Top Republicans. The Washington Times (7/20, Pierce, 88K) reports in its "Inside Politics" column, "A group of conservative Washington bloggers has started hosting weekly roundtable discussions with high-profile Republicans, such as former House Speaker Newt Gingrich of Georgia and Republican Study Committee Chairman Mike Pence of Indiana. The meetings, organized by Robert Bluey, editor of Human Events Online, and Tim Chapman of the Heritage Foundation, began in May. Mr. Bluey said about 15 bloggers attend in person or participate by telephone. Along with Mr. Gingrich and Mr. Pence, the group has also hosted Republican Reps. Jeff Flake of Arizona, Paul D. Ryan of Wisconsin and Steve King of Iowa. … Next week, the group plans to host Ohio Secretary of State J. Kenneth Blackwell, the Republican nominee for governor of that state."

Gates Awards $287 Million To AIDS Researchers. The New York Times (7/20, Altman, 1.21M) reports the Bill and Melinda Gates Foundation "awarded more than a quarter of a billion dollars on Wednesday to researchers in 19 countries to speed the lagging development of an H.I.V. vaccine. The grants, totaling $287 million, are the largest private investment in making such a vaccine, the foundation said. They represent a significant shift in emphasis, to large-scale collaborative projects instead of small teams of researchers working independently."

Bush Administration Reportedly Reassessing Mideast Response. ABC World News Tonight (7/19, story 3, 2:30, Gibson, 8.78M) reported, "Well, the Bush Administration has been supportive of the Israeli offensive against Hezbollah militants. But as the Israeli air attacks take a great toll on Lebanon itself, there may be some reassessment in Washington." ABC (Raddatz) added, "The US is starting to experience some discomfort with the Israeli operation, a senior US official telling ABC News, 'We are walking a fine line. We want tough-minded diplomacy. But we also have to be mindful of public opinion, not just in the Arab world, but American public opinion.' Americans are becoming more and more concerned about the fate of fellow citizens in Lebanon. They've watched those American citizens be evacuated from the area. So, the green light that the US has been giving to Israel will have a time limit. It's unclear whether that will be a week or two."

White House "Strongly" Denies Colluding With Israel On Hezbollah Attacks. NBC Nightly News (7/19, story 8, 2:00, Mitchell, 9.87M) reported, "Is the US standing in the way of a ceasefire to give Israel more time to pound Hezbollah targets? Today, a strong denial from the White House." White House spokesman Tony Snow: "We're not engaged in military strategy sessions with the Israelis. We're not colluding, we're not cooperating, we're not conspiring, we're not doing any of that." Mitchell: "Would a ceasefire even work? American diplomats say no." US Ambassador to the UN John Bolton: "I want somebody to address the problem, how do you get a ceasefire with a terrorist organization?" But in contrast to previous Administrations which sent high-level envoys to broker Mideast deals, Secretary of State Condoleezza Rice "is waiting from a report from this little-known UN envoy, DJ Nambiar, who returns from a fact-finding mission tonight." Secretary of State Rice: "When it is necessary and will be helpful to the situation, I will be more than pleased to go to the region."

But the CBS Evening News (7/19, lead story, 3:00, Schieffer, 7.66M) continued to follow the theme in yesterday's coverage reporting at the end of its lead story on the Mideast violence, "Have you seen any sign, Lara, that the United States may be urging Israel to call a cease-fire here?" Logan: "No. There's been absolutely no sign of that. And, in fact, many Israelis see that as a sign of encouragement. And the talk here is that behind the scenes Israel has been given the green light by the United States to go ahead with their military campaign, hit Hezbollah as hard as they can, destroy as much of their weapons and their organization as possible before they're forced to the negotiating table that there's so much international pressure they have to reach some kind of deal."

And following NBC's theme of comparing the US' response to past Administration's, McClatchy Newspapers (7/20, Douglas, Walcott) reports, "In a departure from almost 60 years of American Middle East policy, the Bush administration hasn't intervened to stop the fighting between Israel and Hezbollah or made a serious effort to negotiate a lasting peace between Israelis and Palestinians." The Administration "instead has sought to transform the region by ousting or isolating regimes that support terrorism and by promoting democracy. It argues that past administrations' attempts to achieve peace and stability in the Middle East have failed and that more radical change is needed." The President "has placed a premium on weakening or dismantling Hezbollah, rather than stopping the violence" and the White House approach "is consistent with its belief that

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the goal of American Mideast policy shouldn't be keeping the peace but transforming the region by destabilizing, defeating or overthrowing groups and regimes that practice or support terrorism and are hostile to Israel."

US, Allies Seen As Split Over Response To Mideast Violence. The Washington Post (7/20, A17, Wright, Lynch, 748K) in an article titled "U.S. At Odds With Allies On Mideast Conflict" reports the US "faces growing tensions with allies over its support of Israel's military campaign to cripple Hezbollah." Allies "are particularly alarmed about the disproportionately high civilian death toll in Lebanon. They are also concerned that the U.S. position will increase tensions between the Islamic world and the West by fueling militants, playing into the rhetoric of Osama bin Laden and adding to the problems of the U.S.-led coalition force in Iraq." Washington "is increasingly out of sync with key allies…because it remains content to allow Israel to pound Hezbollah, both to remove it as a threat and to undermine the region's extremist movements and hard-line regimes."

The AP (7/20, Wagner) adds, "A rift is emerging between the European Union and the United States over whether Israel should cease its offensive against Hezbollah guerrillas. The Europeans fear mounting civilian casualties will play into the hands of militants and weaken Lebanon's democratically elected government. The Bush administration, while noting these concerns, is giving Israel a tacit green light to take the time it needs to neutralize the Shiite militant group."

Islamic Extremists United In Opposition To US, Israel. Providing counterpoint to the articles stressing differences between the US and its allies, the Los Angeles Times (7/20, Murphy, 918K) in an article titled "United Against The U.S., Israel" reports, "Syria's secular regime, governing a nation of mainly Sunni Muslims, forged a friendship with Shiite Iran years ago based on their mutual antagonism toward Hussein. Hezbollah and Hamas come from entirely separate schools of Islamic theology, but the two found common cause in their hatred of Israel. And "all four are united in a program whose ultimate goal is ejecting Israel from at least the West Bank, Gaza Strip, Golan Heights and Lebanon, undermining pro-Western Arab governments." Experts "here say a key factor in solidifying the partnership was the current war in Iraq, which not only raised fears among pro-Western Sunni Arab leaders that Shiites were gaining power, but also provided a successful model for long-running guerrilla warfare against the U.S."

White House Dismisses Value Of Negotiating With Syria. The CBS Evening News (7/19, story 3, 2:30, Schieffer, 7.66M) noted, "Syria's President Assad called on the international community today to impose a cease-fire in Lebanon, blaming the conflict on Israel and the United States. But the White House said that talks with Syria, one of Hezbollah's chief supporters, would be a waste of time."

The AP (7/20, Gearan) in an article titled "Administration Seeks Lasting Cease-fire" reports, "The Bush administration said Wednesday it sees no point in leaning directly on Syria to help stop the cross-border warfare between Israel and the Hezbollah guerrillas that the Syrians support." White House press secretary Tony Snow "described previous diplomatic sessions with Syria as meetings in which U.S. officials drank tea and sat for 'five, six, 10 hours listening to polite but long discourses on greater Syria and at the end of that having gotten nothing.'" The AP notes that past efforts by previous US Administrations "generally were frustrating. A striking example: Secretary of State Warren Christopher made 26 trips to Damascus in President Clinton's first administration in a futile effort. At times, he was kept waiting in Damascus for hours by the late President Hafez Assad, their appointment notwithstanding."

WPost Supports Position On Syria Negotiations. The Washington Post (7/20, A22, 748K) in an editorial echoes some of the Administration's concerns about negotiating with Syria writing, "The standard American gambit during a crisis in Lebanon is to dispatch the secretary of state to neighboring Syria to work out a cease-fire. That's what Warren Christopher did during the last big blowup between Israel and Hezbollah in 1996 -- and it's exactly what Syria's dictator, Bashar al-Assad, is hoping for." If "Rice makes the mistake of visiting Damascus, Mr. Assad will roll out the red carpet; then he will offer to stop the rocket and missile fire against Israel by Hezbollah and Hamas, on Syria's terms. The result will be to restore Damascus's influence in Lebanon and destroy the new independent, democratic government in Beirut -- which has far more to fear from such a deal than from Israel's cratering of its airport runways and bridges. That's why the best diplomatic step the Bush administration can take toward Syria is to ignore Mr. Assad. He should be excluded from any settlement of the current crisis and from the postwar order in Lebanon."

Rice Will Meet Annan, Solana In New York Tonight. The AP (7/20, Wadhams) reports Secretary Rice "will travel to New York to discuss the crisis in Lebanon with U.N. Secretary-General Kofi Annan and the European Union foreign policy chief," Javier Solana. The three leaders "will have a private dinner Thursday evening after Annan briefs the full U.N. Security Council on Lebanon." AFP (7/20, Aziakou) adds Annan "was to brief the Security Council and later meet with" Secretary Rice "Thursday to enlist support for a quick end to the deadly fighting between Israel and Hezbollah in Lebanon." Assistant Secretary McCormack "confirmed that Rice, who is considering a peace mission to the Middle East, would be heading to New York for talks with the UN chief. He added that early Friday Rice and Annan would receive a briefing from the UN mediation team sent to the Middle East to try to defuse the crisis. 'She'll integrate

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what she hears into her thinking about the diplomatic way forward.'"

CNN's The Situation Room (7/19, Blitzer) reported, "Secretary of State Condoleezza Rice now plans to meet tomorrow night in New York with the United Nations Secretary-General Kofi Annan. On Friday she'll go to the United Nations to hear a UN team's assessment of the Middle East crisis." CNN (Quijano) added , "All of this is coming in advance of an expected trip by Secretary Rice, herself, to the region, though it's not clear exactly when that trip might happen. A senior official says that it would not happen before next week. US officials say that more time is needed to create conditions on the ground that ensure a more permanent change in the situation there, not just a cease-fire."

Rice Could Visit Region This Weekend. The Washington Post (7/20, A17, Wright, Lynch, 748K) reports Secretary Rice "is now expected to travel to the Middle East as soon as this weekend, but with a limited listening mission in Israel and Egypt. The United States is still struggling to define the timing and purpose of her mission. She is tentatively expected to leave a team behind in Israel, head on to Malaysia for a conference of Southeast Asian nations, and possibly return to the Middle East for further negotiations if her team can put the right 'building blocks' in place, a U.S. official said."

US Courting Arab Allies. The AFP (7/20) reports, "New hints emerged of the US strategy on the raging conflict between Israel and Hezbollah, as Washington said its allies Saudi Arabia, Egypt and Jordan were critical to peace hopes." Secretary Rice "had held extensive conversations with counterparts from the three countries, her spokesman Sean McCormack said." The three nations "are seen as crucial in Washington to pressuring Syria and Iran, which Washington accuses of backing Hezbollah." AFP notes, "It was not clear however how much influence the three US Arab allies could exert on Iran and Syria over Hezbollah."

Bolton Says Israel Is Exercising Legitimate Right to Self Defense. John Bolton, US Ambassador to the UN, said on Fox News' Hannity and Colmes (7/19), "I think President Bush and Secretary Rice have made it clear that Israel is exercising the legitimate right to self-defense with the kidnapping in the Gaza Strip and the kidnapping across the blue line from Lebanon so that what we're trying to do now is allow a legitimate exercise of self-defense, while keeping in mind, particularly in the case of Lebanon, we want to help the fragile Lebanese democracy."

Lott Says Bringing Fighting To Conclusion Within A Week Will Be Hard. Sen. Trent Lott said on MSNBC's Hardball (7/19), "I think it's going to be very difficult to bring the fighting to a conclusion within a week because I think it will be hard for Israel to bring Hezbollah under control in a week. I do think the President needs to be engaged, you need to pursue every possible angle. But this has ramifications beyond just southern Lebanon. There are some real difficult problems that are going to have to be resolved and while diplomacy has always got to be pursued, it cannot be the primary principle in what you are trying to achieve here."

Biden Says War Presents An Opportunity. Sen. Joe Biden was asked on CNN's Larry King Live (7/19) if this is the beginning of World War III. Biden said, "No, it's not the beginning of World War III. Actually, it may be a real opportunity to change the dynamic in the region. This is the first time that everyone's on the same page. Not only are the Hezbollah holding Israeli soldiers hostage but they're holding Lebanon hostage and half the Lebanese people are angered at Hezbollah. The whole Sunni world understands this is a major gambit by Iran. France and the European countries are united in this effort. And so, if we're smart, we have an opportunity to use this as a very serious uniting effort to close down Syria and put inordinate pressure on Hezbollah."

More Commentary. David Brooks in his column in the New York Times (7/20, Brooks, 1.21M) writes, "What this debate is really about is the mother of all chicken-and-egg problems. Can we use political reform to spark cultural change, or do we have to wait for cultural reformation before we can change politics?" Brooks continues, "The Bush administration's position is clear. In some of my best arguments with senior officials, they insist, à la Gerecht, that institutions shape behavior. And to their credit, even in this moment of turmoil they are hanging tough and pushing for more democratic reform." Yet "the truth is that at the moment neither the Goldberg nor the Gerecht thesis is winning. The fever Gerecht predicted has sent world opinion scurrying off for stability at any cost. World opinion is abandoning both Palestinian-style democratic transformation and the cultural modernizers who are being crushed in places like Egypt. People are rushing back toward the illusory stability of Mubarak and the House of Saud. That, Goldberg and Gerecht both agree, is what brought us 9/11."

Israel's Capability To Defeat Hezbollah Questioned. The New York Times (7/20, Shanker, 1.21M) reports, "With its bombardment of Lebanon, Israel aims to accomplish the military goals of eliminating Hezbollah's ability to fire missiles over the border, cutting its lines of resupply from Syria or Iran and demonstrating — under pain of chaos — the cost to the Lebanese government of allowing the militant group to operate freely from its territory." Yet "recent combat history provides a chastening lesson that air power, regardless of its accuracy and punch, cannot defeat even a conventional adversary unless it is backed by ground forces. Thus, American military analysts monitoring the conflict caution that Israel may be unable to

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reach its goal of disarming a shadowy guerrilla army by missiles, bombs and long-range artillery alone."

The Christian Science Monitor (7/20, Mitnick, 58K) reports, "With tacit support from the US, Israel has operated with a relatively free hand, leaving hundreds of Lebanese civilians dead. But that window of opportunity will close as the US ramps up cease-fire efforts and as images of ruin in Lebanon begin to dominate the international agenda." The Monitor notes, "With the limited time frame for Israel's offensive, analysts say that Israel is hoping to ultimately turn to diplomacy to broker a cease-fire that would include a return of the captured soldiers as well as the deployment of either the Lebanese military or a multinational force in the border region." Yet "it's unclear what type of international mechanism will be used to restrain Hizbullah after Israel's withdrawal."

Israeli Special Forces Ambushed After Crossing Lebanese Border. The Washington Times/AP (7/20, Dakroub) reports, "Israeli troops clashed with Hezbollah guerrillas on the Lebanese side of the border today." The AP adds, "Hezbollah claimed to have 'repelled' Israeli forces near the coastal border town of Naqoura, and the Israeli army said two of its soldiers were killed and nine were wounded in the battle. Hezbollah said one guerrilla was killed."

McClatchy Newspapers (7/20, Nissenbaum) notes, "The Israeli incursion into southern Lebanon was a relatively rare ground confrontation in a conflict that's been fought primarily by air, artillery and rockets. Two Israeli soldiers were killed in the fighting, which took place north of the Israeli town of Avivim. There was no word on Hezbollah casualties."

Israel's UN Ambassador Says Israel Will "Finish The Job" Against Hezbollah. Dan Gillerman, Israel's Ambassador to the UN, said on CNN's The Situation Room (7/19), "We cannot allow ourselves to return to a point where the Hezbollah, with its lethal arsenal of weapons, will be able, at whim, to exercise terror, both towards us and towards Lebanon, and destabilize the whole region. So, we have to finish the job. We have to see Hezbollah totally disarmed. We have to see the government of Lebanon exert its authority and sovereignty over the whole of Lebanon, and deploy its forces in the south, before we can stop this operation."

Lebanese Leader Warns Israeli Attacks Will Strengthen Hezbollah Support. The Financial Times (7/20, Khalaf) in an article titled "Israeli Force Will Backfire, PM Warns reports embattled Lebanese prime minister Fouad Siniora "said on Wednesday Israel's fierce military offensive would backfire, suggesting it could bolster support for the Hizbollah group rather than undermine it."

Peacekeeping Plan Carries Historical Baggage. The Wall Street Journal (7/20, Dreazen, 2.03M) notes, "The U.S. and its allies are lining up behind a proposal to send a well-armed international force to Lebanon, but past peacekeeping failures in the Mideast are shaping the debate over what that force should look like." Diplomatic discussions "are coalescing around calls to send an international force charged with separating Israel and Hezbollah and preventing more bloodshed," and "there is broad agreement that the new force needs to be substantially larger and better-armed than the ineffectual" UNIFIL. "But important details remain unresolved," and "it is far from clear whether such a force will ultimately be sent to the region." Talks are "being shaped by the U.N.'s past failures at preventing Arab-Israeli bloodshed."

UN Forces In Lebanon Inadequate. The Christian Science Monitor (7/20, Blanford, 58K) reports, "The escalating civilian death toll in south Lebanon from Israeli airstrikes and artillery bombardments, and the inability to evacuate casualties, is causing mounting alarm to United Nations peacekeepers who have found themselves almost powerless to assist."

UNHCR Likens Violence To War Crimes. The New York Times (7/20, Hoge, 1.21M) reports comments by UN High Commissioner for Human Rights Louise Arbour "that the killing and maiming of civilians under attack in Lebanon, Israel and Gaza and the West Bank could constitute war crimes." She is quoted saying, "The scale of killings in the region, and their predictability, could engage the personal criminal responsibility of those involved, particularly those in a position of command and control." The Times adds, "The Swiss-based International Red Cross, the recognized guardian of the Geneva Conventions on the conduct of war, said Wednesday that Israel had violated the principle of proportionality provided for in the" agreements.

Impact Of Mideast Violence On Civilians Highlighted. News coverage of the continuing violence between Israel and Hezbollah militants continued to receive extensive coverage on both the national TV news and in the major US newspapers with coverage focusing on the impact on civilians. ABC World News Tonight (7/19, 2:30, lead story, 4:10, Gibson, 8.78M) called it the "deadliest day of the conflict so far."

After describing the aftermath of the attacks in Lebanon ABC World News Tonight (7/19, story 2, 2:55, Wright, 8.78M) quoted Fouad Siniora, Lebanese Prime Minister: "It is cutting the whole country into pieces." Wright: "There's no disputing that civilians have borne the brunt of this conflict. But if those reports" about Israeli success in targeting Hezbollah "are true tonight, and again, too soon to tell, then tonight may mark a turning point in this war."

And in a story on the US evacuation from Lebanon the CBS Evening News (7/19, story 2, 2:50, Palmer, 7.66M) noted "Israeli air strikes have battered Lebanon night and day since last Wednesday. Hezbollah is the target, but, says Lebanon's Prime Minister, many of the victims are civilians." Fouad Siniora, Lebanese Prime Minister: "Can the

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international community stand by while such callous retribution by the state of Israel is inflicted on us?"

ABC World News Tonight (7/19, story 2, 2:55, Gibson, 8.78M) reported on "the destruction from Israeli air strikes. And it is extensive. The Lebanese prime minister today described it as unthinkable." ABC (Wright) added, "So far, this neighborhood has just lost its night life. Its famous bars and nightclubs are all closed. But in other parts of the country, the degree of loss is staggering. Much of South Beirut has been reduced to rubble. And in the valley, whole villages are now ghost towns. It's simply not safe for people to sta In a 1,750-word story on its front page, the Washington Post (7/20, A1, Cody, Anderson, 748K) reports, "Israeli warplanes continued their punishing airstrikes across Lebanon on Wednesday, including for the first time striking Beirut's main Christian enclave and later bombing a bunker believed to be sheltering Hezbollah leaders. Ground troops meanwhile launched their most significant incursion so far into southern Lebanon, joining attacks that killed more than 50 Lebanese on the deadliest day" of the conflict. The Post says the "tempo of air attacks, along with the new ground operation, eclipsed diplomatic efforts to halt the bloodshed and prompted an emotional appeal from Lebanese Prime Minister Fouad Siniora for international help in stopping the bombing on humanitarian grounds."

The Wall Street Journal (7/20, Solomon, Fam, Leggett, King, 2.03M) adds, "A week into its bombardment of Lebanon, Israel faces a key decision: whether to ramp up a ground war in southern Lebanon. Such a move would mark a major escalation," and the "risks of a ground assault in Lebanon were underscored Wednesday as elite Israeli troops made an initial foray across the border." In a large ground invasion, "the casualties would likely be far greater than the Israeli military has experienced so far. The operation could fail, dealing a devastating blow to Israel's reputation in the region."

The New York Times (7/20, Mouawad, Erlanger, 1.21M) opens its coverage by saying, "The deadliest day yet in the deepening two-front Middle East crisis claimed more than 70 lives on Wednesday in Lebanon, the Gaza Strip, the West Bank and northern Israel, with no immediate cease-fire in sight."

USA Today (7/20, Frank, 2.27M) reports on the concerns of Israeli citizens and the Washington Post (7/20, A1, Shadid, 748K) in a front page story reports on the impact of the violence on Lebanese civilians.

Families Of Kidnapped Soldiers Concerned They Will Be Overlooked. The Washington Post (7/20, A1, Finer, 748K) reports, "It was the capture of Regev, 26, and platoon-mate Ehud Goldwasser, 31 -- and the seizure of Cpl. Gilad Shalit, 19, near the Gaza Strip last month -- that touched off the wide new war raging in the Middle East. As the days have passed, the men's families have grown concerned that the increasing focus on geopolitics and the destruction of Hezbollah has overshadowed the plight of their loved ones, they said in interviews Tuesday." And they have recently "made impassioned pleas for information and for the government to negotiate with the captors."

Israel Continues Military Actions In Gaza. ABC World News Tonight (7/19, story 5, 0:10, Gibson, 8.78M) reported, "One other note, the world has been focused on Israel and Lebanon. But there was renewed fighting in Gaza. At least eight Palestinians died. Israel, of course, started its offensive in Gaza, after Hamas militants seized an Israeli soldier."

The AP (7/20, El Deeb) reports, "Israeli forces killed 14 Palestinians in fighting in the Gaza Strip and the West Bank city of Nablus on Wednesday as the army pressed a wide-ranging offensive against militants." The AP adds, "A U.N. report issued Wednesday said the Israeli army has carried out 168 airstrikes and fired more than 600 shells into Gaza, while Palestinian militants have fired 177 homemade rockets toward Israel."

Israel Delays Plans To Withdraw From West Bank. The New York Times (7/20, Myre, 1.21M) reports, "With daily rocket fire coming from Lebanon and the Gaza Strip, two places from which Israel has withdrawn in recent years, Prime Minister Ehud Olmert can expect greater resistance in pursuing any plan to withdraw from parts of the West Bank, some Israeli analysts and citizens said."

EU, Arab League To Restart Aid To Abbas. The New York Times (7/20, Smith, 1.21M) reports EU foreign policy head Javier Solana "pledged Wednesday to start international donor funds flowing to cash-starved Palestinian hospitals as early as Aug. 1, part of a broader relief package that will provide the Palestinian Authority with about $130 million over three months." The EU and Arab League's funds, both directed to Palestinian President Mahmoud Abbas, "are intended to ease the Palestinian government's dire financial crisis without dealing directly with the Hamas leadership." The Times says the Quartet "has been working to find a way to funnel money to Authority employees through Mr. Abbas while maintaining pressure on Hamas, which all members of the quartet except Russia consider a terrorist organization." The directing of assistance to Abbas has shifted "the balance of power in Mr. Abbas's favor, making the Hamas government dependent on him for its financial survival."

US Makes Progress In Evacuation From Lebanon. The US effort to evacuate US citizens from Lebanon continued to be highlighted by the US media. The national TV networks devoted six stories totaling nine minutes to the evacuation with most attention focusing on the State Department. After describing it as the "largest evacuation of

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Americans since the Vietnam War" in its lead story it ABC World News Tonight (7/19, story 4, 1:50, Gibson, 8.78M) reported on the "thousands of American citizens in Lebanon" who "have been frightened and anxious. Anxious to get out, they've also been frustrated that its taken days to get their departure organized. But today, that changed. The exodus began in earnest today. 1,000 Americans boarded the first large ship chartered by American officials. It was orderly. It was efficient. But for those in the vanguard of Americans departing, 'the Orient Queen' couldn't leave soon enough."

NBC Nightly News (7/19, story 4, 1:40, Williams, 9.87M) called it "one of the most extensive evacuation operations since the second World War." NBC (Sanders) added, "Today there is a sense of anxiety gone a relief setting in. They're on there way home."

The CBS Evening News (7/19, story 2, 2:50, Palmer, 7.66M) reported "the mass evacuation of Americans really began in earnest today." Early in the day "worried Americans lined up outside the US Embassy in Beirut, desperate for a place on the waiting ship." And US diplomats "were on hand with reassuring news."

The AP (7/20, Karam) in an article title "U.S. Ramps Up Evacuations From Lebanon reports, "Amid complaints the U.S. effort had lagged, American officials made clear that fears about Americans traveling on roads in Beirut, especially at night, and on roads to Syria had led to some of the delays. The U.S. ambassador said Tuesday that an orderly and safe evacuation had been a first priority." The AP adds, "A Navy task force of nine ships, seven of which were en route late Wednesday, will help with the evacuation. Two more passenger ships chartered by the Navy — the Rahman and the Vittoria M — were due to arrive on Friday, giving U.S. authorities the ability to take a total of 2,700 passengers daily, according to the Navy's Sealift Command spokesman Tim Boulay. He said they were seeking more ships."

McClatchy Newspapers (7/20, Brown) notes "the U.S. military began full-scale evacuation of U.S. citizens from Lebanon" and approximately "1,500 Americans have been evacuated so far. With the U.S. destroyers USS Gonzalez and USS Barry already off the Lebanese coast, and with a half-dozen more Navy vessels and another cruise ship, the Saudi-owned Rahmah, steaming toward the region, U.S. officials plan to evacuate around 2,000 people on Thursday and another 4,000 on Friday." McClatchy notes, "A military survey and assessment team flew into Lebanon on Saturday, and on Sunday the military began flying small groups of people out by helicopter." While the military worked to boost its evacuation capacity the effort was "hampered by the fact that the U.S. Navy had few ships in the eastern Mediterranean. At least six of the vessels that are participating were dispatched from the Indian Ocean, the Red Sea, and the Gulf of Aqaba. Three others were dispatched from Europe, said Vice Adm. Patrick Walsh, commander of the U.S. Fifth Fleet, during a briefing Tuesday."

USA Today (7/20, Nichols, Brook, 2.27M) notes, "The Pentagon hopes to boost its daily capacity to move evacuees to 4,000 by Friday as additional Navy ships and two more chartered commercial vessels come into the area, Pentagon spokesman Bryan Whitman said. Nine Navy ships will assist."

The Christian Science Monitor (7/20, Fielder, 58K) adds, "Brig. Gen. Carl Jensen, coordinator for the US evacuation, estimated that more than 6,000 Americans would have been evacuated by the weekend. 'We expect this to go on for the next week until every American who has asked us for help to leave, gets to leave,' said US Ambassador Jeffrey Feltman, who watched from the dock as the ship left."

Most TV coverage noted the relief of US evacuees, but NBC Nightly News (7/19, story 5, 0:50, Curry, 9.87M) highlighted the problems others were still experiencing reporting, "This is Ann Curry with Americans still stranded in Beirut." Unidentified female: "Dogs are treated better than us! This is not acceptable!" Curry: "Their anger at the US Government is intensifying" and "confusion has led to questions about fairness." David Simaan: "We are not being informed who is going. Why are these people going? And why are we not going?" Curry: "So Wednesday night these Americans are preparing for another nerve-shattering night under Israeli fire. The State Department on Wednesday claimed US officials are doing everything they humanly can to protect their fellow citizens but conceded those officials are facing a tough time in this war zone."

And under the headline, "Americans Took Evacuation Into Their Own Hands," the Washington Post (7/20, A19, Raghavan, Ricks, 748K) reports the evacuation of "hundreds of Americans" from Lebanon Wednesday "comes amid growing criticism that the United States has lagged behind other nations in evacuating its citizens, as many Americans were left to flee the violence by their own means." State Department leaders "defended the speed of the evacuation, saying they had to balance swiftness with prudence. 'We are always going to err on the side of caution,' said [Assistant Secretary] Maura Harty. 'It is a volatile situation.'" A Pentagon official "insisted that the U.S. evacuation effort isn't lagging behind those of other countries, such as Canada, and that U.S. officials are working with a sense of urgency."

Democrats Accuse Administration Of Slow Response. Congressional Quarterly (7/20, Monaghan) reports, "Democrats complained that the White House, which informed Congress Wednesday that the U.S. military will evacuate U.S. citizens from Lebanon, had responded too slowly to protect Americans caught in the fighting between Israel and Hezbollah militants." In a letter to Congress, "Bush said he had sent combat-equipped helicopters to Cyprus and a contingent of troops to the embassy in Beirut the following

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day. Further combat-equipped forces could be deployed to Lebanon, Cyprus and other locations as necessary, he added." Bush "said he was delivering that report to comply with a provision of the 1973 War Powers Act (PL 93-148) requiring presidential notice to Congress whenever forces are sent to face hostilities. The law also requires withdrawal of such forces within 90 days, absent congressional authorization — a provision that every president since Richard Nixon has described as an unconstitutional curb of presidential commander-in-chief powers."

FBI Increases Monitoring Of Hezbollah Members In US. The CBS Evening News (7/19, story 4, 1:40, Schieffer, 7.66M) reported on the Hezbollah presence in the US. CBS (Stewart) noted that "the FBI says it's keeping a closer watch on Hezbollah followers here since the fighting started, but say they don't expect any trouble, mainly because this is where Hezbollah raises money, not wages war. FBI Director Robert Mueller was asked about that today in a Buffalo press conference." Mueller: "To the extent that we have identified individuals associated with Hezbollah, that we are taking additional precautions to assure that we do not face any threat from these individuals." Stewart: "Most analysts say they're certainly capable of" attacking in the US, "but probably won't, because that would dry up their money and bring the U.S. military down on them."

FOX News' Special Report With Brit Hume (7/19, Baier) noted, "A senior FBI official said at this point, there's no reason to believe that a Hezbollah attack on the US is imminent, but the agency has stepped up its efforts to try to find Hezbollah sleeper cells believed to be inside the US. In fact, the FBI has a number of people thought to be tied to Hezbollah under surveillance in several US cities."

The AP (7/20, Sherman) reports, "The FBI has numerous investigations into Hezbollah's recruitment, training and fundraising activities, FBI spokesman Paul Bresson said. 'At this time, there is no specific or credible intelligence pointing to an imminent attack by Hezbollah in the United States,' Bresson said." The AP notes that before 9/11, "Hezbollah was responsible for more American deaths than any other single terrorist organization," with its 1983 attack on the US Marine barracks in Beirut. NCTC Deputy Director Kevin Brock "recently told reporters that the U.S. has remained vigilant about Hezbollah, even as the focus of U.S. anti-terror efforts has shifted to al-Qaida."

Meanwhile, FOX News' Big Story With John Gibson (7/19) reported, "Hezbollah's threats are being taken seriously by the FBI. Director Robert Mueller told congress the FBI busted a smuggling ring, bringing operatives bringing operatives from Mexico." A Lebanese restaurant owner in Mexico "has smuggled over 200 Lebanese through Mexico into the United States. That's not to say that all of these people came here as part of a sleeper cell or have any evil plans. But it is to say they got in the country through illegal means and they're still here."

Voinovich Backs Bolton For Reappointment. In an op-ed in today's Washington Post (7/20, A23, 748K), Sen. George Voinovich lays out his rationale for supporting Ambassador John Bolton's continued service as the US Ambassador to the United Nations. Voinovich writes that Bolton "has demonstrated his ability, especially in recent months, to work with others and follow the President's lead by working multilaterally." Of the prospect of President Bush renominating Bolton this fall when his recess appointment expires, Voinovich says, "I cannot imagine a worse message to send to the terrorists -- and to other nations deciding whether to engage in this effort -- than to drag out a possible renomination process or even replace the person our President has entrusted to lead our nation at the United Nations at a time when we are working on these historic objectives." He concludes, "For the good of our country, the United Nations and the free world, we must end any ambiguity about whether John Bolton speaks for the United States so that he can work to support our interests at the United Nations during this critical time."

Hill Says North Korea May Not Want Deal On Its Nuclear Program. Assistant Secretary of State for East Asian and Pacific Affairs Christopher Hill, the chief US negotiator on North Korea, said yesterday he will not visit Pyongyang until it shuts down its Yongbyon nuclear reactor. The Washington Times (7/20, Kralev, 88K) reports that Hill "also expressed concern that the North Koreans 'may not even want a deal' on their nuclear program. 'We would consider a trip if it would serve our interest to do so,' Mr. Hill told editors and reporters at a luncheon at The Washington Times. 'But our concern is that North Korea is continuing to run a nuclear reactor whose purpose is to make bombs, and to be talking to them while they are making bombs doesn't appear to be in our interest,' he said."

Food Aid To North Korea Rose 23% Last Year. Boosted largely by donations from China and south Korea, food aid to North Korea rose 23% to 1.08 million metric tons last year. The Wall Street Journal (7/20, Ramstad, 2.03M) notes that China "was the only one of the major donors to also receive food assistance, underscoring how intent Beijing is on preventing North Korea's collapse." The Journal adds, "China and South Korea have been increasing food and other economic support to the North in recent years, chiefly to prevent instability and unrest that would send North Korean refugees flocking their way."

Refugees Describe Treatment At Hands Of North Korean Government. Six North Korean refugees yesterday participated in a Capitol Hill press conference Wednesday to

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highlight legislation designed to for US negotiators to address human rights in North Korea. The refugees AFP (7/20) reports, "One, who went by the name Joseph to hide his true identity, spoke of abuse in China's prisons, and told a horrific tale of cannibalism in Kim Jong-Il's North Korea. Several others declined to speak, covering their faces with their hands, their chins buried in their chests, fearing press photographs of their appearance could endanger family members still in the Stalinist state." Sen. Sam Brownback "said such stories underscored the need for his resolution, which would require US negotiators to discuss human rights in North Korea alongside efforts to end its missile and nuclear programs."

Moscow Eases UNSC Pressure On Tehran. The AP (7/20, Wadhams) reports comments by Russian PermRep Vitaly Churkin that the UNSC "is in no rush to pressure Iran over its suspect nuclear program." His remarks struck "a more conciliatory tone than the United States as diplomats began discussing a resolution to put legal muscle behind demands that Tehran suspend uranium enrichment." Churkin "said the council wants an answer sometime soon to" the June incentives package, but "he stressed the council is not trying to push Tehran." That line "seemed distinctly more relaxed than the message that was sent on July 12, when foreign ministers of Britain, China, France, Germany, Russia and the U.S. met and expressed disappointment that Iran had failed to respond positively to the package," and the "Russian tone contrasted with Washington's. The U.S. has been vocal in its frustration with the Iranian response so far." Ambassador Bolton "said Washington had instructed him to get a resolution on Iran passed by the end of the week. But with the council so busy on Lebanon, and negotiations on Iran likely to take several days, other diplomats said that seemed unlikely."

Rice Said To Eye ASEAN And ARF Attendance. The AFP (7/20) notes the State Department "sent a strong hint that" Secretary Rice "would still go to next week's Asian security forum, despite her possible Middle East peace mission. Host Malaysia had earlier warned that Rice, who skipped the meeting last year, would send a negative message with another no-show at the Association of Southeast Asian Nations (ASEAN)." Assistant Secretary McCormack "declined to go into Rice's travel plans, but said she hoped to use the forum to ratchet up pressure on North Korea for a return to six party nuclear talks. 'When Secretary Rice travels to the ASEAN ... forums, there will be plenty of opportunity to meet in bilateral format, as well as in groupings, to talk about the North Korea issue and the way forward,' he said. 'We don't have any announcements with regard to particular meetings, but you can be certain that North Korea is going to be a topic of heavy discussions at these meetings.'" AFP says Rice "is widely expected to head to the region as early as this weekend or early next week, which would leave to some hasty rearranging of her Asian itinerary."

A separate ASEAN preview piece from the AFP (7/20, Collinson) says Rice "will look to make up for lost time next week on her debut at Southeast Asia's top security forum, after dismaying regional leaders last year by staying away." She "will canvass support for US positions on North Korea, Myanmar and Iran's nuclear programs, as she turns her focus from the Middle East to Asia." AFP adds 2005 "was the first time since 1994 that the US secretary of state was missing, but analysts said her absence did not seriously dent US relations with ASEAN." The ARF "looks set to break new ground over Myanmar," which is significant because "Rice's no-show last year was seen in some quarters as a gesture of disappointment at ASEAN's stance on Myanmar."

Case Shows China's Effort To Punish Activists. The New York Times (7/20, Kahn, 1.21M) reports on Chen Guangcheng, who once "symbolized China's growing embrace of legal norms. … All that changed last year, when he organized a rare class-action lawsuit against the local government for forcing peasants to have late-term abortions and be sterilized. Mr. Chen, 35, is now a symbol of something else: the tendency of Communist Party officials to use legal pretexts to crush dissent." The Times adds, "His case is typical of efforts to punish lawyers, journalists and participants in environmental, health and religious groups who expose abuses or organize people in a manner officials consider threatening. Like Mr. Chen, they are often accused of fraud, illicit business practices or leaking state secrets, charges that do not reflect the political nature of their offenses."

Internet Companies Said To Ignore China's Human Rights Record. Amnesty International has accused internet companies Yahoo, Microsoft and Google of overlooking human rights obligations to tap China's online market. The Financial Times (7/20, Dickie) reports, "The human rights organisation says, in a report to be issued on Thursday: 'All three companies have in different ways facilitated or participated in the practice of government censorship in China. While companies are under continuous pressure from shareholders to maximise their profits and can be expected to have a presence in lucrative markets, this does not absolve them from their human rights responsibilities.' Amnesty also demanded that the three companies lobby Beijing for better human rights protection."

China Buys $500 Million Stake In Russian Oil Company. China National Petroleum, China's largest oil company, announced Wednesday it had bought a $500 million stake in Russia's petroleum giant Rosneft as part of its effort to secure energy for the Chinese market. The New York Times (7/20, 1.21M), "Rosneft allocated the Chinese oil

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company 66.22 million shares in its $10.4 billion initial public offering on Friday in Moscow and London — the biggest in Europe in 7 years. China National bought those shares at the offer price of $7.55, according to a statement it issued, adding that Rosneft had proven oil reserves of almost 19 billion barrels."

India To Build Crude Oil Storage Facility. A senior Indian government official said India will begin building its first strategic crude oil storage facility in January at Vizag. The Wall Street Journal (7/20, Kumar, Pin, 2.03M) reports, "The official said in an interview that the Vizag facility 'will have a capacity to store one million tons of crude oil, and it will be ready in January 2010.' … Two other crude-storage facilities also will be built, he said. One, with a capacity of 2.5 million tons, will be built at Padru in Karnataka state, while a facility with a capacity of 1.5 million tons will be built at Mangalore, also in Karnataka. The cost of building the strategic crude-oil reserves, including the cost of buying five million metric tons of crude, will be 112.7 billion rupees ($2.42 billion), according to government estimates."

US Cites Saudi Progress At Implementing Reforms. The State Department said yesterday that US trade sanctions against Saudi Arabia will continue to be withheld. The AP (7/20, Schweid) reports that US ambassador at large for international religious freedom John Hanford said Saudi Arabia "is making progress in removing bigoted references to religious minorities in school textbooks," and the US is "very pleased with the reforms that King Abdullah and his government have been making."

Swiss Authorities Uncover Radical Muslims' Terrorism Plots. The Washington Post (7/20, A14, Whitlock, 748K) reports, "As they have elsewhere in Europe, Islamic radicals are making inroads in Switzerland. Last month, Swiss officials announced the arrests of a dozen suspects who allegedly conspired to shoot down an Israeli airliner flying from Geneva to Tel Aviv. In a related case, a North African man has been charged with organizing a plot from Swiss soil to blow up the Spanish supreme court in Madrid. … Swiss security officials are warning that their country could become a target. In an intelligence report completed in May, the Swiss Federal Police reversed previous assessments that the domestic risk of terrorism was nearly nonexistent. The report concluded that Switzerland had become 'a jihadi field of operation' and predicted that terrorist attacks were 'an increasing possibility.'"

Oman Trade Deal Faces Opposition In Senate. CQ (7/20, Higa, Freedman) reports the House is "set to approve legislation Thursday to implement a free-trade agreement with Oman, though the pact faces significant opposition from lawmakers concerned about that country's labor standards and national security at home." The measure, CQ says, is "expected to face stiffer resistance from Democrats and some Republicans." Many Democrats want tougher language to guarantee that Oman will enforce international labor standards, while others have "argued that the agreement would allow companies that set up in Oman to buy port operations in the United States."

House Panel To Offer Recommendations On Peru Trade Pact. CQ (7/20, Freedman) reports the House Ways and Means Committee is "set to offer recommendations Thursday on a draft trade agreement the Bush administration has signed with Peru." Democrats are expected to "raise concerns about labor laws, which have been a source of friction with the Bush administration in a series of bilateral trade agreements, including the Oman trade pact."

US Opposition To Venezuela's Security Council Bid Has Unintended Consequences. The AP (7/20, Wadhams) reports the United States "is lobbying hard to block Venezuela's bid for a seat on the U.N. Security Council, fearful that Hugo Chavez..will disrupt the body as it confronts hot issues such as Iran and Sudan. But interviews with some 15 diplomats of member states reveal substantial wariness about the U.S. effort, with the critics warning it could boomerang against the U.S. choice, Guatemala, when the General Assembly votes in October. A European diplomat, refusing to be identified further saying he didn't want to anger the Americans, said lobbying against Venezuela would only gain it votes."

Islamic Militia On The Verge Of Overrunning UN-Backed Government In Somalia. The Washington Post/AP (7/20, A15, Nor) reports, "The Islamic militiamen who control most of southern Somalia deployed hundreds of fighters Wednesday outside" Baidoa "where the U.N.-backed interim government is based and said they planned to seize it. Capturing Baidoa would make the Islamic militia the uncontested authority over most of the country. … The interim government was on high alert and ready to defend itself from a militia attack, Deputy Information Minister Salad Ali Jelle said. The government, however, is virtually powerless and has been unable to exert control beyond Baidoa, 150 miles northwest of the capital, Mogadishu."

The New York Times/AP (7/20) reports, "Relations between the interim Somali government and the Islamic militiamen were already strained after the government accused the Islamic group of planning to attack Baidoa, receiving help from foreign terrorists and killing government supporters during recent fighting in Mogadishu. The

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government refused to meet the Islamic group in peace talks set for last Saturday in Sudan, although it appeared to reverse course on Monday under pressure from foreign governments."

Ethiopia Threatens To Invade Somalia. The AP (7/20, Neuhaus) reports, "Ethiopia is prepared to invade neighboring Somalia to defend its U.N.-backed government against what appeared to be an imminent attack by Islamic militiamen, a government spokesman said Wednesday. … 'We have the responsibility to defend the border and the Somali government. We will crush them,' Ethiopia's Minister of Information, Berhan Hailu, told The Associated Press."

Death Toll In Indonesia From Monday's Tsunami Grows. The New York Times (7/20, Gelling, 1.21M) reports, "the official death toll from Indonesia's second tsunami in two years reached about 400, with more than 100 injured."

The Washington Post (7/20, A14, Sipress, 748K) reports, "Panic raced through [a] beleaguered beachfront town Wednesday, carried by word of mouth and cellphone text messages: The sea is rising again! Another tsunami! Run! Two days after a wall of water battered the southern coast of the Indonesian island of Java, killing at least 531 people, hundreds of villagers fled Pangandaran as the rumors swirled. … The rumors proved to be unfounded. But they kept many of the people who had escaped Monday afternoon's tsunami from venturing down from hilltop camps to check on their abandoned homes."

Several Second-Term Asian Leaders Battle Attempts To Oust Them. The Christian Science Monitor (7/20, Montlake, 58K) reports, "A severe bout of second-term blues is afflicting the leadership of some of [Asia's] most vibrant, US-allied democracies. How their institutions resolve the various clouds hanging over their elected leaders, amid rumblings of extra-constitutional plots to unseat them, is shaping up as a crucial test of their resilience." Thai Prime Minister Thaksin Shinawatra "is clinging to office after a disputed April 2 election that was later annulled." Taiwan President Chen Shui-bian "has been beset by a corruption scandal in his family." Philippine President Gloria Arroyo "faces an impeachment bid over claims of massive electoral fraud in her 2004 victory."

Japan Said To Have Emerged From Five Years Of Deflation. The Wall Street Journal (7/20, Nakamichi, Inoue, 2.03M) reports Japan "dropped the word 'deflation' from part of its monthly economic report for the first time in more than five years, in a step toward formally declaring an end to its nagging problem of falling prices. … The Cabinet Office had used the term to describe the country's price trends since April 2001. The word was removed because 'we aren't in a situation where prices are continuing to decline in a sustained manner,' said Hiroyuki Inoue, a senior official in the Cabinet Office's economic-assessment and policy-analysis division."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bombs Rain On Bunker In Beirut."
"The Boy In The Chimney."
"Stem Cell Bill Vetoed; Override Effort Fails."
"U.S. Now Supports A Buffer."
"Fail-Safe Fails: FAA Looks For Answers."
"As Layoffs Sweep Movie Studios, Hollywood Fears For Its Future."
"China's Karaoke Police Have A Request: Do It Mao's Way."

USA Today:
"Language Barriers Plague Hospitals."
"1 In 5 Adults Have a Close Relative Who Is Or Was Addicted To Drugs Or Alcohol."
"Sex-Crimes Bill Poised To Pass."
"'We Thought We Were Gone' After Cruise Ship Tilts."

New York Times:
"Death Toll Rises In Mideast Fight; Bunker Bombed."
"First Bush Veto Maintains Limits On Stem Cell Use."
"Iraqi Denounces Israel's Actions."
"Advocate For China's Week Runs Afoul Of Power"
"New York Has Work To Do To keep Its Tap Water Pure."
"Instigator Of Steroids Inquiry Is said To Be A Target."

Washington Post:
"Deadliest Day Yet In Assault On Lebanon."
"Council Approves Earlier Curfew."
"No Haven In A City Paralyzed By Dread."
"Families Of Captives Fear 3 Men Will Be Forgotten."
"Marriott Hotels Ban Smoking In Rooms."
"GOP Lawmakers Edge Away From Optimism On Iraq."

Washington Times:
"No Accounting For Minutemen Funds."
"Ambush Spurs Ground Fight."
"Bush Vetoes Stem-Cell Funding."
"Pyongyang Visit Tied To Nuclear Reactor."
"Wal-Mart Wins Case On Health Care Costs."
"Not So Fast: Slower E-Mail Can't Keep Up With Young."

Atlanta Journal-Constitution:
"Agency Workers Went On Katrina Spending Spree."
"Veto Halts Stem-Cell Bill For Now."
"Face-Off In The 4th District."

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"As Other Major Meetings Depart, MegaFest A Welcome Mainstay."

Houston Chronicle:
"Intensified Bombing Elevates Death Toll."
"Autopsy: Lay Had 3 Blocked Arteries."
"PUC Rules Today On Plan To Keep Needy's Power On."
"Bush's First Veto Denies More Funds To Embryonic Stem-Cell Researchers."
"It's Harder To Fly Cheaply This Summer."

Story Lineup From Last Night's Network News:
ABC: Mideast Violence; Mideast Violence-Lebanon; Mideast Violence-Bush Administration; Americans Evacuated Gaza-Renewed Fighting; Gas Prices; Bernanke-Inflation; Bush-Stem Cell Veto; Bill Gates-AIDS-Vaccine; Alzheimer's-Skin Patch; Homeland Security-Wasteful Spending; American Evacuees-Cyprus.
CBS: Mideast Violence; American Evacuated; Attacks In Nazareth; Hezbollah-US Threat; Iraq Violence; Bush-Stem Cell Veto; Bernanke-Inflation; Katrina Lawsuits; MD-Wal-Mart Court Victory; Israeli Air Strike-Hezbollah.
NBC: Hezbollah Bunker Attack; Israeli Troops Ambushed; Rocket Corridor; Americans Evacuated; Americans Stranded In Beirut; American Evacuees-Cyprus; Iraq-Civilian Attacks; Middle East Diplomacy; Bernanke-Inflation; Bush-Stem Cell Veto; Northern Israel-War Images.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: US Citizens Evacuate Lebanon; Israel-Lebanon Attacks; Bonds-Grand Jury Decision; Bush-Stem Cell Veto.
CBS: US Citizens Evacuate Lebanon; Israel-Lebanon Attacks; MO-Storms; Bush-Stem Cell Veto; Wall Street.
NPR: Israel-Lebanon attacks; US Citizens Evacuate Lebanon; Bush-Stem Cell Veto; MO-Storms; Foreign Stock Markets; Tropical Storm Beryl; Heat Wave; CO-Common Law Marriage.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Speaks to the NAACP convention, Washington Convention Center.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at the Big Read Event, Library of Congress, Jefferson Building, Coolidge Auditorium.

US Senate: 9:30 a.m. ARMED SERVICES _ Full Committee. Closed briefing on overhead imagery systems. Location: Room S-407, Capitol.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on U.S. policy options with North Korea. Assistant Secretary of State Christopher Kill; Arnold Kanter, Scowcroft Group; Morton Abramowitz, Century Foundation. Location: Room 419, Dirksen.

10 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. oversight hearing on the USDA dairy program. Keith Collins, chief economist, Department of Agriculture; Charles Beckendorf, National Milk Producers Federation, Tomball, Texas; Jim Green, International Dairy Foods Association, Buffalo, N.Y.; Ken Hall, dairy producer, Terreton, Idaho; Leon Berthiaume, St. Albans Cooperative Creamery, Swanton, Vt. Location: Room 328A, Russell.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on pending nominations. Location: Room 366, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on the generic drugs. Location: Room 106, Dirksen.

10 a.m. VETERANS AFFAIRS _ Full Committee. Continued hearing on the Inspector General report on computer thefts. VA Secretary Nicholson; VA Inspector General George Opfer. Location: Room 418, Russell.

11 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information and International Security Subcommittee. Closed hearing on Iran. Location: Room S-407, Capitol. Notes: Open hearing at 1:30 p.m. in room 342, Dirksen.

2 p.m. APPROPRIATIONS _ Full Committee. Markup of the Military Construction-VA, Defense, Transportation-Treasury-Housing, and Labor-HHS-Education appropriations bills. Location: Room 106, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on intelligence matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 5684 - U.S.-Oman Free Trade Agreement Implementation Act.

9 a.m. SELECT INTELLIGENCE _ Full Committee Closed briefing on world problem areas. Location: Room H-405, Capitol.

9:30 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on climate change. Jim Connaughton, Chairman, Council on Environmental Quality; Thomas Karl, Director, National Climatic Data Center, NOAA; John R. Christy, NSSTC University of Alabama in Huntsville; Judith Curry, Georgia Institute of Technology; James Hansen, NOAA; Roger A. Pielke, Jr., University of Colorado; Theodore Roosevelt IV, Strategies for the Global Environment / Pew Center on Global Climate Change; Andy Rubens, Wal-Mart Stores; others. Location: Room 2154, Rayburn.

9:30 a.m. INTERNATIONAL RELATIONS _ Oversight and Investigations Committee. Hearing on U.S.

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nonproliferation strategy. Francis C. Record, acting assistant secretary of State; John F. Kotek, Washington Policy and Analysis Inc.; Mark Haynes, General Atomics; Leonard S. Spector, Monterey Institute of International Studies. Location: Room 2255, Rayburn.

9:30 a.m. WAYS AND MEANS _ Full Committee. Informal markup of draft imjplementing proposal of H.R. ___ - U.S.-Peru Trade Promotion Agreement Implementation Act. Location: Room 1100, Longworth.

10 a.m. AGRICULTURE _ Full Committee. Hearing on implementation of certain treaties. EPA Administrator Stephen Johnson; EPA Assistant Administrator Jim Guillford; Susan Hazen, EPA. Location: Room 1300, Longworth.

10 a.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee. Hearing on expansion of the Emergency Alert System. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Full committee. Meets to receive Federal Reserve Chairman Ben Bernanke's semiannual monetary policy report. Location: Room 2128, Rayburn.

10 a.m. HOMELAND SECURITY _ Full Committee. Closed briefing on the National Asset Database by DHS. Location: Room H2-176, Ford.

10 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on whether Asian free trade agreements are good for the U.S. Deputy USTR Karan Bhatia. Location: Room 2172, Rayburn.

10 a.m. RESOURCES _ Fisheries and Oceans Subcommittee. Hearing on the Fish and Wildlife Service and the National Wildlife Refuge System. Location: Room 1324, Longworth.

10 a.m. SCIENCE _ Full Committee. Hearing on how technology can improve border security. Location: Room 2318, Rayburn.

10 a.m. SMALL BUSINESS _ Tax, Finance and Exports Subcommittee and Rural Enterprises, Agriculture and Technology Subcommittee. Joint hearing on Chinese barriers to trade. Tom Goodpasture, President, Pride Manufacturing Co., Inc, Liberty, Mo.; Stuart D. Gosswein, Specialty Equipment Market Association; Brian Duggan, Motor & Equipment Manufacturers Association; Dan LePre, American Manufacturing Trade Action Coalition. Location: Room 2360, Rayburn.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Employer-Employee Relations Subcommittee. Hearing on a bill clarifying the rights of American Indians and Indan tribes on Indian lands. Gov. Joe Garcia, Pueblo of San Juan, San Juan, N.M.; Philip Harvey, Rutgers Law School; Ronald Johnson, President, Prairie Island Indian Community Tribal Council, Welch, Minn. Location: Room 2175, Rayburn.

10:30 a.m. VETERANS AFFAIRS _ Full Committee. Markup of a VA cybersecurity bill, others. Location: Room 334, Cannon.

11 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Coasat Guard and Maritime Transportation Subcommittee. Markup of GSA Capital Investment and Leasing Program Resolutions; H.R. 4126 - Chesapeake Bay Restoration Enhancement Act; H.R. 5483 - Railroad Retirement Disability Earnings Act; H.R. 5782 - Pipeline Safety Improvement Act; H.R. ____ - Public Transportation Security Assistance Act. Location: Room 2167, Rayburn.

11:30 a.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on H.R. 682 - Regulatory Flexibility Improvements Act. Location: Room 2141, Rayburn.

1:30 p.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on the sale of F-16 aircraft to Pakistan. Assistant Secretary of State John Hillen. Location: Room 2172, Rayburn.

1:30 p.m. SELECT INTELLIGENCE _ Terrorism/Human Intelligence, Analysis and Counterintelligence Subcommittee. Closed hearing on FBI confidential human source operations. Location: Room H-405, Capitol.

2 p.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Hearing on hybrid autos. Location: Room 2247, Rayburn.

2 p.m. GOVERNMENT REFORM AND HOMELAND SECURITY _ Criminal Justice, Drug Policy and Human Resources Subcommittee, Homeland Security Subcommittee, and Economic Security, Infrastructure Protection and Cyber-Security Subcommittee. Joint hearing on ``Expanding the Border Fence." Kevin Stevens, CBP; Douglas Barnhart, Association of General Contractors; T.J. Bonner, National Border Patrol Council; Art Mayne, Fences and Security Products; Don Williams, consultant. Location: Room 2118, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on Angola's elections. Bobby J. Pittman Jr., principal deputy assistant secretary of State; Paul Bonicelli, USAID; Caetano De Sousa, chairman, Angolan National Electoral Commission; a Alcides Sakala Simoes, president, Parliamentary Group of UNITA, National Assembly. Location: Room 2255, Rayburn.

2 p.m. JUDICIARY _ Immigration, Border Security and Claims Subcommittee. Hearing on the Energy Employees Occupational Illness Compensation Program Act. Location: Room 2141, Rayburn.

Other: NAACP CONVENTION _ NAACP holds 97th annual convention. This year's theme: ``Voting Our Values:

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Valuing Our Votes." Highlights: 9:30 a.m. Senate Democratic Leader Harry Reid. 9:30 a.m. - 12:30 p.m. Final plenary session. International affairs. With Barbara Masakela, South African Ambassador; Rep. Donald Payne; Isaiah Washington, actor; and others. Convention Center Hall C. 10:30 a.m. President Bush addresses the convention. Washington Convention Center. 12:30 p.m. - 4 p.m. NAACP Board of Directors meeting. Convention Center ballroom. 7:30 p.m. Freedom Fund/Springarn Awards presentation. With recipient Dr. Benjamin Carson, director of pediatric neurosurgery, Johns Hopkins Hospital; entertainment by the O'Jays. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va., Washington Convention Center, Mt. Vernon Square.

ELECTRONIC INDUSTRIES _ 8 a.m. - 12 p.m. The Electronic Industries Alliance holds its Board of Governors Legislative Update, with EIA President Dave McCurdy, Sen. Jack Reed, Rep. Joe Barton, Rep. Rick Larsen, and Rep. Adam Smith. Location: Westin Arlington Gateway, 801 N. Glebe Rd., Arlington.

FUEL CELL _ 9 a.m. - 4 p.m. The US Fuel Cell Council, others, hold the 2006 Congressional Fuel Cell EXPO. Highlights: 12:30 p.m. Opening ceremony with Energy Undersecretary David Garman, and Reps. Lee Terry and Zah Wamp. Location: Cannon Caucus Room.

CORRUPTION SEMINAR _ 10 a.m. Judicial Watch sponsors a seminar for Washington interns on ``How to Fight Corruption in Washington." With Tom Fitton, president, Judicial Watch; Paul Orfanedes, director of litigation; and Chris Farrell, director of investigations and research. Location: Judicial Watch, Suite 500, 501 School St., SW.

G-8 OUTCOME _ 10 a.m. The Center for Strategic and International Studies holds a discussion on the G-8 Summit and outcomes for global health, with Undersecretary of State Josette Shiner, Lisa Carty of the Bill and Melinda Gates Foundation and Jennifer Kates of the Kaiser Family Foundation. Location: B-1 conference level, 1800 K St. NW.

MIDEAST VIEWS-US _ 10 a.m. - 12:30 p.m. The Middle East Polciy Council holds a forum, ``Middle Eastern Views of the US: What Do the Trends Indicate?" Participants are Shibley Telhami, Sadat Chair, University fo Maryland; Brian Katulis, director of democracy and public diplomacy, Center for American Progress; Jon Alterman, director and senior fellow, Middle East Program, CSIS; and Milton Viorst, author, ``Storm from the East." Location: Room HC-8, Capitol.

CHINA-FALUN GONG _ 10:30 a.m. The Congressional Human Rights Caucus holds a briefing on the Falun Gong in China. Location: Room 2216, Rayburn.

IMMIGRATION REFORM _ 10:30 a.m. The Coalition for Immigration Security holds a briefing with security experts to discuss the need for comprehensive immigration reform. Location: Room 2456, Rayburn.

PELOSI _ 10:45 a.m. House Democratic Leader Nancy Pelosi holds her weekly press conference. Location: Room H-206, Capitol.

FEMA TOUR _ 11 a.m. FEMA Director David Paulison hosts a media tour of the National Response Coordination Center. Location: FEMA headquarters, 500 C St. SW.

DOHA _ 12 p.m. The Cato Institute holds a briefing on U.S. trade policy in the wake of Doha, with Dan Ikenson of the institute and Will Martin of the World Bank. Location: Room B-339, Rayburn.

GREENHOUSE GASES _ 12 p.m. Sen. Jim Jeffords, I-Vt., hosts a rally to announce legislation that he says will for the first time set the United States on a path to decrease and, in time, reverse the production of greenhouse gases associated with cause global warming. Other participants are Sens. Barbara Boxer, D-Calif., Jack Reed, D-R.I., and Frank Lautenberg, D-N.J., as well as leaders of national environmental groups. Location: Room 628, Dirksen Senate Office Building. Notes: There will be a pen-and-pad briefing by staff on the legislation following the rally at approximately 12:30 pm in Room 413, Dirksen Senate Office Building.

HUMAN RIGHTS-KOREA _ 12 p.m. A broad left-right group of organizations consisting of various human rights and faith-based organizations and leaders of the Korean-American community will issue an introductory statement and an 18-point Statement of Principles in a press conference to indicate its strong support for a Helsinki-based approach to U.S.-North Korea policy and for recent pro-human rights actions of the Bush administration. Location: National Press Club, Lisagor Room.

MURTHA-AWARD _ 12 p.m. The Center for National Policy presents its Edmund Muskie Distinguished Public Service Award to Rep. John Murtha. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

PENSION REFORM _ 12 p.m. The American Benefits Council holds a news briefing to discuss the status of the two pension reform bills pending in a congressional conference committee. Location: Suite 1250, 1212 New York Ave. NW.

FALUN GONG _ 12:30 p.m. Falun Gong supporters hold a rally against Chinese government practices. Location: Lower West Terrace Lawn, Capitol.

SANTORUM _ 12:30 p.m. Sen. Rick Santorum, R-Pa., delivers a ``major" policy address at a National Press Club luncheon. His remarks will focus on America's war against ``Islamic fascism," including its roots and influence in Iraq and Iran. Location: National Press Club. Notes: Santorum's address begins at 1 p.m.

DEFENSE ENERGY _ 1:45 p.m. Reps. Roscoe Bartlett and Steve Israel, others, hold a news conference to announce the formation of the Congressional Defense Energy Working Group. Location: Room 2216, Rayburn.

DEFENSE-ENERGY _ 1:45 p.m. Reps. Roscoe Bartlett, R-Md., and Steve Israel, D-N.Y., join former CIA

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Director James Woolsey for a news conference to announce the formation of the Defense Energy Working Group. Location: Room 2216, Rayburn House Office Building.

MUSLIM CANDIDATE _ 6 p.m. - 8 p.m. Candidate for Congress Keith Ellison will attend a fundraiser hosted by the Muslim community of the Greater DC area. Sponsors say Ellison, currently serving in the Minnesota State Legislature, is favored to win the election for Minnesota's Fifth Congressional district, which includes Minneapolis. If victorious, Ellison would become the first Muslim member of Congress. Location: Hunan Dynasty, 215 Pennsylvania Ave. SE.

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From: Miller, Charles S
Sent: Thursday, July 20, 2006 10:14 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 7/20/06 Civil Division News

McCallum questioned about tobacco case

Group home operator reaches settlement in fraud case

Lawsuit against Justice settled

9th claim joins fatal boat case

Trial Looms in Web Porn Law Fight

Lamberth is out; impact on Cobell is up in the air

AP

Posted on Thu, Jul. 20, 2006

McCallum questioned about tobacco case

PETE YOST
Associated Press

WASHINGTON - A Justice Department official who slashed the amount of money being sought from tobacco companies made misleading statements to Congress, says a former government lawyer who handled a landmark lawsuit against the industry.

The comments by attorney Sharon Eubanks follow Associate Attorney General Robert McCallum's decision a year ago to downsize a proposed smoking cessation program from $130 billion to $10 billion. That's the amount the government wants a judge to order cigarette companies to pay.

A month ago, McCallum sent written statements explaining his actions to the Senate Foreign Relations Committee, which was considering his nomination to be U.S. ambassador to Australia. The Senate subsequently confirmed McCallum, a former Yale classmate of President Bush, to the post.

Eubanks, who ran the department's tobacco litigation team, retired from government and now works for Citizens for Responsibility and Ethics in Washington. The private group sued the department and questioned McCallum for several hours Tuesday about documents he kept on the tobacco case.

The group wants to find out whether White House influence was brought to bear in the pending tobacco lawsuit.

"I don't remember ever receiving any directive from the White House about anything that had to do with the tobacco case," McCallum said in his sworn videotaped deposition.

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The Justice Department's Office of Professional Responsibility said last month that McCallum's conduct was not influenced by any political considerations.

Internal Justice Department e-mails obtained by The Associated Press show that the White House OK'd an op-ed piece by McCallum in USA Today defending the department's drastic cut in the amount it was demanding the tobacco companies pay.

"Please hold up. The White House wanted some changes," one Justice Department employee wrote regarding McCallum's op-ed piece.

"WH says it's good to go," said an e-mail an hour later by another department employee.

In his testimony about the Justice Department suit against the tobacco companies, McCallum refused to say whether he had notes of contacts with industry representatives. He said he was barred from answering by an order the judge had issued in the case. The order itself is sealed, McCallum added.

On Wednesday, a Justice Department spokesman, Charles Miller, said "it's absolutely incorrect" to suggest that McCallum "was anything but truthful in what he said to the Senate."

Eubanks said McCallum mischaracterized a court order in his statements to Capitol Hill, making it appear that U.S. District Judge Gladys Kessler criticized the government's embrace of smoking cessation as a remedy in the lawsuit. McCallum cited the judge's order in explaining why he reduced the government's request.

Eubanks pointed out that the judge later rejected the tobacco industry's arguments and allowed Eubanks' expert witness to testify that the companies should pay $130 billion for smoking cessation.

McCallum said the decision to cut the amount of money being sought stemmed from a federal appeals court ruling in the case that requires forward-looking remedies aimed at preventing future violations rather than penalties for past misdeeds. McCallum said career attorneys in the department's organized crime and racketeering section recommended the change.

In his comments to the Senate, McCallum noted an order from the judge that the appeals court ruling "struck a body blow to the government's case."

Eubanks said the "body blow" language had nothing to do with a smoking cessation remedy and "to make that suggestion is misleading."

In his written statements to the Senate, McCallum said he had "no personal involvement even as to supervision and oversight, in the vast majority" of proceedings in the tobacco case.

Eubanks said the statement is technically accurate, but "extremely misleading."

"I had the guy's cell phone number and he told me to call him any time on the case and occasionally I did," said Eubanks. "On the significant and important things, he made it very clear that he was to remain in the loop and involved.

"Whenever we had meetings on this, Robert was at all of them, and we had a lot of them," said Eubanks. "This is a guy who's not involved?"

McCallum told the Senate that he had conferred with attorneys including the career lawyers leading the trial team, a characterization that Eubanks rejected.

"There was no conferring," said Eubanks. "I was taking orders."

At McCallum's direction, says Eubanks, political appointees at the department wrote almost every word of Eubanks' closing argument in which she asked the judge to order the industry to pay the reduced amount.

Eubanks has removed herself from her new employer's lawsuit against the Justice Department where she used to work.

END

AP

Jul. 18, 2006

Group home operator reaches settlement in fraud case

Associated Press

EAST ST. LOUIS, Ill. - The operator of a Metro East home for mentally and physically disabled adults has paid $28,000 to settle federal claims that it was reimbursed after submitting false claims for employee training, U.S. prosecutors said.

Randy Massey, acting U.S. attorney for southern Illinois, announced Monday that the Beverly Farm Foundation Inc. has paid $14,011.62 apiece to the state and U.S. government over the false claims for job training between 1998 and 2000.

The foundation runs Beverly Farm, a group home housing about 400 adults with developmental disabilities in Godfrey. The foundation provides and bills for the required training and certification of some Beverly Farm health care workers.

The foundation's attorneys did not immediately return messages seeking comment.

A complaint filed in July 2004 in U.S. District Court had alleged that the foundation billed the Medicaid program for training that was not properly provided or supervised, Massey said. The foundation also failed to give the required number of hours of training to habilitation aides between 1998 and 2000, failed to complete the training within the required time and failed to properly administer tests, the complaint alleged.

The complaint also accused the foundation of submitting false claims to the Illinois Department of Human Services.

END

News & Observer, The (Raleigh, NC)

July 20, 2006

Lawsuit against Justice settled

Andrea Weigl

RALEIGH -- A former Raleigh federal prosecutor has settled her discrimination lawsuit against the U.S. Department of Justice for $170,000.

Mary Jude Darrow, 48, of Raleigh used to work as an assistant U.S. attorney for the Eastern District of North Carolina, which prosecutes crimes in 44 eastern counties. In 2004, Darrow was fired. She sued. Darrow, a former award-winning federal prosecutor, claims she was treated differently than her co-workers when it came to discipline and supervision.

Her bosses say she was fired because she missed deadlines, failed to follow office policies and was banned from a magistrate's court. They say she wasn't treated differently from her co-workers.

The two sides agreed in May to settle the lawsuit, but Darrow has yet to receive her check.

"It's been a nightmare," Darrow said of the litigation. "The only thing I can be glad for is when it's over."

Scott Schools, general counsel to the Executive Office of U.S. Attorneys, declined to comment about the settlement.

Darrow came to Raleigh from the U.S. Attorney's Office in New Orleans. From 1990 to 1999, Darrow prosecuted drug, fraud and violent crimes, including seven members of the 7th Ward Soldiers, a murderous gang; crooked police officers; and a former New Orleans Saints football player who committed fraud. In 1993, she won a national award from the Executive Office of U.S. Attorneys recognizing her "superior organizational and litigation skills."

"She was a very energetic and a very talented prosecutor," said Bob Boitmann, a former U.S. Attorney in New Orleans.

In 1998, Darrow, a single woman of 40, decided to adopt a child. Her daughter was blind, and doctors told Darrow that she would be profoundly mentally and physically disabled. Darrow's boss offered to move her job to Raleigh, where her family is located. In 1999, she moved to Raleigh and began prosecuting drug cases.

But by May 2002, Darrow felt overwhelmed at work. She had lost a very experienced secretary and was struggling with her caseload. She asked her bosses not to give her more cases, but they refused. Meanwhile, Darrow said, a female co-worker's similar request was granted.

In July 2002, Darrow said her bosses assigned her to prosecute a $6 million FEMA fraud case alone. Darrow said they refused her requests for another lawyer, secretary or an accountant to help, while male co-workers who were assigned to complex cases got such assistance.

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Albany Times Union (NY)

July 19, 2006

9th claim joins fatal boat case

KENNETH C. CROWE II Staff Writer

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The Legal Intelligencer
07-20-2006

Trial Looms in Web Porn Law Fight

By Shannon P. Duffy

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The preliminary phase of the case was protracted because the Supreme Court took the case up twice.

In the first high court appeal, the justices reversed a decision by the 3rd U.S. Circuit Court of Appeals which held that COPA was flawed because it calls for Internet content to be judged on "community standards" and would therefore "subject Internet providers in even the most tolerant communities to the decency standards of the most puritanical."

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Justice Clarence Thomas found that "COPA's reliance on community standards to identify material that is harmful to minors does not by itself render the statute substantially overbroad for purposes of the First Amendment."

In March 2003, the 3rd Circuit again upheld Reed's preliminary injunction, finding that COPA suffers from multiple, incurable flaws.

Writing for the court, Senior Circuit Judge Leonard I. Garth found that COPA fails the strict scrutiny test because the definitions of key terms and provisions in the statute were not narrowly tailored.

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As a result, Garth said, Internet publishers who want to know if their sites will run afoul of COPA "cannot tell which of these 'minors' should be considered in deciding the particular content of their Internet postings."

When the Supreme Court took up the case a second time, the justices affirmed the 3rd Circuit in a 5-4 decision handed down on the last day of the court's term in June 2004.

Writing for the majority, Justice Anthony M. Kennedy held that "content-based prohibitions, enforced by severe criminal penalties, have the constant potential to be a repressive force in the lives and thoughts of a free people. To guard against that threat, the Constitution demands that content-based restrictions on speech be presumed invalid and that the government bear the burden of showing their constitutionality."

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In January, the plaintiffs' team hit the Justice Department with a deposition request under Rule 30(b)(6) of the Federal Rules of Civil Procedure demanding testimony from a government official who could answer questions about how the Justice Department defines the terms "obscene" and "harmful to minors."

In the request, the plaintiffs' team said it also wanted to ask questions about the criteria used to distinguish material that is deemed "obscene" from that deemed "harmful to minors," as well as the criteria used in parsing material that is considered "harmful to minors" from that which is deemed "noncriminal."

But Reed quashed the subpoena, finding it was not the least intrusive means of gathering the information.

Instead, Reed ordered the plaintiffs lawyers to draft a series of "contention interrogatories."

Now, over the government's objection, Reed has ordered Justice Department lawyers to provide answers to the vast majority of the plaintiffs' interrogatories.

"It is clear that the contention interrogatories seek to narrow the issues at trial and provide fair notice to plaintiffs of what issues will be relevant at trial," Reed wrote.

"Unlike in many cases, this case is very, very mature and the time is ripe for the parties to solidify their contentions," Reed wrote.

The ruling is a victory for plaintiffs attorneys Christopher R. Harris, Seth L. Friedman, Katharine E. Marshall, Jeroen van Kwawegen and Elan R. Dobbs of Latham & Watkins in New York.

In an interview Monday, Harris said the case is currently scheduled for trial in October and that the Latham & Watkins lawyers will be jointly representing the plaintiffs with ACLU attorneys Christopher A. Hansen and Benjamin Elihu Wizner.

Justice Department lawyers argued that the interrogatories were vague and overbroad, and that many went beyond the issues first raised in the Rule 30(b)(6) deposition subpoena.

Reed disagreed, saying the deposition notice and his own order were "very broadly and were not intended to be limiting."

"My own interpretation of my order," Reed wrote, "is that the plaintiffs were allowed to propound contention or other interrogatories which sought to uncover defendant's current or past rationales, practices, policies or internal rules. ... Therefore, it was perfectly acceptable for the plaintiffs to ask defendant (and defendant to answer) interrogatories seeking contentions defendant will assert at trial and as well, defendant's current rationales, practices, policies or internal rules, to the extent that they exist, to a given scenario."

In one series of questions, the plaintiffs asked government lawyers to review the printouts of certain Internet Web pages and state whether they would be considered harmful to minors.

Homing in on a key dispute in the case, the plaintiffs also demanded to know whether any of the material would be deemed "to appeal to, or designed to pander to, the prurient interests of" either 16- or 17-year-olds.

For each page, they also asked whether the material, "when taken as a whole, lacks serious literary, artistic, political or scientific value." Reed ordered that all of the questions be answered, saying the plaintiffs are entitled to know that "rationales, practices, policies or internal rules for determining whether communications are subject to COPA."

Rejecting the Justice Department's complaint that the interrogatories were overbroad, Reed found instead that they "seek information on only a limited number of provided sample Web pages and do not require defendant to search through vast amounts of information."

Reed also ordered the government to answer interrogatories seeking 10 examples of Internet content that the Justice Department deems to be "harmful to minors but not prosecutable as obscenity in any jurisdiction in the United States."

Likewise, Reed ordered the government to provide 10 examples of content on the Internet the government deems to be prosecutable as obscenity, as well as information on whether the cases are being prosecuted and, if not, why not.

"Answering these two contention interrogatories will greatly assist this court and the parties in the management of the issues likely to be raised in the trial and pre-trial motions by narrowing and defining said issues," Reed wrote.

But in a separate section of the opinion, Reed also left the door open for the government to refuse to answer questions if doing so would violate a privilege. In those instances, Reed said, the government must supply its grounds for asserting the privilege when it supplies its answers to the remaining questions.

END

Indian Country Today (Oneida, NY) (KRT)

July 19, 2006

Lamberth is out; impact on Cobell is up in the air

Jerry Reynolds

Indian Country Today, Oneida, N.Y.

Jul. 19--WASHINGTON -- Federal defense attorneys lost their favorite target in the trust funds lawsuit known as Cobell v. Norton, following an appeals court order that the chief judge for the District of Columbia circuit reassign the case.

The July 11 ruling ousted Judge Royce Lamberth from the proceedings, an exceedingly rare step that a three-judge panel of the U.S. Court of Appeals for the D.C. circuit arrived at "reluctantly" in the belief that "'justice must satisfy the appearance of justice' -- that is, reasonable observers must have confidence that judicial decisions flow from the impartial application of law to fact, not from a judge's animosity to a party."

The 10-year class action lawsuit, brought by Individual Indian Money account holders against the Interior Department (the government's delegate for managing the IIM trust), seeks an accounting of the revenues due to the trust after more than a century of mismanagement -- a track record Lamberth memorably termed "Interior's degenerate tenure."

Those words are among a salvo of others that convinced the panel Lamberth has lost his judicial dispassion in the case. The panel additionally cited eight Lamberth decisions that have been overturned on appeal, including contempt citations against four Cabinet secretaries, three at Interior and one at Treasury. A catalogue of Lamberth's missteps in each of the eight reversals is included in the panel's written ruling. "Ten judges of this court have heard one or more of these appeals.

Not one has dissented."

Also July 11, the appellate court restored Interior to the Internet, vacating a Lamberth order that it disconnect its IIM-related computers over concerns about the security of its systems. (In a statement released the same day, namesake plaintiff Elouise Cobell\l "I" announced that that particular decision will be appealed to the U.S. Supreme Court.)

One school of thought among Washingtonians who work in Indian affairs is that Lamberth's removal is no real help to Interior, not given the department's legal position and the panel's low opinion of its conduct. Speaking for that viewpoint, Gregory Smith, of Johnston & Associates, said, "A judge replacing Lamberth is likely to reach the same opinions he did, but without distracting from the merits of the case with inflammatory opinion. Because the facts of the case are with us."

Another viewpoint is that the learning curve any new judge will encounter in taking up the voluminous case will set back a court settlement by perhaps another decade. "I think the removal of Lamberth was a wrong decision," said Tex Hall, chairman of the Three Affiliated Tribes of the Mandan, Hidatsa and Arikara in North Dakota. "It sends the wrong message to Indians and Americans in a historic case -- I think the court system has failed us today. I think we're wasting time with the judicial system, time our elders don't have."

Hall said Congress must act to settle the case. Bills that would do just that if enacted are before the Senate and the House of Representatives, but at last report neither chamber had taken the plunge of supplying a dollar sum in settlement of monetary losses from the IIM accounts. Hall said the administration of President George Bush may have weighed in against a figure of $6 billion to $8 billion -- "around that" -- adding that he would know more following visits to Capitol Hill that took place after press time.

Anyone who has followed the case is bound to suspect some feeling of vindication was hard to resist at Interior when the decision was announced. But it would not have survived a close reading of the decision. Lamberth takes a thumping, but so do all sides in a case that has generated singular hostility between the litigants. The cause of Lamberth's downfall, the court went out of its way to emphasize, "is, most certainly, not any redeeming aspect of Interior's behavior as trustee," but Lamberth's own intemperate words and ill-founded decisions. Elsewhere it observes that "Interior's deplorable record deserves condemnation in the strongest terms" and warns the department against false confidence. "As the litigation proceeds, the government must remember that although it regularly prevails on appeal, our many decisions in no way change the fact that it remains in breach of its trust responsibilities."

Beginning on the second page, numerous other passages in the 34-page ruling spell out the fiduciary obligation the government took on when it assumed title to Indian lands and set up shop as a trustee, for Indian individuals, of royalties earned from the lease of their lands and resources. References abound to nearly 100 years of mismanagement, "the magnitude of government malfeasance," "recalcitrance," "unconscionable delay," "hopelessly inept management" and "a serious injustice that has persisted for over a century and that cries out for redress."

Plaintiff attorneys take a scouring too: they "would more ably advance their worthy cause," the judges advise, "by focusing their energies on legal issues rather than on attacking the government and its lawyers."

The ruling concludes by calling for a "fresh start" in the case, as well as an expeditious and fair resolution.

END

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Image not available for this document, ID: 0.7.10316.47537-000002

From: Gorsuch, Neil M
Sent: Thursday, July 20, 2006 12:22 PM
To: Elwood, Courtney
Subject: FW: 7/20/06 Civil Division News

Tracking:

Recipient	Read
Elwood, Courtney	Read: 7/20/2006 12:29 PM

Fyi

From: Miller, Charles S
Sent: Thursday, July 20, 2006 10:14 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 7/20/06 Civil Division News

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AP

Posted on Thu, Jul. 20, 2006

McCallum questioned about tobacco case

PETE YOST
Associated Press

WASHINGTON - A Justice Department official who slashed the amount of money being sought from tobacco companies made misleading statements to Congress, says a former government lawyer who handled a landmark lawsuit against the industry.

The comments by attorney Sharon Eubanks follow Associate Attorney General Robert McCallum's decision a year ago to downsize a proposed smoking cessation program from $130 billion to $10 billion. That's the amount the government wants a judge to order cigarette companies to pay.

A month ago, McCallum sent written statements explaining his actions to the Senate Foreign Relations Committee, which was considering his nomination to be U.S. ambassador to Australia. The Senate subsequently confirmed McCallum, a former Yale classmate of President Bush, to the post.

Eubanks, who ran the department's tobacco litigation team, retired from government and now works for Citizens for Responsibility and Ethics in Washington. The private group sued the department and questioned McCallum for several hours Tuesday about documents he kept on the tobacco case.

The group wants to find out whether White House influence was brought to bear in the pending tobacco lawsuit.

DOJ_NMG_0042062

"I don't remember ever receiving any directive from the White House about anything that had to do with the tobacco case," McCallum said in his sworn videotaped deposition.

The Justice Department's Office of Professional Responsibility said last month that McCallum's conduct was not influenced by any political considerations.

Internal Justice Department e-mails obtained by The Associated Press show that the White House OK'd an op-ed piece by McCallum in USA Today defending the department's drastic cut in the amount it was demanding the tobacco companies pay.

"Please hold up. The White House wanted some changes," one Justice Department employee wrote regarding McCallum's op-ed piece.

"WH says it's good to go," said an e-mail an hour later by another department employee.

In his testimony about the Justice Department suit against the tobacco companies, McCallum refused to say whether he had notes of contacts with industry representatives. He said he was barred from answering by an order the judge had issued in the case. The order itself is sealed, McCallum added.

On Wednesday, a Justice Department spokesman, Charles Miller, said "it's absolutely incorrect" to suggest that McCallum "was anything but truthful in what he said to the Senate."

Eubanks said McCallum mischaracterized a court order in his statements to Capitol Hill, making it appear that U.S. District Judge Gladys Kessler criticized the government's embrace of smoking cessation as a remedy in the lawsuit. McCallum cited the judge's order in explaining why he reduced the government's request.

Eubanks pointed out that the judge later rejected the tobacco industry's arguments and allowed Eubanks' expert witness to testify that the companies should pay $130 billion for smoking cessation.

McCallum said the decision to cut the amount of money being sought stemmed from a federal appeals court ruling in the case that requires forward-looking remedies aimed at preventing future violations rather than penalties for past misdeeds. McCallum said career attorneys in the department's organized crime and racketeering section recommended the change.

In his comments to the Senate, McCallum noted an order from the judge that the appeals court ruling "struck a body blow to the government's case."

Eubanks said the "body blow" language had nothing to do with a smoking cessation remedy and "to make that suggestion is misleading."

In his written statements to the Senate, McCallum said he had "no personal involvement even as to supervision and oversight, in the vast majority" of proceedings in the tobacco case.

Eubanks said the statement is technically accurate, but "extremely misleading."

"I had the guy's cell phone number and he told me to call him any time on the case and occasionally I did," said Eubanks. "On the significant and important things, he made it very clear that he was to remain in the loop and involved.

"Whenever we had meetings on this, Robert was at all of them, and we had a lot of them," said Eubanks. "This is a guy who's not involved?"

McCallum told the Senate that he had conferred with attorneys including the career lawyers leading the trial team, a characterization that Eubanks rejected.

"There was no conferring," said Eubanks. "I was taking orders."

At McCallum's direction, says Eubanks, political appointees at the department wrote almost every word of Eubanks' closing argument in which she asked the judge to order the industry to pay the reduced amount.

Eubanks has removed herself from her new employer's lawsuit against the Justice Department where she used to work.

END

AP

Jul. 18, 2006

Group home operator reaches settlement in fraud case

Associated Press

EAST ST. LOUIS, Ill. - The operator of a Metro East home for mentally and physically disabled adults has paid $28,000 to settle federal claims that it was reimbursed after submitting false claims for employee training, U.S. prosecutors said.

Randy Massey, acting U.S. attorney for southern Illinois, announced Monday that the Beverly Farm Foundation Inc. has paid $14,011.62 apiece to the state and U.S. government over the false claims for job training between 1998 and 2000.

The foundation runs Beverly Farm, a group home housing about 400 adults with developmental disabilities in Godfrey. The foundation provides and bills for the required training and certification of some Beverly Farm health care workers.

The foundation's attorneys did not immediately return messages seeking comment.

A complaint filed in July 2004 in U.S. District Court had alleged that the foundation billed the Medicaid program for training that was not properly provided or supervised, Massey said. The foundation also failed to give the required number of hours of training to habilitation aides between 1998 and 2000, failed to complete the training within the required time and failed to properly administer tests, the complaint alleged.

The complaint also accused the foundation of submitting false claims to the Illinois Department of Human Services.

END

News & Observer, The (Raleigh, NC)

July 20, 2006

Lawsuit against Justice settled

Andrea Weigl

RALEIGH -- A former Raleigh federal prosecutor has settled her discrimination lawsuit against the U.S. Department of Justice for $170,000.

Mary Jude Darrow, 48, of Raleigh used to work as an assistant U.S. attorney for the Eastern District of North Carolina, which prosecutes crimes in 44 eastern counties. In 2004, Darrow was fired. She sued. Darrow, a former award-winning federal prosecutor, claims she was treated differently than her co-workers when it came to discipline and supervision.

Her bosses say she was fired because she missed deadlines, failed to follow office policies and was banned from a magistrate's court. They say she wasn't treated differently from her co-workers.

The two sides agreed in May to settle the lawsuit, but Darrow has yet to receive her check.

"It's been a nightmare," Darrow said of the litigation. "The only thing I can be glad for is when it's over."

Scott Schools, general counsel to the Executive Office of U.S. Attorneys, declined to comment about the settlement.

Darrow came to Raleigh from the U.S. Attorney's Office in New Orleans. From 1990 to 1999, Darrow prosecuted drug, fraud and violent crimes, including seven members of the 7th Ward Soldiers, a murderous gang; crooked police officers; and a former New Orleans Saints football player who committed fraud. In 1993, she won a national award from the Executive Office of U.S. Attorneys recognizing her "superior organizational and litigation skills."

"She was a very energetic and a very talented prosecutor," said Bob Boitmann, a former U.S. Attorney in New Orleans.

In 1998, Darrow, a single woman of 40, decided to adopt a child. Her daughter was blind, and doctors told Darrow that she would be profoundly mentally and physically disabled. Darrow's boss offered to move her job to Raleigh, where her family is located. In 1999, she moved to Raleigh and began prosecuting drug cases.

But by May 2002, Darrow felt overwhelmed at work. She had lost a very experienced secretary and was struggling with her caseload. She asked her bosses not to give her more cases, but they refused. Meanwhile, Darrow said, a female co-worker's similar request was granted.

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The Legal Intelligencer
07-20-2006

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By Shannon P. Duffy

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DOJ_NMG_0042066

The ruling is a victory for plaintiffs attorneys Christopher R. Harris, Seth L. Friedman, Katharine E. Marshall, Jeroen van Kwawegen and Elan R. Dobbs of Latham & Watkins in New York.

In an interview Monday, Harris said the case is currently scheduled for trial in October and that the Latham & Watkins lawyers will be jointly representing the plaintiffs with ACLU attorneys Christopher A. Hansen and Benjamin Elihu Wizner.

Justice Department lawyers argued that the interrogatories were vague and overbroad, and that many went beyond the issues first raised in the Rule 30(b)(6) deposition subpoena.

Reed disagreed, saying the deposition notice and his own order were "very broadly and were not intended to be limiting."

"My own interpretation of my order," Reed wrote, "is that the plaintiffs were allowed to propound contention or other interrogatories which sought to uncover defendant's current or past rationales, practices, policies or internal rules. ... Therefore, it was perfectly acceptable for the plaintiffs to ask defendant (and defendant to answer) interrogatories seeking contentions defendant will assert at trial and as well, defendant's current rationales, practices, policies or internal rules, to the extent that they exist, to a given scenario."

In one series of questions, the plaintiffs asked government lawyers to review the printouts of certain Internet Web pages and state whether they would be considered harmful to minors.

Homing in on a key dispute in the case, the plaintiffs also demanded to know whether any of the material would be deemed "to appeal to, or designed to pander to, the prurient interests of" either 16- or 17-year-olds.

For each page, they also asked whether the material, "when taken as a whole, lacks serious literary, artistic, political or scientific value." Reed ordered that all of the questions be answered, saying the plaintiffs are entitled to know that "rationales, practices, policies or internal rules for determining whether communications are subject to COPA."

Rejecting the Justice Department's complaint that the interrogatories were overbroad, Reed found instead that they "seek information on only a limited number of provided sample Web pages and do not require defendant to search through vast amounts of information."

Reed also ordered the government to answer interrogatories seeking 10 examples of Internet content that the Justice Department deems to be "harmful to minors but not prosecutable as obscenity in any jurisdiction in the United States."

Likewise, Reed ordered the government to provide 10 examples of content on the Internet the government deems to be prosecutable as obscenity, as well as information on whether the cases are being prosecuted and, if not, why not.

"Answering these two contention interrogatories will greatly assist this court and the parties in the management of the issues likely to be raised in the trial and pre-trial motions by narrowing and defining said issues," Reed wrote.

But in a separate section of the opinion, Reed also left the door open for the government to refuse to answer questions if doing so would violate a privilege. In those instances, Reed said, the government must supply its grounds for asserting the privilege when it supplies its answers to the remaining questions.

END

Indian Country Today (Oneida, NY) (KRT)

July 19, 2006

Lamberth is out; impact on Cobell is up in the air

Jerry Reynolds

Indian Country Today, Oneida, N.Y.

Jul. 19--WASHINGTON -- Federal defense attorneys lost their favorite target in the trust funds lawsuit known as Cobell v. Norton, following an appeals court order that the chief judge for the District of Columbia circuit reassign the case.

The July 11 ruling ousted Judge Royce Lamberth from the proceedings, an exceedingly rare step that a three-judge panel of the U.S. Court of Appeals for the D.C. circuit arrived at "reluctantly" in the belief that "'justice must satisfy the appearance of justice' -- that is, reasonable observers must have confidence that judicial decisions flow from the impartial application of law to fact, not from a judge's animosity to a party."

The 10-year class action lawsuit, brought by Individual Indian Money account holders against the Interior Department (the government's delegate for managing the IIM trust), seeks an accounting of the revenues due to the trust after more than a century of mismanagement -- a track record Lamberth memorably termed "Interior's degenerate tenure."

Those words are among a salvo of others that convinced the panel Lamberth has lost his judicial dispassion in the case. The panel additionally cited eight Lamberth decisions that have been overturned on appeal, including contempt citations against four Cabinet secretaries, three at Interior and one at Treasury. A catalogue of Lamberth's missteps in each of the eight reversals is included in the panel's written ruling. "Ten judges of this court have heard one or more of these appeals. Not one has dissented."

Also July 11, the appellate court restored Interior to the Internet, vacating a Lamberth order that it disconnect its IIM-related computers over concerns about the security of its systems. (In a statement released the same day, namesake plaintiff Elouise Cobell\l "l" announced that that particular decision will be appealed to the U.S. Supreme Court.)

One school of thought among Washingtonians who work in Indian affairs is that Lamberth's removal is no real help to Interior, not given the department's legal position and the panel's low opinion of its conduct. Speaking for that viewpoint, Gregory Smith, of Johnston & Associates, said, "A judge replacing Lamberth is likely to reach the same opinions he did, but without distracting from the merits of the case with inflammatory opinion. Because the facts of the case are with us."

Another viewpoint is that the learning curve any new judge will encounter in taking up the voluminous case will set back a court settlement by perhaps another decade. "I think the removal of Lamberth was a wrong decision," said Tex Hall, chairman of the Three Affiliated Tribes of the Mandan, Hidatsa and Arikara in North Dakota. "It sends the wrong message to Indians and Americans in a historic case -- I think the court system has failed us today. I think we're wasting time with the judicial system, time our elders don't have."

Hall said Congress must act to settle the case. Bills that would do just that if enacted are before the Senate and the House of Representatives, but at last report neither chamber had taken the plunge of supplying a dollar sum in settlement of monetary losses from the IIM accounts. Hall said the administration of President George Bush may have weighed in against a figure of $6 billion to $8 billion -- "around that" -- adding that he would know more following visits to Capitol Hill that took place after press time.

Anyone who has followed the case is bound to suspect some feeling of vindication was hard to resist at Interior when the decision was announced. But it would not have survived a close reading of the decision. Lamberth takes a thumping, but so do all sides in a case that has generated singular hostility between the litigants. The cause of Lamberth's downfall, the court went out of its way to emphasize, "is, most certainly, not any redeeming aspect of Interior's behavior as trustee," but Lamberth's own intemperate words and ill-founded decisions. Elsewhere it observes that "Interior's deplorable record deserves condemnation in the strongest terms" and warns the department against false confidence. "As the litigation proceeds, the government must remember that although it regularly prevails on appeal, our many decisions in no way change the fact that it remains in breach of its trust responsibilities."

Beginning on the second page, numerous other passages in the 34-page ruling spell out the fiduciary obligation the government took on when it assumed title to Indian lands and set up shop as a trustee, for Indian individuals, of royalties earned from the lease of their lands and resources. References abound to nearly 100 years of mismanagement, "the magnitude of government malfeasance," "recalcitrance," "unconscionable delay," "hopelessly inept management" and "a serious injustice that has persisted for over a century and that cries out for redress."

Plaintiff attorneys take a scouring too: they "would more ably advance their worthy cause," the judges advise, "by focusing their energies on legal issues rather than on attacking the government and its lawyers."

The ruling concludes by calling for a "fresh start" in the case, as well as an expeditious and fair resolution.

END

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, July 21, 2006 7:55 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, July 21, 2006
Attachments:	agnb060721.pdf; agnb060721.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JULY 21, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Judge Refuses To Dismiss Surveillance Suit Against AT&T 4
Pakistani Gets 30 Years In Prison For Plot To Help Al Qaeda Agent Enter US....5
Final Uncharged 9/11 Detainee Released To Seek Asylum In Canada 5
Padilla Attorneys Stuck In Beirut Evacuated To Cyprus....5

Homeland Response:

FBI Keeping Close Watch On Hezbollah Members In US....5
DHS Official Defends National Asset Database....6
Mayors Call For Delay In Implementation Of Western Hemisphere Travel Initiative 6
GAO Says Federal Disaster Plans Don't Cover Nursing Homes....6
Paulison Says First Responders Ready For Beryl 7

War News:

Rising Violence In Iraq Alarms Officials....7
Judge Grants Three-Month Delay In Iraq Rape-Murder Arraignment....8
Army Captain Relates Iraqi Approval After Shootout With "Terrorists." 8
Hussein Calls For US Pullout From Iraq In Letter....8
NATO Head Says Taliban Can't Thwart Troops....8
Army Feeling Financial Strain Of Wars In Iraq, Afghanistan 8

DOJ:

Gonzales Discusses Immigration Reform On Trip To Texas Border Region....9
Former AUSA Who Settled Bias Complaint With DOJ Opens Private Practice....10

Corporate Scandals:

Former Brocade Officials Charged In Options Probe 10
Cox To Name Hewitt As Chief SEC Accountant....12

Criminal Law:

Nigerian Vice President Says He Never Agreed To Take Bribe From Jefferson 12
Computer Technicians Plead Not Guilty To Obstructing Fumo Probe....13
US Seeks Limits On Defense Tactics At Retrial Of Former New Mexico Treasurer 13
Tennessee Waltz Trial Set For Feb. 5 13
Three Boston Police Officers Arrested In FBI Corruption Probe....13
Three Plead Guilty To Ecoterrorism In Oregon 13
Reputed Mob Financier Turned Restaurateur Charged With Insurance Fraud 14
US Internet Gambling Conference Postponed In Wake Of BetOnSports Arrest....14
Former Air Marshal Sentenced To 20 Years For Child Porn Possession....15
Additional Charges Filed Against Florida Prison Guards In Sex Case 15
Arrest Of New Orleans Doctor, Nurses Prompts "Mercy Killing" Debate....15
Virginia Executes Man For 1997 Rape-Murder 15
Former UBS PaineWebber Tech Worker Convicted Of Tampering....16
Former Midshipman Acquitted Of Rape....16

Civil Law:

Former DOJ Tobacco Litigation Chief Says McCallum Misled Congress....16

Civil Rights:

Bush Gets Mostly Polite Reception At First Speech To NAACP 17
Senate Passes Voting Rights Act By 98-0 Vote....19

South Carolina Hospital Settles With DOJ Over Communication For Deaf Patients 20
DOJ Monitors Watch Alabama Elections 20
DOJ To Weigh Free Speech Against Public Harm In Koran Desecration 20

Antitrust:

Microsoft Sales Grow But Profit Lags 21
China Internation Marine Containers Drops Bid For Burg 21

Environment/Indian Affairs:

Panel To Investigate Charges White House Edited Environmental Reports 21
USDA Reduces Mad Cow Testing By 90% 22
Judge Halts Arkansas Irrigation Project Over Woodpecker Claims 22
Kempthorne Backs Bill To Give States Portion Of Oil Royalties 22
Some Western Republicans Opposing New Oil, Gas Drilling On Federal Lands 23
Texas Utility Firm Plans 11 Coal Burning Power Plants 23
DOJ In Talks To Bring Amber Alerts To Indian Reservations 23

FBI/DEA/ATF/USMS:

Grand Jury Ends Without Indicting Bonds, New Grand Jury Impaneled 23
Bush Nominee Accused Of Obstructing Justice In Meth Case 25
Defense Attorney Accuses Authorities Of "Playing Favorites" In Tennessee Marijuana Case 25
Alleged New York Gang Leader Sentenced To 37 Years 26

Immigration:

Hastert Says Border Security Remains First Immigration Priority 26

Tax:

Court Rules Against IRS In Tax Shelter Case 27

Congress-Administration:

Leavitt Family's Use Of Foundation For Tax Deductions Questioned 28
Pension Bill Expected To Reach Bush's Desk Before August Recess 28
Senate Appropriators Finish Work Before August Recess 29
House Approves Oman Trade Agreement 29
Peru Trade Accord Passes House Committee 29
Senate GOP Pushes Parental Notification Bill 29
Military, Civil Service Pay Raises Advance On Separate Tracks 29
LATimes Praises Proposed Federal Spending Database 29
WPost Says Public Apathy Allows Farm Subsidies To Survive 30

Other News:

Bernanke Optimistic About Housing 30
Stock Markets Fall On Economic Outlook 30
Oil Prices Expected To Eventually Have Economic Impact ... 31
Romney Orders Part Of Big Dig Closed 31
Study Finds Medication Errors Widespread 31
Democrats See Opportunity In Moderates Alienated By GOP Stance On Stem Cell Research 31
Unions Seek To Coordinate Political Efforts After Split 32
Obama To Be Featured At High Profile Iowa Democratic Party Event 33
Bush May Visit Battleground States During August Vacation .. 33
House GOP Working Hard To Woo Social Conservatives 33
DCCC Planning $30 Million Ad Blitz This Fall 33
Democratic Fundraising Committees Narrow GOP's Fundraising Lead 33
Quinnipiac Poll Shows Lieberman Trailing Lamont 34
Hollywood's Elite Donating To Clinton 34
In Effort To Reach Voters, Politicians Race To Keep Up With Technology 35
Administration Faces Pressure Over Response To Mideast Violence 35
By Overwhelming 410-8Vote Margin House Passes Resolution In Support Of Israel 38
Israel Prepares To Increase Deployment Of Ground Forces 38
Continuing Violence In Gaza Overshadowed 41
US Marines Evacuate US Citizens From Lebanon 41
Bush May Push For Bolton's Confirmation 42
Iran Promises August Reply To Nuke Plan 42
US Seeks Consultation On North Korea Talks 43
Bush Talks With Top Chinese Officer 43
US To Send Japan Antimissile Systems 43
Nuclear Foes Remain Wary Of Kashmir Peace Talks 44
Congressmen Complain About F-16 Sale To Pakistan 44
US To Sell Black Hawk Helicopters, Military Equipment To Saudi Arabia 44
Protests Delay Trial Of Chinese Rights Advocate 44
Yukos Chief Resigns Over Court Assessment 45
Nigerian Promotes Democracy, Religion In Kiev 45
Bush Urges Sudan To Allow Peace Force 45
Ethiopia Enters Somalia To Back Government 46
Libya May Soon Feel Pressure To Settle With Victims Of Its Attacks 46
US, New Zealand Agree To Strengthen Relations 46

DOJ_NMG_0042073

French Socialist Win Over Voters Via Internet 46
Smuggled Cubans To Stay In U.S 46
Disputed Election Strains Mexican Society 46
Bird Flu Spiraling In Indonesia 46
Tsunami Cleanup Continues 47
In Europe, George Soros Criticizes Bush 47

The Big Picture:

Headlines From Today's Front Pages 47

Washington's Schedule:

Today's Events In Washington 48

DOJ_NMG_0042074

TERRORISM NEWS:

Judge Refuses To Dismiss Surveillance Suit Against AT&T. The San Francisco Chronicle (7/21, Egelko) reports, "A federal judge in San Francisco refused today to dismiss a privacy-rights group's lawsuit against AT&T for allegedly cooperating in illegal government electronic surveillance of U.S. citizens, and flatly rejected the Bush administration's claims that such litigation threatens national security. … 'Dismissing this case at the outset would sacrifice liberty for no apparent enhancement of security,' Chief U.S. District Judge Vaughn Walker said in a 72-page ruling denying dismissal motions by both the federal government and AT&T. … He also said AT&T and the Bush administration have already disclosed, for all practical purposes, that the company 'assists the government in monitoring communication content' as part of federal anti-terrorism efforts. Allowing private parties to claim that their rights were violated by the company's role in the program would not expose state secrets or assist terrorists, Walker said." The Chronicle adds, "It was the first ruling in the nation on the administration's claim that all of the roughly 30 lawsuits challenging the electronic surveillance program must be dismissed because they threaten to expose state secrets."

The Washington Post (7/21, A9, Mohammed) reports, "The class-action suit against AT&T Inc., filed by the Electronic Frontier Foundation in January, alleges that the nation's largest phone company collaborated with the federal government in an illegal domestic spying program to monitor Americans' phone calls and e-mails. … The government, which has defended the legality of what it has called a 'terrorist surveillance program' without revealing many details about its workings, asked U.S. District Judge Vaughn R. Walker to dismiss the case, arguing that it would divulge state secrets and damage national security. … In his ruling, Walker wrote that he saw no 'reasonable danger' of harming national security by proceeding with the case, that its subject was 'hardly a secret' and that the court had a constitutional duty to decide matters brought before it. … 'To defer to a blanket assertion of secrecy here would be to abdicate that duty, particularly because the very subject matter of this litigation has been so publicly aired,' Walker wrote. 'The compromise between liberty and security remains a difficult one. But dismissing this case at the outset would sacrifice liberty for no apparent enhancement of security.'"

The AP (7/21, Kravets) reports, "Dozens of lawsuits alleging that telecommunications companies and the government are illegally intercepting Americans' communications without warrants have been filed. This is the first time a judge has ruled on the government's claim of a 'state secrets privilege.' … 'It might appear that none of the subject matter in this litigation could be considered a secret given that the alleged surveillance programs have been so widely reported in the media,' Walker said." The AP adds that "in declining to dismiss AT&T Inc. from the lawsuit, filed by the Electronic Frontier Foundation privacy group, Walker suggested the case had some merit. 'AT&T cannot seriously contend that a reasonable entity in its position could have believed that the alleged domestic dragnet was legal,' he wrote. … A Justice Department spokesman said the administration was reviewing the ruling before making its next step."

The Wall Street Journal (7/21, A10, Cheng, 2.03M), the New York Times (7/21, Markoff, 1.21M) and the Los Angeles Times (7/21, Menn, 918K) also report this story.

Surveillance Bill Hits Senate Snag. The Washington Post (7/21, A9, Eggen) reports, "A Senate surveillance bill personally negotiated by President Bush and Vice President Cheney ran into immediate trouble this week, as Democrats and other critics attacked the proposal while key GOP leaders in the House endorsed a different bill on the same topic." The Post continues, "The Senate legislation, drafted during negotiations between the White House and Sen. Arlen Specter (R-Pa.), would allow the administration to submit the National Security Agency's warrantless surveillance program to a secret intelligence court for review of its legality. … The proposal was billed as a rare and noteworthy compromise by the administration when unveiled last week. But the legislation quickly came under attack from Democrats and many national security experts, who said it would actually give the government greater powers to spy on Americans without court oversight." The Post adds, "A competing bill introduced by Rep. Heather A. Wilson (R-N.M.) was endorsed this week by two key House GOP leaders: Peter Hoekstra (Mich.), the intelligence committee chairman, and F. James Sensenbrenner Jr. (Wis.), head of the Judiciary Committee. … Specter, chairman of the Senate Judiciary Committee,

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canceled a markup session for his proposal that had been scheduled for yesterday. He announced instead plans instead for a full committee hearing Wednesday on the Foreign Intelligence Surveillance Act (FISA), the 1978 statute at the center of the debate. … The developments add to the uncertainty surrounding the eavesdropping program, which allows the NSA to intercept telephone calls and e-mails between the United States and locations overseas without court approval if one of the parties is suspected of links to terrorism."

Pakistani Gets 30 Years In Prison For Plot To Help Al Qaeda Agent Enter US. The AP (7/21, Neumeister) reports, "A Pakistani man convicted of agreeing to help an al-Qaida operative with terrorist plans sneak into the United States was sentenced Thursday to 30 years in federal prison. Judge Sidney H. Stein said Uzair Paracha knew what he was doing when he agreed to help a former Baltimore resident trying to sneak back into the U.S. from Pakistan." Stein "said a stiff sentence was needed to deter such activity." The AP notes, "Paracha was convicted in November of providing material support to a terrorist organization after a trial in which prosecutors relied largely on his confession to FBI agents. Paracha had told the FBI he had no personal interest in al-Qaida but cooperated because Khan and others related to the terrorist network had promised to invest $200,000 in one of his family's businesses."

The New York Times (7/21, 1.21M) adds that Paracha impersonated Pakistani al Qaeda operative Majid Khan, "including posing as him during telephone calls with the Immigration and Naturalization Service and using his credit card to make it appear as though Mr. Khan had never left the United States, when in fact he had gone to Pakistan without notifying immigration authorities."

Final Uncharged 9/11 Detainee Released To Seek Asylum In Canada. The Washington Post (7/21, A9, Asthana, 748K) reports, "Benamar Benatta, believed to be the last remaining domestic detainee from the Sept. 11, 2001, attacks, was released yesterday after negotiations involving Canada, the United States and his attorneys ended his captivity at nearly five years. … The Algerian air force lieutenant spent more than 58 months behind bars even though the FBI formally concluded in November 2001 that he had no connection to terrorism." The Post notes, Benatta came to the United States in 2000 for military training and then overstayed a six-month visa. … He was initially charged with carrying fraudulent papers until a federal magistrate called those accusations a 'sham.' Since then, he has been held for overstaying his visa as he waged a multiyear battle for political asylum in the United States or Canada, alleging he would be killed if he were returned to Algeria."

Padilla Attorneys Stuck In Beirut Evacuated To Cyprus. The Miami Daily Business Review (7/21, Kay) reports, "Three defense attorneys in a Miami terrorism case who were trapped in Beirut by the conflict between Israel and Lebanon have been evacuated safely to Cyprus." The Review continues, "Miami Assistant Federal Public Defender Orlando do Campo and two private lawyers, William Swor of Detroit and Andrew Patel of New York, traveled to Lebanon about three weeks ago. They were there to do research and take depositions in preparation for the scheduled federal trial in September of accused dirty bomber Jose Padilla and four other defendants before U.S. District Judge Marcia Cooke." The Review adds, "The lawyers were stuck at a Beirut hotel, according to Swor's secretary. They had departed for Beirut on July 2 and were supposed to return on July 14. But war broke out July 12 when Israel began its campaign to recover two kidnapped Israeli soldiers. Israel bombed the airport, trapping the lawyers and thousands of other Americans and Europeans in Lebanon. The lawyers had no choice but to stay on at the hotel while the U.S. and other governments made plans to evacuate their citizens. … Do Campo and Patel represent Padilla. Swor represents Kifah Jayyousi. Padilla, Jayyousi and Adham Hassoun -- along with two co-defendants who are in the Middle East and will be tried in absentia -- are charged with conspiring to commit terrorism and funding terrorist groups in Bosnia and the Middle East. All have pleaded not guilty. … The three attorneys were rescued Wednesday and put on a cruise ship chartered for the rescue effort. They were taken to nearby Cyprus. From there they are expected to fly back to the United States."

HOMELAND RESPONSE:

FBI Keeping Close Watch On Hezbollah Members In US. MSNBC's Hardball With Chris Matthews (7/20) reported, "US officials are telling local enforcement figures…to be vigilant. Is there a threat in the United States from Hezbollah?" MSNBC (Williams) added,

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"There's no question that Hezbollah has cells operating in the US," but the Hezbollah members arrested in the US in the past "were accused, not of plotting attacks, but of raising money to support Hezbollah in the Middle East. And while terrorism experts say members here have military training, they have refrained from attacking," but "some say that could change if Hezbollah feels it's about to be wiped out. … For now, the FBI says it's keeping a close eye on suspected Hezbollah cells here." FBI Director Robert Mueller: "To the extent that we have identified individuals associated with Hezbollah, you bet that we are taking additional precautions to assure that we do not face a threat from these individuals." Williams: "And in a joint bulletin with the Department of Homeland Security, the FBI also warns local police that individuals residing here who sympathize with Lebanon or Hezbollah could act on their grievances, too."

WCNC-TV Charlotte (7/20, Romero) reports on its Web site from a story broadcast yesterday, "In 2002 a trial in Charlotte's federal court revealed a cell of Hezbollah terrorists operating in Charlotte. … Michael Resnick, in charge of the FBI's Joint Terrorism Task Force for North Carolina, confirms they are currently investigating Hezbollah cells in North Carolina. 'Clearly they have a violent capability,' he said. 'They are a military organization, as evidence by what is going on in Lebanon.'" US Attorney Ken Bell, who prosecuted the 2002 case, said, "We had a real terrorist cell here in Charlotte," but Resnick noted, "I would describe that cell as being significantly dismantled by prosecution and deportation. But that doesn't mean that the presence of Hezbollah in Charlotte or North Carolina is greatly diminished." WCNC adds, "Hezbollah operatives in Charlotte are mainly raising money the FBI says, at least for now. 'Terrorist groups tend to change their techniques,' Resnick said."

DHS Official Defends National Asset Database. Robert Stephan, DHS assistant secretary for infrastructure protection, in an op-ed in USA Today (7/21, 2.27M) assures readers that "there are no flea markets, petting zoos, popcorn factories, hot dog stands or other such facilities on the Department of Homeland Security's critical 'target lists.'" He adds that the National Asset Database "is not, as has been reported, a list of the most critical assets in our nation nor does it drive the department's funding decisions." Stephan says the inspector generals method for developing a report on the database was "akin to looking at what's left on the cutting room floor rather than at the movie, then giving it a half-star rating."

In a letter to the Los Angeles Times (7/21, 918K), Stephan responds to a July 18 opinion piece, writing that the "database is not the only tool that the department uses to identify infrastructure across the nation" and "is not directly connected to grant funds. By incorrectly focusing on this one database, these reports do a disservice to the general public."

USA Today Says Establishing Critical Asset List Should Not Be So Complicated. In an opposing editorial, USA Today (7/21, 2.27M) writes that while "a top DHS official" says sites such as an Amish Country Popcorn factory and Georgia's Kangaroo Conservation Center are off DHS' list, "their original inclusion is so absurd that it leaves you wondering whether some of the nation's security planning is being handled by late-night comedy writers." USA Today says that "choosing the nation's most vulnerable and consequential terrorist targets shouldn't be much more complicated than calling the governors, giving them a deadline and putting someone smart and impatient in charge. Chances are they'd produce a better list for closer to $32 than $32 million."

Mayors Call For Delay In Implementation Of Western Hemisphere Travel Initiative. The AP (7/20) reported "dozens of mayors" from Canada and the US met in Windsor, Ontario Thursday to call "on Washington to delay the implementation of the controversial Western Hemisphere Travel Initiative." The AP added, "With only 23 percent of Americans and 40 percent of Canadians holding valid passports, officials fear the plan will have a devastating effect on cross-border tourism." However, DHS Secretary Michael Chertoff "was in Canada earlier this week and said Washington was looking at alternative, cheaper identification cards, such as a 'PASS card' that would be only one-third the cost of a passport."

The Detroit Free Press (7/21, Schmitt, 346K) reports Detroit Mayor Kwame Kilpatrick attended the meeting, saying that a conversation is needed "about how we strengthen the protection of our borders, but also how we make it free flowing and easy so we all can economically benefit." He "said he is supporting the idea of an enhanced license with similar requirements of a passport, but cheaper to obtain."

GAO Says Federal Disaster Plans Don't Cover Nursing Homes. The AP (7/20, Jordan)

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reported the Government Accountability Office said Thursday that the federal government's national response plan for emergencies does not cover evacuation procedures for nursing homes and "does not provide for ambulances or helicopters to evacuate patients from facilities." Sen. Charles Grassley, who ordered the investigation, said the GAO's report "outlines gaps in our disaster response system which may have contributed to some of the unconscionable situations during Katrina in which nursing home residents and hospital patients were not evacuated." In responding, Homeland Security and Pentagon officials "noted that the response plan gives state and local officials the job of evacuating people."

Paulison Says First Responders Ready For Beryl. The AP (7/21, Jordan) reports, "Federal responders along the Atlantic coast were on standby Thursday and truckloads of bottled water were headed to Boston as Tropical Storm Beryl spun toward New England." Beryl "was expected to head out to sea, but FEMA Director R. David Paulison said his agency was taking no chances." Speaking to reporters as he unveiled the agency's "new $3 million National Response Coordination Center," Paulison "said federal response teams along the East Coast have 'got their bags packed.'" Meanwhile, officials "showed off" a "new tracking system as one of many new tools the agency has acquired since being overwhelmed and humiliated by its poor response after Hurricane Katrina slammed into the Gulf Coast last Aug. 29."

NBC Nightly News (7/20, story 7, 0:15, Williams, 9.87M) reported, "On the East Coast, tropical storm watches and warnings are posted for very stormy seas and 50-mile-an-hour winds as Tropical Storm Beryl passes by the tip of Long Island and then on to lash New England."

WAR NEWS:

Rising Violence In Iraq Alarms Officials. Increasing violence in Iraq was highlighted by major US newspapers Friday morning, but was not covered by the national network TV programs. Under the headline "Iraq's Police Overwhelmed By Violence," the Christian Science Monitor (7/21, Murphy, 58K) reports, "In Baghdad and across much of the center and south of the country, the rhythms of normal life and commerce are rapidly breaking down in a sign that US and Iraqi government plans to build an effective security force are faltering." Now come "indications the rate of bloodshed is rising; more than 3,000 Iraqis were killed in June, most after the June 7 killing of Al Qaeda leader Abu Musab al-Zarqawi, whose death US officials had hoped would diminish violence." Also, "US military officials said Thursday that violence jumped in the capital over the past five days from an average of 24 attacks a day to 34 despite a security plan unveiled last month with much fanfare." Meanwhile, "reports of police standing aside as civilians get attacked are common, as are claims by survivors that government security forces, infiltrated by sectarian militias, took part in the killings."

The Washington Post (7/21, A13, Mosher, 748K) adds, "The U.S. military...acknowledged that a joint U.S.-Iraqi effort to reduce violence in the capital had not achieved the desired results after slightly more than one month." While "factional violence that has plagued the country since late February -- and reached new heights in the past two months," Maj. Gen. William B. Caldwell, a U.S. military spokesman in Baghdad, "pointed out that attacks had been concentrated in five areas of the capital" in the last five days, adding, "Hundreds of thousands of Baghdadis live a regular life day in and day out, unmarred by the violent attacks on civilians in the most troubled areas."

The AP (7/21, Reid) characterizes Caldwell's statements as "among the most frank by a senior American military official about the grave crisis facing Prime Minister Nouri al-Maliki's two-month-old national unity government." It also notes, "Alarmed by the crisis, Grand Ayatollah Ali Al-Sistani issued a rare statement, saying the time has come for 'all those who value the unity and future of this country' to 'exert maximum efforts to stop the bloodletting.'"

The Los Angeles Times (7/21, Barnes, 918K) adds, "Caldwell blamed the increased violence on fighters and weapons being brought into Baghdad from other parts of Iraq in an attempt to undermine the security crackdown." While "officials tried to put the best face on the statistics," this "failure of the crackdown to decrease the violence is yet another sign of the sectarian conflict that has buffeted this city."

Iraqis See Violence As Unchecked By Authorities. The New York Times (7/21, Tavernise, 1.21M) notes, "The unrelenting violence has hardened Iraqis against one another, and people talk in resigned tones about civil war." In "one of the bitterest disappointments of the war for Iraqis," the "widespread sectarian killings have gone virtually unchecked by authorities of any kind, American or Iraqi," and Recently

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Iraqis have begun to say that an American withdrawal, which they previously feared would result in a bloodbath, might not make any difference."

As More Iraqis Relocate, Areas Segregate By Sect. The New York Times (7/21, Cave, 1.21M) reports," Relentless sectarian violence is forcing Iraqi families to flee their homes in ever larger numbers, according to figures released Thursday by the Iraqi government." Sattar Nowruz, a spokesman for the Ministry of Displacement and Migration called it "'a dangerous sign' of accelerated religious segregation," noting that "nearly 27,000 families, about 162,000 people, had registered for relocation aid" since mid Febuary. Anthony H. Cordesman, an analyst at the Center for Strategic and International Studies in Washington, added "that the Iraqi migration was probably more widespread than the government statistics suggested. He described the exodus as both a sign of fear and a potential contributor to sectarian volatility."

Judge Grants Three-Month Delay In Iraq Rape-Murder Arraignment. In a widely-distributed story, the AP (7/21) reports, "A federal judge on Thursday granted a three-month delay in the arraignment of a former soldier, who is charged with raping an Iraqi girl and killing her and three family members. U.S. District Judge Thomas B. Russell agreed to delay the arraignment until Nov. 8 after prosecutors cited logistical concerns in Steven Green's case." The AP notes, "The prosecution involves coordinated efforts of military prosecutors in Iraq, federal prosecutors in the U.S. and FBI and Army investigators."

Army Captain Relates Iraqi Approval After Shootout With "Terrorists." The Washington Times (7/21, Gertz, Scarborough, 88K) notes an email from Army Capt. Dave Pate. His squad chased terrorists in Baghdad, and they took cover in a mosque. After the combat, he "noted that there were no angry Iraqis after the mosque shooting." Instead, they "were all giving us the thumbs up, waving, giving high fives, holding up their kids for us to kiss, it was unbelievable. The people were so happy that we got those bad guys."

Hussein Calls For US Pullout From Iraq In Letter. The New York Times (7/21, Wong, 1.21M) reports, "Saddam Hussein's defense lawyers on Thursday released a letter Mr. Hussein recently wrote in prison that tries to convince the American people that the United States should leave Iraq because President Bush misled them into a deadly quagmire." In the "rambling treatise outlining what Mr. Hussein asserts are the false reasons the Bush administration used to justify the war in Iraq" he tries "to portray himself as a humanitarian in the letter, telling the American government to designate a neutral country where insurgents could hand over American prisoners 'rather than executing them as currently is said to be taking place,'" in an apparent "reference to the capture and killing of two American soldiers last month in the town of Yusufiya." Lt. Col. Keir-Kevin Curry, a spokesman for the American-run detainee system, said "the American military had no immediate comment on the letter."

NATO Head Says Taliban Can't Thwart Troops. The AP (7/21, Brand) reports that NATO "Secretary-General Jaap de Hoop Scheffer warned Taliban holdouts and heavily armed opium dealers that they would not be able to thwart" a mission "to defeat the Taliban and promote reconstruction," adding, "We cannot afford to fail." He "is in Afghanistan for two days to review the 26-nation alliance's expansion into the south," and "NATO nations are expected to give their final go-ahead to expand their mission during a July 26 meeting at NATO headquarters in Brussels, Belgium."

Army Feeling Financial Strain Of Wars In Iraq, Afghanistan. The Washington Post (7/21, A4, Ricks, 748K) reports, "The Army, feeling the strain of continuing wars in Iraq and Afghanistan, said yesterday that it is tightening its spending at home" by "taking several steps, including canceling nonessential travel, limiting purchases to critical wartime needs and freezing all new contract awards. It also said it would stop civilian hiring, release temporary employees and limit the use of government credit cards." Gen. Peter J. Schoomaker, the Army's chief of staff, said "one reason the Army's costs are so high…is that it not only engages in combat but also provides logistical support for the Marine Corps and other organizations in Iraq," and "the cost of supporting a typical Army soldier has gone up by about 60 percent since 2001, mainly because of increasing health-care costs." Still, "the core problem for the Army is that it is fighting a sustained ground war overseas with an all-volunteer force, which is almost unprecedented in U.S. history."

The AP (7/21, Burns) adds, "When Congress took longer than the Pentagon expected to approve an emergency

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spending bill for war costs last spring, the Army imposed temporary spending cutbacks that it expected to lift once the extra money was approved," and "the Army said it has decided to extend most of those cutbacks until the end of the budget year on Sept. 30."

Senate Committee Trims Modernization Plans From Defense Budget. The AP (7/21, Flaherty) reports, "The Senate Appropriations Committee on Thursday voted unanimously to approve a $453 billion bill defense spending bill that includes $50 billion for the wars in Iraq and Afghanistan" but "would swipe at some of the military's prized modernization programs." They "trimmed President Bush's spending request for weapon systems that were behind schedule," cutting "by nearly one-fifth his $5 billion request for the F-35 Joint Strike Fighter." While "the committee 'strongly supports' that program," it "believes the technology was premature with testing behind schedule." In total, the bill would fall $9 billion short of Bush's annual spending request" and "the White House is expected to object."

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Gonzales Discusses Immigration Reform On Trip To Texas Border Region. KDBC-TV, El Paso (7/20) reports, "The federal government is still searching for answers to the many questions surrounding illegal immigration. Thursday, the U.S. Attorney General was in town in hopes of finding those answers in the Borderland." KDBC-TV continues, "U.S. Attorney General Alberto Gonzales toured the border and got input from local law enforcement, information he'll take back to Washington in hopes of urging the Senate and the House of Representatives to decide on an immigration reform plan. … Everyone agrees something needs to be done, but what to do about the border is what's dividing lawmakers. Gonzales talked about the problems of illegal immigration, human and drug smuggling, and violence. But he also said America has an enemy in the post-September 11 world, and the border could be its target." KDBC-TV adds, "Gonzales says securing the border is a big task, and one President Bush and the Department of Homeland Security are dedicated to. Gonzales also said within the Department of Justice, there are more immigration-related cases than any other."

The El Paso Times (7/21, Gilot) reports, "U.S. Attorney General Alberto Gonzales said he still has hopes that immigration reform legislation with more border security, a guest-worker program and a path to legalization will pass this year, even as the process is stalled in Congress. … 'We haven't given up,' he said during a visit in El Paso on Thursday." The Times adds, "Gonzales took a driving tour of the river levy with the Border Patrol Wednesday night and a helicopter tour over Fabens and Sunland Park, N.M., Thursday morning. He was on his way to California."

Gonzales Announces Charges In Death Of Teen Immigrant. The AP (7/21) reports, "An El Paso man and a Mexican woman have been indicted on federal immigrant smuggling charges related to the April death of a 14-year-old Salvadoran girl, U.S. Attorney General Alberto Gonzales said Thursday." The AP continues, "Jose Alfredo Sifuentes-Sandoval of El Paso was indicted by a grand jury Wednesday on one count each of conspiracy to smuggle aliens, encouragement and inducement of aliens to enter resulting in death, harboring aliens resulting in death, aggravated identity theft, and three counts of alien smuggling for profit. Amalia Baquera of Ciudad Juarez, Mexico, was indicted on the conspiracy charge. … Gonzales made the announcement during a visit to El Paso to tour the international border and meet with local officials about immigration issues." The AP adds, "Federal prosecutors allege that Sifuentes-Sandoval, who has been jailed since his June 9 arrest, smuggled 14-year-old Leybi Lorena Vigil Claros into the U.S. through Fabens, Texas, in April and failed to get her medical help when she became gravely ill. … According to the indictment, Sifuentes-Sandoval and Baquera, who has not been arrested, worked together in a smuggling operation that included the sale of false identification papers in Mexico."

KFOX-TV, El Paso (7/21) reports, "U.S. Attorney General Alberto Gonzales visited the borderland Thursday with one of his focuses being an April 27 smuggling case involving a 14-year-old girl. … 'A few weeks ago, a young girl was found dead in the back seat of a van,' Gonzales said. … The van was in a driveway belonging to a man named Jose Alfredo Sifuentes-Sandoval, according to officials." KFOX-TV adds, "Sifuentes had called 911 and told officials he found the girl along Texas Highway 20. … 'At the time of their arrival, they found her non-responsive in the back of the Sifuentes van. So, Sifuentes at that time stated that he and another person had found the young girl on the side of Highway Texas 20, which is how she got the nickname Texas 20 girl,' said Brandy Gardes, U.S. assistant district attorney. … Yet, through an investigation, the teen was identified by her mother, who

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said she had paid Sifuentes thousands of dollars to smuggle her daughter into the United States." KFOX-TV notes, "Authorities said the teen had a pre-existing medical condition and fell ill when she arrived in the United States near Fabens. … The 14-year-old girl is just one of the many smuggling cases law enforcement officials have found along the border, a situation the attorney general said he hopes to change by prosecuting the smugglers to the fullest extent of the law. … 'This kind of reckless disregard for life is unacceptable, and we will prosecute such cases to the fullest extent,' Gonzales said."

KTSM-TV, NBC 9, El Paso (7/20) reports, "U.S. Attorney General Alberto Gonzales made a stop in the borderland Thursday to talk about immigration issues. While here he praised local investigators on the indictment of two coyotes." KTSM-TV continues, "After a two month investigation 44-year-old Jose Alfredo Sifuentes-Sandoval was indicted for smuggling a 14-year old girl into the county and leaving her to die. The U.S. Attorney's Office is still working to extradite Sifuentes' accomplice in Juarez. … Gonzales called it a big win and hopes it will be a warning to smugglers that the U.S. will not tolerate a reckless disregard for human life." KTSM-TV adds, "During his two day trip Gonzales toured the border at night, and again by helicopter during the day. He says it will be hard to secure such a large rough terrain, but he hopes the information he gathered will help get funds to the border."

Former AUSA Who Settled Bias Complaint With DOJ Opens Private Practice. The AP (7/21) reports, "A former federal prosecutor who won a $170,000 settlement in a discrimination lawsuit against the U.S. Department of Justice said she plans to open a private practice (in Raleigh, NC)." The AP continues, "Mary Jude Darrow, 48, was fired in 2004 from her job as an assistant U.S. attorney for the Eastern District of North Carolina. … Her bosses said she was dismissed because of Justice Department findings that she had committed 'nine instances of intentional professional misconduct, five instances of professional misconduct and exercised poor judgment on two occasions.' … Darrow contended in her lawsuit that she was supervised and disciplined differently than her colleagues, a claim denied by her former employers." The AP adds, "Scott Schools, general counsel to the Executive Office of U.S. Attorneys, declined to comment about the settlement reached in May. … Darrow said she has not yet received the settlement money. … Darrow was a federal prosecutor handling drug, fraud and violent crimes in New Orleans from 1990 to 1999, when she transferred to Raleigh. By May 2002, after losing an experienced secretary, she asked not to be given additional cases. … When she was assigned to prosecute a $6 million FEMA fraud case alone in July 2002, she said she was denied the added help of an accountant, another lawyer or a secretary. Co-workers in similar situations received such relief, she said. … In court records, her ex-bosses said for workload was not excessive for an attorney with her experience, the FEMA case didn't require added resources and her work had become sub-par. Her former supervisors said her problems included being banned from a magistrate's court, missing deadlines and failing to follow office policies."

CORPORATE SCANDALS:

Former Brocade Officials Charged In Options Probe. The Wall Street Journal (7/21, Forelle, Bandler, Stecklow) reports, "Federal authorities issued civil and criminal securities-fraud charges against a former Silicon Valley chief executive and two other executives in a stock-options backdating scheme, signaling they will take a hard line in the widening scandal." The Journal continues, "Prosecutors accused 43-year-old Gregory Reyes, the CEO of Brocade Communications Systems Inc. until January 2005, of backdating options he doled out as a 'committee of one' to hundreds of employees, boosting the potential value of the options and concealing millions of dollars of compensation expenses from shareholders. … Officials underscored how seriously they view options manipulation by charging not just Mr. Reyes -- who isn't directly accused of backdating his own grants, and who made no profit from them -- but also a former chief financial officer and former vice president for human resources at the firm. … They also indicated that many more executives could face charges related to manipulating options. Securities and Exchange Commission Chairman Christopher Cox said the agency is investigating more than 80 companies."

The San Francisco Chronicle (7/21, Said, Writer) reports, "Reyes, along with Stephanie Jensen, Brocade's former vice president of human resources, was charged with concealing millions of dollars in expenses, overstating the company's income and falsifying records of stock options grants." The Chronicle continues, "The U.S. Attorney's Office for the Northern District of California filed the criminal

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charges. The Securities and Exchange Commission filed the civil action, which names Reyes, Jensen and Antonio Canova, Brocade's former chief financial officer. Besides fraud, it charges the three with several violations of federal securities laws." The Chronicle adds, "The Brocade executives allegedly manipulated options-grant dates to entice new hires in a competitive market. While stock options have long been a recruitment tool for cash-poor Silicon Valley companies, Brocade's use of them violated antifraud provisions of federal securities laws, according to the suits. … 'This backdating scheme contributed to the restatements of hundreds of millions of dollars of Brocade's financial results,' Kevin Ryan, U.S. attorney for the Northern District of California, said in a statement. … Reyes' attorney said in a statement before the charges were issued that his client is innocent."

The San Jose Mercury News (7/21, Russell) reports, "The Justice Department and the Securities and Exchange Commission say the two executives routinely manipulated the dates of stock-option grants so they were 'in the money' rather than 'at the money,' giving employees of the San Jose tech company a head start on profits, while illegally concealing the expenses from investors. … Reyes' attorney Richard Marmaro has said the former CEO did not personally gain from backdating and that the government should be focusing on other stock-option cases. … In addition, the SEC has filed civil charges against Antonio Canova, Brocade's former chief financial officer, saying he learned about the scheme in writing but failed to alert Brocade's auditors or audit committee."

Bloomberg (7/21) reports, "SEC Chairman Christopher Cox said in a press conference today that illegal backdating, which allowed employees bigger profits when they exercised their options, led to the misstatement of $1 billion in earnings at the San Jose, California-based company. The SEC is investigating more than 80 other companies for similar wrongdoing, Cox said. … 'This is the tip of the iceberg,' said George Stamboulidis, head of the white collar criminal defense practice at Baker Hostetler in New York. 'I think it is highly likely that more executives will be charged.' … More than 66 companies are conducting internal inquiries or are under federal investigation. Today's charges are the first in the biggest federal investigation of corporate wrongdoing since a mutual-fund trading probe three years ago led to $4.3 billion in penalties."

The Financial Times (7/21, Grant, Allison) reports, "In an unusual move, the Securities and Exchange Commission, Department of Justice and Federal Bureau of Investigation unveiled the charges at a joint news conference in San Francisco, spiritual home to the technology companies that pioneered the used of stock options in the 1990s. … For the past 18 months, the three agencies have been 'parallel investigations' into questionable stock options grants."

The New York Times (7/21, Darlin, Dash) reports, "The criminal complaint is the most significant step yet by investigators in what is shaping up to be a large-scale scandal in the corporate world. Corporations — from small technology companies like Altera and Mercury Interactive to industry giants like UnitedHealth — have been ensnared in investigations into whether their executives or boards improperly granted stock options at attractive prices. … Now that prosecutors in San Francisco have fired the first volley, many lawyers said they expected a flurry of indictments to follow." The Times notes, "So far, federal prosecutors in San Francisco, Manhattan and Brooklyn have opened more than 33 cases looking at potential accounting problems or fraud; the Securities and Exchange Commission is examining at least 80 companies. More than a dozen senior executives have been dismissed. Nearly every company has been reviewing its practices."

CNET News (7/21, McCullagh, Kawamoto) reports, "The widely anticipated charges are the first in what could be a number of prosecutions of Northern California companies and their executives related to stock option backdating, which is illegal in some circumstances. The Securities and Exchange Commission says it has more than 80 active investigations nationwide. … Fraud relating to stock option grants 'goes to the heart of the relationship between a corporation and its shareholders,' said SEC Chairman Christopher Cox." CNET continues, "An affidavit filed by the FBI in the northern district of California on Thursday does not accuse Reyes of personally profiting from stock option backdating. Instead, the FBI claims, Reyes and other executives backdated stock options to attract and retain key employees. … To lure an unnamed employee for a 'high-level sales position,' the affidavit says, Reyes told Jensen to backdate an offer letter by more than two months to benefit from a more favorable share price in late 2001. … In its own statement on Thursday, Brocade noted that no executives 'involved in the historical stock option granting practices remain' with the company."

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MarketWatch (7/21, Barr) reports, "Reyes and Jensen face criminal charges filed by the U.S. attorney's office for the Northern District of California. According to the Justice Department, they will be issued a summons to appear Aug. 2 in federal court in San Francisco. The maximum penalty for securities fraud is 20 years in federal prison, a fine of up to $5 million, plus restitution. … The SEC's civil complaint also names Antonio Canova, Brocade's former chief financial officer, who learned of the backdating after joining the company, the agency alleges."

The California Recorder (7/21, Scheck) reports that, "despite Cox's harsh language before an armada of reporters, those ongoing regulatory and criminal investigations are moving into an area more gray than black. … Indeed, even as Cox and Ryan excoriated Brocade's former CEO, Gregory Reyes, and former vice president of HR, Stephanie Jensen -- along with former CFO Antonio Canova, who only faces civil charges -- lawyers and accountants for the government, companies and executives are attempting to figure out how to separate the truly criminal conduct from less nefarious errors in dating options grants. … And so earlier this week, SEC Acting Chief Accountant Scott Taub met with representatives of the Big Four accounting firms in Washington, according to several private lawyers with backdating clients. They discussed what circumstances would necessitate measures like major restatements of earnings, and which situations federal authorities would view as less egregious."

The Financial Times (7/21, Grant) reports, "When finance professor Erik Lie and a colleague at the University of Iowa this week revealed that up to 2,000 US companies may be implicated in a widening stock options manipulation scandal, it was the first time anyone had put a hard number on the problem beyond already publicised cases." The Times continues, "More than 60 companies are known to be under investigation by either the Securities and Exchange Commission, the justice department or, in many cases, both." The Times adds, "At issue is whether companies or their executives backdated stock option awards to dates near historic lows in company share prices without properly disclosing and accounting for such moves, thus improperly enriching executives. .. How likely is it that the companies which engaged in such practices will be identified? Mr Lie had a gloomy prognosis on his website: 'I believe that only a minority of firms that have engaged in backdating of option grants will be caught. In other words, we will never see the full iceberg.' … That does not mean America's roughly 15,000 publicly listed companies can relax. … As the next audit season approaches towards the end of the year, they are certain to be asked about their options award practices by their auditors."

Cox To Name Hewitt As Chief SEC Accountant. The Wall Street Journal (7/21, Reilly) reports, "Securities and Exchange Commission Chairman Christopher Cox is expected to name Conrad W. Hewitt as chief accountant of the nation's financial-markets watchdog, filling a regulatory position that had been open since last fall, according to people familiar with the matter." The Journal continues, "A certified public accountant, Mr. Hewitt served in the late 1990s as commissioner of California's department of financial institutions and superintendent of banking for the state. … Those positions followed a 33-year career with accounting firm Ernst & Young LLP, from which he retired in 1995 after being a managing partner in offices in Honolulu, the Pacific Northwest and Northern California. Mr. Hewitt serves on the boards of a handful of public and private companies and is chairman of the audit committees of some of them." The Journal adds, "Despite his career at a Big Four accounting firm and prominence in California, Mr. Cox's home state, Mr. Hewitt isn't widely known in the accounting industry, whose insiders may view his selection for the SEC post as unorthodox. Typically, chief accountants have hailed from the highest echelons of accounting firms and haven't been out of the profession for as long as Mr. Hewitt, who declined to comment. … Mr. Hewitt's likely selection, expected to be announced in coming days, will follow closely on Mr. Cox's appointment in June of Mark W. Olson as chairman of the Public Company Accounting Oversight Board, which oversees accounting firms. Together, the moves bring to a close a nine-month period of uncertainty that hung over the investment and accounting businesses because of the vacancies in the two important positions."

CRIMINAL LAW:

Nigerian Vice President Says He Never Agreed To Take Bribe From Jefferson. In a widely-distributed story, the AP (7/21, Yost) reports, "Rep. William Jefferson and Nigerian Vice President Atiku Abubakar agree on two important points: Abubakar never accepted and never agreed to accept any money from the congressman. … Abubakar, a candidate in his country's presidential election,

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said through his lawyers Thursday that Jefferson never 'suggested -- in any way -- providing any personal economic benefits.' The congressman 'agrees with that,' said Jefferson spokeswoman Judy Smith. She said the Justice Department was creating false impressions with selective disclosure of information."

Computer Technicians Plead Not Guilty To Obstructing Fumo Probe. The Philadelphia Inquirer (7/21, Shiffman, 399K) reports, "Two former state Senate computer technicians yesterday pleaded not guilty to charges that they tried to thwart a federal probe of Sen. Vincent J. Fumo (D., Phila.). Leonard P. Luchko and Mark C. Eister entered the pleas during brief appearances before U.S. Magistrate Judge L. Felipe Restrepo at the federal courthouse in Philadelphia." The Inquirer notes, "The FBI and IRS are investigating whether Fumo engaged in extortion by soliciting contributions for Citizens' Alliance and whether contributions were improperly used to benefit Fumo politically or personally. No one else has been charged in the case, but Fumo and Ruth Arnao, a former senate deputy and former Citizens' Alliance executive director, are focuses of the investigation."

Landscaper Convicted Of Defrauding SEPTA. The Philadelphia Inquirer (7/21, Shiffman, 399K) reports, "A federal jury convicted yesterday a Doylestown landscaper of defrauding SEPTA by pretending to use a minority subcontractor on a commuter-rail project." Michael V. Tulio "won SEPTA contracts in 1999 and 2002 for his company, Tulio Landscaping, to replace collapsed culverts along the R5 Line." The Inquirer adds, "The minority subcontractor whom Tulio hired, Eugene Pullins of Philadelphia, did no work, according to trial testimony from government witnesses. Nevertheless, Tulio submitted bogus paperwork and fake checks to SEPTA, claiming to have paid Pullins about $68,000, according to testimony by Michael J. Purcell, a special agent for the U.S. Department of Transportation who investigated the case with FBI Agent Michael K. Bantner."

US Seeks Limits On Defense Tactics At Retrial Of Former New Mexico Treasurer. The AP (7/21) reports, "Federal prosecutors in the public corruption case against former state Treasurer Robert Vigil want a judge to limit the courtroom tactics of Vigil's defense team," which Vigil lawyer Sam Bregman "described…as a 'sign of desperation.'" The AP notes that in "a bare-knuckled approach to the coming trial," Assistant U.S. Attorneys Jonathon Gerson and Steven Yarbrough have asked US District Judge James Browning to "prevent the defense from 'making comments or presenting testimony that is designed to appeal to the jury's sympathy,'" block "Vigil's lawyers from asking the government's witnesses about their salaries or how much money they made on investment transactions involving the Treasurer's Office," and "allow the government to offer evidence on allegations of 'specific bad acts' by Vigil when he was state auditor if the defense asks questions of government witnesses about Vigil's character."

Tennessee Waltz Trial Set For Feb. 5. The Chattanoogan (7/21) reports, "The trial of Sen. Ward Crutchfield on bribery charges has been set for Feb. 5. … He is charged in the FBI's 'Tennessee Waltz' sting." The Chattanooga Times Free Press (7/21, Lazenby) also reports on the trial date and notes Crutchfield "is one of 11 people charged in an FBI public corruption probe that netted five state lawmakers."

Three Boston Police Officers Arrested In FBI Corruption Probe. The Boston Globe (7/21, Smalley, Murphy, 425K) reports, "A Boston police officer was arrested late yesterday on federal charges, accused of being the ringleader in a wide-ranging criminal enterprise that allegedly involved guarding shipments of drugs and stolen goods, dealing in stolen store gift cards, stealing people's identities, and running illegal afterhours parties, two law enforcement officials said. Two other veteran officers were also arrested yesterday on charges in connection with some of the alleged schemes, the officials said." The Globe adds, "The case is focused on the alleged ringleader, Roberto Pulido, 41, a 10-year department veteran and motorcycle officer who is accused of netting thousands of dollars from the enterprise, the second official said. … The charges stem from a two-year joint investigation by the FBI and the Boston police anticorruption unit, the second official said.

Three Plead Guilty To Ecoterrorism In Oregon. The AP (7/20, Barnard) reports, "Three people pleaded guilty Thursday to charges they were part of an ecoterrorism cell calling itself 'The Family' that firebombed ranger stations, wild horse corrals, a ski resort and lumber mill offices around the West." The AP continues, "As part of the plea agreement, the three agreed to cooperate in the continuing investigation of 10 others who are scheduled to go

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on trial Oct. 31 in U.S. District Court in Eugene for a series of firebombings around the Northwest from 1996 to 2001, according to the U.S. Department of Justice. … 'This is a substantial step in resolution of this case and successful prosecution of the Earth Liberation Front and Animal Liberation Front in these crimes,' said Assistant U.S. Attorney Stephen Peifer from Eugene. The two shadowy groups claimed responsibility for the attacks at the time." The AP adds, "In pleading guilty, the three admitted they were part of the Earth Liberation Front and Animal Liberation Front, and tried to intimidate and coerce federal agencies, private businesses and the public through sabotage and mass destruction, court records said. A total of 16 attacks were undertaken in Washington, Oregon, California, Wyoming and Colorado, causing more than $20 million in damage. .. U.S. District Judge Ann Aiken in Eugene accepted guilty pleas from Kevin Tubbs, 37, of Springfield, Ore.; Kendall Tankersley, 29, of Flagstaff, Ariz., and Darren T. Thurston, 36, a Canadian lately living in Portland, Ore., on charges of criminal conspiracy and related arson counts. … They are scheduled for sentencing Dec. 14, after completion of the trial of the others. Prosecutors are recommending 14 years in prison for Tubbs, four years for Tankersley and three years for Thurston. … More defendants were expected to plead guilty Friday, the Justice Department said."

Reputed Mob Financier Turned Restaurateur Charged With Insurance Fraud. The AP (7/21, Hays) reports, "A reputed financier for the mob who morphed into an executive for the high-end restaurant company that runs the Rainbow Room was charged on Thursday with bilking three insurance companies out of more than $1.5 million." Cipriani USA Vice President Dennis Pappas "surrendered on charges of insurance fraud, grand larceny and filing a false document. His arraignment was postponed after he complained of chest pains and was taken to the hospital." The AP notes, "In 1998, Pappas was sentenced to 46 months in prison after pleading guilty to racketeering and income tax evasion. … Published reports about the earlier case detailed some strange twists: At one point, secret hearings were held, reportedly about claims that Pappas was an FBI informant enlisted to help the government spy on Iranian diplomats." The New York Times (7/21, Hartocollis, 1.21M) adds, "Prosecutors said Mr. Pappas worked full time but off the books for Cipriani. But a lawyer for Cipriani said the title of vice president was more of a ceremonial flourish than a true indication of Mr. Pappas's position in the company." NY1 (7/20) also reports on the charges.

US Internet Gambling Conference Postponed In Wake Of BetOnSports Arrest. Under the headline "Online Gambling Takes A Big Hit," the Philadelphia Inquirer (7/21, Parmley, 399K) reports, "London-based executives at one of the largest online sports-betting sites for U.S. customers are still trying to discern what the arrest of the CEO of a rival Web site by the FBI earlier this week will mean for business. … 'Everybody, at least in the sports betting world, is definitely on notice that the U.S. is being extremely aggressive,' said Sue Schneider, chief executive of St. Louis-based River City Group, which publishes a daily interactive trade magazine." The Inquirer notes, "Organizers of an annual conference on Internet gambling have postponed next week's Las Vegas gathering in the wake of Carruthers' arrest," and "industry observers say the trickle-down effect could be immense." The (UK) Guardian (7/21, Clark, Bowers) also reports that the conference "has been hurriedly cancelled amid fears that the FBI could be about to widen its crackdown on the US industry." The Guardian adds that "there is growing frustration among online gambling operators listed on the London stock market about what one senior industry source said was the 'loose language' emanating from the US department of justice concerning the legality of poker and casino websites taking bets from American punters. Online gaming firms that do not take sports bets insist their operations are legitimate.

Antigua Seeks WTO Review Of US Restrictions On Internet Gambling. The AP (7/21) reports, "The World Trade Organization set up a panel on Wednesday to investigate whether United States restrictions on Internet gambling comply with international trade rules." Antigua and Barbuda "asked the W.T.O. to set up the panel after consultations with the United States failed to yield a solution to a dispute over whether Washington should drop prohibitions on Americans placing bets in online casinos. A previous W.T.O. ruling said that some United States laws were in line with international commerce rules, but others were not. 'The United States has been busy passing legislation that is directly and unequivocally contrary to the ruling,' Antigua told a meeting of the W.T.O.'s dispute settlement body."

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Former Air Marshal Sentenced To 20 Years For Child Porn Possession. The AP (7/21, Eltman) reports, "A former federal air marshal who pleaded guilty last year to a child pornography charge -- and was later found to have made sexual overtures to a young boy while in custody -- was sentenced Thursday to 20 years in federal prison. 'All indications are you are a serious threat to any community with small children,' U.S. District Court Judge Sandra Feuerstein told Michael McGowan as she imposed the sentence." The AP notes, "According to a complaint, a search warrant was executed at McGowan's home after he ordered videotapes containing child pornography from an undercover agent over the Internet. … Also seized were false and fraudulent identification documents with McGowan's name and photograph, purported to have been issued by the FBI and CIA."

Additional Charges Filed Against Florida Prison Guards In Sex Case. The AP (7/21) reports, "Five federal prison guards already accused of conspiracy in an alleged sex scandal that ended in a deadly gunfight will also face substantive charges including witness tampering, according to a new grand jury indictment." The AP continues, "A sixth guard and a Justice Department special agent died during a June 21 shootout at the Tallahassee Federal Correctional Institution, where authorities had gone to arrest them." The AP adds, "The superseding indictment was issued Wednesday. It repeats the original allegation that the guards conspired to trade money and other contraband, not identified in either document, for sex with female inmates. … The superseding indictment adds witness tampering charges against all five, Alfred Barnes, Gregory Dixon, Vincent Johnson, Allen Moore and E. Lavon Spence. All except Johnson also are charged with bribery. Barnes alone is charged with mail fraud."

Arrest Of New Orleans Doctor, Nurses Prompts "Mercy Killing" Debate. The Christian Science Monitor (7/21, MacDonald, 58K) reports the arrest Monday of a doctor and two nurses accused of killing patients at a New Orleans hospital in the aftermath of Hurricane Katrina has prompted debate among ethicists as tow whether the "conditions carved out for caregivers a new moral landscape beyond the ethics of the American Medical Association, which condemns mercy killing, even with the patient's permission. The issue: Is it justified when disaster strikes and a person seems destined to endure a torturous death?" The Monitor continues, "While many ethicists condemn mercy killing without permission, some say disaster conditions create an environment in which physicians may deliver a lethal dose with patient consent."

The Los Angeles Times (7/21, Fausset, Simmons, 918K) reports the arrests have "prompted a strong backlash in the medical and legal communities here. Some doctors saw the accusations leveled by Louisiana Atty. Gen. Charles C. Foti Jr. on Tuesday as brash, misguided moves that permanently smeared the reputation of three respected colleagues. Others were disgusted that suspicion was being heaped on a small cadre of healthcare workers who stayed, at great personal risk, to tend to the sick — and in conditions that most American doctors have experienced only in wartime."

Virginia Executes Man For 1997 Rape-Murder. The Washington Post (7/21, B2, Rondeaux) reports, "Convicted murderer Brandon W. Hedrick was executed last night in Virginia's electric chair, nine years after he raped and fatally shot a 23-year-old woman in Lynchburg." The Post continues, "Hedrick, 27, was pronounced dead at 9:12 p.m. at the Greensville Correctional Center in Jarratt, said Larry Traylor, a Department of Corrections spokesman. Hedrick, who chose to be electrocuted under a state law that allows inmates to pick the method of their execution, was the first death-row inmate to be put to death in the electric chair in the United States in more than two years." The Post adds, "Virginia is one of 10 states that allows electrocution. As in many of those states, however, the electric chair has fallen largely into disuse. In 1995, the state passed a law allowing death-row inmates the option of choosing lethal injection. The chair was rewired in 1991 after a series of botched electrocutions in Virginia and other states in the 1980s. … Hedrick was sentenced to death for abducting, sexually assaulting and killing Lisa Alexander Crider on May 11, 1997. He shot Crider in the face with a shotgun on the banks of the James River in Appomattox County and dumped her body in the water. Her face no longer recognizable, her head wrapped in duct tape and her hands shackled, Crider was later found in the river. … A jury convicted Hedrick and sentenced him to death in 1998. A co-defendant, Trevor Jones, was sentenced to life in prison. … Last night, after the U.S. Supreme Court declined to intervene, Gov. Timothy M. Kaine (D) rejected a clemency petition in which Hedrick's

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attorneys contended that Hedrick did not rape Crider. His attorneys also argued that Hedrick's sentence should be commuted to life in prison because he received inadequate legal representation when his case initially went to trial."

Virginia Death Row Inmate Pleads Case To Supreme Court. The AP (7/21, Gelineau) reports, "A man slated to be executed next week for the slaying of a fellow inmate during a pagan ritual asked the U.S. Supreme Court to grant him a stay, arguing that jurors consulted the Bible in violation of his right to an impartial trial." The AP continues, "Michael Lenz, 42, is scheduled to die by injection July 27 at Greensville Correctional Center in Jarratt for the fatal stabbing of Brent Parker, a fellow inmate at the Augusta Correctional Center. Lenz and another inmate, Jeffrey Remington, fatally stabbed Parker a combined 68 times with makeshift knives." The AP adds, 'The three inmates were followers of the Nordic neopagan religion Asatru, and belonged to a group known as the Ironwood Kindred. The group had gathered for a ceremony when Lenz and Remington attacked Parker. Lenz testified that Parker had not been taking the religion seriously, and to protect the honor of the gods, Parker had to die. … In their petition to the high court Wednesday, attorneys contend jurors in Lenz's case admitted they had consulted a Bible during their sentencing deliberations, and that one member said some jurors pointed to passages that supported the death penalty for killers. Lenz's attorneys argue the jurors' consultation of the Bible was an outside influence that denied Lenz the right to a fair and impartial trial. … The 4th U.S. Circuit Court of Appeals in Richmond, Virginia on Monday denied Lenz's request for a stay. … Lenz has also filed a clemency petition with Gov. Timothy M. Kaine. Kaine's spokesman, Kevin Hall, said the governor and his legal team were still considering Lenz's clemency request Wednesday."

Former UBS PaineWebber Tech Worker Convicted Of Tampering. The AP (7/21) reports, "A federal jury has convicted a former UBS PaineWebber systems administrator of attempting to profit by detonating a 'logic bomb' program that caused more than $3 million in damage to the brokerage's computer network in 2002, the U.S. Attorney's Office said." The AP continues, "Evidence showed Roger Duronio ultimately lost the $23,000 he invested in a stock market bet against UBS because the ploy failed to reduce his former employer's share price. … Duronio, 63, was convicted on one count of securities fraud and one count of computer fraud, and acquitted on two counts of mail fraud. The verdict came on Wednesday, the fourth day of deliberations following a trial that began June 6." The AP adds, "Each of the convictions carries up to 10 years in federal prison, but under sentencing guidelines Duronio faces about 6 1/2 to 8 years. U.S. District Judge Joseph A. Greenaway Jr. scheduled sentencing for Oct. 30. Duronio remains free on a $1 million secured bond. … 'Duronio was malicious, angry and calculating,' U.S. Attorney Christopher J. Christie said in a statement. 'He was perfectly situated as a systems administrator to turn his skill into a weapon against the company. We're pleased the jury recognized this and are gratified by the verdict.'"

Former Midshipman Acquitted Of Rape. The Washington Post (7/21, A1, Hernandez) reports, "A former U.S. Naval Academy quarterback was acquitted last night of raping a female midshipman but was found guilty of conduct unbecoming an officer for having sex with the woman in her dorm room and disobeying an order to stay clear of her." The Post continues, "The verdict by a jury of five naval officers means that Midshipman Lamar S. Owens Jr., 22, could face up to two years in a military prison as well as dismissal from the Navy. He avoids the life sentence that could have come with a rape conviction." The Post adds, "The high-profile court-martial, involving a star football player who led Navy to victory in the Poinsettia Bowl, comes as the Annapolis academy and other military schools face increased pressure to crack down on sexual assaults. Owens's acquittal on the rape charge comes less than a month after a similar verdict for a Coast Guard Academy cadet accused of rape. … Owens's attorneys immediately objected to the jury's decision, saying that there was no credible evidence to support conviction on any of the charges and that they would ask the judge, Cmdr. John A. Maksym, to overturn the verdict today. … Owens's attorney, Reid H. Weingarten, said in a news conference that he was relieved the rape charge did not stand and was 'very confident the conduct unbecoming will go.' If the judge affirms the verdict, the jury will begin considering the sentence immediately."

CIVIL LAW:

Former DOJ Tobacco Litigation Chief Says McCallum Misled Congress. The AP (7/21, Yost) reports, "A Justice Department official who slashed the amount of money being sought from tobacco companies

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made misleading statements to Congress, says a former government lawyer who handled a landmark lawsuit against the industry." The AP continues, "The comments by attorney Sharon Eubanks follow Associate Attorney General Robert McCallum's decision a year ago to downsize a proposed smoking cessation program from $130 billion to $10 billion … A month ago, McCallum sent written statements explaining his actions to the Senate Foreign Relations Committee, which was considering his nomination to be U.S. ambassador to Australia. The Senate subsequently confirmed McCallum, a former Yale classmate of President Bush, to the post. … Eubanks, who ran the department's tobacco litigation team, retired from government and now works for Citizens for Responsibility and Ethics in Washington. The private group sued the department and questioned McCallum for several hours Tuesday about documents he kept on the tobacco case. … The group wants to find out whether White House influence was brought to bear in the pending tobacco lawsuit. … 'I don't remember ever receiving any directive from the White House about anything that had to do with the tobacco case,' McCallum said in his sworn videotaped deposition. … The Justice Department's Office of Professional Responsibility said last month that McCallum's conduct was not influenced by any political considerations." The AP notes, "Internal Justice Department e-mails obtained by The Associated Press show that the White House OK'd an op-ed piece by McCallum in USA Today defending the department's drastic cut in the amount it was demanding the tobacco companies pay. … 'Please hold up. The White House wanted some changes,' one Justice Department employee wrote regarding McCallum's op-ed piece. … 'WH says it's good to go,' said an e-mail an hour later by another department employee. … On Wednesday, a Justice Department spokesman, Charles Miller, said 'it's absolutely incorrect' to suggest that McCallum 'was anything but truthful in what he said to the Senate.'"

CIVIL RIGHTS:

Bush Gets Mostly Polite Reception At First Speech To NAACP. President Bush yesterday made his first speech to the NAACP since he took office in 2001, using the event as an opportunity to reach out to African Americans, many of whom were alienated by his Administration's response to Hurricane Katrina. Bush's reception was characterized as "polite," and he was heckled on the topic of the Middle East; his only standing ovation came when he called upon the Senate to pass the Voting Rights Act. The speech was covered by each of the networks in a full segment, and was picked up by the wires and major dailies. Reports generally noted the rocky relationship Bush has had with past leadership of the group, which has improved since new President Bruce Gordon took the helm of the institution.

The New York Times (7/21, Stolberg, 1.21M) reports Bush "acknowledged on Thursday that 'many African-Americans distrust my party,' and defended his record on domestic issues, including education, prescription drug coverage and Hurricane Katrina." The "33-minute speech was an exercise in bridge-building, intended partly to strengthen ties between Republicans and black voters and partly to reassure moderate white voters with a message of reconciliation. Though Mr. Bush received a standing ovation when he called on the Senate to renew the 1965 Voting Rights Act — it passed unanimously hours later — a somber silence fell over the room as the president discussed his policies on education, jobs and housing, which polls suggest are unpopular with blacks." Bush "received 11 percent of the black vote in 2004, and his speech came against the backdrop of concerted efforts by Republicans, notably Ken Mehlman, the chairman of the Republican National Committee, to court black voters." But White House spokesman Tony Snow "dismissed the suggestion that Mr. Bush was engaging in partisan politics." Snow said, "The president has been walking the walk. This was not an attempt to curry votes for the Republican Party."

ABC World News Tonight (7/20, story 8, 2:15, Raddatz, 8.78M) reported, "The President did not pretend today that his relationship with the NAACP has been a close one. He joked about his lack of attendance, after a brief introduction by the head of the civil rights organization." President Bush: "I thought what he was going to say, 'It's about time you showed up.'" Raddatz: "The applause that the President received today was lukewarm at best."

The CBS Evening News (7/20, story 4, 2:00, Axelrod, 7.66M) reported, "The reception was cordial, polite -- maybe even warmer than expected given the history. Even the hecklers weren't yelling about race, just the war." Bush's speech "was part olive branch, part mea culpa for the Republican Party's past." How "did the President do? With an audience still suspicious about the Federal response to

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Hurricane Katrina, the job of winning over African-Americans is not done yet."

NBC Nightly News (7/20, story 6, 2:10, Gregory, 9.87M) reported, "Bush never apologized for the broken ties. But today's visit appeared to be about making amends. Acknowledging a rocky relationship with the nation's oldest civil rights organization the President asked for a new start." The White House "continued to court African Americans voters by promoting education reform more money for faith based groups even a ban on gay marriage. Still those efforts have failed. Then came Katrina and charges of racism motivated the Federal Government's slow response."

CNN's The Situation Room (7/20, Henry) reported Bush "moved quickly to defuse the tension today, but Republicans will still have an uphill battle trying to increase their share of the African-American vote in November." Civil rights leaders "have lingering resentment about allegations that African-Americans were denied the right to vote in the contested election of 2000, along with the government's slow response to Hurricane Katrina."

Fox News' Special Report (7/20, Hume) reported that Bush "took a political risk" by appearing at the convention. Fox (Cameron) added that Bush "tried to move beyond his absences at the last five NAACP annual conventions."

BET.com (7/21, Wiley, Stokes) reports Bush "was met with everything from wild applause to hisses and boos. In his 15-minute speech before one of his most skeptic audiences in recent memory, Bush decried racism and pointed to several of his administration's initiatives, which he said was advancing the causes of equity and civil rights." Bush, "playing to an audience nursed on the cadence of Black preaching, was considerably more animated than usual, belting out a ministerial-like message of equality and human dignity." Bush's "appearance at the 97th annual NAACP conference came as a surprise to many who watched the president brush the civil rights group aside for the past five years." The Rev. Al Sharpton, "said that, theatrically, the president did better than he expected, 'but in substance, he did worse than I had hoped for.'"

In a story titled, "After Long Estrangement, Bush Reaches Out To NAACP," the Christian Science Monitor (7/21, Feldmann, 58K) report Bush's speech "represents a confluence of events and circumstances that made the end of his estrangement with the nation's premier African-American civil rights organization possible. The group's new leadership is key, analysts say. Bruce Gordon, a retired Verizon executive named president of the NAACP a year ago, has developed a good relationship with Mr. Bush, White House officials say."

The Washington Post (7/21, A6, Fears, 748K) reports that after "shunning the NAACP for five years, President Bush made an effort yesterday to warm up their frosty relationship with a speech that mixed folksy humor, frank talk about political disagreements, and promises to build stronger ties between his administration and black America." The "33-minute speech at the group's annual convention drew rounds of thunderous applause, such as when the president acknowledged that his political party wrote off the black vote and when he vowed to sign a bill to renew the Voting Rights Act. At other times, the audience groaned."

The Los Angeles Times (7/21, Wallsten, 918K) reports even as Bush "won a rousing ovation for his promise to sign a renewal of civil rights-era voting laws, he received a chillier reception as he laid out his ideas for improving the state of black America." Bush's appearance "came after a string of five rejected invitations — the result, in part, of bad blood between the president and Julian Bond, the longtime chairman of the National Assn. for the Advancement of Colored People. But after Bush's 33-minute address Thursday, NAACP leaders said they would judge him on his actions, not merely his words or attendance at their event."

The AP (7/21, Riechmann) reports Bush said he "knows racism exists in America and that many black voters distrust his Republican Party. Bush lamented the GOP's rocky relations with blacks. He pledged to improve that relationship and work with the NAACP's new leader to achieve common goals." Bush said, "It's a lot easier to change a law than to change a human heart. And I understand that many African-Americans distrust my political party." The AP adds, "That line generated boisterous applause and cheers from the audience, which generally gave the president a polite, reserved reception."

The Financial Times (7/21, Yeager) reports Bush "cited his efforts on several fronts, including programmes that he said were designed to improve education, boost home and business ownership, encourage faith-based social services and fight HIV." Some "black activists say the appearance was intended to offset the Bush administration's poor response to Hurricane Katrina and the insensitivity they said it showed the poor black residents of the Gulf coast hardest hit by the storm. The Democratic National Committee called the event 'too little, too late.'"

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The McClatchy Newspapers (7/21, Douglas) reports Bush's appearance was "a gesture toward ending years of bad blood between himself and the nation's foremost civil rights organization." With a "new NAACP president, former Verizon executive Bruce Gordon, and a renewed GOP election-year effort to woo African-American voters, and with the convention site just blocks from the White House rather than more-distant cities, Bush found it hard to turn down the group's invitation this year."

USA Today (7/21, Benedetto, 2.27M) reports Bush "told the audience that he is committed to civil rights and equal opportunity. His remarks were politely received by a group that at times has angered him with sharp criticism of his administration's policies and their effect on blacks." The audience "had mixed reactions to the president's speech."

The Washington Times (7/21, A1, Dinan, Debose, 88K) reports in a front page story that for "the most part, the audience received Mr. Bush politely but coldly, with smatterings of applause when he touted gains in areas such as funding for historically black colleges. He drew a standing ovation when he urged passage, 'without amendment,' of a bill renewing the expiring provisions of the Voting Rights Act of 1965." The president "also drew approval when he said that racism still persists." When Bush "talked about school choice and school vouchers, some in the audience applauded, but others booed and shook their heads. White House press secretary Tony Snow said later that although Mr. Bush's education message may not have resonated with convention delegates, it struck home with black voters elsewhere."

The Atlanta Journal-Constitution (7/21, Herman, 399K) reports Bush "said it was time to 'change the relationship.' The first step in doing that, some African-American leaders said, was just showing up at the convention. The next step, they said, involves inviting them in for high-level input." Rev. Jesse Jackson said, "There have not been meaningful meetings. Meaningful dialogue would help him and help us. If we could have meaningful dialogue, however challenging, we would all be enriched by it."

In the Washington Post's Washington Sketch column (7/21, A2), Dana Milbank writes, "President Bush was benefiting from the soft bigotry of low expectations when he addressed the NAACP convention yesterday. But that wasn't quite enough to get him through." For what "may have been the first time since the 2001 attacks, Bush gave a full-length speech with no mention of terrorism, Iraq or the Middle East. 'Compassion' was back, and it was as if, for a moment, the past five years had never happened. Bush, suffering from the recent departure of chief speechwriter Mike Gerson, reprised some of the greatest hits of his first campaign for the presidency."

LATimes Says Bush Speech Was "Pedestrian." The Los Angeles Times (7/21, 918K) says in an editorial that Bush "gave the sort of pedestrian speech to the NAACP that, but for a few obvious applause lines and anecdotes, could easily have been delivered to the Rotary Club or the AARP. The president deserves credit for resisting the urge to pander. But his speech also raises a question: If that's all he wanted to say, did he have to wait five years?"

Senate Passes Voting Rights Act By 98-0 Vote. The CBS Evening News (7/20, story 4, 2:00, Schieffer, 7.66M) reported, "The Senate gave final approval for the Voting Rights Act for another 25 years. It gave millions of African-Americans across the south the right to vote. The extension will be signed by the President, who, by the way, spoke today to the NAACP for the first time in six years as President." CQ (7/21, Stern) reports the "98-0 tally Thursday afternoon capped the legislation's rapid advance from the Judiciary Committee to the Senate floor in little more than 24 hours."

The AP (7/21, Kellman) reports the 1965 Voting Rights Act, "which opened voting booths to millions of black Americans, won a 25-year extension from Congress Thursday as Republicans sought to improve their standing with minorities before the fall election." The legislation, "approved 98-0 by the Senate after last week's overwhelming House passage, now goes to President Bush, who told the NAACP earlier in the day that he looked forward to signing it." The House "passed the bill last week 390-33 with opposition mostly from Southern lawmakers who objected to renewing a law that requires their states win Justice Department approval before changing any voting rules — punishment, they said, for racist practices decades in the past." Some also "objected to provisions that require jurisdictions with large populations of non-English-speaking citizens to print ballots in languages other than English."

The Washington Post (7/21, A1, Babington, 748K) reports in a front page story that the Senate renewal permits "permitting the federal government to continue its broad oversight of state voting procedures for the next quarter-century" and allows Republicans "to claim equality with Democrats in protecting minorities' clout at the ballot box."

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The law, "first passed in 1965, retains near-iconic status in civil rights circles, even though some elected officials say it is no longer needed. GOP leaders were eager to renew it before the November elections." Roll Call (7/20, Yachnin) reports the "day-long Senate debate featured little of the discord that marked House deliberations on the measure. While House leadership allowed four amendments sought by Southern GOP lawmakers to be considered to the bill — all of which failed by safe margins — the Senate did not consider any alterations when it took up the House bill."

The Wall Street Journal (7/21, Rogers, 2.03M) reports Congress "sent President Bush legislation to extend the Voting Rights Act and add language to counter recent Supreme Court rulings that have narrowed protections under the 1965 law." Never before "have Republicans so controlled the legislative process for consideration of the landmark law. Speaker Dennis Hastert (R., Ill.) struggled for weeks before overcoming divisions in his party and winning House approval last week. The quick Senate action and Mr. Bush's speech were freighted with politics going into November's elections."

The Washington Times (7/21, Debose, 88K) reports there were "few speeches in opposition to the bill, although several Southern senators expressed concern about the cost to taxpayers of multilingual balloting and complained that their states are still being punished for long-ago voter discrimination."

The New York Times (7/21, Hulse, 1.21M) reports progress "was slowed by objections from some Republicans in the House that the law unfairly singled out Southern states for special federal oversight when they have eradicated the rampant discrimination that spurred enactment of the law in 1965. Some Senate Republicans expressed similar sentiments Thursday but none opposed the measure."

South Carolina Hospital Settles With DOJ Over Communication For Deaf Patients. The AP (7/21, Adcox) reports, "A Florence (SC) hospital has settled a federal complaint by agreeing to provide deaf patients access to sign language interpreters and other ways to communicate with hospital employees." The AP continues, "The settlement should mean better care for deaf and hard-of-hearing patients at McLeod Regional Medical Center, Pete Cantrell, an attorney with the Protection and Advocacy for People with Disabilities Inc., said Thursday." The AP adds, "Not being able to communicate with hospital staff can be scary for patients and lead to bad decisions, Cantrell said. … 'Doctors might make an erroneous diagnosis,' he said. 'They might give instructions to a patient who doesn't follow them because he doesn't understand.' … The Columbia-based advocacy group sent a complaint to the U.S. Justice Department in December 2003, claiming the hospital violated the Americans with Disabilities Act by not providing interpreters for two deaf patients. … McLeod's agreement with the Justice Department involves no money and the hospital admits no wrongdoing."

DOJ Monitors Watch Alabama Elections. The Mobile Press-Register (AL) (7/21, Baggett) reports, "Federal poll watchers and the local district attorney's office monitored Conecuh County's Tuesday runoff election, which was marked by a heated contest for sheriff, officials said Wednesday." The Press-Register continues, "District Attorney Tommy Chapman said his office fielded complaints from both sides of the sheriff's race. He said his office looked into claims about deputies standing near polling places, Booker supporters walking too close to polls and local candidates' observers questioning voters as they marked ballots. … 'What we saw was really nothing out of the ordinary for elections here. We had people violating the 30-foot rule,' he said, referring to a requirement that campaign workers remain at least 30 feet from a polling place. … 'We had some minor complaints,' Chapman said, 'but we had the federal observers here taking notes. They will issue a report on their findings in the near future.' … Local officials said two observers from the U.S. Department of Justice in Washington came after someone in the county requested they keep tabs on voting. … A Justice Department representative was not able to answer specific questions regarding the observers on Wednesday, but forwarded a news release, which notes that Conecuh was one of three Southern counties visited by federal monitors Tuesday. … The department also sent poll watchers to Hale County, Ala., and Randolph County, Ga., to ensure compliance with the Voting Rights Act, the release states."

DOJ To Weigh Free Speech Against Public Harm In Koran Desecration. WTVC-TV Chattanooga (7/20, Madewell) reports on its Web site from a story broadcast yesterday, "Freedom of speech weighed against harm toward another will be at the heart of whether federal charges fall on a Chattanooga man" for desecrating a Koran and posting the video on MySpace. WTVC "learned he

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is Jason Thomas Mullican, a licensed emergency medical technician who used to work at East Ridge Hospital. … Senior Agent Tim Burke said, 'When their activities, particularly in this case, that were videotaped suggest something beyond free speech. You know, threatening and intimidating a religious group for instance. There are laws that govern that kind of activity, at this time that's all going to be determined by justice department officials.'"

ANTITRUST:

Microsoft Sales Grow But Profit Lags. The New York Times (7/21, Lohr) reports, "Microsoft reported yesterday that its sales grew strongly in the recent quarter, but its profits lagged." The Times continues, "The company is in the midst of product transition as sales of its new, as yet unprofitable, Xbox video game console are increasing rapidly, while new versions of its most lucrative products like Windows and Office will not arrive until next year. Microsoft has also increased its investment to meet the rising competition from Internet software and services companies, led by Google." The Times adds, "The big software maker said its outlook for fiscal 2007, which began this month, was at the high end of Wall Street's expectations. Microsoft also announced a program to buy $20 billion of its own shares by Aug. 17 and another $20 billion worth over the next five years. … The share repurchase plan comes after senior executives at Microsoft, led by Steven A. Ballmer, the chief executive, traveled and met with large investors in the last few months. … One message from those meetings, analysts said, was that Microsoft should be more aggressive in using its huge stockpile of cash to lift the company's stock price."

The Seattle Post-Intelligencer (7/21, Bishop) reports that "the surprise twist was Microsoft's plan to rebuy as much as $40 billion worth of its own shares -- paying up to $20 billion through a tender offer this summer and the rest over the next five years. The move comes in addition to a $30 billion buyback that the company recently completed. … 'It's a pretty aggressive way to imply that their stock is undervalued,' said Alan Davis, a financial analyst at D.A. Davidson & Co. in Lake Oswego, Ore. … That's how investors commonly view share-repurchase plans, and they appeared to quickly take the hint. Microsoft's persistently sagging share price climbed more than 5 percent in after-hours trading, to $24.11, after news of the buyback and the company's financial results." The P-I adds, "Microsoft surprised Wall Street last quarter by signaling expenses would be more than $2 billion higher than many analysts had been expecting for the current fiscal year, which began July 1. The company's shares had fallen more than 16 percent in the intervening three months, closing Thursday at $22.85, before rising in after-hours trading."

China Internation Marine Containers Drops Bid For Burg. Bloomberg (7/21, Jiang) reports, "China International Marine Containers Co., the world's largest maker of cargo-carrying boxes, dropped its proposed takeover of Burg Industries BV of the Netherlands after European regulators extended their review." Bloomberg continues, "The decision to terminate the 82.5 million euros ($104 million) purchase was made after 'judging the process for European Union regulators to review the transaction,' China International said in a statement to the Shenzhen Stock Exchange today. The European Commission on June 26 extended its scrutiny of the deal, delaying a ruling from July 28 to Aug. 21." Bloomberg adds, "The proposed purchase of Burg, which makes containers for breweries and fuel companies, would combine the two largest makers of tank containers for liquid cargoes, giving them 'a quasi-monopolistic market position,' the 25-nation EU's antitrust regulator said in March. China International and Burg had offered concessions in response to the probe, the commission said last month, without elaborating."

ENVIRONMENT/INDIAN AFFAIRS:

Panel To Investigate Charges White House Edited Environmental Reports. CQ (7/20, Raju) reports the House Government Reform Committee "said Thursday it will launch a bipartisan inquiry into allegations that the White House edited climate reports to play down the potential threat of global warming." Chairman Thomas M. Davis III, R-Va., and ranking Democrat Henry A. Waxman of California "sent a letter Thursday to the White House, demanding by Aug. 11 all communications between the president's Council on Environmental Quality (CEQ) and scientific groups and agencies about research into climate change. Members announced the inquiry at a hearing Thursday morning." The council, "which coordinates White House environmental policy, has been accused of adding qualifying statements to scientific assertions about the threats of climate change." Davis sought "to play down the

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significance of the inquiry, saying it is part of the panel's regular oversight duties." Said Davis, "We're just looking at it, that's all. That's our job." CQ adds the move "is an example of a newfound assertiveness in the Republican-controlled Congress toward President Bush, whose approval ratings — along with those of Congress — have sagged throughout 2006."

The New York Times (7/21, Revkin, 1.21M) reports the Government Reform Committee "will examine accusations that political appointees in the Bush administration edited government reports on global warming to raise the level of uncertainty about research that points to a human cause."

USDA Reduces Mad Cow Testing By 90%. ABC World News Tonight (7/20, story 10, 0:20, Gibson, 8.78M) reported, "The Agriculture Department has said it's going to eliminate about 90% of its tests for mad cow disease. The department has been conducting about a thousand tests a day since the disease was discovered in the United States in 2003. But the department now says all this testing is unnecessary because the risk of mad cow is very small. Consumer groups, however, are protesting the decision."

The Wall Street Journal (7/21, A8, Kilman, 2.03M) reports the Bush administration, "declaring that mad-cow disease is rare in the US, is revamping a two-year-old surveillance program, cutting the number of animals tested by about 90%." Agriculture Department officials said yesterday the agency will spend $17 million to test 40,000 cattle annually to test cattle for the disease. Agriculture Secretary Mike Johanns said the move "shouldn't disrupt efforts to fully re-establish US beef exports to Japan and South Korea."

The New York Times (7/21, McNeil, 1.21M) reports public advocacy experts did not welcome the USDA's move. Michael K. Hansen, an expert on the disease at Consumers Union, said the agency is "playing Russian roulette with public health." The Times also said it is "unclear whether the new policy will affect American beef exports," particularly to Asia where there have been questions about the safety of US beef.

Bloomberg (7/21, Larkin) reports Rep. Rosa DeLauro was also critical of the USDA's decision, saying mad-cow disease remains a concern and the move to scale back testing "defies logic" and puts consumers at risk. "We are all relieved that the enhanced surveillance program found few incidents of domestic cases of BSE, but these findings have not diminished the threat of this deadly disease,"' the Connecticut Democrat said in a statement.

The Washington Post/AP (7/21, A8, Quaid) says the move was, however, "applauded by industry groups such as the National Cattlemen's Beef Association." The Dallas Morning News (7/21, Robinson-Jacobs, 500K) calls the move "good news" for the cattle industry.

Judge Halts Arkansas Irrigation Project Over Woodpecker Claims. The AP (7/21, DeMillo) reports, "A federal judge (in Little Rock, AR) halted a $320 million irrigation project Thursday for fear it could disturb the habitat of a woodpecker that may or may not be extinct." The AP continues, "The dispute involves the ivory-billed woodpecker. The last confirmed sighting of the bird in North America was in 1944, and scientists had thought the species was extinct until 2004, when a kayaker claimed to have spotted one in the area. But scientists have been unable to confirm the sighting. … Still, U.S. District Judge William R. Wilson said that for purposes of the lawsuit brought by environmental groups, he had to assume the woodpecker exists in the area. And he ruled that federal agencies may have violated the Endangered Species Act by not studying the risks fully. … 'When an endangered species is allegedly jeopardized, the balance of hardships and public interest tips in favor of the protected species. Here there is evidence' that the ivory-billed woodpecker may be jeopardized, he said." The AP adds, "The National Wildlife Federation and the Arkansas Wildlife Federation had sued the Army Corps of Engineers, arguing that the project to build a pumping station that would draw water from the White River would kill trees that house the birds and that noise from the station would cause the woodpeckers stress. … The judge said the Corps and the Interior Department must conduct further studies before proceeding. … A Justice Department lawyer said this year that a one-month delay would cost the Corps as much as $264,000, and a six-month wait $3 million."

Kempthorne Backs Bill To Give States Portion Of Oil Royalties. The Washington Times (7/21, Hudson, 88K) reports Interior Secretary Dirk Kempthorne said the Bush Administration "supports a bill that would let states keep a percentage of oil royalties as an incentive to allow new offshore drilling in the Gulf of Mexico." Legislation "expected to be finalized this month would open 8 million acres for leases to drill for 1 billion barrels of oil and 5

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trillion cubic feet of natural gas." Kempthorne said, "The administration strongly opposes royalties on existing leases. But for new leases, that concept is being embraced."

Louisiana Sues Federal Government Over Royalty Dispute. The New York Times/AP (7/21) reports Louisiana Gov. Kathleen Babineaux Blanco "sued the federal government in a continuing dispute over Louisiana's share of federal royalties generated by oil production off the state's coastline. The suit accuses the federal Mineral Management Service of disregarding the environmental damage caused by oil and gas exploration, particularly after the damage done to the coastline last year by Hurricanes Katrina and Rita."

Some Western Republicans Opposing New Oil, Gas Drilling On Federal Lands. USA Today (7/21, Kenworthy, 2.27M) reports Western Republicans are "starting to buck against oil and gas drilling on federal lands prized for their wildlife and recreational opportunities." Amid "a Western energy boom promoted by the Bush administration, Republican officeholders from Montana, Wyoming, New Mexico and California recently have called for bans on drilling and other development on large blocs of national forest lands in their states." Critics of drilling "say their objections reflect growing opposition among traditionally conservative voters."

Texas Utility Firm Plans 11 Coal Burning Power Plants. The Wall Street Journal (7/21, Smith, 2.03M) reports the top executives "at many utility companies have reluctantly accepted that coal-fired power plants contribute to global warming, and they have begun planning for a more restrictive future." But C. John Wilder, "chief executive of TXU Corp. The Dallas-based utility company is racing to build 11 big power plants in Texas that will burn pulverized coal. That process releases substantial amounts of carbon dioxide, the most worrisome of several heat-trapping gases widely blamed for global warming." TXU "contends Texas needs a lot more power, and it wants to be the company to provide it." But critics "of its $11 billion construction program see another motivation: The federal government may slap limits on carbon-dioxide emissions. If it does, plants completed sooner may have a distinct advantage." The government "may dole out 'allowances' to release carbon dioxide, and plants up and running when regulations go into effect may qualify for more of them than those built at a later date."

DOJ In Talks To Bring Amber Alerts To Indian Reservations. The AP (7/21) reports, "The Justice Department says it is talking with tribal leaders about bringing the Amber Alert system to reservations across the country. … 'Tribes can play an important part in strengthening our Amber Alert network,' said Regina Schofield, an assistant attorney general. 'Amber Alert has shown itself to be a strong criminal deterrent, and any time crime is deterred, the quality of life goes up.' … Schofield said she's confident it would have the same effect in Indian Country." The AP adds, "Amber Alerts are issued by law enforcement to the media when authorities suspect a child has been abducted and is considered to be in danger. … As of last year, all 50 states had statewide Amber Alert plans in place so that all levels of state law enforcement know when a child is abducted. … To create a seamless network across the country, Schofield said she's encouraging tribes to develop their own plans that are tailored to their specific needs. … Schofield has met with tribal leaders while in New Mexico and spoke with state Amber Alert coordinators to encourage them to work with tribes."

FBI/DEA/ATF/USMS:

Grand Jury Ends Without Indicting Bonds, New Grand Jury Impaneled. The decision by federal prosecutors investigating steroids in sports not to indict baseball's Barry Bonds received wide coverage, with more than 1,500 media references covering various angles of the story. For example, the New York Times (7/21, Wilson) reports from San Francisco, "Kevin V. Ryan, the United States attorney for the Northern District of California, said he was not yet seeking an indictment against Barry Bonds or anybody else in the investigation — not yet, anyway. … A new grand jury has been established in the perjury and obstruction-of-justice case that stems from the ongoing Bay Area Laboratory Co-Operative steroids scandal. Greg Anderson, Bonds's trainer, will be the first witness Thursday." According to the Times, Dr. Donald H. Catlin, director of the Olympic drug-testing lab at U.C.L.A., praised the government's persistence. The Times continues, "And Catlin noted that an international investigation has made good progress. In December, the Drug Enforcement Administration charged eight steroid

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manufacturers in Mexico and 23 people with drug trafficking and money laundering. The D.E.A. said it was the largest steroid investigation in United States history, but it received little attention in the news media."

The New York Times (7/21, Curry) also reports, "Bonds, who avoided reporters, did not express his feelings about Greg Anderson, his trainer and boyhood friend, who has refused to cooperate with investigators. Anderson, who was released Thursday after spending 15 days in jail for contempt of court, was immediately subpoenaed to appear before a new grand jury next Thursday."

According to the AP (7/21), prosecutors "wouldn't confirm the existence of a new grand jury." But Anderson's lawyer, Mark Geragos, "said there was one. He said his client has been subpoenaed to testify before a new panel that will take up the question of whether Bonds lied under oath when he said he never knowingly took performance-enhancing drugs. Geragos said Anderson won't budge."

The San Francisco Chronicle (7/21) reports, "Bonds escaped a possible perjury indictment Thursday, but actions by the U.S. attorney's office suggested the government, far from dropping its case, is trying to line up as ironclad a prosecution as possible to go after the Giants slugger. … The U.S. attorney's announcement that Bonds faced no imminent indictment was the latest turn in a federal investigation that started nearly four years ago and grew into the biggest doping scandal in U.S. history."

Bloomberg (7/21, Rosenblatt) reports, "Bonds, 41, has denied using muscle-building steroids. His lawyer Laura Enos has said she is 'cautiously hopeful' the ballplayer wouldn't be charged as part of the federal probe, as his legal team prepared for a possible indictment." Bloomberg adds, "The investigation is continuing, prosecutors said. Late today, the San Francisco Chronicle reported that prosecutors issued a new subpoena to Bonds' trainer Greg Anderson, requiring him to appear before a new grand jury next week, citing Anderson's lawyer Paula Canny. Anderson was issued the subpoena before he left federal prison in Dublin, the Chronicle said, where he was being held for refusing to testify. … 'It's very easy to call another grand jury,' said Andrew Weissmann, a former U.S. Justice Department prosecutor, now a New York partner at Jenner & Block. 'Any day if you're representing the target or subject of a grand jury investigation and your client's not indicted, it's a good day. Unfortunately it doesn't mean a lot for tomorrow.' … San Francisco U.S. Attorney Kevin V. Ryan said at a press conference that he 'postponed that decision for another day in light of some recent developments,' adding that 'some unanswered questions remain in this case.' He didn't elaborate."

The Washington Post (7/21, Sheinin) writes that U.S. Attorney Kevin V. Ryan "explained the postponement of a decision on Bonds by saying: 'Some unanswered questions remain in the case. We intend to pursue the answers to those questions. We will continue to move forward including continuing to seek the truthful testimony of witnesses whose testimony the grand jury is entitled to hear.'"

USA Today (7/21, Nightengale) reports Robert Shapiro, famed Los Angeles criminal defense attorney, "said Ryan's announcement not to indict was a clear victory for Bonds. 'This is very positive news for Barry Bonds, and probably the correct news,' Shapiro said. 'What (the prosecutors are) saying is that they have witnesses they believe that would give testimony they would like to hear, but those witnesses are refusing."

In the Los Angeles Times (7/20) sports section, J.A. Adande writes, "Prosecuting Barry Bonds lands at the bottom of my list of things our government should do. … Unearth the terrorist cells that are plotting to kill more Americans. Go after corporate crooks who cost employees their jobs and retirement savings. Just don't waste 'millions of dollars' (in the estimation of Bonds' attorney Laura Enos) going after a baseball player because he isn't a nice guy."

Network TV Coverage. ABC's Nightline (7/20, 11:27 p.m.) reported, "Barry Bonds wasn't indicted today as the grand jury's term expired but Bonds' personal trainer has been subpoenaed for the new grand jury next week. Prosecutors say the investigation of steroids, possible perjury, and tax evasion will continue. Meanwhile Barry Bonds is on the field as the Giants open a four-game series with the Padres."

ABC's World News Tonight (7/20, 5:30 p.m.) reported, "After weeks of speculation, a grand jury in San Francisco did not indict Barry Bonds before its term expired today. Prosecutors say they decided not to seek an indictment against the San Francisco Giants star for now, because of recent developments. A new grand jury will consider possible perjury and tax evasion charges against Bonds as part of the ongoing federal investigation into steroids.

Cable TV Coverage. CNN (7/20, 12:30 p.m.) reported, "We just got news on the Barry Bonds' case. According to spokesperson for the US attorney's Office in the northern district of California, Barry Bonds is not going to be indicted

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today. According to the Associated Press, the attorney's office is going to extend the grand jury that is investigating Barry Bonds for lying to the grand jury about steroid use and also on tax evasion charges, that he didn't pay taxes on baseball memorabilia that he sold. The steroid debate is not over. According to a statement by the US Attorney's Office that CNN has obtained it says that it is not going to seek this indictment against Barry Bonds in connection to the ongoing steroids-related investigation."

CNN's The Situation Room (7/20, 5:00 p.m.) reported, "Barry Bonds won't be indicted. But federal prosecutors say their investigation is continuing. Bonds' lawyer says his client is a victim of a witch hunt. His personal trainer has been released after refusing to testify."

ESPN (7/20, 8:00 p.m.) reported, "Barry Bonds got a win today, but he's not out of the woods yet. On the day the grand jury's term ended, federal prosecutors said Barry Bonds would not be indicted, at least not today. You see, the feds still plan to continue his investigation into perjury and tax evasion charges against the Giants superstar. … Meanwhile, Barry's personal trainer, Greg Anderson, became a free man on the a same day of this news, Anderson was released from federal prison today where he's been for more than two weeks after refusing to testify in the case against Bonds. … On a day when the government failed to indict Barry Bonds after promising that they were going to be able to do it, you can only conclude that their case isn't very good."

On its Web site, ESPN (7/21) cites results of an ESPN/ABC News poll released Thursday that indicates a "majority of fans believe Bonds used steroids."

Attorneys Spar Over BALCO Subpoenas. The San Francisco Chronicle (7/20, Egelko) reports, "The Justice Department, which wants two Chronicle reporters to identify their source for grand jury testimony about steroids and sports, is arguing that the reporters forfeited any right to keep the source confidential by revealing in legal papers that it wasn't Victor Conte, the founder of the Bay Area Laboratory Co-Operative." The Chronicle continues, "The argument, part of a sealed filing by federal prosecutors last week, was disclosed and criticized Tuesday by Hearst Corp. lawyers representing the reporters, Mark Fainaru-Wada and Lance Williams. … 'Case law from around the country flatly rejects the government's position,' lawyers for Hearst, which owns The Chronicle, told a federal judge in a written brief. … 'The government's position is as self-destructive as it is unsupported,' they argued, because it would discourage newspapers from providing any information voluntarily." The Chronicle adds, "Thom Mrozek, spokesman for the U.S. attorney's office in Los Angeles, declined comment Wednesday, saying he could not discuss a sealed filing. The Los Angeles office is handling the case because the investigation of the grand jury leaks involves employees of the federal prosecutor's office in San Francisco. … Prosecutors have sent subpoenas to The Chronicle and the reporters, asking who provided them with transcripts of testimony by Giants star Barry Bonds and other prominent athletes before a federal grand jury investigating BALCO, Conte's company. The reporters' articles about the case in 2004 fueled a congressional investigation and a new Major League Baseball policy on testing for steroids."

Bush Nominee Accused Of Obstructing Justice In Meth Case. The Grand Rapids (MI) Press (7/20) reports an anonymous federal law enforcement official "is urging the Senate Judiciary Committee to block President Bush's nomination of Phillip Green, an assistant U.S. attorney in Grand Rapids, to become the top federal prosecutor in southern Illinois. In a letter to members of the Senate committee, the official accused Green of improperly agreeing to a reduced sentence for a convicted methamphetamine dealer. … On July 7, the unnamed federal law enforcement official wrote letters to all Judiciary Committee members, Attorney General Alberto Gonzalez and other government officials, alleging Green 'obstructed justice and likely accepted a bribe' in exchange for allowing the drug dealer to be released five years before his 10-year sentence was up. The official, who said he has worked with the Kent County Sheriff's Department and the federal Drug Enforcement Administration, offered no proof of a bribe."

Defense Attorney Accuses Authorities Of "Playing Favorites" In Tennessee Marijuana Case. The Knoxville (TN) News Sentinel (7/21, Satterfield) reports a defense attorney Thursday "accused federal authorities of playing favorites in the massive marijuana conspiracy case lodged against a prominent…businessman and others. Attorney Russell T. Greene argued at a hearing in U.S. District Court that his client, alleged conspiracy customer Frank Logan Asbury, was as much an important businessman…as alleged marijuana peddler Scott West is on Market Square." West is accused of "funneling drug money through his Market Square businesses [in Knoxville]."

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Alleged New York Gang Leader Sentenced To 37 Years. The New York Times (7/21, Brick) reports, "A man prosecutors have spent years trying to connect to witness tampering, intimidation and murder was sentenced yesterday to 37 years in prison on drug conspiracy and weapons charges." The Times continues, "The man, Dupree Harris, 32, described by prosecutors as a leader of the Nine Drey branch of the Bloods street gang, is already serving 15 years to life for bribing witnesses in a murder case. But even while becoming a symbol of witness vulnerability and the criminal justice system's limitations, Mr. Harris has not been convicted of the violent crimes prosecutors — and even a judge — have ascribed to him." The Times adds, "At the sentencing, Mr. Harris's longtime lawyer, Stacey Richman, sought to underscore that distinction, noting that a court document inaccurately listed a witness-tampering conviction instead of a bribery conviction among his criminal history. … 'There is a great difference between the two, in that one is violent and one is not,' Ms. Richman said. 'Bribery is nonviolent.'" The Times notes, "The efforts to connect Mr. Harris to violence against witnesses unfolded over four years and four trials in Brooklyn, and publicity led prosecutors and even members of Congress to vow to strengthen witness protection procedures. … In 2003, Mr. Harris was acquitted of a killing in Bedford-Stuyvesant after a trial that prosecutors said was tainted by an orchestrated effort to intimidate witnesses. By that time, he was already awaiting trial for bribery and intimidation of witnesses in the murder trial of his half-brother, Wesley Sykes, who was eventually convicted. A witness whose name was read aloud in court in that trial, Bobby K. Gibson, was killed before he could testify. … As those trials wound through the state court system, federal prosecutors delved into Mr. Harris's past. Before he was arrested in 2002, prosecutors said, he employed a network of contacts from the housing projects of Bedford-Stuyvesant to operate a cocaine distribution ring in Glens Falls, about 180 miles upstate."

IMMIGRATION:

Hastert Says Border Security Remains First Immigration Priority. USA Today (7/21, Kiely, 2.27M) reports, "Two months after the Senate passed a bill that would give citizenship to millions of illegal immigrants, House Speaker Dennis Hastert remains adamant that border security must be improved before Congress considers other changes to the law." Hastert said, "I would look at it as if you have a patient who is bleeding to death. Close the wound first. Secure the border. And then you can begin to look at what other options are." USA adds Hastert's "comments came on the eve of a weekend inspection of the U.S.-Mexican border, which he calls 'a sieve.' He is leading a delegation that includes supporters of a House immigration bill that emphasizes tighter border security and penalties on employers who hire illegal immigrants, as well as opponents who prefer the Senate bill."

The AP (7/21, Espo) reports Speaker Hastert said, "immigration legislation must first 'solve the problem' of illegal entry into the United States." Hastert said, "I've always said you need to build a fence on the border and you need to have military. There are places the military can help, especially the National Guard." The AP adds Hastert "and a handful of lawmakers intend to make stops this weekend in Arizona and Texas, meeting with National Guard troops deployed to assist Border Patrol agents and visiting Camp Grip, which aides described as a remote, desert location and prime area for smugglers."

House Debates Mexico Border Fence. The AP (7/21, Jordan) reports, "Lawmakers grappled Thursday with whether to build a fence along hundreds of miles on the nation's southern border, weighing combating illegal immigration against a costly barrier that alone might not stop migrants." Layered fencing "stands on about 75 miles of the 2,000-mile U.S.-Mexico border, mostly in cities like San Diego, El Paso, Texas, and Nogales, Ariz. In an election year fixated on illegal immigration and border security, Congress is considering proposals to put fencing on up to 850 miles on the border, costing billions of dollars." Rep. Duncan Hunter said in San Diego, "immigrant gang-related murders, drug traffic and human smuggling have dropped dramatically since a fence just south of the city was built in 1996." But Rep. Silvestre Reyes, D-Texas, "a former top U.S. Border Patrol official, said fencing could cost as much as $2.2 billion and might not be effective in all areas." Reyes said, "I think it wastes money. I think it's not a good investment of taxpayer dollars."

The Washington Times (7/21, Hurt, 88K) reports TJ Bonner, president of the Border Patrol union, told Congress that "building fences along high-traffic areas of the U.S. border with Mexico dramatically reduces crime." Bonner said that in San Diego, "after the fence was built, with surplus

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military steel landing mats, drug seizures tapered off and the crime rate fell sharply." The Times adds, "Most Congress members at the joint hearing yesterday seemed to agree on the need for fencing, but at least one worried that it would endanger the lives of those trying to sneak into the country." Rep. Elijah Cummings said, "Individuals who attempt to cross the border are determined."

Guard Troops Allowing Border Patrol To Return To Border In Texas. The AP (7/21) reports, "Three dozen Border Patrol agents" are back patrolling the border in Laredo, Texas "thanks to relief from more than 100 National Guard troops now working there, a border official said Thursday. Reynaldo Garza, acting chief patrol agent for the Laredo border sector, said the Guard troops – working since June as mechanics and camera monitors and in other jobs – have allowed agents to focus on catching illegal immigrants in the heavily trafficked area. … Chief Garza said the Guard has helped the Border Patrol seize 2,200 pounds of marijuana and 138 pounds of cocaine in the last two weeks by dismantling vehicles during drug searches at checkpoints."

The Houston Chronicle (7/21, Gonzalez, 535K) reports, "Guard and patrol officials said the month-old deployment of troops to the border is working as planned" in Texas, which "has been able to meet Pentagon staffing goals with in-state volunteers for a mission expected to last two years. Although it has taken several weeks to muster and train the first wave of troops, they've been well received by the patrol and this border community," according to Lt. Col. Rick Noriega, commander of guard troops in the patrol's Laredo sector. "The Guard will have a further impact on smuggling when engineering specialists arrive to build barriers and fences in high-traffic areas, Garza said."

Gonzales Tours Border In El Paso. KDBC-TV, El Paso (7/20) reported Gonzales said during his tour that "securing the border is a big task, and one President Bush and the Department of Homeland Security are dedicated to. Gonzales also said within the Department of Justice, there are more immigration-related cases than any other."

Arizona Case Raises Questions About Legality, Ethics Of Aiding Immigrants. The Wall Street Journal (7/21, Winograd, 2.03M) reports humanitarian groups "in Arizona have long sought to reverse the increasing annual toll of migrants who die after illegally entering the U.S. -- by aiding injured crossers, maintaining desert water stations or even camping near the border in 100-degree temperatures." But two volunteers are now "slated to stand trial in October for crossing what the government calls the line between humanitarian assistance and human smuggling. The defendants -- both 23 years old when arrested last July -- were found driving three ailing migrants to a makeshift clinic at a Tucson church. Though mostly watched in Arizona, the case also reflects a moral and policy question underlying the current immigration debate: How much aid should people who are legally in the country be able to give to those who are not?"

Minuteman Leaders Give Simcox Vote Of Confidence On Finances. The Washington Times (7/21, Seper, 88K) reports the Minuteman Civil Defense Corps' top leaders "signed a letter yesterday saying they have 'complete confidence in the professional firms' hired by MCDC President Chris Simcox to oversee the organization's finances, citing criticism from within and outside the group as 'utterly without merit.'" The letter, "posted on the Minuteman Web page (www.minutemanhq.com) applauded Mr. Simcox's decision to employ 'accredited and experienced professionals to assist the organization in management of our finances.'" The letter "came in response to a report yesterday in The Washington Times that a growing number of MCDC leaders and volunteers had questions concerning the whereabouts of money contributed to the organization over the past 15 months and its ties to Declaration Alliance, a Virginia-based charity headed by conservative Alan Keyes."

TAX:

Court Rules Against IRS In Tax Shelter Case.

The Wall Street Journal (7/21, Matthews) reports, "A federal court dealt the Internal Revenue Service at least a small setback in its continuing legal prosecution of a tax shelter known as 'Son of Boss.'" The Journal continues, "The U.S. District Court for the Eastern District of Texas ruled that the government was wrong to retroactively change its regulations, a change which ultimately ensnared Klamath Strategic Investment Fund LLC in a tax dispute with the IRS over how to account for tax liabilities under a complicated loan agreement. The court also ruled the government overstepped its authority in defining what exactly constituted a liability under the IRS code." The Journal adds, "The civil case may have ramifications for the government's coming trial of 18 individuals facing criminal charges related to sales of tax shelters by KPMG LLP. The government has contended in

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those cases that the structures were illegal. Some of the criminal cases against those individuals involved Son of Boss. … While the government lost on two of its arguments against Klamath, the case still is scheduled to be argued in October over whether the complicated loan structuring meets the government's test of economic substance. Economic substance means that a business transaction would have to have a purpose other than to lower federal taxes. … 'We are still studying the opinion, which affects one part of the government's case,' said IRS Chief Counsel Donald Korb. 'The effect of the economic substance doctrine on this case has yet to be decided.'"

WSJournal Decries KPMG Tax Shelter Probe. The Wall Street Journal (7/21) editorializes, "The 'largest tax-fraud case in U.S. history' is turning into a slow-motion fiasco for the government. In a two-page order filed Wednesday, federal Judge Lewis A. Kaplan, who is overseeing the criminal trial of 18 defendants -- mostly former employees of accounting giant KPMG -- granted a defense motion to delay the trial until next January." The Journal continues, "One reason Judge Kaplan cited for the delay was the U.S. Attorney's 'improper' interference in KPMG's decision to cut the defendants off from legal support. Judge Kaplan ruled last month that both Justice Department policy, as laid out in the 2003 Thompson Memo, and the prosecutors' conduct in this case were unconstitutional. His 88-page ruling in June declined to dismiss the case over the matter, but suggested that dismissal remained a possibility if the legal-fee issue was not resolved. … Sixteen of the defendants are suing KPMG for payment of their legal fees, which KPMG continues to resist, and the judge's order suggested that he'd like to see that resolved before the trial begins. This seems more than fair, since the former KPMG officials have been indicted for selling tax shelters that they believed were legal at the time, and that KPMG itself only admitted were wrong as part of a deferred-prosecution agreement to avoid an indictment of the entire firm." The Journal concludes, "The testiness continued with Wednesday's order, which also rapped the government over its handling of document production. The failure to adhere to an October 2005 deadline for providing the defendants with the government's evidence was also among the reasons for the trial's delay. In June, Judge Kaplan remarked ruefully, 'There used to be a time when big cases were investigated a different way in this country. Maybe something's gone horribly wrong.' Some serious reconsideration at senior levels of the Justice Department seems called for here."

CONGRESS-ADMINISTRATION:

Leavitt Family's Use Of Foundation For Tax Deductions Questioned. The Washington Post (7/21, A1, Weisman, 748K) reports in a front page story that Health and Human Services Secretary Mike Leavitt "and his relatives have claimed millions of dollars in tax deductions through a type of charitable foundation they created that until recently paid out very little in actual charity, tax records show." Much of the foundation's money "has been invested or lent to the family's business interests and real estate holdings, or contributed to the Leavitt family genealogical society." The Leavitts "used nearly $9 million of their assets to set up the foundation in 2000 under an obscure provision of the federal tax code. But unlike standard private foundations, which are required to give away at least 5 percent of their assets to charitable causes, the Leavitt organization donated less than 1 percent of its assets in 2002, 2003 and 2004. The donations jumped to 6.3 percent of total assets last year, after the sale of family water interests that also allowed the foundation to increase its lending to Leavitt business interests." While Mike Leavitt "alone has claimed about $1.2 million in tax write-offs since 2000, the foundation gave away only $49,000 in 2002 and $52,000 the next year, according to tax returns and other documents filed by the foundation." Rick Cohen, "executive director of the National Committee for Responsive Philanthropy, said that 'the Leavitts are using the foundation as a personal piggy bank, and that's not what the public -- or Congress -- ought to tolerate.'"

Pension Bill Expected To Reach Bush's Desk Before August Recess. The AP (7/21, Abrams) reports, "Republicans expressed confidence Thursday that pension overhaul legislation, after months of negotiation, would make it to the president before Congress' August break. … House Majority Leader John Boehner, R-Ohio, a chief negotiator in the House-Senate talks that have dragged on since March, said the bill no longer would allow employers to underfund pension plans and would protect taxpayers from a multibillion-dollar bailout. … Boehner said that the final product will strengthen a system that has seen employer-based defined benefit pension plans grow underfunded by an estimated $450 billion."

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Pension Conferees Resist Efforts To Include Estate Tax Provision. CQ (7/20, Van Dongen, Crittenden) reported, "A rift has developed between Senate Republican leaders and negotiators trying to broker a complex deal on pension legislation over whether the conference report should include an estate tax reduction. Senate aides said Thursday that Majority Leader Bill Frist, R-Tenn., wants to include a compromise estate tax provision in order to get that legislation through the Senate quickly. … But conferees on the pension overhaul measure (HR 2830), who have struggled since March to craft a plan they now hope to bring to the House floor next week and the Senate floor after that, do not want to further complicate their task by taking on the estate tax."

Senate Appropriators Finish Work Before August Recess. For the first time in 18 years, the Senate Appropriations Committee completed its work before the August recess. The panel approved four bills yesterday, which the Washington Post (7/21, A3, Murray, 748K) says will leave "plenty of time for Congress to complete a budget by Oct. 1, when the new fiscal year begins." However, the Post notes that despite that momentum, "Congress probably will not confront some of the biggest domestic spending issues, including more money for education and health programs, until after the November elections." The Post adds, "Nervous Republican leaders want to avoid a showdown before then between GOP moderates and conservatives."

House Approves Oman Trade Agreement. The House has approved a trade agreement with Oman, offering what the Wall Street Journal (7/21, Hitt, 2.03M) calls a "vote of confidence for an important plank in President Bush's trade agenda." Bush "has made a priority of establishing closer economic ties with nations in the Middle East, to foster political alliances and ease hostility toward the U.S. Washington has completed deals with Morocco and Bahrain, adding to trade agreements previously negotiated with Jordan and Israel. Talks are under way on a potential pact with the United Arab Emirates."

Vote Said To Signal Trouble For Administration's Trade Agenda. CQ (7/20, Higa) reported that the 221-205 House vote to approve the pact "signaled significant trouble ahead for the administration's trade agenda in Congress, with Republican leaders narrowly averting an embarrassing defeat of a relatively minor trade pact." According to CQ, "Thursday's vote bodes poorly for the White House's chances of renewing fast-track trade negotiating authority (PL 107-210), which is set to expire in July 2007."

Peru Trade Accord Passes House Committee. Bloomberg (7/21, Drajem) reports a free trade pact between the US and Peru was approved by a House committee "in a procedure designed to measure support for the accord before it is formally submitted for consideration." The House Ways and Means Committee approved the measure Thursday 23-13 during a "mock markup." The committee also voted down amendments offered by Democrats intended to change provisions over labor rights, port security and environmental standards.

Senate GOP Pushes Parental Notification Bill. Republicans in the Senate are pushing legislation to protect parent's right to be involved in their teenage daughter's abortion decision. The Washington Times (7/21, Fagan, 88K) reports that debate on the bill will likely begin today and GOP leaders are hoping to hold a vote next week. GOP leaders are "trying to work out an agreement with Democrats on how long debate will last and how many amendments Democrats will be able to offer." The measure "would make it a crime to knowingly skirt a state's parental consent or notification law by taking a pregnant minor to another state to obtain an abortion."

Military, Civil Service Pay Raises Advance On Separate Tracks. The Washington Post (7/21, D4, Barr, 748K) reports in its "Federal Diary" column, "The Senate Appropriations Committee signed off yesterday on a 2.7 percent pay raise for the civil service for next year, but a key senator cautioned that the proposal might be adjusted to 2.2 percent if Congress decides that is the appropriate increase for the military." The raises "have moved on separate tracks this year, with House and Senate defense appropriators proposing a 2.2 percent raise for the armed forces and the House and Senate appropriators with the transportation and Treasury subcommittee recommending a 2.7 percent raise for the civil service."

LATimes Praises Proposed Federal Spending Database. An editorial in the Los Angeles Times (7/21, 918K) says Sen. Tom Coburn's effort to mandate "'full disclosure of all entities and organizations receiving federal funds' on the Web" is "a great idea."

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Coburn's database "would let regular folks go to a box on a website, type in an obvious keyword or phrase such as 'Sierra Club' or 'Boeing' or 'Sacramento levee,' then get a full record, stretching back 10 years, of how much federal money went to an entity, cause or project, and for exactly what purpose." The Times adds, "It's hard to find fault with legislation that promotes such transparency. … Fiscal conservatives like Coburn hope the new database will hasten the demise of pork-barrel politics. Some progressives have said they also hope it will shed light on all the good work that government does."

WPost Says Public Apathy Allows Farm Subsidies To Survive. In an editorial, the Washington Post (7/21, 748K) says the newspaper's recent series on farm subsidies reflects how the program is more a "theater of the absurd…than government incompetence." The Post says even though the "farmers who pocket the cash will vote for whoever provides it," farmers are "a tiny minority of the electorate. Why doesn't the majority, which pays for all this waste, rise up in revolt against the sheer gluttony of it? The answer is that the taxpaying majority doesn't care, not least because it is oblivious."

OTHER NEWS:

Bernanke Optimistic About Housing. The New York Times/AP (7/21) reports, "Surging energy prices are acting like a double whammy on the country's economy, crimping growth even as they push up inflation, Federal Reserve Chairman Ben Bernanke said Thursday. 'The increase in energy prices is clearly making the economy worse off both in terms of real activity and in terms of inflation. There is no question about it,' Bernanke told the House Financial Services Committee." High "energy prices, a cooling housing market and less consumer appetite for spending are figuring prominently in the forecast for slower overall economic activity." The Fed chief declared "that the once high-flying housing market appears to be experiencing a safe landing. 'The downturn in the housing market so far appears to be orderly,' he said." He also stated "that the massive holdings of mortgage giants Fannie Mae and Freddie Mac 'present a systemic risk' to the US financial system. He previously has urged Congress to restrict their holdings."

Mortgage Rates On The Rise. The Wall Street Journal (7/21, 2.03M) reports, "Home mortgage rates rose during the past week, with the 30-year fixed-rate mortgage reaching its highest level since May 2002, said housing finance agency Freddie Mac." The Journal notes, "Among common mortgage rates: The average for 30-year fixed mortgage rates for the week ended yesterday was 6.80%, up from 6.74% a week earlier, Freddie Mac said in its weekly primary mortgage market survey. A year ago, the rate averaged 5.73%. The last time the 30-year fixed rate was higher than the past week was the week ended May 24, 2002, when it averaged 6.81%."

Fed Minutes Cited Market Expectations In Last Rate Hike Decision. The Wall Street Journal (7/21, lp, 2.03M) reports, "Federal Reserve policy makers raised interest rates last month in part because markets expected them to do so, and they figured failure to act might hurt their credibility as inflation fighters, minutes of the meeting suggest." The minutes were "released on the second of two days of congressional testimony on monetary policy by Fed Chairman Ben Bernanke." Bernanke "repeated his main themes of the previous day: Inflation is at a troubling level but should decline as the economy slows and energy prices stabilize." Also yesterday, "markets lowered to 47%, from 62% Wednesday, the odds the Fed would raise short-term interest rates, now at 5.25%, to 5.5% at its next meeting Aug. 8." Fed officials "typically attribute rate actions to economic and inflation developments, not to market expectations. The disclosure in the minutes, released after the customary three-week delay, suggests that based on their economic forecast alone, the decision to raise rates would have been a closer call."

Stock Markets Fall On Economic Outlook. The Wall Street Journal (7/21, Browning, 2.03M) reports the Dow Jones Industrial Average "gave back more than one-third of Wednesday's 212-point surge, as investors began biting their nails again over the economic outlook." Blue chips "fell after minutes of the Federal Reserve's June interest-rate meeting showed policy makers expressing 'significant uncertainty' about the direction of interest rates. The Dow fell 83.32 points, or 0.76%, to finish at 10928.10. It is ahead 2.5% this year, but down 6% since the six-year high of 11642.65 on May 10." The Nasdaq Composite Index "gave up all Wednesday's gains and more, declining 1.98%, or 41.29 points, to 2039.42, down 7.5% for the year. The Standard &

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Poor's 500-stock index reversed almost half the prior day's advance, falling 0.85%, or 10.68 points, to 1249.13. It is virtually unchanged for 2006."

The Financial Times (7/21, O'Doherty) reports Wall Street "dipped lower on Thursday as patchy earnings reports deflated a strong rally from the previous day that had given the Dow Jones Industrial Average its second best one-day gain since April 2003."

Oil Prices Expected To Eventually Have Economic Impact. In a New York Times column (7/21), Floyd Norris says, "When oil almost hit $40 a barrel in 2003, there was talk that the rising cost of gasoline would slow the American economy. The talk returned when oil topped $50 in 2004 and $60 last year. But the economy kept on growing at a good clip." Now, with oil "above $70, some seem to think the logic was simply wrong, and that the new American economy is impervious to oil." A "differing interpretation, with the same conclusion, was that oil shocks matter only if they come from supply cutbacks, not from added demand." While the economy "is less dependent on oil than it was 30 years ago," if people "can't take more money out of their homes, and must pay more for gas, they may have no choice but to buy less of everything else. And those who said high oil prices would hurt the economy would turn out to have been right, even if their timing was wrong."

Romney Orders Part Of Big Dig Closed. NBC Nightly News (7/20, story 9, 0:15, Williams, 9.87M) reported, "More trouble for Boston's Big Dig tunnel system tonight. Massachusetts Governor Mitt Romney ordered the eastbound lanes of a major tunnel in that city – the Ted Williams Tunnel -- closed today after two problem bolts were discovered in the ceiling. The tunnel carries traffic to and from Logan Airport under Boston Harbor."

Study Finds Medication Errors Widespread. In a report receiving wide-spread television and newspaper coverage, ABC World News Tonight (7/20, story 11, 2:35, Gibson, 8.78M) reported, "In medical news, a report out today found an alarming number of people are injured each year in hospitals because of medication mix-ups. The Institute of Medicine found the average hospital patient receives the wrong drug, dosage, or drug treatment at least once a day. The numbers are huge -- 1.5 million Americans injured in hospitals, nursing homes, and doctor's offices."

The CBS Evening News (7/20, story 6, 1:45, Schieffer, 7.66M) reported, "A similar report first alerted us to medication errors back in 1999. It is not that the problem is getting worse, study authors find, but that more and more Americans are taking drugs." NBC Nightly News (7/20, story 10, 2:20, Williams, 9.87M) reported that researchers "also want better drug packaging and labeling. But ultimately, patients and their families must play a more active role managing their prescriptions to minimize risk." The Wall Street Journal (7/21, Wang, 2.03M) adds that the report "calls for $100 million in research to determine the best and most cost-effective measures."

Meanwhile, the New York Times (7/21, Harris, 1.21M) notes, "The report is the fourth in a series" that "has called attention to the enormous health and financial burdens brought about by medical errors." After the first report, health officials and hospital groups "pledged reforms, but many of the most important efforts have been slow to take hold."

The Washington Post (7/21, Kaufman, 748K) quotes Charles B. Inlander, a panel member, as saying, "Everyone in the health-care system knows this is a major problem, but there's been very little action, and it's generally remained on the back burner. … With this report, we hope to give everyone involved good, hard information on how they can prevent medication errors, and then create some pressure to have them implement it." The AP (7/21) files a similar report.

Democrats See Opportunity In Moderates Alienated By GOP Stance On Stem Cell Research. The Wall Street Journal (7/21, Calmes, 2.03M) reports that while President Bush's veto of the Senate bill on stem cell research "cheers religious and social conservatives in the Republicans' base, nationwide it has alienated many moderates and has some questioning their fealty to a party increasingly defined by its cultural conservatism in emphasizing its opposition to issues such as gay marriage and abortion." As the GOP "has grown more socially conservative over the past quarter-century, the suburbs where many Republicans live have become more diverse and politically independent, marked by a mix of fiscal conservatism and social liberalism that is testing Republicans' dominance there. … That, in turn, has Democrats hoping to capture some of their foes' strongholds, by picking up disgruntled Republican moderates as well as independents. Whether they do could determine if

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Republicans keep their majorities in Congress after November's elections."

The Washington Times (7/21, Bellantoni, 88K) reports that Democrats "say the issue illustrates why they deserve a congressional majority. … House Minority Leader Nancy Pelosi, California Democrat, said, 'Democrats will not give up this fight. Politically, I think 75 percent of the American people support stem-cell research. I think many of them will express themselves at the polls.'"

CQ (7/20, Crowley) reported that the stem cell research issue has "taken up residence on the campaign trail, where President Bush's first veto is likely to be a factor in several races. Bush is scheduled to be in Cherry Hills Village, Colo., on Friday to raise money for Republican candidate Rick O'Donnell's bid for the open 7th District House seat. … Democrats, who think the stem cell research veto will be unpopular with voters, plan to mark Bush's visit with a news conference in nearby Denver."

Schwarzenegger Authorizes $150 Million Loan For California Stem Cell Institute. CNN's The Situation Room (7/20, Blitzer) reported, "California Governor Schwarzenegger is again at odds with President Bush. Schwarzenegger today authorized a $150 million loan to fund California's Stem Cell Institute. That comes a day after Mr. Bush vetoed legislation that would have eased restrictions on federal funding for embryonic stem cell research."

The AP (7/21, Kurtzman) reports, "Schwarzenegger, a Republican who has been trying to put distance between himself and the unpopular president as he seeks re-election this year, said the state cannot afford to wait to fund the critical science associated with stem cells. 'I remain committed to advancing stem cell research in California, in the promise it holds for millions of our citizens who suffer from chronic diseases and injuries that could be helped as a result of stem cell research,' Schwarzenegger said in a letter to his finance director." The Los Angeles Times carries the AP story this morning.

Bloomberg (7/21, Selway) reports, "Schwarzenegger's support for stem-cell research since 2004 has distanced him from fellow Republican Bush, whose approval rating among Californians is the lowest given to any president since shortly before former President Richard Nixon resigned in 1974. Schwarzenegger is the only Republican who has been elected to statewide office. Democrats control the Legislature."

The Wall Street Journal (7/21, Hamilton, 2.03M) reports that the loan "provides a lift to the agency running the program, formally known as the California Institute for Regenerative Medicine, whose operations have been largely paralyzed by lawsuits since its approval by voters in November 2004. Although the institute aims to spend $3 billion on stem-cell research in the state in the next decade, legal challenges backed by fiscal conservatives and opponents of the scientific work have prevented California from issuing bonds to fund its grants and operations."

Blagojevich Diverts $5 Million For Stem Cell Research. The AP (7/21) reports that Illinois Gov. Rod Blagojevich announced yesterday that he will divert $5 million from the state budget for stem cell research, "despite repeated objections from state legislators. … Illinois lawmakers have previously voted down stem cell funding over ideological differences, and this spring they didn't take up the governor's proposal for $100 million in funding over five years." The AP adds, "The money will come out of administrative funds already set aside for the state Department of Healthcare and Family Services, Blagojevich said."

Unions Seek To Coordinate Political Efforts After Split. USA Today (7/21, Lawrence, 2.27M) reports, "In 2004, Ray Waldron and Jon Youngdahl worked hand in glove to run union political activities throughout Minnesota. Now they are on opposite sides of a stressful split-up that created legal obstacles to cooperation." USA Today notes, "Two years ago, Youngdahl was on loan from SEIU to the Minnesota AFL-CIO to run its statewide political program. Political activities are 'a little bit clumsier' and slower now that there are two groups instead of one, says Waldron, president of the Minnesota AFL-CIO." But "AFL-CIO President John Sweeney, who warned last year that divisions would weaken the labor movement, now says the two sides are discussing 'the parameters of a national campaign' after 'a very solid, united effort' last fall in Virginia, New Jersey and California."

USA Today (7/21, Lawrence, 2.27M) adds, "A year after six unions bolted from the AFL-CIO and formed their own federation, the two camps are raising record amounts of political money and seeking ways to do joint campaign work this fall." USA Today notes, "Between Jan. 1, 2005, and June 30, 2006, federal reports show, major unions in both groups raised more money than they did for the last non-presidential campaign in 2002."

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Obama To Be Featured At High Profile Iowa Democratic Party Event. The AP (7/21) reports that Illinois Sen. Barack Obama (D), "whose name has come up in speculation about the 2008 presidential race, will be the headline speaker at the Iowa Democratic Party's highest profile event this year in a state that traditionally holds the first delegate-selection caucuses. Obama will be the featured speaker at Iowa Sen. Tom Harkin's annual steak fry in September, an event which annually draws thousands of activists." Obama "dismissed suggestions that the Iowa speech was tied to presidential ambitions. 'This is simply me accepting an invitation from Senator Harkin and hopefully an opportunity to assist other congressional candidates,' Obama told reporters."

A post at the news blog of the Chicago Tribune (7/20, Zeleny, 623K) noted, "Until now, Obama has taken great care to steer clear of Iowa, the state that traditionally launches the race for the White House. But accepting the invitation to appear on Harkin's high-profile stage Sept. 17 underscores the notion that Obama is not intent on tamping down speculation about his interest in the 2008 campaign. Obama said no greater significance should be drawn from his trip to Iowa. … 'I've already been to 30 states,'" Obama said, adding, "Why not Iowa?" The Tribune noted that ex-North Carolina Sen. John Edwards (D) spoke at last year's event and that former President Bill Clinton (D) has appeared at the event three times.

Bush May Visit Battleground States During August Vacation. The Wall Street Journal (7/21, 2.03M) reports in its "Washington Wire" column, "Bush will mix work with vacation time at Crawford ranch. Aides explore August swing to battleground state such as Pennsylvania, where Republicans are defending three endangered House seats and Sen. Santorum."

House GOP Working Hard To Woo Social Conservatives. McClatchy Newspapers (7/21, Talev) reports, "They promised social conservatives that they'd promote morality and patriotism, and this week Republican leaders in Congress tried to show that they keep their word. With Republicans looking to conservative voters to fend off a Democratic takeover in this fall's elections, the House of Representatives worked its way through an 'American Values Agenda,' which included votes to ban gay marriage and take away federal courts' jurisdiction on Pledge of Allegiance lawsuits." House GOP leaders, "conservative activists and many Republican incumbents in safe seats say that voting on these ideological issues is essential to restoring credibility with their party's base. That in turn, they say, should improve turnout at the polls." Some are concerned, however, "that in close swing districts, the values agenda could turn off independent and moderate Republican voters, especially when coupled with President Bush's veto this week of expanded embryonic stem-cell research."

DCCC Planning $30 Million Ad Blitz This Fall. The AP (7/21, Espo) reports, "Signaling a new phase in the struggle for control of Congress, House Democrats have reserved time for more than $30 million worth of campaign advertising this fall in roughly two dozen congressional districts, with a heavy emphasis on the Northeast and Midwest. The Democratic targets include clusters of Republican-held seats in the Philadelphia area held by Reps. Jim Gerlach, Curt Weldon and Michael Fitzpatrick, as well as the Ohio River Valley, where Reps. John Hostettler of Indiana, Geoff Davis of Kentucky and Steve Chabot of Ohio can expect a protracted televised barrage. Based on information available to date, the" DCCC "intends to air ads for eight weeks in an attempt to defeat Rep. Heather Wilson of New Mexico. Rep. Clay Shaw of Florida faces a particularly well-financed opponent, but he can also expect to face five weeks of Democratic-paid advertising." The AP adds, "Reserving time in advance can save money for a purchaser because some stations will sell advertising during the summer months at lower rates than they can command in September or October. By signaling their intentions this far in advance, Democrats also make it possible for their own candidates to know how much help they can expect."

Democratic Fundraising Committees Narrow GOP's Fundraising Lead. The AP (7/21, Kuhnhenn) reports, "National Democratic Party committees closed a fundraising gap with their Republican counterparts in June, raising more money and improving their cash on hand, according to reports filed Thursday. The data is the latest sign that that neither party would hold a financial edge in this year's contest for control of Congress." The RNC "was the only one of the three party groups to best the Democrats, reporting $44.7 million in the bank compared with $10.8 million for the" DNC. The DSCC "said it raised $8.8 million in June and had $37.7 million in the bank," while the NRSC

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"raised $4.8 million and had $19.8 million in the bank." The DCCC, meanwhile, "took in $9.8 million compared with $9.5 million for the Republicans." The DCCC "reported $31.9 million in the bank compared to $26.5 million for the Republicans, who have historically led in that category. This edge was the first since changes in campaign finance law in 2002 eliminated unlimited contributions known as 'soft money.'"

Quinnipiac Poll Shows Lieberman Trailing Lamont. CNN's The Situation Room (7/20, Blitzer) reported, "In the Connecticut Senate race, a new poll shows Democrat Joe Lieberman's primary challenger, Ned Lamont, now leading the former vice presidential nominee. The Quinnipiac poll shows Lamont with 51 percent support among likely voters, compared to 47 percent for Lieberman. Lieberman had a 15-point lead in a similar poll back in June. The primary is August 8."

The Washington Post (7/21, A3, Goldfarb, 748K) notes, "The Quinnipiac University poll also shows that Lieberman, who announced he will run as an independent if he does not win the primary, would defeat Lamont and the Republican candidate, Alan Schlesinger, in a three-way race in the general election. Lieberman would get 51 percent of the vote, Lamont 27 percent and Schlesinger 9 percent."

Bill Clinton To Stump In Connecticut With Lieberman. The AP (7/21, Haigh) reports that with Lieberman trailing in the polls, he "is enlisting the help of former President Clinton, the man he criticized in 1998 for 'disgraceful behavior' in a sex scandal with a White House intern. Clinton and Lieberman are scheduled to campaign together in Connecticut on Monday." The AP notes, "In September 1998, as the scandal raged, Lieberman was the first prominent Democratic lawmaker to openly criticize Clinton's conduct with former White House intern Monica Lewinsky. On the Senate floor, Lieberman spoke about being 'personally angry because President Clinton had, by his disgraceful behavior, jeopardized his administration's historic record of accomplishment.'" Lieberman "said his personal dismay evolved into 'a larger, graver sense of loss for our country, a reckoning of the damage that the president's conduct has done to the proud legacy of his presidency.'"

Lieberman's Backing Of War In Iraq, Bush Could Be His Undoing In Primary Contest. McClatchy Newspapers (7/21, Thomma) reports that should those who are backing "the anti-war, anti-Bush and anti-Lieberman challenger, millionaire Ned Lamont" succeed in defeating Lieberman, "they would turn the three-term senator and 2000 Democratic vice presidential nominee into the highest-profile political casualty of the unpopular war." Lieberman "voted in October 2002 to authorize the Iraq war, like many fellow Democrats including Sen. Hillary Rodham Clinton of New York and Sen. John Kerry of Massachusetts. Unlike Kerry, however, he still supports the war. Unlike Clinton, he refuses to temper his support with criticism of the way Bush has waged it. 'While dissent about the war is critically important and American, partisan dissent has no place when it comes to our national security, particularly when we have 130,000 Americans over there in uniform,'" Lieberman said, adding, "So I refuse to take partisan shots at the president or anybody else about the war." Critics, however, "note quickly that Lieberman not only refuses to criticize Bush, he appears to embrace him. Everyone has seen photos of Bush hugging or possibly even kissing Lieberman on the cheek at a State of the Union address."

Hollywood's Elite Donating To Clinton. The AP (7/20, Barrett) reported that top Hollywood "stars such as Tom Hanks, Jennifer Lopez and Owen Wilson donated to" New York Sen. Hillary Clinton (D) "in recent months, generating the kind of cash usually associated with a major box office opening -- or a potential presidential bid in 2008." Clinton, "received $4,200 from…Hanks, the Academy Award-winning actor, and his wife, Rita Wilson." Others who donated to Clinton include comedian Chris Rock, singer Bette Midler, director Rob Reiner and actor Billy Crystal.

Clinton's War Chest Reaches $43 Million. The Washington Times (7/21, Pierce, 88K) reports in its "Inside Politics" column that a recent financial disclosure from Sen. Hillary Clinton shows that the former First Lady "raised almost $5.7 million from April through June, a large chunk of it from La-La Land's biggest names, including actor Tom Hanks and actress wife Rita Wilson ($4,200), Billy Crystal ($4,000), 'Wedding Crasher' Owen Wilson ($2,100), comedian Chris Rock ($2,100) and chanteuse Bette Midler ($4,200). These celebrities join an A-list of Democratic supporters who previously attended Hollywood fundraisers attended by Mrs. Clinton, whose political war chest has reached $43 million. Because she faces virtually no opposition in her re-election bid for the Senate, observers see this as contributions to a 2008 presidential bid."

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In Effort To Reach Voters, Politicians Race To Keep Up With Technology. The Los Angeles Times (7/21, Barabak, 918K) reports, "As people increasingly tailor their leisure time to suit their lifestyles -- through blogs, MySpace, iPods, video on demand -- politicians and their promoters are facing the same problem as Hollywood and the makers of toothpaste: How do you sell your product to an increasingly fragmented audience?" The Times notes, "In the latest creative wrinkle, politicians are podcasting -- White House hopefuls Gen. Wesley K. Clark, John Edwards and Sen. Bill Frist are among those regularly offering their downloadable ruminations -- and turning up on Flickr, MySpace, YouTube and other photo- and video-sharing Internet sites. … And though cellphone technology is still in its political infancy, some campaigns are already using text messaging to get out the vote, recruit volunteers or lure prospects to their websites, which feature all manner of interactive links." The Times adds, "But even the basics have to be recalibrated when invention changes the way people live -- as quickly, it often seems, as the click of a mouse. Come 2008, who knows?"

Administration Faces Pressure Over Response To Mideast Violence. NBC Nightly News (7/20, story 5, 1:50, Williams, 9.87M) reported that while Secretary of State Condoleeza Rice and Secretary General of the UN Kofi Annan were meeting, "the US seems be staying firmly on Israel's side in this conflict." The "pressure is mounting so quickly and the US so obviously sitting it out, using euphemisms, some good people around the world are asking how much longer can they afford to do this?" NBC (Mitchell) added, "And people within the Administration are asking that very same question. Until now, it's very clear, Brian, that the US was giving Israel a green light in order to get at those Hezbollah weapons. Now I think it is turning into a yellow caution light." And "Arab leaders are telling Israel and the United States, those that went out on a limb, that they need to see less violence."

The US diplomatic response to the continuing violence in the Mideast was only briefly noted on other national TV news. ABC World News Tonight (7/20, story 4, 0:15, Gibson, 8.78M) reported, "The search for a diplomatic solution to this crisis is proceeding, but slowly, very slowly. The White House said that Secretary of State Condoleezza Rice will travel to the Middle East but not until the beginning of next week at the earliest."

US Policy Seen As Unsustainable Amid International Opposition. The Wall Street Journal (7/21, Dreazen, 2.03M) reports the Administration's "effort to buy more time for Israel's military offensive against Hezbollah is itself running out of time, as calls from other nations for an immediate cease-fire mount." While initially European leaders backed Israel's crippling of Hezbollah, "that consensus is splintering as European and Arab countries increasingly demand that Israel agree to a cease-fire in Lebanon… The upshot is that the Bush administration finds itself increasingly isolated in its support for Israel and its refusal to pressure the Jewish state to wind down or terminate its military operations in Lebanon. That is forcing Washington to scramble to head off action at the U.N. while" Secretary Rice "gears up to travel to the Middle East as early as next week." The Journal adds, "The American and Israeli focus on Iran as well as Syria is emerging as another point of friction with world powers such as Russia... Many European countries are similarly uneasy, fearful the harsh rhetoric about Syria and Iran could be a prelude to an Israeli military strike on one or both of them that could trigger a broader war."

The AP (7/21, Gearan) adds Washington "held the line Thursday against a quick cease-fire deal in the Middle East, increasingly isolated as world powers and the United Nations demanded an immediate end to fighting between Israel and Hezbollah militants." The Administration "is trying to hold off international pressure for as long as possible, while also asking Israel to consider the consequences of its actions for civilians."

A front-page analysis in today's Washington Post (7/21, A1, Abramowitz, 748K) titled "In Mideast Strife, Bush Sees A Step To Peace" says President Bush's "unwillingness to pressure Israel to halt its military campaign in Lebanon is rooted in a view of the Middle East conflict that is sharply different from that of his predecessors." The Administration "has studiously avoided any hint of impatience with Israel. While making it plain it wants civilian casualties limited, the administration is also content to see the Israelis inflict the maximum damage possible on Hezbollah," largely because Bush "believes that the status quo -- the presence in a sovereign country of a militant group with missiles capable of hitting a U.S. ally -- is unacceptable. The U.S. position also reflects Bush's deepening belief that Israel is central to the broader campaign against terrorists and represents a shift away from a more traditional view that the United States plays an 'honest broker's' role in the Middle East." Bush believes

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the crisis "is also an opportunity to seriously degrade a big threat in the region, just as Bush believes he is doing in Iraq. Israel's crippling of Hezbollah, officials also hope, would complete the work of building a functioning democracy in Lebanon and send a strong message to the Syrian and Iranian backers of Hezbollah."

38% Approve Of Bush's Handling Of Middle East Crisis. William Schneider said on CNN's The Situation Room (7/20), "What do Americans want the United States to do in the Middle East? Well, our new poll has some answers. Play an active role in trying to resolve the conflict between Israel and Hezbollah? The answer is clear, no. The public wants us to stay out of it. What about sending US troops as part of an international peacekeeping force? That sounds better, but the public is still divided and worried. … Only 38 percent of the public approves of the way President Bush is handling the Israeli-Hezbollah crisis." CNN – Bush Poll (7/21) provides more details on its web site and notes, "The split has a lot to do with party. Most Republicans say Israel should continue to attack until the threat is eliminated; most Democrats prefer a cease fire."

Bolton Rejects Annan Call For Immediate Cease Fire. UN Secretary General Kofi Annan's response was similarly overshadowed. ABC World News Tonight (7/20, story 5, 1:00, Gibson, 8.78M) reported at the UN Annan "called for an end to the action right now, an immediate halt to the fighting between Israel and Hezbollah and for the deployment of UN peacekeepers. He told the UN Security Council that both sides are to blame, but he seemed to single out Israel for how it is conducting its offensive." In response, "US Ambassador John Bolton rejected an immediate cease-fire as impractical, and the Israeli Ambassador Dan Gillerman vowed to continue the fight until Hezbollah is eliminated." The CBS Evening News (7/20, lead story, 4:00, Schieffer, 7.66M) noted, "Almost lost in all of this, the head of the UN, Kofi Annan, is calling for an immediate cease-fire."

The New York Times (7/21, Hoge, 1.21M) notes UN Secretary-General Kofi Annan "called Thursday for an immediate end to hostilities between Israel and the Hezbollah militia in Lebanon, saying it was necessary to prevent further deaths of civilians, enable aid to reach the wounded and for work to begin on longer-term peace." Annan "acknowledged that a full cease-fire was hard to achieve at the moment. But he said, 'The international community must make its position clear on the need for an immediate cessation of hostilities, and a far greater and more credible effort by Israel to protect civilians and civilian infrastructure while the conditions for such a cessation are urgently developed.'" Annan "said Israeli military operations had made it impossible for the United Nations to make any contact with an estimated 500,000 people in urgent need in southern Lebanon."

The AP (7/21, Wadhams) adds Annan said "a cease-fire would be the first step toward ending the escalating war," but Washington and Tel Aviv "immediately dismissed" the idea. The Financial Times (7/21, Turner, Dinmore) entitles its coverage, "Annan Blames Both Israel And Hizbollah." The Washington Times (7/21, Kralev, 88K) reports similar details.

Security Council Divided Over Middle East. CNN's The Situation Room (7/20, Roth) reported, "UN Secretary General Kofi Annan held a special briefing for the full Security Council, and the news on the Middle East wasn't good. The world's chief peacemaker could only make a Mideast plea, not a deal. … The Security Council is divided. The US and Britain oppose a demand for a cease fire. Lebanon wants one immediately."

UN Human Rights Commissioner Warns Both Sides Of War Crimes. The Christian Science Monitor (7/21, Regan, 58K) reports, "In a strongly worded warning to the leaders of both the militant group Hizbullah and Israel, United Nations Human Rights Commissioner Louise Arbour threatened the 'perpetrators of wanton violence against civilians in the current Middle East conflict with liability for war crimes.'"

US Diplomat Says UN Has Too Much On Its Plate. The Wall Street Journal (7/21, 2.03M) reports in its "Washington Wire" column, "UN diplomats say challenges of Iran, North Korea, and Israeli response to attacks have strained capacity to act. 'We have almost too much on our plates,' says one U.S. diplomat, who still hopes for a Security Council resolution on Iran this month. "

Rice Could Visit Region Next Week. The AFP (7/21, Lanteaume) reports the Administration "announced that" Secretary Rice "will go to the Middle East as early as next week to press for a political solution to the crisis there, but it is still not supporting a ceasefire between Israel and Hezbollah." Assistant Secretary McCormack "confirmed that Rice 'intends to travel to the region as early as next week.' No precise itinerary was given."

CNN's The Situation Room (7/20, Malveaux) reported, "We heard from Secretary Condoleezza Rice's spokesman saying that she will travel to the region as early as next week. Of course that ups the diplomatic stakes. … We are told by

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senior administration officials, she hasn't really decided yet exactly where she is going in the region or who she is meeting with."

Burns Says A Sustainable Cessation Of Hostilities Must Be Reached. Undersecretary of State Nicholas Burns said on CNN's The Situation Room (7/20), "We have to work for cessation of hostilities that can be sustainable. If there's a cease-fire right now, it will leave Hezbollah in place with a sword dangling over Israel's head, and a million Israelis in the northern third of the country will be subject to rocket attacks, Fajr and Katyusha rocket attacks. What we have got to do is arrange, over the next few weeks, an arrangement where the United States and other countries will try to make sure that Hezbollah doesn't have the capability to do that, to strike at the heart of Israel."

Evacuees Want US To Increase Efforts To End Violence. ABC World News Tonight (7/20, 2:30, lead story, 3:55, Gibson, 8.78M) reported in Lebanon "we have gotten a rather dramatic look of the extreme fire power Israel is using in its attempt to cripple – indeed, decapitate Hezbollah." And the end of its first story ABC (Wright) added, "All of the evacuees we spoke with wished the US Government would do more to stop this war."

NYTimes Says Rice Should Go To Damascus And Jerusalem. An editorial in the New York Times (7/21, 1.21M) says, "Lebanon needs more than US Marines to evacuate Americans. It needs the fighting to stop and the international community to step in and guarantee the security of Israel and Lebanon. That will require not only a cease-fire and peacekeepers but also a guarantee that Hezbollah will be forced to halt its attacks on Israel permanently and disband its militia." Secretary of State Condoleezza Rice, "who has been dragging her feet to give Israel more time to fight," needs to "get on a plane and visit Damascus as well as Jerusalem. The longer she delays the more lives will be lost, and the harder it will be to build a lasting peace."

Friedman Says An International Force Is Needed In Middle East. Thomas Friedman writes in the New York Times (7/21, 1.21M) that in taking to Israeli friends, he finds "a gnawing sense of anxiety that Israel is facing in Hezbollah an enemy that is unabashedly determined to transform this conflict into a religious war -- from a war over territory -- and wants to do it in a way that threatens not only Israel but the foundations of global stability." This is not "just another Arab-Israeli war. It is about some of the most basic foundations of the international order -- borders and sovereignty -- and the erosion of those foundations would spell disaster for the quality of life all across the globe." Freidman adds that the "only way this war is going to come to some stable conclusion any time soon is if The World of Order…puts together an international force that can escort the Lebanese Army to the Israeli border and remain on hand to protect it against Hezbollah."

Koppel Says Islamists Benefit From Democratic Reform In Middle East. Ted Koppel writes in the New York Times (7/21, 1.21M), "Are the Israelis over-reacting in Lebanon? Perhaps they simply perceive their enemies' intentions with greater clarity than most. It is not the Lebanese who make the Israelis nervous, nor even Hezbollah. It is the puppet-masters in Tehran capitalizing on every opportunity that democratic reform presents. In the Palestinian territories, in Lebanon, in Egypt, should President Hosni Mubarak be so incautious as to hold a free election, it is the Islamists who benefit the most." Koppel adds that by "removing Saddam Hussein, the United States endowed the majority Shiites with real power, while simultaneously tearing down the wall that had kept Iran in check."

Ignatius Says US Must Keep Faith With Lebanese PM While Standing By Israel. David Ignatius writes in the Washington Post (7/21, A17, 748K), "The challenge for the Bush Administration as the Lebanon war explodes into its second week is…to keep faith with [Lebanese Prime Minister Fuad] Siniora and his Cedar Revolution, even as it stands by its close ally Israel. This isn't simply a question. … Unless Siniora's government can be strengthened, there is little hope for achieving the U.S. and Israeli goal of bringing Hezbollah's guerrillas under lasting control." Ignatius adds, "Unless the administration moves quickly to demonstrate that it supports the Siniora government, and not just Israel, its larger strategy for defusing the conflict may begin to unravel. Administration officials recognize that a stable Lebanon cannot be achieved by military action alone. But for now, all the world sees is Hezbollah rockets and Israeli bombs."

Hoagland Makes Case For A Negotiated Cease Fire. Jim Hoagland writes in the Washington Post (7/21, A17, 748K), "This Israeli campaign will not erase Hezbollah as a force, alas. But a negotiated cease-fire could lead to two important steps. One would be to put an international military force on Lebanon's border with Syria to police the traffic of rockets and disguised Syrian intelligence units into Lebanon. The other is to get the Lebanese army finally to take control of its territory in the south and make Lebanon more of a real

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country again. Israeli military attacks cannot accomplish those goals. Only united Lebanese resolve and skillful international support will."

Ajami Says Situation Requires "Serious International Effort and Active American Diplomacy." Fouad Ajami, the Majid Khadduri Professor and director of the Middle East Studies Program at the School of Advanced International Studies at Johns Hopkins University, writes in the Wall Street Journal (7/21, 2.03M), "No one can say with confidence how this crisis will play out. There are limits on what Israel can do in Lebanon. The Israelis will not be pulled deeper into Lebanon and its villages and urban alleyways, and Israel can't be expected to disarm Hezbollah or to find its missiles in Lebanon's crannies. Finding the political way out, and working out a decent security arrangement on the border, will require a serious international effort and active American diplomacy."

Krugman Says Administration "Crazies" Can't Admit They Were Wrong. Paul Krugman writes in the New York Times (7/21, 1.21M) that when "the first George Bush was president, those who believed that America could remake the world to its liking with a series of splendid little wars — people like Dick Cheney and Donald Rumsfeld — were known within the administration as 'the crazies.' … But in 2000 the Supreme Court delivered the White House to a man who, although he may be 60, doesn't act like a grown-up." Krugman adds, "Few if any of the crazies have the moral courage to admit that they were wrong. … For years the self-proclaimed 'war president' basked in the adulation of the crazies. Now they're accusing him of being a wimp. … Does Mr. Bush have the maturity to stand up to this kind of pressure? I report, you decide."

Stephens Argues Middle East Crisis Is A Result Of West's Failures. Phillip Stephens writes in the Financial Times (7/21), "These are genuinely dangerous times. Israel is far from alone in believing that Hizbollah had Iranian and Syrian sanction for its rocket attacks and the abduction of two Israeli soldiers. Syria is still smarting from its enforced departure from Lebanon. From Iran's perspective, Hizbollah has at once diverted attention from the nuclear dispute and reminded the west of its capacity to make serious mischief." Whatever "the specifics of the present fighting, all this is about a much bigger threat. President Bush has thus declined to restrain Israel's military operations in spite of the feeling among US allies that they are disproportionate and, in significant measure counterproductive." Stephens adds, "There are no magic bullets, as Israel has learnt many times over during its various military excursions in Lebanon. But when messrs Bush and [British Prime Minister Tony] Blair talk of a crisis of extremism they must understand they are describing in part their own failure."

By Overwhelming 410-8Vote Margin House Passes Resolution In Support Of Israel. CNN's The Situation Room (7/20, Blitzer) reported, "On Capitol Hill today, a symbolic vote of support for Israel in its fight against Hezbollah guerrillas. The non-binding resolution overwhelming passed by the House also condemns enemies of the Jewish state. The measure is similar to one passed by the Senate on Tuesday."

Congressional Quarterly (7/21, Monaghan) in a article titled "House, in Sync With Bush, Passes Measure Affirming Support for Israel" reports, "The House threw its weight behind President Bush's backing for Israeli attacks on Hezbollah Thursday, passing by 410-8 a resolution that reaffirmed 'steadfast support' for Israel and condemned the militants in Lebanon as well as Hamas gunmen in Gaza." Lawmakers "slammed the Islamists for launching 'unprovoked and reprehensible armed attacks' on 'undisputed Israeli territory,' taking hostages, killing Israeli soldiers and 'continuing to indiscriminately target Israeli civilian populations with their rockets and missiles.'"

The AP (7/21, Flaherty) notes the House of Representatives, "displaying a foreign affairs solidarity lacking on issues like Iraq, voted overwhelmingly Thursday to support Israel in its confrontation with Hezbollah guerrillas." The AP adds, "Little of the political divisiveness in Congress on other national security issues was evident as lawmakers embraced the Bush administration's position. So strong was the momentum for the resolution that it was steamrolling efforts by a small group of House members who argued that Congress's pro-Israel stance goes too far. … The lack of momentum for alternative proposals frustrated pro-Arab groups."

Israel Prepares To Increase Deployment Of Ground Forces. ABC World News Tonight (7/20, story 2, 2:30, Harris, 8.78M) reported, "The Israelis have said they want to disarm, disable and knock out Hezbollah. But to do so, some say, it may have to launch a ground invasion much larger than what's going on here in Avivim today. For nine days, the Israeli Defense Forces, or IDF, has pounded

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Hezbollah with artillery and warplanes. But they clearly haven't eliminated Hezbollah's leadership or all of estimated 10,000 to 12,000 missiles. A ground war, however, could be difficult and dangerous."

The CBS Evening News (7/20, lead story, 4:00, Schieffer, 7.66M) reported "there is no sign of a letup" of the attacks between Israel and Hezbollah and the Lebanese government told Israel "that if they continue to send ground troops into Lebanon to track down these terrorists, Lebanon may send its own troops to oppose the Israelis." CBS (Logan) added, "There are late-breaking reports here tonight that thousands of Israeli troops operating inside Lebanon." It would "be a significant escalation in the number of Israeli troops operating inside Lebanon."

NBC Nightly News (7/20, story 2, 1:40, Fletcher, 9.87M) reported, "After nine days, Israel has destroyed about half of Hezbollah's rockets and infrastructure, according to Israel's former Defense Minster. That will still leave Hezbollah with about 7,000 rockets. The big question now -- to destroy the weapons, will Israel have to launch a ground invasion, risking the lives of more soldiers?" Dr. Dan Schueftan, University of Haifa: "What you're going to see is relatively large forces but in very small units, carrying out search and destroy missions."

In extensive front-page reporting on the military conflict, the Washington Post (7/21, A1, Wilson, Cody, 748K) says IDF and Hezbollah forces "engaged in heavy fighting inside Lebanon on Thursday, as senior Israeli defense officials braced the country for a long conflict against the radical Islamic groups on its borders and indicated that a large ground operation could still lie ahead." Israeli Defense Minister Amir Peretz "said the radical Shiite Muslim militia 'must not think that we would recoil from using all kinds of military measures against it. We have no intention of occupying Lebanon, but we also have no intention of retreating from any military measures needed,' Peretz said. The comments left open the possibility that Israel could move forces into southern Lebanon."

The AP (7/21, Keath) adds, "Pitched battles raged between Israeli forces and Hezbollah fighters on the border Thursday, and Israel warned hundreds of thousands of people to flee southern Lebanon 'immediately,' preparing for a likely ground offensive to set up a buffer zone." The AP (7/21, Gutkin) and the Washington Times (7/21, Mitnick, 88K) report similar details.

The Christian Science Monitor (7/21, Mitnick, Blanford, 58K) notes, "By the end of this round of fighting, Israel wants to ensure that the network of positions that allowed a proxy of Iran to peer over the border and collect intelligence is leveled."

Attacks Continue Despite Diplomatic Proposals. McClatchy Newspapers (7/21, Schofield, Strobel) reports, "The broad outlines of a diplomatic strategy to end Israel-Hezbollah fighting emerged on Thursday with United Nations Secretary-General Kofi Annan calling for a cease-fire and the United States announcing that Secretary of State Condoleezza Rice would travel to the Middle East as early as next week." But Israel "said it wouldn't stop fighting until it had achieved its military goals. Israeli troops on Thursday were sent back into southern Lebanon, where four died in skirmishes with Hezbollah guerrillas. Israeli air raids again rained devastation on Beirut's southern suburbs, and hundreds of thousands of refugees scrambled to escape the fighting." Meanwhil, "the number of Hezbollah rockets hitting Israel dropped to 50, one of the lowest totals in nine days of war. There were no reports of casualties."

Israeli Strike Misses Hezbollah Leader. ABC World News Tonight (7/20, 2:30, lead story, 3:55, Wright, 8.78M) reported, "In tonight's Al-Jazeera interview, Hassan Nasrallah showed no signs of injury. He said Israel will never get its soldiers back without negotiating a prisoner exchange. Incredibly, Hezbollah militants still walk openly in this city. Ibrahim Mussawi is foreign editor of Al-Manar, Hezbollah television, a network targeted 18 times in this war, including today. Were any senior leaders killed?" Ibrahim Mussawi, Foreign Ed, Al-Manar (Hezbollah TV): "Well, I believe had that happened, you'd see them celebrating in Israel."

The CBS Evening News (7/20, lead story, 4:00, Logan, 7.66M) reported "The Hezbollah leader's appearance on Lebanese television was another blow for Israel, proof that once again, they failed to kill him. He defiantly sat through the initial demands: No return of Israel soldiers without a prisoner exchange, and he insisted none of his top leaders have been harmed by the massive Israeli air strike Wednesday night."

The AP (7/21) adds, "Nasrallah also denied claims by Israel to have destroyed half of Hezbollah's rocket arsenal, calling the claims 'baseless.'" Nasrallah said, "Hezbollah has so far stood fast, absorbed the strike and has retaken the initiative and made the surprises that it had promised, and there are more surprises" and warned "that a Hezbollah defeat would be 'a defeat for the entire Islamic nation.'" The Financial Times (7/21, Biedermann) adds, "A Lebanese military expert also said he doubted that Israel had made

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much headway against the group. 'Hizbollah has no visible personnel infrastructure on the ground. They are organised in cells, they look like civilians, they move fast and they are trained to hide,' he said."

Israeli Ability To Defeat Hezbollah Questioned. The Washington Times (7/21, Rabinovich, 88K) reports, "The Israeli political and military leadership is reluctant to undertake a massive ground incursion into Lebanon and hopes that air and artillery attacks and political pressures within Lebanon will bring Hezbollah to heel" But, "the unflinching battle Hezbollah is waging thus far has raised questions about whether such a strategy will work." Israel withdrew form Lebanon in 2000 "after years of skirmishing with Hezbollah in which the Shi'ite militia proved itself an efficient guerrilla force. Since then, thousands of Hezbollah fighters have undergone training in Iran, which has also provided Hezbollah advanced armaments as well as intelligence and communications capabilities it did not have previously."

Israel Seen As Losing Image War. The Christian Science Monitor (7/21, LaFranchi, 58K) reports, "As Israel continues to strike inside Lebanon in a bid to rout Hizbullah, the radical Islamist group is using two weapons to wage war: rockets and, more effective, TV images of civilian destruction inflicted by Israeli bombs." The Monitor notes, "The latter 'weapon,' broadcast over the Hizbullah-run TV station Al Manar to pump up Arab sympathies, may in the end be more powerful than Israel's military punch -- a counterpunch to Israel's assertion it can crush Hizbullah through use of force."

Hezbollah Asserts Independence, Bolsters Assad. A lengthy Wall Street Journal (7/21, Solomon, Leggett, 2.03M) analysis says recent statements by Hezbollah leader Hassan Nasrallah are "a reminder that, for all of Hezbollah's allegiance to Iran, the Lebanese militant group is a force with its own strong identity in the region. Mr. Nasrallah has tried to build himself into an anti-Israel symbol in the Arab world, while sharpening Hezbollah's military discipline and spreading its tentacles in Lebanese society." The Journal adds, "Hezbollah's history has been a balancing act between its Iranian backers and its Lebanese identity," and it's "nature -- as a suspected tool of Iran's regional ambitions and as a Lebanese group with its own charismatic leader -- complicates the search for a solution to the crisis in the Middle East."

Separate Wall Street Journal (7/21, Shishkin, 2.03M) reporting notes, "Israel's military campaign in Lebanon is further entrenching the government of Syrian President Bashar Assad," whose "long-term backing of the…Hezbollah is translating into greater popular support" and who has now been able to "cast himself as a wartime leader immune to internal criticism."

Iran Gains In Stature As A Result Of Mideast Conflict. The AP (7/21, Murphy) reports, "Iranian officials often say that places with the greatest troubles offer their country the best opportunities. Iranian influence in Iraq has surged since the U.S.-led invasion three years ago. Its reach into Afghanistan continues to grow." And "the war in Lebanon could make Iran an even more important player in the Islamic world even as its militant Shiite Arab client, Hezbollah, gets pounded by Israel."

Plight Of Civilians In Region Highlighted. US media continued to focus on the impact of the violence on civilians in both Lebanon and Israel. Examining the destruction in Tyre the CBS Evening News (7/20, story 2, 2:00, Cowan, 7.66M) reported, "Today we left Beirut to across that river to essentially to no man land to get to the City of Tyre, just 12 miles from the Israeli border. Virtually cut off from the rest of Lebanon, the road down south is a pot-marked mess. Few cars were headed in our direction. Most cars were headed north, out of town. Cars crammed with residents dangling white flags, in hopes of being spared an air strike."

And from Nazareth the CBS Evening News (7/20, story 7, 1:20, Schieffer, 7.66M) reported, "The politicians make the decisions to go to war, the soldiers fight them, but in this new middle east war, as in so many that have come before it, it is the people who pay the heaviest price."

Residents Of Lebanese City Feel Abandoned. The Washington Post (7/21, A1, Shadid, 748K) reports, "Aid officials say that tens of thousands have already fled Tyre and its environs along the Mediterranean Sea but that perhaps 12,000 Lebanese remain stranded." The Post adds that in the nine days of attacks by Israel, Lebanon's civilians "have suffered inordinately, with more than 300 dead, many times that number wounded and 500,000 displaced. As this city awaits the brunt of an Israeli attack that most think is imminent, resignation, hopelessness, occasional defiance and a sense of abandonment course through the beleaguered population." The New York Times (7/21, Myre, 1.21M), the New York Times (7/21, Fattah, 1.21M), the Washington Post (7/21, A11, Finer, 748K) the Los Angeles Times (7/21, King, Kennedy, 918K), the Los Angeles Times (7/21, Stack, 918K), the Los Angeles Times (7/21, Bekker,

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Ellingwood, 918K) report similar details on the impact of the violence on civilians.

Despite Crisis, Americans Relocate To Israel. The Washington Post (7/21, A11, Anderson, 748K) reports on a group of Americans who are relocating to Israel. The Post notes, "While the newcomers decided months ago to come to Israel, many said they could have skipped Thursday's flight but, in an act of solidarity, refused to be daunted. Their arrival at Ben Gurion Airport…at a moment of high crisis underscores the intense connection many Jews have with their biblical homeland and the modern state created 58 years ago." The new arrivals "disembarked after a 10 1/2-hour flight from John F. Kennedy International Airport in New York to discover a colorful, flag-waving, boisterous crowd of 500 people in an open-air hangar who welcomed them like rock stars."

Continuing Violence In Gaza Overshadowed. NBC Nightly News (7/20, story 2, 1:40, noted, 9.87M) reported, "The drama in Lebanon is drowning out the killing in Gaza. The fourth week of violent clashes between Islamic militants from Hamas and Israeli troops; 110 Palestinians have died, half of them fighters. Israel is still attacking the offices of Hamas government leaders, as well as the militia groups, but there's no progress in bringing home Corporal Gilad Shalit. His kidnapping almost a month ago sparked this latest bloodletting. Today, Hamas marched in support of Hezbollah, calling for the death for more soldiers." Sami Abu-Zuhri, Hamas spokesman (via translator: "Palestinian and Lebanese resistance before the Israeli escalation will continue." Fletcher: "No end in sight in Gaza or Lebanon."

Hamas' Control Over Its Militias Waning. A 1,585-word piece in the New York Times (7/21, Smith, 1.21M) notes, "Despite its links to the Palestinian government, Palestinian and Israeli analysts say, the Qassam Brigades," an armed wing of Hamas, "does not take orders from the governing leaders of Hamas. This is why, according to many accounts, the Hamas-led government itself was surprised by the Qassam Brigades' attack against the Israeli military post in June." The Times adds, "The current crisis seems to have pushed the [disparate Palestinian] militias to join ranks. Several of the militia members said the groups organized a 'joint operations room' when Israel began threatening to invade Gaza two or three weeks ago."

Fatah, Hamas Sketch Out Unity Government. Under the headline, "Palestinians Look Ahead Even as Israel Besieges Gaza," the New York Times (7/21, Smith, 1.21M) reports, "Israel's siege of" the Gaza Strip "took seven more lives Thursday even as Palestinian political factions met to plan for when the crisis ends." President Mahmoud Abbas "met with leaders of Hamas," the ruling party, "to discuss the makeup of a "national unity government" that would reduce the role of Hamas." The Palestinian Authority "has faced crippling diplomatic and financial isolation" since Hamas' election, and Hamas and Fatah have now "agreed to form a coalition government along the lines laid out in a letter by a group of Palestinian prisoners in Israeli jails."

US Marines Evacuate US Citizens From Lebanon. The evacuation of Americans from Lebanon continued to receive widespread coverage which generally focused on the arrival of US Marines in Lebanon and their efforts to move Americans to safety. The CBS Evening News (7/20, story 3, 1:50, Schieffer, 7.66M) reported, "Today, almost 40 US Marines arrived in flat bottom landing crafts. The kind we are used to seeing in the old World War II movies. But today it was a reverse of an invasion. Landing craft were being used to carry Americans to an American war ship off shore." CBS (Palmer) added, "The US military sent to the rescue with a troop carrier, the USS Nashville, and the Navy's version of shuttle buses. Marines helped a stream of Americans, a thousand in all, on to amphibious landing craft, and out to the waiting ships, away from Beirut's bombs."

ABC World News Tonight (7/20, story 6, 0:15, Gibson, 8.78M) reported, "Nearly 4,000 Americans have been brought out of Lebanon so far, 2,200 today brought to Cyprus. Most will go to the United States." NBC Nightly News (7/20, lead story, 1:40, Engel, 9.87M) reported, "About 2,000 Americans were evacuated from here today, half of them escorted by US Marines." NBC showed an unidentified male evacuee saying, "We are glad to get out of here."

CNN's The Situation Room (7/20, Blitzer) reported, "The State Department says 3,000 Americans have been evacuated from war-torn Lebanon, including 2,400 over the past 24 hours."

In its front page story on the latest violence in the Mideast the New York Times (7/21, Mouawad, Erlanger, 1.21M) reports that US Marines "landed in Beirut for the first time in over 20 years to aid in the evacuation of US citizens from Lebanon." They "were the first American military personnel to be deployed in Lebanon since the withdrawal of forces after a Hezbollah suicide bomb attack killed 241

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Americans, mostly marines, in 1983. The marines who landed Thursday were from the same unit as those killed 23 years ago."

The AP (7/20, Panossian) reported, "About 40 U.S. Marines arrived at a beach just north of Beirut in a landing craft and in three trips ferried 1,052 people to the amphibious assault ship USS Nashville just off the coast. The Nashville then sailed for Cyprus."

First US Evacuees Arrive At BWI. The AP (7/20, Witte) reported that the first American evacuees arrived back in the US at Baltimore-Washington Thurgood Marshall International Airport Thursday morning. About "150 people were aboard the Omni Air International DC-10 that landed at 6:30 a.m."

The Washington Post (7/21, A11, Raghavan, 748K) reports, "Seven additional flights of evacuees are expected at BWI -- their primary entry point into the United States -- by tomorrow, including three that are tentatively scheduled to arrive by this morning. And at least one flight is expected in Philadelphia as early as today. U.S. officials say that as many as a third of the estimated 25,000 Americans in Lebanon want to be evacuated."

The New York Times (7/21, Gately, 1.21M) reports that as the flight carrying the evacuated Americans landed at BWI, the passengers gave "thanks for their escape" and pleaded "for an end to the bombing" in Lebanon. Some "wept tears of joy; others, tears of sadness. Some had worried that they and their loved ones would never make it out of Lebanon alive, while others feared for the safety of kin and friends left behind." The Washington Times (7/21, Ward, 88K) reports that the evacuees arrived at BWI "telling stories of frantic attempts to get out -- tales of anger, fear and guilt over those they left behind."

Evacuees Threaten To Overwhelm Cyprus. The New York Times (7/21, McLean, 1.21M) reports that the mass evacuations from Lebanon "are threatening to overwhelm Cyprus, which was already saturated with vacationers during peak tourist season. Officials from several governments said today that they expect the tide of evacuees to rise in the coming days as more and more ships arrive in the region to help transport people from Beirut, which lies about 150 miles to the east." Ronald Schlicher, the United States ambassador to Cyprus, "expressed his gratitude to the government of Cyprus for its 'remarkable' efforts to help the United States and other countries evacuate their citizens from Lebanon."

The Washington Times (7/21, Borowiec, 88K) reports that US evacuees sat "dazed in exhausted" in Cyprus awaiting word on "where they would move next." The Times notes, "As a destination, Cyprus provides a somewhat incongruous setting for terrified civilians fleeing a war."

Americans Left Behind Complain About Their Treatment. The Los Angeles Times (7/21, Kennedy, 918K) reports, "Hundreds of people were turned back Thursday as the United States and other countries tried to get a grip on the huge task of evacuating thousands of people from Lebanon in the face of ongoing Israeli airstrikes." For those left behind, "it was a day in which they stood in line with crying children, confusing instructions, short-tempered rescue coordinators and what little food they had brought themselves." Those who were left behind "complained that they had been packed together in the heat and treated poorly."

Bush May Push For Bolton's Confirmation.

The Los Angeles Times (7/21, Reports, 918K) reports, "President Bush is considering a new effort to have John R. Bolton confirmed as the U.S. ambassador to the United Nations, a year after appointing him to the job over Senate objections." Bolton's appointment expires in January. The New York Times (7/21, Rutenberg, Hulse, 1.21M) runs a piece on how Bolton has won over some Republican critics, among them Sen. George Voinovich, (R-Ohio), who Thursday urged the Senate to approve Bolton's nomination, saying the United States needs a fully sanctioned United Nations representative in the tumultuous world climate. The Times says Voinovich "first went public with his change of heart in an opinion piece in The Washington Post on Thursday. And his office said that on Wednesday night he personally told Secretary of State Condoleezza Rice; Senator Richard G. Lugar, Republican of Indiana and the chairman of the Foreign Relations Committee; and Mr. Bolton himself."

Iran Promises August Reply To Nuke Plan.

The AP (7/21, Dareini) reports Iran "said Thursday it would reply Aug. 22 to the Western incentive package to stop enriching uranium, but it also issued a veiled threat, indicating Tehran will not accept any deal that dilutes its nuclear program." The statement by the Supreme National Security Council was Iran's first mention of a precise date, the AP said. Iran said it "has made plans to produce part of its nuclear fuel needs inside the country and is making efforts to meet its required fuel" and warned Iran would retaliate if the world tried to punish it.

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The New York Times (7/21, Fathi, 1.21M) says Iran warned "it would reconsider its position if its case was sent to the United Nations Security Council." The Council's statement said, "If the path of confrontation is chosen instead of the path of dialogue, and if there is any action to limit the absolute rights of the Iranian people, the Islamic Republic will have no choice but to revise its policy." The Times says the statement "did not elaborate on what kind of action Iran would take if its case was sent to the Security Council. But officials have said in the past that Iran might withdraw from the Nuclear Nonproliferation Treaty."

U.N. Revisiting Draft On Iran. The Los Angeles Times (7/21, Farley, 918K) reports Britain, France and Germany on Thursday "circulated a revised draft of a resolution demanding Iran suspend its uranium enrichment activities and banning the transfer of goods and technology that could aid Tehran's ballistic missile or nuclear programs." The Times says the draft "stipulates provisional measures that could pave the way for sanctions or military action if Iran doesn't comply" giving Iran "a yet-to-be-specified date in August to respond." U.S. Ambassador John R. Bolton wants to have a vote on the resolution next week. "We'll see if the United States can play a bridging role between the European Union and the Russians and see if we can't help resolve this and get a resolution that's satisfactory to all of us," he said Thursday.

The Washington Post (7/21, A13, Lynch, 748K) notes, "The U.S.-backed resolution calls on states to prevent trade in ballistic missiles and nuclear technology to Iran. It also would require Iran to submit to more intrusive U.N. inspections than are required by the 1970 Non-Proliferation Treaty. The International Atomic Energy Agency, the U.N. nuclear watchdog, would be instructed to report on Iran's compliance with the resolution sometime next month."

US Seeks Consultation On North Korea Talks. The AP (7/21, Klug) reports Assistant Secretary of State Chris Hill said Thursday the U.S. wants to meet with South Korea, Japan, Russia and China next week to find a way to persuade North Korea to return to negotiations on disarmament. Hill said, "The purpose is to chart the way forward. … We'd like to be ready and move ahead." Hill said the goal was to include North Korea at the five-nation gathering at the Association of Southeast Asian Nations' annual meeting of foreign ministers in Malaysia but he added, "The North Koreans don't seem to want to go to six-party meetings right now." The AP said Hill also told reporters "he could not confirm reports that Iranian officials had witnessed the July 4 launches. He said he misspoke when he told lawmakers earlier that he could confirm such reports. Later, State Department spokesman Sean McCormack also said he could not confirm the reports. When asked if North Korea was trying to market its weapons, he said, 'With respect to weapons, anything that isn't bolted down, they're ready to sell.'"

Hyde Says Korean Trade Deal Must Not Benefit North. Bloomberg (7/21, Trehan) reports Rep. Henry Hyde said Thursday that the Bush administration "shouldn't include provisions in a free-trade agreement with South Korea that would benefit industrial zones in Gaeseong, North Korea." During a House International Relations Committee hearing, Hyde warned, "To open our market, even a crack, to a nation which threatens us and our allies with missiles" would be "foolish." Bloomberg notes that the South Korea government has sought to include the manufacturing park in a $72 billion trade accord under negotiation since June. The US has resisted, but "opposition from a senior Republican such as Hyde puts pressure on the administration no to concede the point," Bloomberg adds.

Bush Talks With Top Chinese Officer. The AFP (7/21) reports President Bush "met briefly with China's top military officer and highlighted Sino-US cooperation on issues like North Korea and military matters." The President "dropped by" a meeting between General Guo Boxiong, vice chairman of China's central military commission, and US national security adviser Stephen Hadley. White House spokesman Tony Snow said, "The president spent 10 minutes with the general. President Bush noted the very positive working relationship that he's developed with Chinese President Hu Jintao. It was demonstrated by the unanimous vote at the United Nations last Saturday on a North Korean resolution." Snow said the president "noted that the deepening of the relationship between the two militaries was in the interest of peace and stability in East Asia and the world, and that he was pleased to hear General Guo's meeting at the Pentagon had enhanced the goal."

US To Send Japan Antimissile Systems. The Washington Post (7/21, A14, Faiola, 748K) reports, "The United States and Japan will begin deploying American-made anti-missile systems on Japanese soil next month amid growing concern about North Korean arms." Besides

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deploying the Patriot Advanced Capability-3 system, "the Pentagon will dispatch 600 specially trained troops from Fort Bliss, Tex., to a U.S. base in southern Japan." While the "PAC-3 will initially be deployed on American military sites; Japanese officials said they would deploy it on their own Self-Defense Forces bases for the first time by March." The AP (7/21, Tabuchi) adds, "Japan stressed the deployment would be purely for defense purposes."

WSJournal Criticizes Democrats' Opposition To Antimissile Programs. The Wall Street Journal (7/21, 2.03M) editorializes that North Korea's missile test "makes the U.S. political debate over missile defenses worth revisiting, not least because some Democrats are still trying to strangle the program." While "no missile defense is perfect…our current rudimentary shield has proven to be strategically useful these past few weeks. The Navy had at least one ship-based Aegis missile-defense system deployed off the Korean coast, with a potential to shoot down a North Korean missile," and we are dispatching PAC-3s to Japan. "This kind of capability adds to the credibility of the U.S. deterrent, reassures allies and enhances American influence," and "virtually none of this would exist had Democrats succeeded over the years in their many attempts to kill missile defenses." Through "investing in this capability, the U.S. may even deter the world's rogues from investing heavily in missile technology."

Nuclear Foes Remain Wary Of Kashmir Peace Talks. The Washington Times (7/21, Stuhldreher, 88K) reports that "hopes for resuming suspended peace talks with Pakistan remain uncertain, Indian and Pakistani officials said yesterday." Muhammad Ijaz Ul Haq, federal minister of Pakistan, said in an interview, "I don't believe Pakistan had anything to do with the (July 11) bombings in India. India needs to take care of the problems in its own back yard. India always blames Pakistan for its internal problems." Mr. Haq said he did not want the attacks to derail negotiations over Kashmir, which we re planned to resume this month. The Times says Salman Haidar, former foreign secretary of India, "said the Indian government had been cautious not to directly blame Pakistan for the attacks" but added, "We know that the [terrorist] groups that are active have bases in Pakistan. We need something more substantial from their side. Show us that these bases and camps are being dismantled."

Congressmen Complain About F-16 Sale To Pakistan. The AP (7/21, Klug) reports, "Lawmakers accused the Bush administration Thursday of rushing a sale of F-16 fighter jets to Pakistan, saying Congress' role in approving arms sales had been compromised" because "the State Department for giving them only 30 days to consider the deal" without the "traditional extra 20 days." There are worries "that the sale could compromise sensitive U.S. technology by exposing it to China, which has close military ties with Pakistan. Critics also say the jets reward a country, Pakistan, that provides moral support to terrorist groups fighting India." However, "opponents acknowledged they could do little stop the $5 billion deal," as it would require a veto-proof majority in both houses.

US To Sell Black Hawk Helicopters, Military Equipment To Saudi Arabia. Fox News' Special Report (7/20, Hume) reported, "The Bush Administration said today it has made a deal worth more than $6 billion to sell 24 Black Hawk helicopters plus radios, armored vehicles and other military equipment to Saudi Arabia." Congress "has 30 days to block the sale though it is not expected to do so."

Protests Delay Trial Of Chinese Rights Advocate. The New York Times (7/21, Kahn, 1.21M) reports Chinese officials "postponed the criminal trial of a peasants' rights advocate on Thursday as his supporters gathered in large numbers to protest what they say is a politically motivated prosecution." The Times says 200 people gathered outside the courthouse where Chen Guangcheng "had been scheduled to go on trial on charges of destroying property and blocking traffic." Court officials decided at the last minute to postpone the trial telling his lawyer that prosecutors in the case had requested extra time to prepare evidence in the case. The Times says Chen's lawyer hoped that the postponement "was a sign that prosecutors were dissatisfied with the evidence gathered against Mr. Chen, which his lawyers have called flimsy." The Washington Post (7/21, A14, Fan, 748K) notes that Chen's "exposure of forced abortions and sterilizations embarrassed local officials and shed unwelcome light on the government's family planning policies" and says he is "a hero" in the city of Linyi, "where he was celebrated for stopping a paper factory from polluting a river."

Former Hong Kong Official Faults China For Lack Of Progress On Democracy. The Christian Science

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Monitor (7/21, Marquand, 58K) reports Anson Chan, the former No. 2 in Hong Kong has broken "a four-year silence to advocate democracy." Her message: "Hong Kong is a great international city, but its political health is poor. Efforts to forge a true democracy are bogged down, and the plain meaning and spirit of the handover terms of Hong Kong allowing fair elections, are being distorted. Hong Kong is not China, and has a right to advance and mature at its own pace, something promised by the late paramount leader Deng Xiaoping, but not happening now." The Monitor says her statement "is the most complete and penetrating critique" of the lack of progress in achieving "what Chan argues should have been a swift evolution toward direct elections promised after the 1997 handover by an insider who sat near the apex of power for years." The paper says Chan's top grievance is a lack of "universal and equal suffrage" by the Hong Kong government.

Yukos Chief Resigns Over Court Assessment. The Wall Street Journal (7/21, White, 2.03M) reports the American CEO of Yukos resigned, "saying there is nothing more he can do to save the crippled Russian oil giant as a court-appointed administrator prepared to declare the company insolvent." The Journal says Steven Theede "denounced the bankruptcy proceedings underway in Moscow as a 'sham' and a 'charade' aimed at expropriating what remains of the company." Analysts predict most of Yukos will end up in the hands of state oil company OAO Rosneft, "which already took over Yukos's main asset and still is one of its largest creditors." Theede said the bankruptcy administrator found that Yukos's liabilities exceed its assets by $1 billion, a figure Theede called "flawed," while insisting the company is solvent.

The New York Times (7/21, Kramer, 1.21M) reports a similar story, saying Theede called the proceedings a "sham" and he criticized the assessment of Yukos's value saying high world oil prices mean that Yukos could have recovered as a viable company if given the chance."

Putin Honors Agents After Death Of Terrorist. The New York Times (7/21, Chivers, 1.21M) reports Russian President Vladimir Putin "awarded medals to members of the former K.G.B. on Thursday for what the Kremlin said was their role in the killing of the terrorist leader Shamil Basayev this month" while questions "swirled about Mr. Basayev's death, which has become the latest of Russia's public mysteries." While few dispute the Chechen separatist is dead, "the means and even the time of his death have become subjects of debate, fueled since the first hours by contradictory official statements, a climate of secrecy and opposing claims by the government, the separatists and the Russian news media."

Nigerian Promotes Democracy, Religion In Kiev. The Wall Street Journal (7/21, Cullison, 2.03M) reports Nigerian evangelical minister Sunday Adelaja has worked to bring democracy and Christianity to the Ukraine and "claims to run the largest congregation in Europe, with more than 25,000 members in Kiev alone." Says Adeladja, "God has sent a black man to bring religion back to Russia and the Soviet Union. This is hard here for many to accept." The Journal says Adelaja's church "has grown beyond its core clientele of substance abusers and petty criminals to include the mayor of Kiev and several members of Parliament" but says "Moscow and its allies in the region are taking no chances" having booted Adelaja "out of Russia and Belarus."

Bush Urges Sudan To Allow Peace Force. The AP (7/21, Raum) reports President Bush "urged Sudan on Thursday to accept a U.N. peacekeeping force in Darfur province to replace overstretched African Union troops," and acknowledged "there was much work to be done before that could happen." The AP said the president talked with Sudanese Vice President Salva Kiir about a U.S.-backed peace plan and said, "I assured our friend that the United States is committed to helping the Sudanese people; we're committed to making sure that the peace agreement that we helped you negotiate is implemented. We're also committed to helping the people in Darfur. … Our strategy is that we want AU forces to be complemented and blue-helmeted -- in other words, the United Nations should be invited in. We talked about how best to get that done in order to save lives. Obviously, there is still a lot of work to be done." The AP says Kiir "sidestepped the issue of the introduction of Western troops, which his government has opposed."

US Donates $116M To Mission In Sudan. The AFP (7/21) reports the U.S. will commit $116 million to the African Union Mission in Sudan to help relieve the humanitarian crisis gripping the war-torn Darfur region. The US "maintains a strong partnership with the African Union on the Darfur issue, and we commend the efforts of AMIS peacekeepers and their leaders," the State Department said.

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Ethiopia Enters Somalia To Back Government. The AP (7/21, Hassan) reports "hundreds" of Ethiopian troops entered Somalia Thursday "to protect their allies in the country's virtually powerless government from Islamic militants who control the capital." The AP says the move "could give the U.S.-backed Somali government its only chance of curbing the Islamic militia's increasing power. But Ethiopia's incursion could also be just the provocation the militia needs to build public support for a guerrilla war. State Department Spokesman Sean McCormack said, "We are watching the situation very closely. We would urge the Ethiopian government to exercise restraint." The Washington Times (7/21, Stuhldreher, 88K) reports a version of the AP story.

Libya May Soon Feel Pressure To Settle With Victims Of Its Attacks. In a story published today but datelined July 14, the New York Times (7/21, Wald, 1.21M) reports "Libya is eager for normal relations and American investment in its oil fields. But lawyers for families of American passengers and crew on Pan Am Flight 103 say they are owed a final payment of $2 million per victim; Libya said the deal had expired." The Times says some Americans promoting trade say Libya's steps toward normalizing relations are good news for Libya's American victims. U.S.-Libya Business Association executive director David Goldwyn said, "The greater stake Libya has in the relationship, the more incentive Libya has to settle these kind of disputes."

US, New Zealand Agree To Strengthen Relations. The AP (7/21) reports New Zealand and the United States "have agreed to strengthen their relationship." Adter a meeting with Secretary of State Condoleezza Rice, N.Z. Foreign Minister Winston Peters said, "We committed ourselves to a forward-looking relationship as two countries and to strengthening that relationship in the future." The AP says "relations between the two countries were convulsed in 1985 when New Zealand banned nuclear arms and nuclear-powered ships from its territory and waters."

French Socialist Win Over Voters Via Internet. The Washington Post (7/21, A14, Anderson, 748K) reports Socialist Party presidential candidate Segolene Royal "has confounded" detractors "with an Internet-aided insurgent campaign that has propelled her to the top of national polls. Her Howard Dean-style strategy -- going over the heads of party elders with a grass-roots run for office that has proved wildly popular among voters -- could make France's first cyber-candidate its first female president."

Smuggled Cubans To Stay In U.S. The AP (7/21, Anderson) reports 28 Cubans caught trying to slip into the U.S. "were brought ashore this week so they can testify against those accused of organizing the deadly smuggling voyage -- a step that means they can stay permanently in this country." U.S. Attorney R. Alexander Acosta said the "unique circumstances" of the case led prosecutors to bring the group onto U.S. soil under material-witness warrants, which could require them to testify before a grand jury or at a trial. Acosta said, "Smugglers often treat migrants as if they were human cargo. … This must stop."

Disputed Election Strains Mexican Society. The Los Angeles Times (7/21, Tobar, 918K) reports the debate over the outcome of the July 2 Mexican presidential election is straining much of Mexican society. "Feelings are becoming more strained, the opinions more strident. Was the election fraudulent or the cleanest in Mexican history? Was the conservative Felipe Calderon indeed the winner? Or is leftist Andres Manuel Lopez Obrador right when he says he was robbed by a corrupt and inefficient system? Mexico's Federal Electoral Tribunal is deciding the case, but the judges may not reach a verdict for weeks." The Times quotes historian Lorenz Meyer, who says, "People are not anxious, but they are angry. The anger is strongest on the side of the left, because they feel cheated. Whether it's true or not, the perception is there."

Bird Flu Spiraling In Indonesia. The New York Times (7/21, McNeil, 1.21M) reports, "Indonesia is about to surpass Vietnam as the country hardest hit by avian flu" and the situation there is likely to worsen, experts say. The Times says "the flu is ubiquitous in thousands of backyard flocks" and appears to be killing more birds every month, increasing the likelihood of human cases. WHO spokesman Dick Thompson said, "It's like trying to fix the roof while there's a storm going on. … Until the animal situation gets under control, there's going to be this steady drip, drip, drip of human cases, and that's a problem." The Times says the biggest obstacle is Indonesia's decentralized government with power residing in local provinces and districts, a principle that Indonesians are likely to abandon.

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Tsunami Cleanup Continues. The Christian Science Monitor (7/21, 58K) reports hundreds of Indonesian police, military, and relief workers continued their work cleaning up from the recent tsunami. The Monitor says "the limited scale of the disaster, and easy access for relief supplies, have helped rescuers in comparison to the deadly 2004 tsunami that killed more than 170,000 people in Indonesia."

In Europe, George Soros Criticizes Bush. The Wall Street Journal (7/21, 2.03M) in an editorial writes that George Soros, touring Europe to promote his book "about the menace posed by the U.S. to world freedom," told a British newspaper earlier this week that "the attitude of the Bush Administration has had disastrous consequences; the world needs an alternative and the European Union can provide it." The Journal says Soros "sees Brussels as too weak and bureaucratic, and so he is proposing to inject a little backbone by pouring hundreds of millions of dollars into new foundations, the first of which will be set up in Paris or London."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Lebanese Told To Leave The South."
"Christian Retailers Put Their Print On Products."
"Fury Meets Katrina Hospital Arrests."
"Fleeing For Their Lives Into The Grim Unknown."
"Hollywood, Land of Creative Pink Slips."
"Charity Games Bask In Bawdy Irreverence."
"Takeover Robbers Target Restaurants."

USA Today:
"Help Comes As Fight Widens."
"Unions Rake In Record Cash For Campaigns."
"Ailing NFL Quarterbacks Plotting Their Comebacks."

New York Times:
"Marines Return to Beirut to Aid U.S. Evacuation."
"2 Are Charged In Criminal Case On Stock Options."
"At Ground Zero, Builder Is Barred But Not His Kin."
"Sects' Strife Takes A Toll On Baghdad's Daily Bread."
"In Prison for Life, He Turns M&M's Into An Art Form."

Washington Post:
"Mediation Errors Harming Millions, Large Study Finds."
"Israel, Hezbollah Intensify Ground Conflict In Lebanon."
"HHS Chief's Fund Gave Little To Charity."
"Navy Quarterback Cleared Of Raping Midshipman."

Washington Times:
"DMV To Toss Tickets Not Processed Promptly."
"Israel Pounds Hezbollah."
"Bush Reaches Out To NAACP."
"Americans Evacuees Bring Horror Tales From Lebanon."
"Vote Act Renewal Passes In Senate."
"Drug Errors Plaque Patients, Cost Billions."
"Baseball's A Hit Again, With Drugs & Errors."

Detroit Free Press:
"Ford: More Pain."
"Mich. Family Pays $17,000 To Flee Beirut."
"Tigerrrr-ific!"
"Toyota Gift To City Repays GM Favor."

Atlanta Journal-Constitution:
"Senate OKs Voter Act."
"NAACP Polite But Skeptical Of Bush."
"Health Care Tiff: Calling Dr. Spin."
"On Our Feet In A Heartbeat."

Houston Chronicle:
"Police Link One Killer To Deaths Of Six Women."
"More Flee As Israel Hints At Ground War."
"Chilly Reception For Bush In First Speech To NAACP."
"Final Vote Set Today On Plan To Help Needy Pay For Power."
"For Preemie Girl's Tiny Heart, A Huge Life-Saving Miracle."

Story Lineup From Last Night's Network News:
ABC: Mideast Violence-Lebanon; Israeli Ground Attack; Israeli Helicopters-Collision; Mideast Violence-White House; Mideast Violence-UN; US Evacuees; Lebanese Refugees; Bush-NAACP; Heat Wave; USDA-Mad Cow Testing; Medication Mistakes; Bonds-No Indictment; 3-D Movies.
CBS: Mideast Violence-Lebanon; Destruction In Tyre; US Evacuees; Bush-NAACP; Real Estate Market; Medication Mistakes; Nazareth-Arab-Israelis.
NBC: US Evacuees; Mideast Violence-Israel; Lebanon-Marines Return; Refugee Crisis-Kaifoun; Mideast Violence-Diplomacy; Bush-NAACP; Tropical Storm Beryl; St. Louis-Extreme Weather; Big Dig-Tunnel Closure; Medication Mistakes; US Evacuees-Children.

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Story Lineup From This Morning's Radio News Broadcasts:

ABC: Israel-Lebanon Attacks; Tropical Storm Beryl; Heat Wave; Bonds-No Indictment.

CBS: US Citizens Evacuate Lebanon; Israel-Lebanon Attacks; Heat Wave; Bonds-No Indictment; Study-Children And Exercise; Tropical Storm Beryl.

NPR: US Citizens Evacuate Lebanon; Annan-Middle East Fighting; Israel-Gaza Incursion; Bernanke-Report To Congress; Foreign Stock Markets; MA-Big Dig Tunnel Shut Down; India-Mumbai Bombings Investigation.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends an O'Donnell for Congress reception. Private residence, Englewood, Colo., then travels to the Bush ranch in Crawford, Texas.

VICE PRESIDENT CHENEY — Speaks at luncheon for congressional candidate Gus Bilirakis, Tampa; speaks at a rally for troops. Fort Stewart, Ga.

US Senate: 10 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the pending extradition treaty with Great Britain and Northern Ireland. Jack Meehan, president, Ancient Order of Hibernians, Quincy, Mass.; Robert C. Linnon, president, Irish American Unity Conference, Bonton Beach, Fla.; Francis A. Boyle, University of Illinois College of Law at Urbana-Champaign; Madeline Morris, Duke University Law School; Paul J. McNulty, deputy attorney general; Samuel M. Witten, deputy legal adviser, Department of State. Location: Room 419, Dirksen.

US House: 10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on policing sites around the nation's capital region. Rear Admiral Terence McKnight, Commandant, Naval District Washington; Major General Guy C. Swan III, Military District of Washington; Joseph W. Trindal, Regional Director, National Capital Region, Federal Protective Service; Michael D. Fogarty, Assistant Chief of Police, United States Park Police. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Intelligence, Information Shariung, and Terrorism Risk Assessment Subcommittee. Hearing on the relationship between DHS and its Homeland Security Information Sharing Network. Location: Room 311, Cannon.

Other: BOLIVIA _ 8:30 a.m. Bolivian Vice President Alvaro Garcia Linera speaks at the Center for Strategic and International Studies. Location: B-1 conference level, 1800 K St. NW.

PENTAGON-IRAQ SECURITY _ 9 a.m. Army Col. Michael Shields, commander of 172nd Stryker Brigade Combat Team, will brief live from Iraq to give an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

ALLEN _ 10 a.m. Coast Guard Commandant Adm. Thad Allen speaks at the Defense Daily media breakfast on ``Creating a Viable Maritime Security Regime for a Coastal Nation State." Location: National Press Club.

BROWNFIELDS _ 10 a.m. The Northeast-Midwest Coalitions holds a briefing on brownfields, focusing on the challenges and opportunities of Federal policymakers. Location: Room 122, Cannon.

WOUNDED VETERANS-BASEBALL _ 6 p.m. Deputy Secretary of Defense Gordon England and wounded military service members will throw out the first pitch at the Washington National's baseball game against the Chicago Cubs. Location: RFK Stadium.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JULY 21, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Judge Refuses To Dismiss Surveillance Suit Against AT&T 3
Pakistani Gets 30 Years In Prison For Plot To Help Al Qaeda Agent Enter US 3
Final Uncharged 9/11 Detainee Released To Seek Asylum In Canada 4
Padilla Attorneys Stuck In Beirut Evacuated To Cyprus 4

Homeland Response:
FBI Keeping Close Watch On Hezbollah Members In US 4
DHS Official Defends National Asset Database 5
Mayors Call For Delay In Implementation Of Western Hemisphere Travel Initiative 5
GAO Says Federal Disaster Plans Don't Cover Nursing Homes .. 5
Paulison Says First Responders Ready For Beryl 5

War News:
Rising Violence In Iraq Alarms Officials 5
Judge Grants Three-Month Delay In Iraq Rape-Murder Arraignment 6
Army Captain Relates Iraqi Approval After Shootout With "Terrorists." 6
Hussein Calls For US Pullout From Iraq In Letter 6
NATO Head Says Taliban Can't Thwart Troops 7
Army Feeling Financial Strain Of Wars In Iraq, Afghanistan 7

DOJ:
Gonzales Discusses Immigration Reform On Trip To Texas Border Region 7
Former AUSA Who Settled Bias Complaint With DOJ Opens Private Practice 8

Corporate Scandals:
Former Brocade Officials Charged In Options Probe 8
Cox To Name Hewitt As Chief SEC Accountant 10

Criminal Law:
Nigerian Vice President Says He Never Agreed To Take Bribe From Jefferson 10
Computer Technicians Plead Not Guilty To Obstructing Fumo Probe 10
US Seeks Limits On Defense Tactics At Retrial Of Former New Mexico Treasurer 11
Tennessee Waltz Trial Set For Feb. 5 11
Three Boston Police Officers Arrested In FBI Corruption Probe . 11
Three Plead Guilty To Ecoterrorism In Oregon 11
Reputed Mob Financier Turned Restaurateur Charged With Insurance Fraud 12
US Internet Gambling Conference Postponed In Wake Of BetOnSports Arrest 12
Former Air Marshal Sentenced To 20 Years For Child Porn Possession 12
Additional Charges Filed Against Florida Prison Guards In Sex Case 12
Arrest Of New Orleans Doctor, Nurses Prompts "Mercy Killing" Debate 12
Virginia Executes Man For 1997 Rape-Murder 13
Former UBS PaineWebber Tech Worker Convicted Of Tampering 13
Former Midshipman Acquitted Of Rape 14

Civil Law:
Former DOJ Tobacco Litigation Chief Says McCallum Misled Congress 14

Civil Rights:
Bush Gets Mostly Polite Reception At First Speech To NAACP. 14
Senate Passes Voting Rights Act By 98-0 Vote 16
South Carolina Hospital Settles With DOJ Over Communication For Deaf Patients 17
DOJ Monitors Watch Alabama Elections 17
DOJ To Weigh Free Speech Against Public Harm In Koran Desecration 17

Antitrust:
Microsoft Sales Grow But Profit Lags 18
China Internation Marine Containers Drops Bid For Burg 18

Environment/Indian Affairs:
Panel To Investigate Charges White House Edited Environmental Reports 18
USDA Reduces Mad Cow Testing By 90% 18
Judge Halts Arkansas Irrigation Project Over Woodpecker Claims 19
Kempthorne Backs Bill To Give States Portion Of Oil Royalties . 19

Some Western Republicans Opposing New Oil, Gas Drilling On Federal Lands ... 19
Texas Utility Firm Plans 11 Coal Burning Power Plants ... 19
DOJ In Talks To Bring Amber Alerts To Indian Reservations ... 20

FBI/DEA/ATF/USMS:

Grand Jury Ends Without Indicting Bonds, New Grand Jury Impaneled ... 20
Bush Nominee Accused Of Obstructing Justice In Meth Case ... 22
Defense Attorney Accuses Authorities Of "Playing Favorites" In Tennessee Marijuana Case ... 22
Alleged New York Gang Leader Sentenced To 37 Years ... 22

Immigration:

Hastert Says Border Security Remains First Immigration Priority22

Tax:

Court Rules Against IRS In Tax Shelter Case ... 23

Congress-Administration:

Leavitt Family's Use Of Foundation For Tax Deductions Questioned ... 24
Pension Bill Expected To Reach Bush's Desk Before August Recess ... 24
Senate Appropriators Finish Work Before August Recess ... 25
House Approves Oman Trade Agreement ... 25
Peru Trade Accord Passes House Committee ... 25
Senate GOP Pushes Parental Notification Bill ... 25
Military, Civil Service Pay Raises Advance On Separate Tracks 25
LATimes Praises Proposed Federal Spending Database ... 25
WPost Says Public Apathy Allows Farm Subsidies To Survive .. 25

Other News:

Bernanke Optimistic About Housing ... 26
Stock Markets Fall On Economic Outlook ... 26
Oil Prices Expected To Eventually Have Economic Impact ... 26
Romney Orders Part Of Big Dig Closed ... 26
Study Finds Medication Errors Widespread ... 27
Democrats See Opportunity In Moderates Alienated By GOP Stance On Stem Cell Research ... 27
Unions Seek To Coordinate Political Efforts After Split ... 28
Obama To Be Featured At High Profile Iowa Democratic Party Event ... 28
Bush May Visit Battleground States During August Vacation ... 28
House GOP Working Hard To Woo Social Conservatives ... 28
DCCC Planning $30 Million Ad Blitz This Fall ... 28
Democratic Fundraising Committees Narrow GOP's Fundraising Lead ... 29
Quinnipiac Poll Shows Lieberman Trailing Lamont ... 29
Hollywood's Elite Donating To Clinton ... 29
In Effort To Reach Voters, Politicians Race To Keep Up With Technology ... 30
Administration Faces Pressure Over Response To Mideast Violence ... 30
By Overwhelming 410-8Vote Margin House Passes Resolution In Support Of Israel ... 33
Israel Prepares To Increase Deployment Of Ground Forces ... 33
Continuing Violence In Gaza Overshadowed ... 35
US Marines Evacuate US Citizens From Lebanon ... 35
Bush May Push For Bolton's Confirmation ... 36
Iran Promises August Reply To Nuke Plan ... 37
US Seeks Consultation On North Korea Talks ... 37
Bush Talks With Top Chinese Officer ... 37
US To Send Japan Antimissile Systems ... 38
Nuclear Foes Remain Wary Of Kashmir Peace Talks ... 38
Congressmen Complain About F-16 Sale To Pakistan ... 38
US To Sell Black Hawk Helicopters, Military Equipment To Saudi Arabia ... 38
Protests Delay Trial Of Chinese Rights Advocate ... 38
Yukos Chief Resigns Over Court Assessment ... 39
Nigerian Promotes Democracy, Religion In Kiev ... 39
Bush Urges Sudan To Allow Peace Force ... 39
Ethiopia Enters Somalia To Back Government ... 39
Libya May Soon Feel Pressure To Settle With Victims Of Its Attacks ... 39
US, New Zealand Agree To Strengthen Relations ... 40
French Socialist Win Over Voters Via Internet ... 40
Smuggled Cubans To Stay In U.S ... 40
Disputed Election Strains Mexican Society ... 40
Bird Flu Spiraling In Indonesia ... 40
Tsunami Cleanup Continues ... 40
In Europe, George Soros Criticizes Bush ... 40

The Big Picture:

Headlines From Today's Front Pages ... 40

Washington's Schedule:

Today's Events In Washington ... 41

DOJ_NMG_0042121

TERRORISM NEWS:

Judge Refuses To Dismiss Surveillance Suit Against AT&T. The San Francisco Chronicle (7/21, Egelko) reports, "A federal judge in San Francisco refused today to dismiss a privacy-rights group's lawsuit against AT&T for allegedly cooperating in illegal government electronic surveillance of U.S. citizens, and flatly rejected the Bush administration's claims that such litigation threatens national security. … 'Dismissing this case at the outset would sacrifice liberty for no apparent enhancement of security,' Chief U.S. District Judge Vaughn Walker said in a 72-page ruling denying dismissal motions by both the federal government and AT&T. … He also said AT&T and the Bush administration have already disclosed, for all practical purposes, that the company 'assists the government in monitoring communication content' as part of federal anti-terrorism efforts. Allowing private parties to claim that their rights were violated by the company's role in the program would not expose state secrets or assist terrorists, Walker said." The Chronicle adds, "It was the first ruling in the nation on the administration's claim that all of the roughly 30 lawsuits challenging the electronic surveillance program must be dismissed because they threaten to expose state secrets."

The Washington Post (7/21, A9, Mohammed) reports, "The class-action suit against AT&T Inc., filed by the Electronic Frontier Foundation in January, alleges that the nation's largest phone company collaborated with the federal government in an illegal domestic spying program to monitor Americans' phone calls and e-mails. … The government, which has defended the legality of what it has called a 'terrorist surveillance program' without revealing many details about its workings, asked U.S. District Judge Vaughn R. Walker to dismiss the case, arguing that it would divulge state secrets and damage national security. … In his ruling, Walker wrote that he saw no 'reasonable danger' of harming national security by proceeding with the case, that its subject was 'hardly a secret' and that the court had a constitutional duty to decide matters brought before it. … 'To defer to a blanket assertion of secrecy here would be to abdicate that duty, particularly because the very subject matter of this litigation has been so publicly aired,' Walker wrote. 'The compromise between liberty and security remains a difficult one. But dismissing this case at the outset would sacrifice liberty for no apparent enhancement of security.'"

The AP (7/21, Kravets) reports, "Dozens of lawsuits alleging that telecommunications companies and the government are illegally intercepting Americans' communications without warrants have been filed. This is the first time a judge has ruled on the government's claim of a 'state secrets privilege.' … 'It might appear that none of the subject matter in this litigation could be considered a secret given that the alleged surveillance programs have been so widely reported in the media,' Walker said." The AP adds that "in declining to dismiss AT&T Inc. from the lawsuit, filed by the Electronic Frontier Foundation privacy group, Walker suggested the case had some merit. 'AT&T cannot seriously contend that a reasonable entity in its position could have believed that the alleged domestic dragnet was legal,' he wrote. … A Justice Department spokesman said the administration was reviewing the ruling before making its next step."

The Wall Street Journal (7/21, A10, Cheng, 2.03M), the New York Times (7/21, Markoff, 1.21M) and the Los Angeles Times (7/21, Menn, 918K) also report this story.

Surveillance Bill Hits Senate Snag. The Washington Post (7/21, A9, Eggen) reports, "A Senate surveillance bill personally negotiated by President Bush and Vice President Cheney ran into immediate trouble this week, as Democrats and other critics attacked the proposal while key GOP leaders in the House endorsed a different bill on the same topic." The Post continues, "The Senate legislation, drafted during negotiations between the White House and Sen. Arlen Specter (R-Pa.), would allow the administration to submit the National Security Agency's warrantless surveillance program to a secret intelligence court for review of its legality. … The proposal was billed as a rare and noteworthy compromise by the administration when unveiled last week. But the legislation quickly came under attack from Democrats and many national security experts, who said it would actually give the government greater powers to spy on Americans without court oversight." The Post adds, "A competing bill introduced by Rep. Heather A. Wilson (R-N.M.) was endorsed this week by two key House GOP leaders: Peter Hoekstra (Mich.), the intelligence committee chairman, and F. James Sensenbrenner Jr. (Wis.), head of the Judiciary Committee. … Specter, chairman of the Senate Judiciary Committee, canceled a markup session for his proposal that had been scheduled for yesterday. He announced instead plans instead for a full committee hearing Wednesday on the Foreign Intelligence Surveillance Act (FISA), the 1978 statute at the center of the debate. … The developments add to the uncertainty surrounding the eavesdropping program, which allows the NSA to intercept telephone calls and e-mails between the United States and locations overseas without court approval if one of the parties is suspected of links to terrorism."

Pakistani Gets 30 Years In Prison For Plot To Help Al Qaeda Agent Enter US. The AP (7/21,

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Neumeister) reports, "A Pakistani man convicted of agreeing to help an al-Qaida operative with terrorist plans sneak into the United States was sentenced Thursday to 30 years in federal prison. Judge Sidney H. Stein said Uzair Paracha knew what he was doing when he agreed to help a former Baltimore resident trying to sneak back into the U.S. from Pakistan." Stein "said a stiff sentence was needed to deter such activity." The AP notes, "Paracha was convicted in November of providing material support to a terrorist organization after a trial in which prosecutors relied largely on his confession to FBI agents. Paracha had told the FBI he had no personal interest in al-Qaida but cooperated because Khan and others related to the terrorist network had promised to invest $200,000 in one of his family's businesses."

The New York Times (7/21, 1.21M) adds that Paracha impersonated Pakistani al Qaeda operative Majid Khan, "including posing as him during telephone calls with the Immigration and Naturalization Service and using his credit card to make it appear as though Mr. Khan had never left the United States, when in fact he had gone to Pakistan without notifying immigration authorities."

Final Uncharged 9/11 Detainee Released To Seek Asylum In Canada. The Washington Post (7/21, A9, Asthana, 748K) reports, "Benamar Benatta, believed to be the last remaining domestic detainee from the Sept. 11, 2001, attacks, was released yesterday after negotiations involving Canada, the United States and his attorneys ended his captivity at nearly five years. … The Algerian air force lieutenant spent more than 58 months behind bars even though the FBI formally concluded in November 2001 that he had no connection to terrorism." The Post notes, Benatta came to the United States in 2000 for military training and then overstayed a six-month visa. … He was initially charged with carrying fraudulent papers until a federal magistrate called those accusations a 'sham.' Since then, he has been held for overstaying his visa as he waged a multiyear battle for political asylum in the United States or Canada, alleging he would be killed if he were returned to Algeria."

Padilla Attorneys Stuck In Beirut Evacuated To Cyprus. The Miami Daily Business Review (7/21, Kay) reports, "Three defense attorneys in a Miami terrorism case who were trapped in Beirut by the conflict between Israel and Lebanon have been evacuated safely to Cyprus." The Review continues, "Miami Assistant Federal Public Defender Orlando do Campo and two private lawyers, William Swor of Detroit and Andrew Patel of New York, traveled to Lebanon about three weeks ago. They were there to do research and take depositions in preparation for the scheduled federal trial in September of accused dirty bomber Jose Padilla and four other defendants before U.S. District Judge Marcia Cooke." The Review adds, "The lawyers were stuck at a Beirut hotel, according to Swor's secretary. They had departed for Beirut on July 2 and were supposed to return on July 14. But war broke out July 12 when Israel began its campaign to recover two kidnapped Israeli soldiers. Israel bombed the airport, trapping the lawyers and thousands of other Americans and Europeans in Lebanon. The lawyers had no choice but to stay on at the hotel while the U.S. and other governments made plans to evacuate their citizens. … Do Campo and Patel represent Padilla. Swor represents Kifah Jayyousi. Padilla, Jayyousi and Adham Hassoun -- along with two co-defendants who are in the Middle East and will be tried in absentia -- are charged with conspiring to commit terrorism and funding terrorist groups in Bosnia and the Middle East. All have pleaded not guilty. … The three attorneys were rescued Wednesday and put on a cruise ship chartered for the rescue effort. They were taken to nearby Cyprus. From there they are expected to fly back to the United States."

HOMELAND RESPONSE:

FBI Keeping Close Watch On Hezbollah Members In US. MSNBC's Hardball With Chris Matthews (7/20) reported, "US officials are telling local enforcement figures…to be vigilant. Is there a threat in the United States from Hezbollah?" MSNBC (Williams) added, "There's no question that Hezbollah has cells operating in the US," but the Hezbollah members arrested in the US in the past "were accused, not of plotting attacks, but of raising money to support Hezbollah in the Middle East. And while terrorism experts say members here have military training, they have refrained from attacking," but "some say that could change if Hezbollah feels it's about to be wiped out. … For now, the FBI says it's keeping a close eye on suspected Hezbollah cells here." FBI Director Robert Mueller: "To the extent that we have identified individuals associated with Hezbollah, you bet that we are taking additional precautions to assure that we do not face a threat from these individuals." Williams: "And in a joint bulletin with the Department of Homeland Security, the FBI also warns local police that individuals residing here who sympathize with Lebanon or Hezbollah could act on their grievances, too."

WCNC-TV Charlotte (7/20, Romero) reports on its Web site from a story broadcast yesterday, "In 2002 a trial in Charlotte's federal court revealed a cell of Hezbollah terrorists operating in Charlotte. … Michael Resnick, in charge of the FBI's Joint Terrorism Task Force for North Carolina, confirms they are currently investigating Hezbollah cells in North Carolina. 'Clearly they have a violent capability,' he said. 'They are a military organization, as evidence by what is going on in Lebanon.'" US Attorney Ken Bell, who prosecuted the 2002 case, said, "We had a real terrorist cell

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here in Charlotte," but Resnick noted, "I would describe that cell as being significantly dismantled by prosecution and deportation. But that doesn't mean that the presence of Hezbollah in Charlotte or North Carolina is greatly diminished." WCNC adds, "Hezbollah operatives in Charlotte are mainly raising money the FBI says, at least for now. 'Terrorist groups tend to change their techniques,' Resnick said."

DHS Official Defends National Asset Database. Robert Stephan, DHS assistant secretary for infrastructure protection, in an op-ed in USA Today (7/21, 2.27M) assures readers that "there are no flea markets, petting zoos, popcorn factories, hot dog stands or other such facilities on the Department of Homeland Security's critical 'target lists.'" He adds that the National Asset Database "is not, as has been reported, a list of the most critical assets in our nation nor does it drive the department's funding decisions." Stephan says the inspector generals method for developing a report on the database was "akin to looking at what's left on the cutting room floor rather than at the movie, then giving it a half-star rating."

In a letter to the Los Angeles Times (7/21, 918K), Stephan responds to a July 18 opinion piece, writing that the "database is not the only tool that the department uses to identify infrastructure across the nation" and "is not directly connected to grant funds. By incorrectly focusing on this one database, these reports do a disservice to the general public."

USA Today Says Establishing Critical Asset List Should Not Be So Complicated. In an opposing editorial, USA Today (7/21, 2.27M) writes that while "a top DHS official" says sites such as an Amish Country Popcorn factory and Georgia's Kangaroo Conservation Center are off DHS' list, "their original inclusion is so absurd that it leaves you wondering whether some of the nation's security planning is being handled by late-night comedy writers." USA Today says that "choosing the nation's most vulnerable and consequential terrorist targets shouldn't be much more complicated than calling the governors, giving them a deadline and putting someone smart and impatient in charge. Chances are they'd produce a better list for closer to $32 than $32 million."

Mayors Call For Delay In Implementation Of Western Hemisphere Travel Initiative. The AP (7/20) reported "dozens of mayors" from Canada and the US met in Windsor, Ontario Thursday to call "on Washington to delay the implementation of the controversial Western Hemisphere Travel Initiative." The AP added, "With only 23 percent of Americans and 40 percent of Canadians holding valid passports, officials fear the plan will have a devastating effect on cross-border tourism." However, DHS Secretary Michael Chertoff "was in Canada earlier this week and said Washington was looking at alternative, cheaper identification cards, such as a 'PASS card' that would be only one-third the cost of a passport."

The Detroit Free Press (7/21, Schmitt, 346K) reports Detroit Mayor Kwame Kilpatrick attended the meeting, saying that a conversation is needed "about how we strengthen the protection of our borders, but also how we make it free flowing and easy so we all can economically benefit." He "said he is supporting the idea of an enhanced license with similar requirements of a passport, but cheaper to obtain."

GAO Says Federal Disaster Plans Don't Cover Nursing Homes. The AP (7/20, Jordan) reported the Government Accountability Office said Thursday that the federal government's national response plan for emergencies does not cover evacuation procedures for nursing homes and "does not provide for ambulances or helicopters to evacuate patients from facilities." Sen. Charles Grassley, who ordered the investigation, said the GAO's report "outlines gaps in our disaster response system which may have contributed to some of the unconscionable situations during Katrina in which nursing home residents and hospital patients were not evacuated." In responding, Homeland Security and Pentagon officials "noted that the response plan gives state and local officials the job of evacuating people."

Paulison Says First Responders Ready For Beryl. The AP (7/21, Jordan) reports, "Federal responders along the Atlantic coast were on standby Thursday and truckloads of bottled water were headed to Boston as Tropical Storm Beryl spun toward New England." Beryl "was expected to head out to sea, but FEMA Director R. David Paulison said his agency was taking no chances." Speaking to reporters as he unveiled the agency's "new $3 million National Response Coordination Center," Paulison "said federal response teams along the East Coast have 'got their bags packed.'" Meanwhile, officials "showed off" a "new tracking system as one of many new tools the agency has acquired since being overwhelmed and humiliated by its poor response after Hurricane Katrina slammed into the Gulf Coast last Aug. 29."

NBC Nightly News (7/20, story 7, 0:15, Williams, 9.87M) reported, "On the East Coast, tropical storm watches and warnings are posted for very stormy seas and 50-mile-an-hour winds as Tropical Storm Beryl passes by the tip of Long Island and then on to lash New England."

WAR NEWS:

Rising Violence In Iraq Alarms Officials. Increasing violence in Iraq was highlighted by major US newspapers Friday morning, but was not covered by the

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national network TV programs. Under the headline "Iraq's Police Overwhelmed By Violence," the Christian Science Monitor (7/21, Murphy, 58K) reports, "In Baghdad and across much of the center and south of the country, the rhythms of normal life and commerce are rapidly breaking down in a sign that US and Iraqi government plans to build an effective security force are faltering." Now come "indications the rate of bloodshed is rising; more than 3,000 Iraqis were killed in June, most after the June 7 killing of Al Qaeda leader Abu Musab al-Zarqawi, whose death US officials had hoped would diminish violence." Also, "US military officials said Thursday that violence jumped in the capital over the past five days from an average of 24 attacks a day to 34 despite a security plan unveiled last month with much fanfare." Meanwhile, "reports of police standing aside as civilians get attacked are common, as are claims by survivors that government security forces, infiltrated by sectarian militias, took part in the killings."

The Washington Post (7/21, A13, Mosher, 748K) adds, "The U.S. military…acknowledged that a joint U.S.-Iraqi effort to reduce violence in the capital had not achieved the desired results after slightly more than one month." While "factional violence that has plagued the country since late February -- and reached new heights in the past two months," Maj. Gen. William B. Caldwell, a U.S. military spokesman in Baghdad, "pointed out that attacks had been concentrated in five areas of the capital" in the last five days, adding, "Hundreds of thousands of Baghdadis live a regular life day in and day out, unmarred by the violent attacks on civilians in the most troubled areas."

The AP (7/21, Reid) characterizes Caldwell's statements as "among the most frank by a senior American military official about the grave crisis facing Prime Minister Nouri al-Maliki's two-month-old national unity government." It also notes, "Alarmed by the crisis, Grand Ayatollah Ali Al-Sistani issued a rare statement, saying the time has come for 'all those who value the unity and future of this country' to 'exert maximum efforts to stop the bloodletting.'"

The Los Angeles Times (7/21, Barnes, 918K) adds, "Caldwell blamed the increased violence on fighters and weapons being brought into Baghdad from other parts of Iraq in an attempt to undermine the security crackdown." While "officials tried to put the best face on the statistics," this "failure of the crackdown to decrease the violence is yet another sign of the sectarian conflict that has buffeted this city."

Iraqis See Violence As Unchecked By Authorities. The New York Times (7/21, Tavernise, 1.21M) notes, "The unrelenting violence has hardened Iraqis against one another, and people talk in resigned tones about civil war." In "one of the bitterest disappointments of the war for Iraqis," the "widespread sectarian killings have gone virtually unchecked by authorities of any kind, American or Iraqi," and Recently Iraqis have begun to say that an American withdrawal, which they previously feared would result in a bloodbath, might not make any difference."

As More Iraqis Relocate, Areas Segregate By Sect. The New York Times (7/21, Cave, 1.21M) reports," Relentless sectarian violence is forcing Iraqi families to flee their homes in ever larger numbers, according to figures released Thursday by the Iraqi government." Sattar Nowruz, a spokesman for the Ministry of Displacement and Migration called it "'a dangerous sign' of accelerated religious segregation," noting that "nearly 27,000 families, about 162,000 people, had registered for relocation aid" since mid Febuary. Anthony H. Cordesman, an analyst at the Center for Strategic and International Studies in Washington, added "that the Iraqi migration was probably more widespread than the government statistics suggested. He described the exodus as both a sign of fear and a potential contributor to sectarian volatility."

Judge Grants Three-Month Delay In Iraq Rape-Murder Arraignment. In a widely-distributed story, the AP (7/21) reports, "A federal judge on Thursday granted a three-month delay in the arraignment of a former soldier, who is charged with raping an Iraqi girl and killing her and three family members. U.S. District Judge Thomas B. Russell agreed to delay the arraignment until Nov. 8 after prosecutors cited logistical concerns in Steven Green's case." The AP notes, "The prosecution involves coordinated efforts of military prosecutors in Iraq, federal prosecutors in the U.S. and FBI and Army investigators."

Army Captain Relates Iraqi Approval After Shootout With "Terrorists." The Washington Times (7/21, Gertz, Scarborough, 88K) notes an email from Army Capt. Dave Pate. His squad chased terrorists in Baghdad, and they took cover in a mosque. After the combat, he "noted that there were no angry Iraqis after the mosque shooting." Instead, they "were all giving us the thumbs up, waving, giving high fives, holding up their kids for us to kiss, it was unbelievable. The people were so happy that we got those bad guys."

Hussein Calls For US Pullout From Iraq In Letter. The New York Times (7/21, Wong, 1.21M) reports, "Saddam Hussein's defense lawyers on Thursday released a letter Mr. Hussein recently wrote in prison that tries to convince the American people that the United States should leave Iraq because President Bush misled them into a deadly quagmire." In the "rambling treatise outlining what Mr. Hussein asserts are the false reasons the Bush administration used to justify the war in Iraq" he tries "to portray himself as a humanitarian in the letter, telling the

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American government to designate a neutral country where insurgents could hand over American prisoners 'rather than executing them as currently is said to be taking place,'" in an apparent "reference to the capture and killing of two American soldiers last month in the town of Yusufiya." Lt. Col. Keir-Kevin Curry, a spokesman for the American-run detainee system, said "the American military had no immediate comment on the letter."

NATO Head Says Taliban Can't Thwart Troops. The AP (7/21, Brand) reports that NATO "Secretary-General Jaap de Hoop Scheffer warned Taliban holdouts and heavily armed opium dealers that they would not be able to thwart" a mission "to defeat the Taliban and promote reconstruction," adding, "We cannot afford to fail." He "is in Afghanistan for two days to review the 26-nation alliance's expansion into the south," and "NATO nations are expected to give their final go-ahead to expand their mission during a July 26 meeting at NATO headquarters in Brussels, Belgium."

Army Feeling Financial Strain Of Wars In Iraq, Afghanistan. The Washington Post (7/21, A4, Ricks, 748K) reports, "The Army, feeling the strain of continuing wars in Iraq and Afghanistan, said yesterday that it is tightening its spending at home" by "taking several steps, including canceling nonessential travel, limiting purchases to critical wartime needs and freezing all new contract awards. It also said it would stop civilian hiring, release temporary employees and limit the use of government credit cards." Gen. Peter J. Schoomaker, the Army's chief of staff, said "one reason the Army's costs are so high…is that it not only engages in combat but also provides logistical support for the Marine Corps and other organizations in Iraq," and "the cost of supporting a typical Army soldier has gone up by about 60 percent since 2001, mainly because of increasing health-care costs." Still, "the core problem for the Army is that it is fighting a sustained ground war overseas with an all-volunteer force, which is almost unprecedented in U.S. history."

The AP (7/21, Burns) adds, "When Congress took longer than the Pentagon expected to approve an emergency spending bill for war costs last spring, the Army imposed temporary spending cutbacks that it expected to lift once the extra money was approved," and "the Army said it has decided to extend most of those cutbacks until the end of the budget year on Sept. 30."

Senate Committee Trims Modernization Plans From Defense Budget. The AP (7/21, Flaherty) reports, "The Senate Appropriations Committee on Thursday voted unanimously to approve a $453 billion bill defense spending bill that includes $50 billion for the wars in Iraq and Afghanistan" but "would swipe at some of the military's prized modernization programs." They "trimmed President Bush's spending request for weapon systems that were behind schedule," cutting "by nearly one-fifth his $5 billion request for the F-35 Joint Strike Fighter." While "the committee 'strongly supports' that program," it "believes the technology was premature with testing behind schedule." In total, the bill would fall $9 billion short of Bush's annual spending request" and "the White House is expected to object."

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Gonzales Discusses Immigration Reform On Trip To Texas Border Region. KDBC-TV, El Paso (7/20) reports, "The federal government is still searching for answers to the many questions surrounding illegal immigration. Thursday, the U.S. Attorney General was in town in hopes of finding those answers in the Borderland." KDBC-TV continues, "U.S. Attorney General Alberto Gonzales toured the border and got input from local law enforcement, information he'll take back to Washington in hopes of urging the Senate and the House of Representatives to decide on an immigration reform plan. … Everyone agrees something needs to be done, but what to do about the border is what's dividing lawmakers. Gonzales talked about the problems of illegal immigration, human and drug smuggling, and violence. But he also said America has an enemy in the post-September 11 world, and the border could be its target." KDBC-TV adds, "Gonzales says securing the border is a big task, and one President Bush and the Department of Homeland Security are dedicated to. Gonzales also said within the Department of Justice, there are more immigration-related cases than any other."

The El Paso Times (7/21, Gilot) reports, "U.S. Attorney General Alberto Gonzales said he still has hopes that immigration reform legislation with more border security, a guest-worker program and a path to legalization will pass this year, even as the process is stalled in Congress. … 'We haven't given up,' he said during a visit in El Paso on Thursday." The Times adds, "Gonzales took a driving tour of the river levy with the Border Patrol Wednesday night and a helicopter tour over Fabens and Sunland Park, N.M., Thursday morning. He was on his way to California."

Gonzales Announces Charges In Death Of Teen Immigrant. The AP (7/21) reports, "An El Paso man and a Mexican woman have been indicted on federal immigrant smuggling charges related to the April death of a 14-year-old Salvadoran girl, U.S. Attorney General Alberto Gonzales said Thursday." The AP continues, "Jose Alfredo Sifuentes-Sandoval of El Paso was indicted by a grand jury Wednesday on one count each of conspiracy to smuggle aliens, encouragement and inducement of aliens to enter resulting in death, harboring aliens resulting in death, aggravated identity theft, and three counts of alien smuggling for profit. Amalia Baquera of Ciudad Juarez, Mexico, was indicted on the

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conspiracy charge. … Gonzales made the announcement during a visit to El Paso to tour the international border and meet with local officials about immigration issues." The AP adds, "Federal prosecutors allege that Sifuentes-Sandoval, who has been jailed since his June 9 arrest, smuggled 14-year-old Leybi Lorena Vigil Claros into the U.S. through Fabens, Texas, in April and failed to get her medical help when she became gravely ill. … According to the indictment, Sifuentes-Sandoval and Baquera, who has not been arrested, worked together in a smuggling operation that included the sale of false identification papers in Mexico."

KFOX-TV, El Paso (7/21) reports, "U.S. Attorney General Alberto Gonzales visited the borderland Thursday with one of his focuses being an April 27 smuggling case involving a 14-year-old girl. … 'A few weeks ago, a young girl was found dead in the back seat of a van,' Gonzales said. … The van was in a driveway belonging to a man named Jose Alfredo Sifuentes-Sandoval, according to officials." KFOX-TV adds, "Sifuentes had called 911 and told officials he found the girl along Texas Highway 20. … 'At the time of their arrival, they found her non-responsive in the back of the Sifuentes van. So, Sifuentes at that time stated that he and another person had found the young girl on the side of Highway Texas 20, which is how she got the nickname Texas 20 girl,' said Brandy Gardes, U.S. assistant district attorney. … Yet, through an investigation, the teen was identified by her mother, who said she had paid Sifuentes thousands of dollars to smuggle her daughter into the United States." KFOX-TV notes, "Authorities said the teen had a pre-existing medical condition and fell ill when she arrived in the United States near Fabens. … The 14-year-old girl is just one of the many smuggling cases law enforcement officials have found along the border, a situation the attorney general said he hopes to change by prosecuting the smugglers to the fullest extent of the law. … 'This kind of reckless disregard for life is unacceptable, and we will prosecute such cases to the fullest extent,' Gonzales said."

KTSM-TV, NBC 9, El Paso (7/20) reports, "U.S. Attorney General Alberto Gonzales made a stop in the borderland Thursday to talk about immigration issues. While here he praised local investigators on the indictment of two coyotes." KTSM-TV continues, "After a two month investigation 44-year-old Jose Alfredo Sifuentes-Sandoval was indicted for smuggling a 14-year old girl into the county and leaving her to die. The U.S. Attorney's Office is still working to extradite Sifuentes' accomplice in Juarez. … Gonzales called it a big win and hopes it will be a warning to smugglers that the U.S. will not tolerate a reckless disregard for human life." KTSM-TV adds, "During his two day trip Gonzales toured the border at night, and again by helicopter during the day. He says it will be hard to secure such a large rough terrain, but he hopes the information he gathered will help get funds to the border."

Former AUSA Who Settled Bias Complaint With DOJ Opens Private Practice. The AP (7/21) reports, "A former federal prosecutor who won a $170,000 settlement in a discrimination lawsuit against the U.S. Department of Justice said she plans to open a private practice (in Raleigh, NC)." The AP continues, "Mary Jude Darrow, 48, was fired in 2004 from her job as an assistant U.S. attorney for the Eastern District of North Carolina. … Her bosses said she was dismissed because of Justice Department findings that she had committed 'nine instances of intentional professional misconduct, five instances of professional misconduct and exercised poor judgment on two occasions.' … Darrow contended in her lawsuit that she was supervised and disciplined differently than her colleagues, a claim denied by her former employers." The AP adds, "Scott Schools, general counsel to the Executive Office of U.S. Attorneys, declined to comment about the settlement reached in May. … Darrow said she has not yet received the settlement money. … Darrow was a federal prosecutor handling drug, fraud and violent crimes in New Orleans from 1990 to 1999, when she transferred to Raleigh. By May 2002, after losing an experienced secretary, she asked not to be given additional cases. … When she was assigned to prosecute a $6 million FEMA fraud case alone in July 2002, she said she was denied the added help of an accountant, another lawyer or a secretary. Co-workers in similar situations received such relief, she said. … In court records, her ex-bosses said for workload was not excessive for an attorney with her experience, the FEMA case didn't require added resources and her work had become sub-par. Her former supervisors said her problems included being banned from a magistrate's court, missing deadlines and failing to follow office policies."

CORPORATE SCANDALS:

Former Brocade Officials Charged In Options Probe. The Wall Street Journal (7/21, Forelle, Bandler, Stecklow) reports, "Federal authorities issued civil and criminal securities-fraud charges against a former Silicon Valley chief executive and two other executives in a stock-options backdating scheme, signaling they will take a hard line in the widening scandal." The Journal continues, "Prosecutors accused 43-year-old Gregory Reyes, the CEO of Brocade Communications Systems Inc. until January 2005, of backdating options he doled out as a 'committee of one' to hundreds of employees, boosting the potential value of the options and concealing millions of dollars of compensation expenses from shareholders. … Officials underscored how seriously they view options manipulation by charging not just Mr. Reyes -- who isn't directly accused of backdating his own grants, and who made no profit from them -- but also a former

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chief financial officer and former vice president for human resources at the firm. … They also indicated that many more executives could face charges related to manipulating options. Securities and Exchange Commission Chairman Christopher Cox said the agency is investigating more than 80 companies."

The San Francisco Chronicle (7/21, Said, Writer) reports, "Reyes, along with Stephanie Jensen, Brocade's former vice president of human resources, was charged with concealing millions of dollars in expenses, overstating the company's income and falsifying records of stock options grants." The Chronicle continues, "The U.S. Attorney's Office for the Northern District of California filed the criminal charges. The Securities and Exchange Commission filed the civil action, which names Reyes, Jensen and Antonio Canova, Brocade's former chief financial officer. Besides fraud, it charges the three with several violations of federal securities laws." The Chronicle adds, "The Brocade executives allegedly manipulated options-grant dates to entice new hires in a competitive market. While stock options have long been a recruitment tool for cash-poor Silicon Valley companies, Brocade's use of them violated antifraud provisions of federal securities laws, according to the suits. … 'This backdating scheme contributed to the restatements of hundreds of millions of dollars of Brocade's financial results,' Kevin Ryan, U.S. attorney for the Northern District of California, said in a statement. … Reyes' attorney said in a statement before the charges were issued that his client is innocent."

The San Jose Mercury News (7/21, Russell) reports, "The Justice Department and the Securities and Exchange Commission say the two executives routinely manipulated the dates of stock-option grants so they were 'in the money' rather than 'at the money,' giving employees of the San Jose tech company a head start on profits, while illegally concealing the expenses from investors. … Reyes' attorney Richard Marmaro has said the former CEO did not personally gain from backdating and that the government should be focusing on other stock-option cases. … In addition, the SEC has filed civil charges against Antonio Canova, Brocade's former chief financial officer, saying he learned about the scheme in writing but failed to alert Brocade's auditors or audit committee."

Bloomberg (7/21) reports, "SEC Chairman Christopher Cox said in a press conference today that illegal backdating, which allowed employees bigger profits when they exercised their options, led to the misstatement of $1 billion in earnings at the San Jose, California-based company. The SEC is investigating more than 80 other companies for similar wrongdoing, Cox said. … 'This is the tip of the iceberg,' said George Stamboulidis, head of the white collar criminal defense practice at Baker Hostetler in New York. 'I think it is highly likely that more executives will be charged.' … More than 66 companies are conducting internal inquiries or are under federal investigation. Today's charges are the first in the biggest federal investigation of corporate wrongdoing since a mutual-fund trading probe three years ago led to $4.3 billion in penalties."

The Financial Times (7/21, Grant, Allison) reports, "In an unusual move, the Securities and Exchange Commission, Department of Justice and Federal Bureau of Investigation unveiled the charges at a joint news conference in San Francisco, spiritual home to the technology companies that pioneered the used of stock options in the 1990s. … For the past 18 months, the three agencies have been 'parallel investigations' into questionable stock options grants."

The New York Times (7/21, Darlin, Dash) reports, "The criminal complaint is the most significant step yet by investigators in what is shaping up to be a large-scale scandal in the corporate world. Corporations — from small technology companies like Altera and Mercury Interactive to industry giants like UnitedHealth — have been ensnared in investigations into whether their executives or boards improperly granted stock options at attractive prices. … Now that prosecutors in San Francisco have fired the first volley, many lawyers said they expected a flurry of indictments to follow." The Times notes, "So far, federal prosecutors in San Francisco, Manhattan and Brooklyn have opened more than 33 cases looking at potential accounting problems or fraud; the Securities and Exchange Commission is examining at least 80 companies. More than a dozen senior executives have been dismissed. Nearly every company has been reviewing its practices."

CNET News (7/21, McCullagh, Kawamoto) reports, "The widely anticipated charges are the first in what could be a number of prosecutions of Northern California companies and their executives related to stock option backdating, which is illegal in some circumstances. The Securities and Exchange Commission says it has more than 80 active investigations nationwide. … Fraud relating to stock option grants 'goes to the heart of the relationship between a corporation and its shareholders,' said SEC Chairman Christopher Cox." CNET continues, "An affidavit filed by the FBI in the northern district of California on Thursday does not accuse Reyes of personally profiting from stock option backdating. Instead, the FBI claims, Reyes and other executives backdated stock options to attract and retain key employees. … To lure an unnamed employee for a 'high-level sales position,' the affidavit says, Reyes told Jensen to backdate an offer letter by more than two months to benefit from a more favorable share price in late 2001. … In its own statement on Thursday, Brocade noted that no executives 'involved in the historical stock option granting practices remain' with the company."

MarketWatch (7/21, Barr) reports, "Reyes and Jensen face criminal charges filed by the U.S. attorney's office for the

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Northern District of California. According to the Justice Department, they will be issued a summons to appear Aug. 2 in federal court in San Francisco. The maximum penalty for securities fraud is 20 years in federal prison, a fine of up to $5 million, plus restitution. … The SEC's civil complaint also names Antonio Canova, Brocade's former chief financial officer, who learned of the backdating after joining the company, the agency alleges."

The California Recorder (7/21, Scheck) reports that, "despite Cox's harsh language before an armada of reporters, those ongoing regulatory and criminal investigations are moving into an area more gray than black. … Indeed, even as Cox and Ryan excoriated Brocade's former CEO, Gregory Reyes, and former vice president of HR, Stephanie Jensen -- along with former CFO Antonio Canova, who only faces civil charges -- lawyers and accountants for the government, companies and executives are attempting to figure out how to separate the truly criminal conduct from less nefarious errors in dating options grants. … And so earlier this week, SEC Acting Chief Accountant Scott Taub met with representatives of the Big Four accounting firms in Washington, according to several private lawyers with backdating clients. They discussed what circumstances would necessitate measures like major restatements of earnings, and which situations federal authorities would view as less egregious."

The Financial Times (7/21, Grant) reports, "When finance professor Erik Lie and a colleague at the University of Iowa this week revealed that up to 2,000 US companies may be implicated in a widening stock options manipulation scandal, it was the first time anyone had put a hard number on the problem beyond already publicised cases." The Times continues, "More than 60 companies are known to be under investigation by either the Securities and Exchange Commission, the justice department or, in many cases, both." The Times adds, "At issue is whether companies or their executives backdated stock option awards to dates near historic lows in company share prices without properly disclosing and accounting for such moves, thus improperly enriching executives. .. How likely is it that the companies which engaged in such practices will be identified? Mr Lie had a gloomy prognosis on his website: 'I believe that only a minority of firms that have engaged in backdating of option grants will be caught. In other words, we will never see the full iceberg.' … That does not mean America's roughly 15,000 publicly listed companies can relax. … As the next audit season approaches towards the end of the year, they are certain to be asked about their options award practices by their auditors."

Cox To Name Hewitt As Chief SEC Accountant. The Wall Street Journal (7/21, Reilly) reports, "Securities and Exchange Commission Chairman Christopher Cox is expected to name Conrad W. Hewitt as chief accountant of the nation's financial-markets watchdog, filling a regulatory position that had been open since last fall, according to people familiar with the matter." The Journal continues, "A certified public accountant, Mr. Hewitt served in the late 1990s as commissioner of California's department of financial institutions and superintendent of banking for the state. … Those positions followed a 33-year career with accounting firm Ernst & Young LLP, from which he retired in 1995 after being a managing partner in offices in Honolulu, the Pacific Northwest and Northern California. Mr. Hewitt serves on the boards of a handful of public and private companies and is chairman of the audit committees of some of them." The Journal adds, "Despite his career at a Big Four accounting firm and prominence in California, Mr. Cox's home state, Mr. Hewitt isn't widely known in the accounting industry, whose insiders may view his selection for the SEC post as unorthodox. Typically, chief accountants have hailed from the highest echelons of accounting firms and haven't been out of the profession for as long as Mr. Hewitt, who declined to comment. … Mr. Hewitt's likely selection, expected to be announced in coming days, will follow closely on Mr. Cox's appointment in June of Mark W. Olson as chairman of the Public Company Accounting Oversight Board, which oversees accounting firms. Together, the moves bring to a close a nine-month period of uncertainty that hung over the investment and accounting businesses because of the vacancies in the two important positions."

CRIMINAL LAW:

Nigerian Vice President Says He Never Agreed To Take Bribe From Jefferson. In a widely-distributed story, the AP (7/21, Yost) reports, "Rep. William Jefferson and Nigerian Vice President Atiku Abubakar agree on two important points: Abubakar never accepted and never agreed to accept any money from the congressman. … Abubakar, a candidate in his country's presidential election, said through his lawyers Thursday that Jefferson never 'suggested -- in any way -- providing any personal economic benefits.' The congressman 'agrees with that,' said Jefferson spokeswoman Judy Smith. She said the Justice Department was creating false impressions with selective disclosure of information."

Computer Technicians Plead Not Guilty To Obstructing Fumo Probe. The Philadelphia Inquirer (7/21, Shiffman, 399K) reports, "Two former state Senate computer technicians yesterday pleaded not guilty to charges that they tried to thwart a federal probe of Sen. Vincent J. Fumo (D., Phila.). Leonard P. Luchko and Mark C. Eister entered the pleas during brief appearances before U.S. Magistrate Judge L. Felipe Restrepo at the federal

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courthouse in Philadelphia." The Inquirer notes, "The FBI and IRS are investigating whether Fumo engaged in extortion by soliciting contributions for Citizens' Alliance and whether contributions were improperly used to benefit Fumo politically or personally. No one else has been charged in the case, but Fumo and Ruth Arnao, a former senate deputy and former Citizens' Alliance executive director, are focuses of the investigation."

Landscaper Convicted Of Defrauding SEPTA. The Philadelphia Inquirer (7/21, Shiffman, 399K) reports, "A federal jury convicted yesterday a Doylestown landscaper of defrauding SEPTA by pretending to use a minority subcontractor on a commuter-rail project." Michael V. Tulio "won SEPTA contracts in 1999 and 2002 for his company, Tulio Landscaping, to replace collapsed culverts along the R5 Line." The Inquirer adds, "The minority subcontractor whom Tulio hired, Eugene Pullins of Philadelphia, did no work, according to trial testimony from government witnesses. Nevertheless, Tulio submitted bogus paperwork and fake checks to SEPTA, claiming to have paid Pullins about $68,000, according to testimony by Michael J. Purcell, a special agent for the U.S. Department of Transportation who investigated the case with FBI Agent Michael K. Bantner."

US Seeks Limits On Defense Tactics At Retrial Of Former New Mexico Treasurer. The AP (7/21) reports, "Federal prosecutors in the public corruption case against former state Treasurer Robert Vigil want a judge to limit the courtroom tactics of Vigil's defense team," which Vigil lawyer Sam Bregman "described…as a 'sign of desperation.'" The AP notes that in "a bare-knuckled approach to the coming trial," Assistant U.S. Attorneys Jonathon Gerson and Steven Yarbrough have asked US District Judge James Browning to "prevent the defense from 'making comments or presenting testimony that is designed to appeal to the jury's sympathy,'" block "Vigil's lawyers from asking the government's witnesses about their salaries or how much money they made on investment transactions involving the Treasurer's Office," and "allow the government to offer evidence on allegations of 'specific bad acts' by Vigil when he was state auditor if the defense asks questions of government witnesses about Vigil's character."

Tennessee Waltz Trial Set For Feb. 5. The Chattanoogan (7/21) reports, "The trial of Sen. Ward Crutchfield on bribery charges has been set for Feb. 5. … He is charged in the FBI's 'Tennessee Waltz' sting." The Chattanooga Times Free Press (7/21, Lazenby) also reports on the trial date and notes Crutchfield "is one of 11 people charged in an FBI public corruption probe that netted five state lawmakers."

Three Boston Police Officers Arrested In FBI Corruption Probe. The Boston Globe (7/21, Smalley, Murphy, 425K) reports, "A Boston police officer was arrested late yesterday on federal charges, accused of being the ringleader in a wide-ranging criminal enterprise that allegedly involved guarding shipments of drugs and stolen goods, dealing in stolen store gift cards, stealing people's identities, and running illegal afterhours parties, two law enforcement officials said. Two other veteran officers were also arrested yesterday on charges in connection with some of the alleged schemes, the officials said." The Globe adds, "The case is focused on the alleged ringleader, Roberto Pulido, 41, a 10-year department veteran and motorcycle officer who is accused of netting thousands of dollars from the enterprise, the second official said. … The charges stem from a two-year joint investigation by the FBI and the Boston police anticorruption unit, the second official said.

Three Plead Guilty To Ecoterrorism In Oregon. The AP (7/20, Barnard) reports, "Three people pleaded guilty Thursday to charges they were part of an ecoterrorism cell calling itself 'The Family' that firebombed ranger stations, wild horse corrals, a ski resort and lumber mill offices around the West." The AP continues, "As part of the plea agreement, the three agreed to cooperate in the continuing investigation of 10 others who are scheduled to go on trial Oct. 31 in U.S. District Court in Eugene for a series of firebombings around the Northwest from 1996 to 2001, according to the U.S. Department of Justice. … 'This is a substantial step in resolution of this case and successful prosecution of the Earth Liberation Front and Animal Liberation Front in these crimes,' said Assistant U.S. Attorney Stephen Peifer from Eugene. The two shadowy groups claimed responsibility for the attacks at the time." The AP adds, "In pleading guilty, the three admitted they were part of the Earth Liberation Front and Animal Liberation Front, and tried to intimidate and coerce federal agencies, private businesses and the public through sabotage and mass destruction, court records said. A total of 16 attacks were undertaken in Washington, Oregon, California, Wyoming and Colorado, causing more than $20 million in damage. .. U.S. District Judge Ann Aiken in Eugene accepted guilty pleas from Kevin Tubbs, 37, of Springfield, Ore.; Kendall Tankersley, 29, of Flagstaff, Ariz., and Darren T. Thurston, 36, a Canadian lately living in Portland, Ore., on charges of criminal conspiracy and related arson counts. … They are scheduled for sentencing Dec. 14, after completion of the trial of the others. Prosecutors are recommending 14 years in prison for Tubbs, four years for Tankersley and three years for Thurston. … More defendants were expected to plead guilty Friday, the Justice Department said."

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Reputed Mob Financier Turned Restaurateur Charged With Insurance Fraud. The AP (7/21, Hays) reports, "A reputed financier for the mob who morphed into an executive for the high-end restaurant company that runs the Rainbow Room was charged on Thursday with bilking three insurance companies out of more than $1.5 million." Cipriani USA Vice President Dennis Pappas "surrendered on charges of insurance fraud, grand larceny and filing a false document. His arraignment was postponed after he complained of chest pains and was taken to the hospital." The AP notes, "In 1998, Pappas was sentenced to 46 months in prison after pleading guilty to racketeering and income tax evasion. … Published reports about the earlier case detailed some strange twists: At one point, secret hearings were held, reportedly about claims that Pappas was an FBI informant enlisted to help the government spy on Iranian diplomats." The New York Times (7/21, Hartocollis, 1.21M) adds, "Prosecutors said Mr. Pappas worked full time but off the books for Cipriani. But a lawyer for Cipriani said the title of vice president was more of a ceremonial flourish than a true indication of Mr. Pappas's position in the company." NY1 (7/20) also reports on the charges.

US Internet Gambling Conference Postponed In Wake Of BetOnSports Arrest. Under the headline "Online Gambling Takes A Big Hit," the Philadelphia Inquirer (7/21, Parmley, 399K) reports, "London-based executives at one of the largest online sports-betting sites for U.S. customers are still trying to discern what the arrest of the CEO of a rival Web site by the FBI earlier this week will mean for business. … 'Everybody, at least in the sports betting world, is definitely on notice that the U.S. is being extremely aggressive,' said Sue Schneider, chief executive of St. Louis-based River City Group, which publishes a daily interactive trade magazine." The Inquirer notes, "Organizers of an annual conference on Internet gambling have postponed next week's Las Vegas gathering in the wake of Carruthers' arrest," and "industry observers say the trickle-down effect could be immense." The (UK) Guardian (7/21, Clark, Bowers) also reports that the conference "has been hurriedly cancelled amid fears that the FBI could be about to widen its crackdown on the US industry." The Guardian adds that "there is growing frustration among online gambling operators listed on the London stock market about what one senior industry source said was the 'loose language' emanating from the US department of justice concerning the legality of poker and casino websites taking bets from American punters. Online gaming firms that do not take sports bets insist their operations are legitimate.

Antigua Seeks WTO Review Of US Restrictions On Internet Gambling. The AP (7/21) reports, "The World Trade Organization set up a panel on Wednesday to investigate whether United States restrictions on Internet gambling comply with international trade rules." Antigua and Barbuda "asked the W.T.O. to set up the panel after consultations with the United States failed to yield a solution to a dispute over whether Washington should drop prohibitions on Americans placing bets in online casinos. A previous W.T.O. ruling said that some United States laws were in line with international commerce rules, but others were not. 'The United States has been busy passing legislation that is directly and unequivocally contrary to the ruling,' Antigua told a meeting of the W.T.O.'s dispute settlement body."

Former Air Marshal Sentenced To 20 Years For Child Porn Possession. The AP (7/21, Eltman) reports, "A former federal air marshal who pleaded guilty last year to a child pornography charge -- and was later found to have made sexual overtures to a young boy while in custody -- was sentenced Thursday to 20 years in federal prison. 'All indications are you are a serious threat to any community with small children,' U.S. District Court Judge Sandra Feuerstein told Michael McGowan as she imposed the sentence." The AP notes, "According to a complaint, a search warrant was executed at McGowan's home after he ordered videotapes containing child pornography from an undercover agent over the Internet. … Also seized were false and fraudulent identification documents with McGowan's name and photograph, purported to have been issued by the FBI and CIA."

Additional Charges Filed Against Florida Prison Guards In Sex Case. The AP (7/21) reports, "Five federal prison guards already accused of conspiracy in an alleged sex scandal that ended in a deadly gunfight will also face substantive charges including witness tampering, according to a new grand jury indictment." The AP continues, "A sixth guard and a Justice Department special agent died during a June 21 shootout at the Tallahassee Federal Correctional Institution, where authorities had gone to arrest them." The AP adds, "The superseding indictment was issued Wednesday. It repeats the original allegation that the guards conspired to trade money and other contraband, not identified in either document, for sex with female inmates. … The superseding indictment adds witness tampering charges against all five, Alfred Barnes, Gregory Dixon, Vincent Johnson, Allen Moore and E. Lavon Spence. All except Johnson also are charged with bribery. Barnes alone is charged with mail fraud."

Arrest Of New Orleans Doctor, Nurses Prompts "Mercy Killing" Debate. The Christian Science Monitor (7/21, MacDonald, 58K) reports the arrest Monday of a doctor

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and two nurses accused of killing patients at a New Orleans hospital in the aftermath of Hurricane Katrina has prompted debate among ethicists as tow whether the "conditions carved out for caregivers a new moral landscape beyond the ethics of the American Medical Association, which condemns mercy killing, even with the patient's permission. The issue: Is it justified when disaster strikes and a person seems destined to endure a torturous death?" The Monitor continues, "While many ethicists condemn mercy killing without permission, some say disaster conditions create an environment in which physicians may deliver a lethal dose with patient consent."

The Los Angeles Times (7/21, Fausset, Simmons, 918K) reports the arrests have "prompted a strong backlash in the medical and legal communities here. Some doctors saw the accusations leveled by Louisiana Atty. Gen. Charles C. Foti Jr. on Tuesday as brash, misguided moves that permanently smeared the reputation of three respected colleagues. Others were disgusted that suspicion was being heaped on a small cadre of healthcare workers who stayed, at great personal risk, to tend to the sick — and in conditions that most American doctors have experienced only in wartime."

Virginia Executes Man For 1997 Rape-Murder. The Washington Post (7/21, B2, Rondeaux) reports, "Convicted murderer Brandon W. Hedrick was executed last night in Virginia's electric chair, nine years after he raped and fatally shot a 23-year-old woman in Lynchburg." The Post continues, "Hedrick, 27, was pronounced dead at 9:12 p.m. at the Greensville Correctional Center in Jarratt, said Larry Traylor, a Department of Corrections spokesman. Hedrick, who chose to be electrocuted under a state law that allows inmates to pick the method of their execution, was the first death-row inmate to be put to death in the electric chair in the United States in more than two years." The Post adds, "Virginia is one of 10 states that allows electrocution. As in many of those states, however, the electric chair has fallen largely into disuse. In 1995, the state passed a law allowing death-row inmates the option of choosing lethal injection. The chair was rewired in 1991 after a series of botched electrocutions in Virginia and other states in the 1980s. … Hedrick was sentenced to death for abducting, sexually assaulting and killing Lisa Alexander Crider on May 11, 1997. He shot Crider in the face with a shotgun on the banks of the James River in Appomattox County and dumped her body in the water. Her face no longer recognizable, her head wrapped in duct tape and her hands shackled, Crider was later found in the river. … A jury convicted Hedrick and sentenced him to death in 1998. A co-defendant, Trevor Jones, was sentenced to life in prison. … Last night, after the U.S. Supreme Court declined to intervene, Gov. Timothy M. Kaine (D) rejected a clemency petition in which Hedrick's attorneys contended that Hedrick did not rape Crider. His attorneys also argued that Hedrick's sentence should be commuted to life in prison because he received inadequate legal representation when his case initially went to trial."

Virginia Death Row Inmate Pleads Case To Supreme Court. The AP (7/21, Gelineau) reports, "A man slated to be executed next week for the slaying of a fellow inmate during a pagan ritual asked the U.S. Supreme Court to grant him a stay, arguing that jurors consulted the Bible in violation of his right to an impartial trial." The AP continues, "Michael Lenz, 42, is scheduled to die by injection July 27 at Greensville Correctional Center in Jarratt for the fatal stabbing of Brent Parker, a fellow inmate at the Augusta Correctional Center. Lenz and another inmate, Jeffrey Remington, fatally stabbed Parker a combined 68 times with makeshift knives." The AP adds, 'The three inmates were followers of the Nordic neopagan religion Asatru, and belonged to a group known as the Ironwood Kindred. The group had gathered for a ceremony when Lenz and Remington attacked Parker. Lenz testified that Parker had not been taking the religion seriously, and to protect the honor of the gods, Parker had to die. … In their petition to the high court Wednesday, attorneys contend jurors in Lenz's case admitted they had consulted a Bible during their sentencing deliberations, and that one member said some jurors pointed to passages that supported the death penalty for killers. Lenz's attorneys argue the jurors' consultation of the Bible was an outside influence that denied Lenz the right to a fair and impartial trial. … The 4th U.S. Circuit Court of Appeals in Richmond, Virginia on Monday denied Lenz's request for a stay. … Lenz has also filed a clemency petition with Gov. Timothy M. Kaine. Kaine's spokesman, Kevin Hall, said the governor and his legal team were still considering Lenz's clemency request Wednesday."

Former UBS PaineWebber Tech Worker Convicted Of Tampering. The AP (7/21) reports, "A federal jury has convicted a former UBS PaineWebber systems administrator of attempting to profit by detonating a 'logic bomb' program that caused more than $3 million in damage to the brokerage's computer network in 2002, the U.S. Attorney's Office said." The AP continues, "Evidence showed Roger Duronio ultimately lost the $23,000 he invested in a stock market bet against UBS because the ploy failed to reduce his former employer's share price. … Duronio, 63, was convicted on one count of securities fraud and one count of computer fraud, and acquitted on two counts of mail fraud. The verdict came on Wednesday, the fourth day of deliberations following a trial that began June 6." The AP adds, "Each of the convictions carries up to 10 years in federal prison, but under sentencing guidelines Duronio faces about 6 1/2 to 8 years. U.S. District Judge Joseph A.

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Greenaway Jr. scheduled sentencing for Oct. 30. Duronio remains free on a $1 million secured bond. … 'Duronio was malicious, angry and calculating,' U.S. Attorney Christopher J. Christie said in a statement. 'He was perfectly situated as a systems administrator to turn his skill into a weapon against the company. We're pleased the jury recognized this and are gratified by the verdict.'"

Former Midshipman Acquitted Of Rape. The Washington Post (7/21, A1, Hernandez) reports, "A former U.S. Naval Academy quarterback was acquitted last night of raping a female midshipman but was found guilty of conduct unbecoming an officer for having sex with the woman in her dorm room and disobeying an order to stay clear of her." The Post continues, "The verdict by a jury of five naval officers means that Midshipman Lamar S. Owens Jr., 22, could face up to two years in a military prison as well as dismissal from the Navy. He avoids the life sentence that could have come with a rape conviction." The Post adds, "The high-profile court-martial, involving a star football player who led Navy to victory in the Poinsettia Bowl, comes as the Annapolis academy and other military schools face increased pressure to crack down on sexual assaults. Owens's acquittal on the rape charge comes less than a month after a similar verdict for a Coast Guard Academy cadet accused of rape. … Owens's attorneys immediately objected to the jury's decision, saying that there was no credible evidence to support conviction on any of the charges and that they would ask the judge, Cmdr. John A. Maksym, to overturn the verdict today. … Owens's attorney, Reid H. Weingarten, said in a news conference that he was relieved the rape charge did not stand and was 'very confident the conduct unbecoming will go.' If the judge affirms the verdict, the jury will begin considering the sentence immediately."

CIVIL LAW:

Former DOJ Tobacco Litigation Chief Says McCallum Misled Congress. The AP (7/21, Yost) reports, "A Justice Department official who slashed the amount of money being sought from tobacco companies made misleading statements to Congress, says a former government lawyer who handled a landmark lawsuit against the industry." The AP continues, "The comments by attorney Sharon Eubanks follow Associate Attorney General Robert McCallum's decision a year ago to downsize a proposed smoking cessation program from $130 billion to $10 billion … A month ago, McCallum sent written statements explaining his actions to the Senate Foreign Relations Committee, which was considering his nomination to be U.S. ambassador to Australia. The Senate subsequently confirmed McCallum, a former Yale classmate of President Bush, to the post. … Eubanks, who ran the department's tobacco litigation team, retired from government and now works for Citizens for Responsibility and Ethics in Washington. The private group sued the department and questioned McCallum for several hours Tuesday about documents he kept on the tobacco case. … The group wants to find out whether White House influence was brought to bear in the pending tobacco lawsuit. … 'I don't remember ever receiving any directive from the White House about anything that had to do with the tobacco case,' McCallum said in his sworn videotaped deposition. … The Justice Department's Office of Professional Responsibility said last month that McCallum's conduct was not influenced by any political considerations." The AP notes, "Internal Justice Department e-mails obtained by The Associated Press show that the White House OK'd an op-ed piece by McCallum in USA Today defending the department's drastic cut in the amount it was demanding the tobacco companies pay. … 'Please hold up. The White House wanted some changes,' one Justice Department employee wrote regarding McCallum's op-ed piece. … 'WH says it's good to go,' said an e-mail an hour later by another department employee. … On Wednesday, a Justice Department spokesman, Charles Miller, said 'it's absolutely incorrect' to suggest that McCallum 'was anything but truthful in what he said to the Senate.'"

CIVIL RIGHTS:

Bush Gets Mostly Polite Reception At First Speech To NAACP. President Bush yesterday made his first speech to the NAACP since he took office in 2001, using the event as an opportunity to reach out to African Americans, many of whom were alienated by his Administration's response to Hurricane Katrina. Bush's reception was characterized as "polite," and he was heckled on the topic of the Middle East; his only standing ovation came when he called upon the Senate to pass the Voting Rights Act. The speech was covered by each of the networks in a full segment, and was picked up by the wires and major dailies. Reports generally noted the rocky relationship Bush has had with past leadership of the group, which has improved since new President Bruce Gordon took the helm of the institution.

The New York Times (7/21, Stolberg, 1.21M) reports Bush "acknowledged on Thursday that 'many African-Americans distrust my party,' and defended his record on domestic issues, including education, prescription drug coverage and Hurricane Katrina." The "33-minute speech was an exercise in bridge-building, intended partly to strengthen ties between Republicans and black voters and partly to reassure moderate white voters with a message of reconciliation. Though Mr. Bush received a standing ovation

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when he called on the Senate to renew the 1965 Voting Rights Act — it passed unanimously hours later — a somber silence fell over the room as the president discussed his policies on education, jobs and housing, which polls suggest are unpopular with blacks." Bush "received 11 percent of the black vote in 2004, and his speech came against the backdrop of concerted efforts by Republicans, notably Ken Mehlman, the chairman of the Republican National Committee, to court black voters." But White House spokesman Tony Snow "dismissed the suggestion that Mr. Bush was engaging in partisan politics." Snow said, "The president has been walking the walk. This was not an attempt to curry votes for the Republican Party."

ABC World News Tonight (7/20, story 8, 2:15, Raddatz, 8.78M) reported, "The President did not pretend today that his relationship with the NAACP has been a close one. He joked about his lack of attendance, after a brief introduction by the head of the civil rights organization." President Bush: "I thought what he was going to say, 'It's about time you showed up.'" Raddatz: "The applause that the President received today was lukewarm at best."

The CBS Evening News (7/20, story 4, 2:00, Axelrod, 7.66M) reported, "The reception was cordial, polite -- maybe even warmer than expected given the history. Even the hecklers weren't yelling about race, just the war." Bush's speech "was part olive branch, part mea culpa for the Republican Party's past." How "did the President do? With an audience still suspicious about the Federal response to Hurricane Katrina, the job of winning over African-Americans is not done yet."

NBC Nightly News (7/20, story 6, 2:10, Gregory, 9.87M) reported, "Bush never apologized for the broken ties. But today's visit appeared to be about making amends. Acknowledging a rocky relationship with the nation's oldest civil rights organization the President asked for a new start." The White House "continued to court African Americans voters by promoting education reform more money for faith based groups even a ban on gay marriage. Still those efforts have failed. Then came Katrina and charges of racism motivated the Federal Government's slow response."

CNN's The Situation Room (7/20, Henry) reported Bush "moved quickly to defuse the tension today, but Republicans will still have an uphill battle trying to increase their share of the African-American vote in November." Civil rights leaders "have lingering resentment about allegations that African-Americans were denied the right to vote in the contested election of 2000, along with the government's slow response to Hurricane Katrina."

Fox News' Special Report (7/20, Hume) reported that Bush "took a political risk" by appearing at the convention. Fox (Cameron) added that Bush "tried to move beyond his absences at the last five NAACP annual conventions."

BET.com (7/21, Wiley, Stokes) reports Bush "was met with everything from wild applause to hisses and boos. In his 15-minute speech before one of his most skeptic audiences in recent memory, Bush decried racism and pointed to several of his administration's initiatives, which he said was advancing the causes of equity and civil rights." Bush, "playing to an audience nursed on the cadence of Black preaching, was considerably more animated than usual, belting out a ministerial-like message of equality and human dignity." Bush's "appearance at the 97th annual NAACP conference came as a surprise to many who watched the president brush the civil rights group aside for the past five years." The Rev. Al Sharpton, "said that, theatrically, the president did better than he expected, 'but in substance, he did worse than I had hoped for.'"

In a story titled, "After Long Estrangement, Bush Reaches Out To NAACP," the Christian Science Monitor (7/21, Feldmann, 58K) report Bush's speech "represents a confluence of events and circumstances that made the end of his estrangement with the nation's premier African-American civil rights organization possible. The group's new leadership is key, analysts say. Bruce Gordon, a retired Verizon executive named president of the NAACP a year ago, has developed a good relationship with Mr. Bush, White House officials say."

The Washington Post (7/21, A6, Fears, 748K) reports that after "shunning the NAACP for five years, President Bush made an effort yesterday to warm up their frosty relationship with a speech that mixed folksy humor, frank talk about political disagreements, and promises to build stronger ties between his administration and black America." The "33-minute speech at the group's annual convention drew rounds of thunderous applause, such as when the president acknowledged that his political party wrote off the black vote and when he vowed to sign a bill to renew the Voting Rights Act. At other times, the audience groaned."

The Los Angeles Times (7/21, Wallsten, 918K) reports even as Bush "won a rousing ovation for his promise to sign a renewal of civil rights-era voting laws, he received a chillier reception as he laid out his ideas for improving the state of black America." Bush's appearance "came after a string of five rejected invitations — the result, in part, of bad blood between the president and Julian Bond, the longtime chairman of the National Assn. for the Advancement of Colored People. But after Bush's 33-minute address Thursday, NAACP leaders said they would judge him on his actions, not merely his words or attendance at their event."

The AP (7/21, Riechmann) reports Bush said he "knows racism exists in America and that many black voters distrust his Republican Party. Bush lamented the GOP's rocky relations with blacks. He pledged to improve that relationship and work with the NAACP's new leader to achieve common goals." Bush said, "It's a lot easier to change a law than to

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change a human heart. And I understand that many African-Americans distrust my political party." The AP adds, "That line generated boisterous applause and cheers from the audience, which generally gave the president a polite, reserved reception."

The Financial Times (7/21, Yeager) reports Bush "cited his efforts on several fronts, including programmes that he said were designed to improve education, boost home and business ownership, encourage faith-based social services and fight HIV." Some "black activists say the appearance was intended to offset the Bush administration's poor response to Hurricane Katrina and the insensitivity they said it showed the poor black residents of the Gulf coast hardest hit by the storm. The Democratic National Committee called the event 'too little, too late.'"

The McClatchy Newspapers (7/21, Douglas) reports Bush's appearance was "a gesture toward ending years of bad blood between himself and the nation's foremost civil rights organization." With a "new NAACP president, former Verizon executive Bruce Gordon, and a renewed GOP election-year effort to woo African-American voters, and with the convention site just blocks from the White House rather than more-distant cities, Bush found it hard to turn down the group's invitation this year."

USA Today (7/21, Benedetto, 2.27M) reports Bush "told the audience that he is committed to civil rights and equal opportunity. His remarks were politely received by a group that at times has angered him with sharp criticism of his administration's policies and their effect on blacks." The audience "had mixed reactions to the president's speech."

The Washington Times (7/21, A1, Dinan, Debose, 88K) reports in a front page story that for "the most part, the audience received Mr. Bush politely but coldly, with smatterings of applause when he touted gains in areas such as funding for historically black colleges. He drew a standing ovation when he urged passage, 'without amendment,' of a bill renewing the expiring provisions of the Voting Rights Act of 1965." The president "also drew approval when he said that racism still persists." When Bush "talked about school choice and school vouchers, some in the audience applauded, but others booed and shook their heads. White House press secretary Tony Snow said later that although Mr. Bush's education message may not have resonated with convention delegates, it struck home with black voters elsewhere."

The Atlanta Journal-Constitution (7/21, Herman, 399K) reports Bush "said it was time to 'change the relationship.' The first step in doing that, some African-American leaders said, was just showing up at the convention. The next step, they said, involves inviting them in for high-level input." Rev. Jesse Jackson said, "There have not been meaningful meetings. Meaningful dialogue would help him and help us. If we could have meaningful dialogue, however challenging, we would all be enriched by it."

In the Washington Post's Washington Sketch column (7/21, A2), Dana Milbank writes, "President Bush was benefiting from the soft bigotry of low expectations when he addressed the NAACP convention yesterday. But that wasn't quite enough to get him through." For what "may have been the first time since the 2001 attacks, Bush gave a full-length speech with no mention of terrorism, Iraq or the Middle East. 'Compassion' was back, and it was as if, for a moment, the past five years had never happened. Bush, suffering from the recent departure of chief speechwriter Mike Gerson, reprised some of the greatest hits of his first campaign for the presidency."

LATimes Says Bush Speech Was "Pedestrian." The Los Angeles Times (7/21, 918K) says in an editorial that Bush "gave the sort of pedestrian speech to the NAACP that, but for a few obvious applause lines and anecdotes, could easily have been delivered to the Rotary Club or the AARP. The president deserves credit for resisting the urge to pander. But his speech also raises a question: If that's all he wanted to say, did he have to wait five years?"

Senate Passes Voting Rights Act By 98-0 Vote.

The CBS Evening News (7/20, story 4, 2:00, Schieffer, 7.66M) reported, "The Senate gave final approval for the Voting Rights Act for another 25 years. It gave millions of African-Americans across the south the right to vote. The extension will be signed by the President, who, by the way, spoke today to the NAACP for the first time in six years as President." CQ (7/21, Stern) reports the "98-0 tally Thursday afternoon capped the legislation's rapid advance from the Judiciary Committee to the Senate floor in little more than 24 hours."

The AP (7/21, Kellman) reports the 1965 Voting Rights Act, "which opened voting booths to millions of black Americans, won a 25-year extension from Congress Thursday as Republicans sought to improve their standing with minorities before the fall election." The legislation, "approved 98-0 by the Senate after last week's overwhelming House passage, now goes to President Bush, who told the NAACP earlier in the day that he looked forward to signing it." The House "passed the bill last week 390-33 with opposition mostly from Southern lawmakers who objected to renewing a law that requires their states win Justice Department approval before changing any voting rules — punishment, they said, for racist practices decades in the past." Some also "objected to provisions that require jurisdictions with large populations of non-English-speaking citizens to print ballots in languages other than English."

The Washington Post (7/21, A1, Babington, 748K) reports in a front page story that the Senate renewal permits "permitting the federal government to continue its broad

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oversight of state voting procedures for the next quarter-century" and allows Republicans "to claim equality with Democrats in protecting minorities' clout at the ballot box." The law, "first passed in 1965, retains near-iconic status in civil rights circles, even though some elected officials say it is no longer needed. GOP leaders were eager to renew it before the November elections." Roll Call (7/20, Yachnin) reports the "day-long Senate debate featured little of the discord that marked House deliberations on the measure. While House leadership allowed four amendments sought by Southern GOP lawmakers to be considered to the bill — all of which failed by safe margins — the Senate did not consider any alterations when it took up the House bill."

The Wall Street Journal (7/21, Rogers, 2.03M) reports Congress "sent President Bush legislation to extend the Voting Rights Act and add language to counter recent Supreme Court rulings that have narrowed protections under the 1965 law." Never before "have Republicans so controlled the legislative process for consideration of the landmark law. Speaker Dennis Hastert (R., Ill.) struggled for weeks before overcoming divisions in his party and winning House approval last week. The quick Senate action and Mr. Bush's speech were freighted with politics going into November's elections."

The Washington Times (7/21, Debose, 88K) reports there were "few speeches in opposition to the bill, although several Southern senators expressed concern about the cost to taxpayers of multilingual balloting and complained that their states are still being punished for long-ago voter discrimination."

The New York Times (7/21, Hulse, 1.21M) reports progress "was slowed by objections from some Republicans in the House that the law unfairly singled out Southern states for special federal oversight when they have eradicated the rampant discrimination that spurred enactment of the law in 1965. Some Senate Republicans expressed similar sentiments Thursday but none opposed the measure."

South Carolina Hospital Settles With DOJ Over Communication For Deaf Patients. The AP (7/21, Adcox) reports, "A Florence (SC) hospital has settled a federal complaint by agreeing to provide deaf patients access to sign language interpreters and other ways to communicate with hospital employees." The AP continues, "The settlement should mean better care for deaf and hard-of-hearing patients at McLeod Regional Medical Center, Pete Cantrell, an attorney with the Protection and Advocacy for People with Disabilities Inc., said Thursday." The AP adds, "Not being able to communicate with hospital staff can be scary for patients and lead to bad decisions, Cantrell said. … 'Doctors might make an erroneous diagnosis,' he said. 'They might give instructions to a patient who doesn't follow them because he doesn't understand.' … The Columbia-based advocacy group sent a complaint to the U.S. Justice Department in December 2003, claiming the hospital violated the Americans with Disabilities Act by not providing interpreters for two deaf patients. … McLeod's agreement with the Justice Department involves no money and the hospital admits no wrongdoing."

DOJ Monitors Watch Alabama Elections. The Mobile Press-Register (AL) (7/21, Baggett) reports, "Federal poll watchers and the local district attorney's office monitored Conecuh County's Tuesday runoff election, which was marked by a heated contest for sheriff, officials said Wednesday." The Press-Register continues, "District Attorney Tommy Chapman said his office fielded complaints from both sides of the sheriff's race. He said his office looked into claims about deputies standing near polling places, Booker supporters walking too close to polls and local candidates' observers questioning voters as they marked ballots. … 'What we saw was really nothing out of the ordinary for elections here. We had people violating the 30-foot rule,' he said, referring to a requirement that campaign workers remain at least 30 feet from a polling place. … 'We had some minor complaints,' Chapman said, 'but we had the federal observers here taking notes. They will issue a report on their findings in the near future.' … Local officials said two observers from the U.S. Department of Justice in Washington came after someone in the county requested they keep tabs on voting. … A Justice Department representative was not able to answer specific questions regarding the observers on Wednesday, but forwarded a news release, which notes that Conecuh was one of three Southern counties visited by federal monitors Tuesday. … The department also sent poll watchers to Hale County, Ala., and Randolph County, Ga., to ensure compliance with the Voting Rights Act, the release states."

DOJ To Weigh Free Speech Against Public Harm In Koran Desecration. WTVC-TV Chattanooga (7/20, Madewell) reports on its Web site from a story broadcast yesterday, "Freedom of speech weighed against harm toward another will be at the heart of whether federal charges fall on a Chattanooga man" for desecrating a Koran and posting the video on MySpace. WTVC "learned he is Jason Thomas Mullican, a licensed emergency medical technician who used to work at East Ridge Hospital. … Senior Agent Tim Burke said, 'When their activities, particularly in this case, that were videotaped suggest something beyond free speech. You know, threatening and intimidating a religious group for instance. There are laws that govern that kind of activity, at this time that's all going to be determined by justice department officials.'"

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ANTITRUST:

Microsoft Sales Grow But Profit Lags. The New York Times (7/21, Lohr) reports, "Microsoft reported yesterday that its sales grew strongly in the recent quarter, but its profits lagged." The Times continues, "The company is in the midst of product transition as sales of its new, as yet unprofitable, Xbox video game console are increasing rapidly, while new versions of its most lucrative products like Windows and Office will not arrive until next year. Microsoft has also increased its investment to meet the rising competition from Internet software and services companies, led by Google." The Times adds, "The big software maker said its outlook for fiscal 2007, which began this month, was at the high end of Wall Street's expectations. Microsoft also announced a program to buy $20 billion of its own shares by Aug. 17 and another $20 billion worth over the next five years. … The share repurchase plan comes after senior executives at Microsoft, led by Steven A. Ballmer, the chief executive, traveled and met with large investors in the last few months. … One message from those meetings, analysts said, was that Microsoft should be more aggressive in using its huge stockpile of cash to lift the company's stock price."

The Seattle Post-Intelligencer (7/21, Bishop) reports that "the surprise twist was Microsoft's plan to rebuy as much as $40 billion worth of its own shares -- paying up to $20 billion through a tender offer this summer and the rest over the next five years. The move comes in addition to a $30 billion buyback that the company recently completed. … 'It's a pretty aggressive way to imply that their stock is undervalued,' said Alan Davis, a financial analyst at D.A. Davidson & Co. in Lake Oswego, Ore. … That's how investors commonly view share-repurchase plans, and they appeared to quickly take the hint. Microsoft's persistently sagging share price climbed more than 5 percent in after-hours trading, to $24.11, after news of the buyback and the company's financial results." The P-I adds, "Microsoft surprised Wall Street last quarter by signaling expenses would be more than $2 billion higher than many analysts had been expecting for the current fiscal year, which began July 1. The company's shares had fallen more than 16 percent in the intervening three months, closing Thursday at $22.85, before rising in after-hours trading."

China Internation Marine Containers Drops Bid For Burg. Bloomberg (7/21, Jiang) reports, "China International Marine Containers Co., the world's largest maker of cargo-carrying boxes, dropped its proposed takeover of Burg Industries BV of the Netherlands after European regulators extended their review." Bloomberg continues, "The decision to terminate the 82.5 million euros ($104 million) purchase was made after 'judging the process for European Union regulators to review the transaction,' China International said in a statement to the Shenzhen Stock Exchange today. The European Commission on June 26 extended its scrutiny of the deal, delaying a ruling from July 28 to Aug. 21." Bloomberg adds, "The proposed purchase of Burg, which makes containers for breweries and fuel companies, would combine the two largest makers of tank containers for liquid cargoes, giving them 'a quasi-monopolistic market position,' the 25-nation EU's antitrust regulator said in March. China International and Burg had offered concessions in response to the probe, the commission said last month, without elaborating."

ENVIRONMENT/INDIAN AFFAIRS:

Panel To Investigate Charges White House Edited Environmental Reports. CQ (7/20, Raju) reports the House Government Reform Committee "said Thursday it will launch a bipartisan inquiry into allegations that the White House edited climate reports to play down the potential threat of global warming." Chairman Thomas M. Davis III, R-Va., and ranking Democrat Henry A. Waxman of California "sent a letter Thursday to the White House, demanding by Aug. 11 all communications between the president's Council on Environmental Quality (CEQ) and scientific groups and agencies about research into climate change. Members announced the inquiry at a hearing Thursday morning." The council, "which coordinates White House environmental policy, has been accused of adding qualifying statements to scientific assertions about the threats of climate change." Davis sought "to play down the significance of the inquiry, saying it is part of the panel's regular oversight duties." Said Davis, "We're just looking at it, that's all. That's our job." CQ adds the move "is an example of a newfound assertiveness in the Republican-controlled Congress toward President Bush, whose approval ratings — along with those of Congress — have sagged throughout 2006."

The New York Times (7/21, Revkin, 1.21M) reports the Government Reform Committee "will examine accusations that political appointees in the Bush administration edited government reports on global warming to raise the level of uncertainty about research that points to a human cause."

USDA Reduces Mad Cow Testing By 90%. ABC World News Tonight (7/20, story 10, 0:20, Gibson, 8.78M) reported, "The Agriculture Department has said it's going to eliminate about 90% of its tests for mad cow disease. The department has been conducting about a thousand tests a day since the disease was discovered in the United States in 2003. But the department now says all this testing is

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unnecessary because the risk of mad cow is very small. Consumer groups, however, are protesting the decision."

The Wall Street Journal (7/21, A8, Kilman, 2.03M) reports the Bush administration, "declaring that mad-cow disease is rare in the US, is revamping a two-year-old surveillance program, cutting the number of animals tested by about 90%." Agriculture Department officials said yesterday the agency will spend $17 million to test 40,000 cattle annually to test cattle for the disease. Agriculture Secretary Mike Johanns said the move "shouldn't disrupt efforts to fully re-establish US beef exports to Japan and South Korea."

The New York Times (7/21, McNeil, 1.21M) reports public advocacy experts did not welcome the USDA's move. Michael K. Hansen, an expert on the disease at Consumers Union, said the agency is "playing Russian roulette with public health." The Times also said it is "unclear whether the new policy will affect American beef exports," particularly to Asia where there have been questions about the safety of US beef.

Bloomberg (7/21, Larkin) reports Rep. Rosa DeLauro was also critical of the USDA's decision, saying mad-cow disease remains a concern and the move to scale back testing "defies logic" and puts consumers at risk. "We are all relieved that the enhanced surveillance program found few incidents of domestic cases of BSE, but these findings have not diminished the threat of this deadly disease,"' the Connecticut Democrat said in a statement.

The Washington Post/AP (7/21, A8, Quaid) says the move was, however, "applauded by industry groups such as the National Cattlemen's Beef Association." The Dallas Morning News (7/21, Robinson-Jacobs, 500K) calls the move "good news" for the cattle industry.

Judge Halts Arkansas Irrigation Project Over Woodpecker Claims. The AP (7/21, DeMillo) reports, "A federal judge (in Little Rock, AR) halted a $320 million irrigation project Thursday for fear it could disturb the habitat of a woodpecker that may or may not be extinct." The AP continues, "The dispute involves the ivory-billed woodpecker. The last confirmed sighting of the bird in North America was in 1944, and scientists had thought the species was extinct until 2004, when a kayaker claimed to have spotted one in the area. But scientists have been unable to confirm the sighting. … Still, U.S. District Judge William R. Wilson said that for purposes of the lawsuit brought by environmental groups, he had to assume the woodpecker exists in the area. And he ruled that federal agencies may have violated the Endangered Species Act by not studying the risks fully. … 'When an endangered species is allegedly jeopardized, the balance of hardships and public interest tips in favor of the protected species. Here there is evidence' that the ivory-billed woodpecker may be jeopardized, he said." The AP adds, "The National Wildlife Federation and the Arkansas Wildlife Federation had sued the Army Corps of Engineers, arguing that the project to build a pumping station that would draw water from the White River would kill trees that house the birds and that noise from the station would cause the woodpeckers stress. … The judge said the Corps and the Interior Department must conduct further studies before proceeding. … A Justice Department lawyer said this year that a one-month delay would cost the Corps as much as $264,000, and a six-month wait $3 million."

Kempthorne Backs Bill To Give States Portion Of Oil Royalties. The Washington Times (7/21, Hudson, 88K) reports Interior Secretary Dirk Kempthorne said the Bush Administration "supports a bill that would let states keep a percentage of oil royalties as an incentive to allow new offshore drilling in the Gulf of Mexico." Legislation "expected to be finalized this month would open 8 million acres for leases to drill for 1 billion barrels of oil and 5 trillion cubic feet of natural gas." Kempthorne said, "The administration strongly opposes royalties on existing leases. But for new leases, that concept is being embraced."

Louisiana Sues Federal Government Over Royalty Dispute. The New York Times/AP (7/21) reports Louisiana Gov. Kathleen Babineaux Blanco "sued the federal government in a continuing dispute over Louisiana's share of federal royalties generated by oil production off the state's coastline. The suit accuses the federal Mineral Management Service of disregarding the environmental damage caused by oil and gas exploration, particularly after the damage done to the coastline last year by Hurricanes Katrina and Rita."

Some Western Republicans Opposing New Oil, Gas Drilling On Federal Lands. USA Today (7/21, Kenworthy, 2.27M) reports Western Republicans are "starting to buck against oil and gas drilling on federal lands prized for their wildlife and recreational opportunities." Amid "a Western energy boom promoted by the Bush administration, Republican officeholders from Montana, Wyoming, New Mexico and California recently have called for bans on drilling and other development on large blocs of national forest lands in their states." Critics of drilling "say their objections reflect growing opposition among traditionally conservative voters."

Texas Utility Firm Plans 11 Coal Burning Power Plants. The Wall Street Journal (7/21, Smith, 2.03M) reports the top executives "at many utility companies have reluctantly accepted that coal-fired power plants contribute to global warming, and they have begun planning for a more restrictive future." But C. John Wilder, "chief executive of TXU Corp. The Dallas-based utility company is racing to build 11 big power plants in Texas that will burn pulverized coal.

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That process releases substantial amounts of carbon dioxide, the most worrisome of several heat-trapping gases widely blamed for global warming." TXU "contends Texas needs a lot more power, and it wants to be the company to provide it." But critics "of its $11 billion construction program see another motivation: The federal government may slap limits on carbon-dioxide emissions. If it does, plants completed sooner may have a distinct advantage." The government "may dole out 'allowances' to release carbon dioxide, and plants up and running when regulations go into effect may qualify for more of them than those built at a later date."

DOJ In Talks To Bring Amber Alerts To Indian Reservations. The AP (7/21) reports, "The Justice Department says it is talking with tribal leaders about bringing the Amber Alert system to reservations across the country. … 'Tribes can play an important part in strengthening our Amber Alert network,' said Regina Schofield, an assistant attorney general. 'Amber Alert has shown itself to be a strong criminal deterrent, and any time crime is deterred, the quality of life goes up.' … Schofield said she's confident it would have the same effect in Indian Country." The AP adds, "Amber Alerts are issued by law enforcement to the media when authorities suspect a child has been abducted and is considered to be in danger. … As of last year, all 50 states had statewide Amber Alert plans in place so that all levels of state law enforcement know when a child is abducted. … To create a seamless network across the country, Schofield said she's encouraging tribes to develop their own plans that are tailored to their specific needs. … Schofield has met with tribal leaders while in New Mexico and spoke with state Amber Alert coordinators to encourage them to work with tribes."

FBI/DEA/ATF/USMS:

Grand Jury Ends Without Indicting Bonds, New Grand Jury Impaneled. The decision by federal prosecutors investigating steroids in sports not to indict baseball's Barry Bonds received wide coverage, with more than 1,500 media references covering various angles of the story. For example, the New York Times (7/21, Wilson) reports from San Francisco, "Kevin V. Ryan, the United States attorney for the Northern District of California, said he was not yet seeking an indictment against Barry Bonds or anybody else in the investigation — not yet, anyway. … A new grand jury has been established in the perjury and obstruction-of-justice case that stems from the ongoing Bay Area Laboratory Co-Operative steroids scandal. Greg Anderson, Bonds's trainer, will be the first witness Thursday." According to the Times, Dr. Donald H. Catlin, director of the Olympic drug-testing lab at U.C.L.A., praised the government's persistence. The Times continues, "And Catlin noted that an international investigation has made good progress. In December, the Drug Enforcement Administration charged eight steroid manufacturers in Mexico and 23 people with drug trafficking and money laundering. The D.E.A. said it was the largest steroid investigation in United States history, but it received little attention in the news media."

The New York Times (7/21, Curry) also reports, "Bonds, who avoided reporters, did not express his feelings about Greg Anderson, his trainer and boyhood friend, who has refused to cooperate with investigators. Anderson, who was released Thursday after spending 15 days in jail for contempt of court, was immediately subpoenaed to appear before a new grand jury next Thursday."

According to the AP (7/21), prosecutors "wouldn't confirm the existence of a new grand jury." But Anderson's lawyer, Mark Geragos, "said there was one. He said his client has been subpoenaed to testify before a new panel that will take up the question of whether Bonds lied under oath when he said he never knowingly took performance-enhancing drugs. Geragos said Anderson won't budge."

The San Francisco Chronicle (7/21) reports, "Bonds escaped a possible perjury indictment Thursday, but actions by the U.S. attorney's office suggested the government, far from dropping its case, is trying to line up as ironclad a prosecution as possible to go after the Giants slugger. … The U.S. attorney's announcement that Bonds faced no imminent indictment was the latest turn in a federal investigation that started nearly four years ago and grew into the biggest doping scandal in U.S. history."

Bloomberg (7/21, Rosenblatt) reports, "Bonds, 41, has denied using muscle-building steroids. His lawyer Laura Enos has said she is 'cautiously hopeful' the ballplayer wouldn't be charged as part of the federal probe, as his legal team prepared for a possible indictment." Bloomberg adds, "The investigation is continuing, prosecutors said. Late today, the San Francisco Chronicle reported that prosecutors issued a new subpoena to Bonds' trainer Greg Anderson, requiring him to appear before a new grand jury next week, citing Anderson's lawyer Paula Canny. Anderson was issued the subpoena before he left federal prison in Dublin, the Chronicle said, where he was being held for refusing to testify. … 'It's very easy to call another grand jury,' said Andrew Weissmann, a former U.S. Justice Department prosecutor, now a New York partner at Jenner & Block. 'Any day if you're representing the target or subject of a grand jury investigation and your client's not indicted, it's a good day. Unfortunately it doesn't mean a lot for tomorrow.' … San Francisco U.S. Attorney Kevin V. Ryan said at a press conference that he 'postponed that decision for another day in light of some recent developments,' adding that 'some unanswered questions remain in this case.' He didn't elaborate."

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The Washington Post (7/21, Sheinin) writes that U.S. Attorney Kevin V. Ryan "explained the postponement of a decision on Bonds by saying: 'Some unanswered questions remain in the case. We intend to pursue the answers to those questions. We will continue to move forward including continuing to seek the truthful testimony of witnesses whose testimony the grand jury is entitled to hear.'"

USA Today (7/21, Nightengale) reports Robert Shapiro, famed Los Angeles criminal defense attorney, "said Ryan's announcement not to indict was a clear victory for Bonds. 'This is very positive news for Barry Bonds, and probably the correct news,' Shapiro said. 'What (the prosecutors are) saying is that they have witnesses they believe that would give testimony they would like to hear, but those witnesses are refusing."

In the Los Angeles Times (7/20) sports section, J.A. Adande writes, "Prosecuting Barry Bonds lands at the bottom of my list of things our government should do. … Unearth the terrorist cells that are plotting to kill more Americans. Go after corporate crooks who cost employees their jobs and retirement savings. Just don't waste 'millions of dollars' (in the estimation of Bonds' attorney Laura Enos) going after a baseball player because he isn't a nice guy."

Network TV Coverage. ABC's Nightline (7/20, 11:27 p.m.) reported, "Barry Bonds wasn't indicted today as the grand jury's term expired but Bonds' personal trainer has been subpoenaed for the new grand jury next week. Prosecutors say the investigation of steroids, possible perjury, and tax evasion will continue. Meanwhile Barry Bonds is on the field as the Giants open a four-game series with the Padres."

ABC's World News Tonight (7/20, 5:30 p.m.) reported, "After weeks of speculation, a grand jury in San Francisco did not indict Barry Bonds before its term expired today. Prosecutors say they decided not to seek an indictment against the San Francisco Giants star for now, because of recent developments. A new grand jury will consider possible perjury and tax evasion charges against Bonds as part of the ongoing federal investigation into steroids.

Cable TV Coverage. CNN (7/20, 12:30 p.m.) reported, "We just got news on the Barry Bonds' case. According to spokesperson for the US attorney's Office in the northern district of California, Barry Bonds is not going to be indicted today. According to the Associated Press, the attorney's office is going to extend the grand jury that is investigating Barry Bonds for lying to the grand jury about steroid use and also on tax evasion charges, that he didn't pay taxes on baseball memorabilia that he sold. The steroid debate is not over. According to a statement by the US Attorney's Office that CNN has obtained it says that it is not going to seek this indictment against Barry Bonds in connection to the ongoing steroids-related investigation."

CNN's The Situation Room (7/20, 5:00 p.m.) reported, "Barry Bonds won't be indicted. But federal prosecutors say their investigation is continuing. Bonds' lawyer says his client is a victim of a witch hunt. His personal trainer has been released after refusing to testify."

ESPN (7/20, 8:00 p.m.) reported, "Barry Bonds got a win today, but he's not out of the woods yet. On the day the grand jury's term ended, federal prosecutors said Barry Bonds would not be indicted, at least not today. You see, the feds still plan to continue his investigation into perjury and tax evasion charges against the Giants superstar. … Meanwhile, Barry's personal trainer, Greg Anderson, became a free man on the a same day of this news, Anderson was released from federal prison today where he's been for more than two weeks after refusing to testify in the case against Bonds. … On a day when the government failed to indict Barry Bonds after promising that they were going to be able to do it, you can only conclude that their case isn't very good."

On its Web site, ESPN (7/21) cites results of an ESPN/ABC News poll released Thursday that indicates a "majority of fans believe Bonds used steroids."

Attorneys Spar Over BALCO Subpoenas. The San Francisco Chronicle (7/20, Egelko) reports, "The Justice Department, which wants two Chronicle reporters to identify their source for grand jury testimony about steroids and sports, is arguing that the reporters forfeited any right to keep the source confidential by revealing in legal papers that it wasn't Victor Conte, the founder of the Bay Area Laboratory Co-Operative." The Chronicle continues, "The argument, part of a sealed filing by federal prosecutors last week, was disclosed and criticized Tuesday by Hearst Corp. lawyers representing the reporters, Mark Fainaru-Wada and Lance Williams. … 'Case law from around the country flatly rejects the government's position,' lawyers for Hearst, which owns The Chronicle, told a federal judge in a written brief. … 'The government's position is as self-destructive as it is unsupported,' they argued, because it would discourage newspapers from providing any information voluntarily." The Chronicle adds, "Thom Mrozek, spokesman for the U.S. attorney's office in Los Angeles, declined comment Wednesday, saying he could not discuss a sealed filing. The Los Angeles office is handling the case because the investigation of the grand jury leaks involves employees of the federal prosecutor's office in San Francisco. … Prosecutors have sent subpoenas to The Chronicle and the reporters, asking who provided them with transcripts of testimony by Giants star Barry Bonds and other prominent athletes before a federal grand jury investigating BALCO, Conte's company. The reporters' articles about the case in 2004 fueled a congressional investigation and a new Major League Baseball policy on testing for steroids."

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Bush Nominee Accused Of Obstructing Justice In Meth Case. The Grand Rapids (MI) Press (7/20) reports an anonymous federal law enforcement official "is urging the Senate Judiciary Committee to block President Bush's nomination of Phillip Green, an assistant U.S. attorney in Grand Rapids, to become the top federal prosecutor in southern Illinois. In a letter to members of the Senate committee, the official accused Green of improperly agreeing to a reduced sentence for a convicted methamphetamine dealer. … On July 7, the unnamed federal law enforcement official wrote letters to all Judiciary Committee members, Attorney General Alberto Gonzalez and other government officials, alleging Green 'obstructed justice and likely accepted a bribe' in exchange for allowing the drug dealer to be released five years before his 10-year sentence was up. The official, who said he has worked with the Kent County Sheriff's Department and the federal Drug Enforcement Administration, offered no proof of a bribe."

Defense Attorney Accuses Authorities Of "Playing Favorites" In Tennessee Marijuana Case. The Knoxville (TN) News Sentinel (7/21, Satterfield) reports a defense attorney Thursday "accused federal authorities of playing favorites in the massive marijuana conspiracy case lodged against a prominent…businessman and others. Attorney Russell T. Greene argued at a hearing in U.S. District Court that his client, alleged conspiracy customer Frank Logan Asbury, was as much an important businessman…as alleged marijuana peddler Scott West is on Market Square." West is accused of "funneling drug money through his Market Square businesses [in Knoxville]."

Alleged New York Gang Leader Sentenced To 37 Years. The New York Times (7/21, Brick) reports, "A man prosecutors have spent years trying to connect to witness tampering, intimidation and murder was sentenced yesterday to 37 years in prison on drug conspiracy and weapons charges." The Times continues, "The man, Dupree Harris, 32, described by prosecutors as a leader of the Nine Drey branch of the Bloods street gang, is already serving 15 years to life for bribing witnesses in a murder case. But even while becoming a symbol of witness vulnerability and the criminal justice system's limitations, Mr. Harris has not been convicted of the violent crimes prosecutors — and even a judge — have ascribed to him." The Times adds, "At the sentencing, Mr. Harris's longtime lawyer, Stacey Richman, sought to underscore that distinction, noting that a court document inaccurately listed a witness-tampering conviction instead of a bribery conviction among his criminal history. … 'There is a great difference between the two, in that one is violent and one is not,' Ms. Richman said. 'Bribery is nonviolent.'" The Times notes, "The efforts to connect Mr. Harris to violence against witnesses unfolded over four years and four trials in Brooklyn, and publicity led prosecutors and even members of Congress to vow to strengthen witness protection procedures. … In 2003, Mr. Harris was acquitted of a killing in Bedford-Stuyvesant after a trial that prosecutors said was tainted by an orchestrated effort to intimidate witnesses. By that time, he was already awaiting trial for bribery and intimidation of witnesses in the murder trial of his half-brother, Wesley Sykes, who was eventually convicted. A witness whose name was read aloud in court in that trial, Bobby K. Gibson, was killed before he could testify. … As those trials wound through the state court system, federal prosecutors delved into Mr. Harris's past. Before he was arrested in 2002, prosecutors said, he employed a network of contacts from the housing projects of Bedford-Stuyvesant to operate a cocaine distribution ring in Glens Falls, about 180 miles upstate."

IMMIGRATION:

Hastert Says Border Security Remains First Immigration Priority. USA Today (7/21, Kiely, 2.27M) reports, "Two months after the Senate passed a bill that would give citizenship to millions of illegal immigrants, House Speaker Dennis Hastert remains adamant that border security must be improved before Congress considers other changes to the law." Hastert said, "I would look at it as if you have a patient who is bleeding to death. Close the wound first. Secure the border. And then you can begin to look at what other options are." USA adds Hastert's "comments came on the eve of a weekend inspection of the U.S.-Mexican border, which he calls 'a sieve.' He is leading a delegation that includes supporters of a House immigration bill that emphasizes tighter border security and penalties on employers who hire illegal immigrants, as well as opponents who prefer the Senate bill."

The AP (7/21, Espo) reports Speaker Hastert said, "immigration legislation must first 'solve the problem' of illegal entry into the United States." Hastert said, "I've always said you need to build a fence on the border and you need to have military. There are places the military can help, especially the National Guard." The AP adds Hastert "and a handful of lawmakers intend to make stops this weekend in Arizona and Texas, meeting with National Guard troops deployed to assist Border Patrol agents and visiting Camp Grip, which aides described as a remote, desert location and prime area for smugglers."

House Debates Mexico Border Fence. The AP (7/21, Jordan) reports, "Lawmakers grappled Thursday with whether to build a fence along hundreds of miles on the nation's southern border, weighing combating illegal immigration against a costly barrier that alone might not stop migrants."

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Layered fencing "stands on about 75 miles of the 2,000-mile U.S.-Mexico border, mostly in cities like San Diego, El Paso, Texas, and Nogales, Ariz. In an election year fixated on illegal immigration and border security, Congress is considering proposals to put fencing on up to 850 miles on the border, costing billions of dollars." Rep. Duncan Hunter said in San Diego, "immigrant gang-related murders, drug traffic and human smuggling have dropped dramatically since a fence just south of the city was built in 1996." But Rep. Silvestre Reyes, D-Texas, "a former top U.S. Border Patrol official, said fencing could cost as much as $2.2 billion and might not be effective in all areas." Reyes said, "I think it wastes money. I think it's not a good investment of taxpayer dollars."

The Washington Times (7/21, Hurt, 88K) reports TJ Bonner, president of the Border Patrol union, told Congress that "building fences along high-traffic areas of the U.S. border with Mexico dramatically reduces crime." Bonner said that in San Diego, "after the fence was built, with surplus military steel landing mats, drug seizures tapered off and the crime rate fell sharply." The Times adds, "Most Congress members at the joint hearing yesterday seemed to agree on the need for fencing, but at least one worried that it would endanger the lives of those trying to sneak into the country." Rep. Elijah Cummings said, "Individuals who attempt to cross the border are determined."

Guard Troops Allowing Border Patrol To Return To Border In Texas. The AP (7/21) reports, "Three dozen Border Patrol agents" are back patrolling the border in Laredo, Texas "thanks to relief from more than 100 National Guard troops now working there, a border official said Thursday. Reynaldo Garza, acting chief patrol agent for the Laredo border sector, said the Guard troops – working since June as mechanics and camera monitors and in other jobs – have allowed agents to focus on catching illegal immigrants in the heavily trafficked area. … Chief Garza said the Guard has helped the Border Patrol seize 2,200 pounds of marijuana and 138 pounds of cocaine in the last two weeks by dismantling vehicles during drug searches at checkpoints."

The Houston Chronicle (7/21, Gonzalez, 535K) reports, "Guard and patrol officials said the month-old deployment of troops to the border is working as planned" in Texas, which "has been able to meet Pentagon staffing goals with in-state volunteers for a mission expected to last two years. Although it has taken several weeks to muster and train the first wave of troops, they've been well received by the patrol and this border community," according to Lt. Col. Rick Noriega, commander of guard troops in the patrol's Laredo sector. "The Guard will have a further impact on smuggling when engineering specialists arrive to build barriers and fences in high-traffic areas, Garza said."

Gonzales Tours Border In El Paso. KDBC-TV, El Paso (7/20) reported Gonzales said during his tour that "securing the border is a big task, and one President Bush and the Department of Homeland Security are dedicated to. Gonzales also said within the Department of Justice, there are more immigration-related cases than any other."

Arizona Case Raises Questions About Legality, Ethics Of Aiding Immigrants. The Wall Street Journal (7/21, Winograd, 2.03M) reports humanitarian groups "in Arizona have long sought to reverse the increasing annual toll of migrants who die after illegally entering the U.S. -- by aiding injured crossers, maintaining desert water stations or even camping near the border in 100-degree temperatures." But two volunteers are now "slated to stand trial in October for crossing what the government calls the line between humanitarian assistance and human smuggling. The defendants -- both 23 years old when arrested last July -- were found driving three ailing migrants to a makeshift clinic at a Tucson church. Though mostly watched in Arizona, the case also reflects a moral and policy question underlying the current immigration debate: How much aid should people who are legally in the country be able to give to those who are not?"

Minuteman Leaders Give Simcox Vote Of Confidence On Finances. The Washington Times (7/21, Seper, 88K) reports the Minuteman Civil Defense Corps' top leaders "signed a letter yesterday saying they have 'complete confidence in the professional firms' hired by MCDC President Chris Simcox to oversee the organization's finances, citing criticism from within and outside the group as 'utterly without merit.'" The letter, "posted on the Minuteman Web page (www.minutemanhq.com) applauded Mr. Simcox's decision to employ 'accredited and experienced professionals to assist the organization in management of our finances.'" The letter "came in response to a report yesterday in The Washington Times that a growing number of MCDC leaders and volunteers had questions concerning the whereabouts of money contributed to the organization over the past 15 months and its ties to Declaration Alliance, a Virginia-based charity headed by conservative Alan Keyes."

TAX:

Court Rules Against IRS In Tax Shelter Case.

The Wall Street Journal (7/21, Matthews) reports, "A federal court dealt the Internal Revenue Service at least a small setback in its continuing legal prosecution of a tax shelter known as 'Son of Boss.'" The Journal continues, "The U.S. District Court for the Eastern District of Texas ruled that the government was wrong to retroactively change its regulations, a change which ultimately ensnared Klamath Strategic Investment Fund LLC in a tax dispute with the IRS over how to account for tax liabilities under a complicated loan agreement. The court also ruled the government overstepped its authority in defining what exactly constituted

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a liability under the IRS code." The Journal adds, "The civil case may have ramifications for the government's coming trial of 18 individuals facing criminal charges related to sales of tax shelters by KPMG LLP. The government has contended in those cases that the structures were illegal. Some of the criminal cases against those individuals involved Son of Boss. … While the government lost on two of its arguments against Klamath, the case still is scheduled to be argued in October over whether the complicated loan structuring meets the government's test of economic substance. Economic substance means that a business transaction would have to have a purpose other than to lower federal taxes. … 'We are still studying the opinion, which affects one part of the government's case,' said IRS Chief Counsel Donald Korb. 'The effect of the economic substance doctrine on this case has yet to be decided.'"

WSJournal Decries KPMG Tax Shelter Probe. The Wall Street Journal (7/21) editorializes, "The 'largest tax-fraud case in U.S. history' is turning into a slow-motion fiasco for the government. In a two-page order filed Wednesday, federal Judge Lewis A. Kaplan, who is overseeing the criminal trial of 18 defendants -- mostly former employees of accounting giant KPMG -- granted a defense motion to delay the trial until next January." The Journal continues, "One reason Judge Kaplan cited for the delay was the U.S. Attorney's 'improper' interference in KPMG's decision to cut the defendants off from legal support. Judge Kaplan ruled last month that both Justice Department policy, as laid out in the 2003 Thompson Memo, and the prosecutors' conduct in this case were unconstitutional. His 88-page ruling in June declined to dismiss the case over the matter, but suggested that dismissal remained a possibility if the legal-fee issue was not resolved. … Sixteen of the defendants are suing KPMG for payment of their legal fees, which KPMG continues to resist, and the judge's order suggested that he'd like to see that resolved before the trial begins. This seems more than fair, since the former KPMG officials have been indicted for selling tax shelters that they believed were legal at the time, and that KPMG itself only admitted were wrong as part of a deferred-prosecution agreement to avoid an indictment of the entire firm." The Journal concludes, "The testiness continued with Wednesday's order, which also rapped the government over its handling of document production. The failure to adhere to an October 2005 deadline for providing the defendants with the government's evidence was also among the reasons for the trial's delay. In June, Judge Kaplan remarked ruefully, 'There used to be a time when big cases were investigated a different way in this country. Maybe something's gone horribly wrong.' Some serious reconsideration at senior levels of the Justice Department seems called for here."

CONGRESS-ADMINISTRATION:

Leavitt Family's Use Of Foundation For Tax Deductions Questioned. The Washington Post (7/21, A1, Weisman, 748K) reports in a front page story that Health and Human Services Secretary Mike Leavitt "and his relatives have claimed millions of dollars in tax deductions through a type of charitable foundation they created that until recently paid out very little in actual charity, tax records show." Much of the foundation's money "has been invested or lent to the family's business interests and real estate holdings, or contributed to the Leavitt family genealogical society." The Leavitts "used nearly $9 million of their assets to set up the foundation in 2000 under an obscure provision of the federal tax code. But unlike standard private foundations, which are required to give away at least 5 percent of their assets to charitable causes, the Leavitt organization donated less than 1 percent of its assets in 2002, 2003 and 2004. The donations jumped to 6.3 percent of total assets last year, after the sale of family water interests that also allowed the foundation to increase its lending to Leavitt business interests." While Mike Leavitt "alone has claimed about $1.2 million in tax write-offs since 2000, the foundation gave away only $49,000 in 2002 and $52,000 the next year, according to tax returns and other documents filed by the foundation." Rick Cohen, "executive director of the National Committee for Responsive Philanthropy, said that 'the Leavitts are using the foundation as a personal piggy bank, and that's not what the public -- or Congress -- ought to tolerate.'"

Pension Bill Expected To Reach Bush's Desk Before August Recess. The AP (7/21, Abrams) reports, "Republicans expressed confidence Thursday that pension overhaul legislation, after months of negotiation, would make it to the president before Congress' August break. … House Majority Leader John Boehner, R-Ohio, a chief negotiator in the House-Senate talks that have dragged on since March, said the bill no longer would allow employers to underfund pension plans and would protect taxpayers from a multibillion-dollar bailout. … Boehner said that the final product will strengthen a system that has seen employer-based defined benefit pension plans grow underfunded by an estimated $450 billion."

Pension Conferees Resist Efforts To Include Estate Tax Provision. CQ (7/20, Van Dongen, Crittenden) reported, "A rift has developed between Senate Republican leaders and negotiators trying to broker a complex deal on pension legislation over whether the conference report should include an estate tax reduction. Senate aides said Thursday that Majority Leader Bill Frist, R-Tenn., wants to include a compromise estate tax provision in order to get that

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legislation through the Senate quickly. … But conferees on the pension overhaul measure (HR 2830), who have struggled since March to craft a plan they now hope to bring to the House floor next week and the Senate floor after that, do not want to further complicate their task by taking on the estate tax."

Senate Appropriators Finish Work Before August Recess. For the first time in 18 years, the Senate Appropriations Committee completed its work before the August recess. The panel approved four bills yesterday, which the Washington Post (7/21, A3, Murray, 748K) says will leave "plenty of time for Congress to complete a budget by Oct. 1, when the new fiscal year begins." However, the Post notes that despite that momentum, "Congress probably will not confront some of the biggest domestic spending issues, including more money for education and health programs, until after the November elections." The Post adds, "Nervous Republican leaders want to avoid a showdown before then between GOP moderates and conservatives."

House Approves Oman Trade Agreement. The House has approved a trade agreement with Oman, offering what the Wall Street Journal (7/21, Hitt, 2.03M) calls a "vote of confidence for an important plank in President Bush's trade agenda." Bush "has made a priority of establishing closer economic ties with nations in the Middle East, to foster political alliances and ease hostility toward the U.S. Washington has completed deals with Morocco and Bahrain, adding to trade agreements previously negotiated with Jordan and Israel. Talks are under way on a potential pact with the United Arab Emirates."

Vote Said To Signal Trouble For Administration's Trade Agenda. CQ (7/20, Higa) reported that the 221-205 House vote to approve the pact "signaled significant trouble ahead for the administration's trade agenda in Congress, with Republican leaders narrowly averting an embarrassing defeat of a relatively minor trade pact." According to CQ, "Thursday's vote bodes poorly for the White House's chances of renewing fast-track trade negotiating authority (PL 107-210), which is set to expire in July 2007."

Peru Trade Accord Passes House Committee. Bloomberg (7/21, Drajem) reports a free trade pact between the US and Peru was approved by a House committee "in a procedure designed to measure support for the accord before it is formally submitted for consideration." The House Ways and Means Committee approved the measure Thursday 23-13 during a "mock markup." The committee also voted down amendments offered by Democrats intended to change provisions over labor rights, port security and environmental standards.

Senate GOP Pushes Parental Notification Bill. Republicans in the Senate are pushing legislation to protect parent's right to be involved in their teenage daughter's abortion decision. The Washington Times (7/21, Fagan, 88K) reports that debate on the bill will likely begin today and GOP leaders are hoping to hold a vote next week. GOP leaders are "trying to work out an agreement with Democrats on how long debate will last and how many amendments Democrats will be able to offer." The measure "would make it a crime to knowingly skirt a state's parental consent or notification law by taking a pregnant minor to another state to obtain an abortion."

Military, Civil Service Pay Raises Advance On Separate Tracks. The Washington Post (7/21, D4, Barr, 748K) reports in its "Federal Diary" column, "The Senate Appropriations Committee signed off yesterday on a 2.7 percent pay raise for the civil service for next year, but a key senator cautioned that the proposal might be adjusted to 2.2 percent if Congress decides that is the appropriate increase for the military." The raises "have moved on separate tracks this year, with House and Senate defense appropriators proposing a 2.2 percent raise for the armed forces and the House and Senate appropriators with the transportation and Treasury subcommittee recommending a 2.7 percent raise for the civil service."

LATimes Praises Proposed Federal Spending Database. An editorial in the Los Angeles Times (7/21, 918K) says Sen. Tom Coburn's effort to mandate "'full disclosure of all entities and organizations receiving federal funds' on the Web" is "a great idea." Coburn's database "would let regular folks go to a box on a website, type in an obvious keyword or phrase such as 'Sierra Club' or 'Boeing' or 'Sacramento levee,' then get a full record, stretching back 10 years, of how much federal money went to an entity, cause or project, and for exactly what purpose." The Times adds, "It's hard to find fault with legislation that promotes such transparency. … Fiscal conservatives like Coburn hope the new database will hasten the demise of pork-barrel politics. Some progressives have said they also hope it will shed light on all the good work that government does."

WPost Says Public Apathy Allows Farm Subsidies To Survive. In an editorial, the Washington Post (7/21, 748K) says the newspaper's recent series on farm subsidies reflects how the program is more a "theater of the absurd…than government incompetence." The Post says even though the "farmers who pocket the cash will vote for whoever provides it," farmers are "a tiny minority of the electorate. Why doesn't the majority, which pays for all this waste, rise up in revolt against the sheer gluttony of it? The

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answer is that the taxpaying majority doesn't care, not least because it is oblivious."

OTHER NEWS:

Bernanke Optimistic About Housing. The New York Times/AP (7/21) reports, "Surging energy prices are acting like a double whammy on the country's economy, crimping growth even as they push up inflation, Federal Reserve Chairman Ben Bernanke said Thursday. 'The increase in energy prices is clearly making the economy worse off both in terms of real activity and in terms of inflation. There is no question about it,' Bernanke told the House Financial Services Committee." High "energy prices, a cooling housing market and less consumer appetite for spending are figuring prominently in the forecast for slower overall economic activity." The Fed chief declared "that the once high-flying housing market appears to be experiencing a safe landing. 'The downturn in the housing market so far appears to be orderly,' he said." He also stated "that the massive holdings of mortgage giants Fannie Mae and Freddie Mac 'present a systemic risk' to the US financial system. He previously has urged Congress to restrict their holdings."

Mortgage Rates On The Rise. The Wall Street Journal (7/21, 2.03M) reports, "Home mortgage rates rose during the past week, with the 30-year fixed-rate mortgage reaching its highest level since May 2002, said housing finance agency Freddie Mac." The Journal notes, "Among common mortgage rates: The average for 30-year fixed mortgage rates for the week ended yesterday was 6.80%, up from 6.74% a week earlier, Freddie Mac said in its weekly primary mortgage market survey. A year ago, the rate averaged 5.73%. The last time the 30-year fixed rate was higher than the past week was the week ended May 24, 2002, when it averaged 6.81%."

Fed Minutes Cited Market Expectations In Last Rate Hike Decision. The Wall Street Journal (7/21, Ip, 2.03M) reports, "Federal Reserve policy makers raised interest rates last month in part because markets expected them to do so, and they figured failure to act might hurt their credibility as inflation fighters, minutes of the meeting suggest." The minutes were "released on the second of two days of congressional testimony on monetary policy by Fed Chairman Ben Bernanke." Bernanke "repeated his main themes of the previous day: Inflation is at a troubling level but should decline as the economy slows and energy prices stabilize." Also yesterday, "markets lowered to 47%, from 62% Wednesday, the odds the Fed would raise short-term interest rates, now at 5.25%, to 5.5% at its next meeting Aug. 8." Fed officials "typically attribute rate actions to economic and inflation developments, not to market expectations. The disclosure in the minutes, released after the customary three-week delay, suggests that based on their economic forecast alone, the decision to raise rates would have been a closer call."

Stock Markets Fall On Economic Outlook. The Wall Street Journal (7/21, Browning, 2.03M) reports the Dow Jones Industrial Average "gave back more than one-third of Wednesday's 212-point surge, as investors began biting their nails again over the economic outlook." Blue chips "fell after minutes of the Federal Reserve's June interest-rate meeting showed policy makers expressing 'significant uncertainty' about the direction of interest rates. The Dow fell 83.32 points, or 0.76%, to finish at 10928.10. It is ahead 2.5% this year, but down 6% since the six-year high of 11642.65 on May 10." The Nasdaq Composite Index "gave up all Wednesday's gains and more, declining 1.98%, or 41.29 points, to 2039.42, down 7.5% for the year. The Standard & Poor's 500-stock index reversed almost half the prior day's advance, falling 0.85%, or 10.68 points, to 1249.13. It is virtually unchanged for 2006."

The Financial Times (7/21, O'Doherty) reports Wall Street "dipped lower on Thursday as patchy earnings reports deflated a strong rally from the previous day that had given the Dow Jones Industrial Average its second best one-day gain since April 2003."

Oil Prices Expected To Eventually Have Economic Impact. In a New York Times column (7/21), Floyd Norris says, "When oil almost hit $40 a barrel in 2003, there was talk that the rising cost of gasoline would slow the American economy. The talk returned when oil topped $50 in 2004 and $60 last year. But the economy kept on growing at a good clip." Now, with oil "above $70, some seem to think the logic was simply wrong, and that the new American economy is impervious to oil." A "differing interpretation, with the same conclusion, was that oil shocks matter only if they come from supply cutbacks, not from added demand." While the economy "is less dependent on oil than it was 30 years ago," if people "can't take more money out of their homes, and must pay more for gas, they may have no choice but to buy less of everything else. And those who said high oil prices would hurt the economy would turn out to have been right, even if their timing was wrong."

Romney Orders Part Of Big Dig Closed. NBC Nightly News (7/20, story 9, 0:15, Williams, 9.87M) reported, "More trouble for Boston's Big Dig tunnel system tonight. Massachusetts Governor Mitt Romney ordered the eastbound lanes of a major tunnel in that city – the Ted Williams Tunnel -- closed today after two problem bolts were discovered in the ceiling. The tunnel carries traffic to and from Logan Airport under Boston Harbor."

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Study Finds Medication Errors Widespread. In a report receiving wide-spread television and newspaper coverage, ABC World News Tonight (7/20, story 11, 2:35, Gibson, 8.78M) reported, "In medical news, a report out today found an alarming number of people are injured each year in hospitals because of medication mix-ups. The Institute of Medicine found the average hospital patient receives the wrong drug, dosage, or drug treatment at least once a day. The numbers are huge -- 1.5 million Americans injured in hospitals, nursing homes, and doctor's offices."

The CBS Evening News (7/20, story 6, 1:45, Schieffer, 7.66M) reported, "A similar report first alerted us to medication errors back in 1999. It is not that the problem is getting worse, study authors find, but that more and more Americans are taking drugs." NBC Nightly News (7/20, story 10, 2:20, Williams, 9.87M) reported that researchers "also want better drug packaging and labeling. But ultimately, patients and their families must play a more active role managing their prescriptions to minimize risk." The Wall Street Journal (7/21, Wang, 2.03M) adds that the report "calls for $100 million in research to determine the best and most cost-effective measures."

Meanwhile, the New York Times (7/21, Harris, 1.21M) notes, "The report is the fourth in a series" that "has called attention to the enormous health and financial burdens brought about by medical errors." After the first report, health officials and hospital groups "pledged reforms, but many of the most important efforts have been slow to take hold."

The Washington Post (7/21, Kaufman, 748K) quotes Charles B. Inlander, a panel member, as saying, "Everyone in the health-care system knows this is a major problem, but there's been very little action, and it's generally remained on the back burner. … With this report, we hope to give everyone involved good, hard information on how they can prevent medication errors, and then create some pressure to have them implement it." The AP (7/21) files a similar report.

Democrats See Opportunity In Moderates Alienated By GOP Stance On Stem Cell Research. The Wall Street Journal (7/21, Calmes, 2.03M) reports that while President Bush's veto of the Senate bill on stem cell research "cheers religious and social conservatives in the Republicans' base, nationwide it has alienated many moderates and has some questioning their fealty to a party increasingly defined by its cultural conservatism in emphasizing its opposition to issues such as gay marriage and abortion." As the GOP "has grown more socially conservative over the past quarter-century, the suburbs where many Republicans live have become more diverse and politically independent, marked by a mix of fiscal conservatism and social liberalism that is testing Republicans' dominance there. … That, in turn, has Democrats hoping to capture some of their foes' strongholds, by picking up disgruntled Republican moderates as well as independents. Whether they do could determine if Republicans keep their majorities in Congress after November's elections."

The Washington Times (7/21, Bellantoni, 88K) reports that Democrats "say the issue illustrates why they deserve a congressional majority. … House Minority Leader Nancy Pelosi, California Democrat, said, 'Democrats will not give up this fight. Politically, I think 75 percent of the American people support stem-cell research. I think many of them will express themselves at the polls.'"

CQ (7/20, Crowley) reported that the stem cell research issue has "taken up residence on the campaign trail, where President Bush's first veto is likely to be a factor in several races. Bush is scheduled to be in Cherry Hills Village, Colo., on Friday to raise money for Republican candidate Rick O'Donnell's bid for the open 7th District House seat. … Democrats, who think the stem cell research veto will be unpopular with voters, plan to mark Bush's visit with a news conference in nearby Denver."

Schwarzenegger Authorizes $150 Million Loan For California Stem Cell Institute. CNN's The Situation Room (7/20, Blitzer) reported, "California Governor Schwarzenegger is again at odds with President Bush. Schwarzenegger today authorized a $150 million loan to fund California's Stem Cell Institute. That comes a day after Mr. Bush vetoed legislation that would have eased restrictions on federal funding for embryonic stem cell research."

The AP (7/21, Kurtzman) reports, "Schwarzenegger, a Republican who has been trying to put distance between himself and the unpopular president as he seeks re-election this year, said the state cannot afford to wait to fund the critical science associated with stem cells. 'I remain committed to advancing stem cell research in California, in the promise it holds for millions of our citizens who suffer from chronic diseases and injuries that could be helped as a result of stem cell research,' Schwarzenegger said in a letter to his finance director." The Los Angeles Times carries the AP story this morning.

Bloomberg (7/21, Selway) reports, "Schwarzenegger's support for stem-cell research since 2004 has distanced him from fellow Republican Bush, whose approval rating among Californians is the lowest given to any president since shortly before former President Richard Nixon resigned in 1974. Schwarzenegger is the only Republican who has been elected to statewide office. Democrats control the Legislature."

The Wall Street Journal (7/21, Hamilton, 2.03M) reports that the loan "provides a lift to the agency running the program, formally known as the California Institute for Regenerative Medicine, whose operations have been largely paralyzed by lawsuits since its approval by voters in November 2004. Although the institute aims to spend $3

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billion on stem-cell research in the state in the next decade, legal challenges backed by fiscal conservatives and opponents of the scientific work have prevented California from issuing bonds to fund its grants and operations."

Blagojevich Diverts $5 Million For Stem Cell Research. The AP (7/21) reports that Illinois Gov. Rod Blagojevich announced yesterday that he will divert $5 million from the state budget for stem cell research, "despite repeated objections from state legislators. … Illinois lawmakers have previously voted down stem cell funding over ideological differences, and this spring they didn't take up the governor's proposal for $100 million in funding over five years." The AP adds, "The money will come out of administrative funds already set aside for the state Department of Healthcare and Family Services, Blagojevich said."

Unions Seek To Coordinate Political Efforts After Split. USA Today (7/21, Lawrence, 2.27M) reports, "In 2004, Ray Waldron and Jon Youngdahl worked hand in glove to run union political activities throughout Minnesota. Now they are on opposite sides of a stressful split-up that created legal obstacles to cooperation." USA Today notes, "Two years ago, Youngdahl was on loan from SEIU to the Minnesota AFL-CIO to run its statewide political program. Political activities are 'a little bit clumsier' and slower now that there are two groups instead of one, says Waldron, president of the Minnesota AFL-CIO." But "AFL-CIO President John Sweeney, who warned last year that divisions would weaken the labor movement, now says the two sides are discussing 'the parameters of a national campaign' after 'a very solid, united effort' last fall in Virginia, New Jersey and California."

USA Today (7/21, Lawrence, 2.27M) adds, "A year after six unions bolted from the AFL-CIO and formed their own federation, the two camps are raising record amounts of political money and seeking ways to do joint campaign work this fall." USA Today notes, "Between Jan. 1, 2005, and June 30, 2006, federal reports show, major unions in both groups raised more money than they did for the last non-presidential campaign in 2002."

Obama To Be Featured At High Profile Iowa Democratic Party Event. The AP (7/21) reports that Illinois Sen. Barack Obama (D), "whose name has come up in speculation about the 2008 presidential race, will be the headline speaker at the Iowa Democratic Party's highest profile event this year in a state that traditionally holds the first delegate-selection caucuses. Obama will be the featured speaker at Iowa Sen. Tom Harkin's annual steak fry in September, an event which annually draws thousands of activists." Obama "dismissed suggestions that the Iowa speech was tied to presidential ambitions. 'This is simply me accepting an invitation from Senator Harkin and hopefully an opportunity to assist other congressional candidates,' Obama told reporters."

A post at the news blog of the Chicago Tribune (7/20, Zeleny, 623K) noted, "Until now, Obama has taken great care to steer clear of Iowa, the state that traditionally launches the race for the White House. But accepting the invitation to appear on Harkin's high-profile stage Sept. 17 underscores the notion that Obama is not intent on tamping down speculation about his interest in the 2008 campaign. Obama said no greater significance should be drawn from his trip to Iowa. … 'I've already been to 30 states,'" Obama said, adding, "Why not Iowa?" The Tribune noted that ex-North Carolina Sen. John Edwards (D) spoke at last year's event and that former President Bill Clinton (D) has appeared at the event three times.

Bush May Visit Battleground States During August Vacation. The Wall Street Journal (7/21, 2.03M) reports in its "Washington Wire" column, "Bush will mix work with vacation time at Crawford ranch. Aides explore August swing to battleground state such as Pennsylvania, where Republicans are defending three endangered House seats and Sen. Santorum."

House GOP Working Hard To Woo Social Conservatives. McClatchy Newspapers (7/21, Talev) reports, "They promised social conservatives that they'd promote morality and patriotism, and this week Republican leaders in Congress tried to show that they keep their word. With Republicans looking to conservative voters to fend off a Democratic takeover in this fall's elections, the House of Representatives worked its way through an 'American Values Agenda,' which included votes to ban gay marriage and take away federal courts' jurisdiction on Pledge of Allegiance lawsuits." House GOP leaders, "conservative activists and many Republican incumbents in safe seats say that voting on these ideological issues is essential to restoring credibility with their party's base. That in turn, they say, should improve turnout at the polls." Some are concerned, however, "that in close swing districts, the values agenda could turn off independent and moderate Republican voters, especially when coupled with President Bush's veto this week of expanded embryonic stem-cell research."

DCCC Planning $30 Million Ad Blitz This Fall. The AP (7/21, Espo) reports, "Signaling a new phase in the struggle for control of Congress, House Democrats have reserved time for more than $30 million worth of campaign advertising this fall in roughly two dozen congressional districts, with a heavy emphasis on the Northeast and Midwest. The Democratic targets include clusters of Republican-held seats in the Philadelphia area held by Reps.

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Jim Gerlach, Curt Weldon and Michael Fitzpatrick, as well as the Ohio River Valley, where Reps. John Hostettler of Indiana, Geoff Davis of Kentucky and Steve Chabot of Ohio can expect a protracted televised barrage. Based on information available to date, the" DCCC "intends to air ads for eight weeks in an attempt to defeat Rep. Heather Wilson of New Mexico. Rep. Clay Shaw of Florida faces a particularly well-financed opponent, but he can also expect to face five weeks of Democratic-paid advertising." The AP adds, "Reserving time in advance can save money for a purchaser because some stations will sell advertising during the summer months at lower rates than they can command in September or October. By signaling their intentions this far in advance, Democrats also make it possible for their own candidates to know how much help they can expect."

Democratic Fundraising Committees Narrow GOP's Fundraising Lead. The AP (7/21, Kuhnhenn) reports, "National Democratic Party committees closed a fundraising gap with their Republican counterparts in June, raising more money and improving their cash on hand, according to reports filed Thursday. The data is the latest sign that that neither party would hold a financial edge in this year's contest for control of Congress." The RNC "was the only one of the three party groups to best the Democrats, reporting $44.7 million in the bank compared with $10.8 million for the" DNC. The DSCC "said it raised $8.8 million in June and had $37.7 million in the bank," while the NRSC "raised $4.8 million and had $19.8 million in the bank." The DCCC, meanwhile, "took in $9.8 million compared with $9.5 million for the Republicans." The DCCC "reported $31.9 million in the bank compared to $26.5 million for the Republicans, who have historically led in that category. This edge was the first since changes in campaign finance law in 2002 eliminated unlimited contributions known as 'soft money.'"

Quinnipiac Poll Shows Lieberman Trailing Lamont. CNN's The Situation Room (7/20, Blitzer) reported, "In the Connecticut Senate race, a new poll shows Democrat Joe Lieberman's primary challenger, Ned Lamont, now leading the former vice presidential nominee. The Quinnipiac poll shows Lamont with 51 percent support among likely voters, compared to 47 percent for Lieberman. Lieberman had a 15-point lead in a similar poll back in June. The primary is August 8."

The Washington Post (7/21, A3, Goldfarb, 748K) notes, "The Quinnipiac University poll also shows that Lieberman, who announced he will run as an independent if he does not win the primary, would defeat Lamont and the Republican candidate, Alan Schlesinger, in a three-way race in the general election. Lieberman would get 51 percent of the vote, Lamont 27 percent and Schlesinger 9 percent."

Bill Clinton To Stump In Connecticut With Lieberman. The AP (7/21, Haigh) reports that with Lieberman trailing in the polls, he "is enlisting the help of former President Clinton, the man he criticized in 1998 for 'disgraceful behavior' in a sex scandal with a White House intern. Clinton and Lieberman are scheduled to campaign together in Connecticut on Monday." The AP notes, "In September 1998, as the scandal raged, Lieberman was the first prominent Democratic lawmaker to openly criticize Clinton's conduct with former White House intern Monica Lewinsky. On the Senate floor, Lieberman spoke about being 'personally angry because President Clinton had, by his disgraceful behavior, jeopardized his administration's historic record of accomplishment.'" Lieberman "said his personal dismay evolved into 'a larger, graver sense of loss for our country, a reckoning of the damage that the president's conduct has done to the proud legacy of his presidency.'"

Lieberman's Backing Of War In Iraq, Bush Could Be His Undoing In Primary Contest. McClatchy Newspapers (7/21, Thomma) reports that should those who are backing "the anti-war, anti-Bush and anti-Lieberman challenger, millionaire Ned Lamont" succeed in defeating Lieberman, "they would turn the three-term senator and 2000 Democratic vice presidential nominee into the highest-profile political casualty of the unpopular war." Lieberman "voted in October 2002 to authorize the Iraq war, like many fellow Democrats including Sen. Hillary Rodham Clinton of New York and Sen. John Kerry of Massachusetts. Unlike Kerry, however, he still supports the war. Unlike Clinton, he refuses to temper his support with criticism of the way Bush has waged it. 'While dissent about the war is critically important and American, partisan dissent has no place when it comes to our national security, particularly when we have 130,000 Americans over there in uniform,'" Lieberman said, adding, "So I refuse to take partisan shots at the president or anybody else about the war." Critics, however, "note quickly that Lieberman not only refuses to criticize Bush, he appears to embrace him. Everyone has seen photos of Bush hugging or possibly even kissing Lieberman on the cheek at a State of the Union address."

Hollywood's Elite Donating To Clinton. The AP (7/20, Barrett) reported that top Hollywood "stars such as Tom Hanks, Jennifer Lopez and Owen Wilson donated to" New York Sen. Hillary Clinton (D) "in recent months, generating the kind of cash usually associated with a major box office opening -- or a potential presidential bid in 2008." Clinton, "received $4,200 from…Hanks, the Academy Award-winning actor, and his wife, Rita Wilson." Others who

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donated to Clinton include comedian Chris Rock, singer Bette Midler, director Rob Reiner and actor Billy Crystal.

Clinton's War Chest Reaches $43 Million. The Washington Times (7/21, Pierce, 88K) reports in its "Inside Politics" column that a recent financial disclosure from Sen. Hillary Clinton shows that the former First Lady "raised almost $5.7 million from April through June, a large chunk of it from La-La Land's biggest names, including actor Tom Hanks and actress wife Rita Wilson ($4,200), Billy Crystal ($4,000), 'Wedding Crasher' Owen Wilson ($2,100), comedian Chris Rock ($2,100) and chanteuse Bette Midler ($4,200). These celebrities join an A-list of Democratic supporters who previously attended Hollywood fundraisers attended by Mrs. Clinton, whose political war chest has reached $43 million. Because she faces virtually no opposition in her re-election bid for the Senate, observers see this as contributions to a 2008 presidential bid."

In Effort To Reach Voters, Politicians Race To Keep Up With Technology. The Los Angeles Times (7/21, Barabak, 918K) reports, "As people increasingly tailor their leisure time to suit their lifestyles -- through blogs, MySpace, iPods, video on demand -- politicians and their promoters are facing the same problem as Hollywood and the makers of toothpaste: How do you sell your product to an increasingly fragmented audience?" The Times notes, "In the latest creative wrinkle, politicians are podcasting -- White House hopefuls Gen. Wesley K. Clark, John Edwards and Sen. Bill Frist are among those regularly offering their downloadable ruminations -- and turning up on Flickr, MySpace, YouTube and other photo- and video-sharing Internet sites. … And though cellphone technology is still in its political infancy, some campaigns are already using text messaging to get out the vote, recruit volunteers or lure prospects to their websites, which feature all manner of interactive links." The Times adds, "But even the basics have to be recalibrated when invention changes the way people live -- as quickly, it often seems, as the click of a mouse. Come 2008, who knows?"

Administration Faces Pressure Over Response To Mideast Violence. NBC Nightly News (7/20, story 5, 1:50, Williams, 9.87M) reported that while Secretary of State Condoleeza Rice and Secretary General of the UN Kofi Annan were meeting, "the US seems be staying firmly on Israel's side in this conflict." The "pressure is mounting so quickly and the US so obviously sitting it out, using euphemisms, some good people around the world are asking how much longer can they afford to do this?" NBC (Mitchell) added, "And people within the Administration are asking that very same question. Until now, it's very clear, Brian, that the US was giving Israel a green light in order to get at those Hezbollah weapons. Now I think it is turning into a yellow caution light." And "Arab leaders are telling Israel and the United States, those that went out on a limb, that they need to see less violence."

The US diplomatic response to the continuing violence in the Mideast was only briefly noted on other national TV news. ABC World News Tonight (7/20, story 4, 0:15, Gibson, 8.78M) reported, "The search for a diplomatic solution to this crisis is proceeding, but slowly, very slowly. The White House said that Secretary of State Condoleezza Rice will travel to the Middle East but not until the beginning of next week at the earliest."

US Policy Seen As Unsustainable Amid International Opposition. The Wall Street Journal (7/21, Dreazen, 2.03M) reports the Administration's "effort to buy more time for Israel's military offensive against Hezbollah is itself running out of time, as calls from other nations for an immediate cease-fire mount." While initially European leaders backed Israel's crippling of Hezbollah, "that consensus is splintering as European and Arab countries increasingly demand that Israel agree to a cease-fire in Lebanon… The upshot is that the Bush administration finds itself increasingly isolated in its support for Israel and its refusal to pressure the Jewish state to wind down or terminate its military operations in Lebanon. That is forcing Washington to scramble to head off action at the U.N. while" Secretary Rice "gears up to travel to the Middle East as early as next week." The Journal adds, "The American and Israeli focus on Iran as well as Syria is emerging as another point of friction with world powers such as Russia... Many European countries are similarly uneasy, fearful the harsh rhetoric about Syria and Iran could be a prelude to an Israeli military strike on one or both of them that could trigger a broader war."

The AP (7/21, Gearan) adds Washington "held the line Thursday against a quick cease-fire deal in the Middle East, increasingly isolated as world powers and the United Nations demanded an immediate end to fighting between Israel and Hezbollah militants." The Administration "is trying to hold off international pressure for as long as possible, while also asking Israel to consider the consequences of its actions for civilians."

A front-page analysis in today's Washington Post (7/21, A1, Abramowitz, 748K) titled "In Mideast Strife, Bush Sees A Step To Peace" says President Bush's "unwillingness to pressure Israel to halt its military campaign in Lebanon is rooted in a view of the Middle East conflict that is sharply different from that of his predecessors." The Administration "has studiously avoided any hint of impatience with Israel. While making it plain it wants civilian casualties limited, the administration is also content to see the Israelis inflict the maximum damage possible on Hezbollah," largely because Bush "believes that the status quo -- the presence in a sovereign country of a militant group with missiles capable of

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hitting a U.S. ally -- is unacceptable. The U.S. position also reflects Bush's deepening belief that Israel is central to the broader campaign against terrorists and represents a shift away from a more traditional view that the United States plays an 'honest broker's' role in the Middle East." Bush believes the crisis "is also an opportunity to seriously degrade a big threat in the region, just as Bush believes he is doing in Iraq. Israel's crippling of Hezbollah, officials also hope, would complete the work of building a functioning democracy in Lebanon and send a strong message to the Syrian and Iranian backers of Hezbollah."

38% Approve Of Bush's Handling Of Middle East Crisis. William Schneider said on CNN's The Situation Room (7/20), "What do Americans want the United States to do in the Middle East? Well, our new poll has some answers. Play an active role in trying to resolve the conflict between Israel and Hezbollah? The answer is clear, no. The public wants us to stay out of it. What about sending US troops as part of an international peacekeeping force? That sounds better, but the public is still divided and worried. … Only 38 percent of the public approves of the way President Bush is handling the Israeli-Hezbollah crisis." CNN – Bush Poll (7/21) provides more details on its web site and notes, "The split has a lot to do with party. Most Republicans say Israel should continue to attack until the threat is eliminated; most Democrats prefer a cease fire."

Bolton Rejects Annan Call For Immediate Cease Fire. UN Secretary General Kofi Annan's response was similarly overshadowed. ABC World News Tonight (7/20, story 5, 1:00, Gibson, 8.78M) reported at the UN Annan "called for an end to the action right now, an immediate halt to the fighting between Israel and Hezbollah and for the deployment of UN peacekeepers. He told the UN Security Council that both sides are to blame, but he seemed to single out Israel for how it is conducting its offensive." In response, "US Ambassador John Bolton rejected an immediate cease-fire as impractical, and the Israeli Ambassador Dan Gillerman vowed to continue the fight until Hezbollah is eliminated." The CBS Evening News (7/20, lead story, 4:00, Schieffer, 7.66M) noted, "Almost lost in all of this, the head of the UN, Kofi Annan, is calling for an immediate cease-fire."

The New York Times (7/21, Hoge, 1.21M) notes UN Secretary-General Kofi Annan "called Thursday for an immediate end to hostilities between Israel and the Hezbollah militia in Lebanon, saying it was necessary to prevent further deaths of civilians, enable aid to reach the wounded and for work to begin on longer-term peace." Annan "acknowledged that a full cease-fire was hard to achieve at the moment. But he said, 'The international community must make its position clear on the need for an immediate cessation of hostilities, and a far greater and more credible effort by Israel to protect civilians and civilian infrastructure while the conditions for such a cessation are urgently developed.'" Annan "said Israeli military operations had made it impossible for the United Nations to make any contact with an estimated 500,000 people in urgent need in southern Lebanon."

The AP (7/21, Wadhams) adds Annan said "a cease-fire would be the first step toward ending the escalating war," but Washington and Tel Aviv "immediately dismissed" the idea. The Financial Times (7/21, Turner, Dinmore) entitles its coverage, "Annan Blames Both Israel And Hizbollah." The Washington Times (7/21, Kralev, 88K) reports similar details.

Security Council Divided Over Middle East. CNN's The Situation Room (7/20, Roth) reported, "UN Secretary General Kofi Annan held a special briefing for the full Security Council, and the news on the Middle East wasn't good. The world's chief peacemaker could only make a Mideast plea, not a deal. … The Security Council is divided. The US and Britain oppose a demand for a cease fire. Lebanon wants one immediately."

UN Human Rights Commissioner Warns Both Sides Of War Crimes. The Christian Science Monitor (7/21, Regan, 58K) reports, "In a strongly worded warning to the leaders of both the militant group Hizbullah and Israel, United Nations Human Rights Commissioner Louise Arbour threatened the 'perpetrators of wanton violence against civilians in the current Middle East conflict with liability for war crimes.'"

US Diplomat Says UN Has Too Much On Its Plate. The Wall Street Journal (7/21, 2.03M) reports in its "Washington Wire" column, "UN diplomats say challenges of Iran, North Korea, and Israeli response to attacks have strained capacity to act. 'We have almost too much on our plates,' says one U.S. diplomat, who still hopes for a Security Council resolution on Iran this month. "

Rice Could Visit Region Next Week. The AFP (7/21, Lanteaume) reports the Administration "announced that" Secretary Rice "will go to the Middle East as early as next week to press for a political solution to the crisis there, but it is still not supporting a ceasefire between Israel and Hezbollah." Assistant Secretary McCormack "confirmed that Rice 'intends to travel to the region as early as next week.' No precise itinerary was given."

CNN's The Situation Room (7/20, Malveaux) reported, "We heard from Secretary Condoleezza Rice's spokesman saying that she will travel to the region as early as next week. Of course that ups the diplomatic stakes. … We are told by senior administration officials, she hasn't really decided yet exactly where she is going in the region or who she is meeting with."

Burns Says A Sustainable Cessation Of Hostilities Must Be Reached. Undersecretary of State Nicholas Burns said on CNN's The Situation Room (7/20), "We have to work for cessation of hostilities that can be sustainable. If there's a cease-fire right now, it will leave Hezbollah in place with a sword dangling over Israel's head, and a million Israelis in the

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northern third of the country will be subject to rocket attacks, Fajr and Katyusha rocket attacks. What we have got to do is arrange, over the next few weeks, an arrangement where the United States and other countries will try to make sure that Hezbollah doesn't have the capability to do that, to strike at the heart of Israel."

Evacuees Want US To Increase Efforts To End Violence. ABC World News Tonight (7/20, 2:30, lead story, 3:55, Gibson, 8.78M) reported in Lebanon "we have gotten a rather dramatic look of the extreme fire power Israel is using in its attempt to cripple – indeed, decapitate Hezbollah." And the end of its first story ABC (Wright) added, "All of the evacuees we spoke with wished the US Government would do more to stop this war."

NYTimes Says Rice Should Go To Damascus And Jerusalem. An editorial in the New York Times (7/21, 1.21M) says, "Lebanon needs more than US Marines to evacuate Americans. It needs the fighting to stop and the international community to step in and guarantee the security of Israel and Lebanon. That will require not only a cease-fire and peacekeepers but also a guarantee that Hezbollah will be forced to halt its attacks on Israel permanently and disband its militia." Secretary of State Condoleezza Rice, "who has been dragging her feet to give Israel more time to fight," needs to "get on a plane and visit Damascus as well as Jerusalem. The longer she delays the more lives will be lost, and the harder it will be to build a lasting peace."

Friedman Says An International Force Is Needed In Middle East. Thomas Friedman writes in the New York Times (7/21, 1.21M) that in taking to Israeli friends, he finds "a gnawing sense of anxiety that Israel is facing in Hezbollah an enemy that is unabashedly determined to transform this conflict into a religious war -- from a war over territory -- and wants to do it in a way that threatens not only Israel but the foundations of global stability." This is not "just another Arab-Israeli war. It is about some of the most basic foundations of the international order -- borders and sovereignty -- and the erosion of those foundations would spell disaster for the quality of life all across the globe." Freidman adds that the "only way this war is going to come to some stable conclusion any time soon is if The World of Order…puts together an international force that can escort the Lebanese Army to the Israeli border and remain on hand to protect it against Hezbollah."

Koppel Says Islamists Benefit From Democratic Reform In Middle East. Ted Koppel writes in the New York Times (7/21, 1.21M), "Are the Israelis over-reacting in Lebanon? Perhaps they simply perceive their enemies' intentions with greater clarity than most. It is not the Lebanese who make the Israelis nervous, nor even Hezbollah. It is the puppet-masters in Tehran capitalizing on every opportunity that democratic reform presents. In the Palestinian territories, in Lebanon, in Egypt, should President Hosni Mubarak be so incautious as to hold a free election, it is the Islamists who benefit the most." Koppel adds that by "removing Saddam Hussein, the United States endowed the majority Shiites with real power, while simultaneously tearing down the wall that had kept Iran in check."

Ignatius Says US Must Keep Faith With Lebanese PM While Standing By Israel. David Ignatius writes in the Washington Post (7/21, A17, 748K), "The challenge for the Bush Administration as the Lebanon war explodes into its second week is…to keep faith with [Lebanese Prime Minister Fuad] Siniora and his Cedar Revolution, even as it stands by its close ally Israel. This isn't simply a question. … Unless Siniora's government can be strengthened, there is little hope for achieving the U.S. and Israeli goal of bringing Hezbollah's guerrillas under lasting control." Ignatius adds, "Unless the administration moves quickly to demonstrate that it supports the Siniora government, and not just Israel, its larger strategy for defusing the conflict may begin to unravel. Administration officials recognize that a stable Lebanon cannot be achieved by military action alone. But for now, all the world sees is Hezbollah rockets and Israeli bombs."

Hoagland Makes Case For A Negotiated Cease Fire. Jim Hoagland writes in the Washington Post (7/21, A17, 748K), "This Israeli campaign will not erase Hezbollah as a force, alas. But a negotiated cease-fire could lead to two important steps. One would be to put an international military force on Lebanon's border with Syria to police the traffic of rockets and disguised Syrian intelligence units into Lebanon. The other is to get the Lebanese army finally to take control of its territory in the south and make Lebanon more of a real country again. Israeli military attacks cannot accomplish those goals. Only united Lebanese resolve and skillful international support will."

Ajami Says Situation Requires "Serious International Effort and Active American Diplomacy." Fouad Ajami, the Majid Khadduri Professor and director of the Middle East Studies Program at the School of Advanced International Studies at Johns Hopkins University, writes in the Wall Street Journal (7/21, 2.03M), "No one can say with confidence how this crisis will play out. There are limits on what Israel can do in Lebanon. The Israelis will not be pulled deeper into Lebanon and its villages and urban alleyways, and Israel can't be expected to disarm Hezbollah or to find its missiles in Lebanon's crannies. Finding the political way out, and working out a decent security arrangement on the border, will require a serious international effort and active American diplomacy."

Krugman Says Administration "Crazies" Can't Admit They Were Wrong. Paul Krugman writes in the New York Times (7/21, 1.21M) that when "the first George Bush was president, those who believed that America could remake the world to its liking with a series of splendid little wars — people like Dick Cheney and Donald Rumsfeld —

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were known within the administration as 'the crazies.' … But in 2000 the Supreme Court delivered the White House to a man who, although he may be 60, doesn't act like a grown-up." Krugman adds, "Few if any of the crazies have the moral courage to admit that they were wrong. … For years the self-proclaimed 'war president' basked in the adulation of the crazies. Now they're accusing him of being a wimp. … Does Mr. Bush have the maturity to stand up to this kind of pressure? I report, you decide."

Stephens Argues Middle East Crisis Is A Result Of West's Failures. Phillip Stephens writes in the Financial Times (7/21), "These are genuinely dangerous times. Israel is far from alone in believing that Hizbollah had Iranian and Syrian sanction for its rocket attacks and the abduction of two Israeli soldiers. Syria is still smarting from its enforced departure from Lebanon. From Iran's perspective, Hizbollah has at once diverted attention from the nuclear dispute and reminded the west of its capacity to make serious mischief." Whatever "the specifics of the present fighting, all this is about a much bigger threat. President Bush has thus declined to restrain Israel's military operations in spite of the feeling among US allies that they are disproportionate and, in significant measure counterproductive." Stephens adds, "There are no magic bullets, as Israel has learnt many times over during its various military excursions in Lebanon. But when messrs Bush and [British Prime Minister Tony] Blair talk of a crisis of extremism they must understand they are describing in part their own failure."

By Overwhelming 410-8Vote Margin House Passes Resolution In Support Of Israel. CNN's The Situation Room (7/20, Blitzer) reported, "On Capitol Hill today, a symbolic vote of support for Israel in its fight against Hezbollah guerrillas. The non-binding resolution overwhelming passed by the House also condemns enemies of the Jewish state. The measure is similar to one passed by the Senate on Tuesday."

Congressional Quarterly (7/21, Monaghan) in a article titled "House, in Sync With Bush, Passes Measure Affirming Support for Israel" reports, "The House threw its weight behind President Bush's backing for Israeli attacks on Hezbollah Thursday, passing by 410-8 a resolution that reaffirmed 'steadfast support' for Israel and condemned the militants in Lebanon as well as Hamas gunmen in Gaza." Lawmakers "slammed the Islamists for launching 'unprovoked and reprehensible armed attacks' on 'undisputed Israeli territory,' taking hostages, killing Israeli soldiers and 'continuing to indiscriminately target Israeli civilian populations with their rockets and missiles.'"

The AP (7/21, Flaherty) notes the House of Representatives, "displaying a foreign affairs solidarity lacking on issues like Iraq, voted overwhelmingly Thursday to support Israel in its confrontation with Hezbollah guerrillas." The AP adds, "Little of the political divisiveness in Congress on other national security issues was evident as lawmakers embraced the Bush administration's position. So strong was the momentum for the resolution that it was steamrolling efforts by a small group of House members who argued that Congress's pro-Israel stance goes too far. … The lack of momentum for alternative proposals frustrated pro-Arab groups."

Israel Prepares To Increase Deployment Of Ground Forces. ABC World News Tonight (7/20, story 2, 2:30, Harris, 8.78M) reported, "The Israelis have said they want to disarm, disable and knock out Hezbollah. But to do so, some say, it may have to launch a ground invasion much larger than what's going on here in Avivim today. For nine days, the Israeli Defense Forces, or IDF, has pounded Hezbollah with artillery and warplanes. But they clearly haven't eliminated Hezbollah's leadership or all of estimated 10,000 to 12,000 missiles. A ground war, however, could be difficult and dangerous."

The CBS Evening News (7/20, lead story, 4:00, Schieffer, 7.66M) reported "there is no sign of a letup" of the attacks between Israel and Hezbollah and the Lebanese government told Israel "that if they continue to send ground troops into Lebanon to track down these terrorists, Lebanon may send its own troops to oppose the Israelis." CBS (Logan) added, "There are late-breaking reports here tonight that thousands of Israeli troops operating inside Lebanon." It would "be a significant escalation in the number of Israeli troops operating inside Lebanon."

NBC Nightly News (7/20, story 2, 1:40, Fletcher, 9.87M) reported, "After nine days, Israel has destroyed about half of Hezbollah's rockets and infrastructure, according to Israel's former Defense Minster. That will still leave Hezbollah with about 7,000 rockets. The big question now -- to destroy the weapons, will Israel have to launch a ground invasion, risking the lives of more soldiers?" Dr. Dan Schueftan, University of Haifa: "What you're going to see is relatively large forces but in very small units, carrying out search and destroy missions."

In extensive front-page reporting on the military conflict, the Washington Post (7/21, A1, Wilson, Cody, 748K) says IDF and Hezbollah forces "engaged in heavy fighting inside Lebanon on Thursday, as senior Israeli defense officials braced the country for a long conflict against the radical Islamic groups on its borders and indicated that a large ground operation could still lie ahead." Israeli Defense Minister Amir Peretz "said the radical Shiite Muslim militia 'must not think that we would recoil from using all kinds of military measures against it. We have no intention of occupying Lebanon, but we also have no intention of retreating from any military measures needed,' Peretz said.

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The comments left open the possibility that Israel could move forces into southern Lebanon."

The AP (7/21, Keath) adds, "Pitched battles raged between Israeli forces and Hezbollah fighters on the border Thursday, and Israel warned hundreds of thousands of people to flee southern Lebanon 'immediately,' preparing for a likely ground offensive to set up a buffer zone." The AP (7/21, Gutkin) and the Washington Times (7/21, Mitnick, 88K) report similar details.

The Christian Science Monitor (7/21, Mitnick, Blanford, 58K) notes, "By the end of this round of fighting, Israel wants to ensure that the network of positions that allowed a proxy of Iran to peer over the border and collect intelligence is leveled."

Attacks Continue Despite Diplomatic Proposals. McClatchy Newspapers (7/21, Schofield, Strobel) reports, "The broad outlines of a diplomatic strategy to end Israel-Hezbollah fighting emerged on Thursday with United Nations Secretary-General Kofi Annan calling for a cease-fire and the United States announcing that Secretary of State Condoleezza Rice would travel to the Middle East as early as next week." But Israel "said it wouldn't stop fighting until it had achieved its military goals. Israeli troops on Thursday were sent back into southern Lebanon, where four died in skirmishes with Hezbollah guerrillas. Israeli air raids again rained devastation on Beirut's southern suburbs, and hundreds of thousands of refugees scrambled to escape the fighting." Meanwhil, "the number of Hezbollah rockets hitting Israel dropped to 50, one of the lowest totals in nine days of war. There were no reports of casualties."

Israeli Strike Misses Hezbollah Leader. ABC World News Tonight (7/20, 2:30, lead story, 3:55, Wright, 8.78M) reported, "In tonight's Al-Jazeera interview, Hassan Nasrallah showed no signs of injury. He said Israel will never get its soldiers back without negotiating a prisoner exchange. Incredibly, Hezbollah militants still walk openly in this city. Ibrahim Mussawi is foreign editor of Al-Manar, Hezbollah television, a network targeted 18 times in this war, including today. Were any senior leaders killed?" Ibrahim Mussawi, Foreign Ed, Al-Manar (Hezbollah TV): "Well, I believe had that happened, you'd see them celebrating in Israel."

The CBS Evening News (7/20, lead story, 4:00, Logan, 7.66M) reported "The Hezbollah leader's appearance on Lebanese television was another blow for Israel, proof that once again, they failed to kill him. He defiantly sat through the initial demands: No return of Israel soldiers without a prisoner exchange, and he insisted none of his top leaders have been harmed by the massive Israeli air strike Wednesday night."

The AP (7/21) adds, "Nasrallah also denied claims by Israel to have destroyed half of Hezbollah's rocket arsenal, calling the claims 'baseless.'" Nasrallah said, "Hezbollah has so far stood fast, absorbed the strike and has retaken the initiative and made the surprises that it had promised, and there are more surprises" and warned "that a Hezbollah defeat would be 'a defeat for the entire Islamic nation.'" The Financial Times (7/21, Biedermann) adds, "A Lebanese military expert also said he doubted that Israel had made much headway against the group. 'Hizbollah has no visible personnel infrastructure on the ground. They are organised in cells, they look like civilians, they move fast and they are trained to hide,' he said."

Israeli Ability To Defeat Hezbollah Questioned. The Washington Times (7/21, Rabinovich, 88K) reports, "The Israeli political and military leadership is reluctant to undertake a massive ground incursion into Lebanon and hopes that air and artillery attacks and political pressures within Lebanon will bring Hezbollah to heel" But, "the unflinching battle Hezbollah is waging thus far has raised questions about whether such a strategy will work." Israel withdrew form Lebanon in 2000 "after years of skirmishing with Hezbollah in which the Shi'ite militia proved itself an efficient guerrilla force. Since then, thousands of Hezbollah fighters have undergone training in Iran, which has also provided Hezbollah advanced armaments as well as intelligence and communications capabilities it did not have previously."

Israel Seen As Losing Image War. The Christian Science Monitor (7/21, LaFranchi, 58K) reports, "As Israel continues to strike inside Lebanon in a bid to rout Hizbullah, the radical Islamist group is using two weapons to wage war: rockets and, more effective, TV images of civilian destruction inflicted by Israeli bombs." The Monitor notes, "The latter 'weapon,' broadcast over the Hizbullah-run TV station Al Manar to pump up Arab sympathies, may in the end be more powerful than Israel's military punch -- a counterpunch to Israel's assertion it can crush Hizbullah through use of force."

Hezbollah Asserts Independence, Bolsters Assad. A lengthy Wall Street Journal (7/21, Solomon, Leggett, 2.03M) analysis says recent statements by Hezbollah leader Hassan Nasrallah are "a reminder that, for all of Hezbollah's allegiance to Iran, the Lebanese militant group is a force with its own strong identity in the region. Mr. Nasrallah has tried to build himself into an anti-Israel symbol in the Arab world, while sharpening Hezbollah's military discipline and spreading its tentacles in Lebanese society." The Journal adds, "Hezbollah's history has been a balancing act between its Iranian backers and its Lebanese identity," and it's "nature -- as a suspected tool of Iran's regional ambitions and as a Lebanese group with its own charismatic leader -- complicates the search for a solution to the crisis in the Middle East."

Separate Wall Street Journal (7/21, Shishkin, 2.03M) reporting notes, "Israel's military campaign in Lebanon is further entrenching the government of Syrian President Bashar Assad," whose "long-term backing of the…Hezbollah

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is translating into greater popular support" and who has now been able to "cast himself as a wartime leader immune to internal criticism."

Iran Gains In Stature As A Result Of Mideast Conflict. The AP (7/21, Murphy) reports, "Iranian officials often say that places with the greatest troubles offer their country the best opportunities. Iranian influence in Iraq has surged since the U.S.-led invasion three years ago. Its reach into Afghanistan continues to grow." And "the war in Lebanon could make Iran an even more important player in the Islamic world even as its militant Shiite Arab client, Hezbollah, gets pounded by Israel."

Plight Of Civilians In Region Highlighted. US media continued to focus on the impact of the violence on civilians in both Lebanon and Israel. Examining the destruction in Tyre the CBS Evening News (7/20, story 2, 2:00, Cowan, 7.66M) reported, "Today we left Beirut to across that river to essentially to no man land to get to the City of Tyre, just 12 miles from the Israeli border. Virtually cut off from the rest of Lebanon, the road down south is a pot-marked mess. Few cars were headed in our direction. Most cars were headed north, out of town. Cars crammed with residents dangling white flags, in hopes of being spared an air strike."

And from Nazareth the CBS Evening News (7/20, story 7, 1:20, Schieffer, 7.66M) reported, "The politicians make the decisions to go to war, the soldiers fight them, but in this new middle east war, as in so many that have come before it, it is the people who pay the heaviest price."

Residents Of Lebanese City Feel Abandoned. The Washington Post (7/21, A1, Shadid, 748K) reports, "Aid officials say that tens of thousands have already fled Tyre and its environs along the Mediterranean Sea but that perhaps 12,000 Lebanese remain stranded." The Post adds that in the nine days of attacks by Israel, Lebanon's civilians "have suffered inordinately, with more than 300 dead, many times that number wounded and 500,000 displaced. As this city awaits the brunt of an Israeli attack that most think is imminent, resignation, hopelessness, occasional defiance and a sense of abandonment course through the beleaguered population." The New York Times (7/21, Myre, 1.21M), the New York Times (7/21, Fattah, 1.21M), the Washington Post (7/21, A11, Finer, 748K) the Los Angeles Times (7/21, King, Kennedy, 918K), the Los Angeles Times (7/21, Stack, 918K), the Los Angeles Times (7/21, Bekker, Ellingwood, 918K) report similar details on the impact of the violence on civilians.

Despite Crisis, Americans Relocate To Israel. The Washington Post (7/21, A11, Anderson, 748K) reports on a group of Americans who are relocating to Israel. The Post notes, "While the newcomers decided months ago to come to Israel, many said they could have skipped Thursday's flight but, in an act of solidarity, refused to be daunted. Their arrival at Ben Gurion Airport…at a moment of high crisis underscores the intense connection many Jews have with their biblical homeland and the modern state created 58 years ago." The new arrivals "disembarked after a 10 1/2-hour flight from John F. Kennedy International Airport in New York to discover a colorful, flag-waving, boisterous crowd of 500 people in an open-air hangar who welcomed them like rock stars."

Continuing Violence In Gaza Overshadowed. NBC Nightly News (7/20, story 2, 1:40, noted, 9.87M) reported, "The drama in Lebanon is drowning out the killing in Gaza. The fourth week of violent clashes between Islamic militants from Hamas and Israeli troops; 110 Palestinians have died, half of them fighters. Israel is still attacking the offices of Hamas government leaders, as well as the militia groups, but there's no progress in bringing home Corporal Gilad Shalit. His kidnapping almost a month ago sparked this latest bloodletting. Today, Hamas marched in support of Hezbollah, calling for the death for more soldiers." Sami Abu-Zuhri, Hamas spokesman (via translator: "Palestinian and Lebanese resistance before the Israeli escalation will continue." Fletcher: "No end in sight in Gaza or Lebanon."

Hamas' Control Over Its Militias Waning. A 1,585-word piece in the New York Times (7/21, Smith, 1.21M) notes, "Despite its links to the Palestinian government, Palestinian and Israeli analysts say, the Qassam Brigades," an armed wing of Hamas, "does not take orders from the governing leaders of Hamas. This is why, according to many accounts, the Hamas-led government itself was surprised by the Qassam Brigades' attack against the Israeli military post in June." The Times adds, "The current crisis seems to have pushed the [disparate Palestinian] militias to join ranks. Several of the militia members said the groups organized a 'joint operations room' when Israel began threatening to invade Gaza two or three weeks ago."

Fatah, Hamas Sketch Out Unity Government. Under the headline, "Palestinians Look Ahead Even as Israel Besieges Gaza," the New York Times (7/21, Smith, 1.21M) reports, "Israel's siege of" the Gaza Strip "took seven more lives Thursday even as Palestinian political factions met to plan for when the crisis ends." President Mahmoud Abbas "met with leaders of Hamas," the ruling party, "to discuss the makeup of a "national unity government" that would reduce the role of Hamas." The Palestinian Authority "has faced crippling diplomatic and financial isolation" since Hamas' election, and Hamas and Fatah have now "agreed to form a coalition government along the lines laid out in a letter by a group of Palestinian prisoners in Israeli jails."

US Marines Evacuate US Citizens From Lebanon. The evacuation of Americans from Lebanon continued to receive widespread coverage which generally focused on the arrival of US Marines in Lebanon and their

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efforts to move Americans to safety. The CBS Evening News (7/20, story 3, 1:50, Schieffer, 7.66M) reported, "Today, almost 40 US Marines arrived in flat bottom landing crafts. The kind we are used to seeing in the old World War II movies. But today it was a reverse of an invasion. Landing craft were being used to carry Americans to an American war ship off shore." CBS (Palmer) added, "The US military sent to the rescue with a troop carrier, the USS Nashville, and the Navy's version of shuttle buses. Marines helped a stream of Americans, a thousand in all, on to amphibious landing craft, and out to the waiting ships, away from Beirut's bombs."

ABC World News Tonight (7/20, story 6, 0:15, Gibson, 8.78M) reported, "Nearly 4,000 Americans have been brought out of Lebanon so far, 2,200 today brought to Cyprus. Most will go to the United States." NBC Nightly News (7/20, lead story, 1:40, Engel, 9.87M) reported, "About 2,000 Americans were evacuated from here today, half of them escorted by US Marines." NBC showed an unidentified male evacuee saying, "We are glad to get out of here."

CNN's The Situation Room (7/20, Blitzer) reported, "The State Department says 3,000 Americans have been evacuated from war-torn Lebanon, including 2,400 over the past 24 hours."

In its front page story on the latest violence in the Mideast the New York Times (7/21, Mouawad, Erlanger, 1.21M) reports that US Marines "landed in Beirut for the first time in over 20 years to aid in the evacuation of US citizens from Lebanon." They "were the first American military personnel to be deployed in Lebanon since the withdrawal of forces after a Hezbollah suicide bomb attack killed 241 Americans, mostly marines, in 1983. The marines who landed Thursday were from the same unit as those killed 23 years ago."

The AP (7/20, Panossian) reported, "About 40 U.S. Marines arrived at a beach just north of Beirut in a landing craft and in three trips ferried 1,052 people to the amphibious assault ship USS Nashville just off the coast. The Nashville then sailed for Cyprus."

First US Evacuees Arrive At BWI. The AP (7/20, Witte) reported that the first American evacuees arrived back in the US at Baltimore-Washington Thurgood Marshall International Airport Thursday morning. About "150 people were aboard the Omni Air International DC-10 that landed at 6:30 a.m."

The Washington Post (7/21, A11, Raghavan, 748K) reports, "Seven additional flights of evacuees are expected at BWI -- their primary entry point into the United States -- by tomorrow, including three that are tentatively scheduled to arrive by this morning. And at least one flight is expected in Philadelphia as early as today. U.S. officials say that as many as a third of the estimated 25,000 Americans in Lebanon want to be evacuated."

The New York Times (7/21, Gately, 1.21M) reports that as the flight carrying the evacuated Americans landed at BWI, the passengers gave "thanks for their escape" and pleaded "for an end to the bombing" in Lebanon. Some "wept tears of joy; others, tears of sadness. Some had worried that they and their loved ones would never make it out of Lebanon alive, while others feared for the safety of kin and friends left behind." The Washington Times (7/21, Ward, 88K) reports that the evacuees arrived at BWI "telling stories of frantic attempts to get out -- tales of anger, fear and guilt over those they left behind."

Evacuees Threaten To Overwhelm Cyprus. The New York Times (7/21, McLean, 1.21M) reports that the mass evacuations from Lebanon "are threatening to overwhelm Cyprus, which was already saturated with vacationers during peak tourist season. Officials from several governments said today that they expect the tide of evacuees to rise in the coming days as more and more ships arrive in the region to help transport people from Beirut, which lies about 150 miles to the east." Ronald Schlicher, the United States ambassador to Cyprus, "expressed his gratitude to the government of Cyprus for its 'remarkable' efforts to help the United States and other countries evacuate their citizens from Lebanon."

The Washington Times (7/21, Borowiec, 88K) reports that US evacuees sat "dazed in exhausted" in Cyprus awaiting word on "where they would move next." The Times notes, "As a destination, Cyprus provides a somewhat incongruous setting for terrified civilians fleeing a war."

Americans Left Behind Complain About Their Treatment. The Los Angeles Times (7/21, Kennedy, 918K) reports, "Hundreds of people were turned back Thursday as the United States and other countries tried to get a grip on the huge task of evacuating thousands of people from Lebanon in the face of ongoing Israeli airstrikes." For those left behind, "it was a day in which they stood in line with crying children, confusing instructions, short-tempered rescue coordinators and what little food they had brought themselves." Those who were left behind "complained that they had been packed together in the heat and treated poorly."

Bush May Push For Bolton's Confirmation. The Los Angeles Times (7/21, Reports, 918K) reports, "President Bush is considering a new effort to have John R. Bolton confirmed as the U.S. ambassador to the United Nations, a year after appointing him to the job over Senate objections." Bolton's appointment expires in January. The New York Times (7/21, Rutenberg, Hulse, 1.21M) runs a piece on how Bolton has won over some Republican critics, among them Sen. George Voinovich, (R-Ohio), who Thursday urged the Senate to approve Bolton's nomination, saying the United States needs a fully sanctioned United Nations representative in the tumultuous world climate. The Times says Voinovich

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"first went public with his change of heart in an opinion piece in The Washington Post on Thursday. And his office said that on Wednesday night he personally told Secretary of State Condoleezza Rice; Senator Richard G. Lugar, Republican of Indiana and the chairman of the Foreign Relations Committee; and Mr. Bolton himself."

Iran Promises August Reply To Nuke Plan. The AP (7/21, Dareini) reports Iran "said Thursday it would reply Aug. 22 to the Western incentive package to stop enriching uranium, but it also issued a veiled threat, indicating Tehran will not accept any deal that dilutes its nuclear program." The statement by the Supreme National Security Council was Iran's first mention of a precise date, the AP said. Iran said it "has made plans to produce part of its nuclear fuel needs inside the country and is making efforts to meet its required fuel" and warned Iran would retaliate if the world tried to punish it.

The New York Times (7/21, Fathi, 1.21M) says Iran warned "it would reconsider its position if its case was sent to the United Nations Security Council." The Council's statement said, "If the path of confrontation is chosen instead of the path of dialogue, and if there is any action to limit the absolute rights of the Iranian people, the Islamic Republic will have no choice but to revise its policy." The Times says the statement "did not elaborate on what kind of action Iran would take if its case was sent to the Security Council. But officials have said in the past that Iran might withdraw from the Nuclear Nonproliferation Treaty."

U.N. Revisiting Draft On Iran. The Los Angeles Times (7/21, Farley, 918K) reports Britain, France and Germany on Thursday "circulated a revised draft of a resolution demanding Iran suspend its uranium enrichment activities and banning the transfer of goods and technology that could aid Tehran's ballistic missile or nuclear programs." The Times says the draft "stipulates provisional measures that could pave the way for sanctions or military action if Iran doesn't comply" giving Iran "a yet-to-be-specified date in August to respond." U.S. Ambassador John R. Bolton wants to have a vote on the resolution next week. "We'll see if the United States can play a bridging role between the European Union and the Russians and see if we can't help resolve this and get a resolution that's satisfactory to all of us," he said Thursday.

The Washington Post (7/21, A13, Lynch, 748K) notes, "The U.S.-backed resolution calls on states to prevent trade in ballistic missiles and nuclear technology to Iran. It also would require Iran to submit to more intrusive U.N. inspections than are required by the 1970 Non-Proliferation Treaty. The International Atomic Energy Agency, the U.N. nuclear watchdog, would be instructed to report on Iran's compliance with the resolution sometime next month."

US Seeks Consultation On North Korea Talks. The AP (7/21, Klug) reports Assistant Secretary of State Chris Hill said Thursday the U.S. wants to meet with South Korea, Japan, Russia and China next week to find a way to persuade North Korea to return to negotiations on disarmament. Hill said, "The purpose is to chart the way forward. … We'd like to be ready and move ahead." Hill said the goal was to include North Korea at the five-nation gathering at the Association of Southeast Asian Nations' annual meeting of foreign ministers in Malaysia but he added, "The North Koreans don't seem to want to go to six-party meetings right now." The AP said Hill also told reporters "he could not confirm reports that Iranian officials had witnessed the July 4 launches. He said he misspoke when he told lawmakers earlier that he could confirm such reports. Later, State Department spokesman Sean McCormack also said he could not confirm the reports. When asked if North Korea was trying to market its weapons, he said, 'With respect to weapons, anything that isn't bolted down, they're ready to sell.'"

Hyde Says Korean Trade Deal Must Not Benefit North. Bloomberg (7/21, Trehan) reports Rep. Henry Hyde said Thursday that the Bush administration "shouldn't include provisions in a free-trade agreement with South Korea that would benefit industrial zones in Gaeseong, North Korea." During a House International Relations Committee hearing, Hyde warned, "To open our market, even a crack, to a nation which threatens us and our allies with missiles" would be "foolish." Bloomberg notes that the South Korea government has sought to include the manufacturing park in a $72 billion trade accord under negotiation since June. The US has resisted, but "opposition from a senior Republican such as Hyde puts pressure on the administration no to concede the point," Bloomberg adds.

Bush Talks With Top Chinese Officer. The AFP (7/21) reports President Bush "met briefly with China's top military officer and highlighted Sino-US cooperation on issues like North Korea and military matters." The President "dropped by" a meeting between General Guo Boxiong, vice chairman of China's central military commission, and US national security adviser Stephen Hadley. White House spokesman Tony Snow said, "The president spent 10 minutes with the general. President Bush noted the very positive working relationship that he's developed with Chinese President Hu Jintao. It was demonstrated by the unanimous vote at the United Nations last Saturday on a North Korean resolution." Snow said the president "noted that the deepening of the relationship between the two militaries was in the interest of peace and stability in East Asia and the world, and that he was pleased to hear General Guo's meeting at the Pentagon had enhanced the goal."

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US To Send Japan Antimissile Systems. The Washington Post (7/21, A14, Faiola, 748K) reports, "The United States and Japan will begin deploying American-made anti-missile systems on Japanese soil next month amid growing concern about North Korean arms." Besides deploying the Patriot Advanced Capability-3 system, "the Pentagon will dispatch 600 specially trained troops from Fort Bliss, Tex., to a U.S. base in southern Japan." While the "PAC-3 will initially be deployed on American military sites; Japanese officials said they would deploy it on their own Self-Defense Forces bases for the first time by March." The AP (7/21, Tabuchi) adds, "Japan stressed the deployment would be purely for defense purposes."

WSJournal Criticizes Democrats' Opposition To Antimissile Programs. The Wall Street Journal (7/21, 2.03M) editorializes that North Korea's missile test "makes the U.S. political debate over missile defenses worth revisiting, not least because some Democrats are still trying to strangle the program." While "no missile defense is perfect…our current rudimentary shield has proven to be strategically useful these past few weeks. The Navy had at least one ship-based Aegis missile-defense system deployed off the Korean coast, with a potential to shoot down a North Korean missile," and we are dispatching PAC-3s to Japan. "This kind of capability adds to the credibility of the U.S. deterrent, reassures allies and enhances American influence," and "virtually none of this would exist had Democrats succeeded over the years in their many attempts to kill missile defenses." Through "investing in this capability, the U.S. may even deter the world's rogues from investing heavily in missile technology."

Nuclear Foes Remain Wary Of Kashmir Peace Talks. The Washington Times (7/21, Stuhldreher, 88K) reports that "hopes for resuming suspended peace talks with Pakistan remain uncertain, Indian and Pakistani officials said yesterday." Muhammad Ijaz Ul Haq, federal minister of Pakistan, said in an interview, "I don't believe Pakistan had anything to do with the (July 11) bombings in India. India needs to take care of the problems in its own back yard. India always blames Pakistan for its internal problems." Mr. Haq said he did not want the attacks to derail negotiations over Kashmir, which we re planned to resume this month. The Times says Salman Haidar, former foreign secretary of India, "said the Indian government had been cautious not to directly blame Pakistan for the attacks" but added, "We know that the [terrorist] groups that are active have bases in Pakistan. We need something more substantial from their side. Show us that these bases and camps are being dismantled."

Congressmen Complain About F-16 Sale To Pakistan. The AP (7/21, Klug) reports, "Lawmakers accused the Bush administration Thursday of rushing a sale of F-16 fighter jets to Pakistan, saying Congress' role in approving arms sales had been compromised" because "the State Department for giving them only 30 days to consider the deal" without the "traditional extra 20 days." There are worries "that the sale could compromise sensitive U.S. technology by exposing it to China, which has close military ties with Pakistan. Critics also say the jets reward a country, Pakistan, that provides moral support to terrorist groups fighting India." However, "opponents acknowledged they could do little stop the $5 billion deal," as it would require a veto-proof majority in both houses.

US To Sell Black Hawk Helicopters, Military Equipment To Saudi Arabia. Fox News' Special Report (7/20, Hume) reported, "The Bush Administration said today it has made a deal worth more than $6 billion to sell 24 Black Hawk helicopters plus radios, armored vehicles and other military equipment to Saudi Arabia." Congress "has 30 days to block the sale though it is not expected to do so."

Protests Delay Trial Of Chinese Rights Advocate. The New York Times (7/21, Kahn, 1.21M) reports Chinese officials "postponed the criminal trial of a peasants' rights advocate on Thursday as his supporters gathered in large numbers to protest what they say is a politically motivated prosecution." The Times says 200 people gathered outside the courthouse where Chen Guangcheng "had been scheduled to go on trial on charges of destroying property and blocking traffic." Court officials decided at the last minute to postpone the trial telling his lawyer that prosecutors in the case had requested extra time to prepare evidence in the case. The Times says Chen's lawyer hoped that the postponement "was a sign that prosecutors were dissatisfied with the evidence gathered against Mr. Chen, which his lawyers have called flimsy." The Washington Post (7/21, A14, Fan, 748K) notes that Chen's "exposure of forced abortions and sterilizations embarrassed local officials and shed unwelcome light on the government's family planning policies" and says he is "a hero" in the city of Linyi, "where he was celebrated for stopping a paper factory from polluting a river."

Former Hong Kong Official Faults China For Lack Of Progress On Democracy. The Christian Science Monitor (7/21, Marquand, 58K) reports Anson Chan, the former No. 2 in Hong Kong has broken "a four-year silence to advocate democracy." Her message: "Hong Kong is a great international city, but its political health is poor. Efforts to forge a true democracy are bogged down, and the plain meaning and spirit of the handover terms of Hong Kong allowing fair elections, are being distorted. Hong Kong is not China, and has a right to advance and mature at its own

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pace, something promised by the late paramount leader Deng Xiaoping, but not happening now." The Monitor says her statement "is the most complete and penetrating critique" of the lack of progress in achieving "what Chan argues should have been a swift evolution toward direct elections promised after the 1997 handover by an insider who sat near the apex of power for years." The paper says Chan's top grievance is a lack of "universal and equal suffrage" by the Hong Kong government.

Yukos Chief Resigns Over Court Assessment. The Wall Street Journal (7/21, White, 2.03M) reports the American CEO of Yukos resigned, "saying there is nothing more he can do to save the crippled Russian oil giant as a court-appointed administrator prepared to declare the company insolvent." The Journal says Steven Theede "denounced the bankruptcy proceedings underway in Moscow as a 'sham' and a 'charade' aimed at expropriating what remains of the company." Analysts predict most of Yukos will end up in the hands of state oil company OAO Rosneft, "which already took over Yukos's main asset and still is one of its largest creditors." Theede said the bankruptcy administrator found that Yukos's liabilities exceed its assets by $1 billion, a figure Theede called "flawed," while insisting the company is solvent.

The New York Times (7/21, Kramer, 1.21M) reports a similar story, saying Theede called the proceedings a "sham" and he criticized the assessment of Yukos's value saying high world oil prices mean that Yukos could have recovered as a viable company if given the chance."

Putin Honors Agents After Death Of Terrorist. The New York Times (7/21, Chivers, 1.21M) reports Russian President Vladimir Putin "awarded medals to members of the former K.G.B. on Thursday for what the Kremlin said was their role in the killing of the terrorist leader Shamil Basayev this month" while questions "swirled about Mr. Basayev's death, which has become the latest of Russia's public mysteries." While few dispute the Chechen separatist is dead, "the means and even the time of his death have become subjects of debate, fueled since the first hours by contradictory official statements, a climate of secrecy and opposing claims by the government, the separatists and the Russian news media."

Nigerian Promotes Democracy, Religion In Kiev. The Wall Street Journal (7/21, Cullison, 2.03M) reports Nigerian evangelical minister Sunday Adelaja has worked to bring democracy and Christianity to the Ukraine and "claims to run the largest congregation in Europe, with more than 25,000 members in Kiev alone." Says Adeladja, "God has sent a black man to bring religion back to Russia and the Soviet Union. This is hard here for many to accept." The Journal says Adelaja's church "has grown beyond its core clientele of substance abusers and petty criminals to include the mayor of Kiev and several members of Parliament" but says "Moscow and its allies in the region are taking no chances" having booted Adelaja "out of Russia and Belarus."

Bush Urges Sudan To Allow Peace Force. The AP (7/21, Raum) reports President Bush "urged Sudan on Thursday to accept a U.N. peacekeeping force in Darfur province to replace overstretched African Union troops," and acknowledged "there was much work to be done before that could happen." The AP said the president talked with Sudanese Vice President Salva Kiir about a U.S.-backed peace plan and said, "I assured our friend that the United States is committed to helping the Sudanese people; we're committed to making sure that the peace agreement that we helped you negotiate is implemented. We're also committed to helping the people in Darfur. … Our strategy is that we want AU forces to be complemented and blue-helmeted -- in other words, the United Nations should be invited in. We talked about how best to get that done in order to save lives. Obviously, there is still a lot of work to be done." The AP says Kiir "sidestepped the issue of the introduction of Western troops, which his government has opposed."

US Donates $116M To Mission In Sudan. The AFP (7/21) reports the U.S. will commit $116 million to the African Union Mission in Sudan to help relieve the humanitarian crisis gripping the war-torn Darfur region. The US "maintains a strong partnership with the African Union on the Darfur issue, and we commend the efforts of AMIS peacekeepers and their leaders," the State Department said.

Ethiopia Enters Somalia To Back Government. The AP (7/21, Hassan) reports "hundreds" of Ethiopian troops entered Somalia Thursday "to protect their allies in the country's virtually powerless government from Islamic militants who control the capital." The AP says the move "could give the U.S.-backed Somali government its only chance of curbing the Islamic militia's increasing power. But Ethiopia's incursion could also be just the provocation the militia needs to build public support for a guerrilla war. State Department Spokesman Sean McCormack said, "We are watching the situation very closely. We would urge the Ethiopian government to exercise restraint." The Washington Times (7/21, Stuhldreher, 88K) reports a version of the AP story.

Libya May Soon Feel Pressure To Settle With Victims Of Its Attacks. In a story published today but datelined July 14, the New York Times (7/21, Wald, 1.21M) reports "Libya is eager for normal relations and American investment in its oil fields. But lawyers for families of American passengers and crew on Pan Am Flight 103 say

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they are owed a final payment of $2 million per victim; Libya said the deal had expired." The Times says some Americans promoting trade say Libya's steps toward normalizing relations are good news for Libya's American victims. U.S.-Libya Business Association executive director David Goldwyn said, "The greater stake Libya has in the relationship, the more incentive Libya has to settle these kind of disputes."

US, New Zealand Agree To Strengthen Relations. The AP (7/21) reports New Zealand and the United States "have agreed to strengthen their relationship." Adter a meeting with Secretary of State Condoleezza Rice, N.Z. Foreign Minister Winston Peters said, "We committed ourselves to a forward-looking relationship as two countries and to strengthening that relationship in the future." The AP says "relations between the two countries were convulsed in 1985 when New Zealand banned nuclear arms and nuclear-powered ships from its territory and waters."

French Socialist Win Over Voters Via Internet. The Washington Post (7/21, A14, Anderson, 748K) reports Socialist Party presidential candidate Segolene Royal "has confounded" detractors "with an Internet-aided insurgent campaign that has propelled her to the top of national polls. Her Howard Dean-style strategy -- going over the heads of party elders with a grass-roots run for office that has proved wildly popular among voters -- could make France's first cyber-candidate its first female president."

Smuggled Cubans To Stay In U.S. The AP (7/21, Anderson) reports 28 Cubans caught trying to slip into the U.S. "were brought ashore this week so they can testify against those accused of organizing the deadly smuggling voyage -- a step that means they can stay permanently in this country." U.S. Attorney R. Alexander Acosta said the "unique circumstances" of the case led prosecutors to bring the group onto U.S. soil under material-witness warrants, which could require them to testify before a grand jury or at a trial. Acosta said, "Smugglers often treat migrants as if they were human cargo. … This must stop."

Disputed Election Strains Mexican Society. The Los Angeles Times (7/21, Tobar, 918K) reports the debate over the outcome of the July 2 Mexican presidential election is straining much of Mexican society. "Feelings are becoming more strained, the opinions more strident. Was the election fraudulent or the cleanest in Mexican history? Was the conservative Felipe Calderon indeed the winner? Or is leftist Andres Manuel Lopez Obrador right when he says he was robbed by a corrupt and inefficient system? Mexico's Federal Electoral Tribunal is deciding the case, but the judges may not reach a verdict for weeks." The Times quotes historian Lorenz Meyer, who says, "People are not anxious, but they are angry. The anger is strongest on the side of the left, because they feel cheated. Whether it's true or not, the perception is there."

Bird Flu Spiraling In Indonesia. The New York Times (7/21, McNeil, 1.21M) reports, "Indonesia is about to surpass Vietnam as the country hardest hit by avian flu" and the situation there is likely to worsen, experts say. The Times says "the flu is ubiquitous in thousands of backyard flocks" and appears to be killing more birds every month, increasing the likelihood of human cases. WHO spokesman Dick Thompson said, "It's like trying to fix the roof while there's a storm going on. … Until the animal situation gets under control, there's going to be this steady drip, drip, drip of human cases, and that's a problem." The Times says the biggest obstacle is Indonesia's decentralized government with power residing in local provinces and districts, a principle that Indonesians are likely to abandon.

Tsunami Cleanup Continues. The Christian Science Monitor (7/21, 58K) reports hundreds of Indonesian police, military, and relief workers continued their work cleaning up from the recent tsunami. The Monitor says "the limited scale of the disaster, and easy access for relief supplies, have helped rescuers in comparison to the deadly 2004 tsunami that killed more than 170,000 people in Indonesia."

In Europe, George Soros Criticizes Bush. The Wall Street Journal (7/21, 2.03M) in an editorial writes that George Soros, touring Europe to promote his book "about the menace posed by the U.S. to world freedom," told a British newspaper earlier this week that "the attitude of the Bush Administration has had disastrous consequences; the world needs an alternative and the European Union can provide it." The Journal says Soros "sees Brussels as too weak and bureaucratic, and so he is proposing to inject a little backbone by pouring hundreds of millions of dollars into new foundations, the first of which will be set up in Paris or London."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Lebanese Told To Leave The South."
"Christian Retailers Put Their Print On Products."
"Fury Meets Katrina Hospital Arrests."
"Fleeing For Their Lives Into The Grim Unknown."
"Hollywood, Land of Creative Pink Slips."
"Charity Games Bask In Bawdy Irreverence."
"Takeover Robbers Target Restaurants."

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USA Today:
"Help Comes As Fight Widens."
"Unions Rake In Record Cash For Campaigns."
"Ailing NFL Quarterbacks Plotting Their Comebacks."

New York Times:
"Marines Return to Beirut to Aid U.S. Evacuation."
"2 Are Charged In Criminal Case On Stock Options."
"At Ground Zero, Builder Is Barred But Not His Kin."
"Sects' Strife Takes A Toll On Baghdad's Daily Bread."
"In Prison for Life, He Turns M&M's Into An Art Form."

Washington Post:
"Mediation Errors Harming Millions, Large Study Finds."
"Israel, Hezbollah Intensify Ground Conflict In Lebanon."
"HHS Chief's Fund Gave Little To Charity."
"Navy Quarterback Cleared Of Raping Midshipman."

Washington Times:
"DMV To Toss Tickets Not Processed Promptly."
"Israel Pounds Hezbollah."
"Bush Reaches Out To NAACP."
"Americans Evacuees Bring Horror Tales From Lebanon."
"Vote Act Renewal Passes In Senate."
"Drug Errors Plaque Patients, Cost Billions."
"Baseball's A Hit Again, With Drugs & Errors."

Detroit Free Press:
"Ford: More Pain."
"Mich. Family Pays $17,000 To Flee Beirut."
"Tigerrrr-ific!"
"Toyota Gift To City Repays GM Favor."

Atlanta Journal-Constitution:
"Senate OKs Voter Act."
"NAACP Polite But Skeptical Of Bush."
"Health Care Tiff: Calling Dr. Spin."
"On Our Feet In A Heartbeat."

Houston Chronicle:
"Police Link One Killer To Deaths Of Six Women."
"More Flee As Israel Hints At Ground War."
"Chilly Reception For Bush In First Speech To NAACP."
"Final Vote Set Today On Plan To Help Needy Pay For Power."
"For Preemie Girl's Tiny Heart, A Huge Life-Saving Miracle."

Story Lineup From Last Night's Network News:
ABC: Mideast Violence-Lebanon; Israeli Ground Attack; Israeli Helicopters-Collision; Mideast Violence-White House; Mideast Violence-UN; US Evacuees; Lebanese Refugees; Bush-NAACP; Heat Wave; USDA-Mad Cow Testing; Medication Mistakes; Bonds-No Indictment; 3-D Movies.
CBS: Mideast Violence-Lebanon; Destruction In Tyre; US Evacuees; Bush-NAACP; Real Estate Market; Medication Mistakes; Nazareth-Arab-Israelis.
NBC: US Evacuees; Mideast Violence-Israel; Lebanon-Marines Return; Refugee Crisis-Kaifoun; Mideast Violence-Diplomacy; Bush-NAACP; Tropical Storm Beryl; St. Louis-Extreme Weather; Big Dig-Tunnel Closure; Medication Mistakes; US Evacuees-Children.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Israel-Lebanon Attacks; Tropical Storm Beryl; Heat Wave; Bonds-No Indictment.
CBS: US Citizens Evacuate Lebanon; Israel-Lebanon Attacks; Heat Wave; Bonds-No Indictment; Study-Children And Exercise; Tropical Storm Beryl.
NPR: US Citizens Evacuate Lebanon; Annan-Middle East Fighting; Israel-Gaza Incursion; Bernanke-Report To Congress; Foreign Stock Markets; MA-Big Dig Tunnel Shut Down; India-Mumbai Bombings Investigation.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends an O'Donnell for Congress reception. Private residence, Englewood, Colo., then travels to the Bush ranch in Crawford, Texas.

VICE PRESIDENT CHENEY — Speaks at luncheon for congressional candidate Gus Bilirakis, Tampa; speaks at a rally for troops. Fort Stewart, Ga.

US Senate: 10 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the pending extradition treaty with Great Britain and Northern Ireland. Jack Meehan, president, Ancient Order of Hibernians, Quincy, Mass.; Robert C. Linnon, president, Irish American Unity Conference, Bonton Beach, Fla.; Francis A. Boyle, University of Illinois College of Law at Urbana-Champaign; Madeline Morris, Duke University Law School; Paul J. McNulty, deputy attorney general; Samuel M. Witten, deputy legal adviser, Department of State. Location: Room 419, Dirksen.

US House: 10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on policing sites around the nation's capital region. Rear Admiral Terence McKnight, Commandant, Naval District Washington; Major General Guy C. Swan III, Military District of Washington; Joseph W. Trindal, Regional Director, National Capital Region, Federal Protective Service; Michael D. Fogarty, Assistant Chief of Police, United States Park Police. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Intelligence, Information Shariung, and Terrorism Risk Assessment Subcommittee. Hearing on the relationship between DHS and its Homeland Security Information Sharing Network. Location: Room 311, Cannon.

DOJ_NMG_0042160

Other: BOLIVIA _ 8:30 a.m. Bolivian Vice President Alvaro Garcia Linera speaks at the Center for Strategic and International Studies. Location: B-1 conference level, 1800 K St. NW.

PENTAGON-IRAQ SECURITY _ 9 a.m. Army Col. Michael Shields, commander of 172nd Stryker Brigade Combat Team, will brief live from Iraq to give an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

ALLEN _ 10 a.m. Coast Guard Commandant Adm. Thad Allen speaks at the Defense Daily media breakfast on ``Creating a Viable Maritime Security Regime for a Coastal Nation State.'' Location: National Press Club.

BROWNFIELDS _ 10 a.m. The Northeast-Midwest Coalitions holds a briefing on brownfields, focusing on the challenges and opportunities of Federal policymakers. Location: Room 122, Cannon.

WOUNDED VETERANS-BASEBALL _ 6 p.m. Deputy Secretary of Defense Gordon England and wounded military service members will throw out the first pitch at the Washington National's baseball game against the Chicago Cubs. Location: RFK Stadium.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JULY 21, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Judge Won't Dismiss Suit Over Domestic Spying Government, AT&T Had Sought To Have Case Thrown Out (SFC) 6
Judge Declines To Dismiss Lawsuit Against AT&T (WP) 6
Judge Refuses To Dismiss Spying Lawsuit (AP) 7
Judge Denies AT&T, U.S. Motion To Dismiss Domestic-Spying Case (WSJ) 8
Judge Declines To Dismiss Privacy Suit Against AT&T (NYT) 9
U.S. Loses Bid To Dismiss AT&T Surveillance Suit (LAT) 10
Surveillance Bill Meets Resistance In Senate (WP) 11
Pakistani Man Sentenced In Terror Trial (AP) 12
Pakistani Gets 30 Years For Aiding Qaeda Operative (NYT) 12
Domestic Detainee From 9/11 Released (WP) 13
Beirut Violence Strands Defense Lawyers In Padilla Case (LAW) 14

Homeland Response:

FBI Investigating Hezbollah Cells In North Carolina (WCNC-TV) 14
Database Is Just The 1st Step (USAT) 15
They're Protecting The Bigger Picture (LAT) 16
Did Ya Hear The One About America's Disaster Planning? (USAT) 16
Canadian, U.S. Mayors Unite To Fight U.S. Border Security Plan (AP) 17
Mayors Gather In Windsor To Debate Passport Rule (FREEP) 17
Disaster Plans Don't Address Nursing Homes (AP) 18
FEMA On Standby As Beryl Heads Toward New England (AP) 18

War News:

Iraq's Police Overwhelmed By Violence (CSM) 19
An Ebb Proves No Respite In Violent Summer In Iraq (WP) 21
Sharp Rise In Baghdad Violence Reported (AP) 22
Crackdown Yields Little Security In Baghdad (LAT) 23
Sects' Strife Takes A Toll On Baghdad's Daily Bread (NYT) 25
More Iraqis Fleeing Strife And Segregating By Sect (NYT) 27
Judge Grants Delay In Iraqi Rape And Murder Case (AP) 28
Inside The Ring (WT) 29
In A 5,000-Word Letter, Hussein Blames Bush, Iran And Israel Supporters For Iraq's Troubles (NYT) 30
NATO Chief Says Afghan Troops Can't Fail (AP) 31
Army To Cut Domestic Spending (WP) 32
Strapped For Money, Army Extends Cutbacks (AP-Y) 33
Senate Agrees To Trim Modernization Plans (AP-Y) 34

DOJ:

U.S. Attorney General Tours The Border (KDBC-TV) 35
U.S. Attorney General Gonzales Tours El Paso (EPT) 35
Pair Charged After Death Of Teenage Immigrant (AP) 35
Attorney General Discusses El Paso Smuggling Case (KFOX-TV) 35
U.S. Attorney General Visits Borderland (KTSM-TV) 36
Former Prosecutor Wins $170,000 Discrimination Settlement (AP) 36

Corporate Scandals:

Brocade Ex-CEO, 2 Others Charged In Options Probe (WSJ) 37
Ex-CEO Of Brocade, Two Others Charged Over Options (SFC) 39
Prosecutors Charge Brocade Ex-CEO Reyes In Stock-option Scheme (MERCN) 40
Ex-Brocade Chief Charged With Fraud In Options Probe (Update7) (BLOOM) 42
SEC Files Charges In Backdating Scandal (FT) 45
2 Are Charged In Criminal Case On Stock Options (NYT) 46
Criminal Charges Filed Against Ex-Brocade CEO (CNET) 48

Ex-Brocade Execs Charged In Stock-options Case (MRKTWTCH) 49
Ex-CEO Charged In Backdating Probe, As SEC Weighs Others' Conduct (LAW) 50
Companies Bide Time Over Stock-options Scandal (FT) 51
SEC's Cox To Name Chief Accountant (WSJ) 53

Criminal Law:

Rep. Jefferson, Nigerian Agree On Points (AP) 54
Ex-Fumo Aides Plead Not Guilty In Federal Probe (PHI) 54
Jury Convicts Landscaper Of Defrauding SEPTA (PHI) 55
Feds Want To Curb Vigil's Lawyers In New Trial (AP) 55
Ward Crutchfield Trial Set For Feb. 5 (CHATT) 56
Crutchfield Trial Date Set In Tennessee Waltz Case (CHATTFP) 56
Officer Arrested In Drug, Theft Ring (BOS) 57
Three Plead Guilty In Oregon To Ecoterrorism Spree (AP) ... 58
Reputed Mob Financier-turned-restaurant Exec Charged With Fraud (NSDY/AP) 59
New Charges Are Tough On The Heart Of A Mobster (NYT) 60
Cipriani Vice President Indicted On Insurance Fraud Charges (NY1) 61
Online Gambling Takes A Big Hit (PHI) 61
Las Vegas Gathering Of Top Executives Is Scrapped (GUARD) 62
W.T.O. Panel Will Investigate U.S. Limits On Online Gambling (NYT/AP) 63
Former Air Marshal Gets 20 Years In Child Pornography Case (NSDY/AP) 64
More Charges Filed Against Federal Prison Guards In Sex Case (AP) 65
New Orleans Arrests Spark 'Mercy Killing' Debate (CSM) 65
Fury Meets Katrina Hospital Arrests (LAT) 66
Murderer Executed By Electric Chair (WP) 68
Man Facing Execution For Slaying Fellow Inmate In Pagan Ritual Pleads Case To U.S. Supreme Court (FINDLAW/AP) 69
Former Brokerage Tech Worker Convicted In Computer Tampering Scheme (FINDLAW/AP) 69
Navy Quarterback Cleared Of Raping Midshipman (WP) 70

Civil Law:

DOJ's Former Tobacco Litigation Chief Says McCallum Misled Congress (LAW/AP) 71

Civil Rights:

In Speech To N.A.A.C.P., Bush Offers Reconciliation (NYT) . 73
Bush Tells NAACP Senate Should Pass Voting Rights Extension (BETN) 74
After Long Estrangement, Bush Reaches Out To NAACP (CSM) 75
At NAACP, Bush Tries To Mend Rift (WP) 76
Bush Vows To Patch Up His Ties To The NAACP (LAT) 77
Bush Knows Many Blacks Distrust GOP (AP) 79
Bush Pledges To Repair Ties With Black Voters (FT) 80
Bush Addresses NAACP For The First Time In His Presidency (MCT) 81
'We Must Work As One,' Bush Tells NAACP Audience (USAT) 82
Bush Reaches Out To NAACP (WT) 83
Bush Speaks To NAACP For First Time (AJC) 84
For Bush And The NAACP, Uneasy Does It (WP) 85
Bush Makes Nice With The NAACP (LAT) 87
Senate Renews 1965 Voting Rights Act (AP-Y) 87
Voting Rights Act Extension Passes In Senate, 98 To 0 (WP) 88
Senate Unanimously Passes VRA Renewal (RC) 89
Congress Sends Bush Extension, Clarification Of Voting Rights Act (WSJ) 90
Vote Act Renewal Passes In Senate (WT) 91
By A Vote Of 98-0, Senate Approves 25-Year Extension Of Voting Rights Act (NYT) 92
Hospital Agrees To Provide Communication For Deaf (AP) ... 93
Federal Election Monitors Watch Conecuh County Voting (MR) 94
Freedom Of Speech Examined In Quran Shooting Case (WTVC-TV) 94

Antitrust:

Profit Lags As Microsoft Spends To Meet Competitors (NYT) 95
Microsoft Beats Forecast (SEAPI) 96
China International Marine Drops Burg Takeover On EU Probe (BLOOM) 98

Environment/Indian Affairs:

House Panel Inquiry On Global Warming Research (NYT) ... 98
U.S. Narrows Mad-Cow Testing, Citing Rare Presence Of Disease (WSJ) 98
U.S. Slashes Testing For Mad Cow Disease, Citing Low Infection Rate (NYT) 99
US To Reduce Mad-Cow Testing After Few Cases Found (BLOOM) 100
Testing For Mad Cow Disease To Be Cut (WP/AP) 101
90% Cut In Mad Cow Tests Brings Mixed Reaction (DMN) . 101
Disputed Woodpecker Halts Project (AP) 102

DOJ_NMG_0042164

Interior Chief Touts Oil Royalties For States (WT) 103
Louisiana Governor Sues Over Oil Royalties (NYT/AP) 104
Some In GOP Fighting Western Energy Drilling (USAT) 104
Burning Debate As Emission Restrictions Loom, Texas Utility Bets Big On Coal (WSJ) 105
Feds Initiate Talks To Bring Amber Alert To Indian Country (AP) 108

FBI/DEA/ATF/USMS:

Bonds Avoids Indictment, But Inquiry Will Go On (NYT) 108
A Bit Of Breathing Room, But For How Long? (NYT) 110
Prosecutors Extend Bonds Investigation (AP) 111
The Game's Not Over Prosecutors Hold Off On Indicting Bonds, But Pursue Investigation With New Grand Jury (SFC) 113
Bonds Grand Jury Ends Work With No New Indictments (Update4) (BLOOM) 115
A New Grand Jury Impaneled For Bonds (WP) 116
Grand Jury Will Continue To Investigate Bonds (USAT) 117
Prosecutors In Bonds Case Veer Toward Vendetta (LAT) 118
Poll: Majority Of Fans Believe Bonds Used Steroids (ESPN/ABC) 119
THE BALCO CASE Lawyers Spar On Denial Conte Was Leak Prosecutors Argue Paper Lost Any Right To Protect Source (SFC) 120
Claims Hold Up Nominee (GRPRESS) 121
Drug Suspect Gets Bond (KNOXNS) 122
Reputed Street Gang Leader Gets 37-Year Prison Sentence (NYT) 123

Immigration:

Border Security Should Be Priority, Hastert Says (USAT) 124
Hastert Aims To Solve Immigration Problem (AP-Y) 124
Longer Fence On Mexican Border Debated (AP) 125
Border Fence Cited As Deterrent To Crime (WT) 126
Patrol Agents Return To The Front Lines (AP) 126
Guard, Patrol Say Border Plan Working (HC) 127
Trial Examines Legality Of Aid To Immigrants (WSJ) 128
Minutemen Put Trust In Their Finance Firms (WT) 130

Tax:

IRS Gets Setback In Prosecution Of 'Son Of Boss' Tax Shelters (WSJ) 130
Editorial: KPMG Justice (WSJ) 131

Congress-Administration:

HHS Secretary's Fund Gave Little To Charity (WP) 131
Pension Bill To Close Costly Loopholes (AP-Y) 133
Senate Appropriations Panel Quickly Approves Four Bills (WP) 134
Oman Trade Pact Passes House In A Close Vote (WSJ) 135
Peru Trade Accord Passed By U.S. House Committee In "Mock" Vote (BLOOM) 136
Parent-notification Bill Pushed In Senate (WT) 137
Civil Service, Military Raises Moved Along Separate Tracks (WP) 137
Googling The Feds (LAT) 138
Farm Harm (WP) 139

Other News:

Fed Chief Is Optimistic On Housing (NYT/AP) 140
Mortgage Rates Rose In Week (WSJ) 141
Fed May Have Boosted Rates In Part To Satisfy Expectations (WSJ) 141
Stocks Lose Steam As Dow Falls 83.32, And Fed Minutes Fuel Economic Jitters (WSJ) 142
Wall St Down On Earnings Disappointments (FT) 143
As Oil Rises, Will Economy Finally Fall? (NYT) 144
Institute Cites Medication Errors, Suggests Changes To Cut Injuries (WSJ) 145
Report Finds A Heavy Toll From Medication Errors (NYT) 145
Medication Errors Harming Millions, Report Says (WP) 146
Study: Medication Errors Harm 1.5M A Year (USAT) 148
Stem-Cell Issue: Republicans' Undoing? (WSJ) 149
Democrats Seize Issue Of Stem-cell Research (WT) 150
Schwarzenegger Gives $150M Stem Cell Loan (AP-Y) 151
Schwarzenegger Gives $150 Million Loan To Stem Cell Agency (LAT/AP) 152
Schwarzenegger Moves $150 MIn To Stem-Cell Program (Update3) (BLOOM) 153
California Stem-Cell Program Wins State Loan (WSJ) 154
Illinois Gov. Funds Stem Cell Research (AP-Y) 154
After 'rocky' Start, Revamped Unions Rev Up Political Activity (USAT) 155
Unions Rake In Record Cash For Campaigns (USAT) 156
Sen. Obama To Headline Iowa Party Event (AP-Y) 156
Is Obama Eyeing Iowa? (CHIT) 156
Democrats Aim For Rich-Poor Gap (wsj) 166
GOP Making Hard Pitch To Social Conservatives (MCT) 167
AP: Democrats Plan $30 Million Ad Buy (AP-Y) 169
Democrats Close Gap On GOP On Fundraising (AP) 170
Lieberman's Challenger Is Playing Catch-Up (WP) 170
Clinton To Help Lieberman Against Rival (AP-Y) 171
Lieberman's Support For War, Bush May Cost Him His Job (CCT/MCT) 172

DOJ_NMG_0042165

Top Stars Donated To Sen. Hillary Clinton (AP-Y) 173
Inside Politics (WT) 174
Campaign '08 Preview: Podcasting Politicians (LAT) 176
U.S. Is Pressured By Mounting Calls For Mideast Peace (WSJ) 178
U.S. Opposed To Cease-fire With Hezbollah (AP) 179
In Mideast Strife, Bush Sees A Step To Peace (WP) 179
Poll: Americans Worried About Mideast Involvement (cnn) .. 181
Annan Urges Immediate Halt To The Fighting In Lebanon (NYT) 182
Annan Calls For Cease-fire In Lebanon (AP) 183
Annan Blames Both Israel And Hizbollah (FT) 184
U.N. Outlines Proposal To Resolve Lebanon Crisis (WT) 185
UN Warns Hizbullah, Israel Of 'war Crimes' Liability Human Rights Chief Points To 'unjustifiable' Numbers Of 'innocent Civilian' Casualties In Conflict. (CSM) 186
US To Send Rice To Mideast Soon, But No Ceasefire Call (AFP) 187
More Than A Cease-Fire Needed (NYT) 188
Order Vs. Disorder (NYT) 189
Look What Democratic Reform Dragged In (NYT) 190
To Save A Revolution (WP) 191
Lebanon's Dividers (WP) 192
Hostage To Hezbollah (WSJ) 193
The Price Of Fantasy (NYT) 196
West's Strategic Failure Lit The Fires In Middle East (FT) .. 197
House Overwhelmingly Backs Israel In Vote (AP) 199
Israel, Hezbollah Intensify Ground Conflict In Lebanon (WP) 200
Israel Preparing Lebanon Ground Offensive (AP) 202
Israel Says Troops Needed In Lebanon (AP) 204
Israel Pounds Hezbollah (WT) 205
Israel Presses Hizbullah As Lebanese Flee (CSM) 206
Israel Defiant As Demands For Cease-fire Grow (MCT) 208
Nasrallah Says Hezbollah Leadership Intact (AP) 210
Bunker Strike Failed, Says Hizbollah (FT) 210
Hezbollah Trained For 6 Years, Dug Deep Bunkers (WT) ... 211
Can Force Fell Hizbullah? (CSM) 212
Fighting Force Amid Ties To Iran, Hezbollah Builds Its Own Identity (WSJ) 213
Israel's Hezbollah Fight Bolsters Syria's Assad (WSJ) 215
Iran Seeks To Become Major Mideast Player (AP) 217
Residents Of Besieged City Feel 'Just Left Here To Die' (WP) 218
In An Unlikely Target For Rockets, Mourning And Pleas For Peace (NYT) 220
In Scramble To Evade Israeli Bombs, The Living Leave The Dead Behind (NYT) 221
Family Lays To Rest Soldier Killed In Ambush (WP) 223
Lebanese Told To Leave The South (LAT) 224
Fleeing For Their Lives Into The Grim Unknown (LAT) 226
Fleeing Home For A Haven (LAT) 228
Moving To Israel In A Time Of Crisis (WP) 230
Despite Ties To Hamas, Militants Aren't Following Political Leaders (NYT) 231
Palestinians Look Ahead Even As Israel Besieges Gaza (NYT) 233
Marines Return To Beirut To Aid U.S. Evacuation (NYT) 234
Marines In Beirut To Help With Evacuation (AP) 236
U.S. Evacuees Arrive In Md. From Lebanon (AP-Y) 237
For Evacuees From Lebanon, A Bittersweet Arrival At BWI (WP) 238
Plucked To Safety From Lebanon, American Evacuees Return And Lament The Destruction (NYT) 240
American Evacuees Bring Horror Tales From Lebanon (WT) 241
Evacuees Jam Into Cyprus, And More Are Coming (NYT) 242
Angry Words From Those Left Waiting (LAT) 243
Bush May Push For Bolton's Confirmation (LAT) 244
Bolton's First Year At U.N. Wins Over A Critic (NYT) 245
Iran Promises Aug. 22 Reply To Nuke Plan (AP) 246
Iran Offers A Pledge And A Warning (NYT) 247
U.N. Revisiting Draft On Iran (LAT) 247
U.N. Resolution Would Pressure Iran (WP) 248
U.S. Seeks Consultation On N. Korea Talks (AP-Y) 249
North Korea Must Not Gain In South Korea Trade Deal, Hyde Says (BLOOM) 250
Bush Talks With Top Chinese Officer (AFP-Y) 251
U.S., Japan To Start Deploying Missile Interceptors (WP) 251
Japan, U.S. To Deploy Missile Interceptors (AP) 252
The Taepodong Democrats (WSJ) 252
Nuclear Foes Remain Wary Of Kashmir Peace Talks (WT) 254
Lawmakers Chide Bush Over F-16 Sale (AP) 254
Scuffles In China As Trial Of Peasants' Rights Advocate Is Postponed (NYT) 255
China Postpones Trial Of Family Rights Activist (WP) 256
Hong Kong Democrat Speaks (CSM) 257
Yukos Chief Steps Down, Cites Bankruptcy 'Sham' (WSJ) 258
American President Of Yukos Quits, Saying He Can't Halt Its Liquidation (NYT) 258
Putin Honors Russia Agents After Death Of Terrorist (NYT) . 259
Man With A Mission: A Nigerian Minister Sets Out To Save Kiev (WSJ) 260
Bush Urges Sudan To Allow Peace Force (AP-Y) 262

DOJ_NMG_0042166

US Donates 116 MIn DIrs To African Union Mission In Sudan (AFP) 262
Ethiopia Enters Somalia To Back Government (AP) 263
Ethiopia Sends Troops To Aid Ally (WT) 264
New Good Neighbor, Libya May Soon Feel Pressure To Settle With Victims Of Its Attacks (NYT) 265
N.Z., U.S. Agree To Strengthen Relations (AP-Y) 266
French Socialist Using Web To Win Over Voters (WP) 266
Smuggled Cubans To Stay In U.S. (AP-Y) 268
Disputed Election Puts Strain On Mexicans (LAT) 269
As Other Asian Nations Have Moved To Control Bird Flu, It Is Rapidly Spiraling In Indonesia (NYT) 271
Tsunami Responders Primed By Recent Calamities (CSM) 272
Soros Does Europe (WSJ) 273

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TERRORISM NEWS:

Judge Won't Dismiss Suit Over Domestic Spying Government, AT&T Had Sought To Have Case Thrown Out (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, July 21, 2006

(07-20) 12:54 PDT -- A federal judge in San Francisco refused today to dismiss a privacy-rights group's lawsuit against AT&T for allegedly cooperating in illegal government electronic surveillance of U.S. citizens, and flatly rejected the Bush administration's claims that such litigation threatens national security.

"Dismissing this case at the outset would sacrifice liberty for no apparent enhancement of security," Chief U.S. District Judge Vaughn Walker said in a 72-page ruling denying dismissal motions by both the federal government and AT&T.

He also said AT&T and the Bush administration have already disclosed, for all practical purposes, that the company "assists the government in monitoring communication content" as part of federal anti-terrorism efforts. Allowing private parties to claim that their rights were violated by the company's role in the program would not expose state secrets or assist terrorists, Walker said.

It was the first ruling in the nation on the administration's claim that all of the roughly 30 lawsuits challenging the electronic surveillance program must be dismissed because they threaten to expose state secrets.

The suit was filed in January by the Electronic Frontier Foundation as a proposed class action on behalf of all AT&T customers. It claimed that the telecommunications company had given the National Security Agency access to its telephone and e-mail networks and database of customer records so the agency could mine them for evidence of contacts with terrorists.

President Bush acknowledged in December that he had authorized the National Security Agency, shortly after the terrorist attacks of Sept. 11, 2001, to intercept communications between Americans and suspected terrorists in foreign countries without seeking judicial warrants, as required by federal law. Bush said he had the constitutional power to act without consulting Congress.

Justice Department lawyers asked Walker last month to dismiss the lawsuit against AT&T, arguing that the entire subject of the suit was a state secret. They also said the plaintiffs would be unable to prove essential elements of their case -- for example, that they had been harmed by the program, and that AT&T had no legal authorization for any participation in the government's efforts -- because all evidence that related to those claims must be kept secret.

Walker rejected those arguments today, saying it was premature, at best, to conclude that the case could not proceed without exposing state secrets.

"AT&T's assistance in national security surveillance is hardly the kind of 'secret' that . . . the state secrets privilege (was) intended to protect or that a potential terrorist would fail to anticipate," said Walker, who was named to the federal bench by Bush's father, former President George H.W. Bush, in 1989.

While other lawsuits have been dismissed on the grounds that they would inevitably expose state secrets, Walker said, none of them involved claims of "ongoing, widespread violations of individual constitutional rights."

He also rejected AT&T's claim that customers lacked legal standing to sue because they would be unable to show that the federal government had monitored their calls. The gist of the suit is that the company "has created a dragnet" that illegally diverted the customers' communications to the government and violated their rights, Walker said.

Judge Declines To Dismiss Lawsuit Against AT& T (WP)

By Arshad Mohammed

The Washington Post, July 21, 2006

DOJ_NMG_0042168

A federal judge yesterday rejected the government's effort to throw out a lawsuit about its warrantless surveillance program, arguing that a dismissal of the case would restrict civil liberties without strengthening national security.

The class-action suit against AT&T Inc., filed by the Electronic Frontier Foundation in January, alleges that the nation's largest phone company collaborated with the federal government in an illegal domestic spying program to monitor Americans' phone calls and e-mails.

The government, which has defended the legality of what it has called a "terrorist surveillance program" without revealing many details about its workings, asked U.S. District Judge Vaughn R. Walker to dismiss the case, arguing that it would divulge state secrets and damage national security.

In his ruling, Walker wrote that he saw no "reasonable danger" of harming national security by proceeding with the case, that its subject was "hardly a secret" and that the court had a constitutional duty to decide matters brought before it.

"To defer to a blanket assertion of secrecy here would be to abdicate that duty, particularly because the very subject matter of this litigation has been so publicly aired," Walker wrote. "The compromise between liberty and security remains a difficult one. But dismissing this case at the outset would sacrifice liberty for no apparent enhancement of security."

Walker, who was appointed to the bench in 1989 by President George H.W. Bush and serves as chief judge for the U.S. District Court for the Northern District of California, also rejected a separate motion by AT&T to dismiss the case.

In separate statements, AT&T, based in San Antonio, and the Justice Department said they were studying the ruling and considering their next steps.

"At AT&T, we prize our customers' privacy and we also recognize our obligation to assist law enforcement agencies," company spokesman Michael Coe said. "AT&T is fully committed to protecting our customers' privacy, and we would not provide customer information to any government agency except as specifically authorized under the law."

Robert Fram, the lawyer who argued the case for the San Francisco nonprofit privacy group, hailed the verdict as a victory.

"Judge Walker clearly took seriously his responsibility to take a hard look at alleged violations of civil liberties," Fram said. Walker appeared to take the view that "there doesn't seem to be any benefit to national security to trying to suppress something that the whole world already knows," Fram said.

The National Security Agency's eavesdropping program, launched after the Sept. 11, 2001, terrorist attacks, and revealed in news reports last December, allows the NSA to intercept telephone calls and e-mails between the United States and locations overseas without court approval if one of the parties is suspected of terrorist links.

It is the focus of several lawsuits and months of wrangling between the administration and Congress over its legality.

Last week, Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) and the administration agreed on proposed legislation that would allow President Bush to submit the program to the government's secret terrorism and intelligence court to review its legality. Other lawmakers have criticized that deal, saying it would provide insufficient oversight.

Staff writer Dan Eggen and staff researcher Meg Smith contributed to this report.

Judge Refuses To Dismiss Spying Lawsuit (AP)

By David Kravets, Associated Press Writer

AP, July 21, 2006

SAN FRANCISCO (AP) -- A federal judge Thursday refused to dismiss a lawsuit challenging the Bush administration's domestic spying program, rejecting government claims that allowing the case to go forward could expose state secrets and jeopardize the war on terror.

U.S. District Judge Vaughn Walker said the warrantless eavesdropping has been so widely reported that there appears to be no danger of spilling secrets.

Dozens of lawsuits alleging that telecommunications companies and the government are illegally intercepting Americans' communications without warrants have been filed. This is the first time a judge has ruled on the government's claim of a "state secrets privilege."

"It might appear that none of the subject matter in this litigation could be considered a secret given that the alleged surveillance programs have been so widely reported in the media," Walker said.

Walker also wrote that he did not see how allowing the lawsuit to continue could threaten national security.

"The compromise between liberty and security remains a difficult one," Walker said. "But dismissing this case at the outset would sacrifice liberty for no apparent enhancement of security."

And in declining to dismiss AT&T Inc. from the lawsuit, filed by the Electronic Frontier Foundation privacy group, Walker suggested the case had some merit. "AT&T cannot seriously contend that a reasonable entity in its position could have believed that the alleged domestic dragnet was legal," he wrote.

A Justice Department spokesman said the administration was reviewing the ruling before making its next step.

The lawsuit challenges President Bush's assertion that he can use his wartime powers to eavesdrop on Americans without a warrant. It accuses AT&T of illegally making communications on its networks available to the National Security Agency without warrants.

AT&T, based in San Antonio, said in a statement that it values customers' privacy, but also recognizes its "obligation to assist law enforcement."

The government intervened in the case, telling Walker that Bush's surveillance program, adopted after the Sept. 11 terror attacks, is "a secret of the highest order."

The government argued that divulging any information about any alleged collusion between AT&T and the government to eavesdrop on Americans could subject AT&T employees and facilities to attack and would enable terrorists "to communicate more securely."

The state secrets defense, first recognized by the U.S. Supreme Court in a McCarthy-era lawsuit, has been increasingly and successfully invoked by federal lawyers seeking to shield the government from court scrutiny.

The high court has upheld the legal tactic as recently as January, when it rejected an appeal from a former covert CIA officer who accused the agency of racial discrimination.

The president confirmed in December that the NSA has been conducting warrantless surveillance of calls and e-mails thought to involve al-Qaida terrorists if at least one of the parties to the communication is outside the United States.

The administration contends the program is legal and necessary, but has been mum on whether purely domestic calls and electronic communications are being monitored, as the lawsuit alleges.

A pending legislative compromise worked out by the White House and Sen. Arlen Specter, R-Pa., the Senate Judiciary Committee chairman, would allow the president to submit the spy program to the Foreign Intelligence Surveillance Court for a one-time test of its constitutionality. That legislation, which has not been voted on, would remove the EFF case and others from the federal civil courts.

The EFF plans on asking Walker soon to rule on whether the president possesses wartime powers to authorize warrantless eavesdropping in the United States. The EFF alleges that San Antonio-based AT&T, which neither confirms nor denies the allegations, practices "wholesale surveillance" of its customers.

Judge Denies AT&T, U.S. Motion To Dismiss Domestic-Spying Case (WSJ)

By Roger Cheng

The Wall Street Journal, July 21, 2006

NEW YORK -- A district judge denied a request by AT&T Inc. and the U.S. government to dismiss a lawsuit alleging the two had illegally tracked domestic and foreign telephone calls.

"The court denies the government's motion to dismiss...on the basis of state secrets and denies AT&T's motion to dismiss," U.S. District Judge Vaughn Walker said in a court order filed Thursday.

The lawsuit, filed by the Electronic Frontier Foundation, accuses AT&T of illegally working with the National Security Agency to eavesdrop and track phone calls without warrants.

AT&T spokesman Michael Coe: "We are reviewing the order and evaluating possible next steps.

"The news media have carried reports alleging that AT&T is participating in an unlawful NSA terrorist surveillance program. Unfortunately, the law does not permit AT&T to respond to those allegations."

The dismissed motion was filed by AT&T Corp., the business unit of parent AT&T. A separate motion by the parent company is still under review.

But Kevin Bankston, staff attorney for EFF, said that just because the government gave permission to enable the wiretapping doesn't make it legal. "AT&T has violated the law specifically directed at phone providers. AT&T has harmed its customers, and we're seeking redress for that harm."

The complaint is largely based on documents provided by a former AT&T technician, Mark Klein, who talked of a "secret room" that was installed at AT&T's network facility in San Francisco. Reports indicate there may have been other such facilities throughout AT&T's network.

The San Antonio phone company argued that it should be immune from prosecution since it received government authorization to conduct the surveillance. On April 28, it filed to dismiss the suit. The government, meanwhile, argued that details of the lawsuit would threaten national security.

The parties are scheduled to appear on Aug. 8 for a case management conference, according to the order. The case is being heard in the Northern District of California. The judge is allowing the discovery process on claims of mass interception of phone and Internet traffic, but wouldn't allow looking into whether AT&T provided call detail records to an NSA database.

Controversy over the domestic spying issue peaked after a USA Today article claimed that AT&T, along with fellow "Baby Bells" Verizon Communications Inc. and BellSouth Corp., participated in the program. The newspaper has since said it was unable to confirm its claims that Verizon and BellSouth had been contracted by the NSA to provide records.

Judge Declines To Dismiss Privacy Suit Against AT&T (NYT)

By John Markoff

The New York Times, July 21, 2006

SAN FRANCISCO, July 20 — A federal judge on Thursday rejected a motion by the Bush administration to dismiss a lawsuit against AT&T over its cooperation with a government surveillance program, ruling that state secrets would not be at risk if the suit proceeded.

The case was filed in February by the Electronic Frontier Foundation, a civil liberties group, and alleged that AT&T was collaborating with the National Security Agency in a surveillance program tracking the domestic and foreign communications of millions of Americans.

In rejecting the motion brought by the Justice Department, Vaughn R. Walker, chief judge of the Federal District Court for the Northern District of California, ruled that the government had already disclosed in broad terms whose communications it monitored, and that it was generally interested in calls between the United States and other countries.

“The government has opened the door for judicial inquiry by publicly confirming and denying material information about its monitoring of communications content,” Judge Walker wrote.

“Because of the public disclosures by the government and AT&T,’’ he added, “the court cannot conclude that merely maintaining this action creates a ‘reasonable danger’ of harming national security.”

The judge also rejected a separate motion to dismiss by AT&T, which had argued that its relationship with the government made it immune from prosecution.

Judge Walker noted that his ruling should not be interpreted as an indication that his review of classified material presented by the government confirmed the accusations in the suit.

The government’s surveillance of telephone and Internet activity as part of its effort to track terrorists was disclosed in an article in The New York Times last December. In filing its lawsuit, the Electronic Frontier Foundation cited the testimony of a former AT&T technician who disclosed technical documents about the installation of monitoring equipment at an AT&T Internet switching center in San Francisco.

“This cases arises against the backdrop of the accountability of the government as it pursues its surveillance program,” said Marc Rotenberg, director of the Electronic Privacy Information Center, a civil liberties group based in Washington. “This is a significant victory for the principle of government accountability.”

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Cindy Cohn, legal director for the Electronic Frontier Foundation, said the lawsuit was one of about 35 filed in different states in response to disclosures about the surveillance program, which the Bush administration has acknowledged. Senator Arlen Specter, Republican of Pennsylvania, has introduced legislation to consolidate those cases before a special court that had previously been established under the Foreign Intelligence Surveillance Act to deal with such issues.

Separately, at the request of AT&T, Verizon and the government, a federal court in Chicago has begun to consider whether the cases should be consolidated or heard before separate federal courts.

An AT&T spokesman, Walt Sharp, said the company was evaluating its options in light of the judge's ruling. Mr. Sharp emphasized that the company was committed to protecting the privacy rights of its customers.

A Justice Department spokesman did not return telephone calls seeking comment.

In a separate lawsuit filed before a federal court in Detroit, the American Civil Liberties Union is suing the National Security Agency over the surveillance program.

Lawyers for the Electronic Frontier Foundation said they assumed the government would appeal the ruling, and said the next phase of the case would deal with whether the judge would permit the discovery phase of the trial to continue during the appeal process.

"Everyone expects the government to appeal, and that could take some time," said Robert D. Fram, a partner at Heller Ehrman, the San Francisco firm representing the foundation in the case.

U.S. Loses Bid To Dismiss AT&T Surveillance Suit (LAT)

By Joseph Menn

The Los Angeles Times, July 21, 2006

SAN FRANCISCO — A federal judge on Thursday allowed a lawsuit over domestic surveillance to proceed despite Bush administration arguments that revealing secrets in the case would open the country to terrorist attack.

The ruling by U.S. District Judge Vaughn Walker, in a privacy suit against AT&T Inc. involving surveillance by the National Security Agency, rejected the government's motion that the case be dismissed because of its "state secrets" privilege.

"While the court recognizes and respects the executive's constitutional duty to protect the nation from threats, the court also takes seriously its constitutional duty to adjudicate the disputes that come before it," Walker wrote in his ruling. "The compromise between liberty and security remains a difficult one. But dismissing this case at the outset would sacrifice liberty for no apparent enhancement of security."

Walker based his decision partly on the fact that President Bush and other officials had spoken publicly about aspects of clandestine federal efforts to track suspected terrorists by monitoring the voice and data networks of AT&T and other phone companies.

Bush, for example, has confirmed that the NSA listened without warrants to calls into and out of the U.S. involving suspected terrorists.

Thursday's ruling raises the odds that at least some of the controversial spying programs will have their fates decided in court. It increases the stakes for a Senate bill that would send such legal disputes to a secret foreign surveillance court that historically considers only evidence that federal officials choose to present.

Walker's decision applies only to a case filed in January by the Electronic Frontier Foundation, a civil liberties group that alleged AT&T was violating federal privacy laws by helping the U.S. monitor calls and e-mails.

Foundation attorney Cindy Cohn said she hoped Walker's order would make it more difficult for Congress to keep lawsuits out of open court. "We're hoping that this will convince members of Congress that the government's attempt to sweep all these cases into a secret court is not appropriate," Cohn said.

Justice Department spokesman Charles Miller said, "We are reviewing the court's ruling, and the government has made no decision as to what the next steps will be in the matter."

The case cites not only news reports but testimony and documents from a former AT&T employee in San Francisco, who says copies of all e-mail and digitized voice traffic through the company's local switching office were also sent to a computer room controlled by the NSA.

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Walker said that for now, he would not allow the plaintiffs to seek evidence about another reported surveillance program, which is said to give the spy agency access to billions of calling records. Such records include numbers dialed but not the content of the calls.

Because the government has neither confirmed nor denied such a program, it can more plausibly argue that the program's alleged existence is a state secret, Walker wrote.

The judge also rejected an AT&T motion, that he dismiss the case on the grounds that the company is immune to litigation over cooperation with government security initiatives. Walker cited an admission by one of the company's attorneys that AT&T could have refused a government request for information if it thought it was being asked to do something illegal.

Walker said he intended to appoint an expert to advise him on whether specific pieces of evidence should be kept from the public. He set an Aug. 8 court date for discussions on how to proceed and gave both sides permission to appeal his plan.

Surveillance Bill Meets Resistance In Senate (WP)

By Dan Eggen

The Washington Post, July 21, 2006

A Senate surveillance bill personally negotiated by President Bush and Vice President Cheney ran into immediate trouble this week, as Democrats and other critics attacked the proposal while key GOP leaders in the House endorsed a different bill on the same topic.

The Senate legislation, drafted during negotiations between the White House and Sen. Arlen Specter (R-Pa.), would allow the administration to submit the National Security Agency's warrantless surveillance program to a secret intelligence court for review of its legality.

The proposal was billed as a rare and noteworthy compromise by the administration when unveiled last week. But the legislation quickly came under attack from Democrats and many national security experts, who said it would actually give the government greater powers to spy on Americans without court oversight.

A competing bill introduced by Rep. Heather A. Wilson (R-N.M.) was endorsed this week by two key House GOP leaders: Peter Hoekstra (Mich.), the intelligence committee chairman, and F. James Sensenbrenner Jr. (Wis.), head of the Judiciary Committee.

Specter, chairman of the Senate Judiciary Committee, canceled a markup session for his proposal that had been scheduled for yesterday. He announced instead plans instead for a full committee hearing Wednesday on the Foreign Intelligence Surveillance Act (FISA), the 1978 statute at the center of the debate.

The developments add to the uncertainty surrounding the eavesdropping program, which allows the NSA to intercept telephone calls and e-mails between the United States and locations overseas without court approval if one of the parties is suspected of links to terrorism.

The program -- secretly ordered by Bush after the Sept. 11, 2001, attacks but not revealed publicly until media reports in December -- has been the focus of fierce congressional debate. The Justice Department has spent much of its time fending off a flurry of legal challenges to the program in the courts, including a class-action lawsuit that was allowed to proceed yesterday by a federal judge in California.

Specter's proposal would, among other things, allow the transfer of all pending lawsuits to a secret FISA appeals court that could throw the cases out for "any reason." The bill would also allow -- but not require -- the administration to seek legal approval for the NSA program from another secret court that administers FISA.

The legislation also would lengthen the amount of time the government could spy on alleged terrorism suspects before receiving warrants, and would explicitly affirm the president's "constitutional authority" to conduct spying programs on his own.

Specter defended the proposal during a committee hearing on Tuesday, calling the agreement with Bush "a major breakthrough" that included necessary but acceptable compromises. He also argued that the language acknowledging Bush's legal authority has no real impact but was insisted on by White House negotiators.

"I do believe that it would be a significant precedent if we work this out and the president fulfills a commitment to refer to FISA," Specter said.

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But critics say the proposal would effectively gut the FISA law and give the government too much leeway in clandestine surveillance. Opponents also say the bill would allow the FISA court to approve surveillance programs as a whole, rather than reviewing warrants for specific cases as it does now.

Other GOP proposals -- including bills proposed by Wilson and Sen. Mike DeWine (Ohio) -- are opposed by Democrats and civil liberties groups because they formally authorize the NSA program. But the scope of the Wilson bill, for example, is more limited than Specter's, and requires the executive branch to brief all members of the House and Senate intelligence committees.

Rep. Jane Harman (Calif.), ranking Democrat on the House intelligence committee, said she opposes all the GOP's proposals dealing with the NSA issue, calling them "solutions in search of a problem."

Staff writers Charles Babington and Juliet Eilperin contributed to this report.

Pakistani Man Sentenced In Terror Trial (AP)

By Larry Neumeister

AP, July 21, 2006

NEW YORK (AP) — A Pakistani man convicted of agreeing to help an al-Qaida operative with terrorist plans sneak into the United States was sentenced Thursday to 30 years in federal prison.

Judge Sidney H. Stein said Uzair Paracha knew what he was doing when he agreed to help a former Baltimore resident trying to sneak back into the U.S. from Pakistan.

The government said Majid Khan plotted with top al-Qaida leaders to bomb underground storage tanks in gas stations in Maryland, and enlisted Paracha to pose as Khan so he could obtain immigration documents necessary for Khan to re-enter America. Khan never made it back to the U.S. and the attack never took place.

The judge said a stiff sentence was needed to deter such activity. "Other people need to understand you cannot assist terrorist organizations against the United States," he said.

Paracha, 26, waved and smiled to his family as he entered and left court.

His lawyer, Edward Wilford, told the judge his client was "someone who was used rather than a saber-rattler leading the charge for al-Qaida."

Paracha was convicted in November of providing material support to a terrorist organization after a trial in which prosecutors relied largely on his confession to FBI agents.

Paracha had told the FBI he had no personal interest in al-Qaida but cooperated because Khan and others related to the terrorist network had promised to invest $200,000 in one of his family's businesses.

Paracha testified that he told investigators "what I thought they wanted to hear" during 72 hours of questioning after he was detained in 2003.

His father, Saifullah Paracha, is being held as an enemy combatant at Guantanamo Bay, Cuba. He has denied involvement in terrorism, though documents indicate he is suspected of laundering money for terrorists and associating with al-Qaida figures.

Khan was one of a number of terror suspects seized by the U.S. government and presumed to still be held in overseas jails.

Pakistani Gets 30 Years For Aiding Qaeda Operative (NYT)

By The New York Times

The New York Times, July 21, 2006

A Pakistani immigrant convicted of aiding Al Qaeda was sentenced yesterday to 30 years in prison.

The man, Uzair Paracha, 26, was convicted in Federal District Court in Manhattan in November of trying to help Majid Khan, a Pakistani member of Al Qaeda, obtain documents in 2003 to travel to the United States from Pakistan.

According to trial testimony and Justice Department documents, Mr. Khan had planned with top Qaeda leaders in Pakistan to bomb underground storage tanks at gas stations in Maryland.

Mr. Paracha impersonated Mr. Khan, including posing as him during telephone calls with the Immigration and Naturalization Service and using his credit card to make it appear as though Mr. Khan had never left the United States, when in fact he had gone to Pakistan without notifying immigration authorities.

Mr. Paracha was arrested in March 2003 and faced up to 75 years in prison after being convicted on five charges, including conspiracy to provide and providing material support to Al Qaeda and identification-document fraud for the purpose of engaging in international terrorism.

Domestic Detainee From 9/11 Released (WP)

By Anushka Asthana

The Washington Post, July 21, 2006

Benamar Benatta, believed to be the last remaining domestic detainee from the Sept. 11, 2001, attacks, was released yesterday after negotiations involving Canada, the United States and his attorneys ended his captivity at nearly five years.

Benatta crossed the border from the United States to Canada, where he will be allowed to resume the bid for political asylum that resulted in his detention shortly before the terrorist attacks.

The Algerian air force lieutenant spent more than 58 months behind bars even though the FBI formally concluded in November 2001 that he had no connection to terrorism.

He was among more than 1,200 mainly Muslim men who were arrested after the attacks and held under tight security while authorities scoured their backgrounds for links to terrorist groups. It is believed that Benatta was the last to be released, though it is difficult to be certain because of the secrecy that surrounded some of the cases.

"This is the result of an individual being labeled a terrorist and the government treating him as such," Benatta's attorney Catherine Amirfar said yesterday. "He was fully cleared by the FBI of any connection to terrorism . . . but the label stuck, so a man with no previous criminal record was detained for a visa overstay."

Benatta came to the United States in 2000 for military training and then overstayed a six-month visa. He arrived at the Peace Bridge near Buffalo seeking political asylum in Canada on Sept. 5, 2001. Officials there detained him while investigating his claim. Benatta's background -- an Algerian Muslim and an avionics technician without proper immigration papers -- prompted Canada to turn him over to the United States after the terrorist attacks. He was placed in solitary confinement in a New York City jail.

He was initially charged with carrying fraudulent papers until a federal magistrate called those accusations a "sham." Since then, he has been held for overstaying his visa as he waged a multiyear battle for political asylum in the United States or Canada, alleging he would be killed if he were returned to Algeria.

Government officials have been repeatedly criticized about Benatta's treatment. In 2003, federal Magistrate Judge H. Kenneth Schroeder Jr. found that Benatta had been "undeniably deprived of his liberty." Keeping him in prison any longer "would be to join in the charade that had been perpetrated," he wrote.

Despite the findings, Benatta was kept in jail while he made a claim for U.S. asylum that was ultimately refused. At one point, he was offered release on a $25,000 bond but was unable to pay. Later, when his attorneys sought his release on bond, the government declined.

A spokesman for the U.S. attorney's office in New York declined to comment, and a press officer for Canadian immigration officials said privacy laws prohibited her from discussing the case.

An order in the U.S. Court of Appeals for the 2nd Circuit, issued Tuesday, confirmed that Canada had issued Benatta a temporary resident permit "for the purpose of allowing petitioner to enter into Canada to pursue a claim for refugee status in that country."

Yesterday, Benatta was questioned in Canada and released. Canadian officials have essentially agreed to turn the clock back to Sept. 5, 2001. His attorneys contend that it was unlawful for Canadian officials to hand Benatta over to the United States, and they say this week's action is an acknowledgment that mistakes were made in 2001.

"Obviously, there is enormous relief," said Janet Dench, executive director of the Canadian Council for Refugees, who got involved in the case a year ago and has been negotiating with Canadian officials. "But I am extremely bitter that five years of a person's life can be taken away."

Dench said Benatta deserves compensation, but that his first thoughts will be asylum. "There is no guarantee he will be accepted," she said.

Beirut Violence Strands Defense Lawyers In Padilla Case (LAW)

By Julie Kay, Daily Business Review

Miami Daily Business Review, July 21, 2006

Three defense attorneys in a Miami terrorism case who were trapped in Beirut by the conflict between Israel and Lebanon have been evacuated safely to Cyprus.

Miami Assistant Federal Public Defender Orlando do Campo and two private lawyers, William Swor of Detroit and Andrew Patel of New York, traveled to Lebanon about three weeks ago. They were there to do research and take depositions in preparation for the scheduled federal trial in September of accused dirty bomber Jose Padilla and four other defendants before U.S. District Judge Marcia Cooke.

The lawyers were stuck at a Beirut hotel, according to Swor's secretary. They had departed for Beirut on July 2 and were supposed to return on July 14. But war broke out July 12 when Israel began its campaign to recover two kidnapped Israeli soldiers. Israel bombed the airport, trapping the lawyers and thousands of other Americans and Europeans in Lebanon. The lawyers had no choice but to stay on at the hotel while the U.S. and other governments made plans to evacuate their citizens.

While he was trapped at the hotel, Swor sent daily e-mail updates to a list of colleagues from his laptop computer. A local lawyer who was on the e-mail list described some of Swor's dispatches.

"Day 1: We're sipping pina coladas by the pool. The staff is wonderful. Day 2: We've moved into one room. The French got out. This is like Hurricane Katrina all over again -- Bush can't seem to coordinate these things."

At one point, Swor was at a local church while a priest was praying and a bomb went off nearby. The priest didn't pause, he just prayed faster, Swor reported.

Do Campo and Patel represent Padilla. Swor represents Kifah Jayyousi. Padilla, Jayyousi and Adham Hassoun -- along with two co-defendants who are in the Middle East and will be tried in absentia -- are charged with conspiring to commit terrorism and funding terrorist groups in Bosnia and the Middle East. All have pleaded not guilty.

The three attorneys were rescued Wednesday and put on a cruise ship chartered for the rescue effort. They were taken to nearby Cyprus. From there they are expected to fly back to the United States.

Sources said the three men may have been rescued by the Swedish government, along with a group of Swedes who also were trapped at the hotel.

Two other lawyers, Kenneth Swartz and Jeanne Baker of Miami, who represent Hassoun, had been planning on traveling to the Middle East to interview their client's wife and other witnesses next month. But they've canceled their trip because of the war.

Israel's campaign has mainly been targeted at wiping out the military capabilities of the Islamic fundamentalist group Hezbollah, which carried out a cross-border attack in which it killed eight Israeli soldiers and kidnapped two.

Baker said she was not certain yet how essential it is to her case to travel to the Middle East, and whether she and Swartz will seek a trial postponement as a result. "My client has been sitting in pretrial detention for a long time so I don't know that we want to delay things any more," she said. "But we have to put the trip on ice for now."

Neither Federal Public Defender Kathleen Williams nor Deputy Federal Public Defender Michael Caruso in Miami returned calls for comment. But according to several sources, the office was worried about their colleague trapped in a war zone. Alicia Valle, a spokeswoman for the U.S. Attorney's Office, declined to say whether federal prosecutors also will travel to the Middle East to build their case.

U.S. Marines went into Lebanon Wednesday to begin the rescue effort. The U.S. government chartered the Greek-flagged cruise ship Orient Queen, which it used to transfer about 1,100 evacuees to Cyprus. The effort continued Thursday. The State Department estimates that there are 25,000 Americans in Lebanon, but it is unclear how many want to evacuate.

HOMELAND RESPONSE:

FBI Investigating Hezbollah Cells In North Carolina (WCNC-TV)

WCNC-TV, July 21, 2006

The Charlotte division of the FBI is actively investigating Hezbollah cells in the Carolinas.

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In 2002 a trial in Charlotte's federal court revealed a cell of Hezbollah terrorists operating in Charlotte. It was shocking then and surprising now that terrorism experts say Hezbollah is still in the Queen City.

Michael Resnick, in charge of the FBI's Joint Terrorism Task Force for North Carolina, confirms they are currently investigating Hezbollah cells in North Carolina.

"Clearly they have a violent capability," he said. "They are a military organization, as evidence by what is going on in Lebanon."

And as evidenced by what happened in Charlotte in 2002 that Hezbollah has roots in the Carolinas. Mohammed Hamoud and his brother were convicted in Charlotte of smuggling cigarettes and funneling the money to Hezbollah. Prosecutors said they were the head of a secret Hezbollah cell.

Ken Bell prosecuted the case and said, "This was the real deal here. There weren't just wanna bees. We had a real terrorist cell here in Charlotte."

"If you compare the professionalism, organization, infrastructure between Hezbollah and al Qaeda, Hezbollah is the more dangerous terrorist organization."

Bell got thirteen guilty pleas, three convictions, and one deportation in the cigarette case. Still the FBI believes Hezbollah has not left Charlotte.

"I would describe that cell as being significantly dismantled by prosecution and deportation," Resnick said. "But that doesn't mean that the presence of Hezbollah in Charlotte or North Carolina is greatly diminished."

Hezbollah operatives in Charlotte are mainly raising money the FBI says, at least for now.

"Terrorist groups tend to change their techniques," Resnick said.

"Hezbollah unfortunately is positioned in the united states, that if they ever wanted to go violent, they're here, and it would be something for us to worry about," according to Bell.

Database Is Just The 1st Step (USAT)

By Robert Stephan

USA Today, July 21, 2006

Rest assured there are no flea markets, petting zoos, popcorn factories, hot dog stands or other such facilities on the Department of Homeland Security's critical "target lists."

Contrary to recent reports, we use a variety of tools to identify and assess the risk to our nation's infrastructure. One is the National Asset Database. It is not, as has been reported, a list of the most critical assets in our nation nor does it drive the department's funding decisions. The database is merely the first step in creating a "phonebook" of more than 77,000 facilities, assets and systems across the nation, so we can conduct more detailed risk analysis.

We asked federal partners and state and local officials to help build the database. We also welcomed private-sector submissions and used commercial databases and experts to enrich it. We include all the data as a starting point, then filter key data on the basis of vulnerability, threats and consequences.

Only assets that are the most vulnerable and represent significant public health, economic and national defense consequences make the final cut. This carefully screened set of target listings, roughly 600 nationwide, drives our decisions on the focus of operations, resource investments and grants. These target lists are classified so they won't become a road map for our enemies.

Because today's terrorist targets are not necessarily tomorrow's targets, the database must be broad and inclusive. In a natural disaster, our ability to access data on this wide array of facilities can help us provide adequate assistance and response.

In a recent report, the department's inspector general seems to have missed the purpose of the database entirely. His auditors never interviewed me in preparing this report, which makes me question the reporting process and the office's expertise on this topic. The inspector general focused on raw, unfiltered data to create national hype. That's akin to looking at what's left on the cutting room floor rather than at the movie, then giving it a half-star rating.

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The inspector general attempted to turn a deliberative, analytic process into a national mockery. That does a huge disservice to the department's dedicated men and women and to the American people, whom they have served so ably for the past three years.

Retired Air Force colonel Robert Stephan is the Homeland Security Department's assistant secretary for infrastructure protection.

They're Protecting The Bigger Picture (LAT)

The Los Angeles Times, July 21, 2006

Re "Stalking terror, one porcupine at a time," Opinion, July 18

There has been misunderstanding with the approach that the Department of Homeland Security takes in the identification of our nation's critical infrastructure and our efforts to manage and reduce the risk surrounding it.

The National Asset Database, which has been the focus of this attention, is not a list of critical infrastructure. The first step in creating such a list is to gather as much information as possible. The department sifts through the submitted data in various analyses to determine risk. Only those assets with the highest risk end up on our national critical infrastructure list. This vital part of the process was clearly missed by the inspector general in his report — and by most news media.

This database is not the only tool that the department uses to identify infrastructure across the nation. It is also worth noting that the database is not directly connected to grant funds.

By incorrectly focusing on this one database, these reports do a disservice to the general public.

ROBERT STEPHAN Asst. Secretary for Infrastructure Protection

Dept. of Homeland Security

Washington

Did Ya Hear The One About America's Disaster Planning? (USAT)

USA Today, July 21, 2006

If you were building a database of the nation's critical assets, would the Amish Country Popcorn factory near Berne, Ind., or a petting zoo in Woodville, Ala., or Georgia's Kangaroo Conservation Center make the list?

Of course not, you say?

Then you couldn't work for the Department of Homeland Security (DHS) or for some of the states that fed it information.

For a time, all three sites, plus dozens of similarly obscure ones, were part of the DHS National Asset Database, which was supposed to be, in the department's words, a catalog of the nation's critical infrastructure and key resources.

Now, a top DHS official says such spots are off the list. Nearly five years after 9/11, that's a relief. Even so, their original inclusion is so absurd that it leaves you wondering whether some of the nation's security planning is being handled by late-night comedy writers.

This particular gag took three years and $32 million to write. It lists 77,069 assets. Yes, 77,069, suggesting that government officials at every level aren't willing to set priorities. Pretending to protect everything means that nothing is protected well.

You don't need to be a terrorism expert to know that al-Qaeda targets the premier symbols of America's political and financial might. Yet, a report by Homeland Security's inspector general last month found that the huge database contains "an abundance of unusual, or out-of-place, assets" and other distortions, hampering its value.

One example: Washington state lists 65 "national monuments and icons," 28 more than Washington, D.C.

How did this happen?

After starting with a list of 1,849 assets in 2003, the department put out two calls to states for input on "critical infrastructure and key resources." The department provided "guidance" on what to include, but it did not provide caps. In some cases, Washington got back exactly what it asked for.

Indiana listed the popcorn factory because it met this criteria: agricultural facilities that ship to at least five states, according to state Homeland Security Director Eric Dietz.

A spokesman for Alabama's Homeland Security Department said the data call went to counties, which then thought they were competing for grants and loaded up on critical assets.

Robert Stephan, assistant secretary for infrastructure protection at the Homeland Security Department, says the database doesn't drive funding decisions. It's really a catalog of facilities and systems that can be accessed during natural disasters or in case of a terrorist threat, he says.

Such an undertaking is easily mocked, and the DHS inspector general appears to have taken a dubious shortcut: His investigators failed to interview Stephan.

Even so, gathering a phone book for disaster planning shouldn't be an exercise in mindless bureaucracy. And choosing the nation's most vulnerable and consequential terrorist targets shouldn't be much more complicated than calling the governors, giving them a deadline and putting someone smart and impatient in charge. Chances are they'd produce a better list for closer to $32 than $32 million.

And hold the popcorn.

Canadian, U.S. Mayors Unite To Fight U.S. Border Security Plan (AP)

The AP, July 20, 2006

WINDSOR, Ontario - Mayors from Canada and the United States on Thursday called on Washington to delay the implementation of the controversial Western Hemisphere Travel Initiative, which would require Canadians to have passports to cross the border.

The dozens of mayors who met in the border city of Windsor, just across the river from Detroit, said they worry the measures would severely hurt tourism and trade.

Windsor Mayor Eddie Francis said people won't pay nearly $100 for a passport just to eat at a restaurant across the border or attend a sporting event.

Toronto Mayor David Miller said the U.S. law would inconvenience people who are already of low security risk and that there are more effective ways to stop terrorists and organized crime.

Under the Western Hemisphere Travel Initiative, all Canadian and U.S. travelers will be required to have passports or a high-technology identification card for air and sea travel by January 2007, and for land crossings by January 2008.

With only 23 percent of Americans and 40 percent of Canadians holding valid passports, officials fear the plan will have a devastating effect on cross-border tourism.

Congress passed the plan in 2004 as a way to more closely monitor who's entering the country in the wake of the terrorist attacks on Sept. 11, 2001.

"It's important for us to find a real solution ... something that's affordable, available and accessible and that's going to keep people traveling," said Francis, host of the daylong summit which was attended by 60 mayors and government officials from both sides of the border.

Dan Onichuk, mayor of Fort Francis, Ontario, which borders International Falls, Minn., said it would cost him some $700 Canadian ($616 U.S.) to get passports for six children.

"It's a very scary proposition," he said, noting his teenagers frequently cross the border to go to the movie theater, while International Falls residents visit his city to use the area's only curling rink.

"It will end the way that we socially and economically get together," he said.

U.S. Homeland Security chief Michael Chertoff was in Canada earlier this week and said Washington was looking at alternative, cheaper identification cards, such as a "PASS card" that would be only one-third the cost of a passport.

Frank Moss, Washington-based deputy assistant secretary of Passport Services, conceded there would be some snags as the U.S. moves into tighter security measures, a process started after the terrorist attacks in 2001. He called the summit an informative day but wouldn't comment on whether the U.S. would change or delay the passport regulation.

Mayors Gather In Windsor To Debate Passport Rule (FREEP)

By Ben Schmitt, Free Press Staff Writer

Detroit Free Press, July 21, 2006

Detroit Mayor Kwame Kilpatrick gathered with 60 Canadian and American mayors this morning in Windsor to express concerns over a proposal to require passports for border crossings.

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Under the Western Hemisphere Travel Initiative, all Canadian and American travelers crossing into the United States must have passports or a high-technology identification card for border crossings by January 2008.

"We need to really have a conversation about how we strengthen the protection of our borders, but also how we make it free flowing and easy so we all can economically benefit," Kilpatrick said.

Kilpatrick said many nurses at Detroit Receiving Hospital commute from Canada.

"God forbid something happens in the city of Detroit and people can't get through the border," he said.

Kilpatrick said he is supporting the idea of an enhanced license with similar requirements of a passport, but cheaper to obtain.

Windsor Mayor Eddie Francis concurred.

"People wake up in Windsor and decide to go on a Vegas trip," he said. "If they need a passport, they're not going to be as spur of the moment. So it impacts cities far removed from the border as well."

As she waited in traffic to enter the Detroit-Windsor Tunnel from the Canadian side, Beverly Cyr, of Windsor, said she opposes any passport requirement.

"I work as a tour guide in the city," she said. "People aren't going to come if they have to pay $100 for a passport."

Disaster Plans Don't Address Nursing Homes (AP)

By Lara Jakes Jordan, Associated Press Writer

The AP, July 21, 2006

Federal plans to help evacuate the elderly and ill from a disaster do not cover nursing home patients and provide inadequate transportation, congressional investigators reported Thursday.

In response, the Pentagon and Homeland Security Department said state and local officials are responsible for planning the evacuations of hospitals and nursing homes.

Before Hurricane Katrina hit the Gulf Coast last Aug. 29, hospital and nursing facility administrators faced the dilemma of whether to evacuate patients whose health could be worsened by a move.

Under the national response plan for emergencies, the government has the power to step in when state and local officials are overwhelmed. But the plan addresses evacuation procedures for hospitals, not nursing homes, according to the Government Accountability Office.

In addition, the response plan does not provide for ambulances or helicopters to evacuate patients from facilities. Instead, the guidelines begin to apply at a mobilization center, such as an airport, and only after patients have been moved.

"This report outlines gaps in our disaster response system which may have contributed to some of the unconscionable situations during Katrina in which nursing home residents and hospital patients were not evacuated," said Sen. Charles Grassley, R-Iowa, who ordered the investigation.

"These residents and patients relied on others for their care, safety and security," Grassley said. "That is why, at all levels, local, state, and federal, we must be prepared to respond effectively in the aftermath of a natural or manmade disaster."

At least 40 bodies, many of them elderly patients, were found inside a flooded New Orleans hospital after Katrina hit. Also, 34 patients at a nursing home near New Orleans died in the wake of massive flooding brought by the storm's surge. The nursing home's owners were charged with negligent homicide for failing to evacuate the patients.

Homeland Security and Pentagon officials, in their responses to the report by the investigative arm of Congress, noted that the response plan gives state and local officials the job of evacuating people.

"You might better describe the limitations and/or deficiencies as those of state and local government," wrote Assistant Defense Secretary William Winkenwerder.

Steven J. Pecinovsky of the Homeland Security Department said the federal government "only becomes involved when the capabilities of the state and local governments are overwhelmed." He said the department will take the recommendations under advisement.

FEMA On Standby As Beryl Heads Toward New England (AP)

By Lara Jakes Jordan

DOJ_NMG_0042180

AP, July 21, 2006

WASHINGTON --Federal responders along the Atlantic coast were on standby Thursday and truckloads of bottled water were headed to Boston as Tropical Storm Beryl spun toward New England.

The modestly intense storm --the second of the 2006 season with a name -- was expected to head out to sea, but FEMA Director R. David Paulison said his agency was taking no chances.

"We're still hoping the Hurricane Center is correct and it's going out to the East, out into the Atlantic, but it hasn't done that yet," Paulison told reporters as he unveiled the Federal Emergency Management Agency's new $3 million National Response Coordination Center.

He said federal response teams along the East Coast have "got their bags packed. We simply haven't deployed them yet since there's no reason to do that. There's really no place for them to go."

Fifteen truckloads of bottled water -- each carrying about 5,000 bottles -- were being tracked every 30 minutes as they made their way from a FEMA warehouse in Ft. Worth, Texas, to Boston, officials said. The water was not being sent specifically for Beryl, but was shipped to make sure the region had enough on hand for upcoming emergencies.

Much of New England was hit by flooding earlier this year, and maps at FEMA's headquarters forecast Beryl's effects to reach Rhode Island, Massachusetts, Connecticut and parts of Maine.

FEMA officials showed off their new tracking system as one of many new tools the agency has acquired since being overwhelmed and humiliated by its poor response after Hurricane Katrina slammed into the Gulf Coast last Aug. 29.

The state-of-the-art coordination center aims to make sure FEMA has a better handle on future disasters and is in better contact with responders in states and across the federal government.

But Paulison said he still has to fill up to 400 vacant jobs at FEMA after a surge of employees retired over the last year. Moreover, three of 10 top-level managers who oversee regional offices have yet to be replaced.

"We have a lot of work to do, folks," Paulison said. "It took FEMA 30 years to get here, and you can't fix everything in a couple of months. But the big things that we saw wrong with Katrina -- commodities, tracking those types of things, communications, -- all of those types of things we have repaired, and we are ready to go."

WAR NEWS:

Iraq's Police Overwhelmed By Violence (CSM)

By Dan Murphy

The Christian Science Monitor, July 21, 2006

BAGHDAD

At her home in central Baghdad, Niran al-Sammarai frets over the fate of her husband, kidnapped Saturday with 30 of his colleagues from a conference hall in one of the most heavily patrolled parts of Baghdad.

In Rasafah district, a police captain says he and colleagues are contemplating mass resignations in frustration over mistrust from US forces and orders from Iraqi politicians to release known criminals.

In the once fashionable Mansoor shopping district, metal grates are drawn over half of the businesses. And in Karada, one of Baghdad's safest neighborhoods, many of the businesses are shuttered too. The remaining shopkeepers complain that poor security is driving customers away.

In Baghdad and across much of the center and south of the country, the rhythms of normal life and commerce are rapidly breaking down in a sign that US and Iraqi government plans to build an effective security force are faltering. Reports of police standing aside as civilians get attacked are common, as are claims by survivors that government security forces, infiltrated by sectarian militias, took part in the killings.

The United Nations estimates 14,338 Iraqis were killed in the first six months of the year, and there are indications the rate of bloodshed is rising; more than 3,000 Iraqis were killed in June, most after the June 7 killing of Al Qaeda leader Abu Musab al-Zarqawi, whose death US officials had hoped would diminsh violence.

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"The government promised security, but the increasing number of bombs in our neighborhood proves that they're failing," says Ibrahim Mohammed, who runs a leather-jacket store in Karada where sales have collapsed "to almost nothing" in the past few months.

The escalating violence induced the reclusive top Shiite cleric Grand Ayatollah Ali Sistani to call Thursday "on those who are keen for the unity and future of this country ... to exert maximum efforts to stop the bloodletting."

Members of the Shiite endowment board, which oversees Shiite mosques, suspended their work for five days in a sign of solidarity with their Sunni counterparts after 20 members of the Sunni endowment board were kidnapped. But despite such moves to bring unity, violence has continued largely unabated.

US military officials said Thursday that violence jumped in the capital over the past five days from an average of 24 attacks a day to 34 despite a security plan unveiled last month with much fanfare.

"We have not witnessed the reduction in violence one would have hoped for in a perfect world," said US spokesman Maj. Gen. William Caldwell at a press conference. But he said the plan is "a start." Policemen interviewed across the capital say it's too dangerous to confront insurgents and militia groups. Recently in Mahmoudiya, south of Baghdad, men, women, and children were killed in an insurgent assault that witnesses interviewed by Iraqi journalists say local police did nothing to stop.

The kidnapping of Ms. Sammarai's husband illustrates the extent of the problem. Her husband, Ahmed al-Hajia, who heads Iraq's National Olympic Committee, was leading a committee meeting on Saturday at the Oil Culture Center in Baghdad's Bab al-Sheikh neighborhood.

The center is next to Baghdad's busiest bank, a quarter-mile from Baghdad's Major Crimes Unit, and a half-mile from Tahrir Square, where Saddam Hussein's statue was toppled after US forces captured Baghdad.

The area is usually rife with Iraqi police and army checkpoints.

Nevertheless, at about 2 p.m. that day a group of more than 20 gunmen in the uniforms of police commandos roared up to the hall in about 20 white Toyota pickup trucks - the type used by Iraq's police. The men overpowered the few guards and burst inside, according to four witnesses, none of whom wished to divulge their names because they feared retribution.

The attackers were "very calm, very professional, not nervous at all," says a hall employee, pointing to four bullet holes in the ceiling from a rifle burst used to establish control over the hostages.

He and other witnesses say the gunmen spent a methodical 30 minutes separating Olympic Committee officials and journalists from waiters and other employees of the hall, cuffing them with plastic zip ties and blindfolding them. By 3 p.m. they had left with about 30 hostages, Mr. Hajia among them. Since the attack, 10 of the hostages have been released while two of the guards have been found dead.

"What this really proves is how far out of control Iraq is now," says an official from the Olympic Committee. "We know there are checkpoints in the area. But any group of men with uniforms, with guns, can just drive wherever they want and no one will dare stop them."

The witnesses refused to speculate on whether police were responsible or insurgents in uniform.

"Answering those kinds of questions is very dangerous," one man said. But some quarters seemed convinced the police were involved. Last Saturday US and Iraqi soldiers raided the Major Crimes Unit (MCU).

They arrived after dark without warning and policemen there opened up on the soldiers. A brief firefight ensued, injuring some bystanders. Eventually order was restored and US soldiers went inside saying they were looking for Mr. Hajia and others kidnapped but found nothing, according to a policeman who works there.

The MCU has been considered by US military trainers to be one of the most professional police units in Baghdad. It has managed to sidestep the sectarian loyalties that lead many Baghdad residents to view police as little more than Shiite militias. American Military Police working to improve the unit's effectiveness had gone home for the day shortly before the US raid.

"Clearly they got a bad tip, but I'm very, very angry," says the police officer. "We've worked closely with the Americans, we've taken a lot of risks and they couldn't have handled this in a different way?" For him, he says the raid was the last straw.

In recent months he says the unit has captured a number of men they believed were running Shiite death-squads in the city. But the Interior Ministry, which oversees the police, secured the alleged killers' freedom in all cases. "There's too much

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interference from politicians, from the Americans, to do this job properly." He says that he and five other senior members of the unit are likely to quit soon.

Sammarai says her husband's kidnapping was political, and not financially motivated. She charges there are opponents of her husband who wanted to drag the committee into sectarian politics and were angry at his insistence that "sports and politics shouldn't be mixed."

"Our country is bleeding. All my husband wanted to do was build something - he helped get us to Athens, he was putting the past behind us. This is so unfair," says Sammarai. Another official on the committee, who didn't attend the meeting, also says he believes the attack may have been undertaken at the behest of Hajia's rivals. He points out that the hostages released so far have included Shiites, Sunnis and Christians, which implies it wasn't motivated by sectarian hatred.

An Ebb Proves No Respite In Violent Summer In Iraq (WP)

By Andy Mosher

The Washington Post, July 21, 2006

BAGHDAD, July 20 -- Iraqi police scoured the streets of the capital from dawn till midday, looking for corpses and finding dozens. Residents of a northern city who celebrated the end of a hot day with a scoop of ice cream were ravaged by a car bomb. And the country's foremost religious authority said Iraqis could solve their problems only "with love and peaceful dialogue."

Thursday was one of the quietest days in one of the year's bloodiest weeks, with no single reported attack in Iraq claiming more than 13 lives. Yet the factional violence that has plagued the country since late February -- and reached new heights in the past two months -- simmered in many different areas, taking many different forms.

The violence once again centered on Baghdad, where a car bomb in the morning killed six people, including three police officers, in the neighborhood of Baladiyat; another at noon in the city center also killed three police officers and three civilians; and a third in the afternoon killed three more police officers and three more civilians in the northern Shiite neighborhood of Shula, according to Col. Sami Hassan of the Interior Ministry.

A roadside bomb on the city's eastern side killed two people, he said. Hassan also said police squads searched different areas of Baghdad, looking for the corpses that are found most mornings on the city's streets. Working from sunrise until 1 p.m., in heat that exceeded 110 degrees for much of the day, they found 38 bodies. Most were shot in the head and chest, according to Hassan.

The U.S. military, meanwhile, acknowledged that a joint U.S.-Iraqi effort to reduce violence in the capital had not achieved the desired results after slightly more than one month.

During the first 30 days of Operation Together Forward -- which employed 7,200 American troops and 42,500 Iraqi security personnel in stepped-up searches, increased checkpoints and other operations -- the number of attacks in Baghdad averaged 23.7 a day, according to statistics released Thursday by the military. By comparison, the daily average for the previous three months was 23.8.

However, from July 14 through July 18, the five days after the operation had reached the one-month mark, the average number of attacks jumped to 34.4.

"There was in fact a slight reduction in the level of violence" during the first month, Maj. Gen. William B. Caldwell, a U.S. military spokesman in Baghdad, said during a news briefing.

"So there was in fact a slight down-tick that was occurring," Caldwell said, "and progress was being made as we moved forward with this operation."

But the subsequent five days "have been tough," he said. "We have not witnessed the reduction in violence one would have hoped for in a perfect world, but there have been some successes."

Caldwell pointed out that attacks had been concentrated in five areas of the capital. "This contrasts to the swaths of Baghdad experiencing somewhat relative peace. Hundreds of thousands of Baghdadis live a regular life day in and day out, unmarred by the violent attacks on civilians in the most troubled areas," he said.

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Across Iraq, the number of Iraqis registered as refugees has jumped by 30,000 since the beginning of July, according to Iraq's Migration Ministry. A total of 162,000 refugees have registered with the ministry since Feb. 22, when the bombing of a Shiite shrine in the northern town of Samarra triggered the current phase of intense sectarian fighting.

...

Northern Iraq was the scene of two of Thursday's grisliest bombings.

In Tikrit, about 90 miles north of Baghdad, a crowd had gathered around a car that contained a corpse when a bomb exploded, killing 13 people, including three police officers, according to police Capt. Ahmed al-Qaisi.

And in Kirkuk, 160 miles north of the capital, a car bomb targeting a police patrol blew up in front of Ishtar, one of the city's best-known ice cream shops. The explosion, which killed seven people and wounded 18, occurred at 8:10 p.m., said police Col. Taha Salah al-Din. Most of the casualties were civilians enjoying a cool treat at the end of a hot day.

The relentless violence has elicited calls for peace this week from a wide range of Iraqi, U.S. and international leaders. On Thursday, Grand Ayatollah Ali Sistani, the Shiite cleric who commands the largest following of any figure in Iraq, called on all Iraqis "to be aware of the danger threatening their nation's future and stand shoulder-to-shoulder in confronting it."

In a statement issued by his office in the Shiite holy city of Najaf, the reclusive Sistani said the bloodshed could be ended only by "abandoning hatred and violence and replacing it with love and peaceful dialogue to solve all problems and differences."

Sharp Rise In Baghdad Violence Reported (AP)

By Robert H. Reid

AP, July 21, 2006

Bombings and shootings soared by 40 percent in the Baghdad area in the past week, the U.S. military said Thursday. An American general said extremists were preparing "an all-out assault" on the capital in a decisive battle for the future of Iraq.

Iraq's most influential Shiite cleric issued his strongest call yet for an end to Shiite-Sunni bloodletting, urging all Iraqis to wake up to the "danger threatening the future of the country" and stand "side-by-side against it."

U.S. military spokesman Maj. Gen. William Caldwell said there had been an average of 34 attacks a day involving U.S. and Iraqi forces in and around the capital since Friday — up sharply from the daily average of 24 registered between June 14 and July 13.

"We have not witnessed the reduction in violence one would have hoped for in a perfect world," Caldwell told reporters. "The only way we're going to be successful in Baghdad is to get the weapons off the streets."

Caldwell said insurgents were streaming into the capital for "an all-out assault against the Baghdad area."

"Clearly the death squad elements, the terrorist elements, know that Baghdad is a must-win for them," he said. "Whoever wins the Baghdad area, whoever is able to bring peace and security to that area, is going to set the conditions to stabilize this country."

But much of the bloodshed has been carried out by Shiite militias seeking retribution for attacks by Sunnis — including organized insurgents, religious extremists and Sunnis not affiliated with resistance groups but fearful of Shiite gunmen.

The result is a pattern of tit-for-tat vendetta killings which is difficult to stop by military action or political overtures to Sunni insurgent leaders.

With thousands fleeing areas where their sect is in the minority, Iraqis fear Baghdad is being transformed into a Sunni west and a Shiite and Christian east — divided by the Tigris River that flows through the center of the city.

Alarmed by the crisis, Grand Ayatollah Ali Al-Sistani issued a rare statement, saying the time has come for "all those who value the unity and future of this country" to "exert maximum efforts to stop the bloodletting."

Al-Sistani, a longtime voice of moderation, urged Iraqis against "falling into the trap of sectarian and ethnic strife," which he said will only delay the departure of foreign troops.

"I repeat my call today to all Iraqis of different sects and ethnic groups to be aware of the danger threatening the future of the country and stand side-by-side against it," he said.

Caldwell's comments were among the most frank by a senior American military official about the grave crisis facing Prime Minister Nouri al-Maliki's two-month-old national unity government.

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U.S. officials have long pointed to relative peace in many of Iraq's 18 provinces, dismissing the insurgency as a problem limited to Baghdad and sparsely populated Sunni Arab areas to the west and north.

However, Baghdad is the country's major transportation hub, the center of political and economic power, and home to more than 20 percent of the population. Its religiously and politically mixed population makes it a natural battleground for control of the country.

"Baghdad is a must-win not only for the prime minister, but for al-Qaida in Iraq," Caldwell said. "Without Baghdad's centralized access to power brokers, Baghdad's large, diverse population, its financial resources, the terrorists elements will lose here in this country."

With the stakes high, al-Maliki last month unveiled a much-heralded security plan for Baghdad, including up to 50,000 police and soldiers on the streets, more checkpoints and raids in neighborhoods where violence is high.

But with surging attacks in the capital — including the kidnappings of Iraqi officials — leading politicians from Shiite and Sunni parties have declared the plan a failure. The United Nations said this week that about 6,000 civilians were killed in May and June, many of them in sectarian violence.

About 50 people were killed Thursday in attacks nationwide, police said. They included a U.S. Marine killed in Anbar province and 12 people who died in a car bombing near Beiji, 155 miles north of Baghdad. Five others were killed by a car bomb in the northern city of Kirkuk.

The crisis in Baghdad raises questions about the ability of Iraq's U.S.-trained police and army to cope with sectarian violence. That in turn casts doubt about the U.S. timetable for handing over security responsibility to the Iraqis in all 18 provinces by the end of next year.

Despite the recent bloodshed, National Security Adviser Mouwafak al-Rubaie said Iraqis will be in charge of security in eight of the 18 provinces before year's end. However, he said the fight against insurgents could last for years.

The government said al-Maliki has dismissed an undisclosed number of security officials for failing to respond to a Monday attack in Mahmoudiya in which at least 51 people were killed. Suspected Sunni gunmen went on a rampage through a market, shooting at shoppers and vendors. Most of the victims were Shiites.

Nevertheless, Caldwell insisted Iraqi forces were "giving their all to bring security to the Baghdadi citizens." He said at least 92 Iraqi police and soldiers had been killed and 444 wounded in fighting in the capital since mid-June.

Crackdown Yields Little Security In Baghdad (LAT)

By Julian E. Barnes

The Los Angeles Times, July 21, 2006

BAGHDAD — More than a month after the beginning of a highly publicized security crackdown and the killing of militant leader Abu Musab Zarqawi, the number of daily attacks in Baghdad has actually increased.

Iraqi and U.S. forces began stepping up patrols, creating new checkpoints and conducting more searches June 14. But the initiative, Operation Together Forward, has not reduced the number of attacks in the capital, according to statistics released by U.S. military forces Thursday.

In the 101 days before the crackdown, an average of 23.8 attacks occurred daily. In the first 35 days of the operation, the average was 25.2 attacks a day.

The failure of the crackdown to decrease the violence is yet another sign of the sectarian conflict that has buffeted this city. Continuing violence across Iraq prompted Grand Ayatollah Ali Sistani, the nation's highest-ranking Shiite Muslim cleric, to issue a rare public statement Thursday that urged Iraqis to stop attacks against civilians.

"I repeat my call today to all Iraqis of different sects and ethnicities to realize the extent of the danger threatening their country's future and confront it side by side," Sistani wrote.

In the statement, Sistani called on those setting off car bombs and carrying out executions to stop, and to instead start talking with the government.

Prime Minister Nouri Maliki and U.S. military leaders have said their priority is securing Baghdad, increasing residents' sense of safety by eliminating sectarian militias, death squads and insurgent fighters.

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Officials tried to put the best face on the statistics. Army Maj. Gen. William B. Caldwell IV, chief spokesman for the U.S. military in Iraq, said at a news conference Thursday that an upswing in sectarian violence in the last few days had driven the averages higher. In the first month of the operation, he said, the number of daily attacks was about the same as during the previous 101 days, at 23.7 a day.

"While the last five days or so should not be an indicator of the Baghdad security plan overall, neither can they be brushed aside," Caldwell said. "And again, we will do whatever it takes to bring down the level of violence here in Baghdad."

The June death of Zarqawi, the leader of Al Qaeda in Iraq, had led some to hope that the power of foreign militants here would diminish. Although the effectiveness of Zarqawi's organization after his death has yet to be tested, it is clear that much of the violence in Baghdad is unrelated to foreign militants. Most of the recent killing in the capital involves Iraqi Sunni Arab insurgents trading attacks with Shiite death squads.

On Monday, the bodies of 32 Sunni Arab men were found in Baghdad, apparently the victims of Shiite death squads. Those killings were followed by a suicide bombing that killed 57 day laborers in a Shiite neighborhood of the southern town of Kufa.

Such fighting has led prominent Sunni Arab and Shiite leaders to say their country is gripped by an undeclared civil war.

The violence continued Thursday morning with a car bomb that killed three and injured 10 in downtown Baghdad. In the afternoon, a second car bomb killed two people and injured seven in the Shula neighborhood.

Kirkuk, a northern Iraqi city where ethnic tensions have risen along with the sectarian fighting in Baghdad, was also the scene of a car bombing. The device exploded near the government building downtown, killing five and wounding 19.

The U.S. military confirmed that it had launched a joint operation with Iraqi security forces in two small cities west of Kirkuk. Soldiers from the Army's 101st Airborne Division and the Iraqi security forces surrounded the town of Hawija, while a joint force entered the market at the center of the city, military officials announced.

Thirty-one Iraqi soldiers have been killed in Hawija in the last five weeks, the military said.

Iraqi army officials had announced a joint operation in the Rashad area, also west of Kirkuk, on Wednesday.

The U.S. military statistics showed that in the first four weeks of the security crackdown in Baghdad, attacks had fallen in seven of the city's 10 districts. Caldwell said much of the recent violence occurred in a few neighborhoods, which experience about 41% of the city's killings.

"We should note the extreme concentration of attacks in roughly five areas around the city," Caldwell said.

"This contrasts to the swaths of Baghdad experiencing somewhat relative peace. Hundreds of thousands of Baghdadis live a regular life day in and day out, unmarred by the violent attacks on civilians in the most troubled areas."

The security operation in Baghdad has taken a heavy toll on Iraqi police and soldiers. U.S. military officials said that 92 Iraqi police and soldiers had been killed and 444 injured in the first four weeks of the operation.

Maj. Gen. Abdul Aziz Mohammed Jassim, spokesman for the Iraqi Defense Ministry, said that one of the biggest problems the security operation faced was armed groups posing as Iraqi police and army units. "Those groups disrupt any security plan, no matter how good it is," he said.

Caldwell blamed the increased violence on fighters and weapons being brought into Baghdad from other parts of Iraq in an attempt to undermine the security crackdown.

"We have seen the movement of terrorist elements into the Baghdad area," Caldwell said. "If Prime Minister Maliki succeeds in Baghdad, he'll be able to succeed in Iraq. So they will do everything they can to in fact stop that."

Caldwell suggested that the military was considering incorporating elements of the strategy used in Ramadi into the Baghdad security plan. U.S. forces have ringed Ramadi with checkpoints and built combat outposts in troublesome parts of the city.

However, Ramadi is a city of 400,000, and conducting a similar operation in Baghdad, a city of more than 5 million, would probably require far more troops. There are about 42,500 Iraqi security troops and 7,200 U.S. military personnel in Baghdad participating in the operation.

"As far as troop numbers, every option is on the table at this point," Caldwell said.

For Baghdad residents, patience with the new government is already wearing thin. Many say the security crackdown has created long lines and checkpoints but done nothing to reduce the threat of being kidnapped or killed.

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"If security cannot be maintained, then there will never be any stability," said Talib Kadhum Jawad, 60, the owner of a currency exchange. "Everybody is targeted now."

Sects' Strife Takes A Toll On Baghdad's Daily Bread (NYT)

By Sabrina Tavernise

The New York Times, July 21, 2006

BAGHDAD, Iraq — The front line in this city's sectarian war runs through Edrice al-Aaraji's old backyard. He is a Shiite and a baker. So are his two brothers.

For the past year, Sunni Arab militants have swept through their old neighborhood, a heavily Sunni district in northwest Baghdad that borders a Shiite area, forcing Shiites out of their homes and shutting their shops by killing customers and workers inside. One after another, bakeries, whose workers are overwhelmingly poor and Shiite like Mr. Aaraji, began to close.

Now, out of 11 bakeries in the area, northern Ghazaliya, just one, the Sunni-owned Al Obeidi on Center Street, remains open. The neighborhood, like a mouth with missing teeth, is almost entirely without the simplest of Iraqi needs, freshly baked bread.

"To shut down a well-known bakery in a neighborhood, that means you paralyze life there," Mr. Aaraji said, sitting in a bakery in a Shiite neighborhood where he now works and usually sleeps.

As the most basic of local institutions, Baghdad's bakeries are an everyday measure of just how far the sectarian war here has spread.

A year ago, when some of the first bakers were killed, Iraqis in the capital dismissed the deaths as a bizarre aberration. Civil war is not possible here, they said. Sunnis and Shiites have intermarried for generations, they said, and Iraqis will not fight Iraqis on the basis of sect.

For months Iraqis held on to the belief that sectarian attacks were carried out by outsiders, but the bombing of a Shiite shrine in February, after which Shiite militias went on a rampage, dragging Sunnis out of mosques and homes and killing them, shattered that. The unrelenting violence has hardened Iraqis against one another, and people talk in resigned tones about civil war.

Militants on both sides have moved block by block through Baghdad's neighborhoods, threatening, kidnapping and killing. To protect themselves, Shiite bakers have taken posters of their saints off their walls. Those who supply the Iraqi Army, which is predominantly Shiite, have arranged safer sales through middlemen.

Entire neighborhoods are split. In Saidiya, a mixed neighborhood in southern Baghdad where Sunni militants have seized territory recently, so many bakeries closed that residents had to go outside the neighborhood to buy bread. In Adhamiya, Baghdad's oldest Sunni area, Shiite bakers pretend to be Sunnis to survive.

Mr. Aaraji, 23, who smokes a lot and moves nervously even when sitting down, lived on one of the most violent fault lines, the one that divides heavily Sunni Arab Ghazaliya and the almost exclusively Shiite Shuala neighborhood. Until recently his was one of five Shiite families left living on Exchange Street, which forms the border.

In early July, Sunni gunmen finished the job. They walked into Al Karar, one of the few remaining bakeries, shot one man dead and wounded two others. The other bakeries in the area immediately closed, including the one where one of Mr. Aaraji's brothers worked.

A few days later, men drove up to the Shiite houses on Exchange Street and told the families to get out. "They came publicly, during the day," Mr. Aaraji said. "We had to leave by noon."

Mr. Aaraji quickly gathered his belongings and took them to a house on the Shiite side of the divide that belonged to Sunni Arab friends, who had themselves fled for fear of persecution by Shiites. "Ghazaliya is now divided between Sunni families and Shiite families," he said.

Sunni workers, far fewer in number than Shiites, are not immune from attack. One morning in late June, in a bakery in a heavily Shiite district, men with guns in plain clothes blindfolded and handcuffed 10 workers and marched them into four cars, according to the Iraqi authorities and the cousin of one of the workers who was taken.

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The workers, Sunni and Shiite, were asked questions in an ordinary house about where they were from, the names of their city council members and the imams of their mosques. Several hours later, all but two — Sunni Arabs from the same tribe — were released.

The two men, brothers in their early 20's, were friends with their Shiite colleagues for years. They all lived together in the mixed neighborhood of Hurriya. The Shiites pulled every string they could to free them, calling powerful political parties and police and army contacts.

A week later, the men's bodies were found. They were killed, shot in the head, according to an autopsy, on the same day that a bomb killed 62 people in Sadr City, a Shiite stronghold. Some Shiite workers attended the funeral.

The man who provided the account said his cousin, one of the abductees, still weeps when their names come up. He, like many interviewed, spoke anonymously for fear of reprisals.

The widespread sectarian killings have gone virtually unchecked by authorities of any kind, American or Iraqi. That is one of the bitterest disappointments of the war for Iraqis, rivaled only by the letdown felt when the military did not stop mobs of looters in April 2003, when Saddam Hussein's government was overthrown. Recently Iraqis have begun to say that an American withdrawal, which they previously feared would result in a bloodbath, might not make any difference.

"Their main task, their whole reason for being here, is to prevent exactly this, but they do nothing," said an Iraqi mother who lives near Sadr City and strongly supported the Americans as recently as last year. "They just let it go, my God, so easily."

The captors of the 10 kidnapped bakers passed easily through an Iraqi Army checkpoint, telling the soldiers that they were Interior Ministry intelligence officers, according to the cousin. Last year, Mr. Aaraji said, militants blocked a minivan of schoolgirls in his neighborhood, shooting the driver and one student dead, while an American convoy moved on a main road nearby.

American visits "are like show business," he said. "When they come, they try to protect themselves, not us."

Lt. Col. Barry Johnson, a spokesman for the American military in Iraq, said in an e-mail message: "U.S. forces respond when and where they're needed in order to stop violence," often, he added, in "chance encounters on the streets and in the neighborhoods during patrols."

Workers are washed up like refugees into bakeries in safer areas. Mr. Aaraji found work in Kadhimiya, a heavily Shiite district. In Karada, another Shiite area, Sajid Aziz, a bakery manager, said Shiite workers from Saidiya came to him for work recently, after two co-workers were murdered in a shop there. In Kadhimiya, a worker said that his cousins in Adhamiya had pretended to be Sunnis for months but were recently discovered. Now they are looking for work in a Shiite district.

The details differ by neighborhood. In Saidiya, militants allowed bakeries to reopen under Sunni ownership, residents said. In the more war-torn areas, like Ghazaliya and Dawra, they often seemed to close completely. Daily life here revolves around bakeries, and a closed shop gives an eerie feeling to a neighborhood.

Iraqis living in the most devastated areas — Amiriya in the west and Dawra in the south — commonly say the killing has reached such a pitch that the purpose is not just to clear the area of a certain sect, but to clear it of people altogether. The lack of fresh bread and, in some cases, most shopping, lends some credence to their theory.

Mr. Aziz said he had felt Sunni prejudice first hand, and his experience is a small example of how neighborhoods, and ultimately nations, begin to break down into civil war. A Sunni sheik once told Mr. Aziz that he should take down the posters of Shiite saints tacked to the shop's walls. Mr. Aziz refused, but politely. He wanted to keep good relations with the family.

Last year the sheik fled with several of his sons, while the women in the family stayed behind. Mr. Aziz helped them carry groceries and fuel canisters. In June the sheik was killed. Mr. Aziz paid his respects at the funeral.

Several days later a group of young men went to the bakery shouting that killings like the sheik's made Sunnis kill in retaliation. Mr. Aziz watched from the shop and stood his ground. Eventually they went away.

"They tried to provoke us," he said. "They have the hatred inside them. I don't blame them. I blame the one who put it there."

Karada is still largely safe. But in Ghazaliya, killing has become so routine that it barely registers surprise. The local Sunnis who began to guard streets this year to stop Shiite government forces from entering seem to disappear when Sunni militias want to enter, Mr. Aaraji said.

This summer, Mr. Aaraji's cousin, a tire repairman, was shot dead by Sunni militants. They entered the shop where he was working and asked to look at his identification card, Mr. Aaraji said. His name, Ali, was Shiite.

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"Kitlo," Mr. Aaraji said, meaning "they killed him."

"It has become normal," he said, bowing his head slightly and dragging on his cigarette.

He took the recent shooting death of a Shiite friend in stride, because the man had refused to change the ring on his cellphone, a short musical quip insulting Wahhabis, hard-line Sunni Arabs. "We knew it would provoke them," he said. "We told him to change it.

"They put four bullets in his head."

In the quiet of Karada, Mr. Aziz sat on a battered desk in his shop and offered some hope. Since January, Shiite militiamen, followers of a radical cleric, stopped by three times asking about the slain Sunni sheik's family. Each time, Mr. Aziz, who is 31, angrily refused to give them up.

"If anyone touches them, they touch us," he said in a soft voice.

Such individual acts of responsibility might stop a nation from descending into war. But as the violence grinds on, fewer, it seems, are in the mood to risk them.

More Iraqis Fleeing Strife And Segregating By Sect (NYT)

By Damien Cave

The New York Times, July 21, 2006

BAGHDAD, Iraq, July 20 — Relentless sectarian violence is forcing Iraqi families to flee their homes in ever larger numbers, according to figures released Thursday by the Iraqi government.

Sattar Nowruz, a spokesman for the Ministry of Displacement and Migration, said 1,117 families abandoned mixed areas for Shiite or Sunni strongholds in the last week alone, an increase since March that analysts described as a conservative snapshot of internal migration.

In all, he said, nearly 27,000 families, about 162,000 people, had registered for relocation aid since the bombing of a Shiite shrine in Samarra on Feb. 22, which set off waves of killings, kidnappings and reprisals.

The migration was "a dangerous sign" of accelerated religious segregation, he said.

In a rare written statement, Iraq's most prominent Shiite religious authority, Grand Ayatollah Ali al-Sistani, said he was heartbroken by the widening divide — the rise of "terror, displacement, killing, kidnapping and everything that words could not explain."

He called on Iraqis "to exert maximum effort to stop the bloodletting."

The new migration figures, the most specific to date, come at a time when violence is claiming an average of at least 100 Iraqi lives each day, according to a recent United Nations report.

American military figures released Thursday showed that the number of daily attacks recorded by the police and allied forces in Baghdad jumped to an average of 34 this month from 24 in June.

Prime Minister Nuri Kamal al-Maliki unveiled an enhanced security plan for the capital last month, emphasizing that as Baghdad went, so would go Iraq. But on Thursday, Maj. Gen. William B. Caldwell IV, a military spokesman, acknowledged that 50,000 Iraqi forces and 7,200 American troops were struggling to protect Baghdad.

"We have not witnessed the reduction in violence one would have hoped for in a perfect world," General Caldwell said. He predicted that it would take "months not weeks" to make Baghdad safe.

The White House spokesman, Tony Snow, said Thursday that when Mr. Maliki met with President Bush at the White House next week, Baghdad would be among the first issues discussed. Most Iraqis fleeing dangerous areas have been members of the minority sect in their neighborhoods, Mr. Nowruz said. In some cases, killings or death threats pushed them out.

Khalid Abdul Wahid al-Janabi said he was one of the few Sunnis living in his Baghdad neighborhood when he was recently kidnapped and tortured by a Shiite militia. "I was dumped with 13 dead bodies," he said. "I have no enemies but during the last few months Mahdi Army militias started to assassinate so many people."

He then moved to Falluja, a heavily Sunni area where he said he had crammed into a house with relatives. He said his old neighborhood — once 15 percent to 20 percent Sunni — was now almost exclusively Shiite. "Most of the families that used to live

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in my neighborhood moved to the west of Baghdad and some of them moved to provinces like Diyala, Salahuddin and Anbar," he said.

Conversely, Shiite families have moved from Sunni neighborhoods of Baghdad and Anbar Province, the site of intense fighting between American forces and Sunni insurgents, government figures show.

For Sunnis, Falluja has become a preferred safe haven. Officials there describe the majority Sunni city as a swelling metropolis, with hundreds if not thousands of families moving in every week, crowding homes and seeking identification cards with Falluja addresses to ensure that they are not mistaken for Shiites.

Some of Falluja's new arrivals said they were confounded and disturbed by their need to move. Abdul Razzaq Hussein, a former Iraqi Army officer, said he used to live in the mixed area of New Baghdad with his Shiite wife. He said he came to Falluja alone after the Samarra bombing because he feared Shiite death squads. "Sometimes when we woke up in the morning, we used to find threats," he said.

Anthony H. Cordesman, an analyst at the Center for Strategic and International Studies in Washington, said the Iraqi migration was probably more widespread than the government statistics suggested. He described the exodus as both a sign of fear and a potential contributor to sectarian volatility.

"When you add this to violence and economic problems, it puts the country closer to civil conflict," he said by telephone. "They are relocating not to another province — what you're seeing are lines being drawn in the middle of cities and people still have to survive. You get enclaves and fortresses where people become violent to the people outside."

Concentration in a given neighborhood could lead to being made targets by another sect, he added. "You have cumulative process of polarization. It all interacts."

To protect displaced families, Mr. Nowruz said the government was moving to build four new camps in Baghdad, Mosul, Dhi Qar and Kut.

But the additional space may bring little comfort to the fearful. In one of the older camps near the Baghdad airport last week, Shihab Ahmed Hammoudi huddled inside one of roughly 50 tents with his wife and two young children. He said he left his home and his job as a tea seller in the Jihad neighborhood of Baghdad after Shiite militiamen executed as many as 50 people on July 9, pulling them out of their homes and cars, then shooting many in the head.

Even at the camp, he said it was hard to feel safe. Last Thursday, he said men dressed as Iraqi police officers visited the camp to ask for names of refugees, causing many to fear that the officers were members of a Shiite militia. When families resisted, there was a brief standoff.

"They were pretending to help us, but when they saw how many guards there were protecting the camp, they left," Mr. Hammoudi said.

Judge Grants Delay In Iraqi Rape And Murder Case (AP)

AP, July 21, 2006

LOUISVILLE, Ky. - A federal judge on Thursday granted a three-month delay in the arraignment of a former soldier, who is charged with raping an Iraqi girl and killing her and three family members.

U.S. District Judge Thomas B. Russell agreed to delay the arraignment until Nov. 8 after prosecutors cited logistical concerns in Steven Green's case. Green, 21, was arrested June 30 near Asheville, N.C., and brought to Louisville for an initial court appearance, where he pleaded not guilty.

"It is unreasonable to expect that witnesses and evidence from Iraq will be available almost simultaneously to military prosecutors in Iraq and Department of Justice prosecutors in the Western District of Kentucky," according to the motion filed Wednesday.

The prosecution involves coordinated efforts of military prosecutors in Iraq, federal prosecutors in the U.S. and FBI and Army investigators.

In addition to the charges against Green, who is no longer in the military, five soldiers in Iraq face military charges in the case. All are members of the 101st Airborne Division, based at Fort Campbell, Ky.

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All but one of the defendants are accused of raping and killing Abeer al-Janabi and killing her parents and young sister at their home near the town of Mahmoudiya on March 12. One soldier is accused of failing to report the crime. Military judicial proceedings are scheduled to begin Aug. 6 in Iraq.

Pat Bouldin, a public defender who is part of Green's defense team, said Thursday that the defense agreed to the motion. He declined further comment.

Green is being prosecuted in federal court rather than military court because he was discharged from the Army in May for what military officials called "anti-social personality disorder." Military officials have said Green was discharged before they became aware of the rape allegations.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, July 21, 2006

Show of force

Assistant Secretary of State Christopher R. Hill, the Bush administration's point man on negotiating away North Korea's nuclear weapons program, tells us the press focused too much on the regime's failed launch of a Taepodong-2 missile on July 4.

While the malfunction was interesting, what was troubling — and almost ignored — was the fact that North Korea successfully launched six medium-range ballistic missiles that fell into the sea as intended. The signal is that the Stalinist regime has the capability to fire scores of missiles into South Korea, threatening U.S. troops as well as the country's civilian population.

Double agent

Lost in the discussion of House intelligence committee Chairman Peter Hoekstra's leaked letter to President Bush is the suspicion that the CIA bureaucracy often works against the president in the war on terror. Republicans have long suspected that Langley is stocked with left-wingers loyal to the Democrats. Thus the leaks to the mainstream press on sensitive matters.

"There has been much public and private speculation about the politicization of the agency," Mr. Hoekstra wrote in a letter also dedicated to congressional oversight issues and first reported by the New York Times. "I have been long concerned that a strong and well-positioned group within the agency intentionally undermined the administration and its policies."

The Michigan Republican specifically mentioned the episode of former Ambassador Joseph C. Wilson IV and his wife, Valerie Plame, a CIA officer until her recent retirement.

Mrs. Plame worked behind the scenes to get her husband sent to Niger to investigate a British intelligence report that Iraq had made overtures to buy yellowcake, refined uranium that can lead to nuclear-weapons-grade material. According to a Senate intelligence committee bipartisan report, neither CIA headquarters nor the White House was informed that Mr. Wilson, a fierce foe of President Bush who was working for the election of Sen. John Kerry, Massachusetts Democrat, had been picked by the CIA bureaucracy to conduct such a sensitive mission.

He later wrote a column in the New York Times implying that the White House had sent him. The committee report said his column differed from the oral report he supplied to the CIA.

Republicans always have wondered how a foe of the president with little or no experience in intelligence investigations was picked to go to Niger.

Of course, the trip led to a criminal investigation of the White House when officials, contacted by the press, said Mr. Wilson's wife, not the White House, was principally responsible for Mr. Wilson's trip. She was a covert officer whose identity was kept secret by the agency.

In his letter, Mr. Hoekstra also complained that the new director of national intelligence was becoming too caught up in the bureaucratic weeds instead of making sure that things happen.

"I am concerned that the current implementation is creating a larger, bureaucratic and hierarchical structure that will be less flexible and agile than our adversaries," he wrote.

Israel's force

We asked a former Navy combat pilot to assess the Israeli air force's war against Hezbollah. He told us:

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"I'm reminded of the 1982 war with Syria. I was sitting off the coast of Lebanon on the USS Independence. Every day there would be headlines about how the Syrians had shot down another Israeli aircraft. A close look at the news clips showed that they had actually shot down a UAV [unmanned aerial vehicle]/drone — not an Israeli aircraft. This was, in fact, an Israeli tactic. They knew how many SAMs [surface-to-air missiles] Syria had and were counting down the attrition rate. They denied Syria any Soviet resupply of those SAM assets. When Israel had determined that Syria had expended their inventory of SAMs, they launched a tremendous air strike against Syria, which resulted in a victory within about 48 hours.

"So, today, I think the war of attrition is still the plan. Israel really wants the current government of Lebanon to succeed, but know they don't have the wherewithal to accomplish it without getting rid of Hezbollah and ensuring that Hezbollah cannot be resupplied by Iran or Syria.

"Ergo, the bombing/cratering of the runways at Beirut international airport — these Israelis are not dumb — a careful review of their bombing will show you that they carefully, with precision, cratered the runways at intersections so that no runways could be used. The road to Damascus was cratered so that no supplies could be brought in.

"Israel knows within a dozen or so how many Katyushka missiles Hezbollah has [and their inaccuracy] and how many other Iran-supplied longer range missiles that could hit Tel Aviv. I suspect they're waiting this attrition out and will then make an effort to destroy Hezbollah. I also won't be surprised when Israel air forces pass unmolested through Iraq airspace [controlled by the U.S.] on their way to and from Iran."

From the front

It has been said that many combat veterans find God in a foxhole. Our troops are also finding that out in the streets of Iraq. We received an e-mail from Army Capt. Dave Pate about an incident that took place earlier this month.

U.S. soldiers working with troops of the Iraqi army's 3rd Brigade, 6th Division, came under small-arms fire July 7 and ended up chasing one terrorist into a nearby mosque. As they were shooting, a rocket-propelled grenade (RPG) was fired at Capt. Pate and his team, which had been lured into a trap.

"I just wanted to drop a line and thank the Lord for his protection today," he said in the July 7 e-mail.

"My team took small arms fire and chased some terrorists through the city today. They ended up holing up in a mosque, where they proceeded to fire their machine guns on us. It was a trap, because as we opened up, we began to take fire from all around, and were hit with grenades and mortars, too. When things were really getting hot, I heard an RPG leave its gun tube. I looked up and saw the RPG coming right for us, but a power line got in its way and veered it off course, causing it to impact about 50 feet above us into a building directly to our rear. We ended up with no one hurt, but one enemy [killed in action], three wounded and 24 prisoners. It was a great day. I've never felt so proud to be an American.

"I'll never forget the sound it made as it flew toward us," he said in an e-mail to his pastor, Mark Chanski, of the Reformed Baptist Church of Holland, Mich., who shared it with us after receiving Capt. Pate's permission.

Capt. Pate noted that there were no angry Iraqis after the mosque shooting. "You would think the people would have been angry," he said. "But when we were driving back with the dead and wounded and other prisoners, people were everywhere in the streets, and wouldn't let us pass. They were all giving us the thumbs up, waving, giving high fives, holding up their kids for us to kiss, it was unbelievable. The people were so happy that we got those bad guys."

In A 5,000-Word Letter, Hussein Blames Bush, Iran And Israel Supporters For Iraq's Troubles (NYT)

By Edward Wong

The New York Times, July 21, 2006

BAGHDAD, Iraq, July 20 — Saddam Hussein's defense lawyers on Thursday released a letter Mr. Hussein recently wrote in prison that tries to convince the American people that the United States should leave Iraq because President Bush misled them into a deadly quagmire.

The 5,000-word letter is a rambling treatise outlining what Mr. Hussein asserts are the false reasons the Bush administration used to justify the war in Iraq, from illicit weapons to links with Al Qaeda. Mr. Hussein said he had written it at the behest of Ramsey Clark, the former United States attorney general who serves on his defense team.

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Mr. Hussein blames Iran and pro-Israel interests for helping lead the Americans into war. He invokes the specter of the Vietnam War and the spirit of Mao, saying the Chinese revolutionary is "laughing in his grave because his prediction has been fulfilled and America is a paper tiger."

The letter is dated July 7 and was handed by Mr. Hussein to Mr. Clark, said Rasha Oudeh, the office manager for Mr. Hussein's eldest daughter.

"People of America, the misfortunes that have afflicted you and afflicted our Arab nation and within it our heroic people — including the breakdown of America's standing and reputation — were only caused by the reckless behavior of your government and by pressure from Zionism," Mr. Hussein wrote, according to a translation of the letter e-mailed to reporters by both his defense team and an insurgent Web site.

"The massacres and blood that now flows in the streets and countryside of Iraq in torrents — the responsibility for that falls on America before all others," he added.

The release of the letter came on the 14th day of a hunger strike by Mr. Hussein and three of his co-defendants. Mr. Hussein and seven other men, including his half-brother, have been on trial since October for the imprisonment and executions of 148 men and boys from the Shiite town of Dujail. The victims were killed after what Mr. Hussein said was an assassination attempt on him in 1982.

The trial is in its closing stages. Arguments are expected from the defense lawyers, but the main lawyers and defendants have been boycotting the trial for various reasons.

Lt. Col. Keir-Kevin Curry, a spokesman for the American-run detainee system, said Thursday that Mr. Hussein was in "relatively good health" and was being monitored every day by medical professionals. He said Mr. Hussein had rejected all his meals but drinks coffee with sugar, and water with nutrients.

The American military had no immediate comment on the letter, Colonel Curry added.

In the letter, Mr. Hussein said an American general tried to use intimidation and threats against him after his capture, and "tried to bargain with me, promising to let me live if I agreed to read in my own voice and sign a prepared announcement that was shown to me."

"That stupid announcement called on the people of Iraq and the courageous resistance to lay down arms," he wrote. "They said that if I refused, my fate would be that I would be shot like Mussolini."

A week after that conversation, Mr. Hussein said, a group of Americans came to speak to him, saying they were from an American university. "I confirmed to them that Iraq didn't have any of the things the American officials claimed," Mr. Hussein wrote.

Mr. Hussein sought to portray himself as a humanitarian in the letter, telling the American government to designate a neutral country where insurgents could hand over American prisoners "rather than executing them as currently is said to be taking place." That appeared to be a reference to the capture and killing of two American soldiers last month in the town of Yusufiya.

The letter ends with a final bit of advice: "Save your country, esteemed ladies and gentlemen, and leave Iraq."

NATO Chief Says Afghan Troops Can't Fail (AP)

By Constant Brand

AP, July 21, 2006

NATO troops moving into insurgency-wracked southern Afghanistan cannot fail in their mission to defeat the Taliban and promote reconstruction, the alliance's secretary-general said Thursday.

Secretary-General Jaap de Hoop Scheffer warned Taliban holdouts and heavily armed opium dealers that they would not be able to thwart the mission.

"Every party which tries to spoil this process in the south will feel the consequences," he said at a press conference with President Hamid Karzai. "We cannot afford to fail."

De Hoop Scheffer is in Afghanistan for two days to review the 26-nation alliance's expansion into the south, which has seen fighting surge between coalition forces and Taliban insurgents as NATO tries to take control of the region.

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The heaviest fighting in more than four years has set back efforts to bring development aid to the impoverished region, hub of Afghanistan's booming drug trade.

NATO nations are expected to give their final go-ahead to expand their mission during a July 26 meeting at NATO headquarters in Brussels, Belgium.

More than 800 people, mostly militants, have been killed in Afghanistan since May, mostly in the south.

An adviser to Karzai on religious affairs said an Afghan government inquiry found that a June 10 bombing by U.S.-led coalition warplanes in southern Uruzgan province killed 10 civilians and wounded 27. Nine suspected Taliban fighters were killed in the attack in Tirin Kot, the provincial capital, Maulvi Muhayuddin Baluch said.

Coalition forces at the time claimed the strikes had killed more than 40 Taliban, but they had no details on civilian casualties.

"We try very hard to avoid civilian causalities," said Col. Tom Collins, the chief coalition spokesman. "When the enemy fights among civilians they put them needlessly in danger."

Countries going into the south "realize ... it might be tough, it might be difficult because the situation is very volatile," de Hoop Scheffer said.

An Australian soldier was wounded in a rocket attack on a coalition military base late Wednesday in the southern city of Kandahar, spokesman Maj. Scott Lundy said. There was no significant damage to the Kandahar Air Field.

The NATO chief urged world donors to keep Afghanistan a top priority.

Karzai appealed for help training and equipping Afghanistan's fledgling military and police forces, and said other countries must do more to stop terror financiers and trainers in Afghanistan and abroad.

In Islamabad, Pakistan, President Gen. Pervez Musharraf said that Pakistan was committed to supporting the U.S.-led coalition fighting in Afghanistan. He said Pakistan had "evolved a new strategy against Taliban," but he did not elaborate.

NATO is deploying about 8,000 mostly British, Canadian and Dutch troops to the south, increasing its total force to about 18,000 by September. The alliance hopes to take on eastern Afghanistan by November, completing its expansion across the country and increasing its force to 21,000.

The United States has at least 21,000 troops in Afghanistan, but there has been talk of a reduction of as much as 20 percent. Many of those that remain will be incorporated into the NATO force. The U.S. will maintain an independent combat force to hunt down Taliban and al-Qaida militants.

The military said it was paying $112,000 in compensation to victims of a May 29 accident in which a military truck that apparently suffered a brake failure rammed into cars at an intersection, killing at least one person.

The accident sparked rioting in which 20 people were killed, many apparently from gunfire by Afghan security forces.

A military statement said the payments for 24 claims of property and personal damage related to the accident in Kabul demonstrated the U.S. government's "commitment to responsibility and accountability for the actions of U.S. armed forces."

Army To Cut Domestic Spending (WP)

By Thomas E. Ricks

The Washington Post, July 21, 2006

The Army, feeling the strain of continuing wars in Iraq and Afghanistan, said yesterday that it is tightening its spending at home.

Because of the costs of overseas combat operations, the Army is taking several steps, including canceling nonessential travel, limiting purchases to critical wartime needs and freezing all new contract awards. It also said it would stop civilian hiring, release temporary employees and limit the use of government credit cards.

The Army also said it would try to find new ways to economize and streamline its business processes.

A statement issued by the Army did not say how it much it hopes to save through the belt-tightening, and an Army spokesman said that no estimate was available yet.

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Gen. Peter J. Schoomaker, the Army's chief of staff, told the House Armed Services Committee last month that he will need $17.1 billion in fiscal 2007 to replace helicopters, tanks, trucks and other equipment worn out in Iraq and Afghanistan. After next year, he said, the bill for such replacement or refurbishment of gear will be at least $12 billion annually for several years.

The Army's fiscal 2006 budget is $98.2 billion.

One reason the Army's costs are so high, Schoomaker said in a luncheon speech on Capitol Hill last week, is that it not only engages in combat but also provides logistical support for the Marine Corps and other organizations in Iraq. The Army has about 100,000 troops in Iraq, a much larger presence than any other service.

In addition, Schoomaker said, the cost of supporting a typical Army soldier has gone up by about 60 percent since 2001, mainly because of increasing health-care costs. The Army is hesitant to cut benefits because it needs to recruit new soldiers and retain current ones.

The core problem for the Army is that it is fighting a sustained ground war overseas with an all-volunteer force, which is almost unprecedented in U.S. history. "The strategic question of the day is: How do we maintain this all-volunteer force?" Schoomaker said at the luncheon.

Some Pentagon insiders said the Army's leadership fears that its budget will be slashed next year if and when major troop cuts occur in Iraq. But a Pentagon official speaking on background yesterday said there is widespread concern that the Army will be carrying the bulk of the nation's defense load for years as the government conducts a global counteroffensive against al-Qaeda and other terrorist groups.

Strapped For Money, Army Extends Cutbacks (AP-Y)

By Robert Burns, Ap Military Writer

AP2, July 21, 2006

The Army, bearing most of the cost for the wars in Iraq and Afghanistan, said Thursday its money crunch has gotten so bad it is clamping down on spending for travel, civilian hiring and other expenses not essential to the war mission.

A statement outlining the cutbacks did not say how much money the Army expects to save, but senior officials have said the cost of replacing worn equipment in Iraq and Afghanistan is rising at a quickening pace.

Gen. Peter Schoomaker, the Army chief of staff, said last week that in 2004 it cost $4 billion to repair or replace war equipment, but now it has reached $12 billion to $13 billion. "And in my view, we will continue to see this escalate," he said, adding that the Army is using up equipment at four times the rate for which it was designed.

Schoomaker traced the problem's origin to entering the Iraq war in 2003 with a $56 billion shortfall in equipment. The Army managed the situation by rotating in fresh units while keeping the same equipment in Iraq. Over time, he said, the equipment has worn out without sufficient investment in replacements.

The Army chief said there is too little money available to keep up with equipment repairs. He said the Army's five major repair depots are operating at only 50 percent of capacity, resulting in a backlog of 1,000 Humvee utility vehicles awaiting attention at the Red River Army Depot in Texas and 500 tanks at a depot in Alabama.

The Army's 2006 budget is $98.2 billion, and the 2007 budget request not yet approved by Congress seeks $111 billion for the Army.

About 100,000 of the approximately 127,000 U.S. troops in Iraq are Army. Most of the rest are Marines.

When Congress took longer than the Pentagon expected to approve an emergency spending bill for war costs last spring, the Army imposed temporary spending cutbacks that it expected to lift once the extra money was approved.

In its announcement Thursday, the Army said it has decided to extend most of those cutbacks until the end of the budget year on Sept. 30. Among the reasons cited: the high costs of war and an expectation that Congress may approve less money for the Army in the 2007 budget than the White House requested.

The Army said it will limit its purchase of supplies to those that are deemed critical to war requirements; cancel or postpone all nonessential travel; stop the shipment of goods unless they are needed for deployed or deploying troops; freeze the hiring of new civilians; restrict use of government credit cards; freeze all new contract awards, and release temporary employees and some service-contract workers.

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Meanwhile, Army officials traveled to Capitol Hill this week to urge members of Congress not to slash funding for aircraft programs.

Brig. Gen. Stephen D. Mundt told reporters that congressional plans to cut about $90 million from the Armed Reconnaissance Helicopter program and eliminate all $109 million for the development of a new cargo aircraft would trigger as much as a two-year delay and increase the overall cost of both programs.

Military analyst Dan Goure of the Lexington Institute said cutting nearly a third of the $275 million requested for the helicopter is unwarranted because it is a low-risk program that will provide a much-needed replacement for the Army's aging fleet of Kiowa Warriors.

"It makes no sense to delay this program," Goure said. "It is a risk to the soldiers, and it poses additional costs on the Army at a time when it's already struggling."

The cargo plane, said Mundt, would be able to take off and land on much smaller runways, and would give the Army and Air Force access to thousands of airfields around the world that existing cargo aircraft cannot use. They include almost 30 additional airfields in Iraq, and 10 more in Afghanistan, he said.

Senate Agrees To Trim Modernization Plans (AP-Y)

By Anne Plummer Flaherty

AP2, July 21, 2006

The Senate is on track to pass a Pentagon spending bill for next year that would swipe at some of the military's prized modernization programs, including a fighter jet being built with U.S. allies.

The Senate Appropriations Committee on Thursday voted unanimously to approve a $453 billion bill defense spending bill that includes $50 billion for the wars in Iraq and Afghanistan.

The full Senate has yet to schedule time for debate on the measure. Lawmakers have said they would like to finish the bill before their August recess so the war money is available to troops when they need it.

"We have to have to have this passed before we go home for the elections," said Sen. Ted Stevens, chairman of the Senate Appropriations subcommittee on defense.

Senators trimmed President Bush's spending request for weapon systems that were behind schedule. They cut by nearly one-fifth his $5 billion request for the F-35 Joint Strike Fighter, now under development with the help of Britain.

According to a report accompanying the bill, the committee "strongly supports" that program but believes the technology was premature with testing behind schedule. Therefore, the committee cut more than $1 billion in procurement money for the fighter and recommended delaying production by one year.

"'Buying before flying' is a known problem that can be avoided," the committee said in its report.

The bill mirrors legislation passed last month by the Senate. Sen. John McCain, R-Ariz., championed a measure included in the defense authorization bill that called for reducing F-35 funds next year by the same amount.

Overall, the bill would fall $9 billion short of Bush's annual spending request to support troops and buy weapons systems.

The White House is expected to object. But Stevens said he did not anticipate the bill would cause problems for the military because the $50 billion in war money could cover any immediate requirement.

Stevens, R-Alaska, said cuts to the Pentagon's spending plan were sprinkled throughout the bill, affecting several programs. The Senate plan would eliminate $200 million in requested money for the KC-135 tanker program, intended to replace aging aircraft refueling tankers, because of program delays.

The Senate panel also voted to trim $250 million from the Army's request of more than $3.5 billion for the Future Combat System, the service's key weapons program. A cut of that size is unlikely to cause problems for the Army because of the program's massive budget. But it does show that lawmakers have serious concerns about the program, which is expected to produce more than a dozen manned and unmanned vehicles and aircraft for combat.

In its report, the senators questioned the "long-term affordibility" of such an ambitious and complex project because technological problems could cause major delays.

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Stevens said members of the committee requested adding some $3 billion for various medical research programs to the bill. Stevens blocked the proposals. "We have our money earmarked for treatment of people involved in the current combat activities," Stevens said.

DOJ:

U.S. Attorney General Tours The Border (KDBC-TV)

KDBC-TV, El Paso, July 20, 2006

The federal government is still searching for answers to the many questions surrounding illegal immigration. Thursday, the U.S. Attorney General was in town in hopes of finding those answers in the Borderland.

U.S. Attorney General Alberto Gonzales toured the border and got input from local law enforcement, information he'll take back to Washington in hopes of urging the Senate and the House of Representatives to decide on an immigration reform plan.

Everyone agrees something needs to be done, but what to do about the border is what's dividing lawmakers. Gonzales talked about the problems of illegal immigration, human and drug smuggling, and violence. But he also said America has an enemy in the post-September 11 world, and the border could be its target.

Gonzales says securing the border is a big task, and one President Bush and the Department of Homeland Security are dedicated to. Gonzales also said within the Department of Justice, there are more immigration-related cases than any other.

U.S. Attorney General Gonzales Tours El Paso (EPT)

By Louie Gilot, El Paso Times

El Paso Times, July 21, 2006

U.S. Attorney General Alberto Gonzales said he still has hopes that immigration reform legislation with more border security, a guest-worker program and a path to legalization will pass this year, even as the process is stalled in Congress.

"We haven't given up," he said during a visit in El Paso on Thursday.

Gonzales took a driving tour of the river levy with the Border Patrol Wednesday night and a helicopter tour over Fabens and Sunland Park, N.M., Thursday morning. He was on his way to California.

Louie Gilot may be reached at lgilot@elpasotimes.com, 546-6131.

Pair Charged After Death Of Teenage Immigrant (AP)

AP, July 21, 2006

EL PASO, Texas -- An El Paso man and a Mexican woman have been indicted on federal immigrant smuggling charges related to the April death of a 14-year-old Salvadoran girl, U.S. Attorney General Alberto Gonzales said Thursday.

Jose Alfredo Sifuentes-Sandoval of El Paso was indicted by a grand jury Wednesday on one count each of conspiracy to smuggle aliens, encouragement and inducement of aliens to enter resulting in death, harboring aliens resulting in death, aggravated identity theft, and three counts of alien smuggling for profit. Amalia Baquera of Ciudad Juarez, Mexico, was indicted on the conspiracy charge.

Gonzales made the announcement during a visit to El Paso to tour the international border and meet with local officials about immigration issues.

Federal prosecutors allege that Sifuentes-Sandoval, who has been jailed since his June 9 arrest, smuggled 14-year-old Leybi Lorena Vigil Claros into the U.S. through Fabens, Texas, in April and failed to get her medical help when she became gravely ill.

According to the indictment, Sifuentes-Sandoval and Baquera, who has not been arrested, worked together in a smuggling operation that included the sale of false identification papers in Mexico.

Authorities said Leybi, who died when a blood clot traveled to her lungs, was trying to get to Virginia, where her mother has been living legally for several years.

Attorney General Discusses El Paso Smuggling Case (KFOX-TV)

KFOX-TV, El Paso, July 21, 2006

U.S. Attorney General Alberto Gonzales visited the borderland Thursday with one of his focuses being an April 27 smuggling case involving a 14-year-old girl.

"A few weeks ago, a young girl was found dead in the back seat of a van," Gonzales said.

The van was in a driveway belonging to a man named Jose Alfredo Sifuentes-Sandoval, according to officials.

Sifuentes had called 911 and told officials he found the girl along Texas Highway 20.

"At the time of their arrival, they found her non-responsive in the back of the Sifuentes van. So, Sifuentes at that time stated that he and another person had found the young girl on the side of Highway Texas 20, which is how she got the nickname Texas 20 girl," said Brandy Gardes, U.S. assistant district attorney.

Yet, through an investigation, the teen was identified by her mother, who said she had paid Sifuentes thousands of dollars to smuggle her daughter into the United States.

Authorities said the teen had a pre-existing medical condition and fell ill when she arrived in the United States near Fabens.

"The autopsy showed that she died of a pulmonary embolism, which is very rare in a 14-year-old girl," Gardes said.

The 14-year-old girl is just one of the many smuggling cases law enforcement officials have found along the border, a situation the attorney general said he hopes to change by prosecuting the smugglers to the fullest extent of the law.

"This kind of reckless disregard for life is unacceptable, and we will prosecute such cases to the fullest extent," Gonzales said.

The indictment against Sifuentes includes charges of smuggling for profit and smuggling resulting in aggravated death.

The U.S. government has not decided if it will seek the death penalty in this case. Meanwhile, it is asking Mexican authorities for its help in seeking extradition for Sifuentes' alleged associate, who was last seen in Juarez, Mexico. The woman, Amilia Baquera, faces charges of conspiracy and is said to be a part of a smuggling ring with Sifuentes.

U.S. Attorney General Visits Borderland (KTSM-TV)

KTSM-TV, NBC 9, El Paso, July 20, 2006

Agents commended for indictments for suspected smugglers.

Thursday, July 20, 2006 — U.S. Attorney General Alberto Gonzales made a stop in the borderland Thursday to talk about immigration issues. While here he praised local investigators on the indictment of two coyotes.

After a two month investigation 44-year-old Jose Alfredo Sifuentes-Sandoval was indicted for smuggling a 14-year old girl into the county and leaving her to die. The U.S. Attorney's Office is still working to extradite Sifuentes' accomplice in Juarez.

Gonzales called it a big win and hopes it will be a warning to smugglers that the U.S. will not tolerate a reckless disregard for human life.

During his two day trip Gonzales toured the border at night, and again by helicopter during the day. He says it will be hard to secure such a large rough terrain, but he hopes the information he gathered will help get funds to the border.

Former Prosecutor Wins $170,000 Discrimination Settlement (AP)

AP, July 21, 2006

RALEIGH, N.C. | A former federal prosecutor who won a $170,000 settlement in a discrimination lawsuit against the U.S. Department of Justice said she plans to open a private practice.

Mary Jude Darrow, 48, was fired in 2004 from her job as an assistant U.S. attorney for the Eastern District of North Carolina.

Her bosses said she was dismissed because of Justice Department findings that she had committed "nine instances of intentional professional misconduct, five instances of professional misconduct and exercised poor judgment on two occasions."

Darrow contended in her lawsuit that she was supervised and disciplined differently than her colleagues, a claim denied by her former employers.

Scott Schools, general counsel to the Executive Office of U.S. Attorneys, declined to comment about the settlement reached in May.

Darrow said she has not yet received the settlement money.

"It's been a nightmare," she said. "The only thing I can be glad for is when it's over."

Darrow was a federal prosecutor handling drug, fraud and violent crimes in New Orleans from 1990 to 1999, when she transferred to Raleigh. By May 2002, after losing an experienced secretary, she asked not to be given additional cases.

When she was assigned to prosecute a $6 million FEMA fraud case alone in July 2002, she said she was denied the added help of an accountant, another lawyer or a secretary. Co-workers in similar situations received such relief, she said.

In court records, her ex-bosses said for workload was not excessive for an attorney with her experience, the FEMA case didn't require added resources and her work had become sub-par. Her former supervisors said her problems included being banned from a magistrate's court, missing deadlines and failing to follow office policies.

CORPORATE SCANDALS:

Brocade Ex-CEO, 2 Others Charged In Options Probe (WSJ)

By Charles Forelle And James Bandler In Boston And Steve Stecklow In San Francisco

The Wall Street Journal, July 21, 2006

Federal authorities issued civil and criminal securities-fraud charges against a former Silicon Valley chief executive and two other executives in a stock-options backdating scheme, signaling they will take a hard line in the widening scandal.

Prosecutors accused 43-year-old Gregory Reyes, the CEO of Brocade Communications Systems Inc. until January 2005, of backdating options he doled out as a "committee of one" to hundreds of employees, boosting the potential value of the options and concealing millions of dollars of compensation expenses from shareholders.

Officials underscored how seriously they view options manipulation by charging not just Mr. Reyes -- who isn't directly accused of backdating his own grants, and who made no profit from them -- but also a former chief financial officer and former vice president for human resources at the firm.

They also indicated that many more executives could face charges related to manipulating options. Securities and Exchange Commission Chairman Christopher Cox said the agency is investigating more than 80 companies.

"The full weight of the federal government is being put behind this effort to stamp out fraudulent stock-option backdating," he said at a San Francisco news conference. He said additional cases likely would be brought in the "coming weeks and months."

The crux of the case brought yesterday is that Mr. Reyes altered the dates of option grants to new employees to increase their value and give Brocade, a San Jose, Calif., maker of switching devices for data-storage networks, an edge in the cutthroat scramble for talent during Silicon Valley's boom days. In doing so, prosecutors said, he violated accounting rules by not recording the proper expenses for the options.

Under a criminal complaint from the U.S. attorney for the Northern District of California, Mr. Reyes faces a single count of securities fraud, which carries a maximum penalty of 20 years in prison. Also facing a criminal-fraud charge is Stephanie Jensen, 48, Brocade's human-resources director from October 1999 through February 2004. She is accused of helping Mr. Reyes with the scheme.

Both also face civil charges from the SEC of securities fraud and filing false documents. Antonio Canova, 44, who served as the company's finance chief from May 2001 until he left in December, also was charged in the civil case but not in the criminal action.

A lawyer for Mr. Reyes, Richard Marmaro, said in a statement issued before the charges were announced that Mr. Reyes is innocent. Mr. Marmaro lambasted prosecutors for acting "not based on the facts or the merits of this case, but on some perceived need to show quick action." Signaling a key defense argument, he said, "Financial gain is always the motive in securities fraud cases, and here there was none."

Asked about that argument, U.S. Attorney Kevin V. Ryan countered, "We don't have to show personal gain" to bring criminal securities-fraud charges. "Different people have different reasons for what they do and why they do it."

Ms. Jensen's attorney, Jan Little, said in a statement, "Stephanie Jensen is innocent of these charges. Ms. Jensen directed Brocade's Human Resources Department, and she had no responsibility for finance or accounting. These charges are

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completely wrongheaded, and we will vigorously fight them in court." An attorney for Mr. Canova didn't return a call seeking comment.

Marking the first major charges brought in the recent scandal, the Brocade case is being watched closely at many companies, particularly in California's technology corridor, where dozens of companies are among those being investigated for their past options practices. The focus of the investigations by the SEC and federal prosecutors in several offices is whether grants were backdated to enrich executives, among other possible manipulations. (The investigations appear to be focusing on those who planned and implemented grant programs, not passive recipients of options.)

Employee stock options give recipients the right to buy shares in the future at a fixed price, typically the current market value. Backdating the grant to a time when the share price was lower than it was on the actual grant date increases the potential gain in an option. Doing so without properly accounting for it can lead to financial restatements, tax trouble and possibly criminal-fraud charges.

The Brocade case is the first in which charges have been brought, partly because it has been under way since early 2005, well before most of the current backdating investigations began.

It also has some key differences from other investigations. Many of the companies currently under investigation have top executives who personally profited richly from options grants. That suggests the next wave "is going to have a lot more graphic and colorful and sexy cases," said George Stamboulidis, head of the white-collar defense and corporate investigations practice at law firm Baker Hostetler LLP.

Underscoring the importance the federal government is giving the options-timing investigation, a phalanx of top SEC and Justice Department officials appeared at the news conference announcing the Brocade charges.

The SEC's Mr. Cox warned that backdating "deceives investors and the market as a whole about the financial health of companies that cheat in this way." He added, "It is poisonous to an efficient marketplace."

The charges against Ms. Jensen and Mr. Canova suggested that federal officials won't hesitate to pursue those further down the corporate ladder who allegedly participated in an options-timing fraud.

John Coffee, a law professor at Columbia Law School, said human-resources officials could find themselves in the hot seat as prosecutors attempt to persuade them to cooperate in investigations of senior executives. "This is going to send a shiver through the spines of much of corporate America," he said.

The SEC also showed it won't take a kind view of executives who knew about backdating but signed off on financial statements. The agency said that's what Mr. Canova did, despite hearing misgivings from some employees about the practice. The SEC also alleged that he "helped facilitate" the fraud by directing others to ensure that option dates matched hiring dates in employee records.

The civil and criminal complaints allege broad backdating at Brocade from 2000 to 2004. The SEC alleged that Mr. Reyes was trying to attract employees to the company with particularly valuable options grants. Brocade's stock price was rising rapidly for part of the period, meaning that every day that passed before employees received their grants decreased potential gains. The complaints allege that Mr. Reyes looked at the stock-price history and picked prior days when the stock was particularly low to date option grants.

Prosecutors charge that that Mr. Reyes and Ms. Jensen falsified paperwork so the company didn't need to record expenses for these particularly valuable options. The government alleges that the widespread manipulation of employee grants, presided over by Mr. Reyes, grossly misrepresented the financial position of the company.

Brocade restated results in 2005 after an internal probe into options matters. The biggest impact was in the year ended Oct. 28, 2000, which swung from a $67.9 million profit to a $951.2 million loss. The restatement lowered net income in some periods, and raised it in others. In all, Brocade shaved a total of $303 million in net income between fiscal 1999 and fiscal 2001, the SEC noted in its complaint.

In yesterday's filings and at the news conference, officials described in some detail how the alleged scheme worked. In one instance, according to the SEC complaint, Mr. Reyes interviewed a job candidate on Feb. 1, 2002, and told Ms. Jensen that day that the candidate would be hired and should be included in an options grant being backdated to Nov. 28, 2001. Ms. Jensen

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included the person and signed a backdated offer letter to the candidate, who was hired. When Brocade shares fell, according to the SEC, Mr. Reyes changed the grant date again, and Ms. Jensen directed preparation of a new, backdated offer letter.

Explaining the backdating's impact, Linda Thomsen, the SEC's enforcement director, said that in fiscal 2002, for instance, all of Brocade's employee grants were dated at monthly or quarterly low points in the stock price. Ms. Thomsen said the "scheme was blatant."

To facilitate the scheme, the SEC said, Ms. Jensen prepared false compensation-committee minutes purporting to show that Mr. Reyes -- the committee's sole member -- actually granted the options on the days they were dated. The SEC said Mr. Reyes and Ms. Jensen provided the phony documents to financial staffers so that they would record the options as having been granted at fair market value on the date of grant.

Officials also claim warning signs were ignored. For instance, they claimed, Mr. Canova received an email from an unidentified employee that described the options-granting process to another employee as "forging option paperwork and offer letters so he could get better-priced options." The SEC complaint alleges that Mr. Canova did not investigate or report the backdating or the falsified documents to Brocade's board.

Beyond options gains, Ms. Thomsen said, an executive also can benefit by selling stock at prices "inflated" because of false financial statements. Mr. Reyes sold some $380 million in Brocade shares during his tenure.

The SEC's complaint said Mr. Reyes's own options, which were granted by the company's board, not the one-man committee, also were backdated. But the agency's complaint doesn't explain who was responsible, or how the backdating occurred. Two 2001 grants to Mr. Reyes were backdated to the same dates as other employees' grants, the SEC said. One was dated in April and the other on Oct. 1, at the bottom of a deep trough in Brocade's share price after the Sept. 11 terrorist attacks.

Mr. Reyes never cashed in any of his options. Brocade's stock, after peaking in late 2000, declined in the larger tech collapse, and for years has traded at a fraction of its price during the boom.

Said Patrick D. Daugherty, a Detroit-based partner at the law firm Foley & Lardner, "The government has chosen a very good case to begin a crackdown or send a message. These are very ugly facts that are spelled out."

Still, the case may not be a slam dunk. Though there is strong documentary evidence of fraud, including emails and apparently forged meeting minutes, options backdating is a novel area of the law and it's unclear whether jurors will agree the charges, if proved, are worthy of prison time.

Brocade said in a statement that it had reserved $7 million for a proposed settlement with the SEC. The settlement amount, already accepted by SEC staff, is contingent upon approval by SEC commissioners, the company said.

Ex-CEO Of Brocade, Two Others Charged Over Options (SFC)

By Carolyn Said, Chronicle Staff Writer

San Francisco Chronicle, July 21, 2006

(07-20) 13:45 PDT -- In the first charges to come out of the widening stock-options scandal, criminal and civil actions were filed today against Gregory Reyes, the former CEO of San Jose's Brocade Communications Systems and a consummate Silicon Valley insider, for securities fraud.

Reyes, along with Stephanie Jensen, Brocade's former vice president of human resources, was charged with concealing millions of dollars in expenses, overstating the company's income and falsifying records of stock options grants.

The U.S. Attorney's Office for the Northern District of California filed the criminal charges. The Securities and Exchange Commission filed the civil action, which names Reyes, Jensen and Antonio Canova, Brocade's former chief financial officer. Besides fraud, it charges the three with several violations of federal securities laws.

The Brocade executives allegedly manipulated options-grant dates to entice new hires in a competitive market. While stock options have long been a recruitment tool for cash-poor Silicon Valley companies, Brocade's use of them violated antifraud provisions of federal securities laws, according to the suits.

Stock options give the recipient the right to buy stock in the future at the price the stock was worth on the date they were granted, called the strike or exercise price. Back-dating options to a time when the stock was lower gives the recipient a jump-

start on potential profits in the future. At least 60 companies are currently under investigation by the SEC or Justice Department for possibly having back-dated options and failed to properly account for them.

"This backdating scheme contributed to the restatements of hundreds of millions of dollars of Brocade's financial results," Kevin Ryan, U.S. attorney for the Northern District of California, said in a statement.

Reyes' attorney said in a statement before the charges were issued that his client is innocent.

"It is surprising that in an area where the government is investigating at least 60 companies (for allegedly back-dating stock options) the government would choose to charge Mr. Reyes," said the attorney, Richard Marmaro, a partner in the Los Angeles office of Skadden Arps Slate Meagher & Flom. "Mr. Reyes is not even alleged to have granted himself any of the options at issue in the case, nor is there even an allegation that he made any money through the alleged option irregularities. All he did was what his board authorized him to do."

The civil suit says that Reyes and other Brocade officers received backdated options at the same time as employees, and thus was "motivated to continue the scheme, in part, to enrich himself and his fellow officers."

Brocade hired over 1,150 employees between October 1999 and October 2002, making liberal use of stock options as a form of compensation, the suit said. Under accounting rules at that time, public companies were required to record compensation expenses when they granted options "in the money" -- i.e., with a strike price lower than the market price on the date granted.

From 2000 through 2004, Reyes "used the virtually unchecked authority given to him to grant 'in the money' options to employees by falsifying in the options documentation the date on which the grants were made and thereby granting the options with below-market strike prices," the civil suit said. Jenson aided him by providing false documentation for options grants, helping Reyes identify the lowest closing price during certain periods and falsifying records of employees' start dates, the suit said.

Canova, who joined Brocade in late 2000 and became CFO in May 2001, learned of the backdating and falsified records but did not investigate or inform the board's Audit Committee, the suit said, instead helping to facilitate the fraud by instructing finance department employees to change dates on records.

Reyes, 43, and a resident of Saratoga, was CEO of Brocade, a storage networking firm, from May 1998 until January 2005, when he resigned. (He remained on the board and as a consultant for Brocade until July 2005.) At that time, Brocade said it would restate its financial results for the prior six years -- every single year of its tenure as a public company -- because of errors in how it accounted for options grants.

The criminal complaint said that Brocade's restatements included a net loss for 2004 that was $32 million rather than the $2 million originally reported, a loss for 2003 that increased from the original $136 million to $147 million, a decrease in 2002 income of $60 million to $126 million, and an income decline of $304 million from 1999 to 2001.

The maximum penalty for securities fraud is 20 years in prison, a $5 million fine, and restitution. The SEC is seeking restitution, civil monetary penalties and to bar Reyes and Conova from serving as officers or directors of a public company.

Canova, 44, lives in Los Altos Hills and served as Brocade's CFO and vice president of finance from May 2001 until he resigned in December 2005.

Jensen, 48, a resident of Los Altos, was Brocade's top human resources manager from October 1999 until February 2004, then worked as a consultant there until August 2004.

Even within the insular world of Silicon Valley, Reyes is unusually well-connected. His uncle, George Reyes, is the chief financial officer of Google. His father, Gregorio Reyes, is on the board of Seagate Technology. Gregory Reyes is a part owner of the San Jose Sharks hockey team.

Prosecutors Charge Brocade Ex-CEO Reyes In Stock-option Scheme (MERCN)

By Frank Michael Russell

The San Jose Mercury News, July 21, 2006

Prosecutors today filed their first criminal indictments in the growing stock-option backdating scandal. Federal authorities have filed criminal and civil charges against Gregory Reyes, Brocade Communications' ex-chief executive, and Stephanie Jensen, the company's former vice president of human resources.

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The Justice Department and the Securities and Exchange Commission say the two executives routinely manipulated the dates of stock-option grants so they were ``in the money'' rather than ``at the money,'' giving employees of the San Jose tech company a head start on profits, while illegally concealing the expenses from investors.

``The criminal charges filed today allege that this backdating scheme contributed to the restatements of hundreds of millions of dollars of Brocade's financial results,'' U.S. Attorney Kevin Ryan said in a statement. ``The criminal complaint alleges that these defendants altered and backdated board of director meeting minutes and employment offer letters in a scheme to defraud in connection with the pricing and granting of stock options.''

Reyes' attorney Richard Marmaro has said the former CEO did not personally gain from backdating and that the government should be focusing on other stock-option cases.

In addition, the SEC has filed civil charges against Antonio Canova, Brocade's former chief financial officer, saying he learned about the scheme in writing but failed to alert Brocade's auditors or audit committee.

Ryan and SEC Chairman Christopher Cox have scheduled a news conference for this afternoon to elaborate on the charges. Our reporter Therese Poletti and columnist Mike Langberg will be there, so check in online or pick up Friday's paper for many more details.

If it wasn't for today's big stock-option news, we'd be obsessing over Google's earnings. Then again, we can always find time to obsess over Google earnings.

Reporting after the stock market closed this afternoon, the Mountain View Internet giant said second-quarter net profit more than doubled from a year ago to $721.1 million, or $2.33 a share. By comparison, Google had profit of $342.8 million in the second quarter of 2005.

``Google grew at an impressive pace during a seasonally slower quarter,'' Chief Executive Eric Schmidt said in a statement accompanying the report. ``We continue to deliver valuable new products and services to users around the world through our partnerships and investments in our business. Our strong performance results from our clear focus on increasing the quality of user experience, particularly in search and ads.''

Excluding stock-compensation costs, Google's earnings were $2.49 a share, exceeding analysts' forecasts on that basis of $2.22 a share, according to Thomson Financial.

Revenue jumped 77 percent to $2.46 billion. Excluding the costs of placing ads on other Web site, revenue was $1.67 billion.

Google's report follows results released by its Sunnyvale rival, Yahoo, earlier this week. ``These numbers showcase that Google is predominant in the areas where they're playing,'' said always quotable analyst Rob Enderle, according to a Bloomberg News report. ``Yahoo's numbers indicated they were being hit by Google. This confirms that.''

Investors, pleased with the results, were sending Google's shares higher in extended trading.

Advanced Micro Devices has been competing fiercely with Intel in the market for computer microprocessors, but Intel isn't sitting still.

Reporting earnings this afternoon, Sunnyvale chip maker AMD said its second-quarter profit was $88.8 million, or 18 cents a share, up sharply from $11.3 million a year ago. Sales, however, dropped 3.5 percent to $1.22 billion, but AMD had warned earlier that revenue would be lower. AMD said it had record sales of its Opteron server chips. The company's shares were lower in after-hours trading.

Earlier today, Intel announced a big shake-up of its executive team after Wednesday's disappointing earnings report, which sent the Santa Clara chip giant's shares down $1.39, or 7.5 percent, to $17.10. With the moves, two fewer executives will report to Chief Executive Paul Otellini, according to an Associated Press report.

``The moves announced today will help us speed decision making and bring new resources to bear in critical areas, while allowing me to spend more time on key strategic issues,'' Otellini said in a statement.

Executive Vice President Sean Maloney will lead Intel's sales and marketing, according to the AP, taking over from Anand Chandrasekher and Eric Kim. Senior Vice President David Perlmutter will now lead Intel's mobility group, which he had run jointly with Maloney. Chandrasekher will lead a new ``ultra-mobile'' PC group. Kim will run the digital home group, which had been led by Don MacDonald. MacDonald now will be a marketing vice president reporting to Maloney.

More tech earnings news: Shares of Cupertino computer and iPod maker Apple Computer soared $6.40, or 11.8 percent, to $60.50 after the company's stellar fiscal third-quarter earnings report Wednesday afternoon. Apple's profit was up 48 percent after better-than-expected sales of its flagship ``I'm a Mac'' computers.

Redmond, Wash., software mega-behemoth Microsoft said its fiscal fourth-quarter profit was down 24 percent after it invested in efforts to speed its Xbox 360 video game console to store shelves and to compete with archrival Google. Reporting this afternoon, Microsoft said net income was $2.83 billion, or 28 cents a share, compared with $3.7 billion a year ago. Sales were up 16 percent to $11.8 billion. Microsoft upgraded its profit forecast for the current quarter, sending its shares higher in after-hours trading. Oh -- and Microsoft said it would buy back as much as $40 billion worth of stock. Yes, that's $40 billion.

More Bay Area business headlines: Pleasanton supermarket chain Safeway reported second-quarter earnings that were 84 percent higher than a year ago and that exceeded analysts' expectations. Safeway said its net income was $246.2 million, or 55 cents a share, compared with $134 million a year ago. Sales were up 6 percent to $9.37 billion. Without a $58.5 million gain from interest on an income-tax refund, Safeway said its earnings would have been 42 cents a share. On that basis, analysts surveyed by Thomson Financial had been expecting earnings of 36 cents a share.

Pacific Gas & Electric, which provides power to much of Silicon Valley, has won approval for a plan to install upgraded "smart" electric and gas meters. The meters will allow PG&E to charge for electricity based on when it's used. Our writer Sarah Jane Tribble had more details on how the meters will work online now and in this morning's paper.

Federal Reserve Chairman Ben Bernanke has declared that the nation's housing market has come to a safe landing. "The downturn in the housing market so far appears to be orderly," Bernanke told the House Financial Services Committee, according to an Associated Press report.

Bernanke promised that Fed officials will monitor closely whether the housing market's slide leads to a slowdown in the economy.

Here in Silicon Valley's skewed real estate landscape, of course, an "orderly" market means the median house price ($770,000 in June) is 9.2 percent higher than a year ago rather than 20 percent.

Many of us have avoided the real estate frenzy in Santa Clara County by remaining renters, but now even our luck is ending: The average asking rent in the second quarter was 9 percent higher than a year ago, according to a story today from Novato-based RealFacts.

Experts say higher mortgage rates are making it harder to enter the housing market, keeping apartment occupancy rates higher. (Only about 3 percent of apartments are available, RealFacts said.)

And speaking of mortgage rates, they continue to climb. Rates on 30-year fixed-rate mortgages reached 6.8 percent this week, their highest level in more than four years, according to a report today from Freddie Mac.

By comparison, 30-year fixed-rate loans were at 6.74 percent last week and 5.73 percent a year ago.

``Financial markets were a bit jittery after core consumer price index figures for June were released that indicated inflation might still be a potential threat," Frank Nothaft, Freddie Mac's vice president and chief economist, said in a statement. ``If this were the case, the Fed would be more inclined to continue to raise rates this year. Mortgage rates reflected that thinking and rose accordingly."

If comments from Bernanke are any indication, though, the mortgage market may have overreacted. ``Bernanke, in his semi-annual speech to Congress, hinted that another rise in overnight lending rates might not be imminent, and financial markets breathed a collective sigh of relief, which should be reflected in the results of next week's survey," Nothaft said.

For this week, though, rates on other popular loans were higher, too:

• 15-year fixed-rate mortgages: 6.41 percent, up from 6.37 percent last week and 5.32 percent a year ago.

• One-year adjustable-rate mortgages: 5.8 percent, up from 5.75 percent last week and 4.42 percent a year ago.

• Five-year hybrid ARMs: 6.36 percent, up from 6.33 percent last week and 5.26 percent a year ago.

Silicon Valley tech stocks: Up: Oracle, Apple Computer and Yahoo. Down: Google, Cisco Systems, Intel, Hewlett-Packard, eBay, Gilead Sciences and Applied Materials.

Ex-Brocade Chief Charged With Fraud In Options Probe (Update7) (BLOOM)

Bloomberg, July 21, 2006

July 20 (Bloomberg) -- Former Brocade Communications Systems Inc. Chief Executive Officer Gregory Reyes became the first CEO charged in the U.S. probe of illegal backdating and other manipulation of employee stock option grants.

Reyes, 43, ousted as head of the Silicon Valley maker of computer equipment in January 2005 after an earnings restatement, was charged with securities fraud in a criminal complaint filed today in San Francisco federal court. Also charged was ex-human resources vice president Stephanie Jensen. They were sued by the Securities and Exchange Commission along with former Brocade Chief Financial Officer Antonio Canova.

SEC Chairman Christopher Cox said in a press conference today that illegal backdating, which allowed employees bigger profits when they exercised their options, led to the misstatement of $1 billion in earnings at the San Jose, California-based company. The SEC is investigating more than 80 other companies for similar wrongdoing, Cox said.

``This is the tip of the iceberg," said George Stamboulidis, head of the white collar criminal defense practice at Baker Hostetler in New York. ``I think it is highly likely that more executives will be charged."

More than 66 companies are conducting internal inquiries or are under federal investigation. Today's charges are the first in the biggest federal investigation of corporate wrongdoing since a mutual-fund trading probe three years ago led to $4.3 billion in penalties.

Followed the Board

Reyes's lawyer Richard Marmaro rejected the government's charges, saying his client never profited from backdating.

``Reyes is not even alleged to have granted himself any of the options at issue in the case, nor is there even an allegation that he made any money through the alleged option irregularities," Marmaro said in a statement. ``All he did was what his board authorized him to do."

Jan Little, a lawyer for Jensen, 48, of Los Altos, California, said the charges are ``wrongheaded" and that her client is innocent.

``Jensen directed Brocade's human resources department, and she had no responsibility for finance or accounting," Little said in an e-mailed statement.

An options contract gives the holder the right to buy or sell a specific quantity of stock at a later date, and usually at the price of the stock on the day of the grant.

Hundreds of Employees

Hundreds of Brocade employees were given options dated prior to when they were granted, when the stock was at a lower price than on the grant-date. As a result, employees had the potential to make more money when they later exercised their option and bought the stock for the lower backdated amount, rather than the higher price as of the actual date they received the option.

While backdating isn't illegal, former Brocade executives didn't record the extra compensation expenses associated with the practice, as required under accounting rules, regulators said. That caused Brocade to overstate earnings by $1 billion in 2000 alone, Cox said.

The scheme defrauded investors and also gave Brocade an unfair advantage over its competitors, since it was able to attract employees with lucrative pay packages that were improperly accounted for, the SEC said.

The charges come a week after San Francisco U.S. Attorney Kevin Ryan announced a task force was investigating whether individuals and companies were engaging in the practice, a popular means of attracting highly skilled executives and employees to technology companies.

Up to 20 Years

If convicted, Reyes and Jensen face up to 20 years in prison, $5 million in fines, and possibly a fine equal to twice the gain or loss caused by the offense, according to the government. Reyes and Jensen are scheduled to appear in San Francisco federal court Aug. 2, Ryan said.

Backdating of options ``strikes at the heart of investor confidence," Cox said. The U.S. probe aims to ``stamp out fraudulent backdating."

Regulators are studying whether executives at companies ranging from Home Depot Inc., the world's biggest home-improvement retailer, to UnitedHealth Group Inc., the No. 2 U.S. health insurer, inflated the value of their options by backdating or timing the grants to coincide with days when the stock price was low.

The probe has cost at least 19 corporate officials -- including four CEOS --their jobs. Newpark Resources Inc.'s James Cole and Comverse Technology Inc.'s Kobi Alexander are among chief executives who have been ousted.

Internal Review

In January 2005, Brocade announced that an internal review had found the company incorrectly accounted for stock options granted to newly hired employees and those working part-time.

Accounting rules require Brocade to record changes in the value of discounted options in quarterly income, based on fluctuations in its share price. Brocade said it issued 98.8 million options between May 1999 and July 2003 that were subject to this ``variable accounting."

Brocade, the world's largest maker of switches for storage networks with 1,316 employees, restated earnings twice last year because the company didn't properly account for options.

In an affidavit filed with the criminal complaint, FBI agent Joseph Schadler said Reyes was granted sole authority from Brocade's board to grant stock options and he was ``a committee of one" for purposes of granting stock options.

FBI Affidavit

Reyes and Jensen backdated employment offer letters and other personnel records so employees could be given stock option grants that ``were purportedly made and priced when the market value of Brocade's stock was relatively low," according to court papers.

The Justice Department described one incident in which a Brocade employee was offered a job after Feb. 1, 2002, and the employee's offer letter, which included a stock option grant, was backdated to Nov. 28, 2001. After the employee accepted the job in February 2002, Reyes and Jensen ``prepared committee meeting minutes for the board of directors dated Nov. 28."

The minutes priced the stock option grant using the closing price of Brocade's stock on Nov. 28, which was $28.82 a share. Had the stock not been backdated, the option would likely have been pegged to Brocade's Feb. 1 closing share price of $37.05, requiring the employee to spend $8.23 more per share when eventually exercising the option grants.

Civil Complaint

The SEC, in its civil complaint filed today, said that Reyes and Jensen, with the help of ex-Brocade finance chief Canova, defrauded investors by not properly accounting for the true value of the backdated option grants.

``By falsifying and backdating option paperwork, Reyes and Jensen knew investors would be given a false portrait of Brocade's financial condition," Linda Chatman Thomsen, director of the SEC's enforcement division, said in a statement.

Canova, 44, of Los Altos Hills, California, was ``warned in writing that option paperwork had been forged to enable an employee to get favorably priced options," the SEC said. He failed to advise Brocade's auditors and signed false financial statements and SEC filings, the regulator claimed.

``We think the SEC is flat out wrong with respect to Mr. Canova," said Norman Blears, his attorney. ``He did not participate in or facilitate any fraudulent practices at Brocade."

Restatements

In Brocade's first restatement in January 2005, the company widened its 2004 loss to $32 million from $2 million because it misreported stock-based compensation. In the second restatement, in November, the company added about $71 million in expenses because it didn't properly account for options previously issued to executives on leaves of absence or in advisory roles, such as Reyes, of Saratoga, California, who was replaced as CEO and then agreed to serve as an adviser to the company.

Reyes stepped down from Brocade's board last year, and his advisory agreement was terminated in July. Reyes, who joined Brocade in 1998 as president and CEO, is on the board of the San Jose Sharks hockey team and Verisign Inc., where he is also a member of the compensation committee.

His father is Gregorio Reyes, who sits on the board of several technology companies, including Seagate Technology, and his uncle is George Reyes, chief financial officer at Google Inc.

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Brocade in May 1999 held an initial public offering of 26 million shares at $2.38 each, adjusted for later stock splits. The shares hit an all-time high of $133.72 on Oct. 23, 2000.

Exercised

According to proxy statements, Reyes exercised stock options just one time after Brocade's IPO, earning $2.99 million by exercising options on 40,000 shares in fiscal 2000. His big gains came in December 1998, about six months prior to the IPO, when Reyes exercised options for the purchase of 12.3 million shares at 28 cents each.

Starting in September 1999, he sold almost 5.9 million common shares over the ensuing year, raising more than $354 million, according to SEC filings and data compiled by The Washington Service. He sold almost 5 million shares in February 2005 for about $30.7 million.

Reyes agreed to the cancellation of options on 11 million shares on Jan. 9, 2003, in return for the promise of a new grant that July. He ended up getting new options to buy 1.1 million shares at a strike price of $6.54 each.

The SEC opened an investigation into Brocade in June 2005 after the second restatement. The U.S. Justice Department joined the probe in May. The company, in an e-mailed statement, declined to comment on Reyes, Jensen or Canova.

None of the charges affected ``historical revenues, cash positions, or non-stock option related operating expenses," the company said in its statement.

The criminal case is U.S. v Gregory Reyes and Stephanie Jensen, 06-70450, U.S. District Court for the Northern District of California, San Francisco. The SEC complaint is SEC v. Reyes, U.S. District Court for the Northern District of California, San Francisco.

To contact the reporter about this story: Karen Gullo in San Francisco at kgullo@bloomberg.net.

SEC Files Charges In Backdating Scandal (FT)

By Jeremy Grant In Washington And Kevin Allison In San Francisco

Financial Times, July 21, 2006

US authorities handed down the first criminal and civil charges in a widening US stock options backdating scandal on Thursday, charging three former executives of California technology company Brocade Communications Systems in a case described as “poisoning to an efficient marketplace”.

In an unusual move, the Securities and Exchange Commission, Department of Justice and Federal Bureau of Investigation unveiled the charges at a joint news conference in San Francisco, spiritual home to the technology companies that pioneered the used of stock options in the 1990s.

Christopher Cox, SEC chairman, said: “We wanted to co-ordinate this announcement to demonstrate that the full weight of the federal government [is] behind this effort to stamp out fraudulent stock options backdating.”

For the past 18 months, the three agencies have been “parallel investigations” into questionable stock options grants.

At issue has been whether options were deliberately backdated to periods when a company's stock price was at or near a record low and whether this was properly disclosed and accounted for.

The agencies alleged in criminal and civil suits that Gregory Reyes, former Brocade chief executive and the company’s former human resources director, Stephanie Jensen, “routinely backdated stock options grants to give employees favourably priced options without recording necessary compensation expenses”.

Specifically, Mr Reyes is alleged to have run a scheme running from at least 2000-2004 to grant “in the money” options by falsifying company records to create the false appearance that the options had been granted at the market price on an earlier date.

Mr Cox said the scheme had inflated income at Brocade, a provider of computer server and software connections, by $1bn in2000 alone.

A third former executive, former Brocade chief financial officer Antonio Canova, was accused in the SEC’s civil complaint of making false and misleading financial statements even after being told that the company’s options paperwork had been forged.

The criminal complaint, filed in federal court in San Francisco, charges Mr Reyes and Ms Jensen with securities fraud.

If found guilty, either defendant could face up to a 20year jail sentence and a $5m fine.

The SEC's civil complaint charges all three with fraud and other violations of federal securities laws, including Sarbanes-Oxley certification provisions.

Linda Thomsen, the SEC's enforcement chief, said: "The scheme was blatant. Undisclosed options backdating is an assault on the integrity of public companies."

She revealed that the SEC was investigating 80 companies across the US, far more than the combined 60 originally thought to be under investigation by both the SEC and the justice department.

Such companies included members of the S&P 500 stock index, and not just technology companies.

Further enforcement actions were expected "in the coming weeks and months", Mr Cox said.

Art Balizan, special agent in charge at the FBI, said: "We believe that today's charges take another step towards restoring public confidence in American corporate governance."

2 Are Charged In Criminal Case On Stock Options (NYT)

By Damon Darlin And Eric Dash

The New York Times, July 21, 2006

SAN FRANCISCO, July 20 — Federal prosecutors on Thursday filed the first criminal charges against executives in a mushrooming investigation into the possible manipulation of stock options.

Gregory L. Reyes, the chief executive of Brocade Communications until January 2005, and Stephanie Jensen, the vice president for human resources until 2004, were each charged in a criminal complaint with one count of securities fraud. Prosecutors said the two doctored the minutes of board meetings, job-offer letters and other documents to make it appear that employees were granted stock options at an earlier date, when the share price of Brocade was lower.

The Securities and Exchange Commission also filed a civil complaint, which named Brocade's former chief financial officer, Antonio Canova, as well as the other two executives. (Mr. Canova, who resigned in December 2005, was not named in the criminal case.)

The criminal complaint is the most significant step yet by investigators in what is shaping up to be a large-scale scandal in the corporate world. Corporations — from small technology companies like Altera and Mercury Interactive to industry giants like UnitedHealth — have been ensnared in investigations into whether their executives or boards improperly granted stock options at attractive prices.

Now that prosecutors in San Francisco have fired the first volley, many lawyers said they expected a flurry of indictments to follow.

"I think we're going to see a quick succession of cases," said Scott S. Balber, a lawyer with Chadbourne & Parke who would not say whether any of his corporate clients had been contacted by regulators regarding the backdating of options.

So far, federal prosecutors in San Francisco, Manhattan and Brooklyn have opened more than 33 cases looking at potential accounting problems or fraud; the Securities and Exchange Commission is examining at least 80 companies. More than a dozen senior executives have been dismissed. Nearly every company has been reviewing its practices.

"This case will not be the last,'' said Linda Chatman Thomsen, the director of the S.E.C. enforcement division.

An option gives the holder the right to buy shares of stock at a predetermined price in the future, commonly the market price on the date they were granted. Instead of offering higher salaries, companies sometimes prefer to lure potential hires with stock options, conserving company cash.

According to the criminal and civil complaints filed Thursday in Federal District Court in San Jose, Calif., Mr. Reyes routinely backdated documents to provide new employees with a larger compensation package. Brocade, a maker of data storage networking products, is based in San Jose.

The Department of Justice criminal complaint does not contend that any of the three company officials directly made financial gains from the backdating. But Kevin V. Ryan, the United States attorney for Northern California, said the government was not obligated to prove personal financial gain in this case.

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Instead, prosecutors are building a case that suggests that the intent was to hire highly qualified employees that other companies had wanted.

The S.E.C.'s civil complaint does contend that Mr. Reyes was motivated by personal gain and did receive backdated options himself. "He was thus motivated to continue the scheme, in part, to enrich himself and his fellow officers," the S.E.C. complaint says.

Although Brocade's board approved those grants, the government did not name any directors as defendants. Ms. Thomsen and Mr. Ryan did not rule out the possibility that others at Brocade might be charged. Mr. Ryan also declined to discuss whether any employees or former employees had been granted immunity to testify or help the government build its criminal case.

At a news conference in San Francisco, Christopher Cox, the chairman of the S.E.C., called the backdating practice "poisonous" and said "the S.E.C. is committed to bringing it to an end nationwide."

The criminal charge carries a penalty of as much as 20 years in prison and a fine of $5 million.

Lawyers for Mr. Reyes and Ms. Jensen denied the charges. "Financial gain is always the motive in securities fraud cases, and here there was none,'' Mr. Reyes's lawyer, Richard Marmaro, said in a statement. A call to Mr. Canova's lawyer was not returned.

Options are a powerful incentive for executives to try to get the stock price higher so that the option becomes "in the money,'' meaning the shares can be bought at a price below the current market price.

Handing out in-the-money options is not illegal as long as the grants are disclosed to shareholders. At the time in question in this case, in-the-money options had to be counted as an expense on the company's books. (New rules now require companies to deduct options as an expense.) Failure to disclose or to deduct in-the-money options from income could lead to securities fraud charges. And because such options do not qualify for tax breaks once they are exercised, such grants raise tax fraud issues, too.

Yet what remains unclear is where regulators and prosecutors will draw the line when it comes to backdating. Brocade's case may be different because it involves allegations of doctoring documents.

But other companies will argue that the rules establishing a stock option's grant date were not always clear, or at least open to interpretation. For a period during the 1990's, for example, several companies including Microsoft granted stock options for rank-and-file employees at monthly lows, often with the blessing of auditors.

Other companies may suggest the backdated options were caused by legitimate paperwork delays; there was sloppiness but no criminal wrongdoing. And even among top S.E.C. regulators, there is a significant debate brewing over another common but disturbing options practice: at what point does the opportunistic granting of stock options at attractive prices ahead of good news become illegal?

Defense lawyers are struggling to get a sense how far investigators will pursue cases and where the line should be drawn between aggressive grant practices and fraud.

Brocade "is a good case to start with because it involves allegations of falsified documents,'' said Kenneth A. Raskin, head of the global executive compensation, benefits and employment law practice at White & Case. "Other cases are not going to be as black and white."

The Brocade case illustrates how one company granted stock options in a frenzied Silicon Valley culture.

Technology start-ups were sprouting throughout the Bay Area and beyond and desperately needed to fill jobs. Stock prices often swung wildly from day to day. And instead of offering higher salaries, companies preferred to offer stock options.

At the same time, few outsiders scrutinized the practice. Accounting and law firms sought to please their clients; misinformation, intentional or not, was abundant.

Indeed, backdating stock options was so common among Silicon Valley firms, several West Coast lawyers and compensation experts said, that it was viewed at the time as the equivalent of running a stop sign in the desert. Executives were often willing to push the boundaries or in some cases simply ignore the rules.

"It was a high-risk, high-reward time," said Tom G. LaWer, a partner at Greenberg Traurig's Silicon Valley practice. "You had people who were entrepreneurs. They often started with small companies where every day is a bet-your-company decision. In this case, a lot of them concluded the risk was small and the reward was great."

From 2000 to 2004, Mr. Reyes and Ms. Jensen falsified company records, including minutes of directors' meetings, and employment-offer letters and understated Brocade's expenses and overstated its income, according to the S.E.C.

Ms. Jensen reported directly to Mr. Reyes. The S.E.C. contends he backdated options grants on at least nine occasions in 2001 and 2002 and on six occasions in 2003 and 2004.

Mr. Reyes was given sole authority to grant stock options by Brocade's board, in essence, making him the company's compensation committee, the government contends. Mr. Reyes and Ms. Jensen often waited until the end of a fiscal quarter before granting options at the lowest price for that quarter.

In fact, the practice became so routine that by June 2003, "an HR employee prepared a memorandum describing the practice," the S.E.C. complaint says.

Criminal Charges Filed Against Ex-Brocade CEO (CNET)

By Declan McCullagh And Dawn Kawamoto, Staff Writers, CNET News.com

CNET, July 21, 2006

Gregory Reyes and other former execs have been indicted in connection with backdating of stock options.

SAN FRANCISCO--In a case with far-reaching implications for Silicon Valley, former top executives of Brocade Communications Systems are facing civil and criminal charges relating to allegations of stock option backdating.

Federal officials announced the charges against Gregory Reyes, Brocade's chief executive until 2005, and Stephanie Jensen, the company's vice president of human resources from 1999 to 2004, at a press conference here on Thursday.

Video: Ex Brocade CEO faces federal charges

SEC Chairman Christopher Cox explains the legal action against three former executives of the company.

The widely anticipated charges are the first in what could be a number of prosecutions of Northern California companies and their executives related to stock option backdating, which is illegal in some circumstances. The Securities and Exchange Commission says it has more than 80 active investigations nationwide.

Fraud relating to stock option grants "goes to the heart of the relationship between a corporation and its shareholders," said SEC Chairman Christopher Cox. The SEC has filed civil charges against Reyes, Jensen and Antonio Canova, Brocade's former chief financial officer.

Reyes is innocent and has done nothing wrong, said his attorney, Richard Marmaro, a partner at Skadden, Arps, Slate, Meagher & Flom who specializes in white-collar defense.

Marmaro sent a statement to reporters saying that "financial gain is always the motive in securities fraud cases, and here there was none. There is not even an allegation of self-enrichment, or self-dealing."

An affidavit filed by the FBI in the northern district of California on Thursday does not accuse Reyes of personally profiting from stock option backdating. Instead, the FBI claims, Reyes and other executives backdated stock options to attract and retain key employees.

To lure an unnamed employee for a "high-level sales position," the affidavit says, Reyes told Jensen to backdate an offer letter by more than two months to benefit from a more favorable share price in late 2001.

In its own statement on Thursday, Brocade noted that no executives "involved in the historical stock option granting practices remain" with the company.

The San Jose-based networking gear maker also said it has reserved $7 million for a proposed settlement with the SEC. Shares of Brocade, which restated its financial results twice during 2005, closed down 1.8 percent at $5.91.

The press conference comes a week after U.S. Attorney Kevin Ryan announced the formation of a joint task force that he said would "bring criminal charges when appropriate" against Northern California companies that engaged in unlawful stock option backdating.

Allegations about stock option backdating, which is not necessarily illegal, have ensnared dozens of companies and drawn the attention of securities regulators and plaintiffs' lawyers.

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Stock option recipients have the right to buy a share of a company's stock at a price called the strike price, the value of the stock on a certain date. If the strike price is $10 and the shares now trade at $15, each option would be worth $5. (The options would be worthless if the stock fell below $10.)

If an executive is able to change the date retroactively--for instance, to when the stock was trading at a lower price--the options would become more lucrative.

That's precisely what federal investigators are looking into. Some academic research has suggested that many companies have engaged in the practice--which could be a securities fraud violation if the disclosures accompanying stock option grants were intentionally misleading. Tax laws could also be triggered because of different rates for deducting different types of stock options.

George Stamboulidis, a former Justice Department prosecutor who's now a partner at the Baker Hostetler law firm in New York, said he expects more criminal charges to be announced soon against other companies.

Stamboulidis said other cases are more likely to yield allegations of personal profiteering by chief executives. "We've seen some of the reports of cases when multiple millions of dollars have been made by executives including the CEOs," he said.

In the case against Brocade's Reyes and Jensen, Stamboulidis said that it was odd for the Justice Department not to seek a grand jury indictment immediately. The method prosecutors chose instead made information in an FBI affidavit public, which could "soften up the defendant" and make them more amenable to cooperating, he said.

Ex-Brocade Execs Charged In Stock-options Case (MRKTWTCH)

By Alistair Barr, MarketWatch

MarketWatch, July 21, 2006

CEO, VP face criminal charges; CFO named in civil suit

SAN FRANCISCO (MarketWatch) -- The Justice Department Thursday announced the first criminal case in connection with the backdating of stock options, charging two former Brocade Communications execs with fraud.

Former Brocade (BRCD: news) Chairman and chief executive Gregory Reyes, 43, and former Vice President of Human Resources Stephanie Jensen, 48, were charged with criminal and civil securities fraud by the Justice Department and the Securities and Exchange Commission.

Patrick Murphy, a branch chief with the SEC's enforcement division, said the civil charges filed by the SEC are a step in the commission's effort to combat abusive options practices.

"This is the [SEC's] first stand-alone financial fraud case exclusively involving options backdating," he said.

Reyes and Jensen face criminal charges filed by the U.S. attorney's office for the Northern District of California. According to the Justice Department, they will be issued a summons to appear Aug. 2 in federal court in San Francisco. The maximum penalty for securities fraud is 20 years in federal prison, a fine of up to $5 million, plus restitution.

The SEC's civil complaint also names Antonio Canova, Brocade's former chief financial officer, who learned of the backdating after joining the company, the agency alleges.

Thursday evening, Brocade said in a statement that it has no comment with respect to the former executives. The company added that in the first quarter of fiscal 2006, it reserved $7 million for a proposed settlement with the SEC. The SEC's staff has indicated it would recommend the proposed settlement to the SEC Commissioners, Brocade said.

Attorneys for Reyes and Jensen said that their clients are innocent and will fight the allegations in court. Canova's lawyer, Norman Blears, didn't immediately return calls seeking comment Thursday.

Brocade is one of many companies that have become embroiled in a widening stock-option scandal.

Roughly 60 companies, including Analog Devices Inc. (ADI: news), UnitedHealth Group (UNH: news) and Home Depot Inc. (HD: news), have been either contacted by the SEC or the Justice Department about the practice.

Others, such as Apple Computer Inc. (AAPL: news) and Barnes & Noble Inc. (BKS: news), have launched their own internal investigations.

The focus of the probes is whether stock-option grant dates have been manipulated in the following way: After noticing a rise in the price of their companies' shares, executives enriched themselves or employees at the expense of other shareholders by awarding options that were backdated to the start of the share-price rise.

According to the SEC and Justice Department complaints, Reyes and Jensen are alleged to have backdated stock-option grants to give employees favorably priced options without recording the necessary compensation expenses.

Canova was allegedly warned in writing that option paperwork had been forged to enable an employee to get favorably priced options, and the SEC's complaint said that he took no action, failed to advise Brocade's auditors and audit committee, and signed Brocade's false and misleading financial statements and SEC filings.

Reyes' attorney, Rich Marmaro, said that his client was innocent partly because he didn't profit personally from any of the alleged actions.

"Financial gain is always the motive in securities-fraud cases, and here there was none," Marmaro said in a statement. "There is not even an allegation of self-enrichment, or self-dealing. Nor is there any evidence of an intent to misstate the financial statements of the company."

Jensen's attorney, Jan Little, said that her client had no responsibility over finance and accounting at Brocade. "These charges are completely wrongheaded," Little said in a statement.

Alistair Barr is a reporter for MarketWatch in San Francisco.

Ex-CEO Charged In Backdating Probe, As SEC Weighs Others' Conduct (LAW)

By Justin Scheck, The Recorder

California Recorder, July 21, 2006

In announcing criminal and civil complaints against the former CEO and HR manager of Brocade Communications Systems on Thursday, the San Francisco U.S. Attorney and Securities and Exchange Commission painted the stock option backdating issue in tones of black and white.

"In many cases it makes a hash of a company's financial statements," said SEC Chairman Christopher Cox, in from Washington to trumpet the first charges in a probe that's hit about 80 companies, many in Silicon Valley. "It's poisonous."

"We are looking strongly, intently and aggressively at similar issues," added U.S. Attorney Kevin Ryan.

But despite Cox's harsh language before an armada of reporters, those ongoing regulatory and criminal investigations are moving into an area more gray than black.

Indeed, even as Cox and Ryan excoriated Brocade's former CEO, Gregory Reyes, and former vice president of HR, Stephanie Jensen -- along with former CFO Antonio Canova, who only faces civil charges -- lawyers and accountants for the government, companies and executives are attempting to figure out how to separate the truly criminal conduct from less nefarious errors in dating options grants.

And so earlier this week, SEC Acting Chief Accountant Scott Taub met with representatives of the Big Four accounting firms in Washington, according to several private lawyers with backdating clients. They discussed what circumstances would necessitate measures like major restatements of earnings, and which situations federal authorities would view as less egregious.

"There's nothing on that topic that I care to comment on," Taub said Thursday.

White-collar defense lawyers have cheered the dialogue, saying it will impose a measure of stability as they try to figure out the extent of their clients' exposure.

"People have been trying to make those kinds of judgments," said an in-house lawyer for a Big Four accounting firm, "and set up discussions so there is a constant flow of information."

Outside accounting firms are responsible for evaluating the impact of backdating on a company's finances -- and for determining which companies will have to restate earnings, and to what extent.

Such restatements are key pieces of government investigations. So defense lawyers say guidance on the issue from the SEC will lend some clarity to just how serious a given company's problems are.

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"It would presumably create some situation, a safe harbor," said a defense lawyer who spoke on the condition that he not be identified because he represents multiple subjects of backdating probes. "It would be something that would create some stability."

The defense lawyer, like several others, said that with the exception of the most egregious cases, backdating was just how business was done in Silicon Valley during the dot-com boom. In addition, they said, many date changes were the result of clerical errors.

In some instances, defense lawyers said, companies may have used the date the employee was notified of the grant.

Strictly speaking, the official date of the grant should have been the day the last required signature -- known as "unanimous written consent" -- was obtained, though that may have taken weeks or months.

Defense lawyers say the SEC's view of that practice will have a major impact on the backdating investigations.

Another defense lawyer who asked not to be identified due to client sensitivities said that could be the single most important product of SEC/Big Four discussions.

"The very conservative accounting view of a unanimous written consent is that a grant isn't valid until the very last signature," the lawyer said. "It's unpractical to handle it that way."

A more charitable view of business as usual in the Valley would hearten defense lawyers. "If the meeting between the SEC and the Big Four firms results in the Big Four accounting firms being more practical about their judgment, that could be very helpful," the lawyer said.

But that concern means little to Richard Marmaro, the Skadden, Arps, Slate, Meagher & Flom partner representing Reyes. He said Thursday his client is facing an unfair lot.

According to government prosecutors, in an effort to compete in the high-intensity Silicon Valley job market, Brocade egregiously backdated options as a way of trying to attract employees.

The criminal complaint says Reyes and Jensen "intentionally devised, and intended to devise, a scheme and artifice to defraud Brocade, its Board, its shareholders, its auditors, the public, and the SEC as to a material matter."

But Marmaro disagrees -- he says the government has no proof of his client's intent and doesn't even allege that Reyes made money off the alleged backdating.

"They've got the wrong guy. There's no evidence of self-enrichment," Marmaro said. "He never granted himself options."

He said that "there were some paper problems in the company's HR department" that resulted in backdating but that it didn't amount to criminal conduct.

"We're planning to move to dismiss the complaint," he said. "There's no evidence in this case."

But Linda Thomsen, the chief of enforcement at the SEC, told reporters Thursday that it doesn't matter that Reyes didn't cash in himself: Executives still face liability because the backdating concealed corporate expenses, and that may have affected stock prices.

At the press conference, one reporter raised a figure of considerable recent interest in Brocade: Larry Sonsini, the chief rainmaker at Wilson Sonsini Goodrich & Rosati, a firm that has represented at least half the 32 Silicon Valley companies under investigation at one time.

In an interview with Business Week magazine earlier this year, Reyes blamed Sonsini -- who was a member of Brocade's board -- for suggesting an options-grant program that let the CEO act as a "committee of one" to grant options. Ryan wouldn't comment on Sonsini or other board members.

But Marmaro was adamant that his client's statements aren't an attempt to blame the attorney for wrongdoing. Instead, he said Sonsini recommended a perfectly appropriate system.

"Larry Sonsini and the board of directors gave Greg Reyes full authority to price options as he saw fit," Marmaro said. "And Larry Sonsini is an honest, ethical man."

Companies Bide Time Over Stock-options Scandal (FT)

By Jeremy Grant In Washington

Financial Times, July 21, 2006

When finance professor Erik Lie and a colleague at the University of Iowa this week revealed that up to 2,000 US companies may be implicated in a widening stock options manipulation scandal, it was the first time anyone had put a hard number on the problem beyond already publicised cases.

More than 60 companies are known to be under investigation by either the Securities and Exchange Commission, the justice department or, in many cases, both.

At issue is whether companies or their executives backdated stock option awards to dates near historic lows in company share prices without properly disclosing and accounting for such moves, thus improperly enriching executives.

How likely is it that the companies which engaged in such practices will be identified? Mr Lie had a gloomy prognosis on his website: "I believe that only a minority of firms that have engaged in backdating of option grants will be caught. In other words, we will never see the full iceberg."

That does not mean America's roughly 15,000 publicly listed companies can relax.

As the next audit season approaches towards the end of the year, they are certain to be asked about their options award practices by their auditors.

Institutional shareholders have also been scrambling to establish what stock options policies were used at the companies in which they were invested in the period in question, roughly spanning 1997-2001.

Steve Barth, a partner in the Milwaukee office of law firm Foley & Lardner, says: "Given the current crisis and the apparently wide extent of backdating, we think it's incumbent on all companies to undergo their own study before it's required from the outside."

His firm recommends a study of a company's historical stock options practices, in particular to establish whether the company habitually granted options on an annual fixed date or whether the policy was "unscheduled, variable grant dates".

This pattern could hint that compensation committees were varying options grants to take advantage of historical stock price performance.

Second, Mr Barth recommends an examination of "consent actions", a procedure used to grant stock options without requiring a company board to meet physically to approve executive options.

He says there are signs that compensation committees and boards may have been backdating documentation involved in such consent actions, "taking backdating to a new level".

To his surprise, however, 44 per cent of companies asked by his firm said they had not initiated a so-called "self-audit" of any kind.

That does not surprise Harvey Pitt, former SEC chairman and now chief executive of consultancy Kalorama Partners. "Many companies are sitting back and waiting for the government to tell them if there is anything wrong. You've got a mindset that says 'don't go looking for problems'," he says.

So far, he says it is mostly larger companies that have started to conduct self-audits. Smaller companies are reluctant on the grounds of cost – yet it is precisely such smaller, cash-poor companies that were in the habit of using stock options to attract executive talent in the period under scrutiny.

Mr Pitt also suspects some executives are banking on the ability of defence lawyers to protect a company should problems arise.

Yet such executives are failing to understand that a lawyer's interests in winning a case are not necessarily aligned with the executives' priority of saving the company, he says.

A further issue is: To what extent have companies changed their stock option award practices, as well as disclosure and accounting procedures, to take account of a tightening of requirements after the enactment of Sarbanes-Oxley in 2002?

Pat Daugherty, a partner at Foley & Lardner in Chicago, says that while SOX gave companies only two days to report stock options grants – compared with a 40-day window pre-SOX – an alarming number of companies are backsliding on this deadline.

"A lot of companies are late and it's a non-trivial amount who are – about one- fifth. We're talking about three to four weeks late," he says.

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The point was reinforced by a report out this week from the University of Michigan. In a study of options grants made at 3,500 companies in the two years after SOX was enacted, researchers claimed that almost a quarter of executives still reported their options late "in spite of potential legal sanctions".

"Our findings lend credence to the view that executive compensation-setting is not an arms-length transaction between the board and the manager," the study said.

SEC's Cox To Name Chief Accountant (WSJ)

By David Reilly

The Wall Street Journal, July 21, 2006

Securities and Exchange Commission Chairman Christopher Cox is expected to name Conrad W. Hewitt as chief accountant of the nation's financial-markets watchdog, filling a regulatory position that had been open since last fall, according to people familiar with the matter.

A certified public accountant, Mr. Hewitt served in the late 1990s as commissioner of California's department of financial institutions and superintendent of banking for the state.

Those positions followed a 33-year career with accounting firm Ernst & Young LLP, from which he retired in 1995 after being a managing partner in offices in Honolulu, the Pacific Northwest and Northern California. Mr. Hewitt serves on the boards of a handful of public and private companies and is chairman of the audit committees of some of them.

Despite his career at a Big Four accounting firm and prominence in California, Mr. Cox's home state, Mr. Hewitt isn't widely known in the accounting industry, whose insiders may view his selection for the SEC post as unorthodox. Typically, chief accountants have hailed from the highest echelons of accounting firms and haven't been out of the profession for as long as Mr. Hewitt, who declined to comment. An SEC spokesman also declined to comment.

Mr. Hewitt's likely selection, expected to be announced in coming days, will follow closely on Mr. Cox's appointment in June of Mark W. Olson as chairman of the Public Company Accounting Oversight Board, which oversees accounting firms. Together, the moves bring to a close a nine-month period of uncertainty that hung over the investment and accounting businesses because of the vacancies in the two important positions.

As the SEC's chief accountant, Mr. Hewitt will be responsible for overseeing and enforcing accounting and auditing policies related to public companies and accounting firms. The chief accountant often serves as the final arbiter of complex accounting matters related to companies' filings.

"The person who occupies that seat," said the head of a major U.S. accounting firm, "is the most powerful accountant in the world."

Among the many issues Mr. Hewitt will have to tackle is the commission's goal of reducing the burden on companies of reporting on internal controls as mandated by the Sarbanes-Oxley corporate-reform law. He will also have to spearhead a drive championed by Chairman Cox and Financial Accounting Standards Board Chairman Robert Herz to reduce complexity in accounting and financial statements. Big-picture issues aside, Mr. Hewitt also will have to focus on pressing concerns like the growing scandal related to the backdating of stock options.

The chief accountant's position came open last fall when Donald Nicolaisen, a former partner with PricewaterhouseCoopers LLP, decided to return to the private sector after two years in the spot. About that time, PCAOB Chairman William McDonough announced he was stepping down, leaving that spot vacant as well.

Accounting-industry executives say finding a new chief accountant has been particularly difficult. Mr. Cox wanted a person with industry and corporate experience and an accounting-firm background. But many likely candidates weren't interested, people familiar with the matter said, because a 2009 change in administrations will likely lead to a new SEC chairman who in turn would likely want his or her own chief accountant.

Write to David Reilly at david.reilly@wsj.com1

CRIMINAL LAW:

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Rep. Jefferson, Nigerian Agree On Points (AP)

By Pete Yost

AP, July 21, 2006

WASHINGTON - Rep. William Jefferson and Nigerian Vice President Atiku Abubakar agree on two important points: Abubakar never accepted and never agreed to accept any money from the congressman.

Jefferson, D-La., is at the heart of a bribery investigation in which the chief executive of a Louisville, Ky., telecommunications company says he paid more than $400,000 in bribes to Jefferson. The money was allegedly for help securing business deals for the company in Nigeria and other African countries.

The assertions about money follow the government's disclosure that Jefferson told an FBI informant the congressman took the "art," which authorities believe was code for $100,000 in $100 bills, to Abubakar's Potomac, Md., home on July 31, 2005.

A subsequent search of Jefferson's home turned up $90,000 of the $100,000 which the informant had provided.

"It's helpful" to the defense of Abubakar and Jefferson but hardly the final word on the issue that both men agree no money passed between them and that they had no agreement to pass any money, said former federal prosecutor Scott Fredericksen.

Prosecutors could say this was a plan in Jefferson's mind and that the government got there before it could be carried out, said Fredericksen.

Abubakar's statement may give Jefferson "a little bit of a boost" if it gets to the point where the congressman has to call the Nigerian official into court to testify that there was no agreement, said former federal prosecutor Greg Wallance.

Abubakar, a candidate in his country's presidential election, said through his lawyers Thursday that Jefferson never "suggested - in any way - providing any personal economic benefits."

The congressman "agrees with that," said Jefferson spokeswoman Judy Smith. She said the Justice Department was creating false impressions with selective disclosure of information.

While the two men had contact with each other, Abubakar said he extended "the usual diplomatic courtesies" to Jefferson that the Nigerian vice president would to any American official.

The comments from Abubakar came in response to questions from The New York Times.

Ex-Fumo Aides Plead Not Guilty In Federal Probe (PHI)

By John Shiffman

The Philadelphia Inquirer, July 21, 2006

Two former state Senate computer technicians yesterday pleaded not guilty to charges that they tried to thwart a federal probe of Sen. Vincent J. Fumo (D., Phila.).

Leonard P. Luchko and Mark C. Eister entered the pleas during brief appearances before U.S. Magistrate Judge L. Felipe Restrepo at the federal courthouse in Philadelphia.

Also yesterday, U.S. District Judge William H. Yohn Jr. filed an order scheduling the trial to begin Jan. 8.

Luchko and Eister are charged with conspiracy and obstruction of justice. A 70-page indictment alleges that they destroyed e-mail related to the federal investigation of Fumo and the South Philadelphia charity that he backed, Citizens' Alliance for Better Neighborhoods.

The FBI and IRS are investigating whether Fumo engaged in extortion by soliciting contributions for Citizens' Alliance and whether contributions were improperly used to benefit Fumo politically or personally.

No one else has been charged in the case, but Fumo and Ruth Arnao, a former senate deputy and former Citizens' Alliance executive director, are focuses of the investigation.

Since the Luchko and Eister arrests in late May, the grand jury has heard from additional witnesses. The grand jury's term expires in September, but its work could be extended for an additional six months.

So far, evidence generated by federal authorities includes "more than 40,000 pages of e-mail communications and other electronic data files involving or concerning" Luchko and Eister and unnamed, "unindicted co-conspirators," prosecutors said in a recent court filing.

The government's investigation also includes "thousands of pages of grand jury transcripts, and hundreds of pages of agent interview reports," according to the filing.

One Senate computer technician, Donald Wilson, has told the grand jury that Fumo "knew that we were deleting" e-mail to prevent the FBI from seizing it, according to a government affidavit.

Fumo has denied any wrongdoing and has called the investigation politically motivated by the Bush administration.

The investigation began in early 2003, but turned its focus to corporate donations after The Inquirer reported that Peco Energy Co. - at the time engaged in negotiations with Fumo about deregulating electricity rates - had secretly given $17 million to Citizens' Alliance.

Prosecutors allege that after an Inquirer article in January 2004 revealed the existence of the FBI investigation, Luchko sent an e-mail to Fumo and his staff saying that the senator wanted tighter computer security.

"The FBI probe into the senator has really set him off," Luchko allegedly wrote. "... He wants all of the Blackberries wiped."

Luchko, 50, of Collingdale, is charged with 30 offenses, including 19 counts of destroying evidence and nine counts of persuading others to destroy evidence.

Eister, 36, of Camp Hill, is charged with five counts of obstruction of justice.

If convicted, both men likely face three to four years in prison under the advisory federal sentencing guidelines. Luchko and Eister have already resigned their Senate jobs.

After yesterday's court hearing, Eister's lawyer, Brian J. McMonagle, said: "Obviously, we're looking forward to going to trial and analyzing the government's proof."

Jury Convicts Landscaper Of Defrauding SEPTA (PHI)

By John Shiffman

The Philadelphia Inquirer, July 21, 2006

A federal jury convicted yesterday a Doylestown landscaper of defrauding SEPTA by pretending to use a minority subcontractor on a commuter-rail project.

Michael V. Tulio, 42, won SEPTA contracts in 1999 and 2002 for his company, Tulio Landscaping, to replace collapsed culverts along the R5 Line.

SEPTA requires contractors such as Tulio to hire minority subcontractors to perform some of the work, then reimburses them for it.

The minority subcontractor whom Tulio hired, Eugene Pullins of Philadelphia, did no work, according to trial testimony from government witnesses.

Nevertheless, Tulio submitted bogus paperwork and fake checks to SEPTA, claiming to have paid Pullins about $68,000, according to testimony by Michael J. Purcell, a special agent for the U.S. Department of Transportation who investigated the case with FBI Agent Michael K. Bantner.

SEPTA reimbursed Tulio, and he in turn paid Pullins $4,810 for the use of his company's name to meet minority-subcontracting regulations, government witnesses testified. Pullins is African American.

"Tulio lied to SEPTA," Assistant U.S. Attorney Jennifer Chun told jurors in closing arguments yesterday. "The lie was told over and over and over again."

After the verdict, defense lawyer William A. DeStefano could not be reached for comment.

U.S. District Judge Michael Baylson set sentencing for Oct. 26. During the trial, jurors heard testimony that Pullins was not charged in the case because he is very ill.

In a related case, JMG Excavating Co. of Pottstown pleaded guilty to fraud in May for running a similar scheme with Pullins.

Feds Want To Curb Vigil's Lawyers In New Trial (AP)

AP, July 21, 2006

SANTA FE - Federal prosecutors in the public corruption case against former state Treasurer Robert Vigil want a judge to limit the courtroom tactics of Vigil's defense team.

The retrial is scheduled to start Sept. 5 in Albuquerque.

Vigil has pleaded not guilty to two dozen counts of racketeering and extortion in an alleged kickback scheme involving state investments.

The first prosecution ended in a mistrial May 22, with jurors unable to reach an unanimous verdict.

Assistant U.S. Attorneys Jonathon Gerson and Steven Yarbrough have taken a bare-knuckled approach to the coming trial in a flurry of requests recently filed with District Judge James Browning in Albuquerque.

Sam Bregman, Vigil's main lawyer, described the government's motions as a "sign of desperation."

"It's extremely disappointing that this is how the taxpayers' dollars are being used preparing for this trial," Bregman said.

Prosecutors have asked the judge to:

Prevent the defense from "making comments or presenting testimony that is designed to appeal to the jury's sympathy." Prosecutors objected to the defense's opening statements about Vigil's humble upbringing in a family of 17 brothers and sisters on a farm in northern New Mexico and that Vigil was devoted to his wife and daughters, who were present in the courtroom.

Such comments, prosecutors said, "have no relevance to the charges (the) defendant faces and are obviously designed to create a concern amongst the jurors that, by convicting (the) defendant, they would be tearing apart a happy family."

Stop Vigil's lawyers from asking the government's witnesses about their salaries or how much money they made on investment transactions involving the Treasurer's Office. Prosecutors complained that happened during Vigil's first trial.

Allow the government to offer evidence on allegations of "specific bad acts" by Vigil when he was state auditor if the defense asks questions of government witnesses about Vigil's character. In response to defense questions in the first trial, some prosecution witnesses said Vigil was a man of integrity. Vigil served as auditor before he was elected treasurer. He resigned as treasurer last year.

Ward Crutchfield Trial Set For Feb. 5 (CHATT)

The Chattanoogan, July 21, 2006

The trial of Sen. Ward Crutchfield on bribery charges has been set for Feb. 5.

The date was set Thursday in Memphis by Judge Daniel Breen.

Sen. Crutchfield was not present for the hearing. The attorney was at the City-County Courthouse in Chattanooga handling some cases in General Sessions Court.

He is charged in the FBI's "Tennessee Waltz" sting.

Former Hamilton County School Board member Charles Love, who has pleaded guilty for his part as a "bag man" in the case, got his sentencing postponed on Wednesday. The new date is Nov. 8.

His attorney, Bryan Hoss of Chattanooga, cited the fact that Love may be a witness in the Crutchfield trial.

Crutchfield Trial Date Set In Tennessee Waltz Case (CHATTFP)

By Brian Lazenby, Staff Writer

Chattanooga Times Free Press, July 21, 2006

A federal judge in Memphis today scheduled a Feb. 5, 2007, trial date for state Sen. Ward Crutchfield, officials said.

Sen. Crutchfield, D-Chattanooga, is one of 11 people charged in an FBI public corruption probe that netted five state lawmakers.

Authorities in May 2005 charged Sen. Crutchfield with extortion and conspiracy to commit extortion, claiming that he accepted bribes in exchange for his support of legislation beneficial to a fictitious company set up by the FBI.

Nashville lawyer Jonathan Farmer maintains Sen. Crutchfield's innocence and said he is glad to finally be getting his day in court.

Also charged in the investigation are state Rep. Chris Newton, R-Chattanooga; former Hamilton County Board of Education member Charles Love; former Hamilton County Commissioner William Cotton; former Sen. John Ford, D-Memphis; Sen. Kathryn Bowers, D-Memphis; former Sen. Roscoe Dixon, D-Memphis; Shelby County Commissioners Michael Hooks and Calvin Williams; former Memphis school board member Michael Hooks Jr.; and Memphis political activist Barry Myers.

Mr. Newton pleaded guilty and is serving a yearlong sentence in an Atlanta prison.

A jury found Mr. Cotton guilty in February. He is serving a three-year sentence in a federal prison in South Carolina.

Mr. Love and Mr. Myers pleaded guilty and are awaiting sentencing. A jury found Mr. Dixon guilty. He, too, is awaiting sentencing.

All other defendants have pleaded not guilty and are awaiting trial.

Officer Arrested In Drug, Theft Ring (BOS)

By Suzanne Smalley And Shelley Murphy, Globe Staff

The Boston Globe, July 21, 2006

Lesser charges for two others on Boston force

A Boston police officer was arrested late yesterday on federal charges, accused of being the ringleader in a wide-ranging criminal enterprise that allegedly involved guarding shipments of drugs and stolen goods, dealing in stolen store gift cards, stealing people's identities, and running illegal afterhours parties, two law enforcement officials said.

Two other veteran officers were also arrested yesterday on charges in connection with some of the alleged schemes, the officials said.

The three officers are charged with conspiracy to possess with intent to distribute more than 100 kilograms of cocaine, one official said. The officers provided ``protective details'' for the deliveries of several shipments of cocaine into the Boston area, the official said.

The case is focused on the alleged ringleader, Roberto Pulido, 41, a 10-year department veteran and motorcycle officer who is accused of netting thousands of dollars from the enterprise, the second official said.

Although the three officers are currently charged only with drug trafficking, investigators are also alleging in court documents expected to be made public today that one or more of the officers were involved in other crimes, the first official said.

Pulido is accused of taking information gleaned from driver's licenses of motorists he stopped while on duty and selling it to identity fraud rings that used the information for bogus credit cards, the first official said. A ``significant'' number of people were victimized, the official said.

Pulido also allegedly sold fraudulent gift cards from Home Depot. It was not clear last night how he allegedly obtained the gift cards.

And Pulido is accused of running parties with drugs, alcohol, and prostitutes, the law enforcement officials said.

The officials said Pulido recruited two other Boston officers -- Nelson Carrasquillo, 35, a seven-year department veteran and also a mobile operations officer, and Carlos Pizarro, 36, a 10-year veteran who is on injured leave -- to guard sizable drug shipments, stolen property, and other contraband deliveries.

More details on the case are expected to emerge today when the officers appear in US District Court. So far, no one else has been charged in the case, the officials said.

The charges stem from a two-year joint investigation by the FBI and the Boston police anticorruption unit, the second official said. Federal authorities typically investigate and prosecute public and police corruption because they often lead to federal charges.

After beginning to investigate Pulido, the FBI brought the anticorruption unit into the probe, the official said. Over time, the investigation broadened to include two other Boston police officers whom Pulido considered close friends and allegedly brought into his enterprises later, the official said.

The official said that if the officers are convicted of all the charges they face, they could each face more than a decade in prison. Their records with the department were not available last night.

If the allegations prove true, they would be the worst corruption case involving the Boston Police Department in years.

In 2003, a civilian employee was indicted and charged by federal prosecutors with taking $21,500 in bribes from nine Russian immigrants seeking taxi licenses despite not having passed a required examination. Negisti Medhanie, who had worked in the department's hackney division from 1989 to 1999, pleaded guilty last year to 30 counts of racketeering, money laundering, and other charges.

In 2000, a former officer pleaded guilty to extorting more than $40,000 in bribes from more than 150 people seeking taxi licenses.

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In 1998, two longtime detectives were sentenced to three years after pleading guilty to using their badges to steal more than $200,000 in cash and goods in federal prison for his role in a $7 million heroin smuggling ring.

In 1995, an officer was indicted on charges that he demanded money from drivers in return for ignoring traffic violations or not towing cars that were not registered.

A judge later dismissed the charges because of the officer's weak heart, but ordered him to resign, placed him on probation on a series of larceny charges, and ordered him to forfeit $75,000 in back pay.

And in 1988, seven officers were sent to prison in a corruption scandal after being convicted of extortion and racketeering. They were accused of taking about $18,000 in bribes from bar owners over the course of a decade.

Three Plead Guilty In Oregon To Ecoterrorism Spree (AP)

By Jeff Barnard

AP, July 20, 2006

GRANTS PASS, Ore. (AP) — Three people pleaded guilty Thursday to charges they were part of an ecoterrorism cell calling itself "The Family" that firebombed ranger stations, wild horse corrals, a ski resort and lumber mill offices around the West.

As part of the plea agreement, the three agreed to cooperate in the continuing investigation of 10 others who are scheduled to go on trial Oct. 31 in U.S. District Court in Eugene for a series of firebombings around the Northwest from 1996 to 2001, according to the U.S. Department of Justice.

"This is a substantial step in resolution of this case and successful prosecution of the Earth Liberation Front and Animal Liberation Front in these crimes," said Assistant U.S. Attorney Stephen Peifer from Eugene. The two shadowy groups claimed responsibility for the attacks at the time.

In pleading guilty, the three admitted they were part of the Earth Liberation Front and Animal Liberation Front, and tried to intimidate and coerce federal agencies, private businesses and the public through sabotage and mass destruction, court records said. A total of 16 attacks were undertaken in Washington, Oregon, California, Wyoming and Colorado, causing more than $20 million in damage.

U.S. District Judge Ann Aiken in Eugene accepted guilty pleas from Kevin Tubbs, 37, of Springfield, Ore.; Kendall Tankersley, 29, of Flagstaff, Ariz., and Darren T. Thurston, 36, a Canadian lately living in Portland, Ore., on charges of criminal conspiracy and related arson counts.

They are scheduled for sentencing Dec. 14, after completion of the trial of the others. Prosecutors are recommending 14 years in prison for Tubbs, four years for Tankersley and three years for Thurston.

More defendants were expected to plead guilty Friday, the Justice Department said.

Though not personally involved in all the firebombings undertaken by the cell, the three admitted that the group was responsible for attacks that started in 1996 with two ranger stations on the Willamette National Forest outside Eugene, where Earth Liberation Front graffiti was painted, and included the 1998 firebombing of a Vail, Colo., ski resort.

While setting a fire, they often wore dark clothing, gloves and masks, which they destroyed afterward, according to court records. The bombs were five-gallon buckets filled with fuel and set off with kitchen timers, matches, sponges and model rocket igniters. One time they hid the firebombs in Christmas wrapping paper while driving to a target.

In 1997 the group hit a horse slaughterhouse in Redmond, and the U.S. Bureau of Land Management wild horse corrals in Burns.

In 1998 the cell branched out of Oregon to hit federal plant inspection facilities in Olympia, Wash., a ski resort in Vail, Colo., and wild horse corrals in Rock Springs, Wyo. They also hit a lumber mill office in Medford.

In 1999 the group stayed in Oregon, firebombing a meat packing plant in Eugene, a lumber company office in Monmouth, and toppling a powerline tower near Bend.

Starting in 2000, the group assembled in Eugene and Sisters in Oregon, Tucson, Ariz., and Santa Cruz, Calif., for what they called "Book Club" meetings to practice picking locks, computer security, coded messages, and making firebombs that included

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a signature ignition device known as a Cat's Cradle, according to court documents. The only target that year was a police substation in Eugene,

The last year, 2001, the group hit a lumber mill office in Glendale, a tree farm in Clatskanie, a truck dealer in Eugene, a University of Washington horticulture center in Seattle and wild horse corrals in Litchfield, Calif.

The investigation of the case went nowhere for years, with little evidence but melted five-gallon buckets that had been filled with diesel.

But after a taskforce was formed with 30 investigators taking a "Cold Case" approach, they were able to find an informant, who, with a hidden tape recorder, looked up old friends from the group and talked to them about the past crimes, according to court records and testimony. Authorities would not name the informant, but court records named Jacob Jeremiah Ferguson as an unindicted coconspirator.

Federal agents arrested six people last December. As time went on, the number of unnamed informants in court records grew to four. The sweep of the indictments grew also, until January, when 11 people were indicted in a wide-ranging conspiracy. Two others were indicted later.

Tubbs, who worked in an adult store in Springfield and was known by the nickname "Dog," pleaded guilty to firebombing one of the ranger stations, the horse slaughterhouse, the wild horse corrals in Burns, a lumber mill offices in Medford and Glendale, a meat packing plant in Eugene, a police substation in Eugene, and the tree farm.

Tankersley, who was applying to medical school when she was arrested last December in Arizona, pleaded guilty to two attempts to set fire to the U.S. Forest Industries office in Medford. Authorities had accused her of being the lookout.

Thurston, an animal-rights activist from Canada who was living with another defendant, Chelsea Gerlach, in Portland when they were arrested, pleaded guilty to being part of the conspiracy, and acknowledged taking part in setting fire to BLM horse corrals in Susanville, Calif., in 2001. He will enter a guilty plea to that charge after being transferred out of Oregon, authorities said.

Reputed Mob Financier-turned-restaurant Exec Charged With Fraud (NSDY/AP)

By Tom Hays, Associated Press Writer

Long Island Newsday, July 21, 2006

NEW YORK -- A reputed financier for the mob who morphed into an executive for the high-end restaurant company that runs the Rainbow Room was charged on Thursday with bilking three insurance companies out of more than $1.5 million.

Dennis Pappas, 59, vice president of Cipriani USA, surrendered on charges of insurance fraud, grand larceny and filing a false document. His arraignment was postponed after he complained of chest pains and was taken to the hospital.

A call to his attorney was not immediately returned.

Prosecutors allege that between June 2000 and this month, Pappas applied for and received disability payments from Custom Disability Solutions, Cigna Corp. and MetLife Inc., claiming a heart ailment prevented him from working.

During that period, the defendant also received $891,000 in compensation as a restaurant executive, including use of a $5,750 a month apartment in Manhattan and a black Humvee, District Attorney Robert Morgenthau said at a news conference.

"He had a heart condition, but not enough of one to prevent him from working full-time," Morgenthau said.

Pappas also is accused of concealing his job from the Social Security Administration, fraudulently receiving another $90,000 in benefits.

It was unclear to what extent Cipriani USA _ which, along with the Rainbow Room, operates Harry Cipriani and Cipriani Dolci at Grand Central Terminal _ was aware of the insurance payments or of Pappas' criminal background.

"It's a sad day when a case like this is brought," said Cipriani family attorney Stanley S. Arkin. "But aside from that, I have no further comment."

In 1998, Pappas was sentenced to 46 months in prison after pleading guilty to racketeering and income tax evasion. Federal prosecutors had alleged that he was a financial adviser and money launderer for the Colombo organized crime family.

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Published reports about the earlier case detailed some strange twists: At one point, secret hearings were held, reportedly about claims that Pappas was an FBI informant enlisted to help the government spy on Iranian diplomats. At another, he was hospitalized after slumping to the floor from his chair in the courtroom, complaining of heart problems.

His attorney at the time, Ronald Kuby, said Thursday that court-appointed doctors had examined his former client and found his health issues to be dire.

"Every physician has agreed he suffers serious, permanent and debilitating heart disease that most certainly will be the cause of his death," Kuby said. "The only disagreement is over how soon it's going to happen."

Pappas _ after being credited with time served awaiting trial _ was freed from prison in 1998, but was still under federal supervision when he was hired by Cipriani USA in 2000, prosecutors said. The new indictment alleges he lied to city regulators by claiming he had a clean record on an application for a cabaret license for the Rainbow Room, the iconic Art Deco supper club atop Rockefeller Center known for its dramatic views and $18 cocktails.

If convicted, Pappas faces up to 25 years in prison.

New Charges Are Tough On The Heart Of A Mobster (NYT)

By Anemona Hartocollis

The New York Times, July 21, 2006

Dennis Pappas, a convicted mob financier who is now a vice president of the Cipriani restaurant company, has a history of getting sick in court.

In July 1995, he complained of chest pains when he was arrested by federal agents on charges of being the "financial consigliere" for the Colombo organized crime family, and was wheeled to his arraignment on a stretcher.

In November 1996, he slumped to the floor during a hearing in the same case in federal court in Uniondale on Long Island.

And yesterday, he was sitting in a holding cell at 100 Centre Street, the State Supreme Court building in Manhattan, about to go before the judge on fraud charges, when he fainted and was taken to NYU Downtown Hospital, court officials said. The arraignment was postponed.

Mr. Pappas, 59, collapsed at about the same time that — in the same building — Robert M. Morgenthau, the Manhattan district attorney, was announcing his indictment on charges that he collected more than $1 million in disability insurance and $90,000 in Social Security disability benefits while working as a vice president of Cipriani USA and manager of other Cipriani companies.

Prosecutors said Mr. Pappas worked full time but off the books for Cipriani. But a lawyer for Cipriani said the title of vice president was more of a ceremonial flourish than a true indication of Mr. Pappas's position in the company.

According to prosecutors, Mr. Pappas's compensation was fairly modest for a vice president, the equivalent of about $148,000 a year in cash and other benefits, like an apartment and a black Humvee. He is also accused of answering "No" on an application for a cabaret license for the Rainbow Room, which asked if he had ever been convicted of a crime.

Mr. Pappas pleaded guilty to federal racketeering and income tax evasion charges in 1998, and was sentenced to 46 months in prison, although he was given credit for serving most of his sentence while awaiting trial. He was released later that year and began working for Cipriani in June 2000 while still on probation, prosecutors said.

Mr. Morgenthau said yesterday that Mr. Pappas had a heart condition, "but not enough to prevent him from working full time."

Mr. Pappas, who started out as a lawyer and businessman, rose to wearing $2,000 custom-tailored suits that federal prosecutors said flowed from his being financial wizard for the Colombo family.

His lawyer, Steven M. Cohen, said that Mr. Pappas, who was in stable condition at the hospital last night, had a history of serious heart ailments and brushed off as absurd any suggestion that Mr. Pappas was feigning or exaggerating his illness.

Stanley Arkin, a lawyer for Cipriani, declined to comment on the charges against Mr. Pappas, but was eager to talk about his sickness. "I think it's a very, very sad day in the New York justice system where you see a very sick man like him indicted for this kind of stuff," Mr. Arkin said. "This is needlessly cruel activity by a prosecutor."

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As for why Cipriani would allow Mr. Pappas to use the title of vice president, Mr. Arkin retorted, "When somebody's a felon that's the end of their life?"

Mr. Pappas never paid $1.5 million in restitution and $250,000 in fines to the federal government as the result of his 1998 conviction because disability payments cannot be garnished for such a purpose, prosecutors said.

In a 1995 court memorandum, Burt Ryan, a federal prosecutor, described the balding, portly Mr. Pappas as "an energetic partyer, often using prostitutes and cocaine freely," who used his heart ailment as "a ruse to deceive his doctors and to avoid prosecution."

Cipriani companies own and operate restaurants and banquet facilities worldwide, including the Rainbow Room at Rockefeller Plaza and Cipriani 42nd Street.

Cipriani Vice President Indicted On Insurance Fraud Charges (NY1)

NY1, July 21, 2006

The vice president of posh New York City restaurant Cipriani was indicted on fraud charges Thursday.

The Manhattan district attorney says Cipiani vice president Dennis Pappas was involved in an insurance fraud scam that netted him over a million dollars.

The DA says for six years now Pappas told three different insurance companies he couldn't work because he had a heart condition. But he allegedly collected insurance payments, along with disability benefits from Social Security.

Authorities say all that time, Pappas never stopped working and was receiving a paycheck from Cipriani.

Pappas faces more than 25 years in prison if convicted.

Online Gambling Takes A Big Hit (PHI)

By Suzette Parmley

The Philadelphia Inquirer, July 21, 2006

London-based executives at one of the largest online sports-betting sites for U.S. customers are still trying to discern what the arrest of the CEO of a rival Web site by the FBI earlier this week will mean for business.

"It's been a tumultuous week," Alex Czajkowski, marketing director for SportingBet P.L.C., which operates Sportsbook.com, said yesterday.

Sportsbook.com, the company's flagship brand, generated more than $2 billion in sports wagers last year and more than $5 billion in casino wagering. A vast majority of its business is American customers. "A lot of people are nervous."

On Sunday, David Carruthers, chief executive officer of BetonSports.com, was arrested in Texas and charged with racketeering and fraud. Carruthers was detained at a Dallas airport while traveling from Scotland to his home in Costa Rica, where BetonSports.com is based. His company's founder and media director were also arrested.

On Monday, a 22-count indictment was unsealed that charges Carruthers and 10 others as well as four companies in connection with taking sports bets from U.S. residents.

Carruthers' online enterprise, which included poker and casino sites, was shut down as part of the FBI sting - a first in the online-gambling industry. BetonSports has been ordered to return deposits from U.S. customers, who accounted for almost three-quarters of the $48.3 million in deposits taken in during its first quarter.

The news sent share prices of the U.K.-listed BetonSports and other similar Web sites plunging. Trading in BetonSports was suspended Tuesday, the day after the indictment was unsealed. Its shares have not resumed trading.

Over the last couple of days, several online-gambling companies listed on the London Stock Exchange have seen their share prices decline. Yesterday, Gibraltar-based PartyGaming P.L.C. lost 7 British pounds to 87.25 pounds. SportingBet closed at 174.75 British pounds, down 5.50 pounds. In contrast, the shares of Interactive Gaming Holdings P.L.C., which says it does not accept wagering by Americans, closed at 5 British pounds, up 25 pence.

Internet gambling is a $12 billion industry worldwide. Creating a gambling Web site based in this country violates U.S. law, and Congress has been trying to craft new laws to prevent online-gambling sites that are based offshore from selling their services to Americans.

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Last week, the U.S. House of Representatives overwhelmingly passed a measure 317-93 to make it illegal for banks and credit card companies to make payments to online-gambling sites.

The House bill was part of a package of 10 items - known as the "American values agenda" - that the conservative wing of the Republican-controlled House made a priority. The 10 issues include gay marriage and flag burning. The bill now goes before the Senate, where similar measures have failed in the past.

"The Internet Gambling Prohibition Act allows states to continue to regulate gambling within their borders with tight controls, to be sure that it does not extend beyond their borders or to minors," said Rep. Bob Goodlatte (R., Va.), chief sponsor of the bill, which would also give law enforcement officials the authority to work with Internet providers to block access to gambling Web sites.

The U.S. Department of Justice is going after offshore online-gambling companies that it views as skirting the 1961 Wire Act, which prohibits telephones from being used for bets or wagers, and now includes online gambling. Many of those companies are mining the United States for customers, particularly those under 21, the department said.

"Everybody, at least in the sports betting world, is definitely on notice that the U.S. is being extremely aggressive," said Sue Schneider, chief executive of St. Louis-based River City Group, which publishes a daily interactive trade magazine. "It's certainly going to keep people from coming to the U.S."

Organizers of an annual conference on Internet gambling have postponed next week's Las Vegas gathering in the wake of Carruthers' arrest.

Calvin Ayre, CEO and founder of bodog.com - an online-gambling site - and the creative force behind the conference geared at teaching entrepreneurs how to start their own online-gambling Web sites, announced the event's postponement late Wednesday.

"In the last few days, many of you who planned to attend the conference have expressed a high level of concern over the uncertainty surrounding the U.S. government's recent actions against one of the companies in our industry," Ayre said in an e-mail.

Ayre, who recently appeared on the cover of Forbes magazine, said bodog.com intended to reschedule the two-day conference for later this year somewhere outside the United States.

After the arrests, the World Trade Organization agreed Wednesday to examine whether the United States has complied with a ruling by the international body saying it discriminates against foreign online-betting companies. The Caribbean island nations of Antigua and Barbuda may seek WTO-backed sanctions against U.S. exports.

Industry observers say the trickle-down effect could be immense.

"It will be interesting to see if advertisers start pulling out," Schneider said.

Advertising on online-gambling sites has also been booming, from $15 million in 2004 to well over $100 million last year, according to Nielsen's Ad Views, which tracks advertising.

Sebastian Sinclair, a gambling industry analyst with New York-based Christiansen Capital Advisors L.L.C., said the House vote and this week's arrests come at a time when Wall Street was now seriously investing in Internet casinos.

"This will put a little crimp in it for a while," Sinclair said. "The industry continues to advance, but in an erratic fashion.

"It's one step forward and two steps back," he said. "This is two steps back."

Las Vegas Gathering Of Top Executives Is Scrapped (GUARD)

By Andrew Clark In New York And Simon Bowers

The (UK) Guardian, July 21, 2006

Gambling sites insist US law is on their side

An international conference of online gambling operators at a top Las Vegas hotel has been hurriedly cancelled amid fears that the FBI could be about to widen its crackdown on the US industry, estimated to be worth more than £3bn.

Meanwhile, there is growing frustration among online gambling operators listed on the London stock market about what one senior industry source said was the "loose language" emanating from the US department of justice concerning the legality of

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poker and casino websites taking bets from American punters. Online gaming firms that do not take sports bets insist their operations are legitimate.

Nevertheless, following the arrest of David Carruthers, the British chief executive of BetonSports, at Dallas airport on Sunday night, shares in online betting groups with exposure to the US have dived. Executives are understood to be seeking legal advice about whether they should avoid trips to the US.

Guests at an annual online gaming conference in Las Vegas next week were due to include a "who's who" of online betting, including senior executives from SportsDirect, OffshoreBettor, Casino City, GamesandCasino, Smart Interactive and PokerAffiliateWorld plus a London-based managing director of the City bank Dresdner Kleinwort Wasserstein, Chris Treneman.

The basketball star Magic Johnson had been booked as a keynote speaker.

The organiser, Calvin Ayre, released a brief statement yesterday saying the event had been postponed because of "a high level of concern over the uncertainty surrounding the US government's recent actions against one of the companies in our industry".

Mr Ayre, a Canadian citizen whose internet betting firm Bodog.com is based in Costa Rica, said many of his peers feared entering America. "This will cause all executives of any substance trading in our space to change their travel plans until some certainty comes into play," he said. "I would be surprised if there's any executive who isn't sitting down with their lawyers trying to work out the implications."

Although Republicans on Capitol Hill have expressed anger for some time at the way offshore internet sites get round America's tight gambling restrictions, few anticipated the justice department's sudden action this week.

Mr Carruthers, who was arrested while changing planes en route to Costa Rica, will argue for bail at a court appearance today. At least four other people have been arrested on charges of wire fraud and aiding illegal gaming, while a warrant is out for BetonSports' founder, Gary Kaplan.

Many other London-listed online gambling operators believe US case law has established that all non-sports internet wagering is legitimate. The justice department vehemently disagrees, insisting all forms of online gambling are illegal under the wire act.

The Guardian contacted five leading UK-based internet gambling firms, all of which take bets from the US on casino or poker websites. Only one, William Hill, would comment on the record.

Chief executive David Harding said: "We are doing nothing illegal ... It [the indictment against BetonSports and others] doesn't worry me at all ... If it gets the Wire Act into court and there is any evidence that casino or poker bets [over the internet] are illegal, then we will stop it."

William Hill stopped taking sports bets from the US ahead of its flotation four years ago. It continues to take casino and poker bets , but these account for less than 1% of its online revenues. Mr Harding said William Hill did not do any heavy marketing in the US.

Another senior executive at a non-sports online gaming group said it "didn't come as a surprise" that the FBI was pursuing Mr Kaplan, given his involvement with sports betting in the US and his brushes with prosecutors in New York in 1993. "This has got diddly squat to do with us. We do not operate a sports book."

W.T.O. Panel Will Investigate U.S. Limits On Online Gambling (NYT/AP)

By The Associated Press

The New York Times, July 21, 2006

GENEVA, July 19 (AP) — The World Trade Organization set up a panel on Wednesday to investigate whether United States restrictions on Internet gambling comply with international trade rules.

The Caribbean country of Antigua and Barbuda asked the W.T.O. to set up the panel after consultations with the United States failed to yield a solution to a dispute over whether Washington should drop prohibitions on Americans placing bets in online casinos.

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A previous W.T.O. ruling said that some United States laws were in line with international commerce rules, but others were not. “The United States has been busy passing legislation that is directly and unequivocally contrary to the ruling,” Antigua told a meeting of the W.T.O.’s dispute settlement body.

The nation contends that the United States has taken no measures to comply with the recommendations and rulings of the dispute settlement body, Antigua said.

The decision came two days after federal authorities charged a Web gambling business based in London and licensed in Antigua, BetOnSports, with racketeering and wire fraud.

BetOnSports shut down its Web site late Tuesday and said it was temporarily stopping all transactions while it reviewed the situation.

The United States contends that Internet gambling should be prohibited because it violates some state laws, and it told the W.T.O.’s dispute settlement body in April that it believed its laws were in line with trade rules.

Antigua says the offshore industry is a lucrative source of revenue and provides an income for hundreds of islanders. The prohibitions, it says, are hurting the two-island country’s efforts to diversify its economy away from tourism.

Antigua cites three United States laws that effectively prohibit companies from providing gambling services to consumers in the United States: the Wire Act, the Travel Act and the Illegal Gaming Business Act.

The panel will report on the case within 90 days. That decision can then be appealed by either side.

Antigua, a former British colony, filed the case before the W.T.O. in 2003, contending that United States restrictions on Internet gambling violated trade commitments the United States made as a member of the organization.

United States trade officials disagreed, saying that negotiators involved in the Uruguay Round of global trade talks, which created the W.T.O. in 1995, clearly intended to exclude gambling.

Former Air Marshal Gets 20 Years In Child Pornography Case (NSDY/AP)

By Frank Eltman, Associated Press Writer

Long Island Newsday, July 21, 2006

CENTRAL ISLIP, N.Y. -- A former federal air marshal who pleaded guilty last year to a child pornography charge _ and was later found to have made sexual overtures to a young boy while in custody _ was sentenced Thursday to 20 years in federal prison.

"All indications are you are a serious threat to any community with small children," U.S. District Court Judge Sandra Feuerstein told Michael McGowan as she imposed the sentence.

McGowan, 33, of Hicksville, pleaded guilty to one count of attempting to receive child pornography. He could have received as little as five years in prison, but Feuerstein imposed the maximum after conducting a hearing Thursday, where it was determined McGowan had made telephone calls and sent a sexually explicit letter to a young boy in Corpus Christi, Texas.

Prosecutors did not elaborate on how McGowan had made initial contact with the boy.

"The reprehensibility of the crimes warrants a message of deterrence to others as well as yourself," Feuerstein told McGowan.

He was arrested in 2004 and initially charged with possession of child pornography and having false federal identification documents.

According to a complaint, a search warrant was executed at McGowan's home after he ordered videotapes containing child pornography from an undercover agent over the Internet.

Forensic analysis of a computer seized in the search warrant revealed more than 1,300 images of child pornography, including photographs and approximately 25 video clips depicting child sexual abuse.

McGowan claimed he was using the computer to conduct his own investigation of child pornography groups on the Internet, but according to Transportation Security Administration officials he was not assigned and not authorized to conduct such investigations.

Also seized were false and fraudulent identification documents with McGowan's name and photograph, purported to have been issued by the FBI and CIA.

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McGowan, speaking barely above a whisper, told the judge, "I never intended to hurt anyone, I apologize profusely. ... I'm sure, I'm certain, nothing like this will ever happen again."

In addition to the 20-year sentence, the judge imposed lifetime probation, ordered McGowan to undergo mental health treatment for sexual disorders, banned him from any computer access and said he could have no contact with minors unless the child's parent is present.

McGowan's defense attorney, Joel Weiss, requested that his client be sent to a secure facility where he can be treated for his sexual disorders, but Feuerstein said she will leave it to the discretion of the federal Bureau of Prisons to determine where he is sent.

More Charges Filed Against Federal Prison Guards In Sex Case (AP)

AP, July 21, 2006

TALLAHASSEE, Fla. -- Five federal prison guards already accused of conspiracy in an alleged sex scandal that ended in a deadly gunfight will also face substantive charges including witness tampering, according to a new grand jury indictment.

A sixth guard and a Justice Department special agent died during a June 21 shootout at the Tallahassee Federal Correctional Institution, where authorities had gone to arrest them.

The superseding indictment was issued Wednesday. It repeats the original allegation that the guards conspired to trade money and other contraband, not identified in either document, for sex with female inmates.

The superseding indictment adds witness tampering charges against all five, Alfred Barnes, Gregory Dixon, Vincent Johnson, Allen Moore and E. Lavon Spence. All except Johnson also are charged with bribery. Barnes alone is charged with mail fraud.

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New Orleans Arrests Spark 'Mercy Killing' Debate (CSM)

By G. Jeffrey Macdonald

The Christian Science Monitor, July 21, 2006

Days after hurricane Katrina hit, Memorial Medical Center in New Orleans looked more like a battle zone than a hospital: flooded, without power or running water, temperatures topping 100 degrees F. inside, and sounds of gunshots outside.

In those desperate conditions, state officials say, a doctor and two nurses administered lethal doses of drugs to four elderly patients they claimed might not survive an evacuation. The three were arrested Monday, then released, pending formal charges.

Now, ethicists are debating whether those wild conditions carved out for caregivers a new moral landscape beyond the ethics of the American Medical Association, which condemns mercy killing, even with the patient's permission. The issue: Is it justified when disaster strikes and a person seems destined to endure a torturous death?

The case has far-reaching implications for the way norms of ethical behavior shift - or don't shift - when circumstances governing public health are extreme, observers say.

"This case has much bigger significance than just becoming a battle about euthanasia," says Arthur Caplan, director of the Center for Bioethics at the University of Pennsylvania. "It's about what we're going to expect doctors to do in [a pandemic of] avian flu. It's about what we're going to expect nurses to do in the face of bioterror .... It has to do with professional duty, professional responsibility, and what we expect healthcare workers to do in the toughest of circumstances."

After months of speculation about some of the 34 fatalities at Memorial Medical Center in the aftermath of Katrina last year, authorities arrested Dr. Anna Pou and nurses Cheri Landry and Lori Budo. The warrant charged that they were responsible in the deaths of four elderly patients whose autopsies showed unusually high levels of morphine and the sedative Versed. Lawyers for all three have said their clients are innocent.

While many ethicists condemn mercy killing without permission, some say disaster conditions create an environment in which physicians may deliver a lethal dose with patient consent. Military ethicist David Perry, for instance, says the conditions at Memorial Medical may have resembled those in which a field medic "recognizes there's no way this person is going to survive, and so it's just a matter of how soon and with what sort of suffering or lack of suffering."

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Although the military prohibits mercy killing under all circumstances, Mr. Perry notes that in cases where death seems imminent, "it might be worse to let this person die of starvation or suffocation or drowning if the person didn't want that ... than to do something more actively."

An extreme situation "makes actions that would not be condoned under normal circumstances more permissible," says James Walters, of Loma Linda University's Center for Christian Bioethics. "It's not an ethical lapse. It's service to the most fundamental ethical norms [to] help a person die a less horrible death."

Others counter that no one really knows when death is just around the corner.

Roman Catholics go a step further, arguing that life is God's alone to give and take, and no amount of anticipated suffering can justify a life-taking act. It's "always morally wrong," says the Rev. Thomas Weinandy, director of the office of doctrine and pastoral practices at the United States Conference of Catholic Bishops.

"If you could do it [when death seems imminent], well, other circumstances could arise" to justify it in routine circumstances, he says. A family caring for infirm elders might say, for instance, " 'They're going to die anyway, and they're just going to cost us a heck of a lot of money for the next month. So, we're better off to do it now.' But you can never take an innocent life by directly intending to kill someone."

Islamic bioethicist Abdulaziz Sachedina agrees that because life belongs to God, humans are merely its "stewards" and may not opt to cut it short. Forced to choose between leaving a sick patient behind in an evacuation and taking that person's life, a caregiver would do better by leaving, says the University of Virginia professor.

Hindus similarly balk at the notion of mercy killing. "Hastening the death will only postpone [the suffering that] needs to happen," says Dr. Aseem Shukla, a board member with the Hindu American Foundation. "In a sense, it's a momentary relief, but it's not a real relief, knowing that you'll have to pay for it in the next life."

Fury Meets Katrina Hospital Arrests (LAT)

By Richard Fausset And Ann M. Simmons, Times Staff Writers

The Los Angeles Times, July 21, 2006

Doctors defend the accused: 'The people who were not here' are to blame for deaths.

NEW ORLEANS — This week's arrest of a doctor and two nurses who stayed through Hurricane Katrina to care for stranded hospital patients — but are now accused of killing four of them — has prompted a strong backlash in the medical and legal communities here.

Some doctors saw the accusations leveled by Louisiana Atty. Gen. Charles C. Foti Jr. on Tuesday as brash, misguided moves that permanently smeared the reputation of three respected colleagues.

Others were disgusted that suspicion was being heaped on a small cadre of healthcare workers who stayed, at great personal risk, to tend to the sick — and in conditions that most American doctors have experienced only in wartime.

"This is vilifying the heroes," said Dr. Daniel Nuss, who supervises the accused doctor, Anna Pou, at the Louisiana State University Health Sciences Center. "I think it's presumptuous for the attorney general or anyone else to try to assign blame for what happened under such desperate circumstances."

Nuss said he was confident the suspects — all veteran caregivers with unblemished professional records — would be found not guilty.

Pou, 50, and nurses Lori L. Budo, 43, and Cheri A. Landry, 49, were booked Monday on suspicion of second-degree murder for allegedly injecting patients with lethal drugs at Memorial Medical Center on Sept. 1. It was three days after Katrina struck New Orleans, leaving the city in chaos and deep water. There was no electricity, water or phone service at the hospital, and only a few rescue boats were available for evacuations.

Pou, a head and neck cancer specialist, was given the opportunity to evacuate the hospital with others, but chose to stay and help patients, Nuss said. He believes her work in the days that followed was just as honorable.

"By personal accounts from nurses, doctors, administrators, and support personnel who knew Dr. Pou and had worked with her closely in the months before Katrina, her work during the crisis was 'heroic,' 'selfless' and 'distinguished,' " Nuss said in a

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prepared statement. "With other dedicated doctors and nurses, she worked without sleep and without nourishment…. At great self-sacrifice, she prevented further loss of life and has been credited with saving multiple people from dying.

"Apparently there were individuals in the hospital who could not understand why so many people were dying," Nuss' statement continued. "Allegations were made, egregiously accusing Dr. Pou and the others of giving too much narcotic pain medication, and even using the word 'euthanasia.' This attracted national news coverage, which became absurdly sensationalistic."

Pou, who was released on bail this week, has been reassigned to nonclinical research duties pending the outcome of her case.

The criticism of the criminal case is not limited to doctors who know Pou personally. Some other New Orleans doctors accused Foti, who plans to run for reelection in 2008, of grandstanding.

"Where the hell was he?" asked Dr. L. Lee Hamm of Tulane University School of Medicine, who helped care for stranded patients there after Katrina. "Where the hell was the law enforcement? Where the hell was anybody until Friday?"— Sept. 2, the day large-scale evacuations began in many areas.

"If you want to prosecute, if you want to know who is responsible for people dying, it's the people who were not here," Hamm said. "It's not the people who were here."

Juzar Ali, a pulmonary-critical care doctor, stayed through the flood at Memorial's sister hospital, Lindy Boggs Medical Center, across town. Like Memorial, the hospital was surrounded by deep water and had lost electricity.

"We had no help — no help was in sight. And we felt abandoned. We didn't know what we were dealing with," he said.

Ali said he was "disturbed" by the attorney general's allegations, "because we don't really know the actual circumstances in which clinical decisions were made…. So as a peer it makes you feel for the physicians and the healthcare workers as to whether it's fair to project them as murderers."

Investigators allege the suspects killed four patients — all residents of a long-term care ward — with a drug cocktail of morphine and midazolam, which is commonly used to relieve pain and anxiety among long-term-care patients.

In an affidavit, a witness alleges that Pou said "lethal" doses of the drugs would be given to a number of patients on the ward.

Among the patients was a 380-pound paralyzed man who was "aware, conscious and alive," according to the affidavit.

Orleans Parish Dist. Atty. Eddie Jordan said Thursday that he would refer the cases to a grand jury, which would determine whether the suspects should be indicted. Foti's office has said more arrests and more victims will probably be announced.

Also on Thursday, a source close to the investigation who was unauthorized to talk about the specifics of the case said evidence could include testimony from one or more witnesses who participated in administering the drugs.

Some doctors interviewed acknowledged that they were not aware of all of the facts in the case. They also warned that prosecutors could find themselves treading on complicated legal and ethical terrain.

For instance, the affidavit noted that the bodies of the victims contained a "lethal amount" of morphine, and levels of midazolam that were "greater than expected from normal therapeutic doses."

But Ben deBoisblanc, a Louisiana State University medical professor and a doctor at Charity Hospital, said those kinds of quantifications could be tricky, because the amount of drugs needed to treat pain and anxiety could vary significantly from patient to patient.

"The attorney general can't tell from a [corpse's] drug level what's an appropriate dose," he said.

David Magnus, director of Stanford University's Center for Biomedical Ethics, defended a physician's right to help ease a patient's pain.

"Physicians are always allowed, and arguably obligated, to relieve the pain and suffering of their patients," he said, even when it risks killing them.

But Magnus said there was an impregnable ethical line defined by "the intention of the act." A doctor, he said, may administer drugs and view death as "a foreseeable and unintentional consequence." But a doctor may not intentionally kill a patient.

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"I feel for the medical personnel, who were faced with this horrible situation," he said. "The patients can't be evacuated. You can't abandon them. You can treat them. These patients will probably die…. But to euthanize them against their will is ethically not an acceptable solution."

Some legal experts have criticized Foti, the attorney general, saying he crossed ethical boundaries in his news conference.

Harry Connick Sr., the Orleans Parish district attorney from 1974 to 2003, noted that Foti's office said the suspects had been charged when in fact they had not been charged or indicted. In Louisiana, the attorney general can make an arrest on suspicion of a crime, but the district attorney must file the formal charge.

"All that occurred is an arrest," Connick said.

Timothy Meche, a New Orleans defense attorney who comments on legal issues for local media, said Foti's assertion that a homicide occurred appeared to violate Louisiana's rules of professional conduct for lawyers, which prohibit them from making public statements that would have the "substantial likelihood" of prejudicing a jury pool.

Foti spokeswoman Kris Wartelle said her office was within its rights as the investigating agency to call the news conference.

She said her office was "absolutely certain" that crimes occurred — and that they took extra care to be well prepared.

"This is a possible homicide committed by doctors who were highly esteemed professionals, who everybody thinks are gods — and in some cases they think they're gods," she said. "You don't waltz into these kinds of cases lightly."

Murderer Executed By Electric Chair (WP)

By Candace Rondeaux

The Washington Post, July 21, 2006

Convicted murderer Brandon W. Hedrick was executed last night in Virginia's electric chair, nine years after he raped and fatally shot a 23-year-old woman in Lynchburg.

Hedrick, 27, was pronounced dead at 9:12 p.m. at the Greensville Correctional Center in Jarratt, said Larry Traylor, a Department of Corrections spokesman. Hedrick, who chose to be electrocuted under a state law that allows inmates to pick the method of their execution, was the first death-row inmate to be put to death in the electric chair in the United States in more than two years.

Virginia is one of 10 states that allows electrocution. As in many of those states, however, the electric chair has fallen largely into disuse. In 1995, the state passed a law allowing death-row inmates the option of choosing lethal injection. The chair was rewired in 1991 after a series of botched electrocutions in Virginia and other states in the 1980s.

Hedrick was sentenced to death for abducting, sexually assaulting and killing Lisa Alexander Crider on May 11, 1997. He shot Crider in the face with a shotgun on the banks of the James River in Appomattox County and dumped her body in the water. Her face no longer recognizable, her head wrapped in duct tape and her hands shackled, Crider was later found in the river.

A jury convicted Hedrick and sentenced him to death in 1998. A co-defendant, Trevor Jones, was sentenced to life in prison.

Last night, after the U.S. Supreme Court declined to intervene, Gov. Timothy M. Kaine (D) rejected a clemency petition in which Hedrick's attorneys contended that Hedrick did not rape Crider. His attorneys also argued that Hedrick's sentence should be commuted to life in prison because he received inadequate legal representation when his case initially went to trial.

"The trial, verdict, and sentence have been reviewed in detail by various state and federal courts, including the Supreme Court of Virginia and the Supreme Court of the United States," Kaine said in a statement. "Having carefully reviewed the Petition for Clemency and judicial opinions regarding this case, I find no reason to doubt Mr. Hedrick's guilt or to set aside the sentence that was recommended by the jury and then imposed and affirmed by the courts."

Traylor said Hedrick spent yesterday afternoon visiting with family. He requested a last meal of pizza with cheese, bacon and hamburger, French fries with ketchup, apple pie, bacon, and chocolate cake.

Traylor said that members of Crider's family were present yesterday to witness the execution.

When Hedrick entered the death chamber at 8:59 p.m., he appeared calm but alert. He did not struggle when guards strapped him into the chair with leather restraints and attached a metal clip to his leg and placed a metal helmet on his head.

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Asked if he had any last words, Hedrick looked straight ahead and said: "I pray for everybody that believes in Jesus Christ in heaven. And I pray for the people that are unsaved because they know not what they do. I'm ready to go and be free."

At 9:02 p.m., a prison staffer pressed a button that delivered an 1,800-volt burst of electricity to Hedrick's body. A coil of smoke rose from his leg as he jerked upward in the chair and clenched his fists. He briefly jerked again when a second current pulsed through his body.

Until yesterday, Virginia's 97-year-old electric chair had been unused for more than three years. Before Hedrick, Earl C. Bramblett was the last person to be put to death in the state's electric chair, in April 2003. The last person in the country to be put to death in an electric chair before Hedrick was James Neil Tucker in 2004 in South Carolina.

Man Facing Execution For Slaying Fellow Inmate In Pagan Ritual Pleads Case To U.S. Supreme Court (FINDLAW/AP)

By Kristen Gelineau, Associated Press Writer

AP, July 21, 2006

(AP) - RICHMOND, Virginia-A man slated to be executed next week for the slaying of a fellow inmate during a pagan ritual asked the U.S. Supreme Court to grant him a stay, arguing that jurors consulted the Bible in violation of his right to an impartial trial.

Michael Lenz, 42, is scheduled to die by injection July 27 at Greensville Correctional Center in Jarratt for the fatal stabbing of Brent Parker, a fellow inmate at the Augusta Correctional Center. Lenz and another inmate, Jeffrey Remington, fatally stabbed Parker a combined 68 times with makeshift knives.

The three inmates were followers of the Nordic neopagan religion Asatru, and belonged to a group known as the Ironwood Kindred. The group had gathered for a ceremony when Lenz and Remington attacked Parker. Lenz testified that Parker had not been taking the religion seriously, and to protect the honor of the gods, Parker had to die.

In their petition to the high court Wednesday, attorneys contend jurors in Lenz's case admitted they had consulted a Bible during their sentencing deliberations, and that one member said some jurors pointed to passages that supported the death penalty for killers. Lenz's attorneys argue the jurors' consultation of the Bible was an outside influence that denied Lenz the right to a fair and impartial trial.

"We don't believe that issue is grounds to stop a fully justified death sentence," said J. Tucker Martin, spokesman for Attorney General Bob McDonnell.

The 4th U.S. Circuit Court of Appeals in Richmond, Virginia on Monday denied Lenz's request for a stay.

Lenz has also filed a clemency petition with Gov. Timothy M. Kaine. Kaine's spokesman, Kevin Hall, said the governor and his legal team were still considering Lenz's clemency request Wednesday.

Lenz declined through his attorney, Jennifer Givens, to be interviewed.

"I think he's doing as well as anyone could do under the circumstances," Givens said. "He certainly hopes that either the Supreme Court or the governor takes measures to ensure that he's not executed next week."

On the Net:

U.S. Supreme Court: http://www.supremecourtus.gov/

Gov. Timothy M. Kaine: http://www.governor.virginia.gov/

Former Brokerage Tech Worker Convicted In Computer Tampering Scheme (FINDLAW/AP)

AP, July 21, 2006

(AP) - NEWARK, New Jersey-A federal jury has convicted a former UBS PaineWebber systems administrator of attempting to profit by detonating a "logic bomb" program that caused more than $3 million (â,¬2.4 million) in damage to the brokerage's computer network in 2002, the U.S. Attorney's Office said.

Evidence showed Roger Duronio ultimately lost the $23,000 (â,¬18,400) he invested in a stock market bet against UBS because the ploy failed to reduce his former employer's share price.

Duronio, 63, was convicted on one count of securities fraud and one count of computer fraud, and acquitted on two counts of mail fraud. The verdict came on Wednesday, the fourth day of deliberations following a trial that began June 6.

Each of the convictions carries up to 10 years in federal prison, but under sentencing guidelines Duronio faces about 6 1/2 to 8 years. U.S. District Judge Joseph A. Greenaway Jr. scheduled sentencing for Oct. 30. Duronio remains free on a $1 million (â,¬800,000) secured bond.

"Duronio was malicious, angry and calculating," U.S. Attorney Christopher J. Christie said in a statement. "He was perfectly situated as a systems administrator to turn his skill into a weapon against the company. We're pleased the jury recognized this and are gratified by the verdict."

Duronio's attorney, Christopher Adams, did not immediately return a call Wednesday evening at his office.

Prosecutors presented evidence that Duronio was angry with the company, where he had worked for nearly two years in New Jersey, because he expected an annual bonus of $50,000 (â,¬40,000) but got $32,500 (â,¬26,000). The brokerage was renamed UBS Financial Services in 2003.

Duronio planted the logic bomb in some 1,000 of PaineWebber's approximately 1,500 networked computers in branch offices around the country and resigned from the company Feb. 22, 2002, prosecutors said.

That day, Duronio went to his broker, who testified that Duronio said, "God knows what I can do to get even." Against advice from another broker, Duronio bought what are called "put options" for UBS stock, prosecutors said. Those give the purchaser the right to sell shares for a fixed per-share price, so the lower a stock falls the more valuable the option becomes.

Duronio placed his last trade on March 1, 2002, and the logic bomb attack happened on March 4, 2002, deleting files on 1,000 computers, prosecutors said.

Duronio was indicted in December 2002. At the time, a UBS PaineWebber spokesman said redundancies in the system prevented any interruption of business and that client accounts, assets and privacy were not affected.

On the Net:

U.S. Attorney's Office: http://www.njusao.org/break.html

UBS PaineWebber: http://www.ubspainewebber.com/

Navy Quarterback Cleared Of Raping Midshipman (WP)

By Nelson Hernandez

The Washington Post, July 21, 2006

A former U.S. Naval Academy quarterback was acquitted last night of raping a female midshipman but was found guilty of conduct unbecoming an officer for having sex with the woman in her dorm room and disobeying an order to stay clear of her.

The verdict by a jury of five naval officers means that Midshipman Lamar S. Owens Jr., 22, could face up to two years in a military prison as well as dismissal from the Navy. He avoids the life sentence that could have come with a rape conviction.

The high-profile court-martial, involving a star football player who led Navy to victory in the Poinsettia Bowl, comes as the Annapolis academy and other military schools face increased pressure to crack down on sexual assaults. Owens's acquittal on the rape charge comes less than a month after a similar verdict for a Coast Guard Academy cadet accused of rape.

Owens's attorneys immediately objected to the jury's decision, saying that there was no credible evidence to support conviction on any of the charges and that they would ask the judge, Cmdr. John A. Maksym, to overturn the verdict today.

Owens's attorney, Reid H. Weingarten, said in a news conference that he was relieved the rape charge did not stand and was "very confident the conduct unbecoming will go." If the judge affirms the verdict, the jury will begin considering the sentence immediately.

In court testimony, the woman said Owens had entered her room while she was barely conscious after a night of heavy drinking and began forcing her to have sex, stopping only after she resisted. Owens contended that he had been invited to the room during an instant message conversation and began having consensual sex with her; he found that she had suddenly become unresponsive, after which he stopped and left.

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Owens's defense team argued that the prosecution's case was "riddled with reasonable doubt," given that the woman acknowledged having several gaps in her memory of the incident and that several witnesses had testified that they had seen her drinking heavily. Prosecutors responded that she had no reason to lie in her testimony and that Owens had apologized repeatedly during a telephone conversation with the woman that was secretly taped by investigators.

The nine-day trial made public other problems the academy usually keeps private. The testimony of several witnesses, some of them granted immunity, touched on sex, binge drinking, cheating and lying -- taboos at a school that tries to instill in its students the ideals of honor, courage and commitment.

Owens's case is one of the few at Annapolis that has reached court-martial. Most sexual assault allegations are quietly resolved by the school's internal disciplinary system. Of 56 midshipmen accused of the crime since 1998, only two have been convicted.

The jury of four men and a woman delivered the decision after nearly 10 hours of deliberation in a small chamber next to the wood-paneled courtroom in the Washington Navy Yard. Under military procedure, a two-thirds majority is required to convict on each charge. The jury's votes were not revealed, and the judge ordered the jurors not to discuss the case.

Owens stood at attention as the jury's president, a lieutenant commander, read the verdict.

Owens's family members, seated behind him, grimaced and then stared stonily ahead. Weingarten's 20-year-old son, who has watched much of the trial, put his head in his hands.

Several of Owens's teammates stayed in the courthouse to wait for the verdict, then walked out when they heard what had happened.

"We'd like not to comment on that issue," said Lt. j.g. Craig Candeto, a former Navy quarterback.

Prosecutors referred comment on the case to the Naval Academy's public affairs office. An academy spokeswoman said the school would withhold official comment until after sentencing.

But the result could be overturned today by Maksym, who has been a central character in the drama and made a number of crucial rulings, including the decision to play the taped phone conversation for the jury.

Maksym often rocked in his burgundy leather chair but would lean forward to instruct the jury, a witness or one of the attorneys. His statements were peppered with legal terms, polysyllabic Latinate words such as medulla oblongata, coagulate and interregnum, and literary allusions such as one he made yesterday to prosecutors: "Christ said to Peter, 'He who lives by the sword dies by the sword.' "

Maksym did not hesitate to reprimand anyone who made mistakes in court, including Weingarten, who once forgot to rise from his seat to make an objection.

More significant, he criticized the prosecution's case on several occasions, questioning the qualifications of one of its expert witnesses and saying the defense had taken the alleged victim's testimony apart "like a Swiss watch."

The most devastating blow came during the prosecution's closing statement Wednesday, when the judge told the jury that prosecutors had misrepresented a witness's statement that the woman had said, "I have been raped." After checking the court transcript, Maksym determined that the prosecutors had made a "grave error."

CIVIL LAW:

DOJ's Former Tobacco Litigation Chief Says McCallum Misled Congress (LAW/AP)

By Pete Yost, The Associated Press

AP, July 21, 2006

A Justice Department official who slashed the amount of money being sought from tobacco companies made misleading statements to Congress, says a former government lawyer who handled a landmark lawsuit against the industry.

The comments by attorney Sharon Eubanks follow Associate Attorney General Robert McCallum's decision a year ago to downsize a proposed smoking cessation program from $130 billion to $10 billion. That's the amount the government wants a judge to order cigarette companies to pay.

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A month ago, McCallum sent written statements explaining his actions to the Senate Foreign Relations Committee, which was considering his nomination to be U.S. ambassador to Australia. The Senate subsequently confirmed McCallum, a former Yale classmate of President Bush, to the post.

Eubanks, who ran the department's tobacco litigation team, retired from government and now works for Citizens for Responsibility and Ethics in Washington. The private group sued the department and questioned McCallum for several hours Tuesday about documents he kept on the tobacco case.

The group wants to find out whether White House influence was brought to bear in the pending tobacco lawsuit.

"I don't remember ever receiving any directive from the White House about anything that had to do with the tobacco case," McCallum said in his sworn videotaped deposition.

The Justice Department's Office of Professional Responsibility said last month that McCallum's conduct was not influenced by any political considerations.

Internal Justice Department e-mails obtained by The Associated Press show that the White House OK'd an op-ed piece by McCallum in USA Today defending the department's drastic cut in the amount it was demanding the tobacco companies pay.

"Please hold up. The White House wanted some changes," one Justice Department employee wrote regarding McCallum's op-ed piece.

"WH says it's good to go," said an e-mail an hour later by another department employee.

In his testimony about the Justice Department suit against the tobacco companies, McCallum refused to say whether he had notes of contacts with industry representatives. He said he was barred from answering by an order the judge had issued in the case. The order itself is sealed, McCallum added.

On Wednesday, a Justice Department spokesman, Charles Miller, said "it's absolutely incorrect" to suggest that McCallum "was anything but truthful in what he said to the Senate."

Eubanks said McCallum mischaracterized a court order in his statements to Capitol Hill, making it appear that U.S. District Judge Gladys Kessler criticized the government's embrace of smoking cessation as a remedy in the lawsuit. McCallum cited the judge's order in explaining why he reduced the government's request.

Eubanks pointed out that the judge later rejected the tobacco industry's arguments and allowed Eubanks' expert witness to testify that the companies should pay $130 billion for smoking cessation.

McCallum said the decision to cut the amount of money being sought stemmed from a federal appeals court ruling in the case that requires forward-looking remedies aimed at preventing future violations rather than penalties for past misdeeds. McCallum said career attorneys in the department's organized crime and racketeering section recommended the change.

In his comments to the Senate, McCallum noted an order from the judge that the appeals court ruling "struck a body blow to the government's case."

Eubanks said the "body blow" language had nothing to do with a smoking cessation remedy and "to make that suggestion is misleading."

In his written statements to the Senate, McCallum said he had "no personal involvement even as to supervision and oversight, in the vast majority" of proceedings in the tobacco case.

Eubanks said the statement is technically accurate, but "extremely misleading."

"I had the guy's cell phone number, and he told me to call him any time on the case, and occasionally I did," said Eubanks. "On the significant and important things, he made it very clear that he was to remain in the loop and involved.

"Whenever we had meetings on this, Robert was at all of them, and we had a lot of them," said Eubanks. "This is a guy who's not involved?"

McCallum told the Senate that he had conferred with attorneys including the career lawyers leading the trial team, a characterization that Eubanks rejected.

"There was no conferring," said Eubanks. "I was taking orders."

At McCallum's direction, says Eubanks, political appointees at the department wrote almost every word of Eubanks' closing argument in which she asked the judge to order the industry to pay the reduced amount.

Eubanks has removed herself from her new employer's lawsuit against the Justice Department where she used to work.

CIVIL RIGHTS:

In Speech To N.A.A.C.P., Bush Offers Reconciliation (NYT)

By Sheryl Gay Stolberg

The New York Times, July 20, 2006

WASHINGTON, July 20 — In his first speech to the N.A.A.C.P. since taking office in 2001, President Bush acknowledged on Thursday that "many African-Americans distrust my party," and defended his record on domestic issues, including education, prescription drug coverage and Hurricane Katrina.

"I consider it a tragedy that the party of Abraham Lincoln let go of its historic ties with the African-American community," said Mr. Bush, whose relations with the National Association for the Advancement of Colored People have been so strained that, until Thursday, he was the first president since Herbert Hoover to refuse to address the group. "For too long my party wrote off the African-American vote, and many African-Americans wrote off the Republican Party."

Saying that "history has prevented us from working together when we agree on great goals," Mr. Bush said the goal should now be to transcend political divisions.

"I want to change the relationship," he said.

The 33-minute speech was an exercise in bridge-building, intended partly to strengthen ties between Republicans and black voters and partly to reassure moderate white voters with a message of reconciliation. Though Mr. Bush received a standing ovation when he called on the Senate to renew the 1965 Voting Rights Act — it passed unanimously hours later — a somber silence fell over the room as the president discussed his policies on education, jobs and housing, which polls suggest are unpopular with blacks.

The president was booed when he raised the topic of charter schools and was also interrupted by a heckler who shouted about the Middle East. Mr. Bush ignored the outburst, forging ahead with his speech, though the ruckus when the man was ejected briefly drowned out him out.

Mr. Bush repeatedly referred to the group as the N-A-A-C-P, attracting some notice from those who use the more traditional pronunciation of N-double-A-C-P.

Yet Mr. Bush did get some laughs. He opened the speech with a well-received ice-breaker, referring to Bruce S. Gordon, the president of the N.A.A.C.P., whose overtures to Mr. Bush ended the president's no-show status. In December, after Mr. Gordon met several times with Mr. Bush in the Oval Office, the N.A.A.C.P. extended its customary speaking invitation to Mr. Bush, and he accepted.

"Bruce is a polite guy," Mr. Bush told the crowd after Mr. Gordon introduced him. "I thought what he was going to say is, 'It's about time you showed up.' "

Mr. Gordon later gave the speech a grade of B. Others were not so generous.

Representative John Lewis, Democrat of Georgia, said Mr. Bush had "scored when he said he looked forward to the Senate approving the Voting Rights Act." But Mr. Lewis said it would be difficult for blacks to overcome their anger over the Bush administration's response to Hurricane Katrina, whose devastation disproportionately affected them.

"People cannot forget Katrina," Mr. Lewis said. "It's going to take some time."

Another civil rights leader, the Rev. Jesse Jackson, said he spoke to Mr. Bush backstage after the speech and urged him to begin "a meaningful dialogue'' with a broader range of black organizations.

"He said, 'Well, talk with Karl Rove,' '' Mr. Jackson said, referring to Mr. Bush's chief political adviser.

Mr. Bush received 11 percent of the black vote in 2004, and his speech came against the backdrop of concerted efforts by Republicans, notably Ken Mehlman, the chairman of the Republican National Committee, to court black voters. But Tony Snow, the White House spokesman, dismissed the suggestion that Mr. Bush was engaging in partisan politics.

"The president has been walking the walk," Mr. Snow said, adding, "This was not an attempt to curry votes for the Republican Party."

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Nonetheless, the courtship could be especially important this November, when Republicans are fielding black candidates for governor in Ohio and Pennsylvania and for the Senate in Maryland.

Despite Mr. Mehlman's earlier efforts, which included a 2004 apology for what he described then as the racially polarized politics of some in his party, tensions between the White House and the N.A.A.C.P. persisted until Mr. Gordon, a former telecommunications executive, succeeded Kweisi Mfume as president in June 2005.

At that time, the organization, which must remain nonpartisan to keep its tax-exempt status, was facing an Internal Revenue Service inquiry after its chairman, Julian Bond, issued a harsh critique of the Bush administration. So far, no action has been taken, a spokesman for the group said.

Mr. Bond, who stood on the dais with Mr. Bush Thursday, once likened the president's supporters to "the Taliban wing of American politics." At the height of the tensions, the president said his relationship with the N.A.A.C.P. was "basically nonexistent."

Time and again throughout his speech on Thursday, Mr. Bush returned to the theme of moving beyond disagreements toward reconciliation. "We'll work together, and as we do so, you must understand I understand that racism still lingers in America," the president said.

But while many in the audience gave him credit for simply showing up, some were skeptical. "He waited until the 11th hour of his presidency to come to us with all of his great plans of working together," said Kathy Sykes, secretary of the N.A.A.C.P. chapter in Jackson, Miss., adding, "We recognize rhetoric when we see it."

Promoting what he views as his accomplishments, Mr. Bush said his administration had committed more than $110 billion to help hurricane victims on the Gulf Coast and increased financing for historically black universities by 30 percent. He also said the federal government paid more than 95 percent of the cost of prescription drugs for the nation's poorest Medicare patients.

"Look, I understand that we had a political disagreement on the bill," Mr. Bush said, referring to legislation that provided the drug benefit, adding, "The day is over of arguing about the bill."

Mr. Bush also laced his speech with repeated personal references to prominent blacks. As he reminded his audience of the brief visit he paid recently to the Lorraine Motel in Memphis, where the Rev. Dr. Martin Luther King Jr. was killed, he praised "the gentle wisdom" of his tour guide, Dr. Benjamin Hooks, the former N.A.A.C.P. executive director, who was seated in the audience.

"It's good to see you again, sir," Mr. Bush said.

When he spoke about home ownership, Mr. Bush invoked Robert L. Johnson, the founder of Black Entertainment Television, and the Rev. Anthony T. Evans, a prominent African-American pastor in Dallas, calling both men his friends. When he spoke about the Voting Rights Act, he gave a nod to the secretary of state, saying, "Condi Rice understands what this has meant."

One topic the president did not touch was the war in Iraq, an omission that Mr. Lewis said left him surprised and disappointed, given that many blacks serve in the military. The White House press secretary, Mr. Snow, said later that Mr. Bush "had a pretty full plate just walking through domestic policy."

Bush Tells NAACP Senate Should Pass Voting Rights Extension (BETN)

By Ed Wiley III And Tracy Stokes

BET.com, July 21, 2006

President George W. Bush, making his first appearance in a half-decade to the nation's oldest civil rights group Thursday, was met with everything from wild applause to hisses and boos.

In his 15-minute speech before one of his most skeptic audiences in recent memory, Bush decried racism and pointed to several of his administration's initiatives, which he said was advancing the causes of equity and civil rights.

He wrapped up his address urging the U.S. Senate to follow the lead of the U.S. House of Representatives and pass the 25-year extension of the Voting Rights Act of 1965.

"President Johnson called the right to vote the lifeblood of our democracy. That was true then and it remains true today." The crowd roared its approval.

Advertisement

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Bush, playing to an audience nursed on the cadence of Black preaching, was considerably more animated than usual, belting out a ministerial-like message of equality and human dignity.

"I come from a family committed to civil rights," Bush said. "My faith tells me that we are all children of God -- equally loved, equally cherished, equally entitled to the rights He grants us all.

He said that he understands that "racism still lingers in America," but reminded that "it's a lot easier to change a law than to change a human heart."

He acknowleged that "many African-Americans distrust my political party," saying it is a "tragedy that the party of Abraham Lincoln let go of its historical ties with the African-American community. For too long, my party wrote off the African-American vote, and many African-Americans wrote off the Republican Party.

"For nearly 200 years, our nation failed the test of extending the blessings of liberty to African-Americans. Slavery was legal for nearly 100 years, and discrimination legal in many places for nearly 100 years more."

At one point during the president's address, protesters in the back of the convention hall yelled their disapproval of Bush's policies. NAACP Chairman Julian Bond rose from his seat and paced behind the president, apparently waiting for a break in the speech to chastise the hecklers. But Bush, whose voice rose to drown out the commotion, waved Bond off, saying, "Don't worry about it."

Bush's appearance at the 97th annual NAACP conference came as a surprise to many who watched the president brush the civil rights group aside for the past five years.

Just Sunday, Bond, who blasted Bush's policies in his opening address to conventioneers, urged the president to march the short distance from the White House to D.C. Convention Center to show he was serious about building bridges with the Black community.

Few expected he would take Bond up on the offer, but on Tuesday Bush announced he would attend,

On Thursday, he was introduced by NAACP head Bruce Gordon, who took over for longtime Maryland Congressman Kweisi Mfume, former head of the Congressional Black Caucus, last year.

"Bruce was a polite guy," Bush said. "I thought what he was going to say, 'It's about time you showed up.' And I'm glad I did."

The Rev. Al Sharpton, said that, theatrically, the president did better than he expected, "but in substance, he did worse than I had hoped for."

"President Bush sounded like a doctor making a credible diagnosis of a patient's condition, but prescribing medication that won't heal the patient, and might actually exacerbate the patient's illness," Sharpton said.

"By supporting renewal of the Voter Rights Act -- which we in the National Action Network certainly fought for and supported --without committing to the protection and enforcement of the rights of voters, the president's remedy could lead to the undermining of the very act we all supported. Saying that he's for renewing the VRA is not enough. The president should have also addressed potential problems with new voting machines and the GOP-sponsored gerrymandering of districts, an issue that continues to undermine the voting power of African Americans in this country."

Further, Sharpton said, "for the President to totally ignore the white-hot issue of Affirmative Action -- with two cases sitting before the Supreme Court and a ballot proposition on the ballot in Michigan this year that would effective end affirmative action in that state -- while admitting that the historic pattern of racism continues, is to agree that one has a broken leg, but to refuse to give it a cast or wheelchair."

Do you think it was worth the wait? Click "Discuss Now" to post your comment.

After Long Estrangement, Bush Reaches Out To NAACP (CSM)

By Linda Feldmann

The Christian Science Monitor, July 21, 2006

WASHINGTON

President Bush's address Thursday to the NAACP represents a confluence of events and circumstances that made the end of his estrangement with the nation's premier African-American civil rights organization possible.

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The group's new leadership is key, analysts say. Bruce Gordon, a retired Verizon executive named president of the NAACP a year ago, has developed a good relationship with Mr. Bush, White House officials say. Early in his remarks, Bush praised Mr. Gordon.

"I'm an admirer of Bruce Gordon, and we've got a good working relationship," Bush said. "I don't know if that helps or hurts you, but it's the truth."

Bush noted that after hurricane Katrina, which was particularly tough on poor African-Americans along the Gulf Coast, he and Gordon talked about "what we can do to work together."

In contrast, NAACP Chairman Julian Bond once called the far right of the GOP the "Taliban wing." Former NAACP chair Kweisi Mfume had also spoken critically of the Bush administration. The 2000 election dispute in Florida, in which some black voters claimed violations of their rights, led to fierce criticism. More recently, the IRS has run an inquiry into the NAACP's tax-exempt status, another sore point.

Thursday, the Senate was due to reauthorize the 1965 Voting Rights Act, after a delay by some conservative Republicans who objected to provisions affecting some states. In his speech, Bush asserted that "racism still lingers in America" and later called for immediate passage of the act without amendment, causing the Washington Convention Center to erupt in cheers.

Bush addressed the NAACP in 2000, when he was governor of Texas and running for president, but had turned down the group's invitations since then. In the 2000 presidential race, the NAACP Voter Fund ran an ad criticizing Bush for his handling of a hate-crimes bill triggered by the dragging death of a black Texas man.

For decades, since the civil rights movement was championed by Democrats, Republicans have struggled to win black votes, and Bush has been no exception. In 2000, he won 9 percent of the black vote, and in 2004, won 11 percent. Since then, party chair Ken Mehlman has reached out to minority voters, addressing groups around the country and encouraging Republicans of color to run for office. In the fall elections, several prominent races feature black Republicans: the governors' races in Pennsylvania and Ohio, and the Maryland Senate race.

But Bush's job approval among African-Americans remains in the mid-teens. Still, black Democrats applauded Bush for finally addressing the NAACP.

"This [speech] is as much about doing the right thing as it is making an appeal to blacks for political purposes," says Ron Lester, an African-American pollster and sometime consultant for the organization.

"Politically, the Republican Party is not going to pick up a lot through having President Bush speak to the NAACP. But in terms of the level of respect that the president will receive across the board - from suburban voters, from Republican voters, from independents - most people view it as doing the right thing."

At NAACP, Bush Tries To Mend Rift (WP)

By Darryl Fears

The Washington Post, July 21, 2006

After shunning the NAACP for five years, President Bush made an effort yesterday to warm up their frosty relationship with a speech that mixed folksy humor, frank talk about political disagreements, and promises to build stronger ties between his administration and black America.

The 33-minute speech at the group's annual convention drew rounds of thunderous applause, such as when the president acknowledged that his political party wrote off the black vote and when he vowed to sign a bill to renew the Voting Rights Act.

At other times, the audience groaned, such as when Bush said his family is committed to civil rights. People booed sharply when he praised charter schools. Two men were quickly hustled out of the hall by Secret Service agents for heckling Bush about the Iraq war.

Beginning his speech, Bush broke the ice, thanking NAACP president and chief executive Bruce S. Gordon for his introduction and cracking a joke. "I thought he was going to say, 'It's about time you showed up' " at a convention, Bush said. "And I'm glad I did."

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Bush touted programs that he said have the potential to help more black people gain economic success, including those that promote home ownership, faith-based community service, repeal of the estate tax and education reform. But much of the speech focused on glorifying achievements and framing goals.

"I've come to celebrate the heroism of the civil rights movement and the accomplishments of the NAACP," he said.

Slavery and segregation are "a stain we have not yet wiped clean," he said. Black founding fathers who believed in America in spite of discrimination and lynchings are too often overlooked, he said.

With the speech, Bush avoided becoming the first president since Warren G. Harding to snub the nation's oldest and largest civil rights organization over his entire presidency. He thanked NAACP Chairman Julian Bond for inviting him, even though Bond once referred to the Republican far right as "the Taliban wing," a remark that helped fuel the estrangement.

Bush also thanked Gordon, who took charge of the NAACP last year from Kweisi Mfume, a former Democratic congressman from Maryland, and who had not played a role in the verbal sniping that led to the bad blood.

Even though candidate George W. Bush addressed the convention in 2000, the feud started a couple of months later, when the NAACP ran television commercials featuring the daughter of James Byrd Jr., a black man who was dragged to death behind a pickup truck in Texas in 1998, She criticized Bush's failure as Texas governor to sign hate crime legislation. It was heightened when the NAACP charged that Republicans in Florida stole the 2000 election turning black voters away from the polls.

Gordon, a former executive for Verizon, approached Bush in the Oval Office shortly after his election. The Rev. Benjamin Hooks, a former NAACP president, said he and Bond also lobbied the president.

"That's why I'm here today," Bush said. "We want an America that's constantly renewing itself, rising above differences and healing old wounds."

Old wounds often heal slowly, said Jesse Jackson, who was in the audience. Under Bush, he said, the Justice Department approved voting changes in Southern states that previous administrations rejected. For example, it upheld a Georgia law that requires voters to get a state-issued identification card, even though some civil rights leaders said many older black residents lacked the proper documents and the ability to get the card. A federal judge issued an injunction against the law, calling it a throwback to Jim Crow.

Three years ago, the Bush administration submitted an amicus brief to the Supreme Court strongly challenging the University of Michigan's use of affirmative action to admit students to its undergraduate and law schools. The court ruled that race-conscious admissions were lawful to achieve student diversity, as long as each student's case was individually weighed.

But those issues were fought on battlefields that seemed far away from the touchy-feely atmosphere at the downtown Washington Convention Center.

"I think this was a good day," Gordon said of the president's visit. "He said exactly what he should say."

Douglas Mayers, an NAACP delegate from New York, said he agreed with everything Bush said. "It was a fantastic speech," he said.

Other views were mixed. The Rev. Ezekiel Holley, a delegate from Dawson, Ga., said the speech, especially the voting rights comments, was welcome. But it was late, he said. "It should have been done four years ago. I'm still disappointed."

Bush Vows To Patch Up His Ties To The NAACP (LAT)

By Peter Wallsten

The Los Angeles Times, July 21, 2006

WASHINGTON — Declaring it a "tragedy" that the Republican Party has alienated black voters, President Bush ended his five-year boycott of the NAACP convention on Thursday with a pledge to repair his relationship with the country's oldest civil rights group.

But even as Bush won a rousing ovation for his promise to sign a renewal of civil rights-era voting laws, he received a chillier reception as he laid out his ideas for improving the state of black America.

One of the most boisterous rounds of applause from attendees at the NAACP's annual meeting came for Bush's concession that "many African Americans distrust my political party." The response seemed to catch the president by surprise, and he paused before continuing, sounding rushed at times and ill at ease.

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"I consider it a tragedy that the party of Abraham Lincoln let go of its historic ties with the African American community," he said. "For too long, my party wrote off the African American vote, and many African Americans wrote off the Republican Party. That history has prevented us from working together when we agree on great goals."

Shortly after Bush's address, the legislation he pledged to sign cleared Congress. The Senate voted 98-0 to renew the Voting Rights Act; last week, the House passed it 390-33

Bush's appearance came after a string of five rejected invitations — the result, in part, of bad blood between the president and Julian Bond, the longtime chairman of the National Assn. for the Advancement of Colored People. But after Bush's 33-minute address Thursday, NAACP leaders said they would judge him on his actions, not merely his words or attendance at their event.

"The major headlines were good headlines, and at this point, what we need to do is convert headlines from the speech to action and measurable results," said Bruce S. Gordon, the NAACP's president, who in recent months has pursued a closer relationship with the White House.

The Rev. Jesse Jackson, harshly critical of Bush's response following the administration's slow reaction to Hurricane Katrina last year, said the president's signature on the Voting Rights Act would be sufficient only if the Justice Department followed up with aggressive enforcement.

Jackson encountered the president backstage after the speech and, in the spirit of Bush's comments, requested a meeting. He said Bush directed him to political advisor Karl Rove to make the arrangements.

"A meaningful dialogue would leave him better-informed," Jackson said. "But there is such a fear that there will be areas of disagreement, there has not been meaningful meetings."

Bush's appearance comes at a time of particularly strained relations between black leaders and the GOP. Almost a year after Katrina devastated much of black New Orleans, tensions escalated when some House Republicans pushed to eliminate provisions of the Voting Rights Act designed to shield black voters from institutionalized racism in the South.

Bush called the speech a "moment of opportunity."

"I have come to celebrate the heroism of the civil rights movement, and the accomplishments of the NAACP," he said. "It's important to me. It's important to our nation. I come from a family committed to civil rights."

Contending that "racism still lingers in America," Bush seemed to indirectly refute the arguments of some Voting Rights Act critics in the GOP who said the law unfairly targeted the South for scrutiny despite racial progress.

"Slavery was legal for nearly a hundred years, and discrimination legal in many places for nearly a hundred years more," he said. "Taken together, the record placed a stain on America's founding, a stain that we have not yet wiped clean."

Overall, his remarks were greeted with polite applause. But silence filled the vast hall at Washington's convention center as Bush promoted his administration's faith-based initiative, which would permit religious social service groups — many based in black churches — to receive federal funds. He chastised critics who he said "do not seem to realize that the organizations they are trying to prevent from accessing federal money are the same ones that helped win the struggle of civil rights."

There was more silence when he said that eliminating inheritance taxes on the wealthy could help African Americans emerge as part of an "investor class." And a smattering of boos rang out when Bush talked of school vouchers.

On Katrina, Bush said the government had spent billions on reconstruction. And thanks to his burgeoning relationship with NAACP leader Gordon, he said, more help is on the way.

"We've got a plan, and we've got a commitment," he said.

The president also promised a domestic campaign to combat HIV/AIDS, which he said affects blacks disproportionately.

But the speech lacked the powerful sweep of Bush's past addresses on race — particularly his 2003 speech at Goree Island on Africa's western coast, where he used biblical references to hail the work of U.S. civil rights leaders and called slavery "one of the greatest crimes of history."

At the time of that speech, Bush aides were preparing programs designed to woo African Americans, traditionally Democratic voters, to the GOP for the 2004 election and beyond — backing a ban on same-sex marriage that appealed to socially conservative blacks and funneling more federal dollars to the faith-based initiative.

Nationally, Bush's share of the black vote grew by only two percentage points, from 9% to 11%, between 2000 and 2004, but exit polls in battleground states where the Bush strategy was put into action showed far more dramatic increases.

The effort has continued, with Republican Party Chairman Ken Mehlman scheduled to deliver what will be his 50th speech to a predominantly black audience.

This year, the GOP boasts black candidates for high office in three states: governor in Ohio and Pennsylvania and U.S. senator in Maryland.

Democrats reacted to the speech by accusing the president of insincerity, charging that his administration has opposed proposals that could aid African Americans, such as raising the minimum wage.

A statement issued by several Democrats, including California Rep. George Miller of Martinez and Rep. Major R. Owens of New York, called Bush's record "a shameful one that no well-crafted speech could ever obscure."

Gordon said Bush deserved a grade of "B" for content for at least addressing education, equality and voting rights.

"The fact that he came sends a signal. The fact that he spoke on the issues on our agenda shows potential for an alliance," Gordon said. "This wasn't supposed to be a love-fest. The question is: Is this a new day?"

Bush Knows Many Blacks Distrust GOP (AP)

By Deb Riechmann

The Associated Press, July 21, 2006

President Bush, addressing the NAACP after skipping its convention for five years, said Thursday he knows racism exists in America and that many black voters distrust his Republican Party.

Bush lamented the GOP's rocky relations with blacks. He pledged to improve that relationship and work with the NAACP's new leader to achieve common goals.

"I understand that racism still lingers in America," Bush told more than 2,200 people at the National Association for the Advancement of Colored People's annual gathering. "It's a lot easier to change a law than to change a human heart. And I understand that many African-Americans distrust my political party."

That line generated boisterous applause and cheers from the audience, which generally gave the president a polite, reserved reception.

"I consider it a tragedy that the party of Abraham Lincoln let go of its historical ties with the African-American community," Bush said. "For too long, my party wrote off the African-American vote, and many African-Americans wrote off the Republican Party."

Black support for Republicans in elections has hovered around 10 percent for more than a decade. In 2004, Bush drew 11 percent of the black vote against Democrat John Kerry.

Most of the president's talk generated a smattering of applause. But many in the convention center stood and clapped when he urged the Senate to renew a landmark civil rights law passed in the 1960s to end racist voting practices, such as poll taxes and literacy tests, in Southern states.

The Senate passed the bill later Thursday and sent it to the White House.

For five years in a row, Bush had declined invitations to address the oldest and largest civil rights organization in the nation. This year, he said yes, knowing that he would be facing a tough crowd.

According to AP-Ipsos polling conducted in June and July, 86 percent of blacks disapprove of the way Bush is handling his job, compared with 56 percent of whites who disapprove.

While the audience was cordial, some NAACP members were disappointed that the president did not mention the war in Iraq. During Bush's speech, two NAACP members from Louisiana held their hands in the air to display the two-fingered, "V" peace symbol.

Others expressed dismay that Bush did not offer more substantive remarks about issues such as education and the economy. The unemployment rate for blacks was 9 percent in June — nearly twice the national jobless rate of 4.6 percent

"There was an amazing gap between the aspirations of his speech and the policy behind it. It was so vague," said Barbara Arnwine of the Washington-based Lawyers' Committee for Civil Rights Under Law.

"He doesn't have enough contact with this community," said Arnwine. The group was set up in 1963, at the request of President Kennedy, to get private lawyers to provide legal services to address racial discrimination.

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Bush talked about his No Child Left Behind education program, but did not mention that it has been underfunded, said Madie Robinson of Florence, S.C., a member of the NAACP national board of directors. "He raised many issues," she said, "but didn't offer solutions."

The administration's relations with the NAACP have been sketchy at best.

The organization's former president, Kweisi Mfume, once described Bush's black supporters as "ventriloquists' dummies" and said the president's decision not to speak at the NAACP conventions was an insult.

The chairman, Julian Bond, urged members to oust Bush and condemned the administration's policies on education, the economy and the war in Iraq.

In 2004, then White House press secretary Scott McClellan said NAACP leaders, through their "hostile rhetoric," have shown no interest in working with Bush.

Relations have improved under the leadership of current NAACP president, Bruce Gordon.

Gordon, who introduced Bush at the convention, has met with him three times in the year that he has headed the civil rights group. That compares with one meeting Bush had with Mfume, Gordon's predecessor.

"Bruce is a polite guy," Bush said. "I thought what he was going to say, `It's about time you showed up.' And I'm glad I did."

The White House denied that Bush's appearance was a way of atoning for the government's slow response to Hurricane Katrina. The Rev. Jesse Jackson and some black elected officials alleged that indifference to black suffering and racial injustice was to blame for the sluggish reaction to the disaster.

Bush said he and Gordon have had frank talks about the challenges blacks face following the hurricane.

"We found areas where we share common purpose, and we have resolved to work together in practical ways," Bush said. "I don't expect Bruce to become a Republican — and neither do you. But I do want to work with him, and that's what I'm here to talk to you about."

Toward the end of his remarks, two protesters interrupted the president, shouting inquiries about Vice President Dick Cheney and the situation in the Middle East.

"Stop being a Stepin Fetchit for Dick Cheney!" one shouted in a reference to a black actor known for stereotypical portrayals of black minstrel characters.

Bond approached the microphone, but Bush told him not to bother trying to quell the disturbance. "Don't worry," Bush told Bond. "I'm almost done."

"I know you can handle it," Bond replied.

Bush Pledges To Repair Ties With Black Voters (FT)

By Holly Yeager

Financial Times, July 21, 2006

President George W. Bush ack-now--ledged the poor ties between the Republican party and African-Americans on Thursday and vowed to work to improve that relationship.

“I understand that many African-Americans distrust my political party,” Mr Bush told the National Association for the Advancement of Colored People, the oldest civil rights group in the US. Mr Bush appeared before the group, the first time he has accepted its invitation since he was elected president, amid evidence that Republicans’ push to improve their standing among black voters has not paid off.

A Gallup poll this week found that 83 per cent of black voters said they would vote Democrat in November’s congressional elections – nearly unchanged from two years ago. And while 62 per cent of black people identified themselves as Democrats and 31 per cent said they were independents, just 7 per cent called themselves Republicans.

“I consider it a tragedy that the party of Abraham Lincoln let go of its historic ties with the African-American community. For too long my party wrote off the African-American vote and many African-Americans wrote off the Republican party,” Mr Bush said.

Mr Bush cited his efforts on several fronts, including programmes that he said were designed to improve education, boost home and business ownership, encourage faith-based social services and fight HIV.

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He also called on the Senate to follow the House of Representatives, which last week approved a renewal of the voting rights act, a 1965 law designed to combat racist voting practices in the south. The legislation passed in the Senate later in the day.

Mr Bush has had several meetings with Bruce Gordon, the president of the NAACP, and the White House said it saw the speech as “a moment of opportunity” to discuss his commitment to civil rights.

But some black activists say the appearance was intended to offset the Bush administration’s poor response to Hurricane Katrina and the insensitivity they said it showed the poor black residents of the Gulf coast hardest hit by the storm. The Democratic National Committee called the event “too little, too late”.

“If the president were truly genuine about reaching out, he wouldn’t have waited six years to speak to the NAACP and face the tough questions about his administration’s failed policies on jobs, healthcare and the economy,” said Karen Finney, DNC’s communications director.

At last year’s NAACP meeting Ken Mehlman, the party chairman, was the top Republican to make an appearance. He apologised for his party’s past actions, including ignoring black voters and using racial issues to polarise voters. “I am here . . . to tell you we were wrong,” he said.

Karl Rove, the president’s top political strategist, has made reaching out to black and Hispanic voters central to building a permanent Republican majority. But amid a contentious debate on immigration that some analysts say is hurting Republicans, the Gallup poll also showed no progress among Hispanics. It found that 63 per cent of Hispanic registered voters intended to vote for Democratic congressional candidates in mid-term elections – up from 60 per cent in 2004.

Bush Addresses NAACP For The First Time In His Presidency (MCT)

By William Douglas

McClatchy Newspapers, July 21, 2006

WASHINGTON - President Bush made a personal appearance before the NAACP on Thursday for the first time of his presidency, a gesture toward ending years of bad blood between himself and the nation's foremost civil rights organization.

Bush acknowledged to a packed convention hall that racism persists in America, and he admitted that his party and his White House are out of step with many African-American voters.

"I understand that many African-Americans distrust my political party," Bush said. "I consider it a tragedy that the party of Lincoln let go of its historic ties with the African-American community. For too long, my party wrote off the African-American vote, and many African-Americans wrote off the Republican Party."

Bush's remarks signaled a thaw in the relationship between the president and the NAACP leadership, which in previous years leveled criticism at White House policies that Bush took as so blistering and personal that he refused for five years to attend the group's annual convention. Bush was on course to become the first president since Herbert Hoover not to attend a NAACP convention while in office.

But with a new NAACP president, former Verizon executive Bruce Gordon, and a renewed GOP election-year effort to woo African-American voters, and with the convention site just blocks from the White House rather than more-distant cities, Bush found it hard to turn down the group's invitation this year.

"Bruce is a polite guy - I thought he was going to say, `It's about time you showed up,'" Bush said to laughter and applause in the packed ballroom at Washington's convention center. "I see this as a moment of opportunity. I have come to celebrate the heroism of the civil rights movement and the accomplishments of the NAACP."

Bush received mild applause during an address that featured some old themes from his 2000 and 2004 election campaigns and a pledge to sign a bill renewing the 1965 Voting Rights Act, which the Senate passed 98-0 later in the day.

He received a smattering of boos when he touted his education program, which provides for the creation of charter schools and advocates giving vouchers to help children at failing public schools pay for private school.

"Charter schools are a sore spot with us," said Bob Lydia, president of the NAACP's Dallas branch. He said the plan siphons much needed money away from public education systems. "We don't think we should go down that road. President Bush and (former Education Secretary) Rod Paige didn't do the job we thought they would on education."

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Bush received only 9 percent of the African-American vote in 2000 but increased his share to 11 percent in 2004. Only 15 percent of African-Americans approve of the job Bush is doing, according to a Gallup Poll taken earlier this month.

His massive unpopularity is due to a legacy of African-American outrage at perceived racial discrimination in Florida's 2000 presidential balloting, the federal government's failed response in New Orleans to Hurricane Katrina, and White House support of legal challenges to some affirmative-action programs in higher education.

Bush, for his part, signaled a desire to go beyond the acrimony of the past.

"What I want to do is work with the NAACP to help fix the foundations of our society," Bush said.

The president's appearance was greeted with hopefulness and skepticism from the conventioneers and civil rights leaders who attended.

Lydia of Dallas called Bush's talk a long overdue step forward.

"It's a move to do the right thing," said Shirley Johnson, first vice president of the NAACP's Miami-Dade branch. "I am hopeful that the words the president spoke ... that he will live up to his words."

Mary Degree, vice president of the civil rights group's Cleveland County, N.C., branch, said she wasn't impressed.

"We have a president who is on his way out of office coming to us and can't do anything for us," she said. "All the things he's proposing today, what can he do about it?"

Othetta Glover, a retired teacher from Long Beach, Calif., said she had low expectations of Bush before the speech and the same view afterward.

"I don't think he was speaking from the inside, but from the pages he was reading," she said. "It was what I expected him to say."

The Rev. Jesse Jackson noted that while Bush expressed support for renewing the Voting Rights Act, it was groups like the NAACP that pushed for it. "This has not been leadership top-down," Jackson said. "This has been rebellion bottom-up."

Jackson said he asked for a meeting with Bush after the president's speech. He said the president told him to talk to Karl Rove, the White House deputy chief of staff.

'We Must Work As One,' Bush Tells NAACP Audience (USAT)

By Richard Benedetto

USA Today, July 21, 2006

WASHINGTON — In his first address to the NAACP since entering the White House 5½ years ago, President Bush acknowledged the persistence of racism in the USA and pledged Thursday to help improve his party's relationship with blacks.

Bush told the audience that he is committed to civil rights and equal opportunity. His remarks were politely received by a group that at times has angered him with sharp criticism of his administration's policies and their effect on blacks.

“I understand that racism still lingers in America,” Bush said. “It's a lot easier to change a law than to change a human heart.

“We must work as one, and that's why I came today,” Bush said to applause from the more than 2,200 delegates.

The president drew a standing ovation when he said he would sign a 25-year extension of the 1965 Voting Rights Act, just hours before the Senate gave final passage to the legislation on a 98-0 vote.

“President Johnson called the right to vote the lifeblood of our democracy,” he said. “That was true then and it remains true today.”

Bush also drew cheers and applause from the delegates when he acknowledged that many blacks distrust his Republican Party. “I consider it a tragedy that the party of Abraham Lincoln let go of its historical ties with the African-American community,” Bush said. “For too long, my party wrote off the African-American vote, and many African-Americans wrote off the Republican Party.”

In 2004, Bush won 11% of the black vote, up from 9% in 2000.

Bush said he viewed his speech as a chance to explain his convictions about equality. “I come from a family committed to civil rights,” he said. “My faith tells me that we are all children of God — equally loved, equally cherished, equally entitled to the rights he grants us all.”

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Bush had declined invitations to speak to the NAACP for five years in a row. He accepted this year after new NAACP President Bruce Gordon, the first businessman to lead the nation's oldest civil rights organization, reached out to improve the relationship.

Bush pledged to work with Gordon on issues such as education, opportunity for small businesses, aid for home ownership and help for victims of Hurricane Katrina.

The Bush administration has been criticized for the sluggish response to the hurricane's devastation in mostly black New Orleans, prompting suggestions from Jesse Jackson and other civil rights leaders that Bush was indifferent to blacks.

He got scattered boos when he said he supported charter schools, a topic of debate in low-income communities.

Toward the end of his speech, Bush was interrupted by two men who stood up near the front of the hall and began shouting about the Middle East situation and Vice President Cheney. They were escorted from the hall.

After his remarks, Bush waded into the crowd and shook hands.

The audience had mixed reactions to the president's speech.

Richard Redding, 38, a Head Start worker in Sarasota, Fla., said he welcomed Bush's message of unity. “We all have the same goal,” he said. “We all want the same things for our families. We have to work together. This is a start.”

Trevella Sparks, 40, an NAACP youth worker in St. Petersburg, Fla., said she was optimistic that the relationship between the administration and blacks will improve. “He made some pretty strong promises,” she said.

Alice Jeffries, 75, a retired teacher from Memphis, said Bush failed to convince her: “Somebody wrote him a pretty good speech, but I am still indifferent.”

Bush Reaches Out To NAACP (WT)

By Stephen Dinan And Brian Debose

The Washington Times, July 21, 2006

President Bush yesterday told the NAACP that slavery and years of discrimination continue to "wound" and "stain" America but said he will work with black leaders on issues such as education, homeownership and AIDS, where they agree on the goals.

"I want to change the relationship," the president said at the National Association for the Advancement of Colored People's annual convention at the Washington Convention Center, his first appearance after five years of declining invitations.

In 2004, Mr. Bush said he had a "basically nonexistent" relationship with the NAACP, whose leaders vigorously opposed his re-election that year. But Mr. Bush said yesterday that he sees an opportunity this year and heaped praise on the organization's president, Bruce S. Gordon.

For the most part, the audience received Mr. Bush politely but coldly, with smatterings of applause when he touted gains in areas such as funding for historically black colleges. He drew a standing ovation when he urged passage, "without amendment," of a bill renewing the expiring provisions of the Voting Rights Act of 1965. The Senate approved the extension 98-0 later in the day.

The president also drew approval when he said that racism still persists.

"Slavery was legal for nearly a hundred years, and discrimination legal in many places for nearly a hundred years more. Taken together, the record placed a stain on America's founding, a stain that we have not yet wiped clean," he said.

After being introduced by Mr. Gordon, Mr. Bush immediately addressed his years of snubs, joking, "I thought what he was going to say, 'It's about time you showed up.' And I'm glad I did."

He also acknowledged the Republican Party's recent rocky history with black voters, calling it "a tragedy that the party of Abraham Lincoln let go of its historic ties with the African-American community."

He said Republicans wrote off black voters and vice versa, preventing the two sides from working together.

Still, the White House said the speech was not an attempt to win votes for Republicans, and delegates to the convention this week said black voters' ties to the Democratic Party remain strong and deep.

"We are trying to bridge this gap between Republicans and the NAACP -- who knows what the future may bring -- but right now, we just don't want to break a good thing with people who will vote in favor of our issues," said Yvonne White, NAACP Michigan state conference president.

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Many members at the convention said they like Republican policies on ending the death tax and expanding business and homeownership opportunities, but they are sour on judicial nominations, the absence of a minimum-wage increase and opposition to affirmative action.

Mr. Bush's speech was interrupted once by a heckler later identified as associated with maverick politician Lyndon LaRouche.

When Mr. Bush talked about school choice and school vouchers, some in the audience applauded, but others booed and shook their heads.

White House press secretary Tony Snow said later that although Mr. Bush's education message may not have resonated with convention delegates, it struck home with black voters elsewhere.

"It was certainly resonating for people who live in [Washington D.C.], and it was certainly resonating with people who live in a lot of cities," Mr. Snow said.

He said Mr. Bush "has been walking the walk" on issues important to black families, and yesterday's speech was a chance for the president to make his case and "to try to lower the temperature when it comes to race relations so people really can get along and work together."

Wade Henderson, executive director of the Leadership Conference on Civil Rights, said Mr. Bush made strides toward that goal yesterday.

"I think the president was remarkably effective in re-engaging and establishing a new relationship with the NAACP, and in effect through them with the black community," he said. "His engagement of the issues of slavery and racism showed that he understands our issues and problems, so it was a good speech and I think he was received well."

Hilary O. Shelton, director of the NAACP's Washington bureau, said Mr. Bush hit many key issues, from reforming Social Security to helping convicts re-enter society.

"He clearly stayed on point and raised the issues well, and it was particularly the context in which the issues were raised that was very important and he was effective in doing that," Mr. Shelton said.

But others such as the Revs. Jesse Jackson and Al Sharpton said they are waiting to see Mr. Bush follow through on his promises and in particular want to see him conduct more enforcement under the Voting Rights Act.

Mr. Sharpton also criticized Mr. Bush for not mentioning affirmative action in his 37-minute speech, saying that to acknowledge persistent racism but to ignore affirmative action "is to agree that one has a broken leg, but to refuse to give it a cast or wheelchair," he said.

"Theatrically, he did better than I expected. But in substance, he did worse than I had hoped for," Mr. Sharpton said.

Bush Speaks To NAACP For First Time (AJC)

By Ken Herman

The Atlanta Journal-Constitution, July 21, 2006

WASHINGTON — After five years of declining to attend the annual NAACP convention, President Bush addressed the group Thursday, acknowledging that racism "lingers in America" and that many blacks don't trust the Republican Party to do much about it.

"I consider it a tragedy that the party of Abraham Lincoln let go of its historic ties with the African-American community," Bush said. "For too long, my party wrote off the African-American vote, and many African-Americans wrote off the Republican Party."

An audience member screamed "Yes!" when Bush said, "I understand that many African-Americans distrust my political party."

Since taking office in 2001, Bush has rejected the NAACP's annual invitation to speak at its conventions. Every president since Warren Harding (1921-23) had addressed an NAACP convention.

Bush tackled his previous absences at the top of his speech.

"Bruce is a polite guy," he said, referring to new NAACP President Bruce Gordon, who introduced him. "I thought what he was going to say, "It's about time you showed up.' "

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Gordon and other NAACP leaders, including some who have been harshly critical of Bush, agreed with the president in seeing what he called "a moment of opportunity" for improved relations.

"We'll work together, and as we do so, you must understand that racism still lingers in America," Bush said, drawing applause from delegates who gave him a warm, polite reaction but booed his mention of charter schools as a way for students in poorly performing schools to find other alternatives.

Black support for Republicans in elections has hovered around 10 percent for more than a decade. In 2004, Bush drew 11 percent of the black vote against Democrat John Kerry.

NAACP Chairman Julian Bond urged members to oust Bush in the last election and condemned the administration's policies on education, the economy and the war in Iraq.

And in the 2000 campaign, the NAACP's voter fund ran a television ad accusing Bush of racial insensitivity for his opposition while he was Texas governor to toughening the state's hate crime law.

The president made no references to the NAACP's previous hostility toward him. He said he has "a good working relationship" with Gordon, a retired Verizon executive who has worked with Bush on Hurricane Katrina rebuilding efforts.

"I don't expect Bruce to become a Republican and neither do you," Bush joked. "But I do want to work with him and that's what I'm here to talk to you about."

Bush said it was time to "change the relationship."

The first step in doing that, some African-American leaders said, was just showing up at the convention. The next step, they said, involves inviting them in for high-level input.

"There have not been meaningful meetings," the Rev. Jesse Jackson said. "Meaningful dialogue would help him and help us. If we could have meaningful dialogue, however challenging, we would all be enriched by it."

Jackson welcomed Bush's vow to sign the Voting Rights Act extension, which the Senate approved later Thursday. But the real challenge, Jackson said, is in federal enforcement of the law.

"His Department of Justice has in each instance chosen states' rights over federal intervention," Jackson said.

Gordon said Bush's speech was full of "solid content."

"It's one thing to speak. It's another thing to do it," he told the American Urban Radio Networks. "So we now need to move from what's been said to what gets done. I think the door's been opened and the path has been cleared."

Bond gave Bush credit for showing up but was disappointed in the president's words.

"Our front-burner issues are fighting racial discrimination. And although he admitted that it continues, he didn't suggest remedies for ending it," Bond said.

Several convention delegates said they appreciated Bush's words but are more interested in whether he will follow them with deeds.

James Stevenson of Trenton called it "one of the best speeches I have ever heard from the president. Now we are in what you call the wait-and-see."

Willie Ann Montford of Wrightsville, Ga., said she remains mystified why it took Bush so long to attend an NAACP convention.

"I want to know what it is about African-American people that he couldn't feel comfortable talking with us," she said.

For Bush And The NAACP, Uneasy Does It (WP)

By Dana Milbank

The Washington Post, July 21, 2006

President Bush was benefiting from the soft bigotry of low expectations when he addressed the NAACP convention yesterday. But that wasn't quite enough to get him through.

The president was ending his five-year boycott of the nation's largest civil rights organization, and the group was doing its best to "welcome the stranger," as Chairman Julian Bond put it, graciously. When Bush arrived, organizers whisked "Grey's Anatomy" actor Isaiah Washington off the stage, even though he was only 49 seconds into his speech.

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Gravity, however, could be defied only so long. A little while after Bush acknowledged that "many African Americans distrust my political party," four men in the Massachusetts section rose to demonstrate that distrust by shouting epithets at the president. The ruckus continued until Bond got up and walked behind Bush to make sure the miscreants were removed.

"Don't worry about it," Bush said. "I'm almost finished." He displayed the enthusiasm of a man undergoing an uncomfortable medical procedure.

"I know you can handle it," Bond consoled.

An hour later, the White House released a transcript omitting that exchange and describing the disruption as "applause."

That wasn't the only airbrushing going on. For what may have been the first time since the 2001 attacks, Bush gave a full-length speech with no mention of terrorism, Iraq or the Middle East. "Compassion" was back, and it was as if, for a moment, the past five years had never happened. Bush, suffering from the recent departure of chief speechwriter Mike Gerson, reprised some of the greatest hits of his first campaign for the presidency:

"We must challenge a system that simply shuffles children through." (C. 2000)

"We ought to welcome religious institutions into helping solve and save America one soul and one heart at a time." (C. 1998)

"Organizations of faith exist to love a neighbor like they'd like to be loved themselves." (C. 1999)

"Government . . . cannot put hope in a person's heart or a sense of purpose in a person's life." (C. 2000)

And, of course: "We need to challenge the soft bigotry of low expectations." (C. 1999)

Since he first uttered those compassionate phrases, Bush has won a mere 10 percent of the black vote in two elections, and his relations with civil rights leaders have been sour. He nodded to that recent history yesterday with some clever self-deprecation.

After a no-frills introduction by NAACP President Bruce Gordon, Bush thanked him for being polite. "I thought he was going to say, 'It's about time you showed up.' " Noting his "good working relationship" with Gordon, Bush got appreciative laughter with an aside to Gordon: "I don't know if that helps you or hurts you."

The president offered the ritual GOP mea culpa -- "for too long my party wrote off the African American vote" -- and paid respect to Bond. "I asked him for a few pointers on how to give a speech. It doesn't look like they're taking."

Bush may have been thinking of Bond's speech opening this week's convention, in which he said the president has "run the country into the ground . . . continued an assault on our civil liberties and civil rights, orchestrated a massive transfer of wealth from the bottom to the top, increased poverty every year they've been in office, created dangerous deficits, substituted religion for science, ignored global warming, wrecked environmental protections."

That was only a marginal improvement on Bond's view a few years back that Bush had "appeased the wretched appetites of the extreme right wing and chosen Cabinet officials whose devotion to the Confederacy is nearly canine in its uncritical affection."

With that for an invitation, it's a wonder Bush didn't continue his boycott. But then, Bush has shown a masochistic streak this week. In Russia, he let himself be filmed massaging the German chancellor's shoulders and was heard using a vulgarity with the British prime minister. At home, he cast his first veto on a stem cell bill that enjoys vast public support.

When he arrived at the Washington Convention Center yesterday, Bush was ready to flatter, from an opening paean to "the heroism of the civil rights movement and the accomplishments of the NAACP" to a closing vow to sign promptly a renewal of the Voting Rights Act. He used the word "together" 15 times and dropped the names of prominent African Americans such as Benjamin Hooks, a former leader of the NAACP. "Good to see you again, sir. . . . You know what I'm talking about, Jesse. . . . I got a friend named Tony Evans. . . . You know, one of my friends is Bob Johnson, the founder of BET."

The audience reciprocated: Bush got a standing ovation when he entered, and the 90 percent applauding easily drowned out the boos from the other 10 percent. The White House transcript listed 57 incidents of "applause" in the 33-minute speech -- and the vast majority of those were genuine. For every grumbled retort offered by an audience member, there was a cry of "yes!" or "right!"

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There were, inevitably, episodes of booing and cries of "no!" -- as when Bush affirmed that "I strongly believe in charter schools, in public school choice." But history may overlook such tense moments: The booing, like the heckling, was omitted from the White House transcript.

Bush Makes Nice With The NAACP (LAT)

The Los Angeles Times, July 21, 2006

ON THURSDAY, PRESIDENT BUSH gave the sort of pedestrian speech to the NAACP that, but for a few obvious applause lines and anecdotes, could easily have been delivered to the Rotary Club or the AARP. The president deserves credit for resisting the urge to pander. But his speech also raises a question: If that's all he wanted to say, did he have to wait five years?

Bush's address to the NAACP convention was a model of cautious conciliation. He had notoriously snubbed the NAACP throughout his first term, the first president since Warren G. Harding not to speak to the group. The NAACP's leadership wasn't exactly playing nice with the Republican Party, either; former NAACP Chairman Julian Bond memorably referred to the "the Taliban wing" of the GOP in 2001 (he spoke before 9/11). Still, given candidate Bush's rebuke in 2000 of Republicans who avoided the NAACP, it seemed petty for him to do just that as president.

In his remarks, Bush invited the audience to embrace his domestic agenda, urging them to find common ground with him on privatizing Social Security, creating charter schools and education vouchers, subsidizing faith-based community organizations and even ending the estate tax.

The president also mentioned a few areas in which he and the NAACP are genuinely in sync, such as giving Africa more help to battle HIV/AIDS. And he drew a standing ovation when he called on Congress to renew the expiring provisions of the Voting Rights Act of 1965, which has been one of the NAACP's top priorities. (Congress obliged a few hours later when the Senate passed a 25-year extension.) Meanwhile, he scrupulously avoided any mention of the war in Iraq, for which his leadership has drawn sharp and sustained criticism from NAACP leaders.

In sum, the president did what he seldom does: He went into a room full of likely opponents and tried to sell key parts of his legislative program, positioning his proposals as routes to a common goal. It was a stretch on some issues — by one liberal group's estimate, only 59 African Americans are likely to pay estate taxes in 2006.

And though Bush's call for an "ownership" society may resonate among middle- and upper-class African Americans, it's found little support from the NAACP, which has been more focused on closing the black-white income gap.

Maybe part of the reason Bush was so reluctant to speak before the NAACP was that he feared unfavorable comparisons to his predecessor, whose lip-biting, eye-welling empathy regularly drew shouts of "Amen!" Or maybe — after all, anyone twice elected president knows a thing or two about national politics — Bush realizes that, with his party besieged from within and without, he needs to seek out support wherever he can find it. Or at least temper the opposition whenever he has the opportunity.

Senate Renews 1965 Voting Rights Act (AP-Y)

By Laurie Kellman, Associated Press Writer

AP2, July 21, 2006

The 1965 Voting Rights Act, which opened voting booths to millions of black Americans, won a 25-year extension from Congress Thursday as Republicans sought to improve their standing with minorities before the fall election.

The legislation, approved 98-0 by the Senate after last week's overwhelming House passage, now goes to President Bush, who told the NAACP earlier in the day that he looked forward to signing it.

"The Voting Rights Act is one of the most important pieces of legislation in our nation's history," Bush said in a statement. "It has been vital to guaranteeing the right to vote for generations of Americans and has helped millions of our citizens enjoy the full promise of freedom."

A centerpiece of the 1960s civil rights movement, the law ended poll taxes, literacy tests and other election devices that had been used for decades to keep blacks from voting.

"The Voting Rights Act has worked. It has achieved its intended purpose," said Majority Leader Bill Frist, who timed the Senate's debate to occur while Bush made his first-ever address to the National Association for the Advancement of Colored People.

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The House passed the bill last week 390-33 with opposition mostly from Southern lawmakers who objected to renewing a law that requires their states win Justice Department approval before changing any voting rules — punishment, they said, for racist practices decades in the past.

Some also objected to provisions that require jurisdictions with large populations of non-English-speaking citizens to print ballots in languages other than English.

Several Southern senators echoed the concerns of their House counterparts, but there were few obstacles to passage in that chamber.

"Is this the very best that we can do at this time? Yes, it is," said Sen. John Cornyn, R-Texas.

The nine states required to win Justice Department approval for any voting practice changes are Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas and Virginia

Others senators showered the law with praise for its successes. The act was still necessary, proponents said, pointing to congressional hearings that showed certain districts still make it harder for minorities and citizens with limited understanding of English to be informed when they cast ballots.

The effect of the law "has been profound, to put it mildly," said Judiciary Committee Chairman Arlen Specter, R-Pa., whose panel a day earlier approved the renewal, 18-0.

"It will not remove all discrimination by any means," said Sen. Patrick Leahy, D-Vt. "But it is a major step to let everybody in the country know that all of us — all of us — are equal as Americans with equal rights, no matter the color of our skin."

Two senators did not vote: Mike Crapo, R-Idaho, and Mike Enzi, R-Wyo.

The legislation would renew several provisions of the law set to expire next year. They include one requiring jurisdictions with large populations of voters who do not speak English to print ballots in several languages and provide other assistance.

Some lawmakers had complained that the policy discourages people from learning English. But House Judiciary Committee Chairman James Sensenbrenner, R-Wis., said that most people who need the assistance were born here and deserve the help.

Voting Rights Act Extension Passes In Senate, 98 To 0 (WP)

By Charles Babington

The Washington Post, July 21, 2006

The Senate voted 98 to 0 to renew key provisions of the Voting Rights Act yesterday, permitting the federal government to continue its broad oversight of state voting procedures for the next quarter-century, and allowing Republicans to claim equality with Democrats in protecting minorities' clout at the ballot box.

The act requires several states, mostly in the South, to obtain Justice Department approval before changing precinct boundaries, polling places, legislative districts, ballot formats and other voting procedures. It also requires many jurisdictions throughout the nation to provide bilingual ballots or interpreters for voters whose English is not strong.

Those two provisions caused a mini-revolt among House Republicans last week. GOP leaders had to scramble -- and rely on heavy Democratic support -- to defeat proposed amendments that they said would dilute the bill and prove politically embarrassing.

The law, first passed in 1965, retains near-iconic status in civil rights circles, even though some elected officials say it is no longer needed. GOP leaders were eager to renew it before the November elections. Unlike the House, where some Southern Republicans opposed provisions that focus on their states, the Senate passed the bill unanimously after hours of one-sided debate in which member after member praised leaders of the 1960s desegregation movement.

President Bush, addressing the NAACP's annual convention while the debate was underway, said he looked forward to signing the measure. "A generation of Americans that has grown up in the last few decades may not appreciate what this act has meant," he said. "Condi Rice understands what this act has meant," Bush said, referring to the secretary of state, an African American who grew up in Alabama in the 1950s and '60s.

The disharmony evident during the House's deliberations on the act barely touched yesterday's Senate proceedings, in which lawmakers from both parties and all regions agreed that the Voting Rights Act remains pertinent and necessary. Several

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black House members -- including Rep. John Lewis (D-Ga.), who worked alongside the Rev. Martin Luther King Jr. in the 1960s -- were on the Senate floor for the vote. Sen. Edward M. Kennedy (D-Mass.) shook hands with Rep. Melvin Watt (D-N.C.), chairman of the Congressional Black Caucus, when the result was announced.

"As we reflect on the true wrongs that existed in the 1950s and 1960s and where those wrongs may have taken place, we owe it to history . . . to pay tribute to those who took the law and made it a reality," Sen. Johnny Isakson (R-Ga.), whose House colleagues led the opposition in the other chamber, said during the debate.

Sen. Saxby Chambliss (R-Ga.) was a bit more grudging. "While I support this bill, I continue to have some serious concerns with several aspects of it," including its "extension for an extraordinary 25 years," he said from the floor. The defeated House amendments, he said, "would have strengthened this bill and updated it to reflect the reality of profoundly improved race relations" in Georgia.

The act, originally signed by President Lyndon B. Johnson, outlawed practices such as poll taxes and literacy tests that many Southern jurisdictions used to depress black voter turnout. As amended over the years, it required such jurisdictions to obtain federal "pre-clearance" for an array of voting-related practices that might have the effect of reducing minority voters' influence.

Some local and national officials say the targeted oversight is no longer justified and is a relic of days when Southern states could not be trusted to treat all citizens justly. But others say abuses still occur. "Where would the citizens of Georgia be -- particularly low-income and minority citizens -- if they were required to produce a government-issued identification or pay $20 every five years in order to vote?" Sen. John F. Kerry (D-Mass.) asked in reference to measures approved by the Georgia Legislature but challenged in federal courts under the Voting Rights Act.

Civil rights activist Jesse L. Jackson said in an interview that the Senate vote called for "restrained celebration," because the Bush administration's Justice Department has shown tepid enthusiasm for enforcing the voting law. "This Justice Department, right down the line, has chosen states' rights," Jackson said.

Senate Majority Leader Bill Frist (R-Tenn.) called the vote a major success. "The Voting Rights Act has worked," he said. "We need to build upon that progress by extending expiring provisions."

Sen. Patrick J. Leahy (D-Vt.) called the act "the cornerstone of our civil rights laws. We honor those who fought through the years for equality by extending the Voting Rights Act to ensure that their struggles are not forsaken and not forgotten, and that the progress we have made not be sacrificed."

Caroline Fredrickson, director of the ACLU's Washington Legislative Office, praised the extension of the law's key provisions and urged vigilant enforcement.

"We must look ahead to make sure the promise is as true and strong as it was in 1965," she said. "Malicious attempts by lawmakers to derail reauthorization show the continuing need for this law and its enforcement." She urged Bush "to sign this legislation as soon as possible."

Senate Unanimously Passes VRA Renewal (RC)

By Jennifer Yachnin

Roll Call, July 21, 2006

The Senate approved legislation Thursday afternoon to reauthorize the Voting Rights Act, voting 98-0 to extend the landmark 1965 law an additional 25 years.

President Bush is expected to sign the measure, although the White House press office said no official ceremony had been scheduled as of Thursday afternoon. The Senate legislation is identical to the bill approved by House lawmakers, 390-33, last week.

“I look forward to the Senate passing this bill promptly without amendment — so I can sign it into law,” Bush said in a Thursday morning address to the NAACP.

The day-long Senate debate featured little of the discord that marked House deliberations on the measure. While House leadership allowed four amendments sought by Southern GOP lawmakers to be considered to the bill — all of which failed by safe margins — the Senate did not consider any alterations when it took up the House bill.

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Although Senate Majority Leader Bill Frist (R-Tenn.) intended to move the Senate's own version of the legislation — which had been identical to the House bill — he abandoned those plans Wednesday after his chamber's Judiciary Committee allowed an amendment to the measure.

That amendment, authored by Sen. Patrick Leahy (D-Vt.), would have added labor leader Cesar Chavez's name to the bill's formal title, joining those of activists Fannie Lou Hamer, Rosa Parks and Coretta Scott King.

While the amendment was technical in nature and would not have otherwise altered the content of the reauthorization, the change would have forced a House-Senate conference on the legislation, which GOP leaders in both chambers hoped to avoid.

Congress Sends Bush Extension, Clarification Of Voting Rights Act (WSJ)

By David Rogers

The Wall Street Journal, July 21, 2006

WASHINGTON -- Congress sent President Bush legislation to extend the Voting Rights Act and add language to counter recent Supreme Court rulings that have narrowed protections under the 1965 law.

The 98-0 Senate roll call came after Mr. Bush said at a national civil rights convention here that he understands that "racism still lingers in America" and that "many African-Americans distrust my political party."

"It's a lot easier to change a law than to change a human heart," Mr. Bush said, speaking at the convention of the National Association for the Advancement of Colored People. But the president said he had come to the NAACP convention -- for the first time since taking office -- to correct what he described as the "tragedy" of the party of Abraham Lincoln in surrendering its historical ties to the black community.

Never before have Republicans so controlled the legislative process for consideration of the landmark law. Speaker Dennis Hastert (R., Ill.) struggled for weeks before overcoming divisions in his party and winning House approval last week. The quick Senate action and Mr. Bush's speech were freighted with politics going into November's elections.

The Voting Rights Act provisions, due to expire next year, would be extended into 2032 with language added to clarify the standards Congress wants applied in judging violations of voting protections.

At issue are two Supreme Court rulings, in 2000 and 2003, perceived by many in the civil rights community as weakening the law. And while both involved black-voter cases in the South, the changes now could be even more important to the growing Latino populations in states such as Texas and Arizona.

"The Voting Rights Act is fluid, which is what can make it effective if it is enforced," said Tanya Clay House, part of the civil rights coalition supporting the bill. And the extension would cover three rounds of reapportionment and redistricting of House seats, after the 2010, 2020 and 2030 censuses.

The floor action came as the Senate Appropriations Committee gave final approval to a $453.5 billion Pentagon budget, cutting $9.1 billion from the administration's request for the fiscal year that begins Oct. 1. An estimated $3.8 billion in savings would come from operations accounts, suggesting that the military will have to rely on Iraq-war emergency funds to help weather the reductions. But about $2 billion would be cut from procurement requests affecting aircraft and ship production.

The measure assumes a one-year delay of planned procurement of Lockheed Martin Corp.'s Joint Strike Fighter. The Navy's new high-speed Littoral Combat Ship program is effectively cut twice: first by a $220 million reduction in its 2007 budget and then by a $190 million rescission from funds appropriated for this year.

By shifting funds from defense, the committee is better able to blunt proposed cuts from domestic programs, including a $140.8 billion bill funding the departments of Treasury, Transportation and Housing and Urban Development. Realty interests won language curbing the ability of banks to move into the real-estate brokerage business, and on a 19-6 vote, the panel joined the House in opposing funding for an administration plan to permit greater foreign ownership of U.S. airlines in the future.

The White House is supporting such a rules change as part of its effort to negotiate an "open skies" agreement with the European Union deregulating trans-Atlantic air traffic. Continental Airlines has pressed hard for the amendment at the expense of carriers like Northwest Airlines and UAL Corp.'s United, which could benefit from more access to overseas capital and landing slots.

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Also approved by the committee were a $605.6 billion labor, health and education budget and an $81 billion measure covering military housing and veterans programs.

Within the Department of Veterans Affairs, an estimated $28.7 billion is provided for medical services and administration, matching the president's request but without new fees proposed by the White House. But even after pouring billions of dollars back into Mr. Bush's education and health programs, the committee lacked the funds for major initiatives.

Vote Act Renewal Passes In Senate (WT)

By Brian Debose

The Washington Times, July 21, 2006

The Senate yesterday passed a 25-year extension of the 1965 Voting Rights Act in the same form that the House passed a week ago, eliminating the need for a conference, after President Bush's call to get the bill to his desk before the summer recess.

"I said that I looked forward to the Senate promptly passing the House bill without amendment. Today, the Senate acted and voted to reauthorize this historic legislation," President Bush said after the act was passed 98-0. "I will be pleased to sign the Voting Rights Act into law, and I will continue to work with Congress to ensure that our country lives up to our guiding principle that all men and women are created equal."

There were few speeches in opposition to the bill, although several Southern senators expressed concern about the cost to taxpayers of multilingual balloting and complained that their states are still being punished for long-ago voter discrimination.

States outside the South are largely exempted from the law's most stringent requirements, which apply to areas where black voters were often disenfranchised before 1965.

"Some of the data in the act is based on 1968, 1972 turnout models, and the act does not reflect some of the progress, particularly in my region of the country; and I think it should have, but it doesn't, so we will just move on," said Sen. Lindsey Graham, South Carolina Republican.

Sen. John Cornyn, Texas Republican, chastised his colleagues for refusing to stand up for Southern states and pointed out the South's successful record of registering black voters and electing black politicians.

"The voter-registration rates among blacks in the covered jurisdictions is higher than in the uncovered jurisdictions," he said and added statistical data, "During the time of the act's passage, voter-registration rates for African Americans was at about 29 percent; now nationally it is at about 62.2 percent for noncovered jurisdictions and 68.8 percent for the covered jurisdictions."

Southern Republican senators were all but forced to vote for the bill despite their objections and without any amendments, after Sen. Arlen Specter, Pennsylvania Republican, allowed debate but made it clear with the support of Senate Majority Leader Bill Frist, Tennessee Republican, that he would not support amendments to the version sent to them by the House.

"Leaders such as Martin Luther King Jr. and John Lewis laid the groundwork for the original Voting Rights Act through the civil rights movement, and this extension will continue the progress we've made toward ending discrimination at the polls," Mr. Frist said.

Last week, Rep. F. James Sensenbrenner Jr., Wisconsin Republican, helped defeat four tough amendments from fellow House Republicans, before the bill was passed 390-33.

The expiring provisions extended yesterday will be in effect until 2031. The language of the law will remain identical to what was passed in 1982, the last reauthorization, with the only differences being the recorded data on voter registration and participation and trends on new and old violations.

Most important to the bill were Sections 3, 4, 5 and 203.

Section 3 grants federal courts the power to assign examiners from the U.S. Civil Service Commission to oversee the voting practices of a covered jurisdiction for a period of time determined by the attorney general.

Section 4 establishes that any state or jurisdiction that has required passing superfluous tests or taxes to vote, and any state or county where less than 50 percent of the electorate was registered or voted in the previous presidential election will be covered under Section 5. That section requires that the specific states and counties covered under the act -- mostly in the South -- must have their voting laws, procedures and redistricting cleared by the U.S. attorney general or the U.S. Court of Appeals for the D.C. Circuit.

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Black leaders advocated reauthorization as the only effective means of preventing a return to the patterns of discrimination under the Jim Crow laws struck down during the civil rights era.

Rep. John Lewis, Georgia Democrat, who was beaten unconscious during the historic Alabama voting rights march that helped prompt passage of the 1965 law, recalled violence suffered by the marchers at Selma's Edmund Pettus Bridge.

"Because of what happened on Aug. 6, 1965, we have had in America what I like to call a nonviolent revolution of ideas and values; it has made our nation better," Mr. Lewis said, referring to the date the original legislation was signed.

Hispanics and Asian activists, meanwhile, focused on Section 203 that requires any jurisdiction to print ballots and other election materials in the native language of foreign nationals who have limited English proficiency when they meet or exceed 10,000 voters or where they represent 7.5 percent of the electorate.

"My mother who is an immigrant speaks perfect English, but she still prefers at times to read election materials particularly state and local ballot initiatives in Spanish, because it is easier for her to understand the nuances in her own language," said Rep. Linda T. Sanchez, California Democrat and member of the Congressional Hispanic Caucus.

By A Vote Of 98-0, Senate Approves 25-Year Extension Of Voting Rights Act (NYT)

By Carl Hulse

The New York Times, July 21, 2006

WASHINGTON, July 20 — The Senate voted overwhelmingly on Thursday to extend the landmark Voting Rights Act for another 25 years, as lawmakers of both parties said federal supervision was still required to protect the ability of minorities and the disadvantaged to cast ballots in some regions of the country.

“Despite the progress these states have made in upholding the right to vote, it is clear the problems still exist,” said Senator Barack Obama, Democrat of Illinois.

Approval of the measure, on a 98-to-0 vote, came on the day that President Bush made his first presidential visit to a convention of the N.A.A.C.P., where he promised to sign the bill.

The House passed the measure last week after a flurry of rebellion from several Southern lawmakers.

Republicans had made renewal of the law a cornerstone of party efforts to reach out to minority groups, particularly blacks, and leaders of both parties promised its passage in a rare joint event on the steps of the Capitol this year.

But progress was slowed by objections from some Republicans in the House that the law unfairly singled out Southern states for special federal oversight when they have eradicated the rampant discrimination that spurred enactment of the law in 1965.

Some Senate Republicans expressed similar sentiments Thursday but none opposed the measure. “Other states with much less impressive minority progress and less impressive minority participation are not covered, while Georgia still is,” said Senator Saxby Chambliss. “This seems both unfair as well as unwise.”

President Lyndon B. Johnson signed the bill into law after violent attacks on civil rights marchers demanding the right to vote. It instituted a nationwide prohibition against voting discrimination based on race and banned poll taxes and literacy tests.

In regions where discrimination had been especially pronounced, the Justice Department was given the authority to review changes to election procedures, like redistricting, to judge if they would be discriminatory.

The current legislation retained the so-called pre-clearance requirement for nine states, most of them in the South, and for parts of seven others, including Manhattan, Brooklyn and the Bronx in New York.

Another provision opposed by some Republicans requires the printing of bilingual ballots in political jurisdictions that meet a threshold for the percentage of citizens who have difficulty with English.

Most Republicans joined united Democrats in pushing ahead, saying that while the Voting Rights Act had produced historic results, it was still warranted.

“South Carolinians, you have come a long way,” said Senator Lindsey Graham, a Republican from that state, which is among those covered by the law. “But we, just like every other part of this country, still have a long way to go.”

Civil rights leaders praised the Senate action and called on Mr. Bush to send a strong signal to the Justice Department that the measure must be strongly enforced.

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The Rev. Jesse Jackson, who watched the Senate debate from the gallery, said that the Bush administration had sided with states in voting rights cases and that it had been left to the courts to intervene.

"So far, the Department of Justice has favored states' rights over federal enforcement," Mr. Jackson said. "We see a pattern."

The legislation was named for several civil rights figures: Coretta Scott King, Fannie Lou Hamer and Rosa Parks.

As the Senate voted, Representative John Lewis, Democrat of Georgia, who was beaten in the 1965 voting rights march on Montgomery, Ala., came to the floor, and other lawmakers provided their memories of the era as they spoke in support of the legislation.

"I recall watching President Lyndon Baines Johnson sign the 1965 act just off the chamber of the Senate," said Senator Edward M. Kennedy, Democrat of Massachusetts and one of three current senators serving when the law was originally passed. "We knew that day we had changed the country forever, and indeed we had."

Hospital Agrees To Provide Communication For Deaf (AP)

By SEANNA ADCOX,

AP, July 21, 2006

COLUMBIA, S.C. (AP) - A Florence hospital has settled a federal complaint by agreeing to provide deaf patients access to sign language interpreters and other ways to communicate with hospital employees.

The settlement should mean better care for deaf and hard-of-hearing patients at McLeod Regional Medical Center, Pete Cantrell, an attorney with the Protection and Advocacy for People with Disabilities Inc., said Thursday.

Not being able to communicate with hospital staff can be scary for patients and lead to bad decisions, Cantrell said.

"Doctors might make an erroneous diagnosis," he said. "They might give instructions to a patient who doesn't follow them because he doesn't understand."

The Columbia-based advocacy group sent a complaint to the U.S. Justice Department in December 2003, claiming the hospital violated the Americans with Disabilities Act by not providing interpreters for two deaf patients.

McLeod's agreement with the Justice Department involves no money and the hospital admits no wrongdoing.

"McLeod is committed to quality and safety and will continue to take appropriate action to ensure effective communication with all of our patients and their families," hospital administrator Marie Segars said in a statement.

Segars said it appears the hospital has already met the terms of the agreement.

According to the settlement, one deaf patient said she could not communicate while at the hospital in June 2003 for an attempted suicide and an on-the-job injury a year earlier. The other deaf patient said he was admitted to the hospital several times starting in 2002 and sometimes communicated through his friend.

Cantrell declined to go into specifics. Such cases are "unfortunately too common" in South Carolina, he said.

"We're hoping other hospitals see this settlement and see the fair and equitable way to handle it and perhaps change their practices," said Gloria Prevost, executive director of Protection and Advocacy.

Under the settlement, signed July 10, the hospital also agreed to provide a text telephone line for deaf patients, post signs saying interpreters are available for free, train employees and doctors on how to communicate with deaf and hard-of-hearing patients and file compliance reports with the Justice Department.

"It's sad to say it took a grievance to get any hospital to follow the law," said Steve Fitzmaurice, director of the South Carolina Interpreter and Recruitment Training Project at the state Association of the Deaf. He said the same problems happen in doctor and lawyer offices and in court.

A nationwide shortage of sign language interpreters makes it tough for hospitals to provide them on the spot, said Kathy Stoehr, statewide director of interpreting services for the South Carolina School for the Deaf and Blind.

Finding someone qualified to interpret medical information is especially hard, she said.

"They're very scarce, in South Carolina particularly," she said.

Many hospitals in South Carolina contract with the School for the Deaf and Blind in Spartanburg to provide an interpreter on call. McLeod has had a formal contract with the school at least two years, said Carol Garrett, vice president of outreach services.

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"It depends on the time of day if someone can get there right away," Stoehr said.

Fitzmaurice said nursing staff should have enough basic sign language skills to tell deaf patients help is on the way.

Through a grant, the school is training hospital employees across the state on the Americans with Disabilities Act. The program has included three training sessions at McLeod, Garrett said.

The Justice Department has settled more than 20 such cases nationwide this administration involving hospitals and medical offices, said Cynthia Magnuson, a department spokeswoman.

Federal Election Monitors Watch Conecuh County Voting (MR)

By Connie Baggett, Staff Reporter

Mobile Press-Register (AL), July 21, 2006

EVERGREEN -- Federal poll watchers and the local district attorney's office monitored Conecuh County's Tuesday runoff election, which was marked by a heated contest for sheriff, officials said Wednesday.

Edwin L. Booker, the brother of the Conecuh County Probate Judge Rogene Booker, defeated incumbent Tracy Hawsey to win the Democratic nomination for sheriff.

District Attorney Tommy Chapman said his office fielded complaints from both sides of the sheriff's race. He said his office looked into claims about deputies standing near polling places, Booker supporters walking too close to polls and local candidates' observers questioning voters as they marked ballots.

"What we saw was really nothing out of the ordinary for elections here. We had people violating the 30-foot rule," he said, referring to a requirement that campaign workers remain at least 30 feet from a polling place.

"We had some minor complaints," Chapman said, "but we had the federal observers here taking notes. They will issue a report on their findings in the near future."

Local officials said two observers from the U.S. Department of Justice in Washington came after someone in the county requested they keep tabs on voting.

A Justice Department representative was not able to answer specific questions regarding the observers on Wednesday, but forwarded a news release, which notes that Conecuh was one of three Southern counties visited by federal monitors Tuesday.

The department also sent poll watchers to Hale County, Ala., and Randolph County, Ga., to ensure compliance with the Voting Rights Act, the release states.

Officials in Conecuh said they had been notified days in advance that the monitors would be present, but who called to ask that the monitors take part could not be determined Wednesday.

"Representatives from the Department of Justice contacted me by phone well in advance of the election," said Probate Judge Booker on Wednesday. "They asked if I had any complaints or concerns, or if I had received any. They said they would be coming down to observe. I was glad they were here to help keep things in order."

There were contentious moments early in the day, Judge Booker said, when some poll watchers working for local candidates interfered with voters.

"They were uncertain about what they could legally do or not do," Booker said. "Some were overstepping their rights as observers" and made voting difficult for some.

Rogene Booker, who as probate judge oversees elections, said he was careful not to contact his brother during the election, and only spoke to him once all the votes were in.

Edwin Booker said he was glad federal observers were present but said he didn't call them here.

"If the poll watchers hadn't been here," Booker said, "there might have been voter intimidation. As it was, we had a great turnout."

Calls to Hawsey were not returned Wednesday.

Freedom Of Speech Examined In Quran Shooting Case (WTVC-TV)

WTVC-TV, July 21, 2006

Freedom of speech weighed against harm toward another will be at the heart of whether federal charges fall on a Chattanooga man.

This man who used the screen name mully-88 on his MySpace video diary shows himself shooting the Quran, the sacred book of Islam.

After shredding it, the video shows him slamming it in front of the Islamic Center off Main Street.

NewsChannel 9 learned he is Jason Thomas Mullican, a licensed emergency medical technician who used to work at East Ridge Hospital.

The FBI opened an investigation into this case.

Senior Agent Tim Burke said, "When their activities, particularly in this case, that were videotaped suggest something beyond free speech. You know, threatening and intimidating a religious group for instance. There are laws that govern that kind of activity, at this time that's all going to be determined by justice department officials."

No one has been charged.

ANTITRUST:

Profit Lags As Microsoft Spends To Meet Competitors (NYT)

By Steve Lohr

The New York Times, July 21, 2006

Microsoft reported yesterday that its sales grew strongly in the recent quarter, but its profits lagged.

The company is in the midst of product transition as sales of its new, as yet unprofitable, Xbox video game console are increasing rapidly, while new versions of its most lucrative products like Windows and Office will not arrive until next year. Microsoft has also increased its investment to meet the rising competition from Internet software and services companies, led by Google.

The big software maker said its outlook for fiscal 2007, which began this month, was at the high end of Wall Street's expectations. Microsoft also announced a program to buy $20 billion of its own shares by Aug. 17 and another $20 billion worth over the next five years.

The share repurchase plan comes after senior executives at Microsoft, led by Steven A. Ballmer, the chief executive, traveled and met with large investors in the last few months.

One message from those meetings, analysts said, was that Microsoft should be more aggressive in using its huge stockpile of cash to lift the company's stock price.

"This is a fairly aggressive move, and you have to take this as a positive," said Charles di Bona, an analyst at Sanford C. Bernstein & Company. "One of the raps against this management is that they don't listen to investors."

Investors were encouraged by the quarterly results and the stock buyback announcement, which were disclosed after the close of market trading. In after-hours trading, shares of Microsoft rose about 5 percent, to $24.11. In regular trading, the shares fell 55 cents, to $22.85.

Sales rose 16 percent, to $11.8 billion, compared with nearly $10.2 billion in the quarter a year earlier. The quarterly revenue slightly surpassed the Wall Street consensus of $11.6 billion, as compiled by Thomson First Call.

Net income for the quarter was $2.83 billion, or 28 cents a share. That included a charge for legal expenses of $351 million, or 3 cents a share, to pay a fine that the European Commission announced last week for Microsoft's failure to comply with an antitrust order.

Setting aside the legal charge, the quarterly profit was 31 cents a share, or 1 cent a share above the analysts' consensus of 30 cents a share.

In the year-earlier quarter, Microsoft reported a profit of 34 cents a share, which included legal charges of 5 cents a share and a tax gain of 9 cents a share. Yet even brushing away all the one-time charges, Microsoft's profits were flat compared with a year ago, though revenue was 16 percent higher this year.

In April, when Microsoft announced that its expenses in the coming year would be significantly higher than previously disclosed, the company's stock priced dropped. Yesterday, Microsoft provided more detail on where that additional $2.4 billion

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would be spent: Xbox product costs; marketing and sales; new product development and research in fields like business intelligence, security, software tools and mobile phone software; and online services like Internet search.

In a conference call, Chris Liddell, Microsoft's chief financial officer, characterized the added spending as an investment in the "next wave of growth for the company."

By product group, sales at Microsoft's client unit, which is mostly the Windows desktop operating system, grew to nearly $3.4 billion, up 12 percent, or slightly higher than the pace of personal computer shipments over all during the quarter.

Sales by the company's server group, whose products compete with Linux as an alternative on data-serving computers, rose 18 percent, to nearly $3.2 billion.

Server sales edged ahead of the information worker group, mainly Microsoft's Office suite, which reported a 6 percent increase in sales, to $3.1 billion.

The weak link for Microsoft continues to be its MSN unit, which includes its Web sites, online advertising and search. MSN revenues fell nearly 10 percent, to $580 million, and the unit lost $190 million. It is paying the costs of getting out of the dial-up Internet access business and investing heavily to build up its online advertising and search technology.

Corporate customers do seem to be making commitments to Microsoft's new products next year, as reflected in a $2 billion increase in so-called unearned revenues, said Richard Sherlund, an analyst for Goldman Sachs & Company.

The unearned revenue mainly covers corporate contracts, typically spanning three years, to license Microsoft products. The unearned revenue is recognized as sales gradually over the course of the contract.

Some analysts are already assuming in their financial models that Windows Vista, the next version of the desktop operating system, will be delayed another three months or so beyond its scheduled introduction to consumers in January. Mr. Liddell reiterated the company's intention to ship Vista in January, but he said if the timing slipped by a quarter it would "not be particularly significant" financially.

Microsoft Beats Forecast (SEAPI)

By Todd Bishop, P-I REPORTER

Seattle Post-Intelligencer, July 21, 2006

Company to buy back up to $40 billion in stock

Microsoft Corp. exceeded quarterly earnings expectations Thursday and unveiled a new plan for its huge pile of cash -- but felt the financial pain of its legal problems and its efforts to catch rivals Sony and Google.

The company also returned to double-digit annual revenue growth, reported higher bookings from business customers, and said it met sales targets for its Xbox 360 game console.

But the surprise twist was Microsoft's plan to rebuy as much as $40 billion worth of its own shares -- paying up to $20 billion through a tender offer this summer and the rest over the next five years. The move comes in addition to a $30 billion buyback that the company recently completed.

"It's a pretty aggressive way to imply that their stock is undervalued," said Alan Davis, a financial analyst at D.A. Davidson & Co. in Lake Oswego, Ore.

That's how investors commonly view share-repurchase plans, and they appeared to quickly take the hint. Microsoft's persistently sagging share price climbed more than 5 percent in after-hours trading, to $24.11, after news of the buyback and the company's financial results.

Microsoft's net income for the quarter ended June 30 was $2.8 billion -- a decline of 24 percent from its $3.7 billion in the same quarter last year.

However, excluding legal costs of 3 cents a share, Microsoft posted quarterly earnings per share of 31 cents. That beat by 1 cent the expectations of analysts polled by Thomson Financial. And the company's revenue for the quarter was $11.8 billion, up 16 percent, driven by strong results in its PC Windows and Server & Tools divisions.

"It was a good quarter -- a good finish to the fiscal year," said Chris Liddell, Microsoft's chief financial officer, in an interview after the earnings release.

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One factor in the net-income decline was a major European Commission antitrust fine, imposed against the company last week and recorded as a $351 million charge against earnings.

In addition, the company's Home & Entertainment and MSN divisions posted operating losses of $414 million and $190 million, respectively, as Microsoft invests heavily to gain ground in video-game consoles and online services.

For its fiscal 2006, Microsoft reported revenue of $44.3 billion, an 11 percent increase over the previous year. That returned the company to double-digit revenue growth after slipping below 10 percent revenue growth for the first time the previous year. Its net income for the year was $12.6 billion, up from $12.25 billion the previous year.

In addition, Microsoft reported a higher-than-expected increase in unearned revenue -- billings from long-term software deals counted as revenue over time.

The company said businesses are signing deals in anticipation of its upcoming product releases, including Windows Vista and Office 2007. Microsoft's total unearned revenue rose to $10.9 billion, from $8.9 billion the previous quarter.

Two of Microsoft's emerging businesses reached milestones. The Microsoft Business Solutions and Mobile and Embedded Devices divisions had their first annual profits -- $24 million and $2 million, respectively.

Bob Toomey, chief equity strategist for E.K. Riley Advisors in Seattle, cited the fact that Microsoft boosted overall operating income for the quarter nearly 30 percent, to $3.8 billion, a key measure of its business.

"I think the business is looking a little bit healthier and a little bit more robust than people generally considered before today," said Toomey, who owns Microsoft shares.

At the same time, Microsoft's overall revenue growth rate is still well below that of Google -- which boosted its quarterly revenue 77 percent, to $2.46 billion, in its own report Thursday.

Microsoft surprised Wall Street last quarter by signaling expenses would be more than $2 billion higher than many analysts had been expecting for the current fiscal year, which began July 1. The company's shares had fallen more than 16 percent in the intervening three months, closing Thursday at $22.85, before rising in after-hours trading.

With that as a backdrop, during a call with analysts Thursday, Liddell took the unusual step of detailing how Microsoft will spend the additional money.

Liddell said Microsoft will spend $450 million to bolster its marketing and sales efforts for the year. Product development will cost $1 billion more in the current fiscal year than the last. And spending on online services -- where Microsoft is trying to catch Yahoo and Google -- will rise by $500 million.

In addition, he said, Microsoft will boost spending by $450 million on product launches, including the new Windows and Office versions, and the Xbox 360. That's where Microsoft is trying to catch up with Sony's dominant PlayStation franchise.

On that front, Microsoft said it has sold a total of 5 million Xbox 360s since the November launch, at the low end of the estimated range it gave last quarter.

In addition, the company said it expects to have sold a cumulative total of 13 million to 15 million of the consoles a year from now. Sony and Nintendo are due to launch new consoles this year.

Meanwhile, despite widespread speculation about further delays in the release of Windows Vista, Liddell reiterated the company's plan to release the new operating system for businesses later this year and at retail in January.

Overall, the company said that it now expects earnings per share of $1.43 to $1.47 for the current year -- up from the previous estimate of $1.36 to $1.41 per share. But Liddell said that was largely because of the lower number of shares that will be outstanding, assuming the successful completion of the $20 billion share repurchase.

In raw numbers, the company increased its fiscal-year earnings forecast only slightly, saying it will be $18.9 billion to $19.4 billion, compared with the previous estimate of $18.7 billion to $19.3 billion.

Through it all, the company continues to produce huge amounts of cash. Microsoft had more than $34 billion in the bank as of June 30.

Microsoft Chief Executive Steve Ballmer had said previously that the company was trying to return cash to its shareholders, something that can be accomplished by dividends or by rebuying shares. The company determined that it had more cash than it needed for business and legal risks and acquisitions, Liddell said.

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"We felt that this was a good opportunity to do a tender -- a relatively large amount of capital relatively quickly, at prices that we think are very attractive," he said after the announcement.

Microsoft said the share repurchase would begin with a $20 billion tender offer to be completed Aug. 17. Longer term, the Microsoft board also approved a program to purchase up to an additional $20 billion over the next five years.

P-I reporter Todd Bishop can be reached at 206-448-8221 or toddbishop@seattlepi.com.

China International Marine Drops Burg Takeover On EU Probe (BLOOM)

By Jianguo Jiang

Bloomberg, July 21, 2006

July 21 (Bloomberg) -- China International Marine Containers Co., the world's largest maker of cargo-carrying boxes, dropped its proposed takeover of Burg Industries BV of the Netherlands after European regulators extended their review.

The decision to terminate the 82.5 million euros ($104 million) purchase was made after ``judging the process for European Union regulators to review the transaction," China International said in a statement to the Shenzhen Stock Exchange today. The European Commission on June 26 extended its scrutiny of the deal, delaying a ruling from July 28 to Aug. 21.

The proposed purchase of Burg, which makes containers for breweries and fuel companies, would combine the two largest makers of tank containers for liquid cargoes, giving them ``a quasi-monopolistic market position," the 25-nation EU's antitrust regulator said in March. China International and Burg had offered concessions in response to the probe, the commission said last month, without elaborating.

China International's local-currency shares fell 1.5 percent to close at 13.58 yuan ($1.70) on the Shenzhen exchange yesterday.

ENVIRONMENT/INDIAN AFFAIRS:

House Panel Inquiry On Global Warming Research (NYT)

By Andrew C. Revkin

The New York Times, July 21, 2006

A House committee will examine accusations that political appointees in the Bush administration edited government reports on global warming to raise the level of uncertainty about research that points to a human cause. The Republican and Democratic leaders on the Government Reform Committee sent a letter to the White House Council on Environmental Quality requesting documents by Aug. 11 on the activities of Philip A. Cooney, a former lobbyist for the petroleum industry with no science background who edited climate reports while chief of staff of the environmental council. Mr. Cooney resigned last year shortly after the revisions were described in The New York Times.

U.S. Narrows Mad-Cow Testing, Citing Rare Presence Of Disease (WSJ)

By Scott Kilman

The Wall Street Journal, July 21, 2006

The Bush administration, declaring that mad-cow disease is rare in the U.S., is revamping a two-year-old surveillance program, cutting the number of animals tested by about 90%.

Agriculture Department officials said yesterday the agency will spend $17 million to test 40,000 cattle annually for bovine spongiform encephalopathy, which can trigger a fatal neurological disorder in people who eat products from infected cattle.

The Bush administration expanded federal testing of cattle in the wake of the initial U.S. mad-cow case -- which involved a Washington state dairy cow -- in hopes of allaying fears by scores of countries closing their borders to U.S. beef. Since June 2004, federal regulators have spent $157.8 million to test 759,307 head of cattle. They found one infected beef cow in Texas and one in Alabama.

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Agriculture Secretary Mike Johanns said the Agriculture Department's move shouldn't disrupt efforts to fully re-establish U.S. beef exports to Japan and South Korea, which were two big customers of U.S. ranchers. "The reality is this, and it's really straightforward: There's no significant BSE problem in the United States," he said.

According to the agency's analysis, the prevalence of mad-cow disease in the U.S. is less than one case per one million adult cattle, of which the U.S. has a population of about 42 million.

While beef-industry officials praised the move, consumer advocates said the government's conclusions are based on a surveillance program they say is flawed. The Agriculture Department's procedures came under scrutiny from its inspector general, Phyllis K. Fong, whose office uncovered an infected cow that had been cleared by the Agriculture Department.

The Agriculture Department "is playing Russian Roulette with public health," said Michael Hansen, a scientist at Consumers Union, which wants the U.S. government to test all cattle over the age of 20 months. Current technology doesn't reliably detect the disease agent in young cattle.

U.S. Slashes Testing For Mad Cow Disease, Citing Low Infection Rate (NYT)

By Donald G. McNeil Jr.

The New York Times, July 21, 2006

The Agriculture Department said yesterday that it would scale back testing for mad cow disease by about 90 percent, saying the number of infected animals was far too low to justify the current level of surveillance.

"It's time that our surveillance efforts reflect what we now know is a very, very low level of B.S.E. in the United States," Agriculture Secretary Mike Johanns said as he announced the new testing program for the disease, bovine spongiform encephalopathy.

After the disease was found in a Canadian-born dairy cow in Washington in December 2003, the department tested more than 759,000 animals over 18 months from 2004 to 2006 and found only two infected cows.

In a report issued in April, the department concluded that fewer than one in a million adult cattle was infected, which Mr. Johanns called "an extraordinarily low prevalence."

"We think this is just absurd," said Michael K. Hansen, an expert on the disease at Consumers Union, which publishes Consumer Reports, and a frequent critic of the Agriculture Department. "They're playing Russian roulette with public health."

Because the department gives few details about animals that are tested, Mr. Hansen said, it was impossible to tell how many truly high-risk animals — those with unsteadiness, aggressiveness and other symptoms of the brain disease — had been screened. Most of the animals were described only as dead on farms or arriving dead at slaughterhouses, from unknown causes.

Also, Mr. Hansen said, Canada has had seven cases, some of them in cattle born after a ban on feed containing protein from other ruminants. Because years of lively cross-border trade preceded the first cases, he and other department critics have argued that risk should be assessed in North America as a whole.

This year, the Agriculture Department's inspector general found serious flaws in the testing process. Testing is voluntary, and the department pays about $100 for samples, so sampling was not random.

Slaughterhouses eager to recoup some of their disposal costs for dead animals, but not eager to be shut down, had an incentive to send in samples from animals less likely to test positive.

About 1,000 tests a day are now conducted, which is about 1 percent of the 35 million cattle slaughtered each year. That will drop to about 100 a day, a saving of millions of taxpayer dollars, Mr. Johanns said. Before the first case of the disease was detected, the department was testing fewer than 55 cattle a day.

It is unclear whether the new policy will affect American beef exports, formerly a $3-billion-a-year market. More than 50 nations, including Japan and South Korea, shut their borders to American beef after the first case was found.

Japan recently began accepting imports of beef from cattle younger than 20 months. The Japanese government, which at first demanded testing of all beef exported there, recently urged the United States to continue its higher testing level.

The National Cattlemen's Beef Association defended the lower testing levels and said negotiations with Japan hinged less on testing numbers and more on how effectively high-risk tissue like brain and spinal cord are kept out of beef shipments.

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The Agriculture Department still prohibits companies from doing their own tests. Creekstone Farms, a company based in Kansas that used to do a large business with Japan, has filed a suit asking the courts to overturn the department's decision forbidding it to test all its cattle, as its Japanese customers demanded.

The department had ruled that universal testing was scientifically unnecessary and, echoing a concern of larger players in the cattle industry, said that it could make consumers think that untested beef was not safe.

US To Reduce Mad-Cow Testing After Few Cases Found (BLOOM)

By Catherine Larkin

Bloomberg, July 21, 2006

July 20 (Bloomberg) -- The U.S. will slash its mad-cow testing program by almost 90 percent after data collected over two years showed a ``very low level'' of the disease in the domestic herd, Agriculture Secretary Mike Johanns said.

The decision to reduce testing to about 40,000 animals a year was made after experts reviewed an analysis of data on about 700,000 screenings since June 2004, when an enhanced testing program was implemented, Johanns said today at a news conference in Washington. The new program may begin as early as next month after a mandatory 30-day notice period.

Johanns said he has talked with Japan and other nations about the changes and doesn't expect they'll affect efforts to reopen markets to U.S. beef. Japan, once the biggest buyer of the meat, last month promised to resume imports after reaching an agreement on beef inspections. The decision came six months after Japan re-imposed a ban implemented when the U.S. found its first case of mad-cow disease in December 2003.

``We are committed to working with our trading partners to make sure they understand the scientific basis for our decisions,'' Johanns said. In Japan, which bought about $1.4 billion of U.S. beef in 2003, ``there really shouldn't be any reaction,'' Johanns said.

The enhanced screening program was designed to determine the extent of mad-cow disease in U.S. herds after the nation's first case was discovered in Washington state, in an animal born in Canada. The program found two more cases of the brain-wasting livestock illness, known clinically as bovine spongiform encephalopathy or BSE, in native-born animals.

`Not Surprising'

Dan Vaught, a cattle analyst with A.G. Edwards & Sons Inc. in St. Louis, said the USDA's decision ``is not too surprising since they've found so few cases.''

The USDA said in April that it was considering a reduction in testing based on preliminary data from the enhanced screening program.

``It would be enormously disingenuous if not downright dishonest'' for the U.S. to wait until trading partners opened their markets to make changes to the nation's testing program, Johanns said today.

Congressional Critic

Representative Rosa DeLauro, the ranking member of the House Appropriations subcommittee on agriculture, said mad-cow disease remains a concern and the USDA's decision to scale back testing ``defies logic'' and puts consumers at risk.

``We are all relieved that the enhanced surveillance program found few incidents of domestic cases of BSE, but these findings have not diminished the threat of this deadly disease,'' the Connecticut Democrat said today in a statement.

The USDA said the new program calls for testing at a level 10-times as high as guidelines set by the Paris-based World Organization for Animal Health. Johanns said the nation's adult cattle population of 42 million probably includes only four to seven animals with BSE, based on data from tests of animals with the highest risk of contracting the disease.

Reducing screening will also save the government millions of dollars, Johannes said. The USDA spent $1 million a week to test about 1,000 animals per day during the enhanced screening period, he said. The total cost of the program since June 2004 was $157.8 million, while the new screening regimen will cost about $17 million annually, the USDA said.

The U.S. moved to prevent the spread of mad-cow disease in U.S. herds in 1997 when it banned the use of ground-up cattle bones and blood in cattle feed. Scientists say cattle contract the disease by eating parts of infected animals.

Rare Human Form

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BSE also has a rare and fatal human form that has been blamed for more than 150 deaths, mostly in the U.K., where mad-cow disease first surfaced in the 1980s. Scientists say humans also can become infected by eating meat from a sick animal.

Johanns stressed that ``the surveillance program serves as a monitor, but it is not a food-safety program."

Consumers are protected against the disease by regulations requiring meatpackers to remove tissues believed to harbor the agents that cause BSE from cattle when they are slaughtered, he said. These so-called specified risk materials include a cow's brains, eyes, spinal and parts of the small intestine.

``When the parts that harbor the disease are removed, it takes care of the problem," said Steve Kay, publisher of Cattle Buyers Weekly, an industry newsletter based in Petaluma, California. ``Reducing the level of testing doesn't change the level of protection in the food chain, because testing is not a food-safety issue."

Tyson Support

Springdale, Arkansas-based Tyson Foods Inc., the world's biggest meat producer and the biggest U.S. beef exporter, supports the USDA decision, ``especially since the new level of testing will still significantly exceed international standards," spokesman Gary Mickelson said.

Mickelson said Tyson's beef is safe because the company removes specified risk material, and also because it usually buys animals less than 30 months old, which are not in the BSE risk category.

Live cattle futures for October delivery fell 0.425 cent, or 0.5 percent, to 87.925 cents a pound on the Chicago Mercantile Exchange. Prices have risen 21 percent since reaching a two-year low of 72.75 cents on April 4. Futures had dropped when chicken prices fell as avian flu spread into Europe and poultry exports declined.

Testing For Mad Cow Disease To Be Cut (WP/AP)

By Associated Press

The Washington Post, July 21, 2006

The Agriculture Department said yesterday that it is cutting its testing for mad cow disease by about 90 percent, drawing protests from consumer groups.

The current testing level -- 1,000 each day -- reflects the heightened concern that followed the discovery of the disease in a U.S. cow in December 2003.

Since then, tests have turned up two more cases of the disease, also known as bovine spongiform encephalopathy, or BSE. The government says there may be a handful of undetected cases.

"It's time that our surveillance efforts reflect what we now know is a very, very low level of BSE in the United States," Agriculture Secretary Mike Johanns said. "There is no significant BSE problem in the United States, and after all of this surveillance, I am able to say there never was."

Critics said now is not the time to scale back on the testing, which costs the government about $1 million per week.

"It surely will not encourage consumers in the U.S. or Japan to rush to the store to buy more beef," said Carol Tucker Foreman, food-policy director for Consumer Federation of America.

A second group, Consumers Union, advocates testing every slaughtered animal.

The current level of testing covers about 1 percent of the 35 million cattle slaughtered annually. Beginning around late August, the level will be about 110 tests per day.

Johanns's comments were applauded by industry groups such as the National Cattlemen's Beef Association.

It noted that 110 tests per day is significantly higher than what the World Organization for Animal Health calls for.

Johanns said he hopes the reduction will not affect negotiations on resuming beef trade with Japan, which has pushed for at least 1,000 tests a day.

Japan was a huge consumer of U.S. beef before the first American case of mad cow disease.

90% Cut In Mad Cow Tests Brings Mixed Reaction (DMN)

By Karen Robinson-Jacobs

The Dallas Morning News, July 21, 2006

DOJ_NMG_0042263

A decision by the U.S. Department of Agriculture to cut back by 90 percent the number of animals tested for mad cow disease should be good news for the nation's cattle industry, a livestock economist said Thursday.

David Anderson, with the Texas Cooperative Extension at Texas A&M University, said the decision shows the agency feels confident the incidence of mad cow disease in the U.S. is low.

But a consumer group questioned whether the cutback was putting Americans at greater risk. Consumers Union vowed to fight the move.

Agriculture Secretary Mike Johanns said Thursday that by late August his agency, which regulates the nation's food supply, will cut back on testing for bovine spongiform encephalopathy to about 110 tests a day from about 1,000.

The agency went to expanded testing in 2004, months after the first U.S. case of mad cow disease was discovered in a cow imported from Canada.

A second case was found in 2005 in a cow born in Texas – the largest cattle-producing state in the country.

The industry has been trying to regain its footing since foreign trade partners – especially America's largest beef customer, Japan – closed their doors to U.S. beef after the first mad cow case.

Last year Japan agreed to limited imports of boneless beef from animals under the age of 30 months.

People who eat animals with mad cow disease can develop the human version, new variant Creutzfeldt-Jakob disease. The disease killed 150 people in a European outbreak, but there have been no confirmed cases in the U.S. of anyone contracting the disease from eating beef.

Under its "enhanced surveillance" program, the USDA has tested more than 759,300 animals since June 1, 2004, and found just two cases – the Texas case and one this year in Alabama.

Mr. Johanns said the "extremely low prevalence of the disease in the U.S." prompted the cutback.

"It's time that our surveillance efforts reflect what we now know is a very, very low level of BSE in the United States," Mr. Johanns said.

Of the animals tested, 647,045 samples were designated as "targeted" based on criteria set by the USDA.

Of those, 85 percent were taken from animals found dead on a farm.

Michael Hansen, a food safety expert with Consumers Union, which publishes Consumer Reports magazine, noted that about a million cattle die on the farm each year from a variety of causes unrelated to BSE.

He questioned focusing so much on testing dead animals rather than those that exhibit problems with the central nervous system or show rabies-like symptoms but test negative for rabies. Those two groups, which Mr. Hansen considers high-risk, have made up about 11 percent of the "targeted" group.

"We can't be confident that those numbers mean anything," said Mr. Hansen, whose group has vowed to lobby Congress to block the change. "We're not going to let this drop."

Matt Brockman, executive vice president of the Texas and Southwestern Cattle Raisers Association, said he's not worried that the reduced testing will make U.S. consumers skittish.

"We've been very pleased with how the U.S. consumers have stayed hooked with U.S. beef," Mr. Brockman said.

"Consumers have been reassured that the firewalls are in place. They've reacted favorably for the last 2 ½ years, and I expect they'll continue."

Mr. Anderson of Texas A&M said that before the agency started extensive testing, "the question was: Do we have any of those animals here?

"Not having that uncertainty is a ... positive note for the beef industry," he said.

Texas is home to 150,000 cattle operations, or 15 percent of the U.S. total, and about 15 million head of cattle, or 16 percent of the total.

Disputed Woodpecker Halts Project (AP)

By ANDREW DeMILLO, The Associated Press

AP, July 21, 2006

DOJ_NMG_0042264

LITTLE ROCK, Ark. - A federal judge halted a $320 million irrigation project Thursday for fear it could disturb the habitat of a woodpecker that may or may not be extinct.

The dispute involves the ivory-billed woodpecker. The last confirmed sighting of the bird in North America was in 1944, and scientists had thought the species was extinct until 2004, when a kayaker claimed to have spotted one in the area. But scientists have been unable to confirm the sighting.

Still, U.S. District Judge William R. Wilson said that for purposes of the lawsuit brought by environmental groups, he had to assume the woodpecker exists in the area. And he ruled that federal agencies may have violated the Endangered Species Act by not studying the risks fully.

"When an endangered species is allegedly jeopardized, the balance of hardships and public interest tips in favor of the protected species. Here there is evidence" that the ivory-billed woodpecker may be jeopardized, he said.

The National Wildlife Federation and the Arkansas Wildlife Federation had sued the Army Corps of Engineers, arguing that the project to build a pumping station that would draw water from the White River would kill trees that house the birds and that noise from the station would cause the woodpeckers stress.

The judge said the Corps and the Interior Department must conduct further studies before proceeding.

The Corps began building the Grand Prairie Irrigation Project last year, about 14 miles from where the bird was supposedly spotted. It suspended work in mid-March to keep from exceeding its budget and is scheduled to resume construction in October with the start of a new fiscal year.

About $80 million has been spent so far. The project is scheduled to begin delivering water to farmers in 2010 or 2011.

The kayaker's claim to have seen an ivory-billed woodpecker in the woods near the White River caused a sensation in scientific circles. But more than 100 volunteers and researchers who spent weeks last winter trying to find conclusive evidence of the bird's existence came back empty-handed.

The Corps had conducted a study showing the project would not significantly harm the woodpecker's habitat, but environmental groups said the study was too narrow.

Under the judge's order, the agencies must evaluate any ivory-bill nests and forage sites within 2 1/2 miles of the construction project.

The pumping station would draw 158 billion gallons from the White River per year. Authorities said it is needed because the main aquifer beneath eastern Arkansas's soybean, cotton and rice fields is running out of water and could run out by 2015, causing economic hardship.

A Justice Department lawyer said this year that a one-month delay would cost the Corps as much as $264,000, and a six-month wait $3 million.

Interior Chief Touts Oil Royalties For States (WT)

By Audrey Hudson

The Washington Times, July 21, 2006

The Bush administration supports a bill that would let states keep a percentage of oil royalties as an incentive to allow new offshore drilling in the Gulf of Mexico, said Interior Secretary Dirk Kempthorne.

Legislation expected to be finalized this month would open 8 million acres for leases to drill for 1 billion barrels of oil and 5 trillion cubic feet of natural gas.

"The administration strongly opposes royalties on existing leases. But for new leases, that concept is being embraced," Mr. Kempthorne told editors and reporters yesterday at The Washington Times.

The bill, sponsored by Sen. Pete V. Domenici, New Mexico Republican, would decrease the country's dependence on foreign oil, a priority for the Bush administration, Mr. Kempthorne said.

Drilling for oil in the outer continental shelf would offset the dwindling production from onshore wells, he said.

All oil royalties currently go into the federal Treasury, but the Domenici bill would allow 37.5 percent to go to states. Mr. Kempthorne did not say what percentage the administration might support.

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He said the Interior Department will issue a five-year plan for offshore drilling leases and environmental rules. The Domenici bill dedicates a percentage of royalties to state land- and water-conservation funds.

Hurricane-ravaged Louisiana could use the royalties for coastal restoration of natural storm buffers.

"Their natural line of defense, their fence, so to speak, is gone," said Mr. Kempthorne, who recently toured Louisiana.

"I saw an entire grove of cypress dead from saltwater," he said. The royalties "will have a very positive effect down there, I think it will be beneficial."

Mr. Kempthorne, a former senator and governor of Idaho, was nominated by President Bush to replace Secretary Gale A. Norton in March, and was confirmed by the Senate on May 26.

With less than 30 months to serve out the Bush administration, Mr. Kempthorne said, "I won't get a lot of warm-up pitches."

He will spend much of that time implementing 80 tasks set forth in an energy policy act that Congress passed last year.

The Interior Department is responsible for overseeing one-third of the energy produced in the United States. With the cost of a barrel of oil at more than $70, "we need to lessen our dependence on foreign oil using on- and offshore drilling and renewable energy," Mr. Kempthorne said.

The Interior Department also will work on the maintenance backlog in national parks. The Bush administration has allocated nearly $5 billion to reduce the backlog.

Reforming the Endangered Species Act (ESA) is also on Mr. Kempthorne's agenda. He noted that fewer than a dozen of 1,300 species have been taken off the list since its inception more than 30 years ago.

"I believe we can make positive enhancements to the ESA by putting a greater emphasis on species recovery," he said.

Louisiana Governor Sues Over Oil Royalties (NYT/AP)

By The Associated Press

The New York Times, July 21, 2006

Gov. Kathleen Babineaux Blanco sued the federal government in a continuing dispute over Louisiana's share of federal royalties generated by oil production off the state's coastline. The suit accuses the federal Mineral Management Service of disregarding the environmental damage caused by oil and gas exploration, particularly after the damage done to the coastline last year by Hurricanes Katrina and Rita. Ms. Blanco is seeking an injunction blocking a scheduled Aug. 15 lease of 4,000 blocks in the western Gulf of Mexico for oil and gas exploration. The lawsuit is the latest in Louisiana's push for a share of federal royalties from oil and gas production off its coast.

Some In GOP Fighting Western Energy Drilling (USAT)

By Tom Kenworthy

USA Today, July 21, 2006

DENVER — Western Republicans are starting to buck against oil and gas drilling on federal lands prized for their wildlife and recreational opportunities.

Amid a Western energy boom promoted by the Bush administration, Republican officeholders from Montana, Wyoming, New Mexico and California recently have called for bans on drilling and other development on large blocs of national forest lands in their states.

Critics of drilling say their objections reflect growing opposition among traditionally conservative voters.

"You are seeing more and more opposition from people who are concerned about hunting, about fishing, about drinking water supplies, about a state's way of life," says Chris Wood, vice president for conservation of Trout Unlimited, a national fish conservation group.

Among recent events:

•Sen. Conrad Burns, R-Mont., attached a measure to a Senate spending bill that would ban future oil and gas leasing on federal forest and rangeland along his state's Rocky Mountain Front, a 100-mile stretch of dramatic peaks and wildlife-rich canyons. Burns, who faces a stiff re-election challenge this fall, had previously opposed proposals for a federal buyout of existing leases.

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•California Gov. Arnold Schwarzenegger petitioned the federal government to permanently protect 4.4 million acres of national forest in his state from road-building and other development.

•In New Mexico, GOP Rep. Heather Wilson recently decided to co-sponsor legislation that would block federal plans to drill for natural gas in the Valle Vidal, home to one of New Mexico's largest elk herds.

•Wyoming GOP Sen. Craig Thomas said in an interview that most national forest areas should be off-limits to drilling "because they're part of our tradition, part of our future."

Mark Rey, the Bush administration's undersecretary of Agriculture who oversees the U.S. Forest Service, says the recent objections do not represent a Western revolt against drilling, but rather a general concern that "development is done sensitively and well."

Since a 2001 government task force recommended expanding domestic oil and gas production, the Bush administration has pushed federal agencies to expedite drilling on federal lands in the West. Drilling permits approved on federal land jumped from 3,540 in fiscal 2002 to 7,018 in fiscal 2005, according to the Bureau of Land Management.

"In a sense the administration made this happen … by pushing so hard," says Peter Aengst, who works on energy issues from the Bozeman, Mont., office of the Wilderness Society. "People are saying, 'I don't want to see that happen everywhere.' "

Case in point, according to Aengst, is the Wyoming Range in the Bridger-Teton National Forest south of Jackson where the Forest Service has put 44,000 acres up for oil and gas leasing.

On July 10, an Interior Department review board temporarily blocked the first lease sale in response to an appeal by environmentalists and sportsmen groups.

Burning Debate As Emission Restrictions Loom, Texas Utility Bets Big On Coal (WSJ)

By Rebecca Smith

Wall Street Journal, July 21, 2006

Top executives at many utility companies have reluctantly accepted that coal-fired power plants contribute to global warming, and they have begun planning for a more restrictive future.

Then there is C. John Wilder, chief executive of TXU Corp. The Dallas-based utility company is racing to build 11 big power plants in Texas that will burn pulverized coal. That process releases substantial amounts of carbon dioxide, the most worrisome of several heat-trapping gases widely blamed for global warming.

TXU contends Texas needs a lot more power, and it wants to be the company to provide it. Critics of its $11 billion construction program see another motivation: The federal government may slap limits on carbon-dioxide emissions. If it does, plants completed sooner may have a distinct advantage. That's because the government may dole out "allowances" to release carbon dioxide, and plants up and running when regulations go into effect may qualify for more of them than those built at a later date.

TXU opposes such regulations, which could force power companies to build more complicated and expensive plants. Other big utility companies, including American Electric Power Co., Xcel Energy Inc. and Duke Energy, have proposed newer-style plants that release fewer pollutants and make it easier to control carbon-dioxide emissions.

The 11 new plants TXU plans to build over the next four years would double its electricity output -- and more than double its carbon-dioxide emissions. The Environmental Defense Fund, an advocacy group, estimates that TXU's annual carbon-dioxide emissions would jump to as much as 133 million tons in 2011 when its new plants are completed, from 55 million tons in 2004, numbers that the company confirms. The increase would make TXU the third-largest emitter of carbon dioxide among U.S. power companies, up from No. 10 today.

TXU says it has already reduced carbon-dioxide emissions per unit of electricity produced by adding wind turbines and nuclear power to its mix. Without such efforts, its carbon dioxide output would be 45% greater, the company says.

Carbon dioxide is produced naturally when animals breathe and plants decompose. It is a small but essential component of the earth's atmosphere. The burning of fossil fuels such as coal and gasoline also produces the gas. Carbon dioxide is building up in the atmosphere, trapping heat and warming the globe. Currently, the federal government doesn't classify carbon dioxide as a pollutant and doesn't regulate emissions of it.

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The U.S. produces nearly one-quarter of the world's man-made carbon dioxide. It would be difficult for the U.S. to make meaningful reductions without cooperation from the power industry. Power plants produce 39% of U.S. carbon-dioxide emissions, and four-fifths of that amount comes from coal-fired power plants. Texas is responsible for 10% of the nation's total, more than any other state.

J. Wayne Leonard, chief executive officer of Entergy Corp., a New Orleans-based utility holding company where Mr. Wilder once worked as chief financial officer, says the science behind global warming is persuasive and carbon-dioxide regulation is inevitable and necessary. He calls it "unacceptable" for power companies to build lots of new plants heedless of the environmental effect of carbon dioxide. Unless proof emerges that the scientific data are flawed, says Mr. Leonard, "you stop doing what you're doing because you're putting all mankind at risk."

Entergy runs some coal-fired plants, but makes most of its electricity from nuclear fuel and from burning natural gas, which produces less carbon dioxide than coal. It intends to develop more nuclear facilities, which it bills as "zero-emission." Other utility companies are investing in new coal-burning technology that is capable of significantly reducing carbon-dioxide emissions.

"There's no question we're planning to meet energy needs differently today than 20 years ago," says Peter Sheffield, a spokesman for Duke Energy Corp. of Charlotte, N.C., which has invested in an alternative coal technology designed to reduce atmospheric pollution. "Carbon dioxide is a big game-changer."

TXU's Mr. Wilder declined to be interviewed. When he unveiled his plant-building plan in May, he dubbed it a "clean coal initiative." He said it was voluntary and would reduce by 20% TXU's emission of regulated pollutants including sulfur dioxide, nitrogen oxides and mercury, due to the installation of more pollution-control equipment on older plants.

Environmentalists say "clean coal" is a misleading label. The reductions, they say, aren't as voluntary as the company claims. TXU is required to reduce its emissions of certain pollutants by 2015, and its plan moves up the timetable to 2010. "I think we should be applauded for it," says Mike McCall, chief executive of TXU Wholesale, the unit that runs TXU's generation business.

Critics fault TXU for simultaneously building so many coal-burning plants, each with a 50-year life expectancy. A more responsible approach, some say, would be to build only a few plants now, delaying the rest to take advantage of improving carbon-dioxide reduction technology. TXU says building all 11 plants at once will reduce the cost of each one.

In his public appearances, Mr. Wilder maintains that more power generation is urgently needed. At TXU's annual meeting on May 19, he displayed a chart on infant mortality, arguing that countries with high per-capita electricity usage have a lower incidence of early death than countries with little electricity. He argued that Texas' electricity surplus is "literally melting away" and that the state needs TXU's new plants to buttress its standard of living.

"We know what we do is a valuable thing to society," he told shareholders. "And part of the debate of this new build program that we have...with some of our opponents...is [that] you have to look at the whole system of benefits and cost to society. There's not a form of electricity today that can be generated without some society harm."

Mr. Wilder's stance fits his image as an iconoclast who is determined to transform TXU from a stodgy utility company into a highly profitable one. During his first two years on the job, he sold noncore businesses, nearly doubled utility rates and even outsourced customer service to take advantage to the 1999 deregulation of Texas' electricity industry.

For TXU, the planned coal-fired plants hold considerable upside. TXU mines its own coal in Texas and is the nation's No. 10 coal producer. Mr. Wilder projects that the new plants eventually will add $1 billion or more to the company's annual profits. TXU is attempting to raise $11 billion to fund their construction, and has approached banks, investment funds and industrial customers for loans and equity investments. Mr. Wilder recently told analysts that TXU is the only company that can build so many plants in so short a period of time.

It is unclear whether the federal government will move to limit carbon-dioxide emissions. President Bush favors voluntary reductions, as does TXU. But support for mandatory reductions is growing in Congress. Earlier this year, two senators from New Mexico -- Pete Domenici, a Republican who heads the Energy and Natural Resources committee, and Jeff Bingaman, the committee's ranking Democrat -- issued a white paper saying the threat of global warming is real and action must be taken. The paper said a program for regulating carbon-dioxide emissions was needed, and it solicited suggestions from the power industry.

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In its written response, TXU said it opposes regulation because it would "stunt economic growth" and because "there would not be any real environmental benefits." The U.S. should take no action on mandatory carbon-dioxide reductions, TXU wrote, "unless all nations adopt similar programs."

TXU executives contend that the current Congress is unlikely to act. "It's easier to stop a bill than pass a bill," says TXU's Mr. McCall. "It will only take 40 senators to block carbon regulation."

There are ways to make electricity with coal that make it possible to separate out the carbon dioxide. A process called gasification is one way. Coal is first converted into a combustible gas, then that gas is burned to make electricity. Gasification offers two advantages over traditional coal incineration. When the coal is converted to a gas, many pollutants are left behind and don't go up the smokestack. And it is easier to capture carbon dioxide, which can then be injected into the ground or used in some other industrial process.

Two gasification power plants have been operating near Tampa, Fla., and in Wabash, Ind., for more than a decade, built with big federal subsidies. A new generation of gasification plants that are twice as big is on the horizon. There are proposals to build about two dozen such plants in the U.S. in coming years, perhaps one-quarter of the planned new coal-fired plants.

Duke Energy, which produces more than half its power from coal, owns the Wabash gasification plant and is considering building a larger one nearby, as well as a nuclear plant in South Carolina. Although it is also planning a new pulverized-coal-burning plant in North Carolina, the company says it favors federal greenhouse-gas regulation.

One concern about gasification is that it can add $200 million or more to the cost of a $1 billion coal power plant. But the Department of Energy reported that installing carbon-dioxide controls at pulverized-coal-burning plants could be so costly it would wipe out the cost differential between the two technologies.

Bechtel Corp. and General Electric Co. are working together to design a gasification power plant that would cost about as much to build as the type of plant that TXU intends to build. "We think the technology is proven," says Bruce Morton, head of the project for Bechtel, a global engineering firm based in San Francisco.

During a recent meeting with analysts, Mr. Wilder said TXU examined gasification and concluded that the technology wasn't sufficiently proven. "It's a gleam in someone's eye," he said. He said it would be financially risky for the company to rely on the technology in its current building program.

Other TXU executives say they are interested in gasification down the road, but they want to own the technology. Mr. McCall, who runs the generation unit, says the firm is in talks with an unidentified vendor about a possible gasification design. "We're trying to do it in a proprietary way," he says.

For now, gasification plants are being planned mostly in states that are trying to limit carbon-dioxide emissions, and in those where utility-rate regulations make it feasible for builders to recoup their costs. Such plants aren't going to Texas, which deregulated its electricity market more extensively than many other states.

TXU's decision to build pulverized-coal plants -- and to build them quickly -- may stem in part from the way the federal government has instituted pollution regulations in the past. A 1990 federal program to reduce emissions of sulfur dioxide, a contributor to acid rain, employed a "cap and trade" system. Existing polluters were given "allowances" -- essentially, rights to pollute -- which they could use themselves or sell to others.

The allowances were intended to soften the blow for companies that had made investment decisions without knowing they would later face antipollution measures -- to "grandfather" them. Over time, the number of annual allowances handed out was reduced. That drove up their resale value and provided companies with an incentive to install pollution-control equipment.

Many believe the government eventually will adopt a similar system to control carbon-dioxide emissions. In late 2004, TXU consultants advised the company against trying to cut such emissions in anticipation of federal action. In a written report, the consultants said that such "early actions" could reduce the allowances that TXU receives in the future.

"The argument in support of grandfathering breaks down when you're talking about plants being built to squeeze in under the wire," says Bruce Biewald, president of Synapse Energy Economics Inc., a Cambridge, Mass., consulting firm that often works for state utility commissions. "It's not intended for guys that are adding to the problem because they've got their heads in the sand."

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Some companies think allowances should be doled out in a way that rewards companies for early, voluntary reductions. In 2002 the state of California created an organization called the California Climate Action Registry to document and verify reductions of several greenhouse gases by companies and public agencies. The group's goal is to secure credit for companies that take early action. Energy producers such as PG&E Corp., Mirant Corp., BP PLC and the Los Angeles Department of Water and Power are participants.

Some states, including Washington, Oregon, California, and Vermont, are factoring in the environmental aspects of proposed new plants when deciding what to authorize. Colorado and Wyoming, big coal-producing states, are pushing gasification projects. Seven Northeastern and Midwestern states agreed last year to create their own regional greenhouse-gas reduction program.

Texas gives no special consideration to gasification plants. Late last year, Gov. Rick Perry signed an executive order instructing state agencies to expedite applications for new plants, especially those burning locally mined coal.

Feds Initiate Talks To Bring Amber Alert To Indian Country (AP)

AP, July 21, 2006

ALBUQUERQUE, N.M. (AP) -- The Justice Department says it is talking with tribal leaders about bringing the Amber Alert system to reservations across the country.

"Tribes can play an important part in strengthening our Amber Alert network," said Regina Schofield, an assistant attorney general. "Amber Alert has shown itself to be a strong criminal deterrent, and any time crime is deterred, the quality of life goes up."

Schofield said she's confident it would have the same effect in Indian Country.

Amber Alerts are issued by law enforcement to the media when authorities suspect a child has been abducted and is considered to be in danger.

As of last year, all 50 states had statewide Amber Alert plans in place so that all levels of state law enforcement know when a child is abducted.

To create a seamless network across the country, Schofield said she's encouraging tribes to develop their own plans that are tailored to their specific needs.

Schofield has met with tribal leaders while in New Mexico and spoke with state Amber Alert coordinators to encourage them to work with tribes.

FBI/DEA/ATF/USMS:

Bonds Avoids Indictment, But Inquiry Will Go On (NYT)

By Duff Wilson

The New York Times, July 21, 2006

SAN FRANCISCO, July 20 — After nearly four years, scores of witnesses and millions of dollars to investigate steroids in sports, federal prosecutors here said Thursday that they were not finished.

Kevin V. Ryan, the United States attorney for the Northern District of California, said he was not yet seeking an indictment against Barry Bonds or anybody else in the investigation — not yet, anyway. But they are not off the hook, and neither are their friends.

A new grand jury has been established in the perjury and obstruction-of-justice case that stems from the ongoing Bay Area Laboratory Co-Operative steroids scandal. Greg Anderson, Bonds's trainer, will be the first witness Thursday.

Anderson was given a subpoena at noon Thursday, immediately after he left prison after serving 15 days for contempt of court. He refused to testify to the previous grand jury, which expired. Now, he faces the threat of months more in jail.

"They're going to test him again," Mark J. Geragos, Anderson's lawyer, said in an interview. "Greg's certainly not going to testify. He's prepared to do whatever it takes. He is resolute to his principle that he is at no time going to cooperate with this investigation."

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If so, he could serve up to 18 months in prison for contempt of court. Anderson pleaded guilty to steroid distribution and money laundering a year ago and was sentenced to three months in prison and three months of home confinement.

Geragos said it was an explicit part of the plea agreement that Anderson would not have to testify further. He also said it would be illegal to question Anderson about a secretly recorded conversation the government has of him talking about Bonds and drugs. The legal status of that tape is under review by a federal judge.

The new grand jury could run for 18 months. The 23 new jury members will probably be asked to read transcripts of the previous grand jury to get up to speed.

Bonds's business lawyer, Laura Enos, said: "I don't think they're going to get very far. I can tell you I sense a change, even in the media reporting, that people are beginning to get fed up with this."

Dr. Donald H. Catlin, director of the Olympic drug-testing lab at U.C.L.A., praised the government for its persistence.

"We were all sort of hoping that maybe there would be a conclusion coming this week," he said. "But you know, the wheels of justice operate slowly. I'm just glad they're operating."

Catlin, who has testified twice before the Balco grand juries and often advises the investigators on chemistry, added, "The government has really had an enormous impact the last few years on the issue of drugs in sports, and that's my work, so I'm delighted.

"I'm learning just how ineffectual drug testing is alone. It takes these kind of guys who can do e-mail taps and wiretaps and true investigations. Obviously, they've found plenty to work on, and that doesn't surprise me at all. They keep going and going and going, and that's great."

Catlin said steroids had become more, not less, prevalent in professional sports during the years since the Balco case hit the news, despite improved testing, increased punishments and Congressional hearings.

"Oh, I think there's more, but causality is hard to measure," he said. "If you're a pro athlete and you read all about it and how extensive it is, even if you're clean, you think: 'Gee, I've got to get with it.' I have been quite surprised to see how extensive it is, even me, with the jaded eye with which I look at sports. There's a lot more than I ever thought."

He added, "What we've got now is different sets of tools to open it up. And we have very important people playing a role."

Dr. Gary I. Wadler, a professor of medicine at New York University and a steroids expert, said he worried about the slow pace of the work and the seemingly light punishment for offenders. The Balco founder Victor Conte Jr. received four months in prison.

"It leaves the public somewhat confused how important is this," Wadler said. "You just wonder about doping fatigue. Is the public suffering from doping fatigue? That would be a very serious turn of events, because I think our sports culture has become increasingly infected with doping."

The United States Anti-Doping Agency has said it was waiting for the criminal process to end before using some of the evidence developed in those cases. Asked whether another Balco grand jury would slow down the agency's work, Travis T. Tygart, the agency's senior managing director, said in a statement Thursday, "Our mandate from clean athletes requires U.S.A.D.A. to be both patient and tireless in its pursuit of any evidence of doping violations by athletes or others."

Wadler noted that someone in a high-profile steroid case has finally received what appears to be stiff punishment: on Monday, in Columbia, S.C., Dr. James Shortt received one year and one day in prison for illegally prescribing steroids to several members of the Carolina Panthers.

And Catlin noted that an international investigation has made good progress. In December, the Drug Enforcement Administration charged eight steroid manufacturers in Mexico and 23 people with drug trafficking and money laundering. The D.E.A. said it was the largest steroid investigation in United States history, but it received little attention in the news media.

A bank of television cameras greeted Luke Macaulay, spokesman for the United States attorney's office here, when he read a prepared statement Thursday announcing the lack of an indictment at the end of the first grand jury to investigate people for perjury and obstruction of justice in the steroid case involving Bonds.

"Much has been accomplished to date, and we will continue to move forward actively in this investigation — including continuing to seek the truthful testimony of witnesses whose testimony the grand jury is entitled to hear," Macaulay said.

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The Balco investigation, he added, "has galvanized the national debate on the surprisingly widespread use, and dangerous and harmful nature, of anabolic steroids and performance-enhancing drugs in sports."

Macaulay declined to answer questions, citing grand jury secrecy.

Bonds's physical transformation, power surge and surly attitude came to personify an era of denial of steroid use in baseball. Already the holder of the single-season home run record in the major leagues, with 73, Bonds passed Babe Ruth earlier this season for second place on the career list, behind only Hank Aaron. Bonds has 722 home runs; Ruth had 714 and Aaron had 755.

The grand jury was said to be investigating perjury and tax evasion allegations against Bonds. Investigators are trying to determine whether Bonds lied when he testified before an earlier grand jury when he said that he had not knowingly used steroids, and whether he paid taxes on cash sales of memorabilia.

Kimberly Bell, Bonds's former girlfriend, and Steve K. Hoskins, his former best friend and business manager, are expected to testify against him. Bonds's lawyers say there are unreliable witnesses in the case, and they have accused the government of having a vendetta against a superstar.

"My latest thought is that Barry is guilty of lack of gracious interviewing," Enos said. "Lack of gracious interviewing, that's a crime."

Federal investigators began staking out Anderson's gym more than three years ago, expanded the case to include the once-undetectable steroids "the cream" and "the clear" sold by Balco, and finally spent the past year examining possible perjury.

Anderson's records show payments for drugs for Bonds, and his training calendars describe the drug regimen, but Anderson denied that is what they showed. Anderson admitted to providing steroids to other baseball players but refused to talk about Bonds.

The Balco grand jury has also been investigating whether Trevor Graham, a private coach of elite track and field athletes, obstructed justice or made false statements to federal investigators in 2004, according to people with knowledge of the grand jury proceedings. Graham, a former Olympic silver medal winner from Jamaica, operates Sprint Capitol USA in Raleigh, N.C., which produced many Olympic medalists and national and world champions.

Several people have testified that Graham was involved with illegal performance-enhancing drugs. They include Angel Guillermo Heredia, of Laredo, Tex., and Mexico, who told the grand jury he supplied the drugs; the sprinter Tim Montgomery; and the shot-putter C. J. Hunter.

Graham's lawyer, Joseph E. Zeszotarski, said in an e-mail message Thursday, "As Trevor told the investigators from both the federal government and U.S.A.D.A., he has never been involved in distributing any illegal substance to anyone. Trevor has always been very clear on this point. The claims attributed to Mr. Heredia are false, and we are more than prepared to prove that fact."

A Bit Of Breathing Room, But For How Long? (NYT)

By Jack Curry

The New York Times, July 21, 2006

SAN FRANCISCO, July 20 — The overhead television in the San Francisco Giants' clubhouse was running all Barry Bonds news all the time on Thursday. Bonds did not see or hear the results of an ESPN poll in which 80 percent of the respondents said they believed that he had knowingly used steroids. The results were probably meaningless to him.

What was meaningful to Bonds, the Giants' left fielder, is that the grand jury investigating the Bay Area Laboratory Co-Operative steroids case did not indict him before it expired on Thursday. Although that was a positive development for Bonds, the United States attorney's office said it would continue its investigation into possible perjury and obstruction-of-justice charges against him.

Minutes after Bonds arrived at AT&T Park, he said that he would not address reporters, then referred all questions to Michael Rains, his lawyer. Bonds said this week that he was not worried about the possibility of an indictment. In his silence, others spoke about Bonds.

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"They said that their investigation is continuing; it's ongoing," said Peter Magowan, the Giants' owner. "I don't really think anything has changed. I wouldn't be surprised if there's more grand jury there, sooner than later."

Bonds, who avoided reporters, did not express his feelings about Greg Anderson, his trainer and boyhood friend, who has refused to cooperate with investigators. Anderson, who was released Thursday after spending 15 days in jail for contempt of court, was immediately subpoenaed to appear before a new grand jury next Thursday.

When Magowan was asked to describe the mood among Bonds's teammates, he said: "They may think it's more over than it is. I haven't been in there, so I don't know. I'm sure they feel it's been around long enough."

Bonds has often seemed immune to the serious matters swirling around him, which was the case again Thursday night when he powered his 722nd career homer to help the Giants squash the San Diego Padres, 9-3. Bonds thought he had popped out to catcher Mike Piazza in the eighth inning and had already begun trudging back to the dugout, but Piazza stumbled in foul territory as he was about to catch it and dropped the ball. With a reprieve, Bonds drilled Brian Sweeney's pitch for a two-run homer to left-center field. Indicted or not, Bonds keeps swinging.

"Only a man himself knows what is inside the man," Manager Felipe Alou said in trying to explain Bonds's approach.

Manager Felipe Alou said he did not think the team was distracted by Bonds's situation, and noted that the Giants rallied from a 6-1 deficit for a 7-6 victory over the Milwaukee Brewers on Wednesday. Still, Alou also spoke like someone who wished he did not have to field another question about Bonds's legal matters.

"I always hope it's the end" Alou said.

On Bonds's personal website, he let some fans in by discussing the complicated developments of the day and the recent past.

"First off, I would like to say that what happened today is not a moment of joy, but one of temporary relief," Bonds wrote. "This has been an issue that has surrounded me for the past three years and I hope this is the end."

As Magowan stood about 40 feet behind home plate and discussed Bonds during batting practice, Bonds leaned on the batting cage. The Giants are in an unusual position because Bonds is the larger-than-life player who surpassed Babe Ruth's 714 homers this season for second place on the career list. Magowan batted away the notion that a cloud is hovering over the team.

"What cloud?" Magowan said. "He hasn't been indicted. Yeah, but until he is indicted, if he is, nothing really has changed from where it's been."

Nothing has changed with Anderson, either. When he was initially questioned by Balco investigators, Anderson said he had provided steroids to five major leaguers. But when Anderson was asked about Bonds, he said he needed to stop talking and get a lawyer. He has maintained his silence ever since. Rains said Bonds was elated that Anderson was out of prison.

The connection between Bonds and Anderson stretches back 25 years, when they played youth baseball in San Carlos, Calif. Bonds was two years older than Anderson and, since Bonds was almost always the best player at every level he played, he had a much higher profile than Anderson.

Anderson started supervising Bonds's weight-lifting workouts after the 1998 season. Anderson, who played some college baseball, turned to weight lifting and personal training and also became an expert on steroids.

According to the recent book "Game of Shadows," Anderson bought steroids, dispensed them to Bonds and kept a meticulous calendar of Bonds's usage. Despite the critical role that Anderson played for Bonds, the book said, Bonds treated him poorly and gave him only sporadic $10,000 payments.

After Bonds set the single-season record for homers in 2001, he publicly thanked Anderson in a ceremony at the Giants' home park, then known as Pac Bell Park. It is still the place Bonds plays and, even though he was not indicted on Thursday, it is still the place with a cloud over it.

"I think all of us would like to see a resolution," Magowan said. "I mean, everybody in baseball. I'm sure the commissioner would like to see one. I'm sure Barry would like to see one. I'm sure our fans would like to see one."

Prosecutors Extend Bonds Investigation (AP)

AP, July 21, 2006

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SAN FRANCISCO (AP) -- They aren't through with Barry Bonds, not yet. The federal grand jury considering possible perjury and tax-evasion charges against the star slugger expired Thursday without an indictment. Hours later, Bonds' personal trainer, Greg Anderson, walked out of a prison where he spent two weeks for refusing to testify against his childhood friend.

"We are not finished," U.S. Attorney Kevin Ryan said. "We have postponed the decision (to indict) for another day in light of some recent developments."

Though prosecutors wouldn't confirm the existence of a new grand jury, Anderson's lawyer, Mark Geragos, said there was one.

He said his client has been subpoenaed to testify before a new panel that will take up the question of whether Bonds lied under oath when he said he never knowingly took performance-enhancing drugs. Geragos said Anderson won't budge.

"They can subpoena him every day for the rest of this year, and it doesn't matter," Geragos said. "He's not going to talk."

Bonds arrived at AT&T Park with his 16-year-old batboy son. As reporters moved toward his locker, team spokesman Blake Rhodes said Bonds would have no comment.

Bonds hit his 722nd career home run Thursday night against San Diego, but left the ballpark without speaking to reporters.

Major League Baseball also declined to comment.

Giants owner Peter Magowan said he hoped to see a resolution soon.

"I think all of us would like to see a resolution, I mean everybody in baseball," Magowan said. "I'm sure the commissioner would like to see one, I'm sure Barry would like to see one, and I'm sure the fans would like to see one."

Speculation has been mounting for weeks that Bonds would be indicted Thursday with the grand jury expiring. His lawyers had said they were preparing a defense.

But soon after the grand jury reported to the federal courthouse for the final day of its probe, the U.S. Attorney's office issued a statement saying it "is not seeking an indictment (Thursday) in connection with the ongoing steroids-related investigation."

"They don't even have enough to indict a ham sandwich, let alone Barry Bonds," the slugger's lawyer, Michael Rains, said.

Joseph Russienello, the U.S. Attorney in San Francisco from 1982 to 1990, said handing the case off to a new grand jury means the federal government can lock up Anderson for the length of the new grand jury's term, which could extend beyond a year. The threat of a lengthy jail term can convince even the most intransigent witnesses to cave.

"It's no longer a two-week vacation," Russienello said. "Twelve months usually has a way of getting people sensitized to giving truthful testimony."

Rains said there was "temporary relief in the news we heard today." But he seemed to back away slightly from Bonds' earlier statements that he didn't know the substances given to him by Anderson were steroids.

"He was suspicious in light of what he had read as to whether those were steroids or not," Rains told reporters outside the federal courthouse.

Anderson appears to be the key to whether perjury charges could stick against Bonds.

"We will continue to move forward actively in this investigation -- including continuing to seek the truthful testimony of witnesses whose testimony the grand jury is entitled to hear," said Luke Macaulay, a spokesman for Ryan.

Bonds testified in 2003 that he thought substances given to him by Anderson were arthritis balm and flaxseed oil. Authorities suspected Bonds was lying and that those items were "the clear" and "the cream" -- two performance-enhancing drugs tied to the Bay Area Laboratory Co-Operative, the lab exposed as a steroids supplier to top athletes in baseball, track and other sports.

Although Bonds was promised immunity as long as he told the truth, doubts soon surfaced.

--His former girlfriend, Kimberly Bell, testified the slugger told her he had used steroids, according to Bell's lawyer. Bonds' attorney accused Bell of trying to extort money from Bonds and using the platform to promote a book that never was published.

-- IRS agent Jeff Novitzky, lead investigator in the steroids probe, said in court filings that BALCO founder Victor Conte told him Bonds used "the clear" on a regular basis.

--Federal agents who raided Anderson's house seized doping calendars, price lists and other documents pointing to Bonds' use of steroids and human growth hormone. Federal prosecutors say they need Anderson, in part, to interpret the calendars, which seem to spell out Bonds' schedule for using performance-enhancing drugs.

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Anderson was one of five men convicted in the BALCO scandal. He was sentenced to three months behind bars and three months of home confinement in October after pleading guilty to money laundering and steroid distribution.

He was called to testify before the perjury grand jury and refused. A federal judge found him in contempt of court and ordered him jailed.

Geragos protested, saying Anderson was the victim of an illegal government wiretap and that because Anderson's refusal to cooperate with government investigators is noted in his earlier plea agreement, he cannot be forced to testify.

"He took three months in jail rather than cooperate," Geragos said.

He also says Anderson can't trust that his testimony will be kept confidential because other BALCO grand jury testimony has been leaked to the press. Excerpts of testimony by Bonds and other key players in the case was published by the San Francisco Chronicle.

Geragos said he plans to repeat the same arguments.

Bonds' lawyer said Bonds was elated when he heard of Anderson's release and asked when the two can start working out together again.

"He's hoping this is the end of it," Rains said, "but he doesn't know that, nor do I.''

Allegations of steroid use long have plagued Bonds, who passed Babe Ruth in May to become second only to Hank Aaron on the career home run list. They intensified in late 2003, when he testified before the original BALCO grand jury, which took testimony from about two dozen athletes.

Without Anderson's help, prosecutors still could indict Bonds on charges alleging he failed to pay taxes on money made through sales of autographs and other memorabilia. There is also the possibility Bonds could be indicted on perjury charges without Anderson's testimony.

"There comes a point in time ... where everybody needs to move on," Rains said. "We hope we have arrived at that point today."

AP Special Correspondent Linda Deutsch in Los Angeles and AP Writers Marcus Wohlsen and Janie McCauley in San Francisco contributed to this report.

The Game's Not Over Prosecutors Hold Off On Indicting Bonds, But Pursue Investigation With New Grand Jury (SFC)

By Mark Fainaru-wada And Lance Williams, Chronicle Staff Writers

San Francisco Chronicle, July 21, 2006

Barry Bonds escaped a possible perjury indictment Thursday, but actions by the U.S. attorney's office suggested the government, far from dropping its case, is trying to line up as ironclad a prosecution as possible to go after the Giants slugger.

About the time late Thursday morning that a spokesman for U.S. Attorney Kevin Ryan announced there would be no indictment "today" -- the final day of a grand jury investigating whether Bonds lied about never knowingly using performance-enhancing drugs -- agents arrived at the federal detention center in Dublin where Bonds' personal trainer, Greg Anderson, had been held since July 5 for refusing to testify in the perjury probe.

Shortly before the trainer was freed, the agents handed him a subpoena to appear before a new grand jury next Thursday.

Anderson, who pleaded guilty to distributing steroids in the BALCO case, would be a star witness for the prosecution if it could get him. If he again refuses to testify, he could be imprisoned for the entire 18-month life of the new grand jury.

A friend who accompanied Anderson out of jail, Paula Canny, said afterward that the trainer was "never, ever going to talk. Never." Anderson, she said, was "in for the long haul."

Later Thursday, Ryan himself took the unusual step of speaking publicly about the investigation of whether Bonds lied to the BALCO grand jury. At a news conference convened to announce the prosecution of a securities case, Ryan said that "in light of some recent developments" he had postponed a decision on a Bonds indictment.

"Some unanswered questions remain in the case," Ryan said, and he seemed to send a message directly about Anderson.

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"We will continue to move forward actively in this investigation -- including continuing to seek the truthful testimony of witnesses whose testimony the grand jury is entitled to hear."

The fact that Ryan commented publicly about the case, even in vague terms, was significant because he appeared to be going out of his way to tell the public that he was not dropping the investigation of Bonds and others who might have lied in connection with the BALCO prosecution.

An hour before Ryan's statement, Bonds' attorney, Michael Rains, stood outside the federal building in San Francisco and railed against the government for its "persecution" of the Giants outfielder.

"They don't even have enough to indict a ham sandwich," Rains declared, "let alone Barry Bonds."

In the past few weeks, Rains had waged an aggressive campaign against the government's probe. He claimed that a former girlfriend and a former Bonds business manager were the two key witnesses for the prosecution, and he characterized them as pursuing vendettas.

However, the government recently stated it has a "mountain" of evidence against Bonds, even as it sought Anderson for his extensive knowledge.

A longtime friend of Bonds, Anderson became the ballplayer's personal trainer in 1998. Shortly thereafter, it's believed he started the Giants star on a regimen of performance-enhancing drugs, later hooking him up with the founder of the Bay Area Laboratory Co-Operative, Victor Conte.

Through Conte, Bonds was exposed to an additional array of performance-enhancing substances, according to statements to federal investigators, doping calendars and ledgers that were part of the BALCO probe.

The government also has possession of a recording, first reported on by The Chronicle in 2004, in which Anderson describes providing Bonds with an undetectable steroid in order to evade drug-testing by Major League Baseball.

Bonds, who turns 42 on Monday, declined to comment when approached by reporters at AT&T Park on Thursday afternoon before the Giants' game against the San Diego Padres.

When Rains spoke with reporters -- prior to word that the government was going after Anderson again -- he said Bonds had been thrilled in the morning when he learned Anderson would be released from jail.

"But you could get indicted later today," Rains said he had told his client.

"I don't care," he quoted Bonds as replying. "Greg's getting released."

Bonds then asked when he could go back to working out with Anderson, Rains said.

Anderson's lawyer, Mark Geragos, said: "Mr. Anderson's resolve is threefold what it once was. Spending the time in custody merely hardened his resolve. He won't cooperate with this grand jury or with this investigation in any way."

The U.S. attorney's announcement that Bonds faced no imminent indictment was the latest turn in a federal investigation that started nearly four years ago and grew into the biggest doping scandal in U.S. history.

Bonds has always been at the center of the case. The Giants outfielder is the only athlete among dozens connected to the BALCO case who counted Conte as his personal nutritionist and Anderson as his personal trainer.

Conte was the mastermind and Anderson an integral part of what the government has described as a conspiracy to distribute performance-enhancing drugs to elite athletes.

Anderson and Conte each served brief prison terms after pleading guilty last year to steroid distribution and money laundering charges.

In the fall of 2003, more than 30 athletes were summoned to testify as witnesses in a grand jury investigation that was centered on BALCO, in Burlingame.

All were granted partial immunity from prosecution, promised they would face no criminal recourse if they simply told the truth about their use of performance-enhancing drugs and their connections to BALCO.

The athletes were, however, warned by prosecutors from the U.S. attorney's office of the Northern District of California that they would be prosecuted for perjury if they lied.

The Chronicle reported that on Dec. 4, 2003, Bonds testified before the grand jury looking into the BALCO case that he used a clear substance and a cream given to him by Anderson but that he didn't believe they were steroids. Though the

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substances matched the descriptions of two drugs, "the clear" and "the cream," at the heart of the BALCO probe, Bonds said he thought they were flaxseed oil and an arthritis cream.

Bonds also testified that he knew nothing about a stream of documents -- doping calendars, ledgers, blood and urine tests -- that pointed to his use of an array of performance-enhancing drugs. In addition to "the clear" and "the cream," Bonds also was believed to have used human growth hormone, insulin and testosterone, among other drugs.

The ballplayer specifically denied ever injecting himself with any drug, and he testified that he had never even discussed steroids with Anderson.

From the moment Bonds completed his three hours testifying before the grand jury, prosecutors questioned whether he had been truthful. In addition to the series of documents that had been seized during raids on BALCO and Anderson's home, investigators had obtained statements pointing to Bonds' use of steroids and other performance-enhancing drugs.

James Valente, BALCO's vice president, told agents he provided drugs to give to Anderson for Bonds. He said the trainer brought Bonds to BALCO before the 2003 season -- the year baseball first began testing for steroids.

According to Conte's statement to federal investigators, Bonds used "the cream" and "the clear" on a regular basis. The men later denied aspects of the government report.

Kimberly Bell, Bonds' former girlfriend, testified that Bonds admitted in 2000 he had begun using steroids during the 1999 season.

The Bonds perjury investigation has been under way for at least 16 months. Bell, an early witness, testified in March 2005. This spring, witnesses included Giants team trainer Stan Conte and Dr. Arthur Ting, who is Bonds' orthopedic surgeon. According to several sources, the long-running federal probe has slowed the progress of Major League Baseball's own investigation of steroid use in the sport.

In March, after publication of "Game of Shadows," a book by two Chronicle writers about Bonds and banned drugs, baseball Commissioner Bud Selig appointed former U.S. Senator George Mitchell to investigate. But federal investigators have asked their witnesses not to cooperate with Mitchell's probe until after the Bonds case is completed, sources said.

Chronicle staff writers Jim Herron Zamora and Bob Egelko contributed to this report.

Bonds Grand Jury Ends Work With No New Indictments (Update4) (BLOOM)

By Karen Gullojoel Rosenblatt

Bloomberg, July 21, 2006

July 20 (Bloomberg) -- Barry Bonds, who has hit the second- most home runs in Major League Baseball history, remained unindicted today as the San Francisco grand jury investigating steroid use in professional sports ended its term.

Bonds, 41, has denied using muscle-building steroids. His lawyer Laura Enos has said she is ``cautiously hopeful" the ballplayer wouldn't be charged as part of the federal probe, as his legal team prepared for a possible indictment.

The investigation is continuing, prosecutors said. Late today, the San Francisco Chronicle reported that prosecutors issued a new subpoena to Bonds' trainer Greg Anderson, requiring him to appear before a new grand jury next week, citing Anderson's lawyer Paula Canny. Anderson was issued the subpoena before he left federal prison in Dublin, the Chronicle said, where he was being held for refusing to testify.

``It's very easy to call another grand jury," said Andrew Weissmann, a former U.S. Justice Department prosecutor, now a New York partner at Jenner & Block. ``Any day if you're representing the target or subject of a grand jury investigation and your client's not indicted, it's a good day. Unfortunately it doesn't mean a lot for tomorrow."

San Francisco U.S. Attorney Kevin V. Ryan said at a press conference that he ``postponed that decision for another day in light of some recent developments," adding that ``some unanswered questions remain in this case." He didn't elaborate.

Subpoena

Anderson lawyer Canny couldn't be immediately reached for comment. Another Anderson lawyer, Mark Geragos, didn't return a call seeking comment. Luke Macaulay, a spokesman for the U.S. attorney's office in San Francisco, declined to comment.

The government shouldn't keep pursuing a case against Bonds, the player's lawyers said at a press conference.

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``He's hoping this is the end of it, but he doesn't know that, and neither do I," attorney Michael Rains said, referring to Bonds. ``There comes a point in time where everyone needs to move on, and we hope we've arrived at that point today."

Bonds told one grand jury he might have unknowingly used substances that contained steroids, according to the Chronicle. Slowed by injuries over the past two years, Bonds said he thought the substances were flax seed oil and a legal ointment, the paper said.

`They Don't Have It'

Defense lawyer Enos said today the government shouldn't indict the athlete because it has no case against him.

``They don't have it," she said.

Allegations of steroid abuse by athletes have led to congressional scrutiny, testing in high schools and tougher league penalties. They have also raised questions about the validity of some sports records, especially Bonds's. Two months ago, he hit his 715th big-league career home run, passing Babe Ruth. He now has 721, 34 short of Hank Aaron's record.

Anderson admitted to conspiring with Victor Conte, founder of the Bay Area Cooperative Laboratory in California, or Balco, to distribute testosterone cream, human growth hormone and steroids to unnamed athletes.

The trainer last year served a three-month prison term. He was locked up again this month for refusing to testify before the grand jury. When a grand jury is no longer sitting, anyone jailed in an effort to force testimony before the panel must be released.

The government ``will continue to move forward actively in this investigation, including continuing to seek the truthful testimony of witnesses whose testimony the grand jury is entitled to hear," the U.S. Attorney's Office said.

The Balco investigation has yielded five felony convictions, the statement said.

A New Grand Jury Impaneled For Bonds (WP)

By Dave Sheinin

The Washington Post, July 21, 2006

SAN FRANCISCO, July 20 -- Thursday brought the possibility of some measure of resolution to the Barry Bonds steroids saga, either an indictment by a federal grand jury on charges of perjury and/or tax evasion, or absolution. Instead, it brought neither, and the likelihood is the saga will go on for many more months.

The grand jury dissolved with no indictment, but a new one was impaneled. A key witness was released from the prison where he had been serving for refusing to testify, but was immediately served with a new subpoena.

And Bonds himself, when approached by reporters before the San Francisco Giants' game Thursday night at AT&T Park, exercised his right to remain silent, then took his customary place in left field at game time, showing no outward signs of the off-field turmoil. In the eighth inning, he matter-of-factly blasted home run No. 722 in his career, a towering drive to center. Business as usual.

"We have all heard the overworked adage that you can indict a ham sandwich," Michael Rains, Bonds's lawyer, said in a news conference Thursday morning. " . . . So what I say to the public is: if it were that easy, why don't they have an indictment? Why don't we? And the answer is: they don't even have enough [evidence] to indict a ham sandwich, let alone Barry Bonds."

U.S. Attorney Kevin V. Ryan, in a statement, explained the postponement of a decision on Bonds by saying: "Some unanswered questions remain in the case. We intend to pursue the answers to those questions. We will continue to move forward including continuing to seek the truthful testimony of witnesses whose testimony the grand jury is entitled to hear."

Those last words appeared to be a direct reference to Greg Anderson, Bonds's personal trainer, who is considered a key witness in the investigators' case against Bonds and who was released Thursday from a federal prison where he had spent the last two weeks for refusing to testify against Bonds.

Anderson's freedom, however, could be short-lived. His lawyer told reporters Thursday that Anderson has already been subpoenaed to testify before the new grand jury when it convenes on July 27, and the lawyer also said Anderson would again refuse.

Anderson was one of four men convicted in the federal case against the Bay Area Laboratory Co-Operative (BALCO), the lab outside San Francisco that was found to be at the center of a steroids ring that distributed performance-enhancing drugs to top athletes.

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During the BALCO investigation, Bonds, who turns 42 Monday, reportedly testified that he used substances, given to him by Anderson, that were later identified as steroids. However, Bonds reportedly said he did not know the substances were steroids.

The government's actions, in convening a new grand jury, can be viewed as an attempt to force Anderson -- apparently the key to the government's case for perjury charges against Bonds -- to testify, since this time his incarceration likely would be measured in months, instead of weeks. Grand juries are impaneled for up to 18 months.

"They can subpoena him every day for the rest of the year," Anderson's attorney, Mark Geragos, told the Associated Press, "and it doesn't matter. He's not going to testify."

Rains telephoned Bonds with the news of the government's non-action on Thursday morning, and said the news was met more with a sense of "temporary relief" than with joy.

"He is hoping that this is the end of it," Rains said. "But he doesn't know that. Nor do I . . . [The impaneling of a new grand jury] is a signal to me that this investigation may have crossed that line where the investigation becomes an inquisition. At some point in time, it has to end."

Grand Jury Will Continue To Investigate Bonds (USAT)

By Bob Nightengale, Usa Today

USA Today, July 21, 2006

San Francisco Giants outfielder Barry Bonds was spared an indictment for tax evasion and perjury charges Thursday, but as one federal grand jury investigating the slugger expired, another will convene next week, according to an attorney involved in the case.

Greg Anderson, Bonds' childhood friend and personal trainer, received a subpoena to testify July 27 in front of the new grand jury, according to his attorney, Mark Geragos. Anderson, released Thursday after being in prison since July 5 for contempt of court, said he will continue his refusal to testify.

"They obviously need Greg," Geragos said, "but he's not talking."

Bonds declined comment before Thursday's game at AT&T Park in San Francisco. But Mike Rains, Bonds' attorney, said he and Bonds, who hit career home run No. 722 on Thursday, were pleased no indictment was issued but annoyed the three-year-old investigation will continue.

"There comes a point where an investigation becomes a persecution," Rains said. "There comes a point in time where everybody needs to move on."

The U.S. Attorney's office, which would not confirm or deny a new grand jury will convene, vowed their probe will persevere.

"We are not seeking an indictment today," U.S. Attorney Kevin Ryan said. "We will continue to ... seek the truthful testimony of witnesses whose testimony the grand jury is entitled to hear."

Prosecutors might argue Anderson should be imprisoned again if he refuses to testify.

"The legal term is that they can only coerce, they can't punish," Geragos said. "Once it's apparent they can't coerce, he must be freed."

Robert Shapiro, famed Los Angeles criminal defense attorney, concurred with Geragos. "You can't lock up a person forever," Shapiro said. "Once it becomes clear he won't testify, that person has to be released."

Bonds, who for at least one night had no worries about being indicted by the U.S. Attorney's office, still has no assurances he'll be absolved of perjury or tax evasion in the federal steroids probe.

"It's great news that he wasn't indicted," says Jeff Borris, Bonds' attorney, "but bad news that it's not over. How long are they going to keep wasting the taxpayers' money? We should be paying tax dollars trying to locate bin Laden. Isn't he Public Enemy No. 1?"

Said Rains: "This is not a moment of great joy. This is a moment of humility. This is an issue that has plagued Barry for more than three years now. He's hoping that this is the end of it. But he doesn't know that, nor do I."

Although the U.S. Attorney's office announced Thursday that Bonds would not be immediately indicted, a new grand jury will be convened next week, according to Geragos.

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"I think what they're doing is trying to turn up the heat on Greg Anderson," says Michael Cardoza, the attorney for Steve Hoskins, Bonds' former best friend who testified against him.

Anderson, 39, was one of four men convicted in the BALCO case, in which Bonds testified to a grand jury.

Anderson plead guilty to money-laundering and steroid distribution and was sentenced in October to three months in prison and three months of home confinement. He was sent to again prison July 5 for refusing to testify to the grand jury.

"I don't think anybody knows what's happening, but as a former prosecutor, you can never have too much evidence," Cardoza said. "I just hope they (the feds) hurry up and make up their mind. Pretty soon, the sympathy will go over to Barry."

Ryan, in a statement, said: "We are not seeking an indictment ... and have postponed that decision for another day in light of some recent developments. ... Some unanswered questions remain in this case. We intend to pursue the answers to those questions."

The U.S. Attorney's office did not return phone calls or e-mails seeking further comment.

While prosecutors vow the investigation will continue, Shapiro said Ryan's announcement not to indict was a clear victory for Bonds.

"This is very positive news for Barry Bonds, and probably the correct news," Shapiro said. "What (the prosecutors are) saying is that they have witnesses they believe that would give testimony they would like to hear, but those witnesses are refusing.

"Right now, they don't have any evidence that would be sufficient to warrant an indictment, and even the witnesses that are reluctant to testify, they don't know what they will say."

Shapiro, who was part of the legal team that successfully defended Pro Football Hall of Famer O.J. Simpson on murder charges, said he believes it is also time for the government to end its investigation.

"Look, it's pretty clear that baseball players and a lot of athletes have been using performance-enhancement drugs," Shapiro said. "And now that it has come out in the open, people are putting up real stringent limitations on the use.

"One of the things about law is its deterrents. I think now for everything that has happened and all of the negative publicity that Bonds has gotten, the message is clear that deterrents are out there."

Said Giants owner Peter Magowan: "I think all of us would like to see a resolution. I mean everybody in baseball. I'm sure the commissioner would like to see one. I'm sure Barry would like to see one. I'm sure our fans would like to see it."

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USA TODAY's Jorge L. Ortiz in San Francisco contributed to this report

Prosecutors In Bonds Case Veer Toward Vendetta (LAT)

By J.a. Adande

The Los Angeles Times, July 20, 2006

Prosecuting Barry Bonds lands at the bottom of my list of things our government should do. It's something we need about as much as a congressional proclamation that this is National Ryan Seacrest Day.

Unearth the terrorist cells that are plotting to kill more Americans. Go after corporate crooks who cost employees their jobs and retirement savings. Just don't waste "millions of dollars" (in the estimation of Bonds' attorney Laura Enos) going after a baseball player because he isn't a nice guy.

He isn't a danger to me or you. Bonds doesn't pose a threat to anything except Hank Aaron's home run record. But federal prosecutors are pushing ahead, with speculation that Bonds could be indicted this week on charges of tax evasion for allegedly not reporting income from memorabilia sales and perjury for allegedly lying about steroid use.

"The idea that you prosecute an athlete for signing autographs and not paying taxes on it, it's like prosecuting a waiter for not paying taxes on tips," said Stuart Hanlon, a San Francisco-based lawyer. "My feeling is that it's a vindictive prosecution and it's biased. It makes no sense from a legal perspective. It's not about stopping steroids. It's not about stopping perjury.

"Steroids — I think it's clear that the young people are beginning to understand the dangers. In terms of lying, perjury is perjury. It's about something else. One wonders: What is the agenda?"

Hanlon lives in a place where, he admits, "We're the only people in the world who like Barry Bonds." I live in Los Angeles and I'm a member of the media, reasons enough not to like Bonds and for him not to like me. But I'm with Hanlon.

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I also don't care whether Bonds skimped on taxes. What matters to the sports world is determining what players used steroids and when, and a tax-evasion indictment wouldn't address that. I keep hearing it's analogous to sending Al Capone to jail for taxes. Capone was on the FBI's most-wanted list. Bonds hit home runs. No comparison.

This would simply be a use of public money to handle baseball's Bonds problem and make him go away.

At this point it's not so much justice as justification for time and money spent. As Enos told the Associated Press, "After four years of investigation and the expenditure of millions of dollars, I suppose they are motivated to try to get an indictment."

If Bonds were to be indicted and convicted of perjury, it would be newsworthy because it would prove Bonds took steroids and lied about it. But perjury convictions are rarely sought and difficult to win. We all saw Rafael Palmeiro tell a congressional committee he "never used steroids," then subsequently tested positive for steroids. That would seem as clear-cut as you could find, but if they weren't able to find enough evidence to prosecute him on that, how could they get Bonds? More important, why would they?

I don't like what I'm seeing from the prosecutors, the selective justice, the vendetta, the leaked grand-jury testimony (let's see how doggedly they pursue that crime). Instead of going all-out to eradicate steroids, they're zeroing in on one person. When Arizona Diamondbacks pitcher Jason Grimsley was questioned about performance-enhancing drugs by federal agents, they wanted him to incriminate Bonds, Grimsley's lawyer told the Arizona Republic.

The feds served their purpose when they exposed the secrets and clientele of the Bay Area Laboratory Co-Operative. Now it just seems personal.

And it's interesting that while Bonds could stand trial if indicted, Lance Armstrong just stood on stage hosting the ESPY awards even though there's a similar stack of circumstantial evidence, legal testimony, innuendoes, bitter ex-partners and associations with dubious figures casting a suspicious shadow on Armstrong.

If Bonds were to be indicted, convicted and sentenced to terms similar to those handed down to his trainer Greg Anderson and BALCO founder Victor Conte, he would be in prison for less time than a baseball season.

And what be accomplished by sending Bonds to jail? It doesn't let baseball off the hook for not minding the gate while so many players were sneaking performance-enhancing drugs into the asylum. And it doesn't address the crime that — in the eyes of so many sports fans — Bonds committed against the game.

Would we just erase Bonds' name and numbers from the record books? Then what would we do about Ken Caminiti's 1996 MVP award? Or the Oakland Athletics' 1989 World Series championship? Would we still discount a steroid-aided home run if we discovered the pitcher who threw the ball was juiced as well?

The only thing we can do with Bonds, BALCO and the book by Jose Canseco is snap out of the delusional funk, be more skeptical about the enhanced physiques we see and be more insistent on stringent testing. And we don't need federal prosecutors or any more time in the overcrowded court schedule for that.

Poll: Majority Of Fans Believe Bonds Used Steroids (ESPN/ABC)

ESPN, July 20, 2006

More than three-quarters of Americans believe Barry Bonds knowingly used steroids on his way to his home run records, but a majority believe the San Francisco Giants slugger should not be immediately suspended if he is indicted, according to an ESPN/ABC News poll released Thursday.

Federal prosecutors said Thursday that Bonds would not be indicted immediately, but the ongoing federal investigation of steroids and possible perjury and tax-evasion charges against him will continue.

The ESPN/ABC News poll, a national random sample of 500 adults, was conducted by telephone on July 19 and has a margin of error of plus/minus 4.5 percent. Among those sampled, 55 percent identified themselves as baseball fans, with another 10 percent saying they're "somewhat" of a fan.

The poll also indicated that fans are less willing to forgive Bonds when it comes to baseball's record books, with a majority believing the marks should either remain with an asterisk or be removed from the books.

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A growing majority of Americans surveyed have grown more suspicious of Bonds, according to the poll results. Eighty percent of fans polled think he knowingly took steroids, up from 65 percent in March 2005. Only 12 percent of those polled believed he had not knowingly used steroids.

But 55 percent say Bonds should be allowed to keep playing pending the outcome of his trial. Forty-four percent would prefer his immediate suspension.

As for Bonds' records -- he passed Babe Ruth's 715 home runs this season and trails only Hank Aaron at 755 for most career home runs by a major-leaguer -- only 37 percent said they should remain in the record books. Thirty-eight percent said Bonds' record should remain with an asterisk, while another 24 percent said they should be stricken from the records entirely.

Fans were split about evenly, on whether Bonds should be elected to the Baseball Hall of Fame, with 48 percent in favor and 47 percent opposed. But that support drops precipitously if Bonds were to be indicted and convicted, in which case just 30 percent said they would support his election to the Hall.

THE BALCO CASE Lawyers Spar On Denial Conte Was Leak Prosecutors Argue Paper Lost Any Right To Protect Source (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, July 20, 2006

The Justice Department, which wants two Chronicle reporters to identify their source for grand jury testimony about steroids and sports, is arguing that the reporters forfeited any right to keep the source confidential by revealing in legal papers that it wasn't Victor Conte, the founder of the Bay Area Laboratory Co-Operative.

The argument, part of a sealed filing by federal prosecutors last week, was disclosed and criticized Tuesday by Hearst Corp. lawyers representing the reporters, Mark Fainaru-Wada and Lance Williams.

"Case law from around the country flatly rejects the government's position," lawyers for Hearst, which owns The Chronicle, told a federal judge in a written brief.

"The government's position is as self-destructive as it is unsupported," they argued, because it would discourage newspapers from providing any information voluntarily.

Thom Mrozek, spokesman for the U.S. attorney's office in Los Angeles, declined comment Wednesday, saying he could not discuss a sealed filing. The Los Angeles office is handling the case because the investigation of the grand jury leaks involves employees of the federal prosecutor's office in San Francisco.

Prosecutors have sent subpoenas to The Chronicle and the reporters, asking who provided them with transcripts of testimony by Giants star Barry Bonds and other prominent athletes before a federal grand jury investigating BALCO, Conte's company. The reporters' articles about the case in 2004 fueled a congressional investigation and a new Major League Baseball policy on testing for steroids.

Federal law, unlike California law, contains no explicit protection for reporters who refuse to disclose confidential sources. U.S. District Judge Jeffrey White has scheduled a hearing Aug. 4 to decide whether to order the reporters to testify. They could be jailed if they refuse.

As a result of the BALCO investigation, Conte and three other men, including Greg Anderson, Bonds' personal trainer, pleaded guilty last year to illegal drug distribution. A separate grand jury has been investigating whether Bonds committed perjury in the investigation by testifying that he never knowingly took steroids.

In a June 21 filing, prosecutors pointed to Conte as a possible source of BALCO grand jury transcripts that were cited in Chronicle articles, saying e-mails seized by federal agents at his home showed that he gave Fainaru-Wada information about the grand jury proceedings and that the reporter asked for the transcripts.

References to the e-mails were blacked out from public copies of the government's filing but could be read when copied into a word-processing program.

In response, lawyers for Hearst said on July 9 that they repeatedly told prosecutors that no documents in the newspaper's possession -- including the Conte e-mails -- identified the source or sources of the grand jury transcripts. In context, their statements amounted to a denial that Conte was a source, a point repeated in Tuesday's filing.

"The Chronicle, through its general counsel, told the government in no uncertain terms that The Chronicle had no documents responsive to the subpoena ... and that if those e-mails had been to or from the source(s) they would be" responsive, Hearst lawyers said.

They said the government, in its latest filing, argued that because the newspaper has denied that one person was a confidential source, "the privilege has been waived as to all of the reporters' confidential sources."

The argument, as described by the Hearst lawyers, did not concede that reporters have any privilege of confidentiality in federal court, but amounted to a fallback position that any privilege a court might recognize was waived in this case.

If the Justice Department's argument were upheld, Hearst lawyers said, a newspaper that was asked for its confidential sources in the future, and might be able to clarify matters by identifying non-sources, would conclude that "it is best to do nothing at all for fear of risking a waiver. This is not the law nor could it be."

Claims Hold Up Nominee (GRPRESS)

Grand Rapids Press, July 20, 2006

An anonymous federal law enforcement official is urging the Senate Judiciary Committee to block President Bush's nomination of Phillip Green, an assistant U.S. attorney in Grand Rapids, to become the top federal prosecutor in southern Illinois.

In a letter to members of the Senate committee, the official accused Green of improperly agreeing to a reduced sentence for a convicted methamphetamine dealer.

Green said he was under orders from the White House not to comment until after the Senate votes on his confirmation, but other sources, including two federal district judges, said it appeared Green had done nothing wrong.

Illinois Sen. Richard Durbin, a Democratic member of the Judiciary Committee, however, earlier this month asked the U.S. Justice Department's Office of Professional Responsibility to look into the allegations.

A U.S. Justice Department official, who asked not to be identified, said the agency is obligated to review the charges, but she cautioned, "It would be very premature to say he (Green) did anything improper."

In June, Bush nominated Green, the chief assistant U.S. attorney in West Michigan, to fill the top job in southern Illinois. On July 7, the unnamed federal law enforcement official wrote letters to all Judiciary Committee members, Attorney General Alberto Gonzalez and other government officials, alleging Green "obstructed justice and likely accepted a bribe" in exchange for allowing the drug dealer to be released five years before his 10-year sentence was up. The official, who said he has worked with the Kent County Sheriff's Department and the federal Drug Enforcement Administration, offered no proof of a bribe.

U.S. District Judge Richard Enslen, who handed down the case's original sentence and later reduced it, called the allegations "absolutely false."

"I consider him (Green) the most honest lawyer I ever met," Enslen said. "He is absolutely a straight arrow."

Robert Holmes Bell, the chief U.S. district judge in West Michigan, said, "I see nothing sinister about it. Green is exceptional. His integrity is unimpeachable. I've never heard a single bit of criticism of him by anyone. He is Mr. Integrity."

The charges stem from the case of Anthony Lamson of Kalamazoo, arrested Aug. 4, 1996, in Grand Rapids for having a portable meth lab and a sawed-off shotgun in his car. The following April, Lamson pleaded guilty to a single charge of carrying the illegal shotgun in relation to drug trafficking, and Enslen sentenced him to a mandatory 10 years in prison.

At the sentencing, Enslen, who opposes mandatory minimum sentences, said he "would like to shave some time off his 10 years"

Sharon Turek, a federal public defender who represented Lamson, recalled she and Green were summoned to Enslen's Kalamazoo office in January 2001 to discuss the case. Enslen made it clear he would consider reducing the sentence if Turek could find a legal reason for it.

"I think the onus was on me," she said. "This wouldn't be a rubber stamp. It had to pass legal muster. I knew I had a judge who was going to be sympathetic."

She filed a brief, saying Enslen had failed to advise Lamson of his right to appeal at his original sentencing and asking the judge to re-sentence him. In September 2001, Enslen sentenced Lamson to the time he already had served, and Lamson was released from prison.

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Green, who was interim U.S. attorney at the time, did not appeal the shorter sentence.

The anonymous law enforcement official claimed Green did not object to the re-sentencing because he wanted Enslen, chief U.S. district judge at the time, to re-appoint him as interim U.S. attorney. Green was named interim U.S. attorney in the waning days of the Clinton administration. Under federal law at the time, if the incoming Bush administration did not name a U.S. attorney within 120 days, the chief judge could name an interim replacement until a new U.S. attorney was appointed.

Enslen did re-appoint Green after the 120 days expired and said he would have done so regardless of whether Green had opposed Lamson's re-sentencing.

Assistant U.S. Attorney Brian Delaney, who originally prosecuted Lamson, said Green took over the case because Enslen called him to discuss it.

"The judge was going to make the decision whatever we did," Delaney said. "The only thing that was left to us was whether we were going to appeal it or not. I think Phil was doing what he thought was right."

Lamson said he was in the dark about the legal maneuvers that led to his being freed halfway through his sentence.

"The Lord used Judge Enslen," he said, adding that he has kicked his drug addiction, found religion and reconciled with his family. He works full-time as a plumber and is taking night classes in heating and air conditioning, he said.

"Everything I ever had, everything I had been given by the grace of God, I had destroyed," he said. "I was guilty as I could be. I said, 'I don't want to be the same man I was when I came in here.'"

Drug Suspect Gets Bond (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), July 21, 2006

Defense accuses feds of favoritism in West marijuana plot case

A defense attorney Thursday accused federal authorities of playing favorites in the massive marijuana conspiracy case lodged against a prominent Market Square businessman and others.

Attorney Russell T. Greene argued at a hearing in U.S. District Court that his client, alleged conspiracy customer Frank Logan Asbury, was as much an important businessman in Cocke County as alleged marijuana peddler Scott West is on Market Square.

Yet, Greene argued, Assistant U.S. Attorney David Jennings posed no objection earlier this week to West's release on bond but on Thursday balked at Asbury's request to go free pending trial.

"Mr. Asbury is a longtime resident," Greene said. "(He has) actually been in Cosby, Cocke County, for 30 years. He's raised two children in this area. He has a couple of ongoing businesses.

"He, in fact, is the inventor and seller of a device used by rafting enthusiasts," Greene argued. "It's a time-intensive business that has employees who rely on him. Cocke County and the entire rafting community would be impacted (if he's locked up)."

The argument got U.S. Magistrate Judge Bruce Guyton's attention.

"Defense counsel is arguing that Mr. Asbury is no different than Mr. West," Guyton told Jennings. "Any comment on that?"

"I take with a grain of salt whatever his client says about his businesses," Jennings responded. "I've seen Scott West's businesses. They are real. Legitimate businesses have bank accounts. (Asbury) stores large quantities of cash in his businesses. You can do the math and figure out how much marijuana that $163,000 (seized from Asbury's home and business) represents."

Jennings also noted that Asbury, who is accused of regularly buying hundreds of pounds of marijuana from the drug ring West and his brother allegedly operated, has a prior marijuana conviction on his record.

West's record is clean, although he now is charged along with his brother with operating an 11-year marijuana-trafficking network. He also is accused, along with his wife, brother and sister-in-law, of laundering the proceeds.

West is specifically accused of funneling drug money through his Market Square businesses, which has prompted a move by the federal government to seize the properties if he's convicted.

Guyton was unswayed by Jennings' argument. The judge was, however, leery of Asbury's admitted marijuana use.

"It's my understanding your client has admitted smoking marijuana every day of his life since he was 15, and he's now 55," Guyton told Greene.

"That's not a problem," Greene said.

"Are you telling me after smoking marijuana 40 years, he can stop cold turkey?" the judge asked.

Ultimately, Guyton agreed to free Asbury pending trial but only if he is outfitted with an electronic monitoring device and passes random drug tests.

"I think it's a very close call," Guyton said. "I may regret doing this - it won't be the first time - but I'm going to release you on a bond. All I can say about (drug testing) is good luck. If you violate it, you're going back to jail immediately, you understand?"

Also on Thursday, Scott West's brother, James Michael West, opted through Assistant Federal Defender Jonathan Moffatt not to fight for a shot at freedom pending trial. That could mean three things: Either Moffatt wants to spare his client nasty pre-trial publicity a hearing might have brought, Moffatt thinks it would be a losing battle to convince Guyton that the elder West should go free, or the elder West is considering a deal with prosecutors.

Moffatt declined comment. James Michael West's wife, Joanne Baker West, is free on bond in the money-laundering case as is Scott West's wife, Bernadette Trent West.

Federal authorities, including the U.S. Drug Enforcement Administration and the Internal Revenue Service, contend the West brothers were ordering tons of marijuana from an Arizona supplier and peddling it in North Carolina and East Tennessee.

Reputed Street Gang Leader Gets 37-Year Prison Sentence (NYT)

By Michael Brick

The New York Times, July 21, 2006

A man prosecutors have spent years trying to connect to witness tampering, intimidation and murder was sentenced yesterday to 37 years in prison on drug conspiracy and weapons charges.

The man, Dupree Harris, 32, described by prosecutors as a leader of the Nine Drey branch of the Bloods street gang, is already serving 15 years to life for bribing witnesses in a murder case. But even while becoming a symbol of witness vulnerability and the criminal justice system's limitations, Mr. Harris has not been convicted of the violent crimes prosecutors — and even a judge — have ascribed to him.

At the sentencing, Mr. Harris's longtime lawyer, Stacey Richman, sought to underscore that distinction, noting that a court document inaccurately listed a witness-tampering conviction instead of a bribery conviction among his criminal history.

"There is a great difference between the two, in that one is violent and one is not," Ms. Richman said. "Bribery is nonviolent."

The efforts to connect Mr. Harris to violence against witnesses unfolded over four years and four trials in Brooklyn, and publicity led prosecutors and even members of Congress to vow to strengthen witness protection procedures.

In 2003, Mr. Harris was acquitted of a killing in Bedford-Stuyvesant after a trial that prosecutors said was tainted by an orchestrated effort to intimidate witnesses. By that time, he was already awaiting trial for bribery and intimidation of witnesses in the murder trial of his half-brother, Wesley Sykes, who was eventually convicted. A witness whose name was read aloud in court in that trial, Bobby K. Gibson, was killed before he could testify.

As those trials wound through the state court system, federal prosecutors delved into Mr. Harris's past. Before he was arrested in 2002, prosecutors said, he employed a network of contacts from the housing projects of Bedford-Stuyvesant to operate a cocaine distribution ring in Glens Falls, about 180 miles upstate.

Relying on addiction, intimidation and economics, the operation sold packages of crack worth $10 in Brooklyn for much more upstate, prosecutors said. At the sentencing yesterday, Judge Allyne R. Ross of Federal District Court said, "Harris was amply proven to be the leader and organizer of the conspiracy."

Mr. Harris entered the courtroom with a grin and a big left-handed wave toward more than a dozen supporters. Ms. Richman filed testimonial letters from family members and friends from the neighborhood and the music business.

"Dupree is a kind and caring person," wrote his mother, Michelle Harris, "that tries to help anyone that he can when it is possible."

Mr. Harris said the terms of his confinement had been harsh, and he asked for leniency.

"I'm a human being," he told the judge. "I'm not the monster these people want me to be."

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A prosecutor, Lee Freedman, asked for a sentence of life in prison.

"If he's permitted to spend one more day out of confinement, your honor," he said, "that's another day that people are at risk."

Judge Ross called the drug and weapons charges "extremely serious" and pronounced sentence:

"Defendant will not be released to society until he is in his 60's."

Mr. Harris's relatives stood and waved, and he waved back.

"Love you," he said. Then the marshals escorted him from the courtroom.

IMMIGRATION:

Border Security Should Be Priority, Hastert Says (USAT)

By Kathy Kiely

USA Today, July 21, 2006

WASHINGTON — Two months after the Senate passed a bill that would give citizenship to millions of illegal immigrants, House Speaker Dennis Hastert remains adamant that border security must be improved before Congress considers other changes to the law.

"I would look at it as if you have a patient who is bleeding to death," Hastert told USA TODAY. "Close the wound first. Secure the border. And then you can begin to look at what other options are."

The Illinois Republican's comments came on the eve of a weekend inspection of the U.S.-Mexican border, which he calls "a sieve." He is leading a delegation that includes supporters of a House immigration bill that emphasizes tighter border security and penalties on employers who hire illegal immigrants, as well as opponents who prefer the Senate bill.

As the top House Republican, Hastert will be a key figure in determining whether an immigration bill is enacted this year. He's determined to use his leverage to get a bill more to his liking.

Hastert is making no promises about when or if he will appoint House negotiators to a committee that will work out differences between the two immigration bills. It will happen "when I think we're ready to move a bill," he said.

That may take longer than some supporters of a comprehensive immigration overhaul, such as President Bush, had hoped. Hastert said he may extend House hearings on immigration and border security into September, a move that could jeopardize chances for a compromise before the Nov. 7 elections. Congress is set to recess for the campaign on Sept. 29.

Hastert's go-slow approach puts him at odds with Bush, who has urged quick congressional action. Bush says the legislation should go beyond border-security measures to include more opportunities for foreigners to work here temporarily and a promise of citizenship for many of the nation's estimated 12 million illegal residents.

Supporters of the Senate bill, such as Sens. Arlen Specter, R-Pa., and Lindsey Graham, R-S.C., have said they have opened informal discussions with House Republicans and are still hopeful that a compromise can be struck.

Hastert said he won't be moved, not even by White House overtures. "I don't need assurances from the president," he said. "I know what we want."

The speaker said he told Bush recently that he wants to see a measurable drop in illegal border crossings before considering other immigration measures the president wants.

Hastert and five other House lawmakers will tour border hot spots in Arizona and Texas today and Saturday. He plans to meet with National Guard troops and homeland security officials. "I'm going to be talking to people who are actually at the gates," he said.

One out of every five voters in Hastert's suburban Chicago district is Hispanic. He said his stance has sparked "a mixed attitude" from his constituents.

Hastert Aims To Solve Immigration Problem (AP-Y)

By David Espo

AP2, July 21, 2006

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House Speaker Dennis Hastert, preparing for a two-state tour of the Mexican border, said Thursday that immigration legislation must first "solve the problem" of illegal entry into the United States.

"I've always said you need to build a fence on the border and you need to have military," said Hastert, R-Ill. "There are places the military can help, especially the National Guard."

Hastert and a handful of lawmakers intend to make stops this weekend in Arizona and Texas, meeting with National Guard troops deployed to assist Border Patrol agents and visiting Camp Grip, which aides described as a remote, desert location and prime area for smugglers. The group also plans a night tour along the border at Nogales, Ariz., and a stop at the Bridge of Americas Port of Entry in El Paso, Texas.

"I just want to see how it's working," Hastert said of the border security effort, augmented in recent months as immigration concerns have taken on increased prominence.

Hastert's trip comes at a time when House Republicans are working to highlight shortcomings in Senate-passed immigration legislation that largely follows a blueprint that President Bush favors.

The Senate bill, which passed on a bipartisan vote earlier this year, calls for tougher border enforcement; penalties against employers who hire illegal immigrants; a new guest worker program; and a shot at citizenship for most of the estimated 12 million immigrants in the country illegally.

Many House Republicans have denounced the legislation as an amnesty bill, although Bush disputes that. Prospects for a compromise along the lines proposed by the president appear remote.

The Republican-controlled House passed its own bill a year ago largely along party lines. Its focus is increased security at the borders.

In an interview, Hastert said he is ready to formally appoint negotiators to discuss a compromise with the Senate, but he added that he is determined to focus first on cracking down on illegal immigration.

"Before you get a bigger picture you've got to solve the problem, and the problem is the border," he said.

Longer Fence On Mexican Border Debated (AP)

By Lara Jakes Jordan

The AP, July 21, 2006

Lawmakers grappled Thursday with whether to build a fence along hundreds of miles on the nation's southern border, weighing combating illegal immigration against a costly barrier that alone might not stop migrants.

Layered fencing stands on about 75 miles of the 2,000-mile U.S.-Mexico border, mostly in cities like San Diego, El Paso, Texas, and Nogales, Ariz. In an election year fixated on illegal immigration and border security, Congress is considering proposals to put fencing on up to 850 miles on the border, costing billions of dollars.

"San Diego was a no-man's land when we built that fence," Rep. Duncan Hunter, R-Calif., told a House panel examining border barriers as a way to stem illegal immigration. He said immigrant gang-related murders, drug traffic and human smuggling have dropped dramatically since a fence just south of the city was built in 1996.

"The fence did work," Hunter said.

But Rep. Silvestre Reyes, D-Texas, a former top U.S. Border Patrol official, said fencing could cost as much as $2.2 billion and might not be effective in all areas.

"There are, in my opinion, no one-size-fits-all solutions for border security," Reyes said. "I think it wastes money. I think it's not a good investment of taxpayer dollars."

The Border Patrol last year arrested 1.2 million illegal immigrants who crossed into the United States at the Mexican border. But agents estimate that two or three migrants go undeterred for every one who is stopped.

Border Patrol senior associate chief Kevin Stevens said fences have stopped, or at least slowed, illegal migrants. But he questioned whether fencing would be effective where there are natural barriers, like mountains or deserts. He wouldn't talk about specific plans to extend the fence to any length.

"Can you look the American people in the eye and say this is needed? And that it's the most practical use of taxpayer dollars?" asked Rep. Elijah E. Cummings, D-Md.

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"We need an appropriate mix," Stevens answered. "It's not about fencing. It's not about Border Patrol agents. It's not about technology. It's about all of those things."

Critics said little will stop illegal immigration while jobs are so readily available for migrants. The Homeland Security Department recently began cracking down on employers who hire immigrants — many of whom work for cheaper wages and with fewer benefits. But the Bush administration is pushing Congress to approve a temporary worker program that would let illegal immigrants have some legal status.

Conservative Republicans, particularly in the House, largely oppose such a program, which they view as giving amnesty to criminals. An estimated 12 million illegal immigrants already live in the United States.

"As long as illegal immigrants can readily obtain employment in the United States, neither barriers nor increased staffing will discourage millions of impoverished people from crossing our borders annually," said T.J. Bonner, president of the National Border Patrol Council, a labor union that represents about 10,500 U.S. Border Patrol agents.

Border Fence Cited As Deterrent To Crime (WT)

By Charles Hurt

The Washington Times, July 21, 2006

Building fences along high-traffic areas of the U.S. border with Mexico dramatically reduces crime, the president of the Border Patrol union told Congress yesterday.

"Drug smuggling was rampant" in the border area just south of San Diego, said T.J. Bonner, national president of the National Border Patrol Council, before a fence was constructed. "Anarchy reigned, and there was no semblance of control over that section of the border."

Mr. Bonner said that after the fence was built, with surplus military steel landing mats, drug seizures tapered off and the crime rate fell sharply.

Most Congress members at the joint hearing yesterday seemed to agree on the need for fencing, but at least one worried that it would endanger the lives of those trying to sneak into the country.

"Individuals who attempt to cross the border are determined," said Rep. Elijah E. Cummings, Maryland Democrat.

Tall fences in high-traffic areas would force the illegal aliens deep into the desert, where they could face "starvation, rape and murder," he said. "Those who are not deterred will become increasingly dependent upon profit-minded coyotes and criminal traffickers in order to cross the border in remote areas."

The hearing was part of a series of House hearings into the Senate immigration reform bill, which House Republicans say would grant "amnesty" to the estimated 12 million to 20 million illegal aliens in the U.S. The Senate bill also has a guest-worker plan that supporters say will ease illegal entry.

Though the fences curb crime, Mr. Bonner said they will do little to stop illegal entry if supplementary efforts are not undertaken. The only way to control the borders, he said, is to increase the number of Border Patrol agents and remove the magnet of potential U.S. employment.

"Even with significant increases in staffing, the overall level of smuggling activity has grown and will continue to do so until the root cause of illegal immigration is addressed," Mr. Bonner said. "As long as destitute illegal aliens can find work in the United States, millions of them will cross our borders ever year."

As part of Republican efforts to focus on the issue of immigration, House Speaker J. Dennis Hastert of Illinois will lead a delegation to the southern border this weekend.

While in Arizona and Texas, the lawmakers will meet with members of the National Guard whom President Bush dispatched to the border, visit Camp Grip in the remote desert and travel the border at night with night-vision goggles.

Rep. Dan Lungren, California Republican and chairman of one of the subcommittees that held the hearing yesterday, said illegal entry is one of the main issues he is asked about in his district, though the "decibel level" of the questions has quieted in recent weeks.

"People are beginning to understand that we're serious about enforcement," he said.

Patrol Agents Return To The Front Lines (AP)

The AP, July 20, 2006

LAREDO – Three dozen Border Patrol agents have returned to the front lines of this slice of the Texas-Mexico border thanks to relief from more than 100 National Guard troops now working there, a border official said Thursday.

Reynaldo Garza, acting chief patrol agent for the Laredo border sector, said the Guard troops – working since June as mechanics and camera monitors and in other jobs – have allowed agents to focus on catching illegal immigrants in the heavily trafficked area.

President Bush in May announced a plan to deploy up to 6,000 National Guard troops along the U.S.-Mexico border for about two years to help local and federal law enforcement stop illegal immigration.

Also Online

Border fence comes under renewed scrutiny

The sector's vehicle repair shop has gained five soldiers who are helping decrease the turnaround time on the 15 to 20 vehicles that come in for repairs every day, said Hector Guardiola, fleet manager for the Border Patrol.

The 24-hour camera center that monitors spots on the Rio Grande will soon have two soldiers working per shift, relieving two agents of the office duty.

Chief Garza said the Guard has helped the Border Patrol seize 2,200 pounds of marijuana and 138 pounds of cocaine in the last two weeks by dismantling vehicles during drug searches at checkpoints.

For their part, some Guard troops said their task is important, if not exciting.

First Lt. Hoainam Nguyen, 30, of Fort Worth, spent a year in Iraq in perimeter security. Now he works in scheduling and planning in the air-conditioned operations center at the Border Patrol station.

"I don't get to see what the [other Guard troops] out there do, so it's a little disappointing," he said.

The Laredo job is the first deployment for Pfc. Richard Bledsoe, 22, of Springtown, just north of Fort Worth. He volunteered for duty in Iraq, but this position came up first.

"It still counts as a deployment, but you're home," said Pfc. Bledsoe, who works in supplies. "I'm sure I'll get my chance."

Lt. Col. Rick Noriega, commander of the Laredo Guard troops and a Democratic state representative from Houston, said he expects the sector to have between 200 and 300 troops by the end of August. There are 100 to 150 soldiers – all from the Texas National Guard – there now, Col. Noriega said.

Col. Bill Meehan, spokesman for the Texas National Guard, said this week that the state was on track to have 1,500 Guard members deployed by the end of July.

Guard, Patrol Say Border Plan Working (HC)

By John W. Gonzalez

Houston Chronicle, July 21, 2006

After 1 month, law enforcement duties stepped up

LAREDO - Inside the U.S. Border Patrol's communications center, a Texas Army National Guard soldier sat at a computer Thursday and moved his mouse to aim a surveillance camera at the Rio Grande.

As he did so, one of dozens of video monitors on the wall before him showed a changing panorama of the river and its rugged banks.

The guardsman was being trained to look for signs of intruders on a 45-mile stretch of border that is watched here day and night. And because a soldier was on duty monitoring the situation, a patrol agent was freed up to be out in the field enforcing immigration law.

Guard and patrol officials said the month-old deployment of troops to the border is working as planned, enabling at least three dozen patrol agents to return to law enforcement duties. More than 100 soldiers have arrived and by the end of August there could be 300, said Lt. Col. Rick Noriega of Houston, commander of guard troops in the patrol's Laredo sector.

Unlike other border states, Texas has been able to meet Pentagon staffing goals with in-state volunteers for a mission expected to last two years. Although it has taken several weeks to muster and train the first wave of troops, they've been well received by the patrol and this border community, Noriega said.

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"This has been a task that they (patrol) have done with the utmost professionalism. We're just pleased to have made this relationship work in a very meaningful way," he said.

Patrol acting sector Chief Reynaldo Garza described the collaboration as "very successful" because it quickly allowed the patrol to achieve one of the objectives established by President Bush when he ordered the deployment on May 15.

"We've been able to reach one of our objectives ... to return Border Patrol agents to the border to do the work that agents should be doing as opposed to clerical or camera operations-type surveillance duties," Garza said.

For the first time here, officials showed the news media the kinds of tasks the Guard has assumed alongside patrol agents.

"We have to dispel a lot of what was perceived was going to happen when they announced that the Guard was going to be deployed," Noriega said.

In highly visible roles, male and female Guard members in camouflage uniforms were assisting patrol agents at immigration checkpoints and dismantling vehicles containing suspected contraband.

At the patrol headquarters, Guard troops maintained patrol vehicles while others worked as welders. Out in the brush, Guard troops — some of them armed — operated surveillance trucks, maintained motion sensors and dragged dirt roads to help with detection of fresh human tracks.

Troops arriving in coming weeks will begin construction tasks, and specially trained soldiers will become hidden observers who will report intruders to the patrol. So far, troops apparently have not taken up surveillance positions near the Rio Grande, but if they did, Mexican-based smugglers would probably take note.

"We're aware that there's always a possibility of counter-surveillance and counterintelligence being gathered on our movements," Garza said.

So far, no significant change in arrest data has been noted, Garza said, but in the past two weeks the Guard members assisted in seizing 2,200 pounds of marijuana and 138 pounds of cocaine.

The Guard will have a further impact on smuggling when engineering specialists arrive to build barriers and fences in high-traffic areas, Garza said.

"To say a 'wall' is a misnomer," he said. "You will see some work, but it won't be miles and miles, and it definitely will not be the entire 2,000 miles. It's impossible."

Noriega said his forces also are waiting on military "aviation assets" to arrive, but because Texas Guard fliers are deploying to Iraq in large numbers, those assets will be coming from another state.

Trial Examines Legality Of Aid To Immigrants (WSJ)

By Ben Winograd

The Wall Street Journal, July 21, 2006

Humanitarian groups in Arizona have long sought to reverse the increasing annual toll of migrants who die after illegally entering the U.S. -- by aiding injured crossers, maintaining desert water stations or even camping near the border in 100-degree temperatures.

Now, two volunteers are slated to stand trial in October for crossing what the government calls the line between humanitarian assistance and human smuggling. The defendants -- both 23 years old when arrested last July -- were found driving three ailing migrants to a makeshift clinic at a Tucson church. Though mostly watched in Arizona, the case also reflects a moral and policy question underlying the current immigration debate: How much aid should people who are legally in the country be able to give to those who are not?

Smuggling foreigners across the border is a clear violation of law. But once migrants have illegally entered or settled in the U.S., it's far from certain when transporting them for humanitarian or employment reasons is a crime.

Arizona's volunteer groups say the vast majority of illegal immigrants they help receive only food, water and on-site medical attention. But confusion continues to surround migrants who, while not in immediate danger, face a high likelihood of death or permanent injury by continuing their journey.

For example, volunteers say smugglers are far more likely to abandon migrants suffering from severe dehydration, sprained ankles or twisted knees.

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Dozens of migrants stranded without food or water flagged down a sheriff's deputy outside Phoenix earlier this week. They said three members of their group had already died, and authorities began searching for as many as 200 thought to still be wandering the desert.

With help from University of Arizona law professors, members of a group called Samaritans outlined protocols on when migrants could be legally transported for medical attention.

The rules required a medical professional and lawyer to first clear all medical evacuations by phone. In serious but not life-threatening situations, volunteers drove migrants to a respite clinic at Tucson's Southside Presbyterian Church, located about 60 miles north of the border. The Border Patrol would be contacted only in life-or-death situations or at the migrant's request.

The Arizona defendants -- Shanti Sellz and Daniel Strauss -- belonged to a similar group called No More Deaths, which adopted the same protocols but stationed volunteers at desert bases during the summer. In the year prior to the arrest, group leaders say volunteers transported 68 migrants to Tucson for medical attention.

The groups alerted both the Border Patrol and Justice Department of their activities, according to court filings.

Defense witnesses said they notified current Border Patrol chief David Aguilar, then head of the agency's Tucson sector, after migrants were transported to Tucson for medical attention.

Michael Nicley, Mr. Aguilar's successor in Tucson, says the witnesses were lying and that he unequivocally warned group leaders upon his arrival that transporting illegal immigrants for any reason is a crime. But because no arrests had been made, Ms. Sellz and Mr. Strauss said volunteers believed agents made exceptions for medical treatment. "The Border Patrol saw us evacuating people," Mr. Strauss said in an interview. "We waved to them; they waved back."

On the morning of his arrest last July, Mr. Strauss had been waiting at a No More Deaths camp about 10 miles north of the border when volunteers reported finding a group of eight migrants stranded nearby. One migrant vomited upon his arrival, Mr. Strauss testified in court, and could not keep down food or water provided by volunteers.

Others in the group said the migrant, Emil Hildalgo-Solis, had run out of water, drank from a cattle tank and experienced bloody diarrhea throughout the morning. Unable to get cellphone reception, Mr. Strauss -- a formerly certified medical technician -- drove Mr. Hildalgo-Solis and two other migrants he deemed in need of medical attention back to the camp.

There, a nurse and retired doctor in Tucson advised Mr. Strauss by phone to bring the migrants to Southside Presbyterian. Ms. Sellz pulled into the camp minutes later, advised her lawyer of the situation and volunteered her station wagon for the ride to Tucson. A Border Patrol agent spotted the migrants and pulled the car over 20 miles into the trip. "You're good people, but you're breaking the law," Mr. Strauss said the agent told them.

Each defendant now faces 15 years in prison on two charges related to transporting illegal migrants. They have rejected numerous plea offers, insisting that humanitarian aid is never a crime. Their argument centers on the precise language of the law, which legal experts say was designed not to criminalize innocuous transportation of illegal migrants.

In addition to proving the driver knew, or should have known, the passengers' immigration status, the government must show the transportation occurred "in furtherance" of their unlawful presence. No court has definitively applied the language to a case involving medical transportation, but lawyers for Ms. Sellz and Mr. Strauss have sought to dismiss the charges based on a footnote in a 1977 case from the U.S. Court of Appeals for the Ninth Circuit, in which Arizona is located.

"Based upon purely humanitarian concern," the judges speculated, "the transportation of a known undocumented alien to a hospital following an injury or illness does not appear" to further their unlawful presence. In response, the government disputed the gravity of the migrants' condition, asserting in court filings that they declined further medical attention from the Border Patrol. A final ruling on the motion is expected before trial, set for Oct. 3 in U.S. District Court in Tucson.

Meanwhile, the exact meaning of "in furtherance" also has split federal appellate courts in the employment context. Some circuits say the phrase refers only to the effect of the transportation, while others -- including the Ninth -- have held it requires showing the defendant specifically intended to help migrants remain in the U.S. illegally. Though seemingly technical, the difference could affect any co-worker, supervisor or small-business owner found to be transporting illegal employees.

In Washington, competing immigration bills offer varying revisions to the transportation statute. The House bill would bar transportation that aids illegal migrants "in any manner," while the Senate bill includes an exception for transportation to a place where migrants can obtain humanitarian assistance, including food and housing.

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Write to Ben Winograd at benjamin.winograd@wsj.com1

Minutemen Put Trust In Their Finance Firms (WT)

By Jerry Seper

The Washington Times, July 21, 2006

The Minuteman Civil Defense Corps' top leaders signed a letter yesterday saying they have "complete confidence in the professional firms" hired by MCDC President Chris Simcox to oversee the organization's finances, citing criticism from within and outside the group as "utterly without merit."

The letter, posted on the Minuteman Web page (www.minutemanhq.com) applauded Mr. Simcox's decision to employ "accredited and experienced professionals to assist the organization in management of our finances."

"There are those both within the border security movement and actively opposed to it who, for ideological reasons or in advancement of personal ambition, wish the Minuteman Civil Defense Corps to fail," Minuteman Civil Defense Corps (MCDC) said in a statement.

"Critics are obtaining false information from known racialists, anti-Semites and a small handful of disgruntled people who have been terminated from staff or from leadership involvement with the Minuteman Civil Defense Corps over a year ago because they could not meet MCDC standards or adhere to our strict field standard operational procedures," the group said.

The letter came in response to a report yesterday in The Washington Times that a growing number of MCDC leaders and volunteers had questions concerning the whereabouts of money contributed to the organization over the past 15 months and its ties to Declaration Alliance, a Virginia-based charity headed by conservative Alan Keyes.

They said they had no idea how much money had been collected as part of its effort to stop illegal entry along the U.S.-Mexico border or on what it had been spent. Several top officials have quit or are threatening to do so. Others questioned whether MCDC volunteers received the equipment they needed for their border vigils.

MCDC has not made any financial records public despite concern within the organization and requests by The Times dating back to October.

Saying "tabloid-style gossip of this nature drives readership," the MCDC letter defended Declaration Alliance.

"The Declaration Alliance and the Minuteman Civil Defense Corps organizational entities are both in full compliance with IRS regulatory statutes and filing obligations," the statement said, adding that financial disclosure forms will be submitted by Nov. 15.

The letter accused critics of having "no actual knowledge of MCDC finances, regulatory compliance, filing deadlines, non-profit status, or other accountability matters," and described the accusations as "groundless."

It said the MCDC, through its vigils along the U.S.-Mexico border and five states on the Canadian border, had forced into the national spotlight "the lawless and wide-open conditions at our borders." It said illegal immigration and the lack of border security was the country's top issue.

The letter was signed by Mr. Simcox, Al Garza, national executive director, Carmen Mercer, vice president, Greg Thompson, national development director, and Bill Irwin, national operations director.

TAX:

IRS Gets Setback In Prosecution Of 'Son Of Boss' Tax Shelters (WSJ)

By Robert Guy Matthews

The Wall Street Journal, July 21, 2006

A federal court dealt the Internal Revenue Service at least a small setback in its continuing legal prosecution of a tax shelter known as "Son of Boss."

The U.S. District Court for the Eastern District of Texas ruled that the government was wrong to retroactively change its regulations, a change which ultimately ensnared Klamath Strategic Investment Fund LLC in a tax dispute with the IRS over how

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to account for tax liabilities under a complicated loan agreement. The court also ruled the government overstepped its authority in defining what exactly constituted a liability under the IRS code.

The civil case may have ramifications for the government's coming trial of 18 individuals facing criminal charges related to sales of tax shelters by KPMG LLP. The government has contended in those cases that the structures were illegal. Some of the criminal cases against those individuals involved Son of Boss.

While the government lost on two of its arguments against Klamath, the case still is scheduled to be argued in October over whether the complicated loan structuring meets the government's test of economic substance. Economic substance means that a business transaction would have to have a purpose other than to lower federal taxes.

"We are still studying the opinion, which affects one part of the government's case," said IRS Chief Counsel Donald Korb. "The effect of the economic substance doctrine on this case has yet to be decided."

Unlike the U.S. Tax Court or the Court of Federal Claims, where the IRS has won several tax-shelter cases, the U.S. District Court for the Eastern District of Texas isn't a precedent-setting court.

"This is a technical knockout of the IRS's primary statutory attack on the so-called Son of Boss cases," said Lawrence M. Hill, chairman of the tax controversy and litigation group at Dewey Ballantine LLP. "The court regarded the IRS's issuance of retroactive regulations as an abuse of its discretion. The IRS will return to the ring and attack the transactions using the economic substance doctrine. At a minimum, taxpayers will undoubtedly rely on this case to attempt to avoid penalties."

In 2004, the IRS settled out of court with about 1,200 businesses for Son of Boss cases and collected $3.8 billion in taxes due, interest and penalties that were less than the maximum allowed by the law. At the time, the IRS warned 600 other taxpayers that had taken advantage of the shelter that if they didn't come forward and settle, the IRS would disallow all the tax benefits and assess the full 40% penalty that the law allows.

Editorial: KPMG Justice (WSJ)

The Wall Street Journal, July 21, 2006

The "largest tax-fraud case in U.S. history" is turning into a slow-motion fiasco for the government. In a two-page order filed Wednesday, federal Judge Lewis A. Kaplan, who is overseeing the criminal trial of 18 defendants -- mostly former employees of accounting giant KPMG -- granted a defense motion to delay the trial until next January.

One reason Judge Kaplan cited for the delay was the U.S. Attorney's "improper" interference in KPMG's decision to cut the defendants off from legal support. Judge Kaplan ruled last month that both Justice Department policy, as laid out in the 2003 Thompson Memo, and the prosecutors' conduct in this case were unconstitutional. His 88-page ruling in June declined to dismiss the case over the matter, but suggested that dismissal remained a possibility if the legal-fee issue was not resolved.

Sixteen of the defendants are suing KPMG for payment of their legal fees, which KPMG continues to resist, and the judge's order suggested that he'd like to see that resolved before the trial begins. This seems more than fair, since the former KPMG officials have been indicted for selling tax shelters that they believed were legal at the time, and that KPMG itself only admitted were wrong as part of a deferred-prosecution agreement to avoid an indictment of the entire firm.

Since the June ruling, Judge Kaplan has continued to exchange barbs with the prosecution over its conduct of the case. After that ruling, the prosecutors petitioned, among other things, to have the prosecutors' names edited out of his scathing ruling, which Judge Kaplan refused to do.

The testiness continued with Wednesday's order, which also rapped the government over its handling of document production. The failure to adhere to an October 2005 deadline for providing the defendants with the government's evidence was also among the reasons for the trial's delay. In June, Judge Kaplan remarked ruefully, "There used to be a time when big cases were investigated a different way in this country. Maybe something's gone horribly wrong." Some serious reconsideration at senior levels of the Justice Department seems called for here.

CONGRESS-ADMINISTRATION:

HHS Secretary's Fund Gave Little To Charity (WP)

By Jonathan Weisman

The Washington Post, July 21, 2006

Health and Human Services Secretary Mike Leavitt and his relatives have claimed millions of dollars in tax deductions through a type of charitable foundation they created that until recently paid out very little in actual charity, tax records show.

Instead, much of the foundation's money has been invested or lent to the family's business interests and real estate holdings, or contributed to the Leavitt family genealogical society.

The Leavitts used nearly $9 million of their assets to set up the foundation in 2000 under an obscure provision of the federal tax code. But unlike standard private foundations, which are required to give away at least 5 percent of their assets to charitable causes, the Leavitt organization donated less than 1 percent of its assets in 2002, 2003 and 2004. The donations jumped to 6.3 percent of total assets last year, after the sale of family water interests that also allowed the foundation to increase its lending to Leavitt business interests.

While Mike Leavitt alone has claimed about $1.2 million in tax write-offs since 2000, the foundation gave away only $49,000 in 2002 and $52,000 the next year, according to tax returns and other documents filed by the foundation. Meanwhile, the foundation's assets have been used for a $332,000 loan to Leavitt Land and Investment Inc., in which the secretary owns a significant stake, and other secured loans for insurance and real estate deals, said Alan A. Jones, a trustee of the organization.

Leavitt Land and Investment, in turn, extended an interest-free loan to Leavitt in 2002 valued at more than $250,001, according to a recent financial disclosure.

"The foundation's activities are totally legal and proper," Christina Pearson, an HHS spokeswoman, said this week on the secretary's behalf.

But Rick Cohen, executive director of the National Committee for Responsive Philanthropy, said that "the Leavitts are using the foundation as a personal piggy bank, and that's not what the public -- or Congress -- ought to tolerate." Cohen reviewed the family foundation's records and tax returns at the request of The Washington Post.

The tax structure used to create the foundation is called a Type III supporting organization. The Internal Revenue Service has said the category is rife with abuse, designating "supporting organizations" this year as one of its "Dirty Dozen" top tax scams, along with Internet identity theft and offshore banks. Use of the tax structure could be significantly reined in under a tax provision that was inserted into pension legislation passed by the Senate and now under negotiation with the House.

Leavitt and his brother Dane have defended the family's actions as both legal and ethical.

Dane Leavitt said his family would change the operations of the foundation if Congress enacted the legislative changes, which were proposed by Senate Finance Committee Chairman Charles E. Grassley (R-Iowa).

"That's a public policy decision," Dane Leavitt said. "If Congress makes that decision, we will abide by it."

From its early roots in the settlement of Utah, the Leavitt family has built up a considerable fortune in land and business. The family created the Leavitt Group and built it into one of the largest insurance brokerages in the country. Before he was elected Utah's governor in 1992, Mike Leavitt was the group's president and chief executive, amassing holdings valued at $5 million to $25 million. He sold off those assets when he joined President Bush's Cabinet.

In August 2000, Leavitt's parents, Dixie L. and Anne O. Leavitt, established the supporting organization under their names. The family then donated nearly $8.1 million worth of water rights that it was using to irrigate its land in southern Nevada. It donated another $540,000 in stock from the Leavitt Group.

Under the regulations governing Type III supporting organizations, the Leavitts could then claim huge charitable deductions from their taxes using the fair market value of those assets. As owner of roughly 15 percent of the water rights, Mike Leavitt was entitled to around $1.2 million in tax write-offs, Jones said.

Unlike standard private foundations, the Dixie & Anne Leavitt Foundation was not required to invest its funds in a diverse array of assets. It kept the assets in the Bunkerville (Nev.) Irrigation Company, in which the family retained significant control, and the Leavitt Group, whose board includes Dane, David, Dixie, Eric, Mark, Matthew and Rod Leavitt.

According to tax documents, the Leavitt Foundation donated $49,087 of its $9 million trust -- or 0.5 percent -- in 2002 and $52,312 -- or 0.6 percent -- in 2003, the only years of tax data available.

"They're basically sitting on all this money, getting a charitable write-off and doing nothing with it," Cohen said.

The small percentage used for donations went largely to causes closely tied to the Leavitts. The bulk of the money has gone to the Southern Utah Foundation, under rules set out by the Leavitts under what is known as a donor-advised fund. Thousands of dollars more in donations have gone to Southern Utah University, Mike Leavitt's alma mater, and the Western Association of Leavitt Families, which promotes genealogical research and religious activities for the descendants of the first Leavitts, who helped establish Utah as a Mormon state.

"Secretary Leavitt's parents are generous people who are supportive of the people and causes in southern Utah. Organizations like Southern Utah University, which Secretary Leavitt attended, and the Southern Utah Foundation have provided services to thousands of people," Pearson, the HHS spokeswoman, said.

Dane Leavitt said the foundation's bylaws set strict limits on the contributions it can make to Leavitt family organizations.

The foundation maintains its holdings in the Leavitt Group, but last year it sold off the family's water rights to the Las Vegas Valley Water District for $11.9 million, Jones said -- substantially more than the $8.1 million originally claimed as a charitable deduction.

If the family had to pay out 5 percent of those assets a year, the foundation would have had to liquidate some of those water rights for less money. Now, it will have more money to give in the future, Dane Leavitt said. The proceeds from the sale should earn $800,000 in income, 85 percent of which will go to charities to "do some significant good," he said. Indeed, giving has increased substantially this year.

"It was a good thing to not liquidate that water stock until the time was right," he said, "and the time was right last year."

"Those limitations are in place," he said, "and I'm confident they are abiding by them."

But selling the water rights opened the foundation to a new criticism. Jones said some of the proceeds have been farmed out to secured loans to Leavitt-related interests, such as real estate investments and insurance businesses. Even before the asset sale, the Leavitt Foundation's 2002 tax return noted an outstanding loan of $332,000, which Jones said went to Leavitt Land and Investment Inc., secured by the water rights.

Mike Leavitt's stake in Leavitt Land and Investment -- which owns commercial and residential buildings, land and livestock -- was valued at $1 million to $5 million in his 2005 financial disclosure form. In the same year that the foundation made its loan to the company, the company gave Leavitt an interest-free loan valued at $250,001 to $500,000, the disclosure form states.

Dane Leavitt, the chief executive of the Leavitt Group, insisted it was not a loan but a promissory note from each of the six Leavitt brothers pledging to give the company funds and was "completely unrelated" to the loan the foundation gave the company that year.

Such loans -- from a family foundation ostensibly set up for charity to the family's business interests -- are precisely what IRS Commissioner Mark W. Everson labeled as an abuse last year when he excoriated Type III supporting organizations as personal piggy banks for the rich.

"Some promoters in this area have encouraged individuals to establish and operate supporting organizations . . . that they can control for their own benefit," Everson said. "There are a variety of methods of abuse, but a common theme is a 'charitable' donation of an amount to the supporting organization, and a return of the donated amount to the donor, often in the form of a purported loan that may never be repaid."

Jones said the Leavitt foundation's loans were nothing of the sort. The LL&I loan was repaid in full on Oct. 5, 2004, he said, and the more recent loans were approved by an independent trustee, who set the interest rates and repayment terms.

"This was not an abuse of the process," he said.

Pension Bill To Close Costly Loopholes (AP-Y)

By Jim Abrams

AP2, July 21, 2006

Republicans expressed confidence Thursday that pension overhaul legislation, after months of negotiation, would make it to the president before Congress' August break.

"We're very very close and we should be able to wrap this up next week," said the chairman of the House Education and the Workforce Committee, Rep. Howard "Buck" McKeon, R-Calif.

House Majority Leader John Boehner, R-Ohio, a chief negotiator in the House-Senate talks that have dragged on since March, said the bill no longer would allow employers to underfund pension plans and would protect taxpayers from a multibillion-dollar bailout.

Lawmakers emerging from a meeting Thursday said they needed to work through to settle final details.

One unresolved issue was whether to give a special break — extra years to catch up with underfunding — for financially struggling airlines. Negotiators also were discussing proposals to exempt defense contractors from the schedule for meeting pension obligations.

Boehner said that the final product will strengthen a system that has seen employer-based defined benefit pension plans grow underfunded by an estimated $450 billion. Also, the Pension Benefit Guaranty Corp., the federal agency that insures these plans, is running a $22.8 billion deficit.

The difficulty is how to force companies with underfunded plans to meet obligations to their workers without forcing these businesses to eliminate their plans, shifting the financial burden to the agency and possibly taxpayers.

"We have to walk a very fine line if we are going to meet all those goals," Boehner said.

Sen. Max Baucus, D-Mont., the top Democrat on the Senate Finance Committee, said he was generally pleased with the bill. "It's needed protection for workers, for retirees, especially in the wake of Enron. It will help retirement security for employees and that's good," he said.

According to documents from GOP aides, the final bill is expected to:

_require all plans to be 100 percent funded in seven years. Under current law 90 percent is regarded as full funding.

_adopt a new interest rate to more accurately measure liabilities.

_prevent plans funded below 80 percent from using credit balances, past contributions to the plans that may have overstated value because of stock market losses.

_give people with 401(K) and IRA investments greater access to investment advice. Some worry that Wall Street companies offering advice might have conflict-of-interest problems.

_encourage savings by including automatic enrollment for 401(K) programs.

_restrict the practices of companies giving deferred-compensation payouts to executives of financially troubled companies with at-risk pension plans.

Lynn Dudley, vice president of the American Benefits Council, which represents companies with pension plans, hoped for changes to the formula for determining what plans are at risk and must increase contributions until they are fully funded.

The concern, she said, is that the proposed formula might force some essentially healthy plans to freeze benefits or opt out of their defined-benefit plans.

The agreement was expected to reinstate temporarily some popular tax breaks, including a corporate research and development credit and a deduction for state and local sales taxes. Lawmakers also planned to use the bill to keep some of the president's temporary tax incentives for retirement savings, first passed in 2001.

The chairman of the Senate Finance Committee, Sen. Charles Grassley, R-Iowa, said negotiators were under pressure from GOP leaders to fold in a cut in estate taxes.

Senate Appropriations Panel Quickly Approves Four Bills (WP)

By Shailagh Murray

The Washington Post, July 21, 2006

The Senate Appropriations Committee approved four bills yesterday, marking the first time in 18 years that the panel has finished its work before the August recess, and leaving plenty of time for Congress to complete a budget by Oct. 1, when the new fiscal year begins.

Despite that momentum, Congress probably will not confront some of the biggest domestic spending issues, including more money for education and health programs, until after the November elections.

Nervous Republican leaders want to avoid a showdown before then between GOP moderates and conservatives. The moderates are seeking more money for health and education programs, while conservatives favor belt-tightening and want to rid

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the appropriations process of so-called earmarks, special projects that lawmakers like to insert in spending bills to benefit their home districts. To bolster funding for social programs, the Senate bill reduced President Bush's Pentagon spending request by about $9 billion.

Lawmakers in both parties now say the spending bills may be rolled into one big package after the midterm election. The most contentious of the bills, and a perennial spending choke point, would fund the departments of Health and Human Services, Education, and Labor. In the House, Democrats tacked on a minimum wage increase, a poison pill for GOP leaders, who oppose a wage increase but worry that political pressures would leave vulnerable rank-and-file Republicans with little choice but to support it.

House leaders have considered offering a separate bill on the minimum wage, possibly by pairing it with small-business tax incentives to offset the extra labor costs. Republican moderates are particularly eager to vote on a wage increase. But action is unlikely until at least September, when the House will be in session for four weeks, before adjourning Sept. 29, at least until after the election.

In the Senate, there is bipartisan pressure to increase funding for popular social programs. In fact, the bill's Republican author, Sen. Arlen Specter (Pa.), is one of its most outspoken critics, for shortchanging job training programs, disease research and Pell grants, which have not increased in five years, despite soaring college costs. Specter said his bill represents "the disintegration of the appropriate federal role in health, education and worker safety."

At $142.8 billion, the health-education-labor package is $5 billion over Bush's $137.8 billion request, but $2 billion short of the funding level that Specter sought and that the Senate endorsed in a vote earlier this year.

Sen. Tom Harkin (D-Iowa), the ranking Democrat on Specter's subcommittee, noted that funding for Bush's No Child Left Behind education initiative falls about $15 billion short of the level that was promised when Congress approved it. "That says why so many people are upset with No Child Left Behind around the country," Harkin said. When the bill finally does advance, he added, "we're going to try our best" to fill the numerous spending gaps.

One of the few changes to the bill the committee approved would encourage the Department of Education to support a campaign to teach the national anthem to schoolchildren, which features the Oak Ridge Boys as "official musical ambassadors."

The Senate panel also approved a $69 billion package for the transportation, housing and Treasury departments that would provide $1.4 billion for Amtrak, or about $500 million more than what the White House proposed. Another flashpoint is public housing funding, which has remained mostly flat in recent years. The Senate bill would provide the Department of Housing and Urban Development with $36.6 billion, an increase of $2.5 billion from Bush's budget request.

One amendment the committee accepted would block the administration from implementing a rule giving foreign investors a bigger role in U.S. airlines, in accordance with a European Union aviation agreement. The rule is set to take effect Oct. 1 -- well before final action is expected on the transportation bill, meaning its opponents may have to find a quicker-moving vehicle.

The Senate committee also approved a defense spending bill that would provide $453.5 billion in new discretionary spending authority, including $50 billion in additional funding for operations related to the war on terrorism. The committee bill recommended about $9 billion below Bush's fiscal 2007 request of $462.6 billion.

The defense bill is one of the few spending measures that the Senate hopes to push through before the election. For now, leadership plans to bring it to the floor July 31, the final week before the August recess. But Democrats have warned that they intend to offer numerous amendments to the bill, many of them related to the Iraq war. A senior Senate GOP aide said last night that floor consideration could be put off until September, depending on the length and volatility of the Democratic list.

Finally, the Senate committee approved fiscal 2007 funding for military construction and veterans affairs. The bill totaled $81 billion, slightly less than the $81.7 billion number Bush requested, and about $5 billion more than the fiscal 2006 level.

Oman Trade Pact Passes House In A Close Vote (WSJ)

By Greg Hitt

The Wall Street Journal, July 21, 2006

WASHINGTON -- The House of Representatives approved a trade agreement with Oman, setting aside some lawmakers' concerns that a pact with the Persian Gulf state might threaten security at U.S. ports.

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Passage of the deal on a 221-205 roll call offered a vote of confidence for an important plank in President Bush's trade agenda. After the Sept. 11, 2001, terror attacks, Mr. Bush has made a priority of establishing closer economic ties with nations in the Middle East, to foster political alliances and ease hostility toward the U.S. Washington has completed deals with Morocco and Bahrain, adding to trade agreements previously negotiated with Jordan and Israel. Talks are under way on a potential pact with the United Arab Emirates.

With a population of three million, Oman accounts for less than 0.5% of all U.S. trade in goods, U.S. officials said. The deal is expected to create opportunities for Omani textile producers and U.S. insurers and banks, among others.

Supporters of the Oman deal portrayed the sultanate as an ally in the U.S.-led war on terror. Secretary of State Condoleezza Rice and White House National Security Adviser Stephen Hadley joined the administration's lobbying campaign, stressing the importance of the deal, which was approved by the Senate last month.

Yet the vote on the Oman pact was close, illustrating unease among lawmakers of both parties about trade liberalization. Concern about Oman's labor-rights protections, as well as the deal's potential for increasing competition for U.S. textile producers, added to opposition yesterday. Ultimately, 28 Republicans joined 176 Democrats and one Independent against the deal, while 22 Democrats joined 199 Republicans in support.

The strongest criticism came from lawmakers anxious about a provision in the deal that grants Oman the right to manage port operations in the U.S. Under the agreement, Oman has the right to seek compensation before an international tribunal if the U.S. fails to honor those rights. In debate that harked back to the Dubai ports controversy, critics suggested the Oman deal could put the nation's security at risk, and questioned the wisdom of entering into such a commitment with an Arab nation, even one friendly to the U.S.

"Do you really think terrorists couldn't take advantage of this provision?" said Rep. Michael Michaud (D., Maine). "They know how the system works. They are strategic in their plotting."

Earlier this year, a company owned by the government of Dubai, a Persian Gulf emirate that is part of the U.A.E., was forced to back away from plans to run commercial operations at several U.S. ports, amid an outcry on Capitol Hill.

The Bush administration and its House allies said similar commitments on port operations were part of other recently approved trade deals, and emphasized that nothing in the agreements weakens existing U.S. authority to block potential deals for national-security reasons.

Peru Trade Accord Passed By U.S. House Committee In "Mock" Vote (BLOOM)

By Mark Drajem

Bloomberg, July 21, 2006

July 20 (Bloomberg) -- A trade agreement between the U.S. and Peru was approved by a House committee in a procedure designed to measure support for the accord before it is formally submitted for consideration.

The House Ways and Means Committee approved the measure 23- 13 during a ``mock markup." All the Democrats except one, John Tanner of Tennessee, opposed the measure. The committee also voted down amendments offered by Democrats intended to change provisions over labor rights, port security and environmental standards.

The ``mock" review of the measure allows lawmakers to offer amendments for the administration to consider before the agreement is formally submitted. Once introduced, House rules require lawmakers to approve or reject the agreement without amendments.

A U.S.-Peruvian agreement to end trade tariffs between the two nations would boost U.S. exports by $1.1 billion a year, led by sales of chemicals, machinery and wheat, an analysis by an independent government agency found last month.

The Bush administration and the government of Peruvian President Alejandro Toledo signed the agreement in April just weeks before an election to replace Toledo, who is stepping down by mandate in July. Peru's Congress has already approved the agreement.

Partner

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The U.S. is already Peru's largest trading partner, accounting for more than one-third of Peru's $17 billion in exports last year. The measure that allows Peru's goods to enter the U.S. duty free expires at the end of this year, and the free- trade agreement is crucial for keeping open markets for Peruvian metals, flowers, apparel and other goods.

The Senate Finance Committee is likely to engage in a similar procedure next week. Still, because of the delay in considering the agreement, the full Congress won't approve Peru before its August recess, committee chairman Bill Thomas said today.

And if it's not done before August, the deal won't get a vote before November, the committee's top Democrat, Charles Rangel, predicted. ``It's impossible, there just isn't enough time,'' he said earlier today.

Parent-notification Bill Pushed In Senate (WT)

By Amy Fagan

The Washington Times, July 21, 2006

Senate Republicans are pushing forward with legislation, which lawmakers likely will start debating today, that would protect parents' right to be involved in their teenage daughter's abortion decision.

Republican leaders hope to vote on the bill next week. They're trying to work out an agreement with Democrats on how long debate will last and how many amendments Democrats will be able to offer.

The last time the emotionally charged issue came before the Senate, in 1998, the bill failed to garner 60 votes needed to overcome a filibuster, and failed 54-45.

The legislation, which would make it a crime to knowingly skirt a state's parental consent or notification law by taking a pregnant minor to another state to obtain an abortion, is putting Democrats in a tight spot, as evidenced by Senate Minority Leader Harry Reid's comments yesterday.

On one hand, Mr. Reid said that the bill is important and that Democrats want to debate it, not stall it. But he also said that there are much more important issues the Senate should be considering and that it's "too bad" Republicans are taking time out for the bill.

"We have two weeks left," said the Nevada Democrat, referring to the start of the chamber's summer recess. "As important as people feel this issue is, how does it compare with what's going on in Iraq, how does it compare with people trying to pay for gas prices?"

Republicans and Democrats continue to negotiate. Among the amendments Democrats want to offer is one that would exempt clergy from prosecution under the bill.

The Republican push for the bill comes as part of a long line of recent House and Senate votes on contentious social issues that excite their base in the run-up to the election -- such as same-sex "marriage," flag burning and the Pledge of Allegiance.

This bill would make it a federal crime to knowingly circumvent a state's parental consent or notification law by taking an underage girl to another, more lenient state to help her obtain an abortion. Violators would face fines and up to one year in prison, unless the abortion was needed to save the girl's life. The girl couldn't be prosecuted.

Republicans said the legislation, which was approved by the House last year, is straightforward and widely supported.

"The Child Custody Protection Act would uphold the wishes of the vast majority of Americans who believe parents have the right to be involved in such a serious decision in their child's life," said Senate Majority Leader Bill Frist, Tennessee Republican.

Democrats said it's a clear attempt to score more points with the Republican base and to provide cover for the 19 Republicans who just days ago voted for a highly contentious bill to expand federal funding of embryonic-stem-cell research.

"It's obvious -- this is a makeup vote for pro-life Republicans who voted for stem cells," said Sen. Richard J. Durbin, Illinois Democrat and minority whip.

Civil Service, Military Raises Moved Along Separate Tracks (WP)

By Stephen Barr

The Washington Post, July 21, 2006

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The Senate Appropriations Committee signed off yesterday on a 2.7 percent pay raise for the civil service for next year, but a key senator cautioned that the proposal might be adjusted to 2.2 percent if Congress decides that is the appropriate increase for the military.

In most years, Congress provides annual raises of an equal size to the civil service and the military. But the raises have moved on separate tracks this year, with House and Senate defense appropriators proposing a 2.2 percent raise for the armed forces and the House and Senate appropriators with the transportation and Treasury subcommittee recommending a 2.7 percent raise for the civil service.

Sen. Christopher S. Bond (R-Mo.), manager of the Senate bill with the civil service raise, told colleagues that, given the difference with the proposed military raise, senators might be asked to "bring civilian pay down to that level."

The pay raise will probably be decided in closed-door negotiations or through an amendment when the fiscal 2007 spending bill for the Defense Department comes to the Senate floor, congressional aides suggested. Although no schedule for floor action has been set, lawmakers usually prefer to act on defense and homeland security bills before other funding priorities.

President Bush called for a 2.2 percent raise for both groups in his 2007 budget plan. This year, federal employees received an average 3.1 percent raise.

The Office of Management and Budget has said that a 2.2 percent raise would continue to allow the government to meet its recruitment and staffing needs and that a higher raise would divert money from critical programs.

But federal unions have lobbied for a higher raise, saying "fair pay" will make the government more competitive in recruiting as baby boomers retire. Federal projections show that agencies could lose 61,000 full-time workers in fiscal 2008, with retirements running at similar levels through 2010.

In dealing with workforce compensation, Congress has followed a policy known as "pay parity" when providing raises to the civil service and the military, in part to recognize that both groups, as Sen. Barbara A. Mikulski (D-Md.) said yesterday, often work "side by side in defense of our nation's homeland security."

But it's clear this year's bills were not crafted side by side.

The House in May approved a 2.7 percent military raise as part of the fiscal 2007 defense authorization bill, then in June approved a 2.2 percent military raise in a defense appropriations bill. The Senate has approved 2.2 percent raises in both bills.

The House, meanwhile, approved a 2.7 percent civil service raise in June, and the Senate Appropriations Committee also adopted the proposal yesterday in its version of the transportation-Treasury bill.

Colleen M. Kelley , president of the National Treasury Employees Union, expressed confidence that lawmakers would rally around a 2.7 percent parity raise. "I fully expect that Congress will recognize the contributions of our military personnel and take the necessary steps to provide them with a 2.7 percent pay raise," she said.

The transportation-Treasury bill approved by the Senate committee contained some good news for the Office of Personnel Management.

The bill would provide $26.7 million for the agency's initiative to replace a paper-based system for processing federal retirement claims with an automated system that would more quickly calculate accurate pension benefits.

The House had not included any funding for the project, which Linda M. Springer , the OPM director, has called essential to modernizing agency operations.

A decision on whether to finance the new technology will probably be left to House and Senate negotiators later this year.Talk Shows

Tammy Flanagan , a federal retirement and benefits expert, will be the guest on "FEDtalk" at 11 a.m. today on http://federalradionews.com and WFED radio (1050 AM).

Van Zeck , commissioner of the public debt, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Stephen Barr's e-mail address isbarrs@washpost.com.

Googling The Feds (LAT)

The Los Angeles Times, July 21, 2006

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THE PUGNACIOUS, PORK-BUSTING Sen. Tom Coburn (R-Okla.) has been working to combat government waste for years. Now he's leading the charge on a bill that would mandate "full disclosure of all entities and organizations receiving federal funds" on the Web. It's a great idea.

Information about federal funding is already publicly accessible — but only if you have the brainpower and computing capacity to merge and navigate huge amounts of information. Coburn's new database would let regular folks go to a box on a website, type in an obvious keyword or phrase such as "Sierra Club" or "Boeing" or "Sacramento levee," then get a full record, stretching back 10 years, of how much federal money went to an entity, cause or project, and for exactly what purpose. "Basically, it'll let you Google the federal government," one Coburn aide said.

It's hard to find fault with legislation that promotes such transparency — and it's no surprise that there are enthusiasts on both sides of the aisle, including co-sponsors Sens. Barack Obama (D-Ill.), Thomas R. Carper (D-Del.) and John McCain (R-Ariz.). A refreshingly motley combination of interest groups, including Greenpeace, the Heritage Foundation, the Family Research Council and the National Gay and Lesbian Task Force, are also onboard.

The bill's primary detractors? Those on Capitol Hill who think that companies that receive government contracts should be exempt from scrutiny, as they would be if the unanimously passed House version of the legislation became law. According to the New York Times, a sponsor of the House bill, Rep. Thomas M. Davis III (R-Va.), explained that grants "are more susceptible to abuse" than contracts, which "are awarded in a much more competitive environment." Any self-respecting budget hawk should scoff at such talk — especially from a legislator whose district is home to many government contractors.

Coburn's subcommittee held a hearing on the idea Tuesday, and his office has said it expects the full Homeland Security and Governmental Affairs Committee to consider the legislation and introduce it on the floor before the August recess. The Senate should pass this bill, combine it with the House version in a way that keeps corporations on the hook, and get it to the president for his signature as soon as possible.

Fiscal conservatives like Coburn hope the new database will hasten the demise of pork-barrel politics. Some progressives have said they also hope it will shed light on all the good work that government does. Either outcome — or, dare we dream, both — would be big wins for participatory democracy.

Farm Harm (WP)

The Washington Post, July 21, 2006

A QUESTION raised by The Post's recent reports on farm subsidies is this: Why does the nation tolerate this waste? As reporters Gilbert M. Gaul, Dan Morgan and Sarah Cohen explain, the federal government paid out $1.6 million in earthquake compensation to Washington state farmers who hadn't suffered earthquake damage. It foisted $39 million in storm compensation on bewildered Wisconsin farmers who were unaware that they'd suffered any loss. And it gave $400 million worth of powdered milk, which it had bought to support milk prices, to supposedly drought-stricken ranchers -- only to find that ranchers and middlemen sold the milk back onto the world market, driving milk prices down again while clearing a fast profit.

This theater of the absurd reflects more than government incompetence. The Livestock Compensation Program, the subject of the Post article on Tuesday, was the result of careful political judgment. It was created by the Bush administration in 2002 to boost John Thune, the Republican Senate candidate in South Dakota. The White House calculation was that Mr. Thune would pick up crucial votes from his state's ranchers if he was seen to have delivered federal pork. The flip side of the calculation was that the president would not pay an electoral price for throwing millions of dollars out the window.

Campaigners against farm subsidies have spent years grappling with this logic. It's long been clear that the lion's share of the $20 billion-plus in annual farm payments has gone to rich farmers who don't need the cash; that the payments promote environmental damage; and that they harm farmers in poor countries. But even with the most cynical view of politics, in which you assume that these substantive problems with farm programs don't count, there's still something of a mystery. Sure, the farmers who pocket the cash will vote for whoever provides it. But farmers are a tiny minority of the electorate. Why doesn't the majority, which pays for all this waste, rise up in revolt against the sheer gluttony of it?

The answer is that the taxpaying majority doesn't care, not least because it is oblivious. But maybe there is hope. In the era of online political organization and Internet search, information on pork-peddling scandals ought to spread faster and more

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widely. On Tuesday Sen. Tom Coburn (R-Okla.) held hearings on a bill to create a database of government spending and contracts that would make it easy to look up how much federal money flows to particular companies or nonprofits. The bill's bipartisan backers are hoping for quick passage, and they rightly point out that the only ground for opposing their idea is a desire to keep corrupt payments secret. It will be interesting to see whether any senator has the nerve to block the bill -- and whether leaders in the House, who want to exclude information on government contracts, are shameless enough to argue that taxpayers should be kept in the dark.

OTHER NEWS:

Fed Chief Is Optimistic On Housing (NYT/AP)

The New York Times, July 21, 2006

WASHINGTON (AP) -- Surging energy prices are acting like a double whammy on the country's economy, crimping growth even as they push up inflation, Federal Reserve Chairman Ben Bernanke said Thursday.

"The increase in energy prices is clearly making the economy worse off both in terms of real activity and in terms of inflation. There is no question about it," Bernanke told the House Financial Services Committee.

Although Fed policymakers at their June meeting were concerned about higher energy prices and the risk of inflation spreading through the economy, they also seemed hopeful that moderating economic activity could help ease inflation pressures down the road, according to minutes of that closed-door meeting released Thursday.

Oil prices, which set record closing high of $77.03 a barrel last Friday, have retreated and are now hovering above $73 a barrel. If oil prices were to rise an additional $10 or $15 a barrel, there would be "significant consequences" for the economy, the Fed chairman added.

The economy, which grew in the first quarter of this year at a 5.6 percent pace, the fastest in 2 1/2 years, is expected to slow to a pace of around 3 percent or less in the second half of the year, according to private economists' projections.

Lofty energy prices, a cooling housing market and less consumer appetite for spending are figuring prominently in the forecast for slower overall economic activity.

The rise in "core" inflation, which excludes energy and food prices, "seems to be a broad-based phenomenon, so we don't think it is a statistical illusion," Bernanke told the panel. Fed policymakers focus on the core measure to get a better sense of how other prices are acting.

For the first six months of this year, core prices rose at an annual rate of 3.2 percent -- far outpacing the 2.2 percent rise for all of 2005.

Even though Fed policymakers at the June 28-29 meeting expressed concern about higher readings on core inflation, they thought the phenomenon was more likely to be temporary rather than persistent, the minutes said. "Inflation was seen by most participants as likely to edge down," according to the minutes.

Striking a similar chord in an appearance Wednesday before the Senate Banking Committee, Bernanke raised hopes that a respite from two years of interest rate pain may be in sight, a notion that sent stocks soaring.

To fend off inflation, the Fed has boosted interest rates 17 times since June 2004, with the most recent increase coming at the June meeting.

"All eyes are on you ... as we reach a critical point in monetary policy," Rep. Carolyn Maloney, D-N.Y., told Bernanke at the House hearing. After 17 rate hikes, "people are naturally wondering: When is it going to stop?"

Bernanke didn't say.

The Fed's next meeting is Aug. 8, and hopes are rising among investors that the Fed might take a break in credit-tightening campaign then to assess economic activity. Some economists believe another rate increase will come at the August meeting, but the Fed will move to the sidelines for a while after that.

"With the economy slowing and some of the effects of past tightening still in the pipeline, members recognized the value of accumulating more information for determining what, if any, additional policy action would be needed," the Fed minutes said.

In other matters, Bernanke, at the House hearing:

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--Observed that the once high-flying housing market appears to be experiencing a safe landing. "The downturn in the housing market so far appears to be orderly," he said.

--Declared that the massive holdings of mortgage giants Fannie Mae and Freddie Mac "present a systemic risk" to the U.S. financial system. He previously has urged Congress to restrict their holdings.

--Expected U.S. workers' inflation-adjusted wages to rise in the coming quarters without necessarily causing an inflation problem. Last year, most workers' paychecks trailed inflation, putting a strain on some families budgets.

--Said he believed that market discipline -- rather than new regulation -- is the best way to police the activities of hedge funds.

Mortgage Rates Rose In Week (WSJ)

The Wall Street Journal, July 21, 2006

NEW YORK -- Home mortgage rates rose during the past week, with the 30-year fixed-rate mortgage reaching its highest level since May 2002, said housing finance agency Freddie Mac.

Among common mortgage rates:

The average for 30-year fixed mortgage rates for the week ended yesterday was 6.80%, up from 6.74% a week earlier, Freddie Mac said in its weekly primary mortgage market survey. A year ago, the rate averaged 5.73%. The last time the 30-year fixed rate was higher than the past week was the week ended May 24, 2002, when it averaged 6.81%.

The average for 15-year fixed-rate mortgages the past week was 6.41%, up from 6.37% a week ago and the year-ago 5.32%.

Five-year Treasury-indexed hybrid adjustable-rate mortgages were 6.36%, up from 6.33% a week ago and the year-ago 5.26%.

The average rate for one-year Treasury-indexed ARMs was 5.80%, up from 5.75% a week ago and the year-ago 4.42%.

"Financial markets were a bit jittery after core consumer-price index figures for June were released that indicated that inflation might still be a potential threat" and that the Federal Reserve would keep raising rates, pushing mortgage rates higher, said Frank Nothaft, Freddie Mac vice president and chief economist. But he noted that Fed Chief Ben Bernanke, in his semiannual speech to Congress, hinted that another rise in overnight lending rates might not be imminent, and that should result in lower mortgage rates over the next week.

Fed May Have Boosted Rates In Part To Satisfy Expectations (WSJ)

By Greg Ip

The Wall Street Journal, July 21, 2006

WASHINGTON -- Federal Reserve policy makers raised interest rates last month in part because markets expected them to do so, and they figured failure to act might hurt their credibility as inflation fighters, minutes of the meeting suggest.

The minutes were released on the second of two days of congressional testimony on monetary policy by Fed Chairman Ben Bernanke. Mr. Bernanke repeated his main themes of the previous day: Inflation is at a troubling level but should decline as the economy slows and energy prices stabilize.

Thursday, markets lowered to 47%, from 62% Wednesday, the odds the Fed would raise short-term interest rates, now at 5.25%, to 5.5% at its next meeting Aug. 8.

Policy makers boosted their target for short-term rates in June because of a "deterioration in the inflation outlook," the minutes say. But they also acted to "preserve the decline in inflation expectations" of preceding weeks, which "appeared to be conditioned" on expectations of higher rates.

Fed officials typically attribute rate actions to economic and inflation developments, not to market expectations. The disclosure in the minutes, released after the customary three-week delay, suggests that based on their economic forecast alone, the decision to raise rates would have been a closer call.

It also suggests that if markets don't show concern about inflation, the Fed will have more latitude to keep rates steady at its Aug. 8 meeting, said economist Laurence Meyer of forecasting firm Macroeconomic Advisers.

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Expectations of higher inflation can become self-fulfilling through the public's price- and wage-setting behavior, and thus makes the Fed more inclined to tighten monetary policy.

In April Mr. Bernanke testified that even if inflation pressures persisted, the Fed might pause in its rate increases at an upcoming meeting, though that didn't necessarily mean a halt. Expected inflation, as measured by inflation-protected bonds and public surveys, subsequently began to rise.

Fed officials responded by expressing strong concern about inflation developments in speeches and comments to the media. That tough talk prompted the markets to price in further increases in interest rates. At the same time, inflation expectations declined. Fed officials concluded that leaving rates unchanged risked a rebound in expectations.

The minutes suggest Fed officials' views on inflation were more sanguine than their tough talk implied. "Contained inflation expectations, the abatement of upward pressure from past increases in energy and other commodity prices, and the slowing in the growth of economic activity that was under way were expected to contribute to a moderation in core inflation in coming quarters," the minutes say.

According to the minutes, one unidentified member of the Fed's policy-setting Federal Open Market Committee said a rate increase was a "close call." As for future increases, "with the economy slowing and some of the effects of past tightening still in the pipeline, members recognized the value of accumulating more information for determining what, if any, additional" moves would be needed.

In contrast to April, Mr. Bernanke's testimony this week hasn't triggered any apparent concern about inflation in the bond market.

The Fed also announced that its October meeting would be lengthened to two days and its September and December meetings might be longer than usual to allow for more time to discuss communications issue. That isn't expected to change the usual 2:15 p.m. Eastern time release time of the Fed's policy statement. Next year, the Fed said four of its eight meetings would last two days. Previously it held two-day meetings only twice a year.

Separately, the Conference Board, a business-research group, said its index of leading economic indicators, designed to predict economic growth over the next three to six months, rose 0.1% in June from May, after declining the previous two months.

Also, the Labor Department said initial claims for unemployment insurance decreased by 30,000 last week to 304,000. Though the decline was greater than economists expected, some attributed it to fluctuations related to annual auto-factory shutdowns.

Stocks Lose Steam As Dow Falls 83.32, And Fed Minutes Fuel Economic Jitters (WSJ)

By E.S. Browning

The Wall Street Journal, July 21, 2006

The Dow Jones Industrial Average gave back more than one-third of Wednesday's 212-point surge, as investors began biting their nails again over the economic outlook.

Blue chips fell after minutes of the Federal Reserve's June interest-rate meeting showed policy makers expressing "significant uncertainty" about the direction of interest rates. The Dow fell 83.32 points, or 0.76%, to finish at 10928.10. It is ahead 2.5% this year, but down 6% since the six-year high of 11642.65 on May 10.

The Nasdaq Composite Index gave up all Wednesday's gains and more, declining 1.98%, or 41.29 points, to 2039.42, down 7.5% for the year. The Standard & Poor's 500-stock index reversed almost half the prior day's advance, falling 0.85%, or 10.68 points, to 1249.13. It is virtually unchanged for 2006.

The Dow had recorded its second-strongest gain of the year Wednesday, after Fed Chairman Ben Bernanke's Senate testimony in which he indicated he expects inflation to moderate, permitting the Fed to stop raising interest rates. The June policy-meeting minutes reminded investors the timetable for an end to rate rises is uncertain.

The bond market continued to bet on an end to rate increases, sending bond prices higher and pushing the yield of the 10-year Treasury note back to 5.026%. It was at 5.25% on June 28.

Some investors had been waiting for stock prices to go up so they could sell, said Robert Harrington, head of U.S. stock trading at UBS's U.S. brokerage firm. "There is a feeling that there is going to be a slowdown later in the year, because of the

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increase in rates," he said. Some investors shifted toward stocks of larger companies, which would hold up better in an uncertain economy, he added, and small stocks fell harder than big ones.

The 20-stock Dow Jones Transportation Average, whose railroads, trucking companies, delivery companies and airlines are sensitive to economic vagaries, suffered its sharpest one-day percentage decline since 2002, falling 4.36% to 4490.28, still up 7% this year.

A measure of leading indicators, things like equipment orders that foreshadow economic growth, was weaker than expected for June, and a measure of manufacturing activity in the Philadelphia region was softer than expected.

Outside the U.S., stocks gained in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 1.54%, or 3.14 points, to 207.08.

In major U.S. market action:

Stocks fell. Total trading volume for stocks listed on the New York Stock Exchange was 2.53 billion shares, as 1,065 stocks rose and 2,249 fell.

Bond prices gained. The 10-year Treasury note rose 9/32, or $2.81 for each $1,000 invested. The 30-year bond was up 13/32 to yield 5.078%.

The dollar was mixed, rising to 116.93 yen, from 116.84; the euro rose to $1.2633 from $1.2600.

Wall St Down On Earnings Disappointments (FT)

By John O'doherty In New York

Financial Times, July 21, 2006

Wall Street dipped lower on Thursday as patchy earnings reports deflated a strong rally from the previous day that had given the Dow Jones Industrial Average its second best one-day gain since April 2003.

Apple Computer stood out with a gain of 11.8 per cent to $60.50 following the release of quarterly earnings late on Wednesday. Profits rose 48 per cent in the second quarter, bolstered by a rebound in sales of Macintosh computers and continued strong sales of iPod music players. The stock is still down 15.8 per cent for the year.

But Intel reported a 57 per cent drop in second- quarter profit on the back of falling chip prices. The company's chief financial officer said sales for 2006 would probably fall below an estimate given in April, pushing shares down 7.5 per cent to $17.10 – 32 per cent lower for the year. Microsoft, which reported earnings after the close, fell 2.4 per cent to $22.85.

In points terms, Microsoft's losses broadly cancelled out Apple's gains, leaving Intel to drag the Nasdaq Composite lower.

Motorola surged 7 per cent to $20.60 after it beat Wall Street estimates with a 48 per cent jump in second- quarter earnings thanks to record sales of handsets.

At the close, the Nasdaq Composite was down 2 per cent, or 41.29 points, at 2,039.42, its worst day in more than a month.

The S&P 500 was down 0.9 per cent, or 10.68 points, at 1,249.13, while the Dow Jones Industrial Average was down 0.8 per cent, or 83.32 points, at 10,928.10.

"It's a mixed earnings picture," said Chris Johnson, director of quantitative analysis at Schaeffer's Investment Research, who believes technical factors are at play.

"We're butting our heads against the 50-day moving average [for the S&P 500]. The majority of 50-day moving averages are trending down, which tends to add more to the resistance."

Supermarket chain Safeway reported an 84 per cent gain in second-quarter profit and raised its outlook for the rest of the year. Its shares gained 8.8 per cent to $27.92.

Pfizer added 1.8 per cent to $23.71 after it reported a 10 per cent rise in quarterly profits from continuing operations. Another healthcare company, Baxter International, gained 4.5 per cent to $40.33, its highest level since September, in spite of reporting a 5 per cent drop in quarterly profit. Investors' spirits were lifted after the company raised its profit outlook for 2006.

Johnson Controls, maker of climate-control systems, shed 12.3 per cent to $71.30 after it reported higher second-quarter earnings, in line with expectations. Investors were worried when the company cut its full-year earnings forecast.

Exchanges were boosted by better than expected results. CBOT Holdings added 4.9 per cent to $121.12 as second quarter profits more than doubled.

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As Oil Rises, Will Economy Finally Fall? (NYT)

By Floyd Norris

The New York Times, July 21, 2006

WHEN oil almost hit $40 a barrel in 2003, there was talk that the rising cost of gasoline would slow the American economy. The talk returned when oil topped $50 in 2004 and $60 last year. But the economy kept on growing at a good clip.

Now, with oil above $70, some seem to think the logic was simply wrong, and that the new American economy is impervious to oil.

A differing interpretation, with the same conclusion, was that oil shocks matter only if they come from supply cutbacks, not from added demand. Just why the reason for higher prices should matter to consumers was not clear, but it provided comfort, as did assertions that oil prices are far higher than they "should" be, driven up by speculators and sure to fall some day.

If you believe all that, you can forget about the bad old days when troubles in the Middle East led to soaring oil prices that produced recessions and led Jimmy Carter to don a cardigan while calling for conservation. Calls for saving oil now are halfhearted at best, particularly since the already reeling American automakers would be even worse off if consumers abandoned sport utility vehicles. Highway speed limits, cut to 55 miles an hour then to save oil, are now being raised in some states.

Certainly the economy is less dependent on oil than it was 30 years ago. It is more of a service economy, and the strides in fuel efficiency made in the 1980's have endured to some degree. Even now, energy spending does not take nearly as large a share of consumers' budgets as it did after the first oil shock.

Oil is, however, a product that may have more than one market equilibrium price, simply because price changes do not affect demand or supply very much in the short term. In 1973, an oil embargo brought on by the Arab defeat in the Yom Kippur War suddenly showed that oil producers could charge a lot more than they had been receiving. The ratcheting up of prices since 2003 — without recession — has shown the same thing.

That means oil prices are not likely to plunge, at least until something is done to restrain demand significantly. That something could be an economic slowdown, in the West or in Asia, or it could be new technologies that cut energy use.

The markets have largely accepted that. On the day in 2004 that oil first hit $50, the futures market expected prices to be down more than 20 percent within two years. Now, it thinks prices will rise a little over the next two years.

One factor that kept the American economy rolling despite rising oil prices was the willingness of consumers to stop saving and to use money from rising home values to support consumption.

Now it appears that housing is sinking. New-home starts are down, but still much higher than you would expect from looking at either home builder stock prices — down 40 percent in a year — or the index of sentiment maintained by the National Association of Home Builders.

That index is down 45 percent in a year, and is at its lowest level since 1991. In the Northeast, where markets were among the most overheated, the drop has been even sharper. That the economy is slowing is getting clearer. Paul Kasriel of Northern Trust notes that retail sales in the second quarter, adjusted for inflation, fell more than in any quarter since 1991.

Even the Federal Reserve may be growing worried. Its chairman, Ben S. Bernanke, told the Senate on Wednesday that he thought a slowing economy might enable inflation to cool without more tightening. That sent the stock market soaring, although a slowing economy is hardly what investors want.

But want it or not, we may get it. The impact of the housing slowdown is likely to be greater than in the past because of the strange mortgages — some without principal payments and some with negative amortization, meaning the amount owed grows every month — that financed the boom. If interest rates rise and prices fall, some borrowers could find they owe more than the house is worth at a time when the required mortgage payment is set to increase. In this cycle, the economy became far more dependent on a strong housing market than ever before. If people can't take more money out of their homes, and must pay more for gas, they may have no choice but to buy less of everything else.

And those who said high oil prices would hurt the economy would turn out to have been right, even if their timing was wrong.

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Institute Cites Medication Errors, Suggests Changes To Cut Injuries (WSJ)

By Shirley S. Wang

The Wall Street Journal, July 21, 2006

Medication errors serious enough to cause injury occur 1.5 million times a year in the U.S., according to a report released by the Institute of Medicine of the National Academies.

The report makes ambitious recommendations for reducing the rate of errors, with U.S. agencies taking the lead, and recommends deadlines. It calls for $100 million in research to determine the best and most cost-effective measures.

A previous report from the IOM, which in 1999 estimated that medical errors of all types were responsible for as many as 98,000 deaths a year, spurred the government to pour $50 million into patient-safety initiatives and invigorated efforts among health-care providers and insurers to reduce errors. Hospitals are working on a number of initiatives, including the use of electronic order-entry systems.

The report recommends that all health-care providers use an electronic system to prescribe drugs by 2010. "Large hospitals are pretty much invested in moving in that direction," J. Lyle Bootman, dean at the University of Arizona College of Pharmacy said, though other medical settings, such as long-term-care facilities, may need more help with implementation. Dr. Bootman was co-chairman of the Committee on Identifying and Preventing Medication Errors, which drafted the IOM report.

The report also found that confusing drug labels and packaging are responsible for one-quarter to one-third of medication errors, including 30% of all medication-error deaths. The report urged the Food and Drug Administration and the federal Agency for Healthcare Research and Quality to work with industry to address problems by the end of 2007 and possibly standardize drug names and labels.

The report recommended that the National Library of Medicine create a centralized online database on drugs to help consumers. The NLM should also spearhead an initiative with the FDA and Centers for Medicare and Medicaid Services to consider a nationwide telephone hot line for people who can't read printed materials.

Report Finds A Heavy Toll From Medication Errors (NYT)

By Gardiner Harris

The New York Times, July 21, 2006

WASHINGTON, July 20 — Medication errors harm 1.5 million people and kill several thousand each year in the United States, costing the nation at least $3.5 billion annually, the Institute of Medicine concluded in a report released on Thursday.

Drug errors are so widespread that hospital patients should expect to suffer one every day they remain hospitalized, although error rates vary by hospital and most do not lead to injury, the report concluded.

The report, “Preventing Medication Errors,” cited the death of Betsy Lehman, a 39-year-old mother of two and a health reporter for The Boston Globe, as a classic fatal drug mix-up. Ms. Lehman died in 1993 after a doctor mistakenly gave her four times the appropriate dose of a toxic drug to treat her breast cancer.

Recommendations to correct these problems include systemic changes like electronic prescribing and tips for consumers like advising patients to carry complete listings of their prescriptions to every doctor’s visit, the report said.

“The incidence of medication errors was surprising even to us,” said J. Lyle Bootman, dean of the University of Arizona College of Pharmacy. “The solutions are complex and far-reaching and will present challenges.”

The report is the fourth in a series done by the institute, the nation’s most prestigious medical advisory organization, that has called attention to the enormous health and financial burdens brought about by medical errors.

The first report, “To Err Is Human,” was released in 1999 and caused a sensation when it estimated that medical errors of all sorts led to as many as 98,000 deaths each year — more than was caused by highway accidents and breast cancer combined.

After the first report, health officials and hospital groups pledged reforms, but many of the most important efforts have been slow to take hold.

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Drug computer-entry systems, which are supposed to ensure that hospital patients get the right drugs at the right dose, are used in just 6 percent of the nation's hospitals, said Charles B. Inlander, president of the People's Medical Society, a consumer advocacy group, and an author of the report released Thursday.

Electronic medical records can help ensure that patients do not receive toxic drug combinations. The 1999 report urged widespread adoption of these systems. Thursday's report called for all prescriptions to be written electronically by 2010.

Just 3 percent of hospitals have electronic patient records, said Henri Manasse, chief executive of the American Society of Health-System Pharmacists. Few doctors prescribe drugs electronically.

Even simple medication safety recommendations — block printing on hand-written prescription forms — are widely ignored.

Arthur Levin, director of the Center for Medical Consumers and an author of the 1999 report, said that just about everyone in the health system was to blame. "This country has not taken seriously the alarms we sounded in 1999," Mr. Levin said. "Why?"

Health organizations defended their efforts.

Alicia Mitchell, a spokeswoman for the American Hospital Association, said that since 1999 hospitals had "actively engaged in looking at using information technology to improve patient safety."

A recent poll by the association of its members found that 92 percent intended to adopt electronic patient records, Ms. Mitchell said. But such systems are complicated and need to be built gradually, she said.

Thursday's report urged the Food and Drug Administration to improve and standardize the drug information leaflets given consumers. It noted that confusing information on drug labels was an important cause of medication errors.

On Tuesday, the drug agency finished a years-long process by issuing voluntary guidelines to reform consumer drug information leaflets, said Dr. Scott Gottlieb, the agency's deputy commissioner. Many of these leaflets are not regulated by the F.D.A.

And on June 30, the agency completed a lengthy effort to clarify and standardize information on drug labels. The new labels could prevent nearly 300,000 medication errors each year and will make electronic prescribing efforts far easier to carry out, Dr. Gottlieb said.

Thursday's report said that the common practice whereby drug companies provided free drug samples to doctors should be discouraged because such samples were poorly controlled. It urged drug makers to package more pills in individual packages. And it criticized drug makers as failing to disclose the results of all clinical trials involving their drugs.

Alan Goldhammer, a spokesman for the Pharmaceutical Research and Manufacturers of America, a drug industry trade group, said he differed with some of the report's conclusions but concurred with the broad goals of increasing the use of information technology to reduce medication errors.

"Everybody is working on that right now," he said.

Thursday's report said that in any given week, four out of five adults in the United States took at least one medication. A third take at least five different medications. As the use of medications has soared, so, too have medication errors, Dr. Manasse said.

Effective strategies to prevent such errors have, however, been known for years, Mr. Inlander said.

"This is not rocket science," Mr. Inlander said. "It's simple. The key is having the will to make these changes in an organized and uniform way. And it's not that expensive."

Medication Errors Harming Millions, Report Says (WP)

By Marc Kaufman

The Washington Post, July 21, 2006

At least 1.5 million Americans are sickened, injured or killed each year by errors in prescribing, dispensing and taking medications, the influential Institute of Medicine concluded in a major report released yesterday.

Mistakes in giving drugs are so prevalent in hospitals that, on average, a patient will be subjected to a medication error each day he or she occupies a hospital bed, the report by a panel of experts said.

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Following up on its influential 2000 report on medical errors of all kinds, the institute, a branch of the National Academies, undertook the most extensive study ever of medication errors in response to a request made by Congress in 2003 when it passed the Medicare Modernization Act.

The report found errors to be not only harmful and widespread, but very costly as well. The extra expense of treating drug-related injuries occurring in hospitals alone was estimated conservatively to be $3.5 billion a year.

"Even I was surprised and shocked by how common and serious a problem this is," said panel member Albert Wu, a drug safety specialist at Johns Hopkins University. "Everyone in the health-care system has to wake up and take this more seriously."

Many of these medication errors could be avoided if doctors adopted electronic prescribing, if hospitals had a standardized bar-code system for checking and dispensing drugs, and if patients made more of an effort to know about the risks of the drugs they take, the report said.

The panel members said the problem requires immediate action and that many key players in health care have been slow to take the steps -- and invest the money -- needed to significantly reduce medication errors. At least a quarter of the injuries caused by drug errors are clearly preventable, the report said.

"Everyone in the health-care system knows this is a major problem, but there's been very little action, and it's generally remained on the back burner," panel member Charles B. Inlander said in an interview. "With this report, we hope to give everyone involved good, hard information on how they can prevent medication errors, and then create some pressure to have them implement it."

Common errors include doctors writing prescriptions that could interact dangerously with other drugs a patient is taking, nurses putting the wrong medication -- or the wrong dose -- in an intravenous drip and pharmacists dispensing 100-milligram pills rather than the prescribed 50-milligram dose.

The report spotlighted the case of Betsy Lehman, a 39-year-old health reporter for the Boston Globe who died in 1994 after being given an erroneously high dosage of an experimental chemotherapy agent.

The study, funded by the Centers for Medicare and Medicaid Services, was assembled by 17 experts in related fields who analyzed research in the field, as well as government reports and data. They also held public forums to hear from representatives from the health-care system.

Panel co-chair J. Lyle Bootman, of the College of Pharmacy of the University of Arizona in Tucson, said there is enough research and data on medication errors to conclude that there is a major problem, but not enough to fully understand and address the issue. He said the nation should spend $100 million a year to research drug errors, especially among pediatric and psychiatric patients and in long-term care facilities, where medications are heavily used.

The report looks to new technologies in addition to electronic prescribing to dramatically reduce the number of medication errors. Hospitals, for instance, could greatly benefit by having a standardized bar-code system to ensure that a patient gets the correct medicine, it says. But drug companies and vendors have created six distinct systems requiring different bar-code readers, the report said, making them a far less useful safety tool for hospitals.

The report did not address whether some drugs should be pulled from the market because of their intrinsic risks or whether the Food and Drug Administration does an adequate job of ensuring that approved drugs are safe for general use. That is the subject of another institute study expected to be released soon.

But the panel members made clear that they believe the pharmaceutical industry and the FDA have not done enough to make drug information accessible to consumers and to make drug packaging as error-proof as it could be. The report said, for instance, that many medications would be better dispensed in blister packs that make it easier to identify them and for consumers to remember whether they have taken that day's dosage. It also said too many drugs have similar names that are easy to confuse.

In a statement, the FDA embraced the report and said it "provides a much needed perspective on the frequency, severity and preventable nature of medication errors." It said the recommendations "are supported by efforts already underway at FDA in the areas of medication error prevention, patient education and label comprehension."

The report endorsed much wider use of electronic prescribing. Inlander, president of the People's Medical Society, a Pennsylvania consumer health advocacy group, said chain pharmacies have been "ahead of the pack" in adopting such

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prescribing. The report said that all health-care providers should have plans in place by 2008 to move to electronic prescribing and dispensing, and that doctors should give up their traditional prescription pads by 2010.

Cecil B. Wilson, board chairman of the American Medical Association, also voiced support for "e-prescribing" and other information technology, but he said that "physicians face a dizzying array of choices when trying to purchase [the technology], while struggling with high costs, interoperability and ease of use."

Michael C. Tooke, chief medical officer of the Delmarva Foundation, which works on health-care quality in more than 30 states, said e-prescribing will bring a needed end to deciphering physicians' illegible handwriting but cannot guarantee that a drug order is typed correctly.

"E-prescribing is just going to allow us to make different errors and faster," he said. "It never just boils down to one thing."

The report's most striking findings concerned hospitals and long-term care facilities, which it said generally do not report errors to patients or family members unless they result in injury or death. The panel said all health-care organizations should report medication errors to patients, whether or not they cause harm.

Based on past studies, the panel estimated that drug errors cause at least 400,000 preventable injuries and deaths in hospitals each year, more than 800,000 in nursing homes and facilities for the elderly, and 530,000 among Medicare recipients treated in outpatient clinics. The report said the actual numbers are probably much higher.

Locally, more than four dozen Maryland hospitals take part in comprehensive annual surveys of their safety measures, including procedures for averting medication mistakes. Frederick Memorial Hospital has a particularly active medication safety program, which includes a computerized system to "reconcile" medications at numerous steps in a patient's stay.

The system has helped to quickly catch problems, including the omission of needed drugs, which clinical nurse specialist Susan Archer said "can make all the difference."

Study: Medication Errors Harm 1.5M A Year (USAT)

By Elizabeth Weise

USA Today, July 21, 2006

Medication errors are among the most common medical errors, harming at least 1.5 million people every year. The problem is so serious that, on average, a hospital patient is subject to at least one medication error per day.

These are among the findings in a report released Thursday by the Institute of Medicine, chartered by Congress to advise the government on science and medical issues.

The extra costs of treating medication-related injuries occurring in hospitals alone conservatively amount to $3.5 billion a year, the report states. The IOM panel estimates that at least a quarter of these injuries are preventable.

"The good news is that many of these errors are preventable, and preventing them will save money in the long run," says J. Lyle Bootman, co-chairman of the IOM panel that crafted the report and dean of the College of Pharmacy at the University of Arizona, Tucson.

The report recommends that all health care providers and pharmacies be using electronic prescribing systems by 2010.

Because the similarity of drug names causes up to a quarter of all medication errors, the IOM committee called for the standardization of drug-naming terms. The pharmaceutical industry should develop a plan to deal with drug naming, labeling and packaging problems by the end of next year, the report states.

The panel called use of medications "ubiquitous," noting that in any given week, more than four of five U.S. adults take at least one medication and almost a third take at least five different drugs.

For patients, it is key to be an active participant in your own care, says Albert Wu, a panel member and professor of health policy and management at Johns Hopkins University in Baltimore.

"If (your medication) comes in a different color or different shape, don't just assume that they sent you the right pill — call and ask," Bootman says. If a doctor isn't available, ask the pharmacist who issued the drug, he says. Other IOM recommendations for patients include:

• Read, understand and follow the instructions for each drug you take. More than 50% of patients don't take their medications exactly as prescribed, the report states.

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• Keep a list of all medications and all non-prescription drugs taken, as well as all vitamins and herbal remedies. Review the list with your health care provider at every visit to make sure there aren't dangerous drug interactions.

Other IOM recommendations for the pharmaceutical industry:

• The Food and Drug Administration should help standardize the text and design of medication leaflets so consumers can easily understand them.

• The National Library of Medicine should create a website that is a comprehensive, understandable source of information about drugs and fund a national telephone line for people who don't have Internet access.

• Health care organizations should tell patients about medication errors made in their care, whether they were hurt by the error or not.

The study was sponsored by the U.S. Department of Health and Human Services and Centers for Medicare and Medicaid Services.

Stem-Cell Issue: Republicans' Undoing? (WSJ)

By Jackie Calmes

The Wall Street Journal, July 21, 2006

ELMHURST, Ill. -- At her home in this Chicago suburb, 68-year-old Alice Doyle has a sign in her front window for the Republican candidate for governor. But on a recent morning, she joined a small group at her neighbor's house to lend support to the Democrat running for Congress in this historically Republican district.

The candidate, Tammy Duckworth, 38, is an Iraq-war veteran and double amputee. Her subject at the coffee this day is public funding for medical research using embryonic stem cells. She endorses it; her Republican rival, Peter Roskam, 44, has led the fight in the Illinois Senate against it. Not coincidentally, 600 miles away President Bush was about to cast the first veto of his presidency against a bill permitting federal funding for such research, charging that it "crosses a moral boundary" in promoting "the taking of innocent human life."

While Ms. Duckworth jumps on the issue, Mr. Roskam dodges it. "There are bigger issues going on in this campaign." says spokesman Ryan McLaughlin, declining to make the candidate available despite several requests over two days.

The Republican's reticence is understandable. While Mr. Bush's position cheers religious and social conservatives in the Republicans' base, nationwide it has alienated many moderates and has some questioning their fealty to a party increasingly defined by its cultural conservatism in emphasizing its opposition to issues such as gay marriage and abortion. "I think the Republican Party is in the Dark Ages on this," says Mrs. Doyle, a registered Republican who says she now "tends to vote Democratic."

Moreover, as the party has grown more socially conservative over the past quarter-century, the suburbs where many Republicans live have become more diverse and politically independent, marked by a mix of fiscal conservatism and social liberalism that is testing Republicans' dominance there. "Those districts aren't as reliably Republican as they were," says campaign expert Bernadette Budde of the business-backed political advocacy group BIPAC.

That, in turn, has Democrats hoping to capture some of their foes' strongholds, by picking up disgruntled Republican moderates as well as independents. Whether they do could determine if Republicans keep their majorities in Congress after November's elections.

In Missouri, the stem-cell issue is prominent in Democratic Auditor Claire McCaskill's campaign to unseat Republican U.S. Sen. Jim Talent, and a separate initiative backing research is on the ballot, stoking interest. The issue also figures in Senate races in Ohio, Arizona, Minnesota, Montana and Virginia, and in suburban House contests in Pennsylvania, New Jersey, New York, Colorado and Washington. In Missouri's Aug. 8 Republican primary, conservative Rep. Todd Akin, a foe of the stem-cell bill, is challenged by state Rep. Sherman Parker, who strongly supports expanded research and has written that such debates "will determine whether we are a party controlled by social fundamentalists."

The president's position is a minority one, even among Republicans, polls show. The question of government aid for embryonic stem-cell research is popular across all regions, ages and political groups, amid scientists' claims that the cells hold

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the potential for treatments or even cures for diabetes, Parkinson's, Alzheimer's and Lou Gehrig's diseases, multiple sclerosis, cancer and neurological and spinal-cord injuries.

"This is a big deal in a lot of these suburban districts," says political consultant David Axelrod of Chicago, who is working for Ms. Duckworth. "Republicans are trying to satisfy their base, but I think there's some cost."

But at the National Republican Campaign Committee, spokesman Carl Forti predicts the stem-cell question will be a "nonissue" by the fall, and White House aides agree, noting that it never became the big issue in the 2004 campaign that some had forecast.

The race in the congressional district west of Chicago will be a test. For nearly 32 years its representative has been Republican Henry Hyde, nationally known as an abortion foe and a leader in the House's impeachment of Bill Clinton. While the district includes the parts of Cook County outside Chicago, its heart is affluent DuPage County, dubbed "America's Most Republican County" by the local party.

But there are signs of change. Mr. Hyde's re-election vote dropped from a typical 65% in 2002 to 56% in 2004, his lowest ever. While the first President Bush got 68% of DuPage's vote in 1988, his son won 54% in 2004.

Now 82, Mr. Hyde is retiring. Mr. Roskam, his would-be successor, is a trial lawyer who was an aide to Mr. Hyde and former House Majority Leader Tom DeLay before going to the Illinois House and then the state Senate. He's "a younger version of Henry Hyde," the DuPage Republican Party chairman, state Sen. Kirk Dillard, has said.

Mr. Dillard illustrates the way the stem-cell issue has split his party. He switched to support funding for research in the state Senate, imploring, "How can you not be for this?" In an interview, he says he was influenced by advocates from nearby Children's Memorial Hospital and a local pediatrician.

Another proponent is the Republican leader of the Illinois House, Tom Cross, a protégé and former history student of U.S. House Speaker Denny Hastert of Illinois; his 13-year-old daughter has juvenile diabetes. "Everybody knows somebody who's got some connection" to conditions that might be helped, he says. "But has it translated into people leaving the party? I haven't seen that, yet."

Just as Mr. Hyde argued in House debate that embryos are human beings -- "I myself am a 992-month-old embryo" -- Mr. Roskam likewise was passionate in successfully blocking any state funding for research in the Illinois Senate. "We are asked to pit one life against another," he said in 2004. In an interview with the Journal earlier this year, Mr. Roskam called his views "well within the mainstream" of the district. Those voters who do disagree with him, he added, support him because they share his views on keeping taxes low and other issues.

Not Mae Pearson, a 77-year-old widow at the Duckworth coffee. "I was raised Republican -- strong Republican -- and I thought it was so wonderful to move to DuPage County after I got married" in 1950, she says. "But it's just too hard to be a Republican anymore because it's not the Republican Party I grew up in."

"Embryos count, people don't," complains George Strejcek, 62. He and wife Elizabeth, 58, describe themselves as former Republicans. "Goldwater I could tolerate," he says. "But with these Republicans, they forget we live in a democracy, not a theocracy."

"They're not fiscally responsible either," his wife says.

Democrats Seize Issue Of Stem-cell Research (WT)

By Christina Bellantoni

The Washington Times, July 21, 2006

The political consequences of this week's wrangling over federal funding for stem-cell research won't be known until November, but Democrats say the issue illustrates why they deserve a congressional majority.

Sen. Jim Talent, Missouri Republican, is an example of how stem-cell policy could shape the fall elections. The first-term senator opposed a Senate-passed measure for additional federal funding of embryonic-stem-cell research.

He is locked in a tight race for re-election with state Auditor Claire McCaskill, a Democrat who supported the measure.

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Mrs. McCaskill criticizes the incumbent senator and President Bush, who vetoed the bill, for blocking what she said amounted to hope for millions of families with sick children. Democrats adopted a similar refrain and said they will use the issue to generate support at the polls.

The House passed the stem-cell bill, but on Wednesday fell 55 votes short of the 290 needed to override Mr. Bush's veto, his first since taking office in 2001.

"When we have Democratic majorities in the House and Senate, you can bet we'll pass this legislation again," Sen. Hillary Rodham Clinton, New York Democrat, said in a letter to supporters yesterday.

House Minority Leader Nancy Pelosi, California Democrat, said, "Democrats will not give up this fight. Politically, I think 75 percent of the American people support stem-cell research. I think many of them will express themselves at the polls."

Complicating the election issue for Mr. Talent is a Missouri ballot issue, the Stem Cell Research and Cures Initiative.

Gov. Matt Blunt, a Republican, supports the initiative, as does former U.S. Sen. John C. Danforth, a pro-life Republican who is co-chairman of the ballot effort.

Missouri Democrats have endorsed the measure, but state Republicans are neutral, calling embryonic-stem-cell research a "very personal issue" that has divided their party.

A St. Louis Post-Dispatch poll conducted last month shows that 62 percent of likely voters favor the ballot initiative, which would amend the state constitution to protect the type of stem-cell research allowed at the federal level. It sets guidelines to conduct research on stem cells "ethically and safely" and bans human cloning.

"Everyone has to reach their own personal judgment and make a decision based on that," Mr. Talent told reporters in May after announcing his opposition to the ballot measure.

Mr. Talent said voters appreciate when politicians do what they think is right, "even if they don't agree with you," the Kansas City Star reported.

Mrs. McCaskill said yesterday that voters at every campaign stop are asking about the stem-cell issue and that Mr. Talent's alliance with Mr. Bush on the issue will hurt him, even in rural areas.

"People have noticed and ultimately it is going to help" her campaign, she said.

Mrs. McCaskill highlighted the stem-cell debate as she delivered the Democratic national radio address last week, saying the legislation would "hold up the light of hope for those who suffer."

A Rasmussen Reports poll conducted the last week of June showed Mr. Talent and Mrs. McCaskill tied with 42 percent support each.

The June Post-Dispatch poll showed Mrs. McCaskill, who lost a bid to be Missouri governor in 2004, with a six-point lead over Mr. Talent.

Democratic challengers in other states also have taken note of the stem-cell debate.

Sen. George Allen, Virginia Republican and a potential 2008 presidential candidate, opposed the measure.

"As Nancy Reagan has so eloquently reminded us, we cannot turn our back on this issue," said Mr. Allen's Democratic challenger, James H. Webb Jr. "Responsible stem-cell research holds too much potential for too many people to be obstructed by politicians."

Schwarzenegger Gives $150M Stem Cell Loan (AP-Y)

By Laura Kurtzman

AP2, July 21, 2006

A day after President Bush vetoed expanded federal funding of embryonic stem cell research, Gov. Arnold Schwarzenegger on Thursday authorized a $150 million loan to fund California's stem cell institute, which has been stalled by lawsuits.

Schwarzenegger, a Republican who has been trying to put distance between himself and the unpopular president as he seeks re-election this year, said the state cannot afford to wait to fund the critical science associated with stem cells.

"I remain committed to advancing stem cell research in California, in the promise it holds for millions of our citizens who suffer from chronic diseases and injuries that could be helped as a result of stem cell research," Schwarzenegger said in a letter to his finance director.

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The state's voters created the California Institute for Regenerative Medicine in 2004 when they passed a ballot measure that authorized $3 billion over 10 years for stem cell research.

Lawyers with ties to anti-abortion and anti-tax groups have sued, arguing that the institute is unconstitutional.

On April 21, a Superior Court judge ruled the institute was a legitimate state agency. But if opponents continue to contest the agency in court, they could hold up the institute's financing until at least next year.

Elsewhere, Illinois Gov. Rod Blagojevich, a Democrat, announced Thursday that he is diverting $5 million from the state budget for stem cell research, despite repeated objections from state legislators.

"Investing in research that can save lives and prevent serious illnesses is more than a sound public health strategy, it's our moral obligation," he said.

The money will come out of administrative funds already set aside for the state Department of Healthcare and Family Services, Blagojevich said.

Last year Blagojevich used an executive order to spend $10 million for stem cell research, a move that caught many state lawmakers off guard. Illinois lawmakers have previously voted against stem cell research, and this spring they did not take up the governor's proposal for $100 million in funding over five years.

Legislators of both political parties criticized his move Thursday.

"Any time this happens, it's not good for the process when you circumvent the legislative body and the voice of the people," said Democratic Rep. John Bradley.

Embryonic stem cells are building blocks that turn into different types of tissue. Scientists hope to use them someday to regenerate damaged organs or other body parts and cure diseases. Some oppose such research because it entails the destruction of human embryos.

Schwarzenegger Gives $150 Million Loan To Stem Cell Agency (LAT/AP)

By From Associated Press

The Los Angeles Times, July 21, 2006

SACRAMENTO — A day after President Bush vetoed expanded federal funding of embryonic stem cell research, Gov. Arnold Schwarzenegger today authorized a $150 million loan to fund California's stem cell institute, which has been stalled by lawsuits.

Schwarzenegger, a Republican who has been trying to put distance between himself and the unpopular president as he seeks re-election this year, said the state cannot afford to wait to fund the critical science associated with stem cells.

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Legislators of both political parties criticized his move today.

"Any time this happens, it's not good for the process when you circumvent the legislative body and the voice of the people," said Democratic Rep. John Bradley.

Embryonic stem cells are building blocks that turn into different types of tissue. Scientists hope to use them someday to regenerate damaged organs or other body parts and cure diseases. Some oppose such research because it entails the destruction of human embryos.

Schwarzenegger Moves $150 Mln To Stem-Cell Program (Update3) (BLOOM)

By William Selway

Bloomberg, July 21, 2006

July 20 (Bloomberg) -- California Governor Arnold Schwarzenegger extended a $150 million loan to the state's financing agency for stem-cell research, one day after President George W. Bush vetoed legislation expanding federal funding for such studies.

The move by Schwarzenegger, a Republican running for re- election, was a boost to a voter-backed program whose funding has been hobbled by lawsuits. California has been unable to sell $3 billion of bonds approved by voters for disease-fighting research with embryonic cells because of the legal battles.

``We can no longer afford to wait to fund this important research," Schwarzenegger said in a letter to his finance director today that took note of Bush's veto. The letter was released to reporters.

Voters in 2004 approved an initiative that aimed to turn California into the largest U.S. source of funding for research with stem cells. The ballot measure was a response to Bush's decision in 2001 to limit research that has drawn fire from some religious groups because frozen embryos are destroyed once the cells are taken.

Schwarzenegger's support for stem-cell research since 2004 has distanced him from fellow Republican Bush, whose approval rating among Californians is the lowest given to any president since shortly before former President Richard Nixon resigned in 1974. Schwarzenegger is the only Republican who has been elected to statewide office. Democrats control the Legislature.

Illinois Moves Too

Separately, Illinois Governor Rod Blagojevich, a Democrat who is also running for re-election, said he will direct another $5 million to his state's stem-cell research endeavors. In April, Illinois made $10 million of grants to scientists working in the field.

``President Bush's action yesterday was a clear indication that stem cell research will get no support from Washington as long as he occupies the White House," Blagojevich said in a statement.

Bush used the first veto of his presidency yesterday to kill legislation that would have permitted federal funding of research on new embryonic stem cells. The House of Representatives failed to override it.

While other states, including New Jersey and Wisconsin have also seized on the issue, California has established the biggest program. The 2004 initiative, approved by 59 percent of voters, allowed the newly created California Institute for Regenerative Medicine to sell as much as $350 million of bonds a year for stem-cell research.

Abortion Foes Fight

Little of the money has been raised. People's Advocate, a taxpayer group, and the California Family Bioethics Council, an anti-abortion group, sued the institute, saying it couldn't spend public money because it wasn't under direct state control and its membership rules violated conflict-of-interest laws. In April, a state judge dismissed the challenges. The decision was appealed.

The institute president, neuroscientist Zach Hall, praised a decision he said will be a boon to state researchers starved for research money. The loan exceeds the $38 million the U.S. is providing in 2006 for research on embryonic stem cells.

``At one stroke, this will energize stem-cell research in California," he said during a conference call with reporters.

Relying on Charity

The institute has so far relied on $14 million of notes it has sold to philanthropists and charities that it anticipates paying back once it can sell bonds to investors, and planned to sell as much as $36 million more. It has been authorized to raise as much as $200 million with bond sales. The loan authorized by Schwarzenegger will fill that gap.

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Because stem cells have the potential to turn into any type of cell, scientists say they may provide remedies for degenerative diseases such as Parkinson's and other maladies such as diabetes should they be successfully manipulated to replace cells that are malfunctioning.

Bush's 2001 decision limited U.S. funding for embryonic stem cell research to ``more than 60'' existing stem cell lines. Scientists have reported that only 22 of those batches are usable.

California Stem-Cell Program Wins State Loan (WSJ)

By David P. Hamilton

The Wall Street Journal, July 21, 2006

California's stem-cell program won a $150 million loan from the state that will allow it to begin funding research restricted by the federal government, handing a lifeline to the initiative while the courts resolve lawsuits that question its legitimacy.

The loan authorized by Gov. Arnold Schwarzenegger provides a lift to the agency running the program, formally known as the California Institute for Regenerative Medicine, whose operations have been largely paralyzed by lawsuits since its approval by voters in November 2004. Although the institute aims to spend $3 billion on stem-cell research in the state in the next decade, legal challenges backed by fiscal conservatives and opponents of the scientific work have prevented California from issuing bonds to fund its grants and operations.

The governor's move came a day after President Bush vetoed legislation that would have significantly loosened federal restrictions on funding embryonic stem-cell research. Stem cells, which have the capability to transform themselves into any sort of body tissue, are derived from four- to five-day-old embryos, which are destroyed in the process.

"I have to give credit to the governor for his leadership and decisive action at a critical point in the history of medical research," said Robert Klein II, chairman of the stem-cell agency's oversight board. Mr. Klein said he began discussions with Mr. Schwarzenegger's staff about the loan Wednesday morning after it became clear Mr. Bush would veto the federal measure. By 10:30 a.m. yesterday, he said, he saw a news release announcing the governor's decision.

"With one stroke, the president has energized the CIRM program," said Zach Hall, the agency's president. Dr. Hall said the loan will make it possible to move ahead with a program of seed-money grants to scientists, which are expected to range from $100,000 to $500,000. That money, however, likely won't begin to flow until next year, Dr. Hall said.

The agency this year awarded $12.1 million in training grants for junior scientists, its only direct research support to date.

The new loan from the state, which the institute will repay with proceeds from bond sales once they take place, brings the stem-cell agency close to its goal of $200 million in funding this year. In April, several private donors supported the effort by purchasing $14 million in "bond-anticipation notes," which will be repaid with interest out of bond sales.

Mr. Klein said the agency is in the process of closing another $30 million round of bond-anticipation notes. In the next few years, the agency intends to ramp up its budget to about $300 million a year.

Illinois Gov. Funds Stem Cell Research (AP-Y)

AP2, July 21, 2006

Illinois' governor announced Thursday he was diverting $5 million from the state budget for stem cell research, despite repeated objections from state legislators.

The move came a day after President Bush vetoed federal legislation that would have expanded funding for embryonic stem cell research.

Illinois lawmakers have previously voted down stem cell funding over ideological differences, and this spring they didn't take up the governor's proposal for $100 million in funding over five years.

"Investing in research that can save lives and prevent serious illnesses is more than a sound public health strategy, it's our moral obligation," Gov. Rod Blagojevich, a Democrat, said in a statement Thursday.

The money will come out of administrative funds already set aside for the state Department of Healthcare and Family Services, Blagojevich said.

Stem cells are building blocks that turn into different types of tissue. Embryonic stem cells are able to turn into any tissue, given the right biochemical instructions. Scientists hope to harness them to regenerate damaged organs or other body parts.

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Many opponents of the research consider embryonic stem cells to be early human life.

After 'rocky' Start, Revamped Unions Rev Up Political Activity (USAT)

By Jill Lawrence

USA Today, July 21, 2006

WASHINGTON — In 2004, Ray Waldron and Jon Youngdahl worked hand in glove to run union political activities throughout Minnesota. Now they are on opposite sides of a stressful split-up that created legal obstacles to cooperation.

"There was a rocky beginning," Youngdahl, executive director of the Minnesota Service Employees International Union, says of the exodus that shrank the AFL-CIO by 40% and led to a new labor federation called Change to Win. "We've gotten beyond some of the initial tensions. I can't say it's 100% like it was before."

Two years ago, Youngdahl was on loan from SEIU to the Minnesota AFL-CIO to run its statewide political program. Political activities are "a little bit clumsier" and slower now that there are two groups instead of one, says Waldron, president of the Minnesota AFL-CIO.

Waldron says coordinators for the two federations and their local unions are smoothing things out, and political interest is high. His 300,000 members agreed by an "overwhelming" vote to a dues increase of 25 cents each to hire six campaign workers, a first for the state AFL-CIO.

James Green, a labor historian at the University of Massachusetts in Boston, says the AFL-CIO has long coordinated its political work with the National Education Association, the independent, 2.8-million-member teachers union. He predicted the AFL-CIO and Change to Win will learn to do the same.

Local unions accustomed to joint campaign efforts have had "a very difficult year," Green says, but "it's possible that some of the worst downsides of the split will be avoided, and maybe some new energy will result."

Some Democrats, the prime beneficiaries of union money and voter-turnout drives, were apprehensive last summer as labor leaders exchanged bitter words and went their separate ways. Party strategists such as Geoffrey Garin and Doug Sosnik said the split could create difficulties.

Democrats had reasons to worry. Of the $61.5 million unions gave directly to candidates in 2004, Democrats received 87%, according to the Center for Responsive Politics.

Unions also accounted for big chunks of the vote in some states. In Pennsylvania, exit polls showed 30% of voters in the presidential race were union members or lived with a union member. Democrat John Kerry received 62% of their votes and won the state 51%-49%.

Despite the loss of members and their dues, the AFL-CIO plans to spend a record $40 million this year to turn out voters. Gerald McEntee, head of the American Federation of State, County and Municipal Employees and the AFL-CIO political effort, says the money is available because headquarters staff and operations were cut back.

Change to Win leaders said last summer that they would focus more on organizing and less on politics. Youngdahl says that was misinterpreted to mean that "we weren't going to spend money on politics. That just isn't the case." Member unions approved extra dues payments to finance political work this year, with emphasis on Senate and gubernatorial races in Ohio, Michigan and Pennsylvania.

Change to Win President Anna Burger says the group takes an "aggressive" political approach.

"Candidates have to support organizing rights" and offer plans to improve workers' lives to get Change to Win support, she says, adding that the group plans to choose sides in some primaries and recruit its own candidates.

AFL-CIO President John Sweeney, who warned last year that divisions would weaken the labor movement, now says the two sides are discussing "the parameters of a national campaign" after "a very solid, united effort" last fall in Virginia, New Jersey and California.

As the AFL-CIO imploded, unions helped elect Democratic governors in Virginia and New Jersey.

In California, unions spent about $100 million to defeat several ballot initiatives in a special election called by Gov. Arnold Schwarzenegger. A dozen AFL-CIO, Change to Win and teachers unions formed a coalition to kill the measures. "I'm sure there

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was a lot of intrigue in the background, but it didn't affect our ability to operate," says Democratic consultant Gail Kaufman, the group's lead strategist.

Unions Rake In Record Cash For Campaigns (USAT)

By Jill Lawrence

USA Today, July 21, 2006

WASHINGTON — A year after six unions bolted from the AFL-CIO and formed their own federation, the two camps are raising record amounts of political money and seeking ways to do joint campaign work this fall.

Conflicts over how to expand the union movement led the Service Employees International Union (SEIU), the Teamsters and four other unions to secede from the AFL-CIO. Along with the Carpenters union, which had already left, they formed a new, 6-million-member federation, Change to Win.

Between Jan. 1, 2005, and June 30, 2006, federal reports show, major unions in both groups raised more money than they did for the last non-presidential campaign in 2002:

•The main SEIU political action committee and five local SEIU PACs raised about $15 million to give to candidates, a 62% increase.

•The main PAC for the American Federation of State, County and Municipal Employees (AFSCME), part of the AFL-CIO, has raised $9.1 million, a 39% increase.

Nationally, the AFL-CIO and Change to Win are on track to spend considerably more than the $35 million the AFL-CIO spent in 2002 to register, educate and turn out union voters.

The AFL-CIO says it plans to spend $40 million this year on such efforts in 21 states. Change to Win plans a similar program and higher spending than 2002, but Chairwoman Anna Burger would not give a figure. The two groups are in talks to coordinate outreach to union voters.

While the AFL-CIO may have a "short-term loss of synergy," says William Miller, political director for the U.S. Chamber of Commerce, competition could strengthen unions just as it does businesses. "They will continue to be a formidable adversary," he says.

Records show the Chamber's PAC raised slightly more money — $151,000 compared with $123,000 — in the past 18 months than it did for the same period four years ago.

AFSCME President Gerald McEntee says workers are highly motivated for this year's campaigns, in part because the GOP-controlled Congress has not raised the minimum wage.

Sen. Obama To Headline Iowa Party Event (AP-Y)

AP2, July 20, 2006

Sen. Barack Obama, whose name has come up in speculation about the 2008 presidential race, will be the headline speaker at the Iowa Democratic Party's highest profile event this year in a state that traditionally holds the first delegate-selection caucuses.

Obama will be the featured speaker at Iowa Sen. Tom Harkin's annual steak fry in September, an event which annually draws thousands of activists.

"I think his standing has risen rapidly," Harkin said Thursday in an interview with The Associated Press.

The Illinois senator dismissed suggestions that the Iowa speech was tied to presidential ambitions.

"This is simply me accepting an invitation from Senator Harkin and hopefully an opportunity to assist other congressional candidates," Obama told reporters.

Obama said Harkin had been very persuasive and added, "basically my rule has been if I can help in the '06 cycle, then I'm going to do it. And the only reason not to do it has been sort of the symbolism of Iowa which probably was not a good reason for us not to help out."

Is Obama Eyeing Iowa? (CHIT)

By Jeff Zeleny

DOJ_NMG_0042318

Chicago Tribune, July 21, 2006

Sen. Barack Obama (D-Ill.) said today that his decision to travel to Iowa in September was designed to help Democrats in the midterm elections, not to explore his own future political ambitions.

"Basically, my rule has been that if I can help in the 06 cycle, then I'm going to do it," Obama said in an interview. "The only reason not to do it would be the symbolism of Iowa, which probably wasn't a good reason for us not to help out."

Obama will make his Iowa debut at Sen. Tom Harkin's annual Steak Fry. The venue is among the most sought-after platforms in Democratic politics, a rural fairground south of Des Moines that has hosted Bill Clinton three times and a string of prospective presidential hopefuls over the years.

"I think there is a lot of curiosity about him," Harkin said of his junior colleague in the Senate. "He will excite people and motivate people."

Until now, Obama has taken great care to steer clear of Iowa, the state that traditionally launches the race for the White House. But accepting the invitation to appear on Harkin's high-profile stage Sept. 17 underscores the notion that Obama is not intent on tamping down speculation about his interest in the 2008 campaign.

Obama said no greater significance should be drawn from his trip to Iowa. He said Harkin extended the invitation and he accepted, just as he has done for other Democratic colleagues.

"I've already been to 30 states," he said, including the bordering states of Nebraska, Minnesota, Missouri and Illinois. "Why not Iowa?"

But at least in Iowa politics, a steak fry is not necessarily just a steak fry.

Consider the roster of recent speakers. Former Sen. John Edwards (D-N.C.) attracted more than 1,500 Democratic activists last year. In 2003, Clinton made his third appearance at the Indianola, Iowa event, speaking to a crowd of 8,000. In 1996, Clinton drew an audience of 10,000 people

Already, seldom a week goes by when an ambitious Democrat is not passing through Iowa, beginning the laborious task of courting the state's political activists who are critical to performing well in the precinct caucuses that will kickoff the presidential race in January 2008.

It marks the first time Obama will join the circuit of Democrats who are laying political groundwork in Iowa. No matter what his future holds, introductions with key activists during the four-hour event on the Warren County Fairgrounds will be studied with intense interest by political observers, not to mention his possible rivals.

This trip comes as speculation quietly grows about whether Obama plans to dip his toes into the next presidential race or is content to merely sit back and bask in the speculation. While he has sought to brush off questions about his political future, Sen. Dick Durbin (D-Ill.) and other Democrats have urged him not to rule out the possibility of running.

And his Iowa tour comes only weeks before the carefully orchestrated nationwide rollout of his new book

Since taking office 18 months ago, Obama has traveled to more than 30 states, with Iowa being among the most obvious exception. This trip, of course, will be cast as being all about the midterms in 2006. (Yes, he plans to appear alongside Iowa Democratic candidates running for Congress and governor.)

But if a politician's time were his most valued asset, would spending a Sunday afternoon at the Iowa Steak Fry be considered priceless?

"This is simply accepting an invitation to help Sen. Harkin," Obama said with a smile, "and hopefully an opportunity to assist other congressional candidates." in Illinois delegation, Politics, White House 2008 Comments

I see Obama as the next great president. He has thoughtfully and intelligently garnered support from not only the Democrats, but many on the "other side of the aisle". What a breath of fresh air! Posted by: L. Calvert | Jul 20, 2006 8:23:13 AM

Please please please please Posted by: KK | Jul 20, 2006 8:27:49 AM

Before we get all excited about Senator Obama running our country, what has he done, other than make speeches, for the people of Illinois in the past two years? More importantly, how does making speeches prepare somebody for running the most powerful country in the World? Isreal, Iran, Iraq, Russia, North Vietnam, China... This is the daily diet of a President, not a picnic in Iowa!

Words are simply what people say, and with politicians, they are more likely to be promises they do not intend to keep. On the slim chance they do wish to keep them, they have no way to actually implement the utopia they describe in their countless speeches. Word are easy to say.

Actions are much more important and more often ignored. As for Senator Obama, he has acted wisely, he has do so little that nobody can point to any failure as they make bad headlines. Wisely for his ambitions perhaps, but as a voter in Illinois, I could not be more dissappointed in his lack of action or stand on any issue. We do not need anymore speech makers in Washington, not to mention in the White House.

I am hopeful that we are smart enough not to fall for the "head fake" we get from politicians every election year. Let the junior Senator actually accomlish something here before we usher him off to a picnic. Posted by: Doug K | Jul 20, 2006 8:47:21 AM

Ever since he made the speech urging Democrats to look to evangelical christians, I have been convince the senator is planning to run in '08. This story just adds reinforcement to my views. Posted by: Bill Quigley | Jul 20, 2006 8:57:52 AM

Oh my! Oh my! A steak fry!

Gosh, Obama sure has the media wrapped around his finger. Maybe the next Obama story can be how his personal manure allows roses to bloom.

Right now we can squeeze Obama's accomplishments onto a postage stamp.

With apologies to Walter Mondale...

"WHERE'S THE BEEF?!?!?" Posted by: Tommy JM | Jul 20, 2006 9:24:00 AM

OBAMA FOR PRESIDENT Posted by: Fernando Lezama | Jul 20, 2006 9:25:35 AM

Hey, It looks to me like all Obama has done in the Senate is travel, for this the tax payer pays him. cliff Posted by: cliff zeider | Jul 20, 2006 9:27:37 AM

Very happy to see Sen. Obama heading to Iowa!

To throw his hat into the Presidential race would be a great idea! Beging a young Sentaor he has not yet been destroyed or corrupted by playing the political game!

How priceless would that be??

Norma Wilcox

Tampa, FL Posted by: Norma Wilcox | Jul 20, 2006 9:50:36 AM

So, what's the over/under on the crowd he brings in? Clintonian or Edwards-like?

I say we start the bidding at 7,500. Posted by: Bob T. | Jul 20, 2006 9:53:40 AM

Mr. Zeleny is taking it upon himself to hype Obama's Iowa visit when Obama himself downplays the significance of the visit. When it comes to Sen. Obama, Zeleny is more cheerleader than journalist. Posted by: Bruce | Jul 20, 2006 9:54:08 AM

Obama is an excellent speaker, but so far, a less than inspiring Senator for the State of Illinois. He has spent more time promoting his book than working for the people of this state. I, too, was impressed with his performance at the Democratic National Convention. I was looking forward to what he would accomplish once he got to Washington. Unfortunately, he hasn't done anything except talk, and even the rhetoric wasn't representative of what the voters believe.

Posted by: Cathy | Jul 20, 2006 10:10:35 AM

He speaks so well! Posted by: Chris Rock | Jul 20, 2006 10:15:56 AM

Perhaps, Cathy it is because Obama is a junior senator in a Congress where he is in the minority. Have you thought about that? Would you like him to write, pass, and sign his own bills? One problem, this is a democracy not a dictatorship. The process has to run. How does he make it run? By advocating his positions to a lot of people, getting a groundswell of support, and making it known in Washington and elsewhere that his popularity is based on his ideas and that everyone else in the Senate had better get on board.

Guess what Cathy and some of you other pessimists and so and so's on here: that's exactly what he's doing.

(Besides, I bet you have no idea what bills he's worked on, what committees he's on, and what legislation he's already crafted -- you just want to be negative about the guy for whatever reason. Good luck with that.) Posted by: Moelllinois | Jul 20, 2006 10:18:23 AM

Tommy JM, after 6 years of Bush you have the nerve to ask WHERE'S THE BEEF? Please. Posted by: ar | Jul 20, 2006 10:22:45 AM

Obama's magical manure will deliver great crops to all lowansm and ensure him an easy presidential win. The Obasm continues... Posted by: Bill | Jul 20, 2006 10:22:58 AM

A case for Obama for president in 08. The one thing we do know about the Presidency of the USA, great speakers more than not make great presidents. I wonder if it has anything to do with intellect. Bush on the other hand, or on the same argumentative hand is “the” definition of how a leader who can't speak if his life depended on it, make horrific leaders. We need a thinker with a real moral backbone in the White House, not a profiteer. Posted by: JaimeB | Jul 20, 2006 10:27:14 AM

Doug K.s thoughtful comments "Before we get all excited about Senator Obama running our country, what has he done, other than make speeches..?," could have been made 48 years ago (and were) by another articulate young star in the Democratic party. John F. Kennedy went on to prove that there was intelligence, drive, and ability behind his words. Many can deliver speeches, but few can write and deliver speeches with the vision and leadership ability that Kennedy had and Obama has. Posted by: Tom Krajewski | Jul 20, 2006 10:48:56 AM

It is amusing to listen to conservatives bash Obama for having done nothing to qualify him for the job of President of the United States. Of course, all Obama needs to do is read a paper now and then or a book and he would exceed the low expectation levels of the current office holder. Posted by: drew | Jul 20, 2006 10:49:52 AM

Barack Obama could suffer massive brain trauma and would still be vastly more qualified than the current occupant of the White House. Posted by: So-Called "Austin Mayor" | Jul 20, 2006 10:52:22 AM

Has anyone heard an honest politiian latelywhether they be a Democrat or Repulician? Posted by: Steve K | Jul 20, 2006 11:00:46 AM

Ohhhh! I support him for president. Why? Umm, well the news media keeps telling me he's a rock star, although I havent read of any of his accomplishments.

Please. Get real. Posted by: tom g | Jul 20, 2006 11:17:47 AM

I used to be an ardent Obama supporter - everything I had seen and heard of him was positive. He is clearly intelligent and articulate and he has an obvious ability to bring people together. As for experience, I'd say he has at least as much relevant experience as the current occupant had before his coronation, and I can't possibly see how Obama could do worse.

But since I've started reading Obama's book (which I'm only half-way through, so maybe I should shut up until I'm finished with it), I've had a little glimmer of doubt. At least so far in the book, he clearly identifies himself as black and identifies with the struggles with oppression of black Americans. I keep waiting for the part where he really acknowledges that he was raised by the white half of his family in Hawaii where being black really isn't any more of a big deal than being white and that he had all the benefits of a typical white, middle-class up-bringing. Even as far as the black side of his family, he's not descended from slaves nor did his ancestors survive the Jim Crow era. In fact, his father was a dignitary in the Kenyan government. Personally, I think a lot of his anger about racism and oppression is really projected anger about the absence of his father in his life, but that's just the mental health professional in me talking.

Anyway, like I said, I'm only half-way through the book, so I'll give the man the benefit of the doubt since everything else I've seen has been basically positive. If nothing else, 2008 is still a pretty long way off, so I don't think either side should be counting chickens yet. Posted by: Dienne | Jul 20, 2006 11:24:28 AM

Sorry, Moe...but he actually has to show up for work...read a few of the bills, vote a couple of times. You haven't checked his record have you?

Please do not disregard me as a pessimist. I make it a point to find out what my representatives in government do, not just say. Posted by: Cathy | Jul 20, 2006 11:24:35 AM

Obama got an easy pass, winning his senate seat against Ryan, and that nincompoop Illinois Republican party. Let's see how he holds up in a reelection bid for his Senate seat against a better candidate before we start touting him as a Presidential candidate.

The national Republican party is a lot smarter, and a lot tougher than the carload of clowns who call themseves the Illinois Repbublican Party.

Obama for President in....2012 or 2016, perhaps. Posted by: Don Mac Gregor | Jul 20, 2006 11:37:38 AM

Conservatives, please understand that many Democrats, Independents, and yes, Republicans are not wooed into Obama's camp by the press. Hope for America brings us there.

To criticize the man for having words & not actions is ludicrous when he is obviously building public support for those actions. If you want to criticize, look at our current administration to see what action without thought & public support can reap. Posted by: Jeremy W | Jul 20, 2006 11:53:12 AM

Will all right-wingers please move to Texas? Seriously. Posted by: Yepper | Jul 20, 2006 12:04:01 PM

I'd also reccomend looking into Obama's weekly Podcast. He does help out a lot with a good deal of legislation, and as a junior senator, the only sway he has is his popularity. In terms of actual power for getting things done in the senate he doesn't have much, yet.

However, if you look at the things he's stood for (as evidenced in speeches and podcasts) he's been a very common sense oriented president. I don't think he's so much a good democrat as he is a good leader with everyone's interests involved instead of a set of narrow partisan measures. Posted by: Brett S. | Jul 20, 2006 12:09:16 PM

I thought Obama was really trying to work for the working class people until i seen were he added a part to a bill that the illegals should make more money then the american workers make... Why should they be given more money per hour than an american.... i think he is nuts... and he will not get my vote..... Posted by: pam | Jul 20, 2006 12:15:31 PM

I am a huge fan of Senator Obama, and I agree with all the positive statements written above about him. Nothing in my opinion could do more to help the U.S. and its image abroad than for us to successfully elect this man as our next President.

For more information about Senator Obama and his books and what I think of him and them, visit http://billslater.com/who_is_barack_obama.htm

Enjoy!

Regards,

William Slater Posted by: William Slater | Jul 20, 2006 12:16:50 PM

Obama is in a ackward position. If he stays much longer in congress, his record will most likely work against him come next election. For example - If a congressman stays in office long enough, they usually jump from one side to another on some issues in order to get real work done(working with the opposite party). As was seen with Kerry - Most critics will call this wishy-washy. Those same critics will also tell you that he doenst have enough experience yet - hoping that Obama stays longer in congress just so that they could use his record against him...

Posted by: Brandon J | Jul 20, 2006 12:19:19 PM

My ears, my mind, my heart tell me Obama's the real deal, and most importantly -- that he is a uniter. Our country is so divided and confused by misuse (abuse!) of rhetoric that responsible (accurate, truthful) use of language and a vision of leadership may be the most important ingredients to rebuilding some semblance of country, culture, and government/business.

More than the twin towers have fallen here, and a visionary, trustworthy leader (Obama) may be able to begin the arduous and long task of restoring democracy, freedom (religious and otherwise), human kindness, and ethics to our battered and tattered land.

Those who don't recognize this in him may be too embittered to have hope right now, but it will come again for us all, is my prayer.

Posted by: BonaDea | Jul 20, 2006 12:30:42 PM

the way i see it is even if he hasn't accomplished much YET, he seems to have great ideas and more importantly seems to be a good person. just because he hasn't bankrupted several companies or have ties to huge corporations that pull his strings (current administration) doesn't mean he's done nothing. i like the fact that he doesn't have these ties. he knows what it's like to work and wasn't born with a silver spoon in his mouth. this is the kind of person we need in office. a REAL person... Posted by: bill | Jul 20, 2006 12:41:34 PM

Let us not be too harsh on Obamas relative lack of experience.

George Bushs resume was similarly blank, and by golly, with the hand of God on Georges shoulder

directing him, he has become the GREATEST president ever!

Lets take a look at Georgies resume up to the year 2000.
Work Experience.
1) Ran for Congress and lost.
2) Produced a Hollywood slasher B movie.
3) Purchased an oil company, but failed to find
oil in Texas. Company filed for bankruptcy,
AFTER he sold his stock.
4) Purchased the Texas Rangers in a sweet little
deal that siezed private land and used taxpayer
money to pay for it. (Does the Kelo decision
still make Reublicans so angry now ?)
5) Traded Sammy Sosa to the White Sox. (great move
for Chicago)
6) Ran for Governor of Texas, and won, with
the help of daddies money and name.
Milestone Accomplishments
1) Changed pollution laws in Texas in favor of
power and oil companies. Texas is now the most
polluted state in the union.
2) Houston replaced Los Angeles as the most smog
ridden city in the U.S
3) Cut taxes and bankrupted the state of Texas to
the tune of billions of dollars.
4) Set the all time record for executions in
any state.
References
1) One conviction for drunk driving in Maine.
Texas records are not available.
2) AWOL from the National Guard.
3) Dont even talk to him about prior illegal drug
use. He wont discuss it.
4) All records of his tenure as the governor of
Texas are unavailable. They are locked in
Daddies library.
5) Sorry again, the records of the SEC
investigations into insider trading and
bankruptcy of above mentioned oil company
are under seal and unavailable for public
viewing.
6) Minutes of board meetings for any public
corporation served for are sealed.
So before we jump all over Baracks back, we must keep in mind the hurdles our POTUS, George W. Bush, has overcome in his journey to achieve
greatness that is worthy of deification.
Posted by: johnf | Jul 20, 2006 12:47:22 PM

Sorry, myself and a huge number of voters will not even consider Obama as a viable candidate until he has the courage to speak out strongly against this war in Iraq, as well as, use his voting power against supporting the war in any way! Posted by: Esther | Jul 20, 2006 12:51:58 PM

Pam - Maybe you could include a link to your source for that information so we could all see where Obama said that illegals should be paid more than American citizens. That sounds more like something Rush Limbaugh or Bill O'Reilly might cook up. Posted by: Tom O | Jul 20, 2006 1:01:24 PM

Particularly since democrats are intending to make corruption a cornerstone of their attempt to win back the house and senate, it is important for all democrats to speak forcefully about this very significant topic.

In view of this fact, I would love to hear Senator Obama address the concerns that many people have over his $2,000,000.00 advance that he received for his recent book deal.

I have repeatedly attempted to contact his office, but have unfortunately not heard back. Until I do, I will not be able to enthusiastically support his candidacy.

Sincerely,

Lars Ewell Posted by: Lars Ewell | Jul 20, 2006 1:04:19 PM

After 8 years of Bush, I am ready for a new way of thinking. Obama's got it where it counts. Posted by: Lisa Murphy | Jul 20, 2006 1:13:11 PM

Right now Barack Obama is the best presidential
canidate out there.Some will say he lacks experience,but remember,a failed governer from
the state of Texas is our current president.
Obama is a "uniter".It's going to take a long
time to clean up the mess left by the Dubya
administration.I think he's the man for the job.
Posted by: John E. | Jul 20, 2006 1:34:28 PM

I will consider Senator Obama for President. By no means have I decided that this is the person I wish to support however. No one should say they are in that position yet on who they want to vote for. We don't even know all the candidates. If it came down to Clinton and Obama for the nomination I would probably support Obama, against John Edwards or Al Gore I'm not so sure. I do hope he runs though, the more qualified candidates talking to the electorate is a good thing.

As for his lack of experience I think this is just an excuse for those who don't care for the man. A good manager (which is what the President is, the ultimate manager in this country anyway) is charismatic, a good speaker, good at building bridges, and a good judge of the talent he surrounds himself with. Senator Obama has all of these qualities in abundance. All qualities our current president lacks, by the way.

The more serious candidates we have entering the fray in the Democratic Party the better. Obama, Clinton, Gore, Edwards, Biden and others should all get into this race and let us know why one of them should be the one to help us all fix this terribly broken country. For that matter I hope a group of diverse Republicans get in that race as well. Many voices with many ideas is how our country was founded and what can make this onece great nation great again. Senator Obama: good luck in Iowa. Posted by: Dean G. | Jul 20, 2006 1:38:59 PM

I am against the war...I am also against leaving our troops without the materials they need to come home safe. Senator Obama has spoken on the moral complexity of this issue - which I heard through his podcast (available on itunes) - and I am satisfied with his answer. Senator Obama would be high on my list as democratic candidate for president. I find his views, honesty, intelligence and character inspiring/refreshing. Posted by: ddreid | Jul 20, 2006 1:40:27 PM

John F.,That's a great rundown on Dubya's record,
I couldn't have said it better myself.
You know the thing that irks me the most is not
so much republicans,it's thier outright backing
of anything that Dubya says,or does.
Other republican presidents i've disagreed with,

but ultimatly,they did a somewhat respectable

job,and united the country.

Posted by: John E. | Jul 20, 2006 1:48:08 PM

What happened to his promise to stay an Illinois senator for his entire term? Hillary Clinton kept her promise to the State of New York, and I think Obama should do the same.

I am all for seeing him as President, but he should serve a full term for Illinois first.

Hillary for President 2008. Obama joins the ticket in 2012 and becomes President in 2016. Posted by: McCarty | Jul 20, 2006 1:55:45 PM

Spare me...The democrats are in for it again if their prez candidate is a junior senator. Posted by: KJM | Jul 20, 2006 1:59:49 PM

As much as the man's tempered reason and good-faith embrace of opposing views appeals to me, I don't think it is a good idea for him to run in '08--nor do I think it a good idea for him to run for the Oval O. from the Senate. In too many ways he shares John Edwards' downsides. He needs to challenge Blago in the next Ill. gubernatorial primary, serve 4 years as Ill's Gov. and then run for the Big One. Posted by: Austin Kennedy | Jul 20, 2006 2:01:22 PM

In case anyone hasn't noticed, you don't need to have done much OR be a good speaker for that matter to be president of this country for two terms. Even if he doesn't get anything done as president (and I do sincerely hope that the next president accomplishes a great deal), at least the top figurehead for our country will be eloquent, which I would find a refreshing and welcome change. Posted by: Liz | Jul 20, 2006 2:31:33 PM

Senator Obama is carefully following a script that will give him the Democrat nomination for VICE President. You heard it hear first. Posted by: Jerry | Jul 20, 2006 2:38:02 PM

It's a good sign for Obama that so many Republicans are so worried about him that they can't even manage to say one nice thing about him.

I think a debate between Barack Obama and John McCain about America's domestic priorities, our place in the world, and their competing visions would actually be worth listening to. Although McCain's recent embrace of Bob Jones University and the far right in his quest for the White House is an act of political cowardice. Posted by: Yellow Dog Democrat | Jul 20, 2006 2:38:57 PM

John E.

Thanks for the compliment, but I must credit a still unknown U.S senator for compiling that stellar resume and circulating it in 2000.

On a more serious note, as much as I like Obama personally, I was delighted to see that Evan Bayh is considering a run in '08. Bayh is a thoughtful, articulate moderate that has proven that he has the ability to appeal to Republicans. He has won multiple terms in a very Republican state with platforms that strike a chord with middle class voters, regardless of their party affiliation.

It is the middle class, whether Republican or Democrat, that will determine the outcome of the '08 election. Bayh has proven his ability to speak

for the middle class, and they have returned the favor with their votes. Posted by: johnf | Jul 20, 2006 2:48:34 PM

The ability to speak well does not have anything to do with inteligence. The basic premise for good speaking ability is to be able to slow down your thought process. You can be brilliant or stupid and be a good public speaker. President Bush obviously is not a great public speaker, but that does not mean that he's an idiot. In fact, his IQ is higher than John Kerry, who is obviously superior to Bush in public speaking.

As far as the profiteer comment? Didn't the Clintons get busted for selling white house artifacts on their way out? Posted by: Stewart | Jul 20, 2006 3:10:31 PM

Obama might be a breath of fresh air yet as someone as already pointed out, would he be ready to tackle a menu of Iraq, Iran, N.Korea, and terrorism world-wide. He's already stigmatized being a Democrat as their reputation in a volatile world is more appeasement than stick.

I think for him to be successful and getting attention, Obama would need to not follow the Democrat's tradition of looking weak and perhaps incorporate some tough talk with substance. This is a different world now so we'll need someone who isn't shy when it comes to making decisions that Democrats normally stay away from. Posted by: Dean | Jul 20, 2006 3:15:15 PM

Obama has shown leadership on getting funding for the Bridge to Nowhere. He really went to bat to make sure that no one was left of the pork-barrel, even if no one lived on the island where the bridge was going.

Oh, he also is championing a 50 cent per gallon tax on imported ethanol, keeping our pump prices for gasoline up around $4.

Sounds like presidential material to me.

JBP Posted by: John Powers | Jul 20, 2006 3:19:53 PM

He is not running!!!! But someone please tell me five people from the right or left who can clean up this mess. There is none!! Tired of the Right! But see no one from the left. Dam we need help!! Posted by: Dale Peters | Jul 20, 2006 3:53:35 PM

Obama - Clinton - 2008! Posted by: Joe | Jul 20, 2006 4:11:23 PM

If you want to know about Senator Obama and why people are excited about him - read his autobiography. You will find out tht he has done much more than make speeches. Posted by: bj | Jul 20, 2006 4:19:22 PM

JBP --

Interesting "facts"... so I decided to google it... Reading through what Obama has to say about the Bridge to Nowhere, it's pretty clear he's been pretty firm AGAINST the project and funding it.

And yes, he's supporting not lifting a tariff on imported ethanol. Here is what two Republican congressional representative say:

Charles Grassley (R-IA) and John Thune (R-SD) called lifting of the tariff "a victory for the oil companies, a kick in the face to rural America where the ethanol comes from, and leave consumers with the same high gas prices we have today."

The point is that Obama and a lot of other people in Congress are trying to keep the development of alternative fuels for the US something that happens in the US. Posted by: Just Steve | Jul 20, 2006 4:49:00 PM

He should throw his hat into the presidential ring now. Obama is certainly better qualified than other potential candidates, and he is someone people would want to vote for, as opposed the usual choice of voting for the lesser of two evils. Posted by: Richard Mattas | Jul 20, 2006 4:51:14 PM

In reference to Pam's comments - "I thought Obama was really trying to work for the working class people until i seen were he added..." -SEEN WERE - enough said.

In reference to Stewart's comments - Do you really think that Bush and Kerry took IQ tests and made them public like they did their tax returns? Most likely you are referencing an internet "urban legend" or to give you the benefit of the doubt you are taking COMPLETELY unscientific speculation as fact. And as for your question "Didn't the Clintons get busted for selling white house artifacts on their way out?" NO, ABSOLUTELY NOT, NEVER, DIDN'T HAPPEN.

If you don't like Senator Obama or The Clintons or Democrats that's absolutely fine but think before you type because I'm telling you people on the left and the right read what you write and just shake their heads. Posted by: Sheldon | Jul 20, 2006 5:26:35 PM

As much as he is junior senetor, Obama is intelligent and respect the human diginity.

He deserve to be our next president.

Eva Posted by: Evah Kihura | Jul 20, 2006 5:39:23 PM

So Just Steve,

Did Sen Obama's opposition to the Bridge to Nowhere result in his vote against HR3058 (Coburn Ammendment) to eliminate funding for The Bridge to Nowhere? Google that, and tell us all please, though I think you already know the answer.

Or was Sen. Obama's opposition more like his opposition to the Alito filibuster, where though he was against the filibuster, voted in favor of it, as a matter of principle.

Republicans and Democrats alike are out there promoting tariffs on imported ethanol, but it is Senator Obama and his mentor Sen. Durbin that have taken the lead in promoting special interests over the American consumer.

JBP

Posted by: John Powers | Jul 20, 2006 6:15:12 PM

So many find fault with that which they do not know. I find it amazing that with so much going on in the world, that people have a problem with someone who would apply common sense in the running of our country. I am born again Christian and am not ashamed to admit this. But even i find fault with so many of the right wing zealots who are in government office. Their stance on so many issues conflict with the teachings of Jesus Christ, the very person they claim to place their faith in. We are in a whole new world my friends, it is time we set aside our differences and strive to make this world a better place, instead of falling for the old game of divide and conquer. I would support Sen. Obama or even John McCain if he did'nt forsake his core audience by wooing the hard core knee jerk conservatives of our country. But no matter who intends to run, let that person have the fortitiude to lead this country with goal of improving the lives of ALL AMERICANS not just the 10% Country Club Crew that currenly run this country. GOD BLESS AMERICA!!! OBAMA 2008!!! Posted by: Vernon | Jul 20, 2006 6:19:13 PM

Cathy, he's a democrat from Chicago - what's showing up for work got to do with it?

As far as the Obama-Clinton ticket. Do you think Hillary will play second fiddle?

It won't be the right-wingers that destroy Obama if he enters the race. It will be all the other democrats - Clinton, Kerry, etc.... Their dirt-digging machines will dredge up more dirt than was moved to build the Panama canal. Posted by: Terry | Jul 20, 2006 6:22:40 PM

So Vernon,

If Obama is so interested in finding solutions for all Americans, why is it that in his term as an Illinois State Senator he represented a district with the worst schools in the State, while sending his children to private school

Face it, Obama has never attended a day of public school in his life. He is part of the Country Club set that condemns our public school students to a horrifying education, while he is flying around the country on ADM's corporate jet promoting higher taxes on imported fuel.

JBP Posted by: John Powers | Jul 20, 2006 6:52:37 PM

I like the script, if you want to call it that, from which senator Obama speaks. However, it is because I like him, that I would not want him to win in 2008 because:

A lot of those same political representatives will still be in the white house making decisions, who made a lots of the bad decisions, which created much of the current damage that is being left behind to clean up... That alone will make immediate repairs impossible. Remember: Mayor, Harold Washington-Chicago, Il.

There is so much that has happened during the last 6 years that has seriously damaged America. Including: mergers, bad trade agreements and other changes that happened during Presidents Clinton's period and before- No one will be able to repair the damage in less then 15 to 20 years at the current pace that it takes our representatives to get something from an idea to a reality.

I believe that by 2008 the country will be in such bad shape economically: Unemployment, home foreclosures, high cost of oil which hurts everyone and every industry. Plus, because so many Americans have never really known hard times like some of our parents and grand parents, we haven't developed the stamina needed to survive really hard times , like some of the people from less fortunate countries, There by health related problems from stress, mentally numbing substance (Alcohol etc) will also extremely high.

Even though the unemployment numbers can show an improvement, It is my understanding that: it does not reflect the true picture, because once people are not in the system to receive unemployment benefits, they are no longer listed as unemployed even though many of them are still unemployed (if that is not how it works please feel free to correct me)

Whoever is president in 2010, I believe is going to be perceived as a failure, because the many Americans people, who are currently leaning toward hard times, will have hit rock bottom by then. The country will be screaming for a quick fix from the President, that short of a miracle will not be coming- that being based upon the amount of time that the serious repairs needed would take, even without opposition. Talk about opposition, just in this "Swamp" I feel opposition screaming at the mere "suggestion"!!!!!!!!

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What can we honestly say has really improved in the US since December 2001? Make A List. I sincerely want to know. So you actually think Obama could do worst. Interesting???

I believe that 90 percent of America would suffer as a result of: but, I think for all those who feel that Obama's script is so bad: maybe, we should just continue on the same path that we are currently on, and elect Dick Chaney in 2008, because it appears that the only way many Americans are going to understand the depth of the trouble that our country is in, will be to experience another 1929 or worst.

For many reason, I would really hate to have the Americans worst nightmare happen on Barack Obama's US Presidential clock.

The Americans worst nightmare which, it appears that, the US is becoming more primed for each day that:

Oil prices remain above $2.00 per gallon

Our government has to borrow money, just to keep things working as well as they are. (God, I pray that we (the U.S.) don't make the wrong countries mad enough at us to either call- in- our- debt, or hold the U.S. hostage. For me that is something to be feared)

I say to Senator Obama: wait until 2012 to win, by then, things will have gotten so bad, there will be almost no - in- house fighting against that which is needed to benefit the majority of the American citizens.

Thereby, you can make 10 times more progress than you would have been able to make by winning in 2008.

Whoever wins in 2008 will be truly blessed, if they do not regret winning the biggest "lost" of the "time". However, I do believe in miracles.

Barbara Mitchell

Donlyn Distribution Inc.

Posted by: Barbara Mitchell | Jul 20, 2006 7:39:06 PM

I don't think Obama is ready for a presidential run; he still needs to do some leading and legislating in my view. The Senate is also a tough place from which to launch a presidency; perhaps he could replace Governor Blow-Dry here in 2010 and gain some better experience both in governing and in campaigning.

I'd guess this Iowa trip might also have something to do with all the close races there this year; you've got Chet Culver (D) and Jim Nussle (R) neck and neck for governor; you've got a tight race for Nussle's open seat, and you've got Leonard Boswell (D) holding a fairly marginal seat against a potentially tough GOP challenger (Lamberti) and not in the greatest of health. Posted by: DB | Jul 20, 2006 9:10:29 PM

JBP,or John Powers,

I think we all know your true identity..John D.

I can recognize a right wing hack a mile away Posted by: jokemakerjake | Jul 20, 2006 10:00:40 PM

Comments are not posted immediately. We review them first in an effort to remove foul language, commercial messages, irrelevancies and unfair attacks. Thank you for your patience.

Democrats Aim For Rich-Poor Gap (wsj)

WSJ – Wash Wire, July 21, 2006

DEMOCRATS TARGET rich-poor gap as economy keeps growing.

Average Americans don't credit Bush "because they ain't got any cash," says liberal Rep. Frank. Bush gets polite greeting from NAACP, where he says "prosperity and opportunities" should "reach into every block of every neighborhood."

House Democratic campaign committee, boasting $32 million in cash to $26.5 million for Republican counterparts, press minimum wage with ads in six states featuring "Who deserves a pay raise?" gameshow. Republicans signal they may accept an increase to stem attacks.

"We have a lot of conversations going on, but no decisions," says House Majority Leader Boehner.

FRIST FACES intraparty opposition to linking estate tax and pensions.

The Senate majority leader, who hasn't abandoned 2008 presidential aspirations, wants estate-tax cut added to emerging pension compromise. "Not acting now guarantees a lousy and boneheaded tax forever," an aide says.

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But connecting the two could sink both, since Frist hasn't amassed filibuster-proof majority for an estate-tax deal. House leaders join Senate Finance Chairman Grassley in resisting a combined bill; they promise decision next week.

IRAN GAINS as Mideast violence saps drive for curbing nuclear program.

U.N. diplomats say challenges of Iran, North Korea, and Israeli response to attacks have strained capacity to act. "We have almost too much on our plates," says one U.S. diplomat, who still hopes for a Security Council resolution on Iran this month.

Tension with other countries holding veto power, especially Russia, tests U.N. Ambassador Bolton as his recess appointment winds down. But Bolton picks up support for confirmation from an erstwhile Republican critic.

Though "not perfect," says Ohio Sen. Voinovich, Bolton can "work with others and follow the president's lead."

PERSONAL DIPLOMACY: U.S. trade representative Schwab built ties at G-8, taking two-mile walk with Russian counterpart and giving a lift to Brazil's foreign minister and WTO chief Lamy on her flight to Geneva from St. Petersburg. She now seeks to bridge differences on farm policy and tariffs in Doha trade round, but ex-Bush aide Cesar Conda says Schwab may need more help from "the president himself."

HOT BUTTONS? Supreme Court's early October oral-argument schedule omits some pending cases, including battles over regulating "greenhouse gases," the federal "partial birth" abortion ban and use of race in primary-school assignments. First up: whether government can deport immigrants convicted of state-level felonies if those crimes are federal misdemeanors. Though term begins on first Monday in October, justices won't hear arguments until Tuesday, Oct. 3, because of Yom Kippur.

LOCAL FOCUS: National Bureau of Economic Research study concludes Hispanic voter turnout rises as much as 10 percentage points in areas with local Spanish-language television news. "Television is quite capable of increasing civic engagement," write Joel Waldfogel and Felix Oberholzer-Gee, backing regulatory policies encouraging TV "localism."

BUSH WILL MIX work with vacation time at Crawford ranch. Aides explore August swing to battleground state such as Pennsylvania, where Republicans are defending three endangered House seats and Sen. Santorum. Also planned: one-year commemoration of Hurricane Katrina, viewed by Republican strategists as biggest second-term setback.

SENATE REPUBLICANS TRY again for energy win.

After demise of $100 rebate and other proposals to address springtime gas-price jump, Frist prepares to bring energy bill to floor next week. It would open parts of Gulf of Mexico to offshore drilling and send royalty money to states with offshore wells, while preserving Florida moratorium until 2022.

Industry groups and some Republicans want Atlantic and Pacific coastal drilling, as approved by the House. But environmentalists and coastal-state senators, including vulnerable Democrat Menendez of New Jersey, vow to fight as issue becomes 2006 campaign weapon.

An environmental lobbyist frets Minority Leader Reid may "muddle Democrats' message" by permitting energy floor vote.

MINOR MEMOS: Democratic lawmakers hold $500-a-person "Member Moms Spa Evening," featuring wine, massage and pedicures…. For same price, donors can attend Republican congressional staffers' "Texas Hold 'em Poker Tournament"…. New red, white and blue bumper sticker seen in Washington: "Nobody for Congress in 2006." – John Harwood

The Washington Wire, which is among the most venerated products of the Journal's Washington bureau, also is one of the oldest standing features in American journalism. Since the Wire was launched on Sept. 20, 1940, the Journal has offered readers an informal look at the capital's comings and goings in a series of newsy, and sometimes even gossipy, items. Now online each weekday, the Wire provides a succession of glimpses at what's happening behind hot stories and early warnings of what to watch for in the days ahead. The Wire is the collective product of the Washington bureau, some 40 journalists strong.

GOP Making Hard Pitch To Social Conservatives (MCT)

By Margaret Talev

McClatchy Newspapers, July 21, 2006

WASHINGTON - They promised social conservatives that they'd promote morality and patriotism, and this week Republican leaders in Congress tried to show that they keep their word.

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With Republicans looking to conservative voters to fend off a Democratic takeover in this fall's elections, the House of Representatives worked its way through an "American Values Agenda," which included votes to ban gay marriage and take away federal courts' jurisdiction on Pledge of Allegiance lawsuits.

But the strategy doesn't look so smart to many GOP incumbents facing close races.

To be sure, House Speaker Dennis Hastert, R-Ill., Majority Leader John Boehner, R-Ohio, conservative activists and many Republican incumbents in safe seats say that voting on these ideological issues is essential to restoring credibility with their party's base. That in turn, they say, should improve turnout at the polls.

"Folks want to at least see that we're talking about issues we say we're going to talk about," said Rep. Dan Lungren, R-Calif.

Said Tony Perkins of the conservative Family Research Council, "It's essential to address them before they go back before voters again."

Others worry, however, that in close swing districts, the values agenda could turn off independent and moderate Republican voters, especially when coupled with President Bush's veto this week of expanded embryonic stem-cell research.

"I wasn't consulted" about the strategy, said Rep. Clay Shaw, R-Fla., chuckling uncomfortably in an interview.

Shaw, facing a competitive general election, supports embryonic stem-cell research and tried to override Bush's veto. That could appease elderly constituents who favor the research, so long as they know Shaw's position.

But Shaw's vote for the gay-marriage ban, which fell short, could put him in the doghouse with the large gay constituency in South Florida's Broward County.

"But you have to vote your conscience," he said.

In Connecticut, where three House Republicans face competitive races, Rep. Christopher Shays, R-Conn., vented about the values agenda. "While Rome burns, we're eating grapes. Anytime you do bad policy, it is bad politics."

Rep. Ron Paul, R-Texas, said the values agenda gives Democrats a platform for accusing the GOP of ignoring real problems. "I could think of more important things to do," he said. "Why do we have deficits? Why is government so big and why is it getting bigger? And why are we on the verge of the war spreading in the Middle East? And why do we have a monetary policy that's going to lead to runaway inflation?"

The House values votes are mostly symbolic. The Senate either has rejected them or has indicated that it won't vote on most of them this year. Senate leaders have tried but failed to advance a gay-marriage ban and flag-protection amendment. They're planning a vote on a bill limiting where teens can travel for abortions.

Still pending on the House values agenda: requiring abortion doctors to tell women that fetuses can feel pain and shielding government officials from monetary damages in lawsuits over religious expression.

Rep. Phil Gingrey, R-Ga., rejects criticism that the values agenda is futile.

The votes "put each and every member in this House on record with their constituents," he said. He also disagrees that Congress is ignoring other issues, noting the passage of tax cuts and a border security bill that would crack down on illegal immigration and is now at an impasse with the Senate.

But Democratic leader Nancy Pelosi of California said that any American who happened to tune in this week would conclude of Congress, "What they are doing is totally irrelevant to my life."

Democrats could take control of the House with a gain of 15 seats and of the Senate with a gain of six. Polls show that voters, frustrated with the war in Iraq and high gasoline prices, blame Republicans more.

Norm Ornstein, a scholar with the American Enterprise Institute, a conservative think tank, and coauthor of a new book detailing Congress' shortcomings, said the GOP strategy for hanging onto power is "shaky" and "degrades Congress."

"They're fearful that what happens will be what happened in 1994" to the then-dominant Democrats, Ornstein said, "that the out-party turns out in very substantial numbers and the in-party stays home."

However, he said, "if you look at where the genuinely marginal seats are for them (Republicans), the ones they can't afford to lose, more are in areas that are going to be driven by moderate votes than by base votes."

Perkins countered that most Americans support keeping the word "God" in the Pledge of Allegiance and oppose gay marriage.

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Republican lawmakers won't be penalized for bringing them up, he predicted. "There's such global instability that people will turn inward to these core values, to see what we're anchored to."

AP: Democrats Plan $30 Million Ad Buy (AP-Y)

By David Espo

AP2, July 21, 2006

Signaling a new phase in the struggle for control of Congress, House Democrats have reserved time for more than $30 million worth of campaign advertising this fall in roughly two dozen congressional districts, with a heavy emphasis on the Northeast and Midwest.

The Democratic targets include clusters of Republican-held seats in the Philadelphia area held by Reps. Jim Gerlach, Curt Weldon and Michael Fitzpatrick, as well as the Ohio River Valley, where Reps. John Hostettler of Indiana, Geoff Davis of Kentucky and Steve Chabot of Ohio can expect a protracted televised barrage.

Based on information available to date, the Democratic Congressional Campaign Committee intends to air ads for eight weeks in an attempt to defeat Rep. Heather Wilson of New Mexico. Rep. Clay Shaw of Florida faces a particularly well-financed opponent, but he can also expect to face five weeks of Democratic-paid advertising.

After 12 years in the minority, Democrats need to pick up 15 seats this fall to gain control of the House.

Material about advertising reservations is publicly available. Bill Burton, a spokesman at the Democratic Congressional Campaign Committee, declined to comment, although other officials said the organization is in the process of identifying additional target seats and reserving more advertising time.

Reserving time in advance can save money for a purchaser because some stations will sell advertising during the summer months at lower rates than they can command in September or October.

By signaling their intentions this far in advance, Democrats also make it possible for their own candidates to know how much help they can expect. While the advertising effort must be kept independent of the candidates, the public nature of the information makes it widely known.

At the same time, Democrats have not yet paid any money to stations, and the strategy of reserving large amounts of advertising time far in advance can carry risks.

Two years ago, the DCCC reserved time to advertise in a pair of House races in New Hampshire, heartening the party's candidates as well as activists in the state. When the station asked for payment, the committee dropped its plans, infuriating local officials who complained that the state had been written off by strategists in Washington.

Carl Forti, a spokesman for the National Republican Campaign Committee, said the organization has not yet reserved advertising time, although it plans to do so in the coming weeks.

Until recently, the two parties have largely been focused on candidate recruitment, fundraising and opposition research to prepare for the intense final few months of the two-year campaign cycle.

Two years ago, the two parties spent more than $70 million combined on their own advertising, which by law are undertaken independent of activity by the campaigns.

Judging by recent reports, the totals for 2006 will be higher.

The DCCC reported this week it had $32 million in the bank as of June 30, compared with $18.4 at the same point two years ago.

The NRCC reported slightly $26.5 million cash on hand as of June 30.

Party-paid advertising has played a critical role in the national battle for House control in recent years, with Republican and Democratic strategists both concentrating their efforts on a relatively small number of seats that appeared competitive.

Democrats have labored for more than a year to increase the number of competitive districts, and appear to have done so to an unknown extent.

There are other differences between the current campaign and the last one that appear to benefit Democrats.

The electorate has grown weary of the war in Iraq, and as a result, President Bush's poll ratings are far lower than during his successful re-election campaign in 2004.

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Additionally, unlike in 2004, Democrats are not defending a spate of districts in Texas that were redistricted to make them more favorable to Republicans. The DCCC spent roughly $4.5 million in advertising in five districts in the state two years ago in an effort to save incumbents from defeat. Four of the seats fell to the Republicans.

Based on the time reserved to date, Democrats appear inclined to make Hostettler the recipient of their most sustained advertising barrage, 11 weeks in the area around Evansville.

Other targets include Reps. Dave Reichert of Washington, Mike Sodrel of Indiana and Rob Simmons of Connecticut.

Apart from Republican incumbents, Democrats intend to advertise in several GOP-held seats where lawmakers are retiring. They include districts held by Reps. Jim Kolbe in Arizona, Bob Beauprez in Colorado, Jim Nussle in Iowa, Mark Green in Wisconsin and Henry Hyde in Illinois.

The party also reserved time to advertise in districts held by Democratic Reps. Melissa Bean of Illinois, Leonard Boswell of Iowa and Alan Mollohan of West Virginia. Republicans have signaled they will target all three for defeat.

Democrats Close Gap On GOP On Fundraising (AP)

By Jim Kuhnhenn

AP, July 21, 2006

WASHINGTON -- National Democratic Party committees closed a fundraising gap with their Republican counterparts in June, raising more money and improving their cash on hand, according to reports filed Thursday.

The data is the latest sign that that neither party would hold a financial edge in this year's contest for control of Congress.

The Republican National Committee was the only one of the three party groups to best the Democrats, reporting $44.7 million in the bank compared with $10.8 million for the Democratic National Committee.

But the campaign organizations for Senate and House Democrats combined to hold a $23 million edge over the Republicans' comparable committees.

Financial standing heading into the November elections is an important test of the parties' strength. The committees, particularly the four congressional ones, will play crucial roles in close House and Senate races.

"More money in the bank means more resources to help spread our message of change," said Sen. Charles Schumer, D-N.Y., who heads the Democrats' Senate committee.

GOP strategists say Republican candidates as a whole are better financed than their Democratic challengers.

"Targeted incumbent Republicans have $22 million more than their challengers, and Democrats must defend three competitive open seats and four vulnerable incumbents," said Brian Nick, spokesman for the GOP Senate committee. "Seems like they will be spread pretty thin."

The Democrats' Senate committee, in the latest reports to the Federal Election Commission, said it raised $8.8 million in June and had $37.7 million in the bank.

Its GOP counterpart raised $4.8 million and had $19.8 million in the bank.

For the House, the Democrats' committee took in $9.8 million compared with $9.5 million for the Republicans. The Democratic committee reported $31.9 million in the bank compared to $26.5 million for the Republicans, who have historically led in that category.

This edge was the first since changes in campaign finance law in 2002 eliminated unlimited contributions known as "soft money."

Lieberman's Challenger Is Playing Catch-Up (WP)

By Zachary A. Goldfarb

The Washington Post, July 21, 2006

For weeks, political analysts have said that antiwar businessman Ned Lamont is closing in on Sen. Joseph I. Lieberman in next month's Democratic primary in Connecticut.

Now there is evidence. A poll released yesterday shows that Lamont has jumped ahead of Lieberman among likely voters, 51 to 47 percent. The lead is within the poll's margin of error, making the race a dead heat with a little more than two weeks until the Aug. 8 primary. In early June, Lieberman, a strong supporter of the Iraq war, led 55 to 40 percent.

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The Quinnipiac University poll also shows that Lieberman, who announced he will run as an independent if he does not win the primary, would defeat Lamont and the Republican candidate, Alan Schlesinger, in a three-way race in the general election. Lieberman would get 51 percent of the vote, Lamont 27 percent and Schlesinger 9 percent.

The closeness of the race has roiled national Democrats, who generally have said they support Lieberman in the primary but have been challenged to say whether they would support his independent candidacy. Lieberman's campaign is touting a visit this coming Monday by former president Bill Clinton.

In anticipation of a primary victory -- and the difficulty of defeating Lieberman in a general election -- Lamont has been widening his policy portfolio beyond the war to include such issues as universal health care and pre-primary education.

Douglas Schwartz, Quinnipiac polling director, said one area in which voters have concerns about Lamont is his lack of experience. But Schwartz said that despite Lieberman's current lead in a projected three-way race, voter perceptions could change if Lieberman loses in the primary.Democrats Hold On to Lead in Money Race

Senate Democrats' financial advantage over Republicans is continuing 3 1/2 months before voters determine which party will control the Senate for the rest of President Bush's term.

At the end of June, Senate Democrats had nearly twice as much cash on hand as their Republican counterparts, according to data submitted to the Federal Election Commission yesterday.

The Democratic Senatorial Campaign Committee raised $8.8 million in June and had $38 million in the bank. The National Republican Senatorial Committee raised $4.8 million and had $19.8 million in the bank.

The trend is mirrored on the House side -- though the Democratic edge is less pronounced. At the end of June, the Democratic Congressional Campaign Committee had $31.9 million, compared with the National Republican Congressional Committee's $26.5 million.

House Democrats are planning to spend their enlarged war chest on an aggressive television campaign this fall in about two dozen congressional districts, especially in the Northeast and Midwest, the Associated Press reported yesterday. They have already reserved more than $30 million worth of TV time.

Democrats are targeting the Philadelphia area seats held by Reps. Jim Gerlach, Curt Weldon and Michael G. Fitzpatrick, as well as those of Reps. John N. Hostettler (Ind.), Geoff Davis (Ky.) and Steve Chabot (Ohio). The DCCC plans to air ads for eight weeks to try to defeat Rep. Heather A. Wilson (N.M.) and for five weeks to oust Rep. E. Clay Shaw Jr. (Fla.).

Clinton To Help Lieberman Against Rival (AP-Y)

By Susan Haigh

AP2, July 21, 2006

Suddenly trailing in the polls, Democratic Sen. Joe Lieberman is enlisting the help of former President Clinton, the man he criticized in 1998 for "disgraceful behavior" in a sex scandal with a White House intern.

Clinton and Lieberman are scheduled to campaign together in Connecticut on Monday as the three-term lawmaker struggles against challenger Ned Lamont, a multimillionaire businessman who has questioned his rival's Democratic credentials and assailed his support for the Iraq war.

A new poll released Thursday showed that Lieberman has lost ground to Lamont and is narrowly trailing him for the first time in their race. Lamont had support from 51 percent and Lieberman from 47 percent of likely Democratic voters in the latest Quinnipiac University poll — a slight Lamont lead given the survey's error margin of plus or minus 4 percentage points.

The primary is Aug. 8 — summer vacation season — when turnout in Connecticut primaries is typically about 25 percent of registered voters.

Lieberman is arguably the most vulnerable incumbent senator in a primary. Sens. Daniel Akaka, D-Hawaii, and Lincoln Chafee, R-R.I., face viable opponents in September contests. Sen. Marie Cantwell, D-Wash., has secured the support of some of her early Democratic foes.

Liberal blogs and Democratic activists have targeted Lieberman — and lifted Lamont's political fortunes — for his stand on the war and perceived closeness to President Bush. He also upset some Democrats with his plan to run as an independent if he loses the primary.

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Several Senate colleagues, among them Democrats Barbara Boxer of California and Ken Salazar of Colorado, plan to campaign for Lieberman in Connecticut. Clinton, however, is the party's rock star as well as the one who would revive talk of interns and impeachment.

In September 1998, as the scandal raged, Lieberman was the first prominent Democratic lawmaker to openly criticize Clinton's conduct with former White House intern Monica Lewinsky. On the Senate floor, Lieberman spoke about being "personally angry because President Clinton had, by his disgraceful behavior, jeopardized his administration's historic record of accomplishment."

The senator said his personal dismay evolved into "a larger, graver sense of loss for our country, a reckoning of the damage that the president's conduct has done to the proud legacy of his presidency."

Two years later, Al Gore selected Lieberman to be his running mate on what turned out to be the losing Democratic ticket. In 2004, Lieberman made an unsuccessful bid for the party's presidential nomination.

At a news conference Thursday, Lamont said he was "a big fan of President Clinton" and the world would have been a different place if he had been allowed to serve a third term.

"But that said, a lot of testimonials from folks coming up from Washington aren't going to make a difference," said Lamont, who continued to focus on Iraq.

"If President Clinton was president in 2003, do you think he would have had a unilateral invasion of Iraq with no allied support and no support from the neighbors?" he asked.

With less than three weeks to the primary, Lieberman has hired Washington, D.C., strategist Tom Lindenfeld to oversee a get-out-the-vote effort. Lindenfeld helped to organize such an effort for Clinton's 1992 presidential campaign.

"Probably for Lieberman, the best thing he can do right now is get out his troops," said Douglas Schwartz, director of the Quinnipiac University Poll. "This is going to be about turnout right now."

Marion Steinfels, Lieberman's campaign spokeswoman, said volunteers are coming from out of state to help.

Leading Democrats in the Senate — Hillary Rodham Clinton of New York and John Kerry of Massachusetts — have said they would back whoever wins the primary.

Despite the close primary race, the new poll provided some good news for Lieberman. In a three-way race, the senator would prevail.

The poll found that among all registered Connecticut voters, including non-Democrats, Lieberman had the support of 51 percent, followed by Lamont with 27 percent and Republican Alan Schlesinger with 9 percent.

The telephone survey of 2,502 registered voters, 653 of them likely Democratic voters, was conducted July 13-18. The margin of error for the overall survey was plus or minus 2 percentage points.

Lieberman's Support For War, Bush May Cost Him His Job (CCT/MCT)

The Contra Costa Times, July 21, 2006

By Steven Thomma

McClatchy Newspapers

(MCT)

WEST HARTFORD, Conn. - Cheryl Curtiss is a lifelong Democrat who's always voted for Sen. Joe Lieberman, D-Conn., in his long and celebrated career.

But like a lot of Democrats, she's against the Iraq war and fed up with him for supporting it. That he seems to get along with President Bush only makes it worse.

"I will never vote for him again," said Curtiss, a public school administrator from West Hartford. " The way he supports the war and Bush disgusts me."

When she gets her chance in the Aug. 8 primary, she's voting for the anti-war, anti-Bush and anti-Lieberman challenger, millionaire Ned Lamont. Should their side prevail - and it's difficult to predict who'll turn out to vote on an August Tuesday - they would turn the three-term senator and 2000 Democratic vice presidential nominee into the highest-profile political casualty of the unpopular war.

DOJ_NMG_0042334

"It raises some larger questions about the Democratic Party," Lieberman said in an interview. "I'm in a ... proud and successful tradition in our party, Democrats who are progressive on domestic policy and strong and idealistic on foreign policy," he said, mentioning names such as Harry S Truman, John F. Kennedy, Hubert H. Humphrey and Henry "Scoop" Jackson.

"That combination is an important part of the history of the Democratic Party. Unless it's adequately represented in the future of our party, our party is not going to gain the confidence of the people to govern again, which I dearly want it to do."

Lieberman voted in October 2002 to authorize the Iraq war, like many fellow Democrats including Sen. Hillary Rodham Clinton of New York and Sen. John Kerry of Massachusetts.

Unlike Kerry, however, he still supports the war. Unlike Clinton, he refuses to temper his support with criticism of the way Bush has waged it.

"While dissent about the war is critically important and American, partisan dissent has no place when it comes to our national security, particularly when we have 130,000 Americans over there in uniform," he said. "So I refuse to take partisan shots at the president or anybody else about the war."

Critics like Curtiss and others interviewed here note quickly that Lieberman not only refuses to criticize Bush, he appears to embrace him. Everyone has seen photos of Bush hugging or possibly even kissing Lieberman on the cheek at a State of the Union address.

They also know that Lieberman, even while amassing a solidly Democratic record on such issues as the environment, has jabbed the occasional finger in the eye of his party, or at least its left eye.

Gloria Jasieniecki, a high school teacher from West Hartford, said she turned against Lieberman primarily because of the war, but she already disliked his support of school vouchers.

She also dismissed Lieberman's endorsement from the big abortion-rights groups NARAL, Pro-Choice America and Planned Parenthood's political action committee, noting that he worked with 13 other centrist senators of both parties to clear the way for conservatives such as Samuel Alito to make it to the Supreme Court while preserving the Democrats' right to filibuster, or block, other nominations.

"He's become too closely tied to the Republicans," she said. "I voted for him last time because there wasn't any other choice. This time I have a choice."

The alternative is Lamont, heir to a one-time partner of banking giant J.P Morgan. After casting about unsuccessfully for an anti-war candidate to challenge Lieberman, he decided to do it himself.

He's financed much of his own campaign. Once he got it going, the cause was picked up by liberal bloggers such as DailyKos, and it now draws campaign checks from the likes of actress Barbra Streisand, TV producer Norman Lear and financier George Soros.

"I'm running because I don't think staying the course is a winning strategy in Iraq, and it's not a winning strategy in America," Lamont told about 50 people at a senior center. "I'm not going to play footsie with the Bush administration."

In his stump speech, Lamont criticizes Bush much more than Lieberman.

"I'm running against both because I don't think Senator Lieberman challenges President Bush on the big issues of the day," Lamont said in an interview. "And I think he sometimes goes out of the way to undermine the Democrats."

Who will win is difficult to say.

If he doesn't win the primary, Lieberman said he'd run in the general election as an independent candidate. He said his polling shows he has the support of a majority of Democrats - but he doesn't know how many will bother to vote on August 8. He recently beefed up his get-out-the-vote effort.

"It's all about getting people out. For those who are against the war, this is their chance to send a message. They're more motivated," said Mark Benigni, the Democratic mayor of Meriden, Conn., and a Lieberman supporter. "It's definitely a battle."

Top Stars Donated To Sen. Hillary Clinton (AP-Y)

By Devlin Barrett

AP2, July 19, 2006

If Hollywood has a "DaVinci Code," Democratic Sen. Hillary Rodham Clinton has cracked it.

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Top stars such as Tom Hanks, Jennifer Lopez and Owen Wilson donated to the New York senator in recent months, generating the kind of cash usually associated with a major box office opening — or a potential presidential bid in 2008.

Clinton, who doesn't face much of a challenge in her re-election, received $4,200 from "The DaVinci Code" star Hanks, the Academy Award-winning actor, and his wife, Rita Wilson.

The itemized donations were made public Wednesday, with the paperwork for April through June more than 4,000 pages. In that period, Clinton raised almost $5.7 million, bringing her total for her re-election effort to $43 million to date. She had more than $22 million cash on hand.

That's more than Owen Wilson's new film "You, Me, and Dupree" made in its opening weekend. Wilson gave Clinton $2,100.

Another contributor was Chris Rock, one of many comedians who made bawdy jokes at the Clintons' expense after the investigation into Bill Clinton's affair with intern Monica Lewinsky. Rock gave the senator $2,100.

Singer Bette Midler gave the maximum allowed by law, $4,200, as did actor James Caan.

Other donors included Donald Trump's ex-wife Marla Maples, who gave $2,000, and director Rob Reiner, who gave $3,200.

Billy Crystal donated $4,000, and Walt Disney Co. CEO Robert Iger gave $2,100.

The senator's star-studded donor list even included some famous sports names. Baseball's home run king Hank Aaron donated $300, New York Knicks assistant coach Herb Williams gave $1,000 and retired New York Rangers goaltender Mike Richter gave $4,200, as did Richter's wife.

So what did Clinton spend her millions on? In this election cycle, the senator has spent more than $21.7 million even though she has yet to run a single television ad. Her two woefully underfunded would-be GOP opponents have spent more time trashing each other.

Clinton has spent millions on direct mailings to prospective donors. In the most recent three-month period, she spent more than $200,000 on postage alone. The campaign paid nearly $650,000 to a company that handles direct mail business.

The records also provided a tantalizing clue for would-be Clinton sleuths that she's serious about a White House run: two bills for unidentified campaign worker travel at the Hampton Inn in Des Moines, Iowa, the state with the first caucus in the presidential nomination process.

One bill for $182.25, was dated April 17; a second, for $145.77, was dated April 26.

Clinton spokesman Howard Wolfson said the receipts were nothing more than a clerical error, and that the amounts reflected hotel bills for trips to Albany, N.Y., and Austin, Texas. He said the paperwork would be corrected.

Inside Politics (WT)

By Greg Pierce

The Washington Times, July 21, 2006

Dead heat

Connecticut Sen. Joe Lieberman, under fire from activists in his own party, has lost ground to his challenger and is in a statistical dead heat for the Democratic nomination, according to a poll released yesterday.

Businessman Ned Lamont led Mr. Lieberman, 51 percent to 47 percent, among likely Democratic voters in the latest Quinnipiac University poll. The difference was within the poll's margin of error of four percentage points, but Mr. Lieberman's numbers were down from a Quinnipiac poll in June.

Last month, Mr. Lieberman had led 55 percent to 40 percent.

The poll's results weren't all bad for the three-term senator: When non-Democrats were included, the survey of registered Connecticut voters showed him leading in a three-way race, with 51 percent for Mr. Lieberman, 27 percent for Mr. Lamont and 9 percent for Republican Alan Schlesinger, the Associated Press reports.

Mr. Lieberman filed papers last week that will allow him to petition his way onto the November ballot if he loses in the Aug. 8 Democratic primary.

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The poll results were not the only bad news for Mr. Lieberman yesterday. A spokesman for Bill Clinton said the former president will support the winner of the Democratic primary, even if it's not Mr. Lieberman.

"He's known Senator Lieberman for over 30 years and while he doesn't agree with him on every issue he thinks he has been a good senator, has the right position on most key Democratic issues and is going to work to help him win the primary," Jay Carson told the Election Central blog. "However, he respects the primary process and will support the candidate that wins the Democratic Primary and work to help that candidate win."

Backing Bolton

A senator who last year temporarily blocked John R. Bolton's nomination to be ambassador to the United Nations said yesterday that he would not stand in the way this year because of an urgent need to ease tensions in the Middle East.

"I realized we're at war ... and I said I think we need to accelerate this decision-making," said Sen. George V. Voinovich, Ohio Republican. "For the betterment of our country, we need to clarify our position regarding John Bolton."

Mr. Voinovich frustrated his Republican colleagues last year when he opposed Mr. Bolton's nomination in the Senate Foreign Relations Committee. That led President Bush to install Mr. Bolton through a temporary appointment that expires in January.

Now, Mr. Voinovich said, pressing diplomatic issues with Iran and North Korea and in the Middle East require a smooth approval process for the man he once called a bully.

"My observations are that while Bolton is not perfect, he has demonstrated his ability, especially in recent months, to work with others and follow the president's lead by working multilaterally," Mr. Voinovich said.

Cash on hand

Republican Bob Corker, vying against two Republican candidates for the Senate nomination in Tennessee, wrote checks for $1.7 million in recent weeks to help his campaign.

Mr. Corker on Wednesday filed notice of the contribution with the Federal Election Commission, which will allow the other Republican candidates — former Reps. Ed Bryant and Van Hilleary — to receive campaign contributions above the donor limits to level the playing field, the Associated Press reports.

The primary is Aug. 3. The Republican choice likely will face Democratic nominee Rep. Harold E. Ford Jr.

Senate Majority Leader Bill Frist, who holds the seat, is stepping down at the end of his term as he weighs a 2008 presidential bid.

Mr. Corker, already well ahead of his Republican opponents in fundraising, said he is committing his own money to counter the negative tactics of others in the race. Mr. Bryant is airing ads criticizing Mr. Corker's changing stand on abortion, and Mr. Hilleary also has run negative ads during the race.

Mr. Corker, a former Chattanooga mayor, also said he has raised about $1.1 million from outside contributors during the cycle — which ran from April 1 through July 14. To date, the campaign has collected about $6.6 million from outside sources. The campaign reported having $1.2 million cash on hand.

Hillary's helpers

The stars are aligning for Sen. Hillary Rodham Clinton; Hollywood stars, that is.

In a recent financial disclosure, the New York Democrat and former first lady said she raised almost $5.7 million from April through June, a large chunk of it from La-La Land's biggest names, including actor Tom Hanks and actress wife Rita Wilson ($4,200), Billy Crystal ($4,000), "Wedding Crasher" Owen Wilson ($2,100), comedian Chris Rock ($2,100) and chanteuse Bette Midler ($4,200).

These celebrities join an A-list of Democratic supporters who previously attended Hollywood fundraisers attended by Mrs. Clinton, whose political war chest has reached $43 million. Because she faces virtually no opposition in her re-election bid for the Senate, observers see this as contributions to a 2008 presidential bid.

Walt Disney Co. chief Robert A. Iger, director Rob Reiner, actresses Reese Witherspoon and Edie Falco, actors Paul Newman, James Caan and Danny DeVito, and talk show host Jerry Springer also have ponied up for Mrs. Clinton, who has more than $22 million cash on hand.

PAC closes

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The fundraising organization that helped vault former Rep. Tom DeLay to Republican leadership ranks in the House and distributed election money to numerous Republicans has been fined for campaign-finance violations and is shutting down.

Under an agreement with the Federal Election Commission, Americans for a Republican Majority agreed to pay a $115,000 fine and close. The agreement, reached July 7, was made public late Wednesday.

The agreement resulted from an audit by the FEC of the political action committee's records for Jan. 1, 2001, to Dec. 31, 2002. The audit found Mr. DeLay's committee had not properly reported contributions, disbursements and cash on hand.

It also found the committee failed to properly report outstanding debts and obligations and did not follow federal rules for paying for shared federal and nonfederal activities, the Associated Press reports.

The audit was conducted in August. Citizens for Responsibility and Ethics in Washington, a watchdog group, had filed a complaint calling for enforcement action against the PAC.

Campaign '08 Preview: Podcasting Politicians (LAT)

By Mark Z. Barabak

The Los Angeles Times, July 21, 2006

Donnie Fowler has seen the future of American politics. Pull out your cellphone and you can see it as well.

As people increasingly tailor their leisure time to suit their lifestyles — through blogs, MySpace, iPods, video on demand — politicians and their promoters are facing the same problem as Hollywood and the makers of toothpaste: How do you sell your product to an increasingly fragmented audience?

To Fowler, a veteran Democratic strategist, the next big thing is the small screen on the cellphone in your purse or pocket. In just a few years, he said, the tiny device will allow you to access the Internet in all its vastness, as though you were seated in front of a computer.

"You'll not only be able to text people with messages, you'll be able to raise money, deliver video, audio, create viral organizing — where one person sees something really interesting and it gets passed on and on," said Fowler, who recently started a company, Cherry Tree Mobile Media, to promote wireless communication as a campaign tool.

In technology, there is Moore's Law, the notion that computing power doubles about every 18 months. Politics has a rough equivalent, with every election bringing some heralded innovation that transforms the way campaigns are fought and contests are won.

The "blast fax" — or ability to send a printed page to hundreds of recipients at a time — was a big deal in the 1980s, before e-mail. Websites, once a campaign novelty, are ubiquitous today. Ditto candidate blogs.

"Most people thought we were out of our minds," said Joe Trippi, who midwifed the first online presidential campaign diary as a part of Howard Dean's 2004 race. "Now I can't think of a single congressional campaign that doesn't have one."

In the latest creative wrinkle, politicians are podcasting — White House hopefuls Gen. Wesley K. Clark, John Edwards and Sen. Bill Frist are among those regularly offering their downloadable ruminations — and turning up on Flickr, MySpace, YouTube and other photo- and video-sharing Internet sites.

Cable companies are pitching politics on demand after trial runs in Colorado's 2004 U.S. Senate race and the 2005 governor's race in New Jersey, which allowed voters to order free clips of the candidates discussing issues. (Even NJ Weedman, the gubernatorial hopeful of the Marijuana Party, got his say.)

Within a few years, it may be possible to target cable TV spots — this ad intended for older voters, that one for renters — the way customized mailers are now routed to selected homes.

And though cellphone technology is still in its political infancy, some campaigns are already using text messaging to get out the vote, recruit volunteers or lure prospects to their websites, which feature all manner of interactive links.

The fundamentals of politics haven't changed. Even promoters of the most razzle-dazzle technology say a successful candidate has to be likable, offer a message with broad resonance and show up in ads. There needs to be "a coherent vision," said Democratic strategist Doug Hattaway. "People aren't just dopes, sitting in front of their TVs or computers waiting to give some Pavlovian response."

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But even the basics have to be recalibrated when invention changes the way people live — as quickly, it often seems, as the click of a mouse.

Come 2008, who knows? Republican Sen. John McCain of Arizona wowed political savants in 2000 by raising $7.5 million on the Internet for his White House bid. Four years later, Democratic Sen. John F. Kerry of Massachusetts raised $82 million online for his presidential run. "We're still only at 10 o'clock in the morning on the first day of the revolution," said Phil Noble, one of cyberspace's political pioneers. "Pay real close attention, because tomorrow it's all going to change again."

The change is being driven mainly by the relentless growth of the Internet and its technologies.

Fewer than 1 in 10 Americans were online in 1995, compared with nearly 8 in 10 a decade later, according to Michael Bassik, a vice president with MSHC Partners, a leading online political ad agency.

More and more, Americans are also turning to the Internet for entertainment. About a third of people now spend more time online than watching television, listening to the radio or partaking of other media.

With so many choices — and the ability to tune out unwanted intrusions — it is becoming ever more difficult for candidates to reach a mass audience. "The voter has more and more control: the remote, TiVo," said Trippi. "The trick now is, how do you build a community that wants to hear from you?"

One way is to start with a core of supporters, then build out from there.

For instance, the Republican Conference, the party's message center on Capitol Hill, now videotapes news conferences and other appearances by GOP leaders, making them available for downloading. With little publicity, nearly 50,000 people have subscribed to the free podcasts, most from outside Washington.

"You do an interview with the L.A. Times or a local TV station, people may just have the set on waiting to watch 'Jeopardy,' or flip through the paper looking for the coupons," party spokesman Sean Springer said. "Here people are much more engaged."

The idea — and the breakthrough achieved by Dean's campaign — is using the Internet to turn supporters into stakeholders, as well as proselytizers. To that end, both major parties now use their websites as organizing tools, recruiting volunteers and enlisting them to spread what is, literally, the party line. Go to http://www.gop.org and you can type in your ZIP code and glean a listing of local talk radio shows to call, "talking points" included.

"It's about building … an ongoing community," Karen Finney, a Democratic Party spokeswoman, said of the dialogue promoted on her party's website — http://www.dnc.org — which, naturally, includes a blog. "We hope to accomplish buzz," added Josh McConaha, the party's Internet director (a job that didn't exist two years ago).

Call it viral or grass-roots or buzz marketing; anyone who has ever used e-mail to share a joke, a newspaper article or a video snippet understands the concept. It's basically word-of-mouth, the notion that a recommendation from someone you know and trust is worth infinitely more than a paid ad or celebrity plug. Thus, somebody who would delete an e-mail from, say, Democratic gubernatorial hopeful Phil Angelides will likely peek if a friend passes along his campaign video spoofing Gov. Arnold Schwarzenegger.

How do you know when something has gone viral? "When it takes on a life of its own," said Bassik, traveling from family to friends to co-workers and on and on, infinitum.

That, however, is exceedingly rare in politics. More often, the Internet seems to act as a centrifugal force, pushing people apart as they burrow deeper into niches: conservative or liberal blogs, websites devoted to celebrating political personalities, or trashing them. Where the people go, candidates follow, and in today's 50-50 politics, there is strong temptation to aim at those extremes — fragmentation leading to further polarization.

But some say the Internet is no more inherently good or bad than, say, a printing press.

"If you've got someone out to polarize and they're good at it, they'll polarize," said Internet consultant Michael Cornfield. "If someone's out to build a consensus, and they're good at it, they'll build consensus."

Whether accessed via laptop, BlackBerry or cellphone, the Internet is indisputably empowering, making politics more horizontal and creating broad new communities of interest, even in an age of increased fragmentation.

"People now have wonderful spider webs of relationships that span thousands of miles and thousands of people," said Henry Copeland, whose company, BlogAds, places advertising on 300 of the most heavily trafficked political websites. "In the

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past, you'd say something to five colleagues. Now you see something you're interested in, you instantly forward it to a list of 30 buddies who give a damn about politics."

U.S. Is Pressured By Mounting Calls For Mideast Peace (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, July 21, 2006

NEW YORK -- The Bush administration's effort to buy more time for Israel's military offensive against Hezbollah is itself running out of time, as calls from other nations for an immediate cease-fire mount.

The Hezbollah attacks that triggered the current surge in violence altered the contours of the standard diplomatic response to Middle East bloodshed, with European countries quickly lining up behind the Bush administration's insistence that Israel be given adequate time to forcibly disarm the Hezbollah militia and evict it from its quasi state in southern Lebanon. Sunni Muslim Arab nations such as Saudi Arabia and Egypt also lent tacit support to the Israeli offensive because of their concerns that the Shiite Muslim militia's attacks on Israel were emboldening Shiite-led Iran, a regional rival, and sparking unrest among their own Shiite minorities.

But that consensus is splintering as European and Arab countries increasingly demand that Israel agree to a cease-fire in Lebanon, where more than 300 civilians have been killed by Israeli strikes. The upshot is that the Bush administration finds itself increasingly isolated in its support for Israel and its refusal to pressure the Jewish state to wind down or terminate its military operations in Lebanon.

That is forcing Washington to scramble to head off action at the U.N. while Secretary of State Condoleezza Rice gears up to travel to the Middle East as early as next week. The White House is concerned that a continued run-up in civilian casualties in Lebanon could trigger Security Council resolutions condemning Israel that the U.S. would feel obliged to veto, further straining its ties with allies.

The growing divide between the U.S. and its allies was on display at the U.N., where Secretary General Kofi Annan demanded an immediate cessation of hostilities and painted a grim picture of the human toll being exacted by the ongoing bloodshed. Mr. Annan's request for a cease-fire was quickly rejected by both the U.S. and Israel as premature, increasing the likelihood of more diplomatic clashes in the days ahead.

Mr. Annan acknowledged the difficulties himself, telling the U.N. Security Council that "there are serious obstacles to reaching a cease-fire, or even to diminishing the violence quickly."

Mr. Annan said he believes the current U.N. peacekeeping force in Lebanon, which has proven itself powerless to stop the violence, is no longer tenable. Mr. Annan urged the Security Council to decide quickly whether to withdraw the force altogether, strengthen it, or replace it with a larger and better-armed force that would be capable of militarily confronting Hezbollah to enforce any future cease-fire. France, Italy and Russia have all said they would consider contributing troops to such an effort.

Mr. Annan said Hezbollah provoked Israel's incursion by kidnapping two Israeli soldiers, and he stressed that Israel has the right to defend itself against the militia's attacks. But he reserved his strongest comments for Israel, accusing it of weakening the elected government of Lebanon and triggering a humanitarian crisis there.

"Israel's disproportionate use of force and collective punishment of the Lebanese people must stop," he said.

American U.N. Ambassador John Bolton said the Bush administration is interested in a "long-term cessation of violence" that would include Hezbollah being disarmed and the Lebanese government wresting control of southern Lebanon from the militia.

"No one's explained how you conduct a cease-fire with a group of terrorists," he said. "It is not appropriate to talk about a cease-fire as if that is the Alpha and Omega of the situation."

Israel's U.N. representative, Dan Gillerman, said Israel won't agree to participate in any diplomatic efforts until it had met its goal of substantively weakening Hezbollah. "We have no timeline," he said.

Mr. Gillerman also criticized Iran, asserting that Tehran was responsible for giving Hezbollah $100 million in annual aid, as well as supplying the powerful long-range rockets the group has been launching into Israel. Mr. Gillerman described Iran as "the main perpetrator, harborer, financier and initiator of terror," and said Hezbollah is simply its "proxy."

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The American and Israeli focus on Iran as well as Syria is emerging as another point of friction with world powers such as Russia, which at last weekend's Group of Eight summit in St. Petersburg criticized the U.S. for attempting to hold the two Mideast nations responsible for the region's violence. Many European countries are similarly uneasy, fearful the harsh rhetoric about Syria and Iran could be a prelude to an Israeli military strike on one or both of them that could trigger a broader war.

U.S. Opposed To Cease-fire With Hezbollah (AP)

By Anne Gearan

AP, July 21, 2006

The United States held the line Thursday against a quick cease-fire deal in the Middle East, increasingly isolated as world powers and the United Nations demanded an immediate end to fighting between Israel and Hezbollah militants.

Secretary of State Condoleezza Rice was meeting Thursday night with U.N. Secretary-General Kofi Annan, who earlier in the day denounced both Israel and Hezbollah and called for both sides to stop fighting immediately.

"He was talking about a cessation of violence in the context of a lasting, durable solution, which is exactly what we have been talking about," said State Department spokesman Sean McCormack.

The Bush administration is playing down expectations for Rice's upcoming trip to the Mideast, saying she will not shuttle among capitals to broker a deal.

"You're not going to see a return to the kind of diplomacy, I think, that we've seen before where you try to negotiate an end to the violence that leaves the parties in place and where you have status quo ante," McCormack said.

Administration officials also questioned whether a cease-fire between Israel and Hezbollah is even feasible.

"We'd love to have a cease-fire," White House spokesman Tony Snow said. "But Hezbollah has to be part of it. And at this point, there's no indication that Hezbollah intends to lay down arms."

John Bolton, the U.S. ambassador to the U.N., said it was time for the Security Council to start considering a response, but he, too, ruled out a cease-fire.

"I think it's a very fundamental question how a terrorist group agrees to a cease-fire," Bolton said. "How do you hold a terrorist group accountable? Who runs the terrorist group? Who makes the commitments that the terrorist group will abide by a cease-fire? What does a terrorist group think a cease-fire is?"

Hezbollah is an Islamic militant group that does not recognize Israel as a state. It holds effective military and political control over southern Lebanon, and is the most potent political force on Lebanon's fractured political landscape.

The Bush administration has repeatedly said that a temporary or quickly negotiated cease-fire would leave Hezbollah able to regroup and rearm after more than a week of Israeli missile attacks.

Israel, and Washington as its closest ally, insist that any settlement must deal with the underlying threat posed to Israel by Hezbollah's control of southern Lebanon. The Bush administration is trying to hold off international pressure for as long as possible, while also asking Israel to consider the consequences of its actions for civilians.

More than 300 people have died in Lebanon, most of them civilians, since Israel began retaliatory rocket attacks after Hezbollah abducted two Israeli soldiers last week.

The House voted 410-8 on Thursday to support Israel in its confrontation with Hezbollah guerrillas. The resolution also condemns enemies of the Jewish state.

House Majority Leader John Boehner, R-Ohio, cited Israel's "unique relationship" with the United States as a reason for his colleagues to go on record swiftly supporting Israel in the latest flare-up of violence in the Mideast.

Little of the political divisiveness in Congress on other national security issues was evident as lawmakers embraced the Bush administration's position.

So strong was the momentum for the resolution that it was steamrolling efforts by a small group of House members who argued that Congress's pro-Israel stance goes too far.

The nonbinding resolution is similar to one the Senate passed Tuesday. It harshly condemns Israel's enemies and says Syria and Iran should be held accountable for providing Hezbollah with money and missile technology used to attack Israel.

In Mideast Strife, Bush Sees A Step To Peace (WP)

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By Michael Abramowitz

The Washington Post, July 21, 2006

President Bush's unwillingness to pressure Israel to halt its military campaign in Lebanon is rooted in a view of the Middle East conflict that is sharply different from that of his predecessors.

When hostilities have broken out in the past, the usual U.S. response has been an immediate and public bout of diplomacy aimed at a cease-fire, in the hopes of ensuring that the crisis would not escalate. This week, however, even in the face of growing international demands, the White House has studiously avoided any hint of impatience with Israel. While making it plain it wants civilian casualties limited, the administration is also content to see the Israelis inflict the maximum damage possible on Hezbollah.

As the president's position is described by White House officials, Bush associates and outside Middle East experts, Bush believes that the status quo -- the presence in a sovereign country of a militant group with missiles capable of hitting a U.S. ally -- is unacceptable.

The U.S. position also reflects Bush's deepening belief that Israel is central to the broader campaign against terrorists and represents a shift away from a more traditional view that the United States plays an "honest broker's" role in the Middle East.

In the administration's view, the new conflict is not just a crisis to be managed. It is also an opportunity to seriously degrade a big threat in the region, just as Bush believes he is doing in Iraq. Israel's crippling of Hezbollah, officials also hope, would complete the work of building a functioning democracy in Lebanon and send a strong message to the Syrian and Iranian backers of Hezbollah.

"The president believes that unless you address the root causes of the violence that has afflicted the Middle East, you cannot forge a lasting peace," said White House counselor Dan Bartlett. "He mourns the loss of every life. Yet out of this tragic development, he believes a moment of clarity has arrived."

One former senior administration official said Bush is only emboldened by the pressure from U.N. officials and European leaders to lead a call for a cease-fire. U.N. Secretary General Kofi Annan demanded yesterday that the fighting in Lebanon stop.

"He thinks he is playing in a longer-term game than the tacticians," said the former official, who spoke anonymously so he could discuss his views candidly. "The tacticians would say: 'Get an immediate cease-fire. Deal first with the humanitarian factors.' The president would say: 'You have an opportunity to really grind down Hezbollah. Let's take it, even if there are other serious consequences that will have to be managed.' "

Jack Rosen, chairman of the American Jewish Congress, said Bush's statements reflect an unambiguous view of the situation. "He doesn't seem to allow his vision to be clouded in any way," said Rosen, a Democrat who has come to admire Bush's Middle East policy. "It follows suit. Israel is in the right. Hezbollah is in the wrong. Terrorists have to be eliminated, and he sees Israel fighting the war he would fight against terrorism."

Many Mideast experts warn that there is a dangerous consequence to this worldview. They believe that Israel, and the United States by extension, is risking serious trouble if it continues with the punishing air strikes that are producing mounting casualties. The history of the Middle East is replete with examples of the limits of military power, they say, noting how the Israeli campaign in Lebanon in the early 1980s helped create the conditions for the rise of Hezbollah.

They warned that the military campaign is turning mainstream Lebanese public opinion against Israel rather than against Hezbollah, which instigated the violence. The attacks also make it more difficult for the Lebanese government to regain normalcy. And what seems now to be a political winner for the president -- the House overwhelmingly approved a resolution yesterday backing Israel's position -- could become a liability if the fighting expands to Syria or if the United States adds Lebanon to Iraq and Afghanistan as a country to which U.S. troops are deployed.

"There needs to be a signal that the Bush administration is prepared to do something," said Larry Garber, the executive director the New Israel Fund, which pushes for civil rights and justice in Israel. "Taking a complete hands-off, casual-observer position undermines our credibility. . . . There is a danger that we will be seen as simply doing Israel's bidding."

Robert Malley, who handled Middle East issues on the National Security Council staff for President Bill Clinton, voiced skepticism about whether the current course would pay off for either Israel or the United States. "It may not succeed with all the

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time in the world, and Hezbollah could emerge with its dignity intact and much of its political and military arsenal still available," said Malley, who monitors the region for the International Crisis Group. "What will you have gained?"

Those who know Bush say his view of the conflict was shaped by several formative experiences, not the least of which was the Sept. 11, 2001, attacks that made fighting terrorism the central mission of his presidency. Another formative experience was a helicopter ride over the West Bank with Ariel Sharon in 1998, when Bush was Texas governor -- a ride he later said showed him Israel's vulnerability. The cause of Israel has been championed by many of the evangelical Christians who make up a significant chunk of the president's political base.

Bush and his team were also deeply skeptical of the Middle East policy of the previous administration, and of what they see as an excessive devotion to a peace process in which one of the protagonists, Palestinian leader Yasser Arafat, was not seriously invested. Explaining the reluctance to push quickly for a cease-fire, one senior administration official who was not authorized to speak on the record indicated a belief that premature diplomacy might leave Hezbollah in a position of strength.

"We don't want the kind of truce that will lead to another conflict," said this official, who added that, when the time comes, "you will see plenty of diplomacy."

Fred S. Zeidman, a Texas venture capitalist who is active in Jewish affairs and has been close to the president for years, said the current crisis showed the depth of the president's support for Israel. "He will not bow to international pressure to pressure Israel," Zeidman said. "I have never seen a man more committed to Israel."

Poll: Americans Worried About Mideast Involvement (cnn)

By Bill Schneider

CNN, July 21, 2006

WASHINGTON (CNN) -- What do Americans want the United States to do in the Middle East? A new poll, conducted Wednesday by the Opinion Research Corp. for CNN, has some answers.

Do Americans want the United States to play an active role in trying to resolve the conflict? The answer is no. Sixty-five percent want the United States to stay out of it.

What about sending U.S. troops as part of an international peacekeeping force on the border between Lebanon and Israel? That sounds better: it's an international force. And its mission is peacekeeping, not war-making. But the public is still divided: 45 percent favor U.S. participation in a peacekeeping force while 42 percent oppose it. (Read the complete poll results -- PDF)

Americans are worried. President Bush said on Tuesday, "In order to be able to deal with this crisis, the world must deal with Hezbollah, with Syria and continue to work to isolate Iran."

It's not clear what the President means by "dealing with Hezbollah," but only 38 percent of the public approves of the way President Bush is handling the conflict between Hezbollah and Israel.

A solid majority -- 57 percent -- say they sympathize with Israel. Only 4 percent sympathize with Hezbollah. But a lot of Americans -- 39 percent -- say they don't sympathize with one side over the other.

Do Americans believe Israel has gone too far in its military response to Hezbollah's provocations? No. Fewer than a third of Americans (31 percent) feel Israel's military action has been disproportionate. Nearly half say Israel's response has been about right (35 percent) or hasn't gone far enough (14 percent).Partisan split

Does the public think Israel should continue to take military action until Hezbollah can no longer launch attacks, or do they want Israel to seek a cease-fire as soon as possible? Americans are split: 39 percent support continued Israeli attacks, while 43 percent want a cease-fire.

The split has a lot to do with party. Most Republicans say Israel should continue to attack until the threat is eliminated; most Democrats prefer a cease fire.

What about the evacuation of Americans in Lebanon? Fifty-three percent think the U.S. government is handling it well.

Critics have made a comparison to another evacuation. Senate Democratic leader Harry Reid of Nevada called the Lebanon evacuation a "mini-Katrina" while House Democratic leader Nancy Pelosi of California criticized what she called the Bush Administration's "Katrina mentality."

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House Democratic whip Steny Hoyer of Maryland, the No. 2 Democrat in the House, told reporters, "This administration is not good on evacuations, as people in Katrina found out."

But the public sees a big difference. Last September, 63 percent of Americans thought the Katrina evacuation was handled poorly. Only 29 percent feel that way about the Lebanon evacuation.

The telephone poll interviewed 633 American adults. The margin of sampling error for the poll is plus or minus 4 percentage points.

Annan Urges Immediate Halt To The Fighting In Lebanon (NYT)

By Warren Hoge

The New York Times, July 21, 2006

UNITED NATIONS, July 20 — Secretary General Kofi Annan called Thursday for an immediate end to hostilities between Israel and the Hezbollah militia in Lebanon, saying it was necessary to prevent further deaths of civilians, enable aid to reach the wounded and for work to begin on longer-term peace.

"Both the deliberate targeting by Hezbollah of Israeli population centers with hundreds of indiscriminate weapons and Israel's disproportionate use of force and collective punishment of the Lebanese people must stop," he told the Security Council.

He acknowledged that a full cease-fire was hard to achieve at the moment. But he said, "The international community must make its position clear on the need for an immediate cessation of hostilities, and a far greater and more credible effort by Israel to protect civilians and civilian infrastructure while the conditions for such a cessation are urgently developed."

He said Israeli military operations had made it impossible for the United Nations to make any contact with an estimated 500,000 people in urgent need in southern Lebanon.

In addition, he said, the existing 2,000-member United Nations peacekeeping force would no longer be able to operate if it could not bring in its own food and water within 24 hours.

The first step toward resolving the crisis, he said, should be to transfer two Israeli soldiers captured by Hezbollah to the government of Lebanon, under Red Cross auspices, which would then return them to Israel.

Mr. Annan also urged the creation of an expanded international peacekeeping force on the Lebanese side of the border with Israel to help stabilize the situation and assist the Lebanese government in gaining control over its own territory. Hezbollah is based in southern Lebanon.

The cause of the crisis, he said, was "Hezbollah's provocative attack on July 12" when it captured the soldiers during a raid into Israel. He added that he was convinced that the government of Lebanon had no advance knowledge of it.

"Whatever other agendas they may serve," Mr. Annan said, "Hezbollah's actions, which it portrays as defending Palestinian and Lebanese interests, in fact do neither. On the contrary, they hold an entire nation hostage — set back prospects for negotiation of a comprehensive Middle East peace."

He said that despite the fact that Israel had said it had no quarrel with the government of Lebanon and was taking precautions to avoid injuring noncombatants, a number of its actions had killed Lebanese civilians and soldiers and badly damaged the country's infrastructure.

"While Hezbollah's actions are deplorable and Israel has a right to defend itself, the excessive use of force is to be condemned," he said.

"I repeat," he said, "hostilities must stop. But while they continue, it is imperative to establish safe corridors for humanitarian workers and relief supplies to reach the civilian population."

He said three envoys he sent to the region last week returned Wednesday night with a stark assessment. "Let me be frank with the Council," he said. "The mission's assessment is that there are serious obstacles to reaching a cease-fire, or even to diminishing the violence quickly."

Israel told the envoys that its objectives in Lebanon were more far-reaching than the return of captured soldiers, and said its aim was to end the threat posed by Hezbollah.

"The mission was informed that the operation is not yet approaching the achievement of this objective," Mr. Annan said.

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In reactions afterward, Nouhad Mahmoud, a Lebanese special envoy to the United Nations, said, “Our first impression is very, very good.”

But Dan Gillerman, the Israeli ambassador to the United Nations, complained that “the three key elements of this were not addressed — terror, Syria and Iran.”

“Without addressing terror,” he said, “there will be no cessation of hostilities.”

John R. Bolton, the American ambassador, said any cease-fire must be a “cessation that will take place as part of a comprehensive solution that lays a real foundation for peace.”

“It is just not appropriate to talk about a cease-fire that is the alpha and omega of the situation, and in fact the secretary general himself said that you want to have a fundamental transformation,” Mr. Bolton said. “The last thing you want to do is fall back on business as usual.”

He added, “How do you get a cease-fire between one entity which is the government of a democratically elected state and another entity which is a terrorist gang, no one has yet explained.”

Annan Calls For Cease-fire In Lebanon (AP)

By Nick Wadhams, Associated Press Writer

AP, July 21, 2006

Secretary-General Kofi Annan called Thursday for an immediate halt to the violence between Israel and Lebanon, saying a cease-fire would be the first step toward ending the escalating war.

Israel, backed by the U.S., immediately dismissed calls for a cease-fire and said the military operation — which was undertaken to free two captured Israeli soldiers but has spread to target all of Hezbollah — will "take as long as it will take."

"When you operate on a cancerous growth you do not stop in the middle, sew the patient up and tell him keep living with that growth until it kills you," Israel's U.N. Ambassador Dan Gillerman said. "You make sure it is totally removed."

Annan went before the council shortly after the return of a three-man U.N. team that met with leaders throughout the region. The team, led by Annan's special political adviser, Vijay Nambiar, came back with a list of proposals to quell the conflict.

Annan and U.S. Secretary of State Condoleezza Rice had a private two-hour dinner Thursday night at the Waldorf-Astoria Hotel, ahead of a planned Rice trip to the Middle East. European Union foreign policy chief Javier Solana had been expected to attend the dinner, but he was still in the region.

Washington has been trying to lower expectations for Rice's visit. Officials have said she is not likely to perform Mideast shuttle diplomacy to arrange a cease-fire, and not likely to preside over any grand signing ceremony.

Even the New York leg of her trip was taking place in secrecy. The U.S. Mission to the U.N. refused to tell reporters where or when she would dine with Annan, and demanded that Annan's spokesman tell no one. Members of the media found out from other sources.

In his remarks to the council, Annan criticized both Israel and Hezbollah for their actions since the July 12 abduction of two Israeli soldiers. Annan made clear that his priority was helping the Lebanese people and preventing more civilian casualties.

"Both the deliberate targeting by Hezbollah of Israeli population centers with hundreds of indiscriminate weapons and Israel's disproportionate use of force and collective punishment of the Lebanese people must stop," he said.

Annan acknowledged there were "serious obstacles to reaching a cease-fire."

Nonetheless, he put forward the U.N. team's proposals for a way out. Its elements include:

• Hezbollah handing the soldiers over to the Lebanese authorities, under the auspices of the International Committee for the Red Cross.

• The council then deploying an expanded peacekeeping force on the Lebanese side of the U.N.-drawn boundary with Israel known as the Blue Line.

• Lebanon implementing a Security Council resolution calling for the government to extend its control over the south and disarm Hezbollah

• The international community establishing a framework for funding humanitarian, development and reconstruction aid for Lebanon.

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Annan said the number of civilians affected by the conflict is now at 500,000, but that is likely to increase. He based that estimate on information provided by Nambiar's team and his own contacts.

Lebanese special envoy Nouhad Mahmoud echoed Annan's call for an immediate cease-fire and warned Israel there was no military solution.

"It could take them very, very long and they won't achieve anything, only the destruction of Lebanon, and I think that's what they aim for," he said.

The proposals met sharp resistance from U.S. and Israeli diplomats, whose tough approach appeared to dim any hopes for an immediate end to the violence.

U.S. Ambassador John Bolton said that, while it was time for the Security Council to start considering a response, any talk of a cease-fire was unrealistic.

"I think it's a very fundamental question how a terrorist group agrees to a cease-fire," Bolton said. "How do you hold a terrorist group accountable? Who runs the terrorist group? Who makes the commitments that the terrorist group will abide by a cease-fire? What does a terrorist group think a cease-fire is?"

Since fighting began, the Security Council has taken no action and Lebanon accused the United States on Saturday of blocking even a statement to the press calling for a cease-fire.

Diplomats said Qatar, the representative for Arab nations on the council, was drafting a council statement. It would be followed by a resolution, they said.

Associated Press reporter Edith M. Lederer contributed to this story.

Annan Blames Both Israel And Hizbollah (FT)

By Mark Turner And Guy Dinmore

Financial Times, July 21, 2006

Kofi Annan, UN secretary-general, on Thursday warned the Security Council there were significant obstacles to any quick end to the violence in the Middle East, but urged it to demand an immediate end of hostilities to save lives, send aid and to allow space for diplomacy.

In a speech that blamed the Islamist movement Hizbollah for triggering the crisis but also condemned Israel's "excessive" reaction, Mr Annan laid out a formula for a lasting ceasefire and revival of the peace process.

His package included the release of abducted Israeli soldiers, an expanded peacekeeping force, urgent aid and reconstruction measures, and an international conference to set timelines for the restoration of full Lebanese sovereignty and dismantling militia.

Mr Annan had tough words for both Hizbollah and Israel. "Whatever other agendas they may serve, Hizbollah's actions, which it portrays as defending Palestinian and Lebanese interests, in fact do neither," he said. "On the contrary, they hold an entire nation hostage."

But while reaffirming Israel's right to self-defence, Mr Annan condemned its disproportionate reaction: "Whatever damage Israel's operations may be doing to Hizbollah's military capabilities, they are doing nothing to decrease popular support for Hizbollah in Lebanon or the region, but are doing a great deal to weaken the government of Lebanon."

Dan Gillerman, Israel's UN ambassador, claimed that "three key elements of this crisis – terrorism, Iran and Syria" were not addressed in Mr Annan's speech.

"The first thing that must be addressed is cessation of terror, before we can talk about a cessation of hostilities," he said. "Diplomacy can play a part only after terror has been taken care of."

John Bolton, the US ambassador to the UN, insisted any solution would need to "fundamentally change the realities of the region", but added: "No one has explained how you conduct a ceasefire with a group of terrorists." Nouhad Mahmoud, Lebanon's envoy, described Mr Annan's calls as "the voice of reason. Our first impression is very positive."

Mr Annan said that even while hostilities continued, it was "imperative" to establish safe humanitarian corridors. "The humanitarian task facing us is massive and must be funded urgently," he said.

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He also urged a peace track for Gaza, where Palestinians were “suffering deeply”, and where he noted that a million people were without electricity after Israel’s destruction of the Gaza power plant.

“I call for an immediate cessation of indiscriminate and disproportionate violence and a reopening of closed crossing-points, without which Gaza will continue to be sucked into a downward spiral of suffering and chaos, and the region further inflamed.”

Condoleezza Rice, US secretary of state, and Javier Solana, the EU foreign policy chief, were due to meet Mr Annan on Thursday night.

U.N. Outlines Proposal To Resolve Lebanon Crisis (WT)

By Nicholas Kralev

The Washington Times, July 21, 2006

The United Nations yesterday outlined the first detailed proposal for a political solution to the crisis in Lebanon as Secretary-General Kofi Annan condemned Israel's "excessive use of force" that is doing "little or nothing to decrease popular support for Hezbollah."

The United States disagreed with the criticism of Israel but expressed interest in the proposal, which Secretary of State Condoleezza Rice began discussing with Mr. Annan over dinner in New York last night.

The State Department said Miss Rice would travel to the Middle East "as early as next week" to help "create the political context" in which a lasting end to the violence can be achieved.

Today, the secretary is scheduled to meet with Mr. Annan's three envoys who were in Lebanon earlier this week.

Mr. Annan briefed the Security Council yesterday on his team's mission, saying that the first step of a solution should be for the two Israeli soldiers captured by Hezbollah last week to be handed over to the Lebanese government under the auspices of the Red Cross and then sent back to Israel.

"An expanded peacekeeping force" on the Lebanese side of the border "would help stabilize the situation, working with the Lebanese government to help strengthen its army and deploy it fully throughout the area," Mr. Annan said.

"A mechanism would be established, composed of key regional and international actors, to monitor and guarantee the implementation of all aspects of the agreement," he said.

State Department spokesman Sean McCormack said "a growing international consensus" is being built "to address the root causes of the violence." But on Israel, the United States appeared to be at odds with most of the international reaction to the bombing of Lebanon.

Mr. Annan, acknowledging that Israel has the right to defend itself, said "Hezbollah's provocative attack on July 12 was the trigger for this crisis" and the militant group's actions "hold an entire nation hostage."

However, Israel's operation has "hurt and killed Lebanese civilians and military personnel and caused great damage to infrastructure. ... The excessive use of force is to be condemned," Mr. Annan said.

"Whatever damage Israel's operations may be doing to Hezbollah's military capabilities, they are doing little or nothing to decrease popular support for Hezbollah in Lebanon or the region, but are doing a great deal to weaken the government of Lebanon," he said.

Mr. Annan said Israeli officials had indicated to the U.N. team that the operation is not approaching the achievement of its objective.

"Israel has confirmed that its operation in Lebanon has wider and more far-reaching goals than the return of its captured soldiers, and that its aim is to end the threat posed by Hezbollah," he said.

Lebanese Foreign Ministry official Nouhad Mahmoud praised Mr. Annan's remarks as "the voice of reason in his call for a cessation of hostilities and the urgency of humanitarian aid to the suffering of the people of Lebanon."

But Senate Majority Whip Mitch McConnell, Kentucky Republican, said Mr. Annan was "wrong" and that Israel's response "is appropriate under the circumstances."

The United States has been criticized for being the only Western country not to call for an immediate cease-fire.

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"We'd love to have a cease-fire," said White House spokesman Tony Snow. "But Hezbollah has to be part of it. And at this point, there's no indication that Hezbollah intends to lay down arms."

UN Warns Hizbullah, Israel Of 'war Crimes' Liability Human Rights Chief Points To 'unjustifiable' Numbers Of 'innocent Civilian' Casualties In Conflict. (CSM)

By Tom Regan

The Christian Science Monitor, July 21, 2006

In a strongly worded warning to the leaders of both the militant group Hizbullah and Israel, United Nations Human Rights Commissioner Louise Arbour threatened the "perpetrators of wanton violence against civilians in the current Middle East conflict with liability for war crimes."

Jurist, the legal news website, reports that Ms. Arbour, a former Canadian Supreme Court Justice and war crimes prosecutor for the International Criminal Tribunal for the Former Yugoslavia issued a "pointed" statement aimed directly at the two combatants and their leaders.

Indiscriminate shelling of cities constitutes a foreseeable and unacceptable targeting of civilians. Similarly, the bombardment of sites with alleged military significance, but resulting invariably in the killing of innocent civilians, is unjustifiable. International humanitarian law is clear on the supreme obligation to protect civilians during hostilities. This obligation is also expressed in international criminal law, which defines war crimes and crimes against humanity. International law demands accountability. The scale of the killings in the region, and their predictability, could engage the personal criminal responsibility of those involved, particularly those in a position of command and control.

The Australian reports that although Arbour did not name Hizbullah and Israel in her statement, she referred specifically to violence in Lebanon, Israel, and the Palestinian territories. As of Wednesday, according to reports, at least 300 have been killed in Lebanon. Twenty-nine have been killed in Israel.

UNICEF and the World Health Organization issued a statement Wednesday saying that "civilian deaths include dozens of children, with many more injured. The psychological impact is serious, as people, including children, have witnessed the death or injury of loved ones and destruction of their homes and communities."

Unobstructed access for humanitarian assistance is critical to stave off needless death and suffering. The protection of civilians during conflict is an obligation under international humanitarian law. Unhindered humanitarian access to health facilities for the injured, for those who need care for chronic conditions, and for pregnant women, is equally critical to the prevention of more civilian deaths in this crisis.

The BBC reports that the United Nations' emergency relief co-ordinator, Jan Egeland said that neither Hizbullah or Israeli seemed to care about civilian suffering. He said that one third of those killed or wounded have been children, and that it has been difficult to reach the wounded in Lebanon because road and bridges had been cut by Israeli air strikes.

"The Israeli military attacks are all over the country. There are aerial bombardments which are in hundreds of places really. I think it is a disproportionate response, really," Mr. Egeland told the BBC.

"But I also clearly see that Hizbollah is trying to blend into the civilian population in too many places and they bear also a heavy responsibility for this. They do not seem to care that they really inflict a lot of suffering on their own population," he added.

Human Rights Watch said Tuesday that Hizbullah's rocket attacks against Israel likely constituted war crimes.

In addition, the warheads used suggest a desire to maximize harm to civilians. Some of the rockets launched against Haifa over the past two days contained hundreds of metal ball bearings that are of limited use against military targets but cause great harm to civilians and civilian property. The ball bearings lodge in the body and cause serious harm ...

"Attacking civilian areas indiscriminately is a serious violation of international humanitarian law and can constitute a war crime," said Sarah Leah Whitson, director of the Middle East and North Africa division at Human Rights Watch. "Hizbollah's use of warheads that have limited military use and cause grievous suffering to the victims only makes the crime worse."

The New York Times reports the International Red Cross (ICRC) said Wednesday that Israel "had violated the principle of proportionality provided for in the Conventions and their protocols." The ICRC also reminded Israel that under international law, its air-and-sea blockade of Lebanon must not prevent "food stuffs and other essentials" from reaching the civilian populations.

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"We have reminded the Israeli authorities of their obligation under international humanitarian law to respect and protect medical personnel and their means of transport. We now expect improved access and security for medical teams," [Pierre Kraehenbuehl, director of operations for the ICRC] said.

The Inter Press News Service, which describes itself as an "independent voice" for the developing world, reported earlier this week that Israel is violating US law by using "US-made fighter planes, combat helicopters and missiles to kill civilians and destroy Lebanon's infrastructure."

"Section 4 of the (US) Arms Export Control Act requires that military items transferred to foreign governments by the United States be used solely for internal security and legitimate self-defence," says Stephen Zunes, professor of politics at the University of San Francisco.

"Since Israeli attacks against Lebanon's civilian infrastructure and population centers clearly go beyond legitimate self-defense, the United States is legally obliged to suspend arms transfers to Israel," Zunes told IPS.

Ireland On-Line reports that a rift is developing between the US and the European Union over whether Israel should "cease its relentless offensive against Hizbullah guerrillas."

The Europeans fear mounting civilian casualties will play into the hands of militants, while the Bush administration is giving Israel a tacit green light to take the time it needs to neutralize the Shiite militant group.

The mixed message could help Israel in its mission to destroy Hizbollah's stronghold in southern Lebanon and stop the guerrillas' deadly rocket fire on major Israeli cities. But Islamic hard-liners and terrorist groups could be long-term winners, using the vivid television imagery of the death and destruction in Lebanon to win popularity and promote their jihads.

Ireland On-line also reports that Israeli foreign minister Tzipi Livni rejected the criticism that Israel's actions were "disproportionate," saying that Israel offensive was not just a reaction the Hizbullah raids, but to the broader question of Hizbullah's threat to Israel's security. From that perspective, she argued, Israel's air strikes on Lebanon are proportionate.

The Associated Press reports that Wednesday Lebanon's Prime Minister Fouad Siniora called for an immediate ceasefire. In a direct swipe at the international community, in particular the US, which said that Israel was acting in self-defense, Mr. Siniora said "said, "Is this what the international community calls the right of self-defense? Is this the price to pay?" Siniora also said he would "spare no avenue" to make Israel pay for the destruction to his country.

US To Send Rice To Mideast Soon, But No Ceasefire Call (AFP)

By Sylvie Lanteaume

AFP, July 21, 2006

The United States announced that Secretary of State Condoleezza Rice will go to the Middle East as early as next week to press for a political solution to the crisis there, but it is still not supporting a ceasefire between Israel and Hezbollah.

State Department spokesman Sean McCormack confirmed that Rice "intends to travel to the region as early as next week." No precise itinerary was given.

The White House expressed "real concern" for Lebanon amid punishing Israeli strikes at Hezbollah targets and damage to civilian infrastructure, but said it was too soon to discuss sending a stabilization force or reconstruction aid.

"Everything right now is sort of in the chalkboard stage, where people are trying to figure it. It's way premature to figure out who's going to bear what responsibility," said Tony Snow, spokesman for President George W. Bush.

"You've got to find some way to stabilize southern Lebanon. And the precise method you use, I think, is something that's a matter of ongoing conversation between the United States and allies in the region and also the UN," he said.

UN Secretary General Kofi Annan and some US allies, including British Prime Minister Tony Blair, have spoken of sending a stabilization force to Lebanon.

State Department spokesman Sean McCormack said the United States would "come to the table with our own ideas about how this might come about.

"There are a lot of details to work through in such a concept if it is, in fact, going to work and contribute something," he said.

Rice will discuss international measures that could be taken, at private briefings with UN officials in New York late Thursday and early Friday.

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The White House again urged Israeli "restraint" in it is military operation that in nine days has left more than 325 people dead in Lebanon and set alarm bells ringing about the risk of a humanitarian catastrophe. Hezbollah attacks on Israel have killed 29 people.

Snow said "We'd love to have a ceasefire. But Hezbollah has to be part of it. And at this point, there's no indication that Hezbollah intends to lay down arms."

He said Bush discussed Rice's plans in a telephone conversation with Turkish Prime Minister Recep Tayyip Erdogan. Erdogan urged Bush to throw his weight behind efforts to get a ceasefire in Lebanon, aides told Anatolia news agency.

Erdogan told Bush that the Israeli offensive was undermining the Beirut government and that a safe corridor was urgently needed to transport humanitarian aid to Lebanon, the sources said.

Snow said the two leaders had discussed the importance of "the humanitarian situation in Lebanon" but stressed that Bush had blamed Hezbollah for "thrusting Lebanon into a conflict that neither the government nor the people wanted" and criticized Iranian and Syrian backing for the militants.

Snow also expressed frustration at critics of the United States, saying: "The question is, how would the United States stop the fighting?"

"At this juncture, you don't just step in and put up a stop sign."

"The president understands that this is a complex situation, that nobody has a magic wand and that it requires, as do a number of other diplomatic challenges, a lot of nations working together, pulling together," he said.

Meanwhile, the US House of Representatives on Thursday voted overwhelmingly to support Israel in its new Middle East battles in a resolution that blamed Syria and Iran for the violence.

The measure was approved 410 to eight, with four abstentions. Only a handful of lawmakers criticized the measure, mainly because it fails to call for a ceasefire.

Late Tuesday the Senate adopted by consensus a measure giving "steadfast support" for Israel, and supporting Israel's "right of self-defense and Israel's right to take appropriate action to deter aggression by terrorist groups and their state sponsors."

More Than A Cease-Fire Needed (NYT)

The New York Times, July 21, 2006

Lebanon needs more than U.S. marines to evacuate Americans. It needs the fighting to stop and the international community to step in and guarantee the security of Israel and Lebanon. That will require not only a cease-fire and peacekeepers but also a guarantee that Hezbollah will be forced to halt its attacks on Israel permanently and disband its militia.

Israeli officials, with strong backing from Washington, are saying privately that it could take days or even weeks more of pounding to destroy Hezbollah's huge missile stocks, cut off its supply lines from Syria and Iran, and prove to the Lebanese people the high cost of sheltering the terrorist group. It's doubtful that air power will ever be able to achieve those goals, and Israel should not repeat the mistake of occupying Lebanon.

More fighting will mean more suffering on both sides of the border, more anger toward Israel in the Arab world, and more problems for those Sunni Arab leaders who have been trying to distance themselves from Hezbollah.

The United Nations called on Hezbollah to disarm nearly two years ago. But the United States and Europe never brought real pressure to bear, believing that Hezbollah would shed its weapons as it was drawn deeper into electoral politics. It did not. Hezbollah, which sparked this crisis, believes mayhem is in its long-term interest, especially if it further weakens the Lebanese Army and government.

So it is not surprising that the Israelis are skeptical that another Security Council resolution will make any difference. A robust resolution is nevertheless a prerequisite for robust diplomacy and clear threats of punishment for all who resist. Ideally, the resolution would not only require all sides to stop fighting and authorize the deployment of a peacekeeping force, it would also order Hezbollah to withdraw from Israel's borders and begin to disarm — and order Syria and Iran to stop supplying their client. The price for refusing should be international sanctions and complete isolation.

The resolution should mandate the return of Israel's kidnapped soldiers and, finally, pledge major international contributions to help Lebanon rebuild from the destruction of the last week and bolster its weak democratic government. If the

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Security Council isn't willing to issue such explicit demands or link them to clear punishments, the United States, Europe and key Arab allies, who are also eager to see the fighting end and Hezbollah contained, will have to bring serious pressure on their own. While the Council negotiates, Western powers and responsible Arab leaders, who more often than not sit on the sidelines, should begin a major diplomatic push in the region.

Everyone's first stop needs to be Damascus, to tell President Bashar al-Assad of Syria that he will be persona non grata if he keeps meddling in Lebanon. The same message needs to be delivered to Tehran. The Europeans have resisted placing Hezbollah on their terrorism list, with the attendant denial of visas and freezing of bank accounts. They need to make clear they will do so now if the group doesn't immediately bow to international demands.

The United States will have to take the lead, not least because it's the only country Israel trusts. That means Secretary of State Condoleezza Rice — who has been dragging her feet to give Israel more time to fight — needs to get on a plane and visit Damascus as well as Jerusalem. The longer she delays the more lives will be lost, and the harder it will be to build a lasting peace.

Order Vs. Disorder (NYT)

By Thomas L. Friedman

The New York Times, July 21, 2006

Tel Aviv

There was a small item in The Jerusalem Post the other day that caught my eye. It said that the Israeli telephone company, Bezeq, was installing high-speed Internet lines in bomb shelters in northern Israel so Israelis could surf the Web while waiting out Hezbollah rocket attacks.

I read that story two ways. One, as symbol of Israeli resilience, a boundless ability to adapt to any kind of warfare. But, two, as an unconscious expression of what I sense people here are just starting to feel: this is no ordinary war, and it probably won't end soon. At a time when most Arab states have reconciled to Israel and their dispute is now about where the borders should be, the Iranian-backed Hezbollah Shiite militia, armed with 12,000 rockets, says borders are irrelevant; it is Israel that should be erased.

That's why I find in talking to Israeli friends a near total support for their government's actions — and almost a relief at the clarity of this confrontation and Israel's right to defend itself. Yet, at the same time, I find a gnawing sense of anxiety that Israel is facing in Hezbollah an enemy that is unabashedly determined to transform this conflict into a religious war — from a war over territory — and wants to do it in a way that threatens not only Israel but the foundations of global stability.

How so? Even though it had members in the national cabinet, Hezbollah built up a state-within-a-state in Lebanon, and then insisted on the right to launch its own attack on Israel that exposed the entire Lebanese nation to retaliation. Moreover, unprovoked, it violated an international border with Israel that was sanctified by the United Nations.

So this is not just another Arab-Israeli war. It is about some of the most basic foundations of the international order — borders and sovereignty — and the erosion of those foundations would spell disaster for the quality of life all across the globe.

Lebanon, alas, has not been able to produce the internal coherence to control Hezbollah, and is not likely to soon. The only way this war is going to come to some stable conclusion any time soon is if The World of Order — and I don't just mean "the West,'' but countries like Russia, China, India, Egypt, Jordan and Saudi Arabia too — puts together an international force that can escort the Lebanese Army to the Israeli border and remain on hand to protect it against Hezbollah.

I am not talking about a U.N. peacekeeping force. I am talking about an international force, like the one that liberated Kosovo, with robust rules of engagement, heavy weapons and troops from countries like France, Russia, India and China that Iran and its proxies will not want to fight.

Israel does not like international forces on its borders and worries they will not be effective. But it will be better than a war of attrition, and nothing would set back the forces of disorder in Lebanon more than The World of Order helping to extend the power of the democratically elected Lebanese government to its border with Israel.

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Too often, assaults like Hezbollah's, which have global implications, have been met with only "a local response,'' said Gidi Grinstein, who heads Reut, an Israeli defense think tank. "But the only way that these networks can be defeated is if their global assault is met by a global response.''

Unfortunately, partly because of China, Russia and Europe's traditional resentment and jealousy of the U.S. and partly because of the foolish Bush approach that said unilateral American power was more important than action legitimated by a global consensus, the global forces of order today are not at all united.

It is time that The World of Order got its act together. This is not Israel's fight alone — and if you really want to see a "disproportional'' Israeli response, just keep leaving Israel to fight this war alone. Then you will see some real craziness.

George Bush and Condi Rice need to realize that Syria on its own is not going to press Hezbollah — in Mr. Bush's immortal words — to just "stop doing this shit.'' The Bush team needs to convene a coalition of The World of Order. If it won't, it should let others more capable do the job. We could start with the elder George Bush and Bill Clinton, whose talents could be used for more than just tsunami relief.

The forces of disorder — Hezbollah, Al Qaeda, Iran — are a geopolitical tsunami that we need a united front to defeat. And that united front needs to be spearheaded by American leaders who understand that our power is most effective when it is legitimated by a global consensus and imbedded in a global coalition.

Look What Democratic Reform Dragged In (NYT)

By Ted Koppel

The New York Times, July 21, 2006

The United States is already at war with Iran; but for the time being the battle is being fought through surrogates.

That message was conveyed to me recently by a senior Jordanian intelligence official at his office in Amman. He spoke on the condition of anonymity, reflecting gloomily on the failure of the Bush administration's various policies in the region.

He reserved his greatest contempt for the policy of encouraging democratic reform. "For the Islamic fundamentalists, democratic reform is like toilet paper," he said. "You use it once and then you throw it away."

Lest the point elude me, the official conducted a brief tour of recent democratic highlights in the region. Gaza and the West Bank, where Hamas, spurned by the State Department as a terrorist organization, was voted into power last spring and now represents the Palestinian government; Lebanon, where Hezbollah, similarly rejected by the United States, has become the most influential political entity in the country; and, of course, Iraq, where the Shiite majority has now, through elections, gained political power commensurate with its numbers.

In each case, the intelligence officer reminded me, the beneficiary of those electoral victories is allied with and, to some degree, dependent upon Iran. Over the past couple of months alone, he told me, Hamas has received more than $300 million in cash, provided by Iran and funneled through Syria. He told me what has now become self-evident to the residents of Haifa: namely, that Iran has made longer-range and more powerful rockets and missiles available to Hezbollah in southern Lebanon. We'll come back to the subject of Iraq.

Only a couple of days after my meeting in Amman, I visited a then-superficially peaceful Lebanon, where I was introduced to Sheik Nabil Qaouk, the commander of Hezbollah forces in the southern part of the country. Sheik Qaouk, who also holds the title of general, wears the robes and turban of a Shiite religious leader. Indeed, he studied religion for more than 10 years in the Iranian holy city of Qom. He received his military training in Iran and his wife and six children still live there.

Sheik Qaouk portrayed Hezbollah as being a purely defensive, Lebanese entity. But the more than 12,000 missiles and rockets that the sheik said were in Hezbollah's arsenal were largely provided by Iran.

I asked about those newer, longer-range rockets mentioned by my Jordanian intelligence source. The sheik implicitly acknowledged their existence, but refused to talk about their capacities, with which the world has since become familiar. "Let our enemies worry," he said.

When Sheik Qaouk talked about Israel and Hezbollah, his organization's ambitions were not framed in purely defensive terms. There is only harmony between Hezbollah's endgame and the more provocative statements made over the past year by Mahmoud Ahmadinejad, Iran's president. Both foresee the elimination of the Jewish state.

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Are the Israelis over-reacting in Lebanon? Perhaps they simply perceive their enemies' intentions with greater clarity than most. It is not the Lebanese who make the Israelis nervous, nor even Hezbollah. It is the puppet-masters in Tehran capitalizing on every opportunity that democratic reform presents. In the Palestinian territories, in Lebanon, in Egypt, should President Hosni Mubarak be so incautious as to hold a free election, it is the Islamists who benefit the most.

But Washington's greatest gift to the Iranians lies next door in Iraq. By removing Saddam Hussein, the United States endowed the majority Shiites with real power, while simultaneously tearing down the wall that had kept Iran in check.

According to the Jordanian intelligence officer, Iran is reminding America's traditional allies in the region that the United States has a track record of leaving its friends in the lurch — in Vietnam in the 70's, in Lebanon in the 80's, in Somalia in the 90's.

In his analysis, the implication that this decade may witness a precipitous American withdrawal from Iraq has begun to produce an inclination in the region toward appeasing Iran.

It is in Iraq, he told me, "where the United States and the coalition forces must confront the Iranians.'' He added, "You must build up your forces in Iraq and you must announce your intention to stay."

Sitting in his Amman office, he appeared to be a man of few illusions; so he did not make the recommendation with any great hope that his advice would be followed. But neither did he leave any doubts as to which country would benefit if that advice happened to be ignored.

To Save A Revolution (WP)

By David Ignatius

The Washington Post, July 21, 2006

You could sense the hurt and anger as Lebanese Prime Minister Fuad Siniora pleaded this week to the U.S. ambassador and other diplomats in Beirut for a halt to Israeli attacks on Lebanese targets. "The country has been torn to shreds," he said. "I hope you will not let us down."

The challenge for the Bush administration as the Lebanon war explodes into its second week is just that -- to keep faith with Siniora and his Cedar Revolution, even as it stands by its close ally Israel. This isn't simply a question of appearances and public diplomacy. Unless Siniora's government can be strengthened, there is little hope for achieving the U.S. and Israeli goal of bringing Hezbollah's guerrillas under lasting control.

"America's role is to energize a political outcome that helps to satisfy Israeli military objectives by other means," says one administration official. The problem is that the American diplomatic timetable is so slow that by the time a cease-fire is reached -- more than a week off, by U.S. estimates -- Lebanon may be too broken to be put back together anytime soon.

Administration officials rightly insist that returning to the status quo in Lebanon would be a mistake. After last year's triumph of forcing a withdrawal of Syrian troops, Siniora's government was struggling (and largely failing) to establish a viable nation. This nation-building effort was hamstrung by Hezbollah's insistence that it maintain what amounted to a state within a state.

The administration's strategy is to let Israel do the dirty work of breaking Hezbollah and then move in a foreign "stabilization force" to bolster the Lebanese army. Once Israel has pushed the guerrillas north, this international force would help the Lebanese army deploy to the southern border with Israel and the eastern border with Syria. The plan is for a beefed-up successor to the existing United Nations force in southern Lebanon, known as UNIFIL.

The administration's informal deadline for getting a U.N. mandate for this new international force is July 31, when UNIFIL's current mandate expires. The French now command that force, and the United States hopes they can remain in that role, with new troops coming from such robust military powers as Italy, Turkey and Canada.

Siniora has privately warned the Bush administration that by bombing so many targets in Lebanon, Israel is undermining its own strategic goals. Lebanese are angry with Hezbollah for starting the war by kidnapping Israeli soldiers, and most want to see the militia under government control. But Siniora has asked why the Israelis are hitting Lebanese airports, ports, roads, villages and other targets that primarily affect civilians. And he has criticized attacks on the Lebanese army, which even the Israelis say is the key to long-run stability and security.

Some Bush administration officials share Siniora's concern about the scope of Israeli attacks. These officials are said not to understand Israeli targeting decisions. The administration is understood to have communicated this concern to Jerusalem.

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The Lebanon crisis has put the administration in a double bind. U.S. officials know they need to move soon toward a cease-fire to preserve any chance for the Siniora government to regain control of the country. But they don't want to move so quickly that they prevent Israel from completing its primary military mission of destroying Hezbollah's arsenal of missiles and pushing the Shiite guerrillas back from the border. The administration's two-track approach is perhaps summed up in Augustus Caesar's famous admonition: "Make haste slowly."

Secretary of State Condoleezza Rice will head for the Middle East this weekend to try to animate this diplomacy. She has no plans to stop in Syria, and that's a sensible decision. It's up to the Syrians to demonstrate that they can play a positive role -- not least to their Sunni Arab neighbors, who are angry about President Bashar al-Assad's alliance with Shiite Iran and its proxies. A recent claim by Syrian intelligence officials that they have no control over Hamas leader Khaled Meshal is said to have infuriated Egypt's intelligence chief, Omar Suleiman, who responded indignantly: "Don't give us that! We are not Mauritania! We are Egypt!"

Supporting Israel and Lebanon at the same time is a tricky task -- especially at a moment when the bombs are flying between one nation and the other. Unless the administration moves quickly to demonstrate that it supports the Siniora government, and not just Israel, its larger strategy for defusing the conflict may begin to unravel. Administration officials recognize that a stable Lebanon cannot be achieved by military action alone. But for now, all the world sees is Hezbollah rockets and Israeli bombs.

Lebanon's Dividers (WP)

By Jim Hoagland

The Washington Post, July 21, 2006

Once the region's business and pleasure center, Lebanon has allowed itself to become the killing ground of the Middle East. Today's Lebanon is a meeting place for the poisons and hatreds that six decades of conflict have spawned in its own citizens and its neighbors.

That is a brutal judgment on a country that is still bleeding from the pulverizing assault of the Israeli air force on neighborhoods housing the rocket depots and political leadership of the Lebanese Shiite guerrilla organization Hezbollah. But to understand this crisis -- and why it will not spark a broader regional conflict this summer -- you need to examine the responsibility the Lebanese bear for making theirs a disposable country.

Identifying that responsibility in no way absolves Syrians, Americans, Israelis, Palestinians and many others of well-earned blame in the ongoing tragedy of Lebanon. They have all manipulated the religious and cultural divisions within Lebanese society for their own advantage. Nor does it condemn the physically beautiful country where I lived for three years in the 1970s to unending doom. As in life itself, things in Lebanon are never as good, or as bad, as they seem at the time.

About 15 months ago we were reading and hearing about the Cedar Revolution rescuing Lebanon from its recent violent past and Syrian hegemony while launching an inevitable march to regional democracy. Today we are reading and hearing that the triangle of war linking Hezbollah, Hamas and Israel ends those hopes forever. But history in the Middle East follows no straight lines to a predictable horizon. Instead, history scuttles crablike from side to side, taking a step and a half back for every two forward.

After a promising start, the United Nations, France, the United States and the rest of the international community relaxed their efforts to bring Syria to justice for killing former Lebanese prime minister Rafiq Hariri in February 2005. In that vacuum, Lebanese factions resumed making their own deals with Damascus and ultimately with the Iranian regime of President Mahmoud Ahmadinejad.

The United Nations and the Bush administration also failed to press the Lebanese to live up to their responsibility to deploy forces into the border areas evacuated by Israel in 2000. Instead, Hezbollah moved in its Syrian- and Iranian-supplied rockets and its irregulars, whose killing and kidnapping of Israeli soldiers this month unleashed hell from Israeli bombers.

Hezbollah's asymmetric guerrilla attacks provide Syria and Iran with whatever comparative advantage they have against Israel. Damascus and Tehran will not want the bloodletting to move beyond the borders of Lebanon and Israel. And Israel has its own reasons for confining the confrontation this summer to the land of cedars and sandy beaches. A year from now, when Iran's nuclear capability may be more threatening, that could be different.

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This Israeli campaign will not erase Hezbollah as a force, alas. But a negotiated cease-fire could lead to two important steps. One would be to put an international military force on Lebanon's border with Syria to police the traffic of rockets and disguised Syrian intelligence units into Lebanon.

The other is to get the Lebanese army finally to take control of its territory in the south and make Lebanon more of a real country again. Israeli military attacks cannot accomplish those goals. Only united Lebanese resolve and skillful international support will.

The latest outburst of violence is more a result of the fragmentation of political forces in the Middle East than a region-wide regrouping of Arabs and Iranians into a dangerous new monolith of radical Islam. By losing control over Hezbollah, as it lost control of Palestinian guerrillas in the 1970s, the central government of Lebanon has once again made manifest the high cost of irresolution.

The muted responses of Egypt, Jordan, Saudi Arabia, Libya and other Sunni governments to the Israeli assault make clear their strong fear of Hezbollah's developing into a local Shiite proxy for Iran. If Israel is bubonic plague for Arabs, Hezbollah and Iran are cholera.

The old regimes are condemned either way. The Arab political order constructed around Gamal Abdel Nasser, Yasser Arafat, Saddam Hussein and the others is dying -- slowly, violently but inexorably. The shocks that have shaken the region over the past three years, including this month's pounding of Lebanon, cannot be absorbed and mastered by retreating into suicidal defiance or by standing still.

The instinct for survival is stronger in societies than the instinct of unending hatred and destruction. That is true even in the Middle East, as tiny Lebanon is condemned to demonstrate once again.

Hostage To Hezbollah (WSJ)

By Fouad Ajami

The Wall Street Journal, July 21, 2006

Pity Lebanon: In a world of states, it has not had a state of its own. A garden without fences, was the way Beirut, its capital city, was once described.

A cleric by the name of Hassan Nasrallah, at the helm of the Hezbollah movement, handed Lebanon a calamity right as the summer tourist season had begun. Beirut had dug its way out of the rubble of a long war: Nasrallah plunged it into a new season of loss and ruin. He presented the country with a fait accompli: the "gift" of two Israeli soldiers kidnapped across an international frontier. Nasrallah never let the Lebanese government in on his venture. He was giddy with triumphalism and defiance when this crisis began. And men and women cooped up in the destitution of the Shiite districts of Beirut were sent out into the streets to celebrate Hezbollah's latest deed.

Iranian Theocrats

It did not seem to matter to Nasrallah that the ground that would burn in Lebanon would in the main be Shiite land in the south. Nor was it of great concern to he who lives on the subsidies of the Iranian theocrats that the ordinary Lebanese would pay for his adventure. The cruel and cynical hope was that Nasrallah's rivals would be bullied into submission and false solidarity, and that the man himself would emerge as the master of the game of Lebanon's politics. * * *

"The hotels are full in Damascus," read a dispatch in Beirut, as though to underline the swindle of this crisis, its bitter harvest for the Lebanese. History repeats here, endlessly it seems. There was something to Nasrallah's conduct that recalled the performance of Gamal Abdel Nasser in the Six Day War of 1967. That leader, it should be recalled, closed the Straits of Tiran to Israeli shipping, asked for the evacuation of U.N. forces from the Sinai Peninsula -- clear acts of war -- but never expected the onset of war. He had only wanted the gains of war.

Nasrallah's brazen deed was, in the man's calculus, an invitation to an exchange of prisoners. Now, the man who triggered this crisis stands exposed as an Iranian proxy, doing the bidding of Tehran and Damascus. He had confidently asserted that "sources" in Israel had confided to Hezbollah that Israel's government would not strike into Lebanon because Hezbollah held northern Israel hostage to its rockets, and that the demand within Israel for an exchange of prisoners would force Ehud Olmert's

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hand. The time of the "warrior class" in Israel had passed, Nasrallah believed, and this new Israeli government, without decorated soldiers and former generals, was likely to capitulate. Now this knowingness has been exposed for the delusion it was.

There was steel in Israel and determination to be done with Hezbollah's presence on the border. States can't -- and don't -- share borders with militias. That abnormality on the Lebanese-Israeli border is sure not to survive this crisis. One way or other, the Lebanese army will have to take up its duty on the Lebanon-Israel border. By the time the dust settles, this terrible summer storm will have done what the Lebanese government had been unable to do on its own.

In his cocoon, Nasrallah did not accurately judge the temper of his own country to begin with. No less a figure than the hereditary leader of the Druze community, Walid Jumblatt, was quick to break with Hezbollah, and to read this crisis as it really is. "We had been trying for months," he said, "to spring our country out of the Syrian-Iranian trap, and here we are forcibly pushed into that trap again." In this two-front war -- Hamas's in the Palestinian territories and Hezbollah's in Lebanon -- Mr. Jumblatt saw the fine hand of the Syrian regime attempting to retrieve its dominion in Lebanon, and to forestall the international investigations of its reign of terror in that country.

In the same vein, a broad coalition of anti-Syrian Lebanese political parties and associations that had come together in the aftermath of the assassination last year of former Prime Minister Rafik Hariri, called into question the very rationale of this operation, and its timing: "Is it Lebanon's fate to endure the killing of its citizens and the destruction of its economy and its tourist season in order to serve the interests of empty nationalist slogans?"

In retrospect, Ehud Barak's withdrawal from Israel's "security zone" in southern Lebanon in the summer of 2000 had robbed Hezbollah of its raison d'être. It was said that the "resistance movement" would need a "soft landing" and a transition to a normal political world. But the imperative of disarming Hezbollah and pulling it back from the international border with Israel was never put into effect. Hezbollah found its way into Parliament, was given two cabinet posts in the most recent government, and branched out into real estate ventures; but the heavy military infrastructure survived and, indeed, was to be augmented in the years that followed Israel's withdrawal from southern Lebanon.

Syria gave Hezbollah cover, for that movement did much of Syria's bidding in Lebanon. A pretext was found to justify the odd spectacle of an armed militia in a time of peace: Hezbollah now claimed that the battle had not ended, and that a barren piece of ground, the Shebaa Farms, was still in Israel's possession. By a twist of fate, that land had been in Syrian hands when they fell to Israel in the Six Day War. No great emotions stirred in Lebanon about the Shebaa Farms. It was easy to see through the pretense of Hezbollah. The state within a state was an end in itself.

For Hezbollah, the moment of truth would come when Syria made a sudden, unexpected retreat out of Lebanon in the spring of 2005. An edifice that had the look of permanence was undone with stunning speed as the Syrians raced to the border, convinced that the Pax Americana might topple the regime in Damascus, as it had Saddam Hussein's tyranny. For Hezbollah's leaders, this would be a time of great uncertainty. The "Cedar Revolution" that had helped bring an end to Syrian occupation appeared to be a genuine middle-class phenomenon, hip and stylish, made up in the main of Sunni Muslims, Druze and Christians. Great numbers of propertied and worldly Shiites found their way to that Cedar Revolution, but Hezbollah's ranks were filled with the excluded, newly urbanized people from villages in the south and the Bekaa Valley.

Hassan Nasrallah had found a measure of respectability in the Lebanese political system; he was a good orator and, in the way of Levantine politics, a skilled tactician. A seam was stitched between the jihadist origins of Hezbollah and the pursuit of political power in a country as subtle and complex and pluralistic as Lebanon. There would be no Islamic republic in Lebanon, and the theory of Hezbollah appeared to bend to Lebanon's realities.

But Nasrallah was in the end just the Lebanese face of Hezbollah. Those who know the workings of the movement with intimacy believe that operational control is in the hands of Iranian agents, that Hezbollah is fully subservient to the Iranian Revolutionary Guard. The hope that Hezbollah would "go Lebanese," and "go local," was thus set aside. At any rate, Nasrallah and his lieutenants did not trust the new Lebanon to make the ample room that a country at war -- and within the orbit of Syria -- had hitherto made for them in the time of disorder. Though the Shiites had risen in Lebanon, there remains in them a great deal of brittleness, a sense of social inadequacy relative to the more privileged communities in the country.

That raid into Israel, the capture of the two Israeli soldiers, was a deliberate attack against the new Lebanon. That the crisis would play out when the mighty of the G-8 were assembled in Russia was a good indication of Iran's role in this turn of events.

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Hassan Nasrallah had waded beyond his depth: The moment of his glory would mark what is destined to be a setback of consequence for him and for his foot soldiers. Iran's needs had trumped Hezbollah's more strictly Lebanese agenda. * * *

In the normal course of things, Hezbollah's operatives expected at least the appearance of Arab solidarity and brotherhood. And here, too, Hezbollah was to be denied.

A great diplomatic setback was handed it when Saudi Arabia shed its customary silence and reticence to condemn what it described as the "uncalculated adventures" of those in Hezbollah and Hamas who brought about this crisis. The custodians of power in Arabia noted that they had stood with the "Lebanese resistance" until the end of Israel's occupation of southern Lebanon. But that was then, and there is a world of difference between "legitimate resistance" and "uncalculated adventures undertaken by elements within the state, and behind its back, exposing the region and its accomplishments to danger and destruction." Gone was the standard deference to Arab solidarity.

This had little to do with the Shiism of Hezbollah, but with the Saudi dread of instability. The Saudis are heavily invested in the reconstruction and stability of Lebanon: This had been the achievement of Rafik Hariri, and it was to continue under Fouad Siniora, the incumbent prime minister, a decent Sunni technocrat who came into politics as an aide of Hariri. Untold thousands of Saudis have their summer homes and vacations in Lebanon. A memory of old Beirut in its days of glitter tugs at older Saudis. On less sentimental grounds, the Saudis have been keen to shore up Lebanon's mercantile Sunni population against the demographic and political weight of the Shiites. Hezbollah's unilateral decision to push Lebanon over the brink was anathema to the Saudi way.

In due course, the Saudis were joined by the Jordanians and the Egyptians. The Arab order of power would not give Nasrallah control over the great issues of regional war and peace. Nor would it give sustenance to Syria's desire to find its way back into Lebanon's politics. The axes of the region were laid bare: The trail runs from the southern slums of Beirut through Damascus to Tehran -- with Hezbollah and its Palestinian allies in the Hamas on one side, and the conservative order of power on the other. This isn't exactly the split between the Sunni Arab order and its Shiite challengers. (Hamas, it should be noted, is zealously Sunni.) The wellsprings of this impasse are to be found in the more prosaic impasse between order and its radical enemies.

Zealotry and Parades

In time, we are sure to hear from Nasrallah's own Shiite community: There had been unease among growing numbers of educated Shiites about the political monopoly over their affairs of Hezbollah and its local allies, an unease with the zealotry and the military parades -- and with the subservience to Iran. The defection will be easier now as the downtrodden of southern Lebanon take stock of the misery triggered by Nasrallah's venture. He will need enormous Iranian treasure to repair the damage of this ill-starred endeavor.

The Shiites are Lebanon's single largest community. There lie before them two ways: Lebanonism, an attachment to their own land, assimilation into the wider currents of their country, an acceptance of it as a place of services and trade and pluralism; or a path of belligerence, a journey on road to Damascus -- and to the Iranian theocracy. By the time the guns fall silent and the Lebanese begin to dig out of the rubble, we should get an intimation of which Shiite future beckons. The Shiites can make Lebanon or they can break it. Their deliverance lies in a recognition of the truths and limitations of their country. The "holy war" they can leave to others.

There could have been another way: There could have been a sovereign state in Lebanon, and the Syrians would have let it be, and the distant Iranian state would have been a world apart. There needn't have been a Lebanese parody of the Iranian Revolution, a "sister republic" by the Mediterranean sustained with Iranian wealth. The border between Israel and Lebanon would have been a "normal" border. (The Lebanese would settle for a border as quiet and tranquil as the one Syria has maintained with Israel for well over three decades now, with the Syrians waging proxy battles on Lebanese soil and through Lebanese satraps.)

But the Lebanese have been given to feuds among themselves, and larger players have found it easy to insert themselves into that small, fragile republic. Now the Lebanese have been given yet again a cautionary tale about what befalls lands without sovereign, responsible states of their own. * * *

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In an earlier time, three decades ago, Lebanon was made to pay for the legends of Arabism, and for the false glamour of the Palestinian "revolutionary" experiment. The country lost well over a quarter-century of its history -- its best people quit it, and its modernist inheritance was brutally and steadily undermined.

Now comes this new push by Damascus and Tehran. It promises nothing save sterility and ruin. It will throw the Lebanese back onto a history whose terrible harvest is well known to them. The military performance of Hezbollah, it should be apparent by now, is not a performance of a militia; nor are unmanned drones and missiles of long range the weapons of boys of the alleyways. A formidable military structure has been put together by the Iranians in Lebanon. In a small, densely populated country that keeps and knows no secrets, Hezbollah and its Iranian handlers have been at work on this military undertaking for quite some time, under the gaze of Lebanese authorities too frightened to raise questions.

The Mediterranean vocation of Lebanon as a land of enlightenment and commerce may have had its exaggerations and pretense. But set it against the future offered Lebanon by Syria, and by Tehran's theocrats seeking a diplomatic reprieve for themselves by setting Lebanon on fire, and Lebanon's choice should be easy to see.

The Lebanese, though, are not masters of their own domain. They will need protection and political support; they will need to see the will and the designs of the radical axis contested by resolute American power, and by an Arab constellation of states that can convince the Shiites of Lebanon that there is a place for them in the Arab scheme of things. For a long time, the Arab states have worked through and favored the Sunni middle classes of Beirut, Sidon and Tripoli. This has made it easy for Iran -- overcoming barriers of language and distance -- to make its inroads into a large Shiite community awakening to a sense of power and violation. To truly turn Iran back from the Mediterranean, to check its reach into Beirut, the Arab world needs to rethink the basic compact of its communities, and those Shiite stepchildren of the Arab world will have to be brought into the fold.

A Source of Menace

Lebanon's strength lies in its weakness, went an old maxim. And the Arab states themselves were for decades egregious in the way they treated Lebanon, shifting onto it the burden of the Palestinian fight with Israel, acquiescing in the encroachments on its sovereignty by the Palestinians and the Syrians -- encroachments often subsidized with Arab money. Iran then picked up where the Arab states left off. Now that weakness of the Lebanese state has become a source of great menace to the Lebanese, and to their neighbors as well.

No one can say with confidence how this crisis will play out. There are limits on what Israel can do in Lebanon. The Israelis will not be pulled deeper into Lebanon and its villages and urban alleyways, and Israel can't be expected to disarm Hezbollah or to find its missiles in Lebanon's crannies.

Finding the political way out, and working out a decent security arrangement on the border, will require a serious international effort and active American diplomacy. International peacekeeping forces have had a bad name, and they often deserve it. But they may be inevitable on Lebanon's border with Israel; they may be needed to buy time for the Lebanese government to come into full sovereignty over its soil.

The Europeans claim a special affinity for Lebanon, a country of the eastern Mediterranean. This is their chance to help redeem that land, and to come to its rescue by strengthening its national army and its bureaucratic institutions. We have already seen order's enemies play their hand. We now await the forces of order and rescue, and by all appearances a long, big struggle is playing out in Lebanon.

This is from the Book of Habakkuk: "The violence done to Lebanon shall overwhelm you" (2:17). The struggles of the mighty forces of the region yet again converge on a small country that has seen more than its share of history's heartbreak and history's follies.

Mr. Ajami, a 2006 Bradley Prize recipient, is the Majid Khadduri Professor and director of the Middle East Studies Program at the School of Advanced International Studies at Johns Hopkins University. His most recent book, "The Foreigner's Gift: The Americans, the Arabs and the Iraqis in Iraq," has just been published by the Free Press. He is the author, inter alia, of "The Dream Palace of the Arabs: A Generation's Odyssey" (Pantheon, 1998) and "Beirut: City of Regrets" (Norton, 1988).

The Price Of Fantasy (NYT)

By Paul Krugman

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The New York Times, July 21, 2006

Today we call them neoconservatives, but when the first George Bush was president, those who believed that America could remake the world to its liking with a series of splendid little wars — people like Dick Cheney and Donald Rumsfeld — were known within the administration as "the crazies." Grown-ups in both parties rejected their vision as a dangerous fantasy.

But in 2000 the Supreme Court delivered the White House to a man who, although he may be 60, doesn't act like a grown-up. The second President Bush obviously confuses swagger with strength, and prefers tough talkers like the crazies to people who actually think things through. He got the chance to implement the crazies' vision after 9/11, which created a climate in which few people in Congress or the news media dared to ask hard questions. And the result is the bloody mess we're now in.

This isn't a case of 20-20 hindsight. It was clear from the beginning that the United States didn't have remotely enough troops to carry out the crazies' agenda — and Mr. Bush never asked for a bigger army.

As I wrote back in January 2003, this meant that the "Bush doctrine" of preventive war was, in practice, a plan to "talk trash and carry a small stick." It was obvious even then that the administration was preparing to invade Iraq not because it posed a real threat, but because it looked like a soft target.

The message to North Korea, which really did have an active nuclear program, was clear: "The Bush administration," I wrote, putting myself in Kim Jong Il's shoes, "says you're evil. It won't offer you aid, even if you cancel your nuclear program, because that would be rewarding evil. It won't even promise not to attack you, because it believes it has a mission to destroy evil regimes, whether or not they actually pose any threat to the U.S. But for all its belligerence, the Bush administration seems willing to confront only regimes that are militarily weak." So "the best self-preservation strategy ... is to be dangerous."

With a few modifications, the same logic applies to Iran. And it's easier than ever for Iran to be dangerous, now that U.S. forces are bogged down in Iraq.

Would the current crisis on the Israel-Lebanon border have happened even if the Bush administration had actually concentrated on fighting terrorism, rather than using 9/11 as an excuse to pursue the crazies' agenda? Nobody knows. But it's clear that the United States would have more options, more ability to influence the situation, if Mr. Bush hadn't squandered both the nation's credibility and its military might on his war of choice.

So what happens next?

Few if any of the crazies have the moral courage to admit that they were wrong. Vice President Cheney continues to insist that his two most famous pronouncements about Iraq — his declaration before the invasion that we would be "greeted as liberators" and his assertion a year ago that the insurgency was in its "last throes" — were "basically accurate."

But if the premise of the Bush doctrine was right, why are things going so badly?

The crazies respond by retreating even further into their fantasies of omnipotence. The only problem, they assert, is a lack of will.

Thus William Kristol, the editor of The Weekly Standard, has called for a military strike — an airstrike, since we don't have any spare ground troops — against Iran.

"Yes, there would be repercussions," he wrote in his magazine, "and they would be healthy ones." What would these healthy repercussions be? On Fox News he argued that "the right use of targeted military force" could cause the Iranian people "to reconsider whether they really want to have this regime in power." Oh, boy.

Mr. Kristol is, of course, a pundit rather than a policymaker. But there's every reason to suspect that what Mr. Kristol says in public is what Mr. Cheney says in private.

And what about The Decider himself?

For years the self-proclaimed "war president" basked in the adulation of the crazies. Now they're accusing him of being a wimp. "We have been too weak," writes Mr. Kristol, "and have allowed ourselves to be perceived as weak."

Does Mr. Bush have the maturity to stand up to this kind of pressure? I report, you decide.

West's Strategic Failure Lit The Fires In Middle East (FT)

By Philip Stephens

Financial Times, July 21, 2006

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Ten days ago, Ali Larijani, Iran's chief nuclear negotiator, visited Brussels for talks about his country's uranium enrichment programme. The meeting with senior officials from the European Union, Britain, France and Germany went badly. Mr Larijani offered nothing resembling a reply to the latest international offer to break the impasse over Iran's nuclear activities. Instead, he lectured his hosts for 45 minutes about alleged attempts to destabilise the Tehran regime. He knew that, in response, they would move to censor Iran in the United Nations Security Council.

Accompanied by an unusually large team of officials, including the head of the Iranian intelligence service, Mr Larijani travelled directly from Brussels to the Syrian capital of Damascus. The next day foreign ministers of the so-called EU3 and those of the US, China and Russia announced, as expected, plans to draft a new UN resolution. In between times, the Iranian-sponsored and Syrian-backed militia Hizbollah had launched their attack on Israel.

This sequence of events might well have been coincidental. The evidence is, as the lawyers say, purely circumstantial. One senior European official told me that Mr Larijani was not the natural point of contact between Iran and Hizbollah. Yet whatever the precise purpose of this particular mission to Damascus, it did say something about the depth of the alliance between the two regimes.

These are genuinely dangerous times. Israel is far from alone in believing that Hizbollah had Iranian and Syrian sanction for its rocket attacks and the abduction of two Israeli soldiers. Syria is still smarting from its enforced departure from Lebanon. From Iran's perspective, Hizbollah has at once diverted attention from the nuclear dispute and reminded the west of its capacity to make serious mischief.

George W. Bush has highlighted Syria's role. Tony Blair has laid more of the blame on Tehran. The British prime minister also talks of a rising extremist threat across the broader Middle East. The shared message is that, whatever the specifics of the present fighting, all this is about a much bigger threat.

President Bush has thus declined to restrain Israel's military operations in spite of the feeling among US allies that they are disproportionate and, in significant measure counterproductive. Bombing the Lebanese army and weakening the government of Fouad Siniora will not drive Hizbollah from southern Lebanon.

European diplomats aver that the ferocity of the Israeli response owes as much to the weakness of Ehud Olmert, the prime minister, as to the traditional use of massive force as a deterrent against future aggression. Israel, though, has persuaded Mr Bush that Hamas and Hizbollah should be seen through the prism of his own war on terrorism. The terrorists, in this flawed but, for Mr Olmert, useful analysis, are all the same.

As a simple description of the many fires smouldering in the region, there is something to be said for Mr Blair's "arc of extremism". The Taliban is resurgent in Afghanistan, Iran remains defiant about its nuclear ambitions, Iraq has fallen to sectarian civil war, Hizbollah threatens to destroy Lebanon's fragile stability, Hamas is fighting Israel in Gaza.

Much more dubious is the attempt to draw through these conflicts a single thread of extremism. That is to ignore their complexities and the myriad grievances and rivalries. These set Sunni against Shia, Arab against Iranian as well as political Islam against the west. Al-Qaeda and Hizbollah are not allies.

The multiple threats, though, do hold up a mirror to the strategic failures of the US and Europe. The west is not to blame for al-Qaeda nor for the noxious regime in Syria. It has played its part in creating the conditions in which fundamentalism and extremism flourish.

The results of the unconscionable refusal in Washington to think beyond the removal of Saddam Hussein are painfully obvious in Iraq. That country now resembles Lebanon at the height of its civil war. The fighting in Gaza speaks to the abandonment by the US of sustained engagement to promote peace between Israel and the Palestinians.

Mr Bush has paid lip service to the two-state solution set out in the so-called road map. So, too, has the Israeli government. Condoleezza Rice's US state department has shown occasional interest in reviving talks. But for most of the time Washington has endorsed Israeli unilateralism.

Even as Ms Rice prepares to travel to the region, officials with intimate knowledge of the diplomacy say that Israel is receiving two sets of messages from Washington. Ms Rice presses for Israeli restraint and urges diplomatic as well as military means. Elliot Abrams, the president's Middle East adviser, offers Mr Olmert a presidential blank cheque.

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Europeans cannot escape blame. As the initial promoters of the road map, they have stood more or less idly by as Israel has redrawn its 1967 borders in the West Bank with the tacit support of the US. So much for a European foreign policy.

Here lies the danger in casting the various conflicts as a grand struggle between the forces of modernism and reaction across the greater Middle East. Mr Blair's arc of extremism becomes an excuse for inaction, a diversion from the tasks at hand. Exhortation replaces engagement, emotional rhetoric hard commitment.

What moderates – those in Iran and Lebanon as much as in Palestine – need from the west is a sustained and even-handed effort to secure a settlement that guarantees Israel's security and gives Palestinians the state they have been promised.

Mr Blair used to understand this. There was a time when the prime minister used every conversation with Mr Bush to press the case for US re-engagement. All the while Israel was building its barrier deep in the occupied West Bank and Hamas was building support among Palestinians.

As for Iran, the US must recognise that diplomacy is not synonymous with appeasement. However unpalatable the regime, Washington cannot ignore the reality of Iranian influence – the more so as the debacle in Iraq has greatly strengthened that influence. Sometimes, as the US well understood during the cold war, you have to talk to your enemies. Ms Rice has moved the administration in that direction. Half a step is not enough.

There are no magic bullets, as Israel has learnt many times over during its various military excursions in Lebanon. But when messrs Bush and Blair talk of a crisis of extremism they must understand they are describing in part their own failure.

House Overwhelmingly Backs Israel In Vote (AP)

By Anne Plummer Flaherty, Associated Press Writer

AP, July 21, 2006

The House, displaying a foreign affairs solidarity lacking on issues like Iraq, voted overwhelmingly Thursday to support Israel in its confrontation with Hezbollah guerrillas.

The resolution, which was passed on a 410-8 vote, also condemns enemies of the Jewish state.

House Republican leader John Boehner cited Israel's "unique relationship" with the United States as a reason for his colleagues to swiftly go on record supporting Israel in the latest flare-up of violence in the Mideast.

Little of the political divisiveness in Congress on other national security issues was evident as lawmakers embraced the Bush administration's position.

So strong was the momentum for the resolution that it was steamrolling efforts by a small group of House members who argued that Congress's pro-Israel stance goes too far.

The nonbinding resolution is similar to one the Senate passed Tuesday. It harshly condemns Israel's enemies and says Syria and Iran should be held accountable for providing Hezbollah with money and missile technology used to attack Israel.

Yet as Republican and Democratic leaders rally behind the measure in rare bipartisan fashion, a handful of lawmakers have quietly expressed reservations that the resolution was too much the result of a powerful lobbying force and attempts to court Jewish voters.

"I'm just sick in the stomach, to put it mildly," said Rep. Nick J. Rahall II, D-W.Va., who is of Lebanese descent.

Rahall joined other Arab-American lawmakers in drafting an alternative resolution that would have omitted language holding Lebanon responsible for Hezbollah's actions and called for restraint from all sides. Rahall said that proposal was "politely swept under the rug," a political reality he and others say reflects the influence Israel has in Congress.

"There's a lot (of lawmakers) that don't feel it's right ... but vote yes, and get it the heck out of here," Rahall said.

Rep. Darrell Issa, R-Calif., who co-sponsored the alternative resolution and also is of Lebanese descent, agreed. The American Israel Public Affairs Committee lobby "throws in language that AIPAC wants. That isn't always the best thing for this body to endorse," Issa said.

Nevertheless, Rahall and Issa said they were considering voting in favor of the resolution. "I want to show support for Israel's right to defend itself," Issa said.

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Another lawmaker with Lebanese roots, Rep. Charles Boustany Jr., R-La., said he too planned to vote in favor of the resolution despite holding deep reservations on its language regarding Lebanon. "I think it's a good resolution. But I think it's incomplete," he said.

The lack of momentum for alternative proposals frustrated pro-Arab groups.

"This is the usual problem with any resolution that talks about Israel — there are a lot of closet naysayers up there (in Congress), but they don't want to be a target of the lobby" of Israel, said Eugene H. Bird, president of the Council for the National Interest, a group that harshly condemns Israel's military campaign.

"These guys aren't legislating. They're politicking," said James Zogby, president of the Arab American Institute.

An AIPAC spokeswoman said Congress's overwhelming support for Israel reflects the support of U.S. voters and not any pressure applied by lobbyists. "The American people overwhelming support Israel's war on terrorism and understand that we must stand by our closest ally in this time of crisis," said Jennifer Cannata.

Secretary of State Condoleezza Rice planned to discuss diplomatic efforts to end the violence, and the possibility of international troops to police a peace, over dinner Thursday in New York with United Nations Secretary-General Kofi Annan.

On Friday, Rice will receive a report from fact-finders Annan sent to the region.

Rice, herself, is expected to go there. "She intends to travel to the region as early as next week," State Department spokesman Sean McCormack said.

Approximately 2,600 U.S. citizens have been evacuated from Lebanon by the United States since Sunday.

Israel, Hezbollah Intensify Ground Conflict In Lebanon (WP)

By Scott Wilson And Edward Cody

The Washington Post, July 21, 2006

JERUSALEM, July 20 -- Israeli ground forces and Hezbollah guerrillas engaged in heavy fighting inside Lebanon on Thursday, as senior Israeli defense officials braced the country for a long conflict against the radical Islamic groups on its borders and indicated that a large ground operation could still lie ahead.

The Israeli military said at least two soldiers were killed and six others wounded in the fighting, the most intense ground exchange in the current military campaign. Israeli military officials later said two Apache attack helicopters collided at Ramot Naftali, about two miles inside the Israeli border, just after midnight.

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Israeli military aircraft pounded targets across Lebanon for a ninth straight day amid growing international calls for Israel to suspend a bombing campaign that has ravaged that country's civilian population. The airstrikes swelled the ranks of the displaced and accelerated the evacuation of U.S. citizens and other foreign nationals, thousands of whom sailed away from the tattered country in a chartered cruise ship and a military transport vessel.

Using local radio stations and other media, Israel warned the roughly 300,000 Lebanese civilians who live south of the Litani River, which runs about 25 miles north of Israel's border with Lebanon, to abandon their homes. Israeli officials, meanwhile, indicated that a large ground offensive could follow as rocket fire continued into Israel's Galilee region, although at a diminished rate.

During a tour of northern Israel, where more than 850 rockets have rained down since Hezbollah gunmen captured two Israeli soldiers in a cross-border raid on July 12, Defense Minister Amir Peretz said the radical Shiite Muslim militia "must not think that we would recoil from using all kinds of military measures against it."

"We have no intention of occupying Lebanon, but we also have no intention of retreating from any military measures needed," Peretz said. The comments left open the possibility that Israel could move forces into southern Lebanon, the restive, Shiite-dominated region it has occupied before. Israeli military officials have raised the need to clear Hezbollah forces from a 12-mile-wide swath inside the Lebanese border to increase the distance between the group's increasingly long-range arsenal and the Israeli cities in the firing line.

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Israeli officials have dismissed international proposals for a peacekeeping force in southern Lebanon, saying they need more time to bombard Hezbollah launch sites, bunkers and supply routes before considering a cease-fire. They say the bombing effort has severely damaged Hezbollah forces -- an assertion denied by the group's leaders in Lebanon.

Hezbollah gunmen fired about 40 rockets into Israel, about a third of the number they fired the previous day. There were no casualties reported from Thursday's rocket strikes, which have killed 15 Israeli civilians since fighting began.

U.N. Secretary General Kofi Annan on Thursday urged Israel to halt its military operations in Lebanon, claiming it is inflicting unacceptable harm on civilians while increasing Hezbollah's popularity and undercutting Lebanon's fledgling democracy. But he voiced pessimism about the prospects for a quick halt to the violence and urged Israel to avoid civilian casualties in the meantime and provide access for humanitarian relief workers throughout Lebanon.

"The Lebanese people, who had hoped that their country's dark days were behind them, have been brutally dragged back into the war," Annan told the U.N. Security Council. He was accompanied by former Indian diplomat Vijay Nambiar, who had just returned from leading a peace mission in the region.

"Let me be frank with the council," Annan said. "The mission's assessment is that there are serious obstacles to reaching a cease-fire, or even diminishing the violence quickly."

Secretary of State Condoleezza Rice launched her diplomatic effort at a working dinner with Annan on Thursday, with a Security Council briefing scheduled for Friday morning. The United States is now working on a package of ideas for Rice to take the region when she begins talks early next week, with timing and locations still up in the air, U.S. officials said.

The fighting near the Lebanese village of Maroun al-Ras, just across the border from the Israeli farming community of Avivim, pointed up Hezbollah's skill at fighting in terrain it has spent years preparing against another Israeli invasion. Sixteen Israeli soldiers have been killed so far on the northern front, and 61 have been wounded.

Heavy fighting broke out several times throughout the day after Israeli tanks and bulldozers pushed a few hundred yards inside Lebanon in search of tunnels, bunkers and posts used by Hezbollah gunmen.

The clashes involved small-arms fire and antitank missiles. Israeli attack helicopters provided support as soldiers removed the wounded. Hezbollah's television station, al-Manar, said two Israeli tanks were destroyed in the clashes.

Lebanese officials say more than 300 Lebanese have died in the fighting, nearly all of them civilian, while more than 1,000 others have been wounded. It is unclear how many Hezbollah gunmen have died in the airstrikes or ground fighting.

In a statement, Hezbollah officials said bombing by Israel on Wednesday night that was described as an attack on a bunker in fact hit a mosque under construction and caused no injuries to senior Hezbollah leaders.

Hezbollah members of parliament, who number a dozen among the legislature's 128 members, appeared on Lebanese television to vow steadfastness and declare that the group's arsenal still has plenty of weapons for retaliatory strikes against Israeli towns. Hezbollah officials escorted journalists around their southern Beirut stronghold to show the damage to what they said were civilian residences.

Israeli aircraft roamed the southern Lebanese skies looking for targets, continuing their campaign to blast Hezbollah infrastructure and prevent vehicles from resupplying the militia's forces. But missile attacks seemed to diminish in the area around Beirut as foreign governments, including that of the United States, continued evacuation operations.

In the Gaza Strip, where Israeli tanks and troops clashed with gunmen from the governing Hamas movement's military wing, the death toll rose on Israel's second front. Palestinian hospital officials said four Palestinians were killed, including two children, as Israeli forces attacked Palestinian positions in the Mughazi refugee camp in central Gaza for a second day.

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Hamas's military wing helped stage the June 25 cross-border raid on an army post in which a 19-year-old Israeli soldier was captured. Its members also regularly fire rockets into southern Israel, something Israeli officials say must stop. Hospital officials put the two-day casualty toll at 11 dead and more than 170 wounded.

About 40 Marines came ashore in a Maronite Christian area in Lebanon just north of Beirut to help U.S. nationals board a landing craft and move to the USS Nashville, a warship looming offshore. The Ocean Queen, a cruise ship chartered by Washington, returned late in the day for a second load of Americans.

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U.S. authorities in Beirut also used a bus convoy Thursday to evacuate 341 American citizens from battered southern Lebanon and moved approximately 2,250 people out of the country on helicopters and sea vessels, military and diplomatic officials said. The departures marked the largest group of U.S. citizens to leave Lebanon on a single day since Israeli airstrikes began.

Since Marine helicopters first began lifting people out of Beirut on Sunday, the United States has been able to transport more than 3,850 citizens to safety, said Maura Harty, assistant secretary of state for consular affairs.

The U.S. move to rescue those in the south, the most dangerous area of the country, was hailed by U.S. officials as "successful," but they also said there could be more people there they just don't yet know about. Harty said another evacuation from southern Lebanon was possible. She urged U.S. citizens trapped there to "continue to stand fast" and monitor Lebanese radio for updates.

Harty said the 341 citizens who were bused out of southern Lebanon were scheduled to board a cruise ship for Cyprus.

European and other governments also proceeded with evacuations of their nationals, most of them Lebanese with foreign passports who had returned for summer vacations. Officials estimated that more than 12,000 foreigners have been taken out of the country in the past three days.

The Israeli public, while so far largely supportive of Prime Minister Ehud Olmert's war effort, has been generally less tolerant of ground operations since Israel's 1982 invasion of Lebanon and the bloody 18-year occupation that followed. Israel left southern Lebanon in May 2000.

Amos Yaron, a retired general who commanded the paratroop division that entered Beirut in 1982, said that "people make a lot of mistakes when they are drawing lessons" from the Lebanon invasion.

"We didn't have any problem entering Lebanon in 1982," Yaron said. "The problem was leaving it."

Yaron said he believes a ground operation might be necessary before the fighting ends. "At the end of the day," he said, "you have to take Hezbollah out of southern Lebanon. No one will do it for you."

Yagil Levy, a professor of public policy at Ben Gurion University in Beersheba and author of the "The Other Army of Israel," said most of Israel's senior commanders served as young officers during the 1982 invasion and the Hezbollah attacks that followed during the occupation.

He said the leadership is suffering "schizophrenia" from the lessons it learned from that experience. On the one hand, he said, military commanders understand "never to get involved in a war of attrition" that turns the Israeli public against it.

"But the opposite element is that some of these people carry with them a lot of frustration," Levy said. "For some of these officers, this operation now is something like unfinished business."

Israel Preparing Lebanon Ground Offensive (AP)

By Lee Keath, Associated Press Writer

AP, July 21, 2006

Pitched battles raged between Israeli forces and Hezbollah fighters on the border Thursday, and Israel warned hundreds of thousands of people to flee southern Lebanon "immediately," preparing for a likely ground offensive to set up a buffer zone.

U.N. chief Kofi Annan warned of a humanitarian crisis in Lebanon and called for an immediate cease-fire, even as he admitted "serious obstacles" stand in the way of even easing the violence. Annan denounced Israel for "excessive use of force" and Hezbollah for holding "an entire nation hostage" with its rocket attacks and snatching of two Israeli soldiers last week.

As the death toll rose to 330 in Lebanon, as well as at least 32 Israelis, Lebanese streamed north into the capital and other regions, crowding into schools, relatives' homes or hotels. Taxi drivers in the south were charging up to $400 per person for rides to Beirut — more than 40 times the usual price. In remote villages of the south, cut off by strikes, residents made their way out over the mountains by foot.

The price of food, medical supplies and gasoline rose by as much as 500 percent in parts of Lebanon on Thursday as Israel's relentless bombardment destroyed roads, bridges and other supply routes. The World Food Program said estimates of basic food supplies ranged from one to three months.

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On a day that saw U.S. Marines return to Lebanon for the first time in 22 years, the war looked ready to expand dramatically. Neither side showed any sign of backing down. Hezbollah refused to release its two Israeli soldiers without a prisoner exchange, Israel was aiming to create a new buffer zone in a region that saw 18 years of Israeli presence ending in 2000.

Hezbollah leader Sheik Hassan Nasrallah shrugged off concerns of a stepped-up Israeli onslaught, vowing never to release two Israeli soldiers captured by his guerrillas even "if the whole universe comes (against us)." He said they would be freed only as part of a prisoner exchange brokered through indirect negotiations.

He spoke in an interview with the Al-Jazeera news network taped Thursday to show he had survived a heavy airstrike in south Beirut that Israel said targeted a Hezbollah underground leadership bunker. The guerrillas said the strike only hit a mosque under construction and no one was hurt.

The United States — which has resisted calls to press its ally Israel to halt the fighting — was sending Secretary of State Condoleezza Rice to the region, arriving in Israel on Tuesday or Wednesday after stopping over in Arab nations, Israeli officials said. They spoke on condition of anonymity because the schedule was not yet confirmed.

The mission would be the first U.S. diplomatic effort on the ground since the Israeli onslaught against Lebanon began nine days ago.

Israel has decided air power alone will not be enough to drive Hezbollah back from the Israeli-Lebanon border and that a ground force will be needed to establish a zone that is at least 20 miles deep, senior military officials said Thursday. That would force Hezbollah behind the Litani River.

Israel wants to send a strong message to all its enemies, especially Iran, that the consequences of attacking the Jewish state will be unbearable.

But mounting civilian casualties and the displacement of hundreds of thousands of Lebanese could limit the amount of time Israel has to achieve its goals, as international tolerance for the bloodshed and destruction runs out.

Lebanese Prime Minister Fuad Saniora put the death toll at more than 330 — at least 11 of them killed Thursday — with 1,100 wounded. At least 32 Israelis have been killed, including 17 service members — three of them killed in military operations Thursday and early Friday.

Saniora said more than 55 bridges across the country had been destroyed, and that Israeli forces had targeted ambulances and medical convoys.

"This attack is no longer against Hezbollah, it is an attack against the Lebanese and Lebanon," Saniora told CNN.

The U.N. estimated that about a half-million people have been displaced in Lebanon, with 130,000 fleeing to Syria and about 45,000 believed to be in need of assistance.

More than 600 relatives of U.N. peacekeepers and other foreigners were evacuated by ship from the southern port city of Tyre, a region south of the Litani that has seen a ferocious pounding by Israeli warplanes and gunboats for days. Many of the women and children had spent the night on the beach waiting for the ship that arrived Thursday morning and took them to Cyprus.

The exodus of Americans and other foreign nationals stepped up dramatically, with ships lining up off Beirut to take thousands of families waiting at the port out of the war zone.

A group of around 40 U.S. Marines hit the ground in Beirut, helping in the evacuation of hundreds of Americans to a Navy transport vessel, the USS Nashville, offshore — the first U.S. military deployment in Lebanon in 22 years. More than 2,200 Americans were pulled out Thursday, twice the number a day before.

Israeli forces resumed attacks on Beirut at daybreak on Friday, witnesses said. One loud explosion was heard in the Lebanese capital. Al-Arabyia TV said the strike had targeted Beirut's southern suburbs, Hezbollah's stronghold. Israeli strikes Thursday pounded southern Beirut and villages and towns in the Shiite heartland of the south and the eastern Bekaa Valley.

Hezbollah, in turn, fired more than 40 rockets into northern Israel.

The clashes about a mile inside the Lebanese side of the border Thursday evening came when an Israeli patrol sweeping for Hezbollah bunkers was ambushed by guerillas, taking casualties. The fight rapidly expanded, with Israeli helicopters firing missiles at targets on the ground and rescue forces storming in.

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The Israeli military said two Israeli soldiers died in the fighting and several guerrillas were killed. Hezbollah's Al-Manar television said three Israeli soldiers were killed but did not mention guerrilla casualties.

Two Apache attack helicopters collided in an accident northern Israel near the Lebanon border early Friday, killing one air force officer and injuring three others, two seriously, Israeli officials said. Al-Jazeera reported that four soldiers were killed in the crash, but did not give a source.

The commander of Israel's air force appointed an inquiry team to determine the cause.

Israel has stepped up its small-scale forays over the border in recent days, seeking Hezbollah positions, rocket stores and bunkers. Each time it has faced tough resistance from the guerrillas.

In preparation for a more powerful punch deeper into Lebanon, an Israeli military radio station that broadcasts into the south issued what it called "a strict warning" that Israeli forces would "act immediately" to halt Hezbollah rocket fire.

"It will act in word and deed inside the villages of the south against these aggressive terrorist acts. Therefore all residents of south Lebanon south of the Litani must leave their areas immediately for their own safety," the message in Arabic on the Al-Mashriq station said.

More than 300,000 people are believed to live south of the Litani — which twice has been the border line for Israeli buffer zones. In 1978, Israel invaded up to the Litani to drive back Palestinian guerrillas, withdrawing from most of the south months later.

Israel invaded Lebanon again in a much bigger operation in June 1982 when its forces seized parts of Beirut. It eventually carved out a buffer zone that stopped at the Litani. That zone was reduced gradually but the Israeli presence lasted for 18 years until 2000, when it withdrew its troops completely from the country.

Associated Press reporter Maria Sanminiatelli in Larnaca, Cyprus, contributed to this report.

Israel Says Troops Needed In Lebanon (AP)

By Steven Gutkin

AP, July 21, 2006

Israel has decided air power alone will not be enough to drive Hezbollah back from the Israeli-Lebanon border and a ground force will be needed to establish a buffer zone that is at least 20 miles deep, senior military officials said Thursday.

Top officials met Thursday to decide the size of the force but agreed to delay a final decision, they said.

The Israeli offensive won't stop, the officials said, until Hezbollah is pushed to a river north of the border and its ability to fire deadly rockets into Israeli is neutralized.

Even more importantly, Israel wants to send a strong message to all its enemies, especially Iran, that the consequences of attacking the Jewish state will be unbearable.

Mounting civilian casualties and the displacement of hundreds of thousands of Lebanese, however, could limit the amount of time Israel has to achieve its goals, as international tolerance for the bloodshed and destruction runs out.

During Israel's ground operation, its troops have encountered fierce resistance in heavily mined terrain. Sixteen Israeli soldiers have been killed in the fighting.

Almost all of the damage in Lebanon, including the deaths of more than 300 people, has been caused by Israel's aerial bombardment of rocket launching sites, bridges, roads, trucks, storage facilities and other targets.

Even so, "I don't know one single army in the world which has succeeded in conquering a terrorist organization only from 30,000 feet," said Ephraim Sneh, an Israeli politician and general who commanded an Israeli security zone in south Lebanon in the early 80s.

After Hezbollah crossed into Israel and kidnapped two soldiers July 12, Israel began pounding the guerrillas to win the men's freedom. The mission was quickly expanded: to punish and deter, to pressure the Lebanese to rein in Hezbollah and to weaken the guerrillas sufficiently so that the pro-Western Lebanese army can take Hezbollah's place in the south, possibly with the aid of a beefed-up international peacekeeping force.

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Now Israel wants to create a buffer zone in south Lebanon, pushing back Hezbollah at least 20 miles northward to the Litani River. Israel also wants to neutralize Hezbollah's ability to attack Israel with rockets, 900 of which slammed into Israel in the past week, killing 15 Israelis.

European-led efforts to achieve a cease-fire appear unlikely to succeed in the near term because Israel's main ally, the United States, has given Israel a tacit green light to proceed and because Israel sees this as a decisive, make-or-break battle in its fight against radical Islamists out to destroy it.

Hezbollah shattered an Israeli taboo in the past week by firing rockets into Haifa, Israel's third-largest city. Israeli officials believe the country's deterrence posture could suffer irreversible damage if Hezbollah emerges from the current fighting unscathed.

In addition, many Israelis view their offensive as ultimately about Iran and Syria, countries that arm and finance Hezbollah in Lebanon and Hamas militants fighting Israel in the Gaza Strip.

Sneh called the current fighting "the first round between Israel and Iran."

"They (the Iranians) are waiting around the corner with long-range missiles and God forbid with nuclear warheads. They should know they cannot mess with Israel," he said.

Israeli military officials say the army has already destroyed more than 40 percent of Hezbollah's arsenal in Lebanon. However, the same officials, speaking on condition of anonymity because of the issue's military sensitivity, acknowledge that most of those killed have been civilians, not Hezbollah fighters.

That's partly because the guerrillas have taken shelter in underground bunkers, the officials said.

What Israel needs to do now, says Israeli military analyst Shlomo Brom, is conduct limited ground operations to draw Hezbollah out of its hideouts, "destroy the units, hurting them as much as possible, destroying their infrastructure and then getting out."

Israeli officials insist they have no intention of carrying out a large-scale ground invasion or staying in Lebanon for any more than a few weeks. That's largely because of memories of Israel's ill-fated occupation of Lebanon between 1982 and 2000.

Keenly aware that sending ground troops into Lebanon carries enormous risks, Israel's political and military leaders are debating the proposed force's size, with the army brass arguing for a larger force that can better fend off attacks, the military officials said.

Brig. Gen. Ido Nehustan, a member of the army's General Staff, lamented the difficulty of fighting what he called "asymmetric warfare" in which a guerrilla group living among civilians battles a powerful army.

It's not like Israel's other war front in Gaza against Hamas. In Lebanon, he said, "We are fighting a much more capable terror organization which practically holds a sword to our neck and has 12 percent of the Israeli population living in shelters and paralyzes the entire northern part of the country."

Israel Pounds Hezbollah (WT)

By Joshua Mitnick

The Washington Times, July 21, 2006

KIBBUTZ HANITA, Israel -- Israeli soldiers raided Hezbollah positions in southern Lebanon, suffering losses for a second day yesterday, while warning Lebanese residents to "immediately" evacuate a 20-mile-wide stretch along the border.

Kibbutz Hanita is an Israeli outpost on the border with Lebanon.

Shrugging off the Israeli losses, Defense Minister Amir Peretz stressed Israel's willingness to conduct large-scale ground operations in the region, an area it occupied for 18 years until its unilateral withdrawal in 2000.

In the air, Israel continued to pound Beirut's southern suburbs and Hezbollah positions in the eastern Bekaa Valley. However Hezbollah leader Sheik Hassan Nasrallah emerged unscathed and defiant after Israel dropped 23 tons of explosives on what it said was a bunker containing the Islamic militia's leadership.

International condemnation of the Israeli activity mounted, with U.N. Secretary-General Kofi Annan saying the "hostilities must stop" and condemning Israel's "excessive use of force."

But the United States has not joined the U.N. call.

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In Beirut, Lebanese Prime Minister Fuad Siniora said yesterday that there was no apparent political settlement to end hostilities between Israel and Hezbollah, and accused the United States of encouraging Israel's offensive in Lebanon.

"The United States is allowing Israel to pursue its aggression," he told Agence France-Presse.

Secretary of State Condoleezza Rice traveled to New York yesterday for a dinner meeting with Mr. Annan and European Union foreign policy chief Javier Solana.

Residents of this border farm cooperative listened to distant thumps of munitions and watched smoke rise yesterday as Hezbollah militants in at least two locations battled Israeli forces trying to destroy their bunkers and lookout posts.

Hezbollah's Al-Manar television said three Israeli soldiers were killed and 10 wounded in one engagement, while Israel acknowledged only unspecified casualties.

Hezbollah claimed to have destroyed two tanks in a clash near Kibbutz Avivim, about 30 miles east of here. Israel said one soldier was seriously injured when a missile hit a tank.

Early today, Israel Army Radio reported that two Apache helicopters had collided near the Lebanese border.

Army Radio said the two U.S.-made Apache helicopters crashed last night on a road near Ramat Naftali, six miles from the border where Israeli forces and Lebanese Hezbollah guerrillas have been fighting for nine days.

A witness interviewed by the radio described the casualties as being inside the wreckage of the aircraft, each of which carry a two-person crew.

"It's scary, but everything is going over our heads, and nothing is landing," said Michal Porat, a 36-year-old resident of Hanita who said her greatest fear is for the Israeli soldiers who patrol outside their kibbutz. "I have no problem here. I'm only thinking of the soldiers," she said.

Two Israeli soldiers were reported killed in southern Lebanon in a similar raid a day earlier, highlighting the risks of fighting in the hilly terrain, pockmarked with bunkers and potential ambush sites. But Mr. Peretz said yesterday that Israel would not flinch.

"We don't plan to reoccupy Lebanon, but if it's necessary to carry out an operation that will prove decisive, we won't hesitate," he said. "If they are hitting us from inside Lebanese territory, we will do everything necessary."

Warnings broadcast into the area yesterday warned residents living south of the Litani River -- which runs almost 20 miles north of the border -- to "leave their areas immediately for their own safety."

Speculation about a ground campaign was fed by the seeming resilience of Hezbollah despite nine days of bombing and missile attacks that have killed more than 300 Lebanese, most of them civilians.

"I can confirm without exaggerating or using psychological warfare that we have not been harmed," Sheik Nasrallah said of the group's leadership, brushing off Israeli assertions of having struck a bunker while the leaders were meeting.

He also said on Al Jazeera that Hezbollah would never release two Israeli soldiers it is holding, even "if the whole universe comes [against us]," except as part of a prisoner exchange.

In the Gaza Strip, Israel's other front, fighting continued yesterday. Hamas militants seized an Israeli soldier June 25, setting the crisis in motion. Israeli forces said they killed 15 persons and wounded six during an operation in the Mughazi refugee camp, after having killed nine persons the day before.

Today, Israeli tanks and troops withdrew from the refugee camp. But the Israeli forces were massing on the border ahead of a possible new incursion against the nearby Bureij refugee camp, a stronghold of militants from the governing Islamist faction Hamas.

Residents of Kibbutz Hanita, situated on a mountain overlooking the hazy blue Mediterranean, can trace the route of the Israeli-Lebanese borderline eastward along the hilltop ridge from the large antennas at Rosh Hanikrah to a fenced-off compound used by United Nations troops and the remains of a Hezbollah position barely visible after it was leveled from the air last week.

But that hasn't put 25-year-old resident Oz Tzemach's mind at ease.

"I feel Hezbollah is still here. It is difficult to tell the difference between the situation now and two weeks ago," he said

"I don't know to what degree their firing ability has been hurt. We don't know how far away they are. My hunch is that it could be two miles away, it could be 10 miles away."

Israel Presses Hizbullah As Lebanese Flee (CSM)

DOJ_NMG_0042368

By Joshua Mitnick And Nicholas Blanford

The Christian Science Monitor, July 21, 2006

KIBBUTZ HANITA, ISRAEL AND TYRE, LEBANON

Israel continued its precision incursion Thursday over the border into Lebanon as the army seeks to destroy the Hizbullah bunkers and lookout posts that have been used to infiltrate Israel.

Israeli artillery cannons thundered and white plumes of smoke rose up from southern Lebanon as Israeli combat engineers and armored vehicles moved against Hizbullah positions.

After Israel's unilateral withdrawal from Lebanon in 2000, the Shiite militia unfurled yellow flags over outposts in sight of Israel's border.

By the end of this round of fighting, Israel wants to ensure that the network of positions that allowed a proxy of Iran to peer over the border and collect intelligence is leveled.

"We need to be in a situation that there won't be any Hizbullah infrastructure near the border," says Reserve Gen. Yakov Amidror, the former head of the Israeli army's planning division. "If we don't take care of it now Hizbullah can return and say they never left."

The general speculated that Israel would have to clear positions six miles north of the border.

Israeli media reported Thursday that Israel's army Chief of Staff Dan Halutz said the offensive against Hizbullah will probably last a long time. And in an apparent attempt to counter the impression that Israel's government is reluctant to launch an invasion of Lebanon, Defense Minister Amir Peretz said there would be no constraints placed on the military.

"If they are hitting us from inside Lebanese territory, we will do everything necessary," he said. "It is entirely clear that we intend to settle the battle decisively.

One security official said Wednesday that a security buffer zone is being created that would "be clean of Hizbullah."

The Israeli army is moving in special forces to clear the area of mines before bringing in bulldozers "to flatten the area and remove any sign of Hizbullah outposts and even trees so that Hizbullah can't enter again," he said.

There is a reluctance in Israel to repeat the sweeping invasion in Lebanon in 1982 because many are concerned about the lack of an exit strategy. But many believe that Israel's achievement so far will be unfinished if there is no significantly stepped-up ground offensive. "We can't only do it from the air, that's too small," said General Amidror.

Deeper into southern Lebanon, Israeli units are believed to be moving against Hizbullah, who have fired more than 1,000 rockets into northern Israel over the past week, according to Israeli media reports.

"This is a minor operation. We are not talking about moving into and cleaning up southern Lebanon," says Shmuel Bar, a Middle East expert at the Herzliya Interdisciplinary Center, a private university outside Tel Aviv.

In Lebanon's south, some 850 foreign nationals and Lebanese UN employees evacuated Tyre Thursday by sea. Their departure came shortly after Israel warned all residents to move north of the Litani River, about 25 miles from the border with Israel.

With Hizbullah showing little sign of breaking, some see Israel's ultimatum as suggesting that its week-long onslaught against south Lebanon, which has claimed at least 300 civilian lives, could indeed strengthen.

"The foreigners have gone and that means the war will really begin now," says Hassan Bazzi, a port worker.

Hundreds of people crammed into vehicles to undertake the perilous trip northward. Normally a city of 100,000, up to 80 percent of residents have left.

Thursday was calmer than previous days. But for Hassan Fawaz, it was the eighth day he had spent trapped with 25 people in a basement near Tibnine, 12 miles south east of Tyre.

"We are very, very scared," says Mr. Fawaz, a translator with the UN peacekeeping force in south Lebanon (UNIFIL), speaking over a cellphone. "The UN says we should stay where we are, but we have been hearing the sounds of bombing 24 hours a day since it began," he says. "We are praying all the time. Pray for us, too."

UN officials estimate that about 60 percent of the population south of the Litani, which swells to about 290,000 in the summer, has already fled north.

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Tyre Mayor Abdul Mohsen al-Husseini is struggling to cope with a humanitarian disaster. Some 20,000 people have fled their villages for the relative safety of the city, which has suffered only one air strike so far. "My house was destroyed two days ago," says Akhlas Jaber who had just arrived from Qana. She points to some of her children. "Are these fighters?" she asks angrily. "Is that baby a fighter? None of the fighters are dead, only the women, children, and sheikhs."

Further north, in Beirut, the city was constructing makeshift shelters and people slept in doorways and parks. The number of people who have fled homes has reached 400,000 to 600,000 people, says Asma Andraos of the newly formed governmental Higher Relief Council.

More than 100 public schools have opened their doors, but they are short on supplies. There are few showers or toilets. Most of the inhabitants are women and children who have only what could carry.

"This is the biggest crisis Lebanon has ever faced. When you have a population of 4 million and half a million are displaced, that's a catastrophe," she says.

Most of the displaced come from the south or the devastated southern suburbs of Beirut. Exact numbers are hard to come by. But "it's rising by the day. Thursday 10,000 people turned up at the schools," Mr. Andraos says.

Ali Makki, an IT consultant who volunteers for the Higher Relief Council, said he had fielded heart-breaking calls on Wednesday. One man called asking for food and mattresses because he had taken in two families. "He said, 'I had only $10 in my pocket, and now I don't have anything. But I gave these people somewhere to sleep and I can't ask them to leave,' " says Mr. Makki. He was put on a waiting list at the overwhelmed center.

Israel Defiant As Demands For Cease-fire Grow (MCT)

By Matthew Schofield And Warren P. Strobel

McClatchy Newspapers, July 21, 2006

JERUSALEM - The broad outlines of a diplomatic strategy to end Israel-Hezbollah fighting emerged on Thursday with United Nations Secretary-General Kofi Annan calling for a cease-fire and the United States announcing that Secretary of State Condoleezza Rice would travel to the Middle East as early as next week.

Israel, however, said it wouldn't stop fighting until it had achieved its military goals. Israeli troops on Thursday were sent back into southern Lebanon, where four died in skirmishes with Hezbollah guerrillas. Israeli air raids again rained devastation on Beirut's southern suburbs, and hundreds of thousands of refugees scrambled to escape the fighting.

But the number of Hezbollah rockets hitting Israel dropped to 50, one of the lowest totals in nine days of war. There were no reports of casualties.

In Beirut, the minister of social affairs became the first senior Lebanese official to blame Syria and Iran publicly for the abduction of two Israeli soldiers that touched off the fighting. But the comments of Nayla Moawad, a Maronite Christian whose husband, Lebanese President Rene Moawad, was killed in the country's long civil war, weren't echoed by other officials.

International officials warned of a growing humanitarian crisis as hundreds of thousands of Lebanese who've fled the fighting face shortages of food, water and housing.

The U.S. military evacuation of thousands of U.S. citizens continued Thursday, with U.S. officials announcing that nearly 3,000 people had been transported to Cyprus. Cyprus' government pleaded for international assistance to cope with the influx of thousands fleeing Lebanon.

Rice and President Bush so far have refused to intervene to stop the fighting, allowing Israel to continue a military offensive that's aimed at dislodging Hezbollah from southern Lebanon and eliminating it as a threat.

Speaking in New York, Annan said a cease-fire wouldn't just save lives and provide aid agencies a chance to help displaced people, but it would also "give diplomacy a chance to work out a practical package of actions that would provide a lasting solution to the current crisis."

Annan, who was scheduled to confer with Rice Thursday evening, said that a U.N. team sent to the region proposed several steps to end the crisis.

The steps include an expanded U.N. peacekeeping force in southern Lebanon that would replace the current force, known by the acronym UNIFIL; Lebanon's agreement to implement U.N. Security Council Resolution 1559, which calls for the

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dismantling of militias such as Hezbollah; urgent international funding for Lebanon's reconstruction; and an international conference that would, among other steps, finally delineate Lebanon's disputed borders.

Rice was scheduled to meet with the U.N. team on Friday.

"This is going to be very large. It's not just going to be a cease-fire," said a Middle East diplomat who confirmed elements of the package on condition of anonymity.

In Israel, officials showed little enthusiasm for a cease-fire and suggested that sending in ground troops might be necessary.

"The air attacks are not enough to destroy the Hezbollah infrastructure," said Maj. Gen. Benny Gantz, the head of Israel's infantry. "Hezbollah has been planning this for years."

On Thursday, Israeli ground forces targeted Hezbollah rocket-launch pads and other tactical targets, encountering Hezbollah gunmen in often close-quarters fighting that left four Israeli soldiers dead. Israeli military sources would confirm only one Hezbollah death.

Israeli bombing also continued throughout Lebanon. Israeli jets dropped 23 tons of explosives on what Israeli officials said was a Hezbollah bunker in southern Beirut but Hezbollah officials said was a mosque under construction. A McClatchy Newspapers reporter who viewed the site said it was impossible to know what had been there; the explosives left only a huge hole filled with electrical wires and debris.

Bombing also hit southern Lebanon as international aid officials expressed concern about their inability to assist residents there.

The 50 Hezbollah rockets fired Thursday into Israel were a sharp decrease from 115 the day before. In all, Hezbollah is believed to have fired 775 rockets since the fighting began a week ago Wednesday.

There were no reported deaths from rocket fire in Israel on Thursday, but an Israeli tank shell reportedly killed four Palestinian militants and two civilians in Gaza on Israel's southern border. Three militant fighters reportedly were killed in the West Bank town of Nablus during an Israeli raid.

Israeli military officials said the Nablus attack was aimed at senior leaders, including "wanted terrorists under the control of Hezbollah leadership in Lebanon." They spoke on the condition of anonymity because Israel's intelligence on terrorists is classified.

The same military officials said that Israel now believes that Hezbollah recently has intensified efforts to launch suicide attacks from Gaza and the West Bank.

In Beirut, few politicians seemed eager to echo Moawad's comments about Syrian and Iranian involvement in Hezbollah's decision to cross the border and capture two Israeli soldiers. Three other soldiers were killed in the initial attack, and five Israelis died in subsequent fighting.

"The decision for this operation was not taken in Lebanon," Moawad said at a daily news briefing for reporters organized by the Lebanese government. "We are convinced it was taken in Damascus, with Iranian coordination."

But calls to 12 other Lebanese officials found only one willing to comment. Industry Minister Pierre Gemayel, a Christian and the son of a former president and the nephew of another, said it was too early to point fingers when Lebanon is suffering a humanitarian disaster. "Talking about this issue is useless now and could incite disputes," he said.

Meanwhile, the U.S Embassy in Cyprus rented a massive exhibition hall at Cyprus' state fairgrounds where American evacuees waited for flights to the United States, biding the time by resting on folding beds or watching movies.

Two ships scheduled to reach the Mediterranean island Friday morning were carrying about 2,000 passengers. About 1,000 Americans were evacuated Thursday, most of whom quickly traveled on to the United States.

But the crush of people fleeing Lebanon clearly was pushing Cyprus to the breaking point. Hotels were booked solid, accommodating not only evacuees but also an influx of humanitarian workers, some of whom were sleeping in shifts in overcrowded rooms.

Schofield reported from Jerusalem, Strobel from Washington. Contributing to this report were Hannah Allam and McClatchy Newspapers special correspondent Nada Raad from Beirut, Shashank Bengali from Larnaca, Cyprus, and Drew Brown from Washington.

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Nasrallah Says Hezbollah Leadership Intact (AP)

AP, July 21, 2006

Hezbollah leader Sheik Hassan Nasrallah said Thursday that the group's leadership remains intact, appearing an interview on Al-Jazeera a day after Israel said it bombed a bunker where he may have been hiding.

Nasrallah vowed never to release two Israeli soldiers captured by his guerrillas even if "if the whole universe comes (against us)," saying they would be freed only part of a prisoner exchange brokered through indirect negotiations.

Israeli warplanes dropped 23 tons of explosives Wednesday night on a site in south Beirut it said was an underground bunker where Hezbollah leaders — including possibly Nasrallah — were meeting.

Hezbollah immediately denied there was any bunker and said none of its members was hurt in the strike. It said the bombs hit a mosque under construction.

"I can confirm without exaggerating or using psychological warfare, that we have not been harmed," he said, referring to the strike.

Al-Jazeera, which aired only excerpts of the interview, said it was taped earlier Thursday. The interviewer said the interview took place amid tight security precautions but did not say where. Nasrallah has been in hiding since Israel's onslaught began July 12, though he gave a speech on Hezbollah television on Sunday.

Nasrallah also denied claims by Israel to have destroyed half of Hezbollah's rocket arsenal, calling the claims "baseless."

"Hezbollah has so far stood fast, absorbed the strike and has retaken the initiative and made the surprises that it had promised, and there are more surprises," he said, warning that a Hezbollah defeat would be "a defeat for the entire Islamic nation."

Bunker Strike Failed, Says Hizbollah (FT)

By Ferry Biedermann

Financial Times, July 21, 2006

The leader of Lebanon's Hizbollah movement, Hassan Nasrallah, emerged Thursday night from hiding to deny that the command structure of his group had been damaged by an Israeli attack earlier in the day.

Speaking on the Arab satellite television station al-Jazeera, the Hizbollah leader said that a massive Israeli strike on one of Beirut's southern suburbs, using more than 20 tons of explosives, had not hit its intended target. "I can confirm, without exaggerating or using psychological warfare, that we have not been harmed," he said.

The Shia fundamentalist group earlier took reporters on a visit to its devastated stronghold of Haret Hreik in south Beirut but did not provide access to the adjacent neighbourhood where Israel said it targeted a "leadership bunker".

In his interview, Mr Nasrallah ridiculed Israeli claims that it was making headway in its attacks on the military structure of the movement. "All this Israeli talk that they hit 50 per cent of our rocket capabilities and warehouses, this talk is all wrong and nonsense."

A Lebanese military expert also said he doubted that Israel had made much headway against the group. "Hizbollah has no visible personnel infrastructure on the ground. They are organised in cells, they look like civilians, they move fast and they are trained to hide," he said.

As for the missiles, the expert, a former Lebanese army officer who wished to remain unnamed, said the longest range rockets were buried in the south and in the eastern Bekaa valley, "so deep that bombs cannot reach them and guarded by suicide commandos".

The Haret Hreik neighbourhood of Beirut, where many Hizbollah offices were located, has been changed beyond recognition by the bombardments over the past nine days.

The damage was not limited to the intended targets – most of those were destroyed – but the explosions also caused heavy damage to surrounding buildings, with whole facades blown out.

Documents and visiting cards bearing the Hizbollah logo are mixed in with the gravel, twisted metal and splintered wood that litter the roads. Pictures from people's family albums, showing children playing, weddings and graduation ceremonies, flutter around.

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One couple fled the deserted neighbourhood when the impact of more bombs could be heard in the distance. “We escaped after the first day and just came back to see how our house is doing,” the husband said. “It’s not there any more.”

In the south, Hizbollah fighters were engaged in fierce clashes with Israeli soldiers on the border for a second day. The group’s spokesman in Beirut said this showed that Israeli claims that only military targets were hit were clearly wrong. “We have no fighters here in Beirut, they are all in the south, on the front.”

Thousands of foreign nationals continued to leave as evacuation efforts were stepped up. Many Lebanese who have to stay behind voiced concern that Israel would step up its attacks once foreigners had left.

On the edge of the bombed-out southern neighbourhoods of Beirut, some Hizbollah supporters have remained. One expressed his pride in the movement. “We are only a small group standing up to a mighty nation. I hope that they will come in with ground troops so that we can face them.”

The Hizbollah supporters seemed to take the destruction in their stride.

“Lebanon will survive and will be stronger and more united because of the war,” said one young man. He considered all the destruction a price worth paying for the capture of the Israeli soldiers who were meant to be exchanged for Lebanese prisoners in Israel

Hezbollah Trained For 6 Years, Dug Deep Bunkers (WT)

By Abraham Rabinovich

The Washington Times, July 21, 2006

JERUSALEM -- Hezbollah has dug dozens of bunkers in the difficult hill country in Lebanon close to the Israeli border, some as much as 130 feet deep, from which fighters can emerge at night for forays against Israeli positions, according to Israeli military officers.

Numerous mines have been planted by Hezbollah against personnel and armor, and their mortar squads have the area zeroed in.

According to Israeli intelligence sources cited in newspaper reports, the bunkers were dug deep apparently to withstand the bunker-buster bombs such as the ones Israel dropped on suspected Hezbollah bunkers this week.

Hezbollah fighters can ride out the heavy artillery and air attacks in the bunkers, which are fitted with communications equipment to remain in touch with headquarters and adequate supplies for a long stay below ground.

"They've been preparing for this battle for six years, ever since Israel's withdrawal from south Lebanon," a senior Israeli officer said.

The Israeli political and military leadership is reluctant to undertake a massive ground incursion into Lebanon and hopes that air and artillery attacks and political pressures within Lebanon will bring Hezbollah to heel.

However, the unflinching battle Hezbollah is waging thus far has raised questions about whether such a strategy will work.

"I'm against going in on the ground," said Tzahi Hanegbi, chairman of the Knesset Foreign Affairs and Defense Committee, yesterday. "At least at this time. The disadvantages are greater than the advantages."

The disadvantages were demonstrated Wednesday when an elite Israeli unit that had penetrated a mile into south Lebanon at night in search of Hezbollah rocket teams was ambushed by a well-hidden guerrilla force. Two soldiers were killed and nine were wounded. Two Hezbollah fighters were also reportedly killed.

Yesterday, Israeli troops crossed into Lebanon for a second day in search of tunnels and weapons, and faced fierce resistance, the Associated Press reported. Hezbollah's Al Manar television said three Israeli soldiers were killed yesterday. Al Jazeera television put the number at four.

When Israel pulled out of Lebanon in 2000, it was after years of skirmishing with Hezbollah in which the Shi'ite militia proved itself an efficient guerrilla force. Since then, thousands of Hezbollah fighters have undergone training in Iran, which has also provided Hezbollah advanced armaments as well as intelligence and communications capabilities it did not have previously.

Hezbollah leader Hassan Nasrallah in a television appearance last week said that Hezbollah would welcome an Israeli incursion.

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Despite heavy Israeli artillery attacks on southern Lebanon and frequent air strikes, Hezbollah has managed to fire about 100 missiles into Israel almost every day since the confrontation began last week. The aggressiveness of the front-line Hezbollah fighters has also been demonstrated by several attempts in the past week to penetrate the border and attack Israeli villages despite the heavy Israeli military presence. These attacks were driven off.

Gen. Dan Halutz, Israeli chief of staff, told the Israeli Cabinet Wednesday that Hezbollah wanted to drag Israel into a war of attrition. He said that plans have been laid for a ground incursion, but the army is not implementing them at the moment.

Can Force Fell Hizbullah? (CSM)

By Howard Lafranchi

The Christian Science Monitor, July 21, 2006

WASHINGTON

As Israel continues to strike inside Lebanon in a bid to rout Hizbullah, the radical Islamist group is using two weapons to wage war: rockets and, more effective, TV images of civilian destruction inflicted by Israeli bombs.

The latter "weapon," broadcast over the Hizbullah-run TV station Al Manar to pump up Arab sympathies, may in the end be more powerful than Israel's military punch - a counterpunch to Israel's assertion it can crush Hizbullah through use of force.

Though Israel has eroded the militant group's ability to inflict harm, Hizbullah may in fact be pleased with the results of the violent crisis it touched off over a week ago. Its position in the area - as a service-provider in a longtime stateless zone and as a vent for Arab anger and disappointment over dashed economic and political hopes - remains secure, many experts say.

Under this scenario, analysts add, Hizbullah is here to stay - at least for the indefinite future.

Military force, no matter how overwhelming, simply can't be counted on to crush the militants, they say. It might even be what they want.

"Since many terrorist groups are caught up in notions of cosmic war - grand struggles of religious dimensions - they in fact welcome overt warfare since it vindicates their views of the war, a war whose timelines are very long," says Mark Juergensmeyer, a specialist in "new terrorism" at the University of California at Santa Barbara, who visited Lebanon just before bombs began to fall. "A siege is exactly what they want - it keeps them motivated."

Military force has successfully eradicated radical groups in the past, but under very different circumstances. The Maoist Shining Path organization that dominated and terrorized parts of Peru in the 1980s was finally obliterated by relentless search-and-destroy missions and long-term imprisonment of leaders.

But perhaps the key factor was not the military campaign but the evolution of South America. Shining Path was doomed by the waning of radical thinking in a decreasingly ideological region.

That is not the case in the Middle East, where radical Islam, religious nationalism, and "jihadism" are on the rise - witness the electoral victory of Hamas in the Palestinian territories, Hizbullah's rise through elections to a minority role in the Lebanese government, and the tenacious popularity of the Muslim Brotherhood in Egypt.

"Hizbullah is particularly deep-rooted, and the Hamas government [in the Palestinian territories] is a fixture for some time to come, so they have to be seen as factors that are here to stay, at least for the medium to long term," says Mahan Abedin, an expert in radical Islamic groups at the Center for the Study of Terrorism and Political Violence in London.

What Israel can accomplish through its military campaign, others say, is a weakening of Hizbullah's ability to strike Israeli territory with missiles and rockets. But even that effort, they add, comes with collateral risks.

"Can Israel considerably reduce the threat posed by Hizbullah as a paramilitary group? That it can probably do," says Brian Michael Jenkins, a terrorism expert at the Rand Corp. in Arlington, Va. "But will Israel be able to destroy Hizbullah in terms of its identity, the determination of its leadership, the devotion of its followers, and their dedication to continuing the struggle? No, that's not realistic."

The US has some experience with that reality in its pursuit of Al Qaeda, he says. While cautioning against "lumping together" radical Islamic groups, Jenkins says the US has made progress in undermining Al Qaeda's operational capabilities. On the other hand, he cautions, the US has been less successful at reducing the appeal of Al Qaeda's message, which "continues to radicalize and deepen the zeal of large numbers of young Islamic men."

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Turning to the US experience in Iraq, Jenkins sees a trajectory that mirrors Israel's. "There is no military challenge in Iraq that can defeat us," he says. "But has our presence reduced a radicalization of parts of the population or pacified the country? No it hasn't."

Even if Israel destroys 80 percent of Hizbullah's arsenal - estimated at more than 12,000 rockets - the supply could be replenished within four months, says Mr. Abedin. Iran, Hizbullah's chief supplier, is capable of manufacturing 10,000 rockets a month of the types Hizbullah is using, he says. "The best Israel may be able to achieve is to make it more difficult for Hizbullah to receive the armament and use it in the future."

Beyond that, Israel's aim is to "impose on the region its military hegemony, and to impress its enemies," Abedin says. "It's showing Iran it is capable of this kind of sustained military campaign."

That will not reduce the long-term threat from the Islamist movement opposing Israel, he says. "Whenever the Israelis use disproportionate force they strengthen their enemies and rally popular support [for them]. The fact Israel hasn't learned this lesson," he adds, "is quite extraordinary."

Jenkins, who has a military background, sees the same dilemma posed by short-term necessities and long-term interests. "Right now, Israel's primary obligation is to end the barrage of rockets and mortars coming into its territory," he says. "But they should also understand that accomplishing that will not do much to advance - and can even complicate - what is, after all, a long-term political fight."

For countries facing this challenge, a priority is "to broaden strategies to be far more effective at political warfare," says Jenkins. In some cases "negotiations are in order," he says, noting that the British negotiated with the IRA and the Spanish with the radical Basque group ETA. The Iraqi government is signalling its willingness to talk with part of the insurgency (the more traditionally political opposition, not the Al Qaeda-inspired forces).

In the long run, military campaigns won't be the answer, most analysts agree. "There may be military battles that have to be fought," says Jenkins, "but the real answer is to focus more on how to diminish the appeal of the radical message."

Fighting Force Amid Ties To Iran, Hezbollah Builds Its Own Identity (WSJ)

By Jay Solomon And Karby Leggett

The Wall Street Journal, July 21, 2006

A day after Israel dropped 23 tons of explosives in an attempt to kill him, Hezbollah leader Hassan Nasrallah appeared on al-Jazeera television yesterday and struck a defiant pose. "Hezbollah has absorbed your strike and retaken the initiative," he told Israelis, wagging a finger for emphasis. "We have more surprises to come."

The theatrical threat was a reminder that, for all of Hezbollah's allegiance to Iran, the Lebanese militant group is a force with its own strong identity in the region. Mr. Nasrallah has tried to build himself into an anti-Israel symbol in the Arab world, while sharpening Hezbollah's military discipline and spreading its tentacles in Lebanese society.

Hezbollah's dual nature -- as a suspected tool of Iran's regional ambitions and as a Lebanese group with its own charismatic leader -- complicates the search for a solution to the crisis in the Middle East. The crisis started when Hezbollah kidnapped two Israeli soldiers. Israel retaliated by carrying out bombing across Lebanon and slapping a naval blockade on the country.

Hezbollah's flag, a fist reaching toward an AK-47, is modeled after the symbol of Iran's Revolutionary Guard. And Hezbollah maintains an office on Tehran's premier boulevard. Israel and the U.S. are eager to crush the group as a means to limit Iran's own military capabilities. Many U.S. officials believe Tehran has been inciting Hezbollah to act against Israel as a way of discouraging Western efforts to contain its nuclear program.

Virtually all Lebanese politicians and analysts agree that the current crisis is unlikely to end without Iran's involvement. Iranian President Mahmoud Ahmadinejad has publicly praised Hezbollah's latest moves to confront Israel. Until Iran actively calls for Hezbollah to lay down its arms, few Lebanese believe it will.

Yet Hezbollah's history has been a balancing act between its Iranian backers and its Lebanese identity. "Some people try to make it look like Hezbollah is a mere tool in the hands of the Iranians in Lebanon," says Aly al-Amine, a Lebanese political analyst. "The fact is that Hezbollah has its ideology and beliefs as well as internal discipline and secret security system."

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From its start in the early 1980s, Hezbollah, a Shiite Muslim group, had a close association with the leaders of Shiite-dominated Iran's 1979 Islamic revolution. Lebanon's Shiite community is estimated to be around 40% of the nation's population. Shiites have long been at the bottom of the country's economic ladder, with high unemployment and illiteracy rates. Lebanon's Christian and Sunni classes have dominated the country's political and business circles.

Iran's financial aid and religious oversight in the 1980s helped galvanize Lebanon's Shiites. U.S. intelligence officials based in Beirut during the period say cadres from Iran's Revolutionary Guard encouraged women to wear the Islamic veil and inspired social groups and charities in Lebanon's Shiite slums. Young Lebanese Shiite men went to Iran for military training.

Hezbollah, which means "Party of God" in Arabic, was born in this milieu. Iranian leadership instilled impressive discipline among Hezbollah's ranks and a flair for the dramatic. One former Central Intelligence Agency chief in Lebanon said he was amazed by the sight of Hezbollah fighters walking in goose steps down a Beirut avenue. "It seemed pretty clear that they were just an extension" of the Revolutionary Guard, he said.

Hezbollah quickly became the leading force in combating Israeli and U.S. influence in the region. After U.S. Marines occupied Lebanon in an attempt to enforce a United Nations-sponsored peace agreement between warring Lebanese factions, Hezbollah carried out a string of kidnappings and suicide bombings against American targets in Beirut and elsewhere. In October 1983, a Hezbollah bomber killed more than 241 Marines in a suicide attack on the Americans' barracks in Beirut. It was the largest terrorist attack on U.S. citizens at that time.

The ringleader of these and subsequent attacks, say U.S. and Israeli officials, is Hezbollah's chief military official, Imad Mugniyah. A former bodyguard for the late Palestinian leader Yasser Arafat, Mr. Mugniyah had been an engineering student at the American University in Beirut. He is at the top of the Federal Bureau of Investigation's most-wanted terrorist list, with a $5 million bounty on his head.

Over the years, Hezbollah worked to develop its own identity and become part of Lebanon's social fabric. In the south, for example, the group provides its social services to significant numbers of Christians and Druze Lebanese. Last year, after Syria decided to withdraw its troops from Lebanon, elected Hezbollah politicians joined Lebanon's ruling coalition government for the first time. That forced the movement to focus more energy on Lebanese issues.

Leading the Push

The man who has led this push, say Lebanese politicians and analysts, has been the 46-year-old Mr. Nasrallah, Hezbollah's secretary general. He took control of Hezbollah in 1992, following the assassination of its previous leader, Abbas al-Musawi. Mr. Nasrallah wears glasses and a black turban and sports a salt-and-pepper beard.

Originally a member of a largely secular Shiite party, Mr. Nasrallah took a more Islamist outlook under Iranian influence, say people who have met him. He studied for three years at a Shiite seminary in the Iraqi city of Najaf.

Upon his return, he gained the respect of many Hezbollah fighters by spending significant time at the Israeli front, these people say. Mr. Nasrallah's own son was killed fighting against Israel, sealing Mr. Nasrallah's reputation as a man willing to sacrifice for his cause. He was held in even higher esteem when, upon viewing the bodies of the dead fighters, he didn't linger any longer over his own son's body than over the others.

One of Mr. Nasrallah's first changes as a Hezbollah leader was to separate its military and political arms, say those who worked with him. During the 1980s, Hezbollah fighters were often massacred in firefights with Israelis, say Lebanese military analysts, provoking concerns that politicians, intentionally or inadvertently, were tipping off the Israeli army. Today, the organization's military officers report only to Mr. Nasrallah among Hezbollah's Shura Council, its organizing body.

"Hezbollah is probably the best-organized group in the entire Middle East," says Fouad Hamdan, a Lebanese democracy activist and Hezbollah critic who now lives in Europe. "They are frighteningly professional."

Mr. Nasrallah also vowed to retaliate for every Israeli attack. Hezbollah began flying unarmed drones over Israel in response to the constant buzzing of Israeli jets and predator drones. One person who knows Mr. Nasrallah says the leader sought to make the drone as noisy as possible in an attempt to unnerve Israeli citizens, even though he knew it had limited military potential.

Hezbollah's secretary general is also described as a skillful propagandist. In recent years, al-Manar, Hezbollah's television network, has taken to dispatching reporters on military operations, filming battles and the slaying of Israeli military personnel. The

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goal is to galvanize support for Hezbollah among Palestinian and other Arab groups. The U.S. has blacklisted the channel as a terrorist organization and sought to block its advertising and signal.

"Al-Manar is Nasrallah's baby and has been very effective in the propaganda war," says Timur Goksel, a former spokesman for the U.N. in southern Lebanon. For Hezbollah's opponents, he says "it can be very demoralizing."

Even as Mr. Nasrallah has developed Hezbollah into an independent force, he has also deepened its ties with Iran. U.S. and Israeli officials say a steady stream of Iranian military hardware flows to Hezbollah through Syria -- including night-vision goggles, machine guns, explosives, rockets and missiles. These officials say Iran has also supplied a long-range guided missile known as the Zelzal, which military experts believe can reach Tel Aviv from Lebanon.

In all, Iran is estimated by some military analysts to provide Hezbollah as much as $120 million a year for its activities. Hezbollah's annual budget is estimated to be at least $250 million, experts on the group say. Revolutionary Guard agents continue to train Hezbollah fighters, both in southern Lebanon and in Iran itself, U.S. and Israeli officials say. Iran denies it has agents in Lebanon, as does Hezbollah.

As Shiites, Iranian and Hezbollah leaders share a common view of history, seeing their sect as a victim of mistreatment at the hands of Sunni Muslims, European colonialists, and today Israel and America.

Beyond Weapons

Iran's support for Hezbollah goes beyond weapons. In Hermel, a city in the northern stretch of Lebanon's Bekaa Valley, Iranian money helped Hezbollah set up an organic farm. Sitting in his office on a recent day, Hussein Kansoh extolled the virtues of Hezbollah's construction arm and the support it gets from Iran. Behind him was a picture of Iran's top cleric, Ayatollah Ali Khamenei. "We have big plans for the future," he said.

Some say Hezbollah may have overstepped by kidnapping the Israeli soldiers -- a gambit that almost certainly was carried out with Iran's approval. Lebanon's prime minister, Fuad Siniora, has repeatedly criticized Hezbollah for threatening his country's economic and political future by unilaterally plunging Lebanon into a war with Israel. Many Sunni-majority nations that are wary of Iran's growing power, such as Jordan and Saudi Arabia, are actively supporting the push by the U.S. and Israel to completely disarm Hezbollah.

Hezbollah runs the risk of depleting its military as it uses up its missile stocks and suffers the daily Israeli barrage. "Hezbollah might have been surprised by the Israeli response, or it might have been tricked into believing that other regional forces would join the war," said Mr. al-Amine, the political analyst.

But in yesterday's pretaped interview on al-Jazeera, which the Arab satellite channel said was conducted amid heavy security, Mr. Nasrallah said Hezbollah is well-prepared to keep fighting. He specifically mentioned the amount of explosives that Israel dropped on a Hezbollah compound on Wednesday, apparently trying to prove he survived the strike. Mocking Israel, he said: "Even if the whole universe comes, they will not be able to take back your two soldiers."

Mr. Nasrallah called again for a prisoner swap with Israel, which holds some Hezbollah fighters in its jails. Appealing for Muslim support, he said a defeat for Hezbollah will be "a defeat for the entire Islamic nation." His comments came as Israeli troops and Hezbollah guerrillas were engaged in a fierce firefight about one mile inside southern Lebanon. At least two Israeli soldiers were killed as well as several Hezbollah fighters.

As a tight-knit guerrilla organization in an increasingly weak state, Hezbollah may be better-prepared to endure the Israeli onslaught than Lebanon's mainstream parties and organizations, say Lebanese analysts. Hezbollah is trying to position itself as the principal guarantor of Lebanese sovereignty.

"Israel has not been able to undermine Hezbollah's military capabilities...because the resistance has no fixed bases or bunkers," said Nawar Saheli, a Hezbollah lawmaker. "It fights in a way that the Israeli enemy fails to fathom."

-- Mariam Fam in Beirut, Lebanon contributed to this article.

Israel's Hezbollah Fight Bolsters Syria's Assad (WSJ)

By Philip Shishkin

The Wall Street Journal, July 21, 2006

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DAMASCUS, Syria -- Israel's military campaign in Lebanon is further entrenching the government of Syrian President Bashar Assad, capping a tumultuous year in which the leader consolidated control over the ruling party, cracked down on the opposition and was forced to end his country's occupation of Lebanon.

Now, Syria's long-term backing of the Lebanese Islamist group Hezbollah is translating into greater popular support for Mr. Assad, who since Israel's recent attacks began has cast himself as a wartime leader immune to internal criticism. That Israel is a sworn enemy of Syria is an opinion so widely held here that it is difficult for the country's opposition to attack Mr. Assad.

"The actions of Israel play an important role in creating more support for the [Syrian] regime," says Akram al-Binny, a longtime opposition activist who spent 17 years in jail. At a time when Syria faces serious economic problems at home -- unemployment and poverty are rising, while oil reserves are about to run dry -- the pro-Hezbollah foreign policy provides the regime with a convenient rallying cry to shore up support among citizens.

The Syrian government's hardening stance is a direct result of the country's growing isolation, analysts say. Mr. Assad appears to have concluded he has little option but to continue Syria's unflagging support for Hezbollah and its alliance with Iran -- the very agenda that the Bush administration has hoped to reverse.

Damascus's stance poses a regional security challenge because it has little incentive to alter its policies, while the West and Israel don't have any real leverage to encourage change here, barring a direct military intervention.

"When the external environment isn't friendly, you close up, you get worried, you don't take risks of reform," says Nabil Sukkar, a Damascus-based economic consultant and a former World Bank official.

Barely more than a year ago, it still seemed to many here that Mr. Assad's regime was vulnerable to pressure for gradual change. A United Nations report implicated senior Syrian officials in the murder of a prominent Lebanese leader. Although Syria denied the charges, the murder helped pave the way for an end of Syria's longtime military occupation of Lebanon. Inside Syria, several opposition groups publicly called for greater individual rights and more political openness.

But Mr. Assad's regime was moving in the opposite direction. Last summer, he reshuffled senior ranks of the ruling Baath Party, installing loyalists in key positions and reaffirming the party's central role in Syrian society, at a time when dissenters were hoping the party was prepared to relax its decades-long dominance of politics and the economy here.

In May, more than a hundred Syrian and Lebanese activists, seeing a narrow political opening, signed a petition calling on Syria to normalize its relations with Lebanon after the military withdrawal. Shortly afterward, several Syrian signatories were arrested, including Mr. al-Binny's brother Anwar, a human-rights lawyer who Mr. al-Binny says could face a long prison term for forming an illegal organization. The substance of the petition was far from radical; the activist says he suspects the arrests were calculated to deliver a message that even innocuous-looking appeals for change can result in harsh punishment.

Israel's attack on Hezbollah in Lebanon has rallied Syrian public opinion around the group and, by extension, around Mr. Assad, who took power in 2000 after the death of his father, longtime President Hafez Assad. "Even the opposition now believes in national unity; it's not the time to speak of our internal problems," says Mohammed al-Habash, a member of Syria's parliament who runs an Islamic-studies center and says he takes issue with the government's track record on human rights. Tens of thousands of Lebanese refugees with stories of violence and death have flooded Syria, straining the country's resources and feeding the enduring Syrian anger at Israel -- and at Washington.

Mr. Assad's support for Hezbollah, an extreme Shiite Islamist group, also serves another important domestic purpose -- stealing the thunder from Syria's own Islamist opposition, long a thorn in the side of the staunchly secular Baath party. Syria's Muslim Brotherhood -- belonging to which is punishable by death or life imprisonment -- enjoys some support in the deeply conservative parts of the country. In an effort to dilute support for any Islamist opposition, Mr. Assad's secular regime is keen to burnish its Islamist credentials. It has done so by trying to co-opt some Muslim leaders in Syria, giving them more freedom to operate, and by supporting Islamist movements abroad.

"The Syrian leaders have very good ties with foreign Islamists, and that gives them legitimacy at home," says Ibrahim Hamidi, the Damascus bureau chief of Al Hayat, a pan-Arab newspaper.

In recent days, telling posters started appearing on the streets of Damascus. On one half is Hassan Nasrallah, the bearded, turbaned Hezbollah leader. On the other half is Mr. Assad, wearing a smart suit and looking directly at Mr. Nasrallah. Even Mr.

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Assad's father, who also supported Hezbollah, never attempted such a vivid public linking of himself to the militant group's leaders, analysts say.

The younger Mr. Assad's foreign policy has essentially become domestic policy at a time when there are few positive developments at home to raise his popularity.

The state-dominated economy is stagnating, and the Baath party, after tentative steps of economic overhaul, appears to have slowed down the pace. The economy is dominated by inefficient industrial and agricultural production, while oil, which Syria has long used to finance its bloated public sector, could run out as early as 2008, presenting the government with serious economic problems, particularly among the restive, unemployed youth. "A potential crisis is around the corner, because of oil," says Mr. Sukkar, the economic consultant.

Iran Seeks To Become Major Mideast Player (AP)

By Brian Murphy

AP, July 21, 2006

Iranian officials often say that places with the greatest troubles offer their country the best opportunities.

Iranian influence in Iraq has surged since the U.S.-led invasion three years ago. Its reach into Afghanistan continues to grow.

And now, the war in Lebanon could make Iran an even more important player in the Islamic world even as its militant Shiite Arab client, Hezbollah, gets pounded by Israel.

"Iran sees itself more than just the moral father of Hezbollah. Iran seeks to become a major force across the region as a counterbalance to America and Israel," said Ahmad Bakhshaiesh, a professor of political studies at Tehran's Azadi University.

"Lebanon is part of this plan," he said.

Already, officials and experts say that for any cease-fire or broader peace package to succeed, Iran's deep ties with Hezbollah must be taken into account.

Hezbollah could emerge from the battles severely weakened militarily, but with its reputation enhanced in the Muslim world for resisting Israel. That in turn would give Iran, a non-Arab country, an even higher profile in the Arab world — a prospect that frightens the Jewish state.

Iran "is the main perpetrator, harborer, financier and initiator of terror and of which the Hezbollah... is only the proxy," Israel's U.N. Ambassador, Dan Gillerman, told reporters Thursday.

Iranian leaders have never fully disclosed the levels of financial and military help funneled to Hezbollah strongholds since its founding in the early 1980s. Iran also denies Israeli claims that it has dispatched Revolutionary Guard advisers and directly supplied longer-range missiles that have reached deep into Israel.

But many analysts in Iran and abroad believe Tehran remains firmly at the helm of all important Hezbollah decisions, including the cross-border attack last week that touched off the worst fighting in 24 years.

"Hezbollah simply would not have taken the brazen steps to create murder and mayhem without the assent — if not the actual steering — from Tehran," said Lawrence Haas, an expert on Hezbollah at the Georgetown Public Policy Institute in Washington.

Iranian Foreign Minister Manouchehr Mottaki postponed a trip to India to remain in the region. A hard-line parliament member, Sayeed Abu Talib, predicted Iran could be positioning itself for eventual truce talks.

"There can be no negotiations without Iran," he said. "Otherwise, any deal is doomed to failure."

Many believe Iran supported the raid that captured the Israeli soldiers because it wanted to reassert Hezbollah's profile. Headlines and support had been flowing to the Palestinian group Hamas — the target of punishing Israeli raids and attacks in retaliation for an ambush last month from the Gaza Strip that took one soldier captive.

Others — including Israeli Prime Minister Ehud Olmert — say Iran could be seeking to deflect international attention from its nuclear program. On Thursday, Iran announced it would reply Aug. 22 to a set of Western incentives aimed at suspending its uranium enrichment work.

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"The crisis has caused the world to forget Iran's nuclear activities at least for the time being," said Tehran-based political analyst Saeed Leilaz.

Lebanese Hezbollah officials in Tehran refused requests for interviews. A Hezbollah aid coordinator in Iran, Ahmad Doulatabadi, said only: "Hezbollah has 70 million members in Iran. Every Iranian is a supporter." He declined to discuss whether Iran was sending missiles or other military support.

Hezbollah, or Party of God, was formed in the early 1980s in Lebanon after Israel's invasion to try to root out militant factions. Hezbollah's Shiite Muslim founders took inspiration from Iran's 1979 Islamic Revolution and pledged allegiance to its leader, Ayatollah Ruhollah Khomeini. Iran — the largest Shiite nation — became a generous benefactor, sending a huge flow of money, arms and aid. Experts estimate Iran's assistance at between $10 million to $20 million a month.

Hezbollah maintains an office on Tehran's premier boulevard. Its fist-and-weapon emblem is modeled after the symbol of the Revolutionary Guard, the military pillar of Iran's Islamic Revolution.

During its early years, Hezbollah became synonymous with suicide attacks, led by a 1983 blast at Marine barracks in Beirut that killed 241 Americans. An almost simultaneous bombing killed 58 French peacekeepers. Later, Hezbollah battled Israel in southern Lebanon before the Israeli withdrawal in 2000. The State Department considers Hezbollah a terrorist group and lists Iran and Syria as state sponsors of terrorism.

In Lebanon, Hezbollah has enhanced its image by funding schools, clinic and charities. It also had entered politics, and holds 11 seats in the Lebanese parliament and two Cabinet posts.

But the Iranian connection has remained tight. Posters of Khomeini and his successor, Ayatollah Ali Khamenei, are common across Hezbollah offices and among supporters. Revolutionary Guard liaisons have been in constant contact in Lebanon, although Iran never publicly admitted their presence.

Iranian President Mahmoud Ahmadinejad — a former Revolutionary Guard commander — reportedly met in Syria in January with Imad Mughniyeh, a senior Hezbollah intelligence official. Mughniyeh is among the fugitives indicted in the United States for the 1985 hijacking of a TWA airliner in which a U.S. Navy SEAL was killed.

Iranian officials also find the Lebanon crisis has political benefits at home, uniting the people against a common enemy, Israel. Newspapers and television have carried bank account numbers for Lebanese aid groups. Hard-line commentators have expressed pride in Hezbollah's defiance.

At a rally in Tehran on Tuesday, members of the Revolutionary Guard stood under the yellow banners of Hezbollah. A 21-year-old student, Samad Doustmohammadian, wore a white shroud to symbolize his willingness to become a Hezbollah suicide bomber.

The Iranian-based wing of Hezbollah said up to 2,000 fighters are ready to travel to Lebanon if asked by Khamenei, said the Iranian Hezbollah's spokesman, Mojtaba Bigdeli.

"We think that this is the beginning of the third world war and we are ready for this," he said.

Residents Of Besieged City Feel 'Just Left Here To Die' (WP)

By Anthony Shadid

The Washington Post, July 21, 2006

TYRE, Lebanon, July 20 -- The warning came in the morning Thursday, a recorded message dialed to phone numbers in southern Lebanon. In flawless Arabic, it instructed: Leave now, beyond the Litani River that bisects the rock-studded wadis of the south. Don't flee on motorcycles or in vans or trucks. Otherwise, you will be a target. The message signed off simply: the state of Israel.

But leaving this southern Lebanese city Thursday was more complicated than a choice. Aid officials say that tens of thousands have already fled Tyre and its environs along the Mediterranean Sea but that perhaps 12,000 Lebanese remain stranded. The wartime circumstances of a besieged city keep them here: no gasoline for their cars, no money for taxi fares that have surged 75-fold, no faith in assurances from Israeli forces that have repeatedly attacked civilian vehicles and, most desperately, no hope of finding safety.

"We're just left here to die," said Maher Yassin, standing across from Tyre's harbor and wearing a shirt that read, "Mortal."

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The plight of Tyre's people is the story of the latest Arab-Israeli conflict writ small: In nine days of attacks that Israel says have targeted the infrastructure of the Lebanese militant group Hezbollah, Lebanon's civilians have suffered inordinately, with more than 300 dead, many times that number wounded and 500,000 displaced. As this city awaits the brunt of an Israeli attack that most think is imminent, resignation, hopelessness, occasional defiance and a sense of abandonment course through the beleaguered population.

"They evacuate the foreigners, bring them to safety, and they leave us like dogs in the street," said Therese Khairallah, sitting with friends in an alley near the seashore. "A small mistake turned into this mountain of a disaster, and we're the victims."

She shook her head, on a day when attacks had waned, more breather than respite. "God knows what's ahead."

God comes up often in conversations these days in Tyre, where residents trade rumors about when Israel will unleash an even worse attack, whether its troops will invade, whether the conflict will last one week, two weeks or perhaps far longer.

"We'll not go," insisted Ahmed Mroueh, the director of Jabal Amel Hospital. He repeated the words, perhaps to reassure himself. "What else can you do? There's just no alternative. Can we leave the wounded and run away? We have to keep working."

Mroueh flipped through the handwritten ledger on his desk listing the 228 wounded his hospital has treated since fighting began.

"Look at this," he said, running down the list.

"One 11 years old, one 5 years old, one 4 years old." He stopped, just briefly. "This is a 3-month-old." Each was highlighted in yellow to denote a death. "We have not received one injured, not one dead, who's not a civilian."

Jabal Amel Hospital sits next to a bomb site where missiles destroyed three villas four days ago. Doctors at the hospital said eight children, their mother and her sister were buried in the attack. One building was flattened, rubble strewn about as in an archaeological dig; the others were in various stages of destruction. Part of a red-tiled roof was intact; the rest suggested the aftermath of a tornado.

On the other side of the hospital, 13 Red Cross ambulances pulled up in the late afternoon to evacuate 20 wounded people to Beirut. Volunteers in orange overalls and white helmets emblazoned with a cross moved quickly in and out, carrying the injured. As the ambulances departed, blue lights flashed on top, their sirens sounding a tinny wail. They drove in batches of three, four, sometimes more; the roads were too dangerous for all to go at once. Each sped out of the parking lot. These days in Lebanon, fast is the only speed on the roads.

As the Red Cross volunteers worked, a Civil Defense station wagon careered into the parking lot, carrying 32-year-old Ibrahim Saksouk, whose lower right leg was a pulp of bloodied and burned flesh. An Israeli rocket struck his car Thursday outside Qana, to the east of Tyre.

"Move! Move!" his 32-year-old brother, Haitham, yelled, helping carry him in. "Make way!"

Haitham wiped his bloody hands on his pants. "When you enter any road, you don't know if you'll ever leave it," he said.

Physician Bassam Mtarik said that with just eight ventilators, the 125-bed hospital wanted the Red Cross to free up as much space as possible for an anticipated surge in patients. He predicted supplies would last a week, no more.

"We're worried about what's ahead," he said matter-of-factly.

Mtarik had arrived in Tyre from Sidon on Monday morning, bringing with him 52 units of blood. He has been here since.

"And I'm not leaving until this is over," he said.

Mtarik walked into the hospital's basement, tinged with the smell of too many people sharing too small a space.

"These are civilians," he said, waving his hand.

Along the hallway were family after family, perhaps 90 people in all, on mattresses and blankets or milling about. Plastic sacks bulged with clothes. Bread was stacked nearby, and bottles of water lined the wall. Trash cans overflowed. The families had all come to the hospital over the past week, seeking shelter. Stranded by circumstance, none had the means to leave.

"The only thing we need is for them to stop the fighting and let us go to Beirut," said Hussein Shihab, 60, who had come from the village of Aitait with his wife, four daughters, son and five grandchildren. "Just let us get our children out of here."

The cars they came in, a BMW and Oldsmobile, had no fuel. He had no money left.

"We're like meat at the butcher shop," he said, shaking his hands. "Who can endure this? They are crushing our spirit."

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There were a few televisions at the hospital, but virtually everyone relied on radios, always turned on. Rumors swirled: The lull Thursday was a preamble.

"They say they're hitting Hezbollah, but they're hitting the people. They're hitting the children," said Hussein Yaacoub, who fled his border village of Houla on Saturday. He grabbed the shoulder of his 5-year-old son, Mohammed. "Is he Hezbollah?"

"Ask President Bush what's going to happen. Ask Condoleezza Rice. They should tell us what's ahead for us," he said.

In parts of the region, Israeli aircraft have dropped leaflets warning that any trucks traveling south of the Litani River would be suspected of carrying weapons and could be targeted. An Israeli radio station near the border urged Lebanese to flee, and the recorded telephone messages began Wednesday.

The response has been fear and flight. In the distance, off the coast of Tyre, was a cruise liner taking 600 people -- foreigners and U.N. staff members' families -- to the island of Cyprus.

"This city's going to be destroyed," said Sabrine Shabbash, a 19-year-old Swedish national waiting to depart on an orange dinghy for the ship. She stood with her fiance, 27-year-old Ahmed Zeid, her parents and her four brothers and sisters. They carried only enough clothes to fit into a single yellow shopping bag.

"Look," Shabbash said, as a blast threw up a plume of gray smoke across the harbor, the sound of the explosion smothering the call to prayer.

Near the dock, an organizer called out names: "Ali Jaafar." "Afif Wadie." "Dalia Sbatiya."

When the evacuation ended, at around 3 p.m., two U.N. armored personnel carriers blocked the blue gate to the port.

Across the street stood 18-year-old Abbas Muhanna.

"Why is it that the people of the south -- the women and the children -- die? And the foreigners are the only ones who can leave? What about the Lebanese?" Muhanna asked. "Why the foreigners and not us?" His friend Mohammed Aidibi, 20, jumped in. "The Lebanese aren't considered people," he said. "Foreigners are the only ones who have the right to live."

On the road outside the city, three young men loitered in front of a row of shuttered shops. They had no money. Even if they did, they probably couldn't afford the taxi fare to Beirut, which had gone from 2,000 Lebanese pounds ($1.33) to 50,000, sometimes 150,000($99.50).

"If I had enough money, I would have left a long time ago," said Haitham Akkasha, who worked on a banana plantation.

The three chatted about the pall cast over a paralyzed city. And they kept waiting for a car that might give them a ride for free. After two hours, they suspected they wouldn't find one.

"It's going to be like Iraq here," Akkasha said finally, "complete destruction."

His friend, Hamza Mahmoud, smiled, a grin that suggested a hopeless resignation.

"It's going to be worse than Iraq," he said.

In An Unlikely Target For Rockets, Mourning And Pleas For Peace (NYT)

By Greg Myre

The New York Times, July 21, 2006

NAZARETH, Israel, July 20 — This Arab town never expected to be entangled in the Israel-Hezbollah fighting. But on Thursday, residents mourned two young brothers killed by Hezbollah, while directing a host of grievances at Israel.

The Hezbollah rocket crashed into a residential neighborhood in the town's winding hills on Wednesday afternoon, killing Rabia Taluzi, 7, and his brother Mahmoud, 3, as they walked home from a cousin's house. Two of their older brothers, Motaz, 13, and Allah, 12, were with them but escaped serious injury.

Dozens of subdued women in black filled the living room of the Taluzis' apartment on Thursday to pay condolences, while Allah slept in the room he had shared with his younger brothers, his face buried in his hands.

The living room window was cracked from the force of rocket explosion. Sad music played on a stereo. Israeli fighter jets roared overhead, flying north toward Lebanon.

In contrast to Jewish Israelis, who overwhelmingly support the government's tough military response to a Hezbollah incursion last week, the mourners in Nazareth tended to be only mildly critical of the Lebanese group and often more so of Israel.

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Some said only that they wanted an immediate end to the shooting, and steered clear of politics. Nazareth's mayor, Ramez Jaraisi, said Israel, as the stronger party, should seek an immediate truce and negotiate with Hezbollah for the release of two captured Israeli soldiers.

But some strongly criticized Israel. "The world should say to Israel, 'We don't want any more of your aggression,' " said Nabila Espanioly, a psychologist and self-described political activist who was in the Taluzi home. "What Israel is doing is state terrorism. You can't just kill civilians and destroy villages."

Hezbollah rockets have hit three Arab towns in northern Israel during the past week and have also hit an Arab home in Haifa, a city with a sizable Arab minority. The Taluzi brothers were the first Israeli Arabs to be killed, though many have been wounded. But there is no sign that this has narrowed the huge rift in public opinion between Jewish and Arab Israelis.

Arabs account for more than one million of Israel's seven million citizens, and most insist that they are loyal to Israel. Yet they are also sympathetic to Arabs throughout the wider region, with a particular attachment to Palestinians in the West Bank and the Gaza Strip, many of whom are their relatives.

Ahmed Tibi, an outspoken Arab member of Israel's Parliament, on Monday introduced a motion that would declare no confidence in the government's handling of the conflict with Lebanon. The measure was soundly rejected, winning support only from other Arab legislators and drawing sharp criticism from right-wing Jewish lawmakers.

"There is an overwhelming consensus in Israeli society, and I don't want to be part of it," Mr. Tibi said in a telephone interview on Thursday. He emphasized that he opposed the Hezbollah attacks and empathized with Israelis facing rocket fire, but he added: "I cannot accept this destruction of another country by Israel. War crimes are being committed."

The Israeli government rejects such charges and says it is Hezbollah that intentionally aims its attacks at Israeli civilians and uses Lebanese civilians for cover. "Terrorists use the population and live among them," Foreign Minister Tzipi Livni said this week. "It's difficult to target like a surgery. Unfortunately civilians sometimes pay the price of giving shelter to terrorists."

Referring to Hezbollah's capture of two Israeli soldiers, which ignited the conflict on July 12, the mayor, Mr. Jaraisi said, "The reason given for starting this war will not be solved by fighting, only through negotiations."

"I'm calling on the parties, mainly the Israeli government, to respond positively to the calls for a cease-fire and start negotiations, direct or indirect," he added. "This is the way to save innocent lives, like those of the two little boys."

Much of the Arab Israeli population is concentrated in the northern part of the country. Nazareth, where Christians believe Jesus spent his childhood, is one of the largest Arab towns, with 75, 000 residents who are a mix of Christians and Muslims.

Hezbollah has not said what the target was, but Nazareth residents said they were sure that their town had been hit by mistake. It had never been hit by a rocket until Wednesday. Residents said that even if Hezbollah's new, longer-range rockets might be able to reach Nazareth, 25 miles south of the Lebanese border, it would not be a target, because of its Arab population.

"No one expected rockets here," said Amna Taluzi, the aunt of the boys who were killed.

Still, some residents criticized Israel for not providing warning sirens and bomb shelters in Nazareth, as it has done in northern Jewish towns.

"This is another example of how the Arab sector is neglected," said Muhammad Awsy, 45, a municipal worker who arrived at the scene just seconds after the boys were killed Wednesday. "Look around — you don't see playgrounds or other facilities here. This gives us the feeling we are living in a different state."

Israel's Home Front Command did not immediately respond to requests for comment. But the newspaper Haaretz said that Nazareth did not have sirens because the town was not believed to be in danger, but that the Home Front Command would soon be connecting it to the system.

Residents say that before the rockets hit here, most of them had not altered their routines.

Though most of the town's children continued to play outside, Nohad Taluzi, the mother of the boys who were killed, had insisted that her eight children remain in the house.

But the children begged her, and began to cry, said Amna Taluzi, their aunt. As a compromise, Nohad Taluzi allowed her sons to walk several blocks to play inside their cousin's house. When they were walking back, the family said, they were hit.

In Scramble To Evade Israeli Bombs, The Living Leave The Dead Behind (NYT)

By Hassan M. Fattah

The New York Times, July 21, 2006

TYRE, Lebanon, July 20 — Carpenters are running out of wood for coffins. Bodies are stacked three or four high in a truck at the local hospital morgue. The stench is spreading in the rubble.

The morbid reality of Israel's bombing campaign of the south is reaching almost every corner of this city. Just a few miles from the Rest House hotel, where the United Nations was evacuating civilians on Thursday, wild dogs gnawed at the charred remains of a family bombed as they were trying to escape the village of Hosh, officials said.

Officials at the Tyre Government Hospital inside a local Palestinian refugee camp said they counted the bodies of 50 children among the 115 in the refrigerated truck in the morgue, though their count could not be independently confirmed.

Abdelmuhsin al-Husseini, Tyre's mayor, announced on Thursday that any bodies not claimed in the next two days by next of kin would be buried temporarily in a mass grave near the morgue until they could receive a proper burial once the fighting ends.

"I am asking the families, if they can come here, to claim the bodies," said Mr. Husseini, whose bloodshot eyes hinted at his mad scramble to secure food rations and bring some order to the city. "Otherwise, we have no choice but to bury them in mass graves."

With the roads and bridges to many surrounding villages bombed out, few families have come to the hospital to claim their dead.

Even if they could make the journey, they would fear being hit by airstrikes along the way, Mr. Husseini said. Emergency workers have been unwilling to brave the risk of recovering many bodies left along the road, leaving them to rot.

For those relatives who reach the morgue, conducting a proper burial is impossible while the bombing continues. Many have opted to leave the bodies at the morgue until the conflict ends.

The morgue has had to order more than 100 coffins with special handles to make it easier to remove them from the ground to be reburied later.

"What? He wants a hundred?" a local carpenter said, half shocked, half perplexed. "Where the hell am I going to get enough wood to build that many coffins?"

At the hospital, members of the medical staff now find themselves dealing with the dead more than saving the living.

"This hospital is working like a morgue more than a hospital," said Hala Hijazi, a volunteer whose mother is an anesthesiologist at the hospital. Lately, Ms. Hijazi said, she has begun to recognize some of the faces arriving here as the scale of the Israeli bombings has continued to widen. "A lot of the people are from Tyre, and we know some of them," she said of the bodies.

A pall overtook Tyre on Thursday, as United Nations peacekeepers loaded more than 600 United Nations employees, foreigners and Lebanese onto a ferry to Cyprus, then promptly packed up their makeshift evacuation center at the Rest House and left for their base in the town of Naqura.

Hundreds descended on the hotel on Wednesday, desperate to board the ferry. Despite fears that many would be left behind, almost all who sought refuge were able to board the ship Thursday.

But as the last United Nations peacekeepers left town on Thursday, those who remained braced for an even heavier bombardment.

For Ali and Ahmad al-Ghanam, brothers who have taken shelter in a home just a few blocks from the morgue, the refrigerated truck of dead bodies is a vivid reminder of the attack that killed 23 members of their family.

When Israeli loudspeakers warned villagers to evacuate the village of Marwaheen last Saturday, the families packed their belongings and headed for safety. More than 23 of them piled into a pickup and drove toward Tyre, with the brothers trailing behind. Another group set off for a nearby United Nations observation post, but were promptly turned away.

As the pickup raced to Tyre, Ali al-Ghanam said, Israeli boats shelled their convoy, hitting the car and injuring the women and children in the back. But within minutes an Israeli helicopter approached the car, firing a missile that blew the truck to pieces as the passengers struggled to jump out, he said.

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His brother Mohammad, his wife and their six children, were killed instantly along with several of their relatives. The only survivor in the car was the brothers' 4-year-old niece, who survived with severe burns to much of her body.

"The dead stayed in the sun for hours until anyone could come and collect them," Mr. Ghanam said. "The Israelis can't understand that we are people, too. Should they wonder why so many of us support the resistance?" he said, speaking of Hezbollah.

The 23 bodies now lie in the truck, waiting to be buried. Mr. Ghanam said it would be impossible for them to be buried in their village while the bombing continued. Holding a funeral is impossible, but even digging a grave could attract fire, he said, assuming the remaining family were able to return to the village.

The brothers walked to the hospital on Thursday to sign documents allowing the hospital to bury the bodies in a mass grave.

Family Lays To Rest Soldier Killed In Ambush (WP)

By Jonathan Finer

The Washington Post, July 21, 2006

MERHAVIA, Israel, July 20 -- Friends and relatives of Israeli army Staff Sgt. Yonatan Hadassi, and hundreds more who had never met him, gathered Thursday to mark his death in highly personal, and varying, ways.

Childhood friends of the infantryman, 21, who had died a day earlier in a Hezbollah ambush across the border in Lebanon, called him "the best one of us" and vowed to adopt his suffering family into theirs.

A member of his elite special forces unit managed a moment of levity -- albeit a grim one -- when he recounted Hadassi's prescient "last request" made the day before his death: for someone at his funeral to read aloud the lyrics to a pop song called "The Little Prince."

And as his coffin was lowered into the dry earth, Hadassi's mother, Mir, wailed at the hazy sky that she wanted to take her boy home.

When asked how his death affected their opinion of Israel's nine-day onslaught on Lebanon, almost all mourners interviewed answered with similar resolve, saying it had hardened their support for Israel's attacks against Hezbollah. "This has devastated our family, and I don't know how we will even wake up tomorrow morning. But I also know that we need to protect our country, and that means at any cost," said Chen Halman, 23, Hadassi's cousin, who said she loved him like a brother.

"Everyone talks about the Lebanese people and how they are suffering, but look how we suffer, even though we don't spread our dead around on television. We didn't start this, and we can't just sit here and accept their attacks."

Sentiments like these were echoed in dozens of conversations this week across Israel's north, where hundreds of Hezbollah rockets and other attacks had claimed the lives of at least 15 civilians and 16 soldiers over the past nine days. Heavy fighting Thursday evening near Avivim, the same border area where Hadassi was killed, resulted in two Israelis being killed and six wounded, the military said. Israeli strikes have claimed the lives of hundreds more Lebanese, most of them civilians, and displaced more than half a million from their homes.

Asked what was needed for Israel to bring an end to the conflict, which began last week when Hezbollah crossed the border and captured two soldiers, Chaim Tzouri, mayor of the small coastal town of Kiryat Motzkin, responded with only two words: "heavier bombs."

Tzlil Aplaton, 16, who along with her mother and two brothers fled her border town of Margaliyot on Monday to take refuge at a boarding school beyond the range of the rockets, said she felt for Lebanese civilians being bombarded relentlessly by Israeli warplanes. But she added that the campaign should continue until "Hezbollah is ended. We have to end them. Otherwise, what is the point?"

Yaron Ezrahi, a political science professor at Hebrew University in Jerusalem, said support for the offensive was the highest he had seen for an Israeli campaign since the 1973 Yom Kippur War, when Israel repelled a surprise attack by Egypt and Syria. A survey conducted by the nonpartisan Dahaf Institute, published this week in Yedioth Aharonoth, Israel's largest newspaper, showed that 81 percent of respondents approved of the campaign in the north, with nearly 70 percent of those living in the north

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saying that the fighting should continue until Hezbollah is eradicated. "Given Israel's history of sometimes heated debates about wars, this is truly remarkable," Ezrahi said.

Support is certainly not universal. An antiwar demonstration in Tel Aviv earlier this week attracted about 1,000 people, according to local news reports. Smaller demonstrations were carried out in a pair of northern towns Thursday, though only a few dozen people attended. Dissent was also heard from Israel's politically marginalized Arab population, many of whom have relatives in Lebanon. In Nazareth, where two young brothers died in a Hezbollah rocket attack Wednesday, residents and local leaders demanded a cease-fire.

"The fact that Israel says it will keep going until the soldiers are released means the war will go on forever," said Mohammed Barakeh, an Arab legislator in Israel's parliament, the Knesset, as he stood near the scene of the attack. "The kids here have a mother who is crying. The kids in Lebanon have mothers who are crying. The Jewish kids have mothers who are crying. This must stop."

Ezrahi said the war "began with an attack on Israeli soil, across a border that is recognized by the United Nations. So the response is seen as justified." Hezbollah, he added, while based in Lebanon and highly popular there, draws substantial support from Iran, whose president, Mahmoud Ahmadinejad, has publicly said Israel should be "wiped off the map."

One factor that could turn the Israeli public against the war, Ezrahi said, is mounting civilian casualties in Lebanon.

"All this is contingent on the ability of the army to be extremely careful in its targeting," said Ezrahi. "They have already made some great mistakes, and if these sorts of errors and miscalculations continue, public support will decline."

Friends and relatives of Hadassi, who died when his unit was sent across the border to destroy a suspected Hezbollah bunker, remembered him as a music lover, a gifted student and athlete and, above all, a patriot who believed wholeheartedly in his army service. His grandparents had come to Israel from Holland.

Mourners gathered for hours Thursday on plastic lawn chairs in his family's front yard before piling onto buses to the funeral site, about a mile away on a hillside. There, six soldiers carried his coffin, draped in a flag and a tallit , or Jewish prayer shawl, to a freshly dug patch. A military rabbi recited prayers into a microphone, and an honor guard fired a three-shot salute.

Hadassi's parents and his two younger sisters held each other throughout the ceremony. Between heaving sobs, his sister Eden, 10, asked her father, "How could he have died? I can't be without him. I just want to know how this can happen."

"Your son was an excellent soldier," his company commander said, reading from a small notepad as he wiped his eyes.

About half of the several hundred or so in attendance wore olive-green military uniforms, in stark contrast with the jeans and T-shirt informality of the other mourners. "He was the best of all of us, the bravest, the smartest, and we always said the luckiest," said Eitan Luria, 20, a lifelong friend and neighbor.

"I think we are all proud of the way he died, defending his country, defending his homeland," Luria said. "We can only take so much, and I think everyone is glad that the country is standing up for itself and fighting back."

A rare, and somewhat conflicted, voice of dissent came from Mely Wexler, 51, whose son is serving in an Israeli commando unit. "It's very difficult," she said, lowering her voice to a new whisper and pausing for nearly a minute when asked her opinion of the war. "I want them to stop it because I don't want my son to be killed. But I see the other side. If they don't fight now, they will only have to fight later."

Special correspondent Samuel Sockol contributed to this report.

Lebanese Told To Leave The South (LAT)

By Laura King And J. Michael Kennedy, Times Staff Writers

The Los Angeles Times, July 21, 2006

Israel refuses to say whether its warning signals a ground invasion. Hezbollah's leader boasts about the group's resilience.

BEIRUT — Israel ordered civilians out of a nearly 20-mile-deep swath of southern Lebanon as the already bloody fighting there threatened to intensify.

International pressure for a cease-fire mounted, but with little sign of progress. A senior United Nations official said privately that he expected Israel's bombardment of Hezbollah strongholds in Lebanon to continue for weeks.

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Since the fighting began last week, Israel has pounded border villages where it says Hezbollah fighters have been hiding with missiles and rocket launchers. Thursday's effort to push out the civilian population went deeper into Lebanese territory, reaching north to the port city of Tyre and the Litani River.

It was not known how many residents had already fled the region, which is believed to have a population of more than 300,000.

Israel's offensive has been carried out largely from the air, but fighting on the ground has been expanding. The Israeli military said two soldiers and several guerrillas died Thursday in southern Lebanon during clashes near where two Israeli soldiers were killed a day earlier. Officials said one pilot died and three were injured early today when two Apache attack helicopters crashed in Israel near the border.

Small groups of Israeli soldiers have crossed into Lebanon over the last several days, searching for weapons and Hezbollah outposts. Increasingly, militants have met these forays with fierce resistance, indicating that they have been able to avoid the airstrikes and artillery fire.

Sheik Hassan Nasrallah, leader of the Shiite Muslim militant group, boasted Thursday that it was able to withstand the Israeli assault. He appeared in an interview on Al Jazeera television a day after Israeli officials said they had dropped 23 tons of explosives on a southern Beirut bunker believed to house Hezbollah leaders.

"All this Israeli talk that they hit 50% of our rocket capabilities and warehouses, this talk is all wrong and nonsense," Nasrallah said.

Hezbollah denied that the site targeted in southern Beirut was a bunker. In the interview, Nasrallah said, "I can confirm without exaggerating or using psychological warfare that we have not been harmed."

Lebanese officials have said they are unable to provide any information about the neighborhood that was bombed because it contains a Hezbollah base and is off-limits to the government.

Al Jazeera said that the interview was taped Thursday and that its correspondent did not know where he was taken to meet Nasrallah.

As the fighting moved into its ninth day and Israeli warplanes continued to hit targets across Lebanon, Hezbollah rocket fire at northern Israeli towns and cities dropped off sharply, with about 40 salvos counted by late evening Thursday, the Israeli military said. On the heaviest days of such attacks, as many as 130 rockets had fallen.

In southern Lebanon, relentless bombardment and Israeli warnings to immediately leave the area triggered a chaotic exodus from towns and villages lying between the border and the Litani, about 20 miles to the north.

International calls for a cease-fire mounted. The fighting, the region's worst in more than two decades, has killed more than 330 Lebanese and 32 Israelis.

U.N. Secretary-General Kofi Annan called for an immediate end to the hostilities, though he acknowledged that there were "serious obstacles to reaching a cease-fire, or even to diminishing the violence quickly."

Annan sharply criticized both sides, denouncing Hezbollah's "provocative attack" and Israel's "disproportionate" response.

In Washington, the State Department said Secretary Condoleezza Rice would travel to the region as early as next week to try to broker a solution to the crisis. So far, the United States has not attempted to rein in the Israeli offensive, saying the Jewish state is entitled to defend itself.

Annan outlined several steps to be carried out simultaneously. He called for Hezbollah to release two captured Israeli soldiers to the Lebanese government under custody of the International Committee of the Red Cross so they could be returned home, and for an expanded peacekeeping force to be established on the Lebanese side of the border while the government there worked to strengthen its control over the country.

Nasrallah, in his interview Thursday, said the captured Israelis would be freed only as part of a prisoner exchange with Israel. Without that, the soldiers will not be released even "if the whole universe comes against us," he said.

The confrontation erupted July 12 when Hezbollah fighters slipped into Israel, captured the two soldiers, killed three others, then ambushed and killed five who pursued them. The fighting swiftly escalated into raging warfare and a humanitarian crisis.

In southern Lebanon, the latter was vividly on display Thursday in scenes of suffering as the elderly, poor and sick struggled to fend for themselves.

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Refugees huddled on the lawns and in the lobbies of jammed hotels in Tyre, while others sought shelter in hospitals they hoped would be spared from airstrikes.

At one emergency room, the wounded were being hastily treated, then sent on a perilous ambulance ride to Beirut, the capital. Bodies were left uncollected in wrecked cars and bombed buildings.

Israeli planes had dropped leaflets and broadcast warnings Wednesday night telling people in towns and villages in the south that they would be in danger if they stayed.

The leaflets also warned that anyone in trucks would be suspected of transporting weapons.

Israeli officials refused to say whether the attempt to clear much of southern Lebanon was a precursor to heavier bombardment or a large ground offensive.

"What we're trying to do is warn people in the southern part of the country that it's for their overall safety not to be there," said Capt. Jacob Dallal, a military spokesman.

"We've had more than 1,000 rockets launched at us," he said. "Where are they stored? In people's houses. Where are they launched from? The outskirts of villages…. Therefore, to go after the missiles in self-defense, we have to get at this infrastructure."

Many Israelis hope to avoid extensive ground combat in Lebanon, a prospect that brings back memories of their nation's debilitating 18-year military entanglement there.

Israeli Cabinet minister Shalom Simhon said the move to empty the south of residents made a ground incursion "redundant."

"The public supports the operation as it is being conducted," he said. "The question is what do we want? A longer war conducted mostly by the air force, or a shorter war with heavy losses?"

Israeli lawmaker Effi Eitam said, "Hezbollah is surprised that lines of tanks aren't rolling into Lebanon, since this is what they expected us to do, and where they expected to exact a toll.

"The air force is Israel's advantage in this war," he said.

Still, Hezbollah's resilience in the face of the onslaught has prompted increasing debate over the effectiveness of Israel's tactics.

In addition to the continuing strikes in Lebanon's south, Israel launched air raids Thursday in the eastern Bekaa Valley, Hezbollah's main logistics center, as well as in the group's stronghold of south Beirut. Israeli officials say they have hit more than 1,000 targets in Lebanon since the start of the conflict.

With the humanitarian crisis worsening, the son of Rafik Hariri, the assassinated former leader of Lebanon, was in Europe to seek support for his country. He won endorsement from Italy and the Vatican for an immediate cease-fire and the opening of a humanitarian corridor.

Saad Hariri, majority leader of the Lebanese parliament, said the envisioned corridor from Cyprus to Beirut would help supplies reach more than half a million displaced people in urgent need of food and medicine.

"It is an unbearable situation," he said at a news conference in Rome.

"It is not fair for Lebanese to pay the price for something they are not part of," he said.

Hariri met Wednesday with the secretary of state of the Holy See, Cardinal Angelo Sodano.

On Thursday, a worried Pope Benedict XVI designated Sunday a special international day of prayer.

The Lebanese people have a right to see the integrity and sovereignty of their country respected, the Israelis have the right to live in peace in their state, and the Palestinians have the right to have a free and sovereign homeland, the pontiff said in a statement.

King reported from Jerusalem and Kennedy from Beirut. Times staff writers Maggie Farley at the United Nations, Megan K. Stack in Tyre and Tracy Wilkinson in Rome contributed to this report.

Fleeing For Their Lives Into The Grim Unknown (LAT)

By Megan K. Stack, Times Staff Writer

The Los Angeles Times, July 21, 2006

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TYRE, Lebanon — The orders from Israel spread at dawn Thursday by radio, leaflet and menacing cellphone text messages: All civilians south of the Litani River should clear out immediately or risk death.

Panicked by the evacuation order, families packed into cars and poured north on a tortuous route of one-lane dirt roads and bomb-pocked highways. Smoke boiled into the sky over the treetops as bombs rumbled in the hills. Jets sliced the sky overhead. As they sped past abandoned cars, they glimpsed corpses seated inside.

Many rode with their hearts in their mouths, faces hard with fear and fatigue. They tied strips of white cloth to antennas and waved white rags and undershirts out of windows as if they could flag away death. They convoyed with neighbors; one family had carefully packed a black and white cow into the bed of a pickup.

When they hit the main coastal highway and found themselves exposed to the sky and a flat blue stretch of sea, they gunned it as fast as their rusting cars could go. They were trying to outrace their fears, terrified that stopping for a moment would invite a strike from above.

Craters the size of minivans gaped in the road. Eerie quiet had settled over the hillside villages, where houses stood shuttered in the shade of orange and pomegranate trees. The sea was ominously empty.

Many didn't know where they were going or when they'd return. Having endured death and destruction for more than a week in the crossfire of Hezbollah and Israel, the last holdouts in the 20-mile strip between Israel and the river were being forced from their homes.

Asked where she was going, 65-year-old Zakiya Aour burst into tears. "Wherever we can," she said. Her 80-year-old husband had just undergone surgery and was still bleeding, she said. He sat on a bench and leaned dazedly against a walking stick, his eyes glassy.

The couple had arrived at a hotel lobby in Tyre with a small mountain of much-used luggage, a pet bird in a bright red cage and a grown daughter who was deafened in an Israeli missile attack in the invasion of 1982.

"I've heard people say that if the foreigners leave, get out because they're going to attack," Aour said. "Can't you do something for us?"

The displaced, who are washing up here with their elderly and babies in tow, spoke of villages besieged for days while missiles crashed down. Many seemed too dazed and exhausted to form articulate escape plans or think through the dangers they faced.

Civil structure appears to have broken down almost completely. Ambulances haven't been able to operate. The dead are rotting in the rubble of smashed homes. Food and clean drinking water are running out. Nearly 100 bodies have piled up in a poorly refrigerated container at a hospital in a Palestinian refugee camp close to Tyre; there's too much violence to pick up the dead or to hold funerals.

How the evacuation messages were transmitted en masse to cellphones was not clear. The order also was repeated on Voice of the South, an Israeli-run radio station that had gone silent after Israeli soldiers withdrew from Lebanon in 2000 — only to be resurrected last week as combat flared between Israel and the Hezbollah militants who control Lebanon's southern borderlands.

Asked about the evacuation orders, an Israeli military spokesman, Capt. Jacob Dallal, warned that "it's for their overall safety not to be there."

Townspeople and villagers who stayed behind braced themselves for a heavier onslaught of bombing and traded guesses about how many troops Israel might send to fight a ground war — and how far north they would come.

Whatever befalls the south, there are plenty of civilians left to endure it. Many lack the cash or wherewithal to evacuate. They have nowhere to go — and no roads or bridges to get them there if they did.

"We're going to sleep in the streets. Where can we go?" said Jihad Daoud, a 22-year-old who was stranded with his two cousins in a hospital in Tyre. The family had been driving through a fruit orchard, looking for a path to the main coastal highway north, when a missile struck so close to their car that the force lifted it into the air and slammed it to earth again.

At his side, his two cousins looked on miserably. Their faces bore deep purple bruises and raw cuts from the strike. Other family members had already been evacuated to Beirut by the Red Cross, snatched from the south by the questionable grace of serious injuries.

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"I'm still in shock," Daoud said. "I can't explain what happened."

Muna Nasr, a 43-year-old deli worker from the southern village of Harees, had spent days working her way north. She and her family fled their home because food was running out and they made their way to Horsh, where they found shelter with a relative.

But Horsh also proved unbearable. Seven people lay dead in the house next door, struck by an Israeli missile. Ambulances couldn't get through to collect the corpses, and so the stench of death swelled in the long, sticky summer days. There had been no medicine, food or water for days.

"We just want transportation out of here," Nasr said.

"This morning the dogs were eating the neighbors," added Ali Deeb, Nasr's 50-year-old husband.

But the family had no money. So they sat on couches in a hotel lobby, waiting to see what would happen. They couldn't afford the Rest House, a fading, rambling resort slung along the Mediterranean coast.

The United Nations peacekeeping forces had taken over the back wing of the hotel; soldiers slept in flak jackets alongside an enormous plastic wedding cake. Unsure of where to go and drawn to the security of the international soldiers, hundreds of evacuees had crowded the lobby and lawns of the hotel in recent days.

"Can't you take anybody with you?" a man yelled at foreign reporters.

By the hotel's front desk, a volunteer from the local civil defense, Lebanon's catchall rescue service, stood watching the evacuees glumly.

"We can't work now — even our car is a target," said Freddy Kayyal, a 22-year-old rescue worker. "And we don't have a headquarters anymore. We're just roaming around."

Tyre's civil defense headquarters, a central office for rescue workers, was bombed by Israeli jets days ago. Some bodies are lost in the rubble.

"Every time we try to go recover the dead, we hear Israeli jets overhead," Kayyal said. "Destruction, poverty and disgust greater than this, I can't imagine."

Tyre's main hospital has become a clearinghouse for the war's wounded, receiving hundreds of casualties from all over southern Lebanon. It's the only emergency room accessible to most of the south, and many people can't get here.

Patients aren't given much time to heal. They are patched up hastily, then loaded onto Red Cross ambulances that bump along the dirt and gypsum roads, swerve around bomb craters and hope they aren't struck by missiles before they get to Beirut. A trip of less than two hours in times of peace, the journey now takes upward of five hours.

"We have so many people coming in that we can't guarantee follow-up treatment," said nursing director Abdellah Shehab. "We need the free beds."

In a back waiting room at Tyre's main hospital, grim-faced men and women sat on plastic chairs, staring wordlessly at one another. The dull roar of explosions sounded in the distance. None of them, it turned out, was waiting for hospitalized loved ones. They just hoped a hospital might be spared in the attacks.

"I have nowhere else to go," said Yacoub Yacoub, a 43-year-old man with a full beard and bags under his eyes. He fled the southern village of Houla six days ago with his three children; on Thursday he sat wearily in the waiting room. A forgotten cigarette dangled from his fingers, slowly burning to ash.

"We sleep in the corridors," he said. "We just want a cease-fire so we can go home."

Times staff writer Laura King in Jerusalem contributed to this report.

Fleeing Home For A Haven (LAT)

By Vita Bekker And Ken Ellingwood, Special To The Times

The Los Angeles Times, July 21, 2006

Many northern Israelis head south to escape the rockets, leaving behind towns almost abandoned, but taking the fear with them.

HOLON, Israel — Dror and Alexandra Brami finally decided they had had enough.

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The echoing booms of landing rockets fired by the Shiite Muslim group Hezbollah had left 8-year-old daughter Lotem jumpy and begging to leave. The Bramis were fed up with huddling with their two daughters and newborn son in a windowless reinforced "safe room" in their home.

And they were dismayed to see that the forest around their small hillside community of Hatzor Haglilit, in the Galilee region about 12 miles from the border with Lebanon, had been scorched by rocket-ignited fires.

So the couple crammed the family and belongings into their car — bringing clothes, money, mattresses and diapers — and headed south to seek a rocket-free haven in Holon, a small industrial city just south of Tel Aviv.

"We're afraid of the rockets," Dror Brami, 35, a plaster factory worker, said as he sprawled on an armchair in his brother's apartment in Holon.

Lotem shyly recollected, "We heard booms, and the house shook after one boom, and we saw fire after a rocket fell."

"We won't go back until the situation calms down," her father said. "Here in Israel's center, you don't feel the war yet."

Thousands of northern Israel families like the Bramis have fled the rocket barrages since the conflict flared after Hezbollah fighters captured two Israeli soldiers and killed eight in a July 12 border raid.

Throughout cities and small communities in the north, streets have been deserted, stores and businesses have closed and trains stopped running.

In Hatzor, as many as half of the 10,000 residents have left. As many as 30 rockets have slammed into the community, which had last experienced shelling during the Six-Day War in 1967.

The exodus from the north has lent the normally scenic region an otherworldly feel. Most towns have all but closed, and there are few signs of the residents. In some places, the only vehicles on the roads are military trucks loaded with artillery rounds and other gear. Restaurants that would usually be brimming with summertime travelers have the forlorn look of the abandoned.

The eerie silence is broken only by alarms warning of an impending rocket strike.

Residents are growing weary of clambering into reinforced public shelters, or ducking behind the nearest sturdy-looking wall.

On one recent day at a hummus restaurant in Rosh Pina, employees went scrambling for a safe spot behind the eatery — in the direction away from the border. An Israeli soldier continued eating intently despite the siren. He was still dabbing at his bowl of hummus with pita bread after the alert had ended and the employees had returned to their places.

Many residents appeared to have left the town, near Hatzor. But the sudden exodus has not been without complications.

As those escaping the rockets join relatives in central and southern Israel, they — and their hosts — are learning to cope with the lack of privacy in the crammed homes.

Twelve people are occupying the two-bedroom apartment of Brami's brother, including Brami's parents, who had also come south to escape the rockets.

Daytime has the house buzzing with activity. The soft hum of the air conditioner is drowned out by the noise of the children as they shout and play and the television as it blares 24-hour news coverage of the conflict.

At night, the adults sleep on sofas or spread out air mattresses on the living room floor, while the four children share two small beds in one of the rooms.

"It's not the most comfortable situation," said Sarit Brami, who was playing host to her relatives from the north.

She sat cross-legged on the living room floor and cradled her sleeping baby in her arms, as the muted television behind her showed images of the rockets and of Israeli attacks in Lebanon.

"No one gets any privacy, and the children run around and don't listen to anyone," she said.

Even in safer surroundings, the family could feel the effects of the fighting it fled. A loud thud from a garbage truck one morning made Lotem jump in fear, thinking it was a rocket strike.

And despite Holon's remove from the rocket fire, there was worry the barrages would soon reach the center of Israel as well.

Sarit Brami said she was concerned that the Israeli army might not achieve its goals in its fight against Hezbollah.

"I support the government, but I'm angry at the lack of results," she said. "The kidnapped soldiers haven't been returned. People are getting killed. And with every passing day, I feel like the rockets are getting closer."

Special correspondent Bekker reported from Holon and Times staff writer Ellingwood from northern Israel.

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Moving To Israel In A Time Of Crisis (WP)

By John Ward Anderson

The Washington Post, July 21, 2006

BEN GURION AIRPORT, Israel, July 20 -- Jonathan Klein did something unusual Thursday. After quitting his job as a lung specialist at Sinai Hospital in Baltimore, he, his wife and their four boys moved to Israel -- nine days into a two-front war that has claimed 29 Israeli lives and seen about a thousand rockets fired at the Jewish state by Hezbollah forces in Lebanon.

On Thursday night, the family expects to sleep in their new home in Mitzpe Netofa, a small community in the lower Galilee about eight miles north of Nazareth, where two brothers, ages 3 and 8, died Wednesday in a Hezbollah rocket attack.

"Israel is by nature surrounded by people who don't want us here, and if it wasn't attacked last night, it will be next week or two years from now," Klein said during an airport welcome ceremony for 203 new immigrants from the United States and Canada. "This is the lot of Israel, and until our neighbors learn that we are here to stay and want to make peace with them, and they can make peace with us, it will continue to happen."

While the newcomers decided months ago to come to Israel, many said they could have skipped Thursday's flight but, in an act of solidarity, refused to be daunted. Their arrival at Ben Gurion Airport, named after Israel's founding father, at a moment of high crisis underscores the intense connection many Jews have with their biblical homeland and the modern state created 58 years ago.

There is a message here for Israel's enemies, former prime minister Binyamin Netanyahu of the Likud Party said: "You lose."

"This is the best ultimate answer to the murderous desire to wipe out our state," he said after addressing the new arrivals. "We're here, and you're not going to push us out."

"It's a triumph of history over headlines," said Charley Levine, a spokesman for Nefesh B'Nefesh, the organization that helped arrange the mass immigration, together with the Jewish Agency for Israel. "Whatever the headlines of the week, these people see themselves as part of a historical process."

"Israel was created to ensure the ingathering of the Jewish people, not just as a sanctuary" for the persecuted, he said. Unlike the wave of Soviet Jews who came to Israel starting in the 1970s, he said, "American Jews are not fleeing from anything. They are moving here to make a positive contribution to the renaissance of the Jewish people."

The new arrivals disembarked after a 10 1/2-hour flight from John F. Kennedy International Airport in New York to discover a colorful, flag-waving, boisterous crowd of 500 people in an open-air hangar who welcomed them like rock stars. And while descending from the plane, some newcomers behaved like rock stars, smiling broadly, waving happily, blowing kisses and stopping halfway down the steps to savor the moment, unwilling to give it up.

The first person to walk off the plane Thursday was greeted with uproarious cheers from Israelis waving flags and placards reading: "Welcome home!" The newcomers came in suits and T-shirts, carrying briefcases and backpacks, dolls and strollers. One woman unfurled a blue-and-white Israeli flag as she descended; at the bottom of the steps, a man fell to his knees and kissed the tarmac.

Appearing bewildered, Avner Baruch, an 11-year-old from Queens, N.Y., stopped halfway down the stairs and soaked it in. "This is a Jewish place to live, and I'm Jewish," he said. "I'm excited to be here."

About 240 people were to arrive Thursday, but 37 delayed their plans -- perhaps because of the ongoing violence, perhaps because of personal complications, organizers of the mass immigration said. None of those who missed Thursday's flight have canceled their plans to immigrate, organizers added.

In fact, according to Michael Jankelowitz, a spokesman for the Jewish Agency for Israel, three more planeloads of Americans are planning to move to Israel this summer, and 650 Jews from France plan to resettle next Tuesday. In all, Jankelowitz expects about 3,400 people to arrive from both North America and France this year, the highest total since 1983 from North America and the most from France since 1970.

"I want to make Israel a better place, by giving my son, Shayadov, to the land of Israel," said Yossi Silver, a chef from Miami Beach, holding aloft his 3-month old son, who had a sign taped to his forehead reading "Olim," the Hebrew word for "those who go up," as Israelis refer to Jewish immigrants to the country. "I'm not apprehensive, not scared one bit," he added.

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"If Israel for Jews is Disneyland, then you only come if it is sun and fun," said Shlomo Riskin, chief rabbi of Efrat, a large Jewish settlement in the West Bank between Bethlehem and Hebron that will be home to about 20 of the families that arrived Thursday. "But if it is the motherland, then when mother is not feeling so good, that is when you come."

Despite Ties To Hamas, Militants Aren't Following Political Leaders (NYT)

By Craig S. Smith

The New York Times, July 21, 2006

JABALIYA REFUGEE CAMP, Gaza, July 20 — Five men in black hoods emerged from a dimly lighted street of stark concrete houses and garbage-strewn lots. With Israeli drones buzzing overhead, they kept the meeting short.

"We ask America to stop supporting the Israeli aggressors," said the leader, who carried a new Czech-made Kalashnikov rifle while another shouldered a new Gaza-made rocket-propelled grenade launcher. After 20 minutes, they grew visibly nervous and disappeared into the shadows.

The men are members of the Izzedine al-Qassam Brigades, the well-armed, highly organized military wing of Hamas, the Palestinian Islamic movement that now governs the West Bank and the Gaza Strip. Members of the militia led last month's raid in which they killed two Israeli soldiers and captured another, setting off the current crisis.

Despite its links to the Palestinian government, Palestinian and Israeli analysts say, the Qassam Brigades does not take orders from the governing leaders of Hamas. This is why, according to many accounts, the Hamas-led government itself was surprised by the Qassam Brigades' attack against the Israeli military post in June.

"They lost their position as leaders of Hamas when they joined the government," said Abu Muhammad, a Qassam Brigades field commander in Jabaliya. "New leaders were named in the movement, and they are more senior than the government leaders, even Haniya," he said, referring to the Palestinian prime minister, Ismail Haniya.

Giora Eiland, a former director of Israel's national security council and a retired major general who led an investigation into the June 25 raid, agreed. "Recently there was the illusion that Hamas, while not a perfect partner, was at least a group that could implement decisions," he said. "But it has become apparent that the political leadership of Hamas is much less influential than Khaled Meshal and leaders of the military wing." Mr. Meshal is the chairman of Hamas's political bureau and lives in exile in Damascus, Syria.

The Qassam Brigades is the Palestinians' largest and best organized militant group but it is not the only militia operating in the area under Palestinian control. At least six other armed groups field soldiers to fight Israel or, when there are no Israelis to fight — as was the case for nine months after Israel's withdrawal from Gaza last year — to fight among themselves.

The current crisis seems to have pushed the militias to join ranks. Several of the militia members said the groups organized a "joint operations room" when Israel began threatening to invade Gaza two or three weeks ago. By all accounts the operations room is more virtual than real, but spokesmen for three of the groups insisted that senior political and military leaders of the seven militias now communicated regularly to plan actions.

"We are more united now than at any time before," said Abu Mujahed, spokesman for the Salahadin Brigades, the armed wing of another anti-Israeli movement, the Popular Resistance Committees.

Abu Muhammad, the Jabaliya field commander, said the Qassam Brigades was in charge of the operations room because it was "the backbone of the resistance." Nightly operations are mapped out, and a password is agreed upon for fighters of different factions to identify themselves in the field.

"When two groups meet each other and both are masked, the password identifies them so we know they are not Israeli agents," Abu Muhammad said in his sitting room lined with overstuffed armchairs, the only light coming from a slender taper fixed to the coffee table.

He said scouts were posted on the edges of Gaza and the outskirts of towns to watch for raids by Israeli forces. "If they see something, they send the information back up the line to the joint operations room and it broadcasts it to all the groups," Abu Muhammad said. "Special forces cannot enter Gaza easily."

It is difficult to say how many Palestinians are members of armed groups. Israeli intelligence officials say there are probably as many as 20,000 hard-core members of the various factions, most of which are in the Gaza Strip. But including freelancers

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who join in when the fighting picks up, intelligence officials say, the militias' forces outnumber the 35,000 members of the Palestinian Authority security forces.

Israeli intelligence officials say the leadership of Hamas, previously split between Gaza and Syria, consolidated in Damascus after the assassinations of Hamas's charismatic leaders, Sheik Ahmed Yassin and Abdel Aziz Rantisi in 2004. Two months ago, General Eiland said, Hamas military leaders appeared to gain the upper hand.

According to the accounts of Israeli intelligence officers and senior Hamas officials, the influence of Hamas leaders in Gaza weakened further after they joined the Palestinian Authority in the wake of parliamentary elections early this year.

The Qassam Brigades, which is believed to have received money from Saudi Arabia until recently and now from Iran, grew in the 1990's as a counterweight to the Aksa Martyrs Brigades of the Fatah movement, then led by Yasir Arafat.

Capt. Jacob Dallal, an Israeli Army spokesman, said that in the past few years Hezbollah had also helped underwrite some Palestinian groups and had provided technological skills.

To become a member of the Qassam Brigades, Abu Muhammad said, a person must first join Hamas. The movement accepts only people who demonstrate Islamic piety, who do not smoke and who pray five times a day, not something that all young people can manage, he said. Hamas investigates the background and relations of all prospective members before indoctrinating them into the culture of strict obedience. Only then can they join the military wing.

Abu Muhammad, now 37, said he joined Hamas during the first intifada in the late 1980's and became a member of the Qassam Brigades six year ago. "I started as a common soldier and after three years became a commander," he said. Like all Qassam members, he gives part of his income to the militia.

As field commander, he distributes arms and ammunition to the men under his command. The Qassam Brigades smuggles in weapons to the territory when it can, but it has developed a substantial munitions industry that makes everything from rockets to antitank mines. "If I need something, I requisition it," he said.

The Qassam Brigades' members say they do not have any Katyusha rockets, but they claim to have extended the reach of their Qassams, putting the Israeli city of Ashkelon and its roughly 100,000 inhabitants within range. Most of the weapons, including antitank mines, are made in Gaza. The handle of the group's grenade launchers are stamped "Al Yassin," in honor of their late leader.

Many of the smaller militias now follow the Qassam Brigades' classic cell structure, in which few people know more than their immediate superior and subordinates. Abu Muhammad, a short man with wire-rimmed glasses and a short, dark beard, described the organization from his point of view.

"I'm a field commander and I'm responsible for eight groups of five men each," he said. "No group knows the others and I don't deal with the fighters, only the commanders of each of the eight groups."

He said he did not know how many layers were between him and the senior leadership. But Israeli intelligence officials say that while the organization is broad, it is not very deep, which is why the army focuses on targeted assassinations of militia leaders. They say there are only a few layers between field commanders like Abu Muhammad and the top commander, Muhammad Deif.

Below Mr. Deif there are several regional commanders, including Ahmad al-Ghandur, the Qassam Brigades commander in Jabaliya and the northern Gaza Strip. Both Mr. Deif and Mr. Ghandur are believed to have been seriously wounded in an F-16 missile attack earlier this month. Abu Muhammad is probably one or two rungs below Mr. Ghandur, the intelligence officials said.

The Qassam Brigades is well financed; many members carry new weapons and ammunition vests. Despite the well-equipped Palestinian Authority security forces in Gaza, the new Hamas government prefers to use a contingent of Qassam Brigades fighters for protection.

The militia members use radios because they do not trust telephones, speaking in code for less than 30 seconds at a time to keep the Israelis from pinpointing their location.

On a visit to a cell arranged for a reporter, Abu Muhammad moves to an intersection on the edge of town and the masked men appear. The group's leader, Abu Ahmed, is a thickset man of 44, a carpenter, the father of six boys and a girl. He has been a member of Hamas for 10 years and joined the Qassam Brigades four years ago.

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Like most of the people in Jabaliya, his family fled their homes around Ashkelon during the fighting of 1948 that followed the creation of the state of Israel.

"My family is from Sawafeer," he said, adding bitterly, "The Jews changed the name to Shafir."

Besides the routine patrols he said the group sometimes had "specific operations with mines and RPG's against tanks." If fighters plant a mine, he said, they watch it until it is detonated, or they take it away. He said they were among the Qassam Brigades fighters who fought back against an Israeli raid into Jabaliya in October 2004.

They wear masks to hide their identity from possible collaborators in their midst and from Israeli intelligence in battle, fearing that if they are identified, they could be assassinated later. Each squad operates in a well-defined geographic area, usually tied to where its members live.

Shortly after the five men merged back into the night, a sharp explosion split the air.

Palestinians Look Ahead Even As Israel Besieges Gaza (NYT)

By Craig S. Smith

The New York Times, July 21, 2006

GAZA, July 20 — Israel's siege of this slender stretch of Mediterranean seacoast took seven more lives Thursday even as Palestinian political factions met to plan for when the crisis ends.

The Israeli Defense Forces continued their assault on the cluster of cinderblock homes that make up the Mughazi refugee camp near the border with Israel. By day's end, 4 Palestinians had been killed by tank fire and 3 had died of wounds sustained Wednesday, bringing the death toll from two days of fighting to 16. Two were under age 18, said Assad Rayan, an administrator at Al Aksa Hospital in Deir Al Balah.

The Israeli military dropped leaflets over Gaza City on Thursday warning residents that the army would begin striking homes that held weapons. "The Israeli Defense Forces will hit and destroy every location or building where munitions or military equipment are stored," read the leaflets, in Arabic. It advised anyone living near such weapons caches to leave immediately. "You have been warned!" it read.

Israel has carried out airstrikes against homes believed to house weapons factories, an Israeli military spokeswoman said, but the language in the leaflets did represent "a little harsher" policy than in the past.

Even as the fighting continued, the Palestinian Authority president, Mahmoud Abbas, met with leaders of Hamas, the political faction that swept to power in elections earlier this year, to discuss the makeup of a "national unity government" that would reduce the role of Hamas.

The current Palestinian government has faced crippling diplomatic and financial isolation. Much of the world, led by the United States, the European Union and the United Nations, considers Hamas a terrorist organization and has refused to deal with a Hamas-led government.

Hamas and Mr. Abbas's Fatah faction had agreed to form a coalition government along the lines laid out in a letter by a group of Palestinian prisoners in Israeli jails. But the talks were interrupted last month by the Palestinian militant raid on Israeli troops stationed outside southern Gaza. An Israeli corporal was seized, setting off the current siege.

"This government would be based on an agenda that would be accepted by the world community," said Nabil Abu Rudeineh, a close aide to Mr. Abbas.

An Egyptian delegation also arrived in Gaza on Thursday for talks on how to end the current siege. Egypt has been acting as a mediator between Hamas and Israel.

The Israeli Army said it continued to pound Gaza with artillery on Thursday, hoping to deter rocket attacks against Israel in the north and tunneling in the south. Palestinian militants use tunnels across the Egyptian border to smuggle weapons and used a tunnel into Israel to carry out last month's attack. The army said an Israeli civilian living in the western Negev was slightly injured by a Palestinian rocket on Thursday.

Israel also carried out airstrikes against what it said were two groups of militants preparing to fire anti-tank missiles at Israeli troops. Israeli gunboats fired warning shots off the coast to keep fishing boats from straying from shore. A car belonging to President Abbas's guards was reportedly hit by the gunfire.

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"There is a naval closure and fishing boats are not allowed right now," the army spokeswoman said.

Marines Return To Beirut To Aid U.S. Evacuation (NYT)

By Jad Mouawad And Steven Erlanger

The New York Times, July 21, 2006

United States marines landed in Beirut on Thursday for the first time in more than 20 years to help evacuate Americans from Lebanon, as Israeli officials suggested that Israeli ground troops might take a more active role in combating the Hezbollah militia. There were also more strong condemnations of Israel's heavy use of force in Lebanon.

With the fighting continuing for a ninth day, fierce clashes erupted between Israeli troops and Hezbollah fighters inside Lebanon. Hundreds of Israeli troops were trying to destroy Hezbollah outposts and storage facilities, Israeli Army officials said.

Two Israeli soldiers and a Hezbollah fighter were killed late Wednesday as Israel discovered a warren of storage rooms, bunkers and tunnels. The death toll in Lebanon for the nine days passed 300; the vast majority were said to be civilians.

On Thursday evening, two Israeli soldiers were killed and three others wounded in further fighting. At least two Hezbollah fighters were believed to have been killed.

The Israeli defense minister, Amir Peretz, visiting northern towns hit by scores of Hezbollah rockets, hinted at a broader ground operation. "We have no intention of occupying Lebanon, but we also have no intention of retreating from any military measures needed," he said. "Hezbollah must not think that we would recoil from using all kinds of military measures against it."

Mr. Peretz continued, "You can mark one thing down: Hezbollah flags will not hang over the fences of Israel."

At the United Nations, Secretary General Kofi Annan condemned the Israeli operation as an "excessive use of force."

Russia, which reduced parts of Chechnya to rubble in its fight against rebels there, also sharply criticized Israel, with the Foreign Ministry calling Israel's actions in Lebanon "far beyond the boundaries of an antiterrorist operation" and urging a cease-fire.

At the White House, President Bush's press secretary, Tony Snow, said, "I'm not sure at this juncture we're going to step in and put up a stop sign," although he called on Israel to "practice restraint" and said Mr. Bush was "very much concerned" about a growing human crisis in southern Lebanon.

Secretary of State Condoleezza Rice is arranging a trip to Asia and the Middle East; she could be visiting this region as early as Sunday.

Diplomats are investigating the idea of a more robust international force under United Nations auspices but more likely made up of European troops, that could help the weak Lebanese government move its army to the Israeli border and push back a weakened Hezbollah.

Ephraim Sneh, Israel's deputy defense minister and a former Israeli commander in Lebanon, told Israeli television: "We have no choice but go in and physically clean up Hezbollah posts on the ground. The air force can't do that. So when we talk about a ground operation, the intention is not necessarily a massive incursion but more pinpoint operations."

The small force of about 40 marines who landed in Beirut on Thursday were the first American military personnel to be deployed in Lebanon since the withdrawal of forces after a Hezbollah suicide bomb attack killed 241 Americans, mostly marines, in 1983. The marines who landed Thursday were from the same unit as those killed 23 years ago.

Lt. Cmdr. Charlie Brown of the United States Naval Central Command in Bahrain said a small number of marines from the 24th Marine Expeditionary Unit landed on a beach north of Beirut, near shorefront belonging to the American Embassy on Thursday morning. They helped American citizens board a landing craft that ferried them to the amphibious assault ship Nashville stationed offshore.

By late afternoon, 1,052 evacuees had been boarded, and the Nashville was preparing to head to Cyprus, Commander Brown said.

Helicopters also evacuated 161 Americans on Thursday, the military said, and the Orient Queen, a cruise liner that had transported the first large group of American evacuees to Cyprus on Wednesday, was expected to reach Beirut on Thursday night for reloading.

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A planeload of Americans who had been on the Orient Queen's first trip to Cyprus arrived at the Baltimore/Washington International Airport on Thursday morning. Five more naval vessels are expected to arrive in the area on Friday, along with a high-speed ferry hired to transport evacuees to Cyprus, the military said in a statement.

Citizens of Britain and other countries were also evacuated.

On Thursday, Israel continued its large-scale air attacks on Hezbollah positions and equipment. It also leafleted southern Lebanese villages, made taped phone calls, informed local leaders and broadcast messages in Arabic to warn residents to move north of the Litani River if their villages contained Hezbollah assets or rockets, but gave no deadline.

Israel dropped similar leaflets on Thursday in Gaza as well, possibly foreshadowing more attacks on populated areas where Israel believes Hamas is storing Qassam rockets.

The air attacks on Thursday also hit Beirut's southern suburbs, following Wednesday night's heavy attack by Israeli jets, using special burrowing bombs, to try to penetrate a bunker believed to be used by senior Hezbollah officials, including its leader, Sheik Hassan Nasrallah. Hezbollah said no one had been hurt in the bombing, which Israeli officials said had involved 23 tons of explosives in the Burj al Brajneh neighborhood.

According to Al Jazeera's Web site, Sheik Nasrallah said in an interview on Thursday that the two Israeli soldiers captured by Hezbollah in a raid last week would be freed only in the context of a prisoner exchange and otherwise would not be released even "if the whole universe comes against us."

Hezbollah said its military capacity was largely undiminished. "The resistance has only used a small, small part of its strength," Hussein Hajj Hassan told LBC television. "Nothing has been destroyed."

Despite the continuous shelling of the Hezbollah strongholds of southern Beirut, the militia remains very much in control there, barring access to outsiders.

On Thursday, the militia led reporters on a tour of the area, where Hezbollah's headquarters are. Buildings as high as 12 or 15 stories had collapsed; some were still smoking.

According to Lebanese reports, four civilians were killed in a strike on a car in the coastal city of Tyre. Israeli jets also attacked a detention center in the town of Khiam in south Lebanon on Thursday, according to local television reports. The prison, formerly run by Israel's Lebanese militia allies during its occupation of south Lebanon, was destroyed.

Israeli planes also struck at Shiite areas in the eastern towns of Baalbek and Hermil, where some Hezbollah leaders are said to live, and several southern villages.

About 50 rockets hit Israel on Thursday, the Israeli Army said, a sharp drop from 150 the day before.

The Israeli military said two of its helicopters had collided Thursday night near the border with Lebanon.

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In Gaza, Israel continued its military operation in the central sector, killing at least three Palestinians and wounding six in fighting around the Mughazi refugee camp. An airstrike on the same refugee camp killed one fighter and wounded eight more. One of the dead was a Palestinian girl, 10, wounded in an airstrike on Wednesday, when nine Palestinians, eight of them militants, were killed, according to The Associated Press.

The Israeli Army dropped the leaflets Thursday throughout Gaza warning that "anyone who has, or is keeping an arsenal, ammunitions or weapons in their house must destroy it or will face dangerous consequences."

On the West Bank, Israeli forces continued to surround the Mukata compound in Nablus, where Palestinians wanted by Israel have been taking refuge since Wednesday morning. About 15 wanted men gave themselves up but at least 10 remain inside. Tanks fired five shells at the buildings and army bulldozers worked to knock down the exterior walls, while warning those inside to come out or risk being buried underneath the rubble.

Israeli troops fired rubber-coated bullets at Palestinians who demonstrated against the troops, wounding five, one seriously, Palestinian medics said. About 4,000 Palestinians demonstrated in Nablus in support of Hezbollah, calling on the militia's leader, Sheik Nasrallah, to attack Israel with rockets.

"Nasrallah, our dearest, strike, strike Tel Aviv!" the Palestinians shouted. Five Palestinians were killed in the Nablus operation on Wednesday.

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The Lebanese government said it had so far sheltered as many as 120,000 refugees, mostly in schools. It is considering setting up tents and temporary barracks in public parks and sports fields. The United Nations estimates that a total of 500,000 people have been displaced.

"The losses are immeasurable," said Nayla Moawad, the Lebanese minister for social affairs.

Ms. Moawad blamed Syria for setting off the crisis, saying that she was expressing her personal opinion. "The decision of the Hezbollah operation was not taken in Lebanon," she said. "Lebanon was taken a hostage, a mailbox of other people's interests. It has been taken in Damascus, probably with an Iranian coordination."

Ms. Moawad was one of the leaders of the Lebanese revolt last year that led to the withdrawal of Syrian troops from Lebanon.

"Syria has tried to destabilize Lebanon since her troops pulled out," she said.

Marines In Beirut To Help With Evacuation (AP)

By Joe Panossian

AP, July 21, 2006

U.S. Marines landed in Beirut on Thursday for the first time in more than 20 years, helping evacuate Americans onto a Navy ship bound for Cyprus from battle-torn Lebanon.

About 40 U.S. Marines arrived at a beach just north of Beirut in a landing craft and in three trips ferried 1,052 people to the amphibious assault ship USS Nashville just off the coast. The Nashville then sailed for Cyprus.

Approximately 2,600 U.S. citizens have been evacuated from Lebanon by the United States since Sunday. Many of the evacuees have been transported to Cyprus, with the State Department arranging chartered flights to the United States.

Some evacuees were Lebanese-Americans who had taken their children to their homeland for the first time, only to be surprised by the fighting that erupted after Hezbollah militants captured two Israeli soldiers.

Hundreds of people, some with shirts draped over their heads to protect themselves from the sun, gathered on the beach Thursday. A U.S. Embassy official, speaking through a megaphone, pleaded for patience, reassuring the crowd that all those who registered to be evacuated would be assisted.

"We are frustrated and disappointed, but we are O.K.," said Bob Elazon, an Illinois resident who complained the U.S. evacuation was badly organized.

Elazon, who left his native Lebanon 34 years ago, was with his 20-year-old daughter, Anna, who was visiting the country for the first time. His wife departed just before the fighting erupted.

Hezbollah militants fighting Israel are declared enemies of the United States and the group is blamed for the Beirut suicide bombing that killed 241 Americans in 1983. All U.S. forces withdrew within months, and there has been no American military presence since.

Also Thursday, more than 600 relatives of U.N. peacekeepers and other foreigners were evacuated by ship from the southern port city of Tyre, a region that has seen a ferocious pounding by Israeli warplanes and gunboats for days. Many of the women and children had spent the night in the beach waiting for the ship that arrived Thursday morning and took them to Cyprus.

The first plane carrying U.S. evacuees landed outside Baltimore early Thursday, and eager family members waited to greet the 145 Americans aboard the charter flight.

Some 900 Americans arrived in Cyprus early Thursday aboard a luxury cruise ship — the first mass U.S. evacuation from Lebanon since the Israeli airstrikes started more than a week ago.

The cruise ship was among dozens of vessels evacuating thousands of foreigners. Some 8,000 of 25,000 U.S. citizens in Lebanon have asked to leave. So many people were leaving Lebanon that boats were forced to line up outside Beirut harbor and had to wait before docking in nearby Cyprus.

Exhausted and shaken, the Americans stood in line at the harbor in Larnaca, dragging their luggage and their children as they waited to be told where they would sleep and when they might leave. About 500 were housed at a fairgrounds in the Cypriot capital before flying to Baltimore.

Many of the Americans worried about relatives left behind in Lebanon.

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"This war is unfair. It's unfair if you see buildings fall and there are people inside," said Mona Kharbouche, a mother of two who said she had left behind her mother, two sisters and a brother.

Elderly people in wheelchairs, a young woman on a stretcher and her right arm in a cast, and women with toddlers were the first to disembark from the Orient Queen nearly two hours after it tied up.

Catherine Haidar said she had been visiting her husband's native Lebanon with their four daughters for the first time in 13 years in a house that shook from the bombings.

"I didn't want to leave because I thought that if there were 25,000 Americans in Lebanon, maybe the Israelis would think twice about what they were hitting," said Haidar, of Orange County, Calif.

Ann Shebbo, a U.S. citizen who lives in the United Arab Emirates, said she and her husband left relatives behind in the Shouf Mountains.

"There is a guilt feeling about leaving. I wanted to leave because of my children," Shebbo said. "The Lebanese people should not suffer this way."

The Americans departed two days after the first Europeans sailed. An estimated 13,000 foreign nationals have been evacuated from the war-torn country.

Brig. Gen. Carl Jensen, who is coordinating the U.S. evacuation, said more than 6,000 Americans will leave Lebanon by the weekend. The Nashville is one of several Navy ships assisting and military helicopters have flown some 200 Americans to Cyprus.

Amid complaints the U.S. effort had lagged, American officials made clear that fears about Americans traveling on roads in Beirut, especially at night, and to Syria had led to some of the delays.

Most are leaving by sea as the overland route to Syria was deemed to be too dangerous and Israel knocked Beirut's airport out of service last week by bombing its runways.

Shebbo, now in Cyprus, said she and her husband had struggled to get information from the U.S. Embassy in Beirut, and had found out about the boat from people in the United States. For four days, they inhaled the fumes from a bombed power plant two miles from where they had been staying.

Others echoed her complaints about the embassy.

"The guard was so rude and said there was no evacuation plan," said Michael Russo, 23, of Tucson, Ariz., of his visit to the embassy. "On Wednesday and Thursday, I asked them if there was a plan, and they looked at me like I was crazy."

Many Canadians in Larnaca and Beirut also expressed anger at their government's evacuation effort, either because of the long wait at the port or the lack of planning. About 1,600 were waiting in the hot sun at the Beirut port.

U.S. Evacuees Arrive In Md. From Lebanon (AP-Y)

By Brian Witte, r

AP2, July 21, 2006

The first Americans evacuated from battle-scarred Lebanon arrived home Thursday, tired but relieved to put behind them terrifying nights of heavy bombings and house-shaking explosions.

"It's the grave of the Middle East, that's what I call it now, if they keep going this way," said Amal Kazzaz of Richmond, Va., who had been visiting relatives in Lebanon when fighting erupted between Hezbollah militants and Israel.

About 150 people were aboard the Omni Air International DC-10 that landed at 6:30 a.m. at Baltimore-Washington Thurgood Marshall International Airport outside Washington. The airport is expecting as many as seven more flights, and a Maryland Emergency Management Agency spokesman said three of them were tentatively scheduled overnight.

Officials said an estimated 8,000 of the 25,000 U.S. citizens in Lebanon wanted out, and about 2,600 have been evacuated since Sunday. Many have been transported to Cyprus, with the State Department arranging chartered flights to the United States.

Martha Khayat said she, her 11-year-old daughter and 6-year-old son had to take a 12-hour ride to Cyprus on a cargo ship with no food, water or place to sit. From there a plane took them to Manchester, England, before they were flown to BWI.

Khayat was grateful for all the help: "From the very beginning I wanted to leave, but there was no way out," she said.

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The family had been staying near the heavily targeted Beirut airport, and Khayat said she didn't sleep for days because of the noisy, ground-shaking bombardment. More than 330 people have been killed, most of them in Lebanon, since fighting began July 12.

"I had to open all the windows because I thought the windows were going to blow," she said.

"I saw a lot of smoke and fire and I heard a lot of bombs and explosions," said Khayat's daughter, Amani, who added that she felt safer now that she's back in America.

Khayat and her children were headed to New York on Thursday to be with family, but her husband, Marwan, stayed behind. She said she didn't know when he would be able to leave and was worried about him.

"Everybody's still in danger there," she said.

After going through customs, the evacuees trickled calmly into the waiting area where a swarm of journalists waited to speak with them. Passengers said they were grateful to the U.S. government for getting them out of what they described as a chaotic environment.

New Orleans resident Joseph Baher, 18, said he was glad to get out at all.

"I was scared that I wouldn't be able to get out because the Israelis bombed the airport repeatedly," he said.

Many of those on the plane said they were Lebanese-Americans who had been visiting family or friends in Lebanon.

"Everybody was so glad and really eased to be back home, because as soon as you were on the plane you felt like you were relieved," said Sami Lahan, of Detroit, who returned from Beirut with his wife and daughter.

Like others on the plane, he described terrifying nights of bombing that shook homes and rattled windows. "You never know when they are going to strike," he said.

U.S. Ambassador Jeffrey D. Feltman said the evacuation to Cyprus would swell to up to 2,000 Americans a day, both by sea and by helicopter. The Orient Queen cruise ship arrived in Cyprus earlier Thursday carrying about 1,000 Americans.

For Evacuees From Lebanon, A Bittersweet Arrival At BWI (WP)

By Sudarsan Raghavan

The Washington Post, July 21, 2006

An hour after he landed in Maryland yesterday with the first wave of American evacuees from war-torn Lebanon, Adib Mansour couldn't escape thoughts of his motherland.

The memories, some from only a day ago, took hold of the Lebanese American designer: the helicopter attack his young son witnessed, the heartbreaking pleas of his brothers to evacuate one of their sons with him, the sight of his beloved Beirut as he and his family were whisked away in a U.S. military helicopter.

"All I could think was, 'We're leaving everyone behind,' " Mansour said as he broke into tears and then fell silent.

In another corner of Baltimore-Washington International Thurgood Marshall Airport, a smiling Fady Lamaa picked up and hugged his daughter, Christina, 3, moments after she walked out of customs with her brother, Johnny, 7, and mother, Janine. After a frantic week of long-distance worrying, Lamaa had been waiting since 5 a.m. to reunite with them.

But his wife, who heard the bombs and the explosions, couldn't forget her parents, two brothers and sister still in Lebanon.

"All the time I've been thinking about them in the airplane. 'What's happening now?' " said Janine Lamaa of Ashburn. "I feel very happy and sad at the same time."

The first of thousands of American evacuees from Lebanon started flowing back to the United States yesterday, returning to their homes after a chaotic week of danger and uncertainty. Seven additional flights of evacuees are expected at BWI -- their primary entry point into the United States -- by tomorrow, including three that are tentatively scheduled to arrive by this morning. And at least one flight is expected in Philadelphia as early as today. U.S. officials say that as many as a third of the estimated 25,000 Americans in Lebanon want to be evacuated.

Many of yesterday's 150 evacuees were of Lebanese descent -- toddlers, senior citizens, students and film directors -- and their homecoming was bittersweet. Inside Lebanon, many said, they thought only of the immediate concern: how to escape. Now, they are starting to come to grips with the long-term consequences for their shattered homeland.

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Their nostalgia and pride for a nation that resurrected itself after a 15-year civil war has given way to sadness and dread. Some said they feel guilt and helplessness for having the means, and the correct passports, to escape, while their relatives in Lebanon have no such options.

Yet the United States is also their home, they said, and they're looking forward to its normalcy.

"You're happy you're coming home to see your family and kids. At the same time, I feel guilty that I'm saving my life but I cannot save anybody else's," said Amal Kazzaz of Richmond, who emigrated from Lebanon in 1972 and has four adult children and 12 grandchildren in Virginia. "You cannot be happy when you know somebody else is dying behind you. But this is my home.

"God Bless America."

Like many other evacuees, she and her husband, Nassib, who suffers from heart and back problems, were evacuated by a U.S. military helicopter from Beirut to Cyprus on Wednesday morning -- Amal Kazzaz's 62nd birthday. A few hours later they were flown to England, where they boarded an Omni Air International DC-10 to Baltimore -- in total, a 12-hour journey.

They were given medical assistance on the plane, she said, and placed in first class. The flight was filled with other senior citizens, children and passengers with medical problems who were apparently given priority to board, evacuees said. The mood in the plane was somber, and many passengers appeared shocked and saddened by what they had experienced, said Elias Merhige, a Lebanese American film director from Beverly Hills, Calif.

"The kids were kind of sad," he said. "They were talking about Beirut and Lebanon, asking questions like, 'Daddy, why did this happen?' You could hear little bits of conversations, and you're thinking, 'This kid is never going to forget this.' "

As the plane landed in Baltimore at 6:30 a.m., the passengers erupted in applause. After going through customs, the evacuees walked into the waiting area, where Maryland state and Red Cross officials provided them with a host of services, including travel assistance, free phone lines, interpreters, health services and boxed lunches. Children were offered comfort kits that included coloring books and crayons.

Merhige, his wife, Nadja, and other family members were in Lebanon to attend a cousin's wedding. But when the violence erupted it was canceled, and a smaller ceremony was held last weekend in a monastery in the mountains, where it was considered safer.

But during the ceremony, "we heard heavy bombings," said Nadja Merhige, a Croatian American. "Everybody's cellphone started to ring as the bride and groom finished the ceremony. Then everybody started to panic."

They soon learned that an area about 110 yards from the hotel had been bombed, she said.

"People were sad and angry," said Elias Merhige, referring to other passengers on the flight. "We were all witnesses. We were not watching the news. We were living it with the Lebanese. You get the sense there's a horrible injustice taking place."

Adib Mansour, from New York City, arrived in Beirut with his wife and two small children a few days before the conflict erupted. His mother had sold her house in Lebanon and used some of the proceeds to pay for their visit.

Then the bombs started falling. Mansour, who lived in Beirut during its civil war, knew the sonography of war. He watched as highways and bridges were pummeled.

"Beirut was so beautiful," he said, his voice infused with nostalgia. "It had beautiful buildings, new highways. The sad thing is that within six days, all this was destroyed."

When the bombs sounded closer and closer to their residence, he took his family and fled to the port city of Junia, north of Beirut.

"I was kind of creeped out. It was scary," said Chloe, 12, his daughter.

But the war quickly followed them there. Mansour said he was swimming in a pool with his son, Luca, 7, when Israeli helicopters attacked the port nearby.

"All of a sudden, several dozen people started running and screaming," said Mansour, who ran with Luca to safety.

Mansour again drove his family along back roads, seeking refuge in the mountains. Meanwhile, they kept phoning the State Department in the United States to get on its evacuation list. Mansour is diabetic, which gave him preference. They were soon taken by helicopter to Cyprus.

Before they left, Mansour's relatives had heard a rumor that U.S. citizens could evacuate one Lebanese with every American family. It was false, and Mansour had to tell his brothers that he could not take one of their sons.

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"It was heartbreaking," Mansour said.

And when he gave his mother cash to help her face the war, she replied, "I'm supposed to pay for you." As he spoke, Mansour struggled to fight off his tears again.

At the other end of the arrivals terminal yesterday, Sandy Wilda and her husband, Doug, waited for her parents, Amal and Nassib Kazzaz. Devout Christians, they said they had been praying for her parents' safety all week.

"It was an opportunity to trust God," Sandy Wilda said, as she nervously checked her watch.

Then she saw her parents, and the hugs and kisses flowed.

"My heart beat so fast," recalled Amal Kazzaz. "It was a happy moment."

Janine Lamaa returned with her family to their home in Ashburn yesterday. She took a shower, gave the kids a bath, ate and then slept. She didn't feel like celebrating.

"I don't feel like doing anything," she said. "I feel so sad. I have a family there, and Lebanon is a beautiful country, and a lot has been destroyed."

She called her parents in Lebanon to tell them they had arrived safely.

"They were so happy," she recalled. "I told them to be safe and to take care of yourself, and that I'll be watching the news. 'Hopefully,' I told them, 'the war won't last long.' "

Plucked To Safety From Lebanon, American Evacuees Return And Lament The Destruction (NYT)

By Gary Gately

The New York Times, July 21, 2006

A cheering planeload of Americans evacuated from Lebanon arrived here Thursday morning, giving thanks for their escape and pleading for an end to the bombing there.

Haggard and wearing clothes they had slept in, but otherwise healthy and in good spirits, many of the roughly 150 evacuees exulted and applauded when the government-chartered DC-10 touched down at Baltimore/Washington International Airport.

Some wept tears of joy; others, tears of sadness. Some had worried that they and their loved ones would never make it out of Lebanon alive, while others feared for the safety of kin and friends left behind.

“We lived through horror; I’ve seen little kids burned alive,” said Tom Charara, 50, an aerospace engineer from Long Beach, Calif., who with his wife, Rola, and two young children went to visit ailing relatives in Beirut. “A country is being destroyed, people are being killed, and the whole world is watching.”

The flight originated in Cyprus, which the evacuees reached by helicopter and plane, as well as on freighter journeys as long as 16 hours. But inside the arrival terminal, there was calm efficiency.

Barely over an hour after the passengers shuffled into the waiting area, most had left with family members or had boarded connecting flights to other American cities. Few relied on the waiting Red Cross workers, interpreters, health aides and counselors or the bank of computers that Maryland officials had set up for e-mail.

The State Department said Thursday morning that 2,600 American citizens had been evacuated and that more than 5,000 were hoping to leave. The Baltimore airport expected as many as eight more planeloads by Sunday, said Christopher J. McCabe, Maryland’s secretary of human resources.

Thursday’s homecoming was bittersweet for many evacuees.

David Merhige, a musician from the East Village in New York, had gone to Lebanon for a cousin’s wedding, which ended up being moved north, then disrupted, because of bombing. “My trip started out amazing and beautiful, and it turned into a terrible atrocity,” he said.

Mr. Merhige, 39, recalled sitting in the relative safety of the United States Embassy in Beirut on Wednesday, with fighter planes and gunboats nearby, shaking as he thought of family members who remained.

“I had pretty much uncontrollable fears,” he said. “I don’t cry that often, but I did when I thought of the craziness I left. It’s just going to be a disaster over there.”

Several evacuees called on Israel to stop bombing Lebanon.

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Stephen McInerney, a student completing a master's degree in Middle Eastern studies at the American University in Beirut, said he had felt no danger to himself, but expressed horror at seeing so much of the city in flames and ruins.

"I felt more sadness in the past week than I ever have before in my entire life," Mr. McInerney said. "The atrocities going on in Lebanon are out of control and are unjustifiable and unwarranted."

Marion Brannon, a minister from North Carolina, had been working in Beirut for seven years, watching the city continue to rebuild and thrive. "Now our hearts cry out for these people," she said. "Please pray for the peace of Lebanon."

The Lebanese people, Ms. Brannon said, want America's help in ending the violence.

"When they hit a target," she said, "one woman came to me and said: 'Please call America. Please call America for us.' So they do view you as a nation that stands with them."

Mohamad Barbarji, of Williamsburg, Va., had taken his wife and three children to Beirut to visit his parents and other relatives. "We heard the jets coming, and I jumped out of my bed at 3 o'clock in the morning," Mr. Barbarji said. "And all of a sudden I heard nothing but explosions everywhere."

His 8-year-old son, Haidar, woke again and again that first night.

On Thursday morning, back home again, the little boy trembled and fought back tears.

"I was just wishing that Lebanon and Israel would be friends in peace and love," Haidar said. "I'm afraid for my grandparents there where there's a war."

American Evacuees Bring Horror Tales From Lebanon (WT)

By Jon Ward

The Washington Times, July 21, 2006

The first 150 American evacuees from war-torn Lebanon arrived early yesterday at Baltimore-Washington International Thurgood Marshall Airport, telling stories of frantic attempts to get out -- tales of anger, fear and guilt over those they left behind.

"We lived through horror. ... Just get out alive -- that was it," said Tom Charara, 50, an aerospace engineer from Long Beach, Calif., who was in southern Beirut with his wife, Rola, and their two children to visit Mrs. Charara's parents.

"My dad is very sick. I think it was my last chance to say goodbye to him," said Mrs. Charara, 38, choking back tears. "I didn't see him before I left. I didn't even get a chance to give him a hug."

The plane -- an Omni Air International DC-10 -- arrived at 6:30 a.m., and the first evacuees were through customs and talking to the press by 7 a.m.

About 8,000 of the 25,000 Americans in Lebanon are seeking to evacuate the country, which has become embroiled in a violent conflict with Israel.

As many as 800 evacuees are expected to arrive through tomorrow on as many as eight flights. The second flight was expected to land late last night.

Gov. Robert L. Ehrlich Jr. opened BWI on Wednesday as a repatriation center for Americans fleeing Lebanon, in response to a request from the federal government.

Evacuees were guided through U.S. Customs to a help center where state officials had computers and phones available to communicate with family and friends.

Anyone needing housing during the day or overnight will be given a room in one of the hotels near BWI, as well as some cash for "incidentals" from the state comptroller's office, officials said.

The Refugee Resettlement Program, which is operated by U.S. Department of Health and Human Services (HHS), provides assistance to evacuees for up to 90 days after they return to the United States.

About an hour after landing yesterday, most of the 150 evacuees had headed for connecting flights or had left with family or friends.

The Chararas were in Beirut for 11 days before they found a way out, on a Norwegian cargo ship packed with 1,110 other passengers, mostly Dutch.

Mrs. Charara, who was born and raised in Lebanon, spoke to her father by phone as they rushed to leave.

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"I told him, 'I'm leaving.' He said, 'Yeah, OK, that's a good choice.' And then I got disconnected," said Mrs. Charara, a blue blanket draped over her shoulders. "I felt guilty. ... Because I have an American passport I have the right to live?"

Mr. and Mrs. Charara, their daughter, Shahrazad, 8, and their son, Ali, 7, were on the cargo ship for 16 hours.

Their ship landed in Cyprus, and the Chararas were put on a plane chartered by the U.S. State Department, which left at 8 p.m. Wednesday, Cyprus time.

They flew five hours to Manchester, England, and after a three-hour layover took a seven-hour flight to BWI.

Ryan Usumi, 16, of Prince Frederick, Md., was vacationing in Lebanon with his father, who was in the Middle East on business. Ryan arrived in Lebanon on July 8.

He and his father were staying in a hotel near the airport in Beirut on July 12 when they heard that Hezbollah had crossed the border with Israel and kidnapped two Israeli soldiers.

When Ryan woke up July 13, he heard that the Beirut airport had been bombed by Israeli jets.

"It was unreal. I didn't think it was really happening," Ryan said.

He and his father moved to a largely Christian area north of Beirut and then were evacuated by helicopter to Cyprus.

Ryan's father went on to Turkey for work, and Ryan, who will be in 11th grade at Huntingtown High School in Frederick, came home.

Evacuees are responsible to pay for their own travel home once they reach U.S. soil, but the federal government will loan them money if they left cash and credit cards behind, HHS spokeswoman Christina Pearson said.

"They are keeping track of it if they gave out a loan," Ms. Pearson said. "A waiver will be given if someone is truly destitute and cannot pay."

This is thought to be the first repatriation in Maryland since a planeload of citizens passed through BWI after the bombings of the U.S. embassies in Kenya and Tanzania in 1998.

Several days after the bombings, about 220 people, most of them embassy personnel and their families, arrived at BWI from Pakistan after the United States ordered private citizens and most embassy personnel to leave after receiving warnings that the lives of the estimated 6,700 Americans in Pakistan could be in danger.

Evacuees Jam Into Cyprus, And More Are Coming (NYT)

By Renwick McLean

The New York Times, July 21, 2006

The international airport here, normally brimming with vacationers this time of year, was jammed today with thousands of evacuees from Lebanon as American and European officials struggled to cope with the growing number of people who have been seeking refuge on the island over the last few days.

The mass evacuations are threatening to overwhelm Cyprus, which was already saturated with vacationers during peak tourist season. Officials from several governments said today that they expect the tide of evacuees to rise in the coming days as more and more ships arrive in the region to help transport people from Beirut, which lies about 150 miles to the east.

The bulk of the evacuations have been by sea. Several cruise ships with a capacity of more than 1,000 passengers have arrived at the port here since Monday, and many more are expected in the coming days. Military vessels and helicopters are also being used.

Many of the evacuees appear to be tourists rather than foreign residents of Lebanon. They have generally arrived in good health, many coming from the relatively safer areas in northern Lebanon rather than from the southern zone where much of the violence is occurring, according to interviews with evacuees and officials from numerous governments.

But some still told of narrow escapes. Christine Michael, a 37-year-old optometrist from Chicago who was vacationing in Lebanon with her family, said she felt fairly safe until a bomb exploded on Saturday two blocks from the resort in Jounieh where she was staying.

“We decided it was time to go,” she said this morning, minutes after getting off a cruise ship contracted by the United States government to American ferry citizens to Cyprus. “We went to the basement to wait out the bombing,” she said, and then sought refuge in the nearby Broumana mountains as they searched for a way out of Lebanon.

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Her husband, John, a 43-year-old ophthalmologist, said he was frustrated with the information he received from the United States embassy in Beirut, which he said contradicted itself numerous times and left his family unsure about how to evacuate the country.

"We appreciate the effort," he said. "We're glad to be out. We're glad to be safe. But it wasn't very well-organized."

Several other passengers said they had a difficult time reaching United States embassy officials in Lebanon or expressed frustration with the pace of the evacuation.

Asked if he was satisfied with the American response, Ronald Schlicher, the United States ambassador to Cyprus, told reporters today that "there's no such thing as fast enough" when it comes to helping Americans in need. But he said that American officials "were doing the best they can in very chaotic circumstances."

Mr. Schlicher expressed his gratitude to the government of Cyprus for its "remarkable" efforts to help the United States and other countries evacuate their citizens from Lebanon. "It's a huge, huge strain on their resources," he said.

The foreign governments operating here have said they intend to transfer their citizens out of Cyprus as soon as possible, but many have had to stay overnight while waiting to catch chartered flights home.

With hotel space limited because it is high season for the island's tourism industry, the government of Cyprus has provided temporary housing at the state fair grounds in Nicosia, the capital of Cyprus. The building has 300 cots, but about 600 people are staying there tonight, according to American officials.

The United States embassy here says that it has evacuated more than 1,600 people from Lebanon to Cyprus so far. France has evacuated about 2,000, according to French government officials on the island.

But thousands more are expected in the days ahead. American officials estimate that an estimated 25,000 Americans were in Lebanon at the start of the conflict last week. They also say it is unclear how many of those Americans will choose to evacuate.

Asked how many Americans would be coming to Cyprus in the coming days, Mr. Schlicher said he expected "several thousand, maybe five, maybe six, maybe seven."

"We'll just have to wait and see," he added.

France, which has one of the largest communities of foreign nationals in Lebanon, also expected a surge in arrivals in the next few days, according to French Foreign Ministry officials in Cyprus.

Many of the evacuees appeared to have left Lebanon not because they were afraid for their safety now, but because they were concerned about what would happen if they stayed.

"We were afraid that if we didn't leave now, we wouldn't be able to," said Nabil N. El Hage, a professor of business at Harvard University, who had been vacationing with his family in Lebanon. "You can't tell how bad it's going to get."

Mr. El Hage, an American citizen of Lebanese descent, said that he was confident that Lebanon would recover from the destruction caused by the conflict, and he vowed to return soon.

"It's going to cost billions to rebuild," he said. "But they'll do it."

Angry Words From Those Left Waiting (LAT)

By J. Michael Kennedy

The Los Angeles Times, July 21, 2006

Sherrie Saadi, her face reddened by frustration and a day in the sultry Lebanese heat, didn't know where she would go for the night Thursday after American Embassy personnel turned her away and said she would have to return in the morning.

Along with her two daughters, the San Antonio nurse had been told only minutes before that the evacuation ship was full. All she had to show for more than nine hours of waiting was a sheet of greem paper that purportedly guaranteed her and her daughters a place at the head of the line when she returned. She couldn't imagine another day like the one she'd just been through.

"There were people who were fainting and passing out all over the place," she said bitterly. "We're the biggest country in the world and we can't do anything right."

Saadi, who was visiting her husband's family in the southern port city of Sidon when the fighting between Israel and Hezbollah militants broke out, was not alone in her frustration. Hundreds of people were turned back Thursday as the United

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States and other countries tried to get a grip on the huge task of evacuating thousands of people from Lebanon in the face of ongoing Israeli airstrikes.

As part of that effort, about 40 U.S. Marines went ashore on landing craft Thursday morning to help with the evacuation of Americans. Early Thursday, a cruise ship, the Orient Queen, arrived in Cyprus from Beirut with 1,066 American evacuees aboard. About one-third of them had been bused to Beirut from southern Lebanon in a convoy, the State Department said. Later Thursday, the U.S. warship Nashville sailed from Beirut after taking on about 1,000 passengers.

But for those left behind, it was a day in which they stood in line with crying children, confusing instructions, short-tempered rescue coordinators and what little food they had brought themselves.

By day's end, when told they had to leave and come back in the morning, those who didn't make the cut complained that they had been packed together in the heat and treated poorly. They also said the U.S. Embassy had been virtually impossible to reach by phone for days.

Compounding the frustration was the knowledge that they didn't have much choice, because the only other way out of Lebanon was through Syria, along a road the Israelis had bombed. And Syria, which supports Hezbollah in its attacks on Israel, wasn't an attractive option.

"Look at her," said vacationing American restaurateur Jerry Jrab, pointing to his wife's blond hair. "I'm not going to take her to Syria. And she just wouldn't go anyway."

He and his wife, Angela, were angry over what they viewed as sloppy work by the embassy. They also were given a voucher and told to return at 7 a.m. with their two children.

"There's going to be 10,000 people here tomorrow," Jrab said, standing a few feet from the barbed wire barrier that marked the beginning of the line. "Right now we're the first of 10,000. She doesn't want to leave. She wants to stay here all night."

Sue Mansour of Clearwater, Fla., who waited in line all day with her three sons, had been vacationing with relatives in the mountains south of Beirut before deciding to join the evacuation.

"We were told this is the safest and that we would be helped by the Americans, but that's not what happened," she said. "We were treated like animals."

She said her 9-year-old son, Randy, passed out during the afternoon and had to be treated by first aid workers. Embassy officials were rude, she said, and simply left the area when they ran out of the vouchers.

"He turned his back and he left us," she said of one official. "People who came last went first. Something has to be done."

By shortly after 5 p.m., most of the stranded Americans had found a way to leave for the night. Sherrie Saadi was eager to get to a hotel so she could treat her 4-year-old daughter's asthma. Saadi had joined forces with another evacuee, Susan Kraydiech, who speaks Arabic.

"This is just humiliating," Kraydiech said. She also said she would be in line again at 5 a.m.

As for Jerry and Angela Jrab, their children had been taken to a relative's home after the day of waiting. The parents sat on a curb next to the barbed wire as the crowd thinned to almost nothing. Jrab said the uncertainty of it all was one of the worst things about the waiting.

"We need to know what we're going to do," he said. "If the Americans aren't going to help, we'll find our own way out. But we need to know."

Times staff writer Johanna Neuman in Washington contributed to this report.

Bush May Push For Bolton's Confirmation (LAT)

By From Times Wire Reports

The Los Angeles Times, July 21, 2006

President Bush is considering a new effort to have John R. Bolton confirmed as the U.S. ambassador to the United Nations, a year after appointing him to the job over Senate objections.

Bush appointed Bolton while the Senate was in recess last August after senators had blocked the former State Department official's confirmation, saying he had an abrasive style.

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His appointment runs out in January at the end of the congressional session. If Bush makes another recess appointment, Bolton would not be entitled to receive a salary.

Bolton's First Year At U.N. Wins Over A Critic (NYT)

By Jim Rutenberg And Carl Hulse

The New York Times, July 21, 2006

WASHINGTON, July 20 — Since last year, John R. Bolton has had the title of United States ambassador to the United Nations, and the work that goes with it.

But he has not had the formal approval of the United States Senate for his appointment. Instead, President Bush installed him in the job when Congress was out of session.

Now a former Republican critic of Mr. Bolton has changed his mind, giving the White House impetus to try again to get the Senate's endorsement. Senator George V. Voinovich, Republican of Ohio, urged the Senate on Thursday to approve Mr. Bolton's nomination, saying the United States needs a fully sanctioned United Nations representative in the tumultuous world climate.

"For the betterment of our country we need to clarify our position regarding John Bolton so that the world knows we speak with one voice," Mr. Voinovich said during a news briefing.

Mr. Voinovich said his opposition to Mr. Bolton's appointment last year was based upon accusations from critics describing Mr. Bolton as a maverick with poor interpersonal skills who had pressured intelligence analysts as an under secretary of state for arms control under Mr. Bush, and who held disdain for the United Nations itself.

His campaign against Mr. Bolton's nomination included an emotional speech on the Senate floor and a public gift to Mr. Bolton of the book "The Heart and Soul of Effective Management" by James F. Hind. And in the end, his opposition helped result in the Foreign Relations Committee taking the unusual step of sending Mr. Bolton's nomination to the full Senate without a favorable recommendation.

When Mr. Bush announced the recess appointment last August, he said he had been forced to act because the United States had gone for more than six months without an ambassador to the United Nations, since the departure of John C. Danforth, the former Republican senator from Missouri.

Under the recess appointment, Mr. Bolton could remain in the job until the end of the current Congress this year. Then he would have to be renominated.

Mr. Voinovich first went public with his change of heart in an opinion piece in The Washington Post on Thursday. And his office said that on Wednesday night he personally told Secretary of State Condoleezza Rice; Senator Richard G. Lugar, Republican of Indiana and the chairman of the Foreign Relations Committee; and Mr. Bolton himself.

Although Mr. Voinovich said at the news briefing Thursday that Mr. Bolton was "not perfect," he added, "He had some interpersonal skill problems, but I think he's worked very, very hard to remedy them."

Mr. Voinovich said the White House had not influenced his decision.

But White House officials said they were delighted by the news and were hopeful that Mr. Voinovich's change of heart would spread to the other side of the aisle, as well.

"We welcome the willingness of Senator Voinovich to take another look, and we hope that other Senators will also be willing to," said Dana M. Perino, a White House spokeswoman. "It might provide some additional food for thought on the Hill about his nomination and about moving forward so he can get the full backing of the Senate."

Speaking later with reporters in New York, Mr. Bolton said: "That must have been a hard call for Senator Voinovich to make. But we are interested in U.N. reform. And I felt that if he were prepared to work with me, I was prepared to work with him."

Andy Fisher, a spokesman for Mr. Lugar, whose committee would oversee the nomination, said the White House had already filed paperwork for Mr. Bolton's nomination months ago and it was now up to the Senate to push it through. Mr. Fisher said that Mr. Lugar could have hearings on Mr. Bolton's nomination by the start of the Congressional August recess — though, he said, nothing was officially set yet.

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Speaking with reporters on Thursday, Senator Harry Reid of Nevada, the Senate minority leader, would not say whether Democrats would try to block a vote on Mr. Bolton. He said he would confer with other party leaders before coming to any conclusions, but said he was not personally inclined to vote for him.

"He has done nothing to set himself out as somebody that should be approved by the Senate," Mr. Reid said. "I don't think anything has changed."

But Mr. Voinovich said that as ambassador Mr. Bolton had not exhibited the behavior that he was alleged to have at the State Department.

Iran Promises Aug. 22 Reply To Nuke Plan (AP)

By Ali Akbar Dareini

AP, July 21, 2006

Iran said Thursday it would reply Aug. 22 to the Western incentive package to stop enriching uranium, but it also issued a veiled threat, indicating Tehran will not accept any deal that dilutes its nuclear program.

The statement by the Supreme National Security Council was Iran's first mention of a precise date after weeks of being accused of stalling.

It said Iran "has made plans to produce part of its nuclear fuel needs inside the country and is making efforts to meet its required fuel" — a process that entails enriching uranium for use in nuclear reactors.

The council also warned that Iran would retaliate if the world tried to punish it.

"In case the path of confrontation is chosen instead of the path of dialogue ... and Iran's definite rights are threatened, then there will be no option for Iran but to reconsider its nuclear policies," the council said.

The statement did not spell out what Tehran would do, but Iranian officials have repeatedly threatened to withdraw from the Nuclear Nonproliferation Treaty and stop cooperating with U.N. nuclear inspectors.

The permanent members of U.N. Security Council plus Germany offered Iran a package of incentives June 6 to persuade it to suspend enrichment — a process that can produce material for atomic weapons as well as fuel for reactors. The incentives include advanced technology and the easing of U.S. sanctions on the sale of aircraft and aircraft parts.

Last week, the world powers decided to refer Iran to the U.N. Security Council, saying it had taken too long to reply and had given no sign of wanting to negotiate in earnest over its nuclear ambitions.

The Supreme National Security Council insisted Iran wants to avoid a showdown.

"Iran is not after tension, but if others push things toward tension and create problems, then all will face problems," it said. "Iran believes dialogue is the most logical solution. It is serious in this path. We want the other side to return to the negotiating table."

It accused the United States of hindering a solution, blaming it for the decision to refer Iran to the Security Council, which has the power to impose sanctions.

"The United States, by changing the path of talks toward Security Council, is trying to create obstacles," the statement said.

Political analyst Saeed Leilaz said the United States and its allies would find it difficult to pass a Security Council resolution supported by Russia and China while Iran was making clear that it would reply to the incentives.

"It will not be worth creating global tension simply because Iran will give a response a few weeks later than the U.S. has demanded," Leilaz said.

The Iranian council said special committees in key state agencies were studying the offer.

"The package of incentives requires a logical time to study it. ... Aug. 22 has been set for declaring (our) views," the council said in the statement that was read on state-run television.

The United States and some of its allies accuse Iran of seeking to produce highly enriched uranium and plutonium for nuclear weapons.

Tehran says its nuclear program is aimed at generating electricity. Thursday's statement referred to a national plan to "to meet 20,000 megawatts of electricity through nuclear energy in the next 20 years."

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Tehran has insisted on exercising its right to produce nuclear fuel as a signatory to the nonproliferation treaty, but Western powers are suspicious of its intentions because it concealed parts of its nuclear development from U.N. inspectors for years.

President Mahmoud Ahmadinejad initially said Iran would respond to the package in mid-August, but Tehran later pushed it back to late August.

On Wednesday, Russia said the U.N. Security Council is in no rush to pressure Iran, striking a more conciliatory tone than Washington as diplomats began discussing a resolution demanding Tehran suspend enrichment or face the prospect of economic and diplomatic sanctions.

Iran Offers A Pledge And A Warning (NYT)

By Nazila Fathi

The New York Times, July 21, 2006

TEHRAN, July 20 — Iran promised again on Thursday to respond to an international package of incentives on Aug. 22 but warned that it would reconsider its position if its case was sent to the United Nations Security Council.

The announcement was in a statement issued by Iran's National Security Council. The council is led by Iran's chief nuclear negotiator, Ali Larijani.

The statement came a week after six countries — Germany and the five permanent members of the Security Council, the United States, France, Britain, China and Russia — decided to seek a United Nations Security Council resolution ordering Iran to freeze some nuclear activities or face sanctions. The six countries offered Iran the incentive package in June in return for a freeze on its uranium enrichment program.

"If the path of confrontation is chosen instead of the path of dialogue, and if there is any action to limit the absolute rights of the Iranian people, the Islamic Republic will have no choice but to revise its policy," said the statement, which was carried by the ISNA student news agency.

"Iran has welcomed the offer and is examining it with a positive attitude," the statement said, adding that Iran would give its answer on Aug. 22 because it needed "a logical time frame to examine the proposals."

The statement did not elaborate on what kind of action Iran would take if its case was sent to the Security Council. But officials have said in the past that Iran might withdraw from the Nuclear Nonproliferation Treaty.

Iran has said the proposal contains ambiguities that need to be discussed. It has also contended that the Nuclear Nonproliferation Treaty allows it to enrich uranium.

Uranium enrichment is a process used for making fuel for nuclear reactors. But if the uranium is enriched to higher levels, it can be used for making bombs.

The statement on Thursday said Iran planned to produce 20,000 megawatts of electricity within the next 20 years and planned to produce part of the nuclear fuel for that energy domestically.

It added that Iran was committed to its obligations under the nonproliferation treaty.

U.N. Revisiting Draft On Iran (LAT)

By Maggie Farley

The Los Angeles Times, July 21, 2006

UNITED NATIONS — Britain, France and Germany on Thursday circulated a revised draft of a resolution demanding Iran suspend its uranium enrichment activities and banning the transfer of goods and technology that could aid Tehran's ballistic missile or nuclear programs.

The text does not include general economic sanctions, but it stipulates provisional measures that could pave the way for sanctions or military action if Iran doesn't comply. It gives Iran until a yet-to-be-specified date in August to respond.

Russia and China, which blocked previous action on the resolution, agreed to it in principle during the Group of 8 summit outside St. Petersburg, Russia, last week. Russia already has proposed amendments that would delay adoption of the measure.

"We are not in a rush at all," Russian Ambassador Vitaly Churkin told reporters after a meeting Wednesday with Britain, China, France and the United States. "We are giving some freedom to Iran to respond. We do not want to dictate things to Iran."

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U.S. Ambassador John R. Bolton has said he hopes to have a vote on the resolution next week. "We'll see if the United States can play a bridging role between the European Union and the Russians and see if we can't help resolve this and get a resolution that's satisfactory to all of us," he said Thursday.

The permanent members of the U.N. Security Council plus Germany offered Iran a package of incentives June 6 to persuade it to suspend enrichment — a process that can produce material for nuclear weapons as well as for power plants. The package includes help with advanced reactor technology and the easing of U.S. sanctions on the sale of aircraft and aircraft parts.

Iran's Supreme National Security Council said Thursday that the country would continue producing nuclear fuel and would not respond to the European package before Aug. 22.

"Iran is not looking for frictions, but if others create a hostile and difficult atmosphere, everyone will have problems," a statement from the council said. "If the path of confrontation is chosen instead of the path of dialogue, and if there is any action to limit the absolute rights of the Iranian people, the Islamic Republic will have no choice but to revise its nuclear policy."

The statement does not specify what Tehran would do, but Iranian officials have threatened to withdraw from the Nuclear Nonproliferation Treaty and stop cooperating with U.N. nuclear inspectors.

The United States sees the resolution not only as a way to contain Iran, but as a new formula for halting the proliferation of nuclear weapons and technology, Bolton said. The Security Council unanimously adopted a resolution Saturday banning the transfer of goods and technology that would aid North Korea's ballistic missile and nuclear programs. The same language is in the Iran resolution.

"I think Iran should take a look at this resolution and see that we've got a unanimous Security Council, all five permanent members," Bolton said after the North Korea resolution passed.

U.N. Resolution Would Pressure Iran (WP)

By Colum Lynch

The Washington Post, July 21, 2006

UNITED NATIONS, July 20 -- Britain, France and Germany on Thursday introduced a draft U.N. Security Council resolution demanding that Iran stop enriching or reprocessing uranium by next month or face unspecified sanctions.

The U.S.-backed resolution calls on states to prevent trade in ballistic missiles and nuclear technology to Iran. It also would require Iran to submit to more intrusive U.N. inspections than are required by the 1970 Non-Proliferation Treaty. The International Atomic Energy Agency, the U.N. nuclear watchdog, would be instructed to report on Iran's compliance with the resolution sometime next month.

The move comes a week after the council's five veto-wielding members -- the United States, Russia, China, France, Britain -- and Germany admonished Iran for failing to suspend its uranium-enrichment program or respond to incentives offered by global powers. They unanimously agreed in Paris on July 12 to weigh Security Council sanctions against Iran if it failed to comply with their demands.

But Russia has sought to soften the resolution introduced Thursday by calling for the elimination of crucial language that would require Iran to cease its enrichment and reprocessing of nuclear fuel. Instead, Russia proposes that the council simply call upon Iran to do so.

Russia also has introduced amendments that would slow down the path to sanctions and rule out the possibility that the resolution could be used as a pretext to authorize military action.

The United States and its European allies believe that Iran has been secretly trying to build a nuclear weapon for more than 18 years. Iran maintains that it is simply seeking to master the nuclear enrichment process to ensure that it has a secure supply of fuel to run its nuclear energy program.

The IAEA maintains that Iran has fueled international suspicions by misleading the world about its nuclear activities. Although the IAEA has not established that Iran is developing nuclear weapons, it complains that Iran's unwillingness to provide it with full cooperation has made it impossible to conclude that its nuclear program is for peaceful purposes.

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The major powers offered in June to provide Iran with trade incentives, including support for its integration into the World Trade Organization, in exchange for suspending its nuclear activities. They also pledged to provide legally binding guarantees to supply Iran with enough nuclear fuel to operate its power plants.

The Bush administration, meanwhile, agreed to participate directly in the talks and to consider lifting long-standing sanctions on the sale of commercial jets, agricultural equipment and telecommunications technology to Iran.

But the U.S. decision to engage Iran was conditioned on a commitment by its diplomatic partners to support sanctions if Iran continued to defy the wishes of the United Nations.

Iran's chief nuclear negotiator, Ali Larijani, issued a statement Thursday saying Iran wanted to continue negotiations to resolve the nuclear standoff but would not formally respond to the package of incentives until Aug. 22.

He also accused the United Nations of disrupting efforts to reach a diplomatic settlement of the crisis by leading the push for sanctions in the Security Council. "Iran does not seek tension and confrontation, but if others create obstacles and a tense environment, all will be faced with difficulties," he said.

Iran believes that negotiations are the "most reasonable path" to resolve the standoff, Larijani added. "We invite the other side to come back to the negotiating table."

John R. Bolton, U.S. ambassador to the United Nations, suggested that the diplomatic standoff would delay the adoption of the resolution beyond this week.

"We'll see if the United States can play a bridging role between the European Union and the Russians, and see if we can't help resolve this and get a resolution that's satisfactory to all of us," he said.

U.S. Seeks Consultation On N. Korea Talks (AP-Y)

By Foster Klug, s Writer

AP2, July 21, 2006

The top U.S. envoy at stalled North Korean disarmament talks said Thursday the United States wants to meet with South Korea, Japan, Russia and China next week to figure out a way to persuade North Korea to return to negotiations.

"The purpose is to chart the way forward," Assistant Secretary of State Chris Hill said after a Senate Foreign Relations Committee hearing. "We'd like to be ready and move ahead."

The North since last November has boycotted the six-nation talks on its self-announced nuclear weapons production program. Two weeks ago, Pyongyang test-fired seven missiles, an act of defiance seen as an attempt to put itself on top of the world's agenda. But the reclusive, communist-led country has been largely brushed aside by recent violence in the Middle East, as Israel and Hezbollah guerrillas continue to clash.

Hill told reporters that the goal was to include North Korea at the five-nation gathering on the sidelines of the Association of Southeast Asian Nations' annual meeting of foreign ministers in Malaysia. But, he added, "The North Koreans don't seem to want to go to six-party meetings right now."

The five-party talks, Hill said, could also include other nations in the region and could focus on additional security arrangements in Northeast Asia.

Hill also told reporters he could not confirm reports that Iranian officials had witnessed the July 4 launches. He said he misspoke when he told lawmakers earlier that he could confirm such reports.

Later, State Department spokesman Sean McCormack also said he could not confirm the reports. When asked if North Korea was trying to market its weapons, he said, "With respect to weapons, anything that isn't bolted down, they're ready to sell."

During the hearing, Hill testified that the United States would have no problem with one-on-one contact with Pyongyang on the sidelines of six-nation negotiations.

But, he said, the Bush administration is not prepared to "torpedo" multinational talks to meet separately with the North.

Hill resisted "a situation where the U.S. tries to handle this" one-on-one with Pyongyang, leaving out North Korea's neighbors. North Korea wants direct negotiations with Washington, something U.S. officials have consistently refused outside of the formal six-party process.

"The problem is not a lack of communication; the problem is that they don't want to" return to the negotiations, Hill said.

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Since the missile launches, which included one missile that could potentially reach parts of the U.S., little headway has been made toward getting the North to return to the talks. North Korea has refused to do so because of U.S. sanctions for alleged counterfeiting and money laundering.

On Saturday, the U.N. Security Council passed a resolution criticizing the North's missile tests and banning all U.N. member states from trading with Pyongyang in missile-related technology. North Korea rejected the resolution, warning of further repercussions.

Hill said the United States must now use the resolution as "a very strong sign of international resolve" and work with the other nations to press North Korea to return to talks.

"What I need is for the North Koreans to show they're serious," Hill said. "My problem is the North Koreans have given me nothing to work with."

Foreign Relations Committee Chairman Richard Lugar, R-Ind., said he hoped the missile launches would spur China toward taking a stronger position against North Korea that could bolster efforts to lure the North back to the talks.

China is North Korea's major ally, supplying energy and food to its neighbor.

Hill said China, which had pressed the North not to test fire the missiles, was "not at all happy at how the North Koreans had defied them."

Senators pressed Hill on why the North defied international warnings to launch the missiles.

The North Koreans "pride themselves on being opaque," Hill said. "Often what goes on in North Korea stays in North Korea."

Hill said he believed North Korean leader Kim Jong Il's decision had backfired.

"He has really galvanized unity against him," Hill said.

North Korea Must Not Gain In South Korea Trade Deal, Hyde Says (BLOOM)

By Veena Trehan

Bloomberg, July 21, 2006

July 20 (Bloomberg) -- The Bush administration shouldn't include provisions in a free-trade agreement with South Korea that would benefit industrial zones in Gaeseong, North Korea, a top Republican lawmaker said.

``To open our market, even a crack, to a nation which threatens us and our allies with missiles" would be ``foolish," Representative Henry Hyde of Illinois, chairman of the House International Relations Committee, said at a committee hearing today.

South Korea began financing the Gaeseong manufacturing complex in 2002 as a way to reestablish economic ties with North Korea. Trucks from South Korea cross the demilitarized buffer zone into North Korea every day, carrying raw materials to the Gaeseong complex and carting off finished products.

The South Korea government has sought to include the 25-acre Gaeseong manufacturing park in a $72 billion trade accord under negotiation since June. The U.S. has resisted. Opposition from a senior Republican such as Hyde puts pressure on the administration no to concede the point.

``The provocative launch by North Korea of a series of missiles should put to rest any suggestion that Americans will want to buy North Korean-made products from the Gaeseong industrial complex," Hyde told Deputy U.S. Trade Representative Karan Bhatia at a hearing on U.S. trade with Asia.

North Korea fired several missiles, including a long-range Taepodong 2, over the Sea of Japan early on July 5.

Bhatia said the accord won't benefit North Korea, calling any such terms ``inconsistent with the spirit of the agreement."

South Korea's commerce minister has tried to persuade the U.S. of the importance of economic ties with North Korea, a communist nation long isolated from the rest of the world.

Growing Number of Workers

``South Korea has the belief North Korea can be changed most effectively through dialogue rather than pressure and isolation," Sye-Kyun Chung said in a June 28 interview.

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The Gaeseong industrial zone has more than 7,000 workers and is likely to grow to as many as 300,000, Chung said. Including workers' family members, about 1 million North Koreans will benefit from Gaeseong, Chung said.

The U.S. shipped $27.7 billion in goods to South Korea last year and imported $43.8 billion of goods in return. A free trade agreement may boost U.S. exports there by $19 billion and add $20 billion to the U.S. economy, according to U.S. International Trade Commission data. South Korea might see a $10 billion jump in its exports to the U.S.

Bush Talks With Top Chinese Officer (AFP-Y)

AFP, July 21, 2006

US President George W. Bush met briefly with China's top military officer and highlighted Sino-US cooperation on issues like North Korea and military matters, the White House said.

The president dropped by a meeting between General Guo Boxiong, vice chairman of China's central military commission, and US national security adviser Stephen Hadley, said Bush spokesman Tony Snow.

"The president spent 10 minutes with the general. President Bush noted the very positive working relationship that he's developed with Chinese President Hu Jintao. It was demonstrated by the unanimous vote at the United Nations last Saturday on a North Korean resolution," said Snow.

"The president also noted that the deepening of the relationship between the two militaries was in the interest of peace and stability in East Asia and the world, and that he was pleased to hear General Guo's meeting at the Pentagon had enhanced the goal," said Snow.

Guo was visiting the United States as part of a US-Chinese effort to expand cooperation between their militaries.

The visit comes just two weeks after North Korea launched a barrage of seven missiles, including a long-range Taepodong-2 missile that the United States said failed in the first minute of flight.

U.S., Japan To Start Deploying Missile Interceptors (WP)

By Anthony Faiola

The Washington Post, July 21, 2006

TOKYO, July 20 -- The United States and Japan will begin deploying American-made anti-missile systems on Japanese soil next month amid growing concern about North Korean arms, officials announced Thursday.

In addition to the deployment of the Patriot Advanced Capability-3 system -- the ballistic missile interceptors known as PAC-3 -- the Pentagon will dispatch 600 specially trained troops from Fort Bliss, Tex., to a U.S. base in southern Japan.

The PAC-3 will initially be deployed on American military sites; Japanese officials said they would deploy it on their own Self-Defense Forces bases for the first time by March. A Defense Ministry official said the rollout would begin at Iruma Air Base just west of Tokyo, spreading to three other nearby bases by 2007. Japan intends to keep deploying the system at several more military installations throughout the country through 2010.

North Korea's most sophisticated missile -- a Taepodong-2 with an estimated range as far as the continental United States-- failed moments after liftoff during a test this month. The North Koreans successfully test-fired six short- and medium-range missiles, all of them capable of reaching any part of Japan, including U.S. bases here.

"In view of the development, deployment and proliferation of ballistic missiles in the region, and the clear and present threats such as the recent missile launches by North Korea in particular, the Government of Japan will continue to do its utmost to build up its ballistic missile defense capabilities in close cooperation with the United States," the Japanese Foreign Ministry said in a statement.

U.S. military officials said the Pentagon planned to relocate the Patriot-equipped Air Defense Artillery Battalion from Fort Bliss to the U.S. Kadena Air Base and the nearby munitions storage area on Okinawa island. Japanese officials said the system is scheduled to be at least partially operational by year's end.

Japanese officials said they were consulting with local authorities in Okinawa -- who have been highly critical of the U.S. military presence there -- about the additional U.S. troops required to operate the system. But the officials also said the plan would move ahead with or without local blessings.

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The PAC-3 system is designed to intercept incoming ballistic missiles in their final phase and will form a key part of the broader missile defense shield being co-developed by the United States and Japan. Some experts have questioned the success rate of the PAC-3 system in testing, saying it still requires fine-tuning.

Additionally, the Japanese are to deploy the Standard Missile 3 interceptor missile, which will be based aboard Japanese Aegis-class destroyers.

Japan, U.S. To Deploy Missile Interceptors (AP)

By Hiroko Tabuchi, Associated Press Writer

AP, July 21, 2006

Japan and the U.S. on Thursday announced a plan to deploy advanced Patriot interceptor missiles at American bases on southern Okinawa island, and a top government spokesman called for more pressure on North Korea to stop its missile tests.

The U.S. government will have Patriot Advanced Capability-3 missiles operational by the end of the year and post 600 more troops on Okinawa, the Foreign Ministry said. Officials on the island 1,000 miles southwest of Tokyo questioned the need for the missiles.

Japan stressed the deployment would be purely for defense purposes.

"In view of the development, deployment and proliferation of ballistic missiles in the region, and the clear and present threats such as the recent missile launches by North Korea ... Japan will continue to do its utmost to build its ballistic missile defense capabilities in close cooperation with the U.S.," the statement said.

Protesters angered by the announcement stormed a local government building in Okinawa, where residents have expressed a strong desire for a large reduction in U.S. forces. The U.S. already has about 50,000 troops in Japan under a mutual security pact.

Defense Facilities Administration Agency chief Iwao Kitahara called on Okinawa Gov. Keiichi Inamine to support the plan, but the governor denounced it, saying no threat required the move.

"The planned deployment is extremely regrettable, when there is no activity that requires one," Inamine said.

The PAC-3 are designed to intercept ballistic missiles, cruise missiles or aircraft.

The U.S. also has Patriots in South Korea. The U.S. military in 2004 completed deployment of PAC-3 missile batteries at Gwangju Air Base, about 150 miles south of Seoul. PAC-3 missiles have also been deployed in Taiwan.

Details on the location and timetable of the deployment announced last month came as Japan's top government spokesman said North Korea must be pressed so it has no choice but to stop its missile tests and return to nuclear talks.

"North Korea must be made to understand that if it does not alter its stance, there will be bad consequences," Chief Cabinet Secretary Shinzo Abe said at a privately sponsored speech in Tokyo.

North Korea drew international condemnation when it test-fired seven missiles July 5, including a Taepodong-2 believed capable of hitting parts of the U.S. The missiles fell harmlessly into the sea.

Assistant Secretary of State Chris Hill, the top U.S. envoy to the stalled disarmament talks, said the United States wants to meet with South Korea, Japan, Russia and China next week to figure out a way to persuade North Korea to return to negotiations.

Hill said in Washington the goal was to include North Korea in talks on the sidelines of next week's annual meeting of Association of Southeast Asian Nations foreign ministers in Malaysia. But, he added, "the North Koreans don't seem to want to go to six-party meetings right now."

The Japanese government spokesman said Tokyo was open to informal six-country talks in Malaysia next week.

Pyongyang has refused to return to the six-country nuclear negotiations to protest U.S.-imposed financial restrictions over alleged counterfeiting and money laundering activities.

The U.N. Security Council has passed a resolution criticizing North Korea's missile tests and banning all U.N. member states from trading with Pyongyang in technology related to missiles or weapons of mass destruction.

Japan had pushed for a resolution backed by the threat of military force, but backed down when China threatened a veto amid Beijing's and Seoul's accusations that Tokyo was overreacting.

The Taepodong Democrats (WSJ)

DOJ_NMG_0042414

The Wall Street Journal, July 21, 2006

When President Bush announced the U.S. withdrawal from the 1972 Anti-Ballistic Missile Treaty five years ago, Democrats howled. Pulling out of the treaty to roll out missile defense would, they predicted, lead to a new arms race, undermine American security and in any case was unnecessary. "This premise, that one day Kim Jong Il or someone will wake up one morning and say 'Aha, San Francisco!' is specious," Senator Joe Biden told AP in May 2001.

Apparently no one bothered to translate "specious" into Korean. North Korean dictator Kim Jong Il has now defied world opinion by test-firing a Taepodong-2 missile capable of hitting San Francisco. The fact that the missile failed is small consolation, since we are also now seeing in Lebanon a further proliferation of missiles from Syria and Iran that can reach deep into Israel. Does anyone doubt that Iran, or some other adversary, will build an ICBM capable of hitting the U.S. as soon as it is able?

All of which makes the U.S. political debate over missile defenses worth revisiting, not least because some Democrats are still trying to strangle the program. In the House, John Tierney of Massachusetts this year proposed cutting the Pentagon's missile-defense budget by more than half. His amendment was defeated on the House floor, but it won the support of more than half of his Democratic colleagues, including would-be Speaker Nancy Pelosi.

Meanwhile in the Senate, Carl Levin (D., Mich.) offered in June to cut off funds for the ground-based interceptor program that Mr. Bush recently activated in Alaska in anticipation of the North Korean launch. Mr. Levin wants to stop new interceptors from being built, but Senate Republicans wouldn't bring his proposal up for a vote. Mr. Levin has been waging his own private war against missile defenses for a generation, to the point of outflanking Russian objections on the political left.

No missile defense is perfect, but even our current rudimentary shield has proven to be strategically useful these past few weeks. The Navy had at least one ship-based Aegis missile-defense system deployed off the Korean coast, with a potential to shoot down a North Korean missile. The Aegis cruisers have successfully shot down missiles in seven of eight tests in recent years, and could become an important player in protecting allies and U.S. forces against regional missile threats. The U.S. is also dispatching PAC-3s, a more sophisticated version of the Patriot anti-missile system, to Japan. This kind of capability adds to the credibility of the U.S. deterrent, reassures allies and enhances American influence.

Virtually none of this would exist had Democrats succeeded over the years in their many attempts to kill missile defenses. Going back to 1983, Senator Ted Kennedy dismissed Ronald Reagan's Strategic Defense Initiative as a fanciful "Star Wars" program. Ten years later, with President Clinton in office, Democrats starved the program of funds. Republicans made funding defenses part of their Contract with America and spent most of the 1990s battling the Clinton Administration to keep the program alive.

Democrats also made a fetish out of the ABM Treaty, even after the end of the Cold War. Al Gore campaigned to keep it in 2000, promising only to build defenses that would abide by its tight limitations. Senator Biden predicted that dropping out of the treaty to build missile defenses would turn the U.S. into "a kind of bully nation." And Senator John Kerry cautioned that "we must not set aside the logic of deterrence that has kept us safe for 40 years." Neither logic nor deterrence are the first words that come to mind when we think of Mahmoud Ahmadinejad.

When Mr. Bush informed Vladimir Putin that the U.S. intended to exercise its legal right to withdraw from the ABM pact, the world didn't end. The Russians moved on to bigger issues, and much of the rest of the world decided that they'd like to join the missile-defense club. Six nations now participate with the United States in developing new missile-defense technology and nearly a dozen others use some of what's already been developed.

The Pentagon now spends nearly $10 billion a year on missile defense and is developing several promising new technologies. These include sea-based defenses and low-orbit satellites that help track incoming missiles, as well as the Thaad program designed to knock out long-range missiles as they are heading to Earth. Thaad had a successful test over New Mexico last week.

By investing in this capability, the U.S. may even deter the world's rogues from investing heavily in missile technology. Defense dollars are limited, even in terror regimes, and they won't invest their money in weapons that won't work. With the expanding North Korean and Iran missile threats, it'd be nice to think Democrats would acknowledge their mistakes. But we'd

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gladly forgo any apologies if liberal Democrats would finally admit that missile defenses are a necessary part of America's antiterror state arsenal.

Nuclear Foes Remain Wary Of Kashmir Peace Talks (WT)

By Katie Stuhldreher

The Washington Times, July 21, 2006

In the wake of the bomb blasts in India last week, hopes for resuming suspended peace talks with Pakistan remain uncertain, Indian and Pakistani officials said yesterday.

Muhammad Ijaz Ul Haq, federal minister of Pakistan, said in an interview, "I don't believe Pakistan had anything to do with the bombings in India. India needs to take care of the problems in its own back yard. India always blames Pakistan for its internal problems."

The July 11 bombing attacks on commuter trains in the Indian hub of Bombay killed about 180 people.

Mr. Haq said he did not want the attacks to derail negotiations over the disputed region of Kashmir, to which both countries have claimed rights.

Peace talks between the two governments to resolve the dispute over Kashmir started in 2004, and were planned to resume this month.

Salman Haidar, former foreign secretary of India, said the Indian government had been cautious not to directly blame Pakistan for the attacks. However, he added that Pakistan needed to do more to regain India's full trust.

"We know that the [terrorist] groups that are active have bases in Pakistan. We need something more substantial from their side. Show us that these bases and camps are being dismantled," he said.

Mr. Haq said Pakistan did not need to prove its commitment to fighting terrorists.

"We are the front line on the war on terror for President Bush. It is clear that we don't support terrorists. We've been very flexible. It's time for India to make some proposals," he said.

Yasin Malik, chairman of the Jammu Kashmir Liberation Front, a nationalist group seeking liberation of Kashmir from Pakistan and India, said the postponement of the talks worried many people in Kashmir.

"I have said that I condemn the bomb blasts and my sympathy is with the victims. I met with [Indian] Prime Minister [Manmohan] Singh and [Pakistani] President [Pervez] Musharraf to show good faith and encourage them to continue negotiations," he said.

Some officials worry that a breakdown in the peace process could renew old bitterness and tensions.

Mr. Haidar, however, said there was no reason for alarmist rhetoric.

"The peace process has not broken down. It is just paused. The door is not completely slammed shut. You have a big event like this and old doubts and suspicions are stirred up. This has a very negative impact," he said.

Yusuf Buch, former senior adviser to the U.N. secretary-general, said the bombing attacks in India could present an opportunity for unity between the longtime military rivals, which have gone to war three times.

"There is so much crime afoot there. This should have the opposite effect by reminding India and Pakistan both of the dangers they still face," he said.

Gen. Musharraf made a speech this week urging India to resume the talks, saying that allowing them to break down would "play into the hands of the terrorists" by rewarding their acts.

Lawmakers Chide Bush Over F-16 Sale (AP)

By Foster Klug

AP, July 21, 2006

Lawmakers accused the Bush administration Thursday of rushing a sale of F-16 fighter jets to Pakistan, saying Congress' role in approving arms sales had been compromised. Opponents acknowledged they could do little stop the $5 billion deal.

Democrats and Republicans lashed out at the State Department for giving them only 30 days to consider the deal; that period runs out next week. The administration, they say, failed to provide a traditional extra 20 days.

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The compressed timetable "represents a deliberate and wholly inappropriate maneuver by the State Department to diminish the Congress' lawful oversight of arms sales," said GOP Rep. Henry Hyde of Illinois, chairman of the House International Relations Committee.

The committee's hearing on the jets came with tensions on the rise in South Asia after last week's bombings in Bombay, India, that killed more than 200. India's suspicions of a Pakistan link to the attacks have led India to slow a two-year peace process with its neighbor.

John Hillen, assistant secretary of state for political-military affairs, defended the administration's consultation with Congress as "unprecedented."

He told lawmakers that "never before have such extensive arms sales consultations taken place."

But the committee's top Democrat, Rep. Tom Lantos, said the State Department had "cut this committee, and this Congress, out of consideration of U.S. arms sales. This insolence flies in the face of both custom and the intent of the Constitution."

Lantos, D-Calif., said he supported the sale. But he said the administration's "rush to reduce congressional oversight" meant that lawmakers' legitimate worries over proliferation had been glossed over.

Some worry that the sale could compromise sensitive U.S. technology by exposing it to China, which has close military ties with Pakistan. Critics also say the jets reward a country, Pakistan, that provides moral support to terrorist groups fighting India.

The administration says Pakistan, as a valuable ally in the search for terrorists, deserves military support from the United States. The White House told lawmakers last month that it had approved the sale of the 18 new fighter jets to Pakistan.

The sale, which Pakistan long has sought, would include an option to order an additional 18 Lockheed Martin jets and to get 26 used aircraft in its arsenal refurbished.

Lawmakers opposed to the sale said stopping it would be difficult. It would require the passage of a resolution in both the House and Senate before the 30-day review period runs out next week. Bush could veto any resolution and the sale would clear, unless both the House and Senate voted by large margins to override the veto.

The debate coincides with a White House push for congressional endorsement of a nuclear cooperation deal with India. Pakistan has not been offered the same consideration, and some see the F-16 sale as an effort to strike a balance of power in South Asia.

Pakistan and India have fought three wars since their 1947 independence from Britain — two over Kashmir, a Himalayan state that both claim in its entirety but that is divided between them by a U.N. line of control.

Scuffles In China As Trial Of Peasants' Rights Advocate Is Postponed (NYT)

By Joseph Kahn

The New York Times, July 21, 2006

BEIJING, July 20 — Chinese officials postponed the criminal trial of a peasants' rights advocate on Thursday as his supporters gathered in large numbers to protest what they say is a politically motivated prosecution.

Some 200 people gathered outside a courthouse in Yinan County, Shandong Province, where Chen Guangcheng , who is blind and taught himself law, had been scheduled to go on trial on charges of destroying property and blocking traffic.

Some supporters scuffled with the police, and participants in the gathering said 11 people had been detained briefly before the crowd dispersed.

Court officials, who had issued a written notice of the July 20 trial date, decided at the last minute to postpone the trial. But they issued no written notice of their decision and did not set a new date, Mr. Chen's lead lawyer, Li Jinsong, said by telephone.

Court officials told him that prosecutors in the case had requested extra time to prepare evidence in the case, Mr. Li said.

He said he hoped that the postponement was a sign that prosecutors were dissatisfied with the evidence gathered against Mr. Chen, which his lawyers have called flimsy. He is charged with destroying public property and with gathering a crowd to block traffic. Government officials in Shandong, which is on China's northern coast, have declined to comment on the charges.

Mr. Li said that to ensure that Mr. Chen was defended at the hearing, he intended to remain near the courthouse in case the trial was suddenly declared under way.

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Having already issued a formal letter of indictment against Mr. Chen, it would be unusual for prosecutors to undertake a fresh inquiry into the charges.

More likely, legal experts working for Mr. Chen said, the local authorities would prefer to hold the trial at a time when it would attract less attention from his domestic supporters and from the international news media, which have recently carried detailed coverage of the case.

Mr. Chen, blind since childhood, provoked sharp retaliation from Communist Party leaders in the city of Linyi in Shandong Province after he sought to organize a class-action lawsuit on behalf of local peasants who had been forced to abort fetuses and undergo sterilization operations to help the city meet its quota for controlling population growth.

He was held under effective house arrest since last August and was formally arrested only last month.

Mr. Chen has received strong support from legal scholars and defense lawyers in Beijing and among human rights groups in China and abroad.

But so far, the local authorities seem determined to press ahead with the criminal case. There are no signs that more senior officials in Beijing are looking to intervene to stop the prosecution despite what legal experts say are glaring legal irregularities.

Overseas rights groups including Amnesty International and Human Rights Watch have called for Mr. Chen's release on humanitarian grounds.

"When Chen tried to make proper use of China's legal system, the response wasn't due process," Sophie Richardson, deputy director of Human Rights Watch's Asia Division, said in a statement. "It was house arrest, physical abuse, and then disappearance. His case is a textbook example of how little the rule of law means in China."

China Postpones Trial Of Family Rights Activist (WP)

By Maureen Fan

The Washington Post, July 21, 2006

BEIJING, July 20 -- The trial of a blind rural lawyer, charged in what rights activists say is a politically motivated case, was postponed Thursday, and a group of his supporters was assaulted by unknown assailants outside the courthouse.

As many as 200 people traveled to China's eastern Shandong province to support Chen Guangcheng, whose exposure of forced abortions and sterilizations embarrassed local officials and shed unwelcome light on the government's family planning policies.

The trial was postponed because prosecutors said they needed to gather more evidence, Chen's attorney said. After hearing the news, about a dozen of Chen's supporters, wearing T-shirts with his picture and words of encouragement, tried to pose for a photograph in front of the courthouse. They were then roughed up by assailants -- whom witnesses described as either local thugs or plainclothes police officers -- and their cameras and video equipment were taken.

The dozen or so supporters were detained and interrogated by police before being released, said Sun Wen Guang, a witness who had gone to the courthouse to support Chen. Later in the afternoon, they tried to visit Chen's village but were turned back by thugs or police officers who also beat them and ripped their T-shirts.

"Everything was robbed, and they were terribly beaten. They were not hospitalized, but they certainly were bleeding," said Hou Wenzhuo, director of the Empowerment and Rights Institute, a Beijing-based nonprofit group. Hou was not at the scene but said her executive director was there and had been assaulted and robbed.

Chen, who is about 34, was a hero in the city of Linyi, about 400 miles southeast of Beijing, where he was celebrated for stopping a paper factory from polluting a river. He now faces charges of destroying public property and disrupting traffic.

His attorney and supporters say he is being punished for trying to organize a rare class-action lawsuit revealing abuses in enforcing China's one-child family planning policy. Officials allegedly forced thousands of women to be sterilized or to have abortions as late as eight months into their pregnancies.

On Thursday, Chen's attorney described the delay in the trial as a positive sign.

"I was told by the judge that the prosecutors said they needed to verify and add more evidence," Li Jinsong said in a telephone interview. "This is a good sign. It means the original evidence is not adequate."

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Chen's wife was less optimistic.

"We don't have much hope," said Yuan Weijing, who is being held under house arrest and was reached by phone. "We know they can put him on trial and sentence him whenever they want. They are just waiting until there are fewer people here and fewer people paying attention."

Chen was arrested and charged in June but has been under house arrest or in detention since last September.

Correspondent Philip P. Pan and researcher Jin Ling contributed to this report.

Hong Kong Democrat Speaks (CSM)

By Robert Marquand

The Christian Science Monitor, July 21, 2006

HONG KONG

When Anson Chan resigned as the longtime No. 2 of this city in 2001, she was legendary - hailed as a brilliant civil servant under both the British and Chinese. She left office amid a standing ovation, the most revered public figure in Hong Kong. Then she maintained a silence that lasted more than four years.

But Ms. Chan broke her silence this week, offering some democratic thunder and lightning to the world's press.

Her message: Hong Kong is a great international city, but its political health is poor. Efforts to forge a true democracy are bogged down, and the plain meaning and spirit of the handover terms of Hong Kong allowing fair elections, are being distorted. Hong Kong is not China, and has a right to advance and mature at its own pace, something promised by the late paramount leader Deng Xiaoping, but not happening now.

All told, it is the most complete and penetrating critique, analysts say, of the lack of progress in achieving what Chan argues should have been a swift evolution toward direct elections promised after the 1997 handover by an insider who sat near the apex of power for years.

Her top grievance is a lack of "universal and equal suffrage," one man, one vote - by the Hong Kong government. Currently, Hong Kong's chief executive is not elected directly by voters, but by a body of hundreds of hand-picked pro-Beijing appointees. Only half of Hong Kong's legislature is directly elected.

Since Hong Kong has the right to reform "we need to ask why so little has happened in the nine years since Hong Kong's return to Chinese sovereignty," she said in a speech given at the Hong Kong Foreign Correspondents Club downtown.

Few public figures here carry Chan's gravitas, something bound to vex authorities in Beijing. She is seen to epitomize a proud Hong Kong tradition of law and civil service, and of the city's cosmopolitan identity. British diplomats used to call her "St. Anson," only half-jokingly.

"If I can vote for her I will," says Victor Leung, a security guard on Hong Kong's subway. "She is for Hong Kong, and I trust her."

Yet Chan stopped short of saying she would be a candidate for chief executive, Hong Kong's top job, next year. Instead, she will form a "core group" of "clear thinkers," and is involved in democracy on its merits. "I have no personal agenda nor am I hungry for power," Chan said. "Having said that ... I believe it is important for Hong Kong people to be prepared to stand up and be counted."

In the past three years - most recently in December - crowds in the hundreds of thousands have marched here advocating greater self-rule. The marches, an embarrassment to Beijing, resulted in the removal by President Hu Jintao of unpopular chief executive Tung Chee-hwa. Yet due to Hong Kong's Constitution, which Chan proposes to reform, political parties are excluded from actual rule.

Chan's emergence July 20 took place in a loaded context: the day before, Regina Ip, the unpopular former head of security in Hong Kong, emerged from a self-imposed exile in the US, with a new talk show and think tank. Ms. Ip left Hong Kong after protesters dragged an Ip effigy through the streets in July 2003. She now says she has reversed her previous position against greater political openness and is inviting democrats to debate her. Richard Baum, of the University of California, Los Angeles, says it looks like "united front tactics" - an effort to infiltrate then divide pro-democrats.

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Also, during the media run-up to Chan's speech, current chief executive of Hong Kong, Donald Tsang, was in Singapore. He obliquely referred to her stand on universal suffrage by suggesting Hong Kong not "drag out" the debate. Instead, he praised Singapore's government for efficiency, and suggested Hong Kong can learn from its development of young leaders. Chan Yanchong of City University in Hong Kong points out that Singapore is efficient due to "its lack of dissenting voices."

"Singapore is not the ideal model," was the title of a South China Morning Post lead editorial the following day. "Singapore's autocratic political system is completely different to the one we have in Hong Kong."

Chan takes as a clear given that the handover stipulations that Hong Kong people are allowed to choose their own rule, the statements by Deng Xiaoping about "one country, two systems," and plain wording in the Basic Law that enshrine equal access and secret ballots - all point unambiguously to universal suffrage.

In recent weeks, Mr. Tsang has echoed President Hu's call for a "harmonious society." Responding to a question by the Monitor, Chan said that Hong Kong's famed "one country, two systems" formula should apply to the "harmonious society" notion as well. "A harmonious society means you have to listen to more than one point of view, it means the people feel like they can participate in a process that is fair. In the harmonious society, everybody has the right to choose their rulers."

Yukos Chief Steps Down, Cites Bankruptcy 'Sham' (WSJ)

By Gregory L. White

The Wall Street Journal, July 21, 2006

MOSCOW -- The American head of OAO Yukos resigned, saying there is nothing more he can do to save the crippled Russian oil giant as a court-appointed administrator prepared to declare the company insolvent.

Yukos Chief Executive Officer Steven Theede denounced the bankruptcy proceedings underway in Moscow as a "sham" and a "charade" aimed at expropriating what remains of the company. Analysts said the bulk of the company is likely to wind up in the hands of state oil company OAO Rosneft, which already took over Yukos's main asset and still is one of its largest creditors.

"This is not a good sign, having just done the Rosneft IPO and then they're back at it," said Al Breach, an analyst at UBS in Moscow.

Once Russia's largest oil company, Yukos lost its main asset in 2004 in a forced government auction after the company was slapped with back-tax claims that reached $33 billion. The destruction of Yukos shocked investors and Western governments. It was widely viewed as an effort to scotch the political ambitions of its former chief executive and main shareholder, Mikhail Khodorkovsky, who is serving an eight-year sentence in a prison in Siberia for tax evasion and fraud.

Mr. Theede, a 56-year-old former ConocoPhillips executive hired in 2003, has been working for most of the past two years from London, where he took refuge after a number of top Yukos executives were arrested in Russia. This year, he presented a plan he said would have enabled Yukos to pay off most of its debt over two years through operating cash flow and sales of noncore assets.

Mr. Theede said the court-appointed bankruptcy administrator had found that Yukos's liabilities exceed its assets. At a meeting of creditors Thursday, the administrator declined to disclose the details of his analysis, but confirmed he found liabilities of about $18 billion and assets of about $17 billion.

In a statement to the meeting read by his lawyer over a video link from London, Mr. Theede called those figures "flawed" and insisted the company is solvent, particularly given record-high world oil prices. He said Yukos is valued at about $30 billion, a figure roughly in line with analysts' estimates.

The court-appointed administrator, Eduard Rebgun, dismissed Mr. Theede's comments as "emotional." He said the details of his analysis would be made public Wednesday, when creditors convene again to determine whether to ask a court to liquidate the company or not.

It wasn't clear who would succeed Mr. Theede.

American President Of Yukos Quits, Saying He Can't Halt Its Liquidation (NYT)

By Andrew E. Kramer

The New York Times, July 21, 2006

DOJ_NMG_0042420

MOSCOW, July 20 — The American president of the Yukos oil company announced his resignation Thursday, ending two rocky years in charge of Yukos, Russia's embattled private energy company.

The executive, Steven M. Theede, in a letter to the board released hours before a bankruptcy hearing in Moscow, said there was "nothing left" he could do to prevent the liquidation of Yukos.

The bankruptcy hearing adjourned inconclusively. Yukos creditors, including the state oil company Rosneft, were to decide whether to recommend that a judge declare the company bankrupt or accept a recovery plan presented by Yukos. They will gather again on Tuesday.

Mr. Theede called the hearing a "sham" and criticized an assessment of Yukos's value by Russian authorities, saying high world oil prices mean that Yukos could have recovered as a viable company if given the chance.

Instead, his departure suggested that the long-predicted end of Yukos was imminent. A ruling in the bankruptcy case is expected on Aug. 1.

The problems have been piling up: Local managers had become insubordinate to London-based executives including Mr. Theede; Yukos accused employees in a Russian subsidiary of a multimillion-dollar theft of oil profits that the Russian authorities ignored; the local subsidiaries were rumored to be managed surreptitiously by Rosneft, the company's rival.

"My conclusion is there is nothing left for me to do to protect the remaining assets of the company in Russia," Mr. Theede wrote in the two-page letter.

A Kansas oilman and former ConocoPhillips executive, Mr. Theede had given Yukos an air of optimism, and Western corporate legitimacy, through his two years as president. He railed against the government takeover, calling it "expropriation, 21st century-style."

Mr. Theede did not say if he had accepted another job elsewhere.

He led Yukos, once Russia's largest company, through a dismal period. Tax authorities seized its main production unit, Yuganskneftegas, in December 2004 and sold it in a rigged auction with one bidder. The founder, Mikhail B. Khodorkovsky, was prosecuted for tax evasion and fraud and is serving an eight-year sentence in a Siberian penal colony.

In his resignation letter, Mr. Theede said he had exhausted legal avenues to fend off bankruptcy and regain lost assets. He noted that a British court declined this week to block the listing of Rosneft shares on the London Stock Exchange. Two-thirds of Rosneft's production assets are property that formerly belonged to Yukos.

Mr. Theede also took a swipe at a consortium of Western banks, whose "improper" court filing in Moscow in March, in coordination with Rosneft, backed Yukos into a corner, he said. The consortium sought to have Yukos declared bankrupt. This, Mr. Theede suggested, was the final blow. The banks, including Citigroup and Deutsche Bank, sold their debt to Rosneft immediately after filing, according to a previous agreement. The maneuver put Rosneft largely in charge of the process.

In a separate statement issued later Thursday, Yukos contested conclusions by the bankruptcy administrator in the case, Eduard Rebgun, a temporary manager appointed by the court.

He had estimated Yukos assets as $16.89 billion and liabilities at $18.79 billion, according to the statement. Yukos estimates that the company's oil fields, refineries, network of filling stations and other assets are worth $30 billion.

Putin Honors Russia Agents After Death Of Terrorist (NYT)

By C. J. Chivers

The New York Times, July 21, 2006

MOSCOW, July 20 — President Vladimir V. Putin awarded medals to members of the former K.G.B. on Thursday for what the Kremlin said was their role in the killing of the terrorist leader Shamil Basayev this month.

The ceremony, held behind closed doors, took place even as questions swirled about Mr. Basayev's death, which has become the latest of Russia's public mysteries.

Virtually no one has disputed that Mr. Basayev, 41, a Chechen separatist who planned the worst terrorist acts in modern Russia, is dead.

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The separatists have confirmed his death and posted a video on the Internet memorializing him. Kommersant, a Russian newspaper, has published photographs of a grotesquely burned and mangled torso it contends is what remained of him after an explosion on July 10.

But the means and even the time of his death have become subjects of debate, fueled since the first hours by contradictory official statements, a climate of secrecy and opposing claims by the government, the separatists and the Russian news media. According to the official government version, Russian special services officers killed Mr. Basayev in Ingushetia, a republic bordering Chechnya, by causing an explosion near him as he stood beside a truck and cars.

The separatists have disputed this, saying Mr. Basayev, who in addition to leading a terrorist group was vice president of the separatist government that Russia forced from power six years ago, died when a truck in his convoy hit a pothole, accidentally detonating explosives the separatists were moving.

They note that early on July 10, Russian officials reported that an accidental explosion had killed several terrorists, and then, in the evening, amended the report, saying the blast had been a special operation that had been aimed at Mr. Basayev and killed him.

Whether he was killed by accident or by counterterrorism agents, the opposing claims have been joined by all manner of theories and speculation.

First, a Russian television station said Mr. Basayev's group had been hit by a sophisticated missile that zeroed in on its cellphone signal. Other reports said a beacon had been placed in equipment or ordnance expected to be used by Mr. Basayev, and this allowed the Federal Security Service, or F.S.B., the domestic successor to the K.G.B., to track him.

Kommersant has since suggested that he was killed by rivals from Dagestan, contending that his body was riddled with bits of shrapnel identical to those contained in improvised bombs made by a well-known Dagestani bomb maker.

Another prevalent theory is that Russia killed Mr. Basayev weeks ago, and then staged an operation for public relations purposes before the Group of 8 summit meeting, which ended Monday.

Conspiracy theories are common in Russia. Parts of the population, subjected for years to Soviet propaganda and since then to television stations controlled by oligarchs or state interests, are deeply skeptical and prone to inventing or accepting alternate accounts of major events.

The Kremlin restated its official account, holding the meeting in secret but broadcasting scenes of Mr. Putin leaving the ceremony.

Dmitri S. Peskov, a Kremlin spokesman, said Mr. Putin had met with fewer than 12 participants in the operation that had killed Mr. Basayev, and had issued them medals for heroism and service to the country. He said a majority of the participants came from the F.S.B., but declined to discuss additional details or to say what other security agencies had been represented.

"All of them are people who are never in public and never will be," Mr. Peskov said.

He dismissed the separatists' claims that their vice president died in an accident. This is an "informational war, and has nothing to do with reality," he said. The separatists, in turn, have described the Kremlin's version as propaganda.

Man With A Mission: A Nigerian Minister Sets Out To Save Kiev (WSJ)

By Alan Cullison

The Wall Street Journal, July 21, 2006

KIEV, Ukraine -- When Sunday Adelaja started prayer meetings in his shabby apartment here 12 years ago, the only attendees were seven fellow Africans who, like him, were stranded by the collapse of the Soviet Union. "I was ready to give up," says Mr. Adelaja, who says God had told him to revive Christianity in the Slavic world.

So the Nigerian evangelist started trolling Kiev's drunk tanks and jails. Soon, drug addicts, petty crooks and recovering alcoholics with the shakes were sitting on his couch listening to him preach, he says. Then their family members joined, hoping that Mr. Adelaja could help loved ones mend their ways.

He moved Sunday services out of his apartment and into a rundown sports complex at the edge of this capital city. In the next decade of post-Soviet economic crumble, Mr. Adelaja's church grew. Today, he claims to run the largest congregation in Europe, with more than 25,000 members in Kiev alone.

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"God has sent a black man to bring religion back to Russia and the Soviet Union," Mr. Adelaja, 39 years old, bellowed at a recent sermon. "This is hard here for many to accept."

Also tough to swallow for some is Mr. Adelaja's goal of bringing Western-style democracy to Eastern Europe. Mr. Adelaja's church has grown beyond its core clientele of substance abusers and petty criminals to include the mayor of Kiev and several members of Parliament, all of whom have allied themselves with Ukraine's West-leaning Orange Revolution.

Mr. Adelaja says his sermons have already helped topple governments in the former Soviet republics of Georgia and Kyrgyzstan as well as Ukraine. Rivals say he exaggerates his influence, but Moscow and its allies in the region are taking no chances: He has been booted out of Russia and Belarus and declared persona non grata in Armenia, he says.

The Kremlin has always been suspicious of evangelical churches. In Soviet times they were considered cults and possible puppets of Western governments. Now fears have been revived by Ukraine's Orange Revolution, which Moscow says the West wants to make an ideological springboard for Western-style revolt in Russia itself.

"There is no question they are a tool of the U.S.," says Alexander Krutov, a member of Russia's Parliament who would like to see new laws limiting the activities of interlopers. He calls Mr. Adelaja's church "an alien force that must be stopped."

Mr. Adelaja hardly fits the profile of many men of the cloth in Ukraine. Sunday services start with Ukrainian girls in red uniforms dancing and shaking pompoms on a smoky stage. Mr. Adelaja sports suits of neon blue, green and angelic white. His televised sermons are now carried to millions of viewers whom he has promised to help cure of ills ranging from diabetes and cancer to marital strife and pimples. The service winds down with confessionals from former drug addicts and a Eucharist of crackers and grape juice.

Born in Nigeria to Presbyterian parents, he arrived in the Belarussian capital of Minsk in 1986 on a scholarship from the Soviet Communist Party. Authorities hoped Mr. Adelaja would one day return to Africa and help spread communism. But after training as a TV journalist, he began to preach and was kicked out of Belarus, he says.

He turned up in Kiev, where he started a church in his home. The early preaching was a failure. Seven people arrived for his first meeting, fellow Africans whom he knew from school. They met twice a week for a few months, but nobody else came. "I began to realize I had a problem -- it was a national insult to hear a black man talk about God," he says.

That was when Mr. Adelaja decided to start searching Kiev's underbelly for converts. He started self-help groups for drug addicts, alcoholics, and churchgoers wanting to discuss family problems. He also made his church an incubator for small businesses. Borrowing the script of evangelical churches in America, he helped parishioners start up a print shop and a recording studio, and had some of the churchgoers who owned businesses conduct how-to seminars.

They were helped by some of Mr. Adelaja's own prolific writings, including "How to Grow Rich Without Tears." Today, Mr. Adelaja's "Embassy of the Blessed Kingdom of God for All Nations" claims hundreds of churches in 24 countries, including Russia, Belarus, Tajikistan and Uzbekistan. Mr. Adelaja is now planning a modernistic, $15 million megachapel in Kiev, a city traditionally graced by golden cupolas of Orthodox churches.

Rivals charge him with pocketing donations and inflating the number of churches by counting private prayer groups. Yurchuk Mitrofan, an archbishop with the Russian Orthodox Church in Kiev, says Western money helped Mr. Adelaja's expansion -- Mr. Adelaja says he has 22 churches in the U.S. alone. "They came in using all kinds of Western techniques that we hadn't used before," Mr. Mitrofan says.

The years after the Soviet collapse were an easy time to expand for sects that promised to fill a spiritual vacuum, Mr. Mitrofan says. Members of one large group, the White Brotherhood, were arrested en masse after their leader pledged to stage her own crucifixion outside Kiev's main cathedral.

Rivals demanded action against Mr. Adelaja's church, too, and, in 1997, the government dispatched a team of psychologists, doctors and folk practitioners to observe the services. They produced a certificate giving the church a clean bill of health, which Mr. Adelaja had framed and put on the wall of his office in the sports stadium.

Mr. Adelaja framed another certificate from Ukrainian President Viktor Yushchenko, who thanked him for supporting the Orange Revolution in 2004. The church erected a tent chapel on Independence Square and offered shelter to thousands of people who came to Kiev to protest elections that were rigged in favor of the Moscow-backed candidate for president.

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Mr. Adelaja says Moscow was shocked anew in March when a member of his congregation was elected mayor of Kiev, a bastion of the Russian Orthodox Church since 998, when Prince Vladimir baptized Kiev's populace in the nearby Dnepr River.

The mayor, Leonid Chernovetsky, rose to prominence thanks in part to his work with the church: He coordinated the congregation's food-distribution program in Kiev's poorer neighborhoods.

The reaction to the new mayor in Kiev was especially harsh in Moscow, which looks down on Ukraine's revolutionary experiments. A prime-time Russian TV talk show invited Mr. Adelaja to appear in May, but when he arrived in Moscow for taping, border guards at the airport told him his visa had been revoked.

The program, "Let Them Talk," aired without him, and provided a forum for psychologists and lawmakers who accused him of zombifying his followers and illegally practicing medicine. Participants saw the earmarks of a Satanic cult. The show wrapped up ominously with a discussion of an unsolved satanic murder of a Moscow woman.

Mr. Adelaja says the bad publicity only helps draw new members. "It's too late for Russia to stop me," he says. "My message has already come to Russia, and there are a thousand people who think like me there."

Bush Urges Sudan To Allow Peace Force (AP-Y)

By Tom Raum

AP2, July 21, 2006

President Bush urged Sudan on Thursday to accept a U.N. peacekeeping force in Darfur province to replace overstretched African Union troops. He acknowledged there was much work to be done before that could happen.

Bush talked with Sudanese Vice President Salva Kiir about efforts to carry out a U.S.-backed peace plan and to reach out to all rebel factions.

"I assured our friend that the United States is committed to helping the Sudanese people; we're committed to making sure that the peace agreement that we helped you negotiate is implemented. We're also committed to helping the people in Darfur," Bush said.

"Our strategy is that we want AU forces to be complemented and blue-helmeted — in other words, the United Nations should be invited in. We talked about how best to get that done in order to save lives. Obviously, there is still a lot of work to be done," Bush said.

Kiir sidestepped the issue of the introduction of Western troops, which his government has opposed.

"We are sure that we are going to solve the problem so that we don't hear about rapes and killings in Darfur. And all other parts of our country, like the eastern Sudan, we are now also negotiating in that province so that peace is also achieved all over the Sudan," Kiir said.

The Sudanese government is refusing to allow in a U.N. force to replace the African peacekeepers and stem violence in the vast western region. Although NATO and the European Union have provided training and other support, the African Union force is thinly spread around the remote area.

Since 2003, the Darfur conflict has killed some 200,000 and forced 2 million to flee their homes. The violence in Darfur erupted when non-Arab tribes revolted against Sudan's Arab-led government, which is accused of responding by unleashing Arab militias known as the janjaweed.

White House spokesman Tony Snow said Bush encouraged Kiir to promote a government of national unity and to work with rebels to bring the rest of the rebel factions to the table.

Later, Kiir met with Secretary of State Condoleezza Rice at the State Department.

"We were pleased to play a role in the conclusion of a comprehensive peace agreement for the people of Sudan that ended a very long civil war between North and South, and we are now committed to ending the violence in Darfur so that Sudan can be whole and at peace," Rice said.

US Donates 116 Mln Dlrs To African Union Mission In Sudan (AFP)

AFP, July 21, 2006

The United States will commit 116 million dollars to the African Union Mission in Sudan (AMIS) in an effort to help relieve the humanitarian crisis gripping the war-torn Darfur region, the State Department said.

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"The United States maintains a strong partnership with the African Union on the Darfur issue, and we commend the efforts of AMIS peacekeepers and their leaders," the State Department said in a statement.

The aid comes in addition to 247 million dollars already committed to AMIS since 2004, the State Department said. The new aid will help train African Union troops to United Nations standards, said the statement.

Last month, the African Union said its poorly-equipped peacekeeping force in Darfur was set to quit the troubled western Sudanese region by end of September due to a lack of funds.

Between 180,000 and 300,000 people have been killed in Darfur and at least 2.4 million others displaced since fighting broke out between local rebels and the pro-government militia in February 2003.

Ethiopia Enters Somalia To Back Government (AP)

By Mohamed Olad Hassan

AP, July 21, 2006

Hundreds of Ethiopian troops in armored vehicles rolled into Somalia on Thursday to protect their allies in this country's virtually powerless government from Islamic militants who control the capital.

The move could give the U.S.-backed Somali government its only chance of curbing the Islamic militia's increasing power. But Ethiopia's incursion could also be just the provocation the militia needs to build public support for a guerrilla war.

"We will declare jihad if the Ethiopian government refuses to withdraw their troops from Somalia," a top Islamic official, Sheik Sharif Sheik Ahmed, told The Associated Press.

The neighboring countries are traditional enemies, although Somali President Abdullahi Yusuf Ahmed has asked Ethiopia for its support. Thousands of Somalis have taken to the streets in recent weeks to denounce witness accounts of Ethiopian troops along the border.

The United States urged Ethiopia to exercise restraint and said the U.S., European Union, African Union, Arab League and others in an international contact group on Somalia will meet soon to consider the volatile situation.

"We are watching the situation very closely," State Department spokesman Sean McCormack said Thursday in Washington. "We would urge the Ethiopian government to exercise restraint."

Somalia has been without an effective central government since warlords toppled dictator Mohamed Siad Barre in 1991 and then turned on each other, carving much of the country into armed camps ruled by violence and clan law.

The government, which includes some warlords linked to the violence of the past, was established with the support of the United Nations to help Somalia emerge from anarchy. But the body wields no real power, has no military and only operates in Baidoa, about 100 miles east of the Ethiopian border.

The Ethiopians, wearing their national military uniforms, deployed Thursday at the airport outside Baidoa and set up a fenced compound near the transitional president's home in the city, witnesses said.

The Islamic militia of the Supreme Islamic Courts Council stepped into the power vacuum in recent months, seizing the capital of Mogadishu and most of southern Somalia.

On Wednesday, the militia reached within 20 miles of Baidoa, prompting the government to go on high alert.

The militia began pulling back Thursday as more than 400 Ethiopian troops entered Baidoa. The soldiers smiled and waved to residents before setting up their camp, according to the witnesses, who spoke on condition of anonymity for fear of reprisals.

The United States has accused the Supreme Islamic Courts Council of links to al-Qaida that include sheltering suspects in the deadly 1998 bombings of U.S. embassies in Kenya and Tanzania. In a recent Internet posting, al-Qaida leader Osama bin Laden urged Somalis to support the militants and warned nations not to send troops here.

The Islamic militia has installed strict religious courts, sparking fears it will become a Taliban-style regime.

Ethiopia's defense, foreign and information ministries repeatedly denied Thursday that their troops had crossed into Somalia. Ismail Hurreh, one of Somalia's deputy prime ministers, also dismissed the reports.

But late Wednesday, Ethiopia's Minister of Information Berhan Hailu told the AP his government would intervene to prop up Somalia's transitional government.

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Ethiopia sent troops into Somalia in 1993 and 1996 to quash Islamic militants attempting to establish a religious government.

In the absence of his own force, President Yusuf, a staunch secular leader who has condemned radical Islam, has apparently chosen to rely on his longtime ally, Ethiopia, for protection and to give him greater leverage at the bargaining table.

But Yusuf's reliance on Ethiopia appears to make him beholden to the country's traditional enemy and hurts his legitimacy. Anti-Ethiopia sentiment still runs high in much of the country, which is why the government and Ethiopia, a mostly Christian nation, want to keep the troop deployment quiet.

If the competition for power should become violent, there is little doubt that Ethiopia has the superior fighting force.

This week's developments could disrupt peace talks scheduled for Saturday and aimed at negotiating some kind of partnership between the government, which has access to international support and funding, and the Islamic group, whose authority in Somalia is undeniable.

At the first round of the Arab League-mediated talks in Khartoum, Sudan, the government and the Islamic group agreed to stop all military action — though the Islamic group has been engaged in clashes and military deployments since. The government had at first balked at a second round, but agreed to resume talks under pressure from the contact group of foreign governments and international organizations.

Associated Press writers Mohamed Sheikh Nor and Salad Duhul in Mogadishu and Les Neuhaus in Nairobi, Kenya, contributed to this report.

Ethiopia Sends Troops To Aid Ally (WT)

By Katie Stuhldreher

The Washington Times, July 21, 2006

Ethiopian troops crossed the border into Somalia yesterday to protect a weak transitional government, raising fears that Islamic extremists will respond and attempt to form a Taliban-style government.

The move could give the U.S.-backed Somalian government its only chance of curbing the Islamic militia's increasing power. But Ethiopia's incursion also could be just the provocation the militia needs to build public support for a guerrilla war, the Associated Press reported from Somalia's capital, Mogadishu.

"We will declare jihad if the Ethiopian government refuses to withdraw their troops from Somalia," a top Islamic official, Sheik Sharif Sheik Ahmed, told the AP.

Herman Cohen, a former U.S. assistant secretary of state for African affairs, warned that the Ethiopian invasion could radicalize the Islamic elements that control Mogadishu and much of the country.

"The Islamic Courts in Somalia are not jihadists yet, but if we aren't careful, they could become that way," Mr. Cohen said in an interview.

Mr. Cohen said the Islamic Courts Union (ICU), the dominant Islamic party in Somalia, consists of moderates and extremists.

However, he said, the U.S. should be concerned that a Taliban-style government could form in Somalia because of Saudi financial support for hard-liners in the party.

"The United States should discourage the Ethiopians from using military force at the present time so as not to cause a self-fulfilling prophecy -- the ICU calling for foreign jihadist support against 'crusaders,'" he said.

On Wednesday, the ICU militia reached within 20 miles of Baidoa, a Somalian city near the Ethiopian border, where the transitional government is headquartered.

The militia began pulling back yesterday as more than 400 Ethiopian troops entered Baidoa, the AP and other wire services reported.

Hibo Mohamed Elmi, an adviser to the president of the transitional government, said in a telephone interview:

"The transitional government will do what it needs to do to protect itself. Ethiopia has always been a strong ally ... and has made their intentions very candid. There are no plans to go further into Somalia that I know of now."

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David H. Shinn, U.S. ambassador to Ethiopia from 1996 to 1999, said Ethiopia should be wary of further military involvement in Somalia.

"I think Ethiopia needs to be very cautious in realizing the whirlwind they could start here. Going any further into Somalia could stir up Somalian nationalism and anti-Ethiopian sentiments that already run high," he said.

Adeed Mohamed, a Somalian citizen living in the United States, said the Ethiopians have other reasons to fear the ICU.

"We know that the Islamic Courts help Eritrea every day. They get arms from them. Eritrea has for a long time been a rival of Ethiopia, and Ethiopia is afraid that if the Islamic Courts gain more ground near the border, Eritrea will have a second front to launch attacks against Ethiopia," he said.

New Good Neighbor, Libya May Soon Feel Pressure To Settle With Victims Of Its Attacks (NYT)

By Matthew L. Wald

The New York Times, July 21, 2006

MEMPHIS, July 14 — Newly removed from the list of nations sponsoring terrorism, Libya is eager for normal relations and American investment in its oil fields. But lawyers for hundreds of Americans would like to remind Libya of its past.

At the head of the line are the families of more than 230 American passengers and crew members on Pan Am Flight 103, which was bombed in 1988 by a Libyan agent over Lockerbie, Scotland. They say they are owed a final payment of $2 million per victim; Libya said the deal had expired.

Victims of five other attacks are also seeking compensation, including Reginald H. Borders, 50, who lives in Memphis and was one of about 100 American servicemen seriously injured in the 1986 bombing of a West Berlin disco by an agent of the Libyan government. Mr. Borders, who is now on 100 percent disability, and about 90 other Americans are parties in a lawsuit filed in 2001 in Federal District Court in Washington.

“You see all these news programs talking about bombing and terrorists,” Mr. Borders said. “The first thing they say is the Pan Am Lockerbie plane and the Achille Lauro,” referring to a cruise ship hijacked by Palestinians in October 1985.

“Nobody remembers the people in the Berlin disco,” he said. “You tell somebody, and they say, ‘What?’ ”

In 1986, Mr. Borders was an Army staff sergeant in the Berlin Brigade, deep inside East Germany, training for a third world war.

In an interview, Mr. Borders told how he and several friends went out to the LaBelle discothèque. Suddenly there was a flash of light, and the lights went out. Mr. Borders said he was deafened and thrown through a glass wall. A woman tapped him on the shoulder and pointed to another soldier on the ground. He lit his lighter to see that the man’s lower leg had been blown away. He carried the man out to the street, Mr. Borders said, and returned to the smoldering building to look for more victims.

President Ronald Reagan retaliated quickly for the attack by sending warplanes to bomb Tripoli, the Libyan capital.

In 1996 Congress enacted a law that stripped foreign governments that had been found to sponsor terrorism of a legal protection called sovereign immunity, the principle that a private person cannot sue a government.

Libya moved to have the disco lawsuit dismissed, but it lost both the motion and an appeal. The case is now back in Federal District Court in Washington, said Steven Perles, Mr. Borders’s lawyer, and it could go on for years.

Libya is also accused of blowing up a DC-10 airliner belonging to the French airline UTA over Niger, in West Africa, in 1989, killing 170. Seven Americans were on board, including the wife of the American ambassador to Chad; the plane was owned by an American company, Interlease.

There are also plaintiffs from three terrorist attacks mounted by followers of a Palestinian, Abu Nidal, at the behest of the Libyans, lawyers said. In December 1985, 20 travelers including 5 Americans were killed in the Rome and Vienna airports. In September 1986, hijackers seized a Pan Am jumbo jet on the ground in Karachi, Pakistan; they killed 18 passengers after the pilots escaped through cockpit windows. In November 1985, Abu Nidal’s followers hijacked an Egyptair plane to Malta; scores died when Egyptian troops stormed the plane.

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A lawyer not involved in the lawsuits, Michael J. Glennon, a professor at the Fletcher School of Law and Diplomacy at Tufts University, said it was "entirely plausible" that Libya's efforts to gain respectability in the United States would push its government to settle.

"The Libyans are going to be sobered up quite quickly by the discovery of how aggressive American lawyers are, and how the American legal system responds to the kinds of claims they're up against," Professor Glennon said.

Some Americans promoting trade say Libya's steps toward normalizing relations are good news for Libya's American victims. "The greater stake Libya has in the relationship, the more incentive Libya has to settle these kind of disputes," said David L. Goldwyn, executive director of the U.S.-Libya Business Association.

Mr. Borders said he would be awarded about $3 million, after lawyers' fees, if the settlement went through. He would like to paint his house, repave his driveway and tear down a ramshackle garage to build a "hideaway" with a big-screen television and space for the horror movies he collects. He would also like to invest something for his children and grandchildren. For now, he is living on $2,400 a month.

Some of Mr. Borders's health problems as a result of the bombing were immediate; others emerged gradually. After the blast, he was hospitalized three days, with a perforated eardrum, a ruptured disk in his back, a damaged wrist and a broken finger. He was awarded a Purple Heart for being wounded in combat, and stayed in the Army until 1988. He worked as a television news cameraman, but has had persistent problems with his back and his hearing.

In December 1996, at a fire at an apartment house, he heard trapped children screaming and then taped a crying fireman carry out a dead baby. Deeply disturbed by the experience, he left for a position with a church-owned television station, but found it little better. After seeing television coverage of the Sept. 11 attacks, he said, he broke down. Diagnosed with post-traumatic stress disorder in 2002, Mr. Borders was put on 100 percent disability.

For Libya, sitting on huge oil reserves, settlement is not a bad deal, Mr. Borders said.

"The price they're going to pay us and the other people is a drop in the bucket, from the amount they're going to get from the U.S.," he predicted.

N.Z., U.S. Agree To Strengthen Relations (AP-Y)

AP2, July 21, 2006

New Zealand and the United States, who have long differed over the South Pacific nation's anti-nuclear policy, have agreed to strengthen their relationship, Foreign Minister Winston Peters said Thursday.

"We committed ourselves to a forward-looking relationship as two countries and to strengthening that relationship in the future," Peters said after meeting in Washington with Secretary State Condoleezza Rice.

Relations between the two countries were convulsed in 1985 when New Zealand banned nuclear arms and nuclear-powered ships from its territory and waters.

New Zealand was immediately excluded from a tripartite defense pact it shared with the U.S. and Australia, an exclusion still in effect. New Zealand's military relationship with the U.S. also was reduced from "ally" to "good friend" in the fallout.

"This is a world in which there are many trouble spots. The plain fact is we're a country that has pulled our weight ... right now in 14 different countries in 19 different theaters," Peters said.

"It's excellent to see that large countries do appreciate and do understand the contribution we're making," he added.

Rice did not raise New Zealand's anti-nuclear policy during the talks but had said it was time to "move on" in the relationship, he said.

French Socialist Using Web To Win Over Voters (WP)

By John Ward Anderson

The Washington Post, July 21, 2006

PARIS -- Among her Socialist Party allies, Segolene Royal was well liked but considered a bit of a political lightweight -- mother of four, minister of "soft" cabinet posts for the environment and the family, domestic partner of the party's leader, Francois Hollande.

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So when she announced nine months ago that she would seek her party's presidential nomination for the 2007 election , some of the old guard dismissed her as a bit player.

"Who will look after the children?" sneered former Socialist prime minister Laurent Fabius.

"The presidential race is not a beauty contest," snapped party stalwart Jack Lang.

Today, Royal, 52, has confounded them all with an Internet-aided insurgent campaign that has propelled her to the top of national polls. Her Howard Dean-style strategy -- going over the heads of party elders with a grass-roots run for office that has proved wildly popular among voters -- could make France's first cyber-candidate its first female president.

"Her strategy is to get the support of public opinion and the polls to put the militants in the Socialist Party in the position where they have no choice but to vote for her" at the party's convention in November, said Pierre Giacometti, a leading French pollster.

"In the polls, she leads, but in the party, she's the challenger, so like Dean, she has created her own Internet campaign" to get the Socialist nomination, said Claude Malhuret, a senior official in the ruling Union for a Popular Movement, the party of President Jacques Chirac. Malhuret is orchestrating his party's own Internet campaign for next May's presidential contest.

Cyberspace has helped Royal brand herself as a political outsider and relative newcomer at a time when polls show that French voters are fed up with disarray and paralysis in government and are pining for a fresh face.

Her campaign Web site (http://www.desirsdavenir.org , which translates as "Desires for the Future") features blogs that solicit views on the economy, unemployment and immigration. Chapter by chapter, she is writing and publishing a book on the site that has been likened to a political manifesto. She recently shook the Socialist Party hierarchy by using her Web site to criticize one of its sacred cows -- the 35-hour workweek, adopted as law of the land by the party when it controlled Parliament in 1998. Several blogs that her aides claim are independent also are pushing for her candidacy.

And a link on her site to a Socialist Party membership drive helped draw 80,000 new members in three months, pushing party rolls to 210,000, according to Vincent Feltesse, the party's secretary for new technologies. Membership has topped 200,000 only twice before, he said, in the 1930s and in 1981, when Francois Mitterrand was elected president at the start of 14 years in office. The link was removed from Royal's site when the drive ended.

Poised and chic on the one hand, plain-talking and combative on the other, Royal has crossed several political minefields without getting blown up. In addition to criticizing the 35-hour workweek, she has suggested military boot camp for delinquent youths and expressed admiration for British Prime Minister Tony Blair, who is anathema to the French left. The government should freeze child benefits to the parents of problem children, she has said. Those mothers and fathers should instead be sent to parenting school. She recently said she does not oppose gay marriage and adoptions.

Socialist allies have attacked her views, and even party leader Hollande -- her longtime partner and father of her four children -- has occasionally distanced himself from her. "She takes risks, she makes proposals," he said recently on France 2 television. "I don't share them all."

But many of her critics have been silenced by polls showing that French voters overwhelmingly support her tough stance on law and order and her candidacy. Three polls last month placed her ahead of the presumed presidential front-runner, Interior Minister Nicolas Sarkozy of the ruling UMP. A July 19 poll published by the French daily Le Monde showed her three percentage points behind Sarkozy. Even so, her ratings did not decline; Sarkozy's increased slightly. A survey of Socialist sympathizers by Liberation newspaper found her 40 percent ahead of all other probable Socialist candidates.

In a less scientific but equally attention-grabbing survey, readers ranked Royal the sixth-sexiest woman in the world, ahead of such sirens as Kate Moss, Naomi Campbell, Elizabeth Hurley and Penelope Cruz, in last month's edition of France's FHM magazine. She reportedly has undergone what some political analysts refer to as a Hillary Clinton-style makeover, acquiring a flashier wardrobe, straighter teeth and a deeper voice.

Eric Travert, 46, manager of a newspaper stand in Paris, said both he and his wife would vote for Royal. "People need to believe that the current crisis may end -- they need to dream and forget about the past 10 years," he said. "We need more humanity in this country, and it's time to see other people than the 'old guard.' " He complained that "all the Socialist candidates, apart from Segolene, have been around for 30 years."

Royal and her aides declined to be interviewed for this story.

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The French media are also swooning, giving Royal diva status by referring to her simply by her first name.

"There is about her a delicious perfume of right-wing conservatism with a progressive project," cooed Paris Match.

"Tougher than Sarkozy," intoned the right-wing Le Figaro.

Royal, who was born in 1953 in Senegal, then a French colony, and raised in a conservative military family, is a three-time cabinet minister (environment, education, and family and children), a member of Parliament for 13 years and the author of four books. She has a degree in economics from Paris's Institute of Political Sciences, also known as Sciences Po, and is a graduate of France's National School of Administration, the breeding ground for the country's governing elites.

Despite those accomplishments, Royal is having trouble shaking a perception among many analysts and politicians that she is a media creation, and that her campaign is mostly hype and Internet buzz, with little substance.

Her use of the Internet sets her apart from some UMP leaders, such as Chirac, who 10 years ago stood transfixed before a computer mouse and asked, "What's that?" The incident was ridiculed as an example of French backwardness. And Sarkozy has tried to make an asset of the fact that he has no computer in his office, explaining to an interviewer that he doesn't have time for one.

Nonetheless, many analysts here say the UMP is ahead of the Socialists in exploiting the Internet. The party has an Internet newsletter with 135,000 subscribers and is spending about $38,000 a month to purchase key words in search engines such as Google and Yahoo, according to Malhuret, the party's top Internet person.

Thierry Vedel, a political scientist and Internet expert at Sciences Po, compared Sarkozy to President Bush in 2004, saying that because he had his party's nomination virtually locked up, Sarkozy had no need for an interactive Internet site like Royal's.

"Sarkozy is very controversial and very popular, and a blog would make no sense -- it would be blocked right away by thousands of comments, many of them negative," he said. The same is true of the runner-up from 2002, Jean-Marie Le Pen of the far-right National Front party, "who is using the Internet to distribute and pulverize people with materials in a top-down way, without any interactivity."

"But Royal is much weaker in her party, and she needed her blog to create a network within the Socialist Party," Vedel said.

The comparisons to Dean are not always flattering. After creating a media storm and surging ahead in the polls for the Democratic nomination, Dean self-imploded and ended up winning not a single state's primary election. Royal's contribution to the party's membership drive, however, should give her a strong base of support and a leg up over other potential candidates in the primary race, analysts said. And she is benefiting from massive media publicity.

During next year's presidential race, roughly 65 percent of the French population is likely to have access to the Internet, about the same level as in the United States during the 2004 campaign, according to the UMP's Malhuret.

But while the Internet is a great marketing tool, he said, its impact on the political process is unknown. "Little by little the Internet is playing a more important role, but you can't say whether it changes 1 or 2 percent of the vote," Malhuret said. "And since you don't know, you can't ignore it."

Smuggled Cubans To Stay In U.S. (AP-Y)

By Curt Anderson

AP2, July 21, 2006

In an unusual move, 28 Cubans who were caught trying to slip into the United States were brought ashore this week so they can testify against those accused of organizing the deadly smuggling voyage — a step that means they can stay permanently in this country.

U.S. Attorney R. Alexander Acosta said the "unique circumstances" of the case led prosecutors to bring the group onto U.S. soil under material-witness warrants, which could require them to testify before a grand jury or at a trial.

"Smugglers often treat migrants as if they were human cargo," Acosta said. "This must stop."

The 28 Cubans were caught aboard a crowded speedboat after a chase July 8 that resulted in the death of a Cuban woman. They had been held since then aboard a Coast Guard cutter at sea. On Wednesday, though, they were taken to Key West, and on Thursday they were brought to Miami.

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Under the U.S. "wet foot-dry foot" policy, Cubans who reach American soil are usually allowed to stay, while those stopped at sea are returned home.

The Bush administration has made other recent exceptions to the wet foot-dry foot policy, including bringing in the parents of a 6-year-old Cuban boy who died during a smuggling attempt in October.

But it is unusual for an entire group to be brought ashore to provide evidence in a criminal smuggling case.

A federal magistrate Thursday allowed all the Cubans in U.S. custody to be released to their relatives in Miami under the guarantee that the families will pay $25,000 per person if they do not appear in court when required. Several immigrants in the courtroom wiped away tears.

Ramon Saul Sanchez, head of the Cuban exile group Democracy Movement, witnessed the Cubans' reunions with relatives: "It was very emotional. They were very happy, screaming and yelling, in the Cuban style."

Outside the courtroom, 16-year-old Yamila Carpio and her sister Yaremis Carpio, 14, fought back tears as they waited to hear whether their mother, Odalis Conde, 41, would be released. The two girls were among the group of migrants, but had been released to relatives Wednesday night.

Upon hearing the news that her mother would be released, Yamila smiled and said she could not find the words to describe her emotions.

Three men are being held without bail on smuggling charges stemming from the incident and could get life in prison. Their speedboat, containing 31 immigrants, was intercepted by the Coast Guard in the Florida Keys.

One immigrant, 24-year-old Anei Machado Gonzalez, died after hitting her head when the boat's operators ignored orders to stop and tried to ram a Coast Guard vessel, authorities said. The Coast Guard fired two shots into the vessel's engine to disable it.

Omar Alberti, 40, whose 25-year-old cousin Miguel Alberti was on the boat, said he did not believe the men should be tried for the woman's death. Outside court, he said the "Coast Guard is responsible. They should let them go."

Two other immigrants aboard the speedboat — one a pregnant woman and the other a man who was ill — had previously been brought to U.S. soil, officials said.

Disputed Election Puts Strain On Mexicans (LAT)

By Héctor Tobar, Times Staff Writer

The Los Angeles Times, July 21, 2006

Even in families, voters are increasingly strident over whether Calderon robbed Lopez Obrador of victory. But most urge a peaceful resolution.

MEXICO CITY — Manuela Camacho says she prays every day to the saints to protect her hero the presidential candidate. Sitting a few feet away, her 25-year-old granddaughter, Lorena Morales, rolls her eyes in exasperation.

Although the two women have a deep and abiding respect for each other, on this topic grandmother and granddaughter don't agree: Morales voted for the other guy.

With each day that Mexico's election controversy drags on, the topic of who really won July 2 and whether the votes should be recounted is becoming harder for the Morales family to talk about, pitting matriarch against loving grandchild, husband against wife.

Across Mexico, in private and public spaces, it's the same: Feelings are becoming more strained, the opinions more strident.

Was the election fraudulent or the cleanest in Mexican history? Was the conservative Felipe Calderon indeed the winner? Or is leftist Andres Manuel Lopez Obrador right when he says he was robbed by a corrupt and inefficient system? Mexico's Federal Electoral Tribunal is deciding the case, but the judges may not reach a verdict for weeks.

"They say there's fraud, but the only proof they offer is the fact that they say so," Lorena Morales tells her grandmother. The younger woman voted for the conservative Calderon — mostly because she can't stand the "big mouth" Lopez Obrador.

"For me, there was fraud," the older woman answers. Camacho believes the former Mexico City mayor is one of the few leaders who really cares about the elderly and the poor.

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"It's that yellow-bellied [President Vicente] Fox who's behind it."

Calderon won in the final official tally by about 244,000 votes, or less than a percentage point, but most Mexican newspapers have yet to proclaim him president-elect. The newspaper El Universal refers to him as Mexico's "virtual president."

Lopez Obrador has kept the controversy alive with a campaign to pressure the seven-judge tribunal to order a ballot-by-ballot recount. On Sunday, Lopez Obrador led hundreds of thousands of people on a march through Mexico City in support of his demand.

Calderon's backers have responded with a series of television commercials arguing that the vote was clean and fair. "We counted the vote three times, in front of the representatives of all the parties," Mexico City poll worker Manuel Castro says in one of the ads, sponsored by a group called "For a Mexico in Peace."

On Tuesday morning, a full-page ad in the daily newspaper Milenio called Lopez Obrador a treasonous demagogue and said he was starting a civil war. That same afternoon, a small crowd of Lopez Obrador supporters pounded the windows of Calderon's car, accusing him of stealing the election.

"People are not anxious, but they are angry," says Lorenzo Meyer, a prominent historian here. "The anger is strongest on the side of the left, because they feel cheated. Whether it's true or not, the perception is there."

For much of the 20th century, elections in Mexico were farcical affairs, rigged by the Institutional Revolutionary Party, or PRI. In the 1990s, Mexican legislators created the Federal Electoral Institute to oversee all elections and prevent the blatant vote-stealing of the past, and in 2000 Fox, of the National Action Party, or PAN, won the presidency.

Now Lopez Obrador is calling into question the independence of Mexico's new electoral authorities. In some Mexico City neighborhoods where his support is strongest, the streets are lined with posters that transform the initials of the electoral institute into a swastika.

Morales' father, Juan Jose Morales, is in Lopez Obrador's camp. He makes his views known during the regular Sunday visit that he, his wife and daughter Lorena make to his mother's home near downtown Mexico City.

"This is the first time we've ever had an election where it takes three days to know who the winner is — that's what gave them time to organize the fraud," he says.

"But they can't do that anymore," his wife, Virginia Garcia, shoots back — she supports Calderon.

"Of course they can!" Juan Jose says. "This is the most mafia-controlled country that's ever existed."

"If Lopez Obrador had won, you would have said everything with the election was fine," Virginia answers.

"We had 70 years of the PRI," Juan Jose observes wryly. "Now we're going to have 70 years of the PAN."

But what about the international observers, Lorena asks her father. They came and said the election was clean. "If we Mexicans stop believing in our institutions, then what are we going to believe in?" Lorena says.

Commentator Sergio Aguayo is among many who have suggested that a recount of the votes is the only way to mend the growing ideological divisions in Mexico and allow the new president to take office with any sense of legitimacy.

"If the tribunal ignores the petition for a recount … it would be a stain that would forever haunt the administration and resume of Felipe Calderon," Aguayo wrote recently in the newspaper Reforma.

Lorena, a recent college graduate, agrees.

"To shut the mouth of Lopez Obrador and all the PRD people, the best thing would be to recount the votes," she tells her family, using the Spanish initials of the leftist Democratic Revolution Party. "It would give Calderon credibility, even though I don't doubt his margin of victory would be smaller."

"But that's giving Lopez Obrador what he wants, and playing his game," her mother says.

"He doesn't respect anything."

Garcia and many other Mexicans see Lopez Obrador as a leader who is becoming increasingly unhinged.

Lopez Obrador didn't help his cause among these skeptics when he aired a video last week purporting to show ballot stuffing in the state of Guanajuato: His own party's representative at the polling place stepped forward to say he was wrong.

On Radio Formula in Mexico City, the morning talk show hosts are taking delight in what they see as the leftist leader's meltdown. They mock Lopez Obrador's allegations of fraud with their own "crazy" accusations.

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For historian Meyer, the portrayal of Lopez Obrador as "a little crazy man" in much of the Mexican media misses an important point.

"If he's crazy, then millions of Mexicans are crazy too, and there's an epidemic of craziness," Meyer says. Even if Lopez Obrador loses in the court battle or a vote recount, his campaign could give birth to a social movement, Meyer adds.

At the Morales family home, there is one point of agreement: No one wants to see the recount controversy spin out of control.

"I'm afraid that even if they recount all the votes, Lopez Obrador is still going to say the process is tainted," Lorena says. "What will happen then?"

"I want them to recount the votes," her grandmother says. "But I want it to be done peacefully. There shouldn't be a war with the other side."

Lorena and her parents nod in agreement.

"We don't want a country where people take up arms," Juan Jose says.

A few minutes later, Camacho lights up a cigarette to try to relax after a stressful conversation. Her granddaughter points out that smoking is bad for her. But the grandmother doesn't listen. She keeps on smoking.

As Other Asian Nations Have Moved To Control Bird Flu, It Is Rapidly Spiraling In Indonesia (NYT)

By Donald G. McNeil Jr.

The New York Times, July 21, 2006

Indonesia is about to surpass Vietnam as the country hardest hit by avian flu. And while Vietnam has not had a single human case or poultry outbreak this year, public health officials and experts say the situation in Indonesia is likely to get worse.

The flu is ubiquitous in thousands of backyard flocks, and it appears to be killing more birds every month, increasing the likelihood of human cases. Forty-two people have in Indonesia died since the first human case was confirmed a year ago.

“It’s like trying to fix the roof while there’s a storm going on,” said Dick Thompson, a spokesman for the World Health Organization. “Until the animal situation gets under control, there’s going to be this steady drip, drip, drip of human cases, and that’s a problem.”

Although the A(H5N1) flu arrived relatively late in Indonesia, it soon spiraled out of control, and deaths have mounted quickly.

Unlike Thailand, which quenched outbreaks by killing millions of chickens, or Vietnam, which used mandatory vaccination, Indonesia has tried a mix of limited culling and vaccinating in rings around the cull — so far, with little success.

Mathur Riady, chief of livestock for Indonesia’s Health Ministry, said recently that more than a million birds had died of the flu between January and March, about the same number as died all last year.

The biggest obstacle to beating the disease, international flu experts say, is the country’s decentralized government. Health officials in the capital, Jakarta, have been described as having powers extending no further than their office walls, while real power resides with the governors of the 33 provinces and the elected bupatis, or regents, of 480 districts.

“It’s a real mishmash,” said Dr. Jeffrey C. Mariner, a veterinary medicine professor at Tufts University who is helping the United Nations Food and Agriculture Organization train new veterinary workers. “You have to sit down with each decision-making unit and get them all on board. It’s hard to mount a coordinated response.”

As a result, the country is not only slow to report human cases, it no longer even reports poultry outbreaks to the World Organization for Animal Health in Paris.

But decentralization is not a principle that Indonesians are likely to abandon. Like the former Yugoslavia, the country is contentious mix of ethnic and religious rivalries, with 245 million people living on about 6,000 populated islands formerly held together by harsh central control from Jakarta.

With the collapse of the Suharto dictatorship in 1998, independence movements sprouted from East Timor to Aceh, and Jakarta responded with different mixes of military power and grants of semiautonomy.

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The regions prefer having more self-government, and "decentralized units get very wary when the center takes on emergency powers," said Dr. David Nabarro, chief pandemic flu coordinator for the United Nations.

Dr. Mariner, of Tufts, said shortages of trained veterinarians and slow compensation of farmers have also been major obstacles to crushing the outbreak.

He and nine colleagues from Tufts and the F.A.O. are training local people to find sick birds and rapidly test them, cull flu-infected flocks and vaccinate others in a ring around the sick ones.

But each trainee needs two to three months of class and fieldwork to become proficient, he said, and then many of them must, in turn, become trainers.

"By February, we should have enough for 157 districts on three islands," he said. Asked how long it would take to train enough disease-trackers to cover all 480 provinces, he said "I don't have an answer — maybe two or three years?"

Another problem, he said, is the sheer profusion of backyard chickens. The outbreak is not a big problem in commercial flocks, but "in the country, every household has poultry," he said. "Retired people here keep chickens like other retirees take up woodworking. It's household food, and income, and something to do. Asking Indonesians to give up their chickens is like asking Americans to give up their dogs and cats."

Until recently, he said, many farmers refused to let their birds be killed because they received only vouchers that could take six months to be paid.

"Now we're seeing the districts willing to advance money, so people are paid in a few days," he said. "That's begun real cooperation."

The government pays about $1 per bird — just a bit below market value, which veterinary experts suggest is the best way to get compliance but to forestall the temptation to breed just for the culling payments.

Indonesians also raise fighting cocks, songbirds and trained doves worth much more than $1, he said, but they are paid nothing extra, giving the owners little incentive to cooperate.

Making matters harder, some outbreaks begin in remote villages that may themselves be estranged from local government. For example, Kubu Sembilang, the village in the Karo District in northern Sumatra where the flu killed seven members of one family, was a Christian and animist village, while northern Sumatra is a center of highly observant Islam.

Some wary villagers there blamed witchcraft for the deaths and refused to take the antiviral drug Tamiflu that the authorities had offered.

Given Indonesia's huge population — compared with Vietnam's 84 million people — avian flu remains a relatively rare disease there, said Dr. Tim Uyeki, an epidemiologist with the Centers for Disease Control and Prevention who was part of the W.H.O. investigative team.

But the way Indonesian cases have clustered — often infecting just the blood relatives in one family in a village — has given support to the theory that some people are genetically more likely than others to get infected, he noted.

"We can't prove that — it remains a hypothesis," he said. "But when a village has a lot of people and a large outbreak, and they all have lots of contact — burying or slaughtering or whatever — and only one family gets sick, you have to ask: is there something unique in that family that creates susceptibility?"

Studies to test that are needed, he said.

Under the right circumstances, Indonesia can rouse itself to beat a threatened epidemic.

Just last year, it defeated an unexpected polio outbreak. After a polio-free decade, it had a lone imported case in May 2005, but that quickly grew to 303 cases, the world's third-biggest outbreak, after Nigeria and Yemen. (Each detectable case of paralysis means there are 200 people with "silent" cases, who can still spread the virus.)

But a huge immunization campaign drove new cases down to a mere two this year so far.

Tsunami Responders Primed By Recent Calamities (CSM)

By Michael J. Coren

The Christian Science Monitor, July 21, 2006

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Posted July 21, 2006 - http://www.csmonitor.com/2006/0721/p25s02-woap.html Tsunami responders primed by recent calamities Relief groups say survivors are getting enough aid, at least in the emergency's initial stages.

By Michael J. Coren | Contributor to The Christian Science Monitor

PANGANDARAN, INDONESIA

Hundreds of police, military, and relief workers continued to clear debris as well as retrieve and bury the dead three days after a tsunami struck this once idyllic coastal resort town.

Each night, survivors crowd into camps that hold thousands of people. Some return during the day to scavenge in the ruins of their homes. Salt water has contaminated many wells and made drinking water a precious commodity.

So far, say relief groups in Pangandaran, no shortages of food or medicine have been reported and survivors are receiving enough aid, at least in the emergency's initial stages.

"I think we just need a few more days time here and things will be settled," says Herman Widjaja, a member of the Buddhist aid organization Tzu Chi. "Especially nowadays, the new government is really taking care of these matters.... They're coordinated quite well."

The limited scale of the disaster, and easy access for relief supplies, have helped rescuers in comparison to the deadly 2004 tsunami that killed more than 170,000 people in Indonesia or the recent Yogyakarta earthquake that leveled 150,000 homes and killed about 5,000 people. In both cases, the vast area of the devastation areas complicated humanitarian efforts.

Officials reported the death toll from Monday's tsunami as 531, with more than 270 others missing on the southern coast of the island of Java. Twenty-three more bodies were uncovered on Thursday.

A magnitude 7.7 earthquake in the Indian Ocean touched off the rushing wall of water - by some estimates as high as 20 feet. Residents barely noticed the tremor until a roaring wave engulfed the town 45 minutes later, sweeping 1,600 feet inland and crashing against some 110 miles of Indonesia's shoreline.

The recent string of natural disasters has kept relief organization well-stocked and primed to distribute aid quickly. In Pangandaran, the relief group Save the Children says it will hand over aid work to local authorities once the emergency passes.

"Most organizations including our own are using donated funds and have not launched international appeals ," says Jon Bugge, spokesman for Save the Children in Indonesia."We feel once the emergency relief is settled, the local government can take the lead on local reconstruction."

Full HTML version of this story which may include photos, graphics, and related links

Soros Does Europe (WSJ)

The Wall Street Journal, July 21, 2006

From criticizing U.S. foreign policy to defending agricultural subsidies, the European Union has no problem standing up to America. But that's apparently not good enough for George Soros. Having spent millions in a forlorn attempt to defeat President Bush in 2004, the hedge-fund billionaire is investing in another strategy to stymie the Bush Administration: bucking up the EU to become a more forceful counterweight to American power.

Amid a media blitz to promote his new book "The Age of Fallibility" -- about the menace posed by the U.S. to world freedom -- Mr. Soros told a British newspaper earlier this week that "The attitude of the Bush Administration has had disastrous consequences; the world needs an alternative and the European Union can provide it." The superrich evangelist sees Brussels as too weak and bureaucratic, and so he is proposing to inject a little backbone by pouring hundreds of millions of dollars into new foundations, the first of which will be set up in Paris or London.

No word yet on what the foundations will do, exactly, but Western European leaders should brace for impact. Mr. Soros, who has set up civil-society foundations in Eastern Europe and the U.S., is already one of the biggest bankrollers in Democratic and liberal politics. He spread around $25 million to liberal soft-money groups like America Coming Together and MoveOn.org ahead of the 2004 election, and his money continues to fund assorted liberal activist groups that wage a permanent media campaign against Republicans.

That's modern politics, but it is notable that so far his mega-millions have failed to win over either the U.S. electorate, or arguably even the mainstream of his own party. In that light, seeking influence in the more fertile anti-American territory of elite

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Europe makes a certain sense. His ideas are an easier sell there. On the other hand, with the likes of Jacques Chirac and the Guardian newspaper already up and running on the Continent, it's fair to wonder if Mr. Soros's efforts won't be redundant.

In any event, we doubt this exercise will achieve his goal of making the EU a serious counter to U.S. power. The best way to do that would be for France and Germany to adopt pro-growth economic policies and use the resulting prosperity to spend more on defense. Somehow we suspect that's not what Mr. Soros has in mind.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Judge Won't Dismiss Suit Over Domestic Spying Government, AT&T Had Sought To Have Case Thrown Out (SFC) 5
Judge Declines To Dismiss Lawsuit Against AT& T (WP) 5
Judge Refuses To Dismiss Spying Lawsuit (AP) 6
Judge Denies AT&T, U.S. Motion To Dismiss Domestic-Spying Case (WSJ)..... 7
Judge Declines To Dismiss Privacy Suit Against AT&T (NYT) 7
U.S. Loses Bid To Dismiss AT&T Surveillance Suit (LAT)..... 8
Surveillance Bill Meets Resistance In Senate (WP) 9
Pakistani Man Sentenced In Terror Trial (AP)..... 10
Pakistani Gets 30 Years For Aiding Qaeda Operative (NYT) 10
Domestic Detainee From 9/11 Released (WP) 11
Beirut Violence Strands Defense Lawyers In Padilla Case (LAW)12

Homeland Response:

FBI Investigating Hezbollah Cells In North Carolina (WCNC-TV)12
Database Is Just The 1st Step (USAT)..... 13
They're Protecting The Bigger Picture (LAT)..... 13
Did Ya Hear The One About America's Disaster Planning? (USAT) 14
Canadian, U.S. Mayors Unite To Fight U.S. Border Security Plan (AP)..... 14
Mayors Gather In Windsor To Debate Passport Rule (FREEP) . 15
Disaster Plans Don't Address Nursing Homes (AP)..... 15
FEMA On Standby As Beryl Heads Toward New England (AP). 16

War News:

Iraq's Police Overwhelmed By Violence (CSM)..... 16
An Ebb Proves No Respite In Violent Summer In Iraq (WP)..... 18
Sharp Rise In Baghdad Violence Reported (AP)..... 19
Crackdown Yields Little Security In Baghdad (LAT)..... 20
Sects' Strife Takes A Toll On Baghdad's Daily Bread (NYT) 21
More Iraqis Fleeing Strife And Segregating By Sect (NYT)..... 23
Judge Grants Delay In Iraqi Rape And Murder Case (AP)..... 24
Inside The Ring (WT)..... 25
In A 5,000-Word Letter, Hussein Blames Bush, Iran And Israel Supporters For Iraq's Troubles (NYT) 26
NATO Chief Says Afghan Troops Can't Fail (AP) 27
Army To Cut Domestic Spending (WP)..... 28
Strapped For Money, Army Extends Cutbacks (AP-Y) 29
Senate Agrees To Trim Modernization Plans (AP-Y)..... 29

DOJ:

U.S. Attorney General Tours The Border (KDBC-TV)..... 30
U.S. Attorney General Gonzales Tours El Paso (EPT) 30
Pair Charged After Death Of Teenage Immigrant (AP)..... 31
Attorney General Discusses El Paso Smuggling Case (KFOX-TV) 31
U.S. Attorney General Visits Borderland (KTSM-TV)..... 31
Former Prosecutor Wins $170,000 Discrimination Settlement (AP)..... 32

Corporate Scandals:

Brocade Ex-CEO, 2 Others Charged In Options Probe (WSJ)... 32
Ex-CEO Of Brocade, Two Others Charged Over Options (SFC) 34
Prosecutors Charge Brocade Ex-CEO Reyes In Stock-option Scheme (MERCN)..... 35
Ex-Brocade Chief Charged With Fraud In Options Probe (Update7) (BLOOM) 37
SEC Files Charges In Backdating Scandal (FT) 39
2 Are Charged In Criminal Case On Stock Options (NYT)..... 40
Criminal Charges Filed Against Ex-Brocade CEO (CNET)..... 42
Ex-Brocade Execs Charged In Stock-options Case (MRKTWTCH) 43
Ex-CEO Charged In Backdating Probe, As SEC Weighs Others' Conduct (LAW) 43
Companies Bide Time Over Stock-options Scandal (FT)..... 45
SEC's Cox To Name Chief Accountant (WSJ) 46

Criminal Law:

Rep. Jefferson, Nigerian Agree On Points (AP) 47
Ex-Fumo Aides Plead Not Guilty In Federal Probe (PHI)..... 47
Jury Convicts Landscaper Of Defrauding SEPTA (PHI) 48
Feds Want To Curb Vigil's Lawyers In New Trial (AP) 48
Ward Crutchfield Trial Set For Feb. 5 (CHATT) 49
Crutchfield Trial Date Set In Tennessee Waltz Case (CHATTFP)49
Officer Arrested In Drug, Theft Ring (BOS) 49
Three Plead Guilty In Oregon To Ecoterrorism Spree (AP) 50
Reputed Mob Financier-turned-restaurant Exec Charged With Fraud (NSDY/AP) 51
New Charges Are Tough On The Heart Of A Mobster (NYT) 52
Cipriani Vice President Indicted On Insurance Fraud Charges (NY1)..... 53
Online Gambling Takes A Big Hit (PHI)..... 53

Las Vegas Gathering Of Top Executives Is Scrapped (GUARD) 54
W.T.O. Panel Will Investigate U.S. Limits On Online Gambling (NYT/AP) ... 55
Former Air Marshal Gets 20 Years In Child Pornography Case (NSDY/AP) ... 56
More Charges Filed Against Federal Prison Guards In Sex Case (AP) ... 56
New Orleans Arrests Spark 'Mercy Killing' Debate (CSM) ... 57
Fury Meets Katrina Hospital Arrests (LAT) ... 57
Murderer Executed By Electric Chair (WP) ... 59
Man Facing Execution For Slaying Fellow Inmate In Pagan Ritual Pleads Case To U.S. Supreme Court (FINDLAW/AP) ... 60
Former Brokerage Tech Worker Convicted In Computer Tampering Scheme (FINDLAW/AP) ... 60
Navy Quarterback Cleared Of Raping Midshipman (WP) ... 61

Civil Law:

DOJ's Former Tobacco Litigation Chief Says McCallum Misled Congress (LAW/AP) ... 62

Civil Rights:

In Speech To N.A.A.C.P., Bush Offers Reconciliation (NYT) ... 63
Bush Tells NAACP Senate Should Pass Voting Rights Extension (BETN) ... 65
After Long Estrangement, Bush Reaches Out To NAACP (CSM) 66
At NAACP, Bush Tries To Mend Rift (WP) ... 66
Bush Vows To Patch Up His Ties To The NAACP (LAT) ... 67
Bush Knows Many Blacks Distrust GOP (AP) ... 69
Bush Pledges To Repair Ties With Black Voters (FT) ... 70
Bush Addresses NAACP For The First Time In His Presidency (MCT) ... 70
'We Must Work As One,' Bush Tells NAACP Audience (USAT) ... 71
Bush Reaches Out To NAACP (WT) ... 72
Bush Speaks To NAACP For First Time (AJC) ... 73
For Bush And The NAACP, Uneasy Does It (WP) ... 74
Bush Makes Nice With The NAACP (LAT) ... 75
Senate Renews 1965 Voting Rights Act (AP-Y) ... 76
Voting Rights Act Extension Passes In Senate, 98 To 0 (WP) ... 77
Senate Unanimously Passes VRA Renewal (RC) ... 78
Congress Sends Bush Extension, Clarification Of Voting Rights Act (WSJ) ... 78
Vote Act Renewal Passes In Senate (WT) ... 79
By A Vote Of 98-0, Senate Approves 25-Year Extension Of Voting Rights Act (NYT) ... 80
Hospital Agrees To Provide Communication For Deaf (AP) ... 81
Federal Election Monitors Watch Conecuh County Voting (MR) 82
Freedom Of Speech Examined In Quran Shooting Case (WTVC-TV) ... 82

Antitrust:

Profit Lags As Microsoft Spends To Meet Competitors (NYT) ... 83
Microsoft Beats Forecast (SEAPI) ... 84
China International Marine Drops Burg Takeover On EU Probe (BLOOM) ... 85

Environment/Indian Affairs:

House Panel Inquiry On Global Warming Research (NYT) ... 85
U.S. Narrows Mad-Cow Testing, Citing Rare Presence Of Disease (WSJ) ... 86
U.S. Slashes Testing For Mad Cow Disease, Citing Low Infection Rate (NYT) ... 86
US To Reduce Mad-Cow Testing After Few Cases Found (BLOOM) ... 87
Testing For Mad Cow Disease To Be Cut (WP/AP) ... 88
90% Cut In Mad Cow Tests Brings Mixed Reaction (DMN) ... 88
Disputed Woodpecker Halts Project (AP) ... 89
Interior Chief Touts Oil Royalties For States (WT) ... 90
Louisiana Governor Sues Over Oil Royalties (NYT/AP) ... 91
Some In GOP Fighting Western Energy Drilling (USAT) ... 91
Burning Debate As Emission Restrictions Loom, Texas Utility Bets Big On Coal (WSJ) ... 91
Feds Initiate Talks To Bring Amber Alert To Indian Country (AP) 94

FBI/DEA/ATF/USMS:

Bonds Avoids Indictment, But Inquiry Will Go On (NYT) ... 94
A Bit Of Breathing Room, But For How Long? (NYT) ... 96
Prosecutors Extend Bonds Investigation (AP) ... 97
The Game's Not Over Prosecutors Hold Off On Indicting Bonds, But Pursue Investigation With New Grand Jury (SFC) ... 99
Bonds Grand Jury Ends Work With No New Indictments (Update4) (BLOOM) ... 100
A New Grand Jury Impaneled For Bonds (WP) ... 101
Grand Jury Will Continue To Investigate Bonds (USAT) ... 102
Prosecutors In Bonds Case Veer Toward Vendetta (LAT) ... 103
Poll: Majority Of Fans Believe Bonds Used Steroids (ESPN/ABC) ... 104
THE BALCO CASE Lawyers Spar On Denial Conte Was Leak Prosecutors Argue Paper Lost Any Right To Protect Source (SFC) ... 104
Claims Hold Up Nominee (GRPRESS) ... 105
Drug Suspect Gets Bond (KNOXNS) ... 106
Reputed Street Gang Leader Gets 37-Year Prison Sentence (NYT) ... 107

Immigration:

Border Security Should Be Priority, Hastert Says (USAT) ... 108
Hastert Aims To Solve Immigration Problem (AP-Y) ... 109
Longer Fence On Mexican Border Debated (AP) ... 109
Border Fence Cited As Deterrent To Crime (WT) ... 110
Patrol Agents Return To The Front Lines (AP) ... 110
Guard, Patrol Say Border Plan Working (HC) ... 111
Trial Examines Legality Of Aid To Immigrants (WSJ) ... 112
Minutemen Put Trust In Their Finance Firms (WT) ... 113

Tax:

IRS Gets Setback In Prosecution Of 'Son Of Boss' Tax Shelters (WSJ) ... 114
Editorial: KPMG Justice (WSJ) ... 114

Congress-Administration:

HHS Secretary's Fund Gave Little To Charity (WP) ... 115
Pension Bill To Close Costly Loopholes (AP-Y) ... 116

DOJ_NMG_0042438

Senate Appropriations Panel Quickly Approves Four Bills (WP)117
Oman Trade Pact Passes House In A Close Vote (WSJ)..... 118
Peru Trade Accord Passed By U.S. House Committee In "Mock" Vote (BLOOM)..... 119
Parent-notification Bill Pushed In Senate (WT) 119
Civil Service, Military Raises Moved Along Separate Tracks (WP)..... 120
Googling The Feds (LAT) 121
Farm Harm (WP)..... 121

Other News:

Fed Chief Is Optimistic On Housing (NYT/AP)..... 122
Mortgage Rates Rose In Week (WSJ) 123
Fed May Have Boosted Rates In Part To Satisfy Expectations (WSJ)..... 123
Stocks Lose Steam As Dow Falls 83.32, And Fed Minutes Fuel Economic Jitters (WSJ) 124
Wall St Down On Earnings Disappointments (FT) 125
As Oil Rises, Will Economy Finally Fall? (NYT)..... 125
Institute Cites Medication Errors, Suggests Changes To Cut Injuries (WSJ) 126
Report Finds A Heavy Toll From Medication Errors (NYT) 127
Medication Errors Harming Millions, Report Says (WP)..... 128
Study: Medication Errors Harm 1.5M A Year (USAT) 129
Stem-Cell Issue: Republicans' Undoing? (WSJ) 130
Democrats Seize Issue Of Stem-cell Research (WT) 131
Schwarzenegger Gives $150M Stem Cell Loan (AP-Y)..... 132
Schwarzenegger Gives $150 Million Loan To Stem Cell Agency (LAT/AP) 133
Schwarzenegger Moves $150 Mln To Stem-Cell Program (Update3) (BLOOM) 133
California Stem-Cell Program Wins State Loan (WSJ) 134
Illinois Gov. Funds Stem Cell Research (AP-Y) 135
After 'rocky' Start, Revamped Unions Rev Up Political Activity (USAT)..... 135
Unions Rake In Record Cash For Campaigns (USAT) 136
Sen. Obama To Headline Iowa Party Event (AP-Y)..... 136
Is Obama Eyeing Iowa? (CHIT)..... 137
Democrats Aim For Rich-Poor Gap (wsj) 145
GOP Making Hard Pitch To Social Conservatives (MCT)..... 146
AP: Democrats Plan $30 Million Ad Buy (AP-Y)..... 147
Democrats Close Gap On GOP On Fundraising (AP) 148
Lieberman's Challenger Is Playing Catch-Up (WP)..... 149
Clinton To Help Lieberman Against Rival (AP-Y) 149
Lieberman's Support For War, Bush May Cost Him His Job (CCT/MCT) 150
Top Stars Donated To Sen. Hillary Clinton (AP-Y)..... 151
Inside Politics (WT) 152
Campaign '08 Preview: Podcasting Politicians (LAT)..... 153
U.S. Is Pressured By Mounting Calls For Mideast Peace (WSJ)155
U.S. Opposed To Cease-fire With Hezbollah (AP)..... 156
In Mideast Strife, Bush Sees A Step To Peace (WP)..... 157
Poll: Americans Worried About Mideast Involvement (cnn) 158
Annan Urges Immediate Halt To The Fighting In Lebanon (NYT)159
Annan Calls For Cease-fire In Lebanon (AP) 160
Annan Blames Both Israel And Hizbollah (FT) 161
U.N. Outlines Proposal To Resolve Lebanon Crisis (WT)..... 161
UN Warns Hizbullah, Israel Of 'war Crimes' Liability Human Rights Chief Points To 'unjustifiable' Numbers Of 'innocent Civilian' Casualties In Conflict. (CSM) 162
US To Send Rice To Mideast Soon, But No Ceasefire Call (AFP)..... 163
More Than A Cease-Fire Needed (NYT)..... 164
Order Vs. Disorder (NYT) 165
Look What Democratic Reform Dragged In (NYT)..... 166
To Save A Revolution (WP)..... 167
Lebanon's Dividers (WP) 167
Hostage To Hezbollah (WSJ) 168
The Price Of Fantasy (NYT) 171
West's Strategic Failure Lit The Fires In Middle East (FT)..... 172
House Overwhelmingly Backs Israel In Vote (AP) 174
Israel, Hezbollah Intensify Ground Conflict In Lebanon (WP) ... 174
Israel Preparing Lebanon Ground Offensive (AP)..... 176
Israel Says Troops Needed In Lebanon (AP)..... 178
Israel Pounds Hezbollah (WT)..... 179
Israel Presses Hizbullah As Lebanese Flee (CSM)..... 180
Israel Defiant As Demands For Cease-fire Grow (MCT)..... 181
Nasrallah Says Hezbollah Leadership Intact (AP)..... 183
Bunker Strike Failed, Says Hizbollah (FT)..... 183
Hezbollah Trained For 6 Years, Dug Deep Bunkers (WT)..... 184
Can Force Fell Hizbullah? (CSM) 185
Fighting Force Amid Ties To Iran, Hezbollah Builds Its Own Identity (WSJ) 186
Israel's Hezbollah Fight Bolsters Syria's Assad (WSJ)..... 188
Iran Seeks To Become Major Mideast Player (AP)..... 189
Residents Of Besieged City Feel 'Just Left Here To Die' (WP). 190
In An Unlikely Target For Rockets, Mourning And Pleas For Peace (NYT) 192
In Scramble To Evade Israeli Bombs, The Living Leave The Dead Behind (NYT) 193
Family Lays To Rest Soldier Killed In Ambush (WP) 194
Lebanese Told To Leave The South (LAT) 196
Fleeing For Their Lives Into The Grim Unknown (LAT)..... 197
Fleeing Home For A Haven (LAT) 199
Moving To Israel In A Time Of Crisis (WP)..... 200
Despite Ties To Hamas, Militants Aren't Following Political Leaders (NYT) 201
Palestinians Look Ahead Even As Israel Besieges Gaza (NYT)203
Marines Return To Beirut To Aid U.S. Evacuation (NYT)..... 204
Marines In Beirut To Help With Evacuation (AP)..... 206
U.S. Evacuees Arrive In Md. From Lebanon (AP-Y) 207
For Evacuees From Lebanon, A Bittersweet Arrival At BWI (WP)208
Plucked To Safety From Lebanon, American Evacuees Return And Lament The Destruction (NYT) 209
American Evacuees Bring Horror Tales From Lebanon (WT)... 210
Evacuees Jam Into Cyprus, And More Are Coming (NYT) 211
Angry Words From Those Left Waiting (LAT) 212
Bush May Push For Bolton's Confirmation (LAT)..... 213
Bolton's First Year At U.N. Wins Over A Critic (NYT)..... 213
Iran Promises Aug. 22 Reply To Nuke Plan (AP)..... 214

DOJ_NMG_0042439

Iran Offers A Pledge And A Warning (NYT) 215
U.N. Revisiting Draft On Iran (LAT) 216
U.N. Resolution Would Pressure Iran (WP)..... 216
U.S. Seeks Consultation On N. Korea Talks (AP-Y) 217
North Korea Must Not Gain In South Korea Trade Deal, Hyde Says (BLOOM) 218
Bush Talks With Top Chinese Officer (AFP-Y)..... 218
U.S., Japan To Start Deploying Missile Interceptors (WP)..... 219
Japan, U.S. To Deploy Missile Interceptors (AP) 219
The Taepodong Democrats (WSJ)..... 220
Nuclear Foes Remain Wary Of Kashmir Peace Talks (WT) 221
Lawmakers Chide Bush Over F-16 Sale (AP)..... 222
Scuffles In China As Trial Of Peasants' Rights Advocate Is Postponed (NYT)..... 222
China Postpones Trial Of Family Rights Activist (WP)..... 223
Hong Kong Democrat Speaks (CSM)..... 224
Yukos Chief Steps Down, Cites Bankruptcy 'Sham' (WSJ)..... 225
American President Of Yukos Quits, Saying He Can't Halt Its Liquidation (NYT)..... 225
Putin Honors Russia Agents After Death Of Terrorist (NYT) 226
Man With A Mission: A Nigerian Minister Sets Out To Save Kiev (WSJ)..... 227
Bush Urges Sudan To Allow Peace Force (AP-Y) 228
US Donates 116 Mln Dlrs To African Union Mission In Sudan (AFP)..... 229
Ethiopia Enters Somalia To Back Government (AP)..... 229
Ethiopia Sends Troops To Aid Ally (WT) 230
New Good Neighbor, Libya May Soon Feel Pressure To Settle With Victims Of Its Attacks (NYT)..... 231
N.Z., U.S. Agree To Strengthen Relations (AP-Y)..... 232
French Socialist Using Web To Win Over Voters (WP) 232
Smuggled Cubans To Stay In U.S. (AP-Y)..... 234
Disputed Election Puts Strain On Mexicans (LAT) 235
As Other Asian Nations Have Moved To Control Bird Flu, It Is Rapidly Spiraling In Indonesia (NYT)..... 236
Tsunami Responders Primed By Recent Calamities (CSM)..... 237
Soros Does Europe (WSJ)..... 238

DOJ_NMG_0042440

TERRORISM NEWS:

Judge Won't Dismiss Suit Over Domestic Spying Government, AT&T Had Sought To Have Case Thrown Out (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, July 21, 2006

(07-20) 12:54 PDT -- A federal judge in San Francisco refused today to dismiss a privacy-rights group's lawsuit against AT&T for allegedly cooperating in illegal government electronic surveillance of U.S. citizens, and flatly rejected the Bush administration's claims that such litigation threatens national security.

"Dismissing this case at the outset would sacrifice liberty for no apparent enhancement of security," Chief U.S. District Judge Vaughn Walker said in a 72-page ruling denying dismissal motions by both the federal government and AT&T.

He also said AT&T and the Bush administration have already disclosed, for all practical purposes, that the company "assists the government in monitoring communication content" as part of federal anti-terrorism efforts. Allowing private parties to claim that their rights were violated by the company's role in the program would not expose state secrets or assist terrorists, Walker said.

It was the first ruling in the nation on the administration's claim that all of the roughly 30 lawsuits challenging the electronic surveillance program must be dismissed because they threaten to expose state secrets.

The suit was filed in January by the Electronic Frontier Foundation as a proposed class action on behalf of all AT&T customers. It claimed that the telecommunications company had given the National Security Agency access to its telephone and e-mail networks and database of customer records so the agency could mine them for evidence of contacts with terrorists.

President Bush acknowledged in December that he had authorized the National Security Agency, shortly after the terrorist attacks of Sept. 11, 2001, to intercept communications between Americans and suspected terrorists in foreign countries without seeking judicial warrants, as required by federal law. Bush said he had the constitutional power to act without consulting Congress.

Justice Department lawyers asked Walker last month to dismiss the lawsuit against AT&T, arguing that the entire subject of the suit was a state secret. They also said the plaintiffs would be unable to prove essential elements of their case -- for example, that they had been harmed by the program, and that AT&T had no legal authorization for any participation in the government's efforts -- because all evidence that related to those claims must be kept secret.

Walker rejected those arguments today, saying it was premature, at best, to conclude that the case could not proceed without exposing state secrets.

"AT&T's assistance in national security surveillance is hardly the kind of 'secret' that . . . the state secrets privilege (was) intended to protect or that a potential terrorist would fail to anticipate," said Walker, who was named to the federal bench by Bush's father, former President George H.W. Bush, in 1989.

While other lawsuits have been dismissed on the grounds that they would inevitably expose state secrets, Walker said, none of them involved claims of "ongoing, widespread violations of individual constitutional rights."

He also rejected AT&T's claim that customers lacked legal standing to sue because they would be unable to show that the federal government had monitored their calls. The gist of the suit is that the company "has created a dragnet" that illegally diverted the customers' communications to the government and violated their rights, Walker said.

Judge Declines To Dismiss Lawsuit Against AT& T (WP)

By Arshad Mohammed

The Washington Post, July 21, 2006

A federal judge yesterday rejected the government's effort to throw out a lawsuit about its warrantless surveillance program, arguing that a dismissal of the case would restrict civil liberties without strengthening national security.

The class-action suit against AT&T Inc., filed by the Electronic Frontier Foundation in January, alleges that the nation's largest phone company collaborated with the federal government in an illegal domestic spying program to monitor Americans' phone calls and e-mails.

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The government, which has defended the legality of what it has called a "terrorist surveillance program" without revealing many details about its workings, asked U.S. District Judge Vaughn R. Walker to dismiss the case, arguing that it would divulge state secrets and damage national security.

In his ruling, Walker wrote that he saw no "reasonable danger" of harming national security by proceeding with the case, that its subject was "hardly a secret" and that the court had a constitutional duty to decide matters brought before it.

"To defer to a blanket assertion of secrecy here would be to abdicate that duty, particularly because the very subject matter of this litigation has been so publicly aired," Walker wrote. "The compromise between liberty and security remains a difficult one. But dismissing this case at the outset would sacrifice liberty for no apparent enhancement of security."

Walker, who was appointed to the bench in 1989 by President George H.W. Bush and serves as chief judge for the U.S. District Court for the Northern District of California, also rejected a separate motion by AT&T to dismiss the case.

In separate statements, AT&T, based in San Antonio, and the Justice Department said they were studying the ruling and considering their next steps.

"At AT&T, we prize our customers' privacy and we also recognize our obligation to assist law enforcement agencies," company spokesman Michael Coe said. "AT&T is fully committed to protecting our customers' privacy, and we would not provide customer information to any government agency except as specifically authorized under the law."

Robert Fram, the lawyer who argued the case for the San Francisco nonprofit privacy group, hailed the verdict as a victory.

"Judge Walker clearly took seriously his responsibility to take a hard look at alleged violations of civil liberties," Fram said. Walker appeared to take the view that "there doesn't seem to be any benefit to national security to trying to suppress something that the whole world already knows," Fram said.

The National Security Agency's eavesdropping program, launched after the Sept. 11, 2001, terrorist attacks, and revealed in news reports last December, allows the NSA to intercept telephone calls and e-mails between the United States and locations overseas without court approval if one of the parties is suspected of terrorist links.

It is the focus of several lawsuits and months of wrangling between the administration and Congress over its legality.

Last week, Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) and the administration agreed on proposed legislation that would allow President Bush to submit the program to the government's secret terrorism and intelligence court to review its legality. Other lawmakers have criticized that deal, saying it would provide insufficient oversight.

Staff writer Dan Eggen and staff researcher Meg Smith contributed to this report.

Judge Refuses To Dismiss Spying Lawsuit (AP)

By David Kravets, Associated Press Writer

AP, July 21, 2006

SAN FRANCISCO (AP) -- A federal judge Thursday refused to dismiss a lawsuit challenging the Bush administration's domestic spying program, rejecting government claims that allowing the case to go forward could expose state secrets and jeopardize the war on terror.

U.S. District Judge Vaughn Walker said the warrantless eavesdropping has been so widely reported that there appears to be no danger of spilling secrets.

Dozens of lawsuits alleging that telecommunications companies and the government are illegally intercepting Americans' communications without warrants have been filed. This is the first time a judge has ruled on the government's claim of a "state secrets privilege."

"It might appear that none of the subject matter in this litigation could be considered a secret given that the alleged surveillance programs have been so widely reported in the media," Walker said.

Walker also wrote that he did not see how allowing the lawsuit to continue could threaten national security.

"The compromise between liberty and security remains a difficult one," Walker said. "But dismissing this case at the outset would sacrifice liberty for no apparent enhancement of security."

And in declining to dismiss AT&T Inc. from the lawsuit, filed by the Electronic Frontier Foundation privacy group, Walker suggested the case had some merit. "AT&T cannot seriously contend that a reasonable entity in its position could have believed that the alleged domestic dragnet was legal," he wrote.

A Justice Department spokesman said the administration was reviewing the ruling before making its next step.

The lawsuit challenges President Bush's assertion that he can use his wartime powers to eavesdrop on Americans without a warrant. It accuses AT&T of illegally making communications on its networks available to the National Security Agency without warrants.

AT&T, based in San Antonio, said in a statement that it values customers' privacy, but also recognizes its "obligation to assist law enforcement."

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The government intervened in the case, telling Walker that Bush's surveillance program, adopted after the Sept. 11 terror attacks, is "a secret of the highest order."

The government argued that divulging any information about any alleged collusion between AT&T and the government to eavesdrop on Americans could subject AT&T employees and facilities to attack and would enable terrorists "to communicate more securely."

The state secrets defense, first recognized by the U.S. Supreme Court in a McCarthy-era lawsuit, has been increasingly and successfully invoked by federal lawyers seeking to shield the government from court scrutiny.

The high court has upheld the legal tactic as recently as January, when it rejected an appeal from a former covert CIA officer who accused the agency of racial discrimination.

The president confirmed in December that the NSA has been conducting warrantless surveillance of calls and e-mails thought to involve al-Qaida terrorists if at least one of the parties to the communication is outside the United States.

The administration contends the program is legal and necessary, but has been mum on whether purely domestic calls and electronic communications are being monitored, as the lawsuit alleges.

A pending legislative compromise worked out by the White House and Sen. Arlen Specter, R-Pa., the Senate Judiciary Committee chairman, would allow the president to submit the spy program to the Foreign Intelligence Surveillance Court for a one-time test of its constitutionality. That legislation, which has not been voted on, would remove the EFF case and others from the federal civil courts.

The EFF plans on asking Walker soon to rule on whether the president possesses wartime powers to authorize warrantless eavesdropping in the United States. The EFF alleges that San Antonio-based AT&T, which neither confirms nor denies the allegations, practices "wholesale surveillance" of its customers.

Judge Denies AT&T, U.S. Motion To Dismiss Domestic-Spying Case (WSJ)

By Roger Cheng

The Wall Street Journal, July 21, 2006

NEW YORK -- A district judge denied a request by AT&T Inc. and the U.S. government to dismiss a lawsuit alleging the two had illegally tracked domestic and foreign telephone calls.

"The court denies the government's motion to dismiss...on the basis of state secrets and denies AT&T's motion to dismiss," U.S. District Judge Vaughn Walker said in a court order filed Thursday.

The lawsuit, filed by the Electronic Frontier Foundation, accuses AT&T of illegally working with the National Security Agency to eavesdrop and track phone calls without warrants.

AT&T spokesman Michael Coe: "We are reviewing the order and evaluating possible next steps.

"The news media have carried reports alleging that AT&T is participating in an unlawful NSA terrorist surveillance program. Unfortunately, the law does not permit AT&T to respond to those allegations."

The dismissed motion was filed by AT&T Corp., the business unit of parent AT&T. A separate motion by the parent company is still under review.

But Kevin Bankston, staff attorney for EFF, said that just because the government gave permission to enable the wiretapping doesn't make it legal. "AT&T has violated the law specifically directed at phone providers. AT&T has harmed its customers, and we're seeking redress for that harm."

The complaint is largely based on documents provided by a former AT&T technician, Mark Klein, who talked of a "secret room" that was installed at AT&T's network facility in San Francisco. Reports indicate there may have been other such facilities throughout AT&T's network.

The San Antonio phone company argued that it should be immune from prosecution since it received government authorization to conduct the surveillance. On April 28, it filed to dismiss the suit. The government, meanwhile, argued that details of the lawsuit would threaten national security.

The parties are scheduled to appear on Aug. 8 for a case management conference, according to the order. The case is being heard in the Northern District of California. The judge is allowing the discovery process on claims of mass interception of phone and Internet traffic, but wouldn't allow looking into whether AT&T provided call detail records to an NSA database.

Controversy over the domestic spying issue peaked after a USA Today article claimed that AT&T, along with fellow "Baby Bells" Verizon Communications Inc. and BellSouth Corp., participated in the program. The newspaper has since said it was unable to confirm its claims that Verizon and BellSouth had been contracted by the NSA to provide records.

Judge Declines To Dismiss Privacy Suit Against AT&T (NYT)

By John Markoff

The New York Times, July 21, 2006

SAN FRANCISCO, July 20 — A federal judge on Thursday rejected a motion by the Bush administration to dismiss a lawsuit against AT&T over its cooperation with a government surveillance program, ruling that state secrets would not be at risk if the suit proceeded.

The case was filed in February by the Electronic Frontier Foundation, a civil liberties group, and alleged that AT&T was collaborating with the National Security Agency in a surveillance program tracking the domestic and foreign communications of millions of Americans.

In rejecting the motion brought by the Justice Department, Vaughn R. Walker, chief judge of the Federal District Court for the Northern District of California, ruled that the government had already disclosed in broad terms whose communications it monitored, and that it was generally interested in calls between the United States and other countries.

"The government has opened the door for judicial inquiry by publicly confirming and denying material information about its monitoring of communications content," Judge Walker wrote.

"Because of the public disclosures by the government and AT&T,'' he added, "the court cannot conclude that merely maintaining this action creates a 'reasonable danger' of harming national security."

The judge also rejected a separate motion to dismiss by AT&T, which had argued that its relationship with the government made it immune from prosecution.

Judge Walker noted that his ruling should not be interpreted as an indication that his review of classified material presented by the government confirmed the accusations in the suit.

The government's surveillance of telephone and Internet activity as part of its effort to track terrorists was disclosed in an article in The New York Times last December. In filing its lawsuit, the Electronic Frontier Foundation cited the testimony of a former AT&T technician who disclosed technical documents about the installation of monitoring equipment at an AT&T Internet switching center in San Francisco.

"This cases arises against the backdrop of the accountability of the government as it pursues its surveillance program," said Marc Rotenberg, director of the Electronic Privacy Information Center, a civil liberties group based in Washington. "This is a significant victory for the principle of government accountability."

Cindy Cohn, legal director for the Electronic Frontier Foundation, said the lawsuit was one of about 35 filed in different states in response to disclosures about the surveillance program, which the Bush administration has acknowledged. Senator Arlen Specter, Republican of Pennsylvania, has introduced legislation to consolidate those cases before a special court that had previously been established under the Foreign Intelligence Surveillance Act to deal with such issues.

Separately, at the request of AT&T, Verizon and the government, a federal court in Chicago has begun to consider whether the cases should be consolidated or heard before separate federal courts.

An AT&T spokesman, Walt Sharp, said the company was evaluating its options in light of the judge's ruling. Mr. Sharp emphasized that the company was committed to protecting the privacy rights of its customers.

A Justice Department spokesman did not return telephone calls seeking comment.

In a separate lawsuit filed before a federal court in Detroit, the American Civil Liberties Union is suing the National Security Agency over the surveillance program.

Lawyers for the Electronic Frontier Foundation said they assumed the government would appeal the ruling, and said the next phase of the case would deal with whether the judge would permit the discovery phase of the trial to continue during the appeal process.

"Everyone expects the government to appeal, and that could take some time," said Robert D. Fram, a partner at Heller Ehrman, the San Francisco firm representing the foundation in the case.

U.S. Loses Bid To Dismiss AT&T Surveillance Suit (LAT)

By Joseph Menn

The Los Angeles Times, July 21, 2006

SAN FRANCISCO — A federal judge on Thursday allowed a lawsuit over domestic surveillance to proceed despite Bush administration arguments that revealing secrets in the case would open the country to terrorist attack.

The ruling by U.S. District Judge Vaughn Walker, in a privacy suit against AT&T Inc. involving surveillance by the National Security Agency, rejected the government's motion that the case be dismissed because of its "state secrets" privilege.

"While the court recognizes and respects the executive's constitutional duty to protect the nation from threats, the court also takes seriously its constitutional duty to adjudicate the disputes that come before it," Walker wrote in his ruling. "The compromise between liberty and security remains a difficult one. But dismissing this case at the outset would sacrifice liberty for no apparent enhancement of security."

Walker based his decision partly on the fact that President Bush and other officials had spoken publicly about aspects of clandestine federal efforts to track suspected terrorists by monitoring the voice and data networks of AT&T and other phone companies.

Bush, for example, has confirmed that the NSA listened without warrants to calls into and out of the U.S. involving suspected terrorists.

Thursday's ruling raises the odds that at least some of the controversial spying programs will have their fates decided in court. It increases the stakes for a Senate bill that would send such legal disputes to a secret foreign surveillance court that historically considers only evidence that federal officials choose to present.

Walker's decision applies only to a case filed in January by the Electronic Frontier Foundation, a civil liberties group that alleged AT&T was violating federal privacy laws by helping the U.S. monitor calls and e-mails.

Foundation attorney Cindy Cohn said she hoped Walker's order would make it more difficult for Congress to keep lawsuits out of open court. "We're hoping that this will convince members of Congress that the government's attempt to sweep all these cases into a secret court is not appropriate," Cohn said.

Justice Department spokesman Charles Miller said, "We are reviewing the court's ruling, and the government has made no decision as to what the next steps will be in the matter."

The case cites not only news reports but testimony and documents from a former AT&T employee in San Francisco, who says copies of all e-mail and digitized voice traffic through the company's local switching office were also sent to a computer room controlled by the NSA.

Walker said that for now, he would not allow the plaintiffs to seek evidence about another reported surveillance program, which is said to give the spy agency access to billions of calling records. Such records include numbers dialed but not the content of the calls.

Because the government has neither confirmed nor denied such a program, it can more plausibly argue that the program's alleged existence is a state secret, Walker wrote.

The judge also rejected an AT&T motion, that he dismiss the case on the grounds that the company is immune to litigation over cooperation with government security initiatives. Walker cited an admission by one of the company's attorneys that AT&T could have refused a government request for information if it thought it was being asked to do something illegal.

Walker said he intended to appoint an expert to advise him on whether specific pieces of evidence should be kept from the public. He set an Aug. 8 court date for discussions on how to proceed and gave both sides permission to appeal his plan.

Surveillance Bill Meets Resistance In Senate (WP)

By Dan Eggen

The Washington Post, July 21, 2006

A Senate surveillance bill personally negotiated by President Bush and Vice President Cheney ran into immediate trouble this week, as Democrats and other critics attacked the proposal while key GOP leaders in the House endorsed a different bill on the same topic.

The Senate legislation, drafted during negotiations between the White House and Sen. Arlen Specter (R-Pa.), would allow the administration to submit the National Security Agency's warrantless surveillance program to a secret intelligence court for review of its legality.

The proposal was billed as a rare and noteworthy compromise by the administration when unveiled last week. But the legislation quickly came under attack from Democrats and many national security experts, who said it would actually give the government greater powers to spy on Americans without court oversight.

A competing bill introduced by Rep. Heather A. Wilson (R-N.M.) was endorsed this week by two key House GOP leaders: Peter Hoekstra (Mich.), the intelligence committee chairman, and F. James Sensenbrenner Jr. (Wis.), head of the Judiciary Committee.

Specter, chairman of the Senate Judiciary Committee, canceled a markup session for his proposal that had been scheduled for yesterday. He announced instead plans instead for a full committee hearing Wednesday on the Foreign Intelligence Surveillance Act (FISA), the 1978 statute at the center of the debate.

The developments add to the uncertainty surrounding the eavesdropping program, which allows the NSA to intercept telephone calls and e-mails between the United States and locations overseas without court approval if one of the parties is suspected of links to terrorism.

The program -- secretly ordered by Bush after the Sept. 11, 2001, attacks but not revealed publicly until media reports in December -- has been the focus of fierce congressional debate. The Justice Department has spent much of its time fending off a

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flurry of legal challenges to the program in the courts, including a class-action lawsuit that was allowed to proceed yesterday by a federal judge in California.

Specter's proposal would, among other things, allow the transfer of all pending lawsuits to a secret FISA appeals court that could throw the cases out for "any reason." The bill would also allow -- but not require -- the administration to seek legal approval for the NSA program from another secret court that administers FISA.

The legislation also would lengthen the amount of time the government could spy on alleged terrorism suspects before receiving warrants, and would explicitly affirm the president's "constitutional authority" to conduct spying programs on his own.

Specter defended the proposal during a committee hearing on Tuesday, calling the agreement with Bush "a major breakthrough" that included necessary but acceptable compromises. He also argued that the language acknowledging Bush's legal authority has no real impact but was insisted on by White House negotiators.

"I do believe that it would be a significant precedent if we work this out and the president fulfills a commitment to refer to FISA," Specter said.

But critics say the proposal would effectively gut the FISA law and give the government too much leeway in clandestine surveillance. Opponents also say the bill would allow the FISA court to approve surveillance programs as a whole, rather than reviewing warrants for specific cases as it does now.

Other GOP proposals -- including bills proposed by Wilson and Sen. Mike DeWine (Ohio) -- are opposed by Democrats and civil liberties groups because they formally authorize the NSA program. But the scope of the Wilson bill, for example, is more limited than Specter's, and requires the executive branch to brief all members of the House and Senate intelligence committees.

Rep. Jane Harman (Calif.), ranking Democrat on the House intelligence committee, said she opposes all the GOP's proposals dealing with the NSA issue, calling them "solutions in search of a problem."

Staff writers Charles Babington and Juliet Eilperin contributed to this report.

Pakistani Man Sentenced In Terror Trial (AP)

By Larry Neumeister

AP, July 21, 2006

NEW YORK (AP) — A Pakistani man convicted of agreeing to help an al-Qaida operative with terrorist plans sneak into the United States was sentenced Thursday to 30 years in federal prison.

Judge Sidney H. Stein said Uzair Paracha knew what he was doing when he agreed to help a former Baltimore resident trying to sneak back into the U.S. from Pakistan.

The government said Majid Khan plotted with top al-Qaida leaders to bomb underground storage tanks in gas stations in Maryland, and enlisted Paracha to pose as Khan so he could obtain immigration documents necessary for Khan to re-enter America. Khan never made it back to the U.S. and the attack never took place.

The judge said a stiff sentence was needed to deter such activity. "Other people need to understand you cannot assist terrorist organizations against the United States," he said.

Paracha, 26, waved and smiled to his family as he entered and left court.

His lawyer, Edward Wilford, told the judge his client was "someone who was used rather than a saber-rattler leading the charge for al-Qaida."

Paracha was convicted in November of providing material support to a terrorist organization after a trial in which prosecutors relied largely on his confession to FBI agents.

Paracha had told the FBI he had no personal interest in al-Qaida but cooperated because Khan and others related to the terrorist network had promised to invest $200,000 in one of his family's businesses.

Paracha testified that he told investigators "what I thought they wanted to hear" during 72 hours of questioning after he was detained in 2003.

His father, Saifullah Paracha, is being held as an enemy combatant at Guantanamo Bay, Cuba. He has denied involvement in terrorism, though documents indicate he is suspected of laundering money for terrorists and associating with al-Qaida figures.

Khan was one of a number of terror suspects seized by the U.S. government and presumed to still be held in overseas jails.

Pakistani Gets 30 Years For Aiding Qaeda Operative (NYT)

By The New York Times

The New York Times, July 21, 2006

A Pakistani immigrant convicted of aiding Al Qaeda was sentenced yesterday to 30 years in prison.

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The man, Uzair Paracha, 26, was convicted in Federal District Court in Manhattan in November of trying to help Majid Khan, a Pakistani member of Al Qaeda, obtain documents in 2003 to travel to the United States from Pakistan.

According to trial testimony and Justice Department documents, Mr. Khan had planned with top Qaeda leaders in Pakistan to bomb underground storage tanks at gas stations in Maryland.

Mr. Paracha impersonated Mr. Khan, including posing as him during telephone calls with the Immigration and Naturalization Service and using his credit card to make it appear as though Mr. Khan had never left the United States, when in fact he had gone to Pakistan without notifying immigration authorities.

Mr. Paracha was arrested in March 2003 and faced up to 75 years in prison after being convicted on five charges, including conspiracy to provide and providing material support to Al Qaeda and identification-document fraud for the purpose of engaging in international terrorism.

Domestic Detainee From 9/11 Released (WP)

By Anushka Asthana

The Washington Post, July 21, 2006

Benamar Benatta, believed to be the last remaining domestic detainee from the Sept. 11, 2001, attacks, was released yesterday after negotiations involving Canada, the United States and his attorneys ended his captivity at nearly five years.

Benatta crossed the border from the United States to Canada, where he will be allowed to resume the bid for political asylum that resulted in his detention shortly before the terrorist attacks.

The Algerian air force lieutenant spent more than 58 months behind bars even though the FBI formally concluded in November 2001 that he had no connection to terrorism.

He was among more than 1,200 mainly Muslim men who were arrested after the attacks and held under tight security while authorities scoured their backgrounds for links to terrorist groups. It is believed that Benatta was the last to be released, though it is difficult to be certain because of the secrecy that surrounded some of the cases.

"This is the result of an individual being labeled a terrorist and the government treating him as such," Benatta's attorney Catherine Amirfar said yesterday. "He was fully cleared by the FBI of any connection to terrorism . . . but the label stuck, so a man with no previous criminal record was detained for a visa overstay."

Benatta came to the United States in 2000 for military training and then overstayed a six-month visa. He arrived at the Peace Bridge near Buffalo seeking political asylum in Canada on Sept. 5, 2001. Officials there detained him while investigating his claim. Benatta's background -- an Algerian Muslim and an avionics technician without proper immigration papers -- prompted Canada to turn him over to the United States after the terrorist attacks. He was placed in solitary confinement in a New York City jail.

He was initially charged with carrying fraudulent papers until a federal magistrate called those accusations a "sham." Since then, he has been held for overstaying his visa as he waged a multiyear battle for political asylum in the United States or Canada, alleging he would be killed if he were returned to Algeria.

Government officials have been repeatedly criticized about Benatta's treatment. In 2003, federal Magistrate Judge H. Kenneth Schroeder Jr. found that Benatta had been "undeniably deprived of his liberty." Keeping him in prison any longer "would be to join in the charade that had been perpetrated," he wrote.

Despite the findings, Benatta was kept in jail while he made a claim for U.S. asylum that was ultimately refused. At one point, he was offered release on a $25,000 bond but was unable to pay. Later, when his attorneys sought his release on bond, the government declined.

A spokesman for the U.S. attorney's office in New York declined to comment, and a press officer for Canadian immigration officials said privacy laws prohibited her from discussing the case.

An order in the U.S. Court of Appeals for the 2nd Circuit, issued Tuesday, confirmed that Canada had issued Benatta a temporary resident permit "for the purpose of allowing petitioner to enter into Canada to pursue a claim for refugee status in that country."

Yesterday, Benatta was questioned in Canada and released. Canadian officials have essentially agreed to turn the clock back to Sept. 5, 2001. His attorneys contend that it was unlawful for Canadian officials to hand Benatta over to the United States, and they say this week's action is an acknowledgment that mistakes were made in 2001.

"Obviously, there is enormous relief," said Janet Dench, executive director of the Canadian Council for Refugees, who got involved in the case a year ago and has been negotiating with Canadian officials. "But I am extremely bitter that five years of a person's life can be taken away."

Dench said Benatta deserves compensation, but that his first thoughts will be asylum. "There is no guarantee he will be accepted," she said.

Beirut Violence Strands Defense Lawyers In Padilla Case (LAW)

By Julie Kay, Daily Business Review

Miami Daily Business Review, July 21, 2006

Three defense attorneys in a Miami terrorism case who were trapped in Beirut by the conflict between Israel and Lebanon have been evacuated safely to Cyprus.

Miami Assistant Federal Public Defender Orlando do Campo and two private lawyers, William Swor of Detroit and Andrew Patel of New York, traveled to Lebanon about three weeks ago. They were there to do research and take depositions in preparation for the scheduled federal trial in September of accused dirty bomber Jose Padilla and four other defendants before U.S. District Judge Marcia Cooke.

The lawyers were stuck at a Beirut hotel, according to Swor's secretary. They had departed for Beirut on July 2 and were supposed to return on July 14. But war broke out July 12 when Israel began its campaign to recover two kidnapped Israeli soldiers. Israel bombed the airport, trapping the lawyers and thousands of other Americans and Europeans in Lebanon. The lawyers had no choice but to stay on at the hotel while the U.S. and other governments made plans to evacuate their citizens.

While he was trapped at the hotel, Swor sent daily e-mail updates to a list of colleagues from his laptop computer. A local lawyer who was on the e-mail list described some of Swor's dispatches.

"Day 1: We're sipping pina coladas by the pool. The staff is wonderful. Day 2: We've moved into one room. The French got out. This is like Hurricane Katrina all over again -- Bush can't seem to coordinate these things."

At one point, Swor was at a local church while a priest was praying and a bomb went off nearby. The priest didn't pause, he just prayed faster, Swor reported.

Do Campo and Patel represent Padilla. Swor represents Kifah Jayyousi. Padilla, Jayyousi and Adham Hassoun -- along with two co-defendants who are in the Middle East and will be tried in absentia -- are charged with conspiring to commit terrorism and funding terrorist groups in Bosnia and the Middle East. All have pleaded not guilty.

The three attorneys were rescued Wednesday and put on a cruise ship chartered for the rescue effort. They were taken to nearby Cyprus. From there they are expected to fly back to the United States.

Sources said the three men may have been rescued by the Swedish government, along with a group of Swedes who also were trapped at the hotel.

Two other lawyers, Kenneth Swartz and Jeanne Baker of Miami, who represent Hassoun, had been planning on traveling to the Middle East to interview their client's wife and other witnesses next month. But they've canceled their trip because of the war.

Israel's campaign has mainly been targeted at wiping out the military capabilities of the Islamic fundamentalist group Hezbollah, which carried out a cross-border attack in which it killed eight Israeli soldiers and kidnapped two.

Baker said she was not certain yet how essential it is to her case to travel to the Middle East, and whether she and Swartz will seek a trial postponement as a result. "My client has been sitting in pretrial detention for a long time so I don't know that we want to delay things any more," she said. "But we have to put the trip on ice for now."

Neither Federal Public Defender Kathleen Williams nor Deputy Federal Public Defender Michael Caruso in Miami returned calls for comment. But according to several sources, the office was worried about their colleague trapped in a war zone. Alicia Valle, a spokeswoman for the U.S. Attorney's Office, declined to say whether federal prosecutors also will travel to the Middle East to build their case.

U.S. Marines went into Lebanon Wednesday to begin the rescue effort. The U.S. government chartered the Greek-flagged cruise ship Orient Queen, which it used to transfer about 1,100 evacuees to Cyprus. The effort continued Thursday. The State Department estimates that there are 25,000 Americans in Lebanon, but it is unclear how many want to evacuate.

HOMELAND RESPONSE:

FBI Investigating Hezbollah Cells In North Carolina (WCNC-TV)

WCNC-TV, July 21, 2006

The Charlotte division of the FBI is actively investigating Hezbollah cells in the Carolinas.

In 2002 a trial in Charlotte's federal court revealed a cell of Hezbollah terrorists operating in Charlotte. It was shocking then and surprising now that terrorism experts say Hezbollah is still in the Queen City.

Michael Resnick, in charge of the FBI's Joint Terrorism Task Force for North Carolina, confirms they are currently investigating Hezbollah cells in North Carolina.

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"Clearly they have a violent capability," he said. "They are a military organization, as evidence by what is going on in Lebanon."

And as evidenced by what happened in Charlotte in 2002 that Hezbollah has roots in the Carolinas. Mohammed Hamoud and his brother were convicted in Charlotte of smuggling cigarettes and funneling the money to Hezbollah. Prosecutors said they were the head of a secret Hezbollah cell.

Ken Bell prosecuted the case and said, "This was the real deal here. There weren't just wanna bees. We had a real terrorist cell here in Charlotte."

"If you compare the professionalism, organization, infrastructure between Hezbollah and al Qaeda, Hezbollah is the more dangerous terrorist organization."

Bell got thirteen guilty pleas, three convictions, and one deportation in the cigarette case. Still the FBI believes Hezbollah has not left Charlotte.

"I would describe that cell as being significantly dismantled by prosecution and deportation," Resnick said. "But that doesn't mean that the presence of Hezbollah in Charlotte or North Carolina is greatly diminished."

Hezbollah operatives in Charlotte are mainly raising money the FBI says, at least for now.

"Terrorist groups tend to change their techniques," Resnick said.

"Hezbollah unfortunately is positioned in the united states, that if they ever wanted to go violent, they're here, and it would be something for us to worry about," according to Bell.

Database Is Just The 1st Step (USAT)

By Robert Stephan

USA Today, July 21, 2006

Rest assured there are no flea markets, petting zoos, popcorn factories, hot dog stands or other such facilities on the Department of Homeland Security's critical "target lists."

Contrary to recent reports, we use a variety of tools to identify and assess the risk to our nation's infrastructure. One is the National Asset Database. It is not, as has been reported, a list of the most critical assets in our nation nor does it drive the department's funding decisions. The database is merely the first step in creating a "phonebook" of more than 77,000 facilities, assets and systems across the nation, so we can conduct more detailed risk analysis.

We asked federal partners and state and local officials to help build the database. We also welcomed private-sector submissions and used commercial databases and experts to enrich it. We include all the data as a starting point, then filter key data on the basis of vulnerability, threats and consequences.

Only assets that are the most vulnerable and represent significant public health, economic and national defense consequences make the final cut. This carefully screened set of target listings, roughly 600 nationwide, drives our decisions on the focus of operations, resource investments and grants. These target lists are classified so they won't become a road map for our enemies.

Because today's terrorist targets are not necessarily tomorrow's targets, the database must be broad and inclusive. In a natural disaster, our ability to access data on this wide array of facilities can help us provide adequate assistance and response.

In a recent report, the department's inspector general seems to have missed the purpose of the database entirely. His auditors never interviewed me in preparing this report, which makes me question the reporting process and the office's expertise on this topic. The inspector general focused on raw, unfiltered data to create national hype. That's akin to looking at what's left on the cutting room floor rather than at the movie, then giving it a half-star rating.

The inspector general attempted to turn a deliberative, analytic process into a national mockery. That does a huge disservice to the department's dedicated men and women and to the American people, whom they have served so ably for the past three years.

Retired Air Force colonel Robert Stephan is the Homeland Security Department's assistant secretary for infrastructure protection.

They're Protecting The Bigger Picture (LAT)

The Los Angeles Times, July 21, 2006

Re "Stalking terror, one porcupine at a time," Opinion, July 18

There has been misunderstanding with the approach that the Department of Homeland Security takes in the identification of our nation's critical infrastructure and our efforts to manage and reduce the risk surrounding it.

The National Asset Database, which has been the focus of this attention, is not a list of critical infrastructure. The first step in creating such a list is to gather as much information as possible. The department sifts through the submitted data in various

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analyses to determine risk. Only those assets with the highest risk end up on our national critical infrastructure list. This vital part of the process was clearly missed by the inspector general in his report — and by most news media.

This database is not the only tool that the department uses to identify infrastructure across the nation. It is also worth noting that the database is not directly connected to grant funds.

By incorrectly focusing on this one database, these reports do a disservice to the general public.

ROBERT STEPHAN Asst. Secretary for Infrastructure Protection
Dept. of Homeland Security
Washington

Did Ya Hear The One About America's Disaster Planning? (USAT)

USA Today, July 21, 2006

If you were building a database of the nation's critical assets, would the Amish Country Popcorn factory near Berne, Ind., or a petting zoo in Woodville, Ala., or Georgia's Kangaroo Conservation Center make the list?

Of course not, you say?

Then you couldn't work for the Department of Homeland Security (DHS) or for some of the states that fed it information.

For a time, all three sites, plus dozens of similarly obscure ones, were part of the DHS National Asset Database, which was supposed to be, in the department's words, a catalog of the nation's critical infrastructure and key resources.

Now, a top DHS official says such spots are off the list. Nearly five years after 9/11, that's a relief. Even so, their original inclusion is so absurd that it leaves you wondering whether some of the nation's security planning is being handled by late-night comedy writers.

This particular gag took three years and $32 million to write. It lists 77,069 assets. Yes, 77,069, suggesting that government officials at every level aren't willing to set priorities. Pretending to protect everything means that nothing is protected well.

You don't need to be a terrorism expert to know that al-Qaeda targets the premier symbols of America's political and financial might. Yet, a report by Homeland Security's inspector general last month found that the huge database contains "an abundance of unusual, or out-of-place, assets" and other distortions, hampering its value.

One example: Washington state lists 65 "national monuments and icons," 28 more than Washington, D.C.

How did this happen?

After starting with a list of 1,849 assets in 2003, the department put out two calls to states for input on "critical infrastructure and key resources." The department provided "guidance" on what to include, but it did not provide caps. In some cases, Washington got back exactly what it asked for.

Indiana listed the popcorn factory because it met this criteria: agricultural facilities that ship to at least five states, according to state Homeland Security Director Eric Dietz.

A spokesman for Alabama's Homeland Security Department said the data call went to counties, which then thought they were competing for grants and loaded up on critical assets.

Robert Stephan, assistant secretary for infrastructure protection at the Homeland Security Department, says the database doesn't drive funding decisions. It's really a catalog of facilities and systems that can be accessed during natural disasters or in case of a terrorist threat, he says.

Such an undertaking is easily mocked, and the DHS inspector general appears to have taken a dubious shortcut: His investigators failed to interview Stephan.

Even so, gathering a phone book for disaster planning shouldn't be an exercise in mindless bureaucracy. And choosing the nation's most vulnerable and consequential terrorist targets shouldn't be much more complicated than calling the governors, giving them a deadline and putting someone smart and impatient in charge. Chances are they'd produce a better list for closer to $32 than $32 million.

And hold the popcorn.

Canadian, U.S. Mayors Unite To Fight U.S. Border Security Plan (AP)

The AP, July 20, 2006

WINDSOR, Ontario - Mayors from Canada and the United States on Thursday called on Washington to delay the implementation of the controversial Western Hemisphere Travel Initiative, which would require Canadians to have passports to cross the border.

The dozens of mayors who met in the border city of Windsor, just across the river from Detroit, said they worry the measures would severely hurt tourism and trade.

Windsor Mayor Eddie Francis said people won't pay nearly $100 for a passport just to eat at a restaurant across the border or attend a sporting event.

Toronto Mayor David Miller said the U.S. law would inconvenience people who are already of low security risk and that there are more effective ways to stop terrorists and organized crime.

Under the Western Hemisphere Travel Initiative, all Canadian and U.S. travelers will be required to have passports or a high-technology identification card for air and sea travel by January 2007, and for land crossings by January 2008.

With only 23 percent of Americans and 40 percent of Canadians holding valid passports, officials fear the plan will have a devastating effect on cross-border tourism.

Congress passed the plan in 2004 as a way to more closely monitor who's entering the country in the wake of the terrorist attacks on Sept. 11, 2001.

"It's important for us to find a real solution ... something that's affordable, available and accessible and that's going to keep people traveling," said Francis, host of the daylong summit which was attended by 60 mayors and government officials from both sides of the border.

Dan Onichuk, mayor of Fort Francis, Ontario, which borders International Falls, Minn., said it would cost him some $700 Canadian ($616 U.S.) to get passports for six children.

"It's a very scary proposition," he said, noting his teenagers frequently cross the border to go to the movie theater, while International Falls residents visit his city to use the area's only curling rink.

"It will end the way that we socially and economically get together," he said.

U.S. Homeland Security chief Michael Chertoff was in Canada earlier this week and said Washington was looking at alternative, cheaper identification cards, such as a "PASS card" that would be only one-third the cost of a passport.

Frank Moss, Washington-based deputy assistant secretary of Passport Services, conceded there would be some snags as the U.S. moves into tighter security measures, a process started after the terrorist attacks in 2001. He called the summit an informative day but wouldn't comment on whether the U.S. would change or delay the passport regulation.

Mayors Gather In Windsor To Debate Passport Rule (FREEP)

By Ben Schmitt, Free Press Staff Writer

Detroit Free Press, July 21, 2006

Detroit Mayor Kwame Kilpatrick gathered with 60 Canadian and American mayors this morning in Windsor to express concerns over a proposal to require passports for border crossings.

Under the Western Hemisphere Travel Initiative, all Canadian and American travelers crossing into the United States must have passports or a high-technology identification card for border crossings by January 2008.

“We need to really have a conversation about how we strengthen the protection of our borders, but also how we make it free flowing and easy so we all can economically benefit,” Kilpatrick said.

Kilpatrick said many nurses at Detroit Receiving Hospital commute from Canada.

“God forbid something happens in the city of Detroit and people can’t get through the border,” he said.

Kilpatrick said he is supporting the idea of an enhanced license with similar requirements of a passport, but cheaper to obtain.

Windsor Mayor Eddie Francis concurred.

“People wake up in Windsor and decide to go on a Vegas trip,” he said. “If they need a passport, they’re not going to be as spur of the moment. So it impacts cities far removed from the border as well.”

As she waited in traffic to enter the Detroit-Windsor Tunnel from the Canadian side, Beverly Cyr, of Windsor, said she opposes any passport requirement.

“I work as a tour guide in the city,” she said. “People aren’t going to come if they have to pay $100 for a passport.”

Disaster Plans Don't Address Nursing Homes (AP)

By Lara Jakes Jordan, Associated Press Writer

The AP, July 21, 2006

Federal plans to help evacuate the elderly and ill from a disaster do not cover nursing home patients and provide inadequate transportation, congressional investigators reported Thursday.

In response, the Pentagon and Homeland Security Department said state and local officials are responsible for planning the evacuations of hospitals and nursing homes.

Before Hurricane Katrina hit the Gulf Coast last Aug. 29, hospital and nursing facility administrators faced the dilemma of whether to evacuate patients whose health could be worsened by a move.

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Under the national response plan for emergencies, the government has the power to step in when state and local officials are overwhelmed. But the plan addresses evacuation procedures for hospitals, not nursing homes, according to the Government Accountability Office.

In addition, the response plan does not provide for ambulances or helicopters to evacuate patients from facilities. Instead, the guidelines begin to apply at a mobilization center, such as an airport, and only after patients have been moved.

"This report outlines gaps in our disaster response system which may have contributed to some of the unconscionable situations during Katrina in which nursing home residents and hospital patients were not evacuated," said Sen. Charles Grassley, R-Iowa, who ordered the investigation.

"These residents and patients relied on others for their care, safety and security," Grassley said. "That is why, at all levels, local, state, and federal, we must be prepared to respond effectively in the aftermath of a natural or manmade disaster."

At least 40 bodies, many of them elderly patients, were found inside a flooded New Orleans hospital after Katrina hit. Also, 34 patients at a nursing home near New Orleans died in the wake of massive flooding brought by the storm's surge. The nursing home's owners were charged with negligent homicide for failing to evacuate the patients.

Homeland Security and Pentagon officials, in their responses to the report by the investigative arm of Congress, noted that the response plan gives state and local officials the job of evacuating people.

"You might better describe the limitations and/or deficiencies as those of state and local government," wrote Assistant Defense Secretary William Winkenwerder.

Steven J. Pecinovsky of the Homeland Security Department said the federal government "only becomes involved when the capabilities of the state and local governments are overwhelmed." He said the department will take the recommendations under advisement.

FEMA On Standby As Beryl Heads Toward New England (AP)

By Lara Jakes Jordan

AP, July 21, 2006

WASHINGTON --Federal responders along the Atlantic coast were on standby Thursday and truckloads of bottled water were headed to Boston as Tropical Storm Beryl spun toward New England.

The modestly intense storm --the second of the 2006 season with a name -- was expected to head out to sea, but FEMA Director R. David Paulison said his agency was taking no chances.

"We're still hoping the Hurricane Center is correct and it's going out to the East, out into the Atlantic, but it hasn't done that yet," Paulison told reporters as he unveiled the Federal Emergency Management Agency's new $3 million National Response Coordination Center.

He said federal response teams along the East Coast have "got their bags packed. We simply haven't deployed them yet since there's no reason to do that. There's really no place for them to go."

Fifteen truckloads of bottled water -- each carrying about 5,000 bottles -- were being tracked every 30 minutes as they made their way from a FEMA warehouse in Ft. Worth, Texas, to Boston, officials said. The water was not being sent specifically for Beryl, but was shipped to make sure the region had enough on hand for upcoming emergencies.

Much of New England was hit by flooding earlier this year, and maps at FEMA's headquarters forecast Beryl's effects to reach Rhode Island, Massachusetts, Connecticut and parts of Maine.

FEMA officials showed off their new tracking system as one of many new tools the agency has acquired since being overwhelmed and humiliated by its poor response after Hurricane Katrina slammed into the Gulf Coast last Aug. 29.

The state-of-the-art coordination center aims to make sure FEMA has a better handle on future disasters and is in better contact with responders in states and across the federal government.

But Paulison said he still has to fill up to 400 vacant jobs at FEMA after a surge of employees retired over the last year. Moreover, three of 10 top-level managers who oversee regional offices have yet to be replaced.

"We have a lot of work to do, folks," Paulison said. "It took FEMA 30 years to get here, and you can't fix everything in a couple of months. But the big things that we saw wrong with Katrina -- commodities, tracking those types of things, communications, -- all of those types of things we have repaired, and we are ready to go."

WAR NEWS:

Iraq's Police Overwhelmed By Violence (CSM)

By Dan Murphy

DOJ_NMG_0042452

The Christian Science Monitor, July 21, 2006

BAGHDAD

At her home in central Baghdad, Niran al-Sammarai frets over the fate of her husband, kidnapped Saturday with 30 of his colleagues from a conference hall in one of the most heavily patrolled parts of Baghdad.

In Rasafah district, a police captain says he and colleagues are contemplating mass resignations in frustration over mistrust from US forces and orders from Iraqi politicians to release known criminals.

In the once fashionable Mansoor shopping district, metal grates are drawn over half of the businesses. And in Karada, one of Baghdad's safest neighborhoods, many of the businesses are shuttered too. The remaining shopkeepers complain that poor security is driving customers away.

In Baghdad and across much of the center and south of the country, the rhythms of normal life and commerce are rapidly breaking down in a sign that US and Iraqi government plans to build an effective security force are faltering. Reports of police standing aside as civilians get attacked are common, as are claims by survivors that government security forces, infiltrated by sectarian militias, took part in the killings.

The United Nations estimates 14,338 Iraqis were killed in the first six months of the year, and there are indications the rate of bloodshed is rising; more than 3,000 Iraqis were killed in June, most after the June 7 killing of Al Qaeda leader Abu Musab al-Zarqawi, whose death US officials had hoped would diminsh violence.

"The government promised security, but the increasing number of bombs in our neighborhood proves that they're failing," says Ibrahim Mohammed, who runs a leather-jacket store in Karada where sales have collapsed "to almost nothing" in the past few months.

The escalating violence induced the reclusive top Shiite cleric Grand Ayatollah Ali Sistani to call Thursday "on those who are keen for the unity and future of this country ... to exert maximum efforts to stop the bloodletting."

Members of the Shiite endowment board, which oversees Shiite mosques, suspended their work for five days in a sign of solidarity with their Sunni counterparts after 20 members of the Sunni endowment board were kidnapped. But despite such moves to bring unity, violence has continued largely unabated.

US military officials said Thursday that violence jumped in the capital over the past five days from an average of 24 attacks a day to 34 despite a security plan unveiled last month with much fanfare.

"We have not witnessed the reduction in violence one would have hoped for in a perfect world," said US spokesman Maj. Gen. William Caldwell at a press conference. But he said the plan is "a start." Policemen interviewed across the capital say it's too dangerous to confront insurgents and militia groups. Recently in Mahmoudiya, south of Baghdad, men, women, and children were killed in an insurgent assault that witnesses interviewed by Iraqi journalists say local police did nothing to stop.

The kidnapping of Ms. Sammarai's husband illustrates the extent of the problem. Her husband, Ahmed al-Hajia, who heads Iraq's National Olympic Committee, was leading a committee meeting on Saturday at the Oil Culture Center in Baghdad's Bab al-Sheikh neighborhood.

The center is next to Baghdad's busiest bank, a quarter-mile from Baghdad's Major Crimes Unit, and a half-mile from Tahrir Square, where Saddam Hussein's statue was toppled after US forces captured Baghdad.

The area is usually rife with Iraqi police and army checkpoints.

Nevertheless, at about 2 p.m. that day a group of more than 20 gunmen in the uniforms of police commandos roared up to the hall in about 20 white Toyota pickup trucks - the type used by Iraq's police. The men overpowered the few guards and burst inside, according to four witnesses, none of whom wished to divulge their names because they feared retribution.

The attackers were "very calm, very professional, not nervous at all," says a hall employee, pointing to four bullet holes in the ceiling from a rifle burst used to establish control over the hostages.

He and other witnesses say the gunmen spent a methodical 30 minutes separating Olympic Committee officials and journalists from waiters and other employees of the hall, cuffing them with plastic zip ties and blindfolding them. By 3 p.m. they had left with about 30 hostages, Mr. Hajia among them. Since the attack, 10 of the hostages have been released while two of the guards have been found dead.

"What this really proves is how far out of control Iraq is now," says an official from the Olympic Committee. "We know there are checkpoints in the area. But any group of men with uniforms, with guns, can just drive wherever they want and no one will dare stop them."

The witnesses refused to speculate on whether police were responsible or insurgents in uniform.

"Answering those kinds of questions is very dangerous," one man said. But some quarters seemed convinced the police were involved. Last Saturday US and Iraqi soldiers raided the Major Crimes Unit (MCU).

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They arrived after dark without warning and policemen there opened up on the soldiers. A brief firefight ensued, injuring some bystanders. Eventually order was restored and US soldiers went inside saying they were looking for Mr. Hajia and others kidnapped but found nothing, according to a policeman who works there.

The MCU has been considered by US military trainers to be one of the most professional police units in Baghdad. It has managed to sidestep the sectarian loyalties that lead many Baghdad residents to view police as little more than Shiite militias. American Military Police working to improve the unit's effectiveness had gone home for the day shortly before the US raid.

"Clearly they got a bad tip, but I'm very, very angry," says the police officer. "We've worked closely with the Americans, we've taken a lot of risks and they couldn't have handled this in a different way?" For him, he says the raid was the last straw.

In recent months he says the unit has captured a number of men they believed were running Shiite death-squads in the city. But the Interior Ministry, which oversees the police, secured the alleged killers' freedom in all cases. "There's too much interference from politicians, from the Americans, to do this job properly." He says that he and five other senior members of the unit are likely to quit soon.

Sammarai says her husband's kidnapping was political, and not financially motivated. She charges there are opponents of her husband who wanted to drag the committee into sectarian politics and were angry at his insistence that "sports and politics shouldn't be mixed."

"Our country is bleeding. All my husband wanted to do was build something - he helped get us to Athens, he was putting the past behind us. This is so unfair," says Sammarai. Another official on the committee, who didn't attend the meeting, also says he believes the attack may have been undertaken at the behest of Hajia's rivals. He points out that the hostages released so far have included Shiites, Sunnis and Christians, which implies it wasn't motivated by sectarian hatred.

An Ebb Proves No Respite In Violent Summer In Iraq (WP)

By Andy Mosher

The Washington Post, July 21, 2006

BAGHDAD, July 20 -- Iraqi police scoured the streets of the capital from dawn till midday, looking for corpses and finding dozens. Residents of a northern city who celebrated the end of a hot day with a scoop of ice cream were ravaged by a car bomb. And the country's foremost religious authority said Iraqis could solve their problems only "with love and peaceful dialogue."

Thursday was one of the quietest days in one of the year's bloodiest weeks, with no single reported attack in Iraq claiming more than 13 lives. Yet the factional violence that has plagued the country since late February -- and reached new heights in the past two months -- simmered in many different areas, taking many different forms.

The violence once again centered on Baghdad, where a car bomb in the morning killed six people, including three police officers, in the neighborhood of Baladiyat; another at noon in the city center also killed three police officers and three civilians; and a third in the afternoon killed three more police officers and three more civilians in the northern Shiite neighborhood of Shula, according to Col. Sami Hassan of the Interior Ministry.

A roadside bomb on the city's eastern side killed two people, he said. Hassan also said police squads searched different areas of Baghdad, looking for the corpses that are found most mornings on the city's streets. Working from sunrise until 1 p.m., in heat that exceeded 110 degrees for much of the day, they found 38 bodies. Most were shot in the head and chest, according to Hassan.

The U.S. military, meanwhile, acknowledged that a joint U.S.-Iraqi effort to reduce violence in the capital had not achieved the desired results after slightly more than one month.

During the first 30 days of Operation Together Forward -- which employed 7,200 American troops and 42,500 Iraqi security personnel in stepped-up searches, increased checkpoints and other operations -- the number of attacks in Baghdad averaged 23.7 a day, according to statistics released Thursday by the military. By comparison, the daily average for the previous three months was 23.8.

However, from July 14 through July 18, the five days after the operation had reached the one-month mark, the average number of attacks jumped to 34.4.

"There was in fact a slight reduction in the level of violence" during the first month, Maj. Gen. William B. Caldwell, a U.S. military spokesman in Baghdad, said during a news briefing.

"So there was in fact a slight down-tick that was occurring," Caldwell said, "and progress was being made as we moved forward with this operation."

But the subsequent five days "have been tough," he said. "We have not witnessed the reduction in violence one would have hoped for in a perfect world, but there have been some successes."

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Caldwell pointed out that attacks had been concentrated in five areas of the capital. "This contrasts to the swaths of Baghdad experiencing somewhat relative peace. Hundreds of thousands of Baghdadis live a regular life day in and day out, unmarred by the violent attacks on civilians in the most troubled areas," he said.

Across Iraq, the number of Iraqis registered as refugees has jumped by 30,000 since the beginning of July, according to Iraq's Migration Ministry. A total of 162,000 refugees have registered with the ministry since Feb. 22, when the bombing of a Shiite shrine in the northern town of Samarra triggered the current phase of intense sectarian fighting.

...

Northern Iraq was the scene of two of Thursday's grisliest bombings.

In Tikrit, about 90 miles north of Baghdad, a crowd had gathered around a car that contained a corpse when a bomb exploded, killing 13 people, including three police officers, according to police Capt. Ahmed al-Qaisi.

And in Kirkuk, 160 miles north of the capital, a car bomb targeting a police patrol blew up in front of Ishtar, one of the city's best-known ice cream shops. The explosion, which killed seven people and wounded 18, occurred at 8:10 p.m., said police Col. Taha Salah al-Din. Most of the casualties were civilians enjoying a cool treat at the end of a hot day.

The relentless violence has elicited calls for peace this week from a wide range of Iraqi, U.S. and international leaders. On Thursday, Grand Ayatollah Ali Sistani, the Shiite cleric who commands the largest following of any figure in Iraq, called on all Iraqis "to be aware of the danger threatening their nation's future and stand shoulder-to-shoulder in confronting it."

In a statement issued by his office in the Shiite holy city of Najaf, the reclusive Sistani said the bloodshed could be ended only by "abandoning hatred and violence and replacing it with love and peaceful dialogue to solve all problems and differences."

Sharp Rise In Baghdad Violence Reported (AP)

By Robert H. Reid

AP, July 21, 2006

Bombings and shootings soared by 40 percent in the Baghdad area in the past week, the U.S. military said Thursday. An American general said extremists were preparing "an all-out assault" on the capital in a decisive battle for the future of Iraq.

Iraq's most influential Shiite cleric issued his strongest call yet for an end to Shiite-Sunni bloodletting, urging all Iraqis to wake up to the "danger threatening the future of the country" and stand "side-by-side against it."

U.S. military spokesman Maj. Gen. William Caldwell said there had been an average of 34 attacks a day involving U.S. and Iraqi forces in and around the capital since Friday — up sharply from the daily average of 24 registered between June 14 and July 13.

"We have not witnessed the reduction in violence one would have hoped for in a perfect world," Caldwell told reporters. "The only way we're going to be successful in Baghdad is to get the weapons off the streets."

Caldwell said insurgents were streaming into the capital for "an all-out assault against the Baghdad area."

"Clearly the death squad elements, the terrorist elements, know that Baghdad is a must-win for them," he said. "Whoever wins the Baghdad area, whoever is able to bring peace and security to that area, is going to set the conditions to stabilize this country."

But much of the bloodshed has been carried out by Shiite militias seeking retribution for attacks by Sunnis — including organized insurgents, religious extremists and Sunnis not affiliated with resistance groups but fearful of Shiite gunmen.

The result is a pattern of tit-for-tat vendetta killings which is difficult to stop by military action or political overtures to Sunni insurgent leaders.

With thousands fleeing areas where their sect is in the minority, Iraqis fear Baghdad is being transformed into a Sunni west and a Shiite and Christian east — divided by the Tigris River that flows through the center of the city.

Alarmed by the crisis, Grand Ayatollah Ali Al-Sistani issued a rare statement, saying the time has come for "all those who value the unity and future of this country" to "exert maximum efforts to stop the bloodletting."

Al-Sistani, a longtime voice of moderation, urged Iraqis against "falling into the trap of sectarian and ethnic strife," which he said will only delay the departure of foreign troops.

"I repeat my call today to all Iraqis of different sects and ethnic groups to be aware of the danger threatening the future of the country and stand side-by-side against it," he said.

Caldwell's comments were among the most frank by a senior American military official about the grave crisis facing Prime Minister Nouri al-Maliki's two-month-old national unity government.

U.S. officials have long pointed to relative peace in many of Iraq's 18 provinces, dismissing the insurgency as a problem limited to Baghdad and sparsely populated Sunni Arab areas to the west and north.

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However, Baghdad is the country's major transportation hub, the center of political and economic power, and home to more than 20 percent of the population. Its religiously and politically mixed population makes it a natural battleground for control of the country.

"Baghdad is a must-win not only for the prime minister, but for al-Qaida in Iraq," Caldwell said. "Without Baghdad's centralized access to power brokers, Baghdad's large, diverse population, its financial resources, the terrorists elements will lose here in this country."

With the stakes high, al-Maliki last month unveiled a much-heralded security plan for Baghdad, including up to 50,000 police and soldiers on the streets, more checkpoints and raids in neighborhoods where violence is high.

But with surging attacks in the capital — including the kidnappings of Iraqi officials — leading politicians from Shiite and Sunni parties have declared the plan a failure. The United Nations said this week that about 6,000 civilians were killed in May and June, many of them in sectarian violence.

About 50 people were killed Thursday in attacks nationwide, police said. They included a U.S. Marine killed in Anbar province and 12 people who died in a car bombing near Beiji, 155 miles north of Baghdad. Five others were killed by a car bomb in the northern city of Kirkuk.

The crisis in Baghdad raises questions about the ability of Iraq's U.S.-trained police and army to cope with sectarian violence. That in turn casts doubt about the U.S. timetable for handing over security responsibility to the Iraqis in all 18 provinces by the end of next year.

Despite the recent bloodshed, National Security Adviser Mouwafak al-Rubaie said Iraqis will be in charge of security in eight of the 18 provinces before year's end. However, he said the fight against insurgents could last for years.

The government said al-Maliki has dismissed an undisclosed number of security officials for failing to respond to a Monday attack in Mahmoudiya in which at least 51 people were killed. Suspected Sunni gunmen went on a rampage through a market, shooting at shoppers and vendors. Most of the victims were Shiites.

Nevertheless, Caldwell insisted Iraqi forces were "giving their all to bring security to the Baghdadi citizens." He said at least 92 Iraqi police and soldiers had been killed and 444 wounded in fighting in the capital since mid-June.

Crackdown Yields Little Security In Baghdad (LAT)

By Julian E. Barnes

The Los Angeles Times, July 21, 2006

BAGHDAD — More than a month after the beginning of a highly publicized security crackdown and the killing of militant leader Abu Musab Zarqawi, the number of daily attacks in Baghdad has actually increased.

Iraqi and U.S. forces began stepping up patrols, creating new checkpoints and conducting more searches June 14. But the initiative, Operation Together Forward, has not reduced the number of attacks in the capital, according to statistics released by U.S. military forces Thursday.

In the 101 days before the crackdown, an average of 23.8 attacks occurred daily. In the first 35 days of the operation, the average was 25.2 attacks a day.

The failure of the crackdown to decrease the violence is yet another sign of the sectarian conflict that has buffeted this city. Continuing violence across Iraq prompted Grand Ayatollah Ali Sistani, the nation's highest-ranking Shiite Muslim cleric, to issue a rare public statement Thursday that urged Iraqis to stop attacks against civilians.

"I repeat my call today to all Iraqis of different sects and ethnicities to realize the extent of the danger threatening their country's future and confront it side by side," Sistani wrote.

In the statement, Sistani called on those setting off car bombs and carrying out executions to stop, and to instead start talking with the government.

Prime Minister Nouri Maliki and U.S. military leaders have said their priority is securing Baghdad, increasing residents' sense of safety by eliminating sectarian militias, death squads and insurgent fighters.

Officials tried to put the best face on the statistics. Army Maj. Gen. William B. Caldwell IV, chief spokesman for the U.S. military in Iraq, said at a news conference Thursday that an upswing in sectarian violence in the last few days had driven the averages higher. In the first month of the operation, he said, the number of daily attacks was about the same as during the previous 101 days, at 23.7 a day.

"While the last five days or so should not be an indicator of the Baghdad security plan overall, neither can they be brushed aside," Caldwell said. "And again, we will do whatever it takes to bring down the level of violence here in Baghdad."

The June death of Zarqawi, the leader of Al Qaeda in Iraq, had led some to hope that the power of foreign militants here would diminish. Although the effectiveness of Zarqawi's organization after his death has yet to be tested, it is clear that much of

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the violence in Baghdad is unrelated to foreign militants. Most of the recent killing in the capital involves Iraqi Sunni Arab insurgents trading attacks with Shiite death squads.

On Monday, the bodies of 32 Sunni Arab men were found in Baghdad, apparently the victims of Shiite death squads. Those killings were followed by a suicide bombing that killed 57 day laborers in a Shiite neighborhood of the southern town of Kufa.

Such fighting has led prominent Sunni Arab and Shiite leaders to say their country is gripped by an undeclared civil war.

The violence continued Thursday morning with a car bomb that killed three and injured 10 in downtown Baghdad. In the afternoon, a second car bomb killed two people and injured seven in the Shula neighborhood.

Kirkuk, a northern Iraqi city where ethnic tensions have risen along with the sectarian fighting in Baghdad, was also the scene of a car bombing. The device exploded near the government building downtown, killing five and wounding 19.

The U.S. military confirmed that it had launched a joint operation with Iraqi security forces in two small cities west of Kirkuk. Soldiers from the Army's 101st Airborne Division and the Iraqi security forces surrounded the town of Hawija, while a joint force entered the market at the center of the city, military officials announced.

Thirty-one Iraqi soldiers have been killed in Hawija in the last five weeks, the military said.

Iraqi army officials had announced a joint operation in the Rashad area, also west of Kirkuk, on Wednesday.

The U.S. military statistics showed that in the first four weeks of the security crackdown in Baghdad, attacks had fallen in seven of the city's 10 districts. Caldwell said much of the recent violence occurred in a few neighborhoods, which experience about 41% of the city's killings.

"We should note the extreme concentration of attacks in roughly five areas around the city," Caldwell said.

"This contrasts to the swaths of Baghdad experiencing somewhat relative peace. Hundreds of thousands of Baghdadis live a regular life day in and day out, unmarred by the violent attacks on civilians in the most troubled areas."

The security operation in Baghdad has taken a heavy toll on Iraqi police and soldiers. U.S. military officials said that 92 Iraqi police and soldiers had been killed and 444 injured in the first four weeks of the operation.

Maj. Gen. Abdul Aziz Mohammed Jassim, spokesman for the Iraqi Defense Ministry, said that one of the biggest problems the security operation faced was armed groups posing as Iraqi police and army units. "Those groups disrupt any security plan, no matter how good it is," he said.

Caldwell blamed the increased violence on fighters and weapons being brought into Baghdad from other parts of Iraq in an attempt to undermine the security crackdown.

"We have seen the movement of terrorist elements into the Baghdad area," Caldwell said. "If Prime Minister Maliki succeeds in Baghdad, he'll be able to succeed in Iraq. So they will do everything they can to in fact stop that."

Caldwell suggested that the military was considering incorporating elements of the strategy used in Ramadi into the Baghdad security plan. U.S. forces have ringed Ramadi with checkpoints and built combat outposts in troublesome parts of the city.

However, Ramadi is a city of 400,000, and conducting a similar operation in Baghdad, a city of more than 5 million, would probably require far more troops. There are about 42,500 Iraqi security troops and 7,200 U.S. military personnel in Baghdad participating in the operation.

"As far as troop numbers, every option is on the table at this point," Caldwell said.

For Baghdad residents, patience with the new government is already wearing thin. Many say the security crackdown has created long lines and checkpoints but done nothing to reduce the threat of being kidnapped or killed.

"If security cannot be maintained, then there will never be any stability," said Talib Kadhum Jawad, 60, the owner of a currency exchange. "Everybody is targeted now."

Sects' Strife Takes A Toll On Baghdad's Daily Bread (NYT)

By Sabrina Tavernise

The New York Times, July 21, 2006

BAGHDAD, Iraq — The front line in this city's sectarian war runs through Edrice al-Aaraji's old backyard. He is a Shiite and a baker. So are his two brothers.

For the past year, Sunni Arab militants have swept through their old neighborhood, a heavily Sunni district in northwest Baghdad that borders a Shiite area, forcing Shiites out of their homes and shutting their shops by killing customers and workers inside. One after another, bakeries, whose workers are overwhelmingly poor and Shiite like Mr. Aaraji, began to close.

Now, out of 11 bakeries in the area, northern Ghazaliya, just one, the Sunni-owned Al Obeidi on Center Street, remains open. The neighborhood, like a mouth with missing teeth, is almost entirely without the simplest of Iraqi needs, freshly baked bread.

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"To shut down a well-known bakery in a neighborhood, that means you paralyze life there," Mr. Aaraji said, sitting in a bakery in a Shiite neighborhood where he now works and usually sleeps.

As the most basic of local institutions, Baghdad's bakeries are an everyday measure of just how far the sectarian war here has spread.

A year ago, when some of the first bakers were killed, Iraqis in the capital dismissed the deaths as a bizarre aberration. Civil war is not possible here, they said. Sunnis and Shiites have intermarried for generations, they said, and Iraqis will not fight Iraqis on the basis of sect.

For months Iraqis held on to the belief that sectarian attacks were carried out by outsiders, but the bombing of a Shiite shrine in February, after which Shiite militias went on a rampage, dragging Sunnis out of mosques and homes and killing them, shattered that. The unrelenting violence has hardened Iraqis against one another, and people talk in resigned tones about civil war.

Militants on both sides have moved block by block through Baghdad's neighborhoods, threatening, kidnapping and killing. To protect themselves, Shiite bakers have taken posters of their saints off their walls. Those who supply the Iraqi Army, which is predominantly Shiite, have arranged safer sales through middlemen.

Entire neighborhoods are split. In Saidiya, a mixed neighborhood in southern Baghdad where Sunni militants have seized territory recently, so many bakeries closed that residents had to go outside the neighborhood to buy bread. In Adhamiya, Baghdad's oldest Sunni area, Shiite bakers pretend to be Sunnis to survive.

Mr. Aaraji, 23, who smokes a lot and moves nervously even when sitting down, lived on one of the most violent fault lines, the one that divides heavily Sunni Arab Ghazaliya and the almost exclusively Shiite Shuala neighborhood. Until recently his was one of five Shiite families left living on Exchange Street, which forms the border.

In early July, Sunni gunmen finished the job. They walked into Al Karar, one of the few remaining bakeries, shot one man dead and wounded two others. The other bakeries in the area immediately closed, including the one where one of Mr. Aaraji's brothers worked.

A few days later, men drove up to the Shiite houses on Exchange Street and told the families to get out. "They came publicly, during the day," Mr. Aaraji said. "We had to leave by noon."

Mr. Aaraji quickly gathered his belongings and took them to a house on the Shiite side of the divide that belonged to Sunni Arab friends, who had themselves fled for fear of persecution by Shiites. "Ghazaliya is now divided between Sunni families and Shiite families," he said.

Sunni workers, far fewer in number than Shiites, are not immune from attack. One morning in late June, in a bakery in a heavily Shiite district, men with guns in plain clothes blindfolded and handcuffed 10 workers and marched them into four cars, according to the Iraqi authorities and the cousin of one of the workers who was taken.

The workers, Sunni and Shiite, were asked questions in an ordinary house about where they were from, the names of their city council members and the imams of their mosques. Several hours later, all but two — Sunni Arabs from the same tribe — were released.

The two men, brothers in their early 20's, were friends with their Shiite colleagues for years. They all lived together in the mixed neighborhood of Hurriya. The Shiites pulled every string they could to free them, calling powerful political parties and police and army contacts.

A week later, the men's bodies were found. They were killed, shot in the head, according to an autopsy, on the same day that a bomb killed 62 people in Sadr City, a Shiite stronghold. Some Shiite workers attended the funeral.

The man who provided the account said his cousin, one of the abductees, still weeps when their names come up. He, like many interviewed, spoke anonymously for fear of reprisals.

The widespread sectarian killings have gone virtually unchecked by authorities of any kind, American or Iraqi. That is one of the bitterest disappointments of the war for Iraqis, rivaled only by the letdown felt when the military did not stop mobs of looters in April 2003, when Saddam Hussein's government was overthrown. Recently Iraqis have begun to say that an American withdrawal, which they previously feared would result in a bloodbath, might not make any difference.

"Their main task, their whole reason for being here, is to prevent exactly this, but they do nothing," said an Iraqi mother who lives near Sadr City and strongly supported the Americans as recently as last year. "They just let it go, my God, so easily."

The captors of the 10 kidnapped bakers passed easily through an Iraqi Army checkpoint, telling the soldiers that they were Interior Ministry intelligence officers, according to the cousin. Last year, Mr. Aaraji said, militants blocked a minivan of schoolgirls in his neighborhood, shooting the driver and one student dead, while an American convoy moved on a main road nearby.

American visits "are like show business," he said. "When they come, they try to protect themselves, not us."

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Lt. Col. Barry Johnson, a spokesman for the American military in Iraq, said in an e-mail message: "U.S. forces respond when and where they're needed in order to stop violence," often, he added, in "chance encounters on the streets and in the neighborhoods during patrols."

Workers are washed up like refugees into bakeries in safer areas. Mr. Aaraji found work in Kadhimiya, a heavily Shiite district. In Karada, another Shiite area, Sajid Aziz, a bakery manager, said Shiite workers from Saidiya came to him for work recently, after two co-workers were murdered in a shop there. In Kadhimiya, a worker said that his cousins in Adhamiya had pretended to be Sunnis for months but were recently discovered. Now they are looking for work in a Shiite district.

The details differ by neighborhood. In Saidiya, militants allowed bakeries to reopen under Sunni ownership, residents said. In the more war-torn areas, like Ghazaliya and Dawra, they often seemed to close completely. Daily life here revolves around bakeries, and a closed shop gives an eerie feeling to a neighborhood.

Iraqis living in the most devastated areas — Amiriya in the west and Dawra in the south — commonly say the killing has reached such a pitch that the purpose is not just to clear the area of a certain sect, but to clear it of people altogether. The lack of fresh bread and, in some cases, most shopping, lends some credence to their theory.

Mr. Aziz said he had felt Sunni prejudice first hand, and his experience is a small example of how neighborhoods, and ultimately nations, begin to break down into civil war. A Sunni sheik once told Mr. Aziz that he should take down the posters of Shiite saints tacked to the shop's walls. Mr. Aziz refused, but politely. He wanted to keep good relations with the family.

Last year the sheik fled with several of his sons, while the women in the family stayed behind. Mr. Aziz helped them carry groceries and fuel canisters. In June the sheik was killed. Mr. Aziz paid his respects at the funeral.

Several days later a group of young men went to the bakery shouting that killings like the sheik's made Sunnis kill in retaliation. Mr. Aziz watched from the shop and stood his ground. Eventually they went away.

"They tried to provoke us," he said. "They have the hatred inside them. I don't blame them. I blame the one who put it there."

Karada is still largely safe. But in Ghazaliya, killing has become so routine that it barely registers surprise. The local Sunnis who began to guard streets this year to stop Shiite government forces from entering seem to disappear when Sunni militias want to enter, Mr. Aaraji said.

This summer, Mr. Aaraji's cousin, a tire repairman, was shot dead by Sunni militants. They entered the shop where he was working and asked to look at his identification card, Mr. Aaraji said. His name, Ali, was Shiite.

"Kitlo," Mr. Aaraji said, meaning "they killed him."

"It has become normal," he said, bowing his head slightly and dragging on his cigarette.

He took the recent shooting death of a Shiite friend in stride, because the man had refused to change the ring on his cellphone, a short musical quip insulting Wahhabis, hard-line Sunni Arabs. "We knew it would provoke them," he said. "We told him to change it.

"They put four bullets in his head."

In the quiet of Karada, Mr. Aziz sat on a battered desk in his shop and offered some hope. Since January, Shiite militiamen, followers of a radical cleric, stopped by three times asking about the slain Sunni sheik's family. Each time, Mr. Aziz, who is 31, angrily refused to give them up.

"If anyone touches them, they touch us," he said in a soft voice.

Such individual acts of responsibility might stop a nation from descending into war. But as the violence grinds on, fewer, it seems, are in the mood to risk them.

More Iraqis Fleeing Strife And Segregating By Sect (NYT)

By Damien Cave

The New York Times, July 21, 2006

BAGHDAD, Iraq, July 20 — Relentless sectarian violence is forcing Iraqi families to flee their homes in ever larger numbers, according to figures released Thursday by the Iraqi government.

Sattar Nowruz, a spokesman for the Ministry of Displacement and Migration, said 1,117 families abandoned mixed areas for Shiite or Sunni strongholds in the last week alone, an increase since March that analysts described as a conservative snapshot of internal migration.

In all, he said, nearly 27,000 families, about 162,000 people, had registered for relocation aid since the bombing of a Shiite shrine in Samarra on Feb. 22, which set off waves of killings, kidnappings and reprisals.

The migration was "a dangerous sign" of accelerated religious segregation, he said.

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In a rare written statement, Iraq's most prominent Shiite religious authority, Grand Ayatollah Ali al-Sistani, said he was heartbroken by the widening divide — the rise of "terror, displacement, killing, kidnapping and everything that words could not explain."

He called on Iraqis "to exert maximum effort to stop the bloodletting."

The new migration figures, the most specific to date, come at a time when violence is claiming an average of at least 100 Iraqi lives each day, according to a recent United Nations report.

American military figures released Thursday showed that the number of daily attacks recorded by the police and allied forces in Baghdad jumped to an average of 34 this month from 24 in June.

Prime Minister Nuri Kamal al-Maliki unveiled an enhanced security plan for the capital last month, emphasizing that as Baghdad went, so would go Iraq. But on Thursday, Maj. Gen. William B. Caldwell IV, a military spokesman, acknowledged that 50,000 Iraqi forces and 7,200 American troops were struggling to protect Baghdad.

"We have not witnessed the reduction in violence one would have hoped for in a perfect world," General Caldwell said. He predicted that it would take "months not weeks" to make Baghdad safe.

The White House spokesman, Tony Snow, said Thursday that when Mr. Maliki met with President Bush at the White House next week, Baghdad would be among the first issues discussed. Most Iraqis fleeing dangerous areas have been members of the minority sect in their neighborhoods, Mr. Nowruz said. In some cases, killings or death threats pushed them out.

Khalid Abdul Wahid al-Janabi said he was one of the few Sunnis living in his Baghdad neighborhood when he was recently kidnapped and tortured by a Shiite militia. "I was dumped with 13 dead bodies," he said. "I have no enemies but during the last few months Mahdi Army militias started to assassinate so many people."

He then moved to Falluja, a heavily Sunni area where he said he had crammed into a house with relatives. He said his old neighborhood — once 15 percent to 20 percent Sunni — was now almost exclusively Shiite. "Most of the families that used to live in my neighborhood moved to the west of Baghdad and some of them moved to provinces like Diyala, Salahuddin and Anbar," he said.

Conversely, Shiite families have moved from Sunni neighborhoods of Baghdad and Anbar Province, the site of intense fighting between American forces and Sunni insurgents, government figures show.

For Sunnis, Falluja has become a preferred safe haven. Officials there describe the majority Sunni city as a swelling metropolis, with hundreds if not thousands of families moving in every week, crowding homes and seeking identification cards with Falluja addresses to ensure that they are not mistaken for Shiites.

Some of Falluja's new arrivals said they were confounded and disturbed by their need to move. Abdul Razzaq Hussein, a former Iraqi Army officer, said he used to live in the mixed area of New Baghdad with his Shiite wife. He said he came to Falluja alone after the Samarra bombing because he feared Shiite death squads. "Sometimes when we woke up in the morning, we used to find threats," he said.

Anthony H. Cordesman, an analyst at the Center for Strategic and International Studies in Washington, said the Iraqi migration was probably more widespread than the government statistics suggested. He described the exodus as both a sign of fear and a potential contributor to sectarian volatility.

"When you add this to violence and economic problems, it puts the country closer to civil conflict," he said by telephone. "They are relocating not to another province — what you're seeing are lines being drawn in the middle of cities and people still have to survive. You get enclaves and fortresses where people become violent to the people outside."

Concentration in a given neighborhood could lead to being made targets by another sect, he added. "You have cumulative process of polarization. It all interacts."

To protect displaced families, Mr. Nowruz said the government was moving to build four new camps in Baghdad, Mosul, Dhi Qar and Kut.

But the additional space may bring little comfort to the fearful. In one of the older camps near the Baghdad airport last week, Shihab Ahmed Hammoudi huddled inside one of roughly 50 tents with his wife and two young children. He said he left his home and his job as a tea seller in the Jihad neighborhood of Baghdad after Shiite militiamen executed as many as 50 people on July 9, pulling them out of their homes and cars, then shooting many in the head.

Even at the camp, he said it was hard to feel safe. Last Thursday, he said men dressed as Iraqi police officers visited the camp to ask for names of refugees, causing many to fear that the officers were members of a Shiite militia. When families resisted, there was a brief standoff.

"They were pretending to help us, but when they saw how many guards there were protecting the camp, they left," Mr. Hammoudi said.

Judge Grants Delay In Iraqi Rape And Murder Case (AP)

DOJ_NMG_0042460

AP, July 21, 2006

LOUISVILLE, Ky. - A federal judge on Thursday granted a three-month delay in the arraignment of a former soldier, who is charged with raping an Iraqi girl and killing her and three family members.

U.S. District Judge Thomas B. Russell agreed to delay the arraignment until Nov. 8 after prosecutors cited logistical concerns in Steven Green's case. Green, 21, was arrested June 30 near Asheville, N.C., and brought to Louisville for an initial court appearance, where he pleaded not guilty.

"It is unreasonable to expect that witnesses and evidence from Iraq will be available almost simultaneously to military prosecutors in Iraq and Department of Justice prosecutors in the Western District of Kentucky," according to the motion filed Wednesday.

The prosecution involves coordinated efforts of military prosecutors in Iraq, federal prosecutors in the U.S. and FBI and Army investigators.

In addition to the charges against Green, who is no longer in the military, five soldiers in Iraq face military charges in the case. All are members of the 101st Airborne Division, based at Fort Campbell, Ky.

All but one of the defendants are accused of raping and killing Abeer al-Janabi and killing her parents and young sister at their home near the town of Mahmoudiya on March 12. One soldier is accused of failing to report the crime. Military judicial proceedings are scheduled to begin Aug. 6 in Iraq.

Pat Bouldin, a public defender who is part of Green's defense team, said Thursday that the defense agreed to the motion. He declined further comment.

Green is being prosecuted in federal court rather than military court because he was discharged from the Army in May for what military officials called "anti-social personality disorder." Military officials have said Green was discharged before they became aware of the rape allegations.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, July 21, 2006

Show of force

Assistant Secretary of State Christopher R. Hill, the Bush administration's point man on negotiating away North Korea's nuclear weapons program, tells us the press focused too much on the regime's failed launch of a Taepodong-2 missile on July 4.

While the malfunction was interesting, what was troubling — and almost ignored — was the fact that North Korea successfully launched six medium-range ballistic missiles that fell into the sea as intended. The signal is that the Stalinist regime has the capability to fire scores of missiles into South Korea, threatening U.S. troops as well as the country's civilian population.

Double agent

Lost in the discussion of House intelligence committee Chairman Peter Hoekstra's leaked letter to President Bush is the suspicion that the CIA bureaucracy often works against the president in the war on terror. Republicans have long suspected that Langley is stocked with left-wingers loyal to the Democrats. Thus the leaks to the mainstream press on sensitive matters.

"There has been much public and private speculation about the politicization of the agency," Mr. Hoekstra wrote in a letter also dedicated to congressional oversight issues and first reported by the New York Times. "I have been long concerned that a strong and well-positioned group within the agency intentionally undermined the administration and its policies."

The Michigan Republican specifically mentioned the episode of former Ambassador Joseph C. Wilson IV and his wife, Valerie Plame, a CIA officer until her recent retirement.

Mrs. Plame worked behind the scenes to get her husband sent to Niger to investigate a British intelligence report that Iraq had made overtures to buy yellowcake, refined uranium that can lead to nuclear-weapons-grade material. According to a Senate intelligence committee bipartisan report, neither CIA headquarters nor the White House was informed that Mr. Wilson, a fierce foe of President Bush who was working for the election of Sen. John Kerry, Massachusetts Democrat, had been picked by the CIA bureaucracy to conduct such a sensitive mission.

He later wrote a column in the New York Times implying that the White House had sent him. The committee report said his column differed from the oral report he supplied to the CIA.

Republicans always have wondered how a foe of the president with little or no experience in intelligence investigations was picked to go to Niger.

Of course, the trip led to a criminal investigation of the White House when officials, contacted by the press, said Mr. Wilson's wife, not the White House, was principally responsible for Mr. Wilson's trip. She was a covert officer whose identity was kept secret by the agency.

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In his letter, Mr. Hoekstra also complained that the new director of national intelligence was becoming too caught up in the bureaucratic weeds instead of making sure that things happen.

"I am concerned that the current implementation is creating a larger, bureaucratic and hierarchical structure that will be less flexible and agile than our adversaries," he wrote.

Israel's force

We asked a former Navy combat pilot to assess the Israeli air force's war against Hezbollah. He told us:

"I'm reminded of the 1982 war with Syria. I was sitting off the coast of Lebanon on the USS Independence. Every day there would be headlines about how the Syrians had shot down another Israeli aircraft. A close look at the news clips showed that they had actually shot down a UAV [unmanned aerial vehicle]/drone — not an Israeli aircraft. This was, in fact, an Israeli tactic. They knew how many SAMs [surface-to-air missiles] Syria had and were counting down the attrition rate. They denied Syria any Soviet resupply of those SAM assets. When Israel had determined that Syria had expended their inventory of SAMs, they launched a tremendous air strike against Syria, which resulted in a victory within about 48 hours.

"So, today, I think the war of attrition is still the plan. Israel really wants the current government of Lebanon to succeed, but know they don't have the wherewithal to accomplish it without getting rid of Hezbollah and ensuring that Hezbollah cannot be resupplied by Iran or Syria.

"Ergo, the bombing/cratering of the runways at Beirut international airport — these Israelis are not dumb — a careful review of their bombing will show you that they carefully, with precision, cratered the runways at intersections so that no runways could be used. The road to Damascus was cratered so that no supplies could be brought in.

"Israel knows within a dozen or so how many Katyushka missiles Hezbollah has [and their inaccuracy] and how many other Iran-supplied longer range missiles that could hit Tel Aviv. I suspect they're waiting this attrition out and will then make an effort to destroy Hezbollah. I also won't be surprised when Israel air forces pass unmolested through Iraq airspace [controlled by the U.S.] on their way to and from Iran."

From the front

It has been said that many combat veterans find God in a foxhole. Our troops are also finding that out in the streets of Iraq. We received an e-mail from Army Capt. Dave Pate about an incident that took place earlier this month.

U.S. soldiers working with troops of the Iraqi army's 3rd Brigade, 6th Division, came under small-arms fire July 7 and ended up chasing one terrorist into a nearby mosque. As they were shooting, a rocket-propelled grenade (RPG) was fired at Capt. Pate and his team, which had been lured into a trap.

"I just wanted to drop a line and thank the Lord for his protection today," he said in the July 7 e-mail.

"My team took small arms fire and chased some terrorists through the city today. They ended up holing up in a mosque, where they proceeded to fire their machine guns on us. It was a trap, because as we opened up, we began to take fire from all around, and were hit with grenades and mortars, too. When things were really getting hot, I heard an RPG leave its gun tube. I looked up and saw the RPG coming right for us, but a power line got in its way and veered it off course, causing it to impact about 50 feet above us into a building directly to our rear. We ended up with no one hurt, but one enemy [killed in action], three wounded and 24 prisoners. It was a great day. I've never felt so proud to be an American.

"I'll never forget the sound it made as it flew toward us," he said in an e-mail to his pastor, Mark Chanski, of the Reformed Baptist Church of Holland, Mich., who shared it with us after receiving Capt. Pate's permission.

Capt. Pate noted that there were no angry Iraqis after the mosque shooting. "You would think the people would have been angry," he said. "But when we were driving back with the dead and wounded and other prisoners, people were everywhere in the streets, and wouldn't let us pass. They were all giving us the thumbs up, waving, giving high fives, holding up their kids for us to kiss, it was unbelievable. The people were so happy that we got those bad guys."

In A 5,000-Word Letter, Hussein Blames Bush, Iran And Israel Supporters For Iraq's Troubles (NYT)

By Edward Wong

The New York Times, July 21, 2006

BAGHDAD, Iraq, July 20 — Saddam Hussein's defense lawyers on Thursday released a letter Mr. Hussein recently wrote in prison that tries to convince the American people that the United States should leave Iraq because President Bush misled them into a deadly quagmire.

The 5,000-word letter is a rambling treatise outlining what Mr. Hussein asserts are the false reasons the Bush administration used to justify the war in Iraq, from illicit weapons to links with Al Qaeda. Mr. Hussein said he had written it at the behest of Ramsey Clark, the former United States attorney general who serves on his defense team.

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Mr. Hussein blames Iran and pro-Israel interests for helping lead the Americans into war. He invokes the specter of the Vietnam War and the spirit of Mao, saying the Chinese revolutionary is "laughing in his grave because his prediction has been fulfilled and America is a paper tiger."

The letter is dated July 7 and was handed by Mr. Hussein to Mr. Clark, said Rasha Oudeh, the office manager for Mr. Hussein's eldest daughter.

"People of America, the misfortunes that have afflicted you and afflicted our Arab nation and within it our heroic people — including the breakdown of America's standing and reputation — were only caused by the reckless behavior of your government and by pressure from Zionism," Mr. Hussein wrote, according to a translation of the letter e-mailed to reporters by both his defense team and an insurgent Web site.

"The massacres and blood that now flows in the streets and countryside of Iraq in torrents — the responsibility for that falls on America before all others," he added.

The release of the letter came on the 14th day of a hunger strike by Mr. Hussein and three of his co-defendants. Mr. Hussein and seven other men, including his half-brother, have been on trial since October for the imprisonment and executions of 148 men and boys from the Shiite town of Dujail. The victims were killed after what Mr. Hussein said was an assassination attempt on him in 1982.

The trial is in its closing stages. Arguments are expected from the defense lawyers, but the main lawyers and defendants have been boycotting the trial for various reasons.

Lt. Col. Keir-Kevin Curry, a spokesman for the American-run detainee system, said Thursday that Mr. Hussein was in "relatively good health" and was being monitored every day by medical professionals. He said Mr. Hussein had rejected all his meals but drinks coffee with sugar, and water with nutrients.

The American military had no immediate comment on the letter, Colonel Curry added.

In the letter, Mr. Hussein said an American general tried to use intimidation and threats against him after his capture, and "tried to bargain with me, promising to let me live if I agreed to read in my own voice and sign a prepared announcement that was shown to me."

"That stupid announcement called on the people of Iraq and the courageous resistance to lay down arms," he wrote. "They said that if I refused, my fate would be that I would be shot like Mussolini."

A week after that conversation, Mr. Hussein said, a group of Americans came to speak to him, saying they were from an American university. "I confirmed to them that Iraq didn't have any of the things the American officials claimed," Mr. Hussein wrote.

Mr. Hussein sought to portray himself as a humanitarian in the letter, telling the American government to designate a neutral country where insurgents could hand over American prisoners "rather than executing them as currently is said to be taking place." That appeared to be a reference to the capture and killing of two American soldiers last month in the town of Yusufiya.

The letter ends with a final bit of advice: "Save your country, esteemed ladies and gentlemen, and leave Iraq."

NATO Chief Says Afghan Troops Can't Fail (AP)

By Constant Brand

AP, July 21, 2006

NATO troops moving into insurgency-wracked southern Afghanistan cannot fail in their mission to defeat the Taliban and promote reconstruction, the alliance's secretary-general said Thursday.

Secretary-General Jaap de Hoop Scheffer warned Taliban holdouts and heavily armed opium dealers that they would not be able to thwart the mission.

"Every party which tries to spoil this process in the south will feel the consequences," he said at a press conference with President Hamid Karzai. "We cannot afford to fail."

De Hoop Scheffer is in Afghanistan for two days to review the 26-nation alliance's expansion into the south, which has seen fighting surge between coalition forces and Taliban insurgents as NATO tries to take control of the region.

The heaviest fighting in more than four years has set back efforts to bring development aid to the impoverished region, hub of Afghanistan's booming drug trade.

NATO nations are expected to give their final go-ahead to expand their mission during a July 26 meeting at NATO headquarters in Brussels, Belgium.

More than 800 people, mostly militants, have been killed in Afghanistan since May, mostly in the south.

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An adviser to Karzai on religious affairs said an Afghan government inquiry found that a June 10 bombing by U.S.-led coalition warplanes in southern Uruzgan province killed 10 civilians and wounded 27. Nine suspected Taliban fighters were killed in the attack in Tirin Kot, the provincial capital, Maulvi Muhayuddin Baluch said.

Coalition forces at the time claimed the strikes had killed more than 40 Taliban, but they had no details on civilian casualties.

"We try very hard to avoid civilian causalities," said Col. Tom Collins, the chief coalition spokesman. "When the enemy fights among civilians they put them needlessly in danger."

Countries going into the south "realize ... it might be tough, it might be difficult because the situation is very volatile," de Hoop Scheffer said.

An Australian soldier was wounded in a rocket attack on a coalition military base late Wednesday in the southern city of Kandahar, spokesman Maj. Scott Lundy said. There was no significant damage to the Kandahar Air Field.

The NATO chief urged world donors to keep Afghanistan a top priority.

Karzai appealed for help training and equipping Afghanistan's fledgling military and police forces, and said other countries must do more to stop terror financiers and trainers in Afghanistan and abroad.

In Islamabad, Pakistan, President Gen. Pervez Musharraf said that Pakistan was committed to supporting the U.S.-led coalition fighting in Afghanistan. He said Pakistan had "evolved a new strategy against Taliban," but he did not elaborate.

NATO is deploying about 8,000 mostly British, Canadian and Dutch troops to the south, increasing its total force to about 18,000 by September. The alliance hopes to take on eastern Afghanistan by November, completing its expansion across the country and increasing its force to 21,000.

The United States has at least 21,000 troops in Afghanistan, but there has been talk of a reduction of as much as 20 percent. Many of those that remain will be incorporated into the NATO force. The U.S. will maintain an independent combat force to hunt down Taliban and al-Qaida militants.

The military said it was paying $112,000 in compensation to victims of a May 29 accident in which a military truck that apparently suffered a brake failure rammed into cars at an intersection, killing at least one person.

The accident sparked rioting in which 20 people were killed, many apparently from gunfire by Afghan security forces.

A military statement said the payments for 24 claims of property and personal damage related to the accident in Kabul demonstrated the U.S. government's "commitment to responsibility and accountability for the actions of U.S. armed forces."

Army To Cut Domestic Spending (WP)

By Thomas E. Ricks

The Washington Post, July 21, 2006

The Army, feeling the strain of continuing wars in Iraq and Afghanistan, said yesterday that it is tightening its spending at home.

Because of the costs of overseas combat operations, the Army is taking several steps, including canceling nonessential travel, limiting purchases to critical wartime needs and freezing all new contract awards. It also said it would stop civilian hiring, release temporary employees and limit the use of government credit cards.

The Army also said it would try to find new ways to economize and streamline its business processes.

A statement issued by the Army did not say how it much it hopes to save through the belt-tightening, and an Army spokesman said that no estimate was available yet.

Gen. Peter J. Schoomaker, the Army's chief of staff, told the House Armed Services Committee last month that he will need $17.1 billion in fiscal 2007 to replace helicopters, tanks, trucks and other equipment worn out in Iraq and Afghanistan. After next year, he said, the bill for such replacement or refurbishment of gear will be at least $12 billion annually for several years.

The Army's fiscal 2006 budget is $98.2 billion.

One reason the Army's costs are so high, Schoomaker said in a luncheon speech on Capitol Hill last week, is that it not only engages in combat but also provides logistical support for the Marine Corps and other organizations in Iraq. The Army has about 100,000 troops in Iraq, a much larger presence than any other service.

In addition, Schoomaker said, the cost of supporting a typical Army soldier has gone up by about 60 percent since 2001, mainly because of increasing health-care costs. The Army is hesitant to cut benefits because it needs to recruit new soldiers and retain current ones.

The core problem for the Army is that it is fighting a sustained ground war overseas with an all-volunteer force, which is almost unprecedented in U.S. history. "The strategic question of the day is: How do we maintain this all-volunteer force?" Schoomaker said at the luncheon.

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Some Pentagon insiders said the Army's leadership fears that its budget will be slashed next year if and when major troop cuts occur in Iraq. But a Pentagon official speaking on background yesterday said there is widespread concern that the Army will be carrying the bulk of the nation's defense load for years as the government conducts a global counteroffensive against al-Qaeda and other terrorist groups.

Strapped For Money, Army Extends Cutbacks (AP-Y)

By Robert Burns, Ap Military Writer

AP2, July 21, 2006

The Army, bearing most of the cost for the wars in Iraq and Afghanistan, said Thursday its money crunch has gotten so bad it is clamping down on spending for travel, civilian hiring and other expenses not essential to the war mission.

A statement outlining the cutbacks did not say how much money the Army expects to save, but senior officials have said the cost of replacing worn equipment in Iraq and Afghanistan is rising at a quickening pace.

Gen. Peter Schoomaker, the Army chief of staff, said last week that in 2004 it cost $4 billion to repair or replace war equipment, but now it has reached $12 billion to $13 billion. "And in my view, we will continue to see this escalate," he said, adding that the Army is using up equipment at four times the rate for which it was designed.

Schoomaker traced the problem's origin to entering the Iraq war in 2003 with a $56 billion shortfall in equipment. The Army managed the situation by rotating in fresh units while keeping the same equipment in Iraq. Over time, he said, the equipment has worn out without sufficient investment in replacements.

The Army chief said there is too little money available to keep up with equipment repairs. He said the Army's five major repair depots are operating at only 50 percent of capacity, resulting in a backlog of 1,000 Humvee utility vehicles awaiting attention at the Red River Army Depot in Texas and 500 tanks at a depot in Alabama.

The Army's 2006 budget is $98.2 billion, and the 2007 budget request not yet approved by Congress seeks $111 billion for the Army.

About 100,000 of the approximately 127,000 U.S. troops in Iraq are Army. Most of the rest are Marines.

When Congress took longer than the Pentagon expected to approve an emergency spending bill for war costs last spring, the Army imposed temporary spending cutbacks that it expected to lift once the extra money was approved.

In its announcement Thursday, the Army said it has decided to extend most of those cutbacks until the end of the budget year on Sept. 30. Among the reasons cited: the high costs of war and an expectation that Congress may approve less money for the Army in the 2007 budget than the White House requested.

The Army said it will limit its purchase of supplies to those that are deemed critical to war requirements; cancel or postpone all nonessential travel; stop the shipment of goods unless they are needed for deployed or deploying troops; freeze the hiring of new civilians; restrict use of government credit cards; freeze all new contract awards, and release temporary employees and some service-contract workers.

Meanwhile, Army officials traveled to Capitol Hill this week to urge members of Congress not to slash funding for aircraft programs.

Brig. Gen. Stephen D. Mundt told reporters that congressional plans to cut about $90 million from the Armed Reconnaissance Helicopter program and eliminate all $109 million for the development of a new cargo aircraft would trigger as much as a two-year delay and increase the overall cost of both programs.

Military analyst Dan Goure of the Lexington Institute said cutting nearly a third of the $275 million requested for the helicopter is unwarranted because it is a low-risk program that will provide a much-needed replacement for the Army's aging fleet of Kiowa Warriors.

"It makes no sense to delay this program," Goure said. "It is a risk to the soldiers, and it poses additional costs on the Army at a time when it's already struggling."

The cargo plane, said Mundt, would be able to take off and land on much smaller runways, and would give the Army and Air Force access to thousands of airfields around the world that existing cargo aircraft cannot use. They include almost 30 additional airfields in Iraq, and 10 more in Afghanistan, he said.

Senate Agrees To Trim Modernization Plans (AP-Y)

By Anne Plummer Flaherty

AP2, July 21, 2006

The Senate is on track to pass a Pentagon spending bill for next year that would swipe at some of the military's prized modernization programs, including a fighter jet being built with U.S. allies.

DOJ_NMG_0042465

The Senate Appropriations Committee on Thursday voted unanimously to approve a $453 billion bill defense spending bill that includes $50 billion for the wars in Iraq and Afghanistan.

The full Senate has yet to schedule time for debate on the measure. Lawmakers have said they would like to finish the bill before their August recess so the war money is available to troops when they need it.

"We have to have to have this passed before we go home for the elections," said Sen. Ted Stevens, chairman of the Senate Appropriations subcommittee on defense.

Senators trimmed President Bush's spending request for weapon systems that were behind schedule. They cut by nearly one-fifth his $5 billion request for the F-35 Joint Strike Fighter, now under development with the help of Britain.

According to a report accompanying the bill, the committee "strongly supports" that program but believes the technology was premature with testing behind schedule. Therefore, the committee cut more than $1 billion in procurement money for the fighter and recommended delaying production by one year.

"'Buying before flying' is a known problem that can be avoided," the committee said in its report.

The bill mirrors legislation passed last month by the Senate. Sen. John McCain, R-Ariz., championed a measure included in the defense authorization bill that called for reducing F-35 funds next year by the same amount.

Overall, the bill would fall $9 billion short of Bush's annual spending request to support troops and buy weapons systems.

The White House is expected to object. But Stevens said he did not anticipate the bill would cause problems for the military because the $50 billion in war money could cover any immediate requirement.

Stevens, R-Alaska, said cuts to the Pentagon's spending plan were sprinkled throughout the bill, affecting several programs. The Senate plan would eliminate $200 million in requested money for the KC-135 tanker program, intended to replace aging aircraft refueling tankers, because of program delays.

The Senate panel also voted to trim $250 million from the Army's request of more than $3.5 billion for the Future Combat System, the service's key weapons program. A cut of that size is unlikely to cause problems for the Army because of the program's massive budget. But it does show that lawmakers have serious concerns about the program, which is expected to produce more than a dozen manned and unmanned vehicles and aircraft for combat.

In its report, the senators questioned the "long-term affordibility" of such an ambitious and complex project because technological problems could cause major delays.

Stevens said members of the committee requested adding some $3 billion for various medical research programs to the bill. Stevens blocked the proposals. "We have our money earmarked for treatment of people involved in the current combat activities," Stevens said.

DOJ:

U.S. Attorney General Tours The Border (KDBC-TV)

KDBC-TV, El Paso, July 20, 2006

The federal government is still searching for answers to the many questions surrounding illegal immigration. Thursday, the U.S. Attorney General was in town in hopes of finding those answers in the Borderland.

U.S. Attorney General Alberto Gonzales toured the border and got input from local law enforcement, information he'll take back to Washington in hopes of urging the Senate and the House of Representatives to decide on an immigration reform plan.

Everyone agrees something needs to be done, but what to do about the border is what's dividing lawmakers. Gonzales talked about the problems of illegal immigration, human and drug smuggling, and violence. But he also said America has an enemy in the post-September 11 world, and the border could be its target.

Gonzales says securing the border is a big task, and one President Bush and the Department of Homeland Security are dedicated to. Gonzales also said within the Department of Justice, there are more immigration-related cases than any other.

U.S. Attorney General Gonzales Tours El Paso (EPT)

By Louie Gilot, El Paso Times

El Paso Times, July 21, 2006

U.S. Attorney General Alberto Gonzales said he still has hopes that immigration reform legislation with more border security, a guest-worker program and a path to legalization will pass this year, even as the process is stalled in Congress.

“We haven't given up,” he said during a visit in El Paso on Thursday.

Gonzales took a driving tour of the river levy with the Border Patrol Wednesday night and a helicopter tour over Fabens and Sunland Park, N.M., Thursday morning. He was on his way to California.

Louie Gilot may be reached at lgilot@elpasotimes.com, 546-6131.

Pair Charged After Death Of Teenage Immigrant (AP)

AP, July 21, 2006

EL PASO, Texas -- An El Paso man and a Mexican woman have been indicted on federal immigrant smuggling charges related to the April death of a 14-year-old Salvadoran girl, U.S. Attorney General Alberto Gonzales said Thursday.

Jose Alfredo Sifuentes-Sandoval of El Paso was indicted by a grand jury Wednesday on one count each of conspiracy to smuggle aliens, encouragement and inducement of aliens to enter resulting in death, harboring aliens resulting in death, aggravated identity theft, and three counts of alien smuggling for profit. Amalia Baquera of Ciudad Juarez, Mexico, was indicted on the conspiracy charge.

Gonzales made the announcement during a visit to El Paso to tour the international border and meet with local officials about immigration issues.

Federal prosecutors allege that Sifuentes-Sandoval, who has been jailed since his June 9 arrest, smuggled 14-year-old Leybi Lorena Vigil Claros into the U.S. through Fabens, Texas, in April and failed to get her medical help when she became gravely ill.

According to the indictment, Sifuentes-Sandoval and Baquera, who has not been arrested, worked together in a smuggling operation that included the sale of false identification papers in Mexico.

Authorities said Leybi, who died when a blood clot traveled to her lungs, was trying to get to Virginia, where her mother has been living legally for several years.

Attorney General Discusses El Paso Smuggling Case (KFOX-TV)

KFOX-TV, El Paso, July 21, 2006

U.S. Attorney General Alberto Gonzales visited the borderland Thursday with one of his focuses being an April 27 smuggling case involving a 14-year-old girl.

"A few weeks ago, a young girl was found dead in the back seat of a van," Gonzales said.

The van was in a driveway belonging to a man named Jose Alfredo Sifuentes-Sandoval, according to officials.

Sifuentes had called 911 and told officials he found the girl along Texas Highway 20.

"At the time of their arrival, they found her non-responsive in the back of the Sifuentes van. So, Sifuentes at that time stated that he and another person had found the young girl on the side of Highway Texas 20, which is how she got the nickname Texas 20 girl," said Brandy Gardes, U.S. assistant district attorney.

Yet, through an investigation, the teen was identified by her mother, who said she had paid Sifuentes thousands of dollars to smuggle her daughter into the United States.

Authorities said the teen had a pre-existing medical condition and fell ill when she arrived in the United States near Fabens.

"The autopsy showed that she died of a pulmonary embolism, which is very rare in a 14-year-old girl," Gardes said.

The 14-year-old girl is just one of the many smuggling cases law enforcement officials have found along the border, a situation the attorney general said he hopes to change by prosecuting the smugglers to the fullest extent of the law.

"This kind of reckless disregard for life is unacceptable, and we will prosecute such cases to the fullest extent," Gonzales said.

The indictment against Sifuentes includes charges of smuggling for profit and smuggling resulting in aggravated death.

The U.S. government has not decided if it will seek the death penalty in this case. Meanwhile, it is asking Mexican authorities for its help in seeking extradition for Sifuentes' alleged associate, who was last seen in Juarez, Mexico. The woman, Amilia Baquera, faces charges of conspiracy and is said to be a part of a smuggling ring with Sifuentes.

U.S. Attorney General Visits Borderland (KTSM-TV)

KTSM-TV, NBC 9, El Paso, July 20, 2006

Agents commended for indictments for suspected smugglers.

Thursday, July 20, 2006 — U.S. Attorney General Alberto Gonzales made a stop in the borderland Thursday to talk about immigration issues. While here he praised local investigators on the indictment of two coyotes.

After a two month investigation 44-year-old Jose Alfredo Sifuentes-Sandoval was indicted for smuggling a 14-year old girl into the county and leaving her to die. The U.S. Attorney's Office is still working to extradite Sifuentes' accomplice in Juarez.

Gonzales called it a big win and hopes it will be a warning to smugglers that the U.S. will not tolerate a reckless disregard for human life.

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During his two day trip Gonzales toured the border at night, and again by helicopter during the day. He says it will be hard to secure such a large rough terrain, but he hopes the information he gathered will help get funds to the border.

Former Prosecutor Wins $170,000 Discrimination Settlement (AP)

AP, July 21, 2006

RALEIGH, N.C. | A former federal prosecutor who won a $170,000 settlement in a discrimination lawsuit against the U.S. Department of Justice said she plans to open a private practice.

Mary Jude Darrow, 48, was fired in 2004 from her job as an assistant U.S. attorney for the Eastern District of North Carolina.

Her bosses said she was dismissed because of Justice Department findings that she had committed "nine instances of intentional professional misconduct, five instances of professional misconduct and exercised poor judgment on two occasions."

Darrow contended in her lawsuit that she was supervised and disciplined differently than her colleagues, a claim denied by her former employers.

Scott Schools, general counsel to the Executive Office of U.S. Attorneys, declined to comment about the settlement reached in May.

Darrow said she has not yet received the settlement money.

"It's been a nightmare," she said. "The only thing I can be glad for is when it's over."

Darrow was a federal prosecutor handling drug, fraud and violent crimes in New Orleans from 1990 to 1999, when she transferred to Raleigh. By May 2002, after losing an experienced secretary, she asked not to be given additional cases.

When she was assigned to prosecute a $6 million FEMA fraud case alone in July 2002, she said she was denied the added help of an accountant, another lawyer or a secretary. Co-workers in similar situations received such relief, she said.

In court records, her ex-bosses said for workload was not excessive for an attorney with her experience, the FEMA case didn't require added resources and her work had become sub-par. Her former supervisors said her problems included being banned from a magistrate's court, missing deadlines and failing to follow office policies.

CORPORATE SCANDALS:

Brocade Ex-CEO, 2 Others Charged In Options Probe (WSJ)

By Charles Forelle And James Bandler In Boston And Steve Stecklow In San Francisco

The Wall Street Journal, July 21, 2006

Federal authorities issued civil and criminal securities-fraud charges against a former Silicon Valley chief executive and two other executives in a stock-options backdating scheme, signaling they will take a hard line in the widening scandal.

Prosecutors accused 43-year-old Gregory Reyes, the CEO of Brocade Communications Systems Inc. until January 2005, of backdating options he doled out as a "committee of one" to hundreds of employees, boosting the potential value of the options and concealing millions of dollars of compensation expenses from shareholders.

Officials underscored how seriously they view options manipulation by charging not just Mr. Reyes -- who isn't directly accused of backdating his own grants, and who made no profit from them -- but also a former chief financial officer and former vice president for human resources at the firm.

They also indicated that many more executives could face charges related to manipulating options. Securities and Exchange Commission Chairman Christopher Cox said the agency is investigating more than 80 companies.

"The full weight of the federal government is being put behind this effort to stamp out fraudulent stock-option backdating," he said at a San Francisco news conference. He said additional cases likely would be brought in the "coming weeks and months."

The crux of the case brought yesterday is that Mr. Reyes altered the dates of option grants to new employees to increase their value and give Brocade, a San Jose, Calif., maker of switching devices for data-storage networks, an edge in the cutthroat scramble for talent during Silicon Valley's boom days. In doing so, prosecutors said, he violated accounting rules by not recording the proper expenses for the options.

Under a criminal complaint from the U.S. attorney for the Northern District of California, Mr. Reyes faces a single count of securities fraud, which carries a maximum penalty of 20 years in prison. Also facing a criminal-fraud charge is Stephanie Jensen, 48, Brocade's human-resources director from October 1999 through February 2004. She is accused of helping Mr. Reyes with the scheme.

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Both also face civil charges from the SEC of securities fraud and filing false documents. Antonio Canova, 44, who served as the company's finance chief from May 2001 until he left in December, also was charged in the civil case but not in the criminal action.

A lawyer for Mr. Reyes, Richard Marmaro, said in a statement issued before the charges were announced that Mr. Reyes is innocent. Mr. Marmaro lambasted prosecutors for acting "not based on the facts or the merits of this case, but on some perceived need to show quick action." Signaling a key defense argument, he said, "Financial gain is always the motive in securities fraud cases, and here there was none."

Asked about that argument, U.S. Attorney Kevin V. Ryan countered, "We don't have to show personal gain" to bring criminal securities-fraud charges. "Different people have different reasons for what they do and why they do it."

Ms. Jensen's attorney, Jan Little, said in a statement, "Stephanie Jensen is innocent of these charges. Ms. Jensen directed Brocade's Human Resources Department, and she had no responsibility for finance or accounting. These charges are completely wrongheaded, and we will vigorously fight them in court." An attorney for Mr. Canova didn't return a call seeking comment.

Marking the first major charges brought in the recent scandal, the Brocade case is being watched closely at many companies, particularly in California's technology corridor, where dozens of companies are among those being investigated for their past options practices. The focus of the investigations by the SEC and federal prosecutors in several offices is whether grants were backdated to enrich executives, among other possible manipulations. (The investigations appear to be focusing on those who planned and implemented grant programs, not passive recipients of options.)

Employee stock options give recipients the right to buy shares in the future at a fixed price, typically the current market value. Backdating the grant to a time when the share price was lower than it was on the actual grant date increases the potential gain in an option. Doing so without properly accounting for it can lead to financial restatements, tax trouble and possibly criminal-fraud charges.

The Brocade case is the first in which charges have been brought, partly because it has been under way since early 2005, well before most of the current backdating investigations began.

It also has some key differences from other investigations. Many of the companies currently under investigation have top executives who personally profited richly from options grants. That suggests the next wave "is going to have a lot more graphic and colorful and sexy cases," said George Stamboulidis, head of the white-collar defense and corporate investigations practice at law firm Baker Hostetler LLP.

Underscoring the importance the federal government is giving the options-timing investigation, a phalanx of top SEC and Justice Department officials appeared at the news conference announcing the Brocade charges.

The SEC's Mr. Cox warned that backdating "deceives investors and the market as a whole about the financial health of companies that cheat in this way." He added, "It is poisonous to an efficient marketplace."

The charges against Ms. Jensen and Mr. Canova suggested that federal officials won't hesitate to pursue those further down the corporate ladder who allegedly participated in an options-timing fraud.

John Coffee, a law professor at Columbia Law School, said human-resources officials could find themselves in the hot seat as prosecutors attempt to persuade them to cooperate in investigations of senior executives. "This is going to send a shiver through the spines of much of corporate America," he said.

The SEC also showed it won't take a kind view of executives who knew about backdating but signed off on financial statements. The agency said that's what Mr. Canova did, despite hearing misgivings from some employees about the practice. The SEC also alleged that he "helped facilitate" the fraud by directing others to ensure that option dates matched hiring dates in employee records.

The civil and criminal complaints allege broad backdating at Brocade from 2000 to 2004. The SEC alleged that Mr. Reyes was trying to attract employees to the company with particularly valuable options grants. Brocade's stock price was rising rapidly for part of the period, meaning that every day that passed before employees received their grants decreased potential gains. The complaints allege that Mr. Reyes looked at the stock-price history and picked prior days when the stock was particularly low to date option grants.

Prosecutors charge that that Mr. Reyes and Ms. Jensen falsified paperwork so the company didn't need to record expenses for these particularly valuable options. The government alleges that the widespread manipulation of employee grants, presided over by Mr. Reyes, grossly misrepresented the financial position of the company.

Brocade restated results in 2005 after an internal probe into options matters. The biggest impact was in the year ended Oct. 28, 2000, which swung from a $67.9 million profit to a $951.2 million loss. The restatement lowered net income in some periods, and raised it in others. In all, Brocade shaved a total of $303 million in net income between fiscal 1999 and fiscal 2001, the SEC noted in its complaint.

In yesterday's filings and at the news conference, officials described in some detail how the alleged scheme worked. In one instance, according to the SEC complaint, Mr. Reyes interviewed a job candidate on Feb. 1, 2002, and told Ms. Jensen that day that the candidate would be hired and should be included in an options grant being backdated to Nov. 28, 2001. Ms. Jensen included the person and signed a backdated offer letter to the candidate, who was hired. When Brocade shares fell, according to the SEC, Mr. Reyes changed the grant date again, and Ms. Jensen directed preparation of a new, backdated offer letter.

Explaining the backdating's impact, Linda Thomsen, the SEC's enforcement director, said that in fiscal 2002, for instance, all of Brocade's employee grants were dated at monthly or quarterly low points in the stock price. Ms. Thomsen said the "scheme was blatant."

To facilitate the scheme, the SEC said, Ms. Jensen prepared false compensation-committee minutes purporting to show that Mr. Reyes -- the committee's sole member -- actually granted the options on the days they were dated. The SEC said Mr. Reyes and Ms. Jensen provided the phony documents to financial staffers so that they would record the options as having been granted at fair market value on the date of grant.

Officials also claim warning signs were ignored. For instance, they claimed, Mr. Canova received an email from an unidentified employee that described the options-granting process to another employee as "forging option paperwork and offer letters so he could get better-priced options." The SEC complaint alleges that Mr. Canova did not investigate or report the backdating or the falsified documents to Brocade's board.

Beyond options gains, Ms. Thomsen said, an executive also can benefit by selling stock at prices "inflated" because of false financial statements. Mr. Reyes sold some $380 million in Brocade shares during his tenure.

The SEC's complaint said Mr. Reyes's own options, which were granted by the company's board, not the one-man committee, also were backdated. But the agency's complaint doesn't explain who was responsible, or how the backdating occurred. Two 2001 grants to Mr. Reyes were backdated to the same dates as other employees' grants, the SEC said. One was dated in April and the other on Oct. 1, at the bottom of a deep trough in Brocade's share price after the Sept. 11 terrorist attacks.

Mr. Reyes never cashed in any of his options. Brocade's stock, after peaking in late 2000, declined in the larger tech collapse, and for years has traded at a fraction of its price during the boom.

Said Patrick D. Daugherty, a Detroit-based partner at the law firm Foley & Lardner, "The government has chosen a very good case to begin a crackdown or send a message. These are very ugly facts that are spelled out."

Still, the case may not be a slam dunk. Though there is strong documentary evidence of fraud, including emails and apparently forged meeting minutes, options backdating is a novel area of the law and it's unclear whether jurors will agree the charges, if proved, are worthy of prison time.

Brocade said in a statement that it had reserved $7 million for a proposed settlement with the SEC. The settlement amount, already accepted by SEC staff, is contingent upon approval by SEC commissioners, the company said.

Ex-CEO Of Brocade, Two Others Charged Over Options (SFC)

By Carolyn Said, Chronicle Staff Writer

San Francisco Chronicle, July 21, 2006

(07-20) 13:45 PDT -- In the first charges to come out of the widening stock-options scandal, criminal and civil actions were filed today against Gregory Reyes, the former CEO of San Jose's Brocade Communications Systems and a consummate Silicon Valley insider, for securities fraud.

Reyes, along with Stephanie Jensen, Brocade's former vice president of human resources, was charged with concealing millions of dollars in expenses, overstating the company's income and falsifying records of stock options grants.

The U.S. Attorney's Office for the Northern District of California filed the criminal charges. The Securities and Exchange Commission filed the civil action, which names Reyes, Jensen and Antonio Canova, Brocade's former chief financial officer. Besides fraud, it charges the three with several violations of federal securities laws.

The Brocade executives allegedly manipulated options-grant dates to entice new hires in a competitive market. While stock options have long been a recruitment tool for cash-poor Silicon Valley companies, Brocade's use of them violated antifraud provisions of federal securities laws, according to the suits.

Stock options give the recipient the right to buy stock in the future at the price the stock was worth on the date they were granted, called the strike or exercise price. Back-dating options to a time when the stock was lower gives the recipient a jump-start on potential profits in the future. At least 60 companies are currently under investigation by the SEC or Justice Department for possibly having back-dated options and failed to properly account for them.

"This backdating scheme contributed to the restatements of hundreds of millions of dollars of Brocade's financial results," Kevin Ryan, U.S. attorney for the Northern District of California, said in a statement.

Reyes' attorney said in a statement before the charges were issued that his client is innocent.

"It is surprising that in an area where the government is investigating at least 60 companies (for allegedly back-dating stock options) the government would choose to charge Mr. Reyes," said the attorney, Richard Marmaro, a partner in the Los Angeles office of Skadden Arps Slate Meagher & Flom. "Mr. Reyes is not even alleged to have granted himself any of the options at issue in the case, nor is there even an allegation that he made any money through the alleged option irregularities. All he did was what his board authorized him to do."

The civil suit says that Reyes and other Brocade officers received backdated options at the same time as employees, and thus was "motivated to continue the scheme, in part, to enrich himself and his fellow officers."

Brocade hired over 1,150 employees between October 1999 and October 2002, making liberal use of stock options as a form of compensation, the suit said. Under accounting rules at that time, public companies were required to record compensation expenses when they granted options "in the money" -- i.e., with a strike price lower than the market price on the date granted.

From 2000 through 2004, Reyes "used the virtually unchecked authority given to him to grant 'in the money' options to employees by falsifying in the options documentation the date on which the grants were made and thereby granting the options with below-market strike prices," the civil suit said. Jenson aided him by providing false documentation for options grants, helping Reyes identify the lowest closing price during certain periods and falsifying records of employees' start dates, the suit said.

Canova, who joined Brocade in late 2000 and became CFO in May 2001, learned of the backdating and falsified records but did not investigate or inform the board's Audit Committee, the suit said, instead helping to facilitate the fraud by instructing finance department employees to change dates on records.

Reyes, 43, and a resident of Saratoga, was CEO of Brocade, a storage networking firm, from May 1998 until January 2005, when he resigned. (He remained on the board and as a consultant for Brocade until July 2005.) At that time, Brocade said it would restate its financial results for the prior six years -- every single year of its tenure as a public company -- because of errors in how it accounted for options grants.

The criminal complaint said that Brocade's restatements included a net loss for 2004 that was $32 million rather than the $2 million originally reported, a loss for 2003 that increased from the original $136 million to $147 million, a decrease in 2002 income of $60 million to $126 million, and an income decline of $304 million from 1999 to 2001.

The maximum penalty for securities fraud is 20 years in prison, a $5 million fine, and restitution. The SEC is seeking restitution, civil monetary penalties and to bar Reyes and Conova from serving as officers or directors of a public company.

Canova, 44, lives in Los Altos Hills and served as Brocade's CFO and vice president of finance from May 2001 until he resigned in December 2005.

Jensen, 48, a resident of Los Altos, was Brocade's top human resources manager from October 1999 until February 2004, then worked as a consultant there until August 2004.

Even within the insular world of Silicon Valley, Reyes is unusually well-connected. His uncle, George Reyes, is the chief financial officer of Google. His father, Gregorio Reyes, is on the board of Seagate Technology. Gregory Reyes is a part owner of the San Jose Sharks hockey team.

Prosecutors Charge Brocade Ex-CEO Reyes In Stock-option Scheme (MERCN)

By Frank Michael Russell

The San Jose Mercury News, July 21, 2006

Prosecutors today filed their first criminal indictments in the growing stock-option backdating scandal. Federal authorities have filed criminal and civil charges against Gregory Reyes, Brocade Communications' ex-chief executive, and Stephanie Jensen, the company's former vice president of human resources.

The Justice Department and the Securities and Exchange Commission say the two executives routinely manipulated the dates of stock-option grants so they were ``in the money" rather than ``at the money," giving employees of the San Jose tech company a head start on profits, while illegally concealing the expenses from investors.

``The criminal charges filed today allege that this backdating scheme contributed to the restatements of hundreds of millions of dollars of Brocade's financial results," U.S. Attorney Kevin Ryan said in a statement. ``The criminal complaint alleges that these defendants altered and backdated board of director meeting minutes and employment offer letters in a scheme to defraud in connection with the pricing and granting of stock options."

Reyes' attorney Richard Marmaro has said the former CEO did not personally gain from backdating and that the government should be focusing on other stock-option cases.

In addition, the SEC has filed civil charges against Antonio Canova, Brocade's former chief financial officer, saying he learned about the scheme in writing but failed to alert Brocade's auditors or audit committee.

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Ryan and SEC Chairman Christopher Cox have scheduled a news conference for this afternoon to elaborate on the charges. Our reporter Therese Poletti and columnist Mike Langberg will be there, so check in online or pick up Friday's paper for many more details.

If it wasn't for today's big stock-option news, we'd be obsessing over Google's earnings. Then again, we can always find time to obsess over Google earnings.

Reporting after the stock market closed this afternoon, the Mountain View Internet giant said second-quarter net profit more than doubled from a year ago to $721.1 million, or $2.33 a share. By comparison, Google had profit of $342.8 million in the second quarter of 2005.

``Google grew at an impressive pace during a seasonally slower quarter," Chief Executive Eric Schmidt said in a statement accompanying the report. ``We continue to deliver valuable new products and services to users around the world through our partnerships and investments in our business. Our strong performance results from our clear focus on increasing the quality of user experience, particularly in search and ads."

Excluding stock-compensation costs, Google's earnings were $2.49 a share, exceeding analysts' forecasts on that basis of $2.22 a share, according to Thomson Financial.

Revenue jumped 77 percent to $2.46 billion. Excluding the costs of placing ads on other Web site, revenue was $1.67 billion.

Google's report follows results released by its Sunnyvale rival, Yahoo, earlier this week. ``These numbers showcase that Google is predominant in the areas where they're playing," said always quotable analyst Rob Enderle, according to a Bloomberg News report. ``Yahoo's numbers indicated they were being hit by Google. This confirms that."

Investors, pleased with the results, were sending Google's shares higher in extended trading.

Advanced Micro Devices has been competing fiercely with Intel in the market for computer microprocessors, but Intel isn't sitting still.

Reporting earnings this afternoon, Sunnyvale chip maker AMD said its second-quarter profit was $88.8 million, or 18 cents a share, up sharply from $11.3 million a year ago. Sales, however, dropped 3.5 percent to $1.22 billion, but AMD had warned earlier that revenue would be lower. AMD said it had record sales of its Opteron server chips. The company's shares were lower in after-hours trading.

Earlier today, Intel announced a big shake-up of its executive team after Wednesday's disappointing earnings report, which sent the Santa Clara chip giant's shares down $1.39, or 7.5 percent, to $17.10. With the moves, two fewer executives will report to Chief Executive Paul Otellini, according to an Associated Press report.

``The moves announced today will help us speed decision making and bring new resources to bear in critical areas, while allowing me to spend more time on key strategic issues," Otellini said in a statement.

Executive Vice President Sean Maloney will lead Intel's sales and marketing, according to the AP, taking over from Anand Chandrasekher and Eric Kim. Senior Vice President David Perlmutter will now lead Intel's mobility group, which he had run jointly with Maloney. Chandrasekher will lead a new ``ultra-mobile" PC group. Kim will run the digital home group, which had been led by Don MacDonald. MacDonald now will be a marketing vice president reporting to Maloney.

More tech earnings news: Shares of Cupertino computer and iPod maker Apple Computer soared $6.40, or 11.8 percent, to $60.50 after the company's stellar fiscal third-quarter earnings report Wednesday afternoon. Apple's profit was up 48 percent after better-than-expected sales of its flagship ``I'm a Mac" computers.

Redmond, Wash., software mega-behemoth Microsoft said its fiscal fourth-quarter profit was down 24 percent after it invested in efforts to speed its Xbox 360 video game console to store shelves and to compete with archrival Google. Reporting this afternoon, Microsoft said net income was $2.83 billion, or 28 cents a share, compared with $3.7 billion a year ago. Sales were up 16 percent to $11.8 billion. Microsoft upgraded its profit forecast for the current quarter, sending its shares higher in after-hours trading. Oh -- and Microsoft said it would buy back as much as $40 billion worth of stock. Yes, that's $40 billion.

More Bay Area business headlines: Pleasanton supermarket chain Safeway reported second-quarter earnings that were 84 percent higher than a year ago and that exceeded analysts' expectations. Safeway said its net income was $246.2 million, or 55 cents a share, compared with $134 million a year ago. Sales were up 6 percent to $9.37 billion. Without a $58.5 million gain from interest on an income-tax refund, Safeway said its earnings would have been 42 cents a share. On that basis, analysts surveyed by Thomson Financial had been expecting earnings of 36 cents a share.

Pacific Gas & Electric, which provides power to much of Silicon Valley, has won approval for a plan to install upgraded "smart" electric and gas meters. The meters will allow PG&E to charge for electricity based on when it's used. Our writer Sarah Jane Tribble had more details on how the meters will work online now and in this morning's paper.

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Federal Reserve Chairman Ben Bernanke has declared that the nation's housing market has come to a safe landing. "The downturn in the housing market so far appears to be orderly," Bernanke told the House Financial Services Committee, according to an Associated Press report.

Bernanke promised that Fed officials will monitor closely whether the housing market's slide leads to a slowdown in the economy.

Here in Silicon Valley's skewed real estate landscape, of course, an "orderly" market means the median house price ($770,000 in June) is 9.2 percent higher than a year ago rather than 20 percent.

Many of us have avoided the real estate frenzy in Santa Clara County by remaining renters, but now even our luck is ending: The average asking rent in the second quarter was 9 percent higher than a year ago, according to a story today from Novato-based RealFacts.

Experts say higher mortgage rates are making it harder to enter the housing market, keeping apartment occupancy rates higher. (Only about 3 percent of apartments are available, RealFacts said.)

And speaking of mortgage rates, they continue to climb. Rates on 30-year fixed-rate mortgages reached 6.8 percent this week, their highest level in more than four years, according to a report today from Freddie Mac.

By comparison, 30-year fixed-rate loans were at 6.74 percent last week and 5.73 percent a year ago.

``Financial markets were a bit jittery after core consumer price index figures for June were released that indicated inflation might still be a potential threat," Frank Nothaft, Freddie Mac's vice president and chief economist, said in a statement. ``If this were the case, the Fed would be more inclined to continue to raise rates this year. Mortgage rates reflected that thinking and rose accordingly."

If comments from Bernanke are any indication, though, the mortgage market may have overreacted. ``Bernanke, in his semi-annual speech to Congress, hinted that another rise in overnight lending rates might not be imminent, and financial markets breathed a collective sigh of relief, which should be reflected in the results of next week's survey," Nothaft said.

For this week, though, rates on other popular loans were higher, too:

· 15-year fixed-rate mortgages: 6.41 percent, up from 6.37 percent last week and 5.32 percent a year ago.

· One-year adjustable-rate mortgages: 5.8 percent, up from 5.75 percent last week and 4.42 percent a year ago.

· Five-year hybrid ARMs: 6.36 percent, up from 6.33 percent last week and 5.26 percent a year ago.

Silicon Valley tech stocks: Up: Oracle, Apple Computer and Yahoo. Down: Google, Cisco Systems, Intel, Hewlett-Packard, eBay, Gilead Sciences and Applied Materials.

Ex-Brocade Chief Charged With Fraud In Options Probe (Update7) (BLOOM)

Bloomberg, July 21, 2006

July 20 (Bloomberg) -- Former Brocade Communications Systems Inc. Chief Executive Officer Gregory Reyes became the first CEO charged in the U.S. probe of illegal backdating and other manipulation of employee stock option grants.

Reyes, 43, ousted as head of the Silicon Valley maker of computer equipment in January 2005 after an earnings restatement, was charged with securities fraud in a criminal complaint filed today in San Francisco federal court. Also charged was ex-human resources vice president Stephanie Jensen. They were sued by the Securities and Exchange Commission along with former Brocade Chief Financial Officer Antonio Canova.

SEC Chairman Christopher Cox said in a press conference today that illegal backdating, which allowed employees bigger profits when they exercised their options, led to the misstatement of $1 billion in earnings at the San Jose, California-based company. The SEC is investigating more than 80 other companies for similar wrongdoing, Cox said.

``This is the tip of the iceberg," said George Stamboulidis, head of the white collar criminal defense practice at Baker Hostetler in New York. ``I think it is highly likely that more executives will be charged."

More than 66 companies are conducting internal inquiries or are under federal investigation. Today's charges are the first in the biggest federal investigation of corporate wrongdoing since a mutual-fund trading probe three years ago led to $4.3 billion in penalties.

Followed the Board

Reyes's lawyer Richard Marmaro rejected the government's charges, saying his client never profited from backdating.

``Reyes is not even alleged to have granted himself any of the options at issue in the case, nor is there even an allegation that he made any money through the alleged option irregularities," Marmaro said in a statement. ``All he did was what his board authorized him to do."

Jan Little, a lawyer for Jensen, 48, of Los Altos, California, said the charges are ``wrongheaded" and that her client is innocent.

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``Jensen directed Brocade's human resources department, and she had no responsibility for finance or accounting," Little said in an e-mailed statement.

An options contract gives the holder the right to buy or sell a specific quantity of stock at a later date, and usually at the price of the stock on the day of the grant.

Hundreds of Employees

Hundreds of Brocade employees were given options dated prior to when they were granted, when the stock was at a lower price than on the grant-date. As a result, employees had the potential to make more money when they later exercised their option and bought the stock for the lower backdated amount, rather than the higher price as of the actual date they received the option.

While backdating isn't illegal, former Brocade executives didn't record the extra compensation expenses associated with the practice, as required under accounting rules, regulators said. That caused Brocade to overstate earnings by $1 billion in 2000 alone, Cox said.

The scheme defrauded investors and also gave Brocade an unfair advantage over its competitors, since it was able to attract employees with lucrative pay packages that were improperly accounted for, the SEC said.

The charges come a week after San Francisco U.S. Attorney Kevin Ryan announced a task force was investigating whether individuals and companies were engaging in the practice, a popular means of attracting highly skilled executives and employees to technology companies.

Up to 20 Years

If convicted, Reyes and Jensen face up to 20 years in prison, $5 million in fines, and possibly a fine equal to twice the gain or loss caused by the offense, according to the government. Reyes and Jensen are scheduled to appear in San Francisco federal court Aug. 2, Ryan said.

Backdating of options ``strikes at the heart of investor confidence," Cox said. The U.S. probe aims to ``stamp out fraudulent backdating."

Regulators are studying whether executives at companies ranging from Home Depot Inc., the world's biggest home-improvement retailer, to UnitedHealth Group Inc., the No. 2 U.S. health insurer, inflated the value of their options by backdating or timing the grants to coincide with days when the stock price was low.

The probe has cost at least 19 corporate officials -- including four CEOS --their jobs. Newpark Resources Inc.'s James Cole and Comverse Technology Inc.'s Kobi Alexander are among chief executives who have been ousted.

Internal Review

In January 2005, Brocade announced that an internal review had found the company incorrectly accounted for stock options granted to newly hired employees and those working part-time.

Accounting rules require Brocade to record changes in the value of discounted options in quarterly income, based on fluctuations in its share price. Brocade said it issued 98.8 million options between May 1999 and July 2003 that were subject to this ``variable accounting."

Brocade, the world's largest maker of switches for storage networks with 1,316 employees, restated earnings twice last year because the company didn't properly account for options.

In an affidavit filed with the criminal complaint, FBI agent Joseph Schadler said Reyes was granted sole authority from Brocade's board to grant stock options and he was ``a committee of one" for purposes of granting stock options.

FBI Affidavit

Reyes and Jensen backdated employment offer letters and other personnel records so employees could be given stock option grants that ``were purportedly made and priced when the market value of Brocade's stock was relatively low," according to court papers.

The Justice Department described one incident in which a Brocade employee was offered a job after Feb. 1, 2002, and the employee's offer letter, which included a stock option grant, was backdated to Nov. 28, 2001. After the employee accepted the job in February 2002, Reyes and Jensen ``prepared committee meeting minutes for the board of directors dated Nov. 28."

The minutes priced the stock option grant using the closing price of Brocade's stock on Nov. 28, which was $28.82 a share. Had the stock not been backdated, the option would likely have been pegged to Brocade's Feb. 1 closing share price of $37.05, requiring the employee to spend $8.23 more per share when eventually exercising the option grants.

Civil Complaint

The SEC, in its civil complaint filed today, said that Reyes and Jensen, with the help of ex-Brocade finance chief Canova, defrauded investors by not properly accounting for the true value of the backdated option grants.

``By falsifying and backdating option paperwork, Reyes and Jensen knew investors would be given a false portrait of Brocade's financial condition," Linda Chatman Thomsen, director of the SEC's enforcement division, said in a statement.

Canova, 44, of Los Altos Hills, California, was ``warned in writing that option paperwork had been forged to enable an employee to get favorably priced options,'' the SEC said. He failed to advise Brocade's auditors and signed false financial statements and SEC filings, the regulator claimed.

``We think the SEC is flat out wrong with respect to Mr. Canova,'' said Norman Blears, his attorney. ``He did not participate in or facilitate any fraudulent practices at Brocade.''

Restatements

In Brocade's first restatement in January 2005, the company widened its 2004 loss to $32 million from $2 million because it misreported stock-based compensation. In the second restatement, in November, the company added about $71 million in expenses because it didn't properly account for options previously issued to executives on leaves of absence or in advisory roles, such as Reyes, of Saratoga, California, who was replaced as CEO and then agreed to serve as an adviser to the company.

Reyes stepped down from Brocade's board last year, and his advisory agreement was terminated in July. Reyes, who joined Brocade in 1998 as president and CEO, is on the board of the San Jose Sharks hockey team and Verisign Inc., where he is also a member of the compensation committee.

His father is Gregorio Reyes, who sits on the board of several technology companies, including Seagate Technology, and his uncle is George Reyes, chief financial officer at Google Inc.

Brocade in May 1999 held an initial public offering of 26 million shares at $2.38 each, adjusted for later stock splits. The shares hit an all-time high of $133.72 on Oct. 23, 2000.

Exercised

According to proxy statements, Reyes exercised stock options just one time after Brocade's IPO, earning $2.99 million by exercising options on 40,000 shares in fiscal 2000. His big gains came in December 1998, about six months prior to the IPO, when Reyes exercised options for the purchase of 12.3 million shares at 28 cents each.

Starting in September 1999, he sold almost 5.9 million common shares over the ensuing year, raising more than $354 million, according to SEC filings and data compiled by The Washington Service. He sold almost 5 million shares in February 2005 for about $30.7 million.

Reyes agreed to the cancellation of options on 11 million shares on Jan. 9, 2003, in return for the promise of a new grant that July. He ended up getting new options to buy 1.1 million shares at a strike price of $6.54 each.

The SEC opened an investigation into Brocade in June 2005 after the second restatement. The U.S. Justice Department joined the probe in May. The company, in an e-mailed statement, declined to comment on Reyes, Jensen or Canova.

None of the charges affected ``historical revenues, cash positions, or non-stock option related operating expenses,'' the company said in its statement.

The criminal case is U.S. v Gregory Reyes and Stephanie Jensen, 06-70450, U.S. District Court for the Northern District of California, San Francisco. The SEC complaint is SEC v. Reyes, U.S. District Court for the Northern District of California, San Francisco.

To contact the reporter about this story: Karen Gullo in San Francisco at kgullo@bloomberg.net.

SEC Files Charges In Backdating Scandal (FT)

By Jeremy Grant In Washington And Kevin Allison In San Francisco

Financial Times, July 21, 2006

US authorities handed down the first criminal and civil charges in a widening US stock options backdating scandal on Thursday, charging three former executives of California technology company Brocade Communications Systems in a case described as “poisoning to an efficient marketplace”.

In an unusual move, the Securities and Exchange Commission, Department of Justice and Federal Bureau of Investigation unveiled the charges at a joint news conference in San Francisco, spiritual home to the technology companies that pioneered the used of stock options in the 1990s.

Christopher Cox, SEC chairman, said: “We wanted to co-ordinate this announcement to demonstrate that the full weight of the federal government [is] behind this effort to stamp out fraudulent stock options backdating.”

For the past 18 months, the three agencies have been “parallel investigations” into questionable stock options grants.

At issue has been whether options were deliberately backdated to periods when a company's stock price was at or near a record low and whether this was properly disclosed and accounted for.

The agencies alleged in criminal and civil suits that Gregory Reyes, former Brocade chief executive and the company’s former human resources director, Stephanie Jensen, “routinely backdated stock options grants to give employees favourably priced options without recording necessary compensation expenses”.

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Specifically, Mr Reyes is alleged to have run a scheme running from at least 2000-2004 to grant "in the money" options by falsifying company records to create the false appearance that the options had been granted at the market price on an earlier date.

Mr Cox said the scheme had inflated income at Brocade, a provider of computer server and software connections, by $1bn in2000 alone.

A third former executive, former Brocade chief financial officer Antonio Canova, was accused in the SEC's civil complaint of making false and misleading financial statements even after being told that the company's options paperwork had been forged.

The criminal complaint, filed in federal court in San Francisco, charges Mr Reyes and Ms Jensen with securities fraud.

If found guilty, either defendant could face up to a 20year jail sentence and a $5m fine.

The SEC's civil complaint charges all three with fraud and other violations of federal securities laws, including Sarbanes-Oxley certification provisions.

Linda Thomsen, the SEC's enforcement chief, said: "The scheme was blatant. Undisclosed options backdating is an assault on the integrity of public companies."

She revealed that the SEC was investigating 80 companies across the US, far more than the combined 60 originally thought to be under investigation by both the SEC and the justice department.

Such companies included members of the S&P 500 stock index, and not just technology companies.

Further enforcement actions were expected "in the coming weeks and months", Mr Cox said.

Art Balizan, special agent in charge at the FBI, said: "We believe that today's charges take another step towards restoring public confidence in American corporate governance."

2 Are Charged In Criminal Case On Stock Options (NYT)

By Damon Darlin And Eric Dash

The New York Times, July 21, 2006

SAN FRANCISCO, July 20 — Federal prosecutors on Thursday filed the first criminal charges against executives in a mushrooming investigation into the possible manipulation of stock options.

Gregory L. Reyes, the chief executive of Brocade Communications until January 2005, and Stephanie Jensen, the vice president for human resources until 2004, were each charged in a criminal complaint with one count of securities fraud. Prosecutors said the two doctored the minutes of board meetings, job-offer letters and other documents to make it appear that employees were granted stock options at an earlier date, when the share price of Brocade was lower.

The Securities and Exchange Commission also filed a civil complaint, which named Brocade's former chief financial officer, Antonio Canova, as well as the other two executives. (Mr. Canova, who resigned in December 2005, was not named in the criminal case.)

The criminal complaint is the most significant step yet by investigators in what is shaping up to be a large-scale scandal in the corporate world. Corporations — from small technology companies like Altera and Mercury Interactive to industry giants like UnitedHealth — have been ensnared in investigations into whether their executives or boards improperly granted stock options at attractive prices.

Now that prosecutors in San Francisco have fired the first volley, many lawyers said they expected a flurry of indictments to follow.

"I think we're going to see a quick succession of cases," said Scott S. Balber, a lawyer with Chadbourne & Parke who would not say whether any of his corporate clients had been contacted by regulators regarding the backdating of options.

So far, federal prosecutors in San Francisco, Manhattan and Brooklyn have opened more than 33 cases looking at potential accounting problems or fraud; the Securities and Exchange Commission is examining at least 80 companies. More than a dozen senior executives have been dismissed. Nearly every company has been reviewing its practices.

"This case will not be the last,'' said Linda Chatman Thomsen, the director of the S.E.C. enforcement division.

An option gives the holder the right to buy shares of stock at a predetermined price in the future, commonly the market price on the date they were granted. Instead of offering higher salaries, companies sometimes prefer to lure potential hires with stock options, conserving company cash.

According to the criminal and civil complaints filed Thursday in Federal District Court in San Jose, Calif., Mr. Reyes routinely backdated documents to provide new employees with a larger compensation package. Brocade, a maker of data storage networking products, is based in San Jose.

The Department of Justice criminal complaint does not contend that any of the three company officials directly made financial gains from the backdating. But Kevin V. Ryan, the United States attorney for Northern California, said the government was not obligated to prove personal financial gain in this case.

Instead, prosecutors are building a case that suggests that the intent was to hire highly qualified employees that other companies had wanted.

The S.E.C.'s civil complaint does contend that Mr. Reyes was motivated by personal gain and did receive backdated options himself. "He was thus motivated to continue the scheme, in part, to enrich himself and his fellow officers," the S.E.C. complaint says.

Although Brocade's board approved those grants, the government did not name any directors as defendants. Ms. Thomsen and Mr. Ryan did not rule out the possibility that others at Brocade might be charged. Mr. Ryan also declined to discuss whether any employees or former employees had been granted immunity to testify or help the government build its criminal case.

At a news conference in San Francisco, Christopher Cox, the chairman of the S.E.C., called the backdating practice "poisonous" and said "the S.E.C. is committed to bringing it to an end nationwide."

The criminal charge carries a penalty of as much as 20 years in prison and a fine of $5 million.

Lawyers for Mr. Reyes and Ms. Jensen denied the charges. "Financial gain is always the motive in securities fraud cases, and here there was none,'' Mr. Reyes's lawyer, Richard Marmaro, said in a statement. A call to Mr. Canova's lawyer was not returned.

Options are a powerful incentive for executives to try to get the stock price higher so that the option becomes "in the money,'' meaning the shares can be bought at a price below the current market price.

Handing out in-the-money options is not illegal as long as the grants are disclosed to shareholders. At the time in question in this case, in-the-money options had to be counted as an expense on the company's books. (New rules now require companies to deduct options as an expense.) Failure to disclose or to deduct in-the-money options from income could lead to securities fraud charges. And because such options do not qualify for tax breaks once they are exercised, such grants raise tax fraud issues, too.

Yet what remains unclear is where regulators and prosecutors will draw the line when it comes to backdating. Brocade's case may be different because it involves allegations of doctoring documents.

But other companies will argue that the rules establishing a stock option's grant date were not always clear, or at least open to interpretation. For a period during the 1990's, for example, several companies including Microsoft granted stock options for rank-and-file employees at monthly lows, often with the blessing of auditors.

Other companies may suggest the backdated options were caused by legitimate paperwork delays; there was sloppiness but no criminal wrongdoing. And even among top S.E.C. regulators, there is a significant debate brewing over another common but disturbing options practice: at what point does the opportunistic granting of stock options at attractive prices ahead of good news become illegal?

Defense lawyers are struggling to get a sense how far investigators will pursue cases and where the line should be drawn between aggressive grant practices and fraud.

Brocade "is a good case to start with because it involves allegations of falsified documents,'' said Kenneth A. Raskin, head of the global executive compensation, benefits and employment law practice at White & Case. "Other cases are not going to be as black and white."

The Brocade case illustrates how one company granted stock options in a frenzied Silicon Valley culture.

Technology start-ups were sprouting throughout the Bay Area and beyond and desperately needed to fill jobs. Stock prices often swung wildly from day to day. And instead of offering higher salaries, companies preferred to offer stock options.

At the same time, few outsiders scrutinized the practice. Accounting and law firms sought to please their clients; misinformation, intentional or not, was abundant.

Indeed, backdating stock options was so common among Silicon Valley firms, several West Coast lawyers and compensation experts said, that it was viewed at the time as the equivalent of running a stop sign in the desert. Executives were often willing to push the boundaries or in some cases simply ignore the rules.

"It was a high-risk, high-reward time," said Tom G. LaWer, a partner at Greenberg Traurig's Silicon Valley practice. "You had people who were entrepreneurs. They often started with small companies where every day is a bet-your-company decision. In this case, a lot of them concluded the risk was small and the reward was great."

From 2000 to 2004, Mr. Reyes and Ms. Jensen falsified company records, including minutes of directors' meetings, and employment-offer letters and understated Brocade's expenses and overstated its income, according to the S.E.C.

Ms. Jensen reported directly to Mr. Reyes. The S.E.C. contends he backdated options grants on at least nine occasions in 2001 and 2002 and on six occasions in 2003 and 2004.

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Mr. Reyes was given sole authority to grant stock options by Brocade's board, in essence, making him the company's compensation committee, the government contends. Mr. Reyes and Ms. Jensen often waited until the end of a fiscal quarter before granting options at the lowest price for that quarter.

In fact, the practice became so routine that by June 2003, "an HR employee prepared a memorandum describing the practice," the S.E.C. complaint says.

Criminal Charges Filed Against Ex-Brocade CEO (CNET)

By Declan McCullagh And Dawn Kawamoto, Staff Writers, CNET News.com

CNET, July 21, 2006

Gregory Reyes and other former execs have been indicted in connection with backdating of stock options.

SAN FRANCISCO--In a case with far-reaching implications for Silicon Valley, former top executives of Brocade Communications Systems are facing civil and criminal charges relating to allegations of stock option backdating.

Federal officials announced the charges against Gregory Reyes, Brocade's chief executive until 2005, and Stephanie Jensen, the company's vice president of human resources from 1999 to 2004, at a press conference here on Thursday.

Video: Ex Brocade CEO faces federal charges

SEC Chairman Christopher Cox explains the legal action against three former executives of the company.

The widely anticipated charges are the first in what could be a number of prosecutions of Northern California companies and their executives related to stock option backdating, which is illegal in some circumstances. The Securities and Exchange Commission says it has more than 80 active investigations nationwide.

Fraud relating to stock option grants "goes to the heart of the relationship between a corporation and its shareholders," said SEC Chairman Christopher Cox. The SEC has filed civil charges against Reyes, Jensen and Antonio Canova, Brocade's former chief financial officer.

Reyes is innocent and has done nothing wrong, said his attorney, Richard Marmaro, a partner at Skadden, Arps, Slate, Meagher & Flom who specializes in white-collar defense.

Marmaro sent a statement to reporters saying that "financial gain is always the motive in securities fraud cases, and here there was none. There is not even an allegation of self-enrichment, or self-dealing."

An affidavit filed by the FBI in the northern district of California on Thursday does not accuse Reyes of personally profiting from stock option backdating. Instead, the FBI claims, Reyes and other executives backdated stock options to attract and retain key employees.

To lure an unnamed employee for a "high-level sales position," the affidavit says, Reyes told Jensen to backdate an offer letter by more than two months to benefit from a more favorable share price in late 2001.

In its own statement on Thursday, Brocade noted that no executives "involved in the historical stock option granting practices remain" with the company.

The San Jose-based networking gear maker also said it has reserved $7 million for a proposed settlement with the SEC. Shares of Brocade, which restated its financial results twice during 2005, closed down 1.8 percent at $5.91.

The press conference comes a week after U.S. Attorney Kevin Ryan announced the formation of a joint task force that he said would "bring criminal charges when appropriate" against Northern California companies that engaged in unlawful stock option backdating.

Allegations about stock option backdating, which is not necessarily illegal, have ensnared dozens of companies and drawn the attention of securities regulators and plaintiffs' lawyers.

Stock option recipients have the right to buy a share of a company's stock at a price called the strike price, the value of the stock on a certain date. If the strike price is $10 and the shares now trade at $15, each option would be worth $5. (The options would be worthless if the stock fell below $10.)

If an executive is able to change the date retroactively--for instance, to when the stock was trading at a lower price--the options would become more lucrative.

That's precisely what federal investigators are looking into. Some academic research has suggested that many companies have engaged in the practice--which could be a securities fraud violation if the disclosures accompanying stock option grants were intentionally misleading. Tax laws could also be triggered because of different rates for deducting different types of stock options.

George Stamboulidis, a former Justice Department prosecutor who's now a partner at the Baker Hostetler law firm in New York, said he expects more criminal charges to be announced soon against other companies.

Stamboulidis said other cases are more likely to yield allegations of personal profiteering by chief executives. "We've seen some of the reports of cases when multiple millions of dollars have been made by executives including the CEOs," he said.

In the case against Brocade's Reyes and Jensen, Stamboulidis said that it was odd for the Justice Department not to seek a grand jury indictment immediately. The method prosecutors chose instead made information in an FBI affidavit public, which could "soften up the defendant" and make them more amenable to cooperating, he said.

Ex-Brocade Execs Charged In Stock-options Case (MRKTWTCH)

By Alistair Barr, MarketWatch

MarketWatch, July 21, 2006

CEO, VP face criminal charges; CFO named in civil suit

SAN FRANCISCO (MarketWatch) -- The Justice Department Thursday announced the first criminal case in connection with the backdating of stock options, charging two former Brocade Communications execs with fraud.

Former Brocade (BRCD: news) Chairman and chief executive Gregory Reyes, 43, and former Vice President of Human Resources Stephanie Jensen, 48, were charged with criminal and civil securities fraud by the Justice Department and the Securities and Exchange Commission.

Patrick Murphy, a branch chief with the SEC's enforcement division, said the civil charges filed by the SEC are a step in the commission's effort to combat abusive options practices.

"This is the [SEC's] first stand-alone financial fraud case exclusively involving options backdating," he said.

Reyes and Jensen face criminal charges filed by the U.S. attorney's office for the Northern District of California. According to the Justice Department, they will be issued a summons to appear Aug. 2 in federal court in San Francisco. The maximum penalty for securities fraud is 20 years in federal prison, a fine of up to $5 million, plus restitution.

The SEC's civil complaint also names Antonio Canova, Brocade's former chief financial officer, who learned of the backdating after joining the company, the agency alleges.

Thursday evening, Brocade said in a statement that it has no comment with respect to the former executives. The company added that in the first quarter of fiscal 2006, it reserved $7 million for a proposed settlement with the SEC. The SEC's staff has indicated it would recommend the proposed settlement to the SEC Commissioners, Brocade said.

Attorneys for Reyes and Jensen said that their clients are innocent and will fight the allegations in court. Canova's lawyer, Norman Blears, didn't immediately return calls seeking comment Thursday.

Brocade is one of many companies that have become embroiled in a widening stock-option scandal.

Roughly 60 companies, including Analog Devices Inc. (ADI: news), UnitedHealth Group (UNH: news) and Home Depot Inc. (HD: news), have been either contacted by the SEC or the Justice Department about the practice.

Others, such as Apple Computer Inc. (AAPL: news) and Barnes & Noble Inc. (BKS: news), have launched their own internal investigations.

The focus of the probes is whether stock-option grant dates have been manipulated in the following way: After noticing a rise in the price of their companies' shares, executives enriched themselves or employees at the expense of other shareholders by awarding options that were backdated to the start of the share-price rise.

According to the SEC and Justice Department complaints, Reyes and Jensen are alleged to have backdated stock-option grants to give employees favorably priced options without recording the necessary compensation expenses.

Canova was allegedly warned in writing that option paperwork had been forged to enable an employee to get favorably priced options, and the SEC's complaint said that he took no action, failed to advise Brocade's auditors and audit committee, and signed Brocade's false and misleading financial statements and SEC filings.

Reyes' attorney, Rich Marmaro, said that his client was innocent partly because he didn't profit personally from any of the alleged actions.

"Financial gain is always the motive in securities-fraud cases, and here there was none," Marmaro said in a statement. "There is not even an allegation of self-enrichment, or self-dealing. Nor is there any evidence of an intent to misstate the financial statements of the company."

Jensen's attorney, Jan Little, said that her client had no responsibility over finance and accounting at Brocade. "These charges are completely wrongheaded," Little said in a statement.

Alistair Barr is a reporter for MarketWatch in San Francisco.

Ex-CEO Charged In Backdating Probe, As SEC Weighs Others' Conduct (LAW)

By Justin Scheck, The Recorder

California Recorder, July 21, 2006

DOJ_NMG_0042479

In announcing criminal and civil complaints against the former CEO and HR manager of Brocade Communications Systems on Thursday, the San Francisco U.S. Attorney and Securities and Exchange Commission painted the stock option backdating issue in tones of black and white.

"In many cases it makes a hash of a company's financial statements," said SEC Chairman Christopher Cox, in from Washington to trumpet the first charges in a probe that's hit about 80 companies, many in Silicon Valley. "It's poisonous."

"We are looking strongly, intently and aggressively at similar issues," added U.S. Attorney Kevin Ryan.

But despite Cox's harsh language before an armada of reporters, those ongoing regulatory and criminal investigations are moving into an area more gray than black.

Indeed, even as Cox and Ryan excoriated Brocade's former CEO, Gregory Reyes, and former vice president of HR, Stephanie Jensen -- along with former CFO Antonio Canova, who only faces civil charges -- lawyers and accountants for the government, companies and executives are attempting to figure out how to separate the truly criminal conduct from less nefarious errors in dating options grants.

And so earlier this week, SEC Acting Chief Accountant Scott Taub met with representatives of the Big Four accounting firms in Washington, according to several private lawyers with backdating clients. They discussed what circumstances would necessitate measures like major restatements of earnings, and which situations federal authorities would view as less egregious.

"There's nothing on that topic that I care to comment on," Taub said Thursday.

White-collar defense lawyers have cheered the dialogue, saying it will impose a measure of stability as they try to figure out the extent of their clients' exposure.

"People have been trying to make those kinds of judgments," said an in-house lawyer for a Big Four accounting firm, "and set up discussions so there is a constant flow of information."

Outside accounting firms are responsible for evaluating the impact of backdating on a company's finances -- and for determining which companies will have to restate earnings, and to what extent.

Such restatements are key pieces of government investigations. So defense lawyers say guidance on the issue from the SEC will lend some clarity to just how serious a given company's problems are.

"It would presumably create some situation, a safe harbor," said a defense lawyer who spoke on the condition that he not be identified because he represents multiple subjects of backdating probes. "It would be something that would create some stability."

The defense lawyer, like several others, said that with the exception of the most egregious cases, backdating was just how business was done in Silicon Valley during the dot-com boom. In addition, they said, many date changes were the result of clerical errors.

In some instances, defense lawyers said, companies may have used the date the employee was notified of the grant.

Strictly speaking, the official date of the grant should have been the day the last required signature -- known as "unanimous written consent" -- was obtained, though that may have taken weeks or months.

Defense lawyers say the SEC's view of that practice will have a major impact on the backdating investigations.

Another defense lawyer who asked not to be identified due to client sensitivities said that could be the single most important product of SEC/Big Four discussions.

"The very conservative accounting view of a unanimous written consent is that a grant isn't valid until the very last signature," the lawyer said. "It's unpractical to handle it that way."

A more charitable view of business as usual in the Valley would hearten defense lawyers. "If the meeting between the SEC and the Big Four firms results in the Big Four accounting firms being more practical about their judgment, that could be very helpful," the lawyer said.

But that concern means little to Richard Marmaro, the Skadden, Arps, Slate, Meagher & Flom partner representing Reyes. He said Thursday his client is facing an unfair lot.

According to government prosecutors, in an effort to compete in the high-intensity Silicon Valley job market, Brocade egregiously backdated options as a way of trying to attract employees.

The criminal complaint says Reyes and Jensen "intentionally devised, and intended to devise, a scheme and artifice to defraud Brocade, its Board, its shareholders, its auditors, the public, and the SEC as to a material matter."

But Marmaro disagrees -- he says the government has no proof of his client's intent and doesn't even allege that Reyes made money off the alleged backdating.

"They've got the wrong guy. There's no evidence of self-enrichment," Marmaro said. "He never granted himself options."

He said that "there were some paper problems in the company's HR department" that resulted in backdating but that it didn't amount to criminal conduct.

"We're planning to move to dismiss the complaint," he said. "There's no evidence in this case."

But Linda Thomsen, the chief of enforcement at the SEC, told reporters Thursday that it doesn't matter that Reyes didn't cash in himself: Executives still face liability because the backdating concealed corporate expenses, and that may have affected stock prices.

At the press conference, one reporter raised a figure of considerable recent interest in Brocade: Larry Sonsini, the chief rainmaker at Wilson Sonsini Goodrich & Rosati, a firm that has represented at least half the 32 Silicon Valley companies under investigation at one time.

In an interview with Business Week magazine earlier this year, Reyes blamed Sonsini -- who was a member of Brocade's board -- for suggesting an options-grant program that let the CEO act as a "committee of one" to grant options. Ryan wouldn't comment on Sonsini or other board members.

But Marmaro was adamant that his client's statements aren't an attempt to blame the attorney for wrongdoing. Instead, he said Sonsini recommended a perfectly appropriate system.

"Larry Sonsini and the board of directors gave Greg Reyes full authority to price options as he saw fit," Marmaro said. "And Larry Sonsini is an honest, ethical man."

Companies Bide Time Over Stock-options Scandal (FT)

By Jeremy Grant In Washington

Financial Times, July 21, 2006

When finance professor Erik Lie and a colleague at the University of Iowa this week revealed that up to 2,000 US companies may be implicated in a widening stock options manipulation scandal, it was the first time anyone had put a hard number on the problem beyond already publicised cases.

More than 60 companies are known to be under investigation by either the Securities and Exchange Commission, the justice department or, in many cases, both.

At issue is whether companies or their executives backdated stock option awards to dates near historic lows in company share prices without properly disclosing and accounting for such moves, thus improperly enriching executives.

How likely is it that the companies which engaged in such practices will be identified? Mr Lie had a gloomy prognosis on his website: “I believe that only a minority of firms that have engaged in backdating of option grants will be caught. In other words, we will never see the full iceberg.”

That does not mean America’s roughly 15,000 publicly listed companies can relax.

As the next audit season approaches towards the end of the year, they are certain to be asked about their options award practices by their auditors.

Institutional shareholders have also been scrambling to establish what stock options policies were used at the companies in which they were invested in the period in question, roughly spanning 1997-2001.

Steve Barth, a partner in the Milwaukee office of law firm Foley & Lardner, says: “Given the current crisis and the apparently wide extent of backdating, we think it’s incumbent on all companies to undergo their own study before it’s required from the outside.”

His firm recommends a study of a company’s historical stock options practices, in particular to establish whether the company habitually granted options on an annual fixed date or whether the policy was “unscheduled, variable grant dates”.

This pattern could hint that compensation committees were varying options grants to take advantage of historical stock price performance.

Second, Mr Barth recommends an examination of “consent actions”, a procedure used to grant stock options without requiring a company board to meet physically to approve executive options.

He says there are signs that compensation committees and boards may have been backdating documentation involved in such consent actions, “taking backdating to a new level”.

To his surprise, however, 44 per cent of companies asked by his firm said they had not initiated a so-called “self-audit” of any kind.

That does not surprise Harvey Pitt, former SEC chairman and now chief executive of consultancy Kalorama Partners. “Many companies are sitting back and waiting for the government to tell them if there is anything wrong. You’ve got a mindset that says ‘don’t go looking for problems’,” he says.

So far, he says it is mostly larger companies that have started to conduct self-audits. Smaller companies are reluctant on the grounds of cost – yet it is precisely such smaller, cash-poor companies that were in the habit of using stock options to attract executive talent in the period under scrutiny.

Mr Pitt also suspects some executives are banking on the ability of defence lawyers to protect a company should problems arise.

Yet such executives are failing to understand that a lawyer's interests in winning a case are not necessarily aligned with the executives' priority of saving the company, he says.

A further issue is: To what extent have companies changed their stock option award practices, as well as disclosure and accounting procedures, to take account of a tightening of requirements after the enactment of Sarbanes-Oxley in 2002?

Pat Daugherty, a partner at Foley & Lardner in Chicago, says that while SOX gave companies only two days to report stock options grants – compared with a 40-day window pre-SOX – an alarming number of companies are backsliding on this deadline.

"A lot of companies are late and it's a non-trivial amount who are – about one- fifth. We're talking about three to four weeks late," he says.

The point was reinforced by a report out this week from the University of Michigan. In a study of options grants made at 3,500 companies in the two years after SOX was enacted, researchers claimed that almost a quarter of executives still reported their options late "in spite of potential legal sanctions".

"Our findings lend credence to the view that executive compensation-setting is not an arms-length transaction between the board and the manager," the study said.

SEC's Cox To Name Chief Accountant (WSJ)

By David Reilly

The Wall Street Journal, July 21, 2006

Securities and Exchange Commission Chairman Christopher Cox is expected to name Conrad W. Hewitt as chief accountant of the nation's financial-markets watchdog, filling a regulatory position that had been open since last fall, according to people familiar with the matter.

A certified public accountant, Mr. Hewitt served in the late 1990s as commissioner of California's department of financial institutions and superintendent of banking for the state.

Those positions followed a 33-year career with accounting firm Ernst & Young LLP, from which he retired in 1995 after being a managing partner in offices in Honolulu, the Pacific Northwest and Northern California. Mr. Hewitt serves on the boards of a handful of public and private companies and is chairman of the audit committees of some of them.

Despite his career at a Big Four accounting firm and prominence in California, Mr. Cox's home state, Mr. Hewitt isn't widely known in the accounting industry, whose insiders may view his selection for the SEC post as unorthodox. Typically, chief accountants have hailed from the highest echelons of accounting firms and haven't been out of the profession for as long as Mr. Hewitt, who declined to comment. An SEC spokesman also declined to comment.

Mr. Hewitt's likely selection, expected to be announced in coming days, will follow closely on Mr. Cox's appointment in June of Mark W. Olson as chairman of the Public Company Accounting Oversight Board, which oversees accounting firms. Together, the moves bring to a close a nine-month period of uncertainty that hung over the investment and accounting businesses because of the vacancies in the two important positions.

As the SEC's chief accountant, Mr. Hewitt will be responsible for overseeing and enforcing accounting and auditing policies related to public companies and accounting firms. The chief accountant often serves as the final arbiter of complex accounting matters related to companies' filings.

"The person who occupies that seat," said the head of a major U.S. accounting firm, "is the most powerful accountant in the world."

Among the many issues Mr. Hewitt will have to tackle is the commission's goal of reducing the burden on companies of reporting on internal controls as mandated by the Sarbanes-Oxley corporate-reform law. He will also have to spearhead a drive championed by Chairman Cox and Financial Accounting Standards Board Chairman Robert Herz to reduce complexity in accounting and financial statements. Big-picture issues aside, Mr. Hewitt also will have to focus on pressing concerns like the growing scandal related to the backdating of stock options.

The chief accountant's position came open last fall when Donald Nicolaisen, a former partner with PricewaterhouseCoopers LLP, decided to return to the private sector after two years in the spot. About that time, PCAOB Chairman William McDonough announced he was stepping down, leaving that spot vacant as well.

Accounting-industry executives say finding a new chief accountant has been particularly difficult. Mr. Cox wanted a person with industry and corporate experience and an accounting-firm background. But many likely candidates weren't interested, people familiar with the matter said, because a 2009 change in administrations will likely lead to a new SEC chairman who in turn would likely want his or her own chief accountant.

Write to David Reilly at david.reilly@wsj.com1

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CRIMINAL LAW:

Rep. Jefferson, Nigerian Agree On Points (AP)

By Pete Yost

AP, July 21, 2006

WASHINGTON - Rep. William Jefferson and Nigerian Vice President Atiku Abubakar agree on two important points: Abubakar never accepted and never agreed to accept any money from the congressman.

Jefferson, D-La., is at the heart of a bribery investigation in which the chief executive of a Louisville, Ky., telecommunications company says he paid more than $400,000 in bribes to Jefferson. The money was allegedly for help securing business deals for the company in Nigeria and other African countries.

The assertions about money follow the government's disclosure that Jefferson told an FBI informant the congressman took the "art," which authorities believe was code for $100,000 in $100 bills, to Abubakar's Potomac, Md., home on July 31, 2005.

A subsequent search of Jefferson's home turned up $90,000 of the $100,000 which the informant had provided.

"It's helpful" to the defense of Abubakar and Jefferson but hardly the final word on the issue that both men agree no money passed between them and that they had no agreement to pass any money, said former federal prosecutor Scott Fredericksen.

Prosecutors could say this was a plan in Jefferson's mind and that the government got there before it could be carried out, said Fredericksen.

Abubakar's statement may give Jefferson "a little bit of a boost" if it gets to the point where the congressman has to call the Nigerian official into court to testify that there was no agreement, said former federal prosecutor Greg Wallance.

Abubakar, a candidate in his country's presidential election, said through his lawyers Thursday that Jefferson never "suggested - in any way - providing any personal economic benefits."

The congressman "agrees with that," said Jefferson spokeswoman Judy Smith. She said the Justice Department was creating false impressions with selective disclosure of information.

While the two men had contact with each other, Abubakar said he extended "the usual diplomatic courtesies" to Jefferson that the Nigerian vice president would to any American official.

The comments from Abubakar came in response to questions from The New York Times.

Ex-Fumo Aides Plead Not Guilty In Federal Probe (PHI)

By John Shiffman

The Philadelphia Inquirer, July 21, 2006

Two former state Senate computer technicians yesterday pleaded not guilty to charges that they tried to thwart a federal probe of Sen. Vincent J. Fumo (D., Phila.).

Leonard P. Luchko and Mark C. Eister entered the pleas during brief appearances before U.S. Magistrate Judge L. Felipe Restrepo at the federal courthouse in Philadelphia.

Also yesterday, U.S. District Judge William H. Yohn Jr. filed an order scheduling the trial to begin Jan. 8.

Luchko and Eister are charged with conspiracy and obstruction of justice. A 70-page indictment alleges that they destroyed e-mail related to the federal investigation of Fumo and the South Philadelphia charity that he backed, Citizens' Alliance for Better Neighborhoods.

The FBI and IRS are investigating whether Fumo engaged in extortion by soliciting contributions for Citizens' Alliance and whether contributions were improperly used to benefit Fumo politically or personally.

No one else has been charged in the case, but Fumo and Ruth Arnao, a former senate deputy and former Citizens' Alliance executive director, are focuses of the investigation.

Since the Luchko and Eister arrests in late May, the grand jury has heard from additional witnesses. The grand jury's term expires in September, but its work could be extended for an additional six months.

So far, evidence generated by federal authorities includes "more than 40,000 pages of e-mail communications and other electronic data files involving or concerning" Luchko and Eister and unnamed, "unindicted co-conspirators," prosecutors said in a recent court filing.

The government's investigation also includes "thousands of pages of grand jury transcripts, and hundreds of pages of agent interview reports," according to the filing.

One Senate computer technician, Donald Wilson, has told the grand jury that Fumo "knew that we were deleting" e-mail to prevent the FBI from seizing it, according to a government affidavit.

Fumo has denied any wrongdoing and has called the investigation politically motivated by the Bush administration.

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The investigation began in early 2003, but turned its focus to corporate donations after The Inquirer reported that Peco Energy Co. - at the time engaged in negotiations with Fumo about deregulating electricity rates - had secretly given $17 million to Citizens' Alliance.

Prosecutors allege that after an Inquirer article in January 2004 revealed the existence of the FBI investigation, Luchko sent an e-mail to Fumo and his staff saying that the senator wanted tighter computer security.

"The FBI probe into the senator has really set him off," Luchko allegedly wrote. "... He wants all of the Blackberries wiped."

Luchko, 50, of Collingdale, is charged with 30 offenses, including 19 counts of destroying evidence and nine counts of persuading others to destroy evidence.

Eister, 36, of Camp Hill, is charged with five counts of obstruction of justice.

If convicted, both men likely face three to four years in prison under the advisory federal sentencing guidelines. Luchko and Eister have already resigned their Senate jobs.

After yesterday's court hearing, Eister's lawyer, Brian J. McMonagle, said: "Obviously, we're looking forward to going to trial and analyzing the government's proof."

Jury Convicts Landscaper Of Defrauding SEPTA (PHI)

By John Shiffman

The Philadelphia Inquirer, July 21, 2006

A federal jury convicted yesterday a Doylestown landscaper of defrauding SEPTA by pretending to use a minority subcontractor on a commuter-rail project.

Michael V. Tulio, 42, won SEPTA contracts in 1999 and 2002 for his company, Tulio Landscaping, to replace collapsed culverts along the R5 Line.

SEPTA requires contractors such as Tulio to hire minority subcontractors to perform some of the work, then reimburses them for it.

The minority subcontractor whom Tulio hired, Eugene Pullins of Philadelphia, did no work, according to trial testimony from government witnesses.

Nevertheless, Tulio submitted bogus paperwork and fake checks to SEPTA, claiming to have paid Pullins about $68,000, according to testimony by Michael J. Purcell, a special agent for the U.S. Department of Transportation who investigated the case with FBI Agent Michael K. Bantner.

SEPTA reimbursed Tulio, and he in turn paid Pullins $4,810 for the use of his company's name to meet minority-subcontracting regulations, government witnesses testified. Pullins is African American.

"Tulio lied to SEPTA," Assistant U.S. Attorney Jennifer Chun told jurors in closing arguments yesterday. "The lie was told over and over and over again."

After the verdict, defense lawyer William A. DeStefano could not be reached for comment.

U.S. District Judge Michael Baylson set sentencing for Oct. 26. During the trial, jurors heard testimony that Pullins was not charged in the case because he is very ill.

In a related case, JMG Excavating Co. of Pottstown pleaded guilty to fraud in May for running a similar scheme with Pullins.

Feds Want To Curb Vigil's Lawyers In New Trial (AP)

AP, July 21, 2006

SANTA FE - Federal prosecutors in the public corruption case against former state Treasurer Robert Vigil want a judge to limit the courtroom tactics of Vigil's defense team.

The retrial is scheduled to start Sept. 5 in Albuquerque.

Vigil has pleaded not guilty to two dozen counts of racketeering and extortion in an alleged kickback scheme involving state investments.

The first prosecution ended in a mistrial May 22, with jurors unable to reach an unanimous verdict.

Assistant U.S. Attorneys Jonathon Gerson and Steven Yarbrough have taken a bare-knuckled approach to the coming trial in a flurry of requests recently filed with District Judge James Browning in Albuquerque.

Sam Bregman, Vigil's main lawyer, described the government's motions as a "sign of desperation."

"It's extremely disappointing that this is how the taxpayers' dollars are being used preparing for this trial," Bregman said.

Prosecutors have asked the judge to:

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Prevent the defense from "making comments or presenting testimony that is designed to appeal to the jury's sympathy." Prosecutors objected to the defense's opening statements about Vigil's humble upbringing in a family of 17 brothers and sisters on a farm in northern New Mexico and that Vigil was devoted to his wife and daughters, who were present in the courtroom.

Such comments, prosecutors said, "have no relevance to the charges (the) defendant faces and are obviously designed to create a concern amongst the jurors that, by convicting (the) defendant, they would be tearing apart a happy family."

Stop Vigil's lawyers from asking the government's witnesses about their salaries or how much money they made on investment transactions involving the Treasurer's Office. Prosecutors complained that happened during Vigil's first trial.

Allow the government to offer evidence on allegations of "specific bad acts" by Vigil when he was state auditor if the defense asks questions of government witnesses about Vigil's character. In response to defense questions in the first trial, some prosecution witnesses said Vigil was a man of integrity. Vigil served as auditor before he was elected treasurer. He resigned as treasurer last year.

Ward Crutchfield Trial Set For Feb. 5 (CHATT)

The Chattanoogan, July 21, 2006

The trial of Sen. Ward Crutchfield on bribery charges has been set for Feb. 5.

The date was set Thursday in Memphis by Judge Daniel Breen.

Sen. Crutchfield was not present for the hearing. The attorney was at the City-County Courthouse in Chattanooga handling some cases in General Sessions Court.

He is charged in the FBI's "Tennessee Waltz" sting.

Former Hamilton County School Board member Charles Love, who has pleaded guilty for his part as a "bag man" in the case, got his sentencing postponed on Wednesday. The new date is Nov. 8.

His attorney, Bryan Hoss of Chattanooga, cited the fact that Love may be a witness in the Crutchfield trial.

Crutchfield Trial Date Set In Tennessee Waltz Case (CHATTFP)

By Brian Lazenby, Staff Writer

Chattanooga Times Free Press, July 21, 2006

A federal judge in Memphis today scheduled a Feb. 5, 2007, trial date for state Sen. Ward Crutchfield, officials said.

Sen. Crutchfield, D-Chattanooga, is one of 11 people charged in an FBI public corruption probe that netted five state lawmakers.

Authorities in May 2005 charged Sen. Crutchfield with extortion and conspiracy to commit extortion, claiming that he accepted bribes in exchange for his support of legislation beneficial to a fictitious company set up by the FBI.

Nashville lawyer Jonathan Farmer maintains Sen. Crutchfield's innocence and said he is glad to finally be getting his day in court.

Also charged in the investigation are state Rep. Chris Newton, R-Chattanooga; former Hamilton County Board of Education member Charles Love; former Hamilton County Commissioner William Cotton; former Sen. John Ford, D-Memphis; Sen. Kathryn Bowers, D-Memphis; former Sen. Roscoe Dixon, D-Memphis; Shelby County Commissioners Michael Hooks and Calvin Williams; former Memphis school board member Michael Hooks Jr.; and Memphis political activist Barry Myers.

Mr. Newton pleaded guilty and is serving a yearlong sentence in an Atlanta prison.

A jury found Mr. Cotton guilty in February. He is serving a three-year sentence in a federal prison in South Carolina.

Mr. Love and Mr. Myers pleaded guilty and are awaiting sentencing. A jury found Mr. Dixon guilty. He, too, is awaiting sentencing.

All other defendants have pleaded not guilty and are awaiting trial.

Officer Arrested In Drug, Theft Ring (BOS)

By Suzanne Smalley And Shelley Murphy, Globe Staff

The Boston Globe, July 21, 2006

Lesser charges for two others on Boston force

A Boston police officer was arrested late yesterday on federal charges, accused of being the ringleader in a wide-ranging criminal enterprise that allegedly involved guarding shipments of drugs and stolen goods, dealing in stolen store gift cards, stealing people's identities, and running illegal afterhours parties, two law enforcement officials said.

Two other veteran officers were also arrested yesterday on charges in connection with some of the alleged schemes, the officials said.

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The three officers are charged with conspiracy to possess with intent to distribute more than 100 kilograms of cocaine, one official said. The officers provided ``protective details'' for the deliveries of several shipments of cocaine into the Boston area, the official said.

The case is focused on the alleged ringleader, Roberto Pulido, 41, a 10-year department veteran and motorcycle officer who is accused of netting thousands of dollars from the enterprise, the second official said.

Although the three officers are currently charged only with drug trafficking, investigators are also alleging in court documents expected to be made public today that one or more of the officers were involved in other crimes, the first official said.

Pulido is accused of taking information gleaned from driver's licenses of motorists he stopped while on duty and selling it to identity fraud rings that used the information for bogus credit cards, the first official said. A ``significant'' number of people were victimized, the official said.

Pulido also allegedly sold fraudulent gift cards from Home Depot. It was not clear last night how he allegedly obtained the gift cards.

And Pulido is accused of running parties with drugs, alcohol, and prostitutes, the law enforcement officials said.

The officials said Pulido recruited two other Boston officers -- Nelson Carrasquillo, 35, a seven-year department veteran and also a mobile operations officer, and Carlos Pizarro, 36, a 10-year veteran who is on injured leave -- to guard sizable drug shipments, stolen property, and other contraband deliveries.

More details on the case are expected to emerge today when the officers appear in US District Court. So far, no one else has been charged in the case, the officials said.

The charges stem from a two-year joint investigation by the FBI and the Boston police anticorruption unit, the second official said. Federal authorities typically investigate and prosecute public and police corruption because they often lead to federal charges.

After beginning to investigate Pulido, the FBI brought the anticorruption unit into the probe, the official said. Over time, the investigation broadened to include two other Boston police officers whom Pulido considered close friends and allegedly brought into his enterprises later, the official said.

The official said that if the officers are convicted of all the charges they face, they could each face more than a decade in prison. Their records with the department were not available last night.

If the allegations prove true, they would be the worst corruption case involving the Boston Police Department in years.

In 2003, a civilian employee was indicted and charged by federal prosecutors with taking $21,500 in bribes from nine Russian immigrants seeking taxi licenses despite not having passed a required examination. Negisti Medhanie, who had worked in the department's hackney division from 1989 to 1999, pleaded guilty last year to 30 counts of racketeering, money laundering, and other charges.

In 2000, a former officer pleaded guilty to extorting more than $40,000 in bribes from more than 150 people seeking taxi licenses.

In 1998, two longtime detectives were sentenced to three years after pleading guilty to using their badges to steal more than $200,000 in cash and goods in federal prison for his role in a $7 million heroin smuggling ring.

In 1995, an officer was indicted on charges that he demanded money from drivers in return for ignoring traffic violations or not towing cars that were not registered.

A judge later dismissed the charges because of the officer's weak heart, but ordered him to resign, placed him on probation on a series of larceny charges, and ordered him to forfeit $75,000 in back pay.

And in 1988, seven officers were sent to prison in a corruption scandal after being convicted of extortion and racketeering. They were accused of taking about $18,000 in bribes from bar owners over the course of a decade.

Three Plead Guilty In Oregon To Ecoterrorism Spree (AP)

By Jeff Barnard

AP, July 20, 2006

GRANTS PASS, Ore. (AP) — Three people pleaded guilty Thursday to charges they were part of an ecoterrorism cell calling itself "The Family" that firebombed ranger stations, wild horse corrals, a ski resort and lumber mill offices around the West.

As part of the plea agreement, the three agreed to cooperate in the continuing investigation of 10 others who are scheduled to go on trial Oct. 31 in U.S. District Court in Eugene for a series of firebombings around the Northwest from 1996 to 2001, according to the U.S. Department of Justice.

"This is a substantial step in resolution of this case and successful prosecution of the Earth Liberation Front and Animal Liberation Front in these crimes," said Assistant U.S. Attorney Stephen Peifer from Eugene. The two shadowy groups claimed responsibility for the attacks at the time.

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In pleading guilty, the three admitted they were part of the Earth Liberation Front and Animal Liberation Front, and tried to intimidate and coerce federal agencies, private businesses and the public through sabotage and mass destruction, court records said. A total of 16 attacks were undertaken in Washington, Oregon, California, Wyoming and Colorado, causing more than $20 million in damage.

U.S. District Judge Ann Aiken in Eugene accepted guilty pleas from Kevin Tubbs, 37, of Springfield, Ore.; Kendall Tankersley, 29, of Flagstaff, Ariz., and Darren T. Thurston, 36, a Canadian lately living in Portland, Ore., on charges of criminal conspiracy and related arson counts.

They are scheduled for sentencing Dec. 14, after completion of the trial of the others. Prosecutors are recommending 14 years in prison for Tubbs, four years for Tankersley and three years for Thurston.

More defendants were expected to plead guilty Friday, the Justice Department said.

Though not personally involved in all the firebombings undertaken by the cell, the three admitted that the group was responsible for attacks that started in 1996 with two ranger stations on the Willamette National Forest outside Eugene, where Earth Liberation Front graffiti was painted, and included the 1998 firebombing of a Vail, Colo., ski resort.

While setting a fire, they often wore dark clothing, gloves and masks, which they destroyed afterward, according to court records. The bombs were five-gallon buckets filled with fuel and set off with kitchen timers, matches, sponges and model rocket igniters. One time they hid the firebombs in Christmas wrapping paper while driving to a target.

In 1997 the group hit a horse slaughterhouse in Redmond, and the U.S. Bureau of Land Management wild horse corrals in Burns.

In 1998 the cell branched out of Oregon to hit federal plant inspection facilities in Olympia, Wash., a ski resort in Vail, Colo., and wild horse corrals in Rock Springs, Wyo. They also hit a lumber mill office in Medford.

In 1999 the group stayed in Oregon, firebombing a meat packing plant in Eugene, a lumber company office in Monmouth, and toppling a powerline tower near Bend.

Starting in 2000, the group assembled in Eugene and Sisters in Oregon, Tucson, Ariz., and Santa Cruz, Calif., for what they called "Book Club" meetings to practice picking locks, computer security, coded messages, and making firebombs that included a signature ignition device known as a Cat's Cradle, according to court documents. The only target that year was a police substation in Eugene,

The last year, 2001, the group hit a lumber mill office in Glendale, a tree farm in Clatskanie, a truck dealer in Eugene, a University of Washington horticulture center in Seattle and wild horse corrals in Litchfield, Calif.

The investigation of the case went nowhere for years, with little evidence but melted five-gallon buckets that had been filled with diesel.

But after a taskforce was formed with 30 investigators taking a "Cold Case" approach, they were able to find an informant, who, with a hidden tape recorder, looked up old friends from the group and talked to them about the past crimes, according to court records and testimony. Authorities would not name the informant, but court records named Jacob Jeremiah Ferguson as an unindicted coconspirator.

Federal agents arrested six people last December. As time went on, the number of unnamed informants in court records grew to four. The sweep of the indictments grew also, until January, when 11 people were indicted in a wide-ranging conspiracy. Two others were indicted later.

Tubbs, who worked in an adult store in Springfield and was known by the nickname "Dog," pleaded guilty to firebombing one of the ranger stations, the horse slaughterhouse, the wild horse corrals in Burns, a lumber mill offices in Medford and Glendale, a meat packing plant in Eugene, a police substation in Eugene, and the tree farm.

Tankersley, who was applying to medical school when she was arrested last December in Arizona, pleaded guilty to two attempts to set fire to the U.S. Forest Industries office in Medford. Authorities had accused her of being the lookout.

Thurston, an animal-rights activist from Canada who was living with another defendant, Chelsea Gerlach, in Portland when they were arrested, pleaded guilty to being part of the conspiracy, and acknowledged taking part in setting fire to BLM horse corrals in Susanville, Calif., in 2001. He will enter a guilty plea to that charge after being transferred out of Oregon, authorities said.

Reputed Mob Financier-turned-restaurant Exec Charged With Fraud (NSDY/AP)

By Tom Hays, Associated Press Writer

Long Island Newsday, July 21, 2006

NEW YORK -- A reputed financier for the mob who morphed into an executive for the high-end restaurant company that runs the Rainbow Room was charged on Thursday with bilking three insurance companies out of more than $1.5 million.

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Dennis Pappas, 59, vice president of Cipriani USA, surrendered on charges of insurance fraud, grand larceny and filing a false document. His arraignment was postponed after he complained of chest pains and was taken to the hospital.

A call to his attorney was not immediately returned.

Prosecutors allege that between June 2000 and this month, Pappas applied for and received disability payments from Custom Disability Solutions, Cigna Corp. and MetLife Inc., claiming a heart ailment prevented him from working.

During that period, the defendant also received $891,000 in compensation as a restaurant executive, including use of a $5,750 a month apartment in Manhattan and a black Humvee, District Attorney Robert Morgenthau said at a news conference.

"He had a heart condition, but not enough of one to prevent him from working full-time," Morgenthau said.

Pappas also is accused of concealing his job from the Social Security Administration, fraudulently receiving another $90,000 in benefits.

It was unclear to what extent Cipriani USA _ which, along with the Rainbow Room, operates Harry Cipriani and Cipriani Dolci at Grand Central Terminal _ was aware of the insurance payments or of Pappas' criminal background.

"It's a sad day when a case like this is brought," said Cipriani family attorney Stanley S. Arkin. "But aside from that, I have no further comment."

In 1998, Pappas was sentenced to 46 months in prison after pleading guilty to racketeering and income tax evasion. Federal prosecutors had alleged that he was a financial adviser and money launderer for the Colombo organized crime family.

Published reports about the earlier case detailed some strange twists: At one point, secret hearings were held, reportedly about claims that Pappas was an FBI informant enlisted to help the government spy on Iranian diplomats. At another, he was hospitalized after slumping to the floor from his chair in the courtroom, complaining of heart problems.

His attorney at the time, Ronald Kuby, said Thursday that court-appointed doctors had examined his former client and found his health issues to be dire.

"Every physician has agreed he suffers serious, permanent and debilitating heart disease that most certainly will be the cause of his death," Kuby said. "The only disagreement is over how soon it's going to happen."

Pappas _ after being credited with time served awaiting trial _ was freed from prison in 1998, but was still under federal supervision when he was hired by Cipriani USA in 2000, prosecutors said. The new indictment alleges he lied to city regulators by claiming he had a clean record on an application for a cabaret license for the Rainbow Room, the iconic Art Deco supper club atop Rockefeller Center known for its dramatic views and $18 cocktails.

If convicted, Pappas faces up to 25 years in prison.

New Charges Are Tough On The Heart Of A Mobster (NYT)

By Anemona Hartocollis

The New York Times, July 21, 2006

Dennis Pappas, a convicted mob financier who is now a vice president of the Cipriani restaurant company, has a history of getting sick in court.

In July 1995, he complained of chest pains when he was arrested by federal agents on charges of being the “financial consigliere” for the Colombo organized crime family, and was wheeled to his arraignment on a stretcher.

In November 1996, he slumped to the floor during a hearing in the same case in federal court in Uniondale on Long Island.

And yesterday, he was sitting in a holding cell at 100 Centre Street, the State Supreme Court building in Manhattan, about to go before the judge on fraud charges, when he fainted and was taken to NYU Downtown Hospital, court officials said. The arraignment was postponed.

Mr. Pappas, 59, collapsed at about the same time that — in the same building — Robert M. Morgenthau, the Manhattan district attorney, was announcing his indictment on charges that he collected more than $1 million in disability insurance and $90,000 in Social Security disability benefits while working as a vice president of Cipriani USA and manager of other Cipriani companies.

Prosecutors said Mr. Pappas worked full time but off the books for Cipriani. But a lawyer for Cipriani said the title of vice president was more of a ceremonial flourish than a true indication of Mr. Pappas’s position in the company.

According to prosecutors, Mr. Pappas’s compensation was fairly modest for a vice president, the equivalent of about $148,000 a year in cash and other benefits, like an apartment and a black Humvee. He is also accused of answering “No” on an application for a cabaret license for the Rainbow Room, which asked if he had ever been convicted of a crime.

Mr. Pappas pleaded guilty to federal racketeering and income tax evasion charges in 1998, and was sentenced to 46 months in prison, although he was given credit for serving most of his sentence while awaiting trial. He was released later that year and began working for Cipriani in June 2000 while still on probation, prosecutors said.

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Mr. Morgenthau said yesterday that Mr. Pappas had a heart condition, “but not enough to prevent him from working full time.”

Mr. Pappas, who started out as a lawyer and businessman, rose to wearing $2,000 custom-tailored suits that federal prosecutors said flowed from his being financial wizard for the Colombo family.

His lawyer, Steven M. Cohen, said that Mr. Pappas, who was in stable condition at the hospital last night, had a history of serious heart ailments and brushed off as absurd any suggestion that Mr. Pappas was feigning or exaggerating his illness.

Stanley Arkin, a lawyer for Cipriani, declined to comment on the charges against Mr. Pappas, but was eager to talk about his sickness. “I think it’s a very, very sad day in the New York justice system where you see a very sick man like him indicted for this kind of stuff,” Mr. Arkin said. “This is needlessly cruel activity by a prosecutor.”

As for why Cipriani would allow Mr. Pappas to use the title of vice president, Mr. Arkin retorted, “When somebody’s a felon that’s the end of their life?”

Mr. Pappas never paid $1.5 million in restitution and $250,000 in fines to the federal government as the result of his 1998 conviction because disability payments cannot be garnished for such a purpose, prosecutors said.

In a 1995 court memorandum, Burt Ryan, a federal prosecutor, described the balding, portly Mr. Pappas as “an energetic partyer, often using prostitutes and cocaine freely,” who used his heart ailment as “a ruse to deceive his doctors and to avoid prosecution.”

Cipriani companies own and operate restaurants and banquet facilities worldwide, including the Rainbow Room at Rockefeller Plaza and Cipriani 42nd Street.

Cipriani Vice President Indicted On Insurance Fraud Charges (NY1)

NY1, July 21, 2006

The vice president of posh New York City restaurant Cipriani was indicted on fraud charges Thursday.

The Manhattan district attorney says Cipiani vice president Dennis Pappas was involved in an insurance fraud scam that netted him over a million dollars.

The DA says for six years now Pappas told three different insurance companies he couldn't work because he had a heart condition. But he allegedly collected insurance payments, along with disability benefits from Social Security.

Authorities say all that time, Pappas never stopped working and was receiving a paycheck from Cipriani.

Pappas faces more than 25 years in prison if convicted.

Online Gambling Takes A Big Hit (PHI)

By Suzette Parmley

The Philadelphia Inquirer, July 21, 2006

London-based executives at one of the largest online sports-betting sites for U.S. customers are still trying to discern what the arrest of the CEO of a rival Web site by the FBI earlier this week will mean for business.

"It's been a tumultuous week," Alex Czajkowski, marketing director for SportingBet P.L.C., which operates Sportsbook.com, said yesterday.

Sportsbook.com, the company's flagship brand, generated more than $2 billion in sports wagers last year and more than $5 billion in casino wagering. A vast majority of its business is American customers. "A lot of people are nervous."

On Sunday, David Carruthers, chief executive officer of BetonSports.com, was arrested in Texas and charged with racketeering and fraud. Carruthers was detained at a Dallas airport while traveling from Scotland to his home in Costa Rica, where BetonSports.com is based. His company's founder and media director were also arrested.

On Monday, a 22-count indictment was unsealed that charges Carruthers and 10 others as well as four companies in connection with taking sports bets from U.S. residents.

Carruthers' online enterprise, which included poker and casino sites, was shut down as part of the FBI sting - a first in the online-gambling industry. BetonSports has been ordered to return deposits from U.S. customers, who accounted for almost three-quarters of the $48.3 million in deposits taken in during its first quarter.

The news sent share prices of the U.K.-listed BetonSports and other similar Web sites plunging. Trading in BetonSports was suspended Tuesday, the day after the indictment was unsealed. Its shares have not resumed trading.

Over the last couple of days, several online-gambling companies listed on the London Stock Exchange have seen their share prices decline. Yesterday, Gibraltar-based PartyGaming P.L.C. lost 7 British pounds to 87.25 pounds. SportingBet closed at 174.75 British pounds, down 5.50 pounds. In contrast, the shares of Interactive Gaming Holdings P.L.C., which says it does not accept wagering by Americans, closed at 5 British pounds, up 25 pence.

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Internet gambling is a $12 billion industry worldwide. Creating a gambling Web site based in this country violates U.S. law, and Congress has been trying to craft new laws to prevent online-gambling sites that are based offshore from selling their services to Americans.

Last week, the U.S. House of Representatives overwhelmingly passed a measure 317-93 to make it illegal for banks and credit card companies to make payments to online-gambling sites.

The House bill was part of a package of 10 items - known as the "American values agenda" - that the conservative wing of the Republican-controlled House made a priority. The 10 issues include gay marriage and flag burning. The bill now goes before the Senate, where similar measures have failed in the past.

"The Internet Gambling Prohibition Act allows states to continue to regulate gambling within their borders with tight controls, to be sure that it does not extend beyond their borders or to minors," said Rep. Bob Goodlatte (R., Va.), chief sponsor of the bill, which would also give law enforcement officials the authority to work with Internet providers to block access to gambling Web sites.

The U.S. Department of Justice is going after offshore online-gambling companies that it views as skirting the 1961 Wire Act, which prohibits telephones from being used for bets or wagers, and now includes online gambling. Many of those companies are mining the United States for customers, particularly those under 21, the department said.

"Everybody, at least in the sports betting world, is definitely on notice that the U.S. is being extremely aggressive," said Sue Schneider, chief executive of St. Louis-based River City Group, which publishes a daily interactive trade magazine. "It's certainly going to keep people from coming to the U.S."

Organizers of an annual conference on Internet gambling have postponed next week's Las Vegas gathering in the wake of Carruthers' arrest.

Calvin Ayre, CEO and founder of bodog.com - an online-gambling site - and the creative force behind the conference geared at teaching entrepreneurs how to start their own online-gambling Web sites, announced the event's postponement late Wednesday.

"In the last few days, many of you who planned to attend the conference have expressed a high level of concern over the uncertainty surrounding the U.S. government's recent actions against one of the companies in our industry," Ayre said in an e-mail.

Ayre, who recently appeared on the cover of Forbes magazine, said bodog.com intended to reschedule the two-day conference for later this year somewhere outside the United States.

After the arrests, the World Trade Organization agreed Wednesday to examine whether the United States has complied with a ruling by the international body saying it discriminates against foreign online-betting companies. The Caribbean island nations of Antigua and Barbuda may seek WTO-backed sanctions against U.S. exports.

Industry observers say the trickle-down effect could be immense.

"It will be interesting to see if advertisers start pulling out," Schneider said.

Advertising on online-gambling sites has also been booming, from $15 million in 2004 to well over $100 million last year, according to Nielsen's Ad Views, which tracks advertising.

Sebastian Sinclair, a gambling industry analyst with New York-based Christiansen Capital Advisors L.L.C., said the House vote and this week's arrests come at a time when Wall Street was now seriously investing in Internet casinos.

"This will put a little crimp in it for a while," Sinclair said. "The industry continues to advance, but in an erratic fashion.

"It's one step forward and two steps back," he said. "This is two steps back."

Las Vegas Gathering Of Top Executives Is Scrapped (GUARD)

By Andrew Clark In New York And Simon Bowers

The (UK) Guardian, July 21, 2006

Gambling sites insist US law is on their side

An international conference of online gambling operators at a top Las Vegas hotel has been hurriedly cancelled amid fears that the FBI could be about to widen its crackdown on the US industry, estimated to be worth more than £3bn.

Meanwhile, there is growing frustration among online gambling operators listed on the London stock market about what one senior industry source said was the "loose language" emanating from the US department of justice concerning the legality of poker and casino websites taking bets from American punters. Online gaming firms that do not take sports bets insist their operations are legitimate.

Nevertheless, following the arrest of David Carruthers, the British chief executive of BetonSports, at Dallas airport on Sunday night, shares in online betting groups with exposure to the US have dived. Executives are understood to be seeking legal advice about whether they should avoid trips to the US.

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Guests at an annual online gaming conference in Las Vegas next week were due to include a "who's who" of online betting, including senior executives from SportsDirect, OffshoreBettor, Casino City, GamesandCasino, Smart Interactive and PokerAffiliateWorld plus a London-based managing director of the City bank Dresdner Kleinwort Wasserstein, Chris Treneman.

The basketball star Magic Johnson had been booked as a keynote speaker.

The organiser, Calvin Ayre, released a brief statement yesterday saying the event had been postponed because of "a high level of concern over the uncertainty surrounding the US government's recent actions against one of the companies in our industry".

Mr Ayre, a Canadian citizen whose internet betting firm Bodog.com is based in Costa Rica, said many of his peers feared entering America. "This will cause all executives of any substance trading in our space to change their travel plans until some certainty comes into play," he said. "I would be surprised if there's any executive who isn't sitting down with their lawyers trying to work out the implications."

Although Republicans on Capitol Hill have expressed anger for some time at the way offshore internet sites get round America's tight gambling restrictions, few anticipated the justice department's sudden action this week.

Mr Carruthers, who was arrested while changing planes en route to Costa Rica, will argue for bail at a court appearance today. At least four other people have been arrested on charges of wire fraud and aiding illegal gaming, while a warrant is out for BetonSports' founder, Gary Kaplan.

Many other London-listed online gambling operators believe US case law has established that all non-sports internet wagering is legitimate. The justice department vehemently disagrees, insisting all forms of online gambling are illegal under the wire act.

The Guardian contacted five leading UK-based internet gambling firms, all of which take bets from the US on casino or poker websites. Only one, William Hill, would comment on the record.

Chief executive David Harding said: "We are doing nothing illegal ... It [the indictment against BetonSports and others] doesn't worry me at all ... If it gets the Wire Act into court and there is any evidence that casino or poker bets [over the internet] are illegal, then we will stop it."

William Hill stopped taking sports bets from the US ahead of its flotation four years ago. It continues to take casino and poker bets , but these account for less than 1% of its online revenues. Mr Harding said William Hill did not do any heavy marketing in the US.

Another senior executive at a non-sports online gaming group said it "didn't come as a surprise" that the FBI was pursuing Mr Kaplan, given his involvement with sports betting in the US and his brushes with prosecutors in New York in 1993. "This has got diddly squat to do with us. We do not operate a sports book."

W.T.O. Panel Will Investigate U.S. Limits On Online Gambling (NYT/AP)

By The Associated Press

The New York Times, July 21, 2006

GENEVA, July 19 (AP) — The World Trade Organization set up a panel on Wednesday to investigate whether United States restrictions on Internet gambling comply with international trade rules.

The Caribbean country of Antigua and Barbuda asked the W.T.O. to set up the panel after consultations with the United States failed to yield a solution to a dispute over whether Washington should drop prohibitions on Americans placing bets in online casinos.

A previous W.T.O. ruling said that some United States laws were in line with international commerce rules, but others were not. “The United States has been busy passing legislation that is directly and unequivocally contrary to the ruling,” Antigua told a meeting of the W.T.O.’s dispute settlement body.

The nation contends that the United States has taken no measures to comply with the recommendations and rulings of the dispute settlement body, Antigua said.

The decision came two days after federal authorities charged a Web gambling business based in London and licensed in Antigua, BetOnSports, with racketeering and wire fraud.

BetOnSports shut down its Web site late Tuesday and said it was temporarily stopping all transactions while it reviewed the situation.

The United States contends that Internet gambling should be prohibited because it violates some state laws, and it told the W.T.O.’s dispute settlement body in April that it believed its laws were in line with trade rules.

Antigua says the offshore industry is a lucrative source of revenue and provides an income for hundreds of islanders. The prohibitions, it says, are hurting the two-island country’s efforts to diversify its economy away from tourism.

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Antigua cites three United States laws that effectively prohibit companies from providing gambling services to consumers in the United States: the Wire Act, the Travel Act and the Illegal Gaming Business Act.

The panel will report on the case within 90 days. That decision can then be appealed by either side.

Antigua, a former British colony, filed the case before the W.T.O. in 2003, contending that United States restrictions on Internet gambling violated trade commitments the United States made as a member of the organization.

United States trade officials disagreed, saying that negotiators involved in the Uruguay Round of global trade talks, which created the W.T.O. in 1995, clearly intended to exclude gambling.

Former Air Marshal Gets 20 Years In Child Pornography Case (NSDY/AP)

By Frank Eltman, Associated Press Writer

Long Island Newsday, July 21, 2006

CENTRAL ISLIP, N.Y. -- A former federal air marshal who pleaded guilty last year to a child pornography charge _ and was later found to have made sexual overtures to a young boy while in custody _ was sentenced Thursday to 20 years in federal prison.

"All indications are you are a serious threat to any community with small children," U.S. District Court Judge Sandra Feuerstein told Michael McGowan as she imposed the sentence.

McGowan, 33, of Hicksville, pleaded guilty to one count of attempting to receive child pornography. He could have received as little as five years in prison, but Feuerstein imposed the maximum after conducting a hearing Thursday, where it was determined McGowan had made telephone calls and sent a sexually explicit letter to a young boy in Corpus Christi, Texas.

Prosecutors did not elaborate on how McGowan had made initial contact with the boy.

"The reprehensibility of the crimes warrants a message of deterrence to others as well as yourself," Feuerstein told McGowan.

He was arrested in 2004 and initially charged with possession of child pornography and having false federal identification documents.

According to a complaint, a search warrant was executed at McGowan's home after he ordered videotapes containing child pornography from an undercover agent over the Internet.

Forensic analysis of a computer seized in the search warrant revealed more than 1,300 images of child pornography, including photographs and approximately 25 video clips depicting child sexual abuse.

McGowan claimed he was using the computer to conduct his own investigation of child pornography groups on the Internet, but according to Transportation Security Administration officials he was not assigned and not authorized to conduct such investigations.

Also seized were false and fraudulent identification documents with McGowan's name and photograph, purported to have been issued by the FBI and CIA.

McGowan, speaking barely above a whisper, told the judge, "I never intended to hurt anyone, I apologize profusely. ... I'm sure, I'm certain, nothing like this will ever happen again."

In addition to the 20-year sentence, the judge imposed lifetime probation, ordered McGowan to undergo mental health treatment for sexual disorders, banned him from any computer access and said he could have no contact with minors unless the child's parent is present.

McGowan's defense attorney, Joel Weiss, requested that his client be sent to a secure facility where he can be treated for his sexual disorders, but Feuerstein said she will leave it to the discretion of the federal Bureau of Prisons to determine where he is sent.

More Charges Filed Against Federal Prison Guards In Sex Case (AP)

AP, July 21, 2006

TALLAHASSEE, Fla. -- Five federal prison guards already accused of conspiracy in an alleged sex scandal that ended in a deadly gunfight will also face substantive charges including witness tampering, according to a new grand jury indictment.

A sixth guard and a Justice Department special agent died during a June 21 shootout at the Tallahassee Federal Correctional Institution, where authorities had gone to arrest them.

The superseding indictment was issued Wednesday. It repeats the original allegation that the guards conspired to trade money and other contraband, not identified in either document, for sex with female inmates.

The superseding indictment adds witness tampering charges against all five, Alfred Barnes, Gregory Dixon, Vincent Johnson, Allen Moore and E. Lavon Spence. All except Johnson also are charged with bribery. Barnes alone is charged with mail fraud.

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New Orleans Arrests Spark 'Mercy Killing' Debate (CSM)

By G. Jeffrey Macdonald

The Christian Science Monitor, July 21, 2006

Days after hurricane Katrina hit, Memorial Medical Center in New Orleans looked more like a battle zone than a hospital: flooded, without power or running water, temperatures topping 100 degrees F. inside, and sounds of gunshots outside.

In those desperate conditions, state officials say, a doctor and two nurses administered lethal doses of drugs to four elderly patients they claimed might not survive an evacuation. The three were arrested Monday, then released, pending formal charges.

Now, ethicists are debating whether those wild conditions carved out for caregivers a new moral landscape beyond the ethics of the American Medical Association, which condemns mercy killing, even with the patient's permission. The issue: Is it justified when disaster strikes and a person seems destined to endure a torturous death?

The case has far-reaching implications for the way norms of ethical behavior shift - or don't shift - when circumstances governing public health are extreme, observers say.

"This case has much bigger significance than just becoming a battle about euthanasia," says Arthur Caplan, director of the Center for Bioethics at the University of Pennsylvania. "It's about what we're going to expect doctors to do in [a pandemic of] avian flu. It's about what we're going to expect nurses to do in the face of bioterror .... It has to do with professional duty, professional responsibility, and what we expect healthcare workers to do in the toughest of circumstances."

After months of speculation about some of the 34 fatalities at Memorial Medical Center in the aftermath of Katrina last year, authorities arrested Dr. Anna Pou and nurses Cheri Landry and Lori Budo. The warrant charged that they were responsible in the deaths of four elderly patients whose autopsies showed unusually high levels of morphine and the sedative Versed. Lawyers for all three have said their clients are innocent.

While many ethicists condemn mercy killing without permission, some say disaster conditions create an environment in which physicians may deliver a lethal dose with patient consent. Military ethicist David Perry, for instance, says the conditions at Memorial Medical may have resembled those in which a field medic "recognizes there's no way this person is going to survive, and so it's just a matter of how soon and with what sort of suffering or lack of suffering."

Although the military prohibits mercy killing under all circumstances, Mr. Perry notes that in cases where death seems imminent, "it might be worse to let this person die of starvation or suffocation or drowning if the person didn't want that ... than to do something more actively."

An extreme situation "makes actions that would not be condoned under normal circumstances more permissible," says James Walters, of Loma Linda University's Center for Christian Bioethics. "It's not an ethical lapse. It's service to the most fundamental ethical norms [to] help a person die a less horrible death."

Others counter that no one really knows when death is just around the corner.

Roman Catholics go a step further, arguing that life is God's alone to give and take, and no amount of anticipated suffering can justify a life-taking act. It's "always morally wrong," says the Rev. Thomas Weinandy, director of the office of doctrine and pastoral practices at the United States Conference of Catholic Bishops.

"If you could do it [when death seems imminent], well, other circumstances could arise" to justify it in routine circumstances, he says. A family caring for infirm elders might say, for instance, " 'They're going to die anyway, and they're just going to cost us a heck of a lot of money for the next month. So, we're better off to do it now.' But you can never take an innocent life by directly intending to kill someone."

Islamic bioethicist Abdulaziz Sachedina agrees that because life belongs to God, humans are merely its "stewards" and may not opt to cut it short. Forced to choose between leaving a sick patient behind in an evacuation and taking that person's life, a caregiver would do better by leaving, says the University of Virginia professor.

Hindus similarly balk at the notion of mercy killing. "Hastening the death will only postpone [the suffering that] needs to happen," says Dr. Aseem Shukla, a board member with the Hindu American Foundation. "In a sense, it's a momentary relief, but it's not a real relief, knowing that you'll have to pay for it in the next life."

Fury Meets Katrina Hospital Arrests (LAT)

By Richard Fausset And Ann M. Simmons, Times Staff Writers

The Los Angeles Times, July 21, 2006

Doctors defend the accused: 'The people who were not here' are to blame for deaths.

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NEW ORLEANS — This week's arrest of a doctor and two nurses who stayed through Hurricane Katrina to care for stranded hospital patients — but are now accused of killing four of them — has prompted a strong backlash in the medical and legal communities here.

Some doctors saw the accusations leveled by Louisiana Atty. Gen. Charles C. Foti Jr. on Tuesday as brash, misguided moves that permanently smeared the reputation of three respected colleagues.

Others were disgusted that suspicion was being heaped on a small cadre of healthcare workers who stayed, at great personal risk, to tend to the sick — and in conditions that most American doctors have experienced only in wartime.

"This is vilifying the heroes," said Dr. Daniel Nuss, who supervises the accused doctor, Anna Pou, at the Louisiana State University Health Sciences Center. "I think it's presumptuous for the attorney general or anyone else to try to assign blame for what happened under such desperate circumstances."

Nuss said he was confident the suspects — all veteran caregivers with unblemished professional records — would be found not guilty.

Pou, 50, and nurses Lori L. Budo, 43, and Cheri A. Landry, 49, were booked Monday on suspicion of second-degree murder for allegedly injecting patients with lethal drugs at Memorial Medical Center on Sept. 1. It was three days after Katrina struck New Orleans, leaving the city in chaos and deep water. There was no electricity, water or phone service at the hospital, and only a few rescue boats were available for evacuations.

Pou, a head and neck cancer specialist, was given the opportunity to evacuate the hospital with others, but chose to stay and help patients, Nuss said. He believes her work in the days that followed was just as honorable.

"By personal accounts from nurses, doctors, administrators, and support personnel who knew Dr. Pou and had worked with her closely in the months before Katrina, her work during the crisis was 'heroic,' 'selfless' and 'distinguished,' " Nuss said in a prepared statement. "With other dedicated doctors and nurses, she worked without sleep and without nourishment…. At great self-sacrifice, she prevented further loss of life and has been credited with saving multiple people from dying.

"Apparently there were individuals in the hospital who could not understand why so many people were dying," Nuss' statement continued. "Allegations were made, egregiously accusing Dr. Pou and the others of giving too much narcotic pain medication, and even using the word 'euthanasia.' This attracted national news coverage, which became absurdly sensationalistic."

Pou, who was released on bail this week, has been reassigned to nonclinical research duties pending the outcome of her case.

The criticism of the criminal case is not limited to doctors who know Pou personally. Some other New Orleans doctors accused Foti, who plans to run for reelection in 2008, of grandstanding.

"Where the hell was he?" asked Dr. L. Lee Hamm of Tulane University School of Medicine, who helped care for stranded patients there after Katrina. "Where the hell was the law enforcement? Where the hell was anybody until Friday?"— Sept. 2, the day large-scale evacuations began in many areas.

"If you want to prosecute, if you want to know who is responsible for people dying, it's the people who were not here," Hamm said. "It's not the people who were here."

Juzar Ali, a pulmonary-critical care doctor, stayed through the flood at Memorial's sister hospital, Lindy Boggs Medical Center, across town. Like Memorial, the hospital was surrounded by deep water and had lost electricity.

"We had no help — no help was in sight. And we felt abandoned. We didn't know what we were dealing with," he said.

Ali said he was "disturbed" by the attorney general's allegations, "because we don't really know the actual circumstances in which clinical decisions were made…. So as a peer it makes you feel for the physicians and the healthcare workers as to whether it's fair to project them as murderers."

Investigators allege the suspects killed four patients — all residents of a long-term care ward — with a drug cocktail of morphine and midazolam, which is commonly used to relieve pain and anxiety among long-term-care patients.

In an affidavit, a witness alleges that Pou said "lethal" doses of the drugs would be given to a number of patients on the ward.

Among the patients was a 380-pound paralyzed man who was "aware, conscious and alive," according to the affidavit.

Orleans Parish Dist. Atty. Eddie Jordan said Thursday that he would refer the cases to a grand jury, which would determine whether the suspects should be indicted. Foti's office has said more arrests and more victims will probably be announced.

Also on Thursday, a source close to the investigation who was unauthorized to talk about the specifics of the case said evidence could include testimony from one or more witnesses who participated in administering the drugs.

Some doctors interviewed acknowledged that they were not aware of all of the facts in the case. They also warned that prosecutors could find themselves treading on complicated legal and ethical terrain.

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For instance, the affidavit noted that the bodies of the victims contained a "lethal amount" of morphine, and levels of midazolam that were "greater than expected from normal therapeutic doses."

But Ben deBoisblanc, a Louisiana State University medical professor and a doctor at Charity Hospital, said those kinds of quantifications could be tricky, because the amount of drugs needed to treat pain and anxiety could vary significantly from patient to patient.

"The attorney general can't tell from a [corpse's] drug level what's an appropriate dose," he said.

David Magnus, director of Stanford University's Center for Biomedical Ethics, defended a physician's right to help ease a patient's pain.

"Physicians are always allowed, and arguably obligated, to relieve the pain and suffering of their patients," he said, even when it risks killing them.

But Magnus said there was an impregnable ethical line defined by "the intention of the act." A doctor, he said, may administer drugs and view death as "a foreseeable and unintentional consequence." But a doctor may not intentionally kill a patient.

"I feel for the medical personnel, who were faced with this horrible situation," he said. "The patients can't be evacuated. You can't abandon them. You can treat them. These patients will probably die…. But to euthanize them against their will is ethically not an acceptable solution."

Some legal experts have criticized Foti, the attorney general, saying he crossed ethical boundaries in his news conference.

Harry Connick Sr., the Orleans Parish district attorney from 1974 to 2003, noted that Foti's office said the suspects had been charged when in fact they had not been charged or indicted. In Louisiana, the attorney general can make an arrest on suspicion of a crime, but the district attorney must file the formal charge.

"All that occurred is an arrest," Connick said.

Timothy Meche, a New Orleans defense attorney who comments on legal issues for local media, said Foti's assertion that a homicide occurred appeared to violate Louisiana's rules of professional conduct for lawyers, which prohibit them from making public statements that would have the "substantial likelihood" of prejudicing a jury pool.

Foti spokeswoman Kris Wartelle said her office was within its rights as the investigating agency to call the news conference.

She said her office was "absolutely certain" that crimes occurred — and that they took extra care to be well prepared.

"This is a possible homicide committed by doctors who were highly esteemed professionals, who everybody thinks are gods — and in some cases they think they're gods," she said. "You don't waltz into these kinds of cases lightly."

Murderer Executed By Electric Chair (WP)

By Candace Rondeaux

The Washington Post, July 21, 2006

Convicted murderer Brandon W. Hedrick was executed last night in Virginia's electric chair, nine years after he raped and fatally shot a 23-year-old woman in Lynchburg.

Hedrick, 27, was pronounced dead at 9:12 p.m. at the Greensville Correctional Center in Jarratt, said Larry Traylor, a Department of Corrections spokesman. Hedrick, who chose to be electrocuted under a state law that allows inmates to pick the method of their execution, was the first death-row inmate to be put to death in the electric chair in the United States in more than two years.

Virginia is one of 10 states that allows electrocution. As in many of those states, however, the electric chair has fallen largely into disuse. In 1995, the state passed a law allowing death-row inmates the option of choosing lethal injection. The chair was rewired in 1991 after a series of botched electrocutions in Virginia and other states in the 1980s.

Hedrick was sentenced to death for abducting, sexually assaulting and killing Lisa Alexander Crider on May 11, 1997. He shot Crider in the face with a shotgun on the banks of the James River in Appomattox County and dumped her body in the water. Her face no longer recognizable, her head wrapped in duct tape and her hands shackled, Crider was later found in the river.

A jury convicted Hedrick and sentenced him to death in 1998. A co-defendant, Trevor Jones, was sentenced to life in prison.

Last night, after the U.S. Supreme Court declined to intervene, Gov. Timothy M. Kaine (D) rejected a clemency petition in which Hedrick's attorneys contended that Hedrick did not rape Crider. His attorneys also argued that Hedrick's sentence should be commuted to life in prison because he received inadequate legal representation when his case initially went to trial.

"The trial, verdict, and sentence have been reviewed in detail by various state and federal courts, including the Supreme Court of Virginia and the Supreme Court of the United States," Kaine said in a statement. "Having carefully reviewed the Petition

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for Clemency and judicial opinions regarding this case, I find no reason to doubt Mr. Hedrick's guilt or to set aside the sentence that was recommended by the jury and then imposed and affirmed by the courts."

Traylor said Hedrick spent yesterday afternoon visiting with family. He requested a last meal of pizza with cheese, bacon and hamburger, French fries with ketchup, apple pie, bacon, and chocolate cake.

Traylor said that members of Crider's family were present yesterday to witness the execution.

When Hedrick entered the death chamber at 8:59 p.m., he appeared calm but alert. He did not struggle when guards strapped him into the chair with leather restraints and attached a metal clip to his leg and placed a metal helmet on his head.

Asked if he had any last words, Hedrick looked straight ahead and said: "I pray for everybody that believes in Jesus Christ in heaven. And I pray for the people that are unsaved because they know not what they do. I'm ready to go and be free."

At 9:02 p.m., a prison staffer pressed a button that delivered an 1,800-volt burst of electricity to Hedrick's body. A coil of smoke rose from his leg as he jerked upward in the chair and clenched his fists. He briefly jerked again when a second current pulsed through his body.

Until yesterday, Virginia's 97-year-old electric chair had been unused for more than three years. Before Hedrick, Earl C. Bramblett was the last person to be put to death in the state's electric chair, in April 2003. The last person in the country to be put to death in an electric chair before Hedrick was James Neil Tucker in 2004 in South Carolina.

Man Facing Execution For Slaying Fellow Inmate In Pagan Ritual Pleads Case To U.S. Supreme Court (FINDLAW/AP)

By Kristen Gelineau, Associated Press Writer

AP, July 21, 2006

(AP) - RICHMOND, Virginia-A man slated to be executed next week for the slaying of a fellow inmate during a pagan ritual asked the U.S. Supreme Court to grant him a stay, arguing that jurors consulted the Bible in violation of his right to an impartial trial.

Michael Lenz, 42, is scheduled to die by injection July 27 at Greensville Correctional Center in Jarratt for the fatal stabbing of Brent Parker, a fellow inmate at the Augusta Correctional Center. Lenz and another inmate, Jeffrey Remington, fatally stabbed Parker a combined 68 times with makeshift knives.

The three inmates were followers of the Nordic neopagan religion Asatru, and belonged to a group known as the Ironwood Kindred. The group had gathered for a ceremony when Lenz and Remington attacked Parker. Lenz testified that Parker had not been taking the religion seriously, and to protect the honor of the gods, Parker had to die.

In their petition to the high court Wednesday, attorneys contend jurors in Lenz's case admitted they had consulted a Bible during their sentencing deliberations, and that one member said some jurors pointed to passages that supported the death penalty for killers. Lenz's attorneys argue the jurors' consultation of the Bible was an outside influence that denied Lenz the right to a fair and impartial trial.

"We don't believe that issue is grounds to stop a fully justified death sentence," said J. Tucker Martin, spokesman for Attorney General Bob McDonnell.

The 4th U.S. Circuit Court of Appeals in Richmond, Virginia on Monday denied Lenz's request for a stay.

Lenz has also filed a clemency petition with Gov. Timothy M. Kaine. Kaine's spokesman, Kevin Hall, said the governor and his legal team were still considering Lenz's clemency request Wednesday.

Lenz declined through his attorney, Jennifer Givens, to be interviewed.

"I think he's doing as well as anyone could do under the circumstances," Givens said. "He certainly hopes that either the Supreme Court or the governor takes measures to ensure that he's not executed next week."

On the Net:

U.S. Supreme Court: http://www.supremecourtus.gov/

Gov. Timothy M. Kaine: http://www.governor.virginia.gov/

Former Brokerage Tech Worker Convicted In Computer Tampering Scheme (FINDLAW/AP)

AP, July 21, 2006

(AP) - NEWARK, New Jersey-A federal jury has convicted a former UBS PaineWebber systems administrator of attempting to profit by detonating a "logic bomb" program that caused more than $3 million (â,¬2.4 million) in damage to the brokerage's computer network in 2002, the U.S. Attorney's Office said.

Evidence showed Roger Duronio ultimately lost the $23,000 (â,¬18,400) he invested in a stock market bet against UBS because the ploy failed to reduce his former employer's share price.

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Duronio, 63, was convicted on one count of securities fraud and one count of computer fraud, and acquitted on two counts of mail fraud. The verdict came on Wednesday, the fourth day of deliberations following a trial that began June 6.

Each of the convictions carries up to 10 years in federal prison, but under sentencing guidelines Duronio faces about 6 1/2 to 8 years. U.S. District Judge Joseph A. Greenaway Jr. scheduled sentencing for Oct. 30. Duronio remains free on a $1 million (â,¬800,000) secured bond.

"Duronio was malicious, angry and calculating," U.S. Attorney Christopher J. Christie said in a statement. "He was perfectly situated as a systems administrator to turn his skill into a weapon against the company. We're pleased the jury recognized this and are gratified by the verdict."

Duronio's attorney, Christopher Adams, did not immediately return a call Wednesday evening at his office.

Prosecutors presented evidence that Duronio was angry with the company, where he had worked for nearly two years in New Jersey, because he expected an annual bonus of $50,000 (â,¬40,000) but got $32,500 (â,¬26,000). The brokerage was renamed UBS Financial Services in 2003.

Duronio planted the logic bomb in some 1,000 of PaineWebber's approximately 1,500 networked computers in branch offices around the country and resigned from the company Feb. 22, 2002, prosecutors said.

That day, Duronio went to his broker, who testified that Duronio said, "God knows what I can do to get even." Against advice from another broker, Duronio bought what are called "put options" for UBS stock, prosecutors said. Those give the purchaser the right to sell shares for a fixed per-share price, so the lower a stock falls the more valuable the option becomes.

Duronio placed his last trade on March 1, 2002, and the logic bomb attack happened on March 4, 2002, deleting files on 1,000 computers, prosecutors said.

Duronio was indicted in December 2002. At the time, a UBS PaineWebber spokesman said redundancies in the system prevented any interruption of business and that client accounts, assets and privacy were not affected.

On the Net:

U.S. Attorney's Office: http://www.njusao.org/break.html

UBS PaineWebber: http://www.ubspainewebber.com/

Navy Quarterback Cleared Of Raping Midshipman (WP)

By Nelson Hernandez

The Washington Post, July 21, 2006

A former U.S. Naval Academy quarterback was acquitted last night of raping a female midshipman but was found guilty of conduct unbecoming an officer for having sex with the woman in her dorm room and disobeying an order to stay clear of her.

The verdict by a jury of five naval officers means that Midshipman Lamar S. Owens Jr., 22, could face up to two years in a military prison as well as dismissal from the Navy. He avoids the life sentence that could have come with a rape conviction.

The high-profile court-martial, involving a star football player who led Navy to victory in the Poinsettia Bowl, comes as the Annapolis academy and other military schools face increased pressure to crack down on sexual assaults. Owens's acquittal on the rape charge comes less than a month after a similar verdict for a Coast Guard Academy cadet accused of rape.

Owens's attorneys immediately objected to the jury's decision, saying that there was no credible evidence to support conviction on any of the charges and that they would ask the judge, Cmdr. John A. Maksym, to overturn the verdict today.

Owens's attorney, Reid H. Weingarten, said in a news conference that he was relieved the rape charge did not stand and was "very confident the conduct unbecoming will go." If the judge affirms the verdict, the jury will begin considering the sentence immediately.

In court testimony, the woman said Owens had entered her room while she was barely conscious after a night of heavy drinking and began forcing her to have sex, stopping only after she resisted. Owens contended that he had been invited to the room during an instant message conversation and began having consensual sex with her; he found that she had suddenly become unresponsive, after which he stopped and left.

Owens's defense team argued that the prosecution's case was "riddled with reasonable doubt," given that the woman acknowledged having several gaps in her memory of the incident and that several witnesses had testified that they had seen her drinking heavily. Prosecutors responded that she had no reason to lie in her testimony and that Owens had apologized repeatedly during a telephone conversation with the woman that was secretly taped by investigators.

The nine-day trial made public other problems the academy usually keeps private. The testimony of several witnesses, some of them granted immunity, touched on sex, binge drinking, cheating and lying -- taboos at a school that tries to instill in its students the ideals of honor, courage and commitment.

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Owens's case is one of the few at Annapolis that has reached court-martial. Most sexual assault allegations are quietly resolved by the school's internal disciplinary system. Of 56 midshipmen accused of the crime since 1998, only two have been convicted.

The jury of four men and a woman delivered the decision after nearly 10 hours of deliberation in a small chamber next to the wood-paneled courtroom in the Washington Navy Yard. Under military procedure, a two-thirds majority is required to convict on each charge. The jury's votes were not revealed, and the judge ordered the jurors not to discuss the case.

Owens stood at attention as the jury's president, a lieutenant commander, read the verdict.

Owens's family members, seated behind him, grimaced and then stared stonily ahead. Weingarten's 20-year-old son, who has watched much of the trial, put his head in his hands.

Several of Owens's teammates stayed in the courthouse to wait for the verdict, then walked out when they heard what had happened.

"We'd like not to comment on that issue," said Lt. j.g. Craig Candeto, a former Navy quarterback.

Prosecutors referred comment on the case to the Naval Academy's public affairs office. An academy spokeswoman said the school would withhold official comment until after sentencing.

But the result could be overturned today by Maksym, who has been a central character in the drama and made a number of crucial rulings, including the decision to play the taped phone conversation for the jury.

Maksym often rocked in his burgundy leather chair but would lean forward to instruct the jury, a witness or one of the attorneys. His statements were peppered with legal terms, polysyllabic Latinate words such as medulla oblongata, coagulate and interregnum, and literary allusions such as one he made yesterday to prosecutors: "Christ said to Peter, 'He who lives by the sword dies by the sword.' "

Maksym did not hesitate to reprimand anyone who made mistakes in court, including Weingarten, who once forgot to rise from his seat to make an objection.

More significant, he criticized the prosecution's case on several occasions, questioning the qualifications of one of its expert witnesses and saying the defense had taken the alleged victim's testimony apart "like a Swiss watch."

The most devastating blow came during the prosecution's closing statement Wednesday, when the judge told the jury that prosecutors had misrepresented a witness's statement that the woman had said, "I have been raped." After checking the court transcript, Maksym determined that the prosecutors had made a "grave error."

CIVIL LAW:

DOJ's Former Tobacco Litigation Chief Says McCallum Misled Congress (LAW/AP)

By Pete Yost, The Associated Press

AP, July 21, 2006

A Justice Department official who slashed the amount of money being sought from tobacco companies made misleading statements to Congress, says a former government lawyer who handled a landmark lawsuit against the industry.

The comments by attorney Sharon Eubanks follow Associate Attorney General Robert McCallum's decision a year ago to downsize a proposed smoking cessation program from $130 billion to $10 billion. That's the amount the government wants a judge to order cigarette companies to pay.

A month ago, McCallum sent written statements explaining his actions to the Senate Foreign Relations Committee, which was considering his nomination to be U.S. ambassador to Australia. The Senate subsequently confirmed McCallum, a former Yale classmate of President Bush, to the post.

Eubanks, who ran the department's tobacco litigation team, retired from government and now works for Citizens for Responsibility and Ethics in Washington. The private group sued the department and questioned McCallum for several hours Tuesday about documents he kept on the tobacco case.

The group wants to find out whether White House influence was brought to bear in the pending tobacco lawsuit.

"I don't remember ever receiving any directive from the White House about anything that had to do with the tobacco case," McCallum said in his sworn videotaped deposition.

The Justice Department's Office of Professional Responsibility said last month that McCallum's conduct was not influenced by any political considerations.

Internal Justice Department e-mails obtained by The Associated Press show that the White House OK'd an op-ed piece by McCallum in USA Today defending the department's drastic cut in the amount it was demanding the tobacco companies pay.

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"Please hold up. The White House wanted some changes," one Justice Department employee wrote regarding McCallum's op-ed piece.

"WH says it's good to go," said an e-mail an hour later by another department employee.

In his testimony about the Justice Department suit against the tobacco companies, McCallum refused to say whether he had notes of contacts with industry representatives. He said he was barred from answering by an order the judge had issued in the case. The order itself is sealed, McCallum added.

On Wednesday, a Justice Department spokesman, Charles Miller, said "it's absolutely incorrect" to suggest that McCallum "was anything but truthful in what he said to the Senate."

Eubanks said McCallum mischaracterized a court order in his statements to Capitol Hill, making it appear that U.S. District Judge Gladys Kessler criticized the government's embrace of smoking cessation as a remedy in the lawsuit. McCallum cited the judge's order in explaining why he reduced the government's request.

Eubanks pointed out that the judge later rejected the tobacco industry's arguments and allowed Eubanks' expert witness to testify that the companies should pay $130 billion for smoking cessation.

McCallum said the decision to cut the amount of money being sought stemmed from a federal appeals court ruling in the case that requires forward-looking remedies aimed at preventing future violations rather than penalties for past misdeeds. McCallum said career attorneys in the department's organized crime and racketeering section recommended the change.

In his comments to the Senate, McCallum noted an order from the judge that the appeals court ruling "struck a body blow to the government's case."

Eubanks said the "body blow" language had nothing to do with a smoking cessation remedy and "to make that suggestion is misleading."

In his written statements to the Senate, McCallum said he had "no personal involvement even as to supervision and oversight, in the vast majority" of proceedings in the tobacco case.

Eubanks said the statement is technically accurate, but "extremely misleading."

"I had the guy's cell phone number, and he told me to call him any time on the case, and occasionally I did," said Eubanks. "On the significant and important things, he made it very clear that he was to remain in the loop and involved.

"Whenever we had meetings on this, Robert was at all of them, and we had a lot of them," said Eubanks. "This is a guy who's not involved?"

McCallum told the Senate that he had conferred with attorneys including the career lawyers leading the trial team, a characterization that Eubanks rejected.

"There was no conferring," said Eubanks. "I was taking orders."

At McCallum's direction, says Eubanks, political appointees at the department wrote almost every word of Eubanks' closing argument in which she asked the judge to order the industry to pay the reduced amount.

Eubanks has removed herself from her new employer's lawsuit against the Justice Department where she used to work.

CIVIL RIGHTS:

In Speech To N.A.A.C.P., Bush Offers Reconciliation (NYT)

By Sheryl Gay Stolberg

The New York Times, July 20, 2006

WASHINGTON, July 20 — In his first speech to the N.A.A.C.P. since taking office in 2001, President Bush acknowledged on Thursday that “many African-Americans distrust my party,” and defended his record on domestic issues, including education, prescription drug coverage and Hurricane Katrina.

“I consider it a tragedy that the party of Abraham Lincoln let go of its historic ties with the African-American community,” said Mr. Bush, whose relations with the National Association for the Advancement of Colored People have been so strained that, until Thursday, he was the first president since Herbert Hoover to refuse to address the group. “For too long my party wrote off the African-American vote, and many African-Americans wrote off the Republican Party.”

Saying that “history has prevented us from working together when we agree on great goals,” Mr. Bush said the goal should now be to transcend political divisions.

“I want to change the relationship,” he said.

The 33-minute speech was an exercise in bridge-building, intended partly to strengthen ties between Republicans and black voters and partly to reassure moderate white voters with a message of reconciliation. Though Mr. Bush received a standing ovation when he called on the Senate to renew the 1965 Voting Rights Act — it passed unanimously hours later — a somber

silence fell over the room as the president discussed his policies on education, jobs and housing, which polls suggest are unpopular with blacks.

The president was booed when he raised the topic of charter schools and was also interrupted by a heckler who shouted about the Middle East. Mr. Bush ignored the outburst, forging ahead with his speech, though the ruckus when the man was ejected briefly drowned out him out.

Mr. Bush repeatedly referred to the group as the N-A-A-C-P, attracting some notice from those who use the more traditional pronunciation of N-double-A-C-P.

Yet Mr. Bush did get some laughs. He opened the speech with a well-received ice-breaker, referring to Bruce S. Gordon, the president of the N.A.A.C.P., whose overtures to Mr. Bush ended the president's no-show status. In December, after Mr. Gordon met several times with Mr. Bush in the Oval Office, the N.A.A.C.P. extended its customary speaking invitation to Mr. Bush, and he accepted.

"Bruce is a polite guy," Mr. Bush told the crowd after Mr. Gordon introduced him. "I thought what he was going to say is, 'It's about time you showed up.' "

Mr. Gordon later gave the speech a grade of B. Others were not so generous.

Representative John Lewis, Democrat of Georgia, said Mr. Bush had "scored when he said he looked forward to the Senate approving the Voting Rights Act." But Mr. Lewis said it would be difficult for blacks to overcome their anger over the Bush administration's response to Hurricane Katrina, whose devastation disproportionately affected them.

"People cannot forget Katrina," Mr. Lewis said. "It's going to take some time."

Another civil rights leader, the Rev. Jesse Jackson, said he spoke to Mr. Bush backstage after the speech and urged him to begin "a meaningful dialogue'' with a broader range of black organizations.

"He said, 'Well, talk with Karl Rove,' " Mr. Jackson said, referring to Mr. Bush's chief political adviser.

Mr. Bush received 11 percent of the black vote in 2004, and his speech came against the backdrop of concerted efforts by Republicans, notably Ken Mehlman, the chairman of the Republican National Committee, to court black voters. But Tony Snow, the White House spokesman, dismissed the suggestion that Mr. Bush was engaging in partisan politics.

"The president has been walking the walk," Mr. Snow said, adding, "This was not an attempt to curry votes for the Republican Party."

Nonetheless, the courtship could be especially important this November, when Republicans are fielding black candidates for governor in Ohio and Pennsylvania and for the Senate in Maryland.

Despite Mr. Mehlman's earlier efforts, which included a 2004 apology for what he described then as the racially polarized politics of some in his party, tensions between the White House and the N.A.A.C.P. persisted until Mr. Gordon, a former telecommunications executive, succeeded Kweisi Mfume as president in June 2005.

At that time, the organization, which must remain nonpartisan to keep its tax-exempt status, was facing an Internal Revenue Service inquiry after its chairman, Julian Bond, issued a harsh critique of the Bush administration. So far, no action has been taken, a spokesman for the group said.

Mr. Bond, who stood on the dais with Mr. Bush Thursday, once likened the president's supporters to "the Taliban wing of American politics." At the height of the tensions, the president said his relationship with the N.A.A.C.P. was "basically nonexistent."

Time and again throughout his speech on Thursday, Mr. Bush returned to the theme of moving beyond disagreements toward reconciliation. "We'll work together, and as we do so, you must understand I understand that racism still lingers in America," the president said.

But while many in the audience gave him credit for simply showing up, some were skeptical. "He waited until the 11th hour of his presidency to come to us with all of his great plans of working together," said Kathy Sykes, secretary of the N.A.A.C.P. chapter in Jackson, Miss., adding, "We recognize rhetoric when we see it."

Promoting what he views as his accomplishments, Mr. Bush said his administration had committed more than $110 billion to help hurricane victims on the Gulf Coast and increased financing for historically black universities by 30 percent. He also said the federal government paid more than 95 percent of the cost of prescription drugs for the nation's poorest Medicare patients.

"Look, I understand that we had a political disagreement on the bill," Mr. Bush said, referring to legislation that provided the drug benefit, adding, "The day is over of arguing about the bill."

Mr. Bush also laced his speech with repeated personal references to prominent blacks. As he reminded his audience of the brief visit he paid recently to the Lorraine Motel in Memphis, where the Rev. Dr. Martin Luther King Jr. was killed, he praised "the gentle wisdom" of his tour guide, Dr. Benjamin Hooks, the former N.A.A.C.P. executive director, who was seated in the audience.

"It's good to see you again, sir," Mr. Bush said.

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When he spoke about home ownership, Mr. Bush invoked Robert L. Johnson, the founder of Black Entertainment Television, and the Rev. Anthony T. Evans, a prominent African-American pastor in Dallas, calling both men his friends. When he spoke about the Voting Rights Act, he gave a nod to the secretary of state, saying, “Condi Rice understands what this has meant.”

One topic the president did not touch was the war in Iraq, an omission that Mr. Lewis said left him surprised and disappointed, given that many blacks serve in the military. The White House press secretary, Mr. Snow, said later that Mr. Bush “had a pretty full plate just walking through domestic policy.”

Bush Tells NAACP Senate Should Pass Voting Rights Extension (BETN)

By Ed Wiley III And Tracy Stokes

BET.com, July 21, 2006

President George W. Bush, making his first appearance in a half-decade to the nation's oldest civil rights group Thursday, was met with everything from wild applause to hisses and boos.

In his 15-minute speech before one of his most skeptic audiences in recent memory, Bush decried racism and pointed to several of his administration's initiatives, which he said was advancing the causes of equity and civil rights.

He wrapped up his address urging the U.S. Senate to follow the lead of the U.S. House of Representatives and pass the 25-year extension of the Voting Rights Act of 1965.

"President Johnson called the right to vote the lifeblood of our democracy. That was true then and it remains true today." The crowd roared its approval.

Advertisement

Bush, playing to an audience nursed on the cadence of Black preaching, was considerably more animated than usual, belting out a ministerial-like message of equality and human dignity.

"I come from a family committed to civil rights," Bush said. "My faith tells me that we are all children of God -- equally loved, equally cherished, equally entitled to the rights He grants us all.

He said that he understands that "racism still lingers in America," but reminded that "it's a lot easier to change a law than to change a human heart."

He acknowleged that "many African-Americans distrust my political party," saying it is a "tragedy that the party of Abraham Lincoln let go of its historical ties with the African-American community. For too long, my party wrote off the African-American vote, and many African-Americans wrote off the Republican Party.

"For nearly 200 years, our nation failed the test of extending the blessings of liberty to African-Americans. Slavery was legal for nearly 100 years, and discrimination legal in many places for nearly 100 years more."

At one point during the president’s address, protesters in the back of the convention hall yelled their disapproval of Bush’s policies. NAACP Chairman Julian Bond rose from his seat and paced behind the president, apparently waiting for a break in the speech to chastise the hecklers. But Bush, whose voice rose to drown out the commotion, waved Bond off, saying, “Don’t worry about it.”

Bush's appearance at the 97th annual NAACP conference came as a surprise to many who watched the president brush the civil rights group aside for the past five years.

Just Sunday, Bond, who blasted Bush's policies in his opening address to conventioneers, urged the president to march the short distance from the White House to D.C. Convention Center to show he was serious about building bridges with the Black community.

Few expected he would take Bond up on the offer, but on Tuesday Bush announced he would attend,

On Thursday, he was introduced by NAACP head Bruce Gordon, who took over for longtime Maryland Congressman Kweisi Mfume, former head of the Congressional Black Caucus, last year.

"Bruce was a polite guy," Bush said. "I thought what he was going to say, 'It's about time you showed up.' And I'm glad I did."

The Rev. Al Sharpton, said that, theatrically, the president did better than he expected, "but in substance, he did worse than I had hoped for.”

“President Bush sounded like a doctor making a credible diagnosis of a patient’s condition, but prescribing medication that won’t heal the patient, and might actually exacerbate the patient’s illness," Sharpton said.

"By supporting renewal of the Voter Rights Act -- which we in the National Action Network certainly fought for and supported --without committing to the protection and enforcement of the rights of voters, the president's remedy could lead to the undermining of the very act we all supported. Saying that he's for renewing the VRA is not enough. The president should have

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also addressed potential problems with new voting machines and the GOP-sponsored gerrymandering of districts, an issue that continues to undermine the voting power of African Americans in this country."

Further, Sharpton said, "for the President to totally ignore the white-hot issue of Affirmative Action -- with two cases sitting before the Supreme Court and a ballot proposition on the ballot in Michigan this year that would effective end affirmative action in that state -- while admitting that the historic pattern of racism continues, is to agree that one has a broken leg, but to refuse to give it a cast or wheelchair."

Do you think it was worth the wait? Click "Discuss Now" to post your comment.

After Long Estrangement, Bush Reaches Out To NAACP (CSM)

By Linda Feldmann

The Christian Science Monitor, July 21, 2006

WASHINGTON

President Bush's address Thursday to the NAACP represents a confluence of events and circumstances that made the end of his estrangement with the nation's premier African-American civil rights organization possible.

The group's new leadership is key, analysts say. Bruce Gordon, a retired Verizon executive named president of the NAACP a year ago, has developed a good relationship with Mr. Bush, White House officials say. Early in his remarks, Bush praised Mr. Gordon.

"I'm an admirer of Bruce Gordon, and we've got a good working relationship," Bush said. "I don't know if that helps or hurts you, but it's the truth."

Bush noted that after hurricane Katrina, which was particularly tough on poor African-Americans along the Gulf Coast, he and Gordon talked about "what we can do to work together."

In contrast, NAACP Chairman Julian Bond once called the far right of the GOP the "Taliban wing." Former NAACP chair Kweisi Mfume had also spoken critically of the Bush administration. The 2000 election dispute in Florida, in which some black voters claimed violations of their rights, led to fierce criticism. More recently, the IRS has run an inquiry into the NAACP's tax-exempt status, another sore point.

Thursday, the Senate was due to reauthorize the 1965 Voting Rights Act, after a delay by some conservative Republicans who objected to provisions affecting some states. In his speech, Bush asserted that "racism still lingers in America" and later called for immediate passage of the act without amendment, causing the Washington Convention Center to erupt in cheers.

Bush addressed the NAACP in 2000, when he was governor of Texas and running for president, but had turned down the group's invitations since then. In the 2000 presidential race, the NAACP Voter Fund ran an ad criticizing Bush for his handling of a hate-crimes bill triggered by the dragging death of a black Texas man.

For decades, since the civil rights movement was championed by Democrats, Republicans have struggled to win black votes, and Bush has been no exception. In 2000, he won 9 percent of the black vote, and in 2004, won 11 percent. Since then, party chair Ken Mehlman has reached out to minority voters, addressing groups around the country and encouraging Republicans of color to run for office. In the fall elections, several prominent races feature black Republicans: the governors' races in Pennsylvania and Ohio, and the Maryland Senate race.

But Bush's job approval among African-Americans remains in the mid-teens. Still, black Democrats applauded Bush for finally addressing the NAACP.

"This [speech] is as much about doing the right thing as it is making an appeal to blacks for political purposes," says Ron Lester, an African-American pollster and sometime consultant for the organization.

"Politically, the Republican Party is not going to pick up a lot through having President Bush speak to the NAACP. But in terms of the level of respect that the president will receive across the board - from suburban voters, from Republican voters, from independents - most people view it as doing the right thing."

At NAACP, Bush Tries To Mend Rift (WP)

By Darryl Fears

The Washington Post, July 21, 2006

After shunning the NAACP for five years, President Bush made an effort yesterday to warm up their frosty relationship with a speech that mixed folksy humor, frank talk about political disagreements, and promises to build stronger ties between his administration and black America.

The 33-minute speech at the group's annual convention drew rounds of thunderous applause, such as when the president acknowledged that his political party wrote off the black vote and when he vowed to sign a bill to renew the Voting Rights Act.

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At other times, the audience groaned, such as when Bush said his family is committed to civil rights. People booed sharply when he praised charter schools. Two men were quickly hustled out of the hall by Secret Service agents for heckling Bush about the Iraq war.

Beginning his speech, Bush broke the ice, thanking NAACP president and chief executive Bruce S. Gordon for his introduction and cracking a joke. "I thought he was going to say, 'It's about time you showed up' " at a convention, Bush said. "And I'm glad I did."

Bush touted programs that he said have the potential to help more black people gain economic success, including those that promote home ownership, faith-based community service, repeal of the estate tax and education reform. But much of the speech focused on glorifying achievements and framing goals.

"I've come to celebrate the heroism of the civil rights movement and the accomplishments of the NAACP," he said.

Slavery and segregation are "a stain we have not yet wiped clean," he said. Black founding fathers who believed in America in spite of discrimination and lynchings are too often overlooked, he said.

With the speech, Bush avoided becoming the first president since Warren G. Harding to snub the nation's oldest and largest civil rights organization over his entire presidency. He thanked NAACP Chairman Julian Bond for inviting him, even though Bond once referred to the Republican far right as "the Taliban wing," a remark that helped fuel the estrangement.

Bush also thanked Gordon, who took charge of the NAACP last year from Kweisi Mfume, a former Democratic congressman from Maryland, and who had not played a role in the verbal sniping that led to the bad blood.

Even though candidate George W. Bush addressed the convention in 2000, the feud started a couple of months later, when the NAACP ran television commercials featuring the daughter of James Byrd Jr., a black man who was dragged to death behind a pickup truck in Texas in 1998, She criticized Bush's failure as Texas governor to sign hate crime legislation. It was heightened when the NAACP charged that Republicans in Florida stole the 2000 election turning black voters away from the polls.

Gordon, a former executive for Verizon, approached Bush in the Oval Office shortly after his election. The Rev. Benjamin Hooks, a former NAACP president, said he and Bond also lobbied the president.

"That's why I'm here today," Bush said. "We want an America that's constantly renewing itself, rising above differences and healing old wounds."

Old wounds often heal slowly, said Jesse Jackson, who was in the audience. Under Bush, he said, the Justice Department approved voting changes in Southern states that previous administrations rejected. For example, it upheld a Georgia law that requires voters to get a state-issued identification card, even though some civil rights leaders said many older black residents lacked the proper documents and the ability to get the card. A federal judge issued an injunction against the law, calling it a throwback to Jim Crow.

Three years ago, the Bush administration submitted an amicus brief to the Supreme Court strongly challenging the University of Michigan's use of affirmative action to admit students to its undergraduate and law schools. The court ruled that race-conscious admissions were lawful to achieve student diversity, as long as each student's case was individually weighed.

But those issues were fought on battlefields that seemed far away from the touchy-feely atmosphere at the downtown Washington Convention Center.

"I think this was a good day," Gordon said of the president's visit. "He said exactly what he should say."

Douglas Mayers, an NAACP delegate from New York, said he agreed with everything Bush said. "It was a fantastic speech," he said.

Other views were mixed. The Rev. Ezekiel Holley, a delegate from Dawson, Ga., said the speech, especially the voting rights comments, was welcome. But it was late, he said. "It should have been done four years ago. I'm still disappointed."

Bush Vows To Patch Up His Ties To The NAACP (LAT)

By Peter Wallsten

The Los Angeles Times, July 21, 2006

WASHINGTON — Declaring it a "tragedy" that the Republican Party has alienated black voters, President Bush ended his five-year boycott of the NAACP convention on Thursday with a pledge to repair his relationship with the country's oldest civil rights group.

But even as Bush won a rousing ovation for his promise to sign a renewal of civil rights-era voting laws, he received a chillier reception as he laid out his ideas for improving the state of black America.

One of the most boisterous rounds of applause from attendees at the NAACP's annual meeting came for Bush's concession that "many African Americans distrust my political party." The response seemed to catch the president by surprise, and he paused before continuing, sounding rushed at times and ill at ease.

"I consider it a tragedy that the party of Abraham Lincoln let go of its historic ties with the African American community," he said. "For too long, my party wrote off the African American vote, and many African Americans wrote off the Republican Party. That history has prevented us from working together when we agree on great goals."

Shortly after Bush's address, the legislation he pledged to sign cleared Congress. The Senate voted 98-0 to renew the Voting Rights Act; last week, the House passed it 390-33

Bush's appearance came after a string of five rejected invitations — the result, in part, of bad blood between the president and Julian Bond, the longtime chairman of the National Assn. for the Advancement of Colored People. But after Bush's 33-minute address Thursday, NAACP leaders said they would judge him on his actions, not merely his words or attendance at their event.

"The major headlines were good headlines, and at this point, what we need to do is convert headlines from the speech to action and measurable results," said Bruce S. Gordon, the NAACP's president, who in recent months has pursued a closer relationship with the White House.

The Rev. Jesse Jackson, harshly critical of Bush's response following the administration's slow reaction to Hurricane Katrina last year, said the president's signature on the Voting Rights Act would be sufficient only if the Justice Department followed up with aggressive enforcement.

Jackson encountered the president backstage after the speech and, in the spirit of Bush's comments, requested a meeting. He said Bush directed him to political advisor Karl Rove to make the arrangements.

"A meaningful dialogue would leave him better-informed," Jackson said. "But there is such a fear that there will be areas of disagreement, there has not been meaningful meetings."

Bush's appearance comes at a time of particularly strained relations between black leaders and the GOP. Almost a year after Katrina devastated much of black New Orleans, tensions escalated when some House Republicans pushed to eliminate provisions of the Voting Rights Act designed to shield black voters from institutionalized racism in the South.

Bush called the speech a "moment of opportunity."

"I have come to celebrate the heroism of the civil rights movement, and the accomplishments of the NAACP," he said. "It's important to me. It's important to our nation. I come from a family committed to civil rights."

Contending that "racism still lingers in America," Bush seemed to indirectly refute the arguments of some Voting Rights Act critics in the GOP who said the law unfairly targeted the South for scrutiny despite racial progress.

"Slavery was legal for nearly a hundred years, and discrimination legal in many places for nearly a hundred years more," he said. "Taken together, the record placed a stain on America's founding, a stain that we have not yet wiped clean."

Overall, his remarks were greeted with polite applause. But silence filled the vast hall at Washington's convention center as Bush promoted his administration's faith-based initiative, which would permit religious social service groups — many based in black churches — to receive federal funds. He chastised critics who he said "do not seem to realize that the organizations they are trying to prevent from accessing federal money are the same ones that helped win the struggle of civil rights."

There was more silence when he said that eliminating inheritance taxes on the wealthy could help African Americans emerge as part of an "investor class." And a smattering of boos rang out when Bush talked of school vouchers.

On Katrina, Bush said the government had spent billions on reconstruction. And thanks to his burgeoning relationship with NAACP leader Gordon, he said, more help is on the way.

"We've got a plan, and we've got a commitment," he said.

The president also promised a domestic campaign to combat HIV/AIDS, which he said affects blacks disproportionately.

But the speech lacked the powerful sweep of Bush's past addresses on race — particularly his 2003 speech at Goree Island on Africa's western coast, where he used biblical references to hail the work of U.S. civil rights leaders and called slavery "one of the greatest crimes of history."

At the time of that speech, Bush aides were preparing programs designed to woo African Americans, traditionally Democratic voters, to the GOP for the 2004 election and beyond — backing a ban on same-sex marriage that appealed to socially conservative blacks and funneling more federal dollars to the faith-based initiative.

Nationally, Bush's share of the black vote grew by only two percentage points, from 9% to 11%, between 2000 and 2004, but exit polls in battleground states where the Bush strategy was put into action showed far more dramatic increases.

The effort has continued, with Republican Party Chairman Ken Mehlman scheduled to deliver what will be his 50th speech to a predominantly black audience.

This year, the GOP boasts black candidates for high office in three states: governor in Ohio and Pennsylvania and U.S. senator in Maryland.

Democrats reacted to the speech by accusing the president of insincerity, charging that his administration has opposed proposals that could aid African Americans, such as raising the minimum wage.

A statement issued by several Democrats, including California Rep. George Miller of Martinez and Rep. Major R. Owens of New York, called Bush's record "a shameful one that no well-crafted speech could ever obscure."

Gordon said Bush deserved a grade of "B" for content for at least addressing education, equality and voting rights.

"The fact that he came sends a signal. The fact that he spoke on the issues on our agenda shows potential for an alliance," Gordon said. "This wasn't supposed to be a love-fest. The question is: Is this a new day?"

Bush Knows Many Blacks Distrust GOP (AP)

By Deb Riechmann

The Associated Press, July 21, 2006

President Bush, addressing the NAACP after skipping its convention for five years, said Thursday he knows racism exists in America and that many black voters distrust his Republican Party.

Bush lamented the GOP's rocky relations with blacks. He pledged to improve that relationship and work with the NAACP's new leader to achieve common goals.

"I understand that racism still lingers in America," Bush told more than 2,200 people at the National Association for the Advancement of Colored People's annual gathering. "It's a lot easier to change a law than to change a human heart. And I understand that many African-Americans distrust my political party."

That line generated boisterous applause and cheers from the audience, which generally gave the president a polite, reserved reception.

"I consider it a tragedy that the party of Abraham Lincoln let go of its historical ties with the African-American community," Bush said. "For too long, my party wrote off the African-American vote, and many African-Americans wrote off the Republican Party."

Black support for Republicans in elections has hovered around 10 percent for more than a decade. In 2004, Bush drew 11 percent of the black vote against Democrat John Kerry.

Most of the president's talk generated a smattering of applause. But many in the convention center stood and clapped when he urged the Senate to renew a landmark civil rights law passed in the 1960s to end racist voting practices, such as poll taxes and literacy tests, in Southern states.

The Senate passed the bill later Thursday and sent it to the White House.

For five years in a row, Bush had declined invitations to address the oldest and largest civil rights organization in the nation. This year, he said yes, knowing that he would be facing a tough crowd.

According to AP-Ipsos polling conducted in June and July, 86 percent of blacks disapprove of the way Bush is handling his job, compared with 56 percent of whites who disapprove.

While the audience was cordial, some NAACP members were disappointed that the president did not mention the war in Iraq. During Bush's speech, two NAACP members from Louisiana held their hands in the air to display the two-fingered, "V" peace symbol.

Others expressed dismay that Bush did not offer more substantive remarks about issues such as education and the economy. The unemployment rate for blacks was 9 percent in June — nearly twice the national jobless rate of 4.6 percent

"There was an amazing gap between the aspirations of his speech and the policy behind it. It was so vague," said Barbara Arnwine of the Washington-based Lawyers' Committee for Civil Rights Under Law.

"He doesn't have enough contact with this community," said Arnwine. The group was set up in 1963, at the request of President Kennedy, to get private lawyers to provide legal services to address racial discrimination.

Bush talked about his No Child Left Behind education program, but did not mention that it has been underfunded, said Madie Robinson of Florence, S.C., a member of the NAACP national board of directors. "He raised many issues," she said, "but didn't offer solutions."

The administration's relations with the NAACP have been sketchy at best.

The organization's former president, Kweisi Mfume, once described Bush's black supporters as "ventriloquists' dummies" and said the president's decision not to speak at the NAACP conventions was an insult.

The chairman, Julian Bond, urged members to oust Bush and condemned the administration's policies on education, the economy and the war in Iraq.

In 2004, then White House press secretary Scott McClellan said NAACP leaders, through their "hostile rhetoric," have shown no interest in working with Bush.

Relations have improved under the leadership of current NAACP president, Bruce Gordon.

Gordon, who introduced Bush at the convention, has met with him three times in the year that he has headed the civil rights group. That compares with one meeting Bush had with Mfume, Gordon's predecessor.

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"Bruce is a polite guy," Bush said. "I thought what he was going to say, `It's about time you showed up.' And I'm glad I did."

The White House denied that Bush's appearance was a way of atoning for the government's slow response to Hurricane Katrina. The Rev. Jesse Jackson and some black elected officials alleged that indifference to black suffering and racial injustice was to blame for the sluggish reaction to the disaster.

Bush said he and Gordon have had frank talks about the challenges blacks face following the hurricane.

"We found areas where we share common purpose, and we have resolved to work together in practical ways," Bush said. "I don't expect Bruce to become a Republican — and neither do you. But I do want to work with him, and that's what I'm here to talk to you about."

Toward the end of his remarks, two protesters interrupted the president, shouting inquiries about Vice President Dick Cheney and the situation in the Middle East.

"Stop being a Stepin Fetchit for Dick Cheney!" one shouted in a reference to a black actor known for stereotypical portrayals of black minstrel characters.

Bond approached the microphone, but Bush told him not to bother trying to quell the disturbance. "Don't worry," Bush told Bond. "I'm almost done."

"I know you can handle it," Bond replied.

Bush Pledges To Repair Ties With Black Voters (FT)

By Holly Yeager

Financial Times, July 21, 2006

President George W. Bush ack-now--ledged the poor ties between the Republican party and African-Americans on Thursday and vowed to work to improve that relationship.

“I understand that many African-Americans distrust my political party,” Mr Bush told the National Association for the Advancement of Colored People, the oldest civil rights group in the US. Mr Bush appeared before the group, the first time he has accepted its invitation since he was elected president, amid evidence that Republicans’ push to improve their standing among black voters has not paid off.

A Gallup poll this week found that 83 per cent of black voters said they would vote Democrat in November’s congressional elections – nearly unchanged from two years ago. And while 62 per cent of black people identified themselves as Democrats and 31 per cent said they were independents, just 7 per cent called themselves Republicans.

“I consider it a tragedy that the party of Abraham Lincoln let go of its historic ties with the African-American community. For too long my party wrote off the African-American vote and many African-Americans wrote off the Republican party,” Mr Bush said.

Mr Bush cited his efforts on several fronts, including programmes that he said were designed to improve education, boost home and business ownership, encourage faith-based social services and fight HIV.

He also called on the Senate to follow the House of Representatives, which last week approved a renewal of the voting rights act, a 1965 law designed to combat racist voting practices in the south. The legislation passed in the Senate later in the day.

Mr Bush has had several meetings with Bruce Gordon, the president of the NAACP, and the White House said it saw the speech as “a moment of opportunity” to discuss his commitment to civil rights.

But some black activists say the appearance was intended to offset the Bush administration’s poor response to Hurricane Katrina and the insensitivity they said it showed the poor black residents of the Gulf coast hardest hit by the storm. The Democratic National Committee called the event “too little, too late”.

“If the president were truly genuine about reaching out, he wouldn’t have waited six years to speak to the NAACP and face the tough questions about his administration’s failed policies on jobs, healthcare and the economy,” said Karen Finney, DNC’s communications director.

At last year’s NAACP meeting Ken Mehlman, the party chairman, was the top Republican to make an appearance. He apologised for his party’s past actions, including ignoring black voters and using racial issues to polarise voters. “I am here . . . to tell you we were wrong,” he said.

Karl Rove, the president’s top political strategist, has made reaching out to black and Hispanic voters central to building a permanent Republican majority. But amid a contentious debate on immigration that some analysts say is hurting Republicans, the Gallup poll also showed no progress among Hispanics. It found that 63 per cent of Hispanic registered voters intended to vote for Democratic congressional candidates in mid-term elections – up from 60 per cent in 2004.

Bush Addresses NAACP For The First Time In His Presidency (MCT)

DOJ_NMG_0042506

By William Douglas

McClatchy Newspapers, July 21, 2006

WASHINGTON - President Bush made a personal appearance before the NAACP on Thursday for the first time of his presidency, a gesture toward ending years of bad blood between himself and the nation's foremost civil rights organization.

Bush acknowledged to a packed convention hall that racism persists in America, and he admitted that his party and his White House are out of step with many African-American voters.

"I understand that many African-Americans distrust my political party," Bush said. "I consider it a tragedy that the party of Lincoln let go of its historic ties with the African-American community. For too long, my party wrote off the African-American vote, and many African-Americans wrote off the Republican Party."

Bush's remarks signaled a thaw in the relationship between the president and the NAACP leadership, which in previous years leveled criticism at White House policies that Bush took as so blistering and personal that he refused for five years to attend the group's annual convention. Bush was on course to become the first president since Herbert Hoover not to attend a NAACP convention while in office.

But with a new NAACP president, former Verizon executive Bruce Gordon, and a renewed GOP election-year effort to woo African-American voters, and with the convention site just blocks from the White House rather than more-distant cities, Bush found it hard to turn down the group's invitation this year.

"Bruce is a polite guy - I thought he was going to say, `It's about time you showed up,'" Bush said to laughter and applause in the packed ballroom at Washington's convention center. "I see this as a moment of opportunity. I have come to celebrate the heroism of the civil rights movement and the accomplishments of the NAACP."

Bush received mild applause during an address that featured some old themes from his 2000 and 2004 election campaigns and a pledge to sign a bill renewing the 1965 Voting Rights Act, which the Senate passed 98-0 later in the day.

He received a smattering of boos when he touted his education program, which provides for the creation of charter schools and advocates giving vouchers to help children at failing public schools pay for private school.

"Charter schools are a sore spot with us," said Bob Lydia, president of the NAACP's Dallas branch. He said the plan siphons much needed money away from public education systems. "We don't think we should go down that road. President Bush and (former Education Secretary) Rod Paige didn't do the job we thought they would on education."

Bush received only 9 percent of the African-American vote in 2000 but increased his share to 11 percent in 2004. Only 15 percent of African-Americans approve of the job Bush is doing, according to a Gallup Poll taken earlier this month.

His massive unpopularity is due to a legacy of African-American outrage at perceived racial discrimination in Florida's 2000 presidential balloting, the federal government's failed response in New Orleans to Hurricane Katrina, and White House support of legal challenges to some affirmative-action programs in higher education.

Bush, for his part, signaled a desire to go beyond the acrimony of the past.

"What I want to do is work with the NAACP to help fix the foundations of our society," Bush said.

The president's appearance was greeted with hopefulness and skepticism from the conventioneers and civil rights leaders who attended.

Lydia of Dallas called Bush's talk a long overdue step forward.

"It's a move to do the right thing," said Shirley Johnson, first vice president of the NAACP's Miami-Dade branch. "I am hopeful that the words the president spoke ... that he will live up to his words."

Mary Degree, vice president of the civil rights group's Cleveland County, N.C., branch, said she wasn't impressed.

"We have a president who is on his way out of office coming to us and can't do anything for us," she said. "All the things he's proposing today, what can he do about it?"

Othetta Glover, a retired teacher from Long Beach, Calif., said she had low expectations of Bush before the speech and the same view afterward.

"I don't think he was speaking from the inside, but from the pages he was reading," she said. "It was what I expected him to say."

The Rev. Jesse Jackson noted that while Bush expressed support for renewing the Voting Rights Act, it was groups like the NAACP that pushed for it. "This has not been leadership top-down," Jackson said. "This has been rebellion bottom-up."

Jackson said he asked for a meeting with Bush after the president's speech. He said the president told him to talk to Karl Rove, the White House deputy chief of staff.

'We Must Work As One,' Bush Tells NAACP Audience (USAT)

By Richard Benedetto

USA Today, July 21, 2006

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WASHINGTON — In his first address to the NAACP since entering the White House 5½ years ago, President Bush acknowledged the persistence of racism in the USA and pledged Thursday to help improve his party's relationship with blacks.

Bush told the audience that he is committed to civil rights and equal opportunity. His remarks were politely received by a group that at times has angered him with sharp criticism of his administration's policies and their effect on blacks.

“I understand that racism still lingers in America,” Bush said. “It's a lot easier to change a law than to change a human heart.

“We must work as one, and that's why I came today,” Bush said to applause from the more than 2,200 delegates.

The president drew a standing ovation when he said he would sign a 25-year extension of the 1965 Voting Rights Act, just hours before the Senate gave final passage to the legislation on a 98-0 vote.

“President Johnson called the right to vote the lifeblood of our democracy,” he said. “That was true then and it remains true today.”

Bush also drew cheers and applause from the delegates when he acknowledged that many blacks distrust his Republican Party. “I consider it a tragedy that the party of Abraham Lincoln let go of its historical ties with the African-American community,” Bush said. “For too long, my party wrote off the African-American vote, and many African-Americans wrote off the Republican Party.”

In 2004, Bush won 11% of the black vote, up from 9% in 2000.

Bush said he viewed his speech as a chance to explain his convictions about equality. “I come from a family committed to civil rights,” he said. “My faith tells me that we are all children of God — equally loved, equally cherished, equally entitled to the rights he grants us all.”

Bush had declined invitations to speak to the NAACP for five years in a row. He accepted this year after new NAACP President Bruce Gordon, the first businessman to lead the nation's oldest civil rights organization, reached out to improve the relationship.

Bush pledged to work with Gordon on issues such as education, opportunity for small businesses, aid for home ownership and help for victims of Hurricane Katrina.

The Bush administration has been criticized for the sluggish response to the hurricane's devastation in mostly black New Orleans, prompting suggestions from Jesse Jackson and other civil rights leaders that Bush was indifferent to blacks.

He got scattered boos when he said he supported charter schools, a topic of debate in low-income communities.

Toward the end of his speech, Bush was interrupted by two men who stood up near the front of the hall and began shouting about the Middle East situation and Vice President Cheney. They were escorted from the hall.

After his remarks, Bush waded into the crowd and shook hands.

The audience had mixed reactions to the president's speech.

Richard Redding, 38, a Head Start worker in Sarasota, Fla., said he welcomed Bush's message of unity. “We all have the same goal,” he said. “We all want the same things for our families. We have to work together. This is a start.”

Trevella Sparks, 40, an NAACP youth worker in St. Petersburg, Fla., said she was optimistic that the relationship between the administration and blacks will improve. “He made some pretty strong promises,” she said.

Alice Jeffries, 75, a retired teacher from Memphis, said Bush failed to convince her: “Somebody wrote him a pretty good speech, but I am still indifferent.”

Bush Reaches Out To NAACP (WT)

By Stephen Dinan And Brian Debose

The Washington Times, July 21, 2006

President Bush yesterday told the NAACP that slavery and years of discrimination continue to "wound" and "stain" America but said he will work with black leaders on issues such as education, homeownership and AIDS, where they agree on the goals.

"I want to change the relationship," the president said at the National Association for the Advancement of Colored People's annual convention at the Washington Convention Center, his first appearance after five years of declining invitations.

In 2004, Mr. Bush said he had a "basically nonexistent" relationship with the NAACP, whose leaders vigorously opposed his re-election that year. But Mr. Bush said yesterday that he sees an opportunity this year and heaped praise on the organization's president, Bruce S. Gordon.

For the most part, the audience received Mr. Bush politely but coldly, with smatterings of applause when he touted gains in areas such as funding for historically black colleges. He drew a standing ovation when he urged passage, "without amendment," of a bill renewing the expiring provisions of the Voting Rights Act of 1965. The Senate approved the extension 98-0 later in the day.

The president also drew approval when he said that racism still persists.

"Slavery was legal for nearly a hundred years, and discrimination legal in many places for nearly a hundred years more. Taken together, the record placed a stain on America's founding, a stain that we have not yet wiped clean," he said.

After being introduced by Mr. Gordon, Mr. Bush immediately addressed his years of snubs, joking, "I thought what he was going to say, 'It's about time you showed up.' And I'm glad I did."

He also acknowledged the Republican Party's recent rocky history with black voters, calling it "a tragedy that the party of Abraham Lincoln let go of its historic ties with the African-American community."

He said Republicans wrote off black voters and vice versa, preventing the two sides from working together.

Still, the White House said the speech was not an attempt to win votes for Republicans, and delegates to the convention this week said black voters' ties to the Democratic Party remain strong and deep.

"We are trying to bridge this gap between Republicans and the NAACP -- who knows what the future may bring -- but right now, we just don't want to break a good thing with people who will vote in favor of our issues," said Yvonne White, NAACP Michigan state conference president.

Many members at the convention said they like Republican policies on ending the death tax and expanding business and homeownership opportunities, but they are sour on judicial nominations, the absence of a minimum-wage increase and opposition to affirmative action.

Mr. Bush's speech was interrupted once by a heckler later identified as associated with maverick politician Lyndon LaRouche.

When Mr. Bush talked about school choice and school vouchers, some in the audience applauded, but others booed and shook their heads.

White House press secretary Tony Snow said later that although Mr. Bush's education message may not have resonated with convention delegates, it struck home with black voters elsewhere.

"It was certainly resonating for people who live in [Washington D.C.], and it was certainly resonating with people who live in a lot of cities," Mr. Snow said.

He said Mr. Bush "has been walking the walk" on issues important to black families, and yesterday's speech was a chance for the president to make his case and "to try to lower the temperature when it comes to race relations so people really can get along and work together."

Wade Henderson, executive director of the Leadership Conference on Civil Rights, said Mr. Bush made strides toward that goal yesterday.

"I think the president was remarkably effective in re-engaging and establishing a new relationship with the NAACP, and in effect through them with the black community," he said. "His engagement of the issues of slavery and racism showed that he understands our issues and problems, so it was a good speech and I think he was received well."

Hilary O. Shelton, director of the NAACP's Washington bureau, said Mr. Bush hit many key issues, from reforming Social Security to helping convicts re-enter society.

"He clearly stayed on point and raised the issues well, and it was particularly the context in which the issues were raised that was very important and he was effective in doing that," Mr. Shelton said.

But others such as the Revs. Jesse Jackson and Al Sharpton said they are waiting to see Mr. Bush follow through on his promises and in particular want to see him conduct more enforcement under the Voting Rights Act.

Mr. Sharpton also criticized Mr. Bush for not mentioning affirmative action in his 37-minute speech, saying that to acknowledge persistent racism but to ignore affirmative action "is to agree that one has a broken leg, but to refuse to give it a cast or wheelchair," he said.

"Theatrically, he did better than I expected. But in substance, he did worse than I had hoped for," Mr. Sharpton said.

Bush Speaks To NAACP For First Time (AJC)

By Ken Herman

The Atlanta Journal-Constitution, July 21, 2006

WASHINGTON — After five years of declining to attend the annual NAACP convention, President Bush addressed the group Thursday, acknowledging that racism "lingers in America" and that many blacks don't trust the Republican Party to do much about it.

"I consider it a tragedy that the party of Abraham Lincoln let go of its historic ties with the African-American community," Bush said. "For too long, my party wrote off the African-American vote, and many African-Americans wrote off the Republican Party."

An audience member screamed "Yes!" when Bush said, "I understand that many African-Americans distrust my political party."

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Since taking office in 2001, Bush has rejected the NAACP's annual invitation to speak at its conventions. Every president since Warren Harding (1921-23) had addressed an NAACP convention.

Bush tackled his previous absences at the top of his speech.

"Bruce is a polite guy," he said, referring to new NAACP President Bruce Gordon, who introduced him. "I thought what he was going to say, "It's about time you showed up.' "

Gordon and other NAACP leaders, including some who have been harshly critical of Bush, agreed with the president in seeing what he called "a moment of opportunity" for improved relations.

"We'll work together, and as we do so, you must understand that racism still lingers in America," Bush said, drawing applause from delegates who gave him a warm, polite reaction but booed his mention of charter schools as a way for students in poorly performing schools to find other alternatives.

Black support for Republicans in elections has hovered around 10 percent for more than a decade. In 2004, Bush drew 11 percent of the black vote against Democrat John Kerry.

NAACP Chairman Julian Bond urged members to oust Bush in the last election and condemned the administration's policies on education, the economy and the war in Iraq.

And in the 2000 campaign, the NAACP's voter fund ran a television ad accusing Bush of racial insensitivity for his opposition while he was Texas governor to toughening the state's hate crime law.

The president made no references to the NAACP's previous hostility toward him. He said he has "a good working relationship" with Gordon, a retired Verizon executive who has worked with Bush on Hurricane Katrina rebuilding efforts.

"I don't expect Bruce to become a Republican and neither do you," Bush joked. "But I do want to work with him and that's what I'm here to talk to you about."

Bush said it was time to "change the relationship."

The first step in doing that, some African-American leaders said, was just showing up at the convention. The next step, they said, involves inviting them in for high-level input.

"There have not been meaningful meetings," the Rev. Jesse Jackson said. "Meaningful dialogue would help him and help us. If we could have meaningful dialogue, however challenging, we would all be enriched by it."

Jackson welcomed Bush's vow to sign the Voting Rights Act extension, which the Senate approved later Thursday. But the real challenge, Jackson said, is in federal enforcement of the law.

"His Department of Justice has in each instance chosen states' rights over federal intervention," Jackson said.

Gordon said Bush's speech was full of "solid content."

"It's one thing to speak. It's another thing to do it," he told the American Urban Radio Networks. "So we now need to move from what's been said to what gets done. I think the door's been opened and the path has been cleared."

Bond gave Bush credit for showing up but was disappointed in the president's words.

"Our front-burner issues are fighting racial discrimination. And although he admitted that it continues, he didn't suggest remedies for ending it," Bond said.

Several convention delegates said they appreciated Bush's words but are more interested in whether he will follow them with deeds.

James Stevenson of Trenton called it "one of the best speeches I have ever heard from the president. Now we are in what you call the wait-and-see."

Willie Ann Montford of Wrightsville, Ga., said she remains mystified why it took Bush so long to attend an NAACP convention.

"I want to know what it is about African-American people that he couldn't feel comfortable talking with us," she said.

For Bush And The NAACP, Uneasy Does It (WP)

By Dana Milbank

The Washington Post, July 21, 2006

President Bush was benefiting from the soft bigotry of low expectations when he addressed the NAACP convention yesterday. But that wasn't quite enough to get him through.

The president was ending his five-year boycott of the nation's largest civil rights organization, and the group was doing its best to "welcome the stranger," as Chairman Julian Bond put it, graciously. When Bush arrived, organizers whisked "Grey's Anatomy" actor Isaiah Washington off the stage, even though he was only 49 seconds into his speech.

Gravity, however, could be defied only so long. A little while after Bush acknowledged that "many African Americans distrust my political party," four men in the Massachusetts section rose to demonstrate that distrust by shouting epithets at the president. The ruckus continued until Bond got up and walked behind Bush to make sure the miscreants were removed.

"Don't worry about it," Bush said. "I'm almost finished." He displayed the enthusiasm of a man undergoing an uncomfortable medical procedure.

"I know you can handle it," Bond consoled.

An hour later, the White House released a transcript omitting that exchange and describing the disruption as "applause."

That wasn't the only airbrushing going on. For what may have been the first time since the 2001 attacks, Bush gave a full-length speech with no mention of terrorism, Iraq or the Middle East. "Compassion" was back, and it was as if, for a moment, the past five years had never happened. Bush, suffering from the recent departure of chief speechwriter Mike Gerson, reprised some of the greatest hits of his first campaign for the presidency:

"We must challenge a system that simply shuffles children through." (C. 2000)

"We ought to welcome religious institutions into helping solve and save America one soul and one heart at a time." (C. 1998)

"Organizations of faith exist to love a neighbor like they'd like to be loved themselves." (C. 1999)

"Government . . . cannot put hope in a person's heart or a sense of purpose in a person's life." (C. 2000)

And, of course: "We need to challenge the soft bigotry of low expectations." (C. 1999)

Since he first uttered those compassionate phrases, Bush has won a mere 10 percent of the black vote in two elections, and his relations with civil rights leaders have been sour. He nodded to that recent history yesterday with some clever self-deprecation.

After a no-frills introduction by NAACP President Bruce Gordon, Bush thanked him for being polite. "I thought he was going to say, 'It's about time you showed up.' " Noting his "good working relationship" with Gordon, Bush got appreciative laughter with an aside to Gordon: "I don't know if that helps you or hurts you."

The president offered the ritual GOP mea culpa -- "for too long my party wrote off the African American vote" -- and paid respect to Bond. "I asked him for a few pointers on how to give a speech. It doesn't look like they're taking."

Bush may have been thinking of Bond's speech opening this week's convention, in which he said the president has "run the country into the ground . . . continued an assault on our civil liberties and civil rights, orchestrated a massive transfer of wealth from the bottom to the top, increased poverty every year they've been in office, created dangerous deficits, substituted religion for science, ignored global warming, wrecked environmental protections."

That was only a marginal improvement on Bond's view a few years back that Bush had "appeased the wretched appetites of the extreme right wing and chosen Cabinet officials whose devotion to the Confederacy is nearly canine in its uncritical affection."

With that for an invitation, it's a wonder Bush didn't continue his boycott. But then, Bush has shown a masochistic streak this week. In Russia, he let himself be filmed massaging the German chancellor's shoulders and was heard using a vulgarity with the British prime minister. At home, he cast his first veto on a stem cell bill that enjoys vast public support.

When he arrived at the Washington Convention Center yesterday, Bush was ready to flatter, from an opening paean to "the heroism of the civil rights movement and the accomplishments of the NAACP" to a closing vow to sign promptly a renewal of the Voting Rights Act. He used the word "together" 15 times and dropped the names of prominent African Americans such as Benjamin Hooks, a former leader of the NAACP. "Good to see you again, sir. . . . You know what I'm talking about, Jesse. . . . I got a friend named Tony Evans. . . . You know, one of my friends is Bob Johnson, the founder of BET."

The audience reciprocated: Bush got a standing ovation when he entered, and the 90 percent applauding easily drowned out the boos from the other 10 percent. The White House transcript listed 57 incidents of "applause" in the 33-minute speech -- and the vast majority of those were genuine. For every grumbled retort offered by an audience member, there was a cry of "yes!" or "right!"

There were, inevitably, episodes of booing and cries of "no!" -- as when Bush affirmed that "I strongly believe in charter schools, in public school choice." But history may overlook such tense moments: The booing, like the heckling, was omitted from the White House transcript.

Bush Makes Nice With The NAACP (LAT)

The Los Angeles Times, July 21, 2006

ON THURSDAY, PRESIDENT BUSH gave the sort of pedestrian speech to the NAACP that, but for a few obvious applause lines and anecdotes, could easily have been delivered to the Rotary Club or the AARP. The president deserves credit for resisting the urge to pander. But his speech also raises a question: If that's all he wanted to say, did he have to wait five years?

Bush's address to the NAACP convention was a model of cautious conciliation. He had notoriously snubbed the NAACP throughout his first term, the first president since Warren G. Harding not to speak to the group. The NAACP's leadership wasn't

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exactly playing nice with the Republican Party, either; former NAACP Chairman Julian Bond memorably referred to the "the Taliban wing" of the GOP in 2001 (he spoke before 9/11). Still, given candidate Bush's rebuke in 2000 of Republicans who avoided the NAACP, it seemed petty for him to do just that as president.

In his remarks, Bush invited the audience to embrace his domestic agenda, urging them to find common ground with him on privatizing Social Security, creating charter schools and education vouchers, subsidizing faith-based community organizations and even ending the estate tax.

The president also mentioned a few areas in which he and the NAACP are genuinely in sync, such as giving Africa more help to battle HIV/AIDS. And he drew a standing ovation when he called on Congress to renew the expiring provisions of the Voting Rights Act of 1965, which has been one of the NAACP's top priorities. (Congress obliged a few hours later when the Senate passed a 25-year extension.) Meanwhile, he scrupulously avoided any mention of the war in Iraq, for which his leadership has drawn sharp and sustained criticism from NAACP leaders.

In sum, the president did what he seldom does: He went into a room full of likely opponents and tried to sell key parts of his legislative program, positioning his proposals as routes to a common goal. It was a stretch on some issues — by one liberal group's estimate, only 59 African Americans are likely to pay estate taxes in 2006.

And though Bush's call for an "ownership" society may resonate among middle- and upper-class African Americans, it's found little support from the NAACP, which has been more focused on closing the black-white income gap.

Maybe part of the reason Bush was so reluctant to speak before the NAACP was that he feared unfavorable comparisons to his predecessor, whose lip-biting, eye-welling empathy regularly drew shouts of "Amen!" Or maybe — after all, anyone twice elected president knows a thing or two about national politics — Bush realizes that, with his party besieged from within and without, he needs to seek out support wherever he can find it. Or at least temper the opposition whenever he has the opportunity.

Senate Renews 1965 Voting Rights Act (AP-Y)

By Laurie Kellman, Associated Press Writer

AP2, July 21, 2006

The 1965 Voting Rights Act, which opened voting booths to millions of black Americans, won a 25-year extension from Congress Thursday as Republicans sought to improve their standing with minorities before the fall election.

The legislation, approved 98-0 by the Senate after last week's overwhelming House passage, now goes to President Bush, who told the NAACP earlier in the day that he looked forward to signing it.

"The Voting Rights Act is one of the most important pieces of legislation in our nation's history," Bush said in a statement. "It has been vital to guaranteeing the right to vote for generations of Americans and has helped millions of our citizens enjoy the full promise of freedom."

A centerpiece of the 1960s civil rights movement, the law ended poll taxes, literacy tests and other election devices that had been used for decades to keep blacks from voting.

"The Voting Rights Act has worked. It has achieved its intended purpose," said Majority Leader Bill Frist, who timed the Senate's debate to occur while Bush made his first-ever address to the National Association for the Advancement of Colored People.

The House passed the bill last week 390-33 with opposition mostly from Southern lawmakers who objected to renewing a law that requires their states win Justice Department approval before changing any voting rules — punishment, they said, for racist practices decades in the past.

Some also objected to provisions that require jurisdictions with large populations of non-English-speaking citizens to print ballots in languages other than English.

Several Southern senators echoed the concerns of their House counterparts, but there were few obstacles to passage in that chamber.

"Is this the very best that we can do at this time? Yes, it is," said Sen. John Cornyn, R-Texas.

The nine states required to win Justice Department approval for any voting practice changes are Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas and Virginia

Others senators showered the law with praise for its successes. The act was still necessary, proponents said, pointing to congressional hearings that showed certain districts still make it harder for minorities and citizens with limited understanding of English to be informed when they cast ballots.

The effect of the law "has been profound, to put it mildly," said Judiciary Committee Chairman Arlen Specter, R-Pa., whose panel a day earlier approved the renewal, 18-0.

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"It will not remove all discrimination by any means," said Sen. Patrick Leahy, D-Vt. "But it is a major step to let everybody in the country know that all of us — all of us — are equal as Americans with equal rights, no matter the color of our skin."

Two senators did not vote: Mike Crapo, R-Idaho, and Mike Enzi, R-Wyo.

The legislation would renew several provisions of the law set to expire next year. They include one requiring jurisdictions with large populations of voters who do not speak English to print ballots in several languages and provide other assistance.

Some lawmakers had complained that the policy discourages people from learning English. But House Judiciary Committee Chairman James Sensenbrenner, R-Wis., said that most people who need the assistance were born here and deserve the help.

Voting Rights Act Extension Passes In Senate, 98 To 0 (WP)

By Charles Babington

The Washington Post, July 21, 2006

The Senate voted 98 to 0 to renew key provisions of the Voting Rights Act yesterday, permitting the federal government to continue its broad oversight of state voting procedures for the next quarter-century, and allowing Republicans to claim equality with Democrats in protecting minorities' clout at the ballot box.

The act requires several states, mostly in the South, to obtain Justice Department approval before changing precinct boundaries, polling places, legislative districts, ballot formats and other voting procedures. It also requires many jurisdictions throughout the nation to provide bilingual ballots or interpreters for voters whose English is not strong.

Those two provisions caused a mini-revolt among House Republicans last week. GOP leaders had to scramble -- and rely on heavy Democratic support -- to defeat proposed amendments that they said would dilute the bill and prove politically embarrassing.

The law, first passed in 1965, retains near-iconic status in civil rights circles, even though some elected officials say it is no longer needed. GOP leaders were eager to renew it before the November elections. Unlike the House, where some Southern Republicans opposed provisions that focus on their states, the Senate passed the bill unanimously after hours of one-sided debate in which member after member praised leaders of the 1960s desegregation movement.

President Bush, addressing the NAACP's annual convention while the debate was underway, said he looked forward to signing the measure. "A generation of Americans that has grown up in the last few decades may not appreciate what this act has meant," he said. "Condi Rice understands what this act has meant," Bush said, referring to the secretary of state, an African American who grew up in Alabama in the 1950s and '60s.

The disharmony evident during the House's deliberations on the act barely touched yesterday's Senate proceedings, in which lawmakers from both parties and all regions agreed that the Voting Rights Act remains pertinent and necessary. Several black House members -- including Rep. John Lewis (D-Ga.), who worked alongside the Rev. Martin Luther King Jr. in the 1960s -- were on the Senate floor for the vote. Sen. Edward M. Kennedy (D-Mass.) shook hands with Rep. Melvin Watt (D-N.C.), chairman of the Congressional Black Caucus, when the result was announced.

"As we reflect on the true wrongs that existed in the 1950s and 1960s and where those wrongs may have taken place, we owe it to history . . . to pay tribute to those who took the law and made it a reality," Sen. Johnny Isakson (R-Ga.), whose House colleagues led the opposition in the other chamber, said during the debate.

Sen. Saxby Chambliss (R-Ga.) was a bit more grudging. "While I support this bill, I continue to have some serious concerns with several aspects of it," including its "extension for an extraordinary 25 years," he said from the floor. The defeated House amendments, he said, "would have strengthened this bill and updated it to reflect the reality of profoundly improved race relations" in Georgia.

The act, originally signed by President Lyndon B. Johnson, outlawed practices such as poll taxes and literacy tests that many Southern jurisdictions used to depress black voter turnout. As amended over the years, it required such jurisdictions to obtain federal "pre-clearance" for an array of voting-related practices that might have the effect of reducing minority voters' influence.

Some local and national officials say the targeted oversight is no longer justified and is a relic of days when Southern states could not be trusted to treat all citizens justly. But others say abuses still occur. "Where would the citizens of Georgia be -- particularly low-income and minority citizens -- if they were required to produce a government-issued identification or pay $20 every five years in order to vote?" Sen. John F. Kerry (D-Mass.) asked in reference to measures approved by the Georgia Legislature but challenged in federal courts under the Voting Rights Act.

Civil rights activist Jesse L. Jackson said in an interview that the Senate vote called for "restrained celebration," because the Bush administration's Justice Department has shown tepid enthusiasm for enforcing the voting law. "This Justice Department, right down the line, has chosen states' rights," Jackson said.

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Senate Majority Leader Bill Frist (R-Tenn.) called the vote a major success. "The Voting Rights Act has worked," he said. "We need to build upon that progress by extending expiring provisions."

Sen. Patrick J. Leahy (D-Vt.) called the act "the cornerstone of our civil rights laws. We honor those who fought through the years for equality by extending the Voting Rights Act to ensure that their struggles are not forsaken and not forgotten, and that the progress we have made not be sacrificed."

Caroline Fredrickson, director of the ACLU's Washington Legislative Office, praised the extension of the law's key provisions and urged vigilant enforcement.

"We must look ahead to make sure the promise is as true and strong as it was in 1965," she said. "Malicious attempts by lawmakers to derail reauthorization show the continuing need for this law and its enforcement." She urged Bush "to sign this legislation as soon as possible."

Senate Unanimously Passes VRA Renewal (RC)

By Jennifer Yachnin

Roll Call, July 21, 2006

The Senate approved legislation Thursday afternoon to reauthorize the Voting Rights Act, voting 98-0 to extend the landmark 1965 law an additional 25 years.

President Bush is expected to sign the measure, although the White House press office said no official ceremony had been scheduled as of Thursday afternoon. The Senate legislation is identical to the bill approved by House lawmakers, 390-33, last week.

“I look forward to the Senate passing this bill promptly without amendment — so I can sign it into law,” Bush said in a Thursday morning address to the NAACP.

The day-long Senate debate featured little of the discord that marked House deliberations on the measure. While House leadership allowed four amendments sought by Southern GOP lawmakers to be considered to the bill — all of which failed by safe margins — the Senate did not consider any alterations when it took up the House bill.

Although Senate Majority Leader Bill Frist (R-Tenn.) intended to move the Senate’s own version of the legislation — which had been identical to the House bill — he abandoned those plans Wednesday after his chamber’s Judiciary Committee allowed an amendment to the measure.

That amendment, authored by Sen. Patrick Leahy (D-Vt.), would have added labor leader Cesar Chavez’s name to the bill’s formal title, joining those of activists Fannie Lou Hamer, Rosa Parks and Coretta Scott King.

While the amendment was technical in nature and would not have otherwise altered the content of the reauthorization, the change would have forced a House-Senate conference on the legislation, which GOP leaders in both chambers hoped to avoid.

Congress Sends Bush Extension, Clarification Of Voting Rights Act (WSJ)

By David Rogers

The Wall Street Journal, July 21, 2006

WASHINGTON -- Congress sent President Bush legislation to extend the Voting Rights Act and add language to counter recent Supreme Court rulings that have narrowed protections under the 1965 law.

The 98-0 Senate roll call came after Mr. Bush said at a national civil rights convention here that he understands that "racism still lingers in America" and that "many African-Americans distrust my political party."

"It's a lot easier to change a law than to change a human heart," Mr. Bush said, speaking at the convention of the National Association for the Advancement of Colored People. But the president said he had come to the NAACP convention -- for the first time since taking office -- to correct what he described as the "tragedy" of the party of Abraham Lincoln in surrendering its historical ties to the black community.

Never before have Republicans so controlled the legislative process for consideration of the landmark law. Speaker Dennis Hastert (R., Ill.) struggled for weeks before overcoming divisions in his party and winning House approval last week. The quick Senate action and Mr. Bush's speech were freighted with politics going into November's elections.

The Voting Rights Act provisions, due to expire next year, would be extended into 2032 with language added to clarify the standards Congress wants applied in judging violations of voting protections.

At issue are two Supreme Court rulings, in 2000 and 2003, perceived by many in the civil rights community as weakening the law. And while both involved black-voter cases in the South, the changes now could be even more important to the growing Latino populations in states such as Texas and Arizona.

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"The Voting Rights Act is fluid, which is what can make it effective if it is enforced," said Tanya Clay House, part of the civil rights coalition supporting the bill. And the extension would cover three rounds of reapportionment and redistricting of House seats, after the 2010, 2020 and 2030 censuses.

The floor action came as the Senate Appropriations Committee gave final approval to a $453.5 billion Pentagon budget, cutting $9.1 billion from the administration's request for the fiscal year that begins Oct. 1. An estimated $3.8 billion in savings would come from operations accounts, suggesting that the military will have to rely on Iraq-war emergency funds to help weather the reductions. But about $2 billion would be cut from procurement requests affecting aircraft and ship production.

The measure assumes a one-year delay of planned procurement of Lockheed Martin Corp.'s Joint Strike Fighter. The Navy's new high-speed Littoral Combat Ship program is effectively cut twice: first by a $220 million reduction in its 2007 budget and then by a $190 million rescission from funds appropriated for this year.

By shifting funds from defense, the committee is better able to blunt proposed cuts from domestic programs, including a $140.8 billion bill funding the departments of Treasury, Transportation and Housing and Urban Development. Realty interests won language curbing the ability of banks to move into the real-estate brokerage business, and on a 19-6 vote, the panel joined the House in opposing funding for an administration plan to permit greater foreign ownership of U.S. airlines in the future.

The White House is supporting such a rules change as part of its effort to negotiate an "open skies" agreement with the European Union deregulating trans-Atlantic air traffic. Continental Airlines has pressed hard for the amendment at the expense of carriers like Northwest Airlines and UAL Corp.'s United, which could benefit from more access to overseas capital and landing slots.

Also approved by the committee were a $605.6 billion labor, health and education budget and an $81 billion measure covering military housing and veterans programs.

Within the Department of Veterans Affairs, an estimated $28.7 billion is provided for medical services and administration, matching the president's request but without new fees proposed by the White House. But even after pouring billions of dollars back into Mr. Bush's education and health programs, the committee lacked the funds for major initiatives.

Vote Act Renewal Passes In Senate (WT)

By Brian Debose

The Washington Times, July 21, 2006

The Senate yesterday passed a 25-year extension of the 1965 Voting Rights Act in the same form that the House passed a week ago, eliminating the need for a conference, after President Bush's call to get the bill to his desk before the summer recess.

"I said that I looked forward to the Senate promptly passing the House bill without amendment. Today, the Senate acted and voted to reauthorize this historic legislation," President Bush said after the act was passed 98-0. "I will be pleased to sign the Voting Rights Act into law, and I will continue to work with Congress to ensure that our country lives up to our guiding principle that all men and women are created equal."

There were few speeches in opposition to the bill, although several Southern senators expressed concern about the cost to taxpayers of multilingual balloting and complained that their states are still being punished for long-ago voter discrimination.

States outside the South are largely exempted from the law's most stringent requirements, which apply to areas where black voters were often disenfranchised before 1965.

"Some of the data in the act is based on 1968, 1972 turnout models, and the act does not reflect some of the progress, particularly in my region of the country; and I think it should have, but it doesn't, so we will just move on," said Sen. Lindsey Graham, South Carolina Republican.

Sen. John Cornyn, Texas Republican, chastised his colleagues for refusing to stand up for Southern states and pointed out the South's successful record of registering black voters and electing black politicians.

"The voter-registration rates among blacks in the covered jurisdictions is higher than in the uncovered jurisdictions," he said and added statistical data, "During the time of the act's passage, voter-registration rates for African Americans was at about 29 percent; now nationally it is at about 62.2 percent for noncovered jurisdictions and 68.8 percent for the covered jurisdictions."

Southern Republican senators were all but forced to vote for the bill despite their objections and without any amendments, after Sen. Arlen Specter, Pennsylvania Republican, allowed debate but made it clear with the support of Senate Majority Leader Bill Frist, Tennessee Republican, that he would not support amendments to the version sent to them by the House.

"Leaders such as Martin Luther King Jr. and John Lewis laid the groundwork for the original Voting Rights Act through the civil rights movement, and this extension will continue the progress we've made toward ending discrimination at the polls," Mr. Frist said.

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Last week, Rep. F. James Sensenbrenner Jr., Wisconsin Republican, helped defeat four tough amendments from fellow House Republicans, before the bill was passed 390-33.

The expiring provisions extended yesterday will be in effect until 2031. The language of the law will remain identical to what was passed in 1982, the last reauthorization, with the only differences being the recorded data on voter registration and participation and trends on new and old violations.

Most important to the bill were Sections 3, 4, 5 and 203.

Section 3 grants federal courts the power to assign examiners from the U.S. Civil Service Commission to oversee the voting practices of a covered jurisdiction for a period of time determined by the attorney general.

Section 4 establishes that any state or jurisdiction that has required passing superfluous tests or taxes to vote, and any state or county where less than 50 percent of the electorate was registered or voted in the previous presidential election will be covered under Section 5. That section requires that the specific states and counties covered under the act -- mostly in the South -- must have their voting laws, procedures and redistricting cleared by the U.S. attorney general or the U.S. Court of Appeals for the D.C. Circuit.

Black leaders advocated reauthorization as the only effective means of preventing a return to the patterns of discrimination under the Jim Crow laws struck down during the civil rights era.

Rep. John Lewis, Georgia Democrat, who was beaten unconscious during the historic Alabama voting rights march that helped prompt passage of the 1965 law, recalled violence suffered by the marchers at Selma's Edmund Pettus Bridge.

"Because of what happened on Aug. 6, 1965, we have had in America what I like to call a nonviolent revolution of ideas and values; it has made our nation better," Mr. Lewis said, referring to the date the original legislation was signed.

Hispanics and Asian activists, meanwhile, focused on Section 203 that requires any jurisdiction to print ballots and other election materials in the native language of foreign nationals who have limited English proficiency when they meet or exceed 10,000 voters or where they represent 7.5 percent of the electorate.

"My mother who is an immigrant speaks perfect English, but she still prefers at times to read election materials particularly state and local ballot initiatives in Spanish, because it is easier for her to understand the nuances in her own language," said Rep. Linda T. Sanchez, California Democrat and member of the Congressional Hispanic Caucus.

By A Vote Of 98-0, Senate Approves 25-Year Extension Of Voting Rights Act (NYT)

By Carl Hulse

The New York Times, July 21, 2006

WASHINGTON, July 20 — The Senate voted overwhelmingly on Thursday to extend the landmark Voting Rights Act for another 25 years, as lawmakers of both parties said federal supervision was still required to protect the ability of minorities and the disadvantaged to cast ballots in some regions of the country.

“Despite the progress these states have made in upholding the right to vote, it is clear the problems still exist,” said Senator Barack Obama, Democrat of Illinois.

Approval of the measure, on a 98-to-0 vote, came on the day that President Bush made his first presidential visit to a convention of the N.A.A.C.P., where he promised to sign the bill.

The House passed the measure last week after a flurry of rebellion from several Southern lawmakers.

Republicans had made renewal of the law a cornerstone of party efforts to reach out to minority groups, particularly blacks, and leaders of both parties promised its passage in a rare joint event on the steps of the Capitol this year.

But progress was slowed by objections from some Republicans in the House that the law unfairly singled out Southern states for special federal oversight when they have eradicated the rampant discrimination that spurred enactment of the law in 1965.

Some Senate Republicans expressed similar sentiments Thursday but none opposed the measure. “Other states with much less impressive minority progress and less impressive minority participation are not covered, while Georgia still is,” said Senator Saxby Chambliss. “This seems both unfair as well as unwise.”

President Lyndon B. Johnson signed the bill into law after violent attacks on civil rights marchers demanding the right to vote. It instituted a nationwide prohibition against voting discrimination based on race and banned poll taxes and literacy tests.

In regions where discrimination had been especially pronounced, the Justice Department was given the authority to review changes to election procedures, like redistricting, to judge if they would be discriminatory.

The current legislation retained the so-called pre-clearance requirement for nine states, most of them in the South, and for parts of seven others, including Manhattan, Brooklyn and the Bronx in New York.

Another provision opposed by some Republicans requires the printing of bilingual ballots in political jurisdictions that meet a threshold for the percentage of citizens who have difficulty with English.

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Most Republicans joined united Democrats in pushing ahead, saying that while the Voting Rights Act had produced historic results, it was still warranted.

"South Carolinians, you have come a long way," said Senator Lindsey Graham, a Republican from that state, which is among those covered by the law. "But we, just like every other part of this country, still have a long way to go."

Civil rights leaders praised the Senate action and called on Mr. Bush to send a strong signal to the Justice Department that the measure must be strongly enforced.

The Rev. Jesse Jackson, who watched the Senate debate from the gallery, said that the Bush administration had sided with states in voting rights cases and that it had been left to the courts to intervene.

"So far, the Department of Justice has favored states' rights over federal enforcement," Mr. Jackson said. "We see a pattern."

The legislation was named for several civil rights figures: Coretta Scott King, Fannie Lou Hamer and Rosa Parks.

As the Senate voted, Representative John Lewis, Democrat of Georgia, who was beaten in the 1965 voting rights march on Montgomery, Ala., came to the floor, and other lawmakers provided their memories of the era as they spoke in support of the legislation.

"I recall watching President Lyndon Baines Johnson sign the 1965 act just off the chamber of the Senate," said Senator Edward M. Kennedy, Democrat of Massachusetts and one of three current senators serving when the law was originally passed. "We knew that day we had changed the country forever, and indeed we had."

Hospital Agrees To Provide Communication For Deaf (AP)

By SEANNA ADCOX,

AP, July 21, 2006

COLUMBIA, S.C. (AP) - A Florence hospital has settled a federal complaint by agreeing to provide deaf patients access to sign language interpreters and other ways to communicate with hospital employees.

The settlement should mean better care for deaf and hard-of-hearing patients at McLeod Regional Medical Center, Pete Cantrell, an attorney with the Protection and Advocacy for People with Disabilities Inc., said Thursday.

Not being able to communicate with hospital staff can be scary for patients and lead to bad decisions, Cantrell said.

"Doctors might make an erroneous diagnosis," he said. "They might give instructions to a patient who doesn't follow them because he doesn't understand."

The Columbia-based advocacy group sent a complaint to the U.S. Justice Department in December 2003, claiming the hospital violated the Americans with Disabilities Act by not providing interpreters for two deaf patients.

McLeod's agreement with the Justice Department involves no money and the hospital admits no wrongdoing.

"McLeod is committed to quality and safety and will continue to take appropriate action to ensure effective communication with all of our patients and their families," hospital administrator Marie Segars said in a statement.

Segars said it appears the hospital has already met the terms of the agreement.

According to the settlement, one deaf patient said she could not communicate while at the hospital in June 2003 for an attempted suicide and an on-the-job injury a year earlier. The other deaf patient said he was admitted to the hospital several times starting in 2002 and sometimes communicated through his friend.

Cantrell declined to go into specifics. Such cases are "unfortunately too common" in South Carolina, he said.

"We're hoping other hospitals see this settlement and see the fair and equitable way to handle it and perhaps change their practices," said Gloria Prevost, executive director of Protection and Advocacy.

Under the settlement, signed July 10, the hospital also agreed to provide a text telephone line for deaf patients, post signs saying interpreters are available for free, train employees and doctors on how to communicate with deaf and hard-of-hearing patients and file compliance reports with the Justice Department.

"It's sad to say it took a grievance to get any hospital to follow the law," said Steve Fitzmaurice, director of the South Carolina Interpreter and Recruitment Training Project at the state Association of the Deaf. He said the same problems happen in doctor and lawyer offices and in court.

A nationwide shortage of sign language interpreters makes it tough for hospitals to provide them on the spot, said Kathy Stoehr, statewide director of interpreting services for the South Carolina School for the Deaf and Blind.

Finding someone qualified to interpret medical information is especially hard, she said.

"They're very scarce, in South Carolina particularly," she said.

Many hospitals in South Carolina contract with the School for the Deaf and Blind in Spartanburg to provide an interpreter on call. McLeod has had a formal contract with the school at least two years, said Carol Garrett, vice president of outreach services.

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"It depends on the time of day if someone can get there right away," Stoehr said.

Fitzmaurice said nursing staff should have enough basic sign language skills to tell deaf patients help is on the way.

Through a grant, the school is training hospital employees across the state on the Americans with Disabilities Act. The program has included three training sessions at McLeod, Garrett said.

The Justice Department has settled more than 20 such cases nationwide this administration involving hospitals and medical offices, said Cynthia Magnuson, a department spokeswoman.

Federal Election Monitors Watch Conecuh County Voting (MR)

By Connie Baggett, Staff Reporter

Mobile Press-Register (AL), July 21, 2006

EVERGREEN -- Federal poll watchers and the local district attorney's office monitored Conecuh County's Tuesday runoff election, which was marked by a heated contest for sheriff, officials said Wednesday.

Edwin L. Booker, the brother of the Conecuh County Probate Judge Rogene Booker, defeated incumbent Tracy Hawsey to win the Democratic nomination for sheriff.

District Attorney Tommy Chapman said his office fielded complaints from both sides of the sheriff's race. He said his office looked into claims about deputies standing near polling places, Booker supporters walking too close to polls and local candidates' observers questioning voters as they marked ballots.

"What we saw was really nothing out of the ordinary for elections here. We had people violating the 30-foot rule," he said, referring to a requirement that campaign workers remain at least 30 feet from a polling place.

"We had some minor complaints," Chapman said, "but we had the federal observers here taking notes. They will issue a report on their findings in the near future."

Local officials said two observers from the U.S. Department of Justice in Washington came after someone in the county requested they keep tabs on voting.

A Justice Department representative was not able to answer specific questions regarding the observers on Wednesday, but forwarded a news release, which notes that Conecuh was one of three Southern counties visited by federal monitors Tuesday.

The department also sent poll watchers to Hale County, Ala., and Randolph County, Ga., to ensure compliance with the Voting Rights Act, the release states.

Officials in Conecuh said they had been notified days in advance that the monitors would be present, but who called to ask that the monitors take part could not be determined Wednesday.

"Representatives from the Department of Justice contacted me by phone well in advance of the election," said Probate Judge Booker on Wednesday. "They asked if I had any complaints or concerns, or if I had received any. They said they would be coming down to observe. I was glad they were here to help keep things in order."

There were contentious moments early in the day, Judge Booker said, when some poll watchers working for local candidates interfered with voters.

"They were uncertain about what they could legally do or not do," Booker said. "Some were overstepping their rights as observers" and made voting difficult for some.

Rogene Booker, who as probate judge oversees elections, said he was careful not to contact his brother during the election, and only spoke to him once all the votes were in.

Edwin Booker said he was glad federal observers were present but said he didn't call them here.

"If the poll watchers hadn't been here," Booker said, "there might have been voter intimidation. As it was, we had a great turnout."

Calls to Hawsey were not returned Wednesday.

Freedom Of Speech Examined In Quran Shooting Case (WTVC-TV)

WTVC-TV, July 21, 2006

Freedom of speech weighed against harm toward another will be at the heart of whether federal charges fall on a Chattanooga man.

This man who used the screen name mully-88 on his MySpace video diary shows himself shooting the Quran, the sacred book of Islam.

After shredding it, the video shows him slamming it in front of the Islamic Center off Main Street.

NewsChannel 9 learned he is Jason Thomas Mullican, a licensed emergency medical technician who used to work at East Ridge Hospital.

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The FBI opened an investigation into this case.

Senior Agent Tim Burke said, "When their activities, particularly in this case, that were videotaped suggest something beyond free speech. You know, threatening and intimidating a religious group for instance. There are laws that govern that kind of activity, at this time that's all going to be determined by justice department officials."

No one has been charged.

ANTITRUST:

Profit Lags As Microsoft Spends To Meet Competitors (NYT)

By Steve Lohr

The New York Times, July 21, 2006

Microsoft reported yesterday that its sales grew strongly in the recent quarter, but its profits lagged.

The company is in the midst of product transition as sales of its new, as yet unprofitable, Xbox video game console are increasing rapidly, while new versions of its most lucrative products like Windows and Office will not arrive until next year. Microsoft has also increased its investment to meet the rising competition from Internet software and services companies, led by Google.

The big software maker said its outlook for fiscal 2007, which began this month, was at the high end of Wall Street's expectations. Microsoft also announced a program to buy $20 billion of its own shares by Aug. 17 and another $20 billion worth over the next five years.

The share repurchase plan comes after senior executives at Microsoft, led by Steven A. Ballmer, the chief executive, traveled and met with large investors in the last few months.

One message from those meetings, analysts said, was that Microsoft should be more aggressive in using its huge stockpile of cash to lift the company's stock price.

"This is a fairly aggressive move, and you have to take this as a positive," said Charles di Bona, an analyst at Sanford C. Bernstein & Company. "One of the raps against this management is that they don't listen to investors."

Investors were encouraged by the quarterly results and the stock buyback announcement, which were disclosed after the close of market trading. In after-hours trading, shares of Microsoft rose about 5 percent, to $24.11. In regular trading, the shares fell 55 cents, to $22.85.

Sales rose 16 percent, to $11.8 billion, compared with nearly $10.2 billion in the quarter a year earlier. The quarterly revenue slightly surpassed the Wall Street consensus of $11.6 billion, as compiled by Thomson First Call.

Net income for the quarter was $2.83 billion, or 28 cents a share. That included a charge for legal expenses of $351 million, or 3 cents a share, to pay a fine that the European Commission announced last week for Microsoft's failure to comply with an antitrust order.

Setting aside the legal charge, the quarterly profit was 31 cents a share, or 1 cent a share above the analysts' consensus of 30 cents a share.

In the year-earlier quarter, Microsoft reported a profit of 34 cents a share, which included legal charges of 5 cents a share and a tax gain of 9 cents a share. Yet even brushing away all the one-time charges, Microsoft's profits were flat compared with a year ago, though revenue was 16 percent higher this year.

In April, when Microsoft announced that its expenses in the coming year would be significantly higher than previously disclosed, the company's stock priced dropped. Yesterday, Microsoft provided more detail on where that additional $2.4 billion would be spent: Xbox product costs; marketing and sales; new product development and research in fields like business intelligence, security, software tools and mobile phone software; and online services like Internet search.

In a conference call, Chris Liddell, Microsoft's chief financial officer, characterized the added spending as an investment in the "next wave of growth for the company."

By product group, sales at Microsoft's client unit, which is mostly the Windows desktop operating system, grew to nearly $3.4 billion, up 12 percent, or slightly higher than the pace of personal computer shipments over all during the quarter.

Sales by the company's server group, whose products compete with Linux as an alternative on data-serving computers, rose 18 percent, to nearly $3.2 billion.

Server sales edged ahead of the information worker group, mainly Microsoft's Office suite, which reported a 6 percent increase in sales, to $3.1 billion.

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The weak link for Microsoft continues to be its MSN unit, which includes its Web sites, online advertising and search. MSN revenues fell nearly 10 percent, to $580 million, and the unit lost $190 million. It is paying the costs of getting out of the dial-up Internet access business and investing heavily to build up its online advertising and search technology.

Corporate customers do seem to be making commitments to Microsoft's new products next year, as reflected in a $2 billion increase in so-called unearned revenues, said Richard Sherlund, an analyst for Goldman Sachs & Company.

The unearned revenue mainly covers corporate contracts, typically spanning three years, to license Microsoft products. The unearned revenue is recognized as sales gradually over the course of the contract.

Some analysts are already assuming in their financial models that Windows Vista, the next version of the desktop operating system, will be delayed another three months or so beyond its scheduled introduction to consumers in January. Mr. Liddell reiterated the company's intention to ship Vista in January, but he said if the timing slipped by a quarter it would "not be particularly significant" financially.

Microsoft Beats Forecast (SEAPI)

By Todd Bishop, P-I REPORTER

Seattle Post-Intelligencer, July 21, 2006

Company to buy back up to $40 billion in stock

Microsoft Corp. exceeded quarterly earnings expectations Thursday and unveiled a new plan for its huge pile of cash -- but felt the financial pain of its legal problems and its efforts to catch rivals Sony and Google.

The company also returned to double-digit annual revenue growth, reported higher bookings from business customers, and said it met sales targets for its Xbox 360 game console.

But the surprise twist was Microsoft's plan to rebuy as much as $40 billion worth of its own shares -- paying up to $20 billion through a tender offer this summer and the rest over the next five years. The move comes in addition to a $30 billion buyback that the company recently completed.

"It's a pretty aggressive way to imply that their stock is undervalued," said Alan Davis, a financial analyst at D.A. Davidson & Co. in Lake Oswego, Ore.

That's how investors commonly view share-repurchase plans, and they appeared to quickly take the hint. Microsoft's persistently sagging share price climbed more than 5 percent in after-hours trading, to $24.11, after news of the buyback and the company's financial results.

Microsoft's net income for the quarter ended June 30 was $2.8 billion -- a decline of 24 percent from its $3.7 billion in the same quarter last year.

However, excluding legal costs of 3 cents a share, Microsoft posted quarterly earnings per share of 31 cents. That beat by 1 cent the expectations of analysts polled by Thomson Financial. And the company's revenue for the quarter was $11.8 billion, up 16 percent, driven by strong results in its PC Windows and Server & Tools divisions.

"It was a good quarter -- a good finish to the fiscal year," said Chris Liddell, Microsoft's chief financial officer, in an interview after the earnings release.

One factor in the net-income decline was a major European Commission antitrust fine, imposed against the company last week and recorded as a $351 million charge against earnings.

In addition, the company's Home & Entertainment and MSN divisions posted operating losses of $414 million and $190 million, respectively, as Microsoft invests heavily to gain ground in video-game consoles and online services.

For its fiscal 2006, Microsoft reported revenue of $44.3 billion, an 11 percent increase over the previous year. That returned the company to double-digit revenue growth after slipping below 10 percent revenue growth for the first time the previous year. Its net income for the year was $12.6 billion, up from $12.25 billion the previous year.

In addition, Microsoft reported a higher-than-expected increase in unearned revenue -- billings from long-term software deals counted as revenue over time.

The company said businesses are signing deals in anticipation of its upcoming product releases, including Windows Vista and Office 2007. Microsoft's total unearned revenue rose to $10.9 billion, from $8.9 billion the previous quarter.

Two of Microsoft's emerging businesses reached milestones. The Microsoft Business Solutions and Mobile and Embedded Devices divisions had their first annual profits -- $24 million and $2 million, respectively.

Bob Toomey, chief equity strategist for E.K. Riley Advisors in Seattle, cited the fact that Microsoft boosted overall operating income for the quarter nearly 30 percent, to $3.8 billion, a key measure of its business.

"I think the business is looking a little bit healthier and a little bit more robust than people generally considered before today," said Toomey, who owns Microsoft shares.

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At the same time, Microsoft's overall revenue growth rate is still well below that of Google -- which boosted its quarterly revenue 77 percent, to $2.46 billion, in its own report Thursday.

Microsoft surprised Wall Street last quarter by signaling expenses would be more than $2 billion higher than many analysts had been expecting for the current fiscal year, which began July 1. The company's shares had fallen more than 16 percent in the intervening three months, closing Thursday at $22.85, before rising in after-hours trading.

With that as a backdrop, during a call with analysts Thursday, Liddell took the unusual step of detailing how Microsoft will spend the additional money.

Liddell said Microsoft will spend $450 million to bolster its marketing and sales efforts for the year. Product development will cost $1 billion more in the current fiscal year than the last. And spending on online services -- where Microsoft is trying to catch Yahoo and Google -- will rise by $500 million.

In addition, he said, Microsoft will boost spending by $450 million on product launches, including the new Windows and Office versions, and the Xbox 360. That's where Microsoft is trying to catch up with Sony's dominant PlayStation franchise.

On that front, Microsoft said it has sold a total of 5 million Xbox 360s since the November launch, at the low end of the estimated range it gave last quarter.

In addition, the company said it expects to have sold a cumulative total of 13 million to 15 million of the consoles a year from now. Sony and Nintendo are due to launch new consoles this year.

Meanwhile, despite widespread speculation about further delays in the release of Windows Vista, Liddell reiterated the company's plan to release the new operating system for businesses later this year and at retail in January.

Overall, the company said that it now expects earnings per share of $1.43 to $1.47 for the current year -- up from the previous estimate of $1.36 to $1.41 per share. But Liddell said that was largely because of the lower number of shares that will be outstanding, assuming the successful completion of the $20 billion share repurchase.

In raw numbers, the company increased its fiscal-year earnings forecast only slightly, saying it will be $18.9 billion to $19.4 billion, compared with the previous estimate of $18.7 billion to $19.3 billion.

Through it all, the company continues to produce huge amounts of cash. Microsoft had more than $34 billion in the bank as of June 30.

Microsoft Chief Executive Steve Ballmer had said previously that the company was trying to return cash to its shareholders, something that can be accomplished by dividends or by rebuying shares. The company determined that it had more cash than it needed for business and legal risks and acquisitions, Liddell said.

"We felt that this was a good opportunity to do a tender -- a relatively large amount of capital relatively quickly, at prices that we think are very attractive," he said after the announcement.

Microsoft said the share repurchase would begin with a $20 billion tender offer to be completed Aug. 17. Longer term, the Microsoft board also approved a program to purchase up to an additional $20 billion over the next five years.

P-I reporter Todd Bishop can be reached at 206-448-8221 or toddbishop@seattlepi.com.

China International Marine Drops Burg Takeover On EU Probe (BLOOM)

By Jianguo Jiang

Bloomberg, July 21, 2006

July 21 (Bloomberg) -- China International Marine Containers Co., the world's largest maker of cargo-carrying boxes, dropped its proposed takeover of Burg Industries BV of the Netherlands after European regulators extended their review.

The decision to terminate the 82.5 million euros ($104 million) purchase was made after ``judging the process for European Union regulators to review the transaction," China International said in a statement to the Shenzhen Stock Exchange today. The European Commission on June 26 extended its scrutiny of the deal, delaying a ruling from July 28 to Aug. 21.

The proposed purchase of Burg, which makes containers for breweries and fuel companies, would combine the two largest makers of tank containers for liquid cargoes, giving them ``a quasi-monopolistic market position," the 25-nation EU's antitrust regulator said in March. China International and Burg had offered concessions in response to the probe, the commission said last month, without elaborating.

China International's local-currency shares fell 1.5 percent to close at 13.58 yuan ($1.70) on the Shenzhen exchange yesterday.

ENVIRONMENT/INDIAN AFFAIRS:

House Panel Inquiry On Global Warming Research (NYT)

DOJ_NMG_0042521

By Andrew C. Revkin
The New York Times, July 21, 2006

A House committee will examine accusations that political appointees in the Bush administration edited government reports on global warming to raise the level of uncertainty about research that points to a human cause. The Republican and Democratic leaders on the Government Reform Committee sent a letter to the White House Council on Environmental Quality requesting documents by Aug. 11 on the activities of Philip A. Cooney, a former lobbyist for the petroleum industry with no science background who edited climate reports while chief of staff of the environmental council. Mr. Cooney resigned last year shortly after the revisions were described in The New York Times.

U.S. Narrows Mad-Cow Testing, Citing Rare Presence Of Disease (WSJ)

By Scott Kilman
The Wall Street Journal, July 21, 2006

The Bush administration, declaring that mad-cow disease is rare in the U.S., is revamping a two-year-old surveillance program, cutting the number of animals tested by about 90%.

Agriculture Department officials said yesterday the agency will spend $17 million to test 40,000 cattle annually for bovine spongiform encephalopathy, which can trigger a fatal neurological disorder in people who eat products from infected cattle.

The Bush administration expanded federal testing of cattle in the wake of the initial U.S. mad-cow case -- which involved a Washington state dairy cow -- in hopes of allaying fears by scores of countries closing their borders to U.S. beef. Since June 2004, federal regulators have spent $157.8 million to test 759,307 head of cattle. They found one infected beef cow in Texas and one in Alabama.

Agriculture Secretary Mike Johanns said the Agriculture Department's move shouldn't disrupt efforts to fully re-establish U.S. beef exports to Japan and South Korea, which were two big customers of U.S. ranchers. "The reality is this, and it's really straightforward: There's no significant BSE problem in the United States," he said.

According to the agency's analysis, the prevalence of mad-cow disease in the U.S. is less than one case per one million adult cattle, of which the U.S. has a population of about 42 million.

While beef-industry officials praised the move, consumer advocates said the government's conclusions are based on a surveillance program they say is flawed. The Agriculture Department's procedures came under scrutiny from its inspector general, Phyllis K. Fong, whose office uncovered an infected cow that had been cleared by the Agriculture Department.

The Agriculture Department "is playing Russian Roulette with public health," said Michael Hansen, a scientist at Consumers Union, which wants the U.S. government to test all cattle over the age of 20 months. Current technology doesn't reliably detect the disease agent in young cattle.

U.S. Slashes Testing For Mad Cow Disease, Citing Low Infection Rate (NYT)

By Donald G. McNeil Jr.
The New York Times, July 21, 2006

The Agriculture Department said yesterday that it would scale back testing for mad cow disease by about 90 percent, saying the number of infected animals was far too low to justify the current level of surveillance.

“It’s time that our surveillance efforts reflect what we now know is a very, very low level of B.S.E. in the United States,” Agriculture Secretary Mike Johanns said as he announced the new testing program for the disease, bovine spongiform encephalopathy.

After the disease was found in a Canadian-born dairy cow in Washington in December 2003, the department tested more than 759,000 animals over 18 months from 2004 to 2006 and found only two infected cows.

In a report issued in April, the department concluded that fewer than one in a million adult cattle was infected, which Mr. Johanns called “an extraordinarily low prevalence.”

“We think this is just absurd,” said Michael K. Hansen, an expert on the disease at Consumers Union, which publishes Consumer Reports, and a frequent critic of the Agriculture Department. “They’re playing Russian roulette with public health.”

Because the department gives few details about animals that are tested, Mr. Hansen said, it was impossible to tell how many truly high-risk animals — those with unsteadiness, aggressiveness and other symptoms of the brain disease — had been screened. Most of the animals were described only as dead on farms or arriving dead at slaughterhouses, from unknown causes.

Also, Mr. Hansen said, Canada has had seven cases, some of them in cattle born after a ban on feed containing protein from other ruminants. Because years of lively cross-border trade preceded the first cases, he and other department critics have argued that risk should be assessed in North America as a whole.

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This year, the Agriculture Department's inspector general found serious flaws in the testing process. Testing is voluntary, and the department pays about $100 for samples, so sampling was not random.

Slaughterhouses eager to recoup some of their disposal costs for dead animals, but not eager to be shut down, had an incentive to send in samples from animals less likely to test positive.

About 1,000 tests a day are now conducted, which is about 1 percent of the 35 million cattle slaughtered each year. That will drop to about 100 a day, a saving of millions of taxpayer dollars, Mr. Johanns said. Before the first case of the disease was detected, the department was testing fewer than 55 cattle a day.

It is unclear whether the new policy will affect American beef exports, formerly a $3-billion-a-year market. More than 50 nations, including Japan and South Korea, shut their borders to American beef after the first case was found.

Japan recently began accepting imports of beef from cattle younger than 20 months. The Japanese government, which at first demanded testing of all beef exported there, recently urged the United States to continue its higher testing level.

The National Cattlemen's Beef Association defended the lower testing levels and said negotiations with Japan hinged less on testing numbers and more on how effectively high-risk tissue like brain and spinal cord are kept out of beef shipments.

The Agriculture Department still prohibits companies from doing their own tests. Creekstone Farms, a company based in Kansas that used to do a large business with Japan, has filed a suit asking the courts to overturn the department's decision forbidding it to test all its cattle, as its Japanese customers demanded.

The department had ruled that universal testing was scientifically unnecessary and, echoing a concern of larger players in the cattle industry, said that it could make consumers think that untested beef was not safe.

US To Reduce Mad-Cow Testing After Few Cases Found (BLOOM)

By Catherine Larkin

Bloomberg, July 21, 2006

July 20 (Bloomberg) -- The U.S. will slash its mad-cow testing program by almost 90 percent after data collected over two years showed a ``very low level'' of the disease in the domestic herd, Agriculture Secretary Mike Johanns said.

The decision to reduce testing to about 40,000 animals a year was made after experts reviewed an analysis of data on about 700,000 screenings since June 2004, when an enhanced testing program was implemented, Johanns said today at a news conference in Washington. The new program may begin as early as next month after a mandatory 30-day notice period.

Johanns said he has talked with Japan and other nations about the changes and doesn't expect they'll affect efforts to reopen markets to U.S. beef. Japan, once the biggest buyer of the meat, last month promised to resume imports after reaching an agreement on beef inspections. The decision came six months after Japan re-imposed a ban implemented when the U.S. found its first case of mad-cow disease in December 2003.

``We are committed to working with our trading partners to make sure they understand the scientific basis for our decisions,'' Johanns said. In Japan, which bought about $1.4 billion of U.S. beef in 2003, ``there really shouldn't be any reaction,'' Johanns said.

The enhanced screening program was designed to determine the extent of mad-cow disease in U.S. herds after the nation's first case was discovered in Washington state, in an animal born in Canada. The program found two more cases of the brain-wasting livestock illness, known clinically as bovine spongiform encephalopathy or BSE, in native-born animals.

`Not Surprising'

Dan Vaught, a cattle analyst with A.G. Edwards & Sons Inc. in St. Louis, said the USDA's decision ``is not too surprising since they've found so few cases.''

The USDA said in April that it was considering a reduction in testing based on preliminary data from the enhanced screening program.

``It would be enormously disingenuous if not downright dishonest'' for the U.S. to wait until trading partners opened their markets to make changes to the nation's testing program, Johanns said today.

Congressional Critic

Representative Rosa DeLauro, the ranking member of the House Appropriations subcommittee on agriculture, said mad-cow disease remains a concern and the USDA's decision to scale back testing ``defies logic'' and puts consumers at risk.

``We are all relieved that the enhanced surveillance program found few incidents of domestic cases of BSE, but these findings have not diminished the threat of this deadly disease,'' the Connecticut Democrat said today in a statement.

The USDA said the new program calls for testing at a level 10-times as high as guidelines set by the Paris-based World Organization for Animal Health. Johanns said the nation's adult cattle population of 42 million probably includes only four to seven animals with BSE, based on data from tests of animals with the highest risk of contracting the disease.

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Reducing screening will also save the government millions of dollars, Johannes said. The USDA spent $1 million a week to test about 1,000 animals per day during the enhanced screening period, he said. The total cost of the program since June 2004 was $157.8 million, while the new screening regimen will cost about $17 million annually, the USDA said.

The U.S. moved to prevent the spread of mad-cow disease in U.S. herds in 1997 when it banned the use of ground-up cattle bones and blood in cattle feed. Scientists say cattle contract the disease by eating parts of infected animals.

Rare Human Form

BSE also has a rare and fatal human form that has been blamed for more than 150 deaths, mostly in the U.K., where mad-cow disease first surfaced in the 1980s. Scientists say humans also can become infected by eating meat from a sick animal.

Johanns stressed that ``the surveillance program serves as a monitor, but it is not a food-safety program."

Consumers are protected against the disease by regulations requiring meatpackers to remove tissues believed to harbor the agents that cause BSE from cattle when they are slaughtered, he said. These so-called specified risk materials include a cow's brains, eyes, spinal and parts of the small intestine.

``When the parts that harbor the disease are removed, it takes care of the problem," said Steve Kay, publisher of Cattle Buyers Weekly, an industry newsletter based in Petaluma, California. ``Reducing the level of testing doesn't change the level of protection in the food chain, because testing is not a food-safety issue."

Tyson Support

Springdale, Arkansas-based Tyson Foods Inc., the world's biggest meat producer and the biggest U.S. beef exporter, supports the USDA decision, ``especially since the new level of testing will still significantly exceed international standards," spokesman Gary Mickelson said.

Mickelson said Tyson's beef is safe because the company removes specified risk material, and also because it usually buys animals less than 30 months old, which are not in the BSE risk category.

Live cattle futures for October delivery fell 0.425 cent, or 0.5 percent, to 87.925 cents a pound on the Chicago Mercantile Exchange. Prices have risen 21 percent since reaching a two-year low of 72.75 cents on April 4. Futures had dropped when chicken prices fell as avian flu spread into Europe and poultry exports declined.

Testing For Mad Cow Disease To Be Cut (WP/AP)

By Associated Press

The Washington Post, July 21, 2006

The Agriculture Department said yesterday that it is cutting its testing for mad cow disease by about 90 percent, drawing protests from consumer groups.

The current testing level -- 1,000 each day -- reflects the heightened concern that followed the discovery of the disease in a U.S. cow in December 2003.

Since then, tests have turned up two more cases of the disease, also known as bovine spongiform encephalopathy, or BSE. The government says there may be a handful of undetected cases.

"It's time that our surveillance efforts reflect what we now know is a very, very low level of BSE in the United States," Agriculture Secretary Mike Johanns said. "There is no significant BSE problem in the United States, and after all of this surveillance, I am able to say there never was."

Critics said now is not the time to scale back on the testing, which costs the government about $1 million per week.

"It surely will not encourage consumers in the U.S. or Japan to rush to the store to buy more beef," said Carol Tucker Foreman, food-policy director for Consumer Federation of America.

A second group, Consumers Union, advocates testing every slaughtered animal.

The current level of testing covers about 1 percent of the 35 million cattle slaughtered annually. Beginning around late August, the level will be about 110 tests per day.

Johanns's comments were applauded by industry groups such as the National Cattlemen's Beef Association.

It noted that 110 tests per day is significantly higher than what the World Organization for Animal Health calls for.

Johanns said he hopes the reduction will not affect negotiations on resuming beef trade with Japan, which has pushed for at least 1,000 tests a day.

Japan was a huge consumer of U.S. beef before the first American case of mad cow disease.

90% Cut In Mad Cow Tests Brings Mixed Reaction (DMN)

By Karen Robinson-Jacobs

The Dallas Morning News, July 21, 2006

DOJ_NMG_0042524

A decision by the U.S. Department of Agriculture to cut back by 90 percent the number of animals tested for mad cow disease should be good news for the nation's cattle industry, a livestock economist said Thursday.

David Anderson, with the Texas Cooperative Extension at Texas A&M University, said the decision shows the agency feels confident the incidence of mad cow disease in the U.S. is low.

But a consumer group questioned whether the cutback was putting Americans at greater risk. Consumers Union vowed to fight the move.

Agriculture Secretary Mike Johanns said Thursday that by late August his agency, which regulates the nation's food supply, will cut back on testing for bovine spongiform encephalopathy to about 110 tests a day from about 1,000.

The agency went to expanded testing in 2004, months after the first U.S. case of mad cow disease was discovered in a cow imported from Canada.

A second case was found in 2005 in a cow born in Texas – the largest cattle-producing state in the country.

The industry has been trying to regain its footing since foreign trade partners – especially America's largest beef customer, Japan – closed their doors to U.S. beef after the first mad cow case.

Last year Japan agreed to limited imports of boneless beef from animals under the age of 30 months.

People who eat animals with mad cow disease can develop the human version, new variant Creutzfeldt-Jakob disease. The disease killed 150 people in a European outbreak, but there have been no confirmed cases in the U.S. of anyone contracting the disease from eating beef.

Under its "enhanced surveillance" program, the USDA has tested more than 759,300 animals since June 1, 2004, and found just two cases – the Texas case and one this year in Alabama.

Mr. Johanns said the "extremely low prevalence of the disease in the U.S." prompted the cutback.

"It's time that our surveillance efforts reflect what we now know is a very, very low level of BSE in the United States," Mr. Johanns said.

Of the animals tested, 647,045 samples were designated as "targeted" based on criteria set by the USDA.

Of those, 85 percent were taken from animals found dead on a farm.

Michael Hansen, a food safety expert with Consumers Union, which publishes Consumer Reports magazine, noted that about a million cattle die on the farm each year from a variety of causes unrelated to BSE.

He questioned focusing so much on testing dead animals rather than those that exhibit problems with the central nervous system or show rabies-like symptoms but test negative for rabies. Those two groups, which Mr. Hansen considers high-risk, have made up about 11 percent of the "targeted" group.

"We can't be confident that those numbers mean anything," said Mr. Hansen, whose group has vowed to lobby Congress to block the change. "We're not going to let this drop."

Matt Brockman, executive vice president of the Texas and Southwestern Cattle Raisers Association, said he's not worried that the reduced testing will make U.S. consumers skittish.

"We've been very pleased with how the U.S. consumers have stayed hooked with U.S. beef," Mr. Brockman said.

"Consumers have been reassured that the firewalls are in place. They've reacted favorably for the last 2 ½ years, and I expect they'll continue."

Mr. Anderson of Texas A&M said that before the agency started extensive testing, "the question was: Do we have any of those animals here?

"Not having that uncertainty is a ... positive note for the beef industry," he said.

Texas is home to 150,000 cattle operations, or 15 percent of the U.S. total, and about 15 million head of cattle, or 16 percent of the total.

Disputed Woodpecker Halts Project (AP)

By ANDREW DeMILLO, The Associated Press

AP, July 21, 2006

LITTLE ROCK, Ark. - A federal judge halted a $320 million irrigation project Thursday for fear it could disturb the habitat of a woodpecker that may or may not be extinct.

The dispute involves the ivory-billed woodpecker. The last confirmed sighting of the bird in North America was in 1944, and scientists had thought the species was extinct until 2004, when a kayaker claimed to have spotted one in the area. But scientists have been unable to confirm the sighting.

Still, U.S. District Judge William R. Wilson said that for purposes of the lawsuit brought by environmental groups, he had to assume the woodpecker exists in the area. And he ruled that federal agencies may have violated the Endangered Species Act by not studying the risks fully.

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"When an endangered species is allegedly jeopardized, the balance of hardships and public interest tips in favor of the protected species. Here there is evidence" that the ivory-billed woodpecker may be jeopardized, he said.

The National Wildlife Federation and the Arkansas Wildlife Federation had sued the Army Corps of Engineers, arguing that the project to build a pumping station that would draw water from the White River would kill trees that house the birds and that noise from the station would cause the woodpeckers stress.

The judge said the Corps and the Interior Department must conduct further studies before proceeding.

The Corps began building the Grand Prairie Irrigation Project last year, about 14 miles from where the bird was supposedly spotted. It suspended work in mid-March to keep from exceeding its budget and is scheduled to resume construction in October with the start of a new fiscal year.

About $80 million has been spent so far. The project is scheduled to begin delivering water to farmers in 2010 or 2011.

The kayaker's claim to have seen an ivory-billed woodpecker in the woods near the White River caused a sensation in scientific circles. But more than 100 volunteers and researchers who spent weeks last winter trying to find conclusive evidence of the bird's existence came back empty-handed.

The Corps had conducted a study showing the project would not significantly harm the woodpecker's habitat, but environmental groups said the study was too narrow.

Under the judge's order, the agencies must evaluate any ivory-bill nests and forage sites within 2 1/2 miles of the construction project.

The pumping station would draw 158 billion gallons from the White River per year. Authorities said it is needed because the main aquifer beneath eastern Arkansas's soybean, cotton and rice fields is running out of water and could run out by 2015, causing economic hardship.

A Justice Department lawyer said this year that a one-month delay would cost the Corps as much as $264,000, and a six-month wait $3 million.

Interior Chief Touts Oil Royalties For States (WT)

By Audrey Hudson

The Washington Times, July 21, 2006

The Bush administration supports a bill that would let states keep a percentage of oil royalties as an incentive to allow new offshore drilling in the Gulf of Mexico, said Interior Secretary Dirk Kempthorne.

Legislation expected to be finalized this month would open 8 million acres for leases to drill for 1 billion barrels of oil and 5 trillion cubic feet of natural gas.

"The administration strongly opposes royalties on existing leases. But for new leases, that concept is being embraced," Mr. Kempthorne told editors and reporters yesterday at The Washington Times.

The bill, sponsored by Sen. Pete V. Domenici, New Mexico Republican, would decrease the country's dependence on foreign oil, a priority for the Bush administration, Mr. Kempthorne said.

Drilling for oil in the outer continental shelf would offset the dwindling production from onshore wells, he said.

All oil royalties currently go into the federal Treasury, but the Domenici bill would allow 37.5 percent to go to states. Mr. Kempthorne did not say what percentage the administration might support.

He said the Interior Department will issue a five-year plan for offshore drilling leases and environmental rules. The Domenici bill dedicates a percentage of royalties to state land- and water-conservation funds.

Hurricane-ravaged Louisiana could use the royalties for coastal restoration of natural storm buffers.

"Their natural line of defense, their fence, so to speak, is gone," said Mr. Kempthorne, who recently toured Louisiana.

"I saw an entire grove of cypress dead from saltwater," he said. The royalties "will have a very positive effect down there, I think it will be beneficial."

Mr. Kempthorne, a former senator and governor of Idaho, was nominated by President Bush to replace Secretary Gale A. Norton in March, and was confirmed by the Senate on May 26.

With less than 30 months to serve out the Bush administration, Mr. Kempthorne said, "I won't get a lot of warm-up pitches."

He will spend much of that time implementing 80 tasks set forth in an energy policy act that Congress passed last year.

The Interior Department is responsible for overseeing one-third of the energy produced in the United States. With the cost of a barrel of oil at more than $70, "we need to lessen our dependence on foreign oil using on- and offshore drilling and renewable energy," Mr. Kempthorne said.

The Interior Department also will work on the maintenance backlog in national parks. The Bush administration has allocated nearly $5 billion to reduce the backlog.

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Reforming the Endangered Species Act (ESA) is also on Mr. Kempthorne's agenda. He noted that fewer than a dozen of 1,300 species have been taken off the list since its inception more than 30 years ago.

"I believe we can make positive enhancements to the ESA by putting a greater emphasis on species recovery," he said.

Louisiana Governor Sues Over Oil Royalties (NYT/AP)

By The Associated Press

The New York Times, July 21, 2006

Gov. Kathleen Babineaux Blanco sued the federal government in a continuing dispute over Louisiana's share of federal royalties generated by oil production off the state's coastline. The suit accuses the federal Mineral Management Service of disregarding the environmental damage caused by oil and gas exploration, particularly after the damage done to the coastline last year by Hurricanes Katrina and Rita. Ms. Blanco is seeking an injunction blocking a scheduled Aug. 15 lease of 4,000 blocks in the western Gulf of Mexico for oil and gas exploration. The lawsuit is the latest in Louisiana's push for a share of federal royalties from oil and gas production off its coast.

Some In GOP Fighting Western Energy Drilling (USAT)

By Tom Kenworthy

USA Today, July 21, 2006

DENVER — Western Republicans are starting to buck against oil and gas drilling on federal lands prized for their wildlife and recreational opportunities.

Amid a Western energy boom promoted by the Bush administration, Republican officeholders from Montana, Wyoming, New Mexico and California recently have called for bans on drilling and other development on large blocs of national forest lands in their states.

Critics of drilling say their objections reflect growing opposition among traditionally conservative voters.

"You are seeing more and more opposition from people who are concerned about hunting, about fishing, about drinking water supplies, about a state's way of life," says Chris Wood, vice president for conservation of Trout Unlimited, a national fish conservation group.

Among recent events:

·Sen. Conrad Burns, R-Mont., attached a measure to a Senate spending bill that would ban future oil and gas leasing on federal forest and rangeland along his state's Rocky Mountain Front, a 100-mile stretch of dramatic peaks and wildlife-rich canyons. Burns, who faces a stiff re-election challenge this fall, had previously opposed proposals for a federal buyout of existing leases.

·California Gov. Arnold Schwarzenegger petitioned the federal government to permanently protect 4.4 million acres of national forest in his state from road-building and other development.

·In New Mexico, GOP Rep. Heather Wilson recently decided to co-sponsor legislation that would block federal plans to drill for natural gas in the Valle Vidal, home to one of New Mexico's largest elk herds.

·Wyoming GOP Sen. Craig Thomas said in an interview that most national forest areas should be off-limits to drilling "because they're part of our tradition, part of our future."

Mark Rey, the Bush administration's undersecretary of Agriculture who oversees the U.S. Forest Service, says the recent objections do not represent a Western revolt against drilling, but rather a general concern that "development is done sensitively and well."

Since a 2001 government task force recommended expanding domestic oil and gas production, the Bush administration has pushed federal agencies to expedite drilling on federal lands in the West. Drilling permits approved on federal land jumped from 3,540 in fiscal 2002 to 7,018 in fiscal 2005, according to the Bureau of Land Management.

"In a sense the administration made this happen … by pushing so hard," says Peter Aengst, who works on energy issues from the Bozeman, Mont., office of the Wilderness Society. "People are saying, 'I don't want to see that happen everywhere.' "

Case in point, according to Aengst, is the Wyoming Range in the Bridger-Teton National Forest south of Jackson where the Forest Service has put 44,000 acres up for oil and gas leasing.

On July 10, an Interior Department review board temporarily blocked the first lease sale in response to an appeal by environmentalists and sportsmen groups.

Burning Debate As Emission Restrictions Loom, Texas Utility Bets Big On Coal (WSJ)

By Rebecca Smith

Wall Street Journal, July 21, 2006

DOJ_NMG_0042527

Top executives at many utility companies have reluctantly accepted that coal-fired power plants contribute to global warming, and they have begun planning for a more restrictive future.

Then there is C. John Wilder, chief executive of TXU Corp. The Dallas-based utility company is racing to build 11 big power plants in Texas that will burn pulverized coal. That process releases substantial amounts of carbon dioxide, the most worrisome of several heat-trapping gases widely blamed for global warming.

TXU contends Texas needs a lot more power, and it wants to be the company to provide it. Critics of its $11 billion construction program see another motivation: The federal government may slap limits on carbon-dioxide emissions. If it does, plants completed sooner may have a distinct advantage. That's because the government may dole out "allowances" to release carbon dioxide, and plants up and running when regulations go into effect may qualify for more of them than those built at a later date.

TXU opposes such regulations, which could force power companies to build more complicated and expensive plants. Other big utility companies, including American Electric Power Co., Xcel Energy Inc. and Duke Energy, have proposed newer-style plants that release fewer pollutants and make it easier to control carbon-dioxide emissions.

The 11 new plants TXU plans to build over the next four years would double its electricity output -- and more than double its carbon-dioxide emissions. The Environmental Defense Fund, an advocacy group, estimates that TXU's annual carbon-dioxide emissions would jump to as much as 133 million tons in 2011 when its new plants are completed, from 55 million tons in 2004, numbers that the company confirms. The increase would make TXU the third-largest emitter of carbon dioxide among U.S. power companies, up from No. 10 today.

TXU says it has already reduced carbon-dioxide emissions per unit of electricity produced by adding wind turbines and nuclear power to its mix. Without such efforts, its carbon dioxide output would be 45% greater, the company says.

Carbon dioxide is produced naturally when animals breathe and plants decompose. It is a small but essential component of the earth's atmosphere. The burning of fossil fuels such as coal and gasoline also produces the gas. Carbon dioxide is building up in the atmosphere, trapping heat and warming the globe. Currently, the federal government doesn't classify carbon dioxide as a pollutant and doesn't regulate emissions of it.

The U.S. produces nearly one-quarter of the world's man-made carbon dioxide. It would be difficult for the U.S. to make meaningful reductions without cooperation from the power industry. Power plants produce 39% of U.S. carbon-dioxide emissions, and four-fifths of that amount comes from coal-fired power plants. Texas is responsible for 10% of the nation's total, more than any other state.

J. Wayne Leonard, chief executive officer of Entergy Corp., a New Orleans-based utility holding company where Mr. Wilder once worked as chief financial officer, says the science behind global warming is persuasive and carbon-dioxide regulation is inevitable and necessary. He calls it "unacceptable" for power companies to build lots of new plants heedless of the environmental effect of carbon dioxide. Unless proof emerges that the scientific data are flawed, says Mr. Leonard, "you stop doing what you're doing because you're putting all mankind at risk."

Entergy runs some coal-fired plants, but makes most of its electricity from nuclear fuel and from burning natural gas, which produces less carbon dioxide than coal. It intends to develop more nuclear facilities, which it bills as "zero-emission." Other utility companies are investing in new coal-burning technology that is capable of significantly reducing carbon-dioxide emissions.

"There's no question we're planning to meet energy needs differently today than 20 years ago," says Peter Sheffield, a spokesman for Duke Energy Corp. of Charlotte, N.C., which has invested in an alternative coal technology designed to reduce atmospheric pollution. "Carbon dioxide is a big game-changer."

TXU's Mr. Wilder declined to be interviewed. When he unveiled his plant-building plan in May, he dubbed it a "clean coal initiative." He said it was voluntary and would reduce by 20% TXU's emission of regulated pollutants including sulfur dioxide, nitrogen oxides and mercury, due to the installation of more pollution-control equipment on older plants.

Environmentalists say "clean coal" is a misleading label. The reductions, they say, aren't as voluntary as the company claims. TXU is required to reduce its emissions of certain pollutants by 2015, and its plan moves up the timetable to 2010. "I think we should be applauded for it," says Mike McCall, chief executive of TXU Wholesale, the unit that runs TXU's generation business.

Critics fault TXU for simultaneously building so many coal-burning plants, each with a 50-year life expectancy. A more responsible approach, some say, would be to build only a few plants now, delaying the rest to take advantage of improving carbon-dioxide reduction technology. TXU says building all 11 plants at once will reduce the cost of each one.

In his public appearances, Mr. Wilder maintains that more power generation is urgently needed. At TXU's annual meeting on May 19, he displayed a chart on infant mortality, arguing that countries with high per-capita electricity usage have a lower incidence of early death than countries with little electricity. He argued that Texas' electricity surplus is "literally melting away" and that the state needs TXU's new plants to buttress its standard of living.

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"We know what we do is a valuable thing to society," he told shareholders. "And part of the debate of this new build program that we have...with some of our opponents...is [that] you have to look at the whole system of benefits and cost to society. There's not a form of electricity today that can be generated without some society harm."

Mr. Wilder's stance fits his image as an iconoclast who is determined to transform TXU from a stodgy utility company into a highly profitable one. During his first two years on the job, he sold noncore businesses, nearly doubled utility rates and even outsourced customer service to take advantage to the 1999 deregulation of Texas' electricity industry.

For TXU, the planned coal-fired plants hold considerable upside. TXU mines its own coal in Texas and is the nation's No. 10 coal producer. Mr. Wilder projects that the new plants eventually will add $1 billion or more to the company's annual profits. TXU is attempting to raise $11 billion to fund their construction, and has approached banks, investment funds and industrial customers for loans and equity investments. Mr. Wilder recently told analysts that TXU is the only company that can build so many plants in so short a period of time.

It is unclear whether the federal government will move to limit carbon-dioxide emissions. President Bush favors voluntary reductions, as does TXU. But support for mandatory reductions is growing in Congress. Earlier this year, two senators from New Mexico -- Pete Domenici, a Republican who heads the Energy and Natural Resources committee, and Jeff Bingaman, the committee's ranking Democrat -- issued a white paper saying the threat of global warming is real and action must be taken. The paper said a program for regulating carbon-dioxide emissions was needed, and it solicited suggestions from the power industry.

In its written response, TXU said it opposes regulation because it would "stunt economic growth" and because "there would not be any real environmental benefits." The U.S. should take no action on mandatory carbon-dioxide reductions, TXU wrote, "unless all nations adopt similar programs."

TXU executives contend that the current Congress is unlikely to act. "It's easier to stop a bill than pass a bill," says TXU's Mr. McCall. "It will only take 40 senators to block carbon regulation."

There are ways to make electricity with coal that make it possible to separate out the carbon dioxide. A process called gasification is one way. Coal is first converted into a combustible gas, then that gas is burned to make electricity. Gasification offers two advantages over traditional coal incineration. When the coal is converted to a gas, many pollutants are left behind and don't go up the smokestack. And it is easier to capture carbon dioxide, which can then be injected into the ground or used in some other industrial process.

Two gasification power plants have been operating near Tampa, Fla., and in Wabash, Ind., for more than a decade, built with big federal subsidies. A new generation of gasification plants that are twice as big is on the horizon. There are proposals to build about two dozen such plants in the U.S. in coming years, perhaps one-quarter of the planned new coal-fired plants.

Duke Energy, which produces more than half its power from coal, owns the Wabash gasification plant and is considering building a larger one nearby, as well as a nuclear plant in South Carolina. Although it is also planning a new pulverized-coal-burning plant in North Carolina, the company says it favors federal greenhouse-gas regulation.

One concern about gasification is that it can add $200 million or more to the cost of a $1 billion coal power plant. But the Department of Energy reported that installing carbon-dioxide controls at pulverized-coal-burning plants could be so costly it would wipe out the cost differential between the two technologies.

Bechtel Corp. and General Electric Co. are working together to design a gasification power plant that would cost about as much to build as the type of plant that TXU intends to build. "We think the technology is proven," says Bruce Morton, head of the project for Bechtel, a global engineering firm based in San Francisco.

During a recent meeting with analysts, Mr. Wilder said TXU examined gasification and concluded that the technology wasn't sufficiently proven. "It's a gleam in someone's eye," he said. He said it would be financially risky for the company to rely on the technology in its current building program.

Other TXU executives say they are interested in gasification down the road, but they want to own the technology. Mr. McCall, who runs the generation unit, says the firm is in talks with an unidentified vendor about a possible gasification design. "We're trying to do it in a proprietary way," he says.

For now, gasification plants are being planned mostly in states that are trying to limit carbon-dioxide emissions, and in those where utility-rate regulations make it feasible for builders to recoup their costs. Such plants aren't going to Texas, which deregulated its electricity market more extensively than many other states.

TXU's decision to build pulverized-coal plants -- and to build them quickly -- may stem in part from the way the federal government has instituted pollution regulations in the past. A 1990 federal program to reduce emissions of sulfur dioxide, a contributor to acid rain, employed a "cap and trade" system. Existing polluters were given "allowances" -- essentially, rights to pollute -- which they could use themselves or sell to others.

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The allowances were intended to soften the blow for companies that had made investment decisions without knowing they would later face antipollution measures -- to "grandfather" them. Over time, the number of annual allowances handed out was reduced. That drove up their resale value and provided companies with an incentive to install pollution-control equipment.

Many believe the government eventually will adopt a similar system to control carbon-dioxide emissions. In late 2004, TXU consultants advised the company against trying to cut such emissions in anticipation of federal action. In a written report, the consultants said that such "early actions" could reduce the allowances that TXU receives in the future.

"The argument in support of grandfathering breaks down when you're talking about plants being built to squeeze in under the wire," says Bruce Biewald, president of Synapse Energy Economics Inc., a Cambridge, Mass., consulting firm that often works for state utility commissions. "It's not intended for guys that are adding to the problem because they've got their heads in the sand."

Some companies think allowances should be doled out in a way that rewards companies for early, voluntary reductions. In 2002 the state of California created an organization called the California Climate Action Registry to document and verify reductions of several greenhouse gases by companies and public agencies. The group's goal is to secure credit for companies that take early action. Energy producers such as PG&E Corp., Mirant Corp., BP PLC and the Los Angeles Department of Water and Power are participants.

Some states, including Washington, Oregon, California, and Vermont, are factoring in the environmental aspects of proposed new plants when deciding what to authorize. Colorado and Wyoming, big coal-producing states, are pushing gasification projects. Seven Northeastern and Midwestern states agreed last year to create their own regional greenhouse-gas reduction program.

Texas gives no special consideration to gasification plants. Late last year, Gov. Rick Perry signed an executive order instructing state agencies to expedite applications for new plants, especially those burning locally mined coal.

Feds Initiate Talks To Bring Amber Alert To Indian Country (AP)

AP, July 21, 2006

ALBUQUERQUE, N.M. (AP) -- The Justice Department says it is talking with tribal leaders about bringing the Amber Alert system to reservations across the country.

"Tribes can play an important part in strengthening our Amber Alert network," said Regina Schofield, an assistant attorney general. "Amber Alert has shown itself to be a strong criminal deterrent, and any time crime is deterred, the quality of life goes up."

Schofield said she's confident it would have the same effect in Indian Country.

Amber Alerts are issued by law enforcement to the media when authorities suspect a child has been abducted and is considered to be in danger.

As of last year, all 50 states had statewide Amber Alert plans in place so that all levels of state law enforcement know when a child is abducted.

To create a seamless network across the country, Schofield said she's encouraging tribes to develop their own plans that are tailored to their specific needs.

Schofield has met with tribal leaders while in New Mexico and spoke with state Amber Alert coordinators to encourage them to work with tribes.

FBI/DEA/ATF/USMS:

Bonds Avoids Indictment, But Inquiry Will Go On (NYT)

By Duff Wilson

The New York Times, July 21, 2006

SAN FRANCISCO, July 20 — After nearly four years, scores of witnesses and millions of dollars to investigate steroids in sports, federal prosecutors here said Thursday that they were not finished.

Kevin V. Ryan, the United States attorney for the Northern District of California, said he was not yet seeking an indictment against Barry Bonds or anybody else in the investigation — not yet, anyway. But they are not off the hook, and neither are their friends.

A new grand jury has been established in the perjury and obstruction-of-justice case that stems from the ongoing Bay Area Laboratory Co-Operative steroids scandal. Greg Anderson, Bonds's trainer, will be the first witness Thursday.

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Anderson was given a subpoena at noon Thursday, immediately after he left prison after serving 15 days for contempt of court. He refused to testify to the previous grand jury, which expired. Now, he faces the threat of months more in jail.

"They're going to test him again," Mark J. Geragos, Anderson's lawyer, said in an interview. "Greg's certainly not going to testify. He's prepared to do whatever it takes. He is resolute to his principle that he is at no time going to cooperate with this investigation."

If so, he could serve up to 18 months in prison for contempt of court. Anderson pleaded guilty to steroid distribution and money laundering a year ago and was sentenced to three months in prison and three months of home confinement.

Geragos said it was an explicit part of the plea agreement that Anderson would not have to testify further. He also said it would be illegal to question Anderson about a secretly recorded conversation the government has of him talking about Bonds and drugs. The legal status of that tape is under review by a federal judge.

The new grand jury could run for 18 months. The 23 new jury members will probably be asked to read transcripts of the previous grand jury to get up to speed.

Bonds's business lawyer, Laura Enos, said: "I don't think they're going to get very far. I can tell you I sense a change, even in the media reporting, that people are beginning to get fed up with this."

Dr. Donald H. Catlin, director of the Olympic drug-testing lab at U.C.L.A., praised the government for its persistence.

"We were all sort of hoping that maybe there would be a conclusion coming this week," he said. "But you know, the wheels of justice operate slowly. I'm just glad they're operating."

Catlin, who has testified twice before the Balco grand juries and often advises the investigators on chemistry, added, "The government has really had an enormous impact the last few years on the issue of drugs in sports, and that's my work, so I'm delighted.

"I'm learning just how ineffectual drug testing is alone. It takes these kind of guys who can do e-mail taps and wiretaps and true investigations. Obviously, they've found plenty to work on, and that doesn't surprise me at all. They keep going and going and going, and that's great."

Catlin said steroids had become more, not less, prevalent in professional sports during the years since the Balco case hit the news, despite improved testing, increased punishments and Congressional hearings.

"Oh, I think there's more, but causality is hard to measure," he said. "If you're a pro athlete and you read all about it and how extensive it is, even if you're clean, you think: 'Gee, I've got to get with it.' I have been quite surprised to see how extensive it is, even me, with the jaded eye with which I look at sports. There's a lot more than I ever thought."

He added, "What we've got now is different sets of tools to open it up. And we have very important people playing a role."

Dr. Gary I. Wadler, a professor of medicine at New York University and a steroids expert, said he worried about the slow pace of the work and the seemingly light punishment for offenders. The Balco founder Victor Conte Jr. received four months in prison.

"It leaves the public somewhat confused how important is this," Wadler said. "You just wonder about doping fatigue. Is the public suffering from doping fatigue? That would be a very serious turn of events, because I think our sports culture has become increasingly infected with doping."

The United States Anti-Doping Agency has said it was waiting for the criminal process to end before using some of the evidence developed in those cases. Asked whether another Balco grand jury would slow down the agency's work, Travis T. Tygart, the agency's senior managing director, said in a statement Thursday, "Our mandate from clean athletes requires U.S.A.D.A. to be both patient and tireless in its pursuit of any evidence of doping violations by athletes or others."

Wadler noted that someone in a high-profile steroid case has finally received what appears to be stiff punishment: on Monday, in Columbia, S.C., Dr. James Shortt received one year and one day in prison for illegally prescribing steroids to several members of the Carolina Panthers.

And Catlin noted that an international investigation has made good progress. In December, the Drug Enforcement Administration charged eight steroid manufacturers in Mexico and 23 people with drug trafficking and money laundering. The D.E.A. said it was the largest steroid investigation in United States history, but it received little attention in the news media.

A bank of television cameras greeted Luke Macaulay, spokesman for the United States attorney's office here, when he read a prepared statement Thursday announcing the lack of an indictment at the end of the first grand jury to investigate people for perjury and obstruction of justice in the steroid case involving Bonds.

"Much has been accomplished to date, and we will continue to move forward actively in this investigation — including continuing to seek the truthful testimony of witnesses whose testimony the grand jury is entitled to hear," Macaulay said.

The Balco investigation, he added, "has galvanized the national debate on the surprisingly widespread use, and dangerous and harmful nature, of anabolic steroids and performance-enhancing drugs in sports."

Macaulay declined to answer questions, citing grand jury secrecy.

Bonds's physical transformation, power surge and surly attitude came to personify an era of denial of steroid use in baseball. Already the holder of the single-season home run record in the major leagues, with 73, Bonds passed Babe Ruth earlier this season for second place on the career list, behind only Hank Aaron. Bonds has 722 home runs; Ruth had 714 and Aaron had 755.

The grand jury was said to be investigating perjury and tax evasion allegations against Bonds. Investigators are trying to determine whether Bonds lied when he testified before an earlier grand jury when he said that he had not knowingly used steroids, and whether he paid taxes on cash sales of memorabilia.

Kimberly Bell, Bonds's former girlfriend, and Steve K. Hoskins, his former best friend and business manager, are expected to testify against him. Bonds's lawyers say there are unreliable witnesses in the case, and they have accused the government of having a vendetta against a superstar.

"My latest thought is that Barry is guilty of lack of gracious interviewing," Enos said. "Lack of gracious interviewing, that's a crime."

Federal investigators began staking out Anderson's gym more than three years ago, expanded the case to include the once-undetectable steroids "the cream" and "the clear" sold by Balco, and finally spent the past year examining possible perjury.

Anderson's records show payments for drugs for Bonds, and his training calendars describe the drug regimen, but Anderson denied that is what they showed. Anderson admitted to providing steroids to other baseball players but refused to talk about Bonds.

The Balco grand jury has also been investigating whether Trevor Graham, a private coach of elite track and field athletes, obstructed justice or made false statements to federal investigators in 2004, according to people with knowledge of the grand jury proceedings. Graham, a former Olympic silver medal winner from Jamaica, operates Sprint Capitol USA in Raleigh, N.C., which produced many Olympic medalists and national and world champions.

Several people have testified that Graham was involved with illegal performance-enhancing drugs. They include Angel Guillermo Heredia, of Laredo, Tex., and Mexico, who told the grand jury he supplied the drugs; the sprinter Tim Montgomery; and the shot-putter C. J. Hunter.

Graham's lawyer, Joseph E. Zeszotarski, said in an e-mail message Thursday, "As Trevor told the investigators from both the federal government and U.S.A.D.A., he has never been involved in distributing any illegal substance to anyone. Trevor has always been very clear on this point. The claims attributed to Mr. Heredia are false, and we are more than prepared to prove that fact."

A Bit Of Breathing Room, But For How Long? (NYT)

By Jack Curry

The New York Times, July 21, 2006

SAN FRANCISCO, July 20 — The overhead television in the San Francisco Giants' clubhouse was running all Barry Bonds news all the time on Thursday. Bonds did not see or hear the results of an ESPN poll in which 80 percent of the respondents said they believed that he had knowingly used steroids. The results were probably meaningless to him.

What was meaningful to Bonds, the Giants' left fielder, is that the grand jury investigating the Bay Area Laboratory Co-Operative steroids case did not indict him before it expired on Thursday. Although that was a positive development for Bonds, the United States attorney's office said it would continue its investigation into possible perjury and obstruction-of-justice charges against him.

Minutes after Bonds arrived at AT&T Park, he said that he would not address reporters, then referred all questions to Michael Rains, his lawyer. Bonds said this week that he was not worried about the possibility of an indictment. In his silence, others spoke about Bonds.

"They said that their investigation is continuing; it's ongoing," said Peter Magowan, the Giants' owner. "I don't really think anything has changed. I wouldn't be surprised if there's more grand jury there, sooner than later."

Bonds, who avoided reporters, did not express his feelings about Greg Anderson, his trainer and boyhood friend, who has refused to cooperate with investigators. Anderson, who was released Thursday after spending 15 days in jail for contempt of court, was immediately subpoenaed to appear before a new grand jury next Thursday.

When Magowan was asked to describe the mood among Bonds's teammates, he said: "They may think it's more over than it is. I haven't been in there, so I don't know. I'm sure they feel it's been around long enough."

Bonds has often seemed immune to the serious matters swirling around him, which was the case again Thursday night when he powered his 722nd career homer to help the Giants squash the San Diego Padres, 9-3. Bonds thought he had popped out to catcher Mike Piazza in the eighth inning and had already begun trudging back to the dugout, but Piazza stumbled in foul

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territory as he was about to catch it and dropped the ball. With a reprieve, Bonds drilled Brian Sweeney's pitch for a two-run homer to left-center field. Indicted or not, Bonds keeps swinging.

"Only a man himself knows what is inside the man," Manager Felipe Alou said in trying to explain Bonds's approach.

Manager Felipe Alou said he did not think the team was distracted by Bonds's situation, and noted that the Giants rallied from a 6-1 deficit for a 7-6 victory over the Milwaukee Brewers on Wednesday. Still, Alou also spoke like someone who wished he did not have to field another question about Bonds's legal matters.

"I always hope it's the end" Alou said.

On Bonds's personal website, he let some fans in by discussing the complicated developments of the day and the recent past.

"First off, I would like to say that what happened today is not a moment of joy, but one of temporary relief," Bonds wrote. "This has been an issue that has surrounded me for the past three years and I hope this is the end."

As Magowan stood about 40 feet behind home plate and discussed Bonds during batting practice, Bonds leaned on the batting cage. The Giants are in an unusual position because Bonds is the larger-than-life player who surpassed Babe Ruth's 714 homers this season for second place on the career list. Magowan batted away the notion that a cloud is hovering over the team.

"What cloud?" Magowan said. "He hasn't been indicted. Yeah, but until he is indicted, if he is, nothing really has changed from where it's been."

Nothing has changed with Anderson, either. When he was initially questioned by Balco investigators, Anderson said he had provided steroids to five major leaguers. But when Anderson was asked about Bonds, he said he needed to stop talking and get a lawyer. He has maintained his silence ever since. Rains said Bonds was elated that Anderson was out of prison.

The connection between Bonds and Anderson stretches back 25 years, when they played youth baseball in San Carlos, Calif. Bonds was two years older than Anderson and, since Bonds was almost always the best player at every level he played, he had a much higher profile than Anderson.

Anderson started supervising Bonds's weight-lifting workouts after the 1998 season. Anderson, who played some college baseball, turned to weight lifting and personal training and also became an expert on steroids.

According to the recent book "Game of Shadows," Anderson bought steroids, dispensed them to Bonds and kept a meticulous calendar of Bonds's usage. Despite the critical role that Anderson played for Bonds, the book said, Bonds treated him poorly and gave him only sporadic $10,000 payments.

After Bonds set the single-season record for homers in 2001, he publicly thanked Anderson in a ceremony at the Giants' home park, then known as Pac Bell Park. It is still the place Bonds plays and, even though he was not indicted on Thursday, it is still the place with a cloud over it.

"I think all of us would like to see a resolution," Magowan said. "I mean, everybody in baseball. I'm sure the commissioner would like to see one. I'm sure Barry would like to see one. I'm sure our fans would like to see one."

Prosecutors Extend Bonds Investigation (AP)

AP, July 21, 2006

SAN FRANCISCO (AP) -- They aren't through with Barry Bonds, not yet. The federal grand jury considering possible perjury and tax-evasion charges against the star slugger expired Thursday without an indictment. Hours later, Bonds' personal trainer, Greg Anderson, walked out of a prison where he spent two weeks for refusing to testify against his childhood friend.

"We are not finished," U.S. Attorney Kevin Ryan said. "We have postponed the decision (to indict) for another day in light of some recent developments."

Though prosecutors wouldn't confirm the existence of a new grand jury, Anderson's lawyer, Mark Geragos, said there was one.

He said his client has been subpoenaed to testify before a new panel that will take up the question of whether Bonds lied under oath when he said he never knowingly took performance-enhancing drugs. Geragos said Anderson won't budge.

"They can subpoena him every day for the rest of this year, and it doesn't matter," Geragos said. "He's not going to talk."

Bonds arrived at AT&T Park with his 16-year-old batboy son. As reporters moved toward his locker, team spokesman Blake Rhodes said Bonds would have no comment.

Bonds hit his 722nd career home run Thursday night against San Diego, but left the ballpark without speaking to reporters.

Major League Baseball also declined to comment.

Giants owner Peter Magowan said he hoped to see a resolution soon.

"I think all of us would like to see a resolution, I mean everybody in baseball," Magowan said. "I'm sure the commissioner would like to see one, I'm sure Barry would like to see one, and I'm sure the fans would like to see one."

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Speculation has been mounting for weeks that Bonds would be indicted Thursday with the grand jury expiring. His lawyers had said they were preparing a defense.

But soon after the grand jury reported to the federal courthouse for the final day of its probe, the U.S. Attorney's office issued a statement saying it "is not seeking an indictment (Thursday) in connection with the ongoing steroids-related investigation."

"They don't even have enough to indict a ham sandwich, let alone Barry Bonds," the slugger's lawyer, Michael Rains, said.

Joseph Russienello, the U.S. Attorney in San Francisco from 1982 to 1990, said handing the case off to a new grand jury means the federal government can lock up Anderson for the length of the new grand jury's term, which could extend beyond a year. The threat of a lengthy jail term can convince even the most intransigent witnesses to cave.

"It's no longer a two-week vacation," Russienello said. "Twelve months usually has a way of getting people sensitized to giving truthful testimony."

Rains said there was "temporary relief in the news we heard today." But he seemed to back away slightly from Bonds' earlier statements that he didn't know the substances given to him by Anderson were steroids.

"He was suspicious in light of what he had read as to whether those were steroids or not," Rains told reporters outside the federal courthouse.

Anderson appears to be the key to whether perjury charges could stick against Bonds.

"We will continue to move forward actively in this investigation -- including continuing to seek the truthful testimony of witnesses whose testimony the grand jury is entitled to hear," said Luke Macaulay, a spokesman for Ryan.

Bonds testified in 2003 that he thought substances given to him by Anderson were arthritis balm and flaxseed oil. Authorities suspected Bonds was lying and that those items were "the clear" and "the cream" -- two performance-enhancing drugs tied to the Bay Area Laboratory Co-Operative, the lab exposed as a steroids supplier to top athletes in baseball, track and other sports.

Although Bonds was promised immunity as long as he told the truth, doubts soon surfaced.

--His former girlfriend, Kimberly Bell, testified the slugger told her he had used steroids, according to Bell's lawyer. Bonds' attorney accused Bell of trying to extort money from Bonds and using the platform to promote a book that never was published.

-- IRS agent Jeff Novitzky, lead investigator in the steroids probe, said in court filings that BALCO founder Victor Conte told him Bonds used "the clear" on a regular basis.

--Federal agents who raided Anderson's house seized doping calendars, price lists and other documents pointing to Bonds' use of steroids and human growth hormone. Federal prosecutors say they need Anderson, in part, to interpret the calendars, which seem to spell out Bonds' schedule for using performance-enhancing drugs.

Anderson was one of five men convicted in the BALCO scandal. He was sentenced to three months behind bars and three months of home confinement in October after pleading guilty to money laundering and steroid distribution.

He was called to testify before the perjury grand jury and refused. A federal judge found him in contempt of court and ordered him jailed.

Geragos protested, saying Anderson was the victim of an illegal government wiretap and that because Anderson's refusal to cooperate with government investigators is noted in his earlier plea agreement, he cannot be forced to testify.

"He took three months in jail rather than cooperate," Geragos said.

He also says Anderson can't trust that his testimony will be kept confidential because other BALCO grand jury testimony has been leaked to the press. Excerpts of testimony by Bonds and other key players in the case was published by the San Francisco Chronicle.

Geragos said he plans to repeat the same arguments.

Bonds' lawyer said Bonds was elated when he heard of Anderson's release and asked when the two can start working out together again.

"He's hoping this is the end of it," Rains said, "but he doesn't know that, nor do I."

Allegations of steroid use long have plagued Bonds, who passed Babe Ruth in May to become second only to Hank Aaron on the career home run list. They intensified in late 2003, when he testified before the original BALCO grand jury, which took testimony from about two dozen athletes.

Without Anderson's help, prosecutors still could indict Bonds on charges alleging he failed to pay taxes on money made through sales of autographs and other memorabilia. There is also the possibility Bonds could be indicted on perjury charges without Anderson's testimony.

"There comes a point in time ... where everybody needs to move on," Rains said. "We hope we have arrived at that point today."

AP Special Correspondent Linda Deutsch in Los Angeles and AP Writers Marcus Wohlsen and Janie McCauley in San Francisco contributed to this report.

The Game's Not Over Prosecutors Hold Off On Indicting Bonds, But Pursue Investigation With New Grand Jury (SFC)

By Mark Fainaru-wada And Lance Williams, Chronicle Staff Writers

San Francisco Chronicle, July 21, 2006

Barry Bonds escaped a possible perjury indictment Thursday, but actions by the U.S. attorney's office suggested the government, far from dropping its case, is trying to line up as ironclad a prosecution as possible to go after the Giants slugger.

About the time late Thursday morning that a spokesman for U.S. Attorney Kevin Ryan announced there would be no indictment "today" -- the final day of a grand jury investigating whether Bonds lied about never knowingly using performance-enhancing drugs -- agents arrived at the federal detention center in Dublin where Bonds' personal trainer, Greg Anderson, had been held since July 5 for refusing to testify in the perjury probe.

Shortly before the trainer was freed, the agents handed him a subpoena to appear before a new grand jury next Thursday.

Anderson, who pleaded guilty to distributing steroids in the BALCO case, would be a star witness for the prosecution if it could get him. If he again refuses to testify, he could be imprisoned for the entire 18-month life of the new grand jury.

A friend who accompanied Anderson out of jail, Paula Canny, said afterward that the trainer was "never, ever going to talk. Never." Anderson, she said, was "in for the long haul."

Later Thursday, Ryan himself took the unusual step of speaking publicly about the investigation of whether Bonds lied to the BALCO grand jury. At a news conference convened to announce the prosecution of a securities case, Ryan said that "in light of some recent developments" he had postponed a decision on a Bonds indictment.

"Some unanswered questions remain in the case," Ryan said, and he seemed to send a message directly about Anderson.

"We will continue to move forward actively in this investigation -- including continuing to seek the truthful testimony of witnesses whose testimony the grand jury is entitled to hear."

The fact that Ryan commented publicly about the case, even in vague terms, was significant because he appeared to be going out of his way to tell the public that he was not dropping the investigation of Bonds and others who might have lied in connection with the BALCO prosecution.

An hour before Ryan's statement, Bonds' attorney, Michael Rains, stood outside the federal building in San Francisco and railed against the government for its "persecution" of the Giants outfielder.

"They don't even have enough to indict a ham sandwich," Rains declared, "let alone Barry Bonds."

In the past few weeks, Rains had waged an aggressive campaign against the government's probe. He claimed that a former girlfriend and a former Bonds business manager were the two key witnesses for the prosecution, and he characterized them as pursuing vendettas.

However, the government recently stated it has a "mountain" of evidence against Bonds, even as it sought Anderson for his extensive knowledge.

A longtime friend of Bonds, Anderson became the ballplayer's personal trainer in 1998. Shortly thereafter, it's believed he started the Giants star on a regimen of performance-enhancing drugs, later hooking him up with the founder of the Bay Area Laboratory Co-Operative, Victor Conte.

Through Conte, Bonds was exposed to an additional array of performance-enhancing substances, according to statements to federal investigators, doping calendars and ledgers that were part of the BALCO probe.

The government also has possession of a recording, first reported on by The Chronicle in 2004, in which Anderson describes providing Bonds with an undetectable steroid in order to evade drug-testing by Major League Baseball.

Bonds, who turns 42 on Monday, declined to comment when approached by reporters at AT&T Park on Thursday afternoon before the Giants' game against the San Diego Padres.

When Rains spoke with reporters -- prior to word that the government was going after Anderson again -- he said Bonds had been thrilled in the morning when he learned Anderson would be released from jail.

"But you could get indicted later today," Rains said he had told his client.

"I don't care," he quoted Bonds as replying. "Greg's getting released."

Bonds then asked when he could go back to working out with Anderson, Rains said.

Anderson's lawyer, Mark Geragos, said: "Mr. Anderson's resolve is threefold what it once was. Spending the time in custody merely hardened his resolve. He won't cooperate with this grand jury or with this investigation in any way."

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The U.S. attorney's announcement that Bonds faced no imminent indictment was the latest turn in a federal investigation that started nearly four years ago and grew into the biggest doping scandal in U.S. history.

Bonds has always been at the center of the case. The Giants outfielder is the only athlete among dozens connected to the BALCO case who counted Conte as his personal nutritionist and Anderson as his personal trainer.

Conte was the mastermind and Anderson an integral part of what the government has described as a conspiracy to distribute performance-enhancing drugs to elite athletes.

Anderson and Conte each served brief prison terms after pleading guilty last year to steroid distribution and money laundering charges.

In the fall of 2003, more than 30 athletes were summoned to testify as witnesses in a grand jury investigation that was centered on BALCO, in Burlingame.

All were granted partial immunity from prosecution, promised they would face no criminal recourse if they simply told the truth about their use of performance-enhancing drugs and their connections to BALCO.

The athletes were, however, warned by prosecutors from the U.S. attorney's office of the Northern District of California that they would be prosecuted for perjury if they lied.

The Chronicle reported that on Dec. 4, 2003, Bonds testified before the grand jury looking into the BALCO case that he used a clear substance and a cream given to him by Anderson but that he didn't believe they were steroids. Though the substances matched the descriptions of two drugs, "the clear" and "the cream," at the heart of the BALCO probe, Bonds said he thought they were flaxseed oil and an arthritis cream.

Bonds also testified that he knew nothing about a stream of documents -- doping calendars, ledgers, blood and urine tests -- that pointed to his use of an array of performance-enhancing drugs. In addition to "the clear" and "the cream," Bonds also was believed to have used human growth hormone, insulin and testosterone, among other drugs.

The ballplayer specifically denied ever injecting himself with any drug, and he testified that he had never even discussed steroids with Anderson.

From the moment Bonds completed his three hours testifying before the grand jury, prosecutors questioned whether he had been truthful. In addition to the series of documents that had been seized during raids on BALCO and Anderson's home, investigators had obtained statements pointing to Bonds' use of steroids and other performance-enhancing drugs.

James Valente, BALCO's vice president, told agents he provided drugs to give to Anderson for Bonds. He said the trainer brought Bonds to BALCO before the 2003 season -- the year baseball first began testing for steroids.

According to Conte's statement to federal investigators, Bonds used "the cream" and "the clear" on a regular basis. The men later denied aspects of the government report.

Kimberly Bell, Bonds' former girlfriend, testified that Bonds admitted in 2000 he had begun using steroids during the 1999 season.

The Bonds perjury investigation has been under way for at least 16 months. Bell, an early witness, testified in March 2005. This spring, witnesses included Giants team trainer Stan Conte and Dr. Arthur Ting, who is Bonds' orthopedic surgeon. According to several sources, the long-running federal probe has slowed the progress of Major League Baseball's own investigation of steroid use in the sport.

In March, after publication of "Game of Shadows," a book by two Chronicle writers about Bonds and banned drugs, baseball Commissioner Bud Selig appointed former U.S. Senator George Mitchell to investigate. But federal investigators have asked their witnesses not to cooperate with Mitchell's probe until after the Bonds case is completed, sources said.

Chronicle staff writers Jim Herron Zamora and Bob Egelko contributed to this report.

Bonds Grand Jury Ends Work With No New Indictments (Update4) (BLOOM)

By Karen Gullojoel Rosenblatt

Bloomberg, July 21, 2006

July 20 (Bloomberg) -- Barry Bonds, who has hit the second- most home runs in Major League Baseball history, remained unindicted today as the San Francisco grand jury investigating steroid use in professional sports ended its term.

Bonds, 41, has denied using muscle-building steroids. His lawyer Laura Enos has said she is ``cautiously hopeful'' the ballplayer wouldn't be charged as part of the federal probe, as his legal team prepared for a possible indictment.

The investigation is continuing, prosecutors said. Late today, the San Francisco Chronicle reported that prosecutors issued a new subpoena to Bonds' trainer Greg Anderson, requiring him to appear before a new grand jury next week, citing Anderson's lawyer Paula Canny. Anderson was issued the subpoena before he left federal prison in Dublin, the Chronicle said, where he was being held for refusing to testify.

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``It's very easy to call another grand jury," said Andrew Weissmann, a former U.S. Justice Department prosecutor, now a New York partner at Jenner & Block. ``Any day if you're representing the target or subject of a grand jury investigation and your client's not indicted, it's a good day. Unfortunately it doesn't mean a lot for tomorrow."

San Francisco U.S. Attorney Kevin V. Ryan said at a press conference that he ``postponed that decision for another day in light of some recent developments," adding that ``some unanswered questions remain in this case." He didn't elaborate.

Subpoena

Anderson lawyer Canny couldn't be immediately reached for comment. Another Anderson lawyer, Mark Geragos, didn't return a call seeking comment. Luke Macaulay, a spokesman for the U.S. attorney's office in San Francisco, declined to comment.

The government shouldn't keep pursuing a case against Bonds, the player's lawyers said at a press conference.

``He's hoping this is the end of it, but he doesn't know that, and neither do I," attorney Michael Rains said, referring to Bonds. ``There comes a point in time where everyone needs to move on, and we hope we've arrived at that point today."

Bonds told one grand jury he might have unknowingly used substances that contained steroids, according to the Chronicle. Slowed by injuries over the past two years, Bonds said he thought the substances were flax seed oil and a legal ointment, the paper said.

`They Don't Have It'

Defense lawyer Enos said today the government shouldn't indict the athlete because it has no case against him.

``They don't have it," she said.

Allegations of steroid abuse by athletes have led to congressional scrutiny, testing in high schools and tougher league penalties. They have also raised questions about the validity of some sports records, especially Bonds's. Two months ago, he hit his 715th big-league career home run, passing Babe Ruth. He now has 721, 34 short of Hank Aaron's record.

Anderson admitted to conspiring with Victor Conte, founder of the Bay Area Cooperative Laboratory in California, or Balco, to distribute testosterone cream, human growth hormone and steroids to unnamed athletes.

The trainer last year served a three-month prison term. He was locked up again this month for refusing to testify before the grand jury. When a grand jury is no longer sitting, anyone jailed in an effort to force testimony before the panel must be released.

The government ``will continue to move forward actively in this investigation, including continuing to seek the truthful testimony of witnesses whose testimony the grand jury is entitled to hear," the U.S. Attorney's Office said.

The Balco investigation has yielded five felony convictions, the statement said.

A New Grand Jury Impaneled For Bonds (WP)

By Dave Sheinin

The Washington Post, July 21, 2006

SAN FRANCISCO, July 20 -- Thursday brought the possibility of some measure of resolution to the Barry Bonds steroids saga, either an indictment by a federal grand jury on charges of perjury and/or tax evasion, or absolution. Instead, it brought neither, and the likelihood is the saga will go on for many more months.

The grand jury dissolved with no indictment, but a new one was impaneled. A key witness was released from the prison where he had been serving for refusing to testify, but was immediately served with a new subpoena.

And Bonds himself, when approached by reporters before the San Francisco Giants' game Thursday night at AT&T Park, exercised his right to remain silent, then took his customary place in left field at game time, showing no outward signs of the off-field turmoil. In the eighth inning, he matter-of-factly blasted home run No. 722 in his career, a towering drive to center. Business as usual.

"We have all heard the overworked adage that you can indict a ham sandwich," Michael Rains, Bonds's lawyer, said in a news conference Thursday morning. " . . . So what I say to the public is: if it were that easy, why don't they have an indictment? Why don't we? And the answer is: they don't even have enough [evidence] to indict a ham sandwich, let alone Barry Bonds."

U.S. Attorney Kevin V. Ryan, in a statement, explained the postponement of a decision on Bonds by saying: "Some unanswered questions remain in the case. We intend to pursue the answers to those questions. We will continue to move forward including continuing to seek the truthful testimony of witnesses whose testimony the grand jury is entitled to hear."

Those last words appeared to be a direct reference to Greg Anderson, Bonds's personal trainer, who is considered a key witness in the investigators' case against Bonds and who was released Thursday from a federal prison where he had spent the last two weeks for refusing to testify against Bonds.

Anderson's freedom, however, could be short-lived. His lawyer told reporters Thursday that Anderson has already been subpoenaed to testify before the new grand jury when it convenes on July 27, and the lawyer also said Anderson would again refuse.

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Anderson was one of four men convicted in the federal case against the Bay Area Laboratory Co-Operative (BALCO), the lab outside San Francisco that was found to be at the center of a steroids ring that distributed performance-enhancing drugs to top athletes.

During the BALCO investigation, Bonds, who turns 42 Monday, reportedly testified that he used substances, given to him by Anderson, that were later identified as steroids. However, Bonds reportedly said he did not know the substances were steroids.

The government's actions, in convening a new grand jury, can be viewed as an attempt to force Anderson -- apparently the key to the government's case for perjury charges against Bonds -- to testify, since this time his incarceration likely would be measured in months, instead of weeks. Grand juries are impaneled for up to 18 months.

"They can subpoena him every day for the rest of the year," Anderson's attorney, Mark Geragos, told the Associated Press, "and it doesn't matter. He's not going to testify."

Rains telephoned Bonds with the news of the government's non-action on Thursday morning, and said the news was met more with a sense of "temporary relief" than with joy.

"He is hoping that this is the end of it," Rains said. "But he doesn't know that. Nor do I . . . [The impaneling of a new grand jury] is a signal to me that this investigation may have crossed that line where the investigation becomes an inquisition. At some point in time, it has to end."

Grand Jury Will Continue To Investigate Bonds (USAT)

By Bob Nightengale, Usa Today

USA Today, July 21, 2006

San Francisco Giants outfielder Barry Bonds was spared an indictment for tax evasion and perjury charges Thursday, but as one federal grand jury investigating the slugger expired, another will convene next week, according to an attorney involved in the case.

Greg Anderson, Bonds' childhood friend and personal trainer, received a subpoena to testify July 27 in front of the new grand jury, according to his attorney, Mark Geragos. Anderson, released Thursday after being in prison since July 5 for contempt of court, said he will continue his refusal to testify.

"They obviously need Greg," Geragos said, "but he's not talking."

Bonds declined comment before Thursday's game at AT&T Park in San Francisco. But Mike Rains, Bonds' attorney, said he and Bonds, who hit career home run No. 722 on Thursday, were pleased no indictment was issued but annoyed the three-year-old investigation will continue.

"There comes a point where an investigation becomes a persecution," Rains said. "There comes a point in time where everybody needs to move on."

The U.S. Attorney's office, which would not confirm or deny a new grand jury will convene, vowed their probe will persevere.

"We are not seeking an indictment today," U.S. Attorney Kevin Ryan said. "We will continue to ... seek the truthful testimony of witnesses whose testimony the grand jury is entitled to hear."

Prosecutors might argue Anderson should be imprisoned again if he refuses to testify.

"The legal term is that they can only coerce, they can't punish," Geragos said. "Once it's apparent they can't coerce, he must be freed."

Robert Shapiro, famed Los Angeles criminal defense attorney, concurred with Geragos. "You can't lock up a person forever," Shapiro said. "Once it becomes clear he won't testify, that person has to be released."

Bonds, who for at least one night had no worries about being indicted by the U.S. Attorney's office, still has no assurances he'll be absolved of perjury or tax evasion in the federal steroids probe.

"It's great news that he wasn't indicted," says Jeff Borris, Bonds' attorney, "but bad news that it's not over. How long are they going to keep wasting the taxpayers' money? We should be paying tax dollars trying to locate bin Laden. Isn't he Public Enemy No. 1?"

Said Rains: "This is not a moment of great joy. This is a moment of humility. This is an issue that has plagued Barry for more than three years now. He's hoping that this is the end of it. But he doesn't know that, nor do I."

Although the U.S. Attorney's office announced Thursday that Bonds would not be immediately indicted, a new grand jury will be convened next week, according to Geragos.

"I think what they're doing is trying to turn up the heat on Greg Anderson," says Michael Cardoza, the attorney for Steve Hoskins, Bonds' former best friend who testified against him.

Anderson, 39, was one of four men convicted in the BALCO case, in which Bonds testified to a grand jury.

Anderson plead guilty to money-laundering and steroid distribution and was sentenced in October to three months in prison and three months of home confinement. He was sent to again prison July 5 for refusing to testify to the grand jury.

"I don't think anybody knows what's happening, but as a former prosecutor, you can never have too much evidence," Cardoza said. "I just hope they (the feds) hurry up and make up their mind. Pretty soon, the sympathy will go over to Barry."

Ryan, in a statement, said: "We are not seeking an indictment ... and have postponed that decision for another day in light of some recent developments. ... Some unanswered questions remain in this case. We intend to pursue the answers to those questions."

The U.S. Attorney's office did not return phone calls or e-mails seeking further comment.

While prosecutors vow the investigation will continue, Shapiro said Ryan's announcement not to indict was a clear victory for Bonds.

"This is very positive news for Barry Bonds, and probably the correct news," Shapiro said. "What (the prosecutors are) saying is that they have witnesses they believe that would give testimony they would like to hear, but those witnesses are refusing.

"Right now, they don't have any evidence that would be sufficient to warrant an indictment, and even the witnesses that are reluctant to testify, they don't know what they will say."

Shapiro, who was part of the legal team that successfully defended Pro Football Hall of Famer O.J. Simpson on murder charges, said he believes it is also time for the government to end its investigation.

"Look, it's pretty clear that baseball players and a lot of athletes have been using performance-enhancement drugs," Shapiro said. "And now that it has come out in the open, people are putting up real stringent limitations on the use.

"One of the things about law is its deterrents. I think now for everything that has happened and all of the negative publicity that Bonds has gotten, the message is clear that deterrents are out there."

Said Giants owner Peter Magowan: "I think all of us would like to see a resolution. I mean everybody in baseball. I'm sure the commissioner would like to see one. I'm sure Barry would like to see one. I'm sure our fans would like to see it."

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USA TODAY's Jorge L. Ortiz in San Francisco contributed to this report

Prosecutors In Bonds Case Veer Toward Vendetta (LAT)

By J.a. Adande

The Los Angeles Times, July 20, 2006

Prosecuting Barry Bonds lands at the bottom of my list of things our government should do. It's something we need about as much as a congressional proclamation that this is National Ryan Seacrest Day.

Unearth the terrorist cells that are plotting to kill more Americans. Go after corporate crooks who cost employees their jobs and retirement savings. Just don't waste "millions of dollars" (in the estimation of Bonds' attorney Laura Enos) going after a baseball player because he isn't a nice guy.

He isn't a danger to me or you. Bonds doesn't pose a threat to anything except Hank Aaron's home run record. But federal prosecutors are pushing ahead, with speculation that Bonds could be indicted this week on charges of tax evasion for allegedly not reporting income from memorabilia sales and perjury for allegedly lying about steroid use.

"The idea that you prosecute an athlete for signing autographs and not paying taxes on it, it's like prosecuting a waiter for not paying taxes on tips," said Stuart Hanlon, a San Francisco-based lawyer. "My feeling is that it's a vindictive prosecution and it's biased. It makes no sense from a legal perspective. It's not about stopping steroids. It's not about stopping perjury.

"Steroids — I think it's clear that the young people are beginning to understand the dangers. In terms of lying, perjury is perjury. It's about something else. One wonders: What is the agenda?"

Hanlon lives in a place where, he admits, "We're the only people in the world who like Barry Bonds." I live in Los Angeles and I'm a member of the media, reasons enough not to like Bonds and for him not to like me. But I'm with Hanlon.

I also don't care whether Bonds skimped on taxes. What matters to the sports world is determining what players used steroids and when, and a tax-evasion indictment wouldn't address that. I keep hearing it's analogous to sending Al Capone to jail for taxes. Capone was on the FBI's most-wanted list. Bonds hit home runs. No comparison.

This would simply be a use of public money to handle baseball's Bonds problem and make him go away.

At this point it's not so much justice as justification for time and money spent. As Enos told the Associated Press, "After four years of investigation and the expenditure of millions of dollars, I suppose they are motivated to try to get an indictment."

If Bonds were to be indicted and convicted of perjury, it would be newsworthy because it would prove Bonds took steroids and lied about it. But perjury convictions are rarely sought and difficult to win. We all saw Rafael Palmeiro tell a congressional committee he "never used steroids," then subsequently tested positive for steroids. That would seem as clear-cut as you could

find, but if they weren't able to find enough evidence to prosecute him on that, how could they get Bonds? More important, why would they?

I don't like what I'm seeing from the prosecutors, the selective justice, the vendetta, the leaked grand-jury testimony (let's see how doggedly they pursue that crime). Instead of going all-out to eradicate steroids, they're zeroing in on one person. When Arizona Diamondbacks pitcher Jason Grimsley was questioned about performance-enhancing drugs by federal agents, they wanted him to incriminate Bonds, Grimsley's lawyer told the Arizona Republic.

The feds served their purpose when they exposed the secrets and clientele of the Bay Area Laboratory Co-Operative. Now it just seems personal.

And it's interesting that while Bonds could stand trial if indicted, Lance Armstrong just stood on stage hosting the ESPY awards even though there's a similar stack of circumstantial evidence, legal testimony, innuendoes, bitter ex-partners and associations with dubious figures casting a suspicious shadow on Armstrong.

If Bonds were to be indicted, convicted and sentenced to terms similar to those handed down to his trainer Greg Anderson and BALCO founder Victor Conte, he would be in prison for less time than a baseball season.

And what be accomplished by sending Bonds to jail? It doesn't let baseball off the hook for not minding the gate while so many players were sneaking performance-enhancing drugs into the asylum. And it doesn't address the crime that — in the eyes of so many sports fans — Bonds committed against the game.

Would we just erase Bonds' name and numbers from the record books? Then what would we do about Ken Caminiti's 1996 MVP award? Or the Oakland Athletics' 1989 World Series championship? Would we still discount a steroid-aided home run if we discovered the pitcher who threw the ball was juiced as well?

The only thing we can do with Bonds, BALCO and the book by Jose Canseco is snap out of the delusional funk, be more skeptical about the enhanced physiques we see and be more insistent on stringent testing. And we don't need federal prosecutors or any more time in the overcrowded court schedule for that.

Poll: Majority Of Fans Believe Bonds Used Steroids (ESPN/ABC)

ESPN, July 20, 2006

More than three-quarters of Americans believe Barry Bonds knowingly used steroids on his way to his home run records, but a majority believe the San Francisco Giants slugger should not be immediately suspended if he is indicted, according to an ESPN/ABC News poll released Thursday.

Federal prosecutors said Thursday that Bonds would not be indicted immediately, but the ongoing federal investigation of steroids and possible perjury and tax-evasion charges against him will continue.

The ESPN/ABC News poll, a national random sample of 500 adults, was conducted by telephone on July 19 and has a margin of error of plus/minus 4.5 percent. Among those sampled, 55 percent identified themselves as baseball fans, with another 10 percent saying they're "somewhat" of a fan.

The poll also indicated that fans are less willing to forgive Bonds when it comes to baseball's record books, with a majority believing the marks should either remain with an asterisk or be removed from the books.

A growing majority of Americans surveyed have grown more suspicious of Bonds, according to the poll results. Eighty percent of fans polled think he knowingly took steroids, up from 65 percent in March 2005. Only 12 percent of those polled believed he had not knowingly used steroids.

But 55 percent say Bonds should be allowed to keep playing pending the outcome of his trial. Forty-four percent would prefer his immediate suspension.

As for Bonds' records -- he passed Babe Ruth's 715 home runs this season and trails only Hank Aaron at 755 for most career home runs by a major-leaguer -- only 37 percent said they should remain in the record books. Thirty-eight percent said Bonds' record should remain with an asterisk, while another 24 percent said they should be stricken from the records entirely.

Fans were split about evenly, on whether Bonds should be elected to the Baseball Hall of Fame, with 48 percent in favor and 47 percent opposed. But that support drops precipitously if Bonds were to be indicted and convicted, in which case just 30 percent said they would support his election to the Hall.

THE BALCO CASE Lawyers Spar On Denial Conte Was Leak Prosecutors Argue Paper Lost Any Right To Protect Source (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, July 20, 2006

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The Justice Department, which wants two Chronicle reporters to identify their source for grand jury testimony about steroids and sports, is arguing that the reporters forfeited any right to keep the source confidential by revealing in legal papers that it wasn't Victor Conte, the founder of the Bay Area Laboratory Co-Operative.

The argument, part of a sealed filing by federal prosecutors last week, was disclosed and criticized Tuesday by Hearst Corp. lawyers representing the reporters, Mark Fainaru-Wada and Lance Williams.

"Case law from around the country flatly rejects the government's position," lawyers for Hearst, which owns The Chronicle, told a federal judge in a written brief.

"The government's position is as self-destructive as it is unsupported," they argued, because it would discourage newspapers from providing any information voluntarily.

Thom Mrozek, spokesman for the U.S. attorney's office in Los Angeles, declined comment Wednesday, saying he could not discuss a sealed filing. The Los Angeles office is handling the case because the investigation of the grand jury leaks involves employees of the federal prosecutor's office in San Francisco.

Prosecutors have sent subpoenas to The Chronicle and the reporters, asking who provided them with transcripts of testimony by Giants star Barry Bonds and other prominent athletes before a federal grand jury investigating BALCO, Conte's company. The reporters' articles about the case in 2004 fueled a congressional investigation and a new Major League Baseball policy on testing for steroids.

Federal law, unlike California law, contains no explicit protection for reporters who refuse to disclose confidential sources. U.S. District Judge Jeffrey White has scheduled a hearing Aug. 4 to decide whether to order the reporters to testify. They could be jailed if they refuse.

As a result of the BALCO investigation, Conte and three other men, including Greg Anderson, Bonds' personal trainer, pleaded guilty last year to illegal drug distribution. A separate grand jury has been investigating whether Bonds committed perjury in the investigation by testifying that he never knowingly took steroids.

In a June 21 filing, prosecutors pointed to Conte as a possible source of BALCO grand jury transcripts that were cited in Chronicle articles, saying e-mails seized by federal agents at his home showed that he gave Fainaru-Wada information about the grand jury proceedings and that the reporter asked for the transcripts.

References to the e-mails were blacked out from public copies of the government's filing but could be read when copied into a word-processing program.

In response, lawyers for Hearst said on July 9 that they repeatedly told prosecutors that no documents in the newspaper's possession -- including the Conte e-mails -- identified the source or sources of the grand jury transcripts. In context, their statements amounted to a denial that Conte was a source, a point repeated in Tuesday's filing.

"The Chronicle, through its general counsel, told the government in no uncertain terms that The Chronicle had no documents responsive to the subpoena ... and that if those e-mails had been to or from the source(s) they would be" responsive, Hearst lawyers said.

They said the government, in its latest filing, argued that because the newspaper has denied that one person was a confidential source, "the privilege has been waived as to all of the reporters' confidential sources."

The argument, as described by the Hearst lawyers, did not concede that reporters have any privilege of confidentiality in federal court, but amounted to a fallback position that any privilege a court might recognize was waived in this case.

If the Justice Department's argument were upheld, Hearst lawyers said, a newspaper that was asked for its confidential sources in the future, and might be able to clarify matters by identifying non-sources, would conclude that "it is best to do nothing at all for fear of risking a waiver. This is not the law nor could it be."

Claims Hold Up Nominee (GRPRESS)

Grand Rapids Press, July 20, 2006

An anonymous federal law enforcement official is urging the Senate Judiciary Committee to block President Bush's nomination of Phillip Green, an assistant U.S. attorney in Grand Rapids, to become the top federal prosecutor in southern Illinois.

In a letter to members of the Senate committee, the official accused Green of improperly agreeing to a reduced sentence for a convicted methamphetamine dealer.

Green said he was under orders from the White House not to comment until after the Senate votes on his confirmation, but other sources, including two federal district judges, said it appeared Green had done nothing wrong.

Illinois Sen. Richard Durbin, a Democratic member of the Judiciary Committee, however, earlier this month asked the U.S. Justice Department's Office of Professional Responsibility to look into the allegations.

A U.S. Justice Department official, who asked not to be identified, said the agency is obligated to review the charges, but she cautioned, "It would be very premature to say he (Green) did anything improper."

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In June, Bush nominated Green, the chief assistant U.S. attorney in West Michigan, to fill the top job in southern Illinois. On July 7, the unnamed federal law enforcement official wrote letters to all Judiciary Committee members, Attorney General Alberto Gonzalez and other government officials, alleging Green "obstructed justice and likely accepted a bribe" in exchange for allowing the drug dealer to be released five years before his 10-year sentence was up. The official, who said he has worked with the Kent County Sheriff's Department and the federal Drug Enforcement Administration, offered no proof of a bribe.

U.S. District Judge Richard Enslen, who handed down the case's original sentence and later reduced it, called the allegations "absolutely false."

"I consider him (Green) the most honest lawyer I ever met," Enslen said. "He is absolutely a straight arrow."

Robert Holmes Bell, the chief U.S. district judge in West Michigan, said, "I see nothing sinister about it. Green is exceptional. His integrity is unimpeachable. I've never heard a single bit of criticism of him by anyone. He is Mr. Integrity."

The charges stem from the case of Anthony Lamson of Kalamazoo, arrested Aug. 4, 1996, in Grand Rapids for having a portable meth lab and a sawed-off shotgun in his car. The following April, Lamson pleaded guilty to a single charge of carrying the illegal shotgun in relation to drug trafficking, and Enslen sentenced him to a mandatory 10 years in prison.

At the sentencing, Enslen, who opposes mandatory minimum sentences, said he "would like to shave some time off his 10 years"

Sharon Turek, a federal public defender who represented Lamson, recalled she and Green were summoned to Enslen's Kalamazoo office in January 2001 to discuss the case. Enslen made it clear he would consider reducing the sentence if Turek could find a legal reason for it.

"I think the onus was on me," she said. "This wouldn't be a rubber stamp. It had to pass legal muster. I knew I had a judge who was going to be sympathetic."

She filed a brief, saying Enslen had failed to advise Lamson of his right to appeal at his original sentencing and asking the judge to re-sentence him. In September 2001, Enslen sentenced Lamson to the time he already had served, and Lamson was released from prison.

Green, who was interim U.S. attorney at the time, did not appeal the shorter sentence.

The anonymous law enforcement official claimed Green did not object to the re-sentencing because he wanted Enslen, chief U.S. district judge at the time, to re-appoint him as interim U.S. attorney. Green was named interim U.S. attorney in the waning days of the Clinton administration. Under federal law at the time, if the incoming Bush administration did not name a U.S. attorney within 120 days, the chief judge could name an interim replacement until a new U.S. attorney was appointed.

Enslen did re-appoint Green after the 120 days expired and said he would have done so regardless of whether Green had opposed Lamson's re-sentencing.

Assistant U.S. Attorney Brian Delaney, who originally prosecuted Lamson, said Green took over the case because Enslen called him to discuss it.

"The judge was going to make the decision whatever we did," Delaney said. "The only thing that was left to us was whether we were going to appeal it or not. I think Phil was doing what he thought was right."

Lamson said he was in the dark about the legal maneuvers that led to his being freed halfway through his sentence.

"The Lord used Judge Enslen," he said, adding that he has kicked his drug addiction, found religion and reconciled with his family. He works full-time as a plumber and is taking night classes in heating and air conditioning, he said.

"Everything I ever had, everything I had been given by the grace of God, I had destroyed," he said. "I was guilty as I could be. I said, 'I don't want to be the same man I was when I came in here.'"

Drug Suspect Gets Bond (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), July 21, 2006

Defense accuses feds of favoritism in West marijuana plot case

A defense attorney Thursday accused federal authorities of playing favorites in the massive marijuana conspiracy case lodged against a prominent Market Square businessman and others.

Attorney Russell T. Greene argued at a hearing in U.S. District Court that his client, alleged conspiracy customer Frank Logan Asbury, was as much an important businessman in Cocke County as alleged marijuana peddler Scott West is on Market Square.

Yet, Greene argued, Assistant U.S. Attorney David Jennings posed no objection earlier this week to West's release on bond but on Thursday balked at Asbury's request to go free pending trial.

"Mr. Asbury is a longtime resident," Greene said. "(He has) actually been in Cosby, Cocke County, for 30 years. He's raised two children in this area. He has a couple of ongoing businesses.

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"He, in fact, is the inventor and seller of a device used by rafting enthusiasts," Greene argued. "It's a time-intensive business that has employees who rely on him. Cocke County and the entire rafting community would be impacted (if he's locked up)."

The argument got U.S. Magistrate Judge Bruce Guyton's attention.

"Defense counsel is arguing that Mr. Asbury is no different than Mr. West," Guyton told Jennings. "Any comment on that?"

"I take with a grain of salt whatever his client says about his businesses," Jennings responded. "I've seen Scott West's businesses. They are real. Legitimate businesses have bank accounts. (Asbury) stores large quantities of cash in his businesses. You can do the math and figure out how much marijuana that $163,000 (seized from Asbury's home and business) represents."

Jennings also noted that Asbury, who is accused of regularly buying hundreds of pounds of marijuana from the drug ring West and his brother allegedly operated, has a prior marijuana conviction on his record.

West's record is clean, although he now is charged along with his brother with operating an 11-year marijuana-trafficking network. He also is accused, along with his wife, brother and sister-in-law, of laundering the proceeds.

West is specifically accused of funneling drug money through his Market Square businesses, which has prompted a move by the federal government to seize the properties if he's convicted.

Guyton was unswayed by Jennings' argument. The judge was, however, leery of Asbury's admitted marijuana use.

"It's my understanding your client has admitted smoking marijuana every day of his life since he was 15, and he's now 55," Guyton told Greene.

"That's not a problem," Greene said.

"Are you telling me after smoking marijuana 40 years, he can stop cold turkey?" the judge asked.

Ultimately, Guyton agreed to free Asbury pending trial but only if he is outfitted with an electronic monitoring device and passes random drug tests.

"I think it's a very close call," Guyton said. "I may regret doing this - it won't be the first time - but I'm going to release you on a bond. All I can say about (drug testing) is good luck. If you violate it, you're going back to jail immediately, you understand?"

Also on Thursday, Scott West's brother, James Michael West, opted through Assistant Federal Defender Jonathan Moffatt not to fight for a shot at freedom pending trial. That could mean three things: Either Moffatt wants to spare his client nasty pre-trial publicity a hearing might have brought, Moffatt thinks it would be a losing battle to convince Guyton that the elder West should go free, or the elder West is considering a deal with prosecutors.

Moffatt declined comment. James Michael West's wife, Joanne Baker West, is free on bond in the money-laundering case as is Scott West's wife, Bernadette Trent West.

Federal authorities, including the U.S. Drug Enforcement Administration and the Internal Revenue Service, contend the West brothers were ordering tons of marijuana from an Arizona supplier and peddling it in North Carolina and East Tennessee.

Reputed Street Gang Leader Gets 37-Year Prison Sentence (NYT)

By Michael Brick

The New York Times, July 21, 2006

A man prosecutors have spent years trying to connect to witness tampering, intimidation and murder was sentenced yesterday to 37 years in prison on drug conspiracy and weapons charges.

The man, Dupree Harris, 32, described by prosecutors as a leader of the Nine Drey branch of the Bloods street gang, is already serving 15 years to life for bribing witnesses in a murder case. But even while becoming a symbol of witness vulnerability and the criminal justice system's limitations, Mr. Harris has not been convicted of the violent crimes prosecutors — and even a judge — have ascribed to him.

At the sentencing, Mr. Harris's longtime lawyer, Stacey Richman, sought to underscore that distinction, noting that a court document inaccurately listed a witness-tampering conviction instead of a bribery conviction among his criminal history.

"There is a great difference between the two, in that one is violent and one is not," Ms. Richman said. "Bribery is nonviolent."

The efforts to connect Mr. Harris to violence against witnesses unfolded over four years and four trials in Brooklyn, and publicity led prosecutors and even members of Congress to vow to strengthen witness protection procedures.

In 2003, Mr. Harris was acquitted of a killing in Bedford-Stuyvesant after a trial that prosecutors said was tainted by an orchestrated effort to intimidate witnesses. By that time, he was already awaiting trial for bribery and intimidation of witnesses in the murder trial of his half-brother, Wesley Sykes, who was eventually convicted. A witness whose name was read aloud in court in that trial, Bobby K. Gibson, was killed before he could testify.

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As those trials wound through the state court system, federal prosecutors delved into Mr. Harris's past. Before he was arrested in 2002, prosecutors said, he employed a network of contacts from the housing projects of Bedford-Stuyvesant to operate a cocaine distribution ring in Glens Falls, about 180 miles upstate.

Relying on addiction, intimidation and economics, the operation sold packages of crack worth $10 in Brooklyn for much more upstate, prosecutors said. At the sentencing yesterday, Judge Allyne R. Ross of Federal District Court said, "Harris was amply proven to be the leader and organizer of the conspiracy."

Mr. Harris entered the courtroom with a grin and a big left-handed wave toward more than a dozen supporters. Ms. Richman filed testimonial letters from family members and friends from the neighborhood and the music business.

"Dupree is a kind and caring person," wrote his mother, Michelle Harris, "that tries to help anyone that he can when it is possible."

Mr. Harris said the terms of his confinement had been harsh, and he asked for leniency.

"I'm a human being," he told the judge. "I'm not the monster these people want me to be."

A prosecutor, Lee Freedman, asked for a sentence of life in prison.

"If he's permitted to spend one more day out of confinement, your honor," he said, "that's another day that people are at risk."

Judge Ross called the drug and weapons charges "extremely serious" and pronounced sentence:

"Defendant will not be released to society until he is in his 60's."

Mr. Harris's relatives stood and waved, and he waved back.

"Love you," he said. Then the marshals escorted him from the courtroom.

IMMIGRATION:

Border Security Should Be Priority, Hastert Says (USAT)

By Kathy Kiely

USA Today, July 21, 2006

WASHINGTON — Two months after the Senate passed a bill that would give citizenship to millions of illegal immigrants, House Speaker Dennis Hastert remains adamant that border security must be improved before Congress considers other changes to the law.

"I would look at it as if you have a patient who is bleeding to death," Hastert told USA TODAY. "Close the wound first. Secure the border. And then you can begin to look at what other options are."

The Illinois Republican's comments came on the eve of a weekend inspection of the U.S.-Mexican border, which he calls "a sieve." He is leading a delegation that includes supporters of a House immigration bill that emphasizes tighter border security and penalties on employers who hire illegal immigrants, as well as opponents who prefer the Senate bill.

As the top House Republican, Hastert will be a key figure in determining whether an immigration bill is enacted this year. He's determined to use his leverage to get a bill more to his liking.

Hastert is making no promises about when or if he will appoint House negotiators to a committee that will work out differences between the two immigration bills. It will happen "when I think we're ready to move a bill," he said.

That may take longer than some supporters of a comprehensive immigration overhaul, such as President Bush, had hoped. Hastert said he may extend House hearings on immigration and border security into September, a move that could jeopardize chances for a compromise before the Nov. 7 elections. Congress is set to recess for the campaign on Sept. 29.

Hastert's go-slow approach puts him at odds with Bush, who has urged quick congressional action. Bush says the legislation should go beyond border-security measures to include more opportunities for foreigners to work here temporarily and a promise of citizenship for many of the nation's estimated 12 million illegal residents.

Supporters of the Senate bill, such as Sens. Arlen Specter, R-Pa., and Lindsey Graham, R-S.C., have said they have opened informal discussions with House Republicans and are still hopeful that a compromise can be struck.

Hastert said he won't be moved, not even by White House overtures. "I don't need assurances from the president," he said. "I know what we want."

The speaker said he told Bush recently that he wants to see a measurable drop in illegal border crossings before considering other immigration measures the president wants.

Hastert and five other House lawmakers will tour border hot spots in Arizona and Texas today and Saturday. He plans to meet with National Guard troops and homeland security officials. "I'm going to be talking to people who are actually at the gates," he said.

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One out of every five voters in Hastert's suburban Chicago district is Hispanic. He said his stance has sparked “a mixed attitude” from his constituents.

Hastert Aims To Solve Immigration Problem (AP-Y)

By David Espo

AP2, July 21, 2006

House Speaker Dennis Hastert, preparing for a two-state tour of the Mexican border, said Thursday that immigration legislation must first "solve the problem" of illegal entry into the United States.

"I've always said you need to build a fence on the border and you need to have military," said Hastert, R-Ill. "There are places the military can help, especially the National Guard."

Hastert and a handful of lawmakers intend to make stops this weekend in Arizona and Texas, meeting with National Guard troops deployed to assist Border Patrol agents and visiting Camp Grip, which aides described as a remote, desert location and prime area for smugglers. The group also plans a night tour along the border at Nogales, Ariz., and a stop at the Bridge of Americas Port of Entry in El Paso, Texas.

"I just want to see how it's working," Hastert said of the border security effort, augmented in recent months as immigration concerns have taken on increased prominence.

Hastert's trip comes at a time when House Republicans are working to highlight shortcomings in Senate-passed immigration legislation that largely follows a blueprint that President Bush favors.

The Senate bill, which passed on a bipartisan vote earlier this year, calls for tougher border enforcement; penalties against employers who hire illegal immigrants; a new guest worker program; and a shot at citizenship for most of the estimated 12 million immigrants in the country illegally.

Many House Republicans have denounced the legislation as an amnesty bill, although Bush disputes that. Prospects for a compromise along the lines proposed by the president appear remote.

The Republican-controlled House passed its own bill a year ago largely along party lines. Its focus is increased security at the borders.

In an interview, Hastert said he is ready to formally appoint negotiators to discuss a compromise with the Senate, but he added that he is determined to focus first on cracking down on illegal immigration.

"Before you get a bigger picture you've got to solve the problem, and the problem is the border," he said.

Longer Fence On Mexican Border Debated (AP)

By Lara Jakes Jordan

The AP, July 21, 2006

Lawmakers grappled Thursday with whether to build a fence along hundreds of miles on the nation's southern border, weighing combating illegal immigration against a costly barrier that alone might not stop migrants.

Layered fencing stands on about 75 miles of the 2,000-mile U.S.-Mexico border, mostly in cities like San Diego, El Paso, Texas, and Nogales, Ariz. In an election year fixated on illegal immigration and border security, Congress is considering proposals to put fencing on up to 850 miles on the border, costing billions of dollars.

"San Diego was a no-man's land when we built that fence," Rep. Duncan Hunter, R-Calif., told a House panel examining border barriers as a way to stem illegal immigration. He said immigrant gang-related murders, drug traffic and human smuggling have dropped dramatically since a fence just south of the city was built in 1996.

"The fence did work," Hunter said.

But Rep. Silvestre Reyes, D-Texas, a former top U.S. Border Patrol official, said fencing could cost as much as $2.2 billion and might not be effective in all areas.

"There are, in my opinion, no one-size-fits-all solutions for border security," Reyes said. "I think it wastes money. I think it's not a good investment of taxpayer dollars."

The Border Patrol last year arrested 1.2 million illegal immigrants who crossed into the United States at the Mexican border. But agents estimate that two or three migrants go undeterred for every one who is stopped.

Border Patrol senior associate chief Kevin Stevens said fences have stopped, or at least slowed, illegal migrants. But he questioned whether fencing would be effective where there are natural barriers, like mountains or deserts. He wouldn't talk about specific plans to extend the fence to any length.

"Can you look the American people in the eye and say this is needed? And that it's the most practical use of taxpayer dollars?" asked Rep. Elijah E. Cummings, D-Md.

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"We need an appropriate mix," Stevens answered. "It's not about fencing. It's not about Border Patrol agents. It's not about technology. It's about all of those things."

Critics said little will stop illegal immigration while jobs are so readily available for migrants. The Homeland Security Department recently began cracking down on employers who hire immigrants — many of whom work for cheaper wages and with fewer benefits. But the Bush administration is pushing Congress to approve a temporary worker program that would let illegal immigrants have some legal status.

Conservative Republicans, particularly in the House, largely oppose such a program, which they view as giving amnesty to criminals. An estimated 12 million illegal immigrants already live in the United States.

"As long as illegal immigrants can readily obtain employment in the United States, neither barriers nor increased staffing will discourage millions of impoverished people from crossing our borders annually," said T.J. Bonner, president of the National Border Patrol Council, a labor union that represents about 10,500 U.S. Border Patrol agents.

Border Fence Cited As Deterrent To Crime (WT)

By Charles Hurt

The Washington Times, July 21, 2006

Building fences along high-traffic areas of the U.S. border with Mexico dramatically reduces crime, the president of the Border Patrol union told Congress yesterday.

"Drug smuggling was rampant" in the border area just south of San Diego, said T.J. Bonner, national president of the National Border Patrol Council, before a fence was constructed. "Anarchy reigned, and there was no semblance of control over that section of the border."

Mr. Bonner said that after the fence was built, with surplus military steel landing mats, drug seizures tapered off and the crime rate fell sharply.

Most Congress members at the joint hearing yesterday seemed to agree on the need for fencing, but at least one worried that it would endanger the lives of those trying to sneak into the country.

"Individuals who attempt to cross the border are determined," said Rep. Elijah E. Cummings, Maryland Democrat.

Tall fences in high-traffic areas would force the illegal aliens deep into the desert, where they could face "starvation, rape and murder," he said. "Those who are not deterred will become increasingly dependent upon profit-minded coyotes and criminal traffickers in order to cross the border in remote areas."

The hearing was part of a series of House hearings into the Senate immigration reform bill, which House Republicans say would grant "amnesty" to the estimated 12 million to 20 million illegal aliens in the U.S. The Senate bill also has a guest-worker plan that supporters say will ease illegal entry.

Though the fences curb crime, Mr. Bonner said they will do little to stop illegal entry if supplementary efforts are not undertaken. The only way to control the borders, he said, is to increase the number of Border Patrol agents and remove the magnet of potential U.S. employment.

"Even with significant increases in staffing, the overall level of smuggling activity has grown and will continue to do so until the root cause of illegal immigration is addressed," Mr. Bonner said. "As long as destitute illegal aliens can find work in the United States, millions of them will cross our borders ever year."

As part of Republican efforts to focus on the issue of immigration, House Speaker J. Dennis Hastert of Illinois will lead a delegation to the southern border this weekend.

While in Arizona and Texas, the lawmakers will meet with members of the National Guard whom President Bush dispatched to the border, visit Camp Grip in the remote desert and travel the border at night with night-vision goggles.

Rep. Dan Lungren, California Republican and chairman of one of the subcommittees that held the hearing yesterday, said illegal entry is one of the main issues he is asked about in his district, though the "decibel level" of the questions has quieted in recent weeks.

"People are beginning to understand that we're serious about enforcement," he said.

Patrol Agents Return To The Front Lines (AP)

The AP, July 20, 2006

LAREDO – Three dozen Border Patrol agents have returned to the front lines of this slice of the Texas-Mexico border thanks to relief from more than 100 National Guard troops now working there, a border official said Thursday.

Reynaldo Garza, acting chief patrol agent for the Laredo border sector, said the Guard troops – working since June as mechanics and camera monitors and in other jobs – have allowed agents to focus on catching illegal immigrants in the heavily trafficked area.

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President Bush in May announced a plan to deploy up to 6,000 National Guard troops along the U.S.-Mexico border for about two years to help local and federal law enforcement stop illegal immigration.

Also Online

Border fence comes under renewed scrutiny

The sector's vehicle repair shop has gained five soldiers who are helping decrease the turnaround time on the 15 to 20 vehicles that come in for repairs every day, said Hector Guardiola, fleet manager for the Border Patrol.

The 24-hour camera center that monitors spots on the Rio Grande will soon have two soldiers working per shift, relieving two agents of the office duty.

Chief Garza said the Guard has helped the Border Patrol seize 2,200 pounds of marijuana and 138 pounds of cocaine in the last two weeks by dismantling vehicles during drug searches at checkpoints.

For their part, some Guard troops said their task is important, if not exciting.

First Lt. Hoainam Nguyen, 30, of Fort Worth, spent a year in Iraq in perimeter security. Now he works in scheduling and planning in the air-conditioned operations center at the Border Patrol station.

"I don't get to see what the [other Guard troops] out there do, so it's a little disappointing," he said.

The Laredo job is the first deployment for Pfc. Richard Bledsoe, 22, of Springtown, just north of Fort Worth. He volunteered for duty in Iraq, but this position came up first.

"It still counts as a deployment, but you're home," said Pfc. Bledsoe, who works in supplies. "I'm sure I'll get my chance."

Lt. Col. Rick Noriega, commander of the Laredo Guard troops and a Democratic state representative from Houston, said he expects the sector to have between 200 and 300 troops by the end of August. There are 100 to 150 soldiers – all from the Texas National Guard – there now, Col. Noriega said.

Col. Bill Meehan, spokesman for the Texas National Guard, said this week that the state was on track to have 1,500 Guard members deployed by the end of July.

Guard, Patrol Say Border Plan Working (HC)

By John W. Gonzalez

Houston Chronicle, July 21, 2006

After 1 month, law enforcement duties stepped up

LAREDO - Inside the U.S. Border Patrol's communications center, a Texas Army National Guard soldier sat at a computer Thursday and moved his mouse to aim a surveillance camera at the Rio Grande.

As he did so, one of dozens of video monitors on the wall before him showed a changing panorama of the river and its rugged banks.

The guardsman was being trained to look for signs of intruders on a 45-mile stretch of border that is watched here day and night. And because a soldier was on duty monitoring the situation, a patrol agent was freed up to be out in the field enforcing immigration law.

Guard and patrol officials said the month-old deployment of troops to the border is working as planned, enabling at least three dozen patrol agents to return to law enforcement duties. More than 100 soldiers have arrived and by the end of August there could be 300, said Lt. Col. Rick Noriega of Houston, commander of guard troops in the patrol's Laredo sector.

Unlike other border states, Texas has been able to meet Pentagon staffing goals with in-state volunteers for a mission expected to last two years. Although it has taken several weeks to muster and train the first wave of troops, they've been well received by the patrol and this border community, Noriega said.

"This has been a task that they (patrol) have done with the utmost professionalism. We're just pleased to have made this relationship work in a very meaningful way," he said.

Patrol acting sector Chief Reynaldo Garza described the collaboration as "very successful" because it quickly allowed the patrol to achieve one of the objectives established by President Bush when he ordered the deployment on May 15.

"We've been able to reach one of our objectives ... to return Border Patrol agents to the border to do the work that agents should be doing as opposed to clerical or camera operations-type surveillance duties," Garza said.

For the first time here, officials showed the news media the kinds of tasks the Guard has assumed alongside patrol agents.

"We have to dispel a lot of what was perceived was going to happen when they announced that the Guard was going to be deployed," Noriega said.

In highly visible roles, male and female Guard members in camouflage uniforms were assisting patrol agents at immigration checkpoints and dismantling vehicles containing suspected contraband.

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At the patrol headquarters, Guard troops maintained patrol vehicles while others worked as welders. Out in the brush, Guard troops — some of them armed — operated surveillance trucks, maintained motion sensors and dragged dirt roads to help with detection of fresh human tracks.

Troops arriving in coming weeks will begin construction tasks, and specially trained soldiers will become hidden observers who will report intruders to the patrol. So far, troops apparently have not taken up surveillance positions near the Rio Grande, but if they did, Mexican-based smugglers would probably take note.

"We're aware that there's always a possibility of counter-surveillance and counterintelligence being gathered on our movements," Garza said.

So far, no significant change in arrest data has been noted, Garza said, but in the past two weeks the Guard members assisted in seizing 2,200 pounds of marijuana and 138 pounds of cocaine.

The Guard will have a further impact on smuggling when engineering specialists arrive to build barriers and fences in high-traffic areas, Garza said.

"To say a 'wall' is a misnomer," he said. "You will see some work, but it won't be miles and miles, and it definitely will not be the entire 2,000 miles. It's impossible."

Noriega said his forces also are waiting on military "aviation assets" to arrive, but because Texas Guard fliers are deploying to Iraq in large numbers, those assets will be coming from another state.

Trial Examines Legality Of Aid To Immigrants (WSJ)

By Ben Winograd

The Wall Street Journal, July 21, 2006

Humanitarian groups in Arizona have long sought to reverse the increasing annual toll of migrants who die after illegally entering the U.S. -- by aiding injured crossers, maintaining desert water stations or even camping near the border in 100-degree temperatures.

Now, two volunteers are slated to stand trial in October for crossing what the government calls the line between humanitarian assistance and human smuggling. The defendants -- both 23 years old when arrested last July -- were found driving three ailing migrants to a makeshift clinic at a Tucson church. Though mostly watched in Arizona, the case also reflects a moral and policy question underlying the current immigration debate: How much aid should people who are legally in the country be able to give to those who are not?

Smuggling foreigners across the border is a clear violation of law. But once migrants have illegally entered or settled in the U.S., it's far from certain when transporting them for humanitarian or employment reasons is a crime.

Arizona's volunteer groups say the vast majority of illegal immigrants they help receive only food, water and on-site medical attention. But confusion continues to surround migrants who, while not in immediate danger, face a high likelihood of death or permanent injury by continuing their journey.

For example, volunteers say smugglers are far more likely to abandon migrants suffering from severe dehydration, sprained ankles or twisted knees.

Dozens of migrants stranded without food or water flagged down a sheriff's deputy outside Phoenix earlier this week. They said three members of their group had already died, and authorities began searching for as many as 200 thought to still be wandering the desert.

With help from University of Arizona law professors, members of a group called Samaritans outlined protocols on when migrants could be legally transported for medical attention.

The rules required a medical professional and lawyer to first clear all medical evacuations by phone. In serious but not life-threatening situations, volunteers drove migrants to a respite clinic at Tucson's Southside Presbyterian Church, located about 60 miles north of the border. The Border Patrol would be contacted only in life-or-death situations or at the migrant's request.

The Arizona defendants -- Shanti Sellz and Daniel Strauss -- belonged to a similar group called No More Deaths, which adopted the same protocols but stationed volunteers at desert bases during the summer. In the year prior to the arrest, group leaders say volunteers transported 68 migrants to Tucson for medical attention.

The groups alerted both the Border Patrol and Justice Department of their activities, according to court filings.

Defense witnesses said they notified current Border Patrol chief David Aguilar, then head of the agency's Tucson sector, after migrants were transported to Tucson for medical attention.

Michael Nicley, Mr. Aguilar's successor in Tucson, says the witnesses were lying and that he unequivocally warned group leaders upon his arrival that transporting illegal immigrants for any reason is a crime. But because no arrests had been made, Ms. Sellz and Mr. Strauss said volunteers believed agents made exceptions for medical treatment. "The Border Patrol saw us evacuating people," Mr. Strauss said in an interview. "We waved to them; they waved back."

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On the morning of his arrest last July, Mr. Strauss had been waiting at a No More Deaths camp about 10 miles north of the border when volunteers reported finding a group of eight migrants stranded nearby. One migrant vomited upon his arrival, Mr. Strauss testified in court, and could not keep down food or water provided by volunteers.

Others in the group said the migrant, Emil Hildalgo-Solis, had run out of water, drank from a cattle tank and experienced bloody diarrhea throughout the morning. Unable to get cellphone reception, Mr. Strauss -- a formerly certified medical technician -- drove Mr. Hildalgo-Solis and two other migrants he deemed in need of medical attention back to the camp.

There, a nurse and retired doctor in Tucson advised Mr. Strauss by phone to bring the migrants to Southside Presbyterian. Ms. Sellz pulled into the camp minutes later, advised her lawyer of the situation and volunteered her station wagon for the ride to Tucson. A Border Patrol agent spotted the migrants and pulled the car over 20 miles into the trip. "You're good people, but you're breaking the law," Mr. Strauss said the agent told them.

Each defendant now faces 15 years in prison on two charges related to transporting illegal migrants. They have rejected numerous plea offers, insisting that humanitarian aid is never a crime. Their argument centers on the precise language of the law, which legal experts say was designed not to criminalize innocuous transportation of illegal migrants.

In addition to proving the driver knew, or should have known, the passengers' immigration status, the government must show the transportation occurred "in furtherance" of their unlawful presence. No court has definitively applied the language to a case involving medical transportation, but lawyers for Ms. Sellz and Mr. Strauss have sought to dismiss the charges based on a footnote in a 1977 case from the U.S. Court of Appeals for the Ninth Circuit, in which Arizona is located.

"Based upon purely humanitarian concern," the judges speculated, "the transportation of a known undocumented alien to a hospital following an injury or illness does not appear" to further their unlawful presence. In response, the government disputed the gravity of the migrants' condition, asserting in court filings that they declined further medical attention from the Border Patrol. A final ruling on the motion is expected before trial, set for Oct. 3 in U.S. District Court in Tucson.

Meanwhile, the exact meaning of "in furtherance" also has split federal appellate courts in the employment context. Some circuits say the phrase refers only to the effect of the transportation, while others -- including the Ninth -- have held it requires showing the defendant specifically intended to help migrants remain in the U.S. illegally. Though seemingly technical, the difference could affect any co-worker, supervisor or small-business owner found to be transporting illegal employees.

In Washington, competing immigration bills offer varying revisions to the transportation statute. The House bill would bar transportation that aids illegal migrants "in any manner," while the Senate bill includes an exception for transportation to a place where migrants can obtain humanitarian assistance, including food and housing.

Write to Ben Winograd at benjamin.winograd@wsj.com1

Minutemen Put Trust In Their Finance Firms (WT)

By Jerry Seper

The Washington Times, July 21, 2006

The Minuteman Civil Defense Corps' top leaders signed a letter yesterday saying they have "complete confidence in the professional firms" hired by MCDC President Chris Simcox to oversee the organization's finances, citing criticism from within and outside the group as "utterly without merit."

The letter, posted on the Minuteman Web page (www.minutemanhq.com) applauded Mr. Simcox's decision to employ "accredited and experienced professionals to assist the organization in management of our finances."

"There are those both within the border security movement and actively opposed to it who, for ideological reasons or in advancement of personal ambition, wish the Minuteman Civil Defense Corps to fail," Minuteman Civil Defense Corps (MCDC) said in a statement.

"Critics are obtaining false information from known racialists, anti-Semites and a small handful of disgruntled people who have been terminated from staff or from leadership involvement with the Minuteman Civil Defense Corps over a year ago because they could not meet MCDC standards or adhere to our strict field standard operational procedures," the group said.

The letter came in response to a report yesterday in The Washington Times that a growing number of MCDC leaders and volunteers had questions concerning the whereabouts of money contributed to the organization over the past 15 months and its ties to Declaration Alliance, a Virginia-based charity headed by conservative Alan Keyes.

They said they had no idea how much money had been collected as part of its effort to stop illegal entry along the U.S.-Mexico border or on what it had been spent. Several top officials have quit or are threatening to do so. Others questioned whether MCDC volunteers received the equipment they needed for their border vigils.

MCDC has not made any financial records public despite concern within the organization and requests by The Times dating back to October.

Saying "tabloid-style gossip of this nature drives readership," the MCDC letter defended Declaration Alliance.

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"The Declaration Alliance and the Minuteman Civil Defense Corps organizational entities are both in full compliance with IRS regulatory statutes and filing obligations," the statement said, adding that financial disclosure forms will be submitted by Nov. 15.

The letter accused critics of having "no actual knowledge of MCDC finances, regulatory compliance, filing deadlines, non-profit status, or other accountability matters," and described the accusations as "groundless."

It said the MCDC, through its vigils along the U.S.-Mexico border and five states on the Canadian border, had forced into the national spotlight "the lawless and wide-open conditions at our borders." It said illegal immigration and the lack of border security was the country's top issue.

The letter was signed by Mr. Simcox, Al Garza, national executive director, Carmen Mercer, vice president, Greg Thompson, national development director, and Bill Irwin, national operations director.

TAX:

IRS Gets Setback In Prosecution Of 'Son Of Boss' Tax Shelters (WSJ)

By Robert Guy Matthews

The Wall Street Journal, July 21, 2006

A federal court dealt the Internal Revenue Service at least a small setback in its continuing legal prosecution of a tax shelter known as "Son of Boss."

The U.S. District Court for the Eastern District of Texas ruled that the government was wrong to retroactively change its regulations, a change which ultimately ensnared Klamath Strategic Investment Fund LLC in a tax dispute with the IRS over how to account for tax liabilities under a complicated loan agreement. The court also ruled the government overstepped its authority in defining what exactly constituted a liability under the IRS code.

The civil case may have ramifications for the government's coming trial of 18 individuals facing criminal charges related to sales of tax shelters by KPMG LLP. The government has contended in those cases that the structures were illegal. Some of the criminal cases against those individuals involved Son of Boss.

While the government lost on two of its arguments against Klamath, the case still is scheduled to be argued in October over whether the complicated loan structuring meets the government's test of economic substance. Economic substance means that a business transaction would have to have a purpose other than to lower federal taxes.

"We are still studying the opinion, which affects one part of the government's case," said IRS Chief Counsel Donald Korb. "The effect of the economic substance doctrine on this case has yet to be decided."

Unlike the U.S. Tax Court or the Court of Federal Claims, where the IRS has won several tax-shelter cases, the U.S. District Court for the Eastern District of Texas isn't a precedent-setting court.

"This is a technical knockout of the IRS's primary statutory attack on the so-called Son of Boss cases," said Lawrence M. Hill, chairman of the tax controversy and litigation group at Dewey Ballantine LLP. "The court regarded the IRS's issuance of retroactive regulations as an abuse of its discretion. The IRS will return to the ring and attack the transactions using the economic substance doctrine. At a minimum, taxpayers will undoubtedly rely on this case to attempt to avoid penalties."

In 2004, the IRS settled out of court with about 1,200 businesses for Son of Boss cases and collected $3.8 billion in taxes due, interest and penalties that were less than the maximum allowed by the law. At the time, the IRS warned 600 other taxpayers that had taken advantage of the shelter that if they didn't come forward and settle, the IRS would disallow all the tax benefits and assess the full 40% penalty that the law allows.

Editorial: KPMG Justice (WSJ)

The Wall Street Journal, July 21, 2006

The "largest tax-fraud case in U.S. history" is turning into a slow-motion fiasco for the government. In a two-page order filed Wednesday, federal Judge Lewis A. Kaplan, who is overseeing the criminal trial of 18 defendants -- mostly former employees of accounting giant KPMG -- granted a defense motion to delay the trial until next January.

One reason Judge Kaplan cited for the delay was the U.S. Attorney's "improper" interference in KPMG's decision to cut the defendants off from legal support. Judge Kaplan ruled last month that both Justice Department policy, as laid out in the 2003 Thompson Memo, and the prosecutors' conduct in this case were unconstitutional. His 88-page ruling in June declined to dismiss the case over the matter, but suggested that dismissal remained a possibility if the legal-fee issue was not resolved.

Sixteen of the defendants are suing KPMG for payment of their legal fees, which KPMG continues to resist, and the judge's order suggested that he'd like to see that resolved before the trial begins. This seems more than fair, since the former KPMG

officials have been indicted for selling tax shelters that they believed were legal at the time, and that KPMG itself only admitted were wrong as part of a deferred-prosecution agreement to avoid an indictment of the entire firm.

Since the June ruling, Judge Kaplan has continued to exchange barbs with the prosecution over its conduct of the case. After that ruling, the prosecutors petitioned, among other things, to have the prosecutors' names edited out of his scathing ruling, which Judge Kaplan refused to do.

The testiness continued with Wednesday's order, which also rapped the government over its handling of document production. The failure to adhere to an October 2005 deadline for providing the defendants with the government's evidence was also among the reasons for the trial's delay. In June, Judge Kaplan remarked ruefully, "There used to be a time when big cases were investigated a different way in this country. Maybe something's gone horribly wrong." Some serious reconsideration at senior levels of the Justice Department seems called for here.

CONGRESS-ADMINISTRATION:

HHS Secretary's Fund Gave Little To Charity (WP)

By Jonathan Weisman

The Washington Post, July 21, 2006

Health and Human Services Secretary Mike Leavitt and his relatives have claimed millions of dollars in tax deductions through a type of charitable foundation they created that until recently paid out very little in actual charity, tax records show.

Instead, much of the foundation's money has been invested or lent to the family's business interests and real estate holdings, or contributed to the Leavitt family genealogical society.

The Leavitts used nearly $9 million of their assets to set up the foundation in 2000 under an obscure provision of the federal tax code. But unlike standard private foundations, which are required to give away at least 5 percent of their assets to charitable causes, the Leavitt organization donated less than 1 percent of its assets in 2002, 2003 and 2004. The donations jumped to 6.3 percent of total assets last year, after the sale of family water interests that also allowed the foundation to increase its lending to Leavitt business interests.

While Mike Leavitt alone has claimed about $1.2 million in tax write-offs since 2000, the foundation gave away only $49,000 in 2002 and $52,000 the next year, according to tax returns and other documents filed by the foundation. Meanwhile, the foundation's assets have been used for a $332,000 loan to Leavitt Land and Investment Inc., in which the secretary owns a significant stake, and other secured loans for insurance and real estate deals, said Alan A. Jones, a trustee of the organization.

Leavitt Land and Investment, in turn, extended an interest-free loan to Leavitt in 2002 valued at more than $250,001, according to a recent financial disclosure.

"The foundation's activities are totally legal and proper," Christina Pearson, an HHS spokeswoman, said this week on the secretary's behalf.

But Rick Cohen, executive director of the National Committee for Responsive Philanthropy, said that "the Leavitts are using the foundation as a personal piggy bank, and that's not what the public -- or Congress -- ought to tolerate." Cohen reviewed the family foundation's records and tax returns at the request of The Washington Post.

The tax structure used to create the foundation is called a Type III supporting organization. The Internal Revenue Service has said the category is rife with abuse, designating "supporting organizations" this year as one of its "Dirty Dozen" top tax scams, along with Internet identity theft and offshore banks. Use of the tax structure could be significantly reined in under a tax provision that was inserted into pension legislation passed by the Senate and now under negotiation with the House.

Leavitt and his brother Dane have defended the family's actions as both legal and ethical.

Dane Leavitt said his family would change the operations of the foundation if Congress enacted the legislative changes, which were proposed by Senate Finance Committee Chairman Charles E. Grassley (R-Iowa).

"That's a public policy decision," Dane Leavitt said. "If Congress makes that decision, we will abide by it."

From its early roots in the settlement of Utah, the Leavitt family has built up a considerable fortune in land and business. The family created the Leavitt Group and built it into one of the largest insurance brokerages in the country. Before he was elected Utah's governor in 1992, Mike Leavitt was the group's president and chief executive, amassing holdings valued at $5 million to $25 million. He sold off those assets when he joined President Bush's Cabinet.

In August 2000, Leavitt's parents, Dixie L. and Anne O. Leavitt, established the supporting organization under their names. The family then donated nearly $8.1 million worth of water rights that it was using to irrigate its land in southern Nevada. It donated another $540,000 in stock from the Leavitt Group.

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Under the regulations governing Type III supporting organizations, the Leavitts could then claim huge charitable deductions from their taxes using the fair market value of those assets. As owner of roughly 15 percent of the water rights, Mike Leavitt was entitled to around $1.2 million in tax write-offs, Jones said.

Unlike standard private foundations, the Dixie & Anne Leavitt Foundation was not required to invest its funds in a diverse array of assets. It kept the assets in the Bunkerville (Nev.) Irrigation Company, in which the family retained significant control, and the Leavitt Group, whose board includes Dane, David, Dixie, Eric, Mark, Matthew and Rod Leavitt.

According to tax documents, the Leavitt Foundation donated $49,087 of its $9 million trust -- or 0.5 percent -- in 2002 and $52,312 -- or 0.6 percent -- in 2003, the only years of tax data available.

"They're basically sitting on all this money, getting a charitable write-off and doing nothing with it," Cohen said.

The small percentage used for donations went largely to causes closely tied to the Leavitts. The bulk of the money has gone to the Southern Utah Foundation, under rules set out by the Leavitts under what is known as a donor-advised fund. Thousands of dollars more in donations have gone to Southern Utah University, Mike Leavitt's alma mater, and the Western Association of Leavitt Families, which promotes genealogical research and religious activities for the descendants of the first Leavitts, who helped establish Utah as a Mormon state.

"Secretary Leavitt's parents are generous people who are supportive of the people and causes in southern Utah. Organizations like Southern Utah University, which Secretary Leavitt attended, and the Southern Utah Foundation have provided services to thousands of people," Pearson, the HHS spokeswoman, said.

Dane Leavitt said the foundation's bylaws set strict limits on the contributions it can make to Leavitt family organizations.

The foundation maintains its holdings in the Leavitt Group, but last year it sold off the family's water rights to the Las Vegas Valley Water District for $11.9 million, Jones said -- substantially more than the $8.1 million originally claimed as a charitable deduction.

If the family had to pay out 5 percent of those assets a year, the foundation would have had to liquidate some of those water rights for less money. Now, it will have more money to give in the future, Dane Leavitt said. The proceeds from the sale should earn $800,000 in income, 85 percent of which will go to charities to "do some significant good," he said. Indeed, giving has increased substantially this year.

"It was a good thing to not liquidate that water stock until the time was right," he said, "and the time was right last year."

"Those limitations are in place," he said, "and I'm confident they are abiding by them."

But selling the water rights opened the foundation to a new criticism. Jones said some of the proceeds have been farmed out to secured loans to Leavitt-related interests, such as real estate investments and insurance businesses. Even before the asset sale, the Leavitt Foundation's 2002 tax return noted an outstanding loan of $332,000, which Jones said went to Leavitt Land and Investment Inc., secured by the water rights.

Mike Leavitt's stake in Leavitt Land and Investment -- which owns commercial and residential buildings, land and livestock -- was valued at $1 million to $5 million in his 2005 financial disclosure form. In the same year that the foundation made its loan to the company, the company gave Leavitt an interest-free loan valued at $250,001 to $500,000, the disclosure form states.

Dane Leavitt, the chief executive of the Leavitt Group, insisted it was not a loan but a promissory note from each of the six Leavitt brothers pledging to give the company funds and was "completely unrelated" to the loan the foundation gave the company that year.

Such loans -- from a family foundation ostensibly set up for charity to the family's business interests -- are precisely what IRS Commissioner Mark W. Everson labeled as an abuse last year when he excoriated Type III supporting organizations as personal piggy banks for the rich.

"Some promoters in this area have encouraged individuals to establish and operate supporting organizations . . . that they can control for their own benefit," Everson said. "There are a variety of methods of abuse, but a common theme is a 'charitable' donation of an amount to the supporting organization, and a return of the donated amount to the donor, often in the form of a purported loan that may never be repaid."

Jones said the Leavitt foundation's loans were nothing of the sort. The LL&I loan was repaid in full on Oct. 5, 2004, he said, and the more recent loans were approved by an independent trustee, who set the interest rates and repayment terms.

"This was not an abuse of the process," he said.

Pension Bill To Close Costly Loopholes (AP-Y)

By Jim Abrams

AP2, July 21, 2006

Republicans expressed confidence Thursday that pension overhaul legislation, after months of negotiation, would make it to the president before Congress' August break.

"We're very very close and we should be able to wrap this up next week," said the chairman of the House Education and the Workforce Committee, Rep. Howard "Buck" McKeon, R-Calif.

House Majority Leader John Boehner, R-Ohio, a chief negotiator in the House-Senate talks that have dragged on since March, said the bill no longer would allow employers to underfund pension plans and would protect taxpayers from a multibillion-dollar bailout.

Lawmakers emerging from a meeting Thursday said they needed to work through to settle final details.

One unresolved issue was whether to give a special break — extra years to catch up with underfunding — for financially struggling airlines. Negotiators also were discussing proposals to exempt defense contractors from the schedule for meeting pension obligations.

Boehner said that the final product will strengthen a system that has seen employer-based defined benefit pension plans grow underfunded by an estimated $450 billion. Also, the Pension Benefit Guaranty Corp., the federal agency that insures these plans, is running a $22.8 billion deficit.

The difficulty is how to force companies with underfunded plans to meet obligations to their workers without forcing these businesses to eliminate their plans, shifting the financial burden to the agency and possibly taxpayers.

"We have to walk a very fine line if we are going to meet all those goals," Boehner said.

Sen. Max Baucus, D-Mont., the top Democrat on the Senate Finance Committee, said he was generally pleased with the bill. "It's needed protection for workers, for retirees, especially in the wake of Enron. It will help retirement security for employees and that's good," he said.

According to documents from GOP aides, the final bill is expected to:

_require all plans to be 100 percent funded in seven years. Under current law 90 percent is regarded as full funding.

_adopt a new interest rate to more accurately measure liabilities.

_prevent plans funded below 80 percent from using credit balances, past contributions to the plans that may have overstated value because of stock market losses.

_give people with 401(K) and IRA investments greater access to investment advice. Some worry that Wall Street companies offering advice might have conflict-of-interest problems.

_encourage savings by including automatic enrollment for 401(K) programs.

_restrict the practices of companies giving deferred-compensation payouts to executives of financially troubled companies with at-risk pension plans.

Lynn Dudley, vice president of the American Benefits Council, which represents companies with pension plans, hoped for changes to the formula for determining what plans are at risk and must increase contributions until they are fully funded.

The concern, she said, is that the proposed formula might force some essentially healthy plans to freeze benefits or opt out of their defined-benefit plans.

The agreement was expected to reinstate temporarily some popular tax breaks, including a corporate research and development credit and a deduction for state and local sales taxes. Lawmakers also planned to use the bill to keep some of the president's temporary tax incentives for retirement savings, first passed in 2001.

The chairman of the Senate Finance Committee, Sen. Charles Grassley, R-Iowa, said negotiators were under pressure from GOP leaders to fold in a cut in estate taxes.

Senate Appropriations Panel Quickly Approves Four Bills (WP)

By Shailagh Murray

The Washington Post, July 21, 2006

The Senate Appropriations Committee approved four bills yesterday, marking the first time in 18 years that the panel has finished its work before the August recess, and leaving plenty of time for Congress to complete a budget by Oct. 1, when the new fiscal year begins.

Despite that momentum, Congress probably will not confront some of the biggest domestic spending issues, including more money for education and health programs, until after the November elections.

Nervous Republican leaders want to avoid a showdown before then between GOP moderates and conservatives. The moderates are seeking more money for health and education programs, while conservatives favor belt-tightening and want to rid the appropriations process of so-called earmarks, special projects that lawmakers like to insert in spending bills to benefit their home districts. To bolster funding for social programs, the Senate bill reduced President Bush's Pentagon spending request by about $9 billion.

Lawmakers in both parties now say the spending bills may be rolled into one big package after the midterm election. The most contentious of the bills, and a perennial spending choke point, would fund the departments of Health and Human Services,

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Education, and Labor. In the House, Democrats tacked on a minimum wage increase, a poison pill for GOP leaders, who oppose a wage increase but worry that political pressures would leave vulnerable rank-and-file Republicans with little choice but to support it.

House leaders have considered offering a separate bill on the minimum wage, possibly by pairing it with small-business tax incentives to offset the extra labor costs. Republican moderates are particularly eager to vote on a wage increase. But action is unlikely until at least September, when the House will be in session for four weeks, before adjourning Sept. 29, at least until after the election.

In the Senate, there is bipartisan pressure to increase funding for popular social programs. In fact, the bill's Republican author, Sen. Arlen Specter (Pa.), is one of its most outspoken critics, for shortchanging job training programs, disease research and Pell grants, which have not increased in five years, despite soaring college costs. Specter said his bill represents "the disintegration of the appropriate federal role in health, education and worker safety."

At $142.8 billion, the health-education-labor package is $5 billion over Bush's $137.8 billion request, but $2 billion short of the funding level that Specter sought and that the Senate endorsed in a vote earlier this year.

Sen. Tom Harkin (D-Iowa), the ranking Democrat on Specter's subcommittee, noted that funding for Bush's No Child Left Behind education initiative falls about $15 billion short of the level that was promised when Congress approved it. "That says why so many people are upset with No Child Left Behind around the country," Harkin said. When the bill finally does advance, he added, "we're going to try our best" to fill the numerous spending gaps.

One of the few changes to the bill the committee approved would encourage the Department of Education to support a campaign to teach the national anthem to schoolchildren, which features the Oak Ridge Boys as "official musical ambassadors."

The Senate panel also approved a $69 billion package for the transportation, housing and Treasury departments that would provide $1.4 billion for Amtrak, or about $500 million more than what the White House proposed. Another flashpoint is public housing funding, which has remained mostly flat in recent years. The Senate bill would provide the Department of Housing and Urban Development with $36.6 billion, an increase of $2.5 billion from Bush's budget request.

One amendment the committee accepted would block the administration from implementing a rule giving foreign investors a bigger role in U.S. airlines, in accordance with a European Union aviation agreement. The rule is set to take effect Oct. 1 -- well before final action is expected on the transportation bill, meaning its opponents may have to find a quicker-moving vehicle.

The Senate committee also approved a defense spending bill that would provide $453.5 billion in new discretionary spending authority, including $50 billion in additional funding for operations related to the war on terrorism. The committee bill recommended about $9 billion below Bush's fiscal 2007 request of $462.6 billion.

The defense bill is one of the few spending measures that the Senate hopes to push through before the election. For now, leadership plans to bring it to the floor July 31, the final week before the August recess. But Democrats have warned that they intend to offer numerous amendments to the bill, many of them related to the Iraq war. A senior Senate GOP aide said last night that floor consideration could be put off until September, depending on the length and volatility of the Democratic list.

Finally, the Senate committee approved fiscal 2007 funding for military construction and veterans affairs. The bill totaled $81 billion, slightly less than the $81.7 billion number Bush requested, and about $5 billion more than the fiscal 2006 level.

Oman Trade Pact Passes House In A Close Vote (WSJ)

By Greg Hitt

The Wall Street Journal, July 21, 2006

WASHINGTON -- The House of Representatives approved a trade agreement with Oman, setting aside some lawmakers' concerns that a pact with the Persian Gulf state might threaten security at U.S. ports.

Passage of the deal on a 221-205 roll call offered a vote of confidence for an important plank in President Bush's trade agenda. After the Sept. 11, 2001, terror attacks, Mr. Bush has made a priority of establishing closer economic ties with nations in the Middle East, to foster political alliances and ease hostility toward the U.S. Washington has completed deals with Morocco and Bahrain, adding to trade agreements previously negotiated with Jordan and Israel. Talks are under way on a potential pact with the United Arab Emirates.

With a population of three million, Oman accounts for less than 0.5% of all U.S. trade in goods, U.S. officials said. The deal is expected to create opportunities for Omani textile producers and U.S. insurers and banks, among others.

Supporters of the Oman deal portrayed the sultanate as an ally in the U.S.-led war on terror. Secretary of State Condoleezza Rice and White House National Security Adviser Stephen Hadley joined the administration's lobbying campaign, stressing the importance of the deal, which was approved by the Senate last month.

Yet the vote on the Oman pact was close, illustrating unease among lawmakers of both parties about trade liberalization. Concern about Oman's labor-rights protections, as well as the deal's potential for increasing competition for U.S. textile

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producers, added to opposition yesterday. Ultimately, 28 Republicans joined 176 Democrats and one Independent against the deal, while 22 Democrats joined 199 Republicans in support.

The strongest criticism came from lawmakers anxious about a provision in the deal that grants Oman the right to manage port operations in the U.S. Under the agreement, Oman has the right to seek compensation before an international tribunal if the U.S. fails to honor those rights. In debate that harked back to the Dubai ports controversy, critics suggested the Oman deal could put the nation's security at risk, and questioned the wisdom of entering into such a commitment with an Arab nation, even one friendly to the U.S.

"Do you really think terrorists couldn't take advantage of this provision?" said Rep. Michael Michaud (D., Maine). "They know how the system works. They are strategic in their plotting."

Earlier this year, a company owned by the government of Dubai, a Persian Gulf emirate that is part of the U.A.E., was forced to back away from plans to run commercial operations at several U.S. ports, amid an outcry on Capitol Hill.

The Bush administration and its House allies said similar commitments on port operations were part of other recently approved trade deals, and emphasized that nothing in the agreements weakens existing U.S. authority to block potential deals for national-security reasons.

Peru Trade Accord Passed By U.S. House Committee In "Mock" Vote (BLOOM)

By Mark Drajem

Bloomberg, July 21, 2006

July 20 (Bloomberg) -- A trade agreement between the U.S. and Peru was approved by a House committee in a procedure designed to measure support for the accord before it is formally submitted for consideration.

The House Ways and Means Committee approved the measure 23- 13 during a ``mock markup." All the Democrats except one, John Tanner of Tennessee, opposed the measure. The committee also voted down amendments offered by Democrats intended to change provisions over labor rights, port security and environmental standards.

The ``mock" review of the measure allows lawmakers to offer amendments for the administration to consider before the agreement is formally submitted. Once introduced, House rules require lawmakers to approve or reject the agreement without amendments.

A U.S.-Peruvian agreement to end trade tariffs between the two nations would boost U.S. exports by $1.1 billion a year, led by sales of chemicals, machinery and wheat, an analysis by an independent government agency found last month.

The Bush administration and the government of Peruvian President Alejandro Toledo signed the agreement in April just weeks before an election to replace Toledo, who is stepping down by mandate in July. Peru's Congress has already approved the agreement.

Partner

The U.S. is already Peru's largest trading partner, accounting for more than one-third of Peru's $17 billion in exports last year. The measure that allows Peru's goods to enter the U.S. duty free expires at the end of this year, and the free- trade agreement is crucial for keeping open markets for Peruvian metals, flowers, apparel and other goods.

The Senate Finance Committee is likely to engage in a similar procedure next week. Still, because of the delay in considering the agreement, the full Congress won't approve Peru before its August recess, committee chairman Bill Thomas said today.

And if it's not done before August, the deal won't get a vote before November, the committee's top Democrat, Charles Rangel, predicted. ``It's impossible, there just isn't enough time," he said earlier today.

Parent-notification Bill Pushed In Senate (WT)

By Amy Fagan

The Washington Times, July 21, 2006

Senate Republicans are pushing forward with legislation, which lawmakers likely will start debating today, that would protect parents' right to be involved in their teenage daughter's abortion decision.

Republican leaders hope to vote on the bill next week. They're trying to work out an agreement with Democrats on how long debate will last and how many amendments Democrats will be able to offer.

The last time the emotionally charged issue came before the Senate, in 1998, the bill failed to garner 60 votes needed to overcome a filibuster, and failed 54-45.

The legislation, which would make it a crime to knowingly skirt a state's parental consent or notification law by taking a pregnant minor to another state to obtain an abortion, is putting Democrats in a tight spot, as evidenced by Senate Minority Leader Harry Reid's comments yesterday.

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On one hand, Mr. Reid said that the bill is important and that Democrats want to debate it, not stall it. But he also said that there are much more important issues the Senate should be considering and that it's "too bad" Republicans are taking time out for the bill.

"We have two weeks left," said the Nevada Democrat, referring to the start of the chamber's summer recess. "As important as people feel this issue is, how does it compare with what's going on in Iraq, how does it compare with people trying to pay for gas prices?"

Republicans and Democrats continue to negotiate. Among the amendments Democrats want to offer is one that would exempt clergy from prosecution under the bill.

The Republican push for the bill comes as part of a long line of recent House and Senate votes on contentious social issues that excite their base in the run-up to the election -- such as same-sex "marriage," flag burning and the Pledge of Allegiance.

This bill would make it a federal crime to knowingly circumvent a state's parental consent or notification law by taking an underage girl to another, more lenient state to help her obtain an abortion. Violators would face fines and up to one year in prison, unless the abortion was needed to save the girl's life. The girl couldn't be prosecuted.

Republicans said the legislation, which was approved by the House last year, is straightforward and widely supported.

"The Child Custody Protection Act would uphold the wishes of the vast majority of Americans who believe parents have the right to be involved in such a serious decision in their child's life," said Senate Majority Leader Bill Frist, Tennessee Republican.

Democrats said it's a clear attempt to score more points with the Republican base and to provide cover for the 19 Republicans who just days ago voted for a highly contentious bill to expand federal funding of embryonic-stem-cell research.

"It's obvious -- this is a makeup vote for pro-life Republicans who voted for stem cells," said Sen. Richard J. Durbin, Illinois Democrat and minority whip.

Civil Service, Military Raises Moved Along Separate Tracks (WP)

By Stephen Barr

The Washington Post, July 21, 2006

The Senate Appropriations Committee signed off yesterday on a 2.7 percent pay raise for the civil service for next year, but a key senator cautioned that the proposal might be adjusted to 2.2 percent if Congress decides that is the appropriate increase for the military.

In most years, Congress provides annual raises of an equal size to the civil service and the military. But the raises have moved on separate tracks this year, with House and Senate defense appropriators proposing a 2.2 percent raise for the armed forces and the House and Senate appropriators with the transportation and Treasury subcommittee recommending a 2.7 percent raise for the civil service.

Sen. Christopher S. Bond (R-Mo.), manager of the Senate bill with the civil service raise, told colleagues that, given the difference with the proposed military raise, senators might be asked to "bring civilian pay down to that level."

The pay raise will probably be decided in closed-door negotiations or through an amendment when the fiscal 2007 spending bill for the Defense Department comes to the Senate floor, congressional aides suggested. Although no schedule for floor action has been set, lawmakers usually prefer to act on defense and homeland security bills before other funding priorities.

President Bush called for a 2.2 percent raise for both groups in his 2007 budget plan. This year, federal employees received an average 3.1 percent raise.

The Office of Management and Budget has said that a 2.2 percent raise would continue to allow the government to meet its recruitment and staffing needs and that a higher raise would divert money from critical programs.

But federal unions have lobbied for a higher raise, saying "fair pay" will make the government more competitive in recruiting as baby boomers retire. Federal projections show that agencies could lose 61,000 full-time workers in fiscal 2008, with retirements running at similar levels through 2010.

In dealing with workforce compensation, Congress has followed a policy known as "pay parity" when providing raises to the civil service and the military, in part to recognize that both groups, as Sen. Barbara A. Mikulski (D-Md.) said yesterday, often work "side by side in defense of our nation's homeland security."

But it's clear this year's bills were not crafted side by side.

The House in May approved a 2.7 percent military raise as part of the fiscal 2007 defense authorization bill, then in June approved a 2.2 percent military raise in a defense appropriations bill. The Senate has approved 2.2 percent raises in both bills.

The House, meanwhile, approved a 2.7 percent civil service raise in June, and the Senate Appropriations Committee also adopted the proposal yesterday in its version of the transportation-Treasury bill.

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Colleen M. Kelley , president of the National Treasury Employees Union, expressed confidence that lawmakers would rally around a 2.7 percent parity raise. "I fully expect that Congress will recognize the contributions of our military personnel and take the necessary steps to provide them with a 2.7 percent pay raise," she said.

The transportation-Treasury bill approved by the Senate committee contained some good news for the Office of Personnel Management.

The bill would provide $26.7 million for the agency's initiative to replace a paper-based system for processing federal retirement claims with an automated system that would more quickly calculate accurate pension benefits.

The House had not included any funding for the project, which Linda M. Springer , the OPM director, has called essential to modernizing agency operations.

A decision on whether to finance the new technology will probably be left to House and Senate negotiators later this year.Talk Shows

Tammy Flanagan , a federal retirement and benefits expert, will be the guest on "FEDtalk" at 11 a.m. today on http://federalradionews.com and WFED radio (1050 AM).

Van Zeck , commissioner of the public debt, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Stephen Barr's e-mail address isbarrs@washpost.com.

Googling The Feds (LAT)

The Los Angeles Times, July 21, 2006

THE PUGNACIOUS, PORK-BUSTING Sen. Tom Coburn (R-Okla.) has been working to combat government waste for years. Now he's leading the charge on a bill that would mandate "full disclosure of all entities and organizations receiving federal funds" on the Web. It's a great idea.

Information about federal funding is already publicly accessible — but only if you have the brainpower and computing capacity to merge and navigate huge amounts of information. Coburn's new database would let regular folks go to a box on a website, type in an obvious keyword or phrase such as "Sierra Club" or "Boeing" or "Sacramento levee," then get a full record, stretching back 10 years, of how much federal money went to an entity, cause or project, and for exactly what purpose. "Basically, it'll let you Google the federal government," one Coburn aide said.

It's hard to find fault with legislation that promotes such transparency — and it's no surprise that there are enthusiasts on both sides of the aisle, including co-sponsors Sens. Barack Obama (D-Ill.), Thomas R. Carper (D-Del.) and John McCain (R-Ariz.). A refreshingly motley combination of interest groups, including Greenpeace, the Heritage Foundation, the Family Research Council and the National Gay and Lesbian Task Force, are also onboard.

The bill's primary detractors? Those on Capitol Hill who think that companies that receive government contracts should be exempt from scrutiny, as they would be if the unanimously passed House version of the legislation became law. According to the New York Times, a sponsor of the House bill, Rep. Thomas M. Davis III (R-Va.), explained that grants "are more susceptible to abuse" than contracts, which "are awarded in a much more competitive environment." Any self-respecting budget hawk should scoff at such talk — especially from a legislator whose district is home to many government contractors.

Coburn's subcommittee held a hearing on the idea Tuesday, and his office has said it expects the full Homeland Security and Governmental Affairs Committee to consider the legislation and introduce it on the floor before the August recess. The Senate should pass this bill, combine it with the House version in a way that keeps corporations on the hook, and get it to the president for his signature as soon as possible.

Fiscal conservatives like Coburn hope the new database will hasten the demise of pork-barrel politics. Some progressives have said they also hope it will shed light on all the good work that government does. Either outcome — or, dare we dream, both — would be big wins for participatory democracy.

Farm Harm (WP)

The Washington Post, July 21, 2006

A QUESTION raised by The Post's recent reports on farm subsidies is this: Why does the nation tolerate this waste? As reporters Gilbert M. Gaul, Dan Morgan and Sarah Cohen explain, the federal government paid out $1.6 million in earthquake compensation to Washington state farmers who hadn't suffered earthquake damage. It foisted $39 million in storm compensation on bewildered Wisconsin farmers who were unaware that they'd suffered any loss. And it gave $400 million worth of powdered milk, which it had bought to support milk prices, to supposedly drought-stricken ranchers -- only to find that ranchers and middlemen sold the milk back onto the world market, driving milk prices down again while clearing a fast profit.

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This theater of the absurd reflects more than government incompetence. The Livestock Compensation Program, the subject of the Post article on Tuesday, was the result of careful political judgment. It was created by the Bush administration in 2002 to boost John Thune, the Republican Senate candidate in South Dakota. The White House calculation was that Mr. Thune would pick up crucial votes from his state's ranchers if he was seen to have delivered federal pork. The flip side of the calculation was that the president would not pay an electoral price for throwing millions of dollars out the window.

Campaigners against farm subsidies have spent years grappling with this logic. It's long been clear that the lion's share of the $20 billion-plus in annual farm payments has gone to rich farmers who don't need the cash; that the payments promote environmental damage; and that they harm farmers in poor countries. But even with the most cynical view of politics, in which you assume that these substantive problems with farm programs don't count, there's still something of a mystery. Sure, the farmers who pocket the cash will vote for whoever provides it. But farmers are a tiny minority of the electorate. Why doesn't the majority, which pays for all this waste, rise up in revolt against the sheer gluttony of it?

The answer is that the taxpaying majority doesn't care, not least because it is oblivious. But maybe there is hope. In the era of online political organization and Internet search, information on pork-peddling scandals ought to spread faster and more widely. On Tuesday Sen. Tom Coburn (R-Okla.) held hearings on a bill to create a database of government spending and contracts that would make it easy to look up how much federal money flows to particular companies or nonprofits. The bill's bipartisan backers are hoping for quick passage, and they rightly point out that the only ground for opposing their idea is a desire to keep corrupt payments secret. It will be interesting to see whether any senator has the nerve to block the bill -- and whether leaders in the House, who want to exclude information on government contracts, are shameless enough to argue that taxpayers should be kept in the dark.

OTHER NEWS:

Fed Chief Is Optimistic On Housing (NYT/AP)

The New York Times, July 21, 2006

WASHINGTON (AP) -- Surging energy prices are acting like a double whammy on the country's economy, crimping growth even as they push up inflation, Federal Reserve Chairman Ben Bernanke said Thursday.

"The increase in energy prices is clearly making the economy worse off both in terms of real activity and in terms of inflation. There is no question about it," Bernanke told the House Financial Services Committee.

Although Fed policymakers at their June meeting were concerned about higher energy prices and the risk of inflation spreading through the economy, they also seemed hopeful that moderating economic activity could help ease inflation pressures down the road, according to minutes of that closed-door meeting released Thursday.

Oil prices, which set record closing high of $77.03 a barrel last Friday, have retreated and are now hovering above $73 a barrel. If oil prices were to rise an additional $10 or $15 a barrel, there would be "significant consequences" for the economy, the Fed chairman added.

The economy, which grew in the first quarter of this year at a 5.6 percent pace, the fastest in 2 1/2 years, is expected to slow to a pace of around 3 percent or less in the second half of the year, according to private economists' projections.

Lofty energy prices, a cooling housing market and less consumer appetite for spending are figuring prominently in the forecast for slower overall economic activity.

The rise in "core" inflation, which excludes energy and food prices, "seems to be a broad-based phenomenon, so we don't think it is a statistical illusion," Bernanke told the panel. Fed policymakers focus on the core measure to get a better sense of how other prices are acting.

For the first six months of this year, core prices rose at an annual rate of 3.2 percent -- far outpacing the 2.2 percent rise for all of 2005.

Even though Fed policymakers at the June 28-29 meeting expressed concern about higher readings on core inflation, they thought the phenomenon was more likely to be temporary rather than persistent, the minutes said. "Inflation was seen by most participants as likely to edge down," according to the minutes.

Striking a similar chord in an appearance Wednesday before the Senate Banking Committee, Bernanke raised hopes that a respite from two years of interest rate pain may be in sight, a notion that sent stocks soaring.

To fend off inflation, the Fed has boosted interest rates 17 times since June 2004, with the most recent increase coming at the June meeting.

"All eyes are on you ... as we reach a critical point in monetary policy," Rep. Carolyn Maloney, D-N.Y., told Bernanke at the House hearing. After 17 rate hikes, "people are naturally wondering: When is it going to stop?"

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Bernanke didn't say.

The Fed's next meeting is Aug. 8, and hopes are rising among investors that the Fed might take a break in credit-tightening campaign then to assess economic activity. Some economists believe another rate increase will come at the August meeting, but the Fed will move to the sidelines for a while after that.

"With the economy slowing and some of the effects of past tightening still in the pipeline, members recognized the value of accumulating more information for determining what, if any, additional policy action would be needed," the Fed minutes said.

In other matters, Bernanke, at the House hearing:

--Observed that the once high-flying housing market appears to be experiencing a safe landing. "The downturn in the housing market so far appears to be orderly," he said.

--Declared that the massive holdings of mortgage giants Fannie Mae and Freddie Mac "present a systemic risk" to the U.S. financial system. He previously has urged Congress to restrict their holdings.

--Expected U.S. workers' inflation-adjusted wages to rise in the coming quarters without necessarily causing an inflation problem. Last year, most workers' paychecks trailed inflation, putting a strain on some families budgets.

--Said he believed that market discipline -- rather than new regulation -- is the best way to police the activities of hedge funds.

Mortgage Rates Rose In Week (WSJ)

The Wall Street Journal, July 21, 2006

NEW YORK -- Home mortgage rates rose during the past week, with the 30-year fixed-rate mortgage reaching its highest level since May 2002, said housing finance agency Freddie Mac.

Among common mortgage rates:

The average for 30-year fixed mortgage rates for the week ended yesterday was 6.80%, up from 6.74% a week earlier, Freddie Mac said in its weekly primary mortgage market survey. A year ago, the rate averaged 5.73%. The last time the 30-year fixed rate was higher than the past week was the week ended May 24, 2002, when it averaged 6.81%.

The average for 15-year fixed-rate mortgages the past week was 6.41%, up from 6.37% a week ago and the year-ago 5.32%.

Five-year Treasury-indexed hybrid adjustable-rate mortgages were 6.36%, up from 6.33% a week ago and the year-ago 5.26%.

The average rate for one-year Treasury-indexed ARMs was 5.80%, up from 5.75% a week ago and the year-ago 4.42%.

"Financial markets were a bit jittery after core consumer-price index figures for June were released that indicated that inflation might still be a potential threat" and that the Federal Reserve would keep raising rates, pushing mortgage rates higher, said Frank Nothaft, Freddie Mac vice president and chief economist. But he noted that Fed Chief Ben Bernanke, in his semiannual speech to Congress, hinted that another rise in overnight lending rates might not be imminent, and that should result in lower mortgage rates over the next week.

Fed May Have Boosted Rates In Part To Satisfy Expectations (WSJ)

By Greg Ip

The Wall Street Journal, July 21, 2006

WASHINGTON -- Federal Reserve policy makers raised interest rates last month in part because markets expected them to do so, and they figured failure to act might hurt their credibility as inflation fighters, minutes of the meeting suggest.

The minutes were released on the second of two days of congressional testimony on monetary policy by Fed Chairman Ben Bernanke. Mr. Bernanke repeated his main themes of the previous day: Inflation is at a troubling level but should decline as the economy slows and energy prices stabilize.

Thursday, markets lowered to 47%, from 62% Wednesday, the odds the Fed would raise short-term interest rates, now at 5.25%, to 5.5% at its next meeting Aug. 8.

Policy makers boosted their target for short-term rates in June because of a "deterioration in the inflation outlook," the minutes say. But they also acted to "preserve the decline in inflation expectations" of preceding weeks, which "appeared to be conditioned" on expectations of higher rates.

Fed officials typically attribute rate actions to economic and inflation developments, not to market expectations. The disclosure in the minutes, released after the customary three-week delay, suggests that based on their economic forecast alone, the decision to raise rates would have been a closer call.

It also suggests that if markets don't show concern about inflation, the Fed will have more latitude to keep rates steady at its Aug. 8 meeting, said economist Laurence Meyer of forecasting firm Macroeconomic Advisers.

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Expectations of higher inflation can become self-fulfilling through the public's price- and wage-setting behavior, and thus makes the Fed more inclined to tighten monetary policy.

In April Mr. Bernanke testified that even if inflation pressures persisted, the Fed might pause in its rate increases at an upcoming meeting, though that didn't necessarily mean a halt. Expected inflation, as measured by inflation-protected bonds and public surveys, subsequently began to rise.

Fed officials responded by expressing strong concern about inflation developments in speeches and comments to the media. That tough talk prompted the markets to price in further increases in interest rates. At the same time, inflation expectations declined. Fed officials concluded that leaving rates unchanged risked a rebound in expectations.

The minutes suggest Fed officials' views on inflation were more sanguine than their tough talk implied. "Contained inflation expectations, the abatement of upward pressure from past increases in energy and other commodity prices, and the slowing in the growth of economic activity that was under way were expected to contribute to a moderation in core inflation in coming quarters," the minutes say.

According to the minutes, one unidentified member of the Fed's policy-setting Federal Open Market Committee said a rate increase was a "close call." As for future increases, "with the economy slowing and some of the effects of past tightening still in the pipeline, members recognized the value of accumulating more information for determining what, if any, additional" moves would be needed.

In contrast to April, Mr. Bernanke's testimony this week hasn't triggered any apparent concern about inflation in the bond market.

The Fed also announced that its October meeting would be lengthened to two days and its September and December meetings might be longer than usual to allow for more time to discuss communications issue. That isn't expected to change the usual 2:15 p.m. Eastern time release time of the Fed's policy statement. Next year, the Fed said four of its eight meetings would last two days. Previously it held two-day meetings only twice a year.

Separately, the Conference Board, a business-research group, said its index of leading economic indicators, designed to predict economic growth over the next three to six months, rose 0.1% in June from May, after declining the previous two months.

Also, the Labor Department said initial claims for unemployment insurance decreased by 30,000 last week to 304,000. Though the decline was greater than economists expected, some attributed it to fluctuations related to annual auto-factory shutdowns.

Stocks Lose Steam As Dow Falls 83.32, And Fed Minutes Fuel Economic Jitters (WSJ)

By E.S. Browning

The Wall Street Journal, July 21, 2006

The Dow Jones Industrial Average gave back more than one-third of Wednesday's 212-point surge, as investors began biting their nails again over the economic outlook.

Blue chips fell after minutes of the Federal Reserve's June interest-rate meeting showed policy makers expressing "significant uncertainty" about the direction of interest rates. The Dow fell 83.32 points, or 0.76%, to finish at 10928.10. It is ahead 2.5% this year, but down 6% since the six-year high of 11642.65 on May 10.

The Nasdaq Composite Index gave up all Wednesday's gains and more, declining 1.98%, or 41.29 points, to 2039.42, down 7.5% for the year. The Standard & Poor's 500-stock index reversed almost half the prior day's advance, falling 0.85%, or 10.68 points, to 1249.13. It is virtually unchanged for 2006.

The Dow had recorded its second-strongest gain of the year Wednesday, after Fed Chairman Ben Bernanke's Senate testimony in which he indicated he expects inflation to moderate, permitting the Fed to stop raising interest rates. The June policy-meeting minutes reminded investors the timetable for an end to rate rises is uncertain.

The bond market continued to bet on an end to rate increases, sending bond prices higher and pushing the yield of the 10-year Treasury note back to 5.026%. It was at 5.25% on June 28.

Some investors had been waiting for stock prices to go up so they could sell, said Robert Harrington, head of U.S. stock trading at UBS's U.S. brokerage firm. "There is a feeling that there is going to be a slowdown later in the year, because of the increase in rates," he said. Some investors shifted toward stocks of larger companies, which would hold up better in an uncertain economy, he added, and small stocks fell harder than big ones.

The 20-stock Dow Jones Transportation Average, whose railroads, trucking companies, delivery companies and airlines are sensitive to economic vagaries, suffered its sharpest one-day percentage decline since 2002, falling 4.36% to 4490.28, still up 7% this year.

A measure of leading indicators, things like equipment orders that foreshadow economic growth, was weaker than expected for June, and a measure of manufacturing activity in the Philadelphia region was softer than expected.

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Outside the U.S., stocks gained in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 1.54%, or 3.14 points, to 207.08.

In major U.S. market action:

Stocks fell. Total trading volume for stocks listed on the New York Stock Exchange was 2.53 billion shares, as 1,065 stocks rose and 2,249 fell.

Bond prices gained. The 10-year Treasury note rose 9/32, or $2.81 for each $1,000 invested. The 30-year bond was up 13/32 to yield 5.078%.

The dollar was mixed, rising to 116.93 yen, from 116.84; the euro rose to $1.2633 from $1.2600.

Wall St Down On Earnings Disappointments (FT)

By John O'doherty In New York

Financial Times, July 21, 2006

Wall Street dipped lower on Thursday as patchy earnings reports deflated a strong rally from the previous day that had given the Dow Jones Industrial Average its second best one-day gain since April 2003.

Apple Computer stood out with a gain of 11.8 per cent to $60.50 following the release of quarterly earnings late on Wednesday. Profits rose 48 per cent in the second quarter, bolstered by a rebound in sales of Macintosh computers and continued strong sales of iPod music players. The stock is still down 15.8 per cent for the year.

But Intel reported a 57 per cent drop in second- quarter profit on the back of falling chip prices. The company's chief financial officer said sales for 2006 would probably fall below an estimate given in April, pushing shares down 7.5 per cent to $17.10 – 32 per cent lower for the year. Microsoft, which reported earnings after the close, fell 2.4 per cent to $22.85.

In points terms, Microsoft's losses broadly cancelled out Apple's gains, leaving Intel to drag the Nasdaq Composite lower.

Motorola surged 7 per cent to $20.60 after it beat Wall Street estimates with a 48 per cent jump in second- quarter earnings thanks to record sales of handsets.

At the close, the Nasdaq Composite was down 2 per cent, or 41.29 points, at 2,039.42, its worst day in more than a month.

The S&P 500 was down 0.9 per cent, or 10.68 points, at 1,249.13, while the Dow Jones Industrial Average was down 0.8 per cent, or 83.32 points, at 10,928.10.

"It's a mixed earnings picture," said Chris Johnson, director of quantitative analysis at Schaeffer's Investment Research, who believes technical factors are at play.

"We're butting our heads against the 50-day moving average [for the S&P 500]. The majority of 50-day moving averages are trending down, which tends to add more to the resistance."

Supermarket chain Safeway reported an 84 per cent gain in second-quarter profit and raised its outlook for the rest of the year. Its shares gained 8.8 per cent to $27.92.

Pfizer added 1.8 per cent to $23.71 after it reported a 10 per cent rise in quarterly profits from continuing operations. Another healthcare company, Baxter International, gained 4.5 per cent to $40.33, its highest level since September, in spite of reporting a 5 per cent drop in quarterly profit. Investors' spirits were lifted after the company raised its profit outlook for 2006.

Johnson Controls, maker of climate-control systems, shed 12.3 per cent to $71.30 after it reported higher second-quarter earnings, in line with expectations. Investors were worried when the company cut its full-year earnings forecast.

Exchanges were boosted by better than expected results. CBOT Holdings added 4.9 per cent to $121.12 as second quarter profits more than doubled.

As Oil Rises, Will Economy Finally Fall? (NYT)

By Floyd Norris

The New York Times, July 21, 2006

WHEN oil almost hit $40 a barrel in 2003, there was talk that the rising cost of gasoline would slow the American economy. The talk returned when oil topped $50 in 2004 and $60 last year. But the economy kept on growing at a good clip.

Now, with oil above $70, some seem to think the logic was simply wrong, and that the new American economy is impervious to oil.

A differing interpretation, with the same conclusion, was that oil shocks matter only if they come from supply cutbacks, not from added demand. Just why the reason for higher prices should matter to consumers was not clear, but it provided comfort, as did assertions that oil prices are far higher than they "should" be, driven up by speculators and sure to fall some day.

If you believe all that, you can forget about the bad old days when troubles in the Middle East led to soaring oil prices that produced recessions and led Jimmy Carter to don a cardigan while calling for conservation. Calls for saving oil now are halfhearted at best, particularly since the already reeling American automakers would be even worse off if consumers

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abandoned sport utility vehicles. Highway speed limits, cut to 55 miles an hour then to save oil, are now being raised in some states.

Certainly the economy is less dependent on oil than it was 30 years ago. It is more of a service economy, and the strides in fuel efficiency made in the 1980's have endured to some degree. Even now, energy spending does not take nearly as large a share of consumers' budgets as it did after the first oil shock.

Oil is, however, a product that may have more than one market equilibrium price, simply because price changes do not affect demand or supply very much in the short term. In 1973, an oil embargo brought on by the Arab defeat in the Yom Kippur War suddenly showed that oil producers could charge a lot more than they had been receiving. The ratcheting up of prices since 2003 — without recession — has shown the same thing.

That means oil prices are not likely to plunge, at least until something is done to restrain demand significantly. That something could be an economic slowdown, in the West or in Asia, or it could be new technologies that cut energy use.

The markets have largely accepted that. On the day in 2004 that oil first hit $50, the futures market expected prices to be down more than 20 percent within two years. Now, it thinks prices will rise a little over the next two years.

One factor that kept the American economy rolling despite rising oil prices was the willingness of consumers to stop saving and to use money from rising home values to support consumption.

Now it appears that housing is sinking. New-home starts are down, but still much higher than you would expect from looking at either home builder stock prices — down 40 percent in a year — or the index of sentiment maintained by the National Association of Home Builders.

That index is down 45 percent in a year, and is at its lowest level since 1991. In the Northeast, where markets were among the most overheated, the drop has been even sharper. That the economy is slowing is getting clearer. Paul Kasriel of Northern Trust notes that retail sales in the second quarter, adjusted for inflation, fell more than in any quarter since 1991.

Even the Federal Reserve may be growing worried. Its chairman, Ben S. Bernanke, told the Senate on Wednesday that he thought a slowing economy might enable inflation to cool without more tightening. That sent the stock market soaring, although a slowing economy is hardly what investors want.

But want it or not, we may get it. The impact of the housing slowdown is likely to be greater than in the past because of the strange mortgages — some without principal payments and some with negative amortization, meaning the amount owed grows every month — that financed the boom. If interest rates rise and prices fall, some borrowers could find they owe more than the house is worth at a time when the required mortgage payment is set to increase. In this cycle, the economy became far more dependent on a strong housing market than ever before. If people can't take more money out of their homes, and must pay more for gas, they may have no choice but to buy less of everything else.

And those who said high oil prices would hurt the economy would turn out to have been right, even if their timing was wrong.

Institute Cites Medication Errors, Suggests Changes To Cut Injuries (WSJ)

By Shirley S. Wang

The Wall Street Journal, July 21, 2006

Medication errors serious enough to cause injury occur 1.5 million times a year in the U.S., according to a report released by the Institute of Medicine of the National Academies.

The report makes ambitious recommendations for reducing the rate of errors, with U.S. agencies taking the lead, and recommends deadlines. It calls for $100 million in research to determine the best and most cost-effective measures.

A previous report from the IOM, which in 1999 estimated that medical errors of all types were responsible for as many as 98,000 deaths a year, spurred the government to pour $50 million into patient-safety initiatives and invigorated efforts among health-care providers and insurers to reduce errors. Hospitals are working on a number of initiatives, including the use of electronic order-entry systems.

The report recommends that all health-care providers use an electronic system to prescribe drugs by 2010. "Large hospitals are pretty much invested in moving in that direction," J. Lyle Bootman, dean at the University of Arizona College of Pharmacy said, though other medical settings, such as long-term-care facilities, may need more help with implementation. Dr. Bootman was co-chairman of the Committee on Identifying and Preventing Medication Errors, which drafted the IOM report.

The report also found that confusing drug labels and packaging are responsible for one-quarter to one-third of medication errors, including 30% of all medication-error deaths. The report urged the Food and Drug Administration and the federal Agency for Healthcare Research and Quality to work with industry to address problems by the end of 2007 and possibly standardize drug names and labels.

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The report recommended that the National Library of Medicine create a centralized online database on drugs to help consumers. The NLM should also spearhead an initiative with the FDA and Centers for Medicare and Medicaid Services to consider a nationwide telephone hot line for people who can't read printed materials.

Report Finds A Heavy Toll From Medication Errors (NYT)

By Gardiner Harris

The New York Times, July 21, 2006

WASHINGTON, July 20 — Medication errors harm 1.5 million people and kill several thousand each year in the United States, costing the nation at least $3.5 billion annually, the Institute of Medicine concluded in a report released on Thursday.

Drug errors are so widespread that hospital patients should expect to suffer one every day they remain hospitalized, although error rates vary by hospital and most do not lead to injury, the report concluded.

The report, "Preventing Medication Errors," cited the death of Betsy Lehman, a 39-year-old mother of two and a health reporter for The Boston Globe, as a classic fatal drug mix-up. Ms. Lehman died in 1993 after a doctor mistakenly gave her four times the appropriate dose of a toxic drug to treat her breast cancer.

Recommendations to correct these problems include systemic changes like electronic prescribing and tips for consumers like advising patients to carry complete listings of their prescriptions to every doctor's visit, the report said.

"The incidence of medication errors was surprising even to us," said J. Lyle Bootman, dean of the University of Arizona College of Pharmacy. "The solutions are complex and far-reaching and will present challenges."

The report is the fourth in a series done by the institute, the nation's most prestigious medical advisory organization, that has called attention to the enormous health and financial burdens brought about by medical errors.

The first report, "To Err Is Human," was released in 1999 and caused a sensation when it estimated that medical errors of all sorts led to as many as 98,000 deaths each year — more than was caused by highway accidents and breast cancer combined.

After the first report, health officials and hospital groups pledged reforms, but many of the most important efforts have been slow to take hold.

Drug computer-entry systems, which are supposed to ensure that hospital patients get the right drugs at the right dose, are used in just 6 percent of the nation's hospitals, said Charles B. Inlander, president of the People's Medical Society, a consumer advocacy group, and an author of the report released Thursday.

Electronic medical records can help ensure that patients do not receive toxic drug combinations. The 1999 report urged widespread adoption of these systems. Thursday's report called for all prescriptions to be written electronically by 2010.

Just 3 percent of hospitals have electronic patient records, said Henri Manasse, chief executive of the American Society of Health-System Pharmacists. Few doctors prescribe drugs electronically.

Even simple medication safety recommendations — block printing on hand-written prescription forms — are widely ignored.

Arthur Levin, director of the Center for Medical Consumers and an author of the 1999 report, said that just about everyone in the health system was to blame. "This country has not taken seriously the alarms we sounded in 1999," Mr. Levin said. "Why?"

Health organizations defended their efforts.

Alicia Mitchell, a spokeswoman for the American Hospital Association, said that since 1999 hospitals had "actively engaged in looking at using information technology to improve patient safety."

A recent poll by the association of its members found that 92 percent intended to adopt electronic patient records, Ms. Mitchell said. But such systems are complicated and need to be built gradually, she said.

Thursday's report urged the Food and Drug Administration to improve and standardize the drug information leaflets given consumers. It noted that confusing information on drug labels was an important cause of medication errors.

On Tuesday, the drug agency finished a years-long process by issuing voluntary guidelines to reform consumer drug information leaflets, said Dr. Scott Gottlieb, the agency's deputy commissioner. Many of these leaflets are not regulated by the F.D.A.

And on June 30, the agency completed a lengthy effort to clarify and standardize information on drug labels. The new labels could prevent nearly 300,000 medication errors each year and will make electronic prescribing efforts far easier to carry out, Dr. Gottlieb said.

Thursday's report said that the common practice whereby drug companies provided free drug samples to doctors should be discouraged because such samples were poorly controlled. It urged drug makers to package more pills in individual packages. And it criticized drug makers as failing to disclose the results of all clinical trials involving their drugs.

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Alan Goldhammer, a spokesman for the Pharmaceutical Research and Manufacturers of America, a drug industry trade group, said he differed with some of the report's conclusions but concurred with the broad goals of increasing the use of information technology to reduce medication errors.

"Everybody is working on that right now," he said.

Thursday's report said that in any given week, four out of five adults in the United States took at least one medication. A third take at least five different medications. As the use of medications has soared, so, too have medication errors, Dr. Manasse said.

Effective strategies to prevent such errors have, however, been known for years, Mr. Inlander said.

"This is not rocket science," Mr. Inlander said. "It's simple. The key is having the will to make these changes in an organized and uniform way. And it's not that expensive."

Medication Errors Harming Millions, Report Says (WP)

By Marc Kaufman

The Washington Post, July 21, 2006

At least 1.5 million Americans are sickened, injured or killed each year by errors in prescribing, dispensing and taking medications, the influential Institute of Medicine concluded in a major report released yesterday.

Mistakes in giving drugs are so prevalent in hospitals that, on average, a patient will be subjected to a medication error each day he or she occupies a hospital bed, the report by a panel of experts said.

Following up on its influential 2000 report on medical errors of all kinds, the institute, a branch of the National Academies, undertook the most extensive study ever of medication errors in response to a request made by Congress in 2003 when it passed the Medicare Modernization Act.

The report found errors to be not only harmful and widespread, but very costly as well. The extra expense of treating drug-related injuries occurring in hospitals alone was estimated conservatively to be $3.5 billion a year.

"Even I was surprised and shocked by how common and serious a problem this is," said panel member Albert Wu, a drug safety specialist at Johns Hopkins University. "Everyone in the health-care system has to wake up and take this more seriously."

Many of these medication errors could be avoided if doctors adopted electronic prescribing, if hospitals had a standardized bar-code system for checking and dispensing drugs, and if patients made more of an effort to know about the risks of the drugs they take, the report said.

The panel members said the problem requires immediate action and that many key players in health care have been slow to take the steps -- and invest the money -- needed to significantly reduce medication errors. At least a quarter of the injuries caused by drug errors are clearly preventable, the report said.

"Everyone in the health-care system knows this is a major problem, but there's been very little action, and it's generally remained on the back burner," panel member Charles B. Inlander said in an interview. "With this report, we hope to give everyone involved good, hard information on how they can prevent medication errors, and then create some pressure to have them implement it."

Common errors include doctors writing prescriptions that could interact dangerously with other drugs a patient is taking, nurses putting the wrong medication -- or the wrong dose -- in an intravenous drip and pharmacists dispensing 100-milligram pills rather than the prescribed 50-milligram dose.

The report spotlighted the case of Betsy Lehman, a 39-year-old health reporter for the Boston Globe who died in 1994 after being given an erroneously high dosage of an experimental chemotherapy agent.

The study, funded by the Centers for Medicare and Medicaid Services, was assembled by 17 experts in related fields who analyzed research in the field, as well as government reports and data. They also held public forums to hear from representatives from the health-care system.

Panel co-chair J. Lyle Bootman, of the College of Pharmacy of the University of Arizona in Tucson, said there is enough research and data on medication errors to conclude that there is a major problem, but not enough to fully understand and address the issue. He said the nation should spend $100 million a year to research drug errors, especially among pediatric and psychiatric patients and in long-term care facilities, where medications are heavily used.

The report looks to new technologies in addition to electronic prescribing to dramatically reduce the number of medication errors. Hospitals, for instance, could greatly benefit by having a standardized bar-code system to ensure that a patient gets the correct medicine, it says. But drug companies and vendors have created six distinct systems requiring different bar-code readers, the report said, making them a far less useful safety tool for hospitals.

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The report did not address whether some drugs should be pulled from the market because of their intrinsic risks or whether the Food and Drug Administration does an adequate job of ensuring that approved drugs are safe for general use. That is the subject of another institute study expected to be released soon.

But the panel members made clear that they believe the pharmaceutical industry and the FDA have not done enough to make drug information accessible to consumers and to make drug packaging as error-proof as it could be. The report said, for instance, that many medications would be better dispensed in blister packs that make it easier to identify them and for consumers to remember whether they have taken that day's dosage. It also said too many drugs have similar names that are easy to confuse.

In a statement, the FDA embraced the report and said it "provides a much needed perspective on the frequency, severity and preventable nature of medication errors." It said the recommendations "are supported by efforts already underway at FDA in the areas of medication error prevention, patient education and label comprehension."

The report endorsed much wider use of electronic prescribing. Inlander, president of the People's Medical Society, a Pennsylvania consumer health advocacy group, said chain pharmacies have been "ahead of the pack" in adopting such prescribing. The report said that all health-care providers should have plans in place by 2008 to move to electronic prescribing and dispensing, and that doctors should give up their traditional prescription pads by 2010.

Cecil B. Wilson, board chairman of the American Medical Association, also voiced support for "e-prescribing" and other information technology, but he said that "physicians face a dizzying array of choices when trying to purchase [the technology], while struggling with high costs, interoperability and ease of use."

Michael C. Tooke, chief medical officer of the Delmarva Foundation, which works on health-care quality in more than 30 states, said e-prescribing will bring a needed end to deciphering physicians' illegible handwriting but cannot guarantee that a drug order is typed correctly.

"E-prescribing is just going to allow us to make different errors and faster," he said. "It never just boils down to one thing."

The report's most striking findings concerned hospitals and long-term care facilities, which it said generally do not report errors to patients or family members unless they result in injury or death. The panel said all health-care organizations should report medication errors to patients, whether or not they cause harm.

Based on past studies, the panel estimated that drug errors cause at least 400,000 preventable injuries and deaths in hospitals each year, more than 800,000 in nursing homes and facilities for the elderly, and 530,000 among Medicare recipients treated in outpatient clinics. The report said the actual numbers are probably much higher.

Locally, more than four dozen Maryland hospitals take part in comprehensive annual surveys of their safety measures, including procedures for averting medication mistakes. Frederick Memorial Hospital has a particularly active medication safety program, which includes a computerized system to "reconcile" medications at numerous steps in a patient's stay.

The system has helped to quickly catch problems, including the omission of needed drugs, which clinical nurse specialist Susan Archer said "can make all the difference."

Study: Medication Errors Harm 1.5M A Year (USAT)

By Elizabeth Weise

USA Today, July 21, 2006

Medication errors are among the most common medical errors, harming at least 1.5 million people every year. The problem is so serious that, on average, a hospital patient is subject to at least one medication error per day.

These are among the findings in a report released Thursday by the Institute of Medicine, chartered by Congress to advise the government on science and medical issues.

The extra costs of treating medication-related injuries occurring in hospitals alone conservatively amount to $3.5 billion a year, the report states. The IOM panel estimates that at least a quarter of these injuries are preventable.

"The good news is that many of these errors are preventable, and preventing them will save money in the long run," says J. Lyle Bootman, co-chairman of the IOM panel that crafted the report and dean of the College of Pharmacy at the University of Arizona, Tucson.

The report recommends that all health care providers and pharmacies be using electronic prescribing systems by 2010.

Because the similarity of drug names causes up to a quarter of all medication errors, the IOM committee called for the standardization of drug-naming terms. The pharmaceutical industry should develop a plan to deal with drug naming, labeling and packaging problems by the end of next year, the report states.

The panel called use of medications "ubiquitous," noting that in any given week, more than four of five U.S. adults take at least one medication and almost a third take at least five different drugs.

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For patients, it is key to be an active participant in your own care, says Albert Wu, a panel member and professor of health policy and management at Johns Hopkins University in Baltimore.

"If (your medication) comes in a different color or different shape, don't just assume that they sent you the right pill — call and ask," Bootman says. If a doctor isn't available, ask the pharmacist who issued the drug, he says. Other IOM recommendations for patients include:

· Read, understand and follow the instructions for each drug you take. More than 50% of patients don't take their medications exactly as prescribed, the report states.

· Keep a list of all medications and all non-prescription drugs taken, as well as all vitamins and herbal remedies. Review the list with your health care provider at every visit to make sure there aren't dangerous drug interactions.

Other IOM recommendations for the pharmaceutical industry:

· The Food and Drug Administration should help standardize the text and design of medication leaflets so consumers can easily understand them.

· The National Library of Medicine should create a website that is a comprehensive, understandable source of information about drugs and fund a national telephone line for people who don't have Internet access.

· Health care organizations should tell patients about medication errors made in their care, whether they were hurt by the error or not.

The study was sponsored by the U.S. Department of Health and Human Services and Centers for Medicare and Medicaid Services.

Stem-Cell Issue: Republicans' Undoing? (WSJ)

By Jackie Calmes

The Wall Street Journal, July 21, 2006

ELMHURST, Ill. -- At her home in this Chicago suburb, 68-year-old Alice Doyle has a sign in her front window for the Republican candidate for governor. But on a recent morning, she joined a small group at her neighbor's house to lend support to the Democrat running for Congress in this historically Republican district.

The candidate, Tammy Duckworth, 38, is an Iraq-war veteran and double amputee. Her subject at the coffee this day is public funding for medical research using embryonic stem cells. She endorses it; her Republican rival, Peter Roskam, 44, has led the fight in the Illinois Senate against it. Not coincidentally, 600 miles away President Bush was about to cast the first veto of his presidency against a bill permitting federal funding for such research, charging that it "crosses a moral boundary" in promoting "the taking of innocent human life."

While Ms. Duckworth jumps on the issue, Mr. Roskam dodges it. "There are bigger issues going on in this campaign." says spokesman Ryan McLaughlin, declining to make the candidate available despite several requests over two days.

The Republican's reticence is understandable. While Mr. Bush's position cheers religious and social conservatives in the Republicans' base, nationwide it has alienated many moderates and has some questioning their fealty to a party increasingly defined by its cultural conservatism in emphasizing its opposition to issues such as gay marriage and abortion. "I think the Republican Party is in the Dark Ages on this," says Mrs. Doyle, a registered Republican who says she now "tends to vote Democratic."

Moreover, as the party has grown more socially conservative over the past quarter-century, the suburbs where many Republicans live have become more diverse and politically independent, marked by a mix of fiscal conservatism and social liberalism that is testing Republicans' dominance there. "Those districts aren't as reliably Republican as they were," says campaign expert Bernadette Budde of the business-backed political advocacy group BIPAC.

That, in turn, has Democrats hoping to capture some of their foes' strongholds, by picking up disgruntled Republican moderates as well as independents. Whether they do could determine if Republicans keep their majorities in Congress after November's elections.

In Missouri, the stem-cell issue is prominent in Democratic Auditor Claire McCaskill's campaign to unseat Republican U.S. Sen. Jim Talent, and a separate initiative backing research is on the ballot, stoking interest. The issue also figures in Senate races in Ohio, Arizona, Minnesota, Montana and Virginia, and in suburban House contests in Pennsylvania, New Jersey, New York, Colorado and Washington. In Missouri's Aug. 8 Republican primary, conservative Rep. Todd Akin, a foe of the stem-cell bill, is challenged by state Rep. Sherman Parker, who strongly supports expanded research and has written that such debates "will determine whether we are a party controlled by social fundamentalists."

The president's position is a minority one, even among Republicans, polls show. The question of government aid for embryonic stem-cell research is popular across all regions, ages and political groups, amid scientists' claims that the cells hold

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the potential for treatments or even cures for diabetes, Parkinson's, Alzheimer's and Lou Gehrig's diseases, multiple sclerosis, cancer and neurological and spinal-cord injuries.

"This is a big deal in a lot of these suburban districts," says political consultant David Axelrod of Chicago, who is working for Ms. Duckworth. "Republicans are trying to satisfy their base, but I think there's some cost."

But at the National Republican Campaign Committee, spokesman Carl Forti predicts the stem-cell question will be a "nonissue" by the fall, and White House aides agree, noting that it never became the big issue in the 2004 campaign that some had forecast.

The race in the congressional district west of Chicago will be a test. For nearly 32 years its representative has been Republican Henry Hyde, nationally known as an abortion foe and a leader in the House's impeachment of Bill Clinton. While the district includes the parts of Cook County outside Chicago, its heart is affluent DuPage County, dubbed "America's Most Republican County" by the local party.

But there are signs of change. Mr. Hyde's re-election vote dropped from a typical 65% in 2002 to 56% in 2004, his lowest ever. While the first President Bush got 68% of DuPage's vote in 1988, his son won 54% in 2004.

Now 82, Mr. Hyde is retiring. Mr. Roskam, his would-be successor, is a trial lawyer who was an aide to Mr. Hyde and former House Majority Leader Tom DeLay before going to the Illinois House and then the state Senate. He's "a younger version of Henry Hyde," the DuPage Republican Party chairman, state Sen. Kirk Dillard, has said.

Mr. Dillard illustrates the way the stem-cell issue has split his party. He switched to support funding for research in the state Senate, imploring, "How can you not be for this?" In an interview, he says he was influenced by advocates from nearby Children's Memorial Hospital and a local pediatrician.

Another proponent is the Republican leader of the Illinois House, Tom Cross, a protégé and former history student of U.S. House Speaker Denny Hastert of Illinois; his 13-year-old daughter has juvenile diabetes. "Everybody knows somebody who's got some connection" to conditions that might be helped, he says. "But has it translated into people leaving the party? I haven't seen that, yet."

Just as Mr. Hyde argued in House debate that embryos are human beings -- "I myself am a 992-month-old embryo" -- Mr. Roskam likewise was passionate in successfully blocking any state funding for research in the Illinois Senate. "We are asked to pit one life against another," he said in 2004. In an interview with the Journal earlier this year, Mr. Roskam called his views "well within the mainstream" of the district. Those voters who do disagree with him, he added, support him because they share his views on keeping taxes low and other issues.

Not Mae Pearson, a 77-year-old widow at the Duckworth coffee. "I was raised Republican -- strong Republican -- and I thought it was so wonderful to move to DuPage County after I got married" in 1950, she says. "But it's just too hard to be a Republican anymore because it's not the Republican Party I grew up in."

"Embryos count, people don't," complains George Strejcek, 62. He and wife Elizabeth, 58, describe themselves as former Republicans. "Goldwater I could tolerate," he says. "But with these Republicans, they forget we live in a democracy, not a theocracy."

"They're not fiscally responsible either," his wife says.

Democrats Seize Issue Of Stem-cell Research (WT)

By Christina Bellantoni

The Washington Times, July 21, 2006

The political consequences of this week's wrangling over federal funding for stem-cell research won't be known until November, but Democrats say the issue illustrates why they deserve a congressional majority.

Sen. Jim Talent, Missouri Republican, is an example of how stem-cell policy could shape the fall elections. The first-term senator opposed a Senate-passed measure for additional federal funding of embryonic-stem-cell research.

He is locked in a tight race for re-election with state Auditor Claire McCaskill, a Democrat who supported the measure.

Mrs. McCaskill criticizes the incumbent senator and President Bush, who vetoed the bill, for blocking what she said amounted to hope for millions of families with sick children. Democrats adopted a similar refrain and said they will use the issue to generate support at the polls.

The House passed the stem-cell bill, but on Wednesday fell 55 votes short of the 290 needed to override Mr. Bush's veto, his first since taking office in 2001.

"When we have Democratic majorities in the House and Senate, you can bet we'll pass this legislation again," Sen. Hillary Rodham Clinton, New York Democrat, said in a letter to supporters yesterday.

House Minority Leader Nancy Pelosi, California Democrat, said, "Democrats will not give up this fight. Politically, I think 75 percent of the American people support stem-cell research. I think many of them will express themselves at the polls."

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Complicating the election issue for Mr. Talent is a Missouri ballot issue, the Stem Cell Research and Cures Initiative.

Gov. Matt Blunt, a Republican, supports the initiative, as does former U.S. Sen. John C. Danforth, a pro-life Republican who is co-chairman of the ballot effort.

Missouri Democrats have endorsed the measure, but state Republicans are neutral, calling embryonic-stem-cell research a "very personal issue" that has divided their party.

A St. Louis Post-Dispatch poll conducted last month shows that 62 percent of likely voters favor the ballot initiative, which would amend the state constitution to protect the type of stem-cell research allowed at the federal level. It sets guidelines to conduct research on stem cells "ethically and safely" and bans human cloning.

"Everyone has to reach their own personal judgment and make a decision based on that," Mr. Talent told reporters in May after announcing his opposition to the ballot measure.

Mr. Talent said voters appreciate when politicians do what they think is right, "even if they don't agree with you," the Kansas City Star reported.

Mrs. McCaskill said yesterday that voters at every campaign stop are asking about the stem-cell issue and that Mr. Talent's alliance with Mr. Bush on the issue will hurt him, even in rural areas.

"People have noticed and ultimately it is going to help" her campaign, she said.

Mrs. McCaskill highlighted the stem-cell debate as she delivered the Democratic national radio address last week, saying the legislation would "hold up the light of hope for those who suffer."

A Rasmussen Reports poll conducted the last week of June showed Mr. Talent and Mrs. McCaskill tied with 42 percent support each.

The June Post-Dispatch poll showed Mrs. McCaskill, who lost a bid to be Missouri governor in 2004, with a six-point lead over Mr. Talent.

Democratic challengers in other states also have taken note of the stem-cell debate.

Sen. George Allen, Virginia Republican and a potential 2008 presidential candidate, opposed the measure.

"As Nancy Reagan has so eloquently reminded us, we cannot turn our back on this issue," said Mr. Allen's Democratic challenger, James H. Webb Jr. "Responsible stem-cell research holds too much potential for too many people to be obstructed by politicians."

Schwarzenegger Gives $150M Stem Cell Loan (AP-Y)

By Laura Kurtzman

AP2, July 21, 2006

A day after President Bush vetoed expanded federal funding of embryonic stem cell research, Gov. Arnold Schwarzenegger on Thursday authorized a $150 million loan to fund California's stem cell institute, which has been stalled by lawsuits.

Schwarzenegger, a Republican who has been trying to put distance between himself and the unpopular president as he seeks re-election this year, said the state cannot afford to wait to fund the critical science associated with stem cells.

"I remain committed to advancing stem cell research in California, in the promise it holds for millions of our citizens who suffer from chronic diseases and injuries that could be helped as a result of stem cell research," Schwarzenegger said in a letter to his finance director.

The state's voters created the California Institute for Regenerative Medicine in 2004 when they passed a ballot measure that authorized $3 billion over 10 years for stem cell research.

Lawyers with ties to anti-abortion and anti-tax groups have sued, arguing that the institute is unconstitutional.

On April 21, a Superior Court judge ruled the institute was a legitimate state agency. But if opponents continue to contest the agency in court, they could hold up the institute's financing until at least next year.

Elsewhere, Illinois Gov. Rod Blagojevich, a Democrat, announced Thursday that he is diverting $5 million from the state budget for stem cell research, despite repeated objections from state legislators.

"Investing in research that can save lives and prevent serious illnesses is more than a sound public health strategy, it's our moral obligation," he said.

The money will come out of administrative funds already set aside for the state Department of Healthcare and Family Services, Blagojevich said.

Last year Blagojevich used an executive order to spend $10 million for stem cell research, a move that caught many state lawmakers off guard. Illinois lawmakers have previously voted against stem cell research, and this spring they did not take up the governor's proposal for $100 million in funding over five years.

Legislators of both political parties criticized his move Thursday.

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"Any time this happens, it's not good for the process when you circumvent the legislative body and the voice of the people," said Democratic Rep. John Bradley.

Embryonic stem cells are building blocks that turn into different types of tissue. Scientists hope to use them someday to regenerate damaged organs or other body parts and cure diseases. Some oppose such research because it entails the destruction of human embryos.

Schwarzenegger Gives $150 Million Loan To Stem Cell Agency (LAT/AP)

By From Associated Press

The Los Angeles Times, July 21, 2006

SACRAMENTO — A day after President Bush vetoed expanded federal funding of embryonic stem cell research, Gov. Arnold Schwarzenegger today authorized a $150 million loan to fund California's stem cell institute, which has been stalled by lawsuits.

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Schwarzenegger Moves $150 Mln To Stem-Cell Program (Update3) (BLOOM)

By William Selway

Bloomberg, July 21, 2006

July 20 (Bloomberg) -- California Governor Arnold Schwarzenegger extended a $150 million loan to the state's financing agency for stem-cell research, one day after President George W. Bush vetoed legislation expanding federal funding for such studies.

The move by Schwarzenegger, a Republican running for re- election, was a boost to a voter-backed program whose funding has been hobbled by lawsuits. California has been unable to sell $3 billion of bonds approved by voters for disease-fighting research with embryonic cells because of the legal battles.

``We can no longer afford to wait to fund this important research," Schwarzenegger said in a letter to his finance director today that took note of Bush's veto. The letter was released to reporters.

Voters in 2004 approved an initiative that aimed to turn California into the largest U.S. source of funding for research with stem cells. The ballot measure was a response to Bush's decision in 2001 to limit research that has drawn fire from some religious groups because frozen embryos are destroyed once the cells are taken.

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Schwarzenegger's support for stem-cell research since 2004 has distanced him from fellow Republican Bush, whose approval rating among Californians is the lowest given to any president since shortly before former President Richard Nixon resigned in 1974. Schwarzenegger is the only Republican who has been elected to statewide office. Democrats control the Legislature.

Illinois Moves Too

Separately, Illinois Governor Rod Blagojevich, a Democrat who is also running for re-election, said he will direct another $5 million to his state's stem-cell research endeavors. In April, Illinois made $10 million of grants to scientists working in the field.

``President Bush's action yesterday was a clear indication that stem cell research will get no support from Washington as long as he occupies the White House,'' Blagojevich said in a statement.

Bush used the first veto of his presidency yesterday to kill legislation that would have permitted federal funding of research on new embryonic stem cells. The House of Representatives failed to override it.

While other states, including New Jersey and Wisconsin have also seized on the issue, California has established the biggest program. The 2004 initiative, approved by 59 percent of voters, allowed the newly created California Institute for Regenerative Medicine to sell as much as $350 million of bonds a year for stem-cell research.

Abortion Foes Fight

Little of the money has been raised. People's Advocate, a taxpayer group, and the California Family Bioethics Council, an anti-abortion group, sued the institute, saying it couldn't spend public money because it wasn't under direct state control and its membership rules violated conflict-of-interest laws. In April, a state judge dismissed the challenges. The decision was appealed.

The institute president, neuroscientist Zach Hall, praised a decision he said will be a boon to state researchers starved for research money. The loan exceeds the $38 million the U.S. is providing in 2006 for research on embryonic stem cells.

``At one stroke, this will energize stem-cell research in California,'' he said during a conference call with reporters.

Relying on Charity

The institute has so far relied on $14 million of notes it has sold to philanthropists and charities that it anticipates paying back once it can sell bonds to investors, and planned to sell as much as $36 million more. It has been authorized to raise as much as $200 million with bond sales. The loan authorized by Schwarzenegger will fill that gap.

Because stem cells have the potential to turn into any type of cell, scientists say they may provide remedies for degenerative diseases such as Parkinson's and other maladies such as diabetes should they be successfully manipulated to replace cells that are malfunctioning.

Bush's 2001 decision limited U.S. funding for embryonic stem cell research to ``more than 60'' existing stem cell lines. Scientists have reported that only 22 of those batches are usable.

California Stem-Cell Program Wins State Loan (WSJ)

By David P. Hamilton

The Wall Street Journal, July 21, 2006

California's stem-cell program won a $150 million loan from the state that will allow it to begin funding research restricted by the federal government, handing a lifeline to the initiative while the courts resolve lawsuits that question its legitimacy.

The loan authorized by Gov. Arnold Schwarzenegger provides a lift to the agency running the program, formally known as the California Institute for Regenerative Medicine, whose operations have been largely paralyzed by lawsuits since its approval by voters in November 2004. Although the institute aims to spend $3 billion on stem-cell research in the state in the next decade, legal challenges backed by fiscal conservatives and opponents of the scientific work have prevented California from issuing bonds to fund its grants and operations.

The governor's move came a day after President Bush vetoed legislation that would have significantly loosened federal restrictions on funding embryonic stem-cell research. Stem cells, which have the capability to transform themselves into any sort of body tissue, are derived from four- to five-day-old embryos, which are destroyed in the process.

"I have to give credit to the governor for his leadership and decisive action at a critical point in the history of medical research," said Robert Klein II, chairman of the stem-cell agency's oversight board. Mr. Klein said he began discussions with Mr. Schwarzenegger's staff about the loan Wednesday morning after it became clear Mr. Bush would veto the federal measure. By 10:30 a.m. yesterday, he said, he saw a news release announcing the governor's decision.

"With one stroke, the president has energized the CIRM program," said Zach Hall, the agency's president. Dr. Hall said the loan will make it possible to move ahead with a program of seed-money grants to scientists, which are expected to range from $100,000 to $500,000. That money, however, likely won't begin to flow until next year, Dr. Hall said.

The agency this year awarded $12.1 million in training grants for junior scientists, its only direct research support to date.

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The new loan from the state, which the institute will repay with proceeds from bond sales once they take place, brings the stem-cell agency close to its goal of $200 million in funding this year. In April, several private donors supported the effort by purchasing $14 million in "bond-anticipation notes," which will be repaid with interest out of bond sales.

Mr. Klein said the agency is in the process of closing another $30 million round of bond-anticipation notes. In the next few years, the agency intends to ramp up its budget to about $300 million a year.

Illinois Gov. Funds Stem Cell Research (AP-Y)

AP2, July 21, 2006

Illinois' governor announced Thursday he was diverting $5 million from the state budget for stem cell research, despite repeated objections from state legislators.

The move came a day after President Bush vetoed federal legislation that would have expanded funding for embryonic stem cell research.

Illinois lawmakers have previously voted down stem cell funding over ideological differences, and this spring they didn't take up the governor's proposal for $100 million in funding over five years.

"Investing in research that can save lives and prevent serious illnesses is more than a sound public health strategy, it's our moral obligation," Gov. Rod Blagojevich, a Democrat, said in a statement Thursday.

The money will come out of administrative funds already set aside for the state Department of Healthcare and Family Services, Blagojevich said.

Stem cells are building blocks that turn into different types of tissue. Embryonic stem cells are able to turn into any tissue, given the right biochemical instructions. Scientists hope to harness them to regenerate damaged organs or other body parts.

Many opponents of the research consider embryonic stem cells to be early human life.

After 'rocky' Start, Revamped Unions Rev Up Political Activity (USAT)

By Jill Lawrence

USA Today, July 21, 2006

WASHINGTON — In 2004, Ray Waldron and Jon Youngdahl worked hand in glove to run union political activities throughout Minnesota. Now they are on opposite sides of a stressful split-up that created legal obstacles to cooperation.

"There was a rocky beginning," Youngdahl, executive director of the Minnesota Service Employees International Union, says of the exodus that shrank the AFL-CIO by 40% and led to a new labor federation called Change to Win. "We've gotten beyond some of the initial tensions. I can't say it's 100% like it was before."

Two years ago, Youngdahl was on loan from SEIU to the Minnesota AFL-CIO to run its statewide political program. Political activities are "a little bit clumsier" and slower now that there are two groups instead of one, says Waldron, president of the Minnesota AFL-CIO.

Waldron says coordinators for the two federations and their local unions are smoothing things out, and political interest is high. His 300,000 members agreed by an "overwhelming" vote to a dues increase of 25 cents each to hire six campaign workers, a first for the state AFL-CIO.

James Green, a labor historian at the University of Massachusetts in Boston, says the AFL-CIO has long coordinated its political work with the National Education Association, the independent, 2.8-million-member teachers union. He predicted the AFL-CIO and Change to Win will learn to do the same.

Local unions accustomed to joint campaign efforts have had "a very difficult year," Green says, but "it's possible that some of the worst downsides of the split will be avoided, and maybe some new energy will result."

Some Democrats, the prime beneficiaries of union money and voter-turnout drives, were apprehensive last summer as labor leaders exchanged bitter words and went their separate ways. Party strategists such as Geoffrey Garin and Doug Sosnik said the split could create difficulties.

Democrats had reasons to worry. Of the $61.5 million unions gave directly to candidates in 2004, Democrats received 87%, according to the Center for Responsive Politics.

Unions also accounted for big chunks of the vote in some states. In Pennsylvania, exit polls showed 30% of voters in the presidential race were union members or lived with a union member. Democrat John Kerry received 62% of their votes and won the state 51%-49%.

Despite the loss of members and their dues, the AFL-CIO plans to spend a record $40 million this year to turn out voters. Gerald McEntee, head of the American Federation of State, County and Municipal Employees and the AFL-CIO political effort, says the money is available because headquarters staff and operations were cut back.

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Change to Win leaders said last summer that they would focus more on organizing and less on politics. Youngdahl says that was misinterpreted to mean that "we weren't going to spend money on politics. That just isn't the case." Member unions approved extra dues payments to finance political work this year, with emphasis on Senate and gubernatorial races in Ohio, Michigan and Pennsylvania.

Change to Win President Anna Burger says the group takes an "aggressive" political approach.

"Candidates have to support organizing rights" and offer plans to improve workers' lives to get Change to Win support, she says, adding that the group plans to choose sides in some primaries and recruit its own candidates.

AFL-CIO President John Sweeney, who warned last year that divisions would weaken the labor movement, now says the two sides are discussing "the parameters of a national campaign" after "a very solid, united effort" last fall in Virginia, New Jersey and California.

As the AFL-CIO imploded, unions helped elect Democratic governors in Virginia and New Jersey.

In California, unions spent about $100 million to defeat several ballot initiatives in a special election called by Gov. Arnold Schwarzenegger. A dozen AFL-CIO, Change to Win and teachers unions formed a coalition to kill the measures. "I'm sure there was a lot of intrigue in the background, but it didn't affect our ability to operate," says Democratic consultant Gail Kaufman, the group's lead strategist.

Unions Rake In Record Cash For Campaigns (USAT)

By Jill Lawrence

USA Today, July 21, 2006

WASHINGTON — A year after six unions bolted from the AFL-CIO and formed their own federation, the two camps are raising record amounts of political money and seeking ways to do joint campaign work this fall.

Conflicts over how to expand the union movement led the Service Employees International Union (SEIU), the Teamsters and four other unions to secede from the AFL-CIO. Along with the Carpenters union, which had already left, they formed a new, 6-million-member federation, Change to Win.

Between Jan. 1, 2005, and June 30, 2006, federal reports show, major unions in both groups raised more money than they did for the last non-presidential campaign in 2002:

·The main SEIU political action committee and five local SEIU PACs raised about $15 million to give to candidates, a 62% increase.

·The main PAC for the American Federation of State, County and Municipal Employees (AFSCME), part of the AFL-CIO, has raised $9.1 million, a 39% increase.

Nationally, the AFL-CIO and Change to Win are on track to spend considerably more than the $35 million the AFL-CIO spent in 2002 to register, educate and turn out union voters.

The AFL-CIO says it plans to spend $40 million this year on such efforts in 21 states. Change to Win plans a similar program and higher spending than 2002, but Chairwoman Anna Burger would not give a figure. The two groups are in talks to coordinate outreach to union voters.

While the AFL-CIO may have a "short-term loss of synergy," says William Miller, political director for the U.S. Chamber of Commerce, competition could strengthen unions just as it does businesses. "They will continue to be a formidable adversary," he says.

Records show the Chamber's PAC raised slightly more money — $151,000 compared with $123,000 — in the past 18 months than it did for the same period four years ago.

AFSCME President Gerald McEntee says workers are highly motivated for this year's campaigns, in part because the GOP-controlled Congress has not raised the minimum wage.

Sen. Obama To Headline Iowa Party Event (AP-Y)

AP2, July 20, 2006

Sen. Barack Obama, whose name has come up in speculation about the 2008 presidential race, will be the headline speaker at the Iowa Democratic Party's highest profile event this year in a state that traditionally holds the first delegate-selection caucuses.

Obama will be the featured speaker at Iowa Sen. Tom Harkin's annual steak fry in September, an event which annually draws thousands of activists.

"I think his standing has risen rapidly," Harkin said Thursday in an interview with The Associated Press.

The Illinois senator dismissed suggestions that the Iowa speech was tied to presidential ambitions.

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"This is simply me accepting an invitation from Senator Harkin and hopefully an opportunity to assist other congressional candidates," Obama told reporters.

Obama said Harkin had been very persuasive and added, "basically my rule has been if I can help in the '06 cycle, then I'm going to do it. And the only reason not to do it has been sort of the symbolism of Iowa which probably was not a good reason for us not to help out."

Is Obama Eyeing Iowa? (CHIT)

By Jeff Zeleny

Chicago Tribune, July 21, 2006

Sen. Barack Obama (D-Ill.) said today that his decision to travel to Iowa in September was designed to help Democrats in the midterm elections, not to explore his own future political ambitions.

“Basically, my rule has been that if I can help in the 06 cycle, then I'm going to do it,” Obama said in an interview. “The only reason not to do it would be the symbolism of Iowa, which probably wasn't a good reason for us not to help out.”

Obama will make his Iowa debut at Sen. Tom Harkin's annual Steak Fry. The venue is among the most sought-after platforms in Democratic politics, a rural fairground south of Des Moines that has hosted Bill Clinton three times and a string of prospective presidential hopefuls over the years.

“I think there is a lot of curiosity about him,” Harkin said of his junior colleague in the Senate. "He will excite people and motivate people.”

Until now, Obama has taken great care to steer clear of Iowa, the state that traditionally launches the race for the White House. But accepting the invitation to appear on Harkin's high-profile stage Sept. 17 underscores the notion that Obama is not intent on tamping down speculation about his interest in the 2008 campaign.

Obama said no greater significance should be drawn from his trip to Iowa. He said Harkin extended the invitation and he accepted, just as he has done for other Democratic colleagues.

"I've already been to 30 states," he said, including the bordering states of Nebraska, Minnesota, Missouri and Illinois. "Why not Iowa?"

But at least in Iowa politics, a steak fry is not necessarily just a steak fry.

Consider the roster of recent speakers. Former Sen. John Edwards (D-N.C.) attracted more than 1,500 Democratic activists last year. In 2003, Clinton made his third appearance at the Indianola, Iowa event, speaking to a crowd of 8,000. In 1996, Clinton drew an audience of 10,000 people

Already, seldom a week goes by when an ambitious Democrat is not passing through Iowa, beginning the laborious task of courting the state's political activists who are critical to performing well in the precinct caucuses that will kickoff the presidential race in January 2008.

It marks the first time Obama will join the circuit of Democrats who are laying political groundwork in Iowa. No matter what his future holds, introductions with key activists during the four-hour event on the Warren County Fairgrounds will be studied with intense interest by political observers, not to mention his possible rivals.

This trip comes as speculation quietly grows about whether Obama plans to dip his toes into the next presidential race or is content to merely sit back and bask in the speculation. While he has sought to brush off questions about his political future, Sen. Dick Durbin (D-Ill.) and other Democrats have urged him not to rule out the possibility of running.

And his Iowa tour comes only weeks before the carefully orchestrated nationwide rollout of his new book

Since taking office 18 months ago, Obama has traveled to more than 30 states, with Iowa being among the most obvious exception. This trip, of course, will be cast as being all about the midterms in 2006. (Yes, he plans to appear alongside Iowa Democratic candidates running for Congress and governor.)

But if a politician's time were his most valued asset, would spending a Sunday afternoon at the Iowa Steak Fry be considered priceless?

"This is simply accepting an invitation to help Sen. Harkin,” Obama said with a smile, “and hopefully an opportunity to assist other congressional candidates." in Illinois delegation, Politics, White House 2008 Comments

I see Obama as the next great president. He has thoughtfully and intelligently garnered support from not only the Democrats, but many on the "other side of the aisle". What a breath of fresh air! Posted by: L. Calvert | Jul 20, 2006 8:23:13 AM

Please please please please Posted by: KK | Jul 20, 2006 8:27:49 AM

Before we get all excited about Senator Obama running our country, what has he done, other than make speeches, for the people of Illinois in the past two years? More importantly, how does making speeches prepare somebody for running the most

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powerful country in the World? Isreal, Iran, Iraq, Russia, North Vietnam, China... This is the daily diet of a President, not a picnic in Iowa!

Words are simply what people say, and with politicians, they are more likely to be promises they do not intend to keep. On the slim chance they do wish to keep them, they have no way to actually implement the utopia they describe in their countless speeches. Word are easy to say.

Actions are much more important and more often ignored. As for Senator Obama, he has acted wisely, he has do so little that nobody can point to any failure as they make bad headlines. Wisely for his ambitions perhaps, but as a voter in Illinois, I could not be more dissappointed in his lack of action or stand on any issue. We do not need anymore speech makers in Washington, not to mention in the White House.

I am hopeful that we are smart enough not to fall for the "head fake" we get from politicians every election year. Let the junior Senator actually accomlish something here before we usher him off to a picnic. Posted by: Doug K | Jul 20, 2006 8:47:21 AM

Ever since he made the speech urging Democrats to look to evangelical christians, I have been convince the senator is planning to run in '08. This story just adds reinforcement to my views. Posted by: Bill Quigley | Jul 20, 2006 8:57:52 AM

Oh my! Oh my! A steak fry!

Gosh, Obama sure has the media wrapped around his finger. Maybe the next Obama story can be how his personal manure allows roses to bloom.

Right now we can squeeze Obama's accomplishments onto a postage stamp.

With apologies to Walter Mondale...

"WHERE'S THE BEEF?!?!?" Posted by: Tommy JM | Jul 20, 2006 9:24:00 AM

OBAMA FOR PRESIDENT Posted by: Fernando Lezama | Jul 20, 2006 9:25:35 AM

Hey, It looks to me like all Obama has done in the Senate is travel, for this the tax payer pays him. cliff Posted by: cliff zeider | Jul 20, 2006 9:27:37 AM

Very happy to see Sen. Obama heading to Iowa!

To throw his hat into the Presidential race would be a great idea! Beging a young Sentaor he has not yet been destroyed or corrupted by playing the political game!

How priceless would that be??

Norma Wilcox

Tampa, FL Posted by: Norma Wilcox | Jul 20, 2006 9:50:36 AM

So, what's the over/under on the crowd he brings in? Clintonian or Edwards-like?

I say we start the bidding at 7,500. Posted by: Bob T. | Jul 20, 2006 9:53:40 AM

Mr. Zeleny is taking it upon himself to hype Obama's Iowa visit when Obama himself downplays the significance of the visit. When it comes to Sen. Obama, Zeleny is more cheerleader than journalist. Posted by: Bruce | Jul 20, 2006 9:54:08 AM

Obama is an excellent speaker, but so far, a less than inspiring Senator for the State of Illinois. He has spent more time promoting his book than working for the people of this state. I, too, was impressed with his performance at the Democratic National Convention. I was looking forward to what he would accomplish once he got to Washington. Unfortunately, he hasn't done anything except talk, and even the rhetoric wasn't representative of what the voters believe.

Posted by: Cathy | Jul 20, 2006 10:10:35 AM

He speaks so well! Posted by: Chris Rock | Jul 20, 2006 10:15:56 AM

Perhaps, Cathy it is because Obama is a junior senator in a Congress where he is in the minority. Have you thought about that? Would you like him to write, pass, and sign his own bills? One problem, this is a democracy not a dictatorship. The process has to run. How does he make it run? By advocating his positions to a lot of people, getting a groundswell of support, and making it known in Washington and elsewhere that his popularity is based on his ideas and that everyone else in the Senate had better get on board.

Guess what Cathy and some of you other pessimists and so and so's on here: that's exactly what he's doing.

(Besides, I bet you have no idea what bills he's worked on, what committees he's on, and what legislation he's already crafted -- you just want to be negative about the guy for whatever reason. Good luck with that.) Posted by: MoeIllinois | Jul 20, 2006 10:18:23 AM

Tommy JM, after 6 years of Bush you have the nerve to ask WHERE'S THE BEEF? Please. Posted by: ar | Jul 20, 2006 10:22:45 AM

Obama's magical manure will deliver great crops to all Iowansm and ensure him an easy presidential win. The Obasm continues... Posted by: Bill | Jul 20, 2006 10:22:58 AM

A case for Obama for president in 08. The one thing we do know about the Presidency of the USA, great speakers more than not make great presidents. I wonder if it has anything to do with intellect. Bush on the other hand, or on the same argumentative hand is “the” definition of how a leader who can't speak if his life depended on it, make horrific leaders. We need a thinker with a real moral backbone in the White House, not a profiteer. Posted by: JaimeB | Jul 20, 2006 10:27:14 AM

Doug K.s thoughtful comments "Before we get all excited about Senator Obama running our country, what has he done, other than make speeches..?," could have been made 48 years ago (and were) by another articulate young star in the Democratic party. John F. Kennedy went on to prove that there was intelligence, drive, and ability behind his words. Many can deliver speeches, but few can write and deliver speeches with the vision and leadership ability that Kennedy had and Obama has. Posted by: Tom Krajewski | Jul 20, 2006 10:48:56 AM

It is amusing to listen to conservatives bash Obama for having done nothing to qualify him for the job of President of the United States. Of course, all Obama needs to do is read a paper now and then or a book and he would exceed the low expectation levels of the current office holder. Posted by: drew | Jul 20, 2006 10:49:52 AM

Barack Obama could suffer massive brain trauma and would still be vastly more qualified than the current occupant of the White House. Posted by: So-Called "Austin Mayor" | Jul 20, 2006 10:52:22 AM

Has anyone heard an honest politiian latelywhether they be a Democrat or Repulician? Posted by: Steve K | Jul 20, 2006 11:00:46 AM

Ohhhh! I support him for president. Why? Umm, well the news media keeps telling me he's a rock star, although I havent read of any of his accomplishments.

Please. Get real. Posted by: tom g | Jul 20, 2006 11:17:47 AM

I used to be an ardent Obama supporter - everything I had seen and heard of him was positive. He is clearly intelligent and articulate and he has an obvious ability to bring people together. As for experience, I'd say he has at least as much relevant experience as the current occupant had before his coronation, and I can't possibly see how Obama could do worse.

But since I've started reading Obama's book (which I'm only half-way through, so maybe I should shut up until I'm finished with it), I've had a little glimmer of doubt. At least so far in the book, he clearly identifies himself as black and identifies with the struggles with oppression of black Americans. I keep waiting for the part where he really acknowledges that he was raised by the white half of his family in Hawaii where being black really isn't any more of a big deal than being white and that he had all the benefits of a typical white, middle-class up-bringing. Even as far as the black side of his family, he's not descended from slaves nor did his ancestors survive the Jim Crow era. In fact, his father was a dignitary in the Kenyan government. Personally, I think a lot of his anger about racism and oppression is really projected anger about the absence of his father in his life, but that's just the mental health professional in me talking.

Anyway, like I said, I'm only half-way through the book, so I'll give the man the benefit of the doubt since everything else I've seen has been basically positive. If nothing else, 2008 is still a pretty long way off, so I don't think either side should be counting chickens yet. Posted by: Dienne | Jul 20, 2006 11:24:28 AM

Sorry, Moe...but he actually has to show up for work...read a few of the bills, vote a couple of times. You haven't checked his record have you?

Please do not disregard me as a pessimist. I make it a point to find out what my representatives in government do, not just say. Posted by: Cathy | Jul 20, 2006 11:24:35 AM

Obama got an easy pass, winning his senate seat against Ryan, and that nincompoop Illinois Republican party. Let's see how he holds up in a reelection bid for his Senate seat against a better candidate before we start touting him as a Presidential candidate.

The national Republican party is a lot smarter, and a lot tougher than the carload of clowns who call themseves the Illinois Repbublican Party.

Obama for President in....2012 or 2016, perhaps. Posted by: Don Mac Gregor | Jul 20, 2006 11:37:38 AM

Conservatives, please understand that many Democrats, Independents, and yes, Republicans are not wooed into Obama's camp by the press. Hope for America brings us there.

To criticize the man for having words & not actions is ludicrous when he is obviously building public support for those actions. If you want to criticize, look at our current administration to see what action without thought & public support can reap. Posted by: Jeremy W | Jul 20, 2006 11:53:12 AM

Will all right-wingers please move to Texas? Seriously. Posted by: Yepper | Jul 20, 2006 12:04:01 PM

I'd also reccomend looking into Obama's weekly Podcast. He does help out a lot with a good deal of legislation, and as a junior senator, the only sway he has is his popularity. In terms of actual power for getting things done in the senate he doesn't have much, yet.

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However, if you look at the things he's stood for (as evidenced in speeches and podcasts) he's been a very common sense oriented president. I don't think he's so much a good democrat as he is a good leader with everyone's interests involved instead of a set of narrow partisan measures. Posted by: Brett S. | Jul 20, 2006 12:09:16 PM

I thought Obama was really trying to work for the working class people until i seen were he added a part to a bill that the illegals should make more money then the american workers make... Why should they be given more money per hour than an american.... i think he is nuts... and he will not get my vote..... Posted by: pam | Jul 20, 2006 12:15:31 PM

I am a huge fan of Senator Obama, and I agree with all the positive statements written above about him. Nothing in my opinion could do more to help the U.S. and its image abroad than for us to successfully elect this man as our next President.

For more information about Senator Obama and his books and what I think of him and them, visit http://billslater.com/who_is_barack_obama.htm

Enjoy!

Regards,

William Slater Posted by: William Slater | Jul 20, 2006 12:16:50 PM

Obama is in a ackward position. If he stays much longer in congress, his record will most likely work against him come next election. For example - If a congressman stays in office long enough, they usually jump from one side to another on some issues in order to get real work done(working with the opposite party). As was seen with Kerry - Most critics will call this wishy-washy. Those same critics will also tell you that he doenst have enough experience yet - hoping that Obama stays longer in congress just so that they could use his record against him...

Posted by: Brandon J | Jul 20, 2006 12:19:19 PM

My ears, my mind, my heart tell me Obama's the real deal, and most importantly -- that he is a uniter. Our country is so divided and confused by misuse (abuse!) of rhetoric that responsible (accurate, truthful) use of language and a vision of leadership may be the most important ingredients to rebuilding some semblance of country, culture, and government/business.

More than the twin towers have fallen here, and a visionary, trustworthy leader (Obama) may be able to begin the arduous and long task of restoring democracy, freedom (religious and otherwise), human kindness, and ethics to our battered and tattered land.

Those who don't recognize this in him may be too embittered to have hope right now, but it will come again for us all, is my prayer.

Posted by: BonaDea | Jul 20, 2006 12:30:42 PM

the way i see it is even if he hasn't accomplished much YET, he seems to have great ideas and more importantly seems to be a good person. just because he hasn't bankrupted several companies or have ties to huge corporations that pull his strings (current administration) doesn't mean he's done nothing. i like the fact that he doesn't have these ties. he knows what it's like to work and wasn't born with a silver spoon in his mouth. this is the kind of person we need in office. a REAL person... Posted by: bill | Jul 20, 2006 12:41:34 PM

Let us not be too harsh on Obamas relative lack of experience.

George Bushs resume was similarly blank, and by golly, with the hand of God on Georges shoulder

directing him, he has become the GREATEST president ever!

Lets take a look at Georgies resume up to the year 2000.

Work Experience.

1) Ran for Congress and lost.

2) Produced a Hollywood slasher B movie.

3) Purchased an oil company, but failed to find

oil in Texas. Company filed for bankruptcy,

AFTER he sold his stock.

4) Purchased the Texas Rangers in a sweet little

deal that siezed private land and used taxpayer

money to pay for it. (Does the Kelo decision

still make Reublicans so angry now ?)

5) Traded Sammy Sosa to the White Sox. (great move

for Chicago)

6) Ran for Governor of Texas, and won, with

the help of daddies money and name.

Milestone Accomplishments

1) Changed pollution laws in Texas in favor of

power and oil companies. Texas is now the most
polluted state in the union.
2) Houston replaced Los Angeles as the most smog
ridden city in the U.S
3) Cut taxes and bankrupted the state of Texas to
the tune of billions of dollars.
4) Set the all time record for executions in
any state.
References
1) One conviction for drunk driving in Maine.
Texas records are not available.
2) AWOL from the National Guard.
3) Dont even talk to him about prior illegal drug
use. He wont discuss it.
4) All records of his tenure as the governor of
Texas are unavailable. They are locked in
Daddies library.
5) Sorry again, the records of the SEC
investigations into insider trading and
bankruptcy of above mentioned oil company
are under seal and unavailable for public
viewing.
6) Minutes of board meetings for any public
corporation served for are sealed.

So before we jump all over Baracks back, we must keep in mind the hurdles our POTUS, George W. Bush, has overcome in his journey to achieve

greatness that is worthy of deification.

Posted by: johnf | Jul 20, 2006 12:47:22 PM

Sorry, myself and a huge number of voters will not even consider Obama as a viable candidate until he has the courage to speak out strongly against this war in Iraq, as well as, use his voting power against supporting the war in any way! Posted by: Esther | Jul 20, 2006 12:51:58 PM

Pam - Maybe you could include a link to your source for that information so we could all see where Obama said that illegals should be paid more than American citizens. That sounds more like something Rush Limbaugh or Bill O'Reilly might cook up. Posted by: Tom O | Jul 20, 2006 1:01:24 PM

Particularly since democrats are intending to make corruption a cornerstone of their attempt to win back the house and senate, it is important for all democrats to speak forcefully about this very significant topic.

In view of this fact, I would love to hear Senator Obama address the concerns that many people have over his $2,000,000.00 advance that he received for his recent book deal.

I have repeatedly attempted to contact his office, but have unfortunately not heard back. Until I do, I will not be able to enthusiastically support his candidacy.

Sincerely,

Lars Ewell Posted by: Lars Ewell | Jul 20, 2006 1:04:19 PM

After 8 years of Bush, I am ready for a new way of thinking. Obama's got it where it counts. Posted by: Lisa Murphy | Jul 20, 2006 1:13:11 PM

Right now Barack Obama is the best presidential
canidate out there.Some will say he lacks experience,but remember,a failed governer from
the state of Texas is our current president.
Obama is a "uniter".It's going to take a long
time to clean up the mess left by the Dubya
administration.I think he's the man for the job.

Posted by: John E. | Jul 20, 2006 1:34:28 PM

I will consider Senator Obama for President. By no means have I decided that this is the person I wish to support however. No one should say they are in that position yet on who they want to vote for. We don't even know all the candidates. If it came

down to Clinton and Obama for the nomination I would probably support Obama, against John Edwards or Al Gore I'm not so sure. I do hope he runs though, the more qualified candidates talking to the electorate is a good thing.

As for his lack of experience I think this is just an excuse for those who don't care for the man. A good manager (which is what the President is, the ultimate manager in this country anyway) is charismatic, a good speaker, good at building bridges, and a good judge of the talent he surrounds himself with. Senator Obama has all of these qualities in abundance. All qualities our current president lacks, by the way.

The more serious candidates we have entering the fray in the Democratic Party the better. Obama, Clinton, Gore, Edwards, Biden and others should all get into this race and let us know why one of them should be the one to help us all fix this terribly broken country. For that matter I hope a group of diverse Republicans get in that race as well. Many voices with many ideas is how our country was founded and what can make this onece great nation great again. Senator Obama: good luck in Iowa. Posted by: Dean G. | Jul 20, 2006 1:38:59 PM

I am against the war...I am also against leaving our troops without the materials they need to come home safe. Senator Obama has spoken on the moral complexity of this issue - which I heard through his podcast (available on itunes) - and I am satisfied with his answer. Senator Obama would be high on my list as democratic candidate for president. I find his views, honesty, intelligence and character inspiring/refreshing. Posted by: ddreid | Jul 20, 2006 1:40:27 PM

John F.,That's a great rundown on Dubya's record,
I couldn't have said it better myself.
You know the thing that irks me the most is not
so much republicans,it's thier outright backing
of anything that Dubya says,or does.
Other republican presidents i've disagreed with,
but ultimatly,they did a somewhat respectable
job,and united the country.
Posted by: John E. | Jul 20, 2006 1:48:08 PM

What happened to his promise to stay an Illinois senator for his entire term? Hillary Clinton kept her promise to the State of New York, and I think Obama should do the same.

I am all for seeing him as President, but he should serve a full term for Illinois first.

Hillary for President 2008. Obama joins the ticket in 2012 and becomes President in 2016. Posted by: McCarty | Jul 20, 2006 1:55:45 PM

Spare me...The democrats are in for it again if their prez candidate is a junior senator. Posted by: KJM | Jul 20, 2006 1:59:49 PM

As much as the man's tempered reason and good-faith embrace of opposing views appeals to me, I don't think it is a good idea for him to run in '08--nor do I think it a good idea for him to run for the Oval O. from the Senate. In too many ways he shares John Edwards' downsides. He needs to challenge Blago in the next Ill. gubernatorial primary, serve 4 years as Ill's Gov. and then run for the Big One. Posted by: Austin Kennedy | Jul 20, 2006 2:01:22 PM

In case anyone hasn't noticed, you don't need to have done much OR be a good speaker for that matter to be president of this country for two terms. Even if he doesn't get anything done as president (and I do sincerely hope that the next president accomplishes a great deal), at least the top figurehead for our country will be eloquent, which I would find a refreshing and welcome change. Posted by: Liz | Jul 20, 2006 2:31:33 PM

Senator Obama is carefully following a script that will give him the Democrat nomination for VICE President. You heard it hear first. Posted by: Jerry | Jul 20, 2006 2:38:02 PM

It's a good sign for Obama that so many Republicans are so worried about him that they can't even manage to say one nice thing about him.

I think a debate between Barack Obama and John McCain about America's domestic priorities, our place in the world, and their competing visions would actually be worth listening to. Although McCain's recent embrace of Bob Jones University and the far right in his quest for the White House is an act of political cowardice. Posted by: Yellow Dog Democrat | Jul 20, 2006 2:38:57 PM

John E.

Thanks for the compliment, but I must credit a still unknown U.S senator for compiling that stellar resume and circulating it in 2000.

On a more serious note, as much as I like Obama personally, I was delighted to see that Evan Bayh is considering a run in '08. Bayh is a thoughtful, articulate moderate that has proven that he has the ability to appeal to Republicans. He has won

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multiple terms in a very Republican state with platforms that strike a chord with middle class voters, regardless of their party affiliation.

It is the middle class, whether Republican or Democrat, that will determine the outcome of the '08 election. Bayh has proven his ability to speak

for the middle class, and they have returned the favor with their votes. Posted by: johnf | Jul 20, 2006 2:48:34 PM

The ability to speak well does not have anything to do with inteligence. The basic premise for good speaking ability is to be able to slow down your thought process. You can be brilliant or stupid and be a good public speaker. President Bush obviously is not a great public speaker, but that does not mean that he's an idiot. In fact, his IQ is higher than John Kerry, who is obviously superior to Bush in public speaking.

As far as the profiteer comment? Didn't the Clintons get busted for selling white house artifacts on their way out? Posted by: Stewart | Jul 20, 2006 3:10:31 PM

Obama might be a breath of fresh air yet as someone as already pointed out, would he be ready to tackle a menu of Iraq, Iran, N.Korea, and terrorism world-wide. He's already stigmatized being a Democrat as their reputation in a volatile world is more appeasement than stick.

I think for him to be successful and getting attention, Obama would need to not follow the Democrat's tradition of looking weak and perhaps incorporate some tough talk with substance. This is a different world now so we'll need someone who isn't shy when it comes to making decisions that Democrats normally stay away from. Posted by: Dean | Jul 20, 2006 3:15:15 PM

Obama has shown leadership on getting funding for the Bridge to Nowhere. He really went to bat to make sure that no one was left of the pork-barrel, even if no one lived on the island where the bridge was going.

Oh, he also is championing a 50 cent per gallon tax on imported ethanol, keeping our pump prices for gasoline up around $4.

Sounds like presidential material to me.

JBP Posted by: John Powers | Jul 20, 2006 3:19:53 PM

He is not running!!!! But someone please tell me five people from the right or left who can clean up this mess. There is none!! Tired of the Right! But see no one from the left. Dam we need help!! Posted by: Dale Peters | Jul 20, 2006 3:53:35 PM

Obama - Clinton - 2008! Posted by: Joe | Jul 20, 2006 4:11:23 PM

If you want to know about Senator Obama and why people are excited about him - read his autobiography. You will find out tht he has done much more than make speeches. Posted by: bj | Jul 20, 2006 4:19:22 PM

JBP --

Interesting "facts"... so I decided to google it... Reading through what Obama has to say about the Bridge to Nowhere, it's pretty clear he's been pretty firm AGAINST the project and funding it.

And yes, he's supporting not lifting a tariff on imported ethanol. Here is what two Republican congressional representative say:

Charles Grassley (R-IA) and John Thune (R-SD) called lifting of the tariff "a victory for the oil companies, a kick in the face to rural America where the ethanol comes from, and leave consumers with the same high gas prices we have today."

The point is that Obama and a lot of other people in Congress are trying to keep the development of alternative fuels for the US something that happens in the US. Posted by: Just Steve | Jul 20, 2006 4:49:00 PM

He should throw his hat into the presidential ring now. Obama is certainly better qualified than other potential candidates, and he is someone people would want to vote for, as opposed the usual choice of voting for the lesser of two evils. Posted by: Richard Mattas | Jul 20, 2006 4:51:14 PM

In reference to Pam's comments - "I thought Obama was really trying to work for the working class people until i seen were he added..." -SEEN WERE - enough said.

In reference to Stewart's comments - Do you really think that Bush and Kerry took IQ tests and made them public like they did their tax returns? Most likely you are referencing an internet "urban legend" or to give you the benefit of the doubt you are taking COMPLETELY unscientific speculation as fact. And as for your question "Didn't the Clintons get busted for selling white house artifacts on their way out?" NO, ABSOLUTELY NOT, NEVER, DIDN'T HAPPEN.

If you don't like Senator Obama or The Clintons or Democrats that's absolutely fine but think before you type because I'm telling you people on the left and the right read what you write and just shake their heads. Posted by: Sheldon | Jul 20, 2006 5:26:35 PM

As much as he is junior senetor, Obama is intelligent and respect the human diginity.

He deserve to be our next president.

Eva Posted by: Evah Kihura | Jul 20, 2006 5:39:23 PM

So Just Steve,

Did Sen Obama's opposition to the Bridge to Nowhere result in his vote against HR3058 (Coburn Ammendment) to eliminate funding for The Bridge to Nowhere? Google that, and tell us all please, though I think you already know the answer.

Or was Sen. Obama's opposition more like his opposition to the Alito filibuster, where though he was against the filibuster, voted in favor of it, as a matter of principle.

Republicans and Democrats alike are out there promoting tariffs on imported ethanol, but it is Senator Obama and his mentor Sen. Durbin that have taken the lead in promoting special interests over the American consumer.

JBP

Posted by: John Powers | Jul 20, 2006 6:15:12 PM

So many find fault with that which they do not know. I find it amazing that with so much going on in the world, that people have a problem with someone who would apply common sense in the running of our country. I am born again Christian and am not ashamed to admit this. But even i find fault with so many of the right wing zealots who are in government office. Their stance on so many issues conflict with the teachings of Jesus Christ, the very person they claim to place their faith in. We are in a whole new world my friends, it is time we set aside our differences and strive to make this world a better place, instead of falling for the old game of divide and conquer. I would support Sen. Obama or even John McCain if he did'nt forsake his core audience by wooing the hard core knee jerk conservatives of our country. But no matter who intends to run, let that person have the fortitiude to lead this country with goal of improving the lives of ALL AMERICANS not just the 10% Country Club Crew that currenly run this country. GOD BLESS AMERICA!!! OBAMA 2008!!! Posted by: Vernon | Jul 20, 2006 6:19:13 PM

Cathy, he's a democrat from Chicago - what's showing up for work got to do with it?

As far as the Obama-Clinton ticket. Do you think Hillary will play second fiddle?

It won't be the right-wingers that destroy Obama if he enters the race. It will be all the other democrats - Clinton, Kerry, etc.... Their dirt-digging machines will dredge up more dirt than was moved to build the Panama canal. Posted by: Terry | Jul 20, 2006 6:22:40 PM

So Vernon,

If Obama is so interested in finding solutions for all Americans, why is it that in his term as an Illinois State Senator he represented a district with the worst schools in the State, while sending his children to private school

Face it, Obama has never attended a day of public school in his life. He is part of the Country Club set that condemns our public school students to a horrifying education, while he is flying around the country on ADM's corporate jet promoting higher taxes on imported fuel.

JBP Posted by: John Powers | Jul 20, 2006 6:52:37 PM

I like the script, if you want to call it that, from which senator Obama speaks. However, it is because I like him, that I would not want him to win in 2008 because:

A lot of those same political representatives will still be in the white house making decisions, who made a lots of the bad decisions, which created much of the current damage that is being left behind to clean up... That alone will make immediate repairs impossible. Remember: Mayor, Harold Washington-Chicago, Il.

There is so much that has happened during the last 6 years that has seriously damaged America. Including: mergers, bad trade agreements and other changes that happened during Presidents Clinton's period and before- No one will be able to repair the damage in less then 15 to 20 years at the current pace that it takes our representatives to get something from an idea to a reality.

I believe that by 2008 the country will be in such bad shape economically: Unemployment, home foreclosures, high cost of oil which hurts everyone and every industry. Plus, because so many Americans have never really known hard times like some of our parents and grand parents, we haven't developed the stamina needed to survive really hard times , like some of the people from less fortunate countries, There by health related problems from stress, mentally numbing substance (Alcohol etc) will also extremely high.

Even though the unemployment numbers can show an improvement, It is my understanding that: it does not reflect the true picture, because once people are not in the system to receive unemployment benefits, they are no longer listed as unemployed even though many of them are still unemployed (if that is not how it works please feel free to correct me)

Whoever is president in 2010, I believe is going to be perceived as a failure, because the many Americans people, who are currently leaning toward hard times, will have hit rock bottom by then. The country will be screaming for a quick fix from the President, that short of a miracle will not be coming- that being based upon the amount of time that the serious repairs needed would take, even without opposition. Talk about opposition, just in this "Swamp" I feel opposition screaming at the mere "suggestion"!!!!!!!!

What can we honestly say has really improved in the US since December 2001? Make A List. I sincerely want to know. So you actually think Obama could do worst. Interesting???

I believe that 90 percent of America would suffer as a result of: but, I think for all those who feel that Obama's script is so bad: maybe, we should just continue on the same path that we are currently on, and elect Dick Chaney in 2008, because it appears that the only way many Americans are going to understand the depth of the trouble that our country is in, will be to experience another 1929 or worst.

For many reason, I would really hate to have the Americans worst nightmare happen on Barack Obama's US Presidential clock.

The Americans worst nightmare which, it appears that, the US is becoming more primed for each day that:

Oil prices remain above $2.00 per gallon

Our government has to borrow money, just to keep things working as well as they are. (God, I pray that we (the U.S.) don't make the wrong countries mad enough at us to either call- in- our- debt, or hold the U.S. hostage. For me that is something to be feared)

I say to Senator Obama: wait until 2012 to win, by then, things will have gotten so bad, there will be almost no- in- house fighting against that which is needed to benefit the majority of the American citizens.

Thereby, you can make 10 times more progress than you would have been able to make by winning in 2008.

Whoever wins in 2008 will be truly blessed, if they do not regret winning the biggest "lost" of the "time". However, I do believe in miracles.

Barbara Mitchell

Donlyn Distribution Inc.

Posted by: Barbara Mitchell | Jul 20, 2006 7:39:06 PM

I don't think Obama is ready for a presidential run; he still needs to do some leading and legislating in my view. The Senate is also a tough place from which to launch a presidency; perhaps he could replace Governor Blow-Dry here in 2010 and gain some better experience both in governing and in campaigning.

I'd guess this Iowa trip might also have something to do with all the close races there this year; you've got Chet Culver (D) and Jim Nussle (R) neck and neck for governor; you've got a tight race for Nussle's open seat, and you've got Leonard Boswell (D) holding a fairly marginal seat against a potentially tough GOP challenger (Lamberti) and not in the greatest of health. Posted by: DB | Jul 20, 2006 9:10:29 PM

JBP,or John Powers,

I think we all know your true identity..John D.

I can recognize a right wing hack a mile away Posted by: jokemakerjake | Jul 20, 2006 10:00:40 PM

Comments are not posted immediately. We review them first in an effort to remove foul language, commercial messages, irrelevancies and unfair attacks. Thank you for your patience.

Democrats Aim For Rich-Poor Gap (wsj)

WSJ – Wash Wire, July 21, 2006

DEMOCRATS TARGET rich-poor gap as economy keeps growing.

Average Americans don't credit Bush "because they ain't got any cash," says liberal Rep. Frank. Bush gets polite greeting from NAACP, where he says "prosperity and opportunities" should "reach into every block of every neighborhood."

House Democratic campaign committee, boasting $32 million in cash to $26.5 million for Republican counterparts, press minimum wage with ads in six states featuring "Who deserves a pay raise?" gameshow. Republicans signal they may accept an increase to stem attacks.

"We have a lot of conversations going on, but no decisions," says House Majority Leader Boehner.

FRIST FACES intraparty opposition to linking estate tax and pensions.

The Senate majority leader, who hasn't abandoned 2008 presidential aspirations, wants estate-tax cut added to emerging pension compromise. "Not acting now guarantees a lousy and boneheaded tax forever," an aide says.

But connecting the two could sink both, since Frist hasn't amassed filibuster-proof majority for an estate-tax deal. House leaders join Senate Finance Chairman Grassley in resisting a combined bill; they promise decision next week.

IRAN GAINS as Mideast violence saps drive for curbing nuclear program.

U.N. diplomats say challenges of Iran, North Korea, and Israeli response to attacks have strained capacity to act. "We have almost too much on our plates," says one U.S. diplomat, who still hopes for a Security Council resolution on Iran this month.

Tension with other countries holding veto power, especially Russia, tests U.N. Ambassador Bolton as his recess appointment winds down. But Bolton picks up support for confirmation from an erstwhile Republican critic.

DOJ_NMG_0042581

Though "not perfect," says Ohio Sen. Voinovich, Bolton can "work with others and follow the president's lead."

PERSONAL DIPLOMACY: U.S. trade representative Schwab built ties at G-8, taking two-mile walk with Russian counterpart and giving a lift to Brazil's foreign minister and WTO chief Lamy on her flight to Geneva from St. Petersburg. She now seeks to bridge differences on farm policy and tariffs in Doha trade round, but ex-Bush aide Cesar Conda says Schwab may need more help from "the president himself."

HOT BUTTONS? Supreme Court's early October oral-argument schedule omits some pending cases, including battles over regulating "greenhouse gases," the federal "partial birth" abortion ban and use of race in primary-school assignments. First up: whether government can deport immigrants convicted of state-level felonies if those crimes are federal misdemeanors. Though term begins on first Monday in October, justices won't hear arguments until Tuesday, Oct. 3, because of Yom Kippur.

LOCAL FOCUS: National Bureau of Economic Research study concludes Hispanic voter turnout rises as much as 10 percentage points in areas with local Spanish-language television news. "Television is quite capable of increasing civic engagement," write Joel Waldfogel and Felix Oberholzer-Gee, backing regulatory policies encouraging TV "localism."

BUSH WILL MIX work with vacation time at Crawford ranch. Aides explore August swing to battleground state such as Pennsylvania, where Republicans are defending three endangered House seats and Sen. Santorum. Also planned: one-year commemoration of Hurricane Katrina, viewed by Republican strategists as biggest second-term setback.

SENATE REPUBLICANS TRY again for energy win.

After demise of $100 rebate and other proposals to address springtime gas-price jump, Frist prepares to bring energy bill to floor next week. It would open parts of Gulf of Mexico to offshore drilling and send royalty money to states with offshore wells, while preserving Florida moratorium until 2022.

Industry groups and some Republicans want Atlantic and Pacific coastal drilling, as approved by the House. But environmentalists and coastal-state senators, including vulnerable Democrat Menendez of New Jersey, vow to fight as issue becomes 2006 campaign weapon.

An environmental lobbyist frets Minority Leader Reid may "muddle Democrats' message" by permitting energy floor vote.

MINOR MEMOS: Democratic lawmakers hold $500-a-person "Member Moms Spa Evening," featuring wine, massage and pedicures…. For same price, donors can attend Republican congressional staffers' "Texas Hold 'em Poker Tournament"…. New red, white and blue bumper sticker seen in Washington: "Nobody for Congress in 2006." – John Harwood

The Washington Wire, which is among the most venerated products of the Journal's Washington bureau, also is one of the oldest standing features in American journalism. Since the Wire was launched on Sept. 20, 1940, the Journal has offered readers an informal look at the capital's comings and goings in a series of newsy, and sometimes even gossipy, items. Now online each weekday, the Wire provides a succession of glimpses at what's happening behind hot stories and early warnings of what to watch for in the days ahead. The Wire is the collective product of the Washington bureau, some 40 journalists strong.

GOP Making Hard Pitch To Social Conservatives (MCT)

By Margaret Talev

McClatchy Newspapers, July 21, 2006

WASHINGTON - They promised social conservatives that they'd promote morality and patriotism, and this week Republican leaders in Congress tried to show that they keep their word.

With Republicans looking to conservative voters to fend off a Democratic takeover in this fall's elections, the House of Representatives worked its way through an "American Values Agenda," which included votes to ban gay marriage and take away federal courts' jurisdiction on Pledge of Allegiance lawsuits.

But the strategy doesn't look so smart to many GOP incumbents facing close races.

To be sure, House Speaker Dennis Hastert, R-Ill., Majority Leader John Boehner, R-Ohio, conservative activists and many Republican incumbents in safe seats say that voting on these ideological issues is essential to restoring credibility with their party's base. That in turn, they say, should improve turnout at the polls.

"Folks want to at least see that we're talking about issues we say we're going to talk about," said Rep. Dan Lungren, R-Calif.

Said Tony Perkins of the conservative Family Research Council, "It's essential to address them before they go back before voters again."

Others worry, however, that in close swing districts, the values agenda could turn off independent and moderate Republican voters, especially when coupled with President Bush's veto this week of expanded embryonic stem-cell research.

"I wasn't consulted" about the strategy, said Rep. Clay Shaw, R-Fla., chuckling uncomfortably in an interview.

Shaw, facing a competitive general election, supports embryonic stem-cell research and tried to override Bush's veto. That could appease elderly constituents who favor the research, so long as they know Shaw's position.

DOJ_NMG_0042582

But Shaw's vote for the gay-marriage ban, which fell short, could put him in the doghouse with the large gay constituency in South Florida's Broward County.

"But you have to vote your conscience," he said.

In Connecticut, where three House Republicans face competitive races, Rep. Christopher Shays, R-Conn., vented about the values agenda. "While Rome burns, we're eating grapes. Anytime you do bad policy, it is bad politics."

Rep. Ron Paul, R-Texas, said the values agenda gives Democrats a platform for accusing the GOP of ignoring real problems. "I could think of more important things to do," he said. "Why do we have deficits? Why is government so big and why is it getting bigger? And why are we on the verge of the war spreading in the Middle East? And why do we have a monetary policy that's going to lead to runaway inflation?"

The House values votes are mostly symbolic. The Senate either has rejected them or has indicated that it won't vote on most of them this year. Senate leaders have tried but failed to advance a gay-marriage ban and flag-protection amendment. They're planning a vote on a bill limiting where teens can travel for abortions.

Still pending on the House values agenda: requiring abortion doctors to tell women that fetuses can feel pain and shielding government officials from monetary damages in lawsuits over religious expression.

Rep. Phil Gingrey, R-Ga., rejects criticism that the values agenda is futile.

The votes "put each and every member in this House on record with their constituents," he said. He also disagrees that Congress is ignoring other issues, noting the passage of tax cuts and a border security bill that would crack down on illegal immigration and is now at an impasse with the Senate.

But Democratic leader Nancy Pelosi of California said that any American who happened to tune in this week would conclude of Congress, "What they are doing is totally irrelevant to my life."

Democrats could take control of the House with a gain of 15 seats and of the Senate with a gain of six. Polls show that voters, frustrated with the war in Iraq and high gasoline prices, blame Republicans more.

Norm Ornstein, a scholar with the American Enterprise Institute, a conservative think tank, and coauthor of a new book detailing Congress' shortcomings, said the GOP strategy for hanging onto power is "shaky" and "degrades Congress."

"They're fearful that what happens will be what happened in 1994" to the then-dominant Democrats, Ornstein said, "that the out-party turns out in very substantial numbers and the in-party stays home."

However, he said, "if you look at where the genuinely marginal seats are for them (Republicans), the ones they can't afford to lose, more are in areas that are going to be driven by moderate votes than by base votes."

Perkins countered that most Americans support keeping the word "God" in the Pledge of Allegiance and oppose gay marriage.

Republican lawmakers won't be penalized for bringing them up, he predicted. "There's such global instability that people will turn inward to these core values, to see what we're anchored to."

AP: Democrats Plan $30 Million Ad Buy (AP-Y)

By David Espo

AP2, July 21, 2006

Signaling a new phase in the struggle for control of Congress, House Democrats have reserved time for more than $30 million worth of campaign advertising this fall in roughly two dozen congressional districts, with a heavy emphasis on the Northeast and Midwest.

The Democratic targets include clusters of Republican-held seats in the Philadelphia area held by Reps. Jim Gerlach, Curt Weldon and Michael Fitzpatrick, as well as the Ohio River Valley, where Reps. John Hostettler of Indiana, Geoff Davis of Kentucky and Steve Chabot of Ohio can expect a protracted televised barrage.

Based on information available to date, the Democratic Congressional Campaign Committee intends to air ads for eight weeks in an attempt to defeat Rep. Heather Wilson of New Mexico. Rep. Clay Shaw of Florida faces a particularly well-financed opponent, but he can also expect to face five weeks of Democratic-paid advertising.

After 12 years in the minority, Democrats need to pick up 15 seats this fall to gain control of the House.

Material about advertising reservations is publicly available. Bill Burton, a spokesman at the Democratic Congressional Campaign Committee, declined to comment, although other officials said the organization is in the process of identifying additional target seats and reserving more advertising time.

Reserving time in advance can save money for a purchaser because some stations will sell advertising during the summer months at lower rates than they can command in September or October.

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By signaling their intentions this far in advance, Democrats also make it possible for their own candidates to know how much help they can expect. While the advertising effort must be kept independent of the candidates, the public nature of the information makes it widely known.

At the same time, Democrats have not yet paid any money to stations, and the strategy of reserving large amounts of advertising time far in advance can carry risks.

Two years ago, the DCCC reserved time to advertise in a pair of House races in New Hampshire, heartening the party's candidates as well as activists in the state. When the station asked for payment, the committee dropped its plans, infuriating local officials who complained that the state had been written off by strategists in Washington.

Carl Forti, a spokesman for the National Republican Campaign Committee, said the organization has not yet reserved advertising time, although it plans to do so in the coming weeks.

Until recently, the two parties have largely been focused on candidate recruitment, fundraising and opposition research to prepare for the intense final few months of the two-year campaign cycle.

Two years ago, the two parties spent more than $70 million combined on their own advertising, which by law are undertaken independent of activity by the campaigns.

Judging by recent reports, the totals for 2006 will be higher.

The DCCC reported this week it had $32 million in the bank as of June 30, compared with $18.4 at the same point two years ago.

The NRCC reported slightly $26.5 million cash on hand as of June 30.

Party-paid advertising has played a critical role in the national battle for House control in recent years, with Republican and Democratic strategists both concentrating their efforts on a relatively small number of seats that appeared competitive.

Democrats have labored for more than a year to increase the number of competitive districts, and appear to have done so to an unknown extent.

There are other differences between the current campaign and the last one that appear to benefit Democrats.

The electorate has grown weary of the war in Iraq, and as a result, President Bush's poll ratings are far lower than during his successful re-election campaign in 2004.

Additionally, unlike in 2004, Democrats are not defending a spate of districts in Texas that were redistricted to make them more favorable to Republicans. The DCCC spent roughly $4.5 million in advertising in five districts in the state two years ago in an effort to save incumbents from defeat. Four of the seats fell to the Republicans.

Based on the time reserved to date, Democrats appear inclined to make Hostettler the recipient of their most sustained advertising barrage, 11 weeks in the area around Evansville.

Other targets include Reps. Dave Reichert of Washington, Mike Sodrel of Indiana and Rob Simmons of Connecticut.

Apart from Republican incumbents, Democrats intend to advertise in several GOP-held seats where lawmakers are retiring. They include districts held by Reps. Jim Kolbe in Arizona, Bob Beauprez in Colorado, Jim Nussle in Iowa, Mark Green in Wisconsin and Henry Hyde in Illinois.

The party also reserved time to advertise in districts held by Democratic Reps. Melissa Bean of Illinois, Leonard Boswell of Iowa and Alan Mollohan of West Virginia. Republicans have signaled they will target all three for defeat.

Democrats Close Gap On GOP On Fundraising (AP)

By Jim Kuhnhenn

AP, July 21, 2006

WASHINGTON -- National Democratic Party committees closed a fundraising gap with their Republican counterparts in June, raising more money and improving their cash on hand, according to reports filed Thursday.

The data is the latest sign that that neither party would hold a financial edge in this year's contest for control of Congress.

The Republican National Committee was the only one of the three party groups to best the Democrats, reporting $44.7 million in the bank compared with $10.8 million for the Democratic National Committee.

But the campaign organizations for Senate and House Democrats combined to hold a $23 million edge over the Republicans' comparable committees.

Financial standing heading into the November elections is an important test of the parties' strength. The committees, particularly the four congressional ones, will play crucial roles in close House and Senate races.

"More money in the bank means more resources to help spread our message of change," said Sen. Charles Schumer, D-N.Y., who heads the Democrats' Senate committee.

GOP strategists say Republican candidates as a whole are better financed than their Democratic challengers.

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"Targeted incumbent Republicans have $22 million more than their challengers, and Democrats must defend three competitive open seats and four vulnerable incumbents," said Brian Nick, spokesman for the GOP Senate committee. "Seems like they will be spread pretty thin."

The Democrats' Senate committee, in the latest reports to the Federal Election Commission, said it raised $8.8 million in June and had $37.7 million in the bank.

Its GOP counterpart raised $4.8 million and had $19.8 million in the bank.

For the House, the Democrats' committee took in $9.8 million compared with $9.5 million for the Republicans. The Democratic committee reported $31.9 million in the bank compared to $26.5 million for the Republicans, who have historically led in that category.

This edge was the first since changes in campaign finance law in 2002 eliminated unlimited contributions known as "soft money."

Lieberman's Challenger Is Playing Catch-Up (WP)

By Zachary A. Goldfarb

The Washington Post, July 21, 2006

For weeks, political analysts have said that antiwar businessman Ned Lamont is closing in on Sen. Joseph I. Lieberman in next month's Democratic primary in Connecticut.

Now there is evidence. A poll released yesterday shows that Lamont has jumped ahead of Lieberman among likely voters, 51 to 47 percent. The lead is within the poll's margin of error, making the race a dead heat with a little more than two weeks until the Aug. 8 primary. In early June, Lieberman, a strong supporter of the Iraq war, led 55 to 40 percent.

The Quinnipiac University poll also shows that Lieberman, who announced he will run as an independent if he does not win the primary, would defeat Lamont and the Republican candidate, Alan Schlesinger, in a three-way race in the general election. Lieberman would get 51 percent of the vote, Lamont 27 percent and Schlesinger 9 percent.

The closeness of the race has roiled national Democrats, who generally have said they support Lieberman in the primary but have been challenged to say whether they would support his independent candidacy. Lieberman's campaign is touting a visit this coming Monday by former president Bill Clinton.

In anticipation of a primary victory -- and the difficulty of defeating Lieberman in a general election -- Lamont has been widening his policy portfolio beyond the war to include such issues as universal health care and pre-primary education.

Douglas Schwartz, Quinnipiac polling director, said one area in which voters have concerns about Lamont is his lack of experience. But Schwartz said that despite Lieberman's current lead in a projected three-way race, voter perceptions could change if Lieberman loses in the primary.Democrats Hold On to Lead in Money Race

Senate Democrats' financial advantage over Republicans is continuing 3 1/2 months before voters determine which party will control the Senate for the rest of President Bush's term.

At the end of June, Senate Democrats had nearly twice as much cash on hand as their Republican counterparts, according to data submitted to the Federal Election Commission yesterday.

The Democratic Senatorial Campaign Committee raised $8.8 million in June and had $38 million in the bank. The National Republican Senatorial Committee raised $4.8 million and had $19.8 million in the bank.

The trend is mirrored on the House side -- though the Democratic edge is less pronounced. At the end of June, the Democratic Congressional Campaign Committee had $31.9 million, compared with the National Republican Congressional Committee's $26.5 million.

House Democrats are planning to spend their enlarged war chest on an aggressive television campaign this fall in about two dozen congressional districts, especially in the Northeast and Midwest, the Associated Press reported yesterday. They have already reserved more than $30 million worth of TV time.

Democrats are targeting the Philadelphia area seats held by Reps. Jim Gerlach, Curt Weldon and Michael G. Fitzpatrick, as well as those of Reps. John N. Hostettler (Ind.), Geoff Davis (Ky.) and Steve Chabot (Ohio). The DCCC plans to air ads for eight weeks to try to defeat Rep. Heather A. Wilson (N.M.) and for five weeks to oust Rep. E. Clay Shaw Jr. (Fla.).

Clinton To Help Lieberman Against Rival (AP-Y)

By Susan Haigh

AP2, July 21, 2006

Suddenly trailing in the polls, Democratic Sen. Joe Lieberman is enlisting the help of former President Clinton, the man he criticized in 1998 for "disgraceful behavior" in a sex scandal with a White House intern.

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Clinton and Lieberman are scheduled to campaign together in Connecticut on Monday as the three-term lawmaker struggles against challenger Ned Lamont, a multimillionaire businessman who has questioned his rival's Democratic credentials and assailed his support for the Iraq war.

A new poll released Thursday showed that Lieberman has lost ground to Lamont and is narrowly trailing him for the first time in their race. Lamont had support from 51 percent and Lieberman from 47 percent of likely Democratic voters in the latest Quinnipiac University poll — a slight Lamont lead given the survey's error margin of plus or minus 4 percentage points.

The primary is Aug. 8 — summer vacation season — when turnout in Connecticut primaries is typically about 25 percent of registered voters.

Lieberman is arguably the most vulnerable incumbent senator in a primary. Sens. Daniel Akaka, D-Hawaii, and Lincoln Chafee, R-R.I., face viable opponents in September contests. Sen. Marie Cantwell, D-Wash., has secured the support of some of her early Democratic foes.

Liberal blogs and Democratic activists have targeted Lieberman — and lifted Lamont's political fortunes — for his stand on the war and perceived closeness to President Bush. He also upset some Democrats with his plan to run as an independent if he loses the primary.

Several Senate colleagues, among them Democrats Barbara Boxer of California and Ken Salazar of Colorado, plan to campaign for Lieberman in Connecticut. Clinton, however, is the party's rock star as well as the one who would revive talk of interns and impeachment.

In September 1998, as the scandal raged, Lieberman was the first prominent Democratic lawmaker to openly criticize Clinton's conduct with former White House intern Monica Lewinsky. On the Senate floor, Lieberman spoke about being "personally angry because President Clinton had, by his disgraceful behavior, jeopardized his administration's historic record of accomplishment."

The senator said his personal dismay evolved into "a larger, graver sense of loss for our country, a reckoning of the damage that the president's conduct has done to the proud legacy of his presidency."

Two years later, Al Gore selected Lieberman to be his running mate on what turned out to be the losing Democratic ticket. In 2004, Lieberman made an unsuccessful bid for the party's presidential nomination.

At a news conference Thursday, Lamont said he was "a big fan of President Clinton" and the world would have been a different place if he had been allowed to serve a third term.

"But that said, a lot of testimonials from folks coming up from Washington aren't going to make a difference," said Lamont, who continued to focus on Iraq.

"If President Clinton was president in 2003, do you think he would have had a unilateral invasion of Iraq with no allied support and no support from the neighbors?" he asked.

With less than three weeks to the primary, Lieberman has hired Washington, D.C., strategist Tom Lindenfeld to oversee a get-out-the-vote effort. Lindenfeld helped to organize such an effort for Clinton's 1992 presidential campaign.

"Probably for Lieberman, the best thing he can do right now is get out his troops," said Douglas Schwartz, director of the Quinnipiac University Poll. "This is going to be about turnout right now."

Marion Steinfels, Lieberman's campaign spokeswoman, said volunteers are coming from out of state to help.

Leading Democrats in the Senate — Hillary Rodham Clinton of New York and John Kerry of Massachusetts — have said they would back whoever wins the primary.

Despite the close primary race, the new poll provided some good news for Lieberman. In a three-way race, the senator would prevail.

The poll found that among all registered Connecticut voters, including non-Democrats, Lieberman had the support of 51 percent, followed by Lamont with 27 percent and Republican Alan Schlesinger with 9 percent.

The telephone survey of 2,502 registered voters, 653 of them likely Democratic voters, was conducted July 13-18. The margin of error for the overall survey was plus or minus 2 percentage points.

Lieberman's Support For War, Bush May Cost Him His Job (CCT/MCT)

The Contra Costa Times, July 21, 2006

By Steven Thomma

McClatchy Newspapers

(MCT)

WEST HARTFORD, Conn. - Cheryl Curtiss is a lifelong Democrat who's always voted for Sen. Joe Lieberman, D-Conn., in his long and celebrated career.

DOJ_NMG_0042586

But like a lot of Democrats, she's against the Iraq war and fed up with him for supporting it. That he seems to get along with President Bush only makes it worse.

"I will never vote for him again," said Curtiss, a public school administrator from West Hartford. " The way he supports the war and Bush disgusts me."

When she gets her chance in the Aug. 8 primary, she's voting for the anti-war, anti-Bush and anti-Lieberman challenger, millionaire Ned Lamont. Should their side prevail - and it's difficult to predict who'll turn out to vote on an August Tuesday - they would turn the three-term senator and 2000 Democratic vice presidential nominee into the highest-profile political casualty of the unpopular war.

"It raises some larger questions about the Democratic Party," Lieberman said in an interview. "I'm in a ... proud and successful tradition in our party, Democrats who are progressive on domestic policy and strong and idealistic on foreign policy," he said, mentioning names such as Harry S Truman, John F. Kennedy, Hubert H. Humphrey and Henry "Scoop" Jackson.

"That combination is an important part of the history of the Democratic Party. Unless it's adequately represented in the future of our party, our party is not going to gain the confidence of the people to govern again, which I dearly want it to do."

Lieberman voted in October 2002 to authorize the Iraq war, like many fellow Democrats including Sen. Hillary Rodham Clinton of New York and Sen. John Kerry of Massachusetts.

Unlike Kerry, however, he still supports the war. Unlike Clinton, he refuses to temper his support with criticism of the way Bush has waged it.

"While dissent about the war is critically important and American, partisan dissent has no place when it comes to our national security, particularly when we have 130,000 Americans over there in uniform," he said. "So I refuse to take partisan shots at the president or anybody else about the war."

Critics like Curtiss and others interviewed here note quickly that Lieberman not only refuses to criticize Bush, he appears to embrace him. Everyone has seen photos of Bush hugging or possibly even kissing Lieberman on the cheek at a State of the Union address.

They also know that Lieberman, even while amassing a solidly Democratic record on such issues as the environment, has jabbed the occasional finger in the eye of his party, or at least its left eye.

Gloria Jasieniecki, a high school teacher from West Hartford, said she turned against Lieberman primarily because of the war, but she already disliked his support of school vouchers.

She also dismissed Lieberman's endorsement from the big abortion-rights groups NARAL, Pro-Choice America and Planned Parenthood's political action committee, noting that he worked with 13 other centrist senators of both parties to clear the way for conservatives such as Samuel Alito to make it to the Supreme Court while preserving the Democrats' right to filibuster, or block, other nominations.

"He's become too closely tied to the Republicans," she said. "I voted for him last time because there wasn't any other choice. This time I have a choice."

The alternative is Lamont, heir to a one-time partner of banking giant J.P Morgan. After casting about unsuccessfully for an anti-war candidate to challenge Lieberman, he decided to do it himself.

He's financed much of his own campaign. Once he got it going, the cause was picked up by liberal bloggers such as DailyKos, and it now draws campaign checks from the likes of actress Barbra Streisand, TV producer Norman Lear and financier George Soros.

"I'm running because I don't think staying the course is a winning strategy in Iraq, and it's not a winning strategy in America," Lamont told about 50 people at a senior center. "I'm not going to play footsie with the Bush administration."

In his stump speech, Lamont criticizes Bush much more than Lieberman.

"I'm running against both because I don't think Senator Lieberman challenges President Bush on the big issues of the day," Lamont said in an interview. "And I think he sometimes goes out of the way to undermine the Democrats."

Who will win is difficult to say.

If he doesn't win the primary, Lieberman said he'd run in the general election as an independent candidate. He said his polling shows he has the support of a majority of Democrats - but he doesn't know how many will bother to vote on August 8. He recently beefed up his get-out-the-vote effort.

"It's all about getting people out. For those who are against the war, this is their chance to send a message. They're more motivated," said Mark Benigni, the Democratic mayor of Meriden, Conn., and a Lieberman supporter. "It's definitely a battle."

Top Stars Donated To Sen. Hillary Clinton (AP-Y)

By Devlin Barrett

AP2, July 19, 2006

If Hollywood has a "DaVinci Code," Democratic Sen. Hillary Rodham Clinton has cracked it.

Top stars such as Tom Hanks, Jennifer Lopez and Owen Wilson donated to the New York senator in recent months, generating the kind of cash usually associated with a major box office opening — or a potential presidential bid in 2008.

Clinton, who doesn't face much of a challenge in her re-election, received $4,200 from "The DaVinci Code" star Hanks, the Academy Award-winning actor, and his wife, Rita Wilson.

The itemized donations were made public Wednesday, with the paperwork for April through June more than 4,000 pages. In that period, Clinton raised almost $5.7 million, bringing her total for her re-election effort to $43 million to date. She had more than $22 million cash on hand.

That's more than Owen Wilson's new film "You, Me, and Dupree" made in its opening weekend. Wilson gave Clinton $2,100.

Another contributor was Chris Rock, one of many comedians who made bawdy jokes at the Clintons' expense after the investigation into Bill Clinton's affair with intern Monica Lewinsky. Rock gave the senator $2,100.

Singer Bette Midler gave the maximum allowed by law, $4,200, as did actor James Caan.

Other donors included Donald Trump's ex-wife Marla Maples, who gave $2,000, and director Rob Reiner, who gave $3,200.

Billy Crystal donated $4,000, and Walt Disney Co. CEO Robert Iger gave $2,100.

The senator's star-studded donor list even included some famous sports names. Baseball's home run king Hank Aaron donated $300, New York Knicks assistant coach Herb Williams gave $1,000 and retired New York Rangers goaltender Mike Richter gave $4,200, as did Richter's wife.

So what did Clinton spend her millions on? In this election cycle, the senator has spent more than $21.7 million even though she has yet to run a single television ad. Her two woefully underfunded would-be GOP opponents have spent more time trashing each other.

Clinton has spent millions on direct mailings to prospective donors. In the most recent three-month period, she spent more than $200,000 on postage alone. The campaign paid nearly $650,000 to a company that handles direct mail business.

The records also provided a tantalizing clue for would-be Clinton sleuths that she's serious about a White House run: two bills for unidentified campaign worker travel at the Hampton Inn in Des Moines, Iowa, the state with the first caucus in the presidential nomination process.

One bill for $182.25, was dated April 17; a second, for $145.77, was dated April 26.

Clinton spokesman Howard Wolfson said the receipts were nothing more than a clerical error, and that the amounts reflected hotel bills for trips to Albany, N.Y., and Austin, Texas. He said the paperwork would be corrected.

Inside Politics (WT)

By Greg Pierce

The Washington Times, July 21, 2006

Dead heat

Connecticut Sen. Joe Lieberman, under fire from activists in his own party, has lost ground to his challenger and is in a statistical dead heat for the Democratic nomination, according to a poll released yesterday.

Businessman Ned Lamont led Mr. Lieberman, 51 percent to 47 percent, among likely Democratic voters in the latest Quinnipiac University poll. The difference was within the poll's margin of error of four percentage points, but Mr. Lieberman's numbers were down from a Quinnipiac poll in June.

Last month, Mr. Lieberman had led 55 percent to 40 percent.

The poll's results weren't all bad for the three-term senator: When non-Democrats were included, the survey of registered Connecticut voters showed him leading in a three-way race, with 51 percent for Mr. Lieberman, 27 percent for Mr. Lamont and 9 percent for Republican Alan Schlesinger, the Associated Press reports.

Mr. Lieberman filed papers last week that will allow him to petition his way onto the November ballot if he loses in the Aug. 8 Democratic primary.

The poll results were not the only bad news for Mr. Lieberman yesterday. A spokesman for Bill Clinton said the former president will support the winner of the Democratic primary, even if it's not Mr. Lieberman.

"He's known Senator Lieberman for over 30 years and while he doesn't agree with him on every issue he thinks he has been a good senator, has the right position on most key Democratic issues and is going to work to help him win the primary," Jay Carson told the Election Central blog. "However, he respects the primary process and will support the candidate that wins the Democratic Primary and work to help that candidate win."

Backing Bolton

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A senator who last year temporarily blocked John R. Bolton's nomination to be ambassador to the United Nations said yesterday that he would not stand in the way this year because of an urgent need to ease tensions in the Middle East.

"I realized we're at war ... and I said I think we need to accelerate this decision-making," said Sen. George V. Voinovich, Ohio Republican. "For the betterment of our country, we need to clarify our position regarding John Bolton."

Mr. Voinovich frustrated his Republican colleagues last year when he opposed Mr. Bolton's nomination in the Senate Foreign Relations Committee. That led President Bush to install Mr. Bolton through a temporary appointment that expires in January.

Now, Mr. Voinovich said, pressing diplomatic issues with Iran and North Korea and in the Middle East require a smooth approval process for the man he once called a bully.

"My observations are that while Bolton is not perfect, he has demonstrated his ability, especially in recent months, to work with others and follow the president's lead by working multilaterally," Mr. Voinovich said.

Cash on hand

Republican Bob Corker, vying against two Republican candidates for the Senate nomination in Tennessee, wrote checks for $1.7 million in recent weeks to help his campaign.

Mr. Corker on Wednesday filed notice of the contribution with the Federal Election Commission, which will allow the other Republican candidates — former Reps. Ed Bryant and Van Hilleary — to receive campaign contributions above the donor limits to level the playing field, the Associated Press reports.

The primary is Aug. 3. The Republican choice likely will face Democratic nominee Rep. Harold E. Ford Jr.

Senate Majority Leader Bill Frist, who holds the seat, is stepping down at the end of his term as he weighs a 2008 presidential bid.

Mr. Corker, already well ahead of his Republican opponents in fundraising, said he is committing his own money to counter the negative tactics of others in the race. Mr. Bryant is airing ads criticizing Mr. Corker's changing stand on abortion, and Mr. Hilleary also has run negative ads during the race.

Mr. Corker, a former Chattanooga mayor, also said he has raised about $1.1 million from outside contributors during the cycle — which ran from April 1 through July 14. To date, the campaign has collected about $6.6 million from outside sources. The campaign reported having $1.2 million cash on hand.

Hillary's helpers

The stars are aligning for Sen. Hillary Rodham Clinton; Hollywood stars, that is.

In a recent financial disclosure, the New York Democrat and former first lady said she raised almost $5.7 million from April through June, a large chunk of it from La-La Land's biggest names, including actor Tom Hanks and actress wife Rita Wilson ($4,200), Billy Crystal ($4,000), "Wedding Crasher" Owen Wilson ($2,100), comedian Chris Rock ($2,100) and chanteuse Bette Midler ($4,200).

These celebrities join an A-list of Democratic supporters who previously attended Hollywood fundraisers attended by Mrs. Clinton, whose political war chest has reached $43 million. Because she faces virtually no opposition in her re-election bid for the Senate, observers see this as contributions to a 2008 presidential bid.

Walt Disney Co. chief Robert A. Iger, director Rob Reiner, actresses Reese Witherspoon and Edie Falco, actors Paul Newman, James Caan and Danny DeVito, and talk show host Jerry Springer also have ponied up for Mrs. Clinton, who has more than $22 million cash on hand.

PAC closes

The fundraising organization that helped vault former Rep. Tom DeLay to Republican leadership ranks in the House and distributed election money to numerous Republicans has been fined for campaign-finance violations and is shutting down.

Under an agreement with the Federal Election Commission, Americans for a Republican Majority agreed to pay a $115,000 fine and close. The agreement, reached July 7, was made public late Wednesday.

The agreement resulted from an audit by the FEC of the political action committee's records for Jan. 1, 2001, to Dec. 31, 2002. The audit found Mr. DeLay's committee had not properly reported contributions, disbursements and cash on hand.

It also found the committee failed to properly report outstanding debts and obligations and did not follow federal rules for paying for shared federal and nonfederal activities, the Associated Press reports.

The audit was conducted in August. Citizens for Responsibility and Ethics in Washington, a watchdog group, had filed a complaint calling for enforcement action against the PAC.

Campaign '08 Preview: Podcasting Politicians (LAT)

By Mark Z. Barabak

The Los Angeles Times, July 21, 2006

DOJ_NMG_0042589

Donnie Fowler has seen the future of American politics. Pull out your cellphone and you can see it as well.

As people increasingly tailor their leisure time to suit their lifestyles — through blogs, MySpace, iPods, video on demand — politicians and their promoters are facing the same problem as Hollywood and the makers of toothpaste: How do you sell your product to an increasingly fragmented audience?

To Fowler, a veteran Democratic strategist, the next big thing is the small screen on the cellphone in your purse or pocket. In just a few years, he said, the tiny device will allow you to access the Internet in all its vastness, as though you were seated in front of a computer.

"You'll not only be able to text people with messages, you'll be able to raise money, deliver video, audio, create viral organizing — where one person sees something really interesting and it gets passed on and on," said Fowler, who recently started a company, Cherry Tree Mobile Media, to promote wireless communication as a campaign tool.

In technology, there is Moore's Law, the notion that computing power doubles about every 18 months. Politics has a rough equivalent, with every election bringing some heralded innovation that transforms the way campaigns are fought and contests are won.

The "blast fax" — or ability to send a printed page to hundreds of recipients at a time — was a big deal in the 1980s, before e-mail. Websites, once a campaign novelty, are ubiquitous today. Ditto candidate blogs.

"Most people thought we were out of our minds," said Joe Trippi, who midwifed the first online presidential campaign diary as a part of Howard Dean's 2004 race. "Now I can't think of a single congressional campaign that doesn't have one."

In the latest creative wrinkle, politicians are podcasting — White House hopefuls Gen. Wesley K. Clark, John Edwards and Sen. Bill Frist are among those regularly offering their downloadable ruminations — and turning up on Flickr, MySpace, YouTube and other photo- and video-sharing Internet sites.

Cable companies are pitching politics on demand after trial runs in Colorado's 2004 U.S. Senate race and the 2005 governor's race in New Jersey, which allowed voters to order free clips of the candidates discussing issues. (Even NJ Weedman, the gubernatorial hopeful of the Marijuana Party, got his say.)

Within a few years, it may be possible to target cable TV spots — this ad intended for older voters, that one for renters — the way customized mailers are now routed to selected homes.

And though cellphone technology is still in its political infancy, some campaigns are already using text messaging to get out the vote, recruit volunteers or lure prospects to their websites, which feature all manner of interactive links.

The fundamentals of politics haven't changed. Even promoters of the most razzle-dazzle technology say a successful candidate has to be likable, offer a message with broad resonance and show up in ads. There needs to be "a coherent vision," said Democratic strategist Doug Hattaway. "People aren't just dopes, sitting in front of their TVs or computers waiting to give some Pavlovian response."

But even the basics have to be recalibrated when invention changes the way people live — as quickly, it often seems, as the click of a mouse.

Come 2008, who knows? Republican Sen. John McCain of Arizona wowed political savants in 2000 by raising $7.5 million on the Internet for his White House bid. Four years later, Democratic Sen. John F. Kerry of Massachusetts raised $82 million online for his presidential run. "We're still only at 10 o'clock in the morning on the first day of the revolution," said Phil Noble, one of cyberspace's political pioneers. "Pay real close attention, because tomorrow it's all going to change again."

The change is being driven mainly by the relentless growth of the Internet and its technologies.

Fewer than 1 in 10 Americans were online in 1995, compared with nearly 8 in 10 a decade later, according to Michael Bassik, a vice president with MSHC Partners, a leading online political ad agency.

More and more, Americans are also turning to the Internet for entertainment. About a third of people now spend more time online than watching television, listening to the radio or partaking of other media.

With so many choices — and the ability to tune out unwanted intrusions — it is becoming ever more difficult for candidates to reach a mass audience. "The voter has more and more control: the remote, TiVo," said Trippi. "The trick now is, how do you build a community that wants to hear from you?"

One way is to start with a core of supporters, then build out from there.

For instance, the Republican Conference, the party's message center on Capitol Hill, now videotapes news conferences and other appearances by GOP leaders, making them available for downloading. With little publicity, nearly 50,000 people have subscribed to the free podcasts, most from outside Washington.

"You do an interview with the L.A. Times or a local TV station, people may just have the set on waiting to watch 'Jeopardy,' or flip through the paper looking for the coupons," party spokesman Sean Springer said. "Here people are much more engaged."

The idea — and the breakthrough achieved by Dean's campaign — is using the Internet to turn supporters into stakeholders, as well as proselytizers. To that end, both major parties now use their websites as organizing tools, recruiting

volunteers and enlisting them to spread what is, literally, the party line. Go to http://www.gop.org and you can type in your ZIP code and glean a listing of local talk radio shows to call, "talking points" included.

"It's about building … an ongoing community," Karen Finney, a Democratic Party spokeswoman, said of the dialogue promoted on her party's website — http://www.dnc.org — which, naturally, includes a blog. "We hope to accomplish buzz," added Josh McConaha, the party's Internet director (a job that didn't exist two years ago).

Call it viral or grass-roots or buzz marketing; anyone who has ever used e-mail to share a joke, a newspaper article or a video snippet understands the concept. It's basically word-of-mouth, the notion that a recommendation from someone you know and trust is worth infinitely more than a paid ad or celebrity plug. Thus, somebody who would delete an e-mail from, say, Democratic gubernatorial hopeful Phil Angelides will likely peek if a friend passes along his campaign video spoofing Gov. Arnold Schwarzenegger.

How do you know when something has gone viral? "When it takes on a life of its own," said Bassik, traveling from family to friends to co-workers and on and on, infinitum.

That, however, is exceedingly rare in politics. More often, the Internet seems to act as a centrifugal force, pushing people apart as they burrow deeper into niches: conservative or liberal blogs, websites devoted to celebrating political personalities, or trashing them. Where the people go, candidates follow, and in today's 50-50 politics, there is strong temptation to aim at those extremes — fragmentation leading to further polarization.

But some say the Internet is no more inherently good or bad than, say, a printing press.

"If you've got someone out to polarize and they're good at it, they'll polarize," said Internet consultant Michael Cornfield. "If someone's out to build a consensus, and they're good at it, they'll build consensus."

Whether accessed via laptop, BlackBerry or cellphone, the Internet is indisputably empowering, making politics more horizontal and creating broad new communities of interest, even in an age of increased fragmentation.

"People now have wonderful spider webs of relationships that span thousands of miles and thousands of people," said Henry Copeland, whose company, BlogAds, places advertising on 300 of the most heavily trafficked political websites. "In the past, you'd say something to five colleagues. Now you see something you're interested in, you instantly forward it to a list of 30 buddies who give a damn about politics."

U.S. Is Pressured By Mounting Calls For Mideast Peace (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, July 21, 2006

NEW YORK -- The Bush administration's effort to buy more time for Israel's military offensive against Hezbollah is itself running out of time, as calls from other nations for an immediate cease-fire mount.

The Hezbollah attacks that triggered the current surge in violence altered the contours of the standard diplomatic response to Middle East bloodshed, with European countries quickly lining up behind the Bush administration's insistence that Israel be given adequate time to forcibly disarm the Hezbollah militia and evict it from its quasi state in southern Lebanon. Sunni Muslim Arab nations such as Saudi Arabia and Egypt also lent tacit support to the Israeli offensive because of their concerns that the Shiite Muslim militia's attacks on Israel were emboldening Shiite-led Iran, a regional rival, and sparking unrest among their own Shiite minorities.

But that consensus is splintering as European and Arab countries increasingly demand that Israel agree to a cease-fire in Lebanon, where more than 300 civilians have been killed by Israeli strikes. The upshot is that the Bush administration finds itself increasingly isolated in its support for Israel and its refusal to pressure the Jewish state to wind down or terminate its military operations in Lebanon.

That is forcing Washington to scramble to head off action at the U.N. while Secretary of State Condoleezza Rice gears up to travel to the Middle East as early as next week. The White House is concerned that a continued run-up in civilian casualties in Lebanon could trigger Security Council resolutions condemning Israel that the U.S. would feel obliged to veto, further straining its ties with allies.

The growing divide between the U.S. and its allies was on display at the U.N., where Secretary General Kofi Annan demanded an immediate cessation of hostilities and painted a grim picture of the human toll being exacted by the ongoing bloodshed. Mr. Annan's request for a cease-fire was quickly rejected by both the U.S. and Israel as premature, increasing the likelihood of more diplomatic clashes in the days ahead.

Mr. Annan acknowledged the difficulties himself, telling the U.N. Security Council that "there are serious obstacles to reaching a cease-fire, or even to diminishing the violence quickly."

Mr. Annan said he believes the current U.N. peacekeeping force in Lebanon, which has proven itself powerless to stop the violence, is no longer tenable. Mr. Annan urged the Security Council to decide quickly whether to withdraw the force altogether,

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strengthen it, or replace it with a larger and better-armed force that would be capable of militarily confronting Hezbollah to enforce any future cease-fire. France, Italy and Russia have all said they would consider contributing troops to such an effort.

Mr. Annan said Hezbollah provoked Israel's incursion by kidnapping two Israeli soldiers, and he stressed that Israel has the right to defend itself against the militia's attacks. But he reserved his strongest comments for Israel, accusing it of weakening the elected government of Lebanon and triggering a humanitarian crisis there.

"Israel's disproportionate use of force and collective punishment of the Lebanese people must stop," he said.

American U.N. Ambassador John Bolton said the Bush administration is interested in a "long-term cessation of violence" that would include Hezbollah being disarmed and the Lebanese government wresting control of southern Lebanon from the militia.

"No one's explained how you conduct a cease-fire with a group of terrorists," he said. "It is not appropriate to talk about a cease-fire as if that is the Alpha and Omega of the situation."

Israel's U.N. representative, Dan Gillerman, said Israel won't agree to participate in any diplomatic efforts until it had met its goal of substantively weakening Hezbollah. "We have no timeline," he said.

Mr. Gillerman also criticized Iran, asserting that Tehran was responsible for giving Hezbollah $100 million in annual aid, as well as supplying the powerful long-range rockets the group has been launching into Israel. Mr. Gillerman described Iran as "the main perpetrator, harborer, financier and initiator of terror," and said Hezbollah is simply its "proxy."

The American and Israeli focus on Iran as well as Syria is emerging as another point of friction with world powers such as Russia, which at last weekend's Group of Eight summit in St. Petersburg criticized the U.S. for attempting to hold the two Mideast nations responsible for the region's violence. Many European countries are similarly uneasy, fearful the harsh rhetoric about Syria and Iran could be a prelude to an Israeli military strike on one or both of them that could trigger a broader war.

U.S. Opposed To Cease-fire With Hezbollah (AP)

By Anne Gearan

AP, July 21, 2006

The United States held the line Thursday against a quick cease-fire deal in the Middle East, increasingly isolated as world powers and the United Nations demanded an immediate end to fighting between Israel and Hezbollah militants.

Secretary of State Condoleezza Rice was meeting Thursday night with U.N. Secretary-General Kofi Annan, who earlier in the day denounced both Israel and Hezbollah and called for both sides to stop fighting immediately.

"He was talking about a cessation of violence in the context of a lasting, durable solution, which is exactly what we have been talking about," said State Department spokesman Sean McCormack.

The Bush administration is playing down expectations for Rice's upcoming trip to the Mideast, saying she will not shuttle among capitals to broker a deal.

"You're not going to see a return to the kind of diplomacy, I think, that we've seen before where you try to negotiate an end to the violence that leaves the parties in place and where you have status quo ante," McCormack said.

Administration officials also questioned whether a cease-fire between Israel and Hezbollah is even feasible.

"We'd love to have a cease-fire," White House spokesman Tony Snow said. "But Hezbollah has to be part of it. And at this point, there's no indication that Hezbollah intends to lay down arms."

John Bolton, the U.S. ambassador to the U.N., said it was time for the Security Council to start considering a response, but he, too, ruled out a cease-fire.

"I think it's a very fundamental question how a terrorist group agrees to a cease-fire," Bolton said. "How do you hold a terrorist group accountable? Who runs the terrorist group? Who makes the commitments that the terrorist group will abide by a cease-fire? What does a terrorist group think a cease-fire is?"

Hezbollah is an Islamic militant group that does not recognize Israel as a state. It holds effective military and political control over southern Lebanon, and is the most potent political force on Lebanon's fractured political landscape.

The Bush administration has repeatedly said that a temporary or quickly negotiated cease-fire would leave Hezbollah able to regroup and rearm after more than a week of Israeli missile attacks.

Israel, and Washington as its closest ally, insist that any settlement must deal with the underlying threat posed to Israel by Hezbollah's control of southern Lebanon. The Bush administration is trying to hold off international pressure for as long as possible, while also asking Israel to consider the consequences of its actions for civilians.

More than 300 people have died in Lebanon, most of them civilians, since Israel began retaliatory rocket attacks after Hezbollah abducted two Israeli soldiers last week.

The House voted 410-8 on Thursday to support Israel in its confrontation with Hezbollah guerrillas. The resolution also condemns enemies of the Jewish state.

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House Majority Leader John Boehner, R-Ohio, cited Israel's "unique relationship" with the United States as a reason for his colleagues to go on record swiftly supporting Israel in the latest flare-up of violence in the Mideast.

Little of the political divisiveness in Congress on other national security issues was evident as lawmakers embraced the Bush administration's position.

So strong was the momentum for the resolution that it was steamrolling efforts by a small group of House members who argued that Congress's pro-Israel stance goes too far.

The nonbinding resolution is similar to one the Senate passed Tuesday. It harshly condemns Israel's enemies and says Syria and Iran should be held accountable for providing Hezbollah with money and missile technology used to attack Israel.

In Mideast Strife, Bush Sees A Step To Peace (WP)

By Michael Abramowitz

The Washington Post, July 21, 2006

President Bush's unwillingness to pressure Israel to halt its military campaign in Lebanon is rooted in a view of the Middle East conflict that is sharply different from that of his predecessors.

When hostilities have broken out in the past, the usual U.S. response has been an immediate and public bout of diplomacy aimed at a cease-fire, in the hopes of ensuring that the crisis would not escalate. This week, however, even in the face of growing international demands, the White House has studiously avoided any hint of impatience with Israel. While making it plain it wants civilian casualties limited, the administration is also content to see the Israelis inflict the maximum damage possible on Hezbollah.

As the president's position is described by White House officials, Bush associates and outside Middle East experts, Bush believes that the status quo -- the presence in a sovereign country of a militant group with missiles capable of hitting a U.S. ally -- is unacceptable.

The U.S. position also reflects Bush's deepening belief that Israel is central to the broader campaign against terrorists and represents a shift away from a more traditional view that the United States plays an "honest broker's" role in the Middle East.

In the administration's view, the new conflict is not just a crisis to be managed. It is also an opportunity to seriously degrade a big threat in the region, just as Bush believes he is doing in Iraq. Israel's crippling of Hezbollah, officials also hope, would complete the work of building a functioning democracy in Lebanon and send a strong message to the Syrian and Iranian backers of Hezbollah.

"The president believes that unless you address the root causes of the violence that has afflicted the Middle East, you cannot forge a lasting peace," said White House counselor Dan Bartlett. "He mourns the loss of every life. Yet out of this tragic development, he believes a moment of clarity has arrived."

One former senior administration official said Bush is only emboldened by the pressure from U.N. officials and European leaders to lead a call for a cease-fire. U.N. Secretary General Kofi Annan demanded yesterday that the fighting in Lebanon stop.

"He thinks he is playing in a longer-term game than the tacticians," said the former official, who spoke anonymously so he could discuss his views candidly. "The tacticians would say: 'Get an immediate cease-fire. Deal first with the humanitarian factors.' The president would say: 'You have an opportunity to really grind down Hezbollah. Let's take it, even if there are other serious consequences that will have to be managed.' "

Jack Rosen, chairman of the American Jewish Congress, said Bush's statements reflect an unambiguous view of the situation. "He doesn't seem to allow his vision to be clouded in any way," said Rosen, a Democrat who has come to admire Bush's Middle East policy. "It follows suit. Israel is in the right. Hezbollah is in the wrong. Terrorists have to be eliminated, and he sees Israel fighting the war he would fight against terrorism."

Many Mideast experts warn that there is a dangerous consequence to this worldview. They believe that Israel, and the United States by extension, is risking serious trouble if it continues with the punishing air strikes that are producing mounting casualties. The history of the Middle East is replete with examples of the limits of military power, they say, noting how the Israeli campaign in Lebanon in the early 1980s helped create the conditions for the rise of Hezbollah.

They warned that the military campaign is turning mainstream Lebanese public opinion against Israel rather than against Hezbollah, which instigated the violence. The attacks also make it more difficult for the Lebanese government to regain normalcy. And what seems now to be a political winner for the president -- the House overwhelmingly approved a resolution yesterday backing Israel's position -- could become a liability if the fighting expands to Syria or if the United States adds Lebanon to Iraq and Afghanistan as a country to which U.S. troops are deployed.

"There needs to be a signal that the Bush administration is prepared to do something," said Larry Garber, the executive director the New Israel Fund, which pushes for civil rights and justice in Israel. "Taking a complete hands-off, casual-observer position undermines our credibility. . . . There is a danger that we will be seen as simply doing Israel's bidding."

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Robert Malley, who handled Middle East issues on the National Security Council staff for President Bill Clinton, voiced skepticism about whether the current course would pay off for either Israel or the United States. "It may not succeed with all the time in the world, and Hezbollah could emerge with its dignity intact and much of its political and military arsenal still available," said Malley, who monitors the region for the International Crisis Group. "What will you have gained?"

Those who know Bush say his view of the conflict was shaped by several formative experiences, not the least of which was the Sept. 11, 2001, attacks that made fighting terrorism the central mission of his presidency. Another formative experience was a helicopter ride over the West Bank with Ariel Sharon in 1998, when Bush was Texas governor -- a ride he later said showed him Israel's vulnerability. The cause of Israel has been championed by many of the evangelical Christians who make up a significant chunk of the president's political base.

Bush and his team were also deeply skeptical of the Middle East policy of the previous administration, and of what they see as an excessive devotion to a peace process in which one of the protagonists, Palestinian leader Yasser Arafat, was not seriously invested. Explaining the reluctance to push quickly for a cease-fire, one senior administration official who was not authorized to speak on the record indicated a belief that premature diplomacy might leave Hezbollah in a position of strength.

"We don't want the kind of truce that will lead to another conflict," said this official, who added that, when the time comes, "you will see plenty of diplomacy."

Fred S. Zeidman, a Texas venture capitalist who is active in Jewish affairs and has been close to the president for years, said the current crisis showed the depth of the president's support for Israel. "He will not bow to international pressure to pressure Israel," Zeidman said. "I have never seen a man more committed to Israel."

Poll: Americans Worried About Mideast Involvement (cnn)

By Bill Schneider

CNN, July 21, 2006

WASHINGTON (CNN) -- What do Americans want the United States to do in the Middle East? A new poll, conducted Wednesday by the Opinion Research Corp. for CNN, has some answers.

Do Americans want the United States to play an active role in trying to resolve the conflict? The answer is no. Sixty-five percent want the United States to stay out of it.

What about sending U.S. troops as part of an international peacekeeping force on the border between Lebanon and Israel? That sounds better: it's an international force. And its mission is peacekeeping, not war-making. But the public is still divided: 45 percent favor U.S. participation in a peacekeeping force while 42 percent oppose it. (Read the complete poll results -- PDF)

Americans are worried. President Bush said on Tuesday, "In order to be able to deal with this crisis, the world must deal with Hezbollah, with Syria and continue to work to isolate Iran."

It's not clear what the President means by "dealing with Hezbollah," but only 38 percent of the public approves of the way President Bush is handling the conflict between Hezbollah and Israel.

A solid majority -- 57 percent -- say they sympathize with Israel. Only 4 percent sympathize with Hezbollah. But a lot of Americans -- 39 percent -- say they don't sympathize with one side over the other.

Do Americans believe Israel has gone too far in its military response to Hezbollah's provocations? No. Fewer than a third of Americans (31 percent) feel Israel's military action has been disproportionate. Nearly half say Israel's response has been about right (35 percent) or hasn't gone far enough (14 percent).Partisan split

Does the public think Israel should continue to take military action until Hezbollah can no longer launch attacks, or do they want Israel to seek a cease-fire as soon as possible? Americans are split: 39 percent support continued Israeli attacks, while 43 percent want a cease-fire.

The split has a lot to do with party. Most Republicans say Israel should continue to attack until the threat is eliminated; most Democrats prefer a cease fire.

What about the evacuation of Americans in Lebanon? Fifty-three percent think the U.S. government is handling it well.

Critics have made a comparison to another evacuation. Senate Democratic leader Harry Reid of Nevada called the Lebanon evacuation a "mini-Katrina" while House Democratic leader Nancy Pelosi of California criticized what she called the Bush Administration's "Katrina mentality."

House Democratic whip Steny Hoyer of Maryland, the No. 2 Democrat in the House, told reporters, "This administration is not good on evacuations, as people in Katrina found out."

But the public sees a big difference. Last September, 63 percent of Americans thought the Katrina evacuation was handled poorly. Only 29 percent feel that way about the Lebanon evacuation.

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The telephone poll interviewed 633 American adults. The margin of sampling error for the poll is plus or minus 4 percentage points.

Annan Urges Immediate Halt To The Fighting In Lebanon (NYT)

By Warren Hoge

The New York Times, July 21, 2006

UNITED NATIONS, July 20 — Secretary General Kofi Annan called Thursday for an immediate end to hostilities between Israel and the Hezbollah militia in Lebanon, saying it was necessary to prevent further deaths of civilians, enable aid to reach the wounded and for work to begin on longer-term peace.

"Both the deliberate targeting by Hezbollah of Israeli population centers with hundreds of indiscriminate weapons and Israel's disproportionate use of force and collective punishment of the Lebanese people must stop," he told the Security Council.

He acknowledged that a full cease-fire was hard to achieve at the moment. But he said, "The international community must make its position clear on the need for an immediate cessation of hostilities, and a far greater and more credible effort by Israel to protect civilians and civilian infrastructure while the conditions for such a cessation are urgently developed."

He said Israeli military operations had made it impossible for the United Nations to make any contact with an estimated 500,000 people in urgent need in southern Lebanon.

In addition, he said, the existing 2,000-member United Nations peacekeeping force would no longer be able to operate if it could not bring in its own food and water within 24 hours.

The first step toward resolving the crisis, he said, should be to transfer two Israeli soldiers captured by Hezbollah to the government of Lebanon, under Red Cross auspices, which would then return them to Israel.

Mr. Annan also urged the creation of an expanded international peacekeeping force on the Lebanese side of the border with Israel to help stabilize the situation and assist the Lebanese government in gaining control over its own territory. Hezbollah is based in southern Lebanon.

The cause of the crisis, he said, was "Hezbollah's provocative attack on July 12" when it captured the soldiers during a raid into Israel. He added that he was convinced that the government of Lebanon had no advance knowledge of it.

"Whatever other agendas they may serve," Mr. Annan said, "Hezbollah's actions, which it portrays as defending Palestinian and Lebanese interests, in fact do neither. On the contrary, they hold an entire nation hostage — set back prospects for negotiation of a comprehensive Middle East peace."

He said that despite the fact that Israel had said it had no quarrel with the government of Lebanon and was taking precautions to avoid injuring noncombatants, a number of its actions had killed Lebanese civilians and soldiers and badly damaged the country's infrastructure.

"While Hezbollah's actions are deplorable and Israel has a right to defend itself, the excessive use of force is to be condemned," he said.

"I repeat," he said, "hostilities must stop. But while they continue, it is imperative to establish safe corridors for humanitarian workers and relief supplies to reach the civilian population."

He said three envoys he sent to the region last week returned Wednesday night with a stark assessment. "Let me be frank with the Council," he said. "The mission's assessment is that there are serious obstacles to reaching a cease-fire, or even to diminishing the violence quickly."

Israel told the envoys that its objectives in Lebanon were more far-reaching than the return of captured soldiers, and said its aim was to end the threat posed by Hezbollah.

"The mission was informed that the operation is not yet approaching the achievement of this objective," Mr. Annan said.

In reactions afterward, Nouhad Mahmoud, a Lebanese special envoy to the United Nations, said, "Our first impression is very, very good."

But Dan Gillerman, the Israeli ambassador to the United Nations, complained that "the three key elements of this were not addressed — terror, Syria and Iran."

"Without addressing terror," he said, "there will be no cessation of hostilities."

John R. Bolton, the American ambassador, said any cease-fire must be a "cessation that will take place as part of a comprehensive solution that lays a real foundation for peace."

"It is just not appropriate to talk about a cease-fire that is the alpha and omega of the situation, and in fact the secretary general himself said that you want to have a fundamental transformation," Mr. Bolton said. "The last thing you want to do is fall back on business as usual."

He added, "How do you get a cease-fire between one entity which is the government of a democratically elected state and another entity which is a terrorist gang, no one has yet explained."

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Annan Calls For Cease-fire In Lebanon (AP)

By Nick Wadhams, Associated Press Writer

AP, July 21, 2006

Secretary-General Kofi Annan called Thursday for an immediate halt to the violence between Israel and Lebanon, saying a cease-fire would be the first step toward ending the escalating war.

Israel, backed by the U.S., immediately dismissed calls for a cease-fire and said the military operation — which was undertaken to free two captured Israeli soldiers but has spread to target all of Hezbollah — will "take as long as it will take."

"When you operate on a cancerous growth you do not stop in the middle, sew the patient up and tell him keep living with that growth until it kills you," Israel's U.N. Ambassador Dan Gillerman said. "You make sure it is totally removed."

Annan went before the council shortly after the return of a three-man U.N. team that met with leaders throughout the region. The team, led by Annan's special political adviser, Vijay Nambiar, came back with a list of proposals to quell the conflict.

Annan and U.S. Secretary of State Condoleezza Rice had a private two-hour dinner Thursday night at the Waldorf-Astoria Hotel, ahead of a planned Rice trip to the Middle East. European Union foreign policy chief Javier Solana had been expected to attend the dinner, but he was still in the region.

Washington has been trying to lower expectations for Rice's visit. Officials have said she is not likely to perform Mideast shuttle diplomacy to arrange a cease-fire, and not likely to preside over any grand signing ceremony.

Even the New York leg of her trip was taking place in secrecy. The U.S. Mission to the U.N. refused to tell reporters where or when she would dine with Annan, and demanded that Annan's spokesman tell no one. Members of the media found out from other sources.

In his remarks to the council, Annan criticized both Israel and Hezbollah for their actions since the July 12 abduction of two Israeli soldiers. Annan made clear that his priority was helping the Lebanese people and preventing more civilian casualties.

"Both the deliberate targeting by Hezbollah of Israeli population centers with hundreds of indiscriminate weapons and Israel's disproportionate use of force and collective punishment of the Lebanese people must stop," he said.

Annan acknowledged there were "serious obstacles to reaching a cease-fire."

Nonetheless, he put forward the U.N. team's proposals for a way out. Its elements include:

· Hezbollah handing the soldiers over to the Lebanese authorities, under the auspices of the International Committee for the Red Cross.

· The council then deploying an expanded peacekeeping force on the Lebanese side of the U.N.-drawn boundary with Israel known as the Blue Line.

· Lebanon implementing a Security Council resolution calling for the government to extend its control over the south and disarm Hezbollah

· The international community establishing a framework for funding humanitarian, development and reconstruction aid for Lebanon.

Annan said the number of civilians affected by the conflict is now at 500,000, but that is likely to increase. He based that estimate on information provided by Nambiar's team and his own contacts.

Lebanese special envoy Nouhad Mahmoud echoed Annan's call for an immediate cease-fire and warned Israel there was no military solution.

"It could take them very, very long and they won't achieve anything, only the destruction of Lebanon, and I think that's what they aim for," he said.

The proposals met sharp resistance from U.S. and Israeli diplomats, whose tough approach appeared to dim any hopes for an immediate end to the violence.

U.S. Ambassador John Bolton said that, while it was time for the Security Council to start considering a response, any talk of a cease-fire was unrealistic.

"I think it's a very fundamental question how a terrorist group agrees to a cease-fire," Bolton said. "How do you hold a terrorist group accountable? Who runs the terrorist group? Who makes the commitments that the terrorist group will abide by a cease-fire? What does a terrorist group think a cease-fire is?"

Since fighting began, the Security Council has taken no action and Lebanon accused the United States on Saturday of blocking even a statement to the press calling for a cease-fire.

Diplomats said Qatar, the representative for Arab nations on the council, was drafting a council statement. It would be followed by a resolution, they said.

Associated Press reporter Edith M. Lederer contributed to this story.

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Annan Blames Both Israel And Hizbollah (FT)

By Mark Turner And Guy Dinmore

Financial Times, July 21, 2006

Kofi Annan, UN secretary-general, on Thursday warned the Security Council there were significant obstacles to any quick end to the violence in the Middle East, but urged it to demand an immediate end of hostilities to save lives, send aid and to allow space for diplomacy.

In a speech that blamed the Islamist movement Hizbollah for triggering the crisis but also condemned Israel's "excessive" reaction, Mr Annan laid out a formula for a lasting ceasefire and revival of the peace process.

His package included the release of abducted Israeli soldiers, an expanded peacekeeping force, urgent aid and reconstruction measures, and an international conference to set timelines for the restoration of full Lebanese sovereignty and dismantling militia.

Mr Annan had tough words for both Hizbollah and Israel. "Whatever other agendas they may serve, Hizbollah's actions, which it portrays as defending Palestinian and Lebanese interests, in fact do neither," he said. "On the contrary, they hold an entire nation hostage."

But while reaffirming Israel's right to self-defence, Mr Annan condemned its disproportionate reaction: "Whatever damage Israel's operations may be doing to Hizbollah's military capabilities, they are doing nothing to decrease popular support for Hizbollah in Lebanon or the region, but are doing a great deal to weaken the government of Lebanon."

Dan Gillerman, Israel's UN ambassador, claimed that "three key elements of this crisis – terrorism, Iran and Syria" were not addressed in Mr Annan's speech.

"The first thing that must be addressed is cessation of terror, before we can talk about a cessation of hostilities," he said. "Diplomacy can play a part only after terror has been taken care of."

John Bolton, the US ambassador to the UN, insisted any solution would need to "fundamentally change the realities of the region", but added: "No one has explained how you conduct a ceasefire with a group of terrorists." Nouhad Mahmoud, Lebanon's envoy, described Mr Annan's calls as "the voice of reason. Our first impression is very positive."

Mr Annan said that even while hostilities continued, it was "imperative" to establish safe humanitarian corridors. "The humanitarian task facing us is massive and must be funded urgently," he said.

He also urged a peace track for Gaza, where Palestinians were "suffering deeply", and where he noted that a million people were without electricity after Israel's destruction of the Gaza power plant.

"I call for an immediate cessation of indiscriminate and disproportionate violence and a reopening of closed crossing-points, without which Gaza will continue to be sucked into a downward spiral of suffering and chaos, and the region further inflamed."

Condoleezza Rice, US secretary of state, and Javier Solana, the EU foreign policy chief, were due to meet Mr Annan on Thursday night.

U.N. Outlines Proposal To Resolve Lebanon Crisis (WT)

By Nicholas Kralev

The Washington Times, July 21, 2006

The United Nations yesterday outlined the first detailed proposal for a political solution to the crisis in Lebanon as Secretary-General Kofi Annan condemned Israel's "excessive use of force" that is doing "little or nothing to decrease popular support for Hezbollah."

The United States disagreed with the criticism of Israel but expressed interest in the proposal, which Secretary of State Condoleezza Rice began discussing with Mr. Annan over dinner in New York last night.

The State Department said Miss Rice would travel to the Middle East "as early as next week" to help "create the political context" in which a lasting end to the violence can be achieved.

Today, the secretary is scheduled to meet with Mr. Annan's three envoys who were in Lebanon earlier this week.

Mr. Annan briefed the Security Council yesterday on his team's mission, saying that the first step of a solution should be for the two Israeli soldiers captured by Hezbollah last week to be handed over to the Lebanese government under the auspices of the Red Cross and then sent back to Israel.

"An expanded peacekeeping force" on the Lebanese side of the border "would help stabilize the situation, working with the Lebanese government to help strengthen its army and deploy it fully throughout the area," Mr. Annan said.

"A mechanism would be established, composed of key regional and international actors, to monitor and guarantee the implementation of all aspects of the agreement," he said.

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State Department spokesman Sean McCormack said "a growing international consensus" is being built "to address the root causes of the violence." But on Israel, the United States appeared to be at odds with most of the international reaction to the bombing of Lebanon.

Mr. Annan, acknowledging that Israel has the right to defend itself, said "Hezbollah's provocative attack on July 12 was the trigger for this crisis" and the militant group's actions "hold an entire nation hostage."

However, Israel's operation has "hurt and killed Lebanese civilians and military personnel and caused great damage to infrastructure. ... The excessive use of force is to be condemned," Mr. Annan said.

"Whatever damage Israel's operations may be doing to Hezbollah's military capabilities, they are doing little or nothing to decrease popular support for Hezbollah in Lebanon or the region, but are doing a great deal to weaken the government of Lebanon," he said.

Mr. Annan said Israeli officials had indicated to the U.N. team that the operation is not approaching the achievement of its objective.

"Israel has confirmed that its operation in Lebanon has wider and more far-reaching goals than the return of its captured soldiers, and that its aim is to end the threat posed by Hezbollah," he said.

Lebanese Foreign Ministry official Nouhad Mahmoud praised Mr. Annan's remarks as "the voice of reason in his call for a cessation of hostilities and the urgency of humanitarian aid to the suffering of the people of Lebanon."

But Senate Majority Whip Mitch McConnell, Kentucky Republican, said Mr. Annan was "wrong" and that Israel's response "is appropriate under the circumstances."

The United States has been criticized for being the only Western country not to call for an immediate cease-fire.

"We'd love to have a cease-fire," said White House spokesman Tony Snow. "But Hezbollah has to be part of it. And at this point, there's no indication that Hezbollah intends to lay down arms."

UN Warns Hizbullah, Israel Of 'war Crimes' Liability Human Rights Chief Points To 'unjustifiable' Numbers Of 'innocent Civilian' Casualties In Conflict. (CSM)

By Tom Regan

The Christian Science Monitor, July 21, 2006

In a strongly worded warning to the leaders of both the militant group Hizbullah and Israel, United Nations Human Rights Commissioner Louise Arbour threatened the "perpetrators of wanton violence against civilians in the current Middle East conflict with liability for war crimes."

Jurist, the legal news website, reports that Ms. Arbour, a former Canadian Supreme Court Justice and war crimes prosecutor for the International Criminal Tribunal for the Former Yugoslavia issued a "pointed" statement aimed directly at the two combatants and their leaders.

Indiscriminate shelling of cities constitutes a foreseeable and unacceptable targeting of civilians. Similarly, the bombardment of sites with alleged military significance, but resulting invariably in the killing of innocent civilians, is unjustifiable. International humanitarian law is clear on the supreme obligation to protect civilians during hostilities. This obligation is also expressed in international criminal law, which defines war crimes and crimes against humanity. International law demands accountability. The scale of the killings in the region, and their predictability, could engage the personal criminal responsibility of those involved, particularly those in a position of command and control.

The Australian reports that although Arbour did not name Hizbullah and Israel in her statement, she referred specifically to violence in Lebanon, Israel, and the Palestinian territories. As of Wednesday, according to reports, at least 300 have been killed in Lebanon. Twenty-nine have been killed in Israel.

UNICEF and the World Health Organization issued a statement Wednesday saying that "civilian deaths include dozens of children, with many more injured. The psychological impact is serious, as people, including children, have witnessed the death or injury of loved ones and destruction of their homes and communities."

Unobstructed access for humanitarian assistance is critical to stave off needless death and suffering. The protection of civilians during conflict is an obligation under international humanitarian law. Unhindered humanitarian access to health facilities for the injured, for those who need care for chronic conditions, and for pregnant women, is equally critical to the prevention of more civilian deaths in this crisis.

The BBC reports that the United Nations' emergency relief co-ordinator, Jan Egeland said that neither Hizbullah or Israeli seemed to care about civilian suffering. He said that one third of those killed or wounded have been children, and that it has been difficult to reach the wounded in Lebanon because road and bridges had been cut by Israeli air strikes.

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"The Israeli military attacks are all over the country. There are aerial bombardments which are in hundreds of places really. I think it is a disproportionate response, really," Mr. Egeland told the BBC.

"But I also clearly see that Hizbollah is trying to blend into the civilian population in too many places and they bear also a heavy responsibility for this. They do not seem to care that they really inflict a lot of suffering on their own population," he added.

Human Rights Watch said Tuesday that Hizbullah's rocket attacks against Israel likely constituted war crimes.

In addition, the warheads used suggest a desire to maximize harm to civilians. Some of the rockets launched against Haifa over the past two days contained hundreds of metal ball bearings that are of limited use against military targets but cause great harm to civilians and civilian property. The ball bearings lodge in the body and cause serious harm ...

"Attacking civilian areas indiscriminately is a serious violation of international humanitarian law and can constitute a war crime," said Sarah Leah Whitson, director of the Middle East and North Africa division at Human Rights Watch. "Hizbollah's use of warheads that have limited military use and cause grievous suffering to the victims only makes the crime worse."

The New York Times reports the International Red Cross (ICRC) said Wednesday that Israel "had violated the principle of proportionality provided for in the Conventions and their protocols." The ICRC also reminded Israel that under international law, its air-and-sea blockade of Lebanon must not prevent "food stuffs and other essentials" from reaching the civilian populations.

"We have reminded the Israeli authorities of their obligation under international humanitarian law to respect and protect medical personnel and their means of transport. We now expect improved access and security for medical teams," [Pierre Kraehenbuehl, director of operations for the ICRC] said.

The Inter Press News Service, which describes itself as an "independent voice" for the developing world, reported earlier this week that Israel is violating US law by using "US-made fighter planes, combat helicopters and missiles to kill civilians and destroy Lebanon's infrastructure."

"Section 4 of the (US) Arms Export Control Act requires that military items transferred to foreign governments by the United States be used solely for internal security and legitimate self-defence," says Stephen Zunes, professor of politics at the University of San Francisco.

"Since Israeli attacks against Lebanon's civilian infrastructure and population centers clearly go beyond legitimate self-defense, the United States is legally obliged to suspend arms transfers to Israel," Zunes told IPS.

Ireland On-Line reports that a rift is developing between the US and the European Union over whether Israel should "cease its relentless offensive against Hizbullah guerrillas."

The Europeans fear mounting civilian casualties will play into the hands of militants, while the Bush administration is giving Israel a tacit green light to take the time it needs to neutralize the Shiite militant group.

The mixed message could help Israel in its mission to destroy Hizbollah's stronghold in southern Lebanon and stop the guerrillas' deadly rocket fire on major Israeli cities. But Islamic hard-liners and terrorist groups could be long-term winners, using the vivid television imagery of the death and destruction in Lebanon to win popularity and promote their jihads.

Ireland On-line also reports that Israeli foreign minister Tzipi Livni rejected the criticism that Israel's actions were "disproportionate," saying that Israel offensive was not just a reaction the Hizbullah raids, but to the broader question of Hizbullah's threat to Israel's security. From that perspective, she argued, Israel's air strikes on Lebanon are proportionate.

The Associated Press reports that Wednesday Lebanon's Prime Minister Fouad Siniora called for an immediate ceasefire. In a direct swipe at the international community, in particular the US, which said that Israel was acting in self-defense, Mr. Siniora said "said, "Is this what the international community calls the right of self-defense? Is this the price to pay?" Siniora also said he would "spare no avenue" to make Israel pay for the destruction to his country.

US To Send Rice To Mideast Soon, But No Ceasefire Call (AFP)

By Sylvie Lanteaume

AFP, July 21, 2006

The United States announced that Secretary of State Condoleezza Rice will go to the Middle East as early as next week to press for a political solution to the crisis there, but it is still not supporting a ceasefire between Israel and Hezbollah.

State Department spokesman Sean McCormack confirmed that Rice "intends to travel to the region as early as next week." No precise itinerary was given.

The White House expressed "real concern" for Lebanon amid punishing Israeli strikes at Hezbollah targets and damage to civilian infrastructure, but said it was too soon to discuss sending a stabilization force or reconstruction aid.

"Everything right now is sort of in the chalkboard stage, where people are trying to figure it. It's way premature to figure out who's going to bear what responsibility," said Tony Snow, spokesman for President George W. Bush.

"You've got to find some way to stabilize southern Lebanon. And the precise method you use, I think, is something that's a matter of ongoing conversation between the United States and allies in the region and also the UN," he said.

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UN Secretary General Kofi Annan and some US allies, including British Prime Minister Tony Blair, have spoken of sending a stabilization force to Lebanon.

State Department spokesman Sean McCormack said the United States would "come to the table with our own ideas about how this might come about.

"There are a lot of details to work through in such a concept if it is, in fact, going to work and contribute something," he said.

Rice will discuss international measures that could be taken, at private briefings with UN officials in New York late Thursday and early Friday.

The White House again urged Israeli "restraint" in it is military operation that in nine days has left more than 325 people dead in Lebanon and set alarm bells ringing about the risk of a humanitarian catastrophe. Hezbollah attacks on Israel have killed 29 people.

Snow said "We'd love to have a ceasefire. But Hezbollah has to be part of it. And at this point, there's no indication that Hezbollah intends to lay down arms."

He said Bush discussed Rice's plans in a telephone conversation with Turkish Prime Minister Recep Tayyip Erdogan. Erdogan urged Bush to throw his weight behind efforts to get a ceasefire in Lebanon, aides told Anatolia news agency.

Erdogan told Bush that the Israeli offensive was undermining the Beirut government and that a safe corridor was urgently needed to transport humanitarian aid to Lebanon, the sources said.

Snow said the two leaders had discussed the importance of "the humanitarian situation in Lebanon" but stressed that Bush had blamed Hezbollah for "thrusting Lebanon into a conflict that neither the government nor the people wanted" and criticized Iranian and Syrian backing for the militants.

Snow also expressed frustration at critics of the United States, saying: "The question is, how would the United States stop the fighting?"

"At this juncture, you don't just step in and put up a stop sign."

"The president understands that this is a complex situation, that nobody has a magic wand and that it requires, as do a number of other diplomatic challenges, a lot of nations working together, pulling together," he said.

Meanwhile, the US House of Representatives on Thursday voted overwhelmingly to support Israel in its new Middle East battles in a resolution that blamed Syria and Iran for the violence.

The measure was approved 410 to eight, with four abstentions. Only a handful of lawmakers criticized the measure, mainly because it fails to call for a ceasefire.

Late Tuesday the Senate adopted by consensus a measure giving "steadfast support" for Israel, and supporting Israel's "right of self-defense and Israel's right to take appropriate action to deter aggression by terrorist groups and their state sponsors."

More Than A Cease-Fire Needed (NYT)

The New York Times, July 21, 2006

Lebanon needs more than U.S. marines to evacuate Americans. It needs the fighting to stop and the international community to step in and guarantee the security of Israel and Lebanon. That will require not only a cease-fire and peacekeepers but also a guarantee that Hezbollah will be forced to halt its attacks on Israel permanently and disband its militia.

Israeli officials, with strong backing from Washington, are saying privately that it could take days or even weeks more of pounding to destroy Hezbollah's huge missile stocks, cut off its supply lines from Syria and Iran, and prove to the Lebanese people the high cost of sheltering the terrorist group. It's doubtful that air power will ever be able to achieve those goals, and Israel should not repeat the mistake of occupying Lebanon.

More fighting will mean more suffering on both sides of the border, more anger toward Israel in the Arab world, and more problems for those Sunni Arab leaders who have been trying to distance themselves from Hezbollah.

The United Nations called on Hezbollah to disarm nearly two years ago. But the United States and Europe never brought real pressure to bear, believing that Hezbollah would shed its weapons as it was drawn deeper into electoral politics. It did not. Hezbollah, which sparked this crisis, believes mayhem is in its long-term interest, especially if it further weakens the Lebanese Army and government.

So it is not surprising that the Israelis are skeptical that another Security Council resolution will make any difference. A robust resolution is nevertheless a prerequisite for robust diplomacy and clear threats of punishment for all who resist. Ideally, the resolution would not only require all sides to stop fighting and authorize the deployment of a peacekeeping force, it would also order Hezbollah to withdraw from Israel's borders and begin to disarm — and order Syria and Iran to stop supplying their client. The price for refusing should be international sanctions and complete isolation.

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The resolution should mandate the return of Israel's kidnapped soldiers and, finally, pledge major international contributions to help Lebanon rebuild from the destruction of the last week and bolster its weak democratic government. If the Security Council isn't willing to issue such explicit demands or link them to clear punishments, the United States, Europe and key Arab allies, who are also eager to see the fighting end and Hezbollah contained, will have to bring serious pressure on their own. While the Council negotiates, Western powers and responsible Arab leaders, who more often than not sit on the sidelines, should begin a major diplomatic push in the region.

Everyone's first stop needs to be Damascus, to tell President Bashar al-Assad of Syria that he will be persona non grata if he keeps meddling in Lebanon. The same message needs to be delivered to Tehran. The Europeans have resisted placing Hezbollah on their terrorism list, with the attendant denial of visas and freezing of bank accounts. They need to make clear they will do so now if the group doesn't immediately bow to international demands.

The United States will have to take the lead, not least because it's the only country Israel trusts. That means Secretary of State Condoleezza Rice — who has been dragging her feet to give Israel more time to fight — needs to get on a plane and visit Damascus as well as Jerusalem. The longer she delays the more lives will be lost, and the harder it will be to build a lasting peace.

Order Vs. Disorder (NYT)

By Thomas L. Friedman

The New York Times, July 21, 2006

Tel Aviv

There was a small item in The Jerusalem Post the other day that caught my eye. It said that the Israeli telephone company, Bezeq, was installing high-speed Internet lines in bomb shelters in northern Israel so Israelis could surf the Web while waiting out Hezbollah rocket attacks.

I read that story two ways. One, as symbol of Israeli resilience, a boundless ability to adapt to any kind of warfare. But, two, as an unconscious expression of what I sense people here are just starting to feel: this is no ordinary war, and it probably won't end soon. At a time when most Arab states have reconciled to Israel and their dispute is now about where the borders should be, the Iranian-backed Hezbollah Shiite militia, armed with 12,000 rockets, says borders are irrelevant; it is Israel that should be erased.

That's why I find in talking to Israeli friends a near total support for their government's actions — and almost a relief at the clarity of this confrontation and Israel's right to defend itself. Yet, at the same time, I find a gnawing sense of anxiety that Israel is facing in Hezbollah an enemy that is unabashedly determined to transform this conflict into a religious war — from a war over territory — and wants to do it in a way that threatens not only Israel but the foundations of global stability.

How so? Even though it had members in the national cabinet, Hezbollah built up a state-within-a-state in Lebanon, and then insisted on the right to launch its own attack on Israel that exposed the entire Lebanese nation to retaliation. Moreover, unprovoked, it violated an international border with Israel that was sanctified by the United Nations.

So this is not just another Arab-Israeli war. It is about some of the most basic foundations of the international order — borders and sovereignty — and the erosion of those foundations would spell disaster for the quality of life all across the globe.

Lebanon, alas, has not been able to produce the internal coherence to control Hezbollah, and is not likely to soon. The only way this war is going to come to some stable conclusion any time soon is if The World of Order — and I don't just mean "the West,'' but countries like Russia, China, India, Egypt, Jordan and Saudi Arabia too — puts together an international force that can escort the Lebanese Army to the Israeli border and remain on hand to protect it against Hezbollah.

I am not talking about a U.N. peacekeeping force. I am talking about an international force, like the one that liberated Kosovo, with robust rules of engagement, heavy weapons and troops from countries like France, Russia, India and China that Iran and its proxies will not want to fight.

Israel does not like international forces on its borders and worries they will not be effective. But it will be better than a war of attrition, and nothing would set back the forces of disorder in Lebanon more than The World of Order helping to extend the power of the democratically elected Lebanese government to its border with Israel.

Too often, assaults like Hezbollah's, which have global implications, have been met with only "a local response,'' said Gidi Grinstein, who heads Reut, an Israeli defense think tank. "But the only way that these networks can be defeated is if their global assault is met by a global response.''

Unfortunately, partly because of China, Russia and Europe's traditional resentment and jealousy of the U.S. and partly because of the foolish Bush approach that said unilateral American power was more important than action legitimated by a global consensus, the global forces of order today are not at all united.

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It is time that The World of Order got its act together. This is not Israel's fight alone — and if you really want to see a "disproportional'' Israeli response, just keep leaving Israel to fight this war alone. Then you will see some real craziness.

George Bush and Condi Rice need to realize that Syria on its own is not going to press Hezbollah — in Mr. Bush's immortal words — to just "stop doing this shit.'' The Bush team needs to convene a coalition of The World of Order. If it won't, it should let others more capable do the job. We could start with the elder George Bush and Bill Clinton, whose talents could be used for more than just tsunami relief.

The forces of disorder — Hezbollah, Al Qaeda, Iran — are a geopolitical tsunami that we need a united front to defeat. And that united front needs to be spearheaded by American leaders who understand that our power is most effective when it is legitimated by a global consensus and imbedded in a global coalition.

Look What Democratic Reform Dragged In (NYT)

By Ted Koppel

The New York Times, July 21, 2006

The United States is already at war with Iran; but for the time being the battle is being fought through surrogates.

That message was conveyed to me recently by a senior Jordanian intelligence official at his office in Amman. He spoke on the condition of anonymity, reflecting gloomily on the failure of the Bush administration's various policies in the region.

He reserved his greatest contempt for the policy of encouraging democratic reform. "For the Islamic fundamentalists, democratic reform is like toilet paper," he said. "You use it once and then you throw it away."

Lest the point elude me, the official conducted a brief tour of recent democratic highlights in the region. Gaza and the West Bank, where Hamas, spurned by the State Department as a terrorist organization, was voted into power last spring and now represents the Palestinian government; Lebanon, where Hezbollah, similarly rejected by the United States, has become the most influential political entity in the country; and, of course, Iraq, where the Shiite majority has now, through elections, gained political power commensurate with its numbers.

In each case, the intelligence officer reminded me, the beneficiary of those electoral victories is allied with and, to some degree, dependent upon Iran. Over the past couple of months alone, he told me, Hamas has received more than $300 million in cash, provided by Iran and funneled through Syria. He told me what has now become self-evident to the residents of Haifa: namely, that Iran has made longer-range and more powerful rockets and missiles available to Hezbollah in southern Lebanon. We'll come back to the subject of Iraq.

Only a couple of days after my meeting in Amman, I visited a then-superficially peaceful Lebanon, where I was introduced to Sheik Nabil Qaouk, the commander of Hezbollah forces in the southern part of the country. Sheik Qaouk, who also holds the title of general, wears the robes and turban of a Shiite religious leader. Indeed, he studied religion for more than 10 years in the Iranian holy city of Qom. He received his military training in Iran and his wife and six children still live there.

Sheik Qaouk portrayed Hezbollah as being a purely defensive, Lebanese entity. But the more than 12,000 missiles and rockets that the sheik said were in Hezbollah's arsenal were largely provided by Iran.

I asked about those newer, longer-range rockets mentioned by my Jordanian intelligence source. The sheik implicitly acknowledged their existence, but refused to talk about their capacities, with which the world has since become familiar. "Let our enemies worry," he said.

When Sheik Qaouk talked about Israel and Hezbollah, his organization's ambitions were not framed in purely defensive terms. There is only harmony between Hezbollah's endgame and the more provocative statements made over the past year by Mahmoud Ahmadinejad, Iran's president. Both foresee the elimination of the Jewish state.

Are the Israelis over-reacting in Lebanon? Perhaps they simply perceive their enemies' intentions with greater clarity than most. It is not the Lebanese who make the Israelis nervous, nor even Hezbollah. It is the puppet-masters in Tehran capitalizing on every opportunity that democratic reform presents. In the Palestinian territories, in Lebanon, in Egypt, should President Hosni Mubarak be so incautious as to hold a free election, it is the Islamists who benefit the most.

But Washington's greatest gift to the Iranians lies next door in Iraq. By removing Saddam Hussein, the United States endowed the majority Shiites with real power, while simultaneously tearing down the wall that had kept Iran in check.

According to the Jordanian intelligence officer, Iran is reminding America's traditional allies in the region that the United States has a track record of leaving its friends in the lurch — in Vietnam in the 70's, in Lebanon in the 80's, in Somalia in the 90's.

In his analysis, the implication that this decade may witness a precipitous American withdrawal from Iraq has begun to produce an inclination in the region toward appeasing Iran.

It is in Iraq, he told me, "where the United States and the coalition forces must confront the Iranians.'' He added, "You must build up your forces in Iraq and you must announce your intention to stay."

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Sitting in his Amman office, he appeared to be a man of few illusions; so he did not make the recommendation with any great hope that his advice would be followed. But neither did he leave any doubts as to which country would benefit if that advice happened to be ignored.

To Save A Revolution (WP)

By David Ignatius

The Washington Post, July 21, 2006

You could sense the hurt and anger as Lebanese Prime Minister Fuad Siniora pleaded this week to the U.S. ambassador and other diplomats in Beirut for a halt to Israeli attacks on Lebanese targets. "The country has been torn to shreds," he said. "I hope you will not let us down."

The challenge for the Bush administration as the Lebanon war explodes into its second week is just that -- to keep faith with Siniora and his Cedar Revolution, even as it stands by its close ally Israel. This isn't simply a question of appearances and public diplomacy. Unless Siniora's government can be strengthened, there is little hope for achieving the U.S. and Israeli goal of bringing Hezbollah's guerrillas under lasting control.

"America's role is to energize a political outcome that helps to satisfy Israeli military objectives by other means," says one administration official. The problem is that the American diplomatic timetable is so slow that by the time a cease-fire is reached -- more than a week off, by U.S. estimates -- Lebanon may be too broken to be put back together anytime soon.

Administration officials rightly insist that returning to the status quo in Lebanon would be a mistake. After last year's triumph of forcing a withdrawal of Syrian troops, Siniora's government was struggling (and largely failing) to establish a viable nation. This nation-building effort was hamstrung by Hezbollah's insistence that it maintain what amounted to a state within a state.

The administration's strategy is to let Israel do the dirty work of breaking Hezbollah and then move in a foreign "stabilization force" to bolster the Lebanese army. Once Israel has pushed the guerrillas north, this international force would help the Lebanese army deploy to the southern border with Israel and the eastern border with Syria. The plan is for a beefed-up successor to the existing United Nations force in southern Lebanon, known as UNIFIL.

The administration's informal deadline for getting a U.N. mandate for this new international force is July 31, when UNIFIL's current mandate expires. The French now command that force, and the United States hopes they can remain in that role, with new troops coming from such robust military powers as Italy, Turkey and Canada.

Siniora has privately warned the Bush administration that by bombing so many targets in Lebanon, Israel is undermining its own strategic goals. Lebanese are angry with Hezbollah for starting the war by kidnapping Israeli soldiers, and most want to see the militia under government control. But Siniora has asked why the Israelis are hitting Lebanese airports, ports, roads, villages and other targets that primarily affect civilians. And he has criticized attacks on the Lebanese army, which even the Israelis say is the key to long-run stability and security.

Some Bush administration officials share Siniora's concern about the scope of Israeli attacks. These officials are said not to understand Israeli targeting decisions. The administration is understood to have communicated this concern to Jerusalem.

The Lebanon crisis has put the administration in a double bind. U.S. officials know they need to move soon toward a cease-fire to preserve any chance for the Siniora government to regain control of the country. But they don't want to move so quickly that they prevent Israel from completing its primary military mission of destroying Hezbollah's arsenal of missiles and pushing the Shiite guerrillas back from the border. The administration's two-track approach is perhaps summed up in Augustus Caesar's famous admonition: "Make haste slowly."

Secretary of State Condoleezza Rice will head for the Middle East this weekend to try to animate this diplomacy. She has no plans to stop in Syria, and that's a sensible decision. It's up to the Syrians to demonstrate that they can play a positive role -- not least to their Sunni Arab neighbors, who are angry about President Bashar al-Assad's alliance with Shiite Iran and its proxies. A recent claim by Syrian intelligence officials that they have no control over Hamas leader Khaled Meshal is said to have infuriated Egypt's intelligence chief, Omar Suleiman, who responded indignantly: "Don't give us that! We are not Mauritania! We are Egypt!"

Supporting Israel and Lebanon at the same time is a tricky task -- especially at a moment when the bombs are flying between one nation and the other. Unless the administration moves quickly to demonstrate that it supports the Siniora government, and not just Israel, its larger strategy for defusing the conflict may begin to unravel. Administration officials recognize that a stable Lebanon cannot be achieved by military action alone. But for now, all the world sees is Hezbollah rockets and Israeli bombs.

Lebanon's Dividers (WP)

By Jim Hoagland

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The Washington Post, July 21, 2006

Once the region's business and pleasure center, Lebanon has allowed itself to become the killing ground of the Middle East. Today's Lebanon is a meeting place for the poisons and hatreds that six decades of conflict have spawned in its own citizens and its neighbors.

That is a brutal judgment on a country that is still bleeding from the pulverizing assault of the Israeli air force on neighborhoods housing the rocket depots and political leadership of the Lebanese Shiite guerrilla organization Hezbollah. But to understand this crisis -- and why it will not spark a broader regional conflict this summer -- you need to examine the responsibility the Lebanese bear for making theirs a disposable country.

Identifying that responsibility in no way absolves Syrians, Americans, Israelis, Palestinians and many others of well-earned blame in the ongoing tragedy of Lebanon. They have all manipulated the religious and cultural divisions within Lebanese society for their own advantage. Nor does it condemn the physically beautiful country where I lived for three years in the 1970s to unending doom. As in life itself, things in Lebanon are never as good, or as bad, as they seem at the time.

About 15 months ago we were reading and hearing about the Cedar Revolution rescuing Lebanon from its recent violent past and Syrian hegemony while launching an inevitable march to regional democracy. Today we are reading and hearing that the triangle of war linking Hezbollah, Hamas and Israel ends those hopes forever. But history in the Middle East follows no straight lines to a predictable horizon. Instead, history scuttles crablike from side to side, taking a step and a half back for every two forward.

After a promising start, the United Nations, France, the United States and the rest of the international community relaxed their efforts to bring Syria to justice for killing former Lebanese prime minister Rafiq Hariri in February 2005. In that vacuum, Lebanese factions resumed making their own deals with Damascus and ultimately with the Iranian regime of President Mahmoud Ahmadinejad.

The United Nations and the Bush administration also failed to press the Lebanese to live up to their responsibility to deploy forces into the border areas evacuated by Israel in 2000. Instead, Hezbollah moved in its Syrian- and Iranian-supplied rockets and its irregulars, whose killing and kidnapping of Israeli soldiers this month unleashed hell from Israeli bombers.

Hezbollah's asymmetric guerrilla attacks provide Syria and Iran with whatever comparative advantage they have against Israel. Damascus and Tehran will not want the bloodletting to move beyond the borders of Lebanon and Israel. And Israel has its own reasons for confining the confrontation this summer to the land of cedars and sandy beaches. A year from now, when Iran's nuclear capability may be more threatening, that could be different.

This Israeli campaign will not erase Hezbollah as a force, alas. But a negotiated cease-fire could lead to two important steps. One would be to put an international military force on Lebanon's border with Syria to police the traffic of rockets and disguised Syrian intelligence units into Lebanon.

The other is to get the Lebanese army finally to take control of its territory in the south and make Lebanon more of a real country again. Israeli military attacks cannot accomplish those goals. Only united Lebanese resolve and skillful international support will.

The latest outburst of violence is more a result of the fragmentation of political forces in the Middle East than a region-wide regrouping of Arabs and Iranians into a dangerous new monolith of radical Islam. By losing control over Hezbollah, as it lost control of Palestinian guerrillas in the 1970s, the central government of Lebanon has once again made manifest the high cost of irresolution.

The muted responses of Egypt, Jordan, Saudi Arabia, Libya and other Sunni governments to the Israeli assault make clear their strong fear of Hezbollah's developing into a local Shiite proxy for Iran. If Israel is bubonic plague for Arabs, Hezbollah and Iran are cholera.

The old regimes are condemned either way. The Arab political order constructed around Gamal Abdel Nasser, Yasser Arafat, Saddam Hussein and the others is dying -- slowly, violently but inexorably. The shocks that have shaken the region over the past three years, including this month's pounding of Lebanon, cannot be absorbed and mastered by retreating into suicidal defiance or by standing still.

The instinct for survival is stronger in societies than the instinct of unending hatred and destruction. That is true even in the Middle East, as tiny Lebanon is condemned to demonstrate once again.

Hostage To Hezbollah (WSJ)

By Fouad Ajami

The Wall Street Journal, July 21, 2006

Pity Lebanon: In a world of states, it has not had a state of its own. A garden without fences, was the way Beirut, its capital city, was once described.

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A cleric by the name of Hassan Nasrallah, at the helm of the Hezbollah movement, handed Lebanon a calamity right as the summer tourist season had begun. Beirut had dug its way out of the rubble of a long war: Nasrallah plunged it into a new season of loss and ruin. He presented the country with a fait accompli: the "gift" of two Israeli soldiers kidnapped across an international frontier. Nasrallah never let the Lebanese government in on his venture. He was giddy with triumphalism and defiance when this crisis began. And men and women cooped up in the destitution of the Shiite districts of Beirut were sent out into the streets to celebrate Hezbollah's latest deed.

Iranian Theocrats

It did not seem to matter to Nasrallah that the ground that would burn in Lebanon would in the main be Shiite land in the south. Nor was it of great concern to he who lives on the subsidies of the Iranian theocrats that the ordinary Lebanese would pay for his adventure. The cruel and cynical hope was that Nasrallah's rivals would be bullied into submission and false solidarity, and that the man himself would emerge as the master of the game of Lebanon's politics. * * *

"The hotels are full in Damascus," read a dispatch in Beirut, as though to underline the swindle of this crisis, its bitter harvest for the Lebanese. History repeats here, endlessly it seems. There was something to Nasrallah's conduct that recalled the performance of Gamal Abdel Nasser in the Six Day War of 1967. That leader, it should be recalled, closed the Straits of Tiran to Israeli shipping, asked for the evacuation of U.N. forces from the Sinai Peninsula -- clear acts of war -- but never expected the onset of war. He had only wanted the gains of war.

Nasrallah's brazen deed was, in the man's calculus, an invitation to an exchange of prisoners. Now, the man who triggered this crisis stands exposed as an Iranian proxy, doing the bidding of Tehran and Damascus. He had confidently asserted that "sources" in Israel had confided to Hezbollah that Israel's government would not strike into Lebanon because Hezbollah held northern Israel hostage to its rockets, and that the demand within Israel for an exchange of prisoners would force Ehud Olmert's hand. The time of the "warrior class" in Israel had passed, Nasrallah believed, and this new Israeli government, without decorated soldiers and former generals, was likely to capitulate. Now this knowingness has been exposed for the delusion it was.

There was steel in Israel and determination to be done with Hezbollah's presence on the border. States can't -- and don't -- share borders with militias. That abnormality on the Lebanese-Israeli border is sure not to survive this crisis. One way or other, the Lebanese army will have to take up its duty on the Lebanon-Israel border. By the time the dust settles, this terrible summer storm will have done what the Lebanese government had been unable to do on its own.

In his cocoon, Nasrallah did not accurately judge the temper of his own country to begin with. No less a figure than the hereditary leader of the Druze community, Walid Jumblatt, was quick to break with Hezbollah, and to read this crisis as it really is. "We had been trying for months," he said, "to spring our country out of the Syrian-Iranian trap, and here we are forcibly pushed into that trap again." In this two-front war -- Hamas's in the Palestinian territories and Hezbollah's in Lebanon -- Mr. Jumblatt saw the fine hand of the Syrian regime attempting to retrieve its dominion in Lebanon, and to forestall the international investigations of its reign of terror in that country.

In the same vein, a broad coalition of anti-Syrian Lebanese political parties and associations that had come together in the aftermath of the assassination last year of former Prime Minister Rafik Hariri, called into question the very rationale of this operation, and its timing: "Is it Lebanon's fate to endure the killing of its citizens and the destruction of its economy and its tourist season in order to serve the interests of empty nationalist slogans?"

In retrospect, Ehud Barak's withdrawal from Israel's "security zone" in southern Lebanon in the summer of 2000 had robbed Hezbollah of its raison d'être. It was said that the "resistance movement" would need a "soft landing" and a transition to a normal political world. But the imperative of disarming Hezbollah and pulling it back from the international border with Israel was never put into effect. Hezbollah found its way into Parliament, was given two cabinet posts in the most recent government, and branched out into real estate ventures; but the heavy military infrastructure survived and, indeed, was to be augmented in the years that followed Israel's withdrawal from southern Lebanon.

Syria gave Hezbollah cover, for that movement did much of Syria's bidding in Lebanon. A pretext was found to justify the odd spectacle of an armed militia in a time of peace: Hezbollah now claimed that the battle had not ended, and that a barren piece of ground, the Shebaa Farms, was still in Israel's possession. By a twist of fate, that land had been in Syrian hands when they fell to Israel in the Six Day War. No great emotions stirred in Lebanon about the Shebaa Farms. It was easy to see through the pretense of Hezbollah. The state within a state was an end in itself.

For Hezbollah, the moment of truth would come when Syria made a sudden, unexpected retreat out of Lebanon in the spring of 2005. An edifice that had the look of permanence was undone with stunning speed as the Syrians raced to the border, convinced that the Pax Americana might topple the regime in Damascus, as it had Saddam Hussein's tyranny. For Hezbollah's leaders, this would be a time of great uncertainty. The "Cedar Revolution" that had helped bring an end to Syrian occupation appeared to be a genuine middle-class phenomenon, hip and stylish, made up in the main of Sunni Muslims, Druze and

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Christians. Great numbers of propertied and worldly Shiites found their way to that Cedar Revolution, but Hezbollah's ranks were filled with the excluded, newly urbanized people from villages in the south and the Bekaa Valley.

Hassan Nasrallah had found a measure of respectability in the Lebanese political system; he was a good orator and, in the way of Levantine politics, a skilled tactician. A seam was stitched between the jihadist origins of Hezbollah and the pursuit of political power in a country as subtle and complex and pluralistic as Lebanon. There would be no Islamic republic in Lebanon, and the theory of Hezbollah appeared to bend to Lebanon's realities.

But Nasrallah was in the end just the Lebanese face of Hezbollah. Those who know the workings of the movement with intimacy believe that operational control is in the hands of Iranian agents, that Hezbollah is fully subservient to the Iranian Revolutionary Guard. The hope that Hezbollah would "go Lebanese," and "go local," was thus set aside. At any rate, Nasrallah and his lieutenants did not trust the new Lebanon to make the ample room that a country at war -- and within the orbit of Syria -- had hitherto made for them in the time of disorder. Though the Shiites had risen in Lebanon, there remains in them a great deal of brittleness, a sense of social inadequacy relative to the more privileged communities in the country.

That raid into Israel, the capture of the two Israeli soldiers, was a deliberate attack against the new Lebanon. That the crisis would play out when the mighty of the G-8 were assembled in Russia was a good indication of Iran's role in this turn of events. Hassan Nasrallah had waded beyond his depth: The moment of his glory would mark what is destined to be a setback of consequence for him and for his foot soldiers. Iran's needs had trumped Hezbollah's more strictly Lebanese agenda. * * *

In the normal course of things, Hezbollah's operatives expected at least the appearance of Arab solidarity and brotherhood. And here, too, Hezbollah was to be denied.

A great diplomatic setback was handed it when Saudi Arabia shed its customary silence and reticence to condemn what it described as the "uncalculated adventures" of those in Hezbollah and Hamas who brought about this crisis. The custodians of power in Arabia noted that they had stood with the "Lebanese resistance" until the end of Israel's occupation of southern Lebanon. But that was then, and there is a world of difference between "legitimate resistance" and "uncalculated adventures undertaken by elements within the state, and behind its back, exposing the region and its accomplishments to danger and destruction." Gone was the standard deference to Arab solidarity.

This had little to do with the Shiism of Hezbollah, but with the Saudi dread of instability. The Saudis are heavily invested in the reconstruction and stability of Lebanon: This had been the achievement of Rafik Hariri, and it was to continue under Fouad Siniora, the incumbent prime minister, a decent Sunni technocrat who came into politics as an aide of Hariri. Untold thousands of Saudis have their summer homes and vacations in Lebanon. A memory of old Beirut in its days of glitter tugs at older Saudis. On less sentimental grounds, the Saudis have been keen to shore up Lebanon's mercantile Sunni population against the demographic and political weight of the Shiites. Hezbollah's unilateral decision to push Lebanon over the brink was anathema to the Saudi way.

In due course, the Saudis were joined by the Jordanians and the Egyptians. The Arab order of power would not give Nasrallah control over the great issues of regional war and peace. Nor would it give sustenance to Syria's desire to find its way back into Lebanon's politics. The axes of the region were laid bare: The trail runs from the southern slums of Beirut through Damascus to Tehran -- with Hezbollah and its Palestinian allies in the Hamas on one side, and the conservative order of power on the other. This isn't exactly the split between the Sunni Arab order and its Shiite challengers. (Hamas, it should be noted, is zealously Sunni.) The wellsprings of this impasse are to be found in the more prosaic impasse between order and its radical enemies.

Zealotry and Parades

In time, we are sure to hear from Nasrallah's own Shiite community: There had been unease among growing numbers of educated Shiites about the political monopoly over their affairs of Hezbollah and its local allies, an unease with the zealotry and the military parades -- and with the subservience to Iran. The defection will be easier now as the downtrodden of southern Lebanon take stock of the misery triggered by Nasrallah's venture. He will need enormous Iranian treasure to repair the damage of this ill-starred endeavor.

The Shiites are Lebanon's single largest community. There lie before them two ways: Lebanonism, an attachment to their own land, assimilation into the wider currents of their country, an acceptance of it as a place of services and trade and pluralism; or a path of belligerence, a journey on road to Damascus -- and to the Iranian theocracy. By the time the guns fall silent and the Lebanese begin to dig out of the rubble, we should get an intimation of which Shiite future beckons. The Shiites can make Lebanon or they can break it. Their deliverance lies in a recognition of the truths and limitations of their country. The "holy war" they can leave to others.

There could have been another way: There could have been a sovereign state in Lebanon, and the Syrians would have let it be, and the distant Iranian state would have been a world apart. There needn't have been a Lebanese parody of the Iranian Revolution, a "sister republic" by the Mediterranean sustained with Iranian wealth. The border between Israel and Lebanon

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would have been a "normal" border. (The Lebanese would settle for a border as quiet and tranquil as the one Syria has maintained with Israel for well over three decades now, with the Syrians waging proxy battles on Lebanese soil and through Lebanese satraps.)

But the Lebanese have been given to feuds among themselves, and larger players have found it easy to insert themselves into that small, fragile republic. Now the Lebanese have been given yet again a cautionary tale about what befalls lands without sovereign, responsible states of their own. * * *

In an earlier time, three decades ago, Lebanon was made to pay for the legends of Arabism, and for the false glamour of the Palestinian "revolutionary" experiment. The country lost well over a quarter-century of its history -- its best people quit it, and its modernist inheritance was brutally and steadily undermined.

Now comes this new push by Damascus and Tehran. It promises nothing save sterility and ruin. It will throw the Lebanese back onto a history whose terrible harvest is well known to them. The military performance of Hezbollah, it should be apparent by now, is not a performance of a militia; nor are unmanned drones and missiles of long range the weapons of boys of the alleyways. A formidable military structure has been put together by the Iranians in Lebanon. In a small, densely populated country that keeps and knows no secrets, Hezbollah and its Iranian handlers have been at work on this military undertaking for quite some time, under the gaze of Lebanese authorities too frightened to raise questions.

The Mediterranean vocation of Lebanon as a land of enlightenment and commerce may have had its exaggerations and pretense. But set it against the future offered Lebanon by Syria, and by Tehran's theocrats seeking a diplomatic reprieve for themselves by setting Lebanon on fire, and Lebanon's choice should be easy to see.

The Lebanese, though, are not masters of their own domain. They will need protection and political support; they will need to see the will and the designs of the radical axis contested by resolute American power, and by an Arab constellation of states that can convince the Shiites of Lebanon that there is a place for them in the Arab scheme of things. For a long time, the Arab states have worked through and favored the Sunni middle classes of Beirut, Sidon and Tripoli. This has made it easy for Iran -- overcoming barriers of language and distance -- to make its inroads into a large Shiite community awakening to a sense of power and violation. To truly turn Iran back from the Mediterranean, to check its reach into Beirut, the Arab world needs to rethink the basic compact of its communities, and those Shiite stepchildren of the Arab world will have to be brought into the fold.

A Source of Menace

Lebanon's strength lies in its weakness, went an old maxim. And the Arab states themselves were for decades egregious in the way they treated Lebanon, shifting onto it the burden of the Palestinian fight with Israel, acquiescing in the encroachments on its sovereignty by the Palestinians and the Syrians -- encroachments often subsidized with Arab money. Iran then picked up where the Arab states left off. Now that weakness of the Lebanese state has become a source of great menace to the Lebanese, and to their neighbors as well.

No one can say with confidence how this crisis will play out. There are limits on what Israel can do in Lebanon. The Israelis will not be pulled deeper into Lebanon and its villages and urban alleyways, and Israel can't be expected to disarm Hezbollah or to find its missiles in Lebanon's crannies.

Finding the political way out, and working out a decent security arrangement on the border, will require a serious international effort and active American diplomacy. International peacekeeping forces have had a bad name, and they often deserve it. But they may be inevitable on Lebanon's border with Israel; they may be needed to buy time for the Lebanese government to come into full sovereignty over its soil.

The Europeans claim a special affinity for Lebanon, a country of the eastern Mediterranean. This is their chance to help redeem that land, and to come to its rescue by strengthening its national army and its bureaucratic institutions. We have already seen order's enemies play their hand. We now await the forces of order and rescue, and by all appearances a long, big struggle is playing out in Lebanon.

This is from the Book of Habakkuk: "The violence done to Lebanon shall overwhelm you" (2:17). The struggles of the mighty forces of the region yet again converge on a small country that has seen more than its share of history's heartbreak and history's follies.

Mr. Ajami, a 2006 Bradley Prize recipient, is the Majid Khadduri Professor and director of the Middle East Studies Program at the School of Advanced International Studies at Johns Hopkins University. His most recent book, "The Foreigner's Gift: The Americans, the Arabs and the Iraqis in Iraq," has just been published by the Free Press. He is the author, inter alia, of "The Dream Palace of the Arabs: A Generation's Odyssey" (Pantheon, 1998) and "Beirut: City of Regrets" (Norton, 1988).

The Price Of Fantasy (NYT)

By Paul Krugman

The New York Times, July 21, 2006

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Today we call them neoconservatives, but when the first George Bush was president, those who believed that America could remake the world to its liking with a series of splendid little wars — people like Dick Cheney and Donald Rumsfeld — were known within the administration as "the crazies." Grown-ups in both parties rejected their vision as a dangerous fantasy.

But in 2000 the Supreme Court delivered the White House to a man who, although he may be 60, doesn't act like a grown-up. The second President Bush obviously confuses swagger with strength, and prefers tough talkers like the crazies to people who actually think things through. He got the chance to implement the crazies' vision after 9/11, which created a climate in which few people in Congress or the news media dared to ask hard questions. And the result is the bloody mess we're now in.

This isn't a case of 20-20 hindsight. It was clear from the beginning that the United States didn't have remotely enough troops to carry out the crazies' agenda — and Mr. Bush never asked for a bigger army.

As I wrote back in January 2003, this meant that the "Bush doctrine" of preventive war was, in practice, a plan to "talk trash and carry a small stick." It was obvious even then that the administration was preparing to invade Iraq not because it posed a real threat, but because it looked like a soft target.

The message to North Korea, which really did have an active nuclear program, was clear: "The Bush administration," I wrote, putting myself in Kim Jong Il's shoes, "says you're evil. It won't offer you aid, even if you cancel your nuclear program, because that would be rewarding evil. It won't even promise not to attack you, because it believes it has a mission to destroy evil regimes, whether or not they actually pose any threat to the U.S. But for all its belligerence, the Bush administration seems willing to confront only regimes that are militarily weak." So "the best self-preservation strategy ... is to be dangerous."

With a few modifications, the same logic applies to Iran. And it's easier than ever for Iran to be dangerous, now that U.S. forces are bogged down in Iraq.

Would the current crisis on the Israel-Lebanon border have happened even if the Bush administration had actually concentrated on fighting terrorism, rather than using 9/11 as an excuse to pursue the crazies' agenda? Nobody knows. But it's clear that the United States would have more options, more ability to influence the situation, if Mr. Bush hadn't squandered both the nation's credibility and its military might on his war of choice.

So what happens next?

Few if any of the crazies have the moral courage to admit that they were wrong. Vice President Cheney continues to insist that his two most famous pronouncements about Iraq — his declaration before the invasion that we would be "greeted as liberators" and his assertion a year ago that the insurgency was in its "last throes" — were "basically accurate."

But if the premise of the Bush doctrine was right, why are things going so badly?

The crazies respond by retreating even further into their fantasies of omnipotence. The only problem, they assert, is a lack of will.

Thus William Kristol, the editor of The Weekly Standard, has called for a military strike — an airstrike, since we don't have any spare ground troops — against Iran.

"Yes, there would be repercussions," he wrote in his magazine, "and they would be healthy ones." What would these healthy repercussions be? On Fox News he argued that "the right use of targeted military force" could cause the Iranian people "to reconsider whether they really want to have this regime in power." Oh, boy.

Mr. Kristol is, of course, a pundit rather than a policymaker. But there's every reason to suspect that what Mr. Kristol says in public is what Mr. Cheney says in private.

And what about The Decider himself?

For years the self-proclaimed "war president" basked in the adulation of the crazies. Now they're accusing him of being a wimp. "We have been too weak," writes Mr. Kristol, "and have allowed ourselves to be perceived as weak."

Does Mr. Bush have the maturity to stand up to this kind of pressure? I report, you decide.

West's Strategic Failure Lit The Fires In Middle East (FT)

By Philip Stephens

Financial Times, July 21, 2006

Ten days ago, Ali Larijani, Iran's chief nuclear negotiator, visited Brussels for talks about his country's uranium enrichment programme. The meeting with senior officials from the European Union, Britain, France and Germany went badly. Mr Larijani offered nothing resembling a reply to the latest international offer to break the impasse over Iran's nuclear activities. Instead, he lectured his hosts for 45 minutes about alleged attempts to destabilise the Tehran regime. He knew that, in response, they would move to censor Iran in the United Nations Security Council.

Accompanied by an unusually large team of officials, including the head of the Iranian intelligence service, Mr Larijani travelled directly from Brussels to the Syrian capital of Damascus. The next day foreign ministers of the so-called EU3 and those

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of the US, China and Russia announced, as expected, plans to draft a new UN resolution. In between times, the Iranian-sponsored and Syrian-backed militia Hizbollah had launched their attack on Israel.

This sequence of events might well have been coincidental. The evidence is, as the lawyers say, purely circumstantial. One senior European official told me that Mr Larijani was not the natural point of contact between Iran and Hizbollah. Yet whatever the precise purpose of this particular mission to Damascus, it did say something about the depth of the alliance between the two regimes.

These are genuinely dangerous times. Israel is far from alone in believing that Hizbollah had Iranian and Syrian sanction for its rocket attacks and the abduction of two Israeli soldiers. Syria is still smarting from its enforced departure from Lebanon. From Iran's perspective, Hizbollah has at once diverted attention from the nuclear dispute and reminded the west of its capacity to make serious mischief.

George W. Bush has highlighted Syria's role. Tony Blair has laid more of the blame on Tehran. The British prime minister also talks of a rising extremist threat across the broader Middle East. The shared message is that, whatever the specifics of the present fighting, all this is about a much bigger threat.

President Bush has thus declined to restrain Israel's military operations in spite of the feeling among US allies that they are disproportionate and, in significant measure counterproductive. Bombing the Lebanese army and weakening the government of Fouad Siniora will not drive Hizbollah from southern Lebanon.

European diplomats aver that the ferocity of the Israeli response owes as much to the weakness of Ehud Olmert, the prime minister, as to the traditional use of massive force as a deterrent against future aggression. Israel, though, has persuaded Mr Bush that Hamas and Hizbollah should be seen through the prism of his own war on terrorism. The terrorists, in this flawed but, for Mr Olmert, useful analysis, are all the same.

As a simple description of the many fires smouldering in the region, there is something to be said for Mr Blair's "arc of extremism". The Taliban is resurgent in Afghanistan, Iran remains defiant about its nuclear ambitions, Iraq has fallen to sectarian civil war, Hizbollah threatens to destroy Lebanon's fragile stability, Hamas is fighting Israel in Gaza.

Much more dubious is the attempt to draw through these conflicts a single thread of extremism. That is to ignore their complexities and the myriad grievances and rivalries. These set Sunni against Shia, Arab against Iranian as well as political Islam against the west. Al-Qaeda and Hizbollah are not allies.

The multiple threats, though, do hold up a mirror to the strategic failures of the US and Europe. The west is not to blame for al-Qaeda nor for the noxious regime in Syria. It has played its part in creating the conditions in which fundamentalism and extremism flourish.

The results of the unconscionable refusal in Washington to think beyond the removal of Saddam Hussein are painfully obvious in Iraq. That country now resembles Lebanon at the height of its civil war. The fighting in Gaza speaks to the abandonment by the US of sustained engagement to promote peace between Israel and the Palestinians.

Mr Bush has paid lip service to the two-state solution set out in the so-called road map. So, too, has the Israeli government. Condoleezza Rice's US state department has shown occasional interest in reviving talks. But for most of the time Washington has endorsed Israeli unilateralism.

Even as Ms Rice prepares to travel to the region, officials with intimate knowledge of the diplomacy say that Israel is receiving two sets of messages from Washington. Ms Rice presses for Israeli restraint and urges diplomatic as well as military means. Elliot Abrams, the president's Middle East adviser, offers Mr Olmert a presidential blank cheque.

Europeans cannot escape blame. As the initial promoters of the road map, they have stood more or less idly by as Israel has redrawn its 1967 borders in the West Bank with the tacit support of the US. So much for a European foreign policy.

Here lies the danger in casting the various conflicts as a grand struggle between the forces of modernism and reaction across the greater Middle East. Mr Blair's arc of extremism becomes an excuse for inaction, a diversion from the tasks at hand. Exhortation replaces engagement, emotional rhetoric hard commitment.

What moderates – those in Iran and Lebanon as much as in Palestine – need from the west is a sustained and even-handed effort to secure a settlement that guarantees Israel's security and gives Palestinians the state they have been promised.

Mr Blair used to understand this. There was a time when the prime minister used every conversation with Mr Bush to press the case for US re-engagement. All the while Israel was building its barrier deep in the occupied West Bank and Hamas was building support among Palestinians.

As for Iran, the US must recognise that diplomacy is not synonymous with appeasement. However unpalatable the regime, Washington cannot ignore the reality of Iranian influence – the more so as the debacle in Iraq has greatly strengthened that influence. Sometimes, as the US well understood during the cold war, you have to talk to your enemies. Ms Rice has moved the administration in that direction. Half a step is not enough.

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There are no magic bullets, as Israel has learnt many times over during its various military excursions in Lebanon. But when messrs Bush and Blair talk of a crisis of extremism they must understand they are describing in part their own failure.

House Overwhelmingly Backs Israel In Vote (AP)

By Anne Plummer Flaherty, Associated Press Writer

AP, July 21, 2006

The House, displaying a foreign affairs solidarity lacking on issues like Iraq, voted overwhelmingly Thursday to support Israel in its confrontation with Hezbollah guerrillas.

The resolution, which was passed on a 410-8 vote, also condemns enemies of the Jewish state.

House Republican leader John Boehner cited Israel's "unique relationship" with the United States as a reason for his colleagues to swiftly go on record supporting Israel in the latest flare-up of violence in the Mideast.

Little of the political divisiveness in Congress on other national security issues was evident as lawmakers embraced the Bush administration's position.

So strong was the momentum for the resolution that it was steamrolling efforts by a small group of House members who argued that Congress's pro-Israel stance goes too far.

The nonbinding resolution is similar to one the Senate passed Tuesday. It harshly condemns Israel's enemies and says Syria and Iran should be held accountable for providing Hezbollah with money and missile technology used to attack Israel.

Yet as Republican and Democratic leaders rally behind the measure in rare bipartisan fashion, a handful of lawmakers have quietly expressed reservations that the resolution was too much the result of a powerful lobbying force and attempts to court Jewish voters.

"I'm just sick in the stomach, to put it mildly," said Rep. Nick J. Rahall II, D-W.Va., who is of Lebanese descent.

Rahall joined other Arab-American lawmakers in drafting an alternative resolution that would have omitted language holding Lebanon responsible for Hezbollah's actions and called for restraint from all sides. Rahall said that proposal was "politely swept under the rug," a political reality he and others say reflects the influence Israel has in Congress.

"There's a lot (of lawmakers) that don't feel it's right ... but vote yes, and get it the heck out of here," Rahall said.

Rep. Darrell Issa, R-Calif., who co-sponsored the alternative resolution and also is of Lebanese descent, agreed. The American Israel Public Affairs Committee lobby "throws in language that AIPAC wants. That isn't always the best thing for this body to endorse," Issa said.

Nevertheless, Rahall and Issa said they were considering voting in favor of the resolution. "I want to show support for Israel's right to defend itself," Issa said.

Another lawmaker with Lebanese roots, Rep. Charles Boustany Jr., R-La., said he too planned to vote in favor of the resolution despite holding deep reservations on its language regarding Lebanon. "I think it's a good resolution. But I think it's incomplete," he said.

The lack of momentum for alternative proposals frustrated pro-Arab groups.

"This is the usual problem with any resolution that talks about Israel — there are a lot of closet naysayers up there (in Congress), but they don't want to be a target of the lobby" of Israel, said Eugene H. Bird, president of the Council for the National Interest, a group that harshly condemns Israel's military campaign.

"These guys aren't legislating. They're politicking," said James Zogby, president of the Arab American Institute.

An AIPAC spokeswoman said Congress's overwhelming support for Israel reflects the support of U.S. voters and not any pressure applied by lobbyists. "The American people overwhelming support Israel's war on terrorism and understand that we must stand by our closest ally in this time of crisis," said Jennifer Cannata.

Secretary of State Condoleezza Rice planned to discuss diplomatic efforts to end the violence, and the possibility of international troops to police a peace, over dinner Thursday in New York with United Nations Secretary-General Kofi Annan.

On Friday, Rice will receive a report from fact-finders Annan sent to the region.

Rice, herself, is expected to go there. "She intends to travel to the region as early as next week," State Department spokesman Sean McCormack said.

Approximately 2,600 U.S. citizens have been evacuated from Lebanon by the United States since Sunday.

Israel, Hezbollah Intensify Ground Conflict In Lebanon (WP)

By Scott Wilson And Edward Cody

The Washington Post, July 21, 2006

DOJ_NMG_0042610

JERUSALEM, July 20 -- Israeli ground forces and Hezbollah guerrillas engaged in heavy fighting inside Lebanon on Thursday, as senior Israeli defense officials braced the country for a long conflict against the radical Islamic groups on its borders and indicated that a large ground operation could still lie ahead.

The Israeli military said at least two soldiers were killed and six others wounded in the fighting, the most intense ground exchange in the current military campaign. Israeli military officials later said two Apache attack helicopters collided at Ramot Naftali, about two miles inside the Israeli border, just after midnight.

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Israeli military aircraft pounded targets across Lebanon for a ninth straight day amid growing international calls for Israel to suspend a bombing campaign that has ravaged that country's civilian population. The airstrikes swelled the ranks of the displaced and accelerated the evacuation of U.S. citizens and other foreign nationals, thousands of whom sailed away from the tattered country in a chartered cruise ship and a military transport vessel.

Using local radio stations and other media, Israel warned the roughly 300,000 Lebanese civilians who live south of the Litani River, which runs about 25 miles north of Israel's border with Lebanon, to abandon their homes. Israeli officials, meanwhile, indicated that a large ground offensive could follow as rocket fire continued into Israel's Galilee region, although at a diminished rate.

During a tour of northern Israel, where more than 850 rockets have rained down since Hezbollah gunmen captured two Israeli soldiers in a cross-border raid on July 12, Defense Minister Amir Peretz said the radical Shiite Muslim militia "must not think that we would recoil from using all kinds of military measures against it."

"We have no intention of occupying Lebanon, but we also have no intention of retreating from any military measures needed," Peretz said. The comments left open the possibility that Israel could move forces into southern Lebanon, the restive, Shiite-dominated region it has occupied before. Israeli military officials have raised the need to clear Hezbollah forces from a 12-mile-wide swath inside the Lebanese border to increase the distance between the group's increasingly long-range arsenal and the Israeli cities in the firing line.

Israeli officials have dismissed international proposals for a peacekeeping force in southern Lebanon, saying they need more time to bombard Hezbollah launch sites, bunkers and supply routes before considering a cease-fire. They say the bombing effort has severely damaged Hezbollah forces -- an assertion denied by the group's leaders in Lebanon.

Hezbollah gunmen fired about 40 rockets into Israel, about a third of the number they fired the previous day. There were no casualties reported from Thursday's rocket strikes, which have killed 15 Israeli civilians since fighting began.

U.N. Secretary General Kofi Annan on Thursday urged Israel to halt its military operations in Lebanon, claiming it is inflicting unacceptable harm on civilians while increasing Hezbollah's popularity and undercutting Lebanon's fledgling democracy. But he voiced pessimism about the prospects for a quick halt to the violence and urged Israel to avoid civilian casualties in the meantime and provide access for humanitarian relief workers throughout Lebanon.

"The Lebanese people, who had hoped that their country's dark days were behind them, have been brutally dragged back into the war," Annan told the U.N. Security Council. He was accompanied by former Indian diplomat Vijay Nambiar, who had just returned from leading a peace mission in the region.

"Let me be frank with the council," Annan said. "The mission's assessment is that there are serious obstacles to reaching a cease-fire, or even diminishing the violence quickly."

Secretary of State Condoleezza Rice launched her diplomatic effort at a working dinner with Annan on Thursday, with a Security Council briefing scheduled for Friday morning. The United States is now working on a package of ideas for Rice to take the region when she begins talks early next week, with timing and locations still up in the air, U.S. officials said.

The fighting near the Lebanese village of Maroun al-Ras, just across the border from the Israeli farming community of Avivim, pointed up Hezbollah's skill at fighting in terrain it has spent years preparing against another Israeli invasion. Sixteen Israeli soldiers have been killed so far on the northern front, and 61 have been wounded.

Heavy fighting broke out several times throughout the day after Israeli tanks and bulldozers pushed a few hundred yards inside Lebanon in search of tunnels, bunkers and posts used by Hezbollah gunmen.

The clashes involved small-arms fire and antitank missiles. Israeli attack helicopters provided support as soldiers removed the wounded. Hezbollah's television station, al-Manar, said two Israeli tanks were destroyed in the clashes.

Lebanese officials say more than 300 Lebanese have died in the fighting, nearly all of them civilian, while more than 1,000 others have been wounded. It is unclear how many Hezbollah gunmen have died in the airstrikes or ground fighting.

In a statement, Hezbollah officials said bombing by Israel on Wednesday night that was described as an attack on a bunker in fact hit a mosque under construction and caused no injuries to senior Hezbollah leaders.

Hezbollah members of parliament, who number a dozen among the legislature's 128 members, appeared on Lebanese television to vow steadfastness and declare that the group's arsenal still has plenty of weapons for retaliatory strikes against

Israeli towns. Hezbollah officials escorted journalists around their southern Beirut stronghold to show the damage to what they said were civilian residences.

Israeli aircraft roamed the southern Lebanese skies looking for targets, continuing their campaign to blast Hezbollah infrastructure and prevent vehicles from resupplying the militia's forces. But missile attacks seemed to diminish in the area around Beirut as foreign governments, including that of the United States, continued evacuation operations.

In the Gaza Strip, where Israeli tanks and troops clashed with gunmen from the governing Hamas movement's military wing, the death toll rose on Israel's second front. Palestinian hospital officials said four Palestinians were killed, including two children, as Israeli forces attacked Palestinian positions in the Mughazi refugee camp in central Gaza for a second day.

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Hamas's military wing helped stage the June 25 cross-border raid on an army post in which a 19-year-old Israeli soldier was captured. Its members also regularly fire rockets into southern Israel, something Israeli officials say must stop. Hospital officials put the two-day casualty toll at 11 dead and more than 170 wounded.

About 40 Marines came ashore in a Maronite Christian area in Lebanon just north of Beirut to help U.S. nationals board a landing craft and move to the USS Nashville, a warship looming offshore. The Ocean Queen, a cruise ship chartered by Washington, returned late in the day for a second load of Americans.

U.S. authorities in Beirut also used a bus convoy Thursday to evacuate 341 American citizens from battered southern Lebanon and moved approximately 2,250 people out of the country on helicopters and sea vessels, military and diplomatic officials said. The departures marked the largest group of U.S. citizens to leave Lebanon on a single day since Israeli airstrikes began.

Since Marine helicopters first began lifting people out of Beirut on Sunday, the United States has been able to transport more than 3,850 citizens to safety, said Maura Harty, assistant secretary of state for consular affairs.

The U.S. move to rescue those in the south, the most dangerous area of the country, was hailed by U.S. officials as "successful," but they also said there could be more people there they just don't yet know about. Harty said another evacuation from southern Lebanon was possible. She urged U.S. citizens trapped there to "continue to stand fast" and monitor Lebanese radio for updates.

Harty said the 341 citizens who were bused out of southern Lebanon were scheduled to board a cruise ship for Cyprus.

European and other governments also proceeded with evacuations of their nationals, most of them Lebanese with foreign passports who had returned for summer vacations. Officials estimated that more than 12,000 foreigners have been taken out of the country in the past three days.

The Israeli public, while so far largely supportive of Prime Minister Ehud Olmert's war effort, has been generally less tolerant of ground operations since Israel's 1982 invasion of Lebanon and the bloody 18-year occupation that followed. Israel left southern Lebanon in May 2000.

Amos Yaron, a retired general who commanded the paratroop division that entered Beirut in 1982, said that "people make a lot of mistakes when they are drawing lessons" from the Lebanon invasion.

"We didn't have any problem entering Lebanon in 1982," Yaron said. "The problem was leaving it."

Yaron said he believes a ground operation might be necessary before the fighting ends. "At the end of the day," he said, "you have to take Hezbollah out of southern Lebanon. No one will do it for you."

Yagil Levy, a professor of public policy at Ben Gurion University in Beersheba and author of the "The Other Army of Israel," said most of Israel's senior commanders served as young officers during the 1982 invasion and the Hezbollah attacks that followed during the occupation.

He said the leadership is suffering "schizophrenia" from the lessons it learned from that experience. On the one hand, he said, military commanders understand "never to get involved in a war of attrition" that turns the Israeli public against it.

"But the opposite element is that some of these people carry with them a lot of frustration," Levy said. "For some of these officers, this operation now is something like unfinished business."

Israel Preparing Lebanon Ground Offensive (AP)

By Lee Keath, Associated Press Writer

AP, July 21, 2006

Pitched battles raged between Israeli forces and Hezbollah fighters on the border Thursday, and Israel warned hundreds of thousands of people to flee southern Lebanon "immediately," preparing for a likely ground offensive to set up a buffer zone.

U.N. chief Kofi Annan warned of a humanitarian crisis in Lebanon and called for an immediate cease-fire, even as he admitted "serious obstacles" stand in the way of even easing the violence. Annan denounced Israel for "excessive use of force" and Hezbollah for holding "an entire nation hostage" with its rocket attacks and snatching of two Israeli soldiers last week.

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As the death toll rose to 330 in Lebanon, as well as at least 32 Israelis, Lebanese streamed north into the capital and other regions, crowding into schools, relatives' homes or hotels. Taxi drivers in the south were charging up to $400 per person for rides to Beirut — more than 40 times the usual price. In remote villages of the south, cut off by strikes, residents made their way out over the mountains by foot.

The price of food, medical supplies and gasoline rose by as much as 500 percent in parts of Lebanon on Thursday as Israel's relentless bombardment destroyed roads, bridges and other supply routes. The World Food Program said estimates of basic food supplies ranged from one to three months.

On a day that saw U.S. Marines return to Lebanon for the first time in 22 years, the war looked ready to expand dramatically. Neither side showed any sign of backing down. Hezbollah refused to release its two Israeli soldiers without a prisoner exchange, Israel was aiming to create a new buffer zone in a region that saw 18 years of Israeli presence ending in 2000.

Hezbollah leader Sheik Hassan Nasrallah shrugged off concerns of a stepped-up Israeli onslaught, vowing never to release two Israeli soldiers captured by his guerrillas even "if the whole universe comes (against us)." He said they would be freed only as part of a prisoner exchange brokered through indirect negotiations.

He spoke in an interview with the Al-Jazeera news network taped Thursday to show he had survived a heavy airstrike in south Beirut that Israel said targeted a Hezbollah underground leadership bunker. The guerrillas said the strike only hit a mosque under construction and no one was hurt.

The United States — which has resisted calls to press its ally Israel to halt the fighting — was sending Secretary of State Condoleezza Rice to the region, arriving in Israel on Tuesday or Wednesday after stopping over in Arab nations, Israeli officials said. They spoke on condition of anonymity because the schedule was not yet confirmed.

The mission would be the first U.S. diplomatic effort on the ground since the Israeli onslaught against Lebanon began nine days ago.

Israel has decided air power alone will not be enough to drive Hezbollah back from the Israeli-Lebanon border and that a ground force will be needed to establish a zone that is at least 20 miles deep, senior military officials said Thursday. That would force Hezbollah behind the Litani River.

Israel wants to send a strong message to all its enemies, especially Iran, that the consequences of attacking the Jewish state will be unbearable.

But mounting civilian casualties and the displacement of hundreds of thousands of Lebanese could limit the amount of time Israel has to achieve its goals, as international tolerance for the bloodshed and destruction runs out.

Lebanese Prime Minister Fuad Saniora put the death toll at more than 330 — at least 11 of them killed Thursday — with 1,100 wounded. At least 32 Israelis have been killed, including 17 service members — three of them killed in military operations Thursday and early Friday.

Saniora said more than 55 bridges across the country had been destroyed, and that Israeli forces had targeted ambulances and medical convoys.

"This attack is no longer against Hezbollah, it is an attack against the Lebanese and Lebanon," Saniora told CNN.

The U.N. estimated that about a half-million people have been displaced in Lebanon, with 130,000 fleeing to Syria and about 45,000 believed to be in need of assistance.

More than 600 relatives of U.N. peacekeepers and other foreigners were evacuated by ship from the southern port city of Tyre, a region south of the Litani that has seen a ferocious pounding by Israeli warplanes and gunboats for days. Many of the women and children had spent the night on the beach waiting for the ship that arrived Thursday morning and took them to Cyprus.

The exodus of Americans and other foreign nationals stepped up dramatically, with ships lining up off Beirut to take thousands of families waiting at the port out of the war zone.

A group of around 40 U.S. Marines hit the ground in Beirut, helping in the evacuation of hundreds of Americans to a Navy transport vessel, the USS Nashville, offshore — the first U.S. military deployment in Lebanon in 22 years. More than 2,200 Americans were pulled out Thursday, twice the number a day before.

Israeli forces resumed attacks on Beirut at daybreak on Friday, witnesses said. One loud explosion was heard in the Lebanese capital. Al-Arabyia TV said the strike had targeted Beirut's southern suburbs, Hezbollah's stronghold. Israeli strikes Thursday pounded southern Beirut and villages and towns in the Shiite heartland of the south and the eastern Bekaa Valley.

Hezbollah, in turn, fired more than 40 rockets into northern Israel.

The clashes about a mile inside the Lebanese side of the border Thursday evening came when an Israeli patrol sweeping for Hezbollah bunkers was ambushed by guerillas, taking casualties. The fight rapidly expanded, with Israeli helicopters firing missiles at targets on the ground and rescue forces storming in.

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The Israeli military said two Israeli soldiers died in the fighting and several guerrillas were killed. Hezbollah's Al-Manar television said three Israeli soldiers were killed but did not mention guerrilla casualties.

Two Apache attack helicopters collided in an accident northern Israel near the Lebanon border early Friday, killing one air force officer and injuring three others, two seriously, Israeli officials said. Al-Jazeera reported that four soldiers were killed in the crash, but did not give a source.

The commander of Israel's air force appointed an inquiry team to determine the cause.

Israel has stepped up its small-scale forays over the border in recent days, seeking Hezbollah positions, rocket stores and bunkers. Each time it has faced tough resistance from the guerrillas.

In preparation for a more powerful punch deeper into Lebanon, an Israeli military radio station that broadcasts into the south issued what it called "a strict warning" that Israeli forces would "act immediately" to halt Hezbollah rocket fire.

"It will act in word and deed inside the villages of the south against these aggressive terrorist acts. Therefore all residents of south Lebanon south of the Litani must leave their areas immediately for their own safety," the message in Arabic on the Al-Mashriq station said.

More than 300,000 people are believed to live south of the Litani — which twice has been the border line for Israeli buffer zones. In 1978, Israel invaded up to the Litani to drive back Palestinian guerrillas, withdrawing from most of the south months later.

Israel invaded Lebanon again in a much bigger operation in June 1982 when its forces seized parts of Beirut. It eventually carved out a buffer zone that stopped at the Litani. That zone was reduced gradually but the Israeli presence lasted for 18 years until 2000, when it withdrew its troops completely from the country.

Associated Press reporter Maria Sanminiatelli in Larnaca, Cyprus, contributed to this report.

Israel Says Troops Needed In Lebanon (AP)

By Steven Gutkin

AP, July 21, 2006

Israel has decided air power alone will not be enough to drive Hezbollah back from the Israeli-Lebanon border and a ground force will be needed to establish a buffer zone that is at least 20 miles deep, senior military officials said Thursday.

Top officials met Thursday to decide the size of the force but agreed to delay a final decision, they said.

The Israeli offensive won't stop, the officials said, until Hezbollah is pushed to a river north of the border and its ability to fire deadly rockets into Israeli is neutralized.

Even more importantly, Israel wants to send a strong message to all its enemies, especially Iran, that the consequences of attacking the Jewish state will be unbearable.

Mounting civilian casualties and the displacement of hundreds of thousands of Lebanese, however, could limit the amount of time Israel has to achieve its goals, as international tolerance for the bloodshed and destruction runs out.

During Israel's ground operation, its troops have encountered fierce resistance in heavily mined terrain. Sixteen Israeli soldiers have been killed in the fighting.

Almost all of the damage in Lebanon, including the deaths of more than 300 people, has been caused by Israel's aerial bombardment of rocket launching sites, bridges, roads, trucks, storage facilities and other targets.

Even so, "I don't know one single army in the world which has succeeded in conquering a terrorist organization only from 30,000 feet," said Ephraim Sneh, an Israeli politician and general who commanded an Israeli security zone in south Lebanon in the early 80s.

After Hezbollah crossed into Israel and kidnapped two soldiers July 12, Israel began pounding the guerrillas to win the men's freedom. The mission was quickly expanded: to punish and deter, to pressure the Lebanese to rein in Hezbollah and to weaken the guerrillas sufficiently so that the pro-Western Lebanese army can take Hezbollah's place in the south, possibly with the aid of a beefed-up international peacekeeping force.

Now Israel wants to create a buffer zone in south Lebanon, pushing back Hezbollah at least 20 miles northward to the Litani River. Israel also wants to neutralize Hezbollah's ability to attack Israel with rockets, 900 of which slammed into Israel in the past week, killing 15 Israelis.

European-led efforts to achieve a cease-fire appear unlikely to succeed in the near term because Israel's main ally, the United States, has given Israel a tacit green light to proceed and because Israel sees this as a decisive, make-or-break battle in its fight against radical Islamists out to destroy it.

Hezbollah shattered an Israeli taboo in the past week by firing rockets into Haifa, Israel's third-largest city. Israeli officials believe the country's deterrence posture could suffer irreversible damage if Hezbollah emerges from the current fighting unscathed.

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In addition, many Israelis view their offensive as ultimately about Iran and Syria, countries that arm and finance Hezbollah in Lebanon and Hamas militants fighting Israel in the Gaza Strip.

Sneh called the current fighting "the first round between Israel and Iran."

"They (the Iranians) are waiting around the corner with long-range missiles and God forbid with nuclear warheads. They should know they cannot mess with Israel," he said.

Israeli military officials say the army has already destroyed more than 40 percent of Hezbollah's arsenal in Lebanon. However, the same officials, speaking on condition of anonymity because of the issue's military sensitivity, acknowledge that most of those killed have been civilians, not Hezbollah fighters.

That's partly because the guerrillas have taken shelter in underground bunkers, the officials said.

What Israel needs to do now, says Israeli military analyst Shlomo Brom, is conduct limited ground operations to draw Hezbollah out of its hideouts, "destroy the units, hurting them as much as possible, destroying their infrastructure and then getting out."

Israeli officials insist they have no intention of carrying out a large-scale ground invasion or staying in Lebanon for any more than a few weeks. That's largely because of memories of Israel's ill-fated occupation of Lebanon between 1982 and 2000.

Keenly aware that sending ground troops into Lebanon carries enormous risks, Israel's political and military leaders are debating the proposed force's size, with the army brass arguing for a larger force that can better fend off attacks, the military officials said.

Brig. Gen. Ido Nehustan, a member of the army's General Staff, lamented the difficulty of fighting what he called "asymmetric warfare" in which a guerrilla group living among civilians battles a powerful army.

It's not like Israel's other war front in Gaza against Hamas. In Lebanon, he said, "We are fighting a much more capable terror organization which practically holds a sword to our neck and has 12 percent of the Israeli population living in shelters and paralyzes the entire northern part of the country."

Israel Pounds Hezbollah (WT)

By Joshua Mitnick

The Washington Times, July 21, 2006

KIBBUTZ HANITA, Israel -- Israeli soldiers raided Hezbollah positions in southern Lebanon, suffering losses for a second day yesterday, while warning Lebanese residents to "immediately" evacuate a 20-mile-wide stretch along the border.

Kibbutz Hanita is an Israeli outpost on the border with Lebanon.

Shrugging off the Israeli losses, Defense Minister Amir Peretz stressed Israel's willingness to conduct large-scale ground operations in the region, an area it occupied for 18 years until its unilateral withdrawal in 2000.

In the air, Israel continued to pound Beirut's southern suburbs and Hezbollah positions in the eastern Bekaa Valley. However Hezbollah leader Sheik Hassan Nasrallah emerged unscathed and defiant after Israel dropped 23 tons of explosives on what it said was a bunker containing the Islamic militia's leadership.

International condemnation of the Israeli activity mounted, with U.N. Secretary-General Kofi Annan saying the "hostilities must stop" and condemning Israel's "excessive use of force."

But the United States has not joined the U.N. call.

In Beirut, Lebanese Prime Minister Fuad Siniora said yesterday that there was no apparent political settlement to end hostilities between Israel and Hezbollah, and accused the United States of encouraging Israel's offensive in Lebanon.

"The United States is allowing Israel to pursue its aggression," he told Agence France-Presse.

Secretary of State Condoleezza Rice traveled to New York yesterday for a dinner meeting with Mr. Annan and European Union foreign policy chief Javier Solana.

Residents of this border farm cooperative listened to distant thumps of munitions and watched smoke rise yesterday as Hezbollah militants in at least two locations battled Israeli forces trying to destroy their bunkers and lookout posts.

Hezbollah's Al-Manar television said three Israeli soldiers were killed and 10 wounded in one engagement, while Israel acknowledged only unspecified casualties.

Hezbollah claimed to have destroyed two tanks in a clash near Kibbutz Avivim, about 30 miles east of here. Israel said one soldier was seriously injured when a missile hit a tank.

Early today, Israel Army Radio reported that two Apache helicopters had collided near the Lebanese border.

Army Radio said the two U.S.-made Apache helicopters crashed last night on a road near Ramat Naftali, six miles from the border where Israeli forces and Lebanese Hezbollah guerrillas have been fighting for nine days.

A witness interviewed by the radio described the casualties as being inside the wreckage of the aircraft, each of which carry a two-person crew.

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"It's scary, but everything is going over our heads, and nothing is landing," said Michal Porat, a 36-year-old resident of Hanita who said her greatest fear is for the Israeli soldiers who patrol outside their kibbutz. "I have no problem here. I'm only thinking of the soldiers," she said.

Two Israeli soldiers were reported killed in southern Lebanon in a similar raid a day earlier, highlighting the risks of fighting in the hilly terrain, pockmarked with bunkers and potential ambush sites. But Mr. Peretz said yesterday that Israel would not flinch.

"We don't plan to reoccupy Lebanon, but if it's necessary to carry out an operation that will prove decisive, we won't hesitate," he said. "If they are hitting us from inside Lebanese territory, we will do everything necessary."

Warnings broadcast into the area yesterday warned residents living south of the Litani River -- which runs almost 20 miles north of the border -- to "leave their areas immediately for their own safety."

Speculation about a ground campaign was fed by the seeming resilience of Hezbollah despite nine days of bombing and missile attacks that have killed more than 300 Lebanese, most of them civilians.

"I can confirm without exaggerating or using psychological warfare that we have not been harmed," Sheik Nasrallah said of the group's leadership, brushing off Israeli assertions of having struck a bunker while the leaders were meeting.

He also said on Al Jazeera that Hezbollah would never release two Israeli soldiers it is holding, even "if the whole universe comes [against us]," except as part of a prisoner exchange.

In the Gaza Strip, Israel's other front, fighting continued yesterday. Hamas militants seized an Israeli soldier June 25, setting the crisis in motion. Israeli forces said they killed 15 persons and wounded six during an operation in the Mughazi refugee camp, after having killed nine persons the day before.

Today, Israeli tanks and troops withdrew from the refugee camp. But the Israeli forces were massing on the border ahead of a possible new incursion against the nearby Bureij refugee camp, a stronghold of militants from the governing Islamist faction Hamas.

Residents of Kibbutz Hanita, situated on a mountain overlooking the hazy blue Mediterranean, can trace the route of the Israeli-Lebanese borderline eastward along the hilltop ridge from the large antennas at Rosh Hanikrah to a fenced-off compound used by United Nations troops and the remains of a Hezbollah position barely visible after it was leveled from the air last week.

But that hasn't put 25-year-old resident Oz Tzemach's mind at ease.

"I feel Hezbollah is still here. It is difficult to tell the difference between the situation now and two weeks ago," he said

"I don't know to what degree their firing ability has been hurt. We don't know how far away they are. My hunch is that it could be two miles away, it could be 10 miles away."

Israel Presses Hizbullah As Lebanese Flee (CSM)

By Joshua Mitnick And Nicholas Blanford

The Christian Science Monitor, July 21, 2006

KIBBUTZ HANITA, ISRAEL AND TYRE, LEBANON

Israel continued its precision incursion Thursday over the border into Lebanon as the army seeks to destroy the Hizbullah bunkers and lookout posts that have been used to infiltrate Israel.

Israeli artillery cannons thundered and white plumes of smoke rose up from southern Lebanon as Israeli combat engineers and armored vehicles moved against Hizbullah positions.

After Israel's unilateral withdrawal from Lebanon in 2000, the Shiite militia unfurled yellow flags over outposts in sight of Israel's border.

By the end of this round of fighting, Israel wants to ensure that the network of positions that allowed a proxy of Iran to peer over the border and collect intelligence is leveled.

"We need to be in a situation that there won't be any Hizbullah infrastructure near the border," says Reserve Gen. Yakov Amidror, the former head of the Israeli army's planning division. "If we don't take care of it now Hizbullah can return and say they never left."

The general speculated that Israel would have to clear positions six miles north of the border.

Israeli media reported Thursday that Israel's army Chief of Staff Dan Halutz said the offensive against Hizbullah will probably last a long time. And in an apparent attempt to counter the impression that Israel's government is reluctant to launch an invasion of Lebanon, Defense Minister Amir Peretz said there would be no constraints placed on the military.

"If they are hitting us from inside Lebanese territory, we will do everything necessary," he said. "It is entirely clear that we intend to settle the battle decisively.

One security official said Wednesday that a security buffer zone is being created that would "be clean of Hizbullah."

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The Israeli army is moving in special forces to clear the area of mines before bringing in bulldozers "to flatten the area and remove any sign of Hizbullah outposts and even trees so that Hizbullah can't enter again," he said.

There is a reluctance in Israel to repeat the sweeping invasion in Lebanon in 1982 because many are concerned about the lack of an exit strategy. But many believe that Israel's achievement so far will be unfinished if there is no significantly stepped-up ground offensive. "We can't only do it from the air, that's too small," said General Amidror.

Deeper into southern Lebanon, Israeli units are believed to be moving against Hizbullah, who have fired more than 1,000 rockets into northern Israel over the past week, according to Israeli media reports.

"This is a minor operation. We are not talking about moving into and cleaning up southern Lebanon," says Shmuel Bar, a Middle East expert at the Herzliya Interdisciplinary Center, a private university outside Tel Aviv.

In Lebanon's south, some 850 foreign nationals and Lebanese UN employees evacuated Tyre Thursday by sea. Their departure came shortly after Israel warned all residents to move north of the Litani River, about 25 miles from the border with Israel.

With Hizbullah showing little sign of breaking, some see Israel's ultimatum as suggesting that its week-long onslaught against south Lebanon, which has claimed at least 300 civilian lives, could indeed strengthen.

"The foreigners have gone and that means the war will really begin now," says Hassan Bazzi, a port worker.

Hundreds of people crammed into vehicles to undertake the perilous trip northward. Normally a city of 100,000, up to 80 percent of residents have left.

Thursday was calmer than previous days. But for Hassan Fawaz, it was the eighth day he had spent trapped with 25 people in a basement near Tibnine, 12 miles south east of Tyre.

"We are very, very scared," says Mr. Fawaz, a translator with the UN peacekeeping force in south Lebanon (UNIFIL), speaking over a cellphone. "The UN says we should stay where we are, but we have been hearing the sounds of bombing 24 hours a day since it began," he says. "We are praying all the time. Pray for us, too."

UN officials estimate that about 60 percent of the population south of the Litani, which swells to about 290,000 in the summer, has already fled north.

Tyre Mayor Abdul Mohsen al-Husseini is struggling to cope with a humanitarian disaster. Some 20,000 people have fled their villages for the relative safety of the city, which has suffered only one air strike so far. "My house was destroyed two days ago," says Akhlas Jaber who had just arrived from Qana. She points to some of her children. "Are these fighters?" she asks angrily. "Is that baby a fighter? None of the fighters are dead, only the women, children, and sheikhs."

Further north, in Beirut, the city was constructing makeshift shelters and people slept in doorways and parks. The number of people who have fled homes has reached 400,000 to 600,000 people, says Asma Andraos of the newly formed governmental Higher Relief Council.

More than 100 public schools have opened their doors, but they are short on supplies. There are few showers or toilets. Most of the inhabitants are women and children who have only what could carry.

"This is the biggest crisis Lebanon has ever faced. When you have a population of 4 million and half a million are displaced, that's a catastrophe," she says.

Most of the displaced come from the south or the devastated southern suburbs of Beirut. Exact numbers are hard to come by. But "it's rising by the day. Thursday 10,000 people turned up at the schools," Mr. Andraos says.

Ali Makki, an IT consultant who volunteers for the Higher Relief Council, said he had fielded heart-breaking calls on Wednesday. One man called asking for food and mattresses because he had taken in two families. "He said, 'I had only $10 in my pocket, and now I don't have anything. But I gave these people somewhere to sleep and I can't ask them to leave,' " says Mr. Makki. He was put on a waiting list at the overwhelmed center.

Israel Defiant As Demands For Cease-fire Grow (MCT)

By Matthew Schofield And Warren P. Strobel

McClatchy Newspapers, July 21, 2006

JERUSALEM - The broad outlines of a diplomatic strategy to end Israel-Hezbollah fighting emerged on Thursday with United Nations Secretary-General Kofi Annan calling for a cease-fire and the United States announcing that Secretary of State Condoleezza Rice would travel to the Middle East as early as next week.

Israel, however, said it wouldn't stop fighting until it had achieved its military goals. Israeli troops on Thursday were sent back into southern Lebanon, where four died in skirmishes with Hezbollah guerrillas. Israeli air raids again rained devastation on Beirut's southern suburbs, and hundreds of thousands of refugees scrambled to escape the fighting.

But the number of Hezbollah rockets hitting Israel dropped to 50, one of the lowest totals in nine days of war. There were no reports of casualties.

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In Beirut, the minister of social affairs became the first senior Lebanese official to blame Syria and Iran publicly for the abduction of two Israeli soldiers that touched off the fighting. But the comments of Nayla Moawad, a Maronite Christian whose husband, Lebanese President Rene Moawad, was killed in the country's long civil war, weren't echoed by other officials.

International officials warned of a growing humanitarian crisis as hundreds of thousands of Lebanese who've fled the fighting face shortages of food, water and housing.

The U.S. military evacuation of thousands of U.S. citizens continued Thursday, with U.S. officials announcing that nearly 3,000 people had been transported to Cyprus. Cyprus' government pleaded for international assistance to cope with the influx of thousands fleeing Lebanon.

Rice and President Bush so far have refused to intervene to stop the fighting, allowing Israel to continue a military offensive that's aimed at dislodging Hezbollah from southern Lebanon and eliminating it as a threat.

Speaking in New York, Annan said a cease-fire wouldn't just save lives and provide aid agencies a chance to help displaced people, but it would also "give diplomacy a chance to work out a practical package of actions that would provide a lasting solution to the current crisis."

Annan, who was scheduled to confer with Rice Thursday evening, said that a U.N. team sent to the region proposed several steps to end the crisis.

The steps include an expanded U.N. peacekeeping force in southern Lebanon that would replace the current force, known by the acronym UNIFIL; Lebanon's agreement to implement U.N. Security Council Resolution 1559, which calls for the dismantling of militias such as Hezbollah; urgent international funding for Lebanon's reconstruction; and an international conference that would, among other steps, finally delineate Lebanon's disputed borders.

Rice was scheduled to meet with the U.N. team on Friday.

"This is going to be very large. It's not just going to be a cease-fire," said a Middle East diplomat who confirmed elements of the package on condition of anonymity.

In Israel, officials showed little enthusiasm for a cease-fire and suggested that sending in ground troops might be necessary.

"The air attacks are not enough to destroy the Hezbollah infrastructure," said Maj. Gen. Benny Gantz, the head of Israel's infantry. "Hezbollah has been planning this for years."

On Thursday, Israeli ground forces targeted Hezbollah rocket-launch pads and other tactical targets, encountering Hezbollah gunmen in often close-quarters fighting that left four Israeli soldiers dead. Israeli military sources would confirm only one Hezbollah death.

Israeli bombing also continued throughout Lebanon. Israeli jets dropped 23 tons of explosives on what Israeli officials said was a Hezbollah bunker in southern Beirut but Hezbollah officials said was a mosque under construction. A McClatchy Newspapers reporter who viewed the site said it was impossible to know what had been there; the explosives left only a huge hole filled with electrical wires and debris.

Bombing also hit southern Lebanon as international aid officials expressed concern about their inability to assist residents there.

The 50 Hezbollah rockets fired Thursday into Israel were a sharp decrease from 115 the day before. In all, Hezbollah is believed to have fired 775 rockets since the fighting began a week ago Wednesday.

There were no reported deaths from rocket fire in Israel on Thursday, but an Israeli tank shell reportedly killed four Palestinian militants and two civilians in Gaza on Israel's southern border. Three militant fighters reportedly were killed in the West Bank town of Nablus during an Israeli raid.

Israeli military officials said the Nablus attack was aimed at senior leaders, including "wanted terrorists under the control of Hezbollah leadership in Lebanon." They spoke on the condition of anonymity because Israel's intelligence on terrorists is classified.

The same military officials said that Israel now believes that Hezbollah recently has intensified efforts to launch suicide attacks from Gaza and the West Bank.

In Beirut, few politicians seemed eager to echo Moawad's comments about Syrian and Iranian involvement in Hezbollah's decision to cross the border and capture two Israeli soldiers. Three other soldiers were killed in the initial attack, and five Israelis died in subsequent fighting.

"The decision for this operation was not taken in Lebanon," Moawad said at a daily news briefing for reporters organized by the Lebanese government. "We are convinced it was taken in Damascus, with Iranian coordination."

But calls to 12 other Lebanese officials found only one willing to comment. Industry Minister Pierre Gemayel, a Christian and the son of a former president and the nephew of another, said it was too early to point fingers when Lebanon is suffering a humanitarian disaster. "Talking about this issue is useless now and could incite disputes," he said.

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Meanwhile, the U.S Embassy in Cyprus rented a massive exhibition hall at Cyprus' state fairgrounds where American evacuees waited for flights to the United States, biding the time by resting on folding beds or watching movies.

Two ships scheduled to reach the Mediterranean island Friday morning were carrying about 2,000 passengers. About 1,000 Americans were evacuated Thursday, most of whom quickly traveled on to the United States.

But the crush of people fleeing Lebanon clearly was pushing Cyprus to the breaking point. Hotels were booked solid, accommodating not only evacuees but also an influx of humanitarian workers, some of whom were sleeping in shifts in overcrowded rooms.

Schofield reported from Jerusalem, Strobel from Washington. Contributing to this report were Hannah Allam and McClatchy Newspapers special correspondent Nada Raad from Beirut, Shashank Bengali from Larnaca, Cyprus, and Drew Brown from Washington.

Nasrallah Says Hezbollah Leadership Intact (AP)

AP, July 21, 2006

Hezbollah leader Sheik Hassan Nasrallah said Thursday that the group's leadership remains intact, appearing an interview on Al-Jazeera a day after Israel said it bombed a bunker where he may have been hiding.

Nasrallah vowed never to release two Israeli soldiers captured by his guerrillas even if "if the whole universe comes (against us)," saying they would be freed only part of a prisoner exchange brokered through indirect negotiations.

Israeli warplanes dropped 23 tons of explosives Wednesday night on a site in south Beirut it said was an underground bunker where Hezbollah leaders — including possibly Nasrallah — were meeting.

Hezbollah immediately denied there was any bunker and said none of its members was hurt in the strike. It said the bombs hit a mosque under construction.

"I can confirm without exaggerating or using psychological warfare, that we have not been harmed," he said, referring to the strike.

Al-Jazeera, which aired only excerpts of the interview, said it was taped earlier Thursday. The interviewer said the interview took place amid tight security precautions but did not say where. Nasrallah has been in hiding since Israel's onslaught began July 12, though he gave a speech on Hezbollah television on Sunday.

Nasrallah also denied claims by Israel to have destroyed half of Hezbollah's rocket arsenal, calling the claims "baseless."

"Hezbollah has so far stood fast, absorbed the strike and has retaken the initiative and made the surprises that it had promised, and there are more surprises," he said, warning that a Hezbollah defeat would be "a defeat for the entire Islamic nation."

Bunker Strike Failed, Says Hizbollah (FT)

By Ferry Biedermann

Financial Times, July 21, 2006

The leader of Lebanon's Hizbollah movement, Hassan Nasrallah, emerged Thursday night from hiding to deny that the command structure of his group had been damaged by an Israeli attack earlier in the day.

Speaking on the Arab satellite television station al-Jazeera, the Hizbollah leader said that a massive Israeli strike on one of Beirut's southern suburbs, using more than 20 tons of explosives, had not hit its intended target. "I can confirm, without exaggerating or using psychological warfare, that we have not been harmed," he said.

The Shia fundamentalist group earlier took reporters on a visit to its devastated stronghold of Haret Hreik in south Beirut but did not provide access to the adjacent neighbourhood where Israel said it targeted a "leadership bunker".

In his interview, Mr Nasrallah ridiculed Israeli claims that it was making headway in its attacks on the military structure of the movement. "All this Israeli talk that they hit 50 per cent of our rocket capabilities and warehouses, this talk is all wrong and nonsense."

A Lebanese military expert also said he doubted that Israel had made much headway against the group. "Hizbollah has no visible personnel infrastructure on the ground. They are organised in cells, they look like civilians, they move fast and they are trained to hide," he said.

As for the missiles, the expert, a former Lebanese army officer who wished to remain unnamed, said the longest range rockets were buried in the south and in the eastern Bekaa valley, "so deep that bombs cannot reach them and guarded by suicide commandos".

The Haret Hreik neighbourhood of Beirut, where many Hizbollah offices were located, has been changed beyond recognition by the bombardments over the past nine days.

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The damage was not limited to the intended targets – most of those were destroyed – but the explosions also caused heavy damage to surrounding buildings, with whole facades blown out.

Documents and visiting cards bearing the Hizbollah logo are mixed in with the gravel, twisted metal and splintered wood that litter the roads. Pictures from people's family albums, showing children playing, weddings and graduation ceremonies, flutter around.

One couple fled the deserted neighbourhood when the impact of more bombs could be heard in the distance. "We escaped after the first day and just came back to see how our house is doing," the husband said. "It's not there any more."

In the south, Hizbollah fighters were engaged in fierce clashes with Israeli soldiers on the border for a second day. The group's spokesman in Beirut said this showed that Israeli claims that only military targets were hit were clearly wrong. "We have no fighters here in Beirut, they are all in the south, on the front."

Thousands of foreign nationals continued to leave as evacuation efforts were stepped up. Many Lebanese who have to stay behind voiced concern that Israel would step up its attacks once foreigners had left.

On the edge of the bombed-out southern neighbourhoods of Beirut, some Hizbollah supporters have remained. One expressed his pride in the movement. "We are only a small group standing up to a mighty nation. I hope that they will come in with ground troops so that we can face them."

The Hizbollah supporters seemed to take the destruction in their stride.

"Lebanon will survive and will be stronger and more united because of the war," said one young man. He considered all the destruction a price worth paying for the capture of the Israeli soldiers who were meant to be exchanged for Lebanese prisoners in Israel

Hezbollah Trained For 6 Years, Dug Deep Bunkers (WT)

By Abraham Rabinovich

The Washington Times, July 21, 2006

JERUSALEM -- Hezbollah has dug dozens of bunkers in the difficult hill country in Lebanon close to the Israeli border, some as much as 130 feet deep, from which fighters can emerge at night for forays against Israeli positions, according to Israeli military officers.

Numerous mines have been planted by Hezbollah against personnel and armor, and their mortar squads have the area zeroed in.

According to Israeli intelligence sources cited in newspaper reports, the bunkers were dug deep apparently to withstand the bunker-buster bombs such as the ones Israel dropped on suspected Hezbollah bunkers this week.

Hezbollah fighters can ride out the heavy artillery and air attacks in the bunkers, which are fitted with communications equipment to remain in touch with headquarters and adequate supplies for a long stay below ground.

"They've been preparing for this battle for six years, ever since Israel's withdrawal from south Lebanon," a senior Israeli officer said.

The Israeli political and military leadership is reluctant to undertake a massive ground incursion into Lebanon and hopes that air and artillery attacks and political pressures within Lebanon will bring Hezbollah to heel.

However, the unflinching battle Hezbollah is waging thus far has raised questions about whether such a strategy will work.

"I'm against going in on the ground," said Tzahi Hanegbi, chairman of the Knesset Foreign Affairs and Defense Committee, yesterday. "At least at this time. The disadvantages are greater than the advantages."

The disadvantages were demonstrated Wednesday when an elite Israeli unit that had penetrated a mile into south Lebanon at night in search of Hezbollah rocket teams was ambushed by a well-hidden guerrilla force. Two soldiers were killed and nine were wounded. Two Hezbollah fighters were also reportedly killed.

Yesterday, Israeli troops crossed into Lebanon for a second day in search of tunnels and weapons, and faced fierce resistance, the Associated Press reported. Hezbollah's Al Manar television said three Israeli soldiers were killed yesterday. Al Jazeera television put the number at four.

When Israel pulled out of Lebanon in 2000, it was after years of skirmishing with Hezbollah in which the Shi'ite militia proved itself an efficient guerrilla force. Since then, thousands of Hezbollah fighters have undergone training in Iran, which has also provided Hezbollah advanced armaments as well as intelligence and communications capabilities it did not have previously.

Hezbollah leader Hassan Nasrallah in a television appearance last week said that Hezbollah would welcome an Israeli incursion.

Despite heavy Israeli artillery attacks on southern Lebanon and frequent air strikes, Hezbollah has managed to fire about 100 missiles into Israel almost every day since the confrontation began last week. The aggressiveness of the front-line Hezbollah

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fighters has also been demonstrated by several attempts in the past week to penetrate the border and attack Israeli villages despite the heavy Israeli military presence. These attacks were driven off.

Gen. Dan Halutz, Israeli chief of staff, told the Israeli Cabinet Wednesday that Hezbollah wanted to drag Israel into a war of attrition. He said that plans have been laid for a ground incursion, but the army is not implementing them at the moment.

Can Force Fell Hizbullah? (CSM)

By Howard Lafranchi

The Christian Science Monitor, July 21, 2006

WASHINGTON

As Israel continues to strike inside Lebanon in a bid to rout Hizbullah, the radical Islamist group is using two weapons to wage war: rockets and, more effective, TV images of civilian destruction inflicted by Israeli bombs.

The latter "weapon," broadcast over the Hizbullah-run TV station Al Manar to pump up Arab sympathies, may in the end be more powerful than Israel's military punch - a counterpunch to Israel's assertion it can crush Hizbullah through use of force.

Though Israel has eroded the militant group's ability to inflict harm, Hizbullah may in fact be pleased with the results of the violent crisis it touched off over a week ago. Its position in the area - as a service-provider in a longtime stateless zone and as a vent for Arab anger and disappointment over dashed economic and political hopes - remains secure, many experts say.

Under this scenario, analysts add, Hizbullah is here to stay - at least for the indefinite future.

Military force, no matter how overwhelming, simply can't be counted on to crush the militants, they say. It might even be what they want.

"Since many terrorist groups are caught up in notions of cosmic war - grand struggles of religious dimensions - they in fact welcome overt warfare since it vindicates their views of the war, a war whose timelines are very long," says Mark Juergensmeyer, a specialist in "new terrorism" at the University of California at Santa Barbara, who visited Lebanon just before bombs began to fall. "A siege is exactly what they want - it keeps them motivated."

Military force has successfully eradicated radical groups in the past, but under very different circumstances. The Maoist Shining Path organization that dominated and terrorized parts of Peru in the 1980s was finally obliterated by relentless search-and-destroy missions and long-term imprisonment of leaders.

But perhaps the key factor was not the military campaign but the evolution of South America. Shining Path was doomed by the waning of radical thinking in a decreasingly ideological region.

That is not the case in the Middle East, where radical Islam, religious nationalism, and "jihadism" are on the rise - witness the electoral victory of Hamas in the Palestinian territories, Hizbullah's rise through elections to a minority role in the Lebanese government, and the tenacious popularity of the Muslim Brotherhood in Egypt.

"Hizbullah is particularly deep-rooted, and the Hamas government [in the Palestinian territories] is a fixture for some time to come, so they have to be seen as factors that are here to stay, at least for the medium to long term," says Mahan Abedin, an expert in radical Islamic groups at the Center for the Study of Terrorism and Political Violence in London.

What Israel can accomplish through its military campaign, others say, is a weakening of Hizbullah's ability to strike Israeli territory with missiles and rockets. But even that effort, they add, comes with collateral risks.

"Can Israel considerably reduce the threat posed by Hizbullah as a paramilitary group? That it can probably do," says Brian Michael Jenkins, a terrorism expert at the Rand Corp. in Arlington, Va. "But will Israel be able to destroy Hizbullah in terms of its identity, the determination of its leadership, the devotion of its followers, and their dedication to continuing the struggle? No, that's not realistic."

The US has some experience with that reality in its pursuit of Al Qaeda, he says. While cautioning against "lumping together" radical Islamic groups, Jenkins says the US has made progress in undermining Al Qaeda's operational capabilities. On the other hand, he cautions, the US has been less successful at reducing the appeal of Al Qaeda's message, which "continues to radicalize and deepen the zeal of large numbers of young Islamic men."

Turning to the US experience in Iraq, Jenkins sees a trajectory that mirrors Israel's. "There is no military challenge in Iraq that can defeat us," he says. "But has our presence reduced a radicalization of parts of the population or pacified the country? No it hasn't."

Even if Israel destroys 80 percent of Hizbullah's arsenal - estimated at more than 12,000 rockets - the supply could be replenished within four months, says Mr. Abedin. Iran, Hizbullah's chief supplier, is capable of manufacturing 10,000 rockets a month of the types Hizbullah is using, he says. "The best Israel may be able to achieve is to make it more difficult for Hizbullah to receive the armament and use it in the future."

Beyond that, Israel's aim is to "impose on the region its military hegemony, and to impress its enemies," Abedin says. "It's showing Iran it is capable of this kind of sustained military campaign."

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That will not reduce the long-term threat from the Islamist movement opposing Israel, he says. "Whenever the Israelis use disproportionate force they strengthen their enemies and rally popular support [for them]. The fact Israel hasn't learned this lesson," he adds, "is quite extraordinary."

Jenkins, who has a military background, sees the same dilemma posed by short-term necessities and long-term interests. "Right now, Israel's primary obligation is to end the barrage of rockets and mortars coming into its territory," he says. "But they should also understand that accomplishing that will not do much to advance - and can even complicate - what is, after all, a long-term political fight."

For countries facing this challenge, a priority is "to broaden strategies to be far more effective at political warfare," says Jenkins. In some cases "negotiations are in order," he says, noting that the British negotiated with the IRA and the Spanish with the radical Basque group ETA. The Iraqi government is signalling its willingness to talk with part of the insurgency (the more traditionally political opposition, not the Al Qaeda-inspired forces).

In the long run, military campaigns won't be the answer, most analysts agree. "There may be military battles that have to be fought," says Jenkins, "but the real answer is to focus more on how to diminish the appeal of the radical message."

Fighting Force Amid Ties To Iran, Hezbollah Builds Its Own Identity (WSJ)

By Jay Solomon And Karby Leggett

The Wall Street Journal, July 21, 2006

A day after Israel dropped 23 tons of explosives in an attempt to kill him, Hezbollah leader Hassan Nasrallah appeared on al-Jazeera television yesterday and struck a defiant pose. "Hezbollah has absorbed your strike and retaken the initiative," he told Israelis, wagging a finger for emphasis. "We have more surprises to come."

The theatrical threat was a reminder that, for all of Hezbollah's allegiance to Iran, the Lebanese militant group is a force with its own strong identity in the region. Mr. Nasrallah has tried to build himself into an anti-Israel symbol in the Arab world, while sharpening Hezbollah's military discipline and spreading its tentacles in Lebanese society.

Hezbollah's dual nature -- as a suspected tool of Iran's regional ambitions and as a Lebanese group with its own charismatic leader -- complicates the search for a solution to the crisis in the Middle East. The crisis started when Hezbollah kidnapped two Israeli soldiers. Israel retaliated by carrying out bombing across Lebanon and slapping a naval blockade on the country.

Hezbollah's flag, a fist reaching toward an AK-47, is modeled after the symbol of Iran's Revolutionary Guard. And Hezbollah maintains an office on Tehran's premier boulevard. Israel and the U.S. are eager to crush the group as a means to limit Iran's own military capabilities. Many U.S. officials believe Tehran has been inciting Hezbollah to act against Israel as a way of discouraging Western efforts to contain its nuclear program.

Virtually all Lebanese politicians and analysts agree that the current crisis is unlikely to end without Iran's involvement. Iranian President Mahmoud Ahmadinejad has publicly praised Hezbollah's latest moves to confront Israel. Until Iran actively calls for Hezbollah to lay down its arms, few Lebanese believe it will.

Yet Hezbollah's history has been a balancing act between its Iranian backers and its Lebanese identity. "Some people try to make it look like Hezbollah is a mere tool in the hands of the Iranians in Lebanon," says Aly al-Amine, a Lebanese political analyst. "The fact is that Hezbollah has its ideology and beliefs as well as internal discipline and secret security system."

From its start in the early 1980s, Hezbollah, a Shiite Muslim group, had a close association with the leaders of Shiite-dominated Iran's 1979 Islamic revolution. Lebanon's Shiite community is estimated to be around 40% of the nation's population. Shiites have long been at the bottom of the country's economic ladder, with high unemployment and illiteracy rates. Lebanon's Christian and Sunni classes have dominated the country's political and business circles.

Iran's financial aid and religious oversight in the 1980s helped galvanize Lebanon's Shiites. U.S. intelligence officials based in Beirut during the period say cadres from Iran's Revolutionary Guard encouraged women to wear the Islamic veil and inspired social groups and charities in Lebanon's Shiite slums. Young Lebanese Shiite men went to Iran for military training.

Hezbollah, which means "Party of God" in Arabic, was born in this milieu. Iranian leadership instilled impressive discipline among Hezbollah's ranks and a flair for the dramatic. One former Central Intelligence Agency chief in Lebanon said he was amazed by the sight of Hezbollah fighters walking in goose steps down a Beirut avenue. "It seemed pretty clear that they were just an extension" of the Revolutionary Guard, he said.

Hezbollah quickly became the leading force in combating Israeli and U.S. influence in the region. After U.S. Marines occupied Lebanon in an attempt to enforce a United Nations-sponsored peace agreement between warring Lebanese factions, Hezbollah carried out a string of kidnappings and suicide bombings against American targets in Beirut and elsewhere. In October 1983, a Hezbollah bomber killed more than 241 Marines in a suicide attack on the Americans' barracks in Beirut. It was the largest terrorist attack on U.S. citizens at that time.

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The ringleader of these and subsequent attacks, say U.S. and Israeli officials, is Hezbollah's chief military official, Imad Mugniyah. A former bodyguard for the late Palestinian leader Yasser Arafat, Mr. Mugniyah had been an engineering student at the American University in Beirut. He is at the top of the Federal Bureau of Investigation's most-wanted terrorist list, with a $5 million bounty on his head.

Over the years, Hezbollah worked to develop its own identity and become part of Lebanon's social fabric. In the south, for example, the group provides its social services to significant numbers of Christians and Druze Lebanese. Last year, after Syria decided to withdraw its troops from Lebanon, elected Hezbollah politicians joined Lebanon's ruling coalition government for the first time. That forced the movement to focus more energy on Lebanese issues.

Leading the Push

The man who has led this push, say Lebanese politicians and analysts, has been the 46-year-old Mr. Nasrallah, Hezbollah's secretary general. He took control of Hezbollah in 1992, following the assassination of its previous leader, Abbas al-Musawi. Mr. Nasrallah wears glasses and a black turban and sports a salt-and-pepper beard.

Originally a member of a largely secular Shiite party, Mr. Nasrallah took a more Islamist outlook under Iranian influence, say people who have met him. He studied for three years at a Shiite seminary in the Iraqi city of Najaf.

Upon his return, he gained the respect of many Hezbollah fighters by spending significant time at the Israeli front, these people say. Mr. Nasrallah's own son was killed fighting against Israel, sealing Mr. Nasrallah's reputation as a man willing to sacrifice for his cause. He was held in even higher esteem when, upon viewing the bodies of the dead fighters, he didn't linger any longer over his own son's body than over the others.

One of Mr. Nasrallah's first changes as a Hezbollah leader was to separate its military and political arms, say those who worked with him. During the 1980s, Hezbollah fighters were often massacred in firefights with Israelis, say Lebanese military analysts, provoking concerns that politicians, intentionally or inadvertently, were tipping off the Israeli army. Today, the organization's military officers report only to Mr. Nasrallah among Hezbollah's Shura Council, its organizing body.

"Hezbollah is probably the best-organized group in the entire Middle East," says Fouad Hamdan, a Lebanese democracy activist and Hezbollah critic who now lives in Europe. "They are frighteningly professional."

Mr. Nasrallah also vowed to retaliate for every Israeli attack. Hezbollah began flying unarmed drones over Israel in response to the constant buzzing of Israeli jets and predator drones. One person who knows Mr. Nasrallah says the leader sought to make the drone as noisy as possible in an attempt to unnerve Israeli citizens, even though he knew it had limited military potential.

Hezbollah's secretary general is also described as a skillful propagandist. In recent years, al-Manar, Hezbollah's television network, has taken to dispatching reporters on military operations, filming battles and the slaying of Israeli military personnel. The goal is to galvanize support for Hezbollah among Palestinian and other Arab groups. The U.S. has blacklisted the channel as a terrorist organization and sought to block its advertising and signal.

"Al-Manar is Nasrallah's baby and has been very effective in the propaganda war," says Timur Goksel, a former spokesman for the U.N. in southern Lebanon. For Hezbollah's opponents, he says "it can be very demoralizing."

Even as Mr. Nasrallah has developed Hezbollah into an independent force, he has also deepened its ties with Iran. U.S. and Israeli officials say a steady stream of Iranian military hardware flows to Hezbollah through Syria -- including night-vision goggles, machine guns, explosives, rockets and missiles. These officials say Iran has also supplied a long-range guided missile known as the Zelzal, which military experts believe can reach Tel Aviv from Lebanon.

In all, Iran is estimated by some military analysts to provide Hezbollah as much as $120 million a year for its activities. Hezbollah's annual budget is estimated to be at least $250 million, experts on the group say. Revolutionary Guard agents continue to train Hezbollah fighters, both in southern Lebanon and in Iran itself, U.S. and Israeli officials say. Iran denies it has agents in Lebanon, as does Hezbollah.

As Shiites, Iranian and Hezbollah leaders share a common view of history, seeing their sect as a victim of mistreatment at the hands of Sunni Muslims, European colonialists, and today Israel and America.

Beyond Weapons

Iran's support for Hezbollah goes beyond weapons. In Hermel, a city in the northern stretch of Lebanon's Bekaa Valley, Iranian money helped Hezbollah set up an organic farm. Sitting in his office on a recent day, Hussein Kansoh extolled the virtues of Hezbollah's construction arm and the support it gets from Iran. Behind him was a picture of Iran's top cleric, Ayatollah Ali Khamenei. "We have big plans for the future," he said.

Some say Hezbollah may have overstepped by kidnapping the Israeli soldiers -- a gambit that almost certainly was carried out with Iran's approval. Lebanon's prime minister, Fuad Siniora, has repeatedly criticized Hezbollah for threatening his country's economic and political future by unilaterally plunging Lebanon into a war with Israel. Many Sunni-majority nations that are wary of

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Iran's growing power, such as Jordan and Saudi Arabia, are actively supporting the push by the U.S. and Israel to completely disarm Hezbollah.

Hezbollah runs the risk of depleting its military as it uses up its missile stocks and suffers the daily Israeli barrage. "Hezbollah might have been surprised by the Israeli response, or it might have been tricked into believing that other regional forces would join the war," said Mr. al-Amine, the political analyst.

But in yesterday's pretaped interview on al-Jazeera, which the Arab satellite channel said was conducted amid heavy security, Mr. Nasrallah said Hezbollah is well-prepared to keep fighting. He specifically mentioned the amount of explosives that Israel dropped on a Hezbollah compound on Wednesday, apparently trying to prove he survived the strike. Mocking Israel, he said: "Even if the whole universe comes, they will not be able to take back your two soldiers."

Mr. Nasrallah called again for a prisoner swap with Israel, which holds some Hezbollah fighters in its jails. Appealing for Muslim support, he said a defeat for Hezbollah will be "a defeat for the entire Islamic nation." His comments came as Israeli troops and Hezbollah guerrillas were engaged in a fierce firefight about one mile inside southern Lebanon. At least two Israeli soldiers were killed as well as several Hezbollah fighters.

As a tight-knit guerrilla organization in an increasingly weak state, Hezbollah may be better-prepared to endure the Israeli onslaught than Lebanon's mainstream parties and organizations, say Lebanese analysts. Hezbollah is trying to position itself as the principal guarantor of Lebanese sovereignty.

"Israel has not been able to undermine Hezbollah's military capabilities...because the resistance has no fixed bases or bunkers," said Nawar Saheli, a Hezbollah lawmaker. "It fights in a way that the Israeli enemy fails to fathom."

-- Mariam Fam in Beirut, Lebanon contributed to this article.

Israel's Hezbollah Fight Bolsters Syria's Assad (WSJ)

By Philip Shishkin

The Wall Street Journal, July 21, 2006

DAMASCUS, Syria -- Israel's military campaign in Lebanon is further entrenching the government of Syrian President Bashar Assad, capping a tumultuous year in which the leader consolidated control over the ruling party, cracked down on the opposition and was forced to end his country's occupation of Lebanon.

Now, Syria's long-term backing of the Lebanese Islamist group Hezbollah is translating into greater popular support for Mr. Assad, who since Israel's recent attacks began has cast himself as a wartime leader immune to internal criticism. That Israel is a sworn enemy of Syria is an opinion so widely held here that it is difficult for the country's opposition to attack Mr. Assad.

"The actions of Israel play an important role in creating more support for the [Syrian] regime," says Akram al-Binny, a longtime opposition activist who spent 17 years in jail. At a time when Syria faces serious economic problems at home -- unemployment and poverty are rising, while oil reserves are about to run dry -- the pro-Hezbollah foreign policy provides the regime with a convenient rallying cry to shore up support among citizens.

The Syrian government's hardening stance is a direct result of the country's growing isolation, analysts say. Mr. Assad appears to have concluded he has little option but to continue Syria's unflagging support for Hezbollah and its alliance with Iran -- the very agenda that the Bush administration has hoped to reverse.

Damascus's stance poses a regional security challenge because it has little incentive to alter its policies, while the West and Israel don't have any real leverage to encourage change here, barring a direct military intervention.

"When the external environment isn't friendly, you close up, you get worried, you don't take risks of reform," says Nabil Sukkar, a Damascus-based economic consultant and a former World Bank official.

Barely more than a year ago, it still seemed to many here that Mr. Assad's regime was vulnerable to pressure for gradual change. A United Nations report implicated senior Syrian officials in the murder of a prominent Lebanese leader. Although Syria denied the charges, the murder helped pave the way for an end of Syria's longtime military occupation of Lebanon. Inside Syria, several opposition groups publicly called for greater individual rights and more political openness.

But Mr. Assad's regime was moving in the opposite direction. Last summer, he reshuffled senior ranks of the ruling Baath Party, installing loyalists in key positions and reaffirming the party's central role in Syrian society, at a time when dissenters were hoping the party was prepared to relax its decades-long dominance of politics and the economy here.

In May, more than a hundred Syrian and Lebanese activists, seeing a narrow political opening, signed a petition calling on Syria to normalize its relations with Lebanon after the military withdrawal. Shortly afterward, several Syrian signatories were arrested, including Mr. al-Binny's brother Anwar, a human-rights lawyer who Mr. al-Binny says could face a long prison term for forming an illegal organization. The substance of the petition was far from radical; the activist says he suspects the arrests were calculated to deliver a message that even innocuous-looking appeals for change can result in harsh punishment.

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Israel's attack on Hezbollah in Lebanon has rallied Syrian public opinion around the group and, by extension, around Mr. Assad, who took power in 2000 after the death of his father, longtime President Hafez Assad. "Even the opposition now believes in national unity; it's not the time to speak of our internal problems," says Mohammed al-Habash, a member of Syria's parliament who runs an Islamic-studies center and says he takes issue with the government's track record on human rights. Tens of thousands of Lebanese refugees with stories of violence and death have flooded Syria, straining the country's resources and feeding the enduring Syrian anger at Israel -- and at Washington.

Mr. Assad's support for Hezbollah, an extreme Shiite Islamist group, also serves another important domestic purpose -- stealing the thunder from Syria's own Islamist opposition, long a thorn in the side of the staunchly secular Baath party. Syria's Muslim Brotherhood -- belonging to which is punishable by death or life imprisonment -- enjoys some support in the deeply conservative parts of the country. In an effort to dilute support for any Islamist opposition, Mr. Assad's secular regime is keen to burnish its Islamist credentials. It has done so by trying to co-opt some Muslim leaders in Syria, giving them more freedom to operate, and by supporting Islamist movements abroad.

"The Syrian leaders have very good ties with foreign Islamists, and that gives them legitimacy at home," says Ibrahim Hamidi, the Damascus bureau chief of Al Hayat, a pan-Arab newspaper.

In recent days, telling posters started appearing on the streets of Damascus. On one half is Hassan Nasrallah, the bearded, turbaned Hezbollah leader. On the other half is Mr. Assad, wearing a smart suit and looking directly at Mr. Nasrallah. Even Mr. Assad's father, who also supported Hezbollah, never attempted such a vivid public linking of himself to the militant group's leaders, analysts say.

The younger Mr. Assad's foreign policy has essentially become domestic policy at a time when there are few positive developments at home to raise his popularity.

The state-dominated economy is stagnating, and the Baath party, after tentative steps of economic overhaul, appears to have slowed down the pace. The economy is dominated by inefficient industrial and agricultural production, while oil, which Syria has long used to finance its bloated public sector, could run out as early as 2008, presenting the government with serious economic problems, particularly among the restive, unemployed youth. "A potential crisis is around the corner, because of oil," says Mr. Sukkar, the economic consultant.

Iran Seeks To Become Major Mideast Player (AP)

By Brian Murphy

AP, July 21, 2006

Iranian officials often say that places with the greatest troubles offer their country the best opportunities.

Iranian influence in Iraq has surged since the U.S.-led invasion three years ago. Its reach into Afghanistan continues to grow.

And now, the war in Lebanon could make Iran an even more important player in the Islamic world even as its militant Shiite Arab client, Hezbollah, gets pounded by Israel.

"Iran sees itself more than just the moral father of Hezbollah. Iran seeks to become a major force across the region as a counterbalance to America and Israel," said Ahmad Bakhshaiesh, a professor of political studies at Tehran's Azadi University.

"Lebanon is part of this plan," he said.

Already, officials and experts say that for any cease-fire or broader peace package to succeed, Iran's deep ties with Hezbollah must be taken into account.

Hezbollah could emerge from the battles severely weakened militarily, but with its reputation enhanced in the Muslim world for resisting Israel. That in turn would give Iran, a non-Arab country, an even higher profile in the Arab world — a prospect that frightens the Jewish state.

Iran "is the main perpetrator, harborer, financier and initiator of terror and of which the Hezbollah... is only the proxy," Israel's U.N. Ambassador, Dan Gillerman, told reporters Thursday.

Iranian leaders have never fully disclosed the levels of financial and military help funneled to Hezbollah strongholds since its founding in the early 1980s. Iran also denies Israeli claims that it has dispatched Revolutionary Guard advisers and directly supplied longer-range missiles that have reached deep into Israel.

But many analysts in Iran and abroad believe Tehran remains firmly at the helm of all important Hezbollah decisions, including the cross-border attack last week that touched off the worst fighting in 24 years.

"Hezbollah simply would not have taken the brazen steps to create murder and mayhem without the assent — if not the actual steering — from Tehran," said Lawrence Haas, an expert on Hezbollah at the Georgetown Public Policy Institute in Washington.

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Iranian Foreign Minister Manouchehr Mottaki postponed a trip to India to remain in the region. A hard-line parliament member, Sayeed Abu Talib, predicted Iran could be positioning itself for eventual truce talks.

"There can be no negotiations without Iran," he said. "Otherwise, any deal is doomed to failure."

Many believe Iran supported the raid that captured the Israeli soldiers because it wanted to reassert Hezbollah's profile. Headlines and support had been flowing to the Palestinian group Hamas — the target of punishing Israeli raids and attacks in retaliation for an ambush last month from the Gaza Strip that took one soldier captive.

Others — including Israeli Prime Minister Ehud Olmert — say Iran could be seeking to deflect international attention from its nuclear program. On Thursday, Iran announced it would reply Aug. 22 to a set of Western incentives aimed at suspending its uranium enrichment work.

"The crisis has caused the world to forget Iran's nuclear activities at least for the time being," said Tehran-based political analyst Saeed Leilaz.

Lebanese Hezbollah officials in Tehran refused requests for interviews. A Hezbollah aid coordinator in Iran, Ahmad Doulatabadi, said only: "Hezbollah has 70 million members in Iran. Every Iranian is a supporter." He declined to discuss whether Iran was sending missiles or other military support.

Hezbollah, or Party of God, was formed in the early 1980s in Lebanon after Israel's invasion to try to root out militant factions. Hezbollah's Shiite Muslim founders took inspiration from Iran's 1979 Islamic Revolution and pledged allegiance to its leader, Ayatollah Ruhollah Khomeini. Iran — the largest Shiite nation — became a generous benefactor, sending a huge flow of money, arms and aid. Experts estimate Iran's assistance at between $10 million to $20 million a month.

Hezbollah maintains an office on Tehran's premier boulevard. Its fist-and-weapon emblem is modeled after the symbol of the Revolutionary Guard, the military pillar of Iran's Islamic Revolution.

During its early years, Hezbollah became synonymous with suicide attacks, led by a 1983 blast at Marine barracks in Beirut that killed 241 Americans. An almost simultaneous bombing killed 58 French peacekeepers. Later, Hezbollah battled Israel in southern Lebanon before the Israeli withdrawal in 2000. The State Department considers Hezbollah a terrorist group and lists Iran and Syria as state sponsors of terrorism.

In Lebanon, Hezbollah has enhanced its image by funding schools, clinic and charities. It also had entered politics, and holds 11 seats in the Lebanese parliament and two Cabinet posts.

But the Iranian connection has remained tight. Posters of Khomeini and his successor, Ayatollah Ali Khamenei, are common across Hezbollah offices and among supporters. Revolutionary Guard liaisons have been in constant contact in Lebanon, although Iran never publicly admitted their presence.

Iranian President Mahmoud Ahmadinejad — a former Revolutionary Guard commander — reportedly met in Syria in January with Imad Mughniyeh, a senior Hezbollah intelligence official. Mughniyeh is among the fugitives indicted in the United States for the 1985 hijacking of a TWA airliner in which a U.S. Navy SEAL was killed.

Iranian officials also find the Lebanon crisis has political benefits at home, uniting the people against a common enemy, Israel. Newspapers and television have carried bank account numbers for Lebanese aid groups. Hard-line commentators have expressed pride in Hezbollah's defiance.

At a rally in Tehran on Tuesday, members of the Revolutionary Guard stood under the yellow banners of Hezbollah. A 21-year-old student, Samad Doustmohammadian, wore a white shroud to symbolize his willingness to become a Hezbollah suicide bomber.

The Iranian-based wing of Hezbollah said up to 2,000 fighters are ready to travel to Lebanon if asked by Khamenei, said the Iranian Hezbollah's spokesman, Mojtaba Bigdeli.

"We think that this is the beginning of the third world war and we are ready for this," he said.

Residents Of Besieged City Feel 'Just Left Here To Die' (WP)

By Anthony Shadid

The Washington Post, July 21, 2006

TYRE, Lebanon, July 20 -- The warning came in the morning Thursday, a recorded message dialed to phone numbers in southern Lebanon. In flawless Arabic, it instructed: Leave now, beyond the Litani River that bisects the rock-studded wadis of the south. Don't flee on motorcycles or in vans or trucks. Otherwise, you will be a target. The message signed off simply: the state of Israel.

But leaving this southern Lebanese city Thursday was more complicated than a choice. Aid officials say that tens of thousands have already fled Tyre and its environs along the Mediterranean Sea but that perhaps 12,000 Lebanese remain stranded. The wartime circumstances of a besieged city keep them here: no gasoline for their cars, no money for taxi fares that

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have surged 75-fold, no faith in assurances from Israeli forces that have repeatedly attacked civilian vehicles and, most desperately, no hope of finding safety.

"We're just left here to die," said Maher Yassin, standing across from Tyre's harbor and wearing a shirt that read, "Mortal."

The plight of Tyre's people is the story of the latest Arab-Israeli conflict writ small: In nine days of attacks that Israel says have targeted the infrastructure of the Lebanese militant group Hezbollah, Lebanon's civilians have suffered inordinately, with more than 300 dead, many times that number wounded and 500,000 displaced. As this city awaits the brunt of an Israeli attack that most think is imminent, resignation, hopelessness, occasional defiance and a sense of abandonment course through the beleaguered population.

"They evacuate the foreigners, bring them to safety, and they leave us like dogs in the street," said Therese Khairallah, sitting with friends in an alley near the seashore. "A small mistake turned into this mountain of a disaster, and we're the victims."

She shook her head, on a day when attacks had waned, more breather than respite. "God knows what's ahead."

God comes up often in conversations these days in Tyre, where residents trade rumors about when Israel will unleash an even worse attack, whether its troops will invade, whether the conflict will last one week, two weeks or perhaps far longer.

"We'll not go," insisted Ahmed Mroueh, the director of Jabal Amel Hospital. He repeated the words, perhaps to reassure himself. "What else can you do? There's just no alternative. Can we leave the wounded and run away? We have to keep working."

Mroueh flipped through the handwritten ledger on his desk listing the 228 wounded his hospital has treated since fighting began.

"Look at this," he said, running down the list.

"One 11 years old, one 5 years old, one 4 years old." He stopped, just briefly. "This is a 3-month-old." Each was highlighted in yellow to denote a death. "We have not received one injured, not one dead, who's not a civilian."

Jabal Amel Hospital sits next to a bomb site where missiles destroyed three villas four days ago. Doctors at the hospital said eight children, their mother and her sister were buried in the attack. One building was flattened, rubble strewn about as in an archaeological dig; the others were in various stages of destruction. Part of a red-tiled roof was intact; the rest suggested the aftermath of a tornado.

On the other side of the hospital, 13 Red Cross ambulances pulled up in the late afternoon to evacuate 20 wounded people to Beirut. Volunteers in orange overalls and white helmets emblazoned with a cross moved quickly in and out, carrying the injured. As the ambulances departed, blue lights flashed on top, their sirens sounding a tinny wail. They drove in batches of three, four, sometimes more; the roads were too dangerous for all to go at once. Each sped out of the parking lot. These days in Lebanon, fast is the only speed on the roads.

As the Red Cross volunteers worked, a Civil Defense station wagon careered into the parking lot, carrying 32-year-old Ibrahim Saksouk, whose lower right leg was a pulp of bloodied and burned flesh. An Israeli rocket struck his car Thursday outside Qana, to the east of Tyre.

"Move! Move!" his 32-year-old brother, Haitham, yelled, helping carry him in. "Make way!"

Haitham wiped his bloody hands on his pants. "When you enter any road, you don't know if you'll ever leave it," he said.

Physician Bassam Mtarik said that with just eight ventilators, the 125-bed hospital wanted the Red Cross to free up as much space as possible for an anticipated surge in patients. He predicted supplies would last a week, no more.

"We're worried about what's ahead," he said matter-of-factly.

Mtarik had arrived in Tyre from Sidon on Monday morning, bringing with him 52 units of blood. He has been here since.

"And I'm not leaving until this is over," he said.

Mtarik walked into the hospital's basement, tinged with the smell of too many people sharing too small a space.

"These are civilians," he said, waving his hand.

Along the hallway were family after family, perhaps 90 people in all, on mattresses and blankets or milling about. Plastic sacks bulged with clothes. Bread was stacked nearby, and bottles of water lined the wall. Trash cans overflowed. The families had all come to the hospital over the past week, seeking shelter. Stranded by circumstance, none had the means to leave.

"The only thing we need is for them to stop the fighting and let us go to Beirut," said Hussein Shihab, 60, who had come from the village of Aitait with his wife, four daughters, son and five grandchildren. "Just let us get our children out of here."

The cars they came in, a BMW and Oldsmobile, had no fuel. He had no money left.

"We're like meat at the butcher shop," he said, shaking his hands. "Who can endure this? They are crushing our spirit."

There were a few televisions at the hospital, but virtually everyone relied on radios, always turned on. Rumors swirled: The lull Thursday was a preamble.

"They say they're hitting Hezbollah, but they're hitting the people. They're hitting the children," said Hussein Yaacoub, who fled his border village of Houla on Saturday. He grabbed the shoulder of his 5-year-old son, Mohammed. "Is he Hezbollah?"

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"Ask President Bush what's going to happen. Ask Condoleezza Rice. They should tell us what's ahead for us," he said.

In parts of the region, Israeli aircraft have dropped leaflets warning that any trucks traveling south of the Litani River would be suspected of carrying weapons and could be targeted. An Israeli radio station near the border urged Lebanese to flee, and the recorded telephone messages began Wednesday.

The response has been fear and flight. In the distance, off the coast of Tyre, was a cruise liner taking 600 people -- foreigners and U.N. staff members' families -- to the island of Cyprus.

"This city's going to be destroyed," said Sabrine Shabbash, a 19-year-old Swedish national waiting to depart on an orange dinghy for the ship. She stood with her fiance, 27-year-old Ahmed Zeid, her parents and her four brothers and sisters. They carried only enough clothes to fit into a single yellow shopping bag.

"Look," Shabbash said, as a blast threw up a plume of gray smoke across the harbor, the sound of the explosion smothering the call to prayer.

Near the dock, an organizer called out names: "Ali Jaafar." "Afif Wadie." "Dalia Sbatiya."

When the evacuation ended, at around 3 p.m., two U.N. armored personnel carriers blocked the blue gate to the port.

Across the street stood 18-year-old Abbas Muhanna.

"Why is it that the people of the south -- the women and the children -- die? And the foreigners are the only ones who can leave? What about the Lebanese?" Muhanna asked. "Why the foreigners and not us?" His friend Mohammed Aidibi, 20, jumped in. "The Lebanese aren't considered people," he said. "Foreigners are the only ones who have the right to live."

On the road outside the city, three young men loitered in front of a row of shuttered shops. They had no money. Even if they did, they probably couldn't afford the taxi fare to Beirut, which had gone from 2,000 Lebanese pounds ($1.33) to 50,000, sometimes 150,000($99.50).

"If I had enough money, I would have left a long time ago," said Haitham Akkasha, who worked on a banana plantation.

The three chatted about the pall cast over a paralyzed city. And they kept waiting for a car that might give them a ride for free. After two hours, they suspected they wouldn't find one.

"It's going to be like Iraq here," Akkasha said finally, "complete destruction."

His friend, Hamza Mahmoud, smiled, a grin that suggested a hopeless resignation.

"It's going to be worse than Iraq," he said.

In An Unlikely Target For Rockets, Mourning And Pleas For Peace (NYT)

By Greg Myre

The New York Times, July 21, 2006

NAZARETH, Israel, July 20 — This Arab town never expected to be entangled in the Israel-Hezbollah fighting. But on Thursday, residents mourned two young brothers killed by Hezbollah, while directing a host of grievances at Israel.

The Hezbollah rocket crashed into a residential neighborhood in the town's winding hills on Wednesday afternoon, killing Rabia Taluzi, 7, and his brother Mahmoud, 3, as they walked home from a cousin's house. Two of their older brothers, Motaz, 13, and Allah, 12, were with them but escaped serious injury.

Dozens of subdued women in black filled the living room of the Taluzis' apartment on Thursday to pay condolences, while Allah slept in the room he had shared with his younger brothers, his face buried in his hands.

The living room window was cracked from the force of rocket explosion. Sad music played on a stereo. Israeli fighter jets roared overhead, flying north toward Lebanon.

In contrast to Jewish Israelis, who overwhelmingly support the government's tough military response to a Hezbollah incursion last week, the mourners in Nazareth tended to be only mildly critical of the Lebanese group and often more so of Israel.

Some said only that they wanted an immediate end to the shooting, and steered clear of politics. Nazareth's mayor, Ramez Jaraisi, said Israel, as the stronger party, should seek an immediate truce and negotiate with Hezbollah for the release of two captured Israeli soldiers.

But some strongly criticized Israel. "The world should say to Israel, 'We don't want any more of your aggression,' " said Nabila Espanioly, a psychologist and self-described political activist who was in the Taluzi home. "What Israel is doing is state terrorism. You can't just kill civilians and destroy villages."

Hezbollah rockets have hit three Arab towns in northern Israel during the past week and have also hit an Arab home in Haifa, a city with a sizable Arab minority. The Taluzi brothers were the first Israeli Arabs to be killed, though many have been wounded. But there is no sign that this has narrowed the huge rift in public opinion between Jewish and Arab Israelis.

Arabs account for more than one million of Israel's seven million citizens, and most insist that they are loyal to Israel. Yet they are also sympathetic to Arabs throughout the wider region, with a particular attachment to Palestinians in the West Bank and the Gaza Strip, many of whom are their relatives.

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Ahmed Tibi, an outspoken Arab member of Israel's Parliament, on Monday introduced a motion that would declare no confidence in the government's handling of the conflict with Lebanon. The measure was soundly rejected, winning support only from other Arab legislators and drawing sharp criticism from right-wing Jewish lawmakers.

"There is an overwhelming consensus in Israeli society, and I don't want to be part of it," Mr. Tibi said in a telephone interview on Thursday. He emphasized that he opposed the Hezbollah attacks and empathized with Israelis facing rocket fire, but he added: "I cannot accept this destruction of another country by Israel. War crimes are being committed."

The Israeli government rejects such charges and says it is Hezbollah that intentionally aims its attacks at Israeli civilians and uses Lebanese civilians for cover. "Terrorists use the population and live among them," Foreign Minister Tzipi Livni said this week. "It's difficult to target like a surgery. Unfortunately civilians sometimes pay the price of giving shelter to terrorists."

Referring to Hezbollah's capture of two Israeli soldiers, which ignited the conflict on July 12, the mayor, Mr. Jaraisi said, "The reason given for starting this war will not be solved by fighting, only through negotiations."

"I'm calling on the parties, mainly the Israeli government, to respond positively to the calls for a cease-fire and start negotiations, direct or indirect," he added. "This is the way to save innocent lives, like those of the two little boys."

Much of the Arab Israeli population is concentrated in the northern part of the country. Nazareth, where Christians believe Jesus spent his childhood, is one of the largest Arab towns, with 75, 000 residents who are a mix of Christians and Muslims.

Hezbollah has not said what the target was, but Nazareth residents said they were sure that their town had been hit by mistake. It had never been hit by a rocket until Wednesday. Residents said that even if Hezbollah's new, longer-range rockets might be able to reach Nazareth, 25 miles south of the Lebanese border, it would not be a target, because of its Arab population.

"No one expected rockets here," said Amna Taluzi, the aunt of the boys who were killed.

Still, some residents criticized Israel for not providing warning sirens and bomb shelters in Nazareth, as it has done in northern Jewish towns.

"This is another example of how the Arab sector is neglected," said Muhammad Awsy, 45, a municipal worker who arrived at the scene just seconds after the boys were killed Wednesday. "Look around — you don't see playgrounds or other facilities here. This gives us the feeling we are living in a different state."

Israel's Home Front Command did not immediately respond to requests for comment. But the newspaper Haaretz said that Nazareth did not have sirens because the town was not believed to be in danger, but that the Home Front Command would soon be connecting it to the system.

Residents say that before the rockets hit here, most of them had not altered their routines.

Though most of the town's children continued to play outside, Nohad Taluzi, the mother of the boys who were killed, had insisted that her eight children remain in the house.

But the children begged her, and began to cry, said Amna Taluzi, their aunt. As a compromise, Nohad Taluzi allowed her sons to walk several blocks to play inside their cousin's house. When they were walking back, the family said, they were hit.

In Scramble To Evade Israeli Bombs, The Living Leave The Dead Behind (NYT)

By Hassan M. Fattah

The New York Times, July 21, 2006

TYRE, Lebanon, July 20 — Carpenters are running out of wood for coffins. Bodies are stacked three or four high in a truck at the local hospital morgue. The stench is spreading in the rubble.

The morbid reality of Israel's bombing campaign of the south is reaching almost every corner of this city. Just a few miles from the Rest House hotel, where the United Nations was evacuating civilians on Thursday, wild dogs gnawed at the charred remains of a family bombed as they were trying to escape the village of Hosh, officials said.

Officials at the Tyre Government Hospital inside a local Palestinian refugee camp said they counted the bodies of 50 children among the 115 in the refrigerated truck in the morgue, though their count could not be independently confirmed.

Abdelmuhsin al-Husseini, Tyre's mayor, announced on Thursday that any bodies not claimed in the next two days by next of kin would be buried temporarily in a mass grave near the morgue until they could receive a proper burial once the fighting ends.

"I am asking the families, if they can come here, to claim the bodies," said Mr. Husseini, whose bloodshot eyes hinted at his mad scramble to secure food rations and bring some order to the city. "Otherwise, we have no choice but to bury them in mass graves."

With the roads and bridges to many surrounding villages bombed out, few families have come to the hospital to claim their dead.

Even if they could make the journey, they would fear being hit by airstrikes along the way, Mr. Husseini said. Emergency workers have been unwilling to brave the risk of recovering many bodies left along the road, leaving them to rot.

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For those relatives who reach the morgue, conducting a proper burial is impossible while the bombing continues. Many have opted to leave the bodies at the morgue until the conflict ends.

The morgue has had to order more than 100 coffins with special handles to make it easier to remove them from the ground to be reburied later.

"What? He wants a hundred?" a local carpenter said, half shocked, half perplexed. "Where the hell am I going to get enough wood to build that many coffins?"

At the hospital, members of the medical staff now find themselves dealing with the dead more than saving the living.

"This hospital is working like a morgue more than a hospital," said Hala Hijazi, a volunteer whose mother is an anesthesiologist at the hospital. Lately, Ms. Hijazi said, she has begun to recognize some of the faces arriving here as the scale of the Israeli bombings has continued to widen. "A lot of the people are from Tyre, and we know some of them," she said of the bodies.

A pall overtook Tyre on Thursday, as United Nations peacekeepers loaded more than 600 United Nations employees, foreigners and Lebanese onto a ferry to Cyprus, then promptly packed up their makeshift evacuation center at the Rest House and left for their base in the town of Naqura.

Hundreds descended on the hotel on Wednesday, desperate to board the ferry. Despite fears that many would be left behind, almost all who sought refuge were able to board the ship Thursday.

But as the last United Nations peacekeepers left town on Thursday, those who remained braced for an even heavier bombardment.

For Ali and Ahmad al-Ghanam, brothers who have taken shelter in a home just a few blocks from the morgue, the refrigerated truck of dead bodies is a vivid reminder of the attack that killed 23 members of their family.

When Israeli loudspeakers warned villagers to evacuate the village of Marwaheen last Saturday, the families packed their belongings and headed for safety. More than 23 of them piled into a pickup and drove toward Tyre, with the brothers trailing behind. Another group set off for a nearby United Nations observation post, but were promptly turned away.

As the pickup raced to Tyre, Ali al-Ghanam said, Israeli boats shelled their convoy, hitting the car and injuring the women and children in the back. But within minutes an Israeli helicopter approached the car, firing a missile that blew the truck to pieces as the passengers struggled to jump out, he said.

His brother Mohammad, his wife and their six children, were killed instantly along with several of their relatives. The only survivor in the car was the brothers' 4-year-old niece, who survived with severe burns to much of her body.

"The dead stayed in the sun for hours until anyone could come and collect them," Mr. Ghanam said. "The Israelis can't understand that we are people, too. Should they wonder why so many of us support the resistance?" he said, speaking of Hezbollah.

The 23 bodies now lie in the truck, waiting to be buried. Mr. Ghanam said it would be impossible for them to be buried in their village while the bombing continued. Holding a funeral is impossible, but even digging a grave could attract fire, he said, assuming the remaining family were able to return to the village.

The brothers walked to the hospital on Thursday to sign documents allowing the hospital to bury the bodies in a mass grave.

Family Lays To Rest Soldier Killed In Ambush (WP)

By Jonathan Finer

The Washington Post, July 21, 2006

MERHAVIA, Israel, July 20 -- Friends and relatives of Israeli army Staff Sgt. Yonatan Hadassi, and hundreds more who had never met him, gathered Thursday to mark his death in highly personal, and varying, ways.

Childhood friends of the infantryman, 21, who had died a day earlier in a Hezbollah ambush across the border in Lebanon, called him "the best one of us" and vowed to adopt his suffering family into theirs.

A member of his elite special forces unit managed a moment of levity -- albeit a grim one -- when he recounted Hadassi's prescient "last request" made the day before his death: for someone at his funeral to read aloud the lyrics to a pop song called "The Little Prince."

And as his coffin was lowered into the dry earth, Hadassi's mother, Mir, wailed at the hazy sky that she wanted to take her boy home.

When asked how his death affected their opinion of Israel's nine-day onslaught on Lebanon, almost all mourners interviewed answered with similar resolve, saying it had hardened their support for Israel's attacks against Hezbollah. "This has devastated our family, and I don't know how we will even wake up tomorrow morning. But I also know that we need to protect our country, and that means at any cost," said Chen Halman, 23, Hadassi's cousin, who said she loved him like a brother.

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"Everyone talks about the Lebanese people and how they are suffering, but look how we suffer, even though we don't spread our dead around on television. We didn't start this, and we can't just sit here and accept their attacks."

Sentiments like these were echoed in dozens of conversations this week across Israel's north, where hundreds of Hezbollah rockets and other attacks had claimed the lives of at least 15 civilians and 16 soldiers over the past nine days. Heavy fighting Thursday evening near Avivim, the same border area where Hadassi was killed, resulted in two Israelis being killed and six wounded, the military said. Israeli strikes have claimed the lives of hundreds more Lebanese, most of them civilians, and displaced more than half a million from their homes.

Asked what was needed for Israel to bring an end to the conflict, which began last week when Hezbollah crossed the border and captured two soldiers, Chaim Tzouri, mayor of the small coastal town of Kiryat Motzkin, responded with only two words: "heavier bombs."

Tzlil Aplaton, 16, who along with her mother and two brothers fled her border town of Margaliyot on Monday to take refuge at a boarding school beyond the range of the rockets, said she felt for Lebanese civilians being bombarded relentlessly by Israeli warplanes. But she added that the campaign should continue until "Hezbollah is ended. We have to end them. Otherwise, what is the point?"

Yaron Ezrahi, a political science professor at Hebrew University in Jerusalem, said support for the offensive was the highest he had seen for an Israeli campaign since the 1973 Yom Kippur War, when Israel repelled a surprise attack by Egypt and Syria. A survey conducted by the nonpartisan Dahaf Institute, published this week in Yedioth Aharonoth, Israel's largest newspaper, showed that 81 percent of respondents approved of the campaign in the north, with nearly 70 percent of those living in the north saying that the fighting should continue until Hezbollah is eradicated. "Given Israel's history of sometimes heated debates about wars, this is truly remarkable," Ezrahi said.

Support is certainly not universal. An antiwar demonstration in Tel Aviv earlier this week attracted about 1,000 people, according to local news reports. Smaller demonstrations were carried out in a pair of northern towns Thursday, though only a few dozen people attended. Dissent was also heard from Israel's politically marginalized Arab population, many of whom have relatives in Lebanon. In Nazareth, where two young brothers died in a Hezbollah rocket attack Wednesday, residents and local leaders demanded a cease-fire.

"The fact that Israel says it will keep going until the soldiers are released means the war will go on forever," said Mohammed Barakeh, an Arab legislator in Israel's parliament, the Knesset, as he stood near the scene of the attack. "The kids here have a mother who is crying. The kids in Lebanon have mothers who are crying. The Jewish kids have mothers who are crying. This must stop."

Ezrahi said the war "began with an attack on Israeli soil, across a border that is recognized by the United Nations. So the response is seen as justified." Hezbollah, he added, while based in Lebanon and highly popular there, draws substantial support from Iran, whose president, Mahmoud Ahmadinejad, has publicly said Israel should be "wiped off the map."

One factor that could turn the Israeli public against the war, Ezrahi said, is mounting civilian casualties in Lebanon.

"All this is contingent on the ability of the army to be extremely careful in its targeting," said Ezrahi. "They have already made some great mistakes, and if these sorts of errors and miscalculations continue, public support will decline."

Friends and relatives of Hadassi, who died when his unit was sent across the border to destroy a suspected Hezbollah bunker, remembered him as a music lover, a gifted student and athlete and, above all, a patriot who believed wholeheartedly in his army service. His grandparents had come to Israel from Holland.

Mourners gathered for hours Thursday on plastic lawn chairs in his family's front yard before piling onto buses to the funeral site, about a mile away on a hillside. There, six soldiers carried his coffin, draped in a flag and a tallit , or Jewish prayer shawl, to a freshly dug patch. A military rabbi recited prayers into a microphone, and an honor guard fired a three-shot salute.

Hadassi's parents and his two younger sisters held each other throughout the ceremony. Between heaving sobs, his sister Eden, 10, asked her father, "How could he have died? I can't be without him. I just want to know how this can happen."

"Your son was an excellent soldier," his company commander said, reading from a small notepad as he wiped his eyes.

About half of the several hundred or so in attendance wore olive-green military uniforms, in stark contrast with the jeans and T-shirt informality of the other mourners. "He was the best of all of us, the bravest, the smartest, and we always said the luckiest," said Eitan Luria, 20, a lifelong friend and neighbor.

"I think we are all proud of the way he died, defending his country, defending his homeland," Luria said. "We can only take so much, and I think everyone is glad that the country is standing up for itself and fighting back."

A rare, and somewhat conflicted, voice of dissent came from Mely Wexler, 51, whose son is serving in an Israeli commando unit. "It's very difficult," she said, lowering her voice to a new whisper and pausing for nearly a minute when asked her opinion of the war. "I want them to stop it because I don't want my son to be killed. But I see the other side. If they don't fight now, they will only have to fight later."

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Special correspondent Samuel Sockol contributed to this report.

Lebanese Told To Leave The South (LAT)

By Laura King And J. Michael Kennedy, Times Staff Writers

The Los Angeles Times, July 21, 2006

Israel refuses to say whether its warning signals a ground invasion. Hezbollah's leader boasts about the group's resilience.

BEIRUT — Israel ordered civilians out of a nearly 20-mile-deep swath of southern Lebanon as the already bloody fighting there threatened to intensify.

International pressure for a cease-fire mounted, but with little sign of progress. A senior United Nations official said privately that he expected Israel's bombardment of Hezbollah strongholds in Lebanon to continue for weeks.

Since the fighting began last week, Israel has pounded border villages where it says Hezbollah fighters have been hiding with missiles and rocket launchers. Thursday's effort to push out the civilian population went deeper into Lebanese territory, reaching north to the port city of Tyre and the Litani River.

It was not known how many residents had already fled the region, which is believed to have a population of more than 300,000.

Israel's offensive has been carried out largely from the air, but fighting on the ground has been expanding. The Israeli military said two soldiers and several guerrillas died Thursday in southern Lebanon during clashes near where two Israeli soldiers were killed a day earlier. Officials said one pilot died and three were injured early today when two Apache attack helicopters crashed in Israel near the border.

Small groups of Israeli soldiers have crossed into Lebanon over the last several days, searching for weapons and Hezbollah outposts. Increasingly, militants have met these forays with fierce resistance, indicating that they have been able to avoid the airstrikes and artillery fire.

Sheik Hassan Nasrallah, leader of the Shiite Muslim militant group, boasted Thursday that it was able to withstand the Israeli assault. He appeared in an interview on Al Jazeera television a day after Israeli officials said they had dropped 23 tons of explosives on a southern Beirut bunker believed to house Hezbollah leaders.

"All this Israeli talk that they hit 50% of our rocket capabilities and warehouses, this talk is all wrong and nonsense," Nasrallah said.

Hezbollah denied that the site targeted in southern Beirut was a bunker. In the interview, Nasrallah said, "I can confirm without exaggerating or using psychological warfare that we have not been harmed."

Lebanese officials have said they are unable to provide any information about the neighborhood that was bombed because it contains a Hezbollah base and is off-limits to the government.

Al Jazeera said that the interview was taped Thursday and that its correspondent did not know where he was taken to meet Nasrallah.

As the fighting moved into its ninth day and Israeli warplanes continued to hit targets across Lebanon, Hezbollah rocket fire at northern Israeli towns and cities dropped off sharply, with about 40 salvos counted by late evening Thursday, the Israeli military said. On the heaviest days of such attacks, as many as 130 rockets had fallen.

In southern Lebanon, relentless bombardment and Israeli warnings to immediately leave the area triggered a chaotic exodus from towns and villages lying between the border and the Litani, about 20 miles to the north.

International calls for a cease-fire mounted. The fighting, the region's worst in more than two decades, has killed more than 330 Lebanese and 32 Israelis.

U.N. Secretary-General Kofi Annan called for an immediate end to the hostilities, though he acknowledged that there were "serious obstacles to reaching a cease-fire, or even to diminishing the violence quickly."

Annan sharply criticized both sides, denouncing Hezbollah's "provocative attack" and Israel's "disproportionate" response.

In Washington, the State Department said Secretary Condoleezza Rice would travel to the region as early as next week to try to broker a solution to the crisis. So far, the United States has not attempted to rein in the Israeli offensive, saying the Jewish state is entitled to defend itself.

Annan outlined several steps to be carried out simultaneously. He called for Hezbollah to release two captured Israeli soldiers to the Lebanese government under custody of the International Committee of the Red Cross so they could be returned home, and for an expanded peacekeeping force to be established on the Lebanese side of the border while the government there worked to strengthen its control over the country.

Nasrallah, in his interview Thursday, said the captured Israelis would be freed only as part of a prisoner exchange with Israel. Without that, the soldiers will not be released even "if the whole universe comes against us," he said.

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The confrontation erupted July 12 when Hezbollah fighters slipped into Israel, captured the two soldiers, killed three others, then ambushed and killed five who pursued them. The fighting swiftly escalated into raging warfare and a humanitarian crisis.

In southern Lebanon, the latter was vividly on display Thursday in scenes of suffering as the elderly, poor and sick struggled to fend for themselves.

Refugees huddled on the lawns and in the lobbies of jammed hotels in Tyre, while others sought shelter in hospitals they hoped would be spared from airstrikes.

At one emergency room, the wounded were being hastily treated, then sent on a perilous ambulance ride to Beirut, the capital. Bodies were left uncollected in wrecked cars and bombed buildings.

Israeli planes had dropped leaflets and broadcast warnings Wednesday night telling people in towns and villages in the south that they would be in danger if they stayed.

The leaflets also warned that anyone in trucks would be suspected of transporting weapons.

Israeli officials refused to say whether the attempt to clear much of southern Lebanon was a precursor to heavier bombardment or a large ground offensive.

"What we're trying to do is warn people in the southern part of the country that it's for their overall safety not to be there," said Capt. Jacob Dallal, a military spokesman.

"We've had more than 1,000 rockets launched at us," he said. "Where are they stored? In people's houses. Where are they launched from? The outskirts of villages…. Therefore, to go after the missiles in self-defense, we have to get at this infrastructure."

Many Israelis hope to avoid extensive ground combat in Lebanon, a prospect that brings back memories of their nation's debilitating 18-year military entanglement there.

Israeli Cabinet minister Shalom Simhon said the move to empty the south of residents made a ground incursion "redundant."

"The public supports the operation as it is being conducted," he said. "The question is what do we want? A longer war conducted mostly by the air force, or a shorter war with heavy losses?"

Israeli lawmaker Effi Eitam said, "Hezbollah is surprised that lines of tanks aren't rolling into Lebanon, since this is what they expected us to do, and where they expected to exact a toll.

"The air force is Israel's advantage in this war," he said.

Still, Hezbollah's resilience in the face of the onslaught has prompted increasing debate over the effectiveness of Israel's tactics.

In addition to the continuing strikes in Lebanon's south, Israel launched air raids Thursday in the eastern Bekaa Valley, Hezbollah's main logistics center, as well as in the group's stronghold of south Beirut. Israeli officials say they have hit more than 1,000 targets in Lebanon since the start of the conflict.

With the humanitarian crisis worsening, the son of Rafik Hariri, the assassinated former leader of Lebanon, was in Europe to seek support for his country. He won endorsement from Italy and the Vatican for an immediate cease-fire and the opening of a humanitarian corridor.

Saad Hariri, majority leader of the Lebanese parliament, said the envisioned corridor from Cyprus to Beirut would help supplies reach more than half a million displaced people in urgent need of food and medicine.

"It is an unbearable situation," he said at a news conference in Rome.

"It is not fair for Lebanese to pay the price for something they are not part of," he said.

Hariri met Wednesday with the secretary of state of the Holy See, Cardinal Angelo Sodano.

On Thursday, a worried Pope Benedict XVI designated Sunday a special international day of prayer.

The Lebanese people have a right to see the integrity and sovereignty of their country respected, the Israelis have the right to live in peace in their state, and the Palestinians have the right to have a free and sovereign homeland, the pontiff said in a statement.

King reported from Jerusalem and Kennedy from Beirut. Times staff writers Maggie Farley at the United Nations, Megan K. Stack in Tyre and Tracy Wilkinson in Rome contributed to this report.

Fleeing For Their Lives Into The Grim Unknown (LAT)

By Megan K. Stack, Times Staff Writer

The Los Angeles Times, July 21, 2006

TYRE, Lebanon — The orders from Israel spread at dawn Thursday by radio, leaflet and menacing cellphone text messages: All civilians south of the Litani River should clear out immediately or risk death.

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Panicked by the evacuation order, families packed into cars and poured north on a tortuous route of one-lane dirt roads and bomb-pocked highways. Smoke boiled into the sky over the treetops as bombs rumbled in the hills. Jets sliced the sky overhead. As they sped past abandoned cars, they glimpsed corpses seated inside.

Many rode with their hearts in their mouths, faces hard with fear and fatigue. They tied strips of white cloth to antennas and waved white rags and undershirts out of windows as if they could flag away death. They convoyed with neighbors; one family had carefully packed a black and white cow into the bed of a pickup.

When they hit the main coastal highway and found themselves exposed to the sky and a flat blue stretch of sea, they gunned it as fast as their rusting cars could go. They were trying to outrace their fears, terrified that stopping for a moment would invite a strike from above.

Craters the size of minivans gaped in the road. Eerie quiet had settled over the hillside villages, where houses stood shuttered in the shade of orange and pomegranate trees. The sea was ominously empty.

Many didn't know where they were going or when they'd return. Having endured death and destruction for more than a week in the crossfire of Hezbollah and Israel, the last holdouts in the 20-mile strip between Israel and the river were being forced from their homes.

Asked where she was going, 65-year-old Zakiya Aour burst into tears. "Wherever we can," she said. Her 80-year-old husband had just undergone surgery and was still bleeding, she said. He sat on a bench and leaned dazedly against a walking stick, his eyes glassy.

The couple had arrived at a hotel lobby in Tyre with a small mountain of much-used luggage, a pet bird in a bright red cage and a grown daughter who was deafened in an Israeli missile attack in the invasion of 1982.

"I've heard people say that if the foreigners leave, get out because they're going to attack," Aour said. "Can't you do something for us?"

The displaced, who are washing up here with their elderly and babies in tow, spoke of villages besieged for days while missiles crashed down. Many seemed too dazed and exhausted to form articulate escape plans or think through the dangers they faced.

Civil structure appears to have broken down almost completely. Ambulances haven't been able to operate. The dead are rotting in the rubble of smashed homes. Food and clean drinking water are running out. Nearly 100 bodies have piled up in a poorly refrigerated container at a hospital in a Palestinian refugee camp close to Tyre; there's too much violence to pick up the dead or to hold funerals.

How the evacuation messages were transmitted en masse to cellphones was not clear. The order also was repeated on Voice of the South, an Israeli-run radio station that had gone silent after Israeli soldiers withdrew from Lebanon in 2000 — only to be resurrected last week as combat flared between Israel and the Hezbollah militants who control Lebanon's southern borderlands.

Asked about the evacuation orders, an Israeli military spokesman, Capt. Jacob Dallal, warned that "it's for their overall safety not to be there."

Townspeople and villagers who stayed behind braced themselves for a heavier onslaught of bombing and traded guesses about how many troops Israel might send to fight a ground war — and how far north they would come.

Whatever befalls the south, there are plenty of civilians left to endure it. Many lack the cash or wherewithal to evacuate. They have nowhere to go — and no roads or bridges to get them there if they did.

"We're going to sleep in the streets. Where can we go?" said Jihad Daoud, a 22-year-old who was stranded with his two cousins in a hospital in Tyre. The family had been driving through a fruit orchard, looking for a path to the main coastal highway north, when a missile struck so close to their car that the force lifted it into the air and slammed it to earth again.

At his side, his two cousins looked on miserably. Their faces bore deep purple bruises and raw cuts from the strike. Other family members had already been evacuated to Beirut by the Red Cross, snatched from the south by the questionable grace of serious injuries.

"I'm still in shock," Daoud said. "I can't explain what happened."

Muna Nasr, a 43-year-old deli worker from the southern village of Harees, had spent days working her way north. She and her family fled their home because food was running out and they made their way to Horsh, where they found shelter with a relative.

But Horsh also proved unbearable. Seven people lay dead in the house next door, struck by an Israeli missile. Ambulances couldn't get through to collect the corpses, and so the stench of death swelled in the long, sticky summer days. There had been no medicine, food or water for days.

"We just want transportation out of here," Nasr said.

"This morning the dogs were eating the neighbors," added Ali Deeb, Nasr's 50-year-old husband.

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But the family had no money. So they sat on couches in a hotel lobby, waiting to see what would happen. They couldn't afford the Rest House, a fading, rambling resort slung along the Mediterranean coast.

The United Nations peacekeeping forces had taken over the back wing of the hotel; soldiers slept in flak jackets alongside an enormous plastic wedding cake. Unsure of where to go and drawn to the security of the international soldiers, hundreds of evacuees had crowded the lobby and lawns of the hotel in recent days.

"Can't you take anybody with you?" a man yelled at foreign reporters.

By the hotel's front desk, a volunteer from the local civil defense, Lebanon's catchall rescue service, stood watching the evacuees glumly.

"We can't work now — even our car is a target," said Freddy Kayyal, a 22-year-old rescue worker. "And we don't have a headquarters anymore. We're just roaming around."

Tyre's civil defense headquarters, a central office for rescue workers, was bombed by Israeli jets days ago. Some bodies are lost in the rubble.

"Every time we try to go recover the dead, we hear Israeli jets overhead," Kayyal said. "Destruction, poverty and disgust greater than this, I can't imagine."

Tyre's main hospital has become a clearinghouse for the war's wounded, receiving hundreds of casualties from all over southern Lebanon. It's the only emergency room accessible to most of the south, and many people can't get here.

Patients aren't given much time to heal. They are patched up hastily, then loaded onto Red Cross ambulances that bump along the dirt and gypsum roads, swerve around bomb craters and hope they aren't struck by missiles before they get to Beirut. A trip of less than two hours in times of peace, the journey now takes upward of five hours.

"We have so many people coming in that we can't guarantee follow-up treatment," said nursing director Abdellah Shehab. "We need the free beds."

In a back waiting room at Tyre's main hospital, grim-faced men and women sat on plastic chairs, staring wordlessly at one another. The dull roar of explosions sounded in the distance. None of them, it turned out, was waiting for hospitalized loved ones. They just hoped a hospital might be spared in the attacks.

"I have nowhere else to go," said Yacoub Yacoub, a 43-year-old man with a full beard and bags under his eyes. He fled the southern village of Houla six days ago with his three children; on Thursday he sat wearily in the waiting room. A forgotten cigarette dangled from his fingers, slowly burning to ash.

"We sleep in the corridors," he said. "We just want a cease-fire so we can go home."

Times staff writer Laura King in Jerusalem contributed to this report.

Fleeing Home For A Haven (LAT)

By Vita Bekker And Ken Ellingwood, Special To The Times

The Los Angeles Times, July 21, 2006

Many northern Israelis head south to escape the rockets, leaving behind towns almost abandoned, but taking the fear with them.

HOLON, Israel — Dror and Alexandra Brami finally decided they had had enough.

The echoing booms of landing rockets fired by the Shiite Muslim group Hezbollah had left 8-year-old daughter Lotem jumpy and begging to leave. The Bramis were fed up with huddling with their two daughters and newborn son in a windowless reinforced "safe room" in their home.

And they were dismayed to see that the forest around their small hillside community of Hatzor Haglilit, in the Galilee region about 12 miles from the border with Lebanon, had been scorched by rocket-ignited fires.

So the couple crammed the family and belongings into their car — bringing clothes, money, mattresses and diapers — and headed south to seek a rocket-free haven in Holon, a small industrial city just south of Tel Aviv.

"We're afraid of the rockets," Dror Brami, 35, a plaster factory worker, said as he sprawled on an armchair in his brother's apartment in Holon.

Lotem shyly recollected, "We heard booms, and the house shook after one boom, and we saw fire after a rocket fell."

"We won't go back until the situation calms down," her father said. "Here in Israel's center, you don't feel the war yet."

Thousands of northern Israel families like the Bramis have fled the rocket barrages since the conflict flared after Hezbollah fighters captured two Israeli soldiers and killed eight in a July 12 border raid.

Throughout cities and small communities in the north, streets have been deserted, stores and businesses have closed and trains stopped running.

In Hatzor, as many as half of the 10,000 residents have left. As many as 30 rockets have slammed into the community, which had last experienced shelling during the Six-Day War in 1967.

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The exodus from the north has lent the normally scenic region an otherworldly feel. Most towns have all but closed, and there are few signs of the residents. In some places, the only vehicles on the roads are military trucks loaded with artillery rounds and other gear. Restaurants that would usually be brimming with summertime travelers have the forlorn look of the abandoned.

The eerie silence is broken only by alarms warning of an impending rocket strike.

Residents are growing weary of clambering into reinforced public shelters, or ducking behind the nearest sturdy-looking wall.

On one recent day at a hummus restaurant in Rosh Pina, employees went scrambling for a safe spot behind the eatery — in the direction away from the border. An Israeli soldier continued eating intently despite the siren. He was still dabbing at his bowl of hummus with pita bread after the alert had ended and the employees had returned to their places.

Many residents appeared to have left the town, near Hatzor. But the sudden exodus has not been without complications.

As those escaping the rockets join relatives in central and southern Israel, they — and their hosts — are learning to cope with the lack of privacy in the crammed homes.

Twelve people are occupying the two-bedroom apartment of Brami's brother, including Brami's parents, who had also come south to escape the rockets.

Daytime has the house buzzing with activity. The soft hum of the air conditioner is drowned out by the noise of the children as they shout and play and the television as it blares 24-hour news coverage of the conflict.

At night, the adults sleep on sofas or spread out air mattresses on the living room floor, while the four children share two small beds in one of the rooms.

"It's not the most comfortable situation," said Sarit Brami, who was playing host to her relatives from the north.

She sat cross-legged on the living room floor and cradled her sleeping baby in her arms, as the muted television behind her showed images of the rockets and of Israeli attacks in Lebanon.

"No one gets any privacy, and the children run around and don't listen to anyone," she said.

Even in safer surroundings, the family could feel the effects of the fighting it fled. A loud thud from a garbage truck one morning made Lotem jump in fear, thinking it was a rocket strike.

And despite Holon's remove from the rocket fire, there was worry the barrages would soon reach the center of Israel as well.

Sarit Brami said she was concerned that the Israeli army might not achieve its goals in its fight against Hezbollah.

"I support the government, but I'm angry at the lack of results," she said. "The kidnapped soldiers haven't been returned. People are getting killed. And with every passing day, I feel like the rockets are getting closer."

Special correspondent Bekker reported from Holon and Times staff writer Ellingwood from northern Israel.

Moving To Israel In A Time Of Crisis (WP)

By John Ward Anderson

The Washington Post, July 21, 2006

BEN GURION AIRPORT, Israel, July 20 -- Jonathan Klein did something unusual Thursday. After quitting his job as a lung specialist at Sinai Hospital in Baltimore, he, his wife and their four boys moved to Israel -- nine days into a two-front war that has claimed 29 Israeli lives and seen about a thousand rockets fired at the Jewish state by Hezbollah forces in Lebanon.

On Thursday night, the family expects to sleep in their new home in Mitzpe Netofa, a small community in the lower Galilee about eight miles north of Nazareth, where two brothers, ages 3 and 8, died Wednesday in a Hezbollah rocket attack.

"Israel is by nature surrounded by people who don't want us here, and if it wasn't attacked last night, it will be next week or two years from now," Klein said during an airport welcome ceremony for 203 new immigrants from the United States and Canada. "This is the lot of Israel, and until our neighbors learn that we are here to stay and want to make peace with them, and they can make peace with us, it will continue to happen."

While the newcomers decided months ago to come to Israel, many said they could have skipped Thursday's flight but, in an act of solidarity, refused to be daunted. Their arrival at Ben Gurion Airport, named after Israel's founding father, at a moment of high crisis underscores the intense connection many Jews have with their biblical homeland and the modern state created 58 years ago.

There is a message here for Israel's enemies, former prime minister Binyamin Netanyahu of the Likud Party said: "You lose."

"This is the best ultimate answer to the murderous desire to wipe out our state," he said after addressing the new arrivals. "We're here, and you're not going to push us out."

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"It's a triumph of history over headlines," said Charley Levine, a spokesman for Nefesh B'Nefesh, the organization that helped arrange the mass immigration, together with the Jewish Agency for Israel. "Whatever the headlines of the week, these people see themselves as part of a historical process."

"Israel was created to ensure the ingathering of the Jewish people, not just as a sanctuary" for the persecuted, he said. Unlike the wave of Soviet Jews who came to Israel starting in the 1970s, he said, "American Jews are not fleeing from anything. They are moving here to make a positive contribution to the renaissance of the Jewish people."

The new arrivals disembarked after a 10 1/2-hour flight from John F. Kennedy International Airport in New York to discover a colorful, flag-waving, boisterous crowd of 500 people in an open-air hangar who welcomed them like rock stars. And while descending from the plane, some newcomers behaved like rock stars, smiling broadly, waving happily, blowing kisses and stopping halfway down the steps to savor the moment, unwilling to give it up.

The first person to walk off the plane Thursday was greeted with uproarious cheers from Israelis waving flags and placards reading: "Welcome home!" The newcomers came in suits and T-shirts, carrying briefcases and backpacks, dolls and strollers. One woman unfurled a blue-and- white Israeli flag as she descended; at the bottom of the steps, a man fell to his knees and kissed the tarmac.

Appearing bewildered, Avner Baruch, an 11-year-old from Queens, N.Y., stopped halfway down the stairs and soaked it in. "This is a Jewish place to live, and I'm Jewish," he said. "I'm excited to be here."

About 240 people were to arrive Thursday, but 37 delayed their plans -- perhaps because of the ongoing violence, perhaps because of personal complications, organizers of the mass immigration said. None of those who missed Thursday's flight have canceled their plans to immigrate, organizers added.

In fact, according to Michael Jankelowitz, a spokesman for the Jewish Agency for Israel, three more planeloads of Americans are planning to move to Israel this summer, and 650 Jews from France plan to resettle next Tuesday. In all, Jankelowitz expects about 3,400 people to arrive from both North America and France this year, the highest total since 1983 from North America and the most from France since 1970.

"I want to make Israel a better place, by giving my son, Shayadov, to the land of Israel," said Yossi Silver, a chef from Miami Beach, holding aloft his 3-month old son, who had a sign taped to his forehead reading " Olim ," the Hebrew word for "those who go up," as Israelis refer to Jewish immigrants to the country. "I'm not apprehensive, not scared one bit," he added.

"If Israel for Jews is Disneyland, then you only come if it is sun and fun," said Shlomo Riskin, chief rabbi of Efrat, a large Jewish settlement in the West Bank between Bethlehem and Hebron that will be home to about 20 of the families that arrived Thursday. "But if it is the motherland, then when mother is not feeling so good, that is when you come."

Despite Ties To Hamas, Militants Aren't Following Political Leaders (NYT)

By Craig S. Smith

The New York Times, July 21, 2006

JABALIYA REFUGEE CAMP, Gaza, July 20 — Five men in black hoods emerged from a dimly lighted street of stark concrete houses and garbage-strewn lots. With Israeli drones buzzing overhead, they kept the meeting short.

"We ask America to stop supporting the Israeli aggressors," said the leader, who carried a new Czech-made Kalashnikov rifle while another shouldered a new Gaza-made rocket-propelled grenade launcher. After 20 minutes, they grew visibly nervous and disappeared into the shadows.

The men are members of the Izzedine al-Qassam Brigades, the well-armed, highly organized military wing of Hamas, the Palestinian Islamic movement that now governs the West Bank and the Gaza Strip. Members of the militia led last month's raid in which they killed two Israeli soldiers and captured another, setting off the current crisis.

Despite its links to the Palestinian government, Palestinian and Israeli analysts say, the Qassam Brigades does not take orders from the governing leaders of Hamas. This is why, according to many accounts, the Hamas-led government itself was surprised by the Qassam Brigades' attack against the Israeli military post in June.

"They lost their position as leaders of Hamas when they joined the government," said Abu Muhammad, a Qassam Brigades field commander in Jabaliya. "New leaders were named in the movement, and they are more senior than the government leaders, even Haniya," he said, referring to the Palestinian prime minister, Ismail Haniya.

Giora Eiland, a former director of Israel's national security council and a retired major general who led an investigation into the June 25 raid, agreed. "Recently there was the illusion that Hamas, while not a perfect partner, was at least a group that could implement decisions," he said. "But it has become apparent that the political leadership of Hamas is much less influential than Khaled Meshal and leaders of the military wing." Mr. Meshal is the chairman of Hamas's political bureau and lives in exile in Damascus, Syria.

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The Qassam Brigades is the Palestinians' largest and best organized militant group but it is not the only militia operating in the area under Palestinian control. At least six other armed groups field soldiers to fight Israel or, when there are no Israelis to fight — as was the case for nine months after Israel's withdrawal from Gaza last year — to fight among themselves.

The current crisis seems to have pushed the militias to join ranks. Several of the militia members said the groups organized a "joint operations room" when Israel began threatening to invade Gaza two or three weeks ago. By all accounts the operations room is more virtual than real, but spokesmen for three of the groups insisted that senior political and military leaders of the seven militias now communicated regularly to plan actions.

"We are more united now than at any time before," said Abu Mujahed, spokesman for the Salahadin Brigades, the armed wing of another anti-Israeli movement, the Popular Resistance Committees.

Abu Muhammad, the Jabaliya field commander, said the Qassam Brigades was in charge of the operations room because it was "the backbone of the resistance." Nightly operations are mapped out, and a password is agreed upon for fighters of different factions to identify themselves in the field.

"When two groups meet each other and both are masked, the password identifies them so we know they are not Israeli agents," Abu Muhammad said in his sitting room lined with overstuffed armchairs, the only light coming from a slender taper fixed to the coffee table.

He said scouts were posted on the edges of Gaza and the outskirts of towns to watch for raids by Israeli forces. "If they see something, they send the information back up the line to the joint operations room and it broadcasts it to all the groups," Abu Muhammad said. "Special forces cannot enter Gaza easily."

It is difficult to say how many Palestinians are members of armed groups. Israeli intelligence officials say there are probably as many as 20,000 hard-core members of the various factions, most of which are in the Gaza Strip. But including freelancers who join in when the fighting picks up, intelligence officials say, the militias' forces outnumber the 35,000 members of the Palestinian Authority security forces.

Israeli intelligence officials say the leadership of Hamas, previously split between Gaza and Syria, consolidated in Damascus after the assassinations of Hamas's charismatic leaders, Sheik Ahmed Yassin and Abdel Aziz Rantisi in 2004. Two months ago, General Eiland said, Hamas military leaders appeared to gain the upper hand.

According to the accounts of Israeli intelligence officers and senior Hamas officials, the influence of Hamas leaders in Gaza weakened further after they joined the Palestinian Authority in the wake of parliamentary elections early this year.

The Qassam Brigades, which is believed to have received money from Saudi Arabia until recently and now from Iran, grew in the 1990's as a counterweight to the Aksa Martyrs Brigades of the Fatah movement, then led by Yasir Arafat.

Capt. Jacob Dallal, an Israeli Army spokesman, said that in the past few years Hezbollah had also helped underwrite some Palestinian groups and had provided technological skills.

To become a member of the Qassam Brigades, Abu Muhammad said, a person must first join Hamas. The movement accepts only people who demonstrate Islamic piety, who do not smoke and who pray five times a day, not something that all young people can manage, he said. Hamas investigates the background and relations of all prospective members before indoctrinating them into the culture of strict obedience. Only then can they join the military wing.

Abu Muhammad, now 37, said he joined Hamas during the first intifada in the late 1980's and became a member of the Qassam Brigades six year ago. "I started as a common soldier and after three years became a commander," he said. Like all Qassam members, he gives part of his income to the militia.

As field commander, he distributes arms and ammunition to the men under his command. The Qassam Brigades smuggles in weapons to the territory when it can, but it has developed a substantial munitions industry that makes everything from rockets to antitank mines. "If I need something, I requisition it," he said.

The Qassam Brigades' members say they do not have any Katyusha rockets, but they claim to have extended the reach of their Qassams, putting the Israeli city of Ashkelon and its roughly 100,000 inhabitants within range. Most of the weapons, including antitank mines, are made in Gaza. The handle of the group's grenade launchers are stamped "Al Yassin," in honor of their late leader.

Many of the smaller militias now follow the Qassam Brigades' classic cell structure, in which few people know more than their immediate superior and subordinates. Abu Muhammad, a short man with wire-rimmed glasses and a short, dark beard, described the organization from his point of view.

"I'm a field commander and I'm responsible for eight groups of five men each," he said. "No group knows the others and I don't deal with the fighters, only the commanders of each of the eight groups."

He said he did not know how many layers were between him and the senior leadership. But Israeli intelligence officials say that while the organization is broad, it is not very deep, which is why the army focuses on targeted assassinations of militia

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leaders. They say there are only a few layers between field commanders like Abu Muhammad and the top commander, Muhammad Deif.

Below Mr. Deif there are several regional commanders, including Ahmad al-Ghandur, the Qassam Brigades commander in Jabaliya and the northern Gaza Strip. Both Mr. Deif and Mr. Ghandur are believed to have been seriously wounded in an F-16 missile attack earlier this month. Abu Muhammad is probably one or two rungs below Mr. Ghandur, the intelligence officials said.

The Qassam Brigades is well financed; many members carry new weapons and ammunition vests. Despite the well-equipped Palestinian Authority security forces in Gaza, the new Hamas government prefers to use a contingent of Qassam Brigades fighters for protection.

The militia members use radios because they do not trust telephones, speaking in code for less than 30 seconds at a time to keep the Israelis from pinpointing their location.

On a visit to a cell arranged for a reporter, Abu Muhammad moves to an intersection on the edge of town and the masked men appear. The group's leader, Abu Ahmed, is a thickset man of 44, a carpenter, the father of six boys and a girl. He has been a member of Hamas for 10 years and joined the Qassam Brigades four years ago.

Like most of the people in Jabaliya, his family fled their homes around Ashkelon during the fighting of 1948 that followed the creation of the state of Israel.

"My family is from Sawafeer," he said, adding bitterly, "The Jews changed the name to Shafir."

Besides the routine patrols he said the group sometimes had "specific operations with mines and RPG's against tanks." If fighters plant a mine, he said, they watch it until it is detonated, or they take it away. He said they were among the Qassam Brigades fighters who fought back against an Israeli raid into Jabaliya in October 2004.

They wear masks to hide their identity from possible collaborators in their midst and from Israeli intelligence in battle, fearing that if they are identified, they could be assassinated later. Each squad operates in a well-defined geographic area, usually tied to where its members live.

Shortly after the five men merged back into the night, a sharp explosion split the air.

Palestinians Look Ahead Even As Israel Besieges Gaza (NYT)

By Craig S. Smith

The New York Times, July 21, 2006

GAZA, July 20 — Israel's siege of this slender stretch of Mediterranean seacoast took seven more lives Thursday even as Palestinian political factions met to plan for when the crisis ends.

The Israeli Defense Forces continued their assault on the cluster of cinderblock homes that make up the Mughazi refugee camp near the border with Israel. By day's end, 4 Palestinians had been killed by tank fire and 3 had died of wounds sustained Wednesday, bringing the death toll from two days of fighting to 16. Two were under age 18, said Assad Rayan, an administrator at Al Aksa Hospital in Deir Al Balah.

The Israeli military dropped leaflets over Gaza City on Thursday warning residents that the army would begin striking homes that held weapons. "The Israeli Defense Forces will hit and destroy every location or building where munitions or military equipment are stored," read the leaflets, in Arabic. It advised anyone living near such weapons caches to leave immediately. "You have been warned!" it read.

Israel has carried out airstrikes against homes believed to house weapons factories, an Israeli military spokeswoman said, but the language in the leaflets did represent "a little harsher" policy than in the past.

Even as the fighting continued, the Palestinian Authority president, Mahmoud Abbas, met with leaders of Hamas, the political faction that swept to power in elections earlier this year, to discuss the makeup of a "national unity government" that would reduce the role of Hamas.

The current Palestinian government has faced crippling diplomatic and financial isolation. Much of the world, led by the United States, the European Union and the United Nations, considers Hamas a terrorist organization and has refused to deal with a Hamas-led government.

Hamas and Mr. Abbas's Fatah faction had agreed to form a coalition government along the lines laid out in a letter by a group of Palestinian prisoners in Israeli jails. But the talks were interrupted last month by the Palestinian militant raid on Israeli troops stationed outside southern Gaza. An Israeli corporal was seized, setting off the current siege.

"This government would be based on an agenda that would be accepted by the world community," said Nabil Abu Rudeineh, a close aide to Mr. Abbas.

An Egyptian delegation also arrived in Gaza on Thursday for talks on how to end the current siege. Egypt has been acting as a mediator between Hamas and Israel.

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The Israeli Army said it continued to pound Gaza with artillery on Thursday, hoping to deter rocket attacks against Israel in the north and tunneling in the south. Palestinian militants use tunnels across the Egyptian border to smuggle weapons and used a tunnel into Israel to carry out last month's attack. The army said an Israeli civilian living in the western Negev was slightly injured by a Palestinian rocket on Thursday.

Israel also carried out airstrikes against what it said were two groups of militants preparing to fire anti-tank missiles at Israeli troops. Israeli gunboats fired warning shots off the coast to keep fishing boats from straying from shore. A car belonging to President Abbas's guards was reportedly hit by the gunfire.

"There is a naval closure and fishing boats are not allowed right now," the army spokeswoman said.

Marines Return To Beirut To Aid U.S. Evacuation (NYT)

By Jad Mouawad And Steven Erlanger

The New York Times, July 21, 2006

United States marines landed in Beirut on Thursday for the first time in more than 20 years to help evacuate Americans from Lebanon, as Israeli officials suggested that Israeli ground troops might take a more active role in combating the Hezbollah militia. There were also more strong condemnations of Israel's heavy use of force in Lebanon.

With the fighting continuing for a ninth day, fierce clashes erupted between Israeli troops and Hezbollah fighters inside Lebanon. Hundreds of Israeli troops were trying to destroy Hezbollah outposts and storage facilities, Israeli Army officials said.

Two Israeli soldiers and a Hezbollah fighter were killed late Wednesday as Israel discovered a warren of storage rooms, bunkers and tunnels. The death toll in Lebanon for the nine days passed 300; the vast majority were said to be civilians.

On Thursday evening, two Israeli soldiers were killed and three others wounded in further fighting. At least two Hezbollah fighters were believed to have been killed.

The Israeli defense minister, Amir Peretz, visiting northern towns hit by scores of Hezbollah rockets, hinted at a broader ground operation. "We have no intention of occupying Lebanon, but we also have no intention of retreating from any military measures needed," he said. "Hezbollah must not think that we would recoil from using all kinds of military measures against it."

Mr. Peretz continued, "You can mark one thing down: Hezbollah flags will not hang over the fences of Israel."

At the United Nations, Secretary General Kofi Annan condemned the Israeli operation as an "excessive use of force."

Russia, which reduced parts of Chechnya to rubble in its fight against rebels there, also sharply criticized Israel, with the Foreign Ministry calling Israel's actions in Lebanon "far beyond the boundaries of an antiterrorist operation" and urging a cease-fire.

At the White House, President Bush's press secretary, Tony Snow, said, "I'm not sure at this juncture we're going to step in and put up a stop sign," although he called on Israel to "practice restraint" and said Mr. Bush was "very much concerned" about a growing human crisis in southern Lebanon.

Secretary of State Condoleezza Rice is arranging a trip to Asia and the Middle East; she could be visiting this region as early as Sunday.

Diplomats are investigating the idea of a more robust international force under United Nations auspices but more likely made up of European troops, that could help the weak Lebanese government move its army to the Israeli border and push back a weakened Hezbollah.

Ephraim Sneh, Israel's deputy defense minister and a former Israeli commander in Lebanon, told Israeli television: "We have no choice but go in and physically clean up Hezbollah posts on the ground. The air force can't do that. So when we talk about a ground operation, the intention is not necessarily a massive incursion but more pinpoint operations."

The small force of about 40 marines who landed in Beirut on Thursday were the first American military personnel to be deployed in Lebanon since the withdrawal of forces after a Hezbollah suicide bomb attack killed 241 Americans, mostly marines, in 1983. The marines who landed Thursday were from the same unit as those killed 23 years ago.

Lt. Cmdr. Charlie Brown of the United States Naval Central Command in Bahrain said a small number of marines from the 24th Marine Expeditionary Unit landed on a beach north of Beirut, near shorefront belonging to the American Embassy on Thursday morning. They helped American citizens board a landing craft that ferried them to the amphibious assault ship Nashville stationed offshore.

By late afternoon, 1,052 evacuees had been boarded, and the Nashville was preparing to head to Cyprus, Commander Brown said.

Helicopters also evacuated 161 Americans on Thursday, the military said, and the Orient Queen, a cruise liner that had transported the first large group of American evacuees to Cyprus on Wednesday, was expected to reach Beirut on Thursday night for reloading.

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A planeload of Americans who had been on the Orient Queen's first trip to Cyprus arrived at the Baltimore/Washington International Airport on Thursday morning. Five more naval vessels are expected to arrive in the area on Friday, along with a high-speed ferry hired to transport evacuees to Cyprus, the military said in a statement.

Citizens of Britain and other countries were also evacuated.

On Thursday, Israel continued its large-scale air attacks on Hezbollah positions and equipment. It also leafleted southern Lebanese villages, made taped phone calls, informed local leaders and broadcast messages in Arabic to warn residents to move north of the Litani River if their villages contained Hezbollah assets or rockets, but gave no deadline.

Israel dropped similar leaflets on Thursday in Gaza as well, possibly foreshadowing more attacks on populated areas where Israel believes Hamas is storing Qassam rockets.

The air attacks on Thursday also hit Beirut's southern suburbs, following Wednesday night's heavy attack by Israeli jets, using special burrowing bombs, to try to penetrate a bunker believed to be used by senior Hezbollah officials, including its leader, Sheik Hassan Nasrallah. Hezbollah said no one had been hurt in the bombing, which Israeli officials said had involved 23 tons of explosives in the Burj al Brajneh neighborhood.

According to Al Jazeera's Web site, Sheik Nasrallah said in an interview on Thursday that the two Israeli soldiers captured by Hezbollah in a raid last week would be freed only in the context of a prisoner exchange and otherwise would not be released even "if the whole universe comes against us."

Hezbollah said its military capacity was largely undiminished. "The resistance has only used a small, small part of its strength," Hussein Hajj Hassan told LBC television. "Nothing has been destroyed."

Despite the continuous shelling of the Hezbollah strongholds of southern Beirut, the militia remains very much in control there, barring access to outsiders.

On Thursday, the militia led reporters on a tour of the area, where Hezbollah's headquarters are. Buildings as high as 12 or 15 stories had collapsed; some were still smoking.

According to Lebanese reports, four civilians were killed in a strike on a car in the coastal city of Tyre. Israeli jets also attacked a detention center in the town of Khiam in south Lebanon on Thursday, according to local television reports. The prison, formerly run by Israel's Lebanese militia allies during its occupation of south Lebanon, was destroyed.

Israeli planes also struck at Shiite areas in the eastern towns of Baalbek and Hermil, where some Hezbollah leaders are said to live, and several southern villages.

About 50 rockets hit Israel on Thursday, the Israeli Army said, a sharp drop from 150 the day before.

The Israeli military said two of its helicopters had collided Thursday night near the border with Lebanon.

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In Gaza, Israel continued its military operation in the central sector, killing at least three Palestinians and wounding six in fighting around the Mughazi refugee camp. An airstrike on the same refugee camp killed one fighter and wounded eight more. One of the dead was a Palestinian girl, 10, wounded in an airstrike on Wednesday, when nine Palestinians, eight of them militants, were killed, according to The Associated Press.

The Israeli Army dropped the leaflets Thursday throughout Gaza warning that "anyone who has, or is keeping an arsenal, ammunitions or weapons in their house must destroy it or will face dangerous consequences."

On the West Bank, Israeli forces continued to surround the Mukata compound in Nablus, where Palestinians wanted by Israel have been taking refuge since Wednesday morning. About 15 wanted men gave themselves up but at least 10 remain inside. Tanks fired five shells at the buildings and army bulldozers worked to knock down the exterior walls, while warning those inside to come out or risk being buried underneath the rubble.

Israeli troops fired rubber-coated bullets at Palestinians who demonstrated against the troops, wounding five, one seriously, Palestinian medics said. About 4,000 Palestinians demonstrated in Nablus in support of Hezbollah, calling on the militia's leader, Sheik Nasrallah, to attack Israel with rockets.

"Nasrallah, our dearest, strike, strike Tel Aviv!" the Palestinians shouted. Five Palestinians were killed in the Nablus operation on Wednesday.

The Lebanese government said it had so far sheltered as many as 120,000 refugees, mostly in schools. It is considering setting up tents and temporary barracks in public parks and sports fields. The United Nations estimates that a total of 500,000 people have been displaced.

"The losses are immeasurable," said Nayla Moawad, the Lebanese minister for social affairs.

Ms. Moawad blamed Syria for setting off the crisis, saying that she was expressing her personal opinion. "The decision of the Hezbollah operation was not taken in Lebanon," she said. "Lebanon was taken a hostage, a mailbox of other people's interests. It has been taken in Damascus, probably with an Iranian coordination."

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Ms. Moawad was one of the leaders of the Lebanese revolt last year that led to the withdrawal of Syrian troops from Lebanon.

"Syria has tried to destabilize Lebanon since her troops pulled out," she said.

Marines In Beirut To Help With Evacuation (AP)

By Joe Panossian

AP, July 21, 2006

U.S. Marines landed in Beirut on Thursday for the first time in more than 20 years, helping evacuate Americans onto a Navy ship bound for Cyprus from battle-torn Lebanon.

About 40 U.S. Marines arrived at a beach just north of Beirut in a landing craft and in three trips ferried 1,052 people to the amphibious assault ship USS Nashville just off the coast. The Nashville then sailed for Cyprus.

Approximately 2,600 U.S. citizens have been evacuated from Lebanon by the United States since Sunday. Many of the evacuees have been transported to Cyprus, with the State Department arranging chartered flights to the United States.

Some evacuees were Lebanese-Americans who had taken their children to their homeland for the first time, only to be surprised by the fighting that erupted after Hezbollah militants captured two Israeli soldiers.

Hundreds of people, some with shirts draped over their heads to protect themselves from the sun, gathered on the beach Thursday. A U.S. Embassy official, speaking through a megaphone, pleaded for patience, reassuring the crowd that all those who registered to be evacuated would be assisted.

"We are frustrated and disappointed, but we are O.K.," said Bob Elazon, an Illinois resident who complained the U.S. evacuation was badly organized.

Elazon, who left his native Lebanon 34 years ago, was with his 20-year-old daughter, Anna, who was visiting the country for the first time. His wife departed just before the fighting erupted.

Hezbollah militants fighting Israel are declared enemies of the United States and the group is blamed for the Beirut suicide bombing that killed 241 Americans in 1983. All U.S. forces withdrew within months, and there has been no American military presence since.

Also Thursday, more than 600 relatives of U.N. peacekeepers and other foreigners were evacuated by ship from the southern port city of Tyre, a region that has seen a ferocious pounding by Israeli warplanes and gunboats for days. Many of the women and children had spent the night in the beach waiting for the ship that arrived Thursday morning and took them to Cyprus.

The first plane carrying U.S. evacuees landed outside Baltimore early Thursday, and eager family members waited to greet the 145 Americans aboard the charter flight.

Some 900 Americans arrived in Cyprus early Thursday aboard a luxury cruise ship — the first mass U.S. evacuation from Lebanon since the Israeli airstrikes started more than a week ago.

The cruise ship was among dozens of vessels evacuating thousands of foreigners. Some 8,000 of 25,000 U.S. citizens in Lebanon have asked to leave. So many people were leaving Lebanon that boats were forced to line up outside Beirut harbor and had to wait before docking in nearby Cyprus.

Exhausted and shaken, the Americans stood in line at the harbor in Larnaca, dragging their luggage and their children as they waited to be told where they would sleep and when they might leave. About 500 were housed at a fairgrounds in the Cypriot capital before flying to Baltimore.

Many of the Americans worried about relatives left behind in Lebanon.

"This war is unfair. It's unfair if you see buildings fall and there are people inside," said Mona Kharbouche, a mother of two who said she had left behind her mother, two sisters and a brother.

Elderly people in wheelchairs, a young woman on a stretcher and her right arm in a cast, and women with toddlers were the first to disembark from the Orient Queen nearly two hours after it tied up.

Catherine Haidar said she had been visiting her husband's native Lebanon with their four daughters for the first time in 13 years in a house that shook from the bombings.

"I didn't want to leave because I thought that if there were 25,000 Americans in Lebanon, maybe the Israelis would think twice about what they were hitting," said Haidar, of Orange County, Calif.

Ann Shebbo, a U.S. citizen who lives in the United Arab Emirates, said she and her husband left relatives behind in the Shouf Mountains.

"There is a guilt feeling about leaving. I wanted to leave because of my children," Shebbo said. "The Lebanese people should not suffer this way."

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The Americans departed two days after the first Europeans sailed. An estimated 13,000 foreign nationals have been evacuated from the war-torn country.

Brig. Gen. Carl Jensen, who is coordinating the U.S. evacuation, said more than 6,000 Americans will leave Lebanon by the weekend. The Nashville is one of several Navy ships assisting and military helicopters have flown some 200 Americans to Cyprus.

Amid complaints the U.S. effort had lagged, American officials made clear that fears about Americans traveling on roads in Beirut, especially at night, and to Syria had led to some of the delays.

Most are leaving by sea as the overland route to Syria was deemed to be too dangerous and Israel knocked Beirut's airport out of service last week by bombing its runways.

Shebbo, now in Cyprus, said she and her husband had struggled to get information from the U.S. Embassy in Beirut, and had found out about the boat from people in the United States. For four days, they inhaled the fumes from a bombed power plant two miles from where they had been staying.

Others echoed her complaints about the embassy.

"The guard was so rude and said there was no evacuation plan," said Michael Russo, 23, of Tucson, Ariz., of his visit to the embassy. "On Wednesday and Thursday, I asked them if there was a plan, and they looked at me like I was crazy."

Many Canadians in Larnaca and Beirut also expressed anger at their government's evacuation effort, either because of the long wait at the port or the lack of planning. About 1,600 were waiting in the hot sun at the Beirut port.

U.S. Evacuees Arrive In Md. From Lebanon (AP-Y)

By Brian Witte, r

AP2, July 21, 2006

The first Americans evacuated from battle-scarred Lebanon arrived home Thursday, tired but relieved to put behind them terrifying nights of heavy bombings and house-shaking explosions.

"It's the grave of the Middle East, that's what I call it now, if they keep going this way," said Amal Kazzaz of Richmond, Va., who had been visiting relatives in Lebanon when fighting erupted between Hezbollah militants and Israel.

About 150 people were aboard the Omni Air International DC-10 that landed at 6:30 a.m. at Baltimore-Washington Thurgood Marshall International Airport outside Washington. The airport is expecting as many as seven more flights, and a Maryland Emergency Management Agency spokesman said three of them were tentatively scheduled overnight.

Officials said an estimated 8,000 of the 25,000 U.S. citizens in Lebanon wanted out, and about 2,600 have been evacuated since Sunday. Many have been transported to Cyprus, with the State Department arranging chartered flights to the United States.

Martha Khayat said she, her 11-year-old daughter and 6-year-old son had to take a 12-hour ride to Cyprus on a cargo ship with no food, water or place to sit. From there a plane took them to Manchester, England, before they were flown to BWI.

Khayat was grateful for all the help: "From the very beginning I wanted to leave, but there was no way out," she said.

The family had been staying near the heavily targeted Beirut airport, and Khayat said she didn't sleep for days because of the noisy, ground-shaking bombardment. More than 330 people have been killed, most of them in Lebanon, since fighting began July 12.

"I had to open all the windows because I thought the windows were going to blow," she said.

"I saw a lot of smoke and fire and I heard a lot of bombs and explosions," said Khayat's daughter, Amani, who added that she felt safer now that she's back in America.

Khayat and her children were headed to New York on Thursday to be with family, but her husband, Marwan, stayed behind. She said she didn't know when he would be able to leave and was worried about him.

"Everybody's still in danger there," she said.

After going through customs, the evacuees trickled calmly into the waiting area where a swarm of journalists waited to speak with them. Passengers said they were grateful to the U.S. government for getting them out of what they described as a chaotic environment.

New Orleans resident Joseph Baher, 18, said he was glad to get out at all.

"I was scared that I wouldn't be able to get out because the Israelis bombed the airport repeatedly," he said.

Many of those on the plane said they were Lebanese-Americans who had been visiting family or friends in Lebanon.

"Everybody was so glad and really eased to be back home, because as soon as you were on the plane you felt like you were relieved," said Sami Lahan, of Detroit, who returned from Beirut with his wife and daughter.

Like others on the plane, he described terrifying nights of bombing that shook homes and rattled windows. "You never know when they are going to strike," he said.

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U.S. Ambassador Jeffrey D. Feltman said the evacuation to Cyprus would swell to up to 2,000 Americans a day, both by sea and by helicopter. The Orient Queen cruise ship arrived in Cyprus earlier Thursday carrying about 1,000 Americans.

For Evacuees From Lebanon, A Bittersweet Arrival At BWI (WP)

By Sudarsan Raghavan

The Washington Post, July 21, 2006

An hour after he landed in Maryland yesterday with the first wave of American evacuees from war-torn Lebanon, Adib Mansour couldn't escape thoughts of his motherland.

The memories, some from only a day ago, took hold of the Lebanese American designer: the helicopter attack his young son witnessed, the heartbreaking pleas of his brothers to evacuate one of their sons with him, the sight of his beloved Beirut as he and his family were whisked away in a U.S. military helicopter.

"All I could think was, 'We're leaving everyone behind,' " Mansour said as he broke into tears and then fell silent.

In another corner of Baltimore-Washington International Thurgood Marshall Airport, a smiling Fady Lamaa picked up and hugged his daughter, Christina, 3, moments after she walked out of customs with her brother, Johnny, 7, and mother, Janine. After a frantic week of long-distance worrying, Lamaa had been waiting since 5 a.m. to reunite with them.

But his wife, who heard the bombs and the explosions, couldn't forget her parents, two brothers and sister still in Lebanon.

"All the time I've been thinking about them in the airplane. 'What's happening now?' " said Janine Lamaa of Ashburn. "I feel very happy and sad at the same time."

The first of thousands of American evacuees from Lebanon started flowing back to the United States yesterday, returning to their homes after a chaotic week of danger and uncertainty. Seven additional flights of evacuees are expected at BWI -- their primary entry point into the United States -- by tomorrow, including three that are tentatively scheduled to arrive by this morning. And at least one flight is expected in Philadelphia as early as today. U.S. officials say that as many as a third of the estimated 25,000 Americans in Lebanon want to be evacuated.

Many of yesterday's 150 evacuees were of Lebanese descent -- toddlers, senior citizens, students and film directors -- and their homecoming was bittersweet. Inside Lebanon, many said, they thought only of the immediate concern: how to escape. Now, they are starting to come to grips with the long-term consequences for their shattered homeland.

Their nostalgia and pride for a nation that resurrected itself after a 15-year civil war has given way to sadness and dread. Some said they feel guilt and helplessness for having the means, and the correct passports, to escape, while their relatives in Lebanon have no such options.

Yet the United States is also their home, they said, and they're looking forward to its normalcy.

"You're happy you're coming home to see your family and kids. At the same time, I feel guilty that I'm saving my life but I cannot save anybody else's," said Amal Kazzaz of Richmond, who emigrated from Lebanon in 1972 and has four adult children and 12 grandchildren in Virginia. "You cannot be happy when you know somebody else is dying behind you. But this is my home.

"God Bless America."

Like many other evacuees, she and her husband, Nassib, who suffers from heart and back problems, were evacuated by a U.S. military helicopter from Beirut to Cyprus on Wednesday morning -- Amal Kazzaz's 62nd birthday. A few hours later they were flown to England, where they boarded an Omni Air International DC-10 to Baltimore -- in total, a 12-hour journey.

They were given medical assistance on the plane, she said, and placed in first class. The flight was filled with other senior citizens, children and passengers with medical problems who were apparently given priority to board, evacuees said. The mood in the plane was somber, and many passengers appeared shocked and saddened by what they had experienced, said Elias Merhige, a Lebanese American film director from Beverly Hills, Calif.

"The kids were kind of sad," he said. "They were talking about Beirut and Lebanon, asking questions like, 'Daddy, why did this happen?' You could hear little bits of conversations, and you're thinking, 'This kid is never going to forget this.' "

As the plane landed in Baltimore at 6:30 a.m., the passengers erupted in applause. After going through customs, the evacuees walked into the waiting area, where Maryland state and Red Cross officials provided them with a host of services, including travel assistance, free phone lines, interpreters, health services and boxed lunches. Children were offered comfort kits that included coloring books and crayons.

Merhige, his wife, Nadja, and other family members were in Lebanon to attend a cousin's wedding. But when the violence erupted it was canceled, and a smaller ceremony was held last weekend in a monastery in the mountains, where it was considered safer.

But during the ceremony, "we heard heavy bombings," said Nadja Merhige, a Croatian American. "Everybody's cellphone started to ring as the bride and groom finished the ceremony. Then everybody started to panic."

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They soon learned that an area about 110 yards from the hotel had been bombed, she said.

"People were sad and angry," said Elias Merhige, referring to other passengers on the flight. "We were all witnesses. We were not watching the news. We were living it with the Lebanese. You get the sense there's a horrible injustice taking place."

Adib Mansour, from New York City, arrived in Beirut with his wife and two small children a few days before the conflict erupted. His mother had sold her house in Lebanon and used some of the proceeds to pay for their visit.

Then the bombs started falling. Mansour, who lived in Beirut during its civil war, knew the sonography of war. He watched as highways and bridges were pummeled.

"Beirut was so beautiful," he said, his voice infused with nostalgia. "It had beautiful buildings, new highways. The sad thing is that within six days, all this was destroyed."

When the bombs sounded closer and closer to their residence, he took his family and fled to the port city of Junia, north of Beirut.

"I was kind of creeped out. It was scary," said Chloe, 12, his daughter.

But the war quickly followed them there. Mansour said he was swimming in a pool with his son, Luca, 7, when Israeli helicopters attacked the port nearby.

"All of a sudden, several dozen people started running and screaming," said Mansour, who ran with Luca to safety.

Mansour again drove his family along back roads, seeking refuge in the mountains. Meanwhile, they kept phoning the State Department in the United States to get on its evacuation list. Mansour is diabetic, which gave him preference. They were soon taken by helicopter to Cyprus.

Before they left, Mansour's relatives had heard a rumor that U.S. citizens could evacuate one Lebanese with every American family. It was false, and Mansour had to tell his brothers that he could not take one of their sons.

"It was heartbreaking," Mansour said.

And when he gave his mother cash to help her face the war, she replied, "I'm supposed to pay for you." As he spoke, Mansour struggled to fight off his tears again.

At the other end of the arrivals terminal yesterday, Sandy Wilda and her husband, Doug, waited for her parents, Amal and Nassib Kazzaz. Devout Christians, they said they had been praying for her parents' safety all week.

"It was an opportunity to trust God," Sandy Wilda said, as she nervously checked her watch.

Then she saw her parents, and the hugs and kisses flowed.

"My heart beat so fast," recalled Amal Kazzaz. "It was a happy moment."

Janine Lamaa returned with her family to their home in Ashburn yesterday. She took a shower, gave the kids a bath, ate and then slept. She didn't feel like celebrating.

"I don't feel like doing anything," she said. "I feel so sad. I have a family there, and Lebanon is a beautiful country, and a lot has been destroyed."

She called her parents in Lebanon to tell them they had arrived safely.

"They were so happy," she recalled. "I told them to be safe and to take care of yourself, and that I'll be watching the news. 'Hopefully,' I told them, 'the war won't last long.' "

Plucked To Safety From Lebanon, American Evacuees Return And Lament The Destruction (NYT)

By Gary Gately

The New York Times, July 21, 2006

A cheering planeload of Americans evacuated from Lebanon arrived here Thursday morning, giving thanks for their escape and pleading for an end to the bombing there.

Haggard and wearing clothes they had slept in, but otherwise healthy and in good spirits, many of the roughly 150 evacuees exulted and applauded when the government-chartered DC-10 touched down at Baltimore/Washington International Airport.

Some wept tears of joy; others, tears of sadness. Some had worried that they and their loved ones would never make it out of Lebanon alive, while others feared for the safety of kin and friends left behind.

“We lived through horror; I’ve seen little kids burned alive,” said Tom Charara, 50, an aerospace engineer from Long Beach, Calif., who with his wife, Rola, and two young children went to visit ailing relatives in Beirut. “A country is being destroyed, people are being killed, and the whole world is watching.”

The flight originated in Cyprus, which the evacuees reached by helicopter and plane, as well as on freighter journeys as long as 16 hours. But inside the arrival terminal, there was calm efficiency.

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Barely over an hour after the passengers shuffled into the waiting area, most had left with family members or had boarded connecting flights to other American cities. Few relied on the waiting Red Cross workers, interpreters, health aides and counselors or the bank of computers that Maryland officials had set up for e-mail.

The State Department said Thursday morning that 2,600 American citizens had been evacuated and that more than 5,000 were hoping to leave. The Baltimore airport expected as many as eight more planeloads by Sunday, said Christopher J. McCabe, Maryland's secretary of human resources.

Thursday's homecoming was bittersweet for many evacuees.

David Merhige, a musician from the East Village in New York, had gone to Lebanon for a cousin's wedding, which ended up being moved north, then disrupted, because of bombing. "My trip started out amazing and beautiful, and it turned into a terrible atrocity," he said.

Mr. Merhige, 39, recalled sitting in the relative safety of the United States Embassy in Beirut on Wednesday, with fighter planes and gunboats nearby, shaking as he thought of family members who remained.

"I had pretty much uncontrollable fears," he said. "I don't cry that often, but I did when I thought of the craziness I left. It's just going to be a disaster over there."

Several evacuees called on Israel to stop bombing Lebanon.

Stephen McInerney, a student completing a master's degree in Middle Eastern studies at the American University in Beirut, said he had felt no danger to himself, but expressed horror at seeing so much of the city in flames and ruins.

"I felt more sadness in the past week than I ever have before in my entire life," Mr. McInerney said. "The atrocities going on in Lebanon are out of control and are unjustifiable and unwarranted."

Marion Brannon, a minister from North Carolina, had been working in Beirut for seven years, watching the city continue to rebuild and thrive. "Now our hearts cry out for these people," she said. "Please pray for the peace of Lebanon."

The Lebanese people, Ms. Brannon said, want America's help in ending the violence.

"When they hit a target," she said, "one woman came to me and said: 'Please call America. Please call America for us.' So they do view you as a nation that stands with them."

Mohamad Barbarji, of Williamsburg, Va., had taken his wife and three children to Beirut to visit his parents and other relatives. "We heard the jets coming, and I jumped out of my bed at 3 o'clock in the morning," Mr. Barbarji said. "And all of a sudden I heard nothing but explosions everywhere."

His 8-year-old son, Haidar, woke again and again that first night.

On Thursday morning, back home again, the little boy trembled and fought back tears.

"I was just wishing that Lebanon and Israel would be friends in peace and love," Haidar said. "I'm afraid for my grandparents there where there's a war."

American Evacuees Bring Horror Tales From Lebanon (WT)

By Jon Ward

The Washington Times, July 21, 2006

The first 150 American evacuees from war-torn Lebanon arrived early yesterday at Baltimore-Washington International Thurgood Marshall Airport, telling stories of frantic attempts to get out -- tales of anger, fear and guilt over those they left behind.

"We lived through horror. ... Just get out alive -- that was it," said Tom Charara, 50, an aerospace engineer from Long Beach, Calif., who was in southern Beirut with his wife, Rola, and their two children to visit Mrs. Charara's parents.

"My dad is very sick. I think it was my last chance to say goodbye to him," said Mrs. Charara, 38, choking back tears. "I didn't see him before I left. I didn't even get a chance to give him a hug."

The plane -- an Omni Air International DC-10 -- arrived at 6:30 a.m., and the first evacuees were through customs and talking to the press by 7 a.m.

About 8,000 of the 25,000 Americans in Lebanon are seeking to evacuate the country, which has become embroiled in a violent conflict with Israel.

As many as 800 evacuees are expected to arrive through tomorrow on as many as eight flights. The second flight was expected to land late last night.

Gov. Robert L. Ehrlich Jr. opened BWI on Wednesday as a repatriation center for Americans fleeing Lebanon, in response to a request from the federal government.

Evacuees were guided through U.S. Customs to a help center where state officials had computers and phones available to communicate with family and friends.

Anyone needing housing during the day or overnight will be given a room in one of the hotels near BWI, as well as some cash for "incidentals" from the state comptroller's office, officials said.

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The Refugee Resettlement Program, which is operated by U.S. Department of Health and Human Services (HHS), provides assistance to evacuees for up to 90 days after they return to the United States.

About an hour after landing yesterday, most of the 150 evacuees had headed for connecting flights or had left with family or friends.

The Chararas were in Beirut for 11 days before they found a way out, on a Norwegian cargo ship packed with 1,110 other passengers, mostly Dutch.

Mrs. Charara, who was born and raised in Lebanon, spoke to her father by phone as they rushed to leave.

"I told him, 'I'm leaving.' He said, 'Yeah, OK, that's a good choice.' And then I got disconnected," said Mrs. Charara, a blue blanket draped over her shoulders. "I felt guilty. ... Because I have an American passport I have the right to live?"

Mr. and Mrs. Charara, their daughter, Shahrazad, 8, and their son, Ali, 7, were on the cargo ship for 16 hours.

Their ship landed in Cyprus, and the Chararas were put on a plane chartered by the U.S. State Department, which left at 8 p.m. Wednesday, Cyprus time.

They flew five hours to Manchester, England, and after a three-hour layover took a seven-hour flight to BWI.

Ryan Usumi, 16, of Prince Frederick, Md., was vacationing in Lebanon with his father, who was in the Middle East on business. Ryan arrived in Lebanon on July 8.

He and his father were staying in a hotel near the airport in Beirut on July 12 when they heard that Hezbollah had crossed the border with Israel and kidnapped two Israeli soldiers.

When Ryan woke up July 13, he heard that the Beirut airport had been bombed by Israeli jets.

"It was unreal. I didn't think it was really happening," Ryan said.

He and his father moved to a largely Christian area north of Beirut and then were evacuated by helicopter to Cyprus.

Ryan's father went on to Turkey for work, and Ryan, who will be in 11th grade at Huntingtown High School in Frederick, came home.

Evacuees are responsible to pay for their own travel home once they reach U.S. soil, but the federal government will loan them money if they left cash and credit cards behind, HHS spokeswoman Christina Pearson said.

"They are keeping track of it if they gave out a loan," Ms. Pearson said. "A waiver will be given if someone is truly destitute and cannot pay."

This is thought to be the first repatriation in Maryland since a planeload of citizens passed through BWI after the bombings of the U.S. embassies in Kenya and Tanzania in 1998.

Several days after the bombings, about 220 people, most of them embassy personnel and their families, arrived at BWI from Pakistan after the United States ordered private citizens and most embassy personnel to leave after receiving warnings that the lives of the estimated 6,700 Americans in Pakistan could be in danger.

Evacuees Jam Into Cyprus, And More Are Coming (NYT)

By Renwick McLean

The New York Times, July 21, 2006

The international airport here, normally brimming with vacationers this time of year, was jammed today with thousands of evacuees from Lebanon as American and European officials struggled to cope with the growing number of people who have been seeking refuge on the island over the last few days.

The mass evacuations are threatening to overwhelm Cyprus, which was already saturated with vacationers during peak tourist season. Officials from several governments said today that they expect the tide of evacuees to rise in the coming days as more and more ships arrive in the region to help transport people from Beirut, which lies about 150 miles to the east.

The bulk of the evacuations have been by sea. Several cruise ships with a capacity of more than 1,000 passengers have arrived at the port here since Monday, and many more are expected in the coming days. Military vessels and helicopters are also being used.

Many of the evacuees appear to be tourists rather than foreign residents of Lebanon. They have generally arrived in good health, many coming from the relatively safer areas in northern Lebanon rather than from the southern zone where much of the violence is occurring, according to interviews with evacuees and officials from numerous governments.

But some still told of narrow escapes. Christine Michael, a 37-year-old optometrist from Chicago who was vacationing in Lebanon with her family, said she felt fairly safe until a bomb exploded on Saturday two blocks from the resort in Jounieh where she was staying.

“We decided it was time to go,” she said this morning, minutes after getting off a cruise ship contracted by the United States government to American ferry citizens to Cyprus. “We went to the basement to wait out the bombing,” she said, and then sought refuge in the nearby Broumana mountains as they searched for a way out of Lebanon.

Her husband, John, a 43-year-old ophthalmologist, said he was frustrated with the information he received from the United States embassy in Beirut, which he said contradicted itself numerous times and left his family unsure about how to evacuate the country.

"We appreciate the effort," he said. "We're glad to be out. We're glad to be safe. But it wasn't very well-organized."

Several other passengers said they had a difficult time reaching United States embassy officials in Lebanon or expressed frustration with the pace of the evacuation.

Asked if he was satisfied with the American response, Ronald Schlicher, the United States ambassador to Cyprus, told reporters today that "there's no such thing as fast enough" when it comes to helping Americans in need. But he said that American officials "were doing the best they can in very chaotic circumstances."

Mr. Schlicher expressed his gratitude to the government of Cyprus for its "remarkable" efforts to help the United States and other countries evacuate their citizens from Lebanon. "It's a huge, huge strain on their resources," he said.

The foreign governments operating here have said they intend to transfer their citizens out of Cyprus as soon as possible, but many have had to stay overnight while waiting to catch chartered flights home.

With hotel space limited because it is high season for the island's tourism industry, the government of Cyprus has provided temporary housing at the state fair grounds in Nicosia, the capital of Cyprus. The building has 300 cots, but about 600 people are staying there tonight, according to American officials.

The United States embassy here says that it has evacuated more than 1,600 people from Lebanon to Cyprus so far. France has evacuated about 2,000, according to French government officials on the island.

But thousands more are expected in the days ahead. American officials estimate that an estimated 25,000 Americans were in Lebanon at the start of the conflict last week. They also say it is unclear how many of those Americans will choose to evacuate.

Asked how many Americans would be coming to Cyprus in the coming days, Mr. Schlicher said he expected "several thousand, maybe five, maybe six, maybe seven."

"We'll just have to wait and see," he added.

France, which has one of the largest communities of foreign nationals in Lebanon, also expected a surge in arrivals in the next few days, according to French Foreign Ministry officials in Cyprus.

Many of the evacuees appeared to have left Lebanon not because they were afraid for their safety now, but because they were concerned about what would happen if they stayed.

"We were afraid that if we didn't leave now, we wouldn't be able to," said Nabil N. El Hage, a professor of business at Harvard University, who had been vacationing with his family in Lebanon. "You can't tell how bad it's going to get."

Mr. El Hage, an American citizen of Lebanese descent, said that he was confident that Lebanon would recover from the destruction caused by the conflict, and he vowed to return soon.

"It's going to cost billions to rebuild," he said. "But they'll do it."

Angry Words From Those Left Waiting (LAT)

By J. Michael Kennedy

The Los Angeles Times, July 21, 2006

Sherrie Saadi, her face reddened by frustration and a day in the sultry Lebanese heat, didn't know where she would go for the night Thursday after American Embassy personnel turned her away and said she would have to return in the morning.

Along with her two daughters, the San Antonio nurse had been told only minutes before that the evacuation ship was full. All she had to show for more than nine hours of waiting was a sheet of greem paper that purportedly guaranteed her and her daughters a place at the head of the line when she returned. She couldn't imagine another day like the one she'd just been through.

"There were people who were fainting and passing out all over the place," she said bitterly. "We're the biggest country in the world and we can't do anything right."

Saadi, who was visiting her husband's family in the southern port city of Sidon when the fighting between Israel and Hezbollah militants broke out, was not alone in her frustration. Hundreds of people were turned back Thursday as the United States and other countries tried to get a grip on the huge task of evacuating thousands of people from Lebanon in the face of ongoing Israeli airstrikes.

As part of that effort, about 40 U.S. Marines went ashore on landing craft Thursday morning to help with the evacuation of Americans. Early Thursday, a cruise ship, the Orient Queen, arrived in Cyprus from Beirut with 1,066 American evacuees aboard. About one-third of them had been bused to Beirut from southern Lebanon in a convoy, the State Department said. Later Thursday, the U.S. warship Nashville sailed from Beirut after taking on about 1,000 passengers.

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But for those left behind, it was a day in which they stood in line with crying children, confusing instructions, short-tempered rescue coordinators and what little food they had brought themselves.

By day's end, when told they had to leave and come back in the morning, those who didn't make the cut complained that they had been packed together in the heat and treated poorly. They also said the U.S. Embassy had been virtually impossible to reach by phone for days.

Compounding the frustration was the knowledge that they didn't have much choice, because the only other way out of Lebanon was through Syria, along a road the Israelis had bombed. And Syria, which supports Hezbollah in its attacks on Israel, wasn't an attractive option.

"Look at her," said vacationing American restaurateur Jerry Jrab, pointing to his wife's blond hair. "I'm not going to take her to Syria. And she just wouldn't go anyway."

He and his wife, Angela, were angry over what they viewed as sloppy work by the embassy. They also were given a voucher and told to return at 7 a.m. with their two children.

"There's going to be 10,000 people here tomorrow," Jrab said, standing a few feet from the barbed wire barrier that marked the beginning of the line. "Right now we're the first of 10,000. She doesn't want to leave. She wants to stay here all night."

Sue Mansour of Clearwater, Fla., who waited in line all day with her three sons, had been vacationing with relatives in the mountains south of Beirut before deciding to join the evacuation.

"We were told this is the safest and that we would be helped by the Americans, but that's not what happened," she said. "We were treated like animals."

She said her 9-year-old son, Randy, passed out during the afternoon and had to be treated by first aid workers. Embassy officials were rude, she said, and simply left the area when they ran out of the vouchers.

"He turned his back and he left us," she said of one official. "People who came last went first. Something has to be done."

By shortly after 5 p.m., most of the stranded Americans had found a way to leave for the night. Sherrie Saadi was eager to get to a hotel so she could treat her 4-year-old daughter's asthma. Saadi had joined forces with another evacuee, Susan Kraydiech, who speaks Arabic.

"This is just humiliating," Kraydiech said. She also said she would be in line again at 5 a.m.

As for Jerry and Angela Jrab, their children had been taken to a relative's home after the day of waiting. The parents sat on a curb next to the barbed wire as the crowd thinned to almost nothing. Jrab said the uncertainty of it all was one of the worst things about the waiting.

"We need to know what we're going to do," he said. "If the Americans aren't going to help, we'll find our own way out. But we need to know."

Times staff writer Johanna Neuman in Washington contributed to this report.

Bush May Push For Bolton's Confirmation (LAT)

By From Times Wire Reports

The Los Angeles Times, July 21, 2006

President Bush is considering a new effort to have John R. Bolton confirmed as the U.S. ambassador to the United Nations, a year after appointing him to the job over Senate objections.

Bush appointed Bolton while the Senate was in recess last August after senators had blocked the former State Department official's confirmation, saying he had an abrasive style.

His appointment runs out in January at the end of the congressional session. If Bush makes another recess appointment, Bolton would not be entitled to receive a salary.

Bolton's First Year At U.N. Wins Over A Critic (NYT)

By Jim Rutenberg And Carl Hulse

The New York Times, July 21, 2006

WASHINGTON, July 20 — Since last year, John R. Bolton has had the title of United States ambassador to the United Nations, and the work that goes with it.

But he has not had the formal approval of the United States Senate for his appointment. Instead, President Bush installed him in the job when Congress was out of session.

Now a former Republican critic of Mr. Bolton has changed his mind, giving the White House impetus to try again to get the Senate's endorsement. Senator George V. Voinovich, Republican of Ohio, urged the Senate on Thursday to approve Mr. Bolton's nomination, saying the United States needs a fully sanctioned United Nations representative in the tumultuous world climate.

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"For the betterment of our country we need to clarify our position regarding John Bolton so that the world knows we speak with one voice," Mr. Voinovich said during a news briefing.

Mr. Voinovich said his opposition to Mr. Bolton's appointment last year was based upon accusations from critics describing Mr. Bolton as a maverick with poor interpersonal skills who had pressured intelligence analysts as an under secretary of state for arms control under Mr. Bush, and who held disdain for the United Nations itself.

His campaign against Mr. Bolton's nomination included an emotional speech on the Senate floor and a public gift to Mr. Bolton of the book "The Heart and Soul of Effective Management" by James F. Hind. And in the end, his opposition helped result in the Foreign Relations Committee taking the unusual step of sending Mr. Bolton's nomination to the full Senate without a favorable recommendation.

When Mr. Bush announced the recess appointment last August, he said he had been forced to act because the United States had gone for more than six months without an ambassador to the United Nations, since the departure of John C. Danforth, the former Republican senator from Missouri.

Under the recess appointment, Mr. Bolton could remain in the job until the end of the current Congress this year. Then he would have to be renominated.

Mr. Voinovich first went public with his change of heart in an opinion piece in The Washington Post on Thursday. And his office said that on Wednesday night he personally told Secretary of State Condoleezza Rice; Senator Richard G. Lugar, Republican of Indiana and the chairman of the Foreign Relations Committee; and Mr. Bolton himself.

Although Mr. Voinovich said at the news briefing Thursday that Mr. Bolton was "not perfect," he added, "He had some interpersonal skill problems, but I think he's worked very, very hard to remedy them."

Mr. Voinovich said the White House had not influenced his decision.

But White House officials said they were delighted by the news and were hopeful that Mr. Voinovich's change of heart would spread to the other side of the aisle, as well.

"We welcome the willingness of Senator Voinovich to take another look, and we hope that other Senators will also be willing to," said Dana M. Perino, a White House spokeswoman. "It might provide some additional food for thought on the Hill about his nomination and about moving forward so he can get the full backing of the Senate."

Speaking later with reporters in New York, Mr. Bolton said: "That must have been a hard call for Senator Voinovich to make. But we are interested in U.N. reform. And I felt that if he were prepared to work with me, I was prepared to work with him."

Andy Fisher, a spokesman for Mr. Lugar, whose committee would oversee the nomination, said the White House had already filed paperwork for Mr. Bolton's nomination months ago and it was now up to the Senate to push it through. Mr. Fisher said that Mr. Lugar could have hearings on Mr. Bolton's nomination by the start of the Congressional August recess — though, he said, nothing was officially set yet.

Speaking with reporters on Thursday, Senator Harry Reid of Nevada, the Senate minority leader, would not say whether Democrats would try to block a vote on Mr. Bolton. He said he would confer with other party leaders before coming to any conclusions, but said he was not personally inclined to vote for him.

"He has done nothing to set himself out as somebody that should be approved by the Senate," Mr. Reid said. "I don't think anything has changed."

But Mr. Voinovich said that as ambassador Mr. Bolton had not exhibited the behavior that he was alleged to have at the State Department.

Iran Promises Aug. 22 Reply To Nuke Plan (AP)

By Ali Akbar Dareini

AP, July 21, 2006

Iran said Thursday it would reply Aug. 22 to the Western incentive package to stop enriching uranium, but it also issued a veiled threat, indicating Tehran will not accept any deal that dilutes its nuclear program.

The statement by the Supreme National Security Council was Iran's first mention of a precise date after weeks of being accused of stalling.

It said Iran "has made plans to produce part of its nuclear fuel needs inside the country and is making efforts to meet its required fuel" — a process that entails enriching uranium for use in nuclear reactors.

The council also warned that Iran would retaliate if the world tried to punish it.

"In case the path of confrontation is chosen instead of the path of dialogue ... and Iran's definite rights are threatened, then there will be no option for Iran but to reconsider its nuclear policies," the council said.

The statement did not spell out what Tehran would do, but Iranian officials have repeatedly threatened to withdraw from the Nuclear Nonproliferation Treaty and stop cooperating with U.N. nuclear inspectors.

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The permanent members of U.N. Security Council plus Germany offered Iran a package of incentives June 6 to persuade it to suspend enrichment — a process that can produce material for atomic weapons as well as fuel for reactors. The incentives include advanced technology and the easing of U.S. sanctions on the sale of aircraft and aircraft parts.

Last week, the world powers decided to refer Iran to the U.N. Security Council, saying it had taken too long to reply and had given no sign of wanting to negotiate in earnest over its nuclear ambitions.

The Supreme National Security Council insisted Iran wants to avoid a showdown.

"Iran is not after tension, but if others push things toward tension and create problems, then all will face problems," it said. "Iran believes dialogue is the most logical solution. It is serious in this path. We want the other side to return to the negotiating table."

It accused the United States of hindering a solution, blaming it for the decision to refer Iran to the Security Council, which has the power to impose sanctions.

"The United States, by changing the path of talks toward Security Council, is trying to create obstacles," the statement said.

Political analyst Saeed Leilaz said the United States and its allies would find it difficult to pass a Security Council resolution supported by Russia and China while Iran was making clear that it would reply to the incentives.

"It will not be worth creating global tension simply because Iran will give a response a few weeks later than the U.S. has demanded," Leilaz said.

The Iranian council said special committees in key state agencies were studying the offer.

"The package of incentives requires a logical time to study it. ... Aug. 22 has been set for declaring (our) views," the council said in the statement that was read on state-run television.

The United States and some of its allies accuse Iran of seeking to produce highly enriched uranium and plutonium for nuclear weapons.

Tehran says its nuclear program is aimed at generating electricity. Thursday's statement referred to a national plan to "to meet 20,000 megawatts of electricity through nuclear energy in the next 20 years."

Tehran has insisted on exercising its right to produce nuclear fuel as a signatory to the nonproliferation treaty, but Western powers are suspicious of its intentions because it concealed parts of its nuclear development from U.N. inspectors for years.

President Mahmoud Ahmadinejad initially said Iran would respond to the package in mid-August, but Tehran later pushed it back to late August.

On Wednesday, Russia said the U.N. Security Council is in no rush to pressure Iran, striking a more conciliatory tone than Washington as diplomats began discussing a resolution demanding Tehran suspend enrichment or face the prospect of economic and diplomatic sanctions.

Iran Offers A Pledge And A Warning (NYT)

By Nazila Fathi

The New York Times, July 21, 2006

TEHRAN, July 20 — Iran promised again on Thursday to respond to an international package of incentives on Aug. 22 but warned that it would reconsider its position if its case was sent to the United Nations Security Council.

The announcement was in a statement issued by Iran's National Security Council. The council is led by Iran's chief nuclear negotiator, Ali Larijani.

The statement came a week after six countries — Germany and the five permanent members of the Security Council, the United States, France, Britain, China and Russia — decided to seek a United Nations Security Council resolution ordering Iran to freeze some nuclear activities or face sanctions. The six countries offered Iran the incentive package in June in return for a freeze on its uranium enrichment program.

"If the path of confrontation is chosen instead of the path of dialogue, and if there is any action to limit the absolute rights of the Iranian people, the Islamic Republic will have no choice but to revise its policy," said the statement, which was carried by the ISNA student news agency.

"Iran has welcomed the offer and is examining it with a positive attitude," the statement said, adding that Iran would give its answer on Aug. 22 because it needed "a logical time frame to examine the proposals."

The statement did not elaborate on what kind of action Iran would take if its case was sent to the Security Council. But officials have said in the past that Iran might withdraw from the Nuclear Nonproliferation Treaty.

Iran has said the proposal contains ambiguities that need to be discussed. It has also contended that the Nuclear Nonproliferation Treaty allows it to enrich uranium.

Uranium enrichment is a process used for making fuel for nuclear reactors. But if the uranium is enriched to higher levels, it can be used for making bombs.

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The statement on Thursday said Iran planned to produce 20,000 megawatts of electricity within the next 20 years and planned to produce part of the nuclear fuel for that energy domestically.

It added that Iran was committed to its obligations under the nonproliferation treaty.

U.N. Revisiting Draft On Iran (LAT)

By Maggie Farley

The Los Angeles Times, July 21, 2006

UNITED NATIONS — Britain, France and Germany on Thursday circulated a revised draft of a resolution demanding Iran suspend its uranium enrichment activities and banning the transfer of goods and technology that could aid Tehran's ballistic missile or nuclear programs.

The text does not include general economic sanctions, but it stipulates provisional measures that could pave the way for sanctions or military action if Iran doesn't comply. It gives Iran until a yet-to-be-specified date in August to respond.

Russia and China, which blocked previous action on the resolution, agreed to it in principle during the Group of 8 summit outside St. Petersburg, Russia, last week. Russia already has proposed amendments that would delay adoption of the measure.

"We are not in a rush at all," Russian Ambassador Vitaly Churkin told reporters after a meeting Wednesday with Britain, China, France and the United States. "We are giving some freedom to Iran to respond. We do not want to dictate things to Iran."

U.S. Ambassador John R. Bolton has said he hopes to have a vote on the resolution next week. "We'll see if the United States can play a bridging role between the European Union and the Russians and see if we can't help resolve this and get a resolution that's satisfactory to all of us," he said Thursday.

The permanent members of the U.N. Security Council plus Germany offered Iran a package of incentives June 6 to persuade it to suspend enrichment — a process that can produce material for nuclear weapons as well as for power plants. The package includes help with advanced reactor technology and the easing of U.S. sanctions on the sale of aircraft and aircraft parts.

Iran's Supreme National Security Council said Thursday that the country would continue producing nuclear fuel and would not respond to the European package before Aug. 22.

"Iran is not looking for frictions, but if others create a hostile and difficult atmosphere, everyone will have problems," a statement from the council said. "If the path of confrontation is chosen instead of the path of dialogue, and if there is any action to limit the absolute rights of the Iranian people, the Islamic Republic will have no choice but to revise its nuclear policy."

The statement does not specify what Tehran would do, but Iranian officials have threatened to withdraw from the Nuclear Nonproliferation Treaty and stop cooperating with U.N. nuclear inspectors.

The United States sees the resolution not only as a way to contain Iran, but as a new formula for halting the proliferation of nuclear weapons and technology, Bolton said. The Security Council unanimously adopted a resolution Saturday banning the transfer of goods and technology that would aid North Korea's ballistic missile and nuclear programs. The same language is in the Iran resolution.

"I think Iran should take a look at this resolution and see that we've got a unanimous Security Council, all five permanent members," Bolton said after the North Korea resolution passed.

U.N. Resolution Would Pressure Iran (WP)

By Colum Lynch

The Washington Post, July 21, 2006

UNITED NATIONS, July 20 -- Britain, France and Germany on Thursday introduced a draft U.N. Security Council resolution demanding that Iran stop enriching or reprocessing uranium by next month or face unspecified sanctions.

The U.S.-backed resolution calls on states to prevent trade in ballistic missiles and nuclear technology to Iran. It also would require Iran to submit to more intrusive U.N. inspections than are required by the 1970 Non-Proliferation Treaty. The International Atomic Energy Agency, the U.N. nuclear watchdog, would be instructed to report on Iran's compliance with the resolution sometime next month.

The move comes a week after the council's five veto-wielding members -- the United States, Russia, China, France, Britain -- and Germany admonished Iran for failing to suspend its uranium-enrichment program or respond to incentives offered by global powers. They unanimously agreed in Paris on July 12 to weigh Security Council sanctions against Iran if it failed to comply with their demands.

But Russia has sought to soften the resolution introduced Thursday by calling for the elimination of crucial language that would require Iran to cease its enrichment and reprocessing of nuclear fuel. Instead, Russia proposes that the council simply call upon Iran to do so.

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Russia also has introduced amendments that would slow down the path to sanctions and rule out the possibility that the resolution could be used as a pretext to authorize military action.

The United States and its European allies believe that Iran has been secretly trying to build a nuclear weapon for more than 18 years. Iran maintains that it is simply seeking to master the nuclear enrichment process to ensure that it has a secure supply of fuel to run its nuclear energy program.

The IAEA maintains that Iran has fueled international suspicions by misleading the world about its nuclear activities. Although the IAEA has not established that Iran is developing nuclear weapons, it complains that Iran's unwillingness to provide it with full cooperation has made it impossible to conclude that its nuclear program is for peaceful purposes.

The major powers offered in June to provide Iran with trade incentives, including support for its integration into the World Trade Organization, in exchange for suspending its nuclear activities. They also pledged to provide legally binding guarantees to supply Iran with enough nuclear fuel to operate its power plants.

The Bush administration, meanwhile, agreed to participate directly in the talks and to consider lifting long-standing sanctions on the sale of commercial jets, agricultural equipment and telecommunications technology to Iran.

But the U.S. decision to engage Iran was conditioned on a commitment by its diplomatic partners to support sanctions if Iran continued to defy the wishes of the United Nations.

Iran's chief nuclear negotiator, Ali Larijani, issued a statement Thursday saying Iran wanted to continue negotiations to resolve the nuclear standoff but would not formally respond to the package of incentives until Aug. 22.

He also accused the United Nations of disrupting efforts to reach a diplomatic settlement of the crisis by leading the push for sanctions in the Security Council. "Iran does not seek tension and confrontation, but if others create obstacles and a tense environment, all will be faced with difficulties," he said.

Iran believes that negotiations are the "most reasonable path" to resolve the standoff, Larijani added. "We invite the other side to come back to the negotiating table."

John R. Bolton, U.S. ambassador to the United Nations, suggested that the diplomatic standoff would delay the adoption of the resolution beyond this week.

"We'll see if the United States can play a bridging role between the European Union and the Russians, and see if we can't help resolve this and get a resolution that's satisfactory to all of us," he said.

U.S. Seeks Consultation On N. Korea Talks (AP-Y)

By Foster Klug, s Writer

AP2, July 21, 2006

The top U.S. envoy at stalled North Korean disarmament talks said Thursday the United States wants to meet with South Korea, Japan, Russia and China next week to figure out a way to persuade North Korea to return to negotiations.

"The purpose is to chart the way forward," Assistant Secretary of State Chris Hill said after a Senate Foreign Relations Committee hearing. "We'd like to be ready and move ahead."

The North since last November has boycotted the six-nation talks on its self-announced nuclear weapons production program. Two weeks ago, Pyongyang test-fired seven missiles, an act of defiance seen as an attempt to put itself on top of the world's agenda. But the reclusive, communist-led country has been largely brushed aside by recent violence in the Middle East, as Israel and Hezbollah guerrillas continue to clash.

Hill told reporters that the goal was to include North Korea at the five-nation gathering on the sidelines of the Association of Southeast Asian Nations' annual meeting of foreign ministers in Malaysia. But, he added, "The North Koreans don't seem to want to go to six-party meetings right now."

The five-party talks, Hill said, could also include other nations in the region and could focus on additional security arrangements in Northeast Asia.

Hill also told reporters he could not confirm reports that Iranian officials had witnessed the July 4 launches. He said he misspoke when he told lawmakers earlier that he could confirm such reports.

Later, State Department spokesman Sean McCormack also said he could not confirm the reports. When asked if North Korea was trying to market its weapons, he said, "With respect to weapons, anything that isn't bolted down, they're ready to sell."

During the hearing, Hill testified that the United States would have no problem with one-on-one contact with Pyongyang on the sidelines of six-nation negotiations.

But, he said, the Bush administration is not prepared to "torpedo" multinational talks to meet separately with the North.

Hill resisted "a situation where the U.S. tries to handle this" one-on-one with Pyongyang, leaving out North Korea's neighbors. North Korea wants direct negotiations with Washington, something U.S. officials have consistently refused outside of the formal six-party process.

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"The problem is not a lack of communication; the problem is that they don't want to" return to the negotiations, Hill said.

Since the missile launches, which included one missile that could potentially reach parts of the U.S., little headway has been made toward getting the North to return to the talks. North Korea has refused to do so because of U.S. sanctions for alleged counterfeiting and money laundering.

On Saturday, the U.N. Security Council passed a resolution criticizing the North's missile tests and banning all U.N. member states from trading with Pyongyang in missile-related technology. North Korea rejected the resolution, warning of further repercussions.

Hill said the United States must now use the resolution as "a very strong sign of international resolve" and work with the other nations to press North Korea to return to talks.

"What I need is for the North Koreans to show they're serious," Hill said. "My problem is the North Koreans have given me nothing to work with."

Foreign Relations Committee Chairman Richard Lugar, R-Ind., said he hoped the missile launches would spur China toward taking a stronger position against North Korea that could bolster efforts to lure the North back to the talks.

China is North Korea's major ally, supplying energy and food to its neighbor.

Hill said China, which had pressed the North not to test fire the missiles, was "not at all happy at how the North Koreans had defied them."

Senators pressed Hill on why the North defied international warnings to launch the missiles.

The North Koreans "pride themselves on being opaque," Hill said. "Often what goes on in North Korea stays in North Korea."

Hill said he believed North Korean leader Kim Jong Il's decision had backfired.

"He has really galvanized unity against him," Hill said.

North Korea Must Not Gain In South Korea Trade Deal, Hyde Says (BLOOM)

By Veena Trehan

Bloomberg, July 21, 2006

July 20 (Bloomberg) -- The Bush administration shouldn't include provisions in a free-trade agreement with South Korea that would benefit industrial zones in Gaeseong, North Korea, a top Republican lawmaker said.

``To open our market, even a crack, to a nation which threatens us and our allies with missiles" would be ``foolish," Representative Henry Hyde of Illinois, chairman of the House International Relations Committee, said at a committee hearing today.

South Korea began financing the Gaeseong manufacturing complex in 2002 as a way to reestablish economic ties with North Korea. Trucks from South Korea cross the demilitarized buffer zone into North Korea every day, carrying raw materials to the Gaeseong complex and carting off finished products.

The South Korea government has sought to include the 25-acre Gaeseong manufacturing park in a $72 billion trade accord under negotiation since June. The U.S. has resisted. Opposition from a senior Republican such as Hyde puts pressure on the administration no to concede the point.

``The provocative launch by North Korea of a series of missiles should put to rest any suggestion that Americans will want to buy North Korean-made products from the Gaeseong industrial complex," Hyde told Deputy U.S. Trade Representative Karan Bhatia at a hearing on U.S. trade with Asia.

North Korea fired several missiles, including a long-range Taepodong 2, over the Sea of Japan early on July 5.

Bhatia said the accord won't benefit North Korea, calling any such terms ``inconsistent with the spirit of the agreement."

South Korea's commerce minister has tried to persuade the U.S. of the importance of economic ties with North Korea, a communist nation long isolated from the rest of the world.

Growing Number of Workers

``South Korea has the belief North Korea can be changed most effectively through dialogue rather than pressure and isolation," Sye-Kyun Chung said in a June 28 interview.

The Gaeseong industrial zone has more than 7,000 workers and is likely to grow to as many as 300,000, Chung said. Including workers' family members, about 1 million North Koreans will benefit from Gaeseong, Chung said.

The U.S. shipped $27.7 billion in goods to South Korea last year and imported $43.8 billion of goods in return. A free trade agreement may boost U.S. exports there by $19 billion and add $20 billion to the U.S. economy, according to U.S. International Trade Commission data. South Korea might see a $10 billion jump in its exports to the U.S.

Bush Talks With Top Chinese Officer (AFP-Y)

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AFP, July 21, 2006

US President George W. Bush met briefly with China's top military officer and highlighted Sino-US cooperation on issues like North Korea and military matters, the White House said.

The president dropped by a meeting between General Guo Boxiong, vice chairman of China's central military commission, and US national security adviser Stephen Hadley, said Bush spokesman Tony Snow.

"The president spent 10 minutes with the general. President Bush noted the very positive working relationship that he's developed with Chinese President Hu Jintao. It was demonstrated by the unanimous vote at the United Nations last Saturday on a North Korean resolution," said Snow.

"The president also noted that the deepening of the relationship between the two militaries was in the interest of peace and stability in East Asia and the world, and that he was pleased to hear General Guo's meeting at the Pentagon had enhanced the goal," said Snow.

Guo was visiting the United States as part of a US-Chinese effort to expand cooperation between their militaries.

The visit comes just two weeks after North Korea launched a barrage of seven missiles, including a long-range Taepodong-2 missile that the United States said failed in the first minute of flight.

U.S., Japan To Start Deploying Missile Interceptors (WP)

By Anthony Faiola

The Washington Post, July 21, 2006

TOKYO, July 20 -- The United States and Japan will begin deploying American-made anti-missile systems on Japanese soil next month amid growing concern about North Korean arms, officials announced Thursday.

In addition to the deployment of the Patriot Advanced Capability-3 system -- the ballistic missile interceptors known as PAC-3 -- the Pentagon will dispatch 600 specially trained troops from Fort Bliss, Tex., to a U.S. base in southern Japan.

The PAC-3 will initially be deployed on American military sites; Japanese officials said they would deploy it on their own Self-Defense Forces bases for the first time by March. A Defense Ministry official said the rollout would begin at Iruma Air Base just west of Tokyo, spreading to three other nearby bases by 2007. Japan intends to keep deploying the system at several more military installations throughout the country through 2010.

North Korea's most sophisticated missile -- a Taepodong-2 with an estimated range as far as the continental United States-- failed moments after liftoff during a test this month. The North Koreans successfully test-fired six short- and medium-range missiles, all of them capable of reaching any part of Japan, including U.S. bases here.

"In view of the development, deployment and proliferation of ballistic missiles in the region, and the clear and present threats such as the recent missile launches by North Korea in particular, the Government of Japan will continue to do its utmost to build up its ballistic missile defense capabilities in close cooperation with the United States," the Japanese Foreign Ministry said in a statement.

U.S. military officials said the Pentagon planned to relocate the Patriot-equipped Air Defense Artillery Battalion from Fort Bliss to the U.S. Kadena Air Base and the nearby munitions storage area on Okinawa island. Japanese officials said the system is scheduled to be at least partially operational by year's end.

Japanese officials said they were consulting with local authorities in Okinawa -- who have been highly critical of the U.S. military presence there -- about the additional U.S. troops required to operate the system. But the officials also said the plan would move ahead with or without local blessings.

The PAC-3 system is designed to intercept incoming ballistic missiles in their final phase and will form a key part of the broader missile defense shield being co-developed by the United States and Japan. Some experts have questioned the success rate of the PAC-3 system in testing, saying it still requires fine-tuning.

Additionally, the Japanese are to deploy the Standard Missile 3 interceptor missile, which will be based aboard Japanese Aegis-class destroyers.

Japan, U.S. To Deploy Missile Interceptors (AP)

By Hiroko Tabuchi, Associated Press Writer

AP, July 21, 2006

Japan and the U.S. on Thursday announced a plan to deploy advanced Patriot interceptor missiles at American bases on southern Okinawa island, and a top government spokesman called for more pressure on North Korea to stop its missile tests.

The U.S. government will have Patriot Advanced Capability-3 missiles operational by the end of the year and post 600 more troops on Okinawa, the Foreign Ministry said. Officials on the island 1,000 miles southwest of Tokyo questioned the need for the missiles.

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Japan stressed the deployment would be purely for defense purposes.

"In view of the development, deployment and proliferation of ballistic missiles in the region, and the clear and present threats such as the recent missile launches by North Korea ... Japan will continue to do its utmost to build its ballistic missile defense capabilities in close cooperation with the U.S.," the statement said.

Protesters angered by the announcement stormed a local government building in Okinawa, where residents have expressed a strong desire for a large reduction in U.S. forces. The U.S. already has about 50,000 troops in Japan under a mutual security pact.

Defense Facilities Administration Agency chief Iwao Kitahara called on Okinawa Gov. Keiichi Inamine to support the plan, but the governor denounced it, saying no threat required the move.

"The planned deployment is extremely regrettable, when there is no activity that requires one," Inamine said.

The PAC-3 are designed to intercept ballistic missiles, cruise missiles or aircraft.

The U.S. also has Patriots in South Korea. The U.S. military in 2004 completed deployment of PAC-3 missile batteries at Gwangju Air Base, about 150 miles south of Seoul. PAC-3 missiles have also been deployed in Taiwan.

Details on the location and timetable of the deployment announced last month came as Japan's top government spokesman said North Korea must be pressed so it has no choice but to stop its missile tests and return to nuclear talks.

"North Korea must be made to understand that if it does not alter its stance, there will be bad consequences," Chief Cabinet Secretary Shinzo Abe said at a privately sponsored speech in Tokyo.

North Korea drew international condemnation when it test-fired seven missiles July 5, including a Taepodong-2 believed capable of hitting parts of the U.S. The missiles fell harmlessly into the sea.

Assistant Secretary of State Chris Hill, the top U.S. envoy to the stalled disarmament talks, said the United States wants to meet with South Korea, Japan, Russia and China next week to figure out a way to persuade North Korea to return to negotiations.

Hill said in Washington the goal was to include North Korea in talks on the sidelines of next week's annual meeting of Association of Southeast Asian Nations foreign ministers in Malaysia. But, he added, "the North Koreans don't seem to want to go to six-party meetings right now."

The Japanese government spokesman said Tokyo was open to informal six-country talks in Malaysia next week.

Pyongyang has refused to return to the six-country nuclear negotiations to protest U.S.-imposed financial restrictions over alleged counterfeiting and money laundering activities.

The U.N. Security Council has passed a resolution criticizing North Korea's missile tests and banning all U.N. member states from trading with Pyongyang in technology related to missiles or weapons of mass destruction.

Japan had pushed for a resolution backed by the threat of military force, but backed down when China threatened a veto amid Beijing's and Seoul's accusations that Tokyo was overreacting.

The Taepodong Democrats (WSJ)

The Wall Street Journal, July 21, 2006

When President Bush announced the U.S. withdrawal from the 1972 Anti-Ballistic Missile Treaty five years ago, Democrats howled. Pulling out of the treaty to roll out missile defense would, they predicted, lead to a new arms race, undermine American security and in any case was unnecessary. "This premise, that one day Kim Jong Il or someone will wake up one morning and say 'Aha, San Francisco!' is specious," Senator Joe Biden told AP in May 2001.

Apparently no one bothered to translate "specious" into Korean. North Korean dictator Kim Jong Il has now defied world opinion by test-firing a Taepodong-2 missile capable of hitting San Francisco. The fact that the missile failed is small consolation, since we are also now seeing in Lebanon a further proliferation of missiles from Syria and Iran that can reach deep into Israel. Does anyone doubt that Iran, or some other adversary, will build an ICBM capable of hitting the U.S. as soon as it is able?

All of which makes the U.S. political debate over missile defenses worth revisiting, not least because some Democrats are still trying to strangle the program. In the House, John Tierney of Massachusetts this year proposed cutting the Pentagon's missile-defense budget by more than half. His amendment was defeated on the House floor, but it won the support of more than half of his Democratic colleagues, including would-be Speaker Nancy Pelosi.

Meanwhile in the Senate, Carl Levin (D., Mich.) offered in June to cut off funds for the ground-based interceptor program that Mr. Bush recently activated in Alaska in anticipation of the North Korean launch. Mr. Levin wants to stop new interceptors from being built, but Senate Republicans wouldn't bring his proposal up for a vote. Mr. Levin has been waging his own private war against missile defenses for a generation, to the point of outflanking Russian objections on the political left.

No missile defense is perfect, but even our current rudimentary shield has proven to be strategically useful these past few weeks. The Navy had at least one ship-based Aegis missile-defense system deployed off the Korean coast, with a potential to

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shoot down a North Korean missile. The Aegis cruisers have successfully shot down missiles in seven of eight tests in recent years, and could become an important player in protecting allies and U.S. forces against regional missile threats. The U.S. is also dispatching PAC-3s, a more sophisticated version of the Patriot anti-missile system, to Japan. This kind of capability adds to the credibility of the U.S. deterrent, reassures allies and enhances American influence.

Virtually none of this would exist had Democrats succeeded over the years in their many attempts to kill missile defenses. Going back to 1983, Senator Ted Kennedy dismissed Ronald Reagan's Strategic Defense Initiative as a fanciful "Star Wars" program. Ten years later, with President Clinton in office, Democrats starved the program of funds. Republicans made funding defenses part of their Contract with America and spent most of the 1990s battling the Clinton Administration to keep the program alive.

Democrats also made a fetish out of the ABM Treaty, even after the end of the Cold War. Al Gore campaigned to keep it in 2000, promising only to build defenses that would abide by its tight limitations. Senator Biden predicted that dropping out of the treaty to build missile defenses would turn the U.S. into "a kind of bully nation." And Senator John Kerry cautioned that "we must not set aside the logic of deterrence that has kept us safe for 40 years." Neither logic nor deterrence are the first words that come to mind when we think of Mahmoud Ahmadinejad.

When Mr. Bush informed Vladimir Putin that the U.S. intended to exercise its legal right to withdraw from the ABM pact, the world didn't end. The Russians moved on to bigger issues, and much of the rest of the world decided that they'd like to join the missile-defense club. Six nations now participate with the United States in developing new missile-defense technology and nearly a dozen others use some of what's already been developed.

The Pentagon now spends nearly $10 billion a year on missile defense and is developing several promising new technologies. These include sea-based defenses and low-orbit satellites that help track incoming missiles, as well as the Thaad program designed to knock out long-range missiles as they are heading to Earth. Thaad had a successful test over New Mexico last week.

By investing in this capability, the U.S. may even deter the world's rogues from investing heavily in missile technology. Defense dollars are limited, even in terror regimes, and they won't invest their money in weapons that won't work. With the expanding North Korean and Iran missile threats, it'd be nice to think Democrats would acknowledge their mistakes. But we'd gladly forgo any apologies if liberal Democrats would finally admit that missile defenses are a necessary part of America's antiterror state arsenal.

Nuclear Foes Remain Wary Of Kashmir Peace Talks (WT)

By Katie Stuhldreher

The Washington Times, July 21, 2006

In the wake of the bomb blasts in India last week, hopes for resuming suspended peace talks with Pakistan remain uncertain, Indian and Pakistani officials said yesterday.

Muhammad Ijaz Ul Haq, federal minister of Pakistan, said in an interview, "I don't believe Pakistan had anything to do with the bombings in India. India needs to take care of the problems in its own back yard. India always blames Pakistan for its internal problems."

The July 11 bombing attacks on commuter trains in the Indian hub of Bombay killed about 180 people.

Mr. Haq said he did not want the attacks to derail negotiations over the disputed region of Kashmir, to which both countries have claimed rights.

Peace talks between the two governments to resolve the dispute over Kashmir started in 2004, and were planned to resume this month.

Salman Haidar, former foreign secretary of India, said the Indian government had been cautious not to directly blame Pakistan for the attacks. However, he added that Pakistan needed to do more to regain India's full trust.

"We know that the [terrorist] groups that are active have bases in Pakistan. We need something more substantial from their side. Show us that these bases and camps are being dismantled," he said.

Mr. Haq said Pakistan did not need to prove its commitment to fighting terrorists.

"We are the front line on the war on terror for President Bush. It is clear that we don't support terrorists. We've been very flexible. It's time for India to make some proposals," he said.

Yasin Malik, chairman of the Jammu Kashmir Liberation Front, a nationalist group seeking liberation of Kashmir from Pakistan and India, said the postponement of the talks worried many people in Kashmir.

"I have said that I condemn the bomb blasts and my sympathy is with the victims. I met with [Indian] Prime Minister [Manmohan] Singh and [Pakistani] President [Pervez] Musharraf to show good faith and encourage them to continue negotiations," he said.

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Some officials worry that a breakdown in the peace process could renew old bitterness and tensions.

Mr. Haidar, however, said there was no reason for alarmist rhetoric.

"The peace process has not broken down. It is just paused. The door is not completely slammed shut. You have a big event like this and old doubts and suspicions are stirred up. This has a very negative impact," he said.

Yusuf Buch, former senior adviser to the U.N. secretary-general, said the bombing attacks in India could present an opportunity for unity between the longtime military rivals, which have gone to war three times.

"There is so much crime afoot there. This should have the opposite effect by reminding India and Pakistan both of the dangers they still face," he said.

Gen. Musharraf made a speech this week urging India to resume the talks, saying that allowing them to break down would "play into the hands of the terrorists" by rewarding their acts.

Lawmakers Chide Bush Over F-16 Sale (AP)

By Foster Klug

AP, July 21, 2006

Lawmakers accused the Bush administration Thursday of rushing a sale of F-16 fighter jets to Pakistan, saying Congress' role in approving arms sales had been compromised. Opponents acknowledged they could do little stop the $5 billion deal.

Democrats and Republicans lashed out at the State Department for giving them only 30 days to consider the deal; that period runs out next week. The administration, they say, failed to provide a traditional extra 20 days.

The compressed timetable "represents a deliberate and wholly inappropriate maneuver by the State Department to diminish the Congress' lawful oversight of arms sales," said GOP Rep. Henry Hyde of Illinois, chairman of the House International Relations Committee.

The committee's hearing on the jets came with tensions on the rise in South Asia after last week's bombings in Bombay, India, that killed more than 200. India's suspicions of a Pakistan link to the attacks have led India to slow a two-year peace process with its neighbor.

John Hillen, assistant secretary of state for political-military affairs, defended the administration's consultation with Congress as "unprecedented."

He told lawmakers that "never before have such extensive arms sales consultations taken place."

But the committee's top Democrat, Rep. Tom Lantos, said the State Department had "cut this committee, and this Congress, out of consideration of U.S. arms sales. This insolence flies in the face of both custom and the intent of the Constitution."

Lantos, D-Calif., said he supported the sale. But he said the administration's "rush to reduce congressional oversight" meant that lawmakers' legitimate worries over proliferation had been glossed over.

Some worry that the sale could compromise sensitive U.S. technology by exposing it to China, which has close military ties with Pakistan. Critics also say the jets reward a country, Pakistan, that provides moral support to terrorist groups fighting India.

The administration says Pakistan, as a valuable ally in the search for terrorists, deserves military support from the United States. The White House told lawmakers last month that it had approved the sale of the 18 new fighter jets to Pakistan.

The sale, which Pakistan long has sought, would include an option to order an additional 18 Lockheed Martin jets and to get 26 used aircraft in its arsenal refurbished.

Lawmakers opposed to the sale said stopping it would be difficult. It would require the passage of a resolution in both the House and Senate before the 30-day review period runs out next week. Bush could veto any resolution and the sale would clear, unless both the House and Senate voted by large margins to override the veto.

The debate coincides with a White House push for congressional endorsement of a nuclear cooperation deal with India. Pakistan has not been offered the same consideration, and some see the F-16 sale as an effort to strike a balance of power in South Asia.

Pakistan and India have fought three wars since their 1947 independence from Britain — two over Kashmir, a Himalayan state that both claim in its entirety but that is divided between them by a U.N. line of control.

Scuffles In China As Trial Of Peasants' Rights Advocate Is Postponed (NYT)

By Joseph Kahn

The New York Times, July 21, 2006

BEIJING, July 20 — Chinese officials postponed the criminal trial of a peasants' rights advocate on Thursday as his supporters gathered in large numbers to protest what they say is a politically motivated prosecution.

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Some 200 people gathered outside a courthouse in Yinan County, Shandong Province, where Chen Guangcheng , who is blind and taught himself law, had been scheduled to go on trial on charges of destroying property and blocking traffic.

Some supporters scuffled with the police, and participants in the gathering said 11 people had been detained briefly before the crowd dispersed.

Court officials, who had issued a written notice of the July 20 trial date, decided at the last minute to postpone the trial. But they issued no written notice of their decision and did not set a new date, Mr. Chen's lead lawyer, Li Jinsong, said by telephone.

Court officials told him that prosecutors in the case had requested extra time to prepare evidence in the case, Mr. Li said.

He said he hoped that the postponement was a sign that prosecutors were dissatisfied with the evidence gathered against Mr. Chen, which his lawyers have called flimsy. He is charged with destroying public property and with gathering a crowd to block traffic. Government officials in Shandong, which is on China's northern coast, have declined to comment on the charges.

Mr. Li said that to ensure that Mr. Chen was defended at the hearing, he intended to remain near the courthouse in case the trial was suddenly declared under way.

Having already issued a formal letter of indictment against Mr. Chen, it would be unusual for prosecutors to undertake a fresh inquiry into the charges.

More likely, legal experts working for Mr. Chen said, the local authorities would prefer to hold the trial at a time when it would attract less attention from his domestic supporters and from the international news media, which have recently carried detailed coverage of the case.

Mr. Chen, blind since childhood, provoked sharp retaliation from Communist Party leaders in the city of Linyi in Shandong Province after he sought to organize a class-action lawsuit on behalf of local peasants who had been forced to abort fetuses and undergo sterilization operations to help the city meet its quota for controlling population growth.

He was held under effective house arrest since last August and was formally arrested only last month.

Mr. Chen has received strong support from legal scholars and defense lawyers in Beijing and among human rights groups in China and abroad.

But so far, the local authorities seem determined to press ahead with the criminal case. There are no signs that more senior officials in Beijing are looking to intervene to stop the prosecution despite what legal experts say are glaring legal irregularities.

Overseas rights groups including Amnesty International and Human Rights Watch have called for Mr. Chen's release on humanitarian grounds.

"When Chen tried to make proper use of China's legal system, the response wasn't due process," Sophie Richardson, deputy director of Human Rights Watch's Asia Division, said in a statement. "It was house arrest, physical abuse, and then disappearance. His case is a textbook example of how little the rule of law means in China."

China Postpones Trial Of Family Rights Activist (WP)

By Maureen Fan

The Washington Post, July 21, 2006

BEIJING, July 20 -- The trial of a blind rural lawyer, charged in what rights activists say is a politically motivated case, was postponed Thursday, and a group of his supporters was assaulted by unknown assailants outside the courthouse.

As many as 200 people traveled to China's eastern Shandong province to support Chen Guangcheng, whose exposure of forced abortions and sterilizations embarrassed local officials and shed unwelcome light on the government's family planning policies.

The trial was postponed because prosecutors said they needed to gather more evidence, Chen's attorney said. After hearing the news, about a dozen of Chen's supporters, wearing T-shirts with his picture and words of encouragement, tried to pose for a photograph in front of the courthouse. They were then roughed up by assailants -- whom witnesses described as either local thugs or plainclothes police officers -- and their cameras and video equipment were taken.

The dozen or so supporters were detained and interrogated by police before being released, said Sun Wen Guang, a witness who had gone to the courthouse to support Chen. Later in the afternoon, they tried to visit Chen's village but were turned back by thugs or police officers who also beat them and ripped their T-shirts.

"Everything was robbed, and they were terribly beaten. They were not hospitalized, but they certainly were bleeding," said Hou Wenzhuo, director of the Empowerment and Rights Institute, a Beijing-based nonprofit group. Hou was not at the scene but said her executive director was there and had been assaulted and robbed.

Chen, who is about 34, was a hero in the city of Linyi, about 400 miles southeast of Beijing, where he was celebrated for stopping a paper factory from polluting a river. He now faces charges of destroying public property and disrupting traffic.

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His attorney and supporters say he is being punished for trying to organize a rare class-action lawsuit revealing abuses in enforcing China's one-child family planning policy. Officials allegedly forced thousands of women to be sterilized or to have abortions as late as eight months into their pregnancies.

On Thursday, Chen's attorney described the delay in the trial as a positive sign.

"I was told by the judge that the prosecutors said they needed to verify and add more evidence," Li Jinsong said in a telephone interview. "This is a good sign. It means the original evidence is not adequate."

Chen's wife was less optimistic.

"We don't have much hope," said Yuan Weijing, who is being held under house arrest and was reached by phone. "We know they can put him on trial and sentence him whenever they want. They are just waiting until there are fewer people here and fewer people paying attention."

Chen was arrested and charged in June but has been under house arrest or in detention since last September.

Correspondent Philip P. Pan and researcher Jin Ling contributed to this report.

Hong Kong Democrat Speaks (CSM)

By Robert Marquand

The Christian Science Monitor, July 21, 2006

HONG KONG

When Anson Chan resigned as the longtime No. 2 of this city in 2001, she was legendary - hailed as a brilliant civil servant under both the British and Chinese. She left office amid a standing ovation, the most revered public figure in Hong Kong. Then she maintained a silence that lasted more than four years.

But Ms. Chan broke her silence this week, offering some democratic thunder and lightning to the world's press.

Her message: Hong Kong is a great international city, but its political health is poor. Efforts to forge a true democracy are bogged down, and the plain meaning and spirit of the handover terms of Hong Kong allowing fair elections, are being distorted. Hong Kong is not China, and has a right to advance and mature at its own pace, something promised by the late paramount leader Deng Xiaoping, but not happening now.

All told, it is the most complete and penetrating critique, analysts say, of the lack of progress in achieving what Chan argues should have been a swift evolution toward direct elections promised after the 1997 handover by an insider who sat near the apex of power for years.

Her top grievance is a lack of "universal and equal suffrage," one man, one vote - by the Hong Kong government. Currently, Hong Kong's chief executive is not elected directly by voters, but by a body of hundreds of hand-picked pro-Beijing appointees. Only half of Hong Kong's legislature is directly elected.

Since Hong Kong has the right to reform "we need to ask why so little has happened in the nine years since Hong Kong's return to Chinese sovereignty," she said in a speech given at the Hong Kong Foreign Correspondents Club downtown.

Few public figures here carry Chan's gravitas, something bound to vex authorities in Beijing. She is seen to epitomize a proud Hong Kong tradition of law and civil service, and of the city's cosmopolitan identity. British diplomats used to call her "St. Anson," only half-jokingly.

"If I can vote for her I will," says Victor Leung, a security guard on Hong Kong's subway. "She is for Hong Kong, and I trust her."

Yet Chan stopped short of saying she would be a candidate for chief executive, Hong Kong's top job, next year. Instead, she will form a "core group" of "clear thinkers," and is involved in democracy on its merits. "I have no personal agenda nor am I hungry for power," Chan said. "Having said that ... I believe it is important for Hong Kong people to be prepared to stand up and be counted."

In the past three years - most recently in December - crowds in the hundreds of thousands have marched here advocating greater self-rule. The marches, an embarrassment to Beijing, resulted in the removal by President Hu Jintao of unpopular chief executive Tung Chee-hwa. Yet due to Hong Kong's Constitution, which Chan proposes to reform, political parties are excluded from actual rule.

Chan's emergence July 20 took place in a loaded context: the day before, Regina Ip, the unpopular former head of security in Hong Kong, emerged from a self-imposed exile in the US, with a new talk show and think tank. Ms. Ip left Hong Kong after protesters dragged an Ip effigy through the streets in July 2003. She now says she has reversed her previous position against greater political openness and is inviting democrats to debate her. Richard Baum, of the University of California, Los Angeles, says it looks like "united front tactics" - an effort to infiltrate then divide pro-democrats.

Also, during the media run-up to Chan's speech, current chief executive of Hong Kong, Donald Tsang, was in Singapore. He obliquely referred to her stand on universal suffrage by suggesting Hong Kong not "drag out" the debate. Instead, he praised

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Singapore's government for efficiency, and suggested Hong Kong can learn from its development of young leaders. Chan Yanchong of City University in Hong Kong points out that Singapore is efficient due to "its lack of dissenting voices."

"Singapore is not the ideal model," was the title of a South China Morning Post lead editorial the following day. "Singapore's autocratic political system is completely different to the one we have in Hong Kong."

Chan takes as a clear given that the handover stipulations that Hong Kong people are allowed to choose their own rule, the statements by Deng Xiaoping about "one country, two systems," and plain wording in the Basic Law that enshrine equal access and secret ballots - all point unambiguously to universal suffrage.

In recent weeks, Mr. Tsang has echoed President Hu's call for a "harmonious society." Responding to a question by the Monitor, Chan said that Hong Kong's famed "one country, two systems" formula should apply to the "harmonious society" notion as well. "A harmonious society means you have to listen to more than one point of view, it means the people feel like they can participate in a process that is fair. In the harmonious society, everybody has the right to choose their rulers."

Yukos Chief Steps Down, Cites Bankruptcy 'Sham' (WSJ)

By Gregory L. White

The Wall Street Journal, July 21, 2006

MOSCOW -- The American head of OAO Yukos resigned, saying there is nothing more he can do to save the crippled Russian oil giant as a court-appointed administrator prepared to declare the company insolvent.

Yukos Chief Executive Officer Steven Theede denounced the bankruptcy proceedings underway in Moscow as a "sham" and a "charade" aimed at expropriating what remains of the company. Analysts said the bulk of the company is likely to wind up in the hands of state oil company OAO Rosneft, which already took over Yukos's main asset and still is one of its largest creditors.

"This is not a good sign, having just done the Rosneft IPO and then they're back at it," said Al Breach, an analyst at UBS in Moscow.

Once Russia's largest oil company, Yukos lost its main asset in 2004 in a forced government auction after the company was slapped with back-tax claims that reached $33 billion. The destruction of Yukos shocked investors and Western governments. It was widely viewed as an effort to scotch the political ambitions of its former chief executive and main shareholder, Mikhail Khodorkovsky, who is serving an eight-year sentence in a prison in Siberia for tax evasion and fraud.

Mr. Theede, a 56-year-old former ConocoPhillips executive hired in 2003, has been working for most of the past two years from London, where he took refuge after a number of top Yukos executives were arrested in Russia. This year, he presented a plan he said would have enabled Yukos to pay off most of its debt over two years through operating cash flow and sales of noncore assets.

Mr. Theede said the court-appointed bankruptcy administrator had found that Yukos's liabilities exceed its assets. At a meeting of creditors Thursday, the administrator declined to disclose the details of his analysis, but confirmed he found liabilities of about $18 billion and assets of about $17 billion.

In a statement to the meeting read by his lawyer over a video link from London, Mr. Theede called those figures "flawed" and insisted the company is solvent, particularly given record-high world oil prices. He said Yukos is valued at about $30 billion, a figure roughly in line with analysts' estimates.

The court-appointed administrator, Eduard Rebgun, dismissed Mr. Theede's comments as "emotional." He said the details of his analysis would be made public Wednesday, when creditors convene again to determine whether to ask a court to liquidate the company or not.

It wasn't clear who would succeed Mr. Theede.

American President Of Yukos Quits, Saying He Can't Halt Its Liquidation (NYT)

By Andrew E. Kramer

The New York Times, July 21, 2006

MOSCOW, July 20 — The American president of the Yukos oil company announced his resignation Thursday, ending two rocky years in charge of Yukos, Russia's embattled private energy company.

The executive, Steven M. Theede, in a letter to the board released hours before a bankruptcy hearing in Moscow, said there was "nothing left" he could do to prevent the liquidation of Yukos.

The bankruptcy hearing adjourned inconclusively. Yukos creditors, including the state oil company Rosneft, were to decide whether to recommend that a judge declare the company bankrupt or accept a recovery plan presented by Yukos. They will gather again on Tuesday.

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Mr. Theede called the hearing a "sham" and criticized an assessment of Yukos's value by Russian authorities, saying high world oil prices mean that Yukos could have recovered as a viable company if given the chance.

Instead, his departure suggested that the long-predicted end of Yukos was imminent. A ruling in the bankruptcy case is expected on Aug. 1.

The problems have been piling up: Local managers had become insubordinate to London-based executives including Mr. Theede; Yukos accused employees in a Russian subsidiary of a multimillion-dollar theft of oil profits that the Russian authorities ignored; the local subsidiaries were rumored to be managed surreptitiously by Rosneft, the company's rival.

"My conclusion is there is nothing left for me to do to protect the remaining assets of the company in Russia," Mr. Theede wrote in the two-page letter.

A Kansas oilman and former ConocoPhillips executive, Mr. Theede had given Yukos an air of optimism, and Western corporate legitimacy, through his two years as president. He railed against the government takeover, calling it "expropriation, 21st century-style."

Mr. Theede did not say if he had accepted another job elsewhere.

He led Yukos, once Russia's largest company, through a dismal period. Tax authorities seized its main production unit, Yuganskneftegas, in December 2004 and sold it in a rigged auction with one bidder. The founder, Mikhail B. Khodorkovsky, was prosecuted for tax evasion and fraud and is serving an eight-year sentence in a Siberian penal colony.

In his resignation letter, Mr. Theede said he had exhausted legal avenues to fend off bankruptcy and regain lost assets. He noted that a British court declined this week to block the listing of Rosneft shares on the London Stock Exchange. Two-thirds of Rosneft's production assets are property that formerly belonged to Yukos.

Mr. Theede also took a swipe at a consortium of Western banks, whose "improper" court filing in Moscow in March, in coordination with Rosneft, backed Yukos into a corner, he said. The consortium sought to have Yukos declared bankrupt. This, Mr. Theede suggested, was the final blow. The banks, including Citigroup and Deutsche Bank, sold their debt to Rosneft immediately after filing, according to a previous agreement. The maneuver put Rosneft largely in charge of the process.

In a separate statement issued later Thursday, Yukos contested conclusions by the bankruptcy administrator in the case, Eduard Rebgun, a temporary manager appointed by the court.

He had estimated Yukos assets as $16.89 billion and liabilities at $18.79 billion, according to the statement. Yukos estimates that the company's oil fields, refineries, network of filling stations and other assets are worth $30 billion.

Putin Honors Russia Agents After Death Of Terrorist (NYT)

By C. J. Chivers

The New York Times, July 21, 2006

MOSCOW, July 20 — President Vladimir V. Putin awarded medals to members of the former K.G.B. on Thursday for what the Kremlin said was their role in the killing of the terrorist leader Shamil Basayev this month.

The ceremony, held behind closed doors, took place even as questions swirled about Mr. Basayev's death, which has become the latest of Russia's public mysteries.

Virtually no one has disputed that Mr. Basayev, 41, a Chechen separatist who planned the worst terrorist acts in modern Russia, is dead.

The separatists have confirmed his death and posted a video on the Internet memorializing him. Kommersant, a Russian newspaper, has published photographs of a grotesquely burned and mangled torso it contends is what remained of him after an explosion on July 10.

But the means and even the time of his death have become subjects of debate, fueled since the first hours by contradictory official statements, a climate of secrecy and opposing claims by the government, the separatists and the Russian news media. According to the official government version, Russian special services officers killed Mr. Basayev in Ingushetia, a republic bordering Chechnya, by causing an explosion near him as he stood beside a truck and cars.

The separatists have disputed this, saying Mr. Basayev, who in addition to leading a terrorist group was vice president of the separatist government that Russia forced from power six years ago, died when a truck in his convoy hit a pothole, accidentally detonating explosives the separatists were moving.

They note that early on July 10, Russian officials reported that an accidental explosion had killed several terrorists, and then, in the evening, amended the report, saying the blast had been a special operation that had been aimed at Mr. Basayev and killed him.

Whether he was killed by accident or by counterterrorism agents, the opposing claims have been joined by all manner of theories and speculation.

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First, a Russian television station said Mr. Basayev's group had been hit by a sophisticated missile that zeroed in on its cellphone signal. Other reports said a beacon had been placed in equipment or ordnance expected to be used by Mr. Basayev, and this allowed the Federal Security Service, or F.S.B., the domestic successor to the K.G.B., to track him.

Kommersant has since suggested that he was killed by rivals from Dagestan, contending that his body was riddled with bits of shrapnel identical to those contained in improvised bombs made by a well-known Dagestani bomb maker.

Another prevalent theory is that Russia killed Mr. Basayev weeks ago, and then staged an operation for public relations purposes before the Group of 8 summit meeting, which ended Monday.

Conspiracy theories are common in Russia. Parts of the population, subjected for years to Soviet propaganda and since then to television stations controlled by oligarchs or state interests, are deeply skeptical and prone to inventing or accepting alternate accounts of major events.

The Kremlin restated its official account, holding the meeting in secret but broadcasting scenes of Mr. Putin leaving the ceremony.

Dmitri S. Peskov, a Kremlin spokesman, said Mr. Putin had met with fewer than 12 participants in the operation that had killed Mr. Basayev, and had issued them medals for heroism and service to the country. He said a majority of the participants came from the F.S.B., but declined to discuss additional details or to say what other security agencies had been represented.

"All of them are people who are never in public and never will be," Mr. Peskov said.

He dismissed the separatists' claims that their vice president died in an accident. This is an "informational war, and has nothing to do with reality," he said. The separatists, in turn, have described the Kremlin's version as propaganda.

Man With A Mission: A Nigerian Minister Sets Out To Save Kiev (WSJ)

By Alan Cullison

The Wall Street Journal, July 21, 2006

KIEV, Ukraine -- When Sunday Adelaja started prayer meetings in his shabby apartment here 12 years ago, the only attendees were seven fellow Africans who, like him, were stranded by the collapse of the Soviet Union. "I was ready to give up," says Mr. Adelaja, who says God had told him to revive Christianity in the Slavic world.

So the Nigerian evangelist started trolling Kiev's drunk tanks and jails. Soon, drug addicts, petty crooks and recovering alcoholics with the shakes were sitting on his couch listening to him preach, he says. Then their family members joined, hoping that Mr. Adelaja could help loved ones mend their ways.

He moved Sunday services out of his apartment and into a rundown sports complex at the edge of this capital city. In the next decade of post-Soviet economic crumble, Mr. Adelaja's church grew. Today, he claims to run the largest congregation in Europe, with more than 25,000 members in Kiev alone.

"God has sent a black man to bring religion back to Russia and the Soviet Union," Mr. Adelaja, 39 years old, bellowed at a recent sermon. "This is hard here for many to accept."

Also tough to swallow for some is Mr. Adelaja's goal of bringing Western-style democracy to Eastern Europe. Mr. Adelaja's church has grown beyond its core clientele of substance abusers and petty criminals to include the mayor of Kiev and several members of Parliament, all of whom have allied themselves with Ukraine's West-leaning Orange Revolution.

Mr. Adelaja says his sermons have already helped topple governments in the former Soviet republics of Georgia and Kyrgyzstan as well as Ukraine. Rivals say he exaggerates his influence, but Moscow and its allies in the region are taking no chances: He has been booted out of Russia and Belarus and declared persona non grata in Armenia, he says.

The Kremlin has always been suspicious of evangelical churches. In Soviet times they were considered cults and possible puppets of Western governments. Now fears have been revived by Ukraine's Orange Revolution, which Moscow says the West wants to make an ideological springboard for Western-style revolt in Russia itself.

"There is no question they are a tool of the U.S.," says Alexander Krutov, a member of Russia's Parliament who would like to see new laws limiting the activities of interlopers. He calls Mr. Adelaja's church "an alien force that must be stopped."

Mr. Adelaja hardly fits the profile of many men of the cloth in Ukraine. Sunday services start with Ukrainian girls in red uniforms dancing and shaking pompoms on a smoky stage. Mr. Adelaja sports suits of neon blue, green and angelic white. His televised sermons are now carried to millions of viewers whom he has promised to help cure of ills ranging from diabetes and cancer to marital strife and pimples. The service winds down with confessionals from former drug addicts and a Eucharist of crackers and grape juice.

Born in Nigeria to Presbyterian parents, he arrived in the Belarussian capital of Minsk in 1986 on a scholarship from the Soviet Communist Party. Authorities hoped Mr. Adelaja would one day return to Africa and help spread communism. But after training as a TV journalist, he began to preach and was kicked out of Belarus, he says.

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He turned up in Kiev, where he started a church in his home. The early preaching was a failure. Seven people arrived for his first meeting, fellow Africans whom he knew from school. They met twice a week for a few months, but nobody else came. "I began to realize I had a problem -- it was a national insult to hear a black man talk about God," he says.

That was when Mr. Adelaja decided to start searching Kiev's underbelly for converts. He started self-help groups for drug addicts, alcoholics, and churchgoers wanting to discuss family problems. He also made his church an incubator for small businesses. Borrowing the script of evangelical churches in America, he helped parishioners start up a print shop and a recording studio, and had some of the churchgoers who owned businesses conduct how-to seminars.

They were helped by some of Mr. Adelaja's own prolific writings, including "How to Grow Rich Without Tears." Today, Mr. Adelaja's "Embassy of the Blessed Kingdom of God for All Nations" claims hundreds of churches in 24 countries, including Russia, Belarus, Tajikistan and Uzbekistan. Mr. Adelaja is now planning a modernistic, $15 million megachapel in Kiev, a city traditionally graced by golden cupolas of Orthodox churches.

Rivals charge him with pocketing donations and inflating the number of churches by counting private prayer groups. Yurchuk Mitrofan, an archbishop with the Russian Orthodox Church in Kiev, says Western money helped Mr. Adelaja's expansion -- Mr. Adelaja says he has 22 churches in the U.S. alone. "They came in using all kinds of Western techniques that we hadn't used before," Mr. Mitrofan says.

The years after the Soviet collapse were an easy time to expand for sects that promised to fill a spiritual vacuum, Mr. Mitrofan says. Members of one large group, the White Brotherhood, were arrested en masse after their leader pledged to stage her own crucifixion outside Kiev's main cathedral.

Rivals demanded action against Mr. Adelaja's church, too, and, in 1997, the government dispatched a team of psychologists, doctors and folk practitioners to observe the services. They produced a certificate giving the church a clean bill of health, which Mr. Adelaja had framed and put on the wall of his office in the sports stadium.

Mr. Adelaja framed another certificate from Ukrainian President Viktor Yushchenko, who thanked him for supporting the Orange Revolution in 2004. The church erected a tent chapel on Independence Square and offered shelter to thousands of people who came to Kiev to protest elections that were rigged in favor of the Moscow-backed candidate for president.

Mr. Adelaja says Moscow was shocked anew in March when a member of his congregation was elected mayor of Kiev, a bastion of the Russian Orthodox Church since 998, when Prince Vladimir baptized Kiev's populace in the nearby Dnepr River.

The mayor, Leonid Chernovetsky, rose to prominence thanks in part to his work with the church: He coordinated the congregation's food-distribution program in Kiev's poorer neighborhoods.

The reaction to the new mayor in Kiev was especially harsh in Moscow, which looks down on Ukraine's revolutionary experiments. A prime-time Russian TV talk show invited Mr. Adelaja to appear in May, but when he arrived in Moscow for taping, border guards at the airport told him his visa had been revoked.

The program, "Let Them Talk," aired without him, and provided a forum for psychologists and lawmakers who accused him of zombifying his followers and illegally practicing medicine. Participants saw the earmarks of a Satanic cult. The show wrapped up ominously with a discussion of an unsolved satanic murder of a Moscow woman.

Mr. Adelaja says the bad publicity only helps draw new members. "It's too late for Russia to stop me," he says. "My message has already come to Russia, and there are a thousand people who think like me there."

Bush Urges Sudan To Allow Peace Force (AP-Y)

By Tom Raum

AP2, July 21, 2006

President Bush urged Sudan on Thursday to accept a U.N. peacekeeping force in Darfur province to replace overstretched African Union troops. He acknowledged there was much work to be done before that could happen.

Bush talked with Sudanese Vice President Salva Kiir about efforts to carry out a U.S.-backed peace plan and to reach out to all rebel factions.

"I assured our friend that the United States is committed to helping the Sudanese people; we're committed to making sure that the peace agreement that we helped you negotiate is implemented. We're also committed to helping the people in Darfur," Bush said.

"Our strategy is that we want AU forces to be complemented and blue-helmeted — in other words, the United Nations should be invited in. We talked about how best to get that done in order to save lives. Obviously, there is still a lot of work to be done," Bush said.

Kiir sidestepped the issue of the introduction of Western troops, which his government has opposed.

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"We are sure that we are going to solve the problem so that we don't hear about rapes and killings in Darfur. And all other parts of our country, like the eastern Sudan, we are now also negotiating in that province so that peace is also achieved all over the Sudan," Kiir said.

The Sudanese government is refusing to allow in a U.N. force to replace the African peacekeepers and stem violence in the vast western region. Although NATO and the European Union have provided training and other support, the African Union force is thinly spread around the remote area.

Since 2003, the Darfur conflict has killed some 200,000 and forced 2 million to flee their homes. The violence in Darfur erupted when non-Arab tribes revolted against Sudan's Arab-led government, which is accused of responding by unleashing Arab militias known as the janjaweed.

White House spokesman Tony Snow said Bush encouraged Kiir to promote a government of national unity and to work with rebels to bring the rest of the rebel factions to the table.

Later, Kiir met with Secretary of State Condoleezza Rice at the State Department.

"We were pleased to play a role in the conclusion of a comprehensive peace agreement for the people of Sudan that ended a very long civil war between North and South, and we are now committed to ending the violence in Darfur so that Sudan can be whole and at peace," Rice said.

US Donates 116 Mln Dlrs To African Union Mission In Sudan (AFP)

AFP, July 21, 2006

The United States will commit 116 million dollars to the African Union Mission in Sudan (AMIS) in an effort to help relieve the humanitarian crisis gripping the war-torn Darfur region, the State Department said.

"The United States maintains a strong partnership with the African Union on the Darfur issue, and we commend the efforts of AMIS peacekeepers and their leaders," the State Department said in a statement.

The aid comes in addition to 247 million dollars already committed to AMIS since 2004, the State Department said. The new aid will help train African Union troops to United Nations standards, said the statement.

Last month, the African Union said its poorly-equipped peacekeeping force in Darfur was set to quit the troubled western Sudanese region by end of September due to a lack of funds.

Between 180,000 and 300,000 people have been killed in Darfur and at least 2.4 million others displaced since fighting broke out between local rebels and the pro-government militia in February 2003.

Ethiopia Enters Somalia To Back Government (AP)

By Mohamed Olad Hassan

AP, July 21, 2006

Hundreds of Ethiopian troops in armored vehicles rolled into Somalia on Thursday to protect their allies in this country's virtually powerless government from Islamic militants who control the capital.

The move could give the U.S.-backed Somali government its only chance of curbing the Islamic militia's increasing power. But Ethiopia's incursion could also be just the provocation the militia needs to build public support for a guerrilla war.

"We will declare jihad if the Ethiopian government refuses to withdraw their troops from Somalia," a top Islamic official, Sheik Sharif Sheik Ahmed, told The Associated Press.

The neighboring countries are traditional enemies, although Somali President Abdullahi Yusuf Ahmed has asked Ethiopia for its support. Thousands of Somalis have taken to the streets in recent weeks to denounce witness accounts of Ethiopian troops along the border.

The United States urged Ethiopia to exercise restraint and said the U.S., European Union, African Union, Arab League and others in an international contact group on Somalia will meet soon to consider the volatile situation.

"We are watching the situation very closely," State Department spokesman Sean McCormack said Thursday in Washington. "We would urge the Ethiopian government to exercise restraint."

Somalia has been without an effective central government since warlords toppled dictator Mohamed Siad Barre in 1991 and then turned on each other, carving much of the country into armed camps ruled by violence and clan law.

The government, which includes some warlords linked to the violence of the past, was established with the support of the United Nations to help Somalia emerge from anarchy. But the body wields no real power, has no military and only operates in Baidoa, about 100 miles east of the Ethiopian border.

The Ethiopians, wearing their national military uniforms, deployed Thursday at the airport outside Baidoa and set up a fenced compound near the transitional president's home in the city, witnesses said.

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The Islamic militia of the Supreme Islamic Courts Council stepped into the power vacuum in recent months, seizing the capital of Mogadishu and most of southern Somalia.

On Wednesday, the militia reached within 20 miles of Baidoa, prompting the government to go on high alert.

The militia began pulling back Thursday as more than 400 Ethiopian troops entered Baidoa. The soldiers smiled and waved to residents before setting up their camp, according to the witnesses, who spoke on condition of anonymity for fear of reprisals.

The United States has accused the Supreme Islamic Courts Council of links to al-Qaida that include sheltering suspects in the deadly 1998 bombings of U.S. embassies in Kenya and Tanzania. In a recent Internet posting, al-Qaida leader Osama bin Laden urged Somalis to support the militants and warned nations not to send troops here.

The Islamic militia has installed strict religious courts, sparking fears it will become a Taliban-style regime.

Ethiopia's defense, foreign and information ministries repeatedly denied Thursday that their troops had crossed into Somalia. Ismail Hurreh, one of Somalia's deputy prime ministers, also dismissed the reports.

But late Wednesday, Ethiopia's Minister of Information Berhan Hailu told the AP his government would intervene to prop up Somalia's transitional government.

Ethiopia sent troops into Somalia in 1993 and 1996 to quash Islamic militants attempting to establish a religious government.

In the absence of his own force, President Yusuf, a staunch secular leader who has condemned radical Islam, has apparently chosen to rely on his longtime ally, Ethiopia, for protection and to give him greater leverage at the bargaining table.

But Yusuf's reliance on Ethiopia appears to make him beholden to the country's traditional enemy and hurts his legitimacy. Anti-Ethiopia sentiment still runs high in much of the country, which is why the government and Ethiopia, a mostly Christian nation, want to keep the troop deployment quiet.

If the competition for power should become violent, there is little doubt that Ethiopia has the superior fighting force.

This week's developments could disrupt peace talks scheduled for Saturday and aimed at negotiating some kind of partnership between the government, which has access to international support and funding, and the Islamic group, whose authority in Somalia is undeniable.

At the first round of the Arab League-mediated talks in Khartoum, Sudan, the government and the Islamic group agreed to stop all military action — though the Islamic group has been engaged in clashes and military deployments since. The government had at first balked at a second round, but agreed to resume talks under pressure from the contact group of foreign governments and international organizations.

Associated Press writers Mohamed Sheikh Nor and Salad Duhul in Mogadishu and Les Neuhaus in Nairobi, Kenya, contributed to this report.

Ethiopia Sends Troops To Aid Ally (WT)

By Katie Stuhldreher

The Washington Times, July 21, 2006

Ethiopian troops crossed the border into Somalia yesterday to protect a weak transitional government, raising fears that Islamic extremists will respond and attempt to form a Taliban-style government.

The move could give the U.S.-backed Somalian government its only chance of curbing the Islamic militia's increasing power. But Ethiopia's incursion also could be just the provocation the militia needs to build public support for a guerrilla war, the Associated Press reported from Somalia's capital, Mogadishu.

"We will declare jihad if the Ethiopian government refuses to withdraw their troops from Somalia," a top Islamic official, Sheik Sharif Sheik Ahmed, told the AP.

Herman Cohen, a former U.S. assistant secretary of state for African affairs, warned that the Ethiopian invasion could radicalize the Islamic elements that control Mogadishu and much of the country.

"The Islamic Courts in Somalia are not jihadists yet, but if we aren't careful, they could become that way," Mr. Cohen said in an interview.

Mr. Cohen said the Islamic Courts Union (ICU), the dominant Islamic party in Somalia, consists of moderates and extremists.

However, he said, the U.S. should be concerned that a Taliban-style government could form in Somalia because of Saudi financial support for hard-liners in the party.

"The United States should discourage the Ethiopians from using military force at the present time so as not to cause a self-fulfilling prophecy -- the ICU calling for foreign jihadist support against 'crusaders,'" he said.

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On Wednesday, the ICU militia reached within 20 miles of Baidoa, a Somalian city near the Ethiopian border, where the transitional government is headquartered.

The militia began pulling back yesterday as more than 400 Ethiopian troops entered Baidoa, the AP and other wire services reported.

Hibo Mohamed Elmi, an adviser to the president of the transitional government, said in a telephone interview:

"The transitional government will do what it needs to do to protect itself. Ethiopia has always been a strong ally ... and has made their intentions very candid. There are no plans to go further into Somalia that I know of now."

David H. Shinn, U.S. ambassador to Ethiopia from 1996 to 1999, said Ethiopia should be wary of further military involvement in Somalia.

"I think Ethiopia needs to be very cautious in realizing the whirlwind they could start here. Going any further into Somalia could stir up Somalian nationalism and anti-Ethiopian sentiments that already run high," he said.

Adeed Mohamed, a Somalian citizen living in the United States, said the Ethiopians have other reasons to fear the ICU.

"We know that the Islamic Courts help Eritrea every day. They get arms from them. Eritrea has for a long time been a rival of Ethiopia, and Ethiopia is afraid that if the Islamic Courts gain more ground near the border, Eritrea will have a second front to launch attacks against Ethiopia," he said.

New Good Neighbor, Libya May Soon Feel Pressure To Settle With Victims Of Its Attacks (NYT)

By Matthew L. Wald

The New York Times, July 21, 2006

MEMPHIS, July 14 — Newly removed from the list of nations sponsoring terrorism, Libya is eager for normal relations and American investment in its oil fields. But lawyers for hundreds of Americans would like to remind Libya of its past.

At the head of the line are the families of more than 230 American passengers and crew members on Pan Am Flight 103, which was bombed in 1988 by a Libyan agent over Lockerbie, Scotland. They say they are owed a final payment of $2 million per victim; Libya said the deal had expired.

Victims of five other attacks are also seeking compensation, including Reginald H. Borders, 50, who lives in Memphis and was one of about 100 American servicemen seriously injured in the 1986 bombing of a West Berlin disco by an agent of the Libyan government. Mr. Borders, who is now on 100 percent disability, and about 90 other Americans are parties in a lawsuit filed in 2001 in Federal District Court in Washington.

“You see all these news programs talking about bombing and terrorists,” Mr. Borders said. “The first thing they say is the Pan Am Lockerbie plane and the Achille Lauro,” referring to a cruise ship hijacked by Palestinians in October 1985.

“Nobody remembers the people in the Berlin disco,” he said. “You tell somebody, and they say, ‘What?’ ”

In 1986, Mr. Borders was an Army staff sergeant in the Berlin Brigade, deep inside East Germany, training for a third world war.

In an interview, Mr. Borders told how he and several friends went out to the LaBelle discothèque. Suddenly there was a flash of light, and the lights went out. Mr. Borders said he was deafened and thrown through a glass wall. A woman tapped him on the shoulder and pointed to another soldier on the ground. He lit his lighter to see that the man’s lower leg had been blown away. He carried the man out to the street, Mr. Borders said, and returned to the smoldering building to look for more victims.

President Ronald Reagan retaliated quickly for the attack by sending warplanes to bomb Tripoli, the Libyan capital.

In 1996 Congress enacted a law that stripped foreign governments that had been found to sponsor terrorism of a legal protection called sovereign immunity, the principle that a private person cannot sue a government.

Libya moved to have the disco lawsuit dismissed, but it lost both the motion and an appeal. The case is now back in Federal District Court in Washington, said Steven Perles, Mr. Borders’s lawyer, and it could go on for years.

Libya is also accused of blowing up a DC-10 airliner belonging to the French airline UTA over Niger, in West Africa, in 1989, killing 170. Seven Americans were on board, including the wife of the American ambassador to Chad; the plane was owned by an American company, Interlease.

There are also plaintiffs from three terrorist attacks mounted by followers of a Palestinian, Abu Nidal, at the behest of the Libyans, lawyers said. In December 1985, 20 travelers including 5 Americans were killed in the Rome and Vienna airports. In September 1986, hijackers seized a Pan Am jumbo jet on the ground in Karachi, Pakistan; they killed 18 passengers after the pilots escaped through cockpit windows. In November 1985, Abu Nidal’s followers hijacked an Egyptair plane to Malta; scores died when Egyptian troops stormed the plane.

A lawyer not involved in the lawsuits, Michael J. Glennon, a professor at the Fletcher School of Law and Diplomacy at Tufts University, said it was “entirely plausible” that Libya’s efforts to gain respectability in the United States would push its government to settle.

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"The Libyans are going to be sobered up quite quickly by the discovery of how aggressive American lawyers are, and how the American legal system responds to the kinds of claims they're up against," Professor Glennon said.

Some Americans promoting trade say Libya's steps toward normalizing relations are good news for Libya's American victims. "The greater stake Libya has in the relationship, the more incentive Libya has to settle these kind of disputes," said David L. Goldwyn, executive director of the U.S.-Libya Business Association.

Mr. Borders said he would be awarded about $3 million, after lawyers' fees, if the settlement went through. He would like to paint his house, repave his driveway and tear down a ramshackle garage to build a "hideaway" with a big-screen television and space for the horror movies he collects. He would also like to invest something for his children and grandchildren. For now, he is living on $2,400 a month.

Some of Mr. Borders's health problems as a result of the bombing were immediate; others emerged gradually. After the blast, he was hospitalized three days, with a perforated eardrum, a ruptured disk in his back, a damaged wrist and a broken finger. He was awarded a Purple Heart for being wounded in combat, and stayed in the Army until 1988. He worked as a television news cameraman, but has had persistent problems with his back and his hearing.

In December 1996, at a fire at an apartment house, he heard trapped children screaming and then taped a crying fireman carry out a dead baby. Deeply disturbed by the experience, he left for a position with a church-owned television station, but found it little better. After seeing television coverage of the Sept. 11 attacks, he said, he broke down. Diagnosed with post-traumatic stress disorder in 2002, Mr. Borders was put on 100 percent disability.

For Libya, sitting on huge oil reserves, settlement is not a bad deal, Mr. Borders said.

"The price they're going to pay us and the other people is a drop in the bucket, from the amount they're going to get from the U.S.," he predicted.

N.Z., U.S. Agree To Strengthen Relations (AP-Y)

AP2, July 21, 2006

New Zealand and the United States, who have long differed over the South Pacific nation's anti-nuclear policy, have agreed to strengthen their relationship, Foreign Minister Winston Peters said Thursday.

"We committed ourselves to a forward-looking relationship as two countries and to strengthening that relationship in the future," Peters said after meeting in Washington with Secretary State Condoleezza Rice.

Relations between the two countries were convulsed in 1985 when New Zealand banned nuclear arms and nuclear-powered ships from its territory and waters.

New Zealand was immediately excluded from a tripartite defense pact it shared with the U.S. and Australia, an exclusion still in effect. New Zealand's military relationship with the U.S. also was reduced from "ally" to "good friend" in the fallout.

"This is a world in which there are many trouble spots. The plain fact is we're a country that has pulled our weight ... right now in 14 different countries in 19 different theaters," Peters said.

"It's excellent to see that large countries do appreciate and do understand the contribution we're making," he added.

Rice did not raise New Zealand's anti-nuclear policy during the talks but had said it was time to "move on" in the relationship, he said.

French Socialist Using Web To Win Over Voters (WP)

By John Ward Anderson

The Washington Post, July 21, 2006

PARIS -- Among her Socialist Party allies, Segolene Royal was well liked but considered a bit of a political lightweight -- mother of four, minister of "soft" cabinet posts for the environment and the family, domestic partner of the party's leader, Francois Hollande.

So when she announced nine months ago that she would seek her party's presidential nomination for the 2007 election , some of the old guard dismissed her as a bit player.

"Who will look after the children?" sneered former Socialist prime minister Laurent Fabius.

"The presidential race is not a beauty contest," snapped party stalwart Jack Lang.

Today, Royal, 52, has confounded them all with an Internet-aided insurgent campaign that has propelled her to the top of national polls. Her Howard Dean-style strategy -- going over the heads of party elders with a grass-roots run for office that has proved wildly popular among voters -- could make France's first cyber-candidate its first female president.

"Her strategy is to get the support of public opinion and the polls to put the militants in the Socialist Party in the position where they have no choice but to vote for her" at the party's convention in November, said Pierre Giacometti, a leading French pollster.

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"In the polls, she leads, but in the party, she's the challenger, so like Dean, she has created her own Internet campaign" to get the Socialist nomination, said Claude Malhuret, a senior official in the ruling Union for a Popular Movement, the party of President Jacques Chirac. Malhuret is orchestrating his party's own Internet campaign for next May's presidential contest.

Cyberspace has helped Royal brand herself as a political outsider and relative newcomer at a time when polls show that French voters are fed up with disarray and paralysis in government and are pining for a fresh face.

Her campaign Web site (http://www.desirsdavenir.org , which translates as "Desires for the Future") features blogs that solicit views on the economy, unemployment and immigration. Chapter by chapter, she is writing and publishing a book on the site that has been likened to a political manifesto. She recently shook the Socialist Party hierarchy by using her Web site to criticize one of its sacred cows -- the 35-hour workweek, adopted as law of the land by the party when it controlled Parliament in 1998. Several blogs that her aides claim are independent also are pushing for her candidacy.

And a link on her site to a Socialist Party membership drive helped draw 80,000 new members in three months, pushing party rolls to 210,000, according to Vincent Feltesse, the party's secretary for new technologies. Membership has topped 200,000 only twice before, he said, in the 1930s and in 1981, when Francois Mitterrand was elected president at the start of 14 years in office. The link was removed from Royal's site when the drive ended.

Poised and chic on the one hand, plain-talking and combative on the other, Royal has crossed several political minefields without getting blown up. In addition to criticizing the 35-hour workweek, she has suggested military boot camp for delinquent youths and expressed admiration for British Prime Minister Tony Blair, who is anathema to the French left. The government should freeze child benefits to the parents of problem children, she has said. Those mothers and fathers should instead be sent to parenting school. She recently said she does not oppose gay marriage and adoptions.

Socialist allies have attacked her views, and even party leader Hollande -- her longtime partner and father of her four children -- has occasionally distanced himself from her. "She takes risks, she makes proposals," he said recently on France 2 television. "I don't share them all."

But many of her critics have been silenced by polls showing that French voters overwhelmingly support her tough stance on law and order and her candidacy. Three polls last month placed her ahead of the presumed presidential front-runner, Interior Minister Nicolas Sarkozy of the ruling UMP. A July 19 poll published by the French daily Le Monde showed her three percentage points behind Sarkozy. Even so, her ratings did not decline; Sarkozy's increased slightly. A survey of Socialist sympathizers by Liberation newspaper found her 40 percent ahead of all other probable Socialist candidates.

In a less scientific but equally attention-grabbing survey, readers ranked Royal the sixth-sexiest woman in the world, ahead of such sirens as Kate Moss, Naomi Campbell, Elizabeth Hurley and Penelope Cruz, in last month's edition of France's FHM magazine. She reportedly has undergone what some political analysts refer to as a Hillary Clinton-style makeover, acquiring a flashier wardrobe, straighter teeth and a deeper voice.

Eric Travert, 46, manager of a newspaper stand in Paris, said both he and his wife would vote for Royal. "People need to believe that the current crisis may end -- they need to dream and forget about the past 10 years," he said. "We need more humanity in this country, and it's time to see other people than the 'old guard.' " He complained that "all the Socialist candidates, apart from Segolene, have been around for 30 years."

Royal and her aides declined to be interviewed for this story.

The French media are also swooning, giving Royal diva status by referring to her simply by her first name.

"There is about her a delicious perfume of right-wing conservatism with a progressive project," cooed Paris Match.

"Tougher than Sarkozy," intoned the right-wing Le Figaro.

Royal, who was born in 1953 in Senegal, then a French colony, and raised in a conservative military family, is a three-time cabinet minister (environment, education, and family and children), a member of Parliament for 13 years and the author of four books. She has a degree in economics from Paris's Institute of Political Sciences, also known as Sciences Po, and is a graduate of France's National School of Administration, the breeding ground for the country's governing elites.

Despite those accomplishments, Royal is having trouble shaking a perception among many analysts and politicians that she is a media creation, and that her campaign is mostly hype and Internet buzz, with little substance.

Her use of the Internet sets her apart from some UMP leaders, such as Chirac, who 10 years ago stood transfixed before a computer mouse and asked, "What's that?" The incident was ridiculed as an example of French backwardness. And Sarkozy has tried to make an asset of the fact that he has no computer in his office, explaining to an interviewer that he doesn't have time for one.

Nonetheless, many analysts here say the UMP is ahead of the Socialists in exploiting the Internet. The party has an Internet newsletter with 135,000 subscribers and is spending about $38,000 a month to purchase key words in search engines such as Google and Yahoo, according to Malhuret, the party's top Internet person.

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Thierry Vedel, a political scientist and Internet expert at Sciences Po, compared Sarkozy to President Bush in 2004, saying that because he had his party's nomination virtually locked up, Sarkozy had no need for an interactive Internet site like Royal's.

"Sarkozy is very controversial and very popular, and a blog would make no sense -- it would be blocked right away by thousands of comments, many of them negative," he said. The same is true of the runner-up from 2002, Jean-Marie Le Pen of the far-right National Front party, "who is using the Internet to distribute and pulverize people with materials in a top-down way, without any interactivity."

"But Royal is much weaker in her party, and she needed her blog to create a network within the Socialist Party," Vedel said.

The comparisons to Dean are not always flattering. After creating a media storm and surging ahead in the polls for the Democratic nomination, Dean self-imploded and ended up winning not a single state's primary election. Royal's contribution to the party's membership drive, however, should give her a strong base of support and a leg up over other potential candidates in the primary race, analysts said. And she is benefiting from massive media publicity.

During next year's presidential race, roughly 65 percent of the French population is likely to have access to the Internet, about the same level as in the United States during the 2004 campaign, according to the UMP's Malhuret.

But while the Internet is a great marketing tool, he said, its impact on the political process is unknown. "Little by little the Internet is playing a more important role, but you can't say whether it changes 1 or 2 percent of the vote," Malhuret said. "And since you don't know, you can't ignore it."

Smuggled Cubans To Stay In U.S. (AP-Y)

By Curt Anderson

AP2, July 21, 2006

In an unusual move, 28 Cubans who were caught trying to slip into the United States were brought ashore this week so they can testify against those accused of organizing the deadly smuggling voyage — a step that means they can stay permanently in this country.

U.S. Attorney R. Alexander Acosta said the "unique circumstances" of the case led prosecutors to bring the group onto U.S. soil under material-witness warrants, which could require them to testify before a grand jury or at a trial.

"Smugglers often treat migrants as if they were human cargo," Acosta said. "This must stop."

The 28 Cubans were caught aboard a crowded speedboat after a chase July 8 that resulted in the death of a Cuban woman. They had been held since then aboard a Coast Guard cutter at sea. On Wednesday, though, they were taken to Key West, and on Thursday they were brought to Miami.

Under the U.S. "wet foot-dry foot" policy, Cubans who reach American soil are usually allowed to stay, while those stopped at sea are returned home.

The Bush administration has made other recent exceptions to the wet foot-dry foot policy, including bringing in the parents of a 6-year-old Cuban boy who died during a smuggling attempt in October.

But it is unusual for an entire group to be brought ashore to provide evidence in a criminal smuggling case.

A federal magistrate Thursday allowed all the Cubans in U.S. custody to be released to their relatives in Miami under the guarantee that the families will pay $25,000 per person if they do not appear in court when required. Several immigrants in the courtroom wiped away tears.

Ramon Saul Sanchez, head of the Cuban exile group Democracy Movement, witnessed the Cubans' reunions with relatives: "It was very emotional. They were very happy, screaming and yelling, in the Cuban style."

Outside the courtroom, 16-year-old Yamila Carpio and her sister Yaremis Carpio, 14, fought back tears as they waited to hear whether their mother, Odalis Conde, 41, would be released. The two girls were among the group of migrants, but had been released to relatives Wednesday night.

Upon hearing the news that her mother would be released, Yamila smiled and said she could not find the words to describe her emotions.

Three men are being held without bail on smuggling charges stemming from the incident and could get life in prison. Their speedboat, containing 31 immigrants, was intercepted by the Coast Guard in the Florida Keys.

One immigrant, 24-year-old Anei Machado Gonzalez, died after hitting her head when the boat's operators ignored orders to stop and tried to ram a Coast Guard vessel, authorities said. The Coast Guard fired two shots into the vessel's engine to disable it.

Omar Alberti, 40, whose 25-year-old cousin Miguel Alberti was on the boat, said he did not believe the men should be tried for the woman's death. Outside court, he said the "Coast Guard is responsible. They should let them go."

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Two other immigrants aboard the speedboat — one a pregnant woman and the other a man who was ill — had previously been brought to U.S. soil, officials said.

Disputed Election Puts Strain On Mexicans (LAT)

By Héctor Tobar, Times Staff Writer

The Los Angeles Times, July 21, 2006

Even in families, voters are increasingly strident over whether Calderon robbed Lopez Obrador of victory. But most urge a peaceful resolution.

MEXICO CITY — Manuela Camacho says she prays every day to the saints to protect her hero the presidential candidate. Sitting a few feet away, her 25-year-old granddaughter, Lorena Morales, rolls her eyes in exasperation.

Although the two women have a deep and abiding respect for each other, on this topic grandmother and granddaughter don't agree: Morales voted for the other guy.

With each day that Mexico's election controversy drags on, the topic of who really won July 2 and whether the votes should be recounted is becoming harder for the Morales family to talk about, pitting matriarch against loving grandchild, husband against wife.

Across Mexico, in private and public spaces, it's the same: Feelings are becoming more strained, the opinions more strident.

Was the election fraudulent or the cleanest in Mexican history? Was the conservative Felipe Calderon indeed the winner? Or is leftist Andres Manuel Lopez Obrador right when he says he was robbed by a corrupt and inefficient system? Mexico's Federal Electoral Tribunal is deciding the case, but the judges may not reach a verdict for weeks.

"They say there's fraud, but the only proof they offer is the fact that they say so," Lorena Morales tells her grandmother. The younger woman voted for the conservative Calderon — mostly because she can't stand the "big mouth" Lopez Obrador.

"For me, there was fraud," the older woman answers. Camacho believes the former Mexico City mayor is one of the few leaders who really cares about the elderly and the poor.

"It's that yellow-bellied [President Vicente] Fox who's behind it."

Calderon won in the final official tally by about 244,000 votes, or less than a percentage point, but most Mexican newspapers have yet to proclaim him president-elect. The newspaper El Universal refers to him as Mexico's "virtual president."

Lopez Obrador has kept the controversy alive with a campaign to pressure the seven-judge tribunal to order a ballot-by-ballot recount. On Sunday, Lopez Obrador led hundreds of thousands of people on a march through Mexico City in support of his demand.

Calderon's backers have responded with a series of television commercials arguing that the vote was clean and fair. "We counted the vote three times, in front of the representatives of all the parties," Mexico City poll worker Manuel Castro says in one of the ads, sponsored by a group called "For a Mexico in Peace."

On Tuesday morning, a full-page ad in the daily newspaper Milenio called Lopez Obrador a treasonous demagogue and said he was starting a civil war. That same afternoon, a small crowd of Lopez Obrador supporters pounded the windows of Calderon's car, accusing him of stealing the election.

"People are not anxious, but they are angry," says Lorenzo Meyer, a prominent historian here. "The anger is strongest on the side of the left, because they feel cheated. Whether it's true or not, the perception is there."

For much of the 20th century, elections in Mexico were farcical affairs, rigged by the Institutional Revolutionary Party, or PRI. In the 1990s, Mexican legislators created the Federal Electoral Institute to oversee all elections and prevent the blatant vote-stealing of the past, and in 2000 Fox, of the National Action Party, or PAN, won the presidency.

Now Lopez Obrador is calling into question the independence of Mexico's new electoral authorities. In some Mexico City neighborhoods where his support is strongest, the streets are lined with posters that transform the initials of the electoral institute into a swastika.

Morales' father, Juan Jose Morales, is in Lopez Obrador's camp. He makes his views known during the regular Sunday visit that he, his wife and daughter Lorena make to his mother's home near downtown Mexico City.

"This is the first time we've ever had an election where it takes three days to know who the winner is — that's what gave them time to organize the fraud," he says.

"But they can't do that anymore," his wife, Virginia Garcia, shoots back — she supports Calderon.

"Of course they can!" Juan Jose says. "This is the most mafia-controlled country that's ever existed."

"If Lopez Obrador had won, you would have said everything with the election was fine," Virginia answers.

"We had 70 years of the PRI," Juan Jose observes wryly. "Now we're going to have 70 years of the PAN."

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But what about the international observers, Lorena asks her father. They came and said the election was clean. "If we Mexicans stop believing in our institutions, then what are we going to believe in?" Lorena says.

Commentator Sergio Aguayo is among many who have suggested that a recount of the votes is the only way to mend the growing ideological divisions in Mexico and allow the new president to take office with any sense of legitimacy.

"If the tribunal ignores the petition for a recount … it would be a stain that would forever haunt the administration and resume of Felipe Calderon," Aguayo wrote recently in the newspaper Reforma.

Lorena, a recent college graduate, agrees.

"To shut the mouth of Lopez Obrador and all the PRD people, the best thing would be to recount the votes," she tells her family, using the Spanish initials of the leftist Democratic Revolution Party. "It would give Calderon credibility, even though I don't doubt his margin of victory would be smaller."

"But that's giving Lopez Obrador what he wants, and playing his game," her mother says.

"He doesn't respect anything."

Garcia and many other Mexicans see Lopez Obrador as a leader who is becoming increasingly unhinged.

Lopez Obrador didn't help his cause among these skeptics when he aired a video last week purporting to show ballot stuffing in the state of Guanajuato: His own party's representative at the polling place stepped forward to say he was wrong.

On Radio Formula in Mexico City, the morning talk show hosts are taking delight in what they see as the leftist leader's meltdown. They mock Lopez Obrador's allegations of fraud with their own "crazy" accusations.

For historian Meyer, the portrayal of Lopez Obrador as "a little crazy man" in much of the Mexican media misses an important point.

"If he's crazy, then millions of Mexicans are crazy too, and there's an epidemic of craziness," Meyer says. Even if Lopez Obrador loses in the court battle or a vote recount, his campaign could give birth to a social movement, Meyer adds.

At the Morales family home, there is one point of agreement: No one wants to see the recount controversy spin out of control.

"I'm afraid that even if they recount all the votes, Lopez Obrador is still going to say the process is tainted," Lorena says. "What will happen then?"

"I want them to recount the votes," her grandmother says. "But I want it to be done peacefully. There shouldn't be a war with the other side."

Lorena and her parents nod in agreement.

"We don't want a country where people take up arms," Juan Jose says.

A few minutes later, Camacho lights up a cigarette to try to relax after a stressful conversation. Her granddaughter points out that smoking is bad for her. But the grandmother doesn't listen. She keeps on smoking.

As Other Asian Nations Have Moved To Control Bird Flu, It Is Rapidly Spiraling In Indonesia (NYT)

By Donald G. McNeil Jr.

The New York Times, July 21, 2006

Indonesia is about to surpass Vietnam as the country hardest hit by avian flu. And while Vietnam has not had a single human case or poultry outbreak this year, public health officials and experts say the situation in Indonesia is likely to get worse.

The flu is ubiquitous in thousands of backyard flocks, and it appears to be killing more birds every month, increasing the likelihood of human cases. Forty-two people have in Indonesia died since the first human case was confirmed a year ago.

“It’s like trying to fix the roof while there’s a storm going on,” said Dick Thompson, a spokesman for the World Health Organization. “Until the animal situation gets under control, there’s going to be this steady drip, drip, drip of human cases, and that’s a problem.”

Although the A(H5N1) flu arrived relatively late in Indonesia, it soon spiraled out of control, and deaths have mounted quickly.

Unlike Thailand, which quenched outbreaks by killing millions of chickens, or Vietnam, which used mandatory vaccination, Indonesia has tried a mix of limited culling and vaccinating in rings around the cull — so far, with little success.

Mathur Riady, chief of livestock for Indonesia’s Health Ministry, said recently that more than a million birds had died of the flu between January and March, about the same number as died all last year.

The biggest obstacle to beating the disease, international flu experts say, is the country’s decentralized government. Health officials in the capital, Jakarta, have been described as having powers extending no further than their office walls, while real power resides with the governors of the 33 provinces and the elected bupatis, or regents, of 480 districts.

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"It's a real mishmash," said Dr. Jeffrey C. Mariner, a veterinary medicine professor at Tufts University who is helping the United Nations Food and Agriculture Organization train new veterinary workers. "You have to sit down with each decision-making unit and get them all on board. It's hard to mount a coordinated response."

As a result, the country is not only slow to report human cases, it no longer even reports poultry outbreaks to the World Organization for Animal Health in Paris.

But decentralization is not a principle that Indonesians are likely to abandon. Like the former Yugoslavia, the country is contentious mix of ethnic and religious rivalries, with 245 million people living on about 6,000 populated islands formerly held together by harsh central control from Jakarta.

With the collapse of the Suharto dictatorship in 1998, independence movements sprouted from East Timor to Aceh, and Jakarta responded with different mixes of military power and grants of semiautonomy.

The regions prefer having more self-government, and "decentralized units get very wary when the center takes on emergency powers," said Dr. David Nabarro, chief pandemic flu coordinator for the United Nations.

Dr. Mariner, of Tufts, said shortages of trained veterinarians and slow compensation of farmers have also been major obstacles to crushing the outbreak.

He and nine colleagues from Tufts and the F.A.O. are training local people to find sick birds and rapidly test them, cull flu-infected flocks and vaccinate others in a ring around the sick ones.

But each trainee needs two to three months of class and fieldwork to become proficient, he said, and then many of them must, in turn, become trainers.

"By February, we should have enough for 157 districts on three islands," he said. Asked how long it would take to train enough disease-trackers to cover all 480 provinces, he said "I don't have an answer — maybe two or three years?"

Another problem, he said, is the sheer profusion of backyard chickens. The outbreak is not a big problem in commercial flocks, but "in the country, every household has poultry," he said. "Retired people here keep chickens like other retirees take up woodworking. It's household food, and income, and something to do. Asking Indonesians to give up their chickens is like asking Americans to give up their dogs and cats."

Until recently, he said, many farmers refused to let their birds be killed because they received only vouchers that could take six months to be paid.

"Now we're seeing the districts willing to advance money, so people are paid in a few days," he said. "That's begun real cooperation."

The government pays about $1 per bird — just a bit below market value, which veterinary experts suggest is the best way to get compliance but to forestall the temptation to breed just for the culling payments.

Indonesians also raise fighting cocks, songbirds and trained doves worth much more than $1, he said, but they are paid nothing extra, giving the owners little incentive to cooperate.

Making matters harder, some outbreaks begin in remote villages that may themselves be estranged from local government. For example, Kubu Sembilang, the village in the Karo District in northern Sumatra where the flu killed seven members of one family, was a Christian and animist village, while northern Sumatra is a center of highly observant Islam.

Some wary villagers there blamed witchcraft for the deaths and refused to take the antiviral drug Tamiflu that the authorities had offered.

Given Indonesia's huge population — compared with Vietnam's 84 million people — avian flu remains a relatively rare disease there, said Dr. Tim Uyeki, an epidemiologist with the Centers for Disease Control and Prevention who was part of the W.H.O. investigative team.

But the way Indonesian cases have clustered — often infecting just the blood relatives in one family in a village — has given support to the theory that some people are genetically more likely than others to get infected, he noted.

"We can't prove that — it remains a hypothesis," he said. "But when a village has a lot of people and a large outbreak, and they all have lots of contact — burying or slaughtering or whatever — and only one family gets sick, you have to ask: is there something unique in that family that creates susceptibility?"

Studies to test that are needed, he said.

Under the right circumstances, Indonesia can rouse itself to beat a threatened epidemic.

Just last year, it defeated an unexpected polio outbreak. After a polio-free decade, it had a lone imported case in May 2005, but that quickly grew to 303 cases, the world's third-biggest outbreak, after Nigeria and Yemen. (Each detectable case of paralysis means there are 200 people with "silent" cases, who can still spread the virus.)

But a huge immunization campaign drove new cases down to a mere two this year so far.

Tsunami Responders Primed By Recent Calamities (CSM)

DOJ_NMG_0042673

By Michael J. Coren

The Christian Science Monitor, July 21, 2006

Posted July 21, 2006 - http://www.csmonitor.com/2006/0721/p25s02-woap.html Tsunami responders primed by recent calamities Relief groups say survivors are getting enough aid, at least in the emergency's initial stages.

By Michael J. Coren | Contributor to The Christian Science Monitor

PANGANDARAN, INDONESIA

Hundreds of police, military, and relief workers continued to clear debris as well as retrieve and bury the dead three days after a tsunami struck this once idyllic coastal resort town.

Each night, survivors crowd into camps that hold thousands of people. Some return during the day to scavenge in the ruins of their homes. Salt water has contaminated many wells and made drinking water a precious commodity.

So far, say relief groups in Pangandaran, no shortages of food or medicine have been reported and survivors are receiving enough aid, at least in the emergency's initial stages.

"I think we just need a few more days time here and things will be settled," says Herman Widjaja, a member of the Buddhist aid organization Tzu Chi. "Especially nowadays, the new government is really taking care of these matters.... They're coordinated quite well."

The limited scale of the disaster, and easy access for relief supplies, have helped rescuers in comparison to the deadly 2004 tsunami that killed more than 170,000 people in Indonesia or the recent Yogyakarta earthquake that leveled 150,000 homes and killed about 5,000 people. In both cases, the vast area of the devastation areas complicated humanitarian efforts.

Officials reported the death toll from Monday's tsunami as 531, with more than 270 others missing on the southern coast of the island of Java. Twenty-three more bodies were uncovered on Thursday.

A magnitude 7.7 earthquake in the Indian Ocean touched off the rushing wall of water - by some estimates as high as 20 feet. Residents barely noticed the tremor until a roaring wave engulfed the town 45 minutes later, sweeping 1,600 feet inland and crashing against some 110 miles of Indonesia's shoreline.

The recent string of natural disasters has kept relief organization well-stocked and primed to distribute aid quickly. In Pangandaran, the relief group Save the Children says it will hand over aid work to local authorities once the emergency passes.

"Most organizations including our own are using donated funds and have not launched international appeals ," says Jon Bugge, spokesman for Save the Children in Indonesia."We feel once the emergency relief is settled, the local government can take the lead on local reconstruction."

Full HTML version of this story which may include photos, graphics, and related links

Soros Does Europe (WSJ)

The Wall Street Journal, July 21, 2006

From criticizing U.S. foreign policy to defending agricultural subsidies, the European Union has no problem standing up to America. But that's apparently not good enough for George Soros. Having spent millions in a forlorn attempt to defeat President Bush in 2004, the hedge-fund billionaire is investing in another strategy to stymie the Bush Administration: bucking up the EU to become a more forceful counterweight to American power.

Amid a media blitz to promote his new book "The Age of Fallibility" -- about the menace posed by the U.S. to world freedom -- Mr. Soros told a British newspaper earlier this week that "The attitude of the Bush Administration has had disastrous consequences; the world needs an alternative and the European Union can provide it." The superrich evangelist sees Brussels as too weak and bureaucratic, and so he is proposing to inject a little backbone by pouring hundreds of millions of dollars into new foundations, the first of which will be set up in Paris or London.

No word yet on what the foundations will do, exactly, but Western European leaders should brace for impact. Mr. Soros, who has set up civil-society foundations in Eastern Europe and the U.S., is already one of the biggest bankrollers in Democratic and liberal politics. He spread around $25 million to liberal soft-money groups like America Coming Together and MoveOn.org ahead of the 2004 election, and his money continues to fund assorted liberal activist groups that wage a permanent media campaign against Republicans.

That's modern politics, but it is notable that so far his mega-millions have failed to win over either the U.S. electorate, or arguably even the mainstream of his own party. In that light, seeking influence in the more fertile anti-American territory of elite Europe makes a certain sense. His ideas are an easier sell there. On the other hand, with the likes of Jacques Chirac and the Guardian newspaper already up and running on the Continent, it's fair to wonder if Mr. Soros's efforts won't be redundant.

In any event, we doubt this exercise will achieve his goal of making the EU a serious counter to U.S. power. The best way to do that would be for France and Germany to adopt pro-growth economic policies and use the resulting prosperity to spend more on defense. Somehow we suspect that's not what Mr. Soros has in mind.

DOJ_NMG_0042674

DOJ_NMG_0042675

Beach, Andrew

From: Beach, Andrew
Sent: Friday, July 21, 2006 5:45 PM
To: Scolinos, Tasia; Jezierski, Crystal; Holland, Eric W; Gorsuch, Neil M
Subject: Chicago Council on Foreign Relations and Greater Chicago Business Community
Attachments: Chicago Council on Foreign Relations (open).doc

Can we get recommendations on the attached speaking invitation. Kyle looked at the request, but we weren't sure if this would be much the same as the New York Council on Foreign Relations request or not.

Andy Beach
Assistant to the Attorney General
Director of Scheduling
Department of Justice - Washington, DC 20530
Tel: (202) 514-4195; FAX: (202) 307-2825

SCHEDULING INFORMATION FORM
ATTORNEY GENERAL GONZALES

Event: **Keynote Luncheon Address to the Members of The Chicago Council on Foreign Relations and the greater Chicago Business Community.**

City & State: **Chicago, Illinois**

Date(s): **We would propose the following dates for the Attorney General to visit Chicago. If these dates are not convenient, we would of course be honored to provide a platform in Chicago at any time that would suit his schedule.**

Proposed Dates

- **September 11, 2006** ***(specifically on combating terrorism)***
- **October 11-12, 2006**
- **December 5-7, 2006**
- **January 16-18, 2007**
- **February 6-8, 2007**

Date/Time event begins: **Please see proposed dates above/ On the selected date, the program would begin at 12:00 noon.**

Date/Time event concludes: **Please see proposed dates above/ On the selected date, the program would conclude at 2:00 p.m.**

Proposed/Requested Date & Time of the Attorney General's participation: **Please see proposed dates above/ On the selected date, the program would begin at 12:00 noon with a VIP reception, followed by a luncheon and keynote address that would conclude at 2:00 p.m.**

Nature of Event: **One of two topics would be of interest to our membership:**

- **combating and preventing terrorism**
- **protection and governing of intellectual property law/rights**

Event Venue: **The Peninsula Hotel (proposed venue – based on date/availability)**
Room Name or number: **The Grand Ballroom**
Street Address: **180 East Superior Room**
City/State/Zip: **Chicago, IL 60611**
Venue Phone #: **(312) 573-6699**
Venue FAX #: **(312) 751 2888**

Event Sponsor: **The Chicago Council on Foreign Relations**
Address: **332 South Michigan Avenue, Suite 1100**
City/State/Zip: **Chicago, IL 60604**
Website address: **www.ccfr.org**

Person Inviting: [redacted]
Title:
Telephone #:
FAX #:
E-mail address: [redacted]**@ccfr.org**

Contact Person: [redacted]
Title:

Telephone:
FAX #:
E-mail address: [redacted]**@ccfr.org**
Cell phone:

Are there corporate sponsors or other underwriters of the event? **Yes**

If yes, please list them here:
The Chicago Council, as a not for profit organization, would seek corporate sponsorship for the proposed luncheon. All corporate sponsorship received, in conjunction with the luncheon, would go directly toward underwriting the event.

Please provide the following information:

Approximate size of the audience: **150 guests**

Description of the audience**: The event would be designed for the senior executives of the Chicago business community and the leadership of Chicago's government, civic, and academic communities.**

List of other invited speakers and program participants: **N/A**

List of invited government officials, dignitaries, VIPS: **We would also extend invitations to The Honorable [redacted], The Honorable [redacted], and The Honorable [redacted] We would invite them to welcome Attorney General Gonzalez at the luncheon program.**

Is the Attorney General being asked to speak? **Yes, he would be invited to give the keynote speech at the luncheon.**

If yes, how long is he expected to speak? **We would envision his speech being 15-20 minutes. Following the speech, we would allocate 10-20 minutes for Questions and Answers with the luncheon guests.**

Will the portion of the event at which Mr. Gonzales is being asked to participate be open to the press? **We would invite press to cover the luncheon speech, however we are flexible.**

What is the theme/topic/subject of the event? **We would like to invite the Attorney General to speak in Chicago on the administration's views on combating and preventing terrorism and on protecting and enforcing intellectual property rights/law.**

What is the ATTIRE for the event? **Business Attire**

Is this invitation for the Attorney General or the Attorney General and a guest? **The invitation is for the Attorney General to present the keynote speech. We would be delighted to have other guests join him for the lunch.**

Is this a fund raising event? **No**

If this is a fund raising event, what group(s) or organization(s) benefit(s) from the event? **N/A**

Are tickets being sold for this event? If yes, what is the face value of the ticket? **Yes, we would charge $55.00 per ticket for CCFR members and $70.00 for nonmembers. The funds from the ticket sales would go directly toward underwriting the event.**

What is your deadline for confirming a speaker? (if the date of the event is open ended, please indicate how many weeks or months advance notice you require to set up the event) **The event date is open ended and we would request at least 3-4 weeks advance notice before an event.**

Please include any additional information that may be helpful to Mr. Gonzales as he considers this invitation.

The Chicago Council on Foreign Relations is pleased to invite the Attorney General to address our corporate members as part of our series with senior policy leaders and distinguished businessmen and women from around the world.

National leaders who have recently spoken to our members include Secretary of State Condoleezza Rice, Secretary of Treasury John Snow, United States Trade Representative Rob Portman, Secretary of Agriculture Mike Johanns, Secretary of Defense Donald Rumsfeld, and Senator Barack Obama. Additionally, international leaders that have addressed our members include [redacted]

For over eighty years, The Chicago Council on Foreign Relations has been a leading international affairs organization serving over 7,000 members. Chicago is home to a number of the world's leading companies and The Chicago Council's corporate membership is comprised of the chairmen and senior executives of almost 100 of the major multinational corporations in Chicago, Illinois, and the Midwest that include ADM, The Boeing Company, Motorola Inc., Sara Lee Corporation, Abbott Laboratories, Kraft Foods, Aon Corporation, Baxter International, Goldman Sachs & Company, JPMorgan Chase and Company, United Airlines, and the McDonald's Corporation.

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Friday, July 21, 2006 7:09 PM
To: Beach, Andrew
Subject: RE: Chicago Council on Foreign Relations and Greater Chicago Business Community

To my knowledge, this group isn't affiliated with the Council on Foreign Relations but I can check if that'd be helpful.

From: Beach, Andrew
Sent: Friday, July 21, 2006 5:45 PM
To: Scolinos, Tasia; Jezierski, Crystal; Holland, Eric W; Gorsuch, Neil M
Subject: Chicago Council on Foreign Relations and Greater Chicago Business Community

Can we get recommendations on the attached speaking invitation. Kyle looked at the request, but we weren't sure if this would be much the same as the New York Council on Foreign Relations request or not.

<< File: Chicago Council on Foreign Relations (open).doc >>

Andy Beach
Assistant to the Attorney General
Director of Scheduling
Department of Justice - Washington, DC 20530
Tel: (202) 514-4195; FAX: (202) 307-2825

Wulf, David M.

From: Wulf, David M.

Sent: Sunday, July 23, 2006 6:44 PM

To: Vasaio, Tony; Scolinos, Tasia; Gorsuch, Neil M; Ferber, Alan L; Burton, Faith; Bradbury, Steve; Allen, Michael (JMD); Jezierski, Crystal; Taylor, Jeffrey (OAG); McIntosh, Brent; Hart, Rosemary; Todd, Gordon (SMO); Vargas, Omar; McAtamney, James A; Cagigas, Jaime (DHS); Tzitzon, Nicholas; Kim.Tilton@ic.fbi.gov; Schofield, Regina; Palma, Josephine; Hagy, David; Gillis, John; Carter, Judy (USPC); G.Jones@ic.fbi.gov; Rubin, Jim (ENRD); Rybicki, James E; Vanyur, John; Trono, Robert (USMS); Snelson, William (USMS); Schmitz, Fran (CTS); Roderick, Art Jr. (USMS); McManamon, Michael J; Conley, Joyce; Michael.Clemens@ic.fbi.gov; David.Larson@ic.fbi.gov; Craig.Olson@ic.fbi.gov; Scavo, Tara; O'Keefe, Kevin C.; Bukovac, Michael A.; Zellers, Steven S.; Metzger, C. Michael; Augustine, Donald P.; Graham-Wyatt, Nina; Metzger, C. Michael; Drake, Herbert W.; Augustine, Donald P.; James.Burch@usdoj.gov; Sheryl.Maddux@usda.gov; Kim_Thorsen@ios.doi.gov; kim_thorsen@ios.doi.gov; Daniel_Bauer@ios.doi.gov; Kelly.Wolsayer@do.treas.gov; larry_parkinson@ios.doi.gov; monica.mapel@dhs.gov; Robert.Hutchinson@dhs.gov; Paul.Durette@dhs.gov; Richard.Cline@dhs.gov; Ron.Libbly@dhs.gov; Elaine.Heinein@usss.dhs.gov; Jenny.Randall@dhs.gov; John.Novak@dhs.gov; ge@DOC.gov; Martin, Mark D.; Wulf, David M.; mark_harvey@ios.doi.gov; Chait, Mark R.; Lowrey, Stuart L.; blakep@oig.treas.gov; kevin.d.greba@secureskies.net; Ron.Libby@dhs.gov; jeffrey.bedford@ic.fbi.gov; Larry_Parkinson@ios.doi.gov; william.e.benner@secureskies.net; gregory.john@epa.gov; keith.frost@va.gov; lormandy@bop.gov; cstringer@usmint.treas.gov; Anna_M.Farias@hud.gov; Richard.Cline@dhs.gov; sbaker@who.eop.gov

Cc: Rowley, Raymond G.; amelle@fs.fed.us; Bouchard, Michael R.

Subject: FW: August 2 meeting

Please see Ann's message below for information concerning the next ESF-13 National Steering Committee meeting, to be held August 2 at 10:00 at the U.S. Department of Agriculture. To expedite access to the facility, please send your name and the name of your agency or organization to Ann prior to July 31. Thanks all, and a special thanks to USDA for hosting this meeting!

Dave

-----Original Message-----
From: Ann Melle [mailto:amelle@fs.fed.us]
Sent: Thursday, July 20, 2006 10:06 AM
To: Wulf, David M.; Rowley, Raymond G.
Subject: August 2 meeting

I've confirmed the USDA Operations Center Briefing Room in the USDA South Building at 1400 Independence Avenue SW for our August 2 ESF-13 meeting from 10-noon (we have the room until 1 if needed). I've made arrangements

for anyone who is interested to have a brief tour of the Center if desired after our meeting is over. There is a cafeteria in this building for anyone who wants to lunch there also.

Here are the access instructions:

Vehicle parking is extremely difficult - Metro is recommended and a station is right at the building (or taxi).
Take the orange line to the Smithsonian Metro Station, and exit via the "Independence Avenue" exit from the station. You will exit right at the South Building street level. As you top the escalator, make a U-turn to the right around the escalator and immediately climb the steps to the "Wing 1" entrance doors (there are two other access doors along Independence Avenue - you can access any of these also if you end up there).

Anyone who is a federal agency employee and has their agency identification can enter without escort by just signing in. You can expedite your access if you provide your name and agency to me by July 31. Anyone who is not a federal agency employee must provide your name and agency to me, so I can arrange an escort. Weapons are not a problem as long as you have LE ID.

For federal employees, once you've signed in and gotten your visitor tag, you can go yourself to the meeting room: From the Wing 1 entrance, go down the main hallway to "Wing 3" and turn left, take the stairs next to the elevators down two levels to the Subbasement (elevator instructions are complicated - let me know if you need elevator access). At the bottom of
the stairs, follow the signs to the "USDA Operations Center". We are meeting in the "Briefing Room" inside the Ops Center.

My cell phone is 703-201-7213 if anyone has any difficulties or if you end up needing an escort.

Again - its not mandatory, but would expedite your access if you provide me your name and agency by July 31 so that I can provide this information to the access points. Thanks!

Please let me know if I can be of further assistance or information, and thank you for this opportunity.

ANN MELLE
Assistant Director-Law Enforcement and Investigations USDA - Forest Service 1621 N. Kent Street, Room 1015, Arlington, VA 22209 Office: 703-605-4527 Fax: 703-605-5112

Beach, Andrew

From: Beach, Andrew
Sent: Monday, July 24, 2006 8:51 AM
To: Gorsuch, Neil M
Subject: RE: Chicago Council on Foreign Relations and Greater Chicago Business Community

That would be helpful. Thanks, Neil.

From: Gorsuch, Neil M
Sent: Friday, July 21, 2006 7:09 PM
To: Beach, Andrew
Subject: RE: Chicago Council on Foreign Relations and Greater Chicago Business Community

To my knowledge, this group isn't affiliated with the Council on Foreign Relations but I can check if that'd be helpful.

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Andy Beach
Assistant to the Attorney General
Director of Scheduling
Department of Justice - Washington, DC 20530
Tel: (202) 514-4195; FAX: (202) 307-2825

Calvert, Chris (CIV)

From:	Calvert, Chris (CIV)
Sent:	Monday, July 24, 2006 11:48 AM
To:	Agarwal, Asheesh (CRT); Ames, Andrew; Beckner, Rick (CIV); Brand, Rachel; Bucholtz, Jeffrey (CIV); Calvert, Chris (CIV); Claterbos, Barbara (CIV); Clement, Paul D; Cohn, Jonathan (CIV); Cook, Elisebeth C; Elston, Michael (ODAG); Elwood, Courtney; Flentje, August (CIV); Gorsuch, Neil M; Katsas, Gregory (CIV); Keisler, Peter D (CIV); Letter, Douglas (CIV); Lindemann, Michael (CIV); Macklin, Kristi R; Magnuson, Cynthia; Marshall, C. Kevin; Martin, Paulette (CIV); McCallum, Robert (SMO); McIntosh, Brent; McKenzie, Peggy (CIV); Miller, Charles S; Nichols, Carl (CIV); Schiffer, Stuart (CIV); Schraibman, Sandy (CIV); Scolinos, Tasia; Shapiro, Elizabeth (CIV); Shaw, Aloma A; Smith, Kimberly A; Taylor, Jeffrey (OAG); Toscas, George; Zwick, Ken (CIV)
Subject:	Updated Terrorism Litigation Report 7-24-06
Attachments:	Case Update 7-24-06.2.wpd

Attached is an updated version of the Terrorism Litigation listing only those cases that had changes: Guantanamo Bay (GTMO) Detainee Cases (36). A new case, Posoda-Carriles v. Campos, et al. (52), has been added.

Chris Calvert
OAAG, Civil Division
U.S. Dep't of Justice
Main - Room 3141
Direct Dial: 202.514.5713
FAX: 202.514.8071

CIVIL DIVISION LIST OF TERRORISM-RELATED LITIGATION
July 24, 2006

Table of Contents

Number	Case Information
1	Al-Aqil v. Snow (Federal Programs)
2	Alafyouny v. Gonzalez (Immigration, USAO)
3	Ali, et al. v. Rumsfeld (CSTL)
4	Ali, et al. v. Sanchez (CSTL)
5	Ali, et al. v. Karpinski (CSTL)
6	Ali, et al. v. Pappas (CSTL)
7	Ali Ali, et al., v. Ashcroft, et al. (Immigration)
8	Al-Kidd, et al. v. Alberto Gonzales
9	American Academy of Religion v. Chertoff (SDNY, USAO, Federal Programs)
10	ACLU, et al. v. Department of Defense; ACLU, et al v. DOJ OLC (SDNY, U.S. Attorney's Office)
11	ACLU v. Department of State, et al. (SDNY, U.S. Attorney's Office)
12	Arar v. Ashcroft (Constitutional Torts)
13	Awadallah v. William Ryan Plunkett et al. (Torts; SDNY)
14	Baker v. Parlak (Immigration; E.D. Mich., USAO)
15	Barakat v. Arellano (Immigration)
16	Bassiouni v. FBI and Bassiouni v. CIA (Federal Programs)
17	Beaty, et al. v. Republic of Iraq (Federal Programs)
18	Litigation on Behalf of Postal Employees at the Brentwood Facility injured or exposed in the anthrax attacks (A) Briscoe v. Potter, et al. (Constitutional and Specialized Torts) (B) Richmond v. Potter (Constitutional and Specialized Torts) (C) Curseen, et al., v. Potter, et al. (Constitutional and Specialized Torts Staff)
19	Benzman, et al. v. Christine Todd Whitman, et al. (Constitutional and Specialized Torts)
20	Celikgogus v. Rumsfeld (Constitutional and Specialized Torts)
21	Cheema, et al. v. INS (Immigration)
22	Convertino v. DOJ, et al. (Federal Programs)
23	Cozen O'Connor v. Dept. of Treasury (Federal Programs)
24	Delgado v. Gonzales (Federal Programs; Appellate)
25	Doe and ACLU v. Gonzales (Appellate Staff; U.S. Attorney's Office)
26	Doe and ACLU v. Gonzales (Federal Programs; Appellate; US Attorneys Office)
27	Doe #1 v. Rumsfeld (Federal Programs)
28	Edmonds v. FBI (FOIA) (Federal Programs; Appellate)
29	Elmaghraby, et al. v. Ashcroft (OIL)
30	Elnashar v. Dep't of Justice et al. (Federal Programs)

31 Fenstermaker, Esq., individually and as next friend for John Doe 1, et al. v. George W. Bush, et al. (SDNY, U.S. Attorney's Office)
32 Gherebi v. Bush, et al. (Torts)
33 Gilmore v. Ashcroft et al. (Federal Programs)
34 Global Relief Foundation ("GRF") v. O'Neill (Federal Programs; Appellate)
35 Gray bv. TSA (Appellate; USAO)
36* Guantanamo Bay (GTMO) Detainee Cases (Federal Programs)
37 Hamdan v. Gonzales (Immigration)
38 Hassoun v. Ashcroft, et al. (Immigration)
39 Hatfill v. Ashcroft, et al. (Torts)
40 Higazy v. Millennium Hotel, et al. (SDNY, U.S. Attorney's Office)
41 Humanitarian Law Project v. Ashcroft (Terrorism Designations) (Appellate)
42 Hussein v. Universal Development Management, Inc., et al. (Federal Programs)
43 Islamic American Relief Agency (IARA-USA) v. Unidentified FBI Agents, et al. (Federal Programs)
44 Judicial Watch, Inc. v. USPS (Federal Programs)
45 Lombardi, et al. v. Whitman, et al. (Constitutional & Specialized Torts Staff)
46 El-Masri v. Tenet, et al. (Constitutional & Specialized Torts Staff)
47 Mirmehdi v. INS (Immigration)
48 Muslim Community Association of Ann Arbor, et al. v. Ashcroft, et al. (Federal Programs)
49 Nadarajah v. Gonzales, et al. (Immigration)
50 New York Times v. Gonzales (Appellate)
51 Omar v. Carl Casterline et al. (Torts)
52* Posada-Carriles v. Campos, et al. (Immigration)
53 Rahman, et al. v. Michael Chertoff, et al. (Federal Programs and Constitutional Torts
54 Rasul, et al. v. Rumsfeld, et al. (Constitutional & Specialized Torts Staff)
55 Samirah v. Ashcroft, et al. (Immigration)
56 El-Shifa Pharmaceutical Co. v. United States (Torts - FTCA)
57 Soe v. Ridge (Immigration, USAO)

58 Stevens (Environmental Torts)
59 Stillman v. Department of Defense, et al. (Appellate; Federal Programs)
60 Sussman v. Department of Justice, et al. (Federal Programs)
61 Tabbaa v. Chertoff (Federal Program; Appellate)
62 Turkmen v. Ashcroft (Immigration)
63 Ungar v. Palestinian Authority, et al. (Federal Programs, SDNY of the US Attorneys Office)
64 United States v. Rahmani, et al. (Appellate)
65 Vincent v. FBI (USAO, D.C.)
66 Vine, et al. v. Republic of Iraq, et al. (Federal Programs)
67 Wright v. FBI (Federal Programs)
68 Youssef v. Federal Bureau of Investigation (Federal Programs)
69 Participation in "17 November" Terrorist Group Prosecutions in Athens, Greece (Commercial - Foreign Litigation)
70 Consolidated Multidistrict Terrorism Litigation Brought by Victims of September

11th Against Alleged Terrorists and Sponsors of Terrorism – In re Terrorist Attacks of September 11, 2001 (SDNY)

71 Pending Terrorism Assets Cases
(A) Iran: Hegna v. Iran (Federal Programs)
(B) Iran: Rafii v. Iran (Federal Programs)
(C) Cuba: Martinez v. Republic of Cuba (Federal Programs)

72 Transportation Litigation Involving Discovery Requests for Sensitive Security Information
(A) Kalantar v. Lufthansa (Federal Programs)
(B) In Re: September 11 Litigation (SDNY; Federal Programs)
(C) Chowdhury v. Northwest Airlines (Federal Programs, SDNY, Civil Appellate)
(D) Hudgins v. Southwest Airlines (Federal Programs)
(E) Phillips v. NCS Pearson (Federal Programs)
(F) Cassidy v. Chertoff (Federal Programs, USAO Vt.)

(The asterisk by the case number indicates that updates have been made to that entry.)

36) Matter: Guantanamo Bay (GTMO) Detainee Cases
**** Bivens case: Gherebi v. Bush** (see separate listing in this report)

- **(A)** **Hicks (Rasul, et al.) v. Bush, et al.,** S. Ct.; D.C. Cir. No. 02-5284; No. 02-CV-0299 (D.D.C.); (DJ# 145-1-1863)
- **(B)** **Al-Odah v. United States**, No. 02-CV-0828 (D.D.C.); (DJ # 145-1-1973)
- **(C)** **Habib v. Bush,** No. 02-CV-1130 (D.D.C.); (DJ # 145-1-1975)
- **(D)** **Anam v. Bush,** No. 04-CV-1194 (D.D.C.); (DJ # 145-1-1974)
- **(E)** **El-Banna v. Bush,** No. 04-CV-1144 (D.D.C.); (DJ # 145-1-1968)
- **(F)** **Gherebi v. Bush,** No. 04-CV-1164; (DJ # 145-1-1932) [stayed]
- **(G)** **Almurbati v. Bush,** No. 04-CV-1227; (DJ # 145-1-1967) [stayed]
- **(H)** **Kurnaz v. Bush,** No. 04-CV-1135 (D.D.C.); (DJ # 145-1-1960)
- **(I)** **Khadr v. Bush,** No. 04-CV-1136 (D.D.C.); (DJ # 145-1-1961)
- **(J)** **Begg v. Bush,** No. 04-CV-1137 (D.D.C.); (DJ # 145-1-1962) [stayed]
- **(K)** **Khalid (Benchellali) v. Bush**, D.C. Cir. No. 05-5063; No. 04-CV-1142 (D.D.C.); (DJ # 145-1-1959) [appeal]
- **(L)** **Boumediene v. Bush**, D.C. Cir. No. 05-5062; No. 04-CV-1166 (D.D.C); (DJ# 145-1-1965) [appeal]
- **(M)** **Abdah v. Bush**, NO. 04-CV-1254 (D.D.C.); (DJ # 145-1-1969)
- **(N)** **Hamdan v. Rumsfeld**, D.C. Cir No. 04-5393; No. 04-CV-01519 (DJ# 145-15-2755) [appeal]
- **(O)** **Belmar v. Bush**, No. 04-CV-1997 (DJ # 145-1-1992) [dismissed]
- **(P)** **Al-Qosi v. Bush**, (No. 04-CV-1937 (D.D.C.); (DJ # 145-1-1985)
- **(Q)** **Paracha v. Bush**, No. 04-CV-2022; (D.D.C.) (DJ # 145-1-1987)
- **(R)** **Al-Marri v. Bush**, No. 04-CV-2035 (D.D.C.); (DJ # 145-1-1984)
- **(S)** **Zemiri v. Bush**, No. 04-CV-2046 (D.D.C.); (DJ # 145-1-1992)
- **(T)** **Deghayes v. Bush**, No. 04-CV-2215 (DJ # 145-1-1994) [stayed]
- **(U)** **Abdullah v. Bush**, No. 05-CV-0023 (DDC) (DJ # 145-1-1997)
- **(V)** **Mustapha v. Bush,** No. 05-CV-0022 (DDC) (DJ # 145-1-1998)
- **(W)** **Al-Joudi v. Bush,** No. 05-CV-0301 (D.D.C.) (DJ # 145-1-2078)
- **(X)** **Al Mohammed v. Bush**, No. 05-CV-0247 (D.D.C.) (DJ # 145-1-2082)
- **(Y)** **Al-Adahi v. Bush**, No. 05-CV-0280 (D.D.C.) (DJ # 145-1-2076)
- **(Z)** **Al-Wazan v. Bush**, No. 05-CV-0329 (D.D.C.) (DJ # 145-1-2083)
- **(AA)** **El-Mashad v. Bush**, No. 05-CV-00270 (D.D.C) (DJ # 145-1-2081)
- **(AB)** **Al-Anazi v. Bush**, No. 05-CV-0345 (D.D.C.) (DJ # 145-1-2085)
- **(AC)** **Alhami v. Bush**, No. 05-CV-0359 (D.D.C.) (DJ # 145-1-2117)
- **(AD)** **Ameziane v. Bush**, No. 05-CV-0392 (D.D.C.) (DJ # 145-1-2084)
- **(AE)** **M.C. v. Bush**, No. 05-CV-0430 (D.D.C.) (DJ # 145-1-2120) [dismissed]
- **(AF)** **Kabir v. Bush**, No. 05-CV-0431 (D.D.C.) (DJ # 145-1-2118)
- **(AG)** **Batarfi v. Bush**, No. 05-CV-0409 (D.D.C.) (DJ # 145-1-2087)
- **(AH)** **Does 1-570 v. Bush**, 05-CV-313C (D.D.C.) (DJ # 145-1-2079)
- **(AI)** **Sliti v. Bush,** 05-CV-429 (D.D.C.) (DJ # 145-1-2119)
- **(AJ)** **Qayed v. Bush**, 05-CV-454 (D.D.C.) (DJ # 145-1-2088)
- **(AK)** **Aziz v. Bush**, 05-492 (D.D.C.) (DJ # 145-1-2091)
- **(AL)** **Qassim v. Bush**, 05-497 (D.D.C.) (DJ # 145-1-2092) [appeal]
- **(AM)** **Al-Shihry v. Bush**, 05-490 (D.D.C.) (DJ # 145-1-2090)
- **(AN)** **Al-Oshan v. Bush,** 05-CV-520 (D.D.C.) (DJ # 145-1-2098)

(AO) **Tumani v. Bush**, 05-CV-526 (D.D.C.) (DJ # 145-1-2105)
(AP) **Al-Oshan v. Bush**, 05-CV-533 (D.D.C.) (DJ # 145-1-2116)
(AQ) **Al Rashaidan v. Bush**, 05-CV-586 (D.D.C.) (DJ # 145-1-2103)
(AR) **Al Shamri v. Bush**, 05-CV-551 (D.D.C.) (DJ # 145-1-2093) [dismissed]
(AS) **Mokit v. Bush**, 05-CV-621 (D.D.C.) (DJ # 145-1-2106)
(AT) **Salahi v. Bush**, 05-CV-0569 (D.D.C.) (DJ # 145-1-2100)
(AU) **Mammar v. Bush**, 05-CV-0573 (D.D.C.) (DJ # 145-1-2101)
(AV) **Al-Sharekh v. Bush**, 05-CV-583 (D.D.C.) (DJ # 145-1-2102)
(AW) **Magram v. Bush**, 05-CV-584 (D.D.C.) (DJ # 145-1-2099)
(AX) **Al Daini v. Bush**, 05-CV-634 (D.D.C.) (DJ # 145-1-2109)
(AY) **Errachidi v. Bush**, 05-640 (D.D.C.) (DJ # 145-1-2108)
(AZ) **Zaeef v. Bush**, 05-660 (D.D.C.) (DJ # 145-1-2112) [dismissed] [stayed]
(BA) **Ahmed v. Bush**, 05-665 (D.D.C.) (DJ # 145-1-2111)
(BB) **Al Hamamy v. Bush**, 05-766 (D.D.C.) (DJ # 145-1-2126)
(BC) **Hamlily v. Bush**, 05-763 (D.D.C.) (DJ # 145-1-2127)
(BD) **Al Habashi v. Bush**, 05-765 (D.D.C.) (DJ # 145-1-2123)
(BE) **Imran v. Bush**, 05-764 (D.D.C.) (DJ # 145-1-2125)
(BF) **Aboassy v. Bush**, 05-748 (D.D.C.) (DJ # 145-1-2113) [stayed]
(BG) **Battayav v. Bush**, 05-714 (D.D.C.) (DJ # 145-1-2114) [stayed]
(BH) **Adem v. Bush**, 05-723 (D.D.C.) (DJ # 145-1-2115)
(BI) **Hamoodah v. Bush**, 05-CV-795 (DJ # 145-1-2124)
(BJ) **Alladeen v. Bush**, 05-CV-0833 (DJ # 145-1-2128) [consol. with 05-270]
(BK) **Khiali-Gul v. Bush,** 05-CV-0877 (DJ # 145-1-2133)
(BL) **Nasrat v. Bush**, 05-CV-0880 (DJ # 145-1-2136) [closed]
(BM) **Slahi v. Bush**, 05-CV-0881 (DJ # 145-1-2132) [consol. with 05-569]
(BN) **Rahman v. Bush**, 05-CV-0882 (DJ # 145-1-2134)
(BO) **Muhibullah v. Bush**, 05-CV-0884 (DJ # 145-1-2135) [stayed]
(BP) **Mohammad v. Bush**, 05-CV-0885 (DJ # 145-1-2129)
(BQ) **Chaman v. Bush**, 05-CV-0887 (DJ # 145-1-2137)
(BR) **Basardh v. Bush**, 05-CV-0889 (DJ # 145-1-2130)
(BS) **Khan v. Bush**, 05-CV-0890 (DJ # 145-1-2131) [stayed]
(BT) **Rahmattullah v. Bush**, 05-CV-0878 (DJ # 145-1-2142)
(BU) **Nasrullah v. Bush**, 05-CV-0891 (DJ # 145-1-2141) [stayed]
(BV) **Mohammad v. Bush**, 05-CV0879 (DJ # 145-1-2140) [stayed]
(BW) **Gul v. Bush**, 05-CV-0888 (DJ # 145-1-2139)
(BX) **Wahab v. Bush**, 05-CV-0886 (DJ # 145-1-2144)
(BY) **Shaaban v. Bush**, 05-CV-0892 (DJ # 145-1-2145)
(BZ) **Bostan v. Bush**, 05-CV-0883 (DJ # 145-1-2143) [stayed]
(CA) **Al Karim v. Bush**, 05-CV-0998 (DJ # 145-1-2152)
(CB) **Kahn v. Bush**, 05-CV-1001 (DJ # 145-1-2157)
(CC) **Khudaidad v. Bush**, 05-CV-0997 (DJ # 145-1-2155)
(CD) **Mohammad v. Bush**, 05-CV-0996 (DJ # 145-1-2151) [dismissed]
(CE) **Sohail v. Bush**, 05-CV-0993 (DJ # 145-1-2156)
(CF) **Al-Khalaqi v. Bush**, 05-CV-0999 (DJ # 145-1-2148) [stayed]
(CG) **Sarajuddin v. Bush**, 05-CV-1000 (DJ # 145-1-2154)
(CH) **Tohirjanovich v. Bush**, 05-CV-994 (DJ # 145-1-2150) [abeyance]
(CI) **Slahi v. Bush**, 05-CV-995 (DJ # 145-1-2153) [consol. with 05-569]
(CJ) **Mohammed v. Bush**, 05-CV-1002 (DJ # 145-1-2159)

(CK) **Mangut v. Bush**, 05-CV-1008 (DJ # 145-1-2161)
(CL) **Hamad v. Bush**, 05-CV-1009 (DJ # 145-1-2158) [abeyance]
(CM) **Khan v. Bush**, 05-CV-1010 (DJ # 145-1-2164)
(CN) **Zuhoor v. Bush**, 05-CV-1011 (DJ # 145-1-2160)
(CO) **Ali Shah v. Bush**, 05-CV-1012 (DJ # 145-12163) [closed]
(CP) **Salam v. Bush**, 05-CV-1013 (DJ # 145-1-2162)
(CQ) **Al-Hela v. Bush**, 05-CV-1048 (DJ # 145-1-2165)
(CR) **Mousovi v. Bush**, 05-CV-1124 (DJ # 145-1-2167) [stayed]
(CS) **Khalifh v. Bush**, 05-CV-1189 (DJ # 145-1-2168)
(CT) **Ahmed v. Bush**, 05-CV-1234 (145-1-2197)
(CU) **Baqi v. Bush**, 05-CV-1235 (DJ # 145-1-2171)
(CV) **Ghalib v. Bush**, 05-CV-1238 (DJ # 145-1-2169)
(CW) **Alsawam v. Bush**, 05-CV-1244 (DJ # 145-1-2170)
(CX) **Ahmed "Doe" v. Bush**, 05-CV-1458 (DJ # 145-1-2185) [stayed]
(CY) **Zalita v. Bush**, 05-CV-1220 (DJ # 145-1-2172)
(CZ) **Abdulzaher v. Bush**, 05-CV-1236 (DJ # 145-1-2175) [consol. with 05-270]
(DA) **Aminullah v. Bush**, 05-CV-1237 (DJ # 145-1-2174)
(DB) **Al Khaiy v. Bush**, 05-CV-1239 (DJ # 145-1-2173)
(DC) **Mohammadi v. Bush**, 05-CV-1246 (DJ # 145-1-2176)
(DD) **Mammar v. Bush**, 05-CV-1233 (DJ # 145-1-2180) [dismissed]
(DE) **Altaiy v. Bush**, 05-CV-1240 (DJ # 145-1-2179) [dismissed]
(DF) **Bukhari v. Bush**, 05-CV-1241 (DJ # 145-1-2182) [stayed]
(DG) **Pirzai v. Bush**, 05-CV-1242 (DJ # 145-1-2181)
(DH) **Peerzai v. Bush**, 05-CV-1243 (DJ # 145-1-2178)
(DI) **Al Ginco v. Bush**, 05-CV-1310 (DJ # 145-1-2187)
(DJ) **Ullah v. Bush**, 05-CV-1311 (DJ # 145-1-2184)
(DK) **Al Bihani v. Bush**, 05-CV-1312 (DJ # 145-1-2186)
(DL) **Mohammed v. Bush**, 05-CV-1347 (DJ # 145-1-2189)
(DM) **Saib v. Bush**, 05-CV-1353 (DJ # 145-1-2190) [stayed]
(DN) **Hatim v. Bush**, 05-CV-1429 (DJ # 145-1-2192)
(DO) **Al-Subaiy v. Bush**, 05-CV-1453 (145-1-2194)
(DP) **Dhiab v. Bush**, 05-CV-1457 (DJ # 145-1-2196)
(DQ) **Sadkhan v. Bush**, 05-CV1487 (145-1-2202) [stayed]
(DR) **Faizullah v. Bush**, 05-CV-1489 (145-1-2200)
(DS) **Faraj v. Bush**, 05-CV-1490 (145-1-2201)
(DT) **Khan v. Bush**, 05-CV-1491 (145-1-2204)
(DU) **Ahmad v. Bush**, 05-CV-1492 (145-1-2206)
(DV) **Amon v. Bush**, 05-CV-1493 (145-1-2203) [stayed]
(DW) **Al Wirghi v. Bush**, 05-CV-1497 (145-1-2199)
(DX) **Nabil v. Bush**, 05-CV-1504 (145-1-2209) [stayed]
(DY) **Al Hawary v. Bush**, 05-CV-1505 (145-1-2208) [stayed]
(DZ) **Shafiiq v. Bush**, 05-CV-1506 (145-1-2211) [stayed]
(EA) **Kiyemba v. Bush**, 05-CV-1509 (145-1-2205)
(EB) **Idris v. Bush**, 05-CV-1555 (145-1-2210)
(EC) **Faraj v. Bush**, 05-CV-1590 (145-1-2212) [dismissed]
(ED) **Attash v. Bush**, 05-CV-1592 (145-1-2213)
(EE) **Mamet v. Bush**, 05-CV-1602 (145-1-2214)
(EF) **Al Razak v. Bush**, 05-CV-1601 (145-1-2215) [stayed]

(EG) **Rabbani v. Bush**, 05-CV-1607 (145-1-2217)
(EH) **Akhtiar v. Bush**, 05-CV-1635 (145-1-2227)
(EI) **Almerfedi v. Bush**, 05-CV-1645 (145-1-2219)
(EJ) **Zaid v. Bush**, 05-CV-1646 (145-1-2218)
(EK) **El-Marqodi v. Bush**, 05-CV-1649 (145-1-2224) [dismissed]
(EL) **Ghanem v. Bush**, 05-CV-1538 (145-1-2222)
(EM) **Albkri v. Bush**, 05-CV-1639 (145-1-2221) [stayed]
(EN) **Zahir v. Bush**, 05-CV-1623 (145-1-2223)
(EO) **Al-Badah v. Bush**, 05-CV-1641 (145-1-2225)
(EP) **Al-Bahooth v. Bush**, 05-CV-1666 (145-1-2228)
(EQ) **Al-Siba'i (Al-Sopai) v. Bush**, 05-CV-1667 (145-1-2230) [stayed]
(ER) **Al-Aweda v. Bush**, 05-CV-1668 (145-1-2231)
(ES) **Algatele v. Bush**, 05-CV-1669 (145-1-2229)
(ET) **Ahmed v. Bush**, 05-CV-1678 (145-1-2233)
(EU) **Sadkhan v. Bush**, 05-CV-1679 (145-1-2234) [dismissed]
(EV) **Khandan v. Bush**, 05-CV-1697 (145-1-2235) [stayed]
(EW) **Sadar Doe (Kabir) v. Bush**, 05-CV-1704 (145-1-2236)
(EX) **Al-Rubaish v. Bush**, 05-CV-1714 (145-1-2237)
(EY) **Bin Amir v. Bush**, 05-CV-1724 (145-1-2241) [dismissed]
(EZ) **Edries v. Bush, 05-CV-1725** (145-1-2240) [consol. with 05-1555]
(FA) **Qasim v. Bush**, 05-CV-1779 (145-1-2242)
(FB) **Sameur v. Bush**, 05-CV-1806 (145-1-2239)
(FC) **Aziz v. Bush**, 05-CV-1864 (145-1-2247)
(FD) **Mamet v. Bush**, 05-CV-1886 (145-1-2249)
(FE) **Al Harbi v. Bush**, 05-CV-1857 (145-1-2246)
(FF) **Hamoud v. Bush**, 05-CV-1894 (145-1-2250)
(FG) **Al Qahtani v. Bush**, 05-CV-1971 (145-1-2253) [stayed]
(FH) **Alkhemisi v. Bush**, 05-CV-1983 (145-1-2254)
(FI) **Gamil v. Bush**, 05-CV-2010 (145-1-2280)
(FJ) **Al-Shabany v. Bush**, 05-CV-2029 (145-1-2258) [abeyance]
(FK) **Zakirjan v. Bush**, 05-CV-2053 (145-1-2261)
(FL) **Dad v. Bush**, 05-CV-2083 (145-1-2262) [dismissed]
(FM) **Muhammad v. Bush**, 05-CV-2087 (145-1-2266) [stayed]
(FN) **Othman v. Bush**, 05-CV-2088 (145-1-2265)
(FO) **Ali Al Jayfi v. Bush**, 05-CV-2104 (145-1-2264) [stayed]
(FP) **Jamolivich v. Bush**, 05-CV-2112 (145-1-2267) [stayed]
(FQ) **Al-Mudafari v. Bush**, 05-CV-2185 (145-1-2270)
(FR) **Al-Mithali v. Bush**, 05-CV-2186 (145-1-2269)
(FS) **Al-Asadi v. Bush**, 05-CV-2197 (145-1-2275)
(FT) **Alhag v. Bush**, 05-CV-2199 (145-1-2274)
(FU) **Al-Mothafri v. Bush**, 05-CV-2200 (145-1-2273) [dismissed]
(FV) **Nakheelan v. Bush**, 05-CV-2201 (145-1-2271) [stayed]
(FW) **Al Subaie v. Bush**, 05-CV-2216 (145-1-2279)
(FX) **Ghazy v. Bush**, 05-CV-2223 (145-1-2281)
(FY) **Al Khatemi v. Bush**, 05-CV-2248 (145-1-2276) [stayed]
(FZ) **Al-Shimrani v. Bush**, 05-CV-2249 (145-1-2277) [stayed]
(GA) **Algahtani v. Bush**, 05-CV-2265 (145-1-2282) [dismissed]
(GB) **Ben Bacha v. Bush**, 05-CV-2349 (145-1-2300) [stayed]

(GC) **Al-Sharbi v. Bush**, 05-CV-2348 (145-1-2288)
(GD) **Amin v. Bush**, 05-CV-2336 (145-1-2285)
(GE) **Zadran v. Bush**, 05-CV-2367 (145-1-2298)
(GF) **Alsaaei v. Bush**, 05-CV-2369 (145-1-2303)
(GG) **Razakah v. Bush**, 05-CV-2370 (145-1-2292)
(GH) **Al Darby v. Bush**, 05-CV-2371 (145-1-2302)
(GI) **Haleem v. Bush**, 05-CV-2376 (145-1-2290) [stayed]
(GJ) **Al-Ghizzawi v. Bush**, 05-CV-2378) (145-1-2295)
(GK) **Awad v. Bush**, 05-CV-2379 (145-1-2299)
(GL) **Al-Baidany v. Bush**, 05-CV-2380 (145-1-2291)
(GM) **Al Rammi v. Bush**, 05-CV-2381 (145-1-2287) [abeyance]
(GN) **Said v. Bush**, 05-CV-2384 (145-1-2293)
(GO) **Mohammon v. Bush**, 05-CV-2386 (145-1-2297 [stayed]
(GP) **Al-Quhtani v. Bush**, 05-CV-2387 (145-1-2304) [stayed]
(GQ) **Thabid v. Bush**, 05-CV-2398 (145-1-2305) [stayed]
(GR) **Al Yafie v. Bush**, 05-CV-2399 (145-1-2306)
(GS) **Rimi v. Bush**, 05-CV-2427 (145-1-2311)
(GT) **Almjrd v. Bush**, 05-CV-2444 (145-1-2314) [stayed]
(GU) **Al Salami v. Bush**, 05-CV-2452 (145-1-2308)
(GV) **Al Shareef v. Bush**, 05-CV-2458 (145-1-2307)
(GW) **Khan v. Bush**, 05-CV-2466 (145-1-2316)
(GX) **Hussein v. Bush**, 05-CV-2467 (145-1-2313)
(GY) **Al-Delebany v. Bush**, 05-CV-2477 (145-1-2312)
(GZ) **Al Halmandy v. Bush**, 05-CV-2385 (145-1-2294)
(HA) **Al-Harbi v. Bush**, 05-CV-2479 (145-1-2310)
(HB) **Feghoul v. Bush**, 05-CV-0618 (145-1-2336)
(HC) **Rumi v. Bush**, 05-CV-0619 (145-1-2335)

Description:

Relatives of 604 petitioners claiming to be Guantanamo Bay detainees of various nationalities, or the detainees themselves *pro se*, seek the detainees' release from Guantanamo Bay, claiming the detentions violate the Fifth, Sixth, Eighth, and Fourteenth Amendments and the War Powers and Article I Suspension Clause of the Constitution, along with the Administrative Procedure Act, the Alien Tort Statute, Army Regulation 190-8, customary international law and assorted international treaties, including the International Covenant on Civil and Political Rights, the American Declaration on the Rights and Duties of Man, and the Geneva Conventions. Nine of the detainees directly challenge the legality of military commissions, before which they will be tried for war crimes, on similar grounds and under the Uniform Code of Military Justice. Petitioner/plaintiffs variously name the President, the Secretary of Defense, commanders of Joint Task Force-Guantanamo Bay, military officials overseeing the military commission process and sometimes the National Intelligence Director and Director of Central Intelligence as respondent/defendants, in their official, and sometimes individual, capacity.

The Doe petition purports to bring the same claims on behalf of all Guantanamo Bay detainees who do not already have an individual habeas petition pending. The Doe case names the President, Department of Defense officials, the National Intelligence Director and the Director of Central Intelligence as respondents.

Critical Events:

Three of these cases, al Odah, Rasul, and Habib, were filed in 2002 and then dismissed by Judge Kollar-Kotelly on jurisdictional grounds, ultimately leading to the Supreme Court's decision in Rasul v. Bush, 542 U.S. 466, 124 S. Ct. 2686 (2004) (Stevens, O'Connor, Souter, Ginsburg and Breyer; Kennedy, concurring; Rehnquist, Scalia and Thomas, dissenting), that aliens being detained in Guantanamo Bay, Cuba, as enemy combatants could bring habeas actions in federal court to challenge the legality of their detention and to pursue other statutory claims. One of the remaining cases was filed shortly before the Rasul decision, while the other remaining cases were filed after the Rasul decision. The cases are pending in the District for the District of Columbia and are assigned to 15 different judges (Judges Hogan, Kollar-Kotelly, Lamberth, Walton, Roberts, Robertson, Collyer, Leon, Kennedy, Huvelle, Bates, Friedman, Kessler, Sullivan, Urbina).

Pursuant to briefing orders issued by Senior Judge Joyce Hens Green, who served as coordinating judge in these cases until February, 2005, the government filed factual returns in a large number of the cases indicating both the classified and unclassified factual bases for the enemy combatant status of each petitioner-detainee based on the record of CSRT proceedings. In the most recently filed cases, individual judges in many of the cases have ordered the filing of factual returns.

On October 4, 2004, the government filed motions to dismiss the cases, except with respect to challenges to military commissions. On January 19, 2005, Judge Leon accepted the government's arguments and dismissed the Boumediene and Khalid cases, finding that petitioners had no constitutional rights and no viable claims under U.S. Statutory law or international law. Petitioners in both cases appealed. Oral argument was held on September 8, 2005, before Judges Rodgers, Randolph, and Sentelle.

On January 31, 2005, Judge Green granted in part and denied in part the government's motion to dismiss in 11 cases. Judge Green held, contrary to Judge Leon, that constitutional "due process" protections apply to aliens detained as enemy combatants at Guantanamo Bay. She further held that Combatant Status Review Tribunal ("CSRT") proceedings the military has used to confirm the petitioners' enemy combatant status do not satisfy these due process requirements on three grounds. First, the CSRTs do not permit detainees, directly or through counsel, access to classified materials supporting the detainee's status as an enemy combatant. (Relatedly, the court required the government to disclose classified information contained in the factual returns that had been withheld from petitioners' counsel because it pertains to individuals other than the petitioner-detainee to whom the factual return pertains, or due to the sensitive nature of the information). Second, the court believed the CSRTs fail to sufficiently consider whether evidence presented to it is rendered unreliable as the product of torture or coercion. Third, the court believed that the definition of "enemy combatant" used in the CSRTs is overbroad.

Judge Green dismissed petitioners' statutory and treaty-based claims, except that she concluded that Taliban-associated detainees had a right to an individualized determination of their prisoner-of-war status, which the CSRTs generally did not provide.

On February 3, 2005, on the government's motion, the court certified its decision on the motion to dismiss for interlocutory appeal and stayed proceedings in all but the cases filed after the motion to dismiss was briefed. Judge Green left the decision on whether these subsequent cases should be stayed to the individual judges in those cases. On February 9, 2005, the government petitioned the D.C. Circuit to accept the interlocutory appeal. The D.C. Circuit granted the government's petition for interlocutory appeal; it also granted a cross-petition filed by the detainees. Oral argument was held on September 8, 2005, before Judges Rodgers, Randolph, and Sentelle.

Judge Green has since stopped serving as coordinating judge in the Guantanamo Bay

cases. Recently, the Court appointed Magistrate Judge Alan Kay to handle motions concerning application of the omnibus protective order in these cases. In addition, Senior Judge Louis Oberdorfer has accepted certain motions, transferred to him by the presiding judges in the cases in which those motions were filed, for consideration and decision.

With respect to the government's appeal of Judge Green's order to disclose classified information in factual returns that was withheld from petitioners' counsel, briefing concluded on December 8, 2005. A date for oral argument has not been set.

Petitioners in dozens of cases have moved for a preliminary injunction to prevent petitioners' repatriation to countries where they believe they will be tortured. Counsel in Doe likewise filed a motion to prevent the transfer of any detainees out of Guantanamo Bay. On March 30, 2005, Judge Kennedy issued a preliminary injunction in two cases, requiring respondents to provide 30 days' notice of any transfer of petitioners in those cases. Seven judges in a large number of the other cases have followed suit, either entering similar injunctions or requiring notice as part of entry of a stay. The government is appealing these orders, and at the government's request, the appeals have been held in abeyance, pending resolution of the merits appeals. However, the D.C. Circuit scheduled briefing on the issue in four appeals involving detainees who have been classified as "no longer enemy combatants." The appeals also involve the issue of whether the district court action in the cases should have been stayed. The government's brief was filed June 16, 2006. Oral argument is scheduled for September 11, 2006.

Counsel in a number of cases previously filed motions challenging petitioners' conditions of confinement at Guantanamo or to require the government to provide medical information or other relief related to periodic hunger strikes by certain petitioners and other detainees. In all but one instance, those motions have not been granted or have not been ruled upon. Judges who have denied the motions have credited the government's evidence of appropriate care. On October 14, 2005, however, Judge Kessler ordered the government in the cases before her to provide notice to petitioners' counsel whenever their clients were subject to involuntary feeding. Judge Kessler also required the government to produce the detainee's medical records in such instances of involuntary feeding. With regard to one of these detainees, who is no longer participating in a hunger strike and subject to involuntary feeding, counsel filed a motion seeking prospective injunctive relief regarding the use of a six-point restraint chair to administer enteral feedings. Oral argument was held on March 2, 2006, and Judge Kessler ordered the parties to submit supplemental briefing by March 13, 2006.

Counsel in a number of the newer cases not governed by Judge Green's stay order have filed motions seeking the immediate filing of factual returns. The government has moved or is moving to stay all the newer cases pending resolution of the appeals. Stays have been granted in a number of the cases so far. Several judges have entered orders requiring respondents to preserve evidence of alleged abuse of Guantanamo Bay detainees, or, in some cases, all evidence regarding the individual detained petitioners. Moreover, in a number of cases, the government is being required to file factual returns. Counsel in Paracha filed an appeal challenging the issuance of stay orders in that case. The government's response brief in Paracha was filed on October 14, 2005, and oral argument was held on December 8, 2005.

The government has also filed motions in a number of the newer cases in district court challenging the standing of "next friend" petitioners who are Guantanamo detainees who purport to act on behalf of other detainees with whom they have no significant relationship and sometimes do not even know their names. On April 26, 2006, Judge Richard Roberts issued an opinion affecting this issue. In Adem, Judge Roberts denied the government's motion holding that if counsel purports to represent a detainee, it is the government's burden to submit "substantial counterveiling proof" that counsel's authority is lacking and concluding that the

government had not met that burden. He also went further and upheld a Magistrate Judge's construction of the protective order applicable in the Guantanamo cases as requiring the government to permit purported counsel for a detainee at least two privileged visits with the detainee without any evidence that the lawsuit had been directly authorized by the detainee or an appropriate "next friend" petitioner. The Magistrate Judge has issued a similar order in three other cases, Said, before Judge Roberts, who denied the government's objections to the order; Kabir, before Judge Robertson; and Kiyemba, before **Judge Urbina. Judges Robertson ad Urbina have not ruled on the governments' objections to the orders in those cases.** On May 18, 2006, Judge Sullivan issued a similar order in Razakah.

Counsel in a number of cases have filed motions challenging decisions of the Privilege Team, a team of independent government personnel established by the protective order which reviews privileged attorney-detainee communications for classification purposes. Magistrate Judge Kay authorized a Special Litigation Team comprised of attorneys from the U.S. Attorney's Office (D.D.C.) to represent the Privilege Team in these matters.

On March 6, 2006, Magistrate Judge Kay denied petitioner's motion in Salahi without prejudice to renew on or after July 1, 2006, by which date the Privilege Team **was to** file a motion requesting that the attorney-client communications at issue, which Judge Kay determined constitute "legal mail" under the protective order, be designated "protected information," if appropriate. On July 1, 2006, the Privilege Team sought an extension of the deadline for any such designation. On March 8, 2006, respondents filed a brief in opposition to petitioner's motions in the other cases, in support of the interest of proper administration of the protective order and counsel access regime governing the cases. The Special Litigation Team's brief in those cases was filed on March 13, 2006.

The government also moved to dismiss the Doe case on March 17, 2005. The motion is under submission.

On December 22, 2005, Judge Robertson denied the petition for writ of habeas corpus in Qassim, a case involving two Uighurs who have been determined no longer to be enemy combatants. While the court declared the continued detention of petitioners pending resettlement to be unlawful, it determined that it could provide petitioners no remedy given that the government has been unable to find a country that will accept petitioners for resettlement and that release of petitioners into the United States "would have national security and diplomatic implications beyond the competence or the authority" of the court. Petitioners appealed the decision to the D.C. Circuit. Petitioners were subsequently released to Albania, and the government moved to dismiss the case as moot. Petitioners' counsel filed a motion asking that petitioners be brought to Washington, D.C. The government filed its opposition on May 19, 2006.

In Hamdan, one of the cases presenting challenges to military commissions, Salim Hamdan, an al Qaeda member who served as Osama bin Laden's personal driver and bodyguard and who has been designated by the President for trial by a military commission for war crimes, challenged the legality of commission procedures and the commission's jurisdiction over him. On appeal of the district court's order granting in part Hamdan's petition for habeas corpus or mandamus, the D.C. Circuit (Judges Randolph and Roberts, with Judge Williams concurring) held that the military commission was lawfully established, that its procedures were lawful, and that the Geneva Conventions neither apply to Hamdan, i.e., al Qaeda, nor are privately enforceable in court. The Supreme Court granted certiorari and reversed on June 29, 2006, holding that the military commission was unlawful. With respect to the other cases involving military commission issues, Judge Kollar-Kotelly has enjoined the Hicks military commission proceeding pending resolution of the Hamdan appeal by the Supreme Court, and Judge Sullivan

has similarly enjoined the Al Sharbi commission proceedings pending resolution of Hamdan. Also, petitioners in O.K. (Khadr) and Al-Jayfi (Al-Bahlul) moved to enjoin their military commission proceedings, but subsequently withdrew the motions when it became clear the court would require petitioners to address the effect of the Detainee Treatment Act in conjunction with the motions. The Al-Qosi case is currently stayed pending the Hamdan appeal.

Counsel in two of the pending habeas cases have filed motions seeking the preservation of all evidence related to the recent suicides of two detainees on whose behalf the habeas petitions had been filed. The motions argue that such evidence is necessary to support possible claims by the detainees' families related to the deaths. The government's opposition was filed on June 29, 2006.

On July 7, 2006, the government filed a motion seeking court authorization for a review of currently impounded Guantanamo Bay detainee written materials to include any attorney-client communications in such materials. The review would be conducted by a Filter Team, walled off from the habeas litigation, and be done in support of an ongoing Naval Criminal Investigative Service investigation into the recent Guantanamo detainee suicides and any planning with respect to other past or future suicide attempts. The review was deemed necessary in light of evidence that detainees had abused the privileged legal mail system to support planning for the recent suicides. **Further briefing by the parties is underway.**

The Detainee Treatment Act of 2005 was signed into law on December 30, 2005. The Act eliminates habeas jurisdiction of all courts with respect to claims by Guantanamo detainees, as well as jurisdiction over any other claims by current Guantanamo detainees or those determined to be properly detained as enemy combatants under review procedures created by the Act. The Act establishes a mechanism for exclusive review in the D.C. Circuit of claims regarding the validity of a detainee's detention and any conviction by a military commission. The D.C. Circuit held supplemental oral argument in the pending appeals regarding the effect of the Act on March 22, 2006. A planned motion to dismiss the district court cases was not filed because we were informed by the office of the chief judge of the district court that the judges of the court had agreed that they would take no action on such a motion pending guidance from the D.C. Circuit regarding the effect of the Act. Supplemental briefing in the D.C. Circuit regarding the effect of the Hamdan decision, which held that the position of the Act eliminating habeas jurisdiction did not apply retrospectively to pending cases, has been requested by the government. Two petitions for review of the validity of detention pursuant to the Act have been filed in the D.C. Circuit.

(52) Matter: <u>Posada-Carriles v. Campos, et al.</u> [No. 06-cv-130 (WD Tex)]
DJ No. 39-76-1707

Branch: Immigration
DOJ Attorneys: Ethan B. Kanter, Michael P. Lindemann (Immigration)

Judges: District Judge Paul Martinez and Magistrate Judge Norbert Garney of the U.S. District Court for the Western District of Texas, El Paso Division

Description:

Luis Posada-Carriles is a notorious Cuban exile who has been involved in anti-Castro activities since the mid-60's. He is suspected in the bombing of a Cubana Airlines passenger jet in 1976, which resulted in the deaths of more than 70 people, and for which he stood trial in Venezuela, but escaped from prison pending re-trial. He has admitted masterminding a series of hotel bombings in Cuba in 1997 in which an Italian tourist was killed, and admitted participation in a plot to assassinate Castro at a meeting in Panama in 2000. He entered the United States illegally in March 2005, was later apprehended and ordered removed on September 27, 2005, by an immigration judge in El Paso, Texas. He was, however, granted protection under the Torture Convention from removal to Cuba or Venezuela. Neither Posada nor the Government appealed the removal order. Thus, Posada remains in immigration detention pending removal.

In April 2006, Posada filed a habeas petition, contending he was entitled to release from custody because his removal from the United States was no longer reasonably foreseeable. On April 13th, Judge Philip Martinez referred the habeas to Magistrate Judge Norbert Garney. The Government filed a habeas return on May 19, 2006, moving to dismiss the petition. Posada opposed the motion on June 23, 2006.

Plaintiff's Attorneys: Eduardo Soto, a Miami attorney, and Filipe Millan, local counsel in El Paso, Texas.

Critical Events: The magistrate judge has set a habeas hearing for August 14, 2006.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Indian Investigator Says Mumbai Bombing Suspects Linked To Islamic Militants 4

Homeland Response:

DHS IG Says Repeat Interrogations At Border Burden Travelers, Customs Officials 4

Study Examines Creation Of Homeland Security Act 4

FEMA Announces Changes In Disaster Relief Programs To Prevent Fraud 4

War News:

Bush, Maliki To Discuss Security Situation In Iraq 5

US Steps Up Raids On Death Squads 7

Harris Poll Finds 50% Of Americans Believe Iraq Had WMD 7

Saddam Put On Feeding Tube, Expected At Trial Tomorrow 7

Bush Attends Citizenship Ceremony For Soldiers Wounded In Iraq 7

Young Veterans Facing High Unemployment Rate 8

DOJ:

Congressmen Assail Gonzales Over Staff Shortages In US Attorney's Offices 8

Corporate Scandals:

Meade To Delay SEC Filing Pending Stock Options Audit 8

Criminal Law:

Bettors Are Not The Focus Of Web Gambling Crackdown 9

Security Clearances Not Revoked Over Plame Leak 10

Defendant Who Fled Chicago Courthouse Pleads Guilty 10

FBI Arrests Three In Miami On Antiquities Smuggling Charges 10

Lawyers Expected To Ask Judge To Free New York "Mafia Cops." 11

Former Pennsylvania Police Officer Acquitted Of Witness Intimidation 11

Aquino Pleads Guilty In Philippine Spying Case 11

Stripper Testifies To Spending By West Virginia Senior Center Director 11

Leaders Of Arizona Baptist Group Convicted Of Fraud 12

FBI Joins Indiana Sniper Investigation As Tips Warn Of More Shootings 12

Lawyers For Alleged Chicago Mob Figure Seek Information On Prospective Jurors 13

FBI Joins Houston Serial Killer Investigation 13

Laptop Containing Old Mutual Client Data Stolen 13

Three More Indicted In Alleged California Loan Fraud Scheme 13

Two Plead Guilty In Offshore Bank Scam 13

Four In Florida Indicted On Medicare Fraud Charges 14

Illinois Mayor Arrested For Alleged Child Porn Distribution 14

FTC Officials Renew Call For Increased Internet Policing Powers 14

Lawmaker Touts Bill Aimed At Reducing Offender Recidivism 14

WPost Says Kaine Should Review Rape, Murder Convictions Of Four Navy Men 14

Civil Law:

Medtronic's Settlement With DOJ Seen As Model For Future Probes 15

Arab Group Sues US Over Lebanon Evacuation 15

Civil Rights:

Pontiac, MI, Agrees To End Hiring Quotas 15

Illinois Prison Guards Charged With Assaulting Inmate 16

Sarasota County Seeks Consolidation Of Federal Housing Bias Suits 16

Three NAACP Offices Have Received Threat Letters Postmarked In Louisiana 16

Detroit City Clerk Enacting Election Reforms As FBI Probe Continues 17
Official In Charge Of Protecting Civil Liberties In Intelligence Agencies Profiled 17
Bush Signs Bill Barring Restrictions On Flag Displays 17

Antitrust:

Emergency Order Sought To Block McClatchy Deal 17
Hospital Chain Founded By Frist's Family Bought For $33 Billion 17
Report Faults State Regulation Of Real Estate Agents 18
Royal Philips' Purchase Of Intermagnetics Clears Hurdle 18
AMD To Purchase ATI Technologies For $5.4 Billion 18
Barr Pharma To Satisfy FTC Requirements For Pliva Purchase 19

Environment/Indian Affairs:

DOJ To Appeal Idaho Nuclear Waste Ruling 19
Coalition Seen As Gathering Strength In Fight Against Energy Exploration 19
House Approves Bill Protecting Western Wilderness 21
Settlement Of Indian Trust Suit Appears Close 21
Last Stronghold Of Bengal Tiger Shrinking 21

FBI/DEA/ATF/USMS:

Online Investigator Charged With Impersonating FBI Agent 21
US Attorney Denies Office Is Source Of Leaks In Bonds Case 22
Arizona Man Linked To Tennessee Drug Ring To Be Extradited 22
Boston Mayor Vows To Make Police Steroid Tests Mandatory 22
Jury Convicts New Jersey Man Of Drug Trafficking, Money Laundering 22
Montana Man Accused Of Threatening Witnesses, DEA Agent Is Sentenced 22
Report Urges Drug Treatment In Criminal Justice System 23
Marshals Join Search For South Carolina Sex Offender 23
Fort Smith, AR, And Staunton, VA, Are Finalists For Marshals Museum 23

Immigration:

Hutchison, Pence To Offer Compromise Immigration Bill 24
Avon Park, FL, Poised For Illegal Immigrant Crackdown 25

Tax:

US Sues Texas Tax Preparer 25
IRS Seeks Stricter Disciplinary Rules For Attorneys 25
"Survivor" Winner Sent To Oklahoma Prison For Tax Evasion Sentence 25
GOP Leaders Postpone Vote On Estate Tax 26
WPost Criticizes Proposed State Corporate Tax Break 26

Congress-Administration:

ABA Says Bush Signing Statements Are Unconstitutional 26
Snow Retracts Comment On Bush Stem Cell Research Position 27
Most States Failed To Meet NCLB Requirements On Teacher Qualifications 28
With Democrats Expected To Filibuster, Prospects For Bolton Confirmation Unclear 28
Activists To Call For Cloture Vote On Boyle 28
Negotiators Near Deal On Pension Reform Legislation 29
Large Number Of Surprise Trips By Administration Officials Noted 29
Earmarks Said To Be Ingrained In Hill Culture 29
First Lady Urges Lawmakers To Join "Big Read" Program 30
Rove, Albright Appear For Jury Duty At DC Courthouse 30
Graduate Student Calls For Federal Need-Based Grant Program 30
WSJournal Says Sarbanes Responsible If GSE Reform Does Not Pass 30
WSJournal Criticizes Efforts To Block Increase Of DC Voucher Program Income Cap 30

Other News:

Clinton-Era Treasury Chiefs To Highlight Wage Growth Data 31
Conservatives Say "Values" Votes Rejuvenating GOP Base 31
Lawmakers From Districts With Military Ties Among War's Most Vocal Critics 31
Photo Finish Expected In OK5 GOP Primary 31
Ney Forgoes Paying Legal Fees To Fund Reelection Effort 31
Clinton Outlines Democratic Agenda At DLC Summer Meeting 31
Bill Clinton Campaigns For Lieberman 32
Santorum Campaign Has Paid Senate Aides Over $82,000 Since Beginning Of 2005 32
Unidentified GOP Senate Candidate Opposes Many GOP Policies 32
Wexler Jokes About Cocaine During Colbert Interview 33
Maryland Senate Candidate Paid Recovering Drug Addicts To Attend Campaign Rally 33
Wickham Says House Democratic Criticism Of GOP May Yield Benefits 33
Rice Makes Surprise Trip To Beirut 33
Israeli Ground Troops Push Deeper Into Lebanon 36
UN Says 800,000 Lebanese Have Been Affected By Conflict 38

DOJ_NMG_0042700

Administration Knew Of Pakistan Plans To Build Plutonium Reactor..... 39
Gadhafi Says Libya Was Close To Building Nuclear Weapon 39
Somalia Said To Be On Verge Of Full-Blown War..... 39
World Trade Talks Collapse..... 40
Kosovo Leaders Formally Ask Serbian Government For Independence..... 40

The Big Picture:

Headlines From Today's Front Pages..... 40

Washington's Schedule:

Today's Events In Washington..... 41

DOJ_NMG_0042701

TERRORISM NEWS:

Indian Investigator Says Mumbai Bombing Suspects Linked To Islamic Militants. USA Today (7/25, 7A, Moritsugu, 2.27M) reports, "Four men arrested in connection with coordinated bombings in Mumbai that killed 207 people nearly two weeks ago had links to Islamic militants, Indian authorities say. Investigator K.P. Raghuvanshi on Monday announced the arrest over the weekend of a fourth suspect, Tanvir Ahmed Ansari. He said Ansari…contacted Islamic militant groups during a 2001 visit to Bahrain. In a 2004 visit to Pakistan, Ansari allegedly learned to make bombs, he said. … 'We have definite evidence that these people are linked to terrorist activities,' he said without providing details. 'They have connections with groups in Nepal and Bangladesh, which are directly or indirectly connected to Pakistan.'"

HOMELAND RESPONSE:

DHS IG Says Repeat Interrogations At Border Burden Travelers, Customs Officials. The New York Times (7/25, Lipton, 1.21M) reports a DHS IG report released Monday says the agency "must take steps to curtail the repeated interrogation of people at international airports or border posts simply because their names resemble those of terror suspects." The inspector general, Richard L. Skinner, said in the report that this causes "not only a major nuisance for the person whose name resembles that of someone on the list," but "also a burden on customs officials." The report says DHS should ask those who have been "subjected to these repeated checks to provide their fingerprints or photograph — something routinely required of most arriving foreigners — so they could be quickly cleared the next time the name-match problem surfaces. Jarrod Agen, a domestic security spokesman, said the department had already moved to address the issues identified in the report by including information in computerized government records that should prevent the repeated interrogations."

Ignoring the repeat interrogation aspect of the report, the AP (7/24, Jordan) reported that the report said the terrorist watch list used by DHS "is too vague and cumbersome to help Homeland Security Department agents quickly weed out legitimate travelers." The report added that CBP agents "lack 'authority to make timely and informed decisions regarding the admissibility of individuals who they could quickly confirm are not the suspected terrorist.'" The AP adds that "Agen said Skinner's data appears to be 'outdated,' noting that Customs and Border Protection is already working on several programs to speed travelers into the country. He said the report also does not reflect what he called law enforcement techniques that borders officers use in questioning travelers whose names match those on the watch list." Sen. Joseph Lieberman said the report "tells us that CBP has failed to provide its workers with the support they need to stop suspected terrorists from crossing our ports of entry."

Study Examines Creation Of Homeland Security Act. The Washington Post (7/25, D4, Barr, 748K) reports in its "Federal Diary" column that researchers at the Naval Postgraduate School have put together a study of the 2002 Homeland Security Act, which "led to new personnel management policies for the Department of Homeland Security." The study, which is the "first major analysis of how the administration's ideas became law," views the Sept. 11 attacks "as pivotal, creating 'a new and different policy environment' that helped the Bush administration override union objections and frame the debate for stronger management control." The "study describes the 2002 law as being drafted in secrecy by five White House policy and budget officials -- Richard A. Falkenrath , Mark W. Everson , Joel D. Kaplan , Bruce Lawlor and Brad Berenson -- who were dubbed the G-5."

FEMA Announces Changes In Disaster Relief Programs To Prevent Fraud. USA Today (7/25, Hall, 2.27M) reports FEMA announced Monday that it is "imposing tighter rules to safeguard against the kind of rampant fraud that followed Hurricane Katrina." Director David Paulison said the government will provide $500 in immediate emergency aid, reduced from up to $2,000, in order "to limit temptation to spend relief money on anything but emergency needs." Paulison said FEMA "is still going to be a compassionate organization. … But we have to put checks and balances in place." DHS Secretary Michael

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Chertoff said the "new measures will ensure FEMA helps victims 'in a more organized and disciplined way.'"

ABC World News Tonight (7/24, story 6, 2:15, Gibson, 8.78M) reported that even if FEMA's new rules "solve one problem, they may be creating another." Paulison was shown saying, "We want to make sure that people who get the money are the people who are eligible for FEMA assistance and people truly in need." ABC (Cochran) added, "That will not be easy for an agency with a poor record of finding who legitimately needs help." The agency "says it will eliminate debit cards and issue only checks," which will be reduced form $2,000 to $500 per family. However, "advocates for victims say FEMA should not punish the innocent just because FEMA was too incompetent to catch those committing fraud." Later, Sen. Susan Collins was shown saying, "FEMA has made some progress and learned some important lessons from the last year, but I question whether the department is truly prepared."

The Washington Times (7/25, Hudson, 88K) reports, "The $500 in emergency funds will not include the cost of shelter, but is to be used for emergency needs such as food, clothing and fuel, said David Garrett, director of recovery. … 'If we subsequently determine we need to issue [another $500], we have the authority to do that,'" said Garrett.

Under the headline "FEMA: Compassion Without Crookery," CNN (7/24, Ahlers) reported on its website, "The changes come amid congressional demands that FEMA speed up services while simultaneously preventing abuses that were rampant after last year's storms." Paulison "said the changes balance the need to aggressively distribute aid while safeguarding public money."

Recovery From Katrina "Turning The Corner" In Mississippi. Under the headline "In Mississippi, Katrina Recovery Gaining Steam," USA Today (7/25, A1, Copeland, 2.27M) reports, in a front page article, that "amid primitive living conditions, promising signs of Mississippi's comeback are emerging." FEMA spokesman Darryl Madden said the area is "turning the corner" and will "see a tremendous amount of reconstruction." Reporting from Gulfport, USA Today continues, as with "much of the rest of coastal Mississippi, the towering debris piles left by Katrina are gone." While FEMA and the governor's office say over "101,000 Mississippians still live in government trailers," recovery for "trailer-bound Mississippians" is "moving faster than in New Orleans -- much faster."

Hurricane Alicia Survivor Urges Personal Responsibility In Disasters. USA Today (7/25, 2.27M) contributor Alcestis "Cooky" Oberg writes about her experience riding out Hurricane Alicia in Texas in 1983, adding that she "never regretted a decision more." Oberg asks, "How many people will ignore mandatory evacuations this year, exhibiting bombast when common sense should prevail?" She says "the news media's intense coverage of the ineffective government response to Hurricane Katrina" left many citizens with "the mistaken notion that it's the local, state and federal governments' job to protect them from everything at all times." However, "According to Homeland Security Secretary Michael Chertoff, all government plans 'begin with the presumption that individuals take personal responsibility.' Get it? The real first responder is you."

WAR NEWS:

Bush, Maliki To Discuss Security Situation In Iraq. The Wall Street Journal (7/25, Dreazen, Shishkin, 2.03M) reports, "When President Bush meets with Iraqi Prime Minister Nouri al-Maliki Tuesday to discuss his nation's security situation, it will serve as an unsettling reminder that Washington's strategies for pacifying Iraq so far have had little impact and that the U.S. is running out of options for turning things around." The Bush Administration "has invested heavily in Mr. Maliki, a Shiite Muslim leader seen as perhaps Iraq's last and best hope of stemming the violence there enough to allow the US to begin drawing down its troops later this year." But "when the two meet in the Oval Office Tuesday morning, they will confront the dispiriting reality that Mr. Maliki so far has been unable to prevent conditions in his country from deteriorating. Iraq's dogged instability since the US-led invasion in 2003 grows more worrisome amid the rising volatility elsewhere in the Middle East, where many Arabs are rallying behind the Lebanese militia Hezbollah in its confrontation with Israel."

The Washington Times (7/25, Curl, 88K) says the two leaders are "abandoning a six-week-old security strategy for Baghdad that proved to be a failure," and "will today seek to devise a new plan that will include adding thousands of US and Iraqi troops to fight insurgents in the capital." The Times adds, "Although the White House would not confirm that the new plan will include a redeployment of American troops, U.S. military leaders said yesterday that more soldiers will be moved to Baghdad. The size of the redeployment is not

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known, but units that were to be sent elsewhere are being diverted to the capital."

Under the headline "Top Iraqi's White House Visit Shows Gaps With US," the New York Times (7/25, A1, Wong, 1.21M) reports Maliki is "expected to make requests that clash sharply with…Bush's foreign policy, Iraqi officials say, signaling a widening gap between the Iraqis and the Americans on crucial issues." The requests "will include asking…Bush to allow American-led troops in Iraq to be tried under Iraqi law, and to call for a halt to Israeli attacks on Lebanon, according to several Iraqi politicians, and to a senior member of Mr. Maliki's party who asked not to be named because he was not authorized to speak for the prime minister." Maliki is also "expected to demand more autonomy for Iraqi forces, though he will not ask for a quick withdrawal of the 134,000 American troops here, the officials say." The Times adds, "The growing differences between Iraqi and American policies reflect an increasing disenchantment with American power among politicians and ordinary Iraqis, according to several politicians, academics and clerics."

The Financial Times (7/25, Khalaf) says "the embattled Iraqi government is launching a new security plan for Baghdad, involving thousands of US and Iraqi troops, as it struggles to contain escalating sectarian violence. According to senior Iraqi officials, the plan involves adding an additional division of US and Iraqi troops, amounting to about 4,000 soldiers, to retake neighborhoods controlled by Sunni Arab insurgents or Shia militias."

Head Of Most Powerful Shiite Political Party Outlines Security Plan. The Washington Post (7/25, A11, Mosher, Mehdawi, 748K), meanwhile, runs a report titled "Shiite Party Leader Outlines 4 Steps For Iraq To Curb Violence," in which it says "the leader of Iraq's most powerful political party said Monday that Iraqis should band together and take up arms to protect their homes and neighborhoods against widespread lawlessness." Abdul Aziz al-Hakim, whose "Supreme Council for the Islamic Revolution in Iraq is the leading member of the coalition of Shiite Muslim parties governing Iraq, said the formation of so-called people's committees was one of four essential steps the country must take to curb rampant violence." Hakim's "prescription for restoring security was not, he said, intended to supplant efforts by Maliki's government. He voiced strong support for the prime minister's program to bring Iraq's various factions together to reconcile their differences through dialogue and said it was the first of the four steps essential to restoring security. … Second, he said, was to 'strengthen the government and its agenda for fighting terrorism.'" The third key "was to the rebuild the shrine in the northern city of Samarra, which was destroyed Feb. 22 by a bombing that the government has since blamed on the insurgent group al-Qaeda in Iraq. … Hakim's contention that neighborhoods should form their own defense committees -- his fourth step -- is shared by many Iraqis."

More Commentary. The Washington Post (7/25, 748K) editorializes that Maliki's government "was commonly described as the country's last chance to avoid civil war when it took office two months ago. As he meets…Bush in Washington today, Mr. Maliki appears close to failing that fateful test. … How to rescue the situation? Mr. Maliki and Mr. Bush are likely to discuss a reinforcement of US and Iraqi troops in Baghdad, which might help. … The most urgently needed action, however, must come from Mr. Maliki and other political leaders. The hopeful aspect of a deteriorating situation is that the country's elite, from Shiite Grand Ayatollah Ali Sistani to the heads of Sunni, Shiite and Kurdish political parties, remains publicly committed to the new democratic political system. If a civil war has begun, it has as yet no leaders. But the politicians must act quickly and aggressively to reach accords on Iraq's future. … If they do not act decisively, Iraq's failure will be their own."

In an editorial, USA Today (7/25, 2.27M) says that as Maliki "meets Tuesday in Washington with…Bush, the pressing question is whether Iraq is already in a civil war, which could make even minimal U.S. objectives unattainable. By many measures, both quantifiable and anecdotal, it is. While world attention has been focused on Israel and Lebanon for the past two weeks, the violence in Iraq has continued to escalate to unprecedented levels."

Peter W. Galbraith, a former United States ambassador to Croatia, writes in the New York Times (7/25, 1.21M), "What is the mission of the United States military in Iraq now that the insurgency has escalated into a full-blown civil war? According to the Bush administration, it is to support a national unity government that includes all Iraq's major communities: the Shiites, Sunni Arabs and Kurds. O.K., but this raises another question: What does the Iraqi government govern? … To the extent that the central government has authority in the south, it is because some of the same Shiite parties that dominate the government also control the south. Kurdistan in the north is effectively independent. The Iraqi

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Army is barred from the region, the Iraqi flag prohibited, and central government ministries are not present. … And in the Sunni center of the nation and Baghdad, the government has virtually no control beyond the American-protected Green Zone."

US Steps Up Raids On Death Squads. The Los Angeles Times (7/25, Daragahi and Barnes, 918K) reports, "U.S. military officials announced Monday that they had stepped up a campaign against 'death squads' operating in the capital, launching 19 raids as sectarian violence between Sunnis and Shiites left dozens dead and wounded throughout Iraq." The military "said it had captured eight cell leaders and 37 cell members" but did not say whether they were Sunni or Shiite. In other events, the mayor of violent Ramadi was killed on Sunday "by a group of gunmen." Two US soldiers from the 1st Armored Division were killed by a roadside bomb on Monday. Speaking to the BBC, Prime Minister Maliki said that his government could control the situation and that the need for foreign troops would last "definitely not decades, not even years."

Saddam Lieutenant Says Old Army Still Leading Insurgency. The AP (7/24) reports Izzat Ibrahim al-Douri, "Saddam's top lieutenant with a $10 million bounty on his head," stated in an interview published Monday that that "key elements of Saddam Hussein's old army are now heading the insurgency." Al-Douri wrote out his answers through intermediaries, including the contention, "It is the Iraqi army that today is in charge of the planning and supervision of more than 95 percent of patriotic resistance operations against the occupation." Reputed to be in poor health and perhaps no longer having "a direct role in leading the insurgency," Al-Douri vowed that he would "never join the reconciliation program of the government of Prime Minister Nouri al-Maliki."

More Iraqi Than Lebanese Civilians Have Died In Past 13 Days. ABC World News Tonight (7/24, story 4, 0:15, Gibson, 8.78M) reported, "The focus of the world in recent days, has been on Israel and Lebanon. And attention has been diverted from Iraq. But it should be noted that in the 13 days since the Israeli-Lebanese crisis began, more Iraqi civilians have died than Lebanese. And more US soldiers have died in Iraq these past two weeks than Israeli soldiers have died in their conflict."

Harris Poll Finds 50% Of Americans Believe Iraq Had WMD. The Washington Times (7/25, Harper, 88K) reports, "Half of Americans now say Iraq had weapons of mass destruction when the United States invaded the country in 2003 -- up from 36 percent last year, a Harris poll finds. Pollsters deemed the increase both 'substantial' and 'surprising' in light of persistent press reports to the contrary in recent years." The survey "did not speculate on what caused the shift in opinion, which supports President Bush's original rationale for going to war. Respondents were questioned in early July after the release of a Defense Department intelligence report that revealed coalition forces recovered 500 aging chemical weapons containing mustard or sarin gas nerve agents in Iraq."

Saddam Put On Feeding Tube, Expected At Trial Tomorrow. ABC World News Tonight (7/24, story 5, 1:20, McCarthy, 8.78M) reported, "Can the former dictator cheat justice? Not if the US can help it. Saddam's chief lawyer says he's being force fed. The US disputes that." Tony Snow, White House Press Secretary: "Saddam Hussein was put on a feeding tube. He agreed to it earlier today." McCarthy: "A US Military spokesman tells ABC news, the 69-year-old is being treated in his detention center and not in a hospital. And his condition is 'not life-threatening.' but with his nine-month-long trial of a massacre of 148 Shiites from the city of Du Jail, about to end, US officials do not want to face a further deterioration in Saddam's health." Saddam "has taken only sweetened coffee, and other liquids since July 7th, to protest his trial and the kidnapping and murder of one-otherwise defense lawyers. Saddam "did not attend his trial today," but "a spokesman is expecting him when the court reconvenes on Wednesday."

The New York Times (7/25, Von Zielbauer, 1.21M) reports that yesterday, "the only defendant who showed up was Barzan Ibrahim al-Tikriti, Mr. Hussein's half brother, who once directed the state security apparatus." Ibrahim "and his court-appointed lawyer contended that he was innocent of the crimes with which he and Mr. Hussein were charged, including the torture and executions of 148 men and boys from the Shiite village of Dujail."

Bush Attends Citizenship Ceremony For Soldiers Wounded In Iraq. The CBS Evening News (7/24, story 6, 0:20, Schieffer, 7.66M) reported, "President Bush swore in three new American citizens today at Walter

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Reed Army Medical Center in Washington. All three are foreign-born members of the US Army, two from Mexico, one from the Dominican Republic. All were wounded in Iraq. The President saluted them for, as he put it, paying the cost of freedom so others could live free."

The New York Times (7/25, Stolberg, 1.21M) notes "more than 33,000 noncitizens serve in the United States military. After the Sept. 11 terrorist attacks, Mr. Bush signed an executive order making them immediately eligible for citizenship when they serve on active duty." The Los Angeles Times (7/25, Gerstenzang, 918K), among other newspapers, runs a similar story this morning.

Young Veterans Facing High Unemployment Rate. The CBS Evening News (7/24, story 7, 2:20, Schieffer, 7.66M) reported, "Historically, when Americans have returned from wars, they've been welcomed by employers who figured veterans would be solid, reliable workers. But somehow that has changed. These days, more than 15% of young vets are out of work. That's double the rate for all 20 to 24-year-olds and that's why a retired general has put together a group called 'Helmets to Hard Hats.' It's about hard work, but it seems to be working." CBS (Bowers) added, "Sen. Barack Obama's home state of Illinois has the highest rate of unemployed veterans in the country." Sen. Barack Obama: "We are not putting our money where our mouth is. We say we value our veterans, we believe in their service, but when push comes to shove, we're not following through and I think that's got to change." Bowers: "Retired Marine General Matthew Caulfield says that following through for soldiers is what his program, Helmets to Hard Hats, is all about."

DOJ:

Congressmen Assail Gonzales Over Staff Shortages In US Attorney's Offices. The Los Angeles Times (7/25, Mozingo, 918K) reports Reps. Henry Waxman and John Conyers "called Atty. Gen. Alberto R. Gonzales to account Monday for severe staffing shortages and cutbacks in U.S. attorney's offices across the nation, which they say have halted prosecution of important cases including bank robberies, immigrant smuggling and tax fraud. … In a written statement Monday, a spokeswoman for the attorney general blamed the problems on Congress not allocating resources President Bush had requested." The Times notes, "There is a hiring freeze until 2008, several sources from the Los Angeles office said. 'Does it affect the number of prosecutions of bad guys? Absolutely,' said one member of the office, who requested anonymity because he was not authorized to speak on the issue. … He said the local FBI and Drug Enforcement Agency were hiring dozens of new agents, but their cases routinely hit a wall due to a lack of prosecutors. 'Now we're at the choking point.'"

The Washington Post (7/25, A13, Eggen, 748K) adds that Waxman and Conyers "said chronic budget shortages have taken a debilitating toll on the ranks of federal prosecutors, forcing many offices to implement hiring freezes and to charge for photocopies, reuse envelopes and scrounge for binder clips. Overall, according to the National Association of Assistant U.S. Attorneys, full-time vacancies in federal prosecutors' offices have jumped from fewer than 200 in 2004 to 765 as of May. … Dennis W. Boyd, executive director of the attorneys association, said other costs -- including rising rents and higher personnel costs -- have eaten into budgets despite increases from Congress."

CORPORATE SCANDALS:

Meade To Delay SEC Filing Pending Stock Options Audit. The AP (7/25) reports, "Meade Instruments Corp., a maker of telescopes and optical products, said Monday it needs more time to file its 10-Q covering the May quarter in order to complete an audit of its stock option granting practices." The AP continues, 'Last week, the company said it received a letter from Nasdaq warning it of potential delisting because of the missed filing deadline. Meade had received a similar notice in June when it missed a deadline to file its annual results. … The company said it will go before a Nasdaq board on Aug. 3 to request an extension so it can avoid a delisting." The AP adds, "The company currently forecasts a loss of $3 million, or 15 cents per share, for its fiscal first quarter, on $19 million of revenue. … Meade is one of at least 60 companies probed by the Securities and Exchange Commission or the Justice Department for allegedly backdating stock option grants to coincide with share low points in order to boost executive profits. There are at least another 10 companies conducting internal probes of their stock option grant practices."

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CRIMINAL LAW:

Bettors Are Not The Focus Of Web Gambling Crackdown. The Wall Street Journal (7/25, Kesmodel) reports, "In its recent high-profile criminal case against a major online gambling company, the U.S. government has taken its most aggressive step yet to crack down on Internet gambling. But prosecutors have left untouched some key players: the gamblers themselves." The Journal continues, "The Justice Department contends three federal laws make it illegal to operate an online gambling business, and U.S. officials have at times made statements suggesting it is also illegal for Americans to place bets on the Web. Yet federal prosecutors, as well as states that prohibit the activity, have largely left bettors alone. … Last week, federal authorities charged David Carruthers, the chief executive of BetOnSports PLC, and 10 others with racketeering and fraud for taking sports bets from Americans. Prosecutors alleged BetOnSports, which is based in Costa Rica, took wagers 'almost exclusively' from U.S. gamblers. The government won a court order to temporarily shut down BetOnSports.com and other sites, but didn't file charges against any bettors. Instead, it asked BetOnSports to return funds held in their accounts." The Journal notes, "The case raises the question: Why hasn't the government pursued U.S. gamblers? They accounted for roughly half of the estimated $12 billion in annual world-wide revenue for offshore casinos last year, according to research firm Christiansen Capital Advisors. Some gamblers are fearful they might soon become entangled in the government's widening probe, but legal analysts say there's no federal law that explicitly bars individuals from placing bets online, and few state laws that do. … For its part, the Justice Department said it is focused on the online gambling businesses, not individuals. 'There is certainly not a law that expressly prohibits a bet by a casual bettor,' said a Justice Department official in a phone interview. 'We think that is more for state law to decide.' … Catherine Hanaway, the U.S. attorney for the Eastern District of Missouri, who brought the indictments against BetOnSports, said she didn't consider pursuing charges against the company's customers. 'There are limited resources, and we are trying to go after the worst first,' she said. 'Just like in the arena of gun dealers, we go after the biggest gun dealer we can find first.'"

Online Poker Tries To Distance Itself From Sports Betting. The Las Vegas Sun (7/25, Benston) reports, "At the World Series of Poker tournament at the Rio, operators of Internet gambling sites are hosting swank hospitality suites to promote online poker games. … Potential customers are invited to learn the ropes by playing free games where no money changes hands. … But promotions can no longer be found for online sports betting, which is being targeted by the U.S. government because it is illegal in this country. … So goes the convoluted, controversial business of Internet gambling." The Sun continues, "The country's biggest Internet gambling conference was supposed to have started Sunday as a welcome back of sorts for the man who has become the industry's public face. … But Calvin Ayre" who is "founder and chief executive of Bodog.com, an Internet casino and sports book located in Costa Rica that has become one of the most advertised online betting operations in the United States … canceled his conference after the arrest last weekend of online sports book operator David Carruthers at a Texas airport. Carruthers runs BetonSports PLC, a company that launched a successful public stock offering in London in 2004 and owns several online sports books and casinos. … Insiders say the action is more evidence of a growing divide between the flourishing world of online poker and its black sheep cousin, sports betting - an activity with strong roots in organized crime. … The Department of Justice says it doesn't distinguish between types of Internet gambling. It's all illegal, the government says, under the federal Wire Act - a rule designed to combat Mafia-run bookmaking operations in the 1960s. … Internet casinos and poker sites are different from their sports-betting counterparts, some legal experts say. … At least two courts have upheld the position that sports betting is illegal based on the Wire Act, the primary federal rule on gambling. But one of those decisions also said the Wire Act applies to sports betting and not other forms of gambling."

British, American Approaches To Online Gambling Contrasted. BusinessWeek (7/25, Capell) reports, "Britain has gone mad for betting. Newsstands are crammed with glossy gambling magazines and a national daily newspaper devoted entirely to games of chance launched last month. Some cable and satellite channels air nothing but poker and casino games. This year Britain even opened the world's first casino college, where croupier trainees learn the tricks of the trade. Now, the government hopes to make Britain the global hub of online gambling." Business Week continues, "Britain

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has already laid out the welcome mat for online betting firms which allow customers to wager electronically on everything from horses and soccer matches to the winners of reality TV shows and the Oscars. ….. Now, Britain is set to increase the stakes. Parliament has enacted sweeping new legislation that will open up the online market, starting next year, to traditional casino games such as poker, blackjack, and roulette. Britons already play such games by the millions, but the companies offering them are based in offshore tax havens such as Gibraltar, the Channel Islands, and Costa Rica. The government hopes that by becoming the first country in the developed world to legalize online gambling, it can lure offshore outfits to locate on British soil and pump even more revenues into public coffers." BusinessWeek notes, "It's an entirely different story in the U.S. Americans are by far the biggest online gamblers, betting a massive $145 billion over the Internet in 2005 -- nearly half the global total. But neither the government nor the stock exchanges are profiting from the business. The U.S. Justice Department says that online gambling is illegal under the 1961 Wire Act, which prohibits using telephone transmissions to bet across state lines. As a result, none of the big online gambling companies currently has operations in the U.S. … Nw, a strange-bedfellows coalition of conservative and casino interests is pushing for even tougher laws. Congress is debating two new bills that would further restrict online gambling in the U.S. One aims to starve offshore outfits by making it illegal for credit cards, checks, or electronic funds transfers to be used for online gambling transactions. The other is aimed at updating the Wire Act to ban gambling over the Internet. Observers say momentum to get a bill through Congress is building, though it's too early to handicap the odds."

Security Clearances Not Revoked Over Plame Leak. The AP (7/24, Locy) reported, "No one in the Bush administration has been stripped of security clearances over the leak of former CIA officer Valerie Plame's identity to reporters three years ago. In a letter to Sen. Frank Lautenberg, D-N.J., the CIA said it had no record of anyone in the administration who is no longer privy to the nation's most sensitive secrets because of the Plame leak."

Defendant Who Fled Chicago Courthouse Pleads Guilty. The AP (7/25, Robinson) reports, "A man whose vanishing act to avoid arrest led to a three-hour lockdown at Chicago's federal courthouse last month quietly pleaded guilty Monday to charges of lying to federal agents." The AP continues, "Larnell Rogers, 38, admitted impersonating a murder witness on a recording made by an associate who was being paid as an informant by the U.S. Bureau of Alcohol, Tobacco and Firearms." The AP adds, "In pleading guilty, Rogers said he got $50 and cocaine for his girlfriend in return for pretending on the recording that he had been the getaway driver in the murder of another informant. … He said the recording was made to get money out of federal agents who sometimes pay their informants for information about criminal activity." The AP notes, "Rogers was at the center of a June 22 melodrama that grabbed the news media spotlight and shut down the skyscraper Everett M. Dirksen Federal Courthouse at the south end of Chicago's Loop for three hours. … Rogers was late for a hearing that day in the false-statements case. .. . Arriving at the courthouse, he learned from his lawyer that because he was late U.S. District Judge Samuel Der-Yeghiayan already had issued a warrant for his arrest. He was told to turn himself in immediately. … Instead, he fled the courthouse in a panic. … Had Rogers not run off, he would be eligible for probation and would face six months in jail at worst under advisory sentencing guidelines. .. . But because he fled the courthouse prosecutors are recommending a sentence of two to eight months. Either way, Rogers can count the month he has spent so far at the Metropolitan Correctional Center toward his sentence. Der-Yeghiayan set Oct. 3 for sentencing."

FBI Arrests Three In Miami On Antiquities Smuggling Charges. The Miami Herald (7/25, Garry, 310K) reports, "Four people carried about 60 ancient artifacts from Ecuador into a gated house in Coconut Grove last week. With the pieces spread out in the living room, one of them -- an undercover FBI agent -- placed a call, saying he wanted a museum curator's opinion before finalizing the $2 million deal. But the vehicle instead carried about a dozen FBI agents, who swarmed the house, arrested the other three people and carefully wrapped up the jewelry, statues and pottery, which was the property of the Ecuadorean government." Edgar Nakache, Cecilia Marcillo-Aviles and Susan Aviles were charged "with the illegal importation of pre-Columbian artifacts. … The FBI had been pursuing the three defendants since February," when "authorities said Nakache offered to sell the collection…to French museum officials, who contacted the police."

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Lawyers Expected To Ask Judge To Free New York "Mafia Cops." The AP (7/25) reports a ruling last month has made it possible for two former New York police officers accused of murder and drug deals to be set free and writes, "The portly and talkative Louis Eppolito and his spindly and taciturn former partner, Stephen Caracappa, walking out of jail. The defendants were due back in court Tuesday, when their lawyers were expected to ask U.S. District Judge Jack Weinstein to free them based on his decision to toss out the guilty verdicts against them. The judge ruled June 30 that while he still believed the pair were guilty, the statute of limitations had expired on the slayings, which occurred between 1986 and 1990. … Prosecutors, calling the evidence that the former NYPD detectives participated in eight murders 'overwhelming,' have argued that they are too dangerous to go free."

The New York Times (7/25) writes, "The government wanted to prosecute the two detectives at the time, in the early 1990's, before the five-year statute of limitations in murder conspiracy cases would have applied. It did not, however, largely because the prosecution did not trust Anthony Casso to be truthful and convincing on the stand. A few years later, these suspicions proved correct: Mr. Casso violated his cooperation agreement by plotting to assassinate a judge."

The New York Sun (7/24) reports federal prosecutors "say the two alleged 'Mafia Cops' must be kept in jail because they present a danger to the witnesses who secured their convictions earlier this year."

The Staten Island Advance (7/25) writes, "Attorneys for mob cops Louis Eppolito and…Stephen Caracappa want the same judge who last month tossed out racketeering murder convictions against their clients on a technicality to let them out of jail on bail."

Former Pennsylvania Police Officer Acquitted Of Witness Intimidation. The Pittsburgh Post-Gazette (7/25, Ward, 241K) reports, "It took a federal court jury five hours to rule that a former Plum police officer," Ryan Schneiderlochner, "was not guilty of tampering with a witness," Nicole Olbrish. "Prosecutors claimed the officer harassed her and tried to dissuade her from cooperating with the FBI. But Ms. Olbrish testified Mr. Schneiderlochner told her to tell the truth, and that he was friendly and kind to her." The Post-Gazette notes that "the prosecution's case began to unravel -- at least to some degree -- when it became clear last week that it would not be able to call the lead FBI agent in the case," Special Agent Bradley Orsini, after defense attorney Paul Boas "asked the prosecution for two disciplinary reports on Mr. Orsini, who had been transferred in February 2005 to Pittsburgh from Newark, N.J." The Pittsburgh Tribune-Review (7/25, Cato) adds, "During closing arguments yesterday morning, Boas said he did not think a crime had been committed. After the verdict, he refused to attack federal authorities or Plum officials."

Aquino Pleads Guilty In Philippine Spying Case. The AP (7/25, Parry) reports, "Sparing himself a possible life sentence and sparing the U.S. government a messy trial that could highlight weaknesses on how it guards its secrets, a former Philippines National Police officer pleaded guilty Monday to unauthorized possession of U.S. defense documents." Michael Ray Aquino "pleaded guilty in U.S. District Court to possessing secret documents containing information on the United States' confidential intelligence sources and methods, as well as information on terrorist threats to U.S. military personnel in the leaders in the Philippines." FBI Newark SAC Les Wiser Jr. said, "New Jersey is not the traditional locale one thinks of as a haven for spies. This case showcases the stark reality that those who conduct foreign espionage activity will endeavor to exploit every available opportunity to ply their craft, regardless of their location or position of responsibility."

The Newark Star-Ledger (7/25, Martin) notes, "Prosecutors described Aquino as a conduit between Leandro Aragoncillo, a former military aide in the vice president's office, and a band of out-of-power Filipino politicians hoping to topple that country's current president, Gloria Arroyo. … The spy case broke last year after FBI agents learned that Aragoncillo had tried to use his status as an FBI employee to help Aquino resolve an immigration matter. They began reviewing his computer access and discovered stolen secrets." The Star-Ledger also includes the comment from Wiser quoted in the AP story.

Stripper Testifies To Spending By West Virginia Senior Center Director. The Charleston Gazette (7/25, Searls) reports, "A former dancer at a Mercer County (WV) strip club said Monday that Bob Graham, the indicted director of a Wyoming County senior citizens center, paid for her breast implants and spent thousands to have her dance naked for him in private sessions at the bar." The

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Gazette continues, "Graham is accused in a 39-count federal indictment of embezzling more than $356,000 from the nonprofit Wyoming County Council on Aging. Prosecutors say he used the agency to fund a lavish lifestyle for himself and his family. … Stephanie Hudgins said she performed many $400 and $500 private dances for Graham, 60, at the Southern X Posure strip club. They spent so much time in the upstairs private rooms, without any overseeing bouncers, that she wasn't certain how much he had spent on her in a single evening." The Gazette adds, "In opening statements before Chief U.S. District Judge David Faber, federal prosecutors said Graham needed more and more cash and thought up a scheme to cash in his unused sick leave in order to spend tens of thousands of dollars on women at the strip club. … In his opening statement, Assistant U.S. Attorney Hunter Smith said Graham began spending tens of thousands of dollars at the strip club regularly, and illegally cashed in more than $191,000 in sick time at the Council on Aging. … Graham's lavish lifestyle caught the attention of West Virginians when it was revealed he made more than $450,000 in 2004 from the agency in Itmann, Wyoming County, and a related nonprofit business, All Care Home & Community Services. That nonprofit agency, geared toward assisting the elderly, receives federal Medicaid funding and has the same board of directors as the council. … The average West Virginia senior center director was earning $42,000 at the time."

Leaders Of Arizona Baptist Group Convicted Of Fraud. The Washington Post (7/25, A3, Sterling) reports, "Two former executives of a failed Southern Baptist foundation were convicted (in Phoenix, AZ) Monday in what prosecutors said was the nation's largest fraud ever targeting members of a religious group." The Post continues, "William Pierre Crotts, who was president of the Baptist Foundation of Arizona, and Thomas Dale Grabinski, the group's former chief legal counsel, were each convicted of three counts of fraud and one count of conducting an illegal enterprise in a scheme that lasted decades and cheated 11,000 investors across the country of about $585 million." The Post adds, "In a trial that lasted 10 months, prosecutors claimed that the executives were driven by shame to hide the foundation's mounting investment losses, bilking investors who were recruited in Southern Baptist churches and by Bible-quoting salesmen who visited their homes. Investors were told their money would help Southern Baptist causes, such as building new churches, and were promised above-market returns. … Instead, prosecutors said Crotts and Grabinski had designed a Ponzi scheme in which new investors were needed to pay off the secret mounting debt. Donald Conrad, an Arizona assistant attorney general, characterized Crotts and Grabinski during closing arguments as business failures who defrauded investors in part to 'feed their financial fantasies' that they were savvy businessmen. … Prosecutors failed to show that Crotts and Grabinski profited personally from the fraud, which involved hiding millions of dollars of losses in shell companies they created to conceal the losses. The two men were acquitted of 23 theft counts."

FBI Joins Indiana Sniper Investigation As Tips Warn Of More Shootings. In a widely-distributed story, the AP (7/25, Martin) reports, "The FBI joined the investigation Monday into the sniper attacks that killed one person and wounded another along two Indiana interstates, and police searched fields, overpasses and roads for evidence." The AP adds, "State police said they received about 50 calls through a tip line set up to help solve the shootings. Two tips said more shootings could occur in southern and northeastern Indiana, and state police alerted agencies there, said 1st Sgt. Dave Bursten. Investigators did not know how valid the tips might be." The Louisville (KY) Courier-Journal (7/25, Kaukas) adds, "State police — joined by the FBI — continued their investigation, saying they had recovered bullet fragments from the vehicles damaged in the attacks," but "they had made no arrests and were still waiting for the results of ballistics tests to determine the caliber of the weapon or weapons used. … As the investigation continued, many drivers yesterday along I-65 were glancing at the overpasses and side roads."

USA Today (7/25, A3, Bazar, Rampell, 2.27M) reports, "At least six investigators traveled from Ohio to help FBI and local police with their search for the shooter." Prince William County police chief Charlie Deane, who was involved in the DC-area sniper probe, said that Indiana officials are "learning what some law enforcement agencies around the country already know: Sniper shootings tend to be 'very difficult cases' to solve." The Indianapolis Star (7/25, Lesnick, 264K) notes, "The officers from Ohio were among more than 30 that also included contingents from Indiana, the FBI and the Bureau of Alcohol, Tobacco, Firearms and Explosives. Among other things, they discussed the fact that the Ohio sniper case near Columbus netted an arrest -- after four months and 5,444

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tips." The New York Times (7/25, Ruethling, 1.21M) also briefly reports on the FBI joining the investigation.

Lawyers For Alleged Chicago Mob Figure Seek Information On Prospective Jurors. The AP (7/25, Robinson) reports, "Attorneys for a reputed mob boss asked a federal judge Monday to require the government to produce the rap sheets and tax audit information of prospective jurors as part of the jury selection process. James Marcello's attorneys made no mention of the nasty legal bickering that erupted over the arrest records of several jurors at the close of former Gov. George Ryan's racketeering and fraud trial in April. The attorneys merely said in a motion…that a juror's failure to disclose his criminal record during the selection process could 'give rise to an inference of bias.'" The AP notes, "The case, stemming from a long-running FBI investigation dubbed Operation Family Secrets, is due to go to trial next May."

FBI Joins Houston Serial Killer Investigation. In a front-page story, the Houston Chronicle (7/25, Crowe, 535K) reports, "FBI agents have joined police in the hunt for a possible serial killer suspected in the deaths of six women whose bodies have been found in north Houston, Rep. Sheila Jackson Lee said today. … Shauna Dunlap, an FBI spokeswoman, confirmed that federal agents will provide DNA lab assistance and investigators to the Houston Police Department, which formed a joint task force to work the case. 'We work with HPD very often,' Dunlap said. 'When the locals need assistance, we are here to help.'" The Chronicle notes, "The body of the latest known homicide victim, Lakita Stubblefield, 21, was found Wednesday," and "police said the victims have all been nude or partially clothed and hidden in wooded areas. Some victims had a history of prostitution."

Laptop Containing Old Mutual Client Data Stolen. The Wall Street Journal (7/25, Anand) reports, "It is the latest instance of a lost laptop triggering concern about identity theft. … Old Mutual Capital Inc., a midsize distributor of mutual funds, has sent letters to 6,500 fund shareholders informing them that a laptop was stolen that contained personal information about clients' names, addresses, account numbers and in some cases Social Security numbers. Old Mutual Capital, a subsidiary of United Kingdom-based financial-services firm Old Mutual PLC, is a distributor of funds of Old Mutual and its affiliates." The Journal continues, "A spokesman for the company said the theft, which took place in late May, affects 'slightly more than two percent of the shareholder base.' He added that to date there have been 'no instances of inappropriate attempts to access accounts' and 'no discernible signs of identity-theft activity.'" The Journal adds, "The incident is another in a spate personal-data leaks over the last year and a half. In May, computer equipment was stolen from the home of a U.S. Department of Veterans Affairs analyst containing personal information of nearly 26 million people. And in March, mutual-fund giant Fidelity Investments reported a stolen laptop containing information for about 196,000 current and former workers of Hewlett-Packard Co., for whom it manages a 401(k) retirement and pension plan."

Three More Indicted In Alleged California Loan Fraud Scheme. The AP (7/21) reported, "Three more people were indicted by a federal grand jury for alleged involvement in a $12 million foreclosure scam that victimized more than 100 Southern California homeowners, officials said. The three were alleged to have participated in a ring led by Martha Rodriguez and Edward Seung Ok, who ran real-estate and escrow offices and were arrested in November when the jury issued its first indictment." The AP noted, "According to the indictment, the defendants visited homeowners defaulting on their mortgages and offered to stop their foreclosures with short-term loans and refinancing options. But instead of applying for refinancing, the defendants allegedly submitted loan applications to banks under the names of the homeowners," and then "allegedly pocketed the loan money."

Two Plead Guilty In Offshore Bank Scam. The AP (7/21) reported, "A man and woman have pleaded guilty to fraud in an offshore bank scam in Grenada that may have cost investors more than $125 million, federal prosecutors said. Robert Skirving and Rita Regale each pleaded guilty to one count of conspiracy to commit money laundering in a scam involving the First International Bank of Grenada and various subsidiaries. Both Skirving and Regale agreed in their pleas that the total funds laundered during the scheme exceeded $100 million, and that restitution owed could exceed $125 million, prosecutors said Wednesday." The AP added, "Two other defendants, Douglas Ferguson and Laurent Barnabe, are scheduled for trial in February." The Honolulu Advertiser (7/21, Ohira) noted, "The bank was supposedly based on the Caribbean island of Nevis but was

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actually operated out of Kihei, Maui, by Ziegler and Regale, according to IRS and FBI investigators. … 'The First International Bank of Grenada is one of the crudest-ever examples of financial crime,' said David Marchant, publisher of the Miami-based 'Off-Shore Alert,' which exposed the scam."

Four In Florida Indicted On Medicare Fraud Charges. The Miami Herald (7/18, Dorschner, 310K) reported Floridians Althea N. Graves, Bernard R. Graves Jr., Yvonne May Richards and Neil Leder have been charged "with defrauding Medicare out of $10 million for charging for unnecessary psychiatric care at the now defunct Oakland Community Health Center in Oakland Park." They are "accused of billing Medicare for $25 million during a six-year scheme. … The indictment alleges Graveses and Richards paid kickbacks to assisted living facilities to send their residents to Oakland for unnecessary psychiatric services and falsified records to make it appear such care had taken place." In a story distributed by McClatchy Newspapers, the South Florida Sun-Sentinel (7/18, Blum, 265K) noted, "The prosecution is part of a health care fraud crackdown launched by U.S. Attorney R. Alexander Acosta in 2005. 'Health care fraud diverts limited government money from already strained health care programs meant to benefit the sick and the elderly,' Acosta said."

Illinois Mayor Arrested For Alleged Child Porn Distribution. The Chicago Tribune (7/25, Bell, 623K) reports, "The mayor of Green Oaks was charged Monday with distributing child pornography over the Internet after authorities executed a search warrant at his house, officials said. Bail was set at $100,000 for Tom Adams…after he was arrested Monday morning, authorities said." The Tribune notes, "Adams, a former chairman of the Lake County Republican Party and a longtime GOP power broker, is accused of using three screen names on America Online to send child porn from a computer in his home office, said Assistant State's Atty. Patricia Fix. … The FBI contacted the state's attorney in May, she said." The Chicago Daily Herald (7/25, Gordon) also reports that "Fix said the FBI told local officials in June they had traced email messages with child pornography attachments sent last year to Adams' computer. Lake County officials began their own investigation, Fix said, and discovered additional images had been sent in May and June of this year."

FTC Officials Renew Call For Increased Internet Policing Powers. CNET News.com (7/24, Broache) reports that at a DC conference organized by the Center for American Progress yesterday, "past and present Federal Trade Commission officials on Monday renewed their call for Congress to expand the agency's international Internet policing powers and its ability to slap fines on wrongdoers. … The organization set up the event to outline issues expected to emerge at a four-day, FTC-sponsored series of hearings about the Internet and consumer protection this fall." CNET notes, "The federal regulators' push for authority on the international front is nothing new. In 2003, the FTC lobbied Congress for powers that would, among other things, allow them to serve secret requests for subscriber information on Internet service providers, peruse FBI criminal databases, and swap sensitive information with foreign law enforcement agencies."

Lawmaker Touts Bill Aimed At Reducing Offender Recidivism. In a piece in The Hill (7/25), IL7 Rep. Danny Davis (D) discusses "the issue of offender recidivism." Davis relates, "The issue of reintegration clearly needs to begin inside the prison itself. Some prisons across the country have successfully implemented faith-based and pre-release programs. … On the legislative side, the Second Chance Act was introduced in both the Senate and House by strong bipartisan coalitions. … Since the bill's introduction it has received strong bipartisan support, including endorsement from the White House." Davis notes, "Among other things, this legislation calls for the implementation of prison-based programs on the national level. The bill seeks to create a national offender reentry-resource center and a federal interagency task force so that faith-and community-based organizations can continue to work with inmates. … Under the bill's provisions, grants for mentoring organizations as well as for state and local governments to establish post-release housing, such as group homes, would be provided. … This legislation should be made into law so that when men and women walk out through the prison gates the public will be safer and the revolving door for many might close."

WPost Says Kaine Should Review Rape, Murder Convictions Of Four Navy Men. An editorial in the Washington Post (7/25, A14, 748K) urges Virginia Gov. Timothy M. Kaine to examine the cases of four men who stand convicted of the 1997 rape and murder in of

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Michelle Moore-Bosko. The men, who were serving in the Navy at the time of the murder, "confessed their roles but now claim innocence. At least on the surface, that claim seems compelling, for reasons that should have been clear at the time they faced charges. No physical evidence connects any of them with the crime." Kaine "needs to deal with this issue promptly."

CIVIL LAW:

Medtronic's Settlement With DOJ Seen As Model For Future Probes. Dow Jones (7/25, Kamp) reports, "A recently announced $40 million settlement between Medtronic Inc.'s spinal products unit and the U.S. Department of Justice may suggest a path to fairly manageable outcomes for orthopedics companies that are also facing government probes of doctor relationships." Dow Jones continues, "Medtronic and the Justice Department announced the deal last week. The settlement resolved civil allegations that Medtronic's Sofamor Danek spinal division paid kickbacks to doctors to induce them to use Sofamor Danek products. Medtronic and Sofamor Danek deny any wrongdoing, per the settlement agreement, and Medtronic said it agreed to a deal to put the litigation behind the company." Dow Jones adds, "The Medtronic matter is not directly related to an ongoing Justice Department review of the orthopedics sector, but there are some similarities. Major orthopedics companies early last year reported receiving subpoenas involving consulting or professional-services agreements between companies and surgeons. … 'What is most interesting to us about Medtronic's settlement is that it may give some indication as to the likely outcome of the current DOJ investigation into the selling practices of the broader orthopedic (reconstructive joints) industry,' JPMorgan analyst Michael Weinstein said in a note to investors Monday. … In March 2005 orthopedic device makers Zimmer Holdings Inc., Stryker Corp., Biomet Inc., Smith & Nephew PLC and Johnson & Johnson unit DePuy all announced receiving the subpoenas on the doctor relationship issue. Weinstein said he views that probe and the Sofamor Danek issue as 'fairly analogous.' … The same five orthopedics companies in late June of this year announced a second batch of subpoenas, this time from the Justice Department's antitrust division, requesting documents spanning several years concerning possible federal criminal and antirust-law violations."

Arab Group Sues US Over Lebanon Evacuation. The Detroit Free Press/AP (7/25, Charlton) reports, "A group of Lebanese-Americans represented by a civil rights group filed a lawsuit Monday against the U.S. government, claiming officials haven't done enough to protect American citizens from the fighting in Lebanon." The AP continues, "The lawsuit, filed by the American-Arab Anti-Discrimination Committee on behalf of about 30 American citizens, alleges that Secretary of State Condoleezza Rice and Secretary of Defense Donald Rumsfeld did not take all possible steps to ensure the safety and well being of U.S. citizens in Lebanon when fighting erupted between Israel and Hezbollah guerillas." The AP adds, "The committee is asking the U.S. District Court in Detroit to order the American government to increase evacuation efforts and use more resources, including more military ships and private airline carriers and boats. … They also asked the judge to order the government to request a cease-fire and to stop shipments of weapons and other military support to Israel during the evacuation of U.S. citizens from Lebanon. … U.S. State Department spokeswoman Joanne Moore said she was unaware of the lawsuit and referred comments to the U.S. Justice Department. The Justice Department referred calls back to the State Department."

CIVIL RIGHTS:

Pontiac, MI, Agrees To End Hiring Quotas. The Detroit News (7/25, Egan) reports, "The Justice Department and the city of Pontiac have agreed that the city will end a practice designed to hire and promote more women and minorities in its Fire Department." The News continues, "Under the consent decree, the city will offer jobs, promotions, back pay or seniority to four white males deemed to have been unlawfully denied or delayed opportunities as a result of the policy." The News adds, "Critics on Monday condemned the unusual decree, which still faces final approval, as evidence of a desire by the Bush administration to dismantle affirmative action. Proponents say it ends a form of discrimination that was particularly obnoxious because it was practiced by government. … The agreement comes amid a fierce debate in Michigan over a ballot initiative that would ban such affirmative action policies. State voters will decide in November whether to ban the use of race as a factor in university admissions and government hiring. … 'It's

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really very, very vicious to have the Justice Department come in and try to reverse the great gains we've made,' said Shanta Driver, a spokeswoman for By Any Means Necessary, the group opposing the Michigan ballot drive to ban affirmative action. … The Justice Department began an investigation after Pontiac firefighter Arthur Frantz filed a federal lawsuit in 2004, alleging he was passed up for promotion to lieutenant because he is white. The case is to go to trial in September."

Illinois Prison Guards Charged With Assaulting Inmate. The AP (7/25) reports, "Two guards at a federal prison in (Greenville, IL) were arraigned Monday on federal charges that they assaulted an inmate in his cell using fists and handcuffs nearly two years ago, then tried to cover it up." The AP continues, "A federal grand jury, in an indictment returned Thursday and unsealed Monday, charged Daniel Gordon and Eric Newsome with conspiring to violate the inmate's civil rights and with filing false reports afterward. Newsome also is charged with lying to a special agent of the Justice Department's Office of the Inspector General." The AP adds, "During a brief court appearance in U.S. District Court in East St. Louis, Gordon and Newsome were ordered released on their own recognizance. Court records did not indicate whether they were represented by attorneys, and a court clerk said she did not have that information. … The count alleging the filing of a false report carries a possible 20-year prison term. The other charges are punishable by up to 10 years behind bars. … According to the indictment, Newsome, Gordon and an 'unindicted co-conspirator' approached John Clark's cell, ostensibly to transfer him to another cell at the prison, which is about 50 miles east of St. Louis along Interstate 70. … Newsome and the unidentified person, at Gordon's request, positioned their bodies to block the views of surveillance cameras to prevent them from recording Gordon's activities at Clark's cell door, the indictment alleges. … Gordon faked that he was handcuffing Clark through a food port in the cell, then entered the cell with Newsome and the other person, according to the indictment. … Newsome, with Gordon's help, hit Clark repeatedly with his fists and handcuffs, landing 'an additional unjustified blow to John Clark after John Clark was handcuffed,' the indictment reads. … Newsome and Gordon, aware Clark was injured and bleeding, then left the inmate handcuffed on the cell floor, closed the door and locked it behind them, according to the indictment."

Sarasota County Seeks Consolidation Of Federal Housing Bias Suits. The Bradenton Herald (7/25) reports, "Sarasota County (FL) filed a request today in U.S. District Court in Tampa to consolidate two lawsuits accusing the county of housing discrimination against disabled persons." The Herald continues, "The lawsuits, filed by the U.S. Justice Department's Civil Rights Division and a group called Renaissance Manor, allege the county's action against a Sarasota County group home is in violation of the Fair Housing Act." The Herald adds, "Renaissance Manor is the owner of six group homes located near North Port called Tammi House. The lawsuits allege that Sarasota County officials broke federal law when they refused to allow Renaissance Manor to operate Tammi House for individuals with mental illness and a history of substance abuse. … The Justice Department stated in its lawsuit against the county that such homes are allowed under Sarasota County's zoning code and Tammi House is similar to other group homes already approved by the Sarasota County Commission. … But county officials have said they objected to the group homes because Sarasota County zoning requires a 1,000-foot separation between such individual homes to avoid clustering."

Three NAACP Offices Have Received Threat Letters Postmarked In Louisiana. The AP (7/25) reports, "Threatening letters, at least two containing a white powdery substance, were sent to NAACP offices in three states, a spokesman for the organization said Monday. The civil rights group's offices in Baltimore and New York City received letters with the powder, said spokesman Richard McIntire. The branch in Norfolk, Va., also received a letter, the FBI said, although it was not immediately determined whether the letter contained powder." The AP notes, "All three letters originated from Baton Rouge, La.," and "the FBI was investigating the letters as a hate crime."

Baltimore NAACP President Vows Organization Will Not Be Intimidated. The Washington Examiner (7/25, Broadwater) reports, "Between tears Monday, Baltimore NAACP President Marvin 'Doc' Cheatham Sr. condemned the hate crime that left him covered with white powder during an anthrax scare Friday. 'We at the Baltimore chapter of the NAACP will not be intimidated,' Cheatham said during a news conference. 'It gives us more fire, not less.'" The Examiner notes, "FBI agents told Cheatham the envelope contained a

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racist letter that was not directed specifically at him or the city branch of the civil rights organization."

Detroit City Clerk Enacting Election Reforms As FBI Probe Continues. The AP (7/25, Karush) reports, "When Janice Winfrey defeated Detroit's longtime clerk to become the city's top elections official, federal officials had launched an investigation and even the incumbent had enough doubts about the work of her office to demand a recount." Winfrey "has made it her goal to restore public trust in the system. She started by immediately purging bloated voter rolls of the names of more than 18,000 dead people and expanding poll-worker training." The AP notes, "The FBI continues to investigate the absentee ballot situation, spokeswoman Dawn Clenney said Monday."

Official In Charge Of Protecting Civil Liberties In Intelligence Agencies Profiled. The New York Times (7/25, Shane, 1.21M) profiles Alexander Joel, who was appointed last December "as the first civil liberties protection officer for the office of the director of national intelligence, John D. Negroponte." Joel "projects an earnest dedication to bedrock American principles, carrying in his pocket a small booklet containing the Constitution, with the federal employee's oath to defend it taped inside. … So, just what does the civil liberties protection officer think about the much-debated N.S.A. program? Alas, he cannot say. 'It's being handled directly by the president and the attorney general,' Mr. Joel said. 'It's not my job to tell the president what the rules are.'"

Bush Signs Bill Barring Restrictions On Flag Displays. The AP (7/25) reports, "President Bush on Monday signed a bill that would bar condominium and homeowner associations from restricting how the American flag can be displayed." Sponsored by GOP Rep. Roscoe Bartlett, the resolution "would prohibit those groups from preventing residents from displaying an American flag on their own property."

ANTITRUST:

Emergency Order Sought To Block McClatchy Deal. The Sacramento Bee (7/25, Kasler) reports, "The fight over The McClatchy Co.'s plan to sell a group of Bay Area newspapers intensified Monday, as a San Francisco politico requested an emergency court order that would block the deal." The Bee continues, "Lawyer Joseph Alioto, representing Clint Reilly, said he's been told that the U.S. Justice Department is on the verge of approving the deal. As a result, he's seeking a temporary restraining order that would prevent McClatchy and the newspapers' buyer, MediaNews Group Inc., from completing the transaction. … A hearing is set for Thursday in U.S. District Court in San Francisco. … A spokeswoman for the Justice Department said the issue is 'still ongoing.' She had no further comment." The Bee notes, "Reilly sued MediaNews July 14, saying the deal would give MediaNews monopoly power over the Bay Area newspaper market. MediaNews already owns seven papers in the area; the deal would give the company control over every major Bay Area daily except the San Francisco Chronicle. … What's more, the Chronicle's owner, Hearst Corp., is helping MediaNews finance the transaction. Hearst would receive stock in MediaNews properties outside the Bay Area. … Sacramento-based McClatchy is selling four papers, including the San Jose Mercury News, Contra Costa Times and Monterey County Herald, to a consortium led by MediaNews for $1 billion. … The deal has been held up by the Justice Department antitrust examination. The California attorney general also is reviewing the deal."

Hospital Chain Founded By Frist's Family Bought For $33 Billion. The Washington Post (7/25, D1, Masters, 748K) reports, "HCA Inc., the hospital company founded by the family of Senate Majority Leader Bill Frist (R-Tenn.), agreed Monday to be acquired by a group of private investors, including Frist's brother, for a record $21.3 billion in cash. Without accounting for inflation, the deal, which also includes the assumption of $11.7 billion in debt, is the largest-ever leveraged buyout, just topping the $31 billion deal to take RJR Nabisco private in 1989." The buyers "include the private equity firm Kohlberg Kravis Roberts & Co., which engineered the Nabisco deal; Bain Capital; and Merrill Lynch Global Private Equity. HCA co-founder and former chief executive Thomas F. Frist Jr., who owns an estimated 4.4 percent of the company, is also part of the consortium." The Wall Street Journal (7/25, Berman, Naik, Winslow, 2.03M), USA Today (7/25, Appleby, 2.27M) and New York Times (7/25, Sorkin, 1.21M), among other newspapers, also report on the buyout. The story, however, is not portrayed in political terms, and Sen. Frist's connection to HCA isn't a major factor in any of the reports.

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Report Faults State Regulation Of Real Estate Agents. The Inman News (7/24, Roberts) reports, "State real estate regulatory commissions are largely composed of members who are active real estate professionals, which represents a "blatant conflict of interest," according to a report by a national consumer group." Inman continues, "The Consumer Federation of America, a national advocacy group with membership from about 300 organizations, issued a report Friday that calls for independent regulation of real estate brokers. About 79 percent of all state real estate commissioners 'earn a living through real estate transactions,' with 70 percent working as real estate brokers or salespersons and 9 percent working in real estate-related professions, according to a study that the consumer group conducted." Inman adds, "It's not the first time that the consumer group has clashed with real estate practices. In June, the federation issued an eight-page report, 'How the Real Estate Cartel Harms Consumers and How Consumers Can Protect Themselves,' charging that industry and regulatory practices can stifle competition and do not always serve consumers' interests. And Stephen Brobeck, executive director for the group, will testify at a congressional hearing tomorrow that will focus on real estate competition and choice. … The consumer group's study found that real estate law in four states -- Idaho, Louisiana, Mississippi and Nevada -- requires that all real estate commissioners be real estate brokers or salespeople, Eleven other states 'require at least four-fifths of commissioners to hold real estate licensees,' the group announced."

Royal Philips' Purchase Of Intermagnetics Clears Hurdle. The Albany Times Union (7/25, Harlin) reports, "Royal Philips Electronics NV's $1.3 billion acquisition of Latham-based Intermagnetics General Corp. has cleared a federal regulatory hurdle." The Times Union continues, "Magnet-maker Intermagnetics said today the 30-day review period required by the Hart-Scott-Rodino Antitrust Improvements Act of 1976 has expired. The deal, expected to close in the fourth quarter, still needs European regulatory approval, and the OK of Intermagnetics shareholders. … Latham-based Intermagnetics and the Dutch electronics giant announced the deal in June. Philips has been a major customer of Intermagnetics and has purchased its magnetic resonance imaging, or MRI, magnets for nearly 20 years. … Intermagnetics was founded in 1971 after being spun off General Electric Co. It employs more than 500 people in the Capital Region."

AMD To Purchase ATI Technologies For $5.4 Billion. USA Today (7/25, Kessler) reports, "Chipmaker Advanced Micro Devices on Monday said it would acquire Canadian partner ATI Technologies for $5.4 billion — its boldest move yet against rival Intel." USA continues, "AMD makes processor chips, the electronic 'brains' that power computers. ATI in Markham, Ontario, makes parts that work alongside these processors, including high-end graphics chips that make movies and video games appear in vivid color. … PC makers typically buy processors and high-end graphics chips separately. AMD wants to change that, offering customized chip packages for some applications, such as business laptops. It also hopes to put them in electronics such as TVs. … The packages will give AMD an advantage, breaking 'a market long dominated by one company,' AMD CEO Hector Ruiz said in a conference call. Intel has about 80% of the PC processor market. AMD, in Silicon Valley's Sunnyvale, has about 20%."

The New York Times (7/25, Sorkin) reports that the "transaction… will reshape the semiconductor industry," and notes, "The deal comes as the semiconductor industry is becoming the focus of intense investor interest. Later this week, Philips Electronics plans to field final bids worth more than $10 billion apiece for its semiconductor division from three consortiums of private equity investors, people involved in that auction said. Philips had been considering an initial public offering for the unit." The Times adds, "The deal is not without challenges. While both companies have reported strong earnings growth over the past year, overall growth of PC sales is slowing, particularly in the high end of the market, where the graphics chips are important components. … The slowdown also means the price competition with Intel for the core processors at the low end of the market has increased. Lower prices mean that A.M.D. makes less money per processor."

The Washington Post (7/25, D5, Musgrove) reports, "AMD has long been the underdog against Intel, the world's largest processor maker, but the Sunnyvale, Calif.-based company has been making inroads against its rival lately. For example, Dell Inc., long a loyal Intel customer, announced this year that it would allow enterprise customers to opt for AMD chips in some server products. … Bruce Shaw, director of worldwide commercial marketing at AMD, said the

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acquisition would provide access to a larger potential customer base. While AMD makes processors used in computers, ATI's products are used in a broader range of consumer electronics gadgets."

Barr Pharma To Satisfy FTC Requirements For Pliva Purchase. The AP (7/25) reports, "Drug maker Barr Pharmaceuticals Inc. said Monday it is prepared to satisfy any antitrust requirements the Federal Trade Commission may have to clear its acquisition of Pliva, a Zagreb, Croatia-based generic drug company." The AP continues, "Consequently, Barr said it will not include an FTC approval condition when it files its formal offer for all outstanding Pliva shares with Croatian regulators later this week." The AP adds, "Barr recently sat down with the FTC to resolve antitrust issues arising from overlapping product lines. Based on the progress of the talks, the company said it is confident it can satisfy any of the commission's concerns. … Barr gained German regulatory clearance for the acquisition on Thursday and plans to close the deal later this year after gaining final regulatory approval from all jurisdictions. … The company recently upped its offer to buy Pliva to $2.3 billion in a bidding war with Iceland's Actavis Group HF. Pliva management has backed Barr's offer."

ENVIRONMENT/INDIAN AFFAIRS:

DOJ To Appeal Idaho Nuclear Waste Ruling. The AP (7/25, Boone) reports, "The U.S. Department of Energy has filed a notice of appeal of a federal court ruling that ordered it to abide by a 1995 agreement to remove all high-level radioactive waste stored at the Idaho National Laboratory." The AP continues, "The Justice Department filed the notice on behalf of the Energy Department in U.S. District Court on Monday, the last day allowed under court deadlines. … Officials would not say whether an actual appeal would be filed, though it appeared likely." The AP adds, "In May, U.S. District Judge Edward Lodge rejected DOE's argument that the agreement signed with then-Gov. Phil Batt only covered waste such as rags, tools, gloves and dirt contaminated with radioactive material that had been stored in barrels on asphalt pads at the southeastern Idaho compound since 1970. The federal government had claimed it was not required to dig up and remove other rotting containers of waste that was indiscriminately dumped into open pits and buried before 1970. DOE officials have said that not moving that waste is safer than trying to dig it up for removal. … State officials don't want the waste left in place, however, because some studies have shown that buried radioactive material is seeping toward the underground aquifer that feeds the Snake River, which runs almost the entire length and width of Idaho. … In his ruling, Lodge found that the words 'all transuranic waste' in the 1995 agreement meant the removal of all nuclear waste, not just some of it. … In court documents, Barclay Samford with the Justice Department wrote only a general statement on what would be raised if an appeal were filed: Whether the district court's findings of fact are clearly erroneous, and whether the court erred in interpreting the settlement."

Coalition Seen As Gathering Strength In Fight Against Energy Exploration. The Washington Post (7/25, A1, Eilperin, 748K) reports that Valle Vidal, in New Mexico, "has become a battleground in the drive to expand energy exploration on public land, attracting the attention of a growing coalition of hunters, anglers, environmentalists, ranchers, homeowners and politicians across the ideological spectrum. Here and elsewhere in the Western United States, this coalition is starting to resist the push for energy exploration in some of the nation's most prized wilderness areas." Although "it remains unclear how successful they will be, these new activists…have brought a new dynamic to the public debate over energy development in the West." Democratic Rep. Tom Udall (NM), "sponsored legislation to make Valle Vidal off-limits to oil and gas drilling and to protect hundreds of thousands of acres of wilderness in California, Idaho and Oregon. The House unanimously approved Udall's bill on Monday, and the issue is now before the Senate." In two other states, "prominent GOP senators -- Conrad Burns (Mont.) and Craig Thomas (Wyo.) -- have also pushed in the past month to restrict energy exploration on public land."

Meanwhile, under the headline "Congressional Interest In Energy Bills Dims," the Washington Post (7/25, A13, Mufson, Weisman, 748K) reports this morning, "Three months after soaring gasoline prices sent members of Congress scrambling to propose energy legislation, the House and Senate are poised to go on August recess with little to show. Up this week: a Senate version of a bill that would allow more offshore oil and gas drilling. Republican leaders say it could reach the floor for a vote Friday." But "many senators and environmentalists fear that the terms of a

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much more permissive House version could prevail in the conference committee."

Power Outages Continue In New York City, St. Louis, Southern California. NBC Nightly News (7/24, story 5, 0:50, Williams, 9.87M) also reported, "There are some serious power problems tonight caused by severe heat, beginning in St. Louis, suffering through that city's worst ever power outage ever."

USA Today (7/25, Jones, Parker, 2.27M) reports "thousands of New Yorkers…had no power Monday, along with more than 200,000 in the St. Louis area and more than 50,000 in California as hot weather, storm damage and malfunctions took their toll on the nation's power grid. An estimated 100,000 people had no power last week at the peak of New York's blackout, for which no cause has been announced. Only about 10,000 remained without service Monday, Mayor Michael Bloomberg said." The New York Times (7/25, A1, Chan, 1.21M) runs a story on the New York City outages.

The Los Angeles Times (7/25, Lifsher, 918K) reports, "Southern California was struck with a new round of power outages Monday as demand for electricity stretched the state's supply and the aging system of local lines and transformers continued to fail in the face of a record heat wave." The demand for electricity "was so great that California's power regulators asked some businesses to cut back their power usage, though the state narrowly avoided rolling blackouts." But "officials were more immediately concerned about the nearly 1,000 transformers atop power poles and underground vaults that were overwhelmed in recent days, leaving thousands without electricity." Meanwhile, said ABC World News Tonight (7/24, story 7, 1:45, Gibson, 8.78M) reported "temperatures there are through the roof again today. And the state's power grid is simply not up to the task of dealing with the record heat wave." USA Today (7/25, Welch, 2.27M) and New York Times (7/25, Archibold, 1.21M), among other newspapers, run similar stories this morning.

Gasoline Prices Over $3 Dollars Again. ABC World News Tonight (7/24, story 8, 0:10, Gibson, 8.78M) reported, "The government said today that gasoline prices are up again. The national average price has now gone to just over $3 to up about $1.5 cents in the last week." USA Today (7/25, Hagenbaugh, 2.27M) runs a similar report.

OPEC Accused Of Illegal Collusion To Boost Oil Prices. The CBS Evening News (7/24, story 5, Schieffer, 7.66M) said "the war, growing demand, and a shortage of refineries are all getting blamed for the high price of gasoline, but an investigation by CBS news has turned up another one, a more sinister factor." CBS (Attkisson) added, "You might say the beginning of the end for low gas prices was in the late 90s when gas briefly dropped under a buck a gallon. But while consumers celebrated, it was near panic at OPEC, the cartel of nations that exports about half the oil the rest of the world buys. Internal OPEC bulletins obtained by CBS news show how OPEC responded, reaching out to the rest of the world's oil producers to drive prices back up. A group of Florida residents claims that's illegal collusion. They're suing to stop what they call a price conspiracy." Tab Turner, plaintiff's attorney: "The prices that we are facing at the gas pumps today are a direct result of the illegal activity to both fix the prices and limit the production."

NYTimes Denounces Congressional Emphasis On Boosting Production. The New York Times (7/25, 1.21M) editorializes, "Congress's default response to the nation's manifest energy problems is to increase supply, while doing nothing to reduce demand. Earlier this year, the House rebuffed a modest effort to increase fuel economy standards while approving a bill whose main purpose is to end a long-standing federal moratorium on drilling for oil and gas on the Outer Continental Shelf. In similar spirit, the Senate today will take up a bill to open eight million more acres of the Gulf of Mexico to oil and gas drilling." The Senate measure "is narrower and less mischievous than the House bill. Yet it, too, is aimed exclusively at increasing production." This is "mind-boggling." The Times goes on to call a focus on drilling "a terribly one-sided energy policy."

Man Who Warned About Risks Of Energy Dependence In 1976 Profiled. The Washington Post (7/25, D1, Mufson, 748K) reports profiles Amory B. Lovins, who in "wrote a massive piece in Foreign Affairs magazine declaring that the United States stood at a crossroads on energy policy. The first path, he wrote, led to ever greater output of coal, oil and nuclear, a capital-intensive strategy dubbed 'strength through exhaustion.' The second path relied primarily on greater efficiency as well as the development of such alternative energy sources as wind, solar power and biofuels." Back in 1976, Lovins "was the British representative of Friends of the Earth. Since 1982 he has been at the Rocky Mountain Institute, which has a $5.2 million budget and peddles its ideas to more than 80 of the country's biggest corporations, such as Wal-Mart Stores Inc., Coca-Cola Co.,

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Texas Instruments Inc. and Royal Dutch Shell." Lovins "testified before Congress in March on energy independence. … Unlike some environmentalists, Lovins remains adamantly opposed to nuclear power, which he says doesn't make economic or nonproliferation sense." He "opposes the accord before Congress that would enable US companies to help India's civilian nuclear power sector."

House Approves Bill Protecting Western Wilderness. The AP (7/25) reports, "The House approved legislation today to create about 277,000 acres of federal wilderness in far northern California, one in a series of bills to protect national forest land in Western states." The bills "would create nearly 670,000 acres of new wilderness areas and protect 47 miles of wild and scenic rivers in California, Idaho and Oregon, as well as ban drilling in northern New Mexico's Valle Vidal. The House also passed legislation to establish National Heritage Areas in several states, including New Mexico, Utah and Nevada."

Settlement Of Indian Trust Suit Appears Close. The San Diego Union-Tribune/AP (7/25, Talhelm) reports, "American Indians suing the government over billions of dollars in lost royalties say they are contemplating an offer by members of Congress to resolve their lawsuit for $8 billion." The AP continues, "The offer is considerably lower than the $27.5 billion plaintiffs offered to settle for a year ago. But plaintiffs say they are considering it seriously, bringing them closer than ever to ending the lawsuit, which has bogged down the Interior and Justice departments for 10 years. … 'Eight billion dollars is something I wish was higher, but I'm glad they were able to bring something forward that was equitable,' the lead plaintiff, Blackfeet Indian Elouise Cobell, said in an interview. 'Can we ever get near the total fair amount that should be given to individual Indians? I don't think so. I think individual Indian account holders would support $8 billion.'" The AP adds, "Cobell filed the class-action lawsuit in 1996, accusing the government of mishandling more than $100 billion in oil, gas, timber, grazing and other royalties from Indians' lands dating back to 1887. … In what has become a messy, protracted court battle, the plaintiffs have won a series of district court victories. U.S. District Judge Royce Lamberth held interior secretaries Bruce Babbitt and Gale Norton in contempt and ordered the Interior Department to disconnect its computers from the Internet to secure Indian trust data. … But the plaintiffs were dealt a blow earlier this month when the U.S. Court of Appeals for the District of Columbia Circuit ordered Lamberth removed from the case, saying he had lost his objectivity."

Last Stronghold Of Bengal Tiger Shrinking. The Washington Times (7/25, Rahman) reports, "A study has found that the last stronghold of the Bengal tiger has less than one quarter the number of big cats previously reported, shocking wildlife conservationists who now suspect they have been duped by park officials." The Times continues, "The Sundarbans Tiger Reserve in West Bengal had been held up as a model of wildlife management. Officials boasted a population of 249 tigers after a detailed count in 2004 using computer analysis of "pug marks," or footprints, found in the park." The Times adds, "The British Broadcasting Corp., National Geographic Society and Discovery Channel all made documentaries about the park's success in protecting tigers from the rampant poaching that plagues other national parks in India. Articles appeared in the Los Angeles Times, The Washington Post, the Guardian and the Sunday Times of London, as well as The Washington Times. … But researchers from Calcutta's esteemed Indian Statistical Institute (ISI) say a re-examination of the same data shows only about 64 tigers in the park." The Times notes, "Conservationists had expressed doubts that the tigers were as safe in the park's forests as its management claimed. Noting that tiger numbers were plummeting in other reserves, they pressured West Bengal wildlife authorities for the review of the data. … Authorities agreed, and molds of the pug marks were sent to the ISI. After studying the marks, researchers said the park held no more than 64 tigers."

FBI/DEA/ATF/USMS:

Online Investigator Charged With Impersonating FBI Agent. The Washington Post (7/25, D5, Krebs, 748K) reports online private investigator Steven Rombom "never got a chance to share the results of an hours-long experiment in getting someone's background at a hackers convention in New York City last week. Before he could sit down to lead a Saturday afternoon panel discussion…federal agents moved in to arrest him for his methods of digging up information on people." In a widely-distributed story, the AP (7/25, Milton) notes, "Rombom was charged with one count of impersonating an FBI agent. He is accused of trying to intimidate an FBI informant in a pending

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criminal trial by showing up at the informant's family's home and questioning them." Defense lawyer Terry Todd "told the court Monday that Rombom conducted an appropriate private investigation of the FBI informant. He argued that the informant's family members…spoke only Vietnamese, and he questioned their credibility in stating that Rombom represented himself as an FBI agent."

Rombom Claims FBI Setup. Under the headline "Busted Pi Rips The Feds," the New York Post (7/25, Cornell, 608K) reports Rombom "claims he was set up in an effort to stop him from gathering dirt on a confidential FBI informant." After being released on his own recognizance yesterday, Rombom said, "I was arrested for doing my job, for being an investigator, for investigating a witness who is a world-class criminal. I am the most straight-arrow investigator on the planet." The Post notes, "The charge against Rombom -- also known as Steve Rambam -- stems from work he performed for a former Brooklyn assistant DA awaiting trial on money-laundering charges."

US Attorney Denies Office Is Source Of Leaks In Bonds Case. The AP (7/24) reports, "Barry Bonds' attorney is asking federal authorities to investigate the possible leak of the baseball star's medical records in the government's ongoing investigation of Bonds for perjury and tax evasion. … The government's steroid probe has been riddled with leaks, and investigators already are seeking the testimony of two…reporters to find out who leaked them the secret testimony of Bonds, Jason Giambi and other athletes who testified before a grand jury in 2003. A spokesman for U.S. Attorney Kevin Ryan denied his office was the source of any leak. 'The government understands and readily complies with its obligation to keep all sensitive material confidential,' Luke Macaulay said Monday in a statement."

In the New York Times (7/25) Murray Chass writes, "The government obviously is treading carefully. Instead of asking the grand jury to indict Bonds last Thursday in the last session of its 18-month term, the United States attorney for the Northern District of California, Kevin V. Ryan, departed from his usual practice and announced he was not seeking an indictment that day. Instead, he said, the investigation, which focused on steroids and allegations of perjury and obstruction of justice, would continue with new developments."

Arizona Man Linked To Tennessee Drug Ring To Be Extradited. The Arizona Daily Star (7/24) reports a Tucson man "has been arrested in connection with a Knoxville, Tennessee, drug ring and has agreed to be extradited to face charges there. Phillip A. Apodaca was arrested in Tucson and made an appearance last week in front of a federal court judge, during which he waived extradition, said Knoxville, Tennessee, U.S. Attorney Russ Dedrick. The indictment charges that Apodaca, along with three others, knowingly conspired to possess with the intent to distribute more than 1,000 kilograms of marijuana as early as 1995 through July 11, 2006."

Boston Mayor Vows To Make Police Steroid Tests Mandatory. The Boston Globe (7/25, Smalley, 425K) reports, "Mayor Thomas M. Menino vowed yesterday to try to make testing for steroids a requirement for Boston police officers after steroid abuse and trafficking emerged as one strand of a broadening corruption investigation of the department." Alleged ringleader Roberto Pulido "is accused of trafficking in steroids," and "because the department does not test officers for steroids, Edgardo Rodriguez probably would not have come to the attention of department officials if it weren't for the federal probe." Boston Police Patrolmen's Association president Thomas J. Nee "said he is open to steroids testing, but wants to make sure testing would be fair to officers."

Jury Convicts New Jersey Man Of Drug Trafficking, Money Laundering. The Newark (NJ) Star-Ledger (7/25, Martin) reports, "A Newark native accused of flooding the streets of North Jersey with tons of cocaine and heroin was convicted yesterday of federal charges that could send him to prison for life. The federal jury that for eight weeks heard testimony about Hakeem Curry's alleged drug network needed only seven hours before convicting him of conspiracy, money laundering and drug trafficking. … A co-defendant, Rakim Baskerville, also was found guilty of conspiracy. The verdicts capped an investigation by the Drug Enforcement Administration, the Newark Police Department and the IRS that began almost three years ago."

Montana Man Accused Of Threatening Witnesses, DEA Agent Is Sentenced. Billings (MT) Gazette (7/25) writes, "The 'go-to guy' for marijuana in Miles City is going to federal prison for 5½ years. Jeffrey E. Mitchell, 52, was sentenced Monday." Mitchell is said to have

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"acted as an organizer or leader and that he obstructed justice by leaving threatening phone messages for witnesses and threatened a Drug Enforcement Administration agent."

Report Urges Drug Treatment In Criminal Justice System. The Washington Times (7/25, Rutledge) reports, "Failure to treat incarcerated drug abusers can lead to higher crime rates and re-incarceration, says to a report from the National Institute on Drug Abuse (NIDA), and the costs of treatment are not nearly as high as the costs to society when drug abuse is ignored. … 'Ninety-five percent of those who receive no treatment while incarcerated end up relapsing into drugs. And 70 percent of those end up re-incarcerated as a result,' Dr. Nora Volkow, director of NIDA, said yesterday. 'By changing those numbers, we can reduce crime and lower the financial cost. Simply putting a drug abuser in jail without treatment does nothing.'" The Times adds, "NIDA said every dollar spent toward effective treatment programs yields a $4 to $7 return in reduced drug-related crime, criminal costs and theft. That return is even greater when health care savings are taken into account, the institute said. … The NIDA report listed 13 research-based principles for substance abuse treatment in the criminal justice population. … The report says drug addiction is a brain disease that affects behavior. In order to correct the damage, it says, treatment must last long enough to produce stable behavioral changes and should be followed by management of the addiction over time."

Marshals Join Search For South Carolina Sex Offender. The AP (7/25) reports, "A registered sex offender that investigators say left Marion County (SC) with five juveniles has been added to the state's Ten Most Wanted list." The AP continues, "Allen Lee Biddix, 18, was convicted as a juvenile in 2002 of first-degree criminal sexual conduct with a minor age 11 or younger, according to the State Law Enforcement Division's online sex offender registry. … Biddix left Marion County sometime around July 17 with three girls and two boys, said Tim Stec, a spokesman for the U.S. Marshals Service, which has joined the search. The girls are 13, 14 and 15 years old, Stec said. Both boys are 15. … Police think they may have gone to Florida." The AP adds, "Biddix was described as a white man about 5 feet 10 inches tall and weighing about 156 pounds. He has green eyes and blond hair. He is thought to be driving a blue 1994 two-door Oldsmobile Achieva with South Carolina license tag 372 VCU. … Police have issued warrants charging Biddix with contributing to the delinquency of a minor. He also is charged under a federal warrant for unlawful flight to avoid prosecution, Stec said."

Fort Smith, AR, And Staunton, VA, Are Finalists For Marshals Museum. The Richmond Times-Dispatch (7/25) reports that Fort Smith, AR, and Staunton, Va., "are the finalists for a U.S. Marshals Museum, U.S. Rep. John Boozman and local officials announced Monday." The Times-Dispatch continues, "The decision by the U.S. Marshals Museum Committee eliminates Cheyenne, Wyo., and Hollywood, Calif., from the running." The Times-Dispatch adds, 'Fort Smith leaders have spent three years campaigning to bring the museum to the western Arkansas city. In the country's early years, Fort Smith was a gateway to the West and federal marshals played a key role in law enforcement there and in the Indian Territory. … Descendants of many U.S. marshals still live in Fort Smith."

The Waynesboro (VA) News Virginian (7/25, Stuart) reports, "Bill Hamilton, Staunton's economic development director believes Staunton can make a strong case for hosting the museum. … He noted that the service is headquartered in Arlington, a Virginia community, and was started by President George Washington, a Virginia native. … 'And one of the original marshals was from Virginia,' Hamilton said. 'When you start looking at history, there are some very interesting connections between Virginia and the Marshals Service. We felt we could offer a nice location.'"

The AP (7/25, Harris) reports, "The home of a national museum featuring the history of the U.S. Marshals Service will be selected in a showdown, of sorts, between two finalists: Fort Smith in western Arkansas and Staunton in Virginia's Shenandoah Valley. … 'I don't want to be cocky about it, but we've got a tremendous history of the service in Fort Smith,' said Claude Legris after announcing to his community Monday the federal agency's decision to pare the choices down to two. … Hollywood, Calif., and Cheyenne, Wyo., were eliminated from the running." The AP adds, "Legris and U.S. Marshal Richard O'Connell of the Western District of Arkansas co-chair a local group working to bring the museum to Fort Smith. They said the city is a natural for it. … 'The blood of the marshal service still pumps through the veins of the people in Fort Smith,' O'Connell said."

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IMMIGRATION:

Hutchison, Pence To Offer Compromise Immigration Bill. Sen. Kay Bailey Hutchison and Rep. Mike Pence today will offer legislation aimed at striking a GOP compromise on immigration. The Washington Post (7/25, A7, VandeHei, Babington, 748K) reports that the legislation ""would allow most of the 11 million illegal immigrants in the United States a chance to work here legally, but only after the government certifies that US borders have been sufficiently secured, two congressional aides said." The proposal "would pressure illegal immigrants to 'self-deport' to their home countries within two years of the law's enactment and apply for a new kind of visa that would allow them to return to the United States quickly and work legally if a job awaits them. They would have to work here for 17 years, however, to be eligible for US citizenship."

Cornyn, Kyl Seek $3.5 Billion In "Emergency" Funds For Border Security. The Washington Times (7/25, Hurt, Dinan, 88K) reports that Sens. John Cornyn and Job Kyl, two of President Bush's most loyal congressional supporters, "yesterday asked him to request that more than $3.5 billion in 'emergency' funding be spent immediately on securing the border -- rejecting the White House's assertion that enough is being done along the border." The Senators "said 'comprehensive' legislation is dead this year unless the federal government proves that it is serious about enforcing current immigration laws by spending billions along the border." The Times adds, "Although Mr. Bush did not directly address the calls for immediate new spending, he pressed yesterday for a guest-worker program at a naturalization ceremony for three immigrant soldiers at Walter Reed Army Medical Center, saying 'all elements of the problem must be addressed together, or none of them will be solved at all.'"

Hastert Loans Helicopter To Border Patrol Agents. The Washington Times (7/25, Hurt, 88K) reports that House Speaker J. Dennis Hastert traveled to the Southwest over the weekend to survey and "ended up having to loan one of his helicopters to Border Patrol agents who found themselves short-handed." Hastert "was leading a delegation from Congress to a remote outpost in Arizona called Camp Grip when a lone Border Patrol agent called for backup, Mr. Hastert told The Washington Times. The agent had come across fresh tracks crossing the border and a stash of more than 200 pounds of marijuana." Camp Grip "doesn't have a helicopter regularly stationed there. So, agents grabbed machine guns and loaded into one of the four UH-60 Black Hawk helicopters ferrying Mr. Hastert's delegation and flew out to back up the agent."

Flight Returns Illegal Immigrants To Home Countries. A front page story in the Washington Post (7/25, Aizenman, 748K) reports on a DHS deportation flight taking 105 illegal immigrants back to their home countries. While deportation "is a fate that befalls only a fraction of illegal immigrants," such flights "may become commonplace if some of the more restrictive immigration reforms pending in Congress are adopted." The Post adds, "Those who are deported often come to the attention of immigration officials only because they commit a crime. Authorities in the Washington area often wait until they have a critical mass of deportees, then charter a plane to fly them to a detention facility near the U.S. border for final transport to their home countries."

Florida Town Rejects Effort To Crack Down On Illegal Aliens. The New York Times (7/25, Goodnough, 1.21M) reports that the Avon Park City Council in Florida yesterday rejected an ordinance "that would have cracked down on illegal immigrants after one member changed her vote in spite of strong protests. The ordinance, called the Illegal Immigration Relief Act, would have fined landlords $1,000 for every tenant found to be an illegal immigrant, denied city permits, contracts and grants to businesses that employed illegal immigrants and required city documents to be in English only. Mayor Tom Macklin of Avon Park, a city of about 9,000 in Florida's citrus belt, proposed it last month after hearing of a similar plan in Hazleton, Pa. Councilwoman Brenda Gray, who voted for the measure on first reading last month, voted against it on final reading Monday night after a heated public hearing where dozens of residents spoke for and against it."

Dukakis, UCLA Professor Urge Minimum Wage Hike As Illegal Immigration Solution. Former Massachusetts Gov. Michael Dukakis, and Daniel J. B. Mitchell, a professor of management and public policy at the University of California at Los Angeles, writes in the New York Times (7/25, 1.21M), "If we are really serious about turning back the tide of illegal immigration, we should start by raising the minimum wage from $5.15 per hour to something closer to $8. … Once the minimum wage has been significantly increased, we can begin vigorously enforcing the wage law and other basic labor standards." They add, "Millions of

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illegal immigrants work for minimum and even sub-minimum wages in workplaces that don't come close to meeting health and safety standards. It is nonsense to say, as President Bush did recently, that these jobs are filled by illegal immigrants because Americans won't do them. … However, Americans won't work for peanuts, and these days the national minimum wage is less than peanuts."

Avon Park, FL, Poised For Illegal Immigrant Crackdown. The AP (7/25) reports that Avon Park, FL, "would be among the most hostile places in America for illegal immigrants if leaders approve a new ordinance Monday making English the official language and imposing fines on those who offer jobs, services or housing to illegal immigrants." The AP continues, "The Avon Park city council's Illegal Immigrant Relief Act also would prevent those businesses or groups from getting building permits, city contracts or grants." The AP adds, "Immigration activists said the language of the law is so severe that illegal immigrants and their families would flee the agricultural community, killing the area's Hispanic culture. About 20 percent of Avon Park 9,000 residents are Hispanic. … On Sunday, more than 350 protesters showed up to protest the law, and civil rights groups are expected to challenge it in court if it passes. … A similar ordinance was passed earlier this month in Hazleton, Pennsylvania, and a similar measure is being considered in Palm Bay in Brevard County. Lawsuits challenging the Pennsylvania law have already been filed."

TAX:

US Sues Texas Tax Preparer. The AP (7/25) reports, "The Justice Department announced Monday it has filed a lawsuit to stop a Fort Worth man from preparing federal tax returns for others, accusing him of claiming his customers don't have to pay income taxes." The AP continues, "In the civil injunction lawsuit filed Friday, the government claimed Phillip M. Ballard has repeatedly prepared tax returns showing zeros on all lines, claiming his customers aren't subject to federal income taxes because they are citizens of their states, not the United States, according to a news release." The AP adds, 'The complaint, which also alleges that Ballard falsely claims to be an attorney, asks that he be stopped from selling "insurance" promising to protect customers from taxes, penalties and interest. He is accused in the lawsuit of charging $4,500 to $8,000 for such insurance. .. . The lawsuit asks the court to order him to stop representing his customers before the Internal Revenue Service. It also asks Ballard, who uses the business name Asset & IRS Shield Inc., to provide a list of the names, contact information and Social Security numbers of his customers."

IRS Seeks Stricter Disciplinary Rules For Attorneys. The Wall Street Journal (7/25, Matthews) reports, "Sweeping Internal Revenue Service proposals to crack down on malpractice have sparked a fight between tax practitioners and the agency." The Journal continues, "The changes, for the first time, would make public the names of tax attorneys and accountants under investigation for possibly violating rules that such professionals must follow to practice before the IRS. Currently, the names and minimal additional information are made public in the Internal Revenue Bulletin, only after the IRS's Office of Professional Responsibility conducts a formal, closed-door proceeding and a penalty is assessed. … 'You can imagine what would happen if a particular CPA is being charged with an infraction,' said Tom Ochsenschlager, vice president of taxation for the American Institute of Certified Public Accountants in New York. 'Clients probably wouldn't go to him. Professional reputation is all we have to sell.'" The Journal adds, 'The proposals, which could go into effect early next year, reflect the IRS's stepped-up efforts to go after tax professionals who are uninformed, incompetent or peddling fraudulent tax shelters. 'We are recognizing that dealing with abusive transactions means tightening the professional rules,' said Mike Desmond, the tax-legislative counsel at the Department of the Treasury. … The final period for public comment on the proposed rules, which require approval by the Treasury Department, ended in June. While some in the industry have expressed concern that the proposals go too far, tax professionals would be obliged to comply, should the Treasury Department put the changes into effect. Any adjustment to the rules would have to come from the Treasury Department."

"Survivor" Winner Sent To Oklahoma Prison For Tax Evasion Sentence. The AP (7/25) reports, "Richard Hatch has been sent to a federal prison in Oklahoma as he serves a 51-month sentence for failing to pay taxes on the $1 million he won on the debut season of 'Survivor.'" The AP continues, "Hatch, 45, of Newport, Rhode Island, arrived last week at the Federal Transfer Center in Oklahoma City. It was not immediately

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clear why Hatch was moved or whether he will serve out his prison sentence at the facility, which is a hub for prisoners transferring through the federal system." The AP adds, "A federal jury convicted Hatch in January of failing to pay taxes on the "Survivor" prize and other income. He was sentenced in May to 51 months in prison by a judge who said the reality TV star had lied repeatedly on the witness stand. .. . Hatch had previously been held at the Plymouth County Correctional Facility in Massachusetts." The AP notes, "He would prefer to serve his sentence near family in Rhode Island or in Florida, said his lawyer, Michael Minns. … 'He should be in a camp,' Minns said. 'The camps are the most comfortable of the uncomfortable. They are still jails, but they get to see the sky and be outside. It's bad for Richard, who is an outdoor person.'"

GOP Leaders Postpone Vote On Estate Tax. The Wall Street Journal (7/25, Mullins, 2.03M) reports, "In what might be a major blow to efforts to lower estate taxes this year, Republican leaders have decided to put off a vote on the issue until after the August recess, when the legislative calendar will be crowded with other measures." Republicans in the House and Senate "are united in their desire to lower or eliminate the federal estate tax, but when the Senate failed to muster the 60 votes needed to approve legislation this year, the two chambers disagreed on strategy."

WPost Criticizes Proposed State Corporate Tax Break. The Washington Post (7/25, A14, 748K) editorializes, "Do large corporations need another tax break? The House of Representatives seems to think so. It plans this week to take up a measure defining when states can tax companies doing business in their states -- and making it easier for companies to avoid paying state taxes. … This is an unwise shift of resources from state treasuries to corporate bottom lines -- as the National Governors Association put it, 'a federal corporate tax cut using state tax dollars.'" The Post adds, "It makes no sense to require a company that does little business in a particular state to go through the expense and hassle of paying state taxes. At the same time, companies that have significant operations in or economic ties to a state can fairly be asked to pay taxes on the benefits they receive from doing business there. This proposal strikes the wrong balance."

CONGRESS-ADMINISTRATION:

ABA Says Bush Signing Statements Are Unconstitutional. The AP (7/25, Holland) reports, "President Bush's penchant for writing exceptions to laws he has just signed violates the Constitution, an American Bar Association task force says in a report highly critical of the practice." The AP continues, "The ABA group, which includes a one-time FBI director and former federal appeals court judge, said the president has overstepped his authority in attaching challenges to hundreds of new laws." The AP adds, "The attachments, known as bill-signing statements, say Bush reserves a right to revise, interpret or disregard measures on national security and constitutional grounds. … 'This report raises serious concerns crucial to the survival of our democracy,' said the ABA's president, Michael Greco. 'If left unchecked, the president's practice does grave harm to the separation of powers doctrine and the system of checks and balances that have sustained our democracy for more than two centuries.'" The AP notes, "Some congressional leaders had questioned the practice. The task force's recommendations, being released Monday in Washington, will be presented to the 410,000-member group next month at its annual meeting in Hawaii. … ABA policymakers will decide whether to denounce the statements and encourage a legal fight over them."

Specter Bill Would Allow Congress To Sue Over Signing Statements. The AP (7/24, Kellman) reports, "A powerful Republican committee chairman who has led the fight against President Bush's signing statements said Monday he would have a bill ready by the end of the week allowing Congress to sue him in federal court. … 'We will submit legislation to the United States Senate which will...authorize the Congress to undertake judicial review of those signing statements with the view to having the president's acts declared unconstitutional,' Judiciary Committee Chairman Arlen Specter, R-Pa., said on the Senate floor." The AP continues, "Specter's announcement came the same day that an American Bar Association task force concluded that by attaching conditions to legislation, the president has sidestepped his constitutional duty to either sign a bill, veto it, or take no action." The AP adds, "Signing statements have been used by presidents, typically for such purposes as instructing agencies how to execute new laws. … But many of Bush's signing statements serve notice that he

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believes parts of bills he is signing are unconstitutional or might violate national security. … Still, the White House said signing statements are not intended to allow the administration to ignore the law." The AP notes, "Specter's announcement intensifies his challenge of the administration's use of executive power on a number of policy matters. Of particular interest to him are two signing statements challenging the provisions of the USA Patriot Act renewal, which he wrote, and legislation banning the use of torture on detainees."

More Commentary. In an editorial, the New York Times (7/25, 1.21M) says, "The ABA called Mr. Bush's use of presidential signing statements 'contrary to the rule of law and our constitutional system of separation of powers' and recommended that Congress enact legislation clarifying the issue. We agree on both points, even though we fear that if Congress passes a bill, Mr. Bush will simply issue a new signing statement saying he also does not intend to follow it."

PBS Online NewsHour (7/25) featured a discussion of President Bush's use of signing statements. Guests were Bruce Fein, former associate deputy attorney general during the Reagan administration and a member of the ABA's task force, and Christopher Yoo, professor of law at Vanderbilt University." Yoo: "A signing statement is a statement penned by the Justice Department or the White House counsel's office, signed by the president, and issued when a statute is signed into law, which is the last step of making a statute become law. Does it have the authority of law? The answer is: It depends. … I think that in many ways this issue is much overblown. Many parts of a signing statement are completely uncontroversial, many that congratulate supporters or thanks people for their support or explains what the likely impact of the bill is going to be. … Where it gets hard is when a statute is unclear. Everyone agrees that when a statute is completely clear, there is no room for interpretation and everyone, the president, the courts, common citizens alike are under an obligation to follow the law." Fein: "These are not questions of interpreting ambiguous statutes; it's a question of the president unilaterally declaring that provision he has just signed into law is unconstitutional and that he won't enforce it. … The Constitution envisioned the president use his veto power if he thought the Congress was overstepping its bounds, and then Congress could override the veto or Congress could delete the offending provision, but that was what the Constitution envisioned."

Snow Retracts Comment On Bush Stem Cell Research Position. USA Today (7/25, 2.27M) reports, "White House spokesman Tony Snow apologized Monday for having 'overstated the president's position' by suggesting that President Bush believed stem cell research amounted to murder. 'He would not use that term,' Snow said. 'He does have objections with spending federal money on something that is morally objectionable to many Americans.'" In defending "Bush's veto of legislation to expand federally financed research on stem cells obtained from unwanted embryos, Snow said last week that the president 'believes strongly that for the purpose of research it's inappropriate for the federal government to finance something that many people consider murder.'"

The New York Times (7/25, 1.21M), in a brief report, says Snow's original remark "created a storm on Capitol Hill, where supporters of stem cell research argued that if Mr. Bush believed destroying embryos was murder, he should prosecute fertility clinics." Snow said yesterday, ""I will go ahead and apologize for having overstated, I guess, overstated the president's position."

The Washington Post (7/25, A7, Baker, 748K) headlines its story "White House Softens Tone On Embryo Use," and reports Snow was "reversing its description" of Bush's position." The Post adds, "The shifting terminology underscored the sensitivity of the issue, especially heading into midterm elections."

States To Fund Stem Cell Research. The New York Times (7/25, Rudoren, 1.21M) reports, "Bush's veto of legislation to expand federally financed embryonic stem cell research has had the unintended consequence of drawing state money into the contentious field and has highlighted the issue in election campaigns across the country. Two governors seized the political moment Thursday, the day after the veto, to raise their ante for stem cell research." Gov. Arnold Schwarzenegger of California, "a Republican who helped Mr. Bush win a second term but has long disagreed with him on this research, cited the veto as he lent $150 million from the state's general fund to pay for grants to stem cell scientists." In Illinois, Gov. Rod R. Blagojevich, "a Democrat opposed to most every White House initiative, offered $5 million for similar grants in his state. … Several other governors, including one Republican, M. Jodi Rell of Connecticut, denounced the president's veto, his first, in a sign of the political potency of the stem cell debate."

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NRLC Lowers Ratings Of Members Who Backed Stem Cell Research. In its "Washington Wire" column on its web site, the Wall Street Journal (7/24, 2.03M) reported, "Eleven Republican senators who started last week with perfect scores from the National Right to Life Committee Inc. saw them drop to 50% because they supported broader embryonic stem-cell research. Among them: Sens. McCain, Lott, Frist and Hatch. … The senators will have the chance Tuesday to raise their scores with a vote to strengthen states' parental consent laws."

Catholic Group Urges Candidates To Return Cash From Research Backers. The New York Times (7/25, Strom, 1.21M) reports, "The Missouri Catholic Conference is urging candidates for state offices to return contributions from a nonprofit organization that advocates for stem cell research and other medical analysis and testing." The request "has inspired a complaint to the Internal Revenue Service, arguing that it violates prohibitions on political activity by nonprofit organizations. 'It constitutes illegal political interference,' said Marcus S. Owens, a tax lawyer, who filed the complaint on behalf of a client he declined to identify."

EU To Fund Stem Cell Research. The Financial Times (7/25, Laitner, Cookson) reports, "The European Union on Monday agreed to allow funding for human embryonic stem cell experiments after member states compromised on the way the research is financed." The decision "comes a week after…Bush angered the research community by vetoing an expansion in federal funding for stem cell science in the US."

Most States Failed To Meet NCLB Requirements On Teacher Qualifications.

The New York Times (7/25, Dillon, 1.21M) reports, "Most states failed to meet federal requirements that all teachers be 'highly qualified' in core teaching fields and that state programs for testing students be up to standards by the end of the past school year, according to the federal government. The deadline was set by the No Child Left Behind Act, President Bush's effort to make all American students proficient in reading and math by 2014. But the Education Department found that no state had met the deadline for qualified teachers, and it gave only 10 states full approval of their testing systems." Secretary of Education Margaret Spellings "has toughened her stance, leaving several states in danger of losing parts of their federal aid." In the past few weeks, Ms. Spellings has flatly rejected as inadequate the testing systems in Maine and Nebraska. She has also said that nine states are so far behind in providing highly qualified teachers that they may face sanctions, and she has accused California of failing to provide federally required alternatives to troubled schools. California could be fined as much as $4.25 million."

AEI Scholar Calls NCLB "Disaster For Federalism." In an op-ed in the Wall Street Journal (7/25, 2.03M), Charles Murray, W.H. Brady Scholar at the American Enterprise Institute, writes that the No Child Left Behind Act "takes a giant step toward nationalizing elementary and secondary education, a disaster for federalism. … The one aspect of the act that could have inspired enthusiasm from me, promoting school choice, has fallen far short of its hopes." The federal government "is doling out rewards and penalties to school systems across the country based on changes in pass percentages. It is an uninformative measure for many reasons, but when it comes to measuring one of the central outcomes sought by No Child Left Behind, the closure of the achievement gap that separates poor students from rich, Latino from white, and black from white, the measure is beyond uninformative. It is deceptive."

With Democrats Expected To Filibuster, Prospects For Bolton Confirmation Unclear.

Roll Call (7/25, Stanton) reports, "Despite jubilation within conservative ranks following last week's announcement that Sen. George Voinovich (R-Ohio) would support President Bush's nomination of John Bolton to remain U.S. ambassador to the United Nations, it remains unclear whether Majority Leader Bill Frist (R-Tenn.) will be able to muster enough support to break an expected Democratic filibuster, Senate aides on both sides of the aisle said." Although "Republicans hope to wrap up the nomination before the August recess," they "acknowledge privately that the full Senate is unlikely to consider Bolton before September." Roll Call adds, "While Democrats are expected to try to stall the nomination, one GOP aide noted it would be difficult to move the nomination so quickly, even without the specter of Democratic blockade."

Activists To Call For Cloture Vote On Boyle.

The Hill (7/25, Bolton) reports, "Manuel Miranda, chairman of the Third Branch Conference, a coalition of conservative groups active on judiciary issues, said that he and his allies will press Republican senators to circumvent Senate Majority Leader Bill Frist (R-Tenn.) if he does not schedule a vote on

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4th Circuit nominee Terrence Boyle before the August recess." Miranda, "Frist's former counsel in charge of plotting strategy on judicial nominees, said that if 16 senators sign a cloture petition on Boyle's nomination they could force a floor vote since the Judiciary Committee has already discharged the nomination. He said that several Senate leadership aides have been informed of the plan." But "a Senate leadership aide said a cloture petition would not be practical for forcing a floor vote if Frist objects. The aide said senators could only force a vote if Boyle's nomination were already pending on the floor, adding that it's the majority leader's prerogative to call up a nomination."

Negotiators Near Deal On Pension Reform Legislation. The Wall Street Journal (7/25, Solomon, 2.03M) reports, "Congressional negotiators are expected to agree this week on a bill to shore up the private pension system." Lawmakers "still are wrangling over some details, including how much latitude to give financial-services firms that want to offer investment advice and how much relief from pension funding rules to give airlines." The Journal adds, "Overall, the long-awaited package is expected to boost employer contributions to underfunded pension plans, freeze pension benefits at poorly funded plans and make it more expensive for companies to terminate their pensions and dump them on the federal government." But "lawmakers are still in disagreement over how far to go in lifting conflict-of-interest provisions on the type of financial advice that Wall Street can provide to 401(k) participants and those with individual retirement accounts."

Large Number Of Surprise Trips By Administration Officials Noted. The Washington Post (7/25, C1, Copeland, 748K) notes that President Bush and top Administration officials "tend to make a lot of unannounced trips these days. It has gotten to the point where it would be a surprise if the Bush administration didn't make a surprise visit every few months. … Security is the primary reason these visits are kept secret, but this secrecy also has the effect of lending cloak-and-dagger drama to the whole affair." The Post adds, "It is appreciably more difficult to pull off the same trick many times on a diplomatic stage, which may help explain why Rice's trip to Beirut yesterday seemed to fall a bit flat, theatrically speaking. … If you want to surprise people over and over, you must do it differently each time."

Earmarks Said To Be Ingrained In Hill Culture. The Christian Science Monitor (7/25, Chaddock, 58K) reports that "the practice of targeting spending to specific projects - known inside the Beltway as earmarks -- is ingrained in Capitol Hill culture. This year, though, earmarks are embroiled in controversy surrounding legislators' relationships with lobbyists. Several lawmakers have forsworn earmarks and want their colleagues to do the same." The "expansion of the pork barrel is startling: Earmarks added to spending bills totaled $3.1 billion in 1991, compared with a record $29.3 billion in fiscal year 2006, according to Citizens Against Government Waste."

Alaskans Divided Over "Bridge To Nowhere.". The Christian Science Monitor (7/25, Rosen, 58K) examines the so-called "bridge to nowhere" project in Alaska. The Monitor notes, "Even in Alaska, which leads the nation in per-capita pork-barrel spending, locals were divided over the merits" of the project. A December survey of Anchorage residents found that "46 percent opposed the Knik Arm Crossing, while 44 percent favored it. When told that the earmark was removed and that the state could spend the money on any transportation project, a stronger majority - 56 percent - wanted to use the money elsewhere." Supporters "defend the bridge as economically vital to Anchorage and the Matanuska-Susitna Borough, the fastest-growing district in Alaska. Alaska has as much right to a large bridge as any other state, they say. … Alaska's veteran Sen. Ted Stevens (R), a legend for his ability to funnel federal funds home, has argued that critics fail to grasp the bridge's historic mission."

Dionne Says Republican Incumbents Stressing Ability To Deliver Pork. E.J. Dionne writes in the Washington Post (7/25, A15, 748K) that Republican incumbents around the country "are talking up how they brought big government's largess to their constituents. It doesn't matter that they claim to be against that very same big government. Faced this year with a choice between running on their party's record and delivering pork, they'll take pork. That means that some incumbent Republican senators are acting as if they were seeking reelection for governor -- or even mayor." Dionne adds, "Okay, all incumbents brag. But from Craney Island, Va., to Cedarville, Ohio, to Pompey's Pillar in Montana, most Republican senators in tight races want to get your mind off that irrelevant stuff -- you know, President Bush, Iraq, the deficit, oil prices -- and on to those nice little things they've gotten that terrible, horrible, no good, very bad big government to do for you. And if you can forget just this

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once that they're Republicans and instead see them as, say independent fighters, that would be nice, too."

First Lady Urges Lawmakers To Join "Big Read" Program. First Lady Laura Bush is encouraging lawmakers to get their districts to apply for the $10,000 to $20,00 grants being awarded to 120 cities as part of the National Endowment for the Arts "The Big Read" program. Roll Call (7/25, Schmidt) reports that Mrs. Bush is honorary chairwoman of the program that "sets out to change the way increasingly literature-shy Americans think about reading." The program "brings together many community institutions -- including schools, churches, workplaces, jails and even pubs -- to get one city reading the same book. Cities chose between Zora Neale Hurston's 'Their Eyes Were Watching God,' Harper Lee's 'To Kill a Mockingbird,' Ray Bradbury's 'Fahrenheit 451' and F. Scott Fitzgerald's 'The Great Gatsby.'"

Rove, Albright Appear For Jury Duty At DC Courthouse. The Washington Post (7/25, C3, Argetsinger, Roberts, 748K) reports in its "The Reliable Source" column that Deputy White House Chief of Staff Karl Rove and former Secretary of State Madeleine Albright appeared for jury duty yesterday at DC Superior Court. The Post adds, "Once in the courtroom (a cocaine distribution case), Rove was quickly excused, prompting a wave of huffy our jobs are as important as his! whispers." Albright "hasn't been dismissed yet."

Graduate Student Calls For Federal Need-Based Grant Program. Sui Lang Panoke, a first-year graduate student at American University working toward a master's degree in public administration, writes in the Washington Post (7/25, A15, 748K), "Is access to graduate education in America exclusively for the upper class? As a first-year graduate student struggling to make ends meet, I believe the answer is yes. In my experience, searching for funding to pay the extensive costs of my higher education has been an upward climb leading only to dead ends." Panoke adds, "We are failing to redistribute the wealth in America, and the divide between the upper and lower classes is widening. It's clear that a federal need-based grant program for graduate students must be created. … Money invested in graduate education will benefit the government by improving the quality of life for citizens. And students from low socioeconomic levels of the society will have a better shot at achieving the American dream."

WSJournal Says Sarbanes Responsible If GSE Reform Does Not Pass. An editorial in the Wall Street Journal (7/25, 2.03M) says "Democrats have discovered the virtues of forbearance. Or at least they have on reforming Fannie Mae and Freddie Mac, the 'government-sponsored enterprises' responsible for some $16 billion in mistaken or fraudulent accounting in recent years." The "rich in Washington" main political protector at the moment "is none other than Senator Paul Sarbanes." When it comes to "reforming the demonstrably culpable Fannie and Freddie, Mr. Sarbanes has refused to lend a hand to Banking Chairman Richard Shelby. If a bill fails to pass the Senate this year, Mr. Sarbanes will be the reason." The GSEs are "creatures of Congress and as such have long been sources of campaign cash and political support for Members, who don't want to lose their cash cows by subjecting them to normal market discipline."

WSJournal Criticizes Efforts To Block Increase Of DC Voucher Program Income Cap. An editorial in the Wall Street Journal (7/25, 2.03M) says that President Bush's remarks to the NAACP on parental choice in education "come amid a political effort by opponents of choice to undermine a fledgling school-voucher pilot program that's helping more than 1,600 low-income kids in Washington, D.C., get a decent education." But, hundreds of DC schoolchildren "are bumping up against the income cap and are in danger of 'earning out' of the program" because their parents' income exceeds the cap. Sens. Sam Brownback and Mary Landrieu introduced a provision to the DC Appropriations bill that would "lift the threshold to 300% (from 200%) for students already in the program who want to remain." But, in a letter to Brownback and Landrieu, DC Del. Eleanor Holmes Norton "fretted that this 'substantial increase in the income limit' would risk displacing 'genuine hardship cases.'" It "doesn't seem to matter to opponents of school choice that kids forced to leave the program could return to some of the District's worst public schools, which also happen to be some of the worst in the nation."

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OTHER NEWS:

Clinton-Era Treasury Chiefs To Highlight Wage Growth Data. The Financial Times (7/25, Luce, Guha) reports, "Larry Summers, the last Treasury secretary of the Clinton administration, will on Tuesday join Robert Rubin, his immediate predecessor, in a high-profile drive to highlight stagnation in wage growth for the majority of workers in the US economy." The issue, which "is starting to catch fire among a number of prominent US groups, including the prestigious Brookings Institution, host of Tuesday's event, challenges the administration's argument that the strong US economy has benefited all Americans." The US "is now in its fifth year of growth since the last recession. Yet median weekly earnings (wage earners who are at the 50th percentile of income distribution, with half the workforce earning more and half less) have fallen by 3.2 per cent in real terms since the start of the recovery in October 2001." Similarly, average hourly earnings "for non-managerial workers have fallen by 0.6 per cent since the last quarter of 2001, according to the US Bureau of Labour Statistics. This contrasts with previous US recoveries, in which wage growth started to overtake inflation at a much earlier stage in the cycle."

Stocks Up Yesterday. NBC Nightly News (7/24, story 8, 0:10, Williams, 9.87M) reported, "On Wall Street today, stocks closed sharply higher, the Dow up nearly 183 points [to close at 11,051.05]. Nasdaq was up more than 41 [to close at 2,061.84]." The CBS Evening News (7/24, story 4, 0:10, Schieffer, 7.66M) also noted the stock numbers, remarking, "Stock market's off to a good start this week." USA Today (7/25, 2.27M), meanwhile, reports the Standard & Poor's 500 index also "climbed 20.62 points, or 1.7%, to 1260.91."

Conservatives Say "Values" Votes Rejuvenating GOP Base. The Washington Times (7/25, Fagan, 88K) reports that come conservative activists say the GOP base is being rejuvenated "by a flurry of congressional action on 'values' issues such as marriage safeguards, flag protection and abortion restrictions, as well as President Bush's veto last week of stem-cell legislation. … Conservative leaders are encouraged. They say their key issues were sidelined after conservatives helped President Bush win re-election and the Republican Party keep control of Congress in 2004." Democrats "note that nationwide polls show the top concerns of Americans are the war in Iraq, terrorism, immigration, the economy and gas prices. They are highlighting these issues as part of an election-year strategy and arguing that Republicans are out of touch."

Lawmakers From Districts With Military Ties Among War's Most Vocal Critics. USA Today (7/25, Kiely, 2.27M) reports, "Some of the most pointed critiques of the administration's policy in Iraq are coming from lawmakers who represent constituencies with close ties to the military. Their criticism underscores how widespread concerns about the war have become, even in areas where support has been strong for President Bush or the troops." War critics from such districts Pennsylvania Rep. John Murtha, North Carolina Rep. Walter Jones, Minnesota Rep. Gil Gutknecht and Sen. Robert Byrd of West Virginia. A chart accompanying this story shows support for President Bush in the 2004 election in the districts of lawmakers who have challenged the Administration's Iraq policies.

Photo Finish Expected In OK5 GOP Primary. Roll Call (7/25, Drucker) reports, "A photo finish is expected today in Oklahoma's 5th district Republican primary, with Lt. Gov. Mary Fallin predicted to advance to an Aug. 22 runoff against either state Corporation Commissioner Denise Bode or Oklahoma City Mayor Mick Cornett." Turnout "could be the key to victory in the crowded six-candidate field to replace Rep. Ernest Istook (R)." Roll Call adds, "Surgeon David Hunter and teacher Bert Smith are running for their party's nod in the 5th district Democratic primary. But the heavily Republican, Oklahoma City-area seat is considered safe for the GOP and unlikely to flip come November."

Ney Forgoes Paying Legal Fees To Fund Reelection Effort. In its "Washington Wire" column on its web site, the Wall Street Journal (7/24, 2.03M) reported, "Though under the gun in the Abramoff lobbying scandal, Rep. Bob Ney (R., Ohio) has decided to devote most of his money to running for re-election this year and leave his legal bills mostly unpaid until later. Mr. Ney's lawyer said last week that the Republican lawmaker 'needs money for his campaign and that's a priority right now. He intends to pay. He'll pay his fees. I have no doubt about that.'"

Clinton Outlines Democratic Agenda At DLC Summer Meeting. The Washington Post (7/25, A3, Balz, 748K) reports that in the keynote address at the

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Democratic Leadership Council's summer meeting, Sen. Hillary Clinton yesterday "accused Republicans under President Bush of economic mismanagement and favoring the rich." Clinton "outlined a Democratic campaign agenda of tax breaks and incentives designed to make the costs of health care, college and retirement more affordable for millions of Americans." The agenda "represents a renewed effort by Democrats to attract middle-class voters, some of whom shifted to the Republicans in 2002 and 2004 over concerns about national security and terrorism. But the ideas also could form the backbone of Clinton's campaign message in 2008 if she decides to run for president, as many Democrats expect."

The Los Angeles Times (7/25, Barabak, 918K) reports that highlights of the agenda "included proposals to make college tuition and home-buying more accessible, expand the availability of healthcare, and provide greater retirement security -- all leavened with a smidgen of Bush-bashing."

In an exclusive on its web site, Time (7/24, Tumulty, 4.03M) reported, "The initiative, summarized in a 20-page booklet, is a collection of proposals aimed squarely at the middle class, offering relief in the areas that Americans say are their greatest domestic concerns: education, home ownership, health care, retirement security. They are variations on many of the programs that were hallmarks of Bill Clinton's presidency. But if there was a chance that any of it would sound fresh, that died the moment Hillary Clinton announced: 'It's the American dream, stupid.' Maybe that's why the speech, even with this audience, got little more than dutiful applause."

Bill Clinton Campaigns For Lieberman. NBC Nightly News (7/24, story 6, 2:35, Williams, 9.87M) reported on "a political rescue mission by a former President of the United States for a fellow Democrat who may lose his job over an issue that has divided this nation – the war in Iraq." NBC (Reid) added, "Democratic Senator Joe Lieberman calls it the fight of his political life; today in his corner, the top heavyweight of the Democratic Party." Former President Bill Clinton: "Go out an elect Joe Lieberman! He's earned it! He's been a good Democrat, he's a good man, and he'll do you proud!" Reid: "Clinton's rescue mission comes as Lieberman is under attack from anti-war Democrats, furious over his support of the Iraq war." The endorsement "is a big deal for Joe Lieberman. After all, the former President is still enormously popular here in Connecticut, but it's an endorsement that comes with a big condition. If Lieberman loses the Democratic primary and runs as an independent, Clinton says he'll withdraw his support and endorse Lamont, another twist in a 36-year relationship of two strange political bedfellows, a history that includes Lieberman's angry response to the Monica Lewinsky scandal."

The Washington Post (7/25, A3, Broder, 748K) reports that Clinton "headed a rescue effort disguised as a rally." With polls "showing him no better than even with Lamont," Lieberman "turned to his old friend Clinton for help." During the rally, Lieberman "did not mention Iraq or his support for the war, and Clinton touched only lightly on what he referred to as 'the pink elephant in the room.' Clinton made no effort to support Lieberman's view; instead he said that Democrats should bear no blame for 'the mistakes that were made after the fall of Saddam Hussein' and added: 'We can disagree on what we do next...but we can fight together and we can go forward together.'"

Santorum Campaign Has Paid Senate Aides Over $82,000 Since Beginning Of 2005. A review of Sen. Rick Santorum's campaign finance records show that his campaign and PAC have paid a dozen members of his personal and leadership staff over $82,000 since the beginning of 2005. Roll Call (7/25, Stanton) reports that the payments include "more than $42,000 to Senate Republican Conference Staff Director Mark Rodgers and more than $24,000 to Conference and personal office spokesman Robert Traynham." Santorum's campaign committee, and his America's Foundation PAC "have paid 12 members of his personal staff and the GOP Conference for a variety of activities, ranging from reimbursements for meals and travel expenses to 'political consulting fees,' in addition to being actual paid members of his campaign staff. … Santorum's staff continues to draw federal paychecks, although Santorum has reduced their salaries to reflect the reduction in time they spend on Senate business as a result of their campaign work."

Unidentified GOP Senate Candidate Opposes Many GOP Policies. The Washington Post (7/25, A2, Milbank, 748K) reports in its "Washington Sketch" column, "The candidate, immersed in one of the most competitive Senate races in the country, sat down to lunch yesterday with reporters at a Capitol Hill steakhouse and shared his views about this year's political currents. … It's

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all fairly standard Democratic boilerplate -- except the candidate is a Republican . And he's getting all kinds of cooperation from the White House, the Republican National Committee and GOP congressional leaders." The candidate "gave the luncheon briefing to nine reporters from newspapers, magazines and networks under the condition that he be identified only as a GOP Senate candidate. When he was pressed to go on the record, his campaign toyed with the idea but got cold feet. He was anxious enough to air his gripes but cautious enough to avoid a public brawl with the White House."

Wexler Jokes About Cocaine During Colbert Interview. The AP (7/25) reports, "Democratic Rep. Robert Wexler says he was just playing along with the joke when comedian Stephen Colbert prodded him in an interview to say: 'I enjoy cocaine because it's a fun thing to do.'" Wexler "appeared on Colbert's Comedy Central show and was asked to say a few things that would 'really lose the election for you if you were contested.' Colbert asked the congressman to complete this sentence: 'I enjoy cocaine because ...'" A "follow-up in the complete-the-sentence questioning led to this comment: 'I enjoy the company of prostitutes for the following reasons...because it's a fun thing to do. If you combine the two together, it's probably even more fun.'" Wexler "told The Associated Press he was fully aware of what was happening in the interview and had no regrets."

Maryland Senate Candidate Paid Recovering Drug Addicts To Attend Campaign Rally. The Washington Times (7/25, Ward, 88K) reports that Maryland Democratic Senate candidate Josh Rales "paid a drug-treatment center in Baltimore to drive its recovering addicts to last week's debate in College Park, where they held signs supporting his campaign. About 20 patients from the I Can't, We Can (ICWC) drug-treatment and counseling center in northwest Baltimore attended the debate, said Adrian Harpool, president of the 21st Century Group, a Baltimore public-relations firm hired by the Rales campaign to recruit volunteers." He Times adds, "Using recovering addicts as campaign supporters does not appear to be illegal, said a spokeswoman for the Federal Election Commission (FEC). Kelly Huff said campaigns can use their money for 'pretty much any lawful purpose as long as it relates to the campaign.'"

Wickham Says House Democratic Criticism Of GOP May Yield Benefits. DeWayne Wickham writes in USA Today (7/25, 2.27M) that House Minority Leader Nancy Pelosi "knows that Democrats have to get voters to focus on national issues if they are to have a chance of winning enough seats to take control of the House. … So instead of pushing their ideas for the management of this nation, Democrats spent much of the past two years knocking what Republicans did — from efforts to privatize Social Security, to the mishandling of Hurricane Katrina relief, to the war in Iraq. And if the polls are right, that might prove to be a good strategy." Democrats "appear to have a good chance of winning control of the House. Democrats will have a tougher time gaining control of the Senate in November."

Rice Makes Surprise Trip To Beirut. Secretary of State Condoleezza Rice made an unannounced visit to Beirut Monday to meet with Lebanese officials and show US solidarity with the Lebanese people. The trip received extensive media coverage, both TV and print. Media characterization of the trip was mixed, with most reports giving prominence to Rice's rebuff of Lebanese Prime Minister Fouad Siniora's call for an immediate ceasefire and her "tense" meeting with Hezbollah ally Nabih Berri.

Much of the TV reporting describes Rice's trip as a reaction to accusations that the US is not taking strong action to end the Middle East standoff. NBC Nightly News (7/24, lead story, 4:00, Mitchell, 9.87M), for example, reported, "After criticism that the United States was not fully engaged enough, US officials say tonight that Secretary of State Rice's surprise visit to Beirut puts the US firmly, squarely in the picture leading the diplomacy." Rice: "I wanted this to be my first stop here in Lebanon to express our desire to urgently find conditions in which we can end the violence and make life better for the Lebanese people." The CBS Evening News (7/24, lead story, 4:20, Schieffer, 7.66M) said, "Lebanese officials describe the meetings as tense."

Meanwhile, ABC World News Tonight (7/24, lead story, 3:25, Gibson, 8.78M) reported Rice "offered sympathy. She offered humanitarian aid. She did not offer hope that the fighting might end soon." ABC (Stephanopoulos) added Rice pressed "Lebanese parliamentarians with close ties to Hezbollah to accept a peace plan that will require Hezbollah to return Israeli Prisoners and pull back from the Israeli border, before a formal cease-fire, enforced by international peacekeepers. A point reinforced at the White House." White

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House Press Secretary Tony Snow: "A cease-fire, at this point, is unenforceable. It does not really get us the point we need to be at. You simply don't want to go there."

CNN's The Situation Room (7/24, Robertson) reported Rice's proposal "essentially is an all in one cease-fire, immediately followed by Hezbollah being disarmed, pulling back into the north of the country and an international force being put into the buffer zone. The prime minister didn't react to that particular proposal apart from saying that the Lebanese want the Sheba Farms, a contested area with Israel, returned to Lebanon."

CNN's The Situation Room (7/24, Blitzer) also said Rice billed the trip "as a show of support for the Lebanese people in this time of crisis," while Fox News' Special Report (7/24, Rosen) reported that in Beirut, Rice "received a warm public welcome from the Prime Minister," but "reception from other Lebanese politicians was decidedly chilly."

Accounts of Rice's trip on print media were markedly more negative than TV reports. Typical of the tone of newspaper reporting is the New York Times (7/25, Cooper, Mouawad, 1.21M), which reports Rice "got an earful everywhere she went," adding that "clearly the Lebanese people, from Prime Minister Fouad Siniora down, are angry at Israel and at America for its support of Israel." The AP (7/25, Shrader) says Rice "disappointed Lebanese leaders," while the Financial Times (7/25, Biedermann, Morris) reports that Beirut political sources said "the talks had not gone well."

The Washington Post (7/25, A1, Wright, Wilson, 748K) reports Rice "outlined a plan Monday to deploy an international force, possibly led by NATO, in a buffer zone just inside Lebanon for 60 to 90 days, after which it would expand its mission to help the Lebanese army regain control of the south, Lebanese and US officials said." But Rice's plan "to end the conflict, prop up the Lebanese government and weaken Hezbollah was greeted with skepticism" by Siniora, "as well as Lebanon's top elected Shiite official and other leaders." Moreover, the New York Times (7/25, Cooper, Mouawad, 1.21M) says the "tight script of the five-hour visit to Beirut highlighted the tension."

The Chicago Tribune (7/25, Sly, Simpson, 623K) reports "neither a cordial meeting" with Siniora "nor a testier meeting" with Berri "produced agreement." Instead, the Lebanese politicians "said Rice's statements suggested there was little likelihood of an early end to the conflict, and expressed regret that she did not endorse a ceasefire." USA Today (7/25, 1A, Stone, Page, 2.27M) says a Hezbollah member "of the Lebanese Cabinet, Tarrad Hamadeh, told the Al-Arabiya satellite channel after Rice left the country that she came to force the Lebanese into 'submission' to US demands 'or else you have a war for two more weeks.'" The Washington Times (7/25, Mitnick, 88K) reports the story under the headline "Rice Offers Aid, Little Else To Lebanon," and Los Angeles Times (7/25, Ellingwood, Richter, 918K) runs a similar report.

US Pledges $30 Million For UN Humanitarian Mission In Lebanon. USA Today (7/25, 1A, Stone, Page, 2.27M) reports, "U.S. humanitarian aid will begin arriving in Lebanon today, White House spokesman Tony Snow said in Washington. It includes $30 million, 100,000 medical kits, 20,000 blankets and 2,000 plastic sheets to use as shelter. Thousands of Lebanese have been displaced." The Wall Street Journal (7/25, Solomon, King, 2.03M) says the US made the announcement "seeking to gain the diplomatic initiative and blunt accusations of being overly partial to Israel."

Jordan, Egypt, Saudi Arabia Says Rice Is Not Welcome. CNN's The Situation Room (7/24, King) reported, "There will be no high level US negotiations, conversations with Syria right now. This isn't traditional shuttle diplomacy in that she's not going leave Jerusalem here and go back to Beirut, or leave Jerusalem and go to another Arab capital." Traditionally "a US secretary of state would go to Jordan or go to Egypt, or go to Saudi Arabia or all three of those moderate Arab allies. All three sent word to the White House, Secretary Rice is not welcome, unless she is prepared to change her position and call for an immediate Israeli cease-fire. So one of the reasons you won't see shuttle diplomacy, there aren't many places for her to shuttle to."

US Strategy Of Relying On Proxies To Communicate With Syria Questioned. The Christian Science Monitor (7/25, LaFranchi, 58K) reports that although American officials "consistently point to Syria as a key player in the Middle East crisis, Secretary of State Condoleezza Rice pointedly won't be stopping in Damascus on her current trip to the region." It is "Syria that Ms. Rice and other US officials say 'knows what it needs to do' in this crisis. That means stopping its arms supply line to Hizbullah's military wing, and pressuring Hizbullah's leaders (some of whom live in Damascus) to give up abducted Israeli soldiers and cease the shelling of Israeli territory." But rather than "delivering that message itself to Damascus - an Arab capital that has had no

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American ambassador for more than a year - Washington is turning to its closest Arab partners to carry its message."

Countries Not Eager To Contribute Troops For International Military Force. The New York Times (7/25, Sciolino, Erlanger, 1.21M) reports that while "support is building quickly for an international military force to be placed in southern Lebanon," the US has "ruled out its soldiers' participating, NATO says it is overstretched, Britain feels its troops are overcommitted and Germany says it is willing to participate only if Hezbollah, the Lebanese militia that it would police, agrees to it, a highly unlikely development." There has been "strong verbal support for such a force in public, but also private concerns that soldiers would be seen as allied to Israel and would have to fight Hezbollah guerrillas who do not want foreigners, let alone the Lebanese Army, coming between them and the Israelis."

Crisis Could Weaken Coalition Opposed To Iranian Nuclear Program. The Washington Times (7/25, Stuhldreher, 88K) reports analysts said "Iran's suspected support for the recent Hezbollah attacks on Israel could undo the international community's solidarity over Iran's nuclear program." Brookings Institution fellow Kenneth Pollack said, "The international community put Iran in a difficult situation by coming together like it hadn't before on the nuclear issue in recent months. But the longer the conflict in Lebanon is strung out, the more likely it is that the coalition could be weakened."

Blair "Impatient" With US Response. ABC World News Tonight (7/24, lead story, 3:25, Stephanopoulos, 8.78M) reported, "Pressure for a cease-fire is building across the Arab world. Even President Bush's close ally, Tony Blair, signaled some impatience with America's go-slow strategy." Tony Blair British Prime Minister: "I hope, at some point, in the next few days, we can say very clearly what our plan to bring about such cessation of hostilities."

Reid, Biden Say Rice Visit Is Not Enough. CNN's The Situation Room (7/24, Blitzer) reported, "Some senators don't think Condoleezza Rice is enough. Harry Reid and Joe Biden sent President Bush a letter last Friday calling for a special envoy to be named to the Middle East. They say this person could then work behind the scenes with Egypt, Saudi Arabia, Jordan and our European allies to stabilize Lebanon and implement UN Resolution 1559, which calls for the complete disarming of Hezbollah. The letter also called for the establishment of an interim international stabilization force for southern Lebanon, ideally led and manned by European nations, not the United States. Biden and Reid accused President Bush of not having a comprehensive diplomatic strategy to deal with the current crisis in the Middle East. They say a brief visit by Secretary Rice is inadequate and that a 'sustained involvement' is what is needed."

Issa Says Rice Must Help Develop An End Game. Rep. Darrell Issa said on CNN's The Situation Room (7/24), "I must say that I see a lot of good coming out of this. The dismantling of major capabilities of Hezbollah is a good thing for Lebanon. Where I have some concerns is that I'm not sure Israel has an end game yet. This is part of what Secretary of State Rice has to do, is be part of bringing an end game." Issa added, "Hezbollah is a cancer on Lebanon. And, as much as the Lebanese people are suffering, they are also benefiting by the reduction in Hezbollah's power on the streets in Beirut."

Rice Trip Met With Complaints From Lebanese-Americans In Ireland. The New York Times (7/25, Cooper, Mouawad, 1.21M) reports "the complaints began even before" Secretary Rice "arrived in Beirut. During a refueling stop in Shannon, Ireland, an under secretary of state, Karen Hughes, was sitting at a bar with other administration officials and a few reporters when a group of Lebanese-Americans recognized her and approached." They said "the plane American officials had put them on to return home had broken down on the runway in Shannon. They said they had been at the airport for more than 24 hours and had been traveling for five days without showers, and eating airport food. They said they were exhausted." Hughes apologized and "promised to try to help. Within a few minutes a United States Embassy official, who was at the airport to look after Ms. Rice's plane, was dispatched to find hotel rooms for the Lebanese-Americans."

Most Americans Blame Hezbollah, But Say Israel Has Gone Too Far. USA Today (7/25, 1A, Stone, Page, 2.27M) reports that in a USA TODAY/Gallup Poll, "most Americans say they blame Hezbollah for the crisis, but half also say Israel has 'gone too far' in responding." The poll finds the public "deeply pessimistic about the prospects for peace in the region and worried about the conflict ensnaring the United States." More than half "blame Hezbollah 'a great deal' for the crisis; just 15% blame Israel a great deal. Still, while one-third say all of Israel's actions are justified, half say Israel was justified but has now 'gone too far.'"

Morris Says Middle East Violence Will Help Bush's Poll Numbers. Dick Morris said on Fox News' The O'Reilly

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Factor (7/24) that the violence in the Middle East will help President Bush in the polls but will not "necessarily carry through to November. I remain pessimistic about Bush's chances of hanging onto Congress. But I think clearly within this three or four-week window, his poll ratings which were descending into the netherworld will come up into the 40's. Because he is so good at handling these crises and it is so evident to the American people that he is strong and the Democrats are not. Remember, the American voters now hate the terrorists just as much as the Israelis do. It's a common cause situation. And when Dean and Kerry and Biden -- more Dean than Kerry -- criticize what Bush is doing or knock it or say this wouldn't have happened under us, the American public sees that as siding with the terrorists."

Israeli Ground Troops Push Deeper Into Lebanon. The Chicago Tribune (7/25, Greenberg, Simpson, 623K) reports Israeli armored and infantry forces "pushed deeper into southern Lebanon on Monday, setting off the heaviest battles yet with Hezbollah guerrillas as U.S. Secretary of State Condoleezza Rice launched a diplomatic mission to the troubled region." Lebanese officials "expressed deep disappointment that the U.S. would not push for a quick halt to the fighting, even as the Israelis significantly expanded their ground advance into southern Lebanon with the aim of dislodging Hezbollah from villages and positions facing Israel." As the Shiite guerrillas "fought back with mortars, mines and anti-tank rockets, the Israeli army said two of its soldiers had been killed and 14 wounded, some from friendly fire. The guerrillas suffered dozens of casualties, among them several dead."

ABC World News Tonight (7/24, story 3, 2:15, Sciutto, 8.78M) reported, "We watched Israeli forces in action today. And as soon as they crossed that border, which runs just a couple hundred yards behind me here, they run into severe resistance. This is the rhythm of the fighting on the Israeli Lebanese border. Israeli tanks and soldiers storm in. Hours later, they come out exhausted by the intensity of Hezbollah resistance." Thirteen days "into the fighting, Israeli leaders are publicly changing their objective. Saying their goal is no longer to destroy Hezbollah, just to weaken it. It may be all they can do." The CBS Evening News (7/24, lead story, 4:20, Schieffer, 7.66M) said "both sides seemingly prepared to pay a heavy price. Israeli casualties ran into double figures, but they claimed Hezbollah suffered dozens more."

The Washington Times (7/25, Pisik, 88K) reports both sides "continued their exchange of rocket fire across the border for a 13th day," and the New York Times (7/25, Smith, Myre, 1.21M) reports that in "some of the most intense ground clashes so far, Israeli troops and Hezbollah militants fought fiercely Monday in and around two hilltop towns in southern Lebanon where the Israeli military is seeking to drive the militants away from the border." Israeli military officers "said the offensive on Bint Jbail began Sunday, though they gave slightly differing accounts on how far Israeli troops had advanced." The military spokesman's office "said the troops were on the outskirts, fighting their way in as of Monday evening. But Capt. Mitch Pilcer of the army's northern command, said, 'We're definitely in there, we control it, though there are still pockets of resistance.'"

Israel Targets Hezbollah's Finances. NBC Nightly News (7/24, story 4, 1:35, Myers, 9.87M) reported, "Israeli intelligence sources tell NBC News that among the targets hit in Lebanon in the last week are as many as a dozen financial institutions, part of a previously secret campaign to destroy Hezbollah's financial infrastructure. Some banks were demolished; others deliberately damaged but not destroyed. In one case, Israel also took out the bank manager's home." Among the targets – "eight offices of Hezbollah's treasury, which the Israelis claim caught Hezbollah by surprise." Brigadier General Dani Arditi: "We know that they are looking for money. They are very, very desperate to have some cash and they don't have it." Myers: "The Israelis say they also struck branches of two major banks – Albaraka and Fransabank -- which they claim help Hezbollah receive and move money around the world. They say a third bank – the Middle East and Africa Bank -- also is on their hit list. The banks deny any ties to Hezbollah, but this appeal last week on Lebanese TV asks for money for the Hezbollah resistance to be sent to an account at the Middle East and Africa Bank. An NBC News producer called the number. She was told to go to any US bank and wire money but not to tell anyone it was for Hezbollah. The Middle East and Africa Bank, MEAB, has a relationship with the US bank, Wachovia. After NBC News informed Wachovia of the Hezbollah fundraising appeal, Wachovia terminated the relationship."

Reservists Key To Israeli Army Offensive. Under the headline, "A New Generation Of Israeli Soldiers Confronts The Unknown Across The Lebanon Border," the New York Times (7/25, Smith, 1.21M) reports this "is the first real fight for most of the army's young men, who seem uniformly tall

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and lanky. None of them have ever fought outside the country, and there is an unspoken but palpable sense that this is their war."

The CBS Evening News (7/24, story 8, 2:00, Schieffer, 7.66M) reported, "Many of the Israeli soldiers headed for Lebanon have been there before a long time ago." CBS (Alfonsi) added, "They are reservists and this weekend, 2,000 of them were called to duty." Twenty years ago, the unit were "fighting in Lebanon. They faced gunfire, lost friends and grew up together. Today the old unit is again heading to the front lines together."

Israel Seeks To Defuse Criticism Over Military Campaign. The Washington Times (7/25, Sands, 88K) reports Israel "yesterday moved to counter international criticism of its campaign against Hezbollah guerrillas in Lebanon during a growing debate over whether the two sides are guilty of war crimes in a conflict in which the overwhelming majority of casualties have been Lebanese civilians." Deputy Israeli Prime Minister Shimon Peres, "a Nobel Peace Prize laureate, will tour European capitals this week to defend Israel's conduct of the war."

Six Palestinians Killed In Gaza. The Chicago Tribune (7/25, Greenberg, Simpson, 623K) reports in the Gaza Strip, "six Palestinian civilians were killed in Israeli artillery and air strikes, hospitals reported, after militants fired rockets at southern Israel, and the army carried out airborne attacks on suspected rocket depots in Gaza City."

Palestinian Prime Minister Calls On Rice To End Gaza Offensive. The AP (7/25, Deeb) reports Palestinian Prime Minister Ismail Haniyeh "said Monday he wants Secretary of State Condoleezza Rice to force Israel to end its nearly month-old offensive in the Gaza Strip as new attacks killed six Palestinians." Rice will "meet Israeli and Palestinian officials during her trip, but will not hold talks with Haniyeh, a leader of the Islamic Hamas group." Haniyeh said, "All that we ask the American administration is to take a moral stance toward the Palestinian people, and the Palestinian suffering and to bear its responsibility as a superpower in this world." He also "called on America 'to restrain the Israeli aggression and stop it.'"

YouTube Becomes Repository For War Footage. The Washington Post (7/25, A1, Goo, 748K) reports, "Internet video sites such as YouTube became a hit this year, as people shared their funny homemade movies with the world. Now the site serves as an unfiltered look at a wide spectrum of experience as rockets and bombs are falling on Israel and Lebanon." In a "matter of weeks, YouTube has become a video Dumpster for a global audience to share first-hand reports, military strategies, propaganda videos and personal commentary about a violent conflict as it unfolds."

Editorial Opinion On Israeli Offensive Remains Mixed. The editorial and op-ed commentary on Israel's offensive in Lebanon remains a mixture of positive and negative assessments. There is not yet a consensus on whether the US should directly engage Syria, while the proportionality of Israel's response remains a matter of controversy. The New York Times (7/25, 1.21M) says in an editorial, "Nearly two weeks into the bloody conflict between Israel and Hezbollah, Secretary of State Condoleezza Rice finally made it to the region. We'd like to believe that means Washington is now urgently committed to finding a way to halt the fighting." What is "needed now is the sort of aggressive diplomacy and international coalition building that the Bush administration typically disdains. And it needs to come together in days, not weeks."

The Los Angeles Times (7/25, 918K) says in an editorial that a "cease-fire is urgently needed to stop the heartbreaking bloodshed among innocent civilians, but one reached at any cost would be counterproductive. The administration, for instance, is justified in rebuffing Syria for now." For its part, Israel "also will have to adjust its strategy soon if there is to be any hope for a free and peaceful Lebanon. The pounding of Lebanon may be successfully degrading Hezbollah's capabilities, but it's also radicalizing future terrorism recruits and making it increasingly difficult for future Lebanese governments to cooperate with Israel."

In a Wall Street Journal op-ed (7/25), Edwards Luttwak says that an alternative to a multinational peacekeeping force is "the horrible-to-contemplate but irresistibly seductive diplomatic option: to invite the Syrians to disarm Hezbollah and persuade it to follow the political path. Hezbollah already has two ministers in the Lebanese cabinet and might claim more. Naturally that would imply the recognition of Syrian suzerainty over Lebanon, and of course the thoroughly unworthy Bashar Assad would have to be treated as a leader of regional importance. Only that could tempt Mr. Assad to abandon his alliance with Iran -- along with the important rewards that would come his way more or less spontaneously."

In a Wall Street Journal column (7/25), Bret Stephens examines Israeli Prime Minister Ehud Olmert's strategy in the current crisis, saying, "What would losing look like? Allowing

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Hezbollah to return to the border would be the worst scenario. Failing to disarm Hezbollah while agreeing to an international peacekeeping force composed of Pakistani, South African and Norwegian troops (or some similarly feckless constellation) would be a close second. Persisting much longer with an air campaign that will either gradually or abruptly become a PR fiasco and a diplomatic embarrassment would be a near third."

In his New York Times column (7/25) Nicholas Kristof says, "The Israeli offensive and the American support for it seem to reflect the same misguided thinking that led to our Iraq war. It's a utopian notion that every outrage must have a solution, and that armed intervention is a useful way to reshuffle the Arab political stage." For now "Israel's Lebanon adventure is playing out a bit like America's Iraq adventure. It is bolstering hard-liners (like Bashar al-Assad of Syria) and undermining moderates (like King Abdullah of Jordan), while handing propaganda victories to Iran and Shiite militants."

In a Washington Post op-ed (7/25, A15), Philip Gordon says, "Military historians have a name for the logic behind Israel's military campaign in Lebanon. It's called the 'strategic bombing fallacy.' Almost since the dawn of the age of military air power, strategists have been tempted by the prospect that the bombing of 'strategic' targets such as infrastructure and transportation hubs could inflict such pain on a population that it would turn against its leaders and get them to surrender or compromise. Unfortunately -- as the United States itself discovered during World War II and Vietnam, to cite just two examples -- strategic bombing has almost never worked. Far from bringing about the intended softening of the opposition, bombing tends to rally people behind their own leaders and cause them to dig in against outsiders who, whatever the justification, are destroying their homeland."

In his New York Times column (7/25), John Tierney says, "To Hezbollah, there is no such thing as 'collateral damage' from its missiles. Israel keeps telling the world that its army aims only at military targets, but Hezbollah doesn't even pretend to. Its soldiers proudly fire away at civilians. These terrorists consider themselves men of honor, and unfortunately they are — by their own definition. We in the West can call them barbaric, which they also are, but they're following an ancient social code, even if we can't recognize it anymore."

In his Washington Post column (7/25, A15), Eugene Robinson says President Bush "and his folks haven't just blundered around and created this dangerous mess, they've done it on purpose. And they intend to make it worse. Bush's endorsement of the violence that Israel is inflicting on Lebanon -- a sustained bombing campaign that has killed hundreds of civilians and can only be seen as collective punishment -- is truly astonishing. Of course Israel has the right to defend itself against Hezbollah's rocket attacks. But how can this utterly disproportionate, seemingly indiscriminate carnage be anything but counterproductive?"

In his Washington Post column (7/25, A15), Richard Cohen says, "The dire consequences of proportionality are so clear that it makes you wonder if it is a fig leaf for anti-Israel sentiment in general. Anyone who knows anything about the Middle East knows that proportionality is madness. For Israel, a small country within reach, as we are finding out, of a missile launched from any enemy's back yard, proportionality is not only inapplicable, it is suicide. The last thing it needs is a war of attrition. It is not good enough to take out this or that missile battery. It is necessary to reestablish deterrence: You slap me, I will punch out your lights."

UN Says 800,000 Lebanese Have Been Affected By Conflict. ABC World News Tonight (7/24, story 2, 2:20, Gibson, 8.78M) reported, "The UN says as many as 800,000 people have been affected by the conflict." ABC (Wright) added, "In the southern city of Tyre, a frantic scene at the dock today. As hundreds scrambled for what may be the only safe way out. A German ship came to rescue stranded Europeans."

The CBS Evening News (7/24, story 3, 1:50, Schieffer, 7.66M) reported, "Nearly 700,000 people in Lebanon have been forced from their homes in a small country of just four million people. That represents almost 20% of the population. So there are two problems of enormous proportions, now: Getting people out of the line of fire and getting humanitarian aid to those who need it. No where has that been more difficult than in the southern Lebanese city of Tyre."

NBC Nightly News (7/24, story 2, 2:30, Engel, 9.87M) reported, "The UN's humanitarian envoy, Jan Egeland, told NBC's Ann Curry the crisis is worsening by the hour." Jan Egeland, UN humanitarian envoy: "Every day, we hear about tens of thousands of new displaced. We hear of new wounded. One-third or more of the wounded and the dead are children."

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The Washington Post (7/25, A8, Shadid, 748K) reports that in Rashidiya, "more than 1,000 other Lebanese have fled their homes to seek shelter in a Palestinian refugee camp, its 18,000 inhabitants themselves exiles for nearly six decades. They began arriving a week ago by foot, minibus and car, from villages like Marwaheen, Qlaile and Mansuri. They trudged through streets shaded by bird's nests of electricity wires and sought shelter in homes and U.N.-run schools. Now they wait, abandoned, in a camp whose residents already feel forgotten."

Cyprus Worries About Flood Of Refugees. The Christian Science Monitor (7/25, Itano, 58K) reports US and Cypriot officials in Larnaca "say the evacuation from Lebanon, which has brought over 25,000 mainly Western foreign nationals through Cyprus, including about 11,000 Americans, is perhaps the biggest emergency here since partition in 1974 when Turkish troops invaded the north of the island. And things are likely to get worse: tens of thousands more non-Lebanese evacuees are expected. On their heels may be Lebanese refugees who see Cyprus not just as a transit point, but as a long-term place of safety."

300,000 Israelis Flee From North. NBC Nightly News (7/24, story 3, 1:55, Fletcher, 9.87M) reported, "Despite Israel's onslaught on Hezbollah, they're still firing Katyushas against northern Israel. This shopkeeper from Nahariya in northern Israel has had enough, joining about 300,000 refugees from northern Israel but none are without shelter. The country is pulling together. This family is hosting complete strangers -- parents, four children, two grandparents, two dogs and a rabbit. Here, 3,000 refugees sleep in giant tents, eat three meals a day, all financed by an Israeli billionaire."

Beirut's Religious Divide Exacerbated By War. The New York Times (7/25, Tavernise, 1.21M) reports that in "the days since Israeli planes began to bomb Lebanon, this seaside capital has been almost physically split in two, with its largely Shiite flank mutilated by Israeli airstrikes and most of the rest of the city remaining relatively unscathed, if quieter and emptier than usual." The "stark physical contrast reflects a deep and growing divide in Lebanese society between the less affluent, more religious Shiite south and the more urban center, largely of Sunni Muslims, Druse and Christians, which has built and benefited from a long-awaited economic boom."

The New York Times (7/25, Mouawad, 1.21M) reports on the plight of the Lebanese town of Aitaroun, "in the southernmost corner of Lebanon, about a mile away from where Israeli soldiers have crossed the border into the country. So far, at least 30 residents have died, said the town's deputy mayor, a tall and reserved man named Najib Kawsan. Many residents have left." Those "still trapped there are without power, phones and water, with little food, under constant shelling by the Israeli artillery, nearly a dozen refugees from the village said in interviews on Sunday."

Administration Knew Of Pakistan Plans To Build Plutonium Reactor. The Washington Post (7/25, A11, Warrick, 748K) reports, "The Bush administration acknowledged yesterday that it had long known about Pakistan's plans to build a large plutonium-production reactor, but it said the White House was working to dissuade Pakistan from using the plant to expand its nuclear arsenal. … The acknowledgment came as arms-control experts and some in Congress expressed alarm about a possible escalation of South Asia's arms race. Some also sharply criticized the administration for failing to disclose the existence of a facility that could influence an upcoming congressional debate over U.S. nuclear policy toward India and Pakistan."

Gadhafi Says Libya Was Close To Building Nuclear Weapon. CNN's The Situation Room (7/24, Verjee) reported, "Libyan leader Moammar Gadhafi says his country was close to building a nuclear bomb before it abandoned its nuclear program in 2003. Colonel Gadhafi made the announcement in a speech yesterday. It's the first time any Libyan officials confirmed that the North African country had been trying to build a nuclear weapon."

Somalia Said To Be On Verge Of Full-Blown War. The Christian Science Monitor (7/25, Crilly, 58K) reports, "Peace talks aimed at avoiding civil war in Somalia were officially postponed Monday following a week of high-risk brinkmanship and heightened rhetoric from emboldened Islamic militias and the country's weak transitional government. One side and then the other refused to attend talks that were due to restart Saturday in the Sudanese capital Khartoum, each accusing their adversary of hostile intentions." Islamist leaders "responded with a call to Somalia to wage jihad , or holy war, against foreign fighters and organized a rally of more than 3,000 people in the capital

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Mogadishu to protest their arrival. … A complete breakdown in negotiations could spark a major regional conflict."

World Trade Talks Collapse. The Financial Times (7/25, Beattie, Williams) reports, "The world trade talks that were supposed to relieve poverty and improve economic growth collapsed into indefinite suspension on Monday, after nearly five years of protracted wrangling. A last-ditch meeting in Geneva of the six core 'Doha round' negotiators – India, Brazil, the US, EU Japan and Australia – broke up amid recriminations over irreconcilable differences about farm liberalisation." The US "continued to argue for big cuts in farm import tariffs to open up markets for its farmers, a demand fiercely rejected by the European Union, Japan and India, who said America had first to go further in offering to cut agricultural subsidies."

The Wall Street Journal (7/25, Von Reppert-Bismarck, Hitt, 2.03M) says "the gulf separating negotiators from the US, European Union, Brazil, India, Japan and Australia was so wide that World Trade Organization chief Pascal Lamy proposed no timetable for restarting or concluding the talks. 'We are in dire straits,' Mr. Lamy said." The "collapse" of the negotiations, however, "could prove temporary. Previous rounds of trade talks ended and then restarted, often taking eight years or more to complete." USA Today (7/25, Lynch, 2.27M), New York Times (7/25, Wright, Weisman, 1.21M), Washington Times (7/25, Sparshott, 88K) and Washington Post (7/25, D1, Blustein, 748K), among other newspapers, also report the story.

In its "Washington Wire" column on its web site, the Wall Street Journal (7/24, 2.03M) reported, "For American farmers, the suspension of the Doha round of world trade talks takes steam out of a move to overhaul the way the U.S. subsidizes farmers. … Some farm industry officials say the death of Doha – or a long delay in restarting the talks — greatly diminishes pressure on Congress to make big changes to farm programs next year. Largely because of the Doha stalemate, Rep. Mike Conaway, a Texas Republican, said Monday he expects to see 'very little change in the mechanics' of crop subsidies."

Kosovo Leaders Formally Ask Serbian Government For Independence. The Washington Post (7/25, A12, Buza, Bilandzic, 748K) reports, "Kosovo's leaders made a formal pitch for independence face-to-face with Serbian government officials Monday at their first top-level talks on the issue since NATO bombs drove Serb forces from the province in 1999." Kosovo President Fatmir Sejdiu, "a member of the province's ethnic Albanian majority, said that independence was 'the beginning and end of our position. … The will for independence cannot be ignored or negotiated away.'" Serbian leaders "offered 'substantial autonomy,' repeating a past position."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"A Community's Ethnic Tradition In Transition."
"Highland Park Gang Trial Paints A Portrait Of Hate."
"Lebanese Tell Rice Bluntly That U.S. Must Step Up."
"Heat Stretches California Power Network To The Limit."
"High Nighttime Temperatures Set Records Too."
"Israeli Missiles Rip Into Medics' Esprit De Corps."

USA Today:

"Prolonged Heat Wave Straining California Power Grid."
"US Aid Follows Rice To Mideast."
"In Mississippi, Katrina Recovery Gaining Steam."

New York Times:

"Trade Talks Fail Over An Impasse On Farm Tariffs."
"International Force Is Favored, But No Nation Commits Troops."
"Huge Buyout Of Hospital Group Highlights Era Of Going Private."
"Top Iraqi's Needs Vs. Bush's Policy."
"Stem cell Work Gets States' Aid After Bush Veto."

Washington Post:

"Rice Outlines Proposal To Deploy Force In Lebanon."
"Growing Coalition Opposes Drilling."
"On A Long Flight To Nowhere."
"DC Developer Sways The City With Big Bucks And Big Ideas."
"Videos On Web Widen The Lens On The Conflict."

Washington Times:

"Cornyn, Kyl Seek $3.5 Billion More For Security."
"Israel Targets Border Town."
"Decline In Ridership Costs Commuter Rail."
"Bengal Stonghold Shrinks."

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Detroit Free Press:
"$3.15 Gas Price Stuns Drivers."
"Teen Sues His Mom To Learn Dad's Identity."
"Rice: No Quick Cease-Fire."
"Promoting Peace 2 Friends At A Time."

Atlanta Journal-Constitution:
"U.S. Initiates Bid To Defuse Mideast War."
"Big City Suburbs."
"Couple Took The Plunge But Not The GM Buyout."
"Sunscreen Zeroes In On Cancer Risk."

Houston Chronicle:
"Yates Again In Jury's Hands."
"Holed-Up Israelis Fight Isolation By Interacting Online."
"A Brush With History."
"Lawyer Joins Chorus For An Outside Cantu Interview."
"Pack An Umbrella – And The Waders."

Story Lineup From Last Night's Network News:
ABC: Rice-Mideast Trip; Lebanon-Humanitarian Crisis; Israel-Lebanon Offensive; Iraq Violence; Saddam-Hunger Strike; FEMA-Disaster Relief; Power Outages; Gas Prices; Airlines Gaining Money; Internet Monitoring.
CBS: Rice-Mideast Trip; Hezbollah-Profile; Lebanon-Humanitarian Crisis; Gas Prices; Stock Market; Gas Prices; Bush-Citizen Soldiers; Job Program-Unemployed Veterans; Israeli Reservists.
NBC: Rice-Mideast Trip; Lebanon-Humanitarian Crisis; Israeli Refugees; Banks-Hezbollah Ties; Power Outages; Lieberman-Clinton Endorsement; Elderly Care-Monitoring; Stock Markets; US Evacuees-Marine Assistance.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Rice-Mideast Trip; Lebanon-US Citizen Evacuations; West-Heat Wave.
CBS: Blair Calls For Mideast Cease-Fire; Rice-Mideast Trip; CA-Heat Wave; NY-Power Outages; UVA Blocker Approved; Natural Gas Prices.
NPR: Rice-Mideast Trip; Israel-Lebanon Attacks; CA-Wildfire; Foreign Stock Markets; Cargo Ship Rescue; GA-1946 Lynching Anniversary; IN-Highway Shootings.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with Iraqi Prime Minister Nuri al-Maliki.

VICE PRESIDENT CHENEY — No public schedule.

LYNNE CHENEY — 10 a.m. Presents a $10,000 award to Tonya Bolden, author of ``Maritcha: A Nineteenth-Century American Girl," which tells the story of a freeborn African American girls achievement during her childhood days in New York City and Rhode Island. Schomburg Center for Research in Black Culture, 515 Malcolm X Blvd., New York, NY.

US Senate: 10 a.m. JOINT ECONOMIC _ Full Committee. Hearing on energy and the Iranian economy. Deputy Assistant Secretary of State Paul Simons; Kenneth Katzman, Congressional Research Service; Ilan Berman, American Foreign Policy Council; Andrew Davenport, Conflict Securities Advisory Group; Jeffrey Schott, Institute for International Economics. Location: TBA.

9:30 a.m. ARMED SERVICES _ Airland Subcommittee. Hearing on the F-22A multiyear procurement proposal. Air Force Secretary Michael W. Wynne; James I. Finley, deputy undersecretary of Defense; Comptroller General David Walker; Donald B. Marron, acting director, CBO; J. Richard Nelson, Institute for Defense Analysis; Christopher Bolkcom, Congressional Research Service; Danielle Brian, Project on Government Oversight. Location: Room 222, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on the authority to prosecute terrorists under the War Crime Provisions of Title 18. Location: Room 226, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on regulaiton of hedge funds. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Aviation Subcommittee. Oversight hearing on the Joint Planning and Development Office. FAA Administrator Marion C. Blakey; Lisa Porter, Associate Administrator for Aeronautics Research, NASA; Gerald Dillingham, GAO; David Dobbs, Assistant Inspector General for Aviation, DOT. Location: Room 253, Russell.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Oversight of Government Management, the Federal Workforce and the District of Columbia Subcommittee. Hearing on the Defense Department supply chain management plan. Assistant Deputy Undersecretary of Defense Alan Estevez; Bill Solis, GAO. Location: Room 342, Dirksen.

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10:30 a.m. FINANCE _ International Trade Subcommittee. Hearing on tax jurisdictions in ``new economy." Daniel C. Noble - administrator, Excise Tax, Wyoming Department of Revenue; George S. Isaacson, attorney, Lewiston, Maine; Christopher Rants, speaker, Iowa House of Representatives; Robert Benham, owner/proprietor, Balliet's, LLC, Oklahoma City; Gary Imig, Sierra Trading Post, Cheyenne, Wyo.; Douglas L. Lindholm, Council on State Taxation; Dan Bucks, director, Montana Department of Revenue; Michael Mundaca, International Tax Services. Location: Room 215, Dirksen.

2:30 p.m. FINANCE _ Health Care Subcommittee. Hearing on ``CHIP at 10: A Decade of Covering Children." CMMS Administrator Mark McClellan; Evelyne Baumrucker, Congressional Research Service; Chris Peterson, CRS. Location: Room 215, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Hearing on pending matters. Closed. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for morning business and at 10 a.m. for legislative business.

10 a.m. JOINT ECONOMIC _ Full Committee. Hearing on energy and the Iranian economy. Deputy Assistant Secretary of State Paul Simons; Kenneth Katzman, Congressional Research Service; Ilan Berman, American Foreign Policy Council; Andrew Davenport, Conflict Securities Advisory Group; Jeffrey Schott, Institute for International Economics. Location: TBA.

10 a.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on Medicare physician payments. Testimony from the Congressional Budget Office; Government Accountability Office; Medicare Payment Advisory Commission; The Commonwealth Fund. Location: Room 2123, Rayburn.

10 a.m. GOVERNMENT REFORM _ Regulatory Affairs Subcommittee. Hearing on stemming the tide of illegal immigration. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Intelligence, Information Sharing, and Terrorism Risk Assessment Subcommittee, and the full Financial Services Committee. Joint hearing on threats to the insurance market by terrorists. Location: Room 2128, Rayburn.

10 a.m. SCIENCE _ Full Committee. Hearing on scientific and technical assessment and advice for the Congress. Peter Blair, National Research Council; Catherine Hunt, American Chemical Society; Jon Peha, Carnegie Mellon University; Albert Teich, AAAS. Location: Room 2318, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Railroads Subcommittee. Hearing on human factors issues in rail safety. Testimony from Federal Railroad Administration Administrator Joseph Boardman; National Transportation Safety Board Hazardous Materials Director Bob Chipkevich; Assoc. of American Railroads; Amer. Short Line Assoc.; Brotherhood of Railroad Signalmen; Brotherhood of Locomotive Engineers; others. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Trade Subcommittee. Hearing on budget authorizations for Customs agencies and other Customs issues. Tentative witness list: W. Ralph Basham, Commissioner, U.S. Customs and Border Protection; Julie Myers, Assistant Secretary for U.S. Immigration and Customs Enforcement; Mary Joe Muoio, Barco Trade Consultants, Boonton, NJ; Michael Crye, International Council of Cruise Lines, Arlington, Va.; Charlene Stocker, Procter and Gamble Company, Cincinnati, OH; Brian Gill, FedEx Express, Memphis, Tenn.; National Treasury Employees Union; Association of Floral Importers of Florida. Location: Room 1100, Longworth.

11:30 a.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on the 60th anniversary of the Administrative Procedure Act. Testimony from Texas A&M University; Catholic University of America-Columbus School of Law; University of Virginia School of Law; John F. Kennedy School of Government. Location: Room 2141, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Commerce, Trade and Consumer Protection Subcommittee. Hearing on H.R. 503 - Bill to amend the Horse Protection Act. Location: Room 2123, Rayburn.

2 p.m. GOVERNMENT REFORM _ Federal Workforce and Agency Organization Subcommittee. Hearing on hiring retiees in times of national need. Location: Room 2247, Rayburn.

2 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on ``DOD Excess Property: Inventory Control Breakdowns Present a Security Risk." Location: Room 2154, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Middle East and Central Asia Subcommittee. Hearing on energy and security in Central Asia. Steven R. Mann, principal deputy

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assistant secretary of State; Lana Ekimoff, Department of Energy; Zenyo Baran, Hudson Institute; Steven Blank, Army War College; Ariel Cohen, Heritage Foundation; Robert Ebel, CSIS. Location: Room 2200, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on the status of the Hague Convention on international adoptions. Deputy Assistant Secretary of State Catherine M. Barry; Robert Divine, Citizenship and Immigration Services; Richard Klatbrerg, CEO, Council on Accreditation; Dana Andrews, Colorado Department of Human Services; Meghan Hendy, Joint Council on International Children's Services; Tom Atwood, National Council for Adoption. Location: Room 2172, Rayburn.

2 p.m. RESOURCES _ National Parks Subcommittee. Hearing on the final draft of the National Park Service management policy guidelines. Location: Room 1324, Longworth.

2 p.m. SMALL BUSINESS _ Full Committee. Hearing on impact of proposed IRS rule on small business. Testimony from IRS Chief Counsel Donald Korb; Deputy Assistant Treasury Secretary Eric Solomon; SBA; Deloite Tax LLP; Nationwide; others. Location: Room 2360 Rayburn.

3:30 p.m. RULES _ Meets on H.R. 5682, US and India Nuclear Cooperation Promotion Act of 2006. Location: H-313, US Capitol.

Other: IRAQI PRIME MINISTER NURI AL-MALIKI _ Highlights: 9:35 a.m. Meets with President Bush. Oval Office. 11:25 a.m. Participates in joint press availability with President Bush. East Room.

CLIMATE CHANGE _ 9 a.m. - 3:30 p.m. The Wilson International Center for Scholars holds a conference on science communications and the news media in dealing with climate change. Location: 6th floor Flom Auditorium, Wilson Center, Reagan Trade Building.

PANDEMIC PREPAREDNESS _ 9 a.m. The US Chamber of Commerce holds a forum on pandemic preparedness, with Rajeev Venkayya of the White House Homeland Security Council, John Lange of the State Department, Raymond Strikas of HHS, John Hayes of New York Life Insurance Co., others. Location: U.S. Chamber of Commerce, 1615 H St. NW.

NUCLEAR FUELS _ 10 a.m. Former Energy Secretary Spencer Abraham discusses the economic assessment of used nuclear fuel management in the US, sponsored by Energy Daily and BP America. Location: National Press Club.

RELIGION-GLOBAL WARMING _ 10 a.m. The Interfaith Stewardship Alliance holds a news conference on the evangelical response to global warming, with David Legates of the University of Delaware, Kenneth Chilton of Lindenwood university in Missouri, others. Location: National Press Club.

BORDER SECURITY _ 10 a.m. - 12 p.m. The Heritage Foundation hosts a discussion, ``Border Security Better, Faster, Cheaper," with remarks by Rep. Mike Rogers, R-Ala,m Chairman, House Homeland Security Subcommittee on Management, Integration, and Oversight. This will be followed by a panel discussion with James Jay Carafano, Senior Research Fellow, Defense and Homeland Security, The Heritage Foundation; David B. Muhlhausen, Senior Policy Analyst, Center for Data Analysis, The Heritage Foundation; and Brian W. Walsh Senior Legal Research Fellow, Center for Legal and Judicial Studies, The Heritage Foundation. Location: Heritage Foundation, Lehrman Auditorium, 214 Massachusetts Ave. NE.

IRAN-DESTABILIZING IRAQ? _ 11 a.m. Iran Policy Committee holds news conference on influence of Iran on Iraq. Topics include evidence pointing toward Tehran's efforts to destabilize Iraq. Participants include Clare Lopez, former CIA officer, Directorate of Operations, and Professor Raymond Tanter, formerly with the NSA. Location: Hays-Adams Hotel, 800 16th St. NW.

OPERATION JUMP START _ 11 a.m. Homeland Security Border Patrol Chief David Aguilar and National Guard Bureau General Steven Blum hold briefing on Operation Jump Start deployments and schedules. Location: Briefing Room, Reagan Bldg., 1300 Pennsylvania Ave. NW.

UNINSURED AMERICANS _ 11 a.m. Reps. Tammy Baldwin (D-WI), Tom Price (R-GA), John Tierney (D-MA), and Bob Beauprez (R-CO) hold news conference on bipartisan health care reform bill to help cover the uninsured, now numbering more than 45 million Americans. Location: House Radio-TV Gallery.

EARLY EDUCATION _ 11:30 a.m. Virginia Gov. Tim Kaine speaks about expanding access to quality early education, sponsored by the New America Foundation. Location: 7th floor, 1630 Connecticut Ave. NW.

HOYER BRIEFING-NEWSER _ 12:30 a.m. House Democratic Whip Steny Hoyer holds regular Pen and Pad Briefing, followed by news conference to announce ``major energy bill." Location: H-306, US Capitol.

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BUSINESS-EDUCATION _ 12 p.m. Committee for Economic Development holds a forum on the economic benefits of investing in early education. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

EVANGELICALS-GLOBAL WARMING _ 12 p.m. The Heritage Foundation hosts a panel, ``Call to Truth, Prudence and the Protection of the Poor An Evangelical Response to Global Warming." Speakers are: Dr. E. Calvin Beisner Associate Professor of Social Ethics, Knox Theological Seminary; Dr. David R. Legates Climatologist and Director, Center for Climatic Studies, University of Delaware; Dr. Kenneth Chilton Director of the Institute for the Study of Economics and the Environment, Lindenwood University, Missouri; and Rev. Abdul Karim Sesay Senior Pastor, Kings and Priests Court International Ministries, Silver Spring, Md. Location: Heritage Foundation, 214 Massachusetts Ave. NE.

HEZBOLLAH _ 12 p.m. The Middle East Institute holds a discussion on American perspectives on Hezbollah. Location: 1761 N St. NW.

JOBS-TELECOMMUNICATIONS _ 12 p.m. The Leadership Conference on Civil Rights holds a panel discussion to release a report showing job losses for women and minorities as the result of the new telecommunications law and media concentration. Panelists include LCCR Executive Director Wade Henderson, former FCC Commissioner Gloria Tristani, Heidi Hartmann of the Institute for Women's Policy Research, Newspaper Guild President Linda Foley, others. Location: Room SC-4, Capitol.

POWDER COCAINE/CRACK _ 12 p.m. Sens. Jeff Sessions (R-AL), Mark Pryor (D-R), John Cornyn (R-TX) and Ken Salazar (D-CO) hold news conference to discuss introduction of legislation to reduce crack/powder cocaine sentencing disparity. Location: Senate Radio-TV Gallery.

SUNSET COMMISSION BILL _ 1 p.m. Center on Budget and Policy Priorities holds conference call briefing on House bills that would establish ``sunset commissions" to recommend scaling back of federal programs, agencies and regulations. Contacts: Shannon Spillane, 202-408-1080.

MEDIA SHIELD LEGISLATION _ 12:30 p.m. Senator Richard Lugar, R-Pa., and Rep. Mike Pence, R-Ind., discuss federal media shield legislation, designed to provide the press with the ability to obtain and protect confidential sources. Location: National Press Club, 14th and F Sts. NW.

IMMIGRATION _ 1 p.m. The National Immigration Forum holds a news conference to release a poll on whether immigration legislation is wanted by the voters this year, what voters want Congress to do and what approaches are favored. Location: National Press Club.

MARINES-LIMA COMPANY _ 5 p.m. The Armed Forces Foundation sponsors a screening of ``Combat Diary: The Marines of Lima Company," the Emmy-nominated documentary detailing a Central Ohio Marine Reserve unit's service in Iraq. Some members of the unit are expected to be in attendance. Location: Room HC-5, Capitol.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JULY 25, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Indian Investigator Says Mumbai Bombing Suspects Linked To Islamic Militants ... 3

Homeland Response:

DHS IG Says Repeat Interrogations At Border Burden Travelers, Customs Officials ... 3
Study Examines Creation Of Homeland Security Act ... 3
FEMA Announces Changes In Disaster Relief Programs To Prevent Fraud ... 3

War News:

Bush, Maliki To Discuss Security Situation In Iraq ... 4
US Steps Up Raids On Death Squads ... 5
Harris Poll Finds 50% Of Americans Believe Iraq Had WMD ... 6
Saddam Put On Feeding Tube, Expected At Trial Tomorrow ... 6
Bush Attends Citizenship Ceremony For Soldiers Wounded In Iraq ... 6
Young Veterans Facing High Unemployment Rate ... 6

DOJ:

Congressmen Assail Gonzales Over Staff Shortages In US Attorney's Offices ... 6

Corporate Scandals:

Meade To Delay SEC Filing Pending Stock Options Audit ... 7

Criminal Law:

Bettors Are Not The Focus Of Web Gambling Crackdown ... 7
Security Clearances Not Revoked Over Plame Leak ... 8
Defendant Who Fled Chicago Courthouse Pleads Guilty ... 8
FBI Arrests Three In Miami On Antiquities Smuggling Charges ... 8
Lawyers Expected To Ask Judge To Free New York "Mafia Cops." ... 9
Former Pennsylvania Police Officer Acquitted Of Witness Intimidation ... 9
Aquino Pleads Guilty In Philippine Spying Case ... 9
Stripper Testifies To Spending By West Virginia Senior Center Director ... 9
Leaders Of Arizona Baptist Group Convicted Of Fraud ... 10
FBI Joins Indiana Sniper Investigation As Tips Warn Of More Shootings ... 10
Lawyers For Alleged Chicago Mob Figure Seek Information On Prospective Jurors ... 10
FBI Joins Houston Serial Killer Investigation ... 11
Laptop Containing Old Mutual Client Data Stolen ... 11
Three More Indicted In Alleged California Loan Fraud Scheme ... 11
Two Plead Guilty In Offshore Bank Scam ... 11
Four In Florida Indicted On Medicare Fraud Charges ... 11
Illinois Mayor Arrested For Alleged Child Porn Distribution ... 12
FTC Officials Renew Call For Increased Internet Policing Powers ... 12
Lawmaker Touts Bill Aimed At Reducing Offender Recidivism ... 12
WPost Says Kaine Should Review Rape, Murder Convictions Of Four Navy Men ... 12

Civil Law:

Medtronic's Settlement With DOJ Seen As Model For Future Probes ... 12
Arab Group Sues US Over Lebanon Evacuation ... 13

Civil Rights:

Pontiac, MI, Agrees To End Hiring Quotas ... 13
Illinois Prison Guards Charged With Assaulting Inmate ... 13
Sarasota County Seeks Consolidation Of Federal Housing Bias Suits ... 14
Three NAACP Offices Have Received Threat Letters Postmarked In Louisiana ... 14
Detroit City Clerk Enacting Election Reforms As FBI Probe Continues ... 14
Official In Charge Of Protecting Civil Liberties In Intelligence Agencies Profiled ... 14
Bush Signs Bill Barring Restrictions On Flag Displays ... 14

Antitrust:

Emergency Order Sought To Block McClatchy Deal ... 14
Hospital Chain Founded By Frist's Family Bought For $33 Billion 15
Report Faults State Regulation Of Real Estate Agents ... 15
Royal Philips' Purchase Of Intermagnetics Clears Hurdle ... 15
AMD To Purchase ATI Technologies For $5.4 Billion ... 15
Barr Pharma To Satisfy FTC Requirements For Pliva Purchase 16

Environment/Indian Affairs:

DOJ To Appeal Idaho Nuclear Waste Ruling ... 16

Coalition Seen As Gathering Strength In Fight Against Energy Exploration ... 16
House Approves Bill Protecting Western Wilderness ... 18
Settlement Of Indian Trust Suit Appears Close ... 18
Last Stronghold Of Bengal Tiger Shrinking ... 18

FBI/DEA/ATF/USMS:

Online Investigator Charged With Impersonating FBI Agent ... 18
US Attorney Denies Office Is Source Of Leaks In Bonds Case ... 19
Arizona Man Linked To Tennessee Drug Ring To Be Extradited 19
Boston Mayor Vows To Make Police Steroid Tests Mandatory ... 19
Jury Convicts New Jersey Man Of Drug Trafficking, Money Laundering ... 19
Montana Man Accused Of Threatening Witnesses, DEA Agent Is Sentenced ... 19
Report Urges Drug Treatment In Criminal Justice System ... 19
Marshals Join Search For South Carolina Sex Offender ... 20
Fort Smith, AR, And Staunton, VA, Are Finalists For Marshals Museum ... 20

Immigration:

Hutchison, Pence To Offer Compromise Immigration Bill ... 20
Avon Park, FL, Poised For Illegal Immigrant Crackdown ... 21

Tax:

US Sues Texas Tax Preparer ... 21
IRS Seeks Stricter Disciplinary Rules For Attorneys ... 21
"Survivor" Winner Sent To Oklahoma Prison For Tax Evasion Sentence ... 22
GOP Leaders Postpone Vote On Estate Tax ... 22
WPost Criticizes Proposed State Corporate Tax Break ... 22

Congress-Administration:

ABA Says Bush Signing Statements Are Unconstitutional ... 22
Snow Retracts Comment On Bush Stem Cell Research Position 23
Most States Failed To Meet NCLB Requirements On Teacher Qualifications ... 24
With Democrats Expected To Filibuster, Prospects For Bolton Confirmation Unclear ... 24
Activists To Call For Cloture Vote On Boyle ... 24
Negotiators Near Deal On Pension Reform Legislation ... 25
Large Number Of Surprise Trips By Administration Officials Noted ... 25
Earmarks Said To Be Ingrained In Hill Culture ... 25
First Lady Urges Lawmakers To Join "Big Read" Program ... 25
Rove, Albright Appear For Jury Duty At DC Courthouse ... 26
Graduate Student Calls For Federal Need-Based Grant Program 26
WSJournal Says Sarbanes Responsible If GSE Reform Does Not Pass ... 26
WSJournal Criticizes Efforts To Block Increase Of DC Voucher Program Income Cap ... 26

Other News:

Clinton-Era Treasury Chiefs To Highlight Wage Growth Data ... 26
Conservatives Say "Values" Votes Rejuvenating GOP Base ... 27
Lawmakers From Districts With Military Ties Among War's Most Vocal Critics ... 27
Photo Finish Expected In OK5 GOP Primary ... 27
Ney Forgoes Paying Legal Fees To Fund Reelection Effort ... 27
Clinton Outlines Democratic Agenda At DLC Summer Meeting ... 27
Bill Clinton Campaigns For Lieberman ... 27
Santorum Campaign Has Paid Senate Aides Over $82,000 Since Beginning Of 2005 ... 28
Unidentified GOP Senate Candidate Opposes Many GOP Policies ... 28
Wexler Jokes About Cocaine During Colbert Interview ... 28
Maryland Senate Candidate Paid Recovering Drug Addicts To Attend Campaign Rally ... 28
Wickham Says House Democratic Criticism Of GOP May Yield Benefits ... 28
Rice Makes Surprise Trip To Beirut ... 29
Israeli Ground Troops Push Deeper Into Lebanon ... 31
UN Says 800,000 Lebanese Have Been Affected By Conflict ... 33
Administration Knew Of Pakistan Plans To Build Plutonium Reactor ... 34
Gadhafi Says Libya Was Close To Building Nuclear Weapon ... 34
Somalia Said To Be On Verge Of Full-Blown War ... 34
World Trade Talks Collapse ... 34
Kosovo Leaders Formally Ask Serbian Government For Independence ... 34

The Big Picture:

Headlines From Today's Front Pages ... 35

Washington's Schedule:

Today's Events In Washington ... 35

DOJ_NMG_0042744

TERRORISM NEWS:

Indian Investigator Says Mumbai Bombing Suspects Linked To Islamic Militants. USA Today (7/25, 7A, Moritsugu, 2.27M) reports, "Four men arrested in connection with coordinated bombings in Mumbai that killed 207 people nearly two weeks ago had links to Islamic militants, Indian authorities say. Investigator K.P. Raghuvanshi on Monday announced the arrest over the weekend of a fourth suspect, Tanvir Ahmed Ansari. He said Ansari…contacted Islamic militant groups during a 2001 visit to Bahrain. In a 2004 visit to Pakistan, Ansari allegedly learned to make bombs, he said. … 'We have definite evidence that these people are linked to terrorist activities,' he said without providing details. 'They have connections with groups in Nepal and Bangladesh, which are directly or indirectly connected to Pakistan.'"

HOMELAND RESPONSE:

DHS IG Says Repeat Interrogations At Border Burden Travelers, Customs Officials. The New York Times (7/25, Lipton, 1.21M) reports a DHS IG report released Monday says the agency "must take steps to curtail the repeated interrogation of people at international airports or border posts simply because their names resemble those of terror suspects." The inspector general, Richard L. Skinner, said in the report that this causes "not only a major nuisance for the person whose name resembles that of someone on the list," but "also a burden on customs officials." The report says DHS should ask those who have been "subjected to these repeated checks to provide their fingerprints or photograph — something routinely required of most arriving foreigners — so they could be quickly cleared the next time the name-match problem surfaces. Jarrod Agen, a domestic security spokesman, said the department had already moved to address the issues identified in the report by including information in computerized government records that should prevent the repeated interrogations."

Ignoring the repeat interrogation aspect of the report, the AP (7/24, Jordan) reported that the report said the terrorist watch list used by DHS "is too vague and cumbersome to help Homeland Security Department agents quickly weed out legitimate travelers." The report added that CBP agents "lack 'authority to make timely and informed decisions regarding the admissibility of individuals who they could quickly confirm are not the suspected terrorist.'" The AP adds that "Agen said Skinner's data appears to be 'outdated,' noting that Customs and Border Protection is already working on several programs to speed travelers into the country. He said the report also does not reflect what he called law enforcement techniques that borders officers use in questioning travelers whose names match those on the watch list." Sen. Joseph Lieberman said the report "tells us that CBP has failed to provide its workers with the support they need to stop suspected terrorists from crossing our ports of entry."

Study Examines Creation Of Homeland Security Act. The Washington Post (7/25, D4, Barr, 748K) reports in its "Federal Diary" column that researchers at the Naval Postgraduate School have put together a study of the 2002 Homeland Security Act, which "led to new personnel management policies for the Department of Homeland Security." The study, which is the "first major analysis of how the administration's ideas became law," views the Sept. 11 attacks "as pivotal, creating 'a new and different policy environment' that helped the Bush administration override union objections and frame the debate for stronger management control." The "study describes the 2002 law as being drafted in secrecy by five White House policy and budget officials -- Richard A. Falkenrath , Mark W. Everson , Joel D. Kaplan , Bruce Lawlor and Brad Berenson -- who were dubbed the G-5."

FEMA Announces Changes In Disaster Relief Programs To Prevent Fraud. USA Today (7/25, Hall, 2.27M) reports FEMA announced Monday that it is "imposing tighter rules to safeguard against the kind of rampant fraud that followed Hurricane Katrina." Director David Paulison said the government will provide $500 in immediate emergency aid, reduced from up to $2,000, in order "to limit temptation to spend relief money on anything but emergency needs." Paulison said FEMA "is still going to be a compassionate organization. … But we have to put checks and balances in place." DHS Secretary Michael Chertoff said the "new measures will ensure FEMA helps victims 'in a more organized and disciplined way.'"

ABC World News Tonight (7/24, story 6, 2:15, Gibson, 8.78M) reported that even if FEMA's new rules "solve one problem, they may be creating another." Paulison was shown saying, "We want to make sure that people who get the money are the people who are eligible for FEMA assistance and people truly in need." ABC (Cochran) added, "That will not be easy for an agency with a poor record of finding who legitimately needs help." The agency "says it will eliminate debit cards and issue only checks," which will be reduced form $2,000 to $500 per family. However, "advocates for victims say FEMA should not punish the

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innocent just because FEMA was too incompetent to catch those committing fraud." Later, Sen. Susan Collins was shown saying, "FEMA has made some progress and learned some important lessons from the last year, but I question whether the department is truly prepared."

The Washington Times (7/25, Hudson, 88K) reports, "The $500 in emergency funds will not include the cost of shelter, but is to be used for emergency needs such as food, clothing and fuel, said David Garrett, director of recovery. … 'If we subsequently determine we need to issue [another $500], we have the authority to do that,'" said Garrett.

Under the headline "FEMA: Compassion Without Crookery," CNN (7/24, Ahlers) reported on its website, "The changes come amid congressional demands that FEMA speed up services while simultaneously preventing abuses that were rampant after last year's storms." Paulison "said the changes balance the need to aggressively distribute aid while safeguarding public money."

Recovery From Katrina "Turning The Corner" In Mississippi. Under the headline "In Mississippi, Katrina Recovery Gaining Steam," USA Today (7/25, A1, Copeland, 2.27M) reports, in a front page article, that "amid primitive living conditions, promising signs of Mississippi's comeback are emerging." FEMA spokesman Darryl Madden said the area is "turning the corner" and will "see a tremendous amount of reconstruction." Reporting from Gulfport, USA Today continues, as with "much of the rest of coastal Mississippi, the towering debris piles left by Katrina are gone." While FEMA and the governor's office say over "101,000 Mississippians still live in government trailers," recovery for "trailer-bound Mississippians" is "moving faster than in New Orleans -- much faster."

Hurricane Alicia Survivor Urges Personal Responsibility In Disasters. USA Today (7/25, 2.27M) contributor Alcestis "Cooky" Oberg writes about her experience riding out Hurricane Alicia in Texas in 1983, adding that she "never regretted a decision more." Oberg asks, "How many people will ignore mandatory evacuations this year, exhibiting bombast when common sense should prevail?" She says "the news media's intense coverage of the ineffective government response to Hurricane Katrina" left many citizens with "the mistaken notion that it's the local, state and federal governments' job to protect them from everything at all times." However, "According to Homeland Security Secretary Michael Chertoff, all government plans 'begin with the presumption that individuals take personal responsibility.' Get it? The real first responder is you."

WAR NEWS:

Bush, Maliki To Discuss Security Situation In Iraq. The Wall Street Journal (7/25, Dreazen, Shishkin, 2.03M) reports, "When President Bush meets with Iraqi Prime Minister Nouri al-Maliki Tuesday to discuss his nation's security situation, it will serve as an unsettling reminder that Washington's strategies for pacifying Iraq so far have had little impact and that the U.S. is running out of options for turning things around." The Bush Administration "has invested heavily in Mr. Maliki, a Shiite Muslim leader seen as perhaps Iraq's last and best hope of stemming the violence there enough to allow the US to begin drawing down its troops later this year." But "when the two meet in the Oval Office Tuesday morning, they will confront the dispiriting reality that Mr. Maliki so far has been unable to prevent conditions in his country from deteriorating. Iraq's dogged instability since the US-led invasion in 2003 grows more worrisome amid the rising volatility elsewhere in the Middle East, where many Arabs are rallying behind the Lebanese militia Hezbollah in its confrontation with Israel."

The Washington Times (7/25, Curl, 88K) says the two leaders are "abandoning a six-week-old security strategy for Baghdad that proved to be a failure," and "will today seek to devise a new plan that will include adding thousands of US and Iraqi troops to fight insurgents in the capital." The Times adds, "Although the White House would not confirm that the new plan will include a redeployment of American troops, U.S. military leaders said yesterday that more soldiers will be moved to Baghdad. The size of the redeployment is not known, but units that were to be sent elsewhere are being diverted to the capital."

Under the headline "Top Iraqi's White House Visit Shows Gaps With US," the New York Times (7/25, A1, Wong, 1.21M) reports Maliki is "expected to make requests that clash sharply with…Bush's foreign policy, Iraqi officials say, signaling a widening gap between the Iraqis and the Americans on crucial issues." The requests "will include asking…Bush to allow American-led troops in Iraq to be tried under Iraqi law, and to call for a halt to Israeli attacks on Lebanon, according to several Iraqi politicians, and to a senior member of Mr. Maliki's party who asked not to be named because he was not authorized to speak for the prime minister." Maliki is also "expected to demand more autonomy for Iraqi forces, though he will not ask for a quick withdrawal of the 134,000 American troops here, the officials say." The Times adds, "The growing differences between Iraqi and American policies reflect an increasing disenchantment with American power among politicians and ordinary Iraqis, according to several politicians, academics and clerics."

The Financial Times (7/25, Khalaf) says "the embattled Iraqi government is launching a new security plan for Baghdad, involving thousands of US and Iraqi troops, as it struggles to contain escalating sectarian violence. According to senior Iraqi officials, the plan involves adding an additional division of US and Iraqi troops, amounting to about 4,000

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soldiers, to retake neighborhoods controlled by Sunni Arab insurgents or Shia militias."

Head Of Most Powerful Shiite Political Party Outlines Security Plan. The Washington Post (7/25, A11, Mosher, Mehdawi, 748K), meanwhile, runs a report titled "Shiite Party Leader Outlines 4 Steps For Iraq To Curb Violence," in which it says "the leader of Iraq's most powerful political party said Monday that Iraqis should band together and take up arms to protect their homes and neighborhoods against widespread lawlessness." Abdul Aziz al-Hakim, whose "Supreme Council for the Islamic Revolution in Iraq is the leading member of the coalition of Shiite Muslim parties governing Iraq, said the formation of so-called people's committees was one of four essential steps the country must take to curb rampant violence." Hakim's "prescription for restoring security was not, he said, intended to supplant efforts by Maliki's government. He voiced strong support for the prime minister's program to bring Iraq's various factions together to reconcile their differences through dialogue and said it was the first of the four steps essential to restoring security. … Second, he said, was to 'strengthen the government and its agenda for fighting terrorism.'" The third key "was to the rebuild the shrine in the northern city of Samarra, which was destroyed Feb. 22 by a bombing that the government has since blamed on the insurgent group al-Qaeda in Iraq. … Hakim's contention that neighborhoods should form their own defense committees -- his fourth step -- is shared by many Iraqis."

More Commentary. The Washington Post (7/25, 748K) editorializes that Maliki's government "was commonly described as the country's last chance to avoid civil war when it took office two months ago. As he meets…Bush in Washington today, Mr. Maliki appears close to failing that fateful test. … How to rescue the situation? Mr. Maliki and Mr. Bush are likely to discuss a reinforcement of US and Iraqi troops in Baghdad, which might help. … The most urgently needed action, however, must come from Mr. Maliki and other political leaders. The hopeful aspect of a deteriorating situation is that the country's elite, from Shiite Grand Ayatollah Ali Sistani to the heads of Sunni, Shiite and Kurdish political parties, remains publicly committed to the new democratic political system. If a civil war has begun, it has as yet no leaders. But the politicians must act quickly and aggressively to reach accords on Iraq's future. … If they do not act decisively, Iraq's failure will be their own."

In an editorial, USA Today (7/25, 2.27M) says that as Maliki "meets Tuesday in Washington with…Bush, the pressing question is whether Iraq is already in a civil war, which could make even minimal U.S. objectives unattainable. By many measures, both quantifiable and anecdotal, it is. While world attention has been focused on Israel and Lebanon for the past two weeks, the violence in Iraq has continued to escalate to unprecedented levels."

Peter W. Galbraith, a former United States ambassador to Croatia, writes in the New York Times (7/25, 1.21M), "What is the mission of the United States military in Iraq now that the insurgency has escalated into a full-blown civil war? According to the Bush administration, it is to support a national unity government that includes all Iraq's major communities: the Shiites, Sunni Arabs and Kurds. O.K., but this raises another question: What does the Iraqi government govern? … To the extent that the central government has authority in the south, it is because some of the same Shiite parties that dominate the government also control the south. Kurdistan in the north is effectively independent. The Iraqi Army is barred from the region, the Iraqi flag prohibited, and central government ministries are not present. … And in the Sunni center of the nation and Baghdad, the government has virtually no control beyond the American-protected Green Zone."

US Steps Up Raids On Death Squads. The Los Angeles Times (7/25, Daragahi and Barnes, 918K) reports, "U.S. military officials announced Monday that they had stepped up a campaign against 'death squads' operating in the capital, launching 19 raids as sectarian violence between Sunnis and Shiites left dozens dead and wounded throughout Iraq." The military "said it had captured eight cell leaders and 37 cell members" but did not say whether they were Sunni or Shiite. In other events, the mayor of violent Ramadi was killed on Sunday "by a group of gunmen." Two US soldiers from the 1st Armored Division were killed by a roadside bomb on Monday. Speaking to the BBC, Prime Minister Maliki said that his government could control the situation and that the need for foreign troops would last "definitely not decades, not even years."

Saddam Lieutenant Says Old Army Still Leading Insurgency. The AP (7/24) reports Izzat Ibrahim al-Douri, "Saddam's top lieutenant with a $10 million bounty on his head," stated in an interview published Monday that that "key elements of Saddam Hussein's old army are now heading the insurgency." Al-Douri wrote out his answers through intermediaries, including the contention, "It is the Iraqi army that today is in charge of the planning and supervision of more than 95 percent of patriotic resistance operations against the occupation." Reputed to be in poor health and perhaps no longer having "a direct role in leading the insurgency," Al-Douri vowed that he would "never join the reconciliation program of the government of Prime Minister Nouri al-Maliki."

More Iraqi Than Lebanese Civilians Have Died In Past 13 Days. ABC World News Tonight (7/24, story 4, 0:15, Gibson, 8.78M) reported, "The focus of the world in recent days, has been on Israel and Lebanon. And attention has been diverted from Iraq. But it should be noted that in the 13 days since the Israeli-Lebanese crisis began, more Iraqi

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civilians have died than Lebanese. And more US soldiers have died in Iraq these past two weeks than Israeli soldiers have died in their conflict."

Harris Poll Finds 50% Of Americans Believe Iraq Had WMD. The Washington Times (7/25, Harper, 88K) reports, "Half of Americans now say Iraq had weapons of mass destruction when the United States invaded the country in 2003 -- up from 36 percent last year, a Harris poll finds. Pollsters deemed the increase both 'substantial' and 'surprising' in light of persistent press reports to the contrary in recent years." The survey "did not speculate on what caused the shift in opinion, which supports President Bush's original rationale for going to war. Respondents were questioned in early July after the release of a Defense Department intelligence report that revealed coalition forces recovered 500 aging chemical weapons containing mustard or sarin gas nerve agents in Iraq."

Saddam Put On Feeding Tube, Expected At Trial Tomorrow. ABC World News Tonight (7/24, story 5, 1:20, McCarthy, 8.78M) reported, "Can the former dictator cheat justice? Not if the US can help it. Saddam's chief lawyer says he's being force fed. The US disputes that." Tony Snow, White House Press Secretary: "Saddam Hussein was put on a feeding tube. He agreed to it earlier today." McCarthy: "A US Military spokesman tells ABC news, the 69-year-old is being treated in his detention center and not in a hospital. And his condition is 'not life-threatening.' but with his nine-month-long trial of a massacre of 148 Shiites from the city of Du Jail, about to end, US officials do not want to face a further deterioration in Saddam's health." Saddam "has taken only sweetened coffee, and other liquids since July 7th, to protest his trial and the kidnapping and murder of one-otherwise defense lawyers. Saddam "did not attend his trial today," but "a spokesman is expecting him when the court reconvenes on Wednesday."

The New York Times (7/25, Von Zielbauer, 1.21M) reports that yesterday, "the only defendant who showed up was Barzan Ibrahim al-Tikriti, Mr. Hussein's half brother, who once directed the state security apparatus." Ibrahim "and his court-appointed lawyer contended that he was innocent of the crimes with which he and Mr. Hussein were charged, including the torture and executions of 148 men and boys from the Shiite village of Dujail."

Bush Attends Citizenship Ceremony For Soldiers Wounded In Iraq. The CBS Evening News (7/24, story 6, 0:20, Schieffer, 7.66M) reported, "President Bush swore in three new American citizens today at Walter Reed Army Medical Center in Washington. All three are foreign-born members of the US Army, two from Mexico, one from the Dominican Republic. All were wounded in Iraq. The President saluted them for, as he put it, paying the cost of freedom so others could live free."

The New York Times (7/25, Stolberg, 1.21M) notes "more than 33,000 noncitizens serve in the United States military. After the Sept. 11 terrorist attacks, Mr. Bush signed an executive order making them immediately eligible for citizenship when they serve on active duty." The Los Angeles Times (7/25, Gerstenzang, 918K), among other newspapers, runs a similar story this morning.

Young Veterans Facing High Unemployment Rate. The CBS Evening News (7/24, story 7, 2:20, Schieffer, 7.66M) reported, "Historically, when Americans have returned from wars, they've been welcomed by employers who figured veterans would be solid, reliable workers. But somehow that has changed. These days, more than 15% of young vets are out of work. That's double the rate for all 20 to 24-year-olds and that's why a retired general has put together a group called 'Helmets to Hard Hats.' It's about hard work, but it seems to be working." CBS (Bowers) added, "Sen. Barack Obama's home state of Illinois has the highest rate of unemployed veterans in the country." Sen. Barack Obama: "We are not putting our money where our mouth is. We say we value our veterans, we believe in their service, but when push comes to shove, we're not following through and I think that's got to change." Bowers: "Retired Marine General Matthew Caulfield says that following through for soldiers is what his program, Helmets to Hard Hats, is all about."

DOJ:

Congressmen Assail Gonzales Over Staff Shortages In US Attorney's Offices. The Los Angeles Times (7/25, Mozingo, 918K) reports Reps. Henry Waxman and John Conyers "called Atty. Gen. Alberto R. Gonzales to account Monday for severe staffing shortages and cutbacks in U.S. attorney's offices across the nation, which they say have halted prosecution of important cases including bank robberies, immigrant smuggling and tax fraud. … In a written statement Monday, a spokeswoman for the attorney general blamed the problems on Congress not allocating resources President Bush had requested." The Times notes, "There is a hiring freeze until 2008, several sources from the Los Angeles office said. 'Does it affect the number of prosecutions of bad guys? Absolutely,' said one member of the office, who requested anonymity because he was not authorized to speak on the issue. … He said the local FBI and Drug Enforcement Agency were hiring dozens

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of new agents, but their cases routinely hit a wall due to a lack of prosecutors. 'Now we're at the choking point.'"

The Washington Post (7/25, A13, Eggen, 748K) adds that Waxman and Conyers "said chronic budget shortages have taken a debilitating toll on the ranks of federal prosecutors, forcing many offices to implement hiring freezes and to charge for photocopies, reuse envelopes and scrounge for binder clips. Overall, according to the National Association of Assistant U.S. Attorneys, full-time vacancies in federal prosecutors' offices have jumped from fewer than 200 in 2004 to 765 as of May. … Dennis W. Boyd, executive director of the attorneys association, said other costs -- including rising rents and higher personnel costs -- have eaten into budgets despite increases from Congress."

CORPORATE SCANDALS:

Meade To Delay SEC Filing Pending Stock Options Audit. The AP (7/25) reports, "Meade Instruments Corp., a maker of telescopes and optical products, said Monday it needs more time to file its 10-Q covering the May quarter in order to complete an audit of its stock option granting practices." The AP continues, 'Last week, the company said it received a letter from Nasdaq warning it of potential delisting because of the missed filing deadline. Meade had received a similar notice in June when it missed a deadline to file its annual results. … The company said it will go before a Nasdaq board on Aug. 3 to request an extension so it can avoid a delisting." The AP adds, "The company currently forecasts a loss of $3 million, or 15 cents per share, for its fiscal first quarter, on $19 million of revenue. … Meade is one of at least 60 companies probed by the Securities and Exchange Commission or the Justice Department for allegedly backdating stock option grants to coincide with share low points in order to boost executive profits. There are at least another 10 companies conducting internal probes of their stock option grant practices."

CRIMINAL LAW:

Bettors Are Not The Focus Of Web Gambling Crackdown. The Wall Street Journal (7/25, Kesmodel) reports, "In its recent high-profile criminal case against a major online gambling company, the U.S. government has taken its most aggressive step yet to crack down on Internet gambling. But prosecutors have left untouched some key players: the gamblers themselves." The Journal continues, "The Justice Department contends three federal laws make it illegal to operate an online gambling business, and U.S. officials have at times made statements suggesting it is also illegal for Americans to place bets on the Web. Yet federal prosecutors, as well as states that prohibit the activity, have largely left bettors alone. … Last week, federal authorities charged David Carruthers, the chief executive of BetOnSports PLC, and 10 others with racketeering and fraud for taking sports bets from Americans. Prosecutors alleged BetOnSports, which is based in Costa Rica, took wagers 'almost exclusively' from U.S. gamblers. The government won a court order to temporarily shut down BetOnSports.com and other sites, but didn't file charges against any bettors. Instead, it asked BetOnSports to return funds held in their accounts." The Journal notes, "The case raises the question: Why hasn't the government pursued U.S. gamblers? They accounted for roughly half of the estimated $12 billion in annual world-wide revenue for offshore casinos last year, according to research firm Christiansen Capital Advisors. Some gamblers are fearful they might soon become entangled in the government's widening probe, but legal analysts say there's no federal law that explicitly bars individuals from placing bets online, and few state laws that do. … For its part, the Justice Department said it is focused on the online gambling businesses, not individuals. 'There is certainly not a law that expressly prohibits a bet by a casual bettor,' said a Justice Department official in a phone interview. 'We think that is more for state law to decide.' … Catherine Hanaway, the U.S. attorney for the Eastern District of Missouri, who brought the indictments against BetOnSports, said she didn't consider pursuing charges against the company's customers. 'There are limited resources, and we are trying to go after the worst first,' she said. 'Just like in the arena of gun dealers, we go after the biggest gun dealer we can find first.'"

Online Poker Tries To Distance Itself From Sports Betting. The Las Vegas Sun (7/25, Benston) reports, "At the World Series of Poker tournament at the Rio, operators of Internet gambling sites are hosting swank hospitality suites to promote online poker games. … Potential customers are invited to learn the ropes by playing free games where no money changes hands. … But promotions can no longer be found for online sports betting, which is being targeted by the U.S. government because it is illegal in this country. … So goes the convoluted, controversial business of Internet gambling." The Sun continues, "The country's biggest Internet gambling conference was supposed to have started Sunday as a welcome back of sorts for the man who has become the industry's public face. … But Calvin Ayre" who is "founder and chief executive of Bodog.com, an Internet casino and sports book located in Costa Rica that has become one of the most advertised online betting operations in the United States … canceled his conference after the arrest last weekend of online sports book operator David Carruthers at a Texas airport. Carruthers runs BetonSports PLC, a company that launched a successful public stock offering in London in 2004 and owns several online sports books and casinos. …

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Insiders say the action is more evidence of a growing divide between the flourishing world of online poker and its black sheep cousin, sports betting - an activity with strong roots in organized crime. … The Department of Justice says it doesn't distinguish between types of Internet gambling. It's all illegal, the government says, under the federal Wire Act - a rule designed to combat Mafia-run bookmaking operations in the 1960s. … Internet casinos and poker sites are different from their sports-betting counterparts, some legal experts say. … At least two courts have upheld the position that sports betting is illegal based on the Wire Act, the primary federal rule on gambling. But one of those decisions also said the Wire Act applies to sports betting and not other forms of gambling."

British, American Approaches To Online Gambling Contrasted. BusinessWeek (7/25, Capell) reports, "Britain has gone mad for betting. Newsstands are crammed with glossy gambling magazines and a national daily newspaper devoted entirely to games of chance launched last month. Some cable and satellite channels air nothing but poker and casino games. This year Britain even opened the world's first casino college, where croupier trainees learn the tricks of the trade. Now, the government hopes to make Britain the global hub of online gambling." Business Week continues, "Britain has already laid out the welcome mat for online betting firms which allow customers to wager electronically on everything from horses and soccer matches to the winners of reality TV shows and the Oscars. ….. Now, Britain is set to increase the stakes. Parliament has enacted sweeping new legislation that will open up the online market, starting next year, to traditional casino games such as poker, blackjack, and roulette. Britons already play such games by the millions, but the companies offering them are based in offshore tax havens such as Gibraltar, the Channel Islands, and Costa Rica. The government hopes that by becoming the first country in the developed world to legalize online gambling, it can lure offshore outfits to locate on British soil and pump even more revenues into public coffers." BusinessWeek notes, "It's an entirely different story in the U.S. Americans are by far the biggest online gamblers, betting a massive $145 billion over the Internet in 2005 -- nearly half the global total. But neither the government nor the stock exchanges are profiting from the business. The U.S. Justice Department says that online gambling is illegal under the 1961 Wire Act, which prohibits using telephone transmissions to bet across state lines. As a result, none of the big online gambling companies currently has operations in the U.S. … Nw, a strange-bedfellows coalition of conservative and casino interests is pushing for even tougher laws. Congress is debating two new bills that would further restrict online gambling in the U.S. One aims to starve offshore outfits by making it illegal for credit cards, checks, or electronic funds transfers to be used for online gambling transactions. The other is aimed at updating the Wire Act to ban gambling over the Internet. Observers say momentum to get a bill through Congress is building, though it's too early to handicap the odds."

Security Clearances Not Revoked Over Plame Leak. The AP (7/24, Locy) reported, "No one in the Bush administration has been stripped of security clearances over the leak of former CIA officer Valerie Plame's identity to reporters three years ago. In a letter to Sen. Frank Lautenberg, D-N.J., the CIA said it had no record of anyone in the administration who is no longer privy to the nation's most sensitive secrets because of the Plame leak."

Defendant Who Fled Chicago Courthouse Pleads Guilty. The AP (7/25, Robinson) reports, "A man whose vanishing act to avoid arrest led to a three-hour lockdown at Chicago's federal courthouse last month quietly pleaded guilty Monday to charges of lying to federal agents." The AP continues, "Larnell Rogers, 38, admitted impersonating a murder witness on a recording made by an associate who was being paid as an informant by the U.S. Bureau of Alcohol, Tobacco and Firearms." The AP adds, "In pleading guilty, Rogers said he got $50 and cocaine for his girlfriend in return for pretending on the recording that he had been the getaway driver in the murder of another informant. … He said the recording was made to get money out of federal agents who sometimes pay their informants for information about criminal activity." The AP notes, "Rogers was at the center of a June 22 melodrama that grabbed the news media spotlight and shut down the skyscraper Everett M. Dirksen Federal Courthouse at the south end of Chicago's Loop for three hours. … Rogers was late for a hearing that day in the false-statements case. .. . Arriving at the courthouse, he learned from his lawyer that because he was late U.S. District Judge Samuel Der-Yeghiayan already had issued a warrant for his arrest. He was told to turn himself in immediately. … Instead, he fled the courthouse in a panic. … Had Rogers not run off, he would be eligible for probation and would face six months in jail at worst under advisory sentencing guidelines. .. . But because he fled the courthouse prosecutors are recommending a sentence of two to eight months. Either way, Rogers can count the month he has spent so far at the Metropolitan Correctional Center toward his sentence. Der-Yeghiayan set Oct. 3 for sentencing."

FBI Arrests Three In Miami On Antiquities Smuggling Charges. The Miami Herald (7/25, Garry, 310K) reports, "Four people carried about 60 ancient artifacts from Ecuador into a gated house in Coconut Grove last week. With the pieces spread out in the living room, one of them -- an undercover FBI agent -- placed a call, saying he wanted a

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museum curator's opinion before finalizing the $2 million deal. But the vehicle instead carried about a dozen FBI agents, who swarmed the house, arrested the other three people and carefully wrapped up the jewelry, statues and pottery, which was the property of the Ecuadorean government." Edgar Nakache, Cecilia Marcillo-Aviles and Susan Aviles were charged "with the illegal importation of pre-Columbian artifacts. … The FBI had been pursuing the three defendants since February," when "authorities said Nakache offered to sell the collection…to French museum officials, who contacted the police."

Lawyers Expected To Ask Judge To Free New York "Mafia Cops." The AP (7/25) reports a ruling last month has made it possible for two former New York police officers accused of murder and drug deals to be set free and writes, "The portly and talkative Louis Eppolito and his spindly and taciturn former partner, Stephen Caracappa, walking out of jail. The defendants were due back in court Tuesday, when their lawyers were expected to ask U.S. District Judge Jack Weinstein to free them based on his decision to toss out the guilty verdicts against them. The judge ruled June 30 that while he still believed the pair were guilty, the statute of limitations had expired on the slayings, which occurred between 1986 and 1990. … Prosecutors, calling the evidence that the former NYPD detectives participated in eight murders 'overwhelming,' have argued that they are too dangerous to go free."

The New York Times (7/25) writes, "The government wanted to prosecute the two detectives at the time, in the early 1990's, before the five-year statute of limitations in murder conspiracy cases would have applied. It did not, however, largely because the prosecution did not trust Anthony Casso to be truthful and convincing on the stand. A few years later, these suspicions proved correct: Mr. Casso violated his cooperation agreement by plotting to assassinate a judge."

The New York Sun (7/24) reports federal prosecutors "say the two alleged 'Mafia Cops' must be kept in jail because they present a danger to the witnesses who secured their convictions earlier this year."

The Staten Island Advance (7/25) writes, "Attorneys for mob cops Louis Eppolito and…Stephen Caracappa want the same judge who last month tossed out racketeering murder convictions against their clients on a technicality to let them out of jail on bail."

Former Pennsylvania Police Officer Acquitted Of Witness Intimidation. The Pittsburgh Post-Gazette (7/25, Ward, 241K) reports, "It took a federal court jury five hours to rule that a former Plum police officer," Ryan Schneiderlochner, "was not guilty of tampering with a witness," Nicole Olbrish. "Prosecutors claimed the officer harassed her and tried to dissuade her from cooperating with the FBI. But Ms. Olbrish testified Mr. Schneiderlochner told her to tell the truth, and that he was friendly and kind to her." The Post-Gazette notes that "the prosecution's case began to unravel -- at least to some degree -- when it became clear last week that it would not be able to call the lead FBI agent in the case," Special Agent Bradley Orsini, after defense attorney Paul Boas "asked the prosecution for two disciplinary reports on Mr. Orsini, who had been transferred in February 2005 to Pittsburgh from Newark, N.J." The Pittsburgh Tribune-Review (7/25, Cato) adds, "During closing arguments yesterday morning, Boas said he did not think a crime had been committed. After the verdict, he refused to attack federal authorities or Plum officials."

Aquino Pleads Guilty In Philippine Spying Case. The AP (7/25, Parry) reports, "Sparing himself a possible life sentence and sparing the U.S. government a messy trial that could highlight weaknesses on how it guards its secrets, a former Philippines National Police officer pleaded guilty Monday to unauthorized possession of U.S. defense documents." Michael Ray Aquino "pleaded guilty in U.S. District Court to possessing secret documents containing information on the United States' confidential intelligence sources and methods, as well as information on terrorist threats to U.S. military personnel in the leaders in the Philippines." FBI Newark SAC Les Wiser Jr. said, "New Jersey is not the traditional locale one thinks of as a haven for spies. This case showcases the stark reality that those who conduct foreign espionage activity will endeavor to exploit every available opportunity to ply their craft, regardless of their location or position of responsibility."

The Newark Star-Ledger (7/25, Martin) notes, "Prosecutors described Aquino as a conduit between Leandro Aragoncillo, a former military aide in the vice president's office, and a band of out-of-power Filipino politicians hoping to topple that country's current president, Gloria Arroyo. … The spy case broke last year after FBI agents learned that Aragoncillo had tried to use his status as an FBI employee to help Aquino resolve an immigration matter. They began reviewing his computer access and discovered stolen secrets." The Star-Ledger also includes the comment from Wiser quoted in the AP story.

Stripper Testifies To Spending By West Virginia Senior Center Director. The Charleston Gazette (7/25, Searls) reports, "A former dancer at a Mercer County (WV) strip club said Monday that Bob Graham, the indicted director of a Wyoming County senior citizens center, paid for her breast implants and spent thousands to have her dance naked for him in private sessions at the bar." The Gazette

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continues, "Graham is accused in a 39-count federal indictment of embezzling more than $356,000 from the nonprofit Wyoming County Council on Aging. Prosecutors say he used the agency to fund a lavish lifestyle for himself and his family. … Stephanie Hudgins said she performed many $400 and $500 private dances for Graham, 60, at the Southern X Posure strip club. They spent so much time in the upstairs private rooms, without any overseeing bouncers, that she wasn't certain how much he had spent on her in a single evening." The Gazette adds, "In opening statements before Chief U.S. District Judge David Faber, federal prosecutors said Graham needed more and more cash and thought up a scheme to cash in his unused sick leave in order to spend tens of thousands of dollars on women at the strip club. … In his opening statement, Assistant U.S. Attorney Hunter Smith said Graham began spending tens of thousands of dollars at the strip club regularly, and illegally cashed in more than $191,000 in sick time at the Council on Aging. … Graham's lavish lifestyle caught the attention of West Virginians when it was revealed he made more than $450,000 in 2004 from the agency in Itmann, Wyoming County, and a related nonprofit business, All Care Home & Community Services. That nonprofit agency, geared toward assisting the elderly, receives federal Medicaid funding and has the same board of directors as the council. … The average West Virginia senior center director was earning $42,000 at the time."

Leaders Of Arizona Baptist Group Convicted Of Fraud. The Washington Post (7/25, A3, Sterling) reports, "Two former executives of a failed Southern Baptist foundation were convicted (in Phoenix, AZ) Monday in what prosecutors said was the nation's largest fraud ever targeting members of a religious group." The Post continues, "William Pierre Crotts, who was president of the Baptist Foundation of Arizona, and Thomas Dale Grabinski, the group's former chief legal counsel, were each convicted of three counts of fraud and one count of conducting an illegal enterprise in a scheme that lasted decades and cheated 11,000 investors across the country of about $585 million." The Post adds, "In a trial that lasted 10 months, prosecutors claimed that the executives were driven by shame to hide the foundation's mounting investment losses, bilking investors who were recruited in Southern Baptist churches and by Bible-quoting salesmen who visited their homes. Investors were told their money would help Southern Baptist causes, such as building new churches, and were promised above-market returns. … Instead, prosecutors said Crotts and Grabinski had designed a Ponzi scheme in which new investors were needed to pay off the secret mounting debt. Donald Conrad, an Arizona assistant attorney general, characterized Crotts and Grabinski during closing arguments as business failures who defrauded investors in part to 'feed their financial fantasies' that they were savvy businessmen. … Prosecutors failed to show that Crotts and Grabinski profited personally from the fraud, which involved hiding millions of dollars of losses in shell companies they created to conceal the losses. The two men were acquitted of 23 theft counts."

FBI Joins Indiana Sniper Investigation As Tips Warn Of More Shootings. In a widely-distributed story, the AP (7/25, Martin) reports, "The FBI joined the investigation Monday into the sniper attacks that killed one person and wounded another along two Indiana interstates, and police searched fields, overpasses and roads for evidence." The AP adds, "State police said they received about 50 calls through a tip line set up to help solve the shootings. Two tips said more shootings could occur in southern and northeastern Indiana, and state police alerted agencies there, said 1st Sgt. Dave Bursten. Investigators did not know how valid the tips might be." The Louisville (KY) Courier-Journal (7/25, Kaukas) adds, "State police — joined by the FBI — continued their investigation, saying they had recovered bullet fragments from the vehicles damaged in the attacks," but "they had made no arrests and were still waiting for the results of ballistics tests to determine the caliber of the weapon or weapons used. … As the investigation continued, many drivers yesterday along I-65 were glancing at the overpasses and side roads."

USA Today (7/25, A3, Bazar, Rampell, 2.27M) reports, "At least six investigators traveled from Ohio to help FBI and local police with their search for the shooter." Prince William County police chief Charlie Deane, who was involved in the DC-area sniper probe, said that Indiana officials are "learning what some law enforcement agencies around the country already know: Sniper shootings tend to be 'very difficult cases' to solve." The Indianapolis Star (7/25, Lesnick, 264K) notes, "The officers from Ohio were among more than 30 that also included contingents from Indiana, the FBI and the Bureau of Alcohol, Tobacco, Firearms and Explosives. Among other things, they discussed the fact that the Ohio sniper case near Columbus netted an arrest -- after four months and 5,444 tips." The New York Times (7/25, Ruethling, 1.21M) also briefly reports on the FBI joining the investigation.

Lawyers For Alleged Chicago Mob Figure Seek Information On Prospective Jurors. The AP (7/25, Robinson) reports, "Attorneys for a reputed mob boss asked a federal judge Monday to require the government to produce the rap sheets and tax audit information of prospective jurors as part of the jury selection process. James Marcello's attorneys made no mention of the nasty legal bickering that erupted over the arrest records of several jurors at the close of former Gov. George Ryan's racketeering and fraud trial in

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April. The attorneys merely said in a motion…that a juror's failure to disclose his criminal record during the selection process could 'give rise to an inference of bias.'" The AP notes, "The case, stemming from a long-running FBI investigation dubbed Operation Family Secrets, is due to go to trial next May."

FBI Joins Houston Serial Killer Investigation. In a front-page story, the Houston Chronicle (7/25, Crowe, 535K) reports, "FBI agents have joined police in the hunt for a possible serial killer suspected in the deaths of six women whose bodies have been found in north Houston, Rep. Sheila Jackson Lee said today. … Shauna Dunlap, an FBI spokeswoman, confirmed that federal agents will provide DNA lab assistance and investigators to the Houston Police Department, which formed a joint task force to work the case. 'We work with HPD very often,' Dunlap said. 'When the locals need assistance, we are here to help.'" The Chronicle notes, "The body of the latest known homicide victim, Lakita Stubblefield, 21, was found Wednesday," and "police said the victims have all been nude or partially clothed and hidden in wooded areas. Some victims had a history of prostitution."

Laptop Containing Old Mutual Client Data Stolen. The Wall Street Journal (7/25, Anand) reports, "It is the latest instance of a lost laptop triggering concern about identity theft. … Old Mutual Capital Inc., a midsize distributor of mutual funds, has sent letters to 6,500 fund shareholders informing them that a laptop was stolen that contained personal information about clients' names, addresses, account numbers and in some cases Social Security numbers. Old Mutual Capital, a subsidiary of United Kingdom-based financial-services firm Old Mutual PLC, is a distributor of funds of Old Mutual and its affiliates." The Journal continues, "A spokesman for the company said the theft, which took place in late May, affects 'slightly more than two percent of the shareholder base.' He added that to date there have been 'no instances of inappropriate attempts to access accounts' and 'no discernible signs of identity-theft activity.'" The Journal adds, "The incident is another in a spate personal-data leaks over the last year and a half. In May, computer equipment was stolen from the home of a U.S. Department of Veterans Affairs analyst containing personal information of nearly 26 million people. And in March, mutual-fund giant Fidelity Investments reported a stolen laptop containing information for about 196,000 current and former workers of Hewlett-Packard Co., for whom it manages a 401(k) retirement and pension plan."

Three More Indicted In Alleged California Loan Fraud Scheme. The AP (7/21) reported, "Three more people were indicted by a federal grand jury for alleged involvement in a $12 million foreclosure scam that victimized more than 100 Southern California homeowners, officials said. The three were alleged to have participated in a ring led by Martha Rodriguez and Edward Seung Ok, who ran real-estate and escrow offices and were arrested in November when the jury issued its first indictment." The AP noted, "According to the indictment, the defendants visited homeowners defaulting on their mortgages and offered to stop their foreclosures with short-term loans and refinancing options. But instead of applying for refinancing, the defendants allegedly submitted loan applications to banks under the names of the homeowners," and then "allegedly pocketed the loan money."

Two Plead Guilty In Offshore Bank Scam. The AP (7/21) reported, "A man and woman have pleaded guilty to fraud in an offshore bank scam in Grenada that may have cost investors more than $125 million, federal prosecutors said. Robert Skirving and Rita Regale each pleaded guilty to one count of conspiracy to commit money laundering in a scam involving the First International Bank of Grenada and various subsidiaries. Both Skirving and Regale agreed in their pleas that the total funds laundered during the scheme exceeded $100 million, and that restitution owed could exceed $125 million, prosecutors said Wednesday." The AP added, "Two other defendants, Douglas Ferguson and Laurent Barnabe, are scheduled for trial in February." The Honolulu Advertiser (7/21, Ohira) noted, "The bank was supposedly based on the Caribbean island of Nevis but was actually operated out of Kihei, Maui, by Ziegler and Regale, according to IRS and FBI investigators. … 'The First International Bank of Grenada is one of the crudest-ever examples of financial crime,' said David Marchant, publisher of the Miami-based 'Off-Shore Alert,' which exposed the scam."

Four In Florida Indicted On Medicare Fraud Charges. The Miami Herald (7/18, Dorschner, 310K) reported Floridians Althea N. Graves, Bernard R. Graves Jr., Yvonne May Richards and Neil Leder have been charged "with defrauding Medicare out of $10 million for charging for unnecessary psychiatric care at the now defunct Oakland Community Health Center in Oakland Park." They are "accused of billing Medicare for $25 million during a six-year scheme. … The indictment alleges Graveses and Richards paid kickbacks to assisted living facilities to send their residents to Oakland for unnecessary psychiatric services and falsified records to make it appear such care had taken place." In a story distributed by McClatchy Newspapers, the South Florida Sun-Sentinel (7/18, Blum, 265K) noted, "The prosecution is part of a health care fraud crackdown launched by U.S. Attorney R. Alexander Acosta in 2005. 'Health care fraud diverts limited government money from already strained

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health care programs meant to benefit the sick and the elderly,' Acosta said."

Illinois Mayor Arrested For Alleged Child Porn Distribution. The Chicago Tribune (7/25, Bell, 623K) reports, "The mayor of Green Oaks was charged Monday with distributing child pornography over the Internet after authorities executed a search warrant at his house, officials said. Bail was set at $100,000 for Tom Adams…after he was arrested Monday morning, authorities said." The Tribune notes, "Adams, a former chairman of the Lake County Republican Party and a longtime GOP power broker, is accused of using three screen names on America Online to send child porn from a computer in his home office, said Assistant State's Atty. Patricia Fix. … The FBI contacted the state's attorney in May, she said." The Chicago Daily Herald (7/25, Gordon) also reports that "Fix said the FBI told local officials in June they had traced email messages with child pornography attachments sent last year to Adams' computer. Lake County officials began their own investigation, Fix said, and discovered additional images had been sent in May and June of this year."

FTC Officials Renew Call For Increased Internet Policing Powers. CNET News.com (7/24, Broache) reports that at a DC conference organized by the Center for American Progress yesterday, "past and present Federal Trade Commission officials on Monday renewed their call for Congress to expand the agency's international Internet policing powers and its ability to slap fines on wrongdoers. … The organization set up the event to outline issues expected to emerge at a four-day, FTC-sponsored series of hearings about the Internet and consumer protection this fall." CNET notes, "The federal regulators' push for authority on the international front is nothing new. In 2003, the FTC lobbied Congress for powers that would, among other things, allow them to serve secret requests for subscriber information on Internet service providers, peruse FBI criminal databases, and swap sensitive information with foreign law enforcement agencies."

Lawmaker Touts Bill Aimed At Reducing Offender Recidivism. In a piece in The Hill (7/25), IL7 Rep. Danny Davis (D) discusses "the issue of offender recidivism." Davis relates, "The issue of reintegration clearly needs to begin inside the prison itself. Some prisons across the country have successfully implemented faith-based and pre-release programs. … On the legislative side, the Second Chance Act was introduced in both the Senate and House by strong bipartisan coalitions. … Since the bill's introduction it has received strong bipartisan support, including endorsement from the White House." Davis notes, "Among other things, this legislation calls for the implementation of prison-based programs on the national level. The bill seeks to create a national offender reentry-resource center and a federal interagency task force so that faith-and community-based organizations can continue to work with inmates. … Under the bill's provisions, grants for mentoring organizations as well as for state and local governments to establish post-release housing, such as group homes, would be provided. … This legislation should be made into law so that when men and women walk out through the prison gates the public will be safer and the revolving door for many might close."

WPost Says Kaine Should Review Rape, Murder Convictions Of Four Navy Men. An editorial in the Washington Post (7/25, A14, 748K) urges Virginia Gov. Timothy M. Kaine to examine the cases of four men who stand convicted of the 1997 rape and murder in of Michelle Moore-Bosko. The men, who were serving in the Navy at the time of the murder, "confessed their roles but now claim innocence. At least on the surface, that claim seems compelling, for reasons that should have been clear at the time they faced charges. No physical evidence connects any of them with the crime." Kaine "needs to deal with this issue promptly."

CIVIL LAW:

Medtronic's Settlement With DOJ Seen As Model For Future Probes. Dow Jones (7/25, Kamp) reports, "A recently announced $40 million settlement between Medtronic Inc.'s spinal products unit and the U.S. Department of Justice may suggest a path to fairly manageable outcomes for orthopedics companies that are also facing government probes of doctor relationships." Dow Jones continues, "Medtronic and the Justice Department announced the deal last week. The settlement resolved civil allegations that Medtronic's Sofamor Danek spinal division paid kickbacks to doctors to induce them to use Sofamor Danek products. Medtronic and Sofamor Danek deny any wrongdoing, per the settlement agreement, and Medtronic said it agreed to a deal to put the litigation behind the company." Dow Jones adds, "The Medtronic matter is not directly related to an ongoing Justice Department review of the orthopedics sector, but there are some similarities. Major orthopedics companies early last year reported receiving subpoenas involving consulting or professional-services agreements between companies and surgeons. … 'What is most interesting to us about Medtronic's settlement is that it may give some indication as to the likely outcome of the current DOJ investigation into the selling practices of the broader orthopedic (reconstructive joints) industry,' JPMorgan analyst Michael Weinstein said in a note to investors Monday.

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… In March 2005 orthopedic device makers Zimmer Holdings Inc., Stryker Corp., Biomet Inc., Smith & Nephew PLC and Johnson & Johnson unit DePuy all announced receiving the subpoenas on the doctor relationship issue. Weinstein said he views that probe and the Sofamor Danek issue as 'fairly analogous.' … The same five orthopedics companies in late June of this year announced a second batch of subpoenas, this time from the Justice Department's antitrust division, requesting documents spanning several years concerning possible federal criminal and antirust-law violations."

Arab Group Sues US Over Lebanon Evacuation. The Detroit Free Press/AP (7/25, Charlton) reports, "A group of Lebanese-Americans represented by a civil rights group filed a lawsuit Monday against the U.S. government, claiming officials haven't done enough to protect American citizens from the fighting in Lebanon." The AP continues, "The lawsuit, filed by the American-Arab Anti-Discrimination Committee on behalf of about 30 American citizens, alleges that Secretary of State Condoleezza Rice and Secretary of Defense Donald Rumsfeld did not take all possible steps to ensure the safety and well being of U.S. citizens in Lebanon when fighting erupted between Israel and Hezbollah guerillas." The AP adds, "The committee is asking the U.S. District Court in Detroit to order the American government to increase evacuation efforts and use more resources, including more military ships and private airline carriers and boats. … They also asked the judge to order the government to request a cease-fire and to stop shipments of weapons and other military support to Israel during the evacuation of U.S. citizens from Lebanon. … U.S. State Department spokeswoman Joanne Moore said she was unaware of the lawsuit and referred comments to the U.S. Justice Department. The Justice Department referred calls back to the State Department."

CIVIL RIGHTS:

Pontiac, MI, Agrees To End Hiring Quotas. The Detroit News (7/25, Egan) reports, "The Justice Department and the city of Pontiac have agreed that the city will end a practice designed to hire and promote more women and minorities in its Fire Department." The News continues, "Under the consent decree, the city will offer jobs, promotions, back pay or seniority to four white males deemed to have been unlawfully denied or delayed opportunities as a result of the policy." The News adds, "Critics on Monday condemned the unusual decree, which still faces final approval, as evidence of a desire by the Bush administration to dismantle affirmative action. Proponents say it ends a form of discrimination that was particularly obnoxious because it was practiced by government. … The agreement comes amid a fierce debate in Michigan over a ballot initiative that would ban such affirmative action policies. State voters will decide in November whether to ban the use of race as a factor in university admissions and government hiring. … 'It's really very, very vicious to have the Justice Department come in and try to reverse the great gains we've made,' said Shanta Driver, a spokeswoman for By Any Means Necessary, the group opposing the Michigan ballot drive to ban affirmative action. … The Justice Department began an investigation after Pontiac firefighter Arthur Frantz filed a federal lawsuit in 2004, alleging he was passed up for promotion to lieutenant because he is white. The case is to go to trial in September."

Illinois Prison Guards Charged With Assaulting Inmate. The AP (7/25) reports, "Two guards at a federal prison in (Greenville, IL) were arraigned Monday on federal charges that they assaulted an inmate in his cell using fists and handcuffs nearly two years ago, then tried to cover it up." The AP continues, "A federal grand jury, in an indictment returned Thursday and unsealed Monday, charged Daniel Gordon and Eric Newsome with conspiring to violate the inmate's civil rights and with filing false reports afterward. Newsome also is charged with lying to a special agent of the Justice Department's Office of the Inspector General." The AP adds, "During a brief court appearance in U.S. District Court in East St. Louis, Gordon and Newsome were ordered released on their own recognizance. Court records did not indicate whether they were represented by attorneys, and a court clerk said she did not have that information. … The count alleging the filing of a false report carries a possible 20-year prison term. The other charges are punishable by up to 10 years behind bars. … According to the indictment, Newsome, Gordon and an 'unindicted co-conspirator' approached John Clark's cell, ostensibly to transfer him to another cell at the prison, which is about 50 miles east of St. Louis along Interstate 70. … Newsome and the unidentified person, at Gordon's request, positioned their bodies to block the views of surveillance cameras to prevent them from recording Gordon's activities at Clark's cell door, the indictment alleges. … Gordon faked that he was handcuffing Clark through a food port in the cell, then entered the cell with Newsome and the other person, according to the indictment. … Newsome, with Gordon's help, hit Clark repeatedly with his fists and handcuffs, landing 'an additional unjustified blow to John Clark after John Clark was handcuffed,' the indictment reads. … Newsome and Gordon, aware Clark was injured and bleeding, then left the inmate handcuffed on the cell floor, closed the door and locked it behind them, according to the indictment."

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Sarasota County Seeks Consolidation Of Federal Housing Bias Suits. The Bradenton Herald (7/25) reports, "Sarasota County (FL) filed a request today in U.S. District Court in Tampa to consolidate two lawsuits accusing the county of housing discrimination against disabled persons." The Herald continues, "The lawsuits, filed by the U.S. Justice Department's Civil Rights Division and a group called Renaissance Manor, allege the county's action against a Sarasota County group home is in violation of the Fair Housing Act." The Herald adds, "Renaissance Manor is the owner of six group homes located near North Port called Tammi House. The lawsuits allege that Sarasota County officials broke federal law when they refused to allow Renaissance Manor to operate Tammi House for individuals with mental illness and a history of substance abuse. … The Justice Department stated in its lawsuit against the county that such homes are allowed under Sarasota County's zoning code and Tammi House is similar to other group homes already approved by the Sarasota County Commission. … But county officials have said they objected to the group homes because Sarasota County zoning requires a 1,000-foot separation between such individual homes to avoid clustering."

Three NAACP Offices Have Received Threat Letters Postmarked In Louisiana. The AP (7/25) reports, "Threatening letters, at least two containing a white powdery substance, were sent to NAACP offices in three states, a spokesman for the organization said Monday. The civil rights group's offices in Baltimore and New York City received letters with the powder, said spokesman Richard McIntire. The branch in Norfolk, Va., also received a letter, the FBI said, although it was not immediately determined whether the letter contained powder." The AP notes, "All three letters originated from Baton Rouge, La.," and "the FBI was investigating the letters as a hate crime."

Baltimore NAACP President Vows Organization Will Not Be Intimidated. The Washington Examiner (7/25, Broadwater) reports, "Between tears Monday, Baltimore NAACP President Marvin 'Doc' Cheatham Sr. condemned the hate crime that left him covered with white powder during an anthrax scare Friday. 'We at the Baltimore chapter of the NAACP will not be intimidated,' Cheatham said during a news conference. 'It gives us more fire, not less.'" The Examiner notes, "FBI agents told Cheatham the envelope contained a racist letter that was not directed specifically at him or the city branch of the civil rights organization."

Detroit City Clerk Enacting Election Reforms As FBI Probe Continues. The AP (7/25, Karush) reports, "When Janice Winfrey defeated Detroit's longtime clerk to become the city's top elections official, federal officials had launched an investigation and even the incumbent had enough doubts about the work of her office to demand a recount." Winfrey "has made it her goal to restore public trust in the system. She started by immediately purging bloated voter rolls of the names of more than 18,000 dead people and expanding poll-worker training." The AP notes, "The FBI continues to investigate the absentee ballot situation, spokeswoman Dawn Clenney said Monday."

Official In Charge Of Protecting Civil Liberties In Intelligence Agencies Profiled. The New York Times (7/25, Shane, 1.21M) profiles Alexander Joel, who was appointed last December "as the first civil liberties protection officer for the office of the director of national intelligence, John D. Negroponte." Joel "projects an earnest dedication to bedrock American principles, carrying in his pocket a small booklet containing the Constitution, with the federal employee's oath to defend it taped inside. … So, just what does the civil liberties protection officer think about the much-debated N.S.A. program? Alas, he cannot say. 'It's being handled directly by the president and the attorney general,' Mr. Joel said. 'It's not my job to tell the president what the rules are.'"

Bush Signs Bill Barring Restrictions On Flag Displays. The AP (7/25) reports, "President Bush on Monday signed a bill that would bar condominium and homeowner associations from restricting how the American flag can be displayed." Sponsored by GOP Rep. Roscoe Bartlett, the resolution "would prohibit those groups from preventing residents from displaying an American flag on their own property."

ANTITRUST:

Emergency Order Sought To Block McClatchy Deal. The Sacramento Bee (7/25, Kasler) reports, "The fight over The McClatchy Co.'s plan to sell a group of Bay Area newspapers intensified Monday, as a San Francisco politico requested an emergency court order that would block the deal." The Bee continues, "Lawyer Joseph Alioto, representing Clint Reilly, said he's been told that the U.S. Justice Department is on the verge of approving the deal. As a result, he's seeking a temporary restraining order that would prevent McClatchy and the newspapers' buyer, MediaNews Group Inc., from completing the transaction. … A hearing is set for Thursday in U.S. District Court in San Francisco. … A spokeswoman for the Justice Department said the issue is 'still ongoing.' She had no further comment." The Bee notes, "Reilly sued MediaNews July 14, saying the deal would give MediaNews monopoly power over the Bay Area newspaper

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market. MediaNews already owns seven papers in the area; the deal would give the company control over every major Bay Area daily except the San Francisco Chronicle. … What's more, the Chronicle's owner, Hearst Corp., is helping MediaNews finance the transaction. Hearst would receive stock in MediaNews properties outside the Bay Area. … Sacramento-based McClatchy is selling four papers, including the San Jose Mercury News, Contra Costa Times and Monterey County Herald, to a consortium led by MediaNews for $1 billion. … The deal has been held up by the Justice Department antitrust examination. The California attorney general also is reviewing the deal."

Hospital Chain Founded By Frist's Family Bought For $33 Billion. The Washington Post (7/25, D1, Masters, 748K) reports, "HCA Inc., the hospital company founded by the family of Senate Majority Leader Bill Frist (R-Tenn.), agreed Monday to be acquired by a group of private investors, including Frist's brother, for a record $21.3 billion in cash. Without accounting for inflation, the deal, which also includes the assumption of $11.7 billion in debt, is the largest-ever leveraged buyout, just topping the $31 billion deal to take RJR Nabisco private in 1989." The buyers "include the private equity firm Kohlberg Kravis Roberts & Co., which engineered the Nabisco deal; Bain Capital; and Merrill Lynch Global Private Equity. HCA co-founder and former chief executive Thomas F. Frist Jr., who owns an estimated 4.4 percent of the company, is also part of the consortium." The Wall Street Journal (7/25, Berman, Naik, Winslow, 2.03M), USA Today (7/25, Appleby, 2.27M) and New York Times (7/25, Sorkin, 1.21M), among other newspapers, also report on the buyout. The story, however, is not portrayed in political terms, and Sen. Frist's connection to HCA isn't a major factor in any of the reports.

Report Faults State Regulation Of Real Estate Agents. The Inman News (7/24, Roberts) reports, "State real estate regulatory commissions are largely composed of members who are active real estate professionals, which represents a "blatant conflict of interest," according to a report by a national consumer group." Inman continues, "The Consumer Federation of America, a national advocacy group with membership from about 300 organizations, issued a report Friday that calls for independent regulation of real estate brokers. About 79 percent of all state real estate commissioners 'earn a living through real estate transactions,' with 70 percent working as real estate brokers or salespersons and 9 percent working in real estate-related professions, according to a study that the consumer group conducted." Inman adds, "It's not the first time that the consumer group has clashed with real estate practices. In June, the federation issued an eight-page report, 'How the Real Estate Cartel Harms Consumers and How Consumers Can Protect Themselves,' charging that industry and regulatory practices can stifle competition and do not always serve consumers' interests. And Stephen Brobeck, executive director for the group, will testify at a congressional hearing tomorrow that will focus on real estate competition and choice. … The consumer group's study found that real estate law in four states -- Idaho, Louisiana, Mississippi and Nevada -- requires that all real estate commissioners be real estate brokers or salespeople, Eleven other states 'require at least four-fifths of commissioners to hold real estate licensees,' the group announced."

Royal Philips' Purchase Of Intermagnetics Clears Hurdle. The Albany Times Union (7/25, Harlin) reports, "Royal Philips Electronics NV's $1.3 billion acquisition of Latham-based Intermagnetics General Corp. has cleared a federal regulatory hurdle." The Times Union continues, "Magnet-maker Intermagnetics said today the 30-day review period required by the Hart-Scott-Rodino Antitrust Improvements Act of 1976 has expired. The deal, expected to close in the fourth quarter, still needs European regulatory approval, and the OK of Intermagnetics shareholders. … Latham-based Intermagnetics and the Dutch electronics giant announced the deal in June. Philips has been a major customer of Intermagnetics and has purchased its magnetic resonance imaging, or MRI, magnets for nearly 20 years. … Intermagnetics was founded in 1971 after being spun off General Electric Co. It employs more than 500 people in the Capital Region."

AMD To Purchase ATI Technologies For $5.4 Billion. USA Today (7/25, Kessler) reports, "Chipmaker Advanced Micro Devices on Monday said it would acquire Canadian partner ATI Technologies for $5.4 billion — its boldest move yet against rival Intel." USA continues, "AMD makes processor chips, the electronic 'brains' that power computers. ATI in Markham, Ontario, makes parts that work alongside these processors, including high-end graphics chips that make movies and video games appear in vivid color. … PC makers typically buy processors and high-end graphics chips separately. AMD wants to change that, offering customized chip packages for some applications, such as business laptops. It also hopes to put them in electronics such as TVs. … The packages will give AMD an advantage, breaking 'a market long dominated by one company,' AMD CEO Hector Ruiz said in a conference call. Intel has about 80% of the PC processor market. AMD, in Silicon Valley's Sunnyvale, has about 20%."

The New York Times (7/25, Sorkin) reports that the "transaction… will reshape the semiconductor industry," and notes, "The deal comes as the semiconductor industry is

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becoming the focus of intense investor interest. Later this week, Philips Electronics plans to field final bids worth more than $10 billion apiece for its semiconductor division from three consortiums of private equity investors, people involved in that auction said. Philips had been considering an initial public offering for the unit." The Times adds, "The deal is not without challenges. While both companies have reported strong earnings growth over the past year, overall growth of PC sales is slowing, particularly in the high end of the market, where the graphics chips are important components. … The slowdown also means the price competition with Intel for the core processors at the low end of the market has increased. Lower prices mean that A.M.D. makes less money per processor."

The Washington Post (7/25, D5, Musgrove) reports, "AMD has long been the underdog against Intel, the world's largest processor maker, but the Sunnyvale, Calif.-based company has been making inroads against its rival lately. For example, Dell Inc., long a loyal Intel customer, announced this year that it would allow enterprise customers to opt for AMD chips in some server products. … Bruce Shaw, director of worldwide commercial marketing at AMD, said the acquisition would provide access to a larger potential customer base. While AMD makes processors used in computers, ATI's products are used in a broader range of consumer electronics gadgets."

Barr Pharma To Satisfy FTC Requirements For Pliva Purchase. The AP (7/25) reports, "Drug maker Barr Pharmaceuticals Inc. said Monday it is prepared to satisfy any antitrust requirements the Federal Trade Commission may have to clear its acquisition of Pliva, a Zagreb, Croatia-based generic drug company." The AP continues, "Consequently, Barr said it will not include an FTC approval condition when it files its formal offer for all outstanding Pliva shares with Croatian regulators later this week." The AP adds, "Barr recently sat down with the FTC to resolve antitrust issues arising from overlapping product lines. Based on the progress of the talks, the company said it is confident it can satisfy any of the commission's concerns. … Barr gained German regulatory clearance for the acquisition on Thursday and plans to close the deal later this year after gaining final regulatory approval from all jurisdictions. … The company recently upped its offer to buy Pliva to $2.3 billion in a bidding war with Iceland's Actavis Group HF. Pliva management has backed Barr's offer."

ENVIRONMENT/INDIAN AFFAIRS:

DOJ To Appeal Idaho Nuclear Waste Ruling. The AP (7/25, Boone) reports, "The U.S. Department of Energy has filed a notice of appeal of a federal court ruling that ordered it to abide by a 1995 agreement to remove all high-level radioactive waste stored at the Idaho National Laboratory." The AP continues, "The Justice Department filed the notice on behalf of the Energy Department in U.S. District Court on Monday, the last day allowed under court deadlines. … Officials would not say whether an actual appeal would be filed, though it appeared likely." The AP adds, "In May, U.S. District Judge Edward Lodge rejected DOE's argument that the agreement signed with then-Gov. Phil Batt only covered waste such as rags, tools, gloves and dirt contaminated with radioactive material that had been stored in barrels on asphalt pads at the southeastern Idaho compound since 1970. The federal government had claimed it was not required to dig up and remove other rotting containers of waste that was indiscriminately dumped into open pits and buried before 1970. DOE officials have said that not moving that waste is safer than trying to dig it up for removal. … State officials don't want the waste left in place, however, because some studies have shown that buried radioactive material is seeping toward the underground aquifer that feeds the Snake River, which runs almost the entire length and width of Idaho. … In his ruling, Lodge found that the words 'all transuranic waste' in the 1995 agreement meant the removal of all nuclear waste, not just some of it. … In court documents, Barclay Samford with the Justice Department wrote only a general statement on what would be raised if an appeal were filed: Whether the district court's findings of fact are clearly erroneous, and whether the court erred in interpreting the settlement."

Coalition Seen As Gathering Strength In Fight Against Energy Exploration. The Washington Post (7/25, A1, Eilperin, 748K) reports that Valle Vidal, in New Mexico, "has become a battleground in the drive to expand energy exploration on public land, attracting the attention of a growing coalition of hunters, anglers, environmentalists, ranchers, homeowners and politicians across the ideological spectrum. Here and elsewhere in the Western United States, this coalition is starting to resist the push for energy exploration in some of the nation's most prized wilderness areas." Although "it remains unclear how successful they will be, these new activists…have brought a new dynamic to the public debate over energy development in the West." Democratic Rep. Tom Udall (NM), "sponsored legislation to make Valle Vidal off-limits to oil and gas drilling and to protect hundreds of thousands of acres of wilderness in California, Idaho and Oregon. The House unanimously approved Udall's bill on Monday, and the issue is now before the Senate." In two other states, "prominent GOP senators -- Conrad Burns (Mont.) and Craig Thomas (Wyo.) -- have also pushed in the past month to restrict energy exploration on public land."

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Meanwhile, under the headline "Congressional Interest In Energy Bills Dims," the Washington Post (7/25, A13, Mufson, Weisman, 748K) reports this morning, "Three months after soaring gasoline prices sent members of Congress scrambling to propose energy legislation, the House and Senate are poised to go on August recess with little to show. Up this week: a Senate version of a bill that would allow more offshore oil and gas drilling. Republican leaders say it could reach the floor for a vote Friday." But "many senators and environmentalists fear that the terms of a much more permissive House version could prevail in the conference committee."

Power Outages Continue In New York City, St. Louis, Southern California. NBC Nightly News (7/24, story 5, 0:50, Williams, 9.87M) also reported, "There are some serious power problems tonight caused by severe heat, beginning in St. Louis, suffering through that city's worst ever power outage ever."

USA Today (7/25, Jones, Parker, 2.27M) reports "thousands of New Yorkers…had no power Monday, along with more than 200,000 in the St. Louis area and more than 50,000 in California as hot weather, storm damage and malfunctions took their toll on the nation's power grid. An estimated 100,000 people had no power last week at the peak of New York's blackout, for which no cause has been announced. Only about 10,000 remained without service Monday, Mayor Michael Bloomberg said." The New York Times (7/25, A1, Chan, 1.21M) runs a story on the New York City outages.

The Los Angeles Times (7/25, Lifsher, 918K) reports, "Southern California was struck with a new round of power outages Monday as demand for electricity stretched the state's supply and the aging system of local lines and transformers continued to fail in the face of a record heat wave." The demand for electricity "was so great that California's power regulators asked some businesses to cut back their power usage, though the state narrowly avoided rolling blackouts." But "officials were more immediately concerned about the nearly 1,000 transformers atop power poles and underground vaults that were overwhelmed in recent days, leaving thousands without electricity." Meanwhile, said ABC World News Tonight (7/24, story 7, 1:45, Gibson, 8.78M) reported "temperatures there are through the roof again today. And the state's power grid is simply not up to the task of dealing with the record heat wave." USA Today (7/25, Welch, 2.27M) and New York Times (7/25, Archibold, 1.21M), among other newspapers, run similar stories this morning.

Gasoline Prices Over $3 Dollars Again. ABC World News Tonight (7/24, story 8, 0:10, Gibson, 8.78M) reported, "The government said today that gasoline prices are up again. The national average price has now gone to just over $3 to up about $1.5 cents in the last week." USA Today (7/25, Hagenbaugh, 2.27M) runs a similar report.

OPEC Accused Of Illegal Collusion To Boost Oil Prices. The CBS Evening News (7/24, story 5, Schieffer, 7.66M) said "the war, growing demand, and a shortage of refineries are all getting blamed for the high price of gasoline, but an investigation by CBS news has turned up another one, a more sinister factor." CBS (Attkisson) added, "You might say the beginning of the end for low gas prices was in the late 90s when gas briefly dropped under a buck a gallon. But while consumers celebrated, it was near panic at OPEC, the cartel of nations that exports about half the oil the rest of the world buys. Internal OPEC bulletins obtained by CBS news show how OPEC responded, reaching out to the rest of the world's oil producers to drive prices back up. A group of Florida residents claims that's illegal collusion. They're suing to stop what they call a price conspiracy." Tab Turner, plaintiff's attorney: "The prices that we are facing at the gas pumps today are a direct result of the illegal activity to both fix the prices and limit the production."

NYTimes Denounces Congressional Emphasis On Boosting Production. The New York Times (7/25, 1.21M) editorializes, "Congress's default response to the nation's manifest energy problems is to increase supply, while doing nothing to reduce demand. Earlier this year, the House rebuffed a modest effort to increase fuel economy standards while approving a bill whose main purpose is to end a long-standing federal moratorium on drilling for oil and gas on the Outer Continental Shelf. In similar spirit, the Senate today will take up a bill to open eight million more acres of the Gulf of Mexico to oil and gas drilling." The Senate measure "is narrower and less mischievous than the House bill. Yet it, too, is aimed exclusively at increasing production." This is "mind-boggling." The Times goes on to call a focus on drilling "a terribly one-sided energy policy."

Man Who Warned About Risks Of Energy Dependence In 1976 Profiled. The Washington Post (7/25, D1, Mufson, 748K) reports profiles Amory B. Lovins, who in "wrote a massive piece in Foreign Affairs magazine declaring that the United States stood at a crossroads on energy policy. The first path, he wrote, led to ever greater output of coal, oil and nuclear, a capital-intensive strategy dubbed 'strength through exhaustion.' The second path relied primarily on greater efficiency as well as the development of such alternative energy sources as wind, solar power and biofuels." Back in 1976, Lovins "was the British representative of Friends of the Earth. Since 1982 he has been at the Rocky Mountain Institute, which has a $5.2 million budget and peddles its ideas to more than 80 of the country's biggest corporations, such as Wal-Mart Stores Inc., Coca-Cola Co., Texas Instruments Inc. and Royal Dutch Shell." Lovins "testified before Congress in March on energy independence. … Unlike some environmentalists, Lovins

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remains adamantly opposed to nuclear power, which he says doesn't make economic or nonproliferation sense." He "opposes the accord before Congress that would enable US companies to help India's civilian nuclear power sector."

House Approves Bill Protecting Western Wilderness. The AP (7/25) reports, "The House approved legislation today to create about 277,000 acres of federal wilderness in far northern California, one in a series of bills to protect national forest land in Western states." The bills "would create nearly 670,000 acres of new wilderness areas and protect 47 miles of wild and scenic rivers in California, Idaho and Oregon, as well as ban drilling in northern New Mexico's Valle Vidal. The House also passed legislation to establish National Heritage Areas in several states, including New Mexico, Utah and Nevada."

Settlement Of Indian Trust Suit Appears Close. The San Diego Union-Tribune/AP (7/25, Talhelm) reports, "American Indians suing the government over billions of dollars in lost royalties say they are contemplating an offer by members of Congress to resolve their lawsuit for $8 billion." The AP continues, "The offer is considerably lower than the $27.5 billion plaintiffs offered to settle for a year ago. But plaintiffs say they are considering it seriously, bringing them closer than ever to ending the lawsuit, which has bogged down the Interior and Justice departments for 10 years. … 'Eight billion dollars is something I wish was higher, but I'm glad they were able to bring something forward that was equitable,' the lead plaintiff, Blackfeet Indian Elouise Cobell, said in an interview. 'Can we ever get near the total fair amount that should be given to individual Indians? I don't think so. I think individual Indian account holders would support $8 billion.'" The AP adds, "Cobell filed the class-action lawsuit in 1996, accusing the government of mishandling more than $100 billion in oil, gas, timber, grazing and other royalties from Indians' lands dating back to 1887. … In what has become a messy, protracted court battle, the plaintiffs have won a series of district court victories. U.S. District Judge Royce Lamberth held interior secretaries Bruce Babbitt and Gale Norton in contempt and ordered the Interior Department to disconnect its computers from the Internet to secure Indian trust data. … But the plaintiffs were dealt a blow earlier this month when the U.S. Court of Appeals for the District of Columbia Circuit ordered Lamberth removed from the case, saying he had lost his objectivity."

Last Stronghold Of Bengal Tiger Shrinking. The Washington Times (7/25, Rahman) reports, "A study has found that the last stronghold of the Bengal tiger has less than one quarter the number of big cats previously reported, shocking wildlife conservationists who now suspect they have been duped by park officials." The Times continues, "The Sundarbans Tiger Reserve in West Bengal had been held up as a model of wildlife management. Officials boasted a population of 249 tigers after a detailed count in 2004 using computer analysis of "pug marks," or footprints, found in the park." The Times adds, "The British Broadcasting Corp., National Geographic Society and Discovery Channel all made documentaries about the park's success in protecting tigers from the rampant poaching that plagues other national parks in India. Articles appeared in the Los Angeles Times, The Washington Post, the Guardian and the Sunday Times of London, as well as The Washington Times. … But researchers from Calcutta's esteemed Indian Statistical Institute (ISI) say a re-examination of the same data shows only about 64 tigers in the park." The Times notes, "Conservationists had expressed doubts that the tigers were as safe in the park's forests as its management claimed. Noting that tiger numbers were plummeting in other reserves, they pressured West Bengal wildlife authorities for the review of the data. … Authorities agreed, and molds of the pug marks were sent to the ISI. After studying the marks, researchers said the park held no more than 64 tigers."

FBI/DEA/ATF/USMS:

Online Investigator Charged With Impersonating FBI Agent. The Washington Post (7/25, D5, Krebs, 748K) reports online private investigator Steven Rombom "never got a chance to share the results of an hours-long experiment in getting someone's background at a hackers convention in New York City last week. Before he could sit down to lead a Saturday afternoon panel discussion…federal agents moved in to arrest him for his methods of digging up information on people." In a widely-distributed story, the AP (7/25, Milton) notes, "Rombom was charged with one count of impersonating an FBI agent. He is accused of trying to intimidate an FBI informant in a pending criminal trial by showing up at the informant's family's home and questioning them." Defense lawyer Terry Todd "told the court Monday that Rombom conducted an appropriate private investigation of the FBI informant. He argued that the informant's family members…spoke only Vietnamese, and he questioned their credibility in stating that Rombom represented himself as an FBI agent."

Rombom Claims FBI Setup. Under the headline "Busted Pi Rips The Feds," the New York Post (7/25, Cornell, 608K) reports Rombom "claims he was set up in an effort to stop him from gathering dirt on a confidential FBI informant." After being released on his own recognizance yesterday, Rombom said, "I was arrested for doing my job, for being an investigator, for investigating a witness who is a world-class criminal. I am the most straight-arrow investigator on the planet." The Post notes, "The charge against Rombom --

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also known as Steve Rambam -- stems from work he performed for a former Brooklyn assistant DA awaiting trial on money-laundering charges."

US Attorney Denies Office Is Source Of Leaks In Bonds Case. The AP (7/24) reports, "Barry Bonds' attorney is asking federal authorities to investigate the possible leak of the baseball star's medical records in the government's ongoing investigation of Bonds for perjury and tax evasion. … The government's steroid probe has been riddled with leaks, and investigators already are seeking the testimony of two…reporters to find out who leaked them the secret testimony of Bonds, Jason Giambi and other athletes who testified before a grand jury in 2003. A spokesman for U.S. Attorney Kevin Ryan denied his office was the source of any leak. 'The government understands and readily complies with its obligation to keep all sensitive material confidential,' Luke Macaulay said Monday in a statement."

In the New York Times (7/25) Murray Chass writes, "The government obviously is treading carefully. Instead of asking the grand jury to indict Bonds last Thursday in the last session of its 18-month term, the United States attorney for the Northern District of California, Kevin V. Ryan, departed from his usual practice and announced he was not seeking an indictment that day. Instead, he said, the investigation, which focused on steroids and allegations of perjury and obstruction of justice, would continue with new developments."

Arizona Man Linked To Tennessee Drug Ring To Be Extradited. The Arizona Daily Star (7/24) reports a Tucson man "has been arrested in connection with a Knoxville, Tennessee, drug ring and has agreed to be extradited to face charges there. Phillip A. Apodaca was arrested in Tucson and made an appearance last week in front of a federal court judge, during which he waived extradition, said Knoxville, Tennessee, U.S. Attorney Russ Dedrick. The indictment charges that Apodaca, along with three others, knowingly conspired to possess with the intent to distribute more than 1,000 kilograms of marijuana as early as 1995 through July 11, 2006."

Boston Mayor Vows To Make Police Steroid Tests Mandatory. The Boston Globe (7/25, Smalley, 425K) reports, "Mayor Thomas M. Menino vowed yesterday to try to make testing for steroids a requirement for Boston police officers after steroid abuse and trafficking emerged as one strand of a broadening corruption investigation of the department." Alleged ringleader Roberto Pulido "is accused of trafficking in steroids," and "because the department does not test officers for steroids, Edgardo Rodriguez probably would not have come to the attention of department officials if it weren't for the federal probe." Boston Police Patrolmen's Association president Thomas J. Nee "said he is open to steroids testing, but wants to make sure testing would be fair to officers."

Jury Convicts New Jersey Man Of Drug Trafficking, Money Laundering. The Newark (NJ) Star-Ledger (7/25, Martin) reports, "A Newark native accused of flooding the streets of North Jersey with tons of cocaine and heroin was convicted yesterday of federal charges that could send him to prison for life. The federal jury that for eight weeks heard testimony about Hakeem Curry's alleged drug network needed only seven hours before convicting him of conspiracy, money laundering and drug trafficking. … A co-defendant, Rakim Baskerville, also was found guilty of conspiracy. The verdicts capped an investigation by the Drug Enforcement Administration, the Newark Police Department and the IRS that began almost three years ago."

Montana Man Accused Of Threatening Witnesses, DEA Agent Is Sentenced. Billings (MT) Gazette (7/25) writes, "The 'go-to guy' for marijuana in Miles City is going to federal prison for 5½ years. Jeffrey E. Mitchell, 52, was sentenced Monday." Mitchell is said to have "acted as an organizer or leader and that he obstructed justice by leaving threatening phone messages for witnesses and threatened a Drug Enforcement Administration agent."

Report Urges Drug Treatment In Criminal Justice System. The Washington Times (7/25, Rutledge) reports, "Failure to treat incarcerated drug abusers can lead to higher crime rates and re-incarceration, says to a report from the National Institute on Drug Abuse (NIDA), and the costs of treatment are not nearly as high as the costs to society when drug abuse is ignored. … 'Ninety-five percent of those who receive no treatment while incarcerated end up relapsing into drugs. And 70 percent of those end up re-incarcerated as a result,' Dr. Nora Volkow, director of NIDA, said yesterday. 'By changing those numbers, we can reduce crime and lower the financial cost. Simply putting a drug abuser in jail without treatment does nothing.'" The Times adds, "NIDA said every dollar spent toward effective treatment programs yields a $4 to $7 return in reduced drug-related crime, criminal costs and theft. That return is even greater when health care savings are taken into account, the institute said. … The NIDA report listed 13 research-based principles for substance abuse treatment in the criminal justice population. … The report says drug addiction is a brain disease that affects behavior. In order to correct the damage, it says, treatment must last long enough to produce stable behavioral changes and should be followed by management of the addiction over time."

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Marshals Join Search For South Carolina Sex Offender. The AP (7/25) reports, "A registered sex offender that investigators say left Marion County (SC) with five juveniles has been added to the state's Ten Most Wanted list." The AP continues, "Allen Lee Biddix, 18, was convicted as a juvenile in 2002 of first-degree criminal sexual conduct with a minor age 11 or younger, according to the State Law Enforcement Division's online sex offender registry. … Biddix left Marion County sometime around July 17 with three girls and two boys, said Tim Stec, a spokesman for the U.S. Marshals Service, which has joined the search. The girls are 13, 14 and 15 years old, Stec said. Both boys are 15. … Police think they may have gone to Florida." The AP adds, "Biddix was described as a white man about 5 feet 10 inches tall and weighing about 156 pounds. He has green eyes and blond hair. He is thought to be driving a blue 1994 two-door Oldsmobile Achieva with South Carolina license tag 372 VCU. … Police have issued warrants charging Biddix with contributing to the delinquency of a minor. He also is charged under a federal warrant for unlawful flight to avoid prosecution, Stec said."

Fort Smith, AR, And Staunton, VA, Are Finalists For Marshals Museum. The Richmond Times-Dispatch (7/25) reports that Fort Smith, AR, and Staunton, Va., "are the finalists for a U.S. Marshals Museum, U.S. Rep. John Boozman and local officials announced Monday." The Times-Dispatch continues, "The decision by the U.S. Marshals Museum Committee eliminates Cheyenne, Wyo., and Hollywood, Calif., from the running." The Times-Dispatch adds, 'Fort Smith leaders have spent three years campaigning to bring the museum to the western Arkansas city. In the country's early years, Fort Smith was a gateway to the West and federal marshals played a key role in law enforcement there and in the Indian Territory. … Descendants of many U.S. marshals still live in Fort Smith."

The Waynesboro (VA) News Virginian (7/25, Stuart) reports, "Bill Hamilton, Staunton's economic development director believes Staunton can make a strong case for hosting the museum. … He noted that the service is headquartered in Arlington, a Virginia community, and was started by President George Washington, a Virginia native. … 'And one of the original marshals was from Virginia,' Hamilton said. 'When you start looking at history, there are some very interesting connections between Virginia and the Marshals Service. We felt we could offer a nice location.'"

The AP (7/25, Harris) reports, "The home of a national museum featuring the history of the U.S. Marshals Service will be selected in a showdown, of sorts, between two finalists: Fort Smith in western Arkansas and Staunton in Virginia's Shenandoah Valley. … 'I don't want to be cocky about it, but we've got a tremendous history of the service in Fort Smith,' said Claude Legris after announcing to his community Monday the federal agency's decision to pare the choices down to two. … Hollywood, Calif., and Cheyenne, Wyo., were eliminated from the running." The AP adds, "Legris and U.S. Marshal Richard O'Connell of the Western District of Arkansas co-chair a local group working to bring the museum to Fort Smith. They said the city is a natural for it. … 'The blood of the marshal service still pumps through the veins of the people in Fort Smith,' O'Connell said."

IMMIGRATION:

Hutchison, Pence To Offer Compromise Immigration Bill. Sen. Kay Bailey Hutchison and Rep. Mike Pence today will offer legislation aimed at striking a GOP compromise on immigration. The Washington Post (7/25, A7, VandeHei, Babington, 748K) reports that the legislation ""would allow most of the 11 million illegal immigrants in the United States a chance to work here legally, but only after the government certifies that US borders have been sufficiently secured, two congressional aides said." The proposal "would pressure illegal immigrants to 'self-deport' to their home countries within two years of the law's enactment and apply for a new kind of visa that would allow them to return to the United States quickly and work legally if a job awaits them. They would have to work here for 17 years, however, to be eligible for US citizenship."

Cornyn, Kyl Seek $3.5 Billion In "Emergency" Funds For Border Security. The Washington Times (7/25, Hurt, Dinan, 88K) reports that Sens. John Cornyn and Job Kyl, two of President Bush's most loyal congressional supporters, "yesterday asked him to request that more than $3.5 billion in 'emergency' funding be spent immediately on securing the border -- rejecting the White House's assertion that enough is being done along the border." The Senators "said 'comprehensive' legislation is dead this year unless the federal government proves that it is serious about enforcing current immigration laws by spending billions along the border." The Times adds, "Although Mr. Bush did not directly address the calls for immediate new spending, he pressed yesterday for a guest-worker program at a naturalization ceremony for three immigrant soldiers at Walter Reed Army Medical Center, saying 'all elements of the problem must be addressed together, or none of them will be solved at all.'"

Hastert Loans Helicopter To Border Patrol Agents. The Washington Times (7/25, Hurt, 88K) reports that House Speaker J. Dennis Hastert traveled to the Southwest over the weekend to survey and "ended up having to loan one of his helicopters to Border Patrol agents who found themselves short-handed." Hastert "was leading a delegation from Congress to a remote outpost in Arizona called Camp Grip when a lone Border Patrol agent called for backup, Mr.

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Hastert told The Washington Times. The agent had come across fresh tracks crossing the border and a stash of more than 200 pounds of marijuana." Camp Grip "doesn't have a helicopter regularly stationed there. So, agents grabbed machine guns and loaded into one of the four UH-60 Black Hawk helicopters ferrying Mr. Hastert's delegation and flew out to back up the agent."

Flight Returns Illegal Immigrants To Home Countries. A front page story in the Washington Post (7/25, Aizenman, 748K) reports on a DHS deportation flight taking 105 illegal immigrants back to their home countries. While deportation "is a fate that befalls only a fraction of illegal immigrants," such flights "may become commonplace if some of the more restrictive immigration reforms pending in Congress are adopted." The Post adds, "Those who are deported often come to the attention of immigration officials only because they commit a crime. Authorities in the Washington area often wait until they have a critical mass of deportees, then charter a plane to fly them to a detention facility near the U.S. border for final transport to their home countries."

Florida Town Rejects Effort To Crack Down On Illegal Aliens. The New York Times (7/25, Goodnough, 1.21M) reports that the Avon Park City Council in Florida yesterday rejected an ordinance "that would have cracked down on illegal immigrants after one member changed her vote in spite of strong protests. The ordinance, called the Illegal Immigration Relief Act, would have fined landlords $1,000 for every tenant found to be an illegal immigrant, denied city permits, contracts and grants to businesses that employed illegal immigrants and required city documents to be in English only. Mayor Tom Macklin of Avon Park, a city of about 9,000 in Florida's citrus belt, proposed it last month after hearing of a similar plan in Hazleton, Pa. Councilwoman Brenda Gray, who voted for the measure on first reading last month, voted against it on final reading Monday night after a heated public hearing where dozens of residents spoke for and against it."

Dukakis, UCLA Professor Urge Minimum Wage Hike As Illegal Immigration Solution. Former Massachusetts Gov. Michael Dukakis, and Daniel J. B. Mitchell, a professor of management and public policy at the University of California at Los Angeles, writes in the New York Times (7/25, 1.21M), "If we are really serious about turning back the tide of illegal immigration, we should start by raising the minimum wage from $5.15 per hour to something closer to $8. … Once the minimum wage has been significantly increased, we can begin vigorously enforcing the wage law and other basic labor standards." They add, "Millions of illegal immigrants work for minimum and even sub-minimum wages in workplaces that don't come close to meeting health and safety standards. It is nonsense to say, as President Bush did recently, that these jobs are filled by illegal immigrants because Americans won't do them. … However, Americans won't work for peanuts, and these days the national minimum wage is less than peanuts."

Avon Park, FL, Poised For Illegal Immigrant Crackdown. The AP (7/25) reports that Avon Park, FL, "would be among the most hostile places in America for illegal immigrants if leaders approve a new ordinance Monday making English the official language and imposing fines on those who offer jobs, services or housing to illegal immigrants." The AP continues, "The Avon Park city council's Illegal Immigrant Relief Act also would prevent those businesses or groups from getting building permits, city contracts or grants." The AP adds, "Immigration activists said the language of the law is so severe that illegal immigrants and their families would flee the agricultural community, killing the area's Hispanic culture. About 20 percent of Avon Park 9,000 residents are Hispanic. … On Sunday, more than 350 protesters showed up to protest the law, and civil rights groups are expected to challenge it in court if it passes. … A similar ordinance was passed earlier this month in Hazleton, Pennsylvania, and a similar measure is being considered in Palm Bay in Brevard County. Lawsuits challenging the Pennsylvania law have already been filed."

TAX:

US Sues Texas Tax Preparer. The AP (7/25) reports, "The Justice Department announced Monday it has filed a lawsuit to stop a Fort Worth man from preparing federal tax returns for others, accusing him of claiming his customers don't have to pay income taxes." The AP continues, "In the civil injunction lawsuit filed Friday, the government claimed Phillip M. Ballard has repeatedly prepared tax returns showing zeros on all lines, claiming his customers aren't subject to federal income taxes because they are citizens of their states, not the United States, according to a news release." The AP adds, 'The complaint, which also alleges that Ballard falsely claims to be an attorney, asks that he be stopped from selling "insurance" promising to protect customers from taxes, penalties and interest. He is accused in the lawsuit of charging $4,500 to $8,000 for such insurance. .. . The lawsuit asks the court to order him to stop representing his customers before the Internal Revenue Service. It also asks Ballard, who uses the business name Asset & IRS Shield Inc., to provide a list of the names, contact information and Social Security numbers of his customers."

IRS Seeks Stricter Disciplinary Rules For Attorneys. The Wall Street Journal (7/25, Matthews) reports, "Sweeping Internal Revenue Service proposals to

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crack down on malpractice have sparked a fight between tax practitioners and the agency." The Journal continues, "The changes, for the first time, would make public the names of tax attorneys and accountants under investigation for possibly violating rules that such professionals must follow to practice before the IRS. Currently, the names and minimal additional information are made public in the Internal Revenue Bulletin, only after the IRS's Office of Professional Responsibility conducts a formal, closed-door proceeding and a penalty is assessed. … 'You can imagine what would happen if a particular CPA is being charged with an infraction,' said Tom Ochsenschlager, vice president of taxation for the American Institute of Certified Public Accountants in New York. 'Clients probably wouldn't go to him. Professional reputation is all we have to sell.'" The Journal adds, 'The proposals, which could go into effect early next year, reflect the IRS's stepped-up efforts to go after tax professionals who are uninformed, incompetent or peddling fraudulent tax shelters. 'We are recognizing that dealing with abusive transactions means tightening the professional rules,' said Mike Desmond, the tax-legislative counsel at the Department of the Treasury. … The final period for public comment on the proposed rules, which require approval by the Treasury Department, ended in June. While some in the industry have expressed concern that the proposals go too far, tax professionals would be obliged to comply, should the Treasury Department put the changes into effect. Any adjustment to the rules would have to come from the Treasury Department."

"Survivor" Winner Sent To Oklahoma Prison For Tax Evasion Sentence. The AP (7/25) reports, "Richard Hatch has been sent to a federal prison in Oklahoma as he serves a 51-month sentence for failing to pay taxes on the $1 million he won on the debut season of 'Survivor.'" The AP continues, "Hatch, 45, of Newport, Rhode Island, arrived last week at the Federal Transfer Center in Oklahoma City. It was not immediately clear why Hatch was moved or whether he will serve out his prison sentence at the facility, which is a hub for prisoners transferring through the federal system." The AP adds, "A federal jury convicted Hatch in January of failing to pay taxes on the "Survivor" prize and other income. He was sentenced in May to 51 months in prison by a judge who said the reality TV star had lied repeatedly on the witness stand. .. . Hatch had previously been held at the Plymouth County Correctional Facility in Massachusetts." The AP notes, "He would prefer to serve his sentence near family in Rhode Island or in Florida, said his lawyer, Michael Minns. … 'He should be in a camp,' Minns said. 'The camps are the most comfortable of the uncomfortable. They are still jails, but they get to see the sky and be outside. It's bad for Richard, who is an outdoor person.'"

GOP Leaders Postpone Vote On Estate Tax. The Wall Street Journal (7/25, Mullins, 2.03M) reports, "In what might be a major blow to efforts to lower estate taxes this year, Republican leaders have decided to put off a vote on the issue until after the August recess, when the legislative calendar will be crowded with other measures." Republicans in the House and Senate "are united in their desire to lower or eliminate the federal estate tax, but when the Senate failed to muster the 60 votes needed to approve legislation this year, the two chambers disagreed on strategy."

WPost Criticizes Proposed State Corporate Tax Break. The Washington Post (7/25, A14, 748K) editorializes, "Do large corporations need another tax break? The House of Representatives seems to think so. It plans this week to take up a measure defining when states can tax companies doing business in their states -- and making it easier for companies to avoid paying state taxes. … This is an unwise shift of resources from state treasuries to corporate bottom lines -- as the National Governors Association put it, 'a federal corporate tax cut using state tax dollars.'" The Post adds, "It makes no sense to require a company that does little business in a particular state to go through the expense and hassle of paying state taxes. At the same time, companies that have significant operations in or economic ties to a state can fairly be asked to pay taxes on the benefits they receive from doing business there. This proposal strikes the wrong balance."

CONGRESS-ADMINISTRATION:

ABA Says Bush Signing Statements Are Unconstitutional. The AP (7/25, Holland) reports, "President Bush's penchant for writing exceptions to laws he has just signed violates the Constitution, an American Bar Association task force says in a report highly critical of the practice." The AP continues, "The ABA group, which includes a one-time FBI director and former federal appeals court judge, said the president has overstepped his authority in attaching challenges to hundreds of new laws." The AP adds, "The attachments, known as bill-signing statements, say Bush reserves a right to revise, interpret or disregard measures on national security and constitutional grounds. … 'This report raises serious concerns crucial to the survival of our democracy,' said the ABA's president, Michael Greco. 'If left unchecked, the president's practice does grave harm to the separation of powers doctrine and the system of checks and balances that have sustained our democracy for more than two centuries.'" The AP notes, "Some congressional leaders had questioned the practice. The task force's recommendations, being released Monday in Washington,

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will be presented to the 410,000-member group next month at its annual meeting in Hawaii. … ABA policymakers will decide whether to denounce the statements and encourage a legal fight over them."

Specter Bill Would Allow Congress To Sue Over Signing Statements. The AP (7/24, Kellman) reports, "A powerful Republican committee chairman who has led the fight against President Bush's signing statements said Monday he would have a bill ready by the end of the week allowing Congress to sue him in federal court. … 'We will submit legislation to the United States Senate which will...authorize the Congress to undertake judicial review of those signing statements with the view to having the president's acts declared unconstitutional,' Judiciary Committee Chairman Arlen Specter, R-Pa., said on the Senate floor." The AP continues, "Specter's announcement came the same day that an American Bar Association task force concluded that by attaching conditions to legislation, the president has sidestepped his constitutional duty to either sign a bill, veto it, or take no action." The AP adds, "Signing statements have been used by presidents, typically for such purposes as instructing agencies how to execute new laws. … But many of Bush's signing statements serve notice that he believes parts of bills he is signing are unconstitutional or might violate national security. … Still, the White House said signing statements are not intended to allow the administration to ignore the law." The AP notes, "Specter's announcement intensifies his challenge of the administration's use of executive power on a number of policy matters. Of particular interest to him are two signing statements challenging the provisions of the USA Patriot Act renewal, which he wrote, and legislation banning the use of torture on detainees."

More Commentary. In an editorial, the New York Times (7/25, 1.21M) says, "The ABA called Mr. Bush's use of presidential signing statements 'contrary to the rule of law and our constitutional system of separation of powers' and recommended that Congress enact legislation clarifying the issue. We agree on both points, even though we fear that if Congress passes a bill, Mr. Bush will simply issue a new signing statement saying he also does not intend to follow it."

PBS Online NewsHour (7/25) featured a discussion of President Bush's use of signing statements. Guests were Bruce Fein, former associate deputy attorney general during the Reagan administration and a member of the ABA's task force, and Christopher Yoo, professor of law at Vanderbilt University." Yoo: "A signing statement is a statement penned by the Justice Department or the White House counsel's office, signed by the president, and issued when a statute is signed into law, which is the last step of making a statute become law. Does it have the authority of law? The answer is: It depends. … I think that in many ways this issue is much overblown. Many parts of a signing statement are completely uncontroversial, many that congratulate supporters or thanks people for their support or explains what the likely impact of the bill is going to be. … Where it gets hard is when a statute is unclear. Everyone agrees that when a statute is completely clear, there is no room for interpretation and everyone, the president, the courts, common citizens alike are under an obligation to follow the law." Fein: "These are not questions of interpreting ambiguous statutes; it's a question of the president unilaterally declaring that provision he has just signed into law is unconstitutional and that he won't enforce it. … The Constitution envisioned the president use his veto power if he thought the Congress was overstepping its bounds, and then Congress could override the veto or Congress could delete the offending provision, but that was what the Constitution envisioned."

Snow Retracts Comment On Bush Stem Cell Research Position. USA Today (7/25, 2.27M) reports, "White House spokesman Tony Snow apologized Monday for having 'overstated the president's position' by suggesting that President Bush believed stem cell research amounted to murder. 'He would not use that term,' Snow said. 'He does have objections with spending federal money on something that is morally objectionable to many Americans.'" In defending "Bush's veto of legislation to expand federally financed research on stem cells obtained from unwanted embryos, Snow said last week that the president 'believes strongly that for the purpose of research it's inappropriate for the federal government to finance something that many people consider murder.'"

The New York Times (7/25, 1.21M), in a brief report, says Snow's original remark "created a storm on Capitol Hill, where supporters of stem cell research argued that if Mr. Bush believed destroying embryos was murder, he should prosecute fertility clinics." Snow said yesterday, ""I will go ahead and apologize for having overstated, I guess, overstated the president's position."

The Washington Post (7/25, A7, Baker, 748K) headlines its story "White House Softens Tone On Embryo Use," and reports Snow was "reversing its description" of Bush's position." The Post adds, "The shifting terminology underscored the sensitivity of the issue, especially heading into midterm elections."

States To Fund Stem Cell Research. The New York Times (7/25, Rudoren, 1.21M) reports, "Bush's veto of legislation to expand federally financed embryonic stem cell research has had the unintended consequence of drawing state money into the contentious field and has highlighted the issue in election campaigns across the country. Two governors seized the political moment Thursday, the day after the veto, to raise their ante for stem cell research." Gov. Arnold Schwarzenegger of California, "a Republican who

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helped Mr. Bush win a second term but has long disagreed with him on this research, cited the veto as he lent $150 million from the state's general fund to pay for grants to stem cell scientists." In Illinois, Gov. Rod R. Blagojevich, "a Democrat opposed to most every White House initiative, offered $5 million for similar grants in his state. … Several other governors, including one Republican, M. Jodi Rell of Connecticut, denounced the president's veto, his first, in a sign of the political potency of the stem cell debate."

NRLC Lowers Ratings Of Members Who Backed Stem Cell Research. In its "Washington Wire" column on its web site, the Wall Street Journal (7/24, 2.03M) reported, "Eleven Republican senators who started last week with perfect scores from the National Right to Life Committee Inc. saw them drop to 50% because they supported broader embryonic stem-cell research. Among them: Sens. McCain, Lott, Frist and Hatch. … The senators will have the chance Tuesday to raise their scores with a vote to strengthen states' parental consent laws."

Catholic Group Urges Candidates To Return Cash From Research Backers. The New York Times (7/25, Strom, 1.21M) reports, "The Missouri Catholic Conference is urging candidates for state offices to return contributions from a nonprofit organization that advocates for stem cell research and other medical analysis and testing." The request "has inspired a complaint to the Internal Revenue Service, arguing that it violates prohibitions on political activity by nonprofit organizations. 'It constitutes illegal political interference,' said Marcus S. Owens, a tax lawyer, who filed the complaint on behalf of a client he declined to identify."

EU To Fund Stem Cell Research. The Financial Times (7/25, Laitner, Cookson) reports, "The European Union on Monday agreed to allow funding for human embryonic stem cell experiments after member states compromised on the way the research is financed." The decision "comes a week after…Bush angered the research community by vetoing an expansion in federal funding for stem cell science in the US."

Most States Failed To Meet NCLB Requirements On Teacher Qualifications. The New York Times (7/25, Dillon, 1.21M) reports, "Most states failed to meet federal requirements that all teachers be 'highly qualified' in core teaching fields and that state programs for testing students be up to standards by the end of the past school year, according to the federal government. The deadline was set by the No Child Left Behind Act, President Bush's effort to make all American students proficient in reading and math by 2014. But the Education Department found that no state had met the deadline for qualified teachers, and it gave only 10 states full approval of their testing systems." Secretary of Education Margaret Spellings "has toughened her stance, leaving several states in danger of losing parts of their federal aid." In the past few weeks, Ms. Spellings has flatly rejected as inadequate the testing systems in Maine and Nebraska. She has also said that nine states are so far behind in providing highly qualified teachers that they may face sanctions, and she has accused California of failing to provide federally required alternatives to troubled schools. California could be fined as much as $4.25 million."

AEI Scholar Calls NCLB "Disaster For Federalism." In an op-ed in the Wall Street Journal (7/25, 2.03M), Charles Murray, W.H. Brady Scholar at the American Enterprise Institute, writes that the No Child Left Behind Act "takes a giant step toward nationalizing elementary and secondary education, a disaster for federalism. … The one aspect of the act that could have inspired enthusiasm from me, promoting school choice, has fallen far short of its hopes." The federal government "is doling out rewards and penalties to school systems across the country based on changes in pass percentages. It is an uninformative measure for many reasons, but when it comes to measuring one of the central outcomes sought by No Child Left Behind, the closure of the achievement gap that separates poor students from rich, Latino from white, and black from white, the measure is beyond uninformative. It is deceptive."

With Democrats Expected To Filibuster, Prospects For Bolton Confirmation Unclear. Roll Call (7/25, Stanton) reports, "Despite jubilation within conservative ranks following last week's announcement that Sen. George Voinovich (R-Ohio) would support President Bush's nomination of John Bolton to remain U.S. ambassador to the United Nations, it remains unclear whether Majority Leader Bill Frist (R-Tenn.) will be able to muster enough support to break an expected Democratic filibuster, Senate aides on both sides of the aisle said." Although "Republicans hope to wrap up the nomination before the August recess," they "acknowledge privately that the full Senate is unlikely to consider Bolton before September." Roll Call adds, "While Democrats are expected to try to stall the nomination, one GOP aide noted it would be difficult to move the nomination so quickly, even without the specter of Democratic blockade."

Activists To Call For Cloture Vote On Boyle. The Hill (7/25, Bolton) reports, "Manuel Miranda, chairman of the Third Branch Conference, a coalition of conservative groups active on judiciary issues, said that he and his allies will press Republican senators to circumvent Senate Majority Leader Bill Frist (R-Tenn.) if he does not schedule a vote on 4th Circuit nominee Terrence Boyle before the August recess." Miranda, "Frist's former counsel in charge of plotting strategy on judicial nominees, said that if 16 senators sign a cloture petition on Boyle's nomination they could force a floor vote since the Judiciary Committee has already discharged the nomination. He said that several Senate leadership aides

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have been informed of the plan." But "a Senate leadership aide said a cloture petition would not be practical for forcing a floor vote if Frist objects. The aide said senators could only force a vote if Boyle's nomination were already pending on the floor, adding that it's the majority leader's prerogative to call up a nomination."

Negotiators Near Deal On Pension Reform Legislation. The Wall Street Journal (7/25, Solomon, 2.03M) reports, "Congressional negotiators are expected to agree this week on a bill to shore up the private pension system." Lawmakers "still are wrangling over some details, including how much latitude to give financial-services firms that want to offer investment advice and how much relief from pension funding rules to give airlines." The Journal adds, "Overall, the long-awaited package is expected to boost employer contributions to underfunded pension plans, freeze pension benefits at poorly funded plans and make it more expensive for companies to terminate their pensions and dump them on the federal government." But "lawmakers are still in disagreement over how far to go in lifting conflict-of-interest provisions on the type of financial advice that Wall Street can provide to 401(k) participants and those with individual retirement accounts."

Large Number Of Surprise Trips By Administration Officials Noted. The Washington Post (7/25, C1, Copeland, 748K) notes that President Bush and top Administration officials "tend to make a lot of unannounced trips these days. It has gotten to the point where it would be a surprise if the Bush administration didn't make a surprise visit every few months. … Security is the primary reason these visits are kept secret, but this secrecy also has the effect of lending cloak-and-dagger drama to the whole affair." The Post adds, "It is appreciably more difficult to pull off the same trick many times on a diplomatic stage, which may help explain why Rice's trip to Beirut yesterday seemed to fall a bit flat, theatrically speaking. … If you want to surprise people over and over, you must do it differently each time."

Earmarks Said To Be Ingrained In Hill Culture. The Christian Science Monitor (7/25, Chaddock, 58K) reports that "the practice of targeting spending to specific projects - known inside the Beltway as earmarks -- is ingrained in Capitol Hill culture. This year, though, earmarks are embroiled in controversy surrounding legislators' relationships with lobbyists. Several lawmakers have forsworn earmarks and want their colleagues to do the same." The "expansion of the pork barrel is startling: Earmarks added to spending bills totaled $3.1 billion in 1991, compared with a record $29.3 billion in fiscal year 2006, according to Citizens Against Government Waste."

Alaskans Divided Over "Bridge To Nowhere.". The Christian Science Monitor (7/25, Rosen, 58K) examines the so-called "bridge to nowhere" project in Alaska. The Monitor notes, "Even in Alaska, which leads the nation in per-capita pork-barrel spending, locals were divided over the merits" of the project. A December survey of Anchorage residents found that "46 percent opposed the Knik Arm Crossing, while 44 percent favored it. When told that the earmark was removed and that the state could spend the money on any transportation project, a stronger majority - 56 percent - wanted to use the money elsewhere." Supporters "defend the bridge as economically vital to Anchorage and the Matanuska-Susitna Borough, the fastest-growing district in Alaska. Alaska has as much right to a large bridge as any other state, they say. … Alaska's veteran Sen. Ted Stevens (R), a legend for his ability to funnel federal funds home, has argued that critics fail to grasp the bridge's historic mission."

Dionne Says Republican Incumbents Stressing Ability To Deliver Pork. E.J. Dionne writes in the Washington Post (7/25, A15, 748K) that Republican incumbents around the country "are talking up how they brought big government's largess to their constituents. It doesn't matter that they claim to be against that very same big government. Faced this year with a choice between running on their party's record and delivering pork, they'll take pork. That means that some incumbent Republican senators are acting as if they were seeking reelection for governor -- or even mayor." Dionne adds, "Okay, all incumbents brag. But from Craney Island, Va., to Cedarville, Ohio, to Pompey's Pillar in Montana, most Republican senators in tight races want to get your mind off that irrelevant stuff -- you know, President Bush, Iraq, the deficit, oil prices -- and on to those nice little things they've gotten that terrible, horrible, no good, very bad big government to do for you. And if you can forget just this once that they're Republicans and instead see them as, say independent fighters, that would be nice, too."

First Lady Urges Lawmakers To Join "Big Read" Program. First Lady Laura Bush is encouraging lawmakers to get their districts to apply for the $10,000 to $20,00 grants being awarded to 120 cities as part of the National Endowment for the Arts "The Big Read" program. Roll Call (7/25, Schmidt) reports that Mrs. Bush is honorary chairwoman of the program that "sets out to change the way increasingly literature-shy Americans think about reading." The program "brings together many community institutions -- including schools, churches, workplaces, jails and even pubs -- to get one city reading the same book. Cities chose between Zora Neale Hurston's 'Their Eyes Were Watching God,' Harper Lee's 'To Kill a Mockingbird,' Ray Bradbury's 'Fahrenheit 451' and F. Scott Fitzgerald's 'The Great Gatsby.'"

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Rove, Albright Appear For Jury Duty At DC Courthouse. The Washington Post (7/25, C3, Argetsinger, Roberts, 748K) reports in its "The Reliable Source" column that Deputy White House Chief of Staff Karl Rove and former Secretary of State Madeleine Albright appeared for jury duty yesterday at DC Superior Court. The Post adds, "Once in the courtroom (a cocaine distribution case), Rove was quickly excused, prompting a wave of huffy our jobs are as important as his! whispers." Albright "hasn't been dismissed yet."

Graduate Student Calls For Federal Need-Based Grant Program. Sui Lang Panoke, a first-year graduate student at American University working toward a master's degree in public administration, writes in the Washington Post (7/25, A15, 748K), "Is access to graduate education in America exclusively for the upper class? As a first-year graduate student struggling to make ends meet, I believe the answer is yes. In my experience, searching for funding to pay the extensive costs of my higher education has been an upward climb leading only to dead ends." Panoke adds, "We are failing to redistribute the wealth in America, and the divide between the upper and lower classes is widening. It's clear that a federal need-based grant program for graduate students must be created. … Money invested in graduate education will benefit the government by improving the quality of life for citizens. And students from low socioeconomic levels of the society will have a better shot at achieving the American dream."

WSJournal Says Sarbanes Responsible If GSE Reform Does Not Pass. An editorial in the Wall Street Journal (7/25, 2.03M) says "Democrats have discovered the virtues of forbearance. Or at least they have on reforming Fannie Mae and Freddie Mac, the 'government-sponsored enterprises' responsible for some $16 billion in mistaken or fraudulent accounting in recent years." The "rich in Washington" main political protector at the moment "is none other than Senator Paul Sarbanes." When it comes to "reforming the demonstrably culpable Fannie and Freddie, Mr. Sarbanes has refused to lend a hand to Banking Chairman Richard Shelby. If a bill fails to pass the Senate this year, Mr. Sarbanes will be the reason." The GSEs are "creatures of Congress and as such have long been sources of campaign cash and political support for Members, who don't want to lose their cash cows by subjecting them to normal market discipline."

WSJournal Criticizes Efforts To Block Increase Of DC Voucher Program Income Cap. An editorial in the Wall Street Journal (7/25, 2.03M) says that President Bush's remarks to the NAACP on parental choice in education "come amid a political effort by opponents of choice to undermine a fledgling school-voucher pilot program that's helping more than 1,600 low-income kids in Washington, D.C., get a decent education." But, hundreds of DC schoolchildren "are bumping up against the income cap and are in danger of 'earning out' of the program" because their parents' income exceeds the cap. Sens. Sam Brownback and Mary Landrieu introduced a provision to the DC Appropriations bill that would "lift the threshold to 300% (from 200%) for students already in the program who want to remain." But, in a letter to Brownback and Landrieu, DC Del. Eleanor Holmes Norton "fretted that this 'substantial increase in the income limit' would risk displacing 'genuine hardship cases.'" It "doesn't seem to matter to opponents of school choice that kids forced to leave the program could return to some of the District's worst public schools, which also happen to be some of the worst in the nation."

OTHER NEWS:

Clinton-Era Treasury Chiefs To Highlight Wage Growth Data. The Financial Times (7/25, Luce, Guha) reports, "Larry Summers, the last Treasury secretary of the Clinton administration, will on Tuesday join Robert Rubin, his immediate predecessor, in a high-profile drive to highlight stagnation in wage growth for the majority of workers in the US economy." The issue, which "is starting to catch fire among a number of prominent US groups, including the prestigious Brookings Institution, host of Tuesday's event, challenges the administration's argument that the strong US economy has benefited all Americans." The US "is now in its fifth year of growth since the last recession. Yet median weekly earnings (wage earners who are at the 50th percentile of income distribution, with half the workforce earning more and half less) have fallen by 3.2 per cent in real terms since the start of the recovery in October 2001." Similarly, average hourly earnings "for non-managerial workers have fallen by 0.6 per cent since the last quarter of 2001, according to the US Bureau of Labour Statistics. This contrasts with previous US recoveries, in which wage growth started to overtake inflation at a much earlier stage in the cycle."

Stocks Up Yesterday. NBC Nightly News (7/24, story 8, 0:10, Williams, 9.87M) reported, "On Wall Street today, stocks closed sharply higher, the Dow up nearly 183 points [to close at 11,051.05]. Nasdaq was up more than 41 [to close at 2,061.84]." The CBS Evening News (7/24, story 4, 0:10, Schieffer, 7.66M) also noted the stock numbers, remarking, "Stock market's off to a good start this week." USA Today (7/25, 2.27M), meanwhile, reports the Standard & Poor's 500 index also "climbed 20.62 points, or 1.7%, to 1260.91."

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Conservatives Say "Values" Votes Rejuvenating GOP Base. The Washington Times (7/25, Fagan, 88K) reports that come conservative activists say the GOP base is being rejuvenated "by a flurry of congressional action on 'values' issues such as marriage safeguards, flag protection and abortion restrictions, as well as President Bush's veto last week of stem-cell legislation. … Conservative leaders are encouraged. They say their key issues were sidelined after conservatives helped President Bush win re-election and the Republican Party keep control of Congress in 2004." Democrats "note that nationwide polls show the top concerns of Americans are the war in Iraq, terrorism, immigration, the economy and gas prices. They are highlighting these issues as part of an election-year strategy and arguing that Republicans are out of touch."

Lawmakers From Districts With Military Ties Among War's Most Vocal Critics. USA Today (7/25, Kiely, 2.27M) reports, "Some of the most pointed critiques of the administration's policy in Iraq are coming from lawmakers who represent constituencies with close ties to the military. Their criticism underscores how widespread concerns about the war have become, even in areas where support has been strong for President Bush or the troops." War critics from such districts Pennsylvania Rep. John Murtha, North Carolina Rep. Walter Jones, Minnesota Rep. Gil Gutknecht and Sen. Robert Byrd of West Virginia. A chart accompanying this story shows support for President Bush in the 2004 election in the districts of lawmakers who have challenged the Administration's Iraq policies.

Photo Finish Expected In OK5 GOP Primary. Roll Call (7/25, Drucker) reports, "A photo finish is expected today in Oklahoma's 5th district Republican primary, with Lt. Gov. Mary Fallin predicted to advance to an Aug. 22 runoff against either state Corporation Commissioner Denise Bode or Oklahoma City Mayor Mick Cornett." Turnout "could be the key to victory in the crowded six-candidate field to replace Rep. Ernest Istook (R)." Roll Call adds, "Surgeon David Hunter and teacher Bert Smith are running for their party's nod in the 5th district Democratic primary. But the heavily Republican, Oklahoma City-area seat is considered safe for the GOP and unlikely to flip come November."

Ney Forgoes Paying Legal Fees To Fund Reelection Effort. In its "Washington Wire" column on its web site, the Wall Street Journal (7/24, 2.03M) reported, "Though under the gun in the Abramoff lobbying scandal, Rep. Bob Ney (R., Ohio) has decided to devote most of his money to running for re-election this year and leave his legal bills mostly unpaid until later. Mr. Ney's lawyer said last week that the Republican lawmaker 'needs money for his campaign and that's a priority right now. He intends to pay. He'll pay his fees. I have no doubt about that.'"

Clinton Outlines Democratic Agenda At DLC Summer Meeting. The Washington Post (7/25, A3, Balz, 748K) reports that in the keynote address at the Democratic Leadership Council's summer meeting, Sen. Hillary Clinton yesterday "accused Republicans under President Bush of economic mismanagement and favoring the rich." Clinton "outlined a Democratic campaign agenda of tax breaks and incentives designed to make the costs of health care, college and retirement more affordable for millions of Americans." The agenda "represents a renewed effort by Democrats to attract middle-class voters, some of whom shifted to the Republicans in 2002 and 2004 over concerns about national security and terrorism. But the ideas also could form the backbone of Clinton's campaign message in 2008 if she decides to run for president, as many Democrats expect."

The Los Angeles Times (7/25, Barabak, 918K) reports that highlights of the agenda "included proposals to make college tuition and home-buying more accessible, expand the availability of healthcare, and provide greater retirement security -- all leavened with a smidgen of Bush-bashing."

In an exclusive on its web site, Time (7/24, Tumulty, 4.03M) reported, "The initiative, summarized in a 20-page booklet, is a collection of proposals aimed squarely at the middle class, offering relief in the areas that Americans say are their greatest domestic concerns: education, home ownership, health care, retirement security. They are variations on many of the programs that were hallmarks of Bill Clinton's presidency. But if there was a chance that any of it would sound fresh, that died the moment Hillary Clinton announced: 'It's the American dream, stupid.' Maybe that's why the speech, even with this audience, got little more than dutiful applause."

Bill Clinton Campaigns For Lieberman. NBC Nightly News (7/24, story 6, 2:35, Williams, 9.87M) reported on "a political rescue mission by a former President of the United States for a fellow Democrat who may lose his job over an issue that has divided this nation – the war in Iraq." NBC (Reid) added, "Democratic Senator Joe Lieberman calls it the fight of his political life; today in his corner, the top heavyweight of the Democratic Party." Former President Bill Clinton: "Go out an elect Joe Lieberman! He's earned it! He's been a good Democrat, he's a good man, and he'll do you proud!" Reid: "Clinton's rescue mission comes as Lieberman is under attack from anti-war Democrats, furious over his support of the Iraq war." The endorsement "is a big deal for Joe Lieberman. After all, the former President is still enormously popular here in Connecticut, but it's an endorsement that comes with a big condition. If Lieberman loses the Democratic primary and runs as an independent,

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Clinton says he'll withdraw his support and endorse Lamont, another twist in a 36-year relationship of two strange political bedfellows, a history that includes Lieberman's angry response to the Monica Lewinsky scandal."

The Washington Post (7/25, A3, Broder, 748K) reports that Clinton "headed a rescue effort disguised as a rally." With polls "showing him no better than even with Lamont," Lieberman "turned to his old friend Clinton for help." During the rally, Lieberman "did not mention Iraq or his support for the war, and Clinton touched only lightly on what he referred to as 'the pink elephant in the room.' Clinton made no effort to support Lieberman's view; instead he said that Democrats should bear no blame for 'the mistakes that were made after the fall of Saddam Hussein' and added: 'We can disagree on what we do next...but we can fight together and we can go forward together.'"

Santorum Campaign Has Paid Senate Aides Over $82,000 Since Beginning Of 2005. A review of Sen. Rick Santorum's campaign finance records show that his campaign and PAC have paid a dozen members of his personal and leadership staff over $82,000 since the beginning of 2005. Roll Call (7/25, Stanton) reports that the payments include "more than $42,000 to Senate Republican Conference Staff Director Mark Rodgers and more than $24,000 to Conference and personal office spokesman Robert Traynham." Santorum's campaign committee, and his America's Foundation PAC "have paid 12 members of his personal staff and the GOP Conference for a variety of activities, ranging from reimbursements for meals and travel expenses to 'political consulting fees,' in addition to being actual paid members of his campaign staff. … Santorum's staff continues to draw federal paychecks, although Santorum has reduced their salaries to reflect the reduction in time they spend on Senate business as a result of their campaign work."

Unidentified GOP Senate Candidate Opposes Many GOP Policies. The Washington Post (7/25, A2, Milbank, 748K) reports in its "Washington Sketch" column, "The candidate, immersed in one of the most competitive Senate races in the country, sat down to lunch yesterday with reporters at a Capitol Hill steakhouse and shared his views about this year's political currents. … It's all fairly standard Democratic boilerplate -- except the candidate is a Republican . And he's getting all kinds of cooperation from the White House, the Republican National Committee and GOP congressional leaders." The candidate "gave the luncheon briefing to nine reporters from newspapers, magazines and networks under the condition that he be identified only as a GOP Senate candidate. When he was pressed to go on the record, his campaign toyed with the idea but got cold feet. He was anxious enough to air his gripes but cautious enough to avoid a public brawl with the White House."

Wexler Jokes About Cocaine During Colbert Interview. The AP (7/25) reports, "Democratic Rep. Robert Wexler says he was just playing along with the joke when comedian Stephen Colbert prodded him in an interview to say: 'I enjoy cocaine because it's a fun thing to do.'" Wexler "appeared on Colbert's Comedy Central show and was asked to say a few things that would 'really lose the election for you if you were contested.' Colbert asked the congressman to complete this sentence: 'I enjoy cocaine because ...'" A "follow-up in the complete-the-sentence questioning led to this comment: 'I enjoy the company of prostitutes for the following reasons...because it's a fun thing to do. If you combine the two together, it's probably even more fun.'" Wexler "told The Associated Press he was fully aware of what was happening in the interview and had no regrets."

Maryland Senate Candidate Paid Recovering Drug Addicts To Attend Campaign Rally. The Washington Times (7/25, Ward, 88K) reports that Maryland Democratic Senate candidate Josh Rales "paid a drug-treatment center in Baltimore to drive its recovering addicts to last week's debate in College Park, where they held signs supporting his campaign. About 20 patients from the I Can't, We Can (ICWC) drug-treatment and counseling center in northwest Baltimore attended the debate, said Adrian Harpool, president of the 21st Century Group, a Baltimore public-relations firm hired by the Rales campaign to recruit volunteers." He Times adds, "Using recovering addicts as campaign supporters does not appear to be illegal, said a spokeswoman for the Federal Election Commission (FEC). Kelly Huff said campaigns can use their money for 'pretty much any lawful purpose as long as it relates to the campaign.'"

Wickham Says House Democratic Criticism Of GOP May Yield Benefits. DeWayne Wickham writes in USA Today (7/25, 2.27M) that House Minority Leader Nancy Pelosi "knows that Democrats have to get voters to focus on national issues if they are to have a chance of winning enough seats to take control of the House. … So instead of pushing their ideas for the management of this nation, Democrats spent much of the past two years knocking what Republicans did — from efforts to privatize Social Security, to the mishandling of Hurricane Katrina relief, to the war in Iraq. And if the polls are right, that might prove to be a good strategy." Democrats "appear to have a good chance of winning control of the House. Democrats will have a tougher time gaining control of the Senate in November."

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Rice Makes Surprise Trip To Beirut. Secretary of State Condoleezza Rice made an unannounced visit to Beirut Monday to meet with Lebanese officials and show US solidarity with the Lebanese people. The trip received extensive media coverage, both TV and print. Media characterization of the trip was mixed, with most reports giving prominence to Rice's rebuff of Lebanese Prime Minister Fouad Siniora's call for an immediate ceasefire and her "tense" meeting with Hezbollah ally Nabih Berri.

Much of the TV reporting describes Rice's trip as a reaction to accusations that the US is not taking strong action to end the Middle East standoff. NBC Nightly News (7/24, lead story, 4:00, Mitchell, 9.87M), for example, reported, "After criticism that the United States was not fully engaged enough, US officials say tonight that Secretary of State Rice's surprise visit to Beirut puts the US firmly, squarely in the picture leading the diplomacy." Rice: "I wanted this to be my first stop here in Lebanon to express our desire to urgently find conditions in which we can end the violence and make life better for the Lebanese people." The CBS Evening News (7/24, lead story, 4:20, Schieffer, 7.66M) said, "Lebanese officials describe the meetings as tense."

Meanwhile, ABC World News Tonight (7/24, lead story, 3:25, Gibson, 8.78M) reported Rice "offered sympathy. She offered humanitarian aid. She did not offer hope that the fighting might end soon." ABC (Stephanopoulos) added Rice pressed "Lebanese parliamentarians with close ties to Hezbollah to accept a peace plan that will require Hezbollah to return Israeli Prisoners and pull back from the Israeli border, before a formal cease-fire, enforced by international peacekeepers. A point reinforced at the White House." White House Press Secretary Tony Snow: "A cease-fire, at this point, is unenforceable. It does not really get us the point we need to be at. You simply don't want to go there."

CNN's The Situation Room (7/24, Robertson) reported Rice's proposal "essentially is an all in one cease-fire, immediately followed by Hezbollah being disarmed, pulling back into the north of the country and an international force being put into the buffer zone. The prime minister didn't react to that particular proposal apart from saying that the Lebanese want the Sheba Farms, a contested area with Israel, returned to Lebanon."

CNN's The Situation Room (7/24, Blitzer) also said Rice billed the trip "as a show of support for the Lebanese people in this time of crisis," while Fox News' Special Report (7/24, Rosen) reported that in Beirut, Rice "received a warm public welcome from the Prime Minister," but "reception from other Lebanese politicians was decidedly chilly."

Accounts of Rice's trip on print media were markedly more negative than TV reports. Typical of the tone of newspaper reporting is the New York Times (7/25, Cooper, Mouawad, 1.21M), which reports Rice "got an earful everywhere she went," adding that "clearly the Lebanese people, from Prime Minister Fouad Siniora down, are angry at Israel and at America for its support of Israel." The AP (7/25, Shrader) says Rice "disappointed Lebanese leaders," while the Financial Times (7/25, Biedermann, Morris) reports that Beirut political sources said "the talks had not gone well."

The Washington Post (7/25, A1, Wright, Wilson, 748K) reports Rice "outlined a plan Monday to deploy an international force, possibly led by NATO, in a buffer zone just inside Lebanon for 60 to 90 days, after which it would expand its mission to help the Lebanese army regain control of the south, Lebanese and US officials said." But Rice's plan "to end the conflict, prop up the Lebanese government and weaken Hezbollah was greeted with skepticism" by Siniora, "as well as Lebanon's top elected Shiite official and other leaders." Moreover, the New York Times (7/25, Cooper, Mouawad, 1.21M) says the "tight script of the five-hour visit to Beirut highlighted the tension."

The Chicago Tribune (7/25, Sly, Simpson, 623K) reports "neither a cordial meeting" with Siniora "nor a testier meeting" with Berri "produced agreement." Instead, the Lebanese politicians "said Rice's statements suggested there was little likelihood of an early end to the conflict, and expressed regret that she did not endorse a ceasefire." USA Today (7/25, 1A, Stone, Page, 2.27M) says a Hezbollah member "of the Lebanese Cabinet, Tarrad Hamadeh, told the Al-Arabiya satellite channel after Rice left the country that she came to force the Lebanese into 'submission' to US demands 'or else you have a war for two more weeks.'" The Washington Times (7/25, Mitnick, 88K) reports the story under the headline "Rice Offers Aid, Little Else To Lebanon," and Los Angeles Times (7/25, Ellingwood, Richter, 918K) runs a similar report.

US Pledges $30 Million For UN Humanitarian Mission In Lebanon. USA Today (7/25, 1A, Stone, Page, 2.27M) reports, "U.S. humanitarian aid will begin arriving in Lebanon today, White House spokesman Tony Snow said in Washington. It includes $30 million, 100,000 medical kits, 20,000 blankets and 2,000 plastic sheets to use as shelter. Thousands of Lebanese have been displaced." The Wall Street Journal (7/25, Solomon, King, 2.03M) says the US made the announcement "seeking to gain the diplomatic initiative and blunt accusations of being overly partial to Israel."

Jordan, Egypt, Saudi Arabia Says Rice Is Not Welcome. CNN's The Situation Room (7/24, King) reported, "There will be no high level US negotiations, conversations with Syria right now. This isn't traditional shuttle diplomacy in that she's not going leave Jerusalem here and go back to Beirut, or leave Jerusalem and go to another Arab capital." Traditionally "a US secretary of state would go to Jordan or go to Egypt, or go to Saudi Arabia or all three of those moderate Arab allies. All three sent word to the White House,

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Secretary Rice is not welcome, unless she is prepared to change her position and call for an immediate Israeli cease-fire. So one of the reasons you won't see shuttle diplomacy, there aren't many places for her to shuttle to."

US Strategy Of Relying On Proxies To Communicate With Syria Questioned. The Christian Science Monitor (7/25, LaFranchi, 58K) reports that although American officials "consistently point to Syria as a key player in the Middle East crisis, Secretary of State Condoleezza Rice pointedly won't be stopping in Damascus on her current trip to the region." It is "Syria that Ms. Rice and other US officials say 'knows what it needs to do' in this crisis. That means stopping its arms supply line to Hizbullah's military wing, and pressuring Hizbullah's leaders (some of whom live in Damascus) to give up abducted Israeli soldiers and cease the shelling of Israeli territory." But rather than "delivering that message itself to Damascus - an Arab capital that has had no American ambassador for more than a year - Washington is turning to its closest Arab partners to carry its message."

Countries Not Eager To Contribute Troops For International Military Force. The New York Times (7/25, Sciolino, Erlanger, 1.21M) reports that while "support is building quickly for an international military force to be placed in southern Lebanon," the US has "ruled out its soldiers' participating, NATO says it is overstretched, Britain feels its troops are overcommitted and Germany says it is willing to participate only if Hezbollah, the Lebanese militia that it would police, agrees to it, a highly unlikely development." There has been "strong verbal support for such a force in public, but also private concerns that soldiers would be seen as allied to Israel and would have to fight Hezbollah guerrillas who do not want foreigners, let alone the Lebanese Army, coming between them and the Israelis."

Crisis Could Weaken Coalition Opposed To Iranian Nuclear Program. The Washington Times (7/25, Stuhldreher, 88K) reports analysts said "Iran's suspected support for the recent Hezbollah attacks on Israel could undo the international community's solidarity over Iran's nuclear program." Brookings Institution fellow Kenneth Pollack said, "The international community put Iran in a difficult situation by coming together like it hadn't before on the nuclear issue in recent months. But the longer the conflict in Lebanon is strung out, the more likely it is that the coalition could be weakened."

Blair "Impatient" With US Response. ABC World News Tonight (7/24, lead story, 3:25, Stephanopoulos, 8.78M) reported, "Pressure for a cease-fire is building across the Arab world. Even President Bush's close ally, Tony Blair, signaled some impatience with America's go-slow strategy." Tony Blair British Prime Minister: "I hope, at some point, in the next few days, we can say very clearly what our plan to bring about such cessation of hostilities."

Reid, Biden Say Rice Visit Is Not Enough. CNN's The Situation Room (7/24, Blitzer) reported, "Some senators don't think Condoleezza Rice is enough. Harry Reid and Joe Biden sent President Bush a letter last Friday calling for a special envoy to be named to the Middle East. They say this person could then work behind the scenes with Egypt, Saudi Arabia, Jordan and our European allies to stabilize Lebanon and implement UN Resolution 1559, which calls for the complete disarming of Hezbollah. The letter also called for the establishment of an interim international stabilization force for southern Lebanon, ideally led and manned by European nations, not the United States. Biden and Reid accused President Bush of not having a comprehensive diplomatic strategy to deal with the current crisis in the Middle East. They say a brief visit by Secretary Rice is inadequate and that a 'sustained involvement' is what is needed."

Issa Says Rice Must Help Develop An End Game. Rep. Darrell Issa said on CNN's The Situation Room (7/24), "I must say that I see a lot of good coming out of this. The dismantling of major capabilities of Hezbollah is a good thing for Lebanon. Where I have some concerns is that I'm not sure Israel has an end game yet. This is part of what Secretary of State Rice has to do, is be part of bringing an end game." Issa added, "Hezbollah is a cancer on Lebanon. And, as much as the Lebanese people are suffering, they are also benefiting by the reduction in Hezbollah's power on the streets in Beirut."

Rice Trip Met With Complaints From Lebanese-Americans In Ireland. The New York Times (7/25, Cooper, Mouawad, 1.21M) reports "the complaints began even before" Secretary Rice "arrived in Beirut. During a refueling stop in Shannon, Ireland, an under secretary of state, Karen Hughes, was sitting at a bar with other administration officials and a few reporters when a group of Lebanese-Americans recognized her and approached." They said "the plane American officials had put them on to return home had broken down on the runway in Shannon. They said they had been at the airport for more than 24 hours and had been traveling for five days without showers, and eating airport food. They said they were exhausted." Hughes apologized and "promised to try to help. Within a few minutes a United States Embassy official, who was at the airport to look after Ms. Rice's plane, was dispatched to find hotel rooms for the Lebanese-Americans."

Most Americans Blame Hezbollah, But Say Israel Has Gone Too Far. USA Today (7/25, 1A, Stone, Page, 2.27M) reports that in a USA TODAY/Gallup Poll, "most Americans say they blame Hezbollah for the crisis, but half also say Israel has 'gone too far' in responding." The poll finds the public "deeply pessimistic about the prospects for peace in the region and worried about the conflict ensnaring the United States." More than half "blame Hezbollah 'a great deal' for the crisis; just 15% blame Israel a great deal. Still,

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while one-third say all of Israel's actions are justified, half say Israel was justified but has now 'gone too far.'"

Morris Says Middle East Violence Will Help Bush's Poll Numbers. Dick Morris said on Fox News' The O'Reilly Factor (7/24) that the violence in the Middle East will help President Bush in the polls but will not "necessarily carry through to November. I remain pessimistic about Bush's chances of hanging onto Congress. But I think clearly within this three or four-week window, his poll ratings which were descending into the netherworld will come up into the 40's. Because he is so good at handling these crises and it is so evident to the American people that he is strong and the Democrats are not. Remember, the American voters now hate the terrorists just as much as the Israelis do. It's a common cause situation. And when Dean and Kerry and Biden -- more Dean than Kerry -- criticize what Bush is doing or knock it or say this wouldn't have happened under us, the American public sees that as siding with the terrorists."

Israeli Ground Troops Push Deeper Into Lebanon. The Chicago Tribune (7/25, Greenberg, Simpson, 623K) reports Israeli armored and infantry forces "pushed deeper into southern Lebanon on Monday, setting off the heaviest battles yet with Hezbollah guerrillas as U.S. Secretary of State Condoleezza Rice launched a diplomatic mission to the troubled region." Lebanese officials "expressed deep disappointment that the U.S. would not push for a quick halt to the fighting, even as the Israelis significantly expanded their ground advance into southern Lebanon with the aim of dislodging Hezbollah from villages and positions facing Israel." As the Shiite guerrillas "fought back with mortars, mines and anti-tank rockets, the Israeli army said two of its soldiers had been killed and 14 wounded, some from friendly fire. The guerrillas suffered dozens of casualties, among them several dead."

ABC World News Tonight (7/24, story 3, 2:15, Sciutto, 8.78M) reported, "We watched Israeli forces in action today. And as soon as they crossed that border, which runs just a couple hundred yards behind me here, they run into severe resistance. This is the rhythm of the fighting on the Israeli Lebanese border. Israeli tanks and soldiers storm in. Hours later, they come out exhausted by the intensity of Hezbollah resistance." Thirteen days "into the fighting, Israeli leaders are publicly changing their objective. Saying their goal is no longer to destroy Hezbollah, just to weaken it. It may be all they can do." The CBS Evening News (7/24, lead story, 4:20, Schieffer, 7.66M) said "both sides seemingly prepared to pay a heavy price. Israeli casualties ran into double figures, but they claimed Hezbollah suffered dozens more."

The Washington Times (7/25, Pisik, 88K) reports both sides "continued their exchange of rocket fire across the border for a 13th day," and the New York Times (7/25, Smith, Myre, 1.21M) reports that in "some of the most intense ground clashes so far, Israeli troops and Hezbollah militants fought fiercely Monday in and around two hilltop towns in southern Lebanon where the Israeli military is seeking to drive the militants away from the border." Israeli military officers "said the offensive on Bint Jbail began Sunday, though they gave slightly differing accounts on how far Israeli troops had advanced." The military spokesman's office "said the troops were on the outskirts, fighting their way in as of Monday evening. But Capt. Mitch Pilcer of the army's northern command, said, 'We're definitely in there, we control it, though there are still pockets of resistance.'"

Israel Targets Hezbollah's Finances. NBC Nightly News (7/24, story 4, 1:35, Myers, 9.87M) reported, "Israeli intelligence sources tell NBC News that among the targets hit in Lebanon in the last week are as many as a dozen financial institutions, part of a previously secret campaign to destroy Hezbollah's financial infrastructure. Some banks were demolished; others deliberately damaged but not destroyed. In one case, Israel also took out the bank manager's home." Among the targets – "eight offices of Hezbollah's treasury, which the Israelis claim caught Hezbollah by surprise." Brigadier General Dani Arditi: "We know that they are looking for money. They are very, very desperate to have some cash and they don't have it." Myers: "The Israelis say they also struck branches of two major banks – Albaraka and Fransabank -- which they claim help Hezbollah receive and move money around the world. They say a third bank – the Middle East and Africa Bank -- also is on their hit list. The banks deny any ties to Hezbollah, but this appeal last week on Lebanese TV asks for money for the Hezbollah resistance to be sent to an account at the Middle East and Africa Bank. An NBC News producer called the number. She was told to go to any US bank and wire money but not to tell anyone it was for Hezbollah. The Middle East and Africa Bank, MEAB, has a relationship with the US bank, Wachovia. After NBC News informed Wachovia of the Hezbollah fundraising appeal, Wachovia terminated the relationship."

Reservists Key To Israeli Army Offensive. Under the headline, "A New Generation Of Israeli Soldiers Confronts The Unknown Across The Lebanon Border," the New York Times (7/25, Smith, 1.21M) reports this "is the first real fight for most of the army's young men, who seem uniformly tall and lanky. None of them have ever fought outside the country, and there is an unspoken but palpable sense that this is their war."

The CBS Evening News (7/24, story 8, 2:00, Schieffer, 7.66M) reported, "Many of the Israeli soldiers headed for Lebanon have been there before a long time ago." CBS (Alfonsi) added, "They are reservists and this weekend, 2,000 of them were called to duty." Twenty years ago, the unit were "fighting in Lebanon. They faced gunfire, lost friends and

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grew up together. Today the old unit is again heading to the front lines together."

Israel Seeks To Defuse Criticism Over Military Campaign. The Washington Times (7/25, Sands, 88K) reports Israel "yesterday moved to counter international criticism of its campaign against Hezbollah guerrillas in Lebanon during a growing debate over whether the two sides are guilty of war crimes in a conflict in which the overwhelming majority of casualties have been Lebanese civilians." Deputy Israeli Prime Minister Shimon Peres, "a Nobel Peace Prize laureate, will tour European capitals this week to defend Israel's conduct of the war."

Six Palestinians Killed In Gaza. The Chicago Tribune (7/25, Greenberg, Simpson, 623K) reports in the Gaza Strip, "six Palestinian civilians were killed in Israeli artillery and air strikes, hospitals reported, after militants fired rockets at southern Israel, and the army carried out airborne attacks on suspected rocket depots in Gaza City."

Palestinian Prime Minister Calls On Rice To End Gaza Offensive. The AP (7/25, Deeb) reports Palestinian Prime Minister Ismail Haniyeh "said Monday he wants Secretary of State Condoleezza Rice to force Israel to end its nearly month-old offensive in the Gaza Strip as new attacks killed six Palestinians." Rice will "meet Israeli and Palestinian officials during her trip, but will not hold talks with Haniyeh, a leader of the Islamic Hamas group." Haniyeh said, "All that we ask the American administration is to take a moral stance toward the Palestinian people, and the Palestinian suffering and to bear its responsibility as a superpower in this world." He also "called on America 'to restrain the Israeli aggression and stop it.'"

YouTube Becomes Repository For War Footage. The Washington Post (7/25, A1, Goo, 748K) reports, "Internet video sites such as YouTube became a hit this year, as people shared their funny homemade movies with the world. Now the site serves as an unfiltered look at a wide spectrum of experience as rockets and bombs are falling on Israel and Lebanon." In a "matter of weeks, YouTube has become a video Dumpster for a global audience to share first-hand reports, military strategies, propaganda videos and personal commentary about a violent conflict as it unfolds."

Editorial Opinion On Israeli Offensive Remains Mixed. The editorial and op-ed commentary on Israel's offensive in Lebanon remains a mixture of positive and negative assessments. There is not yet a consensus on whether the US should directly engage Syria, while the proportionality of Israel's response remains a matter of controversy. The New York Times (7/25, 1.21M) says in an editorial, "Nearly two weeks into the bloody conflict between Israel and Hezbollah, Secretary of State Condoleezza Rice finally made it to the region. We'd like to believe that means Washington is now urgently committed to finding a way to halt the fighting." What is "needed now is the sort of aggressive diplomacy and international coalition building that the Bush administration typically disdains. And it needs to come together in days, not weeks."

The Los Angeles Times (7/25, 918K) says in an editorial that a "cease-fire is urgently needed to stop the heartbreaking bloodshed among innocent civilians, but one reached at any cost would be counterproductive. The administration, for instance, is justified in rebuffing Syria for now." For its part, Israel "also will have to adjust its strategy soon if there is to be any hope for a free and peaceful Lebanon. The pounding of Lebanon may be successfully degrading Hezbollah's capabilities, but it's also radicalizing future terrorism recruits and making it increasingly difficult for future Lebanese governments to cooperate with Israel."

In a Wall Street Journal op-ed (7/25), Edwards Luttwak says that an alternative to a multinational peacekeeping force is "the horrible-to-contemplate but irresistibly seductive diplomatic option: to invite the Syrians to disarm Hezbollah and persuade it to follow the political path. Hezbollah already has two ministers in the Lebanese cabinet and might claim more. Naturally that would imply the recognition of Syrian suzerainty over Lebanon, and of course the thoroughly unworthy Bashar Assad would have to be treated as a leader of regional importance. Only that could tempt Mr. Assad to abandon his alliance with Iran -- along with the important rewards that would come his way more or less spontaneously."

In a Wall Street Journal column (7/25), Bret Stephens examines Israeli Prime Minister Ehud Olmert's strategy in the current crisis, saying, "What would losing look like? Allowing Hezbollah to return to the border would be the worst scenario. Failing to disarm Hezbollah while agreeing to an international peacekeeping force composed of Pakistani, South African and Norwegian troops (or some similarly feckless constellation) would be a close second. Persisting much longer with an air campaign that will either gradually or abruptly become a PR fiasco and a diplomatic embarrassment would be a near third."

In his New York Times column (7/25) Nicholas Kristof says, "The Israeli offensive and the American support for it seem to reflect the same misguided thinking that led to our Iraq war. It's a utopian notion that every outrage must have a solution, and that armed intervention is a useful way to reshuffle the Arab political stage." For now "Israel's Lebanon adventure is playing out a bit like America's Iraq adventure. It is bolstering hard-liners (like Bashar al-Assad of Syria) and undermining moderates (like King Abdullah of Jordan), while handing propaganda victories to Iran and Shiite militants."

In a Washington Post op-ed (7/25, A15), Philip Gordon says, "Military historians have a name for the logic behind Israel's military campaign in Lebanon. It's called the 'strategic bombing fallacy.' Almost since the dawn of the age of military air power, strategists have been tempted by the prospect that

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the bombing of 'strategic' targets such as infrastructure and transportation hubs could inflict such pain on a population that it would turn against its leaders and get them to surrender or compromise. Unfortunately -- as the United States itself discovered during World War II and Vietnam, to cite just two examples -- strategic bombing has almost never worked. Far from bringing about the intended softening of the opposition, bombing tends to rally people behind their own leaders and cause them to dig in against outsiders who, whatever the justification, are destroying their homeland."

In his New York Times column (7/25), John Tierney says, "To Hezbollah, there is no such thing as 'collateral damage' from its missiles. Israel keeps telling the world that its army aims only at military targets, but Hezbollah doesn't even pretend to. Its soldiers proudly fire away at civilians. These terrorists consider themselves men of honor, and unfortunately they are — by their own definition. We in the West can call them barbaric, which they also are, but they're following an ancient social code, even if we can't recognize it anymore."

In his Washington Post column (7/25, A15), Eugene Robinson says President Bush "and his folks haven't just blundered around and created this dangerous mess, they've done it on purpose. And they intend to make it worse. Bush's endorsement of the violence that Israel is inflicting on Lebanon -- a sustained bombing campaign that has killed hundreds of civilians and can only be seen as collective punishment -- is truly astonishing. Of course Israel has the right to defend itself against Hezbollah's rocket attacks. But how can this utterly disproportionate, seemingly indiscriminate carnage be anything but counterproductive?"

In his Washington Post column (7/25, A15), Richard Cohen says, "The dire consequences of proportionality are so clear that it makes you wonder if it is a fig leaf for anti-Israel sentiment in general. Anyone who knows anything about the Middle East knows that proportionality is madness. For Israel, a small country within reach, as we are finding out, of a missile launched from any enemy's back yard, proportionality is not only inapplicable, it is suicide. The last thing it needs is a war of attrition. It is not good enough to take out this or that missile battery. It is necessary to reestablish deterrence: You slap me, I will punch out your lights."

UN Says 800,000 Lebanese Have Been Affected By Conflict. ABC World News Tonight (7/24, story 2, 2:20, Gibson, 8.78M) reported, "The UN says as many as 800,000 people have been affected by the conflict." ABC (Wright) added, "In the southern city of Tyre, a frantic scene at the dock today. As hundreds scrambled for what may be the only safe way out. A German ship came to rescue stranded Europeans."

The CBS Evening News (7/24, story 3, 1:50, Schieffer, 7.66M) reported, "Nearly 700,000 people in Lebanon have been forced from their homes in a small country of just four million people. That represents almost 20% of the population. So there are two problems of enormous proportions, now: Getting people out of the line of fire and getting humanitarian aid to those who need it. No where has that been more difficult than in the southern Lebanese city of Tyre."

NBC Nightly News (7/24, story 2, 2:30, Engel, 9.87M) reported, "The UN's humanitarian envoy, Jan Egeland, told NBC's Ann Curry the crisis is worsening by the hour." Jan Egeland, UN humanitarian envoy: "Every day, we hear about tens of thousands of new displaced. We hear of new wounded. One-third or more of the wounded and the dead are children."

The Washington Post (7/25, A8, Shadid, 748K) reports that in Rashidiya, "more than 1,000 other Lebanese have fled their homes to seek shelter in a Palestinian refugee camp, its 18,000 inhabitants themselves exiles for nearly six decades. They began arriving a week ago by foot, minibus and car, from villages like Marwaheen, Qlaile and Mansuri. They trudged through streets shaded by bird's nests of electricity wires and sought shelter in homes and U.N.-run schools. Now they wait, abandoned, in a camp whose residents already feel forgotten."

Cyprus Worries About Flood Of Refugees. The Christian Science Monitor (7/25, Itano, 58K) reports US and Cypriot officials in Larnaca "say the evacuation from Lebanon, which has brought over 25,000 mainly Western foreign nationals through Cyprus, including about 11,000 Americans, is perhaps the biggest emergency here since partition in 1974 when Turkish troops invaded the north of the island. And things are likely to get worse: tens of thousands more non-Lebanese evacuees are expected. On their heels may be Lebanese refugees who see Cyprus not just as a transit point, but as a long-term place of safety."

300,000 Israelis Flee From North. NBC Nightly News (7/24, story 3, 1:55, Fletcher, 9.87M) reported, "Despite Israel's onslaught on Hezbollah, they're still firing Katyushas against northern Israel. This shopkeeper from Nahariya in northern Israel has had enough, joining about 300,000 refugees from northern Israel but none are without shelter. The country is pulling together. This family is hosting complete strangers -- parents, four children, two grandparents, two dogs and a rabbit. Here, 3,000 refugees sleep in giant tents, eat three meals a day, all financed by an Israeli billionaire."

Beirut's Religious Divide Exacerbated By War. The New York Times (7/25, Tavernise, 1.21M) reports that in "the days since Israeli planes began to bomb Lebanon, this seaside capital has been almost physically split in two, with its largely Shiite flank mutilated by Israeli airstrikes and most

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of the rest of the city remaining relatively unscathed, if quieter and emptier than usual." The "stark physical contrast reflects a deep and growing divide in Lebanese society between the less affluent, more religious Shiite south and the more urban center, largely of Sunni Muslims, Druse and Christians, which has built and benefited from a long-awaited economic boom."

The New York Times (7/25, Mouawad, 1.21M) reports on the plight of the Lebanese town of Aitaroun, "in the southernmost corner of Lebanon, about a mile away from where Israeli soldiers have crossed the border into the country. So far, at least 30 residents have died, said the town's deputy mayor, a tall and reserved man named Najib Kawsan. Many residents have left." Those "still trapped there are without power, phones and water, with little food, under constant shelling by the Israeli artillery, nearly a dozen refugees from the village said in interviews on Sunday."

Administration Knew Of Pakistan Plans To Build Plutonium Reactor. The Washington Post (7/25, A11, Warrick, 748K) reports, "The Bush administration acknowledged yesterday that it had long known about Pakistan's plans to build a large plutonium-production reactor, but it said the White House was working to dissuade Pakistan from using the plant to expand its nuclear arsenal. … The acknowledgment came as arms-control experts and some in Congress expressed alarm about a possible escalation of South Asia's arms race. Some also sharply criticized the administration for failing to disclose the existence of a facility that could influence an upcoming congressional debate over U.S. nuclear policy toward India and Pakistan."

Gadhafi Says Libya Was Close To Building Nuclear Weapon. CNN's The Situation Room (7/24, Verjee) reported, "Libyan leader Moammar Gadhafi says his country was close to building a nuclear bomb before it abandoned its nuclear program in 2003. Colonel Gadhafi made the announcement in a speech yesterday. It's the first time any Libyan officials confirmed that the North African country had been trying to build a nuclear weapon."

Somalia Said To Be On Verge Of Full-Blown War. The Christian Science Monitor (7/25, Crilly, 58K) reports, "Peace talks aimed at avoiding civil war in Somalia were officially postponed Monday following a week of high-risk brinkmanship and heightened rhetoric from emboldened Islamic militias and the country's weak transitional government. One side and then the other refused to attend talks that were due to restart Saturday in the Sudanese capital Khartoum, each accusing their adversary of hostile intentions." Islamist leaders "responded with a call to Somalia to wage jihad , or holy war, against foreign fighters and organized a rally of more than 3,000 people in the capital Mogadishu to protest their arrival. … A complete breakdown in negotiations could spark a major regional conflict."

World Trade Talks Collapse. The Financial Times (7/25, Beattie, Williams) reports, "The world trade talks that were supposed to relieve poverty and improve economic growth collapsed into indefinite suspension on Monday, after nearly five years of protracted wrangling. A last-ditch meeting in Geneva of the six core 'Doha round' negotiators – India, Brazil, the US, EU Japan and Australia – broke up amid recriminations over irreconcilable differences about farm liberalisation." The US "continued to argue for big cuts in farm import tariffs to open up markets for its farmers, a demand fiercely rejected by the European Union, Japan and India, who said America had first to go further in offering to cut agricultural subsidies."

The Wall Street Journal (7/25, Von Reppert-Bismarck, Hitt, 2.03M) says "the gulf separating negotiators from the US, European Union, Brazil, India, Japan and Australia was so wide that World Trade Organization chief Pascal Lamy proposed no timetable for restarting or concluding the talks. 'We are in dire straits,' Mr. Lamy said." The "collapse" of the negotiations, however, "could prove temporary. Previous rounds of trade talks ended and then restarted, often taking eight years or more to complete." USA Today (7/25, Lynch, 2.27M), New York Times (7/25, Wright, Weisman, 1.21M), Washington Times (7/25, Sparshott, 88K) and Washington Post (7/25, D1, Blustein, 748K), among other newspapers, also report the story.

In its "Washington Wire" column on its web site, the Wall Street Journal (7/24, 2.03M) reported, "For American farmers, the suspension of the Doha round of world trade talks takes steam out of a move to overhaul the way the U.S. subsidizes farmers. … Some farm industry officials say the death of Doha – or a long delay in restarting the talks — greatly diminishes pressure on Congress to make big changes to farm programs next year. Largely because of the Doha stalemate, Rep. Mike Conaway, a Texas Republican, said Monday he expects to see 'very little change in the mechanics' of crop subsidies."

Kosovo Leaders Formally Ask Serbian Government For Independence. The Washington Post (7/25, A12, Buza, Bilandzic, 748K) reports, "Kosovo's leaders made a formal pitch for independence face-to-face with Serbian government officials Monday at their first top-level talks on the issue since NATO bombs drove Serb forces from the province in 1999." Kosovo President Fatmir Sejdiu, "a member of the province's ethnic Albanian majority, said that independence was 'the beginning and end of our position. … The will for independence cannot be ignored or negotiated away.'" Serbian leaders "offered 'substantial autonomy,' repeating a past position."

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THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"A Community's Ethnic Tradition In Transition."
"Highland Park Gang Trial Paints A Portrait Of Hate."
"Lebanese Tell Rice Bluntly That U.S. Must Step Up."
"Heat Stretches California Power Network To The Limit."
"High Nighttime Temperatures Set Records Too."
"Israeli Missiles Rip Into Medics' Esprit De Corps."

USA Today:
"Prolonged Heat Wave Straining California Power Grid."
"US Aid Follows Rice To Mideast."
"In Mississippi, Katrina Recovery Gaining Steam."

New York Times:
"Trade Talks Fail Over An Impasse On Farm Tariffs."
"International Force Is Favored, But No Nation Commits Troops."
"Huge Buyout Of Hospital Group Highlights Era Of Going Private."
"Top Iraqi's Needs Vs. Bush's Policy."
"Stem cell Work Gets States' Aid After Bush Veto."

Washington Post:
"Rice Outlines Proposal To Deploy Force In Lebanon."
"Growing Coalition Opposes Drilling."
"On A Long Flight To Nowhere."
"DC Developer Sways The City With Big Bucks And Big Ideas."
"Videos On Web Widen The Lens On The Conflict."

Washington Times:
"Cornyn, Kyl Seek $3.5 Billion More For Security."
"Israel Targets Border Town."
"Decline In Ridership Costs Commuter Rail."
"Bengal Stonghold Shrinks."

Detroit Free Press:
"$3.15 Gas Price Stuns Drivers."
"Teen Sues His Mom To Learn Dad's Identity."
"Rice: No Quick Cease-Fire."
"Promoting Peace 2 Friends At A Time."

Atlanta Journal-Constitution:
"U.S. Initiates Bid To Defuse Mideast War."
"Big City Suburbs."
"Couple Took The Plunge But Not The GM Buyout."
"Sunscreen Zeroes In On Cancer Risk."

Houston Chronicle:
"Yates Again In Jury's Hands."
"Holed-Up Israelis Fight Isolation By Interacting Online."
"A Brush With History."
"Lawyer Joins Chorus For An Outside Cantu Interview."
"Pack An Umbrella – And The Waders."

Story Lineup From Last Night's Network News:
ABC: Rice-Mideast Trip; Lebanon-Humanitarian Crisis; Israel-Lebanon Offensive; Iraq Violence; Saddam-Hunger Strike; FEMA-Disaster Relief; Power Outages; Gas Prices; Airlines Gaining Money; Internet Monitoring.
CBS: Rice-Mideast Trip; Hezbollah-Profile; Lebanon-Humanitarian Crisis; Gas Prices; Stock Market; Gas Prices; Bush-Citizen Soldiers; Job Program-Unemployed Veterans; Israeli Reservists.
NBC: Rice-Mideast Trip; Lebanon-Humanitarian Crisis; Israeli Refugees; Banks-Hezbollah Ties; Power Outages; Lieberman-Clinton Endorsement; Elderly Care-Monitoring; Stock Markets; US Evacuees-Marine Assistance.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Rice-Mideast Trip; Lebanon-US Citizen Evacuations; West-Heat Wave.
CBS: Blair Calls For Mideast Cease-Fire; Rice-Mideast Trip; CA-Heat Wave; NY-Power Outages; UVA Blocker Approved; Natural Gas Prices.
NPR: Rice-Mideast Trip; Israel-Lebanon Attacks; CA-Wildfire; Foreign Stock Markets; Cargo Ship Rescue; GA-1946 Lynching Anniversary; IN-Highway Shootings.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with Iraqi Prime Minister Nuri al-Maliki.

VICE PRESIDENT CHENEY — No public schedule.

LYNNE CHENEY — 10 a.m. Presents a $10,000 award to Tonya Bolden, author of ``Maritcha: A Nineteenth-Century American Girl," which tells the story of a freeborn African American girls achievement during her childhood days in New York City and Rhode Island. Schomburg Center for Research in Black Culture, 515 Malcolm X Blvd., New York, NY.

US Senate: 10 a.m. JOINT ECONOMIC _ Full Committee. Hearing on energy and the Iranian economy. Deputy Assistant Secretary of State Paul Simons; Kenneth Katzman, Congressional Research Service; Ilan Berman, American Foreign Policy Council; Andrew Davenport, Conflict Securities Advisory Group; Jeffrey Schott, Institute for International Economics. Location: TBA.

9:30 a.m. ARMED SERVICES _ Airland Subcommittee. Hearing on the F-22A multiyear procurement proposal. Air Force Secretary Michael W. Wynne; James I. Finley, deputy

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undersecretary of Defense; Comptroller General David Walker; Donald B. Marron, acting director, CBO; J. Richard Nelson, Institute for Defense Analysis; Christopher Bolkcom, Congressional Research Service; Danielle Brian, Project on Government Oversight. Location: Room 222, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on the authority to prosecute terrorists under the War Crime Provisions of Title 18. Location: Room 226, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on regulaiton of hedge funds. Location: Room 538, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Aviation Subcommittee. Oversight hearing on the Joint Planning and Development Office. FAA Administrator Marion C. Blakey; Lisa Porter, Associate Administrator for Aeronautics Research, NASA; Gerald Dillingham, GAO; David Dobbs, Assistant Inspector General for Aviation, DOT. Location: Room 253, Russell.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Oversight of Government Management, the Federal Workforce and the District of Columbia Subcommittee. Hearing on the Defense Department supply chain management plan. Assistant Deputy Undersecretary of Defense Alan Estevez; Bill Solis, GAO. Location: Room 342, Dirksen.

10:30 a.m. FINANCE _ International Trade Subcommittee. Hearing on tax jurisdictions in ``new economy." Daniel C. Noble - administrator, Excise Tax, Wyoming Department of Revenue; George S. Isaacson, attorney, Lewiston, Maine; Christopher Rants, speaker, Iowa House of Representatives; Robert Benham, owner/proprietor, Balliet's, LLC, Oklahoma City; Gary Imig, Sierra Trading Post, Cheyenne, Wyo.; Douglas L. Lindholm, Council on State Taxation; Dan Bucks, director, Montana Department of Revenue; Michael Mundaca, International Tax Services. Location: Room 215, Dirksen.

2:30 p.m. FINANCE _ Health Care Subcommittee. Hearing on ``CHIP at 10: A Decade of Covering Children." CMMS Administrator Mark McClellan; Evelyne Baumrucker, Congressional Research Service; Chris Peterson, CRS. Location: Room 215, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Hearing on pending matters. Closed. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for morning business and at 10 a.m. for legislative business.

10 a.m. JOINT ECONOMIC _ Full Committee. Hearing on energy and the Iranian economy. Deputy Assistant Secretary of State Paul Simons; Kenneth Katzman, Congressional Research Service; Ilan Berman, American Foreign Policy Council; Andrew Davenport, Conflict Securities Advisory Group; Jeffrey Schott, Institute for International Economics. Location: TBA.

10 a.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on Medicare physician payments. Testimony from the Congressional Budget Office; Government Accountability Office; Medicare Payment Advisory Commission; The Commonwealth Fund. Location: Room 2123, Rayburn.

10 a.m. GOVERNMENT REFORM _ Regulatory Affairs Subcommittee. Hearing on stemming the tide of illegal immigration. Location: Room 2154, Rayburn.

10 a.m. HOMELAND SECURITY _ Intelligence, Information Sharing, and Terrorism Risk Assessment Subcommittee, and the full Financial Services Committee. Joint hearing on threats to the insurance market by terrorists. Location: Room 2128, Rayburn.

10 a.m. SCIENCE _ Full Committee. Hearing on scientific and technical assessment and advice for the Congress. Peter Blair, National Research Council; Catherine Hunt, American Chemical Society; Jon Peha, Carnegie Mellon University; Albert Teich, AAAS. Location: Room 2318, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Railroads Subcommittee. Hearing on human factors issues in rail safety. Testimony from Federal Railroad Administration Administrator Joseph Boardman; National Transportation Safety Board Hazardous Materials Director Bob Chipkevich; Assoc. of American Railroads; Amer. Short Line Assoc.; Brotherhood of Railroad Signalmen; Brotherhood of Locomotive Engineers; others. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Trade Subcommittee. Hearing on budget authorizations for Customs agencies and other Customs issues. Tentative witness list: W. Ralph Basham, Commissioner, U.S. Customs and Border Protection; Julie Myers, Assistant Secretary for U.S. Immigration and Customs Enforcement; Mary Joe Muoio, Barco Trade Consultants, Boonton, NJ; Michael Crye, International Council of Cruise Lines, Arlington, Va.; Charlene Stocker, Procter and Gamble Company, Cincinnati, OH; Brian Gill, FedEx Express, Memphis, Tenn.; National Treasury Employees Union; Association of Floral Importers of Florida. Location: Room 1100, Longworth.

11:30 a.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on the 60th anniversary of the Administrative Procedure Act. Testimony from Texas A&M University; Catholic University of America-Columbus School of Law; University of Virginia School of Law; John F. Kennedy School of Government. Location: Room 2141, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Commerce, Trade and Consumer Protection Subcommittee. Hearing on

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H.R. 503 - Bill to amend the Horse Protection Act. Location: Room 2123, Rayburn.

2 p.m. GOVERNMENT REFORM _ Federal Workforce and Agency Organization Subcommittee. Hearing on hiring retiees in times of national need. Location: Room 2247, Rayburn.

2 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on ``DOD Excess Property: Inventory Control Breakdowns Present a Security Risk." Location: Room 2154, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Middle East and Central Asia Subcommittee. Hearing on energy and security in Central Asia. Steven R. Mann, principal deputy assistant secretary of State; Lana Ekimoff, Department of Energy; Zenyo Baran, Hudson Institute; Steven Blank, Army War College; Ariel Cohen, Heritage Foundation; Robert Ebel, CSIS. Location: Room 2200, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on the status of the Hague Convention on international adoptions. Deputy Assistant Secretary of State Catherine M. Barry; Robert Divine, Citizenship and Immigration Services; Richard Klatbrerg, CEO, Council on Accreditation; Dana Andrews, Colorado Department of Human Services; Meghan Hendy, Joint Council on International Children's Services; Tom Atwood, National Council for Adoption. Location: Room 2172, Rayburn.

2 p.m. RESOURCES _ National Parks Subcommittee. Hearing on the final draft of the National Park Service management policy guidelines. Location: Room 1324, Longworth.

2 p.m. SMALL BUSINESS _ Full Committee. Hearing on impact of proposed IRS rule on small business. Testimony from IRS Chief Counsel Donald Korb; Deputy Assistant Treasury Secretary Eric Solomon; SBA; Deloite Tax LLP; Nationwide; others. Location: Room 2360 Rayburn.

3:30 p.m. RULES _ Meets on H.R. 5682, US and India Nuclear Cooperation Promotion Act of 2006. Location: H-313, US Capitol.

Other: IRAQI PRIME MINISTER NURI AL-MALIKI _ Highlights: 9:35 a.m. Meets with President Bush. Oval Office. 11:25 a.m. Participates in joint press availability with President Bush. East Room.

CLIMATE CHANGE _ 9 a.m. - 3:30 p.m. The Wilson International Center for Scholars holds a conference on science communications and the news media in dealing with climate change. Location: 6th floor Flom Auditorium, Wilson Center, Reagan Trade Building.

PANDEMIC PREPAREDNESS _ 9 a.m. The US Chamber of Commerce holds a forum on pandemic preparedness, with Rajeev Venkayya of the White House Homeland Security Council, John Lange of the State Department, Raymond Strikas of HHS, John Hayes of New York Life Insurance Co., others. Location: U.S. Chamber of Commerce, 1615 H St. NW.

NUCLEAR FUELS _ 10 a.m. Former Energy Secretary Spencer Abraham discusses the economic assessment of used nuclear fuel management in the US, sponsored by Energy Daily and BP America. Location: National Press Club.

RELIGION-GLOBAL WARMING _ 10 a.m. The Interfaith Stewardship Alliance holds a news conference on the evangelical response to global warming, with David Legates of the University of Delaware, Kenneth Chilton of Lindenwood university in Missouri, others. Location: National Press Club.

BORDER SECURITY _ 10 a.m. - 12 p.m. The Heritage Foundation hosts a discussion, ``Border Security Better, Faster, Cheaper," with remarks by Rep. Mike Rogers, R-Ala,m Chairman, House Homeland Security Subcommittee on Management, Integration, and Oversight. This will be followed by a panel discussion with James Jay Carafano, Senior Research Fellow, Defense and Homeland Security, The Heritage Foundation; David B. Muhlhausen, Senior Policy Analyst, Center for Data Analysis, The Heritage Foundation; and Brian W. Walsh Senior Legal Research Fellow, Center for Legal and Judicial Studies, The Heritage Foundation. Location: Heritage Foundation, Lehrman Auditorium, 214 Massachusetts Ave. NE.

IRAN-DESTABILIZING IRAQ? _ 11 a.m. Iran Policy Committee holds news conference on influence of Iran on Iraq. Topics include evidence pointing toward Tehran's efforts to destabilize Iraq. Participants include Clare Lopez, former CIA officer, Directorate of Operations, and Professor Raymond Tanter, formerly with the NSA. Location: Hays-Adams Hotel, 800 16th St. NW.

OPERATION JUMP START _ 11 a.m. Homeland Security Border Patrol Chief David Aguilar and National Guard Bureau General Steven Blum hold briefing on Operation Jump Start deployments and schedules. Location: Briefing Room, Reagan Bldg., 1300 Pennsylvania Ave. NW.

UNINSURED AMERICANS _ 11 a.m. Reps. Tammy Baldwin (D-WI), Tom Price (R-GA), John Tierney (D-MA), and Bob Beauprez (R-CO) hold news conference on bipartisan health care reform bill to help cover the uninsured, now numbering more than 45 million Americans. Location: House Radio-TV Gallery.

EARLY EDUCATION _ 11:30 a.m. Virginia Gov. Tim Kaine speaks about expanding access to quality early education, sponsored by the New America Foundation. Location: 7th floor, 1630 Connecticut Ave. NW.

HOYER BRIEFING-NEWSER _ 12:30 a.m. House Democratic Whip Steny Hoyer holds regular Pen and Pad

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Briefing, followed by news conference to announce ``major energy bill." Location: H-306, US Capitol.

BUSINESS-EDUCATION _ 12 p.m. Committee for Economic Development holds a forum on the economic benefits of investing in early education. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

EVANGELICALS-GLOBAL WARMING _ 12 p.m. The Heritage Foundation hosts a panel, ``Call to Truth, Prudence and the Protection of the Poor An Evangelical Response to Global Warming." Speakers are: Dr. E. Calvin Beisner Associate Professor of Social Ethics, Knox Theological Seminary; Dr. David R. Legates Climatologist and Director, Center for Climatic Studies, University of Delaware; Dr. Kenneth Chilton Director of the Institute for the Study of Economics and the Environment, Lindenwood University, Missouri; and Rev. Abdul Karim Sesay Senior Pastor, Kings and Priests Court International Ministries, Silver Spring, Md. Location: Heritage Foundation, 214 Massachusetts Ave. NE.

HEZBOLLAH _ 12 p.m. The Middle East Institute holds a discussion on American perspectives on Hezbollah. Location: 1761 N St. NW.

JOBS-TELECOMMUNICATIONS _ 12 p.m. The Leadership Conference on Civil Rights holds a panel discussion to release a report showing job losses for women and minorities as the result of the new telecommunications law and media concentration. Panelists include LCCR Executive Director Wade Henderson, former FCC Commissioner Gloria Tristani, Heidi Hartmann of the Institute for Women's Policy Research, Newspaper Guild President Linda Foley, others. Location: Room SC-4, Capitol.

POWDER COCAINE/CRACK _ 12 p.m. Sens. Jeff Sessions (R-AL), Mark Pryor (D-R), John Cornyn (R-TX) and Ken Salazar (D-CO) hold news conference to discuss introduction of legislation to reduce crack/powder cocaine sentencing disparity. Location: Senate Radio-TV Gallery.

SUNSET COMMISSION BILL _ 1 p.m. Center on Budget and Policy Priorities holds conference call briefing on House bills that would establish ``sunset commissions" to recommend scaling back of federal programs, agencies and regulations. Contacts: Shannon Spillane, 202-408-1080.

MEDIA SHIELD LEGISLATION _ 12:30 p.m. Senator Richard Lugar, R-Pa., and Rep. Mike Pence, R-Ind., discuss federal media shield legislation, designed to provide the press with the ability to obtain and protect confidential sources. Location: National Press Club, 14th and F Sts. NW.

IMMIGRATION _ 1 p.m. The National Immigration Forum holds a news conference to release a poll on whether immigration legislation is wanted by the voters this year, what voters want Congress to do and what approaches are favored. Location: National Press Club.

MARINES-LIMA COMPANY _ 5 p.m. The Armed Forces Foundation sponsors a screening of ``Combat Diary: The Marines of Lima Company," the Emmy-nominated documentary detailing a Central Ohio Marine Reserve unit's service in Iraq. Some members of the unit are expected to be in attendance. Location: Room HC-5, Capitol.

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Miller, Charles S

From: Miller, Charles S
Sent: Tuesday, July 25, 2006 10:07 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 7/25/06 Civil Division News

Specter Prepping Bill to Sue Bush

Settlement Appears Close On Indian Trust Lawsuit

Cobell settlement bill delayed a week in Senate

Army officer discharged after lawsuit

US Arab group sues Rice, Rumsfeld over Lebanon evacuation

AP

July 25, 2006

Specter Prepping Bill to Sue Bush

By LAURIE KELLMAN

Associated Press Writer

WASHINGTON_A powerful Republican committee chairman who has led the fight against President Bush's signing statements said Monday he would have a bill ready by the end of the week allowing Congress to sue him in federal court.

"We will submit legislation to the United States Senate which will...authorize the Congress to undertake judicial review of those signing statements with the view to having the president's acts declared

unconstitutional," Judiciary Committee Chairman Arlen Specter, R-Pa., said on the Senate floor.

Specter's announcement came the same day that an American Bar Association task force concluded that by attaching conditions to legislation, the president has sidestepped his constitutional duty to either sign a bill, veto it, or take no action.

Bush has issued at least 750 signing statements during his presidency, reserving the right to revise, interpret or disregard laws on national security and constitutional grounds.

"That non-veto hamstrings Congress because Congress cannot respond to a signing statement," said ABA president Michael Greco. The practice, he added "is harming the separation of powers."

Bush has challenged about 750 statutes passed by Congress, according to numbers compiled by Specter's committee. The ABA estimated Bush has issued signing statements on more than 800 statutes, more than all other presidents combined.

Signing statements have been used by presidents, typically for such purposes as instructing agencies how to execute new laws.

But many of Bush's signing statements serve notice that he believes parts of bills he is signing are unconstitutional or might violate national security.

Still, the White House said signing statements are not intended to allow the administration to ignore the law.

"A great many of those signing statements may have little statements about questions about constitutionality," said White House spokesman Tony Snow. "It never says, 'We're not going to enact the law.'"

Specter's announcement intensifies his challenge of the administration's use of executive power on a number of policy matters. Of particular interest to him are two signing statements challenging the provisions of the USA Patriot Act renewal, which he wrote, and legislation banning the use of torture on detainees.

Bush is not without congressional allies on the matter. Sen. John Cornyn, R-Texas, a former judge, has said that signing statements are nothing more than expressions of presidential opinion that carry no legal weight because federal courts are unlikely to consider them when deciding cases that challenge the same laws.

END

Associated Press
July 25, 2006

Settlement Appears Close On Indian Trust Lawsuit

By Jennifer Talhelm,

WASHINGTON – American Indians suing the government over billions of dollars in lost royalties say they are contemplating an offer by members of Congress to resolve their lawsuit for $8 billion.

The offer is considerably lower than the $27.5 billion plaintiffs offered to settle for a year ago. But plaintiffs say they are considering it seriously, bringing them closer than ever to ending the lawsuit, which has bogged down the Interior and Justice departments for 10 years.

“Eight billion dollars is something I wish was higher, but I'm glad they were able to bring something forward that was equitable,” the lead plaintiff, Blackfeet Indian Elouise Cobell, said in an interview. “Can we ever get near the total fair amount that should be given to individual Indians? I don't think so. I think individual Indian account holders would support $8 billion.”

Cobell filed the class-action lawsuit in 1996, accusing the government of mishandling more than $100 billion in oil, gas, timber, grazing and other royalties from Indians' lands dating back to 1887.

In what has become a messy, protracted court battle, the plaintiffs have won a series of district court victories. U.S. District Judge Royce Lamberth held interior secretaries Bruce Babbitt and Gale Norton in contempt and ordered the Interior Department to disconnect its computers from the Internet to secure Indian trust data.

But the plaintiffs were dealt a blow earlier this month when the U.S. Court of Appeals for the District of Columbia Circuit ordered Lamberth removed from the case, saying he had lost his objectivity.

Plaintiffs offered a settlement package last year, and Senate Indian Affairs Committee Chairman John McCain, R-Ariz., and House Resources Committee Chairman Richard Pombo, R-Calif., have introduced bills that would resolve the case.

But the settlement amount has been a sticking point.

Cobell and one of her attorneys, Keith Harper, said Monday that officials for the two committees suggested the $8 billion figure almost three weeks ago.

Spokespeople for McCain and Pombo said they could not comment on the settlement and that committee meetings to work out the details would be held in the next two months.

Interior Department spokesman Shane Wolfe said department officials are continuing to work with the plaintiffs, but he also declined to talk about specifics.

Cobell said the Indian plaintiffs want to settle and move on.

“A settlement is a way of moving forward to get justice to the many Indian account holders who are elderly and in need of justice,” Cobell said Monday.

END

Indianz.Com.

Cobell settlement bill delayed a week in Senate

Indian Country is waiting anxiously as legislation to settle the Cobell trust fund case for $8 billion is close to being finalized.

The Senate Indian Affairs Committee was due to release the latest version of the Indian Trust Reform Act last Friday. But a briefing that had been scheduled on that day was abruptly canceled and a markup that was to be held this Wednesday was pushed back a week.

The official word from Sen. John McCain (R-Arizona), the chairman of the committee, was that the markup will be held August 2. A top aide from the Republican side of the panel told tribal leaders and Indian advocates there was a scheduling issue.

But given the controversial nature of the billion-dollar settlement figure some are wondering whether the bill has a chance anymore. They are eagerly hoping for final resolution of a case that has dragged on for a decade, following more than century of mismanagement of Indian trust funds.

"They told everyone the number was going to be $8 billion but it's not going to happen," said a Washington lobbyist and former Congressional staffer. "It's just dumbfounding."

Earlier this month, McCain and Sen. Byron Dorgan (D-North Dakota), the vice chairman of the committee, sat down with new Interior Secretary Dirk Kempthorne. Joining them was Rep. Richard Pombo (R-California), the chairman of the House Resources Committee, and a representative of Rep. Nick Rahall (D-West Virginia), the top Democrat on Resources.

At the time, McCain told Kempthorne the settlement figure was going to be $8 billion. Although Kempthorne didn't support or oppose the amount, according to people familiar with the meeting, he has openly told tribal leaders he wants to resolve the case.

A week after the Interior meeting, top Senate staffers met with the Cobell plaintiffs. They were also told the figure was going to be $8 billion.

"Take it or leave it," was the message from McCain, one person familiar with the meeting said. "The senator was going to go ahead with it, with or without the parties' agreement."

Keith Harper, an attorney for the plaintiffs, would not discuss the negotiations because Senate staff asked the parties not to disclose any specific information. But he said that McCain, Dorgan and the other leader had arrived at a settlement figure.

"I cannot confirm the actual number but I can confirm that a specific number was told to us," he said in an interview. "And it's our understanding that a specific number was told to the government."

With the markup pushed back a week, it's not clear whether the amount will remain the same once the bill is unveiled. The legislation is expected to include provisions that would allow individual Indians to opt out of the settlement and continue to negotiate their claims on a case-by-case basis.

To discuss the latest developments, the Cobell plaintiffs, the National Congress of American Indians and other interested parties are meeting this afternoon at the offices of Kilpatrick Stockton. The firm recently hired Harper to head up its Indian law team, and several other attorneys who are working on the Cobell case are also part of the team.

END

Monterey County Herald (CA)

July 25, 2006

Army officer discharged after lawsuit

McClatchy Newspapers

An Army Reserve officer who sought to resign his commission last year but was turned down has been

granted an honorable discharge.

Capt. Bradley E. Schwan, a 30-year-old West Point graduate from Simi Valley, tried to resign twice in 2005 after fulfilling eight years of military service, but the Army Reserve refused, citing a shortage of officers.

Schwan sued the government to try to force the Army Reserve to allow his resignation. The case was still pending in federal court in Los Angeles when Schwan learned in June that he had been granted an honorable discharge, effective July 31. The decision was made by Lt. Gen. Jack C. Stultz, who took over as Army Reserve chief in May.

Schwan had argued that federal law requires military volunteers to serve no more than eight years during their initial terms of service. Justice Department lawyers argued that officers serve indefinitely, citing a clause in the 1952 Armed Forces Reserve Act that says officer commissions "are for an indefinite term and are held during the pleasure of the president."

Maj. Hillary Luton, a spokeswoman for Army Reserve Command in Atlanta, said Stultz "had reviewed the situation and decided that it was in the best interests of the Army and the best interests of the soldier to grant the discharge."

All other resignation requests from Army Reserve officers "are currently on hold, but they are not being turned down," while Stultz reviews current policy, Luton said.

Nearly 1,300 reserve officers have sought to resign since 2004. Of those requests, 880 have been approved, according to Army figures.

Lt. Gen. James R. Helmly, former Army Reserve chief, issued a directive in 2004 saying that reserve officers who had completed eight years of service could resign if their career fields were at least 80 percent up to strength or if they had served in Iraq, Afghanistan or in a domestic security role since the 2001 terrorist attacks. Officers who demonstrated compelling personal hardships also would be considered, Helmly wrote.

Schwan, who was attending law school then, had served in Bosnia but met none of Helmly's criteria. He was also a military\l "I" intelligence officer, a position that the Army said was in short supply. He had served six years on active duty before spending two in the Army Reserve.

In an interview on C-SPAN last month, Army Secretary Francis J. Harvey called Helmly's resignation policy "unwise" and said it was under review. Harvey said reserve officers who served eight years or more would be allowed to resign in the "vast, vast majority of cases."

Officers with vital skills or those under "stop-loss orders would be evaluated on a case-by-case basis, Harvey said. The final authority to decide those cases would rest with the Department of the Army, not the Army Reserve, and the new policy would apply uniformly to active-duty and reserve officers, Harvey said.

"Stop-loss orders, which require service members to stay in the military temporarily beyond their original discharge dates, usually are imposed because of a combat deployment or a personnel shortage. They can remain in effect for as long as 18 months.

END

AGENCE FRANCE PRESSE ENGLISH WIRE

July 25, 2006

US Arab group sues Rice, Rumsfeld over Lebanon evacuation

WASHINGTON, July 24, 2006 (AFP) - An Arab-American group sued top Bush administration officials Monday, claiming it bungled the evacuation from Lebanon of US nationals, leaving them vulnerable to the Israeli military offensive.

In their suit against US Secretary of State Condoleezza Rice and Defense Secretary Donald Rumsfeld filed in a Detroit, Michigan federal court, the American-Arab Anti-Discrimination Committee (ADC) asked the court to order the government to stop shipping weapons to Israel as long as US citizens remain in danger inside Lebanon.

"At no time has President (George W.) Bush, Secretary of State Rice, or Secretary of Defense Rumsfeld called for a ceasefire in Lebanon," said ADC president Mary Rose Oakar.

"To the contrary, the Bush administration has encouraged the violence by sending an urgent shipment of bombs to Israel, giving that country the green light to continue in its indiscriminate bombing of Lebanon," Oakar said in a statement.

"This has placed innocent civilians, including thousands of US citizens, in harm's way and has resulted in injuring several US citizens in Lebanon."

The suit, filed by the ADC and 34 Lebanese-Americans who have either left Lebanon or are trying still to get out, charges the government with violating their constitutional rights to protection with the much-criticized, slow evacuation of US nationals, and by aiding Israel's attacks, which threaten to harm US nationals.

The suit asks for an emergency court order to stop the US sending more weapons to Israel as long as US citizens are in danger in Lebanon.

It also asks that the court order Rice and Rumsfeld to seek a ceasefire between Israel and Lebanon's Hezbollah militia to enable US nationals to flee Lebanon, and to make better efforts to help them depart the country.

END

Moye, Pam

Subject:	Anti-Methamphetamine Coordination Supply Subcommittee Meeting
Location:	Conference room 4133
Start:	Friday, May 12, 2006 3:00 PM
End:	Friday, May 12, 2006 4:00 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Moye, Pam
Required Attendees:	Anti-Methamphetamine Coordination CommitteeAnti-Methamphetamine Coordination Committee

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From:	Grider, Mark (ODAG)
Sent:	Monday, May 01, 2006 7:05 PM
To:	Moye, Pam
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When:	Friday, May 12, 2006 3:00 PM-4:00 PM (GMT-05:00) Eastern Time (US & Canada).
Where:	Room 4133

POC: M. Grider 514-8500

Supply Reduction Subcommittee

Coordinator: CRM/DEA

Mike Geffroy (CRM)/Michele Leonhart, Jodi Avergun, Michael Braun, and Joe Rannazzisi (DEA)

Contributors: DEA,CRIM, OJP, ENRD, FBI, ATF, BOP, EOUSA, OTJ, COPS, OIPL, USMS,

EDCA, NDIC, OLA, OPA

USDOJ- Office of Public Affairs

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JULY 26, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Judge Dismisses Suit Challenging AT&T Data-Sharing 4
Administration Drafting Detainee Trial Bill Based On Tribunals 5
Al Arian Codefendant Sentenced To Three Years In Prison 5

Homeland Response:

Tennessee Man Indicted For Weapons, Ricin Possession 6
CBP Says New Procedure Will Reduce Repeat Interrogations Of Travelers 6
Survey Finds US Cities Lack Disaster Preparedness 6
Insurers Say Government Backup For Terrorism Insurance Still Needed 6
NYTimes Says Chemical Security Bill May Decided By GOP Moderates 7

War News:

Swedish Firm Denounced Saddam's Oil-For-Food Corruption In 2000 7
Kurdish Government Launching National Media Blitz 7
Looted Statue Returned To Iraqi National Museum 7
Taliban Outbidding Afghan Army In Effort To Win New Recruits 7
Colombian Police To Share Expertise With Afghans 7
Military Bloggers Circumvent Traditional Media To Comment On War Developments 8

DOJ:

Marcus Says Gonzales Has Little Influence Setting Administration Policy 8
US Attorneys' Offices Facing Attrition 8

Corporate Scandals:

US Increasingly Using Deferred Prosecution, Nonprosecution Agreements 9
Former Credit Lyonnais Executive Pleads Guilty In Executive Life Case 9
SEC Seeks Details On Executive Pay 9
Cox Leaves Door Open To Greater Regulation Of Hedge Funds 10

Criminal Law:

DOJ Argues Against Gag Order In Soldier's Rape Case 10
House Passes Child Protection Bill 11
Judge Denies Bail For "Mafia Cops." 11
Man Sentenced For Secretly Videotaping Michael Jackson On Plane 11
House Panel Has Not Provided Documents Requested In Cunningham Probe 12
Judge Finds DC Bank Misled Investors 12
Friends Of Murdered Utah Girl's Family Harshly Criticize Police, FBI Over Search 12
17-Year-Old Confesses To Indiana Sniper Shootings 13
Three Indicted Over Alleged No-Show School Department Jobs In Massachusetts 13
BetOnSports Fires Carruthers 13
Three Louisianans Indicted On Katrina Relief Fraud Charges 14
Judge Denies Injunction On Sex Offender Law 14
Former House Lawyer Says Jefferson Search Ruling Undermines Congress 14

Civil Rights:

DOJ Sues Chesapeake, VA, Over Police Test Bias 14
DOJ Lawyers Probing Negotiations On HAVA 15
FBI Says White Powder Mailed To Norfolk Office Not Harmful 15
Senate Bill Would Criminalize Transporting Minors Across State Lines For Abortions 15

Lawmakers Say Capitol Complex Should Be Made Accessible To Disabled 16

Antitrust:

SCOTUS Deals Setback For Stolt-Nielsen In Antitrust Dispute With DOJ 16
DOJ Memo Raises Antitrust Concerns About Texas Airfield Deal 16
Judge Seeks More Information On Telecom Deals 17
McClatchy Faces Big Daily Bill If Newspaper Deal Is Blocked 18
Hewlett-Packard To Buy Mercury Interactive For $4.5 Billion 18
Blackstone Mulls Bid For HCA 18
Canada Clears Phelps Dodge Purchase Of Inco 19

Environment/Indian Affairs:

Judge Tosses Provisions Of Massachusetts Oil Spill Act 19
Democratic Leaders Press For Vote On Drilling Bill To Boost Landrieu 19
Ethanol Demand Prompts Worries Of Corn Shortage 20
Heat Said To Have Killed At Least 38 In California 20
St Louis Power Still Down 20
Attacks On Forest Rangers Reached Highest Level Ever Last Year 21
Building, Farm Groups Oppose Creation Of Critical Habitat For Killer Whales 21
Administration Ocean Conservation Efforts Praised 21
BIA Inaction Called "Significant Factor" In Student's Death ... 21

FBI/DEA/ATF/USMS:

Clinic Owner, Doctor Convicted In Louisiana "Pill Mill" Case 21
Authorities Say Trafficker Shipped BMW Coast To Coast In Cocaine Deals 22
Colombian Police Target Drug Trade Profits 22
Dozens Of Suspected Gang Members Arrested In New Jersey 22
MD: Man Accused Of Paying Cabdrivers To Transport Cocaine Gets Life Sentence 22

Immigration:

Pence-Hutchison Plan Said To Allow "Unlimited" Guest Worker Immigration 22

Tax:

Patented Tax Strategies Provide No Shield From IRS Scrutiny 24
Republicans May Attach Estate Tax Reduction To Tax Cut Extensions 24
Senate Panel To Examine Abuse Of Offshore Tax Havens ... 25
Business Tax Bill Pulled From House Floor Amid Concerns About State Tax Revenue 25

Congress-Administration:

Bush Said To Be Weighing Several Candidates To Replace Mineta 25
Kappes Takes Place As CIA Deputy Director 25
Bush Names Tschetter To Direct Peace Corps 25
Obama, Durbin Place Hold On FAA Nominee Over Wind Farm Dispute 25
Lawmakers Hold Out Hope For Press Shield Law 26
Senate GOP Seeking Vote On Line-Item Veto 26
Specter Bill Will Challenge Signing Statements 26
Poll Finds Majority Disapprove Of Bush Stem Cell Bill Veto ... 26
GOP Lawmakers Disagree Over Pension Bill Provisions 26
Members With Tough Races Given Lead Roles In Legislation 27
Frist Says He Did Not Know HCA Planned To Go Private 27
Report Urges "Government-Wide Productivity Target." 27
WSJournal Says ABA Should Be Removed From Process Of Vetting Judicial Nominees 27

Other News:

Bernanke Has Assets Totaling Between $1.2 Million And $2.5 Million 27
Home Sales Down In June 28
Former Treasury Secretaries Call For Debate Over Globalization 28
Samuelson Says Speculators Have Not Artificially Increased Oil Prices 28
Democrats Giving Up On Rowley Bid To Unseat Kline 29
Murtha To Campaign For 41 Democratic House Candidates 29
Congressional Races Focusing On Local Concerns More Than National Issues 29
Steele Is Anonymous Senate Candidate Quoted By WPost About Not Wanting Bush Help 29
NYTimes Criticizes Bloomberg Comments On Con-Ed 29
Field Poll Shows Schwarzenegger With Eight-Point Lead Over Angelides 30
Istook Wins Oklahoma GOP Gubernatorial Nomination By Wide Margin 30
Female Governors Draw Crossover Votes, Win Reelection More Than Males 30
Republicans Ridicule Changes In Democratic Presidential Primary Calendar 30
Bush, Maliki Agree To Boost Security In Baghdad 30

DOJ_NMG_0042790

Democrats Express Outrage Over Maliki's Criticism Of Israel's Lebanon Campaign 32
Rice In Rome For Summit On Israel-Lebanon Conflict 34
Annan Suggests Israel Targeted UN Observer Post Deliberately 37
Israel Claims Advances In Southern Lebanon 37
Hamas Leaders Say They Would Accept Ceasefire In Gaza . 39
Six Allies Cite "Progress" On Iran UN Security Council Resolution 39
Bush Asks Darfur Rebel Leader To Support UN Intervention . 40
Somali Islamic Militia Rebuffs Suggested UN Peace Talk Plan 40
China Freezes North Korean Accounts 40
US Envoy To Press China On Wider Access For US Banks .. 40
Georgia Deploying Troops To Arrest Breakaway Leader, Disperse Militia 40
US Hits Back At EU Over Doha Collapse 40
Leftist Candidate Files New Lawsuit To Force Recount In Mexican Election 42
WSJournal Says Chavez Visiting "Rogue Regimes And Anti-Americans." 42

The Big Picture:

Headlines From Today's Front Pages 42

Washington's Schedule:

Today's Events In Washington 43

DOJ_NMG_0042791

TERRORISM NEWS:

Judge Dismisses Suit Challenging AT&T Data-Sharing. The AP (7/26, A6, Robinson) reports, "Citing national security, a federal judge (in Chicago) Tuesday threw out a lawsuit aimed at blocking AT&T Inc. from giving telephone records to the government for use in the war on terror. … 'The court is persuaded that requiring AT&T to confirm or deny whether it has disclosed large quantities of telephone records to the federal government could give adversaries of this country valuable insight into the government's intelligence activities,' U.S. District Judge Matthew F. Kennelly said." The AP continues, "A number of such lawsuits have been filed around the country after reports that AT&T and other phone companies had turned over records to the National Security Agency, which specializes in communications intercepts. … Kennelly's ruling was in sharp contrast to last week's decision from U.S. District Judge Vaughn R. Walker of San Francisco, who said reports of the program were so widespread there was no danger of spilling secrets. … Kennelly ruled in a lawsuit filed by the American Civil Liberties Union of Illinois on behalf of author Studs Terkel and other activists who said their constitutional rights were violated because of an NSA program that gathers phone company records." The AP notes, "Justice Department attorneys argued that it would violate the law against divulging state secrets for AT&T to say whether it had provided telephone records to the agency. … The ACLU argued that the practice was no longer secret because numerous reports had made it clear that phone records had been given to the agency. … But the judge said the reports amounted to speculation and in no way constituted official confirmation that phone records had been turned over."

The New York Times (7/26, Liptak, 1.21M) reports, "A federal judge in Chicago dismissed a class-action lawsuit yesterday against AT&T that claimed it had illegally given information about its customers to the National Security Agency" based upon "the state secrets privilege, which can bar suits that would disclose information harmful to national security." While a federal judge in San Francisco "allowed a similar suit against AT&T to proceed notwithstanding the state secrets privilege," the ruling noted in that case, "mainly concerns an N.S.A. program aimed…at the contents of a more limited number of communications," and, "because the Bush administration has confirmed the existence of such targeted wiretapping, the San Francisco suit could proceed without running afoul of the state secrets privilege." However, "there had been no comparable confirmation by the government or AT&T of 'the existence or nonexistence of AT&T's claimed record turnover.' He refused to rely on news accounts of the program as proof of its existence."

Dow Jones (7/26) reports, "Several similar suits have been filed across the U.S. following news media reports that AT&T and other phone companies had provided records to the National Security Agency, which specializes in communications intercepts. … The Chicago suit was filed by the American Civil Liberties Union of Illinois on behalf of author Studs Terkel and other activists who said an NSA program that gathered phone company records violated their constitutional rights, according to the reports." Dow Jones adds, "Justice Department attorneys argued for the case to be dismissed because AT&T would violate the law against divulging state secrets by denying or confirming whether it had provided telephone records to the spy agency, the reports said."

DOJ Sues To Block Missouri's Phone Records Inquiry. The AP (7/26, Hananel) reports, "The federal government sued two members of the Missouri Public Service Commission on Tuesday to stop them from seeking information about customer records that telephone companies may have given to the National Security Agency." The AP continues, "The lawsuit, filed in U.S. District Court in St. Louis, claims disclosure of any information the Missouri regulatory body wants to obtain could cause 'exceptionally grave harm to national security.' … Public Service Commission members Robert Clayton and Steve Gaw issued subpoenas last month to find out whether AT&T Inc. supplied Missouri customer information and calling records to the NSA in violation of Missouri privacy rules. … The Missouri subpoenas came after a USA Today story reported that AT&T and other phone companies handed over phone records of millions of Americans to the NSA after the Sept. 11 attacks."

The Kansas City Star (7/26, Canon, Stearns) reports, "The Justice Department contended in its lawsuit that state regulators are not entitled to make inquiries when doing so could harm national security. … Compliance with the subpoenas would cause 'exceptionally grave harm to

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national security,' said the lawsuit filed in federal court in St. Louis. 'If particular carriers are indeed supplying foreign intelligence information to the federal government, compliance with the subpoenas would require details of that activity.' … In other words, potential terrorists would know more about when the NSA, a supersecret agency, was listening in, making tracking their efforts that much more difficult."

Administration Continues To Maintain Bush Has "Almost Unlimited Power." The Wall Street Journal (7/26, Winograd, 2.03M) reports, "the Bush administration is sticking to its core post-9/11 legal argument: that the Constitution and a congressional resolution passed after the terror attacks grant the president almost unlimited power to protect the country." Meanwhile, "Sen. Arlen Specter (R., Pa.) announced a bill, drafted in negotiations with the White House, to amend the Foreign Intelligence Surveillance Act," that many scholars call "an attempt to retroactively validate the administration's position." Further, in letters to Congress, administration lawyers "maintained that the administration already possesses the necessary legal authority and also suggested that Congress may have overreached by passing FISA in the first place." However, these "claims drew skepticism from some legal scholars and former government officials."

WPost Criticizes Specter Bill On NSA Surveillance Program. The Washington Post (7/26, A16, 748K) editorializes that Sen. Arlen Specter proposed a "very dangerous bill -- negotiated with the White House -- to put the National Security Agency's domestic surveillance program before the federal courts." Specter described the NSA program as "'a festering sore on our body politic.' Yet his legislation would essentially respond to this festering sore by shooting the patient." The bill "explicitly and unambiguously" gives "Congress's blessing to domestic spying outside of FISA's strictures." Under "the bill, the administration could either ask or not ask judicial permission to monitor individuals or large groups of people, based on evidence or no evidence. Or it could simply act outside the law entirely." None of the legislators who have received detailed briefings on the NSA program "put forward a proposal as dramatic as Mr. Specter's. That should tell senators something."

Administration Drafting Detainee Trial Bill Based On Tribunals. The New York Times (7/26, Cloud, Stolberg, 1.21M) reports, "Legislation drafted by the Bush administration setting out new rules on bringing terror detainees to trial would allow hearsay evidence to be introduced unless it was deemed 'unreliable' and would permit defendants to be excluded from their own trials if necessary to protect national security." The bill being circulated within the administration is "not final, but it indicates the direction of the administration's approach for dealing with a Supreme Court decision that struck down the tribunals established to try terror suspects at Guantánamo Bay, Cuba." It "describes court-martial procedure as 'not practicable in trying enemy combatants'" and "says explicitly that the Geneva Conventions 'are not a source of judicially enforceable individual rights,'" so detainees, "cannot file lawsuits saying their Geneva Convention rights were violated." Sen. Lindsey Graham "reviewed the draft briefly last week," calling it "'a good start,' but added, 'I have some concerns.'" For the Administration, "Getting the support of uniformed Pentagon lawyers could prove critical to the fate of the measure."

The AP (7/26, Flaherty) reports, "The White House is expected to unveil as early as next week a proposal on the legal handling of detainees after weeks of negotiations with Congress and meeting with military lawyers," probably "by senior administration officials during a Senate hearing." Sens. John Warner, John McCain, and Lindsey Graham "said they would support establishing a system based on the military's own court-martial practices and had been told the White House would support such a move. But senior officials from the Pentagon and Justice Department testified earlier this month that the Uniform Code of Military Justice would be too lenient on terror suspects and could expose classified information."

Al Arian Codefendant Sentenced To Three Years In Prison. The Tampa Tribune (7/26, Ziff) reports Sami al Arian codefendant Hatem Naji Fariz "was sentenced to three years and one month in prison Tuesday" after he "pleaded guilty to conspiracy to make and receive contributions of funds, goods or services to the Palestinian Islamic Jihad, defined by the United States as a terrorist group." Fariz "was given the minimum sentence followed by a three-year term of probation. 'We're satisfied,' said federal prosecutor Terry Zitek after the sentencing. 'It's a relief. We're done.'" The AP (7/26, Stacy) adds US Attorney's Office spokesman Steve Cole said, "We're pleased that this case has now been resolved with two defendants pleading guilty,

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and we will continue to ferret out any type of terrorists or terrorism activities."

The St. Petersburg Times (7/26, Laughlin) notes, "It has been 12 years since FBI agents began gathering intelligence information for this case by taping Sami Al-Arian's phone calls. In that time, they recorded thousands of hours of conversations, searched his home and offices twice, gathering a warehouse full of documents. But it was not until 2003, after the passage of the Patriot Act, that federal prosecutors flipped this information into criminal evidence and arrested Al-Arian, Fariz, Sameeh Hammoudeh and Ghassan Ballut, charging the four with raising money for PIJ activities."

HOMELAND RESPONSE:

Tennessee Man Indicted For Weapons, Ricin Possession. The Tennessean (7/21, Kriegish) reported William Michael Matthews of Nashville "has been indicted by a federal grand jury for the possessing unlawful firearms silencers, several functional pipe bombs and ricin." Matthews "could face life imprisonment and up to $500,000 in fines if he is convicted on the charges against him. A joint investigation by the Federal Bureau of Investigation, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and Metro police, that began in May, uncovered a baby-food jar full of ricin." The AP (7/21, Rucker) noted Matthews "was already in a Davidson County jail serving a nine-month sentence for violating orders of protection taken out by his wife when authorities found the ricin and two functional pipe bombs." US Attorney Jim Vines said in a statement announcing the indictments, "Those who manufacture and possess weapons of mass destruction occupy a high priority with both the Department of Justice and this U.S. Attorney's office." The Nashville City Paper (7/21) also reported the indictment.

CBP Says New Procedure Will Reduce Repeat Interrogations Of Travelers. Following reports yesterday that DHS' inspector general had faulted the agency's procedures for interrogating travelers with names matching suspected terrorists, the Washington Times/UPI (7/26, Waterman) reports that in response to the criticism, CBP officials "say they have introduced a new procedure…to help ensure that innocents are not stopped and questioned every time they enter the country merely because of such coincidences." CBP spokesman Bill Anthony said the procedure "is obviously better for [the individuals concerned], but it is also in our interest." Anthony "said all kinds of information -- like nationality, date of birth or physical characteristics -- could be used to distinguish the innocent traveler from the suspected terrorist with the same name."

Survey Finds US Cities Lack Disaster Preparedness. USA Today (7/26, 1A, Hall, 2.27M) reports in a front page article on a survey of 183 cities to be released today by he US Conference of Mayors that finds 80 percent "say their emergency responders still can't communicate with each other or area towns, 44% have not created or updated their evacuation plans, and nearly three-quarters say they're not prepared to handle a flu pandemic outbreak." USA Today notes that DHS "has doled out more than $18 billion in grants to states and communities since 2003, including more than $2 billion for improved communications." However, DHS Under Secretary for Preparedness George Foresman says that "most cities have bought equipment but need more emphasis on training and exercises."

House Passes Emergency Communications Bill. The AP (7/25, Daly) reported the House "overwhelmingly approved a bill" Tuesday that supporters say "could go a long way toward fixing an all-too common problem: emergency workers unable to communicate with each other because they use different radio systems. The bill, approved 414-2, would require that states and local governments develop guidelines among first responders to be eligible for federal homeland security grants. … The bill's lead sponsor, Rep. Dave Reichert, R-Wash., called it a response both to the Sept. 11, 2001, terrorist attacks and Hurricane Katrina." Meanwhile, some "Democrats complained that the bill does not authorize any federal money, and said states and local communities could be left to foot the bill. Reichert challenged that, saying the Homeland Security Department has more than $1.6 billion in grant money available for local communities."

Insurers Say Government Backup For Terrorism Insurance Still Needed. The Washington Times (7/26, Palank, 88K) reports that insurance industry officials told lawmakers that they "will need government backup to fund business in areas at high risk for terrorist attacks beyond December 2007, when a federal

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measure is set to expire," as after 9/11 the unpredictable nature of terrorism makes it "difficult to predict the timing, location, target and severity of a terrorist attack," so reinsurance companies, which back up primary insurers, decided "they no longer could quantify the risk for policyholders and effectively withdrew their services." The "lawmakers told them that backup will not be permanent, although currently still necessary."

The AP (7/26, Jordan) used stronger language, saying "lawmakers warned the industry that Congress cannot remain a last-resort insurer for terrorism-related losses." Rep. Luis V. Gutierrez said, "eventually the private market must adjust … I do not want to see the federal government as a permanent re-insurer of last resort."

NYTimes Says Chemical Security Bill May Decided By GOP Moderates. The New York Times (7/26, 1.21M) editorializes, "Nearly five years after Sept. 11," the House Homeland Security Committee is set to vote tomorrow on two amendments that are important to making legislation that "has been slowly working its way through…the House" into "a real chemical plant security bill." One "would require some high-risk chemical plants to replace the most dangerous chemicals with safer alternatives." The other "critical amendment would make clear that states have the right to regulate chemical plant safety more strictly than the federal government." The Times states that the "votes will likely be decided by a few moderate Republicans, including Christopher Shays and Rob Simmons of Connecticut, and Curt Weldon and Charlie Dent of Pennsylvania. They could decide whether this important homeland security bill actually makes the nation more secure."

WAR NEWS:

Swedish Firm Denounced Saddam's Oil-For-Food Corruption In 2000. The Washington Times/AP (7/26, Karen) reports, "The Swedish government knew in 2000 that Saddam Hussein's government demanded kickbacks from companies participating in the U.N. oil-for-food program, officials and news reports said yesterday. An unidentified Swedish company informed the country's embassy in Amman, Jordan, in 2000 that Iraq was demanding 10 percent 'fees' on all deals as a way to circumvent UN sanctions on Saddam's regime, according to a Swedish Foreign Ministry document published on the Web site of Swedish Radio."

Kurdish Government Launching National Media Blitz. The Washington Post (7/26, A15, Kamen, 748K) reports in its "In the Loop" column, "The Kurdistan regional government is rolling out a national media blitz this week: 'Kurdistan: The Other Iraq,' complete with cable television ads, print ads and a national tour by the head of its development office to attract investment and tourism to its northern Iraq region." The phrase "The Other Iraq," was "specifically chosen to counter 'the public perception of Iraq as a violent and dangerous place' plunging into civil war with the 'peaceful and prosperous' Kurdish region, according to the campaign."

Looted Statue Returned To Iraqi National Museum. The New York Times (7/26, Meier, Glanz, 1.21M) reports that a headless stone statue of the Sumerian king Entemena of Lagash, one of the most important treasures looted during the ransacking of Iraq's national museum three years ago, has been recovered "in a clandestine operation involving the United States government." The statue "was turned over to Iraqi officials in Washington yesterday." The statue "was taken across the border to Syria, and put on sale on the international antiquities market." While thousands of looted artifacts have been returned to the museum, the Entemena statue, estimated to be 4,400 years old, is the first significant artifact returned from the United States and by far the most important piece found outside Iraq."

Taliban Outbidding Afghan Army In Effort To Win New Recruits. The Financial Times (7/26, Morarjee) reports, "The Taliban has found a way to recruit fighters that is less about winning hearts and minds and more about the enduring appeal of cold hard cash. They are paying fighters up to $12 a day to fight the fledgling Afghan National Army, which pays only $4 a day to its soldiers in the field, according to military officials." The Times adds, "The pay difference is making it harder to recruit soldiers to the 38,000-strong ANA, which has faced a much better equipped and funded insurgency since January."

Colombian Police To Share Expertise With Afghans. The Washington Times (7/26, Scarborough, 88K) reports that Rep. Henry J. Hyde "said yesterday that a

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contingent of Colombian narcotics fighters is due in Afghanistan this week to share its expertise in combating powerful drug lords." He "has pushed for more than a year for the Colombian government to dispatch some of its best counternarcotics personnel to Afghanistan." It is possible "no one has fought a more ferocious drug war than the Colombian national police," and "four Colombian police officers from an elite counternarcotics unit are set to spend about two weeks in Kabul and other areas, sharing war stories and techniques."

Colombia Heightening Scrutiny For Incoming Drug Money. USA Today (7/26, For, 2.27M) reports that Colombian police "have turned their attention to travelers coming into Colombia…with hundreds of thousands of dollars and euros believed to be profits from the illegal drug trade." With the law requiring banks "to report the origins of deposits to prevent them from laundering — even unwittingly — the proceeds from drug sales," the drug trafficking organizations "have sought less traditional methods to bring in cash," and "Colombian authorities so far this year have confiscated $12.1 million in dollars and euros illegally brought into the country by 26 different travelers." This trend, bulk cash smuggling, "signals drug traffickers are having trouble laundering proceeds from drug sales in the USA and Europe."

Military Bloggers Circumvent Traditional Media To Comment On War Developments. The Wall Street Journal (7/26, Spector, 2.03M) reports on a growing blogging movement among US soldiers. The Post reports, "Military bloggers, or 'milbloggers' as they call themselves, contend that they are uniquely qualified to comment on events in armed conflicts. Many milbloggers also argue that the mainstream media tends to overplay negative stories and play down positive military developments." There have always been "at least some soldiers who have wanted to go to battle against Big Media. Some in the military blamed coverage of the Vietnam War for turning American public opinion against it. What's changed? The Internet now allows frustrated soldiers and veterans to voice their opinions and be heard instantly and globally."

DOJ:

Marcus Says Gonzales Has Little Influence Setting Administration Policy. In a column titled "Ashcroft Nostalgia," Ruth Marcus writes in the Washington Post (7/26, A17, 748K) that Attorney General Alberto Gonzales "is making John Ashcroft look good. … In terms of competence (the skill with which he handles the job) and character (willingness to stand up to the president), Gonzales is enough to make you yearn for the good old Ashcroft days." Marcus adds, "There is no polite way to put this: Gonzales doesn't seem to have an adequate grasp of what's happening in his own department or much influence in setting administration policy." Marcus also notes that "Attorney General Gonzales doesn't seem to have any less zeal for unbridled presidential power -- or any less willingness to make outlandish arguments on its behalf -- than did White House Counsel Gonzales. Which is precisely why he shouldn't be there in the first place -- and why I am experiencing intermittent twinges of a most unexpected emotion: Ashcroft nostalgia."

US Attorneys' Offices Facing Attrition. The Philadelphia Inquirer (7/26, Shiffman) reports, "The scene yesterday afternoon inside the U.S. Attorney's Office in Philadelphia was all too familiar: a going-away party for a veteran prosecutor." The Inquirer continues, "In the last three years, about two dozen federal prosecutors have resigned from the Philadelphia office. … Because of budget cuts, only three of those positions have been filled. The staffing numbers were verified by prosecutors not authorized to speak publicly because the figures have become part of a congressional budget dispute. … Indeed, the party in Philadelphia yesterday for Mark Ehlers, a violent-crimes prosecutor with 18 years' experience, came a day after two prominent House Democrats released an angry letter written to U.S. Attorney General Alberto Gonzales. … 'The consequences appear to be severe,' wrote U.S. Reps. Henry Waxman (D., Calif.) and John Conyers Jr. (D., Mich.). … 'The lack of staff and resources force federal prosecutors to forego prosecutions in some important cases and to reach plea bargains in others,' they wrote. 'In some offices, there are shortages of even basic office supplies, like binder clips and envelopes.'" The Inquirer adds, "Nationwide, the number of prosecutor vacancies has jumped from 200 to 300, said Dennis Boyd, executive director of the National Association of Assistant United States Attorneys. … In Los Angeles, 40 of 190 prosecutor positions are unfilled, according to the congressional letter. In Chicago, about 30 of 160 positions are unfulfilled. … The U.S. Attorney's Office in Philadelphia

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has seen its budget cut by 20percent over the last three years, according to comments at a recent court hearing by Linda Dale Hoffa, chief of the criminal section."

CORPORATE SCANDALS:

US Increasingly Using Deferred Prosecution, Nonprosecution Agreements. The Corporate Counsel (7/26, Reisinger) reports, "The government is on a let's-make-a-deal spree with corporate America. In the first six months of this year, the U.S. Department of Justice completed at least 12 deferred prosecution or nonprosecution agreements with companies. By contrast, only eight such deals were signed in all of last year, which was already a record high." Corporate Counsel continues, "The sharp rise in prosecution pacts showed up in a Corporate Counsel review of the Web sites of the Justice Department and major U.S. Attorney's Offices. Most of the businesses that settled with the government this year were accused of financial and securities fraud. Other companies have been faulted for money laundering, trade secret theft and environmental violations." Corporate Counsel adds, "A federal indictment is widely credited with destroying Arthur Andersen, the giant accounting firm, four years ago. Ever since, companies accused of wrongdoing have sought to avoid the same fate by striking a deal with the Justice Department. In a deferred prosecution agreement, the government files criminal charges against a defendant in court but doesn't take the case to trial. Under a nonprosecution agreement, no charges are filed. … These pacts come at at price, however. For one thing, businesses must cooperate with prosecutors through the length of the agreement, which typically lasts from 12 months to three years. Cooperation, as defined by the government, has forced some companies to take extreme actions, such as waiving attorney-client privilege, or cutting off the legal fees of indicted employees. Also, a prosecution deal generally requires a business to admit its wrongdoing and accept a statement of facts describing the illegal behavior. Private plaintiffs often use this admission against the company in later litigation. … Plus, there's the collateral damage, as companies take steps that not even the government has demanded. At six of the companies that have reached a deferred or nonprosecution agreement in the past 12 months, the general counsel stepped down. In most instances the GC wasn't even implicated in the wrongdoing -- management just felt a new hire would show the government that they were serious about tackling their problems."

Former Credit Lyonnais Executive Pleads Guilty In Executive Life Case. Bloomberg (7/25) reported, "Jean-Francois Henin, former head of Credit Lyonnais' Altus Finance unit, pleaded guilty to causing the French bank to lie to U.S. regulators during the 1991 takeover of Los Angeles-based Executive Life Insurance Co. Henin agreed to pay a $1-million fine and was sentenced in federal court in Los Angeles to five years' probation, during which he won't be allowed to enter the United States, the U.S. attorney's office said Monday." Bloomberg added, "Henin was managing director of Altus, Lyonnais' investment unit, when the bank illegally used front companies to buy Executive Life's insurance business and junk bond portfolio." The AP (7/25) noted, "A federal grand jury in Los Angeles indicted six French executive in 2003, including Henin, on various criminal charges for their role in a conspiracy to illegally acquire the assets of the bankrupt Executive Life. Former Credit Lyonnais chairman Jean Peyrelevade pleaded guilty earlier this year to charges involving false statements to the Federal Reserve. Others who have struck plea deals include Jean-Claude Seys, who headed the MAAF Assurances SA, and former Altus chairman Dominique Bazy.

SEC Seeks Details On Executive Pay. The AP (7/26, Gordon) reports, "Regulators are moving to require companies to disclose more details of executives' pay and perks. They're also writing new rules on disclosure of the dating of stock options as controversy widens over suspect timing." The AP continues, "The Securities and Exchange Commission is voting at a public meeting Wednesday to adopt the biggest changes in rules governing disclosure of executive compensation since 1992. Public companies for the first time will be required to furnish tables in annual filings showing the total yearly compensation for their chief executive officers, chief financial officers and the next three highest-paid executives." The AP adds, "The plan, designed to enhance corporate transparency and address an issue that has angered company shareholders and the public, comes as the controversy builds over timing of options grants. In expanding probes, at least 60 public companies have disclosed that their options practices are being investigated by the SEC or the Justice Department or both, and the SEC itself says it has at least 80 companies under scrutiny. … At

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issue in many of the investigations is a practice known as backdating, in which stock options are retroactively issued to coincide with low points in a company's share price - a move that can fatten profits for recipients of the options when they eventually sell their shares after the market price rises."

MarketWatch (7/26, Schroeder) reports, "Meanwhile, the SEC is expected to drop or change part of the proposed rule package that would've required companies to disclose the pay of highly compensated non-executives. .. Observers will also be watching to see if the agency enacts a rule about how companies grant options. The SEC's original proposal called for companies to assign a dollar value to options measured at 'grant date fair value.'" MarketWatch adds, "The SEC and the Justice Department have contacted several companies about back-dating stock options. Investigators want to know if executives manipulated grant dates in order to enrich themselves or employees at the expense of other shareholders by awarding options backdated to the start of a rise in their company's stock price. The Justice Department brought the first criminal case in connection with options-backdating on Thursday. … Former SEC corporation finance division attorney Michael McCoy said the SEC's proposed pay-disclosure rules have the potential to empower investors. … 'A lot of the required disclosure will be helpful for shareholders to use to figure out how assets are being used,' said McCoy, now an attorney with the firm Bryan Cave."

Cox Leaves Door Open To Greater Regulation Of Hedge Funds. SEC Chairman Chris Cox has left the door open for increased regulation of the hedge fund industry, but warned that any new laws should not be intrusive or disruptive. The Wall Street Journal (7/26, Scannell, 2.03M) reports, "An appeals court last month invalidated a 2004 SEC rule that required hedge-fund advisers who meet certain criteria to register with the SEC. … At a hearing before the Senate banking committee, Mr. Cox said the agency needs to move 'quickly' to address the 'hole' left by the court decision." The Journal adds that Cox "appears to be walking a fine line. He isn't calling for specific legislation, but he isn't -- as some conservatives had hoped and investor groups had feared -- backing down from regulating hedge funds."

The New York Times (7/26, Anderson, 1.21M) reports that Cox told the Senate panel ""that he would ask the commission to adopt measures to regain some of the authority it lost a month ago, when a federal appeals court ruled that the S.E.C. could not require hedge funds to register. Among the measures Mr. Cox will recommend to the commission is changing the rules on who can invest in hedge funds, increasing the net-worth threshold for an individual or couple to $1.5 million or more from $1 million today. … But when pressed by senators about whether he needed more authority to regulate hedge funds, Mr. Cox replied, 'I am not prepared to say yes or no. Our review of our different authority is still ongoing.'"

Former Chairman Criticizes SEC. Former SEC Chairman Harvey Pitt writes in the Wall Street Journal (7/26, 2.03M), "The SEC's twice-failed efforts to compel mutual fund boards to be governed by independent chairmen, and its now discredited effort to regulate heretofore unregulated hedge funds, may appear to be merely more examples of bad lawyering -- which, of course, they are. But there are very capable legal minds at work at the SEC, and even they couldn't salvage these rulemaking efforts. The problem was more fundamental. The SEC's troubles can be traced to a mentality that often plagues regulatory bodies and legislative efforts: that any time a problem arises, the solution is to toss another regulation or statute at it."

CRIMINAL LAW:

DOJ Argues Against Gag Order In Soldier's Rape Case. The Louisville (KY) Courier-Journal (7/26, Stewart) reports, "A gag order on President Bush and his top aides in a case against a former Army private charged with rape and murder in Iraq would have no legal basis, Justice Department lawyers said in court papers filed Tuesday." The Courier-Journal continues, "The issue is pending before U.S. District Judge Thomas B. Russell in Paducah, Ky. The former soldier, Steven D. Green, 21, was with the 101st Airborne, whose home base is Fort Campbell, Ky. … He is accused of raping an Iraqi teen and killing her and her family." The Courier-Journal adds, "A gag order would 'prevent the President and members of his cabinet from addressing the incident … .with foreign leaders and the public at large,' federal prosecutors said in their filing. … Silencing the president and his aides would prevent them from 'assuring the Iraqi people — and people throughout the world — that the United States is diligently pursuing justice in this matter and that it will not tolerate unprovoked attacks on civilians by our armed forces.'" The Courier-Journal notes, "Federal public defenders representing Green sought the gag order,

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citing 'prominent and often sensational (news) coverage' they said could jeopardize a fair trial. … Their motion cited publicized comments about the case, including quotes from Bush on the Larry King Live show on CNN on June 6, when he called it a 'despicable crime' and expressed that it was 'staining the image, the honorable image of the United States Military.' … The federal prosecutors, however, said 'neither the President nor any other high-ranking official has made any statements imperiling Green's right to a fair trial.' … Green's attorneys have until Aug. 8 to respond."

House Passes Child Protection Bill. The AP (7/26, Dalrymple) reports, "Finding the nearest convicted child molester might be as easy as punching in a ZIP code on a computer keyboard, thanks to a bill that cleared Congress Tuesday." The AP continues, "The House passed and sent to President Bush legislation establishing a national Internet database designed to let law enforcement and communities know where convicted sex offenders live and work." The AP adds, "Attorney General Alberto Gonzales applauded its passage. 'America's children will be better protected from every parent's worst nightmare -- sexual predators,' he said." The AP notes, "The most serious offenders would be registered on a national database for a lifetime. All sex offenders could face a felony charge, punishable by 10 years in prison, for failing to update the information. … 'This legislation would make it crystal clear to sex offenders, you better register, you better keep the information current, or you're going to jail,' said Rep. James Sensenbrenner, R-Wis. … The House passed it by voice vote. The Senate approved it with a voice vote last week."

CNET News (7/26, McCullagh) reports, "Because the U.S. Senate already approved the measure in a voice vote last week, it now goes to President Bush for his signature. Bush, who previously endorsed the bill, has scheduled a signing ceremony for Thursday afternoon on the White House grounds." CNET adds, "House Speaker J. Dennis Hastert, in a statement issued after the House approved the bill by voice vote, said: 'We've all seen the disturbing headlines about sex offenders and crimes against children. These crimes cannot persist. Protecting our children from Internet predators and child exploitation enterprises are just as high a priority as securing our border from terrorists.'" CNET adds, "The 163-page Child Protection and Safety Act represents the most extensive rewriting of federal laws relating to child pornography, sex offender registration and child exploitation in a decade. … If the bill becomes law, it's not clear which Webmasters would become federal felons. Sites like Kontraband.com, which show Barbie and Ken dolls having simulated sex, could be in trouble, depending on how prosecutors and juries interpret the language."

Judge Denies Bail For "Mafia Cops." The New York Times (7/26, Feuer) reports, "Less than a month after he acquitted them of one of the most scandalous murder conspiracies in New York history, a federal judge denied bail yesterday to the two retired detectives in the so-called Mafia Cops case on a much less solemn charge: a plot to distribute less than one ounce of methamphetamine." The Times continues, "The drug charge was one of only two counts left from the original indictment of the men, Louis J. Eppolito and Stephen Caracappa, who were found guilty on April 6 of taking part in at least eight murders for the Luchese crime family. On June 30, the verdict was reversed when the judge in the case, Jack B. Weinstein, ruled that the statute of limitations — five years for conspiracy charges — had run out." The Times adds, "Yesterday, after he denied the two men bail in Federal District Court in Brooklyn, Judge Weinstein took them to task, as he did in his order of acquittal, calling them 'dangerous criminals with no degree of credibility' and saying they had been 'publicly shamed' at the very trial he had upended by tossing their convictions out. He said the drug charge — an alleged deal hatched over dinner in Las Vegas — was a "serious" charge and sternly ordered the federal marshals to haul the men back to jail."

Man Sentenced For Secretly Videotaping Michael Jackson On Plane. The AP (7/26) reports, "An air service businessman on Monday was sentenced to eight months in federal prison for secretly videotaping Michael Jackson as he flew to Santa Barbara with his attorney to surrender in a child-molestation investigation." The AP continues, "Arvel Jett Reeves also was ordered to spend six additional months in a halfway house that offers drug and alcohol rehabilitation treatment, said Assistant U.S. Attorney Dan Shallman. He also must pay a $1,000 fine." The AP adds, "Reeves and co-defendant Jeffrey Borer admitted they installed two digital video recorders to record 'a professional entertainer' and his lawyer as the pair traveled on a private jet from Las Vegas to Santa Barbara in November 2003, according to their plea agreements filed last September. … The entertainer they recorded was Michael

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Jackson and his attorney at the time was Mark Geragos, although they are not cited by name in the plea agreements. Jackson was later found not guilty of the child molestation charges." The AP notes, "Borer and Reeves each pleaded guilty to one felony count of conspiracy. As part of the deal, federal prosecutors agreed to dismiss two other charges - endeavoring to intercept oral communication and witness tampering - in a three-count indictment filed against them. … Borer's sentencing was postponed to September. U.S. District Judge A. Howard Matz agreed Monday to give Borer more time to submit information about his ailing wife."

House Panel Has Not Provided Documents Requested In Cunningham Probe. Almost five months after requesting them, the US Attorney's office in San Diego has yet to receive any of the documents it has sought from three House panels as part of a criminal probe into the bribery scheme involving former Rep. Duke Cunningham. Roll Call (7/26, Bresnahan) reports, "Federal prosecutors and officials in the House general counsel's office are still negotiating over the parameters of the request, with the House officials seeking to narrow the scope of documents sought by the Justice Department from the Intelligence, Armed Services and Appropriations committees, according to sources close to the issue. Both sides want to avoid an open confrontation, especially a subpoena from a federal grand jury to the committees."

Judge Finds DC Bank Misled Investors. The Washington Post (7/26, D01, O'Hara) reports, "Independence Federal Savings Bank officials created a front group to influence shareholders and secretly offered to buy out one large investor in exchange for his support in a racially tinged battle last year for control of the historically black D.C. thrift, a federal judge has concluded." The Post continues, "In an opinion issued Friday, U.S. District Judge Rosemary M. Collyer found that Independence's senior management misled shareholders and thrift regulators in a long-running campaign to prevent developer Morton A. Bender from gaining control of the institution. … The fight at one point involved some of the District's leading black clergy in what was dubbed the Committee to Save Independence Federal Savings Bank. Collyer found that the committee, though purportedly independent of the thrift and its management, was largely the creation of a lawyer and public relations consultant who worked for the company -- a subterfuge that the judge said probably violated federal securities and bank regulatory laws." The Post adds, "Bender, who is white, is the thrift's largest shareholder and has said it is being mismanaged. … 'The courts are usually loath to get involved in these kinds of corporate contests, but there are rules of engagement that the defendants ignored,' Collyer wrote in a preliminary opinion in a lawsuit brought by Bender. The developer sued after shareholders last fall rejected his slate of candidates for the Independence board, an outcome that Bender argued was tainted by violations of the bank's bylaws and other improprieties. … Independence officials have long argued that Bender wants to merge the thrift with another one he owns in Rockville, thus eliminating one of the region's few black-owned financial institutions, with a long history of serving neighborhoods once ignored by mainstream banks."

Friends Of Murdered Utah Girl's Family Harshly Criticize Police, FBI Over Search. KTVX-TV Salt Lake City (7/25, Walz) reports on its Web site from a story broadcast yesterday, "Heartbreak turned into anger…Monday night, as family members and neighbors pointed the blame for Destiny Norton's death at the police who acted quickly to prevent a gathering of grief from becoming a riot." Norton family spokeswoman Jeannie Hill tried "to incite the tired and angry crowd by placing blame for Destiny's death on the investigators. 'The police lied to us and that is why she is dead,' Hill said, as members of the crowd began chanting: 'The FBI lied and Destiny died...the FBI lied and Destiny died!'" Under the headline "Mystery: Why wasn't she found sooner?" the Salt Lake Tribune (7/26, Carlisle, May) adds that "Hill alleged the department did not take Destiny's disappearance seriously, citing previous contacts the couple's family and friends had with police. She described the group as people who used to 'sit on the street and beg for beer money' or 'smoke pot in the park.' 'We've always known [the police] have had a bit of a vendetta against us.' The police and the FBI also focused too much on the possibility someone in the group took Destiny, Hill said."

After reporting that suspect Craig Gregerson had "participated in the search effort, handing out fliers and claiming to be looking for the girl," the Deseret Morning News (7/26, Winslow, Reavy) notes, "Some signs placed around the family's home blasted Salt Lake City police and the FBI for their handling of the case. … Some demanded to know why the police didn't pursue a search warrant if Gregerson refused to allow police to search his apartment." The

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Morning News adds, "There are conflicting reports about whether Gregerson allowed his apartment to be searched or if he refused to give consent for a police search. … But neighbor Dylan Wood said he watched as police searched his and Gregerson's apartments, just after Destiny vanished. They were questioned by FBI agents."

Mayor Praises Police, FBI. KSL-TV Salt Lake City (7/25, Daley) reports on its Web site from a story broadcast yesterday, "Mayor Rocky Anderson says the police and FBI handled this case by the book and that it might never have been solved if not for their tenaciousness. He says that will all become clear as more information comes out." KSL notes that after "Chief Matthew Burbank announced the news that Destiny's body had been found in a nearby home" on Monday night, "close family friends who helped coordinate the search, accused police of botching the investigation. In particular, they criticized the fact the girl was so nearby, yet took a week to find."

Gregerson Allegedly Abducted Norton From Yard. In a widely-distributed story, the AP (7/26, Foy) reports, "A probable cause statement filed in Gregerson's arrest says he saw…Norton in her backyard the night of July 16 and opened a gate to lure her into his house. When she screamed, he squeezed his hand over her mouth to silence her, authorities said. Destiny 'went limp and suspect Gregerson laid her body on a floor,' Officer Catherine Schoney wrote in the statement. Police and FBI agents would not say Tuesday whether they had previously searched Gregerson's house." The New York Times (7/26, Sanford, 1.21M) notes that the FBI had assisted the search and adds, "A spokesman for the Norton family, Jeannie Hill, said that although they were neighbors, the Nortons did not know Mr. Gregerson. … The police questioned many of the Nortons' neighbors and searched their houses, including the basements. But they did not search Mr. Gregerson's basement, which angered Destiny's parents, Ms. Hill, the family's spokeswoman, said."

17-Year-Old Confesses To Indiana Sniper Shootings. In a widely-distributed story, the AP (7/26, Wilson) reports 17-year-old Zachariah Blanton "confessed Tuesday to committing a series of highway shootings that killed one man, wounded another and damaged at least four vehicles" in Indiana. State Police Superintendent Paul Whitesell said that "Blanton came to the attention of investigators late Monday after an acquaintance told a Delaware County deputy that the teen might be involved in the shootings." Police "then searched Blanton's home and found a rifle of the same caliber used in the shootings." The AP notes, "The FBI joined the investigation Monday as investigators searched fields, overpasses and roads looking for evidence." USA Today/Indianapolis Star (7/26, 3A, Evans, Strauss Kim) adds, "No motive was known for the shootings…Whitesell said. Asked if the teen had confessed, Whitesell said he was remorseful and cooperated with investigators. … Gov. Mitch Daniels praised law enforcement officers Tuesday. 'Indiana has been spared the sort of fear, uncertainty and disruption that has befallen other jurisdictions elsewhere,' he said."

Three Indicted Over Alleged No-Show School Department Jobs In Massachusetts. The AP (7/26, Gorlick) reports, "A former school department manager who pleaded guilty last year to stealing $10,000 from the department was arrested Tuesday on charges that he doled out no-show jobs to his brother and a friend. The arrests of Alfonso Carrano, along with Francesco Carrano and Robyn Avigliano, stem from the federal government's ongoing probe into public corruption" in Springfield, Mass. In the indictments unsealed yesterday, "the Carranos and Avigliano are charged with program fraud and lying to federal agents. … 'We're not going to put up with these no-show job schemes in a time that the city is struggling and the school department is struggling,' said FBI supervisory agent Michael O'Reilly."

BetOnSports Fires Carruthers. The (UK) Independent (7/26, Kollewe) reports, "BetonSports has fired its chief executive David Carruthers, who is in a US prison cell after being arrested on charges connected with running an illegal online betting operation. BetonSports said it had been unable to speak to Mr Carruthers other than through lawyers, adding: 'Clearly, while he remains in the custody of the US government he is unable to perform his duties.'" The Independent notes Carruthers "was picked up by the FBI while en route from London to Costa Rica," and "a spokesman said it could take weeks before Mr Carruthers is moved from Fort Worth to St Louis in Missouri for a bail hearing." The (UK) Guardian (7/26, Bowers) adds that Carruthers "was sacked yesterday as company lawyers pursued a last-ditch effort to broker a deal with the American justice department that would allow some or all of its US-facing websites to resume trading. … The company declined

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to comment on whether it would continue to pay his legal costs. Some industry sources speculated that he may have struck a deal with US prosecutors to testify against" BetonSports founder Gary Kaplan.

The CBS Evening News (7/25, story 6, 3:05, Schieffer, 7.66M) reported, "We have a follow-up tonight to a story we reported a while back about online gambling and one of the biggest companies collecting big profits in Costa Rica, out of reach of the US government. Well, the man who ran that company has run out of luck. He is under arrest in the United States and out of a job." CBS (Mason) added that "when we visited Carruthers in Costa Rica in April, he wasn't worried. The Justice Department hasn't come knocking on your door." Carruthers: "Never." Mason: "You travel through the United States?" Carruthers: "Every other week. … There's no reason to come after me. I'm a legitimate businessman running a public company." Mason: "But while changing planes in Dallas last week, Carruthers was arrested by FBI agents and charged, together with ten others, with racketeering, fraud, and violating the wire act." US Attorney Catherine Hanaway: "Obviously our mission as federal prosecutors is to go after the worst first."

Three Louisianans Indicted On Katrina Relief Fraud Charges. The Baton Rouge Advocate (7/25, Kimbrell) reported, "A federal grand jury last week indicted three Louisiana residents on fraud charges related to disaster relief programs following Hurricane Katrina." Geneva Maria Wagner "was charged in a one-count indictment with wire fraud in obtaining disaster unemployment benefits for alleged losses resulting from Katrina." Steven F. Andrews "was charged in a two-count indictment with mail fraud and wire fraud," and Fred Daniel Miller "was charged in a one-count indictment with wire fraud." The three allegedly fraudulently obtained unemployment benefits. The Advocate noted that the Hurricane Katrina Fraud Task Force "includes members from the FBI, the Federal Trade Commission, the Postal Inspector's Office and the Executive Office for U.S. Attorneys."

Judge Denies Injunction On Sex Offender Law. The New York Times (7/26, Goodman, 1.21M) reports, "Noting that his ruling would probably cause 'delay, confusion and inconsistent actions,' a federal judge in Georgia said he could not keep the state from enforcing a new law that makes it illegal for registered sex offenders to live near school bus stops, because Georgia has no school bus stops as defined by the law." It was "l a backhanded and likely temporary victory for the 11,000 registered sex offenders in Georgia," and "sets the stage for more legal battles over what the Southern Center for Human Rights calls a "sloppily written and counterproductive" law."

Former House Lawyer Says Jefferson Search Ruling Undermines Congress. In an op-ed in The Hill (7/26), Tom Spulak, House general counsel under former Speaker Thomas Foley, criticizes US District Judge Thomas Hogan's decision upholding the FBI search of Rep. William Jefferson's office, asserting that the "raid" violated the Speech and Debate Clause "because it entailed FBI review of all paper records in the office (including protected legislative records) and seizure of both paper records and computer hard drives (including similarly protected legislative records)." Spulak adds that "the court's decision has the potential to undermine the ability and authority of the Congress…to check an overreaching executive branch. … If the FBI has the constitutional authority to root through legislative records in congressional offices…members and committees are likely to be chilled and intimidated in the exercise of their oversight responsibilities."

CIVIL RIGHTS:

DOJ Sues Chesapeake, VA, Over Police Test Bias. The Virginian-Pilot (7/26, Clayton) reports, "The U.S. Justice Department has sued Chesapeake, alleging that the city discriminated against black and Hispanic applicants to the police department." The V-P continues, "The lawsuit, filed this week in U.S. District Court, alleges that a math test used as a pass-fail method of screening applicants 'is not job-related for the position in question and consistent with business necessity.' … The suit asks the court to order the city to stop using the test, provide remedial relief for applicants who have 'suffered individual loss as a result of the discrimination alleged,' and adopt other measures to 'overcome the effects of their discriminatory practices.'" The V-P adds, "Chesapeake came under government scrutiny in 2004, along with Virginia Beach, for the use of the National Police Officer Selection Test. … Earlier this year, the Justice Department ruled that both cities had discriminated against black and Hispanic applicants. … On Monday, a federal

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judge approved a government settlement with Virginia Beach. The city has offered 124 black and Hispanic applicants an opportunity to continue the hiring process and has agreed to create a $160,000 pool to compensate them. Officials also agreed to change how entrance examinations are scored."

WAVY-TV, NBC 10, Norfolk, VA (7/26) reports, "The complaint which the Justice Department filed in federal district court alleges that the city violated Title VII of the Civil Rights Act of 1964 by 'using a mathematics test as a pass/fail screening device in its selection process for entry-level police officers'. … According to the complaint, 'the city's use of the mathematics test as a pass/fail screening device resulted in disparate impact against African-American and Hispanic job applicants and was not job-related in that it did not predict whether an applicant was able to successfully perform the job of entry-level police officer'. … In their release, the Justice Department goes on to say it 'is not challenging any other parts of the police department's police officer selection process.'"

DOJ Lawyers Probing Negotiations On HAVA. As they wrap their investigation into Rep. Bob Ney's connections to lobbyist Jack Abramoff, Justice Department lawyers are reviewing Senate Rules and Administration Committee records relating to negotiations over the Help America Vote Act involving Ney and former committee chairman Sen. Chris Dodd. Roll Call (7/26, Stanton) reports, "Senate aides familiar with the review said Justice officials indicated the inquiry was not focused on Dodd, who now serves as the committee's ranking member, and the type of information investigators were seeking — while not specific enough to indicate they were looking for a smoking gun — appear to point directly at Ney." Senate Rules Chairman Trent Lott "acknowledged that the review by Justice was centered on the HAVA negotiations, which occurred in 2001 and 2002, and that it appears to be directed at Ney rather than Dodd."

FBI Says White Powder Mailed To Norfolk Office Not Harmful. The Hampton Roads Virginian-Pilot (7/26, McGlone) reports Norfolk FBI spokesman Phil Mann said yesterday that "the FBI has determined that white powder received in the mail at its office here on Friday was not harmful." Mann "did say they were similar to letters received by the Baltimore and New York chapter offices of the National Association for the Advancement of Colored People. News reports that the Norfolk NAACP office received a similar letter were incorrect, Mann said, and that tests are still being done to identify the substances in the envelopes."

Atlanta NAACP Receives Powder-Laced Hate Letter. The AP (7/26) reports Atlanta FBI spokesman Stephen Emmitt said yesterday that "a letter containing a suspicious powder was sent to the Atlanta office of the National Association for the Advancement of Colored People, the fourth such letter sent to either branches of the civil rights group or the FBI in recent days." The AP adds, "Although Emmitt declined to specify the letter's contents or whether the letters were sent by a single person, he said all of the letters are believed to be similar because they were sent in a close time period, targeted NAACP offices and other aspects of the letters indicated they were similar, such as the content of the letter and the writing on the envelope.'" WXIA-TV Atlanta (7/25, Leslie, Roseman) also reports on the FBI investigation of the Atlanta and other NAACP letters, noting, "The Atlanta Fire Department confirmed that the substance in the envelope from Tuesday morning was not dangerous."

Senate Bill Would Criminalize Transporting Minors Across State Lines For Abortions. The Chicago Tribune (7/26, Goldberg, 623K) reports, "The Senate approved a bill Tuesday that would make it a federal crime for anyone other than a parent to accompany a minor across state lines to end a pregnancy, a move sure to fuel the national debate over abortion. Supporters of the bill, approved on a 65-34 vote, said it would prevent older males who impregnate teenage girls from taking them across state lines for abortions as a way to circumvent a state's laws requiring parental notification." But "the bill's detractors said it would endanger teenage girls facing abusive parents and would criminalize other adults -- including grandparents and members of the clergy -- who might otherwise provide support to a young woman choosing to have an abortion."

The New York Times (7/26, Hulse, 1.21M) headlines its story "Senate Restricts Abortion Option For Young Girls," and notes 14 Democrats joined 51 Republicans in favor of the bill. The Times adds, "A similar measure passed the House last year, and President Bush said he would sign the legislation if the two chambers could work out their differences and send a final bill to him." Critics "questioned the necessity of the measure, saying it would apply to only a small number of cases and could result in criminal charges against close

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relatives or clergy members who interceded to help in a time of personal crisis."

The Washington Post (7/26, A1, Babington, 748K) reports the Administration "urged House and Senate negotiators to reconcile their differences and send Bush a bill to sign. Unlike the Senate version, the House measure would penalize physicians who knowingly perform abortions for minors who circumvented parental-involvement laws." Yesterday's vote "marked the most significant congressional action on abortion in some time. Republicans, concerned about sagging poll numbers as they approach the November elections, have emphasized a "values agenda" that includes bids to ban flag desecration, same-sex marriage and estate taxes."

The Washington Times (7/26, Fagan, 88K) says that "in addition to differences with the House version, Senate Democrats last night objected when Senate Majority Leader Bill Frist, Tennessee Republican, moved to send the bill into the final negotiations stage." The Times notes "the last time the Senate considered the issue, in 1998, supporters were unable to muster the 60 votes needed to overcome a filibuster, failing 54-45." The Los Angeles Times (7/26, Levey, 918K), among other sources, also reports the story.

Lawmakers Say Capitol Complex Should Be Made Accessible To Disabled. Reps. Steny Hoyer, Juanita Millender-McDonald and James Langevin write in Roll Call (7/26), "Sixteen years ago, Congress took a major step forward in achieving America's promise of equality for all citizens by enacting the Americans with Disabilities Act. … But there is still more we must do to improve accessibility for people with disabilities. For example, during this Congress, there have been two full-scale evacuations of the Capitol complex. Although no injuries were sustained during these evacuations, we learned from these incidents that disabled Members, employees and visitors face challenges exiting the Capitol and the House office buildings quickly and safely. This is a problem that needs to be addressed sooner rather than later." The lawmakers add, "By making the Capitol complex accommodating to people with disabilities, including in times of crisis, we are ensuring that no one will ever be discouraged from running for Congress, or from visiting their Capitol, because of concerns about accessibility and safety."

ANTITRUST:

SCOTUS Deals Setback For Stolt-Nielsen In Antitrust Dispute With DOJ. Dow Jones (7/26, Anderson) reports, "U.S. Supreme Court Justice David Souter Tuesday rejected an emergency appeal from London-based shipping company Stolt-Nielsen SA to freeze the Justice Department's pursuit of antitrust charges against it." Dow Jones continues, "Stolt-Nielsen has challenged the power of government prosecutors to revoke an amnesty agreement shielding it from prosecution over an alleged plot to divvy up customers in the parcel shipping business, which involves the transport of bulk liquids such as chemicals." Dow Jones adds, "The company's emergency petition asked the U.S. Supreme Court to bar lower court proceedings against it and a U.S.-based executive, Richard Wingfield, while a separate appeal to the Supreme Court on underlying legal issues was pending. Souter, acting for the court, turned away that request. … 'To induce the company to enter into amnesty, the antitrust division promised in its speeches and in the agreement freedom from indictment. Now, after we relied on the division's words, the division has reneged on its amnesty promise,' said James Hurlock, an outside director at Stolt-Nielsen. … In filings with the court, the company said the uncertainty is weighing on the company's business. 'The securities market obviously perceives that an indictment portends serious consequences for the company,' attorneys for the company said in a brief, adding Stolt-Nielsen's stock price has dropped 37 percent since a federal appeals court ruled against in March 2006. … The Justice Department, in its own Supreme Court filing, said it revoked the amnesty deal because it believes the company didn't hold up its part of the amnesty deal. 'The division received evidence that Stolt-Nielsen Transportation Group had made false representations ... and had breached its duty to cooperate,' U.S. Solicitor General Paul Clement said in a court brief. 'An agreement like the one at issue here affords no entitlement to avoid an indictment.'"

DOJ Memo Raises Antitrust Concerns About Texas Airfield Deal. The AP (7/26, Gamboa) reports, "An agreement by officials in Texas and two major airlines to eventually lift flight restrictions at Dallas Love Field would violate federal antitrust laws and should not be approved, the Justice Department said in a memo." The AP continues, "The

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agency's antitrust division told lawmakers that restrictions in the agreement 'would be hard-core, per se violations of the Sherman Act,' according to a copy of the memo, obtained Tuesday. … The agency's concerns refer to an agreement among Texas officials to repeal the so-called Wright Amendment in eight years and legislation sponsored by Sen. Kay Bailey Hutchison, R-Texas, containing the pact." The AP adds, "Forged by officials from Dallas, Fort Worth, Southwest Airlines Co., American Airlines and Dallas-Fort Worth International Airport, the compromise also calls for reducing gates at Love Field from 32 to 20. … Other airlines have objected to the gate reduction, saying it would limit their ability to establish service there. … The 1979 law, named for its author, former House Speaker Jim Wright of Fort Worth, prohibits flights by aircraft with more than 56 seats between Dallas and any point outside Texas, New Mexico, Oklahoma, Kansas, Missouri, Arkansas, Louisiana, Mississippi and Alabama."

The Dallas Morning News (7/26, Dodge, Reddy) reports, "Efforts to repeal the Wright amendment ran into a wave of opposition, confusion and frustration on Tuesday." The News continues, "First, a four-page memo of comments attributed to the Justice Department's Antitrust Division swept across Capitol Hill, raising concerns about airline competition in North Texas and urging lawmakers to force the deal to be renegotiated. … And in the House, the chairman of the Judiciary Committee also raised antitrust issues, calling on House Speaker Dennis Hastert to refer the bill to the committee for consideration." The News adds, "Both developments added complications for North Texas lawmakers who had been eager to blaze a smooth trail to the House and Senate floors for easy approval of the proposed repeal of the 1979 Wright amendment in eight years. … The Justice comments, which did not have an official department letterhead or a signature, prompted Sen. Kay Bailey Hutchison, R-Texas, to call Attorney General Al Gonzales and other senior Justice officials for an explanation. … 'They [Justice] are not taking a position at all on the legislation,' Ms. Hutchison said. 'That memo did not go through the channels. And it probably was one person's view, but it's not the Justice Department's.' … Even so, the memo said the proposal's 20-gate cap at Love Field and plans to tear down gates at the Legend terminal would violate antitrust laws. Justice estimated consumers could lose up to half of the fare-lowering benefits that Southwest brings when it enters a new market."

Judge Seeks More Information On Telecom Deals. The Washington Post (7/26, D3, Mohammed) reports, "A federal judge asked the Justice Department yesterday for more information to help him decide whether to approve two recent telecom mergers, an action analysts said could delay AT&T Inc.'s $67 billion bid to buy BellSouth Corp." The Post continues, "U.S. District Court Judge Emmet G. Sullivan is reviewing SBC Communications Corp.'s $16 billion acquisition of AT&T Corp. and Verizon Communications Inc.'s $8.5 billion purchase of MCI Inc. After SBC bought AT&T Corp. last year, it adopted the name AT&T Inc." The Post adds, "While the AT&T and MCI deals have been completed, the judge must review them to decide whether the conditions imposed on them by the Justice Department are in the public interest. … Under a schedule laid out by the judge, the Justice Department has until Aug. 7 to submit information. Opponents may then comment until Aug. 17. The Justice Department has to respond by Aug. 28."

CNET News (7/26, Broache) reports, "The pair of deals won approval last October from the Federal Communications Commission and the Justice Department's antitrust division. Both Verizon and SBC have already closed their books on the acquisitions. … At issue before Sullivan is whether proposed agreements between the Justice Department and the telecommunications companies satisfy the public interest under a 1974 federal antitrust law called the Tunney Act. (The federal judge overseeing the final half of the Microsoft antitrust trial invoked the Tunney Act when altering the settlement agreement before approving it.)" CNET adds, "Sullivan has formally asked the government and the phone companies to submit "any materials" that show why the agreements reached between the Justice Department and the telecommunications companies satisfy the 'public interest' requirements. … Federal judges picked up additional authority in such proceedings in 2004, when Congress made changes to the Tunney Act. The law now says judges 'shall'--rather than 'may,' as in the previous statute--evaluate the effectiveness of consent decrees and whether those decrees will protect the public interest. Judges are also supposed to consider the impact of the deal on 'competition in the relevant market or markets.' … Justice Department Attorney Claude Scott said the government would attempt to distill the 'millions' of documents scrutinized during their reviews of the mergers into a few affidavits for the judge."

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McClatchy Faces Big Daily Bill If Newspaper Deal Is Blocked. The AP (7/26, Liedtke) reports, "McClatchy Co. expects to lose about $163,000 per day if a federal judge blocks the publisher's sale of three northern California newspapers to MediaNews Group Inc., which is banking on the deal to give it more regional clout." The AP continues, "Patrick Talamantes, McClatchy's chief financial officer, estimated the company's potential loss in a sworn declaration filed Monday in response to a motion asking U.S. District Judge Susan Illston to prevent MediaNews from taking over the San Jose Mercury News, Contra Costa Times and Monterey Herald." The AP adds, "MediaNews, whose stable of 40 daily papers includes the Denver Post, also would get the St. Paul Pioneer Press under a complex deal that also involves the Hearst Corp., the owner of the San Francisco Chronicle. … San Francisco real estate investor Clinton Reilly, who complicated the Chronicle's sale in a messy legal spat six years ago, sued two weeks ago in an effort to force McClatchy to scrap the deal it worked out with MediaNews and Hearst in April. … A hearing on Reilly's injunction request is set for Thursday afternoon in Illston's San Francisco courtroom."

Hewlett-Packard To Buy Mercury Interactive For $4.5 Billion. The New York Times (7/26, Darlin) reports, "Hewlett-Packard, the computer and printer maker, said on Tuesday that it would pay $4.5 billion to acquire Mercury Interactive, a software company enmeshed in a scandal over the backdating of stock options." The Times continues, "H.P. said it would pay $52 a share for Mercury, a 33 percent premium over its Tuesday close of $39 a share. … The acquisition was H.P.'s first major deal since it merged with Compaq in September 2001 and the first big deal as chief executive for Mark V. Hurd, who took over in March 2005 after Carleton S. Fiorina was ousted." The Times adds, "While analysts said the deal had strategic importance, some questioned the price Mr. Hurd was paying."

The Wall Street Journal (7/26, Clark, Forelle) reports, "By adding Mercury, H-P said it can boost the annual revenue of its software business to $2 billion. By H-P's 2008 fiscal year, the company predicted, the combined software business would deliver revenue growth of 10% to 15% and an operating-profit margin of about 20%."

USA Today (7/26, Kessler, Swartz) reports, "The deal also will help the long-troubled division make money. Hurd predicts software operating margins of 20% by HP's 2008 fiscal year, a vast improvement over the 1% the unit posted in its most recent quarter. … But to get those benefits, HP had to pay $52 a share, a 33% premium over Mercury's closing price Tuesday. And HP must grapple with uncertainty because of Mercury's accounting problems." USA adds, "Mercury faces a Securities and Exchange Commission investigation into whether it manipulated stock-option awards to increase the options' values. Last year, Mercury ousted its CEO and two other executives. This month, Mercury took a $567 million charge to correct this problem. … Mercury still hasn't formally reported earnings for 2005 or this year. The Nasdaq Stock Exchange has de-listed its stock. Mercury shares now trade on informal over-the-counter markets."

The Financial Times (7/26, Allison) reports, "Mercury, which provides business software testing and consulting services, became a takeover target in November after Amnon Landan, its former chief executive, resigned amid revelations that he and two other executives had inflated the value of stock options by manipulating their purchase dates. Mr Landan was also accused of misreporting grant dates of personal stock options and other financial improprieties. … More than 80 companies are under investigation in the widening scandal over stock options backdating. At issue is whether senior executives intentionally misled shareholders and regulators by altering the grant dates of stock options to coincide with low points in the value of their companies' shares. … The US Department of Justice last week handed down the first criminal charges related to the controversy, charging two former executives of Brocade Communications Systems, a networking company, with securities fraud."

Blackstone Mulls Bid For HCA. The Wall Street Journal (7/26, Sender, Smith) reports, "Blackstone Group is considering a possible bid to top the $21.3 billion leveraged buyout of hospital chain HCA Inc., according to a person familiar with the matter." The Journal continues, "Deliberations over a bid -- which is far from certain -- are still in the early stages, and Blackstone hasn't yet invited other private-equity firms to join any potential offer, this person said. Shares of HCA closed yesterday at $49.25 in 4 p.m. trading on the New York Stock Exchange, a discount to the $51-a-share price tag of the buyout deal announced Monday." The Journal adds, "Blackstone may have a hard time putting a competing bidding group together because in the incestuous private-equity world, other firms may be reluctant to challenge the offer HCA accepted from Bain Capital, Kohlberg Kravis

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Roberts & Co. and Merrill Lynch & Co. … Terms of the agreement make it difficult and costly for a challenger. The pact gives Bain, KKR and Merrill the right to top any counteroffer. A second bidder would have to go through due diligence, which could cost $10 million to $20 million, without the certainty that the work would culminate in a deal."

Canada Clears Phelps Dodge Purchase Of Inco. The AP (7/26) reports, "Phelps Dodge Corp. said Tuesday that Canadian officials unconditionally approved its purchase of Canadian nickel miner Inco Ltd." The AP continues, "As a result, Phelps Dodge now has both Canadian and U.S. antitrust clearance for its proposed acquisition of Inco, Phelps Dodge officials said." The AP adds, "Meanwhile, Inco has received all necessary regulatory approvals to continue its proposed acquisition of Toronto-based miner Falconbridge Ltd. for $17.3 billion in cash and stock. … Xstrata PLC has also bid $16.9 billion in cash for Falconbridge. The companies have been locked in a bidding war for months."

ENVIRONMENT/INDIAN AFFAIRS:

Judge Tosses Provisions Of Massachusetts Oil Spill Act. The AP (7/26, Lavoie) reports, "A federal judge has thrown out key provisions of a 2004 state law aimed at preventing oil spills, ruling that the statute is pre-empted by federal law and therefore unconstitutional." The AP continues, 'The Legislature passed the Oil Spill Prevention Act after a Bouchard Transportation Co. barge struck a rocky ledge at the mouth of Buzzards Bay, spilling 98,000 gallons of oil, polluting more than 90 miles of shoreline and closing nearly 100,000 acres of acres of shellfish beds." The AP adds, "The law created a series of rules and regulations governing vessels transporting oil in Massachusetts waters, including requiring vessel owners to hire a Massachusetts-licensed navigational guide and to implement alcohol and drug-testing policies. The law also mandated tugboat escorts for vessels traveling in certain waters. … The federal government, along with barge operators, challenged the law, arguing that federal law already mandated regulations for oil tankers." The AP notes, "In a ruling Monday, U.S. District Judge Joseph Tauro agreed, saying those portions of the law are pre-empted by federal laws, including the Port and Waterways Safety Act of 1972 and the Port and Tanker Safety Act of 1978. … Tauro said the challenged provisions of the state law are ``pre-empted, invalid and unconstitutional." His ruling bars the state from enforcing seven provisions of the law."

Democratic Leaders Press For Vote On Drilling Bill To Boost Landrieu. Roll Call (7/26, Billings) reports, "Hoping to bolster Sen. Mary Landrieu's (La.) political viability going into her 2008 re-election bid, Senate Democratic leaders have made it clear to their Caucus that the controversial offshore drilling bill before the chamber should not be blocked, even if it means Senators must hold their noses to let it move ahead." Several senior Democratic aides "said Minority Leader Harry Reid (Nev.) has been keeping an eye on next cycle as the offshore bill heads to the floor today." Reid "understands the measure will help boost Landrieu's re-election — and would ease her decision to stand for another term — by reinforcing a résumé of accomplishments she can tout to constituents in the conservative-leaning state." Roll Call adds the bill "has divided Democrats, many of whom harbor concerns about the plan's environmental impact and fear the narrowly drawn Senate version could be broadened in a conference with the House to include offshore drilling beyond the region."

CQ (7/25, Tollefson) reports Senate Republican leaders "plan to block amendments when a contentious offshore drilling bill comes to the floor this week, overriding Democratic opposition and forcing an up-or-down vote on the most significant energy bill of the year." Both sides "agree that GOP leaders on Wednesday should be able to secure the 60 votes necessary for cloture on the motion to proceed, which would allow senators to take up the bill (S 3711) later in the week. The debate on Capitol Hill already has moved beyond that and is focused on a decision by Energy and Natural Resources Chairman Pete V. Domenici, R-N.M., and Senate Majority Leader Bill Frist, R-Tenn., to limit the debate and bar amendments." The Senate bill "would authorize drilling in about 8.3 million acres of the eastern Gulf of Mexico, including some 2.5 million acres within a section known as 'Lease Area 181.' It would protect much of Florida's coast and secure a share of the drilling revenues for coastal restoration in Gulf states as well." Senate Minority Leader Harry Reid, D-Nev., "complained that amendments should be allowed but said he would support the bill nonetheless and predicted that it would pass."

Drilling Proponents Note Cuban Exploration Off Florida To Promote US Expansion. The Washington

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Times (7/26, Hill, 88K) reports congressional proponents "of oil and gas drilling are pointing to Cuba's exploration off the coast of Florida -- with help from China -- as a prime reason to open up U.S. drilling in the eastern Gulf of Mexico." But Florida legislators "continue to resist, and some of them are trying to stop Cuba's activities by pushing to rescind a 1977 treaty dividing the Straits of Florida halfway between the two countries." The Bush Administration, "with an eye toward the pivotal role Florida has played in presidential politics and out of solidarity with President Bush's brother, Florida Gov. Jeb Bush, has largely sided with Florida in the dispute. It supports only very limited drilling off the coast of Florida, as would be permitted under a bill pending in the Senate."

Ethanol Demand Prompts Worries Of Corn Shortage. The Christian Science Monitor (7/26, Clayton, 58K) reports, "Amid America's rush to replace gasoline with homegrown alternatives like corn-based ethanol, some researchers worry that the results may benefit motorists at the expense of higher food costs and fewer US crop exports. It also raises ethical and environmental questions about the best uses of crop land." As a result of ethanol's increase demand, corn prices are projected to rise about 25 percent and "could go much higher in the future depending on gasoline prices." Meanwhile, meat and grocery prices could eventually rise as well, some analysts say. However, a recent study on ethanol's environmental impact conducted by the University of Minnesota says the "drive to produce food-based biofuels is misplaced," because even if all US corn and soybeans were used, they "would meet only 11 percent of gasoline demand and 8.7 percent of diesel demand."

Higher Corn Prices Driving Variety Of Investments. The Wall Street Journal (7/26, C1, Davis, 2.03M) reports, "As rising oil prices drive up demand for ethanol and other alternative fuels, the once-sleepy futures market for corn is looking like a casino, and a variety of related investments are reaping benefits." Exchanges that "offer investors a way to bet on tomorrow's prices for the yellow kernels, a key ethanol ingredient, have been inundated with money" from "bullish commodity traders, along with farmers and food companies." In the stock market, speculators are also "welcoming a bumper crop of initial public offerings of stocks in ethanol makers."

Heat Said To Have Killed At Least 38 In California. The heat wave in California and its attendant deaths were covered by all three major networks, each devoting about two minutes to the story. ABC World News Tonight (7/25, story 5, 2:20, Gibson, 8.78M) reported, "In California, today, still more record heat that is believed to be responsible for killing at least 38 people in the state. Many areas of California have had 100-degree temperatures for 20 days." ABC (Marquez) added, "Although California has had the highest number of victims from the heat wave in the past week, ten other states are investigating sizeable heat related deaths, as well. Including Arizona, where five homeless men are thought that have died in Phoenix. And Oklahoma, where there have been seven deaths, nearly all of them among the elderly." Marquez added, "Forecasters say the problem can worsen, in a summer already hotter than normal if power begins to go out," which would mean "rolling blackouts, putting more people at risk."

The CBS Evening News (7/25, story 5, 2:00, Schieffer, 7.66M) reported, "This was another day of dangerously high temperatures." CBS (Bowen) added, "With officials who run the California power grid issuing a stage one alert. That means they're asking consumers to voluntarily conserve to avoid a blackout." Bowen continued, "It's described as a one in 50 or one in one hundred year heat wave, compounded by failing electrical transformers that date back to the 1930s."

NBC Nightly News (7/25, story 8, 2:00, Williams, 9.87M) reported, "a summer heat wave pushing the power grid there to the limit." NBC (Lewis) added, "The heat has also caused the deaths of thousands of dairy cattle, chickens and turkeys. One county declared an environmental emergency because of the problems it was having disposing of all the carcasses."

Experts Warn Against Attributing Recent California Heat To Global Warming. The Los Angeles Times (7/26, Hotz, Cline, 918K) reports, "The extreme temperatures of this year's heat wave have been so intense that they have created a sense of fundamental change -- that somehow Los Angeles is on the verge of a searing future." But climate experts "cautioned Tuesday that no single event -- no matter how unusual -- could be directly attributed to global warming and the effects of pollution. There is such natural variability in temperature that even a record scorcher is just one data point in a long temperature timeline. … But the current heat wave, which has been brewing since May, has nonetheless raised alarms."

St Louis Power Still Down. ABC World News Tonight (7/25, story 6, 0:10, Gibson, 8.78M) reported, "And

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145,000 homes and businesses are still without power in St. Louis tonight. A week since the first of two powerful storms crippled the city's electrical system. One utility worker was killed and another injured today while working to restore the power."

Attacks On Forest Rangers Reached Highest Level Ever Last Year. The New York Times (7/26, Egan, 1.21M) reports on an increase in attacks and altercations involving forest rangers. According to the Times, there were more such incidents last year, "than any other year, according to government figures released last month by a public employee advocacy group. As the 193 million acres of national forest become increasingly popular playgrounds, there are more clashes with the small cadre of forest rangers who work as law enforcement officers, the figures showed. … At the same time, the number of rangers with police power has been nearly halved in the last decade, to 550 from more than 980 because of budget cuts and because some rangers have been assigned to other duties. There is now one law enforcement ranger for every 291,000 acres, or one for every 733,000 visitors, according to Forest Service figures."

Building, Farm Groups Oppose Creation Of Critical Habitat For Killer Whales. The Washington Post (7/26, A3, Harden, 748K) reports, "In June, the National Marine Fisheries Service proposed protecting most of Puget Sound as critical habitat for" killer whales. The proposal, "encompassing 2,564 square miles at the heart one of the nation's busiest commercial waterways, has alarmed local industry. Building and farm groups have sued to stop the proposal, due to become law by November, arguing that it would require complicated and costly review of future industrial development, home construction, sewer treatment, road construction and water use around the sound, an inland waterway surrounding by nearly 4 million people."

Administration Ocean Conservation Efforts Praised. Nick Jans writes in USA Today (7/26, 2.27M) that the National Oceanic and Atmospheric Administration's announcement in March closing more than 135,000 square miles of ocean floor off the West Coast to commercial bottom trawling, along with President Bush's designation of 40,000 square miles around the northwestern Hawaiian islands as a national monument and the NOAA Fisheries proclamation in late June protecting 379,000 additional square miles of ocean floor around Alaska "represent, in total area, the largest act of conservation in our nation's history, and arguably the world's." Jans adds, "To put it mildly, such sweeping acts of conservation are out of character for an administration that has given at best short shrift to environmental concerns. A cynic might say that these protections amount to a drop in the bucket of the world's oceans, and that the administration was forced into actions for which it now claims credit. While I'm hardly suggesting we baptize Dubya as a born-again greenie, the fact of these historic protections remains. … If this is a template for future conservation initiatives, in the oceans or anywhere, I say bring it on."

BIA Inaction Called "Significant Factor" In Student's Death. In a report made public last week, federal investigators say the failure of Bureau of Indian Affairs officials to act on long-standing safety concerns at an Indian boarding school in Oregon was a "significant factor" in the death of a 16 year old student. The Washington Post (7/26, A15, Lee, 748K) reports, "Interior Department Inspector General Earl E. Devaney found that a 'historical pattern of inaction and disregard for human health and safety' contributed to the death of Cindy Gilbert (also known as Cindy Gilbert Sohappy) in a detention cell at the Chemawa Indian School in Salem, Ore., on Dec. 6, 2003. Devaney found that inaction by officials in BIA's Office of Indian Education Programs and Office of Law Enforcement Services 'resulted in the failure to maintain a safe environment at the detention facility and, ultimately, became a significant factor in Gilbert's death,' according to the report, obtained by The Washington Post through a Freedom of Information Act request."

FBI/DEA/ATF/USMS:

Clinic Owner, Doctor Convicted In Louisiana "Pill Mill" Case. The New Orleans Times-Picayune (7/26) reports the owner of a string of local pain management clinics and her chief doctor "were convicted Tuesday of transforming the clinics into illegal high-volume 'pill mills,' dispensing addictive narcotics in assembly-line fashion to virtually anybody who walked in the door. After a three-week trial, a federal jury deliberated for about 10 hours in two days before returning guilty verdicts against owner Cherlyn 'Cookie' Armstrong, 46, and Dr. Suzette Cullins, 44. Armstrong…was convicted of conspiracy, money laundering and 23 counts of

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illegally dispensing narcotics without a medical purpose. … Cullins…was convicted of conspiracy and five of 13 illegal dispensing counts."

In a similar story, the AP (7/26) writes, "Armstrong and Cullins face an estimated five to eight years in prison when they are sentenced on Oct. 25. William Renton, local chief of the Drug Enforcement Administration, said of the defendants, 'They were drug peddlers, plain and simple.'"

Authorities Say Trafficker Shipped BMW Coast To Coast In Cocaine Deals. In Philadelphia, the AP (7/25) reports investigators "said a cocaine wholesaler did business by regularly shipping his BMW from coast to coast, stuffed with cash outbound and cocaine on the return trip." Tyrone "Tiddy" Smith "who recently pleaded guilty to drug trafficking and gun charges, had $1.2 million in his trunk and another $218,000 at his North Philadelphia home, authorities said. … On Sept. 5, 2004, state police and federal Drug Enforcement Administration agents tailed Smith as he loaded the BMW onto a truck. … They found money wrapped in dryer sheets in a suitcase and gym bag, and later found more cash and large quantities of powder and crack-cocaine and a loaded handgun at his North Philadelphia residence." The AP story was published in newspapers and/or posted on the Web sites of the Philadelphia Inquirer, San Diego Union Tribune, San Jose Mercury News, and Contra Costa Times.

Colombian Police Target Drug Trade Profits. The USA Today (7/26, Brodzinsky) reports Colombian police "routinely try to detect travelers attempting to smuggle drugs to the USA and Europe. This year, they have turned their attention to travelers coming into Colombia — not with drugs, but with hundreds of thousands of dollars and euros believed to be profits from the illegal drug trade. … The U.S. Drug Enforcement Administration (DEA) estimates that $3.2 billion to $7.2 billion in wholesale drug profits are transported out of the USA every year to Mexico and Colombia. … 'The drug traffickers believe that if it's successful in one direction, it only makes sense it would be successful going in the other direction,' says John McKenna, a special agent with the DEA's public affairs office."

Police To Share Expertise With Afghans. The Washington Times (7/26, Scarborough, 88K) reports that Rep. Henry J. Hyde "said yesterday that a contingent of Colombian narcotics fighters is due in Afghanistan this week to share its expertise in combating powerful drug lords." He "has pushed for more than a year for the Colombian government to dispatch some of its best counternarcotics personnel to Afghanistan." It is possible "no one has fought a more ferocious drug war than the Colombian national police," and "four Colombian police officers from an elite counternarcotics unit are set to spend about two weeks in Kabul and other areas, sharing war stories and techniques."

Dozens Of Suspected Gang Members Arrested In New Jersey. The AP (7/26) reports officers "arrested dozens of members of a notoriously violent street gang in raids across New Jersey Tuesday, capping 11 months of undercover operations. Agents also charged four gang leaders who authorities said were directing killings and other crimes from inside state prison. More than 60 people affiliated with the Nine Trey Gangsters, part of the Bloods gang, had been arrested by Tuesday afternoon, and as many as 40 more arrests were expected in cities across the state. … The suspects face racketeering, extortion, money laundering and drug distribution charges."

MD: Man Accused Of Paying Cabdrivers To Transport Cocaine Gets Life Sentence. The Washington Post/AP (7/25) reports a New York man "was sentenced to life in prison…in connection with a scheme that used taxi drivers to bring cocaine from New York to Frederick. Alan Sylvester, 28, of Jamaica, N.Y., was sentenced in federal court in Baltimore after being convicted of conspiracy to possess with intent to distribute cocaine base. … He allegedly paid cabdrivers to bring more than 100 kilograms of cocaine powder from New York to Frederick."

IMMIGRATION:

Pence-Hutchison Plan Said To Allow "Unlimited" Guest Worker Immigration. The Washington Times (7/26, Hurt, 88K) reports the "latest proposal in Congress for a 'guest'-worker program would allow unlimited immigration of eligible workers during the first three years and allow them and their families to remain here indefinitely." The plan, sponsored by Rep. Mike Pence and Sen. Kay Bailey Hutchison, is "criticized by proponents of stricter immigration laws. They say the program would tilt the nation's immigration system toward millions of uneducated, unskilled workers." Under "the Pence-Hutchison plan -- a

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variation on a proposal Mr. Pence floated earlier this summer -- the expansive 'guest'-worker program would not begin until the president certified that the border had been secured. Only then would laborers matched with willing employers at an 'Ellis Island Center' outside the United States be admitted indefinitely."

The Los Angeles Times (7/26, Gaouette, 918K) reports, "Congressional Republicans and administration officials concerned about the impasse over immigration policy have launched aggressive efforts to bridge the divide between House and Senate legislation on the issue." In "one potentially key development Tuesday, two opponents of the Senate bill," Sen. Hutchison and Rep. Pence "unveiled a proposal meant to pave the way for a compromise." Their plan "would open a path to citizenship for illegal immigrants, but only after U.S. borders were declared sufficiently secure. At that point, illegal immigrants would be required to leave the U.S. to be processed for work visas before returning to the country. After 17 years, they would be eligible for citizenship." House Majority Leader John A. Boehner (R-Ohio) "called the proposal 'a step in the right direction,' although he avoided commenting on the plan's citizenship provision."

CQ (7/25, Sandler) reports the Hutchison-Pence proposal "drew a lukewarm response at best on Tuesday, particularly from supporters of the comprehensive Senate-passed bill." The ideas "floated by Sen. Kay Bailey Hutchison of Texas and Rep. Mike Pence of Indiana are a collection of proposals that failed to gain ground when the Senate passed its legislation in May."

In a Washington Times op-ed (7/26), Sen. Hutchison and Rep. Pence says, "Our plan is tough on border security, but it recognizes the need for a temporary-worker program that operates without amnesty and without growing into a huge new government bureaucracy." The plan "begins with border reinforcement," and "part two of our plan is a temporary-worker program that is essential in order to fill jobs in our economy that are in high demand." When the border "has been declared secure, the Good Neighbor SAFE (Secure Authorized Foreign Employee) Visa will begin. This program offers noncitizens opportunities to fill jobs that employers attest to not being able to fill with Americans at market wage. Under our plan, the estimated 12 million people currently residing illegally in America can come out of the shadows and earn a fair living by returning to their home countries to apply for a Good Neighbor SAFE Visa. This does not give amnesty to those currently in our country illegally."

Border Patrol Says Fewer Illegal Immigrants Entering Country. The New York Times (7/26, Swarns, 1.21M) reports Border Patrol officials "said the number of immigrants entering the country illegally had declined since President Bush announced his plan to send National Guard troops to help secure the border with Mexico." Border Patrol director David V. Aguilar "reported a 45 percent decline in apprehensions of illegal immigrants when comparing the 69 days before Mr. Bush's speech on May 15 with the 69 days after it."

Rubin Voices Support For Guest Worker Program. In its "Washington Wire" column on its web site, the Wall Street Journal (7/25, 2.03M) reported that former Treasury Secretary Robert Rubin yesterday "voiced support for a key part of Bush's proposed immigration reform. 'We should have some sort of guest worker program,' he said on a panel discussion at the Brookings Institution. 'I don't know if I support precisely' Bush's proposed program, "but the general gist of it struck me as right.'"

Debate Said To Overlook Contribution Of Foreign Workers In Elderly Care. The Wall Street Journal (7/26, Newman, 2.03M) reports that in the "immigration fight that continues to addle Congress this summer, low-skilled foreign labor is often viewed as an indulgence in a society used to having its chickens boned, its lawns mowed and its laundry folded." But the "issue cuts into something more basic: A demographic thundercloud moving over the country as baby boomers approach old age." Immigrants, "whether legal or undocumented, make up a disproportionate share of those who care for the elderly -- and the need for such workers is set to explode in the coming years. The Department of Health and Human Services predicts that the elder-care work force, 1.9 million in 2000, must reach 2.7 million by 2010 and five million by 2050 to meet the impending rise in demand. Meanwhile, the pool of 25-to-50-year-old American-born women that has been a prime source for elder-care jobs is also shrinking."

Much Blame For Lack Of Border Security Said To Rest With Congress. In his Roll Call column (7/26), Norman Ornstein says that last week, "on his way to the Mexican-American border, Speaker Dennis Hastert (R-Ill.) told USA Today's Kathy Kiely that border security was the absolute key to the immigration issue. He said, 'I would look at it as if you have a patient who is bleeding to death. ... Close the wound first. Secure the border. And then you can begin to look at what other options are.'" Ornstein adds, "The

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Speaker's comments and analogy led me to a parallel analogy: Congress is like Washington, D.C.'s emergency response team. The patient — the border — started to bleed uncontrollably many years ago. A lot of people called 911 (starting on Sept. 11, 2001), but the House ambulance is just now arriving at the door (with legislative EMTs about as clueless as D.C.'s finest)."

LATimes Says FX Documentary Humanizes Illegal Aliens. The Los Angeles Times (7/26, 918K) editorializes that the cable channel FX tonight "will air a captivating episode of Morgan Spurlock's '30 Days' documentary program that people on all sides of the immigration debate should watch. In it, Frank Jorge, a member of the Minuteman Project border-vigilante group, spends one month living in a tiny, one-bedroom East L.A. apartment with a family of seven Mexican immigrants, most of them illegal, who he thinks should be deported. Jorge leaves his documents at home in Mojave, does handyman work with the stoic father and argues immigration politics over meals and golf rounds with the family's charming (and totally Americanized) teenage daughter. The result is gripping television — not because the protagonists change their views significantly but because we get to watch Jorge register his slow-dawning shock that the same class of people he has pointed guns at can be noble, hardworking, funny, angry, God-fearing, sassy, patriotic … and, well, human."

TAX:

Patented Tax Strategies Provide No Shield From IRS Scrutiny. In his "Tax Report" column in the Wall Street Journal (7/26), Tom Herman writes, "It's tough enough to figure out whether a complex tax strategy is right for you -- let alone legal. Now there's something else to worry about: Getting sued by someone who has patented the technique." Herman continues, "It may sound surprising that tax and financial-planning ideas can be patented at all. They can, just like gadgets and other inventions. While the number of tax-related patents is still small, it appears to be growing -- and is attracting attention in Congress, at the Internal Revenue Service and among tax professionals facing increasingly intense competition for wealthy clients. Adding to the interest is a lawsuit filed earlier this year against a Connecticut executive for allegedly using a tax strategy patented by a Florida man in 2003." Herman adds, "IRS officials and some tax lawyers worry taxpayers may be fooled into thinking that a 'patented' tax strategy automatically bears the government's seal of approval -- which it doesn't. 'Just so there is no misunderstanding today on this point, let me be clear,' IRS Commissioner Mark Everson told a congressional panel earlier this month. 'The grant of a patent for a tax strategy has absolutely no impact on IRS's determination of the effectiveness or the legitimacy of the strategy.' … Lawyers, meanwhile, are questioning whether someone should be allowed to impose what amounts to a toll charge on someone else for using a technique to reduce taxes lawfully. … 'The proliferation of tax-strategy patents would change and burden tax practice,' says Ellen Aprill, a tax-law professor and associate dean for academic programs at Loyola Law School in Los Angeles."

Republicans May Attach Estate Tax Reduction To Tax Cut Extensions. CQ (7/25, Van Dongen) reported, "Senate GOP leaders will not add an estate tax reduction to a pending pension overhaul and instead might link a compromise estate tax proposal to a package of popular tax cut extensions that could be considered after the August break." Senate Majority Leader Bill Frist announced yesterday "that he had dropped his effort to include the estate tax language in the conference report on pension legislation." But Frist "vowed to seek another vehicle to move the legislation important to the Republicans' conservative base."

Carroll, Mankiw Call Treasury Report Step Toward "More Realistic View Of Tax Policy." Robert Carroll, the Treasury Department's deputy assistant secretary for tax analysis, and Gregory Mankiw, former chairman of the Council of Economic Advisers, write in the Wall Street Journal (7/26, 2.03M), "Over the past six months, the Treasury Department staff has been studying the dynamic effects of tax cuts on the economy." The Treasury's main analysis "assumes that lower tax revenue will over time be accompanied by reduced spending on government consumption. But the report also shows what happens if spending cuts are not forthcoming. In this alternative scenario, a permanent extension of recent tax relief is assumed to lead to an eventual increase in income taxes. … While the Treasury report is not the last word on dynamic analysis, it is a big step toward a more realistic view of tax policy."

Report Says Extending Tax Cuts Will Come At Price. A Treasury Department report released yesterday says

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the federal government will need to cut spending or raise taxes to pay for extending President Bush's recent tax cuts. The Washington Post (7/26, D1, Henderson, 748K) reports, "The Treasury report did not openly address the much-debated contention of many conservative analysts that the tax cuts will boost economic growth so much over time that the resulting increase in taxes paid will offset much or all of the initial loss in government revenue -- that tax cuts can essentially pay for themselves. The report acknowledged the debate delicately, saying 'the issue of how, or even if, these policies need to be financed remains a source of discussion among economists.'"

Senate Panel To Examine Abuse Of Offshore Tax Havens. The Wall Street Journal (7/26, Matthews, 2.03M) reports that the Senate Permanent Subcommittee on Investigations is highlighting the abuse of offshore tax havens. The panel "plans to explore how offshore tax abuses cheat the federal government out of billions of dollars in tax revenues at a Tuesday hearing. The committee has been examining how the tax schemes work and how to better enforce compliance or close loopholes. Officials from securities firms, banks and law firms as well as U.S. taxpayers and tax and securities experts are expected to testify."

Business Tax Bill Pulled From House Floor Amid Concerns About State Tax Revenue. CQ (7/25, Freedman) reported, "A measure that would overhaul state taxation of businesses was abruptly pulled from House floor consideration Tuesday after lawmakers registered concerns about the potential loss of revenue to their states. The measure (HR 1956) would set a national standard for when states can impose business activity taxes on out-of-state companies that earn income within their borders. The business community has aggressively pushed for the bill, arguing that distant states are unfairly taxing their economic activity. State governors, however, have voiced considerable opposition to the measure."

CONGRESS-ADMINISTRATION:

Bush Said To Be Weighing Several Candidates To Replace Mineta. The AP (7/26, Miller) reports President Bush "still hasn't decided whom to nominate as transportation secretary to succeed Norman Mineta, who left the job July 7 after six years on the job." But a "Cabinet secretary, two federal transportation officials, a White House budget aide and a former governor are said to be under consideration." Two women "who served under Mineta are considered top candidates to succeed him: Federal Aviation Administration chief Marion Blakey, known for her management skills; and deputy Transportation Secretary Maria Cino, who has a reputation for political savvy." Others "said to be in the running are" include former Illinois Gov. Jim Edgar, Secretary of Labor Elaine Chao, and Michael Jackson, deputy secretary of Homeland Security, formerly deputy secretary of Transportation. Clay Johnson, "deputy director of the Office of Management and Budget, has also been talked about as a possible candidate." Carol Hallett, "former president of the Air Transport Association, lost out to Andrew Card for Transportation secretary in the first Bush administration. She said Tuesday that it was only a wild rumor that she's under consideration now." Bill Graves, "former Kansas governor and now head of the American Trucking Associations, told his board recently that he is committed to staying in his job." Mineta, "a lifelong Democrat, says he wants Cino, former deputy chairman of the Republican National Committee, to succeed him."

Kappes Takes Place As CIA Deputy Director. The Washington Times (7/26, Gertz, 88K) reports Stephen R. Kappes, "a veteran CIA operations official who clashed with former agency Director Porter J. Goss," was "formally named the deputy CIA director yesterday, raising concerns among critics who say he will hamper reform at the agency." Kappes is "well-liked among CIA rank and file but who is viewed as someone supporting the status quo at the embattled agency."

Bush Names Tschetter To Direct Peace Corps. The AP (7/26) reports President Bush "has chosen financial services executive Ronald Tschetter to be the next director of the Peace Corps, the White House said Tuesday." Tschetter "replaces Gaddi Vasquez, who last month became U.S. representative to the United Nations food and agriculture programs."

Obama, Durbin Place Hold On FAA Nominee Over Wind Farm Dispute. The Chicago Tribune (7/26, Hawthorne, 623K) reports Sens. Barack Obama and Dick Durbin "are blocking the appointment of a top aviation official in hopes of forcing the federal government to resolve a dispute that has stopped work on more than a dozen wind farms in the Midwest." Obama and Durbin "took the action in

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response to a recent Tribune story that documented how at least 15 wind farms have been sidetracked while federal officials study whether the giant turbines could interfere with military radar." They are "blocking the nomination of Andrew Steinberg to be assistant secretary for aviation and international affairs at the Federal Aviation Administration."

Lawmakers Hold Out Hope For Press Shield Law. The AP (7/26, Sniffen) reports, "Two Republican co-sponsors of a bill to shield reporters from having to disclose news sources refused Tuesday to give up hope for the legislation despite Justice Department opposition and limited time left for congressional approval." The AP continues, "Sen. Richard Lugar and Rep. Mike Pence, both Indiana Republicans, acknowledged at a National Press Club lunch that their proposed Free Flow of Information Act faces an uphill struggle with only a few months left in the 109th Congress. … Nevertheless, Lugar said, 'We are still optimistic.' … And Pence disclosed that the first hearings by a House committee would be Sept. 14." The AP adds, "The bill still needs approval by a Senate committee and the full Senate, a House hearing, House committee approval, full House approval, probably a conference to resolve differences, final votes on both chambers and President Bush's signature — all before Congress wraps up this fall, Lugar said. … And 'probably some more compromises' will be necessary, Lugar said, without specifying what they might be. The coalition of news media companies backing the bill was already shaken by amendments sponsors accepted, particularly in the Senate version."

Senate GOP Seeking Vote On Line-Item Veto. The Hill (7/26, Allen) reports, "Senate Republican leaders may bring a White House-backed proposal for a line-item veto to the floor in September, even if it appears likely to fall on a filibuster," as "those who favor considering the line-item veto say it presents a win-win for Republicans — either it passes or they can use a filibuster against Democrats at the polls." Meanwhile, "white House budget chief Rob Portman continued a fierce lobbying blitz for the measure," and "the White House is putting greater emphasis on building support for line-item authority than it has put on other proposals."

Specter Bill Will Challenge Signing Statements. CQ (7/25, Ota) reports that Sen. Arlen Specter "is preparing for another showdown with the White House, this time over President Bush's use of 'signing statements' to challenge provisions he finds objectionable in bills he signs into law." He "said he will offer a bill later this week that would lay the groundwork for Congress to challenge Bush's signing statements in court." However, "strong opposition from the White House and Bush's allies" suggest "Specter will have a difficult time making legislative headway in his latest move to counter executive powers assumed by the Bush White House." Still, he "has repeatedly shown a willingness to antagonize the administration, Senate leaders and his party's right wing."

Poll Finds Majority Disapprove Of Bush Stem Cell Bill Veto. USA Today (7/26, Benedetto, 2.27M) reports, "A majority of Americans disapprove of President Bush's veto of a bill expanding federal funding for embryonic stem cell research, though they say they believe he did so on principle, a USA TODAY/Gallup Poll shows." The poll "taken last weekend," finds "61% say Bush rejected the bill last week for personal moral beliefs; 32% say he did it to gain political advantage." White House deputy press secretary Ken Lisaius said yesterday, "The president does not make policy decisions based on polling numbers. … He vetoed the legislation because it would provide federal tax dollars to fund the present and future destruction of human life for research." The poll "shows a partisan gap: 61% of Republicans approve of the veto, compared with 19% of Democrats and 33% of independents. Among those expressing disapproval, 76% say they were 'very' or 'somewhat' upset by the veto; 24%, not at all."

GOP Lawmakers Disagree Over Pension Bill Provisions. The Wall Street Journal (7/26, Rogers, Solomon, 2.03M) reports, "Pension-bill negotiations in Congress are coming down to a bruising fight among Republicans" as "Senate Finance Committee Chairman Charles Grassley (R., Iowa) continues to resist pressure from House Majority Leader John Boehner (R., Ohio), who wants to make it easier for investment companies to both manage retirement accounts and advise clients on their portfolio." Boehner "has sought to isolate Mr. Grassley by giving ground elsewhere to win support from other senators." Meanwhile, "a closed-door exchange yesterday between House Ways and Means Committee Chairman Bill Thomas (R., Calif.) and Sen. Edward Kennedy (D., Mass.) betrayed Republican concerns about labor's reaction to some of the agreements . And members of the Senate Finance panel were in open

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revolt after Majority Leader Bill Frist's chief-of-staff Eric Ueland told reporters that popular tax provisions would be pulled out of the package."

CQ (7/25, Crittenden) agrees, "disputes between lawmakers threatened to prolong the negotiations, making uncertain whether they could meet the latest self-imposed deadline of clearing the measure before the August recess." While negotiators found "agreement on an airline provision Tuesday evening," they "made progress on little else, causing tempers to flare." CQ adds that the Boehner-Grassley "rift could jeopardize the chances of an agreement on the final bill."

Lobbyists Try To Return Tax Credits To Bill. Roll Call (7/26, Ackley) reports, "Numerous lobbyists who have pushed for a pension reform package began lining up their celebratory plans last night as they awaited final word that the bill was set to emerge from its 100-plus-day conference committee. But those who had banked on having their clients' tax credits included in the bill spent late Tuesday on a last-ditch flurry of lobbying" after "reports indicated that those tax credits had been bounced from the package." These lobbyists are "looking to Senate Finance Chairman Chuck Grassley (R-Iowa) and a handful of other Members to try to get the credits back in the pension package."

Members With Tough Races Given Lead Roles In Legislation. The House GOP leadership is allowing lawmakers facing tough reelection battles to take the lead on more legislation, The Hill (7/26, O'Connor) reports. As "the number of legislative days before the November election slip away, GOP lawmakers in competitive seats are trying to make their legislative mark. … One clear advantage Republican leaders maintain over their Democratic rivals this year is the ability to schedule the floor, which includes moving bills written by vulnerable incumbents."

Frist Says He Did Not Know HCA Planned To Go Private. The AP (7/26, Zuckerbrod) reports, "Senate Majority Leader Bill Frist, under investigation for selling his stock in HCA Inc., said Tuesday he didn't know in advance the hospital chain founded by his family planned to go private." Frist "said he learned about the buyout proposal, which was announced Monday, from newspaper reports. … Frist said he would not benefit from the deal, saying 'to the best of my knowledge,' he owns no HCA stock." Frist, "who is considering a 2008 presidential bid, also said he hopes the investigation into the sale of his stock last year ends soon."

Report Urges "Government-Wide Productivity Target." The Washington Post (7/26, D4, Barr, 748K) reports in its "Federal Diary" column that a report from the global consulting firm McKinsey & Co. says the government "faces 'a productivity imperative' of providing improved services, but does not have a way to determine if it is up to that challenge." The report says that because of budget cuts, "the Bureau of Labor Statistics stopped keeping score on government productivity in 1994, making it difficult to gauge overall governmental performance." The Post adds, "For the government to address new national priorities and cope with growing programs, it needs to understand what drives private-sector gains in productivity and needs policymakers to create support for higher levels of federal performance, the report said. As part of their recommendations, the McKinsey consultants called on the White House and Congress to set a 'government-wide productivity target' to be accomplished within eight years."

WSJournal Says ABA Should Be Removed From Process Of Vetting Judicial Nominees. An editorial in the Wall Street Journal (7/26, 2.03M) that in March 2001, President Bush "told the American Bar Association to buzz off," ending "the tradition of providing the ABA's Committee on the Federal Judiciary with the names of nominees before they were made public." The Journal adds, "Too bad Mr. Bush didn't go all the way and cut out the ABA entirely." The Journal adds that it is "past time to cut the ABA out of the vetting process altogether."

OTHER NEWS:

Bernanke Has Assets Totaling Between $1.2 Million And $2.5 Million. Financial disclosure forms released by the Federal Reserve show that Federal Reserve Chairman Ben Bernanke held financial assets totaling between $1.2 million and $2.5 million at the end of 2005. The Wall Street Journal (7/26, 2.03M) reports, "The former Princeton University professor's largest assets were a TIAA annuity valued at between $500,001 and $1 million, and a CREF variable annuity also valued at between $500,001 and $1 million. He also owned several Merrill Lynch & Co. funds

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valued at between $1,001 and $15,000, according to the disclosure forms."

Home Sales Down In June. ABC World News Tonight (7/25, story 8, 2:10, Gibson, 8.78M) reported, "New figures out today show that sales of existing homes fell in June. The eighth decline in the past ten months. And the backlog of unsold homes grew. There are more than 3.7 million homes sitting on the market right now unsold. A remarkable turn around for a housing market that seemed to defy gravity for so many years." NBC Nightly News (7/25, story 6, 3:25, Williams, 9.87M) reported, "The headline here is the market is cooling off."

The Wall Street Journal (7/26, Corkery, Park, 2.03M) reports, "Realtors' Chief Economist David Lereah says that for now, the housing market appears headed for a soft landing in most markets, meaning that the market will cool in an orderly fashion." But "if the Federal Reserve continues to raise interest rates while consumers get hit with higher oil prices, 'some local economies could turn sluggish and contract,' which could result in a harder landing for housing, Mr. Lereah said." Home prices, meanwhile, "were little changed overall but varied considerably by region." However, USA Today (7/26, Knox, 2.27M) titles its report "Home Prices Could Start Falling," reporting "condo prices are already being hit: They fell 2.1% from June last year to a median $226,900."

The Washington Post (7/26, A1, Tse, 748K), in a story headlined "After 5 Years Of Growth, Home Prices Drop," says, "In what may be the most telling sign yet that the real estate market here has shifted downward, median prices of homes in several parts of the Washington area have declined when compared with the same time last year."

The Christian Science Monitor (7/26, Trumbull, 58K) reports on the housing data in a story titled "Housing Market Slowdown Rippling Across The Economy," reporting, "A nationwide housing boom gave the current economic expansion its biggest boost. Now, a housing dip is raising the prospect of a slower economy ahead."

The New York Times (7/26, Peters, 1.21M) runs a similar story under the headline "Sales Slow For Homes New And Old," and says "adding it all together, a variety of experts now say, the housing industry appears to be moving from a boom to something that is starting to look a lot like a bust."

Consumer Confidence Up. USA Today (7/26, 2.27M) reports, "US consumer confidence unexpectedly rose in July for a second-consecutive month, a private group said Tuesday." The New York-based Conference Board's consumer confidence index "rose to 106.5, the highest in three months, from 105.4 in June. Consumers were more upbeat about the current economic environment and expectations for the next six months."

Stocks Rise For Second Straight Day. NBC Nightly News (7/25, story 9, 0:10, Williams, 9.87M) reported, "On Wall Street today, investors added to yesterday's big gains there. The Dow was up almost 53 points [to close at 11,103.71]. NASDAQ gained 12 points on today's trading [to close at 2,073.90]." USA Today (7/26, 2.27M) reports "the Standard & Poor's 500 index added 7.97 points to 1268.88. The S&P 500 is up 1.6% this year." The Wall Street Journal (7/26, Browning, 2.03M), among other newspapers, also reports the stock numbers.

Former Treasury Secretaries Call For Debate Over Globalization. USA Today (7/26, Lynch, 2.27M) reports, "the leading architects of the Clinton administration's globalization stance, including" former Treasury secretaries Robert Rubin and Lawrence Summers, "gathered Tuesday to discuss ways to strengthen Democratic Party support for free trade by doing more for those suffering its effects." Rubin said, "What troubles me the most is there is a need for a serious and real economic debate in our political system, and I don't think we're having it." With China and India's entrance into the global economy, globalization's "impact upon American workers will only mushroom." Still, "while there were hints of some minor second thoughts on the part of those who helped pave the way for the past decade's relentless integration of world markets, there was no support for protectionism."

Samuelson Says Speculators Have Not Artificially Increased Oil Prices. Robert Samuelson writes in the Washington Post (7/26, A17, 748K), "Could there be an oil 'bubble?' Well, yes. In early 2002 oil sold for roughly $20 a barrel; now it's close to $75. … But any bubble would be a peculiar beast, and if it burst and prices dropped significantly, we shouldn't delude ourselves into thinking that this might signal a new era of comfortable abundance. It wouldn't." Samuelson adds, "Whatever happens, we should avoid the easy conclusion that speculators have artificially increased oil prices. … Oil is essential and insecure. A sensible country would minimize this insecurity by economizing on oil's use (through taxes and

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tougher fuel regulations) and developing its own resources. We should have redoubled our efforts years ago; we should do so now."

Democrats Giving Up On Rowley Bid To Unseat Kline. National and Minnesota Democrats are reportedly set to walk away from Coleen Rowley's effort to unseat Rep. John Kline. Roll Call (7/26, Rasmussen) reports, "Many in the party had hoped that Rowley's national fame…would make her an exciting, appealing candidate in an otherwise Republican-leaning district. But now some state Democrats say Rowley's first run for political office is going so badly that they're turning their sights on damage control." Rowley "has found herself on the defensive almost from the start. Her campaign has been damaged by a high-profile mistake and a recently published report criticizing her performance at the FBI prior to Sept. 11, 2001."

Murtha To Campaign For 41 Democratic House Candidates. Rep. John Murtha has plans to campaign in 41 races around the country, The Hill (7/26, Bolton) reports, "This is a dramatic increase in activity for Murtha, who did not campaign for House candidates in 2004, according to his spokeswoman. Helping Democratic candidates could pay dividends in a race for majority leader against Democratic Whip Steny Hoyer (D-Md.). Murtha says he thinks such a race is likely and told The Hill that if the election were held now Democrats would be catapulted into the majority." Hoyer "is planning to travel to 36 districts to campaign for vulnerable Democratic incumbents as well as challengers, according to a Hoyer aide."

Congressional Races Focusing On Local Concerns More Than National Issues. Time (7/25, Bacon, 4.03M) reported on its web site that "as much as some Republicans (and Democrats, for that matter) might like to make this year's congressional election a contest between competing national agendas, the reality is that it is just as much a series of local races with their own particular issues and considerations." Dissonance "between the campaign tactics of Republicans in the Northeast and the Midwest will be hard to miss this fall. Of the 36 Republican-controlled congressional districts that should be very competitive this year, according to rankings from the non-partisan Cook Political Report, half of them are in just six states: Connecticut, Kentucky, Indiana, New York, Ohio and Pennsylvania. The Democrats will bombard these states with the bulk of the $30 million they plan to spend on ads attacking Republicans this fall. This sets up what almost appears to be a three-front regional war, where both parties know the national battle will ultimately be won or lost."

Steele Is Anonymous Senate Candidate Quoted By WPost About Not Wanting Bush Help. The Washington Post (7/26, B2, Wagner, Barnes, 748K) reports that Maryland Lt. Gov. Michael Steele's US Senate campaign acknowledged yesterday that he was the anonymous GOP candidate quoted by a Post political reporter as saying that being a Republican candidate was like wearing a "scarlet letter," and saying he did not want President Bush to campaign for him this fall. Steele's campaign "made the disclosure after a day of speculation in the blogosphere and among political reporters about which Republican Senate candidate had made the disparaging remarks reported by Dana Milbank in the Washington Sketch column in yesterday's Post." The Post adds, "Democrats in Maryland and Washington pounced on the comments to portray Steele as either a chameleon or a hypocrite."

The AP (7/26, Sidoti) reports that while Steele's campaign acknowledged that he was the candidate quoted by the Post, his published remarks "were just a sampling from a wide-ranging, 90-minute interview in which he praised the president." Doug Heye, a spokesman for Steele, said the candidate, "who is black, also praised Bush's recent speech before the NAACP, economic growth and unemployment numbers among African-Americans."

NYTimes Criticizes Bloomberg Comments On Con-Ed. An editorial in the New York Times (7/26, 1.21M) says, "For the tens of thousands of people who went a week without electrical power in Queens, the mix of anger and despair has itself become like a hot wire. This week, Mayor Michael Bloomberg tripped on it. On Monday, Mr. Bloomberg suggested that the city owes a thank-you to the head of Consolidated Edison for the company's efforts to restore power. Considering that some were still without power and that an investigation into the causes of the blackout is yet to come, the comment sounded a bit premature." Bloomberg "no doubt hoped his comment would halt finger-pointing and allow Queens to focus on getting back on its feet. We have often appreciated his antipathy for political showboating. But

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the city residents who have been living in the dark need to feel their mayor is completely on their side."

Field Poll Shows Schwarzenegger With Eight-Point Lead Over Angelides. The Washington Times (7/26, Pierce, 88K) reports in its "Inside Politics" column that California Gov. Arnold Schwarzenegger "holds an eight-point lead over Democratic challenger and state Treasurer Phil Angelides in their race for the governor's office, according to a poll released yesterday. The Field Poll found 45 percent of likely voters favor Mr. Schwarzenegger for re-election in November, with Mr. Angelides getting 37 percent."

Conservatives Challenge Schwarzenegger At Campaign Event. The Los Angeles Times (7/26, Salladay, 918K) reports that an outdoor campaign appearance by California Gov. Arnold Schwarzenegger "turned into a bitter complaint session Tuesday, with conservative voters visibly angry at him over illegal immigration and the parole of convicted murderers." The event "was carefully planned by Schwarzenegger campaign aides. But some of the invited, mostly Republican audience turned on the governor in livid tones, while others alternately booed and cheered during the tense exchanges. … The tone of the unscripted exchanges startled the governor. After the event, Schwarzenegger told reporters that he found the questions, which went 'into dangerous areas,' troubling. … The governor, surrounded by about 150 people sitting in a circle on chairs and picnic tables, kept his cool through the barrage of criticism."

Istook Wins Oklahoma GOP Gubernatorial Nomination By Wide Margin. In the Oklahoma gubernatorial race, Rep. Ernest Istook won the Republican nomination outright by exceeding 50% of the vote in Tuesday's primary, while Democratic incumbent Gov. Brad Henry was easily renominated. On the GOP side, Istook took 55% of the vote, Bob Sullivan 31%, James Williamson 10%, and Jim Evanoff 5%. In the Democratic primary, Henry took 86% and Andrew Marr 14%.

The Washington Post/AP (7/26) said Istook, "a social conservative known for pushing prayer in public schools and a federal balanced-budget amendment, ran a low-key campaign, staying mostly in Washington and campaigning on the weekends back home. Sullivan got support from the most conservative elements of the state Republican Party for pushing such ideas as eliminating the income tax, severely restricting government growth and changing how school money is spent." CQ Politics (7/25, Kapochunas) says Istook "was the consensus front-runner since he launched his bid last October. … But the ease with which Istook won the primary vote belied the grittiness of the campaign that preceded it -- one in which he absorbed a number of verbal attacks by Sullivan and had to practically empty his campaign treasury to defend himself."

Female Governors Draw Crossover Votes, Win Reelection More Than Males. USA Today (7/26, Page, 2.27M) reports, "Although their numbers are still small, female governors stand out as better than their male counterparts at drawing crossover voters, dealing with the opposition party and winning re-election. This emerging statistical picture suggests intriguing prospects that will be tested in November's elections, when a record five of the eight female governors in the USA are running for new terms. Non-partisan analysts favor four of the five to win, even though all four are in states that were carried by the other party in the 2004 presidential race."

Republicans Ridicule Changes In Democratic Presidential Primary Calendar. The Washington Times (7/26, Hallow, 88K) reports, "Republicans are ridiculing the Democratic Party's proposed changes to the 2008 presidential nomination schedule, which now appears to further enhance New York Sen. Hillary Rodham Clinton's prospects." The Democratic Party's rules committee announced Saturday that "the 2008 Nevada Democratic caucuses would be moved up to follow the first-in-the-nation Iowa caucuses. … The committee also said that the South Carolina Democratic primary would be advanced to follow New Hampshire's first-in-the-nation primary. Both changes await almost certain final approval at the party's annual summer meeting next month."

Bush, Maliki Agree To Boost Security In Baghdad. In what media reports are describing as a sign of growing trouble in Iraq, President Bush and Prime Minister Nouri al-Maliki announced a new security plan for Baghdad. In coverage typical of the reporting last night and this morning, the Chicago Tribune (7/26, Silva, 623K) reports the announcement "signaled the depth of the security problem in a country" Bush "once had called a 'beacon' for peace in the region, and it raised questions about the administration's

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hopes of bringing home significant numbers of soldiers by year's end." The Tribune also reports Bush "acknowledged Tuesday" the violence in Iraq remains "terrible."

Like the Tribune, a large number of number of media outlets noted Bush's assertion that the security situation in Baghdad remains "terrible." The Washington Post (7/26, A1, Baker, White, 748K), for example, titles its front-page story "Bush To Add Troops In Baghdad, Citing 'Terrible' Sectarian Strife," saying Bush "sounded unusually dour and acknowledged that the situation in Iraq in many ways has worsened lately." The New York Times (7/26, Rutenberg, 1.21M), meanwhile, also runs Bush's quote in a story headlined "Baghdad Chaos Pushes Bush To Shift US Troops."

ABC World News Tonight (7/25, story 4, 2:15, Tapper, 8.78M) showed Bush saying, "No question it's tough in Baghdad. And no question it's tough in other parts of Iraq," while the CBS Evening News (7/25, story 4, 2:40, Axelrod, 7.66M) showed him stating, "Obviously the violence in Baghdad is still terrible and therefore there needs to be more troops." CBS also reported, "This was not the warmest meeting the President's had here lately. Compare the look on the two men's faces today to their first meeting six weeks ago. All smiles on Mr. Bush's surprise trip to Baghdad when Mr. Maliki briefed the President on a plan to make Baghdad safer. The plan has been a failure." Today "couldn't have been one of the President's best days as he announced the exact opposite of what he hoped to-- more troops to Baghdad." President Bush: "And obviously the violence in Baghdad is still terrible and therefore there needs to be more troops."

NBC Nightly News (7/25, story 5, 2:45, Gregory, 9.87M) reported, "I think it was a lot more tense, more subdued, than we all saw amid the fanfare of Bush's surprise visit to Baghdad last month." A "senior Pentagon official says the number of new Iraqi and US troops would be in the low thousands, the bulk of those Iraqi soldiers." The Washington Times (7/26, Curl, 88K) notes Maliki "did not smile once during the 30-minute press conference."

Likewise, the Washington Post (7/26, A2, Milbank, 748K) reports in its "Washington Sketch" column that during their news conference yesterday, President Bush and Iraqi Prime Minister Nouri al-Maliki "had few answers for the bloodshed in Iraq, and the mood was somber. … Even as Bush recited many of his favorite platitudes – 'free and fair elections...vision for a free Iraq...the courage of the Iraqi people...extremists are brutal' -- the body language was subdued, and there was little of the jocularity Bush displays when he's feeling comfortable. The lone exception: a Bush nod and smile toward the American press corps when a reporter from al-Iraqiya, a network funded by the Pentagon and now the Iraqi government, rose to ask Maliki a gentle question."

USA Today (7/26, Jervis, Jackson, 2.27M) reports, "National security adviser Stephen Hadley said military officials are still working out a "repositioning" of forces and are deciding which ones to send to Baghdad." USA Today adds "the increasing urgency of the situation in Baghdad reflects how, more than three years after U.S.-led forces steamrolled into the city and toppled Saddam Hussein's regime, the battle for Iraq's largest and most important city is widely viewed as a tipping point for the nation's future."

The Wall Street Journal (7/26, Dreazen, 2.03M) reports, "A Pentagon official said the additional U.S. presence in Baghdad would likely number between 2,000 and 5,000 soldiers, many of whom would be embedded with Iraqi police units. The official said no new troops would be sent to Iraq as part of the effort." The shift "is a frank acknowledgment that more than three years after US-led forces swept into Iraq, much of the country, including major sections of the capital, remains outside the control of either US forces or the Iraqi government."

In an analysis of the new plan, the New York Times (7/26, Gordon, 1.21M) says that the Bush Administration's announcement that it will shift more forces to Baghdad "reflects a new strategy to reclaim control of the Iraqi capital and a new approach for deploying the troops. The plan is to concentrate on specific neighborhoods rather than distribute the forces throughout the city, control movement in and out of sectors of the capital and try to sweep them of insurgents and violent militias." The plan "is a version of the 'ink blot' counterinsurgency strategy of grabbing a piece of terrain, stabilizing it and gradually expanding it. … The plan has risks. It will divert American military police from deploying to Anbar Province, where the insurgency continues to rage. And an increased presence of American troops on the ground in Baghdad, where insurgent attacks have soared, carries the potential of more American casualties."

The AP (7/26, Raum) reports, "Asked if the tense situation in Baghdad would alter the equation for an eventual withdrawal of US forces, Bush said troop level decisions will still be based on recommendations from military commanders in the field. 'Conditions change inside a

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country,' Bush said. '"Will we be able to deal with the circumstances on the ground? And the answer is, yes, we will.'"

Meanwhile, the New York Times (7/26, 1.21M) editorializes, "Six weeks ago, President Bush paid a surprise visit to Iraq's prime minister, Nuri Kamal al-Maliki, in Baghdad." Maliki "seized the occasion to announce a major military operation meant to bring security to the people of Baghdad. Mr. Bush took one of his patented looks into the prime minister's eyes and found a worthy partner. This week, as Mr. Maliki returns the visit, things feel very different. It seems possible, in fact, that the two men's brief encounter in Baghdad might turn out to have been the last good moment of the American experience in Iraq. … The dream of creating a government committed to the welfare and security of all Iraqis is slipping away, and it will take more than another good-will visit to get it back."

Violence In Baghdad Up 42% From Last Year. NBC Nightly News (7/25, story 5, 2:45, Colt, 9.87M) reported, "The grim reality here on the ground is that there have been an average 100 people dying every day here, most of those are civilians. Attacks on security forces are up 42% as compared to a year ago." NBC (Gregory) added, "Consider these figures -- over the past two weeks of fighting between Israel and Hezbollah, more than 400 civilians have been killed, mostly Lebanese. In Iraq, at least 583 civilians are believed dead, yet another reason to question when US troops will come home."

Democrats Express Outrage Over Maliki's Criticism Of Israel's Lebanon Campaign.

CNN's The Situation Room (7/25, Henry) reported that Democrats are "jumping on the fact that," during a press conference with President Bush, Iraqi Prime Minister Nouri al-Maliki refused an opportunity to clarify his position on the current crisis in Beirut." Maliki "has refused to condemn Hezbollah and has called the current conflict an act of -- quote -- 'Israel's aggression,' completely at odds with the President's view on the situation. Some Democrats are demanding that, as a result, Republican leaders on Capitol Hill should withdraw the invitation to the prime minister to speak before a joint meeting of Congress tomorrow. But, so far, it appears that speech moving ahead anyway."

The AFP (7/26, Knox) reports "the prime minister, who has called Israeli strikes in Lebanon 'criminal,' sidestepped a question about his position on Hezbollah." Asked "whether that meant Washington and Baghdad are at odds over the group, Bush national security adviser Stephen Hadley snapped: 'I don't know why you would infer that. He was asked the question and he gave the answer he gave.'"

All three networks last night noted the controversy as part of their coverage of the news conference. NBC Nightly News (7/25, story 5, 2:45, Gregory, 9.87M) reported, "Maliki is scheduled to speak before Congress, but some Democrats there are quite upset about his criticism of Israel and wonder why he won't condemn Hezbollah, questioning exactly whose side Maliki is on in the war on terror." ABC World News Tonight (7/25, story 4, 2:15, Tapper, 8.78M) reported "the two leaders had a frank exchange on the conflict in Lebanon. Nouri Al Maliki has condemned Israel, but not Hezbollah." The CBS Evening News (7/25, story 4, 2:40, Axelrod, 7.66M) reported, "Topping the list of issues dividing the two is blame for this current crisis in the Middle East. President Bush, of course, blaming Hezbollah. Well, the prime minister of Iraq has been quite critical of Israel."

The Los Angeles Times (7/26, Spiegel, 918K) says the Bush-Maliki White House meeting "was overshadowed" by the "deep disagreement over how to respond to Israel's attacks in Lebanon." Maliki's "views and inflammatory statements by other Iraqi officials -- including a parliamentary resolution branding the Israeli attacks 'criminal aggression' -- prompted 20 congressional Democrats to call for the cancellation of Maliki's invitation to address a joint session of Congress today." Republican leaders "refused, but also expressed concern about Maliki's statements." House Minority Leader Nancy Pelosi said, "Maliki's criticism of Israel's right to defend itself is unacceptable. … Unless Mr. Maliki disavows his critical comments of Israel and condemns terrorism, it is inappropriate to honor him with a joint meeting of Congress." The Times adds, "Some Democrats were weighing a boycott of the speech, but Democratic leaders were expected to attend and were not encouraging absences." However, The Hill (7/26, Hearn) reports, "Although Democrats had no organized effort to boycott the speech, several, including Reps. Nita Lowey (N.Y.) and Rosa DeLauro (Conn.), vowed not to attend the event unless al-Maliki backs away from the statements."

Roll Call (7/26, Stanton, Kornacki) reports "a group of House Democrats, led by Reps. Rahm Emanuel (Ill.), Jan Schakowsky (Ill.) and Rosa DeLauro (Conn.), held a news conference Tuesday to protest Speaker Dennis Hastert's (R-Ill.) decision to invite al-Maliki." They "took aim at specific comments from the Speaker of the Iraqi Parliament, who has

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called the Iraqi insurgency the work of 'Jewish, Israelis and Zionists.' Their concerns were outlined in a letter to Hastert."

Under the headline, "Iraqi PM Calls Israel's Actions 'Criminal'," the Financial Times (7/26, Daniel) reports "Senate Democrats" also "sent a letter to the Iraqi leader ahead of his address to Congress on Wednesday. They called his statements on Israel 'troubling' and said his failure to condemn Hizbollah's aggression 'raises serious questions about whether Iraq under your leadership can play a constructive role in resolving the current crisis' in the Middle East."

The Washington Times (7/26, Bellantoni, 88K) quotes Sen. Charles E. Schumer, New York Democrat, saying, "No matter how politically expedient he thinks it may be: To stand with America, you have to stand against terrorism. … Before he speaks in front of the Congress and the American people, there is a very simple question we are asking the prime minister today: Which side is he on when it comes to the war on terror?" Schumer "added that he has 'grave doubts' about attending the speech."

The AP (7/26) reports Sen. John Kerry said yesterday, "Prime Minister Maliki missed an important opportunity to state his position on Hezbollah, and instead left the impression that he does not oppose this terrorist organization's outrageous attacks on Israel." Kerry "demanded that Mr. Maliki condemn the use of terror anywhere -- including by Hezbollah against Israel -- in his speech to Congress on Thursday."

Meanwhile, USA Today (7/26, 2.27M) reports "Hastert's spokesman Ron Bonjean said Hastert had no intention of canceling the speech and accused Democrats of 'political gamesmanship.'"

Fox News (7/26) reports on its website that Hastert "told reporters that even if al-Maliki doesn't apologize for earlier comments condemning Israel for its assault on Hezbollah terrorist targets in Lebanon, the prime minister 'should address Congress. ... The US has 130,000 troops [in Iraq]' and Washington must maintain a dialogue with the Iraqi government." Sen. John Cornyn "said Pelosi's comments undermine US soldiers in Iraq. 'The House Democrat Leader and some of her Democrat colleagues may not agree with the liberation of Iraq and they may not agree with criticism by some against Israel's actions but their continued efforts to undermine the advancement of freedom and democracy in Iraq is shameful,' he said." Sen. Hillary Clinton "called the prime minister's remarks 'outrageous.' But later in the day, she said she planned to attend the speech." Sen. John McCain, "a staunch supporter of the Iraq war, took no umbrage with the remarks, saying, 'People are free to voice their opinions. I hadn't really even thought much about it.'" And "the Senate's No. 2 Republican, Sen. Mitch McConnell of Kentucky, said, 'We're very happy he's here. We're looking forward to hearing from him.'"

Some Lawmakers Seek "Middle Ground" On Israel-Lebanon Conflict. The Washington Post (7/26, A10, Weisman, 748K) reports, "Even as the fighting continues and the civilian casualties mount in Lebanon, sentiment in Congress is overwhelmingly on Israel's side. Last week, the House passed a resolution, 410 to 8, that went even beyond the Bush administration in supporting for Israel in its battle with Hezbollah militants." But "a few lawmakers from both parties are warning that the United States and Israel may pay a price -- in world opinion and in public support -- if Congress does not find a middle ground in the search for a peaceful resolution." Among those lawmakers are GOP Reps. Darrell Issa, Charles Boustany and Ray LaHood, Democratic Rep. Nick J. Rahall II. The Post adds, "Recognizing the political dynamics from the start, Issa, LaHood, Rahall and (R-La.) chose their words carefully when they drew up a resolution 'condemning the kidnapping of Israeli soldiers by Hamas and Hezbollah, affirming the right of Israel to conduct operations to secure the kidnapped soldiers' and 'urging all parties to protect innocent life and civilian infrastructure.'"

GOP Seen As Stronger Than Democrats On Issue Of Israeli Security. Dick Morris and his wife Eileen McGann write in The Hill (7/26), "Ten years ago, on April 18, 1996, Israel attacked Hezbollah in Lebanon for 16 days in an operation called Grapes of Wrath. The global condemnation of Israel was fierce, especially when it bombed a U.N. refugee camp, killing 107 people, an attack that Tel Aviv said was a mistake. At the time, the United States did nothing to stop the tide from turning against Israel and President Clinton said, 'I think it is important that we do everything we can to bring an end to the violence.' In private, Clinton seethed at the Israeli attack, saying he had discussed with Israeli Prime Minister Shimon Peres the possibility of concluding a military defense treaty with his nation, pledging US aid in the event of an attack. … 'I would have given them the commitment, too, but now I can't because of the uproar over the refugee camp bombing.' No such treaty was ever signed." They add, "Clinton's willingness to use American power to force a cease-fire on Israel before it had fully eradicated Hezbollah

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stands in stark and sharp contrast to George Bush's insistence on letting Israel proceed with its attacks until the terrorist group is neutralized. In a nutshell, this illustrates the difference between the Democratic and Republican approaches to Israeli security."

For more on the Israel-Lebanon campaign, please go the News Summary's International News section.

Rice In Rome For Summit On Israel-Lebanon Conflict. Secretary of State Condoleezza Rice is in Rome for a summit on the ongoing crisis in Lebanon. The conflict was the lead on each of the networks, which devoted a cumulative total of just under 26 minutes to the crisis. The networks also spent about 10 minutes covering the humanitarian dimension of the conflict, focusing largely on the plight of Lebanese refugees, especially Americans still caught in the combat zone.

ABC World News Tonight (7/25, story 3, 3:05, Stephanopoulos, 8.78M) reported, "Aides traveling with Secretary Rice believe they are making progress on the diplomatic front. But it is also clear that the US has decided to give Israel free hand militarily. The big question is will this dual strategy work? As Secretary Rice and her team left Jerusalem today for Rome, they said the most tangible benefit of her mission so far, is a new Israeli commitment to get humanitarian aid to Lebanon." Israeli and American officials "hope privately that this offer would help convince the Lebanese to confront Hezbollah, and make the rest of the world more tolerant of military operations likely to intensify in the coming days." Even President Bush "wondered today if it would all work out." President Bush: "Will the free world and the neighborhood, work in concert to help develop sustainable democracy?"

The CBS Evening News (7/25, lead story, 3:10, Schieffer, 7.66M) reported, "The Israeli prime minister says his troops intend to take 'severe measures' to break the back of Hezbollah's guerrillas and Secretary of State Rice indicates the United States won't stand in their way."

NBC Nightly News (7/25, story 3, 1:50, Mitchell, 9.87M) reported US officials see the conflict as part of "a much bigger struggle. … They see this as not just a fight with Hezbollah, between Hezbollah and Israel with Lebanon caught in the middle. They see this as a power struggle with Iran for the future of democracy in the Middle East." Secretary Rice "actually said that there are those who want to strangle democracy in Lebanon in its crib. By that she means Iran."

In similar reporting, the Washington Post (7/26, A12, Wright, 748K) reports, "The real issues, US officials say, are not simply the hostilities between Israel and Hezbollah but far wider questions of Lebanon's sovereignty and what the administration sees as an existential battle between forces aligned for and against democracy in the region. And in that sense, say diplomats traveling with Rice, the administration sees opportunity in the turmoil." The Post adds, "The Rice delegation also hinted that it was exploring actions against outside governments subverting Lebanon's sovereignty, Welch said. The United States strongly believes that Iran in particular facilitated and encouraged the July 12 Hezbollah cross-border raid that seized two Israeli soldiers and sparked the crisis. The administration also holds Syria responsible for abetting the radical Shiite Muslim group."

Most print media, however, offered a harsher assessment of Rice's diplomatic efforts. The Wall Street Journal (7/26, King, 2.03M) reports Administration "officials concede they have accomplished little in attempting to hatch a solution to stem the bloodshed," and the US "finds itself increasingly wedged between allies calling for an immediate cease-fire and Israel's position that it needs more time to strike back at the Lebanon-based terrorist group."

The Financial Times (7/26, Morris, Khalaf, Dombey), meanwhile, reports comments from Hezbollah leader Sayyed Hassan Nasrallah, saying he "vowed on Wednesday he would not accept any 'humiliating' conditions for a ceasefire with Israel ahead of" the Rome meeting. "Lebanon and its Arab allies are expected to plead for an immediate ceasefire at the Rome conference on Wednesday, but the United States will insist a lasting solution needs to be agreed first."

The AP (7/26, Shrader) says Secretary Rice "won praise from Israel but little enthusiasm from its Arab neighbors as she shuttled between Middle East cities Tuesday, still lacking a formula for ending Israeli-Hezbollah fighting or for long-term peace. Two days into her high-stakes diplomatic mission, Rice was exploring options for enforcing peace after the fighting does stop between Israel and the Hezbollah militia." Rice's traveling team "has been sparse with its words. [Assistant Secretary David] Welch wouldn't offer details about what Rice said in private meetings about how she hopes to establish a cease-fire. Nor would he address reports from Lebanese officials." The Washington Post (7/26, A1, Wilson, Wright, 748K) says "Rice's two-day visit to the region was more a listening tour than a determined attempt to end a conflict that showed no sign of abating. She declined to call

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for an immediate cease-fire, saying that 'we cannot return to a status quo ante, in which extremists at any time can decide to take innocent life hostage again.'" And the Wall Street Journal (7/26, King, 2.03M) says Rice has not made "public comments in the past two days about the state of her diplomatic effort. First in Beirut, then in Jerusalem and later in the Palestinian West Bank city of Ramallah, the normally loquacious Ms. Rice has kept her public remarks sparse and curt, and allowed for only one hollered question from reporters. Ms. Rice's aides said her sudden reticence is deliberate."

The Los Angeles Times (7/26, Murphy, Rotella, 918K) headlines its report "Allies Losing Patience With US Terms for Cease-Fire," and says "Rice's calls this week for a deliberate approach to building 'a new Middle East' are facing increased skepticism among many who ordinarily would be America's strongest backers in efforts to end the conflict in Lebanon. … Washington's closest Arab allies are entrenched, undemocratic regimes whose leaders support the Bush administration's stance on Lebanon in part because they fear that the popular Islamic activism embodied by Hezbollah and Hamas could turn against them at home." Those governments "now worry that the popular perception that the United States is standing behind Israel will undermine their credibility at home and invite new militancy."

The Washington Times (7/26, Mitnick, 88K) reports Rice "tried to lower expectations for the trip as early as last week by saying the United States would not impose a hasty cease-fire that is liable to dissolve into a new round of violence." The Christian Science Monitor (7/26, Mitnick, Murphy, 58K) also says Rice "had lowered expectations for a cease-fire before her meeting with Israeli Prime Minister Ehud Olmert, disappointing many in the region who had hoped for a stronger bid to stem the conflict."

No Agreement On Details Of Multinational Force. NBC Nightly News (7/25, story 3, 1:50, Mitchell, 9.87M) also reported officials at the summit will "talk about this multinational force. They're trying to get some agreement on that, and it's only with a cease-fire or some cessation of violence that the force could move in, so it will take awhile for that to happen but that is the ultimate solution to controlling southern Lebanon."

First Installment Of US Aid Arrives. NBC Nightly News (7/25, lead story, 3:00, Fletcher, 9.87M) reported while Israeli Prime Minister Ehud Olmert "stuck to his hard line, Secretary of State Rice did win one concession from him -- Israel will allow humanitarian aid to enter Lebanon. Today, America's first shipment arrived in Beirut -- 40 boxes of medical supplies, proudly presented by the American ambassador."

The AP (7/26, Keath) reports US military helicopters ferried in supplies including "two large-scale medical packages 'aimed at meeting the most urgent needs,' holding enough medicine and health supplies for 20,000 people for three months, the U.S. Embassy said. The goods were given to the international Red Cross to distribute, it said." The AP says the US "launched the aid effort in an effort to show it supports Lebanon at a time when many here are furious at it." Ambassador Jeffrey Feltman "said the shipment was the first in $30 million worth of aid from the United States. 'We hope it will address some of the most pressing needs of the conflict victims. The United States remained deeply concerned about the humanitarian situation in Lebanon.'"

Editorial Opinion On Crisis Beginning To Gel In Typical Patterns. Opinion and editorial comment on the Bush Administration's handling of the Middle East crisis continues to be varied, but mainstream media columnists such as David Ignatius of the Washington Post and Thomas Friedman of the New York Times are now saying a ceasefire and negotiation are the appropriate course of action. This may indicate that commentators are beginning to fall along typical lines, with neoconservatives backing the continuation of the Israeli offensive against Hezbollah and other media sources adopting a more critical stance towards the current Administration policy.

In her New York Times column (7/26), Maureen Dowd says President Bush "sees Lebanon as a test of macho mettle rather than the latest chapter in a fratricidal free-for-all that's been going on for centuries. 'I view this as the forces of instability probing weakness,' he said. 'I think they're testing resolve.' The more things get complicated, the more W. feels vindicated in his own simplified vision. The more people try to tell him that it's not easy, that this is a region of shifting alliances and interests, the less he seems inclined to develop an adroit policy to win people over to our side instead of trying to annihilate them."

In his Washington Post column (7/26, A17), David Ignatius says, "As of late Tuesday," Secretary of State Rice "was continuing to resist mounting international demands for a cease-fire, presumably to allow Israel more time to hammer Hezbollah. But that strategy is becoming dangerous for all sides. Rice should turn now to negotiating a formula that can

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halt the bombs and rockets -- and enhance the authority of the Lebanese state. Bargaining with the devil (or at least the devil's intermediary) is part of the job description for an American secretary of state."

In his New York Times column (7/26), Thomas Friedman says, "Despite Hezbollah's bravado, Israel has hurt it and its supporters badly, in a way they will never forget. Point made. It is now time to wind down this war and pull together a deal — a cease-fire, a prisoner exchange, a resumption of the peace effort and an international force to help the Lebanese Army secure the border with Israel — before things spin out of control." But there "will not be a peace force in south Lebanon unless it's backed by Syria. No one will send troops." Friedman adds, "I don't know if Syria can be brought around, and we certainly can't do it at Lebanon's expense. But you have to try, with real sticks and real carrots. Syria is not going to calm things in Lebanon, or Iraq, just so the Bush team can then focus on regime change in Damascus. As one diplomat here put it to me, 'Turkeys don't vote for Thanksgiving.'"

In a Financial Times op-ed (7/26), Danielle Pletka of the American Enterprise Institute says, "The centrepiece of American foreign policy now consists of multilateralism for multilateralism's sake, a triumph of process over progress. From North Korea to Iran, challenges that once had America reaching for its holster are now viewed as opportunities to have another meeting." A "rare exception to the talk-for-talk's-sake norm of recent years is Washington's approach to the Israeli conflict with Hizbollah. But all signs point to a weakening of resolve inside the Bush administration. Earlier this week, trial balloons began floating from Ms Rice's mission to the Middle East: perhaps talks in Rome could bring a call for a peace-making force and a ceasefire. Talks are likely to bring little more than concerted pressure on the US and Israel to back down on the ultimate disarmament of Hizbollah. A ceasefire under any circumstances other than Hizbollah's complete disarmament would be construed as another victory for the terrorist agenda."

In a Washington Post op-ed (7/26, A17), David B. Rivkin Jr. and Lee A. Casey, Justice Department alumni of the Reagan and first Bush Administration who currently sit on the UN Sub-Commission on the Promotion and Protection of Human Rights, say, "Israel's operations against Hezbollah in Lebanon and Hamas in Gaza have been widely condemned in Europe, the Arab world and at the United Nations as violations of international law. Some of the critics seem to deny that Israel has any legitimate right to use force. Others, while acknowledging its right to self-defense, nevertheless regard its exercise in these cases as illegal. Israel's alleged offenses include treating mere "terrorist" attacks as an excuse to attack Lebanon, using disproportionate force, causing excessive civilian casualties and refusing to contemplate an immediate cease-fire. In fact, Israel's conduct has been fully compliant with the applicable norms of international law."

In a column in the Los Angeles Times (7/25, 918K), Max Boot says, "Why on earth are so many pundits blaming President Bush for the current mess in the Middle East?" Why is "the United States, much less Bush, responsible for every conflagration? Iran was developing nuclear weapons and sponsoring terrorism long before Bush came into office." Bush "hasn't exactly been a warmonger when it comes to Iran's ally, Syria, either." Boot concludes, "There is no reason to think that the critics' preferred approach — more diplomatic blather, more international confabs, more concessions to the terror-mongers — would have produced any better results."

In his Washington Post column (7/26, A17), Harold Meyerson says, "Reversing long-standing policy," Israel "now is calling for an international force to secure its borders. But which nations' troops should make up that force? The United States, even if it weren't bogged down in Iraq, is too closely identified with Israel. The Sunni Arab states that might conceivably step forward -- Egypt, Jordan, Saudi Arabia -- would risk an eruption of rage in their streets, and their intervention could also move the entire region closer to a Sunni-Shiite conflagration. All this puts the ball squarely in Europe's court. And if Europe wants to be taken seriously on the world stage, this is an opportunity it should welcome."

Hezbollah's Ascendance May Increase Risks From Al Qaeda. In a New York Times op-ed (7/26), New York University professor Berhnard Haykel says, "Hezbollah has taken the lead on the most incendiary issue for jihadis of all stripes: the fight against Israel. Many Sunnis are therefore rallying to Hezbollah's side, including the Muslim Brotherhood in Egypt and Jordan." For Al Qaeda, "it is a time of panic. The group's Web sites are abuzz with messages and questions about how to respond to Hezbollah's success." Al Qaeda is "unlikely to take a loss of status lying down. Indeed, the rise of Hezbollah makes it all the more likely that Al Qaeda will soon seek to reassert itself through increased attacks on Shiites in Iraq and on Westerners all over the world

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— whatever it needs to do in order to regain the title of true defender of Islam."

Annan Suggests Israel Targeted UN Observer Post Deliberately. ABC World News Tonight (7/25, lead story, 2:50, Gibson, 8.78M) reported, "A short while ago, we learned that two UN observers were killed by an Israeli air raid in southern Lebanon. Two more are feared dead. UN Secretary-General, Kofi Annan, tonight, accused Israeli forces of apparent, deliberate targeting of the observers." The CBS Evening News (7/25, lead story, 3:10, Logan, 7.66M) also reported Annan described the incident as an "apparently deliberate targeting of the UN observer post. The Israeli army told CBS news they are checking into the reports but this certainly deepening the crisis here as it enters its 14th day."

In a 1,754-word story on its front page, the Washington Post (7/26, A1, Wilson, Wright, 748K) quotes Annan saying he "was 'shocked and deeply distressed by the apparently deliberate targeting' of the 'clearly marked U.N. post at Khiyam.'" The Post notes some press accounts identify the dead as Chinese, Austrian, Canadian and Finnish nationals. Israel expressed regret for the attack and said the UN outpost had not been targeted. Noting Israel's lifting of the blockade, the Post adds, "After international criticism that Israel was not doing enough to ensure the delivery of food and medicine to Lebanon's increasingly desperate south, Olmert pledged in a meeting with" Secretary Rice "earlier in the day to allow aid flights, sea shipments and safe passage for deliveries on roads that have been targeted for days by Israeli bombers. Israeli officials said they would begin allowing the aid to arrive as soon as possible."

The Los Angeles Times (7/26, Richter, Ellingwood, 918K) reports Annan also "said he had received personal assurances from Israeli Prime Minister Ehud Olmert that UN positions would be spared, and UN Force Commander for south Lebanon, Gen. Alain Pellegrini, had been in repeated contact with Israeli officers to ensure the post's protection." The Times adds, "US officials labeled the attack "a terrible tragedy" and said they were told by the Israelis that it was an accident." There was "no immediate statement from the Israeli military, but Israel's ambassador to the United States said the incident was under investigation, and reacted sharply to Annan's allegation that the strike was deliberate. 'I think this kind of rhetoric is deplorable, it's outrageous, and I hope he will apologize for that,' Ambassador Daniel Ayalon said on CNN's 'The Situation Room.'" He "accused Hezbollah militants of positioning rocket launchers beside UN sites, a practice that has been reported by UN officials in recent days."

USA Today (7/26, Stone, 2.27M) reports Israeli Foreign Ministry spokesman Mark Regev "said Israel 'sincerely regrets' the deaths and did not target the observers. He promised an investigation." The Washington Times (7/26, Kralev, 88K) and AP (7/26, Dakroub) run similar reports.

Allen Says Annan's Comments "Unduly Harsh." Sen. George Allen was asked on CNN's Larry King Live (7/25) about UN Secretary General Kofi Annan's statements about the death of four UN observers from an Israeli air strike. Allen said, "I think are unduly harsh. It would be nice if the United Nations actually showed such resolve and anger and determination in actually enforcing Security Council Resolution 1559, which has as its purpose the removal of Hezbollah or disarming the militias along the Israeli-Lebanon border."

Bayh Says Israel Would Not Deliberately Target UN Observers. Sen. Evan Bayh said on CNN's Larry King Live (7/25), "I simply don't believe that the Israelis would intentionally kill UN observers. I'd be interested to know what Mr. Annan, what facts he has at his disposal that lead him to that assertion but until I see such facts I simply don't believe it." Bayh added, "We have to remember who was responsible for this. It was the Hezbollah that attacked across an internationally recognized boundary, killed soldiers, took others captive. All this violence and tragedy flows from that act, so we have to focus on bringing Hezbollah under control, disarming them, getting a force in there that can keep them from reconstituting themselves."

Israel Claims Advances In Southern Lebanon. The CBS Evening News (7/25, lead story, 3:10, Logan, 7.66M) reported, "Three massive bombs rocked a Hezbollah neighborhood in southern Beirut followed by secondary explosions as Israeli warplanes resumed air strikes on the Lebanese capital. The thunder of Israel's wrath echoed the tough talk of its prime minister." Ehud Olmert, Israeli Prime Minister: "We will not hesitate to take the most severe person yours against those who are aiming thousands of rockets and missiles against innocent civilians for one purpose-- to kill them." Logan: "Israeli forces insisted they were prevailing on the battlefield of south Lebanon where the

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army said it had taken Hezbollah's stronghold of Bint Jbeil, both a strategic and symbolic victory."

NBC Nightly News (7/25, lead story, 3:00, Fletcher, 9.87M) reported, "After a two-day lull, the heaviest bombardment so far -- Israeli warplanes sent bombs slamming into 10 buildings in south Beirut that Israel said housed Hezbollah members. On the ground too, Israeli troops today fought bitter battles, sometimes house-to-house, in the Hezbollah stronghold town of Bint Jubayl. The Israeli army says it killed at least 20 Hezbollah fighters, including their top commander in south Lebanon."

Israel Plans Security Zone. ABC World News Tonight (7/25, lead story, 2:50, Sciutto, 8.78M) reported, "To form a security zone running the length of the border, Israel plans to send in more forces at short missions at more crossing points. They won't say how far into Lebanese territory they'll go. But some will remain until an international force is deployed and more Hezbollah positions are disabled."

The Washington Times/AP (7/26, Keath) reports IDF troops "sealed off a Hezbollah stronghold Tuesday and widened their foothold in southern Lebanon." IDF leaders "said they would not push deep into Lebanon but were determined to stop Hezbollah missiles that have continued despite Israel's punishing raids on Hezbollah targets." The AP adds, "Israel is facing tougher than expected resistance as it makes it first small ground steps into hilltop villages across the border. Its troops sealed the town of Bint Jbail and battled for a second day Tuesday against around 200 guerrillas inside. Troops also moved on the nearby village of Yaroun, fighting guerrillas there." These two towns and Maroun al-Ras "are in a roughly 3-square-mile pocket." The New York Times (7/26, Myre, Cooper, 1.21M) adds, "Almost two weeks into its military assault on Hezbollah, Israel said Tuesday that it would occupy a strip inside southern Lebanon with ground troops until an international force could take its place." That development "raised the prospect of a more protracted Israeli involvement in Lebanon than the political and military leadership previously signaled or publicly sought."

Enlarged Ground War Called Risky For Israel. In a 1,425-word analysis piece, the Wall Street Journal (7/26, Chazan, Leggett, 2.03M) notes, "During a week of high-stakes diplomacy, Israeli and U.S. officials have played down the prospects for a cease-fire soon in Lebanon. But a crucial question overhangs the discussions: Can Israel win a full-scale ground campaign against Hezbollah -- and what would be the cost?" IDF progress to date "has been slow, with mixed results." Some experts "say that to defeat Hezbollah…would take far more than the thousands of Israeli soldiers now deployed and require a sizable chunk of Israel's military firepower, as well as a commitment to fight for as long as it takes. Even then, they say, a major ground campaign against Hezbollah could turn into one of the most difficult battles the Israel Defense Forces have ever fought." A similar story in the New York Times (7/26, Erlanger, Shanker, 1.21M), headlined "Israel Finding A Difficult Foe In Hezbollah," reports, "A week ago, Israeli officials said their military had knocked out up to half of Hezbollah's rocket launchers and suggested that another week or two would finish the job of incapacitating the Lebanese militia. That talk has largely stopped." Meanwhile, the Washington Post (7/26, A8, Finer, Shadid, 748K), in a story titled "Heavy Fighting Slows Israel's Ground Forces," reports, "Some Israeli soldiers involved in the fight, their faces drawn with fatigue, expressed frustration at Hezbollah's tactics while grudgingly acknowledging their effectiveness."

Related reporting in the New York Times (7/26, MacFarquhar, 1.21M) details how Damascus' influence over Hezbollah is waning, and explains the loss to Syrian prestige if the group is "halted" by Israel.

Over 80 Hezbollah Rockets Strike Israeli Territory. ABC World News Tonight (7/25, lead story, 2:50, Sciutto, 8.78M) reported, "More than 80 Hezbollah rockets struck today. Wounding dozens and killing a 15-year-old Israeli Arab girl." Hezbollah leader Hassan Nasrallah says "his rockets will fire beyond the ports of Haifa, deeper into Israeli Israel."

The CBS Evening News (7/25, lead story, 3:10, Logan, 7.66M) reported Hezbollah battered "northern Israel with more than 100 rockets. The hardest hit was the Israeli port city of Haifa where 20 people were wounded." In a "televised speech tonight, the Hezbollah leader, Sheik Hassan Nasrallah, had a chilling message for Israelis. Not only did he promise more rocket attacks against Israel but he said Hezbollah would strike beyond Haifa, even deeper into Israeli territory. The most obvious target for Hezbollah would be Israel's largest city, Tel Aviv, in the center of the country."

NBC Nightly News (7/25, lead story, 3:00, Fletcher, 9.87M) reported, "Hezbollah leader Sheik Nasrallah said on TV tonight that the conflict will enter a new phase beyond Haifa. He said he won't accept humiliating conditions and he said his fighters will begin rocket attacks deeper inside Israel." The AP (7/26, Ghattas), among other sources, also notes the Hezbollah rocket attacks.

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Israelis Seem United In Support For Military Campaign. The Washington Post (7/26, A8, Anderson, 748K) reports, "Israelis have shown extraordinary unanimity in backing Prime Minister Ehud Olmert's military campaign to inflict a punishing and perhaps lethal blow to the militant Shiite group, despite a rain of rockets into northern Israel and hundreds of civilian deaths and widespread bombing destruction in Lebanon." This "singularity of purpose, which bridges Israel's weary center, dovish left and hawkish right in a way rarely seen here, is all the more striking coming just six years after Israel's unilateral withdrawal from the self-declared security zone it held in Lebanon for nearly two decades, ending a painful experience that inflicted deep wounds on the national psyche and might have made some wary of reentering the Lebanese morass."

Hezbollah Says It Was Surprised By Israeli Offensive. The AP (7/26, Faramarzi) reports, "A senior Hezbollah official said Tuesday the guerrillas did not expect Israel to react with an all-out offensive after the capture of two soldiers, the first acknowledgment by the group that it had miscalculated the consequences of the raid two weeks ago." Mahmoud Komati, deputy chief of the Hezbollah's political arm, also "told The Associated Press in an interview that the Shiite militant group will not lay down arms."

Israeli Offensive Creating Mass Exodus Among Lebanese Civilians. ABC World News Tonight (7/25, story 2, 2;20, Gibson, 8.78M) reported, "Hundreds of thousands of Lebanese have now fled their homes in fear. It is a mass human migration." ABC (Wright) added, "One out of every five people in Lebanon is now homeless. One out of five displaced by Israel's bombs. 10,000 new refugees pile into their cars every day, moving targets every step of the way."

The CBS Evening News (7/25, story 2, 3:00, Cowan, 7.66M) reported that in Tyre, the southern port city, "Even amid all this talk of some kind of international force that would help keep the peace in this region there's still a growing number of people who are suggesting it may simply be too late. There is so much damage done, so much infrastructure lost that any real life in southern Lebanon may still be a long way off."

NBC Nightly News (7/25, story 2, 2:35, Engel, 9.87M) reported, "In Tyre, bread is now so precious we found it being loaded into ambulances heading south to villages that have been cut off by the fighting. What's left is handed out to families in this lifeless, empty city."

The Washington Post (7/26, A1, Shadid, 748K) and New York Times (7/26, Fattah, 1.21M) run human interest stories about Lebanese hospitals collapsed by the wounded, while the Washington Times (7/26, Pisik, 88K) addresses the plight of Beirut civilians caught in the figfhting. The Washington Post (7/26, A8, Cody, 748K), also from Beirut, runs a similar story headlined "A City Struggles To Maintain A Bit Of Its Charm."

Many Lebanese Religious Groups Don't Feel Engaged With War. NBC Nightly News (7/25, story 4, 1:45, Sanders, 9.87M) reported, "Even with the heavy bombings in Beirut today, day 14 of this war looked in places" in Beirut "like the vacation resort it usually is. And into the nights here, less than a mile and a half from where the bombs are dropping, a growing number of residents are out, unwilling, they say, to surrender their way of life." There "are 17 different religious groups in Lebanon and at any given time, they're living separate lives. It's why the death of nearly 400 civilians who are mostly Shi'ia Muslims means different things to different people Lebanon, why some here say they see little reason to get caught up in this war."

Hamas Leaders Say They Would Accept Ceasefire In Gaza. The CBS Evening News (7/25, story 3, 2:20, Alfonsi, 7.66M) reported, "Another funeral in Gaza today, this one for an 11-year-old girl. Her mother invited us in to mourn with her. She told us her daughter was killed by a missile as she ran to the store to buy a game with her sisters. She's one of more than a hundred Palestinians who have been killed in Gaza in the last month and the UN says at least 30 of them were children." While the "world looked there, the bombings, attacks, and chaos intensified here. Today we found Palestinian Prime Minister Ismail Haniyeh, who's been in hiding for most of the month. He urged the US to stop supporting Israel, but for the first time Hamas leaders offered a glimpse of hope. They said they would accept a cease-fire deal with Israel and release the kidnapped Israeli soldier in exchange for Palestinian prisoners."

Six Allies Cite "Progress" On Iran UN Security Council Resolution. The AFP (7/26, Aziakou) reports representatives from Washington, London, Beijing, Paris, Moscow and Berlin "reported progress on a UN draft resolution demanding Iran halt uranium enrichment, but said they needed further instructions from their capitals."

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Ambassador Bolton is quoted saying, "We made a lot progress. This was the most productive session ... This brings us very close." Bolton "said the six ambassadors would report back to their capitals for instructions prior to" an additional meeting today. Deputy British PermRep Karen Pierce "concurred," with Bolton, saying, "It was a very good working discussion. We managed to get more agreement. This is all going to be discussed in our capitals and among ourselves over the next couple of days. We are moving forward." Pierce "said ministers, including" Secretary Rice and Russian Foreign Minister Sergei Lavrov, "would touch on the issue Wednesday on the sidelines of crisis talks in Rome."

Bush Asks Darfur Rebel Leader To Support UN Intervention. The Washington Post (7/26, A13, Services, 748K) reports that the President "met for about 40 minutes in the Oval Office with Sudanese Liberation Army leader Minni Minnawi," whose forces in northern Darfur "are accused by refugee advocates of killing young men and raping women." However, Minnawi "was the lone rebel leader to agree in May to a U.S.-brokered peace accord to end what the United States calls genocide in western Sudan." President Bush "asked Minnawi to support a U.S.-backed plan to bring African Union peacekeepers in Darfur," but Frederick Jones, a National Security Council spokesman, "had no comment on how Minnawi responded."

Somali Islamic Militia Rebuffs Suggested UN Peace Talk Plan. The AP (7/26, Tomlinson) reports that in "the latest downward turn in an increasingly difficult international effort to negotiate peace between" Somalia's "powerful Islamic militants and the weak government, which has international support but no military," Islamic militia leader Sheik Hassan Dahir Aweys "rebuffed a U.N. plan for peace talks with the government, saying he will not negotiate until the government expels all foreign troops." While "Somali government leaders and the Ethiopia's Foreign Ministry have denied Ethiopian soldiers were in Somalia," a number of "witnesses have confirmed their presence, in uniform." The AP also notes that Sheik Sharif Sheik Ahmed, a "more moderate member of his Supreme Islamic Courts Council left open the possibility" of talks, when he "said the group's 'peace committee' still had to consider the United Nations' call for negotiations." The AFP (7/26) adds, "Aweys, who has been labelled a 'terrorist' by the United States for suspected links to Al-Qaeda, accused Addis Ababa of inventing excuses to invade Somalia."

China Freezes North Korean Accounts. The Financial Times (7/26, Fifield, Kirchgaessner) reports, "The Bank of China has frozen North Korean bank accounts containing millions of dollars, following in the footsteps of a US-led crackdown on the rogue state's alleged counterfeiting and money-laundering." It "froze the accounts before this month's provocative rocket tests." The Times calls the steps "remarkable" as "Beijing, long concerned about the potential for catastrophe on its north-eastern border, has hitherto avoided taking any action that might cause instability in Kim Jong-il's regime." The US has frozen $24m of North Korean money in the Banco Delta Asia," and "Similar action by China's second-largest bank is likely to have a profound effect."

US Envoy To Press China On Wider Access For US Banks. The Wall Street Journal (7/26, Areddy, 2.03M) reports that Franklin Lavin, U.S. undersecretary of commerce for international trade, said he will use his visit China "to press for wider access to China's market for U.S. banks and other companies." He added, "he wants greater clarity from China about how it will make good on commitments to allow foreign banks to start taking local-currency deposits from individuals by December. And Mr. Lavin said he plans to push for positive treatment of Citigroup Inc. in its difficult takeover battle for a Chinese bank." The "visit comes amid sizzling growth in U.S. exports to China"; Lavin noted, "You wouldn't call [China] a very easy market to do business, but it is easier than before."

Georgia Deploying Troops To Arrest Breakaway Leader, Disperse Militia. The New York Times (7/26, Chivers, 1.21M) reports, "Georgia deployed special forces on Tuesday near a remote gorge beside the breakaway region of Abkhazia to arrest" Emzar Kvitsiani, "a local ruler who had declared autonomy from federal rule," as well as "to disperse a militia under his command." Georgian officials "suggested that Mr. Kvitsiani's actions have been a Kremlin-orchestrated ploy," and, "with tensions with Russia flaring, Georgia insisted it had no plans to enter Abkhazia or engage Abkhaz forces."

US Hits Back At EU Over Doha Collapse. The Financial Times (7/26, Beattie) reports, "Transatlantic

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hostility over the collapse of the Doha round of trade talks reached previously unseen levels on Tuesday as Susan Schwab, the US trade representative, accused her European counterparts of spreading lies to divert the blame." The Times says her statement was "the latest in an increasingly acrimonious attempt by the European Union and the US to blame each other for the indefinite suspension of the talks from last Monday." Schwab said the US had so far "refrained from responding to the finger-pointing by some," however, she said the EU's claim that the US had doomed the talks by failing to show flexibility in the negotiations was "false and misleading," and made with the intention of "attempting to divert blame for the stalemate."

The Washington Post (7/26, D1, Blustein, 748K) reports while leading negotiators "continued to fling accusations at each other," the "more profound issue confronting policymakers around the world is whether globalization has been fundamentally redirected, slowed or possibly thrown into reverse." The Post says the collapse "raises the prospect of weakening the multilateral system that has governed global commerce for the past six decades, possibly even a splintering into regional blocs." Another potential, it warns, is "an erosion of respect for the World Trade Organization's authority to settle disputes, increasing the chances that countries will resort to tit-for-tat trade wars that could disrupt the global economy."

Similarly, the New York Times (7/26, Wright, 1.21M) cautions that "while regional deals can help expand trade in the absence of a global agreement, they are also likely to create varying or overlapping rules, and sharper tensions between those involved in the agreement and those left out." Meanwhile, in Washington Schwab said Tuesday that she would travel this summer and fall to try to revive the global trade talks.

US Farm Subsidy Cuts Unlikely After Collapse. The Wall Street Journal (7/26, A10, Kilman, Thurow, 2.03M) reports Doha's collapse is "likely to kill any chance of overhauling America's farm-subsidy program for years, potentially inviting a wave of litigation against the US at the World Trade Organization while dimming export prospects for US farmers." With "any Doha obligations now off the political radar," the Journal says any change is "likely to be driven by budget pressures."

The Financial Times (7/26, Beattie, Pimlott) says with Doha suspended the Bush administration's "appetite or ability to ask farmers to accept lower handouts is low."

Expert Says Regional Trade Pacts Will Replace Global Deal. In a Wall Street Journal (7/26, 2.03M) op-ed University of New Hampshire professor Bernard Gordon says the "short-term winners" in the collapse, Gordon says, are the world's "small farmers" in "several wealthy nations, whether in Japan, South Korea, Norway, Ireland, Switzerland or France." Meanwhile, the "long-term losers" are the "more dominant industrial sectors in those countries, especially in Japan and South Korea," because of the high tariff level on industrial goods in developing countries like Brazil and India. The conclusion, Gordon says, is "the way is now clear for a wholesale rush to more so-called regional and bilateral" trade agreements, of which Washington "has already pocketed several."

Pearlstein Says Democrats Have Opportunity On Free Trade. Steven Pearlstein writes in the Washington Post (7/26, D1, 748K) that "when you scratch the surface, the free-trade members of the Democratic establishment turn out to be more committed to Part A of the formula, more globalization, than they are to Part B, making sure the benefits from globalization are widely shared. For them, it's really not a package deal. And if push comes to shove, which it always does in trade politics, they'd welcome more globalization even without the compensatory social policies." Democrats "now have a perfect opportunity to deliver what the business community wants -- and to demand in exchange programs designed to provide workers more economic security. But such negotiations will never succeed if influential Democrats give away the store in advance by signaling they support all trade liberalization, unconditionally. No guarantees of health care, pensions, expanded unemployment insurance -- no more trade deals. It's a simple message even chief executives can understand. Voters, too."

More Commentary. In an editorial, the Wall Street Journal (7/26, 2.03M) the US has "taken most of the criticism so far, some of it deserved." The Bush Administration has "never escaped the subsidy shadow cast by the 2002 farm bill," which the Journal says "eroded confidence in the White House's ability to deliver any real cuts in the face of Congressional opposition, particularly with midterm elections coming up." But with Doha "on ice," trade ministers will "likely turn their attention to bilateral and regional free-trade agreements." With a multilateral deal unlikely, the Journal says "the way to prevent Doha's suspension from becoming a protectionist victory is to pursue freer trade by whatever diplomatic means possible."

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In an editorial, the Washington Post (7/26, 748K) says the main players "lost no time in pointing fingers at each other," but "the truth is that both the United States and the European Union made political decisions not to confront their farm lobbies, even though agricultural liberalization is at the heart of the Doha round." The Post says the Bush administration, "like other recalcitrants, chose not to make fresh 'concessions' that might have saved the Doha round, but these so-called concessions would merely have limited its funneling of billions in taxpayers' money to large farmers, a policy that makes no sense."

The Los Angeles Times (7/26, 918K) editorializes, "The United States and the European Union each accuse the other of intransigence, but in truth, neither side was ready to make anything but cosmetic cuts in farm supports. The reason is connected to the lack of headlines on the collapse of the Doha talks: There is no strong political constituency on behalf of free trade or international development. Though every American taxpayer and consumer is harmed by farm subsidies, the powerful agribusiness lobby and members of Congress from farm states still prevail." Poverty, the Times warns, "will in coming decades still be the scourge of humanity" and "it's worth a lot more attention than it's getting."

Leftist Candidate Files New Lawsuit To Force Recount In Mexican Election. The Los Angeles Times (7/26, Kraul, 918K) reports Andres Manuel Lopez Obrador "filed a federal lawsuit Tuesday charging Mexico's national electoral board with criminal omission of duties for not stopping negative advertising in the final weeks of the campaign, his latest gambit in a bid to force a recount in the July 2 presidential election." Lopez Obrador, "of the Democratic Revolution Party, fell 244,000 votes short of his competitor Felipe Calderon of the National Action Party and has since pressed his case for a recount of all 41 million votes cast, charging that the balloting was tainted by fraud and mismanagement." His appeal "is now before a seven-judge federal electoral tribunal. Its decision, expected by Aug. 31, could go a number of ways: a partial or full recount, nullification of the election and calls for new balloting, or dismissal of Lopez Obrador's appeal."

Calderon Seen As Unlikely To Help US On Immigration. Ruben Navarrette, an editorial writer for The San Diego Union-Tribune and a nationally syndicated columnist, writes in an op-ed in USA Today (7/26, 2.27M), "Mexican presidents must have an exceptional sense of balance," both domestically and in foreign affairs. Now, "after years of Mexico being bailed out by the United States, many Americans seem to want to be bailed out by Mexico. That is, we'd like our neighbor to do more to cut off the supply of illegal immigrants who go north because we can't seem to curb the demand for the labor that they provide." However, "Mexico isn't about to prevent its people from leaving," and Calderón "has promised Mexicans that he won't 'bow my head and lower my eyes to the Americans' and that he would accept only a 'dignified' relationship with the United States." No matter what happens, "the relationship between the two countries just got a lot more interesting."

WSJournal Says Chavez Visiting "Rogue Regimes And Anti-Americans." The Wall Street Journal (7/26, 2.03M) editorializes, "Venezuelan strongman Hugo Chávez is on a two-week tour du monde" that is "a kind of AAA guide through the world's rogue regimes and anti-Americans." He visited "London Mayor 'Red Ken' Livingstone, an ostensible progressive who finds common ground with firebrand Islamist clerics," as well as Belarus and Moscow. He will also make his fifth visit to Iran; "Caracas and Tehran have cemented an alliance that goes beyond anti-American posturing and oil politics to include military exchanges … Who knows where the madcap Venezuelan will turn up next, but we'll lay odds that Zimbabwe, Burma and North Korea are all high on his '50-dictatorships-to-see-before-I'm-deposed' list."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"U.N. Shocked By Strike On Border Post."
"Heat Hits Deadly Levels."
"Conflict As A Way Of Life."
"Iraqi Leader, Bush Split On Israel."
"The Mayor Needs It – Now."
"Hot? Yes. Global Warming? Maybe."

USA Today:

"Cities' Disaster Plans Lacking."
"The Battle For Baghdad, Again."
"Israel: UN Force Not Targeted."

DOJ_NMG_0042830

New York Times:
"Israel To Occupy Area Of Lebanon As Security Zone."
"Israel Finding A Difficult Foe In Hezbollah."
"White House Bill Proposes System To Try Detainees."
"Baghdad Chaos Pushes Bush To Shift U.S. Troops."
"Senate Removes Abortion Option For Young Girls."
"Rangers Take On Urban Woes In Wide Open Spaces."

Washington Post:
"Bush To Add Troops In Baghdad, Citing 'Terrible' Sectarian Strife."
"Interstate Abortion Bill Clears Senate."
"Israeli Airstrike Hits U.N. Outpost."
"'God Stop The Bombs!'"
"After 5 Years Of Growth, Home Prices Drop."
"A Mammoth Wealth Transfer Awaits The Area, Study Predicts."

Washington Times:
"Israeli Strike Kills 2 U.N. Peacekeepers."
"As Bombs Hit South, Life Goes On North Of Beirut."
"Senate Approve Parental Consent."
"More Troops Will Move Into Baghdad."
"Cuba Oil Probe Spurs Calls For U.S. Drilling."
"Just Follow That Man."
"If Your Lottery Ticket Tanks, New Game May Fill It."

Detroit Free Press:
"Ethan Allen Overload By 3 Tons, Report Says."
"In Hallowed Ground."
"Granholm Finds A Way To Create Jobs: Fix More Roads."

Atlanta Journal-Constitution:
"Sex Offender Law Muddled."
"No Extra Water For Florida From State."
"Paralyzed By Fear."
"Runner Conquers 100,000 Mile Obsession."

Houston Chronicle:
"Israel Takes Rice's Actions As Approval."
"U.S. Shifting Forces To Stabilize Baghdad."
"Seeking An End To Career-Ending Injury."
"Texas Unit Not Taking Blame For Insurgency."
"2nd Jury Is Taking Longer To Reach Verdict On Yates."

Story Lineup From Last Night's Network News:
ABC: Mideast Violence; Refugees Flee-Lebanon; Bush Administration-Diplomacy; Bush-Maliki Visit; CA-Heat Wave; St. Louis-Power Outages; BP Gas Profits Soar; Housing Sales; New Sunscreen.
CBS: Mideast Violence; Destruction In Tyre; Fighting In Gaza; Bush-Maliki Visit; CA-Heat Wave; Online Gambling; 50th Anniversary-Andrea Doria Disaster.
NBC: Mideast Violence-Israel; Mideast Violence-Lebanon; Rice-Rome Summit; Lebanese Christians; Bush-Maliki Visit; Housing Sales; Obesity-Treatment Concerns; CA-Heat Wave; Stock Markets; Wig-Wearing Bank Robber.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Israel-Lebanon Attacks; Israel-Apology For UN Workers' Deaths; Saddam Hussein Trial; Maliki-Speech To Congress; CA-Heat Wave.
CBS: Israel Apology For UN Workers' Deaths; Lebanon-US Evacuations; Rice-Rome; CA-Heat Wave; Senate-Abortion Restriction.
NPR: Israel-Apology For UN Workers' Deaths; Rice-Rome; Baghdad-US Force Increase; OR-Wildfires; CA-Heat Wave; Foreign Stock Markets; India-Train Bombing Investigation; AK-Cargo Ship Accident; Senate-Abortion Restriction.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends lunch with military personnel and their families, along with the Prime Minister of Iraq. Fort Belvoir, Va; attends Capito for Congress reception, private residence, Charleston, WVa.

VICE PRESIDENT CHENEY — Participates in swearing-in ceremony for Steve Preston as SBA administrator. SBA, 409 3rd St. SW.

US Senate: 9:30 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on pending nominations. Location: Room 328A, Russell.

11 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on pending nominations. Location: Room 253, Russell.

2 p.m. FINANCE _ Taxation and IRS Oversight Subcommittee. Hearing on athe size and sources of the ``tax gap." Mark J. Mazur, IRS; Michael Brostek, GAO; J. Russell George, inspector general for tax administration, Department of the Treasury; Nina E. Olson, national taxpayer advocate, Taxpayer Advocate Service; Raymond T. Wagner Jr., Enterprise Rent-A-Car Co., St. Louis. Location: Room 215, Dirksen.

DOJ_NMG_0042831

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Hearing on pending matters. Closed. Location: Room 219, Hart.

US House: 9:30 a.m. GOVERNMENT REFORM _ Criminal Justice, Drug Policy and Human Resources Subcommittee. Hearing on prescription drug abuse. Testimony from the White House Office of National Drug Policy; NIH; FDA; DEA; Misty Fetco, nurse who lost her son to DXM and Fenanyl abuse; Linda Surks, whose son died of overdose; Barbara van Rooyan, whose son abused OxyContin; others. Location: Room 2154, Rayburn.

9:30 a.m. RESOURCES _ Full Committee. Markup of pending legislation. Location: Room 1324, Longworth.

10 a.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on defense contracting oversight. Katherine Shinasi, GAO; Assistant Navy Secretary Delores M. Etter; Lt. Gen. Joseph L. Yakovac Jr., Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology); Lt. Gen. Donald J. Hoffman, Office of the Assistant Secretary of the Air Force for Acquisition. Location: Room 2359, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Markup of H.R. 4583 - Wool Suit Fabric Labeling Fairness and International Standards Conforming Act; H.R. 1078 - Social Security Number Protection Act; H.R. 5863 - To authorize temporary emergency extensions to certain exemptions to the requirements with respect to polychlorinated biphenyls under the Toxic Substances Control Act; H.R. 503 - To amend the Horse Protection Act to prohibit the shipping, transporting, moving, delivering, receiving, possessing, purchasing, selling, or donation of horses and other equines to be slaughtered for human consumption. Location: Room 2123, Rayburn.

10 a.m. JUDICIARY _ Full Committee. Markup of bills including: HR 1704, ``Second Chance Act of 2005." HR 2679, ``Public Expression of Religion Act" Location: Room 2141 Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways, Transit and Pipelines Subcommittee. Hearing on freight logistics. Location: Room 2167, Rayburn.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Education Reform Subcommittee. Hearing on the so-called ``Reid-Kennedy immigration bill." Location: Room 2175, Rayburn.

10:30 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on Japanese relations with surrounding countries. Retired Rear Adm. Michael McDevitt, Center for Naval Analysis; Mindy Kotler, Asia Policy Point; Kurt Campbell, CSIS. Location: Room 2172, Rayburn.

12:30 p.m. EDUCATION _ Education Reform Subcommittee. Second in series on making English the official language. Testimony from the New Hampshire Department of Education; National Council of La Raza; US English Inc.; State Sen. Paul McKinley, Chariton, Iowa; Mexican American Legal Defense and Educational Fund, Los Angeles. Location: Room 2175, Rayburn.

12:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed hearing on acquisition practices and the intelligence community. Location: Room H-405, Capitol.

1 p.m. ARMED SERVICES _ Full Committee. Hearing on U.S. military commissions and tribunals and recent U.S. Supreme Court decisions on trying detainees. Witnesses: Patricia Wald, retired chief judge, US Court of Appeals for D.C; Gerald Gahima, US Institute of Peace; Michael Scharf, law professor, Case Western Reserve University School of Law; Jennifer Elsea, Congressional Research Service. Location: Room 2118 Rayburn.

2 p.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on mass tort screening and the public health involving silicosis. Witnsses include: Campbell, Cherry, Harrison, Davis & Dove, Waco, Tex.; The O'Quinn Law Firm, Houston; Jim Zadeh, P.C., Fort Worth; Luckey & Mullins; Ocean Springs, Miss.; Dr. H. Todd Coulter, Ocean Springs, Miss. Location: Room 2322, Rayburn.

2 p.m. FINANCIAL SERVICES _ Full Committee. Markup of H.R. 5503 - FHA Multifamily Loan Limit Adjustment Act; H.R. 5851 - Hawaiian Ownership Opportunity Act; H.R. 5637 - Nonadmitted and Reinsurance Reform Act. Location: Room 2128, Rayburn.

2 p.m. GOVERNMENT REFORM _ Government Management, Finance and Accountability Subcommittee. Hearing on implementation of the Freedom of Information Act. Location: Room 2247, Rayburn.

2 p.m. HOMELAND SECURITY _ Preparedness, Science and Technology subcommittee. Hearing on preparing for public health disasters. Testimony from American College of Emergency Physicians, American Academy of Pediatrics, others. Location: 210 Cannon.

2 p.m. INTERNATIONAL RELATIONS _ Western Hemisphere Subcommittee. Hearing on immigration. Cresencio Arcos, Assistant Secretary, Office of International Affairs, Office of Policy, Department of Homeland Security;

DOJ_NMG_0042832

Elizabeth A. Whitaker, Deputy Assistant Secretary, Bureau of Western Hemisphere Affairs, Department of State; Mark Silverman, Principal Deputy Assistant Administrator, Bureau for Latin America and the Caribbean, USAID; Robert Charles, President, The Charles Group, LLC; Eric Farnsworth, Vice President, Council of the Americas. Location: Room 2172, Rayburn.

2 p.m. SCIENCE _ Full Committee. Hearing on how technology can help secure the borders. Testimony from Department of Homeland Security agencies; COLSA Corporation; MITRE Corporation. Location: Room 2318, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Economic Development, Public Buildings, and Emergency Management Subc. Hrng. on reauthorization of National Dam Safety Program Act. David Maurstad, Director, Mitigation Division and Federal Insurance Administrator, FEMA; Donald Basham, Chief, Engineering & Construction Division, U.S. Army Corps of Engineers; David P. Kelly, County Legislator; Ruth A. Moore, Deputy Commissioner, Natural Resources and Water Quality, Department of Environmental Conservation, State of New York; Larry Roth, Deputy Executive Director, American Society of Civil Engineers. Location: Room 2167 Rayburn.

2 p.m. WAYS AND MEANS _ Full Committee. Hearing on the impact of current and proposed border security and immigration policies. Location: Room 1100, Longworth.

3 p.m. ARMED SERVICES _ Strategic Forces Subcommittee. Meets on disposal of weapons-grade plutonium. Testimony from Linton Brooks, Administrator, National Nuclear Security Administration; as well as the EPA; State Dept.; John F. Kennedy School of Government. Location: Room 2212 Rayburn.

3 p.m. RULES COMMITTEE _ Meets on: H.R. 5766 - Government Efficiency Act of 2006 H.R 4157 - Health Information Technology Promotion.

3 p.m. SELECT INTELLIGENCE _ Terrorism, Human Intelligence, Analysis and Counterintelligence Subcommittee. Hearing on DOD and human intelligence gathering. Location: Room H-405, Capitol.

Other: IRAQI PRIME MINISTER NURI AL-MALIKI _ 8 a.m. Photop op with House Speaker Dennis Hastert and other memebrs of Congress. Room H-230, Capitol. 11 a.m. Addresses joint Session of Congress.

ENERGY POLICY _ 9:30 a.m. Reps. Joe Barton, R-Texas, chairman of the House Energy and Commerce Committee, will join Energy Secretary Samuel Bodman and Senate Energy and Natural Resources Committee Chairman Pete Domenici, R-N.M., to contrast GOP legislative priorities on energy security with those announced Tuesday by Democrats, and to highlight what they say are the successes of the Energy Policy Act of 2005, H.R. 6, as the one-year anniversary of its passage approaches. Location: Room S-207, Capitol.

GUANTANAMO-DETAINEES _ 9:30 a.m. Attorney David Cynamon of Pillsbury Winthrop Shaw Pittman holds briefing after visit to Guantanamo Bay. A father of a detainee and head of the Kuwaiti Family Committee will attend. Location: National Press Club.

PENTAGON-LEBANON EVACUATION _ 9:30 a.m. Marine Corps Brig. Gen. Carl Jensen, commander, Task Force 59, briefs the news media by satellite to provide an update on ongoing U.S. military assistance to the departure of American citizens from Lebanon and transportation of humanitarian assistance. Location: DOD Briefing Studio, Pentagon 2E579.

KELLIHER _ 10 a.m. FERC Chairman Joseph Kelliher discuss implementation of the Energy Policy Act, gas prices and the growing presence of liquefied natural gas. Location: 10th floor, 1200 G St. NW.

MAYORS-DISASTER PREPAREDNESS _ 10 a.m. The US Conference of Mayors, led by Conference President and Dearborn, Mich., Mayor Michael Guido, holds a media forum to discuss the state of disaster preparedness in America's cities. Location: National Press Club.

VOTER INITIATIVE _ 10 a.m. US Chamber of Commerce holds briefing on nationwide voter education initiative, with chamber's National Political Director Bill Miller. Location: 1615 H St. NW.

KATRINA-DISASTER-DIALYSIS _ 11 a.m. Dialysis providers address disaster preparedness efforts prior to Hurricane Katrina as well as framework for the future. Attending will be Reps. Chip Pickering and Donna Christensen; Kent Thiry, CEO of DaVita; Paul Miller, M.D., Louisiana nephrologist; and Bob Mize, patient. Location: HC-5, US Capitol.

SMALL BUSINESS CONTRACTS _ 11 a.m. Reps. Velazquez and Small Business Committee Democrats hold news conference on contracting for small businesses. Location: Cannon Terrace.

CHILD PROTECTION _ 12:15 p.m. House Speaker J. Dennis Hastert, other members of Congress, participate in

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Enrollment Ceremony of the Adam Walsh Child Protection and Safety Act of 2006. Location: Room H-230, U.S. Capitol.

CHINA-CURRENCY _ 12:30 p.m. Sens. Chuck Schumer, D-N.Y., and Lindsey Graham, R-S.C., meet with Treasury Secretary Hank Paulson to discuss China trade policy. Location: Room 313, Hart Senate Office Building.

PUBLIC SERVICE-TOWN MEETING _ 12:30 p.m. Sen. Barack Obama and NBC's Tim Russert hold town hall meeting with approx. 2,000 Washington summer interns. Topic: Making a Difference Through Public Service. Location: Warner Theater, 513 13th St. NW.

PROPERTY TAXES _ 1 p.m. Sens. Max Baucus and Robert Menendez hold news conference to unveil legislation on property tax deductions for homeowners. Location: Senate Studio.

DEMOCRATS-ECONOMY _ 2 p.m. Assistant Democratic Leader Dick Durbin and Senator Ken Salazar join middle-class Americans to discuss the effects of Administration economic policies that they say put special interests and multi-millionaires before working-class Americans. Location: Room S-324, Capitol.

MIDEAST FORUM _ 2 p.m. CSIS briefing on the Middle East conflict, with former National Security Adviser Zbigniew Brzezinski, CSIS fellow Daniel Benjamin, others. Location: 1800 K St. NW.

NATIONAL INCOME _ 2 p.m. The Bureau of Economic Analysis holds a media background briefing on the regular annual revision of the national income and product accounts for the period 2003-2005. Location: Conference Room 2C, 1441 L St. NW.

INTERNET DOMAN NAMES _ 2 p.m. - 5 p.m. The Commerce Departments National Telecommunications and Information Administration (NTIA) will host a public meeting to get input from interested stakeholders on the transition of the technical coordination and management of the Internet Domain Name and Addressing System to the private sector. Location: U.S. Department of Commerce, Herbert C. Hoover Building, Main Auditorium, 1401 Constitution Ave. NW.

ENGLISH _ 2:30 p.m. Rep. Hinojosa holds news conference on English as the official language (following news conference). Location: Cannon Terrace.

US-IRAQ-ENERGY _ 3 p.m. Energy Secretary Samuel Bodman holds media briefing with Iraqi Ministers of Oil & Electricity, Hussein al-Shahristani and Karim Wahid Hasan. They'll discuss Iraqs progress in rehabilitating and expanding its energy sector. Location: DOE, main lobby, 1000 Independence Ave. SW.

PEDIATRIC AIDS PANDEMIC _ 3:30 p.m. Sens. Hillary Clinton and Richard Lugar co-sponsor briefing on the Pediatric AIDS Pandemic. Speakers include 9-year-old from Kingston, Jamaica, who will share his story. Also Mark Dybul, acting U.S. Global AIDS Coordinator, Department of State; Mark Kline, Baylor International Pediatric AIDS Institute; Pediatrics Dept.; University of the West Indies; Elizabeth Glaser Pediatric AIDS Foundation; others. Location: Room 325 Russell.

HAMDAN V. RUMSFELD _ 6 p.m. - 7:30 p.m. The American Constitution Society for Law and Policy hosts a discussion, ``Hamdan v. Rumsfeld: Whats Next?," focusing on the Supreme Court decision that Congress had not authorized the Bush Administrations ad hoc military commissions to try detainees, and related matters. Discussants are: Walter S. Dellinger, OMelveny & Myers LLP; former U.S. Solicitor General; former head of Office of Legal Counsel; Catherine Powell, Co-Faculty Director, Joseph R. Crowley International Human Rights Program and Associate Professor of Law, Fordham Law School; David B. Rivkin, Jr., Baker Hostetler LLP; former Deputy Director of the Office of Legal Policy in the U.S. Department of Justice and Associate Counsel to the President in the Reagan and the George W. Bush Administrations; and Hardy Vieux, Robins, Kaplan, Miller & Ciresi, LLP; Secretary-Treasurer, National Institute of Military Justice. Location: 1333 H St. NW, 10th floor.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JULY 26, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Judge Dismisses Suit Challenging AT&T Data-Sharing 3
Administration Drafting Detainee Trial Bill Based On Tribunals 4
Al Arian Codefendant Sentenced To Three Years In Prison 4

Homeland Response:
Tennessee Man Indicted For Weapons, Ricin Possession 4
CBP Says New Procedure Will Reduce Repeat Interrogations Of Travelers 5
Survey Finds US Cities Lack Disaster Preparedness 5
Insurers Say Government Backup For Terrorism Insurance Still Needed 5
NYTimes Says Chemical Security Bill May Decided By GOP Moderates 5

War News:
Swedish Firm Denounced Saddam's Oil-For-Food Corruption In 2000 5
Kurdish Government Launching National Media Blitz 6
Looted Statue Returned To Iraqi National Museum 6
Taliban Outbidding Afghan Army In Effort To Win New Recruits .. 6
Colombian Police To Share Expertise With Afghans 6
Military Bloggers Circumvent Traditional Media To Comment On War Developments 6

DOJ:
Marcus Says Gonzales Has Little Influence Setting Administration Policy 6
US Attorneys' Offices Facing Attrition 7

Corporate Scandals:
US Increasingly Using Deferred Prosecution, Nonprosecution Agreements 7
Former Credit Lyonnais Executive Pleads Guilty In Executive Life Case 7
SEC Seeks Details On Executive Pay 8
Cox Leaves Door Open To Greater Regulation Of Hedge Funds. 8

Criminal Law:
DOJ Argues Against Gag Order In Soldier's Rape Case 8
House Passes Child Protection Bill 9
Judge Denies Bail For "Mafia Cops." 9
Man Sentenced For Secretly Videotaping Michael Jackson On Plane 9
House Panel Has Not Provided Documents Requested In Cunningham Probe 10
Judge Finds DC Bank Misled Investors 10
Friends Of Murdered Utah Girl's Family Harshly Criticize Police, FBI Over Search 10
17-Year-Old Confesses To Indiana Sniper Shootings 11
Three Indicted Over Alleged No-Show School Department Jobs In Massachusetts 11
BetOnSports Fires Carruthers 11
Three Louisianans Indicted On Katrina Relief Fraud Charges 12
Judge Denies Injunction On Sex Offender Law 12
Former House Lawyer Says Jefferson Search Ruling Undermines Congress 12

Civil Rights:
DOJ Sues Chesapeake, VA, Over Police Test Bias 12
DOJ Lawyers Probing Negotiations On HAVA 12
FBI Says White Powder Mailed To Norfolk Office Not Harmful... 13
Senate Bill Would Criminalize Transporting Minors Across State Lines For Abortions 13
Lawmakers Say Capitol Complex Should Be Made Accessible To Disabled 13

Antitrust:
SCOTUS Deals Setback For Stolt-Nielsen In Antitrust Dispute With DOJ 14
DOJ Memo Raises Antitrust Concerns About Texas Airfield Deal14
Judge Seeks More Information On Telecom Deals 14
McClatchy Faces Big Daily Bill If Newspaper Deal Is Blocked 15
Hewlett-Packard To Buy Mercury Interactive For $4.5 Billion 15
Blackstone Mulls Bid For HCA 16
Canada Clears Phelps Dodge Purchase Of Inco 16

Environment/Indian Affairs:
Judge Tosses Provisions Of Massachusetts Oil Spill Act 16
Democratic Leaders Press For Vote On Drilling Bill To Boost Landrieu 16
Ethanol Demand Prompts Worries Of Corn Shortage 17
Heat Said To Have Killed At Least 38 In California 17
St Louis Power Still Down 17

Attacks On Forest Rangers Reached Highest Level Ever Last Year ... 18
Building, Farm Groups Oppose Creation Of Critical Habitat For Killer Whales ... 18
Administration Ocean Conservation Efforts Praised ... 18
BIA Inaction Called "Significant Factor" In Student's Death ... 18

FBI/DEA/ATF/USMS:

Clinic Owner, Doctor Convicted In Louisiana "Pill Mill" Case ... 18
Authorities Say Trafficker Shipped BMW Coast To Coast In Cocaine Deals ... 18
Colombian Police Target Drug Trade Profits ... 19
Dozens Of Suspected Gang Members Arrested In New Jersey ... 19
MD: Man Accused Of Paying Cabdrivers To Transport Cocaine Gets Life Sentence ... 19

Immigration:

Pence-Hutchison Plan Said To Allow "Unlimited" Guest Worker Immigration ... 19

Tax:

Patented Tax Strategies Provide No Shield From IRS Scrutiny ... 20
Republicans May Attach Estate Tax Reduction To Tax Cut Extensions ... 21
Senate Panel To Examine Abuse Of Offshore Tax Havens ... 21
Business Tax Bill Pulled From House Floor Amid Concerns About State Tax Revenue ... 21

Congress-Administration:

Bush Said To Be Weighing Several Candidates To Replace Mineta ... 21
Kappes Takes Place As CIA Deputy Director ... 22
Bush Names Tschetter To Direct Peace Corps ... 22
Obama, Durbin Place Hold On FAA Nominee Over Wind Farm Dispute ... 22
Lawmakers Hold Out Hope For Press Shield Law ... 22
Senate GOP Seeking Vote On Line-Item Veto ... 22
Specter Bill Will Challenge Signing Statements ... 22
Poll Finds Majority Disapprove Of Bush Stem Cell Bill Veto ... 22
GOP Lawmakers Disagree Over Pension Bill Provisions ... 23
Members With Tough Races Given Lead Roles In Legislation ... 23
Frist Says He Did Not Know HCA Planned To Go Private ... 23
Report Urges "Government-Wide Productivity Target." ... 23
WSJournal Says ABA Should Be Removed From Process Of Vetting Judicial Nominees ... 23

Other News:

Bernanke Has Assets Totaling Between $1.2 Million And $2.5 Million ... 24
Home Sales Down In June ... 24
Former Treasury Secretaries Call For Debate Over Globalization 24
Samuelson Says Speculators Have Not Artificially Increased Oil Prices ... 24
Democrats Giving Up On Rowley Bid To Unseat Kline ... 25
Murtha To Campaign For 41 Democratic House Candidates ... 25
Congressional Races Focusing On Local Concerns More Than National Issues ... 25
Steele Is Anonymous Senate Candidate Quoted By WPost About Not Wanting Bush Help ... 25
NYTimes Criticizes Bloomberg Comments On Con-Ed ... 25
Field Poll Shows Schwarzenegger With Eight-Point Lead Over Angelides ... 25
Istook Wins Oklahoma GOP Gubernatorial Nomination By Wide Margin ... 26
Female Governors Draw Crossover Votes, Win Reelection More Than Males ... 26
Republicans Ridicule Changes In Democratic Presidential Primary Calendar ... 26
Bush, Maliki Agree To Boost Security In Baghdad ... 26
Democrats Express Outrage Over Maliki's Criticism Of Israel's Lebanon Campaign ... 27
Rice In Rome For Summit On Israel-Lebanon Conflict ... 29
Annan Suggests Israel Targeted UN Observer Post Deliberately 32
Israel Claims Advances In Southern Lebanon ... 32
Hamas Leaders Say They Would Accept Ceasefire In Gaza ... 34
Six Allies Cite "Progress" On Iran UN Security Council Resolution ... 34
Bush Asks Darfur Rebel Leader To Support UN Intervention ... 34
Somali Islamic Militia Rebuffs Suggested UN Peace Talk Plan ... 34
China Freezes North Korean Accounts ... 35
US Envoy To Press China On Wider Access For US Banks ... 35
Georgia Deploying Troops To Arrest Breakaway Leader, Disperse Militia ... 35
US Hits Back At EU Over Doha Collapse ... 35
Leftist Candidate Files New Lawsuit To Force Recount In Mexican Election ... 36
WSJournal Says Chavez Visiting "Rogue Regimes And Anti-Americans." ... 36

The Big Picture:

Headlines From Today's Front Pages ... 37

Washington's Schedule:

Today's Events In Washington ... 37

DOJ_NMG_0042836

TERRORISM NEWS:

Judge Dismisses Suit Challenging AT&T Data-Sharing. The AP (7/26, A6, Robinson) reports, "Citing national security, a federal judge (in Chicago) Tuesday threw out a lawsuit aimed at blocking AT&T Inc. from giving telephone records to the government for use in the war on terror. … 'The court is persuaded that requiring AT&T to confirm or deny whether it has disclosed large quantities of telephone records to the federal government could give adversaries of this country valuable insight into the government's intelligence activities,' U.S. District Judge Matthew F. Kennelly said." The AP continues, "A number of such lawsuits have been filed around the country after reports that AT&T and other phone companies had turned over records to the National Security Agency, which specializes in communications intercepts. … Kennelly's ruling was in sharp contrast to last week's decision from U.S. District Judge Vaughn R. Walker of San Francisco, who said reports of the program were so widespread there was no danger of spilling secrets. … Kennelly ruled in a lawsuit filed by the American Civil Liberties Union of Illinois on behalf of author Studs Terkel and other activists who said their constitutional rights were violated because of an NSA program that gathers phone company records." The AP notes, "Justice Department attorneys argued that it would violate the law against divulging state secrets for AT&T to say whether it had provided telephone records to the agency. … The ACLU argued that the practice was no longer secret because numerous reports had made it clear that phone records had been given to the agency. … But the judge said the reports amounted to speculation and in no way constituted official confirmation that phone records had been turned over."

The New York Times (7/26, Liptak, 1.21M) reports, "A federal judge in Chicago dismissed a class-action lawsuit yesterday against AT&T that claimed it had illegally given information about its customers to the National Security Agency" based upon "the state secrets privilege, which can bar suits that would disclose information harmful to national security." While a federal judge in San Francisco "allowed a similar suit against AT&T to proceed notwithstanding the state secrets privilege," the ruling noted in that case, "mainly concerns an N.S.A. program aimed…at the contents of a more limited number of communications," and, "because the Bush administration has confirmed the existence of such targeted wiretapping, the San Francisco suit could proceed without running afoul of the state secrets privilege." However, "there had been no comparable confirmation by the government or AT&T of 'the existence or nonexistence of AT&T's claimed record turnover.' He refused to rely on news accounts of the program as proof of its existence."

Dow Jones (7/26) reports, "Several similar suits have been filed across the U.S. following news media reports that AT&T and other phone companies had provided records to the National Security Agency, which specializes in communications intercepts. … The Chicago suit was filed by the American Civil Liberties Union of Illinois on behalf of author Studs Terkel and other activists who said an NSA program that gathered phone company records violated their constitutional rights, according to the reports." Dow Jones adds, "Justice Department attorneys argued for the case to be dismissed because AT&T would violate the law against divulging state secrets by denying or confirming whether it had provided telephone records to the spy agency, the reports said."

DOJ Sues To Block Missouri's Phone Records Inquiry. The AP (7/26, Hananel) reports, "The federal government sued two members of the Missouri Public Service Commission on Tuesday to stop them from seeking information about customer records that telephone companies may have given to the National Security Agency." The AP continues, "The lawsuit, filed in U.S. District Court in St. Louis, claims disclosure of any information the Missouri regulatory body wants to obtain could cause 'exceptionally grave harm to national security.' … Public Service Commission members Robert Clayton and Steve Gaw issued subpoenas last month to find out whether AT&T Inc. supplied Missouri customer information and calling records to the NSA in violation of Missouri privacy rules. … The Missouri subpoenas came after a USA Today story reported that AT&T and other phone companies handed over phone records of millions of Americans to the NSA after the Sept. 11 attacks."

The Kansas City Star (7/26, Canon, Stearns) reports, "The Justice Department contended in its lawsuit that state regulators are not entitled to make inquiries when doing so could harm national security. … Compliance with the subpoenas would cause 'exceptionally grave harm to national security,' said the lawsuit filed in federal court in St. Louis. 'If particular carriers are indeed supplying foreign intelligence information to the federal government, compliance with the subpoenas would require details of that activity.' … In other words, potential terrorists would know more about when the NSA, a supersecret agency, was listening in, making tracking their efforts that much more difficult."

Administration Continues To Maintain Bush Has "Almost Unlimited Power." The Wall Street Journal (7/26, Winograd, 2.03M) reports, "the Bush administration is sticking to its core post-9/11 legal argument: that the Constitution and a congressional resolution passed after the terror attacks

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grant the president almost unlimited power to protect the country." Meanwhile, "Sen. Arlen Specter (R., Pa.) announced a bill, drafted in negotiations with the White House, to amend the Foreign Intelligence Surveillance Act," that many scholars call "an attempt to retroactively validate the administration's position." Further, in letters to Congress, administration lawyers "maintained that the administration already possesses the necessary legal authority and also suggested that Congress may have overreached by passing FISA in the first place." However, these "claims drew skepticism from some legal scholars and former government officials."

WPost Criticizes Specter Bill On NSA Surveillance Program. The Washington Post (7/26, A16, 748K) editorializes that Sen. Arlen Specter proposed a "very dangerous bill -- negotiated with the White House -- to put the National Security Agency's domestic surveillance program before the federal courts." Specter described the NSA program as "'a festering sore on our body politic.' Yet his legislation would essentially respond to this festering sore by shooting the patient." The bill "explicitly and unambiguously" gives "Congress's blessing to domestic spying outside of FISA's strictures." Under "the bill, the administration could either ask or not ask judicial permission to monitor individuals or large groups of people, based on evidence or no evidence. Or it could simply act outside the law entirely." None of the legislators who have received detailed briefings on the NSA program "put forward a proposal as dramatic as Mr. Specter's. That should tell senators something."

Administration Drafting Detainee Trial Bill Based On Tribunals. The New York Times (7/26, Cloud, Stolberg, 1.21M) reports, "Legislation drafted by the Bush administration setting out new rules on bringing terror detainees to trial would allow hearsay evidence to be introduced unless it was deemed 'unreliable' and would permit defendants to be excluded from their own trials if necessary to protect national security." The bill being circulated within the administration is "not final, but it indicates the direction of the administration's approach for dealing with a Supreme Court decision that struck down the tribunals established to try terror suspects at Guantánamo Bay, Cuba." It "describes court-martial procedure as 'not practicable in trying enemy combatants'" and "says explicitly that the Geneva Conventions 'are not a source of judicially enforceable individual rights,'" so detainees, "cannot file lawsuits saying their Geneva Convention rights were violated." Sen. Lindsey Graham "reviewed the draft briefly last week," calling it "'a good start,' but added, 'I have some concerns.'" For the Administration, "Getting the support of uniformed Pentagon lawyers could prove critical to the fate of the measure."

The AP (7/26, Flaherty) reports, "The White House is expected to unveil as early as next week a proposal on the legal handling of detainees after weeks of negotiations with Congress and meeting with military lawyers," probably "by senior administration officials during a Senate hearing." Sens. John Warner, John McCain, and Lindsey Graham "said they would support establishing a system based on the military's own court-martial practices and had been told the White House would support such a move. But senior officials from the Pentagon and Justice Department testified earlier this month that the Uniform Code of Military Justice would be too lenient on terror suspects and could expose classified information."

Al Arian Codefendant Sentenced To Three Years In Prison. The Tampa Tribune (7/26, Ziff) reports Sami al Arian codefendant Hatem Naji Fariz "was sentenced to three years and one month in prison Tuesday" after he "pleaded guilty to conspiracy to make and receive contributions of funds, goods or services to the Palestinian Islamic Jihad, defined by the United States as a terrorist group." Fariz "was given the minimum sentence followed by a three-year term of probation. 'We're satisfied,' said federal prosecutor Terry Zitek after the sentencing. 'It's a relief. We're done.'" The AP (7/26, Stacy) adds US Attorney's Office spokesman Steve Cole said, "We're pleased that this case has now been resolved with two defendants pleading guilty, and we will continue to ferret out any type of terrorists or terrorism activities."

The St. Petersburg Times (7/26, Laughlin) notes, "It has been 12 years since FBI agents began gathering intelligence information for this case by taping Sami Al-Arian's phone calls. In that time, they recorded thousands of hours of conversations, searched his home and offices twice, gathering a warehouse full of documents. But it was not until 2003, after the passage of the Patriot Act, that federal prosecutors flipped this information into criminal evidence and arrested Al-Arian, Fariz, Sameeh Hammoudeh and Ghassan Ballut, charging the four with raising money for PIJ activities."

HOMELAND RESPONSE:

Tennessee Man Indicted For Weapons, Ricin Possession. The Tennessean (7/21, Kriegish) reported William Michael Matthews of Nashville "has been indicted by a federal grand jury for the possessing unlawful firearms silencers, several functional pipe bombs and ricin." Matthews "could face life imprisonment and up to $500,000 in fines if he is convicted on the charges against him. A joint investigation by the Federal Bureau of Investigation, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and Metro police, that began in May, uncovered a baby-food jar full of ricin." The

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AP (7/21, Rucker) noted Matthews "was already in a Davidson County jail serving a nine-month sentence for violating orders of protection taken out by his wife when authorities found the ricin and two functional pipe bombs." US Attorney Jim Vines said in a statement announcing the indictments, "Those who manufacture and possess weapons of mass destruction occupy a high priority with both the Department of Justice and this U.S. Attorney's office." The Nashville City Paper (7/21) also reported the indictment.

CBP Says New Procedure Will Reduce Repeat Interrogations Of Travelers. Following reports yesterday that DHS' inspector general had faulted the agency's procedures for interrogating travelers with names matching suspected terrorists, the Washington Times/UPI (7/26, Waterman) reports that in response to the criticism, CBP officials "say they have introduced a new procedure…to help ensure that innocents are not stopped and questioned every time they enter the country merely because of such coincidences." CBP spokesman Bill Anthony said the procedure "is obviously better for [the individuals concerned], but it is also in our interest." Anthony "said all kinds of information -- like nationality, date of birth or physical characteristics -- could be used to distinguish the innocent traveler from the suspected terrorist with the same name."

Survey Finds US Cities Lack Disaster Preparedness. USA Today (7/26, 1A, Hall, 2.27M) reports in a front page article on a survey of 183 cities to be released today by he US Conference of Mayors that finds 80 percent "say their emergency responders still can't communicate with each other or area towns, 44% have not created or updated their evacuation plans, and nearly three-quarters say they're not prepared to handle a flu pandemic outbreak." USA Today notes that DHS "has doled out more than $18 billion in grants to states and communities since 2003, including more than $2 billion for improved communications." However, DHS Under Secretary for Preparedness George Foresman says that "most cities have bought equipment but need more emphasis on training and exercises."

House Passes Emergency Communications Bill. The AP (7/25, Daly) reported the House "overwhelmingly approved a bill" Tuesday that supporters say "could go a long way toward fixing an all-too common problem: emergency workers unable to communicate with each other because they use different radio systems. The bill, approved 414-2, would require that states and local governments develop guidelines among first responders to be eligible for federal homeland security grants. … The bill's lead sponsor, Rep. Dave Reichert, R-Wash., called it a response both to the Sept. 11, 2001, terrorist attacks and Hurricane Katrina." Meanwhile, some "Democrats complained that the bill does not authorize any federal money, and said states and local communities could be left to foot the bill. Reichert challenged that, saying the Homeland Security Department has more than $1.6 billion in grant money available for local communities."

Insurers Say Government Backup For Terrorism Insurance Still Needed. The Washington Times (7/26, Palank, 88K) reports that insurance industry officials told lawmakers that they "will need government backup to fund business in areas at high risk for terrorist attacks beyond December 2007, when a federal measure is set to expire," as after 9/11 the unpredictable nature of terrorism makes it "difficult to predict the timing, location, target and severity of a terrorist attack," so reinsurance companies, which back up primary insurers, decided "they no longer could quantify the risk for policyholders and effectively withdrew their services." The "lawmakers told them that backup will not be permanent, although currently still necessary."

The AP (7/26, Jordan) used stronger language, saying "lawmakers warned the industry that Congress cannot remain a last-resort insurer for terrorism-related losses." Rep. Luis V. Gutierrez said, "eventually the private market must adjust … I do not want to see the federal government as a permanent re-insurer of last resort."

NYTimes Says Chemical Security Bill May Decided By GOP Moderates. The New York Times (7/26, 1.21M) editorializes, "Nearly five years after Sept. 11," the House Homeland Security Committee is set to vote tomorrow on two amendments that are important to making legislation that "has been slowly working its way through…the House" into "a real chemical plant security bill." One "would require some high-risk chemical plants to replace the most dangerous chemicals with safer alternatives." The other "critical amendment would make clear that states have the right to regulate chemical plant safety more strictly than the federal government." The Times states that the "votes will likely be decided by a few moderate Republicans, including Christopher Shays and Rob Simmons of Connecticut, and Curt Weldon and Charlie Dent of Pennsylvania. They could decide whether this important homeland security bill actually makes the nation more secure."

WAR NEWS:

Swedish Firm Denounced Saddam's Oil-For-Food Corruption In 2000. The Washington Times/AP (7/26, Karen) reports, "The Swedish government knew in

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2000 that Saddam Hussein's government demanded kickbacks from companies participating in the U.N. oil-for-food program, officials and news reports said yesterday. An unidentified Swedish company informed the country's embassy in Amman, Jordan, in 2000 that Iraq was demanding 10 percent 'fees' on all deals as a way to circumvent UN sanctions on Saddam's regime, according to a Swedish Foreign Ministry document published on the Web site of Swedish Radio."

Kurdish Government Launching National Media Blitz. The Washington Post (7/26, A15, Kamen, 748K) reports in its "In the Loop" column, "The Kurdistan regional government is rolling out a national media blitz this week: 'Kurdistan: The Other Iraq,' complete with cable television ads, print ads and a national tour by the head of its development office to attract investment and tourism to its northern Iraq region." The phrase "The Other Iraq," was "specifically chosen to counter 'the public perception of Iraq as a violent and dangerous place' plunging into civil war with the 'peaceful and prosperous' Kurdish region, according to the campaign."

Looted Statue Returned To Iraqi National Museum. The New York Times (7/26, Meier, Glanz, 1.21M) reports that a headless stone statue of the Sumerian king Entemena of Lagash, one of the most important treasures looted during the ransacking of Iraq's national museum three years ago, has been recovered "in a clandestine operation involving the United States government." The statue "was turned over to Iraqi officials in Washington yesterday." The statue "was taken across the border to Syria, and put on sale on the international antiquities market." While thousands of looted artifacts have been returned to the museum, the Entemena statue, estimated to be 4,400 years old, is the first significant artifact returned from the United States and by far the most important piece found outside Iraq."

Taliban Outbidding Afghan Army In Effort To Win New Recruits. The Financial Times (7/26, Morarjee) reports, "The Taliban has found a way to recruit fighters that is less about winning hearts and minds and more about the enduring appeal of cold hard cash. They are paying fighters up to $12 a day to fight the fledgling Afghan National Army, which pays only $4 a day to its soldiers in the field, according to military officials." The Times adds, "The pay difference is making it harder to recruit soldiers to the 38,000-strong ANA, which has faced a much better equipped and funded insurgency since January."

Colombian Police To Share Expertise With Afghans. The Washington Times (7/26, Scarborough, 88K) reports that Rep. Henry J. Hyde "said yesterday that a contingent of Colombian narcotics fighters is due in Afghanistan this week to share its expertise in combating powerful drug lords." He "has pushed for more than a year for the Colombian government to dispatch some of its best counternarcotics personnel to Afghanistan." It is possible "no one has fought a more ferocious drug war than the Colombian national police," and "four Colombian police officers from an elite counternarcotics unit are set to spend about two weeks in Kabul and other areas, sharing war stories and techniques."

Colombia Heightening Scrutiny For Incoming Drug Money. USA Today (7/26, For, 2.27M) reports that Colombian police "have turned their attention to travelers coming into Colombia…with hundreds of thousands of dollars and euros believed to be profits from the illegal drug trade." With the law requiring banks "to report the origins of deposits to prevent them from laundering — even unwittingly — the proceeds from drug sales," the drug trafficking organizations "have sought less traditional methods to bring in cash," and "Colombian authorities so far this year have confiscated $12.1 million in dollars and euros illegally brought into the country by 26 different travelers." This trend, bulk cash smuggling, "signals drug traffickers are having trouble laundering proceeds from drug sales in the USA and Europe."

Military Bloggers Circumvent Traditional Media To Comment On War Developments. The Wall Street Journal (7/26, Spector, 2.03M) reports on a growing blogging movement among US soldiers. The Post reports, "Military bloggers, or 'milbloggers' as they call themselves, contend that they are uniquely qualified to comment on events in armed conflicts. Many milbloggers also argue that the mainstream media tends to overplay negative stories and play down positive military developments." There have always been "at least some soldiers who have wanted to go to battle against Big Media. Some in the military blamed coverage of the Vietnam War for turning American public opinion against it. What's changed? The Internet now allows frustrated soldiers and veterans to voice their opinions and be heard instantly and globally."

DOJ:

Marcus Says Gonzales Has Little Influence Setting Administration Policy. In a column titled "Ashcroft Nostalgia," Ruth Marcus writes in the Washington Post (7/26, A17, 748K) that Attorney General Alberto

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Gonzales "is making John Ashcroft look good. … In terms of competence (the skill with which he handles the job) and character (willingness to stand up to the president), Gonzales is enough to make you yearn for the good old Ashcroft days." Marcus adds, "There is no polite way to put this: Gonzales doesn't seem to have an adequate grasp of what's happening in his own department or much influence in setting administration policy." Marcus also notes that "Attorney General Gonzales doesn't seem to have any less zeal for unbridled presidential power -- or any less willingness to make outlandish arguments on its behalf -- than did White House Counsel Gonzales. Which is precisely why he shouldn't be there in the first place -- and why I am experiencing intermittent twinges of a most unexpected emotion: Ashcroft nostalgia."

US Attorneys' Offices Facing Attrition. The Philadelphia Inquirer (7/26, Shiffman) reports, "The scene yesterday afternoon inside the U.S. Attorney's Office in Philadelphia was all too familiar: a going-away party for a veteran prosecutor." The Inquirer continues, "In the last three years, about two dozen federal prosecutors have resigned from the Philadelphia office. … Because of budget cuts, only three of those positions have been filled. The staffing numbers were verified by prosecutors not authorized to speak publicly because the figures have become part of a congressional budget dispute. … Indeed, the party in Philadelphia yesterday for Mark Ehlers, a violent-crimes prosecutor with 18 years' experience, came a day after two prominent House Democrats released an angry letter written to U.S. Attorney General Alberto Gonzales. … 'The consequences appear to be severe,' wrote U.S. Reps. Henry Waxman (D., Calif.) and John Conyers Jr. (D., Mich.). … 'The lack of staff and resources force federal prosecutors to forego prosecutions in some important cases and to reach plea bargains in others,' they wrote. 'In some offices, there are shortages of even basic office supplies, like binder clips and envelopes.'" The Inquirer adds, "Nationwide, the number of prosecutor vacancies has jumped from 200 to 300, said Dennis Boyd, executive director of the National Association of Assistant United States Attorneys. … In Los Angeles, 40 of 190 prosecutor positions are unfilled, according to the congressional letter. In Chicago, about 30 of 160 positions are unfulfilled. … The U.S. Attorney's Office in Philadelphia has seen its budget cut by 20percent over the last three years, according to comments at a recent court hearing by Linda Dale Hoffa, chief of the criminal section."

CORPORATE SCANDALS:

US Increasingly Using Deferred Prosecution, Nonprosecution Agreements. The Corporate Counsel (7/26, Reisinger) reports, "The government is on a let's-make-a-deal spree with corporate America. In the first six months of this year, the U.S. Department of Justice completed at least 12 deferred prosecution or nonprosecution agreements with companies. By contrast, only eight such deals were signed in all of last year, which was already a record high." Corporate Counsel continues, "The sharp rise in prosecution pacts showed up in a Corporate Counsel review of the Web sites of the Justice Department and major U.S. Attorney's Offices. Most of the businesses that settled with the government this year were accused of financial and securities fraud. Other companies have been faulted for money laundering, trade secret theft and environmental violations." Corporate Counsel adds, "A federal indictment is widely credited with destroying Arthur Andersen, the giant accounting firm, four years ago. Ever since, companies accused of wrongdoing have sought to avoid the same fate by striking a deal with the Justice Department. In a deferred prosecution agreement, the government files criminal charges against a defendant in court but doesn't take the case to trial. Under a nonprosecution agreement, no charges are filed. … These pacts come at at price, however. For one thing, businesses must cooperate with prosecutors through the length of the agreement, which typically lasts from 12 months to three years. Cooperation, as defined by the government, has forced some companies to take extreme actions, such as waiving attorney-client privilege, or cutting off the legal fees of indicted employees. Also, a prosecution deal generally requires a business to admit its wrongdoing and accept a statement of facts describing the illegal behavior. Private plaintiffs often use this admission against the company in later litigation. … Plus, there's the collateral damage, as companies take steps that not even the government has demanded. At six of the companies that have reached a deferred or nonprosecution agreement in the past 12 months, the general counsel stepped down. In most instances the GC wasn't even implicated in the wrongdoing -- management just felt a new hire would show the government that they were serious about tackling their problems."

Former Credit Lyonnais Executive Pleads Guilty In Executive Life Case. Bloomberg (7/25) reported, "Jean-Francois Henin, former head of Credit Lyonnais' Altus Finance unit, pleaded guilty to causing the French bank to lie to U.S. regulators during the 1991 takeover of Los Angeles-based Executive Life Insurance Co. Henin agreed to pay a $1-million fine and was sentenced in federal court in Los Angeles to five years' probation, during which he won't be allowed to enter the United States, the U.S. attorney's office said Monday." Bloomberg added, "Henin was managing director of Altus, Lyonnais' investment unit, when the bank illegally used front companies to buy

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Executive Life's insurance business and junk bond portfolio." The AP (7/25) noted, "A federal grand jury in Los Angeles indicted six French executive in 2003, including Henin, on various criminal charges for their role in a conspiracy to illegally acquire the assets of the bankrupt Executive Life. Former Credit Lyonnais chairman Jean Peyrelevade pleaded guilty earlier this year to charges involving false statements to the Federal Reserve. Others who have struck plea deals include Jean-Claude Seys, who headed the MAAF Assurances SA, and former Altus chairman Dominique Bazy.

SEC Seeks Details On Executive Pay. The AP (7/26, Gordon) reports, "Regulators are moving to require companies to disclose more details of executives' pay and perks. They're also writing new rules on disclosure of the dating of stock options as controversy widens over suspect timing." The AP continues, "The Securities and Exchange Commission is voting at a public meeting Wednesday to adopt the biggest changes in rules governing disclosure of executive compensation since 1992. Public companies for the first time will be required to furnish tables in annual filings showing the total yearly compensation for their chief executive officers, chief financial officers and the next three highest-paid executives." The AP adds, "The plan, designed to enhance corporate transparency and address an issue that has angered company shareholders and the public, comes as the controversy builds over timing of options grants. In expanding probes, at least 60 public companies have disclosed that their options practices are being investigated by the SEC or the Justice Department or both, and the SEC itself says it has at least 80 companies under scrutiny. … At issue in many of the investigations is a practice known as backdating, in which stock options are retroactively issued to coincide with low points in a company's share price - a move that can fatten profits for recipients of the options when they eventually sell their shares after the market price rises."

MarketWatch (7/26, Schroeder) reports, "Meanwhile, the SEC is expected to drop or change part of the proposed rule package that would've required companies to disclose the pay of highly compensated non-executives. .. Observers will also be watching to see if the agency enacts a rule about how companies grant options. The SEC's original proposal called for companies to assign a dollar value to options measured at 'grant date fair value.'" MarketWatch adds, "The SEC and the Justice Department have contacted several companies about back-dating stock options. Investigators want to know if executives manipulated grant dates in order to enrich themselves or employees at the expense of other shareholders by awarding options backdated to the start of a rise in their company's stock price. The Justice Department brought the first criminal case in connection with options-backdating on Thursday. … Former SEC corporation finance division attorney Michael McCoy said the SEC's proposed pay-disclosure rules have the potential to empower investors. … 'A lot of the required disclosure will be helpful for shareholders to use to figure out how assets are being used,' said McCoy, now an attorney with the firm Bryan Cave."

Cox Leaves Door Open To Greater Regulation Of Hedge Funds. SEC Chairman Chris Cox has left the door open for increased regulation of the hedge fund industry, but warned that any new laws should not be intrusive or disruptive. The Wall Street Journal (7/26, Scannell, 2.03M) reports, "An appeals court last month invalidated a 2004 SEC rule that required hedge-fund advisers who meet certain criteria to register with the SEC. … At a hearing before the Senate banking committee, Mr. Cox said the agency needs to move 'quickly' to address the 'hole' left by the court decision." The Journal adds that Cox "appears to be walking a fine line. He isn't calling for specific legislation, but he isn't -- as some conservatives had hoped and investor groups had feared -- backing down from regulating hedge funds."

The New York Times (7/26, Anderson, 1.21M) reports that Cox told the Senate panel ""that he would ask the commission to adopt measures to regain some of the authority it lost a month ago, when a federal appeals court ruled that the S.E.C. could not require hedge funds to register. Among the measures Mr. Cox will recommend to the commission is changing the rules on who can invest in hedge funds, increasing the net-worth threshold for an individual or couple to $1.5 million or more from $1 million today. … But when pressed by senators about whether he needed more authority to regulate hedge funds, Mr. Cox replied, 'I am not prepared to say yes or no. Our review of our different authority is still ongoing.'"

Former Chairman Criticizes SEC. Former SEC Chairman Harvey Pitt writes in the Wall Street Journal (7/26, 2.03M), "The SEC's twice-failed efforts to compel mutual fund boards to be governed by independent chairmen, and its now discredited effort to regulate heretofore unregulated hedge funds, may appear to be merely more examples of bad lawyering -- which, of course, they are. But there are very capable legal minds at work at the SEC, and even they couldn't salvage these rulemaking efforts. The problem was more fundamental. The SEC's troubles can be traced to a mentality that often plagues regulatory bodies and legislative efforts: that any time a problem arises, the solution is to toss another regulation or statute at it."

CRIMINAL LAW:

DOJ Argues Against Gag Order In Soldier's Rape Case. The Louisville (KY) Courier-Journal (7/26, Stewart) reports, "A gag order on President Bush and his top aides in a case against a former Army private charged with

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rape and murder in Iraq would have no legal basis, Justice Department lawyers said in court papers filed Tuesday." The Courier-Journal continues, "The issue is pending before U.S. District Judge Thomas B. Russell in Paducah, Ky. The former soldier, Steven D. Green, 21, was with the 101st Airborne, whose home base is Fort Campbell, Ky. … He is accused of raping an Iraqi teen and killing her and her family." The Courier-Journal adds, "A gag order would 'prevent the President and members of his cabinet from addressing the incident … .with foreign leaders and the public at large,' federal prosecutors said in their filing. … Silencing the president and his aides would prevent them from 'assuring the Iraqi people — and people throughout the world — that the United States is diligently pursuing justice in this matter and that it will not tolerate unprovoked attacks on civilians by our armed forces.'" The Courier-Journal notes, "Federal public defenders representing Green sought the gag order, citing 'prominent and often sensational (news) coverage' they said could jeopardize a fair trial. … Their motion cited publicized comments about the case, including quotes from Bush on the Larry King Live show on CNN on June 6, when he called it a 'despicable crime' and expressed that it was 'staining the image, the honorable image of the United States Military.' … The federal prosecutors, however, said 'neither the President nor any other high-ranking official has made any statements imperiling Green's right to a fair trial.' … Green's attorneys have until Aug. 8 to respond."

House Passes Child Protection Bill. The AP (7/26, Dalrymple) reports, "Finding the nearest convicted child molester might be as easy as punching in a ZIP code on a computer keyboard, thanks to a bill that cleared Congress Tuesday." The AP continues, "The House passed and sent to President Bush legislation establishing a national Internet database designed to let law enforcement and communities know where convicted sex offenders live and work." The AP adds, "Attorney General Alberto Gonzales applauded its passage. 'America's children will be better protected from every parent's worst nightmare -- sexual predators,' he said." The AP notes, "The most serious offenders would be registered on a national database for a lifetime. All sex offenders could face a felony charge, punishable by 10 years in prison, for failing to update the information. … 'This legislation would make it crystal clear to sex offenders, you better register, you better keep the information current, or you're going to jail,' said Rep. James Sensenbrenner, R-Wis. … The House passed it by voice vote. The Senate approved it with a voice vote last week."

CNET News (7/26, McCullagh) reports, "Because the U.S. Senate already approved the measure in a voice vote last week, it now goes to President Bush for his signature. Bush, who previously endorsed the bill, has scheduled a signing ceremony for Thursday afternoon on the White House grounds." CNET adds, "House Speaker J. Dennis Hastert, in a statement issued after the House approved the bill by voice vote, said: 'We've all seen the disturbing headlines about sex offenders and crimes against children. These crimes cannot persist. Protecting our children from Internet predators and child exploitation enterprises are just as high a priority as securing our border from terrorists.'" CNET adds, "The 163-page Child Protection and Safety Act represents the most extensive rewriting of federal laws relating to child pornography, sex offender registration and child exploitation in a decade. … If the bill becomes law, it's not clear which Webmasters would become federal felons. Sites like Kontraband.com, which show Barbie and Ken dolls having simulated sex, could be in trouble, depending on how prosecutors and juries interpret the language."

Judge Denies Bail For "Mafia Cops." The New York Times (7/26, Feuer) reports, "Less than a month after he acquitted them of one of the most scandalous murder conspiracies in New York history, a federal judge denied bail yesterday to the two retired detectives in the so-called Mafia Cops case on a much less solemn charge: a plot to distribute less than one ounce of methamphetamine." The Times continues, "The drug charge was one of only two counts left from the original indictment of the men, Louis J. Eppolito and Stephen Caracappa, who were found guilty on April 6 of taking part in at least eight murders for the Luchese crime family. On June 30, the verdict was reversed when the judge in the case, Jack B. Weinstein, ruled that the statute of limitations — five years for conspiracy charges — had run out." The Times adds, "Yesterday, after he denied the two men bail in Federal District Court in Brooklyn, Judge Weinstein took them to task, as he did in his order of acquittal, calling them 'dangerous criminals with no degree of credibility' and saying they had been 'publicly shamed' at the very trial he had upended by tossing their convictions out. He said the drug charge — an alleged deal hatched over dinner in Las Vegas — was a "serious" charge and sternly ordered the federal marshals to haul the men back to jail."

Man Sentenced For Secretly Videotaping Michael Jackson On Plane. The AP (7/26) reports, "An air service businessman on Monday was sentenced to eight months in federal prison for secretly videotaping Michael Jackson as he flew to Santa Barbara with his attorney to surrender in a child-molestation investigation." The AP continues, "Arvel Jett Reeves also was ordered to spend six additional months in a halfway house that offers drug and alcohol rehabilitation treatment, said Assistant U.S. Attorney Dan Shallman. He also must pay a $1,000 fine." The AP adds, "Reeves and co-defendant Jeffrey Borer admitted they installed two digital video recorders to record 'a professional entertainer' and his lawyer as the pair traveled

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on a private jet from Las Vegas to Santa Barbara in November 2003, according to their plea agreements filed last September. … The entertainer they recorded was Michael Jackson and his attorney at the time was Mark Geragos, although they are not cited by name in the plea agreements. Jackson was later found not guilty of the child molestation charges." The AP notes, "Borer and Reeves each pleaded guilty to one felony count of conspiracy. As part of the deal, federal prosecutors agreed to dismiss two other charges - endeavoring to intercept oral communication and witness tampering - in a three-count indictment filed against them. … Borer's sentencing was postponed to September. U.S. District Judge A. Howard Matz agreed Monday to give Borer more time to submit information about his ailing wife."

House Panel Has Not Provided Documents Requested In Cunningham Probe. Almost five months after requesting them, the US Attorney's office in San Diego has yet to receive any of the documents it has sought from three House panels as part of a criminal probe into the bribery scheme involving former Rep. Duke Cunningham. Roll Call (7/26, Bresnahan) reports, "Federal prosecutors and officials in the House general counsel's office are still negotiating over the parameters of the request, with the House officials seeking to narrow the scope of documents sought by the Justice Department from the Intelligence, Armed Services and Appropriations committees, according to sources close to the issue. Both sides want to avoid an open confrontation, especially a subpoena from a federal grand jury to the committees."

Judge Finds DC Bank Misled Investors. The Washington Post (7/26, D01, O'Hara) reports, "Independence Federal Savings Bank officials created a front group to influence shareholders and secretly offered to buy out one large investor in exchange for his support in a racially tinged battle last year for control of the historically black D.C. thrift, a federal judge has concluded." The Post continues, "In an opinion issued Friday, U.S. District Judge Rosemary M. Collyer found that Independence's senior management misled shareholders and thrift regulators in a long-running campaign to prevent developer Morton A. Bender from gaining control of the institution. … The fight at one point involved some of the District's leading black clergy in what was dubbed the Committee to Save Independence Federal Savings Bank. Collyer found that the committee, though purportedly independent of the thrift and its management, was largely the creation of a lawyer and public relations consultant who worked for the company -- a subterfuge that the judge said probably violated federal securities and bank regulatory laws." The Post adds, "Bender, who is white, is the thrift's largest shareholder and has said it is being mismanaged. … 'The courts are usually loath to get involved in these kinds of corporate contests, but there are rules of engagement that the defendants ignored,' Collyer wrote in a preliminary opinion in a lawsuit brought by Bender. The developer sued after shareholders last fall rejected his slate of candidates for the Independence board, an outcome that Bender argued was tainted by violations of the bank's bylaws and other improprieties. … Independence officials have long argued that Bender wants to merge the thrift with another one he owns in Rockville, thus eliminating one of the region's few black-owned financial institutions, with a long history of serving neighborhoods once ignored by mainstream banks."

Friends Of Murdered Utah Girl's Family Harshly Criticize Police, FBI Over Search. KTVX-TV Salt Lake City (7/25, Walz) reports on its Web site from a story broadcast yesterday, "Heartbreak turned into anger…Monday night, as family members and neighbors pointed the blame for Destiny Norton's death at the police who acted quickly to prevent a gathering of grief from becoming a riot." Norton family spokeswoman Jeannie Hill tried "to incite the tired and angry crowd by placing blame for Destiny's death on the investigators. 'The police lied to us and that is why she is dead,' Hill said, as members of the crowd began chanting: 'The FBI lied and Destiny died...the FBI lied and Destiny died!'" Under the headline "Mystery: Why wasn't she found sooner?" the Salt Lake Tribune (7/26, Carlisle, May) adds that "Hill alleged the department did not take Destiny's disappearance seriously, citing previous contacts the couple's family and friends had with police. She described the group as people who used to 'sit on the street and beg for beer money' or 'smoke pot in the park.' 'We've always known [the police] have had a bit of a vendetta against us.' The police and the FBI also focused too much on the possibility someone in the group took Destiny, Hill said."

After reporting that suspect Craig Gregerson had "participated in the search effort, handing out fliers and claiming to be looking for the girl," the Deseret Morning News (7/26, Winslow, Reavy) notes, "Some signs placed around the family's home blasted Salt Lake City police and the FBI for their handling of the case. … Some demanded to know why the police didn't pursue a search warrant if Gregerson refused to allow police to search his apartment." The Morning News adds, "There are conflicting reports about whether Gregerson allowed his apartment to be searched or if he refused to give consent for a police search. … But neighbor Dylan Wood said he watched as police searched his and Gregerson's apartments, just after Destiny vanished. They were questioned by FBI agents."

Mayor Praises Police, FBI. KSL-TV Salt Lake City (7/25, Daley) reports on its Web site from a story broadcast yesterday, "Mayor Rocky Anderson says the police and FBI handled this case by the book and that it might never have

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been solved if not for their tenaciousness. He says that will all become clear as more information comes out." KSL notes that after "Chief Matthew Burbank announced the news that Destiny's body had been found in a nearby home" on Monday night, "close family friends who helped coordinate the search, accused police of botching the investigation. In particular, they criticized the fact the girl was so nearby, yet took a week to find."

Gregerson Allegedly Abducted Norton From Yard. In a widely-distributed story, the AP (7/26, Foy) reports, "A probable cause statement filed in Gregerson's arrest says he saw…Norton in her backyard the night of July 16 and opened a gate to lure her into his house. When she screamed, he squeezed his hand over her mouth to silence her, authorities said. Destiny 'went limp and suspect Gregerson laid her body on a floor,' Officer Catherine Schoney wrote in the statement. Police and FBI agents would not say Tuesday whether they had previously searched Gregerson's house." The New York Times (7/26, Sanford, 1.21M) notes that the FBI had assisted the search and adds, "A spokesman for the Norton family, Jeannie Hill, said that although they were neighbors, the Nortons did not know Mr. Gregerson. … The police questioned many of the Nortons' neighbors and searched their houses, including the basements. But they did not search Mr. Gregerson's basement, which angered Destiny's parents, Ms. Hill, the family's spokeswoman, said."

17-Year-Old Confesses To Indiana Sniper Shootings. In a widely-distributed story, the AP (7/26, Wilson) reports 17-year-old Zachariah Blanton "confessed Tuesday to committing a series of highway shootings that killed one man, wounded another and damaged at least four vehicles" in Indiana. State Police Superintendent Paul Whitesell said that "Blanton came to the attention of investigators late Monday after an acquaintance told a Delaware County deputy that the teen might be involved in the shootings." Police "then searched Blanton's home and found a rifle of the same caliber used in the shootings." The AP notes, "The FBI joined the investigation Monday as investigators searched fields, overpasses and roads looking for evidence." USA Today/Indianapolis Star (7/26, 3A, Evans, Strauss Kim) adds, "No motive was known for the shootings…Whitesell said. Asked if the teen had confessed, Whitesell said he was remorseful and cooperated with investigators. … Gov. Mitch Daniels praised law enforcement officers Tuesday. 'Indiana has been spared the sort of fear, uncertainty and disruption that has befallen other jurisdictions elsewhere,' he said."

Three Indicted Over Alleged No-Show School Department Jobs In Massachusetts. The AP (7/26, Gorlick) reports, "A former school department manager who pleaded guilty last year to stealing $10,000 from the department was arrested Tuesday on charges that he doled out no-show jobs to his brother and a friend. The arrests of Alfonso Carrano, along with Francesco Carrano and Robyn Avigliano, stem from the federal government's ongoing probe into public corruption" in Springfield, Mass. In the indictments unsealed yesterday, "the Carranos and Avigliano are charged with program fraud and lying to federal agents. … 'We're not going to put up with these no-show job schemes in a time that the city is struggling and the school department is struggling,' said FBI supervisory agent Michael O'Reilly."

BetOnSports Fires Carruthers. The (UK) Independent (7/26, Kollewe) reports, "BetonSports has fired its chief executive David Carruthers, who is in a US prison cell after being arrested on charges connected with running an illegal online betting operation. BetonSports said it had been unable to speak to Mr Carruthers other than through lawyers, adding: 'Clearly, while he remains in the custody of the US government he is unable to perform his duties.'" The Independent notes Carruthers "was picked up by the FBI while en route from London to Costa Rica," and "a spokesman said it could take weeks before Mr Carruthers is moved from Fort Worth to St Louis in Missouri for a bail hearing." The (UK) Guardian (7/26, Bowers) adds that Carruthers "was sacked yesterday as company lawyers pursued a last-ditch effort to broker a deal with the American justice department that would allow some or all of its US-facing websites to resume trading. … The company declined to comment on whether it would continue to pay his legal costs. Some industry sources speculated that he may have struck a deal with US prosecutors to testify against" BetonSports founder Gary Kaplan.

The CBS Evening News (7/25, story 6, 3:05, Schieffer, 7.66M) reported, "We have a follow-up tonight to a story we reported a while back about online gambling and one of the biggest companies collecting big profits in Costa Rica, out of reach of the US government. Well, the man who ran that company has run out of luck. He is under arrest in the United States and out of a job." CBS (Mason) added that "when we visited Carruthers in Costa Rica in April, he wasn't worried. The Justice Department hasn't come knocking on your door." Carruthers: "Never." Mason: "You travel through the United States?" Carruthers: "Every other week. … There's no reason to come after me. I'm a legitimate businessman running a public company." Mason: "But while changing planes in Dallas last week, Carruthers was arrested by FBI agents and charged, together with ten others, with racketeering, fraud, and violating the wire act." US Attorney Catherine Hanaway: "Obviously our mission as federal prosecutors is to go after the worst first."

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Three Louisianans Indicted On Katrina Relief Fraud Charges. The Baton Rouge Advocate (7/25, Kimbrell) reported, "A federal grand jury last week indicted three Louisiana residents on fraud charges related to disaster relief programs following Hurricane Katrina." Geneva Maria Wagner "was charged in a one-count indictment with wire fraud in obtaining disaster unemployment benefits for alleged losses resulting from Katrina." Steven F. Andrews "was charged in a two-count indictment with mail fraud and wire fraud," and Fred Daniel Miller "was charged in a one-count indictment with wire fraud." The three allegedly fraudulently obtained unemployment benefits. The Advocate noted that the Hurricane Katrina Fraud Task Force "includes members from the FBI, the Federal Trade Commission, the Postal Inspector's Office and the Executive Office for U.S. Attorneys."

Judge Denies Injunction On Sex Offender Law. The New York Times (7/26, Goodman, 1.21M) reports, "Noting that his ruling would probably cause 'delay, confusion and inconsistent actions,' a federal judge in Georgia said he could not keep the state from enforcing a new law that makes it illegal for registered sex offenders to live near school bus stops, because Georgia has no school bus stops as defined by the law." It was "l a backhanded and likely temporary victory for the 11,000 registered sex offenders in Georgia," and "sets the stage for more legal battles over what the Southern Center for Human Rights calls a "sloppily written and counterproductive" law."

Former House Lawyer Says Jefferson Search Ruling Undermines Congress. In an op-ed in The Hill (7/26), Tom Spulak, House general counsel under former Speaker Thomas Foley, criticizes US District Judge Thomas Hogan's decision upholding the FBI search of Rep. William Jefferson's office, asserting that the "raid" violated the Speech and Debate Clause "because it entailed FBI review of all paper records in the office (including protected legislative records) and seizure of both paper records and computer hard drives (including similarly protected legislative records)." Spulak adds that "the court's decision has the potential to undermine the ability and authority of the Congress…to check an overreaching executive branch. … If the FBI has the constitutional authority to root through legislative records in congressional offices…members and committees are likely to be chilled and intimidated in the exercise of their oversight responsibilities."

CIVIL RIGHTS:

DOJ Sues Chesapeake, VA, Over Police Test Bias. The Virginian-Pilot (7/26, Clayton) reports, "The U.S. Justice Department has sued Chesapeake, alleging that the city discriminated against black and Hispanic applicants to the police department." The V-P continues, "The lawsuit, filed this week in U.S. District Court, alleges that a math test used as a pass-fail method of screening applicants 'is not job-related for the position in question and consistent with business necessity.' … The suit asks the court to order the city to stop using the test, provide remedial relief for applicants who have 'suffered individual loss as a result of the discrimination alleged,' and adopt other measures to 'overcome the effects of their discriminatory practices.'" The V-P adds, "Chesapeake came under government scrutiny in 2004, along with Virginia Beach, for the use of the National Police Officer Selection Test. … Earlier this year, the Justice Department ruled that both cities had discriminated against black and Hispanic applicants. … On Monday, a federal judge approved a government settlement with Virginia Beach. The city has offered 124 black and Hispanic applicants an opportunity to continue the hiring process and has agreed to create a $160,000 pool to compensate them. Officials also agreed to change how entrance examinations are scored."

WAVY-TV, NBC 10, Norfolk, VA (7/26) reports, "The complaint which the Justice Department filed in federal district court alleges that the city violated Title VII of the Civil Rights Act of 1964 by 'using a mathematics test as a pass/fail screening device in its selection process for entry-level police officers'. … According to the complaint, 'the city's use of the mathematics test as a pass/fail screening device resulted in disparate impact against African-American and Hispanic job applicants and was not job-related in that it did not predict whether an applicant was able to successfully perform the job of entry-level police officer'. … In their release, the Justice Department goes on to say it 'is not challenging any other parts of the police department's police officer selection process.'"

DOJ Lawyers Probing Negotiations On HAVA. As they wrap their investigation into Rep. Bob Ney's connections to lobbyist Jack Abramoff, Justice Department lawyers are reviewing Senate Rules and Administration Committee records relating to negotiations over the Help America Vote Act involving Ney and former committee chairman Sen. Chris Dodd. Roll Call (7/26, Stanton) reports, "Senate aides familiar with the review said Justice officials indicated the inquiry was not focused on Dodd, who now serves as the committee's ranking member, and the type of information investigators were seeking — while not specific

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enough to indicate they were looking for a smoking gun — appear to point directly at Ney." Senate Rules Chairman Trent Lott "acknowledged that the review by Justice was centered on the HAVA negotiations, which occurred in 2001 and 2002, and that it appears to be directed at Ney rather than Dodd."

FBI Says White Powder Mailed To Norfolk Office Not Harmful. The Hampton Roads Virginian-Pilot (7/26, McGlone) reports Norfolk FBI spokesman Phil Mann said yesterday that "the FBI has determined that white powder received in the mail at its office here on Friday was not harmful." Mann "did say they were similar to letters received by the Baltimore and New York chapter offices of the National Association for the Advancement of Colored People. News reports that the Norfolk NAACP office received a similar letter were incorrect, Mann said, and that tests are still being done to identify the substances in the envelopes."

Atlanta NAACP Receives Powder-Laced Hate Letter. The AP (7/26) reports Atlanta FBI spokesman Stephen Emmitt said yesterday that "a letter containing a suspicious powder was sent to the Atlanta office of the National Association for the Advancement of Colored People, the fourth such letter sent to either branches of the civil rights group or the FBI in recent days." The AP adds, "Although Emmitt declined to specify the letter's contents or whether the letters were sent by a single person, he said all of the letters are believed to be similar because they were sent in a close time period, targeted NAACP offices and other aspects of the letters indicated they were similar, such as the content of the letter and the writing on the envelope.'" WXIA-TV Atlanta (7/25, Leslie, Roseman) also reports on the FBI investigation of the Atlanta and other NAACP letters, noting, "The Atlanta Fire Department confirmed that the substance in the envelope from Tuesday morning was not dangerous."

Senate Bill Would Criminalize Transporting Minors Across State Lines For Abortions. The Chicago Tribune (7/26, Goldberg, 623K) reports, "The Senate approved a bill Tuesday that would make it a federal crime for anyone other than a parent to accompany a minor across state lines to end a pregnancy, a move sure to fuel the national debate over abortion. Supporters of the bill, approved on a 65-34 vote, said it would prevent older males who impregnate teenage girls from taking them across state lines for abortions as a way to circumvent a state's laws requiring parental notification." But "the bill's detractors said it would endanger teenage girls facing abusive parents and would criminalize other adults -- including grandparents and members of the clergy -- who might otherwise provide support to a young woman choosing to have an abortion."

The New York Times (7/26, Hulse, 1.21M) headlines its story "Senate Restricts Abortion Option For Young Girls," and notes 14 Democrats joined 51 Republicans in favor of the bill. The Times adds, "A similar measure passed the House last year, and President Bush said he would sign the legislation if the two chambers could work out their differences and send a final bill to him." Critics "questioned the necessity of the measure, saying it would apply to only a small number of cases and could result in criminal charges against close relatives or clergy members who interceded to help in a time of personal crisis."

The Washington Post (7/26, A1, Babington, 748K) reports the Administration "urged House and Senate negotiators to reconcile their differences and send Bush a bill to sign. Unlike the Senate version, the House measure would penalize physicians who knowingly perform abortions for minors who circumvented parental-involvement laws." Yesterday's vote "marked the most significant congressional action on abortion in some time. Republicans, concerned about sagging poll numbers as they approach the November elections, have emphasized a "values agenda" that includes bids to ban flag desecration, same-sex marriage and estate taxes."

The Washington Times (7/26, Fagan, 88K) says that "in addition to differences with the House version, Senate Democrats last night objected when Senate Majority Leader Bill Frist, Tennessee Republican, moved to send the bill into the final negotiations stage." The Times notes "the last time the Senate considered the issue, in 1998, supporters were unable to muster the 60 votes needed to overcome a filibuster, failing 54-45." The Los Angeles Times (7/26, Levey, 918K), among other sources, also reports the story.

Lawmakers Say Capitol Complex Should Be Made Accessible To Disabled. Reps. Steny Hoyer, Juanita Millender-McDonald and James Langevin write in Roll Call (7/26), "Sixteen years ago, Congress took a major step forward in achieving America's promise of equality for all citizens by enacting the Americans with Disabilities Act. … But there is still more we must do to improve accessibility for people with disabilities. For example, during this Congress, there have been two full-scale evacuations of the Capitol complex. Although no injuries were sustained during these evacuations, we learned from these incidents that disabled Members, employees and visitors face challenges exiting the Capitol and the House office buildings quickly and safely. This is a problem that needs to be addressed sooner rather than later." The lawmakers add, "By making the Capitol complex accommodating to people with disabilities, including in times of crisis, we are ensuring that no one will ever be discouraged from running for Congress, or from visiting their Capitol, because of concerns about accessibility and safety."

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ANTITRUST:

SCOTUS Deals Setback For Stolt-Nielsen In Antitrust Dispute With DOJ. Dow Jones (7/26, Anderson) reports, "U.S. Supreme Court Justice David Souter Tuesday rejected an emergency appeal from London-based shipping company Stolt-Nielsen SA to freeze the Justice Department's pursuit of antitrust charges against it." Dow Jones continues, "Stolt-Nielsen has challenged the power of government prosecutors to revoke an amnesty agreement shielding it from prosecution over an alleged plot to divvy up customers in the parcel shipping business, which involves the transport of bulk liquids such as chemicals." Dow Jones adds, "The company's emergency petition asked the U.S. Supreme Court to bar lower court proceedings against it and a U.S.-based executive, Richard Wingfield, while a separate appeal to the Supreme Court on underlying legal issues was pending. Souter, acting for the court, turned away that request. … 'To induce the company to enter into amnesty, the antitrust division promised in its speeches and in the agreement freedom from indictment. Now, after we relied on the division's words, the division has reneged on its amnesty promise,' said James Hurlock, an outside director at Stolt-Nielsen. … In filings with the court, the company said the uncertainty is weighing on the company's business. 'The securities market obviously perceives that an indictment portends serious consequences for the company,' attorneys for the company said in a brief, adding Stolt-Nielsen's stock price has dropped 37 percent since a federal appeals court ruled against in March 2006. … The Justice Department, in its own Supreme Court filing, said it revoked the amnesty deal because it believes the company didn't hold up its part of the amnesty deal. 'The division received evidence that Stolt-Nielsen Transportation Group had made false representations ... and had breached its duty to cooperate,' U.S. Solicitor General Paul Clement said in a court brief. 'An agreement like the one at issue here affords no entitlement to avoid an indictment.'"

DOJ Memo Raises Antitrust Concerns About Texas Airfield Deal. The AP (7/26, Gamboa) reports, "An agreement by officials in Texas and two major airlines to eventually lift flight restrictions at Dallas Love Field would violate federal antitrust laws and should not be approved, the Justice Department said in a memo." The AP continues, "The agency's antitrust division told lawmakers that restrictions in the agreement 'would be hard-core, per se violations of the Sherman Act,' according to a copy of the memo, obtained Tuesday. … The agency's concerns refer to an agreement among Texas officials to repeal the so-called Wright Amendment in eight years and legislation sponsored by Sen. Kay Bailey Hutchison, R-Texas, containing the pact." The AP adds, "Forged by officials from Dallas, Fort Worth, Southwest Airlines Co., American Airlines and Dallas-Fort Worth International Airport, the compromise also calls for reducing gates at Love Field from 32 to 20. … Other airlines have objected to the gate reduction, saying it would limit their ability to establish service there. … The 1979 law, named for its author, former House Speaker Jim Wright of Fort Worth, prohibits flights by aircraft with more than 56 seats between Dallas and any point outside Texas, New Mexico, Oklahoma, Kansas, Missouri, Arkansas, Louisiana, Mississippi and Alabama."

The Dallas Morning News (7/26, Dodge, Reddy) reports, "Efforts to repeal the Wright amendment ran into a wave of opposition, confusion and frustration on Tuesday." The News continues, "First, a four-page memo of comments attributed to the Justice Department's Antitrust Division swept across Capitol Hill, raising concerns about airline competition in North Texas and urging lawmakers to force the deal to be renegotiated. … And in the House, the chairman of the Judiciary Committee also raised antitrust issues, calling on House Speaker Dennis Hastert to refer the bill to the committee for consideration." The News adds, "Both developments added complications for North Texas lawmakers who had been eager to blaze a smooth trail to the House and Senate floors for easy approval of the proposed repeal of the 1979 Wright amendment in eight years. … The Justice comments, which did not have an official department letterhead or a signature, prompted Sen. Kay Bailey Hutchison, R-Texas, to call Attorney General Al Gonzales and other senior Justice officials for an explanation. … 'They [Justice] are not taking a position at all on the legislation,' Ms. Hutchison said. 'That memo did not go through the channels. And it probably was one person's view, but it's not the Justice Department's.' … Even so, the memo said the proposal's 20-gate cap at Love Field and plans to tear down gates at the Legend terminal would violate antitrust laws. Justice estimated consumers could lose up to half of the fare-lowering benefits that Southwest brings when it enters a new market."

Judge Seeks More Information On Telecom Deals. The Washington Post (7/26, D3, Mohammed) reports, "A federal judge asked the Justice Department yesterday for more information to help him decide whether to approve two recent telecom mergers, an action analysts said could delay AT&T Inc.'s $67 billion bid to buy BellSouth Corp." The Post continues, "U.S. District Court Judge Emmet G. Sullivan is reviewing SBC Communications Corp.'s $16 billion acquisition of AT&T Corp. and Verizon Communications Inc.'s $8.5 billion purchase of MCI Inc. After SBC bought AT&T Corp. last year, it adopted the name AT&T

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Inc." The Post adds, "While the AT&T and MCI deals have been completed, the judge must review them to decide whether the conditions imposed on them by the Justice Department are in the public interest. … Under a schedule laid out by the judge, the Justice Department has until Aug. 7 to submit information. Opponents may then comment until Aug. 17. The Justice Department has to respond by Aug. 28."

CNET News (7/26, Broache) reports, "The pair of deals won approval last October from the Federal Communications Commission and the Justice Department's antitrust division. Both Verizon and SBC have already closed their books on the acquisitions. … At issue before Sullivan is whether proposed agreements between the Justice Department and the telecommunications companies satisfy the public interest under a 1974 federal antitrust law called the Tunney Act. (The federal judge overseeing the final half of the Microsoft antitrust trial invoked the Tunney Act when altering the settlement agreement before approving it.)" CNET adds, "Sullivan has formally asked the government and the phone companies to submit "any materials" that show why the agreements reached between the Justice Department and the telecommunications companies satisfy the 'public interest' requirements. … Federal judges picked up additional authority in such proceedings in 2004, when Congress made changes to the Tunney Act. The law now says judges 'shall'--rather than 'may,' as in the previous statute--evaluate the effectiveness of consent decrees and whether those decrees will protect the public interest. Judges are also supposed to consider the impact of the deal on 'competition in the relevant market or markets.' … Justice Department Attorney Claude Scott said the government would attempt to distill the 'millions' of documents scrutinized during their reviews of the mergers into a few affidavits for the judge."

McClatchy Faces Big Daily Bill If Newspaper Deal Is Blocked. The AP (7/26, Liedtke) reports, "McClatchy Co. expects to lose about $163,000 per day if a federal judge blocks the publisher's sale of three northern California newspapers to MediaNews Group Inc., which is banking on the deal to give it more regional clout." The AP continues, "Patrick Talamantes, McClatchy's chief financial officer, estimated the company's potential loss in a sworn declaration filed Monday in response to a motion asking U.S. District Judge Susan Illston to prevent MediaNews from taking over the San Jose Mercury News, Contra Costa Times and Monterey Herald." The AP adds, "MediaNews, whose stable of 40 daily papers includes the Denver Post, also would get the St. Paul Pioneer Press under a complex deal that also involves the Hearst Corp., the owner of the San Francisco Chronicle. … San Francisco real estate investor Clinton Reilly, who complicated the Chronicle's sale in a messy legal spat six years ago, sued two weeks ago in an effort to force McClatchy to scrap the deal it worked out with MediaNews and Hearst in April. … A hearing on Reilly's injunction request is set for Thursday afternoon in Illston's San Francisco courtroom."

Hewlett-Packard To Buy Mercury Interactive For $4.5 Billion. The New York Times (7/26, Darlin) reports, "Hewlett-Packard, the computer and printer maker, said on Tuesday that it would pay $4.5 billion to acquire Mercury Interactive, a software company enmeshed in a scandal over the backdating of stock options." The Times continues, "H.P. said it would pay $52 a share for Mercury, a 33 percent premium over its Tuesday close of $39 a share. … The acquisition was H.P.'s first major deal since it merged with Compaq in September 2001 and the first big deal as chief executive for Mark V. Hurd, who took over in March 2005 after Carleton S. Fiorina was ousted." The Times adds, "While analysts said the deal had strategic importance, some questioned the price Mr. Hurd was paying."

The Wall Street Journal (7/26, Clark, Forelle) reports, "By adding Mercury, H-P said it can boost the annual revenue of its software business to $2 billion. By H-P's 2008 fiscal year, the company predicted, the combined software business would deliver revenue growth of 10% to 15% and an operating-profit margin of about 20%."

USA Today (7/26, Kessler, Swartz) reports, "The deal also will help the long-troubled division make money. Hurd predicts software operating margins of 20% by HP's 2008 fiscal year, a vast improvement over the 1% the unit posted in its most recent quarter. … But to get those benefits, HP had to pay $52 a share, a 33% premium over Mercury's closing price Tuesday. And HP must grapple with uncertainty because of Mercury's accounting problems." USA adds, "Mercury faces a Securities and Exchange Commission investigation into whether it manipulated stock-option awards to increase the options' values. Last year, Mercury ousted its CEO and two other executives. This month, Mercury took a $567 million charge to correct this problem. … Mercury still hasn't formally reported earnings for 2005 or this year. The Nasdaq Stock Exchange has de-listed its stock. Mercury shares now trade on informal over-the-counter markets."

The Financial Times (7/26, Allison) reports, "Mercury, which provides business software testing and consulting services, became a takeover target in November after Amnon Landan, its former chief executive, resigned amid revelations that he and two other executives had inflated the value of stock options by manipulating their purchase dates. Mr Landan was also accused of misreporting grant dates of personal stock options and other financial improprieties. … More than 80 companies are under investigation in the widening scandal over stock options backdating. At issue is whether senior executives intentionally misled shareholders

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and regulators by altering the grant dates of stock options to coincide with low points in the value of their companies' shares. … The US Department of Justice last week handed down the first criminal charges related to the controversy, charging two former executives of Brocade Communications Systems, a networking company, with securities fraud."

Blackstone Mulls Bid For HCA. The Wall Street Journal (7/26, Sender, Smith) reports, "Blackstone Group is considering a possible bid to top the $21.3 billion leveraged buyout of hospital chain HCA Inc., according to a person familiar with the matter." The Journal continues, "Deliberations over a bid -- which is far from certain -- are still in the early stages, and Blackstone hasn't yet invited other private-equity firms to join any potential offer, this person said. Shares of HCA closed yesterday at $49.25 in 4 p.m. trading on the New York Stock Exchange, a discount to the $51-a-share price tag of the buyout deal announced Monday." The Journal adds, "Blackstone may have a hard time putting a competing bidding group together because in the incestuous private-equity world, other firms may be reluctant to challenge the offer HCA accepted from Bain Capital, Kohlberg Kravis Roberts & Co. and Merrill Lynch & Co. … Terms of the agreement make it difficult and costly for a challenger. The pact gives Bain, KKR and Merrill the right to top any counteroffer. A second bidder would have to go through due diligence, which could cost $10 million to $20 million, without the certainty that the work would culminate in a deal."

Canada Clears Phelps Dodge Purchase Of Inco. The AP (7/26) reports, "Phelps Dodge Corp. said Tuesday that Canadian officials unconditionally approved its purchase of Canadian nickel miner Inco Ltd." The AP continues, "As a result, Phelps Dodge now has both Canadian and U.S. antitrust clearance for its proposed acquisition of Inco, Phelps Dodge officials said." The AP adds, "Meanwhile, Inco has received all necessary regulatory approvals to continue its proposed acquisition of Toronto-based miner Falconbridge Ltd. for $17.3 billion in cash and stock. … Xstrata PLC has also bid $16.9 billion in cash for Falconbridge. The companies have been locked in a bidding war for months."

ENVIRONMENT/INDIAN AFFAIRS:

Judge Tosses Provisions Of Massachusetts Oil Spill Act. The AP (7/26, Lavoie) reports, "A federal judge has thrown out key provisions of a 2004 state law aimed at preventing oil spills, ruling that the statute is pre-empted by federal law and therefore unconstitutional." The AP continues, 'The Legislature passed the Oil Spill Prevention Act after a Bouchard Transportation Co. barge struck a rocky ledge at the mouth of Buzzards Bay, spilling 98,000 gallons of oil, polluting more than 90 miles of shoreline and closing nearly 100,000 acres of acres of shellfish beds." The AP adds, "The law created a series of rules and regulations governing vessels transporting oil in Massachusetts waters, including requiring vessel owners to hire a Massachusetts-licensed navigational guide and to implement alcohol and drug-testing policies. The law also mandated tugboat escorts for vessels traveling in certain waters. … The federal government, along with barge operators, challenged the law, arguing that federal law already mandated regulations for oil tankers." The AP notes, "In a ruling Monday, U.S. District Judge Joseph Tauro agreed, saying those portions of the law are pre-empted by federal laws, including the Port and Waterways Safety Act of 1972 and the Port and Tanker Safety Act of 1978. … Tauro said the challenged provisions of the state law are ``pre-empted, invalid and unconstitutional." His ruling bars the state from enforcing seven provisions of the law."

Democratic Leaders Press For Vote On Drilling Bill To Boost Landrieu. Roll Call (7/26, Billings) reports, "Hoping to bolster Sen. Mary Landrieu's (La.) political viability going into her 2008 re-election bid, Senate Democratic leaders have made it clear to their Caucus that the controversial offshore drilling bill before the chamber should not be blocked, even if it means Senators must hold their noses to let it move ahead." Several senior Democratic aides "said Minority Leader Harry Reid (Nev.) has been keeping an eye on next cycle as the offshore bill heads to the floor today." Reid "understands the measure will help boost Landrieu's re-election — and would ease her decision to stand for another term — by reinforcing a résumé of accomplishments she can tout to constituents in the conservative-leaning state." Roll Call adds the bill "has divided Democrats, many of whom harbor concerns about the plan's environmental impact and fear the narrowly drawn Senate version could be broadened in a conference with the House to include offshore drilling beyond the region."

CQ (7/25, Tollefson) reports Senate Republican leaders "plan to block amendments when a contentious offshore drilling bill comes to the floor this week, overriding Democratic opposition and forcing an up-or-down vote on the most significant energy bill of the year." Both sides "agree that GOP leaders on Wednesday should be able to secure the 60 votes necessary for cloture on the motion to proceed, which would allow senators to take up the bill (S 3711) later in the week. The debate on Capitol Hill already has moved beyond that and is focused on a decision by Energy and Natural Resources Chairman Pete V. Domenici, R-N.M., and Senate Majority Leader Bill Frist, R-Tenn., to limit the debate and bar amendments." The Senate bill "would authorize drilling in about 8.3 million acres of the eastern Gulf of Mexico,

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including some 2.5 million acres within a section known as 'Lease Area 181.' It would protect much of Florida's coast and secure a share of the drilling revenues for coastal restoration in Gulf states as well." Senate Minority Leader Harry Reid, D-Nev., "complained that amendments should be allowed but said he would support the bill nonetheless and predicted that it would pass."

Drilling Proponents Note Cuban Exploration Off Florida To Promote US Expansion. The Washington Times (7/26, Hill, 88K) reports congressional proponents "of oil and gas drilling are pointing to Cuba's exploration off the coast of Florida -- with help from China -- as a prime reason to open up U.S. drilling in the eastern Gulf of Mexico." But Florida legislators "continue to resist, and some of them are trying to stop Cuba's activities by pushing to rescind a 1977 treaty dividing the Straits of Florida halfway between the two countries." The Bush Administration, "with an eye toward the pivotal role Florida has played in presidential politics and out of solidarity with President Bush's brother, Florida Gov. Jeb Bush, has largely sided with Florida in the dispute. It supports only very limited drilling off the coast of Florida, as would be permitted under a bill pending in the Senate."

Ethanol Demand Prompts Worries Of Corn Shortage. The Christian Science Monitor (7/26, Clayton, 58K) reports, "Amid America's rush to replace gasoline with homegrown alternatives like corn-based ethanol, some researchers worry that the results may benefit motorists at the expense of higher food costs and fewer US crop exports. It also raises ethical and environmental questions about the best uses of crop land." As a result of ethanol's increase demand, corn prices are projected to rise about 25 percent and "could go much higher in the future depending on gasoline prices." Meanwhile, meat and grocery prices could eventually rise as well, some analysts say. However, a recent study on ethanol's environmental impact conducted by the University of Minnesota says the "drive to produce food-based biofuels is misplaced," because even if all US corn and soybeans were used, they "would meet only 11 percent of gasoline demand and 8.7 percent of diesel demand."

Higher Corn Prices Driving Variety Of Investments. The Wall Street Journal (7/26, C1, Davis, 2.03M) reports, "As rising oil prices drive up demand for ethanol and other alternative fuels, the once-sleepy futures market for corn is looking like a casino, and a variety of related investments are reaping benefits." Exchanges that "offer investors a way to bet on tomorrow's prices for the yellow kernels, a key ethanol ingredient, have been inundated with money" from "bullish commodity traders, along with farmers and food companies." In the stock market, speculators are also "welcoming a bumper crop of initial public offerings of stocks in ethanol makers."

Heat Said To Have Killed At Least 38 In California. The heat wave in California and its attendant deaths were covered by all three major networks, each devoting about two minutes to the story. ABC World News Tonight (7/25, story 5, 2:20, Gibson, 8.78M) reported, "In California, today, still more record heat that is believed to be responsible for killing at least 38 people in the state. Many areas of California have had 100-degree temperatures for 20 days." ABC (Marquez) added, "Although California has had the highest number of victims from the heat wave in the past week, ten other states are investigating sizeable heat related deaths, as well. Including Arizona, where five homeless men are thought that have died in Phoenix. And Oklahoma, where there have been seven deaths, nearly all of them among the elderly." Marquez added, "Forecasters say the problem can worsen, in a summer already hotter than normal if power begins to go out," which would mean "rolling blackouts, putting more people at risk."

The CBS Evening News (7/25, story 5, 2:00, Schieffer, 7.66M) reported, "This was another day of dangerously high temperatures." CBS (Bowen) added, "With officials who run the California power grid issuing a stage one alert. That means they're asking consumers to voluntarily conserve to avoid a blackout." Bowen continued, "It's described as a one in 50 or one in one hundred year heat wave, compounded by failing electrical transformers that date back to the 1930s."

NBC Nightly News (7/25, story 8, 2:00, Williams, 9.87M) reported, "a summer heat wave pushing the power grid there to the limit." NBC (Lewis) added, "The heat has also caused the deaths of thousands of dairy cattle, chickens and turkeys. One county declared an environmental emergency because of the problems it was having disposing of all the carcasses."

Experts Warn Against Attributing Recent California Heat To Global Warming. The Los Angeles Times (7/26, Hotz, Cline, 918K) reports, "The extreme temperatures of this year's heat wave have been so intense that they have created a sense of fundamental change -- that somehow Los Angeles is on the verge of a searing future." But climate experts "cautioned Tuesday that no single event -- no matter how unusual -- could be directly attributed to global warming and the effects of pollution. There is such natural variability in temperature that even a record scorcher is just one data point in a long temperature timeline. … But the current heat wave, which has been brewing since May, has nonetheless raised alarms."

St Louis Power Still Down. ABC World News Tonight (7/25, story 6, 0:10, Gibson, 8.78M) reported, "And 145,000 homes and businesses are still without power in St. Louis tonight. A week since the first of two powerful storms crippled

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the city's electrical system. One utility worker was killed and another injured today while working to restore the power."

Attacks On Forest Rangers Reached Highest Level Ever Last Year. The New York Times (7/26, Egan, 1.21M) reports on an increase in attacks and altercations involving forest rangers. According to the Times, there were more such incidents last year, "than any other year, according to government figures released last month by a public employee advocacy group. As the 193 million acres of national forest become increasingly popular playgrounds, there are more clashes with the small cadre of forest rangers who work as law enforcement officers, the figures showed. … At the same time, the number of rangers with police power has been nearly halved in the last decade, to 550 from more than 980 because of budget cuts and because some rangers have been assigned to other duties. There is now one law enforcement ranger for every 291,000 acres, or one for every 733,000 visitors, according to Forest Service figures."

Building, Farm Groups Oppose Creation Of Critical Habitat For Killer Whales. The Washington Post (7/26, A3, Harden, 748K) reports, "In June, the National Marine Fisheries Service proposed protecting most of Puget Sound as critical habitat for" killer whales. The proposal, "encompassing 2,564 square miles at the heart one of the nation's busiest commercial waterways, has alarmed local industry. Building and farm groups have sued to stop the proposal, due to become law by November, arguing that it would require complicated and costly review of future industrial development, home construction, sewer treatment, road construction and water use around the sound, an inland waterway surrounding by nearly 4 million people."

Administration Ocean Conservation Efforts Praised. Nick Jans writes in USA Today (7/26, 2.27M) that the National Oceanic and Atmospheric Administration's announcement in March closing more than 135,000 square miles of ocean floor off the West Coast to commercial bottom trawling, along with President Bush's designation of 40,000 square miles around the northwestern Hawaiian islands as a national monument and the NOAA Fisheries proclamation in late June protecting 379,000 additional square miles of ocean floor around Alaska "represent, in total area, the largest act of conservation in our nation's history, and arguably the world's." Jans adds, "To put it mildly, such sweeping acts of conservation are out of character for an administration that has given at best short shrift to environmental concerns. A cynic might say that these protections amount to a drop in the bucket of the world's oceans, and that the administration was forced into actions for which it now claims credit. While I'm hardly suggesting we baptize Dubya as a born-again greenie, the fact of these historic protections remains. … If this is a template for future conservation initiatives, in the oceans or anywhere, I say bring it on."

BIA Inaction Called "Significant Factor" In Student's Death. In a report made public last week, federal investigators say the failure of Bureau of Indian Affairs officials to act on long-standing safety concerns at an Indian boarding school in Oregon was a "significant factor" in the death of a 16 year old student. The Washington Post (7/26, A15, Lee, 748K) reports, "Interior Department Inspector General Earl E. Devaney found that a 'historical pattern of inaction and disregard for human health and safety' contributed to the death of Cindy Gilbert (also known as Cindy Gilbert Sohappy) in a detention cell at the Chemawa Indian School in Salem, Ore., on Dec. 6, 2003. Devaney found that inaction by officials in BIA's Office of Indian Education Programs and Office of Law Enforcement Services 'resulted in the failure to maintain a safe environment at the detention facility and, ultimately, became a significant factor in Gilbert's death,' according to the report, obtained by The Washington Post through a Freedom of Information Act request."

FBI/DEA/ATF/USMS:

Clinic Owner, Doctor Convicted In Louisiana "Pill Mill" Case. The New Orleans Times-Picayune (7/26) reports the owner of a string of local pain management clinics and her chief doctor "were convicted Tuesday of transforming the clinics into illegal high-volume 'pill mills,' dispensing addictive narcotics in assembly-line fashion to virtually anybody who walked in the door. After a three-week trial, a federal jury deliberated for about 10 hours in two days before returning guilty verdicts against owner Cherlyn 'Cookie' Armstrong, 46, and Dr. Suzette Cullins, 44. Armstrong…was convicted of conspiracy, money laundering and 23 counts of illegally dispensing narcotics without a medical purpose. … Cullins…was convicted of conspiracy and five of 13 illegal dispensing counts."

In a similar story, the AP (7/26) writes, "Armstrong and Cullins face an estimated five to eight years in prison when they are sentenced on Oct. 25. William Renton, local chief of the Drug Enforcement Administration, said of the defendants, 'They were drug peddlers, plain and simple.'"

Authorities Say Trafficker Shipped BMW Coast To Coast In Cocaine Deals. In Philadelphia, the AP (7/25) reports investigators "said a cocaine wholesaler did business by regularly shipping his BMW from coast to coast, stuffed with cash outbound and cocaine on the return trip."

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Tyrone "Tiddy" Smith "who recently pleaded guilty to drug trafficking and gun charges, had $1.2 million in his trunk and another $218,000 at his North Philadelphia home, authorities said. … On Sept. 5, 2004, state police and federal Drug Enforcement Administration agents tailed Smith as he loaded the BMW onto a truck. … They found money wrapped in dryer sheets in a suitcase and gym bag, and later found more cash and large quantities of powder and crack-cocaine and a loaded handgun at his North Philadelphia residence." The AP story was published in newspapers and/or posted on the Web sites of the Philadelphia Inquirer, San Diego Union Tribune, San Jose Mercury News, and Contra Costa Times.

Colombian Police Target Drug Trade Profits. The USA Today (7/26, Brodzinsky) reports Colombian police "routinely try to detect travelers attempting to smuggle drugs to the USA and Europe. This year, they have turned their attention to travelers coming into Colombia — not with drugs, but with hundreds of thousands of dollars and euros believed to be profits from the illegal drug trade. … The U.S. Drug Enforcement Administration (DEA) estimates that $3.2 billion to $7.2 billion in wholesale drug profits are transported out of the USA every year to Mexico and Colombia. … 'The drug traffickers believe that if it's successful in one direction, it only makes sense it would be successful going in the other direction,' says John McKenna, a special agent with the DEA's public affairs office."

Police To Share Expertise With Afghans. The Washington Times (7/26, Scarborough, 88K) reports that Rep. Henry J. Hyde "said yesterday that a contingent of Colombian narcotics fighters is due in Afghanistan this week to share its expertise in combating powerful drug lords." He "has pushed for more than a year for the Colombian government to dispatch some of its best counternarcotics personnel to Afghanistan." It is possible "no one has fought a more ferocious drug war than the Colombian national police," and "four Colombian police officers from an elite counternarcotics unit are set to spend about two weeks in Kabul and other areas, sharing war stories and techniques."

Dozens Of Suspected Gang Members Arrested In New Jersey. The AP (7/26) reports officers "arrested dozens of members of a notoriously violent street gang in raids across New Jersey Tuesday, capping 11 months of undercover operations. Agents also charged four gang leaders who authorities said were directing killings and other crimes from inside state prison. More than 60 people affiliated with the Nine Trey Gangsters, part of the Bloods gang, had been arrested by Tuesday afternoon, and as many as 40 more arrests were expected in cities across the state. … The suspects face racketeering, extortion, money laundering and drug distribution charges."

MD: Man Accused Of Paying Cabdrivers To Transport Cocaine Gets Life Sentence. The Washington Post/AP (7/25) reports a New York man "was sentenced to life in prison…in connection with a scheme that used taxi drivers to bring cocaine from New York to Frederick. Alan Sylvester, 28, of Jamaica, N.Y., was sentenced in federal court in Baltimore after being convicted of conspiracy to possess with intent to distribute cocaine base. … He allegedly paid cabdrivers to bring more than 100 kilograms of cocaine powder from New York to Frederick."

IMMIGRATION:

Pence-Hutchison Plan Said To Allow "Unlimited" Guest Worker Immigration. The Washington Times (7/26, Hurt, 88K) reports the "latest proposal in Congress for a 'guest'-worker program would allow unlimited immigration of eligible workers during the first three years and allow them and their families to remain here indefinitely." The plan, sponsored by Rep. Mike Pence and Sen. Kay Bailey Hutchison, is "criticized by proponents of stricter immigration laws. They say the program would tilt the nation's immigration system toward millions of uneducated, unskilled workers." Under "the Pence-Hutchison plan -- a variation on a proposal Mr. Pence floated earlier this summer -- the expansive 'guest'-worker program would not begin until the president certified that the border had been secured. Only then would laborers matched with willing employers at an 'Ellis Island Center' outside the United States be admitted indefinitely."

The Los Angeles Times (7/26, Gaouette, 918K) reports, "Congressional Republicans and administration officials concerned about the impasse over immigration policy have launched aggressive efforts to bridge the divide between House and Senate legislation on the issue." In "one potentially key development Tuesday, two opponents of the Senate bill," Sen. Hutchison and Rep. Pence "unveiled a proposal meant to pave the way for a compromise." Their plan "would open a path to citizenship for illegal immigrants, but only after U.S. borders were declared sufficiently secure. At that point, illegal immigrants would be required to leave the U.S. to be processed for work visas before returning to the country. After 17 years, they would be eligible for citizenship." House Majority Leader John A. Boehner (R-Ohio) "called the proposal 'a step in the right direction,' although he avoided commenting on the plan's citizenship provision."

CQ (7/25, Sandler) reports the Hutchison-Pence proposal "drew a lukewarm response at best on Tuesday, particularly from supporters of the comprehensive Senate-passed bill." The ideas "floated by Sen. Kay Bailey Hutchison

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of Texas and Rep. Mike Pence of Indiana are a collection of proposals that failed to gain ground when the Senate passed its legislation in May."

In a Washington Times op-ed (7/26), Sen. Hutchison and Rep. Pence says, "Our plan is tough on border security, but it recognizes the need for a temporary-worker program that operates without amnesty and without growing into a huge new government bureaucracy." The plan "begins with border reinforcement," and "part two of our plan is a temporary-worker program that is essential in order to fill jobs in our economy that are in high demand." When the border "has been declared secure, the Good Neighbor SAFE (Secure Authorized Foreign Employee) Visa will begin. This program offers noncitizens opportunities to fill jobs that employers attest to not being able to fill with Americans at market wage. Under our plan, the estimated 12 million people currently residing illegally in America can come out of the shadows and earn a fair living by returning to their home countries to apply for a Good Neighbor SAFE Visa. This does not give amnesty to those currently in our country illegally."

Border Patrol Says Fewer Illegal Immigrants Entering Country. The New York Times (7/26, Swarns, 1.21M) reports Border Patrol officials "said the number of immigrants entering the country illegally had declined since President Bush announced his plan to send National Guard troops to help secure the border with Mexico." Border Patrol director David V. Aguilar "reported a 45 percent decline in apprehensions of illegal immigrants when comparing the 69 days before Mr. Bush's speech on May 15 with the 69 days after it."

Rubin Voices Support For Guest Worker Program. In its "Washington Wire" column on its web site, the Wall Street Journal (7/25, 2.03M) reported that former Treasury Secretary Robert Rubin yesterday "voiced support for a key part of Bush's proposed immigration reform. 'We should have some sort of guest worker program,' he said on a panel discussion at the Brookings Institution. 'I don't know if I support precisely' Bush's proposed program, "but the general gist of it struck me as right.'"

Debate Said To Overlook Contribution Of Foreign Workers In Elderly Care. The Wall Street Journal (7/26, Newman, 2.03M) reports that in the "immigration fight that continues to addle Congress this summer, low-skilled foreign labor is often viewed as an indulgence in a society used to having its chickens boned, its lawns mowed and its laundry folded." But the "issue cuts into something more basic: A demographic thundercloud moving over the country as baby boomers approach old age." Immigrants, "whether legal or undocumented, make up a disproportionate share of those who care for the elderly -- and the need for such workers is set to explode in the coming years. The Department of Health and Human Services predicts that the elder-care work force, 1.9 million in 2000, must reach 2.7 million by 2010 and five million by 2050 to meet the impending rise in demand. Meanwhile, the pool of 25-to-50-year-old American-born women that has been a prime source for elder-care jobs is also shrinking."

Much Blame For Lack Of Border Security Said To Rest With Congress. In his Roll Call column (7/26), Norman Ornstein says that last week, "on his way to the Mexican-American border, Speaker Dennis Hastert (R-Ill.) told USA Today's Kathy Kiely that border security was the absolute key to the immigration issue. He said, 'I would look at it as if you have a patient who is bleeding to death. ... Close the wound first. Secure the border. And then you can begin to look at what other options are.'" Ornstein adds, "The Speaker's comments and analogy led me to a parallel analogy: Congress is like Washington, D.C.'s emergency response team. The patient — the border — started to bleed uncontrollably many years ago. A lot of people called 911 (starting on Sept. 11, 2001), but the House ambulance is just now arriving at the door (with legislative EMTs about as clueless as D.C.'s finest)."

LATimes Says FX Documentary Humanizes Illegal Aliens. The Los Angeles Times (7/26, 918K) editorializes that the cable channel FX tonight "will air a captivating episode of Morgan Spurlock's '30 Days' documentary program that people on all sides of the immigration debate should watch. In it, Frank Jorge, a member of the Minuteman Project border-vigilante group, spends one month living in a tiny, one-bedroom East L.A. apartment with a family of seven Mexican immigrants, most of them illegal, who he thinks should be deported. Jorge leaves his documents at home in Mojave, does handyman work with the stoic father and argues immigration politics over meals and golf rounds with the family's charming (and totally Americanized) teenage daughter. The result is gripping television — not because the protagonists change their views significantly but because we get to watch Jorge register his slow-dawning shock that the same class of people he has pointed guns at can be noble, hardworking, funny, angry, God-fearing, sassy, patriotic … and, well, human."

TAX:

Patented Tax Strategies Provide No Shield From IRS Scrutiny. In his "Tax Report" column in the Wall Street Journal (7/26), Tom Herman writes, "It's tough enough to figure out whether a complex tax strategy is right for you -- let alone legal. Now there's something else to worry about: Getting sued by someone who has patented the technique." Herman continues, "It may sound surprising that tax and financial-planning ideas can be patented at all. They can, just like gadgets and other inventions. While the number

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of tax-related patents is still small, it appears to be growing -- and is attracting attention in Congress, at the Internal Revenue Service and among tax professionals facing increasingly intense competition for wealthy clients. Adding to the interest is a lawsuit filed earlier this year against a Connecticut executive for allegedly using a tax strategy patented by a Florida man in 2003." Herman adds, "IRS officials and some tax lawyers worry taxpayers may be fooled into thinking that a 'patented' tax strategy automatically bears the government's seal of approval -- which it doesn't. 'Just so there is no misunderstanding today on this point, let me be clear,' IRS Commissioner Mark Everson told a congressional panel earlier this month. 'The grant of a patent for a tax strategy has absolutely no impact on IRS's determination of the effectiveness or the legitimacy of the strategy.' … Lawyers, meanwhile, are questioning whether someone should be allowed to impose what amounts to a toll charge on someone else for using a technique to reduce taxes lawfully. … 'The proliferation of tax-strategy patents would change and burden tax practice,' says Ellen Aprill, a tax-law professor and associate dean for academic programs at Loyola Law School in Los Angeles."

Republicans May Attach Estate Tax Reduction To Tax Cut Extensions. CQ (7/25, Van Dongen) reported, "Senate GOP leaders will not add an estate tax reduction to a pending pension overhaul and instead might link a compromise estate tax proposal to a package of popular tax cut extensions that could be considered after the August break." Senate Majority Leader Bill Frist announced yesterday "that he had dropped his effort to include the estate tax language in the conference report on pension legislation." But Frist "vowed to seek another vehicle to move the legislation important to the Republicans' conservative base."

Carroll, Mankiw Call Treasury Report Step Toward "More Realistic View Of Tax Policy." Robert Carroll, the Treasury Department's deputy assistant secretary for tax analysis, and Gregory Mankiw, former chairman of the Council of Economic Advisers, write in the Wall Street Journal (7/26, 2.03M), "Over the past six months, the Treasury Department staff has been studying the dynamic effects of tax cuts on the economy." The Treasury's main analysis "assumes that lower tax revenue will over time be accompanied by reduced spending on government consumption. But the report also shows what happens if spending cuts are not forthcoming. In this alternative scenario, a permanent extension of recent tax relief is assumed to lead to an eventual increase in income taxes. … While the Treasury report is not the last word on dynamic analysis, it is a big step toward a more realistic view of tax policy."

Report Says Extending Tax Cuts Will Come At Price. A Treasury Department report released yesterday says the federal government will need to cut spending or raise taxes to pay for extending President Bush's recent tax cuts. The Washington Post (7/26, D1, Henderson, 748K) reports, "The Treasury report did not openly address the much-debated contention of many conservative analysts that the tax cuts will boost economic growth so much over time that the resulting increase in taxes paid will offset much or all of the initial loss in government revenue -- that tax cuts can essentially pay for themselves. The report acknowledged the debate delicately, saying 'the issue of how, or even if, these policies need to be financed remains a source of discussion among economists.'"

Senate Panel To Examine Abuse Of Offshore Tax Havens. The Wall Street Journal (7/26, Matthews, 2.03M) reports that the Senate Permanent Subcommittee on Investigations is highlighting the abuse of offshore tax havens. The panel "plans to explore how offshore tax abuses cheat the federal government out of billions of dollars in tax revenues at a Tuesday hearing. The committee has been examining how the tax schemes work and how to better enforce compliance or close loopholes. Officials from securities firms, banks and law firms as well as U.S. taxpayers and tax and securities experts are expected to testify."

Business Tax Bill Pulled From House Floor Amid Concerns About State Tax Revenue. CQ (7/25, Freedman) reported, "A measure that would overhaul state taxation of businesses was abruptly pulled from House floor consideration Tuesday after lawmakers registered concerns about the potential loss of revenue to their states. The measure (HR 1956) would set a national standard for when states can impose business activity taxes on out-of-state companies that earn income within their borders. The business community has aggressively pushed for the bill, arguing that distant states are unfairly taxing their economic activity. State governors, however, have voiced considerable opposition to the measure."

CONGRESS-ADMINISTRATION:

Bush Said To Be Weighing Several Candidates To Replace Mineta. The AP (7/26, Miller) reports President Bush "still hasn't decided whom to nominate as transportation secretary to succeed Norman Mineta, who left the job July 7 after six years on the job." But a "Cabinet secretary, two federal transportation officials, a White House budget aide and a former governor are said to be under consideration." Two women "who served under Mineta are considered top candidates to succeed him: Federal Aviation

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Administration chief Marion Blakey, known for her management skills; and deputy Transportation Secretary Maria Cino, who has a reputation for political savvy." Others "said to be in the running are" include former Illinois Gov. Jim Edgar, Secretary of Labor Elaine Chao, and Michael Jackson, deputy secretary of Homeland Security, formerly deputy secretary of Transportation. Clay Johnson, "deputy director of the Office of Management and Budget, has also been talked about as a possible candidate." Carol Hallett, "former president of the Air Transport Association, lost out to Andrew Card for Transportation secretary in the first Bush administration. She said Tuesday that it was only a wild rumor that she's under consideration now." Bill Graves, "former Kansas governor and now head of the American Trucking Associations, told his board recently that he is committed to staying in his job." Mineta, "a lifelong Democrat, says he wants Cino, former deputy chairman of the Republican National Committee, to succeed him."

Kappes Takes Place As CIA Deputy Director. The Washington Times (7/26, Gertz, 88K) reports Stephen R. Kappes, "a veteran CIA operations official who clashed with former agency Director Porter J. Goss," was "formally named the deputy CIA director yesterday, raising concerns among critics who say he will hamper reform at the agency." Kappes is "well-liked among CIA rank and file but who is viewed as someone supporting the status quo at the embattled agency."

Bush Names Tschetter To Direct Peace Corps. The AP (7/26) reports President Bush "has chosen financial services executive Ronald Tschetter to be the next director of the Peace Corps, the White House said Tuesday." Tschetter "replaces Gaddi Vasquez, who last month became U.S. representative to the United Nations food and agriculture programs."

Obama, Durbin Place Hold On FAA Nominee Over Wind Farm Dispute. The Chicago Tribune (7/26, Hawthorne, 623K) reports Sens. Barack Obama and Dick Durbin "are blocking the appointment of a top aviation official in hopes of forcing the federal government to resolve a dispute that has stopped work on more than a dozen wind farms in the Midwest." Obama and Durbin "took the action in response to a recent Tribune story that documented how at least 15 wind farms have been sidetracked while federal officials study whether the giant turbines could interfere with military radar." They are "blocking the nomination of Andrew Steinberg to be assistant secretary for aviation and international affairs at the Federal Aviation Administration."

Lawmakers Hold Out Hope For Press Shield Law. The AP (7/26, Sniffen) reports, "Two Republican co-sponsors of a bill to shield reporters from having to disclose news sources refused Tuesday to give up hope for the legislation despite Justice Department opposition and limited time left for congressional approval." The AP continues, "Sen. Richard Lugar and Rep. Mike Pence, both Indiana Republicans, acknowledged at a National Press Club lunch that their proposed Free Flow of Information Act faces an uphill struggle with only a few months left in the 109th Congress. … Nevertheless, Lugar said, 'We are still optimistic.' … And Pence disclosed that the first hearings by a House committee would be Sept. 14." The AP adds, "The bill still needs approval by a Senate committee and the full Senate, a House hearing, House committee approval, full House approval, probably a conference to resolve differences, final votes on both chambers and President Bush's signature — all before Congress wraps up this fall, Lugar said. … And 'probably some more compromises' will be necessary, Lugar said, without specifying what they might be. The coalition of news media companies backing the bill was already shaken by amendments sponsors accepted, particularly in the Senate version."

Senate GOP Seeking Vote On Line-Item Veto. The Hill (7/26, Allen) reports, "Senate Republican leaders may bring a White House-backed proposal for a line-item veto to the floor in September, even if it appears likely to fall on a filibuster," as "those who favor considering the line-item veto say it presents a win-win for Republicans — either it passes or they can use a filibuster against Democrats at the polls." Meanwhile, "white House budget chief Rob Portman continued a fierce lobbying blitz for the measure," and "the White House is putting greater emphasis on building support for line-item authority than it has put on other proposals."

Specter Bill Will Challenge Signing Statements. CQ (7/25, Ota) reports that Sen. Arlen Specter "is preparing for another showdown with the White House, this time over President Bush's use of 'signing statements' to challenge provisions he finds objectionable in bills he signs into law." He "said he will offer a bill later this week that would lay the groundwork for Congress to challenge Bush's signing statements in court." However, "strong opposition from the White House and Bush's allies" suggest "Specter will have a difficult time making legislative headway in his latest move to counter executive powers assumed by the Bush White House." Still, he "has repeatedly shown a willingness to antagonize the administration, Senate leaders and his party's right wing."

Poll Finds Majority Disapprove Of Bush Stem Cell Bill Veto. USA Today (7/26, Benedetto, 2.27M) reports, "A majority of Americans disapprove of President Bush's veto of a bill expanding federal funding for embryonic stem cell research, though they say they believe he did so on

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principle, a USA TODAY/Gallup Poll shows." The poll "taken last weekend," finds "61% say Bush rejected the bill last week for personal moral beliefs; 32% say he did it to gain political advantage." White House deputy press secretary Ken Lisaius said yesterday, "The president does not make policy decisions based on polling numbers. … He vetoed the legislation because it would provide federal tax dollars to fund the present and future destruction of human life for research." The poll "shows a partisan gap: 61% of Republicans approve of the veto, compared with 19% of Democrats and 33% of independents. Among those expressing disapproval, 76% say they were 'very' or 'somewhat' upset by the veto; 24%, not at all."

GOP Lawmakers Disagree Over Pension Bill Provisions. The Wall Street Journal (7/26, Rogers, Solomon, 2.03M) reports, "Pension-bill negotiations in Congress are coming down to a bruising fight among Republicans" as "Senate Finance Committee Chairman Charles Grassley (R., Iowa) continues to resist pressure from House Majority Leader John Boehner (R., Ohio), who wants to make it easier for investment companies to both manage retirement accounts and advise clients on their portfolio." Boehner "has sought to isolate Mr. Grassley by giving ground elsewhere to win support from other senators." Meanwhile, "a closed-door exchange yesterday between House Ways and Means Committee Chairman Bill Thomas (R., Calif.) and Sen. Edward Kennedy (D., Mass.) betrayed Republican concerns about labor's reaction to some of the agreements . And members of the Senate Finance panel were in open revolt after Majority Leader Bill Frist's chief-of-staff Eric Ueland told reporters that popular tax provisions would be pulled out of the package."

CQ (7/25, Crittenden) agrees, "disputes between lawmakers threatened to prolong the negotiations, making uncertain whether they could meet the latest self-imposed deadline of clearing the measure before the August recess." While negotiators found "agreement on an airline provision Tuesday evening," they "made progress on little else, causing tempers to flare." CQ adds that the Boehner-Grassley "rift could jeopardize the chances of an agreement on the final bill."

Lobbyists Try To Return Tax Credits To Bill. Roll Call (7/26, Ackley) reports, "Numerous lobbyists who have pushed for a pension reform package began lining up their celebratory plans last night as they awaited final word that the bill was set to emerge from its 100-plus-day conference committee. But those who had banked on having their clients' tax credits included in the bill spent late Tuesday on a last-ditch flurry of lobbying" after "reports indicated that those tax credits had been bounced from the package." These lobbyists are "looking to Senate Finance Chairman Chuck Grassley (R-Iowa) and a handful of other Members to try to get the credits back in the pension package."

Members With Tough Races Given Lead Roles In Legislation. The House GOP leadership is allowing lawmakers facing tough reelection battles to take the lead on more legislation, The Hill (7/26, O'Connor) reports. As "the number of legislative days before the November election slip away, GOP lawmakers in competitive seats are trying to make their legislative mark. … One clear advantage Republican leaders maintain over their Democratic rivals this year is the ability to schedule the floor, which includes moving bills written by vulnerable incumbents."

Frist Says He Did Not Know HCA Planned To Go Private. The AP (7/26, Zuckerbrod) reports, "Senate Majority Leader Bill Frist, under investigation for selling his stock in HCA Inc., said Tuesday he didn't know in advance the hospital chain founded by his family planned to go private." Frist "said he learned about the buyout proposal, which was announced Monday, from newspaper reports. … Frist said he would not benefit from the deal, saying 'to the best of my knowledge,' he owns no HCA stock." Frist, "who is considering a 2008 presidential bid, also said he hopes the investigation into the sale of his stock last year ends soon."

Report Urges "Government-Wide Productivity Target." The Washington Post (7/26, D4, Barr, 748K) reports in its "Federal Diary" column that a report from the global consulting firm McKinsey & Co. says the government "faces 'a productivity imperative' of providing improved services, but does not have a way to determine if it is up to that challenge." The report says that because of budget cuts, "the Bureau of Labor Statistics stopped keeping score on government productivity in 1994, making it difficult to gauge overall governmental performance." The Post adds, "For the government to address new national priorities and cope with growing programs, it needs to understand what drives private-sector gains in productivity and needs policymakers to create support for higher levels of federal performance, the report said. As part of their recommendations, the McKinsey consultants called on the White House and Congress to set a 'government-wide productivity target' to be accomplished within eight years."

WSJournal Says ABA Should Be Removed From Process Of Vetting Judicial Nominees. An editorial in the Wall Street Journal (7/26, 2.03M) that in March 2001, President Bush "told the American Bar Association to buzz off," ending "the tradition of providing the ABA's Committee on the Federal Judiciary with the names of nominees before they were made public." The Journal adds,

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"Too bad Mr. Bush didn't go all the way and cut out the ABA entirely." The Journal adds that it is "past time to cut the ABA out of the vetting process altogether."

OTHER NEWS:

Bernanke Has Assets Totaling Between $1.2 Million And $2.5 Million. Financial disclosure forms released by the Federal Reserve show that Federal Reserve Chairman Ben Bernanke held financial assets totaling between $1.2 million and $2.5 million at the end of 2005. The Wall Street Journal (7/26, 2.03M) reports, "The former Princeton University professor's largest assets were a TIAA annuity valued at between $500,001 and $1 million, and a CREF variable annuity also valued at between $500,001 and $1 million. He also owned several Merrill Lynch & Co. funds valued at between $1,001 and $15,000, according to the disclosure forms."

Home Sales Down In June. ABC World News Tonight (7/25, story 8, 2:10, Gibson, 8.78M) reported, "New figures out today show that sales of existing homes fell in June. The eighth decline in the past ten months. And the backlog of unsold homes grew. There are more than 3.7 million homes sitting on the market right now unsold. A remarkable turn around for a housing market that seemed to defy gravity for so many years." NBC Nightly News (7/25, story 6, 3:25, Williams, 9.87M) reported, "The headline here is the market is cooling off."

The Wall Street Journal (7/26, Corkery, Park, 2.03M) reports, "Realtors' Chief Economist David Lereah says that for now, the housing market appears headed for a soft landing in most markets, meaning that the market will cool in an orderly fashion." But "if the Federal Reserve continues to raise interest rates while consumers get hit with higher oil prices, 'some local economies could turn sluggish and contract,' which could result in a harder landing for housing, Mr. Lereah said." Home prices, meanwhile, "were little changed overall but varied considerably by region." However, USA Today (7/26, Knox, 2.27M) titles its report "Home Prices Could Start Falling," reporting "condo prices are already being hit: They fell 2.1% from June last year to a median $226,900."

The Washington Post (7/26, A1, Tse, 748K), in a story headlined "After 5 Years Of Growth, Home Prices Drop," says, "In what may be the most telling sign yet that the real estate market here has shifted downward, median prices of homes in several parts of the Washington area have declined when compared with the same time last year."

The Christian Science Monitor (7/26, Trumbull, 58K) reports on the housing data in a story titled "Housing Market Slowdown Rippling Across The Economy," reporting, "A nationwide housing boom gave the current economic expansion its biggest boost. Now, a housing dip is raising the prospect of a slower economy ahead."

The New York Times (7/26, Peters, 1.21M) runs a similar story under the headline "Sales Slow For Homes New And Old," and says "adding it all together, a variety of experts now say, the housing industry appears to be moving from a boom to something that is starting to look a lot like a bust."

Consumer Confidence Up. USA Today (7/26, 2.27M) reports, "US consumer confidence unexpectedly rose in July for a second-consecutive month, a private group said Tuesday." The New York-based Conference Board's consumer confidence index "rose to 106.5, the highest in three months, from 105.4 in June. Consumers were more upbeat about the current economic environment and expectations for the next six months."

Stocks Rise For Second Straight Day. NBC Nightly News (7/25, story 9, 0:10, Williams, 9.87M) reported, "On Wall Street today, investors added to yesterday's big gains there. The Dow was up almost 53 points [to close at 11,103.71]. NASDAQ gained 12 points on today's trading [to close at 2,073.90]." USA Today (7/26, 2.27M) reports "the Standard & Poor's 500 index added 7.97 points to 1268.88. The S&P 500 is up 1.6% this year." The Wall Street Journal (7/26, Browning, 2.03M), among other newspapers, also reports the stock numbers.

Former Treasury Secretaries Call For Debate Over Globalization. USA Today (7/26, Lynch, 2.27M) reports, "the leading architects of the Clinton administration's globalization stance, including" former Treasury secretaries Robert Rubin and Lawrence Summers, "gathered Tuesday to discuss ways to strengthen Democratic Party support for free trade by doing more for those suffering its effects." Rubin said, "What troubles me the most is there is a need for a serious and real economic debate in our political system, and I don't think we're having it." With China and India's entrance into the global economy, globalization's "impact upon American workers will only mushroom." Still, "while there were hints of some minor second thoughts on the part of those who helped pave the way for the past decade's relentless integration of world markets, there was no support for protectionism."

Samuelson Says Speculators Have Not Artificially Increased Oil Prices. Robert Samuelson writes in the Washington Post (7/26, A17, 748K), "Could there be an oil 'bubble?' Well, yes. In early 2002 oil sold for roughly $20 a barrel; now it's close to $75. … But any bubble would be a peculiar beast, and if it burst and prices dropped significantly, we shouldn't delude ourselves into thinking that this might signal a new era of comfortable abundance. It

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wouldn't." Samuelson adds, "Whatever happens, we should avoid the easy conclusion that speculators have artificially increased oil prices. … Oil is essential and insecure. A sensible country would minimize this insecurity by economizing on oil's use (through taxes and tougher fuel regulations) and developing its own resources. We should have redoubled our efforts years ago; we should do so now."

Democrats Giving Up On Rowley Bid To Unseat Kline. National and Minnesota Democrats are reportedly set to walk away from Coleen Rowley's effort to unseat Rep. John Kline. Roll Call (7/26, Rasmussen) reports, "Many in the party had hoped that Rowley's national fame…would make her an exciting, appealing candidate in an otherwise Republican-leaning district. But now some state Democrats say Rowley's first run for political office is going so badly that they're turning their sights on damage control." Rowley "has found herself on the defensive almost from the start. Her campaign has been damaged by a high-profile mistake and a recently published report criticizing her performance at the FBI prior to Sept. 11, 2001."

Murtha To Campaign For 41 Democratic House Candidates. Rep. John Murtha has plans to campaign in 41 races around the country, The Hill (7/26, Bolton) reports, "This is a dramatic increase in activity for Murtha, who did not campaign for House candidates in 2004, according to his spokeswoman. Helping Democratic candidates could pay dividends in a race for majority leader against Democratic Whip Steny Hoyer (D-Md.). Murtha says he thinks such a race is likely and told The Hill that if the election were held now Democrats would be catapulted into the majority." Hoyer "is planning to travel to 36 districts to campaign for vulnerable Democratic incumbents as well as challengers, according to a Hoyer aide."

Congressional Races Focusing On Local Concerns More Than National Issues. Time (7/25, Bacon, 4.03M) reported on its web site that "as much as some Republicans (and Democrats, for that matter) might like to make this year's congressional election a contest between competing national agendas, the reality is that it is just as much a series of local races with their own particular issues and considerations." Dissonance "between the campaign tactics of Republicans in the Northeast and the Midwest will be hard to miss this fall. Of the 36 Republican-controlled congressional districts that should be very competitive this year, according to rankings from the non-partisan Cook Political Report, half of them are in just six states: Connecticut, Kentucky, Indiana, New York, Ohio and Pennsylvania. The Democrats will bombard these states with the bulk of the $30 million they plan to spend on ads attacking Republicans this fall. This sets up what almost appears to be a three-front regional war, where both parties know the national battle will ultimately be won or lost."

Steele Is Anonymous Senate Candidate Quoted By WPost About Not Wanting Bush Help. The Washington Post (7/26, B2, Wagner, Barnes, 748K) reports that Maryland Lt. Gov. Michael Steele's US Senate campaign acknowledged yesterday that he was the anonymous GOP candidate quoted by a Post political reporter as saying that being a Republican candidate was like wearing a "scarlet letter," and saying he did not want President Bush to campaign for him this fall. Steele's campaign "made the disclosure after a day of speculation in the blogosphere and among political reporters about which Republican Senate candidate had made the disparaging remarks reported by Dana Milbank in the Washington Sketch column in yesterday's Post." The Post adds, "Democrats in Maryland and Washington pounced on the comments to portray Steele as either a chameleon or a hypocrite."

The AP (7/26, Sidoti) reports that while Steele's campaign acknowledged that he was the candidate quoted by the Post, his published remarks "were just a sampling from a wide-ranging, 90-minute interview in which he praised the president." Doug Heye, a spokesman for Steele, said the candidate, "who is black, also praised Bush's recent speech before the NAACP, economic growth and unemployment numbers among African-Americans."

NYTimes Criticizes Bloomberg Comments On Con-Ed. An editorial in the New York Times (7/26, 1.21M) says, "For the tens of thousands of people who went a week without electrical power in Queens, the mix of anger and despair has itself become like a hot wire. This week, Mayor Michael Bloomberg tripped on it. On Monday, Mr. Bloomberg suggested that the city owes a thank-you to the head of Consolidated Edison for the company's efforts to restore power. Considering that some were still without power and that an investigation into the causes of the blackout is yet to come, the comment sounded a bit premature." Bloomberg "no doubt hoped his comment would halt finger-pointing and allow Queens to focus on getting back on its feet. We have often appreciated his antipathy for political showboating. But the city residents who have been living in the dark need to feel their mayor is completely on their side."

Field Poll Shows Schwarzenegger With Eight-Point Lead Over Angelides. The Washington Times (7/26, Pierce, 88K) reports in its "Inside Politics" column that California Gov. Arnold Schwarzenegger "holds an eight-point lead over Democratic challenger and state Treasurer Phil Angelides in their race for the governor's office, according to

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a poll released yesterday. The Field Poll found 45 percent of likely voters favor Mr. Schwarzenegger for re-election in November, with Mr. Angelides getting 37 percent."

Conservatives Challenge Schwarzenegger At Campaign Event. The Los Angeles Times (7/26, Salladay, 918K) reports that an outdoor campaign appearance by California Gov. Arnold Schwarzenegger "turned into a bitter complaint session Tuesday, with conservative voters visibly angry at him over illegal immigration and the parole of convicted murderers." The event "was carefully planned by Schwarzenegger campaign aides. But some of the invited, mostly Republican audience turned on the governor in livid tones, while others alternately booed and cheered during the tense exchanges. … The tone of the unscripted exchanges startled the governor. After the event, Schwarzenegger told reporters that he found the questions, which went 'into dangerous areas,' troubling. … The governor, surrounded by about 150 people sitting in a circle on chairs and picnic tables, kept his cool through the barrage of criticism."

Istook Wins Oklahoma GOP Gubernatorial Nomination By Wide Margin. In the Oklahoma gubernatorial race, Rep. Ernest Istook won the Republican nomination outright by exceeding 50% of the vote in Tuesday's primary, while Democratic incumbent Gov. Brad Henry was easily renominated. On the GOP side, Istook took 55% of the vote, Bob Sullivan 31%, James Williamson 10%, and Jim Evanoff 5%. In the Democratic primary, Henry took 86% and Andrew Marr 14%.

The Washington Post/AP (7/26) said Istook, "a social conservative known for pushing prayer in public schools and a federal balanced-budget amendment, ran a low-key campaign, staying mostly in Washington and campaigning on the weekends back home. Sullivan got support from the most conservative elements of the state Republican Party for pushing such ideas as eliminating the income tax, severely restricting government growth and changing how school money is spent." CQ Politics (7/25, Kapochunas) says Istook "was the consensus front-runner since he launched his bid last October. … But the ease with which Istook won the primary vote belied the grittiness of the campaign that preceded it -- one in which he absorbed a number of verbal attacks by Sullivan and had to practically empty his campaign treasury to defend himself."

Female Governors Draw Crossover Votes, Win Reelection More Than Males. USA Today (7/26, Page, 2.27M) reports, "Although their numbers are still small, female governors stand out as better than their male counterparts at drawing crossover voters, dealing with the opposition party and winning re-election. This emerging statistical picture suggests intriguing prospects that will be tested in November's elections, when a record five of the eight female governors in the USA are running for new terms. Non-partisan analysts favor four of the five to win, even though all four are in states that were carried by the other party in the 2004 presidential race."

Republicans Ridicule Changes In Democratic Presidential Primary Calendar. The Washington Times (7/26, Hallow, 88K) reports, "Republicans are ridiculing the Democratic Party's proposed changes to the 2008 presidential nomination schedule, which now appears to further enhance New York Sen. Hillary Rodham Clinton's prospects." The Democratic Party's rules committee announced Saturday that "the 2008 Nevada Democratic caucuses would be moved up to follow the first-in-the-nation Iowa caucuses. … The committee also said that the South Carolina Democratic primary would be advanced to follow New Hampshire's first-in-the-nation primary. Both changes await almost certain final approval at the party's annual summer meeting next month."

Bush, Maliki Agree To Boost Security In Baghdad. In what media reports are describing as a sign of growing trouble in Iraq, President Bush and Prime Minister Nouri al-Maliki announced a new security plan for Baghdad. In coverage typical of the reporting last night and this morning, the Chicago Tribune (7/26, Silva, 623K) reports the announcement "signaled the depth of the security problem in a country" Bush "once had called a 'beacon' for peace in the region, and it raised questions about the administration's hopes of bringing home significant numbers of soldiers by year's end." The Tribune also reports Bush "acknowledged Tuesday" the violence in Iraq remains "terrible."

Like the Tribune, a large number of number of media outlets noted Bush's assertion that the security situation in Baghdad remains "terrible." The Washington Post (7/26, A1, Baker, White, 748K), for example, titles its front-page story "Bush To Add Troops In Baghdad, Citing 'Terrible' Sectarian Strife," saying Bush "sounded unusually dour and acknowledged that the situation in Iraq in many ways has worsened lately." The New York Times (7/26, Rutenberg, 1.21M), meanwhile, also runs Bush's quote in a story headlined "Baghdad Chaos Pushes Bush To Shift US Troops."

ABC World News Tonight (7/25, story 4, 2:15, Tapper, 8.78M) showed Bush saying, "No question it's tough in Baghdad. And no question it's tough in other parts of Iraq," while the CBS Evening News (7/25, story 4, 2:40, Axelrod, 7.66M) showed him stating, "Obviously the violence in Baghdad is still terrible and therefore there needs to be more troops." CBS also reported, "This was not the warmest meeting the President's had here lately. Compare the look

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on the two men's faces today to their first meeting six weeks ago. All smiles on Mr. Bush's surprise trip to Baghdad when Mr. Maliki briefed the President on a plan to make Baghdad safer. The plan has been a failure." Today "couldn't have been one of the President's best days as he announced the exact opposite of what he hoped to-- more troops to Baghdad." President Bush: "And obviously the violence in Baghdad is still terrible and therefore there needs to be more troops."

NBC Nightly News (7/25, story 5, 2:45, Gregory, 9.87M) reported, "I think it was a lot more tense, more subdued, than we all saw amid the fanfare of Bush's surprise visit to Baghdad last month." A "senior Pentagon official says the number of new Iraqi and US troops would be in the low thousands, the bulk of those Iraqi soldiers." The Washington Times (7/26, Curl, 88K) notes Maliki "did not smile once during the 30-minute press conference."

Likewise, the Washington Post (7/26, A2, Milbank, 748K) reports in its "Washington Sketch" column that during their news conference yesterday, President Bush and Iraqi Prime Minister Nouri al-Maliki "had few answers for the bloodshed in Iraq, and the mood was somber. … Even as Bush recited many of his favorite platitudes – 'free and fair elections...vision for a free Iraq...the courage of the Iraqi people...extremists are brutal' -- the body language was subdued, and there was little of the jocularity Bush displays when he's feeling comfortable. The lone exception: a Bush nod and smile toward the American press corps when a reporter from al-Iraqiya, a network funded by the Pentagon and now the Iraqi government, rose to ask Maliki a gentle question."

USA Today (7/26, Jervis, Jackson, 2.27M) reports, "National security adviser Stephen Hadley said military officials are still working out a "repositioning" of forces and are deciding which ones to send to Baghdad." USA Today adds "the increasing urgency of the situation in Baghdad reflects how, more than three years after U.S.-led forces steamrolled into the city and toppled Saddam Hussein's regime, the battle for Iraq's largest and most important city is widely viewed as a tipping point for the nation's future."

The Wall Street Journal (7/26, Dreazen, 2.03M) reports, "A Pentagon official said the additional U.S. presence in Baghdad would likely number between 2,000 and 5,000 soldiers, many of whom would be embedded with Iraqi police units. The official said no new troops would be sent to Iraq as part of the effort." The shift "is a frank acknowledgment that more than three years after US-led forces swept into Iraq, much of the country, including major sections of the capital, remains outside the control of either US forces or the Iraqi government."

In an analysis of the new plan, the New York Times (7/26, Gordon, 1.21M) says that the Bush Administration's announcement that it will shift more forces to Baghdad "reflects a new strategy to reclaim control of the Iraqi capital and a new approach for deploying the troops. The plan is to concentrate on specific neighborhoods rather than distribute the forces throughout the city, control movement in and out of sectors of the capital and try to sweep them of insurgents and violent militias." The plan "is a version of the 'ink blot' counterinsurgency strategy of grabbing a piece of terrain, stabilizing it and gradually expanding it. … The plan has risks. It will divert American military police from deploying to Anbar Province, where the insurgency continues to rage. And an increased presence of American troops on the ground in Baghdad, where insurgent attacks have soared, carries the potential of more American casualties."

The AP (7/26, Raum) reports, "Asked if the tense situation in Baghdad would alter the equation for an eventual withdrawal of US forces, Bush said troop level decisions will still be based on recommendations from military commanders in the field. 'Conditions change inside a country,' Bush said. '"Will we be able to deal with the circumstances on the ground? And the answer is, yes, we will.'"

Meanwhile, the New York Times (7/26, 1.21M) editorializes, "Six weeks ago, President Bush paid a surprise visit to Iraq's prime minister, Nuri Kamal al-Maliki, in Baghdad." Maliki "seized the occasion to announce a major military operation meant to bring security to the people of Baghdad. Mr. Bush took one of his patented looks into the prime minister's eyes and found a worthy partner. This week, as Mr. Maliki returns the visit, things feel very different. It seems possible, in fact, that the two men's brief encounter in Baghdad might turn out to have been the last good moment of the American experience in Iraq. … The dream of creating a government committed to the welfare and security of all Iraqis is slipping away, and it will take more than another good-will visit to get it back."

Violence In Baghdad Up 42% From Last Year. NBC Nightly News (7/25, story 5, 2:45, Colt, 9.87M) reported, "The grim reality here on the ground is that there have been an average 100 people dying every day here, most of those are civilians. Attacks on security forces are up 42% as compared to a year ago." NBC (Gregory) added, "Consider these figures -- over the past two weeks of fighting between Israel and Hezbollah, more than 400 civilians have been killed, mostly Lebanese. In Iraq, at least 583 civilians are believed dead, yet another reason to question when US troops will come home."

Democrats Express Outrage Over Maliki's Criticism Of Israel's Lebanon Campaign. CNN's The Situation Room (7/25, Henry) reported that Democrats are "jumping on the fact that," during a press conference with President Bush, Iraqi Prime Minister Nouri al-Maliki refused an opportunity to clarify his position on the current crisis in

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Beirut." Maliki "has refused to condemn Hezbollah and has called the current conflict an act of -- quote -- 'Israel's aggression,' completely at odds with the President's view on the situation. Some Democrats are demanding that, as a result, Republican leaders on Capitol Hill should withdraw the invitation to the prime minister to speak before a joint meeting of Congress tomorrow. But, so far, it appears that speech moving ahead anyway."

The AFP (7/26, Knox) reports "the prime minister, who has called Israeli strikes in Lebanon 'criminal,' sidestepped a question about his position on Hezbollah." Asked "whether that meant Washington and Baghdad are at odds over the group, Bush national security adviser Stephen Hadley snapped: 'I don't know why you would infer that. He was asked the question and he gave the answer he gave.'"

All three networks last night noted the controversy as part of their coverage of the news conference. NBC Nightly News (7/25, story 5, 2:45, Gregory, 9.87M) reported, "Maliki is scheduled to speak before Congress, but some Democrats there are quite upset about his criticism of Israel and wonder why he won't condemn Hezbollah, questioning exactly whose side Maliki is on in the war on terror." ABC World News Tonight (7/25, story 4, 2:15, Tapper, 8.78M) reported "the two leaders had a frank exchange on the conflict in Lebanon. Nouri Al Maliki has condemned Israel, but not Hezbollah." The CBS Evening News (7/25, story 4, 2:40, Axelrod, 7.66M) reported, "Topping the list of issues dividing the two is blame for this current crisis in the Middle East. President Bush, of course, blaming Hezbollah. Well, the prime minister of Iraq has been quite critical of Israel."

The Los Angeles Times (7/26, Spiegel, 918K) says the Bush-Maliki White House meeting "was overshadowed" by the "deep disagreement over how to respond to Israel's attacks in Lebanon." Maliki's "views and inflammatory statements by other Iraqi officials -- including a parliamentary resolution branding the Israeli attacks 'criminal aggression' -- prompted 20 congressional Democrats to call for the cancellation of Maliki's invitation to address a joint session of Congress today." Republican leaders "refused, but also expressed concern about Maliki's statements." House Minority Leader Nancy Pelosi said, "Maliki's criticism of Israel's right to defend itself is unacceptable. … Unless Mr. Maliki disavows his critical comments of Israel and condemns terrorism, it is inappropriate to honor him with a joint meeting of Congress." The Times adds, "Some Democrats were weighing a boycott of the speech, but Democratic leaders were expected to attend and were not encouraging absences." However, The Hill (7/26, Hearn) reports, "Although Democrats had no organized effort to boycott the speech, several, including Reps. Nita Lowey (N.Y.) and Rosa DeLauro (Conn.), vowed not to attend the event unless al-Maliki backs away from the statements."

Roll Call (7/26, Stanton, Kornacki) reports "a group of House Democrats, led by Reps. Rahm Emanuel (Ill.), Jan Schakowsky (Ill.) and Rosa DeLauro (Conn.), held a news conference Tuesday to protest Speaker Dennis Hastert's (R-Ill.) decision to invite al-Maliki." They "took aim at specific comments from the Speaker of the Iraqi Parliament, who has called the Iraqi insurgency the work of 'Jewish, Israelis and Zionists.' Their concerns were outlined in a letter to Hastert."

Under the headline, "Iraqi PM Calls Israel's Actions 'Criminal'," the Financial Times (7/26, Daniel) reports "Senate Democrats" also "sent a letter to the Iraqi leader ahead of his address to Congress on Wednesday. They called his statements on Israel 'troubling' and said his failure to condemn Hizbollah's aggression 'raises serious questions about whether Iraq under your leadership can play a constructive role in resolving the current crisis' in the Middle East."

The Washington Times (7/26, Bellantoni, 88K) quotes Sen. Charles E. Schumer, New York Democrat, saying, "No matter how politically expedient he thinks it may be: To stand with America, you have to stand against terrorism. … Before he speaks in front of the Congress and the American people, there is a very simple question we are asking the prime minister today: Which side is he on when it comes to the war on terror?" Schumer "added that he has 'grave doubts' about attending the speech."

The AP (7/26) reports Sen. John Kerry said yesterday, "Prime Minister Maliki missed an important opportunity to state his position on Hezbollah, and instead left the impression that he does not oppose this terrorist organization's outrageous attacks on Israel." Kerry "demanded that Mr. Maliki condemn the use of terror anywhere -- including by Hezbollah against Israel -- in his speech to Congress on Thursday."

Meanwhile, USA Today (7/26, 2.27M) reports "Hastert's spokesman Ron Bonjean said Hastert had no intention of canceling the speech and accused Democrats of 'political gamesmanship.'"

Fox News (7/26) reports on its website that Hastert "told reporters that even if al-Maliki doesn't apologize for earlier comments condemning Israel for its assault on Hezbollah terrorist targets in Lebanon, the prime minister 'should address Congress. ... The US has 130,000 troops [in Iraq]' and Washington must maintain a dialogue with the Iraqi government." Sen. John Cornyn "said Pelosi's comments undermine US soldiers in Iraq. 'The House Democrat Leader and some of her Democrat colleagues may not agree with the liberation of Iraq and they may not agree with criticism by some against Israel's actions but their continued efforts to undermine the advancement of freedom and democracy in Iraq is shameful,' he said." Sen. Hillary Clinton "called the prime minister's remarks 'outrageous.' But later in the day, she said she planned to attend the speech." Sen. John

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McCain, "a staunch supporter of the Iraq war, took no umbrage with the remarks, saying, 'People are free to voice their opinions. I hadn't really even thought much about it.'" And "the Senate's No. 2 Republican, Sen. Mitch McConnell of Kentucky, said, 'We're very happy he's here. We're looking forward to hearing from him.'"

Some Lawmakers Seek "Middle Ground" On Israel-Lebanon Conflict. The Washington Post (7/26, A10, Weisman, 748K) reports, "Even as the fighting continues and the civilian casualties mount in Lebanon, sentiment in Congress is overwhelmingly on Israel's side. Last week, the House passed a resolution, 410 to 8, that went even beyond the Bush administration in supporting for Israel in its battle with Hezbollah militants." But "a few lawmakers from both parties are warning that the United States and Israel may pay a price -- in world opinion and in public support -- if Congress does not find a middle ground in the search for a peaceful resolution." Among those lawmakers are GOP Reps. Darrell Issa, Charles Boustany and Ray LaHood, Democratic Rep. Nick J. Rahall II. The Post adds, "Recognizing the political dynamics from the start, Issa, LaHood, Rahall and (R-La.) chose their words carefully when they drew up a resolution 'condemning the kidnapping of Israeli soldiers by Hamas and Hezbollah, affirming the right of Israel to conduct operations to secure the kidnapped soldiers' and 'urging all parties to protect innocent life and civilian infrastructure.'"

GOP Seen As Stronger Than Democrats On Issue Of Israeli Security. Dick Morris and his wife Eileen McGann write in The Hill (7/26), "Ten years ago, on April 18, 1996, Israel attacked Hezbollah in Lebanon for 16 days in an operation called Grapes of Wrath. The global condemnation of Israel was fierce, especially when it bombed a U.N. refugee camp, killing 107 people, an attack that Tel Aviv said was a mistake. At the time, the United States did nothing to stop the tide from turning against Israel and President Clinton said, 'I think it is important that we do everything we can to bring an end to the violence.' In private, Clinton seethed at the Israeli attack, saying he had discussed with Israeli Prime Minister Shimon Peres the possibility of concluding a military defense treaty with his nation, pledging US aid in the event of an attack. … 'I would have given them the commitment, too, but now I can't because of the uproar over the refugee camp bombing.' No such treaty was ever signed." They add, "Clinton's willingness to use American power to force a cease-fire on Israel before it had fully eradicated Hezbollah stands in stark and sharp contrast to George Bush's insistence on letting Israel proceed with its attacks until the terrorist group is neutralized. In a nutshell, this illustrates the difference between the Democratic and Republican approaches to Israeli security."

For more on the Israel-Lebanon campaign, please go the News Summary's International News section.

Rice In Rome For Summit On Israel-Lebanon Conflict. Secretary of State Condoleezza Rice is in Rome for a summit on the ongoing crisis in Lebanon. The conflict was the lead on each of the networks, which devoted a cumulative total of just under 26 minutes to the crisis. The networks also spent about 10 minutes covering the humanitarian dimension of the conflict, focusing largely on the plight of Lebanese refugees, especially Americans still caught in the combat zone.

ABC World News Tonight (7/25, story 3, 3:05, Stephanopoulos, 8.78M) reported, "Aides traveling with Secretary Rice believe they are making progress on the diplomatic front. But it is also clear that the US has decided to give Israel free hand militarily. The big question is will this dual strategy work? As Secretary Rice and her team left Jerusalem today for Rome, they said the most tangible benefit of her mission so far, is a new Israeli commitment to get humanitarian aid to Lebanon." Israeli and American officials "hope privately that this offer would help convince the Lebanese to confront Hezbollah, and make the rest of the world more tolerant of military operations likely to intensify in the coming days." Even President Bush "wondered today if it would all work out." President Bush: "Will the free world and the neighborhood, work in concert to help develop sustainable democracy?"

The CBS Evening News (7/25, lead story, 3:10, Schieffer, 7.66M) reported, "The Israeli prime minister says his troops intend to take 'severe measures' to break the back of Hezbollah's guerrillas and Secretary of State Rice indicates the United States won't stand in their way."

NBC Nightly News (7/25, story 3, 1:50, Mitchell, 9.87M) reported US officials see the conflict as part of "a much bigger struggle. … They see this as not just a fight with Hezbollah, between Hezbollah and Israel with Lebanon caught in the middle. They see this as a power struggle with Iran for the future of democracy in the Middle East." Secretary Rice "actually said that there are those who want to strangle democracy in Lebanon in its crib. By that she means Iran."

In similar reporting, the Washington Post (7/26, A12, Wright, 748K) reports, "The real issues, US officials say, are not simply the hostilities between Israel and Hezbollah but far wider questions of Lebanon's sovereignty and what the administration sees as an existential battle between forces aligned for and against democracy in the region. And in that sense, say diplomats traveling with Rice, the administration sees opportunity in the turmoil." The Post adds, "The Rice delegation also hinted that it was exploring actions against outside governments subverting Lebanon's sovereignty, Welch said. The United States strongly believes that Iran in particular facilitated and encouraged the July 12 Hezbollah cross-border raid that seized two Israeli soldiers and sparked

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the crisis. The administration also holds Syria responsible for abetting the radical Shiite Muslim group."

Most print media, however, offered a harsher assessment of Rice's diplomatic efforts. The Wall Street Journal (7/26, King, 2.03M) reports Administration "officials concede they have accomplished little in attempting to hatch a solution to stem the bloodshed," and the US "finds itself increasingly wedged between allies calling for an immediate cease-fire and Israel's position that it needs more time to strike back at the Lebanon-based terrorist group."

The Financial Times (7/26, Morris, Khalaf, Dombey), meanwhile, reports comments from Hezbollah leader Sayyed Hassan Nasrallah, saying he "vowed on Wednesday he would not accept any 'humiliating' conditions for a ceasefire with Israel ahead of" the Rome meeting. "Lebanon and its Arab allies are expected to plead for an immediate ceasefire at the Rome conference on Wednesday, but the United States will insist a lasting solution needs to be agreed first."

The AP (7/26, Shrader) says Secretary Rice "won praise from Israel but little enthusiasm from its Arab neighbors as she shuttled between Middle East cities Tuesday, still lacking a formula for ending Israeli-Hezbollah fighting or for long-term peace. Two days into her high-stakes diplomatic mission, Rice was exploring options for enforcing peace after the fighting does stop between Israel and the Hezbollah militia." Rice's traveling team "has been sparse with its words. [Assistant Secretary David] Welch wouldn't offer details about what Rice said in private meetings about how she hopes to establish a cease-fire. Nor would he address reports from Lebanese officials." The Washington Post (7/26, A1, Wilson, Wright, 748K) says "Rice's two-day visit to the region was more a listening tour than a determined attempt to end a conflict that showed no sign of abating. She declined to call for an immediate cease-fire, saying that 'we cannot return to a status quo ante, in which extremists at any time can decide to take innocent life hostage again.'" And the Wall Street Journal (7/26, King, 2.03M) says Rice has not made "public comments in the past two days about the state of her diplomatic effort. First in Beirut, then in Jerusalem and later in the Palestinian West Bank city of Ramallah, the normally loquacious Ms. Rice has kept her public remarks sparse and curt, and allowed for only one hollered question from reporters. Ms. Rice's aides said her sudden reticence is deliberate."

The Los Angeles Times (7/26, Murphy, Rotella, 918K) headlines its report "Allies Losing Patience With US Terms for Cease-Fire," and says "Rice's calls this week for a deliberate approach to building 'a new Middle East' are facing increased skepticism among many who ordinarily would be America's strongest backers in efforts to end the conflict in Lebanon. … Washington's closest Arab allies are entrenched, undemocratic regimes whose leaders support the Bush administration's stance on Lebanon in part because they fear that the popular Islamic activism embodied by Hezbollah and Hamas could turn against them at home." Those governments "now worry that the popular perception that the United States is standing behind Israel will undermine their credibility at home and invite new militancy."

The Washington Times (7/26, Mitnick, 88K) reports Rice "tried to lower expectations for the trip as early as last week by saying the United States would not impose a hasty cease-fire that is liable to dissolve into a new round of violence." The Christian Science Monitor (7/26, Mitnick, Murphy, 58K) also says Rice "had lowered expectations for a cease-fire before her meeting with Israeli Prime Minister Ehud Olmert, disappointing many in the region who had hoped for a stronger bid to stem the conflict."

No Agreement On Details Of Multinational Force. NBC Nightly News (7/25, story 3, 1:50, Mitchell, 9.87M) also reported officials at the summit will "talk about this multinational force. They're trying to get some agreement on that, and it's only with a cease-fire or some cessation of violence that the force could move in, so it will take awhile for that to happen but that is the ultimate solution to controlling southern Lebanon."

First Installment Of US Aid Arrives. NBC Nightly News (7/25, lead story, 3:00, Fletcher, 9.87M) reported while Israeli Prime Minister Ehud Olmert "stuck to his hard line, Secretary of State Rice did win one concession from him -- Israel will allow humanitarian aid to enter Lebanon. Today, America's first shipment arrived in Beirut -- 40 boxes of medical supplies, proudly presented by the American ambassador."

The AP (7/26, Keath) reports US military helicopters ferried in supplies including "two large-scale medical packages 'aimed at meeting the most urgent needs,' holding enough medicine and health supplies for 20,000 people for three months, the U.S. Embassy said. The goods were given to the international Red Cross to distribute, it said." The AP says the US "launched the aid effort in an effort to show it supports Lebanon at a time when many here are furious at it." Ambassador Jeffrey Feltman "said the shipment was the first in $30 million worth of aid from the United States. 'We hope it will address some of the most pressing needs of the conflict victims. The United States remained deeply concerned about the humanitarian situation in Lebanon.'"

Editorial Opinion On Crisis Beginning To Gel In Typical Patterns. Opinion and editorial comment on the Bush Administration's handling of the Middle East crisis continues to be varied, but mainstream media columnists such as David Ignatius of the Washington Post and Thomas Friedman of the New York Times are now saying a ceasefire and negotiation are the appropriate course of action. This may indicate that commentators are beginning to fall along typical lines, with neoconservatives backing the continuation of the Israeli offensive against Hezbollah and other media

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sources adopting a more critical stance towards the current Administration policy.

In her New York Times column (7/26), Maureen Dowd says President Bush "sees Lebanon as a test of macho mettle rather than the latest chapter in a fratricidal free-for-all that's been going on for centuries. 'I view this as the forces of instability probing weakness,' he said. 'I think they're testing resolve.' The more things get complicated, the more W. feels vindicated in his own simplified vision. The more people try to tell him that it's not easy, that this is a region of shifting alliances and interests, the less he seems inclined to develop an adroit policy to win people over to our side instead of trying to annihilate them."

In his Washington Post column (7/26, A17), David Ignatius says, "As of late Tuesday," Secretary of State Rice "was continuing to resist mounting international demands for a cease-fire, presumably to allow Israel more time to hammer Hezbollah. But that strategy is becoming dangerous for all sides. Rice should turn now to negotiating a formula that can halt the bombs and rockets -- and enhance the authority of the Lebanese state. Bargaining with the devil (or at least the devil's intermediary) is part of the job description for an American secretary of state."

In his New York Times column (7/26), Thomas Friedman says, "Despite Hezbollah's bravado, Israel has hurt it and its supporters badly, in a way they will never forget. Point made. It is now time to wind down this war and pull together a deal — a cease-fire, a prisoner exchange, a resumption of the peace effort and an international force to help the Lebanese Army secure the border with Israel — before things spin out of control." But there "will not be a peace force in south Lebanon unless it's backed by Syria. No one will send troops." Friedman adds, "I don't know if Syria can be brought around, and we certainly can't do it at Lebanon's expense. But you have to try, with real sticks and real carrots. Syria is not going to calm things in Lebanon, or Iraq, just so the Bush team can then focus on regime change in Damascus. As one diplomat here put it to me, 'Turkeys don't vote for Thanksgiving.'"

In a Financial Times op-ed (7/26), Danielle Pletka of the American Enterprise Institute says, "The centrepiece of American foreign policy now consists of multilateralism for multilateralism's sake, a triumph of process over progress. From North Korea to Iran, challenges that once had America reaching for its holster are now viewed as opportunities to have another meeting." A "rare exception to the talk-for-talk's-sake norm of recent years is Washington's approach to the Israeli conflict with Hizbollah. But all signs point to a weakening of resolve inside the Bush administration. Earlier this week, trial balloons began floating from Ms Rice's mission to the Middle East: perhaps talks in Rome could bring a call for a peace-making force and a ceasefire. Talks are likely to bring little more than concerted pressure on the US and Israel to back down on the ultimate disarmament of Hizbollah. A ceasefire under any circumstances other than Hizbollah's complete disarmament would be construed as another victory for the terrorist agenda."

In a Washington Post op-ed (7/26, A17), David B. Rivkin Jr. and Lee A. Casey, Justice Department alumni of the Reagan and first Bush Administration who currently sit on the UN Sub-Commission on the Promotion and Protection of Human Rights, say, "Israel's operations against Hezbollah in Lebanon and Hamas in Gaza have been widely condemned in Europe, the Arab world and at the United Nations as violations of international law. Some of the critics seem to deny that Israel has any legitimate right to use force. Others, while acknowledging its right to self-defense, nevertheless regard its exercise in these cases as illegal. Israel's alleged offenses include treating mere "terrorist" attacks as an excuse to attack Lebanon, using disproportionate force, causing excessive civilian casualties and refusing to contemplate an immediate cease-fire. In fact, Israel's conduct has been fully compliant with the applicable norms of international law."

In a column in the Los Angeles Times (7/25, 918K), Max Boot says, "Why on earth are so many pundits blaming President Bush for the current mess in the Middle East?" Why is "the United States, much less Bush, responsible for every conflagration? Iran was developing nuclear weapons and sponsoring terrorism long before Bush came into office." Bush "hasn't exactly been a warmonger when it comes to Iran's ally, Syria, either." Boot concludes, "There is no reason to think that the critics' preferred approach — more diplomatic blather, more international confabs, more concessions to the terror-mongers — would have produced any better results."

In his Washington Post column (7/26, A17), Harold Meyerson says, "Reversing long-standing policy," Israel "now is calling for an international force to secure its borders. But which nations' troops should make up that force? The United States, even if it weren't bogged down in Iraq, is too closely identified with Israel. The Sunni Arab states that might conceivably step forward -- Egypt, Jordan, Saudi Arabia -- would risk an eruption of rage in their streets, and their intervention could also move the entire region closer to a Sunni-Shiite conflagration. All this puts the ball squarely in Europe's court. And if Europe wants to be taken seriously on the world stage, this is an opportunity it should welcome."

Hezbollah's Ascendance May Increase Risks From Al Qaeda. In a New York Times op-ed (7/26), New York University professor Berhnard Haykel says, "Hezbollah has taken the lead on the most incendiary issue for jihadis of all stripes: the fight against Israel. Many Sunnis are therefore rallying to Hezbollah's side, including the Muslim Brotherhood in Egypt and Jordan." For Al Qaeda, "it is a time of panic. The group's Web sites are abuzz with messages and questions about how to respond to Hezbollah's success." Al Qaeda is "unlikely to take a loss of status lying down. Indeed,

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the rise of Hezbollah makes it all the more likely that Al Qaeda will soon seek to reassert itself through increased attacks on Shiites in Iraq and on Westerners all over the world — whatever it needs to do in order to regain the title of true defender of Islam."

Annan Suggests Israel Targeted UN Observer Post Deliberately. ABC World News Tonight (7/25, lead story, 2:50, Gibson, 8.78M) reported, "A short while ago, we learned that two UN observers were killed by an Israeli air raid in southern Lebanon. Two more are feared dead. UN Secretary-General, Kofi Annan, tonight, accused Israeli forces of apparent, deliberate targeting of the observers." The CBS Evening News (7/25, lead story, 3:10, Logan, 7.66M) also reported Annan described the incident as an "apparently deliberate targeting of the UN observer post. The Israeli army told CBS news they are checking into the reports but this certainly deepening the crisis here as it enters its 14th day."

In a 1,754-word story on its front page, the Washington Post (7/26, A1, Wilson, Wright, 748K) quotes Annan saying he "was 'shocked and deeply distressed by the apparently deliberate targeting' of the 'clearly marked U.N. post at Khiyam.'" The Post notes some press accounts identify the dead as Chinese, Austrian, Canadian and Finnish nationals. Israel expressed regret for the attack and said the UN outpost had not been targeted. Noting Israel's lifting of the blockade, the Post adds, "After international criticism that Israel was not doing enough to ensure the delivery of food and medicine to Lebanon's increasingly desperate south, Olmert pledged in a meeting with" Secretary Rice "earlier in the day to allow aid flights, sea shipments and safe passage for deliveries on roads that have been targeted for days by Israeli bombers. Israeli officials said they would begin allowing the aid to arrive as soon as possible."

The Los Angeles Times (7/26, Richter, Ellingwood, 918K) reports Annan also "said he had received personal assurances from Israeli Prime Minister Ehud Olmert that UN positions would be spared, and UN Force Commander for south Lebanon, Gen. Alain Pellegrini, had been in repeated contact with Israeli officers to ensure the post's protection." The Times adds, "US officials labeled the attack "a terrible tragedy" and said they were told by the Israelis that it was an accident." There was "no immediate statement from the Israeli military, but Israel's ambassador to the United States said the incident was under investigation, and reacted sharply to Annan's allegation that the strike was deliberate. 'I think this kind of rhetoric is deplorable, it's outrageous, and I hope he will apologize for that,' Ambassador Daniel Ayalon said on CNN's 'The Situation Room.'" He "accused Hezbollah militants of positioning rocket launchers beside UN sites, a practice that has been reported by UN officials in recent days."

USA Today (7/26, Stone, 2.27M) reports Israeli Foreign Ministry spokesman Mark Regev "said Israel 'sincerely regrets' the deaths and did not target the observers. He promised an investigation." The Washington Times (7/26, Kralev, 88K) and AP (7/26, Dakroub) run similar reports.

Allen Says Annan's Comments "Unduly Harsh." Sen. George Allen was asked on CNN's Larry King Live (7/25) about UN Secretary General Kofi Annan's statements about the death of four UN observers from an Israeli air strike. Allen said, "I think are unduly harsh. It would be nice if the United Nations actually showed such resolve and anger and determination in actually enforcing Security Council Resolution 1559, which has as its purpose the removal of Hezbollah or disarming the militias along the Israeli-Lebanon border."

Bayh Says Israel Would Not Deliberately Target UN Observers. Sen. Evan Bayh said on CNN's Larry King Live (7/25), "I simply don't believe that the Israelis would intentionally kill UN observers. I'd be interested to know what Mr. Annan, what facts he has at his disposal that lead him to that assertion but until I see such facts I simply don't believe it." Bayh added, "We have to remember who was responsible for this. It was the Hezbollah that attacked across an internationally recognized boundary, killed soldiers, took others captive. All this violence and tragedy flows from that act, so we have to focus on bringing Hezbollah under control, disarming them, getting a force in there that can keep them from reconstituting themselves."

Israel Claims Advances In Southern Lebanon. The CBS Evening News (7/25, lead story, 3:10, Logan, 7.66M) reported, "Three massive bombs rocked a Hezbollah neighborhood in southern Beirut followed by secondary explosions as Israeli warplanes resumed air strikes on the Lebanese capital. The thunder of Israel's wrath echoed the tough talk of its prime minister." Ehud Olmert, Israeli Prime Minister: "We will not hesitate to take the most severe person yours against those who are aiming thousands of rockets and missiles against innocent civilians for one purpose-- to kill them." Logan: "Israeli forces insisted they were prevailing on the battlefield of south Lebanon where the army said it had taken Hezbollah's stronghold of Bint Jbeil, both a strategic and symbolic victory."

NBC Nightly News (7/25, lead story, 3:00, Fletcher, 9.87M) reported, "After a two-day lull, the heaviest bombardment so far -- Israeli warplanes sent bombs slamming into 10 buildings in south Beirut that Israel said housed Hezbollah members. On the ground too, Israeli troops today fought bitter battles, sometimes house-to-house, in the Hezbollah stronghold town of Bint Jubayl. The Israeli

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army says it killed at least 20 Hezbollah fighters, including their top commander in south Lebanon."

Israel Plans Security Zone. ABC World News Tonight (7/25, lead story, 2:50, Sciutto, 8.78M) reported, "To form a security zone running the length of the border, Israel plans to send in more forces at short missions at more crossing points. They won't say how far into Lebanese territory they'll go. But some will remain until an international force is deployed and more Hezbollah positions are disabled."

The Washington Times/AP (7/26, Keath) reports IDF troops "sealed off a Hezbollah stronghold Tuesday and widened their foothold in southern Lebanon." IDF leaders "said they would not push deep into Lebanon but were determined to stop Hezbollah missiles that have continued despite Israel's punishing raids on Hezbollah targets." The AP adds, "Israel is facing tougher than expected resistance as it makes it first small ground steps into hilltop villages across the border. Its troops sealed the town of Bint Jbail and battled for a second day Tuesday against around 200 guerrillas inside. Troops also moved on the nearby village of Yaroun, fighting guerrillas there." These two towns and Maroun al-Ras "are in a roughly 3-square-mile pocket." The New York Times (7/26, Myre, Cooper, 1.21M) adds, "Almost two weeks into its military assault on Hezbollah, Israel said Tuesday that it would occupy a strip inside southern Lebanon with ground troops until an international force could take its place." That development "raised the prospect of a more protracted Israeli involvement in Lebanon than the political and military leadership previously signaled or publicly sought."

Enlarged Ground War Called Risky For Israel. In a 1,425-word analysis piece, the Wall Street Journal (7/26, Chazan, Leggett, 2.03M) notes, "During a week of high-stakes diplomacy, Israeli and U.S. officials have played down the prospects for a cease-fire soon in Lebanon. But a crucial question overhangs the discussions: Can Israel win a full-scale ground campaign against Hezbollah -- and what would be the cost?" IDF progress to date "has been slow, with mixed results." Some experts "say that to defeat Hezbollah…would take far more than the thousands of Israeli soldiers now deployed and require a sizable chunk of Israel's military firepower, as well as a commitment to fight for as long as it takes. Even then, they say, a major ground campaign against Hezbollah could turn into one of the most difficult battles the Israel Defense Forces have ever fought." A similar story in the New York Times (7/26, Erlanger, Shanker, 1.21M), headlined "Israel Finding A Difficult Foe In Hezbollah," reports, "A week ago, Israeli officials said their military had knocked out up to half of Hezbollah's rocket launchers and suggested that another week or two would finish the job of incapacitating the Lebanese militia. That talk has largely stopped." Meanwhile, the Washington Post (7/26, A8, Finer, Shadid, 748K), in a story titled "Heavy Fighting Slows Israel's Ground Forces," reports, "Some Israeli soldiers involved in the fight, their faces drawn with fatigue, expressed frustration at Hezbollah's tactics while grudgingly acknowledging their effectiveness."

Related reporting in the New York Times (7/26, MacFarquhar, 1.21M) details how Damascus' influence over Hezbollah is waning, and explains the loss to Syrian prestige if the group is "halted" by Israel.

Over 80 Hezbollah Rockets Strike Israeli Territory. ABC World News Tonight (7/25, lead story, 2:50, Sciutto, 8.78M) reported, "More than 80 Hezbollah rockets struck today. Wounding dozens and killing a 15-year-old Israeli Arab girl." Hezbollah leader Hassan Nasrallah says "his rockets will fire beyond the ports of Haifa, deeper into Israeli Israel."

The CBS Evening News (7/25, lead story, 3:10, Logan, 7.66M) reported Hezbollah battered "northern Israel with more than 100 rockets. The hardest hit was the Israeli port city of Haifa where 20 people were wounded." In a "televised speech tonight, the Hezbollah leader, Sheik Hassan Nasrallah, had a chilling message for Israelis. Not only did he promise more rocket attacks against Israel but he said Hezbollah would strike beyond Haifa, even deeper into Israeli territory. The most obvious target for Hezbollah would be Israel's largest city, Tel Aviv, in the center of the country."

NBC Nightly News (7/25, lead story, 3:00, Fletcher, 9.87M) reported, "Hezbollah leader Sheik Nasrallah said on TV tonight that the conflict will enter a new phase beyond Haifa. He said he won't accept humiliating conditions and he said his fighters will begin rocket attacks deeper inside Israel." The AP (7/26, Ghattas), among other sources, also notes the Hezbollah rocket attacks.

Israelis Seem United In Support For Military Campaign. The Washington Post (7/26, A8, Anderson, 748K) reports, "Israelis have shown extraordinary unanimity in backing Prime Minister Ehud Olmert's military campaign to inflict a punishing and perhaps lethal blow to the militant Shiite group, despite a rain of rockets into northern Israel and hundreds of civilian deaths and widespread bombing destruction in Lebanon." This "singularity of purpose, which bridges Israel's weary center, dovish left and hawkish right in a way rarely seen here, is all the more striking coming just six years after Israel's unilateral withdrawal from the self-declared security zone it held in Lebanon for nearly two decades, ending a painful experience that inflicted deep wounds on the national psyche and might have made some wary of reentering the Lebanese morass."

Hezbollah Says It Was Surprised By Israeli Offensive. The AP (7/26, Faramarzi) reports, "A senior Hezbollah official said Tuesday the guerrillas did not expect Israel to react with an all-out offensive after the capture of two soldiers, the first acknowledgment by the group that it had miscalculated the consequences of the raid two weeks ago."

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Mahmoud Komati, deputy chief of the Hezbollah's political arm, also "told The Associated Press in an interview that the Shiite militant group will not lay down arms."

Israeli Offensive Creating Mass Exodus Among Lebanese Civilians. ABC World News Tonight (7/25, story 2, 2;20, Gibson, 8.78M) reported, "Hundreds of thousands of Lebanese have now fled their homes in fear. It is a mass human migration." ABC (Wright) added, "One out of every five people in Lebanon is now homeless. One out of five displaced by Israel's bombs. 10,000 new refugees pile into their cars every day, moving targets every step of the way."

The CBS Evening News (7/25, story 2, 3:00, Cowan, 7.66M) reported that in Tyre, the southern port city, "Even amid all this talk of some kind of international force that would help keep the peace in this region there's still a growing number of people who are suggesting it may simply be too late. There is so much damage done, so much infrastructure lost that any real life in southern Lebanon may still be a long way off."

NBC Nightly News (7/25, story 2, 2:35, Engel, 9.87M) reported, "In Tyre, bread is now so precious we found it being loaded into ambulances heading south to villages that have been cut off by the fighting. What's left is handed out to families in this lifeless, empty city."

The Washington Post (7/26, A1, Shadid, 748K) and New York Times (7/26, Fattah, 1.21M) run human interest stories about Lebanese hospitals collapsed by the wounded, while the Washington Times (7/26, Pisik, 88K) addresses the plight of Beirut civilians caught in the figfhting. The Washington Post (7/26, A8, Cody, 748K), also from Beirut, runs a similar story headlined "A City Struggles To Maintain A Bit Of Its Charm."

Many Lebanese Religious Groups Don't Feel Engaged With War. NBC Nightly News (7/25, story 4, 1:45, Sanders, 9.87M) reported, "Even with the heavy bombings in Beirut today, day 14 of this war looked in places" in Beirut "like the vacation resort it usually is. And into the nights here, less than a mile and a half from where the bombs are dropping, a growing number of residents are out, unwilling, they say, to surrender their way of life." There "are 17 different religious groups in Lebanon and at any given time, they're living separate lives. It's why the death of nearly 400 civilians who are mostly Shi'ia Muslims means different things to different people Lebanon, why some here say they see little reason to get caught up in this war."

Hamas Leaders Say They Would Accept Ceasefire In Gaza. The CBS Evening News (7/25, story 3, 2:20, Alfonsi, 7.66M) reported, "Another funeral in Gaza today, this one for an 11-year-old girl. Her mother invited us in to mourn with her. She told us her daughter was killed by a missile as she ran to the store to buy a game with her sisters. She's one of more than a hundred Palestinians who have been killed in Gaza in the last month and the UN says at least 30 of them were children." While the "world looked there, the bombings, attacks, and chaos intensified here. Today we found Palestinian Prime Minister Ismail Haniyeh, who's been in hiding for most of the month. He urged the US to stop supporting Israel, but for the first time Hamas leaders offered a glimpse of hope. They said they would accept a cease-fire deal with Israel and release the kidnapped Israeli soldier in exchange for Palestinian prisoners."

Six Allies Cite "Progress" On Iran UN Security Council Resolution. The AFP (7/26, Aziakou) reports representatives from Washington, London, Beijing, Paris, Moscow and Berlin "reported progress on a UN draft resolution demanding Iran halt uranium enrichment, but said they needed further instructions from their capitals." Ambassador Bolton is quoted saying, "We made a lot progress. This was the most productive session ... This brings us very close." Bolton "said the six ambassadors would report back to their capitals for instructions prior to" an additional meeting today. Deputy British PermRep Karen Pierce "concurred," with Bolton, saying, "It was a very good working discussion. We managed to get more agreement. This is all going to be discussed in our capitals and among ourselves over the next couple of days. We are moving forward." Pierce "said ministers, including" Secretary Rice and Russian Foreign Minister Sergei Lavrov, "would touch on the issue Wednesday on the sidelines of crisis talks in Rome."

Bush Asks Darfur Rebel Leader To Support UN Intervention. The Washington Post (7/26, A13, Services, 748K) reports that the President "met for about 40 minutes in the Oval Office with Sudanese Liberation Army leader Minni Minnawi," whose forces in northern Darfur "are accused by refugee advocates of killing young men and raping women." However, Minnawi "was the lone rebel leader to agree in May to a U.S.-brokered peace accord to end what the United States calls genocide in western Sudan." President Bush "asked Minnawi to support a U.S.-backed plan to bring African Union peacekeepers in Darfur," but Frederick Jones, a National Security Council spokesman, "had no comment on how Minnawi responded."

Somali Islamic Militia Rebuffs Suggested UN Peace Talk Plan. The AP (7/26, Tomlinson) reports that in "the latest downward turn in an increasingly difficult international effort to negotiate peace between" Somalia's "powerful Islamic militants and the weak government, which has international support but no military," Islamic militia leader Sheik Hassan Dahir Aweys "rebuffed a U.N. plan for peace talks with the government, saying he will not negotiate until

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the government expels all foreign troops." While "Somali government leaders and the Ethiopia's Foreign Ministry have denied Ethiopian soldiers were in Somalia," a number of "witnesses have confirmed their presence, in uniform." The AP also notes that Sheik Sharif Sheik Ahmed, a "more moderate member of his Supreme Islamic Courts Council left open the possibility" of talks, when he "said the group's 'peace committee' still had to consider the United Nations' call for negotiations." The AFP (7/26) adds, "Aweys, who has been labelled a 'terrorist' by the United States for suspected links to Al-Qaeda, accused Addis Ababa of inventing excuses to invade Somalia."

China Freezes North Korean Accounts. The Financial Times (7/26, Fifield, Kirchgaessner) reports, "The Bank of China has frozen North Korean bank accounts containing millions of dollars, following in the footsteps of a US-led crackdown on the rogue state's alleged counterfeiting and money-laundering." It "froze the accounts before this month's provocative rocket tests." The Times calls the steps "remarkable" as "Beijing, long concerned about the potential for catastrophe on its north-eastern border, has hitherto avoided taking any action that might cause instability in Kim Jong-il's regime." The US has frozen $24m of North Korean money in the Banco Delta Asia," and "Similar action by China's second-largest bank is likely to have a profound effect."

US Envoy To Press China On Wider Access For US Banks. The Wall Street Journal (7/26, Areddy, 2.03M) reports that Franklin Lavin, U.S. undersecretary of commerce for international trade, said he will use his visit China "to press for wider access to China's market for U.S. banks and other companies." He added, "he wants greater clarity from China about how it will make good on commitments to allow foreign banks to start taking local-currency deposits from individuals by December. And Mr. Lavin said he plans to push for positive treatment of Citigroup Inc. in its difficult takeover battle for a Chinese bank." The "visit comes amid sizzling growth in U.S. exports to China"; Lavin noted, "You wouldn't call [China] a very easy market to do business, but it is easier than before."

Georgia Deploying Troops To Arrest Breakaway Leader, Disperse Militia. The New York Times (7/26, Chivers, 1.21M) reports, "Georgia deployed special forces on Tuesday near a remote gorge beside the breakaway region of Abkhazia to arrest" Emzar Kvitsiani, "a local ruler who had declared autonomy from federal rule," as well as "to disperse a militia under his command." Georgian officials "suggested that Mr. Kvitsiani's actions have been a Kremlin-orchestrated ploy," and, "with tensions with Russia flaring, Georgia insisted it had no plans to enter Abkhazia or engage Abkhaz forces."

US Hits Back At EU Over Doha Collapse. The Financial Times (7/26, Beattie) reports, "Transatlantic hostility over the collapse of the Doha round of trade talks reached previously unseen levels on Tuesday as Susan Schwab, the US trade representative, accused her European counterparts of spreading lies to divert the blame." The Times says her statement was "the latest in an increasingly acrimonious attempt by the European Union and the US to blame each other for the indefinite suspension of the talks from last Monday." Schwab said the US had so far "refrained from responding to the finger-pointing by some," however, she said the EU's claim that the US had doomed the talks by failing to show flexibility in the negotiations was "false and misleading," and made with the intention of "attempting to divert blame for the stalemate."

The Washington Post (7/26, D1, Blustein, 748K) reports while leading negotiators "continued to fling accusations at each other," the "more profound issue confronting policymakers around the world is whether globalization has been fundamentally redirected, slowed or possibly thrown into reverse." The Post says the collapse "raises the prospect of weakening the multilateral system that has governed global commerce for the past six decades, possibly even a splintering into regional blocs." Another potential, it warns, is "an erosion of respect for the World Trade Organization's authority to settle disputes, increasing the chances that countries will resort to tit-for-tat trade wars that could disrupt the global economy."

Similarly, the New York Times (7/26, Wright, 1.21M) cautions that "while regional deals can help expand trade in the absence of a global agreement, they are also likely to create varying or overlapping rules, and sharper tensions between those involved in the agreement and those left out." Meanwhile, in Washington Schwab said Tuesday that she would travel this summer and fall to try to revive the global trade talks.

US Farm Subsidy Cuts Unlikely After Collapse. The Wall Street Journal (7/26, A10, Kilman, Thurow, 2.03M) reports Doha's collapse is "likely to kill any chance of overhauling America's farm-subsidy program for years, potentially inviting a wave of litigation against the US at the World Trade Organization while dimming export prospects for US farmers." With "any Doha obligations now off the political radar," the Journal says any change is "likely to be driven by budget pressures."

The Financial Times (7/26, Beattie, Pimlott) says with Doha suspended the Bush administration's "appetite or ability to ask farmers to accept lower handouts is low."

Expert Says Regional Trade Pacts Will Replace Global Deal. In a Wall Street Journal (7/26, 2.03M) op-ed

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University of New Hampshire professor Bernard Gordon says the "short-term winners" in the collapse, Gordon says, are the world's "small farmers" in "several wealthy nations, whether in Japan, South Korea, Norway, Ireland, Switzerland or France." Meanwhile, the "long-term losers" are the "more dominant industrial sectors in those countries, especially in Japan and South Korea," because of the high tariff level on industrial goods in developing countries like Brazil and India. The conclusion, Gordon says, is "the way is now clear for a wholesale rush to more so-called regional and bilateral" trade agreements, of which Washington "has already pocketed several."

Pearlstein Says Democrats Have Opportunity On Free Trade. Steven Pearlstein writes in the Washington Post (7/26, D1, 748K) that "when you scratch the surface, the free-trade members of the Democratic establishment turn out to be more committed to Part A of the formula, more globalization, than they are to Part B, making sure the benefits from globalization are widely shared. For them, it's really not a package deal. And if push comes to shove, which it always does in trade politics, they'd welcome more globalization even without the compensatory social policies." Democrats "now have a perfect opportunity to deliver what the business community wants -- and to demand in exchange programs designed to provide workers more economic security. But such negotiations will never succeed if influential Democrats give away the store in advance by signaling they support all trade liberalization, unconditionally. No guarantees of health care, pensions, expanded unemployment insurance -- no more trade deals. It's a simple message even chief executives can understand. Voters, too."

More Commentary. In an editorial, the Wall Street Journal (7/26, 2.03M) the US has "taken most of the criticism so far, some of it deserved." The Bush Administration has "never escaped the subsidy shadow cast by the 2002 farm bill," which the Journal says "eroded confidence in the White House's ability to deliver any real cuts in the face of Congressional opposition, particularly with midterm elections coming up." But with Doha "on ice," trade ministers will "likely turn their attention to bilateral and regional free-trade agreements." With a multilateral deal unlikely, the Journal says "the way to prevent Doha's suspension from becoming a protectionist victory is to pursue freer trade by whatever diplomatic means possible."

In an editorial, the Washington Post (7/26, 748K) says the main players "lost no time in pointing fingers at each other," but "the truth is that both the United States and the European Union made political decisions not to confront their farm lobbies, even though agricultural liberalization is at the heart of the Doha round." The Post says the Bush administration, "like other recalcitrants, chose not to make fresh 'concessions' that might have saved the Doha round, but these so-called concessions would merely have limited its funneling of billions in taxpayers' money to large farmers, a policy that makes no sense."

The Los Angeles Times (7/26, 918K) editorializes, "The United States and the European Union each accuse the other of intransigence, but in truth, neither side was ready to make anything but cosmetic cuts in farm supports. The reason is connected to the lack of headlines on the collapse of the Doha talks: There is no strong political constituency on behalf of free trade or international development. Though every American taxpayer and consumer is harmed by farm subsidies, the powerful agribusiness lobby and members of Congress from farm states still prevail." Poverty, the Times warns, "will in coming decades still be the scourge of humanity" and "it's worth a lot more attention than it's getting."

Leftist Candidate Files New Lawsuit To Force Recount In Mexican Election. The Los Angeles Times (7/26, Kraul, 918K) reports Andres Manuel Lopez Obrador "filed a federal lawsuit Tuesday charging Mexico's national electoral board with criminal omission of duties for not stopping negative advertising in the final weeks of the campaign, his latest gambit in a bid to force a recount in the July 2 presidential election." Lopez Obrador, "of the Democratic Revolution Party, fell 244,000 votes short of his competitor Felipe Calderon of the National Action Party and has since pressed his case for a recount of all 41 million votes cast, charging that the balloting was tainted by fraud and mismanagement." His appeal "is now before a seven-judge federal electoral tribunal. Its decision, expected by Aug. 31, could go a number of ways: a partial or full recount, nullification of the election and calls for new balloting, or dismissal of Lopez Obrador's appeal."

Calderon Seen As Unlikely To Help US On Immigration. Ruben Navarrette, an editorial writer for The San Diego Union-Tribune and a nationally syndicated columnist, writes in an op-ed in USA Today (7/26, 2.27M), "Mexican presidents must have an exceptional sense of balance," both domestically and in foreign affairs. Now, "after years of Mexico being bailed out by the United States, many Americans seem to want to be bailed out by Mexico. That is, we'd like our neighbor to do more to cut off the supply of illegal immigrants who go north because we can't seem to curb the demand for the labor that they provide." However, "Mexico isn't about to prevent its people from leaving," and Calderón "has promised Mexicans that he won't 'bow my head and lower my eyes to the Americans' and that he would accept only a 'dignified' relationship with the United States." No matter what happens, "the relationship between the two countries just got a lot more interesting."

WSJournal Says Chavez Visiting "Rogue Regimes And Anti-Americans." The Wall Street

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Journal (7/26, 2.03M) editorializes, "Venezuelan strongman Hugo Chávez is on a two-week tour du monde" that is "a kind of AAA guide through the world's rogue regimes and anti-Americans." He visited "London Mayor 'Red Ken' Livingstone, an ostensible progressive who finds common ground with firebrand Islamist clerics," as well as Belarus and Moscow. He will also make his fifth visit to Iran; "Caracas and Tehran have cemented an alliance that goes beyond anti-American posturing and oil politics to include military exchanges … Who knows where the madcap Venezuelan will turn up next, but we'll lay odds that Zimbabwe, Burma and North Korea are all high on his '50-dictatorships-to-see-before-I'm-deposed' list."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"U.N. Shocked By Strike On Border Post."
"Heat Hits Deadly Levels."
"Conflict As A Way Of Life."
"Iraqi Leader, Bush Split On Israel."
"The Mayor Needs It – Now."
"Hot? Yes. Global Warming? Maybe."

USA Today:
"Cities' Disaster Plans Lacking."
"The Battle For Baghdad, Again."
"Israel: UN Force Not Targeted."

New York Times:
"Israel To Occupy Area Of Lebanon As Security Zone."
"Israel Finding A Difficult Foe In Hezbollah."
"White House Bill Proposes System To Try Detainees."
"Baghdad Chaos Pushes Bush To Shift U.S. Troops."
"Senate Removes Abortion Option For Young Girls."
"Rangers Take On Urban Woes In Wide Open Spaces."

Washington Post:
"Bush To Add Troops In Baghdad, Citing 'Terrible' Sectarian Strife."
"Interstate Abortion Bill Clears Senate."
"Israeli Airstrike Hits U.N. Outpost."
"'God Stop The Bombs!'"
"After 5 Years Of Growth, Home Prices Drop."
"A Mammoth Wealth Transfer Awaits The Area, Study Predicts."

Washington Times:
"Israeli Strike Kills 2 U.N. Peacekeepers."
"As Bombs Hit South, Life Goes On North Of Beirut."
"Senate Approve Parental Consent."
"More Troops Will Move Into Baghdad."
"Cuba Oil Probe Spurs Calls For U.S. Drilling."
"Just Follow That Man."
"If Your Lottery Ticket Tanks, New Game May Fill It."

Detroit Free Press:
"Ethan Allen Overload By 3 Tons, Report Says."
"In Hallowed Ground."
"Granholm Finds A Way To Create Jobs: Fix More Roads."

Atlanta Journal-Constitution:
"Sex Offender Law Muddled."
"No Extra Water For Florida From State."
"Paralyzed By Fear."
"Runner Conquers 100,000 Mile Obsession."

Houston Chronicle:
"Israel Takes Rice's Actions As Approval."
"U.S. Shifting Forces To Stabilize Baghdad."
"Seeking An End To Career-Ending Injury."
"Texas Unit Not Taking Blame For Insurgency."
"2nd Jury Is Taking Longer To Reach Verdict On Yates."

Story Lineup From Last Night's Network News:
ABC: Mideast Violence; Refugees Flee-Lebanon; Bush Administration-Diplomacy; Bush-Maliki Visit; CA-Heat Wave; St. Louis-Power Outages; BP Gas Profits Soar; Housing Sales; New Sunscreen.
CBS: Mideast Violence; Destruction In Tyre; Fighting In Gaza; Bush-Maliki Visit; CA-Heat Wave; Online Gambling; 50th Anniversary-Andrea Doria Disaster.
NBC: Mideast Violence-Israel; Mideast Violence-Lebanon; Rice-Rome Summit; Lebanese Christians; Bush-Maliki Visit; Housing Sales; Obesity-Treatment Concerns; CA-Heat Wave; Stock Markets; Wig-Wearing Bank Robber.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Israel-Lebanon Attacks; Israel-Apology For UN Workers' Deaths; Saddam Hussein Trial; Maliki-Speech To Congress; CA-Heat Wave.
CBS: Israel Apology For UN Workers' Deaths; Lebanon-US Evacuations; Rice-Rome; CA-Heat Wave; Senate-Abortion Restriction.
NPR: Israel-Apology For UN Workers' Deaths; Rice-Rome; Baghdad-US Force Increase; OR-Wildfires; CA-Heat Wave; Foreign Stock Markets; India-Train Bombing Investigation; AK-Cargo Ship Accident; Senate-Abortion Restriction.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends lunch with military personnel and their families, along with the Prime Minister of

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Iraq. Fort Belvoir, Va; attends Capito for Congress reception, private residence, Charleston, WVa.

VICE PRESIDENT CHENEY — Participates in swearing-in ceremony for Steve Preston as SBA administrator. SBA, 409 3rd St. SW.

US Senate: 9:30 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on pending nominations. Location: Room 328A, Russell.

11 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on pending nominations. Location: Room 253, Russell.

2 p.m. FINANCE _ Taxation and IRS Oversight Subcommittee. Hearing on athe size and sources of the ``tax gap." Mark J. Mazur, IRS; Michael Brostek, GAO; J. Russell George, inspector general for tax administration, Department of the Treasury; Nina E. Olson, national taxpayer advocate, Taxpayer Advocate Service; Raymond T. Wagner Jr., Enterprise Rent-A-Car Co., St. Louis. Location: Room 215, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Hearing on pending matters. Closed. Location: Room 219, Hart.

US House: 9:30 a.m. GOVERNMENT REFORM _ Criminal Justice, Drug Policy and Human Resources Subcommittee. Hearing on prescription drug abuse. Testimony from the White House Office of National Drug Policy; NIH; FDA; DEA; Misty Fetco, nurse who lost her son to DXM and Fenanyl abuse; Linda Surks, whose son died of overdose; Barbara van Rooyan, whose son abused OxyContin; others. Location: Room 2154, Rayburn.

9:30 a.m. RESOURCES _ Full Committee. Markup of pending legislation. Location: Room 1324, Longworth.

10 a.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on defense contracting oversight. Katherine Shinasi, GAO; Assistant Navy Secretary Delores M. Etter; Lt. Gen. Joseph L. Yakovac Jr., Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology); Lt. Gen. Donald J. Hoffman, Office of the Assistant Secretary of the Air Force for Acquisition. Location: Room 2359, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Markup of H.R. 4583 - Wool Suit Fabric Labeling Fairness and International Standards Conforming Act; H.R. 1078 - Social Security Number Protection Act; H.R. 5863 - To authorize temporary emergency extensions to certain exemptions to the requirements with respect to polychlorinated biphenyls under the Toxic Substances Control Act; H.R. 503 - To amend the Horse Protection Act to prohibit the shipping, transporting, moving, delivering, receiving, possessing, purchasing, selling, or donation of horses and other equines to be slaughtered for human consumption. Location: Room 2123, Rayburn.

10 a.m. JUDICIARY _ Full Committee. Markup of bills including: HR 1704, ``Second Chance Act of 2005." HR 2679, ``Public Expression of Religion Act" Location: Room 2141 Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways, Transit and Pipelines Subcommittee. Hearing on freight logistics. Location: Room 2167, Rayburn.

10:30 a.m. EDUCATION AND THE WORKFORCE _ Education Reform Subcommittee. Hearing on the so-called ``Reid-Kennedy immigration bill." Location: Room 2175, Rayburn.

10:30 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on Japanese relations with surrounding countries. Retired Rear Adm. Michael McDevitt, Center for Naval Analysis; Mindy Kotler, Asia Policy Point; Kurt Campbell, CSIS. Location: Room 2172, Rayburn.

12:30 p.m. EDUCATION _ Education Reform Subcommittee. Second in series on making English the official language. Testimony from the New Hampshire Department of Education; National Council of La Raza; US English Inc.; State Sen. Paul McKinley, Chariton, Iowa; Mexican American Legal Defense and Educational Fund, Los Angeles. Location: Room 2175, Rayburn.

12:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed hearing on acquisition practices and the intelligence community. Location: Room H-405, Capitol.

1 p.m. ARMED SERVICES _ Full Committee. Hearing on U.S. military commissions and tribunals and recent U.S. Supreme Court decisions on trying detainees. Witnesses: Patricia Wald, retired chief judge, US Court of Appeals for D.C; Gerald Gahima, US Institute of Peace; Michael Scharf, law professor, Case Western Reserve University School of Law; Jennifer Elsea, Congressional Research Service. Location: Room 2118 Rayburn.

2 p.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on mass tort screening and the public health involving silicosis. Witnsses include: Campbell, Cherry, Harrison, Davis & Dove, Waco, Tex.; The O'Quinn Law Firm, Houston; Jim Zadeh, P.C., Fort Worth; Luckey & Mullins; Ocean Springs, Miss.; Dr. H. Todd Coulter, Ocean Springs, Miss. Location: Room 2322, Rayburn.

2 p.m. FINANCIAL SERVICES _ Full Committee. Markup of H.R. 5503 - FHA Multifamily Loan Limit Adjustment Act; H.R. 5851 - Hawaiian Ownership Opportunity Act; H.R. 5637 - Nonadmitted and Reinsurance Reform Act. Location: Room 2128, Rayburn.

2 p.m. GOVERNMENT REFORM _ Government Management, Finance and Accountability Subcommittee. Hearing on implementation of the Freedom of Information Act. Location: Room 2247, Rayburn.

2 p.m. HOMELAND SECURITY _ Preparedness, Science and Technology subcommittee. Hearing on

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preparing for public health disasters. Testimony from American College of Emergency Physicians, American Academy of Pediatrics, others. Location: 210 Cannon.

2 p.m. INTERNATIONAL RELATIONS _ Western Hemisphere Subcommittee. Hearing on immigration. Cresencio Arcos, Assistant Secretary, Office of International Affairs, Office of Policy, Department of Homeland Security; Elizabeth A. Whitaker, Deputy Assistant Secretary, Bureau of Western Hemisphere Affairs, Department of State; Mark Silverman, Principal Deputy Assistant Administrator, Bureau for Latin America and the Caribbean, USAID; Robert Charles, President, The Charles Group, LLC; Eric Farnsworth, Vice President, Council of the Americas. Location: Room 2172, Rayburn.

2 p.m. SCIENCE _ Full Committee. Hearing on how technology can help secure the borders. Testimony from Department of Homeland Security agencies; COLSA Corporation; MITRE Corporation. Location: Room 2318, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Economic Development, Public Buildings, and Emergency Management Subc. Hrng. on reauthorization of National Dam Safety Program Act. David Maurstad, Director, Mitigation Division and Federal Insurance Administrator, FEMA; Donald Basham, Chief, Engineering & Construction Division, U.S. Army Corps of Engineers; David P. Kelly, County Legislator; Ruth A. Moore, Deputy Commissioner, Natural Resources and Water Quality, Department of Environmental Conservation, State of New York; Larry Roth, Deputy Executive Director, American Society of Civil Engineers. Location: Room 2167 Rayburn.

2 p.m. WAYS AND MEANS _ Full Committee. Hearing on the impact of current and proposed border security and immigration policies. Location: Room 1100, Longworth.

3 p.m. ARMED SERVICES _ Strategic Forces Subcommittee. Meets on disposal of weapons-grade plutonium. Testimony from Linton Brooks, Administrator, National Nuclear Security Administration; as well as the EPA; State Dept.; John F. Kennedy School of Government. Location: Room 2212 Rayburn.

3 p.m. RULES COMMITTEE _ Meets on: H.R. 5766 - Government Efficiency Act of 2006 H.R 4157 - Health Information Technology Promotion.

3 p.m. SELECT INTELLIGENCE _ Terrorism, Human Intelligence, Analysis and Counterintelligence Subcommittee. Hearing on DOD and human intelligence gathering. Location: Room H-405, Capitol.

Other: IRAQI PRIME MINISTER NURI AL-MALIKI _ 8 a.m. Photop op with House Speaker Dennis Hastert and other memebrs of Congress. Room H-230, Capitol. 11 a.m. Addresses joint Session of Congress.

ENERGY POLICY _ 9:30 a.m. Reps. Joe Barton, R-Texas, chairman of the House Energy and Commerce Committee, will join Energy Secretary Samuel Bodman and Senate Energy and Natural Resources Committee Chairman Pete Domenici, R-N.M., to contrast GOP legislative priorities on energy security with those announced Tuesday by Democrats, and to highlight what they say are the successes of the Energy Policy Act of 2005, H.R. 6, as the one-year anniversary of its passage approaches. Location: Room S-207, Capitol.

GUANTANAMO-DETAINEES _ 9:30 a.m. Attorney David Cynamon of Pillsbury Winthrop Shaw Pittman holds briefing after visit to Guantanamo Bay. A father of a detainee and head of the Kuwaiti Family Committee will attend. Location: National Press Club.

PENTAGON-LEBANON EVACUATION _ 9:30 a.m. Marine Corps Brig. Gen. Carl Jensen, commander, Task Force 59, briefs the news media by satellite to provide an update on ongoing U.S. military assistance to the departure of American citizens from Lebanon and transportation of humanitarian assistance. Location: DOD Briefing Studio, Pentagon 2E579.

KELLIHER _ 10 a.m. FERC Chairman Joseph Kelliher discuss implementation of the Energy Policy Act, gas prices and the growing presence of liquefied natural gas. Location: 10th floor, 1200 G St. NW.

MAYORS-DISASTER PREPAREDNESS _ 10 a.m. The US Conference of Mayors, led by Conference President and Dearborn, Mich., Mayor Michael Guido, holds a media forum to discuss the state of disaster preparedness in America's cities. Location: National Press Club.

VOTER INITIATIVE _ 10 a.m. US Chamber of Commerce holds briefing on nationwide voter education initiative, with chamber's National Political Director Bill Miller. Location: 1615 H St. NW.

KATRINA-DISASTER-DIALYSIS _ 11 a.m. Dialysis providers address disaster preparedness efforts prior to Hurricane Katrina as well as framework for the future. Attending will be Reps. Chip Pickering and Donna Christensen; Kent Thiry, CEO of DaVita; Paul Miller, M.D., Louisiana nephrologist; and Bob Mize, patient. Location: HC-5, US Capitol.

SMALL BUSINESS CONTRACTS _ 11 a.m. Reps. Velazquez and Small Business Committee Democrats hold news conference on contracting for small businesses. Location: Cannon Terrace.

CHILD PROTECTION _ 12:15 p.m. House Speaker J. Dennis Hastert, other members of Congress, participate in Enrollment Ceremony of the Adam Walsh Child Protection and Safety Act of 2006. Location: Room H-230, U.S. Capitol.

CHINA-CURRENCY _ 12:30 p.m. Sens. Chuck Schumer, D-N.Y., and Lindsey Graham, R-S.C., meet with

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Treasury Secretary Hank Paulson to discuss China trade policy. Location: Room 313, Hart Senate Office Building.

PUBLIC SERVICE-TOWN MEETING _ 12:30 p.m. Sen. Barack Obama and NBC's Tim Russert hold town hall meeting with approx. 2,000 Washington summer interns. Topic: Making a Difference Through Public Service. Location: Warner Theater, 513 13th St. NW.

PROPERTY TAXES _ 1 p.m. Sens. Max Baucus and Robert Menendez hold news conference to unveil legislation on property tax deductions for homeowners. Location: Senate Studio.

DEMOCRATS-ECONOMY _ 2 p.m. Assistant Democratic Leader Dick Durbin and Senator Ken Salazar join middle-class Americans to discuss the effects of Administration economic policies that they say put special interests and multi-millionaires before working-class Americans. Location: Room S-324, Capitol.

MIDEAST FORUM _ 2 p.m. CSIS briefing on the Middle East conflict, with former National Security Adviser Zbigniew Brzezinski, CSIS fellow Daniel Benjamin, others. Location: 1800 K St. NW.

NATIONAL INCOME _ 2 p.m. The Bureau of Economic Analysis holds a media background briefing on the regular annual revision of the national income and product accounts for the period 2003-2005. Location: Conference Room 2C, 1441 L St. NW.

INTERNET DOMAN NAMES _ 2 p.m. - 5 p.m. The Commerce Departments National Telecommunications and Information Administration (NTIA) will host a public meeting to get input from interested stakeholders on the transition of the technical coordination and management of the Internet Domain Name and Addressing System to the private sector. Location: U.S. Department of Commerce, Herbert C. Hoover Building, Main Auditorium, 1401 Constitution Ave. NW.

ENGLISH _ 2:30 p.m. Rep. Hinojosa holds news conference on English as the official language (following news conference). Location: Cannon Terrace.

US-IRAQ-ENERGY _ 3 p.m. Energy Secretary Samuel Bodman holds media briefing with Iraqi Ministers of Oil & Electricity, Hussein al-Shahristani and Karim Wahid Hasan. They'll discuss Iraqs progress in rehabilitating and expanding its energy sector. Location: DOE, main lobby, 1000 Independence Ave. SW.

PEDIATRIC AIDS PANDEMIC _ 3:30 p.m. Sens. Hillary Clinton and Richard Lugar co-sponsor briefing on the Pediatric AIDS Pandemic. Speakers include 9-year-old from Kingston, Jamaica, who will share his story. Also Mark Dybul, acting U.S. Global AIDS Coordinator, Department of State; Mark Kline, Baylor International Pediatric AIDS Institute; Pediatrics Dept.; University of the West Indies; Elizabeth Glaser Pediatric AIDS Foundation; others. Location: Room 325 Russell.

HAMDAN V. RUMSFELD _ 6 p.m. - 7:30 p.m. The American Constitution Society for Law and Policy hosts a discussion, ``Hamdan v. Rumsfeld: Whats Next?," focusing on the Supreme Court decision that Congress had not authorized the Bush Administrations ad hoc military commissions to try detainees, and related matters. Discussants are: Walter S. Dellinger, OMelveny & Myers LLP; former U.S. Solicitor General; former head of Office of Legal Counsel; Catherine Powell, Co-Faculty Director, Joseph R. Crowley International Human Rights Program and Associate Professor of Law, Fordham Law School; David B. Rivkin, Jr., Baker Hostetler LLP; former Deputy Director of the Office of Legal Policy in the U.S. Department of Justice and Associate Counsel to the President in the Reagan and the George W. Bush Administrations; and Hardy Vieux, Robins, Kaplan, Miller & Ciresi, LLP; Secretary-Treasurer, National Institute of Military Justice. Location: 1333 H St. NW, 10th floor.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JULY 26, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Judge Dismisses Lawsuit On AT&T Data Handover (AP) 5
Judge Rejects Customer Suit Over Records From AT&T (NYT) 5
Judge Dismisses Lawsuit Against AT&T: Reports (DOW).....6
Justice Dept. Sues To Block Missouri From Getting Phone Records (AP).....6
Feds Seek To Trump State's Inquiry Into Phone Records (KCS) 7
White House Sticks To Wiretap Argument (WSJ).....9
Blank Check To Spy (WP).....10
White House Bill Proposes System To Try Detainees (NYT).10
White House Working On Detainee Rules (AP-Y).....12
Fariz Is Sentenced To 3 Years (TAMPTRIB) 13
Al-Arian Associate Sentenced To 37 Months In Prison (AP) ..13
Al-Arian Associate Sentenced (SPT).....14

Homeland Response:

Nashville Man Indicted After Discovery Of Weapons, Poison (TENN).....15
Nashville Man Indicted Over Ricin (KNOXNS/AP) 16
Donelson Pipe Bomb Suspect Indicted For Making WMD (NASHCP).....16
System Separates Terror Suspects, Namesakes (WT) 17
Cities' Disaster Plans Lacking (USAT).....18
House OKs Emergency Communication Bill (AP) 18
Insurers Say Terror Too Risky To Cover (WT).....19
Insurers Seek Help For Terror Coverage (AP-Y).....20
Security And Chemical Plants (NYT) 21

War News:

Saddam's Oil Graft Divulged In 2000 (WT/AP).....21
In the Loop (WP).....22
U.S. Helps Recover Statue And Gives It Back To Iraqis (NYT)22
Taliban Goes For Cash Over Ideology (FT).....23
Colombia To Aid In Afghan Drug War (WT).....24
Colombia Cracks Down On Drug Cash (USAT).....25
Cry Bias, And Let Slip The Blogs Of War (WSJ) 26

DOJ:

Ashcroft Nostalgia (WP).....28
U.S. Prosecutors' New Foe: Attrition (PHI).....29

Corporate Scandals:

Trying Not To Keep Up With The Andersens (LAW) 30
Banker Pleads Guilty In Executive Life Case (LAT).....31
French Executive Pleads Guilty In Executive Life Case (MERCN).....31
SEC Wants Details Of Executive Pay (AP).....32
SEC Expected To OK Stricter Executive-pay Rules (MRKTWTCH).....33
Cox Cites 'Hole' In Regulatory Net On Hedge Funds (WSJ) ...34
S.E.C. Chief Looks To Regain Power Over Hedge Funds (NYT).....35
Over-Lawyered At The SEC (WSJ).....35

Criminal Law:

U.S. Prosecutors Argue Against Gag Order For Bush In Soldier's Case (LCJ).....37
Congress Creates Child Molesters Database (AP).....37
Congress Spanks Naughty Sex Sites (CNET).....38
Judge In Mob Case Denies 2 Ex-Detectives Bail (NYT).....39
Man Gets 8 Months In Prison For Taping Michael Jackson On Plane (FINDLAW/AP).....40
No Documents Yet For DOJ (RC).....41
Court Finds Subterfuge In D.C. Bank Battle (WP) 42
Angry Mob Greets Salt Lake Police After Discovery Of Destiny Norton's Death (KTVX-TV).....43
Destiny Mystery: Why Wasn't She Found Sooner? (SLT).....44
Sorrow For Destiny: Man Accused In Her Slaying Had Participated In Search (DESERET).....45

Mayor Anderson Praises Police Work In Destiny Case (KSL-TV) 47
Girl's Body Found In Neighbor's Basement (BVND) 48
Missing Girl Found Dead; Neighbor Is Held (NYT) 49
Teen Faces Murder Charge In Ind. Shootings (KCS) 49
Teen Arrested In Indiana Highway Sniper Shootings (USAT) 50
Three Arrested In Ongoing Springfield Corruption Probe (AP) 50
BetonSports Axes Imprisoned Chief (UKIND) 51
Sack Follows Arrest For BetonSports Chief Executive (GUARD) 51
Grand Jury Indicts 3 In Jobless Claim Fraud Following Katrina (BRADV) 52
Law Restricting Sex Offenders Clears A Hurdle (NYT) 53
Tipping The Checks And Balances (HILL) 54

Civil Rights:

Feds Sue Chesapeake, Alleging Discrimination With Police Test (VP) 55
Justice Department Files Suit Against Chesapeake For Police Hiring Practices (WAVY-TV) 56
Feds Probing HAVA Negotiations (RC) 56
FBI In Norfolk Says White Powder Received In Mail Is Safe (VP) 57
Atlanta NAACP Office Finds Suspicious Letter (MACT) 57
Suspicious Pkg. Found At NAACP (WXIA-TV) 57
Senate Restricts Abortion Option For Young Girls (NYT) 58
Interstate Abortion Bill Clears Senate (WP) 59
Senate Approves Parental Consent (WT) 60
Senate OKs Curb On Interstate Abortions For Minors (LAT) .. 61
Congress Must Set An Example On The ADA (RC) 62

Antitrust:

Supreme Court Setback For Stolt-Nielsen (DOW) 64
Love Field Deal Draws Justice Department Concerns (AP) ... 64
Wright Deal Raises Antitrust Questions (DMN) 65
Judge Seeks More Data On 2 Telecom Deals (WP) 67
Judge Balks At Closure Of AT&T, Verizon Mergers (CNET) .. 68
McClatchy Facing $163,000 Daily Bill If Newspaper Sale Is Blocked (AP) 69
H.P. To Pay $4.5 Billion To Acquire Mercury (NYT) 69
H-P To Buy Mercury For $4.5 Billion In CEO Hurd's First Big Purchase (WSJ) 70
HP To Buy Mercury Interactive For $4.5B (USAT) 71
HP To Buy Mercury For $4.5bn (FT) 72
Blackstone May Enter Bid For HCA (WSJ) 73
Canada Clears Phelps Dodge-Inco Deal (AP) 74

Environment/Indian Affairs:

Federal Judge Says Mass. Oil Spill Act Unconstitutional (AP) 74
Landrieu Key To Drilling Vote (RC) 75
Cuba Oil Probe Spurs Calls For U.S. Drilling (WT) 77
Ethanol's Rise Prompts Worries Of A Corn Crunch (CSM) 78
How Corn Became Like Vegas (WSJ) 80
Hot? Yes. Global Warming? Maybe. (LAT) 81
Rangers Take On Urban Woes In Wide Open Spaces (NYT) 82
On Puget Sound, It's Orca Vs. Inc. (WP) 84
'A Beginning' For Conservation (USAT) 86
Report Cites BIA In Death Of Teenager (WP) 87

FBI/DEA/ATF/USMS:

Pair Guilty Of Running 'pill Mills' (TPI) 88
Orleans Area Clinic Owner, Doctor Convicted In "pill Mill" Case (AP) 89
$1.2M Found In Car Of North Philly Cocaine Dealer (AP) 90
Colombia Cracks Down On Drug Cash (USAT) 91
N.J. Gang Targeted In Statewide Sweep (AP) 92
MARYLAND BRIEFING (WP/AP) 92

Immigration:

Compromise Would Allow Unlimited Immigrants (WT) 93
2 GOP Lawmakers Offer Immigration Compromise (LAT) 93
Comprehensive Immigration (WT) 94
Decline Seen In Illegal Immigrants (NYT) 96
Washington Wire (WSJ) 96
Who Will Care For U.S. Elderly If Border Closes? (WSJ) 98
Blame For Current Border Problems Falls Heavily On Congress (RC) 99
When Immigrants Become Humans (LAT) 101

Tax:

Patented Tax Strategies May Fail To Shield You From The IRS (WSJ) 101
Dynamic Analysis (WSJ) 102
Tax Cuts May Come At A Price, Study Says (WP) 104
Tax-Haven Abuse Is Examined (WSJ) 105

Congress-Administration:

White House Mulls Mineta Replacement (AP-Y) 105
Adversary Of Goss Takes No. 2 CIA Post (WT) 106
Bush Names Peace Corps Director (AP-Y) 107
Wind Farm Delays Pit Senators Against FAA (CHIT) 107
Sponsors Hold Out For Press Shield Law (AP-Y) 108
Line-item May Get Sept. Vote (HILL) 109
Poll: Majority Of Public Disapprove Of Bush's Stem Cell Veto (USAT) 110

DOJ_NMG_0042877

Republicans Split On IRA Provision In Pension Bill (WSJ) ...111
Pension Bill Inspires Late Lobbying Flurry (RC).....112
Legislating For November (HILL).....112
Frist Says He Got No Gain From HCA Deal (AP-Y).....113
Addressing, And Assessing, Government Productivity (WP) .114
An ABA Hit Job (WSJ).....115

Other News:

Federal Reserve Discloses Bernanke's Financial Assets (WSJ) 116
Home Sales Fell By 1.3% In June; Inventories Rose (WSJ) .117
Home Prices Could Start Falling (USAT).....117
After 5 Years Of Growth, Home Prices Drop (WP).....118
Housing Market Slowdown Rippling Across The Economy (CSM) 120
Sales Slow For Homes New And Old (NYT) 121
Consumer Confidence Posts Surprising Increase (USAT) ..122
Lower Oil Prices Help Fuel Market Rally (USAT).....123
Late Rally Pushes Stocks Up Modestly On Hopes For Economic Soft Landing (WSJ) 123
Ex-Treasury Chiefs Voice Global Concerns (USAT) 124
Is There An Oil 'Bubble'? (WP) 125
Democrats Writing Off Rowley Race (RC).....126
To Raise Profile, Murtha Will Stump For 41 Dems (HILL)....127
It's My Party And I'll Flee If I Want To (TIME).....129
Steele Admits He Criticized GOP In Interview (WP) 130
Senate GOP Candidate Slams Party (AP-Y).....132
Accountability And The Blackout In Queens (NYT) 133
Schwarzenegger Bus Tour Hits Bump (LAT).....133
Voters Choose Istook To Take On Okla. Governor (WP/AP) 134
OK Gov.: Istook Easily Captures GOP Nod, Will Face Henry (CQP).....135
Bipartisan Appeal High For Female Governors (USAT) 136
GOP Criticizes Democrat Plans For Nomination (WT).....137
Bush: U.S. To Bolster Security Forces In Baghdad (CHIT) ..138
Bush To Add Troops In Baghdad, Citing 'Terrible' Sectarian Strife (WP).....139
Baghdad Chaos Pushes Bush To Shift U.S. Troops (NYT) .141
More Troops Will Move Into Baghdad (WT).....142
The Battle For Baghdad, Again (USAT) 143
U.S. To Bolster Its Force In Baghdad (WSJ).....146
Battle For Baghdad Boils Down To Grabbing A Slice At A Time (NYT) 147
Bush: New Plan To Help End Iraq Violence (AP-Y).....148
A Long, Bad Six Weeks (NYT) 150
Bush, Iraq's Maliki Clash On Mideast Crisis (AFP-Y).....151
Iraqi Leader, Bush Split On Israel (LAT).....152
Iraq PM's Comments Under Fire (HILL).....153
Critics Hit Iraq Speech (RC).....154
Iraqi PM Calls Israel's Actions 'criminal' (FT) 156
Democrats Urge Al-Maliki To Clarify View On Hezbollah (WT) 156
Maliki's Remarks About Israel Inspire Anger Among Democrats (WSJ/AP) 157
Bush, Al-Maliki Disagree On Cease-fire In Mideast (USAT).157
Hastert Rejects Calls To Disinvite Al-Maliki To Speak To Congress (FoxN) 158
Congress Cautioned On Support Of Israel (WP).....160
True Friends Of Israel Cannot Let The Dems Take Power (HILL) 161
In Lebanon's Crisis, A Chance For U.S. To Broaden The Stakes (WP) 162
Rice To Meet With Counterparts In Bid To Stem Mideast Conflict (WSJ).....163
Hizbollah Defiant Ahead Of Rome Meeting (FT) 164
Rice's Mideast Visit Draws Mixed Reviews (AP) 164
Israeli Airstrike Hits U.N. Outpost (WP) 166
Allies Losing Patience With U.S. Terms For Cease-Fire (LAT) 168
Rice Seeks 'Urgent' Solution In Lebanon (WT) 169
In Mideast, Rice Stresses Civilian Relief (CSM) 170
1st Shipment Of U.S. Aid Arrives In Beirut (AP) 172
The Immutable President (NYT) 173
A Way Forward (WP) 174
Talking Turkey With Syria (NYT) 175
This New, Gentler Bush Is Dangerous (FT) 176
Israel Is Within Its Rights (WP).....177
Max Boot: Bush Didn't Start The Mideast Fire (LAT) 179
Europe's Chance (WP).....180
The Enemy Of My Enemy Is Still My Enemy (NYT) 181
Israeli Warplanes Strike U.N. Post (LAT) 182
Israel: U.N. Force Not Targeted (USAT).....184
Israeli Strike Kills 2 U.N. Peacekeepers (WT) 184
2 Dead, 2 Missing After U.N. Post Hit (AP-Y) 186
Israel Widens Control, Seals Hezbollah Stronghold (WT/AP)186
Israel To Occupy Area Of Lebanon As Security Zone (NYT)187
Big Ground Campaign In Lebanon Would Present Perils For Israel (WSJ).....190
Israel Finding A Difficult Foe In Hezbollah (NYT).....192
Heavy Fighting Slows Israel's Ground Forces (WP) 193
Why Syria Has Much To Lose If Hezbollah Is Finally Halted (NYT).....195
Hezbollah Vows Rockets Deeper Into Israel (AP-Y).....196

DOJ_NMG_0042878

Israeli 'Doves' Say Response Is Legitimate (WP) 197
Hezbollah: Israeli Onslaught A Surprise (AP-Y) 198
'God Stop The Bombs!' (WP) 199
A Lebanese Hospital Is An Unstable Pause From War (NYT) 201
As Bombs Hit South, Life Goes On North Of Beirut (WT) 202
A City Struggles To Maintain A Bit Of Its Charm (WP) 203
Major Powers Report Progress In Draft On Iran Nuclear Issue (AFP) 205
Bush Meets Rebel Leader To Discuss Darfur Accord (WP) 206
Somalia's Islamic Militia Rebuffs U.N. (AP) 207
Somali Peace Talks In Jeopardy As Islamists Issue Fresh Conditions (AFP-Y) 208
China To Freeze N Korean Accounts (FT) 209
U.S. Envoy Will Press China To Open Up Its Banking Sector (WSJ) 210
Georgia Sends Troops To Subdue Rebel Militia (NYT) 210
US Hits Back At EU Over Doha Collapse (FT) 211
Failed Trade Talks Usher In Uncertainty (WP) 212
Trade Focus Now Shifts To Regional Deals (NYT) 213
U.S. Farm-Subsidy Cuts A Long Shot As Doha Falters (WSJ) 214
US Braced For Battle Over Farm Subsidy Reform (FT) 215
Doha Aground (WSJ) 216
A Winning Strategy For The Democrats: Barter For Free Trade (WP) 217
Doha Is Dead... (WSJ) 218
A Failure For Trade (WP) 219
Nobody Wants Free Trade (LAT) 220
New Legal Front Opens In Recount Battle (LAT) 221
Mexican President, Whoever It Is, Needs Sense Of Balance (USAT) 221
Axis Of Hugo (WSJ) 222

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TERRORISM NEWS:

Judge Dismisses Lawsuit On AT& T Data Handover (AP)

By Mike Robinson

AP, July 26, 2006

CHICAGO, July 25 -- Citing national security, a federal judge Tuesday threw out a lawsuit aimed at blocking AT&T Inc. from giving telephone records to the government for use in the war on terror.

"The court is persuaded that requiring AT&T to confirm or deny whether it has disclosed large quantities of telephone records to the federal government could give adversaries of this country valuable insight into the government's intelligence activities," U.S. District Judge Matthew F. Kennelly said.

A number of such lawsuits have been filed around the country after reports that AT&T and other phone companies had turned over records to the National Security Agency, which specializes in communications intercepts.

Kennelly's ruling was in sharp contrast to last week's decision from U.S. District Judge Vaughn R. Walker of San Francisco, who said reports of the program were so widespread there was no danger of spilling secrets.

Kennelly ruled in a lawsuit filed by the American Civil Liberties Union of Illinois on behalf of author Studs Terkel and other activists who said their constitutional rights were violated because of an NSA program that gathers phone company records.

Justice Department attorneys argued that it would violate the law against divulging state secrets for AT&T to say whether it had provided telephone records to the agency.

The ACLU argued that the practice was no longer secret because numerous reports had made it clear that phone records had been given to the agency.

But the judge said the reports amounted to speculation and in no way constituted official confirmation that phone records had been turned over.

He also said Terkel and the other plaintiffs in the lawsuit, which sought class-action status, had not shown that their records had been provided to the government. As a result, they lacked standing to sue, he said.

ACLU legal director Harvey Grossman said in a statement that his group respectfully disagreed.

"A private company -- AT&T -- should not be able to escape accountability for violating a federal statute and the privacy of their customers on the basis that a program widely discussed in the public is secret," Grossman said.

In his ruling, Kennelly noted that he had received written statements from National Intelligence Director John Negroponte and NSA Director Lt. Gen. Keith Alexander in his chambers, with ACLU lawyers not allowed to be present.

Judge Rejects Customer Suit Over Records From AT&T (NYT)

By Adam Liptak

The New York Times, July 26, 2006

A federal judge in Chicago dismissed a class-action lawsuit yesterday against AT&T that claimed it had illegally given information about its customers to the National Security Agency. The judge, Matthew F. Kennelly, based his ruling on the state secrets privilege, which can bar suits that would disclose information harmful to national security.

The ruling is at first blush at odds with a decision last week by a federal judge in San Francisco. That judge, Vaughn R. Walker, allowed a similar suit against AT&T to proceed notwithstanding the state secrets privilege.

But the two decisions can be reconciled, Judge Kennelly wrote. The Chicago case concerns records of phone calls, including when they were placed, how long they lasted and the phone numbers involved. The San Francisco case, by contrast, mainly concerns an N.S.A. program aimed not at a vast sweep of customers' records but at the contents of a more limited number of communications.

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Because the Bush administration has confirmed the existence of such targeted wiretapping, the San Francisco suit could proceed without running afoul of the state secrets privilege, Judge Walker ruled last week. ''The government has opened the door for judicial inquiry," he wrote, "by publicly confirming and denying material information about its monitoring of communications content."

In his decision yesterday, Judge Kennelly said there had been no comparable confirmation by the government or AT&T of "the existence or nonexistence of AT&T's claimed record turnover." He refused to rely on news accounts of the program as proof of its existence and noted that "no executive branch official has officially confirmed or denied the existence of any program to obtain large quantities of customer telephone records."

The case was brought by the journalist Studs Terkel, five other individual plaintiffs and the American Civil Liberties Union of Illinois. They argued that the program violated a federal law that forbids the disclosure of some customer records to the government, and they sought a court order to stop it.

Among the papers the government submitted to Judge Kennelly to urge the dismissal of the case on state secrets grounds was a declaration from John D. Negroponte, the director of national intelligence. "Even confirming that a certain intelligence activity or relationship does not exist, either in general or with respect to specific targets or channels," Mr. Negroponte said, "would cause harm to the national security because alerting our adversaries to channels or individuals that are not under surveillance could likewise help them avoid detection."

Judge Kennelly noted his "great antipathy" for dismissing the suit. "Nothing in this opinion," he wrote, "prevents the plaintiffs from using the legislative process, not to mention their right of free speech, to seek further inquiry by the executive and legislative branches into the allegations in their complaint."

More than 30 lawsuits over government surveillance programs are pending in the nation. Only one, in Detroit, has moved beyond questions of procedure and privilege to consider the legality of the wiretapping program. A decision in that case is expected soon.

Judge Dismisses Lawsuit Against AT&T: Reports (DOW)

Dow Jones, July 26, 2006

SAN FRANCISCO (Dow Jones) -- A federal judge in Chicago on Tuesday dismissed a lawsuit filed against AT&T Inc. (T) to stop the company from providing telephone records to the government, according to reports.

U.S. District Judge Matthew F. Kennelly said requiring AT&T to disclose if it has turned over telephone records to the federal government could provide insight on the country's intelligence activities to its adversaries, the reports said.

Several similar suits have been filed across the U.S. following news media reports that AT&T and other phone companies had provided records to the National Security Agency, which specializes in communications intercepts.

The Chicago suit was filed by the American Civil Liberties Union of Illinois on behalf of author Studs Terkel and other activists who said an NSA program that gathered phone company records violated their constitutional rights, according to the reports.

Justice Department attorneys argued for the case to be dismissed because AT&T would violate the law against divulging state secrets by denying or confirming whether it had provided telephone records to the spy agency, the reports said.

Earlier this week, a U.S. district judge in San Francisco denied the government's and AT&T's motion to dismiss a similar case, saying that the existence of the surveillance program could not be considered a state secret because it has been widely reported by the media, and both the government and AT&T have indicated it exists.

The San Francisco lawsuit, which was filed by the Electronic Frontier Foundation, accuses AT&T of illegally working with the NSA to eavesdrop and track phone calls without warrants.

Justice Dept. Sues To Block Missouri From Getting Phone Records (AP)

By Sam Hananel, Associated Press

AP, July 26, 2006

The federal government sued two members of the Missouri Public Service Commission on Tuesday to stop them from seeking information about customer records that telephone companies may have given to the National Security Agency.

The lawsuit, filed in U.S. District Court in St. Louis, claims disclosure of any information the Missouri regulatory body wants to obtain could cause "exceptionally grave harm to national security."

Public Service Commission members Robert Clayton and Steve Gaw issued subpoenas last month to find out whether AT&T Inc. supplied Missouri customer information and calling records to the NSA in violation of Missouri privacy rules.

The Missouri subpoenas came after a USA Today story reported that AT&T and other phone companies handed over phone records of millions of Americans to the NSA after the Sept. 11 attacks.

In its lawsuit, the Justice Department says the federal government has "exclusive control vis-a-vis the states with respect to foreign intelligence gathering, national security, that conduct of foreign affairs and the conduct of military affairs."

The government asserts that Missouri officials lack authority to compel AT&T — and any other phone company that serves Missouri residents — from responding to the subpoenas because highly classified and sensitive information is involved.

Responding to the lawsuit, Clayton said the government "cites no law or court order which allows AT&T to ignore or violate Missouri law."

"We in no way want to interfere with activity that relates to national security, but we have a legal and moral obligation to enforce Missouri privacy law," Clayton said. "We are asking very general questions to ensure that our own laws are being followed."

Last month, the Justice Department filed a similar lawsuit against the New Jersey attorney general and other state officials to stop them from obtaining information about phone company cooperation with the NSA.

The Justice Department has said more than 20 lawsuits have been filed around the country charging phone companies with illegally assisting the NSA.

In Missouri, a Cole County judge has set an Aug. 28 hearing on the request from Clayton and Gaw to compel AT&T to comply with the subpoenas.

Feds Seek To Trump State's Inquiry Into Phone Records (KCS)

By Scott Canon And Matt Stearns

The Kansas City Star, July 26, 2006

The Bush administration sued two Missouri state regulators Tuesday to stop them from trying to find out whether AT&T turned over customer records to the National Security Agency.

In the lawsuit against Missouri Public Service Commission members Steve Gaw and Robert Clayton, the Department of Justice said their efforts could eventually spill national secrets.

The conflict stems from subpoenas issued by the two commissioners, both Democrats, last month to learn whether the phone company handed over calling records to the federal spy agency in violation of Missouri's privacy laws.

"We have a legal and moral obligation to uphold Missouri privacy laws," Clayton said.

Yet Richard Epstein, a constitutional law scholar and senior fellow at the Hoover Institution, expected the government to trump the challenge in Missouri and several other states.

"Unless I'm missing something, the feds win this dispute," he said. "They're the big kid on the block."

The Justice Department contended in its lawsuit that state regulators are not entitled to make inquiries when doing so could harm national security.

Compliance with the subpoenas would cause "exceptionally grave harm to national security," said the lawsuit filed in federal court in St. Louis. "If particular carriers are indeed supplying foreign intelligence information to the federal government, compliance with the subpoenas would require details of that activity."

In other words, potential terrorists would know more about when the NSA, a supersecret agency, was listening in, making tracking their efforts that much more difficult.

A hearing in state court before a Cole County judge was scheduled for Aug. 28 on whether AT&T should be compelled to comply with the subpoenas issued by Gaw and Clayton.

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Clayton said the inquiry about what information AT&T and other phone companies might have surrendered to the NSA was not about risking national security, but rather the commissioners' efforts to make sure that Missourians remained protected by state law.

"Our role relates only to enforcing Missouri law," he said. "How is it possible for a company to simply ignore state privacy laws?"

The state commission's three other members — one Democrat and two Republicans — have taken no official position either supporting or opposing Clayton and Gaw's subpoenas.

Similar fights between state officials and the Bush administration are brewing elsewhere in the country. For instance, in May, New Jersey Attorney General Zulima Farber issued subpoenas to AT&T, Verizon, Cingular Wireless, Sprint Nextel, and Qwest. The Justice Department sued to quash those subpoenas in June.

In the meantime, private and class-action lawsuits have been filed by people trying to find out what records the phone companies gave to the government.

A federal judge in California last week issued a ruling — over the objections of the Justice Department — that kept alive an Electronic Frontier Foundation lawsuit against AT&T over its reported involvement with the federal government's domestic surveillance program.

"Learning as much as we can about this program is really important," said Rebecca Jeschke, a spokeswoman for the group. "Americans' privacy is in jeopardy. We need to know what the government is doing to jeopardize our freedoms."

Conversely, a federal judge in Chicago on Tuesday tossed out a similar lawsuit blocking AT&T from giving the government phone records. The judge cited national security and said press reports that information has been turned over were only speculation.

The Justice Department has counted more than 20 lawsuits nationwide accusing phone companies of illegally assisting the NSA. In response, administration lawyers have filed repeated lawsuits aimed at stopping state officials from forcing phone companies to detail their level of cooperation with the NSA.

"This sounds like a collision between federal authority and state authority," said Michael A. Kahn, a St. Louis lawyer specializing in First Amendment law.

Cooperation between phone carriers and government intelligence specialists came to light in May with a story in USA Today.

Legal experts on both sides of the argument say it pits state regulators concerned with upholding privacy laws against federal officials obliged to defend national security.

"State regulators are supposed to protect citizens against illegal wiretaps and other phone problems," said Peter Swire, an Ohio State University law professor and the chief privacy counsel for the Clinton White House. "These efforts to learn what the phone companies did will tell us how the law is being followed."

The lawsuit against the Missouri regulators indicates the federal executive branch now wants to emasculate state agencies in a bid for secrecy, said Nancy Libin, the staff counsel for the Center for Democracy and Technology.

"The administration, in an executive branch power grab, has relegated Congress and the judiciary to secondary positions," she said.

But Epstein said the state commissioners faced a steep challenge in convincing courts the privacy of Missouri phone customers outweighs NSA interests.

Epstein said the supremacy clause of the U.S. Constitution "basically says the lowliest federal regulation, if valid, trumps an inconsistent state law no matter how lofty."

Missouri's Sen. Kit Bond, a defender of the administration's domestic surveillance program, said compliance with privacy laws is watched closely by congressional intelligence committees.

More public examination, he said, could make the country more vulnerable.

"When sources and methods are disclosed, the nation is less secure," the senator said.

Also named in the lawsuit — apparently because they could be subject to subpoenas from state regulators — are a handful of phone companies including TCG Kansas City.

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White House Sticks To Wiretap Argument (WSJ)

By Ben Winograd

The Wall Street Journal, July 26, 2006

WASHINGTON -- Despite high-profile legal losses and complaints about failures to consult with lawmakers, the Bush administration is sticking to its core post-9/11 legal argument: that the Constitution and a congressional resolution passed after the terror attacks grant the president almost unlimited power to protect the country.

Responding to congressional inquiries, administration lawyers have defended a warrantless surveillance program viewed by some as in doubt after a recent Supreme Court decision barring special military commissions to try enemy combatants. In letters to Congress, administration lawyers wrote that the high court's decision -- which rejected arguments similar to those used to defend the National Security Agency program -- didn't affect its legal analysis.

The release of the letters came as Sen. Arlen Specter (R., Pa.) announced a bill, drafted in negotiations with the White House, to amend the Foreign Intelligence Surveillance Act, the law critics say President Bush violated by authorizing the program. While Mr. Specter has said the legislation -- to be considered today by the Senate Judiciary Committee -- wouldn't affect the president's legal footing, many scholars called it an attempt to retroactively validate the administration's position.

The letters maintained that the administration already possesses the necessary legal authority and also suggested that Congress may have overreached by passing FISA in the first place. "There is no ... clear expression in the Constitution of congressional power to regulate the President's authority to collect foreign intelligence necessary to protect the nation," the Justice Department wrote in a July 10 letter.

The letters came in response to concerns of Democratic lawmakers about the legality of the NSA program, particularly after the Supreme Court's military commissions ruling in Hamdan v. Rumsfeld. Five justices found the military commissions President Bush established to try Guantanamo detainees lacked safeguards required under the Uniform Code of Military Justice.

The justices wrote that nothing in the text or history of the Authorization for Use of Military Force resolution, which Congress passed in September 2001, indicated an intent to override the military code. And in a footnote viewed by some as a warning to the administration's theories on executive power, Justice John Paul Stevens wrote that even if the president had authority to convene military commissions when Congress is silent, he couldn't ignore restrictions that lawmakers chose to place on his power.

"The Hamdan decision should have been a wake-up call," said Sen. Charles Schumer (D., N.Y.), who asked the Justice Department whether the court ruling affected its legal analysis of the surveillance program.

Responding to Mr. Schumer's inquiry on July 10, the Justice Department said it didn't. Its letter said conducting enemy surveillance inside the U.S. remained valid under a 2004 Supreme Court decision that found the force resolution authorized the president to engage in any "fundamental incident of waging war." It also asserted what could become a new prong of its defense: that no constitutional provision allows Congress to regulate the president's collection of foreign intelligence.

If passed, however, the Specter bill would significantly alter the debate over the surveillance program's legality. Those disputes centered on the text of FISA and the force resolution. FISA makes it a crime to intentionally engage in electronic surveillance "except as authorized by statute."

The administration argued that the force resolution -- which granted the president authority to use "necessary and appropriate force" against 9/11 perpetrators to prevent acts of terrorism -- satisfied that condition. Noting that U.S. military commanders since George Washington have intercepted enemy communications in wartime, department legal memos argued that FISA's limitations could be unconstitutional insofar as they prevented Mr. Bush from fulfilling his obligation to protect the country.

The administration's claims drew skepticism from some legal scholars and former government officials. Critics argued Congress couldn't have intended the broad language of the force resolution to repeal FISA's detailed regulatory framework, particularly when lawmakers loosened its warrant requirements only weeks later in the Patriot Act.

They also said that even if presidents historically intercepted enemy communications in wartime, the Supreme Court had never allowed warrantless electronic surveillance inside the country for any reason. Some questioned whether monitoring private communications even qualified as "force" as used in the post 9/11 resolution.

A Republican aide on the Senate Judiciary Committee said Mr. Specter hoped to move the bill from committee by next Thursday and return to the issue in September. A Democratic committee aide expressed doubt that any minority-party members would accept the bill in its current form.

Blank Check To Spy (WP)

The Washington Post, July 26, 2006

TODAY THE Senate Judiciary Committee will hold a hearing on modernizing the Foreign Intelligence Surveillance Act (FISA), the 1978 law that regulates domestic wiretapping and searches. The hearing is an effort on the part of committee Chairman Arlen Specter to move along his very dangerous bill -- negotiated with the White House -- to put the National Security Agency's domestic surveillance program before the federal courts. In an op-ed in these pages Monday, Mr. Specter described his proposal as a compromise with President Bush to ensure judicial review of the NSA program, which he called "a festering sore on our body politic." Yet his legislation would essentially respond to this festering sore by shooting the patient.

No matter how adamantly Mr. Specter denies that his bill would give Congress's blessing to domestic spying outside of FISA's strictures, it does so explicitly and unambiguously. It adds the following language to a statute that now provides the sole legal means for the government to spy on Americans in national security cases: "Nothing in this Act shall be construed to limit the constitutional authority of the President to collect intelligence with respect to foreign powers and agents of foreign powers." Mr. Specter argues that the bill doesn't accept the president's assertions of unilateral power but merely acknowledges them. But this is incorrect.

Under the Supreme Court's decades-old understanding, presidential power is at its lowest ebb when the president is acting contrary to the will of Congress, and at its zenith when he is using his own powers in concert with legislative authorization. Right now, to conduct warrantless surveillance domestically Mr. Bush must act at the very least in sharp tension with FISA. Under Mr. Specter's bill, however, the legislature would be explicitly acknowledging an alternative source of authority for snooping. It would thereby legitimize not only whatever the NSA may now be doing but lots of other surveillance it might dream up.

The bill would also allow -- but not require -- the administration to seek warrants for entire surveillance programs, based on the flimsiest evidence against a small subset of the population that would be subject to the surveillance. The result is that consistent with the bill, the administration could either ask or not ask judicial permission to monitor individuals or large groups of people, based on evidence or no evidence. Or it could simply act outside the law entirely.

In his op-ed piece, Mr. Specter challenged critics of his bill to present "a better idea for legislation that would resolve the program's legality." Ironically, several better ideas are already out there, from legislators who, unlike Mr. Specter, have actually been briefed on the NSA program. These proposals vary a lot, from more modest authorizations of the program to efforts to streamline FISA and provide resources so that authorities could get warrants more quickly. Remarkably, none of the legislators who have received detailed briefings has put forward a proposal as dramatic as Mr. Specter's. That should tell senators something.

White House Bill Proposes System To Try Detainees (NYT)

By David S. Cloud And Sheryl Gay Stolberg

The New York Times, July 26, 2006

WASHINGTON, July 25 — Legislation drafted by the Bush administration setting out new rules on bringing terror detainees to trial would allow hearsay evidence to be introduced unless it was deemed “unreliable” and would permit defendants to be excluded from their own trials if necessary to protect national security, according to a copy of the proposal.

The bill, which officials said was being circulated within the administration, is not final, but it indicates the direction of the administration’s approach for dealing with a Supreme Court decision that struck down the tribunals established to try terror suspects at Guantánamo Bay, Cuba.

The 32-page bill preserves the idea of using military commissions to prosecute terror suspects and makes modest changes in their procedural rules, including several expanded protections for defendants, many of them drawn from the military’s legal code. But the proposal also sets up a possible confrontation with lawmakers who have called for modeling the trials on the military’s rules for courts-martial, which would allow defendants more rights.

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The draft measure describes court-martial procedure as "not practicable in trying enemy combatants" because doing so would "require the government to share classified information" and would exclude "hearsay evidence determined to be probative and reliable."

President Bush reviewed the bill last week in a meeting with his top advisers, according to a senior White House official, who said the advisers told Mr. Bush that they were comfortable with the bill and were ready to present it to military lawyers. When the legislation is in its final form, the administration will have to ask a member of Congress to introduce it.

The White House would not comment on the specifics of the bill.

"We are in the middle of a process of getting reaction from the various stakeholders, and that is why we circulated a draft," said Dana Perino, a deputy White House press secretary. "We are working to strike a balance of a fair system of justice that deals with terrorists who don't recognize the rules of war."

But one former White House official, granted anonymity to discuss internal deliberations, said the administration was circulating the measure among military lawyers at the Pentagon with the intention of winning over Republican senators who have led the calls for using court-martial procedures, including Senator Lindsey Graham of South Carolina, a former military lawyer.

A copy of the draft legislation was provided to The New York Times by an official at an agency that is reviewing it. The copy was labeled "for discussion purposes only, deliberative draft, close hold," and the official who shared it did so on condition of anonymity. The official did not express an opinion about its contents.

Mr. Graham reviewed the draft briefly last week in a meeting with administration officials but was not given a copy of it. He described the measure as "a good start," but added, "I have some concerns." He would not be specific, saying he wanted to withhold judgment until hearing the views of military lawyers.

Mr. Graham praised the administration for engaging in "a collaborative process" and said the measure incorporated some of his suggestions, including the requirement that a military judge be detailed to each commission.

A senior Congressional aide said Senator John McCain, Republican of Arizona, by contrast, is believed to be more adamant that using the existing commissions with modest changes will not suffice, largely because of the danger that American troops could face similar treatment if captured abroad.

Though House Republicans are considered more supportive of the administration's plan, it could have difficulty passing the Senate without additional changes, said Eugene R. Fidell, the president of the National Institute of Military Justice.

"I believe the sentiment on the Hill is for a much more nuanced approach that tracks much more closely with the procedures used for general courts-martial," Mr. Fidell said. He called the administration plan "a missed opportunity."

Rather than requiring a speedy trial for enemy combatants, the draft proposal says they "may be tried and punished at any time without limitations." Defendants could be held until hostilities end, even if found not guilty by a commission.

Nor does the bill adhere to the military's rules for the admissibility of evidence and witnesses because "the United States cannot safely require members of the armed forces to gather evidence on the battlefield as though they were police officers," the proposal says.

The draft bill specifies that no matter how it is gathered, evidence "shall be admissible if the military judge" determines it has "probative value." Hearsay statements, meaning something a witness has heard but does not know to be true, would be allowed "at the discretion of the judge unless the circumstances render it unreliable or lacking in probative value."

The bill would also bar "statements obtained by the use of torture" from being introduced as evidence, but evidence obtained during interrogations where coercion was used would be admissible unless a military judge found it "unreliable."

The provision allowing defendants to be excluded from a trial to prevent them from hearing classified evidence against them is likely to be among the more controversial aspects of the proposal. The bill notes that "members of Al Qaeda cannot be trusted with our nation's secrets." But the bill specifies that the "exclusion of the accused shall be no broader than necessary" and requires that a declassified summary of the information be given to defendants.

One of the most difficult issues the administration faces is whether a provision of the Geneva Conventions, known as Common Article Three, applies to detainees; the Supreme Court ruled that it did. The draft measure says explicitly that the Geneva Conventions "are not a source of judicially enforceable individual rights," meaning that in the future, terror suspects like

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Salim Ahmed Hamdan, a Yemeni held at Guantánamo whose case resulted in the Supreme Court ruling, cannot file lawsuits saying their Geneva Convention rights were violated.

Common Article 3 prohibits "outrages upon personal dignity, in particular humiliating and degrading treatment" of detainees. Administration lawyers have warned that the provision could lead to war crimes charges against American troops who use overly harsh interrogation tactics. The draft bill attempts to remove that concern by saying that a law signed last year by Mr. Bush on the treatment of detainees would "fully satisfy" the article's requirement for humane treatment.

Officials said the bill was drafted by Steven G. Bradbury, acting assistant attorney general. On Tuesday, Attorney General Alberto R. Gonzales met with Senator John W. Warner of Virginia, the Republican chairman of the Armed Services Committee, about the administration's proposal. Mr. Gonzalez later went to the Pentagon to brief senior civilian and military officials, including the judge advocates general from each of the services, a Pentagon official said.

Getting the support of uniformed Pentagon lawyers could prove critical to the fate of the measure. At a hearing before the Senate Armed Services Committee earlier this month, each of the judge advocates general said that, like some lawmakers, they preferred a system for trying detainees that relied on the Uniform Code of Military Justice, which governs court-martial proceedings.

That was at odds with testimony from civilian lawyers from the Departments of Defense and Justice, who had said that they believed the military code was inappropriate for prosecuting terror suspects and recommended that Congress retain the administration's military commission system. Pentagon officials said they were still open to suggested changes from the military lawyers.

Eric Ruff, the Pentagon spokesman, said Defense Secretary Donald H. Rumsfeld "is asking that draft legislation be reviewed by everyone from a legal as well as policy perspective, and he would like them to provide feedback on what the effects might be on the ability of our military to carry out its various missions."

White House Working On Detainee Rules (AP-Y)

By Anne Plummer Flaherty

AP2, July 26, 2006

The White House is expected to unveil as early as next week a proposal on the legal handling of detainees after weeks of negotiations with Congress and meeting with military lawyers.

The recommendations, likely to be described by senior administration officials during a Senate hearing, would lay out a plan for prosecuting terror suspects detained by the military.

Still under discussion this week is whether the White House will agree with GOP senators to base a new effort on the military's court-martial system, which would afford terror suspects certain rights, or to champion legislation that would authorize the Pentagon's more stringent existing tribunal system.

The administration has been wrangling with the issue of detainees' legal rights since a June 29 ruling by the Supreme Court, which determined the military tribunals established by the Pentagon to prosecute the prisoners requires authorization by Congress.

The administration had previously maintained that the president's executive authority allowed him to establish the tribunals without Congress' permission. President Bush also asserted that the Geneva Conventions did not apply to terror suspects because they were not conventional prisoners of war.

Sen. John Warner, who chairs the Armed Services Committee, said he had wanted to convene a hearing this week on the matter, but was urged by Attorney General Alberto Gonzales to hold off until the administration could interview military lawyers and formulate a solid proposal. Warner met with Gonzales Tuesday in what he referred to as ongoing discussions.

Warner, R-Va., said he was hopeful the administration would lay out next week "the framework of legislative proposals they have in mind."

Warner and Sens. John McCain, R-Ariz., and Lindsey Graham, R-S.C., have met frequently with administration officials in recent days to discuss detainee legislation. At issue during the discussions have been the legal rights that military detainees would have.

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The senators have said they would support establishing a system based on the military's own court-martial practices and had been told the White House would support such a move. But senior officials from the Pentagon and Justice Department testified earlier this month that the Uniform Code of Military Justice would be too lenient on terror suspects and could expose classified information.

The senators have said they are confident an accord can be reached.

Warner said Tuesday he would convene briefings throughout August when Congress is in recess if necessary so that legislation could be passed this fall.

Fariz Is Sentenced To 3 Years (TAMPTRIB)

By Deborah Ziff, The Tampa Tribune

Tampa Tribune, July 26, 2006

TAMPA - Hatem Naji Fariz, a co-defendant of former University of South Florida Professor Sami Al-Arian, was sentenced to three years and one month in prison Tuesday after pleading guilty to supporting a terrorist group.

Fariz, 33, pleaded guilty to conspiracy to make and receive contributions of funds, goods or services to the Palestinian Islamic Jihad, defined by the United States as a terrorist group.

The Spring Hill resident was given the minimum sentence followed by a three-year term of probation.

"We're satisfied," said federal prosecutor Terry Zitek after the sentencing. "It's a relief. We're done."

Al-Arian and Fariz, along with Sameeh Hammoudeh and Ghassan Ballut, were arrested in February 2003. A five-month trial ended in December with the acquittal of Al-Arian and Fariz on eight counts. The jury failed to reach a verdict on nine. Hammoudeh and Ballut were acquitted of all charges.

In May, Al-Arian was sentenced to four years and nine months in prison after pleading guilty to the same charge as Fariz.

Al-Arian will be deported after he serves his prison term.

The "heart of the case" for Fariz, said public defender Allison Guagliardo, centered around money transfers that he sent to the Elehssan Society, or Benevolence Society, located in Gaza and the West Bank.

The money was sent for social programs, but the organization was associated with the Palestinian Islamic Jihad, according to the plea agreement.

Fariz also admitted to sending tapes about the Islamic Jihad to Ramadan Shallah, a "designated terrorist."

Fariz declined to comment on the sentence.

Fariz's plea agreement and other documents were kept sealed until Tuesday.

Judge James Moody unsealed all but one of the documents Tuesday after repeated requests by The Tampa Tribune and the St. Petersburg Times.

In asking Moody for the minimum sentence, Guagliardo argued that Fariz has three young children and is very "involved in family and rearing his children."

Reporter Deborah Ziff can be reached at dziff@tampatrib.com or (813) 259-7203.

Al-Arian Associate Sentenced To 37 Months In Prison (AP)

By Mitch Stacy, The Associated Press

AP, July 26, 2006

TAMPA -- A former associate of a Tampa college professor who aided Palestinian terrorists was sentenced to more than three years in prison Tuesday for his role in the conspiracy.

Hatem Naji Fariz was sentenced to 37 months in prison and three years of supervised probation, the U.S. Attorney's Office said in a statement. The sentencing ends a marathon terrorism conspiracy case that ensnared former University of South Florida professor Sami Al-Arian and others accused of acting as a Tampa cell of the Palestinian Islamic Jihad.

"We're pleased that this case has now been resolved with two defendants pleading guilty, and we will continue to ferret out any type of terrorists or terrorism activities," U.S. Attorney's Office spokesman Steve Cole said.

After six months of trial last year, two of the defendants were acquitted of all the charges. Al-Arian and Fariz were acquitted of some charges, while the jury deadlocked on others.

Al-Arian pleaded guilty in April to one of the remaining counts - providing support to terrorists - and was ordered to spend another year and a half in jail before he is deported. He had been jailed since his arrest in February 2003.

Fariz, 33, pleaded guilty to one count of making or receiving contributions of money, goods or services to benefit the PIJ, a State Department-designated terrorist group responsible for hundreds of deaths in suicide bombings and other attacks.

"It's not great. But it could be a lot worse," Fariz was quoted as saying by the St. Petersburg Times. "Guess I'll lose weight and get some exercise in prison."

Prosecutors said services performed by Al-Arian and Fariz included filing for immigration benefits for PIJ members, providing assistance for a PIJ member in a U.S. court, mailing packages of tapes containing PIJ information to members of the terrorist group, and sending money to an organization associated with the PIJ in Gaza.

Attorneys for the men argued at trial that although they were vocal advocates in the United States for the Palestinian cause, the government had no proof that they planned or knew about specific acts of violence. They said the money raised by Al-Arian and his co-defendants was for legitimate charities.

Fariz, born in Puerto Rico and an American citizen, was acquitted at trial on 25 counts while the jury deadlocked on eight others.

Al-Arian Associate Sentenced (SPT)

By Meg Laughlin

St. Petersburg Times, July 26, 2006

Co-defendant Hatem Fariz received 37 months in prison for offering non-violent aid to a terrorist group.

After a decade-long investigation followed by a six-month trial, the terrorism case against Sami Al-Arian and three other defendants has finally ended.

Hatem Fariz pleaded guilty in federal court on Tuesday morning to providing nonviolent services to associates of Palestinian Islamic Jihad, a terrorist organization. He was the only of the four defendants whose case was still unresolved.

U.S. District Court Judge James S. Moody sentenced Fariz to 37 months, the low end of the sentencing guideline range of 37 to 46 months."It's not great. But it could be a lot worse," Fariz, 33, told the St. Petersburg Times.

"Guess I'll lose weight and get some exercise in prison."

He will serve his sentence 65 miles north of Tampa, at the Federal Correctional Complex in Coleman, where Sami Al-Arian is serving a 57-month sentence for also providing nonviolent services to associate of PIJ, which has claimed responsibility for hundreds of deaths in Israel and the occupied territories.

Before sentencing, Fariz's attorney Allison Guagliardo asked the judge to consider her client's lesser role compared to that of Al-Arian, who participated in PIJ political decisions in the mid 1990s. She urged Moody to consider that Fariz was "very involved with his family and has three very young children."

Guagliardo also asked Moody to let her respond if he "relied on facts outside the case" to explain a longer sentence. The request was a veiled reference to Moody's stinging rebuke of Al-Arian at his May sentencing, when Moody chastised Al-Arian for publicly praising the United States while privately calling it "the great Satan."

But none of the lawyers could remember any evidence that showed Al-Arian using the words "great Satan."

Guagliardo's fears were heightened after Moody originally rejected a plea deal agreed to by the prosecution and defense, which would have sentenced Fariz to 36 months in prison. Moody had said the sentence -- a month less than the low range of the sentencing guidelines -- was not long enough. Guagliardo worried that Moody might give Fariz the maximum allowed, as he had done with Al-Arian.

But when Moody sentenced Fariz on Tuesday, he only added one month to what was in the original deal. He also told Fariz he could turn himself in at the appropriate time, which will be in the next few weeks.

Born in San Juan, Puerto Rico, Fariz was raised in a Chicago suburb, where he was captain of his high school soccer team. He went on to earn a bachelor's degree and a master's in computer science.

Growing up, he spent several months every few years in the occupied territories of Israel on his grandparents' farm, where he picked herbs, fruits and vegetables.

"This connection to the land of my ancestors means so much to me," he said during a June interview. "But I have always been an American."

In 2002, he moved to the Tampa area, where he ran a medical clinic and frequently volunteered at his children's school. He parked cars at school events, flipped burgers at school barbecues and collected tickets at the carnivals. His former attorney Kevin Beck described him as "the go-to person for community grunt work."

"Unfortunately, it's wanting to help out that got me in trouble," Fariz told the St. Petersburg Times in June.

It has been 12 years since FBI agents began gathering intelligence information for this case by taping Sami Al-Arian's phone calls. In that time, they recorded thousands of hours of conversations, searched his home and offices twice, gathering a warehouse full of documents.

But it was not until 2003, after the passage of the Patriot Act, that federal prosecutors flipped this information into criminal evidence and arrested Al-Arian, Fariz, Sameeh Hammoudeh and Ghassan Ballut, charging the four with raising money for PIJ activities. Five other defendants were named in the indictments, but they remained at large overseas and were not arrested.

FBI agents began taping Fariz's phone conversations in 2001 and continued until his arrest in 2003. They also recorded previous phone conversations when Fariz talked to Al-Arian and Ramadan Shallah, who became PIJ leader in 1995.

Tuesday, Fariz accepted guilt for three activities discussed in taped phone conversations: He arranged a magazine interview in 2000 with PIJ associate Abd Al Aziz Awda, when Awda lived in the occupied territories. In 1995, he sent tapes to Shallah in Tampa, seven months before Shallah became PIJ leader in Syria.

And, in 2001 and 2002, Fariz raised money for book bags and an ambulance for needy Palestinians in the occupied territories, arranging for their distribution through Elehssan, a charitable organization in Gaza which received financial support from the PIJ.

After a six-month trial, which ended in December, 2005, a jury returned not-guilty verdicts for Fariz, Al-Arian and the other two defendants. Hammoudeh and Ballut were acquitted of all counts. But jurors could not agree on nine of 17 counts against Al-Arian and eight of 33 counts against Fariz.

In the following months, defense attorneys and federal prosecutors negotiated plea deals for Al-Arian and Fariz.

In early June, during negotiations, Fariz told the St. Petersburg Times: "I'm tired. My family is tired. But I really did nothing criminal; so, it's hard for me to plead guilty to a crime in this case."

But Tuesday Fariz did plead guilty.

A month before, he also pleaded guilty to food stamp fraud in a separate Illinois case. In that case, he accepted responsibility for owning a convenience store where employees converted customers' food stamps to cash, skimming a percentage off the top.

For that crime, Fariz faces up to three years and five months in prison, but has not been sentenced. His wife, Manal Ramadan, said they are hoping the Chicago sentence runs concurrent with the Tampa sentence.

"You are never prepared for a prison sentence," she said. "But we are determined to get all of this over with."

At the close of Fariz's sentencing in Tampa federal court Tuesday, marking the end of the Al-Arian case, federal prosecutor Terry Zitek said the outcome showed the world that "the United States will not tolerate foreign terrorism operations."

"While Fariz had a minor role in this offense," Zitek said, "his sentence offers some measure of protection for the public."

HOMELAND RESPONSE:

Nashville Man Indicted After Discovery Of Weapons, Poison (TENN)

By Ian Kriegish, Staff writer

The Tennessean, July 26, 2006

A Nashville man has been indicted by a federal grand jury for the possessing unlawful firearms silencers, several functional pipe bombs and ricin, a highly lethal biological agent, the U.S. District Attorney's office said in a news release Thursday.

William Michael Matthews could face life imprisonment and up to $500,000 in fines if he is convicted on the charges against him.

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A joint investigation by the Federal Bureau of Investigation, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and Metro police, that began in May, uncovered a baby-food jar full of ricin. Law enforcement was tipped off by Matthews' wife, the release said.

One gram of pure ricin is potentially capable of killing hundreds of people.

Nashville Man Indicted Over Ricin (KNOXNS/AP)

By Beth Rucker, Associated Press

Knoxville News Sentinel (TN), July 26, 2006

Accused also reportedly possessed bombs, silencers

NASHVILLE - A federal grand jury has indicted a Nashville man with possessing the potentially deadly poison ricin, pipe bombs and firearms silencers, U.S. Attorney Jim Vines said Thursday.

William Micheal Matthews, 55, was already in a Davidson County jail serving a nine-month sentence for violating orders of protection taken out by his wife when authorities found the ricin and two functional pipe bombs at his home May 31.

Assistant U.S. Attorney Eli Richardson would not say if authorities have determined how the ricin or pipe bombs were intended to be used.

"That is something we have looked into, but it's not appropriate to comment at this time," he said.

Possessing biological agents for use as a weapon is punishable by up to life in prison and a $250,000 fine. Possessing explosive devices or silencers is punishable by up to 10 years' imprisonment and a fine of up to $250,000.

The ricin was found in a sealed baby-food jar in a shed at Matthews' Nashville home, according to local and federal officials who searched the house.

"Those who manufacture and possess weapons of mass destruction occupy a high priority with both the Department of Justice and this U.S. Attorney's office," Vines stated in a news release.

Ricin is a poisonous protein that can be made from processing castor beans. It can be used as a biological weapon.

As little as 500 micrograms - roughly the amount that fits on the head of a pin - is enough to kill an adult, according to the federal Centers for Disease Control and Prevention.

Matthews' wife, Carole Matthews, was the one who raised concerns about what was in the shed, and authorities said they found five gun silencers, three blasting caps and bomb-making materials.

Carole Matthews was living in the house at the time and had taken out the protection orders while her husband was being treated for substance abuse.

Matthews' sentence for violating the protective order is expected to last through March. He is expected to be transferred to federal custody after he is through serving that sentence, Richardson said.

Associates of Matthews told authorities that he talked about ricin more than a year ago, but that he was not known to be associated with any terrorist organizations or other violent groups.

Neighbors of the Matthewses said the couple mostly kept to themselves but did not appear to be involved in any suspicious activity.

Donelson Pipe Bomb Suspect Indicted For Making WMD (NASHCP)

By Jared Allen

Nashville City Paper, July 22, 2006

A Donelson man who authorities say was in possession of a chemical "weapon of mass destruction" was indicted by a federal grand jury for possessing the deadly biological agent ricin, as well as two working pipe bombs, the U.S. Attorney's Office in Nashville said Thursday.

William Michel Matthews, 55, has been in Metro Police custody since mid-May, when he was sentenced for violating an order of protection against his wife, Carole Matthews, who is an ex-Metro Police Officer.

It was Carole Matthews who initially contacted Metro Police about two pipe bombs, five gun silencers and potential chemical agents that she said her husband was storing in a storage shed located on their property. Unlawful possession of firearm silencers, explosive devices and biological agents are all federal crimes.

The U.S. Attorney's Office released only preliminary information about Matthews' indictment. No officials from either the U.S. Attorney's Office, the FBI or the ATF – who assisted in the investigation – would say if they believed Matthews was a domestic terrorist. Nor would they say if they believe Matthews had any specific plans for carrying out an attack.

However, in the search warrant affidavit, written by FBI Special Agent Adriaan Valk, Valk notes that federal statute "provides that a person who, without lawful authority, uses, threatens, or attempts or conspires to use, a weapon of mass destruction against... any person or property within the United States," can be charged with a federal crime.

Police say they have known since May about Matthews' explosives and firearm silencers. The FBI later confirmed a "white powder substance" found in a baby food jar in the shed was ricin.

According to the Centers for Disease Control and Prevention (CDC), ricin is a poison that can be made from the waste left over from processing castor beans.

"Depending on the route of exposure (such as injection or inhalation), as little as 500 micrograms of ricin could be enough to kill an adult," the CDC Web site says. "A 500-microgram dose of ricin would be about the size of the head of a pin."

Authorities also confiscated Matthews' home computer, and have begun a forensic examination of its contents.

"Domestic and international terrorists use computers, the Internet, and e-mail to communicate within groups of co-conspirators, to disseminate and obtain information regarding the construction and use of weapons of mass destruction, illegal firearms, and silencers," Valk wrote.

Authorities would not comment on whether or not they believed Matthews to have any co-conspirators. Less than a month ago, a federal jury found Denys Ray Hughes, 59, of Phoenix, Ariz., guilty of attempted production of a biological toxin for use as a weapon, possession of an unregistered destructive device and possession of an unregistered silencer.

Hughes is scheduled to be sentenced Oct. 2. He faces 10 years in prison for the destructive device conviction, 10 years for possession of a silencer and a life sentence for producing a biological weapon.

System Separates Terror Suspects, Namesakes (WT)

By Shaun Waterman

The Washington Times, July 26, 2006

Customs and Border Protection officials say they have introduced a new procedure for travelers who have the same name as a suspected terrorist, to help ensure that innocents are not stopped and questioned every time they enter the country merely because of such coincidences.

The move is a response to criticism of the agency's procedures, which the Department of Homeland Security's inspector general said resulted in repeated questioning of individuals who were not on the U.S. government's watch list of known or suspected terrorists, but had the same or similar name as someone who was.

"It's enlightened self-interest," said Customs and Border Protection (CBP) spokesman Bill Anthony. "It is obviously better for [the individuals concerned], but it is also in our interest."

CBP screens 1.1 million would-be entrants to the United States every day -- citizens, visitors and immigrants. Its job is to filter out would-be illegal migrants, as well as terrorists or other malefactors, while facilitating the swift movement of legitimate travelers.

"If we're pulling people who are innocent into secondary," Mr. Anthony explained, referring to the more lengthy immigration interview that those on the watch list -- and anyone else who attracts special interest at the borders or ports -- go through, "it is a waste of time. We should be looking for bad guys," not people already ruled out as a threat.

The inspector general's office had no comment on the changes. Mr. Anthony said the new procedures were not designed to be transparent.

"You're not told. You're not supposed to know you are on the watch list," so agency officials do not inform people of the correction.

He said all kinds of information -- like nationality, date of birth or physical characteristics -- could be used to distinguish the innocent traveler from the suspected terrorist with the same name.

In most cases, he said, it was "a combination of factors."

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He added that the procedures were "internal" and affected only the agency's own database, the Treasury Enforcement Communications System, known as TECS. The information would be entered into the system "in such a way that they will not get put into secondary on that basis again."

He said that the procedures were not designed to replace the redress procedures for individuals wrongly watch-listed or mistakenly identified as a watch-listed person. "People still have the right to complain," Mr. Anthony said.

And he acknowledged that the corrections will not appear on the U.S. government's centralized terrorist watch list, formally known as the Terrorism Screening Database. That list is maintained by the FBI-led interagency Terrorism Screening Center.

Cities' Disaster Plans Lacking (USAT)

By Mimi Hall

USA Today, July 26, 2006

WASHINGTON — Eight in 10 cities say their emergency responders still can't communicate with each other or area towns, 44% have not created or updated their evacuation plans, and nearly three-quarters say they're not prepared to handle a flu pandemic outbreak.

A survey of 183 cities by the U.S. Conference of Mayors set to be released today paints a grim picture of the nation's disaster preparedness nearly five years after the 9/11 attacks and nearly one year after Hurricane Katrina.

“Does the public want to hear this? I don't think so,” says Dearborn, Mich., Mayor Michael Guido, a Republican and head of the mayors' group. He says cities need more money from Washington but also must do more on their own — sign mutual-aid agreements with area towns, plan to share equipment in emergencies and line up companies ahead of time for tasks such as debris removal.

The survey includes cities in 38 states, ranging from Bothell, Wash., population 30,150, to New York City, 8 million residents. The report does not list each city's answers.

Among the findings:

•Most cities say they have not received enough money to get police and firefighters the radios and equipment they need to be able to talk with each other in a crisis.

•More than 4 in 10 cities say they have not created or updated evacuation plans since last fall's Gulf Coast hurricanes.

•The Federal Emergency Management Agency, criticized for its slow response to Katrina, got mixed reviews on how much confidence cities have that the agency would respond quickly after a major disaster. On a scale of 1 to 10, the average response was a 5.2.

The Homeland Security Department has doled out more than $18 billion in grants to states and communities since 2003, including more than $2 billion for improved communications. Still, “we're not where we need to be nationally” to be ready for catastrophes, says preparedness chief George Foresman. He said most cities have bought equipment but need more emphasis on training and exercises.

Elizabeth, N.J., Mayor J. Christian Bollwage, a Democrat, says cities “have been left to do it on their own, (and) the property taxpayers of this country do not have the resources to fund national security.”

House OKs Emergency Communication Bill (AP)

By Matthew Daly

AP, July 26, 2006

WASHINGTON -- The House on Tuesday overwhelmingly approved a bill aimed at improving communication among police, firefighters and emergency crews.

If enacted, supporters say, the measure could go a long way toward fixing an all-too common problem: emergency workers unable to communicate with each other because they use different radio systems.

The bill, approved 414-2, would require that states and local governments develop guidelines among first responders to be eligible for federal homeland security grants. The measure stresses the importance of the issue by establishing a new Office of Emergency Communications, headed by an assistant secretary of homeland security.

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The bill's lead sponsor, Rep. Dave Reichert, R-Wash., called it a response both to the Sept. 11, 2001, terrorist attacks and Hurricane Katrina. Both events demonstrated _ with tragic effect _ the reality that first responders from different agencies and jurisdictions still have trouble communicating with each other, he said.

"It is intolerable that our nation's law enforcement, fire service, and emergency medical services personnel still confront many of the same emergency communication problems I did as a rookie cop in 1972," Reichert said.

Some Democrats criticized the bill's timing, saying it was inexcusable that five years after the 2001 attacks _ and a year after Katrina _ the Republican-led Congress was finally getting around to addressing the issue.

"Time and again, the lack of interoperable communication has significantly hindered the ability of our nation's first responders to successfully do their jobs," said Rep Bennie Thompson, D-Miss., senior Democrat on the House Homeland Security Committee.

He and other lawmakers noted that some New York City firefighters never received a police warning to evacuate the World Trade Center's north tower because their radio system was incompatible with police communications.

"Four years later, as Hurricanes Katrina and Rita devastated the Gulf Coast, the same story emerged: Firefighters and police in the region didn't have the means to communicate," Thompson said.

Thompson and other Democrats complained that the bill does not authorize any federal money, and said states and local communities could be left to foot the bill.

Reichert challenged that, saying the Homeland Security Department has more than $1.6 billion in grant money available for local communities. The House bill would prohibit federal money from being spent on equipment that doesn't meet federal standards and statewide communications plans, Reichert said.

The measure now goes to the Senate.

Insurers Say Terror Too Risky To Cover (WT)

By Jacqueline Palank

The Washington Times, July 26, 2006

Insurers will need government backup to fund business in areas at high risk for terrorist attacks beyond December 2007, when a federal measure is set to expire, industry officials told lawmakers yesterday.

But lawmakers told them that backup will not be permanent, although currently still necessary.

"The industry needs to make substantial progress with its prediction models," said Rep. Luis V. Gutierrez, Illinois Democrat, at the joint House hearing of the Financial Services and Homeland Security committees.

After the September 11, 2001, terrorist attacks, Congress created a temporary insurance program that uses public and private funds to pay for 90 percent of the losses resulting from terrorism if the insurance companies paid the first $10 billion for two years.

After two years, insurers were responsible for 10 percent of the costs. In 2007, the government will cover 85 percent.

The measure was enacted in 2002 and extended in 2005 until Dec. 31, 2007. Both versions authorize up to $100 billion of federal funds.

Before September 11, terrorism was usually included in "all risk" coverage because the chance of an attack was considered minimal, said Jeffrey D. DeBoer, president and chief executive officer of the Real Estate Roundtable, which represents the leadership of private and public U.S. real estate firms.

"We must operate on the certainty of a terrorist attack in the near term," said Rep. Sue W. Kelly, New York Republican and chairman of the House Financial Services oversight and investigations subcommittee.

The catastrophic damages of September 11 prompted reinsurance companies, which back up primary insurers, to decide they no longer could quantify the risk for policyholders and effectively withdrew their services, Mr. DeBoer said.

As a result, primary insurers had no backup, withdrew their services where they legally could and still are hesitant to offer coverage, he said.

The September 11 attacks cost $32.5 billion in insured losses.

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"Without adequate reinsurance availability, primary insurers will not risk the exposure to their company associated with potential catastrophic terrorism losses," Mr. DeBoer said.

In the real estate industry alone, more than $15 billion of transactions were stalled or canceled in the 14 months after September 11 because of a lack of terrorism insurance, Mr. DeBoer said.

In the District, one of the most at-risk cities in the U.S., insurers threatened to cancel coverage or increase rates on buildings near potential terrorist targets.

Although insurers have historical data to predict the risk of natural disasters, the unpredictable nature of terrorism means it is difficult to predict the timing, location, target and severity of a terrorist attack, said Terry Fleming, director of external affairs for the Risk and Insurance Management Society, a professional risk management association.

Risk management includes analyzing the probability a loss will occur and trying to prevent that loss, Mr. Fleming said.

A private-public partnership is necessary because private companies may not be able to cover huge losses, said Peter Ulrich, senior vice president of model management for Risk Management Solutions, a company that predicts the risk of domestic and foreign terrorist attacks.

"There is a chance that a future terrorist attack could cause catastrophic losses on a scale that far exceeds any losses previously faced by the insurance industry and possibly beyond the resources of the insurance industry to pay," Mr. Ulrich said. "Without TRIA [Terrorism Risk Insurance Act], many insurance companies will take the same decision as they did in 2002 and quit the market."

Opponents of the measure cite free-market arguments as why the law should not be renewed.

Insurers Seek Help For Terror Coverage (AP-Y)

By Lara Jakes Jordan

AP2, July 26, 2006

Insurance companies can't promise full coverage for property damage from a terror attack without federal help, industry leaders told a House panel Tuesday.

But nearly five years after the Sept. 11 terror attacks, lawmakers warned the industry that Congress cannot remain a last-resort insurer for terrorism-related losses.

At issue is whether Congress will again extend the Terrorism Risk Insurance Act to reimburse insurance companies up to $100 billion should terrorists strike again — a measure criticized by many as a favor to insurance corporations. The 2002 act was set to expire last December 31, but Congress extended it for two more years.

"If another 9/11 attack occurs and people do not have insurance, there won't be anyone to pay those losses, other than the federal government," said Jeffrey D. DeBoer, president of the Real Estate Roundtable, representing the nation's top 100 privately owned and publicly held real estate ownership development.

The Sept. 11, 2001, attacks hit insurance companies hard, costing them at least $32 billion in claims and prompting many to exclude terrorism from coverage. Without insurance, a terrorist strike could heavily damage the economy because businesses would have trouble rebuilding and hiring again. The law does not allow the government to step in on any claims less than $50 million this year and $100 million in 2007.

Still, Rep. Luis V. Gutierrez, D-Ill., told industry officials at the joint House hearing of the Financial Services and Homeland Security committees that insurers should be working toward paying terror-related claims without government help.

"At this point, the market has not yet stabilized and the need for (the act) remains," Gutierrez said.

But "eventually the private market must adjust," Gutierrez said. "I do not want to see the federal government as a permanent re-insurer of last resort."

Private insurers, however, have a hard time estimating how much they will need to pay in losses, and "acts of terrorism are too difficult to predict and therefore exceedingly difficult to price," said Terry Fleming, director of the Risk and Insurance Management Society.

The industry also reported receiving inconsistent guidance and information from the Homeland Security Department about potential attacks or other risks.

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"Without information on the nature of the threat, measuring risk becomes extremely difficult," said Rep. Rob Simmons, R-Conn.

Security And Chemical Plants (NYT)

The New York Times, July 26, 2006

Nearly five years after Sept. 11, Congress has still not passed a law reducing the risk of mass casualties from an attack on a chemical plant. A bill has been slowly working its way through the Senate and the House, but the chemical industry is committed to making it so weak that it could actually make plants less safe. The House Homeland Security Committee is expected to vote tomorrow on two amendments that are important to making this a real chemical plant security bill.

The first amendment would require some high-risk chemical plants to replace the most dangerous chemicals with safer alternatives. It is a relatively mild proposal, since it does not cover all plants, and it gives the plants a large role in the decision about which safer technologies they should adopt. But the industry is fighting for its right to use whatever chemicals it deems best, or most profitable, no matter how much risk that poses to people who live, work and attend school nearby.

A second critical amendment would make clear that states have the right to regulate chemical plant safety more strictly than the federal government. The chemical industry wants the federal bill to expressly pre-empt, or invalidate, state safety rules. It says it wants a single national standard to avoid "confusion." But what the industry really wants is a weak national standard that prevents states from taking a more serious approach to the terrorist threat.

Tomorrow's votes will likely be decided by a few moderate Republicans, including Christopher Shays and Rob Simmons of Connecticut, and Curt Weldon and Charlie Dent of Pennsylvania. They could decide whether this important homeland security bill actually makes the nation more secure.

WAR NEWS:

Saddam's Oil Graft Divulged In 2000 (WT/AP)

By Mattias Karen

The Washington Times, July 26, 2006

STOCKHOLM -- The Swedish government knew in 2000 that Saddam Hussein's government demanded kickbacks from companies participating in the U.N. oil-for-food program, officials and news reports said yesterday.

An unidentified Swedish company informed the country's embassy in Amman, Jordan, in 2000 that Iraq was demanding 10 percent "fees" on all deals as a way to circumvent U.N. sanctions on Saddam's regime, according to a Swedish Foreign Ministry document published on the Web site of Swedish Radio.

The document was sent from the embassy in Amman to the Foreign Ministry and Swedish delegation at the United Nations in December 2000, Swedish Radio said.

The document stated clearly that the extra fees violated U.N. sanctions, but it was "clear that an open Swedish engagement in this issue would negatively affect other Swedish business opportunities" in Iraq, it said.

Anders Kruse, head of the Foreign Ministry's legal division, said Sweden had forwarded the information to the U.N. committee in charge of sanctions and was told the extra fees were widely known.

"This was something that was more or less commonly known; that was the picture we received," Mr. Kruse said. "We could not do anything about it. There were no possibilities for us here in Stockholm to do something."

A U.N. report last year said more than 2,200 companies had colluded with Saddam's government, paying kickbacks on lucrative contracts in the 1996-2003 program.

Sweden's anti-corruption prosecutor, Nils-Erik Schultz, who is investigating whether 14 Swedish companies named in the probe had violated any Swedish laws in making the deals, criticized the government yesterday.

"I think a simple measure would have been to talk to the companies, or even make them sign a pledge not to pay any money on the side to Iraq," Schultz told Swedish Radio. "But we have not seen any measures taken to stop this."

The company that originally contacted Sweden's embassy in Jordan was not identified.

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However, a spokesman with truck maker Scania said the firm had informed Swedish authorities of the Iraqi demands that year.

"We made them aware of the problem," Scania spokesman Hans-Ake Danielsson said.

Mr. Danielsson said Scania turned down contracts with Iraq because of the demands for extra fees.

"This was something we did not want any part of," he said.

In the Loop (WP)

By Al Kamen

The Washington Post, July 26, 2006

Someone to Sweat the Small Stuff

The New York Daily News unearthed an internal job posting last week for a press assistant in Vice President Cheney 's office that it said sent "a telling little glimpse into the siege state in which the vice president appears to find himself."

The Daily News focused on a key part of the job description: "The press assistant is responsible for monitoring media for various national security and domestic issues, informing the Press Secretary and the Deputy Press Secretary of issues of note and factual inaccuracies in the media."

Of course there are other duties, such as handling press advance, working out logistics for the traveling press, helping to prepare briefing papers and so on.

The job has been filled by Jamie Hennigan , a dedicated and super-competent reelection campaign aide.

Hennigan will need courage as well. For example: "Sir, the Canton Repository reports you told Larry King on June 1, 2005, that the Iraqi insurgency was in its 'last throes.' The actual date is May 30. Should I demand a correction?"

U.S. Helps Recover Statue And Gives It Back To Iraqis (NYT)

By Barry Meier And James Glanz

The New York Times, July 26, 2006

One of the most important treasures looted in the ransacking of Iraq's national museum three years ago has been recovered in a clandestine operation involving the United States government and was turned over to Iraqi officials in Washington yesterday.

The piece, a headless stone statue of the Sumerian king Entemena of Lagash, was stolen in the days after the fall of Baghdad. In the wake of the looting, American officials came under sharp criticism from archaeologists and others for failing to secure the museum, a vast storehouse of artifacts from civilization's first cities.

The Entemena statue was taken across the border to Syria, and put on sale on the international antiquities market. Thousands of looted artifacts that remained in Iraq — from tiny cylinder seals to the famed Warka Vase — have since been returned to the museum, and a few pieces have been turned over by foreign countries, including Italy and the Netherlands. But the Entemena statue, estimated to be 4,400 years old, is the first significant artifact returned from the United States and by far the most important piece found outside Iraq.

American officials declined to discuss how they recovered the statue, saying that to do so might impair their efforts to retrieve other artifacts. But people with knowledge of the episode described a narrative that included antiquities smugglers, international art dealers and an Iraqi expatriate businessman referred to as the broker who was the linchpin in efforts to recover the piece and bring it to the United States.

Since early June, the statue has been in an art storage warehouse in Queens. American officials had planned to turn it over to the Iraqi government at a public event, said Marc Raimondi, a spokesman for the Department of Homeland Security. That opportunity presented itself yesterday when the Iraqi prime minister, Nuri Kamal al-Maliki, visited Washington, where he discussed security problems in Baghdad with President Bush.

In interviews over the weekend in Baghdad, Iraqi officials expressed relief that the statue of the king, which had stood in the center of the museum's second-floor Sumerian Hall, had been found. But the same officials voiced frustration at what they said was the slow pace of international cooperation on the recovery of artifacts.

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"I'm overwhelmingly happy," said Liwa Sumaysim, the Iraqi antiquities minister. "We hope we get it soon so it goes back in the Iraqi museum, where it belongs."

A spokesman for the antiquities ministry, Abdul Zahra Talqani, said the ministry first received word of the recovery about two months ago. He said hopes had been raised in the past, after reports of the recovery of the statue in Iraq, but those pieces turned out to be clay copies that had also been looted from the museum.

In June, not long after the statue was brought to the United States, two antiquities scholars were taken to the Queens warehouse, known as The Fortress, to authenticate it. The statue, which is made of diorite, a hard, dark rock similar to granite, was encrusted with dirt, suggesting that it might have been concealed during its sojourn in Syria. In addition, there were fresh chips along parts of its stone surface that did not appear in historical photographs, indicating recent damage.

Mohsen Hassan, an expert at the museum's commission on antiquities, said that the statue, which weighs hundreds of pounds, was the heaviest piece stolen from the museum and that looters probably rolled or slid it down marble stairs to remove it, smashing the steps and damaging other artifacts.

The statue of Entemena of Lagash is among the most important artifacts unearthed in excavations of Ur, an ancient southern city. The king is dressed in a skirt of tasseled sheepskin and his arms are crossed in prayer. Detailed inscriptions run along the figure's shoulder and back.

The statue was found headless when originally excavated, and experts say its head might have been lopped off in ancient times to symbolize Ur's emancipation from Lagash.

One of the experts who authenticated the statue, John M. Russell, a professor at the Massachusetts College of Art in Boston, said it was not only archaeologically significant but also striking because the king's muscular arms were sculptured in a lively, naturalistic style. Earlier sculptural styles were cruder, he said.

Efforts to sell the statue began not long after it was stolen, said people with knowledge of the episode.

Hicham Aboutaam, an antiquities dealer who owns galleries in New York and Geneva, was approached while visiting Lebanon and shown a picture of the statue to gauge his interest in buying it, those people said. Initially, those holding the statue were seeking millions for it, one person said. Mr. Aboutaam soon discovered that it had been stolen and did not pursue the deal.

It is not clear precisely when or how Mr. Aboutaam — who pleaded guilty in 2004 to a federal charge of falsifying a customs document related to a different artifact — informed federal officials. He and his brother and business partner, Ali Aboutaam, declined to answer specific questions about the episode.

Last year, federal prosecutors in New York contacted Hicham Aboutaam and expressed interest in trying to recover the statue, said one person with knowledge of those events. Mr. Aboutaam agreed to help. Subsequently, he or his brother made contact with an Iraqi expatriate businessman now living in Europe. Soon, that businessman, who was referred to as the broker, became the pivotal figure in securing the statue.

Little is known about the businessman other than that he is involved in construction. But he began to shuttle among Iraq, Syria and other countries to make contact with those holding the statue and to negotiate its turnover. It was not known whether money had been paid to those holding the statue or whether promises had been made.

When asked what would be done with the statue, Mr. Hassan, the museum official, did not hesitate.

"We will fix it and put it in the same place where it was," he said, adding that security had largely been restored at the museum, which is close to notorious Haifa Street in a district that periodically erupts in violence.

But a tour of the building over the weekend, granted reluctantly by Mr. Hassan, raised questions as to how the museum could function while housing valuable artifacts like the statue. A walk down a corridor toward the Sumerian Hall, for example, ended abruptly at a concrete wall, which someone had crudely crosshatched with a fingertip to simulate bricks. Mr. Hassan awkwardly conceded that four times since the invasion, he had been forced to wall off the collections as the only reliable means of preventing further looting.

He said he most recently put walls up a couple of months earlier after a mass kidnapping close to the museum gates. "When things get better," he said, "we break it."

Taliban Goes For Cash Over Ideology (FT)

By Rachel Morarjee In Helmand, Afghanistan

Financial Times, July 26, 2006

The Taliban has found a way to recruit fighters that is less about winning hearts and minds and more about the enduring appeal of cold hard cash.

They are paying fighters up to $12 a day to fight the fledgling Afghan National Army, which pays only $4 a day to its soldiers in the field, according to military officials.

"The Taliban are supported by Pakistan and they get money from the drugs trade so they get more pay than our soldiers," said Colonel Myuddin Ghouri of the national army's 205 Corp.

While the ANA has the advantage of superior equipment and the same medical treatment as British troops, its troops often have to risk their lives far from home. "If you were a lad in the hills and you were offered $12 to stay local or you could take $4 and fight miles away from home, which would you do?" said Lieutenant Colonel David Hammond, an officer with 7 Para who is training Afghan officers in the southern province of Helmand as part of a mentoring scheme.

The pay difference is making it harder to recruit soldiers to the 38,000-strong ANA, which has faced a much better equipped and funded insurgency since January. Western officials have estimated the Taliban's forces have risen from 2,000 last year to 6,000 this year. The Taliban claims to have 12,000 men. Afghan defence ministry officials believe funds for the insurgency are flowing over the border from Pakistan and possibly from Arab countries.

The multi-ethnic Afghan National Army has been one of the success stories of the post-September 11 era and is hugely popular with most Afghans.

However, Afghan officials in Kabul say the pay of Afghan soldiers will remain a problem.

"Basic pay of $70 a month was a lot of money three years ago but it is harder to recruit people to fight in a bitter insurgency now," said a Afghan official who spoke on condition of anonymity.

Colombia To Aid In Afghan Drug War (WT)

By Rowan Scarborough

The Washington Times, July 26, 2006

The chairman of the House International Relations Committee said yesterday that a contingent of Colombian narcotics fighters is due in Afghanistan this week to share its expertise in combating powerful drug lords.

"Two separate groups coming from different environments attacking the same problem are bound to produce some new ideas," Rep. Henry J. Hyde, Illinois Republican, said in an interview.

Illegal drugs have emerged in Afghanistan as a threat nearly on a par with the Taliban and its al Qaeda allies, who this spring went on the offensive in the southern part of the country.

Perhaps no one has fought a more ferocious drug war than the Colombian national police. The Revolutionary Armed Forces of Colombia, a guerrilla group known by the acronym FARC, controls much of the nation's heroin and cocaine trade and uses the proceeds to try to bring down the democratic government.

Afghanistan can learn from the Colombian experience.

Four Colombian police officers from an elite counternarcotics unit are set to spend about two weeks in Kabul and other areas, sharing war stories and techniques. The trip will include:

•A colonel, who will talk about how to raid drug laboratories, where Afghan warlords are processing opium into heroin and shipping it to Europe and the United States.

•A major, who will talk about how to collect intelligence.

•A captain and helicopter pilot, who will discuss the use of helicopters in drug wars.

•A sergeant, who will explain how to preserve drug crime scenes.

"To meet their counterparts from halfway around the world and to exchange ideas, I think, is a very healthy, productive thing to do," Mr. Hyde said. "At the very least, they reinforce each other by knowing that they're out there in the field fighting this problem."

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Mr. Hyde has pushed for more than a year for the Colombian government to dispatch some of its best counternarcotics personnel to Afghanistan, where the growing opium and heroin trade is providing cash to insurgents. Drug kingpins threaten to corrupt and derail the government of the democratically elected president, Hamid Karzai.

"If we don't defeat the drug commerce in Afghanistan, we might as well leave the country," Mr. Hyde said. "The quantity of heroin that is exported is staggering, and [kingpins] can bring any culture to its knees if they get too prolific. ... It's a form of chemical terrorism that can defeat a nation."

Colombia in recent years has had success in shutting down FARC-run drug labs. The purity of Colombian heroin has dipped 22 percent since 2000, a sign that the government's attacks on illicit labs are cutting into supplies.

In Afghanistan, the numbers are going the other way. According to the latest report from the U.N. Office on Drugs and Crime, the poppy crop increased from about 30,000 acres in 2001, when the U.S.-led force toppled the Taliban, to 250,000 acres last year. Still, that number is down from a peak of 350,000 acres in 2004.

Afghanistan is thought to have produced about 500 metric tons of heroin last year, according to an International Relations Committee staff member. U.S. drug addicts use about 10 metric tons a year, so Afghanistan's production is more than enough to satisfy users here, in Europe and in other countries.

Administration sources have told The Washington Times that Afghan drug profits are finding their way to the Taliban and al Qaeda, which use the money to buy arms, pay terrorists and fund operations.

Some at the Pentagon have resisted making the connection between drugs and terror. Some commanders fear Congress would press the military to get more involved in the drug interdiction, a traditional law-enforcement mission.

But advocates got a boost this month when Defense Secretary Donald H. Rumsfeld made the connection.

"I do worry that the funds that come from the sale of those products could conceivably end up adversely affecting the democratic process in the country," Mr. Rumsfeld told reporters. "I also think any time there is that much money floating around and you have people like the Taliban, that it gives them an opportunity to fund their efforts in various ways."

Colombia Cracks Down On Drug Cash (USAT)

By Sibylla Brodzinsky Special For

USA Today, July 26, 2006

BOGOTA, Colombia — Colombian police routinely try to detect travelers attempting to smuggle drugs to the USA and Europe. This year, they have turned their attention to travelers coming into Colombia — not with drugs, but with hundreds of thousands of dollars and euros believed to be profits from the illegal drug trade.

Colombia is the world's largest source of cocaine. Most of the estimated $35 billion annual cocaine market in the USA is supplied by Colombian drug traffickers, despite $4 billion in U.S. aid since 2000 to assist the Colombian government's counternarcotics efforts, including spraying herbicide on the crops that yield cocaine and heroin.

The government also has imposed controls on financial institutions. It requires them to report the origins of deposits to prevent them from laundering — even unwittingly — the proceeds from drug sales.

Finding it more difficult to repatriate profits through banks, drug trafficking organizations have sought less traditional methods to bring in cash.

Last week, police at Bogota's international airport nabbed a 21-year-old man arriving on a flight from Mexico who had strapped $748,000 in crisp $100 bills inside a form-fitting Lycra girdle.

“When we're talking about people trying to smuggle in hundreds of thousands of dollars at a time, it is highly likely that the cash is the product of drug trafficking or some other illegal activity,” says Col. Orlando Pineda, director of Colombia's Customs Police.

Colombian authorities so far this year have confiscated $12.1 million in dollars and euros illegally brought into the country by 26 different travelers arriving at the nation's international airports, according to the Customs Police. That figure is up 67% from the same period last year.

The U.S. Drug Enforcement Administration (DEA) estimates that $3.2 billion to $7.2 billion in wholesale drug profits are transported out of the USA every year to Mexico and Colombia.

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The trend known as bulk cash smuggling signals drug traffickers are having trouble laundering proceeds from drug sales in the USA and Europe, where regulatory agencies have tightened controls on large-scale money transfers, according to the U.S. Embassy in Bogota.

Some of the innovative smuggling methods: Cash has been found stashed inside bowling balls and candles, containers of bull semen, shampoo bottles, the soles of shoes and a television.

"The drug traffickers believe that if it's successful in one direction, it only makes sense it would be successful going in the other direction," says John McKenna, a special agent with the DEA's public affairs office.

Just as with cocaine and heroin being shipped out of the country, police here often use specially trained dogs to identify the odor of the inks and paper of dollars and euros carried by incoming travelers.

Most of the cash caught at airports comes from Europe, in particular Spain, where there is a large Colombian immigrant community. Mexico, traditionally a weigh station for Colombian drugs on their way to the USA, also is a major departure point for incoming drug money.

The U.S. Treasury Department's Financial Crimes Enforcement Network, in an advisory issued in April, warned of a "dramatic increase in the smuggling of bulk cash proceeds from the sale of narcotics and other criminal activities from the United States into Mexico." Once in Mexico, the advisory states, it often is shipped to other countries, including Colombia.

Tuesday, the Mexican attorney general's office said federal officials at Mexico City's international airport on Friday seized nearly $1 million hidden inside a hydraulic cylinder that was expected to be flown to Colombia.

As in the United States, Colombian legislation requires travelers entering the country to declare cash in excess of $10,000. Concealing more than that amount to transport it into or out of the country is a crime punishable by up to five years in prison in the United States. In Colombia, if the person with the cash is wanted on other charges, he or she is apprehended. Otherwise they go free, but forfeit the cash unless they can prove its legal origins. Few of those who are caught can provide that proof, Pineda says.

The single largest catch of illegal cash came in May when police arrested Arturo Belloso Rodríguez, a Mexican national. Police say he had $950,000 strapped to his body and stuffed in the false bottoms of his luggage. The packed cash was covered in shrink wrap and carbon paper to avoid detection by X-ray machines.

Colombian police are seeking more help from other countries to try to stop the money smuggling.

"Just like we stop drug mules on our end, in other countries they should try to stop the 'money mules' before they get on the planes," Pineda says.

Cry Bias, And Let Slip The Blogs Of War (WSJ)

By Mike Spector

The Wall Street Journal, July 26, 2006

J.P. Borda started a Web log during his 2004 National Guard deployment in Afghanistan to keep in touch with his family. But when he got home, he decided it was the mainstream media that was out of touch with the war.

"You hear so much about what's going wrong," he says. "It gets hard to hear after a while when there's so much good going on."

Mr. Borda, a specialist, read other soldiers' blogs and found he wasn't alone. Hundreds of other troops and veterans were blogging world-wide, and many focused on a common enemy: journalists.

The 31-year-old software analyst, who now lives in Dallas, wanted to make it easier for people to read soldiers' accounts. So he started a Web site, Milblogging.com 1, to organize as many blogs as possible by country, military branch and subject matter. Today, the site links to more than 1,400 military blogs world-wide and was recently purchased for an undisclosed amount by Military.com, a Web site catering to soldiers that is owned by Monster Worldwide Inc.

Now, Mr. Borda finds himself at the center of a growing blogging movement. Military bloggers, or "milbloggers" as they call themselves, contend that they are uniquely qualified to comment on events in armed conflicts. Many milbloggers also argue that the mainstream media tends to overplay negative stories and play down positive military developments. For many of these blogs, says Mr. Borda, "the sole purpose is to counteract the media."

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There have always been at least some soldiers who have wanted to go to battle against Big Media. Some in the military blamed coverage of the Vietnam War for turning American public opinion against it. What's changed? The Internet now allows frustrated soldiers and veterans to voice their opinions and be heard instantly and globally.

POPULAR LINKS

These are a few of the top sites on Milblogging.com. (Links open in a new window. Some content could be offensive to readers.)

• 365 and a Wakeup2

• A Soldier's Perspective3

• Blackfive4

• Michael Yon: Online Magazine5

The backlash takes many forms. Some bloggers point out what they see as inaccuracies and post lengthy critiques of current reporting. Others post their own stories. Some simply sling arrows.

Matthew Burden, an Army veteran, started his blog, "Blackfive," in December 2003 after he learned that an Army buddy, Maj. Mathew Schram, had been killed in an ambush near the Iraq-Syria border. Mr. Burden, 39, felt his friend received short shrift in media coverage and decided to blog about military stories he felt weren't getting the attention they deserved.

"Does Abu Ghraib need to be told 40 times above the fold in the New York Times when half your readers couldn't name the guy who won the Medal of Honor?" Mr. Burden says.

Michael Yon, a 42-year-old Army Special Forces veteran, is perhaps the most attention-grabbing blogger, with appearances on MSNBC and CNN. In December 2004, he embedded himself with troops in Iraq and posted dispatches online for the next several months.

Most of Mr. Yon's writings related heroic acts by American troops and Iraqis. Mr. Yon also praises some media coverage of Iraq. But in an interview, he says many reporters "haven't stayed long enough to see what's going on. Most of the reporting is not deep enough." According to Mr. Yon, Iraqis are determined to fight insurgents and embrace a new government, a storyline he says he doesn't see in mainstream news coverage.

Not all milblogs wave the flag. Some have drawn attention for posts that irk the chain of command. Jason Hartley, a National Guardsman from New Paltz, N.Y., caught flak for posting comments on his blog, "justanothersoldier.com" that he said were satirical. Mr. Hartley, who served in Iraq, wrote that he loved dead civilians and wished he could shoot children. He claimed the comments were meant to highlight what he sees as the military's nonchalant attitude toward civilian casualties, but his superiors weren't amused. Mr. Hartley was eventually demoted to specialist from sergeant, and his commander, Capt. Vincent Heintz, wrote in a sworn statement that the blog "disparaged the Army in a manner unbecoming of an NCO (non-commissioned officer)."

Mr. Hartley says the military displayed "a neo-conservative, knee-jerk reaction" to his blog. "I'm a bleeding heart liberal in the guise of a soldier, and sometimes it comes out in my writing," he says.

Other milblogs are critical of the Bush Administration. An Army blogger in Iraq who calls himself "Godlesskinser," has a clock on his Web site noting how many days, hours, minutes and seconds have passed since President Bush vowed to capture Osama bin Laden.

The Pentagon, taking notice of the impact of such writings, has a committee studying military blogs over the next several months. In the field, the Army has issued formal guidance about blogging, reminding soldiers not to post information that might tip off the enemy. And U.S. Central Command officials in Florida have started contacting bloggers -- military and civilian -- when they come across posts that contain what they view as inaccurate or incomplete information. But overall, military blogs remain independent, with little organized oversight.

Military blogs receive a fraction of the hits generated by mainstream news Web sites. Mr. Burden's site, for example, receives about 210,000 unique visitors per month, he says. In comparison, Nielsen/Netratings data shows MSNBC.com got 24 million unique visitors last month.

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But milbloggers, who only began online postings in earnest within the past three years, have become increasingly energized and organized in their efforts to counteract existing media coverage. In April, bloggers convened in Washington, D.C. for the first ever milblogging convention.

The frustration of milbloggers is understandable, says Alex S. Jones, a former New York Times reporter who heads the Shorenstein Center on the Press, Politics and Public Policy at Harvard University. But he adds, "If the overall picture is one of continued violence and a significant lack of stability in many parts of Iraq, the individual shards of good news could be more of a distortion than a reflection of the truth."

When Milblogging.com launched in October, Mr. Borda stayed up until 5 a.m. on some nights maintaining the site. He says he sleeps more now, but his wife still has to tear him away sometimes for family events with their two sons, ages 5 and three months. "It's different," Angelica Borda, 26, says of her husband's passion, but "I'm used to it now."

Mr. Borda receives an undisclosed monthly stipend to maintain the blog (he signed a nondisclosure agreement with Military.com). He's currently working with Military.com to attract advertisers. The site's most notable paid advertisement so far is from a group called the Iraqi Truth Project, which has made a documentary that it says "exposes the atrocities committed by the former Iraq dictator."

In the mornings and evenings, Mr. Borda scours the Net for new blogs to add to his site and responds to emails from bloggers, fans and critics. He also interviews milbloggers and posts the transcripts in a feature called "Milblogger of the Week." Mr. Borda had collected just 50 blogs when he started Milblogging.com. Today, that number has increased nearly 30-fold, and Mr. Borda believes there are thousands more blogs out there.

Mr. Borda says he isn't able to fact-check the bloggers he publishes, or to verify their identities beyond using common sense. "I do a sanity-check of the milblog, making sure it deals primarily with a military subject matter, and I also rely on readers to let me know," he says. "That said, no matter how much research you do it's unlikely you could ever verify without a shadow of a doubt that any blogger is 100% legit."

What's the future of military blogs? Mr. Borda would like to see milbloggers get their own TV shows or have their entries printed in major newspapers. The goal, he says, is to "continually be blurring that line between the media and blogging."

DOJ:

Ashcroft Nostalgia (WP)

By Ruth Marcus

The Washington Post, July 26, 2006

Alberto Gonzales is achieving something remarkable, even miraculous, as attorney general: He is making John Ashcroft look good.

I was no fan of President Bush's first attorney general, who may be best remembered for holding prayer breakfasts with department brass, hiding the bare-breasted statue in the Great Hall of Justice behind an $8,000 set of drapes, and warning darkly that those who differed with administration policy were giving aid to terrorists.

But as I watched Gonzales testify before the Senate Judiciary Committee last week, it struck me: In terms of competence (the skill with which he handles the job) and character (willingness to stand up to the president), Gonzales is enough to make you yearn for the good old Ashcroft days.

Gonzales is an amiable man, not nearly so polarizing or ideological as his predecessor. If you were given the old desert-island choice between the two, he would be the better option -- more likely to share the rainwater, less likely to make you listen to him sing. (If you've ever heard Ashcroft's "Let the Eagle Soar," you know what I mean.)

Where Ashcroft was hard-edged and combative, Gonzales is pleasant and seemingly imperturbable. He's always reminded me a bit of the Pillsbury doughboy: No matter how hard he's poked, he springs back, smiling.

At the start of last week's hearing, Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), sounding like an exasperated high school English teacher, chastised Gonzales for failing to turn in his prepared statement on time. The attorney general sat silent, then calmly delivered the tardy testimony.

The next three hours and 40 minutes illustrated just about everything that is wrong with Gonzales's Justice.

There is no polite way to put this: Gonzales doesn't seem to have an adequate grasp of what's happening in his own department or much influence in setting administration policy.

Asked about House-passed legislation that would bar Justice from enforcing a year-old law requiring trigger locks on newly sold handguns, Gonzales said he was "not aware of" the dispute. Asked about his department's prosecutions of corrupt Border Patrol agents (described in a front-page story in this newspaper), Gonzales said he would "have to get back to you."

And when Sen. Edward M. Kennedy (D-Mass.) inquired whether the administration supported reauthorization of the Voting Rights Act as passed by the House, Gonzales didn't seem empowered to give him a straight answer -- though the Judiciary Committee was set to take up the measure that afternoon. "I don't know if I'm in a position to state that as an administration we're going to support that," Gonzales said.

Gonzales as witness is a maddening exercise in jello-nailing. "I'm going to move on and accept your non-answer, because I don't think I'm going to get anything more on that subject, and perhaps nothing more on the next subject," Specter told Gonzales after a fruitless line of questioning about whether Justice was -- as the attorney general had said in May -- considering prosecuting journalists for publishing leaks.

Specter's bleak prediction proved accurate. When he asked Gonzales about the attorney general's previous assurance that the National Security Agency's electronic surveillance was the only program not subject to judicial authorization, this illuminating exchange ensued.

Gonzales: "I'm not sure that those are the words that I used, Mr. Chairman."

Specter: "Well, the substance of the words you used."

Gonzales: "Those are the substance of the words I used, but those are not the exact words that I used."

At which point Specter gave up and changed topics.

Sen. Patrick Leahy (D-Vt.) didn't fare any better on military tribunals. Leahy asked whether Congress should simply ratify the existing system, as an assistant attorney general had urged the previous week.

Gonzales: "That would certainly be one alternative that Congress could consider, Senator Leahy."

Leahy, trying again: "Is that the administration's position, yes or no?"

Gonzales: "I don't believe the administration has a position as to where Congress should begin its deliberations."

Well, that was informative.

The big news of the hearing -- that the president had in effect killed an internal Justice investigation into the domestic spying program by refusing to grant the necessary security clearances to department lawyers -- underscores the most disturbing aspect of Gonzales's tenure: his lack of independence from the president. If Gonzales disagreed with this move -- a bad call and an even worse precedent -- he offered no hint of it at the hearing.

This is not a surprise -- after all, Gonzales's entire public career is entwined with that of George W. Bush -- but it is a disappointment. Ashcroft at least clashed with the White House over detainee policy (he fought internally to give citizens detained as enemy combatants access to counsel) and warrantless surveillance (he refused when Gonzales came to his hospital room asking that he sign papers extending the program).

To his credit, Gonzales did resist -- he supposedly threatened to quit -- when the president, pummeled by congressional Republicans over the search of a Democratic congressman's office, considered ordering Justice to return the documents. But Attorney General Gonzales doesn't seem to have any less zeal for unbridled presidential power -- or any less willingness to make outlandish arguments on its behalf -- than did White House Counsel Gonzales.

Which is precisely why he shouldn't be there in the first place -- and why I am experiencing intermittent twinges of a most unexpected emotion: Ashcroft nostalgia.

marcusr@washpost.com

U.S. Prosecutors' New Foe: Attrition (PHI)

By John Shiffman

The Philadelphia Inquirer, July 26, 2006

The scene yesterday afternoon inside the U.S. Attorney's Office in Philadelphia was all too familiar: a going-away party for a veteran prosecutor.

In the last three years, about two dozen federal prosecutors have resigned from the Philadelphia office.

Because of budget cuts, only three of those positions have been filled. The staffing numbers were verified by prosecutors not authorized to speak publicly because the figures have become part of a congressional budget dispute.

Indeed, the party in Philadelphia yesterday for Mark Ehlers, a violent-crimes prosecutor with 18 years' experience, came a day after two prominent House Democrats released an angry letter written to U.S. Attorney General Alberto Gonzales.

"The consequences appear to be severe," wrote U.S. Reps. Henry Waxman (D., Calif.) and John Conyers Jr. (D., Mich.).

"The lack of staff and resources force federal prosecutors to forego prosecutions in some important cases and to reach plea bargains in others," they wrote. "In some offices, there are shortages of even basic office supplies, like binder clips and envelopes."

Nationwide, the number of prosecutor vacancies has jumped from 200 to 300, said Dennis Boyd, executive director of the National Association of Assistant United States Attorneys.

In Los Angeles, 40 of 190 prosecutor positions are unfilled, according to the congressional letter. In Chicago, about 30 of 160 positions are unfulfilled.

The U.S. Attorney's Office for New Jersey, based in Newark, did not respond to a request for comment.

The U.S. Attorney's Office in Philadelphia has seen its budget cut by 20percent over the last three years, according to comments at a recent court hearing by Linda Dale Hoffa, chief of the criminal section.

At the hearing, Hoffa also disclosed that the office had begun to charge defendants for copies of evidence in their cases. Previously, the office had copied the evidence for free.

Hoffa yesterday referred questions to the Justice Department in Washington. The department issued a statement in which it noted that Congress had cut the Bush administration's proposed budget request for the 93 U.S. Attorney Offices nationwide.

In the last three years, more than two dozen assistant U.S. attorneys have left the Philadelphia office or have announced they are leaving. They include Ehlers, Geoff Moulton, Gregory Paw, Timothy Rice, Joseph Poluka, Robert Goldman, Jud Aaron, Chris Hall, Tom Hogan, Barbara Cohan, Kristin Hayes, Todd Schulman, Tina Gabbrielli, Cedric Bullock, Maureen Barden, William Carr, Tom Eicher, Leslie Fitzgerald, Mitchel Goldberg, Nancy Griffin, Shari Lewis, Craig Margolis, Nadine Overton, Dave Resnicoff, Alicia Resnicoff, Kathleen Rice and Paul Sarmousakis.

The Philadelphia office is responsible for the eastern third of the state, from the Delaware River west to Allentown and Lancaster.

"There's been a steady attrition," said a former senior prosecutor in the office. "There's a huge experience gap. These are people who did complicated cases. The sky isn't falling - there is still a good nucleus, but there are cases that aren't getting prosecuted now. I predict you are going to see 200 fewer prosecutions a year until they get the staffing back up."

The Philadelphia office recently added three prosecutors and has plans to hire at least two more. The new hires are Joe McGettigan, Mary Futcher and Maria Carrillo.

CORPORATE SCANDALS:

Trying Not To Keep Up With The Andersens (LAW)

By Sue Reisinger, Corporate Counsel

Corporate Counsel, July 26, 2006

Government-deferred prosecution and nonprosecution agreements with companies are on the rise

The government is on a let's-make-a-deal spree with corporate America. In the first six months of this year, the U.S. Department of Justice completed at least 12 deferred prosecution or nonprosecution agreements with companies. By contrast, only eight such deals were signed in all of last year, which was already a record high.

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The sharp rise in prosecution pacts showed up in a Corporate Counsel review of the Web sites of the Justice Department and major U.S. Attorney's Offices. Most of the businesses that settled with the government this year were accused of financial and securities fraud. Other companies have been faulted for money laundering, trade secret theft and environmental violations.

A federal indictment is widely credited with destroying Arthur Andersen, the giant accounting firm, four years ago. Ever since, companies accused of wrongdoing have sought to avoid the same fate by striking a deal with the Justice Department. In a deferred prosecution agreement, the government files criminal charges against a defendant in court but doesn't take the case to trial. Under a nonprosecution agreement, no charges are filed.

These pacts come at at price, however. For one thing, businesses must cooperate with prosecutors through the length of the agreement, which typically lasts from 12 months to three years. Cooperation, as defined by the government, has forced some companies to take extreme actions, such as waiving attorney-client privilege, or cutting off the legal fees of indicted employees. Also, a prosecution deal generally requires a business to admit its wrongdoing and accept a statement of facts describing the illegal behavior. Private plaintiffs often use this admission against the company in later litigation.

Plus, there's the collateral damage, as companies take steps that not even the government has demanded. At six of the companies that have reached a deferred or nonprosecution agreement in the past 12 months, the general counsel stepped down. In most instances the GC wasn't even implicated in the wrongdoing -- management just felt a new hire would show the government that they were serious about tackling their problems.

Though the number of deferred and nonprosecution agreements is soaring, the country isn't necessarily experiencing a resurgent corporate crime wave. Lawrence Finder, a former U.S. Attorney in Houston who is now a partner at Haynes and Boone, cites two factors behind the increase. One is that the government is trying to exert more pressure on companies, yet wants to avoid being blamed for causing another collapse like Andersen's. The other reason for the boom in deferred and nonprosecution agreements, Finder says, is that "prosecutors are simply becoming more comfortable with them."

Susan Hackett, the GC of the Association of Corporate Counsel, thinks the number of prosecution pacts is rising because they're the easiest option for both sides. "It works for everybody," Hackett says. "Prosecutors get a notch on their belt," without actually having to take a company to court. Meanwhile, businesses avoid indictment as well as the hefty costs of defending themselves at trial. And both prosecutors and defendants skip the risk of a courtroom loss.

The Justice Department isn't saying much about why it's completed so many agreements this year. A spokesperson would only note that the agency "uses a variety of approaches to ensure compliance with the law while protecting shareholder value."

Law professor Stuart Green, who recently published "Lying, Cheating, and Stealing: A Moral Theory of White-Collar Crime," suspects more complex reasons for the rise of prosecution agreements. Green, who teaches at Louisiana State University, says it's hard to measure whether there's actually more business crime today. But he maintains that corporate America "is blurring the lines between aggressive business [conduct] and criminality. The more we as a society accept aggressive business behavior, the more we find the lines crossed."

Whatever the cause, ACC's Hackett doesn't see any relief in sight for GCs or their companies. In her view, "Companies are now in the mode of doing whatever they can to avoid indictment."

Banker Pleads Guilty In Executive Life Case (LAT)

By From Bloomberg News

The Los Angeles Times, July 26, 2006

Jean-Francois Henin, former head of Credit Lyonnais' Altus Finance unit, pleaded guilty to causing the French bank to lie to U.S. regulators during the 1991 takeover of Los Angeles-based Executive Life Insurance Co.

Henin agreed to pay a $1-million fine and was sentenced in federal court in Los Angeles to five years' probation, during which he won't be allowed to enter the United States, the U.S. attorney's office said Monday.

He was charged with four counts of causing Credit Lyonnais to make false statements. Henin was managing director of Altus, Lyonnais' investment unit, when the bank illegally used front companies to buy Executive Life's insurance business and junk bond portfolio.

French Executive Pleads Guilty In Executive Life Case (MERCN)

The San Jose Mercury News, July 26, 2006

LOS ANGELES - A former managing director of a subsidiary of Credit Lyonnais plead guilty Monday to four felony counts of causing the bank to make false statements to the Federal Reserve Bank.

Jean-Francois Henin, 62, of Paris, entered his plea in federal court where U.S. District Judge Dickran Tevrizian sentenced him to five years probation and ordered him to pay $1 million fine. Henin also will be banned from entering the United States for five years.

The charges against Henin are part of a larger criminal and regulatory investigation involving the takeover of failed insurer Executive Life, which was declared insolvent and seized by the California Department of Insurance in 1991. Executive Life collapsed after its portfolio of junk bonds - some 60 percent of its assets - lost much of its value.

The junk bonds were sold for $3.25 billion to an investor group led by Henin, head of Altus Finance SA, a subsidiary of Credit Lyonnais. The portfolio of policies was then sold to French insurer MAAF Assurances SA.

The investors ended up collecting billions of dollars from the junk bonds when the market picked up.

California later sued and settled with several defendants in the case, including Credit Lyonnais and Aurora National Life Assurance Co, for more than $600 million.

A federal grand jury in Los Angeles indicted six French executive in 2003, including Henin, on various criminal charges for their role in a conspiracy to illegally acquire the assets of the bankrupt Executive Life.

Former Credit Lyonnais chairman Jean Peyrelevade pleaded guilty earlier this year to charges involving false statements to the Federal Reserve. Others who have struck plea deals include Jean-Claude Seys, who headed the MAAF Assurances SA, and former Altus chairman Dominique Bazy.

SEC Wants Details Of Executive Pay (AP)

By Marcy Gordon

AP, July 26, 2006

WASHINGTON - Regulators are moving to require companies to disclose more details of executives' pay and perks. They're also writing new rules on disclosure of the dating of stock options as controversy widens over suspect timing.

The Securities and Exchange Commission is voting at a public meeting Wednesday to adopt the biggest changes in rules governing disclosure of executive compensation since 1992. Public companies for the first time will be required to furnish tables in annual filings showing the total yearly compensation for their chief executive officers, chief financial officers and the next three highest-paid executives.

The plan, designed to enhance corporate transparency and address an issue that has angered company shareholders and the public, comes as the controversy builds over timing of options grants. In expanding probes, at least 60 public companies have disclosed that their options practices are being investigated by the SEC or the Justice Department or both, and the SEC itself says it has at least 80 companies under scrutiny.

At issue in many of the investigations is a practice known as backdating, in which stock options are retroactively issued to coincide with low points in a company's share price - a move that can fatten profits for recipients of the options when they eventually sell their shares after the market price rises.

Backdating of options can be legal so long as the practice is properly disclosed to shareholders and approved by the company's board, experts say.

Improperly disclosed backdating "is a serious potential problem under the federal securities laws," SEC Chairman Christopher Cox said Tuesday in testimony before the Senate Banking Committee. "I believe that illegal backdating goes to the heart of investor confidence."

The SEC rules on disclosure of executive compensation include new requirements for companies regarding disclosure of options backdating.

The plan requires companies to provide detailed information on how they determine when option grants are made to executives and, if they do so, how and why they backdate options. The required tables showing option awards to executives will

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include the date that options were granted. If the exercise price is less than the stock's market price on the date of the grant, a separate column will have to be added showing the market price on that date.

The government's first criminal complaint in a stock options probe came last week, when the former chief executive of Brocade Communications Systems Inc. was charged with fraud. Gregory L. Reyes and another former executive of the maker of data storage devices, Stephanie Jensen, also face civil charges lodged by the SEC. Their attorneys have said that their clients are innocent.

A central allegation in the government's case involves backdating of options awards. The authorities also allege that Reyes and Jensen regularly backdated minutes of meetings of the company's board so that it appeared that the compensation committee granted options on dates that Brocade's share price was relatively low. In fact, the authorities allege, no such meetings occurred on those dates.

In the SEC plan to be adopted Wednesday, the true costs to companies' bottom line of their executives' pay packages - including stock options - will have to be spelled out.

In addition:

_New disclosure tables for executives' retirement benefits and the compensation of company directors will be required.

_Companies will be required to explain the objectives behind their executives' compensation.

ON THE NET

Securities and Exchange Commission: http://www.sec.gov

SEC Expected To OK Stricter Executive-pay Rules (MRKTWTCH)

By Robert Schroeder

MarketWatch, July 26, 2006

WASHINGTON (MarketWatch) -- Securities regulators are expected to approve an overhaul of executive pay rules on Wednesday that would force companies to make public more information about how much cash and perks their top officers take in.

Under proposed Securities and Exchange Commission rules, companies would be required to publish a table showing executives' total compensation as well as figures showing the values of stock-option grants. The threshold for disclosing perquisites would be lowered to $10,000, and retirement benefits would be laid out in a new table.

SEC commissioners first voted to propose the executive compensation disclosure rules in January. See related story.

Meanwhile, the SEC is expected to drop or change part of the proposed rule package that would've required companies to disclose the pay of highly compensated non-executives.

Observers will also be watching to see if the agency enacts a rule about how companies grant options. The SEC's original proposal called for companies to assign a dollar value to options measured at "grant date fair value."

The SEC and the Justice Department have contacted several companies about back-dating stock options. Investigators want to know if executives manipulated grant dates in order to enrich themselves or employees at the expense of other shareholders by awarding options backdated to the start of a rise in their company's stock price. The Justice Department brought the first criminal case in connection with options-backdating on Thursday. See related story.

Former SEC corporation finance division attorney Michael McCoy said the SEC's proposed pay-disclosure rules have the potential to empower investors.

"A lot of the required disclosure will be helpful for shareholders to use to figure out how assets are being used," said McCoy, now an attorney with the firm Bryan Cave.

He cautioned, however, that complying with the rules may cost companies extra money and detract from their bottom lines.

"You just want to make sure disclosure is worth it," he said.

From the start, SEC Chairman Christopher Cox has stressed he's not seeking limits on executive pay, only disclosure.

Separately, House Financial Services Committee Democrats led by Rep. Barney Frank, D-Mass., petitioned Republican colleagues on Monday to side with Democrats and schedule a work session and vote on a Democrat-drafted pay-disclosure package. The measure would require shareholder votes on executive compensation plans. See full story.

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The SEC's five commissioners are scheduled to begin their meeting at 10 a.m. Eastern Wednesday.

Robert Schroeder is a reporter for MarketWatch in Washington.

Cox Cites 'Hole' In Regulatory Net On Hedge Funds (WSJ)

By Kara Scannell

The Wall Street Journal, July 26, 2006

WASHINGTON -- Securities and Exchange Commission Chairman Christopher Cox left the door open for Congress to write new legislation to bolster the regulatory agency's oversight of the booming hedge-fund industry but cautioned that any new laws shouldn't be intrusive or disruptive.

An appeals court last month invalidated a 2004 SEC rule that required hedge-fund advisers who meet certain criteria to register with the SEC. Registration allowed SEC inspectors to regularly comb through the books and records of the advisers and required compliance programs and officers to be put into place in the $1.2 trillion hedge industry.

Since then, bills have been floated on Capitol Hill to fill the void amid concern that federal officials would be left with little oversight or knowledge of the murky but influential hedge-fund world.

At a hearing before the Senate banking committee, Mr. Cox said the agency needs to move "quickly" to address the "hole" left by the court decision. "Some improvements will be possible through an administrative action. Others, however, may well require legislation," he said.

Sen. Richard Shelby, the Alabama Republican who is chairman of the committee, asked Mr. Cox whether the SEC had the statutory authority to regulate hedge funds.

"I'm not prepared to say yes or no to the question today," Mr. Cox replied, adding the agency's review of its authority is "still ongoing. Right now the regulatory regime implemented by the SEC is inadequate." Mr. Cox said the agency hadn't decided whether to appeal the court ruling.

Mr. Cox appears to be walking a fine line. He isn't calling for specific legislation, but he isn't -- as some conservatives had hoped and investor groups had feared -- backing down from regulating hedge funds. Rather, he seems to be looking for ways to make sure they remain regulated -- with the SEC the principal regulator.

"I think he's tiptoeing right now as the commission develops a strategy for asking Congress perhaps to give it something but not tying its hands," said Donald Langevoort, a law professor at Georgetown University. "I'm willing to predict that someone like Chairman Cox believes that once you start regulating, it's hard to stop regulating ... and thus deciding what small amount of regulation is appropriate is a hard question."

To fill "holes" left by the court, Mr. Cox said he will recommend the SEC write a new antifraud rule that would ensure hedge-fund advisers have a fiduciary duty to investors in their funds. The court said an adviser's clients are the funds themselves, not the investors in the funds. Whether states or the federal laws apply in claims of fiduciary duty has been long battled.

He said he is also working to ensure that exemptions to the 2004 rule will be restored so advisers don't find themselves in violation when the court's decision is finalized next month. Some other measures include extending the time hedge funds have to file from 120 days to 180.

Mr. Cox also said he would recommend the SEC take "formal steps" to further limit the marketing and availability of hedge funds to unsophisticated small investors. Mr. Cox said he would like to update the definition of "accredited investor," which he described as "not only out of date, but wholly inadequate." One possibility is to update SEC threshold figures so they are adjusted for inflation; that could boost the threshold of net worth for accredited investors to $1.8 million from $1 million, he said.

Depending on how the SEC alters the definition of accredited investors, it could have ramifications beyond hedge funds and apply to any private-placement sale. Such an offering is one that isn't conducted in the public markets. That could spark opposition from other commissioners as well as those on Wall Street representing upstart companies looking for funding.

Some of the rule making may require the approval of the agency's four other commissioners, which isn't a given.

Treasury Undersecretary for Domestic Finance Randal K. Quarles, who also testified yesterday, said the hedge-fund industry was "in better shape" than in 1998 when the near collapse of hedge fund Long-Term Capital Management rocked the

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financial system and led to a bailout. He said the Treasury Department was conducting meetings to learn more about the industry and said it was "premature" to recommend legislation.

S.E.C. Chief Looks To Regain Power Over Hedge Funds (NYT)

By Jenny Anderson

The New York Times, July 26, 2006

WASHINGTON, July 25 — The chairman of the Securities and Exchange Commission, Christopher Cox, told a Senate panel on Tuesday that the regulatory framework governing hedge funds was inadequate, but he declined to ask Congress for additional authority to police the industry.

Instead, Mr. Cox told the Senate Banking Committee that he would ask the commission to adopt measures to regain some of the authority it lost a month ago, when a federal appeals court ruled that the S.E.C. could not require hedge funds to register.

Among the measures Mr. Cox will recommend to the commission is changing the rules on who can invest in hedge funds, increasing the net-worth threshold for an individual or couple to $1.5 million or more from $1 million today.

"I am concerned that the current definition, which is decades old, is not only out of date but wholly inadequate to protect unsophisticated investors from the complex risks of investment in most hedge funds," he said.

But when pressed by senators about whether he needed more authority to regulate hedge funds, Mr. Cox replied, "I am not prepared to say yes or no. Our review of our different authority is still ongoing."

The S.E.C. is in an awkward position. The hedge fund industry is growing quickly and is a major force in the markets, accounting for as much as 30 percent of trading activity, but it is virtually unregulated.

The commission has the authority to investigate any kind of fraud it suspects, but the court's decision to throw out the registration requirement limits its ability to conduct routine exams and improve its understanding of the industry.

Some lawyers said Tuesday that they were not surprised that Mr. Cox did not ask Congress for more authority.

"I think there is some reticence by regulatory agencies overall to admit a need for, or affirmatively ask for, help from Congress," said Jim C. McCarroll, a partner at the law firm Reed Smith who focuses on hedge funds and funds of hedge funds. "They prefer to exercise their individual regulatory authority before seeking a legislative fix."

Mr. Cox explained some of steps he would ask the commission to take to reclaim some of the authority it had lost when the court declared its registration requirement invalid.

For example, the Investment Advisers Act has strict rules on what books and records must be kept to back up performance data. The registration rule required hedge funds to have those books and records after the funds registered, but exempted them from having them for periods before they registered. Mr. Cox said he wanted that exemption to be reinstated.

Mr. Cox also said he would introduce a measure to permit the commission to sue managers on behalf of investors in the fund.

Mr. Cox said 10 hedge funds had withdrawn their registrations since the appeals court decision, but more had registered. "Although these are early returns and may not be indicative of the final outcome, we have actually experienced a net increase in the hedge fund registration," he said.

The Treasury Department, meanwhile, has formed a group to examine potential risks in the industry, including the exposure that many large banks could have to certain trades. The group, which first met a few weeks ago, will work with members of the hedge fund industry and the banks who manage their accounts.

The 1998 near-collapse of the hedge fund Long-Term Capital Management was invoked several times during the hearing.

In his testimony, Randal K. Quarles, under secretary for domestic finance at the Treasury Department, asserted that the conditions that had led to that spectacular near-collapse were not as prevalent today.

"There is reason to believe there is less risk posed by the hedge fund industry than in the past," he said, including less leverage, less concentration of risk and more awareness by the banks that manage the hedge funds' accounts.

He said one risk he saw was embedded leverage, or bets that hedge funds have taken with derivatives that are less apparent on the balance sheet.

Over-Lawyered At The SEC (WSJ)

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By Harvey L. Pitt

The Wall Street Journal, July 26, 2006

The rule of law -- first articulated in the 17th century and the foundation on which this nation was built -- holds that governmental authority must be exercised in accordance with its terms and restrictions. It is a necessary precondition for the emergence and flourishing of free-market economies in general and capital markets in particular. For markets to work, the rules must apply not only to people and businesses subject to authority, but also -- especially -- to the actions of government itself.

To descend from these theoretical heights, we turn to the SEC. Over the past 72 years, it has built a strong record of enforcing the rule of law in America's capital markets. And yet three recent regulatory fiascos in the tumultuous period between 2003 and 2005 seem to betray that history.

The SEC's twice-failed efforts to compel mutual fund boards to be governed by independent chairmen, and its now discredited effort to regulate heretofore unregulated hedge funds, may appear to be merely more examples of bad lawyering -- which, of course, they are. But there are very capable legal minds at work at the SEC, and even they couldn't salvage these rulemaking efforts. The problem was more fundamental.

The SEC's troubles can be traced to a mentality that often plagues regulatory bodies and legislative efforts: that any time a problem arises, the solution is to toss another regulation or statute at it.

Even if that bias were occasionally appropriate as an instinctual response -- a doubtful proposition -- it doesn't work at an agency that should be far more attuned to economic analysis. The SEC approached its mutual fund and hedge fund rulemaking efforts as if they presented legal issues; but they were -- and remain -- inherently economic.

Wanting to respond to the twin mutual fund peccadilloes of market timing and late trading, the SEC decided to require that funds be governed by independent chairs and a supermajority of outside directors. These were not rational responses to the economic realities of the concerns that were raised at the time.

There were four fundamental problems: First, authority over and responsibility for mutual funds actually -- and quite rightly -- resides with the investment managers, not with passive boards. In large part, this problem was compounded by the 60-year-old legislation the SEC administers: It treats mutual funds as companies when the economic reality is that they are products. Second, the SEC adduced no evidence that funds with independent chairs had functioned (or would function) any better than funds with management chairs. There was empirical data available, but it was ignored. Third, the SEC had no idea what the costs or economic effects of its regulatory solutions might be. Last, the SEC failed to adequately consider less-invasive alternatives to its majority's preferred approach.

The problems with the SEC's now-aborted effort to regulate hedge funds were even worse. While the commission concluded that it ought to extend its regulatory yoke, it failed to deliver any empirical support for that conclusion and only presented lip-service justifications. The economic reality of hedge funds is that they cater to sophisticated investors, and the SEC never adequately addressed why it should stretch its limited resources to try and cover investors who can fend for themselves. Moreover, the SEC reversed an exemptive rule it had adopted two decades earlier -- one on which hedge funds had relied to their economic detriment -- with no indication as to why or how economic reality had changed the rationale for that exemptive rule. As SEC Chairman Chris Cox testified before the Senate Banking Committee yesterday, the SEC now needs to adopt a panoply of emergency rules to undo the effects of its ill-advised prior effort to extend its regulatory reach to hedge funds.

This is surprising for an agency that's directed by Congress not simply to protect investors, but to do so by facilitating the efficiency and functioning of our capital markets, and by improving innovation and competition. It's the latter obligation that far too often gets lost in the rush to promulgate new rules and new obligations -- without doing the necessary homework beforehand or evaluating whether its existing regulations serve their intended purposes.

Ultimately, the problem with the SEC's failed rulemakings (which has permeated agency efforts since its creation) is that it's over-lawyered: The agency relies too heavily on legal doctrinarism.

In light of its capital market functions, the atrophied state of the SEC's economic analysis capacity is glaring. A steady flow of relevant information is the lifeblood of sound capital markets. If data is generated and made available, market participants can make determinations without needing government paternalism. All too often economic analyses are performed at the SEC because they're required, not because it genuinely wants to know the economic implications of its various initiatives.

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The SEC has a critical mandate -- enforce the rule of law -- and it's developed a potent enforcement capability. But its sometimes excessive reliance on lawyers and rules, instead of economists and analyses, has caused the commission to stumble badly.

It's time that things begin to change. With its third foray into mutual fund regulation, there is a chance to consider solutions that will better protect the investing public, yet limit the need for heavy-handed government regulations. And, with a chance to reconsider the wisdom of any effort to regulate hedge funds, the agency has a chance to back away from an ill-advised initiative; to do that, it will require the willing assistance of the hedge fund community to shoulder responsibility for developing its own best-in-class standards that obviate the need for government intervention.

The stars now seem aligned to enable the agency to address its real mandate -- promoting efficient as well as honest capital markets -- rather than devolving backwards and reflexively deciding to pursue additional regulatory initiatives merely for the sake of appearing to have responded to perceived problems.

CRIMINAL LAW:

U.S. Prosecutors Argue Against Gag Order For Bush In Soldier's Case (LCJ)

By Kay Stewart, The Courier-Journal

Louisville (KY) Courier-Journal, July 26, 2006

A gag order on President Bush and his top aides in a case against a former Army private charged with rape and murder in Iraq would have no legal basis, Justice Department lawyers said in court papers filed Tuesday.

The issue is pending before U.S. District Judge Thomas B. Russell in Paducah, Ky. The former soldier, Steven D. Green, 21, was with the 101st Airborne, whose home base is Fort Campbell, Ky.

He is accused of raping an Iraqi teen and killing her and her family.

A gag order would "prevent the President and members of his cabinet from addressing the incident … .with foreign leaders and the public at large," federal prosecutors said in their filing.

Silencing the president and his aides would prevent them from "assuring the Iraqi people — and people throughout the world — that the United States is diligently pursuing justice in this matter and that it will not tolerate unprovoked attacks on civilians by our armed forces."

Federal public defenders representing Green sought the gag order, citing "prominent and often sensational (news) coverage" they said could jeopardize a fair trial.

Their motion cited publicized comments about the case, including quotes from Bush on the Larry King Live show on CNN on June 6, when he called it a "despicable crime" and expressed that it was "staining the image, the honorable image of the United States Military."

The federal prosecutors, however, said "neither the President nor any other high-ranking official has made any statements imperiling Green's right to a fair trial."

Green's attorneys have until Aug. 8 to respond.

Green, a native of Midland, Texas, is accused of being the leader in the rape and murder of an Iraqi teen after the murders of her parents and a sister near Mahmoudiya in central Iraq on March 12. Five other soldiers have been charged in the case.

Green pleaded not guilty in U.S. District Court in Louisville on July 6.

The allegations surfaced on June 20, after Green received an honorable discharge under a finding that he had a severe personality disorder, according to court documents.

Reporter Kay Stewart can be reached at (502) 582-4114.

Congress Creates Child Molesters Database (AP)

By Mary Dalrymple

AP, July 26, 2006

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WASHINGTON -- Finding the nearest convicted child molester might be as easy as punching in a ZIP code on a computer keyboard, thanks to a bill that cleared Congress Tuesday.

The House passed and sent to President Bush legislation establishing a national Internet database designed to let law enforcement and communities know where convicted sex offenders live and work.

Attorney General Alberto Gonzales applauded its passage. "America's children will be better protected from every parent's worst nightmare _ sexual predators," he said.

The most serious offenders would be registered on a national database for a lifetime. All sex offenders could face a felony charge, punishable by 10 years in prison, for failing to update the information.

"This legislation would make it crystal clear to sex offenders, you better register, you better keep the information current, or you're going to jail," said Rep. James Sensenbrenner, R-Wis.

The House passed it by voice vote. The Senate approved it with a voice vote last week.

Sensenbrenner, chairman of the House Judiciary Committee, said there are half a million sex offenders in the United States and as many as 100,000 are not registered, their locations unknown to the public and police.

Convicted criminals required to register will have to do so, in person, in each state where they intend to live, work or go to school.

"It's time for all of our families to have access to this information," said Rep. Earl Pomeroy, D-N.D.

Child advocates have said the bill offers the most sweeping effort to combat pedophiles in years. It's named for Adam Walsh, the murdered son of "America's Most Wanted" host John Walsh.

"We used to track library books better than we do sex offenders but this bill will even that score," said Rep. Mark Foley, R-Fla.

One initiative would create a demonstration project requiring sex offenders to wear tracking devises during their supervised releases.

The bill increases criminal penalties for child predators, including a mandatory minimum 25-year prison sentence for kidnapping or maiming a child and a 30-year sentence for sex with a child under 12 or for sexually assaulting a child between 13 years old and 17 years old.

A new racketeering-style offense for people who commit two or more crimes against children would carry a mandatory 20-year sentence. Repeat child sex offenders would face harsher penalties.

The bill also authorizes new crime prevention and child fingerprinting campaigns, along with new grant programs to combat the sexual abuse of children.

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Information about the bill, H.R. 4472, can be found at: http://thomas.loc.gov/ .

Congress Spanks Naughty Sex Sites (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, July 26, 2006

President Bush is expected to sign a bill that targets Net drug sales and sneaky Web sites deemed "harmful to minors."

The U.S. House of Representatives on Tuesday approved a bill that would make it a federal felony for Webmasters to use innocent words like "Barbie" or "Furby" but actually feature sexual content on their sites.

Anyone who includes misleading "words" or "images" intended to confuse a minor into viewing a possibly harmful Web site could be imprisoned for up to 20 years and fined, the bill says.

Because the U.S. Senate already approved the measure in a voice vote last week, it now goes to President Bush for his signature. Bush, who previously endorsed the bill, has scheduled a signing ceremony for Thursday afternoon on the White House grounds.

"America's children will be better protected from every parent's worst nightmare--sexual predators--thanks to passage" of the legislation, Attorney General Alberto Gonzales said in a statement on Tuesday.

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House Speaker J. Dennis Hastert, in a statement issued after the House approved the bill by voice vote, said: "We've all seen the disturbing headlines about sex offenders and crimes against children. These crimes cannot persist. Protecting our children from Internet predators and child exploitation enterprises are just as high a priority as securing our border from terrorists."

The 163-page Child Protection and Safety Act represents the most extensive rewriting of federal laws relating to child pornography, sex offender registration and child exploitation in a decade.

If the bill becomes law, it's not clear which Webmasters would become federal felons. Sites like Kontraband.com, which show Barbie and Ken dolls having simulated sex, could be in trouble, depending on how prosecutors and juries interpret the language. (Kontraband offers video clips and photographs, some of which are racy.)

Kontraband.com representative Dylan Close said in an e-mail message to CNET News.com that he was familiar with the congressional legislation and that the site already rates the pages using a system borrowed from the British Board of Film Classification. For instance, a page showing topless images was marked as not safe for work. Close also said that the site's Barbie and Ken clip was intended for adults and older teenagers, not children.

Also, Close said, "we are increasing the level of awareness and differentiation between our levels of safe and not safe content."

A key phrase in the legislation (click for PDF) promises prison time only if a Webmaster has the "intent to deceive" a casual visitor.

In addition, the Child Protection and Safety Act, or Walsh Act (named for Adam Walsh, who was abducted and murdered in 1981 at 6 years old), would:

• Punish the intentional Internet sale or distribution of "date rape drugs" by making the act a new federal crime with up to 20 years in prison. The list of offending drugs would include gamma hydroxybutyric acid (sometimes called liquid ecstasy), ketamine, and flunitrazepam (better-known under the trade name Rohypnol).

• Force sex offenders to provide a DNA sample, a requirement that many states already have adopted.

• Create a national sex offender registry to be run by the FBI, with "relevant information" on each person. It's supposed to permit geographical lookups based on ZIP code.

• Fund a series of pilot programs, lasting up to three years, to tag sex offenders with tracking devices that would let them be monitored in real time. The devices would include a GPS downlink (to provide exact coordinates), a cellular uplink (to transmit the coordinates to police), and two-way voice communications.

Separately, the Senate is expected to vote this year on a related but broader proposal dealing with Web labeling. That legislation says that Web site operators posting sexually explicit information must slap warning labels on their pages or face prison terms of up to five years.

CNET News.com's Anne Broache contributed to this report.

Judge In Mob Case Denies 2 Ex-Detectives Bail (NYT)

By Alan Feuer

The New York Times, July 26, 2006

Less than a month after he acquitted them of one of the most scandalous murder conspiracies in New York history, a federal judge denied bail yesterday to the two retired detectives in the so-called Mafia Cops case on a much less solemn charge: a plot to distribute less than one ounce of methamphetamine.

The drug charge was one of only two counts left from the original indictment of the men, Louis J. Eppolito and Stephen Caracappa, who were found guilty on April 6 of taking part in at least eight murders for the Luchese crime family. On June 30, the verdict was reversed when the judge in the case, Jack B. Weinstein, ruled that the statute of limitations — five years for conspiracy charges — had run out.

Yesterday, after he denied the two men bail in Federal District Court in Brooklyn, Judge Weinstein took them to task, as he did in his order of acquittal, calling them “dangerous criminals with no degree of credibility” and saying they had been “publicly

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shamed" at the very trial he had upended by tossing their convictions out. He said the drug charge — an alleged deal hatched over dinner in Las Vegas — was a "serious" charge and sternly ordered the federal marshals to haul the men back to jail.

Mr. Eppolito and Mr. Caracappa now inhabit a strange piece of legal real estate, one that might be labeled "guilty but acquitted." Both judge and jury in the case have found that there was ample — even overwhelming — evidence that the former lawmen committed some of the worst crimes of corruption since 1912, when a police lieutenant, Charles Becker, was charged with (and later executed for) the murder of a two-bit gambler named Herman "Beansie" Rosenthal. Despite such evidence, however, the murder charges against Mr. Eppolito and Mr. Caracappa were effectively dismissed.

Although the government has said it will appeal Judge Weinstein's order of acquittal, the judge himself said yesterday that his decision to deny bail had nothing to do with the appellate case and was based solely on the fact that the two men still have charges pending against them: the drug count (for both) and a count of money-laundering (for Mr. Eppolito alone).

The government has said it will try the two men on the drug charge in Federal District Court in Brooklyn, though only after the broader appeal has been decided in a proceeding that could take months.

In the meantime, Mr. Eppolito and Mr. Caracappa will return to the Metropolitan Detention Center in Sunset Park, Brooklyn, where they have been sharing a cell since their April convictions.

Daniel Nobel, Mr. Caracappa's lawyer, asked Judge Weinstein if his client might be moved to a different jail, later saying: "I dare say most marriages would founder under similar circumstances."

There were many reasons Judge Weinstein could have granted bail, as he had done before the trial began.

At that point, the two men faced a damaging array of charges, now dismissed. Moreover, at the first bail hearing, last July, the government itself had said that there was no "presumption" that the two detectives should be held on the methamphetamine charge.

Mr. Nobel and Joseph Bondy, Mr. Eppolito's lawyer, said they were likely to appeal the judge's ruling on denying bail to a higher court. Mr. Bondy, in particular, said he thought Judge Weinstein may have kept the men in jail as a way to offset their acquittals on what some saw as a technicality in the case.

"I think there may have been a balancing aspect to the judge's decision," he said. "Perhaps from the judge's point of view letting them go may have been inconsistent with his role pending a retrial."

One of the arguments the prosecution raised against bail yesterday was a concern that if the men were freed, they might be tempted to threaten witnesses in the case. After all, having sat through an entire trial, they now know each witness by name.

In court papers filed last week, the prosecution mentioned one witness in particular, Steven Corso, a disgraced accountant, who testified at trial that in February 2005, Mr. Eppolito and Mr. Caracappa agreed to help him find some methamphetamine for some "Hollywood punks" who were coming to Las Vegas.

"With their liberty at stake, the defendants have a tremendous incentive to attempt to harm Corso to prevent him from testifying against them," the prosecution contends in court papers.

Nonetheless, Mr. Corso himself sounded only marginally worried when he called The New York Times last month to discuss the outcome of the trial.

Although he said there were times that "he was looking out for bullets," his main concern seemed to be the paper's coverage — of himself.

Man Gets 8 Months In Prison For Taping Michael Jackson On Plane (FINDLAW/AP)

AP, July 26, 2006

(AP) - LOS ANGELES-An air service businessman on Monday was sentenced to eight months in federal prison for secretly videotaping Michael Jackson as he flew to Santa Barbara with his attorney to surrender in a child-molestation investigation.

Arvel Jett Reeves also was ordered to spend six additional months in a halfway house that offers drug and alcohol rehabilitation treatment, said Assistant U.S. Attorney Dan Shallman. He also must pay a $1,000 (euro790) fine.

Reeves and co-defendant Jeffrey Borer admitted they installed two digital video recorders to record "a professional entertainer" and his lawyer as the pair traveled on a private jet from Las Vegas to Santa Barbara in November 2003, according to their plea agreements filed last September.

The entertainer they recorded was Michael Jackson and his attorney at the time was Mark Geragos, although they are not cited by name in the plea agreements. Jackson was later found not guilty of the child molestation charges.

Borer and Reeves each pleaded guilty to one felony count of conspiracy. As part of the deal, federal prosecutors agreed to dismiss two other charges - endeavoring to intercept oral communication and witness tampering - in a three-count indictment filed against them.

Borer's sentencing was postponed to September. U.S. District Judge A. Howard Matz agreed Monday to give Borer more time to submit information about his ailing wife.

Borer was the owner of XtraJet, which operated a Gulfstream jet that carried Jackson. Reeves was the owner of Chino-based Executive Aviation, which provided maintenance service for XtraJet's aircraft fleet.

Reeves purchased video and audio equipment and, with the help of a third party, secretly installed the recorders in the airplane's cabin, according to the plea agreement. Borer, who instructed Reeves to obtain and install the equipment, intended "to sell these recordings to the media for a large sum of money," the agreement said.

No Documents Yet For DOJ (RC)

By John Bresnahan

Roll Call, July 26, 2006

Nearly five months after asking for them, the U.S. attorney's office is San Diego has not received any of the thousands of pages of documents it has sought from three House committees as part of the continuing criminal probe into the bribery scheme that brought down former Rep. Duke Cunningham (R-Calif.).

Federal prosecutors and officials in the House general counsel's office are still negotiating over the parameters of the request, with the House officials seeking to narrow the scope of documents sought by the Justice Department from the Intelligence, Armed Services and Appropriations committees, according to sources close to the issue.

Both sides want to avoid an open confrontation, especially a subpoena from a federal grand jury to the committees. The House also wants to protect its privileges under the Speech or Debate Clause, which shields Members and staffers from prosecution for legislative actions. In addition, concerns have been raised by Members regarding highly classified intelligence documents that prosecutors have sought.

The U.S. attorney's office in San Diego is seeking access to thousands of pages of Congressional documents, some going back to 1997, which relate to Cunningham and government programs he had influence over as a member of the Appropriations and Intelligence panels. Prosecutors also are seeking to interview staffers from several of the committees about their dealings with Cunningham.

The request for the documents and for interviews with staffers came in a March 7 letter to the House General Counsel. Since then, the two sides have exchanged offers, although no final agreement has been reached.

The U.S. attorney's office in San Diego declined to comment for this story.

Cunningham pleaded guilty on Nov. 28 to accepting more than $2.4 million in bribes over a five-year period, as well as to tax evasion and fraud. He is serving a 100-month prison sentence, the longest such punishment ever meted out to a former lawmaker, and is currently incarcerated at low-security facility in Butner, N.C., according to the Federal Bureau of Prisons.

Mitchell Wade, a defense contractor who paid hundreds of thousands of dollars in bribes to Cunningham, pleaded guilty in February to conspiracy to bribe public officials and election fraud, among other charges. Wade is cooperating with federal prosecutors, and no date has been set yet for his sentencing.

Several other individuals, including Brent Wilkes, a California defense contractor, and Thomas Kontogiannis, a New York developer, have been implicated in the plea deals by Cunningham and Wade.

In the meantime, Reps. Pete Hoekstra (R-Mich.) and Jane Harman (D-Calif.), the chairman and ranking member of the Intelligence panel, respectively, want to have committee investigators interview Cunningham and have made a request to the Justice Department to have him made available to their panel. There are no set procedures for House committees compelling interviews with people serving prison sentences.

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In an interview last week, Hoekstra said DOJ officials have been unwilling so far to comply with the request, but he remains confident that it will happen, even if the committee has to issue a subpoena for Cunningham.

"It will happen, I 100 percent guarantee it," Hoekstra said in an interview last Thursday, prior to a trip to Israel with Harman.

Hoekstra said he had not heard any reply from Justice about the request for a Cunningham interview, but he anticipated that "it may not be easy" to gain access to Cunningham.

Hoekstra and Harman, who served on the Intelligence Committee with Cunningham, would not actually conduct any interview with their former colleague, Hoekstra said. Rather, the panel's counsel and Michael Stern, an independent investigator retained by Hoekstra and Harman, would handle the session with the ex-lawmaker. Stern is handling negotiations with Justice over the Cunningham interview.

Stern was hired last year and charged with finding out whether Cunningham compromised national security in his bid to steer federal contracts to Wade and others in return for bribes. Members of the Intelligence panel were recently briefed on Stern's findings.

"We clearly see that [Cunningham] tried to use the committee to do bad things," Hoekstra told The Associated Press in response to Stern's report.

Cunningham's lawyer declined to comment on any potential interview of his client by Intelligence Committee officials.

Hoekstra also expressed concerns over the documents under his panel's control that are being sought by federal prosecutors. The Michigan Republican said his committee would cooperate with the Justice Department, under any ground rules agreed to by prosecutors and the House General Counsel, but that he wanted to make sure secret intelligence programs are protected from public exposure.

"It would be very limited, if at all," Hoekstra said of his committee's response to the prosecutors' request. "Most of the documents we deal with are highly classified."

Court Finds Subterfuge In D.C. Bank Battle (WP)

By Terence O'hara

The Washington Post, July 26, 2006

Independence Used Front Group, Misled Investors to Hold Off Dissident Shareholder, Judge Rules

Independence Federal Savings Bank officials created a front group to influence shareholders and secretly offered to buy out one large investor in exchange for his support in a racially tinged battle last year for control of the historically black D.C. thrift, a federal judge has concluded.

In an opinion issued Friday, U.S. District Judge Rosemary M. Collyer found that Independence's senior management misled shareholders and thrift regulators in a long-running campaign to prevent developer Morton A. Bender from gaining control of the institution.

The fight at one point involved some of the District's leading black clergy in what was dubbed the Committee to Save Independence Federal Savings Bank. Collyer found that the committee, though purportedly independent of the thrift and its management, was largely the creation of a lawyer and public relations consultant who worked for the company -- a subterfuge that the judge said probably violated federal securities and bank regulatory laws.

Bender, who is white, is the thrift's largest shareholder and has said it is being mismanaged.

"The courts are usually loath to get involved in these kinds of corporate contests, but there are rules of engagement that the defendants ignored," Collyer wrote in a preliminary opinion in a lawsuit brought by Bender. The developer sued after shareholders last fall rejected his slate of candidates for the Independence board, an outcome that Bender argued was tainted by violations of the bank's bylaws and other improprieties.

A spokesman for Independence, in an e-mailed statement, said: "It would be premature for Independence Federal Savings Bank to comment on the judge's order at this time. This is a preliminary order and these findings are an interim stage in this proceeding. We look forward to the opportunity to present the facts of this matter in court, at which time the totality of these issues will be addressed."

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Independence officials have long argued that Bender wants to merge the thrift with another one he owns in Rockville, thus eliminating one of the region's few black-owned financial institutions, with a long history of serving neighborhoods once ignored by mainstream banks.

After six months of preliminary depositions and hearings, Collyer ruled that Bender will probably succeed when the case goes before a jury and issued an injunction against the bank's board from holding any shareholder meetings until the court says otherwise. A trial date has not been set.

The ruling is the latest difficulty after five years of mishaps at Independence. The thrift has been under intense regulatory scrutiny, and the Office of Thrift Supervision recently urged the board to consider a sale. Its stock price is down 26 percent this year, closing yesterday at $8.95.

Bank officials have been "evasive, nonresponsive, and internally contradictory," Collyer said in her ruling. "It is an understatement to say that the court has a difficult time crediting much of their testimony."

The Committee to Save Independence Federal Savings Bank, for example, purportedly led by the Rev. Walter E. Fauntroy, a former D.C. congressional delegate; Bishop C.L. Long; and the Rev. Douglas Moore, sent a letter to Independence shareholders that was highly critical of Bender's efforts to take over the company.

At the time, Fauntroy and Thomas L. Batties, then Independence's chief executive, told the Post that the thrift had nothing to do with the letter and that the committee was independent.

"I don't know anything about it," Batties said of the letter on May 11, 2005.

Christopher Chambers, a part-time in-house lawyer for Independence who reported to Batties, said in his testimony that he had set up the committee in consultation with Independence's public relations firm, Impact Strategies LLC. In depositions, Fauntroy, Moore and Long each said they had had not written the letter, and both Fauntroy and Moore said before their depositions in the Bender case earlier this year that they had never read it . The letter was written and mailed by Chambers and Judy Smith, chief executive of Impact Strategies. Chambers sent numerous e-mails about the letter's creation to Batties, and he testified that he discussed the letter with his boss before it was mailed.

Batties, who resigned from Independence earlier this month, did not return a phone call seeking comment.

Long and Moore also did not return phone calls seeking comment. Fauntroy could not be reached for comment.

Collyer also found that the thrift's Oct. 26, 2005, shareholder meeting was delayed three hours so that Independence Chairman Carolyn D. Jordan could persuade Harold E. Doley Jr., an investment banker from New Orleans who owned 10 percent of the company's stock, to vote against Bender's slate of directors. The vote was expected to be close, and Jordan needed Doley's support.

Around the time Doley voted Jordan's way, he told The Post she had convinced him that Independence needed to stay under black ownership. Collyer, citing Doley's own testimony, found that Doley agreed to his vote only after Jordan hastily assembled a group to buy his shares at a later date for $18 a share, about $6 more than the going price.

The deal later fell apart on the advice of Doley's lawyers, who told the investment banker that the arrangement was probably illegal, according to Doley's testimony.

In his deposition, Doley said he had been "boondoggled or snooked, whatever the word you use, by the people at -- at Independence." Doley did not return phone calls yesterday.

Jordan, whom the judge called a "singularly incredible witness," could not be reached for comment.

Bender said he felt vindicated.

"It's an ego trip for these people, and they wanted to keep their positions as board members whatever the cost," Bender said. "Well, it's going to cost them."

Staff writer Hamil R. Harris contributed to this story.

Angry Mob Greets Salt Lake Police After Discovery Of Destiny Norton's Death (KTVX-TV)

KTVX-TV, July 26, 2006

SALT LAKE CITY, Utah - Heartbreak turned into anger on the streets of Salt Lake Monday night, as family members and neighbors pointed the blame for Destiny Norton's death at the police who acted quickly to prevent a gathering of grief from becoming a riot.

"I cannot just believe that somebody would do this to a child, an innocent child," said a grief stricken Peter Brooks, Uncle of the five-year old victim.

After hearing of Destiny's death, family and friends reacted with denial in what grief experts call the "first stage" in the grieving process.

"I can't believe that anyone would do this to a little baby...and she was such a sweet little girl," said Norton family friend Jeannie Hill.

But after days without sleep, the crowd quickly became angry...first showing a Photo of the suspect and making threats - then turning on each other.

But after a few minor altercations in the crowd, the target of the anger soon switched to the police officers.

"We were told to find her, all you f------ do is lie," yelled a now angry and shirtless Peter Brooks at the officers who formed a blue line standing between the crowd and the crime scene "These people have not backed us up, they betrayed our trust, they told us they looked, they sat on their asses eating donuts," yelled Jeannie Hill who later spit at the officers. Hill once worked with the police serving as the family spokesman. But now she worked against them attempting to incite the tired and angry crowd by placing blame for Destiny's death on the investigators. "The police lied to us and that is why she is dead," Hill said, as members of the crowd began chanting: "The FBI lied and Destiny died...the FBI lied and Destiny died!"

As the tension mounted, Salt Lake City Police Chief Chris Burbank walked into the middle of the crowd. "Everyone who wants to listen come over here and I will be more than happy to talk with you," Burbank said. Amid insults and cursing, Burbank tried to answer questions and relieve the growing anger.

An angry woman holding a lit candle shouted several questions. "If you guys would have knocked on his door and gotten probable cause within two days of her being missing you guys would have been able to search that house and find her." Burbank tried to calmly answer her. "I don't know how to respond to that because you seem to know more about the circumstances here than I do. Again, the police department has to follow rules and regulations set out by the constitution and the laws of this country." Burbank said. The woman shouted back; "What about the constitution for Destiny, what about her life?"

Most in the crowd found no comfort in a recitation of constitutional law, and began to press the uneasy line of officers who responded with force, pulling out their Taser guns and forcing the crowd back.

"I do not think this is the proper way to honor Destiny," Burbank said. "She was a beautiful little girl who was the victim of a tragic crime and our focus should be not allowing this to happen to another child in our community."

Salt Lake Police did not report any arrests or injuries from the altercation with the police.

Destiny Mystery: Why Wasn't She Found Sooner? (SLT)

By Nate Carlisle And Heather May, The Salt Lake Tribune

Salt Lake Tribune, July 26, 2006

Family members say police let them down, mayor says facts will emerge to dispute that

A mourner shouts at Salt lake City Police Chief Chris Burbank as he answers questions from the media and an angry group in front of the church across the street from Destiny Norton's home. (Jim Urquhart/The Salt Lake Tribune)

Scores of police officers and hundreds of citizens searched for Destiny Norton for eight days, in Salt Lake City, canyons to the east and a neighboring county.

Yet her body was found just 150 feet from where she disappeared - in an apartment police had previously searched.

After the discovery was announced late Monday, people asked why Destiny was not found sooner.

In the early morning hours Tuesday, as Police Chief Chris Burbank arrived at the Norton home, a few hundred people spilled into the street, prompting police to stop traffic.

Burbank listened to angry residents but divulged little about the investigation. The crowd, which included Nortons' relatives, friends and neighbors, shouted profanities and accused police of not doing their job.

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"Rickey and Rachel are not as upset about the investigation because they are very grateful to the police for finding [Destiny]. But the rest of us feel betrayed," said Jeannie Hill, a spokeswoman for the Nortons.

Hill

Police Chief Chris Burbank answers questions from the media and an angry group in front of the church across the street from Destiny Norton's home. (Jim Urquhart/The Salt Lake Tribune)

alleged the department did not take Destiny's disappearance seriously, citing previous contacts the couple's family and friends had with police. She described the group as people who used to "sit on the street and beg for beer money" or "smoke pot in the park."

"We've always known [the police] have had a bit of a vendetta against us."

The police and the FBI also focused too much on the possibility someone in the group took Destiny, Hill said. The family, she added, doesn't know suspect Craig Roger Gregerson.

Though police were not talking on Tuesday, Mayor Rocky Anderson defended the police department, saying the criticism is undeserved.

"The police work in every area of this investigation was exemplary. They were thorough. They were tenacious. There would not have been closure on this case, Destiny's body would not have been found if it were not for extremely professional . . . work by the [police and FBI] officers involved."

The mayor said evidence yet-to-be-disclosed will explain the police's failure to locate Destiny's body immediately.

Bill Hammond, the assistant director with Vanished Children's Alliance in San Jose, Calif., said it can't be assumed police made mistakes just because Destiny was found so close to home.

Police must follow leads and obey Constitutional limitations on searches, he said.

"She was found next door, but she could have just has easily have been found 15 or 20 miles away," he said.

Sorrow For Destiny: Man Accused In Her Slaying Had Participated In Search (DESERET)

By Ben Winslow And Pat Reavy, Deseret Morning News

Deseret Morning News, July 26, 2006

The man accused of killing 5-year-old Destiny Norton was one of the hundreds of people who ventured out into the hot summer temperatures to search for the missing girl.

Kim Raff, Deseret Morning News

Daniel Andersen lights a candle at the Destiny Norton memorial outside the Nortons' home Tuesday. He is joined by his sons Cadyn and Gavyn, and his wife, Elizabeth. It wasn't until days later that Salt Lake City police found Destiny's body inside Craig Roger Gregerson's apartment — just two doors from her home.

"After knowing what he did, he was still there," searcher Stephanie Archuleta said. Others confirmed to the Deseret Morning News that Gregerson participated in the search effort, handing out fliers and claiming to be looking for the girl.

Investigators believe Destiny was standing barefoot outside her family's home on the warm summer evening of July 16. The little girl with blond hair and a mischievous smile filled with silver teeth had just finished a bath when she went outside.

Police said Gregerson spotted her — and that minutes later she was dead.

According to a police booking report from the Salt Lake County Jail, Gregerson opened the gate to the back yard and lured Destiny into his house.

"The juvenile female began to scream. Suspect Gregerson put his hand over the juvenile's mouth and began to squeeze. The juvenile female went limp and suspect Gregerson laid her body on the floor," the jail probable cause statement said.

Police found Destiny's body in the basement of an apartment just two doors from her home Monday night. Officers arrested Gregerson on investigation of kidnapping and murder.

Destiny's family was both devastated and enraged by the news.

"This was a 5-year-old child," Destiny's uncle, Peter Brooks, said, seething. "That is cold-blooded murder!"

DOJ_NMG_0042920

Gregerson, 20, was booked into the Salt Lake County Jail at 1:42 a.m. Tuesday on investigation of criminal homicide and child kidnapping. He is being held without bail. Gregerson was being kept in a cell by himself in an area reserved for prisoners that need to be isolated for their own protection, jail officials said.

Salt Lake City Police Chief Chris Burbank said the man they arrested was cooperating. An autopsy was performed on Destiny on Tuesday. The Salt Lake District Attorney's Office is expected to begin screening some of the case against Gregerson today or tomorrow.

"We will be soon," assistant district attorney Bob Stott said.

'It's closure'

Destiny's parents spent the day in seclusion. Tuesday was the birthday of Ricky and Rachael Norton's daughter Trinity, who turned 1. They spent part of the day holding a small birthday celebration for her.

"They were trying to keep a happy face on for the baby," said Donna Archuleta, who attended the party.

Rachael Norton is 8 1/2 months pregnant with their third child, whom Destiny had already named "Fate LeeAnn" Norton.

Brooks told the Deseret Morning News that he had spoken to Ricky Norton.

"He's dealing with it in his own way," he said. "Rick told me, 'It's closure.' "

Outside the Norton home near 700 South and 500 East, Destiny's family and friends held on to each other and sobbed. Some were too stunned to speak and sat around the home.

"They're all just kind of lost," said Archuleta, the "street mom" for the Norton family. Many of the people in the Norton home once lived on the streets and were trying to bring themselves up in the world. Ricky Norton had been baptized into The Church of Jesus Christ of Latter-day Saints just the day before his daughter vanished.

Dozens of people showed up to place flowers, cards and stuffed animals in front of the family's home on Tuesday. Some lit candles in front of a framed flier showing Destiny's picture that read: "In Memory of Destiny Ann Norton. Thanks to all the volunteers and all the support we received. God Bless."

Michael Brandy, Deseret Morning News

Peter Brooks, an uncle of Destiny Norton, talks to the media Tuesday at the home where the child's body was found. Police criticized

Some signs placed around the family's home blasted Salt Lake City police and the FBI for their handling of the case. "Way to Go SLPD. You messed up" read one sign that a man held by the street. He jeered every time a police car would drive by on 500 East.

Some demanded to know why the police didn't pursue a search warrant if Gregerson refused to allow police to search his apartment.

"They screwed up and they screwed up big!" screamed family friend Jeannie Hill. "The Salt Lake City Police Department screwed up!"

Despite numerous questions about the search, what led police to Gregerson and whether or not his apartment had been searched before Monday, Salt Lake City police said little.

There are conflicting reports about whether Gregerson allowed his apartment to be searched or if he refused to give consent for a police search. Detective Robin Snyder said if Gregerson refused a search, that would not have been enough probable cause to make him a suspect or get a judge to sign a warrant.

"We've got to follow the search and seizure laws of the Constitution to a T. You cannot violate those or you lose everything," she said. "If we would have found her without probable cause, the evidence would have been thrown out. You got to have probable cause. You have to convince a judge there is enough evidence that what you are looking for is inside."

But neighbor Dylan Wood said he watched as police searched his and Gregerson's apartments, just after Destiny vanished. They were questioned by FBI agents.

"We're sitting out here at the picnic table talking with him and the federal marshals and everything," he said. "We all filled out questionnaires together."

Michael Brandy, Deseret Morning News

A hatch door at the home of Troy Cox leads to a crawl-space-like basement that is identical to the one where Destiny Norton's body was found. Troy Cox lives next door to Craig Roger Gregerson, the man who is believed to have killed Destiny. A history of violence

Gregerson's estranged wife, Catherine "Cadie" Gregerson, said she did not believe he could have killed the little girl, saying she would remain supportive of her husband. She said as much when she called a talk show on KSL Radio. (See related story).

"If he's guilty, I'm not going to stand by him," she told the Deseret Morning News afterward. "If he's not, I'll still stand by him."

Cadie Gregerson went near her estranged husband's house on Tuesday, surrounded by several police officers. She waited across the street as officers retrieved mail. The Gregersons have a 1-year-old daughter, but Cadie Gregerson does not live with her husband.

Throughout the week, Wood saw Gregerson but did not think his demeanor was any different than anyone else dealing with the disappearance of the little girl next door.

"I just took it he was as screwed up as the rest of us over this whole ordeal," he said. "We didn't know she was right here the whole (expletive) time."

Others who knew Gregerson said they were stunned by his arrest. Monica Evans lived above the Gregersons in a Liberty Park-area apartment in 2005. She described Gregerson as "kind of strange."

"He never really talked," she said.

Evans said the only trouble was one night when she heard Cadie Gregerson screaming from her apartment. She opened the door and said she saw Gregerson bleeding from her head.

Outside the Norton home Monday night, heartbreak turned to anger and outrage over Destiny's death and spilled out into the streets. Hundreds of people showed up outside the home. Some screamed at police officers still investigating the crime scene at Gregerson's apartment.

Salt Lake City Police Chief Chris Burbank came to address the angry mob.

Michael Brandy, Deseret Morning News

Cadie Gregerson sits near a Salt Lake police officer. She says she will stand by her estranged husband — unless he is guilty. "This individual cooperated on all different levels," he said Monday night. "We had to wait until significant probable cause to obtain a warrant . . . we did not know this was a crime scene until now."

At the volunteer search headquarters, located at an LDS ward on Harvard Avenue, the massive effort was being dismantled.

Hundreds of people turned out for eight days in the heat, searching through alleys and back yards, going through garbage and peeking in bushes.

Search organizers dropped off food and water at the family's home — items left over from the massive volunteer effort.

Shane Siwik, who helped organize the search for Destiny, said he was "numb" at the news of her death. His own daughter had been kidnapped and recovered, thanks to volunteer searchers.

"It was an incredible effort by the community to show up and look," he said Tuesday. "I hope as they see the outcome that nobody has any regrets. Ultimately, there's one person to blame more than anybody else."

Mayor Anderson Praises Police Work In Destiny Case (KSL-TV)

KSL-TV, July 26, 2006

Mayor Rocky Anderson says the police and FBI handled this case by the book and that it might never have been solved if not for their tenaciousness. He says that will all become clear as more information comes out.

When Chief Matthew Burbank announced the news that Destiny's body had been found in a nearby home, he released few details and declined to take questions from the press.

Shortly after that news conference, close family friends who helped coordinate the search, accused police of botching the investigation. In particular, they criticized the fact the girl was so nearby, yet took a week to find.

Peter Brooks, Destiny's Uncle: "It's the house behind their house, it's two buildings back.. And you would think, you would really think a prime location for the police to search. Hum, makes me really want to wonder."

A little later the chief himself arrived to answer questions.

Question: "I want to know why we were told lies, why we were given false information and why you guys didn't tell us anything that we could have helped you with?

Police Chief Chris Burbank: "Let me explain. The police department told no lies in this whatsoever. All the information we had was given out as soon as we knew it. In fact, right up to the very last minute, we had conflicting information from several different people. Now let me say right up front, before I continue with my comments, one of the most important, crucial things here is to make sure our investigation is thorough, accurate and doesn't jeopardize any future prosecution that takes place."

The chief explained the law prevents police from searching houses randomly without a warrant.

Police Chief Chris Burbank: "This is still the United States of America and the Constitution is in place. That restricts what we can do and how we conduct investigations."

Mayor Rocky Anderson: "Those who were emotionally distraught last night didn't have all the information. As the information comes out, I think it's going to be evident to everybody that a thorough search was done."

Court documents suggest the five-year-old was dead shortly after she first disappeared. Now criminal defense attorney Greg Skordas says police are reluctant to release more information, to protect both their pending investigation and the accused.

Greg Skordas, Former Prosecutor: "Maybe some people don't think they deserve much fairness, but they do. They deserve a fair trial, they deserve a jury pool that doesn't know a lot about a case."

The mayor praised police and the FBI and says in time the public will know more.

Mayor Rocky Anderson: "I can't tell you what was said or by whom or where her body was found or how it was concealed, but uh, it's going to be clear as to why police during the initial search weren't able to find her body."

Now police are undoubtedly going through Gregerson's home with a fine tooth comb, looking for evidence to support a capitol case, which, if convicted, could mean life in prison or the death penalty.

Greg Skordas, Former Prosecutor: "And the police are going to make sure that they've done everything to guard against someone getting off on what you might call a technicality."

Police have 72 hours to charge Craig Gregerson, so that's likely to happen by Friday. We'll look for more information in court documents when formal charges are filed and also when autopsy results come in.

Mayor Rocky Anderson: "I think it's because of the good work they're done that we have the answers today. With mediocre police work we might never have had the answers."

Police clearly adopted a tight-lips stance as to information released to the public, in contrast with, say the Elizabeth Smart case and they kept to that pattern today, despite requests from the media they held no press conference today.

Girl's Body Found In Neighbor's Basement (BVND)

By Paul Foy

The Belleville News Democrat, July 26, 2006

SALT LAKE CITY - The body of a 5-year-old girl missing for more than a week has been found in the basement of a neighbor's home, and the neighbor was arrested, authorities said.

Craig R. Gregerson, 20, was jailed early Tuesday on suspicion of kidnapping and homicide. It was not immediately known whether he had an attorney.

A probable cause statement filed in Gregerson's arrest says he saw Destiny Norton in her backyard the night of July 16 and opened a gate to lure her into his house. When she screamed, he squeezed his hand over her mouth to silence her, authorities said.

Destiny "went limp and suspect Gregerson laid her body on a floor," Officer Catherine Schoney wrote in the statement.

Police and FBI agents would not say Tuesday whether they had previously searched Gregerson's house. Authorities released no information about the cause of death or how long the girl had been dead.

Destiny had just taken a bath, asked to be allowed to go out in the back yard, which has a chain-link fence and gate, when she disappeared, the Norton's housemates said. She vanished in the five or 10 minutes before her father went to check on her, they said.

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Hundreds of people had helped in daily searches for Destiny, including 700 on Saturday. A $30,000 reward was offered for information leading to Destiny's recovery.

The searches drew support from the family of Elizabeth Smart, who at age 14 was taken from the bedroom of her Salt Lake City home in June 2002 and was found nine months later with two homeless people.

Missing Girl Found Dead; Neighbor Is Held (NYT)

By Melissa Sanford

The New York Times, July 26, 2006

SALT LAKE CITY, July 25 — Five-year-old Destiny Norton, who was known for her smile, disappeared from the yard of her home a little over a week ago, setting off a widespread search by thousands of Utah residents, the police and F.B.I. agents. That search ended Monday night, the police said, when Destiny's body was found in the basement of a neighbor, who was charged with homicide.

The girl was reported missing July 16 after she walked out of her house into the backyard, which was surrounded by a fence. When her father, Rick Norton, went out to check on her about five minutes later, he told the police, she was gone.

At least one Salt Lake City newspaper, The Deseret News, said the searches for the girl had drawn the support of the family of Elizabeth Smart, who was abducted in 2002 and later found alive. A $30,000 reward had been offered in the case.

Neighbors said that the man who was arrested, Craig Gregerson, 20, had lived in a house about 150 feet from the Nortons' for about a year and a half. They described him as a recluse and said his wife occasionally lived there with him.

A spokesman for the Norton family, Jeannie Hill, said that although they were neighbors, the Nortons did not know Mr. Gregerson.

A police spokesman said in a statement late Monday that Mr. Gregerson was arrested on charges of criminal homicide. A probable-cause statement written by the police and made available by the county sheriff's department said Mr. Gregerson saw Destiny outside his home and lured her inside. She then started screaming, the statement said, and Mr. Gregerson put his hand over her mouth and squeezed her body, at which point she went limp.

A family friend, Jesse Garcia II, 22, said of Destiny: "She was a loving little girl. Always talking to everybody. She always wanted to be your friend."

Mr. Gregerson was among the thousands of Utah residents who ignored 100-plus degree heat in the last week as they scoured neighborhoods in the hope of finding Destiny alive, said Katt Fackrell, a search leader.

The police questioned many of the Nortons' neighbors and searched their houses, including the basements. But they did not search Mr. Gregerson's basement, which angered Destiny's parents, Ms. Hill, the family's spokeswoman, said. The police did not return phone calls seeking a comment Tuesday.

Teen Faces Murder Charge In Ind. Shootings (KCS)

By Charles Wilson

The Kansas City Star, July 26, 2006

SEYMOUR, Ind. - A 17-year-old boy who confessed to committing a series of highway shootings that killed one man and wounded another was cooperative and remorseful while police questioned him, authorities said.

Zachariah Blanton, who was arrested Tuesday, faced preliminary charges of murder, attempted murder and criminal recklessness and was being held in the Jackson County Jail. A court appearance was scheduled for Wednesday morning.

Blanton's demeanor was "cooperative, it was remorseful," said Delaware County Sheriff George Sheridan Jr.

The teen, an avid hunter, admitted to the shootings, but his motive remained unknown, said state police Superintendent Paul Whitesell.

The two sniper victims were hit early Sunday from a highway overpass as they rode in pickup trucks on Interstate 65 near Seymour, about 58 miles south of Indianapolis. Whitesell said Blanton apparently drove onto the overpass and leaned across the trunk of his vehicle to shoot at the trucks.

About two hours later, bullets struck a moving tractor-trailer and a parked sport-utility vehicle on Interstate 69 in Delaware County, about 100 miles to the northeast and near Blanton's home in Gaston. No one was hurt in those shootings.

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Blanton came to the attention of investigators on Monday after an acquaintance told a Delaware County reserve deputy that the teen might be involved in the shootings, Whitesell said.

Jackson County Prosecutor Stephen Pierson said police had recovered a rifle they believed was used in the shootings that killed Jerry L. Ross, 40, of New Albany, and slightly wounded an Iowa man.

Pierson said he did not know yet whether he would seek the death penalty.

Sheridan, the sheriff, said Blanton had previous brushes with the law for "crimes of sex and of theft," but did not elaborate.

Blanton's page on MySpace.com has as its background a painting of a 12-point buck and lists his interests as "Huntin, Fishin, Muddin and goin out with friends."

A message seeking comment was left at the home of Blanton's grandparents, who police said were his legal guardians.

Blanton's great-aunt told The Star Press of Muncie that she was shocked by the allegations against him.

"I can't imagine that he would be involved," Denise Blanton said.

Gaston resident Kenneth Shipley, 59, said he knows Blanton's grandfather and that the teen had been a rider on the school bus he once drove.

"This isn't the Zach I knew," he said. "I took this real hard. Zach just needed some attention, someone to talk to."

—

Associated Press Writers Mike Smith, Ken Kusmer, Ashley M. Heher and Rick Callahan in Indianapolis and Deanna Martin in Gaston contributed to this story.

Teen Arrested In Indiana Highway Sniper Shootings (USAT)

USA Today, July 26, 2006

SEYMOUR, Ind. — A teenage hunter was arrested Tuesday in connection with a series of highway sniper shootings that killed one man and wounded another, police said.

A 17-year-old was jailed in Jackson County, where he faced preliminary charges of murder, attempted murder and criminal recklessness, prosecutor Stephen Pierson said.

No motive was known for the shootings, State Police Superintendent Paul Whitesell said. Asked if the teen had confessed, Whitesell said he was remorseful and cooperated with investigators.

“I would call that a confession,” Whitesell said.

USA TODAY does not normally publish the names of juveniles suspected of or charged in crimes.

The victims, Jerry Ross, 40, who was killed, and Robert Hartl, 25, were shot early Sunday as they rode in pickup trucks on Interstate 65 near Seymour, south of Indianapolis. Hartl, who was grazed in the head, was treated and released at a Seymour hospital.

About two hours later, bullets hit a moving tractor-trailer and a parked vehicle on I-69 in Delaware County, about 100 miles to the northeast near the teen's home in Gaston. No one was hurt in those shootings.

After examining shell casings, investigators determined they were looking for a Remington 710 hunting rifle. Police found a rifle of that model, with a telescopic sight, at the teen's home, Whitesell said.

The teen had hunted in the Seymour area previously and knew the area well, Whitesell said. “That helps explain why he was able to perpetrate a crime from that overpass, because it requires a certain esoteric knowledge of the lay of the land to get there,” he said.

Gov. Mitch Daniels praised law enforcement officers Tuesday. “Indiana has been spared the sort of fear, uncertainty and disruption that has befallen other jurisdictions elsewhere,” he said.

Three Arrested In Ongoing Springfield Corruption Probe (AP)

By Adam Gorlick, Associated Press Writer

AP, July 26, 2006

SPRINGFIELD, Mass.— A former school department manager who pleaded guilty last year to stealing $10,000 from the department was arrested Tuesday on charges that he doled out no-show jobs to his twin brother and a friend.

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The charges against Alfonso Carrano, 34, of Springfield, stem from the federal government's ongoing probe into public corruption in the state's third-largest city. Carrano and his brother, Francesco Carrano, and Robyn Avigliano are charged with program fraud and lying to federal agents.

Alfonso Carrano pleaded not guilty to charges of program fraud and lying to federal agents Tuesday in U.S. District Court. His brother and Avigliano, 44, of South Hadley, will be arraigned on the same charges Aug. 3.

They were all released on unsecured bonds.

According to a nine-page indictment handed up last week and unsealed Tuesday, Alfonso Carrano put his brother, Francesco, and Avigliano on the school department's payroll as school bus monitors between 2002 and 2003. While Alfonso Carrano was signing their time sheets during that time, his brother and Avigliano weren't showing up for work, federal agents say.

The bus that Carrano's brother was supposed to be working on served handicapped students, according to the indictment.

Authorities say Alfonso Carrano also gave his brother and Avigliano no-show jobs at a warehouse that stored meals that would be distributed to school cafeterias.

"We're not going to put up with these no-show job schemes in a time that the city is struggling and the school department is struggling," said FBI supervisory agent Michael O'Reilly.

Alfonso Carrano was sentenced last year to serve four months in federal custody after pleading guilty to stealing $10,000 from the school department. The money was supposed to go to the school department for setting up vending machines. But Carrano told the vendors to make the checks payable to him instead of the school department.

As part of his punishment, Assistant U.S. Attorney William Welch wanted Carrano to stand outside the school department's headquarters wearing a sandwich board reading: "I STOLE $10,000 FROM THE SCHOOL DEPARTMENT. THIS IS A SERIOUS CRIME. THIS IS PART OF MY PUNISHMENT."

U.S. District Judge Michael Ponsor did not grant Welch's request. But when he sentenced Carrano, the judge remarked he was astonished by the "brazenness" of the crime.

BetonSports Axes Imprisoned Chief (UKIND)

By Julia Kollewe

The (UK) Independent, July 26, 2006

BetonSports has fired its chief executive David Carruthers, who is in a US prison cell after being arrested on charges connected with running an illegal online betting operation.

BetonSports said it had been unable to speak to Mr Carruthers other than through lawyers, adding: "Clearly, while he remains in the custody of the US government he is unable to perform his duties." The company is now run by the chairman Clive Parritt, who has flown to its headquarters in Costa Rica, and other directors.

Mr Carruthers, 48, was picked up by the FBI while en route from London to Costa Rica on 16 July. A spokesman said it could take weeks before Mr Carruthers is moved from Fort Worth to St Louis in Missouri for a bail hearing. Mr Carruthers and 10 others, including the company's founder Gary Kaplan, are accused of illegally taking online and telephone bets on football and basketball and failing to pay excise taxes.

BetonSports was at pains to distance itself from Mr Kaplan and others in the indictment yesterday. It said none of its other directors - appointed after the group's flotation in 2004 - was named in the charges. "The board wish to make absolutely clear that none of the founders of the original business has any continuing role within the company. The original founder has a consulting agreement with the company under which his role is non-management-related, which was an absolute requirement of the board for the float and thereafter."

Mr Kaplan is paid $150,000 (£82,000) a year under his consultancy contract, and still owns a 15 per cent stake in the company. The spokesman said Mr Kaplan had done "little or no work" for the group in the past 12 months. The shares were frozen last week and BetonSports was forced to shut down 85 per cent of its business.

The action against BetonSports has plunged the London-listed online gaming sector into chaos as other executives fear the indictments could be the beginning of a wider crackdown.

Sack Follows Arrest For BetonSports Chief Executive (GUARD)

By Simon Bowers

The (UK) Guardian, July 26, 2006

David Carruthers, the jailed chief executive of BetonSports, the London-listed company at the centre of multi-billion-dollar illegal gambling charges in the US, was sacked yesterday as company lawyers pursued a last-ditch effort to broker a deal with the American justice department that would allow some or all of its US-facing websites to resume trading.

The board also moved yesterday to distance itself from what it described as "media reports of alleged improper activities during VIP parties" held at the group's Costa Rica headquarters. One newspaper quoted an unnamed source saying BetonSports founder Gary Kaplan had arranged for US prostitutes to attend a party for the benefit of high-roller customers.

Article continues

"All these allegations relate to the time prior to the business's July 2004 float," the company said. Nine luxury apartments, which come with a pool and health suite, are still owned by the group, but a source close to the company said they were no longer to be used for client parties.

BetonSports, which last year made 98% of its revenues from the US, was forced to shut its websites last week as a requirement of a restraining order issued by a court in Missouri. The order came immediately after the arrest of Mr Carruthers at Dallas airport as he changed flights on his way from London to Costa Rica. He is among 11 individuals and four companies, including BetonSports, charged with a string of offences including fraud conspiracy, racketeering and Wire Act breaches in relation to alleged involvement in a 14-year illegal sports betting enterprise said to have been masterminded by Mr Kaplan.

BetonSports, chaired by the former Baker Tilly chairman Clive Parritt, is understood not to regard Mr Carruthers, a former area manager for Ladbrokes, as having breached the terms of his contract. In a statement, the company said: "This action was taken as a consequence of Mr Carruthers's continued detention by the US authorities. Clearly, while he remains in the custody of the US government he is unable to perform his duties."

It added that no direct communication with Mr Carruthers had been possible since his arrest 10 days ago. The company declined to comment on whether it would continue to pay his legal costs. Some industry sources speculated that he may have struck a deal with US prosecutors to testify against Mr Kaplan.

Sources close to the company said Mr Carruthers's departure helped to sever links with Mr Kaplan, who still retains a 15% stake in the business. The justice department last week issued a warrant for the arrest of Mr Kaplan, a New Yorker who lives in Costa Rica.

BetonSports' float prospectus named Mr Kaplan as a consultant to the business. It also stated: "At least some of the group's activities are illegal under US law." The company yesterday reiterated that Mr Kaplan played no management role after the group listed in London. Last week's indictment, however, claims BetonSports was only the latest incarnation of Mr Kaplan's "evolving" illegal gambling enterprise. The 27-page document describes him has having been BetonSports' "primary operator".

According to BetonSports' own figures, one in five bets on its websites last year was placed by its call centre operators in Costa Rica on behalf of US punters who had called its widely advertised free number. A BetonSports tour bus also travelled across the US, providing and promoting links to BetonSports services.

The justice department last week won a temporary restraining order requiring BetonSports to shut all its web operations and return money in customer accounts. The company shut all its websites - poker and casino ones as well as sports betting operations - but is not believed to have begun returning punters' cash. BetonSports is expected to contest vigorously attempts to make the restraining order permanent when a court hearing is arranged. A date is expected to be set by the end of the week.

Grand Jury Indicts 3 In Jobless Claim Fraud Following Katrina (BRADV)

By Sonya Kimbrell

Baton Rouge Advocate, July 25, 2006

A federal grand jury last week indicted three Louisiana residents on fraud charges related to disaster relief programs following Hurricane Katrina.

Geneva Maria Wagner, 31, of Metairie was charged in a one-count indictment with wire fraud in obtaining disaster unemployment benefits for alleged losses resulting from Katrina.

DOJ_NMG_0042927

Steven F. Andrews, 41, also of Metairie, was charged in a two-count indictment with mail fraud and wire fraud.

Fred Daniel Miller, 39, of Conway, Ark., was charged in a one-count indictment with wire fraud.

The Federal Emergency Management Agency funded disaster unemployment assistance after Katrina. The Louisiana Department of Labor administered the program for state residents. These benefits were available to individuals unemployed as a result of the hurricane for up to 26 weeks for a maximum of $2,500 per person. Claims could be made using the Internet, by telephone or by going to a local state Department of Labor office. Most benefits were paid through a debit card.

According to the indictment, Wagner was employed by Target in Metairie until Katrina. She applied for and received unemployment benefits in September. She became employed at another Target store in Baton Rouge, where she evacuated to, and returned to the Metairie store when it reopened in October.

Wagner received unemployment benefits even though she had remained continuously employed by Target. According to the indictment, Wagner received $8,253 in unemployment benefits.

According to the indictment, Andrews claimed he was unemployed but was allegedly employed and received about $3,075 in unemployment benefits.

Miller was an inmate at Orleans Parish Prison who was evacuated to Hunt Correctional Center in Iberville Parish and the West Carroll Detention Center. He was released Sept. 30. As an inmate, Miller was not entitled to disaster unemployment benefits.

According to the indictment, Miller made a false claim in October that he was self-employed and his work was interrupted by Katrina. He allegedly received $3,822 in unemployment benefits.

The indictments on July 20 bring to 64 the number of defendants who have been charged in the Middle District of Louisiana with violations related to Katrina relief funds, U.S. Attorney David Dugas said.

In September, Attorney General Alberto R. Gonzales created the Hurricane Katrina Fraud Task Force to investigate and prosecute disaster-related federal crimes, such as charity fraud, identity theft, procurement fraud and insurance fraud. The task force includes members from the FBI, the Federal Trade Commission, the Postal Inspector's Office and the Executive Office for U.S. Attorneys.

Law Restricting Sex Offenders Clears A Hurdle (NYT)

By Brenda Goodman

The New York Times, July 26, 2006

ATLANTA, July 25 — Noting that his ruling would probably cause "delay, confusion and inconsistent actions," a federal judge in Georgia said he could not keep the state from enforcing a new law that makes it illegal for registered sex offenders to live near school bus stops, because Georgia has no school bus stops as defined by the law.

"There is no evidence in the record to indicate that any local school board of education has designated school bus stops pursuant to the act," wrote the judge, Clarence Cooper of Federal District Court.

To enforce the law, Judge Cooper said, school board members would first have to "designate" bus stops, a responsibility most districts delegate to a transportation director.

Though Judge Cooper denied the injunction, his ruling was still a backhanded and likely temporary victory for the 11,000 registered sex offenders in Georgia, many of whom had been notified by local sheriff's offices that they would have to move or face up to 10 years in prison.

Representative Jerry Keen, a Republican who is House majority leader and sponsor of the bill, issued a statement with the speaker of the House saying he was pleased by the ruling and was confident school districts would "take whatever steps necessary to officially designate school bus stops with the goal of locating those stops as far as possible from the residences of convicted sex offenders."

But in January, as he argued for the bill, Mr. Keen seemed to hope it would accomplish something different. "We don't want these types of people staying in our state," he said.

DOJ_NMG_0042928

Judge Cooper's ruling sets the stage for more legal battles over what the Southern Center for Human Rights calls a "sloppily written and counterproductive" law. Lawyers for the center, which is representing a class of the state's registered sex offenders, have said the law is unconstitutional.

"The court has very clearly ruled that this issue is not over yet," said Sarah Geraghty, the main lawyer for the plaintiffs.

Tipping The Checks And Balances (HILL)

By Tom Spulak

The Hill, July 26, 2006

This month, Chief Judge Thomas Hogan of the U.S. District Court in Washington ruled that the unprecedented FBI raid on the congressional office of Louisiana Rep. William Jefferson (D) was constitutional. The ruling, which was expected — Judge Hogan himself signed the warrant authorizing the raid — is deeply flawed and should concern all Americans.

The search-warrant case is all about the Constitution's Speech or Debate Clause: "For any Speech or Debate in either House, they [senators and representatives] shall not be questioned in any other Place." This simple clause, which the Framers included to ensure legislative-branch independence, protects members of Congress absolutely from (among other things) being questioned about legislative activities and being compelled to disclose legislative records.

The raid on Rep. Jefferson's office violated the clause because it entailed FBI review of all paper records in the office (including protected legislative records) and seizure of both paper records and computer hard drives (including similarly protected legislative records).

In upholding the search, the court made two critical mistakes. First, while acknowledging that the Speech or Debate Clause prohibits courts from compelling members to produce legislative records pursuant to subpoena, the court said forcible seizure of legislative records pursuant to a search warrant is constitutionally permissible.

This makes no constitutional sense. If the clause protects against compelled production of legislative records — as it does — then the type of compulsion simply does not matter.

Second, the court said any review of protected legislative materials was only "incidental" because "the search warrant sought no legitimate legislative material that would be considered privileged under the Speech or Debate Clause." However, the court could not know whether the documents identified in the warrant were privileged or not because it never reviewed them. Indeed, no one has. The court cannot simply decree in advance what is privileged and what is not.

Furthermore, even if it ultimately turns out that all documents described in the warrant were not legislative and therefore not protected, the constitutional problem would remain: The FBI rooted through, reviewed and hauled away absolutely protected legislative materials. That is not an "incidental" problem. It is the problem.

But why should ordinary Americans care? They should care because the ruling poses a serious threat to the independence of the legislative branch and, therefore, to the system of checks and balances that undergirds our democracy and protects our liberty.

Put another way, the court's decision has the potential to undermine the ability and authority of the Congress — the only directly elected branch of the federal government — to check an overreaching executive branch. Although recent Congresses may not have been as aggressive and active in this area as prior ones, overseeing and investigating the executive branch is one of Congress's most basic and important constitutional functions. We undercut at our peril Congress's ability to oversee and investigate the executive branch with its awesome police, prosecutorial and military powers.

It takes very little imagination to comprehend the potential consequences here. If the FBI has the constitutional authority to root through legislative records in congressional offices — including committee offices because nothing in the court's ruling distinguishes committee offices from individual member offices — members and committees are likely to be chilled and intimidated in the exercise of their oversight responsibilities. That is exactly what the Constitution's framers feared and why the court's decision is so dangerous.

The search-warrant case is not about putting members of Congress above the law because the Speech or Debate Clause of our Constitution is the law. It is not about members of Congress being immune from criminal investigation or prosecution. They are not. Rep. Jefferson himself has been under investigation for more than 15 months.

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And it is not about turning congressional offices into "taxpayer-subsidized sanctuaries for crime," as the district court hyperbolically and incorrectly suggested. Search warrants can be executed on congressional offices, provided the search is carried out pursuant to pre-existing procedures that protect the absolute constitutional right of members to identify and assert the privilege for their legislative records subject, of course, to later judicial review.

No, this case is about the balance of power in the federal government. The court has tipped the balance dangerously in favor of the executive branch. As damning as the facts might be, and as politically imprudent as it may be for Congress to defend its privilege here, Congress must do so.

Ultimately, the country and the American people will suffer if the court's ruling is allowed to stand and the Speech or Debate privilege is eroded. The House should fight back, and the Court of Appeals should restore the balance.

Spulak was general counsel of the House under Speaker Tom Foley (D-Wash.) and is a partner at King & Spalding in Washington. The views expressed are those of Mr. Spulak only.

CIVIL RIGHTS:

Feds Sue Chesapeake, Alleging Discrimination With Police Test (VP)

By Cindy Clayton, The Virginian-Pilot

Virginian-Pilot, July 26, 2006

NORFOLK - The U.S. Justice Department has sued Chesapeake, alleging that the city discriminated against black and Hispanic applicants to the police department.

The lawsuit, filed this week in U.S. District Court, alleges that a math test used as a pass-fail method of screening applicants "is not job-related for the position in question and consistent with business necessity."

The suit asks the court to order the city to stop using the test, provide remedial relief for applicants who have "suffered individual loss as a result of the discrimination alleged," and adopt other measures to "overcome the effects of their discriminatory practices."

A Justice Department spokeswoman said she could not comment on the suit.

City officials also said they could not comment, but City Attorney Ron Hallman has said in the past several months that talks with the government were ongoing.

"We'll have to do what we can to remedy the situation," Mayor Dalton Edge said Tuesday.

"We probably are going to wait and let the dust settle. I can't comment on a response at this point."

Edge said he expected City Council to discuss the suit in a closed session Tuesday night.

Chesapeake came under government scrutiny in 2004, along with Virginia Beach, for the use of the National Police Officer Selection Test.

Earlier this year, the Justice Department ruled that both cities had discriminated against black and Hispanic applicants.

On Monday, a federal judge approved a government settlement with Virginia Beach. The city has offered 124 black and Hispanic applicants an opportunity to continue the hiring process and has agreed to create a $160,000 pool to compensate them. Officials also agreed to change how entrance examinations are scored.

In March, the U.S. government notified Chesapeake of the ruling and gave city officials until the end of the month to reach an agreement or face a civil rights lawsuit.

Between March 1, 2001, and Dec. 31, 2005, Chesapeake required applicants to score 70 percent or higher on the mathematics section of the entrance exam.

W hen the Justice Department reviewed scores, 57.34 percent of black applicants passed, compared with 88.91 percent of white applicants.

Justice officials have said the exam discriminated because the pass rate for black and Hispanic applicants was less than 80 percent of the pass rate for whites.

The "80 percent rule" is a longtime general practice used by the federal government to evaluate possible discrimination cases.

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If there is a significant disparity among groups taking an entrance exam, the Justice Department wants to know if the hiring process can be challenged.

Chesapeake officials said earlier this year that they changed how the test is scored.

Now, the city requires a 70 percent average for the four parts of the test, and no longer disqualifies an applicant for a single score below 70 percent.

Justice Department Files Suit Against Chesapeake For Police Hiring Practices (WAVY-TV)

WAVY-TV, NBC 10, Norfolk, VA, July 26, 2006

Tuesday the Justice Department announced they will be filing a lawsuit against the city of Chesapeake.

They say the city's police department used hiring practices that discriminate against African American and Hispanic applicants.

The DOJ also investigated Virginia and Hampton for practices that may have discriminated against minorities.

They dropped the case against Hampton and reached a compromise agreement with Virginia Beach.

The complaint which the Justice Department filed in federal district court alleges that the city violated Title VII of the Civil Rights Act of 1964 by "using a mathematics test as a pass/fail screening device in its selection process for entry-level police officers".

According to the complaint, "the city's use of the mathematics test as a pass/fail screening device resulted in disparate impact against African-American and Hispanic job applicants and was not job-related in that it did not predict whether an applicant was able to successfully perform the job of entry-level police officer".

In their release, the Justice Department goes on to say it "is not challenging any other parts of the police department's police officer selection process".

Feds Probing HAVA Negotiations (RC)

By John Stanton

Roll Call, July 26, 2006

Justice Department investigators have begun a review of Senate Rules and Administration Committee records relating to negotiations over the Help America Vote Act, involving then-Chairman Chris Dodd (D-Conn.) and former House Administration Chairman Bob Ney (R-Ohio), as they wrap up their investigation into Ney's connections to disgraced lobbyist Jack Abramoff, Senate sources said Tuesday.

Senate aides familiar with the review said Justice officials indicated the inquiry was not focused on Dodd, who now serves as the committee's ranking member, and the type of information investigators were seeking — while not specific enough to indicate they were looking for a smoking gun — appear to point directly at Ney.

A spokeswoman for Ney declined to comment, while Colleen Flanagan, a spokeswoman for Dodd, said the Senator supports the review of the committee's records and has offered to assist investigators.

"The Justice Department contacted the Senate legal counsel to ask for documents related to their investigation from Indian Affairs and Rules. Sen. Dodd was very supportive of it. We've offered to be helpful in any way we can," Flanagan said.

Senate Rules Chairman Trent Lott (R-Miss.) acknowledged that the review by Justice was centered on the HAVA negotiations, which occurred in 2001 and 2002, and that it appears to be directed at Ney rather than Dodd. Lott also said he does not "expect them to find anything there" and he believes the review was more of an exercise in due diligence as part of the department's wrap-up of the investigation.

Abramoff, who pleaded guilty to bribery charges late last year, had pushed Ney to include provisions in the act that would have given federal tribal recognition to the Tigua Tribe and to allow it to reopen a casino in Texas. Abramoff represented the Tiguas. Although e-mails that have surfaced as part of the Abramoff scandal revealed the disgraced lobbyist bragged that he was close to Dodd and Ney, the provision did not make it into HAVA.

Dodd has denied any connections to Abramoff or ever considering including the Tigua provisions in the bill. While Ney has acknowledged he sought to include the provisions, he has insisted he was doing so on the merits and not at the behest of Abramoff.

The records review was approved by the Senate in a resolution passed last month along with approval of a review of Abramoff-related documents in the possession of the Indian Affairs Committee.

A Senate aide familiar with the resolution, which was first reported by The Hill newspaper, said that while Justice Department investigators had initially asked for nearly unlimited access to the Rules Committee's records, Senate Majority Leader Bill Frist (R-Tenn.) and Minority Leader Harry Reid (D-Nev.) rejected it as overly broad. "In the private sector, they just paper the world, and they can do it. That doesn't work up here," the source explained, noting Justice worked with Reid and Frist to narrow the scope of the review.

FBI In Norfolk Says White Powder Received In Mail Is Safe (VP)

By Tim Mcglone, The Virginian-Pilot

Hampton Roads Virginian-Pilot, July 26, 2006

NORFOLK - The FBI has determined that white powder received in the mail at its office here on Friday was not harmful, an FBI spokesman said Tuesday.

"Tests revealed the powders are not biological or chemical agents and hence are no danger to the public," Phil Mann, the Norfolk FBI spokesman, said.

The FBI office off Military Highway received three suspicious envelopes on Friday, two containing letters and all with white powder. Mann would not disclose the contents of the letters. He did say they were similar to letters received by the Baltimore and New York chapter offices of the National Association for the Advancement of Colored People.

Atlanta NAACP Office Finds Suspicious Letter (MACT)

The Macon Telegraph, July 26, 2006

ATLANTA - A letter containing a suspicious powder was sent to the Atlanta office of the National Association for the Advancement of Colored People, the fourth such letter sent to either branches of the civil rights group or the FBI in recent days, FBI officials said Tuesday.

Threatening letters containing a suspicious powder were sent to the civil rights group's offices in Baltimore and New York City and another letter believed to be similar was sent to the FBI's field office in Norfolk, Va., said Stephen Emmitt, spokesman for the Atlanta field office of the FBI. It was not immediately known whether the letter to the FBI branch contained powder.

The Atlanta letter was found Tuesday; the other letters were reported Monday.

Although Emmitt declined to specify the letter's contents or whether the letters were sent by a single person, he said all of the letters are believed to be similar because they were sent in a close time period, targeted NAACP offices and "other aspects of the letters indicated they were similar, such as the content of the letter and the writing on the envelope."

The powder found in the Atlanta letter was not believed to be a harmful substance, although the powder is being analyzed, he said. Marvin Cheatham, who heads the Baltimore office of the NAACP, said the substance in the Baltimore letter later was identified as boric acid. The substance found in New York had not been identified.

Emmitt declined to reveal the origin of the Atlanta letter, but the other three letters had originated from Baton Rouge, Louisiana, said McIntire. What the letters said was not immediately known. The FBI was investigating the letters as a hate crime.

Suspicious Pkg. Found At NAACP (WXIA-TV)

WXIA-TV, July 26, 2006

The Atlanta FBI is investigating the source of a letter containing a white powdery substance. The letter was sent to the NAACP regional headquarters in west Atlanta Tuesday morning. They are also investigating whether or not this incident is related to similar letters sent to NAACP offices in three other states last week.

The Atlanta Fire Department confirmed that the substance in the envelope from Tuesday morning was not dangerous. Anthrax has been ruled out, and tests are being conducted to find out exactly what the substance was.

The building housing the NAACP's regional headquarters was briefly evacuated.

"Employees in the building found the powder oozing out of the envelope and contacted 911," said Officer Steve Coleman of the Atlanta Police Department. "Atlanta Fire and Atlanta Police Department both responded to the location with a hazmat team."

Battalion Chief Floyd Wilson of the Atlanta Fire Department added, "we do not have any report of injuries. Everybody seems to be okay; they should be able to get back to work."

The envelope actually arrived several days ago and was not opened; when discovered today by an employee of the NAACP, that person did not open it either.

Similar letters have been discovered at NAACP offices in New York City, Baltimore, and Norfolk. Tests have determined that those letters contained boric acid. All three were sent from Baton Rouge, Louisiana. The FBI has not released the origin point of Tuesday's letter.

These incidents are being investigated as a possible hate crime.

Senate Restricts Abortion Option For Young Girls (NYT)

By Carl Hulse

The New York Times, July 26, 2006

WASHINGTON, July 25 — The Senate passed legislation Tuesday that would make it a federal crime to help an under-age girl escape parental notification laws by crossing state lines to obtain an abortion.

The bill was approved on a 65-to-34 vote, with 14 Democrats joining 51 Republicans in favor.

A similar measure passed the House last year, and President Bush said he would sign the legislation if the two chambers could work out their differences and send a final bill to him.

In a statement, Mr. Bush said that "transporting minors across state lines to bypass parental consent laws regarding abortion undermines state law and jeopardizes the lives of young women."

Critics questioned the necessity of the measure, saying it would apply to only a small number of cases and could result in criminal charges against close relatives or clergy members who interceded to help in a time of personal crisis.

Proponents of the bill, acknowledging that it was unknown how often such incidents occurred, said abortion clinics in states without such parental involvement laws had advertised that no consent was needed in an effort to appeal to those interested in avoiding such requirements.

"If they are advertising, then it obviously at least happens," said Senator John Ensign, the Nevada Republican who wrote the measure. "If it is happening 20 times a year, it is still worth doing to protect those parental rights and to protect those children from being in these kinds of situations."

The legislation is the latest in a push by anti-abortion forces to seek incremental changes in federal laws rather than press for a broad rollback of abortion rights.

The measure also provided Republicans another opportunity to reassure their social conservative base that its concerns were being addressed in an election year. And it gave them a chance to force Democrats to take a position on an issue some would prefer to avoid out of concern over alienating abortion-rights advocates on one hand or Democratic centrists on the other.

Twenty-nine Democrats, four Republicans and one independent voted against the bill. Polls have shown consistently that notification requirements are popular with parents. Advocates of the bill said most Americans shared the view that parents should be consulted when it comes to such a consequential matter in the life of a teenager.

"What opponents of this bill forget is that no parent wants anyone to take their children across state lines — or even across the street — without their permission," said Senator Mitch McConnell of Kentucky, the No. 2 Republican in the Senate.

Opponents said cases would inevitably arise in which a girl had been victimized by a relative, or in which parents were not available or did not have the girl's best interest in mind. In those cases, they said, the legislation will pose a hardship or worse.

"Life is not always the way we wish it to be," said Senator Hillary Rodham Clinton, Democrat of New York, who opposed the bill. "Sometimes tragedies happen, and sometimes families are not just negligent but abusive, and sometimes young girls are taken advantage of by members of their family, people in whom they should be able to trust."

Others were pushing the measure to provide an opportunity for some lawmakers who are against abortion to make political amends after voting last week to support expanding federal research using embryonic stem cells. They said the measure could penalize close relatives trying to come to the aid of a child in trouble, who was the victim of incest or feared a physically violent response to the revelation of a pregnancy.

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"I don't think the American people support throwing Grandma in jail because she embraced her granddaughter and said, 'Oh my God, I'm worried that your dad may hurt you if you tell the truth,' " said Senator Barbara Boxer, Democrat of California.

Under the legislation, known officially as the Child Custody Protection Act, those found guilty of violating it would be subject to a fine and up to a year in jail. Douglas Johnson, the legislative director of the National Right to Life Committee, said the provisions would apply to 26 states that have enforceable laws requiring minor girls to notify or receive the consent of their parents or seek approval from a judge before seeking an abortion.

Mr. Johnson said there "is evidence of widespread circumvention of these state notification laws," though the frequency varies around the nation depending on the proximity of states without such restrictions. He said anecdotal accounts suggested that many cases involved under-age girls and older men.

Those challenging the measure said they believed that the number of those who went out of state specifically to avoid parental notification laws was low. They said Congress should instead focus on sex education and counseling. A proposal to create new pregnancy prevention grants was defeated on a 51-to-48 vote.

"The American public wants teen pregnancy prevented, not punished," said Nancy Keenan, president of Naral Pro-Choice America. "This bill does nothing to protect young people or promote communication between teens and their parents."

To stem criticism that the measure protected fathers guilty of incest, Republicans joined Democrats in approving an amendment that says a parent who has committed incest and transports a minor out of state for an abortion will also face a fine and jail time.

The chief difference between the House and Senate bills is that the House measure requires an out-of-state doctor to provide 24 hours' notice to a girl's parents or face criminal penalties. Parents can also sue the person performing the abortion.

Despite the strong vote for the measure, the Democratic leadership objected Tuesday night to a Republican call to appoint negotiators to begin reconciling the House and Senate bills, showing that Democrats were not going to make it easy to reach a final deal.

Interstate Abortion Bill Clears Senate (WP)

By Charles Babington

The Washington Post, July 26, 2006

The Senate voted yesterday to make it a crime to take a pregnant minor to another state to obtain an abortion without her parents' knowledge, handing a long-sought victory to the Bush administration and abortion opponents.

The bill would help about three dozen states enforce laws that require minors to notify or obtain the consent of their parents before having an abortion. It would bar people -- including clergy members and grandparents -- from helping a girl cross state lines to avoid parental-involvement laws. Violations could result in a year in prison.

Most states have passed such laws, but courts have invalidated at least nine of them, advocacy groups say. Maryland and Virginia have parental-notification laws; the District does not. The Senate voted 65 to 34 to approve the bill, which is similar to one the House has approved before, including last year.

The White House said the measure would "protect the health and safety of minors" and "protect the rights of parents to be involved in the medical decisions of their minor daughters consistent with the widespread belief among authorities in the field that it is the parents of a pregnant minor who are best suited to provide her counsel, guidance and support."

In a statement, President Bush said: "I appreciate the Senate's efforts to preserve the integrity of state law and protect our nation's families."

The administration urged House and Senate negotiators to reconcile their differences and send Bush a bill to sign. Unlike the Senate version, the House measure would penalize physicians who knowingly perform abortions for minors who circumvented parental-involvement laws.

Yesterday's vote marked the most significant congressional action on abortion in some time. Republicans, concerned about sagging poll numbers as they approach the November elections, have emphasized a "values agenda" that includes bids to ban flag desecration, same-sex marriage and estate taxes.

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Democrats are pushing back, accusing Republicans of trying to frighten and divide the electorate rather than tackle tough issues such as high gasoline prices and the Iraq war. Senate Minority Leader Harry M. Reid (Nev.), an antiabortion Democrat who voted for the bill, will spend part of the summer stressing the need to prevent unwanted pregnancies, aides said.

The Senate vote was a victory for antiabortion activists who have tried in vain to overturn the 1973 Roe v. Wade decision that legalized abortion nationwide. For years, advocates on both sides of the issue have battled at the state level over narrower questions, including parental notification and consent for minors.

Fifty-one Republicans and 14 Democrats voted for the bill, while four Republicans, 29 Democrats and one independent voted against it. Sens. George Allen (R-Va.) and John W. Warner (R-Va.) voted for the measure; Sens. Barbara A. Mikulski (D-Md.) and Paul S. Sarbanes (D-Md.) voted against it.

The bill would not penalize a minor, or her parents, for crossing state lines to obtain an abortion.

Opponents said the Senate measure could threaten the safety of girls, saying parents might beat their daughters if they find out about plans for an abortion. The proponents' approach "is not to deal with the reality of young people" in troubled families, said Sen. Richard J. Durbin (D-Ill.). He cited the case of an Idaho man who impregnated his 13-year-old daughter and then killed her when he learned she had scheduled an abortion.

Proponents of the Senate bill said it would protect girls from being pressured by their boyfriends into having an abortion. "It's an affirmation of parental rights," said Sen. John Thune (R-S.D.). "An underage child cannot obtain an aspirin at school without parental consent," he said, adding that parents' role in their young daughter's decision about abortion is far more significant.

Senators voted 51 to 48 to reject an amendment drafted by Democrats that would have steered federal money to programs that educate teenagers about sexual abstinence and contraception.

Sen. Mitch McConnell (R-Ky.) hailed the passage of the abortion measure, saying: "What opponents of this bill forget is that no parent wants anyone to take their children across state lines -- or even across the street -- without their permission. This is a fundamental right, and the Congress is right to uphold it in law."

Nancy Keenan, president of NARAL Pro-Choice America, called the Senate vote "an irresponsible action that will do nothing to protect young women's safety or improve family communication."

She said the measure "would prohibit anyone other than a parent -- including a grandparent, aunt, adult sibling or member of the clergy -- from accompanying a young woman across state lines for abortion care if the home state's parental-involvement law has not been met."

Caroline Fredrickson, Washington legislative director of the American Civil Liberties Union, said the measure "would put teens, especially the most vulnerable ones, at greater risk." She added: "Not all teenagers come from the perfect American family."

Senate Approves Parental Consent (WT)

By Amy Fagan

The Washington Times, July 26, 2006

Republicans last night secured a long-sought pro-life victory as the Senate approved a bill that would protect parents' right to be involved in their pregnant teen's abortion decision.

"I believe this is a significant pro-parent, pro-child, pro-life piece of legislation," Sen. Sam Brownback, Kansas Republican, said of the bill, which would make it a crime to avoid a state's parental-notification or -consent law by taking a minor to another state to obtain an abortion.

The measure passed, 65-34. Fourteen Democrats voted in favor of the measure, while four Republicans voted against it.

The House passed a similar measure last year, so the legislation now goes to final House-Senate negotiations.

The bill still faces obstacles before reaching President Bush's desk. In addition to differences with the House version, Senate Democrats last night objected when Senate Majority Leader Bill Frist, Tennessee Republican, moved to send the bill into the final negotiations stage.

The last time the Senate considered the issue, in 1998, supporters were unable to muster the 60 votes needed to overcome a filibuster, failing 54-45.

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This year however, the bill had enough votes, so when Mr. Frist pushed the measure forward, Democrats allowed it to come to the floor, though many of them complained that the vote timing was purely political and that the Senate should focus on more important matters.

"I don't think it's an issue in New York," Sen. Hillary Rodham Clinton, New York Democrat, said of the bill.

"This is Frist's 'to-do' list for the campaign," said Sen. Richard J. Durbin, Illinois Democrat, referring to Mr. Frist's possible presidential aspirations.

The bill would punish anyone who knowingly skirts a state's parental-consent or -notification law by taking a pregnant minor to a state with more lenient laws to obtain an abortion. Violators would face fines and up to one year in prison. The only exception to the bill's penalties would be if the abortion was needed to save the girl's life.

Proponents said the law would not undermine state laws or force parental involvement on the handful of states that don't require it.

"This bill goes a long way in strengthening the effectiveness of state laws designed to protect parents and their young daughters from the health and safety risks associated with secret abortions," said Sen. John Ensign, Nevada Republican and bill sponsor.

But one leading Democrat suggested that the measure could result in the arrest of a grandmother who tries to help a troubled teenager.

"Congress ought to have higher priorities than turning grandparents into criminals," said Sen. Edward M. Kennedy, Massachusetts Democrat.

Mr. Bush strongly supports the measure because he said transporting minors to other states to avoid parental-involvement laws "undermines state law and jeopardizes the lives of young women."

"I appreciate the Senate's efforts to preserve the integrity of state law and protect our nation's families," he said after the bill passed last night

Senate supporters of the measure said it is ridiculous that minors need permission slips for school trips or medicine from a school nurse, yet a pregnant minor can be taken to another state for a secret abortion without her parent's knowledge.

"I think that this is a bill that Americans can come together on," said Mr. Ensign said. "This is a reasonable piece of legislation."

But Sen. Barbara Boxer, California Democrat, complained that the bill flatly ignores situations involving abuse or incest.

"It's an outrage," she said. "What about the millions of victims of violence and abuse?"

Mrs. Boxer called the bill "unconstitutional" but reached an agreement with Mr. Ensign that she said would go "partway" toward solving the bill's problems. The compromise, adopted 98-0, would apply the bill's penalties to any father who rapes his daughter and then takes her to another state for a secret abortion.

According to the National Right to Life Committee, 26 states would be covered by the bill, because those states have strong laws requiring parental consent, or notice or the intervention of a judge before a minor can have an abortion. Other states have parental-involvement laws that have loopholes or other problems, while Washington, Oregon, New York, Hawaii and Vermont have no such laws, according to the NRLC.

Polls show a majority of people support parental-involvement laws.

Democrats also turned the debate yesterday to sex education and after-school programs, complaining that Republicans have failed in these areas, which Democrats argued are better ways to reduce teen pregnancies and abortions.

Sen. Frank R. Lautenberg, New Jersey Democrat, offered a proposal that would have created a new grant program to teach comprehensive sex education and boosted money for existing after-school programs. The amendment failed 51-48.

Senate OKs Curb On Interstate Abortions For Minors (LAT)

By Noam N. Levey

The Los Angeles Times, July 26, 2006

Ilying supporters.

DOJ_NMG_0042936

WASHINGTON — Acting to further chip away at abortion rights ahead of the fall congressional elections, Senate Republicans on Tuesday pushed through legislation making it a federal crime to evade parental consent laws by taking minors across state lines for abortions.

The 65-34 Senate vote — which came just a week after a controversial bill on stem cell research divided several leading Republicans from their anti-abortion base — gave the party another plank for its "values" agenda.

Building on parental consent requirements in many states, the vote marked another victory in the drive by abortion opponents to limit access to the procedure with small measures that stop short of an all-out ban.

"Americans have been saying, 'Can't we at least find some reasonable middle ground? Can't we find some ground to at least make some reasonable restrictions on abortion?' " said Sen. John Ensign (R-Nev.), who sponsored the bill. "This is a reasonable piece of legislation."

The bill must still be reconciled with a slightly different House measure passed last year. Republicans in both chambers said Tuesday that they were confident that would be done before Congress recesses for the fall elections.

President Bush said in a statement that he would sign the legislation.

There are no figures on the number of minors who cross state lines in an effort to avoid telling their parents that they are getting abortions. But while that number is probably not large, parental notification has long been controversial.

About 35 states have laws requiring that minors either notify or get permission from their parents before getting abortions. Californians narrowly rejected such a law last year, but Proposition 85 will put the issue before voters again this fall.

Abortion rights activists and their mostly Democratic allies on Capitol Hill have fought for nearly a decade to head off the restriction on out-of-state travel, which in most cases would also allow parents to sue anyone who helps their child get an abortion in another state without their consent.

"We've brought up a bill that does absolutely nothing to protect girls," said Sen. Barbara Boxer (D-Calif.), who led the opposition.

In the end, 14 Democrats joined 51 Republicans in voting for the bill. Four Republicans opposed it. Sen. Dianne Feinstein (D-Calif.) was absent.

The Senate vote capped a lengthy campaign to crack down on what abortion opponents charged was a nefarious practice of evading state parental consent requirements.

The House first passed a bill addressing the issue in 1998, but Senate Democrats stopped it. Since then, Republicans have pushed a series of other restrictions and requirements on those seeking abortions.

Congress in 2003 criminalized a late-term abortion procedure that opponents call "partial birth" abortion. In 2004, lawmakers gave legal status to fetuses, making it a separate offense to harm a fetus in violent crimes tried before federal courts.

In 2005, Sen. Sam Brownback (R-Kan.), a prominent social conservative, introduced a measure to require doctors to inform women seeking an abortion that the fetus may feel pain. That bill is still under consideration.

And last year, the House passed its bill by a 113-vote margin to restrict minors from crossing state lines to get an abortion.

Republicans, who are under pressure to hold on to their Senate and House majorities in November's elections, are being accused by Democrats of using the abortion bill as a means of playing to the GOP's conservative base.

But those championing the new abortion restrictions on minors said they had a much broader segment of the public on their side.

"When there is an issue with 80% support on one side, most politicians would be well-advised to be on the 80% side," said Douglas Johnson, legislative director of the National Right to Life Committee, a leading advocate of the Senate bill.

Even as the Senate passed the measure, however, advocates for abortion rights struck a defiant position, promising to use the bill to rally their own supporters in November.

In California, Mary-Jane Wagle, who heads Planned Parenthood Los Angeles, said her organization was already working on strategies to incorporate the congressional vote into its campaign against Proposition 85.

"I think this is the kind of drastic law that will help us make the case," Wagle said.

Congress Must Set An Example On The ADA (RC)

DOJ_NMG_0042937

By Reps. Steny Hoyer, Juanita Millender-mcdonald And James Langevin

Roll Call, July 26, 2006

Sixteen years ago, Congress took a major step forward in achieving America's promise of equality for all citizens by enacting the Americans with Disabilities Act. This landmark legislation was, as President George H.W. Bush said when he signed it into law, "the world's first comprehensive declaration of equality for people with disabilities."

Simply put, the ADA banned all discrimination on the basis of disability in the areas of employment, public accommodations, public services, transportation and telecommunications. In doing so, our society acknowledged the right of all Americans to live independently and to fully participate in all aspects of our society, including our schools, our businesses, our communities and our government.

At the Capitol, we have taken important steps to ensure that disabled individuals are able to participate in the legislative process, and to visit and enjoy the awe-inspiring history and beauty of the Capitol complex:

• To ensure that disabled Members of the House are able to fully participate in floor proceedings, accommodations have been made to the House chamber that allow for wheelchair access. An adjustable podium and accessible voting station also have been installed.

• To provide disabled staff with the resources necessary to perform their official duties, accommodations have been made to ensure that their assigned office space is fully accessible. In addition, the furniture replacement program provides for furnishing configurations that meet ADA design standards; administrative support offices have been outfitted with automatic door openers; the House Learning Center has been retrofitted to provide wheelchair-accessible study stations and low-vision systems for the visually impaired; and House Information Services provides resources to all House offices to ensure that House Web sites are ADA compliant.

• To make Capitol square and the House office buildings more accessible not only to Members and staff but to the visiting public as well, ADA compliant signage is being installed throughout the campus; the Office of Special Services provides a number of key services to House offices and visitors with special needs; restrooms and food service facilities have been upgraded to be fully accessible; each building has been outfitted with a fully accessible entrance/exit; interior and exterior signage has been installed to identify accessible entrances, exits and restrooms; emergency egress elevators for the disabled have been designated on each floor; the campus sidewalks are being modified to include wheelchair ramps at all pedestrian crosswalks; and the Capitol Police and administrative personnel now are provided training on responding to people with disabilities.

This is an impressive list of accomplishments. Much has been done. But there is still more we must do to improve accessibility for people with disabilities. For example, during this Congress, there have been two full-scale evacuations of the Capitol complex. Although no injuries were sustained during these evacuations, we learned from these incidents that disabled Members, employees and visitors face challenges exiting the Capitol and the House office buildings quickly and safely. This is a problem that needs to be addressed sooner rather than later. Steps need to be taken to ensure that the public hallways are open and clear of obstructions and that the entrances and exits accessible to individuals with disabilities are well-marked and staffed. The Capitol Police, Guide Service and other appropriate Congressional staff should be well acquainted with the locations of the accessible entrances, exits, and designated emergency egress elevators and prepared to provide direction to these locations to visitors in the event of an emergency.

Each office should be encouraged to establish a "buddy" system in which staff members are identified to assist persons with mobility impairments to safely exit the building in the event of a fire or other emergency. In addition, the House should move forward to ensure that the House chamber and galleries and all committee hearing rooms and special event rooms permanently are modified and outfitted to accommodate those with disabilities. In the 109th Congress, the House Administration Committee has explored these issues and, we believe, should continue to do so.

By making the Capitol complex accommodating to people with disabilities, including in times of crisis, we are ensuring that no one will ever be discouraged from running for Congress, or from visiting their Capitol, because of concerns about accessibility and safety. We must ensure that our great nation fulfills its commitment under this landmark law. America is a stronger country

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when everyone is able to participate in the democratic process, and the ADA is a vital cornerstone in ensuring that our government is indeed of the people, by the people and for the people.

House Minority Whip Steny Hoyer (D-Md.) was the lead House sponsor of the Americans with Disabilities Act. Rep. Juanita Millender-McDonald (D-Calif.) is the ranking member on the House Administration Committee. Rep. James Langevin (D-R.I.) is co-chairman of the Bipartisan Disabilities Caucus.

ANTITRUST:

Supreme Court Setback For Stolt-Nielsen (DOW)

By Mark H. Anderson, Dow Jones Newswires

Dow Jones, July 26, 2006

WASHINGTON --U.S. Supreme Court Justice David Souter Tuesday rejected an emergency appeal from London-based shipping company Stolt-Nielsen SA to freeze the Justice Department's pursuit of antitrust charges against it.

Stolt-Nielsen has challenged the power of government prosecutors to revoke an amnesty agreement shielding it from prosecution over an alleged plot to divvy up customers in the parcel shipping business, which involves the transport of bulk liquids such as chemicals.

The company's emergency petition asked the U.S. Supreme Court to bar lower court proceedings against it and a U.S.-based executive, Richard Wingfield, while a separate appeal to the Supreme Court on underlying legal issues was pending. Souter, acting for the court, turned away that request.

"To induce the company to enter into amnesty, the antitrust division promised in its speeches and in the agreement freedom from indictment. Now, after we relied on the division's words, the division has reneged on its amnesty promise," said James Hurlock, an outside director at Stolt-Nielsen.

In filings with the court, the company said the uncertainty is weighing on the company's business. "The securities market obviously perceives that an indictment portends serious consequences for the company," attorneys for the company said in a brief, adding Stolt-Nielsen's stock price has dropped 37 percent since a federal appeals court ruled against in March 2006.

The Justice Department, in its own Supreme Court filing, said it revoked the amnesty deal because it believes the company didn't hold up its part of the amnesty deal. "The division received evidence that Stolt-Nielsen Transportation Group had made false representations ... and had breached its duty to cooperate," U.S. Solicitor General Paul Clement said in a court brief. "An agreement like the one at issue here affords no entitlement to avoid an indictment."

Amnesty was revoked in March 2004 and the matter has been in litigation since then.

A panel of the 3rd U.S. Circuit Court of Appeals in Philadelphia in March ruled that federal courts didn't have the power to block government prosecutors from pursuing the company and its officers because of the amnesty deal. The ruling overturned a decision by a U.S. District Court judge, who said the deal barred indictments.

The Justice Department began investigating Stolt-Nielsen in November 2002 after The Wall Street Journal published a story about a lawsuit brought by the company's former general counsel alleging Stolt-Nielsen Transportation Group Ltd. had broken anti-collusion laws.

The company's second appeal with the Supreme Court will be considered this fall when the justices return from summer recess.

The case is 06-97. The emergency application is 06-A79.

Love Field Deal Draws Justice Department Concerns (AP)

By Suzanne Gamboa, Associated Press

AP, July 26, 2006

WASHINGTON — An agreement by officials in Texas and two major airlines to eventually lift flight restrictions at Dallas Love Field would violate federal antitrust laws and should not be approved, the Justice Department said in a memo.

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The agency's antitrust division told lawmakers that restrictions in the agreement "would be hard-core, per se violations of the Sherman Act," according to a copy of the memo, obtained Tuesday.

The agency's concerns refer to an agreement among Texas officials to repeal the so-called Wright Amendment in eight years and legislation sponsored by Sen. Kay Bailey Hutchison, R-Texas, containing the pact.

Forged by officials from Dallas, Fort Worth, Southwest Airlines Co., American Airlines and Dallas-Fort Worth International Airport, the compromise also calls for reducing gates at Love Field from 32 to 20.

Other airlines have objected to the gate reduction, saying it would limit their ability to establish service there.

The 1979 law, named for its author, former House Speaker Jim Wright of Fort Worth, prohibits flights by aircraft with more than 56 seats between Dallas and any point outside Texas, New Mexico, Oklahoma, Kansas, Missouri, Arkansas, Louisiana, Mississippi and Alabama.

A spokeswoman at the Justice Department was not immediately available for comment Tuesday. Hutchison declined to comment.

The Justice Department said the 12 gates to be torn down could be used by other airlines to enter and compete there. Razing them "is the very kind of collusive output reduction that the antitrust laws are designed to prevent."

The department said the parties to the agreement are aware of the potential antitrust violations because they have sought blanket immunity for the agreement, instead of including an "antitrust savings clause," which the agency said is commonly done to preserve competition under antitrust laws.

Ed Stewart, a spokesman for Southwest, said the Justice Department overlooked part of the deal that would let airlines sell one-stop tickets from Love Field to far-flung cities, called through-ticketing.

"Through-ticketing is going to help customers right away," he said. "This will bring about competition."

Stewart predicted that the findings wouldn't derail legislation to settle the long-running dispute.

American Airlines, a unit of Fort Worth-based AMR Corp., disputes the government's view of the antitrust implications, a spokesman said.

"We simply disagree with the conclusions of the Justice Department, and we believe that so do the cities of Dallas and Fort Worth and the North Texas congressional delegation," American spokesman Tim Wagner said.

Fort Worth Mayor Mike Moncrief said in a statement he had not seen the memo.

"I believe there is nothing in our agreement that would prohibit competition at Love Field or D-FW Airport," he said.

A call to Dallas Mayor Laura Miller's office wasn't immediately returned.

Southwest would be limited to 16 gates in the deal, which the Justice Department said is a hard cap on Southwest service from Dallas for more than eight years.

It would not let Southwest expand its operations once the Wright Amendment is lifted without leaving cities it now serves or facing penalties for starting up service at another Dallas area airport.

Consumers would lose out on a 50 percent discount in fares from Southwest's entry into the market, the agency said.

"More broadly, the cap on gates at Love Field affects every other airline that would otherwise be attracted to the new competitive opportunities at Love Field, including low-cost carriers such as JetBlue (Airways), as well as other legacy carriers, such as US Air," the agency said.

The Senate Commerce, Science and Transportation Committee and the House Transportation and Infrastructure Committee approved bills that include the agreement last week.

But House Judiciary Committee Chairman James Sensenbrenner, R-Wis., sent a letter to House Speaker Dennis Hastert, R-Ill., requesting that his committee be given a chance to review the House bill.

Wright Deal Raises Antitrust Questions (DMN)

By ROBERT DODGE And SUDEEP REDDY, The Dallas Morning News

The Dallas Morning News, July 26, 2006

Justice memo, House leader's concerns create confusion, frustration

WASHINGTON – Efforts to repeal the Wright amendment ran into a wave of opposition, confusion and frustration on Tuesday.

First, a four-page memo of comments attributed to the Justice Department's Antitrust Division swept across Capitol Hill, raising concerns about airline competition in North Texas and urging lawmakers to force the deal to be renegotiated.

DMN file The Justice Department said the Love Field gates to be torn down in the agreement could be used by other airlines.

And in the House, the chairman of the Judiciary Committee also raised antitrust issues, calling on House Speaker Dennis Hastert to refer the bill to the committee for consideration.

Both developments added complications for North Texas lawmakers who had been eager to blaze a smooth trail to the House and Senate floors for easy approval of the proposed repeal of the 1979 Wright amendment in eight years.

The Justice comments, which did not have an official department letterhead or a signature, prompted Sen. Kay Bailey Hutchison, R-Texas, to call Attorney General Al Gonzales and other senior Justice officials for an explanation.

"They [Justice] are not taking a position at all on the legislation," Ms. Hutchison said. "That memo did not go through the channels. And it probably was one person's view, but it's not the Justice Department's."

Even so, the memo said the proposal's 20-gate cap at Love Field and plans to tear down gates at the Legend terminal would violate antitrust laws. Justice estimated consumers could lose up to half of the fare-lowering benefits that Southwest brings when it enters a new market.

"More broadly, the cap on gates at Love Field affects every other airline that would otherwise be attracted to the new competitive opportunities at Love Field, including low-cost carriers, such as JetBlue, as well as other legacy carriers, such as US Air," the memo said.

A Justice spokeswoman indicated the comments were generated as part of a routine discussion with members of Congress.

"We have been discussing with Congress the pending legislation and whether there are better ways to reach the goal of maximizing competition, but the administration has not taken a position on the legislation," said Justice Department spokeswoman Gina Talamona.

The memo forced Ms. Hutchison into a day of damage control as she was trying to resolve the concerns raised last week by Sens. Patrick Leahy, D-Vt., and Charles Schumer, D-N.Y. And it stirred anger and then dismay among Dallas and Fort Worth city officials, as well as the Dallas/Fort Worth International Airport.

"The alleged memo is full of misstatements about the intent and consequences of the locally crated Wright amendment solution," Dallas Mayor Laura Miller said in a prepared statement.

Fort Worth Mayor Mike Moncrief was perplexed and said he would meet promptly with Fort Worth attorneys and that "all parties will get our heads together and see how we address these concerns."

By mid-afternoon, Ms. Hutchison had obtained assurances by email from an assistant attorney general that the department was not opposing the Wright amendment repeal.

"In fact, we see laudatory elements in the bill including the phase out of the Wright amendment restrictions," said William Moschella, assistant attorney general. "We share the senator's concern about fixing this several decades old issue and of course want to foster the maximum amount of competition in the airline industry which will be a benefit to consumers."

Despite the uproar, Ms. Hutchison found time to meet with Mr. Leahy to address his issues.

Mr. Leahy said his concerns involve a version of the Wright repeal proposal that was attached to a separate Senate spending bill, which isn't expected to come up until a lame-duck session after the November elections. "There's no urgency," he said.

Sen. Arlen Specter, R-Pa., chairman of the Senate Appropriations Committee, who also heard from Sen. Hutchison on Tuesday, called it an "unusual situation" that he would look into.

The June 15 deal to repeal the Wright amendment in eight years was signed by the cities of Dallas and Fort Worth and the D/FW Airport, as well as American Airlines Inc. and Southwest Airlines Co.

The deal would also allow for immediate one-stop ticketing to destinations beyond the existing Wright perimeter states. And it would limit Dallas Love Field to no more than 20 gates.

North Texas leaders were hopeful the House and possibly the Senate would vote on the proposal this week. But the latest objections and scheduling problems in the House made it highly unlikely the proposal could get a vote before Congress returns from its August recess after Labor Day.

"Everybody wants their bill up this week," said House Majority Leader John Boehner, R-Ohio.

Mr. Sensenbrenner wrote to Mr. Hastert on July 24 asking that the bill be referred to his committee.

The Justice memo, along with concerns raised by House Judiciary Committee Chairman James Sensenbrenner fanned concerns among proponents that new opposition might emerge in the House or Senate.

Mr. Sensenbrenner raised questions about whether the proposal might grant immunity from "unlawful restraints, price discrimination, price fixing, abuse of market for anticompetitive purposes and monopolies."

Rep. Joe Barton, R-Ennis, appealed to Mr. Sensenbrenner on the House floor Tuesday afternoon to resolve the conflict by communicating directly with the head of the transportation committee who sponsored and passed the legislation last week.

"He doesn't appear willing to do that," Mr. Barton said. "We're hopeful though."

Mr. Barton, who chairs the powerful House Energy and Commerce Committee, said he didn't think the antitrust concerns were valid but he acknowledged that the Judiciary Committee had some jurisdiction.

Mr. Sensenbrenner's Judiciary committee could hold the bill during its evaluation, call a hearing or even try to alter pieces of the legislation that deal with antitrust concerns.

Rep. Kenny Marchant, R-Coppell, said some of the problems have arisen as additional language from the local agreement made its way into the federal bill.

"The more you did that, the more complicated it got," he said.

Rep. Lamar Smith, R-San Antonio, who serves on the Judiciary Committee, said "just a few words" in the legislation drew interest from the panel.

"We're trying to resolve that problem without slowing down the legislation," he said.

Staff writers Emily Ramshaw in Dallas and Michelle Mittelstadt in Washington contributed to this report.

Judge Seeks More Data On 2 Telecom Deals (WP)

By Arshad Mohammed

The Washington Post, July 26, 2006

A federal judge asked the Justice Department yesterday for more information to help him decide whether to approve two recent telecom mergers, an action analysts said could delay AT&T Inc.'s $67 billion bid to buy BellSouth Corp.

U.S. District Court Judge Emmet G. Sullivan is reviewing SBC Communications Corp.'s $16 billion acquisition of AT&T Corp. and Verizon Communications Inc.'s $8.5 billion purchase of MCI Inc. After SBC bought AT&T Corp. last year, it adopted the name AT&T Inc.

While the AT&T and MCI deals have been completed, the judge must review them to decide whether the conditions imposed on them by the Justice Department are in the public interest.

Under a schedule laid out by the judge, the Justice Department has until Aug. 7 to submit information. Opponents may then comment until Aug. 17. The Justice Department has to respond by Aug. 28.

Regulatory analysts said they saw little chance that the judge would seek to undo the mergers, saying he might seek some changes to the consent decrees under which SBC and Verizon agreed to lease some of their high-capacity lines to their competitors.

"While we do not believe the prior . . . deals will be unwound, we believe the court's examination could have the effect of slowing government reviews of the pending AT&T-BellSouth deal," Blair Levin, a telecom analyst, wrote in a report. The Justice Department is unlikely to complete its review of that deal until it sees how the judge rules on the earlier mergers, analysts said.

AT&T spokesman Michael Balmoris said the San Antonio company thinks the judge will "ultimately agree that the consent decree is in the public interest."

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John Thorne, a senior vice president and deputy general counsel at New York-based Verizon, said he was confident the judge would not undo the Verizon-MCI merger or require significant changes to the consent decree.

Judge Balks At Closure Of AT&T, Verizon Mergers (CNET)

By Anne Broache, CNET News.com

CNET News, July 26, 2006

WASHINGTON--A federal judge on Tuesday said he can't sign off on the mergers of SBC and AT&T and of Verizon and MCI until he gets more information.

"The court is not currently in a position to grant or deny the proposed consent decree," U.S. District Judge Emmet Sullivan said at a status conference here.

The pair of deals won approval last October from the Federal Communications Commission and the Justice Department's antitrust division. Both Verizon and SBC have already closed their books on the acquisitions.

At issue before Sullivan is whether proposed agreements between the Justice Department and the telecommunications companies satisfy the public interest under a 1974 federal antitrust law called the Tunney Act. (The federal judge overseeing the final half of the Microsoft antitrust trial invoked the Tunney Act when altering the settlement agreement before approving it.)

Sullivan has formally asked the government and the phone companies to submit "any materials" that show why the agreements reached between the Justice Department and the telecommunications companies satisfy the "public interest" requirements.

Federal judges picked up additional authority in such proceedings in 2004, when Congress made changes to the Tunney Act. The law now says judges "shall"--rather than "may," as in the previous statute--evaluate the effectiveness of consent decrees and whether those decrees will protect the public interest. Judges are also supposed to consider the impact of the deal on "competition in the relevant market or markets."

Justice Department Attorney Claude Scott said the government would attempt to distill the "millions" of documents scrutinized during their reviews of the mergers into a few affidavits for the judge.

"We will have to go back and determine what's useful to you," he told the judge.

When approving the deal, the Justice Department imposed minor requirements on SBC and Verizon--namely, that they ensure that their competitors could gain access to fiber-optic connections in a few hundred commercial buildings across the country where competition levels were questionable.

"There must have been reasons, there must have been facts, there must have been bases for those challenges," Sullivan said of the Justice Department complaint that prompted those conditions.

Sullivan said at a July 12 hearing that he was concerned the government and the phone companies hadn't submitted enough factual evidence to back up the agreements allowing for the megamergers. He also warned he was pondering the idea of holding an evidentiary hearing at which expert witnesses would describe why the mergers should go forward--an idea that drew misgivings from the Justice Department, Verizon and AT&T's lawyers.

Sullivan backpedaled on that idea on Tuesday, saying he is "firmly of the opinion that it is premature to commence evidentiary hearings at this juncture."

At the judge's request, the U.S. government last week filed with the court unredacted versions of the Federal Communications Commission orders approving the twin mergers. Those documents were submitted under seal because of their "highly confidential" and "competitively sensitive" contents.

The court has already heard objections to the deal from Comptel, a trade association representing the Bells' competitors, and the Alliance for Competition in Telecommunications, or Actel, a new organization that apparently formed just to oppose the mergers in question. Actel is represented by Gary Reback, a Silicon Valley lawyer who played a major role years ago in convincing the Justice Department to investigate Microsoft for possible antitrust violations.

Last week, the National Association of State Utility Consumer Advocates and the New Jersey Division of Rate Counsel, two consumer advocacy groups, and New York Attorney General Eliot Spitzer filed documents seeking to present the views of expert witnesses they had picked, all of whom were prepared to discuss what they perceived as drawbacks of the mergers. The judge

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on Tuesday said that the state utility groups, Spitzer and Sprint-Nextel--along with Comptel and Actel--would be allowed to respond to the government's new filings.

The judge's actions drew praise from Jeannine Kenney, senior policy analyst for the advocacy group Consumers Union. She said in a statement issued jointly with Comptel that the court "sent the encouraging message that it will carefully scrutinize, not merely rubberstamp, these merger agreements."

Sullivan gave the government until Aug. 7 to file the supporting documents with the court. Then the outside groups will have 10 days to respond to those filings, and the government will have 10 additional days to file its own response.

McClatchy Facing $163,000 Daily Bill If Newspaper Sale Is Blocked (AP)

By Michael Liedtke, The Associated Press

AP, July 26, 2006

SAN FRANCISCO -- McClatchy Co. expects to lose about $163,000 per day if a federal judge blocks the publisher's sale of three northern California newspapers to MediaNews Group Inc., which is banking on the deal to give it more regional clout.

Patrick Talamantes, McClatchy's chief financial officer, estimated the company's potential loss in a sworn declaration filed Monday in response to a motion asking U.S. District Judge Susan Illston to prevent MediaNews from taking over the San Jose Mercury News, Contra Costa Times and Monterey Herald.

MediaNews, whose stable of 40 daily papers includes the Denver Post, also would get the St. Paul Pioneer Press under a complex deal that also involves the Hearst Corp., the owner of the San Francisco Chronicle.

San Francisco real estate investor Clinton Reilly, who complicated the Chronicle's sale in a messy legal spat six years ago, sued two weeks ago in an effort to force McClatchy to scrap the deal it worked out with MediaNews and Hearst in April.

A hearing on Reilly's injunction request is set for Thursday afternoon in Illston's San Francisco courtroom.

Sacramento-based McClatchy inherited the papers targeted in Reilly's suit as part of its $4 billion acquisition of Knight Ridder Inc., a takeover completed last month.

Looking to minimize its debt, McClatchy struck deals to sell 12 of Knight Ridder's 32 daily papers for a total of $2 billion. The biggest transaction involves the three Northern California papers and the St. Paul Pioneer Press.

If that $1 billion sale doesn't go through as planned, McClatchy will be saddled with additional debt that will cost the company $163,000 per day, Talamantes said in the deposition. That, in turn, could hurt McClatchy's credit rating, costing it more for any future loans.

Talamantes also warned a delay in the MediaNews deal could provoke labor strife at the San Jose paper, where labor contracts covering about 600 workers expired June 30.

Denver-based MediaNews already owns eight other San Francisco Bay area newspapers, including the Oakland Tribune.

Adding the three additional papers currently owned by McClatchy would give MediaNews a combined weekday circulation of more than 700,000 in the region, far more than the San Francisco Chronicle, the area's biggest paper.

Reilly alleges the proposed sale would hurt readers and advertising by ceding too much control over local information and newspaper prices to MediaNews and New York-based Hearst.

The U.S. Justice Department and California Attorney General also is reviewing whether McClatchy's proposed sale of the northern California papers would violate antitrust laws.

H.P. To Pay $4.5 Billion To Acquire Mercury (NYT)

By Damon Darlin

The New York Times, July 26, 2006

SAN FRANCISCO, July 25 — Hewlett-Packard, the computer and printer maker, said on Tuesday that it would pay $4.5 billion to acquire Mercury Interactive, a software company enmeshed in a scandal over the backdating of stock options.

H.P. said it would pay $52 a share for Mercury, a 33 percent premium over its Tuesday close of $39 a share.

The acquisition was H.P.'s first major deal since it merged with Compaq in September 2001 and the first big deal as chief executive for Mark V. Hurd, who took over in March 2005 after Carleton S. Fiorina was ousted.

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Mr. Hurd said in a telephone interview that the acquisition was important for the company strategy of selling what it calls the data center of the future, which would be cheaper and more reliable. "It plays right into it," he said.

The company has software that manages hardware in the data center. The acquisition will allow Hewlett-Packard to add software that manages the software in the centers.

While analysts said the deal had strategic importance, some questioned the price Mr. Hurd was paying. "Is it a must-have company? No," said A. M. Sacconaghi, a senior research analyst with Sanford C. Bernstein & Company. "Is it an important contribution? They must believe it because they are paying pretty significantly."

Hanging over the deal is the investigation into Mercury's possible involvement in the backdating of options given to some employees.

Earlier this year, Mercury restated its financial results for 2002, 2003, and 2004, reporting about $566.7 million less income, to account for the options. The Securities and Exchange Commission said it would probably pursue civil charges against four people who were top officials at Mercury. Mercury was delisted by the Nasdaq because of issues relating to its restatement.

Amnon Landan, the chief executive; Douglas P. Smith, the chief financial officer; and Susan J. Skaer, Mercury's general counsel, resigned in November after an internal inquiry showed that they "were each aware of and, to varying degrees, participated in the practices,'' according to the summary of a regulatory report.

Mercury's current chief, Anthony Zingale, took over in November. He said on Tuesday that he would remain with the combined companies "for the short term and medium term."

Mr. Hurd said that he and his executives had examined the legal issues.

"We don't view it as a distressed property," he said, "especially from an operating standpoint."

Robert P. Wayman, Hewlett-Packard's chief financial officer, said, "We think we have our arms around it." He said potential liability stemming from the litigation was built into H.P.'s financial assumptions for the deal.

While Hewlett-Packard has reported that revenue from its OpenView software, which manages a corporation's servers, data storage and computer networks, has been growing about 20 percent year over year, the overall software unit has not been very profitable.

The Mercury acquisition could change that because it gives the combined companies more products to sell. It doubles the size of H.P.'s software business to more than $2 billion in annual revenue.

The company has forecast revenue growth of 10 percent to 15 percent from the combined companies' software operations. It also said the merger could expand operating margin in the software unit to 20 percent of revenue in fiscal year 2008 from H.P.'s current margins for its software unit of less than 1 percent. Mercury's operating profit margins were around 20 percent.

Mr. Hurd said the deal did not signal a more acquisitive company. "I don't you should expect multiple multibillion acquisitions coming from H.P.," he said.

H-P To Buy Mercury For $4.5 Billion In CEO Hurd's First Big Purchase (WSJ)

By Don Clark And Charles Forelle

The Wall Street Journal, July 26, 2006

Hewlett-Packard Co. said it will pay $4.5 billion to buy business-software maker Mercury Interactive Corp., in the first big acquisition under H-P Chief Executive Mark Hurd.

Mercury, once a Silicon Valley highflier, specializes in programs that help companies develop and test their own business software and manage such development projects. Recently, however, the company is better known as one of the first companies enmeshed in the scandal over stock-options manipulation.

Mr. Hurd, who took over as H-P's chief executive in March 2005, had said he was likely to focus on small purchases, as his efforts to turn H-P's business begin generating excess cash. Mr. Hurd's predecessor, Carly Fiorina, led H-P's drive to buy Compaq Computer Corp. in 2002 for $19 billion, a deal whose aftermath played a role in her later firing by the company's directors.

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Mr. Hurd said he wasn't changing his preference for smaller deals. But he said Mercury was too good an opportunity to pass up because of the way it complements an existing suite of H-P programs that helps companies manage their computer systems and related technology.

"I am confident that this transaction demonstrates that H-P is building a software business that is to be reckoned with," he said during a conference call with reporters.

H-P said it will pay Mercury stockholders $52 a share, a 33% premium to that company's closing price yesterday afternoon. The $4.5 billion figure is net of Mercury's existing cash and debt, H-P said.

Mr. Hurd said the company thoroughly explored Mercury's stock-options problems before the acquisition for potential risk to H-P. "We are comfortable that the issues will be resolved," he said.

Mercury, based in Mountain View, Calif., last year forced out its chief executive, Amnon Landan, and two other officials after finding dozens of problematic option grants, many of which had been backdated to give the recipients the benefit of lower exercise prices.

MORE

• Hewlett-Packard statement1

• Tale of the Tape: H-P vs. Mercury2

The options troubles led to a large and costly internal investigation; Mercury spent $70 million on lawyers and accountants and other payments. Its stock now trades over the counter, after delays in filing financial reports resulted in its delisting from the Nasdaq Stock Market.

Earlier this month, the company restated years of results, slashing $525.4 million from its net income between 1992 and 2004 -- nearly all as a result of options-related trouble. Mercury still hasn't filed a 2005 annual report or disclosed its current shares outstanding, which would indicate the aggregate value of the deal. H-P said the transaction is contingent on Mercury filing the annual report.

The investigation also found a loan to Mr. Landan that "lacked documentation supporting its approval" by the board and a pattern of allowing certain executives to exercise their stock options by borrowing money from the company -- loans that in some cases weren't paid back in full.

The internal probes and the restatement likely represent the lion's share of the effort Mercury will need to expend to clean up the options mess. But the bills could still stack up.

BEHIND THE DEAL

Some of the logic behind the merger.

For H-P: • Marks first big acquisition under leadership of CEO Hurd, who is looking to boost growth

• Creates a combined software business with $2 billion in annual sales

• Opportunistic time to acquire sizable, embattled company

For Mercury: • Addresses uncertainty surrounding company's future

• Avoids need for a protracted turnaround effort

• Offer represents 33% premium to closing stock price

Mercury said in a recent securities filing that it expects to "continue to incur significant expense" to deal with the problems. Three Mercury directors have received so-called Wells notices from the Securities and Exchange Commission, indicating the agency is considering pursuing civil charges against them.

A former finance chief also has received a Wells notice, and the SEC is conducting a formal investigation of the company.

Mercury's stock traded at 4 p.m. at $39, up 33 cents, before the announcement. H-P's shares traded at $31.33, up 26 cents, on the New York Stock Exchange.

By adding Mercury, H-P said it can boost the annual revenue of its software business to $2 billion. By H-P's 2008 fiscal year, the company predicted, the combined software business would deliver revenue growth of 10% to 15% and an operating-profit margin of about 20%.

HP To Buy Mercury Interactive For $4.5B (USAT)

By Michelle Kessler And Jon Swartz

USA Today, July 26, 2006

SAN FRANCISCO — Hewlett-Packard said Tuesday that it plans to spend $4.5 billion in cash to buy business software-maker Mercury Interactive, a company plagued by accounting woes.

Mercury, based in Silicon Valley's Mountain View, Calif., makes programs that help manage hardware and other software. That fills a crucial hole in HP's software portfolio, allowing it to better compete with IBM and others, HP CEO Mark Hurd said.

If HP keeps all 3,000 Mercury employees, its software staff will more than double. HP hasn't yet decided whether there will be layoffs, Executive Vice President Ann Livermore said.

The deal also will help the long-troubled division make money. Hurd predicts software operating margins of 20% by HP's 2008 fiscal year, a vast improvement over the 1% the unit posted in its most recent quarter.

But to get those benefits, HP had to pay $52 a share, a 33% premium over Mercury's closing price Tuesday. And HP must grapple with uncertainty because of Mercury's accounting problems.

Mercury faces a Securities and Exchange Commission investigation into whether it manipulated stock-option awards to increase the options' values. Last year, Mercury ousted its CEO and two other executives. This month, Mercury took a $567 million charge to correct this problem.

Mercury still hasn't formally reported earnings for 2005 or this year. The Nasdaq Stock Exchange has de-listed its stock. Mercury shares now trade on informal over-the-counter markets.

HP CFO Bob Wayman said he hired an outside law firm to help evaluate Mercury's legal risk before agreeing to the deal. Executives decided that it was "very manageable." Still, he told analysts in a conference call that HP has factored "some level of litigation liabilities" into its finances. He did not provide details.

That was enough to comfort some analysts. "HP has the cash flow and the business size to absorb most of the liability on a deal like this," says tech analyst Stuart Williams at Technology Business Research.

Investors seemed more skeptical. HP shares tumbled 4% to $30.10 in after-hours trading on the news, which was released after markets closed.

The move is one of the boldest yet by Hurd, who took the top job in April 2005 and has focused on streamlining. Hurd's predecessor, Carly Fiorina, was ousted in part because of controversy over HP's $19 billion acquisition of Compaq Computer.

Hurd says the deal doesn't signal a major strategy shift but was the right deal at the right time. He said he's not planning any other big mergers.

Hurd has acquired several small companies during his tenure, including photo website Snapfish and business-software firms OuterBay, Trustgenix and RLX Technologies.

HP To Buy Mercury For $4.5bn (FT)

By Kevin Allison In San Francisco

Financial Times, July 26, 2006

Hewlett-Packard, the world's second biggest IT company by revenues, on Tuesday revealed plans to buy Mercury Interactive, a business software company that was one of the first companies caught up in the unfolding scandal over stock options backdating.

The deal, worth $4.5bn in cash, is HP's biggest since its ill-starred $21bn acquisition of Compaq, the personal computer maker, in 2001. It values Mercury at $52 a share – a 33 per cent premium over the company's market price.

Mercury, which provides business software testing and consulting services, became a takeover target in November after Amnon Landan, its former chief executive, resigned amid revelations that he and two other executives had inflated the value of stock options by manipulating their purchase dates. Mr Landan was also accused of misreporting grant dates of personal stock options and other financial improprieties.

Mercury's shares have traded on the over the counter market since January, when they were de-listed from the Nasdaq Stock Market for non-compliance with filing requirements. Last month, the Securities and Exchange Commission said it was considering civil charges against some of the company's directors.

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More than 80 companies are under investigation in the widening scandal over stock options backdating. At issue is whether senior executives intentionally misled shareholders and regulators by altering the grant dates of stock options to coincide with low points in the value of their companies' shares.

The US Department of Justice last week handed down the first criminal charges related to the controversy, charging two former executives of Brocade Communications Systems, a networking company, with securities fraud.

Mr Hurd said the backdating issue at Mercury had "certainly" affected HP's offer price, but he added that HP had performed appropriate due diligence and was "comfortable that [Mercury's] issues will be resolved."

HP has witnessed dramatic turnaround since Mr Hurd assumed the role of chief executive last year. Shares in the company have risen more than 50 per cent under Mr Hurd, who was seen as bringing renewed discipline to HP after shareholder frustration at the company's volatile performance in the years following the Compaq acquisition led to the ouster of Carly Fiorina as chief executive last year.

Although the Mercury deal marks his first multi-billion dollar acquisition during his tenure as CEO, Mr Hurd told the FT that it did not represent a change in strategy.

"I don't think you should expect us to be doing many [acquisitions of this size]," he said. "This was an opportunity that doesn't come along very often. I don't think you should see us as being highly acquisitive."

HP's shares fell nearly 4 per cent in after-hourstrading after it said the acquisition would reduce earnings by 4 cents a share in 2007. HP said the acquisition would add 2 cents a share to the earnings in 2008.

Blackstone May Enter Bid For HCA (WSJ)

By Henny Sender And Randall Smith

The Wall Street Journal, July 26, 2006

Blackstone Group is considering a possible bid to top the $21.3 billion leveraged buyout of hospital chain HCA Inc., according to a person familiar with the matter.

Deliberations over a bid -- which is far from certain -- are still in the early stages, and Blackstone hasn't yet invited other private-equity firms to join any potential offer, this person said. Shares of HCA closed yesterday at $49.25 in 4 p.m. trading on the New York Stock Exchange, a discount to the $51-a-share price tag of the buyout deal announced Monday.

Blackstone may have a hard time putting a competing bidding group together because in the incestuous private-equity world, other firms may be reluctant to challenge the offer HCA accepted from Bain Capital, Kohlberg Kravis Roberts & Co. and Merrill Lynch & Co. Spokesmen for Blackstone, Merrill and Bain declined to comment, as did a spokeswoman for KKR. HCA officials couldn't be reached.

PRIVATE-EQUITY DEALS

• In HCA Deal, a Risky Bet on Growth1

7/25/06

• Who's Who:2 Major private-equity firms, players, deals and holdings

• Timeline:3 Milestones in the industry's growth since the mid-1990s.

• Big Buyouts:4 Almost all of the largest buyouts have occurred in the past two years. See the biggest announced U.S. buyouts.5

Terms of the agreement make it difficult and costly for a challenger. The pact gives Bain, KKR and Merrill the right to top any counteroffer. A second bidder would have to go through due diligence, which could cost $10 million to $20 million, without the certainty that the work would culminate in a deal.

If a rival bidder tops the current agreement, a breakup fee of $300 million would be payable to Bain, KKR and Merrill, according to a filing with the Securities and Exchange Commission. Their group also includes HCA top management as well as members of the Frist family, who founded the hospital chain and own a 4.4% stake, presenting another obstacle to a rival bidder.

Competing bidders have 50 days from Monday to submit an offer topping the management-backed deal. A potential Blackstone bid was reported yesterday on the online edition of the Times of London.

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The HCA deal comes at a time when private-equity firms are raising ever larger funds. Blackstone for example, recently closed a $15.6 billion fund, making it the world's largest -- however temporarily. Still, despite bulging coffers, the private-equity firms are still trying to steel themselves against a "sky's-the-limit" approach when it comes to bidding.

If Blackstone does mount a rival bid, it could set up a rerun of the kind of battle that occurred in 1988 for RJR Nabisco Inc., which set the previous record for the biggest buyout -- a $25 billion deal that topped $31 billion counting $6 billion in assumed debt. In that battle, KKR itself topped a management-backed bid. That bidding war, driving up the price, ultimately made the deal less profitable -- a lesson private-equity firm executives say they have learned.

The HCA buyout already exceeds RJR in size when HCA's $11.7 billion in debt is added to the total, giving it a total value of about $33 billion. The investment bankers representing the Nashville, Tenn., company, Morgan Stanley and the Credit Suisse unit of Credit Suisse Group, plan to open a data room to allow prospective bidders to examine HCA data, but haven't done so yet.

Aside from financial or tactical considerations, there is also the question of personalities. Such a contest would pit a younger challenger, Blackstone chief executive Stephen Schwarzman, against KKR chief Henry Kravis, who prevailed in the RJR contest.

Some executives both involved and uninvolved in the deal say to pay any more for the health-care company would be difficult. Moreover, the sector is subject to regulation and possible legislative action in the face of soaring health-care costs. Some potential Blackstone partners also have antitrust concerns as a result of investments in other hospital operators.

The HCA deal comes just weeks after private-equity firms teamed with management in the buyout of Kinder Morgan Inc. But while the management, led by Rich Kinder, ruled out entertaining any other bids, HCA hasn't sent out such a clear signal.

Canada Clears Phelps Dodge-Inco Deal (AP)

AP, July 26, 2006

Canadian Officials Approve Phelps Dodge Planned Acquisition of Inco

PHOENIX (AP) -- Phelps Dodge Corp. said Tuesday that Canadian officials unconditionally approved its purchase of Canadian nickel miner Inco Ltd.

As a result, Phelps Dodge now has both Canadian and U.S. antitrust clearance for its proposed acquisition of Inco, Phelps Dodge officials said.

Meanwhile, Inco has received all necessary regulatory approvals to continue its proposed acquisition of Toronto-based miner Falconbridge Ltd. for $17.3 billion in cash and stock.

Xstrata PLC has also bid $16.9 billion in cash for Falconbridge. The companies have been locked in a bidding war for months.

Phelps Dodge shares closed up $2.75, or 3.6 percent, at $79.43, while Inco shares closed up 44 cents at $72.57, and Falconbridge shares closed down 17 cents at $54.62, on the New York Stock Exchange.

ENVIRONMENT/INDIAN AFFAIRS:

Federal Judge Says Mass. Oil Spill Act Unconstitutional (AP)

By Denise Lavoie, AP Legal Affairs Writer

AP, July 26, 2006

BOSTON (AP) A federal judge has thrown out key provisions of a 2004 state law aimed at preventing oil spills, ruling that the statute is pre-empted by federal law and therefore unconstitutional.

The Legislature passed the Oil Spill Prevention Act after a Bouchard Transportation Co. barge struck a rocky ledge at the mouth of Buzzards Bay, spilling 98,000 gallons of oil, polluting more than 90 miles of shoreline and closing nearly 100,000 acres of acres of shellfish beds.

The law created a series of rules and regulations governing vessels transporting oil in Massachusetts waters, including requiring vessel owners to hire a Massachusetts-licensed navigational guide and to implement alcohol and drug-testing policies. The law also mandated tugboat escorts for vessels traveling in certain waters.

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The federal government, along with barge operators, challenged the law, arguing that federal law already mandated regulations for oil tankers.

In a ruling Monday, U.S. District Judge Joseph Tauro agreed, saying those portions of the law are pre-empted by federal laws, including the Port and Waterways Safety Act of 1972 and the Port and Tanker Safety Act of 1978.

Tauro said the challenged provisions of the state law are ``pre-empted, invalid and unconstitutional." His ruling bars the state from enforcing seven provisions of the law.

Supporters of the law said they were angered by the ruling.

``We felt criminally abused by the initial oil spill and now we feel abused twice," said state Sen. Mark Montigny, D-New Bedford, one of the lead sponsors of the law.

``We have no faith that the Coast Guard will enforce regulations adequate to prevent serious abuse of Buzzards Bay by corporate polluters," he said.

Attorney General Tom Reilly, whose office defended the law, said he would review the ruling and decide what other legal action his office may take.

``I am proud of Massachusetts' efforts to protect our precious coastline and our coastal communities. We were forced to pass a new state law in part because the Coast Guard had failed to adopt its own adequate safeguards," Reilly said in a statement.

``We're pleased with the court's ruling," said Charles Miller, a spokesman for the Justice Department.

The Coast Guard is aware of the criticism from state officials and is working with state and local governments to toughen regulations regarding Buzzards Bay, Lt. Cmdr. Benjamin Benson said.

``This suit was necessary to uphold the regulatory framework that Congress gave the Coast Guard to implement," Rear Adm. Timothy Sullivan, the Coast Guard's district commander in Boston, said in a statement.

Tom Allegretti, president and chief executive of American Waterways Operators, an industry group representing tugboat and barge operators, was ``gratified" by the ruling. ``For each portion of the Massachusetts state statute struck down in this case, there is a federal statute or regulation already in place," he said.

The law established a trust fund that receives two cents for every barrel of industrial oil shipped into Massachusetts. That portion of the law was not challenged, so it remains in place, said Mark Rasmussen, executive director of the Coalition for Buzzards Bay, one of the sponsors of the state law.

Rasmussen said environmental groups are disappointed by the ruling because it strips them of safeguards and protections added by the law.

``It sort of puts us back in the dark ages of oil spill prevention in Buzzards Bay," Rasmussen said. ``There's nothing to say we are not just as much at risk as we were the day the last spill happened."

Bouchard, based in Melville, N.Y., paid a $9 million fine after the 2003 spill.

The seven provisions of the law struck down by Tauro's ruling were:

A prohibition of vessels with certain design characteristics from docking, loading or unloading in Massachusetts waters.

The establishment of manning and navigation watch requirements for towing vessels and tank barges.

A requirement that vessels carrying oil in certain waters employ a Massachusetts-licensed navigational guide.

A requirement that tank vessel owners implement alcohol and drug-testing policies, and equip their vessels to conduct such testing.

A mandate for tugboat escorts for tank vessels traveling in certain waters.

A requirement that tank vessels follow mandatory vessel routes through Massachusetts waters.

A requirement that any vessel carrying oil in Massachusetts waters presents a certificate of financial assurance to the state Department of Environmental Protection.

Landrieu Key To Drilling Vote (RC)

By Erin P. Billings

Roll Call, July 26, 2006

DOJ_NMG_0042950

Hoping to bolster Sen. Mary Landrieu's (La.) political viability going into her 2008 re-election bid, Senate Democratic leaders have made it clear to their Caucus that the controversial offshore drilling bill before the chamber should not be blocked, even if it means Senators must hold their noses to let it move ahead.

Several senior Democratic aides said Minority Leader Harry Reid (Nev.) has been keeping an eye on next cycle as the offshore bill heads to the floor today. Reid, along with other leaders, understands the measure will help boost Landrieu's re-election — and would ease her decision to stand for another term — by reinforcing a résumé of accomplishments she can tout to constituents in the conservative-leaning state.

"This is a tricky one," said a senior Democratic Senate staffer. "There are impassioned voices on both sides of the debate. Leadership has to look out for the best interest of the Caucus as a whole."

The offshore drilling bill would establish a lucrative revenue-sharing program for Gulf Coast states, something particularly critical to Louisiana, which was devastated last year by Hurricane Katrina. Still, the bill has divided Democrats, many of whom harbor concerns about the plan's environmental impact and fear the narrowly drawn Senate version could be broadened in a conference with the House to include offshore drilling beyond the region. Florida Democratic Sen. Bill Nelson has been particularly insistent that the chamber not accept any changes to the Senate proposal in talks with the House.

Reid, earlier cautious about describing his position on the bill, made plain Tuesday that he will vote in favor it and believes the measure has enough backing from the entire Senate to move through in the coming days.

"Unless something changes, I am going to be supportive of this legislation," Reid said. "I think it will pass."

In an interview Tuesday, Landrieu said Reid's support — along with that from other Senate leaders including Majority Leader Bill Frist (R-Tenn.), Majority Whip Mitch McConnell (R-Ky.) and Energy and Natural Resources Chairman Pete Domenici (R-N.M.), are essential to the bill's chances for passage. She said the legislation will provide great benefit to her state, and that Reid has shown "a tremendous amount of support."

"I don't think it's an overstatement to say this is the most important issue to Louisianans right now," Landrieu said.

Several Senate Democratic aides said Reid understands the political realities of the bill, but he also is looking at maximizing the chances of having a Democratic majority in 2008. Landrieu is critical to that equation, sources said.

"She's got a tough re-election in a tough state," said a senior Democratic staffer. "Reid knows he needs to start taking care of her now rather than waiting until crisis time."

While 2006 is a high-stakes election year, even Reid has acknowledged Democrats would need to catch lightning in a bottle to win the six seats necessary to retake control of the chamber in November. Senate Democratic leaders already are plotting for 2008, when 21 Republican incumbents are up for re-election, compared to just 12 Democrats.

Landrieu, who eked out a narrow runoff win in 2002 to secure her second term, likely would be atop the Republican target list next cycle.

When asked about the offshore drilling issue as it relates to 2008, Landrieu didn't specifically address her next campaign. However, the two-term Senator said, "hopefully the people of Louisiana know how hard we all fought for this to become a reality. They are all aware of how hard our delegation has worked."

"Again, I would just say that this is the most important issue to the people in Louisiana," she said. "I am proud of making it a possibility. It is the work of a lot of people."

Landrieu noted that the bill is supported by Gulf-state delegations and that the offshore drilling allowed — 100 miles from shore — would be done in an environmentally safe manner. She said the legislation is a "mission for justice" to allow those oil supplies to be tapped.

When asked about the bill and its possible 2008 implications for Landrieu, Sen. Charles Schumer (N.Y.), chairman of the Democratic Senatorial Campaign Committee, would only say: "Mary has been a leader on this. There's a lot of logic to it on her side."

Several Democratic aides noted that while Reid didn't directly ask lawmakers not to block the bill, his message about keeping the filibuster trigger locked has been heard. Those aides said the Democratic leadership wants to help Landrieu's standing in a state that has been difficult for Democrats in recent years and is becoming increasingly unpredictable politically.

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Underscoring that may be the recent mayoral race in New Orleans in which Landrieu's brother, Lt. Gov. Mitch Landrieu, lost to embattled incumbent Mayor Ray Nagin. That race underscored the racial voting divide in the state, and perhaps provided a glance at the volatility in play next cycle.

Democratic leaders also don't want to make the Caucus an unfriendly one for Landrieu, recognizing the state is a challenge for the minority party and has a history of playing host to party-switching lawmakers such as one-time Democratic-turned-Republican Reps. Rodney Alexander and now-retired Billy Tauzin.

Republicans privately acknowledge Landrieu could be a prime target for them if after November the Senate moves into a precarious split where she could serve as a tipping point for the majority, just as then-Republican Jim Jeffords (Vt.) was for the Democrats when he switched to become an Independent.

But Landrieu spokesman Adam Sharp was quick to shoot down any suggestion that his boss would even toy with a jump to the other side of the aisle: "Mary Landrieu is a moderate Democrat, but at the end of the day she is the same as she was at the beginning of the day, a Democrat."

Either way, Landrieu's next race will not be a walk. And more importantly than her party affiliation may be Democratic leaders' ability to convince her to run for re-election in 2008 and beyond. An open seat, Democratic sources said, is as good as a Republican seat in Louisiana.

"[Reid] needs to make sure she runs," said one Democratic operative. "She has done so much for that state. She's got to be able to show a clear victory — and this would be one."

"He wants her to come back and run again because chances are we aren't going to win [in 2006]," the operative continued. "Mary can win this seat."

Senators will vote this morning on a motion to proceed to begin debate on the offshore drilling bill, a move that requires the support of at least 60 Senators. Frist expressed confidence on Tuesday that the threshold will be met easily and said he is working with Reid to ensure the bill moves ahead through the chamber smoothly.

The ultimate vote count, Frist said, "depends in large part on Sen. Landrieu and how effective she is in talking to her colleagues in getting bipartisan support."

Cuba Oil Probe Spurs Calls For U.S. Drilling (WT)

By Patrice Hill

The Washington Times, July 26, 2006

Congressional proponents of oil and gas drilling are pointing to Cuba's exploration off the coast of Florida -- with help from China -- as a prime reason to open up U.S. drilling in the eastern Gulf of Mexico.

But Florida legislators continue to resist, and some of them are trying to stop Cuba's activities by pushing to rescind a 1977 treaty dividing the Straits of Florida halfway between the two countries.

The Bush administration, with an eye toward the pivotal role Florida has played in presidential politics and out of solidarity with President Bush's brother, Florida Gov. Jeb Bush, has largely sided with Florida in the dispute. It supports only very limited drilling off the coast of Florida, as would be permitted under a bill pending in the Senate.

"American politics today -- it is the no-drill zone," said Sen. Larry E. Craig, Idaho Republican.

"We sit here watching China exploit a valuable resource within eyesight of the U.S. coast," he said, noting that one 2005 U.S. Geological Survey estimated the North Cuba Basin may contain as much oil as the Arctic National Wildlife Reserve in Alaska.

"I am certain the American public would be shocked, as this country is trying to reduce our dependency on Middle East oil, that countries like China are realizing this energy resource," Mr. Craig said.

"This is a pocketbook issue, not a political issue. Whole regions of the Gulf are not available for drilling today," said Sen. Jeff Sessions, Alabama Republican, who has sought to find ways to expand exploration in the Gulf of Mexico.

"What is happening? Fidel Castro in Cuba is partnering with China and is moving forward. ... He can drill, but we cannot. He can take the money and fund his adventures around South and Central America. ... Is that what people would like to see?"

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Congressional policies since the 1970s have fostered fuel consumption, he said, but at the same time prohibit further drilling domestically for the sake of the environment.

The result has been growing dependence on oil imports, which now provide more than half the fuel Americans use, although legislators routinely denounce the nation's reliance on "foreign oil" when they renew the ban on domestic drilling.

The Senate this week is expected to try one more time to break the impasse over drilling in the eastern Gulf with a bill that would open up a key tract to exploration but provide a 125-mile no-drilling buffer zone for Florida.

News last winter that Cuba has hopes of finding commercially viable reserves of oil in the Straits of Florida helped to nudge Florida's senators toward endorsing the Senate bill after years of opposing any drilling at all, congressional aides said. But Florida legislators in Congress continue to oppose any broad new exploration activities in state waters.

Mr. Craig said drilling advocates sought to alert Congress this spring to Cuba's activities. But rather than reconsider the U.S. drilling ban, he said, drilling opponents dug in their heels and tried to stop Cuba, too.

"Do we want to emulate the actions of nations like Cuba and China? Do we want the Florida Straits dotted with oil rigs?" asked Rep. Debbie Wasserman-Schultz, Florida Democrat. "I think not."

Sen. Bill Nelson, Florida Democrat, introduced legislation to prevent the Bush administration from renewing a maritime treaty that enables Cuba to conduct commercial activities in its half of the Straits -- unless the administration gets an agreement that prevents Cuba from putting oil rigs close to Florida.

The treaty carves an exception to the 200-mile boundary of control the U.S. claims in its coastal waters. It was never ratified by the Senate, so it must be renewed every two years by the State Department. It expired in January.

If the U.S. abandons the treaty, Mr. Nelson reasons, the Straits of Florida would become disputed waters and multinational oil companies would be reluctant to invest the money needed to explore for oil there. His bill would further discourage drilling by authorizing the administration to punish executives of foreign oil companies that continue to drill off the northern coast of Cuba by denying them visas.

"So far, there have been no significant finds of commercially viable oil. Yet some members of Congress now are citing Cuba's plans to drill close to Florida as justification for their proposal to allow U.S. oil companies to drill 20 miles off Florida's Gulf coast," he said.

Still, Mr. Nelson concedes that drilling proponents are making headway as the public fumes over record high fuel prices. "With several drilling proposals pending before Congress, our state's unique environment and tourism-driven economy are in more jeopardy now than ever before," he said.

Mr. Nelson on Monday renewed his vow to stop any drilling legislation that goes further than the Senate bill. A House bill would allow far more aggressive drilling in the outer continental shelf off Florida and elsewhere in the Gulf, if state legislatures vote to permit it. But it also would permit the Florida Legislature to ban drilling up to 100 miles offshore -- a provision widely supported by Florida's congressional delegation.

Ethanol's Rise Prompts Worries Of A Corn Crunch (CSM)

By Mark Clayton

The Christian Science Monitor, July 26, 2006

Iowa's corn fields may seem like endless green oceans, but if dozens of new corn-to-ethanol biorefineries now in development are all built, they could swallow most of the state's corn crop.

Amid America's rush to replace gasoline with homegrown alternatives like corn-based ethanol, some researchers worry that the results may benefit motorists at the expense of higher food costs and fewer US crop exports. It also raises ethical and environmental questions about the best uses of crop land.

Fresh signs of ethanol's new economic impact are expected soon. After languishing for years, corn prices are projected to rise about 25 percent from around $2.00 a bushel currently to $2.45 a bushel this next crop year, reports the US Department of Agriculture (USDA). But as ethanol demand for corn kicks in, prices could go much higher in the future depending on gasoline prices. Meat and grocery prices could eventually rise as well, some analysts say.

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"Ethanol has had huge impact on corn markets," says Jason Hill, a University of Minnesota researcher and coauthor of a study on ethanol's environmental impact published in the proceedings of the National Academy of Science last month. "Competition between food and fuel is growing, along with the environmental consequences as more ethanol facilities are built," the study says.

The drive to produce food-based biofuels is misplaced, because even if all US corn and soybeans were used, they "would meet only 11 percent of gasoline demand and 8.7 percent of diesel demand. There is a great need for renewable energy supplies that do not cause significant environmental harm and do not compete with food supply," the study says.

Such concerns aren't slowing the gold rush. With 101 ethanol biorefineries operating today, the US has 4.8 billion gallons of ethanol-making capacity, says the Renewable Fuels Association (RFA), which represents ethanol producers. Thirty-four new facilities and expansions of some existing plants will soon add 2.2 billion gallons of capacity toward the new Renewable Fuels Standard of 7.5 billion gallons by 2012. One-fifth of corn harvest for ethanol

About one-fifth of the 2006 corn harvest this year will be used to make ethanol, estimates Robert Wisner, an economist at Iowa State University at Ames. By 2012, ethanol's share of the corn crop could nearly double, he says.

"This is a huge transition [for corn growers] from being a food producer to being a major source of energy," says Dr. Wisner, who says ethanol may munch the state's corn crop in a few years. "Once these plants are built, they will continue operating and purchasing corn unless conditions become extremely negative."

One key impact is that the price of feed corn for cattle, pork, and poultry could rise 60 to 70 percent over the next two years, although meat and other grocery items may not see significant price gains for up to four years, Wisner says.

"We're monitoring the situation carefully," says Gregg Doud, chief economist for the National Cattlemen's Beef Association. Corn residue from ethanol production is a good feed supplement, but because ethanol removes starches, it does not meet all cattle nutrient needs, he notes.

Many don't see a problem ahead for the corn supply. As prices rise, more acres now devoted to other crops will shift to corn instead, experts say. New technology and genetically modified strains of corn are already producing higher crop yields.

"We've never said the ethanol industry would lead the US to energy independence, but it's part of it," says Jon Doggett, vice president of public policy at the National Corn Growers Association. "If we get price spikes, our growers are going to plant more to meet that demand."

"Everyone is aware of the limits on corn-based ethanol," says Matt Hartwig, a spokesman for the RFA. "That's why nearly everyone involved in this is also working on cellulosic [ethanol]. We're conscious of that upper threshold."

If cellulosic ethanol, which is made from nonfood crops such as switch grass and crop waste, becomes competitive, it could mean a dampening of demand to convert corn to fuel.

Until then, ethanol's larger share of the US corn crop could mean less US corn available for export, crimping some developing nations' ability to feed their poor - especially in years when corn-crop yields are sub par, some warn.

"Cars, not people, will claim most of the increase in world grain consumption this year," writes Lester Brown, president of the Earth Policy Institute, an environmental think tank.

Though global demand for food is expected to almost double in 50 years, consumption of transportation fuel is expected to grow even faster, Dr. Hill's study reports. Food v. fuel: a 'false choice'

"The question of food versus fuel is a false choice, because the answer is we can do both," says Mr. Hartwig.

Others say the threat is not acute due to flexibility and reserves in the global agricultural supply system and many alternatives to corn and other bio-fuel grains for making fuel.

"Any rise in price or reduction in corn availability from the US will certainly affect people in developing nations," says Siwa Msangi, a research fellow at the International Food Policy Research Institute in Washington. "But we don't believe it will become a dire situation."

These questions don't worry some corn farmers including Ken McCauley. He and his neighbors near St. Joseph, Mo., are partners in a new ethanol facility that goes online in January.

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To them, ethanol is a breakthrough that means making a profit instead of just breaking even. "You hear a lot of talk about there not going to be enough corn, but we've created this new demand, and we're actually helping meet the energy security needs of the country," he says. "We'll grow enough for everyone."

How Corn Became Like Vegas (WSJ)

By Ann Davis

The Wall Street Journal, July 26, 2006

As rising oil prices drive up demand for ethanol and other alternative fuels, the once-sleepy futures market for corn is looking like a casino, and a variety of related investments are reaping benefits.

Exchanges that offer investors a way to bet on tomorrow's prices for the yellow kernels, a key ethanol ingredient, have been inundated with money. Bullish commodity traders, along with farmers and food companies trying to manage risks, have pushed up the number of bets outstanding on the Chicago Board of Trade. Open contracts to buy or sell 5,000 bushels of corn in the future hit 1.39 million as of Monday, a 77% jump so far this year.

Open interest is considered a better measure of how much money is invested in the market than the number of contracts traded each day.

Ways to wager in the market for corn-based ethanol are proliferating, too. An ethanol-futures contract introduced in March 2005 on the CBOT hit a record of 1,068 open contracts July 10. While small, that is 20 times the number a year ago, in part because the government has increased requirements for blending ethanol into gasoline.

The activity has grown so frenetic that the CBOT, a unit of CBOT Holdings Inc., this month leased out the last remaining booth on its agricultural-futures trading floor -- desk space for traders and clerks. By contrast, its financial-futures trading pit has ample space for newcomers. A full-privilege membership, or seat, on the CBOT sold at a record $3.2 million in April. Full-membership seats, which confer the right to trade on the exchange, were selling for about $2 million last summer.

Prices have been volatile, with both corn and ethanol spiking earlier this summer and falling to what are historically high levels. Corn futures are up 11% so far this year to $2.3950 a bushel. (A bushel is equal to 56 pounds of shelled corn, or the number of kernels on about 90 ears of corn.) Ethanol futures are up 25% year to date, to $2.608 a gallon. Wheat prices have hit 10-year highs as a summer drought limits crop yields and demand increases for wheat-based fuels in Europe and elsewhere.

In the stock market, speculators are welcoming a bumper crop of initial public offerings of stocks in ethanol makers. Investors with a longer-term view are amassing agricultural and undeveloped land around the world on the belief that values will skyrocket amid competition between crop-based fuels, known as biofuels, and demand from an increasing Asian population with the means to buy more food and a greater variety.

Skeptics warn that ethanol can't solve the U.S.'s energy needs, both because it takes so much energy to produce and generates less energy per gallon than gasoline. The market for ethanol could suffer if oil prices drop and make alternative fuels less attractive. Prices could fall as more ethanol production comes online and the summer driving season ebbs.

Corn is vulnerable to big price fluctuations depending on weather and global crop yields. The technology for many other biofuels is still developing. But fans of the once-unglamorous agricultural markets cite a host of factors pointing to a volatile but long bull market.

"We think the hedge-fund industry will look at the 'ags' [agriculturals] as the next sector to invest in," says Dan Basse, president of AgResource Co. in Chicago, an economic-forecasting firm. Calling late 2006-07 "Ags' Year," he says speculators have yet to really pour in.

Terry Reilly, agricultural-futures analyst with Citigroup, expects corn to hit $4 to $4.50 per bushel by 2008 or 2009, and forecasts an average during the next few years between $3 and $3.75.

Mr. Basse estimates that it would take $6-a-bushel corn for investment in the ethanol industry to slow. High fuel prices, along with government subsidies, make ethanol plants enormously profitable. Makers can buy corn at $2-plus a bushel and make $5 to $6 profit from that raw material. Production is also getting more efficient.

Dozens of ethanol-production plants are getting financed, including a wave of projects in Texas and on the East and West coasts, says Chris Groobey, an attorney at Baker & McKenzie in Washington focusing on financing energy projects. He said the

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building of these plants contributes to market speculation in corn, because lenders to ethanol producers are insisting that they hedge against further price spikes in corn, their single biggest expense.

Add to the calculus that energy-and-food consumers around the globe are set to compete for limited harvests. World corn stocks are at their lowest levels since 1984, and the U.S. is devoting an increasing amount of its crop yields to ethanol. China, long a major exporter of corn, turned into a net importer in June, says Mr. Basse. Wheat inventories are relatively low, just as Europe plans to devote more of it to biodiesel production and India has become a net wheat importer, rather than exporter, to feed its increasing population.

Meanwhile, farmers, food producers, and livestock-feed sellers have joined some commodity-based hedge funds and ethanol makers in betting years into the future on crops, behavior once shunned as risky. Whereas for the past decade, investors have had a few hundred to 1,000 bets outstanding on so-called long-dated CBOT corn contracts for delivery two years away, open interest has shot to more than 50,000 in December 2008 contracts, the exchange says.

"That's pushing volume and open interest further out than anything we've ever seen before," says Bob Ray, senior vice president of business development at the CBOT.

Hot? Yes. Global Warming? Maybe. (LAT)

By Robert Lee Hotz And Erin Cline

The Los Angeles Times, July 26, 2006

The heat was unreal — so blistering that a windowsill thermometer overlooking Olympic Boulevard in downtown Los Angeles blew its top when the mercury hit 130 degrees. People consumed so much water that parts of the city briefly ran dry. Four people died. Dozens were hospitalized.

It was still 89 degrees at 1 a.m.

The record hot spell did not occur in 2006, but 1955, long before scientists raised the prospect of global warming and climate change.

The extreme temperatures of this year's heat wave have been so intense that they have created a sense of fundamental change — that somehow Los Angeles is on the verge of a searing future.

But few events occur with such regularity or are so quickly forgotten as Southland heat waves, with extremes of temperature rising and falling in a regular rhythm like rolling curls of surf.

Climate experts at the Jet Propulsion Laboratory in La Cañada Flintridge and the Scripps Institution of Oceanography in La Jolla cautioned Tuesday that no single event — no matter how unusual — could be directly attributed to global warming and the effects of pollution.

There is such natural variability in temperature that even a record scorcher is just one data point in a long temperature timeline.

"To call it global warming would be overdoing it," said climatologist Daniel R. Cayan of Scripps and the U.S. Geological Survey. "This is largely natural variability."

But the current heat wave, which has been brewing since May, has nonetheless raised alarms. It is simmering with sustained intensity, echoing record high temperatures now wilting Europe and Asia.

"There may be some exacerbating climate change ingredient," Cayan said. "In fact, it is almost certain."

The current high temperatures fit with extremes that have been on an upward arc for the last century and are in line with computer projections for more records in the future.

"What we now call extreme events are becoming run-of-the-mill happenings," said Scripps climatologist Tim Barnett.

The first six months of 2006 were the warmest in the United States since record-keeping began in 1895, according to the National Climatic Data Center. The 10 hottest years on record have all occurred since 1990, a trend that a majority of scientists say is in large part attributable to human production of greenhouse gases, which trap heat in the atmosphere.

All told, the planet has been slowly warming for a century, with Earth's average temperature rising by 1.6 degrees. In Los Angeles, the average daytime temperature has increased 3 degrees over the last century, while nighttime temperatures have increased 7 degrees, records show.

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In 1939, a high of 107 degrees broke all records. By 1955, the record high was 108 degrees; it crept to 109 degrees by 1963, and in 1990 reached 112 degrees.

Such temperature extremes arise from a cat's cradle of causes, experts said. The current weather is affected by an extended regional drought and broader, long-term climate trends that encompass much of the Northern Hemisphere.

The effects of urban development also play a major role, as thousands of square miles of dry chaparral are transformed into highways, housing tracts and strip malls — all of which retain heat.

The immediate cause of the current heat is a lingering high-pressure system centered over the Four Corners region of the Southwest, said JPL climatologist William Patzert.

As it slowly turns clockwise at about 15 mph, that immense wheel of air also sweeps the ocean's warm surface water against the Southern California coast, eliminating the cooling marine breeze that tempers the local climate, he said.

An extended drought in the Western states has strengthened the high-pressure system, while the jet stream, which in a normal year would help cool the West, has kept north of the Canadian border.

"This heat wave is coast to coast, border to border," Patzert said. "It has been going on for six weeks now where temperatures have been abnormally high. Now they are off the scale."

The patterns have come and gone in the past.

In July 1931, sweltering Angelenos bemoaned the 37th straight day of extreme high temperatures — at that point the longest stretch of hot, humid local weather in the history of the National Weather Service.

Few recalled that, a generation earlier, as temperature records shattered in July 1891, perspiring businessmen sought shelter in the cool of the Grand Opera House and worried that such searing temperatures might mar efforts to market California's perfect climate to Easterners.

No one then would have blamed global warming — a concept that did not gain scientific currency until the 1980s.

Since then, scientific understanding has progressed in lock step with a contentious political debate.

The debate eludes resolution because of the difficulty of separating normal temperature swings from longer trends. In the effort to understand climate, certainty comes only with the hindsight of centuries.

The severity of the current heat wave, in which temperatures this month have reached 100 degrees or more for at least 10 straight days, marks the first time in 57 years that both Northern and Southern California have experienced simultaneous, extended high temperatures, California's Undersecretary for Energy Affairs, Joe Desmond, said Tuesday.

"This is a historic heat wave," Desmond said.

Still, Patzert said of California's weather: "Is that a part of global warming? I don't know."

Some scientists, however, believe it a harbinger of more extreme summers in decades to come.

"People talk about tipping points," said Scripps' Barnett. "We have gone past it. There is nothing we can do to stop it now. The only question is how big a hit we are going to take."

Whatever the ultimate scientific truth, this month's weather has been for many Southern Californians a perceptual tipping point that brought home the possibility of global warming, just as the fury of Hurricane Katrina did for the people of New Orleans.

Inside the air-conditioned darkness of the Majestic Crest Theatre in Westwood, Max Furstenau, 18, was cleaning up after Tuesday's 3 p.m. showing of "An Inconvenient Truth," in which former Vice President Al Gore made the case for global warming.

Outside, the weather had finally cooled to the comfortable mid-80s. The day before had hit 110 degrees, breaking the record of 107 set in 1954.

"I know it's happening," Furstenau said.

Rangers Take On Urban Woes In Wide Open Spaces (NYT)

By Timothy Egan

The New York Times, July 26, 2006

RENO, Nev., July 19 — For Dave Leveille, patrolling the biggest national forest in the contiguous United States has nothing to do with examining tree rings or dispensing hiking tips. He is a forest ranger with a badge and a 16-round sidearm, and every day brings fresh examples of the kind of unnatural things that people do in nature.

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Mr. Leveille has been spat on, kicked, chased by snowmobilers and other off-road-vehicle riders. At least once a week, somebody calls him the kind of name that would make Smokey Bear blush. And what happens in Las Vegas or Reno does not stay there; often it ends up in the neighboring Humboldt-Toiyabe National Forest, Mr. Leveille's six-million-acre beat.

"What have we got here?" he said at a United States Forest Service trailhead that looked like a dump, just outside a housing development in the raisin-faced hills above Reno. "Somebody decided they didn't want their couch anymore. And what's this?" he picked up a makeshift pipe. "Looks like a bong."

At a time when threats and assaults against forest rangers are soaring, and urban crime has spilled into the sea of public land that surrounds many of the fastest-growing cities in the West, his job has never been more challenging, Mr. Leveille said.

Nationwide, there were more attacks and altercations involving forest rangers last year — 477, compared with 34 a decade ago — than any other year, according to government figures released last month by a public employee advocacy group.

As the 193 million acres of national forest become increasingly popular playgrounds, there are more clashes with the small cadre of forest rangers who work as law enforcement officers, the figures showed.

In some of the incidents reported last year, a ranger near Lake Tahoe was run down by a man who later pleaded guilty to assault with a deadly weapon — a snowmobile.

In the deep-forested foothills of California, where new strains of high-potency marijuana are grown for sale by Mexican cartels, shots were fired at rangers. And a pair of Forest Service archaeologists were threatened by people who complained that the archaeologists' scientific work was interfering with a self-described "vision quest" of fasting and feasting.

"There's been a huge increase in the number of incidents, in large part because what had once been urban problems are now happening deep in the backwoods," said Jeff Ruch, executive director of Public Employees for Environmental Responsibility, a nonprofit group representing about 10,000 people who work on public lands, which compiled the assault figures.

At the same time, the number of rangers with police power has been nearly halved in the last decade, to 550 from more than 980 because of budget cuts and because some rangers have been assigned to other duties. There is now one law enforcement ranger for every 291,000 acres, or one for every 733,000 visitors, according to Forest Service figures.

"There's no question that the forests have become much more dangerous and the amount of violence we're dealing with has greatly increased," said John Twiss, director of law enforcement for the Forest Service.

Mr. Twiss said officials were working on a plan to rebuild the depleted ranks.

The larger problem, rangers say, is not that national forests have become crime-infested jungles. But that as cities like Reno; Denver; Phoenix; Tucson; Albuquerque; and Boise, Idaho; and smaller communities like Bend, Ore., and Moab, Utah, grow at rates far beyond the national average, they bump against the public land that surround them, carrying urban crimes to open space.

In fast-growing Snohomish County, Wash., a woman and her daughter were killed earlier this month on a popular hiking trail. The crime remains unsolved.

"Our biggest problem with corpses is all the bodies being dumped in the national forest," Mr. Leveille said. "Particularly in the south, as you get closer to Vegas."

Reno is emblematic of the problems. The Biggest Little City in the World, as Reno calls itself, is starting to live up to its nickname — growing 45 percent in the last 15 years. Its metropolitan area, with about 400,000 people, has 96 miles of border with the national forest.

There are plenty of bird-watchers, dog-walkers, hikers and assorted daydreaming nature lovers, forest rangers say. But a lot of people also use the forest as a party site, a dirt-bike playground, a hideaway for a drug laboratory, or a dump.

"Last week we broke up a rave," said Mr. Leveille, a veteran of 28 years in the Forest Service. "It was pretty wild — about 250 people, a lot them high on Ecstasy. Most folks just scattered. But some of them wanted to linger around and touch us, and that's considered a federal offense."

Methamphetamine laboratories are a particular problem, rangers say, mainly in the forests with the biggest canopy cover, like those in the Appalachian Mountains and the Pacific Northwest. In the last four years, rangers made 1,600 felony drug arrests and seized 759 methamphetamine laboratories in national forests, government records show.

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"Methheads — tons of them," said Mr. Leveille, a short, wiry ranger with a graying Fu Manchu mustache and a graveled voice worn down by years of smoking and fighting fires.

Mexican drug cartels operate in 33 of the 155 national forests, said Mr. Twiss, the chief of law enforcement. Rangers say that as the nation's borders have tightened in recent years, marijuana cartels have moved into national forests, particularly in California. They say it is easier to grow marijuana and ship out it of American national forests than to bring it across the border. But that poses a huge problem for Forest Service law enforcement officers, who are not used to dealing with that level of organized crime, rangers say.

"Every forest in California has a cartel,'' Mr. Twiss said, "and these people are heavily armed and they are dangerous." Fires at the urban edges, many caused by arsonists, take up more time than ever, rangers say, as housing subdivisions are built in areas prone to wildfire.

"All around you, none of these houses were here just four years ago," said Mr. Leveille, driving on the road to Mount Rose outside Reno, thick with the kind of ponderosa pines in the old TV series "Bonanza."

For the thousands of homes fresh-planted among the pines, the selling point was proximity to a national forest, wilderness as a backyard.

"These rich homes, we get a lot of calls from people who live here who are just scared to death of fire," Mr. Leveille said. "They're very demanding. And gunfire — oh, God. Anytime they hear people shooting their rifles, they think it's a war. But our shooting regulations are minimal on public land."

By far the biggest problem, Mr. Leveille said, is with people riding off-road vehicles or snowmobiles, a complaint echoed by the public-land employee group. "In many parts of the West, it's a Mad Max situation, with a quarter-million people on a weekend and one ranger to keep them from tearing the place up," said Mr. Ruch, the director.

Here in the Sierra foothills of Nevada, off-road bikes have torn up grasslands and ripped into areas clearly marked off-limits. At one trailhead, a sign and a kiosk newly installed by the Forest Service were spray-painted with graffiti.

Within three miles of downtown Reno, Mr. Leveille pointed to a rock-sheltered archaeological site, where natives centuries ago left pictographs, a series of ancient stories etched in stone. Rangers have caught people chipping away at the artifacts. And now they do not dare put up any signs of the pictographs' presence.

"We can't say, This is an archaeological area; don't loot it," Mr. Leveille said. "That would be like putting cases of beer here and saying, Don't drink it."

On Puget Sound, It's Orca Vs. Inc. (WP)

By Blaine Harden

The Washington Post, July 26, 2006

ON PUGET SOUND, Wash. -- For creatures that eat 400 pounds of salmon a day, killer whales are startlingly human. They live as long as you do. They never escape the controlling influence of their moms. They love to show off.

Consider J-22, also known as Oreo. She is a 21-year-old killer whale -- or orca -- with serious family obligations. She has three offspring to watch over and rarely ventures far from J-pod, her extended family, which is led by a vigorous 92-year-old matriarch named Granny. On a recent day, Oreo slipped briefly away from Granny and approached a whale-watching boat. As cameras clicked, Oreo launched herself high out of the water, jumping for the sheer, showoffy heck of it.

She is about 25 feet long and weighs more than 8,000 pounds, so it was an energy-expensive heave. Resident killer whales in Puget Sound routinely do this sort of thing to the delight of human beings.

In return, over recent decades, humans have destroyed about 90 percent of their salmon supply, contaminated the sound with toxic chemicals and, in the 1960s and '70s, kidnapped scores of young killer whales to perform in aquatic shows.

Now, federal amends are being made. Southern resident killer whales of Puget Sound -- there are just 89 of them in three pods, all numbered and named, with birth dates and family trees posted on the Internet -- were listed late last year as endangered species.

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In June, the National Marine Fisheries Service proposed protecting most of Puget Sound as critical habitat for the whales, which are actually the world's largest dolphins. The proposal, encompassing 2,564 square miles at the heart one of the nation's busiest commercial waterways, has alarmed local industry.

Building and farm groups have sued to stop the proposal, due to become law by November, arguing that it would require complicated and costly review of future industrial development, home construction, sewer treatment, road construction and water use around the sound, an inland waterway surrounding by nearly 4 million people.

Russell Brooks, managing attorney for the Pacific Legal Foundation, which is leading the legal challenge, warns that the listing of killer whales as endangered could create unforeseen economic fallout in the Pacific Northwest comparable to what followed the listing of northern spotted owls in the early 1990s.

Then, 80 percent of federal forests from Washington to Northern California were closed to logging and an estimated 30,000 timber industry jobs disappeared. The spotted owl, by the way, is still in severe decline, and scientists do not know how to save it.

"This is not really about killer whales at all," said Brooks, whose group specializes in trying to rein in the economic impact of the Endangered Species Act. "This is a tool used by those who wish to impose their own version of non-land use on Puget Sound."

But for champions of the orcas -- and their numbers are growing, with an estimated 150,000 people paying about $70 each to go out every year in boats to watch and wonder at the whales in Puget Sound -- federal protection has been welcomed as an overdue gift.

"We are very, very happy about this," said Ralph Munro, a former Washington secretary of state and a longtime activist who, like many ardent orca admirers, says he's had "mystical" encounters with the creatures.

"I know it sounds kooky," Munro, 63, said during a break at a recent public hearing on the plan to make Puget Sound a protected zone, "but I can show you 10 people in this room who have had mystical experiences with orcas."

(It is a linguistic tic of the debate over these marine mammals that supporters of the endangered species listing tend to call them orcas, while opponents of the listing tend to call them killer whales.) Munro's special encounter, he said, occurred seven year ago after the death of Ralph, an orca that was named for Munro to honor his efforts to halt the live capture of the whales from Puget Sound for aquatic shows.

According to several eyewitness accounts, just as Munro began to deliver a eulogy for his deceased namesake, a large scrum of orcas -- from all three pods based in Puget Sound -- converged in the waters beside the park, where they jumped and frolicked for hours.

The emotional appeal of killer whales in the green-leaning Puget Sound region is difficult to overstate. Local news coverage borders on the obsessive. Ralph's 1999 funeral was covered by three local television stations, Munro said. The accidental death this year of Luna, a 6-year-old orphan orca killed by a tugboat propeller, occasioned widespread news coverage and op-ed hand-wringing.

The human-orca bond is explained partly by proximity and partly by behavior. Resident killer whales spend about three-quarters of their lives in and around Puget Sound, where they are easily and often viewed. Ferry riders see them regularly. And their mom-centric, family-centered lifestyle is all but irresistible.

Indeed, a rock-solid family life and a salmon-dominated diet distinguish resident killer whales from their rather less lovable killer-whale cousins -- the transients. These genetically distinct orcas tend to ignore fish and feed almost exclusively on seals, sea lions, dolphins and other marine mammals. They do not have predictable family lives and only occasionally put in an appearance in Northwest waters, where they rarely mix and never interbreed with the resident whales.

Even if you ignore the orcas' anthropomorphic charms, marine mammal researchers say there are sound, self-interested reasons for human beings to support the Endangered Species Act as a way to prevent the extinction of resident killer whales.

"Cleaning up the toxins" that accumulate in the fat of killer whales "is good for seafood eaters," said David Bain, a marine biologist who has studied killer whales for three decades. "It is also good for people who want clean water."

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To draw an analogy between protecting killing whales and protecting owls is false and misleading, Bain argued, because scientists clearly know how to ensure the survival of the whales -- by increasing salmon runs and reducing industrial toxins in Puget Sound.

Resident orcas, scientists say, are not a threat to the region's booming economy. They are expert at staying away from large ships and ferry traffic in Puget Sound. Heavy industrial shipping traffic is not regarded as a threat to their survival, barring major oil spills.

One threat, though, is loving them too much. Recent research has found that whale-watching vessels -- if they crowd the animals -- induce stress and reduce their efficiency in catching salmon.

Aboard the Island Adventure II, a whale-watching boat based in Anacortes, Wash., the pilot tried during a recent five-hour cruise to stay at least 100 yards from J-pod.

He succeeded for the most part, except when Oreo and some of her gregarious kin swam toward the boat to wow tourists by breaching, slapping their flippers on the water and spy-hopping (a head-out-of-water feat similar to a human treading water).

"They are just so social," said Ellen Newberry, who works on the boat as a naturalist and has a degree in marine biology from the University of Maine. "I have seen mothers toss their babies out of the water with their snouts. Young males show us the salmon they just caught. I get they feeling they are all just trying to show off."

'A Beginning' For Conservation (USAT)

USA Today, July 26, 2006

Good news about the environment — scarce enough these days — may have just slipped under your radar. Adding to the gloom is the sense that our government seems scarcely willing to acknowledge that such problems even exist.

Like me, you probably missed the announcement by the National Oceanic and Atmospheric Administration (NOAA) in March that closed more than 135,000 square miles of ocean floor off the West Coast to commercial bottom trawling. Maybe, though, you caught President Bush last month designating another 140,000 square miles around the northwestern Hawaiian islands as a national monument, closed to all fishing. CNN considered it a newsworthy, though definitely second-tier, sound bite.

Now, raise your hand (no fibbing) if you caught the NOAA Fisheries proclamation in late June that protected 379,000 additional square miles of ocean floor around Alaska. Even on a slow news day, that one was branded a snoozer.

Hard to believe, considering those three closures of federal waters in the past four months — 654,000 square miles of ocean bottom, more than twice the size of Texas — represent, in total area, the largest act of conservation in our nation's history, and arguably the world's. Consider that the entire area protected by our national parks, national forests and grasslands amounts to roughly 420,000 square miles.

This ocean thing is big, a new system of preserves set aside for future generations. While most of these areas are relatively featureless abyssal plains, included in the mix is prime, biologically rich and sensitive real estate: submerged mountaintops known as seamounts, which serve as magnets and nurseries for marine life; habitat for endangered or unique species; vast, deep coral gardens off Alaska that were scientifically documented only in the past few years.

And so what?

OK, so a bunch of ocean floor is getting protected. Not like we'll ever vacation there. Land-borne, oxygen-sucking critters that we are, the virtually unexplored terrain that lies far beneath the waves might as well be Mars. Why should we care?

Jim Ayers, vice president of the marine conservation organization Oceana, which, along with other groups, was instrumental in securing these protections, has a ready answer. "Because we can't afford not to," he says. Ayers explains what numerous studies have confirmed:

• Many commercial fish stocks worldwide are declining at an alarming rate.

• Vessels are fishing ever deeper, exploiting new populations of seafood to meet insatiable market demands.

• Slow-growing, long-lived deepwater fish such as the Patagonian toothfish (a.k.a. Chilean sea bass), which were "discovered" commercially only within the past several decades, are already dwindling.

• Especially destructive is the practice of bottom trawling — dragging huge, weighted nets that bulldoze the ocean floor, destroying the very matrix that grows the fish we depend on.

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"Oceans," says marine ecologist Jane Lubchenco, "used to be replete with havens — places where we didn't fish, because we couldn't. These were reservoirs that recharged our fisheries. Technology has changed that, and as a result, we have many dysfunctional ecosystems." Along with other members of the independent Pew Oceans Commission, chaired by former Clinton chief of staff Leon Panetta, Lubchenco traveled to coastal communities across the USA for three years, hearing testimony from fishermen, residents and local experts.

"People overwhelmingly said they wanted clean beaches, healthy seafood, abundant wildlife, stable fisheries and vibrant coastal communities," she says. "And in order to have those things, we need large-scale habitat protection. It's that simple."

There was nothing simple, however, about the process of obtaining these precedent-setting protections. It included a lawsuit against NOAA, a Freedom of Information Act request to obtain a huge pile of government study data and endless hours of negotiation. Pressure for change also came from within. The Joint Ocean Commission Initiative (a merger of the Pew Oceans Commission and the U.S. Commission on Ocean Policy, which is appointed by the president and chaired by Admiral James Watkins) awarded the government a stinging rebuke in the form of a letter grade for ocean policy reform: D+.

'Working solutions'

Meanwhile, commercial fishing groups, faced with the prospect of restrictions and closures, added their voices to the fray. "When this process started, it was very contentious and polarized," says David Benton, executive director of the Marine Conservation Alliance, a commercial fishing advocacy group. "But we ended up with practical, working solutions. Industry recognized we had to step up to the plate and do the responsible thing." Oceana's amended proposals gained such wide acceptance that they were passed unanimously and endorsed by NOAA. The Hawaii closure, in which a consortium of native Hawaiian and conservation groups including Environmental Defense played a major role, was publicly embraced by President Bush.

"This is a huge step," Oceana's Ayers says. "We have a long way to go toward sustainable existence. Is it enough? No, but it's a beginning."

Benton adds, "This is a win for the environment and for the populations of animals and fish that we depend on."

To put it mildly, such sweeping acts of conservation are out of character for an administration that has given at best short shrift to environmental concerns. A cynic might say that these protections amount to a drop in the bucket of the world's oceans, and that the administration was forced into actions for which it now claims credit. While I'm hardly suggesting we baptize Dubya as a born-again greenie, the fact of these historic protections remains.

And consider the recent course of events. Environmentalists, commercial interests and government found a way to work together, declared a shared victory and practically broke into a chorus of Kumbaya. If this is a template for future conservation initiatives, in the oceans or anywhere, I say bring it on.

Nick Jans lives in Alaska and is a member of USA TODAY's board of contributors.

Report Cites BIA In Death Of Teenager (WP)

By Christopher Lee

The Washington Post, July 26, 2006

The failure of Bureau of Indian Affairs officials to act on long-standing safety concerns at an Indian boarding school in Oregon was a "significant factor" in the death of a 16-year-old student there, federal investigators said in a report made public last week.

Interior Department Inspector General Earl E. Devaney found that a "historical pattern of inaction and disregard for human health and safety" contributed to the death of Cindy Gilbert (also known as Cindy Gilbert Sohappy) in a detention cell at the Chemawa Indian School in Salem, Ore., on Dec. 6, 2003.

Devaney found that inaction by officials in BIA's Office of Indian Education Programs and Office of Law Enforcement Services "resulted in the failure to maintain a safe environment at the detention facility and, ultimately, became a significant factor in Gilbert's death," according to the report, obtained by The Washington Post through a Freedom of Information Act request.

Gilbert, a first-year student at the school, died of acute alcohol poisoning several hours after a staff member saw several students trying to help Gilbert walk near a campus dormitory, the report said. Gilbert had initially been taken to the student

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services center, where her blood-alcohol level registered 0.192 -- more than twice the state's standard for drunken driving. A security officer escorted her to a holding facility and placed her on a mattress.

A surveillance camera videotape showed that Gilbert -- who had been unsteady on her feet and who had slurred speech and bloodshot eyes -- stopped moving about an hour later, according to the report. Almost two more hours went by before a residential living assistant entered the cell to check on Gilbert and found that she was not breathing. Emergency personnel were summoned, but Gilbert was dead.

The inspector general found that the Chemawa school's staff had not received training for detaining students or monitoring intoxicated students. But the problems went beyond that. BIA officials had not acted on annual inspection reports by the Indian Health Service dating to 1996 that cited the need to develop emergency medical screening at the school, the IG report said. The report also warned that school officials were using the detention cells unlawfully and in violation of BIA policy by holding as many as 240 students a year without documenting charges, in some cases for the purpose of letting drunk students detoxify.

"BIA officials had long been alerted to the potential liabilities associated with the detention facility and were provided clear recommendations to correct the deficiencies," according to the report. "The recommendations, however, were never acted upon."

Shane Wolfe, an Interior spokesman, said in a statement that the IG report was "helpful" and had led to new training sessions for staff at BIA schools. "The Department and the Bureau of Indian Affairs (BIA) take very seriously the health and safety of the 48,000 students we educate in our 184 BIA-funded schools," Wolfe said.

Wolfe said he was unaware of deaths or other serious management and oversight problems at other BIA-funded schools.

The Chemawa school is the oldest continuously operated Indian boarding school and mostly serves tribes from the Northwest and Alaska. The BIA oversees 68 boarding schools, but only seven, including the Chemawa school, are not on Indian reservations. According to the Interior Department, about 80 percent of students who enroll in the schools are considered "at risk" -- because of factors such as behavioral problems, substance abuse and neglect -- and require specialized services.

The FBI investigated Gilbert's death, but in 2004 federal prosecutors in Oregon declined to charge school officials with involuntary manslaughter, saying there was not enough evidence. In December 2005, Gilbert's family filed a $24 million lawsuit in federal court in Eugene, Ore., against then-Interior Secretary Gale A. Norton, accusing government officials of negligence, torture, conspiracy, racial discrimination and deliberate indifference.

"She was rolling on the floor and had appeared to either throw up or urinate on herself or both, and they still denied any kind of attention, let alone human care or medical care," the family's attorney, Foster Glass, said yesterday.

In turning over his report to Interior officials in November, Devaney wrote that he hoped the department would pursue administrative sanctions against as many as eight BIA officials. "I feel very strongly that the inactions and indifference demonstrated by several Bureau of Indian Affairs (BIA) officials should not go unpunished," he wrote.

Wolfe said it "would be inappropriate" for him to comment on any personnel actions taken in the case.

FBI/DEA/ATF/USMS:

Pair Guilty Of Running 'pill Mills' (TPI)

By Michael Perlstein

Times-Picayune, July 26, 2006

The rags-to-riches owner of a string of local pain management clinics and her chief doctor were convicted Tuesday of transforming the clinics into illegal high-volume "pill mills," dispensing addictive narcotics in assembly-line fashion to virtually anybody who walked in the door.

After a three-week trial, a federal jury deliberated for about 10 hours in two days before returning guilty verdicts against owner Cherlyn "Cookie" Armstrong, 46, and Dr. Suzette Cullins, 44. Armstrong, a registered nurse, was convicted of conspiracy, money laundering and 23 counts of illegally dispensing narcotics without a medical purpose. She was acquitted on three dispensing counts. Cullins, a Tulane University-trained doctor and a former professor at the medical school, was convicted of conspiracy and five of 13 illegal dispensing counts.

Armstrong's three clinics -- located in Metairie, Slidell and Gretna under the name Scherer's Medical Center -- and two Mia's Pharmacies also owned by Armstrong were found guilty in the conspiracy, a prosecutorial strategy designed to strip the businesses of more than $10 million in estimated profits they raked in before they were shut down in April 2005.

Both defendants were stoic as the long list of verdicts was announced in the hushed courtroom of U.S. District Judge Eldon Fallon. Afterward, Armstrong hugged her mom and whispered, "Have faith," before leaving with a small group of supporters.

Armstrong and Cullins face an estimated five to eight years in prison when they are sentenced on Oct. 25, defense attorneys estimated.

William Renton, local chief of the Drug Enforcement Administration, said of the defendants: "They were drug peddlers, plain and simple. One with a medical license and one with a nursing license. All they were doing every two weeks was ringing the cash register."

'It was a sham'

During the trial, prosecutors presented detailed evidence showing a cookie-cutter approach used to deliver potent narcotics to hundreds of patients daily: pre-printed prescriptions, each one issuing the same "holy trinity" of pain-killer oxycodone, muscle relaxant Soma and anxiety drug Xanax. Doctors visits, some secretly recorded by an undercover informant, as fleeting as 11 seconds. Rampant "clinic hopping" in which patients made the rounds of all three clinics to collect the standard two-week dosage several times in a week.

Even when Armstrong beefed up the medical practices at the clinics, such as adding physical therapy, the moves were meant to stave off attention from the Drug Enforcement Administration rather than provide help to pain sufferers, said Renton, who credited local police in New Orleans, Slidell, Kenner and Jefferson, St. Bernard and St. Tammany parishes with assisting in the five-year investigation.

"They put them in a vibrating chair for a few minutes and called that physical therapy," he said. "It was a sham." Among the key prosecution witnesses was Dr. Joseph Guenther, a doctor at Scherer's Medical Center and one of two physicians to plead guilty in the case. Guenther pleaded guilty in June to illegally dispensing narcotics without a valid medical purpose. A second clinic doctor, Dr. Betty DeLoach, pleaded guilty to concealing a felony. Guenther and DeLoach are scheduled to be sentenced in September.

Vowing to appeal

Even after Tuesday's verdicts, attorneys for Armstrong and Cullins were adamant that their clients did no wrong, maintaining that the clinics provided a valuable medical service for thousands of people suffering from chronic pain.

"The irony is that 99 percent of their patients are now at other pain clinics getting the exact same medication," Cullins' attorney Jeffrey Smith said. "I respect the jury's verdict, but I think they just didn't understand the concept of pain management. These clinics are all over the place."

Smith and Armstrong's attorney, Michael Fawer, vowed to wage a vigorous appeal.

"We lost this round," Fawer said, "but this case is far from over. We think we can prove the government's case is legally insufficient. Where were the medical experts to prove this was improper treatment? We'll argue this to the 5th Circuit and beyond if we have to."

The 12-person jury will return to court today to hear arguments and begin deliberations on the forfeiture of Armstrong's assets. Prosecutors said Armstrong's businesses, launched in the late 1990s as weight loss clinics, skyrocketed once they turned to pain management, eventually generating more than $150,000 a week.

The cash-only clinics charged patients $210 for an initial visit, $80 for follow-up visits, and a $20 late fee if the patient missed a regularly scheduled appointment. Prosecutors accuse Armstrong of plowing her profits into a dizzying array of bank accounts and property acquisitions.

When DEA agents raided and shut down the clinics in April 2005, they found $1.6 million stashed in bags, boxes and safes in Armstrong's Eastover home.

Orleans Area Clinic Owner, Doctor Convicted In "pill Mill" Case (AP)

AP, July 26, 2006

NEW ORLEANS -- The owner of several pain management clinics and her chief doctor were convicted of running what were really illegal "pill mills" that dispensed addictive narcotics to virtually anybody who walked in the door.

A federal jury deliberated for about 10 hours over two days before returning guilty verdicts Tuesday against Cherlyn "Cookie" Armstrong, 46, and Dr. Suzette Cullins, 44, following a three-week trial.

Armstrong, a registered nurse, was convicted of conspiracy, money laundering and 23 counts of illegally dispensing narcotics without a medical purpose. She was acquitted on three dispensing counts.

Cullins, a Tulane University-trained physician and former professor at the medical school, was convicted of conspiracy and five of 13 illegal dispensing counts.

Armstrong's three clinics _ located in Metairie, Slidell and Gretna under the name Scherer's Medical Center _ and two Mia's Pharmacies also owned by Armstrong were found guilty in the conspiracy.

U.S. District Judge Eldon Fallon presided overe the trial.

Armstrong and Cullins face an estimated five to eight years in prison when they are sentenced on Oct. 25, defense attorneys estimated. William Renton, local chief of the Drug Enforcement Administration, said of the defendants, "They were drug peddlers, plain and simple."

Prosecutors presented detailed evidence showing the clinics routinely dispensed a "holy trinity" of pain-killer oxycodone, muscle relaxant Soma and anti-anxiety drug Xanax. Doctors visits were as brief as 11 seconds.

After the trial, attorneys for Armstrong and Cullins were adamant that their clients did no wrong, maintaining that the clinics provided a valuable medical service. "The irony is that 99 percent of their patients are now at other pain clinics getting the exact same medication," Cullins' attorney Jeffrey Smith said. "I respect the jury's verdict, but I think they just didn't understand the concept of pain management. These clinics are all over the place."

Smith and Armstrong's attorney, Michael Fawer, vowed to wage a vigorous appeal.

"We think we can prove the government's case is legally insufficient," Fawer said. "Where were the medical experts to prove this was improper treatment?"

The 12-person jury will return to court Wednesday to hear arguments and begin deliberations on the forfeiture of Armstrong's assets.

$1.2M Found In Car Of North Philly Cocaine Dealer (AP)

AP, July 25, 2006

(AP) PHILADELPHIA A cocaine wholesaler did business by regularly shipping his BMW from coast to coast, stuffed with cash outbound and cocaine on the return trip, investigators said.

Federal prosecutors hope to keep more than $1.4 million in cash they seized from Tyrone "Tiddy" Smith of Philadelphia. Smith, who recently pleaded guilty to drug trafficking and gun charges, had $1.2 million in his trunk and another $218,000 at his North Philadelphia home, authorities said.

An informant told investigators he regularly shipped a BMW packed with $500,000 to $1 million in cash to Los Angeles to buy cocaine, then shipped the vehicle back to the Philadelphia area with the drugs stashed in the tires, court documents show.

He made about $250,000 per trip, buying a kilogram for $15,000 in Los Angeles and selling it for $22,000 back home, the informant said.

On Sept. 5, 2004, state police and federal Drug Enforcement Administration agents tailed Smith as he loaded the BMW onto a truck in the Philadelphia suburb of Sharon Hill. A short time later, they stopped the truck on Interstate 95.

They found the money wrapped in dryer sheets in a suitcase and gym bag, and later found more cash and large quantities of powder and crack-cocaine and a loaded handgun at his North Philadelphia residence, they said.

Smith pleaded guilty to all the charges and agreed to forfeit the cash and other seized items, according to the affidavit supporting the seizure, filed in court on Monday by DEA Special Agent Randy L. Updegraff.

Smith was one of nine people charged in the drug ring, several of whom are awaiting trial. His sentencing is set for early next year.

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He has not agreed to testify against any remaining defendants, defense lawyer Nino Tinari said. Assistant U.S. Attorney Kathy Stark did not immediately return a phone message on Tuesday.

Colombia Cracks Down On Drug Cash (USAT)

By Sibylla Brodzinsky, Special For Usa Today

USA Today, July 26, 2006

BOGOTA, Colombia — Colombian police routinely try to detect travelers attempting to smuggle drugs to the USA and Europe. This year, they have turned their attention to travelers coming into Colombia — not with drugs, but with hundreds of thousands of dollars and euros believed to be profits from the illegal drug trade.

Colombia is the world's largest source of cocaine. Most of the estimated $35 billion annual cocaine market in the USA is supplied by Colombian drug traffickers, despite $4 billion in U.S. aid since 2000 to assist the Colombian government's counternarcotics efforts, including spraying herbicide on the crops that yield cocaine and heroin.

The government also has imposed controls on financial institutions. It requires them to report the origins of deposits to prevent them from laundering — even unwittingly — the proceeds from drug sales.

Finding it more difficult to repatriate profits through banks, drug trafficking organizations have sought less traditional methods to bring in cash.

Last week, police at Bogota's international airport nabbed a 21-year-old man arriving on a flight from Mexico who had strapped $748,000 in crisp $100 bills inside a form-fitting Lycra girdle.

"When we're talking about people trying to smuggle in hundreds of thousands of dollars at a time, it is highly likely that the cash is the product of drug trafficking or some other illegal activity," says Col. Orlando Pineda, director of Colombia's Customs Police.

Colombian authorities so far this year have confiscated $12.1 million in dollars and euros illegally brought into the country by 26 different travelers arriving at the nation's international airports, according to the Customs Police. That figure is up 67% from the same period last year.

The U.S. Drug Enforcement Administration (DEA) estimates that $3.2 billion to $7.2 billion in wholesale drug profits are transported out of the USA every year to Mexico and Colombia.

The trend known as bulk cash smuggling signals drug traffickers are having trouble laundering proceeds from drug sales in the USA and Europe, where regulatory agencies have tightened controls on large-scale money transfers, according to the U.S. Embassy in Bogota.

Some of the innovative smuggling methods: Cash has been found stashed inside bowling balls and candles, containers of bull semen, shampoo bottles, the soles of shoes and a television.

"The drug traffickers believe that if it's successful in one direction, it only makes sense it would be successful going in the other direction," says John McKenna, a special agent with the DEA's public affairs office.

Just as with cocaine and heroin being shipped out of the country, police here often use specially trained dogs to identify the odor of the inks and paper of dollars and euros carried by incoming travelers.

Most of the cash caught at airports comes from Europe, in particular Spain, where there is a large Colombian immigrant community. Mexico, traditionally a weigh station for Colombian drugs on their way to the USA, also is a major departure point for incoming drug money.

The U.S. Treasury Department's Financial Crimes Enforcement Network, in an advisory issued in April, warned of a "dramatic increase in the smuggling of bulk cash proceeds from the sale of narcotics and other criminal activities from the United States into Mexico." Once in Mexico, the advisory states, it often is shipped to other countries, including Colombia.

Tuesday, the Mexican attorney general's office said federal officials at Mexico City's international airport on Friday seized nearly $1 million hidden inside a hydraulic cylinder that was expected to be flown to Colombia.

As in the United States, Colombian legislation requires travelers entering the country to declare cash in excess of $10,000. Concealing more than that amount to transport it into or out of the country is a crime punishable by up to five years in prison in the

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United States. In Colombia, if the person with the cash is wanted on other charges, he or she is apprehended. Otherwise they go free, but forfeit the cash unless they can prove its legal origins. Few of those who are caught can provide that proof, Pineda says.

The single largest catch of illegal cash came in May when police arrested Arturo Belloso Rodríguez, a Mexican national. Police say he had $950,000 strapped to his body and stuffed in the false bottoms of his luggage. The packed cash was covered in shrink wrap and carbon paper to avoid detection by X-ray machines.

Colombian police are seeking more help from other countries to try to stop the money smuggling.

"Just like we stop drug mules on our end, in other countries they should try to stop the 'money mules' before they get on the planes," Pineda says.

N.J. Gang Targeted In Statewide Sweep (AP)

AP, July 26, 2006

WEST TRENTON, N.J. (AP) -- Officers arrested dozens of members of a notoriously violent street gang in raids across New Jersey Tuesday, capping 11 months of undercover operations.

Agents also charged four gang leaders who authorities said were directing killings and other crimes from inside state prison.

More than 60 people affiliated with the Nine Trey Gangsters, part of the Bloods gang, had been arrested by Tuesday afternoon, and as many as 40 more arrests were expected in cities across the state, including Newark, Trenton and Atlantic City, authorities said.

The targets represent more than a third of the gang's membership in the state, including several top leaders.

"By taking out the top echelon of this gang, we have struck a powerful blow for the people of New Jersey and particularly those communities caught in the crossfire of gang violence," said New Jersey Attorney General Zulima Farber.

The suspects face racketeering, extortion, money laundering and drug distribution charges.

State Police Superintendent Col. Rick Fuentes called the operation the biggest in state history, both in the number of gang members arrested and the impact on the gang. A similar operation targeting the Latin Kings a couple of years ago took up to 60 gang members off the streets, "and they still haven't recovered," he said.

Fuentes described the Nine Treys, also known as 9-3, as the "most violent and fear-invoking" of the state's street gangs. The gang dealt in narcotics and weapons trafficking, extortion and assault, and its members are believed responsible for an unspecified number of murders and drive-by shootings, he said.

Authorities said David "Duke" Allen, 32, of Newark, allegedly continued to direct gang activity from inside New Jersey State Prison. Authorities said he ordered hits on fellow gang members from prison.

"They found a way of getting information to their intermediaries," Fuentes said. "They were able to continue the information flow."

Investigators had infiltrated the gang during the investigation, though agency representatives would not say how because the investigation is ongoing.

During the raids, police seized heroin, crack cocaine, marijuana and guns. The sweep involved 500 state and federal law enforcement officers.

MARYLAND BRIEFING (WP/AP)

The Washington Post/AP, July 25, 2006

Life Term in Cocaine Conspiracy

A New York man was sentenced to life in prison yesterday in connection with a scheme that used taxi drivers to bring cocaine from New York to Frederick, the Maryland U.S. attorney's office announced.

Alan Sylvester, 28, of Jamaica, N.Y., was sentenced in federal court in Baltimore after being convicted of conspiracy to possess with intent to distribute cocaine base.

According to trial testimony, from June 2002 to 2003, Sylvester received at least two kilograms of cocaine powder a week from suppliers in New York. He allegedly paid cabdrivers to bring more than 100 kilograms of cocaine powder from New York to Frederick.

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IMMIGRATION:

Compromise Would Allow Unlimited Immigrants (WT)

By Charles Hurt

The Washington Times, July 26, 2006

The latest proposal in Congress for a "guest"-worker program would allow unlimited immigration of eligible workers during the first three years and allow them and their families to remain here indefinitely.

Offered by two Republicans, the plan is criticized by proponents of stricter immigration laws. They say the program would tilt the nation's immigration system toward millions of uneducated, unskilled workers.

Rep. Mike Pence of Indiana and Sen. Kay Bailey Hutchison of Texas said yesterday that they offered the proposal as a compromise to end the deadlock in Congress over immigration reform. House Republicans favor securing the border and enforcing current laws, while the Senate demands "comprehensive" reform that secures the border and implements a guest-worker program.

Under the Pence-Hutchison plan -- a variation on a proposal Mr. Pence floated earlier this summer -- the expansive "guest"-worker program would not begin until the president certified that the border had been secured. Only then would laborers matched with willing employers at an "Ellis Island Center" outside the United States be admitted indefinitely.

"We would set actual benchmarks that would provide border security," Mrs. Hutchison said.

Detractors are skeptical that President Bush would provide an honest assessment of border security and questioned the commitment of Mr. Pence and Mrs. Hutchison to tough immigration laws and stricter borders.

Team America PAC, a group co-founded by Rep. Tom Tancredo, Colorado Republican, has began a "Pence Watch" on its Web site (www.teamamericapac.org) and dismissed the proposal as a "massive amnesty" and an "atrocity." Although Mrs. Hutchison opposed the Senate bill that many consider to include a grant of amnesty to many of the 12 million to 20 million illegal aliens, she voted earlier this month against including federal funds in the homeland security appropriations bill to pay for 800 more Border Patrol agents and fencing along high-traffic border areas.

"Having employers which have already broken the law determine the number of cheap foreign workers that will be admitted into the U.S. is a classic example of the fox guarding the henhouse," said Mr. Tancredo, who is no longer directly involved in Team America. "No plan that allows temporary workers to stay permanently is a 'guest'-worker plan."

Among Republican leaders in both chambers, the proposal was received warmly.

"We want a strong bill that enforces our laws and strengthens the border," House Majority Leader John A. Boehner, Ohio Republican, told reporters. "I think this is a contribution, a step in the right direction."

Senate Majority Leader Bill Frist, Tennessee Republican, also was encouraging.

Meanwhile, Senate Minority Leader Harry Reid, Nevada Democrat, said the proposal was simply another distraction aimed at killing the Senate bill.

2 GOP Lawmakers Offer Immigration Compromise (LAT)

By Nicole Gaouette

The Los Angeles Times, July 26, 2006

WASHINGTON — Congressional Republicans and administration officials concerned about the impasse over immigration policy have launched aggressive efforts to bridge the divide between House and Senate legislation on the issue.

The approach includes promoting steps the White House has taken to secure the border — an attempt to reassure conservatives who argue that enforcement measures must have priority — while insisting, as President Bush does, that a successful overhaul of immigration laws must go beyond stacking more barbed wire along the U.S. frontier with Mexico and closing the job market for undocumented workers.

In one potentially key development Tuesday, two opponents of the Senate bill, Sen. Kay Bailey Hutchison (R-Texas) and Rep. Mike Pence (R-Ind.), unveiled a proposal meant to pave the way for a compromise.

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Their plan would open a path to citizenship for illegal immigrants, but only after U.S. borders were declared sufficiently secure. At that point, illegal immigrants would be required to leave the U.S. to be processed for work visas before returning to the country. After 17 years, they would be eligible for citizenship.

"We're concerned that there's not enough dialogue between the two houses to try to … start the discussion," said Hutchison, who described the proposal as an attempt to combine the priorities of both chambers.

House Majority Leader John A. Boehner (R-Ohio) called the proposal "a step in the right direction," although he avoided commenting on the plan's citizenship provision.

The Hutchison-Pence proposal came a day after two conservative Republican senators from border states recommended that Bush request more than $3.5 billion in emergency funding for security provisions, including fences along the Mexico border. The two lawmakers, John Cornyn of Texas and John Kyl of Arizona, said the money request would be a "credibility-building measure."

"The logjam between the House and the Senate is not going to be broken until constituents … are convinced that we mean business" on the enforcement front, Kyl said.

Cornyn predicted that passage of the funding request would make House members "more likely to support comprehensive immigration reform."

Administration officials have sought to raise comfort levels by emphasizing border security measures underway and the need for a sweeping restructuring of the immigration system.

David V. Aguilar, chief of the U.S. Border Patrol, on Tuesday presented initial results of the deployment of National Guard troops to the southern border, an order Bush issued in May.

Crediting the deterrent effect of having 4,500 Guard members supporting Border Patrol agents, Aguilar said the numbers of illegal immigrants captured by agents had fallen 45% since spring. He also said that compared with last year, there had been a 7% drop in immigrant deaths in the desert.

Meanwhile, Bush and Commerce Secretary Carlos M. Gutierrez, an immigrant from Cuba, have used public appearances to emphasize the need to revamp the immigration system without hurting the economy.

"We must create a temporary worker program that provides foreign workers a legal and orderly way to come into the country and do jobs Americans aren't doing," Bush said Monday at a naturalization ceremony for wounded soldiers. "We must resolve the status of millions of illegal immigrants who are here already."

Gutierrez in recent weeks has been dispatched to several groups to deliver the same message.

The efforts come even as House Republican leaders continue to conduct public hearings designed to spotlight the enforcement-only immigration bill they passed in December while discrediting the more wide-ranging measure the Senate passed in May.

The conflict — and the prospect that it might not be resolved — has created an election-year dilemma for Republicans.

House GOP lawmakers argue that provisions in the Senate bill providing possible citizenship for most of the estimated 12 million illegal immigrants in the U.S. amounts to a reward for lawbreaking.

Though that stance may energize core Republican voters, party strategists note that recent polls show that support for the GOP among Latinos is slipping. And many business groups that traditionally back Republicans have expressed concern about the economic effect of a crackdown on illegal immigration that does not include an avenue to citizenship for undocumented workers already in the country.

Against the backdrop of these clashing views, several GOP lawmakers — including some, like Hutchison, who oppose the Senate bill — say the party cannot afford to fail to pass legislation that addresses immigration.

"I think we have to come back [after Capitol Hill's August recess] with a pretty good idea of how we can solve this problem for the American people," Hutchison said.

Comprehensive Immigration (WT)

By Kay Bailey Hutchison And Mike Pence

The Washington Times, July 26, 2006

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In the years we have served in our respective houses of Congress, there has never been an issue on which our colleagues have been so engaged and yet so far apart as illegal immigration and border security. The bills on this issue which passed in each house are miles apart.

We believe it is imperative that Congress find a responsible solution and enact comprehensive reform. To achieve this, many small groups are meeting in an effort to jump-start the negotiations between the House and the Senate. The president is engaged, as are House and Senate members. Rightfully so. Congress cannot walk away from a problem that so affects our country's future.

We are putting forth a proposal that we hope can be used as the basis for new discussions. Our plan is tough on border security, but it recognizes the need for a temporary-worker program that operates without amnesty and without growing into a huge new government bureaucracy.

Our plan begins with border reinforcement. The millions who come to our country seeking jobs to support their families are not a security threat to our nation, but the weaknesses in the nearly 7,000 miles of international border and 95,000 miles of shoreline have given terrorists, drug dealers and human traffickers an opening that is being exploited; this is a risk we cannot allow to continue. Part two of our plan is a temporary-worker program that is essential in order to fill jobs in our economy that are in high demand. This program would commence only after the borders are fixed. Here's how our plan works:

First: Secure our borders

Before any new temporary-worker program can begin, our plan requires the president to certify that all mandated border-security measures are completed. The Hutchison-Pence proposal embraces the tough border-security measures of the House and Senate bills. It would add border patrol agents, drug enforcement agents and port-of-entry inspectors; end catch and release; add security fences and other physical barriers at critical points; and employ American technology, such as unmanned aerial surveillance vehicles.

Second: The Good Neighbor SAFE Visa and Ellis Island Centers

When the border has been declared secure, the Good Neighbor SAFE (Secure Authorized Foreign Employee) Visa will begin. This program offers noncitizens opportunities to fill jobs that employers attest to not being able to fill with Americans at market wage.

Under our plan, the estimated 12 million people currently residing illegally in America can come out of the shadows and earn a fair living by returning to their home countries to apply for a Good Neighbor SAFE Visa. This does not give amnesty to those currently in our country illegally.

Our plan would accomplish this by setting up a system of private employment placement agencies outside the United States (called "Ellis Island Centers"), licensed by the federal government, to match willing temporary workers with jobs that employers cannot fill with American workers. The private agencies would also perform health screenings, fingerprint the guest workers and provide that information for federal background checks.

Successful applicants for the Good Neighbor SAFE Visa could enter America legally provided they meet the visa requirements.

We call it a "Good Neighbor" SAFE Visa because the program would be limited to countries that currently enjoy a positive trade relationship with the United States in our hemisphere. Only residents of NAFTA and CAFTA-DR countries will be eligible to participate in this program. Good Neighbor SAFE Visas will be issued for two years, with the option to renew them in two-year increments for up to 12 years.

Good Neighbor SAFE Visa participants are not eligible for welfare, Social Security or Medicare. All paycheck deductions will be made as for American citizens. Workers' Medicare contributions will go into a fund to compensate hospitals for emergency medical expenses incurred while treating foreign workers. Worker Social Security deductions will be returned when a participant exits the program and returns to his or her home country. Employer Social Security contributions will remain in our country's system.

At the end of the visa period, visa holders who have been gainfully employed with no violations may return to their country of origin or apply for a new X-Change Visa with an employer sponsor and continue working in the United States under the same conditions with no further renewals required. There is no automatic path to citizenship in the Hutchison-Pence plan. After five

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more years, the X-Change Visa holder would have the option of continuing to hold an X-Change Visa, returning home or applying for permanent adjustment of status.

Third: Verification and enforcement

For the system to be effective, it is necessary to implement a nationwide electronic employment verification system through which employers confirm the legality of each employee. Those who continue to hire unverifiable employees will be subject to stiff fines.

Two years after the date of enactment, employers will be required to verify the eligibility of all new employees, including temporary workers. After six years, verification will apply to all employees. While this may be unsettling to some, and there may be better ways to do it, we will never have complete knowledge of everyone who is in our country and their legal status without some capability for verification.

Good Neighbor SAFE Visas will provide businesses seeking to hire foreign workers with a secure method of confirming their legal status. If a temporary worker is fired, convicted of a crime or just disappears, the card will be canceled, preventing someone else from hiring the worker.

We have a historic opportunity to repair our immigration system. Our proposal is meant to be one set of ideas; there are many others. But there can be no disagreement on this: Congress owes it to the American people to solve this crisis. We are attempting to protect our national security while providing benefits to our country for generations to come. We urge our colleagues in Congress to come back to the table and produce a workable system. The future of our country depends on it.

Sen. Kay Bailey Hutchison is a Texas Republican and Rep. Mike Pence is an Indiana Republican.

Decline Seen In Illegal Immigrants (NYT)

By Rachel L. Swarns

The New York Times, July 26, 2006

Border Patrol officials said the number of immigrants entering the country illegally had declined since President Bush announced his plan to send National Guard troops to help secure the border with Mexico.

The Border Patrol chief, David V. Aguilar, reported a 45 percent decline in apprehensions of illegal immigrants when comparing the 69 days before Mr. Bush's speech on May 15 with the 69 days after it.

The National Guard deployment is expected to reach full strength by Aug. 1, with about 6,100 troops at the border.

Washington Wire (WSJ)

Wall Street Journal, July 26, 2006

Former Treasury Secretary Robert Rubin has been a harsh critic of President Bush's fiscal policies, but on Tuesday he voiced support for a key part of Bush's proposed immigration reform.

"We should have some sort of guest worker program," he said on a panel discussion at the Brookings Institution. "I don't know if I support precisely" Bush's proposed program, "but the general gist of it struck me as right." –Greg Ip

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July 25, 2006, 4:50 pm Wind Storm in Senate

Both Illinois senators are trying to get some answers about wind and about the future of wind farms in the Midwest. In the meantime, they're blocking the confirmation of a Transportation Department nominee.

Democrats Barack Obama and Dick Durbin said they won't allow a vote on Andrew Steinberg to be assistant secretary for aviation and international affairs until the Federal Aviation Administration decides whether wind farms under construction in the Midwest will interfere with radar systems, particularly those serving the military.

Without clarity from federal officials, the two said, investors won't support wind farms. "If there are real problems, we should find ways to mitigate, reduce or eliminate them, but our wind farm owners deserve an answer today," Durbin said in a statement.

An interim policy announced in March concluded that wind farms near the National Air Defense and Homeland Security Radars pose a hazard, and that means wind farms could not be located in much of the country, the senators said.

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Obama and Durbin said they will block Steinberg's nomination until the FAA works with the Pentagon to clarify whether proposed Midwestern sites will be able to operate. One of the stalled projects, in Bloomington, Ill., would be the largest source of wind energy in the nation, generating enough power to serve an estimated 120,000 Chicago-area homes, they said.

Transportation Department spokesman Brian Turmail said the FAA must review every wind turbine application and determine if it puts air travelers at risk. "We look forward to explaining this essential safety function to the senators," he said. –Laura Meckler

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July 25, 2006, 2:42 pm A Gentle Reminder

At a panel discussion on globalization and economic insecurity organized by the Brookings Institution, an audience member asked Larry Summers his views on protectionist U.S. trade actions, saying that Summers was "known for his frankness and openness."

Summers recently stepped down as Harvard president in part over a controversy that began with his suggestion — in response to an invitation to speak up at a research conference — that inherent differences might explain why women are underrepresented at the highest levels in math and science.

At today's session, Summers, now an economics professor at Harvard, replied: "I have learned painfully that there are sorts of invitations that a prudent man doesn't take."

Fellow panelist Robert Rubin quickly interjected: "Prudent person."

Summers responded, "I needed that." –Greg Ip and Brian Blackstone

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July 25, 2006, 12:52 pm Debt Burden

Americans are worried about household debt and see it as a problem for the middle class, not just poorer families, a new poll shows.

Nearly half of those surveyed rated household debt — credit cards, car loans, home mortgages, payday loans and the like — "a very serious problem" while another 35% called it "a somewhat serious problem." By a 79-19 margin, respondents described household debt as a problem for middle-income families.

The survey of 1,000 adults was conducted between April 13 and April 20 for the Center for American Progress, the Center for Responsible Lending, the National Military Families Association and AARP by Greenberg Quinlan Rosner and Public Opinion Strategies. It has a error margin of 3.1 percentage points.

When offered a variety of suggestions to deal with the problem, 93% of respondents said they favor "providing more incentives for people to save money" and 92% favored "stronger requirements" that lenders and others explain charges in simple language and the same percentage favored more consumer education and counseling.

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July 25, 2006, 9:16 am Aid Movements

Rice Secretary of State Condoleezza Rice clocks a rare breakthrough on her Mideast tour, winning an agreement with Israeli Prime Minister Ehud Olmert to open a range of new humanitarian conduits into Lebanon.

After a meeting in which Rice urged him to make moves to ease the humanitarian pressure in Lebanon, Olmert says in a statement that Israel plans to will allow airplanes carrying assistance to land at the Beirut airport, which was bombed at the start of the fighting 13 days ago. Israel is also promising to open a new ground corridor in from Israel into Lebanon "to assure delivery to all parts of the Lebanese population."

Aid agencies continue to complain that Israel has blocked aid shipments into Lebanon and parts of the country are suffering from shortages of food, water and medicine. –Neil King Jr.

See updated photos and an interactive map.

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July 25, 2006, 8:29 am Mixed Message

Palestinian leader Mahmoud Abbas tells Condoleezza Rice that he agrees with President Bush that the region must grapple with "root causes," but cites Israel's occupation of parts of the West Bank as a top irritant.

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After a meeting with the U.S. secretary of state, Abbas calls for an immediate ceasefire in Lebanon and says that "the suffering of the people in the Palestinian territories and Lebanon is beyond any endurance of any human being."

Rice, standing at his side in the same coumpound where Yassir Arafat long lived, reiterated the message she's been delivering for days, saying that the region needs "to get to a sustainable peace. That is the problem."

At Rice's insistence, the two leaders made statements but took no questions — a very unusual step for the normally talkative top diplomat. A Rice aide said she did not want to give "a running commentary on the state of U.S. diplomacy." –Neil King Jr.

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July 25, 2006, 8:04 am Chilly Reception in Ramallah

Palestinians greeted Secretary of State Condoleezza Rice today with a general strike across the West Bank and pro-Hezbollah protests in Ramallah, where she traveled under heavy security to meet with Palestinian President Mahmoud Abbas.

Palestinians are incensed over the Israeli bombing of Lebanon but also because the U.S. and Europe have cut off funding of the Palestinian Authority since the militant group Hamas won the January election.

This is Rice's first visit to the West Bank since November. Abbas and Rice plan to consult about the recent unrest in Gaza and about US ideas for easing the fighting in Lebanon. But in keeping with a diplomatic jaunt almost devoid of public remarks by Rice, she will make a statement but won't take press questions. –Neil King Jr.

Who Will Care For U.S. Elderly If Border Closes? (WSJ)

By Barry Newman

The Wall Street Journal, July 26, 2006

PHILADELPHIA -- Forty years ago, Blanca Maldonado moved to the U.S. from Puerto Rico. She married and had 13 children, 28 grandchildren and 30 great-grandchildren. Now 76 years old and bedridden with bone disease, she is cared for by Xiomara Martinez, an immigrant who arrived in 1996 from the Dominican Republic.

Luis Maldonado, a 43-year-old cook, sat at his mother's bedside on a visit to her small apartment here one afternoon. "We'd all love to be with her all the time, but we have to take care of our needs," he said of his family. "But we never stop thinking of Mama."

Neither does Ms. Martinez. Her own mother entered the U.S. illegally in 1978 and eventually got a green card. After a long wait, her children joined her. At 47, Ms. Martinez earns $6.65 an hour, paid through a state agency, for taking care of Ms. Maldonado's needs, from baths to rice and beans.

In the immigration fight that continues to addle Congress this summer, low-skilled foreign labor is often viewed as an indulgence in a society used to having its chickens boned, its lawns mowed and its laundry folded. But Ms. Martinez is evidence that the issue cuts into something more basic: a demographic thundercloud moving over the country as baby boomers approach old age.

Immigrants, whether legal or undocumented, make up a disproportionate share of those who care for the elderly -- and the need for such workers is set to explode in the coming years. The Department of Health and Human Services predicts that the elder-care work force, 1.9 million in 2000, must reach 2.7 million by 2010 and five million by 2050 to meet the impending rise in demand. Meanwhile, the pool of 25-to-50-year-old American-born women that has been a prime source for elder-care jobs is also shrinking.

Where will the extra helpers come from?

Operators of nursing homes and home-care agencies say part of the answer lies abroad. The American Health Care Association, which represents for-profit nursing homes, and the National Association for Home Care both joined an industry coalition to lobby Congress for a new visa that they hoped would annually admit 400,000 low-skilled workers -- the grist of the home-care field -- which would be equal to the number that now arrive illegally. In May, when the Senate passed a bill aimed at granting legal status to millions of immigrants already here, it cut the proposed number of low-skill visas to 200,000. The House had earlier backed punishment for illegal immigration, with no new visas at all.

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Immigration opponents in the House are unmoved by arguments that elder-care jobs will soon go begging without an influx of workers from abroad. "At some price, Americans will fill these jobs," says Will Adams, spokesman for Rep. Tom Tancredo, a Colorado Republican. "Any field related to the retirement of the baby-boom generation is expanding. Let the market do its work."

Some proponents of better pay for American elder-care workers agree. Such work may have its unpleasant aspects, they say, but filling vacancies with immigrants might depress wages for the lowest paid workers in the field. "Bringing in foreigners willing to put up with those circumstances may only exacerbate the problem," says Donald Redfoot, a researcher for the AARP, which hasn't taken an official position on the immigration issue. "Employers will say, well, that's the market price for the job."

As a compromise between the two houses of Congress, President Bush wants to seal the Mexican border more tightly than ever. Congress has sidestepped final action for now, but the controversy continues to churn, with the issue at the top of this fall's election agenda.

With poor pay, few benefits and no security, elder care is already a career many Americans flee -- the turnover is huge -- yet one that immigrants like Ms. Martinez flock to. One Census Bureau survey counted 850,000 low-skilled home-care workers in the country, 254,000 of them born abroad -- and that number doesn't count many undocumented immigrants caring for people privately.

"You force underground unknown, uncounted workers who get exploited, and you have the elderly cared for with no quality control by people who aren't trained," says Steven Dawson, president of the Paraprofessional Healthcare Institute in New York, which exists to promote long-term care as a career for Americans.

Mr. Dawson and his colleagues have decided, reluctantly, that the answer is to legalize undocumented workers already here, while creating a legal way to admit more, as needed. Along with upgrading conditions for everyone else, that would clear the immigrants' road to better education, English lessons and fair pay.

Addus Healthcare Inc. a Chicago-based home-care agency, says it never knowingly hires illegal immigrants. Mark Heaney, its chief operating officer, acknowledges that "we need to pay a higher wage to attract high-quality folks." But wage rates are primarily tied to government reimbursements, says Mr. Heaney, who also sits on the board of the home-care industry's lobbying organization.

With fewer low-skilled immigrants available, Mr. Heaney fears that Addus will be priced out of the market by companies that will pay more for labor if they must. "Hotels are still going to clean their rooms," he says. "Restaurants will still have waitresses. Where are they going to get them? If the work force of illegal aliens is reduced, they'll draw away my aides."

With 10,000 workers in 12 states, Addus is a big agency, and, in one respect, an unusual one: Earlier this year, it signed a contract with the Service Employees International Union. The aim for both was to make the job more bearable and to tame the turnover.

At the Addus branch in the old Italian row-house district of South Philadelphia, though, that hasn't happened yet.

"A quarter more an hour is enough to make a person leave," says Bernice Drinks, the office administrator. She needs 90 aides to care for 180 clients -- and 10 quit every month. Ms. Drinks hires new ones mostly from welfare-to-work programs. But 13 of her current aides have stayed longer. One is Haitian, the others, Latinas.

"We need every nationality," Ms. Drinks says. "They like us. They like the clients. They spread the word."

Before she started caring for Blanca Maldonado, Xiomara Martinez was waking up at 4 a.m. to work in a laundry for $6 an hour. Then Ms. Drinks hired her sister Juana -- who soon brought in Xiomara, two other sisters and an aunt.

"Juana told me it was a good job," said Ms. Martinez at her client's bedside, surrounded by pictures of Ms. Maldonado's children and children's children. "I like it. Elderly people are beautiful. I'd like to make a career out of it." Then, considering the money she makes, Ms. Martinez added, "I might get work in a hospital."

Blame For Current Border Problems Falls Heavily On Congress (RC)

By Norman Ornstein

Roll Call, July 26, 2006

DOJ_NMG_0042974

Last week, on his way to the Mexican-American border, Speaker Dennis Hastert (R-Ill.) told USA Today's Kathy Kiely that border security was the absolute key to the immigration issue. He said, "I would look at it as if you have a patient who is bleeding to death. ... Close the wound first. Secure the border. And then you can begin to look at what other options are."

The Speaker's comments and analogy led me to a parallel analogy: Congress is like Washington, D.C.'s emergency response team. The patient — the border — started to bleed uncontrollably many years ago. A lot of people called 911 (starting on Sept. 11, 2001), but the House ambulance is just now arriving at the door (with legislative EMTs about as clueless as D.C.'s finest).

Here we have Exhibit A in the damage done by a Congress that years ago abandoned a deliberative process and serious oversight. When President Bush belatedly embraced the idea of a Department of Homeland Security in 2002 and picked the behemoth model for maximum political impact, Congress accepted it without question, fighting only over the level of political control of its 170,000 employees.

As I have noted before, any student of organizations and reorganizations — public or private — knew that throwing together 20 or more disparate agencies, bureaus, offices and other entities would lead to disorganization and chaos for years as career civil servants struggled to figure out their new career paths; as agencies were shuffled and moved physically; and as new leaders simultaneously tried to manage the change and department, and also create a new mission and carry it out at a time of maximum danger to the homeland.

And everyone should have known that it would be a Herculean task to change 20 bureaucratic cultures built around pre-existing missions to create a new culture focused on the new mission of protecting the homeland — with the added danger of losing focus on the old, still-important missions along the way.

At the time the administration's plan for a department emerged, there was an obvious alternative: create a Department of Border Security first, joining together the Border Patrol, Customs Service, Immigration and Naturalization Service and Coast Guard.

This reorganization would have served several powerful needs, forcing the four component parts to look beyond their pre-existing missions (the Customs Service, for example, was created in large part to generate revenue) and handle the new and urgent mission of focusing on border threats. In addition, this approach could have brought attention to two components with long-standing problems and dysfunctional cultures — the Border Patrol and the INS — and helped repair those cultures, perhaps by proximity to two other agencies with sterling reputations. And this approach could have ensured that the outcome of the reorganization would be to strengthen the border while preserving important additional functions such as the Coast Guard's role in marine safety.

Once that merger had been completed — and given the time and effort needed to make it work — other entities, such as the Federal Emergency Management Agency or the Animal and Plant Health Inspection Service, could be considered for addition to the department, phasing them in to reduce the turmoil along the way.

Instead, the "Big Gulp" approach was taken, without a peep from Congress. Moreover, after the DHS was created, Congress did little oversight, either during its early period of chaos and revolving doors for top management or afterward. It even took years to create parallel oversight committees.

So — no surprise — a preoccupied DHS left the dysfunctional Border Patrol to its own devices and sat by idly while the old disputes among the Border Patrol, INS and Customs festered. The failure to make the border agencies work, much less work together, contributed to the corrosive, anti-immigrant atmosphere in border areas in the Southwest and elsewhere in the country by failing to get any meaningful handle on border security.

Of course, Congress' failure here was even more striking and inexcusable when it came to FEMA — a once-proud agency left in tatters within the DHS, a shift that mightily contributed to the disastrous response to Hurricane Katrina (and, we now learn, to a dysfunctional post-Katrina effort that led to outrageous misuse of taxpayer dollars to buy things that were not needed, or unused and allowed to rot). Given this history, I have little confidence that Congress' newfound zeal to reorganize FEMA, either spinning it out of the DHS or reforming it within, has been thought through carefully or would be carried out well, much less subject to real, sustained and searching oversight.

DOJ_NMG_0042975

When Immigrants Become Humans (LAT)

The Los Angeles Times, July 26, 2006

REP. STEVE KING RECENTLY STOOD before the House of Representatives, razor wire in hand, and advocated electrifying the southern U.S. border with a current strong enough to be a "disincentive" but weak enough to keep from killing people. "We do that with livestock all the time," the Iowa Republican noted.

Maybe King should tune into FX. Tonight at 10, the cable channel will air a captivating episode of Morgan Spurlock's "30 Days" documentary program that people on all sides of the immigration debate should watch. In it, Frank Jorge, a member of the Minuteman Project border-vigilante group, spends one month living in a tiny, one-bedroom East L.A. apartment with a family of seven Mexican immigrants, most of them illegal, who he thinks should be deported. Jorge leaves his documents at home in Mojave, does handyman work with the stoic father and argues immigration politics over meals and golf rounds with the family's charming (and totally Americanized) teenage daughter.

The result is gripping television — not because the protagonists change their views significantly but because we get to watch Jorge register his slow-dawning shock that the same class of people he has pointed guns at can be noble, hardworking, funny, angry, God-fearing, sassy, patriotic … and, well, human.

This is a truism too frequently sidestepped. Restrictionists are fond of using terms of derision like "illegals" (a word that somehow never gets affixed to tax evaders, pot smokers or scandal-embroiled politicians) and too often compare a class of mostly decent human beings to rodents or insects. "Illegals," Rep. Ted Poe (R-Texas) recently warned his colleagues, "have been drawn to Colorado like moths to a flame."

The set-up of tonight's episode is perhaps too loaded to be representative. Jorge himself was born in a foreign country (Cuba) and speaks Spanish. The Gonzales family seems almost impossibly likable; no trace of trouble or complaint is on display. And even though Jorge has since insisted that the show's editing makes him out to be more sympathetic to the family than he actually is, no editing could fake the bond that grows between them, and no shadow of a doubt clouds the episode's most powerful moment — when Jorge visits the Gonzales' brutally poor and run-down village in Mexico.

It's too much to ask of a television show that it solve a seemingly intractable dispute. But by showing the humanity on both sides of the issue, "30 Days" provides a valuable and timely public service.

TAX:

Patented Tax Strategies May Fail To Shield You From The IRS (WSJ)

By Tom Herman

The Wall Street Journal, July 26, 2006

It's tough enough to figure out whether a complex tax strategy is right for you -- let alone legal. Now there's something else to worry about: Getting sued by someone who has patented the technique.

It may sound surprising that tax and financial-planning ideas can be patented at all. They can, just like gadgets and other inventions. While the number of tax-related patents is still small, it appears to be growing -- and is attracting attention in Congress, at the Internal Revenue Service and among tax professionals facing increasingly intense competition for wealthy clients. Adding to the interest is a lawsuit filed earlier this year against a Connecticut executive for allegedly using a tax strategy patented by a Florida man in 2003.

IRS officials and some tax lawyers worry taxpayers may be fooled into thinking that a "patented" tax strategy automatically bears the government's seal of approval -- which it doesn't. "Just so there is no misunderstanding today on this point, let me be clear," IRS Commissioner Mark Everson told a congressional panel earlier this month. "The grant of a patent for a tax strategy has absolutely no impact on IRS's determination of the effectiveness or the legitimacy of the strategy."

Lawyers, meanwhile, are questioning whether someone should be allowed to impose what amounts to a toll charge on someone else for using a technique to reduce taxes lawfully.

"The proliferation of tax-strategy patents would change and burden tax practice," says Ellen Aprill, a tax-law professor and associate dean for academic programs at Loyola Law School in Los Angeles.

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Patents for tax-reduction strategies "should be prohibited" either by legislation or by the U.S. Patent and Trademark Office, says Dennis I. Belcher, a lawyer at McGuireWoods LLP in Richmond, Va., and treasurer of the American College of Trust and Estate Counsel, a group of about 2,600 lawyers. "It should be against public policy" for a private individual to patent a technique used to reduce someone's tax burden, he says.

A panel discussion on the subject will be held at a joint meeting of the American Bar Association tax section and the group's section of Real Property, Probate and Trust Law in October in Denver. The title: "Can Patents Restrict our Advice to Clients?"

The Patent and Trademark Office has issued 48 patents related to tax strategies since the early 1990s. Of those, seven were issued last year, up from one in 2005 and five in 2003. James Toupin, general counsel, says the office also has published 61 applications that haven't yet been reviewed to see if they qualify for a patent.

Tax lawyers have been focusing more closely on the subject since a lawsuit was filed early this year against John Rowe, now executive chairman of Aetna Inc., in federal district court in Connecticut. According to the complaint, Dr. Rowe used an idea invented and patented by Robert C. Slane, who assigned the patent to Wealth Transfer Group LLC, of which he is a member.

The patent -- No. 6,567,790 -- involves transferring stock options to a "grantor-retained annuity trust." Typically, the goal of these trusts is to transfer appreciated assets to family members while minimizing gift and estate taxes. The complaint says Dr. Rowe had set up "one or more" of these trusts funded by nonqualified stock options in Aetna. The lawsuit asks for a permanent injunction barring Dr. Rowe from "infringing," or inducing others to infringe, on the patent. It also asks for damages and attorneys' fees, but doesn't specify how much.

A lawyer for Dr. Rowe declined comment and said Dr. Rowe declined comment, but court papers submitted on behalf of Dr. Rowe denied the allegations.

Stephen Milbrath, a lawyer for Mr. Slane, declined to elaborate on the lawsuit, but he strongly disagreed with Mr. Belcher's call to prohibit patents on tax-related strategies. These and other types of "business-method" patents are "valuable to the economy" and "spur innovation," he said. "We're very unhappy" Mr. Slane wasn't invited to present his side of the story at the House hearing, he added.

Mr. Slane told The Wall Street Journal two years ago that he had decided to get a patent on the idea "to protect myself and to protect, if you will, the invention."

In one instance, the holder of a tax-strategy patent attended a real-estate conference, obtained the mailing list of all attendees -- and then sent a letter to each of them saying their business activities might be infringing on his patent, according to Richard Lipton, of law firm Baker & McKenzie LLP in Chicago. Mr. Lipton was told by the patent holder that some of those who got the letter paid royalties. He was paid by clients to look into the issue and concluded there was no infringement. * * *

Another email scam tries to lure taxpayers into disclosing personal information.

The IRS recently warned taxpayers to beware of "phishing" expeditions in which scamsters try to hook people into divulging sensitive information, such as credit-card numbers. Now, the agency says there's a new twist: Emails that look like a page from the IRS Web site, www.irs.gov, and claim to be from the "IRS Antifraud Commission," a fictitious group.

The email claims someone has enrolled the taxpayer's credit card in the Treasury's electronic federal tax payment system and tried to pay taxes with it. It also says there have been fraud attempts involving the taxpayer's bank account, that money was lost and that the remaining money is blocked. Taxpayers are asked to click on a link to help them get the money back, where they're asked to provide personal information that thieves could use to steal their identity.

The IRS "does not send out unsolicited emails asking for personal information," IRS Commissioner Everson said.

* * *

BRIEFS: A Senate Finance subcommittee plans to hold a hearing today on "the size and sources of the tax gap." The IRS has estimated the tax gap -- the difference between what the IRS collects each year and what it should be collecting -- is around $290 billion.

Dynamic Analysis (WSJ)

By Robert Carroll And N. Gregory Mankiw

DOJ_NMG_0042977

The Wall Street Journal, July 26, 2006

Does tax relief mean more economic growth? Many people believe the answer is yes, and now they get strong support from the staff of the U.S. Treasury.

Most press reports on the Mid-Session Review of the federal budget, released by the Bush administration a couple of weeks ago, focused on the good news about expanding tax revenues and the shrinking budget deficit. But for tax-policy geeks, the most intriguing part of the report was an easily overlooked box on page 3: "A Dynamic Analysis of Permanent Extension of the President's Tax Relief." Over the past six months, the Treasury Department staff has been studying the dynamic effects of tax cuts on the economy. The results of this analysis, previewed in this box, were released yesterday in more complete form (available at http://www.treas.gov/offices/tax-policy/1).

A bit of background: Most official analysis of tax policy is based on what economists call "static assumptions." While many microeconomic behavioral responses are included, the future path of macroeconomic variables such as the capital stock and GNP are assumed to stay the same, regardless of tax policy. This approach is not realistic, but it has been the tradition in tax analysis mainly because it is simple and convenient.

In his 2007 budget, President Bush directed the Treasury staff to develop a dynamic analysis of tax policy, and we are now reaping the fruits of those efforts. The staff uses a model that does not consider the short-run effects of tax policy on the business cycle, but instead focuses on its longer run effects on economic growth through the incentives to work, save and invest, and to allocate capital among competing uses.

The Treasury report describes what will happen to the economy if the tax relief of the past few years is made permanent, compared to the alternative scenario of reverting back to the tax code as it was in 2000. Specifically, the report analyzes the effects of lower taxes on dividends and capital gains, the effects of lower taxes on ordinary income, and the extension of other tax cuts, including the new 10% bracket, the expanded child credit and marriage-penalty relief. Here are three main lessons.

Lesson No. 1: Lower tax rates lead to a more prosperous economy.

According to the Treasury analysis, a permanent extension of the recent tax cuts leads to a long-run increase in the capital stock of 2.3%, and a long-run increase in GNP of 0.7%. In today's economy, such a GNP expansion would mean an extra $90 billion a year that the nation can spend on consumer goods to raise living standards, or capital goods to maintain prosperity. More than two-thirds of this expansion occurs within 10 years.

Lesson No 2: Not all taxes are created equal for purposes of promoting growth.

Some tax rate reductions have a profound impact on incentives and economic growth, while others have minimal or even adverse effects. The Treasury staff reports particularly large bang-for-the-buck from the reductions in dividends and capital-gains taxes. Even though these tax cuts account for less than 20% of the static revenue loss from permanent tax relief, they produce more than half of the long-run growth.

At the opposite end of the spectrum are the tax reductions from the 10% bracket, child credit and marriage-penalty relief. These tax cuts put money in people's pockets when, during the recent recession, the economy needed a short-run boost to aggregate demand. They also fulfill other objectives, such as making the tax system more progressive. But they illustrate that not all tax cuts promote long-run growth. Treasury estimates that without the tax reductions from the 10% bracket, child credit and marriage-penalty relief, the long-run increase in GNP would be larger -- 1.1% rather than 0.7%.

Lesson No 3: How tax relief is financed is crucial for its economic impact.

Like all of us, the government eventually has to pay its bills. In technical terms, the government faces an intertemporal budget constraint that ties the present value of government spending to the present value of tax revenue. This means that when taxes are cut, other offsetting adjustments are required to make the numbers add up.

The Treasury's main analysis assumes that lower tax revenue will over time be accompanied by reduced spending on government consumption. But the report also shows what happens if spending cuts are not forthcoming. In this alternative scenario, a permanent extension of recent tax relief is assumed to lead to an eventual increase in income taxes.

The results are strikingly different. Instead of increasing by 0.7% in the long run, GNP now falls by 0.9%. Tax relief is good for growth, but only if the tax reductions are financed by spending restraint. One exception: Lower taxes on dividends and capital gains promote growth, even if they require higher income taxes.

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These Treasury results are sure to spark debate and further research. While the Treasury report is not the last word on dynamic analysis, it is a big step toward a more realistic view of tax policy.

Mr. Carroll is the Treasury Department's deputy assistant secretary for tax analysis. Mr. Mankiw, a Harvard professor, was chairman of the Council of Economic Advisers from 2003 to 2005.

Tax Cuts May Come At A Price, Study Says (WP)

By Nell Henderson

The Washington Post, July 26, 2006

The federal government will need to either cut spending or raise taxes down the road to pay for extending President Bush's recent tax cuts, the Treasury Department said in a report released yesterday, dismissing the idea popular with many Republicans that such sacrifices can be avoided.

The Treasury report did not openly address the much-debated contention of many conservative analysts that the tax cuts will boost economic growth so much over time that the resulting increase in taxes paid will offset much or all of the initial loss in government revenue -- that tax cuts can essentially pay for themselves.

The report acknowledged the debate delicately, saying "the issue of how, or even if, these policies need to be financed remains a source of discussion among economists."

But the Treasury's view reflects "a recognition the federal government has to finance the tax relief" to avoid a rise in government debt, Robert Carroll, deputy assistant secretary for tax analysis, said in an interview.

The report stressed that the economic effects of extending the tax cuts "depend crucially on whether they are financed by lower spending or higher taxes in the future."

One of Bush's top legislative goals is persuading Congress to make permanent several provisions of his 2001 and 2003 tax-cut packages that are set to expire in 2010. They include lower tax rates on income from wages, dividends and capital gains; a doubling of the child tax credit; and a reduction in the tax disadvantages of marriage.

If those tax cuts are extended and matched by comparable reductions in government spending, under the best scenario, the nation's level of economic activity would be increased by about 0.7 percent per year over time, or by $90 billion a year in current dollars, Carroll said.

If the government instead decides to raise taxes later, effectively making the tax cuts temporary, that could lower economic output over time, the report said.

"The report clearly indicates tax relief means more economic growth under certain conditions," Carroll said. "If the tax relief is not permanent, they might actually have adverse effects on growth."

The Treasury report was its first using "dynamic analysis," an approach that looks at how tax changes alter consumer and business behavior in ways that affect the economy's growth.

A reduction in income tax rates, for example, might initially reduce the government's revenue, but over time might encourage more people to work, and to put in longer hours, increasing tax payments to the government over time.

The Congressional Budget Office and Congress's Joint Committee on Taxation provide dynamic analyses of how changes in tax policy are likely to affect the economy but do not use "scoring," which estimates the effects of tax changes on the governments tax receipts.

Earlier this year, Bush's budget proposed creating a Treasury Division on Dynamic Analysis to refine its approach, saying, "It is envisioned that dynamic analysis eventually would evolve into dynamic scoring."

The Treasury report released yesterday relieved "a lot of fears that dynamic scoring would lead to the view that cutting taxes raises revenue," said Jason Furman, a senior fellow at the liberal Center on Budget and Policy Priorities. Rather, the report "pours a huge bucket of cold water on the exaggerated claims that tax cuts transform the economy and pay for themselves."

On the contrary, Furman said, the Treasury's estimates suggest that, under the best long-run scenario, the tax cuts' boost to tax payments would offset less than 10 percent of their initial cost.

The Treasury report highlights Bush's call for both permanent tax cuts and "spending restraint."

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But government spending has increased sharply during the Bush administration, said Leonard E. Burman, director of the Urban Institute's and the Brookings Institution's joint Tax Policy Center. He faulted the White House for deferring discussion of the types of big spending cuts that would be required to finance the tax cuts.

"All of the hard questions are swept under the rug," said Burman, a Treasury official in the Clinton administration. "We've increased spending and cut taxes, which is politically a very effective strategy. But in the long run, the effect on the economy is a disaster."

Tax-Haven Abuse Is Examined (WSJ)

By Robert Guy Matthews

The Wall Street Journal, July 26, 2006

WASHINGTON -- A Senate committee is turning the spotlight on abuse of offshore tax havens, particularly the use of trusts and corporate moves to circumvent U.S. tax, securities and antimoney-laundering laws.

The Permanent Subcommittee on Investigations plans to explore how offshore tax abuses cheat the federal government out of billions of dollars in tax revenues at a Tuesday hearing. The committee has been examining how the tax schemes work and how to better enforce compliance or close loopholes. Officials from securities firms, banks and law firms as well as U.S. taxpayers and tax and securities experts are expected to testify.

"For more than a year, the Senate Permanent Subcommittee on Investigations has conducted extensive investigations into potential abuses that occur with offshore tax shelters," said Chairman Norm Coleman (R., Minn.). "We must close those loopholes."

Legislators are focusing on how to close the $290 billion tax gap -- the amount of tax assessed by the government but never collected. Much of the tax gap is due to tax abuses and loopholes in the law.

Both the Subcommittee on Investigations and the Senate Finance Committee have been investigating abusive tax schemes for a number of years. In February 2005, the Subcommittee on Investigations released a report on abusive tax shelters promoted by KPMG LLP, Ernst & Young LLP, and PricewaterhouseCoopers. In November 2003, the subcommittee released a report alleging how accounting firms, law firms, banks and security-advisory firms had joined forces to develop, market and carry out abusive or illegal tax shelters.

CONGRESS-ADMINISTRATION:

White House Mulls Mineta Replacement (AP-Y)

By Leslie Miller

AP2, July 26, 2006

President Bush still hasn't decided whom to nominate as transportation secretary to succeed Norman Mineta, who left the job July 7 after six years on the job.

Meanwhile, Washington is showing how it loves to fill an empty Cabinet seat with speculation.

A Cabinet secretary, two federal transportation officials, a White House budget aide and a former governor are said to be under consideration.

"As soon as he has a nominee to announce he will," said White House spokeswoman Dana Perino. "Secretary Mineta left the Cabinet only a few weeks ago, and a decision on a nominee will be made soon."

Two women who served under Mineta are considered top candidates to succeed him: Federal Aviation Administration chief Marion Blakey, known for her management skills; and deputy Transportation Secretary Maria Cino, who has a reputation for political savvy.

Others said to be in the running are:

_Jim Edgar, former two-term Illinois governor.

_Elaine Chao, secretary of Labor.

_Michael Jackson, deputy secretary of Homeland Security, formerly deputy secretary of Transportation.

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Clay Johnson, deputy director of the Office of Management and Budget, has also been talked about as a possible candidate. He's been Bush's friend since prep school and served in his administration as governor of Texas.

Carol Hallett, former president of the Air Transport Association, lost out to Andrew Card for Transportation secretary in the first Bush administration. She said Tuesday that it was only a wild rumor that she's under consideration now.

Bill Graves, former Kansas governor and now head of the American Trucking Associations, told his board recently that he is committed to staying in his job.

Whomever President Bush selects, it's unlikely the new Transportation secretary will be appointed before fall.

Congress's monthlong August recess begins soon, and the Senate is often slow to confirm presidential nominees.

Inside the Beltway, the vacant Transportation post is viewed as setting up a "Maria vs. Marion" contest between Cino and Blakey.

Mineta, a lifelong Democrat, says he wants Cino, former deputy chairman of the Republican National Committee, to succeed him.

"She's proven herself in terms of her handling the issues and handling the people," Mineta said in a telephone interview from his office at the public relations firm Hill & Knowlton, where he is now vice chairman.

Cino rose primarily through Republican political organizations to become deputy Transportation secretary in May 2005.

She had little transportation experience, but her resume includes national director for the Bush for President campaign in 2000.

Cino plunged into her role as acting secretary immediately upon Mineta's departure, touring the country to publicize transportation projects undertaken by the Bush administration.

Her past as a political staffer may hurt her, said Mineta, because people in the White House may not think of her as Cabinet secretary material. "They think of her as a staff person," he said, recounting a conversation he had with Cino about how the administration perceives her.

Blakey has far more experience in transportation, say her supporters. She headed the National Highway Traffic Safety Administration under President George H.W. Bush and the National Transportation Safety Board and the FAA under President George W. Bush.

"The summer has gone well without the usual screams and cries due to delay in air traffic issues. Her department has had a good record of keeping its senior talent," said Peter Goelz, former NTSB managing director.

But bitterness over difficult contract negotiations with the air traffic controllers' union may cause Blakey trouble should she be nominated. After more than a year of bargaining, she imposed the FAA's last, best offer on the union — an unpopular move with Democrats and labor-friendly Republicans on the Hill.

James May, president of the Air Transport Association, one of the Transportation Department's biggest constituents, said either choice would be fine with him.

"I'm very high on Marion Blakey and Maria Cino," May said.

Edgar, the former Illinois governor, has expressed interest in the job in the past.

Mineta said Jackson, his former deputy, is unlikely to get the job because he's needed to help run Homeland Security.

Adversary Of Goss Takes No. 2 CIA Post (WT)

By Bill Gertz

The Washington Times, July 26, 2006

A veteran CIA operations official who clashed with former agency Director Porter J. Goss was formally named the deputy CIA director yesterday, raising concerns among critics who say he will hamper reform at the agency.

Stephen R. Kappes, who is well-liked among CIA rank and file but who is viewed as someone supporting the status quo at the embattled agency, began work yesterday in his new role, a CIA statement said.

CIA Director Michael Hayden said Mr. Kappes "has a profound understanding of how this agency works, both here at headquarters and in the field," the statement said.

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Mr. Kappes, who has held positions within the CIA clandestine service, told agency employees in a message that he values "your expertise, your skills, your patriotism and your generosity to your colleagues."

He had resigned in protest from the CIA in November 2004 along with one of his subordinates, Michael Sulik, after an incident in which, intelligence officials say, Mr. Sulik threw a stack of papers at senior Goss aide Patrick Murray during an argument in a meeting.

After the incident, Mr. Goss ordered Mr. Kappes to reassign Mr. Sulik outside CIA headquarters because of his behavior at the meeting. Instead, Mr. Kappes and Mr. Sulik both resigned.

The CIA has been under fire ever since the failures related to the September 11 attacks and subsequent botched assessments of Iraqi weapons of mass destruction.

Under recent intelligence community reforms, the agency has been reduced from its central role as the lead agency among 15 intelligence groups to one more oriented toward gathering human intelligence.

One former senior intelligence official said Mr. Kappes' appointment signals the end of reform at the CIA. "The bureaucrats have won" the battle to change the CIA, the former official said.

Rep. Peter Hoekstra, Michigan Republican and chairman of the House Permanent Select Committee on Intelligence, recently wrote to President Bush that the appointment of Gen. Hayden as director and plans to name Mr. Kappes as his deputy "signal a retreat from needed reforms of the agency."

"Regrettably, the appointment of Mr. Kappes sends a clear signal that the days of collaborative reform between the White House and this committee may be over," Mr. Hoekstra said in the May 18 letter.

Mr. Hoekstra said he thinks Mr. Kappes will bring problems back to the CIA including "politicization" of the intelligence service.

Mr. Kappes appears to be part of a group of CIA officials who have undertaken a concerted effort to undermine Bush administration policies, Mr. Hoekstra stated, noting that Democrats in Congress who opposed Mr. Goss publicly supported Mr. Kappes' return to the CIA. Mr. Goss resigned earlier this year.

Mr. Hoekstra said Mr. Kappes and Mr. Sulik tried to "bypass" congressional oversight committees as part of a "personal agenda."

"Every day we suffer from the consequences of individuals promoting their personal agendas," Mr. Hoekstra stated. "This is clearly a place at which we do not want or need to be."

Under CIA rules, two military officers cannot be in leadership roles at the CIA simultaneously, so Mr. Kappes' predecessor as deputy director, Vice Adm. Albert M. Calland III, stepped down in May.

Adm. Calland, a former Navy special operations commando, will take over as deputy director for strategic operational planning at the National Counterterrorism Center.

Bush Names Peace Corps Director (AP-Y)

AP2, July 26, 2006

President Bush has chosen financial services executive Ronald Tschetter to be the next director of the Peace Corps, the White House said Tuesday.

Tschetter replaces Gaddi Vasquez, who last month became U.S. representative to the United Nations food and agriculture programs.

Tschetter, a former Peace Corps volunteer in India and a former president of Dain Rauscher Inc., is now president of D.A. Davidson & Co. His nomination must be confirmed by the Senate.

Wind Farm Delays Pit Senators Against FAA (CHIT)

By Michael Hawthorne

Chicago Tribune, July 26, 2006

U.S. Sens. Barack Obama and Dick Durbin are blocking the appointment of a top aviation official in hopes of forcing the federal government to resolve a dispute that has stopped work on more than a dozen wind farms in the Midwest.

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The Illinois Democrats took the action in response to a recent Tribune story that documented how at least 15 wind farms have been sidetracked while federal officials study whether the giant turbines could interfere with military radar.

Senate rules and privileges allow any senator to delay confirmation of a presidential appointment. In this case, Obama and Durbin are blocking the nomination of Andrew Steinberg to be assistant secretary for aviation and international affairs at the Federal Aviation Administration. Earlier this year the FAA issued stop-work orders, formally known as a determination of presumed hazard, for at least 15 proposed wind projects in the Midwest.

"Wind farms are an important part of our ongoing efforts to make the United States more energy independent," Obama said, "which is why the FAA needs to immediately clarify its position so that investors feel comfortable putting their money into these projects and construction crews can get to work."

Backers of wind power say the delays have little to do with national security. Instead, they say, the wind projects have been caught up in a political battle hundreds of miles away on Cape Cod, where a group of influential vacationers oppose plans to erect 130 wind turbines offshore in Nantucket Sound.

Opponents of the Cape Wind project include U.S. Sen. John Warner (R-Va.), a frequent visitor to Cape Cod who slipped an amendment into a defense spending bill ordering federal officials to study whether wind farms mask the radar signals of small aircraft.

Laura Brown, an FAA spokeswoman, said Tuesday that the delays imposed by her agency have nothing to do with the defense study. She attributed the holdups to a burgeoning number of wind projects that must be reviewed by the FAA and noted the agency has approved one of the previously stalled projects—a giant wind farm outside Downstate Bloomington.

Another agency spokesman told the Tribune previously that the FAA had blocked construction at several wind farms at the behest of the Defense Department.

Top federal and state officials are encouraging the use of more wind power as a solution to skyrocketing fuel prices and for environmental problems such as global warming. President Bush has said wind turbines eventually could provide 20 percent of the nation's energy needs.

Sponsors Hold Out For Press Shield Law (AP-Y)

By Michael J. Sniffen, Associated Press Writer

AP2, July 26, 2006

Two Republican co-sponsors of a bill to shield reporters from having to disclose news sources refused Tuesday to give up hope for the legislation despite Justice Department opposition and limited time left for congressional approval.

Sen. Richard Lugar and Rep. Mike Pence, both Indiana Republicans, acknowledged at a National Press Club lunch that their proposed Free Flow of Information Act faces an uphill struggle with only a few months left in the 109th Congress.

Nevertheless, Lugar said, "We are still optimistic."

And Pence disclosed that the first hearings by a House committee would be Sept. 14.

The bill still needs approval by a Senate committee and the full Senate, a House hearing, House committee approval, full House approval, probably a conference to resolve differences, final votes on both chambers and President Bush's signature — all before Congress wraps up this fall, Lugar said.

And "probably some more compromises" will be necessary, Lugar said, without specifying what they might be. The coalition of news media companies backing the bill was already shaken by amendments sponsors accepted, particularly in the Senate version.

"We want to be helpful but at some point you risk giving everything away," Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said in an interview.

Dalglish said her own group dropped its 35-year-old insistence on an absolute privilege for reporters to withhold source identities in order to support an amendment to the House version that would allow courts to compel reporters' testimony when necessary to prevent "imminent and actual harm to the national security." She didn't see room for more compromise in the Senate version which also could force testimony relating to guilt or innocence, death or bodily harm, eyewitness accounts and unauthorized disclosure of properly classified information.

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Just Tuesday morning, House Judiciary Committee Chairman Rep. James Sensenbrenner, R-Wis., told Pence the panel's Internet and courts subcommittee would hold a hearing Sept. 14, the first in the House since the bill was introduced last year.

The Senate Judiciary committee held two hearings, spurred by furor over imprisonment of New York Times reporter Judith Miller for 85 days until she agreed to tell a federal prosecutor about her sources in the leak of the identity of CIA official Valerie Plame.

A Justice Department representative testified there was no need for the bill. Miller, however, told the panel that without it reporters would no longer get information from government and corporate whistleblowers fearful of losing their jobs.

The Senate panel twice scheduled meetings to act on the bill but failed to get a quorum each time. Lugar said one problem passing the bill was the frequency of news stories — like those that revealed classified government monitoring of financial transactions — that re-ignited controversy even though "they have nothing to do with the merits of our bill."

Line-item May Get Sept. Vote (HILL)

By Jonathan Allen

The Hill, July 26, 2006

Senate Republican leaders may bring a White House-backed proposal for a line-item veto to the floor in September, even if it appears likely to fall on a filibuster.

White House budget chief Rob Portman continued a fierce lobbying blitz for the measure yesterday, even as Republican senators conceded they still do not have the 60 votes needed to ensure its passage.

Portman, director of the Office of Management and Budget, met first with members of Republican whip operation of Sen. Mitch McConnell (Ky.) and then with individual senators outside the party's weekly policy luncheon.

"We're still very optimistic about its passage," said Portman, a former U.S. trade representative and House member from Ohio. "The timing is still in question."

"Probably not before the break," McConnell said.

"I don't think it's ripe yet in terms of support," said Sen. Gordon Smith (R-Ore.).

The September floor schedule is sure to be crowded as lawmakers vie to have their pet priorities considered before reconvening for a lame-duck session in November, and GOP leaders could choose not to have a floor vote on the line-item legislation.

But the White House is putting greater emphasis on building support for line-item authority than it has put on other proposals.

Conservatives who once preferred a broader spending-reform package written by Budget Committee Chairman Judd Gregg (R-N.H.) are now willing to consider the package's line-item-veto provision separately on the floor.

"That should probably be the prime budget vote we have before we get out of here," said Sen. Jeff Sessions (R-Ala.), one of the lead backers of a biennial budgeting proposal that Gregg included in his bill.

But neither Gregg's budget-reform proposal nor a stand-alone proposal for a line-item veto appears to have the 60-vote supermajority necessary to overcome a Democratic filibuster, should there be one.

"They haven't produced the votes they need to produce to justify the leader taking it to the floor free-standing," Gregg said.

But Portman said, "I think we can get to 60 votes."

Those who favor considering the line-item veto say it presents a win-win for Republicans — either it passes or they can use a filibuster against Democrats at the polls.

"It has policy and political implications," Smith said.

The line-item veto may have more political salience this year because of recent public outrage over the practice of earmarking.

Critics argue the Senate should not use limited floor time to debate a bill that is unlikely to pass.

"How about passing some appropriations bills?" said Jim Manley, spokesman for Minority Leader Harry Reid (D-Nev.).

"The Republicans have completely abdicated their responsibility to pass a budget" and are trying to "score cheap political points" with legislation "that more than likely will never get out of the Senate," he said.

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The House passed a line-item-veto bill in June with 247 votes, including 35 from Democrats. That measure, sponsored by Rep. Paul Ryan (R-Wis.), could require 60 votes to overcome a point of order — the same threshold that would be needed if Gregg's line-item proposal were stripped from his broader package and brought to the floor as a stand-alone measure.

The measures under debate would require Congress to affirm the president's requests for spending rescissions with a simple majority vote rather than overriding a veto with a two-thirds majority.

Gregg's line-item proposal would give Congress 45 days to respond to rescission requests from the president, limit the White House to four packages of requests per year and sunset the authority in four years.

Sessions said he would like to see the Senate debate the rest of Gregg's proposal at some point.

"I'm frustrated that we don't find more time to talk about these issues," he said.

Senate supporters of the line-item power say that more than 60 senators have expressed support for such authority either this year or in the past.

"I think it will come up," said Sen. Bob Bennett (R-Utah). "I'm leaning toward voting for it."

Poll: Majority Of Public Disapprove Of Bush's Stem Cell Veto (USAT)

By Richard Benedetto

USA Today, July 26, 2006

WASHINGTON — A majority of Americans disapprove of President Bush's veto of a bill expanding federal funding for embryonic stem cell research, though they say they believe he did so on principle, a USA TODAY/Gallup Poll shows.

The poll taken last weekend finds 61% say Bush rejected the bill last week for personal moral beliefs; 32% say he did it to gain political advantage.

It was Bush's first veto as president. The House of Representatives failed to override the veto.

White House deputy press secretary Ken Lisaius said Tuesday, "The president does not make policy decisions based on polling numbers. … He vetoed the legislation because it would provide federal tax dollars to fund the present and future destruction of human life for research."

In 2001, Bush made available $90 million in federal funds for research on a restricted number of embryonic stem cell lines. The bill would have allowed federal funds to be used on research of frozen embryos from fertility clinics that would otherwise be discarded.

Bill supporters, such as former first lady Nancy Reagan, say embryonic stem cell research may lead to cures for diseases such as Alzheimer's and diabetes, and to help heal spinal cord injuries. Bush and other opponents argue that the destruction of human embryos required for the research amounts to taking human lives.

In his veto message, Bush said if the bill became law it would cross a moral boundary that "would be a grave mistake."

The poll shows a partisan gap: 61% of Republicans approve of the veto, compared with 19% of Democrats and 33% of independents.

Among those expressing disapproval, 76% say they were "very" or "somewhat" upset by the veto; 24%, not at all.

Sen. Charles Schumer of New York, head of the Democratic Senate Campaign Committee, and others in his party say they will make the veto an issue in the Nov. 7 elections. Ads are running in Wisconsin and are planned in Missouri, Pennsylvania and other states against Republicans who opposed the bill.

"They might be overstating the case," Lydia Saad, senior editor of the Gallup Poll, says of the Democrats' strategy. "It would not seem to be a make-or-break election issue. There doesn't seem to be that much public intensity."

Democratic critics charge that Bush rejected the bill to appeal to conservative voters who are a key element in the Republican base.

"This wasn't a pro-life veto. This was a political veto," says Sen. John Kerry, D-Mass.

After Bush's veto, two governors put up more money for embryonic stem cell research.

California Gov. Arnold Schwarzenegger, a Republican, lent $150 million from his state's general fund for grants to stem cell scientists. Illinois Gov. Rod Blagojevich, a Democrat, offered $5 million for research grants in his state.

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Five states had allocated $72 million for the research. Some foreign countries, including the United Kingdom and South Korea, also fund stem cell research.

Republicans Split On IRA Provision In Pension Bill (WSJ)

By David Rogers And Deborah Solomon

The Wall Street Journal, July 26, 2006

WASHINGTON -- Pension-bill negotiations in Congress are coming down to a bruising fight among Republicans over how much latitude to give the financial-services industry to provide advice to individuals on their retirement accounts.

Senate Finance Committee Chairman Charles Grassley (R., Iowa) continues to resist pressure from House Majority Leader John Boehner (R., Ohio), who wants to make it easier for investment companies to both manage retirement accounts and advise clients on their portfolio.

As the dispute drags on, it has invited other skirmishes, threatening hopes of enactment this week of the underlying package to shore up the private pension system.

Major provisions promising airlines more time to bring their pension contributions up to date were being finalized last night, and Mr. Boehner is hopeful of agreement today on the package. But a closed-door exchange yesterday between House Ways and Means Committee Chairman Bill Thomas (R., Calif.) and Sen. Edward Kennedy (D., Mass.) betrayed Republican concerns about labor's reaction to some of the agreements. And members of the Senate Finance panel were in open revolt after Majority Leader Bill Frist's chief-of-staff Eric Ueland told reporters that popular tax provisions would be pulled out of the package.

"Am I dealing with Sen. Ueland or am I dealing with Sen. Frist," said Chairman Grassley. "Sometimes plans change," said Speaker Dennis Hastert (R., Ill.) of the new leadership tax strategy, but Republican business allies began a countereffort to keep a corporate-research tax credit in the pension bill.

The fight over investment advice focuses on the increasing number of Individual Retirement Accounts, used by about 33 million families in the U.S., according to the Employee Benefit Research Institute. With baby boomers poised to retire, and having the option of rolling over their 401(k) plans into IRAs, the industry sees potential, and Mr. Boehner has invested his prestige as a House leader and past chairman of the House Education and the Workforce Committee, which shares jurisdiction over pension legislation.

The Ohio Republican says more advice is needed if retirees are to achieve the returns they expect on accounts, which are in many cases underinvested and lack diversification, he says. "The people who can give the best advice also happen to sell products," Mr. Boehner said. "I believe there is a way that protects the interest of the recipients while at the same time allows advice to get into their hands."

Mr. Grassley counters that "the bottom line of it is you have conflicted interests when you are advising people," and some objective standard, such as a product-neutral computer model, is required. In the case of 401(k) plans, a compromise has been reached requiring that such a model be used. In the case of IRAs, with many more diverse holdings, this type of modeling is more difficult.

Mr. Grassley has proposed a compromise under which investment companies would temporarily shift to paying their investment advisers flat fees instead of percentages from sales until a model is found. "You need an incentive to get a computer model, and that's why we have a flat fee," he said. "If you operate within a computer model, you're not just giving advice on something you sell."

Mr. Boehner rejects this and has sought to isolate Mr. Grassley by giving ground elsewhere to win support from other senators. The House appears willing to drop a provision opposed by Sen. Kennedy that would allow health insurers to make sweeping first claims on insurance payments related to accidents. Sen. Max Baucus (D., Mont.) is pursuing an unrelated $50 million highway provision important to his home state, and Sen. Michael Enzi (R., Wyo.), chairman of the Senate Health, Education, Labor and Pensions Committee, is waging a battle to get language related to Abandoned Mine Land fund financing.

The talks have been closely watched by the airline industry. Under proposals now, Northwest Airlines and Delta Air Lines are expected to have 17 years to pay their pension debts, substantially less than the Senate first proposed. AMR Corp.'s American

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Airlines and Continental Airlines could qualify for a less generous break and appeared last night to have beaten back efforts to impose an increased penalty if they default on their pension promises in the future.

Pension Bill Inspires Late Lobbying Flurry (RC)

By Kate Ackley

Roll Call, July 26, 2006

Numerous lobbyists who have pushed for a pension reform package began lining up their celebratory plans last night as they awaited final word that the bill was set to emerge from its 100-plus-day conference committee. But those who had banked on having their clients' tax credits included in the bill spent late Tuesday on a last-ditch flurry of lobbying.

That's because reports indicated that those tax credits had been bounced from the package — a particularly big blow to such high-tech, pharmaceutical and other industrial sectors that anxiously were awaiting renewal of a tax credit for research and development in the United States.

Even though several news accounts Tuesday reported that pension conferees had stripped the retirement measure of its tax-break extensions and other legislation — including a highly controversial estate tax bill — that only led lobbyists in favor of the tax provisions to step up their frenetic pace.

One lobbyist said in an e-mail late Tuesday afternoon that he was heading to Capitol Hill "to try further to extinguish" the idea of not including the tax credits in the pension bill. "It's not over yet," this lobbyist insisted two hours later.

Lobbyists working to extend the tax credits said they were looking to Senate Finance Chairman Chuck Grassley (R-Iowa) and a handful of other Members to try to get the credits back in the pension package.

"Nothing's finally determined until the papers are signed," said a spokeswoman for Grassley on Tuesday evening.

Another lobbyist, who was not working on the tax-credit issue but was closely tracking the pension bill, said fellow lobbyists, especially ones who support the research and development credit, had no choice but to keep pushing up to the very last minute.

"Their jobs depend on getting it done, and they just got dumped off a moving train," this lobbyist said. "Their options are dwindling. They are sweating bullets."

Bob Shepler of the National Association of Manufacturers, which runs a coalition devoted to the research-and-development tax credit's extension, said late Tuesday that he remained hopeful that pension reform, the estate tax language and the tax credits could all move by the August recess — a near impossibility for Congress, according to the conventional wisdom.

Shepler said many lobbyists are expecting the research and development and other tax credits to be coupled with the estate tax bill, as Senate aides indicated Tuesday.

But, he said, "like the pension bill, nothing is final until it's final."

Originally, the extensions for the tax credits were supposed to be included in the tax reconciliation bill, but they were peeled off, and Members indicated that they would ride along with the pension bill.

"Our members rely a lot on the R&D tax credit," Shepler said. "The uncertainty will become a competitive issue if it's not resolved fairly quickly. Our member companies are going to start looking elsewhere to start doing R&D."

One source in the information technology sector said Members in favor of the estate tax language had been trying to get business groups to pressure certain conferees to support it by linking it with the tax credits, but pressure grew to simply swap both measures out.

"There was a kind of deal between leadership and the tax-writing committees that the extenders would be attached, so now this is the second time that we've been dropped out of something," said the information technology source. "Now we're on to plan C. We hope that the third time's a charm."

Said lobbyist Todd Boulanger of Cassidy & Associates: "There are a lot of disappointed K Streeters right now because extenders [were] pulled, but ultimately the core provisions will get signed into law because most of them are quite popular."

Legislating For November (HILL)

By Patrick O'connor

The Hill, July 26, 2006

DOJ_NMG_0042987

The House GOP leadership is helping Republican lawmakers who have tough reelection battles by letting them take the lead on more legislation.

Majority Leader John Boehner (R-Ohio) was quick to congratulate freshman Rep. Dave Reichert (R-Wash.) yesterday after the House approved his bill to improve communications between emergency first responders.

"Representative Reichert should be commended for his work to ensure our first responders have the tools they need to continue to keep our nation safe," Boehner said in a statement released by his office right after the House passed the freshman Republican's bill, 414-2.

As the number of legislative days before the November election slip away, GOP lawmakers in competitive seats are trying to make their legislative mark.

On the same day that Reichert, a former sheriff, offered his legislation to improve emergency communications, Republican Reps. Geoff Davis (R-Ky.), Bob Ney (R-Ohio) and Deborah Pryce (R-Ohio), who are all locked in tight reelection fights, also introduced separate bills on the suspension calendar.

One clear advantage Republican leaders maintain over their Democratic rivals this year is the ability to schedule the floor, which includes moving bills written by vulnerable incumbents.

For example, the House approved legislation this month written by freshman Rep. Mike Fitzpatrick (R-Pa.) to foster competition among credit-rating agencies, and the Rules Committee is set today to mark up a bill by Rep. Nancy Johnson (R-Conn.) to create a national coordinator of online health records.

Much of the legislation falls under the subcommittee jurisdiction of the members in question — Ney and Pryce, for example, both head subcommittees with oversight on the financial issues their bills address — but scheduling a vote has become increasingly difficult as the legislative days tick away.

The schedule is even tighter for the many members seeking consideration of their bills on the floor before members leave for the August recess. Boehner himself expressed frustration yesterday about members who have pleaded with him to bring their bills to the floor this week.

"Everybody wants their bill up this week," the majority leader said during his weekly off-camera press briefing yesterday. "It is as if we were never coming back. There are only so many hours in a day and only a few days in this week to consider all of these."

Protecting incumbents is a biennial exercise that includes scheduling votes and promoting legislation written by members in competitive seats.

Fitzpatrick, a member of the Financial Services Committee who represents a district that supported Democrat John Kerry for president in 2004, introduced his bill June 20, and the House approved his measure July 13. During floor debate, Financial Services Committee Chairman Mike Oxley (R-Ohio) thanked the freshman for his efforts on the bill.

"The House leadership is very cognizant of the members that need to boast about being effective," one Republican lobbyist with business before the Financial Services Committee wrote in an e-mail. "Passing their bills is one way to prove that."

Johnson, on the other hand, introduced her bill in October 2005 and has been working to codify online health records to promote health technology as chairwoman of the Ways and Means subcommittee with oversight of health issues.

Her health-IT bill has also been mentioned as part of the GOP's suburban agenda, which is a legislative package embraced by leaders and a broad cross-section of the Republican House members as a way to appeal to voters in the suburbs and exurban communities that have become the battleground for swing voters.

While leaders are quick to give credit to their vulnerable incumbents, they have also scheduled votes over which conservatives and centrists are divided.

Some centrist Republicans criticized their leaders for promoting an American Values Agenda that features socially conservative legislation which these members were reluctant to support.

Likewise, conservatives adamantly oppose a minimum-wage increase that leaders may bring to the floor to protect Republicans in labor states.

Frist Says He Got No Gain From HCA Deal (AP-Y)

By Nancy Zuckerbrod

AP2, July 26, 2006

Senate Majority Leader Bill Frist, under investigation for selling his stock in HCA Inc., said Tuesday he didn't know in advance the hospital chain founded by his family planned to go private.

Frist, who is considering a 2008 presidential bid, also said he hopes the investigation into the sale of his stock last year ends soon.

The Tennessee Republican said he learned about the buyout proposal, which was announced Monday, from newspaper reports. Thomas Frist Jr., the senator's brother and a member of HCA's board, is joining private equity groups to acquire the Nashville-based company he founded with his father in the 1960s.

Frist said he would not benefit from the deal, saying "to the best of my knowledge," he owns no HCA stock.

The senator has been under investigation by the Securities and Exchange Commission and federal prosecutors for nearly a year. Investigators are looking into sales of HCA stock belonging to Frist and his immediate family last year, near the stock's 52-week peak and at a time when insiders were selling off.

Frist denies wrongdoing and says he got rid of the stock to avoid any appearance of a conflict of interest as he eyes a presidential run.

When asked whether he had been interviewed by investigators, Frist neither confirmed nor denied that, saying only, "I participated fully with the inquiry, and things have progressed well."

The investigation is still under way, and Frist said he hoped it would end soon.

"I would like to have it wrapped up as soon as possible, just because you like to get those things totally behind you," said Frist, who plans to visit Iowa this weekend. Iowa hosts the first presidential caucuses.

Mark LoPresti, a senior analyst with Thomson Financial who follows insider trading, said there's no telling how long the investigation will hang over Frist. "They can go as long as a year or longer," he said.

LoPresti said making a case against someone suspected of insider trading is difficult.

"You kind of have to have something in writing on paper, or a recording that says, 'I think the stock is going down. It's time to sell,'" LoPresti said.

No such evidence has been disclosed in the Frist case.

Frist sold his HCA holdings around the time the stock peaked at about $58 a share in June 2005. Frist says he doesn't know the exact sale dates or what the sales netted because a trustee executed the sales at Frist's request and because his assets and that of his family are in blind trusts.

An annual financial disclosure report Frist filed with the Senate last month detailing his 2005 finances did not answer the question, since it did not list the assets in his trusts.

However, the report showed Frist and his family saw some of their trusts grow during the year, indicating the stock sales probably helped their bottom line.

Frist's largest blind trust, worth $5 million to $25 million, brought in more than $5 million last year, according to the disclosure report, which reflects ranges rather than specific values. That was up from the year before when it provided him $1 million to $5 million.

A blind trust in the name of Frist's wife, Karyn, reported bringing in more than $1 million. The year before, that trust reported making less — $100,000 to $1 million.

Similarly, one of Frist's sons has a trust that reported income of than $1 million. The year before his trust brought in $100,000 to $1 million.

Assets held by Frist's two other sons were not included in the report because they are not dependents.

Addressing, And Assessing, Government Productivity (WP)

By Stephen Barr

The Washington Post, July 26, 2006

DOJ_NMG_0042989

The government faces "a productivity imperative" of providing improved services, but does not have a way to determine if it is up to that challenge, according to a report by a global consulting firm.

Because of budget cuts, the Bureau of Labor Statistics stopped keeping score on government productivity in 1994, making it difficult to gauge overall governmental performance, the report from McKinsey & Co. said.

"The statistics suggest that government lagged private sector productivity up until that point and our hypothesis is that, since then, this gap may well have grown," the authors wrote.

For the government to address new national priorities and cope with growing programs, it needs to understand what drives private-sector gains in productivity and needs policymakers to create support for higher levels of federal performance, the report said.

As part of their recommendations, the McKinsey consultants called on the White House and Congress to set a "government-wide productivity target" to be accomplished within eight years.

"This would act as a political 'call to arms,' and have the managerial advantage of compelling sustained effort. We believe it is realistic," the authors wrote.

They noted, "Our experience working with corporations has demonstrated that, by year eight, major transformations in performance are possible."

For short-term assessment of programs, the report urges policymakers to create an entity independent of the White House and Congress. Much like Morningstar Inc. analyzes stocks and mutual funds and provides investors with information, the public could use a "Gov-Star" to obtain and compare data from federal programs, the report suggests.

The McKinsey report also recommended allowing managers to keep a share of productivity gains to bolster front-line services, enhancing management skills at agencies, creating a chief operating officer for agencies, and strengthening the management policy staff at the White House budget office.

The report, released this week, was written by Nancy Killefer , managing partner of McKinsey's Washington office and a former assistant secretary for management at the Treasury Department; Lenny Mendonca , chairman of the McKinsey Global Institute, an economics think tank within McKinsey; Thomas Dohrmann , a McKinsey partner in Washington, and Tony Danker , a public-sector specialist in the firm's Washington office.

"While there is an abundance of information about every government program, there is little genuine transparency about how they are performing," the authors asserted.

The report acknowledged that government productivity "has always been something of an illusive concept," in large part because of the nature of federal programs. Some programs "simply don't have a quantifiable output" and others cannot show whether their activities are adding value and how that value changes over time, the study said.

Asked about the McKinsey report yesterday, Robert J. Shea , counselor to the deputy for management at the Office of Management and Budget, called productivity "an euphemism for government program performance," and said the report makes important points.

Shea questioned whether the government needs a single measure of its productivity, suggesting that finding ways to focus on "program types" -- such as community development, education, environmental protection -- might produce more useful comparisons and understanding of program results.

The Bush administration provides ratings on the effectiveness of programs at ExpectMore.gov, Shea said. He said the information "we post would benefit from validation by an outside source" and hopefully spur more debate.

Patricia McGinnis , president of the nonprofit Council for Excellence in Government, applauded the report's call for a "Gov-Star" or "infomediary" that would independently validate data collected on the performance of federal programs.

Noting that Congress has shown little interest in the OMB's program ratings, McGinnis said, "I think there is a huge potential here. . . . It could be a voice of credibility in a nonpartisan way."

An ABA Hit Job (WSJ)

The Wall Street Journal, July 26, 2006

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In March 2001, barely two months after taking office and two months before announcing his first judicial nominees, President Bush told the American Bar Association to buzz off. Specifically, Mr. Bush ended the tradition of providing the ABA's Committee on the Federal Judiciary with the names of nominees before they were made public. The ABA would still evaluate candidates for the federal bench, but it would do so from a status more consistent with the role it plays -- that of a political interest group.

Too bad Mr. Bush didn't go all the way and cut out the ABA entirely. Instead, the lawyers' lobby retains a special role as the only national organization authorized by the Administration to interview judicial nominees. And when it has given a favorable rating to a Bush nominee, the Administration has been only too happy to shout it from the rooftops.

Enter Michael Wallace. Anyone who still clings to the fiction that the ABA can be counted on to provide professional evaluations of judicial nominees without regard to politics should take a look at the current squabble over Mr. Wallace, whom Mr. Bush has nominated for the New Orleans-based Fifth Circuit Court of Appeals. In May the ABA panel rated Mr. Wallace as "unanimously not qualified" for the federal bench.

Mr. Wallace is a highly regarded attorney in private practice in Mississippi, where his nomination has bipartisan support. He clerked for the late Chief Justice William Rehnquist and in the early 1980s served as counsel to then-Congressman Trent Lott. In 1999, Mr. Lott hired him back as special counsel during President Clinton's impeachment trial.

That's not a professional background likely to endear the nominee to liberals. But here's the real disqualifier: During the Reagan and George H.W. Bush Administrations, Mr. Wallace served on the board and then was chairman of the federally funded Legal Services Corporation, whose ostensible mission was to provide legal help for the poor but which was a haven for liberal legal activism.

Mr. Wallace's efforts to reform the LSC had many critics, among them an attorney by the name of Michael Greco. Another opponent was the then-president of the New Hampshire bar, Stephen Tober, who accused him of having a "political agenda" at one particularly contentious hearing. Mr. Greco is now president of the ABA, and Mr. Tober is chairman of the ABA committee that nixed Mr. Wallace. Mr. Wallace's reforms were adopted, and now it's apparently payback time.

In any case, the ABA selection panel's deliberations are secret and it hasn't said why it considers Mr. Wallace unfit for the federal bench. In an exchange of letters last month with Mr. Tober, Senator Arlen Specter, chairman of the Judiciary Committee, said he would call the ABA to testify on its "Not Qualified" rating. He requested materials supporting the rating "as soon as possible."

Mr. Tober replied that "we will do our best" to submit the materials 48 hours in advance of the hearing -- a schedule that would make it difficult and perhaps impossible for Republicans on Judiciary to evaluate the ABA's charges and prepare for the questioning. Senator Specter threatened a subpoena and the ABA supplied an advance copy of its testimony but not the supporting documents. The immediate effect of the ABA's delaying tactics has been to push Mr. Wallace's hearing date into September, when election-year politics make confirmation unlikely this year.

The ABA judicial screening panel has a long history of such ideological sandbagging, going back to its sabotage of Robert Bork and Clarence Thomas. We'd have thought Republicans had learned their lesson. Given the political revenge that seems to be at work in the Wallace hit, it is past time to cut the ABA out of the vetting process altogether.

OTHER NEWS:

Federal Reserve Discloses Bernanke's Financial Assets (WSJ)

The Wall Street Journal, July 26, 2006

WASHINGTON -- Federal Reserve Chairman Ben Bernanke held financial assets totaling between $1.2 million and $2.5 million at the end of 2005, according to financial disclosure forms released by the Federal Reserve.

The former Princeton University professor's largest assets were a TIAA annuity valued at between $500,001 and $1 million, and a CREF variable annuity also valued at between $500,001 and $1 million. He also owned several Merrill Lynch & Co. funds valued at between $1,001 and $15,000, according to the disclosure forms.

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Mr. Bernanke served as a Fed governor from August 2002 until June 20, 2005, when he became chairman of the White House Council of Economic Advisers. He became Fed chairman on Feb. 1, 2006, and earns $183,500 a year in that position.

Home Sales Fell By 1.3% In June; Inventories Rose (WSJ)

By Michael Corkery And Dongjin Park

The Wall Street Journal, July 26, 2006

Home sales declined last month while inventories swelled to the highest levels since 1997, the latest sign that the housing market continues to cool. Consumer confidence, meanwhile, stabilized.

The National Association of Realtors said sales of existing, or previously owned, homes fell 1.3% to a seasonally adjusted annual rate of 6.62 million units in June from a revised 6.71 million in May. When compared with June 2005, sales were down 8.9%.

Realtors' Chief Economist David Lereah says that for now, the housing market appears headed for a soft landing in most markets, meaning that the market will cool in an orderly fashion. But if the Federal Reserve continues to raise interest rates while consumers get hit with higher oil prices, "some local economies could turn sluggish and contract," which could result in a harder landing for housing, Mr. Lereah said.

Home prices, meanwhile, were little changed overall but varied considerably by region. The national median existing home price was $231,000 in June, up 0.9% from June 2005. That was the slowest monthly year-over-year price increase since May 1995.

In the Northeast, where sales declined 3.5% in the month, the median price was $298,000, up 7.2% from a year ago. In the South, where sales were down 2.3% in the month, the median price was down 0.5% from June 2005 to $191,000. In the Midwest, last month's sales were unchanged from May, while the median home price was down 1.7% to $175,000 from a year ago. Last month's sales in the West were unchanged from May and the median price was $342,000, the same as a year ago.

"It's clear that we've seen a very significant slowdown [in price appreciation] and may be approaching an episode of overall declines," says Richard DeKaser, chief economist at National City Corp. in Cleveland. He added that "I would call this, thus far, a very orderly correction."

Meanwhile, inventories rose 3.8% to 3.73 million existing homes for sale in June, which is a 6.8-month supply of homes at the current sales pace. That was the highest inventory level since July 1997 and compares with a 4.4-month supply in June 2005.

Consumer confidence unexpectedly edged up in July as consumers shrugged off rising gas prices and higher interest rates. The Conference Board, an independent business-research group in New York, said its index of consumer confidence rose to 106.5 in July from June's revised 105.4.

Write to Michael Corkery at michael.corkery@wsj.com1 and Dongjin Park at dongin.park@wsj.com2

Home Prices Could Start Falling (USAT)

By Noelle Knox

USA Today, July 26, 2006

For the first time in more than a decade, home prices could start to fall around the country in coming months, the National Association of Realtors said Tuesday after a report showed that sales of existing homes fell in June and the number of homes for sale soared to their highest point since 1997.

Condo prices are already being hit: They fell 2.1% from June last year to a median $226,900 (median means half cost less and half cost more). Prices of single-family homes edged up 1.1% in June to $231,500. With a 6.8-month supply of single-family homes on the market and an eight-month supply of condos, sellers are under more pressure to cut prices, and buyers can be choosy.

David Lereah, NAR's chief economist, said he expects “price numbers to start deteriorating,” though he still projects home prices will be up 5.3% for the year.

The new figures provide deeper evidence that the nation's housing market is undergoing a jarring transition from a seller's to a buyer's market. The five-year boom, which peaked in August, was driven partly by investors, who snapped up 28% of homes sold last year. Many of them now want to sell. But rising interest rates and lofty home prices have squeezed out many buyers.

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"Prices got too high in some local markets," Lereah said. "So you're seeing two things occur: Investors are leaving quickly, and regular home buyers are staying on the sidelines."

The last time single-family home prices fell was in April 1995, when they slipped 0.1%. The NAR said June existing-home sales slipped 1.3% from May, to a seasonally adjusted annual rate of 6.62 million and were down 8.9% from June 2005. On Thursday, the Commerce Department will report new home sales for June, and economists such as Phillip Neuhart of Wachovia expect those figures, too, to show continuing weakness.

"The numbers are not fully counting cancellations, which builders are reporting at a very high level," Neuhart notes.

Many developers received approval for their projects when demand was sizzling. Now, some have to offer vacations, pools and car leases to entice buyers.

For existing-home sales, the weakest region was the West, where sales plunged 17.1% from June 2005. Sales fell 9.8% in the Northeast, 6.2% in the Midwest and 5.5% in the South.

"Markets which have been the hottest are quite likely to see home price declines," says John Ryding, an economist at Bear Stearns. "In those markets, you could see declines for the year."

The California Association of Realtors said Tuesday that home sales skidded 26% from June last year and are off 20% for the year. Though the median-priced home statewide hit a record $575,800, prices fell in five areas, including Santa Cruz, Palm Springs and Santa Barbara.

"Affordability has probably hit a record low," says Robert Kleinhenz, deputy chief economist for CAR.

Ron Peltier, CEO of HomeServices of America, adds, "There is a delayed reaction on the part of sellers to accept the new reality."

After 5 Years Of Growth, Home Prices Drop (WP)

By Tomoeh Murakami Tse

The Washington Post, July 26, 2006

In what may be the most telling sign yet that the real estate market here has shifted downward, median prices of homes in several parts of the Washington area have declined when compared with the same time last year.

In Loudoun County, for example, the median price of homes sold dropped 1.2 percent last month, compared with June 2005, according to Metropolitan Regional Information Systems Inc., the area's multiple listing service. In Fairfax County, prices fell by half a percent in May and a tenth of a percent in June. And in the District, the decrease was 0.8 percent in March and 1.2 percent in May, compared with the same months last year, even though prices in the District in June were higher than the year before. The median is the point at which half of the houses cost less and the rest more.

The declines are small, and certainly not universal. Prices continue to rise in some areas, most notably Prince George's County, where houses are still relatively inexpensive. But the drops are significant because they mark the first time in half a decade that home prices have fallen in a 12 month span, illustrating just how much the real estate landscape has changed after five years of double-digit growth in home prices.

The areas with declines have some things in common: swelling numbers of houses for sale, slowing sales and lots of new houses on the market. In Loudoun, where developers have put up acres of new subdivisions in recent years, nearly 5,000 properties are for sale via the multiple listing service, which includes mostly resale homes. That compares with 1,800 a year ago. Homes there now take an average of 75 days to sell, compared with 21 days a year ago. In the District and Fairfax County, the number of unsold homes and time on the market has also increased, boosted by a large supply of condominiums.

What's happening is part of a national trend in which regional markets that led the country during the boom are seeing prices flatten or decline as the number of unsold homes on the market mushrooms. Yesterday, the National Association of Realtors reported that the inventory was up last month, to a 6.8-month supply, based on a seasonally adjusted annual sales rate of 6.62 million units. In June of 2005, the inventory was 4.4 months, the sales pace 7.27 million. The median price of existing U.S. homes was up 0.9 percent in June, compared with the same time last year.

The question for many local buyers and sellers is whether the small declines foreshadow big price reductions in the months ahead.

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Economists are split. One view is that any declines will be insignificant or temporary because of job growth and the strength of the local economy.

"Could it be a 5 percent drop in prices? Could it be 10 percent? Whatever it is, it will be short-lived, because demand is right there on the sidelines," said David A. Lereah, chief economist of the National Association of Realtors.

But others see a steeper, prolonged downturn in prices because of overbuilding in some areas, speculative buying and a run-up in prices that has outpaced affordability. Prices, they added, have actually declined more than the multiple-listing service statistics indicate because sellers have been offering such incentives as help with closing costs.

Peter Morici, an economist at the University of Maryland, said prices could drop 10 percent by the end of the year, and perhaps by 20 percent "by the time it's all over."

The market will take months to shake out, because too many sellers have not accepted that their houses are not worth as much as they had thought, said Mark Zandi of Moody's Economy.com. "The market can't complete its correction until that happens."

Zandi sees Washington area home prices declining over the next six to 12 months by an average of 10 percent, with the condo market experiencing larger price drops. The good economy, he said, is "not enough to save the market from this housing correction."

The possibility of falling prices seems to have made many home-shoppers hold off on buying, despite rising interest rates. After all, even a minor correction could mean that houses cost tens of thousands less. For home sellers, that means much hand-wringing as they start to slash prices below what neighbors got just a year ago.

Scott and Shirley Porter of Ashburn had no choice but to cut the asking price for their townhouse -- there are just too many others for sale nearby. From their back yard, they can see three for-sale signs across the street. Out front, more neighbors are selling. Around the corner, there are four more.

"The townhouse right next to us sold for $462,000, and it was on the market for three days," Scott Porter said last week.

But that was last year. The Porters put their end-unit on the market last month for $458,000. That was right at the middle of other townhouses for sale in the neighborhood, he said.

But in no time, the Porters, who both work in the District and want to reduce their commutes, found that their place had ended up at the top of the price scale after neighbors reduced their prices. So they lowered theirs, too, to $435,000.

"It's amazing how much the prices have come down," said Scott Porter, 45. "You feel like you've missed the bus."

Neighbors Sheila and Chris Boyce, who are moving to Arizona, put their three-bedroom, 2 1/2 -bath unit up for sale in March for what they thought was a competitive $445,000. They have since reduced it to $437,000 -- still $42,000 more than the $395,000 they paid two years ago. After costs, they would not be making nearly as much profit as they had imagined, even if they get their new price.

"We weren't trying to get rich on it or anything," said Sheila Boyce, 32. "We thought it would be a lot more. Not hundreds of thousands, but at least something to put away."

Even in areas where the prices haven't gone below 2005 levels -- at least on paper -- they are clearly moving at a different speed. Prince William County, for example, last month posted a 1.8 percent increase in median home price, compared with the same time last year. That compares with a 31 percent jump from June 2004 to June 2005.

For George and Susan Garrigan of Woodbridge, simply cutting the price on their home of 28 years no longer seemed enough. There are 112 detached houses for sale in their Lake Ridge neighborhood. Forty have been on the market for more than 100 days; 114 townhouses are also for sale.

Never mind that two similar nearby houses -- split-level, built in the early 1970s on quarter-acre lots -- sold for $50,000 more last summer. Or that they pulled their house off the market after two price reductions this spring brought no bidders.

Yesterday afternoon, the Garrigans came back with a new lure: the brand-new Toyota Corolla sitting in the driveway, free with the purchase of their house.

"I feel it's a wonderful deal for a family not to have that car payment," said Susan Garrigan, 66.

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"We think we'll be more visible," said George Garrigan, 70, when asked why he did not simply cut the asking price by $17,000. "Everybody's dropping the price. So you're still in the same pool of houses. There's nothing that says, 'Hey, look at my house twice.' Or 'Look at my house once.' "

Because of the slowing market, their retirement home in Front Royal will not feature the "dream furniture" that she had hoped for, nor the rooftop observatory that he wanted. But that's okay, they said.

"We're realistic and we're moving forward," Susan Garrigan said. "We have to take our knocks. We can't change reality."

Housing Market Slowdown Rippling Across The Economy (CSM)

By Mark Trumbull

The Christian Science Monitor, July 26, 2006

BOSTON

A nationwide housing boom gave the current economic expansion its biggest boost. Now, a housing dip is raising the prospect of a slower economy ahead.

After another monthly dip in June, sales of previously owned homes have fallen in all four major regions of the United States from a year ago, with nationwide sales volume down 9 percent, according to a report released Tuesday by the National Association of Realtors.

Home prices have flattened, up just 1 percent from a year ago, when housing activity peaked.

And in some metro areas, such as here in Boston, home prices have fallen on average over the past year.

These trends are rippling into the broader economy. Home builders, among the most impressive contributors to gross domestic product (GDP) in recent years, are scaling back their plans. And millions of consumers face indirect effects: With interest rates rising even as home prices stall, fewer people can borrow on home equity as a source of free cash. Many others - those with adjustable-rate loans - are now being hit by a jump in their mortgage payments.

The question is how far housing's slowdown will go, and how fast. So far, the impact on the overall economy has been, in the words of Federal Reserve Chairman Ben Bernanke, "orderly."

Economists generally expect that it will remain that way, although some high-flying real estate markets may face a harder fall.

"We don't think it's going to be a disaster. It's just going to be bad," says David Wyss, chief economist at Standard & Poor's in New York. Although a housing bust has often been a precursor of recession in the past, "it hasn't been recently."

What this housing downturn could do is slow the pace of economic growth significantly.

Economists at Merrill Lynch, for example, reckon that the dive in homebuilding alone could subtract a percentage point from overall gross domestic product in the third quarter, tugging GDP growth down to perhaps 2.5 percent, annualized, for that quarter.

And recession is a real possibility, in the view of Merrill Lynch's David Rosenberg. After the past 10 peaks in new-home starts by builders, an economy-wide slump has followed seven times. Housing starts, like home sales, peaked last summer.

The effects of a housing downturn are both direct and indirect.

Residential construction has become a larger force in the economy, rising from about 4.5 percent of GDP to 5.5 percent since 1990. But in the months ahead, builders won't be hammering out much of an addition to GDP. Last week, the National Association of Home Builders index of contractors' sentiment fell to a 14-year low point.

The indirect effects stem from consumers, whose spending represents two-thirds of GDP. In recent years, rising home prices and low interest rates have allowed them to extract billions of dollars in cash.

Now that gusher is fizzling out.

"Households are beginning to feel the full impact of higher borrowing costs, a softening housing market, and high gasoline prices," Nariman Behravesh, chief economist at the consulting firm Global Insight in Lexington, Mass., wrote in a report this month.

If a construction slowdown represents a cut of nearly 1 percent from GDP growth, the impact from a slowdown in home-equity extraction could be almost as large, some economists say. Fixed-rate mortgage rates have jumped more than a full

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percentage point during the past year, as the threat of inflation has loomed larger and the Federal Reserve has raised the short-term interest rates it sets.

"The higher the Fed raises interest rates, the worse the problem gets," says Mr. Wyss at Standard & Poor's. "The rising level of home prices has been a big boost for consumers."

But the American economy has behaved in an increasingly resilient fashion in recent years, weathering setbacks such as hurricanes, terrorist attacks, and soaring energy prices.

Many forecasters say that the housing slowdown will be offset, in consumer pocketbooks, by rising pay in the year ahead.

Americans showed some of their renowned economic resilience Tuesday, as a major index of consumer confidence rose slightly for the month, rather than edging down as analysts had predicted.

A generally optimistic view of the job market was a key factor.

Consumers saying jobs are "plentiful" increased to 28.6 percent from 28 percent, while those claiming jobs are "hard to get" remained virtually unchanged at 19.9 percent, reported the Conference Board, a business research group in New York that conducts the monthly survey.

The full extent of the housing slowdown will unfold slowly, and in ways that are often unique to individual markets, economists say.

Often a down cycle involves two or three years of flat or falling prices, followed by a slow recovery.

Prices in the Midwest and South have fallen slightly during those twelve months, while the West has held flat and the Northeast notched 7-percent gains.

But Northeastern cities such as New York remain vulnerable, along with other cities in California and Florida where prices had been soaring at double-digit rates.

"Price reduced!" advertisements increasingly beckon customers in Boston, where median prices fell 1.5 percent over the year ending April 30.

Nationwide, the inventory of homes for sale is up 39 percent - leaving a 7-month supply of homes on the market.

That could leave plenty of time for home buyers to shop around.

Sales Slow For Homes New And Old (NYT)

By Jeremy W. Peters

The New York Times, July 26, 2006

Selling a new home is getting harder and harder: just ask the builders who are being forced these days to entice potential buyers with expensive inducements like free swimming pools and fancy kitchen cabinets.

At the same time, the torrid pace in the existing-home market is slackening, as prices are leveling off and properties are staying on the market a lot longer than they used to.

Adding it all together, a variety of experts now say, the housing industry appears to be moving from a boom to something that is starting to look a lot like a bust.

“Housing has had a great five-year run,” said Edward Yardeni, chief investment strategist for Oak Associates, a money management firm in Akron, Ohio, and a longtime bull on the economy. While he still does not expect a housing downturn to damage the overall economy severely, he predicts that the housing industry itself is entering a longer decline.

“Instead of being a seller’s market,” he said, “it became a buyer’s market. And once the psychology changes, it could take a while to reverse. Buyers recognize there’s no need to rush out to buy a home.”

The latest housing data, released yesterday by the National Association of Realtors, made clear that a significant slowdown is under way. It showed that the sales pace for existing homes fell for a third straight month in June — the ninth monthly decline since hitting a record last June.

On a seasonally adjusted annual basis, the rate of existing-home sales dropped to 6.6 million, down from 6.7 million in May and well below the record 7.3 million pace reported last June. The number of existing homes still on the market, meanwhile, grew to a record of 3.725 million units, representing a 6.8-month supply at the June selling pace, up from 6.4 months in May.

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The shift of the upper hand from seller to buyer is showing up in home prices. Last month, the national median price rose to $231,000, less than 1 percent higher than in June 2005. That was the smallest year-over-year increase in more than 11 years.

Builders are losing their grasp on the new-home market, which is why so many of them have responded by being more aggressive in their use of promotions to sell homes. A new survey by the National Association of Home Builders of 369 builders across the country found that 75 percent are currently including add-ons like pools or garages at no additional cost when they sell a home. That compares with 50 percent a year ago.

A handful of builders reported offering free vacations. None did last July.

Builders are also helping buyers finance their homes. The survey found that 33 percent of builders are currently absorbing financing points on mortgages, which allows homeowners to pay lower monthly rates. Only 18 percent reported doing so a year ago.

When people were lining up to buy, "the only thing they had to complain about last year was getting enough material, labor and land," said Michael Carliner, an economist with the home builders association. But now, he added, "things are slowing down."

The home builders association reported last week that builder confidence had fallen to its lowest level in 14 years.

Mike Wainwright, a realtor with Coldwell Banker Residential Brokerage in Mesa, Ariz., says that each time he walks into the sales office of a new housing development, the incentives seem to change.

"It varies from week to week," he said. "Sometimes it'll be a pool or $25,000 or even more than $50,000." He said he has seen cars, kitchen cabinets and flooring thrown in free. Regionally, the slowdown in sales of existing homes last month was most pronounced in the South. The Northeast also fell, while sales in the Midwest and the West held steady compared with May.

One consequence of the slowing housing market, economists and real estate experts said, is a strengthening of the rental property market. With interest rates rising, buying a home is becoming less affordable to more and more Americans. That gives landlords improved pricing power that home sellers now lack.

"A lot of the people that wanted to make a jump to their own home are waiting," Mark Obrinsky, chief economist for the National Multi Housing Council, a trade group for the apartment rental business. "This year is going to be a much better year than we've seen for quite a few years."

The housing council is predicting the biggest net increase in apartment rentals this year since 2000, Mr. Obrinsky said.

With a growing number of potential buyers moving into rental units or holding onto the homes they own, builders across the country are canceling or delaying housing developments. From Las Vegas to Dallas to Washington, some developers now report abandoning condo projects because sales are not meeting expectations.

Earlier this month, D. R. Horton, the nation's largest home builder, said it would build fewer homes this year than it initially predicted. It also sharply cut its earnings guidance for the year by 30 percent, citing growing inventories of unsold homes and the increased use of incentives as part of the reason.

And Kenneth Simonson, chief economist with the Associated General Contractors of America, said he thought more projects would be canceled as demand falls.

"Certainly more projects will be scrubbed," he said. "The risk is too great that they're going to wind up paying more for the project and collecting less."

Mr. Yardeni of Oak Associates added: "Home builders will tell you it feels like a recession."

Consumer Confidence Posts Surprising Increase (USAT)

USA Today, July 26, 2006

WASHINGTON — U.S. consumer confidence unexpectedly rose in July for a second-consecutive month, a private group said Tuesday.

The New York-based Conference Board's consumer confidence index rose to 106.5, the highest in three months, from 105.4 in June. Consumers were more upbeat about the current economic environment and expectations for the next six months.

"Present-day conditions remain favorable, though not as strong as earlier this year," said Lynn Franco, director of the Conference Board Consumer Research Center. She also noted that consumers are less optimistic than previously.

On the plus side, consumers see an unemployment rate at its lowest in almost five years. But at the same time, the national average price of a gallon of regular gasoline topped $3 Monday for the first time in more than 10 months and was near an all-time high. "The Conference Board's index has been holding up … but I suspect that will change," Nigel Gault, director of U.S. research at Global Insight in Lexington, Mass., told Bloomberg News. "Rising gasoline prices and interest rates are intensifying the squeeze on the consumer."

Federal Reserve Chairman Ben Bernanke said last week he expects the economy to gradually slow as housing and consumer spending cool. That should reduce inflation and the need for interest rate increases.

Americans' expectations about the inflation rate 12 months from now held at 5.1% in July. It reached a high this year of 5.6% in May. But the share of people expecting better employment opportunities in the next six months fell to 14.4%, the lowest since March. The Conference Board numbers are based on a telephone survey of 5,000 households, through July 18.

Lower Oil Prices Help Fuel Market Rally (USAT)

USA Today, July 26, 2006

Stocks enjoyed a late-day rally Tuesday as lower oil prices and an unexpected jump in consumer confidence helped soothe investors' worries about a mixed batch of earnings reports.

Stocks fluctuated through much of the day after disappointing results from United Parcel Service and 3M stoked fears about the impact of higher lending rates on corporate profits and the economy's growth (earnings reports, 4B).

Investors gained some optimism, though, from the Conference Board's consumer confidence index for July, which climbed 1.1 points to 106.5, compared with predictions of a 1.4-point drop (story, 4B). A gentle slowdown in existing home sales last month also brightened hopes of a soft landing for the economy (story, 1B).

In the end, the bulls won. The Dow Jones industrial average added 52.66 points to 11,103.71, adding to its 183-point gain Monday. The Dow is now up 3.6% for the year.

Aided by gains of stocks in the agricultural products, home entertainment software and home-building industries, the Standard & Poor's 500 index added 7.97 points to 1268.88. The S&P 500 is up 1.6% this year. Even tech stocks, which have been struggling all year, got a boost. The Nasdaq composite index added 12.06 points to 2073.90, reducing its loss this year to 6.0%.

Analysts say the recent trend of sharp swings and aimless trading will likely persist as Wall Street awaits the Federal Reserve's Aug. 8 decision on interest rates and a spate of critical economic readings in the coming weeks.

"The fundamentals are there for a healthy market, but we've got these factors out there that can depress stock prices," says Ken McCarthy, chief economist for vFinance Investments.

Oil prices tumbled as energy traders awaited developments in the conflict between Israel and Hezbollah in Lebanon. A barrel of light crude sank $1.30 to $73.75.

Recent skittish trading has underscored Wall Street's lack of near-term confidence, with stocks regularly showing heavy swings but no clear direction. Investors have been troubled by the range of possible outcomes for interest rates and the economy, and analysts say they'll remain tentative until at least some of the variables are resolved.

"The economy is slowing, and there are still concerns about inflation. Plus, central banks around the world are also hiking rates," says Brian Gendreau, investment strategist for ING Investment Management.

Late Rally Pushes Stocks Up Modestly On Hopes For Economic Soft Landing (WSJ)

By E.S. Browning

The Wall Street Journal, July 26, 2006

After spending most of the day in the doldrums, stocks shot upward in the last 90 minutes, leaving the Dow Jones Industrial Average with its second consecutive day of gains.

Amid renewed hopes that the economy is slowing enough to hold down inflation -- but not enough to damage corporate profits -- the blue-chip average rose 52.66 points, or 0.48%, to 11103.71. It is up 3.6% for 2006, at a new two-week high.

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Investors credited reassuring profit reports and lower oil prices. Some investors also were betting that stocks are overdue for at least a short-term bounce after falling from their May highs. Although many fear that the recent volatility may not be over, they were enjoying the gains for now.

"There is a growing consensus that stocks were oversold and that these are attractive entry points," said Andy Brooks, head of stock trading at Baltimore money-management firm T. Rowe Price.

The market started the day in a funk, after United Parcel Service reported softer-than-expected quarterly profit and offered a disappointing performance outlook. Because the delivery service is tied to so many economic activities, the news created concerns about the economy's direction, and UPS stock plunged 10%.

But investors gradually turned their attention to more favorable profit news from the likes of Texas Instruments and AT&T. Crude-oil futures finished the day down $1.30 at $73.75.

The Conference Board's survey of consumer confidence came in stronger than expected. Also, the National Association of Realtors reported that sales of previously occupied homes fell last month, but not as much as had been feared. Beaten-down home-building stocks such as D.R. Horton and Lennar rebounded, which added to the optimism.

The Nasdaq Composite Index rose 0.59%, or 12.06 points, to 2073.90, still down 6% this year. The Standard & Poor's 500-stock index advanced 0.63%, or 7.97 points, to 1268.88, up 1.7% for 2006.

After the closing bell, however, investors got some disappointing profit news. Amazon.com reported a sharper-than-expected decline in second-quarter net income as the cost of employee stock options weighed on results, and the stock fell 12% in after-hours trading.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.62%, or 1.29 points, to 208.60.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.62 billion shares, as 2,240 stocks rose and 1,063 fell.

Bond prices declined. The 10-year Treasury note fell 5/32, or $1.56 for each $1,000 invested, pushing the yield up to 5.067%. The 30-year bond was down 9/32 to yield 5.125%.

The dollar strengthened. Late in New York, the currency traded at 117.22 yen, up from 116.78, while the euro fell against the dollar to $1.2579 from $1.2628.

Ex-Treasury Chiefs Voice Global Concerns (USAT)

By David J. Lynch

USA Today, July 26, 2006

WASHINGTON — These aren't easy days for ardent globalizers. In Geneva, world trade talks lie in ruins. Across Latin America, governments have rejected the financial liberalizing policies promoted by the United States for the past two decades. And here at home, political tensions over foreign investment and China's trade practices simmer ominously.

Against that sobering backdrop, the leading architects of the Clinton administration's globalization stance, including two former Treasury secretaries, gathered Tuesday to discuss ways to strengthen Democratic Party support for free trade by doing more for those suffering its effects.

Former Treasury secretary Robert Rubin said it was “an absolute imperative” to develop policies that encouraged long-term backing for global economic integration.

Globalization has been reshaping U.S. economic life since the North American Free Trade Agreement took effect in 1994. But with China and India joining the global economy, the impact upon American workers will only mushroom.

“The effects are likely to be much larger than what we're seeing right now,” said Rubin, who now is a director and chairman of the executive committee at Citigroup. “What troubles me the most is there is a need for a serious and real economic debate in our political system, and I don't think we're having it.”

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Rubin and Lawrence Summers, who succeeded him in the Treasury post, appeared at a policy forum of the Hamilton Project. The Brookings Institution initiative was launched in April to develop self-described centrist alternatives to Bush administration policies and existing Democratic Party orthodoxy.

More than a decade after NAFTA inaugurated an era of trade liberalization, insecurity is mounting even among well-educated workers who were expected to benefit from globalization, said Gene Sperling, who headed the White House National Economic Council from 1997 to 2001.

"There's a greater fear that the global economy can have negative consequences for you even if you've done everything right," he said.

In 2004, 20 million people lost their jobs involuntarily, said Jeffrey Kling, a Brookings economist. One-third of those workers got new jobs that paid less; 15% of those saw their wages fall by half.

That helps explain why support for free-trade deals among Democratic lawmakers has plunged since NAFTA. To counter the anti-trade "backlash," trade supporters need to develop "significantly bolder" policies to encourage firms to create jobs in the USA, Sperling said.

While there were hints of some minor second thoughts on the part of those who helped pave the way for the past decade's relentless integration of world markets, there was no support for protectionism.

Said Roger Altman, Rubin's former deputy at Treasury: "There is no timeout from globalization."

Is There An Oil 'Bubble'? (WP)

By Robert J. Samuelson

The Washington Post, July 26, 2006

Could there be an oil "bubble"? Well, yes. In early 2002 oil sold for roughly $20 a barrel; now it's close to $75. The main cause lies in tightening supply and demand -- and the fact that supply (as the present Middle East fighting reminds us) could be interrupted at any time. Old-fashioned speculation may also have played a role, and that raises the possibility of a bubble. But any bubble would be a peculiar beast, and if it burst and prices dropped significantly, we shouldn't delude ourselves into thinking that this might signal a new era of comfortable abundance. It wouldn't.

In financial bubbles, prices become disconnected from "fundamentals." At the height of the tech bubble, stocks of dot-com companies with no profits (and little prospect for them) sold at fabulous prices. By contrast, oil prices aren't unhinged from "fundamentals." Despite all the griping, gasoline is still affordable. Even at $3 a gallon, it costs Americans only about 4 percent of their disposable income, reports economist Nigel Gault of Global Insight. The same is true globally. At $70 a barrel, global crude sales would total about $2.2 trillion annually; that's still a tiny share of the $50 trillion world economy.

Indeed, it is precisely because people and companies need oil so desperately -- it's essential for almost everything they do -- that any possible scarcity raises prices sharply. In economics jargon, prices are "inelastic." A big jump dampens demand only slightly. Similarly, a big decline increases it only slightly.

For decades, crude was in surplus. In 1985, for example, the world used 60 million barrels daily (mbd) of oil, while countries could produce about 70 mbd. Refineries were also in surplus; in 1985, U.S. refineries operated at 78 percent of capacity. Loss of crude supplies or refineries didn't create scarcities. "Historically, when something went wrong -- and something was always going wrong, a pipeline outage or refinery accident -- the problem was made up somewhere else," says economist Lawrence Goldstein of the Petroleum Industry Research Foundation, an industry think tank. Prices moved by a few pennies or dimes. Hardly anyone noticed.

Now demand is about 85 mbd, and extra capacity is 1 to 2 mbd. Even this surplus is more apparent than real, notes Goldstein. It consists mainly of high-sulfur ("sour") oil, for which there is scant refining capacity. All refineries are stretched tight. The U.S. operating rate typically exceeds 90 percent of capacity -- a margin needed for maintenance.

Low prices and miscalculation explain the turnaround. From 1985 to 1999, crude prices averaged $18 a barrel. Investment in expensive oil fields and new refineries became unprofitable. Companies cut budgets. They fired petroleum engineers and merged. Exxon bought Mobil; Chevron absorbed Texaco. Meanwhile, almost everyone underestimated oil demand. Driven by China, it grew much faster after 2000 than before.

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So prices had to rise. Otherwise, demand might have exceeded supply. But did they have to rise from $20 to $70 a barrel? Here's where speculation may have contributed.

"Speculation" has a bad image. It suggests financial sharpies plundering everyone else. The reality is often the opposite: financial innocents following the latest fad to ruin. That happened with tech stocks. The oil picture is murkier. The big "speculators" are institutional investors -- pension funds, hedge funds (pools of loosely regulated funds) and investment banks. They have purchased oil futures contracts and, in effect, bet that prices six months or a year out will exceed present prices. Since 2002, investment in futures contracts may have quintupled to more than $100 billion, estimates energy economist Philip Verleger Jr.

This may have raised present (or "spot") oil prices, argues a staff report from the Senate Permanent Subcommittee on Investigations. As investors pour money into futures contracts, futures prices rise. Since late 2004 they have usually exceeded spot prices. On a recent day, the spot price was $74.60 and the futures price for December was $2 higher. This creates an incentive for companies to put more oil into storage ("inventories"), the report says, because it's more profitable to sell oil in the future than today. Oil inventories for industrial countries "are at a 20-year high." Spot prices rise because there's less oil on the market.

It's unclear how much this sort of speculation has increased prices, if at all. The report mentions estimates ranging from $7 to $30 a barrel. In theory, the process could feed on itself and create a huge bubble. The more speculators bought futures, the more oil would go into storage -- and the more spot prices would rise. At some point, the bubble would burst. Storage would be filled. Unexpected increases in supply or shortfalls in demand could put huge downward pressures on prices, because sellers would need to sell, and (again) demand is inelastic. Some experts, including Verleger, think this possible.

Whatever happens, we should avoid the easy conclusion that speculators have artificially increased oil prices. In truth, they are speculating against real risks -- the risk that oil from the Persian Gulf could be cut off; that hurricanes in the Gulf of Mexico could damage U.S. oil rigs and refineries; that political events elsewhere (in Russia, Nigeria, Venezuela) could curtail supplies. High prices reflect genuine uncertainties.

Oil is essential and insecure. A sensible country would minimize this insecurity by economizing on oil's use (through taxes and tougher fuel regulations) and developing its own resources. We should have redoubled our efforts years ago; we should do so now.

Democrats Writing Off Rowley Race (RC)

By Dan Rasmussen

Roll Call, July 26, 2006

National and Minnesota Democrats seem about ready to walk away from Coleen Rowley's ill-fated campaign to unseat Rep. John Kline (R-Minn.) — just as her campaign manager recently did.

Many in the party had hoped that Rowley's national fame — Time magazine named her Person of the Year in 2002 for being a whistle-blower at the FBI — would make her an exciting, appealing candidate in an otherwise Republican-leaning district. But now some state Democrats say Rowley's first run for political office is going so badly that they're turning their sights on damage control.

"She's running the single worst campaign that could be run," said one state Democratic insider. "I'm worried that if she's running a weak race in the 2nd it's going to hurt the statewide candidates. What's going to get people to turn out and vote Democratic?"

Despite the criticism, Rowley's new campaign manager, Terry Rogers, said voters are upset with the status quo and will want to unseat Kline in November.

"People will take pot shots, but so what?" he said. "Coleen is a solid candidate and she has indefatigable energy. Her opponent votes with George Bush and Tom DeLay 98 percent of the time."

Rogers, who spent 16 years at the American Federation of Government Employees, recently took over as campaign manager for Joe Elcock. Elcock left to helm the campaign of Ohio state Sen. Charlie Wilson (D) in the state's competitive 6th district House race.

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Elcock said the decision to leave the campaign was mutual.

"Terry Rogers has assumed the manager's duties," Elcock said. "He's an adult and I think he's a better fit for what Coleen is looking for over the summer."

Rowley has found herself on the defensive almost from the start. Her campaign has been damaged by a high-profile mistake and a recently published report criticizing her performance at the FBI prior to Sept. 11, 2001.

Earlier in the year, a doctored photo that showed Kline's head on the body of Col. Wilhelm Klink, a Nazi character from the old TV show "Hogan's Heroes," appeared on Rowley's Web site — an attack that attracted national donors to Kline's campaign.

Rowley's internal criticism of the FBI's work on preventing terrorist attacks later earned her a front-page appearance on Time magazine. But late last month, the inspector general released a report criticizing Rowley's handling of the Zacarias Moussaoui case.

The report dismissed Rowley's allegations of sabotage and misconduct, and said Rowley herself made mistakes in the handling of the case.

"We believe it is important to state that we did not conclude that any FBI employee committed intentional misconduct, or that anyone attempted to deliberately 'sabotage' the Minneapolis FBI's request for a ... warrant, as Rowley wrote in her letter to FBI Director Mueller," the report stated. "Contrary to her assertions, we found no evidence, and we do not believe, that any FBI employee deliberately sabotaged the Moussaoui ... request or committed intentional misconduct."

Sarah Janacek, the Republican editor of the Politics In Minnesota newsletter, said that while national security was Rowley's big selling point, the inspector general's report has hurt her credibility on the issue.

"Her candidacy has sort of imploded. She comes across as a shrill one-note wonder in terms of issues," Janacek said. "The general impression that she was some sort of superhero is gone. She's done."

Rowley's national security credentials also have to be compared to those of Kline, who spent 25 years in the Marine Corps and has a son serving in Iraq.

Rowley's campaign hit another stumbling block recently when Kline released a blistering letter criticizing Rowley for misstating his position on the issue of border security and falsely attributing a quote.

But perhaps the biggest criticism lobbed Rowley's way from national Democrats is that she has resisted attempts to get help from seasoned campaign professionals — particularly on the fundraising front.

Kline had more than five times as much cash on hand as of June 30, $667,000 to Rowley's $120,000. He had raised more than $1 million this cycle to Rowley's total of $389,000.

A national Democratic official had little hope for Rowley's campaign.

"It's evident the campaign hasn't materialized as well as we'd hoped," the official said. "But Kline is vulnerable and it's a Democratic year and all those other platitudes."

Barry Casselman, a Minnesota-based independent political analyst, said although anything is possible, Rowley's campaign looks to be faltering.

"I'm sure she was an excellent FBI agent," he said, "but I don't think she's demonstrated any political skill whatsoever."

To Raise Profile, Murtha Will Stump For 41 Dems (HILL)

By Alexander Bolton

The Hill, July 26, 2006

Rep. John Murtha (D-Pa.), who has suspended his race to become majority leader in the event that the Democrats capture the House, plans to campaign in 41 races around the country where he said party leaders believe he can be helpful.

This is a dramatic increase in activity for Murtha, who did not campaign for House candidates in 2004, according to his spokeswoman.

Helping Democratic candidates could pay dividends in a race for majority leader against Democratic Whip Steny Hoyer (D-Md.).

Murtha says he thinks such a race is likely and told The Hill that if the election were held now Democrats would be catapulted into the majority.

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"If it was today, we'd win 50 seats," he said, adding that Democratic strategists have assessed the field of competitive races in which they think he can help.

"In 41 seats they think I can help," he said. "They've got it narrowed."

Murtha said he plans to campaign in all of them. He also said, "I'm going to where Nancy sends me," referring to House Minority Leader Nancy Pelosi (D-Calif.).

A Democratic aide with knowledge of House campaigns said the Democratic Congressional Campaign Committee (DCCC) has asked the entire Democratic caucus to travel to campaign events for all House Democratic candidates. Over the next several months, House Democrats will continue to refine and revise their strategy of sending members into certain districts, the aide added.

Hoyer, Murtha's potential rival, is planning to travel to 36 districts to campaign for vulnerable Democratic incumbents as well as challengers, according to a Hoyer aide.

"Mr. Hoyer has already campaigned and recruited in 51 districts this cycle, plans to travel to almost 40 more before Election Day and has spent five months on the road for House Democrats as whip," Hoyer spokeswoman Stacey Bernards said. "He continues to work tirelessly to take back the House and make Nancy Pelosi the first woman Speaker."

A spokeswoman for Murtha said her boss is expected to campaign for a mix of Democratic lawmakers and challengers.

Murtha may be calculating that he needs to do more to help candidates if he is to counter Hoyer's prolific fundraising for Democrats over years. Hoyer has given $770,000 to Democratic candidates this election cycle, more than any other lawmaker, his aides say. He has also raised $2 million for candidates this cycle, they add.

If Democrats win the House in November, freshmen could determine who becomes majority leader. One Democratic candidate who said Murtha offered to come into his district said the senior Pennsylvanian is doing "spadework for his run to majority leader."

"Why else would he be wanting to come into districts like mine?" the candidate said, noting that President Bush carried it by more than 10 points in 2000 and 2004.

While Murtha's new campaign activity for other Democrats suits his self-interest, it is also the case that many Democrats are clamoring for his presence.

Murtha said he has received 100 requests for help. His popularity, particularly among liberal Democrats, has surged since he called last year for U.S. troops to leave Iraq.

He is a retired Marine Corps colonel and the senior Democrat on the Defense Appropriations Subcommittee.

Democratic leaders recognize that Murtha has become an important fundraising draw and that he can help shield them from Republican criticism that they are soft on defense.

Last month, Murtha wrote a fundraising e-mail for the Democratic Congressional Campaign Committee titled "Cut the 'Traitor' Talk."

But some Democrats, particularly centrist lawmakers who support Hoyer, question whether Murtha can be helpful in many races that their party needs to win if they are to capture control of the House.

"I'm sure Mr. Murtha is going to be traveling extensively, but I bet you he won't be going to Blue Dog districts," one lawmaker said, referring to members of the caucus of centrist Democrats from the South. "I can't imagine that he will be very welcome in many Blue Dog districts."

The lawmaker said that while Murtha has a centrist record on many issues, voters would be most aware of his strong position against the war, which could alienate swing voters in states Bush won. The lawmaker noted that Democrats need to capture districts in those so-called red states.

A centrist Democratic candidate who requested anonymity to protect his relationships with Murtha allies said he turned down an offer for Murtha to come to his district.

Supporters of Murtha, however, argue that the war is the main reason Bush's approval rating has slumped to around 40 percent, which has given Democrats a chance to capture otherwise Republican-leaning districts.

Murtha said he will shortly visit Connecticut, California, New York and Tennessee.

In Nashville he will speak at a fundraiser Aug. 12 for the Davidson County Democratic Party, said Mark Brown, spokesman for the Tennessee Democratic Party.

In August, Hoyer will focus on districts in the South and Midwest, a Hoyer aide said. Indiana and North Carolina are two stops on his itinerary.

Hoyer is likely to tout his record of helping Democratic candidates. He has raised or contributed to 89 House Democratic lawmakers and an additional 44 Democratic candidates in the past year and a half, according to his staff.

Since 1981, Hoyer has given more than $3.4 million directly to the campaigns of lawmakers and candidates and has helped raise an additional $4 million for them, his staff said.

Nearly 84 percent of the members of the House Democratic Caucus have received contributions or fundraising help from Hoyer, they said.

Hoyer has raised $2.7 million for the DCCC this cycle and paid all his dues, $600,000. Murtha has raised $1.2 million and has paid $230,000 in dues of the $250,000 he owed, according to a Democratic aide familiar with fundraising records.

It's My Party And I'll Flee If I Want To (TIME)

By Perry Bacon Jr.

Time, July 26, 2006

For anxious Republicans in Washington about to head home for a month-long recess, there's growing worry about keeping the party's core conservative supporters excited about this fall's elections. That's why, in the last two weeks, the House of Representatives has tried to pass bills that would ban gay marriage and strip power from the federal courts to rule on cases involving the phrase "under God" in the Pledge of Allegiance. This week House leaders will take on two other causes that conservatives have been unhappy about President Bush's leadership on: in three different hearings, they'll continue bashing the Senate-passed immigration bill that would create a guest worker program for illegal immigrants, while on the House floor, they will likely pass two bills that would create commissions to look for ways to cut wasteful federal spending.

But as much as some Republicans (and Democrats, for that matter) might like to make this year's congressional election a contest between competing national agendas, the reality is that it is just as much a series of local races with their own particular issues and considerations. So while Republican John Hostettler, who is in a tough race to keep his seat in a district around Evansville, Indiana, has made the Pledge vote the subject of his weekly podcast for constituents, three Republicans from Connecticut, all in close reelection races in a blue state, have very different priorities.

Chris Shays, who represents southern Connecticut, says the GOP's values agenda, like the Pledge of Allegiance bill, is a "bit of a distraction and detour" from taking on more pressing matters, like global warming. On the campaign and official websites of Nancy Johnson, the 12-term congresswoman from the western part of the state appears in pictures with two senators and one President: Bill Clinton, Joe Lieberman and Ted Kennedy, the chief writer of the Senate immigration bill her GOP colleagues despise. Rob Simmons, who represents the eastern part of the state, doesn't just brag about the pork he's brought back home to the state; it's actually one of the main themes of his re-election campaign.

Such dissonance between the campaign tactics of Republicans in the Northeast and the Midwest will be hard to miss this fall. Of the 36 Republican-controlled congressional districts that should be very competitive this year, according to rankings from the non-partisan Cook Political Report, half of them are in just six states: Connecticut, Kentucky, Indiana, New York, Ohio and Pennsylvania. The Democrats will bombard these states with the bulk of the $30 million they plan to spend on ads attacking Republicans this fall. This sets up what almost appears to be a three-front regional war, where both parties know the national battle will ultimately be won or lost.

The Midwest

That Ohio, where three Republican incumbents are in real danger of losing, is having a very intense campaign is hardly surprising; the state's close balance between the two parties meant it was overwhelmed with attention by both presidential campaigns in 2004. But three members from neighboring Indiana, plus Geoff Davis of Northern Kentucky, are in tight races even though they represent typically reliable Republican areas.

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Lawmakers in the three states face the same problems: along with negative feelings about Bush and the war, all three states have unpopular Republican governors. In Kentucky, two-thirds of the state's residents disapprove of Gov. Ernie Fletcher, who has been indicted in an investigation of his hiring and firing of state employees, and Ohio's Bob Taft has a 78% disapproval rating, after pleading no contest to accepting free golf outings from a prominent Republican activist in the state last year. "The Governors are a very big problem in the Midwest," says Mark Souder, a House Republican in an Indiana district who, unlike some of his colleagues, is still considered a heavy favorite to win reelection. "There is no other way to 'punish' the governor."

The Republicans think they have one advantage though: the national Democratic Party. Since voters here are generally more conservative than in the Northeast, the GOP candidates are eager to tie their Democratic challengers to the national party. Chris Chocola, trying to keep his seat near South Bend, Indiana, attacked Democratic rival Joe Donnelly for an ad the Democratic Congressional Campaign Committee aired recently showing flag-drapped coffins of soldiers who had died in Iraq.

Aides to Deborah Pryce, a Republican in the Columbus, Ohio, area, have continued to call her opponent, Mary Jo Kilroy, a "tax and spend liberal," while Bob Ney, the Republican congressman embroiled in the Jack Abramoff Washington lobbying scandal, has a site called lostinzackspace.com, where he attacks his Democratic opponent Zack Space and links him to his "ultra-liberal" friends: Howard Dean, George Soros and Nancy Pelosi. The Democrats seem to be responding to the tactic. It's difficult to find the word "Democrat" on the web site of Brad Ellsworth, the Democrat running against Hostettler in the Evansville district. And Ellsworth's campaign manager, Jay Howser, calls his candidate "a Southern Indiana Democrat," to distinguish him from the rest of the party. "Democrats need to show their local roots," says Pete Brodnitz, a Democratic pollster who is working on Kilroy's race.

The Mid-Atlantic

Of the four tight congressional districts in Pennsylvania, three are in suburbs of Philadelphia dominated by traditional swing voters, people who have voted for Al Gore and John Kerry but also for Rick Santorum, the controversial conservative Senator who is in danger of losing this time around. So candidates in this region have less reason to hide their party affiliation. In one of the districts, Democratic challenger Lois Murphy touts her closeness to Pennsylvania Democratic Governor Ed Rendell, while Jim Gerlach, the GOP incumbent, has had both John McCain and President Bush campaign for him.

The campaigns here have the usual dynamics of the national races, with the Republicans calling the Democrats "liberal" (as in "liberal lobbyist Lois Murphy") and Democrats attacking Republicans for voting with George Bush on every issue, particularly focusing on stem cell research last week. Two of the Democratic candidates are military veterans, Patrick Murphy and Joe Sestak, so they are doing their best to use their military credentials to counter any assumptions that their party is weak on national security.

But with the suburban tilt in these areas, the candidates are also trying to outdo one another in their appeals to the soccer-mom vote. Mike Fitzpatrick, a Republican who represents the Bucks County area, put out a plan two months ago that would require libraries and schools to block access to sites like myspace.com, in an effort to help stop online predators from finding ways to meet and prey on children. So his rival, Patrick Murphy, has now put out his own plan for "online protection," in which he proposes to ban access to sites like myspace for people convicted of using a computer to commit a sex crime.

The Northeast

The problem for the Connecticut Democrats is not simply one of Bush or the war. As the South has trended Republican over the two decades, the Northeast has trended the opposite direction, although more slowly. The state's three Republican members of Congress are almost always in danger of losing, but this year Democrats think they can not only beat them, but win a few seats in upstate New York as well.

While their opponents bash them as too close to Bush and the Republican leadership, these members are constantly emphasizing their differences with leading Republicans, occasionally to the point of sounding like Democrats. Simmons in Connecticut is touting his endorsements from labor unions, while Johnson is calling on Bush to get rid of the penalty for seniors who sign up late for the prescription drug plan. And all three supported the stem-cell bill that Bush vetoed. In this part of the country, every step that GOP candidates take away from Bush may be one step closer to reelection.

Steele Admits He Criticized GOP In Interview (WP)

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By John Wagner And Robert Barnes

The Washington Post, July 26, 2006

Maryland Lt. Gov. Michael S. Steele's Senate campaign acknowledged yesterday that he was the anonymous candidate quoted by a Washington Post political reporter as saying that being a Republican was like wearing a "scarlet letter" and that he did not want President Bush to campaign for him this fall.

The campaign made the disclosure after a day of speculation in the blogosphere and among political reporters about which Republican Senate candidate had made the disparaging remarks reported by Dana Milbank in the Washington Sketch column in yesterday's Post.

Democrats in Maryland and Washington pounced on the comments to portray Steele as either a chameleon or a hypocrite.

"He realizes that he can't win being a conservative Republican in Maryland in 2006," said Maryland Democratic Party spokesman Arthur Harris. "He's out of touch with the majority of Marylanders."

State Democratic Party Chairman Terry Lierman pointed out in a statement that Steele has held fundraisers with the president, Vice President Cheney, Bush adviser Karl Rove and National Republican Party Chairman Ken Mehlman.

"He has taken millions from Bush and his top aides and even endorsed Bush in a prime-time Republican National Convention speech in August 2004," Lierman said.

During a luncheon with reporters at which he agreed to be quoted only as a Republican Senate candidate, Steele criticized the Iraq war effort and Bush's response to Hurricane Katrina and said congressional Republicans have "lost our way," according to Milbank's report.

Asked whether he would invite Bush to campaign for him, he replied, considering Bush's low approval rating in Maryland, "to be honest with you, probably not."

Steele spokesman Doug Heye did not dispute the accuracy of Steele's quotes in the paper but said Steele spent little time at the luncheon talking about the subject and said the article did not include some comments Steele made praising Bush.

"When he agrees with the Republican administration, he absolutely does so," Heye said. "When he disagrees, he speaks his mind."

Heye did not say why, if that were the case, Steele refused to be quoted by name originally. He said Steele had made similar statements in the past that had not attracted as much attention.

Other Republicans kept a stiff upper lip. Dan Ronayne, a spokesman for the National Republican Senatorial Campaign, said there would be no drop in national party support for Steele.

"Michael's always been an independent voice and speaks his mind, always has been," Ronayne said. "Michael Steele's name is on the ballot. His campaign is going to make its own decisions."

Maryland Republican Party spokeswoman Audra Miller referred questions to the Steele campaign.

Bush, Rove and other prominent Republicans recruited Steele to run and are happy to have an African American candidate as their party's standard-bearer. They have said that his campaign strategy of running an independent race makes sense in a state where Democrats hold an almost 2 to 1 registration advantage over Republicans.

"It's a carefully calculated ploy to run as a Democrat and Republican at the same time," said Matthew Crenson, a political science professor at Johns Hopkins University who is closely watching the race. He added, "There's nothing the Bush administration is going to do to him, because they need him."

Indeed, the White House stood by Steele yesterday.

"We're not going to respond to anything the lieutenant governor may have said," said Dana Perino, a White House spokeswoman. "The president strongly believes in Michael Steele's candidacy and strongly believes he will be the next senator for the state of Maryland."

Recent polls show Steele trailing in a general election matchup against Rep. Benjamin L. Cardin but running close against Kweisi Mfume. The two are leading a pack of 18 Democrats seeking the nomination to replace Sen. Paul S. Sarbanes (D). The nominee will be chosen Sept. 12.

Steele acknowledged his strategy at Monday's lunch. Asked whether he could run as a proud Republican, he said: "That's going to be tough. It's going to be tough to do. If this race is about Republicans and Democrats, I lose."

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Although Steele's distancing himself from Republicans could help him among some Democrats and independents, it could turn off GOP voters, who the polls show give more than 85 percent of their support to Steele.

When Bush went to Maryland recently for a GOP fundraiser, he was warmly greeted by Gov. Robert L. Ehrlich Jr. (R), but Steele was absent. Steele's campaign said that he had a long-scheduled fundraiser of his own in Las Vegas and denied that he was trying to distance himself from the president.

Senate GOP Candidate Slams Party (AP-Y)

By Liz Sidoti

AP2, July 26, 2006

A Republican in a competitive Senate race called his party affiliation "an impediment," said he'd "probably not" want President Bush to campaign for him and the GOP-controlled Congress should "just shut up and get something done."

Michael Steele's campaign confirmed Tuesday that the Maryland lieutenant governor made the comments a day earlier on the condition reporters only identify him as a GOP Senate candidate. However, the campaign said his published remarks were just a sampling from a wide-ranging, 90-minute interview in which he praised the president.

"It's an impediment. It's a hurdle I have to overcome," Steele, who is running in a Democratic-leaning state, said of his GOP label, according to Tuesday's edition of The Washington Post. "I've got an 'R' here, a scarlet letter."

The Washington Post said nine reporters from newspapers, magazines and the networks attended the lunch at a Capitol Hill steakhouse and asked the campaign to allow them to use Steele's name. The newspaper said the campaign considered the request but ultimately refused. The Associated Press did not attend the lunch.

The newspaper quoted the unnamed candidate as saying the Iraq war "didn't work" and "we didn't prepare for the peace," that the response to Hurricane Katrina was "a monumental failure of government," and that "there's a palpable frustration right now in the country."

Of Republicans who control Congress, the candidate said: "We've lost our way, we've gone to the well and we drank the water, and we shouldn't have."

"You don't go to Congress to become the party that you've been fighting for 40 years," he said, lamenting "the spending, the finger-pointing, not getting the bills passed" and counseled: "Just shut up and get something done."

Asked if he wanted Bush to campaign for him, the candidate initially said, "well, you know, I don't know" and then, noting the president's low popularity in his state, said: "To be honest with you, probably not."

Doug Heye, a spokesman for Steele, said the candidate, who is black, also praised Bush's recent speech before the NAACP, economic growth and unemployment numbers among African-Americans.

"Obviously those positive comments didn't make it into the story," said Heye, who also disputed the notion that Steele berated the president.

Rep. Ben Cardin and former congressman Kweisi Mfume are the top Democrats competing for the chance to face Steele in November for the Senate seat being vacated by Democrat Paul Sarbanes. The primary is Sept. 12.

In a state that favors Democrats, Steele could benefit by distancing himself from the president and his policies but also could upset Republican voters with his criticism of Bush and the GOP.

"Lt. Gov. Steele has always been an independent-minded leader for Maryland. He's somebody who calls it like he sees it, and the people of Maryland respect him for that," Heye said.

Brian Nick, a spokesman for the Senate Republicans' campaign committee, said: "We appreciate everything President Bush has done to help us retain our majority in the United States Senate and look forward to touting the many accomplishments of this administration including 34 straight months of job growth."

Democrats seized on Steele's remarks.

"If Steele won't take on Bush's failures during a lunch with reporters, you can be sure that he won't do so as a member of the United States Senate," Terry Lierman, chairman of the Maryland Democratic Party, said in a statement.

Earlier this year, Steele caused a stir when he compared embryonic stem cell research to Nazi medical experiments. He apologized for the comment, saying, "in no way did I intend to equate the two."

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Steele is the second Republican in a week to suggest that GOP candidates distance themselves from the president as the party tries to hold onto the House and Senate.

Last week, Republican Sen. John Thune of South Dakota told reporters: "If I were running in the state this year, you obviously don't embrace the president and his agenda."

Thune, who dealt the Democratic Party a major blow in 2004 when he beat Senate Minority Leader Tom Daschle, told reporters that the Iraq war is Bush's biggest problem. "The first thing I'd do is acknowledge that there have been mistakes made," he said.

Accountability And The Blackout In Queens (NYT)

The New York Times, July 26, 2006

For the tens of thousands of people who went a week without electrical power in Queens, the mix of anger and despair has itself become like a hot wire. This week, Mayor Michael Bloomberg tripped on it.

On Monday, Mr. Bloomberg suggested that the city owes a thank-you to the head of Consolidated Edison for the company's efforts to restore power. Considering that some were still without power and that an investigation into the causes of the blackout is yet to come, the comment sounded a bit premature. It was certainly out of sync with the mood in western Queens, where many residents have been sweltering in miserable conditions, without water, lights or elevator service.

Kevin Burke, the chief executive of Con Ed, and all his employees no doubt have worked hard to restore power to everyone — that's their job. Investigators will need to focus on whether enough was done to avert the situation in the first place, and on the decisions the utility made during the emergency, including using fuzzy lowball math that grossly underestimated the problem.

After the blackout in Washington Heights and Inwood in north Manhattan in 1999, the utility was directed to address shortcomings in how it delivers power. The Queens blackout — which began with last week's heat wave — makes clear that the city's antiquated system remains highly vulnerable during high-demand periods.

Mr. Bloomberg, a former chief executive of a large business himself, no doubt hoped his comment would halt finger-pointing and allow Queens to focus on getting back on its feet. We have often appreciated his antipathy for political showboating. But the city residents who have been living in the dark need to feel their mayor is completely on their side.

Schwarzenegger Bus Tour Hits Bump (LAT)

By Robert Salladay

The Los Angeles Times, July 26, 2006

LA MESA -- An outdoor campaign appearance by Gov. Arnold Schwarzenegger quickly turned into a bitter complaint session Tuesday, with conservative voters visibly angry at him over illegal immigration and the parole of convicted murderers.

The San Diego County event, at a community park, was carefully planned by Schwarzenegger campaign aides. But some of the invited, mostly Republican audience turned on the governor in livid tones, while others alternately booed and cheered during the tense exchanges.

An El Cajon woman who said she had been a Republican since the mid-1960s scolded the governor for failing to secure the California-Mexico border and stopping illegal immigrants who come here and "get everything free."

"I voted for you, and right now I don't see much difference between you and Phil Angelides," said the woman, Sally Plata, 66, referring to Schwarzenegger's Democratic opponent. "I don't see that you are standing up for the citizens of California."

The tone of the unscripted exchanges startled the governor. After the event, Schwarzenegger told reporters that he found the questions, which went "into dangerous areas," troubling.

"This was really the first time I had seen the intensity of prejudice," the governor said. "I had this woman come up to me [afterward] and say, 'Stop the invasion.' It was that kind of dialogue. It was "invasion" or 'robbing our country' or they want to take it back."

In her questioning, Plata called President Bush a "bum" on immigration issues and asked dubiously whether the governor had actually sent 1,500 California National Guard troops to the border to assist with federal efforts. She said she visited the border and didn't see them.

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"You are on a thin piece of wall," she said finally, "if you don't start changing your attitude and do something for the citizens of this state."

The governor, surrounded by about 150 people sitting in a circle on chairs and picnic tables, kept his cool through the barrage of criticism. But at one point, as Plata kept talking while he was speaking, he turned to her and snapped: "Please don't interrupt me when I talk, thank you very much. I let you talk also."

He told her he had actually sent 1,000 troops to the border, and she threw up her hands with an expression of disgust.

"We have to push them along and make sure they do their job," Schwarzenegger said of the Bush administration, later adding: "I will make sure you will have confidence in me so you will vote for me."

Angelides, speaking to reporters Tuesday outside a labor convention in downtown Los Angeles, ridiculed the governor for what he said were contradictory policies on immigration and his support of the Minuteman volunteer border-monitoring group. He pointed to an interview with the Spanish-language newspaper La Opinion this week in which the governor said he thought Proposition 187, the 1994 ballot initiative intended to cut off state services to illegal immigrants, was "the wrong decision."

Schwarzenegger previously has said he voted for the initiative, but also thought it unfairly targeted children.

"What is his position?" Angelides said. "He doesn't have a position."

The Tuesday event didn't focus solely on immigration. Brad Boswell, an insurance executive and longtime Republican, told the governor he was alarmed to read newspaper accounts saying Schwarzenegger had paroled nearly 100 murderers from prison. He also said he disliked the governor's proposed prison overhaul, which would relocate 4,500 female prisoners to community detention centers.

"Why do you want to put those people back in our community?" Boswell said. "I am very, very concerned about your record on crime."

He likened Schwarzenegger to former Massachusetts Gov. Michael Dukakis, a Democrat who was lambasted during his 1988 presidential run for paroling convicted killer Willie Horton.

Afterward, Boswell said he would vote for another conservative candidate on the ballot. "I'm not supporting this guy," he said with disdain.

Schwarzenegger responded to Boswell's question by saying he was tough on crime and supports an ballot initiative in November to toughen penalties for child molesters. He said the current prison system doesn't work, and innovative solutions are needed.

A new Field Poll shows Schwarzenegger leading Angelides by 8 percentage points, and with support from 85% of Republican voters. But the event Tuesday suggested deep misgivings among some of those voters.

One woman asked why people come from Ireland legally but people from south of the border do not. "We want our country back," she said, quoting a conservative radio talk show host.

Also on Tuesday, Schwarzenegger announced he would postpone a scheduled trip to Mexico next month, saying he wanted to wait until the outcome of the presidential race there is officially settled. He said the delay had nothing to do with the immigration debate in California.

Tuesday's appearance was the first stop on a two-day bus tour taking the governor from San Diego to the Inland Empire, Orange and Los Angeles counties. He traveled in a luxury bus emblazed with his campaign slogan, "Protecting the California dream," and an ocean scene.

He spoke briefly to customers at Sweet Lumpy's BBQ in Temecula and stopped at a quiet fruit market in Corona. He purchased grapes and strawberries for $30.79, using bills from a moneyclip in his pocket. He sipped a beer at a brewpub, wandered into a cigar store and bought some coffee at a Starbucks in Rancho Cucamonga.

At the first stop, in La Mesa, some participants had offered personal, highly emotional moments.

A 16-year-old from El Cajon told an extended story about being assaulted by a gang. A woman with crutches said she had been beaten by police. Schwarzenegger called her over to him and gave her a hug in the middle of the crowd.

He promised to check into their stories.

Voters Choose Istook To Take On Okla. Governor (WP/AP)

By Associated Press

The Washington Post, July 26, 2006

OKLAHOMA CITY, July 25 -- After seven terms in Congress, Rep. Ernest J. Istook Jr. swept away three Republican primary foes Tuesday and began an uphill fight to oust Gov. Brad Henry (D).

With 94 percent of precincts reported, Istook received 56 percent of the vote; millionaire Tulsa businessman Bob Sullivan trailed with 30 percent.

Istook, a social conservative known for pushing prayer in public schools and a federal balanced-budget amendment, ran a low-key campaign, staying mostly in Washington and campaigning on the weekends back home.

Sullivan got support from the most conservative elements of the state Republican Party for pushing such ideas as eliminating the income tax, severely restricting government growth and changing how school money is spent.

He attacked Istook for voting for pork-barrel spending, and ran a commercial that featured a comedian in an Istook mask and the sound of a pig grunting.

In the Democratic gubernatorial primary, Henry won renomination, handily defeating Andrew W. Marr Jr. with 86 percent of the vote. The governor had a favorable rating of 75 percent in a recent poll and can boast of signing record tax cuts over the past two years.

In the race to succeed Istook in the conservative 5th District, outgoing Lt. Gov. Mary Fallin and Oklahoma City Mayor Mick Cornett qualified for an Aug. 22 runoff for the GOP nomination.

They topped a field of six, with Fallin taking 35 percent of the vote and Cornett 24 percent.

Istook had faced no serious challenge in the district, which includes Oklahoma City, once he was elected in 1992.

In the 1st District, two-term Rep. John Sullivan trounced two rivals in the GOP primary.

OK Gov.: Istook Easily Captures GOP Nod, Will Face Henry (CQP)

By Rachel Kapochunas

Congressional Quarterly Politics.com, July 25, 2006

Republican Rep. Ernest Istook secured his party's nomination to take on Oklahoma Democratic Gov. Brad Henry, easily defeating three challengers in Tuesday's primary with a majority vote that will enable him to avoid an Aug. 22 runoff.

With 100 percent of precincts reporting, Istook had 55 percent of the vote, while oil businessman Bob Sullivan ran second with 31 percent. State Sen. Jim Williamson received 10 percent and Jim Evanoff, an aviation consultant and Vietnam War veteran, took 5 percent.

Istook, a seven-term House incumbent, was the consensus front-runner since he launched his bid last October. He had a strong base in the 5th Congressional District, a Republican stronghold that contains most of Oklahoma City, the state's capital, largest city and biggest media market. His strongly conservative record was deemed likely to appeal to Republican voters statewide, and his longtime position on the House Appropriations Committee allowed him to say he had delivered for his district and the state in general.

But the ease with which Istook won the primary vote belied the grittiness of the campaign that preceded it — one in which he absorbed a number of verbal attacks by Sullivan and had to practically empty his campaign treasury to defend himself.

Sullivan ran widely publicized ads in which former "Hee Haw" actor Gailard Sartain donned an Istook mask, labeled Istook a "liberal big-spender" and accused him of being funded by trial lawyers, a group that is widely associated with Democratic Party politics.

Sullivan on his Web site described the ads as "humorous," in what some say was an attempt to offset their perception as attacks. But Istook responded with a television ad that portrayed Sullivan as distorting his record. "Dishonesty is no laughing matter," the voiceover in the Istook ad chides Sullivan.

Despite the primary ad wars, Istook had already begun setting his sights on the general election. He launched a television ad before the primary that accused Democratic incumbent Henry of being soft on illegal immigration. This Istook ad omitted any mention of his primary competitors.

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Republicans say Henry is beatable, pointing to his narrow 2002 victory over Republican Rep. Steve Largent in a three-way race for governor in which the Democrat took 43 percent and had a margin of 6,866 votes. They also contend Istook's views will resonate, and say they can successfully persuade voters in the strongly conservative (and Republican-trending) state that Henry is a liberal-leaning Democrat.

But that would require changing the minds of many voters to whom Henry has successfully appealed during his term as governor, mainly by positioning himself as a conservative Democrat and avoiding damaging rifts with the state's Republican-controlled legislature. A July 20 SurveyUSA poll showed Henry with a 67 percent job approval rating among Oklahomans, which tied him for eighth-most popular among all 50 governors and for fourth among those who are running for re-election this year.

Henry touts as achievements his balancing the state budget without raising taxes, his action against the state's methamphetamine trade and progress made in the areas of education and job growth.

"I would like to continue the progress that we've made," Henry told local radio station KTOK in Oklahoma City on Tuesday.

The remarks came hours before Henry clinched renomination with a routine primary win over longshot candidate Andrew W. Marr Jr.. The incumbent held an 86 percent to 14 percent lead with 100 percent of precincts reporting.

The lack of a strong primary opponent enabled Henry to cache $2.6 million for the fall campaign. Istook, by contrast, spent more than $900,000 and loaned $25,000 of his own money to his campaign over the past week.

The primary could have one beneficial effect for Istook, though: It increased his visibility in the state beyond his Oklahoma City base.

CQ rates the general election race as Leans Democratic. Please visit CQPolitics.com's Election Forecaster for ratings on all races.

Bipartisan Appeal High For Female Governors (USAT)

By Susan Page

USA Today, July 26, 2006

LANSING, Mich. — Although their numbers are still small, female governors stand out as better than their male counterparts at drawing crossover voters, dealing with the opposition party and winning re-election.

This emerging statistical picture suggests intriguing prospects that will be tested in November's elections, when a record five of the eight female governors in the USA are running for new terms.

Non-partisan analysts favor four of the five to win, even though all four are in states that were carried by the other party in the 2004 presidential race.

Among governors whose terms are up this year, women are twice as likely as men to be favored to win re-election.

And among all 50 governors, women are three times as likely as men to be running states dominated by the other party.

"You have to ask if there's a female M.O. (modus operandi) that acts to depolarize our politics, to dilute the ideological polarization between the parties that exists throughout the country," says political scientist Thomas Mann of the Brookings Institution, a Washington think tank.

Kathleen Dolan, a political scientist at the University of Wisconsin-Milwaukee and author of Voting for Women in the United States, questions whether women govern in fundamentally different ways than men: "I do not see women coming from Venus and men from Mars."

Still, she says, the public does view female candidates differently. "Voters see women as more bipartisan, they see them as more able to work across the aisle, they see them as more honest," she says. "It's possible that in very polarized electorates a woman candidate might receive a benefit of a doubt from voters."

The stakes are high. Governors forge statewide political organizations that can be key in other races and sometimes develop innovative policies in such areas as health and education. State capitals are a training ground for presidents: Four of the past five presidents served as governors.

Among female governors, Linda Lingle of Hawaii and Jodi Rell of Connecticut, both Republicans, and Janet Napolitano of Arizona and Kathleen Sebelius of Kansas, both Democrats, are favored to win by the non-partisan Cook Political Report and

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Congressional Quarterly. The only tossup race: Jennifer Granholm of Michigan, a Democrat who is being challenged by Republican businessman Dick DeVos.

That means 80% of the female governors eligible to run this year are favored to win new terms. In contrast, 11 of the 26 male governors eligible to run are favored to win by the Cook report; that's 42%. Congressional Quarterly rates nine, or 35%, as favored.

Among all governors, five of the eight women — or nearly two-thirds — are in states dominated by the other party, compared with nine of the 42 men, or one-fifth.

Jeanne Shaheen, director of Harvard's Institute of Politics and a former three-term governor of New Hampshire, says female leaders tend to be "more consensus-building, more interested in getting input from other people and less interested in taking credit." She adds: "Women don't often have the need to be macho, to put it very bluntly, and therefore we have less trouble reaching out to somebody who might have been an opponent."

GOP Criticizes Democrat Plans For Nomination (WT)

By Ralph Z. Hallow

The Washington Times, July 26, 2006

Republicans are ridiculing the Democratic Party's proposed changes to the 2008 presidential nomination schedule, which now appears to further enhance New York Sen. Hillary Rodham Clinton's prospects.

"The Democrats would be a lot better off focusing on developing an agenda than fiddling with the calendar," said Scott W. Reed, a Republican presidential campaign consultant.

He was referring to the Democratic Party's rules committee announcing on Saturday that the 2008 Nevada Democratic caucuses would be moved up to follow the first-in-the-nation Iowa caucuses.

"They seem to think the problem is the manner in which they select their nominees rather than the policies of their candidates," said Paul Adams, Nevada's Republican Party chairman.

The committee also said that the South Carolina Democratic primary would be advanced to follow New Hampshire's first-in-the-nation primary. Both changes await almost certain final approval at the party's annual summer meeting next month.

"At first blush, this change makes no difference," Republican consultant Craig Shirley said. "In fact, front-loading the primary like this favors a strong, highly funded front-runner like Hillary."

Republicans fear that Mrs. Clinton, the Democrats' most prodigious fundraiser who now faces no serious Republican challenge to her re-election in November, may be able to hoard her Senate campaign kitty and apply it to her expected presidential run in 2008.

Some Democrats have long complained that Iowa and New Hampshire have populations that don't represent the rest of the nation yet they play overly important roles in determining the party's standard-bearer.

Democratic officials said the changes do not threaten the state party in Iowa or New Hampshire and are acceptable to both.

"The state party is pleased with the outcome because that was accomplished and Iowa and New Hampshire remain the first," Iowa Democratic Party spokeswoman Erin Seidler said.

New Hampshire's secretary of state is authorized to re-schedule that state's primary so that it remains the first in the nation. In 2004, the primary was held Jan. 27.

"New Hampshire has no problem with South Carolina's primary as it will come seven days after the New Hampshire primary in accordance to our state statute," said Nick Clemons, New Hampshire Democratic Party executive director. "What we do have a problem with is the general front-loading of the calendar, which will essentially eliminate the say of the voters of the 46 states who hold their contests after February 1st."

Some political analysts think the changes benefit Senate Minority Leader Harry Reid of Nevada.

"Score one for Harry Reid and the union leaders," Mr. Reed said.

But Mr. Shirley finds the image of Mr. Reid as party kingmaker implausible.

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"There are no elected political bosses, including Harry Reid, in today's politics," he said. "The bosses are the consultants, the money men and the media."

The Republican state parties, though they deny it, are maneuvering to front-load their own delegate selection for 2008.

"At this point, the Democrats' changes don't affect our calendar," said Brian Jones, communications director for the Republican National Committee.

But Mr. Adams, the Nevada Republican Party chairman, said, "We will consider the Nevada Democrats' caucus change as one of the factors in setting the date of our delegate-selection convention."

Bush: U.S. To Bolster Security Forces In Baghdad (CHIT)

By Mark Silva

Chicago Tribune, July 26, 2006

WASHINGTON -- On the day he welcomed the Iraqi prime minister to the White House for the first time, President Bush acknowledged Tuesday that the "terrible" violence in Baghdad would require deployment of more American troops in that war-torn capital.

The president's announcement signaled the depth of the security problem in a country he once had called a "beacon" for peace in the region, and it raised questions about the administration's hopes of bringing home significant numbers of soldiers by year's end.

It also was complicated by the fact that Prime Minister Nouri al-Maliki joined other Arab leaders by calling for an immediate cease-fire in Lebanon, while the president has consistently defended Israel's right to self-defense against attacks from Hezbollah.

"We are talking about the suffering of a people in a country," al-Maliki said of the situation in Lebanon. "What we are trying to do is to stop the killing and the destruction" to pave a way for diplomatic solutions, he said. "And I also emphasized the importance of immediate cease-fire."

Bush maintains that Lebanon is facing the same threat as Iraq: The determination of terrorists to destabilize nascent democracies.

"The terrorists are afraid of democracies," Bush said. "That's the ultimate challenge facing Iraq and Lebanon and the Palestinian territories."

As Bush has advocated it, the establishment of a democratically elected government in Iraq was supposed to serve as an example for freedom throughout the Middle East and help quell the violence that has plagued Iraq over the past two years.

But with sectarian violence claiming 100 lives a day in Iraq, Bush pledged to steer more U.S. troops into Baghdad, in addition to "embedding" U.S. military police with Iraqi forces attempting to secure the city.

About 30,000 of the 127,000 U.S. troops in Iraq are currently stationed in Baghdad, but "we don't know, at this point," how many more will move there, said National Security Adviser Stephen Hadley.

"Obviously, the violence in Baghdad is still terrible," Bush said with al-Maliki by his side, "and therefore there needs to be more troops."

Asked how the redeployment might affect the administration's hopes of beginning significant troop withdrawals from Iraq by year's end, Bush said that remains unclear.

"One of the reasons why you trust the commanders on the ground is because there needs to be flexibility," said Bush, who has insisted that troop deployments will be based on "conditions on the ground."

"Conditions change inside a country," he said. "And the question is, are we going to be facile enough to change with—will we be nimble enough—will we be able to deal with the circumstances on the ground? And the answer is, yes, we will."

Army Gen. George Casey, commander of U.S. forces in Iraq, will make that decision, Hadley said. "And when he's ready and comfortable that there's a plan that will work, I think we're going to let him announce what those movements will be."

Hadley echoed the uncertainty about the impact on any overall troop draw-downs.

"What they're talking about is repositioning of forces in a way that more reflects the situation on the ground," he said. "There's a security challenge in Baghdad."

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Now, with Israel at war with Hezbollah in a widening conflict, the administration's diplomatic efforts in the Middle East have been reduced in many important respects to seeking humanitarian aid for victims in Lebanon.

The president maintains that Syria and Iran must help rein in Hezbollah before any cease-fire can be declared with Israel.

"We want a sustainable cease-fire," Bush said. "We don't want something that's short-term in duration. We want to address the root causes of the violence in the area, and therefore, our mission and our goal is to have a lasting peace—not a temporary peace."

But al-Maliki disagrees with the strategy. Last week, the Iraqi prime minister said at a news conference inside Baghdad's fortified Green Zone: "The Israeli attacks and air strikes are completely destroying Lebanon's infrastructure. … We call on the world to take quick stands to stop the Israeli aggression."

The prime minister's criticism of Israel prompted Democratic leaders in Congress to complain that the leader of a nation that the U.S. has aided at tremendous cost now fails to support the U.S. against Hezbollah.

"His statements are troubling," Senate Minority Leader Harry Reid (D-Nev.) said of al-Maliki. "They raise serious concerns about whether Iraq, which is supposed to be our ally, can play a constructive role in resolving the current crisis and bringing stability to the Middle East."

Senate Minority Whip Dick Durbin (D-Ill.) is pressing al-Maliki to express as much condemnation for Hezbollah's violence as he has for the sectarian violence that threatens Iraq's new government.

"We hope that Prime Minister Maliki, if he is going to stand before us speaking to a joint session of Congress, will make it clear that he condemns terrorism not only in Iraq but also when it comes to Hezbollah," Durbin said. "That sort of condemnation should be the beginning of our dialogue."

Hadley, the national security adviser, attempted to downplay the disagreement.

"[Al-Maliki] is a guy who has been pretty tough on terrorism generally, because he has seen what it has done to his country," Hadley said.

Bush To Add Troops In Baghdad, Citing 'Terrible' Sectarian Strife (WP)

By Peter Baker And Josh White

The Washington Post, July 26, 2006

President Bush said yesterday that he will send more U.S. forces and equipment to Baghdad as part of a fresh strategy to put down rising sectarian violence, abandoning a six-week-old operation that failed to pacify the strife-torn Iraqi capital and opening what aides called an unexpected new phase of the war.

Playing host to Iraqi Prime Minister Nouri al-Maliki at the White House for the first time, Bush sounded unusually dour and acknowledged that the situation in Iraq in many ways has worsened lately. But he vowed to adjust tactics to deal with evolving threats and to keep U.S. forces in Iraq as long as necessary to fortify Maliki's government until it can defend itself.

The additional U.S. forces for Baghdad, which could total in the thousands, would come from elsewhere in Iraq, but the deteriorating security situation seemed to all but doom the prospect for significant troop withdrawals before the November congressional elections. The Pentagon had drawn up scenarios that envisioned pulling out as many as 30,000 troops this year, but military officials said yesterday that those now appear implausible and that U.S. forces will probably remain at the current level of 127,000 for several months at least.

"Obviously, the violence in Baghdad is still terrible, and therefore there needs to be more troops," Bush said in a news conference with Maliki.

"Conditions change inside a country," he added. "And the question is: Are we going to be facile enough to change with [them]? Will we be nimble enough? Will we be able to deal with the circumstances on the ground? And the answer is, yes, we will."

Maliki, who took office two months ago, likewise expressed resolve in the face of bombings and death squads that have inflicted increasing casualties on civilians. But he ended the news conference with a comment suggesting how close to the edge he considers his country. "God willing," he said, "there will be no civil war in Iraq."

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The two leaders tried to present a united front and made no public mention of disagreements about amnesty for Iraqi insurgents or immunity for U.S. troops. They did have what the president called "a frank exchange" over the conflict in Lebanon, with Maliki calling for "an immediate cease-fire" and Bush supporting only "a sustainable cease-fire" that addresses the region's broader issues first.

Maliki did not directly repeat his recent criticism of Israel's military operation, nor did he respond to a question about his position on Hezbollah. His previous statements condemning Israel for the conflict have stoked anger on Capitol Hill, where House and Senate Democrats called on him to clarify his stance before being allowed to address a joint meeting of Congress today.

For that and other reasons, Maliki's inaugural visit to the White House had none of the triumphal mood of Bush's surprise trip to Baghdad to meet the new prime minister June 13. The heady spirit of that day, coming just after the killing of al-Qaeda's leader in Iraq, Abu Musab al-Zarqawi, and coinciding with a new Baghdad security plan called Operation Forward Together, seemed a distant memory as Bush and Maliki stood in the East Room yesterday with grim expressions and subdued tones in their voices.

"No question, it's tough in Baghdad," Bush said, "and no question, it's tough in other parts of Iraq. But there are also places where progress is being made."

As the two leaders met, violence continued in Iraq. A U.S. service member from the 43rd Military Police Brigade was killed while on "combat operations" north of Baghdad, according to a U.S. military statement that did not identify the slain American. Violence also flared in northern Iraq, with car bombings, assassinations and an attack on a group of workers leaving an Iraqi military base.

The Bush administration is trying to respond to the shifting nature of the war. Where once U.S. forces were focused primarily on anti-U.S. foreign fighters and Sunni insurgents, today they confront a more complicated situation in which de facto militias are targeting Iraqis, in some cases aided by Iraqi police forces commanded by the Shiite-led Interior Ministry.

"It's a new challenge," national security adviser Stephen J. Hadley said after yesterday's Bush-Maliki meetings. "This isn't about insurgency. This isn't about terror. This is about sectarian violence."

Security analysts said that the administration has not yet figured out a way to deal with the militias and will not get anywhere until it does. "It's clear the Interior Ministry is out of control," said Michael Rubin, a resident scholar at the American Enterprise Institute and former adviser to the U.S. occupation authority in Iraq. "Death squads are never acceptable."

Rubin said that when he traveled around Iraq recently, his Iraqi companions were more worried about police checkpoints than anything else. When he asked whether he should show his old Defense Department identification card at a checkpoint, Rubin said, his Iraqi colleagues called it "the execute-me-please-faster card."

Bush and his aides were vague about the new Baghdad security strategy, but the president said it would involve embedding more U.S. military police with Iraqi police units. The combined forces, he said, would secure individual neighborhoods "and gradually expand the security presence as Iraqi citizens help them root out those who instigate violence."

Defense Secretary Donald H. Rumsfeld later told reporters he would not discuss how many troops will move to Baghdad. "There are more Iraqi troops that will be going to Baghdad than U.S., but both will be going in in fairly good numbers, more than hundreds," he said. Rumsfeld said that there is "a good deal of violence" in Baghdad and two or three other provinces but that more than a dozen provinces are doing well.

Military officials said the U.S. contingent brought into Baghdad could be as large as a brigade, which would mean 2,000 to 5,000 more troops joining the 30,000 now deployed in the capital area. A reserve force held in Kuwait has already moved largely into Iraq, so officials said additional U.S. forces for Baghdad could come from areas recently passed to Iraqi control, such as Muthanna province in the south or Mosul in the north.

A Pentagon official said four Army military police companies, totaling about 400 soldiers, have been ordered to Baghdad to be embedded with Iraqi police units expected to sweep through the city in coming days. The Pentagon also may prepare a Marine or Army brigade combat team outside Iraq for quick deployment if needed in coming weeks, in part because the reserve force, the 24th Marine Expeditionary Unit, was sent from Jordan to Lebanon last week to help remove U.S. citizens.

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Anthony H. Cordesman, an analyst at the Center for Strategic and International Studies, said that pulling U.S. troops from other areas of Iraq could be a gamble but that commanders had no choice, lest they risk losing the capital. "The previous security mission, with Iraqi troops and a limited U.S. force, failed completely," he said, adding that "if they didn't do something and do it quickly, we'd probably see the country collapse into civil war."

In Iraq yesterday, gunmen descended on a group of laborers outside an Iraqi base 50 miles west of Mosul, killing four workers and wounding eight others. A car bomb exploded near a U.S. military patrol in Mosul, missing the patrol but wounding nine people, including two traffic policemen. Also in Mosul, gunmen killed an Iraqi police lieutenant colonel and a customs official.

Staff writer Joshua Partlow in Baghdad and special correspondent Hassan Shammari in Baqubah contributed to this report.

Baghdad Chaos Pushes Bush To Shift U.S. Troops (NYT)

By Jim Rutenberg

The New York Times, July 26, 2006

WASHINGTON, July 25 — Saying the security situation in Baghdad remained "terrible," President Bush announced an agreement with Prime Minister Nuri Kamal al-Maliki on Tuesday to significantly strengthen the United States military presence in the city.

The announcement, presented at a joint news conference during Mr. Maliki's first visit to the White House since taking office in May, was a tacit admission that the Iraqi government had not succeeded in bringing stability to the capital, and that any major withdrawal of American troops soon remained unlikely.

Under the new security plan, devised by American military commanders in consultation with the Iraqis, some 4,000 United States troops would move into Baghdad, to join the same number of Iraqi counterparts. The United States has about 128,000 troops in Iraq, approximately 7,200 of them in Baghdad, according to military officials there.

"Obviously, the violence in Baghdad is still terrible, and therefore there needs to be more troops," Mr. Bush said at the news conference, held in the East Room after a morning meeting with Mr. Maliki in the Oval Office. "Our military commanders tell me that this deployment will better reflect the current conditions on the ground in Iraq."

For both Mr. Bush and Mr. Maliki, the mood at the White House was starkly different than the one at their meeting in Iraq last month. Then, Mr. Bush, flush with the thrill of a surprise landing in Baghdad and the recent killing of a top leader of Al Qaeda, had embraced Mr. Maliki's election and the formation of his unity government as a new day for Iraq.

Mr. Bush had hailed Mr. Maliki by saying he was impressed with his strategy for taking control of his nation. Hundreds have died in violence in and around Baghdad since then.

Though Mr. Bush frequently repeated his optimism on Tuesday, his comments were laced with grim acknowledgments that the brutality that remains part of daily life in Baghdad was obscuring signs of progress.

And at what was described as an historic moment — a visit by a democratically elected Iraqi leader to the White House — Mr. Maliki was, if anything, somber.

The visit was also marked by new differences between the leaders, each of whom faces political complications related to the evolving relationship: Mr. Maliki is under pressure at home to bring any United States military personnel accused of wrongdoing under Iraqi justice; Mr. Bush came under fire from Democrats for Mr. Maliki's comments denouncing Israel's attacks on Lebanon, which the Iraqi Parliament called criminal.

Mr. Maliki sidestepped a question about his position on Hezbollah, the Lebanese militia attacking Israel, but in his opening remarks he called for an immediate cease-fire, a break from Mr. Bush's position that Israel can only end its attacks after Hezbollah does.

Mr. Bush said, "We had a frank exchange of views on this situation," and that he had told Mr. Maliki that he only supported a sustainable cease-fire, administration shorthand for a truce that addresses the disarming of Hezbollah. Mr. Bush also said he had reiterated his support for the Lebanese.

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Some Democrats said Mr. Maliki should not be permitted to address a joint meeting of Congress on Wednesday, as he is scheduled to do, if he was not willing to speak out against Hezbollah.

Senator Harry Reid of Nevada, the Democratic leader, said addressing Congress was an honor reserved for few — past speakers have included Nelson Mandela, Vaclav Havel and Lech Walesa — and should not include someone whose statements directly contradict United States policies on issues like Hezbollah.

"I will lose a lot of confidence in Maliki if he doesn't denounce what Hezbollah has done," Mr. Reid said.

But in a late afternoon briefing with reporters, the national security adviser, Stephen J. Hadley, asked about the Democrats' comments, said he hoped the debate over Lebanon would not eclipse Mr. Maliki's visit, in which he was to spell out his plans for Iraq's future.

White House officials were careful to call the troop plan for Baghdad a repositioning, rather than a redeployment that would require an increase in overall forces in Iraq.

Under the new arrangement, the additional troops would come from other parts of the country. They would join Iraqi counterparts to focus on the insurgency neighborhood by neighborhood. The announcement followed the White House's acknowledgment last week that a security plan Mr. Maliki announced in June had failed to produce the desired results.

Officials seem to have decided that the previous plan was too diffuse. It relied on a security force of roughly 51,000 — including the 7,200 Americans — and checkpoints devised to snare militia members, but violence continued unabated.

The Iraqi authorities have reported hundreds of killings in the past two weeks alone, mostly in Baghdad. Iraqi government figures released by the United Nations last week showed that 2,669 civilians were killed in May and 3,149 in June.

Violence continued to torment Baghdad on Tuesday, as security forces and civilians came under attack in scattered episodes around the city. Twelve people died, five of them civilians, in the bloodiest attack reported, a car bomb explosion.

Mr. Hadley, the national security adviser, said the failure of the initial plan forced the administration to move to what he called "Phase II."

But other officials said there was no Phase II in the previous plan.

"This is more like Plan B," said one of Mr. Hadley's associates, who insisted on anonymity because he was not authorized to discuss internal policy matters. "Six weeks ago, we were talking about pulling American troops back from the city streets, not putting more of them out there."

Democrats picked up on the plan to criticize the administration.

"This is a stunning sign that the administration still isn't being candid about Iraq's escalating civil war and the failure of Iraqi security forces to stand up on schedule," said Senator John Kerry, Democrat of Massachusetts.

But Senator John W. Warner, Republican of Virginia and chairman of the Armed Services Committee, said the move was a necessary step to securing Baghdad.

"It's simply a realization that we've got to have a further strengthening of the United States component there," he said. "The security of Baghdad can tip the scales to achieving a self-sufficient democracy, or losing in Iraq. The eyes of the world look at the situation in Baghdad, and as things are improving in other areas, in Baghdad we've not seen that measure of success."

Mr. Bush had acknowledged as much when he said earlier, "In the midst of all the violence in Baghdad, sometimes a success is obscured."

Mr. Hadley and other officials pointed to the recent transfer of Muthanna Province to local control, and said there had been increases in oil production and the supply of electricity to homes.

But Mr. Maliki said he was most worried about continued sectarian violence, adding at the end of the briefing, "God willing, there will be no civil war in Iraq."

Aside from addressing Congress, Mr. Maliki is scheduled to accompany Mr. Bush to Fort Belvoir, Va., to a lunch with troops and their families, so, Mr. Bush said, "We can thank them for their courage and their sacrifice."

More Troops Will Move Into Baghdad (WT)

By Joseph Curl

The Washington Times, July 26, 2006

DOJ_NMG_0043017

More than three years after the fall of Baghdad, President Bush yesterday acknowledged that the violence there is "still terrible" and announced that U.S. troops from across Iraq will be redeployed to the capital in an attempt to quell the bloodshed.

The president, in a joint press conference with Iraqi Prime Minister Nouri al-Maliki at the White House, differed from his counterpart regarding the ongoing battle between Israel and the Hezbollah militia in Lebanon. Mr. Bush reiterated his call for a "sustainable" cease-fire between Israel and Hezbollah, but Mr. al-Maliki urged an "immediate" cease-fire.

Mr. Bush said improved military conditions outside Baghdad make it possible to move U.S. troops and military police to the city, where the United Nations says more than 100 civilians a day are killed by car bombs and sectarian death squads.

"Obviously, the violence in Baghdad is still terrible, and, therefore, there needs to be more troops," Mr. Bush said in the East Room.

To that end, U.S. commanders in Iraq "have recommended, as a result of working with the prime minister, based upon his recommendation, that we increase the number of U.S. troops in Baghdad, alongside of Iraqi troops," Mr. Bush said.

Under the new plan, thousands of U.S. troops will be sent to Baghdad in the coming weeks to try to retake control of neighborhoods now ceded to Sunni insurgents or Shi'ite militias.

The new strategy will involve "embedding more U.S. military police with Iraqi police units to make them more effective," the president said.

But it is not clear how many troops will be in Baghdad under the new plan. About two weeks ago, Defense Secretary Donald H. Rumsfeld said the number of Iraqi and U.S. troops in the capital had recently grown from 40,000 to 55,000.

Like Mr. Bush, Mr. al-Maliki, on his first trip to the United States since becoming prime minister two months ago, also sought to put a good spin on security in Baghdad, despite abandoning a plan he devised and deployed just six weeks ago.

"We are determined to defeat terrorism, and the security plan for Baghdad has entered the second phase and it's achieving its objectives in hunting the terrorist networks," Mr. al-Maliki said, adding that the most important element of a new security program "is to curb the religious violence."

The Iraqi prime minister, who did not smile once during the 30-minute press conference, expressed optimism that a joint U.S.-Iraqi effort to tamp down violence in Baghdad will work.

"God willing, there will be no civil war in Iraq."

Democrats on Capitol Hill, though, were far less optimistic.

"President Bush, Vice President Cheney and Secretary Rumsfeld continue to deny that Iraq is in a civil war," said Sen. Edward M. Kennedy of Massachusetts. "But the increasing sectarian violence, the ruthless death squads, and the increasingly powerful role of the privately armed militias tell a very different story."

On the developing situation in Lebanon, Mr. Bush said the only way to secure a sustainable cease-fire is "to address the root causes of the violence in the area. And, therefore, our mission and our goal is to have a lasting peace, not a temporary peace, but something that lasts," Mr. Bush said.

Emphasizing the need for an immediate cease-fire, Mr. al-Maliki implored the "international community to support the Lebanese government and support the Lebanese people to overcome the damage and destruction that happened."

A group of House Democrats circulated a letter to House Speaker J. Dennis Hastert urging the Illinois Republican to get an apology from Mr. al-Maliki for denouncing Israel or cancel his address today to a joint meeting of Congress.

Sen. Charles E. Schumer, New York Democrat, said that he doubted he would attend and that there were a "large number of people [in Congress] who were uncomfortable" with Mr. al-Maliki's condemnation of Israel's attacks in Lebanon and apparent support for Hezbollah.

The Battle For Baghdad, Again (USAT)

By Rick Jervis And David Jackson

USA Today, July 26, 2006

BAGHDAD — The battle for Iraq's future has come down to this: Can the country's U.S.-supported government control escalating violence in the streets of its capital?

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Iraqi Prime Minister Nouri al-Maliki met with President Bush on Tuesday at the White House, where they announced a plan to dispatch more U.S. and Iraqi troops to Baghdad to try to salvage a faltering security plan for Iraq's war-ravaged capital.

The leaders said an unspecified number of troops would be redeployed to respond to a surge in violence that has killed more than 100 civilians a day since Bush's surprise visit to Baghdad six weeks ago, when al-Maliki announced a security crackdown in Baghdad.

About 9,000 of the 125,000 U.S. troops in Iraq are in Baghdad, a city of about 6.5 million where centuries-old tensions between Sunni and Shiite Muslims have exploded into increasingly difficult-to-control violence. The chaos is being fueled by militias and foreign Arab fighters such as al-Qaeda in Iraq, the Sunni extremist group trying to undermine U.S.-led efforts to establish a democracy in that nation. There are about 43,000 Iraqi soldiers and police in Baghdad.

Bush said additional U.S. troops will be sent to Baghdad from elsewhere in Iraq and will help train Iraqi security forces to eventually take over the job of protecting the capital. The plan includes placing more U.S. military police with Iraqi forces and giving the Iraqi forces more mobility and firepower. The focus will be on securing individual neighborhoods.

National security adviser Stephen Hadley said military officials are still working out a "repositioning" of forces and are deciding which ones to send to Baghdad.

"Our strategy is to remain on the offense, including in Baghdad," Bush said during a White House news conference with al-Maliki. "We still face challenges in Baghdad, yet we see progress elsewhere in Iraq."

Al-Maliki added that Iraq's new government is "determined to defeat terrorism, and the security plan for Baghdad has entered the second phase."

The increasing urgency of the situation in Baghdad reflects how, more than three years after U.S.-led forces steamrolled into the city and toppled Saddam Hussein's regime, the battle for Iraq's largest and most important city is widely viewed as a tipping point for the nation's future.

Bush's legacy has much riding on the outcome in Iraq. In a USA TODAY/Gallup Poll taken last weekend, just 35% of Americans said they approve of Bush's handling of the war in Iraq, down slightly from last month.

"The president has told people that Iraq is where he will make his mark on history," says Jon Alterman, director of the Middle East Program with the Center for Strategic and International Studies. "I don't see a way to be successful in Iraq unless he's successful in Baghdad."

While much of the world's attention has focused lately on Lebanon, where Israeli troops and Hezbollah guerrillas are fighting, insurgents in Iraq have turned up the heat in Baghdad with a wave of violent, deadly assaults. Many of the insurgents apparently hope to demonstrate that Iraq's government is not able to control its capital and therefore the nation.

"Clearly, Baghdad is the center that everybody is fighting for," says Maj. Gen. William Caldwell, the top U.S. military spokesman in Iraq. "We will do whatever it takes to bring security to Baghdad."

Iraq's government believes Baghdad is the key to bringing security to the rest of the country.

"If you control Baghdad, you control Iraq," says Mishan al-Alusi, an independent Sunni lawmaker and secretary of the Parliament's foreign relations committee. "There's no other way around it."

Caldwell adds that "if Prime Minister Maliki succeeds in Baghdad, he'll be able to succeed in Iraq."

Soon after taking office in April, al-Maliki announced plans to send up to 75,000 Iraqi and U.S. troops into the streets of Baghdad to try to restore order. Iraqi forces, backed by U.S. troops, set up checkpoints and patrolled the streets.

The result: Violence increased. From February through May this year, Baghdad province, made up mostly of the capital city, averaged more attacks per day — 29 — than any other province. That includes the volatile Anbar province in western Iraq, which contains the restive cities of Fallujah and Ramadi, according to the Defense Department's quarterly report to Congress in May.

By mid-July, there was an average of 34 attacks each day against U.S. and Iraqi forces in Baghdad, the U.S. Defense Department has reported.

The Iraqi capital has long been a diverse city with large numbers of Sunnis, Shiites and Kurds. Some neighborhoods are mixed, and marriage between Sunni and Shiite Muslims is not uncommon.

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As the country has been broken apart by war, insurgents have tried to exploit religious tensions. Death squads and Shiite militias have infiltrated heavily Shiite police and army units, which already were having difficulty gaining trust in heavily Sunni areas. As a result, violence between Sunnis and Shiites in the streets has increased.

Many of the death squads are believed to be associated with armed Sunni or Shiite groups, targeting each other as part of a struggle for power between the country's two major religious communities.

The U.S. military announced Tuesday that Iraqi soldiers had captured six insurgents involved in death squad activities.

To try to curb the violence, Iraqi officials will have to continue battling Sunni extremists, go after Shiite gunmen prowling the city and control Shiite militias, says Anthony Cordesman of the Center for Strategic and International Studies.

"We are at a point where it's very unclear if what we're going to get is real political progress and movement toward security or steady drift toward civil war," he says.

Sectarian violence is the most dangerous threat facing Baghdad, Zalmay Khalilzad, the U.S. ambassador to Iraq, has said. Carefully staged attacks on mosques and other targets have helped to provoke a wave of violence between religious factions that sometimes has turned neighbors against each other and led to revenge killings.

A United Nations study released this month said the number of Iraqi civilians killed climbed from 1,778 in January to 2,669 in May and 3,149 in June.

"The overwhelming majority of casualties were reported in Baghdad," said the report, which was based on Iraqi Health Ministry statistics.

Iraq's insurgency started gathering momentum several months after Saddam's regime fell in April 2003. At various times, coalition and Iraqi forces have tried to subdue outbreaks of violence in Baghdad, Mosul to the north, Fallujah to the west, and Basra in southern Iraq.

This spring, as Iraqi leaders wrangled over forming a government, Sunni extremist groups focused their strategy on Baghdad. Smuggling routes once used to get insurgents across the Syrian border to safe houses in Fallujah or Tal Afar began delivering them straight to Baghdad, Caldwell says.

Insurgents established an operations base south of Baghdad in the so-called Triangle of Death, where they began launching attacks on the capital.

Youssifiyah, a farming community on the eastern banks of the Euphrates River, was a hub of insurgent activity. This year, two U.S. Apache attack helicopters were shot down during clashes near there.

The violence in Youssifiyah came to a climax in June, when two U.S. soldiers were ambushed while manning a checkpoint, then were kidnapped and killed. The incident brought a tough response from the 4th Infantry Division, which moved in force into the area.

In prior raids around Youssifiyah, U.S. troops recovered documents and memos the U.S. military said were from al-Qaeda in Iraq. The documents indicate how important al-Qaeda considers Baghdad.

The memos, released by the Pentagon in May, chided the group's commanders in Baghdad for not having a long-term strategy and lacking organization. They also promised to focus more resources and energy on the Iraqi capital with the goal of starting a civil war between Sunni and Shiite Arabs.

"The operation at this stage is to incite the people against the Shias (Shiites), in view of the fact that the sectarian war has benefits for us," one of the memos reads. The memo recommends using car bombs.

During raids in the Triangle of Death, troops captured foreign Arab fighters, bombmaking workshops, computers full of insurgent documents and weapons caches.

"All those groups had their attentions focused on Baghdad," Caldwell says. The area "was far more dense with foreign fighters down there operating and working than we perhaps realized."

Brig. Gen. David Halverson, a deputy commander of U.S. troops in Baghdad, says the city has become "the center of gravity" in the war. Al-Qaeda "wants to foment the insurgency in Baghdad. They're attempting to discredit the government's ability to govern and secure the people."

There are signs that insurgent efforts to touch off civil war are working. The bombing of a holy Shiite shrine in Samarra on Feb. 22 led to reprisal killings across Baghdad that left hundreds dead.

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More recently, a bombing near a small Shiite mosque in the Jihad neighborhood of southwest Baghdad on July 8 triggered another cycle of violence. The next day, Shiite gunmen there pulled Sunni motorists from cars and homes and killed them on the spot.

In one of the deadliest incidents, masked men with machine guns mounted on pickups opened fire July 17 on a busy Shiite market in Mahmoudiya, south of Baghdad, killing more than 40.

Gen. Haider Abdel Rassum al-Badri, an Iraqi special forces commander in western Baghdad, was largely responsible for pacifying northwestern Baghdad, including Haifa Street, the site of battles between mostly Sunni insurgents and U.S. forces in 2004. His tactics included working with tribal leaders and cracking down on lawbreakers.

Dealing with religious-based violence between Iraqis is more difficult, al-Badri says.

Lately, he says, the enemy has been coming from all ethnic and religious sides, making it difficult to distinguish insurgents from civilians.

Rogue militias also are a growing problem, he says.

Sunni extremists recently kidnapped an Iraqi translator who worked on al-Badri's base in northwestern Baghdad. A video of her beheading later appeared on a militant website.

Shiite militia checkpoints have sprouted around some neighborhoods, where militiamen stop people and question women who are not covering their heads in adherence to strict Islamic tradition, al-Badri says.

Meanwhile, snipers have reappeared on Haifa Street.

“We don't know who's who anymore,” al-Badri says. “It's all mixed.”

U.S. To Bolster Its Force In Baghdad (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, July 26, 2006

WASHINGTON -- The Bush administration said it would move thousands of additional U.S. troops to Baghdad, a major shift in strategy that appears to sharply reduce the possibility that a reduction of American military personnel can begin later this year.

Meeting at the White House with Iraqi Prime Minister Nouri al-Maliki, President Bush said U.S. forces stationed elsewhere in Iraq would be shifted to Baghdad to help fledgling Iraqi security forces try to reconquer, and then secure, each of the capital's neighborhoods. A Pentagon official said the additional U.S. presence in Baghdad would likely number between 2,000 and 5,000 soldiers, many of whom would be embedded with Iraqi police units. The official said no new troops would be sent to Iraq as part of the effort.

The shift is a frank acknowledgment that more than three years after U.S.-led forces swept into Iraq, much of the country, including major sections of the capital, remains outside the control of either U.S. forces or the Iraqi government. It also highlights the country's dire security situation amid a surge in violence that is killing nearly 100 Iraqi civilians every day.

Washington's new approach comes after an array of Iraqi and American security plans for Baghdad were implemented with no discernible impact on the violence, racking the city of more than five million people. Mr. Maliki, who took power in late May, has significantly increased the number of checkpoints and security personnel around the capital, but the number of attacks continues to rise. U.S. forces, meanwhile, spent years trying to secure the highway connecting the city with its international airport, but the road remains so dangerous that most U.S. personnel are instead flown into the city by helicopter.

Mr. Bush acknowledged prior setbacks, telling reporters at the White House there is "no question it's tough in Baghdad, and no question it's tough in other parts of Iraq." He said, "Obviously the violence in Baghdad is still terrible."

See continuing coverage2 of developments in Iraq, including an interactive map3 of major insurgent attacks. • Transcript: Remarks by Bush, Maliki4

President Bush holds a joint press conference6 with Iraqi Prime Minister Nouri al-Maliki. Plus, WSJ's John Harwood reports7 on President Bush's meeting with Iraqi Prime Minister Nouri al-Maliki.

The rising tide of violence is complicating the administration's hopes of beginning a troop withdrawal later this year. With the administration facing mounting pressure for force reductions from fellow Republicans who are concerned that the war's

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unpopularity at home could cost the party its control of Congress in the November elections, senior U.S. military commanders have been working on a plan to withdraw at least a few thousand soldiers in coming months.

But with Iraq teetering on the brink of open civil war, administration officials privately concede that any cut in troop levels might shrink in scope or be postponed into next year. A low-level sectarian conflict has been raging for months between Iraq's majority Shiite Muslims and minority Sunni Muslims, and National Security Adviser Stephen Hadley told reporters yesterday that the communal warfare is a bigger threat to the country than the insurgency. Public confidence in Iraq's security forces is so low, meanwhile, that even many Sunnis -- whose ranks have supplied most of the insurgents -- want American forces to remain in the country as a buffer.

Mr. Bush said Mr. Maliki told him during a private meeting in the Oval Office that "he does not want American troops to leave his country until his government can protect the Iraqi people." The president said he assured the Iraqi prime minister that U.S. forces won't leave precipitously. Mr. Maliki today will address Congress, where many lawmakers are infuriated with his refusal to condemn Hezbollah's attacks on Israel or state unambiguously that the Jewish state has a right to exist.

The strategy outlined by Mr. Bush closely parallels the "ink spot" theory of counterinsurgency detailed last fall in a widely read essay by military analyst Andrew Krepinevich. Mr. Krepinevich argued that instead of focusing on killing insurgents, U.S. forces should instead concentrate on securing specific areas of the country so rebuilding projects can take hold and citizens can gain confidence that their government can protect them from attack. Iraqis living in secure areas would in time turn against the insurgency and cooperate with the coalition, Mr. Krepinevich wrote.

Several analysts said the new approach represented a clearer appraisal of the root cause of many of Iraq's security problems.

"I read it as being a much better understanding of what the granularity of the problem is: They have lost control of Iraq at the neighborhood level," said John Pike of national-security policy think tank GlobalSecurity.org. "The problem is not control of Baghdad; the problem is the 1,000 neighborhoods of Baghdad."

Battle For Baghdad Boils Down To Grabbing A Slice At A Time (NYT)

By Michael R. Gordon

The New York Times, July 26, 2006

BAGHDAD, Iraq, July 25 — The Bush administration's announcement on Tuesday that it will shift more forces to Baghdad is much more than a numbers game. It reflects a new strategy to reclaim control of the Iraqi capital and a new approach for deploying the troops.

The plan is to concentrate on specific neighborhoods rather than distribute the forces throughout the city, control movement in and out of sectors of the capital and try to sweep them of insurgents and violent militias.

In effect, the scheme is a version of the "ink blot" counterinsurgency strategy of grabbing a piece of terrain, stabilizing it and gradually expanding it. Only this time the objective is not a far-flung Iraqi city or town, but the capital, the seat of the fledgling government and home to some seven million Iraqis.

The plan has risks. It will divert American military police from deploying to Anbar Province, where the insurgency continues to rage. And an increased presence of American troops on the ground in Baghdad, where insurgent attacks have soared, carries the potential of more American casualties.

But Baghdad in military parlance is the "center of gravity" for the larger effort to secure the country.

Restoring security in a capital that is tormented by sectarian strife and lawless militias is such an essential task that American commanders are willing to accept a greater degree of risk elsewhere.

Sending in additional troops is an implicit acknowledgment of what every Iraqi in Baghdad already knows: Prime Minister Nuri Kamal al-Maliki's original Baghdad security plan has failed.

In the past two weeks, more Iraqi civilians have been killed than have died in Lebanon and Israel.

The additional American forces sent here will include units equipped with Stryker armored vehicles, military police and, essentially, what is left of the American military's reserve in Kuwait.

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To demonstrate that the burden is being shared equally, half of the additional 8,000 troops that will be sent are to be American and half Iraqi.

By securing the city a sector at a time, American and Iraqi commanders hope to allow the Iraqi government to restore essential services and build support and legitimacy among an anxious public.

Once the areas are stabilized, the Iraqi police are to be brought in to maintain control, freeing the American and Iraqi military to extend their reach elsewhere. The Iraqi police are to be accompanied by American military police, who will act as advisers and trainers.

The Americans and the Iraqis are likely to start with the easiest sectors, calculating that they need to demonstrate a measure of success before taking on the most contested areas. Even as they expand their control the American and Iraqi forces will maintain the ability to conduct raids in less secure areas of the city.

The war is a contest of moves and countermoves, and the insurgents and the militias that the new American and Iraqi forces will confront can be expected to strike back.

Some of the forces that are now to go to Baghdad, like the military police, were earmarked for volatile Anbar Province in the west. Building a new police force in the Sunni-dominated Anbar region has been a critical part of the American counterinsurgency effort there. Diverting military police to Baghdad will make that already difficult mission in Anbar even harder.

But it is a trade-off that American commanders are prepared to accept. There are 117 police stations in the Baghdad area, which is where the American command has made its main effort.

"Baghdad is truly a must-win," said Maj. Gen. William B. Caldwell IV, the senior spokesman for the military command here. "The prime minister has stated it. General Casey has stated it. We have to win in Baghdad. We don't have an option."

Mr. Maliki's original Baghdad security plan entailed the deployment of some 51,000 troops and police officers — including 7,200 American soldiers — and the establishment of new checkpoints.

"In the first 30 days of the Baghdad security plan there was a very slight downtick in the amount of violence," said a senior American officer, who asked not to be identified because he was not authorized to discuss the issue publicly. "Everybody had very high expectations. They thought it would bring it down dramatically."

But the violence continued unabated and is now at a high. There has been a vicious cycle in which terrorist bombings have encouraged the Shiites to expand their armed militias, which have in turn alarmed the Sunnis, some of whom have made common cause with the most fanatical insurgents. The spiral of sectarian attacks has become more worrisome to the American command than the insurgency.

There is now a realization that the prime minister's first plan relied too much on untested Iraqi troops and the Iraqi police. Hence, the increase in American troops and the American military police.

The Stryker units that are being sent will provide the military with a wheeled armored vehicle that can maneuver more easily through the city than a tracked vehicle like an M-1 tank or a Bradley fighting vehicle.

For all the talk of new military deployments, however, the plan will depend mightily on parallel moves by Mr. Maliki's government to improve the lot of ordinary Iraqis. This is, in the final analysis, an approach that will require the careful synchronization of military, political and economic moves — no small challenge for an Iraqi administration that is still struggling to develop its capacity to govern.

The American and Iraqi forces may temporarily stabilize a neighborhood, but the ultimate loyalty of its residents, many of whom have been sitting on the fence even while they have been desperate for security, will reflect the government's ability to demonstrate that there are tangible benefits for cooperating.

Bush: New Plan To Help End Iraq Violence (AP-Y)

By Tom Raum

AP2, July 26, 2006

President Bush said Tuesday a new plan to increase U.S. and Iraqi forces in the besieged capital of Baghdad will help quell rising violence that is threatening Iraq's transformation to a self-sustaining democracy.

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"Obviously the violence in Baghdad is still terrible and therefore there needs to be more troops," Bush said in a White House news conference with visiting Iraqi Prime Minister Nouri al-Maliki.

Al-Maliki, on his first trip to the United States since becoming prime minister two months ago, said he and Bush agreed that training and better arming Iraqi forces as quickly as possible, particularly in the capital city, was central to efforts to stabilize the country.

"And, God willing, there will be no civil war in Iraq," al-Maliki said, speaking through a translator.

The two leaders disagreed openly on how to end hostilities between the Hezbollah militia in southern Lebanon and Israel, with al-Maliki, a Shiite Muslim leader, reiterating his support for an immediate cease-fire and Bush sticking by the administration opposition to one.

A group of House Democrats called on GOP leaders to cancel al-Maliki's address to Congress on Wednesday. Sen. Charles Schumer, D-N.Y., said he doubted he would attend and that there were a "large number of people (in Congress) who were uncomfortable" with al-Maliki's condemnation of Israel's attacks in Lebanon and apparent support for Hezbollah

Bush said that al-Maliki had asked for more military equipment from the United States and had recommended increasing U.S. and Iraqi forces patrolling Baghdad neighborhoods. "And we're going to do that," Bush said.

The president said U.S. forces would be moved in from other parts of Iraq. He did not say how many, but Pentagon officials have suggested several thousands troops would be moved to Baghdad, including some now based in Kuwait.

There are roughly 127,000 U.S. troops in Iraq. The administration is under increasing pressure from Democrats and some Republicans to bring a substantial number home by the end of this year.

Asked if the tense situation in Baghdad would alter the equation for an eventual withdrawal of U.S. forces, Bush said troop level decisions will still be based on recommendations from military commanders in the field.

"Conditions change inside a country," Bush said. "Will we be able to deal with the circumstances on the ground? And the answer is, yes, we will."

The president and the prime minister met privately before the news conference to discuss strategy, then continued talks over lunch with a larger group that included Cabinet members and aides.

At the East Room news conference, Bush said al-Maliki was very clear in stating that "he does not want American troops to leave his country until his government can protect the Iraqi people. And I assured him that America will not abandon the Iraqi people."

It was not clear how many U.S. troops will be in Baghdad as a result of the new plan. About two weeks ago, Defense Secretary Donald H. Rumsfeld said that the number of Iraqi and U.S. troops in Baghdad had recently grown from 40,000 to 55,000.

Bush and al-Maliki met alone with only a translator in the room for about 70 minutes before others joined the talks, Bush national security adviser Stephen Hadley told reporters.

Under the plan to beef up security in Baghdad, forces would comb different neighborhoods to establish a police presence, "giving some reassurance to the population there that, in a way, the sheriff has arrived," Hadley said.

Bush complimented the beleaguered leader for his courage and perseverance in the face of sectarian violence. Recent attacks have sapped political support for the more than three-year-old war in Iraq, in both the United States and Iraq.

On Lebanon, the administration insists that Hezbollah must first return two captured Israeli soldiers and stop firing missiles into Israel before any cease-fire.

"I told him (al-Maliki) I support a sustainable cease-fire that will bring about an end to violence," Bush said.

Al-Maliki sidestepped a question at the White House news conference about his position on Hezbollah.

"Here, actually, we're talking about the suffering of a people in a country. And we are not in the process of reviewing one issue or another, or any government position," al-Maliki said.

Democrats criticized al-Maliki's comments. "Prime Minister Maliki missed an important opportunity to state his position on Hezbollah, and instead left the impression that he does not oppose this terrorist organization's outrageous attacks on Israel," said Sen. John Kerry, D-Mass.

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Kerry called on Maliki to strongly condemn the use of terror anywhere — including by Hezbollah against Israel — in his speech to Congress on Thursday.

Responding to the Democratic criticism, Hadley said "there's an opportunity here I hope we don't miss," and he urged lawmakers to take advantage of the fact that a democratically elected Iraqi leader was about to address Congress. "It's been an issue for Republicans and Democrats, how to get Iraq right," the White House adviser said.

After al-Maliki's speech to Congress on Wednesday, Bush was taking him to nearby Fort Belvoir, Va., for a meeting with U.S. troops and their families. Both leaders will "thank them for their courage and their sacrifice," Bush said.

The president said improved military conditions outside Baghdad will make it possible to move U.S. military police and other forces to the capital, where an estimated 100 people a day are being killed. The crimes, blamed largely on sectarian death squads, usually go unsolved.

Al-Maliki said the most important element of a new security program "is to curb the religious violence."

Iraq's government must have a policy that "there is no killing and discrimination against anyone," al-Maliki said.

U.S. officials believe control of Baghdad — the political, cultural and economic hub of the country — will determine the future of Iraq.

U.S. and Iraqi soldiers captured six members of an alleged death squad in Baghdad on Tuesday, while attacks elsewhere in Iraq left more than two dozen dead.

Al-Maliki met Defense Secretary Donald H. Rumsfeld at the Pentagon for about an hour. "He is very focused clearly on the Baghdad situation and he recognizes that it is not a military problem as such, it is a combination of political and military and economic," Rumsfeld said.

According to Pentagon spokesman Eric Ruff, no final decision has been made on exactly how many U.S. forces will be shifted to Baghdad, but that there will be a range of forces that include both U.S. and Iraqi troops.

A Long, Bad Six Weeks (NYT)

The New York Times, July 26, 2006

Six weeks ago, President Bush paid a surprise visit to Iraq's prime minister, Nuri Kamal al-Maliki, in Baghdad. American forces had just killed the terrorist leader Abu Musab al-Zarqawi. Iraq's Parliament had just confirmed new ministers to run the army and the police, completing what was billed as a national unity cabinet. Mr. Maliki seized the occasion to announce a major military operation meant to bring security to the people of Baghdad. Mr. Bush took one of his patented looks into the prime minister's eyes and found a worthy partner.

This week, as Mr. Maliki returns the visit, things feel very different. It seems possible, in fact, that the two men's brief encounter in Baghdad might turn out to have been the last good moment of the American experience in Iraq.

Despite the elimination of Mr. Zarqawi and the new security drive, the daily carnage is increasing, especially in Baghdad and especially against civilians. Last month, for the first time, the nationwide civilian death toll exceeded 100 people per day. Despite the increased presence of Sunni Arabs in the new cabinet, the political and physical gulf between Sunnis and Shiites is wider then ever; the flight of frightened families from religiously mixed neighborhoods is further cleaving the country in two.

And despite Mr. Maliki's assurances that sectarian armies would be disarmed and their members integrated into the ranks of the national army and the police, Shiite militias like the Mahdi Army and the Badr Brigades continue to rule the streets and kill Sunnis with impunity.

One big reason why, sadly, is that Mr. Maliki has failed to overcome the great weakness he brought with him when he took office. The main political and physical power behind his government comes from the armed Shiite fundamentalist factions that swept last year's elections and thereby dominate Iraq's Parliament. The Kurdish parties that inflate the Shiites' majority have never much cared about what goes on outside Iraqi Kurdistan, as long as their region maintains its de facto independence. And while the Sunni Arab parties participating in this government are courageously trying to woo their followers away from the insurgency, they are not getting the crucial support they need from the dominant Shiite parties.

Instead, these parties seem intent on pursuing a violent, divisive agenda that is inexorably leading toward civil war. This week, the leader of the most powerful Shiite party, Abdul Aziz al-Hakim, announced his own recipe for domestic security: creating

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armed committees to protect residential neighborhoods. In other words, Mr. Hakim is calling on his followers to turn Shiite neighborhoods of Baghdad into something like the Hezbollah-controlled villages of south Lebanon.

Mr. Maliki's visit comes at a time when the carnage in Lebanon and Israel has dashed the last remnants of hope that the invasion of Iraq might lead to an improved chance for peace between Arabs and Jews. The prime minister's own criticisms of Israeli actions have made it clear that Israel is unlikely to find any source of support in the new post-Saddam Iraq. And beyond that, Mr. Bush will have to figure out how to address the prime minister's bid to try American troops under Iraqi law for crimes in Iraq.

But in the end, none of that will matter unless the president finds a way to give Mr. Maliki the spine to ignore people like Mr. Hakim, who make up so much of his political base. The dream of creating a government committed to the welfare and security of all Iraqis is slipping away, and it will take more than another good-will visit to get it back.

Bush, Iraq's Maliki Clash On Mideast Crisis (AFP-Y)

By Olivier Knox

AFP, July 26, 2006

US President George W. Bush assured Iraqi Prime Minister Nuri al-Maliki that he understood Arab "anguish" over Israeli strikes in Lebanon as the two leaders clashed on calls for a ceasefire.

"We had a frank exchange of views on this situation," Bush said during a joint public appearance with Maliki after talks at the White House, using diplomatic wording for a sharp disagreement behind closed doors.

The US president denied that there was anything contradictory in Washington sending aid to the Lebanese people in the face of Israeli strikes, while speeding deliveries of weapons to Israel for possible use in such attacks.

"No, I don't see a contradiction in us honoring commitments we made prior to Hezbollah attacks into Israeli territory," said Bush, referring to rockets fired into Israel by the Islamist militia and its capture of Israeli soldiers.

The two leaders disagreed on calls for a ceasefire, with Maliki emphasizing "the importance of immediate ceasefire" and Bush sticking by his view that a ceasefire can come only as part of a long-term solution.

"Our mission and our goal is to have a lasting peace -- not a temporary peace, but something that lasts," said Bush. "We want a sustainable ceasefire. We don't want something that's, you know, short term in duration."

Still, the president said he had "assured the prime minister: 'I care deeply about the suffering that takes place, that we understand the anguish of leaders in the region who see innocent people losing their life.'"

Bush said that US Secretary of State Condoleezza Rice was in the region to clear the way for roughly 30 million dollars in humanitarian aid to Lebanon and to help bolster the fragile government of Prime Minister Fuad Siniora.

The president said Hezbollah's attacks on Israel were "the act of a terrorist organization trying to stop the advance of democracy in the region" and suggested that "Iraq, in some ways, faces the same difficulty."

But the prime minister, who has called Israeli strikes in Lebanon "criminal," sidestepped a question about his position on Hezbollah.

Asked whether that meant Washington and Baghdad are at odds over the group, Bush national security adviser Stephen Hadley snapped: "I don't know why you would infer that. He was asked the question and he gave the answer he gave."

"This has been a guy who's pretty tough on terrorism generally, because he's seen what it has done to his country," Hadley told reporters.

The two leaders said that US troops would redeploy from other parts of Iraq to the capital over the coming weeks as part of an effort to quell an increase in sectarian violence that some worry may plunge the country into civil war.

"God willing, there will be no civil war in Iraq," Maliki said through an interpreter.

Hadley said the goal was to let Baghdad's beleaguered population know that "the sheriff has arrived and it's going to calm down."

Bush took a veiled shot at growing calls for a US withdrawal from Iraq, which is likely to be a key issue in November congressional elections amid public opinion polls showing that the war there is deeply unpopular.

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"You know, he comes wondering whether or not we're committed. He hears all kinds of stories here in the United States," said Bush. "And I assured him that this government stands with the Iraqi people."

Bush said that the new plan called for US-led forces and Iraqi troops to secure individual neighborhoods, targeting "those who instigate violence," while US military police join forces with Iraqi police.

The new initiative follows the failure of Maliki's six-week-old crackdown in Baghdad, known as "Operation Forward Together," to quell violence in the capital.

Iraqi Leader, Bush Split On Israel (LAT)

By Peter Spiegel

The Los Angeles Times, July 26, 2006

WASHINGTON — President Bush and Iraqi Prime Minister Nouri Maliki sought Tuesday to present a united front against sectarian violence in Baghdad, but their first White House meeting was overshadowed by deep disagreement over how to respond to Israel's attacks in Lebanon.

At a joint news conference to announce a plan to move more troops into the Iraqi capital, Maliki criticized Israel's airstrikes in Lebanon and called for an immediate cease-fire. His remarks drew fierce criticism from some members of Congress.

The Bush administration has repeatedly rejected calls for a quick cease-fire, saying such a course would allow the Islamic militant group Hezbollah to regroup and would leave Israel vulnerable to future attacks. The frictions with a Muslim ally who is dependent on U.S. support underscore the difficulties the administration faces in winning backing for its pro-Israel foreign policy in the Middle East.

Maliki said he had expressed his concern to Bush over "the size of the destructions that happened to the Lebanese people as a result of the military, air and ground attacks" by Israel. According to a translation, Maliki urged an immediate cease-fire "to stop the killing and the destruction."

The prime minister's views and inflammatory statements by other Iraqi officials — including a parliamentary resolution branding the Israeli attacks "criminal aggression" — prompted 20 congressional Democrats to call for the cancellation of Maliki's invitation to address a joint session of Congress today.

Republican leaders refused, but also expressed concern about Maliki's statements.

The Democratic leadership in the House and Senate condemned the prime minister's comments.

"Maliki's criticism of Israel's right to defend itself is unacceptable," said House Minority Leader Nancy Pelosi (D-San Francisco). "Unless Mr. Maliki disavows his critical comments of Israel and condemns terrorism, it is inappropriate to honor him with a joint meeting of Congress."

Some Democrats were weighing a boycott of the speech, but Democratic leaders were expected to attend and were not encouraging absences.

Congressional Republicans were more guarded, but Senate Majority Leader Bill Frist (R-Tenn.) said he hoped to get a better explanation of Maliki's stance in face-to-face meetings today. "It's very important that we have an opportunity as a body to ask questions and clarify some statements that have been made," Frist told reporters.

Bush called his White House meeting with Maliki "a remarkable, historic moment," noting that he was sharing a stage with a "freely elected Iraqi leader."

But the backlash threatened to undermine the purpose of Maliki's visit, which was to introduce Iraq's new leader to a U.S. audience and to underscore the joint commitment to end the bloody surge in attacks between Shiite and Sunni Muslims that have claimed thousands of lives over the last month.

Maliki's stance on the Lebanese conflict reflects his delicate position, caught between his reliance on the Bush administration for nearly all security and economic support and an Iraqi population dominated by Shiites largely sympathetic to Hezbollah, whose leaders and rank and file are Shiites.

Bush sought to play down the disagreement, saying his administration shared Maliki's concern for the government of Lebanon and its people, and was rushing aid to victims in that country. At the same time, he made it clear that the White House

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would not press Israel to end the offensive until Hezbollah's ability to carry out future terrorist attacks had been significantly degraded.

"We want to address the root causes of the violence in the area," Bush said. "And therefore, our mission and our goal is to have a lasting peace — not a temporary peace but something that lasts."

Bush described his talks with Maliki on the topic as a "frank exchange," which came as part of a 90-minute morning meeting. More than an hour of the discussions involved only Bush, Maliki and an interpreter.

Bush appeared uncomfortable, however, when he was asked by an Iraqi reporter whether it was inconsistent for the administration to offer aid to displaced Lebanese while it stepped up deliveries of guided bombs to Israel.

"I don't see a contradiction in us honoring our commitments we made prior to Hezbollah attacks into Israeli territory," Bush said of the weapons sales, which were first reported by the New York Times.

Bush's disagreement with Maliki in some ways reflects how the war in Iraq and the conflict in Lebanon have inflamed Shiite-Sunni tensions across the Mideast. Although Maliki, a former Shiite activist, declined to condemn Hezbollah, Bush administration officials have pointed out that several Sunni-led regimes have criticized Hezbollah's attacks on Israel.

The new security initiative in Baghdad is expected to take a page from recent counter-insurgency operations in the northern Iraqi city of Tall Afar and the Sunni Arab insurgent stronghold of Ramadi. In both places, U.S. and Iraqi forces have gone block by block taking back territory from armed militia, then holding the ground to keep neighborhoods secure.

"Death squads and armed gangs are going around murdering people, kidnapping people, sometimes in broad daylight," said national security advisor Stephen Hadley. "There has to be a consequence for that. People need to be held to account."

The manpower-intensive operations will also see U.S. military police join faltering Iraqi police units, but Bush said that all American forces being used in the operation would come from within Iraq and that no new troops would be added to force levels nationwide.

Hadley said Maliki and Army Gen. George W. Casey Jr., the U.S. commander of coalition troops in Iraq, were still discussing how many U.S. troops would be needed and where they would come from. He would not say whether the increase in troops in Baghdad would affect the timetable for U.S. withdrawal.

Military officials in Baghdad hope to use the additional troops to create a series of new outposts throughout the capital. Although it is unclear whether they will be guarded primarily by U.S. troops or Iraqi forces, the smaller garrisons may reverse the long-standing U.S. strategy of keeping the bulk of its Baghdad forces in big bases in the heavily fortified Green Zone and around the airport.

"This isn't about insurgency, this isn't about terror; this is about sectarian violence," Hadley said. "It's a new challenge for the government, and they recognize that, and it is heavily centered in Baghdad. And their belief is if they can get control on it in Baghdad, they can go a long way to dealing with this issue of sectarian violence."

Maliki also requested that the U.S. supply additional arms and equipment for Iraqi troops, a request Bush said was under consideration by American military commanders in charge of retraining Iraqi forces.

Times staff writers Julian E. Barnes in Baghdad and Maura Reynolds in Washington contributed to this report.

Iraq PM's Comments Under Fire (HILL)

By Josephine Hearn

The Hill, July 26, 2006

Several Democrats are planning to boycott Iraqi Prime Minister Nouri al-Maliki's address to Congress today unless he apologizes for anti-Israel comments he and other Iraqi officials have made in recent weeks.

Calling the remarks "shocking," "abhorrent" and "offensive in the extreme," 20 House Democrats yesterday asked House Speaker Dennis Hastert (R-Ill.) to call off today's 11 a.m. address to a joint session of Congress until al-Maliki expresses regret.

"It is clear that [the Iraqi leadership's] foreign policy goals are at odds with those of the United States. The Speaker's podium reflects our nation's values," the Democrats wrote Hastert. Although Democrats had no organized effort to boycott the speech, several, including Reps. Nita Lowey (N.Y.) and Rosa DeLauro (Conn.), vowed not to attend the event unless al-Maliki backs away from the statements.

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"I know that things are delicate in Iraq and the Middle East, and I wish the prime minister well," DeLauro said. "I want to help him succeed and unify Iraq, but we should support him in that effort without sacrificing the values that we honor in this institution."

Al-Maliki last week denounced Israel's retaliation against Hezbollah in Lebanon, calling on Arab countries to "take quick action to stop the Israeli aggression."

The Iraqi parliament called Israel's actions "criminal aggression" and voted unanimously to condemn them. Iraqi parliament Speaker Mahmoud al-Mashhadani said July 7 that "a Jew and the son of a Jew" were those responsible for acts of violence in Iraq.

One hundred two foreign heads of state have appeared before joint sessions of Congress, including those of Israel, Latvia and Liberia earlier this year, but none in recent memory has provoked such controversy.

The Middle East crisis broke out two weeks ago when Hezbollah guerrillas kidnapped two Israeli soldiers and Israel retaliated with air strikes.

Senate Democrats wrote al-Maliki directly yesterday asking him to clarify his position on Hezbollah and Israel, expressing concern that he may support Hezbollah in the conflict.

"The American people have given so much in the name of fighting global terror and helping build a better future for the people of Iraq. ... Americans deserve to know whether Iraq is an ally in these fights," wrote Senate Democratic Leader Harry Reid (Nev.) and Sens. Dick Durbin (Ill.) and Charles Schumer (N.Y.).

Schumer said he had "grave doubts" about attending the address before al-Maliki changed his stance, but Reid said he felt it was his duty as Democratic leader to be there.

House Democratic Leader Nancy Pelosi (Calif.) did not sign the House Democrats' letter asking Hastert to cancel the address but did criticize the appearance.

"At the White House this morning, Mr. Maliki did not retreat from his comments on Israel and once again failed to criticize Hamas and Hezbollah's terrorist activities. Unless Mr. Maliki disavows his critical comments of Israel and condemns terrorism , it is inappropriate to honor him with a joint meeting of Congress," she said yesterday in a statement.

Hastert spokesman Ron Bonjean called the letter "political gamesmanship" designed to compensate for Pelosi's failure last week to co-sponsor a resolution supporting Israel in the escalating conflict. Pelosi had wanted the resolution to contain language calling on both sides to limit civilian casualties. The resolution passed 410-8. Pelosi voted in favor of the measure.

On the issue of al-Maliki's anti-Israel remarks, Bonjean said Republican leaders would "raise these concerns with the prime minister during his visit."

Meanwhile, 50 members of Congress, led by Reps. Jan Schakowsky (D-Ill.) and Dan Burton (R-Ind.), focused on al-Mashhadani's anti-Semitic comments, writing President Bush today to ask that he call for a retraction.

"Mr. President, because you have said that the Iraqis are 'building the institutions of a free society' ... we are certain that you are as alarmed and outraged by [these] comments as we are," they wrote.

The Iraqi ambassador met yesterday with Rep. Tom Lantos (Calif.), senior Democrat on the International Relations Committee and a Holocaust survivor, to "express regret" over the remarks, Lantos said.

"Tomorrow is an opportunity to express his regret. The whole world will be watching," Lantos said.

Asked about al-Maliki's comments at a White House briefing yesterday, National Security Adviser Stephen Hadley said, "I don't know why he didn't — you know, what he has said publicly on Hezbollah. I don't know why he answered the question the way he did.

"I do know that he's talked — he understands firsthand the corrosive effect of terror and has talked about being an ally with the United States in the war on terror. He's been very, very clear about that."

Critics Hit Iraq Speech (RC)

By John Stanton And Steve Kornacki

Roll Call, July 26, 2006

As part of their effort to link the outburst of violence in Lebanon and Iraq to President Bush and Congressional Republicans, House and Senate Democrats denounced the decision by GOP Congressional leaders to allow Iraqi Prime Minister Nuri al-

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Maliki to address a joint session of Congress today, arguing it is inappropriate given his refusal to denounce the Lebanese organization Hezbollah as a terrorist group.

The criticism is part of a broader Democratic assault on the GOP's foreign policy record.

In separate events Tuesday, House and Senate Democrats laid out their objections and demanded al-Maliki "clarify" his statements on Hezbollah. At least one Democrat, Sen. Charles Schumer (N.Y.), said he was considering boycotting the session in protest.

Given al-Maliki's support for an amnesty for Iraqi insurgents and his support for Hezbollah, if he does not denounce the group, "I have grave doubts about being there personally," Schumer said at a news conference.

Senate Minority Leader Harry Reid (D-Nev.) said that while he plans to attend today's joint session, he has not yet received sufficient answers from the prime minister about his feelings toward Hezbollah.

Al-Maliki and President Bush, who met earlier Tuesday at the White House, "tread water again, distracted attention and didn't give a direct answer" on the topic, Reid said.

"I ask now again whether Prime Minister Maliki supports Hezbollah," Reid said. "We deserve an answer."

Meanwhile, a group of House Democrats, led by Reps. Rahm Emanuel (Ill.), Jan Schakowsky (Ill.) and Rosa DeLauro (Conn.), held a news conference Tuesday to protest Speaker Dennis Hastert's (R-Ill.) decision to invite al-Maliki.

They took aim at specific comments from the Speaker of the Iraqi Parliament, who has called the Iraqi insurgency the work of "Jewish, Israelis and Zionists." Their concerns were outlined in a letter to Hastert.

"Heads of state come and go every day in this city," DeLauro said. "Not all of them get the privilege of addressing a joint session of the House and Senate."

Also at the news conference were Reps. Joe Crowley (N.Y.), Bill Delahunt (Mass.), Eliot Engel (N.Y.), Tom Lantos (Calif.) and Nita Lowey (N.Y.). In all, their letter had 19 signatures — Minority Leader Nancy Pelosi (Calif.) and Minority Whip Steny Hoyer (Md.) were not among them.

However, later in the day, after al-Maliki visited the White House, Pelosi issued a statement saying that "unless Mr. Maliki disavows his critical comments of Israel and condemns terrorism, it is inappropriate to honor him with a joint meeting of Congress."

Hoyer, at his weekly session with reporters, said he agreed with the letter's "sentiment," but stopped short of declaring that Hastert was wrong to invite al-Maliki.

The Tuesday al-Maliki prebuttal press events, as well as a planned Democratic media response following the speech and a Friday hearing by the Senate Democratic Policy Committee on Iraq contracting, are part of an ongoing assault on the GOP's foreign policy record, a Senate Democratic aide said.

The aide said the events are designed to highlight what Democrats see as a series of failed policy and political decisions. The strategy, particularly the harsh criticism of al-Maliki's position on Hezbollah and his support for amnesty for Iraqi insurgents, also includes a not-so-subtle attack on the GOP's credentials on Israel. Support for Israel also has long been a priority of Christian conservatives — a key Republican base group that has become increasingly unhappy with Republicans in Congress.

That fact was not lost on Republicans like Sen. Trent Lott (Miss.), who quickly rejected the criticism of Hastert and al-Maliki as partisan gamesmanship and said it was "typical of Democrats in the House."

"People just need to back off and let the man give his speech," Lott said.

Senate Majority Leader Bill Frist (Tenn.) said he's "very proud that [al-Maliki] is coming." While Frist said he personally isn't seeking clarification from al-Maliki, he said if lawmakers have concerns, they should welcome his appearance today.

"We will have an opportunity as a body and as a leadership to ask questions and clarify certain statements that he has made," Frist said. "I certainly think that's all the more reason for having him here, and to talk to him directly."

Hastert's spokesman, Ron Bonjean, said Emanuel, the chairman of the Democratic Congressional Campaign Committee, was using the letter as a political tool.

"This is political gamesmanship during an election year by the chairman of the DCCC to cover for Minority Leader Pelosi's refusal to co-sponsor the resolution supporting Israel," Bonjean said. "The House Republican leadership will raise these concerns with the prime minister during his visit."

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Pelosi, however, actually voted for — and spoke in favor of — the Israel resolution, which was passed last week. She said she declined to co-sponsor it because Republicans offered her no role in helping to craft it.

Iraqi PM Calls Israel's Actions 'criminal' (FT)

By Caroline Daniel

Financial Times, July 26, 2006

President George W Bush said he had a "frank exchange" of views about Lebanon with Prime Minister Nuri al Maliki, amid growing congressional unease over the Iraqi leader's recent description of Israeli's actions in the country as "criminal".

Senate Democrats on Tuesday sent a letter to the Iraqi leader ahead of his address to Congress on Wednesday. They called his statements on Israel "troubling" and said his failure to condemn Hizbollah's aggression "raises serious questions about whether Iraq under your leadership can play a constructive role in resolving the current crisis" in the Middle East.

A separate letter, signed by 20 House Democrats, went further in urging the Republican leadership to cancel Mr Maliki's address to Congress. "We are unaware of any prior instance where a world leader who actively worked against the interests of the United States was afforded such an honour," it said.

Mr Maliki, however, speaking at a joint press conference alongside Mr Bush on Tuesday, however side-stepped a question about his views on Hizbollah. "The important thing here is what we are trying to do is to stop the killing and the destruction."

Mr Bush said Mr Maliki had pressed him on the "seriousness of the humanitarian crisis in Lebanon and the need to do more for the Lebanese people," but added that "the prime minister was pleased to hear my strong support for the Siniora government."

Concern about worsening security conditions in Baghdad dominated talks between the two leaders, which marked the first visit of Mr Maliki to the White House.

"Violence in Baghdad is still terrible," Mr Bush said, as he outlined plans to redeploy US and Iraqi troops from other areas of Iraq, embed more US military police with Iraqi police units, and provide better equipment to the Iraqi military.

Mr Maliki said one of the most important aims of the new security plan was to target religious violence. "It's important to say that we are shedding the lights against those who are calling for sectarian and religious, because we feel that this is a great danger to Iraq."

Democrats Urge Al-Maliki To Clarify View On Hezbollah (WT)

By Christina Bellantoni

The Washington Times, July 26, 2006

Congressional Democrats say Iraqi Prime Minister Nouri al-Maliki should condemn the Hezbollah attacks on Israel if he wants to deliver an address to a joint session of Congress today.

Some members are considering skipping the planned speech, saying Mr. al-Maliki's July 19 remarks urging the world "to take quick stands to stop the Israeli aggression" are "troubling" because Iraq is supposed to be a U.S. ally.

"No matter how politically expedient he thinks it may be: To stand with America, you have to stand against terrorism," said Sen. Charles E. Schumer, New York Democrat. "Before he speaks in front of the Congress and the American people, there is a very simple question we are asking the prime minister today: Which side is he on when it comes to the war on terror?"

Mr. Schumer added that he has "grave doubts" about attending the speech.

House Minority Leader Nancy Pelosi of California and at least 20 other Democrats expressed similar worries.

In a press conference with President Bush yesterday, Mr. al-Maliki did not take back his earlier statements when asked his exact position on Hezbollah.

"We are not in the process of reviewing one issue or another, or any government position," he told reporters. "The important thing here is what we are trying to do is to stop the killing and the destruction, and then we leave the room and the way for the international and diplomatic efforts and international organization to play the role to be there."

House Speaker J. Dennis Hastert of Illinois said that he is confident the Israeli-Lebanon conflict will be part of the ongoing dialogue between the United States and Mr. al-Maliki and that he will not disinvite the Iraqi leader.

"He should speak and we should all on a bipartisan basis be there to engage him," Mr. Hastert said.

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Mrs. Pelosi said the Iraqi leader's comments are "unacceptable," adding, "Unless Mr. Maliki disavows his critical comments of Israel and condemns terrorism, it is inappropriate to honor him with a joint meeting of Congress."

Rep. Rahm Emanuel, Illinois Democrat, circulated a letter to Mr. Hastert calling the address "inappropriate" and urging the speaker to cancel it unless Mr. al-Maliki apologizes.

The letter alludes to the unified statement issued by Iraq's parliament last week that called the Israeli attacks "criminal aggression."

"It is clear that their foreign policy goals are at odds with those of the United States," read the letter, signed by 20 Democrats.

Senate Minority Leader Harry Reid of Nevada, Senate Minority Whip Richard J. Durbin of Illinois and Mr. Schumer sent a letter to the prime minister Monday saying that "Americans deserve to know whether Iraq is an ally in these fights."

"I will lose a lot of confidence in Maliki if he doesn't denounce what Hezbollah has done," Mr. Reid said.

Mr. Reid, who plans to attend the speech because of his leadership role, said being present for the speech should be an individual decision.

House Minority Whip Steny H. Hoyer of Maryland said he is "deeply troubled" by Mr. al-Maliki's remarks and said he will discuss the matter with the Iraqi leader today and urge him to criticize the attacks on Israel.

He noted other comments from Iraqi officials that he finds "offensive," considering the U.S. financial cost and lives lost in the Iraq war.

"Mr. Maliki must not associate himself with such comments through silence," he said.

The House last week voted 410-8 to affirm its "steadfast" support for Israel and the country's right to defend itself.

Maliki's Remarks About Israel Inspire Anger Among Democrats (WSJ/AP)

By Associated Press

The Wall Street Journal, July 26, 2006

WASHINGTON -- Iraqi Prime Minister Nouri al-Maliki, on his first trip to the U.S. since becoming prime minister two months ago, said he and Mr. Bush agreed that better training and arming of Iraqi forces, particularly in the capital city, were central to efforts to stabilize the country.

A group of Democrats in the House of Representatives urged Republican leaders to cancel Mr. Maliki's scheduled address to Congress on Thursday. Sen. Charles Schumer said he doubted he would attend, and there were a "large number of people (in Congress) who were uncomfortable" with Mr. Maliki's condemnation of Israel's attacks in Lebanon and apparent support for Hezbollah.

Mr. Maliki sidestepped a question at the White House news conference about his position on Hezbollah.

"Here, actually, we're talking about the suffering of a people in a country. And we are not in the process of reviewing one issue or another, or any government position," Mr. Maliki said.

Democrats criticized Mr. Maliki's comments. "Prime Minister Maliki missed an important opportunity to state his position on Hezbollah, and instead left the impression that he does not oppose this terrorist organization's outrageous attacks on Israel," said Sen. John Kerry.

The 2004 Democratic presidential candidate demanded that Mr. Maliki condemn the use of terror anywhere -- including by Hezbollah against Israel -- in his speech to Congress on Thursday.

Responding to the Democratic criticism, Mr. Bush's national security adviser Stephen Hadley said "there's an opportunity here I hope we don't miss," and he urged lawmakers to take advantage of the historic event of a democratically elected Iraqi leader addressing Congress. "It's been an issue for Republicans and Democrats, how to get Iraq right," Mr. Hadley said.

Bush, Al-Maliki Disagree On Cease-fire In Mideast (USAT)

USA Today, July 26, 2006

WASHINGTON — During a visit to Washington, where he met with President Bush, Iraqi Prime Minister Nouri al-Maliki repeated his call for an immediate cease-fire in Lebanon.

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Bush politely disagreed in what the U.S. leader called a “frank exchange” on the nearly 2-week-old conflict between Israel and Hezbollah militants.

Bush said he wanted a sustainable cease-fire that addresses the “root causes” of the violence.

“What you've witnessed in Israel, in my judgment, is the act of a terrorist organization trying to stop the advance of democracy in the region,” he said.

Al-Maliki did not condemn Hezbollah, which abducted two Israeli soldiers in a cross-border raid that touched off the fighting.

“I also emphasized the importance of immediate cease-fire, and call on the international community to support the Lebanese government … to overcome the damage and destruction that happened,” he said in describing his talks with Bush.

Congressional Democrats called on al-Maliki to condemn Hezbollah's attacks against Israel and recognize Israel's right to defend itself.

A group of about 20 Democrats from the House of Representatives sent a letter to House Speaker Dennis Hastert urging the Illinois Republican to secure an apology from al-Maliki or cancel the prime minister's address today to a joint meeting of Congress. Some planned to boycott the speech.

“Unless Mr. Maliki disavows his critical comments of Israel and condemns terrorism, it is inappropriate to honor him with a joint meeting of Congress,” House Democratic Leader Nancy Pelosi said.

Hastert's spokesman Ron Bonjean said Hastert had no intention of canceling the speech and accused Democrats of “political gamesmanship.”

Meanwhile, in Iraq, the head of Saddam Hussein's tribe was killed when gunmen attacked a meeting Monday in the office of a prominent sheik in Tikrit. In addition to killing Mahmoud Ali Hussein al-Nida, head of the Baijat tribe, the gunmen killed a lawyer and wounded Sheik Mizahim al-Mustafa, police Lt. Ahmed Asaad said Tuesday.

The Baijat tribe includes several clans, including Saddam's Albu-Nassir clan. Al-Nida was not directly related to Saddam.

An American soldier assigned to the 43rd Military Police Brigade was killed in action Tuesday north of Baghdad.

In Cairo, representatives of Iraq's ethnic and religious groups met to discuss ways to reconcile. About 30 delegates representing Shiites, Sunnis, Kurds and smaller minorities participated in discussions sponsored by the Cairo-based Arab League. The talks are intended to prepare for a national reconciliation conference in Baghdad next month.

“This is a duty for Iraqis to find out ways for ending this dilemma,” said Arab League Undersecretary-General Ahmed Ben Heli, whose group sponsored the conference.

Hastert Rejects Calls To Disinvite Al-Maliki To Speak To Congress (FoxN)

FOXNews.com, July 26, 2006

WASHINGTON — House Speaker Dennis Hastert has rejected calls Tuesday by congressional Democrats to cancel an address Wednesday by Iraqi Prime Minister Nouri al-Maliki to a joint session of Congress.

Hastert, R-Ill., told reporters that even if al-Maliki doesn't apologize for earlier comments condemning Israel for its assault on Hezbollah terrorist targets in Lebanon, the prime minister "should address Congress. ... The U.S. has 130,000 troops [in Iraq]" and Washington must maintain a dialogue with the Iraqi government.

Al-Maliki's comments will "be part of that dialogue ... and we should all, on a bipartisan basis, be there to engage him."

Al-Maliki, a Shiite Muslim, was quoted in The New York Times and elsewhere calling Israel the aggressor in the conflict with Hezbollah, the Iranian- and Syrian-backed terror group that has been launching rockets at Israel from civilian communities in southern Lebanon. The latest armed conflict began nearly two weeks ago when Hezbollah terrorists crossed the northern Israeli border, kidnapped two soldiers and killed three others.

"The Israeli attacks and airstrikes are completely destroying Lebanon’s infrastructure,” al-Maliki is quoted in the paper as saying last Wednesday during a news conference in Baghdad. “I condemn these aggressions and call on the Arab League foreign ministers’ meeting in Cairo to take quick action to stop these aggressions. We call on the world to take quick stands to stop the Israeli aggression.”

(Story continues below)

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House Democrats on Monday crafted a letter to Hastert urging him to cancel the speech by al-Maliki to the chamber. The letter, which was being circulated for signatures, argues that if the Iraqi leader's positions are at odds with U.S. foreign policy goals then he should not be given the honor of giving an address from the speaker's podium.

"In recent months there have been extensive reports indicating that al-Maliki and many in the Iraqi leadership are increasingly influenced by the government in Iran. Further, they have expressed support of terrorist organizations such as Hamas and Hezbollah, the latter of which was responsible for the death of 241 United States Marines in Beirut. The House should not allow an address from any world leader who has taken such action," the letter reads.

"We are unaware of any prior instance where a world leader who actively worked against the interests of the United States was afforded such an honor. We urge you to cancel the address," the letter concludes.

On Tuesday, asked specifically about his remarks, al-Maliki did not answer a question about his position on Hezbollah.

"We are not in the process of reviewing one issue or another or any government position," Maliki said. "What we're trying to do is to stop the killing and destruction and then we leave the room and the way for the international and diplomatic efforts and international organizations to play the role to be there.

"I'm talking here about the approach that should be used in order to stop this process of promoting hatred. There has to be superior decisions coming from above in order to protect these experiments, particularly democratic experiments, that should be protected by those who are trying to oppose it," he added.

In response, House Minority Leader Nancy Pelosi said that al-Maliki's failure to retreat from his comments on Israel or to criticize Hezbollah and Hamas, the terror group elected to lead the Palestinian people, is unacceptable.

"Unless Mr. Maliki disavows his critical comments of Israel and condemns terrorism, it is inappropriate to honor him with a joint meeting of Congress," Pelosi, D-Calif., said.

Sen. John Cornyn, R-Texas, said Pelosi's comments undermine U.S. soldiers in Iraq.

"The House Democrat Leader and some of her Democrat colleagues may not agree with the liberation of Iraq and they may not agree with criticism by some against Israel's actions but their continued efforts to undermine the advancement of freedom and democracy in Iraq is shameful," he said.

Criticism of al-Maliki's comments condemning Israel and calling on the "world to take quick stands to stop the Israeli aggression" appear to be breaking down along party lines in Congress.

Senate Minority Leader Harry Reid of Nevada was joined by Democratic Sens. Chuck Schumer and Dick Durbin Tuesday in revealing a letter to al-Maliki asking him to denounce Hezbollah.

"Your statements are very troubling. Your failure to condemn Hezbollah's aggression and recognize Israel's right to defend itself raise serious questions about whether Iraq under your leadership can play a constructive role in resolving the current crisis and bringing stability to the Middle East," the letter reads. "It is imperative that the U.S. Congress and the world know immediately whether you support or condemn Hezbollah's acts of terrorism."

"Addressing a joint session of Congress and standing at the speaker's podium is a high honor. It has been bestowed upon those who have embraced fundamental values of liberty and freedom," Reid said.

Schumer and Durbin stopped short of saying they would boycott the joint address to Congress, indicated they would strongly consider not attending.

Reid said he would likely attend since he is the Democratic leader of the Senate, but it is a "matter for each senator" to decide whether to attend. Durbin and Schumer agreed, adding that the term "boycott" suggested an organized effort when in fact senators will make a personal decision whether to attend.

Sen. Hillary Clinton, D-N.Y., called the prime minister's remarks "outrageous." But later in the day, she said she planned to attend the speech.

"I will attend tomorrow's joint session in order to hear Prime Minister Maliki's assessment of the path forward in Iraq, hopeful that he will clarify his comments during that session and reiterate his determination to defeat terrorism in Iraq and throughout the region," Clinton said.

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James Zogby, head of the Arab-American Institute, said al-Maliki's speech must be made.

"It is in the interest of the United States to have a leader in Iraq who will have standing among his people, and asking al-Maliki to repudiate his comments seriously erodes his ability to lead Iraq during these difficult times," Zogby said. "Canceling al-Maliki's speech would be seen as an insult in Iraq with potentially grave consequences. We should not be playing politics with 130,000 US troops at risk."

Sen. John McCain, R-Ariz., a staunch supporter of the Iraq war, took no umbrage with the remarks, saying, "People are free to voice their opinions. I hadn't really even thought much about it."

The Senate's No. 2 Republican, Sen. Mitch McConnell of Kentucky, said, "We're very happy he's here. We're looking forward to hearing from him."

Senate Judiciary Committee Chairman Arlen Specter is skipping the joint session, but not out of protest. He is attending a hearing on National Security Agency issues with CIA Director Michael Hayden and NSA Chief Lt. Gen. Keith Alexander.

Still, Specter said he has "serious reservations" about al-Maliki's appearance in front of the Congress because of his remarks, but he is not staking a position yet.

"I don't know the circumstances of his invitation, and I want to clarify that," he said. "I would like to know who invited him and what the reasons are. We have a lot of things we have to do with Iraq, so I don't want to take a position before" learning the decision for inviting him to speak.

Congress Cautioned On Support Of Israel (WP)

By Jonathan Weisman

The Washington Post, July 26, 2006

Even as the fighting continues and the civilian casualties mount in Lebanon, sentiment in Congress is overwhelmingly on Israel's side. Last week, the House passed a resolution, 410 to 8, that went even beyond the Bush administration in supporting for Israel in its battle with Hezbollah militants.

A bid by the four House lawmakers of Lebanese descent to add language urging restraint against civilian targets was rejected in negotiations. The resolution's only nod to those caught in the crossfire came in a recognition of "Israel's longstanding commitment to minimizing civilian loss" and an expression of condolences -- in the last sentence of a three-page document -- "to all innocent victims of recent violence in Israel, Lebanon and the Palestinian territories."

But a few lawmakers from both parties are warning that the United States and Israel may pay a price -- in world opinion and in public support -- if Congress does not find a middle ground in the search for a peaceful resolution.

"We're going to be vindicated," predicted Rep. Darrell Issa (R-Calif.), a Lebanese American who failed to secure language urging "all parties to protect innocent life and civilian infrastructure." "On the night of the vote, that wasn't the will of the Congress. But . . . 10 weeks from now, the fighting will be over. In 10 weeks, I think we will regret not having shown more empathy for the suffering of innocent Lebanese."

Rep. Nick J. Rahall II (D-W.Va.), another lawmaker of Lebanese descent, said that "the longer carnage continues, there will be reassessment in American public opinion of the American role in bringing this to a stop."

Discussions in Congress yesterday, however, revolved not around the civilian carnage dominating diplomatic debates but Democratic lawmakers' threats to boycott a speech by Iraqi Prime Minister Nouri al-Maliki today if he does not renounce his denunciations of Israel's actions. Even some of the Lebanese American lawmakers involved last week say they never had a chance to prevail.

"Israel obviously dominates the House," said Rep. Ray LaHood (R-Ill.). "If these were innocent people dying by the hundreds in Israel, there would be another resolution on the floor this week. But I knew it would be a losing proposition. The House tilts so far toward Israel and so far against anything else, I knew it would be like going into a tsunami."

Recognizing the political dynamics from the start, Issa, LaHood, Rahall and Charles Boustany (R-La.) chose their words carefully when they drew up a resolution "condemning the kidnapping of Israeli soldiers by Hamas and Hezbollah, affirming the right of Israel to conduct operations to secure the kidnapped soldiers" and "urging all parties to protect innocent life and civilian infrastructure."

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The first five clauses of the document placed the blame for the crisis squarely on Hamas, Hezbollah, Iran, Syria and elements of the Lebanese government before expressing concerns for the fate of Lebanon's democratically elected government. Support for its call for restraint came in the form of a quotation from Secretary of State Condoleezza Rice saying, "All sides must act with restraint to resolve this incident peacefully and to protect innocent life."

But the response from House Republican leaders was unequivocal.

"The Israelis were attacked by Hezbollah terrorists operating out of southern Lebanon. It is the terrorist organization that is lobbing grenades and lobbing missiles into northern Israel," Majority Leader John A. Boehner (R-Ohio) said yesterday. "Are there going to be civilian casualties? Yes. Are [the Israelis] doing their best to minimize those? Yes. But to put a terrorist organization on the same level as the Israeli government, I think, is unwise and unfair."

The sentiment has broad support in both parties. Rep. Eliot L. Engel (D-N.Y.) said that language urging restraint to protect civilian life would have been interpreted as a slap at Israel -- and that at a time when world opinion is predictably against the Jewish state, the United States must stand firmly on Israel's side.

"I am very sensitive to Lebanon's budding democracy. I'm very sensitive to the delicate balancing act we're in, and I grieve for civilian casualties," Engel said. But he added: "I don't want to be an honest broker. I want to be a friend and ally of the only democratic government in the Middle East that is besieged by its enemies."

In today's heated atmosphere, even the Lebanese American lawmakers are careful to express their support for Israel and for its right of self-defense. Each represents a district with a large Lebanese population, and each said he has heard harrowing stories of devastation and angry constituent appeals for action.

"Violence and warfare are always disturbing, but as policymakers, we need to look at what steps need to be made to make a lasting peace, not just knee-jerk reactions," Boustany said. "I agree with what Israel is doing."

But as conversations continue, their concerns quickly swing to the stories that constituents tell: of Israeli raids on a Beirut airport fuel depot "just so they can have a July Fourth fireworks event," as Issa put it, or the bombing of a radio tower in LaHood's ancestral village of Atou, 100 miles north of Beirut and far from Hezbollah's influence.

"I understand why the Israelis would attack the sources of the rocket launches in the south," Issa said. "But I'm not going to ignore these attacks on targets far to the north, in Christian neighborhoods where it appears to be punishment of the people of Lebanon."

True Friends Of Israel Cannot Let The Dems Take Power (HILL)

By Dick Morris And Eileen Mcgann

The Hill, July 26, 2006

Ten years ago, on April 18, 1996, Israel attacked Hezbollah in Lebanon for 16 days in an operation called Grapes of Wrath. The global condemnation of Israel was fierce, especially when it bombed a U.N. refugee camp, killing 107 people, an attack that Tel Aviv said was a mistake.

At the time, the United States did nothing to stop the tide from turning against Israel and President Clinton said, “I think it is important that we do everything we can to bring an end to the violence.”

In private, Clinton seethed at the Israeli attack, saying he had discussed with Israeli Prime Minister Shimon Peres the possibility of concluding a military defense treaty with his nation, pledging U.S. aid in the event of an attack.

“They really want this guarantee from us,” Clinton told me. “I would have given them the commitment, too, but now I can’t because of the uproar over the refugee camp bombing.”

No such treaty was ever signed.

Clinton’s willingness to use American power to force a cease-fire on Israel before it had fully eradicated Hezbollah stands in stark and sharp contrast to George Bush’s insistence on letting Israel proceed with its attacks until the terrorist group is neutralized.

In a nutshell, this illustrates the difference between the Democratic and Republican approaches to Israeli security.

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Bush and his administration clearly see the Israeli attack as an opportunity to clean out terrorist cells that have come to be pivotal in Lebanon. With Hezbollah's power extending into the cabinet in Beirut, it is clear that Israeli military action is necessary to forestall the creation of a terrorist state on its northern border.

While Clinton said he embraced the need for Israeli security, when the going got rough, he bowed to world opinion and called for a cease-fire. When the United States asks Israel to stop fighting, it is like a boxer's manager throwing in the towel. The bottom line is that true friends of Israel cannot afford to let the Democrats take power in Washington.

But American Jews have voted Democrat in the past and will continue to do so in the future. It is really the Christian evangelical right that stands up for Israel.

The reason Israel has to fight in Lebanon today is that the United States did not permit it to finish the job of destroying Hezbollah in the '90s. Now, fortunately for Israel's true friends, the White House is letting Tel Aviv win without reining her in.

Nothing so illustrates the generic anti-Semitism of the global community than its current obsession with proportionality in judging Israel's response to the kidnapping of its soldiers and the rocket bombing of its cities. The Vatican, the European Union and Russia have said nothing about the almost daily bombardment of Israel's northern border by Hezbollah or the constant attacks from Gaza after Israel magnanimously vacated the strip. But now that the Jewish state is defending itself, the global community is outraged at the "disproportionate" Israeli response. Only Jewish lives have to be dealt with proportionately.

Israel's defensive barrier has succeeded in sharply curtailing the once daily suicide/homicide bombing of civilian Israeli targets. Now the Israeli invasion will push back the frontiers from which the terrorists can work their mayhem through missiles.

Bush and the Republican administration realize that Israel is only acting in self-defense. It is obvious that she would not be attacking Lebanon if the terrorists had not made a habit of using it as a base for attacks on Jewish cities.

The global condemnation of Israel is simply illustrative of the low esteem attached to Jewish blood in this world where anti-Semitism comes disguised as morality and a commitment to peace.

Morris and McGann, husband and wife, have written several books together, including Rewriting History, a rebuttal to Living History by Sen. Hillary Rodham Clinton (D-N.Y.).

In Lebanon's Crisis, A Chance For U.S. To Broaden The Stakes (WP)

By Robin Wright

The Washington Post, July 26, 2006

ROME, July 25 -- In trying to negotiate an end to the latest Middle East conflict, Secretary of State Condoleezza Rice appears to see the solution through a broader prism that redefines its stakes. The real issues, U.S. officials say, are not simply the hostilities between Israel and Hezbollah but far wider questions of Lebanon's sovereignty and what the administration sees as an existential battle between forces aligned for and against democracy in the region.

And in that sense, say diplomats traveling with Rice, the administration sees opportunity in the turmoil.

"If this Lebanon emerges stronger from this crisis, then the enemies of peace and stability in the area will be dealt a big defeat. In many ways, for the region, Lebanon is a polyglot country that represents the hopes of many," C. David Welch, assistant secretary of state for Near East affairs, told reporters traveling with Rice from Jerusalem to Rome.

"The new Middle East is not going to be built every single day with a big victory in one place or another," he added. "It's got to be done with a steady effort. This is an opportunity now in the midst of this crisis to see freedom strengthened in Lebanon. And I expect that that can occur if we get the responsible voices prevailing over the irresponsible ones."

The Rice delegation also hinted that it was exploring actions against outside governments subverting Lebanon's sovereignty, Welch said. The United States strongly believes that Iran in particular facilitated and encouraged the July 12 Hezbollah cross-border raid that seized two Israeli soldiers and sparked the crisis. The administration also holds Syria responsible for abetting the radical Shiite Muslim group.

"There are also other measures that also might be taken that could deal with those countries who don't have the same sense of responsibility about the future of Lebanon," Welch said.

Officials traveling with Rice say their broader perspective is the basis for the framework the secretary of state is now trying to broker with Lebanon, Israel, the Arab world and other players.

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The administration is using these loftier causes to try to shift the focus from Israel's punishing and controversial bombardment of Lebanon to the question of freedom for the region. "It is time for a new Middle East," Rice said in Jerusalem.

In Rome, Rice met with U.N. Secretary General Kofi Annan, Lebanese Prime Minister Fouad Siniora and European Union foreign affairs chief Javier Solana ahead of an international conference on Lebanon Wednesday.

A broad agreement about regional democracy may be a long way off, U.S. officials say. "We go out there, and we have some ideas about how to work this," Welch told reporters. "In some cases we want to put those ideas forward, in others we want to test them. In some cases we're trying others' ideas and vice versa."

Despite obstacles in forming an international force more effective than the U.N. observers deployed in southern Lebanon since 1978, U.S. officials say it will happen.

"You will hear about the impossibility of deploying an international force almost until the day it is deployed," said a senior administration official who spoke on condition of anonymity. U.S. officials say the biggest issue may be whether the new force would deploy before or after the disarming of Hezbollah, which has vowed not to give up its weapons. The force is "not going to shoot their way in," the official said.

Rice To Meet With Counterparts In Bid To Stem Mideast Conflict (WSJ)

By Neil King Jr.

The Wall Street Journal, July 26, 2006

ROME -- Secretary of State Condoleezza Rice meets here Wednesday with her Arab and European counterparts, who face long odds that their summit will make any tangible progress toward ending the fight between Israel and Hezbollah.

Bush administration officials concede they have accomplished little in attempting to hatch a solution to stem the bloodshed. The administration finds itself increasingly wedged between allies calling for an immediate cease-fire and Israel's position that it needs more time to strike back at the Lebanon-based terrorist group.

U.S. officials say they do have a clearer sense, after talking to Lebanese and Israeli leaders, of what needs to come after any cessation of fighting. But they also insist there is no complete "package" of measures on the table that would lead to -- or flow from -- a cease-fire deal. Talks with Arab and European partners on moving toward a specific agreement, they said, are even more preliminary.

"I don't think we're at the point yet where we can say there are any agreements," said David Welch, Ms. Rice's top Middle East aide, adding that all parties are still going over their own "list of issues."

Ms. Rice arrived in Rome Tuesday having made no public comments in the past two days about the state of her diplomatic effort. First in Beirut, then in Jerusalem and later in the Palestinian West Bank city of Ramallah, the normally loquacious Ms. Rice has kept her public remarks sparse and curt, and allowed for only one hollered question from reporters.

Ms. Rice's aides said her sudden reticence is deliberate. "She's here to lay down markers, not to provide a running commentary on the state of diplomacy," said one senior official traveling with her.

The U.S. would like to see Lebanon extend its military presence into southern Lebanon, and then to have an international force in place to bulk up the government forces. But U.S. officials also suggest that international peacekeeping troops would move in only after an agreement is reached to end the fighting, meaning the Lebanese government would somehow have to persuade Hezbollah to put down its guns -- or to disarm the militants. Tuesday, the Associated Press reported four U.N. peacekeepers were killed when Israeli bombs hit their post on the Lebanese border with Israel.

Asked how a multilateral contingent would enter Lebanon if Hezbollah resisted, another senior administration official said, "They are not going to shoot their way in." On the other hand, the official dismissed European insistence that Hezbollah be completely disarmed before any outsiders arrive, saying that would be impossible.

U.S. officials said they fully expect most countries represented in Rome Wednesday -- expected to be more than a dozen, including France, Italy, Egypt and Saudi Arabia -- to call for an immediate cease-fire. But Washington will object to that push, as it has for nearly two weeks.

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The Europeans largely favor a cessation of hostilities followed by a political agreement that opens the door to international troops, while the U.S. and Israel fear a truce on its own would change little in the long run. There is also deep uncertainty over what countries would contribute to any international force.

While in Israel, Ms. Rice helped persuade the Israelis to reopen the Beirut airport for preapproved relief flights and to agree to open routes within Lebanon for humanitarian convoys. U.S. officials said the Rome summit will also focus largely on the humanitarian-assistance front, at least in public.

Hizbollah Defiant Ahead Of Rome Meeting (FT)

By Harvey Morris, Roula Khalaf And Daniel Dombey

Financial Times, July 26, 2006

Hizbollah's leader vowed on Wednesday he would not accept any "humiliating" conditions for a ceasefire with Israel ahead of an international conference in Rome aimed at seeking an end to the 15-day-old conflict.

In a televised address on Wednesday Sayyed Hassan Nasrallah said the conflict had entered a new phase and that Israeli incursions into southern Lebanon would not stop Hizbollah rocket fire into northern Israel.

Lebanon and its Arab allies is expected to plead for an immediate ceasefire at the Rome conference on Wednesday, but the United States will insist a lasting solution needs to be agreed first.

Condoleezza Rice, US secretary of state, arrived in Italy on Tuesday night after visiting Beirut and Jerusalem. During her two-day mission she stressed that, while there was an urgent need to end the fighting, a ceasefire must result in an enduring peace.

"A durable solution will be one that strengthens the forces of peace and democracy in the region," she said before talks with Ehud Olmert, Israeli prime minister.

Lebanese officials said there was now broad agreement that an international force should be deployed in south Lebanon to keep Hizbollah and its rockets away from the Lebanon-Israeli border. But they insisted ideas presented by Ms Rice in Beirut fell far short of what they required to wrest concessions from Hizbollah.

Late on Tuesday, an Israeli air strike in southern Lebanon killed four United Nations peacekeepers prompting Kofi Annan, UN secretary general, to call for an Israeli probe into the "apparently deliberate targeting" of the UN post.

Javier Solana, EU foreign policy chief, told reporters in Brussels the Rome conference would produce more concrete results on humanitarian aid than it would on a peace deal and the formation of an international stabilisation force.

He said political and military aspects of the crisis "will require still probably more days to work on them…but the basic elements, I hope, will be clarified."

Saudi Arabia, one of the Rome participants, on Tuesday stepped in with a transfer of $1bn to the Lebanese central bank to help support the battered economy. Earlier it gave $500m. King Abdullah warned of war in the Middle East if Israel continued attacking Lebanon and the Palestinians.

Saudi Arabia is an important player in Lebanon, where it competes for influence with Iran, Hizbollah's backer.

The Israeli government, criticised for a military offensive that has targeted Lebanese infrastructure and forced at least 600,000 from their homes and for a blockade that has virtually cut Lebanon off from the outside world, said it would allow aid airlifts to help relieve a humanitarian crisis. Senior European diplomats said Wednesday's meeting in Rome would try to lay out a clear perspective on what came after a ceasefire. Elements could include implementation of UN Security Council resolution 1559 that calls for Hizbollah to be disarmed and a decision that no arms be sold to Lebanon to parties other than the government.

Israel would be called upon to respect the UN's demarcation "blue line" and recognise that the Israeli-occupied Shebaa Farms – claimed by Lebanon but internationally regarded as Syrian – was an issue that had to be resolved.

These elements might come in a statement from Rome but would not amount to a call for an immediate ceasefire, the diplomats said.

Rice's Mideast Visit Draws Mixed Reviews (AP)

By Katherine Shrader, Associated Press Writer

AP, July 26, 2006

DOJ_NMG_0043039

Secretary of State Condoleezza Rice won praise from Israel but little enthusiasm from its Arab neighbors as she shuttled between Middle East cities Tuesday, still lacking a formula for ending Israeli-Hezbollah fighting or for long-term peace.

Two days into her high-stakes diplomatic mission, Rice was exploring options for enforcing peace after the fighting does stop between Israel and the Hezbollah militia.

Assistant Secretary of State David Welch, traveling with Rice, told reporters that a cease-fire cannot be reached overnight. Another senior administration official, who spoke on condition of anonymity about international forces that might be sent to southern Lebanon, said such troops would not "shoot their way in," indicating fighting would have to be quelled first.

Rice arrived in Rome late Tuesday for meetings with European and moderate Arab officials about the fighting along the border between Lebanon and Israel. Many of those diplomats were expected to push the United States to urge Hezbollah and Israel to end their clash soon.

Rice left the Middle East after meetings Tuesday with Israeli and Palestinian leaders. U.S. officials touted one public victory that they considered key: Israeli Prime Minister Ehud Olmert said after meeting Rice that Israel would allow humanitarian assistance to move into Lebanon by land, air and sea.

"I wouldn't trivialize this provision of humanitarian assistance," said Welch, briefing reporters on the flight to Rome. "If we're arguing that it's hard to get a cease-fire, then in the interim we've got to be doing some things to address the consequences of conflict."

Palestinian officials said after their private meeting with Rice that she presented nothing new on their dispute with Israel. Separately, Palestinian Prime Minister Ismail Haniyeh, whose Hamas party was not present at the session, said from what he heard about Rice's conversation with President Mahmoud Abbas, it "doesn't augur well" for a solution to the Middle East crisis.

But standing beside Olmert in Israel, Rice said the time had come for a new Middle East.

"It is time to say to those that don't want a different kind of Middle East that we will prevail. They will not," she said.

"I have no doubt there are those who wish to strangle a democratic and sovereign Lebanon in its crib," Rice said. "We, of course, also urgently want to end the violence."

Olmert welcomed his ally warmly, vowing that "Israel is determined to carry on this fight against Hezbollah." He said his government "will not hesitate to take severe measures against those who are aiming thousands of rockets and missiles against innocent civilians for the sole purpose of killing them."

A senior Israeli official present at the talks said the two countries were in full agreement about Israel's military actions.

Rice is working on two fronts: the fighting along Israel's northern border with Lebanon and Israel's clashes with the Palestinians in Gaza to the south.

The administration has said it wants a cease-fire, but only one that addresses problems deeply entrenched in Lebanon, such as the democratic government's inability to control its entire territory and two decades of failed efforts to disarm the Hezbollah militia, which dominates the country's southern third.

An official close to the speaker of Lebanon's Parliament has said Rice proposed that the fighting stop at the same time that an international force deployed in southern Lebanon. The United States also proposed that Hezbollah weapons be removed from a buffer zone extending about 18 miles from the Israeli border, according to the official, who spoke on condition of anonymity.

The U.S. delegation has been sparse with its words. Welch wouldn't offer details about what Rice said in private meetings about how she hopes to establish a cease-fire. Nor would he address reports from Lebanese officials.

Many questions remain about what any international force would look like, including whether the troops would be stationed around the country or just in Lebanon's tense south. Also to be negotiated is the role of Lebanese forces and whether international troops would secure Lebanon's ports and airports.

Olmert's guarantee that assistance can move into Lebanon could smooth an international campaign to raise at least $100 million for the reconstruction of Lebanon, which has sustained heavy damage.

During Rice's trip, the United States has announced it will provide Lebanon with $30 million, largely in goods including blankets and medical kits. The Saudis pledged $1.5 billion in aid on Tuesday.

Before Rice's departure, Olmert stepped up Israel's strikes against Hezbollah targets in Lebanon, sealing off a Hezbollah stronghold and pounding Beirut with airstrikes. Hezbollah showered rockets into northern Israel.

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Israeli forces have also been hammering the Gaza Strip since shortly after the June 25 capture of an Israeli soldier by militants linked to Hamas, which controls the Palestinian government. Hamas, the largest faction of the Palestinian militant movement, won the Palestinian Authority's legislative elections in January by defeating Abbas' Fatah party.

Rice told Abbas that while she and other allies are engaged in resolving the crisis in Lebanon, the U.S. has not forgotten the Palestinians' plight.

"You have our pledge that our common work of bringing a two-state solution to the people of Palestine and the people of Israel, that we will not tire in our efforts," she said.

Abbas renewed a call for an Israeli-Palestinian truce, following a monthlong Israeli offensive in the Gaza Strip, launched to free a captured Israeli soldier. "We are exerting all our efforts to release the Israeli soldier," Abbas said.

But he also said that Israeli aggression in the West Bank and Gaza Strip must stop immediately "so we can strengthen the truce and start a political process that aims to end the occupation."

Israeli Airstrike Hits U.N. Outpost (WP)

By Scott Wilson And Robin Wright

The Washington Post, July 26, 2006

JERUSALEM, July 25 -- An Israeli airstrike hit a United Nations post in southern Lebanon late Tuesday, killing four international observers, hours after Prime Minister Ehud Olmert agreed to lift Israel's 14-day blockade of Lebanon for shipments of humanitarian aid to reach the swelling ranks of displaced Lebanese civilians.

U.N. officials said an aerial shell struck an observer post in the hilltop town of Khiyam, and rescue teams reached the site soon after to search for survivors in the rubble. Milos Strugar, a senior adviser for the mission, known by the acronym UNIFIL, said the four observers inside the post had taken cover in bunkers after 14 Israeli airstrikes landed nearby throughout the afternoon.

In a statement, U.N. Secretary General Kofi Annan said he was "shocked and deeply distressed by the apparently deliberate targeting" of the "clearly marked U.N. post at Khiyam." Annan said that Olmert had given him "personal assurances" that U.N. posts would not be targeted and that the UNIFIL commander had been in "repeated contact with Israeli officers throughout the day on Tuesday, stressing the need to protect that particular U.N. position from attack."

"I call on the government of Israel to conduct a full investigation into this very disturbing incident and demand that any further attack on U.N. positions and personnel must stop," Annan said.

Israeli government officials, expressing regret over the deaths, said that the U.N. personnel were not targeted and that there would be an investigation.

[The official New China News Agency reported Wednesday that one of the dead was Chinese. The others were from Austria, Canada and Finland, the Associated Press reported, citing U.N. and Lebanese military officials.]

The airstrike came at the end of a day when Hezbollah gunmen operating from southern Lebanon fired scores of missiles into Israel and battled Israeli forces seeking to uproot the Shiite Muslim militia from a border stronghold. The Israeli government and the Bush administration are drawing up plans for a more robust international peacekeeping force to deploy in Lebanon as part of a diplomatic solution to end the fighting, now entering its third week.

After international criticism that Israel was not doing enough to ensure the delivery of food and medicine to Lebanon's increasingly desperate south, Olmert pledged in a meeting here with Secretary of State Condoleezza Rice earlier in the day to allow aid flights, sea shipments and safe passage for deliveries on roads that have been targeted for days by Israeli bombers. Israeli officials said they would begin allowing the aid to arrive as soon as possible.

But Lebanese officials warned that it would take at least a week to repair runways at Beirut international airport, bombed by Israeli warplanes along with major roads and bridges in the south after Hezbollah captured two Israeli soldiers in a July 12 cross-border raid. Israeli military aircraft hit dozens of targets again Tuesday as Olmert, backed by Rice, promised to continue to fight the militia arrayed along the northern border.

"We will reach out for them, we will stop them, and we will not hesitate to take the most severe measures against those who are aiming thousands of missiles against innocent civilians for one purpose -- to kill them," Olmert said. "This is something that we will not be able to tolerate."

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Rice's two-day visit to the region was more a listening tour than a determined attempt to end a conflict that showed no sign of abating. She declined to call for an immediate cease-fire, saying that "we cannot return to a status quo ante, in which extremists at any time can decide to take innocent life hostage again."

"It is time for a new Middle East," Rice said. "It is time to say to those who do not want a different kind of Middle East that we will prevail, they will not."

As early-warning sirens wailed across northern Israel, Hezbollah fighters fired more than 90 rockets, which landed from the Mediterranean coast to the Sea of Galilee. The barrages killed a teenage girl in the Druze town of Maghar and sent roughly 30 others to hospitals, most of them with symptoms of shock. More than a dozen rockets hit the city of Haifa, Israel's third largest, which only two weeks ago was thought to be beyond the range of Hezbollah's arsenal.

The strikes increased the number of Israeli civilians killed by rocket fire to 18, while 24 Israeli soldiers have died in combat operations. Eight soldiers were wounded early Tuesday in ground operations around Bint Jbeil, a town about two miles inside Lebanon's border that Israeli officials say is a center of Hezbollah's military operation.

By the end of a day of sporadic clashes, Israeli forces claimed to have seized Bint Jbeil, one of the largest towns in the roughly 15-square-mile region where Israel has focused its ground operation. Defense Minister Amir Peretz indicated that Israel intends to hold the region until an acceptable peacekeeping force could be arranged.

Israeli warplanes kept up their attacks across Lebanon, hitting 10 sites in southern Beirut, roads in the battered coastal city of Tyre and a rocket launcher on its outskirts that Israeli military officials said was used earlier in the day to fire on Haifa. Lebanese officials told reporters in Beirut that a dozen Lebanese were killed, bringing the known death toll in two weeks of fighting to about 390, almost all civilians. The number of Hezbollah fighters killed is not known.

The bombing of Beirut's southern suburbs came after a one-day respite during Rice's visit to the Lebanese capital. Four powerful explosions rattled the city toward the end of the day, sending up smoke over the Dahiya suburbs where Hezbollah has its headquarters and where many of its Shiite supporters live.

Six of the victims died in an air raid that demolished two houses in Nabatiyeh, a Shiite town about 16 miles north of Bint Jbeil. A man, his wife and their son were killed in one house, according to a daughter who survived the strike and talked to her father as he died slowly under rubble.

The Associated Press in Beirut quoted Mahmoud Komati, deputy chief of Hezbollah's political arm, as saying "the truth is -- let me say this clearly -- we didn't even expect [this] response . . . that [Israel] would exploit this operation for this big war against us." But Komati said in the interview that the group did not intend to give up its arms.

Much of the day focused on the tentative first phase of diplomacy to halt the fighting, which Olmert has said will end only with the release of the two captured Israeli soldiers, the deployment of the Lebanese army or a multinational force in the south and the implementation of a U.N. resolution that calls for the disarmament of Hezbollah and other militias.

Israeli officials said Rice's meeting with Olmert concerned mostly humanitarian issues at a time when Israel and the United States are being pressured by European and Arab nations to address a growing crisis across Israel's border. King Abdullah of Saudi Arabia pledged $500 million Tuesday for Lebanon's reconstruction, days after imploring the White House to endorse an immediate cease-fire.

According to U.S. and Israeli officials, Olmert agreed to lift the blockade as soon as possible. The Israeli navy has prevented ships from docking in Lebanon, while military aircraft have bombed the main airport and its fuel depots, and key roads and bridges across the country of 4 million people.

Israeli military officials say the campaign, which has left much of Lebanon's civilian infrastructure in tatters, is designed to prevent Hezbollah from restocking its arms supplies. Much of its weapons stocks come from Iran through Syria, Israeli officials say.

Rice's meeting with Olmert also touched on what a senior Israeli official described as "Israel's exit strategy." The official said the government believes it has at least until Rice returns to the region -- perhaps next week -- to press on with its military operation.

"At the end of the day, the international community realizes we are doing a dirty job on its behalf" against Hezbollah, said the official, who spoke on condition of anonymity because he was not authorized to comment publicly on the talks.

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The official said the deployment of a multinational force was "in the cards," mainly because Israel remembers "the trauma" of its 18-year occupation of southern Lebanon that ended in May 2000.

But the official said composing such a peacekeeping force would take time given that key questions remain unanswered, including which countries would take part and what the force's mandate would be. The official said any multinational force must be able to confront Hezbollah, something the current U.N.-led observer mission in southern Lebanon has not done.

"One of the big issues on the table is that a cease-fire has to get it right," said Mark Regev, an Israeli Foreign Ministry spokesman. "You cannot have a cease-fire that allows for an immediate rearming of Hezbollah."

After meeting with Olmert, Rice traveled to Ramallah in the West Bank for a largely symbolic meeting with Palestinian President Mahmoud Abbas, who demanded an immediate cease-fire along Israel's second front in the Gaza Strip. The fighting there began June 25 when the military wing of the governing Hamas movement and two smaller armed groups captured a 19-year-old Israeli soldier in a raid on an army post just outside Gaza.

Abbas has been pressuring Hamas to endorse a two-state solution to the conflict, something Rice said was still viable in the form of the U.S.-backed peace plan known as the "road map." Before the Gaza crisis began, Abbas had called for a referendum on a document that endorses a future Palestinian state in the West Bank, Gaza and East Jerusalem. The vote was scheduled to be held Wednesday, but has been left behind in the violence.

"Israeli aggression in the West Bank and Gaza Strip must stop immediately so we can strengthen the truce and start a political process that aims to end the occupation," Abbas said.

...

To protest Rice's visit, Palestinians organized a general strike that shuttered Ramallah's commercial districts. Shortly before she arrived in a convoy of bulletproof vans, hundreds of Palestinians marched through nearly empty streets, carrying placards calling on Rice to "go home." Others waved Lebanese flags.

"The United States has no credibility," said Khalida Jarrar, a Palestinian legislator from the Popular Front for the Liberation of Palestinian, a radical nationalist faction with a Marxist orientation. "What's happening in Lebanon makes the U.S. image look worse and worse."

Wright reported from Jerusalem and Ramallah. Correspondents Jonathan Finer in Avivim, Israel, Edward Cody in Beirut and Anthony Shadid in Tyre contributed to this report.

Allies Losing Patience With U.S. Terms For Cease-Fire (LAT)

By Kim Murphy And Sebastian Rotella

The Los Angeles Times, July 26, 2006

LONDON — Secretary of State Condoleezza Rice's calls this week for a deliberate approach to building "a new Middle East" are facing increased skepticism among many who ordinarily would be America's strongest backers in efforts to end the conflict in Lebanon.

U.S. allies in Europe and the Arab world are warning that without Washington's endorsement of an immediate cease-fire in Lebanon, the possibility of escalating violence could eclipse any hope to transform a region beset by autocracy and terrorism to one based on democracy.

"Now more than ever, we call for moderation, with the goal of a cessation of hostilities that are provoking enormous damage and a humanitarian tragedy," said Massimo D'Alema, foreign minister of Italy, which today will hold a meeting of Western and Arab leaders in an attempt to broker a resolution to the crisis.

Britain has continued to back President Bush's call for a "sustainable," if not immediate, cease-fire, and supported Israel's right to guarantee security on its borders.

France, which initially called for an immediate cease-fire and condemned Israel's campaign as "totally disproportionate," in recent days has eased closer to the U.S. position, blaming Syria and Iran for inciting Hezbollah.

But Italy and Spain have pointedly criticized the United States' failure to halt the bloodletting.

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Spanish Prime Minister Jose Luis Rodriguez Zapatero, whose Socialist government has had testy relations with Washington since coming to power a little more than a year ago, has also been critical of "abusive" force in the region, alluding to Israel.

"The silences of today in light of what is happening in the Mideast could become the regrets of tomorrow, because waiting for time to pass costs human lives," Zapatero said.

Germany, while recognizing Israel's right to defend itself, warned that Lebanon could be "further destabilized" under a prolonged bombing campaign.

Perhaps more worrisome for Washington, two of its strongest Arab allies, Saudi Arabia and Egypt — which had generally sided with the U.S. as the conflict began — on Tuesday voiced strong misgivings over the severity of the Israeli airstrikes and echoed European calls for a speedy end to the crisis.

In an apparent reference to Rice's description of the turbulent "birth pangs" of a "new Middle East," Egyptian President Hosni Mubarak called for an immediate cease-fire and warned that "what is happening in the region is destructive chaos, not creative chaos."

Saudi Arabia's King Abdullah went further, warning that "no one can predict what will happen if things get out of control" in Lebanon. If peace options fail, he said, "there will be no other option but war."

A Saudi government advisor said that "America is doing a disservice to everyone by not reining in the Israelis."

Washington's closest Arab allies are entrenched, undemocratic regimes whose leaders support the Bush administration's stance on Lebanon in part because they fear that the popular Islamic activism embodied by Hezbollah and Hamas could turn against them at home. Those governments now worry that the popular perception that the United States is standing behind Israel will undermine their credibility at home and invite new militancy.

"Yes, there is a new Middle East — in the worst sense, not in the sense the Americans would like it," said Nawaf Obaid, an analyst in Riyadh, Saudi Arabia, and an adjunct fellow with the Washington-based Center for Strategic and International Studies.

New rifts, Obaid said, may result in "a Shia world headed up by Iran vs. a Sunni world headed up by Saudi Arabia — and this is exactly what no one needs."

France, which headed European opposition to the U.S.-led war in Iraq, now looks to be almost allied with the U.S. over the conflict in Lebanon.

President Jacques Chirac had expressed great concern about the destruction wrought by the Israeli bombardment and called for an immediate cease-fire. But he recently tempered that criticism of Israel with rebukes of Hezbollah that have hardened over time, narrowing the distance between French and U.S. viewpoints.

This week, Chirac referred to "initiatives taken by Hamas and Hezbollah which could not have been taken alone." This was, the French newspaper Liberation suggested, "an almost explicit allusion to Damascus and Tehran."

Many European countries now find themselves forced into a balancing act, not wanting to offend the U.S. or Israel, but mindful of public opinion that has tended to favor the underdog in Lebanon, said Italian analyst Furio Colombo, a former newspaper editor and a senator for the ruling Democratic Left party.

As a result, he predicted, the Europeans probably will not be able to act with the determination necessary to find a solution, at least in the short term, such as during today's meeting in Rome.

"The results will be mild, watered down … very European," he said.

Murphy reported from London and Rotella from Paris. Times staff writers Tracy Wilkinson in Rome and Christian Retzlaff in Berlin contributed to this report.

Rice Seeks 'Urgent' Solution In Lebanon (WT)

By Joshua Mitnick

The Washington Times, July 26, 2006

JERUSALEM -- Secretary of State Condoleezza Rice said she wants to find an "urgent" resolution to two weeks of hostilities between Hezbollah and Israel, but departed yesterday after a two-day trip in the Middle East that seems to have made little headway in calming the fighting.

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Miss Rice divided her day between meetings in Jerusalem with Israeli Prime Minister Ehud Olmert and a trip to the West Bank city of Ramallah to meet with Palestinian Authority President Mahmoud Abbas.

Outside the headquarters compound in Ramallah, several hundred protesters apparently brought by Hamas praised Hezbollah while chanting, "Rice out."

Miss Rice tried to lower expectations for the trip as early as last week by saying the United States would not impose a hasty cease-fire that is liable to dissolve into a new round of violence. At a stop in Lebanon, she spoke of the need for agreement on "enduring principles" to bolster a cessation of hostilities.

"It is time for a new Middle East," Miss Rice said at the meeting with Mr. Olmert. "It is time to say to those that don't want a different kind of Middle East that we will prevail. They will not."

Miss Rice is expected to continue to discuss a diplomatic solution at a conference in Rome today, and will continue on to Asia. The U.S. Embassy has prepared for another stop in Israel by the secretary of state.

Both the United States and Israel favor establishment of a multinational force to patrol Lebanon, but few details have been given about the size, makeup and mandate of the force.

In lieu of tangible progress toward a cease-fire, U.S. officials highlighted humanitarian gestures for civilians embroiled in the conflict.

Improving conditions in a country where many are without electricity and water figured as a major issue for Miss Rice and Mr. Olmert.

After the two-hour meeting, Mr. Olmert said Israel would open up air and land routes into Lebanon to allow aid to enter the country.

Airplanes carrying humanitarian assistance will be allowed to land at the Beirut airport after coordination with Israel. The airport has been shut down since Israeli jets bombed the runway two weeks ago.

Miss Rice's trip to Israel and the West Bank is the first since Hamas took power. Her visit to Mr. Abbas' Ramallah headquarters was intended to demonstrate that the Palestinian Authority president remains an important world leader in U.S. estimation, at a time when Palestinians feel upstaged by Hezbollah.

"We need to focus on what's happening" in the Palestinian territories, Miss Rice said. "It's important to end the Gaza crisis."

The ruling Hamas party has been holding a 19-year-old Israeli soldier in the Gaza Strip since June.

Mr. Abbas thanked Miss Rice and called for a cease-fire in hostilities between the Israeli army and Palestinian militants. "Violence is the natural result of the absence of peace," he said.

In Mideast, Rice Stresses Civilian Relief (CSM)

By Joshua Mitnick And Dan Murphy

The Christian Science Monitor, July 26, 2006

JERUSALEM AND CAIRO

As Secretary of State Condoleezza Rice made her first foray in the Middle East since fighting began between Israel and Hizbullah, her focus was on efforts to ease the humanitarian crisis in Lebanon, where a half-million-plus people have been displaced.

Ms. Rice had lowered expectations for a cease-fire before her meeting with Israeli Prime Minister Ehud Olmert, disappointing many in the region who had hoped for a stronger bid to stem the conflict.

A meeting in Rome Thursday of American, European, and Arab officials will address both the prospects for a cease-fire as well as a peacekeeping force. In the interim, improving conditions for those without electricity, water, and food was a "major" issue in talks between Rice and Mr. Olmert, which lasted about two hours Tuesday morning.

Following the meeting, Olmert said in a statement that Israel would open air and land routes into Lebanon to allow aid to enter the country.

Lebanon-bound airplanes carrying humanitarian assistance will be allowed to land at Beirut Airport after prior coordination with Israel. The airport was shut down two weeks ago after Israeli jets bombed the runway repeatedly.

Israel also agreed to establish a land route that would run over the border into Lebanon.

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"The prime minister said he was very sensitive to the humanitarian situation in Lebanon, and therefore he decided to expand the humanitarian corridors in order to assist the Lebanese population," read a statement issued by the prime minister.

Tuesday, the US pledged $30 million to pay for sheets, blankets, and plastic sheet rolls. Speaking to reporters at a meeting with Israeli Foreign Minister Tzipi Livni, the secretary of State said she hoped that her efforts could leave civilians in a better situation.

The UN refugee agency said Tuesday that it was awaiting a direct confirmation from Israel that it would be guaranteed safe passage to bring relief supplies from Syria into Lebanon.

A team of Israeli military officials will meet with international military experts to outline the routes, Olmert told Rice in Jerusalem.

But a spokeswoman for the UN High Commissioner for Refugees in Geneva (UNHCR) said the agency had yet to receive formal notification from Israel. "We have no word of a safe corridor in Lebanon," she told The Associated Press.

She said the UN agency wanted a direct guarantee from Israel that its supply convoys would be able to pass through the Syria-Lebanon border zone safely. Otherwise, she said, "it's not very practical for our immediate needs to get the goods we have in Syria into Lebanon."

Until such a guarantee is issued by Israel, the UNHCR said that some of the stockpiled aid would be distributed to centers housing Lebanese refugees in Damascus, Syria.

Even though the road to a cease-fire remains obscure amid Israel's bombardment of Lebanon, it appears that Rice believes the US can help parlay the crisis into a regional makeover that will boost democratic regimes and isolate terrorists.

"It is time for a new Middle East," Rice said in Jerusalem. "It is time to say to those that don't want a different kind of Middle East that we will prevail. They will not."

In her comments about a cease-fire, the secretary has used high-minded language, referencing, for example, the need to base the cease-fire on "enduring principles." Rice is speaking of the two major foreign policy goals of the Bush administration: The emergence of new democracies, and the disarmament of nonstate groups that the US considers terrorists, such as Hizbullah.

Middle East experts do not expect that Hizbullah will fully disarm as a result of this conflict, something which Rice has been tacitly acknowledging.

While the US does not talk directly to either Syria or Hizbullah, Rice did meet in Beirut Monday with Lebanese parliament speaker Nabih Berri, who has ties to both Hizbullah and Syria.

Rice told Mr. Berri, according to a diplomatic source, that a cease-fire would be possible if Hizbullah pulled back about 12 miles from the Israeli border and released the two Israeli soldiers.

While Hizbullah and its allies continue to insist that those demands are unacceptable, they stop well short of disarming the group.

For his part, Berri made it clear that the meeting wasn't very productive. In an interview with Al-Arabiyah, he said he told Rice that Israel's bombing of Lebanon has left destruction "equivalent to that from a nuclear bomb," and insisted that Syria and Iran had nothing to do with instigating the current conflict.

While Hizbullah sparked the latest conflict in Lebanon, daily images of Israeli bombing raids on Lebanese towns and of dead and dying Lebanese civilians have shifted almost all of the blame in Arab eyes onto Israel and the US.

To Arabs, America's drive for a "new Middle East" appears to be a drive for a region that is friendlier to Israel and militarily weaker overall.

Throughout the region's capitals, many who support democratic change for their own countries are condemning Israeli "aggression."

They see the current turmoil in Iraq as evidence not of a democracy push, but of what happens to regimes that oppose US and Israeli interests.

"The perception here is that the reason why we have these dictatorships - not the sole reason, but one of the reasons - is because the United State's backs them in exchange for their Israel-friendly policies," says Alaa Abdel-Fatah, an Egyptian

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democracy activist who spent 45 days in jail this May and June. He was arrested for attending a peaceful rally calling for an independent Egyptian judiciary.

As for Israel, he says, "It's not just about Palestine or solidarity. What people in the US miss is that we view the Arab-Israeli conflict as one for existence."

1st Shipment Of U.S. Aid Arrives In Beirut (AP)

By Lee Keath, Associated Press Writer

AP, July 26, 2006

The first shipment of American aid for Lebanon arrived in Beirut on Tuesday and Israel promised to open vital safe passages as humanitarian groups pushed more convoys of supplies to tens of thousands in the war-torn south.

The United Nations has been pressing Israel to set corridors into the south, where Israeli bombardment has devastated the road network and struck vehicles — including trucks, believing they are carrying weapons to Hezbollah.

Israeli Prime Minister Ehud Olmert told visiting Secretary of State Condoleezza Rice in Jerusalem that Israeli military officials will meet with international military experts to outline the pathways, according to his office.

U.N. humanitarian chief Jan Egeland, also visiting the region, said earlier in the day that he believed a humanitarian aid convoy could move from Beirut to southern Lebanon on Wednesday if the Israeli army gave final approval.

Egeland said he had received a "positive response" from Israeli army officials. "We hope to have the first convoy going down from Beirut already Wednesday morning and another one on Friday," Egeland told Israel Army Radio.

Military helicopters brought the U.S. shipment into Beirut, the first since President Bush ordered a Navy task force that had been evacuating Americans from Lebanon to shift gears and start bringing in aid.

The shipment included two large-scale medical packages "aimed at meeting the most urgent needs," holding enough medicine and health supplies for 20,000 people for three months, the U.S. Embassy said. The goods were given to the international Red Cross to distribute, it said.

Washington has launched the aid effort in an effort to show it supports Lebanon at a time when many here are furious at it for refusing to press Israel to halt the bombardment that has killed hundreds, driven up to 750,000 people from their homes and demolished infrastructure. Israel launched the assault to rein in Hezbollah after it captured two of its soldiers July 12.

U.S. Ambassador Jeffrey Feltman said the shipment was the first in $30 million worth of aid from the United States. "We hope it will address some of the most pressing needs of the conflict victims. The United States remained deeply concerned about the humanitarian situation in Lebanon."

Asked if there were a contradiction between U.S. arms sales to Israel and aid supplies to Lebanon, Feltman said Washington's position was based on "two pillars to how we need to deal with the conflict. One pillar is humanitarian assistance. ... The other is to find conditions for a sustainable cease-fire."

The U.S. says a cease-fire cannot hold until Hezbollah is removed from Israel's northern border and the Lebanese army, backed by international troops, moves into the south.

Also Tuesday, a Greek warship brought in 80 tons of tents, blankets, cooking sets and hygiene sets, which include soap, toothpaste and other items, gathered by the French humanitarian group Medecins Sans Frontieres.

Israel has loosened its 13-day blockade of Lebanon's ports to allow aid ships into Beirut, but it has not responded to U.N. requests that it also open the southern port of Tyre, located inside the war zone.

Opening Tyre, 40 miles south of Beirut, would allow massive injections of material directly to tens of thousands who are in need without having to move aid by truck along the dangerous and winding roads from Beirut.

So far, Israel has defined one land route, leading north from Beirut to Tripoli. To get to the south, Israel will define routes on a convoy-by-convoy basis instead of setting a single, permanent corridor, said Mona Hammam, the top U.N. humanitarian coordinator in Lebanon.

The U.N. is also waiting for word from Israel on a corridor from Syria into Lebanon before it can start moving mattresses, blankets, tents, gasoline cans and stoves it has stockpiled in Syria, said Jennifer Pagonis, a spokeswoman for the U.N. High Commissioner for Refugees in Geneva.

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"We have no word of a safe corridor in Lebanon," she told The Associated Press. "Our trucks are still in Damascus waiting to go."

She said the U.N. agency wanted a direct guarantee from Israel that its supply convoys would be able to pass through the Syria-Lebanon border zone safely. Otherwise, Pagonis said, "it's not very practical for our immediate needs." The goods are meant for some 20,000 refugees from the south who have taken shelter in the northern and central mountains.

The international Red Cross has sent three convoys to the embattled southern port city of Tyre in the main war zone — the latest heading out on Tuesday — and another to the southern city of Marjayoun, according to ICRC spokesman Hisham Hassan.

At the same time, Red Cross experts on health care, shelter and nutrition were conducting surveys in villages and towns around Tyre and Marjayoun, 24 miles to the east, to determine the needs of people still in the zone of heaviest fighting.

The U.N. convoy on Wednesday was to head to Tyre carrying drugs for hospitals in the region, high-energy bars and 90 tons of flour, enough for 10,000 people for a month, said Mona Hammam, the top U.N. humanitarian coordinator.

Egeland has issued an urgent appeal for $150 million in aid to Lebanon, where tens of thousands of refugees are in temporary shelters, supplies of medicine are tight at many hospitals, and fuel is slowly running out.

King Abdullah of Saudi Arabia has decreed donations totaling $1.5 billion to Lebanon, assigning $500 million for its reconstruction and $1 billion to be deposited in Lebanon's central bank to support the economy. He also ordered a grant of $250 million to the Palestinians, the statement said.

AP correspondent Laurie Copans in Jerusalem contributed to this report.

The Immutable President (NYT)

By Maureen Dowd

The New York Times, July 26, 2006

Washington

It's too bad President Bush spurns evolution — both in his view of the universe and his view of himself.

Scientists see more and more evidence that human evolution not only exists but is ongoing, as people adapt to changing circumstances with shifts in everything from skin color to the protein structure of sperm.

But with W., it's more a matter of survival of the stubbornist.

If you turn on TV, you see missiles flying, bodies lying, nuclear missiles unleashed and a slaughterhouse in Iraq. But don't despair, because yesterday President Bush announced the establishment of "a joint committee to achieve Iraqi self-reliance." He called it a "new partnership," as if it were some small business.

Isn't it a little late, in July 2006, to be launching a new partnership for such an old mess? Isn't it a little late to realize that Baghdad, a city where 300 garbage collectors have been killed in the last six months, according to press reports, has spun out of control?

In a press conference at the White House with his rogue puppet, the Iraqi prime minister, Nuri Kamal al-Maliki, Mr. Bush explained that "our strategy is to remain on the offense, including in Baghdad." Then why, after three and a half years, does our offense look so much like a defense?

The president sounded like a Jon Stewart imitation of himself when he assured reporters that Mr. Maliki had "a comprehensive plan" to pacify Iraq. "That's what leaders do," W. lectured, in a familiar refrain. "They see problems, they address problems, and they lay out a plan to solve the problems."

If only the plan were a little less robbing-Peter-to-pay-Paul, and a little more road-to-Damascus epiphany. Taking troops out of Anbar Province, where the insurgency is thriving, to quell violence in Baghdad doesn't inspire confidence that the plan is truly "comprehensive."

And despite W.'s praise of Mr. Maliki's leadership, the plan to start from scratch, in essence, stabilizing neighborhood by neighborhood in Baghdad is, as The Times's Michael Gordon writes, "an implicit acknowledgment of what every Iraqi in Baghdad already knows": the prime minister's "original Baghdad security plan has failed. In the past two weeks, more Iraqi civilians have been killed than have died in Lebanon and Israel."

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Mr. Bush also sent Condi Rice to lay out a plan to the Arabs and Europeans about the destruction and refugee flight in Lebanon, but the plan turns out to be a plan to do nothing until Israel has more time to kick the Hezb out of Hezbollah.

W. says he supports more diplomacy, but it's the diplomacy of sanctimony. He now grudgingly notes that "the violence in Baghdad is still terrible," but doesn't seem to grasp the tragic enormity of an occupation that is sliding into civil war and constricting his leverage to deal with all the other crises crackling around the world. The U.N. reported last week that in May and June no less than 5,818 Iraqi civilians were killed.

Although he talked about whether America could be "facile" and "nimble" enough to change with the circumstances in the Middle East, in fundamental ways, he has not changed his attitude at all.

Newsweek's Richard Wolffe says he conducted four "freewheeling" interviews with the president last week, and concluded: "Bush thinks the new war vindicates his early vision of the region's struggle: of good versus evil, civilization versus terrorism, freedom versus Islamic fascism. He still believes that when it comes to war and terror, leaders need to decide whose side they are on."

The president sees Lebanon as a test of macho mettle rather than the latest chapter in a fratricidal free-for-all that's been going on for centuries. "I view this as the forces of instability probing weakness," he said. "I think they're testing resolve."

The more things get complicated, the more W. feels vindicated in his own simplified vision. The more people try to tell him that it's not easy, that this is a region of shifting alliances and interests, the less he seems inclined to develop an adroit policy to win people over to our side instead of trying to annihilate them.

Bill Clinton, the Mutable Man par excellence, evolved four times a day; he had a tactical and even recreational attitude toward personal change. But W. prides himself on his changelessness and regards his immutability as the surest sign of his virtue. Facing a map on fire, he sees any inkling of change as the slippery slope to failure.

That's what's so frustrating about watching him deal — or not deal — with Iraq and Lebanon. There's almost nothing to watch.

It's not even like watching paint dry, since that, too, is a passage from one state to another. It's like watching dry paint.

A Way Forward (WP)

By David Ignatius

The Washington Post, July 26, 2006

To stop the war in Lebanon, Secretary of State Condoleezza Rice will need to start with some basics: The best strategy for containing a militia such as Hezbollah is to build a strong Lebanese state; any lasting solution for this conflict will be political, not just military; continued Israeli bombardment of Lebanon to destroy terrorists might backfire by creating another failed state from which terrorists can operate more freely.

The outlines of a settlement that recognizes these basics were floated Monday in Beirut. The Lebanese urged Rice to consider a compromise package -- of the sort that Beirutis describe in a French phrase meaning "neither victor nor vanquished." That kind of negotiated truce would not please those on either side who would like to see their adversaries eradicated. But it might be the best chance of achieving Rice's goal of replacing the dangerous prewar status quo in Lebanon with something more secure and stable for everyone.

Negotiated settlements are always messy, but this package has one great advantage: It would provide a framework for the chronically weak Lebanese state, backed by an international force, to begin to assert control over all its territory. It would stress the basic idea that should be the centerpiece of U.S. policy in the Middle East from Beirut to Baghdad: that political compromise and reconciliation, backed by U.S. and allied military power, provide the only path out of the crisis afflicting the region.

The challenge in Lebanon is identical to the one in Iraq: how to help weak Arab democracies control sectarian militias and build sovereignty and security. The correct American strategy is one that might be called "muscular reconciliation." Its starting premise is that if one side seeks unilateral advantage, everyone will suffer.

Lebanese sources outlined for me the compromise package they say was discussed Monday when Rice met with Fouad Siniora, the Lebanese prime minister, and Nabih Berri, the parliament speaker and leader of the Shiite militia known as Amal. The cornerstone of this package, according to my sources, is that Hezbollah would agree to withdraw its armed fighters from

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south Lebanon and accept an international force there that would accompany the Lebanese army. Israel, for its part, would agree to halt its attacks and lift its air and sea blockade. The United States would call for negotiations over the return of a disputed territory known as Shebaa Farms, claimed by Lebanon even though the United Nations ruled in 2000 that it was Syrian.

Within 24 hours after a cease-fire, there would be an exchange of prisoners as part of this package: Hezbollah would give up the two Israeli soldiers it captured in the July 12 border raid that started the crisis; Israel would release Lebanese prisoners it holds. The package also includes some minor provisions, including an Israeli agreement to provide maps of land mines placed just north of the Lebanon-Israel border.

What's in it for Israel to accept such a deal, which would allow Hezbollah to survive? The answer is that an attempt to go all the way and destroy the Shiite militia would require a full-scale invasion of Lebanon, and might well misfire in the same way as Israel's 1982 invasion. Better to go for a solid half a loaf -- pushing armed Hezbollah fighters north of the Litani River and bringing in an international force to help the Lebanese army police a buffer zone -- than to risk further setbacks.

Hezbollah's military power would be severely degraded under such a negotiated settlement, but it would remain intact politically. The Shiite militia is trying to put on a brave face, sending me an e-mail message yesterday through a Lebanese intermediary claiming that it has the upper hand. If a cease-fire isn't reached and Hezbollah fights on, it will "accept a four-to-one casualty ratio," the message warned. "Human losses all go to heaven as martyrs with families and children handsomely compensated." But for all this brave talk, statements by Hezbollah's leader, Hasan Nasrallah, seem to be defining victory as simple survival.

Wars end when both sides decide they can gain more from a negotiated settlement than from continued fighting. Nearly two weeks into the Lebanon war, Israel and Hezbollah both seem split between those who think they can gain from more combat and those ready to cut a deal. As of late Tuesday, Rice was continuing to resist mounting international demands for a cease-fire, presumably to allow Israel more time to hammer Hezbollah. But that strategy is becoming dangerous for all sides. Rice should turn now to negotiating a formula that can halt the bombs and rockets -- and enhance the authority of the Lebanese state. Bargaining with the devil (or at least the devil's intermediary) is part of the job description for an American secretary of state.

Talking Turkey With Syria (NYT)

By Thomas L. Friedman

The New York Times, July 26, 2006

Damascus, Syria

One wonders what planet Secretary of State Condoleezza Rice landed from, thinking she can build an international force to take charge in south Lebanon without going to Damascus and trying to bring the Syrians on board.

Two Syrian officials made no bones about it when I asked their reaction to deploying such a force, without Syrian backing: Do you remember what happened in 1983, each asked, when the Reagan administration tried to impose an Israeli-designed treaty on Lebanon against Syria's will?

I was there, I remember quite well: Hezbollah, no doubt backed by Syria or Iran, debuted its skills for the world by blowing up the U.S. Embassy in Beirut and the U.S. Marine and French peacekeeping battalions. This is not a knitting circle here.

Can we get the Syrians on board? Can we split Damascus from Tehran? My conversations here suggest it would be very hard, but worth a shot. It is the most important strategic play we could make, because Syria is the bridge between Iran and Hezbollah. But it would take a high-level, rational dialogue. Dr. Rice says we can deal with Syria through normal diplomatic channels. Really?

We've withdrawn our ambassador from Damascus, and the U.S. diplomats left here are allowed to meet only the Foreign Ministry's director of protocol, whose main job is to ask how you like your Turkish coffee. Syria's ambassador in Washington is similarly isolated.

Is this Syrian regime brutal and ruthless? You bet it is. If the Bush team wants to go to war with Syria, I get that. But the U.S. boycott of Syria is not intimidating Damascus. (Its economy is still growing, thanks to high oil prices.) So we're left with the worst of all worlds — a hostile Syria that is not afraid of us.

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We need to get real on Lebanon. Hezbollah made a reckless mistake in provoking Israel. Shame on Hezbollah for bringing this disaster upon Lebanon by embedding its "heroic" forces amid civilians. I understand Israel's vital need to degrade Hezbollah's rocket network. But Hezbollah's militia, which represents 40 percent of Lebanon, the Shiites, can't be wiped out at a price that Israel, or America's Arab allies, can sustain — if at all.

You can't go into an office in the Arab world today without finding an Arab TV station featuring the daily carnage in Lebanon. It's now the Muzak of the Arab world, and it is toxic for us and our Arab friends.

Despite Hezbollah's bravado, Israel has hurt it and its supporters badly, in a way they will never forget. Point made. It is now time to wind down this war and pull together a deal — a cease-fire, a prisoner exchange, a resumption of the peace effort and an international force to help the Lebanese Army secure the border with Israel — before things spin out of control. Whoever goes for a knockout blow will knock themselves out instead.

Will Syria play? Syrians will tell you that their alliance with Tehran is "a marriage of convenience." Syria is a largely secular country, with a Sunni majority. Its leadership is not comfortable with Iranian Shiite ayatollahs. The Iranians know that, which is why "they keep sending high officials here every few weeks to check on the relationship," a diplomat said.

So uncomfortable are many Syrian Sunnis with the Iran relationship that President Bashar al-Assad has had to allow a surge of Sunni religiosity; last April, a bigger public display was made of Muhammad's birthday than the Syrian Baath Party's anniversary, which had never happened before.

Syrian officials stress that they formed their alliance with Iran because they felt they had no other option. One top Syrian official said the door with the U.S. was "not closed from Damascus. [But] when you have only one friend, you stay with him all the time. When you have 10 friends, you stay with each one of them."

What do the Syrians want? They say: respect for their security interests in Lebanon and a resumption of negotiations over the Golan. Syria is also providing support for the Sunni Baathists in Iraq. Much as the Bush team wants to, it can't fight everyone at once and get where it needs to go. There will not be a peace force in south Lebanon unless it's backed by Syria. No one will send troops.

I repeat: I don't know if Syria can be brought around, and we certainly can't do it at Lebanon's expense. But you have to try, with real sticks and real carrots. Syria is not going to calm things in Lebanon, or Iraq, just so the Bush team can then focus on regime change in Damascus. As one diplomat here put it to me, "Turkeys don't vote for Thanksgiving."

This New, Gentler Bush Is Dangerous (FT)

By Danielle Pletka

Financial Times, July 26, 2006

The first four years of the Bush administration – the so-called cowboy years – were characterised by assertive leadership, a no-nonsense national security policy and gratuitous rudeness to many of America's allies. Recently, Washington has made a 180-degree turn: the cowboy is gone, the rudeness is gone and with them, it appears, has gone a sound security policy.

The centrepiece of American foreign policy now consists of multilateralism for multilateralism's sake, a triumph of process over progress. From North Korea to Iran, challenges that once had America reaching for its holster are now viewed as opportunities to have another meeting.

North Korea's recent launch of seven missiles and threats to test a long-range missile that can reach the US were a test of Washington's new approach. Japan, well within range of the missiles, chose to offer a resolution in the United Nations Security Council calling for mandatory sanctions on North Korea. State department diplomats, on the other hand, demanded a return to the six-party talks and talked down punitive measures.

Was the state department's diplomacy a success? Hardly. North Korea still refuses to come to the table, China has yet to use its considerable leverage to force Pyongyang to do so and Japan's UN resolution was watered down to little more than a loud -complaint.

Oddly satisfied with the six-party talks as a model, the Bush administration has chosen to pursue a similar track with Iran. In the wake of Iran's violation of a 2004 deal with the EU-3 – Britain, Germany and France – to suspend uranium enrichment and its

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refusal to heed similar demands from the Security Council, the US opted not to force the issue of sanctions at the UN. Rather, the US and Europe offered Tehran direct US-Iran dialogue, nuclear reactors and a package of economic incentives.

Supposedly lurking behind this offer was a choice between the offer and sanctions, possibly leading to military action. But although it is true that the US has doggedly refused to rule out the military option, repeated capitulations to Tehran have effectively drained the threat of credibility. When Tehran's leaders see Condoleezza Rice, US secretary of state, telling reporters: "Negotiation is still the best path and negotiation is still open," they read the American emphasis on diplomacy as a sign of weakness, a lack of other options.

A rare exception to the talk-for-talk's-sake norm of recent years is Washington's approach to the Israeli conflict with Hizbollah. But all signs point to a weakening of resolve inside the Bush administration. Earlier this week, trial balloons began floating from Ms Rice's mission to the Middle East: perhaps talks in Rome could bring a call for a peace-making force and a ceasefire. Talks are likely to bring little more than concerted pressure on the US and Israel to back down on the ultimate disarmament of Hizbollah. A ceasefire under any circumstances other than Hizbollah's complete disarmament would be construed as another victory for the terrorist agenda.

Throughout the Middle East, American priorities have lost steam. Mr Bush's signature issue – democracy promotion – has been thrust aside by resurgent dictators, with few real consequences. Egypt's abrogation of municipal elections and a brutal crackdown on civil rights and press freedoms, for example, brought a threat from the US Congress to cut Egyptian aid but little more than limp language from the administration.

When America is perceived as weak, challengers will not hesitate to take up arms. Can US capitulation to Iran and to North Korea have been far from the minds of extremists in both Hamas and Hizbollah when they chose to escalate conflict in the Middle East? Will al-Qaeda be far behind?

So what accounts for the "kinder, gentler" Bush administration? The fighting in Iraq has certainly wearied both the administration and Congress; it could be that there is little stomach for further confrontation. Or, America's mid-term elections are approaching and the administration does not need a new crisis to worry the voting public. Or perhaps a new foreign policy team at the state department simply prefers a pre-September 11 2001 approach?

No one knows for sure. Without doubt, alienating allies for the sheer pleasure of it offers little reward for the US. Yet embracing allies without achieving results is hardly better. Similarly, plain speaking and diplomacy are almost always preferable to sanctions and war, but only if diplomacy yields a real outcome. The goal in the case of both North Korea and Iran is to end their nuclear weapons and missile programmes. It is not to keep the parties talking while Pyongyang and Tehran continue to develop weapons of mass destruction.

At the end of the day, Mr Bush may revert to his cowboy roots and exert American power to deny our enemies the weapons they long for. But, statecraft is not poker and pretending to have no cards to play can lead to dangerous misjudgments by friends and enemies alike.

The writer is vice-president of foreign and defence policy studies at the American Enterprise Institute in Washington, DC

Israel Is Within Its Rights (WP)

By David B. Rivkin Jr. And Lee A. Casey

The Washington Post, July 26, 2006

Israel's operations against Hezbollah in Lebanon and Hamas in Gaza have been widely condemned in Europe, the Arab world and at the United Nations as violations of international law. Some of the critics seem to deny that Israel has any legitimate right to use force. Others, while acknowledging its right to self-defense, nevertheless regard its exercise in these cases as illegal. Israel's alleged offenses include treating mere "terrorist" attacks as an excuse to attack Lebanon, using disproportionate force, causing excessive civilian casualties and refusing to contemplate an immediate cease-fire.

In fact, Israel's conduct has been fully compliant with the applicable norms of international law.

The primary claim by Israel's critics is that it used force disproportionately in response to Hezbollah's initial attack against Israeli soldiers, eight of whom were killed and two captured. The underlying assumption appears to be that Israel should have

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treated these provocations as terrorist acts and limited its response accordingly, rather than as justifications for a full-scale attack on Lebanese territory.

But in determining the existence of a legitimate casus belli , a state is entitled to consider the entire context of the threat it faces. Hezbollah is not simply a terrorist gang, like Germany's Baader-Meinhof or Italy's Red Brigades. It is a substantial political and military organization that has more than 12,000 short- and medium-range rockets and that has operated freely on Lebanese territory for many years, periodically launching attacks against Israel. Its stated goal is Israel's destruction, and it is the client of a major regional power -- Iran -- whose government appears dedicated to the same goal.

Moreover, although international law requires a state to have a lawful reason to use force -- such as self-defense -- it does not mandate that a state limit its military response to "tit for tat" actions. Once a country has suffered an armed attack, it is entitled to identify the source of that attack and to eliminate its adversary's ability to attack again. Its actions must be consistent with otherwise applicable international norms, but it is not required to accept a limited conflict that fails to meet and resolve the danger it faces.

That Lebanon has suffered from Israel's actions does not change the legal rules involved. No state has the right to permit a foreign military force to use its territory to launch attacks against another country. Indeed, every country has an obligation to control its own territory. Lebanon's failure (or refusal) to expel Hezbollah would in and of itself have been a legitimate cause for Israeli military action. It was the Taliban's sheltering of al-Qaeda that was the basis of the U.S. attack on Afghanistan in 2001. And, although the current Lebanese government is certainly more democratic than the feudalistic Taliban, democratic credentials cannot insulate a state from responsibility for controlling its territory.

The specific aspects of Israel's military operations in Lebanon and Gaza have also been condemned as being disproportionate and as thereby violating the laws of war. Although there is some grim humor in the spectacle of Russian President Vladimir Putin, whose troops have ravaged Chechnya, criticizing Israel for a "disproportionate" use of force, the claims -- including dark warnings from Louise Arbour, U.N. high commissioner for human rights, about "war crimes" liability for Israel's leaders -- are without merit.

An army must always eschew deliberate attacks on civilians and consider whether the military advantage to be gained from an operation is sufficiently important to justify potential collateral damage to civilians. But this does not mean that installations and infrastructure, such as airports, bridges and the power grid, cannot be legally attacked. These are all dual-use targets -- having a civilian character but also clear military value. Indeed, in NATO's 1999 war against Serbia, exactly the same set of targets was attacked -- with the agreement and approval of the European governments involved. In the current conflict, Israel's primary military purpose in attacking these targets appears to be to cut Hezbollah's supply lines, not to punish Lebanon.

Similarly, the occurrence of civilian casualties, or the fact that more Lebanese civilians have died than Israelis, does not prove that Israel has used disproportionate force. The law forbids an operation only if the hoped-for military benefit would be clearly disproportionate to the likely injury to the civilian population. Proportionality, however, must be calculated in the context of the entire conflict, and any civilian lives lost must be balanced against civilian lives saved.

Unfortunately, heavy civilian casualties are the inherent and inevitable result of the type of asymmetric warfare deliberately waged by Hezbollah and similar groups. They intentionally operate from civilian areas, both to protect their military capabilities from attack and to increase civilian deaths, which can then be trumpeted for propaganda purposes. But the presence of a large civilian population does not immunize Hezbollah or Hamas forces from attack. Responsibility for any additional civilian casualties must be attributed to those groups, not to Israel. The adoption of any other rule would reward and encourage the illegal behavior of such "unlawful" combatants, which would simply result in more danger to innocent civilians in the future.

Israel may legally seek victory in Lebanon, even if it requires a combination of ground and air operations, takes weeks to accomplish and results in civilian casualties. It is under no obligation to agree to an early cease-fire unless the terms of that agreement would vindicate its legitimate war aims: the security of its population from attack.

The legal rights Israel is exercising to defend itself today are the very same legal rights on which the United States must rely in the war on terrorism. Attempts to revise the traditional laws of war -- moving toward a law-enforcement paradigm -- so that law-abiding states cannot effectively protect their own populations from attack or even defend their territory from armed incursion are not humanitarian advances. They simply make the world safer for those who reject any notion of law in war.

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The writers are Washington lawyers who served in the Justice Department under presidents Ronald Reagan and George H.W. Bush. They are members of the U.N. Sub-Commission on the Promotion and Protection of Human Rights.

Max Boot: Bush Didn't Start The Mideast Fire (LAT)

By Max Boot

The Los Angeles Times, July 26, 2006

REMEMBER HOW idyllic the Middle East was before that crazy cowboy moved into the White House? Oh for the good ol' days when Saddam Hussein would invite Kurdish and Shiite leaders to his palace for a lamb roast followed by a nice game of checkers. When the Iranian mullahs would host Fourth of July festivities in Tehran in honor of the Great Angel. And when Hamas and Hezbollah big shots would balance yarmulkes on their turbans and visit Yad Vashem, Israel's memorial to victims of the Holocaust.

Wait. You mean my memory is playing tricks on me? None of that actually happened? Well, then, why on earth are so many pundits blaming President Bush for the current mess in the Middle East? A typical example comes from fellow Los Angeles Times columnist Rosa Brooks, who writes: "The Bush administration's tunnel-vision approach to foreign policy has pushed the U.S. and the world into a devastating tailspin of conflict without end….We promised to make the world safer, but we've turned it into a tinderbox."

We've turned the world into a tinderbox? Wasn't it a tinderbox long before 2001? And why is the United States, much less Bush, responsible for every conflagration?

Iran was developing nuclear weapons and sponsoring terrorism long before Bush came into office. Critics attack him for not being diplomatic enough with Tehran, but in fact he has been supportive of the efforts of France, Germany and Britain to strike a deal. More recently, his secretary of State has offered to talk to Tehran directly. So keen is the Iranian government for such talks that it hasn't deigned to reply to the U.S. offer.

Bush hasn't exactly been a warmonger when it comes to Iran's ally, Syria, either. Even as Syrian dictator Bashar Assad was turning his country into a staging ground for the Iraqi insurgency, the Bush administration repeatedly sent envoys to Damascus in an attempt to negotiate. Far from being interested in a deal, Assad was only emboldened into thinking that he would suffer no consequences for his hostile acts.

Both Iran and Syria have continued backing Hamas and Hezbollah, but this is hardly a new problem; it dates to the Reagan presidency. Critics suggest that these terrorist groups have gotten more powerful because of Bush's push for democracy. Hamas, after all, now runs the Palestinian Authority, and Hezbollah is part of a coalition government in Lebanon. But their power doesn't derive from their political positions; it comes from their militias, which remain outside the democratic process. Hamas was attacking Israel even when it was in opposition. So, for that matter, was the party it replaced — Yasser Arafat's Fatah.

ARAFAT, you may recall, launched a terrorist onslaught against Israel in 2000, when President Clinton was still in office. Ariel Sharon, with Bush's backing, managed to defeat the suicide bombers through a combination of measures defensive (the West Bank barrier) and offensive (targeted killings of terrorist bigwigs). This paved the way for an Israeli pullout from Gaza, exactly what "peace processors" had wanted all along.

This hasn't exactly won the goodwill of Palestinian militants, but, if you're a typical liberal critic, you can hardly blame Bush for encouraging Israeli concessions.

But surely, you say, Bush has made things worse in Iraq. Admittedly, the situation there is grim. But is it more grim than when Hussein was invading his neighbors and slaughtering hundreds of thousands of his own people? Or when the U.S. was enforcing sanctions that killed an estimated 60,000 babies a year? Many now claim that Hussein was a bulwark against Iranian adventurism, but Iranian-backed terrorists were at least as active in the 1980s (when they grabbed dozens of Western hostages in Lebanon and blew up the U.S. Embassy and Marine barracks in Beirut) as they are today.

Critics are right that Bush hasn't transformed the Middle East into a bastion of peace, love and harmony. But he never promised to work miracles; he has consistently spoken of our current struggle as a generational challenge — the Long War. Sure, he could have done more to help win the war. But there is no reason to think that the critics' preferred approach — more diplomatic blather, more international confabs, more concessions to the terror-mongers — would have produced any better

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results. In any case, to suggest that his policies are the cause of today's woes, rather than a reaction to them, reveals a stunning historical amnesia.

Europe's Chance (WP)

By Harold Meyerson

The Washington Post, July 26, 2006

In the Middle East, it is suddenly the European moment. Israel knows it cannot eliminate Hezbollah through force of arms, and it has realized that occupying hostile terrain is too much of a drain on its physical, political and moral resources. Reversing long-standing policy, it now is calling for an international force to secure its borders.

But which nations' troops should make up that force? The United States, even if it weren't bogged down in Iraq, is too closely identified with Israel. The Sunni Arab states that might conceivably step forward -- Egypt, Jordan, Saudi Arabia -- would risk an eruption of rage in their streets, and their intervention could also move the entire region closer to a Sunni-Shiite conflagration.

All this puts the ball squarely in Europe's court. And if Europe wants to be taken seriously on the world stage, this is an opportunity it should welcome. The nations of Western Europe, after all, have long, and rightly, called for an end to Israel's occupation of Palestine. They have worked for a peaceful, bi-national settlement of the Israeli-Palestinian conflict.

They are trying to impress upon Iran that grave consequences will result if it flouts international norms and threatens regional Armageddon. And they are demanding an immediate cessation to the Israel-Hezbollah war.

Every one of these causes would be advanced if Germany, Britain, France, Italy and the other European nations agreed to deploy their forces in southern Lebanon.

First, it is hard to see how the current conflict will end -- or, at a minimum, not flare up again in a couple of months -- absent an international force on the Lebanese border. Second, any credible negotiations with Hezbollah's chief sponsor, Iran, over Iran's nuclear program must be premised on a threat of real retaliation if Iran sponsors or wages war. If Europe is unwilling to send a peacekeeping force to Lebanon to stop Hezbollah from firing missiles into Israel, it's hard to see why Tehran would take Europe seriously ever again. That, in turn, would reduce the West's options in dealing with Iran to an Israeli or U.S. military strike -- something that Europe is dead-set against.

When it comes to a settlement of the Israeli-Palestinian conflict, or any further withdrawal of Israeli forces from the West Bank, the rise of Hamas and its kidnapping raids and rocket attacks against Israel from Gaza have made a genuine international force on the Israeli-Palestinian frontiers a requirement for any future progress. Israelis and Palestinians who support a land-for-peace deal leading to the establishment of two secure neighboring states have been confronted by the grotesque new reality of Arab forces attacking Israel from lands that Israel has left -- a strategy designed precisely to undermine the land-for-peace equation and the prospect of any ultimate settlement. Bolstering the two-state solutionists in both Israel and Palestine -- something the Europeans devoutly wish -- will probably require deploying some border force involving European participation.

As if all this weren't enough, there's one further reason why Europe should want to put itself forward to resolve the current conflict: To do so would be to offer an alternative to American unilateralism. Europeans, after all, complain both about a unipolar world run by and for the United States, and the unilateralism of the Bush administration. I happen to share their complaints. The European model of a more humane capitalism and a more multilateral approach to foreign affairs is a badly needed counterweight to America's laissez-faire economics and its my-way-or-the-highway foreign policy.

So, is Europe jumping at this opportunity to accomplish all these worthy goals? Not exactly. Germany, says Defense Minister Franz Josef Jung, will participate in a peacekeeping force if Israel and Hezbollah both request it -- not a likely prospect given that Hezbollah's raison d'etre is to make war on Israel. France says the moment is not yet right for such an intervention. Britain is, in theory, for it, but its forces are bogged down in southern Iraq. One might think Tony Blair would welcome an excuse to pull his troops out of Iraq and deploy them where they could do some good, but one grows old awaiting Blair's declaration of independence from the United States.

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To be sure, a European intervention in southern Lebanon would entail casualties and political risks. But a failure to intervene would undermine every policy goal that Western European nations have for the Middle East, and strengthen the hand of the Cheney-Rumsfeld hawks who believe that American military might is the only solution for the planet's distempers.

For Europe, it's put-up-or-shut-up time. With the Middle East descending into deeper and deeper cycles of violence, one thing we surely don't need is a Europe guided by the spirit of Neville Chamberlain.

The Enemy Of My Enemy Is Still My Enemy (NYT)

By Bernard Haykel

The New York Times, July 26, 2006

WITH Israel at war with Hezbollah, where, you might wonder, is Al Qaeda? From all appearances on the Web sites frequented by its sympathizers, which I frequently monitor, Al Qaeda is sitting, unhappily and uneasily, on the sidelines, watching a movement antithetical to its philosophy steal its thunder. That might sound like good news. But it is more likely an ominous sign.

Skip to next paragraph

Enlarge this Image

Stephen Savage

Al Qaeda's Sunni ideology regards Shiites as heretics and profoundly distrusts Shiite groups like Hezbollah. It was Al Qaeda that is reported to have given Sunni extremists in Iraq the green light to attack Shiite civilians and holy sites. A Qaeda recruiter I met in Yemen described the Shiites as "dogs and a thorn in the throat of Islam from the beginning of time."

But now Hezbollah has taken the lead on the most incendiary issue for jihadis of all stripes: the fight against Israel.

Many Sunnis are therefore rallying to Hezbollah's side, including the Muslim Brotherhood in Egypt and Jordan. The Saudi cleric Salman al-Awda has defied his government's anti-Hezbollah position, writing on his Web site that "this is not the time to express our differences with the Shiites because we are all confronted by our greater enemy, the criminal Jews and Zionists."

For Al Qaeda, it is a time of panic. The group's Web sites are abuzz with messages and questions about how to respond to Hezbollah's success. One sympathizer asks whether, even knowing that the Shiites are traitors and the accomplices of the infidel Americans in Iraq, it is permissible to say a prayer for Hezbollah. He is told to curse Hezbollah along with Islam's other enemies.

Several of Al Qaeda's ideologues have issued official statements explaining Hezbollah's actions and telling followers how to respond to them. The gist of their argument is that the Shiites are conspiring to destroy Islam and to resuscitate Persian imperial rule over the Middle East and ultimately the world. The ideologues label this effort the "Sassanian-Safavid conspiracy," in reference to the Sassanians, a pre-Islamic Iranian dynasty, and to the Safavids, a Shiite dynasty that ruled Iran and parts of Iraq from 1501 till 1736.

They go on to argue that thanks to the United States (the leader of the Zionist-Crusader conspiracy), Iraq has been handed over to the Shiites, who are now wantonly massacring the country's Sunnis. Syria is already led by a Shiite heretic, President Bashar al-Assad, whose policies harm the country's Sunni majority.

Hezbollah, according to these analyses, seeks to dupe ordinary Muslims into believing that the Shiites are defending Islam's holiest cause, Palestine, in order to cover for the wholesale Shiite alliance with the United States in Iraq and Afghanistan.

Ultimately, this theory goes, the Shiites will fail in their efforts because the Israelis and Americans will destroy them once their role in the broader Zionist-Crusader conspiracy is accomplished. And then God will assure the success of the Sunni Muslims and the defeat of the Zionists and Crusaders.

In the meantime, no Muslim should be fooled by Hezbollah, whose members have never fought the infidel on any of the real battlefronts, like Afghanistan, Bosnia, Chechnya or Kashmir. The proper attitude for Muslims to adopt is to dissociate themselves completely from the Shiites.

This analysis — conspiratorial, bizarre and uncompelling, except to the most diehard radicals — signals an important defeat for Al Qaeda's public relations campaign. The truth is that Al Qaeda has met a formidable challenge in Hezbollah and its charismatic leader, Sheik Hassan Nasrallah, who have made canny choices that appeal to Al Qaeda's Sunni followers. Al Qaeda's improbable conspiracy theory does little to counter these advantages.

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First, although Sheik Nasrallah wears the black turban and carries the title of "sayyid," both of which identify him as a Shiite descendant of the Prophet Muhammad, he preaches a nonsectarian ideology and does not highlight his group's Shiite identity. Hezbollah has even established an effective alliance with Hamas, a Sunni and Muslim Brotherhood organization.

Second, Hezbollah's statements focus on the politics of resistance to occupation and invoke shared Islamic principles about the right to self-defense. Sheik Nasrallah is extremely careful to hew closely to the dictates of Islamic law in his military attacks. These include such principles as advance notice, discrimination in selecting targets and proportionality.

Finally, only Hezbollah has effectively defeated Israel (in Lebanon in 2000) and is now taking it on again, hitting Haifa and other places with large numbers of rockets — a feat that no Arab or Muslim power has accomplished since Israel's founding in 1948.

These are already serious selling points. And Hezbollah will score a major propaganda victory in the Muslim world if it simply remains standing in Lebanon after the present bout of warfare is over and maintains the relationships it is forging with Hamas and other Sunni Islamist organizations.

What will such a victory mean? Perhaps Hezbollah's ascendancy among Sunnis will make it possible for Shiites and Sunnis to stop the bloodletting in Iraq — and to focus instead on their "real" enemies, namely the United States and Israel. Rumblings against Israeli actions in Lebanon from both Shiites and Sunnis in Iraq already suggest such an outcome.

That may be good news for Iraqis, but it marks a dangerous turn for the West. And there are darker implications still. Al Qaeda, after all, is unlikely to take a loss of status lying down. Indeed, the rise of Hezbollah makes it all the more likely that Al Qaeda will soon seek to reassert itself through increased attacks on Shiites in Iraq and on Westerners all over the world — whatever it needs to do in order to regain the title of true defender of Islam.

Israeli Warplanes Strike U.N. Post (LAT)

By Paul Richter And Ken Ellingwood

The Los Angeles Times, July 26, 2006

JERUSALEM -- Israeli warplanes bombarded a U.N. post in southern Lebanon on Tuesday, killing four peace observers in a strike that Secretary-General Kofi Annan termed "apparently deliberate."

The bombing capped a violent day that included the death of a 15-year-old Israeli girl from a Hezbollah rocket in a northern Galilee town, and renewed Israeli air strikes in and around Beirut.

United Nations officials said their observation post near the village of Khiyam took a direct hit late Tuesday in an Israeli airstrike. Four members of the mission were killed. Their names and nationalities were not immediately released.

Annan flew to Rome to meet with U.S. Secretary of State Condoleezza Rice and diplomats from other nations on the Lebanon crisis. He said he was "shocked and deeply distressed" by what he said was the "apparently deliberate" targeting of the post by the Israeli army.

Annan said he had received personal assurances from Israeli Prime Minister Ehud Olmert that U.N. positions would be spared, and U.N. Force Commander for south Lebanon, Gen. Alain Pellegrini, had been in repeated contact with Israeli officers to ensure the post's protection.

U.S. officials labeled the attack "a terrible tragedy" and said they were told by the Israelis that it was an accident.

There was no immediate statement from the Israeli military, but Israel's ambassador to the United States said the incident was under investigation, and reacted sharply to Annan's allegation that the strike was deliberate.

"I think this kind of rhetoric is deplorable, it's outrageous, and I hope he will apologize for that," Ambassador Daniel Ayalon said on CNN's "The Situation Room."

He accused Hezbollah militants of positioning rocket launchers beside U.N. sites, a practice that has been reported by U.N. officials in recent days.

Hezbollah commander Sheik Hassan Nasrallah exhibited new defiance late Tuesday. In a televised address, he said his organization would not submit to "humiliating" conditions imposed by the international community for a cease-fire, and threatened attacks even deeper into Israel.

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Referring to a "new period" in the 15-day-old conflict, he said Hezbollah would strike beyond the port of Haifa, Israel's third largest city, where scores of rockets have been falling by the dozens.

"We will choose the time when we will move beyond -- beyond Haifa," Nasrallah said.

The U.N. deaths come as Western nations were set to meet Wednesday in Rome to discuss a possible cease-fire, response to the growing humanitarian crisis in Lebanon, and a possible international peacekeeping force.

The Bush administration's stance that Israel should be allowed to deal a more decisive blow to Hezbollah before any cease-fire did not budge Tuesday. Rice, in Jerusalem, stood by Olmert as he pledged to "carry on the fight" against Hezbollah. Later, she traveled to Rome to join European and Arab diplomats in hastily called crisis talksRice visited the West Bank city of Ramallah on Tuesday, and again turned aside calls from the Lebanese for an immediate cease-fire. She said an "enduring" peace was more important and possible only with the disarming of Hezbollah.

"It is time for a new Middle East," she said, with Olmert nodding approvingly at her side. "And to those who do not want a new Middle East, we say we will prevail, they will not."

"Israel is determined to carry on the fight against Hezbollah," Olmert said. "We will stop them. We will not hesitate to take the most severe measures against those who are aiming thousands of missiles and missiles against innocent civilians for one purpose -- to kill them."

Henry A. Crumpton, the State Department's coordinator for counterterrorism, said Tuesday he believed the Israeli response was "in some ways just beginning," noting that Israel's military still has made only limited progress in degrading Hezbollah capabilities.

"Hezbollah, because it has been (in) a safe haven for so long, they've been able to build some pretty stalwart defenses, pretty elaborate bunker systems, and they're fighting hard right now," Crumpton told a group of journalists. "It's going to take awhile, I think, for the Israelis to get in there and deny that space in Lebanon. ... I don't believe this going to be over just in the next couple of days."

Ground fighting continued Tuesday, with Israeli armor and infantry battling guerrillas for control of the Lebanese village of Bint Jbeil. By the end of the day, field commanders said they had seized the town, the largest in the border region and considered by Israel to be a Hezbollah headquarters.

The Israeli military said 20 to 30 Hezbollah gunmen were killed in the fighting around Bint Jbeil on Tuesday. An Israeli soldier was wounded in a fresh gunfight around Maroun el-Ras, a hilltop village about 1 1/2 miles north of the border, near the Israeli community of Avivim.

Israeli forces were also expanding their attack to other stretches of the border. Army convoys could be seen hauling tanks and bulldozers to a number of areas that have not yet seen large concentrations of forces. Israeli artillery shelled Lebanese villages north of Metulla, at the northern tip of the upper Galilee. Anticipating Hezbollah reprisals, Metulla municipal officials told residents to leave or seek refuge in bomb shelters.

Israeli Defense Minister Amir Peretz said his forces were continuing to carve out a "security strip" that he said Israel would maintain as a no-go zone until the eventual deployment of multinational forces -- something that is far from decided.

Despite Israel's ground offensive heavy shelling and air strikes, Hezbollah fired more than 90 rockets over the border into northern Israel on Tuesday, one of which killed a 15-year-old girl in the village of Maghar, a Druse community near the Sea of Galilee. Three others were wounded, one of them seriously.

Sixteen rockets plunged into the port city of Haifa, which has come under regular attack for more than a week. The military says that Haifa is being targeted from the southern Lebanon city of Tyre, which has been pummeled daily by Israeli war planes.

After a two-day respite, Beirut was pounded by new airstrikes Tuesday. At least four heavy blasts echoed over the city and gray and black clouds billowed from the southern edge of the city, a predominantly Shiite, pro-Hezbollah community that has suffered massive damage in bombardments over the last two weeks.

Ellingwood reported from the Israeli-Lebanese border, and Richter, traveling with Rice, from Jerusalem; Times staff writers Laura King in Jerusalem, J. Michael Kennedy in Beirut; Peter Spiegel in Washington; Walter Hamilton at the U.N. and Tracy Wilkinson in Rome contributed to this report.

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Israel: U.N. Force Not Targeted (USAT)

By Andrea Stone

USA Today, July 26, 2006

ROME — On the eve of an international meeting on the crisis in Lebanon, an Israeli airstrike hit a United Nations base in southern Lebanon on Tuesday, killing at least three U.N. observers.

U.N. Secretary-General Kofi Annan said he was "shocked" at the "very disturbing" incident and what he called the "apparently deliberate targeting" of the base.

U.N. spokeswoman Marie Okabe said four were killed. China's official Xinhua News Agency said a Chinese UN observer was among those killed. A bomb hit a patrol base manned by Indian troops from the U.N. peacekeeping force near the border with Israel, said Milos Struger, spokesman for the force.

Israeli Foreign Ministry spokesman Mark Regev said Israel "sincerely regrets" the deaths and did not target the observers. He promised an investigation.

The incident could further complicate today's potentially contentious emergency meeting, at which Secretary of State Condoleezza Rice will try to manage a disagreement between Arab and European nations on one side and Israel and the United States on the other about timing of a cease-fire. Rice arrived here Tuesday night after a series of meetings in Israel and the West Bank with Israeli and Palestinian officials. She continued to call for a cease-fire only after Hezbollah guerrillas in southern Lebanon no longer pose a threat to Israel.

In Ramallah, Rice said the United States wants an "urgent but enduring" peace. After meeting Israeli Prime Minister Ehud Olmert in Jerusalem, she said she has "no desire" to come back in months to deal with another Hezbollah uprising. "It is time for a new Middle East," she said.

European and Arab states want a quick end to the violence. "The primary object is a cease-fire," said Italian Prime Minister Romano Prodi.

Forming a new international force for southern Lebanon is likely to be a key topic. Defense Minister Amir Peretz told Israeli radio that Israel will carve out a "security zone" in south Lebanon until an international force is deployed or Hezbollah is pushed back.

In the region, Israeli warplanes resumed strikes on Hezbollah strongholds in Beirut. Israeli troops and tanks surrounded Hezbollah guerrillas in Bint Jbeil in southern Lebanon. In Israel, Hezbollah rockets continued to drop on northern Israeli cities. A total of 422 people in Lebanon and 42 Israelis have been killed since July 12.

Israeli Strike Kills 2 U.N. Peacekeepers (WT)

By Nicholas Kralev

The Washington Times, July 26, 2006

ROME -- An Israeli artillery strike killed at least two United Nations peacekeepers yesterday in what U.N. Secretary-General Kofi Annan called an "apparently deliberate strike" on the eve of a major peace conference here today.

Two more peacekeepers were feared dead in the attack on their post in southern Lebanon.

Hours earlier Israel began outlining its terms for the deployment of an international stabilization force of up to 20,000 troops along its border with Lebanon ahead of today's conference to which the Jewish state is not invited.

The U.N. chief said the strike on a clearly marked U.N. border outpost was "apparently deliberate" and demanded Israel investigate. A bomb dropped by an Israeli warplane scored a direct hit on the post in the town of Khiyam, near the eastern sector of the border, U.N. officials said.

The victims were from Austria, Canada, China and Finland, U.N. and Lebanese military officials said. It was not immediately known which two were confirmed dead.

Israel's U.N. ambassador, Dan Gillerman, expressed his "deep regret" for the deaths and denied Israel hit the post intentionally.

"I am shocked and deeply distressed by the hasty statement of the secretary-general, insinuating that Israel has deliberately targeted the U.N. post," he said, calling the assertions "premature and erroneous."

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Although U.S., European and Arab officials here avoided discussing specific proposals and warned against high expectations from the Rome meeting, their Israeli counterparts were not shy about offering details of a plan they shared with Secretary of State Condoleezza Rice earlier in the day.

Most countries now see the proposed buffer force as the best hope for ending Israel's two-week-old war with Hezbollah.

Mr. Annan said in New York that 15 strikes came close to the U.N. position during the day, and that Israeli forces continued their assault even during efforts to rescue the dead and wounded peacekeepers.

Ground fighting continued around Bint Jbail, a Lebanese town described by its residents as "the capital of the resistance," where an estimated 200 Hezbollah militants held out against surrounding Israeli forces.

Israel resumed its shelling of Beirut's southern suburbs after a one-day pause and continued air strikes across southern Lebanon, where about 300 Americans were thought to have become trapped while visiting family for the summer. Hezbollah again fired rockets into northern Israel, killing a girl.

Looking ahead to today's meeting in Rome, Israeli officials said a border force of 10,000 to 20,000 troops could be deployed in stages, within a week or two after a decision is made. Its mission would be to keep Hezbollah about 13 miles from the border and prevent it from firing rockets. It also could help prevent weapons supplies coming in from Syria, they said.

Until such a force moves in, however, Israel intends to control a security zone in southern Lebanon and fire at anyone who enters it, Defense Minister Amir Peretz said yesterday.

"We have no other option," he said. "We will have to build a new security strip ... that will be a cover for our forces until international forces arrive." The size of the zone would vary, Mr. Peretz said, and other officials estimated that it could be between 2 and 6 miles wide in various places.

U.S. officials traveling with Miss Rice, who arrived last night to participate in today's conference with 15 other countries and three international organizations, declined to discuss Israel's or any other plan, saying they did not want to hurt their diplomatic efforts in Rome.

For the same reason, they said, Miss Rice refused to take questions from reporters after meetings yesterday with Israeli Prime Minister Ehud Olmert and Palestinian Authority President Mahmoud Abbas, issuing only prepared statements.

But a senior U.S. official said it was not realistic to wait for a cease-fire before moving ahead with the international force because that might take a long time. At the same time, the official said, the security force would not "shoot its way" into southern Lebanon.

French Foreign Minister Philippe Douste-Blazy said on French television that "if the United States wants to put in an international force when there is no cease-fire, that could worry other countries in the region." Miss Rice has been pushing for a "lasting" and "enduring" halt to the violence, while everybody else present in Rome has called for an immediate cease-fire.

As for who would make up the security force, there have been no volunteers so far. Israel, in another show of enthusiasm for foreign troops after decades of disliking the idea, has suggested the European Union or NATO.

NATO spokesman James Appathurai said that the idea of NATO leading the force has not been discussed among the allies and that there were no plans to put it on the agenda, unless a specific request is received in Brussels. The United States, the most formidable NATO member, has ruled out participating in the force.

The last time Americans took part in a similar operation, 241 Marines were killed in a Hezbollah suicide bombing in Lebanon.

The European Union has not rejected the idea of contributing troops, although individual members such as Denmark have said they are already stretched with forces deployed in Iraq, Afghanistan and Kosovo.

"The EU as a whole has the intention of fully participating in the solution of this conflict," said Cristina Gallach, spokeswoman for EU foreign policy chief Javier Solana. "But nobody wants to commit forces until they know what their responsibilities are, as well as their mandate and objectives."

U.N. Deputy Secretary-General Mark Malloch Brown said the "key issue" of the international force "is its mandate, not where the soldiers would come from."

"Leaders would not allow their troops to go from house to house and disarm Hezbollah," he told the British Broadcasting Corp.

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Before any decision on a security force is taken, he said, there has to be "some basic political agreement" between Israel and Hezbollah.

Mr. Malloch Brown urged the United States to deal directly with the militant group, something it has refused to do. "Talking to a terrorist movement doesn't imply that you've come around to their point of view," he said. "Peacekeeping works when you are there to enforce an agreement."

Lebanese Prime Minister Fuad Siniora said before leaving for Rome that he did not "expect the Rome conference to lead to a cease-fire, even if we must do everything in our power to reach one."

But Mr. Annan said before he departed from New York on Monday that it is "important we leave Rome with a concrete strategy ... as to how we are going to deal with this, and we do not walk away empty-handed and, once again, dash the hopes of those who are caught in this conflict."

cThis article is based in part on wire service reports.

2 Dead, 2 Missing After U.N. Post Hit (AP-Y)

By Hussein Dakroub

AP2, July 26, 2006

An Israeli bomb destroyed a U.N. observer post on the border in southern Lebanon, killing two peacekeepers and leaving two others feared dead in what appeared to be a deliberate strike, U.N. chief Kofi Annan said.

The bomb made a direct hit on the building and shelter of the observer post in the town of Khiyam near the eastern end of the border with Israel, said Milos Struger, spokesman for the U.N. peacekeeping force in Lebanon known as UNIFIL.

Annan issued a statement saying two U.N. military observers were killed with two more feared dead. Earlier, U.S. Ambassador John Bolton said the Security Council was informed that four officers were killed, but he had no other information.

Rescue workers were trying to clear the rubble, but Israeli firing "continued even during the rescue operation," Struger said.

As reports of the attack emerged, Annan rushed out of a hotel in Rome following a dinner with U.S. Secretary of State Condoleezza Rice and Lebanese Prime Minister Fuad Saniora.

"I am shocked and deeply distressed by the apparently deliberate targeting by Israeli Defence Forces of a U.N. Observer post in southern Lebanon," Annan said in the statement.

Annan said in his statement that the post had been there for a long time and was marked clearly, and was hit despite assurances from Prime Minister Ehud Olmert that U.N. positions would not be attacked.

"I call on the goverment of Israel to conduct a full investigation into this very disturbing incident and demand that any further attack on U.N. positions and personnel must stop," Annan said in the statement.

U.N. officials said four observers were in the post when the bomb hit, and the building had been destroyed. Two bodies had been recovered and two were unaccounted for, apparently still in the rubble. They spoke on condition of anonymity because of the sensitivity of the issue.

Since Israel launched a massive military offensive against Lebanon and Hezbollah guerrillas July 12, an international civilian employee working with UNIFIL and his wife have been killed in the crossfire between Israeli forces and Hezbollah guerrillas in the southern port city of Tyre.

Five UNIFIL soldiers and one military observer have also been wounded, Struger said.

Israel Widens Control, Seals Hezbollah Stronghold (WT/AP)

By Lee Keath

The Washington Times, July 26, 2006

BEIRUT -- Israeli troops sealed off a Hezbollah stronghold yesterday and widened their foothold in southern Lebanon, but officials said Israeli bombs killed six persons in a southern Lebanon town and two U.N. observers in a border outpost, with two other peacekeepers feared dead.

Two weeks into the war, a senior Hezbollah leader said the guerrillas had not expected such an Israeli onslaught when they captured two Israeli soldiers July 12.

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Secretary of State Condoleezza Rice and other key Middle East players gathered in Rome for a meeting today to discuss proposals for ending the fighting that has killed more than 400. Key issues were how to disarm Hezbollah and assemble an international peacekeeping force to enforce the peace along the Israel-Lebanon border.

U.N. Secretary-General Kofi Annan said the strike on a clearly marked U.N. outpost was "apparently deliberate" and demanded that Israel investigate. A bomb dropped by an Israeli warplane scored a direct hit on the post in the town of Khiyam , near the eastern sector of the border, U.N. officials said.

Israeli U.N. Ambassador Dan Gillerman expressed his "deep regret" for the deaths and denied that Israel hit the post intentionally.

"I am shocked and deeply distressed by the hasty statement of the secretary-general, insinuating that Israel has deliberately targeted the U.N. post," he said, calling the assertions "premature and erroneous."

Israeli commanders said they would not push deep into Lebanon but were determined to stop Hezbollah missiles that have continued despite Israel's punishing raids on Hezbollah targets. A new volley of Hezbollah rockets hit northern Israel, killing a teenage girl.

Yesterday marked a month since the start of what is now a two-front war between Israel and Islamic militants. On June 25, an Israeli soldier was captured by Hamas militants in Gaza, prompting an Israeli offensive there. Two weeks into that flare-up, Hezbollah abducted the two other soldiers.

The crisis has spiraled beyond imaginations.

Mahmoud Komati, the deputy chief of the Hezbollah politburo, said the guerrillas' leadership had not expected a massive offensive when it captured the two Israeli soldiers.

"The truth is -- let me say this clearly -- we didn't even expect [this] response ... that [Israel] would exploit this operation for this big war against us," he said.

Instead, he said, Hezbollah had thought Israel would respond to the soldiers' capture by abducting Hezbollah leaders in commando raids and that negotiations for a swap would start, giving Hezbollah the chance to try to win the release of Lebanese prisoners held by Israel.

He called the Israeli assault unjustified and said Hezbollah would not lay down its weapons.

Israel and the United States say their ultimate aim is to fundamentally reshape Lebanon to end Hezbollah's presence by the border, strengthen democracy in the country and ensure lasting peace with Israel. In the process, Lebanon has been ravaged, with hundreds killed, nearly a half-million driven from their homes and vast damage to roads and bridges.

Israel is facing tougher than expected resistance as it makes its first small ground steps into hilltop villages across the border. Its troops sealed the town of Bint Jbail and battled for a second day yesterday against about 200 guerrillas inside.

Troops also moved on the nearby village of Yaroun, fighting guerrillas there. Fifteen Americans fled Yaroun in a convoy of 80 cars carrying residents that reached the southern port of Tyre yesterday.

Hezbollah reported two guerrillas killed in the day's fighting, while Israel said three of its soldiers were wounded. The Israeli military said Hezbollah's commander for the central border sector, known as Abu Jafr, was killed.

So far, the three villages on which Israeli ground troops have advanced -- Bint Jbail, Yaroun and Maroun al-Ras, which was seized by soldiers over the weekend -- are in a roughly 3-square-mile pocket. Israeli bombardment also has destroyed most Hezbollah observer posts all along the border, U.N. observers say.

Israel suggested that would grow, but the extent was not clear.

Israeli Defense Minister Amir Peretz said Israel would maintain a security zone in the south until either a multinational force "with enforcement capability" is deployed on the border or Hezbollah is pushed back in a cease-fire agreement that also cuts off the supply of its weapons.

Israel To Occupy Area Of Lebanon As Security Zone (NYT)

By Greg Myre And Helene Cooper

The New York Times, July 26, 2006

DOJ_NMG_0043062

JERUSALEM, July 25 — Almost two weeks into its military assault on Hezbollah, Israel said Tuesday that it would occupy a strip inside southern Lebanon with ground troops until an international force could take its place.

The announcement raised the prospect of a more protracted Israeli involvement in Lebanon than the political and military leadership previously signaled or publicly sought. Officials have talked about limited raids into Lebanon, but now they seem ready to commit ground forces for at least weeks, if not months.

They said the zone would be much smaller than the strip of southern Lebanon roughly 15 miles deep that Israel occupied for nearly two decades before withdrawing in 2000.

As the war between Israel and Hezbollah continued, four unarmed United Nations observers were killed when an Israeli airstrike hit their observation post near the Israeli border, United Nations and Lebanese officials said. The Israeli Foreign Ministry said that Israel "regrets the tragic death" of the observers, and that it would investigate thoroughly.

The timetable and makeup of an international force remained vague, despite diplomacy by Secretary of State Condoleezza Rice on her second day of a trip to the region. Ms. Rice, who met with Israeli and Palestinian officials after a surprise trip to Beirut on Monday, secured commitments from Israel to allow relief aid into Lebanon, and said she would press Israel to ease border restrictions for Palestinians.

But she left without any sign of a quick end to Israel's military campaigns in Lebanon or the Gaza Strip.

The United Nations secretary general, Kofi Annan, in Rome for talks on the Middle East scheduled to start Wednesday, issued a statement saying that he was "shocked and deeply distressed by the apparently deliberate targeting" of the United Nations post by the Israeli military. He said the post, at Khiam, was clearly marked, and called on the Israeli government to conduct a full investigation. The official New China News Agency said one of the dead was a Chinese observer.

Elsewhere in southern Lebanon, in fighting over the two Hezbollah strongholds of Bint Jbail and Marun al Ras, Israel said it had killed the Hezbollah leader in the area, Abu Jaafer, and 20 to 30 Hezbollah fighters in a 24-hour period. At least six people were killed in two neighboring houses in a predawn raid on the southern town of Nabatiye.

Hezbollah continued to strike at Israel, firing nearly 100 rockets as of Tuesday night, the Israeli military said. The group's leader, Sheik Hassan Nasrallah, threatened missile strikes "beyond Haifa." Hezbollah is believed to have missiles able to reach Tel Aviv.

Another Hezbollah leader, Mahmoud Komati, deputy chief of the group's political arm, told The Associated Press that Hezbollah was surprised by the force of Israel's reaction to its capture of two Israeli soldiers. He said Hezbollah had expected "the usual, limited" response such as commando raids or limited attacks on Hezbollah strongholds.

Israel's defense minister, Amir Peretz, said Israel's plan for a buffer zone inside Lebanon was being worked out and did not provide details. "We will have to build a new security strip, a security strip that will be a cover for our forces until international forces arrive," he said.

"We are shaping it, but you can't draw a single line that will become a permanent line along the entire zone," Mr. Peretz said on Israeli radio. "Unless there is a multinational force that will enter and take control, a multinational force with the ability to act, we will continue to fire against anyone who enters the designated strip."

Israeli officials, mindful of the Israeli public's reluctance to repeat its long occupation of southern Lebanon, say they do not plan a major ground invasion, and do not intend to hold large parts of Lebanese territory for extended periods. Israeli leaders say they want the Lebanese Army to assume control of the border eventually.

Israeli troops do not yet have control over the border strip. A senior government official said Israeli forces intended to clear out Hezbollah strongholds in border villages as the military is already doing in Bint Jbail and Marun al Ras.

The military plans to move into other villages as well, but "this will not be the re-establishment of the old security zone," said the official, who spoke on condition of anonymity because he was not authorized to speak publicly on the matter. "It is not remotely similar."

"If there is a strong international force, and if the Lebanese government is serious about establishing sovereignty on its border, then we will gladly leave," the official said.

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Ms. Rice, meanwhile, won a promise from Prime Minister Ehud Olmert of Israel to allow relief flights into Beirut International Airport, where the runways have been bombed by Israel. Ms. Rice also told the Palestinian Authority president, Mahmoud Abbas, that she would press Israel to ease border restrictions for Palestinians.

Ms. Rice received a warm welcome from Mr. Olmert in Jerusalem, in contrast to the much cooler receptions she received in the West Bank city of Ramallah, and in Beirut on Monday.

But her visit to the West Bank had echoes of her surprise stop in Beirut. In both cases, she assured a largely powerless leader that the United States was sympathetic to the suffering of his people, though American leaders have stopped short of pressuring Israel to let up on its campaign against militants.

Ms. Rice pointedly characterized Mr. Abbas as the "duly elected president" of the Palestinian Authority, and said "the Palestinian people have had to live too long" under harsh conditions.

But just as pointedly, she did not respond to Mr. Abbas's urgent appeal for cease-fires in region, to ease what he said was suffering "beyond the capacity of any human being to endure."

Ms. Rice and Mr. Abbas discussed the release of an Israeli soldier who was seized by Palestinian militants on June 25, setting off the current crisis in Gaza. But Mr. Abbas is seen as having little influence.

Hamas, which holds the Palestinian prime minister's post and controls the cabinet, is demanding an exchange for a large number of Palestinian prisoners. Hamas militants were one of three factions that claimed responsibility for seizing the soldier.

The United States, along with Israel, regards Hamas as a terrorist group and has no official contact with it.

In Ramallah, just as in Beirut, demonstrators protested Ms. Rice's visit. About 250 turned out, with some carrying signs that said in Arabic and English, "Rice, Go Home." A general strike was called throughout the West Bank, and shops in Ramallah were closed as Ms. Rice's motorcade drove through the city, just north of Jerusalem.

With the Beirut airport closed, even Prime Minister Fouad Siniora of Lebanon had to make special arrangements to travel abroad. He boarded a United Nations helicopter near a conference center north of Beirut that took him to Cyprus. He was heading to Rome for the international conference, which Ms. Rice will also attend.

The Lebanese government has now adopted four Hezbollah conditions for a settlement as its own: giving the small disputed slice of border territory known as Shabaa Farms to Lebanon, returning three Lebanese prisoners held by Israel, ending Israeli flyovers into Lebanese airspace, and providing a map showing the location of Israeli land mines in southern Lebanon.

The issue of Shabaa Farms has been the public rationale for allowing Hezbollah, alone among civil war-era militias, to keep its weapons. It was, Lebanese officials have said, resisting continued Israeli occupation.

As the fighting continued, the Israeli military said its aerial attacks included bombing a Hezbollah rocket launching site near the southern city of Tyre, and hitting 10 buildings used by Hezbollah in southern Beirut.

In Mughar, in northern Israel, a 15-year-old Israeli Arab girl died in a Hezbollah rocket strike, family members said. Three other family members were wounded.

Israel also struck in Gaza, with the air force bombing three buildings used for making and storing weapons, according to the Israeli military.

A Palestinian teenager was shot and killed by Israeli troops near Gaza's border fence, Palestinian hospital officials said. The Israeli military said it had fired at people who had planted a bomb.

Palestinian militants fired several rockets into southern Israel on Tuesday, the Israeli military said.

...

Ms. Rice said: "It is time for a new Middle East. It is time to say to those that don't want a different kind of Middle East that we will prevail. They will not."

Ms. Rice and other administration officials have repeatedly blamed Hezbollah for starting the crisis in Lebanon with a raid into Israel on July 12 that resulted in the deaths of three Israeli soldiers and the capture of two more who were taken into Lebanon.

While strongly supporting Israel, the Bush administration does not want to see the democratically elected Lebanese government harmed by the current conflict.

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"I have no doubt there are those who wish to strangle a democratic and sovereign Lebanon in its crib," Ms. Rice said. "We, of course, also urgently want to end the violence."

Saudi Arabia pledged a financial package of $1.5 billion to aid the Lebanese economy and help rebuild the country, the official Saudi news agency reported.

International support is building for a multinational force in southern Lebanon, but many issues are unclear, including which countries would send troops. An American official traveling with Ms. Rice said he believed that those questions would be worked out.

"I think you will hear about the impossibility of deploying an international force until the day it is deployed," the official told reporters, speaking on condition of anonymity because he was not authorized to speak publicly on the issue. "But there will be an international force, because all the key players want it."

In Rome on Wednesday, Ms. Rice is expected to talk with Arab and European officials about the makeup and mandate of such a force.

With the United States' military already stretched with commitments in Iraq and Afghanistan, Ms. Rice has said she does not anticipate American troops' being part of a force in Lebanon.

France is perhaps the most likely European country to contribute troops, given its history with Lebanon. France administered Lebanon as a protectorate from 1920 to 1943, and the former Lebanese prime minister, Rafik Hariri, who was killed in a car bombing last year that many believe was linked to Syria, was a close friend of the French president, Jacques Chirac.

But France is resisting the American idea of moving a force in quickly, insisting on a cease-fire first, followed by a political agreement between Israel and Lebanon that would also be accepted by Hezbollah, said Jean-Baptiste Mattéi, the French Foreign Ministry spokesman.

Big Ground Campaign In Lebanon Would Present Perils For Israel (WSJ)

By Guy Chazan And Karby Leggett

The Wall Street Journal, July 26, 2006

During a week of high-stakes diplomacy, Israeli and U.S. officials have played down the prospects for a cease-fire soon in Lebanon. But a crucial question overhangs the discussions: Can Israel win a full-scale ground campaign against Hezbollah -- and what would be the cost? 1

How Israel fares could shape the future of military operations in the Middle East. Across the region, the traditional focus on state-to-state warfare is slowly being replaced by an emphasis on how to fight -- and defeat -- increasingly heavily armed paramilitary forces, such as Hezbollah, insurgent groups in Iraq and Islamic militants in Gaza and elsewhere.

With their overwhelming military superiority, Israel's armed forces say there is no doubt about their ability to vanquish Hezbollah. But so far, progress on the ground has been slow, with mixed results. That's led to disagreement over whether the strategy so far -- which has emphasized the use of elite special-forces units over heavy armor and massive infantry -- is the best approach.

Indeed, a week after Israeli soldiers first crossed into southern Lebanon, some Israeli politicians, military officials and analysts say that to defeat Hezbollah there would take far more than the thousands of Israeli soldiers now deployed and require a sizable chunk of Israel's military firepower, as well as a commitment to fight for as long as it takes. Even then, they say, a major ground campaign against Hezbollah could turn into one of the most difficult battles the Israel Defense Forces have ever fought.

"More and more of our forces will have to be deployed in Lebanon while we wait for [an] international force, or for the Lebanese army" to arrive, says Ephraim Sneh, a member of Israel's Parliament and a former senior Israeli military commander.

Tuesday, Israel's military continued a steady buildup of forces along its northern border with Lebanon. Though military officials insist they won't occupy the country, they say a wider ground offensive against Hezbollah is possible. They have also discussed establishing a secure zone in southern Lebanon that would be controlled by Israeli troops until an international force could be deployed in the border region. (See related article.6)

Hezbollah, a well-organized guerrilla force, is one of the region's most deadly players. The group has an army of highly trained soldiers and competent reservists that numbers well over 10,000. Hezbollah fighters are armed with rockets and missiles

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that can strike deep inside Israel. They also have huge stores of rocket-propelled grenades, anti-tank and anti-personnel mines and a large supply of machine guns and ammunition.

Most problematic of all, Hezbollah operates in a loose network of cells that can't easily be hunted down. Guerrillas often move through hidden underground tunnels and bunkers, and also sometimes hide in civilian homes. They know the battlefield terrain far better than anyone else.

In two weeks of fighting, Israel has flown more than 4,500 air sorties and hit more than 2,000 Hezbollah targets, including dozens of weapons caches and mobile rocket-launch sites. Tuesday, it said it had killed a top Hezbollah commander in the region. Some Israeli military officials say the campaign, whose successes include Tuesday's seizure of Bint Jbeil, a Hezbollah stronghold in southern Lebanon, has degraded Hezbollah's military capability by nearly 50%.

"In Hezbollah's worst dreams it never expected the Israel Defense Forces to enter Bint Jbeil and take it over during this campaign," Major Gen. Yiftach Ron-Tal told Israel Radio Tuesday.

But Israel also has suffered some significant losses. One of its most-sophisticated warships was seriously damaged by a Hezbollah missile. In recent ground fighting, it lost two of its Merkava 4s -- among the world's most advanced battle tanks. It has also lost three Apache helicopters due to pilot error or technical failure. In all, some 42 Israelis -- civilians and soldiers -- have died in the fighting. In Lebanon, 418 have been killed, the vast majority civilians.

Even as Israel has devastated Lebanon's infrastructure from the air, it has made little measurable progress on the ground, a reflection of the complexities of battling Hezbollah guerrillas. Indeed, after a week of limited ground operations, Israeli troops have taken control of just two main Hezbollah strongholds, both close to the border.

More significantly, Hezbollah militants still control the territory from which they have been launching missiles at northern Israel. More than 2,500 of those missiles have landed on Israeli towns since the start of the fighting.

Tuesday, an Israeli teenager was killed and more than a dozen people injured as more than 50 missiles landed across the north. Meanwhile, an Israeli airstrike killed four United Nations workers at an observation post along the Lebanese border.

Military experts say Hezbollah, which is still husbanding thousands of rockets, could continue its bombardments for weeks or even months, unless the Israeli military can defeat the group on the ground. Israel has nearly 500,000 reservists if it wants to activate them. But the cost of a full-scale offensive on Hezbollah's own terrain could be very high.

To understand why, consider the recent battle for control of Bint Jbeil, a Shiite village just 2.5 miles from Israel's border. Monday night, Israeli special forces entered the town and immediately encountered sniper and anti-tank fire. Later, other Israeli forces were hit by friendly fire from an Israeli helicopter called in to provide air cover.

Two tanks were then dispatched to evacuate the wounded soldiers, but they also soon came under Hezbollah attack. One set off a roadside bomb planted by Hezbollah; the other was hit by a Hezbollah anti-tank missile.

The result: two Israeli soldiers were killed and at least three wounded. Fifteen out of the about 100 Hezbollah fighters operating in Bint Jbeil were killed, according to Israeli media reports. Heavy fighting continued Tuesday, though Israeli officials said they had gained control of most of the town.

Bint Jbeil isn't an isolated instance. The event that sparked the current conflict -- a Hezbollah ambush on an Israeli military patrol -- followed a similar script. After an initial attack inside Israel, Hezbollah snatched two Israeli soldiers and then darted back into Lebanon. Five more soldiers were killed in the ensuing rescue effort. In all, Hezbollah held off the Israeli Defense Forces for several hours before melting away into the mountains at sundown.

Such encounters have fed tension between Israel's top military officials -- who believe it isn't possible to wipe out Hezbollah without a sizable increase in troops on the ground -- and an Israeli government fearful of rising casualties and reluctant to declare a mass call-up of reservists that could add to the conflict's huge strain on the economy. In both camps there is a fear of being sucked into protracted combat that would evoke painful memories of the previous occupation of Lebanon from 1982 to 2000.

Some military analysts say Bint Jbeil is typical of what the Israeli military would face on a far bigger scale if it extends the war to Hezbollah's other strongholds. In all, Israel's military would like to clear much, if not all, of southern Lebanon, an area of roughly 1,000 square miles -- slightly smaller than Rhode Island -- that's filled in part with rugged mountains, rivers and deep canyons. So far, with Bint Jbeil and another village, Maroun al Ras, Israel has captured only a tiny fraction of Hezbollah territory.

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If Israel succeeded in defeating Hezbollah, its victory would bring new dangers. Protracted fighting would likely topple Lebanon's weak government and create a dangerous power vacuum that would probably benefit Hezbollah more than any other group in Lebanon. Moreover, with Israel having ruled out reoccupying Lebanon, a victory could well be followed by a rapid withdrawal, setting the stage for a quick return of Hezbollah militants. And a long slog that led to heavy Israeli losses -- in life and equipment -- could foster the impression in the Arab world that the Israeli military had been seriously weakened, possibly energizing Islamic militants.

Analysts say the Israeli campaign in south Lebanon could end up being meaningless unless it moves north in strength, or an international force or the Lebanese army is quickly deployed to take control of the border region. Yet the arrival of such a force could take weeks, or even months, leaving Israel with the dilemma of how to deal with the area in the meantime.

Some Israelis fret that a massive troop deployment in the area could play into Hezbollah's hands. "They want us to invade, with ground forces and armored units, because they know they'd be an easy target for them," says Mr. Sneh, the Israeli politician.

Israel Finding A Difficult Foe In Hezbollah (NYT)

By Steven Erlanger And Thom Shanker

The New York Times, July 26, 2006

JERUSALEM, July 25 — A week ago, Israeli officials said their military had knocked out up to half of Hezbollah's rocket launchers and suggested that another week or two would finish the job of incapacitating the Lebanese militia. That talk has largely stopped.

Hezbollah is still launching 100 rockets a day at Israel, nearly as many as it did at the start of the war. Soldiers return from forays into Lebanon saying the network of bunkers and tunnels is more sophisticated than expected. And Iranian-made long-range missiles apparently capable of hitting Tel Aviv remain in the Hezbollah arsenal.

"Two weeks after Israel set out to defeat Hezbollah, its military achievements are pretty limited," lamented Yoel Marcus, a columnist and supporter of the war, in the daily Haaretz on Tuesday.

Israeli military commanders say they are not surprised. The struggle is so difficult, they say, because Hezbollah is an organized, well-trained and well-equipped force and is fighting hard.

"Hezbollah is organized more like an army than the Palestinian militias, and they are supported with some of the best weapons systems that Iran and Syria have," said Yaakov Amidror, an Israeli major general, now in the reserves, who headed the research and assessment branch of Israeli military intelligence.

"Never before in history has a terrorist organization had such state-ofthe-art military equipment," from medium-range rockets and laser-guided antitank missiles to well-designed explosive mines that can cripple an advanced tank, General Amidror said.

At the same time, Hezbollah has no armor or easily visible storehouses or logistics lines, the Israelis say, and its members live among the civilian population of southern Lebanon, storing their weaponry in civilian buildings.

That is why Israel's top commanders say this operation may take many weeks.

That is a judgment supported in Washington by Henry A. Crumpton, the former director of the C.I.A.'s campaign in Afghanistan in 2001-02 and now the State Department's coordinator for counterterrorism.

Hezbollah has "been able to build pretty stalwart defenses, pretty elaborate bunker systems, and they are fighting hard right now," he said Tuesday, adding, "So it will take a while for the Israelis to get in there and deny that space."

At the Pentagon, senior military planners cast the conflict as a localized example of America's broader campaign against global terrorism and said any faltering by Israel could harm the American efforts in Iraq and Afghanistan.

Hezbollah "has features of a stateless terrorist organization, but it also holds territory — and is quite dug in there — and is able to hold at risk the population of the regional superpower in the way that only national militaries once could," said a senior military officer with experience in Iraq, speaking on condition of anonymity because he is not authorized to speak publicly on the issue.

In Israel, there is a debate over the army's tactics and performance, but that has centered mostly on the effectiveness of the air war and the slow speed of ground operations.

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A government minister, Eitan Cabel, a former paratrooper, caused a stir on Sunday when he expressed disappointment in the performance and speed of the army. "I admit I had hoped for better from the army," he said, arguing that it was illusory to try "completely to eliminate Hezbollah as an armed force in Lebanon."

Avi Dichter, the Israeli minister for public security and until recently the director of the Shin Bet domestic security agency, said, "If there are surprises, they're local surprises, not strategic surprises."

By that he meant the depth and quality of Hezbollah's underground bunkers and storehouses, Israeli officials said. Mr. Dichter said Israel's deliberate pace was an effort to minimize casualties — both to Israeli forces and to Lebanese civilians.

"You can do it in a short time," he said. "You can flood southern Lebanon with ground troops and you can bomb villages without warning anyone, and it will be faster. But you'll kill a lot more innocent people and suffer a lot more casualties, and we don't intend to do either."

Yuval Steinitz, who heads the defense preparedness subcommittee of Parliament's Foreign and Defense Committee, is critical of the current pace, arguing that the air war has not been sufficient. A ground war should have started sooner and should be prosecuted more energetically, he said, occupying southern Lebanon northward at least to the Litani River, some 15 miles from the border.

He agreed, though, that "there have been no serious surprises on the intelligence level about Hezbollah." In fact, he said, Israeli intelligence was good enough that the air force was able to hit a large portion of Hezbollah's most powerful and longerrange missiles in the first 48 hours of the air war.

But Hezbollah's thousands of short-range Katyusha rockets and their launchers, some of which are simple tripods that can be stored in houses, are much harder to identify and hit from the air, Mr. Steinitz and others said.

Israel's difficulty, given how quickly the war began, has been to get necessary intelligence information to infantry units in real time, Mr. Steinitz said. "Some of the intelligence about what's on the ground is very sensitive, and Hezbollah did not know we had it, and there are cases where it hasn't been delivered in due time to the unit."

In secret committee hearings less than two years ago, Mr. Steinitz said, he and others on the committee debated the army's plans for an air war against Hezbollah. "We said that you can't just do it from the air, and not in three days. We said you can do a good job, inflict a heavy blow to Hezbollah and reduce rocketing. But you can't stop it, and a quarter of Israel will be in the shelters."

Part of what makes Hezbollah unique as a nonstate militia is its store of more than 10,000 rockets, including a few hundred Syrian- and Iranian-made missiles that can go more than 60 miles and carry large warheads. Some of the Syrian missiles, like the ones that hit a Haifa railway yard, have warheads filled with antipersonnel weapons like ball bearings.

A Katyusha can be launched, on command, by a man who takes it from his house and can be back inside, as a civilian, in 10 minutes, General Amidror said. "He's under command, but he has his own logistics, and he lives as a civilian among civilians. And only the ground forces can deal with these guys in the villages."

Unlike the Palestinian militias, Hezbollah is organized into specialty units: one to fire long-range missiles, another to fire antitank rockets, still another for demolitions. They are well trained by Iranians, in Iran, Lebanon or Iraq, General Amidror said. Each combat unit fights as a unit, with tactics. The full-time fighters number about 3,000, the Israelis say. A wider circle of part-time militiamen — guards, Katyusha launchers — numbers several thousand more.

Mr. Crumpton, the American official, said that resupply of small arms was impossible to stop, but that American intelligence reports indicated that the Israelis had blocked the resupply of larger missile systems.

"We haven't seen anything in the last few days of missiles coming from Syria across the border into southern Lebanon," he said. "Right now it's very difficult for any kind of movement into southern Lebanon because of the Israeli efforts."

Mr. Crumpton said Israel was damaging Hezbollah's infrastructure. "It's not just about the missiles and launchers," he said, "it's about the roads and transport, the ability to command and control. All that is being degraded. But it's going to take a long time. I don't believe this is going to be over in the next couple of days."

Heavy Fighting Slows Israel's Ground Forces (WP)

By Jonathan Finer And Anthony Shadid

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The Washington Post, July 26, 2006

AVIVIM, Israel, July 25 -- Israeli tanks and infantrymen fought house to house Tuesday against Hezbollah fighters whose hit-and-run tactics and punishing attacks have frustrated Israeli troops and slowed their onslaught.

By early evening, Israeli forces said they had seized control of Bint Jbeil, one of the largest Lebanese border towns, which one Israeli general called a Hezbollah "capital." An Israeli military spokesman said that Israeli forces had also shot dead a senior Hezbollah commander for the central section of the border.

Several days of intense clashes gave way by late afternoon Tuesday to sporadic firefights. Exchanges of Israeli artillery and airstrikes and Hezbollah mortars and rockets, which shook the surrounding hills, turned dry patches of ground into smoke-spewing fires.

Some Israeli soldiers involved in the fight, their faces drawn with fatigue, expressed frustration at Hezbollah's tactics while grudgingly acknowledging their effectiveness.

"They don't come right at us because they know we'll shoot them. So they just shoot and run away, shoot and run away. They do what they can do, and we do what we can do," 1st Sgt. Erez Kremer, 21, a tank commander, said in an interview after returning from a 72-hour mission in Lebanon. A Hezbollah missile had narrowly missed his vehicle Tuesday morning, he said, exploding on the side of a nearby building.

"If they face us, they don't have a chance," he said. "I think they fight like cowards, but it can be effective."

...

Peretz gave no indication of the size of the zone envisioned, nor of when or for how long it would be established. But the phrase "security strip" evoked memories of the buffer established after Israel's 1982 invasion and the subsequent 18-year occupation of southern Lebanon that helped give birth to Hezbollah. The radical Shiite group's bloody guerrilla campaign helped push Israel to withdraw from Lebanon in 2000.

Col. Hemi Livni, commander of troops along the western part of Israel's border, told Israel's Army Radio on Tuesday that operations would be limited to southern Lebanon and would not be "going beyond that."

The Lebanese border towns of Bint Jbeil and Maroun al-Ras have seen the heaviest fighting of the two-week conflict. Israeli commanders say Hezbollah has massed its forces in the towns, and a stream of Israeli troops and armor flowed into and out of the area day and night. The conflict began July 12 when Hezbollah fighters captured two Israeli soldiers in a cross-border raid and killed eight others.

Blasts reverberated across the hilly terrain of southern Lebanon north of Bint Jbeil. Some residents fled the fighting in cars, usually flying white flags. Others walked the winding roads toward the relative safety of towns farther north such as Tibnin or Tyre. On hillside after hillside, bombing had left terraced farms charred. Plumes of smoke rose over some villages.

Dozens of people who fled Bint Jbeil arrived in the morning in Tibnin, where they joined at least 1,350 people huddled in a hospital that has become a camp for the displaced. Many were angry, frustrated and scared.

"This isn't our land?" asked Hoda Fawwaz, 50, carrying a blue radio tuned to broadcasts of Hezbollah's radio station, al-Nur. "They're the ones aggressing against us. We're not the ones aggressing against them."

Others shouted condemnations of Israel, the United States and other Arab states for failing to defend them. "God destroy Israel," said Hassan Hamza, 19.

Meanwhile, Israel's battle-weary Bokim Battalion, which lost two soldiers in Hezbollah ambushes Monday, returned from the fighting exhausted Tuesday afternoon, lounging in the shade of a kiwi grove and hanging their sweat-soaked uniforms out to dry. They described a complex attack in which one of their tanks, sent to evacuate wounded ground fighters, was pounded by three Hezbollah missiles. A second tank struck a mine or other explosive as it rushed to provide aid, they said.

"My radio only lets me hear people inside the vehicle, so I didn't realize right away that they had died. Then I just started to cry. I couldn't stop," said Avi Chai, 19, a tank driver whose hands and arms were still black with smoke and grease. Beside him, soldiers stripped to their T-shirts sung along to Hebrew pop songs as another soldier played guitar.

"It's easier not to talk about it," Chai said. "You just feel heavy."

Sgt. Omri Asor, 21, said the loss "only boosts our motivation."

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"It's strange to lose someone close to you, who you know," he said. "It's not like seeing a soldier die on TV. It's a totally different impact."

An army major, speaking on condition that only his first name, Eli, be used, said he took over the battalion when its commander was badly wounded in the attack Monday. He said his soldiers would have no problem continuing to fight, despite the losses.

"Everybody knows that this is war, and until we finish our objectives, we cannot cease. Guys have to keep fighting because right now there is not time to think," he said. "They all, every one of them, know exactly what they are fighting for. Their families are hiding in shelters because of these rockets. And it's up to us to take them out."

In an evening briefing for reporters, Brig. Gen. Gal Hirsch, commander of the Israeli army's Galilee Division, which is responsible for the Israel-Lebanon border, said Israeli forces had fought "alley to alley and house to house" for Bint Jbeil. The town was the site of a much-publicized 2000 speech by Hezbollah leader Hasan Nasrallah in which he called Israel "more fragile than a spider web."

In recent days, Israeli news outlets, which had largely lined up behind the army's conduct of the war, have begun to ask why an army that once defeated the armies of several Arab neighbors in six days was finding it so difficult to push one militia off Israel's border.

Hirsch acknowledged that Hezbollah was "well-trained, well-supported and well-equipped" but said his forces had "badly hurt" the group in recent days.

"When you fight a regular army, it's different from fighting against terrorists and guerrillas. They are using everything they have extensively. They have been preparing for this for many years, and we are taking action to dismantle all of that," Hirsch said. "The government has given me plenty of time, and I intend to use it as long as it takes."

Shadid reported from Tibnin. Special correspondent Tal Zipper in Avivim contributed to this report.

Why Syria Has Much To Lose If Hezbollah Is Finally Halted (NYT)

By Neil MacFarquhar

The New York Times, July 26, 2006

DAMASCUS, Syria, July 25 — As the war between Israel and the Lebanese militia Hezbollah slogs into its third week, Syrian officials and analysts say the nature of the longstanding relationship between Damascus and the militia appears to be shifting, with Syrian leverage rapidly diminishing.

For the decades when Syrian soldiers were deployed in Lebanon, Damascus kept firm control over the pipeline of arms to Hezbollah and could generate or suppress its activities with little trouble. Now, analysts argue, even if asked, Syria may have trouble tamping out the flames.

“The cards are being thrown in the air in a significant way, and it’s not clear how they will land,” said one Western ambassador, declining to be identified further because he lacked permission from his capital to speak officially. “There may be a new strategic situation in the making because Israel does not have the overwhelming strategic superiority that it thought it had.”

The basis of that new equation is Hezbollah’s continued ability to land rockets deep inside Israel despite two weeks of punishing assaults, with plenty of indications suggesting it can fire for weeks, if not months.

Indeed, with each passing day, the sight of an Arab force hitting Israel with rockets makes Hezbollah increasingly popular across the region and therefore more costly to restrain, particularly because the Israelis have labeled the struggle a death match. Given the chilly United States approach to Damascus, with no promise of anything for cooperating, it is also not clear why Syria would want to squash Hezbollah.

“Essentially you are asking them to connive in their own demise,” the ambassador said. “Persuading Hezbollah to commit hara-kiri doesn’t make sense from Syria’s point of view. It would mean the loss of their No. 1 card, not only in Lebanon, but with Israel.”

Hezbollah is believed to have enough of the 13,000-plus rockets it announced were in its arsenal in 2005 to keep going for a couple of months anyway.

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Ironically, by forcing Syria to withdraw its military from Lebanon last year, the United States and its allies diluted the significant direct leverage Syria might have had over Hezbollah.

The consensus here is that Iran, Syria and Hezbollah were all taken aback by the ferocity of Israel's response to the capture of two soldiers; the seizure seemed to fall within the unspoken rules of limited engagements. Similar operations had prompted prisoner exchanges in the past, the current demand by Hezbollah for ending the fighting.

Syrian officials are coy when queried how they might rein in Hezbollah, deflecting the question by saying all the problems in the Middle East could be solved through a comprehensive plan to end the Arab-Israeli dispute. But they hint broadly that Syria can deliver, arguing that the omission of Syria, Hezbollah and Iran from diplomatic talks in Rome on Wednesday renders those discussions meaningless.

"I don't think there is any possible solution without Hezbollah and Syria being at the table," said one Syrian official, speaking on condition of anonymity because diplomatic relations are so fraught. "Any solution has to take into account the real force in the region. Syria and Hezbollah are a growing force; they are not getting weaker, they are getting stronger."

President Bush, Secretary of State Condoleezza Rice and others in the administration have said repeatedly that Syria can and should leash Hezbollah, suggesting that maybe Washington's Arab allies can wean Damascus away from its alliance with both Iran and Tehran's militant Shiite offspring. In some ways, those are two separate questions, the alliance with Tehran being rather more a passing necessity than a real desire.

Strengthened ties with Iran make Syria feel stronger in the region, along with other factors, like the election of Hamas to lead the Palestinian parliament, and the situation in Iraq. But the link is not hugely popular in Damascus. One prominent economist compared it to a "pleasure marriage," a temporary union between a man and a woman that Shiites allow for immediate gratification.

"The relation with Iran is the kind of relation created under pressure, when you close all doors in front of Syria," said the economist, Samir Seifan, noting how the United States, the West and their Arab allies have all shunned Damascus for over a year. "This is the only door we have: Hamas, Hezbollah and Iran. But it is not in the long-term interests of Syria."

Investments in Syria from Arab states bristling with oil wealth, for example, have basically dried up. There is no sign that will change, particularly because the people orchestrating the street demonstrations in Damascus push participants to chant against Arab leaders who have criticized Hezbollah.

"Abdullah, you pig, tomorrow we will drag you in chains," went one recent refrain, referring to the king of Jordan. Another suggested that President Hosni Mubarak of Egypt was a lowly real estate broker who should be dumped.

Ultimately, Syria still hopes the crisis will provide an opportunity to reassert itself as a country that needs to be consulted, particularly when it comes to Lebanese affairs.

Moreover, being in the mix allows it to chase two essential goals of the ruling Baathist Party — the spoken desire to regain the Golan Heights, taken by Israel in the 1967 war, and the unspoken desire to remain in power for a good long time by forging alliances that bring prosperity and development.

"The priority is to preserve the regime; the Golan will come later," said Mohamed Shahrour, a political activist.

Hezbollah Vows Rockets Deeper Into Israel (AP-Y)

By Sam Ghattas

AP2, July 26, 2006

Hezbollah leader Sheik Hassan Nasrallah vowed Wednesday that his fighters would now begin firing rockets deeper into Israel, beyond the northern port city of Haifa which has suffered under hundreds of Hezbollah barrages.

The Shiite cleric also said Israel's 2-week-long military offensive against Lebanon is linked to a U.S.-Israeli plan for "a new Middle East," a term used repeatedly by Secretary of State Condoleezza Rice during her visit to the region this week.

Nasrallah, speaking on Hezbollah's al-Manar television, said Israel would have attacked his forces in southern Lebanon by October but moved early when his guerrilla forces captured two Israeli soldiers on July 12.

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"In an American and Zionist assessment, there are obstacles to a new Middle East. In the new Middle East, the Palestine cause should be liquidated," Nasrallah said in a televised speech aired also aired on Lebanese and Arab satellite channels early Wednesday.

"In the new Middle East, there is no place for any resistance movement. The resistance movements in Palestine and Lebanon must be eliminated," Nasrallah added.

Israeli 'Doves' Say Response Is Legitimate (WP)

By John Ward Anderson

The Washington Post, July 26, 2006

JERUSALEM, July 25 -- Yossi Beilin, one of Israel's most prominent peace activists, has a problem, and it is not the predictable one.

It's not that he's a lonely dove speaking out against Israel's strikes on Beirut and other Lebanese cities, or that he alone seems to remember the deep scars left by Israel's 18-year military occupation of southern Lebanon. Quite the opposite. Beilin's problem is that this time around, with some reservations, he supports Israel's war against Hezbollah in Lebanon -- and that leaves him feeling, in a word, conflicted.

"People like myself led the movement to withdraw from Lebanon in 2000, and when we were asked what would happen if they continued to use violence against us and shoot at us from Lebanon, we said that when we leave Lebanon according to a U.N. agreement, then we will have a free hand to use against those who act against us," said Beilin, who was justice minister at the time of the pullout. "This is why we find ourselves in a difficult situation. We cannot criticize everything the government does, especially since it is clear-cut that there was no Israeli provocation."

Two weeks into a war that began after a cross-border Hezbollah raid captured two Israeli soldiers, Israelis have shown extraordinary unanimity in backing Prime Minister Ehud Olmert's military campaign to inflict a punishing and perhaps lethal blow to the militant Shiite group, despite a rain of rockets into northern Israel and hundreds of civilian deaths and widespread bombing destruction in Lebanon.

This singularity of purpose, which bridges Israel's weary center, dovish left and hawkish right in a way rarely seen here, is all the more striking coming just six years after Israel's unilateral withdrawal from the self-declared security zone it held in Lebanon for nearly two decades, ending a painful experience that inflicted deep wounds on the national psyche and might have made some wary of reentering the Lebanese morass.

"Lebanon was Israel's Vietnam, and when we went there in 1982, it was really a march of folly, it was wrong morally, it was wrong strategically, and we paid dearly for that grave mistake," said Ari Shavit, a dovish columnist for Haaretz newspaper, referring to the full-scale invasion masterminded by then-Defense Minister Ariel Sharon to drive out the Palestine Liberation Organization.

But today is different, he said, "because Israeli is not the aggressor marching into another land." Rather, the current campaign "is an old-fashioned war where we are right, and we were attacked for no reason whatsoever. This is probably the most justified war in our history."

In a survey published Friday by Israel's Maariv newspaper, 95 percent of those sampled said that attacks against Hezbollah were justified, and 90 percent said that fighting should continue until Hezbollah was pushed away from Israel's northern border.

"Do you think it was easy for us to decide to go back into Lebanon?" said Israel Mizrahi, 46, a Jerusalem printer with six children. "We waited many years, holding back, until everything exploded."

"These people have to be taught a lesson," he said. "Why should I care about Lebanese civilians? Have you heard them talking on TV? They hate Israel. They want to destroy Israel. They hate Jews. Why should I have mercy on them when we are being attacked from their country?"

But despite the broad support, some Israelis are starting to speak out against the way the battle is being conducted, questioning less the justice of striking back at Hezbollah than the way it is being done. They note the high number of civilian casualties in Lebanon, prewar intelligence failures about Hezbollah's strength and gaps in Israel's military offensive that are

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permitting dozens of rockets to land in northern Israel every day. Articles on the editorial pages are starting to show more edge, and the word "quagmire" is beginning to pop up on talk radio.

"We are not really totally wiping out Hezbollah using some kind of super force, nor are we really sparing innocent Lebanese civilians who are being used as human shields by the terrorists," said a frustrated Rina Kline, 36, an elementary school teacher from Tzur Hadassah, on the southern outskirts of Jerusalem. "We're flattening empty buildings and then going back and bombing them again, while they're still shooting missiles at us and half the country is still sitting in bomb shelters."

"I'm sorry to say it, but Hezbollah is maybe a better army than the IDF," said Keren Kavim, a makeup artist and stylist from Jerusalem, referring to the Israel Defense Forces. "We have our best-trained soldiers up there, and Hezbollah is making a laughingstock out of them."

Beilin, an architect of the 1993 Oslo accords between Israel and the Palestinians and a negotiator at the failed Camp David peace summit in the summer of 2000, said he doubted that current military operations would disarm Hezbollah or push it from the Israel-Lebanon border, an outcome that will turn the Israeli public's current support into disillusionment. Instead of attacking Hezbollah and Lebanon, he said, Israel should have hit neighboring Syria, which supplies the group with arms and other support.

Shavit, the columnist, said Israeli strikes were killing too many civilians and needed to be more focused on Hezbollah targets. "We must make sure not to hurt or destabilize Lebanon, and to keep this war decent in its means, not just in its ends," he said.

"In every war in this country or any country, there is always a huge amount of public support in the early days, which will last precisely until people start dying, until we can't count the victims on our hands," said Dalia Rappaport, 59, whose youngest son is a soldier in the Israeli army but is not currently serving in the north. "The support of the government and the army will decline at the same rate as people are being killed."

That is precisely what happened in Israel's 1982-2000 occupation of southern Lebanon, recalled Nahum Barnea, a columnist with Yedioth Aharonoth, Israel's largest daily newspaper. The occupation muddled along without great domestic opposition until February 1997, when two Israeli transport helicopters collided in midair, killing all 73 soldiers and air crewmen aboard. "This made the Lebanon price too high to swallow," he said.

Today, with so many people in Israel displaced, so many reservists mobilized and so many families having children in uniform, "you can't behave as if this is someone else's war," he said. And having a broad-based government, led by Olmert's centrist Kadima party and including Labor Party leader Amir Peretz as defense minister, "makes it much easier to launch a military strike against someone," Barnea added.

But the lessons of Lebanon have been learned, he said. "It's clear that sending ground forces into Lebanon on a grand scale would not only be a problem, it would be a catastrophe politically," Barnea said. At the same time, "one of the main reasons Israel bombed parts of Beirut so hard was not tactical or strategic or military, it was to draw the attention of the world," he said.

"That's how this campaign is different in a major way from the last one," Barnea said. "From the beginning, Israel didn't want to conquer Lebanon or force Hezbollah to surrender, because it knew it couldn't get that. But it wanted the world to understand that the problem is so hard that they need to intervene, and you can't get the attention of the world unless you start to bomb civilians."

Hezbollah: Israeli Onslaught A Surprise (AP-Y)

By Scheherezade Faramarzi

AP2, July 26, 2006

A senior Hezbollah official said Tuesday the guerrillas did not expect Israel to react with an all-out offensive after the capture of two soldiers, the first acknowledgment by the group that it had miscalculated the consequences of the raid two weeks ago.

Mahmoud Komati, deputy chief of the Hezbollah's political arm, also told The Associated Press in an interview that the Shiite militant group will not lay down arms.

"The truth is — let me say this clearly — we didn't even expect (this) response ... that (Israel) would exploit this operation for this big war against us," said Komati.

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He said Hezbollah had expected "the usual, limited response" from Israel after the two soldiers were seized by guerrillas on Israel's side of the border on July 12.

In the past, he said, Israeli responses to Hezbollah actions included sending commandos into Lebanon, seizing Hezbollah officials and briefly targeting specific strongholds in southern Lebanon.

Komati said his group had anticipated negotiations to swap the Israeli soldiers for three Lebanese held in Israeli jails, with Germany acting as a mediator as it has in past prisoner exchanges.

He said Hezbollah captured the Israeli soldiers from a military area, but charged that Israelis had taken Hezbollah leaders from their homes at night.

"The response is unjustified," Komati said. He claimed the Israeli offensive was planned in advance, and Israel was only "waiting for the right time" to carry it out.

Asked about reports that Hezbollah has been firing Iranian-made missiles on Israel, Komati said: "We don't deny nor confirm. We believe where the weapons come from is irrelevant."

Hezbollah leaders previously have denied that Iran was supplying them with weapons.

Komati said Hezbollah has weapons made in various countries, including the United States, France, China and Russia.

"Some of our fighters carry M16s. So you think we buy them from America?" he asked.

Komati said Hezbollah demanded an immediate end to Israeli attacks before agreeing to negotiate and rejected a plan proposed by Secretary of State Condoleezza Rice during her visit to Beirut.

The plan calls for the deployment of international and Lebanese troops in southern Lebanon to prevent Hezbollah attacks on Israel before a cease-fire.

"No one can talk about politics while the fire rages, and killings occur," Komati said.

He was adamant about Hezbollah's refusal to disarm because of what he said was Israeli occupation of Lebanese land, the "threat of Israeli aggression" and the Lebanese held in Israeli jails.

'God Stop The Bombs!' (WP)

By Anthony Shadid

The Washington Post, July 26, 2006

TIBNIN, Lebanon, July 25 -- The Israeli shells thundered into the charred hillside above the Tibnin General Hospital. There were two, then another, then two more, the uneven cadence of an attack on Tuesday. The walls shuddered and acrid smoke drifted through the building. Huddled inside were at least 1,350 Lebanese in hallways, rooms, stairwells, a lobby and a basement lit by a few candles, hiding with little water, less food and almost no hope of salvation from a war that provoked their flight and had returned to their doorstep.

"Oh Lord!" cried 60-year-old Saadeh Awadeh, leaping up from a tattered cushion against a wall. "God stop the bombs!"

Her screams made children cry, their tangled wails wrapped in suffocating heat. Her pleas, in vain, angered others.

"Shut up!" one man shouted from down the crowded ground-floor hallway barely lit by the sun.

The Tibnin hospital, eight miles from the Israeli border, a half-hour drive to the coastal city of Tyre in peace, is a Guernica-like tableau of suffering, desperation and anguish, the nexus of the country's unfolding humanitarian crisis in a hilly redoubt near an ancient fort almost unreachable by perilous roads. There are no doctors here. Water does not run. The electricity was cut on the war's first day.

Elderly women, fleeing two weeks of fighting since, have wrapped their swollen, bloodied and bruised feet in gauze. Five babies have been born premature since the fighting started. There is nowhere to bathe them. In another hallway, Abeer Faris cradled in her arms her 3-day-old infant, whom she carried on foot from the besieged city of Bint Jbeil nine hours after giving birth.

"The country is grieving," said Hussein Qadouh, a 43-year-old who had left his home in Tibnin and sought shelter inside.

"There's death all over the place," said Mustafa Wehbe, a 45-year-old, standing next to Qadouh.

Lebanese along the border started fleeing to Tibnin on the war's first day. It was a bigger town than most, known as a picnic spot, perched over tobacco farms, rows of pines and the gracefully aged, rocky hills of southern Lebanon. The first stone of its fort

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was laid in 1850 B.C., and the town was long ago a resting place for caravans. The hospital was renovated, a seemingly safe place from bombing. So they came -- a few at first, then hundreds and dozens more Tuesday, from fighting growing more intense by the day. And here they wait, in a narrative of war's suffering, tragedies more personal than political.

Entering the lobby was like opening an oven door, and anger, fear and abandonment poured forth. People crowded for space along the tile floors and underneath an entrance that bore the hospital's name in metal-worked, gold lettering. The walls were adorned with faded red-and-white Lebanese flags.

"Get us out of here!" one person pleaded.

"Help us!" another cried.

"Have you brought any food?" someone else shouted.

There are no shops open in Tibnin, once a town of 4,000. Families said they were surviving on one meal a day; estimates of the sick ran from 40 to more, mostly children. The hospital administration has largely fled; so have the doctors. Hardly any aid can reach the town on winding, remote roads where Israeli forces have repeatedly struck civilian cars. The hospital's lifeline is the Lebanese Red Cross, which lost two ambulances Sunday night when Israeli rockets pierced their roofs. On most days, sometimes in several trips, the ambulances bring 300 to 500 packets of flat bread, 10 pieces in each, and maybe 100 cans of tuna.

"It's one drop of water in the ocean," said Qassem Shaalan, a Red Cross worker who was wounded in Sunday's attack.

"It's not 1 percent of what they need," he added. "It's one in 1,000."

Wehbe, in soiled clothes, his moustache heavy, arrived at the hospital Tuesday morning, with 50 others from his village of Ainata. They were some of the last still there after bombing had gone on three days, day and night.

"They were destroying the houses over our heads," he said. "Fine, let soldier fight soldier, but we're civilians."

They took their chances, walking six miles through the morning. Shelling punctuated their exodus, along roads littered with the shuttered artifacts of everyday life: the La Ciel salon, Maatouk CafÃ©, the Mansour restaurant and the Mehdi schools.

"And they're still coming from all over the place," Wehbe said, pointing to a family that had just arrived from Bint Jbeil, where fighting raged Tuesday between Hezbollah fighters and Israeli troops trying to occupy the town.

He listed the other towns emptying into Tibnin: Aitaroun, Maroun al-Ras and Yaroun. Family after family listed dead and wounded relatives. Time and again, they pleaded for help in getting the bodies excavated from rubble that had entombed them in their villages. The Red Cross has focused on saving the living; other than ragtag civil defense units, there is no government left.

"How can we get in? How can we get their bodies?" asked Awadeh. "God show me."

She had arrived a week ago from Aitaroun, after her brother, Moussa, his wife, Jamila, and their five children -- Ali, Abeer, Hassan, Mariam and Mohammed, ages 5 to 15 -- were killed in an airstrike on their village. They left the corpses behind. She sat with her sister, Haniyeh, who had trekked with her and others from the village about 10 miles.

Haniyeh pointed to her bandaged feet, still swollen and bruised from the walk.

"It's more wretched here than there," she said glumly, sitting on a mattress against the wall.

"We just don't know what's going on," her sister said.

The hospital is a two-story building of concrete, part of it unfinished. The rooms have a sickly glow, barely lit by the sun. The fortunate have occupied rooms; others sleep on mattresses in the hallways, their few belongings stuffed in plastic bags. Weak children sit silent with their mothers. Tempers have frayed, the combustible emotions created by too many people in too little space. They grew worse Tuesday as the shells landed near the fort. An hour before, blasts had ignited fires on the hillside below.

More found room in the darkened basement, where a few candles cast ghostly silhouettes of the displaced against the wall.

"Every day, the numbers keep rising," said Fatimeh Assem, a 13-year-old wandering the halls.

A ride out of Tibnin costs $100, far more than most of the families here have. Even with the money, drivers are reluctant to take roads punctuated with buildings flattened by blasts and cars either incinerated or abandoned, some still flying white flags. At times, rubble spills into the roads. Tracks are cleared by vehicles passing under the iconography of Hezbollah, which draws on the southern Lebanese for much of its support. "The resistance will remain, remain, remain," one sign read. At several spots

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along the way, fires have charred the terraced hills, along with their pine and olive trees. At bends in the road, signs on the walls of buildings, perched on top of cars and scrawled on concrete walls read "Toward Tyre," directing travelers to relative safety.

"What can we do?" asked Sabah Hashem, a 50-year-old woman, gathered with her family of 16 in a room at the hospital where dentists work. "There's no medicine, there are no supplies. If we try to take people to another hospital, they'll hit the ambulance on the road."

Her niece, 4-year-old Zeinab Hashem, played with a blond doll, on a blanket. The girl's brother slept in a dental chair. Clothes were draped over the equipment. On a sterilizer, a Koran was turned open, black prayer beads laying atop a page.

"Is there no way you can get us out of here?" Hashem asked. "God be with you if you can find us a way."

Her sister Fatima rushed toward her. "Can you get the foreigners to come get us? What about the United Nations?"

Another woman, 70-year-old Fahima Abbas, added her voice.

"If the United Nations would just give us a truce for four or five hours, we could get the people out of here and to Beirut."

Southern Lebanon, already the country's poorest region, has suffered the war's greatest toll. In the hospital, the desperation was woven with a sense of abandonment, directed at virtually everyone except Hezbollah.

"What's the Lebanese government providing us?" asked Hassan Hamza, a 19-year-old from Tibnin, here for 13 days.

Others joined the conversation.

"The government only loves the Americans," said his friend, Assem.

"It only loves money and the Americans," Hamza said.

Hoda Fawwaz, a 50-year-old from Tibnin, approached the group. She carried a small, blue radio, its batteries still working.

"It's the resistance that loves the people," she said. "It's the only one that protects the children and the young."

Down the hall, Faris carried her 3-day-old son, Khattar, and an empty bottle with a blue cap. She gave birth to him at 10 p.m. Saturday in Bint Jbeil. By 7 the next morning, she, her husband, Mohammed, her sons Aissa and Mustafa and her daughter, Israa, were walking to Tibnin. They arrived by noon, stopping along the way when bombing was especially fierce.

Mohammed said they brought nothing but the clothes they were wearing. As he talked, Israa slept on his shoulder.

He pleaded for help: He had relatives in Beirut, he could take care of himself there. He needed just one thing: a ride.

"We have to leave today," he said, his thick, black hair streaked with gray. "We can't stay here any longer."

A Lebanese Hospital Is An Unstable Pause From War (NYT)

By Hassan M. Fattah

The New York Times, July 26, 2006

TIBNINE, Lebanon, July 25 — In a region gnawed by war and steeped in tragedy, this town is purgatory.

Almost 1,600 people are trapped here at the Tibnine Public Hospital, halfway between the hell of war and the promise of security.

Four miles south is the border with Israel, where daily bombardments and a pitched battle between Israeli forces and Hezbollah guerrillas have ravaged the border towns. Ten miles east is the relative safety of Tyre, the gateway into northern Lebanon.

The road between Tibnine and Tyre has become a deadly path strewn with the rubble of bombed-out buildings and bombed-out cars struck by Israeli warplanes. That has made the town difficult to reach, and equally difficult to leave.

The families who have continued to arrive in Tibnine over the past week, drawn by the notion that the hospital can provide some sanctuary, are among Lebanon's poorest. Most lack cars to escape the bombardment or do not have the $250 to hire a driver to get away. Theirs is a world in which hope is just out of reach — hope that the war will end soon, hope that they will reach Tyre, or simply hope that they will be able to eat at night.

Instead, many in the hospital that is serving as a makeshift shelter have been left to ponder a world in which their homes and most of their possessions have been destroyed.

"We don't want any food or help," said Olaya Alaeddine, 44, who came here from Bint Jbeil on Monday with her sister Zainab after the windows in their home were blown out and they were nearly killed. "We just want them to stop the bombing."

They walked for hours to get to Tibnine despite Zainab's bad knees, Ms. Alaeddine said.

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The refugees began arriving at the hospital last week, sprawling along the stairs and in a stuffy basement lit by candles, piling one on top of the other, but still hoping for some peace. The hospital, which had been under renovation, had had limited medical equipment and supplies and had been sending patients elsewhere. But people in the 60 towns and villages it served looked to it as their best possible refuge.

Many walked, braving the bombardment and desperate for food. Some left loved ones behind, and others carried their children and elders on their shoulders. Most, however, felt forgotten in a conflict in which the difference between being rich and poor had often made the difference between escaping the bombing and being left to bear the pounding.

"We spent 10 days under the bombs and died a hundred deaths," said Ali Hourani, a stone mason who walked here from Bint Jbeil with four of his children. "No one asked about us. No one cared about us."

Mr. Hourani said that he left behind his mother, 75, and his diabetic father, 82, who had run out of insulin, and that he worried whether they would survive until the end of the conflict. Mr. Hourani, who had held on at home for days during the bombing, finally gave up and walked to Tibnine, out of fear for his children. He had little other than the clothes he and his family wore, but was still grieving for those he left behind.

"There's still a lot of people in the village," he said. "We're desperate to get them. Please help us get them."

The Lebanese Red Cross has barely been able to bring supplies to Tibnine. The sick and injured have instead been taken to hospitals in Tyre. On Sunday, Israeli warplanes bombed two ambulances transporting patients from the hospital, underscoring the danger on the roads.

Most of the refugees are living on a single meal of bread and cheese per day. A farmer with a tractor has towed a water tanker back and forth to a nearby well to supply the hospital, although his tractor was twice struck by Israeli fire.

"It's a difficult situation, but people will have to tolerate it to survive," said Ali Wazni, a Red Cross paramedic who has been shuttling patients from Tibnine to Tyre.

Even in the relative refuge of the hospital, there is little peace: On Tuesday, many of the refugees were rattled by crashing artillery rounds that continued to land nearby, causing more terror than actual damage.

"We wanted to stay, but they kept bombing us and we couldn't take it anymore," said Kamal Mustafa, a baker who explained why he and his family of four had left Aynata. His 8-month-old baby lay beside him in a dirty car seat.

The family had heard that the hospital could offer food and water and walked for hours to get there. They proved luckier than Mr. Mustafa's brother and his family. That family set out for the hospital on a motorcycle but were struck by Israeli fire, leaving one child dead, he said.

For many, the guilt of having left behind relatives was palpable. Hala Abu Olaya, 35, from Bint Jbeil, had moved from house to house for days with her sisters and mother before deciding to come by herself to Tibnine. It was hard for her to hide her distress at having done this.

"We left our house when it was bombed and went to another house and that was bombed, too," Ms. Olaya said. "Then we ran into another house and a bomb landed on the floor, and we escaped to another and they bombed that house as well. I'm left with only the clothes on my back."

As Bombs Hit South, Life Goes On North Of Beirut (WT)

By Betsy Pisik

The Washington Times, July 26, 2006

BEIRUT -- Every morning, visiting journalists gather at a bombed-out roadside cafe in southern Beirut to be escorted by Hezbollah operatives through a bewildering wasteland that used to house 50,000 people.

Mountains of rubble that once were shops and apartment buildings -- including the home of Hezbollah leader Sheik Hassan Nasrallah -- line the streets of the Dahiyah neighborhood. This was also the headquarters of Hezbollah's Al Manar television, which is now broadcasting from a secret location.

A week after Israeli F-16s dropped 23 tons of explosives on the neighborhood -- which was hit by another 20 Israeli rockets late yesterday -- the ruins have become a familiar backdrop for photographers and television cameras.

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The photogenic skeletons of nine-story apartment buildings strung with dangling electrical wires have given the world the image of a shattered city, and Hezbollah is making the most of it.

Indeed, across the Hezbollah-dominated Shi'ite regions of southern Lebanon, whole villages have been flattened, almost 400 people killed and hundreds of thousands more displaced.

But just north of Beirut, business remains strong in the lush resorts of the nearby Shouf Mountains. Nightclubs in the Christian suburb of Jounieh still rock to '80s disco and '90s Eurobeat, and Lebanese who weathered the country's horrific 15-year civil war still sip arrack and eat hummus late into the night.

Beirut, once the jewel of the Middle East, is wobbling back to its feet even as the Israeli army and air force pulverize its southern region.

In the Hamra area, home to students and the campus of the prestigious American University of Beirut, more shops reopen and traffic grows heavier by the day. Hotels that emptied at the beginning of Israel's assault on July 12 are raising rates again, even though most of the guests are foreign journalists.

In the Achrafiyeh neighborhood, which is predominantly Christian and Sunni, streets are peaceful and increasingly busy. The fabled night life, with its restaurants and nightclubs, is likely to pick up again by the weekend.

But in the glamorously rebuilt city center, shops selling luxury brands are not just closed, but swept clean. Fearing air strikes, the owners have taken the diamonds out of Cartier and the speakers from Bang & Olufsen. Even the mannequins have been removed for safekeeping.

"We normally have 40 or 50 customers in a morning," said the perfumed sales clerk at an upscale cosmetics shop. "Today, only eight." Every store that is open is running sales of 50 percent and more.

The ruined streets of Dahiyah are about 15 miles from Beirut's business center, but they feel like another planet.

The apartment buildings still standing are mostly evacuated, and the streets are empty of children. The only locals visible when three dozen journalists visited yesterday were the young Hezbollah guards on their scooters and a single man sweeping up glass.

"The Israelis bombed civilians ... because they have run out of targets and the resistance is still strong," said Hossein Naboulsi, the de facto spokesman for Hezbollah.

The guards shoo photographers off the rubble and back onto the street, where twisted metal, chunks of fallen concrete and the detritus of broken lives create a dangerous carpet.

Mr. Naboulsi said he has no idea how many residents have been killed in the air strikes, nor will anyone until all the rubble is carted off and the grim search mission undertaken. He said most residents were evacuated before the explosions, but that some obviously chose to remain.

Shortly before noon yesterday, two young men appeared out of nowhere, carrying or dragging the dead weight of plastic bags containing the salvage of their lives. Their appearance did not seem to be scripted, which is why they were not permitted to talk to the reporters.

Exasperated Hezbollah operatives tried to disperse the camera crews, and finally helped the two men carry off their load.

A City Struggles To Maintain A Bit Of Its Charm (WP)

By Edward Cody

The Washington Post, July 26, 2006

BEIRUT, July 25 The baby carrots at Beirut's tony Duo CafÃ© restaurant were a little spongy. But the sauce normande was right on the beam and the loup de mer tasted reasonably briny against an astringent rosÃ© from Chateau Kefraya.

On the 14th day of a bloody war -- yet another -- Beirut struggled Tuesday to live up to its old reputation as a Middle Eastern haven for cosmopolitan life and intercommunal harmony. As fighting raged in the south and refugees flooded northward, it was an act increasingly difficult to sustain, sleight of hand by an aging magician who is no longer sure of his tricks.

The latest round of fighting, matching Israel against Hezbollah, the radical Shiite Muslim movement, has already put cracks in a facade carefully reassembled since the last war ended in 1990. The rebuilt traditional buildings of downtown Beirut, with their trendy bars, fashion shops and high-rolling banks, have turned off the lights and locked the doors. Most of Beirut has

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taken to pulling down the shutters after a late lunch, frightened indoors by Israeli bombs that regularly blast Hezbollah neighborhoods on the southern edge of the city.

"We used to be open until 3 a.m., and in the summer sometimes until 5 a.m., but now there's nobody," said Maroun Khadrah, manager of Le Petit CafÃ©, across Maarad Street from Duo. He spoke shortly before powerful explosions from four more bombs cracked across town, shaking streets and buildings. "We close at 7 p.m. now," he said, gesturing toward a largely empty street. "Look around, everything's closed up."

The proud new expressway connecting downtown Beirut with the new international airport has been largely abandoned because it runs through the southern suburbs where Hezbollah has its headquarters and most of its supporters. Bombs have reduced block after block there to rubble. The airport has been bombed as well, and closed for the duration. A few lonely cars race frantically along the road, heading south toward the war zone, with the drivers hoping their vehicles are not in an Israeli pilot's cross hairs.

The new burst of war has also badly damaged the idea that Lebanon had recovered its national unity after 15 years of civil war. Hezbollah started the conflict July 12 without reference to the national government. In two weeks of fighting, the national army has stood by. As a result, the country's Shiites have sharpened their differences from the rest of the population, leaving 30 to 40 percent of the country imbued with an increasingly different idea of what its personality should be.

Sunni Muslim relief workers in the south Lebanon war zone said they have been insulted and even assaulted by Shiite refugees outraged that the rest of Lebanon is not helping in the battle. Reading the signs, some Lebanese warned of a danger to the reunified nation if the conflict drags on and United States and Israel proceed with their plan to try to disarm the Hezbollah movement across the country.

"The Israeli plan . . . is in fact that we become divided, leading to the disappearance of the state of Lebanon," Ghassan Tueni, the owner of an-Nahar newspaper and a widely respected Lebanese sage, wrote in a front-page editorial.

Michel, the waiter serving sea perch at Duo, was still outfitted in black tie as if on a Paris boulevard. Pouring the wine and serving the fish with a flourish, he appeared uninterested in such political intricacies, but desperate to hear that Lebanon would remain what it always wanted to be. "What do you think? How long will it go on?" Michel asked a foreign customer. "In the future, do you think it can be all right again?"

Visitors, including some who have been in the country for only a few days, report they have been asked that question over and over. Taxi drivers want to know. Hotel clerks inquire. Technicians look away from their cranky Internet equipment and seek the advice of strangers.

"Everybody always asks me that," said Cassandra Nelson, a communications officer for Mercy Corps, an international aid group, who had just arrived to help refugees. "My God, what do I know?"

Apologetically, Michel asked if fruit salad was okay for dessert, since Duo's more elaborate creations were not available in these trying times. "The Paris of the Middle East," people traditionally said of Beirut, and Michel did his best to make it seem true.

Actually, it was always more like San Diego: raw and unfinished. What set Lebanon apart was the people, an unlikely amalgam of primeval Middle East and a European veneer. The Phoenicians started here, replaced by Arabs. The Western quotient was left behind by French Jesuits who came in the 19th century to educate children, and French colonialists who came 50 years later to rule.

Their legacy was audible at Duo, which sits behind a row of columns and arches in the Beirut city center rebuilt with traditional Lebanese architecture. A lithe woman with stylishly unkempt hair, her tank top revealing a lot of gloriously tanned skin, used Arabic, French and English in a single sentence to greet a friend who had arrived for lunch.

Lebanese, particularly well-educated Christians, have always loved to do that, showing themselves and their neighbors how cosmopolitan they are. In the tiny Torino Express bar on the other side of Martyrs' Square, the traditional center of the city, a world-weary young sophisticate betrayed another legacy the other night, fending off the urging of a companion with the Hebrew for "Take it easy a minute."

As they always have in conflict, the people of Beirut have shown astounding resilience over the last two weeks. Michael Sawma, who runs Tapas restaurant just down Al Gemaizeh Street, reopened for business Monday night. With Secretary of State

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Condoleezza Rice in town, there was a pause in the bombing and he got about 10 customers for sangria and calamari. Sawma showed up again Tuesday, but the bombs crashed and echoed down Al Gemaizeh Street once again.

It was harder to keep up pretenses in Jounieh, the Christian-inhabited beach resort just north of Beirut. The area is normally boiling this time of year with Persian Gulf Arabs spending petrodollars on hotel rooms, restaurants, nightclubs and brothels. As the first Israeli warplanes unleashed their bombs two weeks ago, most of them left for safety in Damascus, Syria, and Amman, Jordan. After Israeli jets bombed a television relay tower just above the beach Saturday, the last hardy few packed and fled.

"Even the Lebanese who had come here to get away from all the fighting, they left, too," lamented Rashad Bitar, who owns the Malibu Bay Beach Resort overlooking the Mediterranean. "They went to the mountains, those little villages up there," he added, pointing at the sharp spine of Mount Lebanon.

Ahmed Saadoun, who owns the Golden Gulf hotel just down the beachfront, said he still had a full house of southern Lebanese seeking shelter and safety after being driven from their homes by Israel's air campaign. As a result, instead of robed Arabs ogling bikini-clad Russian prostitutes, his poolside was populated by black-robed Shiite mothers chasing after children. "Before, this hotel was full, and full of what? Not Lebanese people, but people from every country," Saadoun said. "And now they all left."

Saadoun, who migrated from Iraq, said the most fearful thing about this round of fighting is that it could reopen Lebanon's civil war. Primeval forces have boiled over regularly through Lebanese history, bursting through the veneer. Mutual slaughters broke out between Druze and Maronite mountain men long before Israel was born. Since 1948, the emergence of the Jewish state just to the south has made peaceful coexistence among Lebanon's Shiite, Sunni, Druze and Christian communities even more difficult.

In the 1970s and '80s, Yasser Arafat and the armed Palestinians who took up residence here made it impossible. With their quest for a return to Palestine, they posed the uncomfortable question: How Arab is Lebanon? The long civil war and several Israeli invasions killed thousands of people and destroyed the country but never provided a definitive answer.

Lebanese, papering over their differences, have worked hard and spent a lot of money over the last 16 years to put their country back together again, hoping against hope that they could get along without really deciding their national personality. Rafiq Hariri, when he was prime minister, organized the renovation of the city center to symbolize the renaissance he hoped would endure. He now rests in an elegant new mosque overlooking Martyrs' Square, having been assassinated last year.

Major Powers Report Progress In Draft On Iran Nuclear Issue (AFP)

By Gerard Aziakou

AFP, July 26, 2006

Envoys of six major powers reported progress on a UN draft resolution demanding Iran halt uranium enrichment, but said they needed further instructions from their capitals.

Ambassadors of the five veto-wielding permanent members of the Security Council -- Britain, China, France, Russia and the United States -- plus Germany held closed-door consultations Tuesday and agreed to meet Wednesday.

"We made a lot progress. This was the most productive session ... This brings us very close," US Ambassador to the United Nations John Bolton told reporters after the afternoon session.

He said the six ambassadors would report back to their capitals for instructions prior to Wednesday's meeting.

"It was a very good working discussion. We managed to get more agreement," Britain's deputy UN ambassador Karen Pierce concurred. "This is all going to be discussed in our capitals and among ourselves over the next couple of days. We are moving forward."

She said ministers, including US Secretary of State Condoleezza Rice and her Russian counterpart Sergei Lavrov, would touch on the issue Wednesday on the sidelines of crisis talks in Rome on the escalating bloodshed in Lebanon.

France's UN Ambassador Jean-Marc de La Sabliere, who presides over the council this month, voiced hope that the six envoys would be able to present a text to the 10 non-permanent members of the council Wednesday afternoon.

He stressed that the main elements of the draft under discussion exactly reflected a communique adopted by their ministers at a Paris meeting on July 12.

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"So, the discussion we still have is how to translate into a resolution the agreement among the ministers," de La Sabliere said. "One fundamental element of that agreement is to make the suspension of all enrichment-related activities mandatory, including research and development."

Speaking after the morning session, Russian Ambassador Vitaly Churkin said: "We had a good discussion ... We are moving rather smoothly toward our goal of having a draft resolution ... We are not far away."

Ministers from the six powers tackling the Iranian nuclear issue decided earlier this month to send the Iran nuclear dossier back to the Security Council after Tehran failed to respond to a package of Western security and economic incentives in exchange for a suspension of its enrichment activities.

Iran reiterated Monday it will not halt uranium enrichment.

"We are ready to discuss anything in negotiations ... (but) we will not accept any preconditions," Iranian government spokesman Gholam Hossein Elham told reporters.

And top Iranian nuclear negotiator Ali Larijani has said Iran will respond to the nuclear offer by August 22.

The draft resolution discussed by the six envoys here would require Iran to suspend all uranium enrichment and reprocessing.

The text invokes articles 39 and 40 of Chapter Seven of the UN charter that stipulate "provisional measures" to be taken ahead of imposing tougher steps such as sanctions.

But it also expresses the council's intention in the event of Iran's non-compliance with the enrichment freeze demand "to adopt such further measures under Article 41 of Chapter Seven as may be necessary to ensure compliance."

Article 41 provides for a broad range of economic sanctions but does not authorize the use of force.

It gives Iran until an unspecified date in August to comply with the UN demands.

Iran denies Western charges that it is seeking to acquire a covert nuclear weapons capability and insists it wants to enrich uranium solely to make reactor fuel. It argues that this is a right under the nuclear Non-Proliferation Treaty which it signed.

Bush Meets Rebel Leader To Discuss Darfur Accord (WP)

By From News Services

The Washington Post, July 26, 2006

President Bush sat down yesterday with a Sudanese rebel leader whose forces are accused by refugee advocates of killing young men and raping women in the northern part of Darfur.

Bush met for about 40 minutes in the Oval Office with Sudanese Liberation Army leader Minni Minnawi. He was the lone rebel leader to agree in May to a U.S.-brokered peace accord to end what the United States calls genocide in western Sudan.

The president asked Minnawi to support a U.S.-backed plan to bring African Union peacekeepers in Darfur under the blue flag and helmets of the United Nations, said Frederick Jones, a National Security Council spokesman.

Bush told the rebel leader that his forces must refrain from violence and pressed him to forge an alliance with other factions in Darfur to broaden support for a peace agreement, Jones said.

Tens of thousands of Sudanese civilians have been killed over three years and 2.5 million people have been forced from their homes by Sudan's government and its militia allies, known as the Janjaweed, in what Bush has labeled a genocide.

Bush and Minnawi "had a frank exchange expressing concern for ending violence in Darfur," Jones said.

Jones had no comment on how Minnawi responded.

Minnawi was persuaded by then-Deputy Secretary of State Robert B. Zoellick to support the U.S.-brokered peace agreement, but the deal is unraveling because of infighting among rebel groups and violence against civilians.

Minnawi faces rising opposition to his leadership among commanders in northern Darfur, including those from his Zaghawa tribe, according to the United Nations.

"He signed under incredible U.S. pressure and was probably given a lot of promises by the U.S. and the U.K.," said Jemera Rone, a Sudan specialist with the advocacy group Human Rights Watch. "I'm sure he feels that the U.S. government now owes him and the people of Darfur quite a lot."

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A report issued earlier this month by the U.N. mission in Sudan cited allegations by displaced Sudanese that Minnawi's faction "was indiscriminately killing, raping women and abducting" civilians.

"That agreement is not working, and one of the many reasons is Minni Minnawi," Kenneth H. Bacon, president of the advocacy group Refugees International, wrote last week in a letter to Bush.

Refugees International said yesterday that Minnawi's forces have conducted a "reign of terror" in North Darfur by beating and raping women, killing young men and displacing thousands of people. Bacon asked Bush to "please stress" to Minnawi that the rebel leader "must honor the terms of the Darfur Peace Agreement and stop fighting."

Somalia's Islamic Militia Rebuffs U.N. (AP)

By Chris Tomlinson

AP, July 26, 2006

The leader of the Islamic militia that has taken hold of southern Somalia on Tuesday rebuffed a U.N. plan for peace talks with the government, saying he will not negotiate until the government expels all foreign troops.

"Until Ethiopian troops leave Somali soil, we will never negotiate with the government," said Islamic militia leader Sheik Hassan Dahir Aweys.

Both Somali government leaders and the Ethiopia's Foreign Ministry have denied Ethiopian soldiers were in Somalia. However, many witnesses have confirmed their presence, in uniform.

Tuesday's statement by Aweys was the latest downward turn in an increasingly difficult international effort to negotiate peace between the powerful Islamic militants and the weak government, which has international support but no military.

It came as a U.N. envoy was in Somalia on Tuesday trying to arrange peace talks in Sudan aimed at avoiding more fighting in Somalia and a potentially bigger conflagration.

While Aweys, who has been accused by Somali secular leaders and the West of links to al-Qaida, ruled out any talks, a more moderate member of his Supreme Islamic Courts Council left open the possibility.

After meeting in Mogadishu with Francois Lonseny Fall, the U.N. special representative to Somalia, Sheik Sharif Sheik Ahmed said the group's "peace committee" still had to consider the United Nations' call for negotiations, which would be held next week in Khartoum.

In an apparent acknowledgement that Ethiopian troops were complicating peace efforts, Fall told reporters: "The U.N. is always calling on maximum restraint from neighboring countries and for them not to interfere at this particular moment in Somalia."

He also praised the Islamic union. After seeing the streets of Mogadishu without roadblocks or gunmen, he said it had "achieved great things in Mogadishu. I have seen it."

The troops from neighboring Ethiopia crossed into Somalia five days ago to protect Somalia's government at Baidoa, 150 miles northwest of Mogadishu, from advancing Islamic militants. The arrival of the Ethiopians heightened tensions among Somalis because Ethiopia, a largely Christian country, is the longtime enemy of Somalia, which is mostly Muslim.

A round of peace talks that had been scheduled Saturday fell apart when the government refused to attend and the Islamic group walked out. The government and the fundamentalist Islamic militias reached a "nonaggression pact" in June, but the Islamic group has made clear that it sees itself as the country's main authority.

The Islamic militia's seizure of power has prompted grave concerns in the United States, which accuses the group of harboring al-Qaida leaders responsible for deadly 1998 bombings in Kenya and Tanzania.

Fall also met with the government in Baidoa — the only town controlled by the government — where a top official said it was ready for the talks.

"We will go to Khartoum without any preconditions," Abdirizak Adam, President Abdullahi Yusuf's chief of staff, said after the meeting in the presidential compound, which was surrounded by hundreds of soldiers in mismatched uniforms. The meeting room had plush furniture, wall-to-wall carpet and heavy curtain blocking out almost all outside light.

A government spokesman said talks still could go on with moderate members of the Islamic militia, even if Aweys was rejecting them.

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"Aweys is a terrorist, so it not surprising that he is refusing talks," Salad Ali Jeeley said. "We hope the moderate Islamists will attend the meeting."

Somalia has been without an effective central government since warlords toppled dictator Mohamed Siad Barre in 1991 and then turned on each other, carving much of the country into armed camps ruled by violence and clan law.

The government was established almost two years ago with the support of the U.N. to serve as a transitional body to help Somalia emerge from anarchy. But the leadership, which includes some warlords linked to the violence of the past, has failed to establish any power.

Somali Peace Talks In Jeopardy As Islamists Issue Fresh Conditions (AFP-Y)

AFP, July 26, 2006

Somalia's powerful Islamic militia threatened to boycott peace talks unless Ethiopian troops, deployed to protect the fragile transitional government, withdrew from the African nation.

Hours after the government yielded to United Nations pressure and confirmed it would send a delegation to the Arab League-mediated peace talks in Sudan, the Islamists' supreme leader said they would not be attending until Ethiopian troops pulled out.

"There will be no negotiations as long as Ethiopian troops are occupying parts of Somalia. They have to be withdrawn immediately and unconditionally," Sheikh Hassan Dahir Aweys told reporters in the Galgudud region of central Somalia.

In June, the government and Islamists signed a deal in Khartoum agreeing to recognise each other and cease hostilities. Since then the government has accused the Islamists of violating the deal and the latter have reacted angrily to Ethiopia's military incursion.

Aweys, who has been labelled a "terrorist" by the United States for suspected links to Al-Qaeda, accused Addis Ababa of inventing excuses to invade Somalia.

Last week, Ethiopia troops moved into Somalia, ostensibly to protect the government. The toothless administration, based in the town of Baidoa for fear of violence in the capital Mogadishu, said it feared the Islamists would try to seize the provincial outpost and impose Islamic Sharia law across the country.

"Let me be clear, speak louder and truthfully declare that we have no intention of attacking Baidoa," Aweys stressed.

Despite numerous eyewitness reports of uniformed Ethiopian soldiers being seen in Baidoa, the Somali government and Addis Ababa have denied their presence there -- or anywhere else in Somalia.

"If this government based in Baidoa is for Somalis, there is no reason to say that Ethiopia is protecting it from the people of Somalia," said Aweys.

Meanwhile, the government confirmed it would send a delegation to meet the Islamists at the planned peace talks in Sudan.

The announcement came after the UN special envoy for Somalia, Francois Fall, gave President Abdullahi Yusuf Ahmed a message from the UN Security Council asking him to send a team to the talks.

"We will go to Khartoum without any preconditions," the president's chief of staff, Abdirizak Adam, said in Baidoa after the meeting between Fall and Yusuf.

"There is no conditionality for the dialogue. We are always for dialogue," he said, adding that the government's only problem was with the Islamists' perceived expansionist plans.

Despite praising the Islamists for restoring order in Mogadishu after evicting US-backed warlords from the capital, Fall said dialogue was the only way to achieve lasting peace.

"I see what has been done in Mogadishu and I want all of Somalia to be like that," he told senior Islamist leader Sheikh Sharif Sheikh Ahmed at a joint press conference in Mogadishu.

"I can talk to you as an African. I am appealing to you ... to continue the dialogue," Fall said.

"The Somali people are peace-loving people and we are here to help them achieve their goals," Ahmed replied. "We are not here to get power and make money but we are here to enforce law and order."

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"We dislodged people (warlords) who were resisting peace in the past 15 years. But the UN secretary general (Kofi Annan) said he does not know who dislodged those people from Mogadishu. That is undermining our efforts," Ahmed protested.

He added that a peace agreement "cannot be reached as long as foreign troops are in the country".

The Islamists issued a statement saying they would no longer deal with the regional bloc known as the Inter-Governmental Authority on Development (IGAD) -- which comprises Djibouti, Eritrea, Ethiopia, Kenya, Sudan, Uganda and nominally Somalia -- because it had not condemned the Ethiopian incursion.

"The Islamic courts (alliance) will no longer deal with IGAD as a credible institution because it has failed to condemn Ethiopia's illegal military intervention in our country. We will deal with individual countries but not IGAD," the statement said.

IGAD, which helped form Somalia's interim government in 2004, has been tasked by the African Union to deploy peacekeepers to the failed state. But its plans have stalled amid fierce opposition from the Islamists, the UN's arms embargo on Somalia and lack of funds.

The rise of the Islamists has caused concern in Washington, which says it fears a Taliban-style takeover of Somalia.

The United States, other Western countries and the UN have all backed the Arab League initiative to bring the Islamists and the government to peace talks in a bid to prevent conflict.

But the two sides are embroiled in long-standing disputes, notably over any deployment of foreign peacekeepers, something President Yusuf avidly backs and the Islamists vehemently oppose.

Somalia has been without a functioning central administration since dictator Mohamed Siad Barre was toppled in 1991 and the country descended into lawlessness.

China To Freeze N Korean Accounts (FT)

By Anna Fifield And Stephanie Kirchgaessner

Financial Times, July 26, 2006

The Bank of China has frozen North Korean bank accounts containing millions of dollars, following in the footsteps of a US-led crackdown on the rogue state's alleged counterfeiting and money-laundering.

The decision is remarkable because Beijing, long concerned about the potential for catastrophe on its north-eastern border, has hitherto avoided taking any action that might cause instability in Kim Jong-il's regime.

A US government official said on Tuesday the Bush administration had been alerted that the Bank of China had frozen North Korea-related assets in its Macao branch. Earlier this year, China had warned financial institutions about counterfeiting by North Korea.

The Bank of China froze the accounts before this month's provocative rocket tests by North Korea, which have led to international sanctions intended to curb North Korea's missile programme, said Park Jin, a prominent lawmaker in South Korea's main opposition Grand National Party who recently met former and current US administration officials in Washington.

Pyongyang has responded angrily to US action against the Banco Delta Asia (BDA) in Macao, where $24m of North Korean money has been frozen since September. Similar action by China's second-largest bank is likely to have a profound effect. North Korea has insisted it will not resume six-party talks unless the US calls off its financial campaign.

"I understand the Bank of China stopped dealing with North Korea as the US expanded its probe," said Mr Park. "This is a virtual ban against dealing with North Korea by China, leaving North Korea all the more devastated," Mr Park said, quoting a former Bush administration official. Washington believes Pyongyang has been counterfeiting Chinese renminbi as well as US dollars, he added.

The Bank of China declined to comment.

The US Treasury is still investigating BDA and eight North Korean companies, which Washington alleges were involved in counterfeiting and laundering money earned by activities such as narcotics and missile trading.

John Snow, former US Treasury secretary, said in April that the Treasury had been given "total autonomy" to pursue serious abuses of the financial system by countries that pose a nuclear proliferation threat.

North Korean and foreign businessmen dealing with Pyongyang say sanctions have shut down the regime's ability to earn foreign currency.

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Several banks have severed ties with North Korea after the BDA action, leading Pyongyang reportedly to open new accounts containing $200m-$300m in countries including Switzerland, Austria, Russia and Singapore.

"The reason North Korea is so upset about BDA is because of its impact on its bank accounts in other countries," said Mr Park.

U.S. Envoy Will Press China To Open Up Its Banking Sector (WSJ)

By James T. Areddy

The Wall Street Journal, July 26, 2006

SHANGHAI, China -- China will likely soon overtake Japan as the U.S.'s third-biggest export market, a top U.S. Commerce Department official said as he began a visit to press for wider access to China's market for U.S. banks and other companies.

Franklin Lavin, U.S. undersecretary of commerce for international trade, said his four-day visit, which began yesterday, will focus significantly on financial services. He said he wants greater clarity from China about how it will make good on commitments to allow foreign banks to start taking local-currency deposits from individuals by December. And Mr. Lavin said he plans to push for positive treatment of Citigroup Inc. in its difficult takeover battle for a Chinese bank.

The opening of local-currency business to foreigners, a step promised in China's 2001 World Trade Organization accession agreement, is supposed to remove the last big barrier for foreign banks in China. But Mr. Lavin echoed concerns expressed by foreign bankers here that Beijing could erect new impediments, such as requiring foreign banks to incorporate their Chinese branch networks inside the country -- a potentially costly and complicated procedure.

"How liberal or closed [China is] going to be is still an open question," Mr. Lavin said in an interview. "They haven't tipped their hand."

Mr. Lavin's visit comes amid sizzling growth in U.S. exports to China, which rose nearly 37% in the first five months from a year earlier. Based on the trend, he said, the U.S. will soon be exporting more to China than it does to Japan. Canada and Mexico are the U.S.'s two biggest export markets.

The U.S. official attributed the increase to persistence by U.S. companies, rather than other factors like the weakening of the dollar. "You wouldn't call [China] a very easy market to do business, but it is easier than before," he said.

Mr. Lavin said the export strength tends to get "washed out of people's minds" because imports from China are so much larger. The U.S. reported an $82 billion trade deficit with China for the first five months of this year. "Economically, commercially, it's terrific news," Mr. Lavin said of the surge in exports to China. "Politically, it's less salient since imports [from China] are so high."

Mr. Lavin planned to meet with U.S. companies and Chinese government officials during his visit, including Minister of Commerce Bo Xilai and top officials at China's central bank. He also indicated that he planned to relay Washington's hope that Citigroup will prevail in its bid to win management control of a Chinese government-owned lender, Guangdong Development Bank. Citigroup is competing against a French group for that stake. "I'm sure I will" discuss the Citigroup case, said Mr. Lavin, himself a former Citigroup banker. "We tend to raise major issues that are in front of us."

Mr. Lavin also expressed hope for more progress on protection of intellectual property rights, noting the U.S. has held "promising" discussions with Beijing this year about getting it to subscribe to a system that would make it clear where DVDs are produced. That step would make it easier to track down pirates.

Mr. Lavin's visit comes a day after the breakdown of the latest round of global trade talks. Although he said there isn't any immediate fallout in Washington's dealings with Beijing, he said it could add difficulty to future talks with Beijing about market access. Bilateral negotiations with China often take on political overtones that aren't as present in multilateral negotiations, he said.

Georgia Sends Troops To Subdue Rebel Militia (NYT)

By C.j. Chivers

The New York Times, July 26, 2006

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MOSCOW, July 25 — Georgia deployed special forces on Tuesday near a remote gorge beside the breakaway region of Abkhazia to arrest a local ruler who had declared autonomy from federal rule and to disperse a militia under his command, Georgian officials said.

As the troops arrived there were reports in the evening of clashes between the sides.

The ruler, Emzar Kvitsiani, controls the so-called Hunter paramilitary battalion, a local force occupying the Kodori Gorge, along the border between the self-declared republic of Abkhazia and the rest of Georgia.

With tensions with Russia flaring, Georgia insisted it had no plans to enter Abkhazia or engage Abkhaz forces, which the de facto Abkhaz president, Sergei Bagapsh, said had been deployed to monitor the Georgian activity.

But Mr. Kvitsiani's defiance and Georgia's deployment of forces into the mountainous region underscored anew the lingering tensions and dangers along the southern slopes of the Caucasus.

Two regions within Georgia's borders — Abkhazia and South Ossetia — remain out of the Georgian government's control and receive open support from Russia, which has granted citizenship to most of their residents.

Relations between the Georgian government and the de facto rulers in the breakaway zones have been bitter, and President Mikheil Saakashvili of Georgia has vowed to repatriate the regions and incorporate them into federal rule.

Last week, at a time of increased tension between Mr. Saakashvili's government and the two regions, Mr. Kvitsiani announced that he no longer recognized Georgian rule. Members of his Hunter battalion have since appeared on Russian news programs, some wearing ski masks and brandishing assault rifles.

Georgian officials have suggested that Mr. Kvitsiani's actions have been a Kremlin-orchestrated ploy. Mr. Saakashvili, speaking at a briefing, said Mr. Kvitsiani would be arrested.

"The only issue I can negotiate with Kvitsiani and his gang — and this will happen only if they surrender arms — is about what kind of cells they will have in prison," he said, according to local reports.

Russian officials began reporting on Georgian troop movements during the day, and the Russian Foreign Ministry issued a statement calling on Georgia not to use force. The de facto Abkhaz government said it was preparing for an influx of refugees from the gorge into territory under its control.

Georgia played down the troop movements, saying it had sent special police units, without heavy equipment, to conduct a limited operation.

"It is a routine police operation," Giga Bokeria, a member of Parliament and one of Mr. Saakashvili's confidantes, said by telephone. "The only difference is that it is near the conflict zone, and that is why we are making clear that we do not plan an intervention in Abkhazia."

There were conflicting reports of the size of the Hunter battalion and the Georgian force moving against it. Russian news sources said the paramilitary group had 300 to 350 members, and that Georgia had sent at least 60 vehicles with as many as 500 troops.

Mr. Bokeria said the Hunter battalion had no more than 100 members, and that perhaps 50 or 60 were active. "Not all of them are eager to follow this very risky road," he said.

Mr. Kvitsiani and his forces could not be reached; Georgian news media reported that telephone service in the gorge had been cut.

US Hits Back At EU Over Doha Collapse (FT)

By Alan Beattie

Financial Times, July 26, 2006

Transatlantic hostility over the collapse of the Doha round of trade talks reached previously unseen levels on Tuesday as Susan Schwab, the US trade representative, accused her European counterparts of spreading lies to divert the blame.

Her statement was the latest in an increasingly acrimonious attempt by the European Union and the US to blame each other for the indefinite suspension of the talks from last Monday.

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Ms Schwab said the US had so far "refrained from responding to the finger-pointing by some", in order to preserve prospects for reviving the Doha round. But she said the EU's claim that the US had doomed the talks by failing to show flexibility in the negotiations was "false and misleading", and made with the intention of "attempting to divert blame for the stalemate".

The US said it had been prepared to make concessions on farm subsidies and had been ready to offer deeper cuts but that the access the EU and advanced developing countries – represented in the core negotiating group by India and Brazil – had offered to their agricultural markets was too low to be meaningful. "Indeed, during recent discussions it became clear that the EU was in fact offering even less market access than originally thought," Ms Schwab said.

On Monday night Ms Schwab and Mike Johanns, the US agriculture secretary, went into some detail about the minimal access exporters were being offered to European markets in heavily protected products such as beef.

Peter Mandelson, EU trade commissioner, sought on Tuesday to portray the EU as the friend of poor countries, saying that seven development issues should be rescued from the rubble of the negotiations and carried forward.

He said plans should continue for "aid-for-trade" to help poor countries take advantage of trading opportunities, new agreements on streamlining customs facilities and giving the poorest countries completely free access to rich markets for 97 per cent of possible exports.

The EU already offers almost 100 per cent access to European markets for the least-developed countries, although in reality these exports are constrained by Europe's stringent hygiene standards on food and by complex rules about the countries' freedom to use imports from other countries. Mr Mandelson said such "rules of origin" should be examined.

There were suggestions that negotiators could reconvene after November's mid-term elections for the US Congress. European and some developing country officials see the elections as one of the key reasons for what they saw as the US's intransigence in reforming its farm subsidies.

Failed Trade Talks Usher In Uncertainty (WP)

By Paul Blustein

The Washington Post, July 26, 2006

So now it's official: Global talks to lower trade barriers are "suspended," perhaps never to resume. Yesterday, leading negotiators continued to fling accusations at each other for the breakdown. But the more profound issue confronting policymakers around the world is whether globalization has been fundamentally redirected, slowed or possibly thrown into reverse.

The talks' failure raises the prospect of weakening the multilateral system that has governed global commerce for the past six decades, possibly even a splintering into regional blocs. Another potential is an erosion of respect for the World Trade Organization's authority to settle disputes, increasing the chances that countries will resort to tit-for-tat trade wars that could disrupt the global economy.

Ensuring that economic interconnection would continue to advance was one of the chief reasons for launching the talks after the Sept. 11, 2001, attacks. With fear of disintegration then haunting the globe, the member nations of the WTO meeting in the Qatari capital of Doha sent a powerful signal that they would deepen their mutual ties by starting a new round of multiyear negotiations aimed at reducing tariffs and other trade obstacles.

For all its boldness, the initiative was fraught with risk -- and on Monday, those risks loomed menacingly, when WTO Director-General Pascal Lamy called a halt to the talks because trade ministers from the United States and five other major powers were at such loggerheads over the main issues. The upshot could have "serious systemic implications for multilateral trade," Peter Mandelson, the European trade commissioner, said yesterday.

Critics of the 149-nation WTO are jubilant, seeing evidence of a backlash to the fast and furious pace at which globalization has proceeded. "The cause of this collapse is not specific countries' unwillingness to concede on particular themes, but growing public opposition in poor and rich countries alike to the very WTO model," said Lori Wallach, director of Public Citizen's Global Trade Watch, a group founded by Ralph Nader.

Even free-trade enthusiasts see some validity in that interpretation. "Countries want to liberalize trade, because they recognize the link between open trade and economic growth, but there just isn't a whole lot of interest right now in the kind of

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liberalization that binds countries to new rules and new commitments," said Daniel J. Ikenson, a trade specialist at the libertarian Cato Institute. "Countries want to liberalize at their own pace."

It would be misleading to view the problems besetting the Doha talks too apocalyptically. Globalization is not about to stop in its tracks; new forms of cross-border commerce are continuing to proliferate, especially because of the Internet and the fast-growing efficiency of container shipping. "A lot of globalization goes on outside the world of negotiations and agreements," said Edward Gresser, a trade analyst at the Progressive Policy Institute.

But for the WTO and its multilateral rules, which underpin the system and maintain its stability, the outlook has darkened. That is in part attributable to the success of the WTO and its predecessor, the General Agreement on Tariffs and Trade, in sharply reducing trade barriers since World War II.

Eight rounds of negotiations over the past six decades have slashed tariffs and eliminated quotas in many countries and in many industries such as electronics, automobiles and machinery; the sectors that still have high levels of protection in rich countries are the most politically sensitive, notably agriculture, textiles and apparel. Those are the areas where much of the current haggling has proven so fruitless.

"We're really into the tough stuff," U.S. trade representative Susan C. Schwab said in an interview. Farm trade was the main source of the dispute that dissolved the meeting at the WTO's Geneva headquarters on Monday. Schwab insisted that other countries open their markets wider to the United States' highly efficient agricultural producers, a demand rejected by the European Union and India, whose governments face enormous pressure from farmers who are anxious to keep foreign competition at bay.

Complicating matters further is the emergence of China, which joined the WTO in 2001, as an export powerhouse. "There's a concern on the part of many developing countries about opening their markets to China, and some concern about developed countries opening their markets so that China can walk away with the benefits," Schwab said.

If those problems keep the Doha talks from reviving, one likely scenario is an acceleration in many countries' efforts to strike two-way and regional free-trade alliances such as the North American Free Trade Agreement and the more recent Central American Free Trade Agreement. That, many experts fret, could help marginalize the WTO as the central forum for opening trade.

At the same time, such countries as Brazil will probably bring new cases before WTO tribunals, straining the system's ability to adjudicate contentious disputes and intensifying the danger that powerful nations will start defying WTO rulings.

Complaints appear especially likely against the subsidy payments that governments in the United States, the E.U. and Japan give their farmers. Brazil had won a major case against U.S. cotton subsidies and another against European sugar subsidies, and it was expecting a final Doha agreement would curb other subsidies. If the talks "come to a flat end, I think you would have other countries looking at our programs; it just seems inevitable," U.S. Agriculture Secretary Mike Johanns said Monday.

Ultimately, the fear that the trading system will revert to the law of the jungle that prevailed in the 1930s will help bring the talks back to life, predicted Jeffrey Schott, a scholar at the Institute for International Economics.

"Countries will sit back for a while, stew in their juices, and see the costs of not going back to the table," Schott said. "There are those who say the talks won't be revived, but my perspective is much more optimistic."

Trade Focus Now Shifts To Regional Deals (NYT)

By Tom Wright

The New York Times, July 26, 2006

GENEVA, July 25 — Two weeks ago, countries in the World Trade Organization agreed on rules that would make it easier to track two-way and regional trade deals. Negotiators were concerned that the proliferation of regional deals would detract from efforts, already faltering, to reach a global trade pact.

On Tuesday, those regional deals moved to the forefront after the collapse for the foreseeable future of global talks that began five years ago in Doha, Qatar.

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"Europe cannot refrain from addressing bilateral and regional priorities," the European Union's trade commissioner, Peter Mandelson, said. "We need to focus on new economic opportunities in Asia."

India's commerce minister, Kamal Nath, said his government was signing an agreement with Japan and was talking with the European Union.

"India will pursue economic engagements on a bilateral basis with other countries and regional groupings," Mr. Nath said.

Politicians are not willing yet to pronounce the multilateral talks dead, largely because the potential economic gains from a global agreement would outstrip the effects of regional deals that include only a few countries. But given the stalemate in the global talks, regional agreements are likely to become a more important motor of trade liberalization in years ahead, said Guido Glania, director of international trade at the Federation of German Industries.

The problem, economists say, is that while regional deals can help expand trade in the absence of a global agreement, they are also likely to create varying or overlapping rules, and sharper tensions between those involved in the agreement and those left out. Moreover, the poorest nations, in areas like sub-Saharan Africa, which were supposed to benefit the most from the latest round of global talks, are likely to lose out since they have the least to offer.

"The cost of failure in the Doha talks is that trade could become more regional, discriminatory and there will be more conflicts," said Jean-Pierre Lehmann, founder of the Evian Group, a free trade advocacy organization in Switzerland.

Two-way and regional trade deals are not new. The W.T.O. estimates there are about 200 such agreements, accounting for about half of the total value of global trade.

The European Union, which started its internal free market in the early 1990's, now comprises 25 nations. The North American Free Trade Agreement, which involves Canada, Mexico and the United States, went into effect in 1994. Other areas, like Southeast Asia, have also formed free trade zones.

The United States has been especially active in seeking two-way openings, recently signing agreements with booming economies like Singapore and Chile.

In Washington, Susan C. Schwab, the United States trade representative, said Tuesday that she would travel this summer and fall to try to revive the global trade talks. "We're not giving up," she said shortly after returning from Geneva.

She said that if the outlines of a favorable deal emerged this year or next, the administration might ask Congress to extend President Bush's authority to conclude an agreement and have it receive an up-or-down vote in Congress. That authority expires June 30.

The trade office also plans to try to reach more bilateral deals with trading partners. Recently Congress approved a deal with Oman. Ms. Schwab's office said the 26 bilateral deals that have been negotiated since 2001 or are still being negotiated would together constitute the United States' third-largest export market.

A spokesman said the countries with which the United States has two-way deals, including Canada, Mexico and Israel, account for 14 percent of the world's economy.

Ms. Schwab said Asia would be a prime target for trade deals. Countries like China and India, with fast-growing economies and a large middle class, are seen as especially lucrative markets for Western companies that manufacture goods or provide banking and insurance services.

Ms. Schwab said she would be able to discuss such deals next month at a meeting of Southeast Asian economic ministers in Malaysia.

Asian countries are also moving to sign agreements among themselves. China, Japan and South Korea are discussing a regional free trade area with Southeast Asia, although an agreement is likely to take years.

U.S. Farm-Subsidy Cuts A Long Shot As Doha Falters (WSJ)

By Scott Kilman And Roger Thurow

The Wall Street Journal, July 26, 2006

The collapse of global free-trade talks is likely to kill any chance of overhauling America's farm-subsidy program for years, potentially inviting a wave of litigation against the U.S. at the World Trade Organization while dimming export prospects for U.S. farmers.

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The five-year-old Doha Round negotiations, which were designed to expand trade as a way to lift the world's poorest economies, entered a coma this week amid deep differences among the world's biggest economies over how to open their politically sensitive farm sectors to market competition. For its part, the Bush administration realized it couldn't win the sort of concessions from other countries that would have made an agreement palatable to the farm lobby.

"This is a big victory for farm lobby groups, and bad news for everybody else," said Michael Swanson, an economist at Wells Fargo & Co. In addition to agriculture, negotiations straddled several industries.

In the Doha talks, the Bush administration refused to sweeten its offer to reduce the U.S. spending cap on certain subsidies by 60% over five years -- itself a move that would have required Congress to dramatically change the way the government pays U.S. farmers. The White House balked because it was unable to make any progress on the one issue that would have persuaded Congress to swallow farm-subsidy reform -- the promise that U.S. farmers would gain much more access to foreign markets.

Without a clear shot at increasing U.S. farm exports, the biggest U.S. farm groups made clear they wouldn't back any big cuts to their subsidies. "We want something to offset what we would give up," said Bob Stallman, president of the American Farm Bureau Federation.

The Doha talks had energized a number of Washington interest groups to stump for the first time for big changes in the U.S. farm program, which paid growers $23 billion last year. Several think tanks and universities have been racing to publish ideas for changing the way farmers are subsidized -- such as tying payments to environmental practices so aid doesn't spur overproduction and the price-depressing gluts that can harm farmers in poor nations.

But the timing of farm-subsidy legislation makes it unlikely that critics can make a big difference anytime soon. Congress is slated to renew the multi-year farm bill -- which dictates how crops are subsidized and by how much -- next year. With any Doha obligations now off the political radar, the congressional agriculture committees that will write the next farm bill, which could last five years, are doing business as normal.

"The next farm bill won't be revolutionary," said Rep. Jerry Moran, a Kansas Republican who sits on the House Agriculture Committee. "It will be evolutionary."

Any change is likely to be driven by budget pressures, which are more intense now than when the 2002 farm bill was enacted. At the same time, the grass-roots pressure for subsidy overhaul isn't likely to diminish. "We're not going away," said Laura Rusu of Oxfam America, a development aid organization that has been pushing a "Make Trade Fair" campaign.

Finally, the collapse of the Doha Round could bring a spate of disputes under WTO rules. Last year, for example, the WTO ruled in Brazil's favor against a U.S. subsidy that aided cotton exports. The decision raised broader questions about other U.S. crop subsidies, providing a road map for countries to launch similar complaints against corn, rice and sorghum subsidies. European countries, meanwhile, find themselves vulnerable to litigation on a variety of commodities, from butter to tomatoes.

Nicolas Imboden, a former Swiss government trade official who has been advising West African cotton-growing countries during the trade negotiations, said in these WTO disputes "countries seek to get the things they wanted to get in the negotiations."

Some U.S. economists warn that the death of the Doha Round could cost U.S. farmers opportunities to expand their overseas trade. With the U.S. farm trade surplus shrinking markedly in recent years, they say it is vital for American farmers to gain access to markets in the developing world, where most of the world's population resides.

US Braced For Battle Over Farm Subsidy Reform (FT)

By Alan Beattie And Daniel Pimlott

Financial Times, July 26, 2006

While the body of the Doha round is cryogenically frozen and put into storage, Washington will be turning its attention to a related problem that is all too alive: a new US farm bill.

The current farm bill, or agricultural support programme, which began in 2002 and expires next year, was one of the most generous subsidy packages given to US farmers. The so-called "commodity groups" in the US farm community - growers of rice, corn, wheat, soyabeans and cotton, which have received more than three-quarters of all US farm subsidies over the past decade - did particularly well out of it.

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While continuing to insist that the next farm bill "will not be written in the WTO", Mike Johanns, agriculture secretary, tried to use the international talks to encourage domestic reform and spread the money more evenly, if only to make sure subsidy programmes do not contravene existing World Trade Organisation laws.

But with Doha suspended and finely balanced mid-term elections coming up in several farming states, observers say the Bush administration's appetite or ability to ask farmers to accept lower handouts is low. Indeed, many of the US's negotiating partners in the WTO talks suspect electoral expediency was behind US unwillingness to concede ground on farm reform.

The collapse of the Doha talks has strengthened the hand of the commodity groups, especially cotton farmers whose subsidies were supposed to receive special attention in the talks. Doha's suspension will give them more freedom to campaign for the next farm bill to look like the present one.

"The entire system is dysfunctional and there is nothing the WTO can do about it," said Susan Sechler, US director for trade and development at the German Marshall Fund of the United States think-tank. "It used to be that you first got a deal at the WTO and then used it to discipline domestic agricultural spending. That doesn't work any more, partly because developing countries in the WTO won't accept a post-dated cheque."

Speaking on Monday, Mr Johanns said that reform was now more urgent than ever. "Sixty per cent of US farmers receive virtually nothing from the farm bill and 93 per cent of the subsidies go to five crops." The White House also said it would push for the renewal of the fast-track authority that gives it the authority to negotiate entire trade deals.

One idea that floated round Congress was to extend for one year both the current spending arrangements under the farm bill and fast-track authority. This would at least allow the issue to be revisited after the mid-term elections. But it would take a big shift in mood if the US's biggest recipients of farm subsidies under the current bill are not to be its biggest recipients in the next one.

Doha Aground (WSJ)

By Bernard K. Gordon

The Wall Street Journal, July 26, 2006

Surprise, surprise, the WTO talks in Geneva are "suspended." But in truth, hardly a surprise, since in May France's agricultural minister said, "I would prefer that the negotiations fail rather than . . . raise questions about . . . agriculture." At the G-8 summit this month President Jacques Chirac backed him up: "Only Europe has moved [and] gone to the extreme limits."

Both were responding to America's insistence that Europe do more to match its offer to cut farm subsidies -- in order to break the logjam at the heart of the now-collapsed Doha Round. But Europe had a partner in its "my way or the highway" approach. India's Commerce Minister Kamal Nath, presumably speaking for the developing nations, said more "flexibility" was needed, and then gave his definition of the word: "We can't negotiate subsistence and livelihood . . . we should not even be asked to do that."

Mr. Nath had walked out of earlier trade talks, arguing "there was no point" in continuing, which prompted the press at home to fault him for throwing a "temper tantrum." Not a bad label in this case, since India in 2004 accounted for less than 1% of world trade. And speaking after the collapse, which Mr. Nath characterized as "between intensive care and the crematorium," he sharply singled out the U.S. as the sole culprit: the "mind-set" of the Americans was "inverted . . . they're thinking only of market access."

What was surprising was the far more relaxed tone of Brazil's Foreign Minister Celso Amorin, who until now has acted with India as co-spokesman for the developing nations. Yet not once in his press conference did he mention the U.S. by name, though several times he singled out the EU -- from whom "I didn't hear all I wanted to hear." And, he added, the breakdown of talks was "especially sad" for Brazil because the Doha talks can't be compensated by bilateral or regional deals.

That's quite a shift for a Brazilian foreign minister, since Rio has put so much effort into Mercosur, its home-grown idea for an integrated South American economy. Yet now, with Venezuela's Hugo Chávez's sudden emergence as a Mercosur "partner" -- and one who proposes to take Mercosur in a very different direction -- the failed WTO talks must look even more important than before. Their breakdown, Mr. Amorin concluded, now meant trade would revert to "the law of the jungle."

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That is the issue, and if the jungle is once again to characterize world trade, then who is in a better position to operate in that realm than the U.S.? That's why it is so initially remarkable that the U.S. has stood, essentially alone, for the rules-based system the WTO represents. Last October, when President Bush announced his plan to cut domestic farm subsidies by 60% over five years, it was at first not taken seriously -- least of all by Peter Mandelson, the EU trade commissioner. Yet it was Alexander Downer, Australia's foreign minister, who represents one of America's principal competitors as an exporter of agricultural products, who said of the Bush proposal: "It's a once-in-a-lifetime opportunity that ought to be grasped."

Susan Schwab, the U.S. trade representative, had only weeks before been relegated as a lightweight who could not fill the shoes of Robert Zoellick or Rob Portman. Yet she made it clear once again that the U.S. would not accept a watered-down version of the Doha Round -- what she and others referred to as "Doha Lite." Before going to Geneva this past weekend, she returned to Washington to touch base with leaders in Congress, and especially with the Über-powerful and knowledgeable Sen. Charles Grassley.

Along with Sen. Max Baucus, Mr. Grassley stressed that anything less than major world trade reforms, especially market access for America's farm goods, would be unacceptable to Congress: It would represent only another effort to "kick the can down the road." Their support in independent quarters was substantial: The World Bank recently concluded that "within agriculture, market access barriers are the key. Deep reductions in agricultural tariffs would deliver 12 times the gains that would be achieved by abolishing export subsidies and trade-distorting domestic support to agriculture."

There are three conclusions from all this. The first is that the world's "small farmers" in several wealthy nations, whether in Japan, South Korea, Norway, Ireland, Switzerland or France, are the short-term winners. A Japanese farm trade negotiator put it frankly: "I regret the rupture of the WTO talks, but it enabled us to avoid the worst scenario, in which a food importer like Japan is forced to widely open its market."

The second is that the more dominant industrial sectors in those countries, especially in Japan and South Korea, are the long-term losers. Nihon Keizai, Japan's business newspaper, along with its Ministry of Economy, Trade and Industry, recognized that Doha's collapse "will deal a serious blow to Japan." Why? Because unlike the 2% to 4% tariff level on industrial goods in the U.S. and Europe, "influential developing countries, including Brazil and India, are at the 30% level."

The final conclusion, as many recognize, is that the way is now clear for a wholesale rush to more so-called regional and bilateral "Free Trade Areas." Washington has already pocketed several, including small ones such as with Oman, which was concluded just last week. It represents an early step towards a wider Middle East FTA, and the U.S. has more on its agenda, including imminent talks with much larger groups, such as the Association of Southeast Asian Nations.

But nations in the developing world should be forewarned. If they seek open access to the U.S. market of 300 million free-spending and import-prone Americans, their negotiators will be tested. As in Central America, Singapore, Chile and Australia, they may have to accept some distasteful conditions to close the deal. In the end, that may show it was not the U.S. that lost last weekend when the Doha Round was "suspended." It was everyone else.

Mr. Gordon, professor emeritus of political science at the University of New Hampshire, is the author, most recently, of "America's Trade Follies" (Routledge, 2001).

A Winning Strategy For The Democrats: Barter For Free Trade (WP)

By Steven Pearlstein

The Washington Post, July 26, 2006

To understand why Democrats can't win elections, all you had to do was attend yesterday's symposium at the Brookings Institution put on by the Hamilton Project, an effort by the (Bill) Clinton economic braintrust to generate new ideas and a Democratic election agenda.

The main topic was globalization, which had a certain urgency about it the day after the latest round of global trade talks collapsed.

Because this was the free-trade wing of the Democratic Party, the event featured all the usual arguments about how globalization has helped the U.S. economy, boosting growth and productivity through scale economies, specialization and increased innovation.

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And because these were Democrats, there were the requisite acknowledgements that, while trade is an overall plus for the economy, it has had some unpleasant side effects: insecurity about job losses, downward pressure on wages, widening inequality, and an unsustainable trade deficit.

There was even a general consensus on what needs to be done to ameliorate those effects. The prescriptions included some old ideas about balancing the federal budget, investing more in education and repealing the Bush tax cuts, and some newer ones such as universal access to health insurance, portable pensions and wage insurance. Protect people, not jobs, was the headline message in the Hamilton Project briefing paper that rejected the protectionist policies of the union left as well as the "you're-on-your-own" economics of the laissez-faire right.

Policy-wise, this is exactly where the Democratic Party as a whole needs to be in terms of trade and globalization. But the problem is that, when you scratch the surface, the free-trade members of the Democratic establishment turn out to be more committed to Part A of the formula, more globalization, than they are to Part B, making sure the benefits from globalization are widely shared. For them, it's really not a package deal. And if push comes to shove, which it always does in trade politics, they'd welcome more globalization even without the compensatory social policies.

How do I know this? Because they said so.

At the conference's closing session, I asked former Treasury secretaries Robert Rubin and Larry Summers and former deputy Treasury secretary Roger Altman if any of them would be willing to support the idea of a "time out" on new free-trade initiatives until there was some tangible progress toward greater economic security for U.S. workers. To a man, they recoiled at the idea.

They explained to me that globalization is such a widespread and powerful phenomenon that it would hardly be affected by trade agreements.

Then, without missing a beat, they turned around and argued how crucial those agreements are, running through the usual list of horrors that would befall the country if the United States were to put its free-trade agenda on hold:

That the United States would give up its role as the leading force for internationalism.

That such a move would send a terrible signal from the world's superpower about its isolationist instincts.

And, oh yes, my personal favorite -- that if we stopped negotiating trade treaties, other countries would rush around and sign bilateral agreements without us.

All of these arguments, of course, are beside the point. This is about the politics of trade, not the policies. And its a perfect example of how the Democrats have lost the instinct for the political jugular and the ability to use policy disputes to political advantage.

The idea here isn't to kill free trade. It's to take it hostage. Right now, the defection of formerly free-trade Democrats has made it impossible to get any trade treaty or trade-negotiating authority through Congress. That's a big problem for the business community, particularly big corporations such as Lucent, AIG and General Electric. Democrats now have a perfect opportunity to deliver what the business community wants -- and to demand in exchange programs designed to provide workers more economic security. But such negotiations will never succeed if influential Democrats give away the store in advance by signaling they support all trade liberalization, unconditionally.

No guarantees of health care, pensions, expanded unemployment insurance -- no more trade deals. It's a simple message even chief executives can understand. Voters, too.

Doha Is Dead... (WSJ)

The Wall Street Journal, July 26, 2006

Trade diplomats have been quick to point fingers after negotiations in the Doha Round collapsed Monday, and for once they're all correct. Far more important, however, will be whether the world's economic powers continue to push for the free trade of goods and services by other means, or simply retreat and let the protectionists pounce.

The U.S. has taken most of the criticism so far, some of it deserved. The Bush Administration has never escaped the subsidy shadow cast by the 2002 farm bill, which increased government aid to American agribusiness to $190 billion over six

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years. This largesse, pushed by Iowa Senator Chuck Grassley among others, made it more difficult for the U.S. to cut farm handouts enough for a successful Doha.

It also eroded confidence in the White House's ability to deliver any real cuts in the face of Congressional opposition, particularly with midterm elections coming up. To clear Congress, a Doha deal would have to be ambitious enough in other areas -- such as services and manufactured goods -- to offset the steep farm subsidy cuts that the U.S. would have to make. This is where the talks really collapsed.

EU Trade Commissioner Peter Mandelson assailed the U.S., but he knows the EU was as large a problem. Under orders from the French not to go too far, he long ago began to talk down expectations for Doha. While Mr. Bush could sell only an ambitious deal to Congress, Mr. Mandelson knew EU states wouldn't accept one that was too far-reaching.

This difference reached a breaking point on Sunday in Geneva. Mr. Mandelson complained that the U.S. snubbed his latest proposal on average tariff cuts. But this EU offer, while better than the 39% average reduction previously tabled, still came up short. The G-20 group of industrial and developing nations wanted the EU to lower its average farm tariff rate by 54%; the U.S. asked for 66%. Europe came up with 50%-51.5%.

The EU also wanted to exempt certain "sensitive" products, such as beef, from these tariff reductions. Both the G-20 and the U.S. said this exemption should be limited to only 1% of all lines of farm products, or about 20 types of goods in Europe's case. The EU first demanded 8%, then went down to 4%-5% -- still too much to keep exporters from gaining much of a foothold in European markets.

Japan, Brazil and India have also done their part to scuttle the talks. Japan insisted on keeping its domestic farmers heavily subsidized and protected by tariffs. And Brazil and India -- which as emerging economic powers arguably have the most to gain -- refused to open their markets for industrial goods and services until their demands on agriculture were met.

It's true that the Doha Round had produced important gains before this weekend, such as the elimination of export subsidies for farmers by early next decade. And a modest Doha deal would have locked in these advances and kept the momentum for free trade alive. In the end, this may be all that's achievable in the current political environment -- and we'd prefer it over nothing if talks start up again next year.

However, with Doha on ice for at least several months, and maybe for good, trade ministers will likely turn their attention to bilateral and regional free-trade agreements, or FTAs. The U.S. has been active on this front recently, signing nine of its 12 FTAs since Mr. Bush took office. Another six accords are pending approval in Congress or the partner capital, and 11 more are being negotiated. This push will continue until the expiration of President Bush's trade promotion authority next summer. Trade deals become less likely after that, because Congress will be able to pick apart and amend them, rather than casting an up-or-down vote.

U.S. Trade Representative Susan Schwab says she also wants to update older FTAs to encourage regional groupings -- and this makes sense. FTAs with Jordan and Israel are among America's oldest, for example, while pacts with Oman and Bahrain are very recent. "Harmonizing" these rules, in the trade argot, will be crucial to creating the Mideast Free Trade Area by 2013 that is a U.S. goal.

Let's hope the harmonization doesn't stop there. Bilaterals are worse than multilateral deals in several ways, notably in the "spaghetti bowl" of rules that companies have to deal with when they do business in multiple countries. But harmonizing the rules across different bilaterals may be a way to create a "coalition of the willing" for free trade. Bring in another of the more powerful trading nations -- say, Australia -- and there will be real momentum toward a so-called plurilateral free-trade deal. Call it Doha by the back door.

In a better world, the U.S. would preach and practice the virtues of unilateral free trade that has helped Americans prosper while lifting hundreds of millions out of poverty around the world. Short of that ideal, the way to prevent Doha's suspension from becoming a protectionist victory is to pursue freer trade by whatever diplomatic means possible.

A Failure For Trade (WP)

The Washington Post, July 26, 2006

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IN THE AFTERMATH of the terrorist attacks of Sept. 11, 2001, the United States and its allies launched the Doha round of global trade talks. The aim was to reduce trade barriers that particularly harm developing countries, with the hope of spreading prosperity and dimming the appeal of terrorists who assert that the global system is unjust. Five years later, the struggle against Islamic radicalism is hardly going swimmingly. But the world's leaders are tired and complacent. On Monday they allowed the Doha round to collapse.

The failure came one week after the Group of Eight meeting in St. Petersburg, at which the world's dominant powers promised to break the negotiating deadlock. Even in the best of times, the G-8 is a suave issuer of hollow promises, but seldom have any proved this empty this fast. Rather than following up their G-8 pledge by authorizing trade ministers to return to the bargaining table with fresh concessions, the heads of state sent them back into the fray with hardly any extra flexibility. The result was predictable. The Doha round has now been formally suspended, and there is virtually no chance of its revival before the expiration of President Bush's trade promotion authority next summer.

The main players lost no time in pointing fingers at each other. The truth is that both the United States and the European Union made political decisions not to confront their farm lobbies, even though agricultural liberalization is at the heart of the Doha round. European timidity owed something to the diminished status of Britain's prime minister, Tony Blair, who is beset by poor poll ratings and a whiff of scandal, and much to the wimpy French government, which retreats from pro-market reform when bullied by demonstrators. Meanwhile, the Bush administration faces tough midterm elections and has no stomach for alienating farmers. The leading developing countries, for their part, offered only minimal market opening.

Yet while the failure of the Doha round can be explained politically, it makes no moral or practical sense. Many aspects of the war on terrorism involve genuinely hard trade-offs: how to balance security and civil liberties, how to balance military force with the quest for hearts and minds. But pro-development trade liberalization is a win-win, a no-brainer: It is good for the rich economies that cut the trade barriers as well as being good for exporters in developing countries. The Bush administration, like other recalcitrants, chose not to make fresh "concessions" that might have saved the Doha round, but these so-called concessions would merely have limited its funneling of billions in taxpayers' money to large farmers, a policy that makes no sense. Indeed, the administration itself declares that it wants to cut farm subsidies. So what is the sense in triggering the collapse of trade talks in order to preserve them?

Nobody Wants Free Trade (LAT)

The Los Angeles Times, July 26, 2006

WHILE HEZBOLLAH MISSILES and Israeli airstrikes crossed in the night, militias rampaged in Somalia and Darfur and death squads made their ghoulish rounds in the streets of Baghdad, a quieter disaster — but one with arguably larger long-term implications — took place in placid Geneva.

World Trade Organization talks hardly make for compelling television, gripping front-page photos or sexy headlines, yet their effect is often of greater consequence than the latest suicide bombing or military atrocity that commands the 24-hour news cycle. The Israeli-Hezbollah conflict has killed fewer than 450 people so far; global poverty has killed several million this year, while contributing to the instability and despair that will spawn tomorrow's wars, terrorism and other more telegenic tragedies. The Doha round of talks that collapsed Monday in Geneva, launched in the aftermath of the 9/11 terror attacks, could have put a genuine dent in that poverty while boosting standards of living in wealthy nations. The World Bank estimates that a successful outcome would add nearly $300 billion to the world economy.

Just last week, world leaders proclaimed at the Group of 8 summit that they were committed to saving the Doha round, which is aimed primarily at reducing agricultural tariffs and subsidies that make it harder for poor countries to sell their crops to rich countries at a fair price. Their words were, as expected, completely empty. None of them gave their trade ministers any new proposals to introduce during last-ditch efforts over the weekend to resolve the 5-year-old talks, which ended up being suspended indefinitely by WTO Director Pascal Lamy.

The United States and the European Union each accuse the other of intransigence, but in truth, neither side was ready to make anything but cosmetic cuts in farm supports. The reason is connected to the lack of headlines on the collapse of the Doha talks: There is no strong political constituency on behalf of free trade or international development. Though every American

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taxpayer and consumer is harmed by farm subsidies, the powerful agribusiness lobby and members of Congress from farm states still prevail.

Doha is dead for now, but it doesn't have a stake in its heart. Other trade rounds have been revived years after their apparent demise. That could happen with Doha if business interests and politicians who know the benefits of free trade and appreciate the strategic value of lifting global living standards are willing to get the message across.

President Bush has been addressing the crisis in Iraq this week, and Secretary of State Condoleezza Rice has been dealing with Lebanon. In a decade, their efforts may well be historical footnotes. It was U.S. Trade Representative Susan Schwab — ever heard of her? — who was left to deal with what could turn out to be the more lasting tragedy. Poverty, unless more is done to combat it now, will in coming decades still be the scourge of humanity, engendering more wars and famines, giving rise to new diseases and worsening overpopulation. It's worth a lot more attention than it's getting.

If you want other stories on this topic, search the Archives at latimes.com/archives.

New Legal Front Opens In Recount Battle (LAT)

By Chris Kraul

The Los Angeles Times, July 26, 2006

MEXICO CITY — Andres Manuel Lopez Obrador filed a federal lawsuit Tuesday charging Mexico's national electoral board with criminal omission of duties for not stopping negative advertising in the final weeks of the campaign, his latest gambit in a bid to force a recount in the July 2 presidential election.

Lopez Obrador, of the Democratic Revolution Party, fell 244,000 votes short of his competitor Felipe Calderon of the National Action Party and has since pressed his case for a recount of all 41 million votes cast, charging that the balloting was tainted by fraud and mismanagement.

His appeal is now before a seven-judge federal electoral tribunal. Its decision, expected by Aug. 31, could go a number of ways: a partial or full recount, nullification of the election and calls for new balloting, or dismissal of Lopez Obrador's appeal.

On Sunday, hundreds of thousands of his supporters are expected to march on the capital's historic center.

The suit refers to advertising allegedly paid for by private companies and business associations opposed to Lopez Obrador that, without mentioning the candidate by name, warned voters not to risk economic instability. The Lopez Obrador camp contends that the ads were illegal because they violated rules that forbid all but political parties from buying advertising. Some legal experts dispute that interpretation.

During the campaign, Lopez Obrador successfully filed a complaint to stop negative political ads that Calderon was running in which Lopez Obrador was compared to Venezuela's Hugo Chavez.

On Monday, Lopez Obrador sent Calderon a letter that he later made public asking his rival to agree to a national recount of the votes cast and that in exchange he would accept the results and not continue with street demonstrations. Lopez Obrador's supporters said at a news conference Monday that a recount was the only way that Calderon, if he prevails, could govern without a "shadow of illegitimacy."

Calderon answered Monday night that the matter was in the hands of the federal electoral tribunal and that political parties didn't have a say in whether there was a recount.

At the news conference Monday, Lopez Obrador supporters said they had found evidence that more than half of the 130,000 balloting stations showed signs of arithmetic errors.

Political scientist Federico Estevez of Mexico City said that, judging from the description, the alleged errors were mistakes that even out over the course of a ballot count and probably would not affect the final outcome.

Mexican President, Whoever It Is, Needs Sense Of Balance (USAT)

USA Today, July 26, 2006

Qué pasa in Mexico? More than three weeks after the presidential election, we still can't be certain who won. The top vote-getter in the July 2 contest was Felipe Calderón, a 43-year-old lawyer with a graduate degree from Harvard, of the conservative National Action Party. But with just 244,000 votes separating them, his chief rival, Andrés Manuel López Obrador of the Democratic Revolution Party, is challenging the results.

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Still, chances are, Calderón will win. He and I were classmates at Harvard six years ago. He has a keen mind, a good heart and a likable personality. I'm sure he'll assemble a competent staff and that Mexico will be in good hands. What's unclear to me is why my amigo would want this job.

For one thing, Mexican presidents must have an exceptional sense of balance. That's true domestically: Ideally, they should represent rich and poor in a country where the two groups seem to live in different worlds. In foreign affairs: They have to remain close to the people without appearing too close to the United States.

Spotty record

No one ever seems to pull that one off. Looking back on all the presidents since the end of the Mexican Revolution in 1920, some were seen as puppets for Uncle Sam and others as thorns in his side. Guess which is celebrated south of the border. It has become a joke: Stand up to los americanos, and Mexico will erect a statue in your honor. It worked for Lázaro Cárdenas, a former army general who became president in 1934.

In a letter to the secretary of State, U.S. ambassador to Mexico Josephus Daniels famously described Cárdenas as a "loyal soldier" who would take orders from a "superior authority." How wrong that prediction turned out to be — especially with regard to the hot-button issue of the day: oil.

When Cárdenas took office, most of the country's petroleum industry was controlled by 17 foreign companies. Concerned that these companies were looting Mexico of its most valuable natural resource, Cárdenas nationalized the oil fields and reclaimed them for Mexico. Today, many Mexicans consider Cárdenas a hero and the petroleum industry off-limits to foreign investment.

Return the favor

Now the hot-button issue is immigration, and Calderón will have to strike a balance between what Americans want and what Mexicans will allow. After years of Mexico being bailed out by the United States, many Americans seem to want to be bailed out by Mexico. That is, we'd like our neighbor to do more to cut off the supply of illegal immigrants who go north because we can't seem to curb the demand for the labor that they provide. The hope is that Mexico will prevent migrants from leaving that country and spilling into ours. The demands range from the reasonable (creating more jobs in Mexico) to the ridiculous (physically stopping border crossers).

You can guess Mexico's response: "No way, José." Mexico isn't about to prevent its people from leaving. While it is a crime to smuggle people out of the country, it is not a crime for migrants to let themselves be smuggled.

In the United States, however, it is a crime to knowingly hire an illegal immigrant. And yet, Americans are addicted to cheap illegal immigrant labor. It allows those who earn middle-class wages to live upper middle-class lives. More people can afford nannies, housekeepers and gardeners. Now that we've decided that we have to kick the habit, and lacking the willpower to do it on our own, we demand of Mexico: "Stop us before we hire again."

Help is not on the way. Calderón has said that building walls or deploying troops won't stop illegal immigration. He has promised Mexicans that he won't "bow my head and lower my eyes to the Americans" and that he would accept only a "dignified" relationship with the United States.

Good for him. But, whatever happens, the relationship between the two countries just got a lot more interesting.

Ruben Navarrette is an editorial writer for The San Diego Union-Tribune and a nationally syndicated columnist.

Axis Of Hugo (WSJ)

The Wall Street Journal, July 26, 2006

Venezuelan strongman Hugo Chávez is on a two-week tour du monde that began with a visit to Che Guevara's boyhood home in Argentina and will, after several stops, reach a climax alongside Iranian President Mahmoud Ahmadinejad in Tehran. This is more than just an itinerary; it's a kind of AAA guide through the world's rogue regimes and anti-Americans.

So it was no surprise that in London Mr. Chávez skipped Tony Blair. Instead, he paid a visit to London Mayor "Red Ken" Livingstone, an ostensible progressive who finds common ground with firebrand Islamist clerics. Next up was scenic Belarus, the last full-blown dictatorship in Europe, which Mr. Chávez praised as a "model of a social state." Then on to Moscow, where he plans to squander his country's oil wealth on 30 advanced jet fighters and a license to build Kalashnikov assault rifles back home.

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Mr. Chávez has publicly fantasized about using the fighters to take out a U.S. aircraft carrier in the Caribbean. That's implausible, given how the U.S. would respond if he tried. But Venezuela's neighbors have plenty to fear from his Kalashnikovs.

As for Iran, this will be Mr. Chávez's fifth visit. Maybe he likes the food. Already Caracas and Tehran have cemented an alliance that goes beyond anti-American posturing and oil politics to include military exchanges, according to press reports. Who knows where the madcap Venezuelan will turn up next, but we'll lay odds that Zimbabwe, Burma and North Korea are all high on his "50-dictatorships-to-see-before-I'm-deposed" list.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Judge Dismisses Lawsuit On AT& T Data Handover (AP)..... 4
Judge Rejects Customer Suit Over Records From AT&T (NYT) .. 4
Judge Dismisses Lawsuit Against AT&T: Reports (DOW)..... 5
Justice Dept. Sues To Block Missouri From Getting Phone Records (AP) 5
Feds Seek To Trump State's Inquiry Into Phone Records (KCS) . 6
White House Sticks To Wiretap Argument (WSJ) 7
Blank Check To Spy (WP) 8
White House Bill Proposes System To Try Detainees (NYT)..... 9
White House Working On Detainee Rules (AP-Y)..... 10
Fariz Is Sentenced To 3 Years (TAMPTRIB) 11
Al-Arian Associate Sentenced To 37 Months In Prison (AP) 11
Al-Arian Associate Sentenced (SPT)..... 12

Homeland Response:

Nashville Man Indicted After Discovery Of Weapons, Poison (TENN)..... 13
Nashville Man Indicted Over Ricin (KNOXNS/AP) 13
Donelson Pipe Bomb Suspect Indicted For Making WMD (NASHCP)..... 14
System Separates Terror Suspects, Namesakes (WT) 14
Cities' Disaster Plans Lacking (USAT)..... 15
House OKs Emergency Communication Bill (AP)..... 16
Insurers Say Terror Too Risky To Cover (WT)..... 16
Insurers Seek Help For Terror Coverage (AP-Y) 17
Security And Chemical Plants (NYT)..... 18

War News:

Saddam's Oil Graft Divulged In 2000 (WT/AP)..... 18
In the Loop (WP)..... 19
U.S. Helps Recover Statue And Gives It Back To Iraqis (NYT) .. 19
Taliban Goes For Cash Over Ideology (FT) 20
Colombia To Aid In Afghan Drug War (WT) 21
Colombia Cracks Down On Drug Cash (USAT)..... 21
Cry Bias, And Let Slip The Blogs Of War (WSJ)..... 22

DOJ:

Ashcroft Nostalgia (WP)..... 24
U.S. Prosecutors' New Foe: Attrition (PHI)..... 25

Corporate Scandals:

Trying Not To Keep Up With The Andersens (LAW)..... 26
Banker Pleads Guilty In Executive Life Case (LAT) 27
French Executive Pleads Guilty In Executive Life Case (MERCN) 27
SEC Wants Details Of Executive Pay (AP) 27
SEC Expected To OK Stricter Executive-pay Rules (MRKTWTCH) 28
Cox Cites 'Hole' In Regulatory Net On Hedge Funds (WSJ)..... 29
S.E.C. Chief Looks To Regain Power Over Hedge Funds (NYT)30
Over-Lawyered At The SEC (WSJ) 31

Criminal Law:

U.S. Prosecutors Argue Against Gag Order For Bush In Soldier's Case (LCJ)..... 32
Congress Creates Child Molesters Database (AP) 32
Congress Spanks Naughty Sex Sites (CNET) 33
Judge In Mob Case Denies 2 Ex-Detectives Bail (NYT) 34
Man Gets 8 Months In Prison For Taping Michael Jackson On Plane (FINDLAW/AP) 35
No Documents Yet For DOJ (RC) 35
Court Finds Subterfuge In D.C. Bank Battle (WP)..... 36
Angry Mob Greets Salt Lake Police After Discovery Of Destiny Norton's Death (KTVX-TV) 37
Destiny Mystery: Why Wasn't She Found Sooner? (SLT) 38
Sorrow For Destiny: Man Accused In Her Slaying Had Participated In Search (DESERET)..... 39
Mayor Anderson Praises Police Work In Destiny Case (KSL-TV)41
Girl's Body Found In Neighbor's Basement (BVND) 42
Missing Girl Found Dead; Neighbor Is Held (NYT)..... 42
Teen Faces Murder Charge In Ind. Shootings (KCS)..... 42
Teen Arrested In Indiana Highway Sniper Shootings (USAT)..... 43
Three Arrested In Ongoing Springfield Corruption Probe (AP) ... 43
BetonSports Axes Imprisoned Chief (UKIND) 44
Sack Follows Arrest For BetonSports Chief Executive (GUARD)44
Grand Jury Indicts 3 In Jobless Claim Fraud Following Katrina (BRADV) 45
Law Restricting Sex Offenders Clears A Hurdle (NYT)..... 46
Tipping The Checks And Balances (HILL)..... 46

Civil Rights:

Feds Sue Chesapeake, Alleging Discrimination With Police Test (VP)..... 47

Justice Department Files Suit Against Chesapeake For Police Hiring Practices (WAVY-TV) ... 48
Feds Probing HAVA Negotiations (RC) ... 48
FBI In Norfolk Says White Powder Received In Mail Is Safe (VP) 49
Atlanta NAACP Office Finds Suspicious Letter (MACT) ... 49
Suspicious Pkg. Found At NAACP (WXIA-TV) ... 50
Senate Restricts Abortion Option For Young Girls (NYT) ... 50
Interstate Abortion Bill Clears Senate (WP) ... 51
Senate Approves Parental Consent (WT) ... 52
Senate OKs Curb On Interstate Abortions For Minors (LAT) ... 53
Congress Must Set An Example On The ADA (RC) ... 54

Antitrust:

Supreme Court Setback For Stolt-Nielsen (DOW) ... 55
Love Field Deal Draws Justice Department Concerns (AP) ... 56
Wright Deal Raises Antitrust Questions (DMN) ... 57
Judge Seeks More Data On 2 Telecom Deals (WP) ... 58
Judge Balks At Closure Of AT&T, Verizon Mergers (CNET) ... 59
McClatchy Facing $163,000 Daily Bill If Newspaper Sale Is Blocked (AP) ... 59
H.P. To Pay $4.5 Billion To Acquire Mercury (NYT) ... 60
H-P To Buy Mercury For $4.5 Billion In CEO Hurd's First Big Purchase (WSJ) ... 61
HP To Buy Mercury Interactive For $4.5B (USAT) ... 62
HP To Buy Mercury For $4.5bn (FT) ... 63
Blackstone May Enter Bid For HCA (WSJ) ... 63
Canada Clears Phelps Dodge-Inco Deal (AP) ... 64

Environment/Indian Affairs:

Federal Judge Says Mass. Oil Spill Act Unconstitutional (AP) ... 64
Landrieu Key To Drilling Vote (RC) ... 65
Cuba Oil Probe Spurs Calls For U.S. Drilling (WT) ... 67
Ethanol's Rise Prompts Worries Of A Corn Crunch (CSM) ... 68
How Corn Became Like Vegas (WSJ) ... 69
Hot? Yes. Global Warming? Maybe. (LAT) ... 70
Rangers Take On Urban Woes In Wide Open Spaces (NYT) ... 71
On Puget Sound, It's Orca Vs. Inc. (WP) ... 73
'A Beginning' For Conservation (USAT) ... 74
Report Cites BIA In Death Of Teenager (WP) ... 76

FBI/DEA/ATF/USMS:

Pair Guilty Of Running 'pill Mills' (TPI) ... 77
Orleans Area Clinic Owner, Doctor Convicted In "pill Mill" Case (AP) ... 78
$1.2M Found In Car Of North Philly Cocaine Dealer (AP) ... 78
Colombia Cracks Down On Drug Cash (USAT) ... 79
N.J. Gang Targeted In Statewide Sweep (AP) ... 80
MARYLAND BRIEFING (WP/AP) ... 80

Immigration:

Compromise Would Allow Unlimited Immigrants (WT) ... 80
2 GOP Lawmakers Offer Immigration Compromise (LAT) ... 81
Comprehensive Immigration (WT) ... 82
Decline Seen In Illegal Immigrants (NYT) ... 83
Washington Wire (WSJ) ... 83
Who Will Care For U.S. Elderly If Border Closes? (WSJ) ... 85
Blame For Current Border Problems Falls Heavily On Congress (RC) ... 86
When Immigrants Become Humans (LAT) ... 87

Tax:

Patented Tax Strategies May Fail To Shield You From The IRS (WSJ) ... 88
Dynamic Analysis (WSJ) ... 89
Tax Cuts May Come At A Price, Study Says (WP) ... 90
Tax-Haven Abuse Is Examined (WSJ) ... 91

Congress-Administration:

White House Mulls Mineta Replacement (AP-Y) ... 91
Adversary Of Goss Takes No. 2 CIA Post (WT) ... 92
Bush Names Peace Corps Director (AP-Y) ... 93
Wind Farm Delays Pit Senators Against FAA (CHIT) ... 93
Sponsors Hold Out For Press Shield Law (AP-Y) ... 94
Line-item May Get Sept. Vote (HILL) ... 94
Poll: Majority Of Public Disapprove Of Bush's Stem Cell Veto (USAT) ... 95
Republicans Split On IRA Provision In Pension Bill (WSJ) ... 96
Pension Bill Inspires Late Lobbying Flurry (RC) ... 97
Legislating For November (HILL) ... 98
Frist Says He Got No Gain From HCA Deal (AP-Y) ... 99
Addressing, And Assessing, Government Productivity (WP) ... 99
An ABA Hit Job (WSJ) ... 100

Other News:

Federal Reserve Discloses Bernanke's Financial Assets (WSJ) 101
Home Sales Fell By 1.3% In June; Inventories Rose (WSJ) ... 101
Home Prices Could Start Falling (USAT) ... 102
After 5 Years Of Growth, Home Prices Drop (WP) ... 103
Housing Market Slowdown Rippling Across The Economy (CSM) ... 104
Sales Slow For Homes New And Old (NYT) ... 105
Consumer Confidence Posts Surprising Increase (USAT) ... 106
Lower Oil Prices Help Fuel Market Rally (USAT) ... 107
Late Rally Pushes Stocks Up Modestly On Hopes For Economic Soft Landing (WSJ) ... 107
Ex-Treasury Chiefs Voice Global Concerns (USAT) ... 108
Is There An Oil 'Bubble'? (WP) ... 108
Democrats Writing Off Rowley Race (RC) ... 110
To Raise Profile, Murtha Will Stump For 41 Dems (HILL) ... 111
It's My Party And I'll Flee If I Want To (TIME) ... 112
Steele Admits He Criticized GOP In Interview (WP) ... 113
Senate GOP Candidate Slams Party (AP-Y) ... 114
Accountability And The Blackout In Queens (NYT) ... 115
Schwarzenegger Bus Tour Hits Bump (LAT) ... 116
Voters Choose Istook To Take On Okla. Governor (WP/AP) ... 117
OK Gov.: Istook Easily Captures GOP Nod, Will Face Henry (CQP) ... 117
Bipartisan Appeal High For Female Governors (USAT) ... 118
GOP Criticizes Democrat Plans For Nomination (WT) ... 119
Bush: U.S. To Bolster Security Forces In Baghdad (CHIT) ... 120
Bush To Add Troops In Baghdad, Citing 'Terrible' Sectarian Strife (WP) ... 121

DOJ_NMG_0043100

Baghdad Chaos Pushes Bush To Shift U.S. Troops (NYT) 122
More Troops Will Move Into Baghdad (WT) 124
The Battle For Baghdad, Again (USAT) 124
U.S. To Bolster Its Force In Baghdad (WSJ) 127
Battle For Baghdad Boils Down To Grabbing A Slice At A Time (NYT) 128
Bush: New Plan To Help End Iraq Violence (AP-Y) 129
A Long, Bad Six Weeks (NYT) 130
Bush, Iraq's Maliki Clash On Mideast Crisis (AFP-Y) 131
Iraqi Leader, Bush Split On Israel (LAT) 132
Iraq PM's Comments Under Fire (HILL) 133
Critics Hit Iraq Speech (RC) 134
Iraqi PM Calls Israel's Actions 'criminal' (FT) 135
Democrats Urge Al-Maliki To Clarify View On Hezbollah (WT). 135
Maliki's Remarks About Israel Inspire Anger Among Democrats (WSJ/AP) 136
Bush, Al-Maliki Disagree On Cease-fire In Mideast (USAT) 137
Hastert Rejects Calls To Disinvite Al-Maliki To Speak To Congress (FoxN) 137
Congress Cautioned On Support Of Israel (WP) 139
True Friends Of Israel Cannot Let The Dems Take Power (HILL)140
In Lebanon's Crisis, A Chance For U.S. To Broaden The Stakes (WP) 141
Rice To Meet With Counterparts In Bid To Stem Mideast Conflict (WSJ) 141
Hizbollah Defiant Ahead Of Rome Meeting (FT) 142
Rice's Mideast Visit Draws Mixed Reviews (AP) 143
Israeli Airstrike Hits U.N. Outpost (WP) 144
Allies Losing Patience With U.S. Terms For Cease-Fire (LAT). 146
Rice Seeks 'Urgent' Solution In Lebanon (WT) 147
In Mideast, Rice Stresses Civilian Relief (CSM) 148
1st Shipment Of U.S. Aid Arrives In Beirut (AP) 149
The Immutable President (NYT) 150
A Way Forward (WP) 151
Talking Turkey With Syria (NYT) 152
This New, Gentler Bush Is Dangerous (FT) 153
Israel Is Within Its Rights (WP) 154
Max Boot: Bush Didn't Start The Mideast Fire (LAT) 155
Europe's Chance (WP) 156
The Enemy Of My Enemy Is Still My Enemy (NYT) 157
Israeli Warplanes Strike U.N. Post (LAT) 158
Israel: U.N. Force Not Targeted (USAT) 159
Israeli Strike Kills 2 U.N. Peacekeepers (WT) 160
2 Dead, 2 Missing After U.N. Post Hit (AP-Y) 161
Israel Widens Control, Seals Hezbollah Stronghold (WT/AP) ... 162
Israel To Occupy Area Of Lebanon As Security Zone (NYT) 163
Big Ground Campaign In Lebanon Would Present Perils For Israel (WSJ) 165
Israel Finding A Difficult Foe In Hezbollah (NYT) 166
Heavy Fighting Slows Israel's Ground Forces (WP) 168
Why Syria Has Much To Lose If Hezbollah Is Finally Halted (NYT) 169
Hezbollah Vows Rockets Deeper Into Israel (AP-Y) 170
Israeli 'Doves' Say Response Is Legitimate (WP) 171
Hezbollah: Israeli Onslaught A Surprise (AP-Y) 172
'God Stop The Bombs!' (WP) 173
A Lebanese Hospital Is An Unstable Pause From War (NYT) .. 175
As Bombs Hit South, Life Goes On North Of Beirut (WT) 176
A City Struggles To Maintain A Bit Of Its Charm (WP) 176
Major Powers Report Progress In Draft On Iran Nuclear Issue (AFP) 178
Bush Meets Rebel Leader To Discuss Darfur Accord (WP) 179
Somalia's Islamic Militia Rebuffs U.N. (AP) 179
Somali Peace Talks In Jeopardy As Islamists Issue Fresh Conditions (AFP-Y) 180
China To Freeze N Korean Accounts (FT) 181
U.S. Envoy Will Press China To Open Up Its Banking Sector (WSJ) 182
Georgia Sends Troops To Subdue Rebel Militia (NYT) 183
US Hits Back At EU Over Doha Collapse (FT) 183
Failed Trade Talks Usher In Uncertainty (WP) 184
Trade Focus Now Shifts To Regional Deals (NYT) 185
U.S. Farm-Subsidy Cuts A Long Shot As Doha Falters (WSJ). 186
US Braced For Battle Over Farm Subsidy Reform (FT) 187
Doha Aground (WSJ) 187
A Winning Strategy For The Democrats: Barter For Free Trade (WP) 189
Doha Is Dead... (WSJ) 190
A Failure For Trade (WP) 190
Nobody Wants Free Trade (LAT) 191
New Legal Front Opens In Recount Battle (LAT) 192
Mexican President, Whoever It Is, Needs Sense Of Balance (USAT) 192
Axis Of Hugo (WSJ) 193

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TERRORISM NEWS:

Judge Dismisses Lawsuit On AT& T Data Handover (AP)

By Mike Robinson

AP, July 26, 2006

CHICAGO, July 25 -- Citing national security, a federal judge Tuesday threw out a lawsuit aimed at blocking AT&T Inc. from giving telephone records to the government for use in the war on terror.

"The court is persuaded that requiring AT&T to confirm or deny whether it has disclosed large quantities of telephone records to the federal government could give adversaries of this country valuable insight into the government's intelligence activities," U.S. District Judge Matthew F. Kennelly said.

A number of such lawsuits have been filed around the country after reports that AT&T and other phone companies had turned over records to the National Security Agency, which specializes in communications intercepts.

Kennelly's ruling was in sharp contrast to last week's decision from U.S. District Judge Vaughn R. Walker of San Francisco, who said reports of the program were so widespread there was no danger of spilling secrets.

Kennelly ruled in a lawsuit filed by the American Civil Liberties Union of Illinois on behalf of author Studs Terkel and other activists who said their constitutional rights were violated because of an NSA program that gathers phone company records.

Justice Department attorneys argued that it would violate the law against divulging state secrets for AT&T to say whether it had provided telephone records to the agency.

The ACLU argued that the practice was no longer secret because numerous reports had made it clear that phone records had been given to the agency.

But the judge said the reports amounted to speculation and in no way constituted official confirmation that phone records had been turned over.

He also said Terkel and the other plaintiffs in the lawsuit, which sought class-action status, had not shown that their records had been provided to the government. As a result, they lacked standing to sue, he said.

ACLU legal director Harvey Grossman said in a statement that his group respectfully disagreed.

"A private company -- AT&T -- should not be able to escape accountability for violating a federal statute and the privacy of their customers on the basis that a program widely discussed in the public is secret," Grossman said.

In his ruling, Kennelly noted that he had received written statements from National Intelligence Director John Negroponte and NSA Director Lt. Gen. Keith Alexander in his chambers, with ACLU lawyers not allowed to be present.

Judge Rejects Customer Suit Over Records From AT&T (NYT)

By Adam Liptak

The New York Times, July 26, 2006

A federal judge in Chicago dismissed a class-action lawsuit yesterday against AT&T that claimed it had illegally given information about its customers to the National Security Agency. The judge, Matthew F. Kennelly, based his ruling on the state secrets privilege, which can bar suits that would disclose information harmful to national security.

The ruling is at first blush at odds with a decision last week by a federal judge in San Francisco. That judge, Vaughn R. Walker, allowed a similar suit against AT&T to proceed notwithstanding the state secrets privilege.

But the two decisions can be reconciled, Judge Kennelly wrote. The Chicago case concerns records of phone calls, including when they were placed, how long they lasted and the phone numbers involved. The San Francisco case, by contrast, mainly concerns an N.S.A. program aimed not at a vast sweep of customers' records but at the contents of a more limited number of communications.

Because the Bush administration has confirmed the existence of such targeted wiretapping, the San Francisco suit could proceed without running afoul of the state secrets privilege, Judge Walker ruled last week. "The government has opened the door for judicial inquiry," he wrote, "by publicly confirming and denying material information about its monitoring of communications content."

In his decision yesterday, Judge Kennelly said there had been no comparable confirmation by the government or AT&T of "the existence or nonexistence of AT&T's claimed record turnover." He refused to rely on news accounts of the program as proof

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of its existence and noted that “no executive branch official has officially confirmed or denied the existence of any program to obtain large quantities of customer telephone records.”

The case was brought by the journalist Studs Terkel, five other individual plaintiffs and the American Civil Liberties Union of Illinois. They argued that the program violated a federal law that forbids the disclosure of some customer records to the government, and they sought a court order to stop it.

Among the papers the government submitted to Judge Kennelly to urge the dismissal of the case on state secrets grounds was a declaration from John D. Negroponte, the director of national intelligence. “Even confirming that a certain intelligence activity or relationship does not exist, either in general or with respect to specific targets or channels,” Mr. Negroponte said, “would cause harm to the national security because alerting our adversaries to channels or individuals that are not under surveillance could likewise help them avoid detection.”

Judge Kennelly noted his “great antipathy” for dismissing the suit. “Nothing in this opinion,” he wrote, “prevents the plaintiffs from using the legislative process, not to mention their right of free speech, to seek further inquiry by the executive and legislative branches into the allegations in their complaint.”

More than 30 lawsuits over government surveillance programs are pending in the nation. Only one, in Detroit, has moved beyond questions of procedure and privilege to consider the legality of the wiretapping program. A decision in that case is expected soon.

Judge Dismisses Lawsuit Against AT&T: Reports (DOW)

Dow Jones, July 26, 2006

SAN FRANCISCO (Dow Jones) -- A federal judge in Chicago on Tuesday dismissed a lawsuit filed against AT&T Inc. (T) to stop the company from providing telephone records to the government, according to reports.

U.S. District Judge Matthew F. Kennelly said requiring AT&T to disclose if it has turned over telephone records to the federal government could provide insight on the country's intelligence activities to its adversaries, the reports said.

Several similar suits have been filed across the U.S. following news media reports that AT&T and other phone companies had provided records to the National Security Agency, which specializes in communications intercepts.

The Chicago suit was filed by the American Civil Liberties Union of Illinois on behalf of author Studs Terkel and other activists who said an NSA program that gathered phone company records violated their constitutional rights, according to the reports.

Justice Department attorneys argued for the case to be dismissed because AT&T would violate the law against divulging state secrets by denying or confirming whether it had provided telephone records to the spy agency, the reports said.

Earlier this week, a U.S. district judge in San Francisco denied the government's and AT&T's motion to dismiss a similar case, saying that the existence of the surveillance program could not be considered a state secret because it has been widely reported by the media, and both the government and AT&T have indicated it exists.

The San Francisco lawsuit, which was filed by the Electronic Frontier Foundation, accuses AT&T of illegally working with the NSA to eavesdrop and track phone calls without warrants.

Justice Dept. Sues To Block Missouri From Getting Phone Records (AP)

By Sam Hananel, Associated Press

AP, July 26, 2006

The federal government sued two members of the Missouri Public Service Commission on Tuesday to stop them from seeking information about customer records that telephone companies may have given to the National Security Agency.

The lawsuit, filed in U.S. District Court in St. Louis, claims disclosure of any information the Missouri regulatory body wants to obtain could cause "exceptionally grave harm to national security."

Public Service Commission members Robert Clayton and Steve Gaw issued subpoenas last month to find out whether AT&T Inc. supplied Missouri customer information and calling records to the NSA in violation of Missouri privacy rules.

The Missouri subpoenas came after a USA Today story reported that AT&T and other phone companies handed over phone records of millions of Americans to the NSA after the Sept. 11 attacks.

In its lawsuit, the Justice Department says the federal government has "exclusive control vis-a-vis the states with respect to foreign intelligence gathering, national security, that conduct of foreign affairs and the conduct of military affairs."

The government asserts that Missouri officials lack authority to compel AT&T — and any other phone company that serves Missouri residents — from responding to the subpoenas because highly classified and sensitive information is involved.

Responding to the lawsuit, Clayton said the government "cites no law or court order which allows AT&T to ignore or violate Missouri law."

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"We in no way want to interfere with activity that relates to national security, but we have a legal and moral obligation to enforce Missouri privacy law," Clayton said. "We are asking very general questions to ensure that our own laws are being followed."

Last month, the Justice Department filed a similar lawsuit against the New Jersey attorney general and other state officials to stop them from obtaining information about phone company cooperation with the NSA.

The Justice Department has said more than 20 lawsuits have been filed around the country charging phone companies with illegally assisting the NSA.

In Missouri, a Cole County judge has set an Aug. 28 hearing on the request from Clayton and Gaw to compel AT&T to comply with the subpoenas.

Feds Seek To Trump State's Inquiry Into Phone Records (KCS)

By Scott Canon And Matt Stearns

The Kansas City Star, July 26, 2006

The Bush administration sued two Missouri state regulators Tuesday to stop them from trying to find out whether AT&T turned over customer records to the National Security Agency.

In the lawsuit against Missouri Public Service Commission members Steve Gaw and Robert Clayton, the Department of Justice said their efforts could eventually spill national secrets.

The conflict stems from subpoenas issued by the two commissioners, both Democrats, last month to learn whether the phone company handed over calling records to the federal spy agency in violation of Missouri's privacy laws.

"We have a legal and moral obligation to uphold Missouri privacy laws," Clayton said.

Yet Richard Epstein, a constitutional law scholar and senior fellow at the Hoover Institution, expected the government to trump the challenge in Missouri and several other states.

"Unless I'm missing something, the feds win this dispute," he said. "They're the big kid on the block."

The Justice Department contended in its lawsuit that state regulators are not entitled to make inquiries when doing so could harm national security.

Compliance with the subpoenas would cause "exceptionally grave harm to national security," said the lawsuit filed in federal court in St. Louis. "If particular carriers are indeed supplying foreign intelligence information to the federal government, compliance with the subpoenas would require details of that activity."

In other words, potential terrorists would know more about when the NSA, a supersecret agency, was listening in, making tracking their efforts that much more difficult.

A hearing in state court before a Cole County judge was scheduled for Aug. 28 on whether AT&T should be compelled to comply with the subpoenas issued by Gaw and Clayton.

Clayton said the inquiry about what information AT&T and other phone companies might have surrendered to the NSA was not about risking national security, but rather the commissioners' efforts to make sure that Missourians remained protected by state law.

"Our role relates only to enforcing Missouri law," he said. "How is it possible for a company to simply ignore state privacy laws?"

The state commission's three other members — one Democrat and two Republicans — have taken no official position either supporting or opposing Clayton and Gaw's subpoenas.

Similar fights between state officials and the Bush administration are brewing elsewhere in the country. For instance, in May, New Jersey Attorney General Zulima Farber issued subpoenas to AT&T, Verizon, Cingular Wireless, Sprint Nextel, and Qwest. The Justice Department sued to quash those subpoenas in June.

In the meantime, private and class-action lawsuits have been filed by people trying to find out what records the phone companies gave to the government.

A federal judge in California last week issued a ruling — over the objections of the Justice Department — that kept alive an Electronic Frontier Foundation lawsuit against AT&T over its reported involvement with the federal government's domestic surveillance program.

"Learning as much as we can about this program is really important," said Rebecca Jeschke, a spokeswoman for the group. "Americans' privacy is in jeopardy. We need to know what the government is doing to jeopardize our freedoms."

Conversely, a federal judge in Chicago on Tuesday tossed out a similar lawsuit blocking AT&T from giving the government phone records. The judge cited national security and said press reports that information has been turned over were only speculation.

The Justice Department has counted more than 20 lawsuits nationwide accusing phone companies of illegally assisting the NSA. In response, administration lawyers have filed repeated lawsuits aimed at stopping state officials from forcing phone companies to detail their level of cooperation with the NSA.

"This sounds like a collision between federal authority and state authority," said Michael A. Kahn, a St. Louis lawyer specializing in First Amendment law.

Cooperation between phone carriers and government intelligence specialists came to light in May with a story in USA Today.

Legal experts on both sides of the argument say it pits state regulators concerned with upholding privacy laws against federal officials obliged to defend national security.

"State regulators are supposed to protect citizens against illegal wiretaps and other phone problems," said Peter Swire, an Ohio State University law professor and the chief privacy counsel for the Clinton White House. "These efforts to learn what the phone companies did will tell us how the law is being followed."

The lawsuit against the Missouri regulators indicates the federal executive branch now wants to emasculate state agencies in a bid for secrecy, said Nancy Libin, the staff counsel for the Center for Democracy and Technology.

"The administration, in an executive branch power grab, has relegated Congress and the judiciary to secondary positions," she said.

But Epstein said the state commissioners faced a steep challenge in convincing courts the privacy of Missouri phone customers outweighs NSA interests.

Epstein said the supremacy clause of the U.S. Constitution "basically says the lowliest federal regulation, if valid, trumps an inconsistent state law no matter how lofty."

Missouri's Sen. Kit Bond, a defender of the administration's domestic surveillance program, said compliance with privacy laws is watched closely by congressional intelligence committees.

More public examination, he said, could make the country more vulnerable.

"When sources and methods are disclosed, the nation is less secure," the senator said.

Also named in the lawsuit — apparently because they could be subject to subpoenas from state regulators — are a handful of phone companies including TCG Kansas City.

White House Sticks To Wiretap Argument (WSJ)

By Ben Winograd

The Wall Street Journal, July 26, 2006

WASHINGTON -- Despite high-profile legal losses and complaints about failures to consult with lawmakers, the Bush administration is sticking to its core post-9/11 legal argument: that the Constitution and a congressional resolution passed after the terror attacks grant the president almost unlimited power to protect the country.

Responding to congressional inquiries, administration lawyers have defended a warrantless surveillance program viewed by some as in doubt after a recent Supreme Court decision barring special military commissions to try enemy combatants. In letters to Congress, administration lawyers wrote that the high court's decision -- which rejected arguments similar to those used to defend the National Security Agency program -- didn't affect its legal analysis.

The release of the letters came as Sen. Arlen Specter (R., Pa.) announced a bill, drafted in negotiations with the White House, to amend the Foreign Intelligence Surveillance Act, the law critics say President Bush violated by authorizing the program. While Mr. Specter has said the legislation -- to be considered today by the Senate Judiciary Committee -- wouldn't affect the president's legal footing, many scholars called it an attempt to retroactively validate the administration's position.

The letters maintained that the administration already possesses the necessary legal authority and also suggested that Congress may have overreached by passing FISA in the first place. "There is no ... clear expression in the Constitution of congressional power to regulate the President's authority to collect foreign intelligence necessary to protect the nation," the Justice Department wrote in a July 10 letter.

The letters came in response to concerns of Democratic lawmakers about the legality of the NSA program, particularly after the Supreme Court's military commissions ruling in Hamdan v. Rumsfeld. Five justices found the military commissions President Bush established to try Guantanamo detainees lacked safeguards required under the Uniform Code of Military Justice.

The justices wrote that nothing in the text or history of the Authorization for Use of Military Force resolution, which Congress passed in September 2001, indicated an intent to override the military code. And in a footnote viewed by some as a warning to the administration's theories on executive power, Justice John Paul Stevens wrote that even if the president had authority to convene military commissions when Congress is silent, he couldn't ignore restrictions that lawmakers chose to place on his power.

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"The Hamdan decision should have been a wake-up call," said Sen. Charles Schumer (D., N.Y.), who asked the Justice Department whether the court ruling affected its legal analysis of the surveillance program.

Responding to Mr. Schumer's inquiry on July 10, the Justice Department said it didn't. Its letter said conducting enemy surveillance inside the U.S. remained valid under a 2004 Supreme Court decision that found the force resolution authorized the president to engage in any "fundamental incident of waging war." It also asserted what could become a new prong of its defense: that no constitutional provision allows Congress to regulate the president's collection of foreign intelligence.

If passed, however, the Specter bill would significantly alter the debate over the surveillance program's legality. Those disputes centered on the text of FISA and the force resolution. FISA makes it a crime to intentionally engage in electronic surveillance "except as authorized by statute."

The administration argued that the force resolution -- which granted the president authority to use "necessary and appropriate force" against 9/11 perpetrators to prevent acts of terrorism -- satisfied that condition. Noting that U.S. military commanders since George Washington have intercepted enemy communications in wartime, department legal memos argued that FISA's limitations could be unconstitutional insofar as they prevented Mr. Bush from fulfilling his obligation to protect the country.

The administration's claims drew skepticism from some legal scholars and former government officials. Critics argued Congress couldn't have intended the broad language of the force resolution to repeal FISA's detailed regulatory framework, particularly when lawmakers loosened its warrant requirements only weeks later in the Patriot Act.

They also said that even if presidents historically intercepted enemy communications in wartime, the Supreme Court had never allowed warrantless electronic surveillance inside the country for any reason. Some questioned whether monitoring private communications even qualified as "force" as used in the post 9/11 resolution.

A Republican aide on the Senate Judiciary Committee said Mr. Specter hoped to move the bill from committee by next Thursday and return to the issue in September. A Democratic committee aide expressed doubt that any minority-party members would accept the bill in its current form.

Blank Check To Spy (WP)

The Washington Post, July 26, 2006

TODAY THE Senate Judiciary Committee will hold a hearing on modernizing the Foreign Intelligence Surveillance Act (FISA), the 1978 law that regulates domestic wiretapping and searches. The hearing is an effort on the part of committee Chairman Arlen Specter to move along his very dangerous bill -- negotiated with the White House -- to put the National Security Agency's domestic surveillance program before the federal courts. In an op-ed in these pages Monday, Mr. Specter described his proposal as a compromise with President Bush to ensure judicial review of the NSA program, which he called "a festering sore on our body politic." Yet his legislation would essentially respond to this festering sore by shooting the patient.

No matter how adamantly Mr. Specter denies that his bill would give Congress's blessing to domestic spying outside of FISA's strictures, it does so explicitly and unambiguously. It adds the following language to a statute that now provides the sole legal means for the government to spy on Americans in national security cases: "Nothing in this Act shall be construed to limit the constitutional authority of the President to collect intelligence with respect to foreign powers and agents of foreign powers." Mr. Specter argues that the bill doesn't accept the president's assertions of unilateral power but merely acknowledges them. But this is incorrect.

Under the Supreme Court's decades-old understanding, presidential power is at its lowest ebb when the president is acting contrary to the will of Congress, and at its zenith when he is using his own powers in concert with legislative authorization. Right now, to conduct warrantless surveillance domestically Mr. Bush must act at the very least in sharp tension with FISA. Under Mr. Specter's bill, however, the legislature would be explicitly acknowledging an alternative source of authority for snooping. It would thereby legitimize not only whatever the NSA may now be doing but lots of other surveillance it might dream up.

The bill would also allow -- but not require -- the administration to seek warrants for entire surveillance programs, based on the flimsiest evidence against a small subset of the population that would be subject to the surveillance. The result is that consistent with the bill, the administration could either ask or not ask judicial permission to monitor individuals or large groups of people, based on evidence or no evidence. Or it could simply act outside the law entirely.

In his op-ed piece, Mr. Specter challenged critics of his bill to present "a better idea for legislation that would resolve the program's legality." Ironically, several better ideas are already out there, from legislators who, unlike Mr. Specter, have actually been briefed on the NSA program. These proposals vary a lot, from more modest authorizations of the program to efforts to streamline FISA and provide resources so that authorities could get warrants more quickly. Remarkably, none of the legislators who have received detailed briefings has put forward a proposal as dramatic as Mr. Specter's. That should tell senators something.

White House Bill Proposes System To Try Detainees (NYT)

By David S. Cloud And Sheryl Gay Stolberg

The New York Times, July 26, 2006

WASHINGTON, July 25 — Legislation drafted by the Bush administration setting out new rules on bringing terror detainees to trial would allow hearsay evidence to be introduced unless it was deemed "unreliable" and would permit defendants to be excluded from their own trials if necessary to protect national security, according to a copy of the proposal.

The bill, which officials said was being circulated within the administration, is not final, but it indicates the direction of the administration's approach for dealing with a Supreme Court decision that struck down the tribunals established to try terror suspects at Guantánamo Bay, Cuba.

The 32-page bill preserves the idea of using military commissions to prosecute terror suspects and makes modest changes in their procedural rules, including several expanded protections for defendants, many of them drawn from the military's legal code. But the proposal also sets up a possible confrontation with lawmakers who have called for modeling the trials on the military's rules for courts-martial, which would allow defendants more rights.

The draft measure describes court-martial procedure as "not practicable in trying enemy combatants" because doing so would "require the government to share classified information" and would exclude "hearsay evidence determined to be probative and reliable."

President Bush reviewed the bill last week in a meeting with his top advisers, according to a senior White House official, who said the advisers told Mr. Bush that they were comfortable with the bill and were ready to present it to military lawyers. When the legislation is in its final form, the administration will have to ask a member of Congress to introduce it.

The White House would not comment on the specifics of the bill.

"We are in the middle of a process of getting reaction from the various stakeholders, and that is why we circulated a draft," said Dana Perino, a deputy White House press secretary. "We are working to strike a balance of a fair system of justice that deals with terrorists who don't recognize the rules of war."

But one former White House official, granted anonymity to discuss internal deliberations, said the administration was circulating the measure among military lawyers at the Pentagon with the intention of winning over Republican senators who have led the calls for using court-martial procedures, including Senator Lindsey Graham of South Carolina, a former military lawyer.

A copy of the draft legislation was provided to The New York Times by an official at an agency that is reviewing it. The copy was labeled "for discussion purposes only, deliberative draft, close hold," and the official who shared it did so on condition of anonymity. The official did not express an opinion about its contents.

Mr. Graham reviewed the draft briefly last week in a meeting with administration officials but was not given a copy of it. He described the measure as "a good start," but added, "I have some concerns." He would not be specific, saying he wanted to withhold judgment until hearing the views of military lawyers.

Mr. Graham praised the administration for engaging in "a collaborative process" and said the measure incorporated some of his suggestions, including the requirement that a military judge be detailed to each commission.

A senior Congressional aide said Senator John McCain, Republican of Arizona, by contrast, is believed to be more adamant that using the existing commissions with modest changes will not suffice, largely because of the danger that American troops could face similar treatment if captured abroad.

Though House Republicans are considered more supportive of the administration's plan, it could have difficulty passing the Senate without additional changes, said Eugene R. Fidell, the president of the National Institute of Military Justice.

"I believe the sentiment on the Hill is for a much more nuanced approach that tracks much more closely with the procedures used for general courts-martial," Mr. Fidell said. He called the administration plan "a missed opportunity."

Rather than requiring a speedy trial for enemy combatants, the draft proposal says they "may be tried and punished at any time without limitations." Defendants could be held until hostilities end, even if found not guilty by a commission.

Nor does the bill adhere to the military's rules for the admissibility of evidence and witnesses because "the United States cannot safely require members of the armed forces to gather evidence on the battlefield as though they were police officers," the proposal says.

The draft bill specifies that no matter how it is gathered, evidence "shall be admissible if the military judge" determines it has "probative value." Hearsay statements, meaning something a witness has heard but does not know to be true, would be allowed "at the discretion of the judge unless the circumstances render it unreliable or lacking in probative value."

The bill would also bar "statements obtained by the use of torture" from being introduced as evidence, but evidence obtained during interrogations where coercion was used would be admissible unless a military judge found it "unreliable."

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The provision allowing defendants to be excluded from a trial to prevent them from hearing classified evidence against them is likely to be among the more controversial aspects of the proposal. The bill notes that "members of Al Qaeda cannot be trusted with our nation's secrets." But the bill specifies that the "exclusion of the accused shall be no broader than necessary" and requires that a declassified summary of the information be given to defendants.

One of the most difficult issues the administration faces is whether a provision of the Geneva Conventions, known as Common Article Three, applies to detainees; the Supreme Court ruled that it did. The draft measure says explicitly that the Geneva Conventions "are not a source of judicially enforceable individual rights," meaning that in the future, terror suspects like Salim Ahmed Hamdan, a Yemeni held at Guantánamo whose case resulted in the Supreme Court ruling, cannot file lawsuits saying their Geneva Convention rights were violated.

Common Article 3 prohibits "outrages upon personal dignity, in particular humiliating and degrading treatment" of detainees. Administration lawyers have warned that the provision could lead to war crimes charges against American troops who use overly harsh interrogation tactics. The draft bill attempts to remove that concern by saying that a law signed last year by Mr. Bush on the treatment of detainees would "fully satisfy" the article's requirement for humane treatment.

Officials said the bill was drafted by Steven G. Bradbury, acting assistant attorney general. On Tuesday, Attorney General Alberto R. Gonzales met with Senator John W. Warner of Virginia, the Republican chairman of the Armed Services Committee, about the administration's proposal. Mr. Gonzalez later went to the Pentagon to brief senior civilian and military officials, including the judge advocates general from each of the services, a Pentagon official said.

Getting the support of uniformed Pentagon lawyers could prove critical to the fate of the measure. At a hearing before the Senate Armed Services Committee earlier this month, each of the judge advocates general said that, like some lawmakers, they preferred a system for trying detainees that relied on the Uniform Code of Military Justice, which governs court-martial proceedings.

That was at odds with testimony from civilian lawyers from the Departments of Defense and Justice, who had said that they believed the military code was inappropriate for prosecuting terror suspects and recommended that Congress retain the administration's military commission system. Pentagon officials said they were still open to suggested changes from the military lawyers.

Eric Ruff, the Pentagon spokesman, said Defense Secretary Donald H. Rumsfeld "is asking that draft legislation be reviewed by everyone from a legal as well as policy perspective, and he would like them to provide feedback on what the effects might be on the ability of our military to carry out its various missions."

White House Working On Detainee Rules (AP-Y)

By Anne Plummer Flaherty

AP2, July 26, 2006

The White House is expected to unveil as early as next week a proposal on the legal handling of detainees after weeks of negotiations with Congress and meeting with military lawyers.

The recommendations, likely to be described by senior administration officials during a Senate hearing, would lay out a plan for prosecuting terror suspects detained by the military.

Still under discussion this week is whether the White House will agree with GOP senators to base a new effort on the military's court-martial system, which would afford terror suspects certain rights, or to champion legislation that would authorize the Pentagon's more stringent existing tribunal system.

The administration has been wrangling with the issue of detainees' legal rights since a June 29 ruling by the Supreme Court, which determined the military tribunals established by the Pentagon to prosecute the prisoners requires authorization by Congress.

The administration had previously maintained that the president's executive authority allowed him to establish the tribunals without Congress' permission. President Bush also asserted that the Geneva Conventions did not apply to terror suspects because they were not conventional prisoners of war.

Sen. John Warner, who chairs the Armed Services Committee, said he had wanted to convene a hearing this week on the matter, but was urged by Attorney General Alberto Gonzales to hold off until the administration could interview military lawyers and formulate a solid proposal. Warner met with Gonzales Tuesday in what he referred to as ongoing discussions.

Warner, R-Va., said he was hopeful the administration would lay out next week "the framework of legislative proposals they have in mind."

Warner and Sens. John McCain, R-Ariz., and Lindsey Graham, R-S.C., have met frequently with administration officials in recent days to discuss detainee legislation. At issue during the discussions have been the legal rights that military detainees would have.

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The senators have said they would support establishing a system based on the military's own court-martial practices and had been told the White House would support such a move. But senior officials from the Pentagon and Justice Department testified earlier this month that the Uniform Code of Military Justice would be too lenient on terror suspects and could expose classified information.

The senators have said they are confident an accord can be reached.

Warner said Tuesday he would convene briefings throughout August when Congress is in recess if necessary so that legislation could be passed this fall.

Fariz Is Sentenced To 3 Years (TAMPTRIB)

By Deborah Ziff, The Tampa Tribune

Tampa Tribune, July 26, 2006

TAMPA - Hatem Naji Fariz, a co-defendant of former University of South Florida Professor Sami Al-Arian, was sentenced to three years and one month in prison Tuesday after pleading guilty to supporting a terrorist group.

Fariz, 33, pleaded guilty to conspiracy to make and receive contributions of funds, goods or services to the Palestinian Islamic Jihad, defined by the United States as a terrorist group.

The Spring Hill resident was given the minimum sentence followed by a three-year term of probation.

"We're satisfied," said federal prosecutor Terry Zitek after the sentencing. "It's a relief. We're done."

Al-Arian and Fariz, along with Sameeh Hammoudeh and Ghassan Ballut, were arrested in February 2003. A five-month trial ended in December with the acquittal of Al-Arian and Fariz on eight counts. The jury failed to reach a verdict on nine. Hammoudeh and Ballut were acquitted of all charges.

In May, Al-Arian was sentenced to four years and nine months in prison after pleading guilty to the same charge as Fariz.

Al-Arian will be deported after he serves his prison term.

The "heart of the case" for Fariz, said public defender Allison Guagliardo, centered around money transfers that he sent to the Elehssan Society, or Benevolence Society, located in Gaza and the West Bank.

The money was sent for social programs, but the organization was associated with the Palestinian Islamic Jihad, according to the plea agreement.

Fariz also admitted to sending tapes about the Islamic Jihad to Ramadan Shallah, a "designated terrorist."

Fariz declined to comment on the sentence.

Fariz's plea agreement and other documents were kept sealed until Tuesday.

Judge James Moody unsealed all but one of the documents Tuesday after repeated requests by The Tampa Tribune and the St. Petersburg Times.

In asking Moody for the minimum sentence, Guagliardo argued that Fariz has three young children and is very "involved in family and rearing his children."

Reporter Deborah Ziff can be reached at dziff@tampatrib.com or (813) 259-7203.

Al-Arian Associate Sentenced To 37 Months In Prison (AP)

By Mitch Stacy, The Associated Press

AP, July 26, 2006

TAMPA -- A former associate of a Tampa college professor who aided Palestinian terrorists was sentenced to more than three years in prison Tuesday for his role in the conspiracy.

Hatem Naji Fariz was sentenced to 37 months in prison and three years of supervised probation, the U.S. Attorney's Office said in a statement. The sentencing ends a marathon terrorism conspiracy case that ensnared former University of South Florida professor Sami Al-Arian and others accused of acting as a Tampa cell of the Palestinian Islamic Jihad.

"We're pleased that this case has now been resolved with two defendants pleading guilty, and we will continue to ferret out any type of terrorists or terrorism activities," U.S. Attorney's Office spokesman Steve Cole said.

After six months of trial last year, two of the defendants were acquitted of all the charges. Al-Arian and Fariz were acquitted of some charges, while the jury deadlocked on others.

Al-Arian pleaded guilty in April to one of the remaining counts - providing support to terrorists - and was ordered to spend another year and a half in jail before he is deported. He had been jailed since his arrest in February 2003.

Fariz, 33, pleaded guilty to one count of making or receiving contributions of money, goods or services to benefit the PIJ, a State Department-designated terrorist group responsible for hundreds of deaths in suicide bombings and other attacks.

"It's not great. But it could be a lot worse," Fariz was quoted as saying by the St. Petersburg Times. "Guess I'll lose weight and get some exercise in prison."

Prosecutors said services performed by Al-Arian and Fariz included filing for immigration benefits for PIJ members, providing assistance for a PIJ member in a U.S. court, mailing packages of tapes containing PIJ information to members of the terrorist group, and sending money to an organization associated with the PIJ in Gaza.

Attorneys for the men argued at trial that although they were vocal advocates in the United States for the Palestinian cause, the government had no proof that they planned or knew about specific acts of violence. They said the money raised by Al-Arian and his co-defendants was for legitimate charities.

Fariz, born in Puerto Rico and an American citizen, was acquitted at trial on 25 counts while the jury deadlocked on eight others.

Al-Arian Associate Sentenced (SPT)

By Meg Laughlin

St. Petersburg Times, July 26, 2006

Co-defendant Hatem Fariz received 37 months in prison for offering non-violent aid to a terrorist group.

After a decade-long investigation followed by a six-month trial, the terrorism case against Sami Al-Arian and three other defendants has finally ended.

Hatem Fariz pleaded guilty in federal court on Tuesday morning to providing nonviolent services to associates of Palestinian Islamic Jihad, a terrorist organization. He was the only of the four defendants whose case was still unresolved.

U.S. District Court Judge James S. Moody sentenced Fariz to 37 months, the low end of the sentencing guideline range of 37 to 46 months."It's not great. But it could be a lot worse," Fariz, 33, told the St. Petersburg Times.

"Guess I'll lose weight and get some exercise in prison."

He will serve his sentence 65 miles north of Tampa, at the Federal Correctional Complex in Coleman, where Sami Al-Arian is serving a 57-month sentence for also providing nonviolent services to associate of PIJ, which has claimed responsibility for hundreds of deaths in Israel and the occupied territories.

Before sentencing, Fariz's attorney Allison Guagliardo asked the judge to consider her client's lesser role compared to that of Al-Arian, who participated in PIJ political decisions in the mid 1990s. She urged Moody to consider that Fariz was "very involved with his family and has three very young children."

Guagliardo also asked Moody to let her respond if he "relied on facts outside the case" to explain a longer sentence. The request was a veiled reference to Moody's stinging rebuke of Al-Arian at his May sentencing, when Moody chastised Al-Arian for publicly praising the United States while privately calling it "the great Satan."

But none of the lawyers could remember any evidence that showed Al-Arian using the words "great Satan."

Guagliardo's fears were heightened after Moody originally rejected a plea deal agreed to by the prosecution and defense, which would have sentenced Fariz to 36 months in prison. Moody had said the sentence -- a month less than the low range of the sentencing guidelines -- was not long enough. Guagliardo worried that Moody might give Fariz the maximum allowed, as he had done with Al-Arian.

But when Moody sentenced Fariz on Tuesday, he only added one month to what was in the original deal. He also told Fariz he could turn himself in at the appropriate time, which will be in the next few weeks.

Born in San Juan, Puerto Rico, Fariz was raised in a Chicago suburb, where he was captain of his high school soccer team. He went on to earn a bachelor's degree and a master's in computer science.

Growing up, he spent several months every few years in the occupied territories of Israel on his grandparents' farm, where he picked herbs, fruits and vegetables.

"This connection to the land of my ancestors means so much to me," he said during a June interview. "But I have always been an American."

In 2002, he moved to the Tampa area, where he ran a medical clinic and frequently volunteered at his children's school. He parked cars at school events, flipped burgers at school barbecues and collected tickets at the carnivals. His former attorney Kevin Beck described him as "the go-to person for community grunt work."

"Unfortunately, it's wanting to help out that got me in trouble," Fariz told the St. Petersburg Times in June.

It has been 12 years since FBI agents began gathering intelligence information for this case by taping Sami Al-Arian's phone calls. In that time, they recorded thousands of hours of conversations, searched his home and offices twice, gathering a warehouse full of documents.

But it was not until 2003, after the passage of the Patriot Act, that federal prosecutors flipped this information into criminal evidence and arrested Al-Arian, Fariz, Sameeh Hammoudeh and Ghassan Ballut, charging the four with raising money for PIJ activities. Five other defendants were named in the indictments, but they remained at large overseas and were not arrested.

FBI agents began taping Fariz's phone conversations in 2001 and continued until his arrest in 2003. They also recorded previous phone conversations when Fariz talked to Al-Arian and Ramadan Shallah, who became PIJ leader in 1995.

Tuesday, Fariz accepted guilt for three activities discussed in taped phone conversations: He arranged a magazine interview in 2000 with PIJ associate Abd Al Aziz Awda, when Awda lived in the occupied territories. In 1995, he sent tapes to Shallah in Tampa, seven months before Shallah became PIJ leader in Syria.

And, in 2001 and 2002, Fariz raised money for book bags and an ambulance for needy Palestinians in the occupied territories, arranging for their distribution through Elehssan, a charitable organization in Gaza which received financial support from the PIJ.

After a six-month trial, which ended in December, 2005, a jury returned not-guilty verdicts for Fariz, Al-Arian and the other two defendants. Hammoudeh and Ballut were acquitted of all counts. But jurors could not agree on nine of 17 counts against Al-Arian and eight of 33 counts against Fariz.

In the following months, defense attorneys and federal prosecutors negotiated plea deals for Al-Arian and Fariz.

In early June, during negotiations, Fariz told the St. Petersburg Times: "I'm tired. My family is tired. But I really did nothing criminal; so, it's hard for me to plead guilty to a crime in this case."

But Tuesday Fariz did plead guilty.

A month before, he also pleaded guilty to food stamp fraud in a separate Illinois case. In that case, he accepted responsibility for owning a convenience store where employees converted customers' food stamps to cash, skimming a percentage off the top.

For that crime, Fariz faces up to three years and five months in prison, but has not been sentenced. His wife, Manal Ramadan, said they are hoping the Chicago sentence runs concurrent with the Tampa sentence.

"You are never prepared for a prison sentence," she said. "But we are determined to get all of this over with."

At the close of Fariz's sentencing in Tampa federal court Tuesday, marking the end of the Al-Arian case, federal prosecutor Terry Zitek said the outcome showed the world that "the United States will not tolerate foreign terrorism operations."

"While Fariz had a minor role in this offense," Zitek said, "his sentence offers some measure of protection for the public."

HOMELAND RESPONSE:

Nashville Man Indicted After Discovery Of Weapons, Poison (TENN)

By Ian Kriegish, Staff writer

The Tennessean, July 26, 2006

A Nashville man has been indicted by a federal grand jury for the possessing unlawful firearms silencers, several functional pipe bombs and ricin, a highly lethal biological agent, the U.S. District Attorney's office said in a news release Thursday.

William Michael Matthews could face life imprisonment and up to $500,000 in fines if he is convicted on the charges against him.

A joint investigation by the Federal Bureau of Investigation, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and Metro police, that began in May, uncovered a baby-food jar full of ricin. Law enforcement was tipped off by Matthews' wife, the release said.

One gram of pure ricin is potentially capable of killing hundreds of people.

Nashville Man Indicted Over Ricin (KNOXNS/AP)

By Beth Rucker, Associated Press

Knoxville News Sentinel (TN), July 26, 2006

Accused also reportedly possessed bombs, silencers

NASHVILLE - A federal grand jury has indicted a Nashville man with possessing the potentially deadly poison ricin, pipe bombs and firearms silencers, U.S. Attorney Jim Vines said Thursday.

William Micheal Matthews, 55, was already in a Davidson County jail serving a nine-month sentence for violating orders of protection taken out by his wife when authorities found the ricin and two functional pipe bombs at his home May 31.

Assistant U.S. Attorney Eli Richardson would not say if authorities have determined how the ricin or pipe bombs were intended to be used.

"That is something we have looked into, but it's not appropriate to comment at this time," he said.

Possessing biological agents for use as a weapon is punishable by up to life in prison and a $250,000 fine. Possessing explosive devices or silencers is punishable by up to 10 years' imprisonment and a fine of up to $250,000.

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The ricin was found in a sealed baby-food jar in a shed at Matthews' Nashville home, according to local and federal officials who searched the house.

"Those who manufacture and possess weapons of mass destruction occupy a high priority with both the Department of Justice and this U.S. Attorney's office," Vines stated in a news release.

Ricin is a poisonous protein that can be made from processing castor beans. It can be used as a biological weapon.

As little as 500 micrograms - roughly the amount that fits on the head of a pin - is enough to kill an adult, according to the federal Centers for Disease Control and Prevention.

Matthews' wife, Carole Matthews, was the one who raised concerns about what was in the shed, and authorities said they found five gun silencers, three blasting caps and bomb-making materials.

Carole Matthews was living in the house at the time and had taken out the protection orders while her husband was being treated for substance abuse.

Matthews' sentence for violating the protective order is expected to last through March. He is expected to be transferred to federal custody after he is through serving that sentence, Richardson said.

Associates of Matthews told authorities that he talked about ricin more than a year ago, but that he was not known to be associated with any terrorist organizations or other violent groups.

Neighbors of the Matthewses said the couple mostly kept to themselves but did not appear to be involved in any suspicious activity.

Donelson Pipe Bomb Suspect Indicted For Making WMD (NASHCP)

By Jared Allen

Nashville City Paper, July 22, 2006

A Donelson man who authorities say was in possession of a chemical "weapon of mass destruction" was indicted by a federal grand jury for possessing the deadly biological agent ricin, as well as two working pipe bombs, the U.S. Attorney's Office in Nashville said Thursday.

William Michel Matthews, 55, has been in Metro Police custody since mid-May, when he was sentenced for violating an order of protection against his wife, Carole Matthews, who is an ex-Metro Police Officer.

It was Carole Matthews who initially contacted Metro Police about two pipe bombs, five gun silencers and potential chemical agents that she said her husband was storing in a storage shed located on their property. Unlawful possession of firearm silencers, explosive devices and biological agents are all federal crimes.

The U.S. Attorney's Office released only preliminary information about Matthews' indictment. No officials from either the U.S. Attorney's Office, the FBI or the ATF – who assisted in the investigation – would say if they believed Matthews was a domestic terrorist. Nor would they say if they believe Matthews had any specific plans for carrying out an attack.

However, in the search warrant affidavit, written by FBI Special Agent Adriaan Valk, Valk notes that federal statute "provides that a person who, without lawful authority, uses, threatens, or attempts or conspires to use, a weapon of mass destruction against... any person or property within the United States," can be charged with a federal crime.

Police say they have known since May about Matthews' explosives and firearm silencers. The FBI later confirmed a "white powder substance" found in a baby food jar in the shed was ricin.

According to the Centers for Disease Control and Prevention (CDC), ricin is a poison that can be made from the waste left over from processing castor beans.

"Depending on the route of exposure (such as injection or inhalation), as little as 500 micrograms of ricin could be enough to kill an adult," the CDC Web site says. "A 500-microgram dose of ricin would be about the size of the head of a pin."

Authorities also confiscated Matthews' home computer, and have begun a forensic examination of its contents.

"Domestic and international terrorists use computers, the Internet, and e-mail to communicate within groups of co-conspirators, to disseminate and obtain information regarding the construction and use of weapons of mass destruction, illegal firearms, and silencers," Valk wrote.

Authorities would not comment on whether or not they believed Matthews to have any co-conspirators. Less than a month ago, a federal jury found Denys Ray Hughes, 59, of Phoenix, Ariz., guilty of attempted production of a biological toxin for use as a weapon, possession of an unregistered destructive device and possession of an unregistered silencer.

Hughes is scheduled to be sentenced Oct. 2. He faces 10 years in prison for the destructive device conviction, 10 years for possession of a silencer and a life sentence for producing a biological weapon.

System Separates Terror Suspects, Namesakes (WT)

By Shaun Waterman

DOJ_NMG_0043112

The Washington Times, July 26, 2006

Customs and Border Protection officials say they have introduced a new procedure for travelers who have the same name as a suspected terrorist, to help ensure that innocents are not stopped and questioned every time they enter the country merely because of such coincidences.

The move is a response to criticism of the agency's procedures, which the Department of Homeland Security's inspector general said resulted in repeated questioning of individuals who were not on the U.S. government's watch list of known or suspected terrorists, but had the same or similar name as someone who was.

"It's enlightened self-interest," said Customs and Border Protection (CBP) spokesman Bill Anthony. "It is obviously better for [the individuals concerned], but it is also in our interest."

CBP screens 1.1 million would-be entrants to the United States every day -- citizens, visitors and immigrants. Its job is to filter out would-be illegal migrants, as well as terrorists or other malefactors, while facilitating the swift movement of legitimate travelers.

"If we're pulling people who are innocent into secondary," Mr. Anthony explained, referring to the more lengthy immigration interview that those on the watch list -- and anyone else who attracts special interest at the borders or ports -- go through, "it is a waste of time. We should be looking for bad guys," not people already ruled out as a threat.

The inspector general's office had no comment on the changes. Mr. Anthony said the new procedures were not designed to be transparent.

"You're not told. You're not supposed to know you are on the watch list," so agency officials do not inform people of the correction.

He said all kinds of information -- like nationality, date of birth or physical characteristics -- could be used to distinguish the innocent traveler from the suspected terrorist with the same name.

In most cases, he said, it was "a combination of factors."

He added that the procedures were "internal" and affected only the agency's own database, the Treasury Enforcement Communications System, known as TECS. The information would be entered into the system "in such a way that they will not get put into secondary on that basis again."

He said that the procedures were not designed to replace the redress procedures for individuals wrongly watch-listed or mistakenly identified as a watch-listed person. "People still have the right to complain," Mr. Anthony said.

And he acknowledged that the corrections will not appear on the U.S. government's centralized terrorist watch list, formally known as the Terrorism Screening Database. That list is maintained by the FBI-led interagency Terrorism Screening Center.

Cities' Disaster Plans Lacking (USAT)

By Mimi Hall

USA Today, July 26, 2006

WASHINGTON — Eight in 10 cities say their emergency responders still can't communicate with each other or area towns, 44% have not created or updated their evacuation plans, and nearly three-quarters say they're not prepared to handle a flu pandemic outbreak.

A survey of 183 cities by the U.S. Conference of Mayors set to be released today paints a grim picture of the nation's disaster preparedness nearly five years after the 9/11 attacks and nearly one year after Hurricane Katrina.

“Does the public want to hear this? I don't think so,” says Dearborn, Mich., Mayor Michael Guido, a Republican and head of the mayors' group. He says cities need more money from Washington but also must do more on their own — sign mutual-aid agreements with area towns, plan to share equipment in emergencies and line up companies ahead of time for tasks such as debris removal.

The survey includes cities in 38 states, ranging from Bothell, Wash., population 30,150, to New York City, 8 million residents. The report does not list each city's answers.

Among the findings:

·Most cities say they have not received enough money to get police and firefighters the radios and equipment they need to be able to talk with each other in a crisis.

·More than 4 in 10 cities say they have not created or updated evacuation plans since last fall's Gulf Coast hurricanes.

·The Federal Emergency Management Agency, criticized for its slow response to Katrina, got mixed reviews on how much confidence cities have that the agency would respond quickly after a major disaster. On a scale of 1 to 10, the average response was a 5.2.

The Homeland Security Department has doled out more than $18 billion in grants to states and communities since 2003, including more than $2 billion for improved communications. Still, “we're not where we need to be nationally” to be ready for

catastrophes, says preparedness chief George Foresman. He said most cities have bought equipment but need more emphasis on training and exercises.

Elizabeth, N.J., Mayor J. Christian Bollwage, a Democrat, says cities “have been left to do it on their own, (and) the property taxpayers of this country do not have the resources to fund national security.”

House OKs Emergency Communication Bill (AP)

By Matthew Daly

AP, July 26, 2006

WASHINGTON -- The House on Tuesday overwhelmingly approved a bill aimed at improving communication among police, firefighters and emergency crews.

If enacted, supporters say, the measure could go a long way toward fixing an all-too common problem: emergency workers unable to communicate with each other because they use different radio systems.

The bill, approved 414-2, would require that states and local governments develop guidelines among first responders to be eligible for federal homeland security grants. The measure stresses the importance of the issue by establishing a new Office of Emergency Communications, headed by an assistant secretary of homeland security.

The bill's lead sponsor, Rep. Dave Reichert, R-Wash., called it a response both to the Sept. 11, 2001, terrorist attacks and Hurricane Katrina. Both events demonstrated _ with tragic effect _ the reality that first responders from different agencies and jurisdictions still have trouble communicating with each other, he said.

"It is intolerable that our nation's law enforcement, fire service, and emergency medical services personnel still confront many of the same emergency communication problems I did as a rookie cop in 1972," Reichert said.

Some Democrats criticized the bill's timing, saying it was inexcusable that five years after the 2001 attacks _ and a year after Katrina _ the Republican-led Congress was finally getting around to addressing the issue.

"Time and again, the lack of interoperable communication has significantly hindered the ability of our nation's first responders to successfully do their jobs," said Rep Bennie Thompson, D-Miss., senior Democrat on the House Homeland Security Committee.

He and other lawmakers noted that some New York City firefighters never received a police warning to evacuate the World Trade Center's north tower because their radio system was incompatible with police communications.

"Four years later, as Hurricanes Katrina and Rita devastated the Gulf Coast, the same story emerged: Firefighters and police in the region didn't have the means to communicate," Thompson said.

Thompson and other Democrats complained that the bill does not authorize any federal money, and said states and local communities could be left to foot the bill.

Reichert challenged that, saying the Homeland Security Department has more than $1.6 billion in grant money available for local communities. The House bill would prohibit federal money from being spent on equipment that doesn't meet federal standards and statewide communications plans, Reichert said.

The measure now goes to the Senate.

Insurers Say Terror Too Risky To Cover (WT)

By Jacqueline Palank

The Washington Times, July 26, 2006

Insurers will need government backup to fund business in areas at high risk for terrorist attacks beyond December 2007, when a federal measure is set to expire, industry officials told lawmakers yesterday.

But lawmakers told them that backup will not be permanent, although currently still necessary.

"The industry needs to make substantial progress with its prediction models," said Rep. Luis V. Gutierrez, Illinois Democrat, at the joint House hearing of the Financial Services and Homeland Security committees.

After the September 11, 2001, terrorist attacks, Congress created a temporary insurance program that uses public and private funds to pay for 90 percent of the losses resulting from terrorism if the insurance companies paid the first $10 billion for two years.

After two years, insurers were responsible for 10 percent of the costs. In 2007, the government will cover 85 percent.

The measure was enacted in 2002 and extended in 2005 until Dec. 31, 2007. Both versions authorize up to $100 billion of federal funds.

Before September 11, terrorism was usually included in "all risk" coverage because the chance of an attack was considered minimal, said Jeffrey D. DeBoer, president and chief executive officer of the Real Estate Roundtable, which represents the leadership of private and public U.S. real estate firms.

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"We must operate on the certainty of a terrorist attack in the near term," said Rep. Sue W. Kelly, New York Republican and chairman of the House Financial Services oversight and investigations subcommittee.

The catastrophic damages of September 11 prompted reinsurance companies, which back up primary insurers, to decide they no longer could quantify the risk for policyholders and effectively withdrew their services, Mr. DeBoer said.

As a result, primary insurers had no backup, withdrew their services where they legally could and still are hesitant to offer coverage, he said.

The September 11 attacks cost $32.5 billion in insured losses.

"Without adequate reinsurance availability, primary insurers will not risk the exposure to their company associated with potential catastrophic terrorism losses," Mr. DeBoer said.

In the real estate industry alone, more than $15 billion of transactions were stalled or canceled in the 14 months after September 11 because of a lack of terrorism insurance, Mr. DeBoer said.

In the District, one of the most at-risk cities in the U.S., insurers threatened to cancel coverage or increase rates on buildings near potential terrorist targets.

Although insurers have historical data to predict the risk of natural disasters, the unpredictable nature of terrorism means it is difficult to predict the timing, location, target and severity of a terrorist attack, said Terry Fleming, director of external affairs for the Risk and Insurance Management Society, a professional risk management association.

Risk management includes analyzing the probability a loss will occur and trying to prevent that loss, Mr. Fleming said.

A private-public partnership is necessary because private companies may not be able to cover huge losses, said Peter Ulrich, senior vice president of model management for Risk Management Solutions, a company that predicts the risk of domestic and foreign terrorist attacks.

"There is a chance that a future terrorist attack could cause catastrophic losses on a scale that far exceeds any losses previously faced by the insurance industry and possibly beyond the resources of the insurance industry to pay," Mr. Ulrich said. "Without TRIA [Terrorism Risk Insurance Act], many insurance companies will take the same decision as they did in 2002 and quit the market."

Opponents of the measure cite free-market arguments as why the law should not be renewed.

Insurers Seek Help For Terror Coverage (AP-Y)

By Lara Jakes Jordan

AP2, July 26, 2006

Insurance companies can't promise full coverage for property damage from a terror attack without federal help, industry leaders told a House panel Tuesday.

But nearly five years after the Sept. 11 terror attacks, lawmakers warned the industry that Congress cannot remain a last-resort insurer for terrorism-related losses.

At issue is whether Congress will again extend the Terrorism Risk Insurance Act to reimburse insurance companies up to $100 billion should terrorists strike again — a measure criticized by many as a favor to insurance corporations. The 2002 act was set to expire last December 31, but Congress extended it for two more years.

"If another 9/11 attack occurs and people do not have insurance, there won't be anyone to pay those losses, other than the federal government," said Jeffrey D. DeBoer, president of the Real Estate Roundtable, representing the nation's top 100 privately owned and publicly held real estate ownership development.

The Sept. 11, 2001, attacks hit insurance companies hard, costing them at least $32 billion in claims and prompting many to exclude terrorism from coverage. Without insurance, a terrorist strike could heavily damage the economy because businesses would have trouble rebuilding and hiring again. The law does not allow the government to step in on any claims less than $50 million this year and $100 million in 2007.

Still, Rep. Luis V. Gutierrez, D-Ill., told industry officials at the joint House hearing of the Financial Services and Homeland Security committees that insurers should be working toward paying terror-related claims without government help.

"At this point, the market has not yet stabilized and the need for (the act) remains," Gutierrez said.

But "eventually the private market must adjust," Gutierrez said. "I do not want to see the federal government as a permanent re-insurer of last resort."

Private insurers, however, have a hard time estimating how much they will need to pay in losses, and "acts of terrorism are too difficult to predict and therefore exceedingly difficult to price," said Terry Fleming, director of the Risk and Insurance Management Society.

The industry also reported receiving inconsistent guidance and information from the Homeland Security Department about potential attacks or other risks.

"Without information on the nature of the threat, measuring risk becomes extremely difficult," said Rep. Rob Simmons, R-Conn.

Security And Chemical Plants (NYT)

The New York Times, July 26, 2006

Nearly five years after Sept. 11, Congress has still not passed a law reducing the risk of mass casualties from an attack on a chemical plant. A bill has been slowly working its way through the Senate and the House, but the chemical industry is committed to making it so weak that it could actually make plants less safe. The House Homeland Security Committee is expected to vote tomorrow on two amendments that are important to making this a real chemical plant security bill.

The first amendment would require some high-risk chemical plants to replace the most dangerous chemicals with safer alternatives. It is a relatively mild proposal, since it does not cover all plants, and it gives the plants a large role in the decision about which safer technologies they should adopt. But the industry is fighting for its right to use whatever chemicals it deems best, or most profitable, no matter how much risk that poses to people who live, work and attend school nearby.

A second critical amendment would make clear that states have the right to regulate chemical plant safety more strictly than the federal government. The chemical industry wants the federal bill to expressly pre-empt, or invalidate, state safety rules. It says it wants a single national standard to avoid "confusion." But what the industry really wants is a weak national standard that prevents states from taking a more serious approach to the terrorist threat.

Tomorrow's votes will likely be decided by a few moderate Republicans, including Christopher Shays and Rob Simmons of Connecticut, and Curt Weldon and Charlie Dent of Pennsylvania. They could decide whether this important homeland security bill actually makes the nation more secure.

WAR NEWS:

Saddam's Oil Graft Divulged In 2000 (WT/AP)

By Mattias Karen

The Washington Times, July 26, 2006

STOCKHOLM -- The Swedish government knew in 2000 that Saddam Hussein's government demanded kickbacks from companies participating in the U.N. oil-for-food program, officials and news reports said yesterday.

An unidentified Swedish company informed the country's embassy in Amman, Jordan, in 2000 that Iraq was demanding 10 percent "fees" on all deals as a way to circumvent U.N. sanctions on Saddam's regime, according to a Swedish Foreign Ministry document published on the Web site of Swedish Radio.

The document was sent from the embassy in Amman to the Foreign Ministry and Swedish delegation at the United Nations in December 2000, Swedish Radio said.

The document stated clearly that the extra fees violated U.N. sanctions, but it was "clear that an open Swedish engagement in this issue would negatively affect other Swedish business opportunities" in Iraq, it said.

Anders Kruse, head of the Foreign Ministry's legal division, said Sweden had forwarded the information to the U.N. committee in charge of sanctions and was told the extra fees were widely known.

"This was something that was more or less commonly known; that was the picture we received," Mr. Kruse said. "We could not do anything about it. There were no possibilities for us here in Stockholm to do something."

A U.N. report last year said more than 2,200 companies had colluded with Saddam's government, paying kickbacks on lucrative contracts in the 1996-2003 program.

Sweden's anti-corruption prosecutor, Nils-Erik Schultz, who is investigating whether 14 Swedish companies named in the probe had violated any Swedish laws in making the deals, criticized the government yesterday.

"I think a simple measure would have been to talk to the companies, or even make them sign a pledge not to pay any money on the side to Iraq," Schultz told Swedish Radio. "But we have not seen any measures taken to stop this."

The company that originally contacted Sweden's embassy in Jordan was not identified.

However, a spokesman with truck maker Scania said the firm had informed Swedish authorities of the Iraqi demands that year.

"We made them aware of the problem," Scania spokesman Hans-Ake Danielsson said.

Mr. Danielsson said Scania turned down contracts with Iraq because of the demands for extra fees.

"This was something we did not want any part of," he said.

DOJ_NMG_0043116

In the Loop (WP)

By Al Kamen

The Washington Post, July 26, 2006

Someone to Sweat the Small Stuff

The New York Daily News unearthed an internal job posting last week for a press assistant in Vice President Cheney 's office that it said sent "a telling little glimpse into the siege state in which the vice president appears to find himself."

The Daily News focused on a key part of the job description: "The press assistant is responsible for monitoring media for various national security and domestic issues, informing the Press Secretary and the Deputy Press Secretary of issues of note and factual inaccuracies in the media."

Of course there are other duties, such as handling press advance, working out logistics for the traveling press, helping to prepare briefing papers and so on.

The job has been filled by Jamie Hennigan , a dedicated and super-competent reelection campaign aide.

Hennigan will need courage as well. For example: "Sir, the Canton Repository reports you told Larry King on June 1, 2005, that the Iraqi insurgency was in its 'last throes.' The actual date is May 30. Should I demand a correction?"

U.S. Helps Recover Statue And Gives It Back To Iraqis (NYT)

By Barry Meier And James Glanz

The New York Times, July 26, 2006

One of the most important treasures looted in the ransacking of Iraq's national museum three years ago has been recovered in a clandestine operation involving the United States government and was turned over to Iraqi officials in Washington yesterday.

The piece, a headless stone statue of the Sumerian king Entemena of Lagash, was stolen in the days after the fall of Baghdad. In the wake of the looting, American officials came under sharp criticism from archaeologists and others for failing to secure the museum, a vast storehouse of artifacts from civilization's first cities.

The Entemena statue was taken across the border to Syria, and put on sale on the international antiquities market. Thousands of looted artifacts that remained in Iraq — from tiny cylinder seals to the famed Warka Vase — have since been returned to the museum, and a few pieces have been turned over by foreign countries, including Italy and the Netherlands. But the Entemena statue, estimated to be 4,400 years old, is the first significant artifact returned from the United States and by far the most important piece found outside Iraq.

American officials declined to discuss how they recovered the statue, saying that to do so might impair their efforts to retrieve other artifacts. But people with knowledge of the episode described a narrative that included antiquities smugglers, international art dealers and an Iraqi expatriate businessman referred to as the broker who was the linchpin in efforts to recover the piece and bring it to the United States.

Since early June, the statue has been in an art storage warehouse in Queens. American officials had planned to turn it over to the Iraqi government at a public event, said Marc Raimondi, a spokesman for the Department of Homeland Security. That opportunity presented itself yesterday when the Iraqi prime minister, Nuri Kamal al-Maliki, visited Washington, where he discussed security problems in Baghdad with President Bush.

In interviews over the weekend in Baghdad, Iraqi officials expressed relief that the statue of the king, which had stood in the center of the museum's second-floor Sumerian Hall, had been found. But the same officials voiced frustration at what they said was the slow pace of international cooperation on the recovery of artifacts.

"I'm overwhelmingly happy," said Liwa Sumaysim, the Iraqi antiquities minister. "We hope we get it soon so it goes back in the Iraqi museum, where it belongs."

A spokesman for the antiquities ministry, Abdul Zahra Talqani, said the ministry first received word of the recovery about two months ago. He said hopes had been raised in the past, after reports of the recovery of the statue in Iraq, but those pieces turned out to be clay copies that had also been looted from the museum.

In June, not long after the statue was brought to the United States, two antiquities scholars were taken to the Queens warehouse, known as The Fortress, to authenticate it. The statue, which is made of diorite, a hard, dark rock similar to granite, was encrusted with dirt, suggesting that it might have been concealed during its sojourn in Syria. In addition, there were fresh chips along parts of its stone surface that did not appear in historical photographs, indicating recent damage.

Mohsen Hassan, an expert at the museum's commission on antiquities, said that the statue, which weighs hundreds of pounds, was the heaviest piece stolen from the museum and that looters probably rolled or slid it down marble stairs to remove it, smashing the steps and damaging other artifacts.

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The statue of Entemena of Lagash is among the most important artifacts unearthed in excavations of Ur, an ancient southern city. The king is dressed in a skirt of tasseled sheepskin and his arms are crossed in prayer. Detailed inscriptions run along the figure's shoulder and back.

The statue was found headless when originally excavated, and experts say its head might have been lopped off in ancient times to symbolize Ur's emancipation from Lagash.

One of the experts who authenticated the statue, John M. Russell, a professor at the Massachusetts College of Art in Boston, said it was not only archaeologically significant but also striking because the king's muscular arms were sculptured in a lively, naturalistic style. Earlier sculptural styles were cruder, he said.

Efforts to sell the statue began not long after it was stolen, said people with knowledge of the episode.

Hicham Aboutaam, an antiquities dealer who owns galleries in New York and Geneva, was approached while visiting Lebanon and shown a picture of the statue to gauge his interest in buying it, those people said. Initially, those holding the statue were seeking millions for it, one person said. Mr. Aboutaam soon discovered that it had been stolen and did not pursue the deal.

It is not clear precisely when or how Mr. Aboutaam — who pleaded guilty in 2004 to a federal charge of falsifying a customs document related to a different artifact — informed federal officials. He and his brother and business partner, Ali Aboutaam, declined to answer specific questions about the episode.

Last year, federal prosecutors in New York contacted Hicham Aboutaam and expressed interest in trying to recover the statue, said one person with knowledge of those events. Mr. Aboutaam agreed to help. Subsequently, he or his brother made contact with an Iraqi expatriate businessman now living in Europe. Soon, that businessman, who was referred to as the broker, became the pivotal figure in securing the statue.

Little is known about the businessman other than that he is involved in construction. But he began to shuttle among Iraq, Syria and other countries to make contact with those holding the statue and to negotiate its turnover. It was not known whether money had been paid to those holding the statue or whether promises had been made.

When asked what would be done with the statue, Mr. Hassan, the museum official, did not hesitate.

"We will fix it and put it in the same place where it was," he said, adding that security had largely been restored at the museum, which is close to notorious Haifa Street in a district that periodically erupts in violence.

But a tour of the building over the weekend, granted reluctantly by Mr. Hassan, raised questions as to how the museum could function while housing valuable artifacts like the statue. A walk down a corridor toward the Sumerian Hall, for example, ended abruptly at a concrete wall, which someone had crudely crosshatched with a fingertip to simulate bricks. Mr. Hassan awkwardly conceded that four times since the invasion, he had been forced to wall off the collections as the only reliable means of preventing further looting.

He said he most recently put walls up a couple of months earlier after a mass kidnapping close to the museum gates. "When things get better," he said, "we break it."

Taliban Goes For Cash Over Ideology (FT)

By Rachel Morarjee In Helmand, Afghanistan

Financial Times, July 26, 2006

The Taliban has found a way to recruit fighters that is less about winning hearts and minds and more about the enduring appeal of cold hard cash.

They are paying fighters up to $12 a day to fight the fledgling Afghan National Army, which pays only $4 a day to its soldiers in the field, according to military officials.

"The Taliban are supported by Pakistan and they get money from the drugs trade so they get more pay than our soldiers," said Colonel Myuddin Ghouri of the national army's 205 Corp.

While the ANA has the advantage of superior equipment and the same medical treatment as British troops, its troops often have to risk their lives far from home. "If you were a lad in the hills and you were offered $12 to stay local or you could take $4 and fight miles away from home, which would you do?" said Lieutenant Colonel David Hammond, an officer with 7 Para who is training Afghan officers in the southern province of Helmand as part of a mentoring scheme.

The pay difference is making it harder to recruit soldiers to the 38,000-strong ANA, which has faced a much better equipped and funded insurgency since January. Western officials have estimated the Taliban's forces have risen from 2,000 last year to 6,000 this year. The Taliban claims to have 12,000 men. Afghan defence ministry officials believe funds for the insurgency are flowing over the border from Pakistan and possibly from Arab countries.

The multi-ethnic Afghan National Army has been one of the success stories of the post-September 11 era and is hugely popular with most Afghans.

However, Afghan officials in Kabul say the pay of Afghan soldiers will remain a problem.

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"Basic pay of $70 a month was a lot of money three years ago but it is harder to recruit people to fight in a bitter insurgency now," said a Afghan official who spoke on condition of anonymity.

Colombia To Aid In Afghan Drug War (WT)

By Rowan Scarborough

The Washington Times, July 26, 2006

The chairman of the House International Relations Committee said yesterday that a contingent of Colombian narcotics fighters is due in Afghanistan this week to share its expertise in combating powerful drug lords.

"Two separate groups coming from different environments attacking the same problem are bound to produce some new ideas," Rep. Henry J. Hyde, Illinois Republican, said in an interview.

Illegal drugs have emerged in Afghanistan as a threat nearly on a par with the Taliban and its al Qaeda allies, who this spring went on the offensive in the southern part of the country.

Perhaps no one has fought a more ferocious drug war than the Colombian national police. The Revolutionary Armed Forces of Colombia, a guerrilla group known by the acronym FARC, controls much of the nation's heroin and cocaine trade and uses the proceeds to try to bring down the democratic government.

Afghanistan can learn from the Colombian experience.

Four Colombian police officers from an elite counternarcotics unit are set to spend about two weeks in Kabul and other areas, sharing war stories and techniques. The trip will include:

·A colonel, who will talk about how to raid drug laboratories, where Afghan warlords are processing opium into heroin and shipping it to Europe and the United States.

·A major, who will talk about how to collect intelligence.

·A captain and helicopter pilot, who will discuss the use of helicopters in drug wars.

·A sergeant, who will explain how to preserve drug crime scenes.

"To meet their counterparts from halfway around the world and to exchange ideas, I think, is a very healthy, productive thing to do," Mr. Hyde said. "At the very least, they reinforce each other by knowing that they're out there in the field fighting this problem."

Mr. Hyde has pushed for more than a year for the Colombian government to dispatch some of its best counternarcotics personnel to Afghanistan, where the growing opium and heroin trade is providing cash to insurgents. Drug kingpins threaten to corrupt and derail the government of the democratically elected president, Hamid Karzai.

"If we don't defeat the drug commerce in Afghanistan, we might as well leave the country," Mr. Hyde said. "The quantity of heroin that is exported is staggering, and [kingpins] can bring any culture to its knees if they get too prolific. ... It's a form of chemical terrorism that can defeat a nation."

Colombia in recent years has had success in shutting down FARC-run drug labs. The purity of Colombian heroin has dipped 22 percent since 2000, a sign that the government's attacks on illicit labs are cutting into supplies.

In Afghanistan, the numbers are going the other way. According to the latest report from the U.N. Office on Drugs and Crime, the poppy crop increased from about 30,000 acres in 2001, when the U.S.-led force toppled the Taliban, to 250,000 acres last year. Still, that number is down from a peak of 350,000 acres in 2004.

Afghanistan is thought to have produced about 500 metric tons of heroin last year, according to an International Relations Committee staff member. U.S. drug addicts use about 10 metric tons a year, so Afghanistan's production is more than enough to satisfy users here, in Europe and in other countries.

Administration sources have told The Washington Times that Afghan drug profits are finding their way to the Taliban and al Qaeda, which use the money to buy arms, pay terrorists and fund operations.

Some at the Pentagon have resisted making the connection between drugs and terror. Some commanders fear Congress would press the military to get more involved in the drug interdiction, a traditional law-enforcement mission.

But advocates got a boost this month when Defense Secretary Donald H. Rumsfeld made the connection.

"I do worry that the funds that come from the sale of those products could conceivably end up adversely affecting the democratic process in the country," Mr. Rumsfeld told reporters. "I also think any time there is that much money floating around and you have people like the Taliban, that it gives them an opportunity to fund their efforts in various ways."

Colombia Cracks Down On Drug Cash (USAT)

By Sibylla Brodzinsky Special For

USA Today, July 26, 2006

DOJ_NMG_0043119

BOGOTA, Colombia — Colombian police routinely try to detect travelers attempting to smuggle drugs to the USA and Europe. This year, they have turned their attention to travelers coming into Colombia — not with drugs, but with hundreds of thousands of dollars and euros believed to be profits from the illegal drug trade.

Colombia is the world's largest source of cocaine. Most of the estimated $35 billion annual cocaine market in the USA is supplied by Colombian drug traffickers, despite $4 billion in U.S. aid since 2000 to assist the Colombian government's counternarcotics efforts, including spraying herbicide on the crops that yield cocaine and heroin.

The government also has imposed controls on financial institutions. It requires them to report the origins of deposits to prevent them from laundering — even unwittingly — the proceeds from drug sales.

Finding it more difficult to repatriate profits through banks, drug trafficking organizations have sought less traditional methods to bring in cash.

Last week, police at Bogota's international airport nabbed a 21-year-old man arriving on a flight from Mexico who had strapped $748,000 in crisp $100 bills inside a form-fitting Lycra girdle.

"When we're talking about people trying to smuggle in hundreds of thousands of dollars at a time, it is highly likely that the cash is the product of drug trafficking or some other illegal activity," says Col. Orlando Pineda, director of Colombia's Customs Police.

Colombian authorities so far this year have confiscated $12.1 million in dollars and euros illegally brought into the country by 26 different travelers arriving at the nation's international airports, according to the Customs Police. That figure is up 67% from the same period last year.

The U.S. Drug Enforcement Administration (DEA) estimates that $3.2 billion to $7.2 billion in wholesale drug profits are transported out of the USA every year to Mexico and Colombia.

The trend known as bulk cash smuggling signals drug traffickers are having trouble laundering proceeds from drug sales in the USA and Europe, where regulatory agencies have tightened controls on large-scale money transfers, according to the U.S. Embassy in Bogota.

Some of the innovative smuggling methods: Cash has been found stashed inside bowling balls and candles, containers of bull semen, shampoo bottles, the soles of shoes and a television.

"The drug traffickers believe that if it's successful in one direction, it only makes sense it would be successful going in the other direction," says John McKenna, a special agent with the DEA's public affairs office.

Just as with cocaine and heroin being shipped out of the country, police here often use specially trained dogs to identify the odor of the inks and paper of dollars and euros carried by incoming travelers.

Most of the cash caught at airports comes from Europe, in particular Spain, where there is a large Colombian immigrant community. Mexico, traditionally a weigh station for Colombian drugs on their way to the USA, also is a major departure point for incoming drug money.

The U.S. Treasury Department's Financial Crimes Enforcement Network, in an advisory issued in April, warned of a "dramatic increase in the smuggling of bulk cash proceeds from the sale of narcotics and other criminal activities from the United States into Mexico." Once in Mexico, the advisory states, it often is shipped to other countries, including Colombia.

Tuesday, the Mexican attorney general's office said federal officials at Mexico City's international airport on Friday seized nearly $1 million hidden inside a hydraulic cylinder that was expected to be flown to Colombia.

As in the United States, Colombian legislation requires travelers entering the country to declare cash in excess of $10,000. Concealing more than that amount to transport it into or out of the country is a crime punishable by up to five years in prison in the United States. In Colombia, if the person with the cash is wanted on other charges, he or she is apprehended. Otherwise they go free, but forfeit the cash unless they can prove its legal origins. Few of those who are caught can provide that proof, Pineda says.

The single largest catch of illegal cash came in May when police arrested Arturo Belloso Rodríguez, a Mexican national. Police say he had $950,000 strapped to his body and stuffed in the false bottoms of his luggage. The packed cash was covered in shrink wrap and carbon paper to avoid detection by X-ray machines.

Colombian police are seeking more help from other countries to try to stop the money smuggling.

"Just like we stop drug mules on our end, in other countries they should try to stop the 'money mules' before they get on the planes," Pineda says.

Cry Bias, And Let Slip The Blogs Of War (WSJ)

By Mike Spector

The Wall Street Journal, July 26, 2006

DOJ_NMG_0043120

J.P. Borda started a Web log during his 2004 National Guard deployment in Afghanistan to keep in touch with his family. But when he got home, he decided it was the mainstream media that was out of touch with the war.

"You hear so much about what's going wrong," he says. "It gets hard to hear after a while when there's so much good going on."

Mr. Borda, a specialist, read other soldiers' blogs and found he wasn't alone. Hundreds of other troops and veterans were blogging world-wide, and many focused on a common enemy: journalists.

The 31-year-old software analyst, who now lives in Dallas, wanted to make it easier for people to read soldiers' accounts. So he started a Web site, Milblogging.com1, to organize as many blogs as possible by country, military branch and subject matter. Today, the site links to more than 1,400 military blogs world-wide and was recently purchased for an undisclosed amount by Military.com, a Web site catering to soldiers that is owned by Monster Worldwide Inc.

Now, Mr. Borda finds himself at the center of a growing blogging movement. Military bloggers, or "milbloggers" as they call themselves, contend that they are uniquely qualified to comment on events in armed conflicts. Many milbloggers also argue that the mainstream media tends to overplay negative stories and play down positive military developments. For many of these blogs, says Mr. Borda, "the sole purpose is to counteract the media."

There have always been at least some soldiers who have wanted to go to battle against Big Media. Some in the military blamed coverage of the Vietnam War for turning American public opinion against it. What's changed? The Internet now allows frustrated soldiers and veterans to voice their opinions and be heard instantly and globally.

POPULAR LINKS

These are a few of the top sites on Milblogging.com. (Links open in a new window. Some content could be offensive to readers.)

· 365 and a Wakeup2

· A Soldier's Perspective3

· Blackfive4

· Michael Yon: Online Magazine5

The backlash takes many forms. Some bloggers point out what they see as inaccuracies and post lengthy critiques of current reporting. Others post their own stories. Some simply sling arrows.

Matthew Burden, an Army veteran, started his blog, "Blackfive," in December 2003 after he learned that an Army buddy, Maj. Mathew Schram, had been killed in an ambush near the Iraq-Syria border. Mr. Burden, 39, felt his friend received short shrift in media coverage and decided to blog about military stories he felt weren't getting the attention they deserved.

"Does Abu Ghraib need to be told 40 times above the fold in the New York Times when half your readers couldn't name the guy who won the Medal of Honor?" Mr. Burden says.

Michael Yon, a 42-year-old Army Special Forces veteran, is perhaps the most attention-grabbing blogger, with appearances on MSNBC and CNN. In December 2004, he embedded himself with troops in Iraq and posted dispatches online for the next several months.

Most of Mr. Yon's writings related heroic acts by American troops and Iraqis. Mr. Yon also praises some media coverage of Iraq. But in an interview, he says many reporters "haven't stayed long enough to see what's going on. Most of the reporting is not deep enough." According to Mr. Yon, Iraqis are determined to fight insurgents and embrace a new government, a storyline he says he doesn't see in mainstream news coverage.

Not all milblogs wave the flag. Some have drawn attention for posts that irk the chain of command. Jason Hartley, a National Guardsman from New Paltz, N.Y., caught flak for posting comments on his blog, "justanothersoldier.com" that he said were satirical. Mr. Hartley, who served in Iraq, wrote that he loved dead civilians and wished he could shoot children. He claimed the comments were meant to highlight what he sees as the military's nonchalant attitude toward civilian casualties, but his superiors weren't amused. Mr. Hartley was eventually demoted to specialist from sergeant, and his commander, Capt. Vincent Heintz, wrote in a sworn statement that the blog "disparaged the Army in a manner unbecoming of an NCO (non-commissioned officer)."

Mr. Hartley says the military displayed "a neo-conservative, knee-jerk reaction" to his blog. "I'm a bleeding heart liberal in the guise of a soldier, and sometimes it comes out in my writing," he says.

Other milblogs are critical of the Bush Administration. An Army blogger in Iraq who calls himself "Godlesskinser," has a clock on his Web site noting how many days, hours, minutes and seconds have passed since President Bush vowed to capture Osama bin Laden.

The Pentagon, taking notice of the impact of such writings, has a committee studying military blogs over the next several months. In the field, the Army has issued formal guidance about blogging, reminding soldiers not to post information that might tip off the enemy. And U.S. Central Command officials in Florida have started contacting bloggers -- military and civilian -- when

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they come across posts that contain what they view as inaccurate or incomplete information. But overall, military blogs remain independent, with little organized oversight.

Military blogs receive a fraction of the hits generated by mainstream news Web sites. Mr. Burden's site, for example, receives about 210,000 unique visitors per month, he says. In comparison, Nielsen/Netratings data shows MSNBC.com got 24 million unique visitors last month.

But milbloggers, who only began online postings in earnest within the past three years, have become increasingly energized and organized in their efforts to counteract existing media coverage. In April, bloggers convened in Washington, D.C. for the first ever milblogging convention.

The frustration of milbloggers is understandable, says Alex S. Jones, a former New York Times reporter who heads the Shorenstein Center on the Press, Politics and Public Policy at Harvard University. But he adds, "If the overall picture is one of continued violence and a significant lack of stability in many parts of Iraq, the individual shards of good news could be more of a distortion than a reflection of the truth."

When Milblogging.com launched in October, Mr. Borda stayed up until 5 a.m. on some nights maintaining the site. He says he sleeps more now, but his wife still has to tear him away sometimes for family events with their two sons, ages 5 and three months. "It's different," Angelica Borda, 26, says of her husband's passion, but "I'm used to it now."

Mr. Borda receives an undisclosed monthly stipend to maintain the blog (he signed a nondisclosure agreement with Military.com). He's currently working with Military.com to attract advertisers. The site's most notable paid advertisement so far is from a group called the Iraqi Truth Project, which has made a documentary that it says "exposes the atrocities committed by the former Iraq dictator."

In the mornings and evenings, Mr. Borda scours the Net for new blogs to add to his site and responds to emails from bloggers, fans and critics. He also interviews milbloggers and posts the transcripts in a feature called "Milblogger of the Week." Mr. Borda had collected just 50 blogs when he started Milblogging.com. Today, that number has increased nearly 30-fold, and Mr. Borda believes there are thousands more blogs out there.

Mr. Borda says he isn't able to fact-check the bloggers he publishes, or to verify their identities beyond using common sense. "I do a sanity-check of the milblog, making sure it deals primarily with a military subject matter, and I also rely on readers to let me know," he says. "That said, no matter how much research you do it's unlikely you could ever verify without a shadow of a doubt that any blogger is 100% legit."

What's the future of military blogs? Mr. Borda would like to see milbloggers get their own TV shows or have their entries printed in major newspapers. The goal, he says, is to "continually be blurring that line between the media and blogging."

DOJ:

Ashcroft Nostalgia (WP)

By Ruth Marcus

The Washington Post, July 26, 2006

Alberto Gonzales is achieving something remarkable, even miraculous, as attorney general: He is making John Ashcroft look good.

I was no fan of President Bush's first attorney general, who may be best remembered for holding prayer breakfasts with department brass, hiding the bare-breasted statue in the Great Hall of Justice behind an $8,000 set of drapes, and warning darkly that those who differed with administration policy were giving aid to terrorists.

But as I watched Gonzales testify before the Senate Judiciary Committee last week, it struck me: In terms of competence (the skill with which he handles the job) and character (willingness to stand up to the president), Gonzales is enough to make you yearn for the good old Ashcroft days.

Gonzales is an amiable man, not nearly so polarizing or ideological as his predecessor. If you were given the old desert-island choice between the two, he would be the better option -- more likely to share the rainwater, less likely to make you listen to him sing. (If you've ever heard Ashcroft's "Let the Eagle Soar," you know what I mean.)

Where Ashcroft was hard-edged and combative, Gonzales is pleasant and seemingly imperturbable. He's always reminded me a bit of the Pillsbury doughboy: No matter how hard he's poked, he springs back, smiling.

At the start of last week's hearing, Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), sounding like an exasperated high school English teacher, chastised Gonzales for failing to turn in his prepared statement on time. The attorney general sat silent, then calmly delivered the tardy testimony.

The next three hours and 40 minutes illustrated just about everything that is wrong with Gonzales's Justice.

There is no polite way to put this: Gonzales doesn't seem to have an adequate grasp of what's happening in his own department or much influence in setting administration policy.

Asked about House-passed legislation that would bar Justice from enforcing a year-old law requiring trigger locks on newly sold handguns, Gonzales said he was "not aware of" the dispute. Asked about his department's prosecutions of corrupt Border Patrol agents (described in a front-page story in this newspaper), Gonzales said he would "have to get back to you."

And when Sen. Edward M. Kennedy (D-Mass.) inquired whether the administration supported reauthorization of the Voting Rights Act as passed by the House, Gonzales didn't seem empowered to give him a straight answer -- though the Judiciary Committee was set to take up the measure that afternoon. "I don't know if I'm in a position to state that as an administration we're going to support that," Gonzales said.

Gonzales as witness is a maddening exercise in jello-nailing. "I'm going to move on and accept your non-answer, because I don't think I'm going to get anything more on that subject, and perhaps nothing more on the next subject," Specter told Gonzales after a fruitless line of questioning about whether Justice was -- as the attorney general had said in May -- considering prosecuting journalists for publishing leaks.

Specter's bleak prediction proved accurate. When he asked Gonzales about the attorney general's previous assurance that the National Security Agency's electronic surveillance was the only program not subject to judicial authorization, this illuminating exchange ensued.

Gonzales: "I'm not sure that those are the words that I used, Mr. Chairman."

Specter: "Well, the substance of the words you used."

Gonzales: "Those are the substance of the words I used, but those are not the exact words that I used."

At which point Specter gave up and changed topics.

Sen. Patrick Leahy (D-Vt.) didn't fare any better on military tribunals. Leahy asked whether Congress should simply ratify the existing system, as an assistant attorney general had urged the previous week.

Gonzales: "That would certainly be one alternative that Congress could consider, Senator Leahy."

Leahy, trying again: "Is that the administration's position, yes or no?"

Gonzales: "I don't believe the administration has a position as to where Congress should begin its deliberations."

Well, that was informative.

The big news of the hearing -- that the president had in effect killed an internal Justice investigation into the domestic spying program by refusing to grant the necessary security clearances to department lawyers -- underscores the most disturbing aspect of Gonzales's tenure: his lack of independence from the president. If Gonzales disagreed with this move -- a bad call and an even worse precedent -- he offered no hint of it at the hearing.

This is not a surprise -- after all, Gonzales's entire public career is entwined with that of George W. Bush -- but it is a disappointment. Ashcroft at least clashed with the White House over detainee policy (he fought internally to give citizens detained as enemy combatants access to counsel) and warrantless surveillance (he refused when Gonzales came to his hospital room asking that he sign papers extending the program).

To his credit, Gonzales did resist -- he supposedly threatened to quit -- when the president, pummeled by congressional Republicans over the search of a Democratic congressman's office, considered ordering Justice to return the documents. But Attorney General Gonzales doesn't seem to have any less zeal for unbridled presidential power -- or any less willingness to make outlandish arguments on its behalf -- than did White House Counsel Gonzales.

Which is precisely why he shouldn't be there in the first place -- and why I am experiencing intermittent twinges of a most unexpected emotion: Ashcroft nostalgia.

marcusr@washpost.com

U.S. Prosecutors' New Foe: Attrition (PHI)

By John Shiffman

The Philadelphia Inquirer, July 26, 2006

The scene yesterday afternoon inside the U.S. Attorney's Office in Philadelphia was all too familiar: a going-away party for a veteran prosecutor.

In the last three years, about two dozen federal prosecutors have resigned from the Philadelphia office.

Because of budget cuts, only three of those positions have been filled. The staffing numbers were verified by prosecutors not authorized to speak publicly because the figures have become part of a congressional budget dispute.

Indeed, the party in Philadelphia yesterday for Mark Ehlers, a violent-crimes prosecutor with 18 years' experience, came a day after two prominent House Democrats released an angry letter written to U.S. Attorney General Alberto Gonzales.

"The consequences appear to be severe," wrote U.S. Reps. Henry Waxman (D., Calif.) and John Conyers Jr. (D., Mich.).

"The lack of staff and resources force federal prosecutors to forego prosecutions in some important cases and to reach plea bargains in others," they wrote. "In some offices, there are shortages of even basic office supplies, like binder clips and envelopes."

Nationwide, the number of prosecutor vacancies has jumped from 200 to 300, said Dennis Boyd, executive director of the National Association of Assistant United States Attorneys.

In Los Angeles, 40 of 190 prosecutor positions are unfilled, according to the congressional letter. In Chicago, about 30 of 160 positions are unfulfilled.

The U.S. Attorney's Office for New Jersey, based in Newark, did not respond to a request for comment.

The U.S. Attorney's Office in Philadelphia has seen its budget cut by 20percent over the last three years, according to comments at a recent court hearing by Linda Dale Hoffa, chief of the criminal section.

At the hearing, Hoffa also disclosed that the office had begun to charge defendants for copies of evidence in their cases. Previously, the office had copied the evidence for free.

Hoffa yesterday referred questions to the Justice Department in Washington. The department issued a statement in which it noted that Congress had cut the Bush administration's proposed budget request for the 93 U.S. Attorney Offices nationwide.

In the last three years, more than two dozen assistant U.S. attorneys have left the Philadelphia office or have announced they are leaving. They include Ehlers, Geoff Moulton, Gregory Paw, Timothy Rice, Joseph Poluka, Robert Goldman, Jud Aaron, Chris Hall, Tom Hogan, Barbara Cohan, Kristin Hayes, Todd Schulman, Tina Gabbrielli, Cedric Bullock, Maureen Barden, William Carr, Tom Eicher, Leslie Fitzgerald, Mitchel Goldberg, Nancy Griffin, Shari Lewis, Craig Margolis, Nadine Overton, Dave Resnicoff, Alicia Resnicoff, Kathleen Rice and Paul Sarmousakis.

The Philadelphia office is responsible for the eastern third of the state, from the Delaware River west to Allentown and Lancaster.

"There's been a steady attrition," said a former senior prosecutor in the office. "There's a huge experience gap. These are people who did complicated cases. The sky isn't falling - there is still a good nucleus, but there are cases that aren't getting prosecuted now. I predict you are going to see 200 fewer prosecutions a year until they get the staffing back up."

The Philadelphia office recently added three prosecutors and has plans to hire at least two more. The new hires are Joe McGettigan, Mary Futcher and Maria Carrillo.

CORPORATE SCANDALS:

Trying Not To Keep Up With The Andersens (LAW)

By Sue Reisinger, Corporate Counsel

Corporate Counsel, July 26, 2006

Government-deferred prosecution and nonprosecution agreements with companies are on the rise

The government is on a let's-make-a-deal spree with corporate America. In the first six months of this year, the U.S. Department of Justice completed at least 12 deferred prosecution or nonprosecution agreements with companies. By contrast, only eight such deals were signed in all of last year, which was already a record high.

The sharp rise in prosecution pacts showed up in a Corporate Counsel review of the Web sites of the Justice Department and major U.S. Attorney's Offices. Most of the businesses that settled with the government this year were accused of financial and securities fraud. Other companies have been faulted for money laundering, trade secret theft and environmental violations.

A federal indictment is widely credited with destroying Arthur Andersen, the giant accounting firm, four years ago. Ever since, companies accused of wrongdoing have sought to avoid the same fate by striking a deal with the Justice Department. In a deferred prosecution agreement, the government files criminal charges against a defendant in court but doesn't take the case to trial. Under a nonprosecution agreement, no charges are filed.

These pacts come at at price, however. For one thing, businesses must cooperate with prosecutors through the length of the agreement, which typically lasts from 12 months to three years. Cooperation, as defined by the government, has forced some companies to take extreme actions, such as waiving attorney-client privilege, or cutting off the legal fees of indicted employees. Also, a prosecution deal generally requires a business to admit its wrongdoing and accept a statement of facts describing the illegal behavior. Private plaintiffs often use this admission against the company in later litigation.

Plus, there's the collateral damage, as companies take steps that not even the government has demanded. At six of the companies that have reached a deferred or nonprosecution agreement in the past 12 months, the general counsel stepped down. In most instances the GC wasn't even implicated in the wrongdoing -- management just felt a new hire would show the government that they were serious about tackling their problems.

Though the number of deferred and nonprosecution agreements is soaring, the country isn't necessarily experiencing a resurgent corporate crime wave. Lawrence Finder, a former U.S. Attorney in Houston who is now a partner at Haynes and Boone, cites two factors behind the increase. One is that the government is trying to exert more pressure on companies, yet wants to avoid being blamed for causing another collapse like Andersen's. The other reason for the boom in deferred and nonprosecution agreements, Finder says, is that "prosecutors are simply becoming more comfortable with them."

Susan Hackett, the GC of the Association of Corporate Counsel, thinks the number of prosecution pacts is rising because they're the easiest option for both sides. "It works for everybody," Hackett says. "Prosecutors get a notch on their belt," without actually having to take a company to court. Meanwhile, businesses avoid indictment as well as the hefty costs of defending themselves at trial. And both prosecutors and defendants skip the risk of a courtroom loss.

The Justice Department isn't saying much about why it's completed so many agreements this year. A spokesperson would only note that the agency "uses a variety of approaches to ensure compliance with the law while protecting shareholder value."

Law professor Stuart Green, who recently published "Lying, Cheating, and Stealing: A Moral Theory of White-Collar Crime," suspects more complex reasons for the rise of prosecution agreements. Green, who teaches at Louisiana State University, says it's hard to measure whether there's actually more business crime today. But he maintains that corporate America "is blurring the lines between aggressive business [conduct] and criminality. The more we as a society accept aggressive business behavior, the more we find the lines crossed."

Whatever the cause, ACC's Hackett doesn't see any relief in sight for GCs or their companies. In her view, "Companies are now in the mode of doing whatever they can to avoid indictment."

Banker Pleads Guilty In Executive Life Case (LAT)

By From Bloomberg News

The Los Angeles Times, July 26, 2006

Jean-Francois Henin, former head of Credit Lyonnais' Altus Finance unit, pleaded guilty to causing the French bank to lie to U.S. regulators during the 1991 takeover of Los Angeles-based Executive Life Insurance Co.

Henin agreed to pay a $1-million fine and was sentenced in federal court in Los Angeles to five years' probation, during which he won't be allowed to enter the United States, the U.S. attorney's office said Monday.

He was charged with four counts of causing Credit Lyonnais to make false statements. Henin was managing director of Altus, Lyonnais' investment unit, when the bank illegally used front companies to buy Executive Life's insurance business and junk bond portfolio.

French Executive Pleads Guilty In Executive Life Case (MERCN)

The San Jose Mercury News, July 26, 2006

LOS ANGELES - A former managing director of a subsidiary of Credit Lyonnais plead guilty Monday to four felony counts of causing the bank to make false statements to the Federal Reserve Bank.

Jean-Francois Henin, 62, of Paris, entered his plea in federal court where U.S. District Judge Dickran Tevrizian sentenced him to five years probation and ordered him to pay $1 million fine. Henin also will be banned from entering the United States for five years.

The charges against Henin are part of a larger criminal and regulatory investigation involving the takeover of failed insurer Executive Life, which was declared insolvent and seized by the California Department of Insurance in 1991. Executive Life collapsed after its portfolio of junk bonds - some 60 percent of its assets - lost much of its value.

The junk bonds were sold for $3.25 billion to an investor group led by Henin, head of Altus Finance SA, a subsidiary of Credit Lyonnais. The portfolio of policies was then sold to French insurer MAAF Assurances SA.

The investors ended up collecting billions of dollars from the junk bonds when the market picked up.

California later sued and settled with several defendants in the case, including Credit Lyonnais and Aurora National Life Assurance Co, for more than $600 million.

A federal grand jury in Los Angeles indicted six French executive in 2003, including Henin, on various criminal charges for their role in a conspiracy to illegally acquire the assets of the bankrupt Executive Life.

Former Credit Lyonnais chairman Jean Peyrelevade pleaded guilty earlier this year to charges involving false statements to the Federal Reserve. Others who have struck plea deals include Jean-Claude Seys, who headed the MAAF Assurances SA, and former Altus chairman Dominique Bazy.

SEC Wants Details Of Executive Pay (AP)

By Marcy Gordon

DOJ_NMG_0043125

AP, July 26, 2006

WASHINGTON - Regulators are moving to require companies to disclose more details of executives' pay and perks. They're also writing new rules on disclosure of the dating of stock options as controversy widens over suspect timing.

The Securities and Exchange Commission is voting at a public meeting Wednesday to adopt the biggest changes in rules governing disclosure of executive compensation since 1992. Public companies for the first time will be required to furnish tables in annual filings showing the total yearly compensation for their chief executive officers, chief financial officers and the next three highest-paid executives.

The plan, designed to enhance corporate transparency and address an issue that has angered company shareholders and the public, comes as the controversy builds over timing of options grants. In expanding probes, at least 60 public companies have disclosed that their options practices are being investigated by the SEC or the Justice Department or both, and the SEC itself says it has at least 80 companies under scrutiny.

At issue in many of the investigations is a practice known as backdating, in which stock options are retroactively issued to coincide with low points in a company's share price - a move that can fatten profits for recipients of the options when they eventually sell their shares after the market price rises.

Backdating of options can be legal so long as the practice is properly disclosed to shareholders and approved by the company's board, experts say.

Improperly disclosed backdating "is a serious potential problem under the federal securities laws," SEC Chairman Christopher Cox said Tuesday in testimony before the Senate Banking Committee. "I believe that illegal backdating goes to the heart of investor confidence."

The SEC rules on disclosure of executive compensation include new requirements for companies regarding disclosure of options backdating.

The plan requires companies to provide detailed information on how they determine when option grants are made to executives and, if they do so, how and why they backdate options. The required tables showing option awards to executives will include the date that options were granted. If the exercise price is less than the stock's market price on the date of the grant, a separate column will have to be added showing the market price on that date.

The government's first criminal complaint in a stock options probe came last week, when the former chief executive of Brocade Communications Systems Inc. was charged with fraud. Gregory L. Reyes and another former executive of the maker of data storage devices, Stephanie Jensen, also face civil charges lodged by the SEC. Their attorneys have said that their clients are innocent.

A central allegation in the government's case involves backdating of options awards. The authorities also allege that Reyes and Jensen regularly backdated minutes of meetings of the company's board so that it appeared that the compensation committee granted options on dates that Brocade's share price was relatively low. In fact, the authorities allege, no such meetings occurred on those dates.

In the SEC plan to be adopted Wednesday, the true costs to companies' bottom line of their executives' pay packages - including stock options - will have to be spelled out.

In addition:

_New disclosure tables for executives' retirement benefits and the compensation of company directors will be required.

_Companies will be required to explain the objectives behind their executives' compensation.

ON THE NET

Securities and Exchange Commission: http://www.sec.gov

SEC Expected To OK Stricter Executive-pay Rules (MRKTWTCH)

By Robert Schroeder

MarketWatch, July 26, 2006

WASHINGTON (MarketWatch) -- Securities regulators are expected to approve an overhaul of executive pay rules on Wednesday that would force companies to make public more information about how much cash and perks their top officers take in.

Under proposed Securities and Exchange Commission rules, companies would be required to publish a table showing executives' total compensation as well as figures showing the values of stock-option grants. The threshold for disclosing perquisites would be lowered to $10,000, and retirement benefits would be laid out in a new table.

SEC commissioners first voted to propose the executive compensation disclosure rules in January. See related story.

Meanwhile, the SEC is expected to drop or change part of the proposed rule package that would've required companies to disclose the pay of highly compensated non-executives.

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Observers will also be watching to see if the agency enacts a rule about how companies grant options. The SEC's original proposal called for companies to assign a dollar value to options measured at "grant date fair value."

The SEC and the Justice Department have contacted several companies about back-dating stock options. Investigators want to know if executives manipulated grant dates in order to enrich themselves or employees at the expense of other shareholders by awarding options backdated to the start of a rise in their company's stock price. The Justice Department brought the first criminal case in connection with options-backdating on Thursday. See related story.

Former SEC corporation finance division attorney Michael McCoy said the SEC's proposed pay-disclosure rules have the potential to empower investors.

"A lot of the required disclosure will be helpful for shareholders to use to figure out how assets are being used," said McCoy, now an attorney with the firm Bryan Cave.

He cautioned, however, that complying with the rules may cost companies extra money and detract from their bottom lines.

"You just want to make sure disclosure is worth it," he said.

From the start, SEC Chairman Christopher Cox has stressed he's not seeking limits on executive pay, only disclosure.

Separately, House Financial Services Committee Democrats led by Rep. Barney Frank, D-Mass., petitioned Republican colleagues on Monday to side with Democrats and schedule a work session and vote on a Democrat-drafted pay-disclosure package. The measure would require shareholder votes on executive compensation plans. See full story.

The SEC's five commissioners are scheduled to begin their meeting at 10 a.m. Eastern Wednesday.

Robert Schroeder is a reporter for MarketWatch in Washington.

Cox Cites 'Hole' In Regulatory Net On Hedge Funds (WSJ)

By Kara Scannell

The Wall Street Journal, July 26, 2006

WASHINGTON -- Securities and Exchange Commission Chairman Christopher Cox left the door open for Congress to write new legislation to bolster the regulatory agency's oversight of the booming hedge-fund industry but cautioned that any new laws shouldn't be intrusive or disruptive.

An appeals court last month invalidated a 2004 SEC rule that required hedge-fund advisers who meet certain criteria to register with the SEC. Registration allowed SEC inspectors to regularly comb through the books and records of the advisers and required compliance programs and officers to be put into place in the $1.2 trillion hedge industry.

Since then, bills have been floated on Capitol Hill to fill the void amid concern that federal officials would be left with little oversight or knowledge of the murky but influential hedge-fund world.

At a hearing before the Senate banking committee, Mr. Cox said the agency needs to move "quickly" to address the "hole" left by the court decision. "Some improvements will be possible through an administrative action. Others, however, may well require legislation," he said.

Sen. Richard Shelby, the Alabama Republican who is chairman of the committee, asked Mr. Cox whether the SEC had the statutory authority to regulate hedge funds.

"I'm not prepared to say yes or no to the question today," Mr. Cox replied, adding the agency's review of its authority is "still ongoing. Right now the regulatory regime implemented by the SEC is inadequate." Mr. Cox said the agency hadn't decided whether to appeal the court ruling.

Mr. Cox appears to be walking a fine line. He isn't calling for specific legislation, but he isn't -- as some conservatives had hoped and investor groups had feared -- backing down from regulating hedge funds. Rather, he seems to be looking for ways to make sure they remain regulated -- with the SEC the principal regulator.

"I think he's tiptoeing right now as the commission develops a strategy for asking Congress perhaps to give it something but not tying its hands," said Donald Langevoort, a law professor at Georgetown University. "I'm willing to predict that someone like Chairman Cox believes that once you start regulating, it's hard to stop regulating ... and thus deciding what small amount of regulation is appropriate is a hard question."

To fill "holes" left by the court, Mr. Cox said he will recommend the SEC write a new antifraud rule that would ensure hedge-fund advisers have a fiduciary duty to investors in their funds. The court said an adviser's clients are the funds themselves, not the investors in the funds. Whether states or the federal laws apply in claims of fiduciary duty has been long battled.

He said he is also working to ensure that exemptions to the 2004 rule will be restored so advisers don't find themselves in violation when the court's decision is finalized next month. Some other measures include extending the time hedge funds have to file from 120 days to 180.

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Mr. Cox also said he would recommend the SEC take "formal steps" to further limit the marketing and availability of hedge funds to unsophisticated small investors. Mr. Cox said he would like to update the definition of "accredited investor," which he described as "not only out of date, but wholly inadequate." One possibility is to update SEC threshold figures so they are adjusted for inflation; that could boost the threshold of net worth for accredited investors to $1.8 million from $1 million, he said.

Depending on how the SEC alters the definition of accredited investors, it could have ramifications beyond hedge funds and apply to any private-placement sale. Such an offering is one that isn't conducted in the public markets. That could spark opposition from other commissioners as well as those on Wall Street representing upstart companies looking for funding.

Some of the rule making may require the approval of the agency's four other commissioners, which isn't a given.

Treasury Undersecretary for Domestic Finance Randal K. Quarles, who also testified yesterday, said the hedge-fund industry was "in better shape" than in 1998 when the near collapse of hedge fund Long-Term Capital Management rocked the financial system and led to a bailout. He said the Treasury Department was conducting meetings to learn more about the industry and said it was "premature" to recommend legislation.

S.E.C. Chief Looks To Regain Power Over Hedge Funds (NYT)

By Jenny Anderson

The New York Times, July 26, 2006

WASHINGTON, July 25 — The chairman of the Securities and Exchange Commission, Christopher Cox, told a Senate panel on Tuesday that the regulatory framework governing hedge funds was inadequate, but he declined to ask Congress for additional authority to police the industry.

Instead, Mr. Cox told the Senate Banking Committee that he would ask the commission to adopt measures to regain some of the authority it lost a month ago, when a federal appeals court ruled that the S.E.C. could not require hedge funds to register.

Among the measures Mr. Cox will recommend to the commission is changing the rules on who can invest in hedge funds, increasing the net-worth threshold for an individual or couple to $1.5 million or more from $1 million today.

“I am concerned that the current definition, which is decades old, is not only out of date but wholly inadequate to protect unsophisticated investors from the complex risks of investment in most hedge funds,” he said.

But when pressed by senators about whether he needed more authority to regulate hedge funds, Mr. Cox replied, “I am not prepared to say yes or no. Our review of our different authority is still ongoing.”

The S.E.C. is in an awkward position. The hedge fund industry is growing quickly and is a major force in the markets, accounting for as much as 30 percent of trading activity, but it is virtually unregulated.

The commission has the authority to investigate any kind of fraud it suspects, but the court’s decision to throw out the registration requirement limits its ability to conduct routine exams and improve its understanding of the industry.

Some lawyers said Tuesday that they were not surprised that Mr. Cox did not ask Congress for more authority.

“I think there is some reticence by regulatory agencies overall to admit a need for, or affirmatively ask for, help from Congress,” said Jim C. McCarroll, a partner at the law firm Reed Smith who focuses on hedge funds and funds of hedge funds. “They prefer to exercise their individual regulatory authority before seeking a legislative fix.”

Mr. Cox explained some of steps he would ask the commission to take to reclaim some of the authority it had lost when the court declared its registration requirement invalid.

For example, the Investment Advisers Act has strict rules on what books and records must be kept to back up performance data. The registration rule required hedge funds to have those books and records after the funds registered, but exempted them from having them for periods before they registered. Mr. Cox said he wanted that exemption to be reinstated.

Mr. Cox also said he would introduce a measure to permit the commission to sue managers on behalf of investors in the fund.

Mr. Cox said 10 hedge funds had withdrawn their registrations since the appeals court decision, but more had registered. “Although these are early returns and may not be indicative of the final outcome, we have actually experienced a net increase in the hedge fund registration,” he said.

The Treasury Department, meanwhile, has formed a group to examine potential risks in the industry, including the exposure that many large banks could have to certain trades. The group, which first met a few weeks ago, will work with members of the hedge fund industry and the banks who manage their accounts.

The 1998 near-collapse of the hedge fund Long-Term Capital Management was invoked several times during the hearing.

In his testimony, Randal K. Quarles, under secretary for domestic finance at the Treasury Department, asserted that the conditions that had led to that spectacular near-collapse were not as prevalent today.

“There is reason to believe there is less risk posed by the hedge fund industry than in the past,” he said, including less leverage, less concentration of risk and more awareness by the banks that manage the hedge funds’ accounts.

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He said one risk he saw was embedded leverage, or bets that hedge funds have taken with derivatives that are less apparent on the balance sheet.

Over-Lawyered At The SEC (WSJ)

By Harvey L. Pitt

The Wall Street Journal, July 26, 2006

The rule of law -- first articulated in the 17th century and the foundation on which this nation was built -- holds that governmental authority must be exercised in accordance with its terms and restrictions. It is a necessary precondition for the emergence and flourishing of free-market economies in general and capital markets in particular. For markets to work, the rules must apply not only to people and businesses subject to authority, but also -- especially -- to the actions of government itself.

To descend from these theoretical heights, we turn to the SEC. Over the past 72 years, it has built a strong record of enforcing the rule of law in America's capital markets. And yet three recent regulatory fiascos in the tumultuous period between 2003 and 2005 seem to betray that history.

The SEC's twice-failed efforts to compel mutual fund boards to be governed by independent chairmen, and its now discredited effort to regulate heretofore unregulated hedge funds, may appear to be merely more examples of bad lawyering -- which, of course, they are. But there are very capable legal minds at work at the SEC, and even they couldn't salvage these rulemaking efforts. The problem was more fundamental.

The SEC's troubles can be traced to a mentality that often plagues regulatory bodies and legislative efforts: that any time a problem arises, the solution is to toss another regulation or statute at it.

Even if that bias were occasionally appropriate as an instinctual response -- a doubtful proposition -- it doesn't work at an agency that should be far more attuned to economic analysis. The SEC approached its mutual fund and hedge fund rulemaking efforts as if they presented legal issues; but they were -- and remain -- inherently economic.

Wanting to respond to the twin mutual fund peccadilloes of market timing and late trading, the SEC decided to require that funds be governed by independent chairs and a supermajority of outside directors. These were not rational responses to the economic realities of the concerns that were raised at the time.

There were four fundamental problems: First, authority over and responsibility for mutual funds actually -- and quite rightly -- resides with the investment managers, not with passive boards. In large part, this problem was compounded by the 60-year-old legislation the SEC administers: It treats mutual funds as companies when the economic reality is that they are products. Second, the SEC adduced no evidence that funds with independent chairs had functioned (or would function) any better than funds with management chairs. There was empirical data available, but it was ignored. Third, the SEC had no idea what the costs or economic effects of its regulatory solutions might be. Last, the SEC failed to adequately consider less-invasive alternatives to its majority's preferred approach.

The problems with the SEC's now-aborted effort to regulate hedge funds were even worse. While the commission concluded that it ought to extend its regulatory yoke, it failed to deliver any empirical support for that conclusion and only presented lip-service justifications. The economic reality of hedge funds is that they cater to sophisticated investors, and the SEC never adequately addressed why it should stretch its limited resources to try and cover investors who can fend for themselves. Moreover, the SEC reversed an exemptive rule it had adopted two decades earlier -- one on which hedge funds had relied to their economic detriment -- with no indication as to why or how economic reality had changed the rationale for that exemptive rule. As SEC Chairman Chris Cox testified before the Senate Banking Committee yesterday, the SEC now needs to adopt a panoply of emergency rules to undo the effects of its ill-advised prior effort to extend its regulatory reach to hedge funds.

This is surprising for an agency that's directed by Congress not simply to protect investors, but to do so by facilitating the efficiency and functioning of our capital markets, and by improving innovation and competition. It's the latter obligation that far too often gets lost in the rush to promulgate new rules and new obligations -- without doing the necessary homework beforehand or evaluating whether its existing regulations serve their intended purposes.

Ultimately, the problem with the SEC's failed rulemakings (which has permeated agency efforts since its creation) is that it's over-lawyered: The agency relies too heavily on legal doctrinarism.

In light of its capital market functions, the atrophied state of the SEC's economic analysis capacity is glaring. A steady flow of relevant information is the lifeblood of sound capital markets. If data is generated and made available, market participants can make determinations without needing government paternalism. All too often economic analyses are performed at the SEC because they're required, not because it genuinely wants to know the economic implications of its various initiatives.

The SEC has a critical mandate -- enforce the rule of law -- and it's developed a potent enforcement capability. But its sometimes excessive reliance on lawyers and rules, instead of economists and analyses, has caused the commission to stumble badly.

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It's time that things begin to change. With its third foray into mutual fund regulation, there is a chance to consider solutions that will better protect the investing public, yet limit the need for heavy-handed government regulations. And, with a chance to reconsider the wisdom of any effort to regulate hedge funds, the agency has a chance to back away from an ill-advised initiative; to do that, it will require the willing assistance of the hedge fund community to shoulder responsibility for developing its own best-in-class standards that obviate the need for government intervention.

The stars now seem aligned to enable the agency to address its real mandate -- promoting efficient as well as honest capital markets -- rather than devolving backwards and reflexively deciding to pursue additional regulatory initiatives merely for the sake of appearing to have responded to perceived problems.

CRIMINAL LAW:

U.S. Prosecutors Argue Against Gag Order For Bush In Soldier's Case (LCJ)

By Kay Stewart, The Courier-Journal

Louisville (KY) Courier-Journal, July 26, 2006

A gag order on President Bush and his top aides in a case against a former Army private charged with rape and murder in Iraq would have no legal basis, Justice Department lawyers said in court papers filed Tuesday.

The issue is pending before U.S. District Judge Thomas B. Russell in Paducah, Ky. The former soldier, Steven D. Green, 21, was with the 101st Airborne, whose home base is Fort Campbell, Ky.

He is accused of raping an Iraqi teen and killing her and her family.

A gag order would "prevent the President and members of his cabinet from addressing the incident … .with foreign leaders and the public at large," federal prosecutors said in their filing.

Silencing the president and his aides would prevent them from "assuring the Iraqi people — and people throughout the world — that the United States is diligently pursuing justice in this matter and that it will not tolerate unprovoked attacks on civilians by our armed forces."

Federal public defenders representing Green sought the gag order, citing "prominent and often sensational (news) coverage" they said could jeopardize a fair trial.

Their motion cited publicized comments about the case, including quotes from Bush on the Larry King Live show on CNN on June 6, when he called it a "despicable crime" and expressed that it was "staining the image, the honorable image of the United States Military."

The federal prosecutors, however, said "neither the President nor any other high-ranking official has made any statements imperiling Green's right to a fair trial."

Green's attorneys have until Aug. 8 to respond.

Green, a native of Midland, Texas, is accused of being the leader in the rape and murder of an Iraqi teen after the murders of her parents and a sister near Mahmoudiya in central Iraq on March 12. Five other soldiers have been charged in the case.

Green pleaded not guilty in U.S. District Court in Louisville on July 6.

The allegations surfaced on June 20, after Green received an honorable discharge under a finding that he had a severe personality disorder, according to court documents.

Reporter Kay Stewart can be reached at (502) 582-4114.

Congress Creates Child Molesters Database (AP)

By Mary Dalrymple

AP, July 26, 2006

WASHINGTON -- Finding the nearest convicted child molester might be as easy as punching in a ZIP code on a computer keyboard, thanks to a bill that cleared Congress Tuesday.

The House passed and sent to President Bush legislation establishing a national Internet database designed to let law enforcement and communities know where convicted sex offenders live and work.

Attorney General Alberto Gonzales applauded its passage. "America's children will be better protected from every parent's worst nightmare _ sexual predators," he said.

The most serious offenders would be registered on a national database for a lifetime. All sex offenders could face a felony charge, punishable by 10 years in prison, for failing to update the information.

"This legislation would make it crystal clear to sex offenders, you better register, you better keep the information current, or you're going to jail," said Rep. James Sensenbrenner, R-Wis.

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The House passed it by voice vote. The Senate approved it with a voice vote last week.

Sensenbrenner, chairman of the House Judiciary Committee, said there are half a million sex offenders in the United States and as many as 100,000 are not registered, their locations unknown to the public and police.

Convicted criminals required to register will have to do so, in person, in each state where they intend to live, work or go to school.

"It's time for all of our families to have access to this information," said Rep. Earl Pomeroy, D-N.D.

Child advocates have said the bill offers the most sweeping effort to combat pedophiles in years. It's named for Adam Walsh, the murdered son of "America's Most Wanted" host John Walsh.

"We used to track library books better than we do sex offenders but this bill will even that score," said Rep. Mark Foley, R-Fla.

One initiative would create a demonstration project requiring sex offenders to wear tracking devises during their supervised releases.

The bill increases criminal penalties for child predators, including a mandatory minimum 25-year prison sentence for kidnapping or maiming a child and a 30-year sentence for sex with a child under 12 or for sexually assaulting a child between 13 years old and 17 years old.

A new racketeering-style offense for people who commit two or more crimes against children would carry a mandatory 20-year sentence. Repeat child sex offenders would face harsher penalties.

The bill also authorizes new crime prevention and child fingerprinting campaigns, along with new grant programs to combat the sexual abuse of children.

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Information about the bill, H.R. 4472, can be found at: http://thomas.loc.gov/ .

Congress Spanks Naughty Sex Sites (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, July 26, 2006

President Bush is expected to sign a bill that targets Net drug sales and sneaky Web sites deemed "harmful to minors."

The U.S. House of Representatives on Tuesday approved a bill that would make it a federal felony for Webmasters to use innocent words like "Barbie" or "Furby" but actually feature sexual content on their sites.

Anyone who includes misleading "words" or "images" intended to confuse a minor into viewing a possibly harmful Web site could be imprisoned for up to 20 years and fined, the bill says.

Because the U.S. Senate already approved the measure in a voice vote last week, it now goes to President Bush for his signature. Bush, who previously endorsed the bill, has scheduled a signing ceremony for Thursday afternoon on the White House grounds.

"America's children will be better protected from every parent's worst nightmare--sexual predators--thanks to passage" of the legislation, Attorney General Alberto Gonzales said in a statement on Tuesday.

House Speaker J. Dennis Hastert, in a statement issued after the House approved the bill by voice vote, said: "We've all seen the disturbing headlines about sex offenders and crimes against children. These crimes cannot persist. Protecting our children from Internet predators and child exploitation enterprises are just as high a priority as securing our border from terrorists."

The 163-page Child Protection and Safety Act represents the most extensive rewriting of federal laws relating to child pornography, sex offender registration and child exploitation in a decade.

If the bill becomes law, it's not clear which Webmasters would become federal felons. Sites like Kontraband.com, which show Barbie and Ken dolls having simulated sex, could be in trouble, depending on how prosecutors and juries interpret the language. (Kontraband offers video clips and photographs, some of which are racy.)

Kontraband.com representative Dylan Close said in an e-mail message to CNET News.com that he was familiar with the congressional legislation and that the site already rates the pages using a system borrowed from the British Board of Film Classification. For instance, a page showing topless images was marked as not safe for work. Close also said that the site's Barbie and Ken clip was intended for adults and older teenagers, not children.

Also, Close said, "we are increasing the level of awareness and differentiation between our levels of safe and not safe content."

A key phrase in the legislation (click for PDF) promises prison time only if a Webmaster has the "intent to deceive" a casual visitor.

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In addition, the Child Protection and Safety Act, or Walsh Act (named for Adam Walsh, who was abducted and murdered in 1981 at 6 years old), would:

· Punish the intentional Internet sale or distribution of "date rape drugs" by making the act a new federal crime with up to 20 years in prison. The list of offending drugs would include gamma hydroxybutyric acid (sometimes called liquid ecstasy), ketamine, and flunitrazepam (better-known under the trade name Rohypnol).

· Force sex offenders to provide a DNA sample, a requirement that many states already have adopted.

· Create a national sex offender registry to be run by the FBI, with "relevant information" on each person. It's supposed to permit geographical lookups based on ZIP code.

· Fund a series of pilot programs, lasting up to three years, to tag sex offenders with tracking devices that would let them be monitored in real time. The devices would include a GPS downlink (to provide exact coordinates), a cellular uplink (to transmit the coordinates to police), and two-way voice communications.

Separately, the Senate is expected to vote this year on a related but broader proposal dealing with Web labeling. That legislation says that Web site operators posting sexually explicit information must slap warning labels on their pages or face prison terms of up to five years.

CNET News.com's Anne Broache contributed to this report.

Judge In Mob Case Denies 2 Ex-Detectives Bail (NYT)

By Alan Feuer

The New York Times, July 26, 2006

Less than a month after he acquitted them of one of the most scandalous murder conspiracies in New York history, a federal judge denied bail yesterday to the two retired detectives in the so-called Mafia Cops case on a much less solemn charge: a plot to distribute less than one ounce of methamphetamine.

The drug charge was one of only two counts left from the original indictment of the men, Louis J. Eppolito and Stephen Caracappa, who were found guilty on April 6 of taking part in at least eight murders for the Luchese crime family. On June 30, the verdict was reversed when the judge in the case, Jack B. Weinstein, ruled that the statute of limitations — five years for conspiracy charges — had run out.

Yesterday, after he denied the two men bail in Federal District Court in Brooklyn, Judge Weinstein took them to task, as he did in his order of acquittal, calling them “dangerous criminals with no degree of credibility” and saying they had been “publicly shamed” at the very trial he had upended by tossing their convictions out. He said the drug charge — an alleged deal hatched over dinner in Las Vegas — was a “serious” charge and sternly ordered the federal marshals to haul the men back to jail.

Mr. Eppolito and Mr. Caracappa now inhabit a strange piece of legal real estate, one that might be labeled “guilty but acquitted.” Both judge and jury in the case have found that there was ample — even overwhelming — evidence that the former lawmen committed some of the worst crimes of corruption since 1912, when a police lieutenant, Charles Becker, was charged with (and later executed for) the murder of a two-bit gambler named Herman “Beansie” Rosenthal. Despite such evidence, however, the murder charges against Mr. Eppolito and Mr. Caracappa were effectively dismissed.

Although the government has said it will appeal Judge Weinstein’s order of acquittal, the judge himself said yesterday that his decision to deny bail had nothing to do with the appellate case and was based solely on the fact that the two men still have charges pending against them: the drug count (for both) and a count of money-laundering (for Mr. Eppolito alone).

The government has said it will try the two men on the drug charge in Federal District Court in Brooklyn, though only after the broader appeal has been decided in a proceeding that could take months.

In the meantime, Mr. Eppolito and Mr. Caracappa will return to the Metropolitan Detention Center in Sunset Park, Brooklyn, where they have been sharing a cell since their April convictions.

Daniel Nobel, Mr. Caracappa’s lawyer, asked Judge Weinstein if his client might be moved to a different jail, later saying: “I dare say most marriages would founder under similar circumstances.”

There were many reasons Judge Weinstein could have granted bail, as he had done before the trial began.

At that point, the two men faced a damaging array of charges, now dismissed. Moreover, at the first bail hearing, last July, the government itself had said that there was no “presumption” that the two detectives should be held on the methamphetamine charge.

Mr. Nobel and Joseph Bondy, Mr. Eppolito’s lawyer, said they were likely to appeal the judge’s ruling on denying bail to a higher court. Mr. Bondy, in particular, said he thought Judge Weinstein may have kept the men in jail as a way to offset their acquittals on what some saw as a technicality in the case.

“I think there may have been a balancing aspect to the judge’s decision,” he said. “Perhaps from the judge’s point of view letting them go may have been inconsistent with his role pending a retrial.”

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One of the arguments the prosecution raised against bail yesterday was a concern that if the men were freed, they might be tempted to threaten witnesses in the case. After all, having sat through an entire trial, they now know each witness by name.

In court papers filed last week, the prosecution mentioned one witness in particular, Steven Corso, a disgraced accountant, who testified at trial that in February 2005, Mr. Eppolito and Mr. Caracappa agreed to help him find some methamphetamine for some "Hollywood punks" who were coming to Las Vegas.

"With their liberty at stake, the defendants have a tremendous incentive to attempt to harm Corso to prevent him from testifying against them," the prosecution contends in court papers.

Nonetheless, Mr. Corso himself sounded only marginally worried when he called The New York Times last month to discuss the outcome of the trial.

Although he said there were times that "he was looking out for bullets," his main concern seemed to be the paper's coverage — of himself.

Man Gets 8 Months In Prison For Taping Michael Jackson On Plane (FINDLAW/AP)

AP, July 26, 2006

(AP) - LOS ANGELES-An air service businessman on Monday was sentenced to eight months in federal prison for secretly videotaping Michael Jackson as he flew to Santa Barbara with his attorney to surrender in a child-molestation investigation.

Arvel Jett Reeves also was ordered to spend six additional months in a halfway house that offers drug and alcohol rehabilitation treatment, said Assistant U.S. Attorney Dan Shallman. He also must pay a $1,000 (euro790) fine.

Reeves and co-defendant Jeffrey Borer admitted they installed two digital video recorders to record "a professional entertainer" and his lawyer as the pair traveled on a private jet from Las Vegas to Santa Barbara in November 2003, according to their plea agreements filed last September.

The entertainer they recorded was Michael Jackson and his attorney at the time was Mark Geragos, although they are not cited by name in the plea agreements. Jackson was later found not guilty of the child molestation charges.

Borer and Reeves each pleaded guilty to one felony count of conspiracy. As part of the deal, federal prosecutors agreed to dismiss two other charges - endeavoring to intercept oral communication and witness tampering - in a three-count indictment filed against them.

Borer's sentencing was postponed to September. U.S. District Judge A. Howard Matz agreed Monday to give Borer more time to submit information about his ailing wife.

Borer was the owner of XtraJet, which operated a Gulfstream jet that carried Jackson. Reeves was the owner of Chino-based Executive Aviation, which provided maintenance service for XtraJet's aircraft fleet.

Reeves purchased video and audio equipment and, with the help of a third party, secretly installed the recorders in the airplane's cabin, according to the plea agreement. Borer, who instructed Reeves to obtain and install the equipment, intended "to sell these recordings to the media for a large sum of money," the agreement said.

No Documents Yet For DOJ (RC)

By John Bresnahan

Roll Call, July 26, 2006

Nearly five months after asking for them, the U.S. attorney's office is San Diego has not received any of the thousands of pages of documents it has sought from three House committees as part of the continuing criminal probe into the bribery scheme that brought down former Rep. Duke Cunningham (R-Calif.).

Federal prosecutors and officials in the House general counsel's office are still negotiating over the parameters of the request, with the House officials seeking to narrow the scope of documents sought by the Justice Department from the Intelligence, Armed Services and Appropriations committees, according to sources close to the issue.

Both sides want to avoid an open confrontation, especially a subpoena from a federal grand jury to the committees. The House also wants to protect its privileges under the Speech or Debate Clause, which shields Members and staffers from prosecution for legislative actions. In addition, concerns have been raised by Members regarding highly classified intelligence documents that prosecutors have sought.

The U.S. attorney's office in San Diego is seeking access to thousands of pages of Congressional documents, some going back to 1997, which relate to Cunningham and government programs he had influence over as a member of the Appropriations and Intelligence panels. Prosecutors also are seeking to interview staffers from several of the committees about their dealings with Cunningham.

The request for the documents and for interviews with staffers came in a March 7 letter to the House General Counsel. Since then, the two sides have exchanged offers, although no final agreement has been reached.

The U.S. attorney's office in San Diego declined to comment for this story.

Cunningham pleaded guilty on Nov. 28 to accepting more than $2.4 million in bribes over a five-year period, as well as to tax evasion and fraud. He is serving a 100-month prison sentence, the longest such punishment ever meted out to a former lawmaker, and is currently incarcerated at low-security facility in Butner, N.C., according to the Federal Bureau of Prisons.

Mitchell Wade, a defense contractor who paid hundreds of thousands of dollars in bribes to Cunningham, pleaded guilty in February to conspiracy to bribe public officials and election fraud, among other charges. Wade is cooperating with federal prosecutors, and no date has been set yet for his sentencing.

Several other individuals, including Brent Wilkes, a California defense contractor, and Thomas Kontogiannis, a New York developer, have been implicated in the plea deals by Cunningham and Wade.

In the meantime, Reps. Pete Hoekstra (R-Mich.) and Jane Harman (D-Calif.), the chairman and ranking member of the Intelligence panel, respectively, want to have committee investigators interview Cunningham and have made a request to the Justice Department to have him made available to their panel. There are no set procedures for House committees compelling interviews with people serving prison sentences.

In an interview last week, Hoekstra said DOJ officials have been unwilling so far to comply with the request, but he remains confident that it will happen, even if the committee has to issue a subpoena for Cunningham.

"It will happen, I 100 percent guarantee it," Hoekstra said in an interview last Thursday, prior to a trip to Israel with Harman.

Hoekstra said he had not heard any reply from Justice about the request for a Cunningham interview, but he anticipated that "it may not be easy" to gain access to Cunningham.

Hoekstra and Harman, who served on the Intelligence Committee with Cunningham, would not actually conduct any interview with their former colleague, Hoekstra said. Rather, the panel's counsel and Michael Stern, an independent investigator retained by Hoekstra and Harman, would handle the session with the ex-lawmaker. Stern is handling negotiations with Justice over the Cunningham interview.

Stern was hired last year and charged with finding out whether Cunningham compromised national security in his bid to steer federal contracts to Wade and others in return for bribes. Members of the Intelligence panel were recently briefed on Stern's findings.

"We clearly see that [Cunningham] tried to use the committee to do bad things," Hoekstra told The Associated Press in response to Stern's report.

Cunningham's lawyer declined to comment on any potential interview of his client by Intelligence Committee officials.

Hoekstra also expressed concerns over the documents under his panel's control that are being sought by federal prosecutors. The Michigan Republican said his committee would cooperate with the Justice Department, under any ground rules agreed to by prosecutors and the House General Counsel, but that he wanted to make sure secret intelligence programs are protected from public exposure.

"It would be very limited, if at all," Hoekstra said of his committee's response to the prosecutors' request. "Most of the documents we deal with are highly classified."

Court Finds Subterfuge In D.C. Bank Battle (WP)

By Terence O'hara

The Washington Post, July 26, 2006

Independence Used Front Group, Misled Investors to Hold Off Dissident Shareholder, Judge Rules

Independence Federal Savings Bank officials created a front group to influence shareholders and secretly offered to buy out one large investor in exchange for his support in a racially tinged battle last year for control of the historically black D.C. thrift, a federal judge has concluded.

In an opinion issued Friday, U.S. District Judge Rosemary M. Collyer found that Independence's senior management misled shareholders and thrift regulators in a long-running campaign to prevent developer Morton A. Bender from gaining control of the institution.

The fight at one point involved some of the District's leading black clergy in what was dubbed the Committee to Save Independence Federal Savings Bank. Collyer found that the committee, though purportedly independent of the thrift and its management, was largely the creation of a lawyer and public relations consultant who worked for the company -- a subterfuge that the judge said probably violated federal securities and bank regulatory laws.

Bender, who is white, is the thrift's largest shareholder and has said it is being mismanaged.

"The courts are usually loath to get involved in these kinds of corporate contests, but there are rules of engagement that the defendants ignored," Collyer wrote in a preliminary opinion in a lawsuit brought by Bender. The developer sued after

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shareholders last fall rejected his slate of candidates for the Independence board, an outcome that Bender argued was tainted by violations of the bank's bylaws and other improprieties.

A spokesman for Independence, in an e-mailed statement, said: "It would be premature for Independence Federal Savings Bank to comment on the judge's order at this time. This is a preliminary order and these findings are an interim stage in this proceeding. We look forward to the opportunity to present the facts of this matter in court, at which time the totality of these issues will be addressed."

Independence officials have long argued that Bender wants to merge the thrift with another one he owns in Rockville, thus eliminating one of the region's few black-owned financial institutions, with a long history of serving neighborhoods once ignored by mainstream banks.

After six months of preliminary depositions and hearings, Collyer ruled that Bender will probably succeed when the case goes before a jury and issued an injunction against the bank's board from holding any shareholder meetings until the court says otherwise. A trial date has not been set.

The ruling is the latest difficulty after five years of mishaps at Independence. The thrift has been under intense regulatory scrutiny, and the Office of Thrift Supervision recently urged the board to consider a sale. Its stock price is down 26 percent this year, closing yesterday at $8.95.

Bank officials have been "evasive, nonresponsive, and internally contradictory," Collyer said in her ruling. "It is an understatement to say that the court has a difficult time crediting much of their testimony."

The Committee to Save Independence Federal Savings Bank, for example, purportedly led by the Rev. Walter E. Fauntroy, a former D.C. congressional delegate; Bishop C.L. Long; and the Rev. Douglas Moore, sent a letter to Independence shareholders that was highly critical of Bender's efforts to take over the company.

At the time, Fauntroy and Thomas L. Batties, then Independence's chief executive, told the Post that the thrift had nothing to do with the letter and that the committee was independent.

"I don't know anything about it," Batties said of the letter on May 11, 2005.

Christopher Chambers, a part-time in-house lawyer for Independence who reported to Batties, said in his testimony that he had set up the committee in consultation with Independence's public relations firm, Impact Strategies LLC. In depositions, Fauntroy, Moore and Long each said they had had not written the letter, and both Fauntroy and Moore said before their depositions in the Bender case earlier this year that they had never read it . The letter was written and mailed by Chambers and Judy Smith, chief executive of Impact Strategies. Chambers sent numerous e-mails about the letter's creation to Batties, and he testified that he discussed the letter with his boss before it was mailed.

Batties, who resigned from Independence earlier this month, did not return a phone call seeking comment.

Long and Moore also did not return phone calls seeking comment. Fauntroy could not be reached for comment.

Collyer also found that the thrift's Oct. 26, 2005, shareholder meeting was delayed three hours so that Independence Chairman Carolyn D. Jordan could persuade Harold E. Doley Jr., an investment banker from New Orleans who owned 10 percent of the company's stock, to vote against Bender's slate of directors. The vote was expected to be close, and Jordan needed Doley's support.

Around the time Doley voted Jordan's way, he told The Post she had convinced him that Independence needed to stay under black ownership. Collyer, citing Doley's own testimony, found that Doley agreed to his vote only after Jordan hastily assembled a group to buy his shares at a later date for $18 a share, about $6 more than the going price.

The deal later fell apart on the advice of Doley's lawyers, who told the investment banker that the arrangement was probably illegal, according to Doley's testimony.

In his deposition, Doley said he had been "boondoggled or snooked, whatever the word you use, by the people at -- at Independence." Doley did not return phone calls yesterday.

Jordan, whom the judge called a "singularly incredible witness," could not be reached for comment.

Bender said he felt vindicated.

"It's an ego trip for these people, and they wanted to keep their positions as board members whatever the cost," Bender said. "Well, it's going to cost them."

Staff writer Hamil R. Harris contributed to this story.

Angry Mob Greets Salt Lake Police After Discovery Of Destiny Norton's Death (KTVX-TV)

KTVX-TV, July 26, 2006

SALT LAKE CITY, Utah - Heartbreak turned into anger on the streets of Salt Lake Monday night, as family members and neighbors pointed the blame for Destiny Norton's death at the police who acted quickly to prevent a gathering of grief from becoming a riot.

"I cannot just believe that somebody would do this to a child, an innocent child," said a grief stricken Peter Brooks, Uncle of the five-year old victim.

After hearing of Destiny's death, family and friends reacted with denial in what grief experts call the "first stage" in the grieving process.

"I can't believe that anyone would do this to a little baby...and she was such a sweet little girl," said Norton family friend Jeannie Hill.

But after days without sleep, the crowd quickly became angry...first showing a Photo of the suspect and making threats - then turning on each other.

But after a few minor altercations in the crowd, the target of the anger soon switched to the police officers.

"We were told to find her, all you f------ do is lie," yelled a now angry and shirtless Peter Brooks at the officers who formed a blue line standing between the crowd and the crime scene "These people have not backed us up, they betrayed our trust, they told us they looked, they sat on their asses eating donuts," yelled Jeannie Hill who later spit at the officers. Hill once worked with the police serving as the family spokesman. But now she worked against them attempting to incite the tired and angry crowd by placing blame for Destiny's death on the investigators. "The police lied to us and that is why she is dead," Hill said, as members of the crowd began chanting: "The FBI lied and Destiny died...the FBI lied and Destiny died!"

As the tension mounted, Salt Lake City Police Chief Chris Burbank walked into the middle of the crowd. "Everyone who wants to listen come over here and I will be more than happy to talk with you," Burbank said. Amid insults and cursing, Burbank tried to answer questions and relieve the growing anger.

An angry woman holding a lit candle shouted several questions. "If you guys would have knocked on his door and gotten probable cause within two days of her being missing you guys would have been able to search that house and find her." Burbank tried to calmly answer her. "I don't know how to respond to that because you seem to know more about the circumstances here than I do. Again, the police department has to follow rules and regulations set out by the constitution and the laws of this country." Burbank said. The woman shouted back; "What about the constitution for Destiny, what about her life?"

Most in the crowd found no comfort in a recitation of constitutional law, and began to press the uneasy line of officers who responded with force, pulling out their Taser guns and forcing the crowd back.

"I do not think this is the proper way to honor Destiny," Burbank said. "She was a beautiful little girl who was the victim of a tragic crime and our focus should be not allowing this to happen to another child in our community."

Salt Lake Police did not report any arrests or injuries from the altercation with the police.

Destiny Mystery: Why Wasn't She Found Sooner? (SLT)

By Nate Carlisle And Heather May, The Salt Lake Tribune

Salt Lake Tribune, July 26, 2006

Family members say police let them down, mayor says facts will emerge to dispute that

A mourner shouts at Salt lake City Police Chief Chris Burbank as he answers questions from the media and an angry group in front of the church across the street from Destiny Norton's home. (Jim Urquhart/The Salt Lake Tribune)

Scores of police officers and hundreds of citizens searched for Destiny Norton for eight days, in Salt Lake City, canyons to the east and a neighboring county.

Yet her body was found just 150 feet from where she disappeared - in an apartment police had previously searched.

After the discovery was announced late Monday, people asked why Destiny was not found sooner.

In the early morning hours Tuesday, as Police Chief Chris Burbank arrived at the Norton home, a few hundred people spilled into the street, prompting police to stop traffic.

Burbank listened to angry residents but divulged little about the investigation. The crowd, which included Nortons' relatives, friends and neighbors, shouted profanities and accused police of not doing their job.

"Rickey and Rachel are not as upset about the investigation because they are very grateful to the police for finding [Destiny]. But the rest of us feel betrayed," said Jeannie Hill, a spokeswoman for the Nortons.

Hill

Police Chief Chris Burbank answers questions from the media and an angry group in front of the church across the street from Destiny Norton's home. (Jim Urquhart/The Salt Lake Tribune)

alleged the department did not take Destiny's disappearance seriously, citing previous contacts the couple's family and friends had with police. She described the group as people who used to "sit on the street and beg for beer money" or "smoke pot in the park."

"We've always known [the police] have had a bit of a vendetta against us."

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The police and the FBI also focused too much on the possibility someone in the group took Destiny, Hill said. The family, she added, doesn't know suspect Craig Roger Gregerson.

Though police were not talking on Tuesday, Mayor Rocky Anderson defended the police department, saying the criticism is undeserved.

"The police work in every area of this investigation was exemplary. They were thorough. They were tenacious. There would not have been closure on this case, Destiny's body would not have been found if it were not for extremely professional . . . work by the [police and FBI] officers involved."

The mayor said evidence yet-to-be-disclosed will explain the police's failure to locate Destiny's body immediately.

Bill Hammond, the assistant director with Vanished Children's Alliance in San Jose, Calif., said it can't be assumed police made mistakes just because Destiny was found so close to home.

Police must follow leads and obey Constitutional limitations on searches, he said.

"She was found next door, but she could have just has easily have been found 15 or 20 miles away," he said.

Sorrow For Destiny: Man Accused In Her Slaying Had Participated In Search (DESERET)

By Ben Winslow And Pat Reavy, Deseret Morning News

Deseret Morning News, July 26, 2006

The man accused of killing 5-year-old Destiny Norton was one of the hundreds of people who ventured out into the hot summer temperatures to search for the missing girl.

Kim Raff, Deseret Morning News

Daniel Andersen lights a candle at the Destiny Norton memorial outside the Nortons' home Tuesday. He is joined by his sons Cadyn and Gavyn, and his wife, Elizabeth. It wasn't until days later that Salt Lake City police found Destiny's body inside Craig Roger Gregerson's apartment — just two doors from her home.

"After knowing what he did, he was still there," searcher Stephanie Archuleta said. Others confirmed to the Deseret Morning News that Gregerson participated in the search effort, handing out fliers and claiming to be looking for the girl.

Investigators believe Destiny was standing barefoot outside her family's home on the warm summer evening of July 16. The little girl with blond hair and a mischievous smile filled with silver teeth had just finished a bath when she went outside.

Police said Gregerson spotted her — and that minutes later she was dead.

According to a police booking report from the Salt Lake County Jail, Gregerson opened the gate to the back yard and lured Destiny into his house.

"The juvenile female began to scream. Suspect Gregerson put his hand over the juvenile's mouth and began to squeeze. The juvenile female went limp and suspect Gregerson laid her body on the floor," the jail probable cause statement said.

Police found Destiny's body in the basement of an apartment just two doors from her home Monday night. Officers arrested Gregerson on investigation of kidnapping and murder.

Destiny's family was both devastated and enraged by the news.

"This was a 5-year-old child," Destiny's uncle, Peter Brooks, said, seething. "That is cold-blooded murder!"

Gregerson, 20, was booked into the Salt Lake County Jail at 1:42 a.m. Tuesday on investigation of criminal homicide and child kidnapping. He is being held without bail. Gregerson was being kept in a cell by himself in an area reserved for prisoners that need to be isolated for their own protection, jail officials said.

Salt Lake City Police Chief Chris Burbank said the man they arrested was cooperating. An autopsy was performed on Destiny on Tuesday. The Salt Lake District Attorney's Office is expected to begin screening some of the case against Gregerson today or tomorrow.

"We will be soon," assistant district attorney Bob Stott said.

'It's closure'

Destiny's parents spent the day in seclusion. Tuesday was the birthday of Ricky and Rachael Norton's daughter Trinity, who turned 1. They spent part of the day holding a small birthday celebration for her.

"They were trying to keep a happy face on for the baby," said Donna Archuleta, who attended the party.

Rachael Norton is 8 1/2 months pregnant with their third child, whom Destiny had already named "Fate LeeAnn" Norton.

Brooks told the Deseret Morning News that he had spoken to Ricky Norton.

"He's dealing with it in his own way," he said. "Rick told me, 'It's closure.' "

Outside the Norton home near 700 South and 500 East, Destiny's family and friends held on to each other and sobbed. Some were too stunned to speak and sat around the home.

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"They're all just kind of lost," said Archuleta, the "street mom" for the Norton family. Many of the people in the Norton home once lived on the streets and were trying to bring themselves up in the world. Ricky Norton had been baptized into The Church of Jesus Christ of Latter-day Saints just the day before his daughter vanished.

Dozens of people showed up to place flowers, cards and stuffed animals in front of the family's home on Tuesday. Some lit candles in front of a framed flier showing Destiny's picture that read: "In Memory of Destiny Ann Norton. Thanks to all the volunteers and all the support we received. God Bless."

Michael Brandy, Deseret Morning News

Peter Brooks, an uncle of Destiny Norton, talks to the media Tuesday at the home where the child's body was found. Police criticized

Some signs placed around the family's home blasted Salt Lake City police and the FBI for their handling of the case. "Way to Go SLPD. You messed up" read one sign that a man held by the street. He jeered every time a police car would drive by on 500 East.

Some demanded to know why the police didn't pursue a search warrant if Gregerson refused to allow police to search his apartment.

"They screwed up and they screwed up big!" screamed family friend Jeannie Hill. "The Salt Lake City Police Department screwed up!"

Despite numerous questions about the search, what led police to Gregerson and whether or not his apartment had been searched before Monday, Salt Lake City police said little.

There are conflicting reports about whether Gregerson allowed his apartment to be searched or if he refused to give consent for a police search. Detective Robin Snyder said if Gregerson refused a search, that would not have been enough probable cause to make him a suspect or get a judge to sign a warrant.

"We've got to follow the search and seizure laws of the Constitution to a T. You cannot violate those or you lose everything," she said. "If we would have found her without probable cause, the evidence would have been thrown out. You got to have probable cause. You have to convince a judge there is enough evidence that what you are looking for is inside."

But neighbor Dylan Wood said he watched as police searched his and Gregerson's apartments, just after Destiny vanished. They were questioned by FBI agents.

"We're sitting out here at the picnic table talking with him and the federal marshals and everything," he said. "We all filled out questionnaires together."

Michael Brandy, Deseret Morning News

A hatch door at the home of Troy Cox leads to a crawl-space-like basement that is identical to the one where Destiny Norton's body was found. Troy Cox lives next door to Craig Roger Gregerson, the man who is believed to have killed Destiny. A history of violence

Gregerson's estranged wife, Catherine "Cadie" Gregerson, said she did not believe he could have killed the little girl, saying she would remain supportive of her husband. She said as much when she called a talk show on KSL Radio. (See related story).

"If he's guilty, I'm not going to stand by him," she told the Deseret Morning News afterward. "If he's not, I'll still stand by him."

Cadie Gregerson went near her estranged husband's house on Tuesday, surrounded by several police officers. She waited across the street as officers retrieved mail. The Gregersons have a 1-year-old daughter, but Cadie Gregerson does not live with her husband.

Throughout the week, Wood saw Gregerson but did not think his demeanor was any different than anyone else dealing with the disappearance of the little girl next door.

"I just took it he was as screwed up as the rest of us over this whole ordeal," he said. "We didn't know she was right here the whole (expletive) time."

Others who knew Gregerson said they were stunned by his arrest. Monica Evans lived above the Gregersons in a Liberty Park-area apartment in 2005. She described Gregerson as "kind of strange."

"He never really talked," she said.

Evans said the only trouble was one night when she heard Cadie Gregerson screaming from her apartment. She opened the door and said she saw Gregerson bleeding from her head.

Outside the Norton home Monday night, heartbreak turned to anger and outrage over Destiny's death and spilled out into the streets. Hundreds of people showed up outside the home. Some screamed at police officers still investigating the crime scene at Gregerson's apartment.

Salt Lake City Police Chief Chris Burbank came to address the angry mob.

Michael Brandy, Deseret Morning News

Cadie Gregerson sits near a Salt Lake police officer. She says she will stand by her estranged husband — unless he is guilty. "This individual cooperated on all different levels," he said Monday night. "We had to wait until significant probable cause to obtain a warrant . . . we did not know this was a crime scene until now."

At the volunteer search headquarters, located at an LDS ward on Harvard Avenue, the massive effort was being dismantled.

Hundreds of people turned out for eight days in the heat, searching through alleys and back yards, going through garbage and peeking in bushes.

Search organizers dropped off food and water at the family's home — items left over from the massive volunteer effort.

Shane Siwik, who helped organize the search for Destiny, said he was "numb" at the news of her death. His own daughter had been kidnapped and recovered, thanks to volunteer searchers.

"It was an incredible effort by the community to show up and look," he said Tuesday. "I hope as they see the outcome that nobody has any regrets. Ultimately, there's one person to blame more than anybody else."

Mayor Anderson Praises Police Work In Destiny Case (KSL-TV)

KSL-TV, July 26, 2006

Mayor Rocky Anderson says the police and FBI handled this case by the book and that it might never have been solved if not for their tenaciousness. He says that will all become clear as more information comes out.

When Chief Matthew Burbank announced the news that Destiny's body had been found in a nearby home, he released few details and declined to take questions from the press.

Shortly after that news conference, close family friends who helped coordinate the search, accused police of botching the investigation. In particular, they criticized the fact the girl was so nearby, yet took a week to find.

Peter Brooks, Destiny's Uncle: "It's the house behind their house, it's two buildings back.. And you would think, you would really think a prime location for the police to search. Hum, makes me really want to wonder."

A little later the chief himself arrived to answer questions.

Question: "I want to know why we were told lies, why we were given false information and why you guys didn't tell us anything that we could have helped you with?

Police Chief Chris Burbank: "Let me explain. The police department told no lies in this whatsoever. All the information we had was given out as soon as we knew it. In fact, right up to the very last minute, we had conflicting information from several different people. Now let me say right up front, before I continue with my comments, one of the most important, crucial things here is to make sure our investigation is thorough, accurate and doesn't jeopardize any future prosecution that takes place."

The chief explained the law prevents police from searching houses randomly without a warrant.

Police Chief Chris Burbank: "This is still the United States of America and the Constitution is in place. That restricts what we can do and how we conduct investigations."

Mayor Rocky Anderson: "Those who were emotionally distraught last night didn't have all the information. As the information comes out, I think it's going to be evident to everybody that a thorough search was done."

Court documents suggest the five-year-old was dead shortly after she first disappeared. Now criminal defense attorney Greg Skordas says police are reluctant to release more information, to protect both their pending investigation and the accused.

Greg Skordas, Former Prosecutor: "Maybe some people don't think they deserve much fairness, but they do. They deserve a fair trial, they deserve a jury pool that doesn't know a lot about a case."

The mayor praised police and the FBI and says in time the public will know more.

Mayor Rocky Anderson: "I can't tell you what was said or by whom or where her body was found or how it was concealed, but uh, it's going to be clear as to why police during the initial search weren't able to find her body."

Now police are undoubtedly going through Gregerson's home with a fine tooth comb, looking for evidence to support a capitol case, which, if convicted, could mean life in prison or the death penalty.

Greg Skordas, Former Prosecutor: "And the police are going to make sure that they've done everything to guard against someone getting off on what you might call a technicality."

Police have 72 hours to charge Craig Gregerson, so that's likely to happen by Friday. We'll look for more information in court documents when formal charges are filed and also when autopsy results come in.

Mayor Rocky Anderson: "I think it's because of the good work they're done that we have the answers today. With mediocre police work we might never have had the answers."

Police clearly adopted a tight-lips stance as to information released to the public, in contrast with, say the Elizabeth Smart case and they kept to that pattern today, despite requests from the media they held no press conference today.

DOJ_NMG_0043139

Girl's Body Found In Neighbor's Basement (BVND)

By Paul Foy

The Belleville News Democrat, July 26, 2006

SALT LAKE CITY - The body of a 5-year-old girl missing for more than a week has been found in the basement of a neighbor's home, and the neighbor was arrested, authorities said.

Craig R. Gregerson, 20, was jailed early Tuesday on suspicion of kidnapping and homicide. It was not immediately known whether he had an attorney.

A probable cause statement filed in Gregerson's arrest says he saw Destiny Norton in her backyard the night of July 16 and opened a gate to lure her into his house. When she screamed, he squeezed his hand over her mouth to silence her, authorities said.

Destiny "went limp and suspect Gregerson laid her body on a floor," Officer Catherine Schoney wrote in the statement.

Police and FBI agents would not say Tuesday whether they had previously searched Gregerson's house. Authorities released no information about the cause of death or how long the girl had been dead.

Destiny had just taken a bath, asked to be allowed to go out in the back yard, which has a chain-link fence and gate, when she disappeared, the Norton's housemates said. She vanished in the five or 10 minutes before her father went to check on her, they said.

Hundreds of people had helped in daily searches for Destiny, including 700 on Saturday. A $30,000 reward was offered for information leading to Destiny's recovery.

The searches drew support from the family of Elizabeth Smart, who at age 14 was taken from the bedroom of her Salt Lake City home in June 2002 and was found nine months later with two homeless people.

Missing Girl Found Dead; Neighbor Is Held (NYT)

By Melissa Sanford

The New York Times, July 26, 2006

SALT LAKE CITY, July 25 — Five-year-old Destiny Norton, who was known for her smile, disappeared from the yard of her home a little over a week ago, setting off a widespread search by thousands of Utah residents, the police and F.B.I. agents. That search ended Monday night, the police said, when Destiny's body was found in the basement of a neighbor, who was charged with homicide.

The girl was reported missing July 16 after she walked out of her house into the backyard, which was surrounded by a fence. When her father, Rick Norton, went out to check on her about five minutes later, he told the police, she was gone.

At least one Salt Lake City newspaper, The Deseret News, said the searches for the girl had drawn the support of the family of Elizabeth Smart, who was abducted in 2002 and later found alive. A $30,000 reward had been offered in the case.

Neighbors said that the man who was arrested, Craig Gregerson, 20, had lived in a house about 150 feet from the Nortons' for about a year and a half. They described him as a recluse and said his wife occasionally lived there with him.

A spokesman for the Norton family, Jeannie Hill, said that although they were neighbors, the Nortons did not know Mr. Gregerson.

A police spokesman said in a statement late Monday that Mr. Gregerson was arrested on charges of criminal homicide. A probable-cause statement written by the police and made available by the county sheriff's department said Mr. Gregerson saw Destiny outside his home and lured her inside. She then started screaming, the statement said, and Mr. Gregerson put his hand over her mouth and squeezed her body, at which point she went limp.

A family friend, Jesse Garcia II, 22, said of Destiny: "She was a loving little girl. Always talking to everybody. She always wanted to be your friend."

Mr. Gregerson was among the thousands of Utah residents who ignored 100-plus degree heat in the last week as they scoured neighborhoods in the hope of finding Destiny alive, said Katt Fackrell, a search leader.

The police questioned many of the Nortons' neighbors and searched their houses, including the basements. But they did not search Mr. Gregerson's basement, which angered Destiny's parents, Ms. Hill, the family's spokeswoman, said. The police did not return phone calls seeking a comment Tuesday.

Teen Faces Murder Charge In Ind. Shootings (KCS)

By Charles Wilson

The Kansas City Star, July 26, 2006

SEYMOUR, Ind. - A 17-year-old boy who confessed to committing a series of highway shootings that killed one man and wounded another was cooperative and remorseful while police questioned him, authorities said.

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Zachariah Blanton, who was arrested Tuesday, faced preliminary charges of murder, attempted murder and criminal recklessness and was being held in the Jackson County Jail. A court appearance was scheduled for Wednesday morning.

Blanton's demeanor was "cooperative, it was remorseful," said Delaware County Sheriff George Sheridan Jr.

The teen, an avid hunter, admitted to the shootings, but his motive remained unknown, said state police Superintendent Paul Whitesell.

The two sniper victims were hit early Sunday from a highway overpass as they rode in pickup trucks on Interstate 65 near Seymour, about 58 miles south of Indianapolis. Whitesell said Blanton apparently drove onto the overpass and leaned across the trunk of his vehicle to shoot at the trucks.

About two hours later, bullets struck a moving tractor-trailer and a parked sport-utility vehicle on Interstate 69 in Delaware County, about 100 miles to the northeast and near Blanton's home in Gaston. No one was hurt in those shootings.

Blanton came to the attention of investigators on Monday after an acquaintance told a Delaware County reserve deputy that the teen might be involved in the shootings, Whitesell said.

Jackson County Prosecutor Stephen Pierson said police had recovered a rifle they believed was used in the shootings that killed Jerry L. Ross, 40, of New Albany, and slightly wounded an Iowa man.

Pierson said he did not know yet whether he would seek the death penalty.

Sheridan, the sheriff, said Blanton had previous brushes with the law for "crimes of sex and of theft," but did not elaborate.

Blanton's page on MySpace.com has as its background a painting of a 12-point buck and lists his interests as "Huntin, Fishin, Muddin and goin out with friends."

A message seeking comment was left at the home of Blanton's grandparents, who police said were his legal guardians.

Blanton's great-aunt told The Star Press of Muncie that she was shocked by the allegations against him.

"I can't imagine that he would be involved," Denise Blanton said.

Gaston resident Kenneth Shipley, 59, said he knows Blanton's grandfather and that the teen had been a rider on the school bus he once drove.

"This isn't the Zach I knew," he said. "I took this real hard. Zach just needed some attention, someone to talk to."

—

Associated Press Writers Mike Smith, Ken Kusmer, Ashley M. Heher and Rick Callahan in Indianapolis and Deanna Martin in Gaston contributed to this story.

Teen Arrested In Indiana Highway Sniper Shootings (USAT)

USA Today, July 26, 2006

SEYMOUR, Ind. — A teenage hunter was arrested Tuesday in connection with a series of highway sniper shootings that killed one man and wounded another, police said.

A 17-year-old was jailed in Jackson County, where he faced preliminary charges of murder, attempted murder and criminal recklessness, prosecutor Stephen Pierson said.

No motive was known for the shootings, State Police Superintendent Paul Whitesell said. Asked if the teen had confessed, Whitesell said he was remorseful and cooperated with investigators.

“I would call that a confession,” Whitesell said.

USA TODAY does not normally publish the names of juveniles suspected of or charged in crimes.

The victims, Jerry Ross, 40, who was killed, and Robert Hartl, 25, were shot early Sunday as they rode in pickup trucks on Interstate 65 near Seymour, south of Indianapolis. Hartl, who was grazed in the head, was treated and released at a Seymour hospital.

About two hours later, bullets hit a moving tractor-trailer and a parked vehicle on I-69 in Delaware County, about 100 miles to the northeast near the teen's home in Gaston. No one was hurt in those shootings.

After examining shell casings, investigators determined they were looking for a Remington 710 hunting rifle. Police found a rifle of that model, with a telescopic sight, at the teen's home, Whitesell said.

The teen had hunted in the Seymour area previously and knew the area well, Whitesell said. “That helps explain why he was able to perpetrate a crime from that overpass, because it requires a certain esoteric knowledge of the lay of the land to get there,” he said.

Gov. Mitch Daniels praised law enforcement officers Tuesday. “Indiana has been spared the sort of fear, uncertainty and disruption that has befallen other jurisdictions elsewhere,” he said.

Three Arrested In Ongoing Springfield Corruption Probe (AP)

By Adam Gorlick, Associated Press Writer

DOJ_NMG_0043141

AP, July 26, 2006

SPRINGFIELD, Mass.— A former school department manager who pleaded guilty last year to stealing $10,000 from the department was arrested Tuesday on charges that he doled out no-show jobs to his twin brother and a friend.

The charges against Alfonso Carrano, 34, of Springfield, stem from the federal government's ongoing probe into public corruption in the state's third-largest city. Carrano and his brother, Francesco Carrano, and Robyn Avigliano are charged with program fraud and lying to federal agents.

Alfonso Carrano pleaded not guilty to charges of program fraud and lying to federal agents Tuesday in U.S. District Court. His brother and Avigliano, 44, of South Hadley, will be arraigned on the same charges Aug. 3.

They were all released on unsecured bonds.

According to a nine-page indictment handed up last week and unsealed Tuesday, Alfonso Carrano put his brother, Francesco, and Avigliano on the school department's payroll as school bus monitors between 2002 and 2003. While Alfonso Carrano was signing their time sheets during that time, his brother and Avigliano weren't showing up for work, federal agents say.

The bus that Carrano's brother was supposed to be working on served handicapped students, according to the indictment.

Authorities say Alfonso Carrano also gave his brother and Avigliano no-show jobs at a warehouse that stored meals that would be distributed to school cafeterias.

"We're not going to put up with these no-show job schemes in a time that the city is struggling and the school department is struggling," said FBI supervisory agent Michael O'Reilly.

Alfonso Carrano was sentenced last year to serve four months in federal custody after pleading guilty to stealing $10,000 from the school department. The money was supposed to go to the school department for setting up vending machines. But Carrano told the vendors to make the checks payable to him instead of the school department.

As part of his punishment, Assistant U.S. Attorney William Welch wanted Carrano to stand outside the school department's headquarters wearing a sandwich board reading: "I STOLE $10,000 FROM THE SCHOOL DEPARTMENT. THIS IS A SERIOUS CRIME. THIS IS PART OF MY PUNISHMENT."

U.S. District Judge Michael Ponsor did not grant Welch's request. But when he sentenced Carrano, the judge remarked he was astonished by the "brazenness" of the crime.

BetonSports Axes Imprisoned Chief (UKIND)

By Julia Kollewe

The (UK) Independent, July 26, 2006

BetonSports has fired its chief executive David Carruthers, who is in a US prison cell after being arrested on charges connected with running an illegal online betting operation.

BetonSports said it had been unable to speak to Mr Carruthers other than through lawyers, adding: "Clearly, while he remains in the custody of the US government he is unable to perform his duties." The company is now run by the chairman Clive Parritt, who has flown to its headquarters in Costa Rica, and other directors.

Mr Carruthers, 48, was picked up by the FBI while en route from London to Costa Rica on 16 July. A spokesman said it could take weeks before Mr Carruthers is moved from Fort Worth to St Louis in Missouri for a bail hearing. Mr Carruthers and 10 others, including the company's founder Gary Kaplan, are accused of illegally taking online and telephone bets on football and basketball and failing to pay excise taxes.

BetonSports was at pains to distance itself from Mr Kaplan and others in the indictment yesterday. It said none of its other directors - appointed after the group's flotation in 2004 - was named in the charges. "The board wish to make absolutely clear that none of the founders of the original business has any continuing role within the company. The original founder has a consulting agreement with the company under which his role is non-management-related, which was an absolute requirement of the board for the float and thereafter."

Mr Kaplan is paid $150,000 (£82,000) a year under his consultancy contract, and still owns a 15 per cent stake in the company. The spokesman said Mr Kaplan had done "little or no work" for the group in the past 12 months. The shares were frozen last week and BetonSports was forced to shut down 85 per cent of its business.

The action against BetonSports has plunged the London-listed online gaming sector into chaos as other executives fear the indictments could be the beginning of a wider crackdown.

Sack Follows Arrest For BetonSports Chief Executive (GUARD)

By Simon Bowers

The (UK) Guardian, July 26, 2006

David Carruthers, the jailed chief executive of BetonSports, the London-listed company at the centre of multi-billion-dollar illegal gambling charges in the US, was sacked yesterday as company lawyers pursued a last-ditch effort to broker a deal with the American justice department that would allow some or all of its US-facing websites to resume trading.

The board also moved yesterday to distance itself from what it described as "media reports of alleged improper activities during VIP parties" held at the group's Costa Rica headquarters. One newspaper quoted an unnamed source saying BetonSports founder Gary Kaplan had arranged for US prostitutes to attend a party for the benefit of high-roller customers.

Article continues

"All these allegations relate to the time prior to the business's July 2004 float," the company said. Nine luxury apartments, which come with a pool and health suite, are still owned by the group, but a source close to the company said they were no longer to be used for client parties.

BetonSports, which last year made 98% of its revenues from the US, was forced to shut its websites last week as a requirement of a restraining order issued by a court in Missouri. The order came immediately after the arrest of Mr Carruthers at Dallas airport as he changed flights on his way from London to Costa Rica. He is among 11 individuals and four companies, including BetonSports, charged with a string of offences including fraud conspiracy, racketeering and Wire Act breaches in relation to alleged involvement in a 14-year illegal sports betting enterprise said to have been masterminded by Mr Kaplan.

BetonSports, chaired by the former Baker Tilly chairman Clive Parritt, is understood not to regard Mr Carruthers, a former area manager for Ladbrokes, as having breached the terms of his contract. In a statement, the company said: "This action was taken as a consequence of Mr Carruthers's continued detention by the US authorities. Clearly, while he remains in the custody of the US government he is unable to perform his duties."

It added that no direct communication with Mr Carruthers had been possible since his arrest 10 days ago. The company declined to comment on whether it would continue to pay his legal costs. Some industry sources speculated that he may have struck a deal with US prosecutors to testify against Mr Kaplan.

Sources close to the company said Mr Carruthers's departure helped to sever links with Mr Kaplan, who still retains a 15% stake in the business. The justice department last week issued a warrant for the arrest of Mr Kaplan, a New Yorker who lives in Costa Rica.

BetonSports' float prospectus named Mr Kaplan as a consultant to the business. It also stated: "At least some of the group's activities are illegal under US law." The company yesterday reiterated that Mr Kaplan played no management role after the group listed in London. Last week's indictment, however, claims BetonSports was only the latest incarnation of Mr Kaplan's "evolving" illegal gambling enterprise. The 27-page document describes him has having been BetonSports' "primary operator".

According to BetonSports' own figures, one in five bets on its websites last year was placed by its call centre operators in Costa Rica on behalf of US punters who had called its widely advertised free number. A BetonSports tour bus also travelled across the US, providing and promoting links to BetonSports services.

The justice department last week won a temporary restraining order requiring BetonSports to shut all its web operations and return money in customer accounts. The company shut all its websites - poker and casino ones as well as sports betting operations - but is not believed to have begun returning punters' cash. BetonSports is expected to contest vigorously attempts to make the restraining order permanent when a court hearing is arranged. A date is expected to be set by the end of the week.

Grand Jury Indicts 3 In Jobless Claim Fraud Following Katrina (BRADV)

By Sonya Kimbrell

Baton Rouge Advocate, July 25, 2006

A federal grand jury last week indicted three Louisiana residents on fraud charges related to disaster relief programs following Hurricane Katrina.

Geneva Maria Wagner, 31, of Metairie was charged in a one-count indictment with wire fraud in obtaining disaster unemployment benefits for alleged losses resulting from Katrina.

Steven F. Andrews, 41, also of Metairie, was charged in a two-count indictment with mail fraud and wire fraud.

Fred Daniel Miller, 39, of Conway, Ark., was charged in a one-count indictment with wire fraud.

The Federal Emergency Management Agency funded disaster unemployment assistance after Katrina. The Louisiana Department of Labor administered the program for state residents. These benefits were available to individuals unemployed as a result of the hurricane for up to 26 weeks for a maximum of $2,500 per person. Claims could be made using the Internet, by telephone or by going to a local state Department of Labor office. Most benefits were paid through a debit card.

According to the indictment, Wagner was employed by Target in Metairie until Katrina. She applied for and received unemployment benefits in September. She became employed at another Target store in Baton Rouge, where she evacuated to, and returned to the Metairie store when it reopened in October.

Wagner received unemployment benefits even though she had remained continuously employed by Target. According to the indictment, Wagner received $8,253 in unemployment benefits.

According to the indictment, Andrews claimed he was unemployed but was allegedly employed and received about $3,075 in unemployment benefits.

Miller was an inmate at Orleans Parish Prison who was evacuated to Hunt Correctional Center in Iberville Parish and the West Carroll Detention Center. He was released Sept. 30. As an inmate, Miller was not entitled to disaster unemployment benefits.

According to the indictment, Miller made a false claim in October that he was self-employed and his work was interrupted by Katrina. He allegedly received $3,822 in unemployment benefits.

The indictments on July 20 bring to 64 the number of defendants who have been charged in the Middle District of Louisiana with violations related to Katrina relief funds, U.S. Attorney David Dugas said.

In September, Attorney General Alberto R. Gonzales created the Hurricane Katrina Fraud Task Force to investigate and prosecute disaster-related federal crimes, such as charity fraud, identity theft, procurement fraud and insurance fraud. The task force includes members from the FBI, the Federal Trade Commission, the Postal Inspector's Office and the Executive Office for U.S. Attorneys.

Law Restricting Sex Offenders Clears A Hurdle (NYT)

By Brenda Goodman

The New York Times, July 26, 2006

ATLANTA, July 25 — Noting that his ruling would probably cause "delay, confusion and inconsistent actions," a federal judge in Georgia said he could not keep the state from enforcing a new law that makes it illegal for registered sex offenders to live near school bus stops, because Georgia has no school bus stops as defined by the law.

"There is no evidence in the record to indicate that any local school board of education has designated school bus stops pursuant to the act," wrote the judge, Clarence Cooper of Federal District Court.

To enforce the law, Judge Cooper said, school board members would first have to "designate" bus stops, a responsibility most districts delegate to a transportation director.

Though Judge Cooper denied the injunction, his ruling was still a backhanded and likely temporary victory for the 11,000 registered sex offenders in Georgia, many of whom had been notified by local sheriff's offices that they would have to move or face up to 10 years in prison.

Representative Jerry Keen, a Republican who is House majority leader and sponsor of the bill, issued a statement with the speaker of the House saying he was pleased by the ruling and was confident school districts would "take whatever steps necessary to officially designate school bus stops with the goal of locating those stops as far as possible from the residences of convicted sex offenders."

But in January, as he argued for the bill, Mr. Keen seemed to hope it would accomplish something different. "We don't want these types of people staying in our state," he said.

Judge Cooper's ruling sets the stage for more legal battles over what the Southern Center for Human Rights calls a "sloppily written and counterproductive" law. Lawyers for the center, which is representing a class of the state's registered sex offenders, have said the law is unconstitutional.

"The court has very clearly ruled that this issue is not over yet," said Sarah Geraghty, the main lawyer for the plaintiffs.

Tipping The Checks And Balances (HILL)

By Tom Spulak

The Hill, July 26, 2006

This month, Chief Judge Thomas Hogan of the U.S. District Court in Washington ruled that the unprecedented FBI raid on the congressional office of Louisiana Rep. William Jefferson (D) was constitutional. The ruling, which was expected — Judge Hogan himself signed the warrant authorizing the raid — is deeply flawed and should concern all Americans.

The search-warrant case is all about the Constitution's Speech or Debate Clause: "For any Speech or Debate in either House, they [senators and representatives] shall not be questioned in any other Place." This simple clause, which the Framers included to ensure legislative-branch independence, protects members of Congress absolutely from (among other things) being questioned about legislative activities and being compelled to disclose legislative records.

The raid on Rep. Jefferson's office violated the clause because it entailed FBI review of all paper records in the office (including protected legislative records) and seizure of both paper records and computer hard drives (including similarly protected legislative records).

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In upholding the search, the court made two critical mistakes. First, while acknowledging that the Speech or Debate Clause prohibits courts from compelling members to produce legislative records pursuant to subpoena, the court said forcible seizure of legislative records pursuant to a search warrant is constitutionally permissible.

This makes no constitutional sense. If the clause protects against compelled production of legislative records — as it does — then the type of compulsion simply does not matter.

Second, the court said any review of protected legislative materials was only "incidental" because "the search warrant sought no legitimate legislative material that would be considered privileged under the Speech or Debate Clause." However, the court could not know whether the documents identified in the warrant were privileged or not because it never reviewed them. Indeed, no one has. The court cannot simply decree in advance what is privileged and what is not.

Furthermore, even if it ultimately turns out that all documents described in the warrant were not legislative and therefore not protected, the constitutional problem would remain: The FBI rooted through, reviewed and hauled away absolutely protected legislative materials. That is not an "incidental" problem. It is the problem.

But why should ordinary Americans care? They should care because the ruling poses a serious threat to the independence of the legislative branch and, therefore, to the system of checks and balances that undergirds our democracy and protects our liberty.

Put another way, the court's decision has the potential to undermine the ability and authority of the Congress — the only directly elected branch of the federal government — to check an overreaching executive branch. Although recent Congresses may not have been as aggressive and active in this area as prior ones, overseeing and investigating the executive branch is one of Congress's most basic and important constitutional functions. We undercut at our peril Congress's ability to oversee and investigate the executive branch with its awesome police, prosecutorial and military powers.

It takes very little imagination to comprehend the potential consequences here. If the FBI has the constitutional authority to root through legislative records in congressional offices — including committee offices because nothing in the court's ruling distinguishes committee offices from individual member offices — members and committees are likely to be chilled and intimidated in the exercise of their oversight responsibilities. That is exactly what the Constitution's framers feared and why the court's decision is so dangerous.

The search-warrant case is not about putting members of Congress above the law because the Speech or Debate Clause of our Constitution is the law. It is not about members of Congress being immune from criminal investigation or prosecution. They are not. Rep. Jefferson himself has been under investigation for more than 15 months.

And it is not about turning congressional offices into "taxpayer-subsidized sanctuaries for crime," as the district court hyperbolically and incorrectly suggested. Search warrants can be executed on congressional offices, provided the search is carried out pursuant to pre-existing procedures that protect the absolute constitutional right of members to identify and assert the privilege for their legislative records subject, of course, to later judicial review.

No, this case is about the balance of power in the federal government. The court has tipped the balance dangerously in favor of the executive branch. As damning as the facts might be, and as politically imprudent as it may be for Congress to defend its privilege here, Congress must do so.

Ultimately, the country and the American people will suffer if the court's ruling is allowed to stand and the Speech or Debate privilege is eroded. The House should fight back, and the Court of Appeals should restore the balance.

Spulak was general counsel of the House under Speaker Tom Foley (D-Wash.) and is a partner at King & Spalding in Washington. The views expressed are those of Mr. Spulak only.

CIVIL RIGHTS:

Feds Sue Chesapeake, Alleging Discrimination With Police Test (VP)

By Cindy Clayton, The Virginian-Pilot

Virginian-Pilot, July 26, 2006

NORFOLK - The U.S. Justice Department has sued Chesapeake, alleging that the city discriminated against black and Hispanic applicants to the police department.

The lawsuit, filed this week in U.S. District Court, alleges that a math test used as a pass-fail method of screening applicants "is not job-related for the position in question and consistent with business necessity."

The suit asks the court to order the city to stop using the test, provide remedial relief for applicants who have "suffered individual loss as a result of the discrimination alleged," and adopt other measures to "overcome the effects of their discriminatory practices."

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A Justice Department spokeswoman said she could not comment on the suit.

City officials also said they could not comment, but City Attorney Ron Hallman has said in the past several months that talks with the government were ongoing.

"We'll have to do what we can to remedy the situation," Mayor Dalton Edge said Tuesday.

"We probably are going to wait and let the dust settle. I can't comment on a response at this point."

Edge said he expected City Council to discuss the suit in a closed session Tuesday night.

Chesapeake came under government scrutiny in 2004, along with Virginia Beach, for the use of the National Police Officer Selection Test.

Earlier this year, the Justice Department ruled that both cities had discriminated against black and Hispanic applicants.

On Monday, a federal judge approved a government settlement with Virginia Beach. The city has offered 124 black and Hispanic applicants an opportunity to continue the hiring process and has agreed to create a $160,000 pool to compensate them. Officials also agreed to change how entrance examinations are scored.

In March, the U.S. government notified Chesapeake of the ruling and gave city officials until the end of the month to reach an agreement or face a civil rights lawsuit.

Between March 1, 2001, and Dec. 31, 2005, Chesapeake required applicants to score 70 percent or higher on the mathematics section of the entrance exam.

W hen the Justice Department reviewed scores, 57.34 percent of black applicants passed, compared with 88.91 percent of white applicants.

Justice officials have said the exam discriminated because the pass rate for black and Hispanic applicants was less than 80 percent of the pass rate for whites.

The "80 percent rule" is a longtime general practice used by the federal government to evaluate possible discrimination cases.

If there is a significant disparity among groups taking an entrance exam, the Justice Department wants to know if the hiring process can be challenged.

Chesapeake officials said earlier this year that they changed how the test is scored.

Now, the city requires a 70 percent average for the four parts of the test, and no longer disqualifies an applicant for a single score below 70 percent.

Justice Department Files Suit Against Chesapeake For Police Hiring Practices (WAVY-TV)

WAVY-TV, NBC 10, Norfolk, VA, July 26, 2006

Tuesday the Justice Department announced they will be filing a lawsuit against the city of Chesapeake.

They say the city's police department used hiring practices that discriminate against African American and Hispanic applicants.

The DOJ also investigated Virginia and Hampton for practices that may have discriminated against minorities.

They dropped the case against Hampton and reached a compromise agreement with Virginia Beach.

The complaint which the Justice Department filed in federal district court alleges that the city violated Title VII of the Civil Rights Act of 1964 by "using a mathematics test as a pass/fail screening device in its selection process for entry-level police officers".

According to the complaint, "the city's use of the mathematics test as a pass/fail screening device resulted in disparate impact against African-American and Hispanic job applicants and was not job-related in that it did not predict whether an applicant was able to successfully perform the job of entry-level police officer".

In their release, the Justice Department goes on to say it "is not challenging any other parts of the police department's police officer selection process".

Feds Probing HAVA Negotiations (RC)

By John Stanton

Roll Call, July 26, 2006

Justice Department investigators have begun a review of Senate Rules and Administration Committee records relating to negotiations over the Help America Vote Act, involving then-Chairman Chris Dodd (D-Conn.) and former House Administration Chairman Bob Ney (R-Ohio), as they wrap up their investigation into Ney's connections to disgraced lobbyist Jack Abramoff, Senate sources said Tuesday.

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Senate aides familiar with the review said Justice officials indicated the inquiry was not focused on Dodd, who now serves as the committee's ranking member, and the type of information investigators were seeking — while not specific enough to indicate they were looking for a smoking gun — appear to point directly at Ney.

A spokeswoman for Ney declined to comment, while Colleen Flanagan, a spokeswoman for Dodd, said the Senator supports the review of the committee's records and has offered to assist investigators.

"The Justice Department contacted the Senate legal counsel to ask for documents related to their investigation from Indian Affairs and Rules. Sen. Dodd was very supportive of it. We've offered to be helpful in any way we can," Flanagan said.

Senate Rules Chairman Trent Lott (R-Miss.) acknowledged that the review by Justice was centered on the HAVA negotiations, which occurred in 2001 and 2002, and that it appears to be directed at Ney rather than Dodd. Lott also said he does not "expect them to find anything there" and he believes the review was more of an exercise in due diligence as part of the department's wrap-up of the investigation.

Abramoff, who pleaded guilty to bribery charges late last year, had pushed Ney to include provisions in the act that would have given federal tribal recognition to the Tigua Tribe and to allow it to reopen a casino in Texas. Abramoff represented the Tiguas. Although e-mails that have surfaced as part of the Abramoff scandal revealed the disgraced lobbyist bragged that he was close to Dodd and Ney, the provision did not make it into HAVA.

Dodd has denied any connections to Abramoff or ever considering including the Tigua provisions in the bill. While Ney has acknowledged he sought to include the provisions, he has insisted he was doing so on the merits and not at the behest of Abramoff.

The records review was approved by the Senate in a resolution passed last month along with approval of a review of Abramoff-related documents in the possession of the Indian Affairs Committee.

A Senate aide familiar with the resolution, which was first reported by The Hill newspaper, said that while Justice Department investigators had initially asked for nearly unlimited access to the Rules Committee's records, Senate Majority Leader Bill Frist (R-Tenn.) and Minority Leader Harry Reid (D-Nev.) rejected it as overly broad. "In the private sector, they just paper the world, and they can do it. That doesn't work up here," the source explained, noting Justice worked with Reid and Frist to narrow the scope of the review.

FBI In Norfolk Says White Powder Received In Mail Is Safe (VP)

By Tim Mcglone, The Virginian-Pilot

Hampton Roads Virginian-Pilot, July 26, 2006

NORFOLK - The FBI has determined that white powder received in the mail at its office here on Friday was not harmful, an FBI spokesman said Tuesday.

"Tests revealed the powders are not biological or chemical agents and hence are no danger to the public," Phil Mann, the Norfolk FBI spokesman, said.

The FBI office off Military Highway received three suspicious envelopes on Friday, two containing letters and all with white powder. Mann would not disclose the contents of the letters. He did say they were similar to letters received by the Baltimore and New York chapter offices of the National Association for the Advancement of Colored People.

Atlanta NAACP Office Finds Suspicious Letter (MACT)

The Macon Telegraph, July 26, 2006

ATLANTA - A letter containing a suspicious powder was sent to the Atlanta office of the National Association for the Advancement of Colored People, the fourth such letter sent to either branches of the civil rights group or the FBI in recent days, FBI officials said Tuesday.

Threatening letters containing a suspicious powder were sent to the civil rights group's offices in Baltimore and New York City and another letter believed to be similar was sent to the FBI's field office in Norfolk, Va., said Stephen Emmitt, spokesman for the Atlanta field office of the FBI. It was not immediately known whether the letter to the FBI branch contained powder.

The Atlanta letter was found Tuesday; the other letters were reported Monday.

Although Emmitt declined to specify the letter's contents or whether the letters were sent by a single person, he said all of the letters are believed to be similar because they were sent in a close time period, targeted NAACP offices and "other aspects of the letters indicated they were similar, such as the content of the letter and the writing on the envelope."

The powder found in the Atlanta letter was not believed to be a harmful substance, although the powder is being analyzed, he said. Marvin Cheatham, who heads the Baltimore office of the NAACP, said the substance in the Baltimore letter later was identified as boric acid. The substance found in New York had not been identified.

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Emmitt declined to reveal the origin of the Atlanta letter, but the other three letters had originated from Baton Rouge, Louisiana, said McIntire. What the letters said was not immediately known. The FBI was investigating the letters as a hate crime.

Suspicious Pkg. Found At NAACP (WXIA-TV)

WXIA-TV, July 26, 2006

The Atlanta FBI is investigating the source of a letter containing a white powdery substance. The letter was sent to the NAACP regional headquarters in west Atlanta Tuesday morning. They are also investigating whether or not this incident is related to similar letters sent to NAACP offices in three other states last week.

The Atlanta Fire Department confirmed that the substance in the envelope from Tuesday morning was not dangerous. Anthrax has been ruled out, and tests are being conducted to find out exactly what the substance was.

The building housing the NAACP's regional headquarters was briefly evacuated.

"Employees in the building found the powder oozing out of the envelope and contacted 911," said Officer Steve Coleman of the Atlanta Police Department. "Atlanta Fire and Atlanta Police Department both responded to the location with a hazmat team."

Battalion Chief Floyd Wilson of the Atlanta Fire Department added, "we do not have any report of injuries. Everybody seems to be okay; they should be able to get back to work."

The envelope actually arrived several days ago and was not opened; when discovered today by an employee of the NAACP, that person did not open it either.

Similar letters have been discovered at NAACP offices in New York City, Baltimore, and Norfolk. Tests have determined that those letters contained boric acid. All three were sent from Baton Rouge, Louisiana. The FBI has not released the origin point of Tuesday's letter.

These incidents are being investigated as a possible hate crime.

Senate Restricts Abortion Option For Young Girls (NYT)

By Carl Hulse

The New York Times, July 26, 2006

WASHINGTON, July 25 — The Senate passed legislation Tuesday that would make it a federal crime to help an under-age girl escape parental notification laws by crossing state lines to obtain an abortion.

The bill was approved on a 65-to-34 vote, with 14 Democrats joining 51 Republicans in favor.

A similar measure passed the House last year, and President Bush said he would sign the legislation if the two chambers could work out their differences and send a final bill to him.

In a statement, Mr. Bush said that "transporting minors across state lines to bypass parental consent laws regarding abortion undermines state law and jeopardizes the lives of young women."

Critics questioned the necessity of the measure, saying it would apply to only a small number of cases and could result in criminal charges against close relatives or clergy members who interceded to help in a time of personal crisis.

Proponents of the bill, acknowledging that it was unknown how often such incidents occurred, said abortion clinics in states without such parental involvement laws had advertised that no consent was needed in an effort to appeal to those interested in avoiding such requirements.

"If they are advertising, then it obviously at least happens," said Senator John Ensign, the Nevada Republican who wrote the measure. "If it is happening 20 times a year, it is still worth doing to protect those parental rights and to protect those children from being in these kinds of situations."

The legislation is the latest in a push by anti-abortion forces to seek incremental changes in federal laws rather than press for a broad rollback of abortion rights.

The measure also provided Republicans another opportunity to reassure their social conservative base that its concerns were being addressed in an election year. And it gave them a chance to force Democrats to take a position on an issue some would prefer to avoid out of concern over alienating abortion-rights advocates on one hand or Democratic centrists on the other.

Twenty-nine Democrats, four Republicans and one independent voted against the bill. Polls have shown consistently that notification requirements are popular with parents. Advocates of the bill said most Americans shared the view that parents should be consulted when it comes to such a consequential matter in the life of a teenager.

"What opponents of this bill forget is that no parent wants anyone to take their children across state lines — or even across the street — without their permission," said Senator Mitch McConnell of Kentucky, the No. 2 Republican in the Senate.

Opponents said cases would inevitably arise in which a girl had been victimized by a relative, or in which parents were not available or did not have the girl's best interest in mind. In those cases, they said, the legislation will pose a hardship or worse.

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"Life is not always the way we wish it to be," said Senator Hillary Rodham Clinton, Democrat of New York, who opposed the bill. "Sometimes tragedies happen, and sometimes families are not just negligent but abusive, and sometimes young girls are taken advantage of by members of their family, people in whom they should be able to trust."

Others were pushing the measure to provide an opportunity for some lawmakers who are against abortion to make political amends after voting last week to support expanding federal research using embryonic stem cells. They said the measure could penalize close relatives trying to come to the aid of a child in trouble, who was the victim of incest or feared a physically violent response to the revelation of a pregnancy.

"I don't think the American people support throwing Grandma in jail because she embraced her granddaughter and said, 'Oh my God, I'm worried that your dad may hurt you if you tell the truth,' " said Senator Barbara Boxer, Democrat of California.

Under the legislation, known officially as the Child Custody Protection Act, those found guilty of violating it would be subject to a fine and up to a year in jail. Douglas Johnson, the legislative director of the National Right to Life Committee, said the provisions would apply to 26 states that have enforceable laws requiring minor girls to notify or receive the consent of their parents or seek approval from a judge before seeking an abortion.

Mr. Johnson said there "is evidence of widespread circumvention of these state notification laws," though the frequency varies around the nation depending on the proximity of states without such restrictions. He said anecdotal accounts suggested that many cases involved under-age girls and older men.

Those challenging the measure said they believed that the number of those who went out of state specifically to avoid parental notification laws was low. They said Congress should instead focus on sex education and counseling. A proposal to create new pregnancy prevention grants was defeated on a 51-to-48 vote.

"The American public wants teen pregnancy prevented, not punished," said Nancy Keenan, president of Naral Pro-Choice America. "This bill does nothing to protect young people or promote communication between teens and their parents."

To stem criticism that the measure protected fathers guilty of incest, Republicans joined Democrats in approving an amendment that says a parent who has committed incest and transports a minor out of state for an abortion will also face a fine and jail time.

The chief difference between the House and Senate bills is that the House measure requires an out-of-state doctor to provide 24 hours' notice to a girl's parents or face criminal penalties. Parents can also sue the person performing the abortion.

Despite the strong vote for the measure, the Democratic leadership objected Tuesday night to a Republican call to appoint negotiators to begin reconciling the House and Senate bills, showing that Democrats were not going to make it easy to reach a final deal.

Interstate Abortion Bill Clears Senate (WP)

By Charles Babington

The Washington Post, July 26, 2006

The Senate voted yesterday to make it a crime to take a pregnant minor to another state to obtain an abortion without her parents' knowledge, handing a long-sought victory to the Bush administration and abortion opponents.

The bill would help about three dozen states enforce laws that require minors to notify or obtain the consent of their parents before having an abortion. It would bar people -- including clergy members and grandparents -- from helping a girl cross state lines to avoid parental-involvement laws. Violations could result in a year in prison.

Most states have passed such laws, but courts have invalidated at least nine of them, advocacy groups say. Maryland and Virginia have parental-notification laws; the District does not. The Senate voted 65 to 34 to approve the bill, which is similar to one the House has approved before, including last year.

The White House said the measure would "protect the health and safety of minors" and "protect the rights of parents to be involved in the medical decisions of their minor daughters consistent with the widespread belief among authorities in the field that it is the parents of a pregnant minor who are best suited to provide her counsel, guidance and support."

In a statement, President Bush said: "I appreciate the Senate's efforts to preserve the integrity of state law and protect our nation's families."

The administration urged House and Senate negotiators to reconcile their differences and send Bush a bill to sign. Unlike the Senate version, the House measure would penalize physicians who knowingly perform abortions for minors who circumvented parental-involvement laws.

Yesterday's vote marked the most significant congressional action on abortion in some time. Republicans, concerned about sagging poll numbers as they approach the November elections, have emphasized a "values agenda" that includes bids to ban flag desecration, same-sex marriage and estate taxes.

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Democrats are pushing back, accusing Republicans of trying to frighten and divide the electorate rather than tackle tough issues such as high gasoline prices and the Iraq war. Senate Minority Leader Harry M. Reid (Nev.), an antiabortion Democrat who voted for the bill, will spend part of the summer stressing the need to prevent unwanted pregnancies, aides said.

The Senate vote was a victory for antiabortion activists who have tried in vain to overturn the 1973 Roe v. Wade decision that legalized abortion nationwide. For years, advocates on both sides of the issue have battled at the state level over narrower questions, including parental notification and consent for minors.

Fifty-one Republicans and 14 Democrats voted for the bill, while four Republicans, 29 Democrats and one independent voted against it. Sens. George Allen (R-Va.) and John W. Warner (R-Va.) voted for the measure; Sens. Barbara A. Mikulski (D-Md.) and Paul S. Sarbanes (D-Md.) voted against it.

The bill would not penalize a minor, or her parents, for crossing state lines to obtain an abortion.

Opponents said the Senate measure could threaten the safety of girls, saying parents might beat their daughters if they find out about plans for an abortion. The proponents' approach "is not to deal with the reality of young people" in troubled families, said Sen. Richard J. Durbin (D-Ill.). He cited the case of an Idaho man who impregnated his 13-year-old daughter and then killed her when he learned she had scheduled an abortion.

Proponents of the Senate bill said it would protect girls from being pressured by their boyfriends into having an abortion. "It's an affirmation of parental rights," said Sen. John Thune (R-S.D.). "An underage child cannot obtain an aspirin at school without parental consent," he said, adding that parents' role in their young daughter's decision about abortion is far more significant.

Senators voted 51 to 48 to reject an amendment drafted by Democrats that would have steered federal money to programs that educate teenagers about sexual abstinence and contraception.

Sen. Mitch McConnell (R-Ky.) hailed the passage of the abortion measure, saying: "What opponents of this bill forget is that no parent wants anyone to take their children across state lines -- or even across the street -- without their permission. This is a fundamental right, and the Congress is right to uphold it in law."

Nancy Keenan, president of NARAL Pro-Choice America, called the Senate vote "an irresponsible action that will do nothing to protect young women's safety or improve family communication."

She said the measure "would prohibit anyone other than a parent -- including a grandparent, aunt, adult sibling or member of the clergy -- from accompanying a young woman across state lines for abortion care if the home state's parental-involvement law has not been met."

Caroline Fredrickson, Washington legislative director of the American Civil Liberties Union, said the measure "would put teens, especially the most vulnerable ones, at greater risk." She added: "Not all teenagers come from the perfect American family."

Senate Approves Parental Consent (WT)

By Amy Fagan

The Washington Times, July 26, 2006

Republicans last night secured a long-sought pro-life victory as the Senate approved a bill that would protect parents' right to be involved in their pregnant teen's abortion decision.

"I believe this is a significant pro-parent, pro-child, pro-life piece of legislation," Sen. Sam Brownback, Kansas Republican, said of the bill, which would make it a crime to avoid a state's parental-notification or -consent law by taking a minor to another state to obtain an abortion.

The measure passed, 65-34. Fourteen Democrats voted in favor of the measure, while four Republicans voted against it.

The House passed a similar measure last year, so the legislation now goes to final House-Senate negotiations.

The bill still faces obstacles before reaching President Bush's desk. In addition to differences with the House version, Senate Democrats last night objected when Senate Majority Leader Bill Frist, Tennessee Republican, moved to send the bill into the final negotiations stage.

The last time the Senate considered the issue, in 1998, supporters were unable to muster the 60 votes needed to overcome a filibuster, failing 54-45.

This year however, the bill had enough votes, so when Mr. Frist pushed the measure forward, Democrats allowed it to come to the floor, though many of them complained that the vote timing was purely political and that the Senate should focus on more important matters.

"I don't think it's an issue in New York," Sen. Hillary Rodham Clinton, New York Democrat, said of the bill.

"This is Frist's 'to-do' list for the campaign," said Sen. Richard J. Durbin, Illinois Democrat, referring to Mr. Frist's possible presidential aspirations.

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The bill would punish anyone who knowingly skirts a state's parental-consent or -notification law by taking a pregnant minor to a state with more lenient laws to obtain an abortion. Violators would face fines and up to one year in prison. The only exception to the bill's penalties would be if the abortion was needed to save the girl's life.

Proponents said the law would not undermine state laws or force parental involvement on the handful of states that don't require it.

"This bill goes a long way in strengthening the effectiveness of state laws designed to protect parents and their young daughters from the health and safety risks associated with secret abortions," said Sen. John Ensign, Nevada Republican and bill sponsor.

But one leading Democrat suggested that the measure could result in the arrest of a grandmother who tries to help a troubled teenager.

"Congress ought to have higher priorities than turning grandparents into criminals," said Sen. Edward M. Kennedy, Massachusetts Democrat.

Mr. Bush strongly supports the measure because he said transporting minors to other states to avoid parental-involvement laws "undermines state law and jeopardizes the lives of young women."

"I appreciate the Senate's efforts to preserve the integrity of state law and protect our nation's families," he said after the bill passed last night

Senate supporters of the measure said it is ridiculous that minors need permission slips for school trips or medicine from a school nurse, yet a pregnant minor can be taken to another state for a secret abortion without her parent's knowledge.

"I think that this is a bill that Americans can come together on," said Mr. Ensign said. "This is a reasonable piece of legislation."

But Sen. Barbara Boxer, California Democrat, complained that the bill flatly ignores situations involving abuse or incest.

"It's an outrage," she said. "What about the millions of victims of violence and abuse?"

Mrs. Boxer called the bill "unconstitutional" but reached an agreement with Mr. Ensign that she said would go "partway" toward solving the bill's problems. The compromise, adopted 98-0, would apply the bill's penalties to any father who rapes his daughter and then takes her to another state for a secret abortion.

According to the National Right to Life Committee, 26 states would be covered by the bill, because those states have strong laws requiring parental consent, or notice or the intervention of a judge before a minor can have an abortion. Other states have parental-involvement laws that have loopholes or other problems, while Washington, Oregon, New York, Hawaii and Vermont have no such laws, according to the NRLC.

Polls show a majority of people support parental-involvement laws.

Democrats also turned the debate yesterday to sex education and after-school programs, complaining that Republicans have failed in these areas, which Democrats argued are better ways to reduce teen pregnancies and abortions.

Sen. Frank R. Lautenberg, New Jersey Democrat, offered a proposal that would have created a new grant program to teach comprehensive sex education and boosted money for existing after-school programs. The amendment failed 51-48.

Senate OKs Curb On Interstate Abortions For Minors (LAT)

By Noam N. Levey

The Los Angeles Times, July 26, 2006

llying supporters.

WASHINGTON — Acting to further chip away at abortion rights ahead of the fall congressional elections, Senate Republicans on Tuesday pushed through legislation making it a federal crime to evade parental consent laws by taking minors across state lines for abortions.

The 65-34 Senate vote — which came just a week after a controversial bill on stem cell research divided several leading Republicans from their anti-abortion base — gave the party another plank for its "values" agenda.

Building on parental consent requirements in many states, the vote marked another victory in the drive by abortion opponents to limit access to the procedure with small measures that stop short of an all-out ban.

"Americans have been saying, 'Can't we at least find some reasonable middle ground? Can't we find some ground to at least make some reasonable restrictions on abortion?' " said Sen. John Ensign (R-Nev.), who sponsored the bill. "This is a reasonable piece of legislation."

The bill must still be reconciled with a slightly different House measure passed last year. Republicans in both chambers said Tuesday that they were confident that would be done before Congress recesses for the fall elections.

President Bush said in a statement that he would sign the legislation.

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There are no figures on the number of minors who cross state lines in an effort to avoid telling their parents that they are getting abortions. But while that number is probably not large, parental notification has long been controversial.

About 35 states have laws requiring that minors either notify or get permission from their parents before getting abortions. Californians narrowly rejected such a law last year, but Proposition 85 will put the issue before voters again this fall.

Abortion rights activists and their mostly Democratic allies on Capitol Hill have fought for nearly a decade to head off the restriction on out-of-state travel, which in most cases would also allow parents to sue anyone who helps their child get an abortion in another state without their consent.

"We've brought up a bill that does absolutely nothing to protect girls," said Sen. Barbara Boxer (D-Calif.), who led the opposition.

In the end, 14 Democrats joined 51 Republicans in voting for the bill. Four Republicans opposed it. Sen. Dianne Feinstein (D-Calif.) was absent.

The Senate vote capped a lengthy campaign to crack down on what abortion opponents charged was a nefarious practice of evading state parental consent requirements.

The House first passed a bill addressing the issue in 1998, but Senate Democrats stopped it. Since then, Republicans have pushed a series of other restrictions and requirements on those seeking abortions.

Congress in 2003 criminalized a late-term abortion procedure that opponents call "partial birth" abortion. In 2004, lawmakers gave legal status to fetuses, making it a separate offense to harm a fetus in violent crimes tried before federal courts.

In 2005, Sen. Sam Brownback (R-Kan.), a prominent social conservative, introduced a measure to require doctors to inform women seeking an abortion that the fetus may feel pain. That bill is still under consideration.

And last year, the House passed its bill by a 113-vote margin to restrict minors from crossing state lines to get an abortion.

Republicans, who are under pressure to hold on to their Senate and House majorities in November's elections, are being accused by Democrats of using the abortion bill as a means of playing to the GOP's conservative base.

But those championing the new abortion restrictions on minors said they had a much broader segment of the public on their side.

"When there is an issue with 80% support on one side, most politicians would be well-advised to be on the 80% side," said Douglas Johnson, legislative director of the National Right to Life Committee, a leading advocate of the Senate bill.

Even as the Senate passed the measure, however, advocates for abortion rights struck a defiant position, promising to use the bill to rally their own supporters in November.

In California, Mary-Jane Wagle, who heads Planned Parenthood Los Angeles, said her organization was already working on strategies to incorporate the congressional vote into its campaign against Proposition 85.

"I think this is the kind of drastic law that will help us make the case," Wagle said.

Congress Must Set An Example On The ADA (RC)

By Reps. Steny Hoyer, Juanita Millender-mcdonald And James Langevin

Roll Call, July 26, 2006

Sixteen years ago, Congress took a major step forward in achieving America's promise of equality for all citizens by enacting the Americans with Disabilities Act. This landmark legislation was, as President George H.W. Bush said when he signed it into law, "the world's first comprehensive declaration of equality for people with disabilities."

Simply put, the ADA banned all discrimination on the basis of disability in the areas of employment, public accommodations, public services, transportation and telecommunications. In doing so, our society acknowledged the right of all Americans to live independently and to fully participate in all aspects of our society, including our schools, our businesses, our communities and our government.

At the Capitol, we have taken important steps to ensure that disabled individuals are able to participate in the legislative process, and to visit and enjoy the awe-inspiring history and beauty of the Capitol complex:

· To ensure that disabled Members of the House are able to fully participate in floor proceedings, accommodations have been made to the House chamber that allow for wheelchair access. An adjustable podium and accessible voting station also have been installed.

· To provide disabled staff with the resources necessary to perform their official duties, accommodations have been made to ensure that their assigned office space is fully accessible. In addition, the furniture replacement program provides for furnishing configurations that meet ADA design standards; administrative support offices have been outfitted with automatic door openers; the House Learning Center has been retrofitted to provide wheelchair-accessible study stations and low-vision systems for the visually impaired; and House Information Services provides resources to all House offices to ensure that House Web sites are ADA compliant.

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· To make Capitol square and the House office buildings more accessible not only to Members and staff but to the visiting public as well, ADA compliant signage is being installed throughout the campus; the Office of Special Services provides a number of key services to House offices and visitors with special needs; restrooms and food service facilities have been upgraded to be fully accessible; each building has been outfitted with a fully accessible entrance/exit; interior and exterior signage has been installed to identify accessible entrances, exits and restrooms; emergency egress elevators for the disabled have been designated on each floor; the campus sidewalks are being modified to include wheelchair ramps at all pedestrian crosswalks; and the Capitol Police and administrative personnel now are provided training on responding to people with disabilities.

This is an impressive list of accomplishments. Much has been done. But there is still more we must do to improve accessibility for people with disabilities. For example, during this Congress, there have been two full-scale evacuations of the Capitol complex. Although no injuries were sustained during these evacuations, we learned from these incidents that disabled Members, employees and visitors face challenges exiting the Capitol and the House office buildings quickly and safely. This is a problem that needs to be addressed sooner rather than later. Steps need to be taken to ensure that the public hallways are open and clear of obstructions and that the entrances and exits accessible to individuals with disabilities are well-marked and staffed. The Capitol Police, Guide Service and other appropriate Congressional staff should be well acquainted with the locations of the accessible entrances, exits, and designated emergency egress elevators and prepared to provide direction to these locations to visitors in the event of an emergency.

Each office should be encouraged to establish a "buddy" system in which staff members are identified to assist persons with mobility impairments to safely exit the building in the event of a fire or other emergency. In addition, the House should move forward to ensure that the House chamber and galleries and all committee hearing rooms and special event rooms permanently are modified and outfitted to accommodate those with disabilities. In the 109th Congress, the House Administration Committee has explored these issues and, we believe, should continue to do so.

By making the Capitol complex accommodating to people with disabilities, including in times of crisis, we are ensuring that no one will ever be discouraged from running for Congress, or from visiting their Capitol, because of concerns about accessibility and safety. We must ensure that our great nation fulfills its commitment under this landmark law. America is a stronger country when everyone is able to participate in the democratic process, and the ADA is a vital cornerstone in ensuring that our government is indeed of the people, by the people and for the people.

House Minority Whip Steny Hoyer (D-Md.) was the lead House sponsor of the Americans with Disabilities Act. Rep. Juanita Millender-McDonald (D-Calif.) is the ranking member on the House Administration Committee. Rep. James Langevin (D-R.I.) is co-chairman of the Bipartisan Disabilities Caucus.

ANTITRUST:

Supreme Court Setback For Stolt-Nielsen (DOW)

By Mark H. Anderson, Dow Jones Newswires

Dow Jones, July 26, 2006

WASHINGTON --U.S. Supreme Court Justice David Souter Tuesday rejected an emergency appeal from London-based shipping company Stolt-Nielsen SA to freeze the Justice Department's pursuit of antitrust charges against it.

Stolt-Nielsen has challenged the power of government prosecutors to revoke an amnesty agreement shielding it from prosecution over an alleged plot to divvy up customers in the parcel shipping business, which involves the transport of bulk liquids such as chemicals.

The company's emergency petition asked the U.S. Supreme Court to bar lower court proceedings against it and a U.S.-based executive, Richard Wingfield, while a separate appeal to the Supreme Court on underlying legal issues was pending. Souter, acting for the court, turned away that request.

"To induce the company to enter into amnesty, the antitrust division promised in its speeches and in the agreement freedom from indictment. Now, after we relied on the division's words, the division has reneged on its amnesty promise," said James Hurlock, an outside director at Stolt-Nielsen.

In filings with the court, the company said the uncertainty is weighing on the company's business. "The securities market obviously perceives that an indictment portends serious consequences for the company," attorneys for the company said in a brief, adding Stolt-Nielsen's stock price has dropped 37 percent since a federal appeals court ruled against in March 2006.

The Justice Department, in its own Supreme Court filing, said it revoked the amnesty deal because it believes the company didn't hold up its part of the amnesty deal. "The division received evidence that Stolt-Nielsen Transportation Group had made

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false representations ... and had breached its duty to cooperate," U.S. Solicitor General Paul Clement said in a court brief. "An agreement like the one at issue here affords no entitlement to avoid an indictment."

Amnesty was revoked in March 2004 and the matter has been in litigation since then.

A panel of the 3rd U.S. Circuit Court of Appeals in Philadelphia in March ruled that federal courts didn't have the power to block government prosecutors from pursuing the company and its officers because of the amnesty deal. The ruling overturned a decision by a U.S. District Court judge, who said the deal barred indictments.

The Justice Department began investigating Stolt-Nielsen in November 2002 after The Wall Street Journal published a story about a lawsuit brought by the company's former general counsel alleging Stolt-Nielsen Transportation Group Ltd. had broken anti-collusion laws.

The company's second appeal with the Supreme Court will be considered this fall when the justices return from summer recess.

The case is 06-97. The emergency application is 06-A79.

Love Field Deal Draws Justice Department Concerns (AP)

By Suzanne Gamboa, Associated Press

AP, July 26, 2006

WASHINGTON — An agreement by officials in Texas and two major airlines to eventually lift flight restrictions at Dallas Love Field would violate federal antitrust laws and should not be approved, the Justice Department said in a memo.

The agency's antitrust division told lawmakers that restrictions in the agreement "would be hard-core, per se violations of the Sherman Act," according to a copy of the memo, obtained Tuesday.

The agency's concerns refer to an agreement among Texas officials to repeal the so-called Wright Amendment in eight years and legislation sponsored by Sen. Kay Bailey Hutchison, R-Texas, containing the pact.

Forged by officials from Dallas, Fort Worth, Southwest Airlines Co., American Airlines and Dallas-Fort Worth International Airport, the compromise also calls for reducing gates at Love Field from 32 to 20.

Other airlines have objected to the gate reduction, saying it would limit their ability to establish service there.

The 1979 law, named for its author, former House Speaker Jim Wright of Fort Worth, prohibits flights by aircraft with more than 56 seats between Dallas and any point outside Texas, New Mexico, Oklahoma, Kansas, Missouri, Arkansas, Louisiana, Mississippi and Alabama.

A spokeswoman at the Justice Department was not immediately available for comment Tuesday. Hutchison declined to comment.

The Justice Department said the 12 gates to be torn down could be used by other airlines to enter and compete there. Razing them "is the very kind of collusive output reduction that the antitrust laws are designed to prevent."

The department said the parties to the agreement are aware of the potential antitrust violations because they have sought blanket immunity for the agreement, instead of including an "antitrust savings clause," which the agency said is commonly done to preserve competition under antitrust laws.

Ed Stewart, a spokesman for Southwest, said the Justice Department overlooked part of the deal that would let airlines sell one-stop tickets from Love Field to far-flung cities, called through-ticketing.

"Through-ticketing is going to help customers right away," he said. "This will bring about competition."

Stewart predicted that the findings wouldn't derail legislation to settle the long-running dispute.

American Airlines, a unit of Fort Worth-based AMR Corp., disputes the government's view of the antitrust implications, a spokesman said.

"We simply disagree with the conclusions of the Justice Department, and we believe that so do the cities of Dallas and Fort Worth and the North Texas congressional delegation," American spokesman Tim Wagner said.

Fort Worth Mayor Mike Moncrief said in a statement he had not seen the memo.

"I believe there is nothing in our agreement that would prohibit competition at Love Field or D-FW Airport," he said.

A call to Dallas Mayor Laura Miller's office wasn't immediately returned.

Southwest would be limited to 16 gates in the deal, which the Justice Department said is a hard cap on Southwest service from Dallas for more than eight years.

It would not let Southwest expand its operations once the Wright Amendment is lifted without leaving cities it now serves or facing penalties for starting up service at another Dallas area airport.

Consumers would lose out on a 50 percent discount in fares from Southwest's entry into the market, the agency said.

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"More broadly, the cap on gates at Love Field affects every other airline that would otherwise be attracted to the new competitive opportunities at Love Field, including low-cost carriers such as JetBlue (Airways), as well as other legacy carriers, such as US Air," the agency said.

The Senate Commerce, Science and Transportation Committee and the House Transportation and Infrastructure Committee approved bills that include the agreement last week.

But House Judiciary Committee Chairman James Sensenbrenner, R-Wis., sent a letter to House Speaker Dennis Hastert, R-Ill., requesting that his committee be given a chance to review the House bill.

Wright Deal Raises Antitrust Questions (DMN)

By ROBERT DODGE And SUDEEP REDDY, The Dallas Morning News

The Dallas Morning News, July 26, 2006

Justice memo, House leader's concerns create confusion, frustration

WASHINGTON – Efforts to repeal the Wright amendment ran into a wave of opposition, confusion and frustration on Tuesday.

First, a four-page memo of comments attributed to the Justice Department's Antitrust Division swept across Capitol Hill, raising concerns about airline competition in North Texas and urging lawmakers to force the deal to be renegotiated.

DMN file The Justice Department said the Love Field gates to be torn down in the agreement could be used by other airlines.

And in the House, the chairman of the Judiciary Committee also raised antitrust issues, calling on House Speaker Dennis Hastert to refer the bill to the committee for consideration.

Both developments added complications for North Texas lawmakers who had been eager to blaze a smooth trail to the House and Senate floors for easy approval of the proposed repeal of the 1979 Wright amendment in eight years.

The Justice comments, which did not have an official department letterhead or a signature, prompted Sen. Kay Bailey Hutchison, R-Texas, to call Attorney General Al Gonzales and other senior Justice officials for an explanation.

"They [Justice] are not taking a position at all on the legislation," Ms. Hutchison said. "That memo did not go through the channels. And it probably was one person's view, but it's not the Justice Department's."

Even so, the memo said the proposal's 20-gate cap at Love Field and plans to tear down gates at the Legend terminal would violate antitrust laws. Justice estimated consumers could lose up to half of the fare-lowering benefits that Southwest brings when it enters a new market.

"More broadly, the cap on gates at Love Field affects every other airline that would otherwise be attracted to the new competitive opportunities at Love Field, including low-cost carriers, such as JetBlue, as well as other legacy carriers, such as US Air," the memo said.

A Justice spokeswoman indicated the comments were generated as part of a routine discussion with members of Congress.

"We have been discussing with Congress the pending legislation and whether there are better ways to reach the goal of maximizing competition, but the administration has not taken a position on the legislation," said Justice Department spokeswoman Gina Talamona.

The memo forced Ms. Hutchison into a day of damage control as she was trying to resolve the concerns raised last week by Sens. Patrick Leahy, D-Vt., and Charles Schumer, D-N.Y. And it stirred anger and then dismay among Dallas and Fort Worth city officials, as well as the Dallas/Fort Worth International Airport.

"The alleged memo is full of misstatements about the intent and consequences of the locally crated Wright amendment solution," Dallas Mayor Laura Miller said in a prepared statement.

Fort Worth Mayor Mike Moncrief was perplexed and said he would meet promptly with Fort Worth attorneys and that "all parties will get our heads together and see how we address these concerns."

By mid-afternoon, Ms. Hutchison had obtained assurances by email from an assistant attorney general that the department was not opposing the Wright amendment repeal.

"In fact, we see laudatory elements in the bill including the phase out of the Wright amendment restrictions," said William Moschella, assistant attorney general. "We share the senator's concern about fixing this several decades old issue and of course want to foster the maximum amount of competition in the airline industry which will be a benefit to consumers."

Despite the uproar, Ms. Hutchison found time to meet with Mr. Leahy to address his issues.

Mr. Leahy said his concerns involve a version of the Wright repeal proposal that was attached to a separate Senate spending bill, which isn't expected to come up until a lame-duck session after the November elections. "There's no urgency," he said.

Sen. Arlen Specter, R-Pa., chairman of the Senate Appropriations Committee, who also heard from Sen. Hutchison on Tuesday, called it an "unusual situation" that he would look into.

The June 15 deal to repeal the Wright amendment in eight years was signed by the cities of Dallas and Fort Worth and the D/FW Airport, as well as American Airlines Inc. and Southwest Airlines Co.

The deal would also allow for immediate one-stop ticketing to destinations beyond the existing Wright perimeter states. And it would limit Dallas Love Field to no more than 20 gates.

North Texas leaders were hopeful the House and possibly the Senate would vote on the proposal this week. But the latest objections and scheduling problems in the House made it highly unlikely the proposal could get a vote before Congress returns from its August recess after Labor Day.

"Everybody wants their bill up this week," said House Majority Leader John Boehner, R-Ohio.

Mr. Sensenbrenner wrote to Mr. Hastert on July 24 asking that the bill be referred to his committee.

The Justice memo, along with concerns raised by House Judiciary Committee Chairman James Sensenbrenner fanned concerns among proponents that new opposition might emerge in the House or Senate.

Mr. Sensenbrenner raised questions about whether the proposal might grant immunity from "unlawful restraints, price discrimination, price fixing, abuse of market for anticompetitive purposes and monopolies."

Rep. Joe Barton, R-Ennis, appealed to Mr. Sensenbrenner on the House floor Tuesday afternoon to resolve the conflict by communicating directly with the head of the transportation committee who sponsored and passed the legislation last week.

"He doesn't appear willing to do that," Mr. Barton said. "We're hopeful though."

Mr. Barton, who chairs the powerful House Energy and Commerce Committee, said he didn't think the antitrust concerns were valid but he acknowledged that the Judiciary Committee had some jurisdiction.

Mr. Sensenbrenner's Judiciary committee could hold the bill during its evaluation, call a hearing or even try to alter pieces of the legislation that deal with antitrust concerns.

Rep. Kenny Marchant, R-Coppell, said some of the problems have arisen as additional language from the local agreement made its way into the federal bill.

"The more you did that, the more complicated it got," he said.

Rep. Lamar Smith, R-San Antonio, who serves on the Judiciary Committee, said "just a few words" in the legislation drew interest from the panel.

"We're trying to resolve that problem without slowing down the legislation," he said.

Staff writers Emily Ramshaw in Dallas and Michelle Mittelstadt in Washington contributed to this report.

Judge Seeks More Data On 2 Telecom Deals (WP)

By Arshad Mohammed

The Washington Post, July 26, 2006

A federal judge asked the Justice Department yesterday for more information to help him decide whether to approve two recent telecom mergers, an action analysts said could delay AT&T Inc.'s $67 billion bid to buy BellSouth Corp.

U.S. District Court Judge Emmet G. Sullivan is reviewing SBC Communications Corp.'s $16 billion acquisition of AT&T Corp. and Verizon Communications Inc.'s $8.5 billion purchase of MCI Inc. After SBC bought AT&T Corp. last year, it adopted the name AT&T Inc.

While the AT&T and MCI deals have been completed, the judge must review them to decide whether the conditions imposed on them by the Justice Department are in the public interest.

Under a schedule laid out by the judge, the Justice Department has until Aug. 7 to submit information. Opponents may then comment until Aug. 17. The Justice Department has to respond by Aug. 28.

Regulatory analysts said they saw little chance that the judge would seek to undo the mergers, saying he might seek some changes to the consent decrees under which SBC and Verizon agreed to lease some of their high-capacity lines to their competitors.

"While we do not believe the prior . . . deals will be unwound, we believe the court's examination could have the effect of slowing government reviews of the pending AT&T-BellSouth deal," Blair Levin, a telecom analyst, wrote in a report. The Justice Department is unlikely to complete its review of that deal until it sees how the judge rules on the earlier mergers, analysts said.

AT&T spokesman Michael Balmoris said the San Antonio company thinks the judge will "ultimately agree that the consent decree is in the public interest."

John Thorne, a senior vice president and deputy general counsel at New York-based Verizon, said he was confident the judge would not undo the Verizon-MCI merger or require significant changes to the consent decree.

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Judge Balks At Closure Of AT&T, Verizon Mergers (CNET)

By Anne Broache, CNET News.com

CNET News, July 26, 2006

WASHINGTON--A federal judge on Tuesday said he can't sign off on the mergers of SBC and AT&T and of Verizon and MCI until he gets more information.

"The court is not currently in a position to grant or deny the proposed consent decree," U.S. District Judge Emmet Sullivan said at a status conference here.

The pair of deals won approval last October from the Federal Communications Commission and the Justice Department's antitrust division. Both Verizon and SBC have already closed their books on the acquisitions.

At issue before Sullivan is whether proposed agreements between the Justice Department and the telecommunications companies satisfy the public interest under a 1974 federal antitrust law called the Tunney Act. (The federal judge overseeing the final half of the Microsoft antitrust trial invoked the Tunney Act when altering the settlement agreement before approving it.)

Sullivan has formally asked the government and the phone companies to submit "any materials" that show why the agreements reached between the Justice Department and the telecommunications companies satisfy the "public interest" requirements.

Federal judges picked up additional authority in such proceedings in 2004, when Congress made changes to the Tunney Act. The law now says judges "shall"--rather than "may," as in the previous statute--evaluate the effectiveness of consent decrees and whether those decrees will protect the public interest. Judges are also supposed to consider the impact of the deal on "competition in the relevant market or markets."

Justice Department Attorney Claude Scott said the government would attempt to distill the "millions" of documents scrutinized during their reviews of the mergers into a few affidavits for the judge.

"We will have to go back and determine what's useful to you," he told the judge.

When approving the deal, the Justice Department imposed minor requirements on SBC and Verizon--namely, that they ensure that their competitors could gain access to fiber-optic connections in a few hundred commercial buildings across the country where competition levels were questionable.

"There must have been reasons, there must have been facts, there must have been bases for those challenges," Sullivan said of the Justice Department complaint that prompted those conditions.

Sullivan said at a July 12 hearing that he was concerned the government and the phone companies hadn't submitted enough factual evidence to back up the agreements allowing for the megamergers. He also warned he was pondering the idea of holding an evidentiary hearing at which expert witnesses would describe why the mergers should go forward--an idea that drew misgivings from the Justice Department, Verizon and AT&T's lawyers.

Sullivan backpedaled on that idea on Tuesday, saying he is "firmly of the opinion that it is premature to commence evidentiary hearings at this juncture."

At the judge's request, the U.S. government last week filed with the court unredacted versions of the Federal Communications Commission orders approving the twin mergers. Those documents were submitted under seal because of their "highly confidential" and "competitively sensitive" contents.

The court has already heard objections to the deal from Comptel, a trade association representing the Bells' competitors, and the Alliance for Competition in Telecommunications, or Actel, a new organization that apparently formed just to oppose the mergers in question. Actel is represented by Gary Reback, a Silicon Valley lawyer who played a major role years ago in convincing the Justice Department to investigate Microsoft for possible antitrust violations.

Last week, the National Association of State Utility Consumer Advocates and the New Jersey Division of Rate Counsel, two consumer advocacy groups, and New York Attorney General Eliot Spitzer filed documents seeking to present the views of expert witnesses they had picked, all of whom were prepared to discuss what they perceived as drawbacks of the mergers. The judge on Tuesday said that the state utility groups, Spitzer and Sprint-Nextel--along with Comptel and Actel--would be allowed to respond to the government's new filings.

The judge's actions drew praise from Jeannine Kenney, senior policy analyst for the advocacy group Consumers Union. She said in a statement issued jointly with Comptel that the court "sent the encouraging message that it will carefully scrutinize, not merely rubberstamp, these merger agreements."

Sullivan gave the government until Aug. 7 to file the supporting documents with the court. Then the outside groups will have 10 days to respond to those filings, and the government will have 10 additional days to file its own response.

McClatchy Facing $163,000 Daily Bill If Newspaper Sale Is Blocked (AP)

DOJ_NMG_0043157

By Michael Liedtke, The Associated Press

AP, July 26, 2006

SAN FRANCISCO -- McClatchy Co. expects to lose about $163,000 per day if a federal judge blocks the publisher's sale of three northern California newspapers to MediaNews Group Inc., which is banking on the deal to give it more regional clout.

Patrick Talamantes, McClatchy's chief financial officer, estimated the company's potential loss in a sworn declaration filed Monday in response to a motion asking U.S. District Judge Susan Illston to prevent MediaNews from taking over the San Jose Mercury News, Contra Costa Times and Monterey Herald.

MediaNews, whose stable of 40 daily papers includes the Denver Post, also would get the St. Paul Pioneer Press under a complex deal that also involves the Hearst Corp., the owner of the San Francisco Chronicle.

San Francisco real estate investor Clinton Reilly, who complicated the Chronicle's sale in a messy legal spat six years ago, sued two weeks ago in an effort to force McClatchy to scrap the deal it worked out with MediaNews and Hearst in April.

A hearing on Reilly's injunction request is set for Thursday afternoon in Illston's San Francisco courtroom.

Sacramento-based McClatchy inherited the papers targeted in Reilly's suit as part of its $4 billion acquisition of Knight Ridder Inc., a takeover completed last month.

Looking to minimize its debt, McClatchy struck deals to sell 12 of Knight Ridder's 32 daily papers for a total of $2 billion. The biggest transaction involves the three Northern California papers and the St. Paul Pioneer Press.

If that $1 billion sale doesn't go through as planned, McClatchy will be saddled with additional debt that will cost the company $163,000 per day, Talamantes said in the deposition. That, in turn, could hurt McClatchy's credit rating, costing it more for any future loans.

Talamantes also warned a delay in the MediaNews deal could provoke labor strife at the San Jose paper, where labor contracts covering about 600 workers expired June 30.

Denver-based MediaNews already owns eight other San Francisco Bay area newspapers, including the Oakland Tribune.

Adding the three additional papers currently owned by McClatchy would give MediaNews a combined weekday circulation of more than 700,000 in the region, far more than the San Francisco Chronicle, the area's biggest paper.

Reilly alleges the proposed sale would hurt readers and advertising by ceding too much control over local information and newspaper prices to MediaNews and New York-based Hearst.

The U.S. Justice Department and California Attorney General also is reviewing whether McClatchy's proposed sale of the northern California papers would violate antitrust laws.

H.P. To Pay $4.5 Billion To Acquire Mercury (NYT)

By Damon Darlin

The New York Times, July 26, 2006

SAN FRANCISCO, July 25 — Hewlett-Packard, the computer and printer maker, said on Tuesday that it would pay $4.5 billion to acquire Mercury Interactive, a software company enmeshed in a scandal over the backdating of stock options.

H.P. said it would pay $52 a share for Mercury, a 33 percent premium over its Tuesday close of $39 a share.

The acquisition was H.P.'s first major deal since it merged with Compaq in September 2001 and the first big deal as chief executive for Mark V. Hurd, who took over in March 2005 after Carleton S. Fiorina was ousted.

Mr. Hurd said in a telephone interview that the acquisition was important for the company strategy of selling what it calls the data center of the future, which would be cheaper and more reliable. "It plays right into it," he said.

The company has software that manages hardware in the data center. The acquisition will allow Hewlett-Packard to add software that manages the software in the centers.

While analysts said the deal had strategic importance, some questioned the price Mr. Hurd was paying. "Is it a must-have company? No," said A. M. Sacconaghi, a senior research analyst with Sanford C. Bernstein & Company. "Is it an important contribution? They must believe it because they are paying pretty significantly."

Hanging over the deal is the investigation into Mercury's possible involvement in the backdating of options given to some employees.

Earlier this year, Mercury restated its financial results for 2002, 2003, and 2004, reporting about $566.7 million less income, to account for the options. The Securities and Exchange Commission said it would probably pursue civil charges against four people who were top officials at Mercury. Mercury was delisted by the Nasdaq because of issues relating to its restatement.

Amnon Landan, the chief executive; Douglas P. Smith, the chief financial officer; and Susan J. Skaer, Mercury's general counsel, resigned in November after an internal inquiry showed that they "were each aware of and, to varying degrees, participated in the practices," according to the summary of a regulatory report.

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Mercury's current chief, Anthony Zingale, took over in November. He said on Tuesday that he would remain with the combined companies "for the short term and medium term."

Mr. Hurd said that he and his executives had examined the legal issues.

"We don't view it as a distressed property," he said, "especially from an operating standpoint."

Robert P. Wayman, Hewlett-Packard's chief financial officer, said, "We think we have our arms around it." He said potential liability stemming from the litigation was built into H.P.'s financial assumptions for the deal.

While Hewlett-Packard has reported that revenue from its OpenView software, which manages a corporation's servers, data storage and computer networks, has been growing about 20 percent year over year, the overall software unit has not been very profitable.

The Mercury acquisition could change that because it gives the combined companies more products to sell. It doubles the size of H.P.'s software business to more than $2 billion in annual revenue.

The company has forecast revenue growth of 10 percent to 15 percent from the combined companies' software operations. It also said the merger could expand operating margin in the software unit to 20 percent of revenue in fiscal year 2008 from H.P.'s current margins for its software unit of less than 1 percent. Mercury's operating profit margins were around 20 percent.

Mr. Hurd said the deal did not signal a more acquisitive company. "I don't you should expect multiple multibillion acquisitions coming from H.P.," he said.

H-P To Buy Mercury For $4.5 Billion In CEO Hurd's First Big Purchase (WSJ)

By Don Clark And Charles Forelle

The Wall Street Journal, July 26, 2006

Hewlett-Packard Co. said it will pay $4.5 billion to buy business-software maker Mercury Interactive Corp., in the first big acquisition under H-P Chief Executive Mark Hurd.

Mercury, once a Silicon Valley highflier, specializes in programs that help companies develop and test their own business software and manage such development projects. Recently, however, the company is better known as one of the first companies enmeshed in the scandal over stock-options manipulation.

Mr. Hurd, who took over as H-P's chief executive in March 2005, had said he was likely to focus on small purchases, as his efforts to turn H-P's business begin generating excess cash. Mr. Hurd's predecessor, Carly Fiorina, led H-P's drive to buy Compaq Computer Corp. in 2002 for $19 billion, a deal whose aftermath played a role in her later firing by the company's directors.

Mr. Hurd said he wasn't changing his preference for smaller deals. But he said Mercury was too good an opportunity to pass up because of the way it complements an existing suite of H-P programs that helps companies manage their computer systems and related technology.

"I am confident that this transaction demonstrates that H-P is building a software business that is to be reckoned with," he said during a conference call with reporters.

H-P said it will pay Mercury stockholders $52 a share, a 33% premium to that company's closing price yesterday afternoon. The $4.5 billion figure is net of Mercury's existing cash and debt, H-P said.

Mr. Hurd said the company thoroughly explored Mercury's stock-options problems before the acquisition for potential risk to H-P. "We are comfortable that the issues will be resolved," he said.

Mercury, based in Mountain View, Calif., last year forced out its chief executive, Amnon Landan, and two other officials after finding dozens of problematic option grants, many of which had been backdated to give the recipients the benefit of lower exercise prices.

MORE

· Hewlett-Packard statement1

· Tale of the Tape: H-P vs. Mercury2

The options troubles led to a large and costly internal investigation; Mercury spent $70 million on lawyers and accountants and other payments. Its stock now trades over the counter, after delays in filing financial reports resulted in its delisting from the Nasdaq Stock Market.

Earlier this month, the company restated years of results, slashing $525.4 million from its net income between 1992 and 2004 -- nearly all as a result of options-related trouble. Mercury still hasn't filed a 2005 annual report or disclosed its current shares outstanding, which would indicate the aggregate value of the deal. H-P said the transaction is contingent on Mercury filing the annual report.

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The investigation also found a loan to Mr. Landan that "lacked documentation supporting its approval" by the board and a pattern of allowing certain executives to exercise their stock options by borrowing money from the company -- loans that in some cases weren't paid back in full.

The internal probes and the restatement likely represent the lion's share of the effort Mercury will need to expend to clean up the options mess. But the bills could still stack up.

BEHIND THE DEAL

Some of the logic behind the merger.

For H-P: · Marks first big acquisition under leadership of CEO Hurd, who is looking to boost growth

· Creates a combined software business with $2 billion in annual sales

· Opportunistic time to acquire sizable, embattled company

For Mercury: · Addresses uncertainty surrounding company's future

· Avoids need for a protracted turnaround effort

· Offer represents 33% premium to closing stock price

Mercury said in a recent securities filing that it expects to "continue to incur significant expense" to deal with the problems. Three Mercury directors have received so-called Wells notices from the Securities and Exchange Commission, indicating the agency is considering pursuing civil charges against them.

A former finance chief also has received a Wells notice, and the SEC is conducting a formal investigation of the company.

Mercury's stock traded at 4 p.m. at $39, up 33 cents, before the announcement. H-P's shares traded at $31.33, up 26 cents, on the New York Stock Exchange.

By adding Mercury, H-P said it can boost the annual revenue of its software business to $2 billion. By H-P's 2008 fiscal year, the company predicted, the combined software business would deliver revenue growth of 10% to 15% and an operating-profit margin of about 20%.

HP To Buy Mercury Interactive For $4.5B (USAT)

By Michelle Kessler And Jon Swartz

USA Today, July 26, 2006

SAN FRANCISCO — Hewlett-Packard said Tuesday that it plans to spend $4.5 billion in cash to buy business software-maker Mercury Interactive, a company plagued by accounting woes.

Mercury, based in Silicon Valley's Mountain View, Calif., makes programs that help manage hardware and other software. That fills a crucial hole in HP's software portfolio, allowing it to better compete with IBM and others, HP CEO Mark Hurd said.

If HP keeps all 3,000 Mercury employees, its software staff will more than double. HP hasn't yet decided whether there will be layoffs, Executive Vice President Ann Livermore said.

The deal also will help the long-troubled division make money. Hurd predicts software operating margins of 20% by HP's 2008 fiscal year, a vast improvement over the 1% the unit posted in its most recent quarter.

But to get those benefits, HP had to pay $52 a share, a 33% premium over Mercury's closing price Tuesday. And HP must grapple with uncertainty because of Mercury's accounting problems.

Mercury faces a Securities and Exchange Commission investigation into whether it manipulated stock-option awards to increase the options' values. Last year, Mercury ousted its CEO and two other executives. This month, Mercury took a $567 million charge to correct this problem.

Mercury still hasn't formally reported earnings for 2005 or this year. The Nasdaq Stock Exchange has de-listed its stock. Mercury shares now trade on informal over-the-counter markets.

HP CFO Bob Wayman said he hired an outside law firm to help evaluate Mercury's legal risk before agreeing to the deal. Executives decided that it was “very manageable.” Still, he told analysts in a conference call that HP has factored “some level of litigation liabilities” into its finances. He did not provide details.

That was enough to comfort some analysts. “HP has the cash flow and the business size to absorb most of the liability on a deal like this,” says tech analyst Stuart Williams at Technology Business Research.

Investors seemed more skeptical. HP shares tumbled 4% to $30.10 in after-hours trading on the news, which was released after markets closed.

The move is one of the boldest yet by Hurd, who took the top job in April 2005 and has focused on streamlining. Hurd's predecessor, Carly Fiorina, was ousted in part because of controversy over HP's $19 billion acquisition of Compaq Computer.

Hurd says the deal doesn't signal a major strategy shift but was the right deal at the right time. He said he's not planning any other big mergers.

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Hurd has acquired several small companies during his tenure, including photo website Snapfish and business-software firms OuterBay, Trustgenix and RLX Technologies.

HP To Buy Mercury For $4.5bn (FT)

By Kevin Allison In San Francisco

Financial Times, July 26, 2006

Hewlett-Packard, the world's second biggest IT company by revenues, on Tuesday revealed plans to buy Mercury Interactive, a business software company that was one of the first companies caught up in the unfolding scandal over stock options backdating.

The deal, worth $4.5bn in cash, is HP's biggest since its ill-starred $21bn acquisition of Compaq, the personal computer maker, in 2001. It values Mercury at $52 a share – a 33 per cent premium over the company's market price.

Mercury, which provides business software testing and consulting services, became a takeover target in November after Amnon Landan, its former chief executive, resigned amid revelations that he and two other executives had inflated the value of stock options by manipulating their purchase dates. Mr Landan was also accused of misreporting grant dates of personal stock options and other financial improprieties.

Mercury's shares have traded on the over the counter market since January, when they were de-listed from the Nasdaq Stock Market for non-compliance with filing requirements. Last month, the Securities and Exchange Commission said it was considering civil charges against some of the company's directors.

More than 80 companies are under investigation in the widening scandal over stock options backdating. At issue is whether senior executives intentionally misled shareholders and regulators by altering the grant dates of stock options to coincide with low points in the value of their companies' shares.

The US Department of Justice last week handed down the first criminal charges related to the controversy, charging two former executives of Brocade Communications Systems, a networking company, with securities fraud.

Mr Hurd said the backdating issue at Mercury had "certainly" affected HP's offer price, but he added that HP had performed appropriate due diligence and was "comfortable that [Mercury's] issues will be resolved."

HP has witnessed dramatic turnaround since Mr Hurd assumed the role of chief executive last year. Shares in the company have risen more than 50 per cent under Mr Hurd, who was seen as bringing renewed discipline to HP after shareholder frustration at the company's volatile performance in the years following the Compaq acquisition led to the ouster of Carly Fiorina as chief executive last year.

Although the Mercury deal marks his first multi-billion dollar acquisition during his tenure as CEO, Mr Hurd told the FT that it did not represent a change in strategy.

"I don't think you should expect us to be doing many [acquisitions of this size]," he said. "This was an opportunity that doesn't come along very often. I don't think you should see us as being highly acquisitive."

HP's shares fell nearly 4 per cent in after-hourstrading after it said the acquisition would reduce earnings by 4 cents a share in 2007. HP said the acquisition would add 2 cents a share to the earnings in 2008.

Blackstone May Enter Bid For HCA (WSJ)

By Henny Sender And Randall Smith

The Wall Street Journal, July 26, 2006

Blackstone Group is considering a possible bid to top the $21.3 billion leveraged buyout of hospital chain HCA Inc., according to a person familiar with the matter.

Deliberations over a bid -- which is far from certain -- are still in the early stages, and Blackstone hasn't yet invited other private-equity firms to join any potential offer, this person said. Shares of HCA closed yesterday at $49.25 in 4 p.m. trading on the New York Stock Exchange, a discount to the $51-a-share price tag of the buyout deal announced Monday.

Blackstone may have a hard time putting a competing bidding group together because in the incestuous private-equity world, other firms may be reluctant to challenge the offer HCA accepted from Bain Capital, Kohlberg Kravis Roberts & Co. and Merrill Lynch & Co. Spokesmen for Blackstone, Merrill and Bain declined to comment, as did a spokeswoman for KKR. HCA officials couldn't be reached.

PRIVATE-EQUITY DEALS

· In HCA Deal, a Risky Bet on Growth1

7/25/06

· Who's Who:2 Major private-equity firms, players, deals and holdings

· Timeline:3 Milestones in the industry's growth since the mid-1990s.

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· Big Buyouts:4 Almost all of the largest buyouts have occurred in the past two years. See the biggest announced U.S. buyouts.5

Terms of the agreement make it difficult and costly for a challenger. The pact gives Bain, KKR and Merrill the right to top any counteroffer. A second bidder would have to go through due diligence, which could cost $10 million to $20 million, without the certainty that the work would culminate in a deal.

If a rival bidder tops the current agreement, a breakup fee of $300 million would be payable to Bain, KKR and Merrill, according to a filing with the Securities and Exchange Commission. Their group also includes HCA top management as well as members of the Frist family, who founded the hospital chain and own a 4.4% stake, presenting another obstacle to a rival bidder.

Competing bidders have 50 days from Monday to submit an offer topping the management-backed deal. A potential Blackstone bid was reported yesterday on the online edition of the Times of London.

The HCA deal comes at a time when private-equity firms are raising ever larger funds. Blackstone for example, recently closed a $15.6 billion fund, making it the world's largest -- however temporarily. Still, despite bulging coffers, the private-equity firms are still trying to steel themselves against a "sky's-the-limit" approach when it comes to bidding.

If Blackstone does mount a rival bid, it could set up a rerun of the kind of battle that occurred in 1988 for RJR Nabisco Inc., which set the previous record for the biggest buyout -- a $25 billion deal that topped $31 billion counting $6 billion in assumed debt. In that battle, KKR itself topped a management-backed bid. That bidding war, driving up the price, ultimately made the deal less profitable -- a lesson private-equity firm executives say they have learned.

The HCA buyout already exceeds RJR in size when HCA's $11.7 billion in debt is added to the total, giving it a total value of about $33 billion. The investment bankers representing the Nashville, Tenn., company, Morgan Stanley and the Credit Suisse unit of Credit Suisse Group, plan to open a data room to allow prospective bidders to examine HCA data, but haven't done so yet.

Aside from financial or tactical considerations, there is also the question of personalities. Such a contest would pit a younger challenger, Blackstone chief executive Stephen Schwarzman, against KKR chief Henry Kravis, who prevailed in the RJR contest.

Some executives both involved and uninvolved in the deal say to pay any more for the health-care company would be difficult. Moreover, the sector is subject to regulation and possible legislative action in the face of soaring health-care costs. Some potential Blackstone partners also have antitrust concerns as a result of investments in other hospital operators.

The HCA deal comes just weeks after private-equity firms teamed with management in the buyout of Kinder Morgan Inc. But while the management, led by Rich Kinder, ruled out entertaining any other bids, HCA hasn't sent out such a clear signal.

Canada Clears Phelps Dodge-Inco Deal (AP)

AP, July 26, 2006

Canadian Officials Approve Phelps Dodge Planned Acquisition of Inco

PHOENIX (AP) -- Phelps Dodge Corp. said Tuesday that Canadian officials unconditionally approved its purchase of Canadian nickel miner Inco Ltd.

As a result, Phelps Dodge now has both Canadian and U.S. antitrust clearance for its proposed acquisition of Inco, Phelps Dodge officials said.

Meanwhile, Inco has received all necessary regulatory approvals to continue its proposed acquisition of Toronto-based miner Falconbridge Ltd. for $17.3 billion in cash and stock.

Xstrata PLC has also bid $16.9 billion in cash for Falconbridge. The companies have been locked in a bidding war for months.

Phelps Dodge shares closed up $2.75, or 3.6 percent, at $79.43, while Inco shares closed up 44 cents at $72.57, and Falconbridge shares closed down 17 cents at $54.62, on the New York Stock Exchange.

ENVIRONMENT/INDIAN AFFAIRS:

Federal Judge Says Mass. Oil Spill Act Unconstitutional (AP)

By Denise Lavoie, AP Legal Affairs Writer

AP, July 26, 2006

BOSTON (AP) A federal judge has thrown out key provisions of a 2004 state law aimed at preventing oil spills, ruling that the statute is pre-empted by federal law and therefore unconstitutional.

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The Legislature passed the Oil Spill Prevention Act after a Bouchard Transportation Co. barge struck a rocky ledge at the mouth of Buzzards Bay, spilling 98,000 gallons of oil, polluting more than 90 miles of shoreline and closing nearly 100,000 acres of acres of shellfish beds.

The law created a series of rules and regulations governing vessels transporting oil in Massachusetts waters, including requiring vessel owners to hire a Massachusetts-licensed navigational guide and to implement alcohol and drug-testing policies. The law also mandated tugboat escorts for vessels traveling in certain waters.

The federal government, along with barge operators, challenged the law, arguing that federal law already mandated regulations for oil tankers.

In a ruling Monday, U.S. District Judge Joseph Tauro agreed, saying those portions of the law are pre-empted by federal laws, including the Port and Waterways Safety Act of 1972 and the Port and Tanker Safety Act of 1978.

Tauro said the challenged provisions of the state law are ``pre-empted, invalid and unconstitutional." His ruling bars the state from enforcing seven provisions of the law.

Supporters of the law said they were angered by the ruling.

``We felt criminally abused by the initial oil spill and now we feel abused twice," said state Sen. Mark Montigny, D-New Bedford, one of the lead sponsors of the law.

``We have no faith that the Coast Guard will enforce regulations adequate to prevent serious abuse of Buzzards Bay by corporate polluters," he said.

Attorney General Tom Reilly, whose office defended the law, said he would review the ruling and decide what other legal action his office may take.

``I am proud of Massachusetts' efforts to protect our precious coastline and our coastal communities. We were forced to pass a new state law in part because the Coast Guard had failed to adopt its own adequate safeguards," Reilly said in a statement.

``We're pleased with the court's ruling," said Charles Miller, a spokesman for the Justice Department.

The Coast Guard is aware of the criticism from state officials and is working with state and local governments to toughen regulations regarding Buzzards Bay, Lt. Cmdr. Benjamin Benson said.

``This suit was necessary to uphold the regulatory framework that Congress gave the Coast Guard to implement," Rear Adm. Timothy Sullivan, the Coast Guard's district commander in Boston, said in a statement.

Tom Allegretti, president and chief executive of American Waterways Operators, an industry group representing tugboat and barge operators, was ``gratified" by the ruling. ``For each portion of the Massachusetts state statute struck down in this case, there is a federal statute or regulation already in place," he said.

The law established a trust fund that receives two cents for every barrel of industrial oil shipped into Massachusetts. That portion of the law was not challenged, so it remains in place, said Mark Rasmussen, executive director of the Coalition for Buzzards Bay, one of the sponsors of the state law.

Rasmussen said environmental groups are disappointed by the ruling because it strips them of safeguards and protections added by the law.

``It sort of puts us back in the dark ages of oil spill prevention in Buzzards Bay," Rasmussen said. ``There's nothing to say we are not just as much at risk as we were the day the last spill happened."

Bouchard, based in Melville, N.Y., paid a $9 million fine after the 2003 spill.

The seven provisions of the law struck down by Tauro's ruling were:

A prohibition of vessels with certain design characteristics from docking, loading or unloading in Massachusetts waters.

The establishment of manning and navigation watch requirements for towing vessels and tank barges.

A requirement that vessels carrying oil in certain waters employ a Massachusetts-licensed navigational guide.

A requirement that tank vessel owners implement alcohol and drug-testing policies, and equip their vessels to conduct such testing.

A mandate for tugboat escorts for tank vessels traveling in certain waters.

A requirement that tank vessels follow mandatory vessel routes through Massachusetts waters.

A requirement that any vessel carrying oil in Massachusetts waters presents a certificate of financial assurance to the state Department of Environmental Protection.

Landrieu Key To Drilling Vote (RC)

By Erin P. Billings

Roll Call, July 26, 2006

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Hoping to bolster Sen. Mary Landrieu's (La.) political viability going into her 2008 re-election bid, Senate Democratic leaders have made it clear to their Caucus that the controversial offshore drilling bill before the chamber should not be blocked, even if it means Senators must hold their noses to let it move ahead.

Several senior Democratic aides said Minority Leader Harry Reid (Nev.) has been keeping an eye on next cycle as the offshore bill heads to the floor today. Reid, along with other leaders, understands the measure will help boost Landrieu's re-election — and would ease her decision to stand for another term — by reinforcing a résumé of accomplishments she can tout to constituents in the conservative-leaning state.

"This is a tricky one," said a senior Democratic Senate staffer. "There are impassioned voices on both sides of the debate. Leadership has to look out for the best interest of the Caucus as a whole."

The offshore drilling bill would establish a lucrative revenue-sharing program for Gulf Coast states, something particularly critical to Louisiana, which was devastated last year by Hurricane Katrina. Still, the bill has divided Democrats, many of whom harbor concerns about the plan's environmental impact and fear the narrowly drawn Senate version could be broadened in a conference with the House to include offshore drilling beyond the region. Florida Democratic Sen. Bill Nelson has been particularly insistent that the chamber not accept any changes to the Senate proposal in talks with the House.

Reid, earlier cautious about describing his position on the bill, made plain Tuesday that he will vote in favor it and believes the measure has enough backing from the entire Senate to move through in the coming days.

"Unless something changes, I am going to be supportive of this legislation," Reid said. "I think it will pass."

In an interview Tuesday, Landrieu said Reid's support — along with that from other Senate leaders including Majority Leader Bill Frist (R-Tenn.), Majority Whip Mitch McConnell (R-Ky.) and Energy and Natural Resources Chairman Pete Domenici (R-N.M.), are essential to the bill's chances for passage. She said the legislation will provide great benefit to her state, and that Reid has shown "a tremendous amount of support."

"I don't think it's an overstatement to say this is the most important issue to Louisianans right now," Landrieu said.

Several Senate Democratic aides said Reid understands the political realities of the bill, but he also is looking at maximizing the chances of having a Democratic majority in 2008. Landrieu is critical to that equation, sources said.

"She's got a tough re-election in a tough state," said a senior Democratic staffer. "Reid knows he needs to start taking care of her now rather than waiting until crisis time."

While 2006 is a high-stakes election year, even Reid has acknowledged Democrats would need to catch lightning in a bottle to win the six seats necessary to retake control of the chamber in November. Senate Democratic leaders already are plotting for 2008, when 21 Republican incumbents are up for re-election, compared to just 12 Democrats.

Landrieu, who eked out a narrow runoff win in 2002 to secure her second term, likely would be atop the Republican target list next cycle.

When asked about the offshore drilling issue as it relates to 2008, Landrieu didn't specifically address her next campaign. However, the two-term Senator said, "hopefully the people of Louisiana know how hard we all fought for this to become a reality. They are all aware of how hard our delegation has worked."

"Again, I would just say that this is the most important issue to the people in Louisiana," she said. "I am proud of making it a possibility. It is the work of a lot of people."

Landrieu noted that the bill is supported by Gulf-state delegations and that the offshore drilling allowed — 100 miles from shore — would be done in an environmentally safe manner. She said the legislation is a "mission for justice" to allow those oil supplies to be tapped.

When asked about the bill and its possible 2008 implications for Landrieu, Sen. Charles Schumer (N.Y.), chairman of the Democratic Senatorial Campaign Committee, would only say: "Mary has been a leader on this. There's a lot of logic to it on her side."

Several Democratic aides noted that while Reid didn't directly ask lawmakers not to block the bill, his message about keeping the filibuster trigger locked has been heard. Those aides said the Democratic leadership wants to help Landrieu's standing in a state that has been difficult for Democrats in recent years and is becoming increasingly unpredictable politically.

Underscoring that may be the recent mayoral race in New Orleans in which Landrieu's brother, Lt. Gov. Mitch Landrieu, lost to embattled incumbent Mayor Ray Nagin. That race underscored the racial voting divide in the state, and perhaps provided a glance at the volatility in play next cycle.

Democratic leaders also don't want to make the Caucus an unfriendly one for Landrieu, recognizing the state is a challenge for the minority party and has a history of playing host to party-switching lawmakers such as one-time Democratic-turned-Republican Reps. Rodney Alexander and now-retired Billy Tauzin.

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Republicans privately acknowledge Landrieu could be a prime target for them if after November the Senate moves into a precarious split where she could serve as a tipping point for the majority, just as then-Republican Jim Jeffords (Vt.) was for the Democrats when he switched to become an Independent.

But Landrieu spokesman Adam Sharp was quick to shoot down any suggestion that his boss would even toy with a jump to the other side of the aisle: "Mary Landrieu is a moderate Democrat, but at the end of the day she is the same as she was at the beginning of the day, a Democrat."

Either way, Landrieu's next race will not be a walk. And more importantly than her party affiliation may be Democratic leaders' ability to convince her to run for re-election in 2008 and beyond. An open seat, Democratic sources said, is as good as a Republican seat in Louisiana.

"[Reid] needs to make sure she runs," said one Democratic operative. "She has done so much for that state. She's got to be able to show a clear victory — and this would be one."

"He wants her to come back and run again because chances are we aren't going to win [in 2006]," the operative continued. "Mary can win this seat."

Senators will vote this morning on a motion to proceed to begin debate on the offshore drilling bill, a move that requires the support of at least 60 Senators. Frist expressed confidence on Tuesday that the threshold will be met easily and said he is working with Reid to ensure the bill moves ahead through the chamber smoothly.

The ultimate vote count, Frist said, "depends in large part on Sen. Landrieu and how effective she is in talking to her colleagues in getting bipartisan support."

Cuba Oil Probe Spurs Calls For U.S. Drilling (WT)

By Patrice Hill

The Washington Times, July 26, 2006

Congressional proponents of oil and gas drilling are pointing to Cuba's exploration off the coast of Florida -- with help from China -- as a prime reason to open up U.S. drilling in the eastern Gulf of Mexico.

But Florida legislators continue to resist, and some of them are trying to stop Cuba's activities by pushing to rescind a 1977 treaty dividing the Straits of Florida halfway between the two countries.

The Bush administration, with an eye toward the pivotal role Florida has played in presidential politics and out of solidarity with President Bush's brother, Florida Gov. Jeb Bush, has largely sided with Florida in the dispute. It supports only very limited drilling off the coast of Florida, as would be permitted under a bill pending in the Senate.

"American politics today -- it is the no-drill zone," said Sen. Larry E. Craig, Idaho Republican.

"We sit here watching China exploit a valuable resource within eyesight of the U.S. coast," he said, noting that one 2005 U.S. Geological Survey estimated the North Cuba Basin may contain as much oil as the Arctic National Wildlife Reserve in Alaska.

"I am certain the American public would be shocked, as this country is trying to reduce our dependency on Middle East oil, that countries like China are realizing this energy resource," Mr. Craig said.

"This is a pocketbook issue, not a political issue. Whole regions of the Gulf are not available for drilling today," said Sen. Jeff Sessions, Alabama Republican, who has sought to find ways to expand exploration in the Gulf of Mexico.

"What is happening? Fidel Castro in Cuba is partnering with China and is moving forward. ... He can drill, but we cannot. He can take the money and fund his adventures around South and Central America. ... Is that what people would like to see?"

Congressional policies since the 1970s have fostered fuel consumption, he said, but at the same time prohibit further drilling domestically for the sake of the environment.

The result has been growing dependence on oil imports, which now provide more than half the fuel Americans use, although legislators routinely denounce the nation's reliance on "foreign oil" when they renew the ban on domestic drilling.

The Senate this week is expected to try one more time to break the impasse over drilling in the eastern Gulf with a bill that would open up a key tract to exploration but provide a 125-mile no-drilling buffer zone for Florida.

News last winter that Cuba has hopes of finding commercially viable reserves of oil in the Straits of Florida helped to nudge Florida's senators toward endorsing the Senate bill after years of opposing any drilling at all, congressional aides said. But Florida legislators in Congress continue to oppose any broad new exploration activities in state waters.

Mr. Craig said drilling advocates sought to alert Congress this spring to Cuba's activities. But rather than reconsider the U.S. drilling ban, he said, drilling opponents dug in their heels and tried to stop Cuba, too.

"Do we want to emulate the actions of nations like Cuba and China? Do we want the Florida Straits dotted with oil rigs?" asked Rep. Debbie Wasserman-Schultz, Florida Democrat. "I think not."

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Sen. Bill Nelson, Florida Democrat, introduced legislation to prevent the Bush administration from renewing a maritime treaty that enables Cuba to conduct commercial activities in its half of the Straits -- unless the administration gets an agreement that prevents Cuba from putting oil rigs close to Florida.

The treaty carves an exception to the 200-mile boundary of control the U.S. claims in its coastal waters. It was never ratified by the Senate, so it must be renewed every two years by the State Department. It expired in January.

If the U.S. abandons the treaty, Mr. Nelson reasons, the Straits of Florida would become disputed waters and multinational oil companies would be reluctant to invest the money needed to explore for oil there. His bill would further discourage drilling by authorizing the administration to punish executives of foreign oil companies that continue to drill off the northern coast of Cuba by denying them visas.

"So far, there have been no significant finds of commercially viable oil. Yet some members of Congress now are citing Cuba's plans to drill close to Florida as justification for their proposal to allow U.S. oil companies to drill 20 miles off Florida's Gulf coast," he said.

Still, Mr. Nelson concedes that drilling proponents are making headway as the public fumes over record high fuel prices. "With several drilling proposals pending before Congress, our state's unique environment and tourism-driven economy are in more jeopardy now than ever before," he said.

Mr. Nelson on Monday renewed his vow to stop any drilling legislation that goes further than the Senate bill. A House bill would allow far more aggressive drilling in the outer continental shelf off Florida and elsewhere in the Gulf, if state legislatures vote to permit it. But it also would permit the Florida Legislature to ban drilling up to 100 miles offshore -- a provision widely supported by Florida's congressional delegation.

Ethanol's Rise Prompts Worries Of A Corn Crunch (CSM)

By Mark Clayton

The Christian Science Monitor, July 26, 2006

Iowa's corn fields may seem like endless green oceans, but if dozens of new corn-to-ethanol biorefineries now in development are all built, they could swallow most of the state's corn crop.

Amid America's rush to replace gasoline with homegrown alternatives like corn-based ethanol, some researchers worry that the results may benefit motorists at the expense of higher food costs and fewer US crop exports. It also raises ethical and environmental questions about the best uses of crop land.

Fresh signs of ethanol's new economic impact are expected soon. After languishing for years, corn prices are projected to rise about 25 percent from around $2.00 a bushel currently to $2.45 a bushel this next crop year, reports the US Department of Agriculture (USDA). But as ethanol demand for corn kicks in, prices could go much higher in the future depending on gasoline prices. Meat and grocery prices could eventually rise as well, some analysts say.

"Ethanol has had huge impact on corn markets," says Jason Hill, a University of Minnesota researcher and coauthor of a study on ethanol's environmental impact published in the proceedings of the National Academy of Science last month. "Competition between food and fuel is growing, along with the environmental consequences as more ethanol facilities are built," the study says.

The drive to produce food-based biofuels is misplaced, because even if all US corn and soybeans were used, they "would meet only 11 percent of gasoline demand and 8.7 percent of diesel demand. There is a great need for renewable energy supplies that do not cause significant environmental harm and do not compete with food supply," the study says.

Such concerns aren't slowing the gold rush. With 101 ethanol biorefineries operating today, the US has 4.8 billion gallons of ethanol-making capacity, says the Renewable Fuels Association (RFA), which represents ethanol producers. Thirty-four new facilities and expansions of some existing plants will soon add 2.2 billion gallons of capacity toward the new Renewable Fuels Standard of 7.5 billion gallons by 2012. One-fifth of corn harvest for ethanol

About one-fifth of the 2006 corn harvest this year will be used to make ethanol, estimates Robert Wisner, an economist at Iowa State University at Ames. By 2012, ethanol's share of the corn crop could nearly double, he says.

"This is a huge transition [for corn growers] from being a food producer to being a major source of energy," says Dr. Wisner, who says ethanol may munch the state's corn crop in a few years. "Once these plants are built, they will continue operating and purchasing corn unless conditions become extremely negative."

One key impact is that the price of feed corn for cattle, pork, and poultry could rise 60 to 70 percent over the next two years, although meat and other grocery items may not see significant price gains for up to four years, Wisner says.

"We're monitoring the situation carefully," says Gregg Doud, chief economist for the National Cattlemen's Beef Association. Corn residue from ethanol production is a good feed supplement, but because ethanol removes starches, it does not meet all cattle nutrient needs, he notes.

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Many don't see a problem ahead for the corn supply. As prices rise, more acres now devoted to other crops will shift to corn instead, experts say. New technology and genetically modified strains of corn are already producing higher crop yields.

"We've never said the ethanol industry would lead the US to energy independence, but it's part of it," says Jon Doggett, vice president of public policy at the National Corn Growers Association. "If we get price spikes, our growers are going to plant more to meet that demand."

"Everyone is aware of the limits on corn-based ethanol," says Matt Hartwig, a spokesman for the RFA. "That's why nearly everyone involved in this is also working on cellulosic [ethanol]. We're conscious of that upper threshold."

If cellulosic ethanol, which is made from nonfood crops such as switch grass and crop waste, becomes competitive, it could mean a dampening of demand to convert corn to fuel.

Until then, ethanol's larger share of the US corn crop could mean less US corn available for export, crimping some developing nations' ability to feed their poor - especially in years when corn-crop yields are sub par, some warn.

"Cars, not people, will claim most of the increase in world grain consumption this year," writes Lester Brown, president of the Earth Policy Institute, an environmental think tank.

Though global demand for food is expected to almost double in 50 years, consumption of transportation fuel is expected to grow even faster, Dr. Hill's study reports. Food v. fuel: a 'false choice'

"The question of food versus fuel is a false choice, because the answer is we can do both," says Mr. Hartwig.

Others say the threat is not acute due to flexibility and reserves in the global agricultural supply system and many alternatives to corn and other bio-fuel grains for making fuel.

"Any rise in price or reduction in corn availability from the US will certainly affect people in developing nations," says Siwa Msangi, a research fellow at the International Food Policy Research Institute in Washington. "But we don't believe it will become a dire situation."

These questions don't worry some corn farmers including Ken McCauley. He and his neighbors near St. Joseph, Mo., are partners in a new ethanol facility that goes online in January.

To them, ethanol is a breakthrough that means making a profit instead of just breaking even. "You hear a lot of talk about there not going to be enough corn, but we've created this new demand, and we're actually helping meet the energy security needs of the country," he says. "We'll grow enough for everyone."

How Corn Became Like Vegas (WSJ)

By Ann Davis

The Wall Street Journal, July 26, 2006

As rising oil prices drive up demand for ethanol and other alternative fuels, the once-sleepy futures market for corn is looking like a casino, and a variety of related investments are reaping benefits.

Exchanges that offer investors a way to bet on tomorrow's prices for the yellow kernels, a key ethanol ingredient, have been inundated with money. Bullish commodity traders, along with farmers and food companies trying to manage risks, have pushed up the number of bets outstanding on the Chicago Board of Trade. Open contracts to buy or sell 5,000 bushels of corn in the future hit 1.39 million as of Monday, a 77% jump so far this year.

Open interest is considered a better measure of how much money is invested in the market than the number of contracts traded each day.

Ways to wager in the market for corn-based ethanol are proliferating, too. An ethanol-futures contract introduced in March 2005 on the CBOT hit a record of 1,068 open contracts July 10. While small, that is 20 times the number a year ago, in part because the government has increased requirements for blending ethanol into gasoline.

The activity has grown so frenetic that the CBOT, a unit of CBOT Holdings Inc., this month leased out the last remaining booth on its agricultural-futures trading floor -- desk space for traders and clerks. By contrast, its financial-futures trading pit has ample space for newcomers. A full-privilege membership, or seat, on the CBOT sold at a record $3.2 million in April. Full-membership seats, which confer the right to trade on the exchange, were selling for about $2 million last summer.

Prices have been volatile, with both corn and ethanol spiking earlier this summer and falling to what are historically high levels. Corn futures are up 11% so far this year to $2.3950 a bushel. (A bushel is equal to 56 pounds of shelled corn, or the number of kernels on about 90 ears of corn.) Ethanol futures are up 25% year to date, to $2.608 a gallon. Wheat prices have hit 10-year highs as a summer drought limits crop yields and demand increases for wheat-based fuels in Europe and elsewhere.

In the stock market, speculators are welcoming a bumper crop of initial public offerings of stocks in ethanol makers. Investors with a longer-term view are amassing agricultural and undeveloped land around the world on the belief that values will skyrocket amid competition between crop-based fuels, known as biofuels, and demand from an increasing Asian population with the means to buy more food and a greater variety.

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Skeptics warn that ethanol can't solve the U.S.'s energy needs, both because it takes so much energy to produce and generates less energy per gallon than gasoline. The market for ethanol could suffer if oil prices drop and make alternative fuels less attractive. Prices could fall as more ethanol production comes online and the summer driving season ebbs.

Corn is vulnerable to big price fluctuations depending on weather and global crop yields. The technology for many other biofuels is still developing. But fans of the once-unglamorous agricultural markets cite a host of factors pointing to a volatile but long bull market.

"We think the hedge-fund industry will look at the 'ags' [agriculturals] as the next sector to invest in," says Dan Basse, president of AgResource Co. in Chicago, an economic-forecasting firm. Calling late 2006-07 "Ags' Year," he says speculators have yet to really pour in.

Terry Reilly, agricultural-futures analyst with Citigroup, expects corn to hit $4 to $4.50 per bushel by 2008 or 2009, and forecasts an average during the next few years between $3 and $3.75.

Mr. Basse estimates that it would take $6-a-bushel corn for investment in the ethanol industry to slow. High fuel prices, along with government subsidies, make ethanol plants enormously profitable. Makers can buy corn at $2-plus a bushel and make $5 to $6 profit from that raw material. Production is also getting more efficient.

Dozens of ethanol-production plants are getting financed, including a wave of projects in Texas and on the East and West coasts, says Chris Groobey, an attorney at Baker & McKenzie in Washington focusing on financing energy projects. He said the building of these plants contributes to market speculation in corn, because lenders to ethanol producers are insisting that they hedge against further price spikes in corn, their single biggest expense.

Add to the calculus that energy-and-food consumers around the globe are set to compete for limited harvests. World corn stocks are at their lowest levels since 1984, and the U.S. is devoting an increasing amount of its crop yields to ethanol. China, long a major exporter of corn, turned into a net importer in June, says Mr. Basse. Wheat inventories are relatively low, just as Europe plans to devote more of it to biodiesel production and India has become a net wheat importer, rather than exporter, to feed its increasing population.

Meanwhile, farmers, food producers, and livestock-feed sellers have joined some commodity-based hedge funds and ethanol makers in betting years into the future on crops, behavior once shunned as risky. Whereas for the past decade, investors have had a few hundred to 1,000 bets outstanding on so-called long-dated CBOT corn contracts for delivery two years away, open interest has shot to more than 50,000 in December 2008 contracts, the exchange says.

"That's pushing volume and open interest further out than anything we've ever seen before," says Bob Ray, senior vice president of business development at the CBOT.

Hot? Yes. Global Warming? Maybe. (LAT)

By Robert Lee Hotz And Erin Cline

The Los Angeles Times, July 26, 2006

The heat was unreal — so blistering that a windowsill thermometer overlooking Olympic Boulevard in downtown Los Angeles blew its top when the mercury hit 130 degrees. People consumed so much water that parts of the city briefly ran dry. Four people died. Dozens were hospitalized.

It was still 89 degrees at 1 a.m.

The record hot spell did not occur in 2006, but 1955, long before scientists raised the prospect of global warming and climate change.

The extreme temperatures of this year's heat wave have been so intense that they have created a sense of fundamental change — that somehow Los Angeles is on the verge of a searing future.

But few events occur with such regularity or are so quickly forgotten as Southland heat waves, with extremes of temperature rising and falling in a regular rhythm like rolling curls of surf.

Climate experts at the Jet Propulsion Laboratory in La Cañada Flintridge and the Scripps Institution of Oceanography in La Jolla cautioned Tuesday that no single event — no matter how unusual — could be directly attributed to global warming and the effects of pollution.

There is such natural variability in temperature that even a record scorcher is just one data point in a long temperature timeline.

"To call it global warming would be overdoing it," said climatologist Daniel R. Cayan of Scripps and the U.S. Geological Survey. "This is largely natural variability."

But the current heat wave, which has been brewing since May, has nonetheless raised alarms. It is simmering with sustained intensity, echoing record high temperatures now wilting Europe and Asia.

"There may be some exacerbating climate change ingredient," Cayan said. "In fact, it is almost certain."

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The current high temperatures fit with extremes that have been on an upward arc for the last century and are in line with computer projections for more records in the future.

"What we now call extreme events are becoming run-of-the-mill happenings," said Scripps climatologist Tim Barnett.

The first six months of 2006 were the warmest in the United States since record-keeping began in 1895, according to the National Climatic Data Center. The 10 hottest years on record have all occurred since 1990, a trend that a majority of scientists say is in large part attributable to human production of greenhouse gases, which trap heat in the atmosphere.

All told, the planet has been slowly warming for a century, with Earth's average temperature rising by 1.6 degrees. In Los Angeles, the average daytime temperature has increased 3 degrees over the last century, while nighttime temperatures have increased 7 degrees, records show.

In 1939, a high of 107 degrees broke all records. By 1955, the record high was 108 degrees; it crept to 109 degrees by 1963, and in 1990 reached 112 degrees.

Such temperature extremes arise from a cat's cradle of causes, experts said. The current weather is affected by an extended regional drought and broader, long-term climate trends that encompass much of the Northern Hemisphere.

The effects of urban development also play a major role, as thousands of square miles of dry chaparral are transformed into highways, housing tracts and strip malls — all of which retain heat.

The immediate cause of the current heat is a lingering high-pressure system centered over the Four Corners region of the Southwest, said JPL climatologist William Patzert.

As it slowly turns clockwise at about 15 mph, that immense wheel of air also sweeps the ocean's warm surface water against the Southern California coast, eliminating the cooling marine breeze that tempers the local climate, he said.

An extended drought in the Western states has strengthened the high-pressure system, while the jet stream, which in a normal year would help cool the West, has kept north of the Canadian border.

"This heat wave is coast to coast, border to border," Patzert said. "It has been going on for six weeks now where temperatures have been abnormally high. Now they are off the scale."

The patterns have come and gone in the past.

In July 1931, sweltering Angelenos bemoaned the 37th straight day of extreme high temperatures — at that point the longest stretch of hot, humid local weather in the history of the National Weather Service.

Few recalled that, a generation earlier, as temperature records shattered in July 1891, perspiring businessmen sought shelter in the cool of the Grand Opera House and worried that such searing temperatures might mar efforts to market California's perfect climate to Easterners.

No one then would have blamed global warming — a concept that did not gain scientific currency until the 1980s.

Since then, scientific understanding has progressed in lock step with a contentious political debate.

The debate eludes resolution because of the difficulty of separating normal temperature swings from longer trends. In the effort to understand climate, certainty comes only with the hindsight of centuries.

The severity of the current heat wave, in which temperatures this month have reached 100 degrees or more for at least 10 straight days, marks the first time in 57 years that both Northern and Southern California have experienced simultaneous, extended high temperatures, California's Undersecretary for Energy Affairs, Joe Desmond, said Tuesday.

"This is a historic heat wave," Desmond said.

Still, Patzert said of California's weather: "Is that a part of global warming? I don't know."

Some scientists, however, believe it a harbinger of more extreme summers in decades to come.

"People talk about tipping points," said Scripps' Barnett. "We have gone past it. There is nothing we can do to stop it now. The only question is how big a hit we are going to take."

Whatever the ultimate scientific truth, this month's weather has been for many Southern Californians a perceptual tipping point that brought home the possibility of global warming, just as the fury of Hurricane Katrina did for the people of New Orleans.

Inside the air-conditioned darkness of the Majestic Crest Theatre in Westwood, Max Furstenau, 18, was cleaning up after Tuesday's 3 p.m. showing of "An Inconvenient Truth," in which former Vice President Al Gore made the case for global warming.

Outside, the weather had finally cooled to the comfortable mid-80s. The day before had hit 110 degrees, breaking the record of 107 set in 1954.

"I know it's happening," Furstenau said.

Rangers Take On Urban Woes In Wide Open Spaces (NYT)

By Timothy Egan

The New York Times, July 26, 2006

DOJ_NMG_0043169

RENO, Nev., July 19 — For Dave Leveille, patrolling the biggest national forest in the contiguous United States has nothing to do with examining tree rings or dispensing hiking tips. He is a forest ranger with a badge and a 16-round sidearm, and every day brings fresh examples of the kind of unnatural things that people do in nature.

Mr. Leveille has been spat on, kicked, chased by snowmobilers and other off-road-vehicle riders. At least once a week, somebody calls him the kind of name that would make Smokey Bear blush. And what happens in Las Vegas or Reno does not stay there; often it ends up in the neighboring Humboldt-Toiyabe National Forest, Mr. Leveille's six-million-acre beat.

"What have we got here?" he said at a United States Forest Service trailhead that looked like a dump, just outside a housing development in the raisin-faced hills above Reno. "Somebody decided they didn't want their couch anymore. And what's this?" he picked up a makeshift pipe. "Looks like a bong."

At a time when threats and assaults against forest rangers are soaring, and urban crime has spilled into the sea of public land that surrounds many of the fastest-growing cities in the West, his job has never been more challenging, Mr. Leveille said.

Nationwide, there were more attacks and altercations involving forest rangers last year — 477, compared with 34 a decade ago — than any other year, according to government figures released last month by a public employee advocacy group.

As the 193 million acres of national forest become increasingly popular playgrounds, there are more clashes with the small cadre of forest rangers who work as law enforcement officers, the figures showed.

In some of the incidents reported last year, a ranger near Lake Tahoe was run down by a man who later pleaded guilty to assault with a deadly weapon — a snowmobile.

In the deep-forested foothills of California, where new strains of high-potency marijuana are grown for sale by Mexican cartels, shots were fired at rangers. And a pair of Forest Service archaeologists were threatened by people who complained that the archaeologists' scientific work was interfering with a self-described "vision quest" of fasting and feasting.

"There's been a huge increase in the number of incidents, in large part because what had once been urban problems are now happening deep in the backwoods," said Jeff Ruch, executive director of Public Employees for Environmental Responsibility, a nonprofit group representing about 10,000 people who work on public lands, which compiled the assault figures.

At the same time, the number of rangers with police power has been nearly halved in the last decade, to 550 from more than 980 because of budget cuts and because some rangers have been assigned to other duties. There is now one law enforcement ranger for every 291,000 acres, or one for every 733,000 visitors, according to Forest Service figures.

"There's no question that the forests have become much more dangerous and the amount of violence we're dealing with has greatly increased," said John Twiss, director of law enforcement for the Forest Service.

Mr. Twiss said officials were working on a plan to rebuild the depleted ranks.

The larger problem, rangers say, is not that national forests have become crime-infested jungles. But that as cities like Reno; Denver; Phoenix; Tucson; Albuquerque; and Boise, Idaho; and smaller communities like Bend, Ore., and Moab, Utah, grow at rates far beyond the national average, they bump against the public land that surround them, carrying urban crimes to open space.

In fast-growing Snohomish County, Wash., a woman and her daughter were killed earlier this month on a popular hiking trail. The crime remains unsolved.

"Our biggest problem with corpses is all the bodies being dumped in the national forest," Mr. Leveille said. "Particularly in the south, as you get closer to Vegas."

Reno is emblematic of the problems. The Biggest Little City in the World, as Reno calls itself, is starting to live up to its nickname — growing 45 percent in the last 15 years. Its metropolitan area, with about 400,000 people, has 96 miles of border with the national forest.

There are plenty of bird-watchers, dog-walkers, hikers and assorted daydreaming nature lovers, forest rangers say. But a lot of people also use the forest as a party site, a dirt-bike playground, a hideaway for a drug laboratory, or a dump.

"Last week we broke up a rave," said Mr. Leveille, a veteran of 28 years in the Forest Service. "It was pretty wild — about 250 people, a lot them high on Ecstasy. Most folks just scattered. But some of them wanted to linger around and touch us, and that's considered a federal offense."

Methamphetamine laboratories are a particular problem, rangers say, mainly in the forests with the biggest canopy cover, like those in the Appalachian Mountains and the Pacific Northwest. In the last four years, rangers made 1,600 felony drug arrests and seized 759 methamphetamine laboratories in national forests, government records show.

"Methheads — tons of them," said Mr. Leveille, a short, wiry ranger with a graying Fu Manchu mustache and a graveled voice worn down by years of smoking and fighting fires.

Mexican drug cartels operate in 33 of the 155 national forests, said Mr. Twiss, the chief of law enforcement. Rangers say that as the nation's borders have tightened in recent years, marijuana cartels have moved into national forests, particularly in California. They say it is easier to grow marijuana and ship out it of American national forests than to bring it across the border.

But that poses a huge problem for Forest Service law enforcement officers, who are not used to dealing with that level of organized crime, rangers say.

"Every forest in California has a cartel,'' Mr. Twiss said, "and these people are heavily armed and they are dangerous." Fires at the urban edges, many caused by arsonists, take up more time than ever, rangers say, as housing subdivisions are built in areas prone to wildfire.

"All around you, none of these houses were here just four years ago," said Mr. Leveille, driving on the road to Mount Rose outside Reno, thick with the kind of ponderosa pines in the old TV series "Bonanza."

For the thousands of homes fresh-planted among the pines, the selling point was proximity to a national forest, wilderness as a backyard.

"These rich homes, we get a lot of calls from people who live here who are just scared to death of fire," Mr. Leveille said. "They're very demanding. And gunfire — oh, God. Anytime they hear people shooting their rifles, they think it's a war. But our shooting regulations are minimal on public land."

By far the biggest problem, Mr. Leveille said, is with people riding off-road vehicles or snowmobiles, a complaint echoed by the public-land employee group. "In many parts of the West, it's a Mad Max situation, with a quarter-million people on a weekend and one ranger to keep them from tearing the place up," said Mr. Ruch, the director.

Here in the Sierra foothills of Nevada, off-road bikes have torn up grasslands and ripped into areas clearly marked off-limits. At one trailhead, a sign and a kiosk newly installed by the Forest Service were spray-painted with graffiti.

Within three miles of downtown Reno, Mr. Leveille pointed to a rock-sheltered archaeological site, where natives centuries ago left pictographs, a series of ancient stories etched in stone. Rangers have caught people chipping away at the artifacts. And now they do not dare put up any signs of the pictographs' presence.

"We can't say, This is an archaeological area; don't loot it," Mr. Leveille said. "That would be like putting cases of beer here and saying, Don't drink it."

On Puget Sound, It's Orca Vs. Inc. (WP)

By Blaine Harden

The Washington Post, July 26, 2006

ON PUGET SOUND, Wash. -- For creatures that eat 400 pounds of salmon a day, killer whales are startlingly human. They live as long as you do. They never escape the controlling influence of their moms. They love to show off.

Consider J-22, also known as Oreo. She is a 21-year-old killer whale -- or orca -- with serious family obligations. She has three offspring to watch over and rarely ventures far from J-pod, her extended family, which is led by a vigorous 92-year-old matriarch named Granny. On a recent day, Oreo slipped briefly away from Granny and approached a whale-watching boat. As cameras clicked, Oreo launched herself high out of the water, jumping for the sheer, showoffy heck of it.

She is about 25 feet long and weighs more than 8,000 pounds, so it was an energy-expensive heave. Resident killer whales in Puget Sound routinely do this sort of thing to the delight of human beings.

In return, over recent decades, humans have destroyed about 90 percent of their salmon supply, contaminated the sound with toxic chemicals and, in the 1960s and '70s, kidnapped scores of young killer whales to perform in aquatic shows.

Now, federal amends are being made. Southern resident killer whales of Puget Sound -- there are just 89 of them in three pods, all numbered and named, with birth dates and family trees posted on the Internet -- were listed late last year as endangered species.

In June, the National Marine Fisheries Service proposed protecting most of Puget Sound as critical habitat for the whales, which are actually the world's largest dolphins. The proposal, encompassing 2,564 square miles at the heart one of the nation's busiest commercial waterways, has alarmed local industry.

Building and farm groups have sued to stop the proposal, due to become law by November, arguing that it would require complicated and costly review of future industrial development, home construction, sewer treatment, road construction and water use around the sound, an inland waterway surrounding by nearly 4 million people.

Russell Brooks, managing attorney for the Pacific Legal Foundation, which is leading the legal challenge, warns that the listing of killer whales as endangered could create unforeseen economic fallout in the Pacific Northwest comparable to what followed the listing of northern spotted owls in the early 1990s.

Then, 80 percent of federal forests from Washington to Northern California were closed to logging and an estimated 30,000 timber industry jobs disappeared. The spotted owl, by the way, is still in severe decline, and scientists do not know how to save it.

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"This is not really about killer whales at all," said Brooks, whose group specializes in trying to rein in the economic impact of the Endangered Species Act. "This is a tool used by those who wish to impose their own version of non-land use on Puget Sound."

But for champions of the orcas -- and their numbers are growing, with an estimated 150,000 people paying about $70 each to go out every year in boats to watch and wonder at the whales in Puget Sound -- federal protection has been welcomed as an overdue gift.

"We are very, very happy about this," said Ralph Munro, a former Washington secretary of state and a longtime activist who, like many ardent orca admirers, says he's had "mystical" encounters with the creatures.

"I know it sounds kooky," Munro, 63, said during a break at a recent public hearing on the plan to make Puget Sound a protected zone, "but I can show you 10 people in this room who have had mystical experiences with orcas."

(It is a linguistic tic of the debate over these marine mammals that supporters of the endangered species listing tend to call them orcas, while opponents of the listing tend to call them killer whales.) Munro's special encounter, he said, occurred seven year ago after the death of Ralph, an orca that was named for Munro to honor his efforts to halt the live capture of the whales from Puget Sound for aquatic shows.

According to several eyewitness accounts, just as Munro began to deliver a eulogy for his deceased namesake, a large scrum of orcas -- from all three pods based in Puget Sound -- converged in the waters beside the park, where they jumped and frolicked for hours.

The emotional appeal of killer whales in the green-leaning Puget Sound region is difficult to overstate. Local news coverage borders on the obsessive. Ralph's 1999 funeral was covered by three local television stations, Munro said. The accidental death this year of Luna, a 6-year-old orphan orca killed by a tugboat propeller, occasioned widespread news coverage and op-ed hand-wringing.

The human-orca bond is explained partly by proximity and partly by behavior. Resident killer whales spend about three-quarters of their lives in and around Puget Sound, where they are easily and often viewed. Ferry riders see them regularly. And their mom-centric, family-centered lifestyle is all but irresistible.

Indeed, a rock-solid family life and a salmon-dominated diet distinguish resident killer whales from their rather less lovable killer-whale cousins -- the transients. These genetically distinct orcas tend to ignore fish and feed almost exclusively on seals, sea lions, dolphins and other marine mammals. They do not have predictable family lives and only occasionally put in an appearance in Northwest waters, where they rarely mix and never interbreed with the resident whales.

Even if you ignore the orcas' anthropomorphic charms, marine mammal researchers say there are sound, self-interested reasons for human beings to support the Endangered Species Act as a way to prevent the extinction of resident killer whales.

"Cleaning up the toxins" that accumulate in the fat of killer whales "is good for seafood eaters," said David Bain, a marine biologist who has studied killer whales for three decades. "It is also good for people who want clean water."

To draw an analogy between protecting killing whales and protecting owls is false and misleading, Bain argued, because scientists clearly know how to ensure the survival of the whales -- by increasing salmon runs and reducing industrial toxins in Puget Sound.

Resident orcas, scientists say, are not a threat to the region's booming economy. They are expert at staying away from large ships and ferry traffic in Puget Sound. Heavy industrial shipping traffic is not regarded as a threat to their survival, barring major oil spills.

One threat, though, is loving them too much. Recent research has found that whale-watching vessels -- if they crowd the animals -- induce stress and reduce their efficiency in catching salmon.

Aboard the Island Adventure II, a whale-watching boat based in Anacortes, Wash., the pilot tried during a recent five-hour cruise to stay at least 100 yards from J-pod.

He succeeded for the most part, except when Oreo and some of her gregarious kin swam toward the boat to wow tourists by breaching, slapping their flippers on the water and spy-hopping (a head-out-of-water feat similar to a human treading water).

"They are just so social," said Ellen Newberry, who works on the boat as a naturalist and has a degree in marine biology from the University of Maine. "I have seen mothers toss their babies out of the water with their snouts. Young males show us the salmon they just caught. I get they feeling they are all just trying to show off."

'A Beginning' For Conservation (USAT)

USA Today, July 26, 2006

Good news about the environment — scarce enough these days — may have just slipped under your radar. Adding to the gloom is the sense that our government seems scarcely willing to acknowledge that such problems even exist.

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Like me, you probably missed the announcement by the National Oceanic and Atmospheric Administration (NOAA) in March that closed more than 135,000 square miles of ocean floor off the West Coast to commercial bottom trawling. Maybe, though, you caught President Bush last month designating another 140,000 square miles around the northwestern Hawaiian islands as a national monument, closed to all fishing. CNN considered it a newsworthy, though definitely second-tier, sound bite.

Now, raise your hand (no fibbing) if you caught the NOAA Fisheries proclamation in late June that protected 379,000 additional square miles of ocean floor around Alaska. Even on a slow news day, that one was branded a snoozer.

Hard to believe, considering those three closures of federal waters in the past four months — 654,000 square miles of ocean bottom, more than twice the size of Texas — represent, in total area, the largest act of conservation in our nation's history, and arguably the world's. Consider that the entire area protected by our national parks, national forests and grasslands amounts to roughly 420,000 square miles.

This ocean thing is big, a new system of preserves set aside for future generations. While most of these areas are relatively featureless abyssal plains, included in the mix is prime, biologically rich and sensitive real estate: submerged mountaintops known as seamounts, which serve as magnets and nurseries for marine life; habitat for endangered or unique species; vast, deep coral gardens off Alaska that were scientifically documented only in the past few years.

And so what?

OK, so a bunch of ocean floor is getting protected. Not like we'll ever vacation there. Land-borne, oxygen-sucking critters that we are, the virtually unexplored terrain that lies far beneath the waves might as well be Mars. Why should we care?

Jim Ayers, vice president of the marine conservation organization Oceana, which, along with other groups, was instrumental in securing these protections, has a ready answer. "Because we can't afford not to," he says. Ayers explains what numerous studies have confirmed:

· Many commercial fish stocks worldwide are declining at an alarming rate.

· Vessels are fishing ever deeper, exploiting new populations of seafood to meet insatiable market demands.

· Slow-growing, long-lived deepwater fish such as the Patagonian toothfish (a.k.a. Chilean sea bass), which were "discovered" commercially only within the past several decades, are already dwindling.

· Especially destructive is the practice of bottom trawling — dragging huge, weighted nets that bulldoze the ocean floor, destroying the very matrix that grows the fish we depend on.

"Oceans," says marine ecologist Jane Lubchenco, "used to be replete with havens — places where we didn't fish, because we couldn't. These were reservoirs that recharged our fisheries. Technology has changed that, and as a result, we have many dysfunctional ecosystems." Along with other members of the independent Pew Oceans Commission, chaired by former Clinton chief of staff Leon Panetta, Lubchenco traveled to coastal communities across the USA for three years, hearing testimony from fishermen, residents and local experts.

"People overwhelmingly said they wanted clean beaches, healthy seafood, abundant wildlife, stable fisheries and vibrant coastal communities," she says. "And in order to have those things, we need large-scale habitat protection. It's that simple."

There was nothing simple, however, about the process of obtaining these precedent-setting protections. It included a lawsuit against NOAA, a Freedom of Information Act request to obtain a huge pile of government study data and endless hours of negotiation. Pressure for change also came from within. The Joint Ocean Commission Initiative (a merger of the Pew Oceans Commission and the U.S. Commission on Ocean Policy, which is appointed by the president and chaired by Admiral James Watkins) awarded the government a stinging rebuke in the form of a letter grade for ocean policy reform: D+.

'Working solutions'

Meanwhile, commercial fishing groups, faced with the prospect of restrictions and closures, added their voices to the fray. "When this process started, it was very contentious and polarized," says David Benton, executive director of the Marine Conservation Alliance, a commercial fishing advocacy group. "But we ended up with practical, working solutions. Industry recognized we had to step up to the plate and do the responsible thing." Oceana's amended proposals gained such wide acceptance that they were passed unanimously and endorsed by NOAA. The Hawaii closure, in which a consortium of native Hawaiian and conservation groups including Environmental Defense played a major role, was publicly embraced by President Bush.

"This is a huge step," Oceana's Ayers says. "We have a long way to go toward sustainable existence. Is it enough? No, but it's a beginning."

Benton adds, "This is a win for the environment and for the populations of animals and fish that we depend on."

To put it mildly, such sweeping acts of conservation are out of character for an administration that has given at best short shrift to environmental concerns. A cynic might say that these protections amount to a drop in the bucket of the world's oceans, and that the administration was forced into actions for which it now claims credit. While I'm hardly suggesting we baptize Dubya as a born-again greenie, the fact of these historic protections remains.

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And consider the recent course of events. Environmentalists, commercial interests and government found a way to work together, declared a shared victory and practically broke into a chorus of Kumbaya. If this is a template for future conservation initiatives, in the oceans or anywhere, I say bring it on.

Nick Jans lives in Alaska and is a member of USA TODAY's board of contributors.

Report Cites BIA In Death Of Teenager (WP)

By Christopher Lee

The Washington Post, July 26, 2006

The failure of Bureau of Indian Affairs officials to act on long-standing safety concerns at an Indian boarding school in Oregon was a "significant factor" in the death of a 16-year-old student there, federal investigators said in a report made public last week.

Interior Department Inspector General Earl E. Devaney found that a "historical pattern of inaction and disregard for human health and safety" contributed to the death of Cindy Gilbert (also known as Cindy Gilbert Sohappy) in a detention cell at the Chemawa Indian School in Salem, Ore., on Dec. 6, 2003.

Devaney found that inaction by officials in BIA's Office of Indian Education Programs and Office of Law Enforcement Services "resulted in the failure to maintain a safe environment at the detention facility and, ultimately, became a significant factor in Gilbert's death," according to the report, obtained by The Washington Post through a Freedom of Information Act request.

Gilbert, a first-year student at the school, died of acute alcohol poisoning several hours after a staff member saw several students trying to help Gilbert walk near a campus dormitory, the report said. Gilbert had initially been taken to the student services center, where her blood-alcohol level registered 0.192 -- more than twice the state's standard for drunken driving. A security officer escorted her to a holding facility and placed her on a mattress.

A surveillance camera videotape showed that Gilbert -- who had been unsteady on her feet and who had slurred speech and bloodshot eyes -- stopped moving about an hour later, according to the report. Almost two more hours went by before a residential living assistant entered the cell to check on Gilbert and found that she was not breathing. Emergency personnel were summoned, but Gilbert was dead.

The inspector general found that the Chemawa school's staff had not received training for detaining students or monitoring intoxicated students. But the problems went beyond that. BIA officials had not acted on annual inspection reports by the Indian Health Service dating to 1996 that cited the need to develop emergency medical screening at the school, the IG report said. The report also warned that school officials were using the detention cells unlawfully and in violation of BIA policy by holding as many as 240 students a year without documenting charges, in some cases for the purpose of letting drunk students detoxify.

"BIA officials had long been alerted to the potential liabilities associated with the detention facility and were provided clear recommendations to correct the deficiencies," according to the report. "The recommendations, however, were never acted upon."

Shane Wolfe, an Interior spokesman, said in a statement that the IG report was "helpful" and had led to new training sessions for staff at BIA schools. "The Department and the Bureau of Indian Affairs (BIA) take very seriously the health and safety of the 48,000 students we educate in our 184 BIA-funded schools," Wolfe said.

Wolfe said he was unaware of deaths or other serious management and oversight problems at other BIA-funded schools.

The Chemawa school is the oldest continuously operated Indian boarding school and mostly serves tribes from the Northwest and Alaska. The BIA oversees 68 boarding schools, but only seven, including the Chemawa school, are not on Indian reservations. According to the Interior Department, about 80 percent of students who enroll in the schools are considered "at risk" -- because of factors such as behavioral problems, substance abuse and neglect -- and require specialized services.

The FBI investigated Gilbert's death, but in 2004 federal prosecutors in Oregon declined to charge school officials with involuntary manslaughter, saying there was not enough evidence. In December 2005, Gilbert's family filed a $24 million lawsuit in federal court in Eugene, Ore., against then-Interior Secretary Gale A. Norton, accusing government officials of negligence, torture, conspiracy, racial discrimination and deliberate indifference.

"She was rolling on the floor and had appeared to either throw up or urinate on herself or both, and they still denied any kind of attention, let alone human care or medical care," the family's attorney, Foster Glass, said yesterday.

In turning over his report to Interior officials in November, Devaney wrote that he hoped the department would pursue administrative sanctions against as many as eight BIA officials. "I feel very strongly that the inactions and indifference demonstrated by several Bureau of Indian Affairs (BIA) officials should not go unpunished," he wrote.

Wolfe said it "would be inappropriate" for him to comment on any personnel actions taken in the case.

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FBI/DEA/ATF/USMS:

Pair Guilty Of Running 'pill Mills' (TPI)

By Michael Perlstein

Times-Picayune, July 26, 2006

The rags-to-riches owner of a string of local pain management clinics and her chief doctor were convicted Tuesday of transforming the clinics into illegal high-volume "pill mills," dispensing addictive narcotics in assembly-line fashion to virtually anybody who walked in the door.

After a three-week trial, a federal jury deliberated for about 10 hours in two days before returning guilty verdicts against owner Cherlyn "Cookie" Armstrong, 46, and Dr. Suzette Cullins, 44. Armstrong, a registered nurse, was convicted of conspiracy, money laundering and 23 counts of illegally dispensing narcotics without a medical purpose. She was acquitted on three dispensing counts. Cullins, a Tulane University-trained doctor and a former professor at the medical school, was convicted of conspiracy and five of 13 illegal dispensing counts.

Armstrong's three clinics -- located in Metairie, Slidell and Gretna under the name Scherer's Medical Center -- and two Mia's Pharmacies also owned by Armstrong were found guilty in the conspiracy, a prosecutorial strategy designed to strip the businesses of more than $10 million in estimated profits they raked in before they were shut down in April 2005.

Both defendants were stoic as the long list of verdicts was announced in the hushed courtroom of U.S. District Judge Eldon Fallon. Afterward, Armstrong hugged her mom and whispered, "Have faith," before leaving with a small group of supporters.

Armstrong and Cullins face an estimated five to eight years in prison when they are sentenced on Oct. 25, defense attorneys estimated.

William Renton, local chief of the Drug Enforcement Administration, said of the defendants: "They were drug peddlers, plain and simple. One with a medical license and one with a nursing license. All they were doing every two weeks was ringing the cash register."

'It was a sham'

During the trial, prosecutors presented detailed evidence showing a cookie-cutter approach used to deliver potent narcotics to hundreds of patients daily: pre-printed prescriptions, each one issuing the same "holy trinity" of pain-killer oxycodone, muscle relaxant Soma and anxiety drug Xanax. Doctors visits, some secretly recorded by an undercover informant, as fleeting as 11 seconds. Rampant "clinic hopping" in which patients made the rounds of all three clinics to collect the standard two-week dosage several times in a week.

Even when Armstrong beefed up the medical practices at the clinics, such as adding physical therapy, the moves were meant to stave off attention from the Drug Enforcement Administration rather than provide help to pain sufferers, said Renton, who credited local police in New Orleans, Slidell, Kenner and Jefferson, St. Bernard and St. Tammany parishes with assisting in the five-year investigation.

"They put them in a vibrating chair for a few minutes and called that physical therapy," he said. "It was a sham." Among the key prosecution witnesses was Dr. Joseph Guenther, a doctor at Scherer's Medical Center and one of two physicians to plead guilty in the case. Guenther pleaded guilty in June to illegally dispensing narcotics without a valid medical purpose. A second clinic doctor, Dr. Betty DeLoach, pleaded guilty to concealing a felony. Guenther and DeLoach are scheduled to be sentenced in September.

Vowing to appeal

Even after Tuesday's verdicts, attorneys for Armstrong and Cullins were adamant that their clients did no wrong, maintaining that the clinics provided a valuable medical service for thousands of people suffering from chronic pain.

"The irony is that 99 percent of their patients are now at other pain clinics getting the exact same medication," Cullins' attorney Jeffrey Smith said. "I respect the jury's verdict, but I think they just didn't understand the concept of pain management. These clinics are all over the place."

Smith and Armstrong's attorney, Michael Fawer, vowed to wage a vigorous appeal.

"We lost this round," Fawer said, "but this case is far from over. We think we can prove the government's case is legally insufficient. Where were the medical experts to prove this was improper treatment? We'll argue this to the 5th Circuit and beyond if we have to."

The 12-person jury will return to court today to hear arguments and begin deliberations on the forfeiture of Armstrong's assets. Prosecutors said Armstrong's businesses, launched in the late 1990s as weight loss clinics, skyrocketed once they turned to pain management, eventually generating more than $150,000 a week.

The cash-only clinics charged patients $210 for an initial visit, $80 for follow-up visits, and a $20 late fee if the patient missed a regularly scheduled appointment. Prosecutors accuse Armstrong of plowing her profits into a dizzying array of bank accounts and property acquisitions.

When DEA agents raided and shut down the clinics in April 2005, they found $1.6 million stashed in bags, boxes and safes in Armstrong's Eastover home.

Orleans Area Clinic Owner, Doctor Convicted In "pill Mill" Case (AP)

AP, July 26, 2006

NEW ORLEANS -- The owner of several pain management clinics and her chief doctor were convicted of running what were really illegal "pill mills" that dispensed addictive narcotics to virtually anybody who walked in the door.

A federal jury deliberated for about 10 hours over two days before returning guilty verdicts Tuesday against Cherlyn "Cookie" Armstrong, 46, and Dr. Suzette Cullins, 44, following a three-week trial.

Armstrong, a registered nurse, was convicted of conspiracy, money laundering and 23 counts of illegally dispensing narcotics without a medical purpose. She was acquitted on three dispensing counts.

Cullins, a Tulane University-trained physician and former professor at the medical school, was convicted of conspiracy and five of 13 illegal dispensing counts.

Armstrong's three clinics _ located in Metairie, Slidell and Gretna under the name Scherer's Medical Center _ and two Mia's Pharmacies also owned by Armstrong were found guilty in the conspiracy.

U.S. District Judge Eldon Fallon presided overe the trial.

Armstrong and Cullins face an estimated five to eight years in prison when they are sentenced on Oct. 25, defense attorneys estimated. William Renton, local chief of the Drug Enforcement Administration, said of the defendants, "They were drug peddlers, plain and simple."

Prosecutors presented detailed evidence showing the clinics routinely dispensed a "holy trinity" of pain-killer oxycodone, muscle relaxant Soma and anti-anxiety drug Xanax. Doctors visits were as brief as 11 seconds.

After the trial, attorneys for Armstrong and Cullins were adamant that their clients did no wrong, maintaining that the clinics provided a valuable medical service. "The irony is that 99 percent of their patients are now at other pain clinics getting the exact same medication," Cullins' attorney Jeffrey Smith said. "I respect the jury's verdict, but I think they just didn't understand the concept of pain management. These clinics are all over the place."

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$1.2M Found In Car Of North Philly Cocaine Dealer (AP)

AP, July 25, 2006

(AP) PHILADELPHIA A cocaine wholesaler did business by regularly shipping his BMW from coast to coast, stuffed with cash outbound and cocaine on the return trip, investigators said.

Federal prosecutors hope to keep more than $1.4 million in cash they seized from Tyrone "Tiddy" Smith of Philadelphia. Smith, who recently pleaded guilty to drug trafficking and gun charges, had $1.2 million in his trunk and another $218,000 at his North Philadelphia home, authorities said.

An informant told investigators he regularly shipped a BMW packed with $500,000 to $1 million in cash to Los Angeles to buy cocaine, then shipped the vehicle back to the Philadelphia area with the drugs stashed in the tires, court documents show.

He made about $250,000 per trip, buying a kilogram for $15,000 in Los Angeles and selling it for $22,000 back home, the informant said.

On Sept. 5, 2004, state police and federal Drug Enforcement Administration agents tailed Smith as he loaded the BMW onto a truck in the Philadelphia suburb of Sharon Hill. A short time later, they stopped the truck on Interstate 95.

They found the money wrapped in dryer sheets in a suitcase and gym bag, and later found more cash and large quantities of powder and crack-cocaine and a loaded handgun at his North Philadelphia residence, they said.

Smith pleaded guilty to all the charges and agreed to forfeit the cash and other seized items, according to the affidavit supporting the seizure, filed in court on Monday by DEA Special Agent Randy L. Updegraff.

Smith was one of nine people charged in the drug ring, several of whom are awaiting trial. His sentencing is set for early next year.

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He has not agreed to testify against any remaining defendants, defense lawyer Nino Tinari said. Assistant U.S. Attorney Kathy Stark did not immediately return a phone message on Tuesday.

Colombia Cracks Down On Drug Cash (USAT)

By Sibylla Brodzinsky, Special For Usa Today

USA Today, July 26, 2006

BOGOTA, Colombia — Colombian police routinely try to detect travelers attempting to smuggle drugs to the USA and Europe. This year, they have turned their attention to travelers coming into Colombia — not with drugs, but with hundreds of thousands of dollars and euros believed to be profits from the illegal drug trade.

Colombia is the world's largest source of cocaine. Most of the estimated $35 billion annual cocaine market in the USA is supplied by Colombian drug traffickers, despite $4 billion in U.S. aid since 2000 to assist the Colombian government's counternarcotics efforts, including spraying herbicide on the crops that yield cocaine and heroin.

The government also has imposed controls on financial institutions. It requires them to report the origins of deposits to prevent them from laundering — even unwittingly — the proceeds from drug sales.

Finding it more difficult to repatriate profits through banks, drug trafficking organizations have sought less traditional methods to bring in cash.

Last week, police at Bogota's international airport nabbed a 21-year-old man arriving on a flight from Mexico who had strapped $748,000 in crisp $100 bills inside a form-fitting Lycra girdle.

"When we're talking about people trying to smuggle in hundreds of thousands of dollars at a time, it is highly likely that the cash is the product of drug trafficking or some other illegal activity," says Col. Orlando Pineda, director of Colombia's Customs Police.

Colombian authorities so far this year have confiscated $12.1 million in dollars and euros illegally brought into the country by 26 different travelers arriving at the nation's international airports, according to the Customs Police. That figure is up 67% from the same period last year.

The U.S. Drug Enforcement Administration (DEA) estimates that $3.2 billion to $7.2 billion in wholesale drug profits are transported out of the USA every year to Mexico and Colombia.

The trend known as bulk cash smuggling signals drug traffickers are having trouble laundering proceeds from drug sales in the USA and Europe, where regulatory agencies have tightened controls on large-scale money transfers, according to the U.S. Embassy in Bogota.

Some of the innovative smuggling methods: Cash has been found stashed inside bowling balls and candles, containers of bull semen, shampoo bottles, the soles of shoes and a television.

"The drug traffickers believe that if it's successful in one direction, it only makes sense it would be successful going in the other direction," says John McKenna, a special agent with the DEA's public affairs office.

Just as with cocaine and heroin being shipped out of the country, police here often use specially trained dogs to identify the odor of the inks and paper of dollars and euros carried by incoming travelers.

Most of the cash caught at airports comes from Europe, in particular Spain, where there is a large Colombian immigrant community. Mexico, traditionally a weigh station for Colombian drugs on their way to the USA, also is a major departure point for incoming drug money.

The U.S. Treasury Department's Financial Crimes Enforcement Network, in an advisory issued in April, warned of a "dramatic increase in the smuggling of bulk cash proceeds from the sale of narcotics and other criminal activities from the United States into Mexico." Once in Mexico, the advisory states, it often is shipped to other countries, including Colombia.

Tuesday, the Mexican attorney general's office said federal officials at Mexico City's international airport on Friday seized nearly $1 million hidden inside a hydraulic cylinder that was expected to be flown to Colombia.

As in the United States, Colombian legislation requires travelers entering the country to declare cash in excess of $10,000. Concealing more than that amount to transport it into or out of the country is a crime punishable by up to five years in prison in the United States. In Colombia, if the person with the cash is wanted on other charges, he or she is apprehended. Otherwise they go free, but forfeit the cash unless they can prove its legal origins. Few of those who are caught can provide that proof, Pineda says.

The single largest catch of illegal cash came in May when police arrested Arturo Belloso Rodríguez, a Mexican national. Police say he had $950,000 strapped to his body and stuffed in the false bottoms of his luggage. The packed cash was covered in shrink wrap and carbon paper to avoid detection by X-ray machines.

Colombian police are seeking more help from other countries to try to stop the money smuggling.

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"Just like we stop drug mules on our end, in other countries they should try to stop the 'money mules' before they get on the planes," Pineda says.

N.J. Gang Targeted In Statewide Sweep (AP)

AP, July 26, 2006

WEST TRENTON, N.J. (AP) -- Officers arrested dozens of members of a notoriously violent street gang in raids across New Jersey Tuesday, capping 11 months of undercover operations.

Agents also charged four gang leaders who authorities said were directing killings and other crimes from inside state prison.

More than 60 people affiliated with the Nine Trey Gangsters, part of the Bloods gang, had been arrested by Tuesday afternoon, and as many as 40 more arrests were expected in cities across the state, including Newark, Trenton and Atlantic City, authorities said.

The targets represent more than a third of the gang's membership in the state, including several top leaders.

"By taking out the top echelon of this gang, we have struck a powerful blow for the people of New Jersey and particularly those communities caught in the crossfire of gang violence," said New Jersey Attorney General Zulima Farber.

The suspects face racketeering, extortion, money laundering and drug distribution charges.

State Police Superintendent Col. Rick Fuentes called the operation the biggest in state history, both in the number of gang members arrested and the impact on the gang. A similar operation targeting the Latin Kings a couple of years ago took up to 60 gang members off the streets, "and they still haven't recovered," he said.

Fuentes described the Nine Treys, also known as 9-3, as the "most violent and fear-invoking" of the state's street gangs. The gang dealt in narcotics and weapons trafficking, extortion and assault, and its members are believed responsible for an unspecified number of murders and drive-by shootings, he said.

Authorities said David "Duke" Allen, 32, of Newark, allegedly continued to direct gang activity from inside New Jersey State Prison. Authorities said he ordered hits on fellow gang members from prison.

"They found a way of getting information to their intermediaries," Fuentes said. "They were able to continue the information flow."

Investigators had infiltrated the gang during the investigation, though agency representatives would not say how because the investigation is ongoing.

During the raids, police seized heroin, crack cocaine, marijuana and guns. The sweep involved 500 state and federal law enforcement officers.

MARYLAND BRIEFING (WP/AP)

The Washington Post/AP, July 25, 2006

Life Term in Cocaine Conspiracy

A New York man was sentenced to life in prison yesterday in connection with a scheme that used taxi drivers to bring cocaine from New York to Frederick, the Maryland U.S. attorney's office announced.

Alan Sylvester, 28, of Jamaica, N.Y., was sentenced in federal court in Baltimore after being convicted of conspiracy to possess with intent to distribute cocaine base.

According to trial testimony, from June 2002 to 2003, Sylvester received at least two kilograms of cocaine powder a week from suppliers in New York. He allegedly paid cabdrivers to bring more than 100 kilograms of cocaine powder from New York to Frederick.

IMMIGRATION:

Compromise Would Allow Unlimited Immigrants (WT)

By Charles Hurt

The Washington Times, July 26, 2006

The latest proposal in Congress for a "guest"-worker program would allow unlimited immigration of eligible workers during the first three years and allow them and their families to remain here indefinitely.

Offered by two Republicans, the plan is criticized by proponents of stricter immigration laws. They say the program would tilt the nation's immigration system toward millions of uneducated, unskilled workers.

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Rep. Mike Pence of Indiana and Sen. Kay Bailey Hutchison of Texas said yesterday that they offered the proposal as a compromise to end the deadlock in Congress over immigration reform. House Republicans favor securing the border and enforcing current laws, while the Senate demands "comprehensive" reform that secures the border and implements a guest-worker program.

Under the Pence-Hutchison plan -- a variation on a proposal Mr. Pence floated earlier this summer -- the expansive "guest"-worker program would not begin until the president certified that the border had been secured. Only then would laborers matched with willing employers at an "Ellis Island Center" outside the United States be admitted indefinitely.

"We would set actual benchmarks that would provide border security," Mrs. Hutchison said.

Detractors are skeptical that President Bush would provide an honest assessment of border security and questioned the commitment of Mr. Pence and Mrs. Hutchison to tough immigration laws and stricter borders.

Team America PAC, a group co-founded by Rep. Tom Tancredo, Colorado Republican, has began a "Pence Watch" on its Web site (www.teamamericapac.org) and dismissed the proposal as a "massive amnesty" and an "atrocity." Although Mrs. Hutchison opposed the Senate bill that many consider to include a grant of amnesty to many of the 12 million to 20 million illegal aliens, she voted earlier this month against including federal funds in the homeland security appropriations bill to pay for 800 more Border Patrol agents and fencing along high-traffic border areas.

"Having employers which have already broken the law determine the number of cheap foreign workers that will be admitted into the U.S. is a classic example of the fox guarding the henhouse," said Mr. Tancredo, who is no longer directly involved in Team America. "No plan that allows temporary workers to stay permanently is a 'guest'-worker plan."

Among Republican leaders in both chambers, the proposal was received warmly.

"We want a strong bill that enforces our laws and strengthens the border," House Majority Leader John A. Boehner, Ohio Republican, told reporters. "I think this is a contribution, a step in the right direction."

Senate Majority Leader Bill Frist, Tennessee Republican, also was encouraging.

Meanwhile, Senate Minority Leader Harry Reid, Nevada Democrat, said the proposal was simply another distraction aimed at killing the Senate bill.

2 GOP Lawmakers Offer Immigration Compromise (LAT)

By Nicole Gaouette

The Los Angeles Times, July 26, 2006

WASHINGTON — Congressional Republicans and administration officials concerned about the impasse over immigration policy have launched aggressive efforts to bridge the divide between House and Senate legislation on the issue.

The approach includes promoting steps the White House has taken to secure the border — an attempt to reassure conservatives who argue that enforcement measures must have priority — while insisting, as President Bush does, that a successful overhaul of immigration laws must go beyond stacking more barbed wire along the U.S. frontier with Mexico and closing the job market for undocumented workers.

In one potentially key development Tuesday, two opponents of the Senate bill, Sen. Kay Bailey Hutchison (R-Texas) and Rep. Mike Pence (R-Ind.), unveiled a proposal meant to pave the way for a compromise.

Their plan would open a path to citizenship for illegal immigrants, but only after U.S. borders were declared sufficiently secure. At that point, illegal immigrants would be required to leave the U.S. to be processed for work visas before returning to the country. After 17 years, they would be eligible for citizenship.

"We're concerned that there's not enough dialogue between the two houses to try to … start the discussion," said Hutchison, who described the proposal as an attempt to combine the priorities of both chambers.

House Majority Leader John A. Boehner (R-Ohio) called the proposal "a step in the right direction," although he avoided commenting on the plan's citizenship provision.

The Hutchison-Pence proposal came a day after two conservative Republican senators from border states recommended that Bush request more than $3.5 billion in emergency funding for security provisions, including fences along the Mexico border. The two lawmakers, John Cornyn of Texas and John Kyl of Arizona, said the money request would be a "credibility-building measure."

"The logjam between the House and the Senate is not going to be broken until constituents … are convinced that we mean business" on the enforcement front, Kyl said.

Cornyn predicted that passage of the funding request would make House members "more likely to support comprehensive immigration reform."

Administration officials have sought to raise comfort levels by emphasizing border security measures underway and the need for a sweeping restructuring of the immigration system.

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David V. Aguilar, chief of the U.S. Border Patrol, on Tuesday presented initial results of the deployment of National Guard troops to the southern border, an order Bush issued in May.

Crediting the deterrent effect of having 4,500 Guard members supporting Border Patrol agents, Aguilar said the numbers of illegal immigrants captured by agents had fallen 45% since spring. He also said that compared with last year, there had been a 7% drop in immigrant deaths in the desert.

Meanwhile, Bush and Commerce Secretary Carlos M. Gutierrez, an immigrant from Cuba, have used public appearances to emphasize the need to revamp the immigration system without hurting the economy.

"We must create a temporary worker program that provides foreign workers a legal and orderly way to come into the country and do jobs Americans aren't doing," Bush said Monday at a naturalization ceremony for wounded soldiers. "We must resolve the status of millions of illegal immigrants who are here already."

Gutierrez in recent weeks has been dispatched to several groups to deliver the same message.

The efforts come even as House Republican leaders continue to conduct public hearings designed to spotlight the enforcement-only immigration bill they passed in December while discrediting the more wide-ranging measure the Senate passed in May.

The conflict — and the prospect that it might not be resolved — has created an election-year dilemma for Republicans.

House GOP lawmakers argue that provisions in the Senate bill providing possible citizenship for most of the estimated 12 million illegal immigrants in the U.S. amounts to a reward for lawbreaking.

Though that stance may energize core Republican voters, party strategists note that recent polls show that support for the GOP among Latinos is slipping. And many business groups that traditionally back Republicans have expressed concern about the economic effect of a crackdown on illegal immigration that does not include an avenue to citizenship for undocumented workers already in the country.

Against the backdrop of these clashing views, several GOP lawmakers — including some, like Hutchison, who oppose the Senate bill — say the party cannot afford to fail to pass legislation that addresses immigration.

"I think we have to come back [after Capitol Hill's August recess] with a pretty good idea of how we can solve this problem for the American people," Hutchison said.

Comprehensive Immigration (WT)

By Kay Bailey Hutchison And Mike Pence

The Washington Times, July 26, 2006

In the years we have served in our respective houses of Congress, there has never been an issue on which our colleagues have been so engaged and yet so far apart as illegal immigration and border security. The bills on this issue which passed in each house are miles apart.

We believe it is imperative that Congress find a responsible solution and enact comprehensive reform. To achieve this, many small groups are meeting in an effort to jump-start the negotiations between the House and the Senate. The president is engaged, as are House and Senate members. Rightfully so. Congress cannot walk away from a problem that so affects our country's future.

We are putting forth a proposal that we hope can be used as the basis for new discussions. Our plan is tough on border security, but it recognizes the need for a temporary-worker program that operates without amnesty and without growing into a huge new government bureaucracy.

Our plan begins with border reinforcement. The millions who come to our country seeking jobs to support their families are not a security threat to our nation, but the weaknesses in the nearly 7,000 miles of international border and 95,000 miles of shoreline have given terrorists, drug dealers and human traffickers an opening that is being exploited; this is a risk we cannot allow to continue. Part two of our plan is a temporary-worker program that is essential in order to fill jobs in our economy that are in high demand. This program would commence only after the borders are fixed. Here's how our plan works:

First: Secure our borders

Before any new temporary-worker program can begin, our plan requires the president to certify that all mandated border-security measures are completed. The Hutchison-Pence proposal embraces the tough border-security measures of the House and Senate bills. It would add border patrol agents, drug enforcement agents and port-of-entry inspectors; end catch and release; add security fences and other physical barriers at critical points; and employ American technology, such as unmanned aerial surveillance vehicles.

Second: The Good Neighbor SAFE Visa and Ellis Island Centers

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When the border has been declared secure, the Good Neighbor SAFE (Secure Authorized Foreign Employee) Visa will begin. This program offers noncitizens opportunities to fill jobs that employers attest to not being able to fill with Americans at market wage.

Under our plan, the estimated 12 million people currently residing illegally in America can come out of the shadows and earn a fair living by returning to their home countries to apply for a Good Neighbor SAFE Visa. This does not give amnesty to those currently in our country illegally.

Our plan would accomplish this by setting up a system of private employment placement agencies outside the United States (called "Ellis Island Centers"), licensed by the federal government, to match willing temporary workers with jobs that employers cannot fill with American workers. The private agencies would also perform health screenings, fingerprint the guest workers and provide that information for federal background checks.

Successful applicants for the Good Neighbor SAFE Visa could enter America legally provided they meet the visa requirements.

We call it a "Good Neighbor" SAFE Visa because the program would be limited to countries that currently enjoy a positive trade relationship with the United States in our hemisphere. Only residents of NAFTA and CAFTA-DR countries will be eligible to participate in this program. Good Neighbor SAFE Visas will be issued for two years, with the option to renew them in two-year increments for up to 12 years.

Good Neighbor SAFE Visa participants are not eligible for welfare, Social Security or Medicare. All paycheck deductions will be made as for American citizens. Workers' Medicare contributions will go into a fund to compensate hospitals for emergency medical expenses incurred while treating foreign workers. Worker Social Security deductions will be returned when a participant exits the program and returns to his or her home country. Employer Social Security contributions will remain in our country's system.

At the end of the visa period, visa holders who have been gainfully employed with no violations may return to their country of origin or apply for a new X-Change Visa with an employer sponsor and continue working in the United States under the same conditions with no further renewals required. There is no automatic path to citizenship in the Hutchison-Pence plan. After five more years, the X-Change Visa holder would have the option of continuing to hold an X-Change Visa, returning home or applying for permanent adjustment of status.

Third: Verification and enforcement

For the system to be effective, it is necessary to implement a nationwide electronic employment verification system through which employers confirm the legality of each employee. Those who continue to hire unverifiable employees will be subject to stiff fines.

Two years after the date of enactment, employers will be required to verify the eligibility of all new employees, including temporary workers. After six years, verification will apply to all employees. While this may be unsettling to some, and there may be better ways to do it, we will never have complete knowledge of everyone who is in our country and their legal status without some capability for verification.

Good Neighbor SAFE Visas will provide businesses seeking to hire foreign workers with a secure method of confirming their legal status. If a temporary worker is fired, convicted of a crime or just disappears, the card will be canceled, preventing someone else from hiring the worker.

We have a historic opportunity to repair our immigration system. Our proposal is meant to be one set of ideas; there are many others. But there can be no disagreement on this: Congress owes it to the American people to solve this crisis. We are attempting to protect our national security while providing benefits to our country for generations to come. We urge our colleagues in Congress to come back to the table and produce a workable system. The future of our country depends on it.

Sen. Kay Bailey Hutchison is a Texas Republican and Rep. Mike Pence is an Indiana Republican.

Decline Seen In Illegal Immigrants (NYT)

By Rachel L. Swarns

The New York Times, July 26, 2006

Border Patrol officials said the number of immigrants entering the country illegally had declined since President Bush announced his plan to send National Guard troops to help secure the border with Mexico.

The Border Patrol chief, David V. Aguilar, reported a 45 percent decline in apprehensions of illegal immigrants when comparing the 69 days before Mr. Bush's speech on May 15 with the 69 days after it.

The National Guard deployment is expected to reach full strength by Aug. 1, with about 6,100 troops at the border.

Washington Wire (WSJ)

DOJ_NMG_0043181

Wall Street Journal, July 26, 2006

Former Treasury Secretary Robert Rubin has been a harsh critic of President Bush's fiscal policies, but on Tuesday he voiced support for a key part of Bush's proposed immigration reform.

"We should have some sort of guest worker program," he said on a panel discussion at the Brookings Institution. "I don't know if I support precisely" Bush's proposed program, "but the general gist of it struck me as right." –Greg Ip

Permalink | Trackbacks

July 25, 2006, 4:50 pm Wind Storm in Senate

Both Illinois senators are trying to get some answers about wind and about the future of wind farms in the Midwest. In the meantime, they're blocking the confirmation of a Transportation Department nominee.

Democrats Barack Obama and Dick Durbin said they won't allow a vote on Andrew Steinberg to be assistant secretary for aviation and international affairs until the Federal Aviation Administration decides whether wind farms under construction in the Midwest will interfere with radar systems, particularly those serving the military.

Without clarity from federal officials, the two said, investors won't support wind farms. "If there are real problems, we should find ways to mitigate, reduce or eliminate them, but our wind farm owners deserve an answer today," Durbin said in a statement.

An interim policy announced in March concluded that wind farms near the National Air Defense and Homeland Security Radars pose a hazard, and that means wind farms could not be located in much of the country, the senators said.

Obama and Durbin said they will block Steinberg's nomination until the FAA works with the Pentagon to clarify whether proposed Midwestern sites will be able to operate. One of the stalled projects, in Bloomington, Ill., would be the largest source of wind energy in the nation, generating enough power to serve an estimated 120,000 Chicago-area homes, they said.

Transportation Department spokesman Brian Turmail said the FAA must review every wind turbine application and determine if it puts air travelers at risk. "We look forward to explaining this essential safety function to the senators," he said. –Laura Meckler

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July 25, 2006, 2:42 pm A Gentle Reminder

At a panel discussion on globalization and economic insecurity organized by the Brookings Institution, an audience member asked Larry Summers his views on protectionist U.S. trade actions, saying that Summers was "known for his frankness and openness."

Summers recently stepped down as Harvard president in part over a controversy that began with his suggestion — in response to an invitation to speak up at a research conference — that inherent differences might explain why women are underrepresented at the highest levels in math and science.

At today's session, Summers, now an economics professor at Harvard, replied: "I have learned painfully that there are sorts of invitations that a prudent man doesn't take."

Fellow panelist Robert Rubin quickly interjected: "Prudent person."

Summers responded, "I needed that." –Greg Ip and Brian Blackstone

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July 25, 2006, 12:52 pm Debt Burden

Americans are worried about household debt and see it as a problem for the middle class, not just poorer families, a new poll shows.

Nearly half of those surveyed rated household debt — credit cards, car loans, home mortgages, payday loans and the like — "a very serious problem" while another 35% called it "a somewhat serious problem." By a 79-19 margin, respondents described household debt as a problem for middle-income families.

The survey of 1,000 adults was conducted between April 13 and April 20 for the Center for American Progress, the Center for Responsible Lending, the National Military Families Association and AARP by Greenberg Quinlan Rosner and Public Opinion Strategies. It has a error margin of 3.1 percentage points.

When offered a variety of suggestions to deal with the problem, 93% of respondents said they favor "providing more incentives for people to save money" and 92% favored "stronger requirements" that lenders and others explain charges in simple language and the same percentage favored more consumer education and counseling.

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July 25, 2006, 9:16 am Aid Movements

Rice Secretary of State Condoleezza Rice clocks a rare breakthrough on her Mideast tour, winning an agreement with Israeli Prime Minister Ehud Olmert to open a range of new humanitarian conduits into Lebanon.

After a meeting in which Rice urged him to make moves to ease the humanitarian pressure in Lebanon, Olmert says in a statement that Israel plans to will allow airplanes carrying assistance to land at the Beirut airport, which was bombed at the start

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of the fighting 13 days ago. Israel is also promising to open a new ground corridor in from Israel into Lebanon "to assure delivery to all parts of the Lebanese population."

Aid agencies continue to complain that Israel has blocked aid shipments into Lebanon and parts of the country are suffering from shortages of food, water and medicine. –Neil King Jr.

See updated photos and an interactive map.

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July 25, 2006, 8:29 am Mixed Message

Palestinian leader Mahmoud Abbas tells Condoleezza Rice that he agrees with President Bush that the region must grapple with "root causes," but cites Israel's occupation of parts of the West Bank as a top irritant.

After a meeting with the U.S. secretary of state, Abbas calls for an immediate ceasefire in Lebanon and says that "the suffering of the people in the Palestinian territories and Lebanon is beyond any endurance of any human being."

Rice, standing at his side in the same coumpound where Yassir Arafat long lived, reiterated the message she's been delivering for days, saying that the region needs "to get to a sustainable peace. That is the problem."

At Rice's insistence, the two leaders made statements but took no questions — a very unusual step for the normally talkative top diplomat. A Rice aide said she did not want to give "a running commentary on the state of U.S. diplomacy." –Neil King Jr.

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July 25, 2006, 8:04 am Chilly Reception in Ramallah

Palestinians greeted Secretary of State Condoleezza Rice today with a general strike across the West Bank and pro-Hezbollah protests in Ramallah, where she traveled under heavy security to meet with Palestinian President Mahmoud Abbas.

Palestinians are incensed over the Israeli bombing of Lebanon but also because the U.S. and Europe have cut off funding of the Palestinian Authority since the militant group Hamas won the January election.

This is Rice's first visit to the West Bank since November. Abbas and Rice plan to consult about the recent unrest in Gaza and about US ideas for easing the fighting in Lebanon. But in keeping with a diplomatic jaunt almost devoid of public remarks by Rice, she will make a statement but won't take press questions. –Neil King Jr.

Who Will Care For U.S. Elderly If Border Closes? (WSJ)

By Barry Newman

The Wall Street Journal, July 26, 2006

PHILADELPHIA -- Forty years ago, Blanca Maldonado moved to the U.S. from Puerto Rico. She married and had 13 children, 28 grandchildren and 30 great-grandchildren. Now 76 years old and bedridden with bone disease, she is cared for by Xiomara Martinez, an immigrant who arrived in 1996 from the Dominican Republic.

Luis Maldonado, a 43-year-old cook, sat at his mother's bedside on a visit to her small apartment here one afternoon. "We'd all love to be with her all the time, but we have to take care of our needs," he said of his family. "But we never stop thinking of Mama."

Neither does Ms. Martinez. Her own mother entered the U.S. illegally in 1978 and eventually got a green card. After a long wait, her children joined her. At 47, Ms. Martinez earns $6.65 an hour, paid through a state agency, for taking care of Ms. Maldonado's needs, from baths to rice and beans.

In the immigration fight that continues to addle Congress this summer, low-skilled foreign labor is often viewed as an indulgence in a society used to having its chickens boned, its lawns mowed and its laundry folded. But Ms. Martinez is evidence that the issue cuts into something more basic: a demographic thundercloud moving over the country as baby boomers approach old age.

Immigrants, whether legal or undocumented, make up a disproportionate share of those who care for the elderly -- and the need for such workers is set to explode in the coming years. The Department of Health and Human Services predicts that the elder-care work force, 1.9 million in 2000, must reach 2.7 million by 2010 and five million by 2050 to meet the impending rise in demand. Meanwhile, the pool of 25-to-50-year-old American-born women that has been a prime source for elder-care jobs is also shrinking.

Where will the extra helpers come from?

Operators of nursing homes and home-care agencies say part of the answer lies abroad. The American Health Care Association, which represents for-profit nursing homes, and the National Association for Home Care both joined an industry coalition to lobby Congress for a new visa that they hoped would annually admit 400,000 low-skilled workers -- the grist of the home-care field -- which would be equal to the number that now arrive illegally. In May, when the Senate passed a bill aimed at

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granting legal status to millions of immigrants already here, it cut the proposed number of low-skill visas to 200,000. The House had earlier backed punishment for illegal immigration, with no new visas at all.

Immigration opponents in the House are unmoved by arguments that elder-care jobs will soon go begging without an influx of workers from abroad. "At some price, Americans will fill these jobs," says Will Adams, spokesman for Rep. Tom Tancredo, a Colorado Republican. "Any field related to the retirement of the baby-boom generation is expanding. Let the market do its work."

Some proponents of better pay for American elder-care workers agree. Such work may have its unpleasant aspects, they say, but filling vacancies with immigrants might depress wages for the lowest paid workers in the field. "Bringing in foreigners willing to put up with those circumstances may only exacerbate the problem," says Donald Redfoot, a researcher for the AARP, which hasn't taken an official position on the immigration issue. "Employers will say, well, that's the market price for the job."

As a compromise between the two houses of Congress, President Bush wants to seal the Mexican border more tightly than ever. Congress has sidestepped final action for now, but the controversy continues to churn, with the issue at the top of this fall's election agenda.

With poor pay, few benefits and no security, elder care is already a career many Americans flee -- the turnover is huge -- yet one that immigrants like Ms. Martinez flock to. One Census Bureau survey counted 850,000 low-skilled home-care workers in the country, 254,000 of them born abroad -- and that number doesn't count many undocumented immigrants caring for people privately.

"You force underground unknown, uncounted workers who get exploited, and you have the elderly cared for with no quality control by people who aren't trained," says Steven Dawson, president of the Paraprofessional Healthcare Institute in New York, which exists to promote long-term care as a career for Americans.

Mr. Dawson and his colleagues have decided, reluctantly, that the answer is to legalize undocumented workers already here, while creating a legal way to admit more, as needed. Along with upgrading conditions for everyone else, that would clear the immigrants' road to better education, English lessons and fair pay.

Addus Healthcare Inc. a Chicago-based home-care agency, says it never knowingly hires illegal immigrants. Mark Heaney, its chief operating officer, acknowledges that "we need to pay a higher wage to attract high-quality folks." But wage rates are primarily tied to government reimbursements, says Mr. Heaney, who also sits on the board of the home-care industry's lobbying organization.

With fewer low-skilled immigrants available, Mr. Heaney fears that Addus will be priced out of the market by companies that will pay more for labor if they must. "Hotels are still going to clean their rooms," he says. "Restaurants will still have waitresses. Where are they going to get them? If the work force of illegal aliens is reduced, they'll draw away my aides."

With 10,000 workers in 12 states, Addus is a big agency, and, in one respect, an unusual one: Earlier this year, it signed a contract with the Service Employees International Union. The aim for both was to make the job more bearable and to tame the turnover.

At the Addus branch in the old Italian row-house district of South Philadelphia, though, that hasn't happened yet.

"A quarter more an hour is enough to make a person leave," says Bernice Drinks, the office administrator. She needs 90 aides to care for 180 clients -- and 10 quit every month. Ms. Drinks hires new ones mostly from welfare-to-work programs. But 13 of her current aides have stayed longer. One is Haitian, the others, Latinas.

"We need every nationality," Ms. Drinks says. "They like us. They like the clients. They spread the word."

Before she started caring for Blanca Maldonado, Xiomara Martinez was waking up at 4 a.m. to work in a laundry for $6 an hour. Then Ms. Drinks hired her sister Juana -- who soon brought in Xiomara, two other sisters and an aunt.

"Juana told me it was a good job," said Ms. Martinez at her client's bedside, surrounded by pictures of Ms. Maldonado's children and children's children. "I like it. Elderly people are beautiful. I'd like to make a career out of it." Then, considering the money she makes, Ms. Martinez added, "I might get work in a hospital."

Blame For Current Border Problems Falls Heavily On Congress (RC)

By Norman Ornstein

Roll Call, July 26, 2006

Last week, on his way to the Mexican-American border, Speaker Dennis Hastert (R-Ill.) told USA Today's Kathy Kiely that border security was the absolute key to the immigration issue. He said, "I would look at it as if you have a patient who is bleeding to death. ... Close the wound first. Secure the border. And then you can begin to look at what other options are."

The Speaker's comments and analogy led me to a parallel analogy: Congress is like Washington, D.C.'s emergency response team. The patient — the border — started to bleed uncontrollably many years ago. A lot of people called 911 (starting on Sept. 11, 2001), but the House ambulance is just now arriving at the door (with legislative EMTs about as clueless as D.C.'s finest).

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Here we have Exhibit A in the damage done by a Congress that years ago abandoned a deliberative process and serious oversight. When President Bush belatedly embraced the idea of a Department of Homeland Security in 2002 and picked the behemoth model for maximum political impact, Congress accepted it without question, fighting only over the level of political control of its 170,000 employees.

As I have noted before, any student of organizations and reorganizations — public or private — knew that throwing together 20 or more disparate agencies, bureaus, offices and other entities would lead to disorganization and chaos for years as career civil servants struggled to figure out their new career paths; as agencies were shuffled and moved physically; and as new leaders simultaneously tried to manage the change and department, and also create a new mission and carry it out at a time of maximum danger to the homeland.

And everyone should have known that it would be a Herculean task to change 20 bureaucratic cultures built around pre-existing missions to create a new culture focused on the new mission of protecting the homeland — with the added danger of losing focus on the old, still-important missions along the way.

At the time the administration's plan for a department emerged, there was an obvious alternative: create a Department of Border Security first, joining together the Border Patrol, Customs Service, Immigration and Naturalization Service and Coast Guard.

This reorganization would have served several powerful needs, forcing the four component parts to look beyond their pre-existing missions (the Customs Service, for example, was created in large part to generate revenue) and handle the new and urgent mission of focusing on border threats. In addition, this approach could have brought attention to two components with long-standing problems and dysfunctional cultures — the Border Patrol and the INS — and helped repair those cultures, perhaps by proximity to two other agencies with sterling reputations. And this approach could have ensured that the outcome of the reorganization would be to strengthen the border while preserving important additional functions such as the Coast Guard's role in marine safety.

Once that merger had been completed — and given the time and effort needed to make it work — other entities, such as the Federal Emergency Management Agency or the Animal and Plant Health Inspection Service, could be considered for addition to the department, phasing them in to reduce the turmoil along the way.

Instead, the "Big Gulp" approach was taken, without a peep from Congress. Moreover, after the DHS was created, Congress did little oversight, either during its early period of chaos and revolving doors for top management or afterward. It even took years to create parallel oversight committees.

So — no surprise — a preoccupied DHS left the dysfunctional Border Patrol to its own devices and sat by idly while the old disputes among the Border Patrol, INS and Customs festered. The failure to make the border agencies work, much less work together, contributed to the corrosive, anti-immigrant atmosphere in border areas in the Southwest and elsewhere in the country by failing to get any meaningful handle on border security.

Of course, Congress' failure here was even more striking and inexcusable when it came to FEMA — a once-proud agency left in tatters within the DHS, a shift that mightily contributed to the disastrous response to Hurricane Katrina (and, we now learn, to a dysfunctional post-Katrina effort that led to outrageous misuse of taxpayer dollars to buy things that were not needed, or unused and allowed to rot). Given this history, I have little confidence that Congress' newfound zeal to reorganize FEMA, either spinning it out of the DHS or reforming it within, has been thought through carefully or would be carried out well, much less subject to real, sustained and searching oversight.

When Immigrants Become Humans (LAT)

The Los Angeles Times, July 26, 2006

REP. STEVE KING RECENTLY STOOD before the House of Representatives, razor wire in hand, and advocated electrifying the southern U.S. border with a current strong enough to be a "disincentive" but weak enough to keep from killing people. "We do that with livestock all the time," the Iowa Republican noted.

Maybe King should tune into FX. Tonight at 10, the cable channel will air a captivating episode of Morgan Spurlock's "30 Days" documentary program that people on all sides of the immigration debate should watch. In it, Frank Jorge, a member of the Minuteman Project border-vigilante group, spends one month living in a tiny, one-bedroom East L.A. apartment with a family of seven Mexican immigrants, most of them illegal, who he thinks should be deported. Jorge leaves his documents at home in Mojave, does handyman work with the stoic father and argues immigration politics over meals and golf rounds with the family's charming (and totally Americanized) teenage daughter.

The result is gripping television — not because the protagonists change their views significantly but because we get to watch Jorge register his slow-dawning shock that the same class of people he has pointed guns at can be noble, hardworking, funny, angry, God-fearing, sassy, patriotic … and, well, human.

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This is a truism too frequently sidestepped. Restrictionists are fond of using terms of derision like "illegals" (a word that somehow never gets affixed to tax evaders, pot smokers or scandal-embroiled politicians) and too often compare a class of mostly decent human beings to rodents or insects. "Illegals," Rep. Ted Poe (R-Texas) recently warned his colleagues, "have been drawn to Colorado like moths to a flame."

The set-up of tonight's episode is perhaps too loaded to be representative. Jorge himself was born in a foreign country (Cuba) and speaks Spanish. The Gonzales family seems almost impossibly likable; no trace of trouble or complaint is on display. And even though Jorge has since insisted that the show's editing makes him out to be more sympathetic to the family than he actually is, no editing could fake the bond that grows between them, and no shadow of a doubt clouds the episode's most powerful moment — when Jorge visits the Gonzales' brutally poor and run-down village in Mexico.

It's too much to ask of a television show that it solve a seemingly intractable dispute. But by showing the humanity on both sides of the issue, "30 Days" provides a valuable and timely public service.

TAX:

Patented Tax Strategies May Fail To Shield You From The IRS (WSJ)

By Tom Herman

The Wall Street Journal, July 26, 2006

It's tough enough to figure out whether a complex tax strategy is right for you -- let alone legal. Now there's something else to worry about: Getting sued by someone who has patented the technique.

It may sound surprising that tax and financial-planning ideas can be patented at all. They can, just like gadgets and other inventions. While the number of tax-related patents is still small, it appears to be growing -- and is attracting attention in Congress, at the Internal Revenue Service and among tax professionals facing increasingly intense competition for wealthy clients. Adding to the interest is a lawsuit filed earlier this year against a Connecticut executive for allegedly using a tax strategy patented by a Florida man in 2003.

IRS officials and some tax lawyers worry taxpayers may be fooled into thinking that a "patented" tax strategy automatically bears the government's seal of approval -- which it doesn't. "Just so there is no misunderstanding today on this point, let me be clear," IRS Commissioner Mark Everson told a congressional panel earlier this month. "The grant of a patent for a tax strategy has absolutely no impact on IRS's determination of the effectiveness or the legitimacy of the strategy."

Lawyers, meanwhile, are questioning whether someone should be allowed to impose what amounts to a toll charge on someone else for using a technique to reduce taxes lawfully.

"The proliferation of tax-strategy patents would change and burden tax practice," says Ellen Aprill, a tax-law professor and associate dean for academic programs at Loyola Law School in Los Angeles.

Patents for tax-reduction strategies "should be prohibited" either by legislation or by the U.S. Patent and Trademark Office, says Dennis I. Belcher, a lawyer at McGuireWoods LLP in Richmond, Va., and treasurer of the American College of Trust and Estate Counsel, a group of about 2,600 lawyers. "It should be against public policy" for a private individual to patent a technique used to reduce someone's tax burden, he says.

A panel discussion on the subject will be held at a joint meeting of the American Bar Association tax section and the group's section of Real Property, Probate and Trust Law in October in Denver. The title: "Can Patents Restrict our Advice to Clients?"

The Patent and Trademark Office has issued 48 patents related to tax strategies since the early 1990s. Of those, seven were issued last year, up from one in 2005 and five in 2003. James Toupin, general counsel, says the office also has published 61 applications that haven't yet been reviewed to see if they qualify for a patent.

Tax lawyers have been focusing more closely on the subject since a lawsuit was filed early this year against John Rowe, now executive chairman of Aetna Inc., in federal district court in Connecticut. According to the complaint, Dr. Rowe used an idea invented and patented by Robert C. Slane, who assigned the patent to Wealth Transfer Group LLC, of which he is a member.

The patent -- No. 6,567,790 -- involves transferring stock options to a "grantor-retained annuity trust." Typically, the goal of these trusts is to transfer appreciated assets to family members while minimizing gift and estate taxes. The complaint says Dr. Rowe had set up "one or more" of these trusts funded by nonqualified stock options in Aetna. The lawsuit asks for a permanent injunction barring Dr. Rowe from "infringing," or inducing others to infringe, on the patent. It also asks for damages and attorneys' fees, but doesn't specify how much.

A lawyer for Dr. Rowe declined comment and said Dr. Rowe declined comment, but court papers submitted on behalf of Dr. Rowe denied the allegations.

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Stephen Milbrath, a lawyer for Mr. Slane, declined to elaborate on the lawsuit, but he strongly disagreed with Mr. Belcher's call to prohibit patents on tax-related strategies. These and other types of "business-method" patents are "valuable to the economy" and "spur innovation," he said. "We're very unhappy" Mr. Slane wasn't invited to present his side of the story at the House hearing, he added.

Mr. Slane told The Wall Street Journal two years ago that he had decided to get a patent on the idea "to protect myself and to protect, if you will, the invention."

In one instance, the holder of a tax-strategy patent attended a real-estate conference, obtained the mailing list of all attendees -- and then sent a letter to each of them saying their business activities might be infringing on his patent, according to Richard Lipton, of law firm Baker & McKenzie LLP in Chicago. Mr. Lipton was told by the patent holder that some of those who got the letter paid royalties. He was paid by clients to look into the issue and concluded there was no infringement. * * *

Another email scam tries to lure taxpayers into disclosing personal information.

The IRS recently warned taxpayers to beware of "phishing" expeditions in which scamsters try to hook people into divulging sensitive information, such as credit-card numbers. Now, the agency says there's a new twist: Emails that look like a page from the IRS Web site, www.irs.gov, and claim to be from the "IRS Antifraud Commission," a fictitious group.

The email claims someone has enrolled the taxpayer's credit card in the Treasury's electronic federal tax payment system and tried to pay taxes with it. It also says there have been fraud attempts involving the taxpayer's bank account, that money was lost and that the remaining money is blocked. Taxpayers are asked to click on a link to help them get the money back, where they're asked to provide personal information that thieves could use to steal their identity.

The IRS "does not send out unsolicited emails asking for personal information," IRS Commissioner Everson said.

* * *

BRIEFS: A Senate Finance subcommittee plans to hold a hearing today on "the size and sources of the tax gap." The IRS has estimated the tax gap -- the difference between what the IRS collects each year and what it should be collecting -- is around $290 billion.

Dynamic Analysis (WSJ)

By Robert Carroll And N. Gregory Mankiw

The Wall Street Journal, July 26, 2006

Does tax relief mean more economic growth? Many people believe the answer is yes, and now they get strong support from the staff of the U.S. Treasury.

Most press reports on the Mid-Session Review of the federal budget, released by the Bush administration a couple of weeks ago, focused on the good news about expanding tax revenues and the shrinking budget deficit. But for tax-policy geeks, the most intriguing part of the report was an easily overlooked box on page 3: "A Dynamic Analysis of Permanent Extension of the President's Tax Relief." Over the past six months, the Treasury Department staff has been studying the dynamic effects of tax cuts on the economy. The results of this analysis, previewed in this box, were released yesterday in more complete form (available at http://www.treas.gov/offices/tax-policy/1).

A bit of background: Most official analysis of tax policy is based on what economists call "static assumptions." While many microeconomic behavioral responses are included, the future path of macroeconomic variables such as the capital stock and GNP are assumed to stay the same, regardless of tax policy. This approach is not realistic, but it has been the tradition in tax analysis mainly because it is simple and convenient.

In his 2007 budget, President Bush directed the Treasury staff to develop a dynamic analysis of tax policy, and we are now reaping the fruits of those efforts. The staff uses a model that does not consider the short-run effects of tax policy on the business cycle, but instead focuses on its longer run effects on economic growth through the incentives to work, save and invest, and to allocate capital among competing uses.

The Treasury report describes what will happen to the economy if the tax relief of the past few years is made permanent, compared to the alternative scenario of reverting back to the tax code as it was in 2000. Specifically, the report analyzes the effects of lower taxes on dividends and capital gains, the effects of lower taxes on ordinary income, and the extension of other tax cuts, including the new 10% bracket, the expanded child credit and marriage-penalty relief. Here are three main lessons.

Lesson No. 1: Lower tax rates lead to a more prosperous economy.

According to the Treasury analysis, a permanent extension of the recent tax cuts leads to a long-run increase in the capital stock of 2.3%, and a long-run increase in GNP of 0.7%. In today's economy, such a GNP expansion would mean an extra $90 billion a year that the nation can spend on consumer goods to raise living standards, or capital goods to maintain prosperity. More than two-thirds of this expansion occurs within 10 years.

Lesson No 2: Not all taxes are created equal for purposes of promoting growth.

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Some tax rate reductions have a profound impact on incentives and economic growth, while others have minimal or even adverse effects. The Treasury staff reports particularly large bang-for-the-buck from the reductions in dividends and capital-gains taxes. Even though these tax cuts account for less than 20% of the static revenue loss from permanent tax relief, they produce more than half of the long-run growth.

At the opposite end of the spectrum are the tax reductions from the 10% bracket, child credit and marriage-penalty relief. These tax cuts put money in people's pockets when, during the recent recession, the economy needed a short-run boost to aggregate demand. They also fulfill other objectives, such as making the tax system more progressive. But they illustrate that not all tax cuts promote long-run growth. Treasury estimates that without the tax reductions from the 10% bracket, child credit and marriage-penalty relief, the long-run increase in GNP would be larger -- 1.1% rather than 0.7%.

Lesson No 3: How tax relief is financed is crucial for its economic impact.

Like all of us, the government eventually has to pay its bills. In technical terms, the government faces an intertemporal budget constraint that ties the present value of government spending to the present value of tax revenue. This means that when taxes are cut, other offsetting adjustments are required to make the numbers add up.

The Treasury's main analysis assumes that lower tax revenue will over time be accompanied by reduced spending on government consumption. But the report also shows what happens if spending cuts are not forthcoming. In this alternative scenario, a permanent extension of recent tax relief is assumed to lead to an eventual increase in income taxes.

The results are strikingly different. Instead of increasing by 0.7% in the long run, GNP now falls by 0.9%. Tax relief is good for growth, but only if the tax reductions are financed by spending restraint. One exception: Lower taxes on dividends and capital gains promote growth, even if they require higher income taxes.

These Treasury results are sure to spark debate and further research. While the Treasury report is not the last word on dynamic analysis, it is a big step toward a more realistic view of tax policy.

Mr. Carroll is the Treasury Department's deputy assistant secretary for tax analysis. Mr. Mankiw, a Harvard professor, was chairman of the Council of Economic Advisers from 2003 to 2005.

Tax Cuts May Come At A Price, Study Says (WP)

By Nell Henderson

The Washington Post, July 26, 2006

The federal government will need to either cut spending or raise taxes down the road to pay for extending President Bush's recent tax cuts, the Treasury Department said in a report released yesterday, dismissing the idea popular with many Republicans that such sacrifices can be avoided.

The Treasury report did not openly address the much-debated contention of many conservative analysts that the tax cuts will boost economic growth so much over time that the resulting increase in taxes paid will offset much or all of the initial loss in government revenue -- that tax cuts can essentially pay for themselves.

The report acknowledged the debate delicately, saying "the issue of how, or even if, these policies need to be financed remains a source of discussion among economists."

But the Treasury's view reflects "a recognition the federal government has to finance the tax relief" to avoid a rise in government debt, Robert Carroll, deputy assistant secretary for tax analysis, said in an interview.

The report stressed that the economic effects of extending the tax cuts "depend crucially on whether they are financed by lower spending or higher taxes in the future."

One of Bush's top legislative goals is persuading Congress to make permanent several provisions of his 2001 and 2003 tax-cut packages that are set to expire in 2010. They include lower tax rates on income from wages, dividends and capital gains; a doubling of the child tax credit; and a reduction in the tax disadvantages of marriage.

If those tax cuts are extended and matched by comparable reductions in government spending, under the best scenario, the nation's level of economic activity would be increased by about 0.7 percent per year over time, or by $90 billion a year in current dollars, Carroll said.

If the government instead decides to raise taxes later, effectively making the tax cuts temporary, that could lower economic output over time, the report said.

"The report clearly indicates tax relief means more economic growth under certain conditions," Carroll said. "If the tax relief is not permanent, they might actually have adverse effects on growth."

The Treasury report was its first using "dynamic analysis," an approach that looks at how tax changes alter consumer and business behavior in ways that affect the economy's growth.

A reduction in income tax rates, for example, might initially reduce the government's revenue, but over time might encourage more people to work, and to put in longer hours, increasing tax payments to the government over time.

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The Congressional Budget Office and Congress's Joint Committee on Taxation provide dynamic analyses of how changes in tax policy are likely to affect the economy but do not use "scoring," which estimates the effects of tax changes on the governments tax receipts.

Earlier this year, Bush's budget proposed creating a Treasury Division on Dynamic Analysis to refine its approach, saying, "It is envisioned that dynamic analysis eventually would evolve into dynamic scoring."

The Treasury report released yesterday relieved "a lot of fears that dynamic scoring would lead to the view that cutting taxes raises revenue," said Jason Furman, a senior fellow at the liberal Center on Budget and Policy Priorities. Rather, the report "pours a huge bucket of cold water on the exaggerated claims that tax cuts transform the economy and pay for themselves."

On the contrary, Furman said, the Treasury's estimates suggest that, under the best long-run scenario, the tax cuts' boost to tax payments would offset less than 10 percent of their initial cost.

The Treasury report highlights Bush's call for both permanent tax cuts and "spending restraint."

But government spending has increased sharply during the Bush administration, said Leonard E. Burman, director of the Urban Institute's and the Brookings Institution's joint Tax Policy Center. He faulted the White House for deferring discussion of the types of big spending cuts that would be required to finance the tax cuts.

"All of the hard questions are swept under the rug," said Burman, a Treasury official in the Clinton administration. "We've increased spending and cut taxes, which is politically a very effective strategy. But in the long run, the effect on the economy is a disaster."

Tax-Haven Abuse Is Examined (WSJ)

By Robert Guy Matthews

The Wall Street Journal, July 26, 2006

WASHINGTON -- A Senate committee is turning the spotlight on abuse of offshore tax havens, particularly the use of trusts and corporate moves to circumvent U.S. tax, securities and antimoney-laundering laws.

The Permanent Subcommittee on Investigations plans to explore how offshore tax abuses cheat the federal government out of billions of dollars in tax revenues at a Tuesday hearing. The committee has been examining how the tax schemes work and how to better enforce compliance or close loopholes. Officials from securities firms, banks and law firms as well as U.S. taxpayers and tax and securities experts are expected to testify.

"For more than a year, the Senate Permanent Subcommittee on Investigations has conducted extensive investigations into potential abuses that occur with offshore tax shelters," said Chairman Norm Coleman (R., Minn.). "We must close those loopholes."

Legislators are focusing on how to close the $290 billion tax gap -- the amount of tax assessed by the government but never collected. Much of the tax gap is due to tax abuses and loopholes in the law.

Both the Subcommittee on Investigations and the Senate Finance Committee have been investigating abusive tax schemes for a number of years. In February 2005, the Subcommittee on Investigations released a report on abusive tax shelters promoted by KPMG LLP, Ernst & Young LLP, and PricewaterhouseCoopers. In November 2003, the subcommittee released a report alleging how accounting firms, law firms, banks and security-advisory firms had joined forces to develop, market and carry out abusive or illegal tax shelters.

CONGRESS-ADMINISTRATION:

White House Mulls Mineta Replacement (AP-Y)

By Leslie Miller

AP2, July 26, 2006

President Bush still hasn't decided whom to nominate as transportation secretary to succeed Norman Mineta, who left the job July 7 after six years on the job.

Meanwhile, Washington is showing how it loves to fill an empty Cabinet seat with speculation.

A Cabinet secretary, two federal transportation officials, a White House budget aide and a former governor are said to be under consideration.

"As soon as he has a nominee to announce he will," said White House spokeswoman Dana Perino. "Secretary Mineta left the Cabinet only a few weeks ago, and a decision on a nominee will be made soon."

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Two women who served under Mineta are considered top candidates to succeed him: Federal Aviation Administration chief Marion Blakey, known for her management skills; and deputy Transportation Secretary Maria Cino, who has a reputation for political savvy.

Others said to be in the running are:

_Jim Edgar, former two-term Illinois governor.

_Elaine Chao, secretary of Labor.

_Michael Jackson, deputy secretary of Homeland Security, formerly deputy secretary of Transportation.

Clay Johnson, deputy director of the Office of Management and Budget, has also been talked about as a possible candidate. He's been Bush's friend since prep school and served in his administration as governor of Texas.

Carol Hallett, former president of the Air Transport Association, lost out to Andrew Card for Transportation secretary in the first Bush administration. She said Tuesday that it was only a wild rumor that she's under consideration now.

Bill Graves, former Kansas governor and now head of the American Trucking Associations, told his board recently that he is committed to staying in his job.

Whomever President Bush selects, it's unlikely the new Transportation secretary will be appointed before fall.

Congress's monthlong August recess begins soon, and the Senate is often slow to confirm presidential nominees.

Inside the Beltway, the vacant Transportation post is viewed as setting up a "Maria vs. Marion" contest between Cino and Blakey.

Mineta, a lifelong Democrat, says he wants Cino, former deputy chairman of the Republican National Committee, to succeed him.

"She's proven herself in terms of her handling the issues and handling the people," Mineta said in a telephone interview from his office at the public relations firm Hill & Knowlton, where he is now vice chairman.

Cino rose primarily through Republican political organizations to become deputy Transportation secretary in May 2005.

She had little transportation experience, but her resume includes national director for the Bush for President campaign in 2000.

Cino plunged into her role as acting secretary immediately upon Mineta's departure, touring the country to publicize transportation projects undertaken by the Bush administration.

Her past as a political staffer may hurt her, said Mineta, because people in the White House may not think of her as Cabinet secretary material. "They think of her as a staff person," he said, recounting a conversation he had with Cino about how the administration perceives her.

Blakey has far more experience in transportation, say her supporters. She headed the National Highway Traffic Safety Administration under President George H.W. Bush and the National Transportation Safety Board and the FAA under President George W. Bush.

"The summer has gone well without the usual screams and cries due to delay in air traffic issues. Her department has had a good record of keeping its senior talent," said Peter Goelz, former NTSB managing director.

But bitterness over difficult contract negotiations with the air traffic controllers' union may cause Blakey trouble should she be nominated. After more than a year of bargaining, she imposed the FAA's last, best offer on the union — an unpopular move with Democrats and labor-friendly Republicans on the Hill.

James May, president of the Air Transport Association, one of the Transportation Department's biggest constituents, said either choice would be fine with him.

"I'm very high on Marion Blakey and Maria Cino," May said.

Edgar, the former Illinois governor, has expressed interest in the job in the past.

Mineta said Jackson, his former deputy, is unlikely to get the job because he's needed to help run Homeland Security.

Adversary Of Goss Takes No. 2 CIA Post (WT)

By Bill Gertz

The Washington Times, July 26, 2006

A veteran CIA operations official who clashed with former agency Director Porter J. Goss was formally named the deputy CIA director yesterday, raising concerns among critics who say he will hamper reform at the agency.

Stephen R. Kappes, who is well-liked among CIA rank and file but who is viewed as someone supporting the status quo at the embattled agency, began work yesterday in his new role, a CIA statement said.

CIA Director Michael Hayden said Mr. Kappes "has a profound understanding of how this agency works, both here at headquarters and in the field," the statement said.

Mr. Kappes, who has held positions within the CIA clandestine service, told agency employees in a message that he values "your expertise, your skills, your patriotism and your generosity to your colleagues."

He had resigned in protest from the CIA in November 2004 along with one of his subordinates, Michael Sulik, after an incident in which, intelligence officials say, Mr. Sulik threw a stack of papers at senior Goss aide Patrick Murray during an argument in a meeting.

After the incident, Mr. Goss ordered Mr. Kappes to reassign Mr. Sulik outside CIA headquarters because of his behavior at the meeting. Instead, Mr. Kappes and Mr. Sulik both resigned.

The CIA has been under fire ever since the failures related to the September 11 attacks and subsequent botched assessments of Iraqi weapons of mass destruction.

Under recent intelligence community reforms, the agency has been reduced from its central role as the lead agency among 15 intelligence groups to one more oriented toward gathering human intelligence.

One former senior intelligence official said Mr. Kappes' appointment signals the end of reform at the CIA. "The bureaucrats have won" the battle to change the CIA, the former official said.

Rep. Peter Hoekstra, Michigan Republican and chairman of the House Permanent Select Committee on Intelligence, recently wrote to President Bush that the appointment of Gen. Hayden as director and plans to name Mr. Kappes as his deputy "signal a retreat from needed reforms of the agency."

"Regrettably, the appointment of Mr. Kappes sends a clear signal that the days of collaborative reform between the White House and this committee may be over," Mr. Hoekstra said in the May 18 letter.

Mr. Hoekstra said he thinks Mr. Kappes will bring problems back to the CIA including "politicization" of the intelligence service.

Mr. Kappes appears to be part of a group of CIA officials who have undertaken a concerted effort to undermine Bush administration policies, Mr. Hoekstra stated, noting that Democrats in Congress who opposed Mr. Goss publicly supported Mr. Kappes' return to the CIA. Mr. Goss resigned earlier this year.

Mr. Hoekstra said Mr. Kappes and Mr. Sulik tried to "bypass" congressional oversight committees as part of a "personal agenda."

"Every day we suffer from the consequences of individuals promoting their personal agendas," Mr. Hoekstra stated. "This is clearly a place at which we do not want or need to be."

Under CIA rules, two military officers cannot be in leadership roles at the CIA simultaneously, so Mr. Kappes' predecessor as deputy director, Vice Adm. Albert M. Calland III, stepped down in May.

Adm. Calland, a former Navy special operations commando, will take over as deputy director for strategic operational planning at the National Counterterrorism Center.

Bush Names Peace Corps Director (AP-Y)

AP2, July 26, 2006

President Bush has chosen financial services executive Ronald Tschetter to be the next director of the Peace Corps, the White House said Tuesday.

Tschetter replaces Gaddi Vasquez, who last month became U.S. representative to the United Nations food and agriculture programs.

Tschetter, a former Peace Corps volunteer in India and a former president of Dain Rauscher Inc., is now president of D.A. Davidson & Co. His nomination must be confirmed by the Senate.

Wind Farm Delays Pit Senators Against FAA (CHIT)

By Michael Hawthorne

Chicago Tribune, July 26, 2006

U.S. Sens. Barack Obama and Dick Durbin are blocking the appointment of a top aviation official in hopes of forcing the federal government to resolve a dispute that has stopped work on more than a dozen wind farms in the Midwest.

The Illinois Democrats took the action in response to a recent Tribune story that documented how at least 15 wind farms have been sidetracked while federal officials study whether the giant turbines could interfere with military radar.

Senate rules and privileges allow any senator to delay confirmation of a presidential appointment. In this case, Obama and Durbin are blocking the nomination of Andrew Steinberg to be assistant secretary for aviation and international affairs at the Federal Aviation Administration. Earlier this year the FAA issued stop-work orders, formally known as a determination of presumed hazard, for at least 15 proposed wind projects in the Midwest.

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"Wind farms are an important part of our ongoing efforts to make the United States more energy independent," Obama said, "which is why the FAA needs to immediately clarify its position so that investors feel comfortable putting their money into these projects and construction crews can get to work."

Backers of wind power say the delays have little to do with national security. Instead, they say, the wind projects have been caught up in a political battle hundreds of miles away on Cape Cod, where a group of influential vacationers oppose plans to erect 130 wind turbines offshore in Nantucket Sound.

Opponents of the Cape Wind project include U.S. Sen. John Warner (R-Va.), a frequent visitor to Cape Cod who slipped an amendment into a defense spending bill ordering federal officials to study whether wind farms mask the radar signals of small aircraft.

Laura Brown, an FAA spokeswoman, said Tuesday that the delays imposed by her agency have nothing to do with the defense study. She attributed the holdups to a burgeoning number of wind projects that must be reviewed by the FAA and noted the agency has approved one of the previously stalled projects—a giant wind farm outside Downstate Bloomington.

Another agency spokesman told the Tribune previously that the FAA had blocked construction at several wind farms at the behest of the Defense Department.

Top federal and state officials are encouraging the use of more wind power as a solution to skyrocketing fuel prices and for environmental problems such as global warming. President Bush has said wind turbines eventually could provide 20 percent of the nation's energy needs.

Sponsors Hold Out For Press Shield Law (AP-Y)

By Michael J. Sniffen, Associated Press Writer

AP2, July 26, 2006

Two Republican co-sponsors of a bill to shield reporters from having to disclose news sources refused Tuesday to give up hope for the legislation despite Justice Department opposition and limited time left for congressional approval.

Sen. Richard Lugar and Rep. Mike Pence, both Indiana Republicans, acknowledged at a National Press Club lunch that their proposed Free Flow of Information Act faces an uphill struggle with only a few months left in the 109th Congress.

Nevertheless, Lugar said, "We are still optimistic."

And Pence disclosed that the first hearings by a House committee would be Sept. 14.

The bill still needs approval by a Senate committee and the full Senate, a House hearing, House committee approval, full House approval, probably a conference to resolve differences, final votes on both chambers and President Bush's signature — all before Congress wraps up this fall, Lugar said.

And "probably some more compromises" will be necessary, Lugar said, without specifying what they might be. The coalition of news media companies backing the bill was already shaken by amendments sponsors accepted, particularly in the Senate version.

"We want to be helpful but at some point you risk giving everything away," Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said in an interview.

Dalglish said her own group dropped its 35-year-old insistence on an absolute privilege for reporters to withhold source identities in order to support an amendment to the House version that would allow courts to compel reporters' testimony when necessary to prevent "imminent and actual harm to the national security." She didn't see room for more compromise in the Senate version which also could force testimony relating to guilt or innocence, death or bodily harm, eyewitness accounts and unauthorized disclosure of properly classified information.

Just Tuesday morning, House Judiciary Committee Chairman Rep. James Sensenbrenner, R-Wis., told Pence the panel's Internet and courts subcommittee would hold a hearing Sept. 14, the first in the House since the bill was introduced last year.

The Senate Judiciary committee held two hearings, spurred by furor over imprisonment of New York Times reporter Judith Miller for 85 days until she agreed to tell a federal prosecutor about her sources in the leak of the identity of CIA official Valerie Plame.

A Justice Department representative testified there was no need for the bill. Miller, however, told the panel that without it reporters would no longer get information from government and corporate whistleblowers fearful of losing their jobs.

The Senate panel twice scheduled meetings to act on the bill but failed to get a quorum each time. Lugar said one problem passing the bill was the frequency of news stories — like those that revealed classified government monitoring of financial transactions — that re-ignited controversy even though "they have nothing to do with the merits of our bill."

Line-item May Get Sept. Vote (HILL)

By Jonathan Allen

DOJ_NMG_0043192

The Hill, July 26, 2006

Senate Republican leaders may bring a White House-backed proposal for a line-item veto to the floor in September, even if it appears likely to fall on a filibuster.

White House budget chief Rob Portman continued a fierce lobbying blitz for the measure yesterday, even as Republican senators conceded they still do not have the 60 votes needed to ensure its passage.

Portman, director of the Office of Management and Budget, met first with members of Republican whip operation of Sen. Mitch McConnell (Ky.) and then with individual senators outside the party's weekly policy luncheon.

"We're still very optimistic about its passage," said Portman, a former U.S. trade representative and House member from Ohio. "The timing is still in question."

"Probably not before the break," McConnell said.

"I don't think it's ripe yet in terms of support," said Sen. Gordon Smith (R-Ore.).

The September floor schedule is sure to be crowded as lawmakers vie to have their pet priorities considered before reconvening for a lame-duck session in November, and GOP leaders could choose not to have a floor vote on the line-item legislation.

But the White House is putting greater emphasis on building support for line-item authority than it has put on other proposals.

Conservatives who once preferred a broader spending-reform package written by Budget Committee Chairman Judd Gregg (R-N.H.) are now willing to consider the package's line-item-veto provision separately on the floor.

"That should probably be the prime budget vote we have before we get out of here," said Sen. Jeff Sessions (R-Ala.), one of the lead backers of a biennial budgeting proposal that Gregg included in his bill.

But neither Gregg's budget-reform proposal nor a stand-alone proposal for a line-item veto appears to have the 60-vote supermajority necessary to overcome a Democratic filibuster, should there be one.

"They haven't produced the votes they need to produce to justify the leader taking it to the floor free-standing," Gregg said.

But Portman said, "I think we can get to 60 votes."

Those who favor considering the line-item veto say it presents a win-win for Republicans — either it passes or they can use a filibuster against Democrats at the polls.

"It has policy and political implications," Smith said.

The line-item veto may have more political salience this year because of recent public outrage over the practice of earmarking.

Critics argue the Senate should not use limited floor time to debate a bill that is unlikely to pass.

"How about passing some appropriations bills?" said Jim Manley, spokesman for Minority Leader Harry Reid (D-Nev.).

"The Republicans have completely abdicated their responsibility to pass a budget" and are trying to "score cheap political points" with legislation "that more than likely will never get out of the Senate," he said.

The House passed a line-item-veto bill in June with 247 votes, including 35 from Democrats. That measure, sponsored by Rep. Paul Ryan (R-Wis.), could require 60 votes to overcome a point of order — the same threshold that would be needed if Gregg's line-item proposal were stripped from his broader package and brought to the floor as a stand-alone measure.

The measures under debate would require Congress to affirm the president's requests for spending rescissions with a simple majority vote rather than overriding a veto with a two-thirds majority.

Gregg's line-item proposal would give Congress 45 days to respond to rescission requests from the president, limit the White House to four packages of requests per year and sunset the authority in four years.

Sessions said he would like to see the Senate debate the rest of Gregg's proposal at some point.

"I'm frustrated that we don't find more time to talk about these issues," he said.

Senate supporters of the line-item power say that more than 60 senators have expressed support for such authority either this year or in the past.

"I think it will come up," said Sen. Bob Bennett (R-Utah). "I'm leaning toward voting for it."

Poll: Majority Of Public Disapprove Of Bush's Stem Cell Veto (USAT)

By Richard Benedetto

USA Today, July 26, 2006

WASHINGTON — A majority of Americans disapprove of President Bush's veto of a bill expanding federal funding for embryonic stem cell research, though they say they believe he did so on principle, a USA TODAY/Gallup Poll shows.

The poll taken last weekend finds 61% say Bush rejected the bill last week for personal moral beliefs; 32% say he did it to gain political advantage.

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It was Bush's first veto as president. The House of Representatives failed to override the veto.

White House deputy press secretary Ken Lisaius said Tuesday, “The president does not make policy decisions based on polling numbers. … He vetoed the legislation because it would provide federal tax dollars to fund the present and future destruction of human life for research.”

In 2001, Bush made available $90 million in federal funds for research on a restricted number of embryonic stem cell lines. The bill would have allowed federal funds to be used on research of frozen embryos from fertility clinics that would otherwise be discarded.

Bill supporters, such as former first lady Nancy Reagan, say embryonic stem cell research may lead to cures for diseases such as Alzheimer's and diabetes, and to help heal spinal cord injuries. Bush and other opponents argue that the destruction of human embryos required for the research amounts to taking human lives.

In his veto message, Bush said if the bill became law it would cross a moral boundary that “would be a grave mistake.”

The poll shows a partisan gap: 61% of Republicans approve of the veto, compared with 19% of Democrats and 33% of independents.

Among those expressing disapproval, 76% say they were “very” or “somewhat” upset by the veto; 24%, not at all.

Sen. Charles Schumer of New York, head of the Democratic Senate Campaign Committee, and others in his party say they will make the veto an issue in the Nov. 7 elections. Ads are running in Wisconsin and are planned in Missouri, Pennsylvania and other states against Republicans who opposed the bill.

“They might be overstating the case,” Lydia Saad, senior editor of the Gallup Poll, says of the Democrats' strategy. “It would not seem to be a make-or-break election issue. There doesn't seem to be that much public intensity.”

Democratic critics charge that Bush rejected the bill to appeal to conservative voters who are a key element in the Republican base.

“This wasn't a pro-life veto. This was a political veto,” says Sen. John Kerry, D-Mass.

After Bush's veto, two governors put up more money for embryonic stem cell research.

California Gov. Arnold Schwarzenegger, a Republican, lent $150 million from his state's general fund for grants to stem cell scientists. Illinois Gov. Rod Blagojevich, a Democrat, offered $5 million for research grants in his state.

Five states had allocated $72 million for the research. Some foreign countries, including the United Kingdom and South Korea, also fund stem cell research.

Republicans Split On IRA Provision In Pension Bill (WSJ)

By David Rogers And Deborah Solomon

The Wall Street Journal, July 26, 2006

WASHINGTON -- Pension-bill negotiations in Congress are coming down to a bruising fight among Republicans over how much latitude to give the financial-services industry to provide advice to individuals on their retirement accounts.

Senate Finance Committee Chairman Charles Grassley (R., Iowa) continues to resist pressure from House Majority Leader John Boehner (R., Ohio), who wants to make it easier for investment companies to both manage retirement accounts and advise clients on their portfolio.

As the dispute drags on, it has invited other skirmishes, threatening hopes of enactment this week of the underlying package to shore up the private pension system.

Major provisions promising airlines more time to bring their pension contributions up to date were being finalized last night, and Mr. Boehner is hopeful of agreement today on the package. But a closed-door exchange yesterday between House Ways and Means Committee Chairman Bill Thomas (R., Calif.) and Sen. Edward Kennedy (D., Mass.) betrayed Republican concerns about labor's reaction to some of the agreements. And members of the Senate Finance panel were in open revolt after Majority Leader Bill Frist's chief-of-staff Eric Ueland told reporters that popular tax provisions would be pulled out of the package.

"Am I dealing with Sen. Ueland or am I dealing with Sen. Frist," said Chairman Grassley. "Sometimes plans change," said Speaker Dennis Hastert (R., Ill.) of the new leadership tax strategy, but Republican business allies began a countereffort to keep a corporate-research tax credit in the pension bill.

The fight over investment advice focuses on the increasing number of Individual Retirement Accounts, used by about 33 million families in the U.S., according to the Employee Benefit Research Institute. With baby boomers poised to retire, and having the option of rolling over their 401(k) plans into IRAs, the industry sees potential, and Mr. Boehner has invested his prestige as a House leader and past chairman of the House Education and the Workforce Committee, which shares jurisdiction over pension legislation.

The Ohio Republican says more advice is needed if retirees are to achieve the returns they expect on accounts, which are in many cases underinvested and lack diversification, he says. "The people who can give the best advice also happen to sell

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products," Mr. Boehner said. "I believe there is a way that protects the interest of the recipients while at the same time allows advice to get into their hands."

Mr. Grassley counters that "the bottom line of it is you have conflicted interests when you are advising people," and some objective standard, such as a product-neutral computer model, is required. In the case of 401(k) plans, a compromise has been reached requiring that such a model be used. In the case of IRAs, with many more diverse holdings, this type of modeling is more difficult.

Mr. Grassley has proposed a compromise under which investment companies would temporarily shift to paying their investment advisers flat fees instead of percentages from sales until a model is found. "You need an incentive to get a computer model, and that's why we have a flat fee," he said. "If you operate within a computer model, you're not just giving advice on something you sell."

Mr. Boehner rejects this and has sought to isolate Mr. Grassley by giving ground elsewhere to win support from other senators. The House appears willing to drop a provision opposed by Sen. Kennedy that would allow health insurers to make sweeping first claims on insurance payments related to accidents. Sen. Max Baucus (D., Mont.) is pursuing an unrelated $50 million highway provision important to his home state, and Sen. Michael Enzi (R., Wyo.), chairman of the Senate Health, Education, Labor and Pensions Committee, is waging a battle to get language related to Abandoned Mine Land fund financing.

The talks have been closely watched by the airline industry. Under proposals now, Northwest Airlines and Delta Air Lines are expected to have 17 years to pay their pension debts, substantially less than the Senate first proposed. AMR Corp.'s American Airlines and Continental Airlines could qualify for a less generous break and appeared last night to have beaten back efforts to impose an increased penalty if they default on their pension promises in the future.

Pension Bill Inspires Late Lobbying Flurry (RC)

By Kate Ackley

Roll Call, July 26, 2006

Numerous lobbyists who have pushed for a pension reform package began lining up their celebratory plans last night as they awaited final word that the bill was set to emerge from its 100-plus-day conference committee. But those who had banked on having their clients' tax credits included in the bill spent late Tuesday on a last-ditch flurry of lobbying.

That's because reports indicated that those tax credits had been bounced from the package — a particularly big blow to such high-tech, pharmaceutical and other industrial sectors that anxiously were awaiting renewal of a tax credit for research and development in the United States.

Even though several news accounts Tuesday reported that pension conferees had stripped the retirement measure of its tax-break extensions and other legislation — including a highly controversial estate tax bill — that only led lobbyists in favor of the tax provisions to step up their frenetic pace.

One lobbyist said in an e-mail late Tuesday afternoon that he was heading to Capitol Hill "to try further to extinguish" the idea of not including the tax credits in the pension bill. "It's not over yet," this lobbyist insisted two hours later.

Lobbyists working to extend the tax credits said they were looking to Senate Finance Chairman Chuck Grassley (R-Iowa) and a handful of other Members to try to get the credits back in the pension package.

"Nothing's finally determined until the papers are signed," said a spokeswoman for Grassley on Tuesday evening.

Another lobbyist, who was not working on the tax-credit issue but was closely tracking the pension bill, said fellow lobbyists, especially ones who support the research and development credit, had no choice but to keep pushing up to the very last minute.

"Their jobs depend on getting it done, and they just got dumped off a moving train," this lobbyist said. "Their options are dwindling. They are sweating bullets."

Bob Shepler of the National Association of Manufacturers, which runs a coalition devoted to the research-and-development tax credit's extension, said late Tuesday that he remained hopeful that pension reform, the estate tax language and the tax credits could all move by the August recess — a near impossibility for Congress, according to the conventional wisdom.

Shepler said many lobbyists are expecting the research and development and other tax credits to be coupled with the estate tax bill, as Senate aides indicated Tuesday.

But, he said, "like the pension bill, nothing is final until it's final."

Originally, the extensions for the tax credits were supposed to be included in the tax reconciliation bill, but they were peeled off, and Members indicated that they would ride along with the pension bill.

"Our members rely a lot on the R&D tax credit," Shepler said. "The uncertainty will become a competitive issue if it's not resolved fairly quickly. Our member companies are going to start looking elsewhere to start doing R&D."

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One source in the information technology sector said Members in favor of the estate tax language had been trying to get business groups to pressure certain conferees to support it by linking it with the tax credits, but pressure grew to simply swap both measures out.

"There was a kind of deal between leadership and the tax-writing committees that the extenders would be attached, so now this is the second time that we've been dropped out of something," said the information technology source. "Now we're on to plan C. We hope that the third time's a charm."

Said lobbyist Todd Boulanger of Cassidy & Associates: "There are a lot of disappointed K Streeters right now because extenders [were] pulled, but ultimately the core provisions will get signed into law because most of them are quite popular."

Legislating For November (HILL)

By Patrick O'connor

The Hill, July 26, 2006

The House GOP leadership is helping Republican lawmakers who have tough reelection battles by letting them take the lead on more legislation.

Majority Leader John Boehner (R-Ohio) was quick to congratulate freshman Rep. Dave Reichert (R-Wash.) yesterday after the House approved his bill to improve communications between emergency first responders.

"Representative Reichert should be commended for his work to ensure our first responders have the tools they need to continue to keep our nation safe," Boehner said in a statement released by his office right after the House passed the freshman Republican's bill, 414-2.

As the number of legislative days before the November election slip away, GOP lawmakers in competitive seats are trying to make their legislative mark.

On the same day that Reichert, a former sheriff, offered his legislation to improve emergency communications, Republican Reps. Geoff Davis (R-Ky.), Bob Ney (R-Ohio) and Deborah Pryce (R-Ohio), who are all locked in tight reelection fights, also introduced separate bills on the suspension calendar.

One clear advantage Republican leaders maintain over their Democratic rivals this year is the ability to schedule the floor, which includes moving bills written by vulnerable incumbents.

For example, the House approved legislation this month written by freshman Rep. Mike Fitzpatrick (R-Pa.) to foster competition among credit-rating agencies, and the Rules Committee is set today to mark up a bill by Rep. Nancy Johnson (R-Conn.) to create a national coordinator of online health records.

Much of the legislation falls under the subcommittee jurisdiction of the members in question — Ney and Pryce, for example, both head subcommittees with oversight on the financial issues their bills address — but scheduling a vote has become increasingly difficult as the legislative days tick away.

The schedule is even tighter for the many members seeking consideration of their bills on the floor before members leave for the August recess. Boehner himself expressed frustration yesterday about members who have pleaded with him to bring their bills to the floor this week.

"Everybody wants their bill up this week," the majority leader said during his weekly off-camera press briefing yesterday. "It is as if we were never coming back. There are only so many hours in a day and only a few days in this week to consider all of these."

Protecting incumbents is a biennial exercise that includes scheduling votes and promoting legislation written by members in competitive seats.

Fitzpatrick, a member of the Financial Services Committee who represents a district that supported Democrat John Kerry for president in 2004, introduced his bill June 20, and the House approved his measure July 13. During floor debate, Financial Services Committee Chairman Mike Oxley (R-Ohio) thanked the freshman for his efforts on the bill.

"The House leadership is very cognizant of the members that need to boast about being effective," one Republican lobbyist with business before the Financial Services Committee wrote in an e-mail. "Passing their bills is one way to prove that."

Johnson, on the other hand, introduced her bill in October 2005 and has been working to codify online health records to promote health technology as chairwoman of the Ways and Means subcommittee with oversight of health issues.

Her health-IT bill has also been mentioned as part of the GOP's suburban agenda, which is a legislative package embraced by leaders and a broad cross-section of the Republican House members as a way to appeal to voters in the suburbs and exurban communities that have become the battleground for swing voters.

While leaders are quick to give credit to their vulnerable incumbents, they have also scheduled votes over which conservatives and centrists are divided.

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Some centrist Republicans criticized their leaders for promoting an American Values Agenda that features socially conservative legislation which these members were reluctant to support.

Likewise, conservatives adamantly oppose a minimum-wage increase that leaders may bring to the floor to protect Republicans in labor states.

Frist Says He Got No Gain From HCA Deal (AP-Y)

By Nancy Zuckerbrod

AP2, July 26, 2006

Senate Majority Leader Bill Frist, under investigation for selling his stock in HCA Inc., said Tuesday he didn't know in advance the hospital chain founded by his family planned to go private.

Frist, who is considering a 2008 presidential bid, also said he hopes the investigation into the sale of his stock last year ends soon.

The Tennessee Republican said he learned about the buyout proposal, which was announced Monday, from newspaper reports. Thomas Frist Jr., the senator's brother and a member of HCA's board, is joining private equity groups to acquire the Nashville-based company he founded with his father in the 1960s.

Frist said he would not benefit from the deal, saying "to the best of my knowledge," he owns no HCA stock.

The senator has been under investigation by the Securities and Exchange Commission and federal prosecutors for nearly a year. Investigators are looking into sales of HCA stock belonging to Frist and his immediate family last year, near the stock's 52-week peak and at a time when insiders were selling off.

Frist denies wrongdoing and says he got rid of the stock to avoid any appearance of a conflict of interest as he eyes a presidential run.

When asked whether he had been interviewed by investigators, Frist neither confirmed nor denied that, saying only, "I participated fully with the inquiry, and things have progressed well."

The investigation is still under way, and Frist said he hoped it would end soon.

"I would like to have it wrapped up as soon as possible, just because you like to get those things totally behind you," said Frist, who plans to visit Iowa this weekend. Iowa hosts the first presidential caucuses.

Mark LoPresti, a senior analyst with Thomson Financial who follows insider trading, said there's no telling how long the investigation will hang over Frist. "They can go as long as a year or longer," he said.

LoPresti said making a case against someone suspected of insider trading is difficult.

"You kind of have to have something in writing on paper, or a recording that says, 'I think the stock is going down. It's time to sell,'" LoPresti said.

No such evidence has been disclosed in the Frist case.

Frist sold his HCA holdings around the time the stock peaked at about $58 a share in June 2005. Frist says he doesn't know the exact sale dates or what the sales netted because a trustee executed the sales at Frist's request and because his assets and that of his family are in blind trusts.

An annual financial disclosure report Frist filed with the Senate last month detailing his 2005 finances did not answer the question, since it did not list the assets in his trusts.

However, the report showed Frist and his family saw some of their trusts grow during the year, indicating the stock sales probably helped their bottom line.

Frist's largest blind trust, worth $5 million to $25 million, brought in more than $5 million last year, according to the disclosure report, which reflects ranges rather than specific values. That was up from the year before when it provided him $1 million to $5 million.

A blind trust in the name of Frist's wife, Karyn, reported bringing in more than $1 million. The year before, that trust reported making less — $100,000 to $1 million.

Similarly, one of Frist's sons has a trust that reported income of than $1 million. The year before his trust brought in $100,000 to $1 million.

Assets held by Frist's two other sons were not included in the report because they are not dependents.

Addressing, And Assessing, Government Productivity (WP)

By Stephen Barr

The Washington Post, July 26, 2006

The government faces "a productivity imperative" of providing improved services, but does not have a way to determine if it is up to that challenge, according to a report by a global consulting firm.

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Because of budget cuts, the Bureau of Labor Statistics stopped keeping score on government productivity in 1994, making it difficult to gauge overall governmental performance, the report from McKinsey & Co. said.

"The statistics suggest that government lagged private sector productivity up until that point and our hypothesis is that, since then, this gap may well have grown," the authors wrote.

For the government to address new national priorities and cope with growing programs, it needs to understand what drives private-sector gains in productivity and needs policymakers to create support for higher levels of federal performance, the report said.

As part of their recommendations, the McKinsey consultants called on the White House and Congress to set a "government-wide productivity target" to be accomplished within eight years.

"This would act as a political 'call to arms,' and have the managerial advantage of compelling sustained effort. We believe it is realistic," the authors wrote.

They noted, "Our experience working with corporations has demonstrated that, by year eight, major transformations in performance are possible."

For short-term assessment of programs, the report urges policymakers to create an entity independent of the White House and Congress. Much like Morningstar Inc. analyzes stocks and mutual funds and provides investors with information, the public could use a "Gov-Star" to obtain and compare data from federal programs, the report suggests.

The McKinsey report also recommended allowing managers to keep a share of productivity gains to bolster front-line services, enhancing management skills at agencies, creating a chief operating officer for agencies, and strengthening the management policy staff at the White House budget office.

The report, released this week, was written by Nancy Killefer , managing partner of McKinsey's Washington office and a former assistant secretary for management at the Treasury Department; Lenny Mendonca , chairman of the McKinsey Global Institute, an economics think tank within McKinsey; Thomas Dohrmann , a McKinsey partner in Washington, and Tony Danker , a public-sector specialist in the firm's Washington office.

"While there is an abundance of information about every government program, there is little genuine transparency about how they are performing," the authors asserted.

The report acknowledged that government productivity "has always been something of an illusive concept," in large part because of the nature of federal programs. Some programs "simply don't have a quantifiable output" and others cannot show whether their activities are adding value and how that value changes over time, the study said.

Asked about the McKinsey report yesterday, Robert J. Shea , counselor to the deputy for management at the Office of Management and Budget, called productivity "an euphemism for government program performance," and said the report makes important points.

Shea questioned whether the government needs a single measure of its productivity, suggesting that finding ways to focus on "program types" -- such as community development, education, environmental protection -- might produce more useful comparisons and understanding of program results.

The Bush administration provides ratings on the effectiveness of programs at ExpectMore.gov, Shea said. He said the information "we post would benefit from validation by an outside source" and hopefully spur more debate.

Patricia McGinnis , president of the nonprofit Council for Excellence in Government, applauded the report's call for a "Gov-Star" or "infomediary" that would independently validate data collected on the performance of federal programs.

Noting that Congress has shown little interest in the OMB's program ratings, McGinnis said, "I think there is a huge potential here. . . . It could be a voice of credibility in a nonpartisan way."

An ABA Hit Job (WSJ)

The Wall Street Journal, July 26, 2006

In March 2001, barely two months after taking office and two months before announcing his first judicial nominees, President Bush told the American Bar Association to buzz off. Specifically, Mr. Bush ended the tradition of providing the ABA's Committee on the Federal Judiciary with the names of nominees before they were made public. The ABA would still evaluate candidates for the federal bench, but it would do so from a status more consistent with the role it plays -- that of a political interest group.

Too bad Mr. Bush didn't go all the way and cut out the ABA entirely. Instead, the lawyers' lobby retains a special role as the only national organization authorized by the Administration to interview judicial nominees. And when it has given a favorable rating to a Bush nominee, the Administration has been only too happy to shout it from the rooftops.

Enter Michael Wallace. Anyone who still clings to the fiction that the ABA can be counted on to provide professional evaluations of judicial nominees without regard to politics should take a look at the current squabble over Mr. Wallace, whom Mr.

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Bush has nominated for the New Orleans-based Fifth Circuit Court of Appeals. In May the ABA panel rated Mr. Wallace as "unanimously not qualified" for the federal bench.

Mr. Wallace is a highly regarded attorney in private practice in Mississippi, where his nomination has bipartisan support. He clerked for the late Chief Justice William Rehnquist and in the early 1980s served as counsel to then-Congressman Trent Lott. In 1999, Mr. Lott hired him back as special counsel during President Clinton's impeachment trial.

That's not a professional background likely to endear the nominee to liberals. But here's the real disqualifier: During the Reagan and George H.W. Bush Administrations, Mr. Wallace served on the board and then was chairman of the federally funded Legal Services Corporation, whose ostensible mission was to provide legal help for the poor but which was a haven for liberal legal activism.

Mr. Wallace's efforts to reform the LSC had many critics, among them an attorney by the name of Michael Greco. Another opponent was the then-president of the New Hampshire bar, Stephen Tober, who accused him of having a "political agenda" at one particularly contentious hearing. Mr. Greco is now president of the ABA, and Mr. Tober is chairman of the ABA committee that nixed Mr. Wallace. Mr. Wallace's reforms were adopted, and now it's apparently payback time.

In any case, the ABA selection panel's deliberations are secret and it hasn't said why it considers Mr. Wallace unfit for the federal bench. In an exchange of letters last month with Mr. Tober, Senator Arlen Specter, chairman of the Judiciary Committee, said he would call the ABA to testify on its "Not Qualified" rating. He requested materials supporting the rating "as soon as possible."

Mr. Tober replied that "we will do our best" to submit the materials 48 hours in advance of the hearing -- a schedule that would make it difficult and perhaps impossible for Republicans on Judiciary to evaluate the ABA's charges and prepare for the questioning. Senator Specter threatened a subpoena and the ABA supplied an advance copy of its testimony but not the supporting documents. The immediate effect of the ABA's delaying tactics has been to push Mr. Wallace's hearing date into September, when election-year politics make confirmation unlikely this year.

The ABA judicial screening panel has a long history of such ideological sandbagging, going back to its sabotage of Robert Bork and Clarence Thomas. We'd have thought Republicans had learned their lesson. Given the political revenge that seems to be at work in the Wallace hit, it is past time to cut the ABA out of the vetting process altogether.

OTHER NEWS:

Federal Reserve Discloses Bernanke's Financial Assets (WSJ)

The Wall Street Journal, July 26, 2006

WASHINGTON -- Federal Reserve Chairman Ben Bernanke held financial assets totaling between $1.2 million and $2.5 million at the end of 2005, according to financial disclosure forms released by the Federal Reserve.

The former Princeton University professor's largest assets were a TIAA annuity valued at between $500,001 and $1 million, and a CREF variable annuity also valued at between $500,001 and $1 million. He also owned several Merrill Lynch & Co. funds valued at between $1,001 and $15,000, according to the disclosure forms.

Mr. Bernanke served as a Fed governor from August 2002 until June 20, 2005, when he became chairman of the White House Council of Economic Advisers. He became Fed chairman on Feb. 1, 2006, and earns $183,500 a year in that position.

Home Sales Fell By 1.3% In June; Inventories Rose (WSJ)

By Michael Corkery And Dongjin Park

The Wall Street Journal, July 26, 2006

Home sales declined last month while inventories swelled to the highest levels since 1997, the latest sign that the housing market continues to cool. Consumer confidence, meanwhile, stabilized.

The National Association of Realtors said sales of existing, or previously owned, homes fell 1.3% to a seasonally adjusted annual rate of 6.62 million units in June from a revised 6.71 million in May. When compared with June 2005, sales were down 8.9%.

Realtors' Chief Economist David Lereah says that for now, the housing market appears headed for a soft landing in most markets, meaning that the market will cool in an orderly fashion. But if the Federal Reserve continues to raise interest rates while consumers get hit with higher oil prices, "some local economies could turn sluggish and contract," which could result in a harder landing for housing, Mr. Lereah said.

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Home prices, meanwhile, were little changed overall but varied considerably by region. The national median existing home price was $231,000 in June, up 0.9% from June 2005. That was the slowest monthly year-over-year price increase since May 1995.

In the Northeast, where sales declined 3.5% in the month, the median price was $298,000, up 7.2% from a year ago. In the South, where sales were down 2.3% in the month, the median price was down 0.5% from June 2005 to $191,000. In the Midwest, last month's sales were unchanged from May, while the median home price was down 1.7% to $175,000 from a year ago. Last month's sales in the West were unchanged from May and the median price was $342,000, the same as a year ago.

"It's clear that we've seen a very significant slowdown [in price appreciation] and may be approaching an episode of overall declines," says Richard DeKaser, chief economist at National City Corp. in Cleveland. He added that "I would call this, thus far, a very orderly correction."

Meanwhile, inventories rose 3.8% to 3.73 million existing homes for sale in June, which is a 6.8-month supply of homes at the current sales pace. That was the highest inventory level since July 1997 and compares with a 4.4-month supply in June 2005.

Consumer confidence unexpectedly edged up in July as consumers shrugged off rising gas prices and higher interest rates. The Conference Board, an independent business-research group in New York, said its index of consumer confidence rose to 106.5 in July from June's revised 105.4.

Write to Michael Corkery at michael.corkery@wsj.com1 and Dongjin Park at dongin.park@wsj.com2

Home Prices Could Start Falling (USAT)

By Noelle Knox

USA Today, July 26, 2006

For the first time in more than a decade, home prices could start to fall around the country in coming months, the National Association of Realtors said Tuesday after a report showed that sales of existing homes fell in June and the number of homes for sale soared to their highest point since 1997.

Condo prices are already being hit: They fell 2.1% from June last year to a median $226,900 (median means half cost less and half cost more). Prices of single-family homes edged up 1.1% in June to $231,500. With a 6.8-month supply of single-family homes on the market and an eight-month supply of condos, sellers are under more pressure to cut prices, and buyers can be choosy.

David Lereah, NAR's chief economist, said he expects “price numbers to start deteriorating,” though he still projects home prices will be up 5.3% for the year.

The new figures provide deeper evidence that the nation's housing market is undergoing a jarring transition from a seller's to a buyer's market. The five-year boom, which peaked in August, was driven partly by investors, who snapped up 28% of homes sold last year. Many of them now want to sell. But rising interest rates and lofty home prices have squeezed out many buyers.

“Prices got too high in some local markets,” Lereah said. “So you're seeing two things occur: Investors are leaving quickly, and regular home buyers are staying on the sidelines.”

The last time single-family home prices fell was in April 1995, when they slipped 0.1%. The NAR said June existing-home sales slipped 1.3% from May, to a seasonally adjusted annual rate of 6.62 million and were down 8.9% from June 2005. On Thursday, the Commerce Department will report new home sales for June, and economists such as Phillip Neuhart of Wachovia expect those figures, too, to show continuing weakness.

“The numbers are not fully counting cancellations, which builders are reporting at a very high level,” Neuhart notes.

Many developers received approval for their projects when demand was sizzling. Now, some have to offer vacations, pools and car leases to entice buyers.

For existing-home sales, the weakest region was the West, where sales plunged 17.1% from June 2005. Sales fell 9.8% in the Northeast, 6.2% in the Midwest and 5.5% in the South.

“Markets which have been the hottest are quite likely to see home price declines,” says John Ryding, an economist at Bear Stearns. “In those markets, you could see declines for the year.”

The California Association of Realtors said Tuesday that home sales skidded 26% from June last year and are off 20% for the year. Though the median-priced home statewide hit a record $575,800, prices fell in five areas, including Santa Cruz, Palm Springs and Santa Barbara.

“Affordability has probably hit a record low,” says Robert Kleinhenz, deputy chief economist for CAR.

Ron Peltier, CEO of HomeServices of America, adds, “There is a delayed reaction on the part of sellers to accept the new reality.”

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After 5 Years Of Growth, Home Prices Drop (WP)

By Tomoeh Murakami Tse

The Washington Post, July 26, 2006

In what may be the most telling sign yet that the real estate market here has shifted downward, median prices of homes in several parts of the Washington area have declined when compared with the same time last year.

In Loudoun County, for example, the median price of homes sold dropped 1.2 percent last month, compared with June 2005, according to Metropolitan Regional Information Systems Inc., the area's multiple listing service. In Fairfax County, prices fell by half a percent in May and a tenth of a percent in June. And in the District, the decrease was 0.8 percent in March and 1.2 percent in May, compared with the same months last year, even though prices in the District in June were higher than the year before. The median is the point at which half of the houses cost less and the rest more.

The declines are small, and certainly not universal. Prices continue to rise in some areas, most notably Prince George's County, where houses are still relatively inexpensive. But the drops are significant because they mark the first time in half a decade that home prices have fallen in a 12 month span, illustrating just how much the real estate landscape has changed after five years of double-digit growth in home prices.

The areas with declines have some things in common: swelling numbers of houses for sale, slowing sales and lots of new houses on the market. In Loudoun, where developers have put up acres of new subdivisions in recent years, nearly 5,000 properties are for sale via the multiple listing service, which includes mostly resale homes. That compares with 1,800 a year ago. Homes there now take an average of 75 days to sell, compared with 21 days a year ago. In the District and Fairfax County, the number of unsold homes and time on the market has also increased, boosted by a large supply of condominiums.

What's happening is part of a national trend in which regional markets that led the country during the boom are seeing prices flatten or decline as the number of unsold homes on the market mushrooms. Yesterday, the National Association of Realtors reported that the inventory was up last month, to a 6.8-month supply, based on a seasonally adjusted annual sales rate of 6.62 million units. In June of 2005, the inventory was 4.4 months, the sales pace 7.27 million. The median price of existing U.S. homes was up 0.9 percent in June, compared with the same time last year.

The question for many local buyers and sellers is whether the small declines foreshadow big price reductions in the months ahead.

Economists are split. One view is that any declines will be insignificant or temporary because of job growth and the strength of the local economy.

"Could it be a 5 percent drop in prices? Could it be 10 percent? Whatever it is, it will be short-lived, because demand is right there on the sidelines," said David A. Lereah, chief economist of the National Association of Realtors.

But others see a steeper, prolonged downturn in prices because of overbuilding in some areas, speculative buying and a run-up in prices that has outpaced affordability. Prices, they added, have actually declined more than the multiple-listing service statistics indicate because sellers have been offering such incentives as help with closing costs.

Peter Morici, an economist at the University of Maryland, said prices could drop 10 percent by the end of the year, and perhaps by 20 percent "by the time it's all over."

The market will take months to shake out, because too many sellers have not accepted that their houses are not worth as much as they had thought, said Mark Zandi of Moody's Economy.com. "The market can't complete its correction until that happens."

Zandi sees Washington area home prices declining over the next six to 12 months by an average of 10 percent, with the condo market experiencing larger price drops. The good economy, he said, is "not enough to save the market from this housing correction."

The possibility of falling prices seems to have made many home-shoppers hold off on buying, despite rising interest rates. After all, even a minor correction could mean that houses cost tens of thousands less. For home sellers, that means much hand-wringing as they start to slash prices below what neighbors got just a year ago.

Scott and Shirley Porter of Ashburn had no choice but to cut the asking price for their townhouse -- there are just too many others for sale nearby. From their back yard, they can see three for-sale signs across the street. Out front, more neighbors are selling. Around the corner, there are four more.

"The townhouse right next to us sold for $462,000, and it was on the market for three days," Scott Porter said last week.

But that was last year. The Porters put their end-unit on the market last month for $458,000. That was right at the middle of other townhouses for sale in the neighborhood, he said.

But in no time, the Porters, who both work in the District and want to reduce their commutes, found that their place had ended up at the top of the price scale after neighbors reduced their prices. So they lowered theirs, too, to $435,000.

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"It's amazing how much the prices have come down," said Scott Porter, 45. "You feel like you've missed the bus."

Neighbors Sheila and Chris Boyce, who are moving to Arizona, put their three-bedroom, 2 1/2 -bath unit up for sale in March for what they thought was a competitive $445,000. They have since reduced it to $437,000 -- still $42,000 more than the $395,000 they paid two years ago. After costs, they would not be making nearly as much profit as they had imagined, even if they get their new price.

"We weren't trying to get rich on it or anything," said Sheila Boyce, 32. "We thought it would be a lot more. Not hundreds of thousands, but at least something to put away."

Even in areas where the prices haven't gone below 2005 levels -- at least on paper -- they are clearly moving at a different speed. Prince William County, for example, last month posted a 1.8 percent increase in median home price, compared with the same time last year. That compares with a 31 percent jump from June 2004 to June 2005.

For George and Susan Garrigan of Woodbridge, simply cutting the price on their home of 28 years no longer seemed enough. There are 112 detached houses for sale in their Lake Ridge neighborhood. Forty have been on the market for more than 100 days; 114 townhouses are also for sale.

Never mind that two similar nearby houses -- split-level, built in the early 1970s on quarter-acre lots -- sold for $50,000 more last summer. Or that they pulled their house off the market after two price reductions this spring brought no bidders.

Yesterday afternoon, the Garrigans came back with a new lure: the brand-new Toyota Corolla sitting in the driveway, free with the purchase of their house.

"I feel it's a wonderful deal for a family not to have that car payment," said Susan Garrigan, 66.

"We think we'll be more visible," said George Garrigan, 70, when asked why he did not simply cut the asking price by $17,000. "Everybody's dropping the price. So you're still in the same pool of houses. There's nothing that says, 'Hey, look at my house twice.' Or 'Look at my house once.' "

Because of the slowing market, their retirement home in Front Royal will not feature the "dream furniture" that she had hoped for, nor the rooftop observatory that he wanted. But that's okay, they said.

"We're realistic and we're moving forward," Susan Garrigan said. "We have to take our knocks. We can't change reality."

Housing Market Slowdown Rippling Across The Economy (CSM)

By Mark Trumbull

The Christian Science Monitor, July 26, 2006

BOSTON

A nationwide housing boom gave the current economic expansion its biggest boost. Now, a housing dip is raising the prospect of a slower economy ahead.

After another monthly dip in June, sales of previously owned homes have fallen in all four major regions of the United States from a year ago, with nationwide sales volume down 9 percent, according to a report released Tuesday by the National Association of Realtors.

Home prices have flattened, up just 1 percent from a year ago, when housing activity peaked.

And in some metro areas, such as here in Boston, home prices have fallen on average over the past year.

These trends are rippling into the broader economy. Home builders, among the most impressive contributors to gross domestic product (GDP) in recent years, are scaling back their plans. And millions of consumers face indirect effects: With interest rates rising even as home prices stall, fewer people can borrow on home equity as a source of free cash. Many others - those with adjustable-rate loans - are now being hit by a jump in their mortgage payments.

The question is how far housing's slowdown will go, and how fast. So far, the impact on the overall economy has been, in the words of Federal Reserve Chairman Ben Bernanke, "orderly."

Economists generally expect that it will remain that way, although some high- flying real estate markets may face a harder fall.

"We don't think it's going to be a disaster. It's just going to be bad," says David Wyss, chief economist at Standard & Poor's in New York. Although a housing bust has often been a precursor of recession in the past, "it hasn't been recently."

What this housing downturn could do is slow the pace of economic growth significantly.

Economists at Merrill Lynch, for example, reckon that the dive in homebuilding alone could subtract a percentage point from overall gross domestic product in the third quarter, tugging GDP growth down to perhaps 2.5 percent, annualized, for that quarter.

And recession is a real possibility, in the view of Merrill Lynch's David Rosenberg. After the past 10 peaks in new-home starts by builders, an economy-wide slump has followed seven times. Housing starts, like home sales, peaked last summer.

The effects of a housing downturn are both direct and indirect.

Residential construction has become a larger force in the economy, rising from about 4.5 percent of GDP to 5.5 percent since 1990. But in the months ahead, builders won't be hammering out much of an addition to GDP. Last week, the National Association of Home Builders index of contractors' sentiment fell to a 14-year low point.

The indirect effects stem from consumers, whose spending represents two-thirds of GDP. In recent years, rising home prices and low interest rates have allowed them to extract billions of dollars in cash.

Now that gusher is fizzling out.

"Households are beginning to feel the full impact of higher borrowing costs, a softening housing market, and high gasoline prices," Nariman Behravesh, chief economist at the consulting firm Global Insight in Lexington, Mass., wrote in a report this month.

If a construction slowdown represents a cut of nearly 1 percent from GDP growth, the impact from a slowdown in home-equity extraction could be almost as large, some economists say. Fixed-rate mortgage rates have jumped more than a full percentage point during the past year, as the threat of inflation has loomed larger and the Federal Reserve has raised the short-term interest rates it sets.

"The higher the Fed raises interest rates, the worse the problem gets," says Mr. Wyss at Standard & Poor's. "The rising level of home prices has been a big boost for consumers."

But the American economy has behaved in an increasingly resilient fashion in recent years, weathering setbacks such as hurricanes, terrorist attacks, and soaring energy prices.

Many forecasters say that the housing slowdown will be offset, in consumer pocketbooks, by rising pay in the year ahead.

Americans showed some of their renowned economic resilience Tuesday, as a major index of consumer confidence rose slightly for the month, rather than edging down as analysts had predicted.

A generally optimistic view of the job market was a key factor.

Consumers saying jobs are "plentiful" increased to 28.6 percent from 28 percent, while those claiming jobs are "hard to get" remained virtually unchanged at 19.9 percent, reported the Conference Board, a business research group in New York that conducts the monthly survey.

The full extent of the housing slowdown will unfold slowly, and in ways that are often unique to individual markets, economists say.

Often a down cycle involves two or three years of flat or falling prices, followed by a slow recovery.

Prices in the Midwest and South have fallen slightly during those twelve months, while the West has held flat and the Northeast notched 7-percent gains.

But Northeastern cities such as New York remain vulnerable, along with other cities in California and Florida where prices had been soaring at double-digit rates.

"Price reduced!" advertisements increasingly beckon customers in Boston, where median prices fell 1.5 percent over the year ending April 30.

Nationwide, the inventory of homes for sale is up 39 percent - leaving a 7-month supply of homes on the market.

That could leave plenty of time for home buyers to shop around.

Sales Slow For Homes New And Old (NYT)

By Jeremy W. Peters

The New York Times, July 26, 2006

Selling a new home is getting harder and harder: just ask the builders who are being forced these days to entice potential buyers with expensive inducements like free swimming pools and fancy kitchen cabinets.

At the same time, the torrid pace in the existing-home market is slackening, as prices are leveling off and properties are staying on the market a lot longer than they used to.

Adding it all together, a variety of experts now say, the housing industry appears to be moving from a boom to something that is starting to look a lot like a bust.

“Housing has had a great five-year run,” said Edward Yardeni, chief investment strategist for Oak Associates, a money management firm in Akron, Ohio, and a longtime bull on the economy. While he still does not expect a housing downturn to damage the overall economy severely, he predicts that the housing industry itself is entering a longer decline.

“Instead of being a seller’s market,” he said, “it became a buyer’s market. And once the psychology changes, it could take a while to reverse. Buyers recognize there’s no need to rush out to buy a home.”

The latest housing data, released yesterday by the National Association of Realtors, made clear that a significant slowdown is under way. It showed that the sales pace for existing homes fell for a third straight month in June — the ninth monthly decline since hitting a record last June.

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On a seasonally adjusted annual basis, the rate of existing-home sales dropped to 6.6 million, down from 6.7 million in May and well below the record 7.3 million pace reported last June. The number of existing homes still on the market, meanwhile, grew to a record of 3.725 million units, representing a 6.8-month supply at the June selling pace, up from 6.4 months in May.

The shift of the upper hand from seller to buyer is showing up in home prices. Last month, the national median price rose to $231,000, less than 1 percent higher than in June 2005. That was the smallest year-over-year increase in more than 11 years.

Builders are losing their grasp on the new-home market, which is why so many of them have responded by being more aggressive in their use of promotions to sell homes. A new survey by the National Association of Home Builders of 369 builders across the country found that 75 percent are currently including add-ons like pools or garages at no additional cost when they sell a home. That compares with 50 percent a year ago.

A handful of builders reported offering free vacations. None did last July.

Builders are also helping buyers finance their homes. The survey found that 33 percent of builders are currently absorbing financing points on mortgages, which allows homeowners to pay lower monthly rates. Only 18 percent reported doing so a year ago.

When people were lining up to buy, "the only thing they had to complain about last year was getting enough material, labor and land," said Michael Carliner, an economist with the home builders association. But now, he added, "things are slowing down."

The home builders association reported last week that builder confidence had fallen to its lowest level in 14 years.

Mike Wainwright, a realtor with Coldwell Banker Residential Brokerage in Mesa, Ariz., says that each time he walks into the sales office of a new housing development, the incentives seem to change.

"It varies from week to week," he said. "Sometimes it'll be a pool or $25,000 or even more than $50,000." He said he has seen cars, kitchen cabinets and flooring thrown in free. Regionally, the slowdown in sales of existing homes last month was most pronounced in the South. The Northeast also fell, while sales in the Midwest and the West held steady compared with May.

One consequence of the slowing housing market, economists and real estate experts said, is a strengthening of the rental property market. With interest rates rising, buying a home is becoming less affordable to more and more Americans. That gives landlords improved pricing power that home sellers now lack.

"A lot of the people that wanted to make a jump to their own home are waiting," Mark Obrinsky, chief economist for the National Multi Housing Council, a trade group for the apartment rental business. "This year is going to be a much better year than we've seen for quite a few years."

The housing council is predicting the biggest net increase in apartment rentals this year since 2000, Mr. Obrinsky said.

With a growing number of potential buyers moving into rental units or holding onto the homes they own, builders across the country are canceling or delaying housing developments. From Las Vegas to Dallas to Washington, some developers now report abandoning condo projects because sales are not meeting expectations.

Earlier this month, D. R. Horton, the nation's largest home builder, said it would build fewer homes this year than it initially predicted. It also sharply cut its earnings guidance for the year by 30 percent, citing growing inventories of unsold homes and the increased use of incentives as part of the reason.

And Kenneth Simonson, chief economist with the Associated General Contractors of America, said he thought more projects would be canceled as demand falls.

"Certainly more projects will be scrubbed," he said. "The risk is too great that they're going to wind up paying more for the project and collecting less."

Mr. Yardeni of Oak Associates added: "Home builders will tell you it feels like a recession."

Consumer Confidence Posts Surprising Increase (USAT)

USA Today, July 26, 2006

WASHINGTON — U.S. consumer confidence unexpectedly rose in July for a second-consecutive month, a private group said Tuesday.

The New York-based Conference Board's consumer confidence index rose to 106.5, the highest in three months, from 105.4 in June. Consumers were more upbeat about the current economic environment and expectations for the next six months.

"Present-day conditions remain favorable, though not as strong as earlier this year," said Lynn Franco, director of the Conference Board Consumer Research Center. She also noted that consumers are less optimistic than previously.

On the plus side, consumers see an unemployment rate at its lowest in almost five years. But at the same time, the national average price of a gallon of regular gasoline topped $3 Monday for the first time in more than 10 months and was near an all-time high. "The Conference Board's index has been holding up … but I suspect that will change," Nigel Gault, director of

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U.S. research at Global Insight in Lexington, Mass., told Bloomberg News. “Rising gasoline prices and interest rates are intensifying the squeeze on the consumer.”

Federal Reserve Chairman Ben Bernanke said last week he expects the economy to gradually slow as housing and consumer spending cool. That should reduce inflation and the need for interest rate increases.

Americans' expectations about the inflation rate 12 months from now held at 5.1% in July. It reached a high this year of 5.6% in May. But the share of people expecting better employment opportunities in the next six months fell to 14.4%, the lowest since March. The Conference Board numbers are based on a telephone survey of 5,000 households, through July 18.

Lower Oil Prices Help Fuel Market Rally (USAT)

USA Today, July 26, 2006

Stocks enjoyed a late-day rally Tuesday as lower oil prices and an unexpected jump in consumer confidence helped soothe investors' worries about a mixed batch of earnings reports.

Stocks fluctuated through much of the day after disappointing results from United Parcel Service and 3M stoked fears about the impact of higher lending rates on corporate profits and the economy's growth (earnings reports, 4B).

Investors gained some optimism, though, from the Conference Board's consumer confidence index for July, which climbed 1.1 points to 106.5, compared with predictions of a 1.4-point drop (story, 4B). A gentle slowdown in existing home sales last month also brightened hopes of a soft landing for the economy (story, 1B).

In the end, the bulls won. The Dow Jones industrial average added 52.66 points to 11,103.71, adding to its 183-point gain Monday. The Dow is now up 3.6% for the year.

Aided by gains of stocks in the agricultural products, home entertainment software and home-building industries, the Standard & Poor's 500 index added 7.97 points to 1268.88. The S&P 500 is up 1.6% this year. Even tech stocks, which have been struggling all year, got a boost. The Nasdaq composite index added 12.06 points to 2073.90, reducing its loss this year to 6.0%.

Analysts say the recent trend of sharp swings and aimless trading will likely persist as Wall Street awaits the Federal Reserve's Aug. 8 decision on interest rates and a spate of critical economic readings in the coming weeks.

“The fundamentals are there for a healthy market, but we've got these factors out there that can depress stock prices,” says Ken McCarthy, chief economist for vFinance Investments.

Oil prices tumbled as energy traders awaited developments in the conflict between Israel and Hezbollah in Lebanon. A barrel of light crude sank $1.30 to $73.75.

Recent skittish trading has underscored Wall Street's lack of near-term confidence, with stocks regularly showing heavy swings but no clear direction. Investors have been troubled by the range of possible outcomes for interest rates and the economy, and analysts say they'll remain tentative until at least some of the variables are resolved.

“The economy is slowing, and there are still concerns about inflation. Plus, central banks around the world are also hiking rates,” says Brian Gendreau, investment strategist for ING Investment Management.

Late Rally Pushes Stocks Up Modestly On Hopes For Economic Soft Landing (WSJ)

By E.S. Browning

The Wall Street Journal, July 26, 2006

After spending most of the day in the doldrums, stocks shot upward in the last 90 minutes, leaving the Dow Jones Industrial Average with its second consecutive day of gains.

Amid renewed hopes that the economy is slowing enough to hold down inflation -- but not enough to damage corporate profits -- the blue-chip average rose 52.66 points, or 0.48%, to 11103.71. It is up 3.6% for 2006, at a new two-week high.

Investors credited reassuring profit reports and lower oil prices. Some investors also were betting that stocks are overdue for at least a short-term bounce after falling from their May highs. Although many fear that the recent volatility may not be over, they were enjoying the gains for now.

"There is a growing consensus that stocks were oversold and that these are attractive entry points," said Andy Brooks, head of stock trading at Baltimore money-management firm T. Rowe Price.

The market started the day in a funk, after United Parcel Service reported softer-than-expected quarterly profit and offered a disappointing performance outlook. Because the delivery service is tied to so many economic activities, the news created concerns about the economy's direction, and UPS stock plunged 10%.

But investors gradually turned their attention to more favorable profit news from the likes of Texas Instruments and AT&T. Crude-oil futures finished the day down $1.30 at $73.75.

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The Conference Board's survey of consumer confidence came in stronger than expected. Also, the National Association of Realtors reported that sales of previously occupied homes fell last month, but not as much as had been feared. Beaten-down home-building stocks such as D.R. Horton and Lennar rebounded, which added to the optimism.

The Nasdaq Composite Index rose 0.59%, or 12.06 points, to 2073.90, still down 6% this year. The Standard & Poor's 500-stock index advanced 0.63%, or 7.97 points, to 1268.88, up 1.7% for 2006.

After the closing bell, however, investors got some disappointing profit news. Amazon.com reported a sharper-than-expected decline in second-quarter net income as the cost of employee stock options weighed on results, and the stock fell 12% in after-hours trading.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.62%, or 1.29 points, to 208.60.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.62 billion shares, as 2,240 stocks rose and 1,063 fell.

Bond prices declined. The 10-year Treasury note fell 5/32, or $1.56 for each $1,000 invested, pushing the yield up to 5.067%. The 30-year bond was down 9/32 to yield 5.125%.

The dollar strengthened. Late in New York, the currency traded at 117.22 yen, up from 116.78, while the euro fell against the dollar to $1.2579 from $1.2628.

Ex-Treasury Chiefs Voice Global Concerns (USAT)

By David J. Lynch

USA Today, July 26, 2006

WASHINGTON — These aren't easy days for ardent globalizers. In Geneva, world trade talks lie in ruins. Across Latin America, governments have rejected the financial liberalizing policies promoted by the United States for the past two decades. And here at home, political tensions over foreign investment and China's trade practices simmer ominously.

Against that sobering backdrop, the leading architects of the Clinton administration's globalization stance, including two former Treasury secretaries, gathered Tuesday to discuss ways to strengthen Democratic Party support for free trade by doing more for those suffering its effects.

Former Treasury secretary Robert Rubin said it was “an absolute imperative” to develop policies that encouraged long-term backing for global economic integration.

Globalization has been reshaping U.S. economic life since the North American Free Trade Agreement took effect in 1994. But with China and India joining the global economy, the impact upon American workers will only mushroom.

“The effects are likely to be much larger than what we're seeing right now,” said Rubin, who now is a director and chairman of the executive committee at Citigroup. “What troubles me the most is there is a need for a serious and real economic debate in our political system, and I don't think we're having it.”

Rubin and Lawrence Summers, who succeeded him in the Treasury post, appeared at a policy forum of the Hamilton Project. The Brookings Institution initiative was launched in April to develop self-described centrist alternatives to Bush administration policies and existing Democratic Party orthodoxy.

More than a decade after NAFTA inaugurated an era of trade liberalization, insecurity is mounting even among well-educated workers who were expected to benefit from globalization, said Gene Sperling, who headed the White House National Economic Council from 1997 to 2001.

“There's a greater fear that the global economy can have negative consequences for you even if you've done everything right,” he said.

In 2004, 20 million people lost their jobs involuntarily, said Jeffrey Kling, a Brookings economist. One-third of those workers got new jobs that paid less; 15% of those saw their wages fall by half.

That helps explain why support for free-trade deals among Democratic lawmakers has plunged since NAFTA. To counter the anti-trade “backlash,” trade supporters need to develop “significantly bolder” policies to encourage firms to create jobs in the USA, Sperling said.

While there were hints of some minor second thoughts on the part of those who helped pave the way for the past decade's relentless integration of world markets, there was no support for protectionism.

Said Roger Altman, Rubin's former deputy at Treasury: “There is no timeout from globalization.”

Is There An Oil 'Bubble'? (WP)

By Robert J. Samuelson

DOJ_NMG_0043206

The Washington Post, July 26, 2006

Could there be an oil "bubble"? Well, yes. In early 2002 oil sold for roughly $20 a barrel; now it's close to $75. The main cause lies in tightening supply and demand -- and the fact that supply (as the present Middle East fighting reminds us) could be interrupted at any time. Old-fashioned speculation may also have played a role, and that raises the possibility of a bubble. But any bubble would be a peculiar beast, and if it burst and prices dropped significantly, we shouldn't delude ourselves into thinking that this might signal a new era of comfortable abundance. It wouldn't.

In financial bubbles, prices become disconnected from "fundamentals." At the height of the tech bubble, stocks of dot-com companies with no profits (and little prospect for them) sold at fabulous prices. By contrast, oil prices aren't unhinged from "fundamentals." Despite all the griping, gasoline is still affordable. Even at $3 a gallon, it costs Americans only about 4 percent of their disposable income, reports economist Nigel Gault of Global Insight. The same is true globally. At $70 a barrel, global crude sales would total about $2.2 trillion annually; that's still a tiny share of the $50 trillion world economy.

Indeed, it is precisely because people and companies need oil so desperately -- it's essential for almost everything they do -- that any possible scarcity raises prices sharply. In economics jargon, prices are "inelastic." A big jump dampens demand only slightly. Similarly, a big decline increases it only slightly.

For decades, crude was in surplus. In 1985, for example, the world used 60 million barrels daily (mbd) of oil, while countries could produce about 70 mbd. Refineries were also in surplus; in 1985, U.S. refineries operated at 78 percent of capacity. Loss of crude supplies or refineries didn't create scarcities. "Historically, when something went wrong -- and something was always going wrong, a pipeline outage or refinery accident -- the problem was made up somewhere else," says economist Lawrence Goldstein of the Petroleum Industry Research Foundation, an industry think tank. Prices moved by a few pennies or dimes. Hardly anyone noticed.

Now demand is about 85 mbd, and extra capacity is 1 to 2 mbd. Even this surplus is more apparent than real, notes Goldstein. It consists mainly of high-sulfur ("sour") oil, for which there is scant refining capacity. All refineries are stretched tight. The U.S. operating rate typically exceeds 90 percent of capacity -- a margin needed for maintenance.

Low prices and miscalculation explain the turnaround. From 1985 to 1999, crude prices averaged $18 a barrel. Investment in expensive oil fields and new refineries became unprofitable. Companies cut budgets. They fired petroleum engineers and merged. Exxon bought Mobil; Chevron absorbed Texaco. Meanwhile, almost everyone underestimated oil demand. Driven by China, it grew much faster after 2000 than before.

So prices had to rise. Otherwise, demand might have exceeded supply. But did they have to rise from $20 to $70 a barrel? Here's where speculation may have contributed.

"Speculation" has a bad image. It suggests financial sharpies plundering everyone else. The reality is often the opposite: financial innocents following the latest fad to ruin. That happened with tech stocks. The oil picture is murkier. The big "speculators" are institutional investors -- pension funds, hedge funds (pools of loosely regulated funds) and investment banks. They have purchased oil futures contracts and, in effect, bet that prices six months or a year out will exceed present prices. Since 2002, investment in futures contracts may have quintupled to more than $100 billion, estimates energy economist Philip Verleger Jr.

This may have raised present (or "spot") oil prices, argues a staff report from the Senate Permanent Subcommittee on Investigations. As investors pour money into futures contracts, futures prices rise. Since late 2004 they have usually exceeded spot prices. On a recent day, the spot price was $74.60 and the futures price for December was $2 higher. This creates an incentive for companies to put more oil into storage ("inventories"), the report says, because it's more profitable to sell oil in the future than today. Oil inventories for industrial countries "are at a 20-year high." Spot prices rise because there's less oil on the market.

It's unclear how much this sort of speculation has increased prices, if at all. The report mentions estimates ranging from $7 to $30 a barrel. In theory, the process could feed on itself and create a huge bubble. The more speculators bought futures, the more oil would go into storage -- and the more spot prices would rise. At some point, the bubble would burst. Storage would be filled. Unexpected increases in supply or shortfalls in demand could put huge downward pressures on prices, because sellers would need to sell, and (again) demand is inelastic. Some experts, including Verleger, think this possible.

Whatever happens, we should avoid the easy conclusion that speculators have artificially increased oil prices. In truth, they are speculating against real risks -- the risk that oil from the Persian Gulf could be cut off; that hurricanes in the Gulf of Mexico could damage U.S. oil rigs and refineries; that political events elsewhere (in Russia, Nigeria, Venezuela) could curtail supplies. High prices reflect genuine uncertainties.

Oil is essential and insecure. A sensible country would minimize this insecurity by economizing on oil's use (through taxes and tougher fuel regulations) and developing its own resources. We should have redoubled our efforts years ago; we should do so now.

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Democrats Writing Off Rowley Race (RC)

By Dan Rasmussen

Roll Call, July 26, 2006

National and Minnesota Democrats seem about ready to walk away from Coleen Rowley's ill-fated campaign to unseat Rep. John Kline (R-Minn.) — just as her campaign manager recently did.

Many in the party had hoped that Rowley's national fame — Time magazine named her Person of the Year in 2002 for being a whistle-blower at the FBI — would make her an exciting, appealing candidate in an otherwise Republican-leaning district. But now some state Democrats say Rowley's first run for political office is going so badly that they're turning their sights on damage control.

"She's running the single worst campaign that could be run," said one state Democratic insider. "I'm worried that if she's running a weak race in the 2nd it's going to hurt the statewide candidates. What's going to get people to turn out and vote Democratic?"

Despite the criticism, Rowley's new campaign manager, Terry Rogers, said voters are upset with the status quo and will want to unseat Kline in November.

"People will take pot shots, but so what?" he said. "Coleen is a solid candidate and she has indefatigable energy. Her opponent votes with George Bush and Tom DeLay 98 percent of the time."

Rogers, who spent 16 years at the American Federation of Government Employees, recently took over as campaign manager for Joe Elcock. Elcock left to helm the campaign of Ohio state Sen. Charlie Wilson (D) in the state's competitive 6th district House race.

Elcock said the decision to leave the campaign was mutual.

"Terry Rogers has assumed the manager's duties," Elcock said. "He's an adult and I think he's a better fit for what Coleen is looking for over the summer."

Rowley has found herself on the defensive almost from the start. Her campaign has been damaged by a high-profile mistake and a recently published report criticizing her performance at the FBI prior to Sept. 11, 2001.

Earlier in the year, a doctored photo that showed Kline's head on the body of Col. Wilhelm Klink, a Nazi character from the old TV show "Hogan's Heroes," appeared on Rowley's Web site — an attack that attracted national donors to Kline's campaign.

Rowley's internal criticism of the FBI's work on preventing terrorist attacks later earned her a front-page appearance on Time magazine. But late last month, the inspector general released a report criticizing Rowley's handling of the Zacarias Moussaoui case.

The report dismissed Rowley's allegations of sabotage and misconduct, and said Rowley herself made mistakes in the handling of the case.

"We believe it is important to state that we did not conclude that any FBI employee committed intentional misconduct, or that anyone attempted to deliberately 'sabotage' the Minneapolis FBI's request for a ... warrant, as Rowley wrote in her letter to FBI Director Mueller," the report stated. "Contrary to her assertions, we found no evidence, and we do not believe, that any FBI employee deliberately sabotaged the Moussaoui ... request or committed intentional misconduct."

Sarah Janacek, the Republican editor of the Politics In Minnesota newsletter, said that while national security was Rowley's big selling point, the inspector general's report has hurt her credibility on the issue.

"Her candidacy has sort of imploded. She comes across as a shrill one-note wonder in terms of issues," Janacek said. "The general impression that she was some sort of superhero is gone. She's done."

Rowley's national security credentials also have to be compared to those of Kline, who spent 25 years in the Marine Corps and has a son serving in Iraq.

Rowley's campaign hit another stumbling block recently when Kline released a blistering letter criticizing Rowley for misstating his position on the issue of border security and falsely attributing a quote.

But perhaps the biggest criticism lobbed Rowley's way from national Democrats is that she has resisted attempts to get help from seasoned campaign professionals — particularly on the fundraising front.

Kline had more than five times as much cash on hand as of June 30, $667,000 to Rowley's $120,000. He had raised more than $1 million this cycle to Rowley's total of $389,000.

A national Democratic official had little hope for Rowley's campaign.

"It's evident the campaign hasn't materialized as well as we'd hoped," the official said. "But Kline is vulnerable and it's a Democratic year and all those other platitudes."

Barry Casselman, a Minnesota-based independent political analyst, said although anything is possible, Rowley's campaign looks to be faltering.

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"I'm sure she was an excellent FBI agent," he said, "but I don't think she's demonstrated any political skill whatsoever."

To Raise Profile, Murtha Will Stump For 41 Dems (HILL)

By Alexander Bolton

The Hill, July 26, 2006

Rep. John Murtha (D-Pa.), who has suspended his race to become majority leader in the event that the Democrats capture the House, plans to campaign in 41 races around the country where he said party leaders believe he can be helpful.

This is a dramatic increase in activity for Murtha, who did not campaign for House candidates in 2004, according to his spokeswoman.

Helping Democratic candidates could pay dividends in a race for majority leader against Democratic Whip Steny Hoyer (D-Md.).

Murtha says he thinks such a race is likely and told The Hill that if the election were held now Democrats would be catapulted into the majority.

"If it was today, we'd win 50 seats," he said, adding that Democratic strategists have assessed the field of competitive races in which they think he can help.

"In 41 seats they think I can help," he said. "They've got it narrowed."

Murtha said he plans to campaign in all of them. He also said, "I'm going to where Nancy sends me," referring to House Minority Leader Nancy Pelosi (D-Calif.).

A Democratic aide with knowledge of House campaigns said the Democratic Congressional Campaign Committee (DCCC) has asked the entire Democratic caucus to travel to campaign events for all House Democratic candidates. Over the next several months, House Democrats will continue to refine and revise their strategy of sending members into certain districts, the aide added.

Hoyer, Murtha's potential rival, is planning to travel to 36 districts to campaign for vulnerable Democratic incumbents as well as challengers, according to a Hoyer aide.

"Mr. Hoyer has already campaigned and recruited in 51 districts this cycle, plans to travel to almost 40 more before Election Day and has spent five months on the road for House Democrats as whip," Hoyer spokeswoman Stacey Bernards said. "He continues to work tirelessly to take back the House and make Nancy Pelosi the first woman Speaker."

A spokeswoman for Murtha said her boss is expected to campaign for a mix of Democratic lawmakers and challengers.

Murtha may be calculating that he needs to do more to help candidates if he is to counter Hoyer's prolific fundraising for Democrats over years. Hoyer has given $770,000 to Democratic candidates this election cycle, more than any other lawmaker, his aides say. He has also raised $2 million for candidates this cycle, they add.

If Democrats win the House in November, freshmen could determine who becomes majority leader. One Democratic candidate who said Murtha offered to come into his district said the senior Pennsylvanian is doing "spadework for his run to majority leader."

"Why else would he be wanting to come into districts like mine?" the candidate said, noting that President Bush carried it by more than 10 points in 2000 and 2004.

While Murtha's new campaign activity for other Democrats suits his self-interest, it is also the case that many Democrats are clamoring for his presence.

Murtha said he has received 100 requests for help. His popularity, particularly among liberal Democrats, has surged since he called last year for U.S. troops to leave Iraq.

He is a retired Marine Corps colonel and the senior Democrat on the Defense Appropriations Subcommittee.

Democratic leaders recognize that Murtha has become an important fundraising draw and that he can help shield them from Republican criticism that they are soft on defense.

Last month, Murtha wrote a fundraising e-mail for the Democratic Congressional Campaign Committee titled "Cut the 'Traitor' Talk."

But some Democrats, particularly centrist lawmakers who support Hoyer, question whether Murtha can be helpful in many races that their party needs to win if they are to capture control of the House.

"I'm sure Mr. Murtha is going to be traveling extensively, but I bet you he won't be going to Blue Dog districts," one lawmaker said, referring to members of the caucus of centrist Democrats from the South. "I can't imagine that he will be very welcome in many Blue Dog districts."

The lawmaker said that while Murtha has a centrist record on many issues, voters would be most aware of his strong position against the war, which could alienate swing voters in states Bush won. The lawmaker noted that Democrats need to capture districts in those so-called red states.

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A centrist Democratic candidate who requested anonymity to protect his relationships with Murtha allies said he turned down an offer for Murtha to come to his district.

Supporters of Murtha, however, argue that the war is the main reason Bush's approval rating has slumped to around 40 percent, which has given Democrats a chance to capture otherwise Republican-leaning districts.

Murtha said he will shortly visit Connecticut, California, New York and Tennessee.

In Nashville he will speak at a fundraiser Aug. 12 for the Davidson County Democratic Party, said Mark Brown, spokesman for the Tennessee Democratic Party.

In August, Hoyer will focus on districts in the South and Midwest, a Hoyer aide said. Indiana and North Carolina are two stops on his itinerary.

Hoyer is likely to tout his record of helping Democratic candidates. He has raised or contributed to 89 House Democratic lawmakers and an additional 44 Democratic candidates in the past year and a half, according to his staff.

Since 1981, Hoyer has given more than $3.4 million directly to the campaigns of lawmakers and candidates and has helped raise an additional $4 million for them, his staff said.

Nearly 84 percent of the members of the House Democratic Caucus have received contributions or fundraising help from Hoyer, they said.

Hoyer has raised $2.7 million for the DCCC this cycle and paid all his dues, $600,000. Murtha has raised $1.2 million and has paid $230,000 in dues of the $250,000 he owed, according to a Democratic aide familiar with fundraising records.

It's My Party And I'll Flee If I Want To (TIME)

By Perry Bacon Jr.

Time, July 26, 2006

For anxious Republicans in Washington about to head home for a month-long recess, there's growing worry about keeping the party's core conservative supporters excited about this fall's elections. That's why, in the last two weeks, the House of Representatives has tried to pass bills that would ban gay marriage and strip power from the federal courts to rule on cases involving the phrase "under God" in the Pledge of Allegiance. This week House leaders will take on two other causes that conservatives have been unhappy about President Bush's leadership on: in three different hearings, they'll continue bashing the Senate-passed immigration bill that would create a guest worker program for illegal immigrants, while on the House floor, they will likely pass two bills that would create commissions to look for ways to cut wasteful federal spending.

But as much as some Republicans (and Democrats, for that matter) might like to make this year's congressional election a contest between competing national agendas, the reality is that it is just as much a series of local races with their own particular issues and considerations. So while Republican John Hostettler, who is in a tough race to keep his seat in a district around Evansville, Indiana, has made the Pledge vote the subject of his weekly podcast for constituents, three Republicans from Connecticut, all in close reelection races in a blue state, have very different priorities.

Chris Shays, who represents southern Connecticut, says the GOP's values agenda, like the Pledge of Allegiance bill, is a "bit of a distraction and detour" from taking on more pressing matters, like global warming. On the campaign and official websites of Nancy Johnson, the 12-term congresswoman from the western part of the state appears in pictures with two senators and one President: Bill Clinton, Joe Lieberman and Ted Kennedy, the chief writer of the Senate immigration bill her GOP colleagues despise. Rob Simmons, who represents the eastern part of the state, doesn't just brag about the pork he's brought back home to the state; it's actually one of the main themes of his re-election campaign.

Such dissonance between the campaign tactics of Republicans in the Northeast and the Midwest will be hard to miss this fall. Of the 36 Republican-controlled congressional districts that should be very competitive this year, according to rankings from the non-partisan Cook Political Report, half of them are in just six states: Connecticut, Kentucky, Indiana, New York, Ohio and Pennsylvania. The Democrats will bombard these states with the bulk of the $30 million they plan to spend on ads attacking Republicans this fall. This sets up what almost appears to be a three-front regional war, where both parties know the national battle will ultimately be won or lost.

The Midwest

That Ohio, where three Republican incumbents are in real danger of losing, is having a very intense campaign is hardly surprising; the state's close balance between the two parties meant it was overwhelmed with attention by both presidential campaigns in 2004. But three members from neighboring Indiana, plus Geoff Davis of Northern Kentucky, are in tight races even though they represent typically reliable Republican areas.

Lawmakers in the three states face the same problems: along with negative feelings about Bush and the war, all three states have unpopular Republican governors. In Kentucky, two-thirds of the state's residents disapprove of Gov. Ernie Fletcher, who has been indicted in an investigation of his hiring and firing of state employees, and Ohio's Bob Taft has a 78% disapproval

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rating, after pleading no contest to accepting free golf outings from a prominent Republican activist in the state last year. “The Governors are a very big problem in the Midwest,” says Mark Souder, a House Republican in an Indiana district who, unlike some of his colleagues, is still considered a heavy favorite to win reelection. “There is no other way to 'punish' the governor.”

The Republicans think they have one advantage though: the national Democratic Party. Since voters here are generally more conservative than in the Northeast, the GOP candidates are eager to tie their Democratic challengers to the national party. Chris Chocola, trying to keep his seat near South Bend, Indiana, attacked Democratic rival Joe Donnelly for an ad the Democratic Congressional Campaign Committee aired recently showing flag-drapped coffins of soldiers who had died in Iraq.

Aides to Deborah Pryce, a Republican in the Columbus, Ohio, area, have continued to call her opponent, Mary Jo Kilroy, a “tax and spend liberal,” while Bob Ney, the Republican congressman embroiled in the Jack Abramoff Washington lobbying scandal, has a site called lostinzackspace.com, where he attacks his Democratic opponent Zack Space and links him to his “ultra-liberal” friends: Howard Dean, George Soros and Nancy Pelosi. The Democrats seem to be responding to the tactic. It’s difficult to find the word “Democrat” on the web site of Brad Ellsworth, the Democrat running against Hostettler in the Evansville district. And Ellsworth’s campaign manager, Jay Howser, calls his candidate “a Southern Indiana Democrat," to distinguish him from the rest of the party. "Democrats need to show their local roots," says Pete Brodnitz, a Democratic pollster who is working on Kilroy's race.

The Mid-Atlantic

Of the four tight congressional districts in Pennsylvania, three are in suburbs of Philadelphia dominated by traditional swing voters, people who have voted for Al Gore and John Kerry but also for Rick Santorum, the controversial conservative Senator who is in danger of losing this time around. So candidates in this region have less reason to hide their party affiliation. In one of the districts, Democratic challenger Lois Murphy touts her closeness to Pennsylvania Democratic Governor Ed Rendell, while Jim Gerlach, the GOP incumbent, has had both John McCain and President Bush campaign for him.

The campaigns here have the usual dynamics of the national races, with the Republicans calling the Democrats “liberal” (as in “liberal lobbyist Lois Murphy”) and Democrats attacking Republicans for voting with George Bush on every issue, particularly focusing on stem cell research last week. Two of the Democratic candidates are military veterans, Patrick Murphy and Joe Sestak, so they are doing their best to use their military credentials to counter any assumptions that their party is weak on national security.

But with the suburban tilt in these areas, the candidates are also trying to outdo one another in their appeals to the soccer-mom vote. Mike Fitzpatrick, a Republican who represents the Bucks County area, put out a plan two months ago that would require libraries and schools to block access to sites like myspace.com, in an effort to help stop online predators from finding ways to meet and prey on children. So his rival, Patrick Murphy, has now put out his own plan for "online protection," in which he proposes to ban access to sites like myspace for people convicted of using a computer to commit a sex crime.

The Northeast

The problem for the Connecticut Democrats is not simply one of Bush or the war. As the South has trended Republican over the two decades, the Northeast has trended the opposite direction, although more slowly. The state's three Republican members of Congress are almost always in danger of losing, but this year Democrats think they can not only beat them, but win a few seats in upstate New York as well.

While their opponents bash them as too close to Bush and the Republican leadership, these members are constantly emphasizing their differences with leading Republicans, occasionally to the point of sounding like Democrats. Simmons in Connecticut is touting his endorsements from labor unions, while Johnson is calling on Bush to get rid of the penalty for seniors who sign up late for the prescription drug plan. And all three supported the stem-cell bill that Bush vetoed. In this part of the country, every step that GOP candidates take away from Bush may be one step closer to reelection.

Steele Admits He Criticized GOP In Interview (WP)

By John Wagner And Robert Barnes

The Washington Post, July 26, 2006

Maryland Lt. Gov. Michael S. Steele's Senate campaign acknowledged yesterday that he was the anonymous candidate quoted by a Washington Post political reporter as saying that being a Republican was like wearing a "scarlet letter" and that he did not want President Bush to campaign for him this fall.

The campaign made the disclosure after a day of speculation in the blogosphere and among political reporters about which Republican Senate candidate had made the disparaging remarks reported by Dana Milbank in the Washington Sketch column in yesterday's Post.

Democrats in Maryland and Washington pounced on the comments to portray Steele as either a chameleon or a hypocrite.

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"He realizes that he can't win being a conservative Republican in Maryland in 2006," said Maryland Democratic Party spokesman Arthur Harris. "He's out of touch with the majority of Marylanders."

State Democratic Party Chairman Terry Lierman pointed out in a statement that Steele has held fundraisers with the president, Vice President Cheney, Bush adviser Karl Rove and National Republican Party Chairman Ken Mehlman.

"He has taken millions from Bush and his top aides and even endorsed Bush in a prime-time Republican National Convention speech in August 2004," Lierman said.

During a luncheon with reporters at which he agreed to be quoted only as a Republican Senate candidate, Steele criticized the Iraq war effort and Bush's response to Hurricane Katrina and said congressional Republicans have "lost our way," according to Milbank's report.

Asked whether he would invite Bush to campaign for him, he replied, considering Bush's low approval rating in Maryland, "to be honest with you, probably not."

Steele spokesman Doug Heye did not dispute the accuracy of Steele's quotes in the paper but said Steele spent little time at the luncheon talking about the subject and said the article did not include some comments Steele made praising Bush.

"When he agrees with the Republican administration, he absolutely does so," Heye said. "When he disagrees, he speaks his mind."

Heye did not say why, if that were the case, Steele refused to be quoted by name originally. He said Steele had made similar statements in the past that had not attracted as much attention.

Other Republicans kept a stiff upper lip. Dan Ronayne, a spokesman for the National Republican Senatorial Campaign, said there would be no drop in national party support for Steele.

"Michael's always been an independent voice and speaks his mind, always has been," Ronayne said. "Michael Steele's name is on the ballot. His campaign is going to make its own decisions."

Maryland Republican Party spokeswoman Audra Miller referred questions to the Steele campaign.

Bush, Rove and other prominent Republicans recruited Steele to run and are happy to have an African American candidate as their party's standard-bearer. They have said that his campaign strategy of running an independent race makes sense in a state where Democrats hold an almost 2 to 1 registration advantage over Republicans.

"It's a carefully calculated ploy to run as a Democrat and Republican at the same time," said Matthew Crenson, a political science professor at Johns Hopkins University who is closely watching the race. He added, "There's nothing the Bush administration is going to do to him, because they need him."

Indeed, the White House stood by Steele yesterday.

"We're not going to respond to anything the lieutenant governor may have said," said Dana Perino, a White House spokeswoman. "The president strongly believes in Michael Steele's candidacy and strongly believes he will be the next senator for the state of Maryland."

Recent polls show Steele trailing in a general election matchup against Rep. Benjamin L. Cardin but running close against Kweisi Mfume. The two are leading a pack of 18 Democrats seeking the nomination to replace Sen. Paul S. Sarbanes (D). The nominee will be chosen Sept. 12.

Steele acknowledged his strategy at Monday's lunch. Asked whether he could run as a proud Republican, he said: "That's going to be tough. It's going to be tough to do. If this race is about Republicans and Democrats, I lose."

Although Steele's distancing himself from Republicans could help him among some Democrats and independents, it could turn off GOP voters, who the polls show give more than 85 percent of their support to Steele.

When Bush went to Maryland recently for a GOP fundraiser, he was warmly greeted by Gov. Robert L. Ehrlich Jr. (R), but Steele was absent. Steele's campaign said that he had a long-scheduled fundraiser of his own in Las Vegas and denied that he was trying to distance himself from the president.

Senate GOP Candidate Slams Party (AP-Y)

By Liz Sidoti

AP2, July 26, 2006

A Republican in a competitive Senate race called his party affiliation "an impediment," said he'd "probably not" want President Bush to campaign for him and the GOP-controlled Congress should "just shut up and get something done."

Michael Steele's campaign confirmed Tuesday that the Maryland lieutenant governor made the comments a day earlier on the condition reporters only identify him as a GOP Senate candidate. However, the campaign said his published remarks were just a sampling from a wide-ranging, 90-minute interview in which he praised the president.

"It's an impediment. It's a hurdle I have to overcome," Steele, who is running in a Democratic-leaning state, said of his GOP label, according to Tuesday's edition of The Washington Post. "I've got an 'R' here, a scarlet letter."

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The Washington Post said nine reporters from newspapers, magazines and the networks attended the lunch at a Capitol Hill steakhouse and asked the campaign to allow them to use Steele's name. The newspaper said the campaign considered the request but ultimately refused. The Associated Press did not attend the lunch.

The newspaper quoted the unnamed candidate as saying the Iraq war "didn't work" and "we didn't prepare for the peace," that the response to Hurricane Katrina was "a monumental failure of government," and that "there's a palpable frustration right now in the country."

Of Republicans who control Congress, the candidate said: "We've lost our way, we've gone to the well and we drank the water, and we shouldn't have."

"You don't go to Congress to become the party that you've been fighting for 40 years," he said, lamenting "the spending, the finger-pointing, not getting the bills passed" and counseled: "Just shut up and get something done."

Asked if he wanted Bush to campaign for him, the candidate initially said, "well, you know, I don't know" and then, noting the president's low popularity in his state, said: "To be honest with you, probably not."

Doug Heye, a spokesman for Steele, said the candidate, who is black, also praised Bush's recent speech before the NAACP, economic growth and unemployment numbers among African-Americans.

"Obviously those positive comments didn't make it into the story," said Heye, who also disputed the notion that Steele berated the president.

Rep. Ben Cardin and former congressman Kweisi Mfume are the top Democrats competing for the chance to face Steele in November for the Senate seat being vacated by Democrat Paul Sarbanes. The primary is Sept. 12.

In a state that favors Democrats, Steele could benefit by distancing himself from the president and his policies but also could upset Republican voters with his criticism of Bush and the GOP.

"Lt. Gov. Steele has always been an independent-minded leader for Maryland. He's somebody who calls it like he sees it, and the people of Maryland respect him for that," Heye said.

Brian Nick, a spokesman for the Senate Republicans' campaign committee, said: "We appreciate everything President Bush has done to help us retain our majority in the United States Senate and look forward to touting the many accomplishments of this administration including 34 straight months of job growth."

Democrats seized on Steele's remarks.

"If Steele won't take on Bush's failures during a lunch with reporters, you can be sure that he won't do so as a member of the United States Senate," Terry Lierman, chairman of the Maryland Democratic Party, said in a statement.

Earlier this year, Steele caused a stir when he compared embryonic stem cell research to Nazi medical experiments. He apologized for the comment, saying, "in no way did I intend to equate the two."

Steele is the second Republican in a week to suggest that GOP candidates distance themselves from the president as the party tries to hold onto the House and Senate.

Last week, Republican Sen. John Thune of South Dakota told reporters: "If I were running in the state this year, you obviously don't embrace the president and his agenda."

Thune, who dealt the Democratic Party a major blow in 2004 when he beat Senate Minority Leader Tom Daschle, told reporters that the Iraq war is Bush's biggest problem. "The first thing I'd do is acknowledge that there have been mistakes made," he said.

Accountability And The Blackout In Queens (NYT)

The New York Times, July 26, 2006

For the tens of thousands of people who went a week without electrical power in Queens, the mix of anger and despair has itself become like a hot wire. This week, Mayor Michael Bloomberg tripped on it.

On Monday, Mr. Bloomberg suggested that the city owes a thank-you to the head of Consolidated Edison for the company's efforts to restore power. Considering that some were still without power and that an investigation into the causes of the blackout is yet to come, the comment sounded a bit premature. It was certainly out of sync with the mood in western Queens, where many residents have been sweltering in miserable conditions, without water, lights or elevator service.

Kevin Burke, the chief executive of Con Ed, and all his employees no doubt have worked hard to restore power to everyone — that's their job. Investigators will need to focus on whether enough was done to avert the situation in the first place, and on the decisions the utility made during the emergency, including using fuzzy lowball math that grossly underestimated the problem.

After the blackout in Washington Heights and Inwood in north Manhattan in 1999, the utility was directed to address shortcomings in how it delivers power. The Queens blackout — which began with last week's heat wave — makes clear that the city's antiquated system remains highly vulnerable during high-demand periods.

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Mr. Bloomberg, a former chief executive of a large business himself, no doubt hoped his comment would halt finger-pointing and allow Queens to focus on getting back on its feet. We have often appreciated his antipathy for political showboating. But the city residents who have been living in the dark need to feel their mayor is completely on their side.

Schwarzenegger Bus Tour Hits Bump (LAT)

By Robert Salladay

The Los Angeles Times, July 26, 2006

LA MESA -- An outdoor campaign appearance by Gov. Arnold Schwarzenegger quickly turned into a bitter complaint session Tuesday, with conservative voters visibly angry at him over illegal immigration and the parole of convicted murderers.

The San Diego County event, at a community park, was carefully planned by Schwarzenegger campaign aides. But some of the invited, mostly Republican audience turned on the governor in livid tones, while others alternately booed and cheered during the tense exchanges.

An El Cajon woman who said she had been a Republican since the mid-1960s scolded the governor for failing to secure the California-Mexico border and stopping illegal immigrants who come here and "get everything free."

"I voted for you, and right now I don't see much difference between you and Phil Angelides," said the woman, Sally Plata, 66, referring to Schwarzenegger's Democratic opponent. "I don't see that you are standing up for the citizens of California."

The tone of the unscripted exchanges startled the governor. After the event, Schwarzenegger told reporters that he found the questions, which went "into dangerous areas," troubling.

"This was really the first time I had seen the intensity of prejudice," the governor said. "I had this woman come up to me [afterward] and say, 'Stop the invasion.' It was that kind of dialogue. It was "invasion" or 'robbing our country' or they want to take it back."

In her questioning, Plata called President Bush a "bum" on immigration issues and asked dubiously whether the governor had actually sent 1,500 California National Guard troops to the border to assist with federal efforts. She said she visited the border and didn't see them.

"You are on a thin piece of wall," she said finally, "if you don't start changing your attitude and do something for the citizens of this state."

The governor, surrounded by about 150 people sitting in a circle on chairs and picnic tables, kept his cool through the barrage of criticism. But at one point, as Plata kept talking while he was speaking, he turned to her and snapped: "Please don't interrupt me when I talk, thank you very much. I let you talk also."

He told her he had actually sent 1,000 troops to the border, and she threw up her hands with an expression of disgust.

"We have to push them along and make sure they do their job," Schwarzenegger said of the Bush administration, later adding: "I will make sure you will have confidence in me so you will vote for me."

Angelides, speaking to reporters Tuesday outside a labor convention in downtown Los Angeles, ridiculed the governor for what he said were contradictory policies on immigration and his support of the Minuteman volunteer border-monitoring group. He pointed to an interview with the Spanish-language newspaper La Opinion this week in which the governor said he thought Proposition 187, the 1994 ballot initiative intended to cut off state services to illegal immigrants, was "the wrong decision."

Schwarzenegger previously has said he voted for the initiative, but also thought it unfairly targeted children.

"What is his position?" Angelides said. "He doesn't have a position."

The Tuesday event didn't focus solely on immigration. Brad Boswell, an insurance executive and longtime Republican, told the governor he was alarmed to read newspaper accounts saying Schwarzenegger had paroled nearly 100 murderers from prison. He also said he disliked the governor's proposed prison overhaul, which would relocate 4,500 female prisoners to community detention centers.

"Why do you want to put those people back in our community?" Boswell said. "I am very, very concerned about your record on crime."

He likened Schwarzenegger to former Massachusetts Gov. Michael Dukakis, a Democrat who was lambasted during his 1988 presidential run for paroling convicted killer Willie Horton.

Afterward, Boswell said he would vote for another conservative candidate on the ballot. "I'm not supporting this guy," he said with disdain.

Schwarzenegger responded to Boswell's question by saying he was tough on crime and supports an ballot initiative in November to toughen penalties for child molesters. He said the current prison system doesn't work, and innovative solutions are needed.

A new Field Poll shows Schwarzenegger leading Angelides by 8 percentage points, and with support from 85% of Republican voters. But the event Tuesday suggested deep misgivings among some of those voters.

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One woman asked why people come from Ireland legally but people from south of the border do not. "We want our country back," she said, quoting a conservative radio talk show host.

Also on Tuesday, Schwarzenegger announced he would postpone a scheduled trip to Mexico next month, saying he wanted to wait until the outcome of the presidential race there is officially settled. He said the delay had nothing to do with the immigration debate in California.

Tuesday's appearance was the first stop on a two-day bus tour taking the governor from San Diego to the Inland Empire, Orange and Los Angeles counties. He traveled in a luxury bus emblazed with his campaign slogan, "Protecting the California dream," and an ocean scene.

He spoke briefly to customers at Sweet Lumpy's BBQ in Temecula and stopped at a quiet fruit market in Corona. He purchased grapes and strawberries for $30.79, using bills from a moneyclip in his pocket. He sipped a beer at a brewpub, wandered into a cigar store and bought some coffee at a Starbucks in Rancho Cucamonga.

At the first stop, in La Mesa, some participants had offered personal, highly emotional moments.

A 16-year-old from El Cajon told an extended story about being assaulted by a gang. A woman with crutches said she had been beaten by police. Schwarzenegger called her over to him and gave her a hug in the middle of the crowd.

He promised to check into their stories.

Voters Choose Istook To Take On Okla. Governor (WP/AP)

By Associated Press

The Washington Post, July 26, 2006

OKLAHOMA CITY, July 25 -- After seven terms in Congress, Rep. Ernest J. Istook Jr. swept away three Republican primary foes Tuesday and began an uphill fight to oust Gov. Brad Henry (D).

With 94 percent of precincts reported, Istook received 56 percent of the vote; millionaire Tulsa businessman Bob Sullivan trailed with 30 percent.

Istook, a social conservative known for pushing prayer in public schools and a federal balanced-budget amendment, ran a low-key campaign, staying mostly in Washington and campaigning on the weekends back home.

Sullivan got support from the most conservative elements of the state Republican Party for pushing such ideas as eliminating the income tax, severely restricting government growth and changing how school money is spent.

He attacked Istook for voting for pork-barrel spending, and ran a commercial that featured a comedian in an Istook mask and the sound of a pig grunting.

In the Democratic gubernatorial primary, Henry won renomination, handily defeating Andrew W. Marr Jr. with 86 percent of the vote. The governor had a favorable rating of 75 percent in a recent poll and can boast of signing record tax cuts over the past two years.

In the race to succeed Istook in the conservative 5th District, outgoing Lt. Gov. Mary Fallin and Oklahoma City Mayor Mick Cornett qualified for an Aug. 22 runoff for the GOP nomination.

They topped a field of six, with Fallin taking 35 percent of the vote and Cornett 24 percent.

Istook had faced no serious challenge in the district, which includes Oklahoma City, once he was elected in 1992.

In the 1st District, two-term Rep. John Sullivan trounced two rivals in the GOP primary.

OK Gov.: Istook Easily Captures GOP Nod, Will Face Henry (CQP)

By Rachel Kapochunas

Congressional Quarterly Politics.com, July 25, 2006

Republican Rep. Ernest Istook secured his party's nomination to take on Oklahoma Democratic Gov. Brad Henry, easily defeating three challengers in Tuesday's primary with a majority vote that will enable him to avoid an Aug. 22 runoff.

With 100 percent of precincts reporting, Istook had 55 percent of the vote, while oil businessman Bob Sullivan ran second with 31 percent. State Sen. Jim Williamson received 10 percent and Jim Evanoff, an aviation consultant and Vietnam War veteran, took 5 percent.

Istook, a seven-term House incumbent, was the consensus front-runner since he launched his bid last October. He had a strong base in the 5th Congressional District, a Republican stronghold that contains most of Oklahoma City, the state's capital, largest city and biggest media market. His strongly conservative record was deemed likely to appeal to Republican voters statewide, and his longtime position on the House Appropriations Committee allowed him to say he had delivered for his district and the state in general.

But the ease with which Istook won the primary vote belied the grittiness of the campaign that preceded it — one in which he absorbed a number of verbal attacks by Sullivan and had to practically empty his campaign treasury to defend himself.

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Sullivan ran widely publicized ads in which former "Hee Haw" actor Gailard Sartain donned an Istook mask, labeled Istook a "liberal big-spender" and accused him of being funded by trial lawyers, a group that is widely associated with Democratic Party politics.

Sullivan on his Web site described the ads as "humorous," in what some say was an attempt to offset their perception as attacks. But Istook responded with a television ad that portrayed Sullivan as distorting his record. "Dishonesty is no laughing matter," the voiceover in the Istook ad chides Sullivan.

Despite the primary ad wars, Istook had already begun setting his sights on the general election. He launched a television ad before the primary that accused Democratic incumbent Henry of being soft on illegal immigration. This Istook ad omitted any mention of his primary competitors.

Republicans say Henry is beatable, pointing to his narrow 2002 victory over Republican Rep. Steve Largent in a three-way race for governor in which the Democrat took 43 percent and had a margin of 6,866 votes. They also contend Istook's views will resonate, and say they can successfully persuade voters in the strongly conservative (and Republican-trending) state that Henry is a liberal-leaning Democrat.

But that would require changing the minds of many voters to whom Henry has successfully appealed during his term as governor, mainly by positioning himself as a conservative Democrat and avoiding damaging rifts with the state's Republican-controlled legislature. A July 20 SurveyUSA poll showed Henry with a 67 percent job approval rating among Oklahomans, which tied him for eighth-most popular among all 50 governors and for fourth among those who are running for re-election this year.

Henry touts as achievements his balancing the state budget without raising taxes, his action against the state's methamphetamine trade and progress made in the areas of education and job growth.

"I would like to continue the progress that we've made," Henry told local radio station KTOK in Oklahoma City on Tuesday.

The remarks came hours before Henry clinched renomination with a routine primary win over longshot candidate Andrew W. Marr Jr.. The incumbent held an 86 percent to 14 percent lead with 100 percent of precincts reporting.

The lack of a strong primary opponent enabled Henry to cache $2.6 million for the fall campaign. Istook, by contrast, spent more than $900,000 and loaned $25,000 of his own money to his campaign over the past week.

The primary could have one beneficial effect for Istook, though: It increased his visibility in the state beyond his Oklahoma City base.

CQ rates the general election race as Leans Democratic. Please visit CQPolitics.com's Election Forecaster for ratings on all races.

Bipartisan Appeal High For Female Governors (USAT)

By Susan Page

USA Today, July 26, 2006

LANSING, Mich. — Although their numbers are still small, female governors stand out as better than their male counterparts at drawing crossover voters, dealing with the opposition party and winning re-election.

This emerging statistical picture suggests intriguing prospects that will be tested in November's elections, when a record five of the eight female governors in the USA are running for new terms.

Non-partisan analysts favor four of the five to win, even though all four are in states that were carried by the other party in the 2004 presidential race.

Among governors whose terms are up this year, women are twice as likely as men to be favored to win re-election.

And among all 50 governors, women are three times as likely as men to be running states dominated by the other party.

"You have to ask if there's a female M.O. (modus operandi) that acts to depolarize our politics, to dilute the ideological polarization between the parties that exists throughout the country," says political scientist Thomas Mann of the Brookings Institution, a Washington think tank.

Kathleen Dolan, a political scientist at the University of Wisconsin-Milwaukee and author of Voting for Women in the United States, questions whether women govern in fundamentally different ways than men: "I do not see women coming from Venus and men from Mars."

Still, she says, the public does view female candidates differently. "Voters see women as more bipartisan, they see them as more able to work across the aisle, they see them as more honest," she says. "It's possible that in very polarized electorates a woman candidate might receive a benefit of a doubt from voters."

The stakes are high. Governors forge statewide political organizations that can be key in other races and sometimes develop innovative policies in such areas as health and education. State capitals are a training ground for presidents: Four of the past five presidents served as governors.

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Among female governors, Linda Lingle of Hawaii and Jodi Rell of Connecticut, both Republicans, and Janet Napolitano of Arizona and Kathleen Sebelius of Kansas, both Democrats, are favored to win by the non-partisan Cook Political Report and Congressional Quarterly. The only tossup race: Jennifer Granholm of Michigan, a Democrat who is being challenged by Republican businessman Dick DeVos.

That means 80% of the female governors eligible to run this year are favored to win new terms. In contrast, 11 of the 26 male governors eligible to run are favored to win by the Cook report; that's 42%. Congressional Quarterly rates nine, or 35%, as favored.

Among all governors, five of the eight women — or nearly two-thirds — are in states dominated by the other party, compared with nine of the 42 men, or one-fifth.

Jeanne Shaheen, director of Harvard's Institute of Politics and a former three-term governor of New Hampshire, says female leaders tend to be "more consensus-building, more interested in getting input from other people and less interested in taking credit." She adds: "Women don't often have the need to be macho, to put it very bluntly, and therefore we have less trouble reaching out to somebody who might have been an opponent."

GOP Criticizes Democrat Plans For Nomination (WT)

By Ralph Z. Hallow

The Washington Times, July 26, 2006

Republicans are ridiculing the Democratic Party's proposed changes to the 2008 presidential nomination schedule, which now appears to further enhance New York Sen. Hillary Rodham Clinton's prospects.

"The Democrats would be a lot better off focusing on developing an agenda than fiddling with the calendar," said Scott W. Reed, a Republican presidential campaign consultant.

He was referring to the Democratic Party's rules committee announcing on Saturday that the 2008 Nevada Democratic caucuses would be moved up to follow the first-in-the-nation Iowa caucuses.

"They seem to think the problem is the manner in which they select their nominees rather than the policies of their candidates," said Paul Adams, Nevada's Republican Party chairman.

The committee also said that the South Carolina Democratic primary would be advanced to follow New Hampshire's first-in-the-nation primary. Both changes await almost certain final approval at the party's annual summer meeting next month.

"At first blush, this change makes no difference," Republican consultant Craig Shirley said. "In fact, front-loading the primary like this favors a strong, highly funded front-runner like Hillary."

Republicans fear that Mrs. Clinton, the Democrats' most prodigious fundraiser who now faces no serious Republican challenge to her re-election in November, may be able to hoard her Senate campaign kitty and apply it to her expected presidential run in 2008.

Some Democrats have long complained that Iowa and New Hampshire have populations that don't represent the rest of the nation yet they play overly important roles in determining the party's standard-bearer.

Democratic officials said the changes do not threaten the state party in Iowa or New Hampshire and are acceptable to both.

"The state party is pleased with the outcome because that was accomplished and Iowa and New Hampshire remain the first," Iowa Democratic Party spokeswoman Erin Seidler said.

New Hampshire's secretary of state is authorized to re-schedule that state's primary so that it remains the first in the nation. In 2004, the primary was held Jan. 27.

"New Hampshire has no problem with South Carolina's primary as it will come seven days after the New Hampshire primary in accordance to our state statute," said Nick Clemons, New Hampshire Democratic Party executive director. "What we do have a problem with is the general front-loading of the calendar, which will essentially eliminate the say of the voters of the 46 states who hold their contests after February 1st."

Some political analysts think the changes benefit Senate Minority Leader Harry Reid of Nevada.

"Score one for Harry Reid and the union leaders," Mr. Reed said.

But Mr. Shirley finds the image of Mr. Reid as party kingmaker implausible.

"There are no elected political bosses, including Harry Reid, in today's politics," he said. "The bosses are the consultants, the money men and the media."

The Republican state parties, though they deny it, are maneuvering to front-load their own delegate selection for 2008.

"At this point, the Democrats' changes don't affect our calendar," said Brian Jones, communications director for the Republican National Committee.

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But Mr. Adams, the Nevada Republican Party chairman, said, "We will consider the Nevada Democrats' caucus change as one of the factors in setting the date of our delegate-selection convention."

Bush: U.S. To Bolster Security Forces In Baghdad (CHIT)

By Mark Silva

Chicago Tribune, July 26, 2006

WASHINGTON -- On the day he welcomed the Iraqi prime minister to the White House for the first time, President Bush acknowledged Tuesday that the "terrible" violence in Baghdad would require deployment of more American troops in that war-torn capital.

The president's announcement signaled the depth of the security problem in a country he once had called a "beacon" for peace in the region, and it raised questions about the administration's hopes of bringing home significant numbers of soldiers by year's end.

It also was complicated by the fact that Prime Minister Nouri al-Maliki joined other Arab leaders by calling for an immediate cease-fire in Lebanon, while the president has consistently defended Israel's right to self-defense against attacks from Hezbollah.

"We are talking about the suffering of a people in a country," al-Maliki said of the situation in Lebanon. "What we are trying to do is to stop the killing and the destruction" to pave a way for diplomatic solutions, he said. "And I also emphasized the importance of immediate cease-fire."

Bush maintains that Lebanon is facing the same threat as Iraq: The determination of terrorists to destabilize nascent democracies.

"The terrorists are afraid of democracies," Bush said. "That's the ultimate challenge facing Iraq and Lebanon and the Palestinian territories."

As Bush has advocated it, the establishment of a democratically elected government in Iraq was supposed to serve as an example for freedom throughout the Middle East and help quell the violence that has plagued Iraq over the past two years.

But with sectarian violence claiming 100 lives a day in Iraq, Bush pledged to steer more U.S. troops into Baghdad, in addition to "embedding" U.S. military police with Iraqi forces attempting to secure the city.

About 30,000 of the 127,000 U.S. troops in Iraq are currently stationed in Baghdad, but "we don't know, at this point," how many more will move there, said National Security Adviser Stephen Hadley.

"Obviously, the violence in Baghdad is still terrible," Bush said with al-Maliki by his side, "and therefore there needs to be more troops."

Asked how the redeployment might affect the administration's hopes of beginning significant troop withdrawals from Iraq by year's end, Bush said that remains unclear.

"One of the reasons why you trust the commanders on the ground is because there needs to be flexibility," said Bush, who has insisted that troop deployments will be based on "conditions on the ground."

"Conditions change inside a country," he said. "And the question is, are we going to be facile enough to change with—will we be nimble enough—will we be able to deal with the circumstances on the ground? And the answer is, yes, we will."

Army Gen. George Casey, commander of U.S. forces in Iraq, will make that decision, Hadley said. "And when he's ready and comfortable that there's a plan that will work, I think we're going to let him announce what those movements will be."

Hadley echoed the uncertainty about the impact on any overall troop draw-downs.

"What they're talking about is repositioning of forces in a way that more reflects the situation on the ground," he said. "There's a security challenge in Baghdad."

Now, with Israel at war with Hezbollah in a widening conflict, the administration's diplomatic efforts in the Middle East have been reduced in many important respects to seeking humanitarian aid for victims in Lebanon.

The president maintains that Syria and Iran must help rein in Hezbollah before any cease-fire can be declared with Israel.

"We want a sustainable cease-fire," Bush said. "We don't want something that's short-term in duration. We want to address the root causes of the violence in the area, and therefore, our mission and our goal is to have a lasting peace—not a temporary peace."

But al-Maliki disagrees with the strategy. Last week, the Iraqi prime minister said at a news conference inside Baghdad's fortified Green Zone: "The Israeli attacks and air strikes are completely destroying Lebanon's infrastructure. … We call on the world to take quick stands to stop the Israeli aggression."

The prime minister's criticism of Israel prompted Democratic leaders in Congress to complain that the leader of a nation that the U.S. has aided at tremendous cost now fails to support the U.S. against Hezbollah.

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"His statements are troubling," Senate Minority Leader Harry Reid (D-Nev.) said of al-Maliki. "They raise serious concerns about whether Iraq, which is supposed to be our ally, can play a constructive role in resolving the current crisis and bringing stability to the Middle East."

Senate Minority Whip Dick Durbin (D-Ill.) is pressing al-Maliki to express as much condemnation for Hezbollah's violence as he has for the sectarian violence that threatens Iraq's new government.

"We hope that Prime Minister Maliki, if he is going to stand before us speaking to a joint session of Congress, will make it clear that he condemns terrorism not only in Iraq but also when it comes to Hezbollah," Durbin said. "That sort of condemnation should be the beginning of our dialogue."

Hadley, the national security adviser, attempted to downplay the disagreement.

"[Al-Maliki] is a guy who has been pretty tough on terrorism generally, because he has seen what it has done to his country," Hadley said.

Bush To Add Troops In Baghdad, Citing 'Terrible' Sectarian Strife (WP)

By Peter Baker And Josh White

The Washington Post, July 26, 2006

President Bush said yesterday that he will send more U.S. forces and equipment to Baghdad as part of a fresh strategy to put down rising sectarian violence, abandoning a six-week-old operation that failed to pacify the strife-torn Iraqi capital and opening what aides called an unexpected new phase of the war.

Playing host to Iraqi Prime Minister Nouri al-Maliki at the White House for the first time, Bush sounded unusually dour and acknowledged that the situation in Iraq in many ways has worsened lately. But he vowed to adjust tactics to deal with evolving threats and to keep U.S. forces in Iraq as long as necessary to fortify Maliki's government until it can defend itself.

The additional U.S. forces for Baghdad, which could total in the thousands, would come from elsewhere in Iraq, but the deteriorating security situation seemed to all but doom the prospect for significant troop withdrawals before the November congressional elections. The Pentagon had drawn up scenarios that envisioned pulling out as many as 30,000 troops this year, but military officials said yesterday that those now appear implausible and that U.S. forces will probably remain at the current level of 127,000 for several months at least.

"Obviously, the violence in Baghdad is still terrible, and therefore there needs to be more troops," Bush said in a news conference with Maliki.

"Conditions change inside a country," he added. "And the question is: Are we going to be facile enough to change with [them]? Will we be nimble enough? Will we be able to deal with the circumstances on the ground? And the answer is, yes, we will."

Maliki, who took office two months ago, likewise expressed resolve in the face of bombings and death squads that have inflicted increasing casualties on civilians. But he ended the news conference with a comment suggesting how close to the edge he considers his country. "God willing," he said, "there will be no civil war in Iraq."

The two leaders tried to present a united front and made no public mention of disagreements about amnesty for Iraqi insurgents or immunity for U.S. troops. They did have what the president called "a frank exchange" over the conflict in Lebanon, with Maliki calling for "an immediate cease-fire" and Bush supporting only "a sustainable cease-fire" that addresses the region's broader issues first.

Maliki did not directly repeat his recent criticism of Israel's military operation, nor did he respond to a question about his position on Hezbollah. His previous statements condemning Israel for the conflict have stoked anger on Capitol Hill, where House and Senate Democrats called on him to clarify his stance before being allowed to address a joint meeting of Congress today.

For that and other reasons, Maliki's inaugural visit to the White House had none of the triumphal mood of Bush's surprise trip to Baghdad to meet the new prime minister June 13. The heady spirit of that day, coming just after the killing of al-Qaeda's leader in Iraq, Abu Musab al-Zarqawi, and coinciding with a new Baghdad security plan called Operation Forward Together, seemed a distant memory as Bush and Maliki stood in the East Room yesterday with grim expressions and subdued tones in their voices.

"No question, it's tough in Baghdad," Bush said, "and no question, it's tough in other parts of Iraq. But there are also places where progress is being made."

As the two leaders met, violence continued in Iraq. A U.S. service member from the 43rd Military Police Brigade was killed while on "combat operations" north of Baghdad, according to a U.S. military statement that did not identify the slain American. Violence also flared in northern Iraq, with car bombings, assassinations and an attack on a group of workers leaving an Iraqi military base.

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The Bush administration is trying to respond to the shifting nature of the war. Where once U.S. forces were focused primarily on anti-U.S. foreign fighters and Sunni insurgents, today they confront a more complicated situation in which de facto militias are targeting Iraqis, in some cases aided by Iraqi police forces commanded by the Shiite-led Interior Ministry.

"It's a new challenge," national security adviser Stephen J. Hadley said after yesterday's Bush-Maliki meetings. "This isn't about insurgency. This isn't about terror. This is about sectarian violence."

Security analysts said that the administration has not yet figured out a way to deal with the militias and will not get anywhere until it does. "It's clear the Interior Ministry is out of control," said Michael Rubin, a resident scholar at the American Enterprise Institute and former adviser to the U.S. occupation authority in Iraq. "Death squads are never acceptable."

Rubin said that when he traveled around Iraq recently, his Iraqi companions were more worried about police checkpoints than anything else. When he asked whether he should show his old Defense Department identification card at a checkpoint, Rubin said, his Iraqi colleagues called it "the execute-me-please-faster card."

Bush and his aides were vague about the new Baghdad security strategy, but the president said it would involve embedding more U.S. military police with Iraqi police units. The combined forces, he said, would secure individual neighborhoods "and gradually expand the security presence as Iraqi citizens help them root out those who instigate violence."

Defense Secretary Donald H. Rumsfeld later told reporters he would not discuss how many troops will move to Baghdad. "There are more Iraqi troops that will be going to Baghdad than U.S., but both will be going in in fairly good numbers, more than hundreds," he said. Rumsfeld said that there is "a good deal of violence" in Baghdad and two or three other provinces but that more than a dozen provinces are doing well.

Military officials said the U.S. contingent brought into Baghdad could be as large as a brigade, which would mean 2,000 to 5,000 more troops joining the 30,000 now deployed in the capital area. A reserve force held in Kuwait has already moved largely into Iraq, so officials said additional U.S. forces for Baghdad could come from areas recently passed to Iraqi control, such as Muthanna province in the south or Mosul in the north.

A Pentagon official said four Army military police companies, totaling about 400 soldiers, have been ordered to Baghdad to be embedded with Iraqi police units expected to sweep through the city in coming days. The Pentagon also may prepare a Marine or Army brigade combat team outside Iraq for quick deployment if needed in coming weeks, in part because the reserve force, the 24th Marine Expeditionary Unit, was sent from Jordan to Lebanon last week to help remove U.S. citizens.

Anthony H. Cordesman, an analyst at the Center for Strategic and International Studies, said that pulling U.S. troops from other areas of Iraq could be a gamble but that commanders had no choice, lest they risk losing the capital. "The previous security mission, with Iraqi troops and a limited U.S. force, failed completely," he said, adding that "if they didn't do something and do it quickly, we'd probably see the country collapse into civil war."

In Iraq yesterday, gunmen descended on a group of laborers outside an Iraqi base 50 miles west of Mosul, killing four workers and wounding eight others. A car bomb exploded near a U.S. military patrol in Mosul, missing the patrol but wounding nine people, including two traffic policemen. Also in Mosul, gunmen killed an Iraqi police lieutenant colonel and a customs official.

Staff writer Joshua Partlow in Baghdad and special correspondent Hassan Shammari in Baqubah contributed to this report.

Baghdad Chaos Pushes Bush To Shift U.S. Troops (NYT)

By Jim Rutenberg

The New York Times, July 26, 2006

WASHINGTON, July 25 — Saying the security situation in Baghdad remained “terrible,” President Bush announced an agreement with Prime Minister Nuri Kamal al-Maliki on Tuesday to significantly strengthen the United States military presence in the city.

The announcement, presented at a joint news conference during Mr. Maliki’s first visit to the White House since taking office in May, was a tacit admission that the Iraqi government had not succeeded in bringing stability to the capital, and that any major withdrawal of American troops soon remained unlikely.

Under the new security plan, devised by American military commanders in consultation with the Iraqis, some 4,000 United States troops would move into Baghdad, to join the same number of Iraqi counterparts. The United States has about 128,000 troops in Iraq, approximately 7,200 of them in Baghdad, according to military officials there.

“Obviously, the violence in Baghdad is still terrible, and therefore there needs to be more troops,” Mr. Bush said at the news conference, held in the East Room after a morning meeting with Mr. Maliki in the Oval Office. “Our military commanders tell me that this deployment will better reflect the current conditions on the ground in Iraq.”

For both Mr. Bush and Mr. Maliki, the mood at the White House was starkly different than the one at their meeting in Iraq last month. Then, Mr. Bush, flush with the thrill of a surprise landing in Baghdad and the recent killing of a top leader of Al Qaeda, had embraced Mr. Maliki’s election and the formation of his unity government as a new day for Iraq.

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Mr. Bush had hailed Mr. Maliki by saying he was impressed with his strategy for taking control of his nation. Hundreds have died in violence in and around Baghdad since then.

Though Mr. Bush frequently repeated his optimism on Tuesday, his comments were laced with grim acknowledgments that the brutality that remains part of daily life in Baghdad was obscuring signs of progress.

And at what was described as an historic moment — a visit by a democratically elected Iraqi leader to the White House — Mr. Maliki was, if anything, somber.

The visit was also marked by new differences between the leaders, each of whom faces political complications related to the evolving relationship: Mr. Maliki is under pressure at home to bring any United States military personnel accused of wrongdoing under Iraqi justice; Mr. Bush came under fire from Democrats for Mr. Maliki's comments denouncing Israel's attacks on Lebanon, which the Iraqi Parliament called criminal.

Mr. Maliki sidestepped a question about his position on Hezbollah, the Lebanese militia attacking Israel, but in his opening remarks he called for an immediate cease-fire, a break from Mr. Bush's position that Israel can only end its attacks after Hezbollah does.

Mr. Bush said, "We had a frank exchange of views on this situation," and that he had told Mr. Maliki that he only supported a sustainable cease-fire, administration shorthand for a truce that addresses the disarming of Hezbollah. Mr. Bush also said he had reiterated his support for the Lebanese.

Some Democrats said Mr. Maliki should not be permitted to address a joint meeting of Congress on Wednesday, as he is scheduled to do, if he was not willing to speak out against Hezbollah.

Senator Harry Reid of Nevada, the Democratic leader, said addressing Congress was an honor reserved for few — past speakers have included Nelson Mandela, Vaclav Havel and Lech Walesa — and should not include someone whose statements directly contradict United States policies on issues like Hezbollah.

"I will lose a lot of confidence in Maliki if he doesn't denounce what Hezbollah has done," Mr. Reid said.

But in a late afternoon briefing with reporters, the national security adviser, Stephen J. Hadley, asked about the Democrats' comments, said he hoped the debate over Lebanon would not eclipse Mr. Maliki's visit, in which he was to spell out his plans for Iraq's future.

White House officials were careful to call the troop plan for Baghdad a repositioning, rather than a redeployment that would require an increase in overall forces in Iraq.

Under the new arrangement, the additional troops would come from other parts of the country. They would join Iraqi counterparts to focus on the insurgency neighborhood by neighborhood. The announcement followed the White House's acknowledgment last week that a security plan Mr. Maliki announced in June had failed to produce the desired results.

Officials seem to have decided that the previous plan was too diffuse. It relied on a security force of roughly 51,000 — including the 7,200 Americans — and checkpoints devised to snare militia members, but violence continued unabated.

The Iraqi authorities have reported hundreds of killings in the past two weeks alone, mostly in Baghdad. Iraqi government figures released by the United Nations last week showed that 2,669 civilians were killed in May and 3,149 in June.

Violence continued to torment Baghdad on Tuesday, as security forces and civilians came under attack in scattered episodes around the city. Twelve people died, five of them civilians, in the bloodiest attack reported, a car bomb explosion.

Mr. Hadley, the national security adviser, said the failure of the initial plan forced the administration to move to what he called "Phase II."

But other officials said there was no Phase II in the previous plan.

"This is more like Plan B," said one of Mr. Hadley's associates, who insisted on anonymity because he was not authorized to discuss internal policy matters. "Six weeks ago, we were talking about pulling American troops back from the city streets, not putting more of them out there."

Democrats picked up on the plan to criticize the administration.

"This is a stunning sign that the administration still isn't being candid about Iraq's escalating civil war and the failure of Iraqi security forces to stand up on schedule," said Senator John Kerry, Democrat of Massachusetts.

But Senator John W. Warner, Republican of Virginia and chairman of the Armed Services Committee, said the move was a necessary step to securing Baghdad.

"It's simply a realization that we've got to have a further strengthening of the United States component there," he said. "The security of Baghdad can tip the scales to achieving a self-sufficient democracy, or losing in Iraq. The eyes of the world look at the situation in Baghdad, and as things are improving in other areas, in Baghdad we've not seen that measure of success."

Mr. Bush had acknowledged as much when he said earlier, "In the midst of all the violence in Baghdad, sometimes a success is obscured."

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Mr. Hadley and other officials pointed to the recent transfer of Muthanna Province to local control, and said there had been increases in oil production and the supply of electricity to homes.

But Mr. Maliki said he was most worried about continued sectarian violence, adding at the end of the briefing, “God willing, there will be no civil war in Iraq.”

Aside from addressing Congress, Mr. Maliki is scheduled to accompany Mr. Bush to Fort Belvoir, Va., to a lunch with troops and their families, so, Mr. Bush said, “We can thank them for their courage and their sacrifice.”

More Troops Will Move Into Baghdad (WT)

By Joseph Curl

The Washington Times, July 26, 2006

More than three years after the fall of Baghdad, President Bush yesterday acknowledged that the violence there is "still terrible" and announced that U.S. troops from across Iraq will be redeployed to the capital in an attempt to quell the bloodshed.

The president, in a joint press conference with Iraqi Prime Minister Nouri al-Maliki at the White House, differed from his counterpart regarding the ongoing battle between Israel and the Hezbollah militia in Lebanon. Mr. Bush reiterated his call for a "sustainable" cease-fire between Israel and Hezbollah, but Mr. al-Maliki urged an "immediate" cease-fire.

Mr. Bush said improved military conditions outside Baghdad make it possible to move U.S. troops and military police to the city, where the United Nations says more than 100 civilians a day are killed by car bombs and sectarian death squads.

"Obviously, the violence in Baghdad is still terrible, and, therefore, there needs to be more troops," Mr. Bush said in the East Room.

To that end, U.S. commanders in Iraq "have recommended, as a result of working with the prime minister, based upon his recommendation, that we increase the number of U.S. troops in Baghdad, alongside of Iraqi troops," Mr. Bush said.

Under the new plan, thousands of U.S. troops will be sent to Baghdad in the coming weeks to try to retake control of neighborhoods now ceded to Sunni insurgents or Shi'ite militias.

The new strategy will involve "embedding more U.S. military police with Iraqi police units to make them more effective," the president said.

But it is not clear how many troops will be in Baghdad under the new plan. About two weeks ago, Defense Secretary Donald H. Rumsfeld said the number of Iraqi and U.S. troops in the capital had recently grown from 40,000 to 55,000.

Like Mr. Bush, Mr. al-Maliki, on his first trip to the United States since becoming prime minister two months ago, also sought to put a good spin on security in Baghdad, despite abandoning a plan he devised and deployed just six weeks ago.

"We are determined to defeat terrorism, and the security plan for Baghdad has entered the second phase and it's achieving its objectives in hunting the terrorist networks," Mr. al-Maliki said, adding that the most important element of a new security program "is to curb the religious violence."

The Iraqi prime minister, who did not smile once during the 30-minute press conference, expressed optimism that a joint U.S.-Iraqi effort to tamp down violence in Baghdad will work.

"God willing, there will be no civil war in Iraq."

Democrats on Capitol Hill, though, were far less optimistic.

"President Bush, Vice President Cheney and Secretary Rumsfeld continue to deny that Iraq is in a civil war," said Sen. Edward M. Kennedy of Massachusetts. "But the increasing sectarian violence, the ruthless death squads, and the increasingly powerful role of the privately armed militias tell a very different story."

On the developing situation in Lebanon, Mr. Bush said the only way to secure a sustainable cease-fire is "to address the root causes of the violence in the area. And, therefore, our mission and our goal is to have a lasting peace, not a temporary peace, but something that lasts," Mr. Bush said.

Emphasizing the need for an immediate cease-fire, Mr. al-Maliki implored the "international community to support the Lebanese government and support the Lebanese people to overcome the damage and destruction that happened."

A group of House Democrats circulated a letter to House Speaker J. Dennis Hastert urging the Illinois Republican to get an apology from Mr. al-Maliki for denouncing Israel or cancel his address today to a joint meeting of Congress.

Sen. Charles E. Schumer, New York Democrat, said that he doubted he would attend and that there were a "large number of people [in Congress] who were uncomfortable" with Mr. al-Maliki's condemnation of Israel's attacks in Lebanon and apparent support for Hezbollah.

The Battle For Baghdad, Again (USAT)

By Rick Jervis And David Jackson

USA Today, July 26, 2006

DOJ_NMG_0043222

BAGHDAD — The battle for Iraq's future has come down to this: Can the country's U.S.-supported government control escalating violence in the streets of its capital?

Iraqi Prime Minister Nouri al-Maliki met with President Bush on Tuesday at the White House, where they announced a plan to dispatch more U.S. and Iraqi troops to Baghdad to try to salvage a faltering security plan for Iraq's war-ravaged capital.

The leaders said an unspecified number of troops would be redeployed to respond to a surge in violence that has killed more than 100 civilians a day since Bush's surprise visit to Baghdad six weeks ago, when al-Maliki announced a security crackdown in Baghdad.

About 9,000 of the 125,000 U.S. troops in Iraq are in Baghdad, a city of about 6.5 million where centuries-old tensions between Sunni and Shiite Muslims have exploded into increasingly difficult-to-control violence. The chaos is being fueled by militias and foreign Arab fighters such as al-Qaeda in Iraq, the Sunni extremist group trying to undermine U.S.-led efforts to establish a democracy in that nation. There are about 43,000 Iraqi soldiers and police in Baghdad.

Bush said additional U.S. troops will be sent to Baghdad from elsewhere in Iraq and will help train Iraqi security forces to eventually take over the job of protecting the capital. The plan includes placing more U.S. military police with Iraqi forces and giving the Iraqi forces more mobility and firepower. The focus will be on securing individual neighborhoods.

National security adviser Stephen Hadley said military officials are still working out a "repositioning" of forces and are deciding which ones to send to Baghdad.

"Our strategy is to remain on the offense, including in Baghdad," Bush said during a White House news conference with al-Maliki. "We still face challenges in Baghdad, yet we see progress elsewhere in Iraq."

Al-Maliki added that Iraq's new government is "determined to defeat terrorism, and the security plan for Baghdad has entered the second phase."

The increasing urgency of the situation in Baghdad reflects how, more than three years after U.S.-led forces steamrolled into the city and toppled Saddam Hussein's regime, the battle for Iraq's largest and most important city is widely viewed as a tipping point for the nation's future.

Bush's legacy has much riding on the outcome in Iraq. In a USA TODAY/Gallup Poll taken last weekend, just 35% of Americans said they approve of Bush's handling of the war in Iraq, down slightly from last month.

"The president has told people that Iraq is where he will make his mark on history," says Jon Alterman, director of the Middle East Program with the Center for Strategic and International Studies. "I don't see a way to be successful in Iraq unless he's successful in Baghdad."

While much of the world's attention has focused lately on Lebanon, where Israeli troops and Hezbollah guerrillas are fighting, insurgents in Iraq have turned up the heat in Baghdad with a wave of violent, deadly assaults. Many of the insurgents apparently hope to demonstrate that Iraq's government is not able to control its capital and therefore the nation.

"Clearly, Baghdad is the center that everybody is fighting for," says Maj. Gen. William Caldwell, the top U.S. military spokesman in Iraq. "We will do whatever it takes to bring security to Baghdad."

Iraq's government believes Baghdad is the key to bringing security to the rest of the country.

"If you control Baghdad, you control Iraq," says Mishan al-Alusi, an independent Sunni lawmaker and secretary of the Parliament's foreign relations committee. "There's no other way around it."

Caldwell adds that "if Prime Minister Maliki succeeds in Baghdad, he'll be able to succeed in Iraq."

Soon after taking office in April, al-Maliki announced plans to send up to 75,000 Iraqi and U.S. troops into the streets of Baghdad to try to restore order. Iraqi forces, backed by U.S. troops, set up checkpoints and patrolled the streets.

The result: Violence increased. From February through May this year, Baghdad province, made up mostly of the capital city, averaged more attacks per day — 29 — than any other province. That includes the volatile Anbar province in western Iraq, which contains the restive cities of Fallujah and Ramadi, according to the Defense Department's quarterly report to Congress in May.

By mid-July, there was an average of 34 attacks each day against U.S. and Iraqi forces in Baghdad, the U.S. Defense Department has reported.

The Iraqi capital has long been a diverse city with large numbers of Sunnis, Shiites and Kurds. Some neighborhoods are mixed, and marriage between Sunni and Shiite Muslims is not uncommon.

As the country has been broken apart by war, insurgents have tried to exploit religious tensions. Death squads and Shiite militias have infiltrated heavily Shiite police and army units, which already were having difficulty gaining trust in heavily Sunni areas. As a result, violence between Sunnis and Shiites in the streets has increased.

Many of the death squads are believed to be associated with armed Sunni or Shiite groups, targeting each other as part of a struggle for power between the country's two major religious communities.

The U.S. military announced Tuesday that Iraqi soldiers had captured six insurgents involved in death squad activities.

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To try to curb the violence, Iraqi officials will have to continue battling Sunni extremists, go after Shiite gunmen prowling the city and control Shiite militias, says Anthony Cordesman of the Center for Strategic and International Studies.

"We are at a point where it's very unclear if what we're going to get is real political progress and movement toward security or steady drift toward civil war," he says.

Sectarian violence is the most dangerous threat facing Baghdad, Zalmay Khalilzad, the U.S. ambassador to Iraq, has said. Carefully staged attacks on mosques and other targets have helped to provoke a wave of violence between religious factions that sometimes has turned neighbors against each other and led to revenge killings.

A United Nations study released this month said the number of Iraqi civilians killed climbed from 1,778 in January to 2,669 in May and 3,149 in June.

"The overwhelming majority of casualties were reported in Baghdad," said the report, which was based on Iraqi Health Ministry statistics.

Iraq's insurgency started gathering momentum several months after Saddam's regime fell in April 2003. At various times, coalition and Iraqi forces have tried to subdue outbreaks of violence in Baghdad, Mosul to the north, Fallujah to the west, and Basra in southern Iraq.

This spring, as Iraqi leaders wrangled over forming a government, Sunni extremist groups focused their strategy on Baghdad. Smuggling routes once used to get insurgents across the Syrian border to safe houses in Fallujah or Tal Afar began delivering them straight to Baghdad, Caldwell says.

Insurgents established an operations base south of Baghdad in the so-called Triangle of Death, where they began launching attacks on the capital.

Youssifiyah, a farming community on the eastern banks of the Euphrates River, was a hub of insurgent activity. This year, two U.S. Apache attack helicopters were shot down during clashes near there.

The violence in Youssifiyah came to a climax in June, when two U.S. soldiers were ambushed while manning a checkpoint, then were kidnapped and killed. The incident brought a tough response from the 4th Infantry Division, which moved in force into the area.

In prior raids around Youssifiyah, U.S. troops recovered documents and memos the U.S. military said were from al-Qaeda in Iraq. The documents indicate how important al-Qaeda considers Baghdad.

The memos, released by the Pentagon in May, chided the group's commanders in Baghdad for not having a long-term strategy and lacking organization. They also promised to focus more resources and energy on the Iraqi capital with the goal of starting a civil war between Sunni and Shiite Arabs.

"The operation at this stage is to incite the people against the Shias (Shiites), in view of the fact that the sectarian war has benefits for us," one of the memos reads. The memo recommends using car bombs.

During raids in the Triangle of Death, troops captured foreign Arab fighters, bombmaking workshops, computers full of insurgent documents and weapons caches.

"All those groups had their attentions focused on Baghdad," Caldwell says. The area "was far more dense with foreign fighters down there operating and working than we perhaps realized."

Brig. Gen. David Halverson, a deputy commander of U.S. troops in Baghdad, says the city has become "the center of gravity" in the war. Al-Qaeda "wants to foment the insurgency in Baghdad. They're attempting to discredit the government's ability to govern and secure the people."

There are signs that insurgent efforts to touch off civil war are working. The bombing of a holy Shiite shrine in Samarra on Feb. 22 led to reprisal killings across Baghdad that left hundreds dead.

More recently, a bombing near a small Shiite mosque in the Jihad neighborhood of southwest Baghdad on July 8 triggered another cycle of violence. The next day, Shiite gunmen there pulled Sunni motorists from cars and homes and killed them on the spot.

In one of the deadliest incidents, masked men with machine guns mounted on pickups opened fire July 17 on a busy Shiite market in Mahmoudiya, south of Baghdad, killing more than 40.

Gen. Haider Abdel Rassum al-Badri, an Iraqi special forces commander in western Baghdad, was largely responsible for pacifying northwestern Baghdad, including Haifa Street, the site of battles between mostly Sunni insurgents and U.S. forces in 2004. His tactics included working with tribal leaders and cracking down on lawbreakers.

Dealing with religious-based violence between Iraqis is more difficult, al-Badri says.

Lately, he says, the enemy has been coming from all ethnic and religious sides, making it difficult to distinguish insurgents from civilians.

Rogue militias also are a growing problem, he says.

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Sunni extremists recently kidnapped an Iraqi translator who worked on al-Badri's base in northwestern Baghdad. A video of her beheading later appeared on a militant website.

Shiite militia checkpoints have sprouted around some neighborhoods, where militiamen stop people and question women who are not covering their heads in adherence to strict Islamic tradition, al-Badri says.

Meanwhile, snipers have reappeared on Haifa Street.

"We don't know who's who anymore," al-Badri says. "It's all mixed."

U.S. To Bolster Its Force In Baghdad (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, July 26, 2006

WASHINGTON -- The Bush administration said it would move thousands of additional U.S. troops to Baghdad, a major shift in strategy that appears to sharply reduce the possibility that a reduction of American military personnel can begin later this year.

Meeting at the White House with Iraqi Prime Minister Nouri al-Maliki, President Bush said U.S. forces stationed elsewhere in Iraq would be shifted to Baghdad to help fledgling Iraqi security forces try to reconquer, and then secure, each of the capital's neighborhoods. A Pentagon official said the additional U.S. presence in Baghdad would likely number between 2,000 and 5,000 soldiers, many of whom would be embedded with Iraqi police units. The official said no new troops would be sent to Iraq as part of the effort.

The shift is a frank acknowledgment that more than three years after U.S.-led forces swept into Iraq, much of the country, including major sections of the capital, remains outside the control of either U.S. forces or the Iraqi government. It also highlights the country's dire security situation amid a surge in violence that is killing nearly 100 Iraqi civilians every day.

Washington's new approach comes after an array of Iraqi and American security plans for Baghdad were implemented with no discernible impact on the violence, racking the city of more than five million people. Mr. Maliki, who took power in late May, has significantly increased the number of checkpoints and security personnel around the capital, but the number of attacks continues to rise. U.S. forces, meanwhile, spent years trying to secure the highway connecting the city with its international airport, but the road remains so dangerous that most U.S. personnel are instead flown into the city by helicopter.

Mr. Bush acknowledged prior setbacks, telling reporters at the White House there is "no question it's tough in Baghdad, and no question it's tough in other parts of Iraq." He said, "Obviously the violence in Baghdad is still terrible."

See continuing coverage2 of developments in Iraq, including an interactive map3 of major insurgent attacks. · Transcript: Remarks by Bush, Maliki4

President Bush holds a joint press conference6 with Iraqi Prime Minister Nouri al-Maliki. Plus, WSJ's John Harwood reports7 on President Bush's meeting with Iraqi Prime Minister Nouri al-Maliki.

The rising tide of violence is complicating the administration's hopes of beginning a troop withdrawal later this year. With the administration facing mounting pressure for force reductions from fellow Republicans who are concerned that the war's unpopularity at home could cost the party its control of Congress in the November elections, senior U.S. military commanders have been working on a plan to withdraw at least a few thousand soldiers in coming months.

But with Iraq teetering on the brink of open civil war, administration officials privately concede that any cut in troop levels might shrink in scope or be postponed into next year. A low-level sectarian conflict has been raging for months between Iraq's majority Shiite Muslims and minority Sunni Muslims, and National Security Adviser Stephen Hadley told reporters yesterday that the communal warfare is a bigger threat to the country than the insurgency. Public confidence in Iraq's security forces is so low, meanwhile, that even many Sunnis -- whose ranks have supplied most of the insurgents -- want American forces to remain in the country as a buffer.

Mr. Bush said Mr. Maliki told him during a private meeting in the Oval Office that "he does not want American troops to leave his country until his government can protect the Iraqi people." The president said he assured the Iraqi prime minister that U.S. forces won't leave precipitously. Mr. Maliki today will address Congress, where many lawmakers are infuriated with his refusal to condemn Hezbollah's attacks on Israel or state unambiguously that the Jewish state has a right to exist.

The strategy outlined by Mr. Bush closely parallels the "ink spot" theory of counterinsurgency detailed last fall in a widely read essay by military analyst Andrew Krepinevich. Mr. Krepinevich argued that instead of focusing on killing insurgents, U.S. forces should instead concentrate on securing specific areas of the country so rebuilding projects can take hold and citizens can gain confidence that their government can protect them from attack. Iraqis living in secure areas would in time turn against the insurgency and cooperate with the coalition, Mr. Krepinevich wrote.

Several analysts said the new approach represented a clearer appraisal of the root cause of many of Iraq's security problems.

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"I read it as being a much better understanding of what the granularity of the problem is: They have lost control of Iraq at the neighborhood level," said John Pike of national-security policy think tank GlobalSecurity.org. "The problem is not control of Baghdad; the problem is the 1,000 neighborhoods of Baghdad."

Battle For Baghdad Boils Down To Grabbing A Slice At A Time (NYT)

By Michael R. Gordon

The New York Times, July 26, 2006

BAGHDAD, Iraq, July 25 — The Bush administration's announcement on Tuesday that it will shift more forces to Baghdad is much more than a numbers game. It reflects a new strategy to reclaim control of the Iraqi capital and a new approach for deploying the troops.

The plan is to concentrate on specific neighborhoods rather than distribute the forces throughout the city, control movement in and out of sectors of the capital and try to sweep them of insurgents and violent militias.

In effect, the scheme is a version of the "ink blot" counterinsurgency strategy of grabbing a piece of terrain, stabilizing it and gradually expanding it. Only this time the objective is not a far-flung Iraqi city or town, but the capital, the seat of the fledgling government and home to some seven million Iraqis.

The plan has risks. It will divert American military police from deploying to Anbar Province, where the insurgency continues to rage. And an increased presence of American troops on the ground in Baghdad, where insurgent attacks have soared, carries the potential of more American casualties.

But Baghdad in military parlance is the "center of gravity" for the larger effort to secure the country.

Restoring security in a capital that is tormented by sectarian strife and lawless militias is such an essential task that American commanders are willing to accept a greater degree of risk elsewhere.

Sending in additional troops is an implicit acknowledgment of what every Iraqi in Baghdad already knows: Prime Minister Nuri Kamal al-Maliki's original Baghdad security plan has failed.

In the past two weeks, more Iraqi civilians have been killed than have died in Lebanon and Israel.

The additional American forces sent here will include units equipped with Stryker armored vehicles, military police and, essentially, what is left of the American military's reserve in Kuwait.

To demonstrate that the burden is being shared equally, half of the additional 8,000 troops that will be sent are to be American and half Iraqi.

By securing the city a sector at a time, American and Iraqi commanders hope to allow the Iraqi government to restore essential services and build support and legitimacy among an anxious public.

Once the areas are stabilized, the Iraqi police are to be brought in to maintain control, freeing the American and Iraqi military to extend their reach elsewhere. The Iraqi police are to be accompanied by American military police, who will act as advisers and trainers.

The Americans and the Iraqis are likely to start with the easiest sectors, calculating that they need to demonstrate a measure of success before taking on the most contested areas. Even as they expand their control the American and Iraqi forces will maintain the ability to conduct raids in less secure areas of the city.

The war is a contest of moves and countermoves, and the insurgents and the militias that the new American and Iraqi forces will confront can be expected to strike back.

Some of the forces that are now to go to Baghdad, like the military police, were earmarked for volatile Anbar Province in the west. Building a new police force in the Sunni-dominated Anbar region has been a critical part of the American counterinsurgency effort there. Diverting military police to Baghdad will make that already difficult mission in Anbar even harder.

But it is a trade-off that American commanders are prepared to accept. There are 117 police stations in the Baghdad area, which is where the American command has made its main effort.

"Baghdad is truly a must-win," said Maj. Gen. William B. Caldwell IV, the senior spokesman for the military command here. "The prime minister has stated it. General Casey has stated it. We have to win in Baghdad. We don't have an option."

Mr. Maliki's original Baghdad security plan entailed the deployment of some 51,000 troops and police officers — including 7,200 American soldiers — and the establishment of new checkpoints.

"In the first 30 days of the Baghdad security plan there was a very slight downtick in the amount of violence," said a senior American officer, who asked not to be identified because he was not authorized to discuss the issue publicly. "Everybody had very high expectations. They thought it would bring it down dramatically."

But the violence continued unabated and is now at a high. There has been a vicious cycle in which terrorist bombings have encouraged the Shiites to expand their armed militias, which have in turn alarmed the Sunnis, some of whom have made

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common cause with the most fanatical insurgents. The spiral of sectarian attacks has become more worrisome to the American command than the insurgency.

There is now a realization that the prime minister's first plan relied too much on untested Iraqi troops and the Iraqi police. Hence, the increase in American troops and the American military police.

The Stryker units that are being sent will provide the military with a wheeled armored vehicle that can maneuver more easily through the city than a tracked vehicle like an M-1 tank or a Bradley fighting vehicle.

For all the talk of new military deployments, however, the plan will depend mightily on parallel moves by Mr. Maliki's government to improve the lot of ordinary Iraqis. This is, in the final analysis, an approach that will require the careful synchronization of military, political and economic moves — no small challenge for an Iraqi administration that is still struggling to develop its capacity to govern.

The American and Iraqi forces may temporarily stabilize a neighborhood, but the ultimate loyalty of its residents, many of whom have been sitting on the fence even while they have been desperate for security, will reflect the government's ability to demonstrate that there are tangible benefits for cooperating.

Bush: New Plan To Help End Iraq Violence (AP-Y)

By Tom Raum

AP2, July 26, 2006

President Bush said Tuesday a new plan to increase U.S. and Iraqi forces in the besieged capital of Baghdad will help quell rising violence that is threatening Iraq's transformation to a self-sustaining democracy.

"Obviously the violence in Baghdad is still terrible and therefore there needs to be more troops," Bush said in a White House news conference with visiting Iraqi Prime Minister Nouri al-Maliki.

Al-Maliki, on his first trip to the United States since becoming prime minister two months ago, said he and Bush agreed that training and better arming Iraqi forces as quickly as possible, particularly in the capital city, was central to efforts to stabilize the country.

"And, God willing, there will be no civil war in Iraq," al-Maliki said, speaking through a translator.

The two leaders disagreed openly on how to end hostilities between the Hezbollah militia in southern Lebanon and Israel, with al-Maliki, a Shiite Muslim leader, reiterating his support for an immediate cease-fire and Bush sticking by the administration opposition to one.

A group of House Democrats called on GOP leaders to cancel al-Maliki's address to Congress on Wednesday. Sen. Charles Schumer, D-N.Y., said he doubted he would attend and that there were a "large number of people (in Congress) who were uncomfortable" with al-Maliki's condemnation of Israel's attacks in Lebanon and apparent support for Hezbollah

Bush said that al-Maliki had asked for more military equipment from the United States and had recommended increasing U.S. and Iraqi forces patrolling Baghdad neighborhoods. "And we're going to do that," Bush said.

The president said U.S. forces would be moved in from other parts of Iraq. He did not say how many, but Pentagon officials have suggested several thousands troops would be moved to Baghdad, including some now based in Kuwait.

There are roughly 127,000 U.S. troops in Iraq. The administration is under increasing pressure from Democrats and some Republicans to bring a substantial number home by the end of this year.

Asked if the tense situation in Baghdad would alter the equation for an eventual withdrawal of U.S. forces, Bush said troop level decisions will still be based on recommendations from military commanders in the field.

"Conditions change inside a country," Bush said. "Will we be able to deal with the circumstances on the ground? And the answer is, yes, we will."

The president and the prime minister met privately before the news conference to discuss strategy, then continued talks over lunch with a larger group that included Cabinet members and aides.

At the East Room news conference, Bush said al-Maliki was very clear in stating that "he does not want American troops to leave his country until his government can protect the Iraqi people. And I assured him that America will not abandon the Iraqi people."

It was not clear how many U.S. troops will be in Baghdad as a result of the new plan. About two weeks ago, Defense Secretary Donald H. Rumsfeld said that the number of Iraqi and U.S. troops in Baghdad had recently grown from 40,000 to 55,000.

Bush and al-Maliki met alone with only a translator in the room for about 70 minutes before others joined the talks, Bush national security adviser Stephen Hadley told reporters.

Under the plan to beef up security in Baghdad, forces would comb different neighborhoods to establish a police presence, "giving some reassurance to the population there that, in a way, the sheriff has arrived," Hadley said.

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Bush complimented the beleaguered leader for his courage and perseverance in the face of sectarian violence. Recent attacks have sapped political support for the more than three-year-old war in Iraq, in both the United States and Iraq.

On Lebanon, the administration insists that Hezbollah must first return two captured Israeli soldiers and stop firing missiles into Israel before any cease-fire.

"I told him (al-Maliki) I support a sustainable cease-fire that will bring about an end to violence," Bush said.

Al-Maliki sidestepped a question at the White House news conference about his position on Hezbollah.

"Here, actually, we're talking about the suffering of a people in a country. And we are not in the process of reviewing one issue or another, or any government position," al-Maliki said.

Democrats criticized al-Maliki's comments. "Prime Minister Maliki missed an important opportunity to state his position on Hezbollah, and instead left the impression that he does not oppose this terrorist organization's outrageous attacks on Israel," said Sen. John Kerry, D-Mass.

Kerry called on Maliki to strongly condemn the use of terror anywhere — including by Hezbollah against Israel — in his speech to Congress on Thursday.

Responding to the Democratic criticism, Hadley said "there's an opportunity here I hope we don't miss," and he urged lawmakers to take advantage of the fact that a democratically elected Iraqi leader was about to address Congress. "It's been an issue for Republicans and Democrats, how to get Iraq right," the White House adviser said.

After al-Maliki's speech to Congress on Wednesday, Bush was taking him to nearby Fort Belvoir, Va., for a meeting with U.S. troops and their families. Both leaders will "thank them for their courage and their sacrifice," Bush said.

The president said improved military conditions outside Baghdad will make it possible to move U.S. military police and other forces to the capital, where an estimated 100 people a day are being killed. The crimes, blamed largely on sectarian death squads, usually go unsolved.

Al-Maliki said the most important element of a new security program "is to curb the religious violence."

Iraq's government must have a policy that "there is no killing and discrimination against anyone," al-Maliki said.

U.S. officials believe control of Baghdad — the political, cultural and economic hub of the country — will determine the future of Iraq.

U.S. and Iraqi soldiers captured six members of an alleged death squad in Baghdad on Tuesday, while attacks elsewhere in Iraq left more than two dozen dead.

Al-Maliki met Defense Secretary Donald H. Rumsfeld at the Pentagon for about an hour. "He is very focused clearly on the Baghdad situation and he recognizes that it is not a military problem as such, it is a combination of political and military and economic," Rumsfeld said.

According to Pentagon spokesman Eric Ruff, no final decision has been made on exactly how many U.S. forces will be shifted to Baghdad, but that there will be a range of forces that include both U.S. and Iraqi troops.

A Long, Bad Six Weeks (NYT)

The New York Times, July 26, 2006

Six weeks ago, President Bush paid a surprise visit to Iraq's prime minister, Nuri Kamal al-Maliki, in Baghdad. American forces had just killed the terrorist leader Abu Musab al-Zarqawi. Iraq's Parliament had just confirmed new ministers to run the army and the police, completing what was billed as a national unity cabinet. Mr. Maliki seized the occasion to announce a major military operation meant to bring security to the people of Baghdad. Mr. Bush took one of his patented looks into the prime minister's eyes and found a worthy partner.

This week, as Mr. Maliki returns the visit, things feel very different. It seems possible, in fact, that the two men's brief encounter in Baghdad might turn out to have been the last good moment of the American experience in Iraq.

Despite the elimination of Mr. Zarqawi and the new security drive, the daily carnage is increasing, especially in Baghdad and especially against civilians. Last month, for the first time, the nationwide civilian death toll exceeded 100 people per day. Despite the increased presence of Sunni Arabs in the new cabinet, the political and physical gulf between Sunnis and Shiites is wider then ever; the flight of frightened families from religiously mixed neighborhoods is further cleaving the country in two.

And despite Mr. Maliki's assurances that sectarian armies would be disarmed and their members integrated into the ranks of the national army and the police, Shiite militias like the Mahdi Army and the Badr Brigades continue to rule the streets and kill Sunnis with impunity.

One big reason why, sadly, is that Mr. Maliki has failed to overcome the great weakness he brought with him when he took office. The main political and physical power behind his government comes from the armed Shiite fundamentalist factions that swept last year's elections and thereby dominate Iraq's Parliament. The Kurdish parties that inflate the Shiites' majority have never much cared about what goes on outside Iraqi Kurdistan, as long as their region maintains its de facto independence. And

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while the Sunni Arab parties participating in this government are courageously trying to woo their followers away from the insurgency, they are not getting the crucial support they need from the dominant Shiite parties.

Instead, these parties seem intent on pursuing a violent, divisive agenda that is inexorably leading toward civil war. This week, the leader of the most powerful Shiite party, Abdul Aziz al-Hakim, announced his own recipe for domestic security: creating armed committees to protect residential neighborhoods. In other words, Mr. Hakim is calling on his followers to turn Shiite neighborhoods of Baghdad into something like the Hezbollah-controlled villages of south Lebanon.

Mr. Maliki's visit comes at a time when the carnage in Lebanon and Israel has dashed the last remnants of hope that the invasion of Iraq might lead to an improved chance for peace between Arabs and Jews. The prime minister's own criticisms of Israeli actions have made it clear that Israel is unlikely to find any source of support in the new post-Saddam Iraq. And beyond that, Mr. Bush will have to figure out how to address the prime minister's bid to try American troops under Iraqi law for crimes in Iraq.

But in the end, none of that will matter unless the president finds a way to give Mr. Maliki the spine to ignore people like Mr. Hakim, who make up so much of his political base. The dream of creating a government committed to the welfare and security of all Iraqis is slipping away, and it will take more than another good-will visit to get it back.

Bush, Iraq's Maliki Clash On Mideast Crisis (AFP-Y)

By Olivier Knox

AFP, July 26, 2006

US President George W. Bush assured Iraqi Prime Minister Nuri al-Maliki that he understood Arab "anguish" over Israeli strikes in Lebanon as the two leaders clashed on calls for a ceasefire.

"We had a frank exchange of views on this situation," Bush said during a joint public appearance with Maliki after talks at the White House, using diplomatic wording for a sharp disagreement behind closed doors.

The US president denied that there was anything contradictory in Washington sending aid to the Lebanese people in the face of Israeli strikes, while speeding deliveries of weapons to Israel for possible use in such attacks.

"No, I don't see a contradiction in us honoring commitments we made prior to Hezbollah attacks into Israeli territory," said Bush, referring to rockets fired into Israel by the Islamist militia and its capture of Israeli soldiers.

The two leaders disagreed on calls for a ceasefire, with Maliki emphasizing "the importance of immediate ceasefire" and Bush sticking by his view that a ceasefire can come only as part of a long-term solution.

"Our mission and our goal is to have a lasting peace -- not a temporary peace, but something that lasts," said Bush. "We want a sustainable ceasefire. We don't want something that's, you know, short term in duration."

Still, the president said he had "assured the prime minister: 'I care deeply about the suffering that takes place, that we understand the anguish of leaders in the region who see innocent people losing their life.'"

Bush said that US Secretary of State Condoleezza Rice was in the region to clear the way for roughly 30 million dollars in humanitarian aid to Lebanon and to help bolster the fragile government of Prime Minister Fuad Siniora.

The president said Hezbollah's attacks on Israel were "the act of a terrorist organization trying to stop the advance of democracy in the region" and suggested that "Iraq, in some ways, faces the same difficulty."

But the prime minister, who has called Israeli strikes in Lebanon "criminal," sidestepped a question about his position on Hezbollah.

Asked whether that meant Washington and Baghdad are at odds over the group, Bush national security adviser Stephen Hadley snapped: "I don't know why you would infer that. He was asked the question and he gave the answer he gave."

"This has been a guy who's pretty tough on terrorism generally, because he's seen what it has done to his country," Hadley told reporters.

The two leaders said that US troops would redeploy from other parts of Iraq to the capital over the coming weeks as part of an effort to quell an increase in sectarian violence that some worry may plunge the country into civil war.

"God willing, there will be no civil war in Iraq," Maliki said through an interpreter.

Hadley said the goal was to let Baghdad's beleaguered population know that "the sheriff has arrived and it's going to calm down."

Bush took a veiled shot at growing calls for a US withdrawal from Iraq, which is likely to be a key issue in November congressional elections amid public opinion polls showing that the war there is deeply unpopular.

"You know, he comes wondering whether or not we're committed. He hears all kinds of stories here in the United States," said Bush. "And I assured him that this government stands with the Iraqi people."

Bush said that the new plan called for US-led forces and Iraqi troops to secure individual neighborhoods, targeting "those who instigate violence," while US military police join forces with Iraqi police.

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The new initiative follows the failure of Maliki's six-week-old crackdown in Baghdad, known as "Operation Forward Together," to quell violence in the capital.

Iraqi Leader, Bush Split On Israel (LAT)

By Peter Spiegel

The Los Angeles Times, July 26, 2006

WASHINGTON — President Bush and Iraqi Prime Minister Nouri Maliki sought Tuesday to present a united front against sectarian violence in Baghdad, but their first White House meeting was overshadowed by deep disagreement over how to respond to Israel's attacks in Lebanon.

At a joint news conference to announce a plan to move more troops into the Iraqi capital, Maliki criticized Israel's airstrikes in Lebanon and called for an immediate cease-fire. His remarks drew fierce criticism from some members of Congress.

The Bush administration has repeatedly rejected calls for a quick cease-fire, saying such a course would allow the Islamic militant group Hezbollah to regroup and would leave Israel vulnerable to future attacks. The frictions with a Muslim ally who is dependent on U.S. support underscore the difficulties the administration faces in winning backing for its pro-Israel foreign policy in the Middle East.

Maliki said he had expressed his concern to Bush over "the size of the destructions that happened to the Lebanese people as a result of the military, air and ground attacks" by Israel. According to a translation, Maliki urged an immediate cease-fire "to stop the killing and the destruction."

The prime minister's views and inflammatory statements by other Iraqi officials — including a parliamentary resolution branding the Israeli attacks "criminal aggression" — prompted 20 congressional Democrats to call for the cancellation of Maliki's invitation to address a joint session of Congress today.

Republican leaders refused, but also expressed concern about Maliki's statements.

The Democratic leadership in the House and Senate condemned the prime minister's comments.

"Maliki's criticism of Israel's right to defend itself is unacceptable," said House Minority Leader Nancy Pelosi (D-San Francisco). "Unless Mr. Maliki disavows his critical comments of Israel and condemns terrorism, it is inappropriate to honor him with a joint meeting of Congress."

Some Democrats were weighing a boycott of the speech, but Democratic leaders were expected to attend and were not encouraging absences.

Congressional Republicans were more guarded, but Senate Majority Leader Bill Frist (R-Tenn.) said he hoped to get a better explanation of Maliki's stance in face-to-face meetings today. "It's very important that we have an opportunity as a body to ask questions and clarify some statements that have been made," Frist told reporters.

Bush called his White House meeting with Maliki "a remarkable, historic moment," noting that he was sharing a stage with a "freely elected Iraqi leader."

But the backlash threatened to undermine the purpose of Maliki's visit, which was to introduce Iraq's new leader to a U.S. audience and to underscore the joint commitment to end the bloody surge in attacks between Shiite and Sunni Muslims that have claimed thousands of lives over the last month.

Maliki's stance on the Lebanese conflict reflects his delicate position, caught between his reliance on the Bush administration for nearly all security and economic support and an Iraqi population dominated by Shiites largely sympathetic to Hezbollah, whose leaders and rank and file are Shiites.

Bush sought to play down the disagreement, saying his administration shared Maliki's concern for the government of Lebanon and its people, and was rushing aid to victims in that country. At the same time, he made it clear that the White House would not press Israel to end the offensive until Hezbollah's ability to carry out future terrorist attacks had been significantly degraded.

"We want to address the root causes of the violence in the area," Bush said. "And therefore, our mission and our goal is to have a lasting peace — not a temporary peace but something that lasts."

Bush described his talks with Maliki on the topic as a "frank exchange," which came as part of a 90-minute morning meeting. More than an hour of the discussions involved only Bush, Maliki and an interpreter.

Bush appeared uncomfortable, however, when he was asked by an Iraqi reporter whether it was inconsistent for the administration to offer aid to displaced Lebanese while it stepped up deliveries of guided bombs to Israel.

"I don't see a contradiction in us honoring our commitments we made prior to Hezbollah attacks into Israeli territory," Bush said of the weapons sales, which were first reported by the New York Times.

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Bush's disagreement with Maliki in some ways reflects how the war in Iraq and the conflict in Lebanon have inflamed Shiite-Sunni tensions across the Mideast. Although Maliki, a former Shiite activist, declined to condemn Hezbollah, Bush administration officials have pointed out that several Sunni-led regimes have criticized Hezbollah's attacks on Israel.

The new security initiative in Baghdad is expected to take a page from recent counter-insurgency operations in the northern Iraqi city of Tall Afar and the Sunni Arab insurgent stronghold of Ramadi. In both places, U.S. and Iraqi forces have gone block by block taking back territory from armed militia, then holding the ground to keep neighborhoods secure.

"Death squads and armed gangs are going around murdering people, kidnapping people, sometimes in broad daylight," said national security advisor Stephen Hadley. "There has to be a consequence for that. People need to be held to account."

The manpower-intensive operations will also see U.S. military police join faltering Iraqi police units, but Bush said that all American forces being used in the operation would come from within Iraq and that no new troops would be added to force levels nationwide.

Hadley said Maliki and Army Gen. George W. Casey Jr., the U.S. commander of coalition troops in Iraq, were still discussing how many U.S. troops would be needed and where they would come from. He would not say whether the increase in troops in Baghdad would affect the timetable for U.S. withdrawal.

Military officials in Baghdad hope to use the additional troops to create a series of new outposts throughout the capital. Although it is unclear whether they will be guarded primarily by U.S. troops or Iraqi forces, the smaller garrisons may reverse the long-standing U.S. strategy of keeping the bulk of its Baghdad forces in big bases in the heavily fortified Green Zone and around the airport.

"This isn't about insurgency, this isn't about terror; this is about sectarian violence," Hadley said. "It's a new challenge for the government, and they recognize that, and it is heavily centered in Baghdad. And their belief is if they can get control on it in Baghdad, they can go a long way to dealing with this issue of sectarian violence."

Maliki also requested that the U.S. supply additional arms and equipment for Iraqi troops, a request Bush said was under consideration by American military commanders in charge of retraining Iraqi forces.

Times staff writers Julian E. Barnes in Baghdad and Maura Reynolds in Washington contributed to this report.

Iraq PM's Comments Under Fire (HILL)

By Josephine Hearn

The Hill, July 26, 2006

Several Democrats are planning to boycott Iraqi Prime Minister Nouri al-Maliki's address to Congress today unless he apologizes for anti-Israel comments he and other Iraqi officials have made in recent weeks.

Calling the remarks "shocking," "abhorrent" and "offensive in the extreme," 20 House Democrats yesterday asked House Speaker Dennis Hastert (R-Ill.) to call off today's 11 a.m. address to a joint session of Congress until al-Maliki expresses regret.

"It is clear that [the Iraqi leadership's] foreign policy goals are at odds with those of the United States. The Speaker's podium reflects our nation's values," the Democrats wrote Hastert. Although Democrats had no organized effort to boycott the speech, several, including Reps. Nita Lowey (N.Y.) and Rosa DeLauro (Conn.), vowed not to attend the event unless al-Maliki backs away from the statements.

"I know that things are delicate in Iraq and the Middle East, and I wish the prime minister well," DeLauro said. "I want to help him succeed and unify Iraq, but we should support him in that effort without sacrificing the values that we honor in this institution."

Al-Maliki last week denounced Israel's retaliation against Hezbollah in Lebanon, calling on Arab countries to "take quick action to stop the Israeli aggression."

The Iraqi parliament called Israel's actions "criminal aggression" and voted unanimously to condemn them. Iraqi parliament Speaker Mahmoud al-Mashhadani said July 7 that "a Jew and the son of a Jew" were those responsible for acts of violence in Iraq.

One hundred two foreign heads of state have appeared before joint sessions of Congress, including those of Israel, Latvia and Liberia earlier this year, but none in recent memory has provoked such controversy.

The Middle East crisis broke out two weeks ago when Hezbollah guerrillas kidnapped two Israeli soldiers and Israel retaliated with air strikes.

Senate Democrats wrote al-Maliki directly yesterday asking him to clarify his position on Hezbollah and Israel, expressing concern that he may support Hezbollah in the conflict.

"The American people have given so much in the name of fighting global terror and helping build a better future for the people of Iraq. ... Americans deserve to know whether Iraq is an ally in these fights," wrote Senate Democratic Leader Harry Reid (Nev.) and Sens. Dick Durbin (Ill.) and Charles Schumer (N.Y.).

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Schumer said he had "grave doubts" about attending the address before al-Maliki changed his stance, but Reid said he felt it was his duty as Democratic leader to be there.

House Democratic Leader Nancy Pelosi (Calif.) did not sign the House Democrats' letter asking Hastert to cancel the address but did criticize the appearance.

"At the White House this morning, Mr. Maliki did not retreat from his comments on Israel and once again failed to criticize Hamas and Hezbollah's terrorist activities. Unless Mr. Maliki disavows his critical comments of Israel and condemns terrorism, it is inappropriate to honor him with a joint meeting of Congress," she said yesterday in a statement.

Hastert spokesman Ron Bonjean called the letter "political gamesmanship" designed to compensate for Pelosi's failure last week to co-sponsor a resolution supporting Israel in the escalating conflict. Pelosi had wanted the resolution to contain language calling on both sides to limit civilian casualties. The resolution passed 410-8. Pelosi voted in favor of the measure.

On the issue of al-Maliki's anti-Israel remarks, Bonjean said Republican leaders would "raise these concerns with the prime minister during his visit."

Meanwhile, 50 members of Congress, led by Reps. Jan Schakowsky (D-Ill.) and Dan Burton (R-Ind.), focused on al-Mashhadani's anti-Semitic comments, writing President Bush today to ask that he call for a retraction.

"Mr. President, because you have said that the Iraqis are 'building the institutions of a free society' ... we are certain that you are as alarmed and outraged by [these] comments as we are," they wrote.

The Iraqi ambassador met yesterday with Rep. Tom Lantos (Calif.), senior Democrat on the International Relations Committee and a Holocaust survivor, to "express regret" over the remarks, Lantos said.

"Tomorrow is an opportunity to express his regret. The whole world will be watching," Lantos said.

Asked about al-Maliki's comments at a White House briefing yesterday, National Security Adviser Stephen Hadley said, "I don't know why he didn't — you know, what he has said publicly on Hezbollah. I don't know why he answered the question the way he did.

"I do know that he's talked — he understands firsthand the corrosive effect of terror and has talked about being an ally with the United States in the war on terror. He's been very, very clear about that."

Critics Hit Iraq Speech (RC)

By John Stanton And Steve Kornacki

Roll Call, July 26, 2006

As part of their effort to link the outburst of violence in Lebanon and Iraq to President Bush and Congressional Republicans, House and Senate Democrats denounced the decision by GOP Congressional leaders to allow Iraqi Prime Minister Nuri al-Maliki to address a joint session of Congress today, arguing it is inappropriate given his refusal to denounce the Lebanese organization Hezbollah as a terrorist group.

The criticism is part of a broader Democratic assault on the GOP's foreign policy record.

In separate events Tuesday, House and Senate Democrats laid out their objections and demanded al-Maliki "clarify" his statements on Hezbollah. At least one Democrat, Sen. Charles Schumer (N.Y.), said he was considering boycotting the session in protest.

Given al-Maliki's support for an amnesty for Iraqi insurgents and his support for Hezbollah, if he does not denounce the group, "I have grave doubts about being there personally," Schumer said at a news conference.

Senate Minority Leader Harry Reid (D-Nev.) said that while he plans to attend today's joint session, he has not yet received sufficient answers from the prime minister about his feelings toward Hezbollah.

Al-Maliki and President Bush, who met earlier Tuesday at the White House, "tread water again, distracted attention and didn't give a direct answer" on the topic, Reid said.

"I ask now again whether Prime Minister Maliki supports Hezbollah," Reid said. "We deserve an answer."

Meanwhile, a group of House Democrats, led by Reps. Rahm Emanuel (Ill.), Jan Schakowsky (Ill.) and Rosa DeLauro (Conn.), held a news conference Tuesday to protest Speaker Dennis Hastert's (R-Ill.) decision to invite al-Maliki.

They took aim at specific comments from the Speaker of the Iraqi Parliament, who has called the Iraqi insurgency the work of "Jewish, Israelis and Zionists." Their concerns were outlined in a letter to Hastert.

"Heads of state come and go every day in this city," DeLauro said. "Not all of them get the privilege of addressing a joint session of the House and Senate."

Also at the news conference were Reps. Joe Crowley (N.Y.), Bill Delahunt (Mass.), Eliot Engel (N.Y.), Tom Lantos (Calif.) and Nita Lowey (N.Y.). In all, their letter had 19 signatures — Minority Leader Nancy Pelosi (Calif.) and Minority Whip Steny Hoyer (Md.) were not among them.

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However, later in the day, after al-Maliki visited the White House, Pelosi issued a statement saying that "unless Mr. Maliki disavows his critical comments of Israel and condemns terrorism, it is inappropriate to honor him with a joint meeting of Congress."

Hoyer, at his weekly session with reporters, said he agreed with the letter's "sentiment," but stopped short of declaring that Hastert was wrong to invite al-Maliki.

The Tuesday al-Maliki prebuttal press events, as well as a planned Democratic media response following the speech and a Friday hearing by the Senate Democratic Policy Committee on Iraq contracting, are part of an ongoing assault on the GOP's foreign policy record, a Senate Democratic aide said.

The aide said the events are designed to highlight what Democrats see as a series of failed policy and political decisions. The strategy, particularly the harsh criticism of al-Maliki's position on Hezbollah and his support for amnesty for Iraqi insurgents, also includes a not-so-subtle attack on the GOP's credentials on Israel. Support for Israel also has long been a priority of Christian conservatives — a key Republican base group that has become increasingly unhappy with Republicans in Congress.

That fact was not lost on Republicans like Sen. Trent Lott (Miss.), who quickly rejected the criticism of Hastert and al-Maliki as partisan gamesmanship and said it was "typical of Democrats in the House."

"People just need to back off and let the man give his speech," Lott said.

Senate Majority Leader Bill Frist (Tenn.) said he's "very proud that [al-Maliki] is coming." While Frist said he personally isn't seeking clarification from al-Maliki, he said if lawmakers have concerns, they should welcome his appearance today.

"We will have an opportunity as a body and as a leadership to ask questions and clarify certain statements that he has made," Frist said. "I certainly think that's all the more reason for having him here, and to talk to him directly."

Hastert's spokesman, Ron Bonjean, said Emanuel, the chairman of the Democratic Congressional Campaign Committee, was using the letter as a political tool.

"This is political gamesmanship during an election year by the chairman of the DCCC to cover for Minority Leader Pelosi's refusal to co-sponsor the resolution supporting Israel," Bonjean said. "The House Republican leadership will raise these concerns with the prime minister during his visit."

Pelosi, however, actually voted for — and spoke in favor of — the Israel resolution, which was passed last week. She said she declined to co-sponsor it because Republicans offered her no role in helping to craft it.

Iraqi PM Calls Israel's Actions 'criminal' (FT)

By Caroline Daniel

Financial Times, July 26, 2006

President George W Bush said he had a "frank exchange" of views about Lebanon with Prime Minister Nuri al Maliki, amid growing congressional unease over the Iraqi leader's recent description of Israeli's actions in the country as "criminal".

Senate Democrats on Tuesday sent a letter to the Iraqi leader ahead of his address to Congress on Wednesday. They called his statements on Israel "troubling" and said his failure to condemn Hizbollah's aggression "raises serious questions about whether Iraq under your leadership can play a constructive role in resolving the current crisis" in the Middle East.

A separate letter, signed by 20 House Democrats, went further in urging the Republican leadership to cancel Mr Maliki's address to Congress. "We are unaware of any prior instance where a world leader who actively worked against the interests of the United States was afforded such an honour," it said.

Mr Maliki, however, speaking at a joint press conference alongside Mr Bush on Tuesday, however side-stepped a question about his views on Hizbollah. "The important thing here is what we are trying to do is to stop the killing and the destruction."

Mr Bush said Mr Maliki had pressed him on the "seriousness of the humanitarian crisis in Lebanon and the need to do more for the Lebanese people," but added that "the prime minister was pleased to hear my strong support for the Siniora government."

Concern about worsening security conditions in Baghdad dominated talks between the two leaders, which marked the first visit of Mr Maliki to the White House.

"Violence in Baghdad is still terrible," Mr Bush said, as he outlined plans to redeploy US and Iraqi troops from other areas of Iraq, embed more US military police with Iraqi police units, and provide better equipment to the Iraqi military.

Mr Maliki said one of the most important aims of the new security plan was to target religious violence. "It's important to say that we are shedding the lights against those who are calling for sectarian and religious, because we feel that this is a great danger to Iraq."

Democrats Urge Al-Maliki To Clarify View On Hezbollah (WT)

By Christina Bellantoni

DOJ_NMG_0043233

The Washington Times, July 26, 2006

Congressional Democrats say Iraqi Prime Minister Nouri al-Maliki should condemn the Hezbollah attacks on Israel if he wants to deliver an address to a joint session of Congress today.

Some members are considering skipping the planned speech, saying Mr. al-Maliki's July 19 remarks urging the world "to take quick stands to stop the Israeli aggression" are "troubling" because Iraq is supposed to be a U.S. ally.

"No matter how politically expedient he thinks it may be: To stand with America, you have to stand against terrorism," said Sen. Charles E. Schumer, New York Democrat. "Before he speaks in front of the Congress and the American people, there is a very simple question we are asking the prime minister today: Which side is he on when it comes to the war on terror?"

Mr. Schumer added that he has "grave doubts" about attending the speech.

House Minority Leader Nancy Pelosi of California and at least 20 other Democrats expressed similar worries.

In a press conference with President Bush yesterday, Mr. al-Maliki did not take back his earlier statements when asked his exact position on Hezbollah.

"We are not in the process of reviewing one issue or another, or any government position," he told reporters. "The important thing here is what we are trying to do is to stop the killing and the destruction, and then we leave the room and the way for the international and diplomatic efforts and international organization to play the role to be there."

House Speaker J. Dennis Hastert of Illinois said that he is confident the Israeli-Lebanon conflict will be part of the ongoing dialogue between the United States and Mr. al-Maliki and that he will not disinvite the Iraqi leader.

"He should speak and we should all on a bipartisan basis be there to engage him," Mr. Hastert said.

Mrs. Pelosi said the Iraqi leader's comments are "unacceptable," adding, "Unless Mr. Maliki disavows his critical comments of Israel and condemns terrorism, it is inappropriate to honor him with a joint meeting of Congress."

Rep. Rahm Emanuel, Illinois Democrat, circulated a letter to Mr. Hastert calling the address "inappropriate" and urging the speaker to cancel it unless Mr. al-Maliki apologizes.

The letter alludes to the unified statement issued by Iraq's parliament last week that called the Israeli attacks "criminal aggression."

"It is clear that their foreign policy goals are at odds with those of the United States," read the letter, signed by 20 Democrats.

Senate Minority Leader Harry Reid of Nevada, Senate Minority Whip Richard J. Durbin of Illinois and Mr. Schumer sent a letter to the prime minister Monday saying that "Americans deserve to know whether Iraq is an ally in these fights."

"I will lose a lot of confidence in Maliki if he doesn't denounce what Hezbollah has done," Mr. Reid said.

Mr. Reid, who plans to attend the speech because of his leadership role, said being present for the speech should be an individual decision.

House Minority Whip Steny H. Hoyer of Maryland said he is "deeply troubled" by Mr. al-Maliki's remarks and said he will discuss the matter with the Iraqi leader today and urge him to criticize the attacks on Israel.

He noted other comments from Iraqi officials that he finds "offensive," considering the U.S. financial cost and lives lost in the Iraq war.

"Mr. Maliki must not associate himself with such comments through silence," he said.

The House last week voted 410-8 to affirm its "steadfast" support for Israel and the country's right to defend itself.

Maliki's Remarks About Israel Inspire Anger Among Democrats (WSJ/AP)

By Associated Press

The Wall Street Journal, July 26, 2006

WASHINGTON -- Iraqi Prime Minister Nouri al-Maliki, on his first trip to the U.S. since becoming prime minister two months ago, said he and Mr. Bush agreed that better training and arming of Iraqi forces, particularly in the capital city, were central to efforts to stabilize the country.

A group of Democrats in the House of Representatives urged Republican leaders to cancel Mr. Maliki's scheduled address to Congress on Thursday. Sen. Charles Schumer said he doubted he would attend, and there were a "large number of people (in Congress) who were uncomfortable" with Mr. Maliki's condemnation of Israel's attacks in Lebanon and apparent support for Hezbollah.

Mr. Maliki sidestepped a question at the White House news conference about his position on Hezbollah.

"Here, actually, we're talking about the suffering of a people in a country. And we are not in the process of reviewing one issue or another, or any government position," Mr. Maliki said.

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Democrats criticized Mr. Maliki's comments. "Prime Minister Maliki missed an important opportunity to state his position on Hezbollah, and instead left the impression that he does not oppose this terrorist organization's outrageous attacks on Israel," said Sen. John Kerry.

The 2004 Democratic presidential candidate demanded that Mr. Maliki condemn the use of terror anywhere -- including by Hezbollah against Israel -- in his speech to Congress on Thursday.

Responding to the Democratic criticism, Mr. Bush's national security adviser Stephen Hadley said "there's an opportunity here I hope we don't miss," and he urged lawmakers to take advantage of the historic event of a democratically elected Iraqi leader addressing Congress. "It's been an issue for Republicans and Democrats, how to get Iraq right," Mr. Hadley said.

Bush, Al-Maliki Disagree On Cease-fire In Mideast (USAT)

USA Today, July 26, 2006

WASHINGTON — During a visit to Washington, where he met with President Bush, Iraqi Prime Minister Nouri al-Maliki repeated his call for an immediate cease-fire in Lebanon.

Bush politely disagreed in what the U.S. leader called a “frank exchange” on the nearly 2-week-old conflict between Israel and Hezbollah militants.

Bush said he wanted a sustainable cease-fire that addresses the “root causes” of the violence.

“What you've witnessed in Israel, in my judgment, is the act of a terrorist organization trying to stop the advance of democracy in the region,” he said.

Al-Maliki did not condemn Hezbollah, which abducted two Israeli soldiers in a cross-border raid that touched off the fighting.

“I also emphasized the importance of immediate cease-fire, and call on the international community to support the Lebanese government … to overcome the damage and destruction that happened,” he said in describing his talks with Bush.

Congressional Democrats called on al-Maliki to condemn Hezbollah's attacks against Israel and recognize Israel's right to defend itself.

A group of about 20 Democrats from the House of Representatives sent a letter to House Speaker Dennis Hastert urging the Illinois Republican to secure an apology from al-Maliki or cancel the prime minister's address today to a joint meeting of Congress. Some planned to boycott the speech.

“Unless Mr. Maliki disavows his critical comments of Israel and condemns terrorism, it is inappropriate to honor him with a joint meeting of Congress,” House Democratic Leader Nancy Pelosi said.

Hastert's spokesman Ron Bonjean said Hastert had no intention of canceling the speech and accused Democrats of “political gamesmanship.”

Meanwhile, in Iraq, the head of Saddam Hussein's tribe was killed when gunmen attacked a meeting Monday in the office of a prominent sheik in Tikrit. In addition to killing Mahmoud Ali Hussein al-Nida, head of the Baijat tribe, the gunmen killed a lawyer and wounded Sheik Mizahim al-Mustafa, police Lt. Ahmed Asaad said Tuesday.

The Baijat tribe includes several clans, including Saddam's Albu-Nassir clan. Al-Nida was not directly related to Saddam.

An American soldier assigned to the 43rd Military Police Brigade was killed in action Tuesday north of Baghdad.

In Cairo, representatives of Iraq's ethnic and religious groups met to discuss ways to reconcile. About 30 delegates representing Shiites, Sunnis, Kurds and smaller minorities participated in discussions sponsored by the Cairo-based Arab League. The talks are intended to prepare for a national reconciliation conference in Baghdad next month.

“This is a duty for Iraqis to find out ways for ending this dilemma,” said Arab League Undersecretary-General Ahmed Ben Heli, whose group sponsored the conference.

Hastert Rejects Calls To Disinvite Al-Maliki To Speak To Congress (FoxN)

FOXNews.com, July 26, 2006

WASHINGTON — House Speaker Dennis Hastert has rejected calls Tuesday by congressional Democrats to cancel an address Wednesday by Iraqi Prime Minister Nouri al-Maliki to a joint session of Congress.

Hastert, R-Ill., told reporters that even if al-Maliki doesn't apologize for earlier comments condemning Israel for its assault on Hezbollah terrorist targets in Lebanon, the prime minister "should address Congress. ... The U.S. has 130,000 troops [in Iraq]" and Washington must maintain a dialogue with the Iraqi government.

Al-Maliki's comments will "be part of that dialogue ... and we should all, on a bipartisan basis, be there to engage him."

Al-Maliki, a Shiite Muslim, was quoted in The New York Times and elsewhere calling Israel the aggressor in the conflict with Hezbollah, the Iranian- and Syrian-backed terror group that has been launching rockets at Israel from civilian communities in

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southern Lebanon. The latest armed conflict began nearly two weeks ago when Hezbollah terrorists crossed the northern Israeli border, kidnapped two soldiers and killed three others.

"The Israeli attacks and airstrikes are completely destroying Lebanon's infrastructure," al-Maliki is quoted in the paper as saying last Wednesday during a news conference in Baghdad. "I condemn these aggressions and call on the Arab League foreign ministers' meeting in Cairo to take quick action to stop these aggressions. We call on the world to take quick stands to stop the Israeli aggression."

(Story continues below)

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House Democrats on Monday crafted a letter to Hastert urging him to cancel the speech by al-Maliki to the chamber. The letter, which was being circulated for signatures, argues that if the Iraqi leader's positions are at odds with U.S. foreign policy goals then he should not be given the honor of giving an address from the speaker's podium.

"In recent months there have been extensive reports indicating that al-Maliki and many in the Iraqi leadership are increasingly influenced by the government in Iran. Further, they have expressed support of terrorist organizations such as Hamas and Hezbollah, the latter of which was responsible for the death of 241 United States Marines in Beirut. The House should not allow an address from any world leader who has taken such action," the letter reads.

"We are unaware of any prior instance where a world leader who actively worked against the interests of the United States was afforded such an honor. We urge you to cancel the address," the letter concludes.

On Tuesday, asked specifically about his remarks, al-Maliki did not answer a question about his position on Hezbollah.

"We are not in the process of reviewing one issue or another or any government position," Maliki said. "What we're trying to do is to stop the killing and destruction and then we leave the room and the way for the international and diplomatic efforts and international organizations to play the role to be there.

"I'm talking here about the approach that should be used in order to stop this process of promoting hatred. There has to be superior decisions coming from above in order to protect these experiments, particularly democratic experiments, that should be protected by those who are trying to oppose it," he added.

In response, House Minority Leader Nancy Pelosi said that al-Maliki's failure to retreat from his comments on Israel or to criticize Hezbollah and Hamas, the terror group elected to lead the Palestinian people, is unacceptable.

"Unless Mr. Maliki disavows his critical comments of Israel and condemns terrorism, it is inappropriate to honor him with a joint meeting of Congress," Pelosi, D-Calif., said.

Sen. John Cornyn, R-Texas, said Pelosi's comments undermine U.S. soldiers in Iraq.

"The House Democrat Leader and some of her Democrat colleagues may not agree with the liberation of Iraq and they may not agree with criticism by some against Israel's actions but their continued efforts to undermine the advancement of freedom and democracy in Iraq is shameful," he said.

Criticism of al-Maliki's comments condemning Israel and calling on the "world to take quick stands to stop the Israeli aggression" appear to be breaking down along party lines in Congress.

Senate Minority Leader Harry Reid of Nevada was joined by Democratic Sens. Chuck Schumer and Dick Durbin Tuesday in revealing a letter to al-Maliki asking him to denounce Hezbollah.

"Your statements are very troubling. Your failure to condemn Hezbollah's aggression and recognize Israel's right to defend itself raise serious questions about whether Iraq under your leadership can play a constructive role in resolving the current crisis and bringing stability to the Middle East," the letter reads. "It is imperative that the U.S. Congress and the world know immediately whether you support or condemn Hezbollah's acts of terrorism."

"Addressing a joint session of Congress and standing at the speaker's podium is a high honor. It has been bestowed upon those who have embraced fundamental values of liberty and freedom," Reid said.

Schumer and Durbin stopped short of saying they would boycott the joint address to Congress, indicated they would strongly consider not attending.

Reid said he would likely attend since he is the Democratic leader of the Senate, but it is a "matter for each senator" to decide whether to attend. Durbin and Schumer agreed, adding that the term "boycott" suggested an organized effort when in fact senators will make a personal decision whether to attend.

Sen. Hillary Clinton, D-N.Y., called the prime minister's remarks "outrageous." But later in the day, she said she planned to attend the speech.

"I will attend tomorrow's joint session in order to hear Prime Minister Maliki's assessment of the path forward in Iraq, hopeful that he will clarify his comments during that session and reiterate his determination to defeat terrorism in Iraq and throughout the region," Clinton said.

James Zogby, head of the Arab-American Institute, said al-Maliki's speech must be made.

"It is in the interest of the United States to have a leader in Iraq who will have standing among his people, and asking al-Maliki to repudiate his comments seriously erodes his ability to lead Iraq during these difficult times," Zogby said. "Canceling al-Maliki's speech would be seen as an insult in Iraq with potentially grave consequences. We should not be playing politics with 130,000 US troops at risk."

Sen. John McCain, R-Ariz., a staunch supporter of the Iraq war, took no umbrage with the remarks, saying, "People are free to voice their opinions. I hadn't really even thought much about it."

The Senate's No. 2 Republican, Sen. Mitch McConnell of Kentucky, said, "We're very happy he's here. We're looking forward to hearing from him."

Senate Judiciary Committee Chairman Arlen Specter is skipping the joint session, but not out of protest. He is attending a hearing on National Security Agency issues with CIA Director Michael Hayden and NSA Chief Lt. Gen. Keith Alexander.

Still, Specter said he has "serious reservations" about al-Maliki's appearance in front of the Congress because of his remarks, but he is not staking a position yet.

"I don't know the circumstances of his invitation, and I want to clarify that," he said. "I would like to know who invited him and what the reasons are. We have a lot of things we have to do with Iraq, so I don't want to take a position before" learning the decision for inviting him to speak.

Congress Cautioned On Support Of Israel (WP)

By Jonathan Weisman

The Washington Post, July 26, 2006

Even as the fighting continues and the civilian casualties mount in Lebanon, sentiment in Congress is overwhelmingly on Israel's side. Last week, the House passed a resolution, 410 to 8, that went even beyond the Bush administration in supporting for Israel in its battle with Hezbollah militants.

A bid by the four House lawmakers of Lebanese descent to add language urging restraint against civilian targets was rejected in negotiations. The resolution's only nod to those caught in the crossfire came in a recognition of "Israel's longstanding commitment to minimizing civilian loss" and an expression of condolences -- in the last sentence of a three-page document -- "to all innocent victims of recent violence in Israel, Lebanon and the Palestinian territories."

But a few lawmakers from both parties are warning that the United States and Israel may pay a price -- in world opinion and in public support -- if Congress does not find a middle ground in the search for a peaceful resolution.

"We're going to be vindicated," predicted Rep. Darrell Issa (R-Calif.), a Lebanese American who failed to secure language urging "all parties to protect innocent life and civilian infrastructure." "On the night of the vote, that wasn't the will of the Congress. But . . . 10 weeks from now, the fighting will be over. In 10 weeks, I think we will regret not having shown more empathy for the suffering of innocent Lebanese."

Rep. Nick J. Rahall II (D-W.Va.), another lawmaker of Lebanese descent, said that "the longer carnage continues, there will be reassessment in American public opinion of the American role in bringing this to a stop."

Discussions in Congress yesterday, however, revolved not around the civilian carnage dominating diplomatic debates but Democratic lawmakers' threats to boycott a speech by Iraqi Prime Minister Nouri al-Maliki today if he does not renounce his denunciations of Israel's actions. Even some of the Lebanese American lawmakers involved last week say they never had a chance to prevail.

"Israel obviously dominates the House," said Rep. Ray LaHood (R-Ill.). "If these were innocent people dying by the hundreds in Israel, there would be another resolution on the floor this week. But I knew it would be a losing proposition. The House tilts so far toward Israel and so far against anything else, I knew it would be like going into a tsunami."

Recognizing the political dynamics from the start, Issa, LaHood, Rahall and Charles Boustany (R-La.) chose their words carefully when they drew up a resolution "condemning the kidnapping of Israeli soldiers by Hamas and Hezbollah, affirming the right of Israel to conduct operations to secure the kidnapped soldiers" and "urging all parties to protect innocent life and civilian infrastructure."

The first five clauses of the document placed the blame for the crisis squarely on Hamas, Hezbollah, Iran, Syria and elements of the Lebanese government before expressing concerns for the fate of Lebanon's democratically elected government. Support for its call for restraint came in the form of a quotation from Secretary of State Condoleezza Rice saying, "All sides must act with restraint to resolve this incident peacefully and to protect innocent life."

But the response from House Republican leaders was unequivocal.

"The Israelis were attacked by Hezbollah terrorists operating out of southern Lebanon. It is the terrorist organization that is lobbing grenades and lobbing missiles into northern Israel," Majority Leader John A. Boehner (R-Ohio) said yesterday. "Are there

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going to be civilian casualties? Yes. Are [the Israelis] doing their best to minimize those? Yes. But to put a terrorist organization on the same level as the Israeli government, I think, is unwise and unfair."

The sentiment has broad support in both parties. Rep. Eliot L. Engel (D-N.Y.) said that language urging restraint to protect civilian life would have been interpreted as a slap at Israel -- and that at a time when world opinion is predictably against the Jewish state, the United States must stand firmly on Israel's side.

"I am very sensitive to Lebanon's budding democracy. I'm very sensitive to the delicate balancing act we're in, and I grieve for civilian casualties," Engel said. But he added: "I don't want to be an honest broker. I want to be a friend and ally of the only democratic government in the Middle East that is besieged by its enemies."

In today's heated atmosphere, even the Lebanese American lawmakers are careful to express their support for Israel and for its right of self-defense. Each represents a district with a large Lebanese population, and each said he has heard harrowing stories of devastation and angry constituent appeals for action.

"Violence and warfare are always disturbing, but as policymakers, we need to look at what steps need to be made to make a lasting peace, not just knee-jerk reactions," Boustany said. "I agree with what Israel is doing."

But as conversations continue, their concerns quickly swing to the stories that constituents tell: of Israeli raids on a Beirut airport fuel depot "just so they can have a July Fourth fireworks event," as Issa put it, or the bombing of a radio tower in LaHood's ancestral village of Atou, 100 miles north of Beirut and far from Hezbollah's influence.

"I understand why the Israelis would attack the sources of the rocket launches in the south," Issa said. "But I'm not going to ignore these attacks on targets far to the north, in Christian neighborhoods where it appears to be punishment of the people of Lebanon."

True Friends Of Israel Cannot Let The Dems Take Power (HILL)

By Dick Morris And Eileen Mcgann

The Hill, July 26, 2006

Ten years ago, on April 18, 1996, Israel attacked Hezbollah in Lebanon for 16 days in an operation called Grapes of Wrath. The global condemnation of Israel was fierce, especially when it bombed a U.N. refugee camp, killing 107 people, an attack that Tel Aviv said was a mistake.

At the time, the United States did nothing to stop the tide from turning against Israel and President Clinton said, “I think it is important that we do everything we can to bring an end to the violence.”

In private, Clinton seethed at the Israeli attack, saying he had discussed with Israeli Prime Minister Shimon Peres the possibility of concluding a military defense treaty with his nation, pledging U.S. aid in the event of an attack.

“They really want this guarantee from us,” Clinton told me. “I would have given them the commitment, too, but now I can’t because of the uproar over the refugee camp bombing.”

No such treaty was ever signed.

Clinton’s willingness to use American power to force a cease-fire on Israel before it had fully eradicated Hezbollah stands in stark and sharp contrast to George Bush’s insistence on letting Israel proceed with its attacks until the terrorist group is neutralized.

In a nutshell, this illustrates the difference between the Democratic and Republican approaches to Israeli security.

Bush and his administration clearly see the Israeli attack as an opportunity to clean out terrorist cells that have come to be pivotal in Lebanon. With Hezbollah’s power extending into the cabinet in Beirut, it is clear that Israeli military action is necessary to forestall the creation of a terrorist state on its northern border.

While Clinton said he embraced the need for Israeli security, when the going got rough, he bowed to world opinion and called for a cease-fire. When the United States asks Israel to stop fighting, it is like a boxer’s manager throwing in the towel. The bottom line is that true friends of Israel cannot afford to let the Democrats take power in Washington.

But American Jews have voted Democrat in the past and will continue to do so in the future. It is really the Christian evangelical right that stands up for Israel.

The reason Israel has to fight in Lebanon today is that the United States did not permit it to finish the job of destroying Hezbollah in the ’90s. Now, fortunately for Israel’s true friends, the White House is letting Tel Aviv win without reining her in.

Nothing so illustrates the generic anti-Semitism of the global community than its current obsession with proportionality in judging Israel’s response to the kidnapping of its soldiers and the rocket bombing of its cities. The Vatican, the European Union and Russia have said nothing about the almost daily bombardment of Israel’s northern border by Hezbollah or the constant attacks from Gaza after Israel magnanimously vacated the strip. But now that the Jewish state is defending itself, the global community is outraged at the “disproportionate” Israeli response. Only Jewish lives have to be dealt with proportionately.

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Israel's defensive barrier has succeeded in sharply curtailing the once daily suicide/homicide bombing of civilian Israeli targets. Now the Israeli invasion will push back the frontiers from which the terrorists can work their mayhem through missiles.

Bush and the Republican administration realize that Israel is only acting in self-defense. It is obvious that she would not be attacking Lebanon if the terrorists had not made a habit of using it as a base for attacks on Jewish cities.

The global condemnation of Israel is simply illustrative of the low esteem attached to Jewish blood in this world where anti-Semitism comes disguised as morality and a commitment to peace.

Morris and McGann, husband and wife, have written several books together, including Rewriting History, a rebuttal to Living History by Sen. Hillary Rodham Clinton (D-N.Y.).

In Lebanon's Crisis, A Chance For U.S. To Broaden The Stakes (WP)

By Robin Wright

The Washington Post, July 26, 2006

ROME, July 25 -- In trying to negotiate an end to the latest Middle East conflict, Secretary of State Condoleezza Rice appears to see the solution through a broader prism that redefines its stakes. The real issues, U.S. officials say, are not simply the hostilities between Israel and Hezbollah but far wider questions of Lebanon's sovereignty and what the administration sees as an existential battle between forces aligned for and against democracy in the region.

And in that sense, say diplomats traveling with Rice, the administration sees opportunity in the turmoil.

"If this Lebanon emerges stronger from this crisis, then the enemies of peace and stability in the area will be dealt a big defeat. In many ways, for the region, Lebanon is a polyglot country that represents the hopes of many," C. David Welch, assistant secretary of state for Near East affairs, told reporters traveling with Rice from Jerusalem to Rome.

"The new Middle East is not going to be built every single day with a big victory in one place or another," he added. "It's got to be done with a steady effort. This is an opportunity now in the midst of this crisis to see freedom strengthened in Lebanon. And I expect that that can occur if we get the responsible voices prevailing over the irresponsible ones."

The Rice delegation also hinted that it was exploring actions against outside governments subverting Lebanon's sovereignty, Welch said. The United States strongly believes that Iran in particular facilitated and encouraged the July 12 Hezbollah cross-border raid that seized two Israeli soldiers and sparked the crisis. The administration also holds Syria responsible for abetting the radical Shiite Muslim group.

"There are also other measures that also might be taken that could deal with those countries who don't have the same sense of responsibility about the future of Lebanon," Welch said.

Officials traveling with Rice say their broader perspective is the basis for the framework the secretary of state is now trying to broker with Lebanon, Israel, the Arab world and other players.

The administration is using these loftier causes to try to shift the focus from Israel's punishing and controversial bombardment of Lebanon to the question of freedom for the region. "It is time for a new Middle East," Rice said in Jerusalem.

In Rome, Rice met with U.N. Secretary General Kofi Annan, Lebanese Prime Minister Fouad Siniora and European Union foreign affairs chief Javier Solana ahead of an international conference on Lebanon Wednesday.

A broad agreement about regional democracy may be a long way off, U.S. officials say. "We go out there, and we have some ideas about how to work this," Welch told reporters. "In some cases we want to put those ideas forward, in others we want to test them. In some cases we're trying others' ideas and vice versa."

Despite obstacles in forming an international force more effective than the U.N. observers deployed in southern Lebanon since 1978, U.S. officials say it will happen.

"You will hear about the impossibility of deploying an international force almost until the day it is deployed," said a senior administration official who spoke on condition of anonymity. U.S. officials say the biggest issue may be whether the new force would deploy before or after the disarming of Hezbollah, which has vowed not to give up its weapons. The force is "not going to shoot their way in," the official said.

Rice To Meet With Counterparts In Bid To Stem Mideast Conflict (WSJ)

By Neil King Jr.

The Wall Street Journal, July 26, 2006

ROME -- Secretary of State Condoleezza Rice meets here Wednesday with her Arab and European counterparts, who face long odds that their summit will make any tangible progress toward ending the fight between Israel and Hezbollah.

Bush administration officials concede they have accomplished little in attempting to hatch a solution to stem the bloodshed. The administration finds itself increasingly wedged between allies calling for an immediate cease-fire and Israel's position that it needs more time to strike back at the Lebanon-based terrorist group.

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U.S. officials say they do have a clearer sense, after talking to Lebanese and Israeli leaders, of what needs to come after any cessation of fighting. But they also insist there is no complete "package" of measures on the table that would lead to -- or flow from -- a cease-fire deal. Talks with Arab and European partners on moving toward a specific agreement, they said, are even more preliminary.

"I don't think we're at the point yet where we can say there are any agreements," said David Welch, Ms. Rice's top Middle East aide, adding that all parties are still going over their own "list of issues."

Ms. Rice arrived in Rome Tuesday having made no public comments in the past two days about the state of her diplomatic effort. First in Beirut, then in Jerusalem and later in the Palestinian West Bank city of Ramallah, the normally loquacious Ms. Rice has kept her public remarks sparse and curt, and allowed for only one hollered question from reporters.

Ms. Rice's aides said her sudden reticence is deliberate. "She's here to lay down markers, not to provide a running commentary on the state of diplomacy," said one senior official traveling with her.

The U.S. would like to see Lebanon extend its military presence into southern Lebanon, and then to have an international force in place to bulk up the government forces. But U.S. officials also suggest that international peacekeeping troops would move in only after an agreement is reached to end the fighting, meaning the Lebanese government would somehow have to persuade Hezbollah to put down its guns -- or to disarm the militants. Tuesday, the Associated Press reported four U.N. peacekeepers were killed when Israeli bombs hit their post on the Lebanese border with Israel.

Asked how a multilateral contingent would enter Lebanon if Hezbollah resisted, another senior administration official said, "They are not going to shoot their way in." On the other hand, the official dismissed European insistence that Hezbollah be completely disarmed before any outsiders arrive, saying that would be impossible.

U.S. officials said they fully expect most countries represented in Rome Wednesday -- expected to be more than a dozen, including France, Italy, Egypt and Saudi Arabia -- to call for an immediate cease-fire. But Washington will object to that push, as it has for nearly two weeks.

The Europeans largely favor a cessation of hostilities followed by a political agreement that opens the door to international troops, while the U.S. and Israel fear a truce on its own would change little in the long run. There is also deep uncertainty over what countries would contribute to any international force.

While in Israel, Ms. Rice helped persuade the Israelis to reopen the Beirut airport for preapproved relief flights and to agree to open routes within Lebanon for humanitarian convoys. U.S. officials said the Rome summit will also focus largely on the humanitarian-assistance front, at least in public.

Hizbollah Defiant Ahead Of Rome Meeting (FT)

By Harvey Morris, Roula Khalaf And Daniel Dombey

Financial Times, July 26, 2006

Hizbollah's leader vowed on Wednesday he would not accept any "humiliating" conditions for a ceasefire with Israel ahead of an international conference in Rome aimed at seeking an end to the 15-day-old conflict.

In a televised address on Wednesday Sayyed Hassan Nasrallah said the conflict had entered a new phase and that Israeli incursions into southern Lebanon would not stop Hizbollah rocket fire into northern Israel.

Lebanon and its Arab allies is expected to plead for an immediate ceasefire at the Rome conference on Wednesday, but the United States will insist a lasting solution needs to be agreed first.

Condoleezza Rice, US secretary of state, arrived in Italy on Tuesday night after visiting Beirut and Jerusalem. During her two-day mission she stressed that, while there was an urgent need to end the fighting, a ceasefire must result in an enduring peace.

"A durable solution will be one that strengthens the forces of peace and democracy in the region," she said before talks with Ehud Olmert, Israeli prime minister.

Lebanese officials said there was now broad agreement that an international force should be deployed in south Lebanon to keep Hizbollah and its rockets away from the Lebanon-Israeli border. But they insisted ideas presented by Ms Rice in Beirut fell far short of what they required to wrest concessions from Hizbollah.

Late on Tuesday, an Israeli air strike in southern Lebanon killed four United Nations peacekeepers prompting Kofi Annan, UN secretary general, to call for an Israeli probe into the "apparently deliberate targeting" of the UN post.

Javier Solana, EU foreign policy chief, told reporters in Brussels the Rome conference would produce more concrete results on humanitarian aid than it would on a peace deal and the formation of an international stabilisation force.

He said political and military aspects of the crisis "will require still probably more days to work on them…but the basic elements, I hope, will be clarified."

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Saudi Arabia, one of the Rome participants, on Tuesday stepped in with a transfer of $1bn to the Lebanese central bank to help support the battered economy. Earlier it gave $500m. King Abdullah warned of war in the Middle East if Israel continued attacking Lebanon and the Palestinians.

Saudi Arabia is an important player in Lebanon, where it competes for influence with Iran, Hizbollah's backer.

The Israeli government, criticised for a military offensive that has targeted Lebanese infrastructure and forced at least 600,000 from their homes and for a blockade that has virtually cut Lebanon off from the outside world, said it would allow aid airlifts to help relieve a humanitarian crisis. Senior European diplomats said Wednesday's meeting in Rome would try to lay out a clear perspective on what came after a ceasefire. Elements could include implementation of UN Security Council resolution 1559 that calls for Hizbollah to be disarmed and a decision that no arms be sold to Lebanon to parties other than the government.

Israel would be called upon to respect the UN's demarcation "blue line" and recognise that the Israeli-occupied Shebaa Farms – claimed by Lebanon but internationally regarded as Syrian – was an issue that had to be resolved.

These elements might come in a statement from Rome but would not amount to a call for an immediate ceasefire, the diplomats said.

Rice's Mideast Visit Draws Mixed Reviews (AP)

By Katherine Shrader, Associated Press Writer

AP, July 26, 2006

Secretary of State Condoleezza Rice won praise from Israel but little enthusiasm from its Arab neighbors as she shuttled between Middle East cities Tuesday, still lacking a formula for ending Israeli-Hezbollah fighting or for long-term peace.

Two days into her high-stakes diplomatic mission, Rice was exploring options for enforcing peace after the fighting does stop between Israel and the Hezbollah militia.

Assistant Secretary of State David Welch, traveling with Rice, told reporters that a cease-fire cannot be reached overnight. Another senior administration official, who spoke on condition of anonymity about international forces that might be sent to southern Lebanon, said such troops would not "shoot their way in," indicating fighting would have to be quelled first.

Rice arrived in Rome late Tuesday for meetings with European and moderate Arab officials about the fighting along the border between Lebanon and Israel. Many of those diplomats were expected to push the United States to urge Hezbollah and Israel to end their clash soon.

Rice left the Middle East after meetings Tuesday with Israeli and Palestinian leaders. U.S. officials touted one public victory that they considered key: Israeli Prime Minister Ehud Olmert said after meeting Rice that Israel would allow humanitarian assistance to move into Lebanon by land, air and sea.

"I wouldn't trivialize this provision of humanitarian assistance," said Welch, briefing reporters on the flight to Rome. "If we're arguing that it's hard to get a cease-fire, then in the interim we've got to be doing some things to address the consequences of conflict."

Palestinian officials said after their private meeting with Rice that she presented nothing new on their dispute with Israel. Separately, Palestinian Prime Minister Ismail Haniyeh, whose Hamas party was not present at the session, said from what he heard about Rice's conversation with President Mahmoud Abbas, it "doesn't augur well" for a solution to the Middle East crisis.

But standing beside Olmert in Israel, Rice said the time had come for a new Middle East.

"It is time to say to those that don't want a different kind of Middle East that we will prevail. They will not," she said.

"I have no doubt there are those who wish to strangle a democratic and sovereign Lebanon in its crib," Rice said. "We, of course, also urgently want to end the violence."

Olmert welcomed his ally warmly, vowing that "Israel is determined to carry on this fight against Hezbollah." He said his government "will not hesitate to take severe measures against those who are aiming thousands of rockets and missiles against innocent civilians for the sole purpose of killing them."

A senior Israeli official present at the talks said the two countries were in full agreement about Israel's military actions.

Rice is working on two fronts: the fighting along Israel's northern border with Lebanon and Israel's clashes with the Palestinians in Gaza to the south.

The administration has said it wants a cease-fire, but only one that addresses problems deeply entrenched in Lebanon, such as the democratic government's inability to control its entire territory and two decades of failed efforts to disarm the Hezbollah militia, which dominates the country's southern third.

An official close to the speaker of Lebanon's Parliament has said Rice proposed that the fighting stop at the same time that an international force deployed in southern Lebanon. The United States also proposed that Hezbollah weapons be removed from a buffer zone extending about 18 miles from the Israeli border, according to the official, who spoke on condition of anonymity.

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The U.S. delegation has been sparse with its words. Welch wouldn't offer details about what Rice said in private meetings about how she hopes to establish a cease-fire. Nor would he address reports from Lebanese officials.

Many questions remain about what any international force would look like, including whether the troops would be stationed around the country or just in Lebanon's tense south. Also to be negotiated is the role of Lebanese forces and whether international troops would secure Lebanon's ports and airports.

Olmert's guarantee that assistance can move into Lebanon could smooth an international campaign to raise at least $100 million for the reconstruction of Lebanon, which has sustained heavy damage.

During Rice's trip, the United States has announced it will provide Lebanon with $30 million, largely in goods including blankets and medical kits. The Saudis pledged $1.5 billion in aid on Tuesday.

Before Rice's departure, Olmert stepped up Israel's strikes against Hezbollah targets in Lebanon, sealing off a Hezbollah stronghold and pounding Beirut with airstrikes. Hezbollah showered rockets into northern Israel.

Israeli forces have also been hammering the Gaza Strip since shortly after the June 25 capture of an Israeli soldier by militants linked to Hamas, which controls the Palestinian government. Hamas, the largest faction of the Palestinian militant movement, won the Palestinian Authority's legislative elections in January by defeating Abbas' Fatah party.

Rice told Abbas that while she and other allies are engaged in resolving the crisis in Lebanon, the U.S. has not forgotten the Palestinians' plight.

"You have our pledge that our common work of bringing a two-state solution to the people of Palestine and the people of Israel, that we will not tire in our efforts," she said.

Abbas renewed a call for an Israeli-Palestinian truce, following a monthlong Israeli offensive in the Gaza Strip, launched to free a captured Israeli soldier. "We are exerting all our efforts to release the Israeli soldier," Abbas said.

But he also said that Israeli aggression in the West Bank and Gaza Strip must stop immediately "so we can strengthen the truce and start a political process that aims to end the occupation."

Israeli Airstrike Hits U.N. Outpost (WP)

By Scott Wilson And Robin Wright

The Washington Post, July 26, 2006

JERUSALEM, July 25 -- An Israeli airstrike hit a United Nations post in southern Lebanon late Tuesday, killing four international observers, hours after Prime Minister Ehud Olmert agreed to lift Israel's 14-day blockade of Lebanon for shipments of humanitarian aid to reach the swelling ranks of displaced Lebanese civilians.

U.N. officials said an aerial shell struck an observer post in the hilltop town of Khiyam, and rescue teams reached the site soon after to search for survivors in the rubble. Milos Strugar, a senior adviser for the mission, known by the acronym UNIFIL, said the four observers inside the post had taken cover in bunkers after 14 Israeli airstrikes landed nearby throughout the afternoon.

In a statement, U.N. Secretary General Kofi Annan said he was "shocked and deeply distressed by the apparently deliberate targeting" of the "clearly marked U.N. post at Khiyam." Annan said that Olmert had given him "personal assurances" that U.N. posts would not be targeted and that the UNIFIL commander had been in "repeated contact with Israeli officers throughout the day on Tuesday, stressing the need to protect that particular U.N. position from attack."

"I call on the government of Israel to conduct a full investigation into this very disturbing incident and demand that any further attack on U.N. positions and personnel must stop," Annan said.

Israeli government officials, expressing regret over the deaths, said that the U.N. personnel were not targeted and that there would be an investigation.

[The official New China News Agency reported Wednesday that one of the dead was Chinese. The others were from Austria, Canada and Finland, the Associated Press reported, citing U.N. and Lebanese military officials.]

The airstrike came at the end of a day when Hezbollah gunmen operating from southern Lebanon fired scores of missiles into Israel and battled Israeli forces seeking to uproot the Shiite Muslim militia from a border stronghold. The Israeli government and the Bush administration are drawing up plans for a more robust international peacekeeping force to deploy in Lebanon as part of a diplomatic solution to end the fighting, now entering its third week.

After international criticism that Israel was not doing enough to ensure the delivery of food and medicine to Lebanon's increasingly desperate south, Olmert pledged in a meeting here with Secretary of State Condoleezza Rice earlier in the day to allow aid flights, sea shipments and safe passage for deliveries on roads that have been targeted for days by Israeli bombers. Israeli officials said they would begin allowing the aid to arrive as soon as possible.

But Lebanese officials warned that it would take at least a week to repair runways at Beirut international airport, bombed by Israeli warplanes along with major roads and bridges in the south after Hezbollah captured two Israeli soldiers in a July 12 cross-

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border raid. Israeli military aircraft hit dozens of targets again Tuesday as Olmert, backed by Rice, promised to continue to fight the militia arrayed along the northern border.

"We will reach out for them, we will stop them, and we will not hesitate to take the most severe measures against those who are aiming thousands of missiles against innocent civilians for one purpose -- to kill them," Olmert said. "This is something that we will not be able to tolerate."

Rice's two-day visit to the region was more a listening tour than a determined attempt to end a conflict that showed no sign of abating. She declined to call for an immediate cease-fire, saying that "we cannot return to a status quo ante, in which extremists at any time can decide to take innocent life hostage again."

"It is time for a new Middle East," Rice said. "It is time to say to those who do not want a different kind of Middle East that we will prevail, they will not."

As early-warning sirens wailed across northern Israel, Hezbollah fighters fired more than 90 rockets, which landed from the Mediterranean coast to the Sea of Galilee. The barrages killed a teenage girl in the Druze town of Maghar and sent roughly 30 others to hospitals, most of them with symptoms of shock. More than a dozen rockets hit the city of Haifa, Israel's third largest, which only two weeks ago was thought to be beyond the range of Hezbollah's arsenal.

The strikes increased the number of Israeli civilians killed by rocket fire to 18, while 24 Israeli soldiers have died in combat operations. Eight soldiers were wounded early Tuesday in ground operations around Bint Jbeil, a town about two miles inside Lebanon's border that Israeli officials say is a center of Hezbollah's military operation.

By the end of a day of sporadic clashes, Israeli forces claimed to have seized Bint Jbeil, one of the largest towns in the roughly 15-square-mile region where Israel has focused its ground operation. Defense Minister Amir Peretz indicated that Israel intends to hold the region until an acceptable peacekeeping force could be arranged.

Israeli warplanes kept up their attacks across Lebanon, hitting 10 sites in southern Beirut, roads in the battered coastal city of Tyre and a rocket launcher on its outskirts that Israeli military officials said was used earlier in the day to fire on Haifa. Lebanese officials told reporters in Beirut that a dozen Lebanese were killed, bringing the known death toll in two weeks of fighting to about 390, almost all civilians. The number of Hezbollah fighters killed is not known.

The bombing of Beirut's southern suburbs came after a one-day respite during Rice's visit to the Lebanese capital. Four powerful explosions rattled the city toward the end of the day, sending up smoke over the Dahiya suburbs where Hezbollah has its headquarters and where many of its Shiite supporters live.

Six of the victims died in an air raid that demolished two houses in Nabatiyeh, a Shiite town about 16 miles north of Bint Jbeil. A man, his wife and their son were killed in one house, according to a daughter who survived the strike and talked to her father as he died slowly under rubble.

The Associated Press in Beirut quoted Mahmoud Komati, deputy chief of Hezbollah's political arm, as saying "the truth is -- let me say this clearly -- we didn't even expect [this] response . . . that [Israel] would exploit this operation for this big war against us." But Komati said in the interview that the group did not intend to give up its arms.

Much of the day focused on the tentative first phase of diplomacy to halt the fighting, which Olmert has said will end only with the release of the two captured Israeli soldiers, the deployment of the Lebanese army or a multinational force in the south and the implementation of a U.N. resolution that calls for the disarmament of Hezbollah and other militias.

Israeli officials said Rice's meeting with Olmert concerned mostly humanitarian issues at a time when Israel and the United States are being pressured by European and Arab nations to address a growing crisis across Israel's border. King Abdullah of Saudi Arabia pledged $500 million Tuesday for Lebanon's reconstruction, days after imploring the White House to endorse an immediate cease-fire.

According to U.S. and Israeli officials, Olmert agreed to lift the blockade as soon as possible. The Israeli navy has prevented ships from docking in Lebanon, while military aircraft have bombed the main airport and its fuel depots, and key roads and bridges across the country of 4 million people.

Israeli military officials say the campaign, which has left much of Lebanon's civilian infrastructure in tatters, is designed to prevent Hezbollah from restocking its arms supplies. Much of its weapons stocks come from Iran through Syria, Israeli officials say.

Rice's meeting with Olmert also touched on what a senior Israeli official described as "Israel's exit strategy." The official said the government believes it has at least until Rice returns to the region -- perhaps next week -- to press on with its military operation.

"At the end of the day, the international community realizes we are doing a dirty job on its behalf" against Hezbollah, said the official, who spoke on condition of anonymity because he was not authorized to comment publicly on the talks.

The official said the deployment of a multinational force was "in the cards," mainly because Israel remembers "the trauma" of its 18-year occupation of southern Lebanon that ended in May 2000.

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But the official said composing such a peacekeeping force would take time given that key questions remain unanswered, including which countries would take part and what the force's mandate would be. The official said any multinational force must be able to confront Hezbollah, something the current U.N.-led observer mission in southern Lebanon has not done.

"One of the big issues on the table is that a cease-fire has to get it right," said Mark Regev, an Israeli Foreign Ministry spokesman. "You cannot have a cease-fire that allows for an immediate rearming of Hezbollah."

After meeting with Olmert, Rice traveled to Ramallah in the West Bank for a largely symbolic meeting with Palestinian President Mahmoud Abbas, who demanded an immediate cease-fire along Israel's second front in the Gaza Strip. The fighting there began June 25 when the military wing of the governing Hamas movement and two smaller armed groups captured a 19-year-old Israeli soldier in a raid on an army post just outside Gaza.

Abbas has been pressuring Hamas to endorse a two-state solution to the conflict, something Rice said was still viable in the form of the U.S.-backed peace plan known as the "road map." Before the Gaza crisis began, Abbas had called for a referendum on a document that endorses a future Palestinian state in the West Bank, Gaza and East Jerusalem. The vote was scheduled to be held Wednesday, but has been left behind in the violence.

"Israeli aggression in the West Bank and Gaza Strip must stop immediately so we can strengthen the truce and start a political process that aims to end the occupation," Abbas said.

...

To protest Rice's visit, Palestinians organized a general strike that shuttered Ramallah's commercial districts. Shortly before she arrived in a convoy of bulletproof vans, hundreds of Palestinians marched through nearly empty streets, carrying placards calling on Rice to "go home." Others waved Lebanese flags.

"The United States has no credibility," said Khalida Jarrar, a Palestinian legislator from the Popular Front for the Liberation of Palestinian, a radical nationalist faction with a Marxist orientation. "What's happening in Lebanon makes the U.S. image look worse and worse."

Wright reported from Jerusalem and Ramallah. Correspondents Jonathan Finer in Avivim, Israel, Edward Cody in Beirut and Anthony Shadid in Tyre contributed to this report.

Allies Losing Patience With U.S. Terms For Cease-Fire (LAT)

By Kim Murphy And Sebastian Rotella

The Los Angeles Times, July 26, 2006

LONDON — Secretary of State Condoleezza Rice's calls this week for a deliberate approach to building "a new Middle East" are facing increased skepticism among many who ordinarily would be America's strongest backers in efforts to end the conflict in Lebanon.

U.S. allies in Europe and the Arab world are warning that without Washington's endorsement of an immediate cease-fire in Lebanon, the possibility of escalating violence could eclipse any hope to transform a region beset by autocracy and terrorism to one based on democracy.

"Now more than ever, we call for moderation, with the goal of a cessation of hostilities that are provoking enormous damage and a humanitarian tragedy," said Massimo D'Alema, foreign minister of Italy, which today will hold a meeting of Western and Arab leaders in an attempt to broker a resolution to the crisis.

Britain has continued to back President Bush's call for a "sustainable," if not immediate, cease-fire, and supported Israel's right to guarantee security on its borders.

France, which initially called for an immediate cease-fire and condemned Israel's campaign as "totally disproportionate," in recent days has eased closer to the U.S. position, blaming Syria and Iran for inciting Hezbollah.

But Italy and Spain have pointedly criticized the United States' failure to halt the bloodletting.

Spanish Prime Minister Jose Luis Rodriguez Zapatero, whose Socialist government has had testy relations with Washington since coming to power a little more than a year ago, has also been critical of "abusive" force in the region, alluding to Israel.

"The silences of today in light of what is happening in the Mideast could become the regrets of tomorrow, because waiting for time to pass costs human lives," Zapatero said.

Germany, while recognizing Israel's right to defend itself, warned that Lebanon could be "further destabilized" under a prolonged bombing campaign.

Perhaps more worrisome for Washington, two of its strongest Arab allies, Saudi Arabia and Egypt — which had generally sided with the U.S. as the conflict began — on Tuesday voiced strong misgivings over the severity of the Israeli airstrikes and echoed European calls for a speedy end to the crisis.

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In an apparent reference to Rice's description of the turbulent "birth pangs" of a "new Middle East," Egyptian President Hosni Mubarak called for an immediate cease-fire and warned that "what is happening in the region is destructive chaos, not creative chaos."

Saudi Arabia's King Abdullah went further, warning that "no one can predict what will happen if things get out of control" in Lebanon. If peace options fail, he said, "there will be no other option but war."

A Saudi government advisor said that "America is doing a disservice to everyone by not reining in the Israelis."

Washington's closest Arab allies are entrenched, undemocratic regimes whose leaders support the Bush administration's stance on Lebanon in part because they fear that the popular Islamic activism embodied by Hezbollah and Hamas could turn against them at home. Those governments now worry that the popular perception that the United States is standing behind Israel will undermine their credibility at home and invite new militancy.

"Yes, there is a new Middle East — in the worst sense, not in the sense the Americans would like it," said Nawaf Obaid, an analyst in Riyadh, Saudi Arabia, and an adjunct fellow with the Washington-based Center for Strategic and International Studies.

New rifts, Obaid said, may result in "a Shia world headed up by Iran vs. a Sunni world headed up by Saudi Arabia — and this is exactly what no one needs."

France, which headed European opposition to the U.S.-led war in Iraq, now looks to be almost allied with the U.S. over the conflict in Lebanon.

President Jacques Chirac had expressed great concern about the destruction wrought by the Israeli bombardment and called for an immediate cease-fire. But he recently tempered that criticism of Israel with rebukes of Hezbollah that have hardened over time, narrowing the distance between French and U.S. viewpoints.

This week, Chirac referred to "initiatives taken by Hamas and Hezbollah which could not have been taken alone." This was, the French newspaper Liberation suggested, "an almost explicit allusion to Damascus and Tehran."

Many European countries now find themselves forced into a balancing act, not wanting to offend the U.S. or Israel, but mindful of public opinion that has tended to favor the underdog in Lebanon, said Italian analyst Furio Colombo, a former newspaper editor and a senator for the ruling Democratic Left party.

As a result, he predicted, the Europeans probably will not be able to act with the determination necessary to find a solution, at least in the short term, such as during today's meeting in Rome.

"The results will be mild, watered down … very European," he said.

Murphy reported from London and Rotella from Paris. Times staff writers Tracy Wilkinson in Rome and Christian Retzlaff in Berlin contributed to this report.

Rice Seeks 'Urgent' Solution In Lebanon (WT)

By Joshua Mitnick

The Washington Times, July 26, 2006

JERUSALEM -- Secretary of State Condoleezza Rice said she wants to find an "urgent" resolution to two weeks of hostilities between Hezbollah and Israel, but departed yesterday after a two-day trip in the Middle East that seems to have made little headway in calming the fighting.

Miss Rice divided her day between meetings in Jerusalem with Israeli Prime Minister Ehud Olmert and a trip to the West Bank city of Ramallah to meet with Palestinian Authority President Mahmoud Abbas.

Outside the headquarters compound in Ramallah, several hundred protesters apparently brought by Hamas praised Hezbollah while chanting, "Rice out."

Miss Rice tried to lower expectations for the trip as early as last week by saying the United States would not impose a hasty cease-fire that is liable to dissolve into a new round of violence. At a stop in Lebanon, she spoke of the need for agreement on "enduring principles" to bolster a cessation of hostilities.

"It is time for a new Middle East," Miss Rice said at the meeting with Mr. Olmert. "It is time to say to those that don't want a different kind of Middle East that we will prevail. They will not."

Miss Rice is expected to continue to discuss a diplomatic solution at a conference in Rome today, and will continue on to Asia. The U.S. Embassy has prepared for another stop in Israel by the secretary of state.

Both the United States and Israel favor establishment of a multinational force to patrol Lebanon, but few details have been given about the size, makeup and mandate of the force.

In lieu of tangible progress toward a cease-fire, U.S. officials highlighted humanitarian gestures for civilians embroiled in the conflict.

Improving conditions in a country where many are without electricity and water figured as a major issue for Miss Rice and Mr. Olmert.

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After the two-hour meeting, Mr. Olmert said Israel would open up air and land routes into Lebanon to allow aid to enter the country.

Airplanes carrying humanitarian assistance will be allowed to land at the Beirut airport after coordination with Israel. The airport has been shut down since Israeli jets bombed the runway two weeks ago.

Miss Rice's trip to Israel and the West Bank is the first since Hamas took power. Her visit to Mr. Abbas' Ramallah headquarters was intended to demonstrate that the Palestinian Authority president remains an important world leader in U.S. estimation, at a time when Palestinians feel upstaged by Hezbollah.

"We need to focus on what's happening" in the Palestinian territories, Miss Rice said. "It's important to end the Gaza crisis."

The ruling Hamas party has been holding a 19-year-old Israeli soldier in the Gaza Strip since June.

Mr. Abbas thanked Miss Rice and called for a cease-fire in hostilities between the Israeli army and Palestinian militants. "Violence is the natural result of the absence of peace," he said.

In Mideast, Rice Stresses Civilian Relief (CSM)

By Joshua Mitnick And Dan Murphy

The Christian Science Monitor, July 26, 2006

JERUSALEM AND CAIRO

As Secretary of State Condoleezza Rice made her first foray in the Middle East since fighting began between Israel and Hizbullah, her focus was on efforts to ease the humanitarian crisis in Lebanon, where a half-million-plus people have been displaced.

Ms. Rice had lowered expectations for a cease-fire before her meeting with Israeli Prime Minister Ehud Olmert, disappointing many in the region who had hoped for a stronger bid to stem the conflict.

A meeting in Rome Thursday of American, European, and Arab officials will address both the prospects for a cease-fire as well as a peacekeeping force. In the interim, improving conditions for those without electricity, water, and food was a "major" issue in talks between Rice and Mr. Olmert, which lasted about two hours Tuesday morning.

Following the meeting, Olmert said in a statement that Israel would open air and land routes into Lebanon to allow aid to enter the country.

Lebanon-bound airplanes carrying humanitarian assistance will be allowed to land at Beirut Airport after prior coordination with Israel. The airport was shut down two weeks ago after Israeli jets bombed the runway repeatedly.

Israel also agreed to establish a land route that would run over the border into Lebanon.

"The prime minister said he was very sensitive to the humanitarian situation in Lebanon, and therefore he decided to expand the humanitarian corridors in order to assist the Lebanese population," read a statement issued by the prime minister.

Tuesday, the US pledged $30 million to pay for sheets, blankets, and plastic sheet rolls. Speaking to reporters at a meeting with Israeli Foreign Minister Tzipi Livni, the secretary of State said she hoped that her efforts could leave civilians in a better situation.

The UN refugee agency said Tuesday that it was awaiting a direct confirmation from Israel that it would be guaranteed safe passage to bring relief supplies from Syria into Lebanon.

A team of Israeli military officials will meet with international military experts to outline the routes, Olmert told Rice in Jerusalem.

But a spokeswoman for the UN High Commissioner for Refugees in Geneva (UNHCR) said the agency had yet to receive formal notification from Israel. "We have no word of a safe corridor in Lebanon," she told The Associated Press.

She said the UN agency wanted a direct guarantee from Israel that its supply convoys would be able to pass through the Syria-Lebanon border zone safely. Otherwise, she said, "it's not very practical for our immediate needs to get the goods we have in Syria into Lebanon."

Until such a guarantee is issued by Israel, the UNHCR said that some of the stockpiled aid would be distributed to centers housing Lebanese refugees in Damascus, Syria.

Even though the road to a cease-fire remains obscure amid Israel's bombardment of Lebanon, it appears that Rice believes the US can help parlay the crisis into a regional makeover that will boost democratic regimes and isolate terrorists.

"It is time for a new Middle East," Rice said in Jerusalem. "It is time to say to those that don't want a different kind of Middle East that we will prevail. They will not."

In her comments about a cease-fire, the secretary has used high-minded language, referencing, for example, the need to base the cease-fire on "enduring principles." Rice is speaking of the two major foreign policy goals of the Bush administration: The emergence of new democracies, and the disarmament of nonstate groups that the US considers terrorists, such as Hizbullah.

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Middle East experts do not expect that Hizbullah will fully disarm as a result of this conflict, something which Rice has been tacitly acknowledging.

While the US does not talk directly to either Syria or Hizbullah, Rice did meet in Beirut Monday with Lebanese parliament speaker Nabih Berri, who has ties to both Hizbullah and Syria.

Rice told Mr. Berri, according to a diplomatic source, that a cease-fire would be possible if Hizbullah pulled back about 12 miles from the Israeli border and released the two Israeli soldiers.

While Hizbullah and its allies continue to insist that those demands are unacceptable, they stop well short of disarming the group.

For his part, Berri made it clear that the meeting wasn't very productive. In an interview with Al-Arabiyah, he said he told Rice that Israel's bombing of Lebanon has left destruction "equivalent to that from a nuclear bomb," and insisted that Syria and Iran had nothing to do with instigating the current conflict.

While Hizbullah sparked the latest conflict in Lebanon, daily images of Israeli bombing raids on Lebanese towns and of dead and dying Lebanese civilians have shifted almost all of the blame in Arab eyes onto Israel and the US.

To Arabs, America's drive for a "new Middle East" appears to be a drive for a region that is friendlier to Israel and militarily weaker overall.

Throughout the region's capitals, many who support democratic change for their own countries are condemning Israeli "aggression."

They see the current turmoil in Iraq as evidence not of a democracy push, but of what happens to regimes that oppose US and Israeli interests.

"The perception here is that the reason why we have these dictatorships - not the sole reason, but one of the reasons - is because the United State's backs them in exchange for their Israel-friendly policies," says Alaa Abdel-Fatah, an Egyptian democracy activist who spent 45 days in jail this May and June. He was arrested for attending a peaceful rally calling for an independent Egyptian judiciary.

As for Israel, he says, "It's not just about Palestine or solidarity. What people in the US miss is that we view the Arab-Israeli conflict as one for existence."

1st Shipment Of U.S. Aid Arrives In Beirut (AP)

By Lee Keath, Associated Press Writer

AP, July 26, 2006

The first shipment of American aid for Lebanon arrived in Beirut on Tuesday and Israel promised to open vital safe passages as humanitarian groups pushed more convoys of supplies to tens of thousands in the war-torn south.

The United Nations has been pressing Israel to set corridors into the south, where Israeli bombardment has devastated the road network and struck vehicles — including trucks, believing they are carrying weapons to Hezbollah.

Israeli Prime Minister Ehud Olmert told visiting Secretary of State Condoleezza Rice in Jerusalem that Israeli military officials will meet with international military experts to outline the pathways, according to his office.

U.N. humanitarian chief Jan Egeland, also visiting the region, said earlier in the day that he believed a humanitarian aid convoy could move from Beirut to southern Lebanon on Wednesday if the Israeli army gave final approval.

Egeland said he had received a "positive response" from Israeli army officials. "We hope to have the first convoy going down from Beirut already Wednesday morning and another one on Friday," Egeland told Israel Army Radio.

Military helicopters brought the U.S. shipment into Beirut, the first since President Bush ordered a Navy task force that had been evacuating Americans from Lebanon to shift gears and start bringing in aid.

The shipment included two large-scale medical packages "aimed at meeting the most urgent needs," holding enough medicine and health supplies for 20,000 people for three months, the U.S. Embassy said. The goods were given to the international Red Cross to distribute, it said.

Washington has launched the aid effort in an effort to show it supports Lebanon at a time when many here are furious at it for refusing to press Israel to halt the bombardment that has killed hundreds, driven up to 750,000 people from their homes and demolished infrastructure. Israel launched the assault to rein in Hezbollah after it captured two of its soldiers July 12.

U.S. Ambassador Jeffrey Feltman said the shipment was the first in $30 million worth of aid from the United States. "We hope it will address some of the most pressing needs of the conflict victims. The United States remained deeply concerned about the humanitarian situation in Lebanon."

Asked if there were a contradiction between U.S. arms sales to Israel and aid supplies to Lebanon, Feltman said Washington's position was based on "two pillars to how we need to deal with the conflict. One pillar is humanitarian assistance. ... The other is to find conditions for a sustainable cease-fire."

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The U.S. says a cease-fire cannot hold until Hezbollah is removed from Israel's northern border and the Lebanese army, backed by international troops, moves into the south.

Also Tuesday, a Greek warship brought in 80 tons of tents, blankets, cooking sets and hygiene sets, which include soap, toothpaste and other items, gathered by the French humanitarian group Medecins Sans Frontieres.

Israel has loosened its 13-day blockade of Lebanon's ports to allow aid ships into Beirut, but it has not responded to U.N. requests that it also open the southern port of Tyre, located inside the war zone.

Opening Tyre, 40 miles south of Beirut, would allow massive injections of material directly to tens of thousands who are in need without having to move aid by truck along the dangerous and winding roads from Beirut.

So far, Israel has defined one land route, leading north from Beirut to Tripoli. To get to the south, Israel will define routes on a convoy-by-convoy basis instead of setting a single, permanent corridor, said Mona Hammam, the top U.N. humanitarian coordinator in Lebanon.

The U.N. is also waiting for word from Israel on a corridor from Syria into Lebanon before it can start moving mattresses, blankets, tents, gasoline cans and stoves it has stockpiled in Syria, said Jennifer Pagonis, a spokeswoman for the U.N. High Commissioner for Refugees in Geneva.

"We have no word of a safe corridor in Lebanon," she told The Associated Press. "Our trucks are still in Damascus waiting to go."

She said the U.N. agency wanted a direct guarantee from Israel that its supply convoys would be able to pass through the Syria-Lebanon border zone safely. Otherwise, Pagonis said, "it's not very practical for our immediate needs." The goods are meant for some 20,000 refugees from the south who have taken shelter in the northern and central mountains.

The international Red Cross has sent three convoys to the embattled southern port city of Tyre in the main war zone — the latest heading out on Tuesday — and another to the southern city of Marjayoun, according to ICRC spokesman Hisham Hassan.

At the same time, Red Cross experts on health care, shelter and nutrition were conducting surveys in villages and towns around Tyre and Marjayoun, 24 miles to the east, to determine the needs of people still in the zone of heaviest fighting.

The U.N. convoy on Wednesday was to head to Tyre carrying drugs for hospitals in the region, high-energy bars and 90 tons of flour, enough for 10,000 people for a month, said Mona Hammam, the top U.N. humanitarian coordinator.

Egeland has issued an urgent appeal for $150 million in aid to Lebanon, where tens of thousands of refugees are in temporary shelters, supplies of medicine are tight at many hospitals, and fuel is slowly running out.

King Abdullah of Saudi Arabia has decreed donations totaling $1.5 billion to Lebanon, assigning $500 million for its reconstruction and $1 billion to be deposited in Lebanon's central bank to support the economy. He also ordered a grant of $250 million to the Palestinians, the statement said.

AP correspondent Laurie Copans in Jerusalem contributed to this report.

The Immutable President (NYT)

By Maureen Dowd

The New York Times, July 26, 2006

Washington

It's too bad President Bush spurns evolution — both in his view of the universe and his view of himself.

Scientists see more and more evidence that human evolution not only exists but is ongoing, as people adapt to changing circumstances with shifts in everything from skin color to the protein structure of sperm.

But with W., it's more a matter of survival of the stubbornist.

If you turn on TV, you see missiles flying, bodies lying, nuclear missiles unleashed and a slaughterhouse in Iraq. But don't despair, because yesterday President Bush announced the establishment of "a joint committee to achieve Iraqi self-reliance." He called it a "new partnership," as if it were some small business.

Isn't it a little late, in July 2006, to be launching a new partnership for such an old mess? Isn't it a little late to realize that Baghdad, a city where 300 garbage collectors have been killed in the last six months, according to press reports, has spun out of control?

In a press conference at the White House with his rogue puppet, the Iraqi prime minister, Nuri Kamal al-Maliki, Mr. Bush explained that "our strategy is to remain on the offense, including in Baghdad." Then why, after three and a half years, does our offense look so much like a defense?

The president sounded like a Jon Stewart imitation of himself when he assured reporters that Mr. Maliki had "a comprehensive plan" to pacify Iraq. "That's what leaders do," W. lectured, in a familiar refrain. "They see problems, they address problems, and they lay out a plan to solve the problems."

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If only the plan were a little less robbing-Peter-to-pay-Paul, and a little more road-to-Damascus epiphany. Taking troops out of Anbar Province, where the insurgency is thriving, to quell violence in Baghdad doesn't inspire confidence that the plan is truly "comprehensive."

And despite W.'s praise of Mr. Maliki's leadership, the plan to start from scratch, in essence, stabilizing neighborhood by neighborhood in Baghdad is, as The Times's Michael Gordon writes, "an implicit acknowledgment of what every Iraqi in Baghdad already knows": the prime minister's "original Baghdad security plan has failed. In the past two weeks, more Iraqi civilians have been killed than have died in Lebanon and Israel."

Mr. Bush also sent Condi Rice to lay out a plan to the Arabs and Europeans about the destruction and refugee flight in Lebanon, but the plan turns out to be a plan to do nothing until Israel has more time to kick the Hezb out of Hezbollah.

W. says he supports more diplomacy, but it's the diplomacy of sanctimony. He now grudgingly notes that "the violence in Baghdad is still terrible," but doesn't seem to grasp the tragic enormity of an occupation that is sliding into civil war and constricting his leverage to deal with all the other crises crackling around the world. The U.N. reported last week that in May and June no less than 5,818 Iraqi civilians were killed.

Although he talked about whether America could be "facile" and "nimble" enough to change with the circumstances in the Middle East, in fundamental ways, he has not changed his attitude at all.

Newsweek's Richard Wolffe says he conducted four "freewheeling" interviews with the president last week, and concluded: "Bush thinks the new war vindicates his early vision of the region's struggle: of good versus evil, civilization versus terrorism, freedom versus Islamic fascism. He still believes that when it comes to war and terror, leaders need to decide whose side they are on."

The president sees Lebanon as a test of macho mettle rather than the latest chapter in a fratricidal free-for-all that's been going on for centuries. "I view this as the forces of instability probing weakness," he said. "I think they're testing resolve."

The more things get complicated, the more W. feels vindicated in his own simplified vision. The more people try to tell him that it's not easy, that this is a region of shifting alliances and interests, the less he seems inclined to develop an adroit policy to win people over to our side instead of trying to annihilate them.

Bill Clinton, the Mutable Man par excellence, evolved four times a day; he had a tactical and even recreational attitude toward personal change. But W. prides himself on his changelessness and regards his immutability as the surest sign of his virtue. Facing a map on fire, he sees any inkling of change as the slippery slope to failure.

That's what's so frustrating about watching him deal — or not deal — with Iraq and Lebanon. There's almost nothing to watch.

It's not even like watching paint dry, since that, too, is a passage from one state to another. It's like watching dry paint.

A Way Forward (WP)

By David Ignatius

The Washington Post, July 26, 2006

To stop the war in Lebanon, Secretary of State Condoleezza Rice will need to start with some basics: The best strategy for containing a militia such as Hezbollah is to build a strong Lebanese state; any lasting solution for this conflict will be political, not just military; continued Israeli bombardment of Lebanon to destroy terrorists might backfire by creating another failed state from which terrorists can operate more freely.

The outlines of a settlement that recognizes these basics were floated Monday in Beirut. The Lebanese urged Rice to consider a compromise package -- of the sort that Beirutis describe in a French phrase meaning "neither victor nor vanquished." That kind of negotiated truce would not please those on either side who would like to see their adversaries eradicated. But it might be the best chance of achieving Rice's goal of replacing the dangerous prewar status quo in Lebanon with something more secure and stable for everyone.

Negotiated settlements are always messy, but this package has one great advantage: It would provide a framework for the chronically weak Lebanese state, backed by an international force, to begin to assert control over all its territory. It would stress the basic idea that should be the centerpiece of U.S. policy in the Middle East from Beirut to Baghdad: that political compromise and reconciliation, backed by U.S. and allied military power, provide the only path out of the crisis afflicting the region.

The challenge in Lebanon is identical to the one in Iraq: how to help weak Arab democracies control sectarian militias and build sovereignty and security. The correct American strategy is one that might be called "muscular reconciliation." Its starting premise is that if one side seeks unilateral advantage, everyone will suffer.

Lebanese sources outlined for me the compromise package they say was discussed Monday when Rice met with Fouad Siniora, the Lebanese prime minister, and Nabih Berri, the parliament speaker and leader of the Shiite militia known as Amal. The cornerstone of this package, according to my sources, is that Hezbollah would agree to withdraw its armed fighters from

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south Lebanon and accept an international force there that would accompany the Lebanese army. Israel, for its part, would agree to halt its attacks and lift its air and sea blockade. The United States would call for negotiations over the return of a disputed territory known as Shebaa Farms, claimed by Lebanon even though the United Nations ruled in 2000 that it was Syrian.

Within 24 hours after a cease-fire, there would be an exchange of prisoners as part of this package: Hezbollah would give up the two Israeli soldiers it captured in the July 12 border raid that started the crisis; Israel would release Lebanese prisoners it holds. The package also includes some minor provisions, including an Israeli agreement to provide maps of land mines placed just north of the Lebanon-Israel border.

What's in it for Israel to accept such a deal, which would allow Hezbollah to survive? The answer is that an attempt to go all the way and destroy the Shiite militia would require a full-scale invasion of Lebanon, and might well misfire in the same way as Israel's 1982 invasion. Better to go for a solid half a loaf -- pushing armed Hezbollah fighters north of the Litani River and bringing in an international force to help the Lebanese army police a buffer zone -- than to risk further setbacks.

Hezbollah's military power would be severely degraded under such a negotiated settlement, but it would remain intact politically. The Shiite militia is trying to put on a brave face, sending me an e-mail message yesterday through a Lebanese intermediary claiming that it has the upper hand. If a cease-fire isn't reached and Hezbollah fights on, it will "accept a four-to-one casualty ratio," the message warned. "Human losses all go to heaven as martyrs with families and children handsomely compensated." But for all this brave talk, statements by Hezbollah's leader, Hasan Nasrallah, seem to be defining victory as simple survival.

Wars end when both sides decide they can gain more from a negotiated settlement than from continued fighting. Nearly two weeks into the Lebanon war, Israel and Hezbollah both seem split between those who think they can gain from more combat and those ready to cut a deal. As of late Tuesday, Rice was continuing to resist mounting international demands for a cease-fire, presumably to allow Israel more time to hammer Hezbollah. But that strategy is becoming dangerous for all sides. Rice should turn now to negotiating a formula that can halt the bombs and rockets -- and enhance the authority of the Lebanese state. Bargaining with the devil (or at least the devil's intermediary) is part of the job description for an American secretary of state.

Talking Turkey With Syria (NYT)

By Thomas L. Friedman

The New York Times, July 26, 2006

Damascus, Syria

One wonders what planet Secretary of State Condoleezza Rice landed from, thinking she can build an international force to take charge in south Lebanon without going to Damascus and trying to bring the Syrians on board.

Two Syrian officials made no bones about it when I asked their reaction to deploying such a force, without Syrian backing: Do you remember what happened in 1983, each asked, when the Reagan administration tried to impose an Israeli-designed treaty on Lebanon against Syria's will?

I was there, I remember quite well: Hezbollah, no doubt backed by Syria or Iran, debuted its skills for the world by blowing up the U.S. Embassy in Beirut and the U.S. Marine and French peacekeeping battalions. This is not a knitting circle here.

Can we get the Syrians on board? Can we split Damascus from Tehran? My conversations here suggest it would be very hard, but worth a shot. It is the most important strategic play we could make, because Syria is the bridge between Iran and Hezbollah. But it would take a high-level, rational dialogue. Dr. Rice says we can deal with Syria through normal diplomatic channels. Really?

We've withdrawn our ambassador from Damascus, and the U.S. diplomats left here are allowed to meet only the Foreign Ministry's director of protocol, whose main job is to ask how you like your Turkish coffee. Syria's ambassador in Washington is similarly isolated.

Is this Syrian regime brutal and ruthless? You bet it is. If the Bush team wants to go to war with Syria, I get that. But the U.S. boycott of Syria is not intimidating Damascus. (Its economy is still growing, thanks to high oil prices.) So we're left with the worst of all worlds — a hostile Syria that is not afraid of us.

We need to get real on Lebanon. Hezbollah made a reckless mistake in provoking Israel. Shame on Hezbollah for bringing this disaster upon Lebanon by embedding its "heroic" forces amid civilians. I understand Israel's vital need to degrade Hezbollah's rocket network. But Hezbollah's militia, which represents 40 percent of Lebanon, the Shiites, can't be wiped out at a price that Israel, or America's Arab allies, can sustain — if at all.

You can't go into an office in the Arab world today without finding an Arab TV station featuring the daily carnage in Lebanon. It's now the Muzak of the Arab world, and it is toxic for us and our Arab friends.

Despite Hezbollah's bravado, Israel has hurt it and its supporters badly, in a way they will never forget. Point made. It is now time to wind down this war and pull together a deal — a cease-fire, a prisoner exchange, a resumption of the peace effort

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and an international force to help the Lebanese Army secure the border with Israel — before things spin out of control. Whoever goes for a knockout blow will knock themselves out instead.

Will Syria play? Syrians will tell you that their alliance with Tehran is "a marriage of convenience." Syria is a largely secular country, with a Sunni majority. Its leadership is not comfortable with Iranian Shiite ayatollahs. The Iranians know that, which is why "they keep sending high officials here every few weeks to check on the relationship," a diplomat said.

So uncomfortable are many Syrian Sunnis with the Iran relationship that President Bashar al-Assad has had to allow a surge of Sunni religiosity; last April, a bigger public display was made of Muhammad's birthday than the Syrian Baath Party's anniversary, which had never happened before.

Syrian officials stress that they formed their alliance with Iran because they felt they had no other option. One top Syrian official said the door with the U.S. was "not closed from Damascus. [But] when you have only one friend, you stay with him all the time. When you have 10 friends, you stay with each one of them."

What do the Syrians want? They say: respect for their security interests in Lebanon and a resumption of negotiations over the Golan. Syria is also providing support for the Sunni Baathists in Iraq. Much as the Bush team wants to, it can't fight everyone at once and get where it needs to go. There will not be a peace force in south Lebanon unless it's backed by Syria. No one will send troops.

I repeat: I don't know if Syria can be brought around, and we certainly can't do it at Lebanon's expense. But you have to try, with real sticks and real carrots. Syria is not going to calm things in Lebanon, or Iraq, just so the Bush team can then focus on regime change in Damascus. As one diplomat here put it to me, "Turkeys don't vote for Thanksgiving."

This New, Gentler Bush Is Dangerous (FT)

By Danielle Pletka

Financial Times, July 26, 2006

The first four years of the Bush administration – the so-called cowboy years – were characterised by assertive leadership, a no-nonsense national security policy and gratuitous rudeness to many of America's allies. Recently, Washington has made a 180-degree turn: the cowboy is gone, the rudeness is gone and with them, it appears, has gone a sound security policy.

The centrepiece of American foreign policy now consists of multilateralism for multilateralism's sake, a triumph of process over progress. From North Korea to Iran, challenges that once had America reaching for its holster are now viewed as opportunities to have another meeting.

North Korea's recent launch of seven missiles and threats to test a long-range missile that can reach the US were a test of Washington's new approach. Japan, well within range of the missiles, chose to offer a resolution in the United Nations Security Council calling for mandatory sanctions on North Korea. State department diplomats, on the other hand, demanded a return to the six-party talks and talked down punitive measures.

Was the state department's diplomacy a success? Hardly. North Korea still refuses to come to the table, China has yet to use its considerable leverage to force Pyongyang to do so and Japan's UN resolution was watered down to little more than a loud -complaint.

Oddly satisfied with the six-party talks as a model, the Bush administration has chosen to pursue a similar track with Iran. In the wake of Iran's violation of a 2004 deal with the EU-3 – Britain, Germany and France – to suspend uranium enrichment and its refusal to heed similar demands from the Security Council, the US opted not to force the issue of sanctions at the UN. Rather, the US and Europe offered Tehran direct US-Iran dialogue, nuclear reactors and a package of economic incentives.

Supposedly lurking behind this offer was a choice between the offer and sanctions, possibly leading to military action. But although it is true that the US has doggedly refused to rule out the military option, repeated capitulations to Tehran have effectively drained the threat of credibility. When Tehran's leaders see Condoleezza Rice, US secretary of state, telling reporters: "Negotiation is still the best path and negotiation is still open," they read the American emphasis on diplomacy as a sign of weakness, a lack of other options.

A rare exception to the talk-for-talk's-sake norm of recent years is Washington's approach to the Israeli conflict with Hizbollah. But all signs point to a weakening of resolve inside the Bush administration. Earlier this week, trial balloons began floating from Ms Rice's mission to the Middle East: perhaps talks in Rome could bring a call for a peace-making force and a ceasefire. Talks are likely to bring little more than concerted pressure on the US and Israel to back down on the ultimate disarmament of Hizbollah. A ceasefire under any circumstances other than Hizbollah's complete disarmament would be construed as another victory for the terrorist agenda.

Throughout the Middle East, American priorities have lost steam. Mr Bush's signature issue – democracy promotion – has been thrust aside by resurgent dictators, with few real consequences. Egypt's abrogation of municipal elections and a brutal

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crackdown on civil rights and press freedoms, for example, brought a threat from the US Congress to cut Egyptian aid but little more than limp language from the administration.

When America is perceived as weak, challengers will not hesitate to take up arms. Can US capitulation to Iran and to North Korea have been far from the minds of extremists in both Hamas and Hizbollah when they chose to escalate conflict in the Middle East? Will al-Qaeda be far behind?

So what accounts for the “kinder, gentler” Bush administration? The fighting in Iraq has certainly wearied both the administration and Congress; it could be that there is little stomach for further confrontation. Or, America’s mid-term elections are approaching and the administration does not need a new crisis to worry the voting public. Or perhaps a new foreign policy team at the state department simply prefers a pre-September 11 2001 approach?

No one knows for sure. Without doubt, alienating allies for the sheer pleasure of it offers little reward for the US. Yet embracing allies without achieving results is hardly better. Similarly, plain speaking and diplomacy are almost always preferable to sanctions and war, but only if diplomacy yields a real outcome. The goal in the case of both North Korea and Iran is to end their nuclear weapons and missile programmes. It is not to keep the parties talking while Pyongyang and Tehran continue to develop weapons of mass destruction.

At the end of the day, Mr Bush may revert to his cowboy roots and exert American power to deny our enemies the weapons they long for. But, statecraft is not poker and pretending to have no cards to play can lead to dangerous misjudgments by friends and enemies alike.

The writer is vice-president of foreign and defence policy studies at the American Enterprise Institute in Washington, DC

Israel Is Within Its Rights (WP)

By David B. Rivkin Jr. And Lee A. Casey

The Washington Post, July 26, 2006

Israel's operations against Hezbollah in Lebanon and Hamas in Gaza have been widely condemned in Europe, the Arab world and at the United Nations as violations of international law. Some of the critics seem to deny that Israel has any legitimate right to use force. Others, while acknowledging its right to self-defense, nevertheless regard its exercise in these cases as illegal. Israel's alleged offenses include treating mere "terrorist" attacks as an excuse to attack Lebanon, using disproportionate force, causing excessive civilian casualties and refusing to contemplate an immediate cease-fire.

In fact, Israel's conduct has been fully compliant with the applicable norms of international law.

The primary claim by Israel's critics is that it used force disproportionately in response to Hezbollah's initial attack against Israeli soldiers, eight of whom were killed and two captured. The underlying assumption appears to be that Israel should have treated these provocations as terrorist acts and limited its response accordingly, rather than as justifications for a full-scale attack on Lebanese territory.

But in determining the existence of a legitimate casus belli , a state is entitled to consider the entire context of the threat it faces. Hezbollah is not simply a terrorist gang, like Germany's Baader-Meinhof or Italy's Red Brigades. It is a substantial political and military organization that has more than 12,000 short- and medium-range rockets and that has operated freely on Lebanese territory for many years, periodically launching attacks against Israel. Its stated goal is Israel's destruction, and it is the client of a major regional power -- Iran -- whose government appears dedicated to the same goal.

Moreover, although international law requires a state to have a lawful reason to use force -- such as self-defense -- it does not mandate that a state limit its military response to "tit for tat" actions. Once a country has suffered an armed attack, it is entitled to identify the source of that attack and to eliminate its adversary's ability to attack again. Its actions must be consistent with otherwise applicable international norms, but it is not required to accept a limited conflict that fails to meet and resolve the danger it faces.

That Lebanon has suffered from Israel's actions does not change the legal rules involved. No state has the right to permit a foreign military force to use its territory to launch attacks against another country. Indeed, every country has an obligation to control its own territory. Lebanon's failure (or refusal) to expel Hezbollah would in and of itself have been a legitimate cause for Israeli military action. It was the Taliban's sheltering of al-Qaeda that was the basis of the U.S. attack on Afghanistan in 2001. And, although the current Lebanese government is certainly more democratic than the feudalistic Taliban, democratic credentials cannot insulate a state from responsibility for controlling its territory.

The specific aspects of Israel's military operations in Lebanon and Gaza have also been condemned as being disproportionate and as thereby violating the laws of war. Although there is some grim humor in the spectacle of Russian President Vladimir Putin, whose troops have ravaged Chechnya, criticizing Israel for a "disproportionate" use of force, the claims -- including dark warnings from Louise Arbour, U.N. high commissioner for human rights, about "war crimes" liability for Israel's leaders -- are without merit.

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An army must always eschew deliberate attacks on civilians and consider whether the military advantage to be gained from an operation is sufficiently important to justify potential collateral damage to civilians. But this does not mean that installations and infrastructure, such as airports, bridges and the power grid, cannot be legally attacked. These are all dual-use targets -- having a civilian character but also clear military value. Indeed, in NATO's 1999 war against Serbia, exactly the same set of targets was attacked -- with the agreement and approval of the European governments involved. In the current conflict, Israel's primary military purpose in attacking these targets appears to be to cut Hezbollah's supply lines, not to punish Lebanon.

Similarly, the occurrence of civilian casualties, or the fact that more Lebanese civilians have died than Israelis, does not prove that Israel has used disproportionate force. The law forbids an operation only if the hoped-for military benefit would be clearly disproportionate to the likely injury to the civilian population. Proportionality, however, must be calculated in the context of the entire conflict, and any civilian lives lost must be balanced against civilian lives saved.

Unfortunately, heavy civilian casualties are the inherent and inevitable result of the type of asymmetric warfare deliberately waged by Hezbollah and similar groups. They intentionally operate from civilian areas, both to protect their military capabilities from attack and to increase civilian deaths, which can then be trumpeted for propaganda purposes. But the presence of a large civilian population does not immunize Hezbollah or Hamas forces from attack. Responsibility for any additional civilian casualties must be attributed to those groups, not to Israel. The adoption of any other rule would reward and encourage the illegal behavior of such "unlawful" combatants, which would simply result in more danger to innocent civilians in the future.

Israel may legally seek victory in Lebanon, even if it requires a combination of ground and air operations, takes weeks to accomplish and results in civilian casualties. It is under no obligation to agree to an early cease-fire unless the terms of that agreement would vindicate its legitimate war aims: the security of its population from attack.

The legal rights Israel is exercising to defend itself today are the very same legal rights on which the United States must rely in the war on terrorism. Attempts to revise the traditional laws of war -- moving toward a law-enforcement paradigm -- so that law-abiding states cannot effectively protect their own populations from attack or even defend their territory from armed incursion are not humanitarian advances. They simply make the world safer for those who reject any notion of law in war.

The writers are Washington lawyers who served in the Justice Department under presidents Ronald Reagan and George H.W. Bush. They are members of the U.N. Sub-Commission on the Promotion and Protection of Human Rights.

Max Boot: Bush Didn't Start The Mideast Fire (LAT)

By Max Boot

The Los Angeles Times, July 26, 2006

REMEMBER HOW idyllic the Middle East was before that crazy cowboy moved into the White House? Oh for the good ol' days when Saddam Hussein would invite Kurdish and Shiite leaders to his palace for a lamb roast followed by a nice game of checkers. When the Iranian mullahs would host Fourth of July festivities in Tehran in honor of the Great Angel. And when Hamas and Hezbollah big shots would balance yarmulkes on their turbans and visit Yad Vashem, Israel's memorial to victims of the Holocaust.

Wait. You mean my memory is playing tricks on me? None of that actually happened? Well, then, why on earth are so many pundits blaming President Bush for the current mess in the Middle East? A typical example comes from fellow Los Angeles Times columnist Rosa Brooks, who writes: "The Bush administration's tunnel-vision approach to foreign policy has pushed the U.S. and the world into a devastating tailspin of conflict without end….We promised to make the world safer, but we've turned it into a tinderbox."

We've turned the world into a tinderbox? Wasn't it a tinderbox long before 2001? And why is the United States, much less Bush, responsible for every conflagration?

Iran was developing nuclear weapons and sponsoring terrorism long before Bush came into office. Critics attack him for not being diplomatic enough with Tehran, but in fact he has been supportive of the efforts of France, Germany and Britain to strike a deal. More recently, his secretary of State has offered to talk to Tehran directly. So keen is the Iranian government for such talks that it hasn't deigned to reply to the U.S. offer.

Bush hasn't exactly been a warmonger when it comes to Iran's ally, Syria, either. Even as Syrian dictator Bashar Assad was turning his country into a staging ground for the Iraqi insurgency, the Bush administration repeatedly sent envoys to Damascus in an attempt to negotiate. Far from being interested in a deal, Assad was only emboldened into thinking that he would suffer no consequences for his hostile acts.

Both Iran and Syria have continued backing Hamas and Hezbollah, but this is hardly a new problem; it dates to the Reagan presidency. Critics suggest that these terrorist groups have gotten more powerful because of Bush's push for democracy. Hamas, after all, now runs the Palestinian Authority, and Hezbollah is part of a coalition government in Lebanon. But their power

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doesn't derive from their political positions; it comes from their militias, which remain outside the democratic process. Hamas was attacking Israel even when it was in opposition. So, for that matter, was the party it replaced — Yasser Arafat's Fatah.

ARAFAT, you may recall, launched a terrorist onslaught against Israel in 2000, when President Clinton was still in office. Ariel Sharon, with Bush's backing, managed to defeat the suicide bombers through a combination of measures defensive (the West Bank barrier) and offensive (targeted killings of terrorist bigwigs). This paved the way for an Israeli pullout from Gaza, exactly what "peace processors" had wanted all along.

This hasn't exactly won the goodwill of Palestinian militants, but, if you're a typical liberal critic, you can hardly blame Bush for encouraging Israeli concessions.

But surely, you say, Bush has made things worse in Iraq. Admittedly, the situation there is grim. But is it more grim than when Hussein was invading his neighbors and slaughtering hundreds of thousands of his own people? Or when the U.S. was enforcing sanctions that killed an estimated 60,000 babies a year? Many now claim that Hussein was a bulwark against Iranian adventurism, but Iranian-backed terrorists were at least as active in the 1980s (when they grabbed dozens of Western hostages in Lebanon and blew up the U.S. Embassy and Marine barracks in Beirut) as they are today.

Critics are right that Bush hasn't transformed the Middle East into a bastion of peace, love and harmony. But he never promised to work miracles; he has consistently spoken of our current struggle as a generational challenge — the Long War. Sure, he could have done more to help win the war. But there is no reason to think that the critics' preferred approach — more diplomatic blather, more international confabs, more concessions to the terror-mongers — would have produced any better results. In any case, to suggest that his policies are the cause of today's woes, rather than a reaction to them, reveals a stunning historical amnesia.

Europe's Chance (WP)

By Harold Meyerson

The Washington Post, July 26, 2006

In the Middle East, it is suddenly the European moment. Israel knows it cannot eliminate Hezbollah through force of arms, and it has realized that occupying hostile terrain is too much of a drain on its physical, political and moral resources. Reversing long-standing policy, it now is calling for an international force to secure its borders.

But which nations' troops should make up that force? The United States, even if it weren't bogged down in Iraq, is too closely identified with Israel. The Sunni Arab states that might conceivably step forward -- Egypt, Jordan, Saudi Arabia -- would risk an eruption of rage in their streets, and their intervention could also move the entire region closer to a Sunni-Shiite conflagration.

All this puts the ball squarely in Europe's court. And if Europe wants to be taken seriously on the world stage, this is an opportunity it should welcome. The nations of Western Europe, after all, have long, and rightly, called for an end to Israel's occupation of Palestine. They have worked for a peaceful, bi-national settlement of the Israeli-Palestinian conflict.

They are trying to impress upon Iran that grave consequences will result if it flouts international norms and threatens regional Armageddon. And they are demanding an immediate cessation to the Israel-Hezbollah war.

Every one of these causes would be advanced if Germany, Britain, France, Italy and the other European nations agreed to deploy their forces in southern Lebanon.

First, it is hard to see how the current conflict will end -- or, at a minimum, not flare up again in a couple of months -- absent an international force on the Lebanese border. Second, any credible negotiations with Hezbollah's chief sponsor, Iran, over Iran's nuclear program must be premised on a threat of real retaliation if Iran sponsors or wages war. If Europe is unwilling to send a peacekeeping force to Lebanon to stop Hezbollah from firing missiles into Israel, it's hard to see why Tehran would take Europe seriously ever again. That, in turn, would reduce the West's options in dealing with Iran to an Israeli or U.S. military strike -- something that Europe is dead-set against.

When it comes to a settlement of the Israeli-Palestinian conflict, or any further withdrawal of Israeli forces from the West Bank, the rise of Hamas and its kidnapping raids and rocket attacks against Israel from Gaza have made a genuine international force on the Israeli-Palestinian frontiers a requirement for any future progress. Israelis and Palestinians who support a land-for-peace deal leading to the establishment of two secure neighboring states have been confronted by the grotesque new reality of Arab forces attacking Israel from lands that Israel has left -- a strategy designed precisely to undermine the land-for-peace equation and the prospect of any ultimate settlement. Bolstering the two-state solutionists in both Israel and Palestine -- something the Europeans devoutly wish -- will probably require deploying some border force involving European participation.

As if all this weren't enough, there's one further reason why Europe should want to put itself forward to resolve the current conflict: To do so would be to offer an alternative to American unilateralism. Europeans, after all, complain both about a unipolar world run by and for the United States, and the unilateralism of the Bush administration. I happen to share their complaints. The

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European model of a more humane capitalism and a more multilateral approach to foreign affairs is a badly needed counterweight to America's laissez-faire economics and its my-way-or-the-highway foreign policy.

So, is Europe jumping at this opportunity to accomplish all these worthy goals? Not exactly. Germany, says Defense Minister Franz Josef Jung, will participate in a peacekeeping force if Israel and Hezbollah both request it -- not a likely prospect given that Hezbollah's raison d'etre is to make war on Israel. France says the moment is not yet right for such an intervention. Britain is, in theory, for it, but its forces are bogged down in southern Iraq. One might think Tony Blair would welcome an excuse to pull his troops out of Iraq and deploy them where they could do some good, but one grows old awaiting Blair's declaration of independence from the United States.

To be sure, a European intervention in southern Lebanon would entail casualties and political risks. But a failure to intervene would undermine every policy goal that Western European nations have for the Middle East, and strengthen the hand of the Cheney-Rumsfeld hawks who believe that American military might is the only solution for the planet's distempers.

For Europe, it's put-up-or-shut-up time. With the Middle East descending into deeper and deeper cycles of violence, one thing we surely don't need is a Europe guided by the spirit of Neville Chamberlain.

The Enemy Of My Enemy Is Still My Enemy (NYT)

By Bernard Haykel

The New York Times, July 26, 2006

WITH Israel at war with Hezbollah, where, you might wonder, is Al Qaeda? From all appearances on the Web sites frequented by its sympathizers, which I frequently monitor, Al Qaeda is sitting, unhappily and uneasily, on the sidelines, watching a movement antithetical to its philosophy steal its thunder. That might sound like good news. But it is more likely an ominous sign.

Skip to next paragraph

Enlarge this Image

Stephen Savage

Al Qaeda's Sunni ideology regards Shiites as heretics and profoundly distrusts Shiite groups like Hezbollah. It was Al Qaeda that is reported to have given Sunni extremists in Iraq the green light to attack Shiite civilians and holy sites. A Qaeda recruiter I met in Yemen described the Shiites as "dogs and a thorn in the throat of Islam from the beginning of time."

But now Hezbollah has taken the lead on the most incendiary issue for jihadis of all stripes: the fight against Israel.

Many Sunnis are therefore rallying to Hezbollah's side, including the Muslim Brotherhood in Egypt and Jordan. The Saudi cleric Salman al-Awda has defied his government's anti-Hezbollah position, writing on his Web site that "this is not the time to express our differences with the Shiites because we are all confronted by our greater enemy, the criminal Jews and Zionists."

For Al Qaeda, it is a time of panic. The group's Web sites are abuzz with messages and questions about how to respond to Hezbollah's success. One sympathizer asks whether, even knowing that the Shiites are traitors and the accomplices of the infidel Americans in Iraq, it is permissible to say a prayer for Hezbollah. He is told to curse Hezbollah along with Islam's other enemies.

Several of Al Qaeda's ideologues have issued official statements explaining Hezbollah's actions and telling followers how to respond to them. The gist of their argument is that the Shiites are conspiring to destroy Islam and to resuscitate Persian imperial rule over the Middle East and ultimately the world. The ideologues label this effort the "Sassanian-Safavid conspiracy," in reference to the Sassanians, a pre-Islamic Iranian dynasty, and to the Safavids, a Shiite dynasty that ruled Iran and parts of Iraq from 1501 till 1736.

They go on to argue that thanks to the United States (the leader of the Zionist-Crusader conspiracy), Iraq has been handed over to the Shiites, who are now wantonly massacring the country's Sunnis. Syria is already led by a Shiite heretic, President Bashar al-Assad, whose policies harm the country's Sunni majority.

Hezbollah, according to these analyses, seeks to dupe ordinary Muslims into believing that the Shiites are defending Islam's holiest cause, Palestine, in order to cover for the wholesale Shiite alliance with the United States in Iraq and Afghanistan.

Ultimately, this theory goes, the Shiites will fail in their efforts because the Israelis and Americans will destroy them once their role in the broader Zionist-Crusader conspiracy is accomplished. And then God will assure the success of the Sunni Muslims and the defeat of the Zionists and Crusaders.

In the meantime, no Muslim should be fooled by Hezbollah, whose members have never fought the infidel on any of the real battlefronts, like Afghanistan, Bosnia, Chechnya or Kashmir. The proper attitude for Muslims to adopt is to dissociate themselves completely from the Shiites.

This analysis — conspiratorial, bizarre and uncompelling, except to the most diehard radicals — signals an important defeat for Al Qaeda's public relations campaign. The truth is that Al Qaeda has met a formidable challenge in Hezbollah and its

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charismatic leader, Sheik Hassan Nasrallah, who have made canny choices that appeal to Al Qaeda's Sunni followers. Al Qaeda's improbable conspiracy theory does little to counter these advantages.

First, although Sheik Nasrallah wears the black turban and carries the title of "sayyid," both of which identify him as a Shiite descendant of the Prophet Muhammad, he preaches a nonsectarian ideology and does not highlight his group's Shiite identity. Hezbollah has even established an effective alliance with Hamas, a Sunni and Muslim Brotherhood organization.

Second, Hezbollah's statements focus on the politics of resistance to occupation and invoke shared Islamic principles about the right to self-defense. Sheik Nasrallah is extremely careful to hew closely to the dictates of Islamic law in his military attacks. These include such principles as advance notice, discrimination in selecting targets and proportionality.

Finally, only Hezbollah has effectively defeated Israel (in Lebanon in 2000) and is now taking it on again, hitting Haifa and other places with large numbers of rockets — a feat that no Arab or Muslim power has accomplished since Israel's founding in 1948.

These are already serious selling points. And Hezbollah will score a major propaganda victory in the Muslim world if it simply remains standing in Lebanon after the present bout of warfare is over and maintains the relationships it is forging with Hamas and other Sunni Islamist organizations.

What will such a victory mean? Perhaps Hezbollah's ascendancy among Sunnis will make it possible for Shiites and Sunnis to stop the bloodletting in Iraq — and to focus instead on their "real" enemies, namely the United States and Israel. Rumblings against Israeli actions in Lebanon from both Shiites and Sunnis in Iraq already suggest such an outcome.

That may be good news for Iraqis, but it marks a dangerous turn for the West. And there are darker implications still. Al Qaeda, after all, is unlikely to take a loss of status lying down. Indeed, the rise of Hezbollah makes it all the more likely that Al Qaeda will soon seek to reassert itself through increased attacks on Shiites in Iraq and on Westerners all over the world — whatever it needs to do in order to regain the title of true defender of Islam.

Israeli Warplanes Strike U.N. Post (LAT)

By Paul Richter And Ken Ellingwood

The Los Angeles Times, July 26, 2006

JERUSALEM -- Israeli warplanes bombarded a U.N. post in southern Lebanon on Tuesday, killing four peace observers in a strike that Secretary-General Kofi Annan termed "apparently deliberate."

The bombing capped a violent day that included the death of a 15-year-old Israeli girl from a Hezbollah rocket in a northern Galilee town, and renewed Israeli air strikes in and around Beirut.

United Nations officials said their observation post near the village of Khiyam took a direct hit late Tuesday in an Israeli airstrike. Four members of the mission were killed. Their names and nationalities were not immediately released.

Annan flew to Rome to meet with U.S. Secretary of State Condoleezza Rice and diplomats from other nations on the Lebanon crisis. He said he was "shocked and deeply distressed" by what he said was the "apparently deliberate" targeting of the post by the Israeli army.

Annan said he had received personal assurances from Israeli Prime Minister Ehud Olmert that U.N. positions would be spared, and U.N. Force Commander for south Lebanon, Gen. Alain Pellegrini, had been in repeated contact with Israeli officers to ensure the post's protection.

U.S. officials labeled the attack "a terrible tragedy" and said they were told by the Israelis that it was an accident.

There was no immediate statement from the Israeli military, but Israel's ambassador to the United States said the incident was under investigation, and reacted sharply to Annan's allegation that the strike was deliberate.

"I think this kind of rhetoric is deplorable, it's outrageous, and I hope he will apologize for that," Ambassador Daniel Ayalon said on CNN's "The Situation Room."

He accused Hezbollah militants of positioning rocket launchers beside U.N. sites, a practice that has been reported by U.N. officials in recent days.

Hezbollah commander Sheik Hassan Nasrallah exhibited new defiance late Tuesday. In a televised address, he said his organization would not submit to "humiliating" conditions imposed by the international community for a cease-fire, and threatened attacks even deeper into Israel.

Referring to a "new period" in the 15-day-old conflict, he said Hezbollah would strike beyond the port of Haifa, Israel's third largest city, where scores of rockets have been falling by the dozens.

"We will choose the time when we will move beyond -- beyond Haifa," Nasrallah said.

The U.N. deaths come as Western nations were set to meet Wednesday in Rome to discuss a possible cease-fire, response to the growing humanitarian crisis in Lebanon, and a possible international peacekeeping force.

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The Bush administration's stance that Israel should be allowed to deal a more decisive blow to Hezbollah before any cease-fire did not budge Tuesday. Rice, in Jerusalem, stood by Olmert as he pledged to "carry on the fight" against Hezbollah. Later, she traveled to Rome to join European and Arab diplomats in hastily called crisis talksRice visited the West Bank city of Ramallah on Tuesday, and again turned aside calls from the Lebanese for an immediate cease-fire. She said an "enduring" peace was more important and possible only with the disarming of Hezbollah.

"It is time for a new Middle East," she said, with Olmert nodding approvingly at her side. "And to those who do not want a new Middle East, we say we will prevail, they will not."

"Israel is determined to carry on the fight against Hezbollah," Olmert said. "We will stop them. We will not hesitate to take the most severe measures against those who are aiming thousands of missiles and missiles against innocent civilians for one purpose -- to kill them."

Henry A. Crumpton, the State Department's coordinator for counterterrorism, said Tuesday he believed the Israeli response was "in some ways just beginning," noting that Israel's military still has made only limited progress in degrading Hezbollah capabilities.

"Hezbollah, because it has been (in) a safe haven for so long, they've been able to build some pretty stalwart defenses, pretty elaborate bunker systems, and they're fighting hard right now," Crumpton told a group of journalists. "It's going to take awhile, I think, for the Israelis to get in there and deny that space in Lebanon. ... I don't believe this going to be over just in the next couple of days."

Ground fighting continued Tuesday, with Israeli armor and infantry battling guerrillas for control of the Lebanese village of Bint Jbeil. By the end of the day, field commanders said they had seized the town, the largest in the border region and considered by Israel to be a Hezbollah headquarters.

The Israeli military said 20 to 30 Hezbollah gunmen were killed in the fighting around Bint Jbeil on Tuesday. An Israeli soldier was wounded in a fresh gunfight around Maroun el-Ras, a hilltop village about 1 1/2 miles north of the border, near the Israeli community of Avivim.

Israeli forces were also expanding their attack to other stretches of the border. Army convoys could be seen hauling tanks and bulldozers to a number of areas that have not yet seen large concentrations of forces. Israeli artillery shelled Lebanese villages north of Metulla, at the northern tip of the upper Galilee. Anticipating Hezbollah reprisals, Metulla municipal officials told residents to leave or seek refuge in bomb shelters.

Israeli Defense Minister Amir Peretz said his forces were continuing to carve out a "security strip" that he said Israel would maintain as a no-go zone until the eventual deployment of multinational forces -- something that is far from decided.

Despite Israel's ground offensive heavy shelling and air strikes, Hezbollah fired more than 90 rockets over the border into northern Israel on Tuesday, one of which killed a 15-year-old girl in the village of Maghar, a Druse community near the Sea of Galilee. Three others were wounded, one of them seriously.

Sixteen rockets plunged into the port city of Haifa, which has come under regular attack for more than a week. The military says that Haifa is being targeted from the southern Lebanon city of Tyre, which has been pummeled daily by Israeli war planes.

After a two-day respite, Beirut was pounded by new airstrikes Tuesday. At least four heavy blasts echoed over the city and gray and black clouds billowed from the southern edge of the city, a predominantly Shiite, pro-Hezbollah community that has suffered massive damage in bombardments over the last two weeks.

Ellingwood reported from the Israeli-Lebanese border, and Richter, traveling with Rice, from Jerusalem; Times staff writers Laura King in Jerusalem, J. Michael Kennedy in Beirut; Peter Spiegel in Washington; Walter Hamilton at the U.N. and Tracy Wilkinson in Rome contributed to this report.

Israel: U.N. Force Not Targeted (USAT)

By Andrea Stone

USA Today, July 26, 2006

ROME — On the eve of an international meeting on the crisis in Lebanon, an Israeli airstrike hit a United Nations base in southern Lebanon on Tuesday, killing at least three U.N. observers.

U.N. Secretary-General Kofi Annan said he was “shocked” at the “very disturbing” incident and what he called the “apparently deliberate targeting” of the base.

U.N. spokeswoman Marie Okabe said four were killed. China's official Xinhua News Agency said a Chinese UN observer was among those killed. A bomb hit a patrol base manned by Indian troops from the U.N. peacekeeping force near the border with Israel, said Milos Struger, spokesman for the force.

Israeli Foreign Ministry spokesman Mark Regev said Israel “sincerely regrets” the deaths and did not target the observers. He promised an investigation.

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The incident could further complicate today's potentially contentious emergency meeting, at which Secretary of State Condoleezza Rice will try to manage a disagreement between Arab and European nations on one side and Israel and the United States on the other about timing of a cease-fire. Rice arrived here Tuesday night after a series of meetings in Israel and the West Bank with Israeli and Palestinian officials. She continued to call for a cease-fire only after Hezbollah guerrillas in southern Lebanon no longer pose a threat to Israel.

In Ramallah, Rice said the United States wants an “urgent but enduring” peace. After meeting Israeli Prime Minister Ehud Olmert in Jerusalem, she said she has “no desire” to come back in months to deal with another Hezbollah uprising. “It is time for a new Middle East,” she said.

European and Arab states want a quick end to the violence. “The primary object is a cease-fire,” said Italian Prime Minister Romano Prodi.

Forming a new international force for southern Lebanon is likely to be a key topic. Defense Minister Amir Peretz told Israeli radio that Israel will carve out a “security zone” in south Lebanon until an international force is deployed or Hezbollah is pushed back.

In the region, Israeli warplanes resumed strikes on Hezbollah strongholds in Beirut. Israeli troops and tanks surrounded Hezbollah guerrillas in Bint Jbeil in southern Lebanon. In Israel, Hezbollah rockets continued to drop on northern Israeli cities. A total of 422 people in Lebanon and 42 Israelis have been killed since July 12.

Israeli Strike Kills 2 U.N. Peacekeepers (WT)

By Nicholas Kralev

The Washington Times, July 26, 2006

ROME -- An Israeli artillery strike killed at least two United Nations peacekeepers yesterday in what U.N. Secretary-General Kofi Annan called an "apparently deliberate strike" on the eve of a major peace conference here today.

Two more peacekeepers were feared dead in the attack on their post in southern Lebanon.

Hours earlier Israel began outlining its terms for the deployment of an international stabilization force of up to 20,000 troops along its border with Lebanon ahead of today's conference to which the Jewish state is not invited.

The U.N. chief said the strike on a clearly marked U.N. border outpost was "apparently deliberate" and demanded Israel investigate. A bomb dropped by an Israeli warplane scored a direct hit on the post in the town of Khiyam, near the eastern sector of the border, U.N. officials said.

The victims were from Austria, Canada, China and Finland, U.N. and Lebanese military officials said. It was not immediately known which two were confirmed dead.

Israel's U.N. ambassador, Dan Gillerman, expressed his "deep regret" for the deaths and denied Israel hit the post intentionally.

"I am shocked and deeply distressed by the hasty statement of the secretary-general, insinuating that Israel has deliberately targeted the U.N. post," he said, calling the assertions "premature and erroneous."

Although U.S., European and Arab officials here avoided discussing specific proposals and warned against high expectations from the Rome meeting, their Israeli counterparts were not shy about offering details of a plan they shared with Secretary of State Condoleezza Rice earlier in the day.

Most countries now see the proposed buffer force as the best hope for ending Israel's two-week-old war with Hezbollah.

Mr. Annan said in New York that 15 strikes came close to the U.N. position during the day, and that Israeli forces continued their assault even during efforts to rescue the dead and wounded peacekeepers.

Ground fighting continued around Bint Jbail, a Lebanese town described by its residents as "the capital of the resistance," where an estimated 200 Hezbollah militants held out against surrounding Israeli forces.

Israel resumed its shelling of Beirut's southern suburbs after a one-day pause and continued air strikes across southern Lebanon, where about 300 Americans were thought to have become trapped while visiting family for the summer. Hezbollah again fired rockets into northern Israel, killing a girl.

Looking ahead to today's meeting in Rome, Israeli officials said a border force of 10,000 to 20,000 troops could be deployed in stages, within a week or two after a decision is made. Its mission would be to keep Hezbollah about 13 miles from the border and prevent it from firing rockets. It also could help prevent weapons supplies coming in from Syria, they said.

Until such a force moves in, however, Israel intends to control a security zone in southern Lebanon and fire at anyone who enters it, Defense Minister Amir Peretz said yesterday.

"We have no other option," he said. "We will have to build a new security strip ... that will be a cover for our forces until international forces arrive." The size of the zone would vary, Mr. Peretz said, and other officials estimated that it could be between 2 and 6 miles wide in various places.

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U.S. officials traveling with Miss Rice, who arrived last night to participate in today's conference with 15 other countries and three international organizations, declined to discuss Israel's or any other plan, saying they did not want to hurt their diplomatic efforts in Rome.

For the same reason, they said, Miss Rice refused to take questions from reporters after meetings yesterday with Israeli Prime Minister Ehud Olmert and Palestinian Authority President Mahmoud Abbas, issuing only prepared statements.

But a senior U.S. official said it was not realistic to wait for a cease-fire before moving ahead with the international force because that might take a long time. At the same time, the official said, the security force would not "shoot its way" into southern Lebanon.

French Foreign Minister Philippe Douste-Blazy said on French television that "if the United States wants to put in an international force when there is no cease-fire, that could worry other countries in the region." Miss Rice has been pushing for a "lasting" and "enduring" halt to the violence, while everybody else present in Rome has called for an immediate cease-fire.

As for who would make up the security force, there have been no volunteers so far. Israel, in another show of enthusiasm for foreign troops after decades of disliking the idea, has suggested the European Union or NATO.

NATO spokesman James Appathurai said that the idea of NATO leading the force has not been discussed among the allies and that there were no plans to put it on the agenda, unless a specific request is received in Brussels. The United States, the most formidable NATO member, has ruled out participating in the force.

The last time Americans took part in a similar operation, 241 Marines were killed in a Hezbollah suicide bombing in Lebanon.

The European Union has not rejected the idea of contributing troops, although individual members such as Denmark have said they are already stretched with forces deployed in Iraq, Afghanistan and Kosovo.

"The EU as a whole has the intention of fully participating in the solution of this conflict," said Cristina Gallach, spokeswoman for EU foreign policy chief Javier Solana. "But nobody wants to commit forces until they know what their responsibilities are, as well as their mandate and objectives."

U.N. Deputy Secretary-General Mark Malloch Brown said the "key issue" of the international force "is its mandate, not where the soldiers would come from."

"Leaders would not allow their troops to go from house to house and disarm Hezbollah," he told the British Broadcasting Corp.

Before any decision on a security force is taken, he said, there has to be "some basic political agreement" between Israel and Hezbollah.

Mr. Malloch Brown urged the United States to deal directly with the militant group, something it has refused to do. "Talking to a terrorist movement doesn't imply that you've come around to their point of view," he said. "Peacekeeping works when you are there to enforce an agreement."

Lebanese Prime Minister Fuad Siniora said before leaving for Rome that he did not "expect the Rome conference to lead to a cease-fire, even if we must do everything in our power to reach one."

But Mr. Annan said before he departed from New York on Monday that it is "important we leave Rome with a concrete strategy ... as to how we are going to deal with this, and we do not walk away empty-handed and, once again, dash the hopes of those who are caught in this conflict."

cThis article is based in part on wire service reports.

2 Dead, 2 Missing After U.N. Post Hit (AP-Y)

By Hussein Dakroub

AP2, July 26, 2006

An Israeli bomb destroyed a U.N. observer post on the border in southern Lebanon, killing two peacekeepers and leaving two others feared dead in what appeared to be a deliberate strike, U.N. chief Kofi Annan said.

The bomb made a direct hit on the building and shelter of the observer post in the town of Khiyam near the eastern end of the border with Israel, said Milos Struger, spokesman for the U.N. peacekeeping force in Lebanon known as UNIFIL.

Annan issued a statement saying two U.N. military observers were killed with two more feared dead. Earlier, U.S. Ambassador John Bolton said the Security Council was informed that four officers were killed, but he had no other information.

Rescue workers were trying to clear the rubble, but Israeli firing "continued even during the rescue operation," Struger said.

As reports of the attack emerged, Annan rushed out of a hotel in Rome following a dinner with U.S. Secretary of State Condoleezza Rice and Lebanese Prime Minister Fuad Saniora.

"I am shocked and deeply distressed by the apparently deliberate targeting by Israeli Defence Forces of a U.N. Observer post in southern Lebanon," Annan said in the statement.

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Annan said in his statement that the post had been there for a long time and was marked clearly, and was hit despite assurances from Prime Minister Ehud Olmert that U.N. positions would not be attacked.

"I call on the goverment of Israel to conduct a full investigation into this very disturbing incident and demand that any further attack on U.N. positions and personnel must stop," Annan said in the statement.

U.N. officials said four observers were in the post when the bomb hit, and the building had been destroyed. Two bodies had been recovered and two were unaccounted for, apparently still in the rubble. They spoke on condition of anonymity because of the sensitivity of the issue.

Since Israel launched a massive military offensive against Lebanon and Hezbollah guerrillas July 12, an international civilian employee working with UNIFIL and his wife have been killed in the crossfire between Israeli forces and Hezbollah guerrillas in the southern port city of Tyre.

Five UNIFIL soldiers and one military observer have also been wounded, Struger said.

Israel Widens Control, Seals Hezbollah Stronghold (WT/AP)

By Lee Keath

The Washington Times, July 26, 2006

BEIRUT -- Israeli troops sealed off a Hezbollah stronghold yesterday and widened their foothold in southern Lebanon, but officials said Israeli bombs killed six persons in a southern Lebanon town and two U.N. observers in a border outpost, with two other peacekeepers feared dead.

Two weeks into the war, a senior Hezbollah leader said the guerrillas had not expected such an Israeli onslaught when they captured two Israeli soldiers July 12.

Secretary of State Condoleezza Rice and other key Middle East players gathered in Rome for a meeting today to discuss proposals for ending the fighting that has killed more than 400. Key issues were how to disarm Hezbollah and assemble an international peacekeeping force to enforce the peace along the Israel-Lebanon border.

U.N. Secretary-General Kofi Annan said the strike on a clearly marked U.N. outpost was "apparently deliberate" and demanded that Israel investigate. A bomb dropped by an Israeli warplane scored a direct hit on the post in the town of Khiyam, near the eastern sector of the border, U.N. officials said.

Israeli U.N. Ambassador Dan Gillerman expressed his "deep regret" for the deaths and denied that Israel hit the post intentionally.

"I am shocked and deeply distressed by the hasty statement of the secretary-general, insinuating that Israel has deliberately targeted the U.N. post," he said, calling the assertions "premature and erroneous."

Israeli commanders said they would not push deep into Lebanon but were determined to stop Hezbollah missiles that have continued despite Israel's punishing raids on Hezbollah targets. A new volley of Hezbollah rockets hit northern Israel, killing a teenage girl.

Yesterday marked a month since the start of what is now a two-front war between Israel and Islamic militants. On June 25, an Israeli soldier was captured by Hamas militants in Gaza, prompting an Israeli offensive there. Two weeks into that flare-up, Hezbollah abducted the two other soldiers.

The crisis has spiraled beyond imaginations.

Mahmoud Komati, the deputy chief of the Hezbollah politburo, said the guerrillas' leadership had not expected a massive offensive when it captured the two Israeli soldiers.

"The truth is -- let me say this clearly -- we didn't even expect [this] response ... that [Israel] would exploit this operation for this big war against us," he said.

Instead, he said, Hezbollah had thought Israel would respond to the soldiers' capture by abducting Hezbollah leaders in commando raids and that negotiations for a swap would start, giving Hezbollah the chance to try to win the release of Lebanese prisoners held by Israel.

He called the Israeli assault unjustified and said Hezbollah would not lay down its weapons.

Israel and the United States say their ultimate aim is to fundamentally reshape Lebanon to end Hezbollah's presence by the border, strengthen democracy in the country and ensure lasting peace with Israel. In the process, Lebanon has been ravaged, with hundreds killed, nearly a half-million driven from their homes and vast damage to roads and bridges.

Israel is facing tougher than expected resistance as it makes its first small ground steps into hilltop villages across the border. Its troops sealed the town of Bint Jbail and battled for a second day yesterday against about 200 guerrillas inside.

Troops also moved on the nearby village of Yaroun, fighting guerrillas there. Fifteen Americans fled Yaroun in a convoy of 80 cars carrying residents that reached the southern port of Tyre yesterday.

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Hezbollah reported two guerrillas killed in the day's fighting, while Israel said three of its soldiers were wounded. The Israeli military said Hezbollah's commander for the central border sector, known as Abu Jafr, was killed.

So far, the three villages on which Israeli ground troops have advanced -- Bint Jbail, Yaroun and Maroun al-Ras, which was seized by soldiers over the weekend -- are in a roughly 3-square-mile pocket. Israeli bombardment also has destroyed most Hezbollah observer posts all along the border, U.N. observers say.

Israel suggested that would grow, but the extent was not clear.

Israeli Defense Minister Amir Peretz said Israel would maintain a security zone in the south until either a multinational force "with enforcement capability" is deployed on the border or Hezbollah is pushed back in a cease-fire agreement that also cuts off the supply of its weapons.

Israel To Occupy Area Of Lebanon As Security Zone (NYT)

By Greg Myre And Helene Cooper

The New York Times, July 26, 2006

JERUSALEM, July 25 — Almost two weeks into its military assault on Hezbollah, Israel said Tuesday that it would occupy a strip inside southern Lebanon with ground troops until an international force could take its place.

The announcement raised the prospect of a more protracted Israeli involvement in Lebanon than the political and military leadership previously signaled or publicly sought. Officials have talked about limited raids into Lebanon, but now they seem ready to commit ground forces for at least weeks, if not months.

They said the zone would be much smaller than the strip of southern Lebanon roughly 15 miles deep that Israel occupied for nearly two decades before withdrawing in 2000.

As the war between Israel and Hezbollah continued, four unarmed United Nations observers were killed when an Israeli airstrike hit their observation post near the Israeli border, United Nations and Lebanese officials said. The Israeli Foreign Ministry said that Israel “regrets the tragic death” of the observers, and that it would investigate thoroughly.

The timetable and makeup of an international force remained vague, despite diplomacy by Secretary of State Condoleezza Rice on her second day of a trip to the region. Ms. Rice, who met with Israeli and Palestinian officials after a surprise trip to Beirut on Monday, secured commitments from Israel to allow relief aid into Lebanon, and said she would press Israel to ease border restrictions for Palestinians.

But she left without any sign of a quick end to Israel’s military campaigns in Lebanon or the Gaza Strip.

The United Nations secretary general, Kofi Annan, in Rome for talks on the Middle East scheduled to start Wednesday, issued a statement saying that he was “shocked and deeply distressed by the apparently deliberate targeting” of the United Nations post by the Israeli military. He said the post, at Khiam, was clearly marked, and called on the Israeli government to conduct a full investigation. The official New China News Agency said one of the dead was a Chinese observer.

Elsewhere in southern Lebanon, in fighting over the two Hezbollah strongholds of Bint Jbail and Marun al Ras, Israel said it had killed the Hezbollah leader in the area, Abu Jaafer, and 20 to 30 Hezbollah fighters in a 24-hour period. At least six people were killed in two neighboring houses in a predawn raid on the southern town of Nabatiye.

Hezbollah continued to strike at Israel, firing nearly 100 rockets as of Tuesday night, the Israeli military said. The group’s leader, Sheik Hassan Nasrallah, threatened missile strikes “beyond Haifa.” Hezbollah is believed to have missiles able to reach Tel Aviv.

Another Hezbollah leader, Mahmoud Komati, deputy chief of the group’s political arm, told The Associated Press that Hezbollah was surprised by the force of Israel’s reaction to its capture of two Israeli soldiers. He said Hezbollah had expected “the usual, limited” response such as commando raids or limited attacks on Hezbollah strongholds.

Israel’s defense minister, Amir Peretz, said Israel’s plan for a buffer zone inside Lebanon was being worked out and did not provide details. “We will have to build a new security strip, a security strip that will be a cover for our forces until international forces arrive,” he said.

“We are shaping it, but you can’t draw a single line that will become a permanent line along the entire zone,” Mr. Peretz said on Israeli radio. “Unless there is a multinational force that will enter and take control, a multinational force with the ability to act, we will continue to fire against anyone who enters the designated strip.”

Israeli officials, mindful of the Israeli public’s reluctance to repeat its long occupation of southern Lebanon, say they do not plan a major ground invasion, and do not intend to hold large parts of Lebanese territory for extended periods. Israeli leaders say they want the Lebanese Army to assume control of the border eventually.

Israeli troops do not yet have control over the border strip. A senior government official said Israeli forces intended to clear out Hezbollah strongholds in border villages as the military is already doing in Bint Jbail and Marun al Ras.

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The military plans to move into other villages as well, but "this will not be the re-establishment of the old security zone," said the official, who spoke on condition of anonymity because he was not authorized to speak publicly on the matter. "It is not remotely similar."

"If there is a strong international force, and if the Lebanese government is serious about establishing sovereignty on its border, then we will gladly leave," the official said.

Ms. Rice, meanwhile, won a promise from Prime Minister Ehud Olmert of Israel to allow relief flights into Beirut International Airport, where the runways have been bombed by Israel. Ms. Rice also told the Palestinian Authority president, Mahmoud Abbas, that she would press Israel to ease border restrictions for Palestinians.

Ms. Rice received a warm welcome from Mr. Olmert in Jerusalem, in contrast to the much cooler receptions she received in the West Bank city of Ramallah, and in Beirut on Monday.

But her visit to the West Bank had echoes of her surprise stop in Beirut. In both cases, she assured a largely powerless leader that the United States was sympathetic to the suffering of his people, though American leaders have stopped short of pressuring Israel to let up on its campaign against militants.

Ms. Rice pointedly characterized Mr. Abbas as the "duly elected president" of the Palestinian Authority, and said "the Palestinian people have had to live too long" under harsh conditions.

But just as pointedly, she did not respond to Mr. Abbas's urgent appeal for cease-fires in region, to ease what he said was suffering "beyond the capacity of any human being to endure."

Ms. Rice and Mr. Abbas discussed the release of an Israeli soldier who was seized by Palestinian militants on June 25, setting off the current crisis in Gaza. But Mr. Abbas is seen as having little influence.

Hamas, which holds the Palestinian prime minister's post and controls the cabinet, is demanding an exchange for a large number of Palestinian prisoners. Hamas militants were one of three factions that claimed responsibility for seizing the soldier.

The United States, along with Israel, regards Hamas as a terrorist group and has no official contact with it.

In Ramallah, just as in Beirut, demonstrators protested Ms. Rice's visit. About 250 turned out, with some carrying signs that said in Arabic and English, "Rice, Go Home." A general strike was called throughout the West Bank, and shops in Ramallah were closed as Ms. Rice's motorcade drove through the city, just north of Jerusalem.

With the Beirut airport closed, even Prime Minister Fouad Siniora of Lebanon had to make special arrangements to travel abroad. He boarded a United Nations helicopter near a conference center north of Beirut that took him to Cyprus. He was heading to Rome for the international conference, which Ms. Rice will also attend.

The Lebanese government has now adopted four Hezbollah conditions for a settlement as its own: giving the small disputed slice of border territory known as Shabaa Farms to Lebanon, returning three Lebanese prisoners held by Israel, ending Israeli flyovers into Lebanese airspace, and providing a map showing the location of Israeli land mines in southern Lebanon.

The issue of Shabaa Farms has been the public rationale for allowing Hezbollah, alone among civil war-era militias, to keep its weapons. It was, Lebanese officials have said, resisting continued Israeli occupation.

As the fighting continued, the Israeli military said its aerial attacks included bombing a Hezbollah rocket launching site near the southern city of Tyre, and hitting 10 buildings used by Hezbollah in southern Beirut.

In Mughar, in northern Israel, a 15-year-old Israeli Arab girl died in a Hezbollah rocket strike, family members said. Three other family members were wounded.

Israel also struck in Gaza, with the air force bombing three buildings used for making and storing weapons, according to the Israeli military.

A Palestinian teenager was shot and killed by Israeli troops near Gaza's border fence, Palestinian hospital officials said. The Israeli military said it had fired at people who had planted a bomb.

Palestinian militants fired several rockets into southern Israel on Tuesday, the Israeli military said.

...

Ms. Rice said: "It is time for a new Middle East. It is time to say to those that don't want a different kind of Middle East that we will prevail. They will not."

Ms. Rice and other administration officials have repeatedly blamed Hezbollah for starting the crisis in Lebanon with a raid into Israel on July 12 that resulted in the deaths of three Israeli soldiers and the capture of two more who were taken into Lebanon.

While strongly supporting Israel, the Bush administration does not want to see the democratically elected Lebanese government harmed by the current conflict.

"I have no doubt there are those who wish to strangle a democratic and sovereign Lebanon in its crib," Ms. Rice said. "We, of course, also urgently want to end the violence."

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Saudi Arabia pledged a financial package of $1.5 billion to aid the Lebanese economy and help rebuild the country, the official Saudi news agency reported.

International support is building for a multinational force in southern Lebanon, but many issues are unclear, including which countries would send troops. An American official traveling with Ms. Rice said he believed that those questions would be worked out.

"I think you will hear about the impossibility of deploying an international force until the day it is deployed," the official told reporters, speaking on condition of anonymity because he was not authorized to speak publicly on the issue. "But there will be an international force, because all the key players want it."

In Rome on Wednesday, Ms. Rice is expected to talk with Arab and European officials about the makeup and mandate of such a force.

With the United States' military already stretched with commitments in Iraq and Afghanistan, Ms. Rice has said she does not anticipate American troops' being part of a force in Lebanon.

France is perhaps the most likely European country to contribute troops, given its history with Lebanon. France administered Lebanon as a protectorate from 1920 to 1943, and the former Lebanese prime minister, Rafik Hariri, who was killed in a car bombing last year that many believe was linked to Syria, was a close friend of the French president, Jacques Chirac.

But France is resisting the American idea of moving a force in quickly, insisting on a cease-fire first, followed by a political agreement between Israel and Lebanon that would also be accepted by Hezbollah, said Jean-Baptiste Mattéi, the French Foreign Ministry spokesman.

Big Ground Campaign In Lebanon Would Present Perils For Israel (WSJ)

By Guy Chazan And Karby Leggett

The Wall Street Journal, July 26, 2006

During a week of high-stakes diplomacy, Israeli and U.S. officials have played down the prospects for a cease-fire soon in Lebanon. But a crucial question overhangs the discussions: Can Israel win a full-scale ground campaign against Hezbollah -- and what would be the cost? 1

How Israel fares could shape the future of military operations in the Middle East. Across the region, the traditional focus on state-to-state warfare is slowly being replaced by an emphasis on how to fight -- and defeat -- increasingly heavily armed paramilitary forces, such as Hezbollah, insurgent groups in Iraq and Islamic militants in Gaza and elsewhere.

With their overwhelming military superiority, Israel's armed forces say there is no doubt about their ability to vanquish Hezbollah. But so far, progress on the ground has been slow, with mixed results. That's led to disagreement over whether the strategy so far -- which has emphasized the use of elite special-forces units over heavy armor and massive infantry -- is the best approach.

Indeed, a week after Israeli soldiers first crossed into southern Lebanon, some Israeli politicians, military officials and analysts say that to defeat Hezbollah there would take far more than the thousands of Israeli soldiers now deployed and require a sizable chunk of Israel's military firepower, as well as a commitment to fight for as long as it takes. Even then, they say, a major ground campaign against Hezbollah could turn into one of the most difficult battles the Israel Defense Forces have ever fought.

"More and more of our forces will have to be deployed in Lebanon while we wait for [an] international force, or for the Lebanese army" to arrive, says Ephraim Sneh, a member of Israel's Parliament and a former senior Israeli military commander.

Tuesday, Israel's military continued a steady buildup of forces along its northern border with Lebanon. Though military officials insist they won't occupy the country, they say a wider ground offensive against Hezbollah is possible. They have also discussed establishing a secure zone in southern Lebanon that would be controlled by Israeli troops until an international force could be deployed in the border region. (See related article.6)

Hezbollah, a well-organized guerrilla force, is one of the region's most deadly players. The group has an army of highly trained soldiers and competent reservists that numbers well over 10,000. Hezbollah fighters are armed with rockets and missiles that can strike deep inside Israel. They also have huge stores of rocket-propelled grenades, anti-tank and anti-personnel mines and a large supply of machine guns and ammunition.

Most problematic of all, Hezbollah operates in a loose network of cells that can't easily be hunted down. Guerrillas often move through hidden underground tunnels and bunkers, and also sometimes hide in civilian homes. They know the battlefield terrain far better than anyone else.

In two weeks of fighting, Israel has flown more than 4,500 air sorties and hit more than 2,000 Hezbollah targets, including dozens of weapons caches and mobile rocket-launch sites. Tuesday, it said it had killed a top Hezbollah commander in the region. Some Israeli military officials say the campaign, whose successes include Tuesday's seizure of Bint Jbeil, a Hezbollah stronghold in southern Lebanon, has degraded Hezbollah's military capability by nearly 50%.

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"In Hezbollah's worst dreams it never expected the Israel Defense Forces to enter Bint Jbeil and take it over during this campaign," Major Gen. Yiftach Ron-Tal told Israel Radio Tuesday.

But Israel also has suffered some significant losses. One of its most-sophisticated warships was seriously damaged by a Hezbollah missile. In recent ground fighting, it lost two of its Merkava 4s -- among the world's most advanced battle tanks. It has also lost three Apache helicopters due to pilot error or technical failure. In all, some 42 Israelis -- civilians and soldiers -- have died in the fighting. In Lebanon, 418 have been killed, the vast majority civilians.

Even as Israel has devastated Lebanon's infrastructure from the air, it has made little measurable progress on the ground, a reflection of the complexities of battling Hezbollah guerrillas. Indeed, after a week of limited ground operations, Israeli troops have taken control of just two main Hezbollah strongholds, both close to the border.

More significantly, Hezbollah militants still control the territory from which they have been launching missiles at northern Israel. More than 2,500 of those missiles have landed on Israeli towns since the start of the fighting.

Tuesday, an Israeli teenager was killed and more than a dozen people injured as more than 50 missiles landed across the north. Meanwhile, an Israeli airstrike killed four United Nations workers at an observation post along the Lebanese border.

Military experts say Hezbollah, which is still husbanding thousands of rockets, could continue its bombardments for weeks or even months, unless the Israeli military can defeat the group on the ground. Israel has nearly 500,000 reservists if it wants to activate them. But the cost of a full-scale offensive on Hezbollah's own terrain could be very high.

To understand why, consider the recent battle for control of Bint Jbeil, a Shiite village just 2.5 miles from Israel's border. Monday night, Israeli special forces entered the town and immediately encountered sniper and anti-tank fire. Later, other Israeli forces were hit by friendly fire from an Israeli helicopter called in to provide air cover.

Two tanks were then dispatched to evacuate the wounded soldiers, but they also soon came under Hezbollah attack. One set off a roadside bomb planted by Hezbollah; the other was hit by a Hezbollah anti-tank missile.

The result: two Israeli soldiers were killed and at least three wounded. Fifteen out of the about 100 Hezbollah fighters operating in Bint Jbeil were killed, according to Israeli media reports. Heavy fighting continued Tuesday, though Israeli officials said they had gained control of most of the town.

Bint Jbeil isn't an isolated instance. The event that sparked the current conflict -- a Hezbollah ambush on an Israeli military patrol -- followed a similar script. After an initial attack inside Israel, Hezbollah snatched two Israeli soldiers and then darted back into Lebanon. Five more soldiers were killed in the ensuing rescue effort. In all, Hezbollah held off the Israeli Defense Forces for several hours before melting away into the mountains at sundown.

Such encounters have fed tension between Israel's top military officials -- who believe it isn't possible to wipe out Hezbollah without a sizable increase in troops on the ground -- and an Israeli government fearful of rising casualties and reluctant to declare a mass call-up of reservists that could add to the conflict's huge strain on the economy. In both camps there is a fear of being sucked into protracted combat that would evoke painful memories of the previous occupation of Lebanon from 1982 to 2000.

Some military analysts say Bint Jbeil is typical of what the Israeli military would face on a far bigger scale if it extends the war to Hezbollah's other strongholds. In all, Israel's military would like to clear much, if not all, of southern Lebanon, an area of roughly 1,000 square miles -- slightly smaller than Rhode Island -- that's filled in part with rugged mountains, rivers and deep canyons. So far, with Bint Jbeil and another village, Maroun al Ras, Israel has captured only a tiny fraction of Hezbollah territory.

If Israel succeeded in defeating Hezbollah, its victory would bring new dangers. Protracted fighting would likely topple Lebanon's weak government and create a dangerous power vacuum that would probably benefit Hezbollah more than any other group in Lebanon. Moreover, with Israel having ruled out reoccupying Lebanon, a victory could well be followed by a rapid withdrawal, setting the stage for a quick return of Hezbollah militants. And a long slog that led to heavy Israeli losses -- in life and equipment -- could foster the impression in the Arab world that the Israeli military had been seriously weakened, possibly energizing Islamic militants.

Analysts say the Israeli campaign in south Lebanon could end up being meaningless unless it moves north in strength, or an international force or the Lebanese army is quickly deployed to take control of the border region. Yet the arrival of such a force could take weeks, or even months, leaving Israel with the dilemma of how to deal with the area in the meantime.

Some Israelis fret that a massive troop deployment in the area could play into Hezbollah's hands. "They want us to invade, with ground forces and armored units, because they know they'd be an easy target for them," says Mr. Sneh, the Israeli politician.

Israel Finding A Difficult Foe In Hezbollah (NYT)

By Steven Erlanger And Thom Shanker

The New York Times, July 26, 2006

DOJ_NMG_0043264

JERUSALEM, July 25 — A week ago, Israeli officials said their military had knocked out up to half of Hezbollah's rocket launchers and suggested that another week or two would finish the job of incapacitating the Lebanese militia. That talk has largely stopped.

Hezbollah is still launching 100 rockets a day at Israel, nearly as many as it did at the start of the war. Soldiers return from forays into Lebanon saying the network of bunkers and tunnels is more sophisticated than expected. And Iranian-made long-range missiles apparently capable of hitting Tel Aviv remain in the Hezbollah arsenal.

"Two weeks after Israel set out to defeat Hezbollah, its military achievements are pretty limited," lamented Yoel Marcus, a columnist and supporter of the war, in the daily Haaretz on Tuesday.

Israeli military commanders say they are not surprised. The struggle is so difficult, they say, because Hezbollah is an organized, well-trained and well-equipped force and is fighting hard.

"Hezbollah is organized more like an army than the Palestinian militias, and they are supported with some of the best weapons systems that Iran and Syria have," said Yaakov Amidror, an Israeli major general, now in the reserves, who headed the research and assessment branch of Israeli military intelligence.

"Never before in history has a terrorist organization had such state-ofthe-art military equipment," from medium-range rockets and laser-guided antitank missiles to well-designed explosive mines that can cripple an advanced tank, General Amidror said.

At the same time, Hezbollah has no armor or easily visible storehouses or logistics lines, the Israelis say, and its members live among the civilian population of southern Lebanon, storing their weaponry in civilian buildings.

That is why Israel's top commanders say this operation may take many weeks.

That is a judgment supported in Washington by Henry A. Crumpton, the former director of the C.I.A.'s campaign in Afghanistan in 2001-02 and now the State Department's coordinator for counterterrorism.

Hezbollah has "been able to build pretty stalwart defenses, pretty elaborate bunker systems, and they are fighting hard right now," he said Tuesday, adding, "So it will take a while for the Israelis to get in there and deny that space."

At the Pentagon, senior military planners cast the conflict as a localized example of America's broader campaign against global terrorism and said any faltering by Israel could harm the American efforts in Iraq and Afghanistan.

Hezbollah "has features of a stateless terrorist organization, but it also holds territory — and is quite dug in there — and is able to hold at risk the population of the regional superpower in the way that only national militaries once could," said a senior military officer with experience in Iraq, speaking on condition of anonymity because he is not authorized to speak publicly on the issue.

In Israel, there is a debate over the army's tactics and performance, but that has centered mostly on the effectiveness of the air war and the slow speed of ground operations.

A government minister, Eitan Cabel, a former paratrooper, caused a stir on Sunday when he expressed disappointment in the performance and speed of the army. "I admit I had hoped for better from the army," he said, arguing that it was illusory to try "completely to eliminate Hezbollah as an armed force in Lebanon."

Avi Dichter, the Israeli minister for public security and until recently the director of the Shin Bet domestic security agency, said, "If there are surprises, they're local surprises, not strategic surprises."

By that he meant the depth and quality of Hezbollah's underground bunkers and storehouses, Israeli officials said. Mr. Dichter said Israel's deliberate pace was an effort to minimize casualties — both to Israeli forces and to Lebanese civilians.

"You can do it in a short time," he said. "You can flood southern Lebanon with ground troops and you can bomb villages without warning anyone, and it will be faster. But you'll kill a lot more innocent people and suffer a lot more casualties, and we don't intend to do either."

Yuval Steinitz, who heads the defense preparedness subcommittee of Parliament's Foreign and Defense Committee, is critical of the current pace, arguing that the air war has not been sufficient. A ground war should have started sooner and should be prosecuted more energetically, he said, occupying southern Lebanon northward at least to the Litani River, some 15 miles from the border.

He agreed, though, that "there have been no serious surprises on the intelligence level about Hezbollah." In fact, he said, Israeli intelligence was good enough that the air force was able to hit a large portion of Hezbollah's most powerful and longerrange missiles in the first 48 hours of the air war.

But Hezbollah's thousands of short-range Katyusha rockets and their launchers, some of which are simple tripods that can be stored in houses, are much harder to identify and hit from the air, Mr. Steinitz and others said.

Israel's difficulty, given how quickly the war began, has been to get necessary intelligence information to infantry units in real time, Mr. Steinitz said. "Some of the intelligence about what's on the ground is very sensitive, and Hezbollah did not know we had it, and there are cases where it hasn't been delivered in due time to the unit."

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In secret committee hearings less than two years ago, Mr. Steinitz said, he and others on the committee debated the army's plans for an air war against Hezbollah. "We said that you can't just do it from the air, and not in three days. We said you can do a good job, inflict a heavy blow to Hezbollah and reduce rocketing. But you can't stop it, and a quarter of Israel will be in the shelters."

Part of what makes Hezbollah unique as a nonstate militia is its store of more than 10,000 rockets, including a few hundred Syrian- and Iranian-made missiles that can go more than 60 miles and carry large warheads. Some of the Syrian missiles, like the ones that hit a Haifa railway yard, have warheads filled with antipersonnel weapons like ball bearings.

A Katyusha can be launched, on command, by a man who takes it from his house and can be back inside, as a civilian, in 10 minutes, General Amidror said. "He's under command, but he has his own logistics, and he lives as a civilian among civilians. And only the ground forces can deal with these guys in the villages."

Unlike the Palestinian militias, Hezbollah is organized into specialty units: one to fire long-range missiles, another to fire antitank rockets, still another for demolitions. They are well trained by Iranians, in Iran, Lebanon or Iraq, General Amidror said. Each combat unit fights as a unit, with tactics. The full-time fighters number about 3,000, the Israelis say. A wider circle of part-time militiamen — guards, Katyusha launchers — numbers several thousand more.

Mr. Crumpton, the American official, said that resupply of small arms was impossible to stop, but that American intelligence reports indicated that the Israelis had blocked the resupply of larger missile systems.

"We haven't seen anything in the last few days of missiles coming from Syria across the border into southern Lebanon," he said. "Right now it's very difficult for any kind of movement into southern Lebanon because of the Israeli efforts."

Mr. Crumpton said Israel was damaging Hezbollah's infrastructure. "It's not just about the missiles and launchers," he said, "it's about the roads and transport, the ability to command and control. All that is being degraded. But it's going to take a long time. I don't believe this is going to be over in the next couple of days."

Heavy Fighting Slows Israel's Ground Forces (WP)

By Jonathan Finer And Anthony Shadid

The Washington Post, July 26, 2006

AVIVIM, Israel, July 25 -- Israeli tanks and infantrymen fought house to house Tuesday against Hezbollah fighters whose hit-and-run tactics and punishing attacks have frustrated Israeli troops and slowed their onslaught.

By early evening, Israeli forces said they had seized control of Bint Jbeil, one of the largest Lebanese border towns, which one Israeli general called a Hezbollah "capital." An Israeli military spokesman said that Israeli forces had also shot dead a senior Hezbollah commander for the central section of the border.

Several days of intense clashes gave way by late afternoon Tuesday to sporadic firefights. Exchanges of Israeli artillery and airstrikes and Hezbollah mortars and rockets, which shook the surrounding hills, turned dry patches of ground into smoke-spewing fires.

Some Israeli soldiers involved in the fight, their faces drawn with fatigue, expressed frustration at Hezbollah's tactics while grudgingly acknowledging their effectiveness.

"They don't come right at us because they know we'll shoot them. So they just shoot and run away, shoot and run away. They do what they can do, and we do what we can do," 1st Sgt. Erez Kremer, 21, a tank commander, said in an interview after returning from a 72-hour mission in Lebanon. A Hezbollah missile had narrowly missed his vehicle Tuesday morning, he said, exploding on the side of a nearby building.

"If they face us, they don't have a chance," he said. "I think they fight like cowards, but it can be effective."

...

Peretz gave no indication of the size of the zone envisioned, nor of when or for how long it would be established. But the phrase "security strip" evoked memories of the buffer established after Israel's 1982 invasion and the subsequent 18-year occupation of southern Lebanon that helped give birth to Hezbollah. The radical Shiite group's bloody guerrilla campaign helped push Israel to withdraw from Lebanon in 2000.

Col. Hemi Livni, commander of troops along the western part of Israel's border, told Israel's Army Radio on Tuesday that operations would be limited to southern Lebanon and would not be "going beyond that."

The Lebanese border towns of Bint Jbeil and Maroun al-Ras have seen the heaviest fighting of the two-week conflict. Israeli commanders say Hezbollah has massed its forces in the towns, and a stream of Israeli troops and armor flowed into and out of the area day and night. The conflict began July 12 when Hezbollah fighters captured two Israeli soldiers in a cross-border raid and killed eight others.

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Blasts reverberated across the hilly terrain of southern Lebanon north of Bint Jbeil. Some residents fled the fighting in cars, usually flying white flags. Others walked the winding roads toward the relative safety of towns farther north such as Tibnin or Tyre. On hillside after hillside, bombing had left terraced farms charred. Plumes of smoke rose over some villages.

Dozens of people who fled Bint Jbeil arrived in the morning in Tibnin, where they joined at least 1,350 people huddled in a hospital that has become a camp for the displaced. Many were angry, frustrated and scared.

"This isn't our land?" asked Hoda Fawwaz, 50, carrying a blue radio tuned to broadcasts of Hezbollah's radio station, al-Nur. "They're the ones aggressing against us. We're not the ones aggressing against them."

Others shouted condemnations of Israel, the United States and other Arab states for failing to defend them. "God destroy Israel," said Hassan Hamza, 19.

Meanwhile, Israel's battle-weary Bokim Battalion, which lost two soldiers in Hezbollah ambushes Monday, returned from the fighting exhausted Tuesday afternoon, lounging in the shade of a kiwi grove and hanging their sweat-soaked uniforms out to dry. They described a complex attack in which one of their tanks, sent to evacuate wounded ground fighters, was pounded by three Hezbollah missiles. A second tank struck a mine or other explosive as it rushed to provide aid, they said.

"My radio only lets me hear people inside the vehicle, so I didn't realize right away that they had died. Then I just started to cry. I couldn't stop," said Avi Chai, 19, a tank driver whose hands and arms were still black with smoke and grease. Beside him, soldiers stripped to their T-shirts sung along to Hebrew pop songs as another soldier played guitar.

"It's easier not to talk about it," Chai said. "You just feel heavy."

Sgt. Omri Asor, 21, said the loss "only boosts our motivation."

"It's strange to lose someone close to you, who you know," he said. "It's not like seeing a soldier die on TV. It's a totally different impact."

An army major, speaking on condition that only his first name, Eli, be used, said he took over the battalion when its commander was badly wounded in the attack Monday. He said his soldiers would have no problem continuing to fight, despite the losses.

"Everybody knows that this is war, and until we finish our objectives, we cannot cease. Guys have to keep fighting because right now there is not time to think," he said. "They all, every one of them, know exactly what they are fighting for. Their families are hiding in shelters because of these rockets. And it's up to us to take them out."

In an evening briefing for reporters, Brig. Gen. Gal Hirsch, commander of the Israeli army's Galilee Division, which is responsible for the Israel-Lebanon border, said Israeli forces had fought "alley to alley and house to house" for Bint Jbeil. The town was the site of a much-publicized 2000 speech by Hezbollah leader Hasan Nasrallah in which he called Israel "more fragile than a spider web."

In recent days, Israeli news outlets, which had largely lined up behind the army's conduct of the war, have begun to ask why an army that once defeated the armies of several Arab neighbors in six days was finding it so difficult to push one militia off Israel's border.

Hirsch acknowledged that Hezbollah was "well-trained, well-supported and well-equipped" but said his forces had "badly hurt" the group in recent days.

"When you fight a regular army, it's different from fighting against terrorists and guerrillas. They are using everything they have extensively. They have been preparing for this for many years, and we are taking action to dismantle all of that," Hirsch said. "The government has given me plenty of time, and I intend to use it as long as it takes."

Shadid reported from Tibnin. Special correspondent Tal Zipper in Avivim contributed to this report.

Why Syria Has Much To Lose If Hezbollah Is Finally Halted (NYT)

By Neil MacFarquhar

The New York Times, July 26, 2006

DAMASCUS, Syria, July 25 — As the war between Israel and the Lebanese militia Hezbollah slogs into its third week, Syrian officials and analysts say the nature of the longstanding relationship between Damascus and the militia appears to be shifting, with Syrian leverage rapidly diminishing.

For the decades when Syrian soldiers were deployed in Lebanon, Damascus kept firm control over the pipeline of arms to Hezbollah and could generate or suppress its activities with little trouble. Now, analysts argue, even if asked, Syria may have trouble tamping out the flames.

“The cards are being thrown in the air in a significant way, and it’s not clear how they will land,” said one Western ambassador, declining to be identified further because he lacked permission from his capital to speak officially. “There may be a new strategic situation in the making because Israel does not have the overwhelming strategic superiority that it thought it had.”

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The basis of that new equation is Hezbollah's continued ability to land rockets deep inside Israel despite two weeks of punishing assaults, with plenty of indications suggesting it can fire for weeks, if not months.

Indeed, with each passing day, the sight of an Arab force hitting Israel with rockets makes Hezbollah increasingly popular across the region and therefore more costly to restrain, particularly because the Israelis have labeled the struggle a death match. Given the chilly United States approach to Damascus, with no promise of anything for cooperating, it is also not clear why Syria would want to squash Hezbollah.

"Essentially you are asking them to connive in their own demise," the ambassador said. "Persuading Hezbollah to commit hara-kiri doesn't make sense from Syria's point of view. It would mean the loss of their No. 1 card, not only in Lebanon, but with Israel."

Hezbollah is believed to have enough of the 13,000-plus rockets it announced were in its arsenal in 2005 to keep going for a couple of months anyway.

Ironically, by forcing Syria to withdraw its military from Lebanon last year, the United States and its allies diluted the significant direct leverage Syria might have had over Hezbollah.

The consensus here is that Iran, Syria and Hezbollah were all taken aback by the ferocity of Israel's response to the capture of two soldiers; the seizure seemed to fall within the unspoken rules of limited engagements. Similar operations had prompted prisoner exchanges in the past, the current demand by Hezbollah for ending the fighting.

Syrian officials are coy when queried how they might rein in Hezbollah, deflecting the question by saying all the problems in the Middle East could be solved through a comprehensive plan to end the Arab-Israeli dispute. But they hint broadly that Syria can deliver, arguing that the omission of Syria, Hezbollah and Iran from diplomatic talks in Rome on Wednesday renders those discussions meaningless.

"I don't think there is any possible solution without Hezbollah and Syria being at the table," said one Syrian official, speaking on condition of anonymity because diplomatic relations are so fraught. "Any solution has to take into account the real force in the region. Syria and Hezbollah are a growing force; they are not getting weaker, they are getting stronger."

President Bush, Secretary of State Condoleezza Rice and others in the administration have said repeatedly that Syria can and should leash Hezbollah, suggesting that maybe Washington's Arab allies can wean Damascus away from its alliance with both Iran and Tehran's militant Shiite offspring. In some ways, those are two separate questions, the alliance with Tehran being rather more a passing necessity than a real desire.

Strengthened ties with Iran make Syria feel stronger in the region, along with other factors, like the election of Hamas to lead the Palestinian parliament, and the situation in Iraq. But the link is not hugely popular in Damascus. One prominent economist compared it to a "pleasure marriage," a temporary union between a man and a woman that Shiites allow for immediate gratification.

"The relation with Iran is the kind of relation created under pressure, when you close all doors in front of Syria," said the economist, Samir Seifan, noting how the United States, the West and their Arab allies have all shunned Damascus for over a year. "This is the only door we have: Hamas, Hezbollah and Iran. But it is not in the long-term interests of Syria."

Investments in Syria from Arab states bristling with oil wealth, for example, have basically dried up. There is no sign that will change, particularly because the people orchestrating the street demonstrations in Damascus push participants to chant against Arab leaders who have criticized Hezbollah.

"Abdullah, you pig, tomorrow we will drag you in chains," went one recent refrain, referring to the king of Jordan. Another suggested that President Hosni Mubarak of Egypt was a lowly real estate broker who should be dumped.

Ultimately, Syria still hopes the crisis will provide an opportunity to reassert itself as a country that needs to be consulted, particularly when it comes to Lebanese affairs.

Moreover, being in the mix allows it to chase two essential goals of the ruling Baathist Party — the spoken desire to regain the Golan Heights, taken by Israel in the 1967 war, and the unspoken desire to remain in power for a good long time by forging alliances that bring prosperity and development.

"The priority is to preserve the regime; the Golan will come later," said Mohamed Shahrour, a political activist.

Hezbollah Vows Rockets Deeper Into Israel (AP-Y)

By Sam Ghattas

AP2, July 26, 2006

Hezbollah leader Sheik Hassan Nasrallah vowed Wednesday that his fighters would now begin firing rockets deeper into Israel, beyond the northern port city of Haifa which has suffered under hundreds of Hezbollah barrages.

The Shiite cleric also said Israel's 2-week-long military offensive against Lebanon is linked to a U.S.-Israeli plan for "a new Middle East," a term used repeatedly by Secretary of State Condoleezza Rice during her visit to the region this week.

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Nasrallah, speaking on Hezbollah's al-Manar television, said Israel would have attacked his forces in southern Lebanon by October but moved early when his guerrilla forces captured two Israeli soldiers on July 12.

"In an American and Zionist assessment, there are obstacles to a new Middle East. In the new Middle East, the Palestine cause should be liquidated," Nasrallah said in a televised speech aired also aired on Lebanese and Arab satellite channels early Wednesday.

"In the new Middle East, there is no place for any resistance movement. The resistance movements in Palestine and Lebanon must be eliminated," Nasrallah added.

Israeli 'Doves' Say Response Is Legitimate (WP)

By John Ward Anderson

The Washington Post, July 26, 2006

JERUSALEM, July 25 -- Yossi Beilin, one of Israel's most prominent peace activists, has a problem, and it is not the predictable one.

It's not that he's a lonely dove speaking out against Israel's strikes on Beirut and other Lebanese cities, or that he alone seems to remember the deep scars left by Israel's 18-year military occupation of southern Lebanon. Quite the opposite. Beilin's problem is that this time around, with some reservations, he supports Israel's war against Hezbollah in Lebanon -- and that leaves him feeling, in a word, conflicted.

"People like myself led the movement to withdraw from Lebanon in 2000, and when we were asked what would happen if they continued to use violence against us and shoot at us from Lebanon, we said that when we leave Lebanon according to a U.N. agreement, then we will have a free hand to use against those who act against us," said Beilin, who was justice minister at the time of the pullout. "This is why we find ourselves in a difficult situation. We cannot criticize everything the government does, especially since it is clear-cut that there was no Israeli provocation."

Two weeks into a war that began after a cross-border Hezbollah raid captured two Israeli soldiers, Israelis have shown extraordinary unanimity in backing Prime Minister Ehud Olmert's military campaign to inflict a punishing and perhaps lethal blow to the militant Shiite group, despite a rain of rockets into northern Israel and hundreds of civilian deaths and widespread bombing destruction in Lebanon.

This singularity of purpose, which bridges Israel's weary center, dovish left and hawkish right in a way rarely seen here, is all the more striking coming just six years after Israel's unilateral withdrawal from the self-declared security zone it held in Lebanon for nearly two decades, ending a painful experience that inflicted deep wounds on the national psyche and might have made some wary of reentering the Lebanese morass.

"Lebanon was Israel's Vietnam, and when we went there in 1982, it was really a march of folly, it was wrong morally, it was wrong strategically, and we paid dearly for that grave mistake," said Ari Shavit, a dovish columnist for Haaretz newspaper, referring to the full-scale invasion masterminded by then-Defense Minister Ariel Sharon to drive out the Palestine Liberation Organization.

But today is different, he said, "because Israeli is not the aggressor marching into another land." Rather, the current campaign "is an old-fashioned war where we are right, and we were attacked for no reason whatsoever. This is probably the most justified war in our history."

In a survey published Friday by Israel's Maariv newspaper, 95 percent of those sampled said that attacks against Hezbollah were justified, and 90 percent said that fighting should continue until Hezbollah was pushed away from Israel's northern border.

"Do you think it was easy for us to decide to go back into Lebanon?" said Israel Mizrahi, 46, a Jerusalem printer with six children. "We waited many years, holding back, until everything exploded."

"These people have to be taught a lesson," he said. "Why should I care about Lebanese civilians? Have you heard them talking on TV? They hate Israel. They want to destroy Israel. They hate Jews. Why should I have mercy on them when we are being attacked from their country?"

But despite the broad support, some Israelis are starting to speak out against the way the battle is being conducted, questioning less the justice of striking back at Hezbollah than the way it is being done. They note the high number of civilian casualties in Lebanon, prewar intelligence failures about Hezbollah's strength and gaps in Israel's military offensive that are permitting dozens of rockets to land in northern Israel every day. Articles on the editorial pages are starting to show more edge, and the word "quagmire" is beginning to pop up on talk radio.

"We are not really totally wiping out Hezbollah using some kind of super force, nor are we really sparing innocent Lebanese civilians who are being used as human shields by the terrorists," said a frustrated Rina Kline, 36, an elementary school teacher

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from Tzur Hadassah, on the southern outskirts of Jerusalem. "We're flattening empty buildings and then going back and bombing them again, while they're still shooting missiles at us and half the country is still sitting in bomb shelters."

"I'm sorry to say it, but Hezbollah is maybe a better army than the IDF," said Keren Kavim, a makeup artist and stylist from Jerusalem, referring to the Israel Defense Forces. "We have our best-trained soldiers up there, and Hezbollah is making a laughingstock out of them."

Beilin, an architect of the 1993 Oslo accords between Israel and the Palestinians and a negotiator at the failed Camp David peace summit in the summer of 2000, said he doubted that current military operations would disarm Hezbollah or push it from the Israel-Lebanon border, an outcome that will turn the Israeli public's current support into disillusionment. Instead of attacking Hezbollah and Lebanon, he said, Israel should have hit neighboring Syria, which supplies the group with arms and other support.

Shavit, the columnist, said Israeli strikes were killing too many civilians and needed to be more focused on Hezbollah targets. "We must make sure not to hurt or destabilize Lebanon, and to keep this war decent in its means, not just in its ends," he said.

"In every war in this country or any country, there is always a huge amount of public support in the early days, which will last precisely until people start dying, until we can't count the victims on our hands," said Dalia Rappaport, 59, whose youngest son is a soldier in the Israeli army but is not currently serving in the north. "The support of the government and the army will decline at the same rate as people are being killed."

That is precisely what happened in Israel's 1982-2000 occupation of southern Lebanon, recalled Nahum Barnea, a columnist with Yedioth Aharonoth, Israel's largest daily newspaper. The occupation muddled along without great domestic opposition until February 1997, when two Israeli transport helicopters collided in midair, killing all 73 soldiers and air crewmen aboard. "This made the Lebanon price too high to swallow," he said.

Today, with so many people in Israel displaced, so many reservists mobilized and so many families having children in uniform, "you can't behave as if this is someone else's war," he said. And having a broad-based government, led by Olmert's centrist Kadima party and including Labor Party leader Amir Peretz as defense minister, "makes it much easier to launch a military strike against someone," Barnea added.

But the lessons of Lebanon have been learned, he said. "It's clear that sending ground forces into Lebanon on a grand scale would not only be a problem, it would be a catastrophe politically," Barnea said. At the same time, "one of the main reasons Israel bombed parts of Beirut so hard was not tactical or strategic or military, it was to draw the attention of the world," he said.

"That's how this campaign is different in a major way from the last one," Barnea said. "From the beginning, Israel didn't want to conquer Lebanon or force Hezbollah to surrender, because it knew it couldn't get that. But it wanted the world to understand that the problem is so hard that they need to intervene, and you can't get the attention of the world unless you start to bomb civilians."

Hezbollah: Israeli Onslaught A Surprise (AP-Y)

By Scheherezade Faramarzi

AP2, July 26, 2006

A senior Hezbollah official said Tuesday the guerrillas did not expect Israel to react with an all-out offensive after the capture of two soldiers, the first acknowledgment by the group that it had miscalculated the consequences of the raid two weeks ago.

Mahmoud Komati, deputy chief of the Hezbollah's political arm, also told The Associated Press in an interview that the Shiite militant group will not lay down arms.

"The truth is — let me say this clearly — we didn't even expect (this) response ... that (Israel) would exploit this operation for this big war against us," said Komati.

He said Hezbollah had expected "the usual, limited response" from Israel after the two soldiers were seized by guerrillas on Israel's side of the border on July 12.

In the past, he said, Israeli responses to Hezbollah actions included sending commandos into Lebanon, seizing Hezbollah officials and briefly targeting specific strongholds in southern Lebanon.

Komati said his group had anticipated negotiations to swap the Israeli soldiers for three Lebanese held in Israeli jails, with Germany acting as a mediator as it has in past prisoner exchanges.

He said Hezbollah captured the Israeli soldiers from a military area, but charged that Israelis had taken Hezbollah leaders from their homes at night.

"The response is unjustified," Komati said. He claimed the Israeli offensive was planned in advance, and Israel was only "waiting for the right time" to carry it out.

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Asked about reports that Hezbollah has been firing Iranian-made missiles on Israel, Komati said: "We don't deny nor confirm. We believe where the weapons come from is irrelevant."

Hezbollah leaders previously have denied that Iran was supplying them with weapons.

Komati said Hezbollah has weapons made in various countries, including the United States, France, China and Russia.

"Some of our fighters carry M16s. So you think we buy them from America?" he asked.

Komati said Hezbollah demanded an immediate end to Israeli attacks before agreeing to negotiate and rejected a plan proposed by Secretary of State Condoleezza Rice during her visit to Beirut.

The plan calls for the deployment of international and Lebanese troops in southern Lebanon to prevent Hezbollah attacks on Israel before a cease-fire.

"No one can talk about politics while the fire rages, and killings occur," Komati said.

He was adamant about Hezbollah's refusal to disarm because of what he said was Israeli occupation of Lebanese land, the "threat of Israeli aggression" and the Lebanese held in Israeli jails.

'God Stop The Bombs!' (WP)

By Anthony Shadid

The Washington Post, July 26, 2006

TIBNIN, Lebanon, July 25 -- The Israeli shells thundered into the charred hillside above the Tibnin General Hospital. There were two, then another, then two more, the uneven cadence of an attack on Tuesday. The walls shuddered and acrid smoke drifted through the building. Huddled inside were at least 1,350 Lebanese in hallways, rooms, stairwells, a lobby and a basement lit by a few candles, hiding with little water, less food and almost no hope of salvation from a war that provoked their flight and had returned to their doorstep.

"Oh Lord!" cried 60-year-old Saadeh Awadeh, leaping up from a tattered cushion against a wall. "God stop the bombs!"

Her screams made children cry, their tangled wails wrapped in suffocating heat. Her pleas, in vain, angered others.

"Shut up!" one man shouted from down the crowded ground-floor hallway barely lit by the sun.

The Tibnin hospital, eight miles from the Israeli border, a half-hour drive to the coastal city of Tyre in peace, is a Guernica-like tableau of suffering, desperation and anguish, the nexus of the country's unfolding humanitarian crisis in a hilly redoubt near an ancient fort almost unreachable by perilous roads. There are no doctors here. Water does not run. The electricity was cut on the war's first day.

Elderly women, fleeing two weeks of fighting since, have wrapped their swollen, bloodied and bruised feet in gauze. Five babies have been born premature since the fighting started. There is nowhere to bathe them. In another hallway, Abeer Faris cradled in her arms her 3-day-old infant, whom she carried on foot from the besieged city of Bint Jbeil nine hours after giving birth.

"The country is grieving," said Hussein Qadouh, a 43-year-old who had left his home in Tibnin and sought shelter inside.

"There's death all over the place," said Mustafa Wehbe, a 45-year-old, standing next to Qadouh.

Lebanese along the border started fleeing to Tibnin on the war's first day. It was a bigger town than most, known as a picnic spot, perched over tobacco farms, rows of pines and the gracefully aged, rocky hills of southern Lebanon. The first stone of its fort was laid in 1850 B.C., and the town was long ago a resting place for caravans. The hospital was renovated, a seemingly safe place from bombing. So they came -- a few at first, then hundreds and dozens more Tuesday, from fighting growing more intense by the day. And here they wait, in a narrative of war's suffering, tragedies more personal than political.

Entering the lobby was like opening an oven door, and anger, fear and abandonment poured forth. People crowded for space along the tile floors and underneath an entrance that bore the hospital's name in metal-worked, gold lettering. The walls were adorned with faded red-and-white Lebanese flags.

"Get us out of here!" one person pleaded.

"Help us!" another cried.

"Have you brought any food?" someone else shouted.

There are no shops open in Tibnin, once a town of 4,000. Families said they were surviving on one meal a day; estimates of the sick ran from 40 to more, mostly children. The hospital administration has largely fled; so have the doctors. Hardly any aid can reach the town on winding, remote roads where Israeli forces have repeatedly struck civilian cars. The hospital's lifeline is the Lebanese Red Cross, which lost two ambulances Sunday night when Israeli rockets pierced their roofs. On most days, sometimes in several trips, the ambulances bring 300 to 500 packets of flat bread, 10 pieces in each, and maybe 100 cans of tuna.

"It's one drop of water in the ocean," said Qassem Shaalan, a Red Cross worker who was wounded in Sunday's attack.

"It's not 1 percent of what they need," he added. "It's one in 1,000."

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Wehbe, in soiled clothes, his moustache heavy, arrived at the hospital Tuesday morning, with 50 others from his village of Ainata. They were some of the last still there after bombing had gone on three days, day and night.

"They were destroying the houses over our heads," he said. "Fine, let soldier fight soldier, but we're civilians."

They took their chances, walking six miles through the morning. Shelling punctuated their exodus, along roads littered with the shuttered artifacts of everyday life: the La Ciel salon, Maatouk CafÃ©, the Mansour restaurant and the Mehdi schools.

"And they're still coming from all over the place," Wehbe said, pointing to a family that had just arrived from Bint Jbeil, where fighting raged Tuesday between Hezbollah fighters and Israeli troops trying to occupy the town.

He listed the other towns emptying into Tibnin: Aitaroun, Maroun al-Ras and Yaroun. Family after family listed dead and wounded relatives. Time and again, they pleaded for help in getting the bodies excavated from rubble that had entombed them in their villages. The Red Cross has focused on saving the living; other than ragtag civil defense units, there is no government left.

"How can we get in? How can we get their bodies?" asked Awadeh. "God show me."

She had arrived a week ago from Aitaroun, after her brother, Moussa, his wife, Jamila, and their five children -- Ali, Abeer, Hassan, Mariam and Mohammed, ages 5 to 15 -- were killed in an airstrike on their village. They left the corpses behind. She sat with her sister, Haniyeh, who had trekked with her and others from the village about 10 miles.

Haniyeh pointed to her bandaged feet, still swollen and bruised from the walk.

"It's more wretched here than there," she said glumly, sitting on a mattress against the wall.

"We just don't know what's going on," her sister said.

The hospital is a two-story building of concrete, part of it unfinished. The rooms have a sickly glow, barely lit by the sun. The fortunate have occupied rooms; others sleep on mattresses in the hallways, their few belongings stuffed in plastic bags. Weak children sit silent with their mothers. Tempers have frayed, the combustible emotions created by too many people in too little space. They grew worse Tuesday as the shells landed near the fort. An hour before, blasts had ignited fires on the hillside below.

More found room in the darkened basement, where a few candles cast ghostly silhouettes of the displaced against the wall.

"Every day, the numbers keep rising," said Fatimeh Assem, a 13-year-old wandering the halls.

A ride out of Tibnin costs $100, far more than most of the families here have. Even with the money, drivers are reluctant to take roads punctuated with buildings flattened by blasts and cars either incinerated or abandoned, some still flying white flags. At times, rubble spills into the roads. Tracks are cleared by vehicles passing under the iconography of Hezbollah, which draws on the southern Lebanese for much of its support. "The resistance will remain, remain, remain," one sign read. At several spots along the way, fires have charred the terraced hills, along with their pine and olive trees. At bends in the road, signs on the walls of buildings, perched on top of cars and scrawled on concrete walls read "Toward Tyre," directing travelers to relative safety.

"What can we do?" asked Sabah Hashem, a 50-year-old woman, gathered with her family of 16 in a room at the hospital where dentists work. "There's no medicine, there are no supplies. If we try to take people to another hospital, they'll hit the ambulance on the road."

Her niece, 4-year-old Zeinab Hashem, played with a blond doll, on a blanket. The girl's brother slept in a dental chair. Clothes were draped over the equipment. On a sterilizer, a Koran was turned open, black prayer beads laying atop a page.

"Is there no way you can get us out of here?" Hashem asked. "God be with you if you can find us a way."

Her sister Fatima rushed toward her. "Can you get the foreigners to come get us? What about the United Nations?"

Another woman, 70-year-old Fahima Abbas, added her voice.

"If the United Nations would just give us a truce for four or five hours, we could get the people out of here and to Beirut."

Southern Lebanon, already the country's poorest region, has suffered the war's greatest toll. In the hospital, the desperation was woven with a sense of abandonment, directed at virtually everyone except Hezbollah.

"What's the Lebanese government providing us?" asked Hassan Hamza, a 19-year-old from Tibnin, here for 13 days.

Others joined the conversation.

"The government only loves the Americans," said his friend, Assem.

"It only loves money and the Americans," Hamza said.

Hoda Fawwaz, a 50-year-old from Tibnin, approached the group. She carried a small, blue radio, its batteries still working.

"It's the resistance that loves the people," she said. "It's the only one that protects the children and the young."

Down the hall, Faris carried her 3-day-old son, Khattar, and an empty bottle with a blue cap. She gave birth to him at 10 p.m. Saturday in Bint Jbeil. By 7 the next morning, she, her husband, Mohammed, her sons Aissa and Mustafa and her daughter, Israa, were walking to Tibnin. They arrived by noon, stopping along the way when bombing was especially fierce.

Mohammed said they brought nothing but the clothes they were wearing. As he talked, Israa slept on his shoulder.

He pleaded for help: He had relatives in Beirut, he could take care of himself there. He needed just one thing: a ride.

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"We have to leave today," he said, his thick, black hair streaked with gray. "We can't stay here any longer."

A Lebanese Hospital Is An Unstable Pause From War (NYT)

By Hassan M. Fattah

The New York Times, July 26, 2006

TIBNINE, Lebanon, July 25 — In a region gnawed by war and steeped in tragedy, this town is purgatory.

Almost 1,600 people are trapped here at the Tibnine Public Hospital, halfway between the hell of war and the promise of security.

Four miles south is the border with Israel, where daily bombardments and a pitched battle between Israeli forces and Hezbollah guerrillas have ravaged the border towns. Ten miles east is the relative safety of Tyre, the gateway into northern Lebanon.

The road between Tibnine and Tyre has become a deadly path strewn with the rubble of bombed-out buildings and bombed-out cars struck by Israeli warplanes. That has made the town difficult to reach, and equally difficult to leave.

The families who have continued to arrive in Tibnine over the past week, drawn by the notion that the hospital can provide some sanctuary, are among Lebanon's poorest. Most lack cars to escape the bombardment or do not have the $250 to hire a driver to get away. Theirs is a world in which hope is just out of reach — hope that the war will end soon, hope that they will reach Tyre, or simply hope that they will be able to eat at night.

Instead, many in the hospital that is serving as a makeshift shelter have been left to ponder a world in which their homes and most of their possessions have been destroyed.

"We don't want any food or help," said Olaya Alaeddine, 44, who came here from Bint Jbeil on Monday with her sister Zainab after the windows in their home were blown out and they were nearly killed. "We just want them to stop the bombing."

They walked for hours to get to Tibnine despite Zainab's bad knees, Ms. Alaeddine said.

The refugees began arriving at the hospital last week, sprawling along the stairs and in a stuffy basement lit by candles, piling one on top of the other, but still hoping for some peace. The hospital, which had been under renovation, had had limited medical equipment and supplies and had been sending patients elsewhere. But people in the 60 towns and villages it served looked to it as their best possible refuge.

Many walked, braving the bombardment and desperate for food. Some left loved ones behind, and others carried their children and elders on their shoulders. Most, however, felt forgotten in a conflict in which the difference between being rich and poor had often made the difference between escaping the bombing and being left to bear the pounding.

"We spent 10 days under the bombs and died a hundred deaths," said Ali Hourani, a stone mason who walked here from Bint Jbeil with four of his children. "No one asked about us. No one cared about us."

Mr. Hourani said that he left behind his mother, 75, and his diabetic father, 82, who had run out of insulin, and that he worried whether they would survive until the end of the conflict. Mr. Hourani, who had held on at home for days during the bombing, finally gave up and walked to Tibnine, out of fear for his children. He had little other than the clothes he and his family wore, but was still grieving for those he left behind.

"There's still a lot of people in the village," he said. "We're desperate to get them. Please help us get them."

The Lebanese Red Cross has barely been able to bring supplies to Tibnine. The sick and injured have instead been taken to hospitals in Tyre. On Sunday, Israeli warplanes bombed two ambulances transporting patients from the hospital, underscoring the danger on the roads.

Most of the refugees are living on a single meal of bread and cheese per day. A farmer with a tractor has towed a water tanker back and forth to a nearby well to supply the hospital, although his tractor was twice struck by Israeli fire.

"It's a difficult situation, but people will have to tolerate it to survive," said Ali Wazni, a Red Cross paramedic who has been shuttling patients from Tibnine to Tyre.

Even in the relative refuge of the hospital, there is little peace: On Tuesday, many of the refugees were rattled by crashing artillery rounds that continued to land nearby, causing more terror than actual damage.

"We wanted to stay, but they kept bombing us and we couldn't take it anymore," said Kamal Mustafa, a baker who explained why he and his family of four had left Aynata. His 8-month-old baby lay beside him in a dirty car seat.

The family had heard that the hospital could offer food and water and walked for hours to get there. They proved luckier than Mr. Mustafa's brother and his family. That family set out for the hospital on a motorcycle but were struck by Israeli fire, leaving one child dead, he said.

For many, the guilt of having left behind relatives was palpable. Hala Abu Olaya, 35, from Bint Jbeil, had moved from house to house for days with her sisters and mother before deciding to come by herself to Tibnine. It was hard for her to hide her distress at having done this.

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"We left our house when it was bombed and went to another house and that was bombed, too," Ms. Olaya said. "Then we ran into another house and a bomb landed on the floor, and we escaped to another and they bombed that house as well. I'm left with only the clothes on my back."

As Bombs Hit South, Life Goes On North Of Beirut (WT)

By Betsy Pisik

The Washington Times, July 26, 2006

BEIRUT -- Every morning, visiting journalists gather at a bombed-out roadside cafe in southern Beirut to be escorted by Hezbollah operatives through a bewildering wasteland that used to house 50,000 people.

Mountains of rubble that once were shops and apartment buildings -- including the home of Hezbollah leader Sheik Hassan Nasrallah -- line the streets of the Dahiyah neighborhood. This was also the headquarters of Hezbollah's Al Manar television, which is now broadcasting from a secret location.

A week after Israeli F-16s dropped 23 tons of explosives on the neighborhood -- which was hit by another 20 Israeli rockets late yesterday -- the ruins have become a familiar backdrop for photographers and television cameras.

The photogenic skeletons of nine-story apartment buildings strung with dangling electrical wires have given the world the image of a shattered city, and Hezbollah is making the most of it.

Indeed, across the Hezbollah-dominated Shi'ite regions of southern Lebanon, whole villages have been flattened, almost 400 people killed and hundreds of thousands more displaced.

But just north of Beirut, business remains strong in the lush resorts of the nearby Shouf Mountains. Nightclubs in the Christian suburb of Jounieh still rock to '80s disco and '90s Eurobeat, and Lebanese who weathered the country's horrific 15-year civil war still sip arrack and eat hummus late into the night.

Beirut, once the jewel of the Middle East, is wobbling back to its feet even as the Israeli army and air force pulverize its southern region.

In the Hamra area, home to students and the campus of the prestigious American University of Beirut, more shops reopen and traffic grows heavier by the day. Hotels that emptied at the beginning of Israel's assault on July 12 are raising rates again, even though most of the guests are foreign journalists.

In the Achrafiyeh neighborhood, which is predominantly Christian and Sunni, streets are peaceful and increasingly busy. The fabled night life, with its restaurants and nightclubs, is likely to pick up again by the weekend.

But in the glamorously rebuilt city center, shops selling luxury brands are not just closed, but swept clean. Fearing air strikes, the owners have taken the diamonds out of Cartier and the speakers from Bang & Olufsen. Even the mannequins have been removed for safekeeping.

"We normally have 40 or 50 customers in a morning," said the perfumed sales clerk at an upscale cosmetics shop. "Today, only eight." Every store that is open is running sales of 50 percent and more.

The ruined streets of Dahiyah are about 15 miles from Beirut's business center, but they feel like another planet.

The apartment buildings still standing are mostly evacuated, and the streets are empty of children. The only locals visible when three dozen journalists visited yesterday were the young Hezbollah guards on their scooters and a single man sweeping up glass.

"The Israelis bombed civilians ... because they have run out of targets and the resistance is still strong," said Hossein Naboulsi, the de facto spokesman for Hezbollah.

The guards shoo photographers off the rubble and back onto the street, where twisted metal, chunks of fallen concrete and the detritus of broken lives create a dangerous carpet.

Mr. Naboulsi said he has no idea how many residents have been killed in the air strikes, nor will anyone until all the rubble is carted off and the grim search mission undertaken. He said most residents were evacuated before the explosions, but that some obviously chose to remain.

Shortly before noon yesterday, two young men appeared out of nowhere, carrying or dragging the dead weight of plastic bags containing the salvage of their lives. Their appearance did not seem to be scripted, which is why they were not permitted to talk to the reporters.

Exasperated Hezbollah operatives tried to disperse the camera crews, and finally helped the two men carry off their load.

A City Struggles To Maintain A Bit Of Its Charm (WP)

By Edward Cody

The Washington Post, July 26, 2006

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BEIRUT, July 25 The baby carrots at Beirut's tony Duo CafÃ© restaurant were a little spongy. But the sauce normande was right on the beam and the loup de mer tasted reasonably briny against an astringent rosÃ© from Chateau Kefraya.

On the 14th day of a bloody war -- yet another -- Beirut struggled Tuesday to live up to its old reputation as a Middle Eastern haven for cosmopolitan life and intercommunal harmony. As fighting raged in the south and refugees flooded northward, it was an act increasingly difficult to sustain, sleight of hand by an aging magician who is no longer sure of his tricks.

The latest round of fighting, matching Israel against Hezbollah, the radical Shiite Muslim movement, has already put cracks in a facade carefully reassembled since the last war ended in 1990. The rebuilt traditional buildings of downtown Beirut, with their trendy bars, fashion shops and high-rolling banks, have turned off the lights and locked the doors. Most of Beirut has taken to pulling down the shutters after a late lunch, frightened indoors by Israeli bombs that regularly blast Hezbollah neighborhoods on the southern edge of the city.

"We used to be open until 3 a.m., and in the summer sometimes until 5 a.m., but now there's nobody," said Maroun Khadrah, manager of Le Petit CafÃ©, across Maarad Street from Duo. He spoke shortly before powerful explosions from four more bombs cracked across town, shaking streets and buildings. "We close at 7 p.m. now," he said, gesturing toward a largely empty street. "Look around, everything's closed up."

The proud new expressway connecting downtown Beirut with the new international airport has been largely abandoned because it runs through the southern suburbs where Hezbollah has its headquarters and most of its supporters. Bombs have reduced block after block there to rubble. The airport has been bombed as well, and closed for the duration. A few lonely cars race frantically along the road, heading south toward the war zone, with the drivers hoping their vehicles are not in an Israeli pilot's cross hairs.

The new burst of war has also badly damaged the idea that Lebanon had recovered its national unity after 15 years of civil war. Hezbollah started the conflict July 12 without reference to the national government. In two weeks of fighting, the national army has stood by. As a result, the country's Shiites have sharpened their differences from the rest of the population, leaving 30 to 40 percent of the country imbued with an increasingly different idea of what its personality should be.

Sunni Muslim relief workers in the south Lebanon war zone said they have been insulted and even assaulted by Shiite refugees outraged that the rest of Lebanon is not helping in the battle. Reading the signs, some Lebanese warned of a danger to the reunified nation if the conflict drags on and United States and Israel proceed with their plan to try to disarm the Hezbollah movement across the country.

"The Israeli plan . . . is in fact that we become divided, leading to the disappearance of the state of Lebanon," Ghassan Tueni, the owner of an-Nahar newspaper and a widely respected Lebanese sage, wrote in a front-page editorial.

Michel, the waiter serving sea perch at Duo, was still outfitted in black tie as if on a Paris boulevard. Pouring the wine and serving the fish with a flourish, he appeared uninterested in such political intricacies, but desperate to hear that Lebanon would remain what it always wanted to be. "What do you think? How long will it go on?" Michel asked a foreign customer. "In the future, do you think it can be all right again?"

Visitors, including some who have been in the country for only a few days, report they have been asked that question over and over. Taxi drivers want to know. Hotel clerks inquire. Technicians look away from their cranky Internet equipment and seek the advice of strangers.

"Everybody always asks me that," said Cassandra Nelson, a communications officer for Mercy Corps, an international aid group, who had just arrived to help refugees. "My God, what do I know?"

Apologetically, Michel asked if fruit salad was okay for dessert, since Duo's more elaborate creations were not available in these trying times. "The Paris of the Middle East," people traditionally said of Beirut, and Michel did his best to make it seem true.

Actually, it was always more like San Diego: raw and unfinished. What set Lebanon apart was the people, an unlikely amalgam of primeval Middle East and a European veneer. The Phoenicians started here, replaced by Arabs. The Western quotient was left behind by French Jesuits who came in the 19th century to educate children, and French colonialists who came 50 years later to rule.

Their legacy was audible at Duo, which sits behind a row of columns and arches in the Beirut city center rebuilt with traditional Lebanese architecture. A lithe woman with stylishly unkempt hair, her tank top revealing a lot of gloriously tanned skin, used Arabic, French and English in a single sentence to greet a friend who had arrived for lunch.

Lebanese, particularly well-educated Christians, have always loved to do that, showing themselves and their neighbors how cosmopolitan they are. In the tiny Torino Express bar on the other side of Martyrs' Square, the traditional center of the city, a world-weary young sophisticate betrayed another legacy the other night, fending off the urging of a companion with the Hebrew for "Take it easy a minute."

As they always have in conflict, the people of Beirut have shown astounding resilience over the last two weeks. Michael Sawma, who runs Tapas restaurant just down Al Gemaizeh Street, reopened for business Monday night. With Secretary of State

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Condoleezza Rice in town, there was a pause in the bombing and he got about 10 customers for sangria and calamari. Sawma showed up again Tuesday, but the bombs crashed and echoed down Al Gemaizeh Street once again.

It was harder to keep up pretenses in Jounieh, the Christian-inhabited beach resort just north of Beirut. The area is normally boiling this time of year with Persian Gulf Arabs spending petrodollars on hotel rooms, restaurants, nightclubs and brothels. As the first Israeli warplanes unleashed their bombs two weeks ago, most of them left for safety in Damascus, Syria, and Amman, Jordan. After Israeli jets bombed a television relay tower just above the beach Saturday, the last hardy few packed and fled.

"Even the Lebanese who had come here to get away from all the fighting, they left, too," lamented Rashad Bitar, who owns the Malibu Bay Beach Resort overlooking the Mediterranean. "They went to the mountains, those little villages up there," he added, pointing at the sharp spine of Mount Lebanon.

Ahmed Saadoun, who owns the Golden Gulf hotel just down the beachfront, said he still had a full house of southern Lebanese seeking shelter and safety after being driven from their homes by Israel's air campaign. As a result, instead of robed Arabs ogling bikini-clad Russian prostitutes, his poolside was populated by black-robed Shiite mothers chasing after children. "Before, this hotel was full, and full of what? Not Lebanese people, but people from every country," Saadoun said. "And now they all left."

Saadoun, who migrated from Iraq, said the most fearful thing about this round of fighting is that it could reopen Lebanon's civil war. Primeval forces have boiled over regularly through Lebanese history, bursting through the veneer. Mutual slaughters broke out between Druze and Maronite mountain men long before Israel was born. Since 1948, the emergence of the Jewish state just to the south has made peaceful coexistence among Lebanon's Shiite, Sunni, Druze and Christian communities even more difficult.

In the 1970s and '80s, Yasser Arafat and the armed Palestinians who took up residence here made it impossible. With their quest for a return to Palestine, they posed the uncomfortable question: How Arab is Lebanon? The long civil war and several Israeli invasions killed thousands of people and destroyed the country but never provided a definitive answer.

Lebanese, papering over their differences, have worked hard and spent a lot of money over the last 16 years to put their country back together again, hoping against hope that they could get along without really deciding their national personality. Rafiq Hariri, when he was prime minister, organized the renovation of the city center to symbolize the renaissance he hoped would endure. He now rests in an elegant new mosque overlooking Martyrs' Square, having been assassinated last year.

Major Powers Report Progress In Draft On Iran Nuclear Issue (AFP)

By Gerard Aziakou

AFP, July 26, 2006

Envoys of six major powers reported progress on a UN draft resolution demanding Iran halt uranium enrichment, but said they needed further instructions from their capitals.

Ambassadors of the five veto-wielding permanent members of the Security Council -- Britain, China, France, Russia and the United States -- plus Germany held closed-door consultations Tuesday and agreed to meet Wednesday.

"We made a lot progress. This was the most productive session ... This brings us very close," US Ambassador to the United Nations John Bolton told reporters after the afternoon session.

He said the six ambassadors would report back to their capitals for instructions prior to Wednesday's meeting.

"It was a very good working discussion. We managed to get more agreement," Britain's deputy UN ambassador Karen Pierce concurred. "This is all going to be discussed in our capitals and among ourselves over the next couple of days. We are moving forward."

She said ministers, including US Secretary of State Condoleezza Rice and her Russian counterpart Sergei Lavrov, would touch on the issue Wednesday on the sidelines of crisis talks in Rome on the escalating bloodshed in Lebanon.

France's UN Ambassador Jean-Marc de La Sabliere, who presides over the council this month, voiced hope that the six envoys would be able to present a text to the 10 non-permanent members of the council Wednesday afternoon.

He stressed that the main elements of the draft under discussion exactly reflected a communique adopted by their ministers at a Paris meeting on July 12.

"So, the discussion we still have is how to translate into a resolution the agreement among the ministers," de La Sabliere said. "One fundamental element of that agreement is to make the suspension of all enrichment-related activities mandatory, including research and development."

Speaking after the morning session, Russian Ambassador Vitaly Churkin said: "We had a good discussion ... We are moving rather smoothly toward our goal of having a draft resolution ... We are not far away."

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Ministers from the six powers tackling the Iranian nuclear issue decided earlier this month to send the Iran nuclear dossier back to the Security Council after Tehran failed to respond to a package of Western security and economic incentives in exchange for a suspension of its enrichment activities.

Iran reiterated Monday it will not halt uranium enrichment.

"We are ready to discuss anything in negotiations ... (but) we will not accept any preconditions," Iranian government spokesman Gholam Hossein Elham told reporters.

And top Iranian nuclear negotiator Ali Larijani has said Iran will respond to the nuclear offer by August 22.

The draft resolution discussed by the six envoys here would require Iran to suspend all uranium enrichment and reprocessing.

The text invokes articles 39 and 40 of Chapter Seven of the UN charter that stipulate "provisional measures" to be taken ahead of imposing tougher steps such as sanctions.

But it also expresses the council's intention in the event of Iran's non-compliance with the enrichment freeze demand "to adopt such further measures under Article 41 of Chapter Seven as may be necessary to ensure compliance."

Article 41 provides for a broad range of economic sanctions but does not authorize the use of force.

It gives Iran until an unspecified date in August to comply with the UN demands.

Iran denies Western charges that it is seeking to acquire a covert nuclear weapons capability and insists it wants to enrich uranium solely to make reactor fuel. It argues that this is a right under the nuclear Non-Proliferation Treaty which it signed.

Bush Meets Rebel Leader To Discuss Darfur Accord (WP)

By From News Services

The Washington Post, July 26, 2006

President Bush sat down yesterday with a Sudanese rebel leader whose forces are accused by refugee advocates of killing young men and raping women in the northern part of Darfur.

Bush met for about 40 minutes in the Oval Office with Sudanese Liberation Army leader Minni Minnawi. He was the lone rebel leader to agree in May to a U.S.-brokered peace accord to end what the United States calls genocide in western Sudan.

The president asked Minnawi to support a U.S.-backed plan to bring African Union peacekeepers in Darfur under the blue flag and helmets of the United Nations, said Frederick Jones, a National Security Council spokesman.

Bush told the rebel leader that his forces must refrain from violence and pressed him to forge an alliance with other factions in Darfur to broaden support for a peace agreement, Jones said.

Tens of thousands of Sudanese civilians have been killed over three years and 2.5 million people have been forced from their homes by Sudan's government and its militia allies, known as the Janjaweed, in what Bush has labeled a genocide.

Bush and Minnawi "had a frank exchange expressing concern for ending violence in Darfur," Jones said.

Jones had no comment on how Minnawi responded.

Minnawi was persuaded by then-Deputy Secretary of State Robert B. Zoellick to support the U.S.-brokered peace agreement, but the deal is unraveling because of infighting among rebel groups and violence against civilians.

Minnawi faces rising opposition to his leadership among commanders in northern Darfur, including those from his Zaghawa tribe, according to the United Nations.

"He signed under incredible U.S. pressure and was probably given a lot of promises by the U.S. and the U.K.," said Jemera Rone, a Sudan specialist with the advocacy group Human Rights Watch. "I'm sure he feels that the U.S. government now owes him and the people of Darfur quite a lot."

A report issued earlier this month by the U.N. mission in Sudan cited allegations by displaced Sudanese that Minnawi's faction "was indiscriminately killing, raping women and abducting" civilians.

"That agreement is not working, and one of the many reasons is Minni Minnawi," Kenneth H. Bacon, president of the advocacy group Refugees International, wrote last week in a letter to Bush.

Refugees International said yesterday that Minnawi's forces have conducted a "reign of terror" in North Darfur by beating and raping women, killing young men and displacing thousands of people. Bacon asked Bush to "please stress" to Minnawi that the rebel leader "must honor the terms of the Darfur Peace Agreement and stop fighting."

Somalia's Islamic Militia Rebuffs U.N. (AP)

By Chris Tomlinson

AP, July 26, 2006

The leader of the Islamic militia that has taken hold of southern Somalia on Tuesday rebuffed a U.N. plan for peace talks with the government, saying he will not negotiate until the government expels all foreign troops.

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"Until Ethiopian troops leave Somali soil, we will never negotiate with the government," said Islamic militia leader Sheik Hassan Dahir Aweys.

Both Somali government leaders and the Ethiopia's Foreign Ministry have denied Ethiopian soldiers were in Somalia. However, many witnesses have confirmed their presence, in uniform.

Tuesday's statement by Aweys was the latest downward turn in an increasingly difficult international effort to negotiate peace between the powerful Islamic militants and the weak government, which has international support but no military.

It came as a U.N. envoy was in Somalia on Tuesday trying to arrange peace talks in Sudan aimed at avoiding more fighting in Somalia and a potentially bigger conflagration.

While Aweys, who has been accused by Somali secular leaders and the West of links to al-Qaida, ruled out any talks, a more moderate member of his Supreme Islamic Courts Council left open the possibility.

After meeting in Mogadishu with Francois Lonseny Fall, the U.N. special representative to Somalia, Sheik Sharif Sheik Ahmed said the group's "peace committee" still had to consider the United Nations' call for negotiations, which would be held next week in Khartoum.

In an apparent acknowledgement that Ethiopian troops were complicating peace efforts, Fall told reporters: "The U.N. is always calling on maximum restraint from neighboring countries and for them not to interfere at this particular moment in Somalia."

He also praised the Islamic union. After seeing the streets of Mogadishu without roadblocks or gunmen, he said it had "achieved great things in Mogadishu. I have seen it."

The troops from neighboring Ethiopia crossed into Somalia five days ago to protect Somalia's government at Baidoa, 150 miles northwest of Mogadishu, from advancing Islamic militants. The arrival of the Ethiopians heightened tensions among Somalis because Ethiopia, a largely Christian country, is the longtime enemy of Somalia, which is mostly Muslim.

A round of peace talks that had been scheduled Saturday fell apart when the government refused to attend and the Islamic group walked out. The government and the fundamentalist Islamic militias reached a "nonaggression pact" in June, but the Islamic group has made clear that it sees itself as the country's main authority.

The Islamic militia's seizure of power has prompted grave concerns in the United States, which accuses the group of harboring al-Qaida leaders responsible for deadly 1998 bombings in Kenya and Tanzania.

Fall also met with the government in Baidoa — the only town controlled by the government — where a top official said it was ready for the talks.

"We will go to Khartoum without any preconditions," Abdirizak Adam, President Abdullahi Yusuf's chief of staff, said after the meeting in the presidential compound, which was surrounded by hundreds of soldiers in mismatched uniforms. The meeting room had plush furniture, wall-to-wall carpet and heavy curtain blocking out almost all outside light.

A government spokesman said talks still could go on with moderate members of the Islamic militia, even if Aweys was rejecting them.

"Aweys is a terrorist, so it not surprising that he is refusing talks," Salad Ali Jeeley said. "We hope the moderate Islamists will attend the meeting."

Somalia has been without an effective central government since warlords toppled dictator Mohamed Siad Barre in 1991 and then turned on each other, carving much of the country into armed camps ruled by violence and clan law.

The government was established almost two years ago with the support of the U.N. to serve as a transitional body to help Somalia emerge from anarchy. But the leadership, which includes some warlords linked to the violence of the past, has failed to establish any power.

Somali Peace Talks In Jeopardy As Islamists Issue Fresh Conditions (AFP-Y)

AFP, July 26, 2006

Somalia's powerful Islamic militia threatened to boycott peace talks unless Ethiopian troops, deployed to protect the fragile transitional government, withdrew from the African nation.

Hours after the government yielded to United Nations pressure and confirmed it would send a delegation to the Arab League-mediated peace talks in Sudan, the Islamists' supreme leader said they would not be attending until Ethiopian troops pulled out.

"There will be no negotiations as long as Ethiopian troops are occupying parts of Somalia. They have to be withdrawn immediately and unconditionally," Sheikh Hassan Dahir Aweys told reporters in the Galgudud region of central Somalia.

In June, the government and Islamists signed a deal in Khartoum agreeing to recognise each other and cease hostilities. Since then the government has accused the Islamists of violating the deal and the latter have reacted angrily to Ethiopia's military incursion.

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Aweys, who has been labelled a "terrorist" by the United States for suspected links to Al-Qaeda, accused Addis Ababa of inventing excuses to invade Somalia.

Last week, Ethiopia troops moved into Somalia, ostensibly to protect the government. The toothless administration, based in the town of Baidoa for fear of violence in the capital Mogadishu, said it feared the Islamists would try to seize the provincial outpost and impose Islamic Sharia law across the country.

"Let me be clear, speak louder and truthfully declare that we have no intention of attacking Baidoa," Aweys stressed.

Despite numerous eyewitness reports of uniformed Ethiopian soldiers being seen in Baidoa, the Somali government and Addis Ababa have denied their presence there -- or anywhere else in Somalia.

"If this government based in Baidoa is for Somalis, there is no reason to say that Ethiopia is protecting it from the people of Somalia," said Aweys.

Meanwhile, the government confirmed it would send a delegation to meet the Islamists at the planned peace talks in Sudan.

The announcement came after the UN special envoy for Somalia, Francois Fall, gave President Abdullahi Yusuf Ahmed a message from the UN Security Council asking him to send a team to the talks.

"We will go to Khartoum without any preconditions," the president's chief of staff, Abdirizak Adam, said in Baidoa after the meeting between Fall and Yusuf.

"There is no conditionality for the dialogue. We are always for dialogue," he said, adding that the government's only problem was with the Islamists' perceived expansionist plans.

Despite praising the Islamists for restoring order in Mogadishu after evicting US-backed warlords from the capital, Fall said dialogue was the only way to achieve lasting peace.

"I see what has been done in Mogadishu and I want all of Somalia to be like that," he told senior Islamist leader Sheikh Sharif Sheikh Ahmed at a joint press conference in Mogadishu.

"I can talk to you as an African. I am appealing to you ... to continue the dialogue," Fall said.

"The Somali people are peace-loving people and we are here to help them achieve their goals," Ahmed replied. "We are not here to get power and make money but we are here to enforce law and order."

"We dislodged people (warlords) who were resisting peace in the past 15 years. But the UN secretary general (Kofi Annan) said he does not know who dislodged those people from Mogadishu. That is undermining our efforts," Ahmed protested.

He added that a peace agreement "cannot be reached as long as foreign troops are in the country".

The Islamists issued a statement saying they would no longer deal with the regional bloc known as the Inter-Governmental Authority on Development (IGAD) -- which comprises Djibouti, Eritrea, Ethiopia, Kenya, Sudan, Uganda and nominally Somalia -- because it had not condemned the Ethiopian incursion.

"The Islamic courts (alliance) will no longer deal with IGAD as a credible institution because it has failed to condemn Ethiopia's illegal military intervention in our country. We will deal with individual countries but not IGAD," the statement said.

IGAD, which helped form Somalia's interim government in 2004, has been tasked by the African Union to deploy peacekeepers to the failed state. But its plans have stalled amid fierce opposition from the Islamists, the UN's arms embargo on Somalia and lack of funds.

The rise of the Islamists has caused concern in Washington, which says it fears a Taliban-style takeover of Somalia.

The United States, other Western countries and the UN have all backed the Arab League initiative to bring the Islamists and the government to peace talks in a bid to prevent conflict.

But the two sides are embroiled in long-standing disputes, notably over any deployment of foreign peacekeepers, something President Yusuf avidly backs and the Islamists vehemently oppose.

Somalia has been without a functioning central administration since dictator Mohamed Siad Barre was toppled in 1991 and the country descended into lawlessness.

China To Freeze N Korean Accounts (FT)

By Anna Fifield And Stephanie Kirchgaessner

Financial Times, July 26, 2006

The Bank of China has frozen North Korean bank accounts containing millions of dollars, following in the footsteps of a US-led crackdown on the rogue state's alleged counterfeiting and money-laundering.

The decision is remarkable because Beijing, long concerned about the potential for catastrophe on its north-eastern border, has hitherto avoided taking any action that might cause instability in Kim Jong-il's regime.

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A US government official said on Tuesday the Bush administration had been alerted that the Bank of China had frozen North Korea-related assets in its Macao branch. Earlier this year, China had warned financial institutions about counterfeiting by North Korea.

The Bank of China froze the accounts before this month's provocative rocket tests by North Korea, which have led to international sanctions intended to curb North Korea's missile programme, said Park Jin, a prominent lawmaker in South Korea's main opposition Grand National Party who recently met former and current US administration officials in Washington.

Pyongyang has responded angrily to US action against the Banco Delta Asia (BDA) in Macao, where $24m of North Korean money has been frozen since September. Similar action by China's second-largest bank is likely to have a profound effect. North Korea has insisted it will not resume six-party talks unless the US calls off its financial campaign.

"I understand the Bank of China stopped dealing with North Korea as the US expanded its probe," said Mr Park. "This is a virtual ban against dealing with North Korea by China, leaving North Korea all the more devastated," Mr Park said, quoting a former Bush administration official. Washington believes Pyongyang has been counterfeiting Chinese renminbi as well as US dollars, he added.

The Bank of China declined to comment.

The US Treasury is still investigating BDA and eight North Korean companies, which Washington alleges were involved in counterfeiting and laundering money earned by activities such as narcotics and missile trading.

John Snow, former US Treasury secretary, said in April that the Treasury had been given "total autonomy" to pursue serious abuses of the financial system by countries that pose a nuclear proliferation threat.

North Korean and foreign businessmen dealing with Pyongyang say sanctions have shut down the regime's ability to earn foreign currency.

Several banks have severed ties with North Korea after the BDA action, leading Pyongyang reportedly to open new accounts containing $200m-$300m in countries including Switzerland, Austria, Russia and Singapore.

"The reason North Korea is so upset about BDA is because of its impact on its bank accounts in other countries," said Mr Park.

U.S. Envoy Will Press China To Open Up Its Banking Sector (WSJ)

By James T. Areddy

The Wall Street Journal, July 26, 2006

SHANGHAI, China -- China will likely soon overtake Japan as the U.S.'s third-biggest export market, a top U.S. Commerce Department official said as he began a visit to press for wider access to China's market for U.S. banks and other companies.

Franklin Lavin, U.S. undersecretary of commerce for international trade, said his four-day visit, which began yesterday, will focus significantly on financial services. He said he wants greater clarity from China about how it will make good on commitments to allow foreign banks to start taking local-currency deposits from individuals by December. And Mr. Lavin said he plans to push for positive treatment of Citigroup Inc. in its difficult takeover battle for a Chinese bank.

The opening of local-currency business to foreigners, a step promised in China's 2001 World Trade Organization accession agreement, is supposed to remove the last big barrier for foreign banks in China. But Mr. Lavin echoed concerns expressed by foreign bankers here that Beijing could erect new impediments, such as requiring foreign banks to incorporate their Chinese branch networks inside the country -- a potentially costly and complicated procedure.

"How liberal or closed [China is] going to be is still an open question," Mr. Lavin said in an interview. "They haven't tipped their hand."

Mr. Lavin's visit comes amid sizzling growth in U.S. exports to China, which rose nearly 37% in the first five months from a year earlier. Based on the trend, he said, the U.S. will soon be exporting more to China than it does to Japan. Canada and Mexico are the U.S.'s two biggest export markets.

The U.S. official attributed the increase to persistence by U.S. companies, rather than other factors like the weakening of the dollar. "You wouldn't call [China] a very easy market to do business, but it is easier than before," he said.

Mr. Lavin said the export strength tends to get "washed out of people's minds" because imports from China are so much larger. The U.S. reported an $82 billion trade deficit with China for the first five months of this year. "Economically, commercially, it's terrific news," Mr. Lavin said of the surge in exports to China. "Politically, it's less salient since imports [from China] are so high."

Mr. Lavin planned to meet with U.S. companies and Chinese government officials during his visit, including Minister of Commerce Bo Xilai and top officials at China's central bank. He also indicated that he planned to relay Washington's hope that Citigroup will prevail in its bid to win management control of a Chinese government-owned lender, Guangdong Development

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Bank. Citigroup is competing against a French group for that stake. "I'm sure I will" discuss the Citigroup case, said Mr. Lavin, himself a former Citigroup banker. "We tend to raise major issues that are in front of us."

Mr. Lavin also expressed hope for more progress on protection of intellectual property rights, noting the U.S. has held "promising" discussions with Beijing this year about getting it to subscribe to a system that would make it clear where DVDs are produced. That step would make it easier to track down pirates.

Mr. Lavin's visit comes a day after the breakdown of the latest round of global trade talks. Although he said there isn't any immediate fallout in Washington's dealings with Beijing, he said it could add difficulty to future talks with Beijing about market access. Bilateral negotiations with China often take on political overtones that aren't as present in multilateral negotiations, he said.

Georgia Sends Troops To Subdue Rebel Militia (NYT)

By C.j. Chivers

The New York Times, July 26, 2006

MOSCOW, July 25 — Georgia deployed special forces on Tuesday near a remote gorge beside the breakaway region of Abkhazia to arrest a local ruler who had declared autonomy from federal rule and to disperse a militia under his command, Georgian officials said.

As the troops arrived there were reports in the evening of clashes between the sides.

The ruler, Emzar Kvitsiani, controls the so-called Hunter paramilitary battalion, a local force occupying the Kodori Gorge, along the border between the self-declared republic of Abkhazia and the rest of Georgia.

With tensions with Russia flaring, Georgia insisted it had no plans to enter Abkhazia or engage Abkhaz forces, which the de facto Abkhaz president, Sergei Bagapsh, said had been deployed to monitor the Georgian activity.

But Mr. Kvitsiani's defiance and Georgia's deployment of forces into the mountainous region underscored anew the lingering tensions and dangers along the southern slopes of the Caucasus.

Two regions within Georgia's borders — Abkhazia and South Ossetia — remain out of the Georgian government's control and receive open support from Russia, which has granted citizenship to most of their residents.

Relations between the Georgian government and the de facto rulers in the breakaway zones have been bitter, and President Mikheil Saakashvili of Georgia has vowed to repatriate the regions and incorporate them into federal rule.

Last week, at a time of increased tension between Mr. Saakashvili's government and the two regions, Mr. Kvitsiani announced that he no longer recognized Georgian rule. Members of his Hunter battalion have since appeared on Russian news programs, some wearing ski masks and brandishing assault rifles.

Georgian officials have suggested that Mr. Kvitsiani's actions have been a Kremlin-orchestrated ploy. Mr. Saakashvili, speaking at a briefing, said Mr. Kvitsiani would be arrested.

"The only issue I can negotiate with Kvitsiani and his gang — and this will happen only if they surrender arms — is about what kind of cells they will have in prison," he said, according to local reports.

Russian officials began reporting on Georgian troop movements during the day, and the Russian Foreign Ministry issued a statement calling on Georgia not to use force. The de facto Abkhaz government said it was preparing for an influx of refugees from the gorge into territory under its control.

Georgia played down the troop movements, saying it had sent special police units, without heavy equipment, to conduct a limited operation.

"It is a routine police operation," Giga Bokeria, a member of Parliament and one of Mr. Saakashvili's confidantes, said by telephone. "The only difference is that it is near the conflict zone, and that is why we are making clear that we do not plan an intervention in Abkhazia."

There were conflicting reports of the size of the Hunter battalion and the Georgian force moving against it. Russian news sources said the paramilitary group had 300 to 350 members, and that Georgia had sent at least 60 vehicles with as many as 500 troops.

Mr. Bokeria said the Hunter battalion had no more than 100 members, and that perhaps 50 or 60 were active. "Not all of them are eager to follow this very risky road," he said.

Mr. Kvitsiani and his forces could not be reached; Georgian news media reported that telephone service in the gorge had been cut.

US Hits Back At EU Over Doha Collapse (FT)

By Alan Beattie

Financial Times, July 26, 2006

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Transatlantic hostility over the collapse of the Doha round of trade talks reached previously unseen levels on Tuesday as Susan Schwab, the US trade representative, accused her European counterparts of spreading lies to divert the blame.

Her statement was the latest in an increasingly acrimonious attempt by the European Union and the US to blame each other for the indefinite suspension of the talks from last Monday.

Ms Schwab said the US had so far "refrained from responding to the finger-pointing by some", in order to preserve prospects for reviving the Doha round. But she said the EU's claim that the US had doomed the talks by failing to show flexibility in the negotiations was "false and misleading", and made with the intention of "attempting to divert blame for the stalemate".

The US said it had been prepared to make concessions on farm subsidies and had been ready to offer deeper cuts but that the access the EU and advanced developing countries – represented in the core negotiating group by India and Brazil – had offered to their agricultural markets was too low to be meaningful. "Indeed, during recent discussions it became clear that the EU was in fact offering even less market access than originally thought," Ms Schwab said.

On Monday night Ms Schwab and Mike Johanns, the US agriculture secretary, went into some detail about the minimal access exporters were being offered to European markets in heavily protected products such as beef.

Peter Mandelson, EU trade commissioner, sought on Tuesday to portray the EU as the friend of poor countries, saying that seven development issues should be rescued from the rubble of the negotiations and carried forward.

He said plans should continue for "aid-for-trade" to help poor countries take advantage of trading opportunities, new agreements on streamlining customs facilities and giving the poorest countries completely free access to rich markets for 97 per cent of possible exports.

The EU already offers almost 100 per cent access to European markets for the least-developed countries, although in reality these exports are constrained by Europe's stringent hygiene standards on food and by complex rules about the countries' freedom to use imports from other countries. Mr Mandelson said such "rules of origin" should be examined.

There were suggestions that negotiators could reconvene after November's mid-term elections for the US Congress. European and some developing country officials see the elections as one of the key reasons for what they saw as the US's intransigence in reforming its farm subsidies.

Failed Trade Talks Usher In Uncertainty (WP)

By Paul Blustein

The Washington Post, July 26, 2006

So now it's official: Global talks to lower trade barriers are "suspended," perhaps never to resume. Yesterday, leading negotiators continued to fling accusations at each other for the breakdown. But the more profound issue confronting policymakers around the world is whether globalization has been fundamentally redirected, slowed or possibly thrown into reverse.

The talks' failure raises the prospect of weakening the multilateral system that has governed global commerce for the past six decades, possibly even a splintering into regional blocs. Another potential is an erosion of respect for the World Trade Organization's authority to settle disputes, increasing the chances that countries will resort to tit-for-tat trade wars that could disrupt the global economy.

Ensuring that economic interconnection would continue to advance was one of the chief reasons for launching the talks after the Sept. 11, 2001, attacks. With fear of disintegration then haunting the globe, the member nations of the WTO meeting in the Qatari capital of Doha sent a powerful signal that they would deepen their mutual ties by starting a new round of multiyear negotiations aimed at reducing tariffs and other trade obstacles.

For all its boldness, the initiative was fraught with risk -- and on Monday, those risks loomed menacingly, when WTO Director-General Pascal Lamy called a halt to the talks because trade ministers from the United States and five other major powers were at such loggerheads over the main issues. The upshot could have "serious systemic implications for multilateral trade," Peter Mandelson, the European trade commissioner, said yesterday.

Critics of the 149-nation WTO are jubilant, seeing evidence of a backlash to the fast and furious pace at which globalization has proceeded. "The cause of this collapse is not specific countries' unwillingness to concede on particular themes, but growing public opposition in poor and rich countries alike to the very WTO model," said Lori Wallach, director of Public Citizen's Global Trade Watch, a group founded by Ralph Nader.

Even free-trade enthusiasts see some validity in that interpretation. "Countries want to liberalize trade, because they recognize the link between open trade and economic growth, but there just isn't a whole lot of interest right now in the kind of liberalization that binds countries to new rules and new commitments," said Daniel J. Ikenson, a trade specialist at the libertarian Cato Institute. "Countries want to liberalize at their own pace."

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It would be misleading to view the problems besetting the Doha talks too apocalyptically. Globalization is not about to stop in its tracks; new forms of cross-border commerce are continuing to proliferate, especially because of the Internet and the fast-growing efficiency of container shipping. "A lot of globalization goes on outside the world of negotiations and agreements," said Edward Gresser, a trade analyst at the Progressive Policy Institute.

But for the WTO and its multilateral rules, which underpin the system and maintain its stability, the outlook has darkened. That is in part attributable to the success of the WTO and its predecessor, the General Agreement on Tariffs and Trade, in sharply reducing trade barriers since World War II.

Eight rounds of negotiations over the past six decades have slashed tariffs and eliminated quotas in many countries and in many industries such as electronics, automobiles and machinery; the sectors that still have high levels of protection in rich countries are the most politically sensitive, notably agriculture, textiles and apparel. Those are the areas where much of the current haggling has proven so fruitless.

"We're really into the tough stuff," U.S. trade representative Susan C. Schwab said in an interview. Farm trade was the main source of the dispute that dissolved the meeting at the WTO's Geneva headquarters on Monday. Schwab insisted that other countries open their markets wider to the United States' highly efficient agricultural producers, a demand rejected by the European Union and India, whose governments face enormous pressure from farmers who are anxious to keep foreign competition at bay.

Complicating matters further is the emergence of China, which joined the WTO in 2001, as an export powerhouse. "There's a concern on the part of many developing countries about opening their markets to China, and some concern about developed countries opening their markets so that China can walk away with the benefits," Schwab said.

If those problems keep the Doha talks from reviving, one likely scenario is an acceleration in many countries' efforts to strike two-way and regional free-trade alliances such as the North American Free Trade Agreement and the more recent Central American Free Trade Agreement. That, many experts fret, could help marginalize the WTO as the central forum for opening trade.

At the same time, such countries as Brazil will probably bring new cases before WTO tribunals, straining the system's ability to adjudicate contentious disputes and intensifying the danger that powerful nations will start defying WTO rulings.

Complaints appear especially likely against the subsidy payments that governments in the United States, the E.U. and Japan give their farmers. Brazil had won a major case against U.S. cotton subsidies and another against European sugar subsidies, and it was expecting a final Doha agreement would curb other subsidies. If the talks "come to a flat end, I think you would have other countries looking at our programs; it just seems inevitable," U.S. Agriculture Secretary Mike Johanns said Monday.

Ultimately, the fear that the trading system will revert to the law of the jungle that prevailed in the 1930s will help bring the talks back to life, predicted Jeffrey Schott, a scholar at the Institute for International Economics.

"Countries will sit back for a while, stew in their juices, and see the costs of not going back to the table," Schott said. "There are those who say the talks won't be revived, but my perspective is much more optimistic."

Trade Focus Now Shifts To Regional Deals (NYT)

By Tom Wright

The New York Times, July 26, 2006

GENEVA, July 25 — Two weeks ago, countries in the World Trade Organization agreed on rules that would make it easier to track two-way and regional trade deals. Negotiators were concerned that the proliferation of regional deals would detract from efforts, already faltering, to reach a global trade pact.

On Tuesday, those regional deals moved to the forefront after the collapse for the foreseeable future of global talks that began five years ago in Doha, Qatar.

“Europe cannot refrain from addressing bilateral and regional priorities,” the European Union’s trade commissioner, Peter Mandelson, said. “We need to focus on new economic opportunities in Asia.”

India’s commerce minister, Kamal Nath, said his government was signing an agreement with Japan and was talking with the European Union.

“India will pursue economic engagements on a bilateral basis with other countries and regional groupings,” Mr. Nath said.

Politicians are not willing yet to pronounce the multilateral talks dead, largely because the potential economic gains from a global agreement would outstrip the effects of regional deals that include only a few countries. But given the stalemate in the global talks, regional agreements are likely to become a more important motor of trade liberalization in years ahead, said Guido Glania, director of international trade at the Federation of German Industries.

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The problem, economists say, is that while regional deals can help expand trade in the absence of a global agreement, they are also likely to create varying or overlapping rules, and sharper tensions between those involved in the agreement and those left out. Moreover, the poorest nations, in areas like sub-Saharan Africa, which were supposed to benefit the most from the latest round of global talks, are likely to lose out since they have the least to offer.

"The cost of failure in the Doha talks is that trade could become more regional, discriminatory and there will be more conflicts," said Jean-Pierre Lehmann, founder of the Evian Group, a free trade advocacy organization in Switzerland.

Two-way and regional trade deals are not new. The W.T.O. estimates there are about 200 such agreements, accounting for about half of the total value of global trade.

The European Union, which started its internal free market in the early 1990's, now comprises 25 nations. The North American Free Trade Agreement, which involves Canada, Mexico and the United States, went into effect in 1994. Other areas, like Southeast Asia, have also formed free trade zones.

The United States has been especially active in seeking two-way openings, recently signing agreements with booming economies like Singapore and Chile.

In Washington, Susan C. Schwab, the United States trade representative, said Tuesday that she would travel this summer and fall to try to revive the global trade talks. "We're not giving up," she said shortly after returning from Geneva.

She said that if the outlines of a favorable deal emerged this year or next, the administration might ask Congress to extend President Bush's authority to conclude an agreement and have it receive an up-or-down vote in Congress. That authority expires June 30.

The trade office also plans to try to reach more bilateral deals with trading partners. Recently Congress approved a deal with Oman. Ms. Schwab's office said the 26 bilateral deals that have been negotiated since 2001 or are still being negotiated would together constitute the United States' third-largest export market.

A spokesman said the countries with which the United States has two-way deals, including Canada, Mexico and Israel, account for 14 percent of the world's economy.

Ms. Schwab said Asia would be a prime target for trade deals. Countries like China and India, with fast-growing economies and a large middle class, are seen as especially lucrative markets for Western companies that manufacture goods or provide banking and insurance services.

Ms. Schwab said she would be able to discuss such deals next month at a meeting of Southeast Asian economic ministers in Malaysia.

Asian countries are also moving to sign agreements among themselves. China, Japan and South Korea are discussing a regional free trade area with Southeast Asia, although an agreement is likely to take years.

U.S. Farm-Subsidy Cuts A Long Shot As Doha Falters (WSJ)

By Scott Kilman And Roger Thurow

The Wall Street Journal, July 26, 2006

The collapse of global free-trade talks is likely to kill any chance of overhauling America's farm-subsidy program for years, potentially inviting a wave of litigation against the U.S. at the World Trade Organization while dimming export prospects for U.S. farmers.

The five-year-old Doha Round negotiations, which were designed to expand trade as a way to lift the world's poorest economies, entered a coma this week amid deep differences among the world's biggest economies over how to open their politically sensitive farm sectors to market competition. For its part, the Bush administration realized it couldn't win the sort of concessions from other countries that would have made an agreement palatable to the farm lobby.

"This is a big victory for farm lobby groups, and bad news for everybody else," said Michael Swanson, an economist at Wells Fargo & Co. In addition to agriculture, negotiations straddled several industries.

In the Doha talks, the Bush administration refused to sweeten its offer to reduce the U.S. spending cap on certain subsidies by 60% over five years -- itself a move that would have required Congress to dramatically change the way the government pays U.S. farmers. The White House balked because it was unable to make any progress on the one issue that would have persuaded Congress to swallow farm-subsidy reform -- the promise that U.S. farmers would gain much more access to foreign markets.

Without a clear shot at increasing U.S. farm exports, the biggest U.S. farm groups made clear they wouldn't back any big cuts to their subsidies. "We want something to offset what we would give up," said Bob Stallman, president of the American Farm Bureau Federation.

The Doha talks had energized a number of Washington interest groups to stump for the first time for big changes in the U.S. farm program, which paid growers $23 billion last year. Several think tanks and universities have been racing to publish

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ideas for changing the way farmers are subsidized -- such as tying payments to environmental practices so aid doesn't spur overproduction and the price-depressing gluts that can harm farmers in poor nations.

But the timing of farm-subsidy legislation makes it unlikely that critics can make a big difference anytime soon. Congress is slated to renew the multi-year farm bill -- which dictates how crops are subsidized and by how much -- next year. With any Doha obligations now off the political radar, the congressional agriculture committees that will write the next farm bill, which could last five years, are doing business as normal.

"The next farm bill won't be revolutionary," said Rep. Jerry Moran, a Kansas Republican who sits on the House Agriculture Committee. "It will be evolutionary."

Any change is likely to be driven by budget pressures, which are more intense now than when the 2002 farm bill was enacted. At the same time, the grass-roots pressure for subsidy overhaul isn't likely to diminish. "We're not going away," said Laura Rusu of Oxfam America, a development aid organization that has been pushing a "Make Trade Fair" campaign.

Finally, the collapse of the Doha Round could bring a spate of disputes under WTO rules. Last year, for example, the WTO ruled in Brazil's favor against a U.S. subsidy that aided cotton exports. The decision raised broader questions about other U.S. crop subsidies, providing a road map for countries to launch similar complaints against corn, rice and sorghum subsidies. European countries, meanwhile, find themselves vulnerable to litigation on a variety of commodities, from butter to tomatoes.

Nicolas Imboden, a former Swiss government trade official who has been advising West African cotton-growing countries during the trade negotiations, said in these WTO disputes "countries seek to get the things they wanted to get in the negotiations."

Some U.S. economists warn that the death of the Doha Round could cost U.S. farmers opportunities to expand their overseas trade. With the U.S. farm trade surplus shrinking markedly in recent years, they say it is vital for American farmers to gain access to markets in the developing world, where most of the world's population resides.

US Braced For Battle Over Farm Subsidy Reform (FT)

By Alan Beattie And Daniel Pimlott

Financial Times, July 26, 2006

While the body of the Doha round is cryogenically frozen and put into storage, Washington will be turning its attention to a related problem that is all too alive: a new US farm bill.

The current farm bill, or agricultural support programme, which began in 2002 and expires next year, was one of the most generous subsidy packages given to US farmers. The so-called "commodity groups" in the US farm community - growers of rice, corn, wheat, soyabeans and cotton, which have received more than three-quarters of all US farm subsidies over the past decade - did particularly well out of it.

While continuing to insist that the next farm bill "will not be written in the WTO", Mike Johanns, agriculture secretary, tried to use the international talks to encourage domestic reform and spread the money more evenly, if only to make sure subsidy programmes do not contravene existing World Trade Organisation laws.

But with Doha suspended and finely balanced mid-term elections coming up in several farming states, observers say the Bush administration's appetite or ability to ask farmers to accept lower handouts is low. Indeed, many of the US's negotiating partners in the WTO talks suspect electoral expediency was behind US unwillingness to concede ground on farm reform.

The collapse of the Doha talks has strengthened the hand of the commodity groups, especially cotton farmers whose subsidies were supposed to receive special attention in the talks. Doha's suspension will give them more freedom to campaign for the next farm bill to look like the present one.

"The entire system is dysfunctional and there is nothing the WTO can do about it," said Susan Sechler, US director for trade and development at the German Marshall Fund of the United States think-tank. "It used to be that you first got a deal at the WTO and then used it to discipline domestic agricultural spending. That doesn't work any more, partly because developing countries in the WTO won't accept a post-dated cheque."

Speaking on Monday, Mr Johanns said that reform was now more urgent than ever. "Sixty per cent of US farmers receive virtually nothing from the farm bill and 93 per cent of the subsidies go to five crops." The White House also said it would push for the renewal of the fast-track authority that gives it the authority to negotiate entire trade deals.

One idea that floated round Congress was to extend for one year both the current spending arrangements under the farm bill and fast-track authority. This would at least allow the issue to be revisited after the mid-term elections. But it would take a big shift in mood if the US's biggest recipients of farm subsidies under the current bill are not to be its biggest recipients in the next one.

Doha Aground (WSJ)

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By Bernard K. Gordon

The Wall Street Journal, July 26, 2006

Surprise, surprise, the WTO talks in Geneva are "suspended." But in truth, hardly a surprise, since in May France's agricultural minister said, "I would prefer that the negotiations fail rather than . . . raise questions about . . . agriculture." At the G-8 summit this month President Jacques Chirac backed him up: "Only Europe has moved [and] gone to the extreme limits."

Both were responding to America's insistence that Europe do more to match its offer to cut farm subsidies -- in order to break the logjam at the heart of the now-collapsed Doha Round. But Europe had a partner in its "my way or the highway" approach. India's Commerce Minister Kamal Nath, presumably speaking for the developing nations, said more "flexibility" was needed, and then gave his definition of the word: "We can't negotiate subsistence and livelihood . . . we should not even be asked to do that."

Mr. Nath had walked out of earlier trade talks, arguing "there was no point" in continuing, which prompted the press at home to fault him for throwing a "temper tantrum." Not a bad label in this case, since India in 2004 accounted for less than 1% of world trade. And speaking after the collapse, which Mr. Nath characterized as "between intensive care and the crematorium," he sharply singled out the U.S. as the sole culprit: the "mind-set" of the Americans was "inverted . . . they're thinking only of market access."

What was surprising was the far more relaxed tone of Brazil's Foreign Minister Celso Amorin, who until now has acted with India as co-spokesman for the developing nations. Yet not once in his press conference did he mention the U.S. by name, though several times he singled out the EU -- from whom "I didn't hear all I wanted to hear." And, he added, the breakdown of talks was "especially sad" for Brazil because the Doha talks can't be compensated by bilateral or regional deals.

That's quite a shift for a Brazilian foreign minister, since Rio has put so much effort into Mercosur, its home-grown idea for an integrated South American economy. Yet now, with Venezuela's Hugo Chávez's sudden emergence as a Mercosur "partner" -- and one who proposes to take Mercosur in a very different direction -- the failed WTO talks must look even more important than before. Their breakdown, Mr. Amorin concluded, now meant trade would revert to "the law of the jungle."

That is the issue, and if the jungle is once again to characterize world trade, then who is in a better position to operate in that realm than the U.S.? That's why it is so initially remarkable that the U.S. has stood, essentially alone, for the rules-based system the WTO represents. Last October, when President Bush announced his plan to cut domestic farm subsidies by 60% over five years, it was at first not taken seriously -- least of all by Peter Mandelson, the EU trade commissioner. Yet it was Alexander Downer, Australia's foreign minister, who represents one of America's principal competitors as an exporter of agricultural products, who said of the Bush proposal: "It's a once-in-a-lifetime opportunity that ought to be grasped."

Susan Schwab, the U.S. trade representative, had only weeks before been relegated as a lightweight who could not fill the shoes of Robert Zoellick or Rob Portman. Yet she made it clear once again that the U.S. would not accept a watered-down version of the Doha Round -- what she and others referred to as "Doha Lite." Before going to Geneva this past weekend, she returned to Washington to touch base with leaders in Congress, and especially with the Über-powerful and knowledgeable Sen. Charles Grassley.

Along with Sen. Max Baucus, Mr. Grassley stressed that anything less than major world trade reforms, especially market access for America's farm goods, would be unacceptable to Congress: It would represent only another effort to "kick the can down the road." Their support in independent quarters was substantial: The World Bank recently concluded that "within agriculture, market access barriers are the key. Deep reductions in agricultural tariffs would deliver 12 times the gains that would be achieved by abolishing export subsidies and trade-distorting domestic support to agriculture."

There are three conclusions from all this. The first is that the world's "small farmers" in several wealthy nations, whether in Japan, South Korea, Norway, Ireland, Switzerland or France, are the short-term winners. A Japanese farm trade negotiator put it frankly: "I regret the rupture of the WTO talks, but it enabled us to avoid the worst scenario, in which a food importer like Japan is forced to widely open its market."

The second is that the more dominant industrial sectors in those countries, especially in Japan and South Korea, are the long-term losers. Nihon Keizai, Japan's business newspaper, along with its Ministry of Economy, Trade and Industry, recognized that Doha's collapse "will deal a serious blow to Japan." Why? Because unlike the 2% to 4% tariff level on industrial goods in the U.S. and Europe, "influential developing countries, including Brazil and India, are at the 30% level."

The final conclusion, as many recognize, is that the way is now clear for a wholesale rush to more so-called regional and bilateral "Free Trade Areas." Washington has already pocketed several, including small ones such as with Oman, which was concluded just last week. It represents an early step towards a wider Middle East FTA, and the U.S. has more on its agenda, including imminent talks with much larger groups, such as the Association of Southeast Asian Nations.

But nations in the developing world should be forewarned. If they seek open access to the U.S. market of 300 million free-spending and import-prone Americans, their negotiators will be tested. As in Central America, Singapore, Chile and Australia,

they may have to accept some distasteful conditions to close the deal. In the end, that may show it was not the U.S. that lost last weekend when the Doha Round was "suspended." It was everyone else.

Mr. Gordon, professor emeritus of political science at the University of New Hampshire, is the author, most recently, of "America's Trade Follies" (Routledge, 2001).

A Winning Strategy For The Democrats: Barter For Free Trade (WP)

By Steven Pearlstein

The Washington Post, July 26, 2006

To understand why Democrats can't win elections, all you had to do was attend yesterday's symposium at the Brookings Institution put on by the Hamilton Project, an effort by the (Bill) Clinton economic braintrust to generate new ideas and a Democratic election agenda.

The main topic was globalization, which had a certain urgency about it the day after the latest round of global trade talks collapsed.

Because this was the free-trade wing of the Democratic Party, the event featured all the usual arguments about how globalization has helped the U.S. economy, boosting growth and productivity through scale economies, specialization and increased innovation.

And because these were Democrats, there were the requisite acknowledgements that, while trade is an overall plus for the economy, it has had some unpleasant side effects: insecurity about job losses, downward pressure on wages, widening inequality, and an unsustainable trade deficit.

There was even a general consensus on what needs to be done to ameliorate those effects. The prescriptions included some old ideas about balancing the federal budget, investing more in education and repealing the Bush tax cuts, and some newer ones such as universal access to health insurance, portable pensions and wage insurance. Protect people, not jobs, was the headline message in the Hamilton Project briefing paper that rejected the protectionist policies of the union left as well as the "you're-on-your-own" economics of the laissez-faire right.

Policy-wise, this is exactly where the Democratic Party as a whole needs to be in terms of trade and globalization. But the problem is that, when you scratch the surface, the free-trade members of the Democratic establishment turn out to be more committed to Part A of the formula, more globalization, than they are to Part B, making sure the benefits from globalization are widely shared. For them, it's really not a package deal. And if push comes to shove, which it always does in trade politics, they'd welcome more globalization even without the compensatory social policies.

How do I know this? Because they said so.

At the conference's closing session, I asked former Treasury secretaries Robert Rubin and Larry Summers and former deputy Treasury secretary Roger Altman if any of them would be willing to support the idea of a "time out" on new free-trade initiatives until there was some tangible progress toward greater economic security for U.S. workers. To a man, they recoiled at the idea.

They explained to me that globalization is such a widespread and powerful phenomenon that it would hardly be affected by trade agreements.

Then, without missing a beat, they turned around and argued how crucial those agreements are, running through the usual list of horrors that would befall the country if the United States were to put its free-trade agenda on hold:

That the United States would give up its role as the leading force for internationalism.

That such a move would send a terrible signal from the world's superpower about its isolationist instincts.

And, oh yes, my personal favorite -- that if we stopped negotiating trade treaties, other countries would rush around and sign bilateral agreements without us.

All of these arguments, of course, are beside the point. This is about the politics of trade, not the policies. And its a perfect example of how the Democrats have lost the instinct for the political jugular and the ability to use policy disputes to political advantage.

The idea here isn't to kill free trade. It's to take it hostage. Right now, the defection of formerly free-trade Democrats has made it impossible to get any trade treaty or trade-negotiating authority through Congress. That's a big problem for the business community, particularly big corporations such as Lucent, AIG and General Electric. Democrats now have a perfect opportunity to deliver what the business community wants -- and to demand in exchange programs designed to provide workers more economic security. But such negotiations will never succeed if influential Democrats give away the store in advance by signaling they support all trade liberalization, unconditionally.

No guarantees of health care, pensions, expanded unemployment insurance -- no more trade deals. It's a simple message even chief executives can understand. Voters, too.

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Doha Is Dead... (WSJ)

The Wall Street Journal, July 26, 2006

Trade diplomats have been quick to point fingers after negotiations in the Doha Round collapsed Monday, and for once they're all correct. Far more important, however, will be whether the world's economic powers continue to push for the free trade of goods and services by other means, or simply retreat and let the protectionists pounce.

The U.S. has taken most of the criticism so far, some of it deserved. The Bush Administration has never escaped the subsidy shadow cast by the 2002 farm bill, which increased government aid to American agribusiness to $190 billion over six years. This largesse, pushed by Iowa Senator Chuck Grassley among others, made it more difficult for the U.S. to cut farm handouts enough for a successful Doha.

It also eroded confidence in the White House's ability to deliver any real cuts in the face of Congressional opposition, particularly with midterm elections coming up. To clear Congress, a Doha deal would have to be ambitious enough in other areas -- such as services and manufactured goods -- to offset the steep farm subsidy cuts that the U.S. would have to make. This is where the talks really collapsed.

EU Trade Commissioner Peter Mandelson assailed the U.S., but he knows the EU was as large a problem. Under orders from the French not to go too far, he long ago began to talk down expectations for Doha. While Mr. Bush could sell only an ambitious deal to Congress, Mr. Mandelson knew EU states wouldn't accept one that was too far-reaching.

This difference reached a breaking point on Sunday in Geneva. Mr. Mandelson complained that the U.S. snubbed his latest proposal on average tariff cuts. But this EU offer, while better than the 39% average reduction previously tabled, still came up short. The G-20 group of industrial and developing nations wanted the EU to lower its average farm tariff rate by 54%; the U.S. asked for 66%. Europe came up with 50%-51.5%.

The EU also wanted to exempt certain "sensitive" products, such as beef, from these tariff reductions. Both the G-20 and the U.S. said this exemption should be limited to only 1% of all lines of farm products, or about 20 types of goods in Europe's case. The EU first demanded 8%, then went down to 4%-5% -- still too much to keep exporters from gaining much of a foothold in European markets.

Japan, Brazil and India have also done their part to scuttle the talks. Japan insisted on keeping its domestic farmers heavily subsidized and protected by tariffs. And Brazil and India -- which as emerging economic powers arguably have the most to gain -- refused to open their markets for industrial goods and services until their demands on agriculture were met.

It's true that the Doha Round had produced important gains before this weekend, such as the elimination of export subsidies for farmers by early next decade. And a modest Doha deal would have locked in these advances and kept the momentum for free trade alive. In the end, this may be all that's achievable in the current political environment -- and we'd prefer it over nothing if talks start up again next year.

However, with Doha on ice for at least several months, and maybe for good, trade ministers will likely turn their attention to bilateral and regional free-trade agreements, or FTAs. The U.S. has been active on this front recently, signing nine of its 12 FTAs since Mr. Bush took office. Another six accords are pending approval in Congress or the partner capital, and 11 more are being negotiated. This push will continue until the expiration of President Bush's trade promotion authority next summer. Trade deals become less likely after that, because Congress will be able to pick apart and amend them, rather than casting an up-or-down vote.

U.S. Trade Representative Susan Schwab says she also wants to update older FTAs to encourage regional groupings -- and this makes sense. FTAs with Jordan and Israel are among America's oldest, for example, while pacts with Oman and Bahrain are very recent. "Harmonizing" these rules, in the trade argot, will be crucial to creating the Mideast Free Trade Area by 2013 that is a U.S. goal.

Let's hope the harmonization doesn't stop there. Bilaterals are worse than multilateral deals in several ways, notably in the "spaghetti bowl" of rules that companies have to deal with when they do business in multiple countries. But harmonizing the rules across different bilaterals may be a way to create a "coalition of the willing" for free trade. Bring in another of the more powerful trading nations -- say, Australia -- and there will be real momentum toward a so-called plurilateral free-trade deal. Call it Doha by the back door.

In a better world, the U.S. would preach and practice the virtues of unilateral free trade that has helped Americans prosper while lifting hundreds of millions out of poverty around the world. Short of that ideal, the way to prevent Doha's suspension from becoming a protectionist victory is to pursue freer trade by whatever diplomatic means possible.

A Failure For Trade (WP)

The Washington Post, July 26, 2006

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IN THE AFTERMATH of the terrorist attacks of Sept. 11, 2001, the United States and its allies launched the Doha round of global trade talks. The aim was to reduce trade barriers that particularly harm developing countries, with the hope of spreading prosperity and dimming the appeal of terrorists who assert that the global system is unjust. Five years later, the struggle against Islamic radicalism is hardly going swimmingly. But the world's leaders are tired and complacent. On Monday they allowed the Doha round to collapse.

The failure came one week after the Group of Eight meeting in St. Petersburg, at which the world's dominant powers promised to break the negotiating deadlock. Even in the best of times, the G-8 is a suave issuer of hollow promises, but seldom have any proved this empty this fast. Rather than following up their G-8 pledge by authorizing trade ministers to return to the bargaining table with fresh concessions, the heads of state sent them back into the fray with hardly any extra flexibility. The result was predictable. The Doha round has now been formally suspended, and there is virtually no chance of its revival before the expiration of President Bush's trade promotion authority next summer.

The main players lost no time in pointing fingers at each other. The truth is that both the United States and the European Union made political decisions not to confront their farm lobbies, even though agricultural liberalization is at the heart of the Doha round. European timidity owed something to the diminished status of Britain's prime minister, Tony Blair, who is beset by poor poll ratings and a whiff of scandal, and much to the wimpy French government, which retreats from pro-market reform when bullied by demonstrators. Meanwhile, the Bush administration faces tough midterm elections and has no stomach for alienating farmers. The leading developing countries, for their part, offered only minimal market opening.

Yet while the failure of the Doha round can be explained politically, it makes no moral or practical sense. Many aspects of the war on terrorism involve genuinely hard trade-offs: how to balance security and civil liberties, how to balance military force with the quest for hearts and minds. But pro-development trade liberalization is a win-win, a no-brainer: It is good for the rich economies that cut the trade barriers as well as being good for exporters in developing countries. The Bush administration, like other recalcitrants, chose not to make fresh "concessions" that might have saved the Doha round, but these so-called concessions would merely have limited its funneling of billions in taxpayers' money to large farmers, a policy that makes no sense. Indeed, the administration itself declares that it wants to cut farm subsidies. So what is the sense in triggering the collapse of trade talks in order to preserve them?

Nobody Wants Free Trade (LAT)

The Los Angeles Times, July 26, 2006

WHILE HEZBOLLAH MISSILES and Israeli airstrikes crossed in the night, militias rampaged in Somalia and Darfur and death squads made their ghoulish rounds in the streets of Baghdad, a quieter disaster — but one with arguably larger long-term implications — took place in placid Geneva.

World Trade Organization talks hardly make for compelling television, gripping front-page photos or sexy headlines, yet their effect is often of greater consequence than the latest suicide bombing or military atrocity that commands the 24-hour news cycle. The Israeli-Hezbollah conflict has killed fewer than 450 people so far; global poverty has killed several million this year, while contributing to the instability and despair that will spawn tomorrow's wars, terrorism and other more telegenic tragedies. The Doha round of talks that collapsed Monday in Geneva, launched in the aftermath of the 9/11 terror attacks, could have put a genuine dent in that poverty while boosting standards of living in wealthy nations. The World Bank estimates that a successful outcome would add nearly $300 billion to the world economy.

Just last week, world leaders proclaimed at the Group of 8 summit that they were committed to saving the Doha round, which is aimed primarily at reducing agricultural tariffs and subsidies that make it harder for poor countries to sell their crops to rich countries at a fair price. Their words were, as expected, completely empty. None of them gave their trade ministers any new proposals to introduce during last-ditch efforts over the weekend to resolve the 5-year-old talks, which ended up being suspended indefinitely by WTO Director Pascal Lamy.

The United States and the European Union each accuse the other of intransigence, but in truth, neither side was ready to make anything but cosmetic cuts in farm supports. The reason is connected to the lack of headlines on the collapse of the Doha talks: There is no strong political constituency on behalf of free trade or international development. Though every American taxpayer and consumer is harmed by farm subsidies, the powerful agribusiness lobby and members of Congress from farm states still prevail.

Doha is dead for now, but it doesn't have a stake in its heart. Other trade rounds have been revived years after their apparent demise. That could happen with Doha if business interests and politicians who know the benefits of free trade and appreciate the strategic value of lifting global living standards are willing to get the message across.

President Bush has been addressing the crisis in Iraq this week, and Secretary of State Condoleezza Rice has been dealing with Lebanon. In a decade, their efforts may well be historical footnotes. It was U.S. Trade Representative Susan

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Schwab — ever heard of her? — who was left to deal with what could turn out to be the more lasting tragedy. Poverty, unless more is done to combat it now, will in coming decades still be the scourge of humanity, engendering more wars and famines, giving rise to new diseases and worsening overpopulation. It's worth a lot more attention than it's getting.

If you want other stories on this topic, search the Archives at latimes.com/archives.

New Legal Front Opens In Recount Battle (LAT)

By Chris Kraul

The Los Angeles Times, July 26, 2006

MEXICO CITY — Andres Manuel Lopez Obrador filed a federal lawsuit Tuesday charging Mexico's national electoral board with criminal omission of duties for not stopping negative advertising in the final weeks of the campaign, his latest gambit in a bid to force a recount in the July 2 presidential election.

Lopez Obrador, of the Democratic Revolution Party, fell 244,000 votes short of his competitor Felipe Calderon of the National Action Party and has since pressed his case for a recount of all 41 million votes cast, charging that the balloting was tainted by fraud and mismanagement.

His appeal is now before a seven-judge federal electoral tribunal. Its decision, expected by Aug. 31, could go a number of ways: a partial or full recount, nullification of the election and calls for new balloting, or dismissal of Lopez Obrador's appeal.

On Sunday, hundreds of thousands of his supporters are expected to march on the capital's historic center.

The suit refers to advertising allegedly paid for by private companies and business associations opposed to Lopez Obrador that, without mentioning the candidate by name, warned voters not to risk economic instability. The Lopez Obrador camp contends that the ads were illegal because they violated rules that forbid all but political parties from buying advertising. Some legal experts dispute that interpretation.

During the campaign, Lopez Obrador successfully filed a complaint to stop negative political ads that Calderon was running in which Lopez Obrador was compared to Venezuela's Hugo Chavez.

On Monday, Lopez Obrador sent Calderon a letter that he later made public asking his rival to agree to a national recount of the votes cast and that in exchange he would accept the results and not continue with street demonstrations. Lopez Obrador's supporters said at a news conference Monday that a recount was the only way that Calderon, if he prevails, could govern without a "shadow of illegitimacy."

Calderon answered Monday night that the matter was in the hands of the federal electoral tribunal and that political parties didn't have a say in whether there was a recount.

At the news conference Monday, Lopez Obrador supporters said they had found evidence that more than half of the 130,000 balloting stations showed signs of arithmetic errors.

Political scientist Federico Estevez of Mexico City said that, judging from the description, the alleged errors were mistakes that even out over the course of a ballot count and probably would not affect the final outcome.

Mexican President, Whoever It Is, Needs Sense Of Balance (USAT)

USA Today, July 26, 2006

Qué pasa in Mexico? More than three weeks after the presidential election, we still can't be certain who won. The top vote-getter in the July 2 contest was Felipe Calderón, a 43-year-old lawyer with a graduate degree from Harvard, of the conservative National Action Party. But with just 244,000 votes separating them, his chief rival, Andrés Manuel López Obrador of the Democratic Revolution Party, is challenging the results.

Still, chances are, Calderón will win. He and I were classmates at Harvard six years ago. He has a keen mind, a good heart and a likable personality. I'm sure he'll assemble a competent staff and that Mexico will be in good hands. What's unclear to me is why my amigo would want this job.

For one thing, Mexican presidents must have an exceptional sense of balance. That's true domestically: Ideally, they should represent rich and poor in a country where the two groups seem to live in different worlds. In foreign affairs: They have to remain close to the people without appearing too close to the United States.

Spotty record

No one ever seems to pull that one off. Looking back on all the presidents since the end of the Mexican Revolution in 1920, some were seen as puppets for Uncle Sam and others as thorns in his side. Guess which is celebrated south of the border. It has become a joke: Stand up to los americanos, and Mexico will erect a statue in your honor. It worked for Lázaro Cárdenas, a former army general who became president in 1934.

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In a letter to the secretary of State, U.S. ambassador to Mexico Josephus Daniels famously described Cárdenas as a "loyal soldier" who would take orders from a "superior authority." How wrong that prediction turned out to be — especially with regard to the hot-button issue of the day: oil.

When Cárdenas took office, most of the country's petroleum industry was controlled by 17 foreign companies. Concerned that these companies were looting Mexico of its most valuable natural resource, Cárdenas nationalized the oil fields and reclaimed them for Mexico. Today, many Mexicans consider Cárdenas a hero and the petroleum industry off-limits to foreign investment.

Return the favor

Now the hot-button issue is immigration, and Calderón will have to strike a balance between what Americans want and what Mexicans will allow. After years of Mexico being bailed out by the United States, many Americans seem to want to be bailed out by Mexico. That is, we'd like our neighbor to do more to cut off the supply of illegal immigrants who go north because we can't seem to curb the demand for the labor that they provide. The hope is that Mexico will prevent migrants from leaving that country and spilling into ours. The demands range from the reasonable (creating more jobs in Mexico) to the ridiculous (physically stopping border crossers).

You can guess Mexico's response: "No way, José." Mexico isn't about to prevent its people from leaving. While it is a crime to smuggle people out of the country, it is not a crime for migrants to let themselves be smuggled.

In the United States, however, it is a crime to knowingly hire an illegal immigrant. And yet, Americans are addicted to cheap illegal immigrant labor. It allows those who earn middle-class wages to live upper middle-class lives. More people can afford nannies, housekeepers and gardeners. Now that we've decided that we have to kick the habit, and lacking the willpower to do it on our own, we demand of Mexico: "Stop us before we hire again."

Help is not on the way. Calderón has said that building walls or deploying troops won't stop illegal immigration. He has promised Mexicans that he won't "bow my head and lower my eyes to the Americans" and that he would accept only a "dignified" relationship with the United States.

Good for him. But, whatever happens, the relationship between the two countries just got a lot more interesting.

Ruben Navarrette is an editorial writer for The San Diego Union-Tribune and a nationally syndicated columnist.

Axis Of Hugo (WSJ)

The Wall Street Journal, July 26, 2006

Venezuelan strongman Hugo Chávez is on a two-week tour du monde that began with a visit to Che Guevara's boyhood home in Argentina and will, after several stops, reach a climax alongside Iranian President Mahmoud Ahmadinejad in Tehran. This is more than just an itinerary; it's a kind of AAA guide through the world's rogue regimes and anti-Americans.

So it was no surprise that in London Mr. Chávez skipped Tony Blair. Instead, he paid a visit to London Mayor "Red Ken" Livingstone, an ostensible progressive who finds common ground with firebrand Islamist clerics. Next up was scenic Belarus, the last full-blown dictatorship in Europe, which Mr. Chávez praised as a "model of a social state." Then on to Moscow, where he plans to squander his country's oil wealth on 30 advanced jet fighters and a license to build Kalashnikov assault rifles back home. Mr. Chávez has publicly fantasized about using the fighters to take out a U.S. aircraft carrier in the Caribbean. That's implausible, given how the U.S. would respond if he tried. But Venezuela's neighbors have plenty to fear from his Kalashnikovs.

As for Iran, this will be Mr. Chávez's fifth visit. Maybe he likes the food. Already Caracas and Tehran have cemented an alliance that goes beyond anti-American posturing and oil politics to include military exchanges, according to press reports. Who knows where the madcap Venezuelan will turn up next, but we'll lay odds that Zimbabwe, Burma and North Korea are all high on his "50-dictatorships-to-see-before-I'm-deposed" list.

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Shaw, Aloma A

Subject:	Cobell
Location:	5710
Start:	Friday, July 28, 2006 2:00 PM
End:	Friday, July 28, 2006 3:00 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Shaw, Aloma A
Required Attendees:	Gorsuch, Neil M; Katsas, Gregory (CIV); Elwood, Courtney; Senger, Jeffrey M; Wooldridge, Sue Ellen (ENRD); Bucholtz, Jeffrey (CIV); Schiffer, Stuart (CIV)

When: Friday, July 28, 2006 2:00 PM-3:00 PM (GMT-05:00) Eastern Time (US & Canada).
Where: 5710

~~*~*~*~*~*~*~*~*~*

Bucholtz, Jeffrey (CIV)

From: Bucholtz, Jeffrey (CIV)
Sent: Wednesday, July 26, 2006 3:21 PM
To: Gorsuch, Neil M
Subject: RE: Cobell

Neil: I'm supposed to be out of town starting Fri. morning. What's the agenda for this meeting and how badly am I needed for it if Stuart will be there? Thanks,

Jeff

From: Shaw, Aloma A
Sent: Wednesday, July 26, 2006 2:47 PM
To: Schiffer, Stuart (CIV); Bucholtz, Jeffrey (CIV); Wooldridge, Sue Ellen (ENRD); McKeown, Matt (ENRD); Senger, Jeffrey M; Katsas, Gregory (CIV); Elwood, Courtney
Cc: Bennett, Catherine T
Subject: Cobell

Neil Gorsuch would like to meet with you all this week regarding Cobell. Are you available on Friday, July 28th at 2:00? Please advise.

Thank you,
Aloma

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, July 26, 2006 6:27 PM
To: Bucholtz, Jeffrey (CIV)
Subject: RE: Cobell

Skip it!

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Thank you,
Aloma

Senger, Jeffrey M

From: Senger, Jeffrey M
Sent: Wednesday, July 26, 2006 6:59 PM
To: Shaw, Aloma A
Cc: Gorsuch, Neil M
Subject: RE: Cobell

Aloma -- I just talked with Neil, and he would like to reschedule this meeting to tomorrow (Thursday) because of the need to move quickly. Looking at his calendar and mine, any time after noon looks fine.
Thanks,
Jeff

From: Shaw, Aloma A
Sent: Wednesday, July 26, 2006 2:47 PM
To: Schiffer, Stuart (CIV); Bucholtz, Jeffrey (CIV); Wooldridge, Sue Ellen (ENRD); McKeown, Matt (ENRD); Senger, Jeffrey M; Katsas, Gregory (CIV); Elwood, Courtney
Cc: Bennett, Catherine T
Subject: Cobell

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Thank you,
Aloma

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, July 27, 2006 8:03 AM
Subject:	Attorney General's News Briefing for Thursday, July 27, 2006
Attachments:	agnb060727.pdf; agnb060727.doc

This morning's Attorney General's News Briefing is attached.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JULY 27, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Administration Officials Testify In Support Of FISA Revisions ...3
White House Officials Debate Rules For Trying Terror Detainees ...4
FBI Paid Miami Terror Probe Informants Total Of $56,000 ...4

Patriot Act:

Judge Hears Patriot Act Challenge ...5

Homeland Response:

US Muslim, Arab Groups Urge FBI To Avoid Profiling In Hezbollah Probes ...5
Congressional Report Criticizes Contracting At DHS ...5
DHS Dispatching Analysts To States In New Information-Sharing Initiative ...6
Animal-Rights Advocate Predicts Increased Financial Attacks On Drug Makers ...6
Conservatives Laud Stone Film On World Trade Center ...6
Blanco Responds To Chertoff Request By Criticizing Federal Evacuation Plan ...6

War News:

Maliki Tells US Congress Iraq Key Part Of Global War On Terrorism ...7
US To Boost Troop Levels In Baghdad ...9
Saddam Returns To Court, Demands Execution By Firing Squad If Convicted ...10
Iraqi Oil Production Expected To Double Over Next Four Years ...10
Twenty-Two Taliban Fighters Killed In Clash With US Forces ...10

Corporate Scandals:

SEC Tightens Rules On Executive Pay, Options Grants ...10
Professor Questions Fraud Charges In Options Probe ...12
Former Lending Tree Official Pleads Guilty To Insider Trading Charges ...12
DOJ Sees Obstruction In False Statements To In-House Counsel ...13
Report Finds Sharp Drop In Investors' Class Action Suits ...13
Heads-Up Calls To Hedge Funds Spark Insider Trading Probes ...13
Financial Firms Reach Settlement In Global Crossing Case 14

Criminal Law:

Appellate Panel Grants Jefferson Request For Stay In DOJ Review Of Seized Evidence ...14
"Innocence Lost" Probe Unveils Harrowing World Of Child Prostitution ...14
Pennsylvania Woman Charged In Husband's Death ...14
South Carolina Sex Offender Found In Florida With Missing Teens ...15
FBI Agent Shoots Florida Murder Suspect During Arrest ...15
Boston Police Officers Waive Extradition From Florida ...15
FBI, IRS Agents Search New Jersey Utility Authority's Office, Director's Home ...16
FBI Arrests New Jersey Child Pornographer In Worldwide "Namgla.net" Sweep ...16
Virginia Set To Execute Man For Inmate's Murder ...16
Bush To Sign Child Protection Act Today ...17
Inmates Kill Guard At Maryland Prison ...17
Parents Of Murdered Utah Girl Apologize For Criticism Of Police, FBI ...17
DC Mayor Calls For Study On Need For More Police ...18
Jury Finds Yates Not Guilty By Reason Of Insanity ...18
Release Of Women's Photos Draws Tips In California Case 19

Civil Law:

Boeing Reports Loss After Settling Defense Contract Charges ...19

Report Finds Big Firms Benefiting From Federal Contracts Aimed At Small Businesses 20
Watchdog Urges Better Information Flow Under FOIA 20

Civil Rights:

DOJ Says Cincinnati Is Complying With Police Reforms 20
Five Florida Prison Guards Plead Not Guilty In Sex Scandal 21
Washington State Court Upholds Gay Marriage Ban 21
Bush To Sign Voting Rights Act He Criticized As Texas Governor 21
Judge Rules Virginia Hoarder's Conviction Did Not Violate Rights 21
Prince George's County Whites Find Themselves In Minority 22

Antitrust:

Realtors Face Federal Probes Over Internet Listings 22
Microsoft Antitrust Settlement Funds To Be Distributed 23
Newspapers Attack Suit Brought To Block Sale 23
Microsoft To Acquire Medical Software Firm 23
Orthopedics Firm Says Antitrust Probe Linked To Competitor's Email 24
Attorney Ratchets Up Attack On Hollywood Idea Theft 24
Friendster Linking Patent Could Hurt Rival Sites 24
EMI Ends Warner Music Bid Talks 24

Environment:

Gulf Drilling Measure Moves Toward Passage In Senate 25
New Political Will For Yucca Project Fails To Sway Nevada Opposition 26
Ohio Court Rejects Supreme Court's View On Eminent Domain Case 26
Professor Says His Data Has Been Misinterpreted To Dispute Global Warming 26

FBI/DEA/ATF/USMS:

Mueller Announces FBI Restructuring Plan, Including New WMD Directorate 26
Threats Against Federal Judges Are Up 28
Investigation Of Khat Distribution Network Leads To At Least 30 Arrests 28
Trainer Expected To Remain Silent As Investigation Of Bonds Continues 29
Former Chicago Hells Angels Leader Is Sentenced 30
In Bolivia, New Coca Programs Said To Be Increasing Cocaine Production 30
Illinois Trooper Pleads Guilty To Gun Charge 30
Maine Gun Laws Said To Attract Out-Of-State Dealers 30

Immigration:

DHS Program Aims To Reduce Hiring Of Illegal Immigrants 31

Tax:

Judge Bars Statements Made To US In KPMG Tax Shelter Case 32
Audit Finds IRS Employees Could Get Unofficial Access To Data 32
GOP Effort To Pass Estate Tax Measure Complicates Pension Conference 33

Congress-Administration:

Senate To Revisit Bolton Nomination 33
Novak Blasts Frist, White House For Not Focusing On Judicial Nominees 34
Deputy White House Press Secretary Ken Lisaius Leaving 34
House, Senate Approve Expanded Oversight Of Foreign Investment Panel 35
Scientists Say Bush Stance Has "Cast A Pall" Over Stem Cell Research 35
Education Department Moves To Expand Tutoring For Poor Children 35
House GOP Leaders Plan Their Own Earmark Rules If Conference Fails 35
GOP Mulls Combining Minimum Wage, Small Business Health Plan Bills 35
Hastert Will Run For Speaker If GOP Keeps Majority 36
Living Costs Driving Federal Workers Out Of San Francisco, Los Angeles 36
Wessel Says Bush Makes Deficit Problem Seem Simpler Than It Is 36
Brooks Says Government Should Promote Stable Two-Parent Homes 36
NYTimes Calls Senate Abortion Bill "Mean." 36

Other News:

Fed Says Economic Growth Beginning To Slow 36
Judge Approves More Northwest Airlines Labor Deals 37
Astor Suit Claims Mistreatment Of Former New York City Social Figure 37
Democrats Look To Capitalize On Medicare Drug Plan's "Doughnut Hole." 37
Bush Raises $500,000 For Capito 38
Steele Calls Bush "A Friend" Who Is "More Than Welcome" To Campaign For Him 38
Texas Governor Backs Faith-Based Programs 39
Texas Republicans Expect DeLay To Run If Forced On Remain On Ballot 39

DOJ_NMG_0043298

Hillary Clinton's Brother Barred From Accessing Bank Account 39
Former President Ford Released From Hospital 40
Ethics Complaint Filed Against McCaskill 40
Pay Cut Enabled Lewis Aide To Avoid Lobbying Ban 40
Bad News For Both Parties In WSJournal/NBC Poll 40
1996 Welfare Reforms Called A Victory For Conservative Principles 40
Rove Campaigns For GOP County Parties In Ohio 40
Jewish Democrats Have Mixed Feelings About Lieberman .. 41
DCCC Chairman Identifies Four Districts As Major Pickup Opportunities 41
Democrats Plan Rare Joint Caucus Today 41
Reynolds Launches Early Campaign Ad 41
Rome Middle East Conference Fails To Reach Consensus On Ceasefire 41
Hezbollah Ambush Kills Eight Israeli Soldiers 44
Israel To Investigate Airstrike On UN Post In South Lebanon 46
Israeli Offensive Kills 23 Palestinians In Gaza 46
House Approves Nuclear Deal With India 46
Bush Eager To Revive Failed Doha Talks 47
Senate Threatens China With Tariffs Over Currency 48
Japan To End Ban On US Beef Thursday 48
Defense Minister Says North Korea Will Strengthen Nuclear Program 48
Chavez Plans Major Arms Deal With Russia 48
Cocaine Labs Double During Morales' Tenure In Bolivia 49
Somali Becoming Proxy War For Eritrea, Ethiopia 49
Georgian Government Seeks To Pacify Rebellious Militia 49
Aid Agencies Criticized For Failing To Follow Through In Tsunami Zone 49
Liberia Activates Emergency Power System 49
Leftist Candidate's Adviser Says Violence Possible In Mexico Without Recount 50

The Big Picture:

Headlines From Today's Front Pages 50

Washington's Schedule:

Today's Events In Washington 51

TERRORISM NEWS:

Administration Officials Testify In Support Of FISA Revisions. Reports on the Senate Judiciary Committee hearing on domestic eavesdropping focus on the Bush Administration's support for a formal expansion of presidential powers. The New York Times (7/27, Lichtblau, 1.21M) says senior Administration officials said it would be "impractical" for them to "obtain individual warrants every time they needed to eavesdrop on a conversation suspected of involving Al Qaeda," and called on Congress to "approve a proposal that critics said would give the president broad, unchecked powers." CIA Director Gen. Michael Hayden called the proposal, crafted by Specter and the White House, "'a great opportunity' to modernize intelligence-gathering procedures in a way that would 'protect our liberty and security.'" But critics "attacked the agreement Wednesday as abdication to the White House," and Specter "now finds himself in the unlikely position of White House ally after months as an antagonist."

The Washington Post (7/27, A2, Pincus, 748K) said the proposal would "accommodate the government's controversial warrantless eavesdropping program." NSA Director Lt. Gen. Keith Alexander said the 1978 FISA law is "out of step with current technology." CQ (7/26, Perine) writes that Specter "is staunchly defending the deal he struck" with the White House, but "committee Democrats clearly remained skeptical of Specter's approach." It is "not clear how much support Specter has on the 18-member committee, which is scheduled to begin marking up the bill" today.

USA Today (7/27, 7A, 2.27M) reports, "Anti-terrorism authorities could not track al-Qaeda effectively if they had to get court warrants before eavesdropping on global phone conversations involving U.S. callers," Hayden said. Hayden "backed compromise legislation" between the White House Specter "that would allow a secret FISA court to review the NSA program to determine its legality."

The AP (7/27, Taylor) reports, "A senior Justice Department official, acting Assistant Attorney General Steven Bradbury, added, 'Congress did not anticipate the technological revolution that would bring us global high-speed fiber-optic networks, the Internet, e-mail and disposable cell phones.' … Democrats said it was premature to rewrite the law. They said it was not even clear that current

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eavesdropping, which includes the monitoring of international telephone calls and e-mails that originate or end in the United States, is legal without a search warrant." The AP notes, "As part of a deal with Bush to submit the wiretapping program for court review, the Republican-controlled committee is considering updating the law. The administration monitors international calls and e-mails of Americans if terrorism is suspected. … Changing the law brings into play the larger question of whether the administration is violating constitutional protections against illegal searches."

White House Officials Debate Rules For Trying Terror Detainees. The New York Times (7/27, Cloud, Stolberg, 1.21M) reports Bush Administration officials said they were "still debating important aspects of a draft bill laying out new rules for bringing terror detainees to trial, with some of the sharpest disagreements over provisions that would allow defendants to be excluded from their own trials" in light of the recent Supreme Court ruling on the judicial process for terror suspects. While a "draft administration bill provides new rules intended to deal with the Supreme Court objections, the draft plans would still allow defendants to be removed when classified evidence was presented."

In its headline, the Washington Post (7/27, A3, Smith, White, 748K) says the White House proposal would create "tribunal-style trials." The Post said the plan was "developed in several weeks of contentious meetings" between White House, Pentagon, DOJ, and State Department officials, but "without substantial input from the military's corps of uniformed lawyers. On C-SPAN Wednesday, Attorney General Alberto Gonzales said, "We are reaching out to the military establishment, to military JAGs, to get their views and comments on how the procedures should work."

The AP (7/27, Flaherty) reports, "Attorney General Alberto Gonzales said Wednesday the administration is pursuing legislation that would authorize the same military tribunals the Supreme Court last month called illegal." The AP continues, "In an interview on C-SPAN, Gonzales confirmed the administration had drafted a proposal that would allow indefinite detention of suspected terrorists. The draft is now being circulated among military lawyers for comment. … 'There may be instances where it is impractical to bring someone to trial within 120 days or a short period of time,' Gonzales said." The AP adds, "Gonzales also confirmed the administration was considering a system that would allow reliable hearsay evidence when prosecuting terror suspects. Defendants also would be barred from their own trials if it necessary to protect national security. … Gonzales said such restrictions are common in international tribunals used to prosecute war crimes. … 'We are looking at what has occurred around the world,' Gonzales said. 'Again, we're in the drafting process.'"

FBI Paid Miami Terror Probe Informants Total Of $56,000. The AP (7/27, Anderson) reports, "Two informants were paid nearly $56,000 by the FBI for their roles in the investigation that led to the arrests of seven men accused of plotting attacks against Chicago's Sears Tower and government buildings, prosecutors disclosed Wednesday." The informant identified as CW2 "was given legal U.S. immigration status in return for his help" and "was paid $17,000 for his work and $19,570 in expenses, according to court papers." CW1 "was paid $10,500 for his work plus $8,815 for expenses." The AP notes, "It is common for the FBI and other law enforcement agencies to pay informants for their work, but the amounts are not commonly disclosed publicly so early in the legal process." The Orlando Sentinel (7/27, Diaz, Blum, 246K) adds, "While using paid informants is not unusual in criminal cases, defense attorneys for the accused men said the compensation and benefits will help them show jurors the informants are not trustworthy. 'The fact that these are not just good citizens that are cooperating with the government, but that these are opportunists that are trying to earn not only money but other benefits by creating a case, is extremely significant,' said Gregory Prebish, attorney for Burson Augustin, one of the accused."

Judge Sets March 5 Trial Date. The Miami Herald (7/27, Weaver, 310K) reports, "The Miami terror case that attracted worldwide attention last month -- thanks to a Washington press conference announcing the arrests of seven men with alleged al Qaeda connections -- is set for trial on March 5. U.S. District Judge Joan Lenard on Wednesday issued a fall deadline for the seven defendants' lawyers and federal prosecutors to share evidence, including transcripts of secretly recorded FBI phone conversations, video surveillance tapes and post-arrest statements. Lenard also warned both sides to follow federal court rules about not disclosing information to the public, including the media."

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PATRIOT ACT:

Judge Hears Patriot Act Challenge. The AP (7/27, Deutsch) reports, "A federal judge who previously invalidated a portion of the USA Patriot Act as too vague delayed a decision on a similar challenge to a post-Sept. 11 executive order Wednesday but indicated in a tentative ruling she was inclined to uphold wide powers asserted by President Bush under an anti-terror-financing law." The AP continues, "U.S. District Judge Audrey Collins heard more than an hour of arguments from a lawyer for the Washington-based Center for Constitutional Rights and from a Department of Justice lawyer before delaying her final ruling to allow more briefs to be filed. … In her tentative 41-page ruling, she urged lawyers not to confuse her prior rulings in a related case with the issue now at hand. She said this was the first time that the plaintiffs had directly challenged Executive Order 13224 signed by the president on Sept. 23, 2001, under the International Emergency Economic Powers Act following the Sept. 11 terrorist attacks." The AP adds, "Center attorney David Cole, representing the Humanitarian Law Project, objected to the section of law that allows the president to designate persons or groups as providing 'services' to or being 'otherwise associated' with designated terrorist groups. He said it does not require that any reason be given for putting a group or person on the list, freezing their assets and prosecuting them. … 'This is saying we're going to give the president a blank check to designate anyone he wants,' said Cole. '... He has the power to designate anyone as a global terrorist without finding they're engaged in terrorism or supporting it.' … He maintained that thousands of people have been added to the list without explanation by Bush and the U.S. secretary of the treasury." The AP notes, "Department of Justice Senior Trial Counsel John Tyler argued that the executive order portion of the act has never been used in the manner that Cole suggested. … 'It's a hypothetical possibility that it's a law that might be used,' he said. '... You have to come forward with fact, not just speculation.'"

HOMELAND RESPONSE:

US Muslim, Arab Groups Urge FBI To Avoid Profiling In Hezbollah Probes. The AP (7/27, Toosi) reports, "In a letter sent Wednesday, 25 groups, including the Islamic Society of North America and the American Arab Anti-Discrimination Committee, urged FBI Director Robert Mueller to issue instructions to field offices and agents to avoid unwarranted profiling and respect the legal protections of people they may question" in any investigations of Hezbollah members in the US. "'We want the FBI, obviously, to protect our nation from those who do us harm, but we want them to focus on actual credible evidence of wrongdoing and not target people based on their ethnicity or religion or based on First Amendment political expression,' said Farhana Khera, head of Muslim Advocates, the lead drafter of the letter." The AP notes, "On Wednesday, Mueller told reporters…that the agency's efforts continued, but when asked if there was any indication the group is planning an attack in the United States or on U.S. interests abroad, he said, 'At this juncture, no.' FBI spokesman Stephen Kodak said the agency plans to reach out to the groups that sent the letter. He said there are no plans to launch large-scale interviews regarding Hezbollah."

Congressional Report Criticizes Contracting At DHS. The Washington Post (7/27, A1, Witte, Hsu, 748K) reports in a front page article a "bipartisan congressional report" has found that the post-9/11 "surge in federal contracting…has been marred by extensive waste and misspent funds. … Lawmakers say that since the Homeland Security Department's formation in 2003, an explosion of no-bid deals and a critical shortage of trained government contract managers have created a system prone to abuse." DHS spokesman Russ Knocke said the agency continues "to work very aggressively to strengthen…contracting procedures, maximize oversight and ensure that what are ultimately limited resources are applied in the most effective way." However, "The report warns that the department is on the verge of making more mistakes by giving contractors too much latitude."

The Los Angeles Times (7/27, Gaouette, 918K) adds that the report, "prepared by staff of the House Committee on Government Reform," said DHS "has failed to plan contract projects properly, has awarded them without adequate competition, and has done so without enough staff to monitor contracts after they have been signed." Rep. Tom Davis said the agency's "acquisition structure and work-force challenges, as our report shows, betray serious weaknesses that are impeding the ability of DHS to protect the homeland."

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DHS Dispatching Analysts To States In New Information-Sharing Initiative. USA Today (7/27, 3A, Hall, 2.27M) reports, "National intelligence analysts will work side-by-side with state and local agents in four states in a new effort to improve information sharing about terrorism and disaster response, the Homeland Security Department will announce today." DHS chief intelligence officer Charles Allen said that "teams of Homeland Security officers will eventually be assigned to all of the nation's 38 'fusion' centers, where law enforcement agents investigate tips, tighten security and handle disasters." USA notes, "Local police have complained in recent years that the Department of Homeland Security doesn't provide them with enough information about possible terrorist threats. The new plan is a step in the right direction, Los Angeles Police Chief William Bratton said."

Animal-Rights Advocate Predicts Increased Financial Attacks On Drug Makers. UPI (7/27, Mitchell) reports animal-rights advocate Charlotte Laws, "who was invited to speak about animal-rights philosophies in April at the FBI National Academy," told UPI "this week she thinks activists will increasingly use financial attacks aimed at pharmaceutical companies in an effort to intimidate them to stop conducting experiments on animals. … Laws said she was not an advocate of the financial attacks," but they "are effective, so other activists are likely to increasingly use the strategy." UPI adds, "Jacquie Calnan, president of Americans for Medical Progress, a group…supported by the pharmaceutical industry, said the financial attacks against companies…are increasing. 'We are very grateful because the FBI are taking this seriously and local law enforcement are aware this is a national problem,' Calnan told UPI."

Conservatives Laud Stone Film On World Trade Center. The New York Times (7/27, Halbfinger, 1.21M) runs a front-page story on how Oliver Stone, "that symbol of everything about Hollywood that conservatives love to hate, is getting help in marketing his newest movie from an unlikely ally," Creative Response Concepts, the "publicity firm that helped devise the Swift boat campaign attacking John Kerry's Vietnam record" in 2004. Stone's "World Trade Center," a "largely factual drama about the rescue of two police officers from ground zero after the 9/11 attacks," will be released in August, and is "already drawing rave reviews in some unlikely quarters." L. Brent Bozell III "of the conservative Media Research Center…called it 'a masterpiece' and sent an e-mail message to 400,000 people saying, 'Go see this film,'" and columnist Cal Thomas wrote last week "that it was 'one of the greatest pro-American, pro-family, pro-faith, pro-male, flag-waving, God Bless America films you will ever see.'"

Blanco Responds To Chertoff Request By Criticizing Federal Evacuation Plan. The New York Times (7/27, Lipton, 1.21M) reports Louisiana Gov. Kathleen Blanco's response yesterday to a request from Homeland Security Secretary Michael Chertoff for a list of sites that would require federal evacuation assistance was "a sometimes blistering letter…asking the federal government to honor its commitment to help evacuate and care for thousands of New Orleans area residents in the event that another major hurricane blows into the region this year. 'We have received no indication from you that staffing, logistics and security for additional shelters have been addressed,' she wrote in the 18-page letter, in one of many critiques of federal aid she said she had requested, but has still not been promised, in this case referring to a need for additional federally provided emergency shelter space." The Times adds, "The exchange of letters…at times had the appearance of an effort to clarify in advance who should be held responsible if another major storm hits the area and chaos again reigns."

Book Says Federal Officials Concentrated Too Heavily On Levee Breach During Katrina. In an article adapted from a book by WSJ reporters Christopher Cooper and Robert Block, called "Disaster: Hurricane Katrina and the Failure of Homeland Security," the Wall Street Journal (7/27, B1, 2.03M) reports that as Hurricane Katrina hit New Orleans, reports of flooding and "destruction were immaterial in determining the scale of the calamity," as far as federal officials were concerned. They "had a single test for determining whether to treat the storm as an average disaster or as the catastrophic doomsday scenario everyone had long feared: Had the levees been breached by Katrina's storm surge, or had the water simply flooded over the top? Unfortunately, these were questions that state and local officials -- and even FEMA's senior staff -- never fully understood they had to answer." The Journal adds that when Gov. Kathleen Blanco said in a conference call that "whole neighborhoods were sloshing with up to 10 feet of water," White House Deputy Chief of Staff Joe Hagin asked, "Yeah,

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what's the current status of the levee system and the roof of the Superdome?"

NYTimes Criticizes FEMA Decision To Reduce Immediate Emergency Aid. The New York Times (7/27, 1.21M) editorializes that while FEMA's decision to take "remedial steps" to prevent disaster aid fraud is a "good" one, the move to reduce "immediate emergency aid for families to $500," from $2,000, "smacks of victim-blaming and overreaction. It is important to have strong upfront controls to ensure that money doesn't end up in the wrong hands, and we are glad to see the agency taking steps in that direction." But FEMA's "first goal in a crisis is to succor the afflicted, not suspect them of fraud."

In Playboy Interview, Brown Says He Was A "Scapegoat." In its "Reliable Source" column, the Washington Post (7/27, C3, Argetsinger, Roberts, 748K) reports former FEMA director Michael Brown "unloads about his post-Katrina downfall in the August issue of Playboy -- calling himself a 'scapegoat,' warning that the nation is even 'less-prepared' for this year's hurricane season, and sharing some PG-13 opinions of former colleagues." Discussing Homeland Security Secretary Michael Chertoff "ordering him out of the field," Brown says, "I am so mad at myself for not saying 'screw you.'" Brown also says that President Bush calling him "Brownie" is "typical of the president. He's a cheerleader … How many people in the world do you think have ever called me Brownie? … When he used that nickname, a lot of people in the media went, 'Is he an insider?'"

WAR NEWS:

Maliki Tells US Congress Iraq Key Part Of Global War On Terrorism. The AP (7/27, Flaherty) reports, "Iraqi Prime Minister Nouri al-Maliki appealed to Congress Wednesday to press the war in Iraq with money and troops, portraying his country as crucial to the U.S. as a front line in the war on terror and comparing violence there to the Sept. 11 attacks." Addressing a joint meeting of Congress, Maliki said, "Do not imagine that this problem is solely an Iraqi problem because the terrorist front represents a threat to all free countries and free people of the world." Several media sources noted Maliki's speech echoed themes espoused by the Bush Administration – particularly his placement of the Iraq conflict in the context of the broader war on terror. On print media, that aspect of his remarks received some criticism.

To a large degree, coverage of the speech was upstaged by the controversy over Maliki's condemnation of Israel in its current confrontation with Hezbollah in Lebanon. As the Washington Post (7/27, A20, Weisman, 748K) reports, "Republicans had hoped to use Maliki's visit to showcase progress toward democracy in Iraq," but "the prime minister's two-day stay in Washington proved to be politically problematic." Maliki "declined to disavow his critical comments on Israel's incursion into Lebanon or denounce Hezbollah's killing and kidnapping of Israeli troops that precipitated the fighting, handing Democrats a wedge that they eagerly used." In addition, President Bush's "promise to fortify troop presence in Baghdad virtually foreclosed major troop withdrawals before November's midterm election."

The story was reported in a full segment by NBC and CBS, while ABC mentioned it in a brief 15-second story. ABC World News Tonight (7/26, story 5, 0:15, Gibson, 8.78M) reported Maliki "called Iraq the front line of the war on terrorism, deserving of America's continued support." NBC Nightly News (7/26, story 5, 1:30, Williams, 9.87M) said "much of the speech echoed President Bush's own words. Maliki referred to Iraq as the frontline in the war on terror." NBC (Reid) added, "Yesterday, in particular, a number of Democrats were highly critical of Maliki because with regard to the Israel-Hezbollah conflict, he has publicly condemned Israel but he has refused to do the same with regard to Hezbollah. So, they arranged some private meetings this morning with some key Democrats where Iraqi officials assured those Democrats that in fact Iraq has joined a condemnation of Hezbollah recently with other Arab countries and that Maliki approved that. That satisfied some of the Democrats, and in the end, only about five of them boycotted today's speech."

The CBS Evening News (7/26, story 4, 1:10, Schieffer, 7.66M) reported, "Some members stayed away to protest criticism that he had leveled at Israel." Maliki "urged the lawmakers to support Iraq as a front line in the global war on terror, but the speech was interrupted at one point by an anti-war heckler in the gallery." Roll Call (7/27, Kornacki) notes "at least half of the 19 House Democrats who penned a letter to Speaker Dennis Hastert (R-Ill.) blasting his decision to invite the Iraqi prime minister to address a joint session of Congress were absent from the chamber Wednesday morning, as Nuri al-Maliki became the 103rd head of state to accept that

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honor. Two of the three Democrats who organized the letter -- Reps. Rosa DeLauro (Conn.) and Jan Schakowsky (Ill.) -- sat out the speech after calling al-Maliki to task for his loud criticisms of Israel and its military operation in Lebanon. The third, Rep. Rahm Emanuel (Ill.), was in attendance." Also boycotting the speech were "Democratic Reps. Gary Ackerman (N.Y.), Shelley Berkley (Nev.), Artur Davis (Ala.), Bill Delahunt (Mass.), Nita Lowey (N.Y.), Carolyn Maloney (N.Y.), Mike McNulty (N.Y.) and Frank Pallone (N.J.)."

CNN's The Situation Room (7/26, Bash) reported, "The Iraqi prime minister had a tough task to begin with here, trying to convince members of Congress that his country is on a path to security and democracy. But that task was made even harder because of comments he made before he came to Washington, condemning Israel, but not Hezbollah. And, after his speech today, he left some Democrats and even some Republicans unsatisfied, because he condemned terrorism, but not Hezbollah specifically."

Fox News' Special Report (7/26, Garrett) reported, "Reaction to Maliki's speech broke down specially this way: They said on a personal level they admire his courage and grit to stand atop a newly formed Iraqi government. On the other hand, Democrats and Republicans said they expected more and would have liked to have heard more specifics from Maliki on how he's going to address the very violence, how he's going to use executive power with his parliament to make US troops safer."

Under the headline "Al-Maliki Echoes White House In Address," the Financial Times (7/27, Daniel) reports "some of Mr Maliki's lines echoed key administration themes. The White House acknowledged having conversations about the speech with the Iraqi leader. Where US president George W. Bush has hailed liberty as 'God's gift to humanity', Mr Maliki said, 'I believe these human rights are not an artifact construct reserved for the few. They are the divine entitlement for all.'" On the issue of Maliki's position on Israel, Tony Snow, White House spokesman, said, "I don't see what is so surprising about Prime Minister Maliki having his own opinion on the Middle East. … The president is not the puppeteer. The prime minister is a freely elected leader."

The Washington Times (7/27, Behn, 88K) runs a similar report under the headline "Al-Maliki Calls Iraq 'Front Line' In War On Terror," while the Baltimore Sun (7/27, Havemann, 262K) reports Al-Maliki "did not say a word about the two-week-old conflict in Lebanon between Israel and Hezbollah. Instead, he stuck with guaranteed applause lines about his determination that American sacrifices in Iraq would not be in vain, and that a democratic regime would replace the dictatorship of Saddam Hussein." He echoed ""the themes sounded frequently by President Bush whenever he addresses the war on terror."

The Chicago Tribune (7/27, Silva, 623K) headlines its report "PM Says Iraq Is Front Line Of Terror War," and says "the partisan divide over the war in Iraq was palpable in the House chamber, with Democrats complaining afterward that Maliki had come asking for more money." Rep. Mike Thompson, "a California Democrat and decorated Vietnam veteran, called Maliki's address 'a lot of hyperbole and terrorism talk" and questioned Maliki's pledge to overcome terrorism." Rep. Rahm Emanuel said, "It was a good speech. But I have only one (question). … He said that Iraq is the center of the war on terror, and National Security Adviser (Stephen) Hadley says it's sectarian violence. So what are we battling, a war on terror or sectarian violence? … That's a new definition of our mission." The Los Angeles Times (7/27, Reynolds, 918K) covers similar comments in a story titled "Iraqi Prime Minister Gets Mixed Response in Congress."

USA Today (7/27, Jackson, 2.27M) reports that later in the day, al-Maliki and President Bush "visited American military families at Fort Belvoir in Virginia." Al-Maliki "thanked the families. 'We feel pain and sorrow for every drop of blood that falls in Iraq,' he said." The New York Times (7/27, Stout, 1.21M) also says Maliki "expressed gratitude to the American people for their help in building a new, democratic Iraq. 'Iraq will not forget,' he said." The Times adds, "The prime minister said Muslim terrorists who foment violence in Iraq and elsewhere have donned a 'fake Islamic cloak'" and "are waging war against the very values upon which Islam was founded."

Dean Says Maliki An "Anti-Semite." The AP (7/27, Skoloff) reports, "Democratic Party chairman Howard Dean on Wednesday called Iraqi Prime Minister Nouri al-Maliki an 'anti-Semite' for failing to denounce Hezbollah for its attacks against Israel. … 'The Iraqi prime minister is an anti-Semite,' the Democratic leader told a gathering of business leaders in Florida. 'We don't need to spend $200 and $300 and $500 billion dollars bringing democracy to Iraq to turn it over to people who believe that Israel doesn't have a right to defend itself and who refuse to condemn Hezbollah.'" The South Florida Sun-Sentinel (7/27, Hafenbrack, 265K) reports Republican National Committee spokesman Danny Diaz responded, "It is incredibly troubling that Howard Dean would

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defend the presumption of innocence of a terrorist like Osama bin Laden, yet attack the democratically-elected prime minister of Iraq." He "was referring to a comment Dean made in 2003."

LATimes Blasts Maliki Speech. In an editorial titled "Iraqi Leader Speaks Half the Truth," the Los Angeles Times (7/27, 918K) says Maliki's speech "could have been written by a White House speechwriter…. It was all very rousing -- Churchillian almost -- and it is tempting to buy into this narrative. There are terrorists aligned with Al Qaeda at the core of the resilient Sunni insurgency in Iraq who are desperately trying to sabotage the creation of a more democratic state. We can argue that ongoing American sacrifices to help Maliki's government are therefore worthy, noble even, regardless of what we thought of the initial decision to go to war." However, "there are alarming indications of ties between government forces and Shiite militias such as the Al Mahdi group and the Badr Brigade And episodes such as the July 9 systematic killing of dozens of Sunnis in the Jihad neighborhood of Baghdad are as damaging to Iraq's prospects as any terrorist bomb. It isn't clear whether the window of opportunity to avert an all-out civil war has closed, but Iraq is certainly on the verge. For either Maliki or his Washington sponsors to pretend that the crisis is merely a question of terrorism could precipitate, not prevent, the worst-case scenario."

Maliki's Comments On Israel Blamed On Sadr. Dan Senor, who was based in Baghdad as an adviser to the Bush administration from April 2003 to June 2004, writes in today's Wall Street Journal (7/27, 2.03M), "During his trip to Washington earlier this week, the Iraqi prime minister again failed to condemn Hezbollah and instead focused exclusively on the 'destruction that happened to the Lebanese people as a result of the military air and ground attacks.'" Senor adds "it wasn't supposed to be this way. We had thought that a post-Saddam Iraqi government would be less susceptible to Arab League pressure; Israel as the old whipping-boy was to find little resonance there. This change of tone was to be a model for the region. Wasn't the road to Arab-Israeli peace supposed to go through Baghdad?" Maliki "is not responding to pressure from the Arab League. The pressure is coming instead from some radical Shiites in his own country. Moqtada al-Sadr and his Sadrists, the Sadriyyun, are as powerful and destructive as ever, forcing the prime minister's hand on Israel and other issues."

US To Boost Troop Levels In Baghdad. The CBS Evening News (7/26, story 4, 1:10, Schieffer, 7.66M) reported Iraqi Prime Minister Nouri al-Maliki's "plan to use Iraqi troops to restore some semblance of order in Baghdad has failed, so the President said yesterday more American troops will be moved there." CBS (Martin) added, "The Bush Administration is claiming they can put an additional 3,000 to 4,000 American troops into Baghdad simply by pulling them out from other places in Iraq. But what's actually happening is that 3700 soldiers due to come home have been told they'll probably be extended past their one-year tour of duty which they've been promised. Defense Secretary Rumsfeld hasn't approved that yet, but the troops who will relieve them are already in Iraq, so if one unit comes in and the other doesn't leave, that's an increase."

The Los Angeles Times (7/27, Barnes, 918K) reports that "in an exclusive interview with the Los Angeles Times on Wednesday, the commander of day-to-day US military operations in Iraq explained why he plans to…push more American troops into the city's neighborhoods, making them directly responsible for stopping sectarian violence when it breaks out." Lt. Gen. Peter Chiarelli also "said he wants US soldiers to oversee an army of Iraqis digging new water and sewer lines and other public works projects to create jobs for Baghdad's residents and rebuild the battered city. Military officials plan to start with a budget of about $75 million to $100 million for the projects." Chiarelli says "his plans are not a rejection of the military's previous strategy, but they put him squarely on one side of a major debate that has divided American generals about how best to win the war in Iraq."

US Soldiers In Baghdad Described As "Increasingly Disillusioned." In a story titled "Waiting To Get Blown Up," the Washington Post (7/27, A1, Partlow, 748K) reports that as Bush "plans to deploy more troops in Baghdad, US soldiers who have been patrolling the capital for months describe a deadly and infuriating mission in which the enemy is elusive and success hard to find. Each day, convoys of Humvees and Bradley Fighting Vehicles leave Forward Operating Base Falcon in southern Baghdad with the goal of stopping violence between warring Iraqi religious sects, training the Iraqi army and police to take over the duty, and reporting back on the availability of basic services for Iraqi civilians." But "some soldiers in the 2nd Battalion, 6th Infantry Regiment, 1st Armored Division -- interviewed over four days on base and on patrols -- say they have grown increasingly disillusioned about their ability to quell the violence and their

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reason for fighting. … 'It sucks. Honestly, it just feels like we're driving around waiting to get blown up. That's the most honest answer I could give you,' said Spec. Tim Ivey, 28, of San Antonio, a muscular former backup fullback for Baylor University. 'You lose a couple friends and it gets hard.'"

Murtha Says Iraq War Has Degraded Combat Brigades' Readiness. The CBS Evening News (7/26, story 4, 1:10, Schieffer, 7.66M) reported, "Congressman Jack Murtha said today Iraq has drained the Army to the point now that the vast majority of combat brigades in the US and Europe are rated at the lowest level of readiness."

More Commentary. The Wall Street Journal (7/27, 2.03M) editorializes that "al-Maliki is in the U.S. this week on his first official visit, and the biggest and best news is that he and President Bush see eye to eye on the need for a revamped security strategy in Baghdad." After reviewing a series of criticisms of the US strategy in Iraq, the Journal says, "There is an almost willful defeatism in these and many other criticisms of our position in Iraq, as if the only point at this moment is to prove that we should never have toppled Saddam Hussein in the first place. We can relitigate what in our view was a persuasive case for regime change." But "what is truly unrealistic is to think that the US has any choice now but to win in Iraq. The regional mess we'd inevitably have to clean up if we lose could make our current difficulties look like child's play."

Saddam Returns To Court, Demands Execution By Firing Squad If Convicted. The CBS Evening News (7/26, story 5, 0:20, Schieffer, 7.66M) reported, "Saddam Hussein showed up at his trial in Baghdad today for the first time since the prosecutor asked the judges to sentence him to death for ordering the mass killing of Iraqis. He's been on a hunger strike, but he was as defiant as ever, demanding today that if he's convicted he be executed by firing squad instead of hanging."

The Washington Times/AP (7/27, Juhi) reports Saddam "was in court to hear his court-appointed attorney read a final summation, arguing that prosecution witnesses and documents failed to link the ex-president to any of the atrocities in Dujail." But "that did not sit well with the 69-year-old Saddam, who denounced the lawyer as his 'enemy' and claimed the summation was drafted by foreigners he accused of manipulating the trial since it began Oct. 19." Saddam also "said he was brought by the Americans against his will from a hospital, where he was rushed Sunday on the 17th day of a hunger strike and fed through a tube." USA Today (7/27, Jervis, 2.27M), New York Times (7/27, Cave, 1.21M) and Washington Post (7/27, A19, Mosher, 748K), among other sources, also report the story.

Iraqi Oil Production Expected To Double Over Next Four Years. The AP2 (7/27, Hebert) reports, "Iraq's oil production is expected to roughly double over the next four years to 4 million barrels a day, the country's oil minister predicted Wednesday after meeting with US energy officials and executives from nine major oil companies." The AP adds, "With Iraq's oil infrastructure frequently targeted by insurgents, the country has struggled to resume oil production to prewar levels of about 2.5 million to 3 million barrels a day. As of last May, production stood at about 1.9 million barrels a day, the US Energy Information Administration says." Energy Secretary Samuel Bodman, "who sat in on the discussions, described it as "a preliminary meeting" and an exchange of information."

Meanwhile, the Financial Times (7/27, Negus) reports "raising the price of petrol has made a serious dent in the fuel smuggling that Iraqi auditors say helps fund the insurgency, according to Hussein al-Shahristani, Iraqi oil minister." In an interview with the Financial Times, Shahristani also "said that production from the country's larger southern oil field is steadily rising and he predicted that oil production would come close to 3m barrels a day by the end of the year."

Twenty-Two Taliban Fighters Killed In Clash With US Forces. USA Today (7/27, 2.27M) reports, "US-led forces battling Taliban rebels killed at least 22 militants and wounded at least 26 in Afghanistan's southern Helmand province, officials said Wednesday. Provincial Police Chief Ghulam Nabi Nalakhail said 10 militants were killed and 15 wounded Tuesday in Musa Qala district." USA Today adds, "In nearby Garmser, seven of the militants who attacked a coalition patrol with machine guns and grenades died, a coalition statement said. Wednesday, police killed five militants and wounded 11 in Garmser, district Police Chief Ghulan Rasool said."

CORPORATE SCANDALS:

SEC Tightens Rules On Executive Pay, Options Grants. The Wall Street Journal (7/27, Scannell, Lublin) reports, "For the first time since the options-

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timing scandal mushroomed this year, federal regulators laid out requirements directing companies how to disclose their grants of stock options." The Journal continues, "The new rules won't bar corporate boards from giving executives options at propitious times, but would instead shine a spotlight on such practices through increased disclosure. The guidelines are part of a sweeping overhaul to executive-pay disclosure the five-member Securities and Exchange Commission approved yesterday in a unanimous vote." The Journal notes, "The rule takes effect in proxies filed by companies whose fiscal years end after Dec. 14. It will force companies to provide a total compensation figure for each of its top five executives. That number can be used to compare compensation across companies and industries."

The New York Times (7/27, Dash) reports, "With a unanimous vote, the five S.E.C. commissioners set in motion a plan that calls for companies to describe more clearly how their executives are compensated and to provide new information, like the lump-sum cost of retirement benefits and explanations of why specific stock option grants were approved. The rules will go into effect in mid-December, several months ahead of proxy season next year." The Times adds, "The commissioners also agreed to revisit the issue of whether to require the compensation of other highly paid employees to be disclosed, known variously as the Michael Milken rule or the Katie Couric clause. The requirement is opposed by both Wall Street and Hollywood, and the commission proposed an amended rule that narrowed the list of candidates to policy-making executives at about 3,500 large companies, identified by job title, not name. … Still, the new rules are very similar to those outlined in a 372-page proposal the agency introduced in January, and show how the commission has largely stood its ground amid pressure from compensation specialists, investor advocates, and industry groups. With more than 20,000 comment letters, Christopher Cox, the commission's chairman, said, 'No issue in the history of the S.E.C. has generated such interest.'"

The Washington Post (7/27, O'hara) reports, "The rules include a requirement that companies publish details about the timing of stock option grants, a response to recent revelations that, without disclosing the practice, many companies backdated stock options to give executives guaranteed profit. … SEC investigations into backdating led last week to the first criminal charges related to the practice. Federal prosecutors accused Gregory L. Reyes, the former chief executive of Brocade Communications Systems Inc., of securities fraud for allegedly not disclosing backdated options to investors. .. . The new rules, which are widely supported in by business and investors, reflect SEC Chairman Christopher Cox's belief that clear compensation information will help shareholders and boards of directors make better judgments about the level and type of executive pay."

USA Today (7/27, Smith) reports that the new rules "will require deferred pay and retirement benefits to be factored into annual compensation totals for companies' top five executives in reports to regulators and shareholders beginning in December. … 'Golden parachutes' for executives who quit or are fired must also be clearly spelled out in the companies' public disclosures. And the companies will have to tell shareholders whether they coordinate the issuance of stock options to top executives with the release of material non-public information that may benefit them."

The AP (7/27, Gordon) reports, "Removed from the original proposal, though, was a requirement for companies to disclose the pay details of as many as three non-executive employees whose individual compensation exceeds that of any of its top five executives. Dubbed the 'Katie Couric clause' by critics, it brought a flurry of opposition during the comment period from Hollywood and big media companies. … As an alternative, the SEC decided Wednesday to propose a narrower requirement for disclosure of the pay of non-executive employees who help set corporate policy and strategy at big companies - excluding most professional athletes, and TV and film personalities."

SEC Revises "Milken Rule." In a column for the New York Times (7/27), Floyd Norris writes, "The Milken rule lives, and as a result, investors may yet learn about some very highly paid executives whose salaries have been closely held secrets. … The Securities and Exchange Commission adopted a rule yesterday requiring public companies — starting next spring — to provide more information about compensation of top executives. It did not adopt the proposed Milken rule, but revised it and asked for more comment." Norris continues, "The rule is named, informally, after Michael R. Milken, the former junk bond king at Drexel Burnham Lambert. No one outside the firm knew what he made until the Justice Department put it in an indictment: $550 million in one year, far more than his ostensible corporate superiors. It was a stunning figure then, and one that is still impressive almost 20 years later. … In January, the S.E.C. proposed requiring companies to disclose the pay of as many as three people who were not top corporate

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executives if they made more than any of the five senior executives whose salaries were already disclosed. … The proposed rule said the names would be kept secret but the job titles would be disclosed. At many companies, that would make it clear. Who is the late night talk-show host at General Electric's NBC? Or the best-paid pitcher for Time Warner, which owns the Atlanta Braves?" Norris notes, "Corporate America hated the idea and tried to laugh it out of the proposal. It warned that the proposal could harm employee morale while providing no useful information. In any case, the Business Roundtable, an organization of large companies, argued that since the compensation committee of the company's board was unlikely to have anything to do with setting the pay of such people, the proposal was irrelevant. … The commission yesterday offered a modified proposal. The rule would cover only people with executive responsibilities in some part of the company. It would, said John White, the head of the division of corporation finance, exclude such people as entertainers, athletes, salesmen and portfolio managers, at least to the extent that their job titles accurately disclosed their responsibilities."

Professor Questions Fraud Charges In Options Probe. In an op-ed posted on Law.com (7/27), Peter J. Henning, a professor of law at Wayne State University Law School in Michigan who was also a trial attorney in the fraud section of the U.S. Department of Justice Criminal Division and a senior attorney in the division of enforcement at the U.S. Securities and Exchange Commission, writes, "When federal prosecutors and the Securities and Exchange Commission filed the first charge from the burgeoning options-timing investigations against former Brocade Communications CEO Gregory Reyes and human resources VP Stephanie Jensen on July 20, they labeled the conduct as 'securities fraud.' This is probably the most serious moniker that can be applied to corporate misconduct, calling forth notions of Ponzi schemes that prey on naive investors and accounting violations designed to make rotten companies look healthy. The charge has been the central feature in the recent convictions of former CEOs at WorldCom and Enron, so it is an easy conclusion to draw: CEO deception at a public company must mean securities fraud. … But was what the government alleges occurred at Brocade Communications really securities fraud? The government asserts that the defendants violated §10(b) of the Securities Exchange Act, which prohibits any person from using 'any manipulative or deceptive device or contrivance' in connection with the purchase or sale of a security." Henning adds, "The problem with the securities fraud charge is that neither defendant received any of the options connected to the backdated documents, and they apparently employed this device to attract employees during the tech bubble when potential hires were routinely lured away by competitors. The federal prosecutors assert in their criminal complaint that 'it is not necessary that the defendant made a profit or that anyone actually suffered a loss' for securities fraud. That is certainly a correct statement of the law, but it is too narrow in explaining the crime, especially one derived from larceny. Whether a defendant's scheme succeeds or not, a charge of fraud normally alleges at least an intended gain by the defendants and, usually, a related loss suffered by the victims. … In the end, the government has found the lie -- the backdated documents -- and identified a loss to the company in its restatement, but the link between them is not necessarily fraud. If Reyes had backdated the options to increase his compensation, then it might be an easier case of securities fraud, although managerial gluttony is not a criminal offense, at least not yet. While the concept of fraud is certainly flexible, as witnessed by the variety of cases in which the government has prosecuted it successfully, 'securities fraud' still requires prosecutors to prove that the defendants used a 'manipulative or deceptive device or contrivance' to defraud a victim. Lies alone will not turn misconduct into fraud."

Former Lending Tree Official Pleads Guilty To Insider Trading Charges. The Charlotte Observer (7/27, Lyttle) reports, "David N. Anderson, a former Senior Vice President and General Manager of LendingTree, has agreed to plead guilty to charges stemming from an insider trading investigation, the U.S. Justice Department reported this morning." The Observer continues, "U.S. Attorney Gretchen Shappert said Anderson agreed to a guilty plea of making material false statements to the U.S. Securities & Exchange Commission. … He had been indicted April 4 on six counts, including witness tampering, conspiracy and making false statements." The Observer adds, "The charges stemmed from an insider-trading investigation connected to the purchase of LendingTree, a Charlotte-based lending firm, by USA InterActive Corp. in 2003. … Anderson had been accused of improperly disclosing information prior to the deal's announcement. The company suspended him."

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DOJ Sees Obstruction In False Statements To In-House Counsel. In an op-ed for the National Law Journal (7/27), Timothy P. Harkness and Darren LaVerne of the litigation department of New York's Kramer Levin Naftalis & Frankel write, "Even the most naïve of witnesses typically understands that lying to a prosecutor, FBI agent or regulator is a crime. What even sophisticated witnesses don't tend to know, however, is that lying to private attorneys can also lead to criminal prosecution. Recent developments confirm that the U.S. Department of Justice views the obstruction of justice laws as reaching conduct that many had considered to be without criminal consequence." The Journal continues, "In September 2004, a grand jury in the Eastern District of New York indicted Sanjay Kumar and Stephen Richards, the former chief executive officer and head of worldwide sales at Computer Associates International Inc. Five months earlier, prosecutors had persuaded three other Computer Associates executives to plead guilty to a novel obstruction of justice charge, predicated on statements the executives had made to company counsel in the course of an internal investigation. Now the government had advanced that same theory to indict Kumar and Richards, both of whom seemed prepared to challenge it. … The indictments alleged that Kumar and Richards had violated 18 U.S.C. 1512(c)(2) -- an obstruction statute enacted in the wake of the Enron scandal -- by lying to lawyers hired by Computer Associates after the U.S. Attorney's Office and the U.S. Securities and Exchange Commission had launched investigations. According to the indictment, when the defendants were interviewed by the lawyers, they 'knew, and in fact intended, that the Company's Law Firm would present [Kumar's and Richards'] false justifications to the United States Attorney's Office, the SEC, and the FBI so as to obstruct and impede' the government's ongoing and publicly disclosed investigation of Computer Associates. … Given that internal investigations -- and the practice of sharing information gathered during those investigations with federal regulators and prosecutors -- have become a standard practice, the implications of the Computer Associates indictments were significant. The possibility that lying to an attorney, hired by a defendant's employer and acting in a purely private capacity, could lead to criminal charges contributed to growing concern within the criminal defense bar that the government was effectively transforming company lawyers into an arm of the state."

Report Finds Sharp Drop In Investors' Class Action Suits. The Washington Post (7/27, D02, Masters) reports, "The number of new federal class-action lawsuits filed by disgruntled investors has dropped dramatically and is now at its lowest level since 1996, according to a new Stanford University study." The Post continues, "Only 61 new class-action shareholder lawsuits were filed in the first six months of 2006, compared with 111 in the first half of 2005. If the trend continues for the rest of the year, the 2006 totals will be 31 percent lower than the 182 lawsuits filed last year. The current six-month total is also 36 percent below the historical average for the entire 1996-2005 period, according to a report by the Stanford Law School Securities Class Action Clearinghouse in cooperation with Cornerstone Research." The Post adds, "Part of the decline almost certainly stems from the fact that the stock market was rising and had low volatility from 2005 through May 2006. Investors who are making money have little reason to sue. … In addition, the lawyers at the country's largest class-action firm, Milberg Weiss Bershad & Schulman LLP, have been distracted because the firm is under indictment for fraud and has been fighting efforts by some corporate defendants to have it removed as lead attorney. … But one of the study's authors thinks there may be another reason: Companies have cleaned up their acts in the wake of corporate scandals that included the collapse of Enron Corp. and WorldCom Inc."

Heads-Up Calls To Hedge Funds Spark Insider Trading Probes. The Wall Street Journal (7/27, Sender, Raghavan) reports, "In late 2002, the manager of Marshall Wace LLP, a large London hedge-fund firm, received two important phone calls from an investment bank that was about to unveil a client's offering of securities." The Journal continues, "Such an offering would be of keen interest to investors. It could be expected to hurt the stock of the issuing company, French telecom giant Alcatel SA. That's because the securities could dilute existing shareholders' stakes. … A call from an underwriter before an offering isn't a heads-up the average investor can expect, but hedge funds can. The private investment pools control so much cash -- some $1.2 trillion -- and trade so heavily that they can account for up to half of the daily volume on the New York and London stock exchanges. That makes them big sources of commissions for securities firms. The firms, in turn, court the funds by feeding them steady streams of trading ideas and information about stocks, bonds and what other financial-

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market participants are up to." The Journal adds, "For regulators, this constant flow of information stirs concerns about unfair advantages -- or worse, possible illegal insider trading. And in the Alcatel case, investigators for a French securities regulator have asserted that Marshall Wace ordered a big sale of Alcatel shares about two minutes before the unveiling of the new securities offering. After the unveiling, the share price fell steeply. … Marshall Wace and three other hedge-fund firms 'used privileged information to make substantial capital gains with certainty,' said France's Autorité des Marchés Financiers, known as the AMF, in a preliminary, unpublished report 19 months ago reviewed by The Wall Street Journal. … Marshall Wace strongly denies that it traded on nonpublic information. It didn't sell until after the announcement of an Alcatel securities offering, Marshall Wace said, and a lawyer for the firm said this was supported by counterparties to the trades. The other hedge-fund firms the AMF cited, all London based, are Ferox Capital Management, GLG Partners LP and Meditor Capital Management."

Financial Firms Reach Settlement In Global Crossing Case. The Wall Street Journal (7/27) reports, "Goldman Sachs Group Inc. and 25 other financial firms reached a $99 million tentative settlement with investors who bought securities of Global Crossing Ltd. in 2001 and 2002." The Journal continues, "Investors alleged that the financial firms committed securities fraud by selling shares of the telecom provider, which filed for bankruptcy-court protection in January 2002 under the weight of more than $12 billion in debt. The company emerged from bankruptcy in 2003." The Journal adds, "U.S. District Judge Gerard Lynch set a fairness hearing for the settlement, essentially approving a pact agreed to by the firm and class-action lawyers. … Goldman will pay $42.1 million, the largest single contribution, according to a stipulation of settlement in the case. The next largest amounts are $19.2 million from Merrill Lynch & Co. and $6.7 million from investment-banking units of Credit Suisse Group."

CRIMINAL LAW:

Appellate Panel Grants Jefferson Request For Stay In DOJ Review Of Seized Evidence. The Hill (7/27, Hearn) reports, "A panel of federal appellate judges temporarily barred Justice Department investigators from seeing materials seized in a May 20 raid of Rep. William Jefferson's (D-La.) Capitol Hill office. The court issued an administrative stay to keep the materials sealed until it has the opportunity to rule on a motion filed by Jefferson to seal them for a longer period while he exhausts all appeals." The AP (7/27, Locy) adds that US District Judges Janice Rogers Brown and Thomas B. Griffith wrote in the ruling, "The purpose of this administrative injunction is to give the court sufficient opportunity to consider the merits of the motion for a stay pending appeal and should not be construed in any way as a ruling on the merits of that motion." The AP notes, "Attorney General Alberto Gonzales had set a Wednesday deadline to allow a special review team of prosecutors and FBI agents to begin culling through the evidence seized during the controversial raid on Jefferson's office." MSNBC.com (7/26, Seidman) also reports on the ruling and recounts the details of the FBI investigation and searches of Jefferson's office and home.

"Innocence Lost" Probe Unveils Harrowing World Of Child Prostitution. USA Today (7/27, Keen) reports, "A harrowing picture of the seamy world of child prostitution is emerging in court documents stemming from a nationwide crackdown that has produced 543 arrests and 94 convictions." USA continues, "Women have told investigators they started working as prostitutes for a suburban Chicago man, Jody Spears, when they were 16 and 17, according to an FBI affidavit filed in U.S. District Court here this week. 'So what? Some of my best girls were minors,' Spears is quoted saying in the affidavit. … Witnesses, whose names are not used, said Spears took them to New York, Las Vegas and Honolulu." USA adds, "The case here is part of 'Innocence Lost,' a project launched in 2003 by the Justice Department. The FBI set up 14 task forces in cities with the most reports of child prostitution; now the task forces are in 27 cities, says Drew Oosterbaan, chief of the Justice Department's child exploitation section. … Legal filings in other 'Innocence Lost' cases reveal how pimps recruit and abuse teen prostitutes: … Of more than 100 prostitutes identified in that investigation, more than 20 were underage; the youngest was 13. Many were rotated through rest areas and truck stops from California to Maryland. … 'Innocence Lost' will continue, Oosterbaan says."

Pennsylvania Woman Charged In Husband's Death. The AP (7/27, Santanam) reports,

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"In the days after her millionaire husband was killed, Donna Moonda told her story on the TV news: A stranger approached the couple's Jaguar on the shoulder of an Ohio highway, took her husband's wallet, then shot him in the head. … 'I heard the most horrible voice that I'll never, ever forget telling him, "Give me your wallet and get in the car,"' she calmly related, acting out for the camera how the killer went eye-to-eye with her husband." The AP continues, "Now, in a film-noir twist, prosecutors say that the stranger was no stranger but Moonda's lover - a man she met in drug rehab - and that she promised him millions to kill her 69-year-old husband, Dr. Gulam Moonda. … This week, Donna Moonda, 47, was charged in federal court in Ohio with interstate stalking that resulted in death after the man with the 'horrible voice,' Damian Bradford, 25, admitted he was the triggerman and agreed to testify against her. She plans to plead not guilty, her attorney said." The AP adds, "Gulam Moonda, who lived in Hermitage (PA), along the Ohio line, was killed May 13, 2005, after his wife pulled off the Ohio Turnpike near Cleveland, supposedly to let her husband take the wheel."

South Carolina Sex Offender Found In Florida With Missing Teens. The AP (7/27) reports, "A registered sex offender on South Carolina's Ten Most Wanted list was found Wednesday with five missing teens in a (Daytona Beach, FL) hotel…police said." The AP continues, "Allen Lee Biddix, 18, was convicted as a juvenile in 2002 of first-degree criminal sexual conduct with a minor age 11 or younger, according to the South Carolina Law Enforcement Division's online sex offender registry. … Biddix left Marion County, S.C., sometime around July 17 with three girls and two boys, said Tim Stec, a spokesman for the U.S. Marshals Service. The girls are 13, 14 and 15, Stec said. Both boys, who are twin brothers, are 15." The AP adds, "Biddix was arrested on a fugitive warrant for contributing to the delinquency of a minor, Daytona police said."

FBI Agent Shoots Florida Murder Suspect During Arrest. The Miami Herald (7/27, Moskovitz, 310K) reports, "An FBI agent shot a suspect in the arm Wednesday while trying to arrest him on an attempted-homicide warrant. Brenton Doe, 22, was wanted in a crime that occurred Monday and for having a firearm as a convicted felon, Fort Lauderdale police Sgt. Bill Schultz said. The FBI is reviewing the shooting, agency spokeswoman Judy Orihuela said. FBI agent Paul Russell, who shot Doe, will keep his regular job during the review." The Herald notes, "Doe had been arrested eight times, dating back to 1996. In 2004, he was convicted of aggravated battery on a law enforcement officer, resisting or obstructing an officer with violence and resisting or obstructing an officer without violence." The South Florida Sun-Sentinel (7/27, Santana, 265K) adds, "Police officers and FBI agents who are part of the FBI Wanted Fugitives task force spotted Doe about 1 p.m.in a black Chevrolet Lumina and chased him, but Doe then crashed into a tow truck…and a police car subsequently crashed into the Lumina, Schultz said. That's when Doe was shot, but it was not immediately known why the agent fired or if Doe was armed." Orihuela said, "We would be speculating because we haven't finished all out interviews."

Boston Police Officers Waive Extradition From Florida. The AP (7/27) reports, "Three Boston police officers arrested in Miami on federal drug charges waived extradition hearings Wednesday, clearing the way for their return to Massachusetts." Roberto Pulido, Carlos Pizarro and Nelson Carrasquillo "were also ordered held without bond under an agreement with prosecutors, according to court records." The AP notes, "The three are accused in a federal complaint of accepting $35,000 in exchange from protecting a shipment of cocaine from men they thought were Miami-based drug dealers but who were actually undercover FBI agents, according to court records."

Boston Police Transferred Pulido To Elite Division Despite FBI Probe. The Boston Herald (7/27, Johnson, Sweet, 203K) reports, "Boston police brass transferred now-disgraced cop Roberto Pulido to the elite Special Operations Division knowing that he was being eyed by the FBI for allegedly stealing drivers' IDs and guarding drug-fueled after-hours hooker parties, acting Commissioner Albert Goslin said yesterday. But Goslin said he signed off on the transfer to keep Pulido off-guard. 'They understood my concern,' he said of the FBI. 'They didn't know if it would or would not alert him to something. It was my decision to not alert him to any suspicion.'" The Herald notes "one police source" said, "Guys are pissed. They're saying I can't believe I was doing raids with these people next to me and they're worse than the people we were going after."

Pulido Was Suspended For Cocaine Use In 1999. The Boston Globe (7/27, Smalley, 425K) reports, "Officer Roberto Pulido, the alleged ringleader in the Boston police corruption case, tested positive for cocaine in a department-

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ordered drug test in 1999, two law enforcement officials with knowledge of the episode said yesterday. However, department rules allowed Pulido, after a 45-day unpaid suspension and drug treatment, to resume his job. Under union-negotiated rules, officers have the right to keep their jobs, even if they test positive for drugs such as heroin and cocaine."

FBI, IRS Agents Search New Jersey Utility Authority's Office, Director's Home. The Newark Star-Ledger (7/26, Spoto, Martin) reported FBI and IRS agents and Manalapan police on Tuesday "searched the offices of the Western Monmouth Utilities Authority in Manalapan and the home of its executive director in Marlboro…as part of the ongoing corruption probe in Monmouth County. Federal lawmen declined to comment, but the search warrants they executed yesterday appeared to be an outgrowth of the investigation that already has led to corruption charges or convictions against two dozen officials, contractors and public employees in Monmouth County." The Star-Ledger added MUAM director Frank Abate, whose home was searched by the agents, said, "Somebody made an allegation and the IRS and FBI have an obligation to investigate it."

The Asbury Park Press (7/26, Jordan, Quirk) reported, "Shortly after 5 p.m., the WMUA's four-member board of commissioners issued a statement that Abate has been placed on a temporary leave of absence. A meeting will be held next week 'to determine Mr. Abate's future,' and in the interim, the board will designate an acting executive director, the statement said. The board added that since August 2005, 'the WMUA has been cooperating fully with the FBI's probe of Abate, ensuring that they have all the information they need to complete their probe.'" The APP also noted that "a source said…the search warrants are the latest phase of the FBI's ongoing investigation of corruption in Marlboro."

FBI Arrests New Jersey Child Pornographer In Worldwide "Namgla.net" Sweep. The AP (7/27) reports, "A school bus driver from New Jersey was among two dozen people arrested Wednesday in a nationwide investigation into a Web site that linked to pornographic images of children. Russell Christie III, 48, of Newton, was arrested as part of the FBI's 'Project Safe Childhood,' an initiative aimed at increasing enforcement of laws involving the online sexual exploitation of children." The AP notes, "FBI investigators in Los Angeles shut down the Web site on Tuesday as agents in 20 states conducted searches and seized dozens of computers. Arrests were also made in Bulgaria, Poland and Spain. The investigation was continuing at the state level and could result in more arrests, according to Steven Siegel, a spokesman for the FBI in Newark."

Under the headline "FBI labels Jerseyan Czar Of Child Porn Web Site," the Newark Star-Ledger (7/27, Lockwood) adds that Christie "set up the site that 'serviced an international community of online predators where thousands of graphic images of sexually abused children could be shared,' according to J. Stephen Tidwell, assistant director in charge of the FBI in Los Angeles, which led the investigation." The Star-Ledger reports, "As part of the FBI sweep, officials searched 35 locations, including the homes and workplaces of suspects. The investigation was conducted by agents and task force officers in 24 FBI field offices in 20 states," and "eleven searches also have been conducted overseas." The Star-Ledger notes, "In all, 49 'namgla.net subjects' have been identified in 27 foreign countries, and the investigation is continuing, authorities said."

Virginia Set To Execute Man For Inmate's Murder. The Washington Times/AP (7/27, Gelineau) reports, "Barring intervention from the U.S. Supreme Court or Gov. Timothy M. Kaine, a man who killed a fellow inmate during a pagan ceremony will be executed today." The AP continues, "Michael Lenz, 42, is scheduled to die by injection at 9 p.m. at the Greensville Correctional Center in Jarratt for the murder of Brent Parker, 41. … Lenz and another inmate, Jeffrey Remington, were sentenced to death in 2000 for stabbing Parker a combined 68 times with makeshift knives at the Augusta Correctional Center." The AP adds, "The three inmates were followers of the Nordic pagan religion Asatru and belonged to a group known as the Ironwood Kindred. … The group was gathered for a ceremony when Lenz and Remington attacked Parker. … Lenz testified that Parker had not been taking the religion seriously, and to protect the honor of the gods, Parker had to be punished. Lenz also testified he felt threatened by Parker, who was serving a 50-year sentence for murder."

The Washington Post (7/27, B1, Dwyer) reports, "It is often said that inmates find God when they get to prison. That is only partly true for Michael Lenz. Once behind bars, he became a devoted pagan, worshipping multiple gods from

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Norse mythology -- some with familiar names such as the mighty Thor and his father, Odin. … Lenz, a drifter from Prince William County serving 29 years and 30 days in prison for burglary and firearm possession, converted to Asatru, an ancient heathen religion, and helped found a prison chapter called Ironwood Kindred. … The religion became the focal point of his life – 'the only thing that mattered to him,' according to legal documents. And it was this devotion to his gods that, according to his testimony, prompted him to plan a murderous ambush at a makeshift pagan altar set up in a prison conference room." The Post continues, "Lenz is one of a few inmates in Virginia prisons who practice Asatru. But in prisons across the United States, the number of converts has increased in recent years, according to experts, some of whom say prisoners find encouragement for violence in the gods they worship. … 'This is a warrior thing,' said Heidi Beirich, deputy director of the Intelligence Project for the Southern Poverty Law Center, which tracks hate groups and extremist organizations. 'What they take out of it is violence, physical dominance and racial purity. To them, Thor represents the ultimate white male.' … Beirich said many of the inmates who have converted to Asatru or Odinism are white supremacists. 'It is anti-Christian, and these particular pagan religions glorify deities created by the white race,' she said. 'They reflect values they are drawn to, like being really strong, being able to fight -- Thor with his hammer. And that's what they worship.'"

Bush To Sign Child Protection Act Today. President Bush today will sign into law the Adam Walsh Child Protection and Safety Act, which will create a national sex offender registry, authorize grants to help local law enforcement agencies improve registry systems, assign more FBI agents to internet sex crimes and require DNA samples of sex offenders. The Miami Herald (7/27, Santiago, DeMarz, 310K) reports that Bush will sign the act today to mark the twenty-fifth anniversary of the disappearance of six-year-old Adam Walsh from a Hollywood, Florida department store. Two weeks later, "after one of the most intensive searches in Florida history, his severed head was found in a Vero Beach canal, 100 miles from where he was last seen. The rest of his body was never found. No one has ever been convicted of the crime."

Inmates Kill Guard At Maryland Prison. The Washington Post (7/27, A1, Rich, Harris, Hernandez) reports, "Two inmates escaped from their cells and stabbed a guard to death at a maximum-security state prison in Jessup, authorities said yesterday as Maryland State Police arrived in force to help quell a recent run of violence at the facility." The Post continues, "The inmates attacked guard David McGuinn, 42, late Tuesday, stabbing him repeatedly in the upper torso before returning to their cells, state police said. The prison was locked down at the time, and corrections officials said McGuinn's assailants may have jammed the locks to their cell doors. … Late last night, state police obtained warrants charging inmates Lamar C. Harris, 26, and Lee E. Stephens, 27, with murder. McGuinn was the second Maryland corrections officer to be killed this year, and the first to be killed inside a prison since 1984." The Post adds, "McGuinn's slaying marked a further escalation in violence at the House of Correction, a facility that was built in 1878 and houses 1,100 inmates. Two corrections officers were stabbed and seriously wounded in March, and three inmates have been killed in as many months. … Investigators are examining the possibility that McGuinn may have been specifically targeted by inmates. Because he had been threatened, he was transferred for a time to an area of the prison where contact with inmates was more limited, a prisons spokeswoman said."

The Baltimore Sun (7/27, Garland) reports, "The stabbing death of a Maryland correctional officer -- the second killed this year -- is sending shock waves through the state's troubled and violence-plagued prison system and is prompting calls to replace its top managers." The Sun continues, "How, union officials and others are asking, was it possible for three inmates at the maximum-security House of Correction in Jessup to get out of their cells and kill David McGuinn, a by-the-book correctional officer who was on an inmate 'hit list'? … And how, they ask, could this have happened even though the prison has been on high alert after a rash of violence that included the non-fatal stabbing of two officers in March and the killing of three inmates since May?" The Sun adds, "In a system that in some senses has become inured to violence, McGuinn's killing has caused outrage -- and led to fears that there could be worse to come. .. Union officials have demanded that Gov. Robert L. Ehrlich Jr. meet with them to discuss what they describe as a prison system in crisis."

Parents Of Murdered Utah Girl Apologize For Criticism Of Police, FBI. The Salt Lake Tribune (7/27, Rosetta) reports, "The weary, heartbroken parents of 5-

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year-old Destiny Norton on Wednesday thanked the community and the police officers who helped find their daughter's body. 'I want to thank the FBI and the police. The simple fact of the matter is they're the ones who brought my baby home to me,' a trembling Rickey Norton told reporters, gathered on the west steps of the City-County Building. Two of the couple's closest friends, whom the Nortons consider family, apologized to police and federal agents for prompting a near riot after Chief Chris Burbank announced Destiny's body had been found in the basement of a neighbor." The AP (7/27, Vergakis) reports, "The apologies…came as Salt Lake County prosecutors reviewed evidence to decide which charges to formally file against Craig Roger Gregerson, whose home Destiny Norton's body was found in. 'The FBI and police ... I know they got our child back,' Rachael Norton said. … Salt Lake City Police Chief Chris Burbank said detectives searched as much of Gregerson's home as they could without a warrant. It was after a warrant was received Monday that Norton's body was found in Gregerson's basement."

KCPW-TV Salt Lake City (7/26) adds that "Salt Lake City Mayor Rocky Anderson gathered the key players for a public reconciliation. 'They're basically decent people who were just very upset the other night. Without any hesitation they said they'd be more than happy to apologize to the police and the FBI,' said Anderson. The Nortons asked the public to focus on remembering Destiny, rather than the community's divisive response." KSL-TV Salt Lake City (7/26,Yi) notes, "It was certainly a moment of reconciliation to see the Nortons standing side by side with the police." The Deseret Morning News (7/27, Winslow) reports that charges are expected today against Gregerson and notes the Nortons' "tearful and heartfelt thank-you" to the police and FBI.

DC Mayor Calls For Study On Need For More Police. The Washington Post (7/27, A1, Montgomery, Klein) reports, "Calling for a review of police staff levels and deployment, D.C. Mayor Anthony A. Williams said yesterday that the District may need to hire hundreds of officers to meet the twin demands of a growing population and a rising crime rate. … 'We may have to go up to some higher number,' Williams said, adding that restoring the department to its past peak of 5,100 officers may be a possibility." The Post continues, "Williams (D), who is retiring in January, said he has spoken with Police Chief Charles H. Ramsey and other top officials about designing 'a really good, comprehensive review of deployment' so the city can determine 'what we need and what citizens want.' … 'It took a lot of work to get up to 3,800' officers, the size of the current force, Williams said. 'But I think looking at trends over the last four or five months,' he said, deployment 'is an important question, especially for the next mayor.'" The Post notes, "Williams said that a comprehensive study might indicate that 'we need additional troops out there in order to get 911 and citizen response to where it should be.' … Williams's comments, made yesterday during a news conference at the John A. Wilson Building and first reported by WRC (Channel 4), come when the District is enduring a spike in street crime, with some criminals targeting the Mall and other areas frequented by tourists. A surge in killings, robberies and armed assaults prompted Ramsey to declare a crime emergency July 11."

Jury Finds Yates Not Guilty By Reason Of Insanity. USA Today (7/27, Parker) reports, "Andrea Yates, the Houston woman who drowned her five children in a bathtub in June 2001, will be confined to a Texas mental hospital after a jury acquitted her by reason of insanity on Wednesday. … It was a dramatic outcome to a wrenching case that focused attention on mental illness. If convicted, she would have gotten life in prison." USA continues, "Yates, 42, had been serving a life sentence after a jury convicted her in 2002 of murdering three of the children. That conviction was overturned last year. … Under Texas law, Yates will be under the jurisdiction of Harris County state District Judge Belinda Hill, who oversaw both trials, for the rest of her life. She could be released only if Hill finds that Yates is mentally competent and no longer a danger to herself or others. … While hospitalized, Yates will be supervised 24 hours a day and treated by a psychiatrist, Parnham said. In prison, he said, she was living in a cell as a regular inmate and was treated for her mental illness."

The Los Angeles Times (7/27, Bustillo) reports, "The fact that Yates was mentally ill — she believed she was possessed by the devil and that the media had planted bugs in her house to record her poor parenting — was never in doubt during the four-week trial. Neither was the fact that she had committed the crimes: She called 911 minutes after killing the children and confessed. … But experts for the defense and prosecution disputed whether Yates was legally insane on the day of the murders. Under Texas law, defendants can be found not guilty by reason of insanity only if the defense proves that they did not know right from wrong."

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The Times adds, "The jury, which deliberated… over three days, found that the former high school valedictorian and nurse was not sane the day five years ago that she waited until her husband went to work and then drowned her children, one by one. It was a crime that had stunned the nation, and raised awareness of the most extreme forms of post-partum depression. … Yates appeared shocked when the verdicts were read and her supporters and family members began to weep behind her. Defense attorneys bowed their heads and tried to contain their emotion, while prosecutors stared straight ahead."

The Washington Post (7/27, A3, Rust) reports, "The latest verdict 'is a landmark decision that shows the public's dramatically increased understanding of mental illness and particularly postpartum depression,' said Betsy Schwartz, executive director of the Mental Health Association of Greater Houston. … But prosecutors were disappointed. They said Yates understood her actions were wrong and so did not meet the standard of insanity needed for acquittal. 'For five years, we've tried to seek justice for these children,' Assistant District Attorney Kaylynn Williford told reporters."

Release Of Women's Photos Draws Tips In California Case. The Los Angeles Times (7/27, Winton, Blankstein) reports, "When Los Angeles County Sheriff's Department deputies released photographs of some 50 women taken two decades ago by murderer Bill Bradford, they weren't sure what they would find. … Then the tips started flooding in -- more than 1,000 in the 24 hours after they sought the public's help Tuesday in identifying the women." The Times continues, "One woman called to say she was the person in photos 16 and 17-- and is very much alive. … Then Bradford's own daughter called in, saying that photo 48 was of his ex-wife and that she, too, is alive. … By Wednesday evening, detectives said they had tentatively confirmed that 24 of the women are alive and believe they had talked to about a dozen of them personally." The Times adds, "Most murder investigations begin with a victim and end with the arrest of a suspect. But sheriff's officials said Wednesday that the Bradford case is an investigation like no other. … 'This is a totally different case that what we are used to,' said Capt. Ray Peavy, head of homicide for the Sheriff's Department. 'Here, we think we know who the killer is, and we are trying to find the potential victim.' … The case has another twist: Peavy said the goal isn't to bring more charges against Bradford, who is already on Death Row after being convicted of killing two aspiring models in the 1984."

CIVIL LAW:

Boeing Reports Loss After Settling Defense Contract Charges. USA Today (7/27, Adams) reports, "Despite booming airplane sales, Boeing on Wednesday reported a $160 million second-quarter loss because of $1.1 billion in charges for defense-contract misconduct and delays." USA continues, "Most charges stem from a $615 million Justice Department settlement of investigations into the improper hiring of a former Air Force official and the misuse of data from competitor Lockheed Martin to win Pentagon contracts. Boeing said it will not claim a federal income tax deduction for the federal penalty. … Those scandals prompted former Boeing CEO Phil Condit to resign, and Boeing's former CFO and the Air Force official were sentenced to prison. In return for the record fine, the government didn't indict Boeing."

The New York Times (7/27, Wayne) reports, "The decision not to seek the tax deduction — even though the company maintained that it could — comes as Boeing is trying to improve its standing in Washington and as the company's chief executive, W. James McNerney Jr., is to appear on Tuesday before the Senate Armed Services Committee to face questions about the company's behavior." The Times adds, "Since becoming chief executive last year, Mr. McNerney has made ethics and integrity a top priority. Two previous chief executives resigned amid ethics scandals. … Boeing agreed in May to pay $615 million to end a three-year investigation and avoid criminal charges over allegations that it had improperly acquired proprietary documents from its rival, Lockheed Martin, and illegally recruiting a top Air Force weapons buyer who was overseeing Boeing contracts. … Shortly after the government settlement was announced, it ran into sharp criticism from some prominent senators, who wrote to the Justice Department expressing concern that Boeing could use the settlement to reduce its tax bill. These senators included Charles E. Grassley, an Iowa Republican and chairman of the Senate Finance Committee; John Warner, Republican of Virginia and chairman of the Senate Armed Services Committee; and John McCain, an Arizona Republican and a longtime Boeing critic who is also leading new investigations into weapons spending."

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The St. Louis Post-Dispatch (7/27, McLaughlin) reports, "When Phil Condit ran the company, he talked infrequently to top executives at Boeing defense, insiders say. Condit's successor, Harry Stonecipher, was ousted last year after someone blew the whistle on his extramarital affair with a subordinate. … McNerney, at the helm for a year, has made it clear the defense business needs to be better. Meanwhile, Boeing's commercial airplane business is experiencing what McNerney described as unprecedented demand. … Still, Boeing lost $160 million in the quarter that ended June 30, compared to net income of $566 million in the year-earlier period, because of charges related to its defense business. The aerospace and defense giant's stock slid 4.6 percent, or $3.85, to $79.90."

The AP (7/27, Carpenter) reports, "The loss was Boeing's first since the second quarter of 2003 and came in a year in which its commercial aircraft business has outperformed rival Airbus SAS. … McNerney said the commercial airplanes business remains the company's growth catalyst, thanks to both an expanding market and strong sales of Boeing planes. He said the charges 'overshadowed solid fundamentals' during the quarter."

Report Finds Big Firms Benefiting From Federal Contracts Aimed At Small Businesses. The AP (7/27, Bass) reports, "At least $12 billion in contracts the government claimed it gave to small companies last year wound up instead in the coffers of corporate giants like Microsoft and Rolls Royce, greatly inflating the Bush administration's record of help to small businesses, Democratic congressional investigators say." The AP continues, "When small business contracts with large companies are excluded, the government missed for a sixth straight year a requirement that 23 percent of its $314 billion in annual contracts go to small businesses, House Democrats conclude in a report to be released Wednesday. .. There were two basic problems, the investigators said: Federal agencies miscoded thousands of contracts to big companies as small business awards. And many other companies that started small grew large or were purchased by corporate giants but continued to get small business contracts. … 'It's just unbelievable,' said Rep. Nydia Velazquez of New York, the top Democrat on the House Small Business Committee. 'We have just got to start holding agencies accountable.'" The AP adds, "Velazquez is asking the Government Accountability Office and internal watchdogs for the State, Treasury, Defense and Transportation departments to investigate their contracting procedures and see if criminal activity is involved. … Under federal law, representatives of large companies that falsely claim to be small firms can be punished with 10 years in prison, $500,000 in fines, and a permanent ban from doing government business. … House Republicans said much of the controversy can be attributed to small businesses that have prospered under the Bush administration, either adding enough employees to become a large company or being acquired by large businesses."

Watchdog Urges Better Information Flow Under FOIA. National Journal's Technology Daily (7/27, Noyes) reports, "Some federal agencies have taken proactive steps to boost the processing efficiency for document requests under the Freedom of Information Act, but future agency plans for action a decade after Congress updated the law for the Internet age dismay at least one watchdog." Tech Daily continues, "The 1996 changes to the 40-year-old law sought to improve public access to government information, particularly electronic records, and reduce lag time in responses to FOIA requests. Many government entities have promised more streamlined FOIA processes by mid-2007. … But Patrice McDermott, the director of OpenTheGovernment.org, told a House Government Reform subcommittee on Wednesday that two agencies that should set the standard -- the Justice Department and White House Office of Management and Budget -- are not yet serious about reform. 'There is no enforcement mechanism provided and no repercussions for ignoring these requirements,' she said in written testimony." Tech Daily adds, "The Government Management, Finance and Accountability Subcommittee first looked at FOIA in May 2005. Since then, President Bush has issued an executive order requiring agencies to review FOIA compliance and develop specific enhancement plans. … The administration directed agencies to designate a chief FOIA officer, establish an information-requester service center and provide blueprints for FOIA improvements to the attorney general and OMB by June 14. The White House expects a full report on FOIA progress in October."

CIVIL RIGHTS:

DOJ Says Cincinnati Is Complying With Police Reforms. The Cincinnati Enquirer (7/27, Klepal)

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reports, "The city of Cincinnati was notified today by the Justice Department that it has been in compliance for at least two years with 55 of the 81 items the federal government wanted monitored after the 2001 riots. … Those items include matters such as increasing police accountability, decreasing incidents of force being used against citizens, and creating a better way of tracking and dealing with citizen complaints against officers." The Enquirer adds, "The federal recommendations will now go to monitor Saul Green, who will review the city's progress and write a report in September confirming that the city is in compliance with the 55 items. … Green said the city is actually in compliance with more than 90 percent of the 81 items, but it must maintain that compliance for more than two years before the federal government stops monitoring."

Five Florida Prison Guards Plead Not Guilty In Sex Scandal. The AP (7/27) reports, "Five federal prison guards facing charges in a sex scandal that ended in a deadly shootout have pleaded not guilty to additional counts and are set for trial Oct. 30." The AP continues, "They initially had been charged with a single conspiracy count, but a federal grand jury last week added substantive charges, including witness tampering. They entered their pleas to the new charges Tuesday in U.S. District Court." The AP adds, "A sixth guard and a Justice Department special agent died during a June 21 gunfight that erupted when authorities went to the Tallahassee Federal Correctional Institution to make the arrests. Another agent was wounded. … The dead guard, Ralph Hill, pulled out a gun and began shooting, investigators said. None of the surviving guards have been charged in connection with the shooting."

Washington State Court Upholds Gay Marriage Ban. CNN's The Situation Room (7/26, Verjee) reported that the Washington State Supreme Court "has upheld a law banning same-sex marriages. It's the latest in a series of setbacks for gay rights advocates. Earlier this month, they lost battles over same-sex marriage in New York and in Georgia."

The New York Times (7/27, Liptak, Egan, 1.21M) reports that an "angrily divided" court ruled in a 5-4 decision that the state legislature "remained free to extend the right to marry to gay and lesbian couples. The four dissenting justices said the majority relied on speculation and circular reasoning to endorse discrimination."

The Washington Post (7/27, A3, Harden, 748K) reports that the "bitterly divided" court "produced "six separate opinions in rejecting the claim of 19 gay couples that they are victims of state-sanctioned discrimination that harms their children and their financial security. In its lead opinion, the Washington court insisted repeatedly that elected lawmakers have wide discretion to define marriage -- while judges do not. … The court ruled that gay couples challenging Washington's 1998 Defense of Marriage Act had failed to show that it denies them either a 'fundamental right' or equal protection under the law."

The Washington Times (7/27, Wetzstein, 88K) reports, "The four dissenting justices said the majority opinions 'condone blatant discrimination' against homosexuals because the 1998 Defense of Marriage Act (DOMA) 'was motivated solely by animus toward homosexuals.'"

The AP (7/27, Woodward) reports, "Disappointment in Wednesday's decision was perhaps greatest in Seattle, home of the state's most visible gay community and the source of one of the original lawsuits seeking marriage rights for gay and lesbian couples. … The state Supreme Court overruled two lower courts that had found the state law, which limits marriage to opposite-sex couples, violated the state constitution. … However, three majority justices invited the state Legislature to take another look at the gay marriage ban's effect on same-sex couples."

Bush To Sign Voting Rights Act He Criticized As Texas Governor. The Washington Times (7/27, Dinan, 88K) reports that when he signs the Voting Rights Act extension today, he will renew a portion that "singles out 16 states as still practicing voting discrimination, including his state of Texas, where he was governor for six years, and part of Florida, where his brother is governor. Less than a decade ago, Mr. Bush fought that exact part of the Voting Rights Act, with his appointed secretary of state, Antonio O. Garza Jr., calling the provisions a burdensome and unnecessary federal intrusion into Texas' affairs."

Judge Rules Virginia Hoarder's Conviction Did Not Violate Rights. The Washington Post (7/27, B5, Schulte) reports, "Sam Shipkovitz first railed against what he called Arlington's 'neatness police' when officers declared his condo a fire hazard because it was crammed with too much of his stuff. They locked him out. So he sued the Arlington County hoarding task force in federal court, saying

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his civil rights were violated. … Now, a federal judge has dismissed his case." The Post continues, "County officials, stung by the publicity Shipkovitz's hoarding case generated, hailed the decision. 'Every count was found to be without merit,' Arlington spokeswoman Mary Curtius said." The Post adds, "The case was always a little unusual. … It all started in 1996. That's when Shipkovitz, who has a PhD in electrical engineering as well as a law degree and was working as a patent lawyer, moved into the Crystal City condominium owned by his friend Stephen Crossan. Crossan, who worked as a patent examiner, had just been found not guilty by reason of insanity of an arson charge and was committed to a state mental institution. … He was released in 2004 and came back to the condo to live with Shipkovitz. Mental health workers visited Crossan daily. It was one of those workers who in October became alarmed at the massive amount of junk in the condo -- paper, boxes, bags, newspapers, trash -- and called the fire marshal. … In his lawsuit, Shipkovitz contended that when the fire inspectors showed up Oct. 20, they were trespassing. Shipkovitz wrote that Crossan had opened the door only for the mental health social worker and didn't realize what was happening. … The county countered that Crossan willingly opened the door to the inspectors. U.S. District Judge Claude M. Hilton, in his June 22 order, agreed: 'There is no evidence that they engaged in any misconduct or violated any law while performing said inspection.'"

Prince George's County Whites Find Themselves In Minority. The Washington Post (7/27, A1, Parker) reports, "The swimming pool in Abby Hopper's Bowie development was already crowded when Hopper, her husband, their two toddler girls, her sister-in-law and her two young kids arrived in a cloud of plastic buckets, kickboards and Cinderella floaties. Just settling in was a huge production. Then, sitting in her lounger, Hopper finally looked around. There had to be 75 people at the pool. … They were the only whites." The Post continues, "Hopper, 35, felt that stab -- call it acute self-consciousness. She didn't know the people around her, and they didn't know her. What if Madeline made a splashy mess or Ellie took another child's floatie -- because that's what little kids do. What if the other moms thought her girls were some entitled-feeling white kids, with their entitled-feeling white mother looking on? … The pang passed as fast as it came. Hopper recognized a mom from the neighborhood toddler play group she helped organize and saw the family from down the street in the baby pool. Everything was back to being all good; just a regular these-are-the-people-in-my-neighborhood kind of thing." The Post adds, "Two years ago, the Hoppers moved from a nearly all-white neighborhood in Baltimore to Prince George's County, where Abby Hopper had grown up around all kinds of people. She says she wants that for her kids. Her husband, Greg, also likes that they got a lot more house for the money. … Whites moving into black neighborhoods often follow the pattern of gentrification: The influx leads to higher property prices, displacement of residents who can't afford to stay and lingering resentment. But the paradigm has shifted in Prince George's, one of the few suburban counties nationally with wide swaths of black wealth. … Some white families are being drawn by the upscale amenities of subdivision life at relatively bargain prices. There's little tension about displacement, because they move into neighborhoods with people of similar economic statuses, and by and large, they say they are being welcomed." The Post notes, "Decisions about where to lay your head and raise your family have been among those most resistant to the integrational ideals of the civil rights movement. But residents say the educated, affluent demographics of Prince George's help make integration calculations, and the conversations around them, a little easier for everybody."

ANTITRUST:

Realtors Face Federal Probes Over Internet Listings. The National Law Journal (7/27, Baldas) reports, "Federal regulators are cracking down on the real estate industry for alleged anti-competitive practices on the Internet that hurt home buyers and sellers." The Journal continues, "At issue are claims that consumers are being denied access to all the homes listed for sale on public Web sites, such as Realtor.com, and that firms trying to offer cheaper services on the Internet are facing restrictions. … Most recently, the Federal Trade Commission filed a complaint on July 13 against the Austin Board of Realtors in Texas for allegedly violating antitrust laws by preventing certain sellers from marketing their listings on public Web sites. The FTC is looking into similar practices in Detroit, Indianapolis, Cleveland and Columbus, Ohio. … Also, a lawsuit against the National Association of Realtors is continuing to unfold in a federal court in Chicago, where the U.S. Department of Justice claims that NAR policies obstruct real estate brokers from offering better services and lower

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costs to online consumers. U.S. v. National Association of Realtors, No. 05 C 5140 (N.D. Ill.). … 'The FTC and Justice Department see a lot of consumer welfare at stake,' said attorney Mike Cowie, a former assistant director at the FTC who believes that the recent 'protectionist activity' by the real estate industry will trigger lawsuits. 'There likely will be litigation by smaller Internet-based retailers ... [who] would say they're being driven from the marketplace,' said Cowie, now an antitrust lawyer at Howrey in Washington, D.C. 'The FTC and the Justice Department have been out front on this.' Ralph Holmen, associate general counsel of the National Association of Realtors in Chicago, defended the real estate industry. 'This notion that there is an absence of competition in the real estate business is ludicrous. Look up and down the street and see how many real estate firms there are. And they're all over the Internet,' Holmen said."

Microsoft Antitrust Settlement Funds To Be Distributed. The Bay City News (7/27, Molin) reports, "California businesses and consumers who two years ago settled a $1.1 billion antitrust class action lawsuit against Microsoft will finally receive their shares starting next month, Townsend and Townsend and Crew LLP, the law firm representing the plaintiffs, announced today." BCN continues, "Hundreds of millions of dollars await some 720,000 Californians including more than 4,500 businesses that bought overpriced Microsoft software between 1995 and 2001 and filed claims before January 2005. The bulk of the $1.1 billion, nearly 80 percent, will go to businesses that purchased mass quantities of Microsoft computers with Windows operating systems and other Microsoft applications installed. … Many of those businesses have, however, agreed to donate two-thirds of their settlements to California public schools." BCN adds, "Townsend and Townsend and Crew LLP partner Richard Grossman said today schools could receive between $400 million to $600 million from the settlement 'at a time when they definitely need it.' … The vouchers, which range from less than $100 to hundreds of thousands of dollars, can be redeemed for cash when buying computer hardware and software products during the next four years. … 'We filed this case in 1999 because we saw an opportunity to use our expertise in technology and antitrust law to obtain justice for the millions of California consumers and businesses that were overcharged for their software as a result of Microsoft's illegal monopoly,' Grossman said."

Newspapers Attack Suit Brought To Block Sale. The San Jose Mercury News (7/27, Carey) reports, "Three newspaper companies on Tuesday mounted an attack against a San Francisco investor's antitrust lawsuit to block McClatchy from selling four former Knight Ridder newspapers, and MediaNews from acquiring them." The News continues, "The four papers are the Mercury News, the Contra Costa Times, the Monterey County Herald and the St. Paul Pioneer Press, which are being acquired by the Denver newspaper company in a complex $1 billion deal." The News adds, "Clint Reilly, a real estate investor, former campaign consultant and mayoral candidate, is seeking a court order to block the deal, contending that it is structured to give MediaNews, Hearst and MediaNews' California Newspapers Partnership 'market power, if not monopoly power, over the newspaper business in the entire Bay Area' in violation of federal antitrust statutes. … The newspaper companies portrayed the harm to Reilly as a subscriber and advertiser in the Bay Area papers as 'trivial' compared with the damage to them if Reilly succeeds in delaying the deal. … 'Simply put, the newspapers will languish under temporary ownership,' the Denver-based newspaper company said. … MediaNews said a delay could force it to reprice a $350 million loan commitment at a cost of $12 million, and may even jeopardize the company's ability to complete financing for the acquisition of the four papers."

Microsoft To Acquire Medical Software Firm. The Wall Street Journal (7/27, Paige) reports Microsoft Corp. "said it would purchase health-care software technology called Azyxxi, which was developed by three physicians to gather patient information from numerous sources and make it instantly available to caregivers." Azyxxi "was rolled out in the emergency department at MedStar Health's Washington Hospital Center in 1996. It gives physicians instant access to patient data, including things like X-rays and other diagnostic scans, along with routine clinical information."

The New York Times (7/27, Lohr) reports that though the "purchase price… was most likely small," the company "has larger ambitions in the fast-growing market for health care information technology. Hospitals, doctors and policy makers worldwide have high hopes for saving money and improving the quality of care by moving health care into the digital age, handling patient records and tracking treatments electronically." Still, analysts say the plan "could be risky" since "the software" is "a homegrown system that has not

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been used outside of a few hospitals." Also, the deal puts Microsoft in the position of competing with a lot of its health care customers.

The Washington Post (7/27, Hart) notes "the purchase marks a strategy shift for Microsoft, which usually supports niche systems that use its legacy programs instead of seeking out an established product." But some analyst says "the high growth potential within health care could prove it a winning move."

The Seattle Business Journal (7/27) quotes Peter Neupert, VP of the Microsoft's health solutions group, as saying, "Azyxxi has demonstrated strong and clear benefits to physicians and other clinicians."

Orthopedics Firm Says Antitrust Probe Linked To Competitor's Email. The Wall Street Journal (7/27, Kamp) reports, "The Justice Department's antitrust probe of the orthopedics sector was prompted by a company representative's attempt to coordinate an industry response to a hospital pricing request, according to Zimmer Holdings Inc." Five orthopedics companies "announced last month they had received" a DOJ "subpoena for several years worth of documents regarding possible federal criminal and antitrust-law violations." The DOJ "has confirmed" the antitrust probe.

Attorney Ratchets Up Attack On Hollywood Idea Theft. The New York Times (7/27, Weiner) reports, "In December the screenwriters Aaron and Matthew Benay filed a lawsuit here accusing Warner Brothers and others of stealing the idea for 'The Last Samurai' from their screenplay of the same name. Three months later, another writer, Reed Martin, sued Focus Features and the director Jim Jarmusch, among others, saying they lifted 'Broken Flowers' from his work. Shortly before that, yet another aggrieved writer, Maurice Fraser, filed suit against NBC Universal, saying it had taken the concept for its upcoming reality show 'World Vision: An American Anthem' from his pitch 'Battle of the States.' … What the three legal actions share — other than the writers' not uncommon belief that someone in Hollywood has robbed them — is a connection to John A. Marder, a lawyer who has been quietly upping the ante when it comes to messy accusations of idea theft." The Times adds, "The latest in a long line of gadflies who contend that it's their job to keep the studios honest, Mr. Marder has spent the last two years capitalizing on having won a federal appeals court decision that makes it easier for writers who pitch an idea or circulate a script to make a claim of theft stick. .. . The decision, in a case in 2004 called Jeff Grosso v. Miramax Film Corporation, held that studios, producers and anyone else who considers an idea offered for sale can't rely on the federal Copyright Act in fighting claims that they have entered under an implied contract to buy it for fair value if it's found acceptable. That ruling, by the United States Court of Appeals for the Ninth Circuit in California, gave writers a way to sidestep the difficulties of a copyright claim — and opened the door to a growing stack of suits that are keeping Hollywood's legal machinery even busier than usual."

Friendster Linking Patent Could Hurt Rival Sites. The Wall Street Journal (7/27, Vara) reports, "Friendster Inc., known for bringing people together, could wind up making enemies among its peers. … Last month, the Web company was awarded a patent related to searching for people online based on their relationships, and it expects another patent to come through soon." The Journal adds, "Now, company executives are weighing their options, including whether to sue rivals. 'We want to protect our intellectual property,' says Kent Lindstrom, Friendster's president. 'We're evaluating what we should do.'" The Journal adds, "Patent controversies have become a familiar hazard on the Web as companies seek protection for emulating real-world concepts in virtual environments. For Friendster, patents could be an important new asset as it tries to reinvent itself. Many Web users have ditched it in favor of trendier rivals like Facebook Inc. and News Corp.'s MySpace. In June, the number of monthly U.S. visitors at MySpace tripled from a year earlier to 45.8 million, and visitors at Facebook doubled to 7.9 million, according to Nielsen/NetRatings, which tracks Web traffic. The number of visitors to Friendster is still under one million."

EMI Ends Warner Music Bid Talks. The Financial Times (7/27, Terazono, Edgecliffe-johnson) reports, "EMI has shelved its pursuit of Warner Music two weeks after a European court judgment cast doubt on whether regulators would allow further consolidation in the music industry." The Times continues, "The UK group is expected to confirm its decision to the London Stock Exchange on Thursday. This may prompt a statement from Warner, which had attempted a counter-offer after EMI's approach. EMI is likely to leave open the prospect of

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reopening merger talks if the regulatory climate improves." The Times adds, "EMI is understood to have had meetings this week and decided that the court's ruling that Sony BMG's 2004 merger would have to be reviewed threatened six to 12 months of regulatory uncertainty, during which any deal would be unacceptably risky. … People close to Sony BMG fear the group could be tied up for a year while the European Commission revisits the 2004 ruling, which allowed Sony of Japan and Bertelsmann of Germany to combine their music interests."

The Wall Street Journal (7/27, Smith) reports, "EMI and Warner, the world's third- and fourth-largest music companies by market share, had been locked in a battle to buy each other since May. Each company has floated two proposals to buy the other, but all four proposals have been rejected. Even after the last rejection by Warner, EMI had continued to insist that its offer was beneficial. … The effective withdrawal comes on the heels of a ruling by a European Court that called into question the viability of another big music merger, that of Sony Corp.'s Sony Music and Bertelsmann AG's BMG, which in 2004 were joined to create Sony BMG Music Entertainment. … That ruling, issued nearly two weeks ago by a European Union court in Luxembourg, clouded the already-murky regulatory prospects for an EMI-Warner deal. It could take as long as a year for European antitrust regulators to re-review the Sony-BMG merger. Their new verdict in that matter is viewed as a likely bellwether for the prospects of an EMI-Warner tie-up."

The New York Times (7/27, Leeds) reports, "The two companies had a formal merger proposal in 2000, but pulled the plug amid objections from European Union regulators. Then, EMI tried to buy Warner Music from its former parent, Time Warner, in 2003, but lost out to a consortium of private investors led by Edgar Bronfman Jr., the former Seagram chief executive. Mr. Bronfman's team purchased the music unit for $2.6 billion and later took it public. … Many analysts continue to believe the two companies will eventually combine, a deal that would create the world's second-biggest music company and yield hundreds of millions of dollars in cost savings after overlapping functions and jobs are cut. … But the end of the most recent negotiations solidifies the industry's lineup of four major music companies. EMI and Warner rank as the third- and fourth-largest music companies by market share, and both trail their bigger rivals, Sony BMG, and the Universal Music Group of Vivendi, the industry's biggest player."

ENVIRONMENT:

Gulf Drilling Measure Moves Toward Passage In Senate. The New York Times (7/27, Janofsky, 1.21M) reports the Senate "moved closer on Wednesday to passing a bill that would expand energy production in the Gulf of Mexico." A procedural vote "of 86 to 12 allowing the debate to begin signaled wide support for opening up large new tracts for drilling. Thirty-one Democrats and one independent joined all but one Republican, Olympia J. Snowe of Maine, in the early test vote, usually a strong indicator of a bill's potential to pass with bipartisan support." But the "consensus may be fragile, and the bill, if approved in a final vote that is expected next week, would still have to be reconciled with a very different drilling bill approved by the House."

CQ (7/26, Tollefson) reports, "The 86-12 vote to invoke cloture paved the way for floor consideration. The critical vote will come early next week when Republican leaders try to shut off debate and pass the bill itself." The Senate bill (S 3711) "would open up for energy development about 8.3 million acres of the eastern Gulf of Mexico, including 2.5 million acres within a section known as 'Lease Area 181.'"

The Wall Street Journal (7/27, Fialka, 2.03M) reports as the Senate "began debate, the White House issued a statement supporting the bill, while expressing some concern about the royalty-sharing provisions. Senate leaders hope the White House will press House Republican leaders to accept the Senate proposal, rather than push for a more ambitious House-passed plan to open both the Atlantic and Pacific coasts to offshore exploration." Sen. Jeff Bingaman of New Mexico, "a ranking Democrat on the Senate Energy Committee, opposed the measure, complaining that it will share federal royalty payments with four Gulf Coast states that rightfully should belong to all 50 states."

The Washington Times (7/27, Bellantoni, 88K) reports Senate Minority Leader Harry Reid "scolded Republicans for not adopting Democratic energy proposals this year. 'This bill will do little or nothing to fix America's energy crisis or the failed Bush-Cheney energy policies,' Mr. Reid said. 'This country needs a crash course to develop alternative and renewable energy.'"

WSJournal Hopes House Bill Emerges From Conference. The Wall Street Journal (7/27, 2.03M) says in an editorial, "Gasoline prices reached an all-time high last

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week, and, lo, the Senate seems finally to have noticed. Against all odds, that body may at last allow a limited expansion of offshore oil-and-gas drilling to increase U.S. energy supplies." The bill is "still worth passing, however, if only to get to a conference with the House, which last month gave the states authority over offshore drilling up to 100 miles out." In short, "the House bill offers greater protections to anti-drilling states, which would no longer be at the mercy of federal policy whims. Yet this is precisely what seems to worry environmentalists, who hold disproportionate sway in Washington and fret that state voters might actually support more drilling if it were safe and profitable."

WPost Faults Bill For Not Mandating Cuts In Energy Consumption. The Washington Post (7/27, A24, 748K) says in an editorial that the Senate bill "has problems, but the basic concept of increasing offshore production is sound. What is not sound, however, is the apparent refusal by the Senate leadership to allow consideration of an amendment to increase auto fuel economy standards. With energy prices high, the temptation to deal only with supply shortages is perhaps understandable. But it makes no sense to think about America's energy problem without serious attention to how to cut energy consumption."

Energy Department Says Gasoline Prices To Remain Near $3 Per Gallon. The Wall Street Journal (7/27, Heinsohn, 2.03M) reports the Federal Energy Information Administration said "retail gasoline prices can be expected to hold near $3 a gallon until the beginning of September." No "significant price declines are seen before Labor Day, when demand typically drops, the EIA said in its weekly analysis of petroleum data." Price increases "above the $3.003-a-gallon average national price seen for the week ended July 21 are possible, said the agency, the statistical and analytical arm of the Department of Energy."

New Political Will For Yucca Project Fails To Sway Nevada Opposition. The Christian Science Monitor (7/27, Bradley, 58K) reports that it was over the protests of the Nevada congressional delegation that the Energy Department "announced last week that Yucca will begin accepting the nation's spent nuclear fuel by 2017." Despite the "shifting economic and political winds…policymakers and others are still wrestling with questions about spent nuclear fuel. For its part, the DOE says its new dumping date is still a best-case scenario. But the new timetable, and a new political will for the project, have hardly swayed the senators of Nevada from their opposition." A spokesman for Senate Minority Leader Harry Reid called the timeline "a wish list by the people who are trying to turn the state of Nevada into the nation's nuclear dumping ground."

Ohio Court Rejects Supreme Court's View On Eminent Domain Case. The New York Times (7/27, Urbina, 1.21M) reports, "The Ohio Supreme Court ruled unanimously yesterday that a Cincinnati suburb cannot take private property by eminent domain for a $125 million redevelopment project. The property rights case was the first of its kind to reach a state's highest court since the United States Supreme Court ruled last year that municipalities could seize property for private development that public officials argue would benefit the community. The Ohio decision rejected that view, and is part of a broader backlash."

USA Today (7/27, 2.27M) reports, "The decision was a blow to the city of Norwood, which had counted on $2 million a year in additional tax revenue to help balance its budget."

Professor Says His Data Has Been Misinterpreted To Dispute Global Warming. Peter Doran, an associate professor of earth and environmental sciences at the University of Illinois at Chicago, writes in the New York Times (7/27, 1.21M), "My research colleagues and I found that from 1996 to 2000, one small, ice-free area of the Antarctic mainland had actually cooled." The study "offered no evidence that the earth was cooling. But the misinterpretation" has "become legend." Doran adds, "Our results have been misused as 'evidence' against global warming by Michael Crichton in his novel 'State of Fear' and by Ann Coulter in her latest book, 'Godless: The Church of Liberalism.'" Doran adds, "I would like to remove my name from the list of scientists who dispute global warming. I know my coauthors would as well."

FBI/DEA/ATF/USMS:

Mueller Announces FBI Restructuring Plan, Including New WMD Directorate. The Washington Post (7/27, A23, Eggen, 748K) reports, "The FBI yesterday announced the creation of an investigative division focused on weapons of mass destruction, part of Director Robert S. Mueller III's latest reorganization plan aimed at gathering intelligence and preventing terrorist attacks. In

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addition to the new WMD Directorate, Mueller told reporters he has hired an associate deputy to oversee finances and other administrative duties, and is adding or reshuffling several other senior positions." Mueller "characterized the latest moves as the third phase of a process aimed at making the FBI into an agile and modern domestic intelligence agency." However, the Post notes, "The transformation has been complicated by turnover as dozens of high-ranking FBI executives have been lured to the private sector by fat salaries and generous benefits. Mueller said that while he is 'not asking anyone to sign a blood oath,' he hopes the reorganization will help with retention. 'My expectation is that we'll be stable for the foreseeable future,' he said."

In a story distributed by McClatchy Newspapers, the Chicago Tribune (7/27, Zajac, 623K) reports, "The establishment of a directorate for mass destruction weaponry reflects a desire to coordinate information about the possibility of attacks, which…Mueller characterized as 'a substantial concern.' 'It is fair to say that anyone who is concerned about the safety of this country and the future, the concern is weapons of mass destruction and particularly weapons of mass destruction in the hands of terrorists,' Mueller said Wednesday as the personnel changes were unveiled. Vahid Majidi, the head of the new directorate, said his responsibilities include 'any use of WMD,' ranging from a so-called 'white powder hoax' involving the mailing of harmless substances to efforts to set off a nuclear bomb in the United States." The Tribune also notes, "The stage for the latest reorganization was set by a wave of retirements of top managers," but "Mueller said he thinks the revolving door has slowed for a while."

Under the headline "A Redeployment At A Realigned FBI," the Los Angles Times (7/26, Schmitt) reports, "The FBI broke with one of its most storied traditions Wednesday, announcing changes in its top management that, rather than elevating onetime agents, tapped officials with extensive experience outside of the bureau for several key positions." Mueller's "moves were a tacit acknowledgment of troubles the FBI has had keeping up with advancements in areas such as science, computer technology and human resources. … The personnel shuffle, Mueller said, was aimed at 'areas where we need expertise from the outside … to enable us to do the investigative and intelligence functions that are at the heart of what we do.' He added: 'If you come into the FBI as an agent, … you come in wanting to be an investigator. So bringing in people with [different] expertise is important.'" The Times notes, "Mueller's moves won praise from those pushing for the bureau to chart a new course."

In a widely-distributed story, the AP (7/27) focuses on the creation of the WMD directorate and adds, "Al Qaida's leadership has been damaged by U.S. anti-terror efforts over the past five years, but the group retains the capacity to launch a future attack on the United States, Mueller said. And a growing number of people in the United States who have no affiliation with al Qaida nevertheless share its view that 'the killing of innocents to meet an end is acceptable,' said Philip Mudd, the No. 2 official in the FBI's new national security branch." USA Today (7/27, 7A, Johnson, 2.27M) also briefly reports on Mueller's announcement, under the headline "New FBI Unit Focuses On Preventing WMD Attacks."

FOXNews.com (7/26) notes, "Mueller said the new changes will be good for both the function of the agency and its finances. 'We are better able to have leadership from the top down. ... We can align our personnel and our budget,' Mueller told reporters during a briefing at Justice Department headquarters." The "changes will include a new position that Mueller said is aimed at maintaining the 'business side of the house' of the agency. That position will be filled by new Associate Deputy Director John Ford, who will be in charge of personnel, budget, administration and infrastructure capabilities. … The new post is meant to give Mueller and Deputy Director John Pistole more time to deal with 'programmatic' issues."

Federal Computer Week (7/26, Hardy) adds, "In addition to Ford's appointment, several other new leaders have been brought to the Washington, D.C., headquarters office and the organizational chart has been redrawn. Mueller said he resisted using the word reorganization. 'People call it a reorganization, but really it's a realignment of responsibilities,' he said. … The FBI began planning changes immediately after the 2001 terrorist attacks to fight the emerging threat more effectively, Mueller said. 'This has taken a tremendous amount of time to come to fruition,' he said."

House Panel To Criticize Administration Implementation Of Intelligence Reforms. CQ (7/27, Starks) reports the House Intelligence Oversight Subcommittee "has concluded that the Bush administration has been slow to implement major changes in information sharing and other key provisions of the 2004 law that overhauled the U.S. intelligence community." The "report, which is scheduled to be officially released Thursday, found

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that the administration has failed to revamp its approach to information analysis, neglecting large swaths of potentially useful data," and it says that the DNI "has done a poor job of prioritizing key tasks." CQ notes, "Every member of the subcommittee signed on to the final report — a rare moment of bipartisan agreement on the once nonpartisan Intelligence panels in the House and Senate." CQ adds that one unnamed source said DNI John Negroponte "took issue with some aspects of the report, especially the conclusion that the administration has shown a lack of urgency."

Threats Against Federal Judges Are Up. The US Marshals Service says threats against federal judges and other court employees have reached record levels. USA Today (7/27, Leinwand, 2.27M) reports, "The number of threats in fiscal year 2005 increased 63% from 2003. Marshals investigated 953 threats and inappropriate communications in 2005. Threats this fiscal year, which began Oct. 1, are outpacing last year: Marshals have investigated 822 incidents."

Investigation Of Khat Distribution Network Leads To At Least 30 Arrests. The New York Times (7/27, Fahim) reports law enforcement authorities yesterday "arrested 30 members of what officials called the largest khat distribution network in the United States, an organization that they say smuggled up to 25 tons of the plant, earning up to $10 million a year by selling the drug in cities like San Diego, Minneapolis and New York. … And while officials said that they had seen few new users trying the drug, they stressed that acting against the traffickers would forestall an increase in popularity here. 'We hope that khat never becomes a mainstream drug of choice,' said John P. Gilbride, the special agent in charge of the federal Drug Enforcement Agency's New York office. He said the traffickers often shipped the drug through European countries where it is legal, including England."

Long Island Newsday (7/27, Destefano) reports officials said they also "broke up an informal banking system known as 'hawalah,' allegedly used to ship khat proceeds back to Africa. Fresh leaves of the khat plant, known as 'bushman's tea' and 'African salad,' are classified as controlled substances under U.S. law. The plant, which is native to northeast Africa and parts of the Arabian peninsula, must be harvested and brought to consumers in about 48 hours or it chemically breaks down, investigators said."

McClatchy Newspapers (7/26, Taylor) reports federal prosecutors "charged 62 people Wednesday with smuggling more than 25 tons of the African plant khat into the United States. … Federal agents are investigating allegations that the group may have links to warlords in the Horn of Africa region, which covers Somalia and Ethiopia. … By late Wednesday afternoon, agents from the Drug Enforcement Administration and the FBI had arrested 45 people, including 10 in Minneapolis and 12 in Seattle."

The Boston Globe (7/27) reports agents from the DEA and FBI "arrested 42 people in cities from New York and Boston to Minneapolis and Seattle after an 18-month investigation dubbed Operation Somali Express. … The DEA said the suspects used a complex international system to smuggle about $10 million in khat, some of it through Logan International Airport."

Khat Seen As Part Of Somali Social System. According to the AP (7/26, Caruso), prosecutors "announced the indictment of 44 people in New York on Wednesday on charges that they helped bring 25 tons of the plant into the U.S. in recent years. All but 14 of the suspects were under arrest after a series of sweeps in several states. … The wave of arrests Wednesday bothered Omar Jamal, the executive director of the Somali Justice Advocacy Center in St. Paul, Minn. He said the drug is routinely used among immigrant Somalis in the U.S. 'I think it is very sad because khat is linked to Somali culture,' he said. 'It's part of the social system.'"

In a sidebar, the AP (7/26) provides more information about khat and writes, "Users chew khat leaves to generate feelings of alertness and euphoria." The AP story was published in newspapers and/or posted on the Web sites of FOX News, the Boston Herald, Staten Island Advance, and Jamaica Observer.

Seattle-Area Residents Arrested In Khat Investigation. The Seattle Times (7/27) reports 14 Seattle-area residents "were arrested…during early morning raids aimed at breaking up an international smuggling operation that allegedly brought into the U.S. up to 25 tons of khat, a highly-addictive drug cultivated in eastern Africa." The raids "were part of a larger federal investigation begun 18 months ago by the New York office of the Drug Enforcement Administration (DEA), according to the U.S. Department of Justice. DEA agents five months ago linked Seattle suspects to their international inquiry, which allegedly involved the use of Federal Express and other courier services to deliver

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shipments of frozen khat, also spelled qat, and fresh khat leaves wrapped in banana leaves."

The Seattle Post Intelligencer (7/27) writes that DEA agents "arrested 14 members of greater Seattle's Somali community, each on two felony counts of conspiracy to import and distribute the drug that is commonly chewed like tobacco in countries such as Somalia, Yemen, Kenya and Ethiopia. If found guilty, they could face up to 20 years in prison and a $1 million fine. All 14 pleaded not guilty and were held pending further court appearances."

Khat Money Trail Said To Lead To Terrorist Strongholds. On its Web site, ABC News (7/26) writes, "The use of khat, whose sale has ties to terrorists, has had devastating effects in East African immigrant communities. Khat is a leafy vegetable resembling lettuce, but it has the stimulant effect of a methamphetamine. A money trail from its sale leads back to terror strongholds in Yemen, Somalia and Kenya." ABC adds, "Chris Giovino, the special agent in charge of the Organized Crime Drug Enforcement Task Force, said to ABC News that his concern was that khat, which can appear innocuous, would spread to a broader market of U.S. youths seduced into chewing khat by its organic nature."

ABC's Nightline (7/26, 11:30 p.m.) also aired a story from correspondent Chris Cuomo, who "spent eight weeks with a handpicked team of New York Police Department officers, Drug Enforcement Administration, FBI, Customs and IRS agents and state police officers as they seized shipments, entered money exchanges, conducted surveillance, and finally indicted 44 individuals." In its report on "Operation Somali Express" Nightline added, "There is a new illegal drug in town that comes from Somalia and Kenya and is being compared to meth. It's called khat. The leafy green plant is grown and processed in Africa, sent to Europe and then over to the United States. U.S. officials worry about the money that is generated from this drug going into the hands of war lords who are fiercely anti American."

On its Web site, KTVT-TV, Dallas-Fort Worth (7/27) reports the DEA "announced a record large seizure of 25 tons of khat worth more than ten million dollars and the arrests of a forty-four member international narcotics trafficking organization. An 18-month investigation resulted in the indictment of a United Nations' employee who is accused of using a secure diplomatic pouch to smuggle khat. The organization also allegedly smuggled khat using human mules on international flights and shipments by overnight express packages."

Local TV Coverage. KOMO-TV, Seattle-Tacoma (7/26, 5:00 p.m.) reported, "Undercover drug agents tell us this surveillance tape shows members of an alleged drug gang walking away from a Seattle stash house. Agents say those white plastic bags are filled with a dangerous drug called khat. When chewed, agents say the khat leaf is a powerful and dangerous stimulant, much like methamphetamine. The Feds say the Seattle gang sold tons of it on the street, and made millions. … They appeared in federal court this afternoon, charged with importing and distributing khat."

KSTP-TV, Minneapolis-St. Paul (7/26, 10:00 p.m.) reported, "The drug is called khat. It's legal in some countries, but it is banned here. A series of overnight raids in eight states cap a two-year investigation, and today 44 people were indicted. … This federal indictment alleges the money trail from khat sales stretches from Minnesota to Somali, Kenya, and Yemen, and into the hands of drug lords. … The 18-month investigation netted more than 25 tons of khat, worth more than $10 million. Khat, a leafy vegetable grown in east Africa, is chewed in the Somali culture for its euphoric effect. Fourteen Minnesotans face charges for trafficking the drug."

WSYX-TV, Columbus, Ohio (7/26, 11:00 p.m.) reported, "Khat in Columbus. The new and dangerous drug brings the DEA to central Ohio. … Arrests were made in Ohio. … The bust means that khat popularity across the country is growing. And while nationally, drug agents are just now targeting khat. It's not a new problem here in Columbus. It may not look like your typical street drug, but law enforcement officers fear it may soon become the drug of choice for [young people]."

WGME-TV, Portland-Auburn, Maine (7/26, 11:00 p.m.) reported, "Federal drug agents arrested 33 people in Boston, New York and Seattle earlier today and charged 11 more, accusing them of operating a khat distribution ring. Khat is a plant popular in Somalia and other parts of East Africa that, when chewed, is a powerful stimulant that induces euphoria. But it also has a host of possible side-effects, including cancer and outbursts of irrational violence. … Federal authorities say this was an 18-month long investigation involving 25 tons of khat."

Trainer Expected To Remain Silent As Investigation Of Bonds Continues. According to

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the AP (7/27, Elias, Kravets), "Lawyers for Barry Bonds' personal trainer say he'd rather go back to prison for a third time than take part in the grand jury investigation of his childhood friend for tax evasion and perjury. … Greg Anderson is expected to be called Thursday before a new grand jury investigating the San Francisco Giants slugger. But the trainer is expected to renew his vow of silence."

Former Chicago Hells Angels Leader Is Sentenced. The AP (7/26) reports a former Chicago Hells Angels leader "was sentenced to more than nine years in prison for his part in a decade-long racketeering and narcotics ring. Melvin Chancey, 38, pleaded guilty in January to federal racketeering and drug charges, admitting that he dealt cocaine and methamphetamine in the 1990s while conspiring with fellow bikers to threaten and intimidate other motorcycle gangs."

In Bolivia, New Coca Programs Said To Be Increasing Cocaine Production. The Washington Times (7/27, Arostegui) reports Counternarcotics officials "say the number of cocaine laboratories in Bolivia has almost doubled in the seven months since Evo Morales…was elected president. … Critics say new programs allowing farmers to cultivate small plots of coca are contributing to the rise in cocaine production. … Although units remain in Bolivia, the U.S. Drug Enforcement Administration is 'taking a lower profile,' said law-enforcement officials, who also describe a 'scaling back' of U.S.-sponsored military and police operations."

Illinois Trooper Pleads Guilty To Gun Charge. The St. Louis Post-Dispatch (7/27, Jonsson) reports, "One of three Illinois State Police officers charged this year with illegally possessing submachine guns pleaded guilty Tuesday, authorities said." The Post-Dispatch continues, "Senior Master Trooper Greg Mugge, 52, of Jerseyville, pleaded guilty to one charge of possession of an unregistered machine gun, according to federal prosecutors. Mugge, a 21-year veteran of the department who was assigned to District 18 in Litchfield, faces a maximum penalty of 10 years in prison and a fine of up to $250,000. His sentencing is scheduled for Oct. 27." The Post-Dispatch adds, "Mugge could not be reached Tuesday, and an attorney representing the trooper declined to comment on the plea, made in the federal district court in East St. Louis. … Mugge and two Illinois State Police officers from District 11 in Collinsville were placed on paid leave after they were charged earlier this year with having submachine guns at their homes. As Illinois State Police officers, they are allowed to handle submachine guns legally for their jobs, but they could not have them at home, according to prosecutors. Submachine guns fire a steady stream of bullets with a single squeeze of the trigger. … Mugge and the others, Sgt. James V. Vest of O'Fallon and Special Agent John Yard of Collinsville, had pleaded not guilty earlier this year. Another man, Dr. Harold Griffiths, 69, of Spaulding, Ill., was charged with lending one of the weapons to Yard, who said he fired it and gave it back to Griffiths, who then lived in Glen Carbon. … The case was investigated by the Bureau of Alcohol, Tobacco, Firearms and Explosives. The ATF interviewed the officers in late December. At that time, according to court documents, Mugge admitted on videotape to possessing a Colt rifle that had been converted to function in a fully automatic mode. Mugge told the ATF that he had obtained the submachine gun in the late 1970s or early 1980s from a licensed dealer who is now dead, according to the court documents."

Maine Gun Laws Said To Attract Out-Of-State Dealers. The Bangor Daily News (Maine) (7/27) reports, "The Brady Gang came to Maine in the fall of 1937 for the same reasons 21st century criminals venture north of Boston - fall foliage, seafood and guns. … Not much appears to have changed since the FBI gunned down Public Enemy No. 1 Al Brady and his cohorts on Oct. 12, 1937, on Central Street in Bangor" The News continues, "Easy access by Interstate 95 and the state's gun laws have lured illegal gun dealers from eastern Massachusetts to rural Maine to buy guns for resale in Boston, a law enforcement official in the Hub said last year. … Two cases pending in federal courts in Boston and Bangor show that over the past four years more than 40 guns have been purchased legally in Maine for illegal resale in Massachusetts. About one-third of them have been recovered from crime scenes and traced to their previous owners in Maine." The News adds, "The issue drew media attention outside the Bay State in March when Boston officials and the nonprofit group Stop Handgun Violence unveiled a big billboard on the Massachusetts Turnpike that criticized gun laws in other states. The billboard, which since has been removed, singled out Maine, New Hampshire, Vermont and Georgia as states, along with 29 others, that allow private

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owners to sell guns without criminal background checks of potential buyers. … 'The proximity of New England states with less restrictive [gun laws] makes firearms more accessible to people here in Massachusetts,' Sgt. Thomas Sexton, a Boston Police Department spokesman, told The Boston Globe last year. … Sexton's comments angered Thomas Colantuono, the U.S. attorney for New Hampshire, who in December said the accusation that lax gun control laws in northern New England were partly responsible for a rise in gun crimes in Boston was 'an urban myth.' … Maine's U.S. Attorney Paula Silsby said Tuesday that guns have been traced to Maine from crime scenes in Boston, but she did not call for stricter gun laws. Her office consistently is in the top three U.S. Attorney's Offices in the nation for the number of gun cases it prosecutes."

IMMIGRATION:

DHS Program Aims To Reduce Hiring Of Illegal Immigrants. The New York Times (7/27, Preston, 1.21M) reports US Immigration and Customs Enforcement has unveiled designed to "induce employers to stop hiring illegal immigrants and to report those they find on their payrolls." Doing so would give employers a certification that they have a "clean bill of health on hiring." The Washington Times (7/27, Hudson, 88K) reports that employers can "avoid hefty fines and jail sentences" through the program. DHS officials "say business owners have inundated the department with requests on how to prevent illegal hiring. 'There has been a real cry for help from employers who want to do the right thing,' ICE spokesman Dean Boyd said."

DHS To Seek Fingerprinting Of All Legal Permanent Residents At Border Crossings. The New York Times (7/27, Lipton, 1.21M) reports a planned expansion of the US-VISIT program that DHS will announce today would subject "the nation's estimated 12 million legal permanent residents…to fingerprinting every time they re-entered" the US. The "new security checks would be used at all international airports, seaports and land borders."

Ex-Official To Testify CIS Not Prepared To Handle Guest-Worker Program. The Washington Times (7/27, Dinan, 88K) reports Michael Maxwell, the former head of the internal affairs division of US Citizenship and Immigration Services, will today tell the House Judiciary Committee's immigration subcommittee that the CIS "still isn't ready to handle a massive guest-worker program." According to his prepared statement, Maxwell will say, "An administrative and national-security nightmare already exists" at the agency, and "implementation of the Senate bill would codify the nightmare and ensure that the criminals, terrorists and foreign intelligence operatives who have already gamed our immigration system are issued legal immigration documents and allowed to stay permanently."

CIS Security Breach Is "Latest In A String Of Embarrassments." In a related item, the Washington Times (7/27, Hurt, 88K) also reports a CIS employee "distributed the personal and private employment information of thousands of her fellow workers last week, raising concerns that those responsible for granting visas and other immigration benefits could be exposed to outside influence." The Times headlines the story, "Security Breach Raises New Doubts On CIS Capability," and says it "is the latest in a string of embarrassments for the agency."

Total US Enforcers On Mexico Border Could Reach At Least 15,000. The Christian Science Monitor (7/27, Wood, 58K) writes about the deployment of additional US troops on the border with Mexico. With President Bush's Operation Jump Start, "which aims to deploy as many as 6,000 National Guard troops" along the border, the "total number of US enforcement personnel on the southern border will be at least 15,000 -- four times what it was in 1994. The question now is, will this latest US crackdown be enough?"

Kondracke Says Pence-Hutchison Plan Offers Chance For Reform This Year. In his Roll Call (7/27) column, Morton Kondracke writes that it is "possible -- not likely, but possible -- that immigration reform could pass this year. Prospects are grim because House Republicans seem dug in on their plan to fight illegal immigration, period, while the Senate wants to combine border and workplace enforcement with work permits and an opportunity for illegal immigrants to become legal residents and citizens." But a proposal by Rep. Mike Pence and Sen. Kay Bailey Hutchison "designed to unify House and Senate Republicans" would "toughen border security and employer sanctions for a two-year period before other measures kick in. Then, illegal immigrant adults from Latin American countries would return home for a brief period, undergo background checks," and then be permitted to return to the US under well-defined rules.

Fund Calls For Revival Of Bracero Program. In the Wall Street Journal (7/27, A13, 2.03M), John Fund calls for a revival of the Bracero program, created in 1942 "to address

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wartime labor shortages." Legal guest workers "were given contracts that specified their pay and living conditions" and "dome 300,000 Mexican workers entered the U.S. legally every year. As the nonpartisan Congressional Research Service noted in 1980, 'Without question, the Bracero program was…instrumental in ending the illegal alien problem of the mid-1940s and 1950s.' … The striking success of the Bracero program ought to stand as an historical signpost in considering our own immigration situation."

TAX:

Judge Bars Statements Made To US In KPMG Tax Shelter Case. The New York Times (7/27, Browning) reports, "The federal judge overseeing a big tax shelter trial ruled yesterday that two former partners at the accounting firm KPMG had been coerced into talking to prosecutors before their indictment and that their statements could not be used as evidence." The Times continues, "The ruling, by Judge Lewis A. Kaplan of Federal District Court in Manhattan, was his second major challenge to the tactics used by federal prosecutors in white-collar cases. It is also the latest blow to what the government says is its largest criminal tax case ever." The Times adds, "Sixteen former employees of KPMG and two outside professionals are accused of making and selling abusive tax shelters to wealthy investors that cost the Treasury billions of dollars in unpaid taxes. The 18 were indicted last fall, after KPMG reached a $456 million deferred-prosecution agreement with the Justice Department in August. Under its deal, KPMG admitted criminal wrongdoing and agreed to cooperate with the widening investigation. … In his ruling, Judge Kaplan wrote that statements made in 2004 by two of the defendants — Richard H. Smith Jr., KPMG's former vice chairman in charge of tax services, and Mark Watson, a former partner in charge of KPMG's Washington national tax unit, which reviews tax shelters — had been coerced by the firm under pressure by prosecutors and thus could not be used as evidence."

The AP (7/27, Caruso) reports, "The decision was the judge's second targeting what he said were improper efforts by the government to get KPMG to force employees to cooperate in the probe, which led to charges against 18 people. … In June, Kaplan ruled that the government improperly pressured KMPG to stop paying the legal bills of any workers accused of wrongdoing. He said the withdrawal of that financial support unfairly crippled the employees' ability to defend themselves." The AP adds, "In Wednesday's ruling, the judge said that financial pressure also led KPMG Vice Chairman Richard Smith and a former partner, Mark Watson, to waive their Fifth Amendment rights and agree to speak with prosecutors, even if it meant exposing themselves to legal risk. .. . KPMG also threatened to fire workers who didn't cooperate. Kaplan said prosecutors had made it clear in policy documents that white-collar firms that didn't take such steps risked being indicted, an often-fatal blow. … 'The government brandished a big stick - it threatened to indict KPMG. And it held out a very large carrot,' Kaplan wrote. It offered KPMG the hope of avoiding indictment if it could deliver 'employees who would talk, notwithstanding their constitutional right to remain silent.'"

The Wall Street Journal (7/27, Davies) reports, "In his ruling yesterday, Judge Kaplan said the Thompson memo isn't a valid defense for the government's pressure tactics. He said corporate criminals should be prosecuted and, if convicted, punished. 'But the end does not justify the means,' Judge Kaplan wrote. … Prosecutors have denied pressuring KPMG and said other factors played a role in the employees' decisions to meet with the government. Yesterday, a spokeswoman for the U.S. attorney in Manhattan said 'we are reviewing the opinion and considering our options.'"

Audit Finds IRS Employees Could Get Unofficial Access To Data. USA Today (7/27, Mccoy) reports, "IRS employees could be gaining unauthorized access to confidential taxpayer information because many of their supervisors aren't checking on them, a new government audit reported Wednesday." USA continues, "On average, 42% of IRS supervisors sampled in the audit certified that they had reviewed security reports showing whether their staffers gained access to taxpayer information without authorization. … The certification rate ranged from a low of 15% for IRS supervisors in Austin to a high of 75% for their Brookhaven, N.Y., counterparts, according to the audit by the Treasury Inspector General for Tax Administration. … 'As a result, employees may be browsing their spouses' or other employees' tax information with little chance of detection,' the audit concluded." USA adds, "Underscoring the potential danger, auditors reported that they found "a clear violation" of data safeguards designed to prevent unauthorized access to taxpayer information during a site visit to one unidentified IRS

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location. .. . Auditors also said the IRS paid a government contractor $2.4 million for the data security system in 2002, even though it did not completely meet the agency's requirements. The IRS did not renew the contract last year because the contractor was unable to develop an anticipated upgrade."

GOP Effort To Pass Estate Tax Measure Complicates Pension Conference. The Wall Street Journal (7/27, Rogers, 2.03M) reports Republicans "announced another run at pushing estate-tax relief through Congress, but the pre-election gamble complicated already tangled efforts to complete agreement on a long-sought pension bill." Last night, "House-Senate pension negotiators had narrowed their differences over a last remaining issue: how much latitude to give the financial-services industry to both manage retirement accounts and give advice to individuals on their portfolio. But House Majority Leader John Boehner (R., Ohio) conceded that getting a final agreement was being delayed by the fallout from the new Republican estate-tax strategy." To "win over reluctant Democrats, the leadership is proposing to combine the estate-tax provisions, which have repeatedly failed in the past in the Senate, with a set of popular but expiring federal tax breaks that would be extended for one or two years. But the same tax cuts have long been seen as an integral part of the pension package, and pulling them out at this stage has roiled top senators in both parties."

NYTimes Criticizes IRS Reduction In Number Of Estate Auditors. The New York Times (7/27, 1.21M) says in an editorial, "A handful of Senate Republicans and most Senate Democrats have, to their credit, blocked four attempts since 2001 to repeal the estate tax on America's wealthiest families. But the heirs to America's mightiest fortunes may be shielded from taxes anyway. This week, David Cay Johnston reported in The Times that the government is on the verge of eliminating the jobs of nearly half of the Internal Revenue Service lawyers who audit estate-tax returns — 157 of the agency's 345 estate-tax auditors. The I.R.S. says the layoffs are warranted because the Bush tax cuts mean fewer people are obliged to pay estate taxes." The "underlying fact of the matter is that the I.R.S. hasn't released the data that would allow researchers — and the public — to verify whether cutting back on estate-tax audits represents sound tax enforcement."

CONGRESS-ADMINISTRATION:

Senate To Revisit Bolton Nomination. The Washington Post (7/27, A4, Lynch, 748K) reports UN Ambassador John R. Bolton's "blunt diplomatic style has made him a political rock star among conservative Republicans who relish his routine exposure of U.N. foibles and criticism of its bureaucrats." But "international diplomats, including several from countries closely allied with the United States, complain that he has furthered U.S. isolation here and undercut U.S.-backed efforts to reform the sprawling bureaucracy of the United Nations." The Senate Foreign Relations Committee "begins hearings Thursday on whether to make Bolton's temporary appointment, which will expire in January, permanent. His appearance in Washington, where Democratic leaders have vowed to oppose Bolton, is expected to be as polarizing as his presence at U.N. headquarters." Sen. Joseph R. Biden Jr. (D-Del.) said, "Mr. Bolton's performance at the U.N. only confirms my conviction that he's the wrong person for this job." The Post adds Bolton's "defenders say he has rightfully upended the status quo at the United Nations, which has been plagued by financial and sexual misconduct scandals in Iraq and Congo."

CQ (7/26, Monaghan) reports Bolton's "blunt, uncompromising approach since President Bush gave him a recess appointment almost a year ago has raised eyebrows in the corridors of the United Nations but pleased conservatives who are dubious of the world body's effectiveness." As the Senate Foreign Relations Committee "opens its second confirmation hearings on Thursday, Democrats will renew their assertion that Bush should have chosen a steadier, less combative ambassador if he wanted to sway U.N. opinion during crises like the current one in Lebanon." If Republican moderates "also support the nomination when it reaches the floor, Democrats may find it hard to justify another filibuster at a time when Bolton is speaking for the United States in the midst of a Middle East crisis." For now, Democrats "are keeping quiet about the prospects for a filibuster. Minority Whip Richard J. Durbin, D-Ill., declined to rate the odds at a news conference Wednesday, deferring to members of the Foreign Relations Committee."

WPost, LATimes Say Bolton Has Confirmed Voinovich's Original Judgment. The Washington Post

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(7/27, A24, 748K) says in an editorial that after Bolton's initial nomination, Sen. George Voinovich "broke with his party and withheld his support. Largely as a result, Mr. Bolton never got confirmed and arrived at the United Nations only by virtue of a recess appointment. One year later, Mr. Voinovich has reversed his position, emboldening the Senate leadership to schedule a hearing today on Mr. Bolton's confirmation." Voinovich "asserted that Mr. Bolton 'has demonstrated his ability, especially in recent months, to work with others and follow the president's lead by working multilaterally.' We are surprised by this statement, since Mr. Bolton's conduct at the United Nations has in fact demonstrated the opposite."

The Los Angeles Times (7/27, 918K) says in an editorial, "It's mystifying what changed Voinovich's mind. Was it the way Bolton, soon after taking his seat, sabotaged a year and a half of careful negotiations on U.N. organizational reforms by introducing hundreds of last-minute amendments to a draft agreement, rendering the final version nearly meaningless? Was it his refusal to budge on talks over the creation of a new Human Rights Council, which didn't improve the eventual agreement one iota but nearly made it worse? Given the monster Bolton was portrayed to be at last year's confirmation hearings, perhaps Voinovich is simply impressed that he hasn't reached across the table to throttle the French ambassador." Bolton's "sledgehammer diplomacy has poisoned an already tense relationship between the U.S. and other countries, including our most important allies."

WSJournal Says Democratic Filibuster Would Subordinate US Interests To UN. The Wall Street Journal (7/27, 2.03M) says in an editorial, "Bolton has been proving himself in the job that critics said he was too intemperate to handle." Bolton's "pressure for reform has caused some heartburn at the U.N. Secretariat, and some officials are fighting back by leaking (anonymously) to reporters that the Ambassador doesn't play nice with other diplomats. Kofi Annan and his inside enforcer, Mark Malloch Brown, are especially unhappy with Mr. Bolton for saying that reform is essential if the U.N. is going to win back support on Capitol Hill. Never mind that Mr. Bolton is the U.S. Ambassador to the U.N. and is supposed to represent American interests. If Democrats filibuster him once again, they'll be putting partisanship above an effective and credible U.N."

Novak Blasts Frist, White House For Not Focusing On Judicial Nominees. Syndicated columnist Robert Novak (7/27) this morning criticizes the "all-year slumber" of the Senate and the Bush administration regarding the confirmation of federal judges, especially given the upcoming elections for the GOP. Moreover, despite the "rare trump card" Republicans could play by highlighting "Democratic obstruction," Senate Majority Leader Bill Frist "indisputably put judicial confirmation on the back burner. Although the number of judges confirmed in this Congress is extraordinarily low, Frist has sounded like Democratic predecessor Tom Daschle in issuing statements boasting of the number of judges confirmed under his watch." Novak notes that conservatives also criticize Senate Judiciary Committee Chairman Arlen Specter and White House counsel Harriet Miers "for the caliber of some recent nominees and the lethargic pace of appointments." He concludes by arguing that Republicans made gains in 2004 because the efforts of Massachusetts Sen. Edward Kennedy (D) to block the confirmation of judges, and the given the current anemic pace of nominations, Kennedy "must sigh in relief."

Deputy White House Press Secretary Ken Lisaius Leaving. The White House Bulletin/US News (7/27) reports, "After some six years of presswork for President Bush, Deputy White House Press Secretary Ken Lisaius is leaving Friday." "You're always sad to leave," he said, "but there's a time in life when you have to do the next thing." The Bulletin adds Lisaius "has a long career with Bush. He worked on the 2000 campaign, helped in the Florida recount, worked in media affairs during the wartime crisis and eventually made it to the No. 2 job in the White House press office. He even proposed to his wife in the White House, where she also worked. He has won kudos for straight talk and has been a regular on-the-record spokesman for the President, even before he landed his current job. Congressional sources say that spokesman Tony Snow is hunting for a replacement, and has talked to at least three possible choices: Kevin Madden, spokesman for House Majority Leader John Boehner, former OMB spokesman Chad Colton, and former Bush-Cheney campaign spokesman Scott Stanzel. Indications are that Snow is considering making his pick an elevated deputy in a restructuring that might have the new deputy taking over some of the spokesman's job such as conducting the morning gaggle." Lisaius had "high praise for his past and current bosses, Ari Fleischer, Scott McClellan and Snow." "All three

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have brought unique and different things to the job," he said. "And Tony Snow has been nothing but incredibly generous and kind to me and my wife."

House, Senate Approve Expanded Oversight Of Foreign Investment Panel. The New York Times/AP (7/27) reports the House and Senate both voted to "make it easier for Congress to watch over" the Committee on Foreign Investment in the United States, the "federal panel that had been criticized for deciding that a company owned by Dubai could manage parts of some American ports." The Washington Times (7/27, Fagan, 88K) says the unanimous House vote came as "members from both parties said balanced U.S. security with foreign investment." But "notable differences" between the chambers' versions remain, and the bill now goes to conference.

Scientists Say Bush Stance Has "Cast A Pall" Over Stem Cell Research. USA Today (7/27, Vergano, 2.27M) reports that proponents of embryonic stem cell research say President Bush's stem-cell policy "has cast a pall over the future of their work and dashed hopes that the divide will be closed anytime soon. 'The reality of the veto is that it changes things right now and influences therapies down the road,' says researcher Douglas Kerr of Johns Hopkins Hospital in Baltimore. In June, Kerr reported partially restoring movement in paralyzed rats treated with nerve cells derived from embryonic stem cells." Researchers such as Kerr see stem cells "as a potentially revolutionary source of information about how tissues develop and as a potential source of transplant tissues for patients suffering diseases such as paralysis, diabetes and Parkinson's."

Education Department Moves To Expand Tutoring For Poor Children. The Department of Education said Wednesday it will bend rules under the No Child Left Behind Act aimed at getting more poor children into tutoring. The AP (7/27, Feller) reports, "The law requires schools that get federal poverty aid and fall short of their yearly progress goals for two straight years to offer transfers to students. After three years of failure, schools must offer low-income parents a choice of tutors. The new policy will let 23 school districts flip that order, offering transfers second." The policy changes "are part of a pattern of enforcement by Education Secretary Margaret Spellings. She wants to show she can adapt -- waiving rules to get more kids in tutoring -- and yet be tough on states that do not comply, by threatening to pull their money."

House GOP Leaders Plan Their Own Earmark Rules If Conference Fails. The AP (7/26, Abrams) reports House Republican leaders vowed to impose their own earmark rules if the House and Senate "cannot come to terms on stalled lobbying and ethics legislation." The leadership statement said the House "would move immediately to implement earmark reform 'independent of the ongoing lobbying and ethics reform discussions' after Labor Day." Roll Call (7/27, Yachnin, Newmyer) adds that while GOP negotiators in the House and Senate "had hoped to reach agreement on the measure" and vote on a "conference report this week, a deal appears unlikely before House lawmakers recess" Friday. The Hill (7/27, Bolton) reports Senate Majority Leader Bill Frist "has also told colleagues that he would be open to reforming lobbying and earmarks by changing Senate rules if the chambers fail to agree. This suggests that Republican leaders are increasingly pessimistic about passing lobbying-reform legislation and may have even decided against it."

GOP Mulls Combining Minimum Wage, Small Business Health Plan Bills. Roll Call (7/27, Newmyer) reports Capitol Hill Republicans "are giving increasing attention to a proposal that would marry a minimum-wage hike and a bill creating small-business health plans -- a gambit that would grab an election-year trump card from Democrats while also handing a win to the party's allies in big business." The plan would "combine the two separate -- and long contentious -- policy goals." Roll Call says the move, "if successful, strip Democrats and their labor union supporters of an important rallying cry while giving vulnerable Republicans a major victory they could tout as a pocketbook issue on the campaign trail."

Chicago Mandates Increased Minimum Wage For "Big Box" Stores. The New York Times (7/27, Eckholm, 1.21M) reports the Chicago City Council "passed a groundbreaking ordinance yesterday requiring 'big box' stores, like Wal-Mart and Home Depot, to pay a minimum wage of $10 an hour by 2010, along with at least $3 an hour worth of benefits."

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Hastert Will Run For Speaker If GOP Keeps Majority. Roll Call (7/27, Pershing) reports that in an interview yesterday, House Speaker Dennis Hastert said he will seek the Speaker's job again in the 110th Congress if Republicans maintain their majority in the House. Roll Call notes, "Of course, as Democrats are happy to point out, Republicans may not have the option of choosing the next Speaker. So would Hastert be willing to serve as Minority Leader? 'I don't think we're going to lose the majority, so I think that's a moot question,' he said. Hastert may not want to face that possibility, but it is widely believed among senior lawmakers and staff that if the GOP loses the majority, Hastert will be gone. Several Members said privately there is no way Hastert would want to serve as Minority Leader, and it also seemed highly unlikely the Conference would pick him for that job, given that it usually calls for a partisan battler, rather than the conciliatory 'listener' Hastert has been as Speaker."

Living Costs Driving Federal Workers Out Of San Francisco, Los Angeles. The Washington Post (7/27, D4, Barr, 748K) reports in its "Federal Diary" column, "A steady climb in housing and other living costs in Los Angeles and San Francisco is making it difficult for federal agencies to recruit and retain employees in those areas, according to a report prepared by federal executives in California." The report, which was prepared by the Federal Executive Boards for Los Angeles and San Francisco, is "based on survey data of federal employees and agencies with offices in the two metropolitan areas."

Wessel Says Bush Makes Deficit Problem Seem Simpler Than It Is. David Wessel writes in the Wall Street Journal (7/27, 2.03M), "If you listen to President Bush, fixing the U.S. budget deficit is nearly 'mission accomplished.' … The President makes the problem seem easier to solve than it is; it's tough for him to say that we're lost in the fiscal forest, and he hasn't found a way out. … Because the economy is doing OK and interest rates and inflation remain low by historical standards, it's impossible to get politicians or the populace agitated about the fact that the government has made promises to pay health and retirement benefits it cannot keep with today's tax rates -- or that, unless something is done, Social Security, Medicare and Medicaid spending will grow over the next 40 years to roughly the size of the current U.S. federal budget."

Brooks Says Government Should Promote Stable Two-Parent Homes. David Brooks writes in the New York Times (7/27, 1.21M), "Over the past three decades there has been a gigantic effort to increase the share of Americans who graduate from college. The federal government has spent roughly $750 billion on financial aid. Yet the percentage of Americans who graduate has barely budged," and the "number of Americans who drop out of college leaps from year to year." Brooks adds, "It's easy to see why politicians would want to propose tax credits as a way to bribe middle-class parents into voting for them. But if you actually want to increase the share of college graduates, you have to get into the ecology of relationships. You have to promote two-parent stable homes so children can develop the self-control they need for school success. … Hillary Clinton has forgotten more about early childhood development than most of us will ever know. Why she needs to be reminded about the importance of relationships is beyond me."

NYTimes Calls Senate Abortion Bill "Mean." An editorial in the New York Times (7/27, 1.21M) says, "The anti-abortion bill approved by the Senate this week, which makes it a federal crime to help an under-age girl cross state lines to avoid parental notification laws, is a mean piece of legislation, which takes a politically popular concept and applies it to a range of cases that could include particularly desperate young women. … Supporters of the bill conjured up images of lascivious older men ferrying off their sexual prey to out-of-state abortion clinics. Opponents envisioned a concerned grandmother or aunt, trying to help a child-victim of incest or parental abuse. But the bottom line is that the sexual predator would already be subject to prosecution for statutory rape, while the grandmother should not be the target of legal harassment at all. President Bush has vowed to sign the bill if the Senate can agree on a final version with the House, which passed a more expansive and punitive measure. We hope opponents can find a way to head them off."

OTHER NEWS:

Fed Says Economic Growth Beginning To Slow. The Wall Street Journal (7/27, A2, lp, 2.03M) reports the Federal Reserve's monthly "Beige Book" report finds economic growth "slowed around the country in the past six

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weeks, while price pressures for the most part remained in check." The report "may give the Fed an added reason to stop raising interest rates soon, though not necessarily at its Aug. 8 meeting." The New York Times (7/27, Peters, 1.21M) says regional reports from each of the 12 Fed regional districts "'generally indicated continued economic growth during June through mid-July, with numerous individual reports pointing to evidence that the pace of growth has slowed,' the central bank said."

Economist Says Interest Rate Hike Could Hamper Trade Balance. In the New York Times (7/27, 1.21M) "Economic Scene" column, Berkeley economist Hal Varian asks of Fed Chairman Ben Bernanke: "Will he raise interest rates in August or not? And what does his decision mean for world financial markets? When the Fed raises interest rates, global investors find dollar-denominated investments more attractive. … But the higher the value of the dollar, the more expensive American goods become for foreigners and the cheaper foreign goods become for Americans, worsening the balance of trade."

Stock Markets Down Slightly. The Wall Street Journal (7/27, C1, McKay, 2.03M) reports stock markets closed a bit lower Wednesday "after a so-so batch of corporate earnings reports set the day's tone." The Dow Jones Industrial Average "was off 1.20 points at 11102.51, but still up 3.6% on the year," while the Nasdaq "fared a bit worse, losing 0.2%, or 3.44 points, to end at 2070.46, down 6.1% on the year."

Judge Approves More Northwest Airlines Labor Deals. The AP (7/27, Tong) reports, "A bankruptcy judge on Wednesday approved two more concession agreements from Northwest Airlines employee unions, deals that could clear the way for nearly $750 million in cost savings from the carrier's new labor pacts." The AP continues, "The flight attendants and flight simulator technicians were the last remaining groups that had not reached a deal to cut costs. Judge Allan Gropper's acceptance of the motions is needed for the carrier to implement other concession deals with pilots, baggage handlers, and ground and clerical workers." The AP adds, "Before the plans are implemented, though, flight attendants must approve the deal. They are scheduled to finish voting on the deal by Monday. It was announced at Wednesday's hearing that the technicians union, which represents 42 employees, had ratified its agreement. … All the labor agreements include a clause that required all new deals to be implemented simultaneously. Worth about $550 million, the deals with pilots and baggage handlers were approved by the court last month."

Astor Suit Claims Mistreatment Of Former New York City Social Figure. The New York Times (7/27, Barron, Hartocollis) reports, "Once, she and her pearls and her designer dresses were everywhere that was anywhere in New York society: this benefit, that party, this lunch, that dedication. At her 90th birthday party, she danced the first dance with the mayor. At her 100th, 100 well-connected friends toasted her with Champagne. … Then Brooke Russell Kuser Marshall Astor, doyenne of capital-S society by night, philanthropist by day, faded from view. Already, she had closed down her charity, having given away not quite $195 million. Her explanation was a single word: 'Age.'" The Times continues, "No longer was she seen on the black-tie circuit, seated to the right of an attentive host. One neighbor has seen her only once in the last two years, asleep in a wheelchair outside her apartment building on Park Avenue. … Now Mrs. Astor, 104, is at the center of a bitter intergenerational dispute that has become public. In a lawsuit, one of her grandsons has accused her son of mistreating her and turning her final years into a grim shadow of the glittery decades that went before. … The grandson, Philip Marshall, accuses his father, Anthony Marshall — a Broadway producer and former C.I.A. employee who is 82 — of failing to fill Mrs. Astor's prescriptions, stripping her apartment of artwork, confining the dogs she doted on to the pantry, reducing the number of staff members looking after her, and forcing her to sleep in chilly misery on a couch that smells of urine. … Philip Marshall asks that Anthony Marshall be removed as Mrs. Astor's legal guardian and replaced by Annette de la Renta, a friend of Mrs. Astor's who is married to the designer Oscar de la Renta, and JPMorgan Chase Bank, according to an article yesterday in The Daily News that quoted the court papers. Yesterday morning, Justice John E. H. Stackhouse of State Supreme Court in Manhattan ordered that the papers be sealed."

Democrats Look To Capitalize On Medicare Drug Plan's "Doughnut Hole." USA Today (7/27, 4A, Wolf, 2.27M) reports, "Seniors and disabled people who have chronic health problems are increasingly entering a gap in Medicare's prescription-drug coverage and finding that they could have to pay thousands of dollars out of pocket,"

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which is "creating a political issue for the fall elections. An estimated 3.4 million people will have drug expenses that push them into the coverage gap, when they must pay the full cost of prescriptions. The gap, which Congress calls the 'doughnut hole,'" begins when drug expenses total $2,250 and continues until a beneficiary has spent $3,600. Democrats, "aiming to capitalize on the coverage gap, calculate that Medicare beneficiaries with average drug costs will reach it Sept. 22. Their 'Doughnut Hole Day' is six weeks before fall elections."

Grassley Promises Medicare Physician Payment Overhaul Action. CQ (7/26, Carey, Dennis) reports Senate Finance Chairman Charles Grassley said Medicare physician payment overhaul legislation "is a priority" in the Senate, echoing remarks by House Energy and Commerce Chairman Joe Barton. Grassley said, "It's gotta happen, but how it will happen we haven't decided."

US Chamber Launches Campaign Ad Blitz Touting Drug Benefit. The US Chamber of Commerce is launching a $10 million advertising campaign to thank lawmakers, most of them Republicans, for their support of the Medicare prescription drug program. The AP (7/27, Lester) reports that the group "plans to air the ads in Connecticut, Ohio, Pennsylvania and Nebraska as well as other states. The money would be divided almost evenly between House and Senate races. … The chamber's effort will also include direct mail, spots on Internet sites and a get-out-the-vote effort."

Bush Raises $500,000 For Capito. The AP (7/26, Riechmann) reports that while "some GOP candidates in this fall's midterm elections are staying an arm's length from President Bush and his low poll ratings," Bush "was welcomed" at a Charleston fundraiser for WV2 Rep. Shelley Moore Capito. GOP officials "said about 275 people attended the event that raised an estimated $500,000 for Capito."

Steele Calls Bush "A Friend" Who Is "More Than Welcome" To Campaign For Him. Maryland Republican Senate nominee Michael Steele took steps to explain his previously anonymous criticism of President Bush and the GOP, calling Bush "a friend," saying he is "more than welcome" to come to Maryland to campaign for Steele, and as the AP (7/26, Wyatt) reports, saying he "was joking when he described his Republican affiliation as a scarlet letter." The Washington Times (7/27, Ward, 88K) reports Steele said his remarks about Bush "taken out of context." Steele said, "I'm not trying to dis the President. I'm not trying to distance myself from the President. I'm trying to show those lines where…I have a different perspective." The Washington Post (7/27, B1, Wagner, 748K) called Steele's comments an "awkward dance with the media and the White House."

The Baltimore Sun (7/27, Skalka, 262K) reports Steele called Bush "his 'homeboy'" during a Baltimore radio interview in "hospitable remarks" that "contrasted with his sharp, anonymous criticism of the Bush administration published in The Washington Post on Tuesday." While Steele worked to "mend fences with the White House, which has raised big money for his Senate bid, the Bush administration sought to shake the whole thing off, calling it politics, plain and simple." Press Secretary Tony Snow said, "It's pretty clear that there's a commitment at this end to making sure that Michael Steele becomes the next US senator from Maryland." Snow said the President "had been apprised of Steele's remarks but that he was unwilling to repeat the president's response." The AP (7/26, Wyatt) adds that Snow "remarked dryly, 'I think the comments have come to his attention.'"

Bush Still Backing Steele. Despite Steele's comments to the Washington Post, the White house says the President is still backing Steele in the Senate contest. The AP (7/27, Pickler) reports that White house Press Secretary Tony Snow "declined to say how the president responded when told what Steele had said. 'I could, but I won't,' Snow said. But he remarked dryly, 'I think the comments have come to his attention.'" Snow "said he understands that Steele's opinion of Bush wasn't all bad and that he had some favorable things to say that were not reported. Snow said he's been trying to get through to Steele to get the full story."

Senate Republicans Divided Over Distancing Themselves From Bush. Meanwhile, The Hill (7/27, Allen) reports that Senate Republicans are divided over whether and by how much Republican candidates should distance themselves from the President. While some Republican senators "are staking claims to independence in their home states, others are quicker to embrace the president. They must weigh the advantages of Bush's imprimatur in Republican circles against his poor ratings among Democrats and independents."

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Broder Sees "Disaffection" In GOP Ranks. David Broder writes in the Washington Post (7/27, A25, 748K) that complaints from the Taft-Goldwater-Reagan wing of the GOP "are a significant factor in the dynamics of the midterm election. They could spell trouble for Republicans in mobilizing their vote this fall." Broder says the complaints, which are "epidemic," are "often accompanied…by the comment that everything the White House does seems to be aimed at pleasing only one section of the Republican coalition -- the religious right." The dissent "threatens Republican chances of avoiding a major defeat in the midterm elections." Broder adds, "In the past two elections -- 2002 and 2004 -- Karl Rove, Ken Mehlman and the rest of the Republican leaders demonstrated a superior ability to locate and turn out their voters. But in neither of those years did they face the formidable barriers in place this year, starting with the weariness with the war in Iraq. The last thing they need is the disaffection now being displayed in their own ranks."

Texas Governor Backs Faith-Based Programs. The Dallas Morning News (7/26, 500K) reported that Texas Gov. Rick Perry "assured advocates of faith-based programs Tuesday that he's on their side and wants to 'tear down barriers' that limit the flow of government money to religious groups. Appealing to religious conservatives targeted by his re-election campaign, Mr. Perry praised the work of faith-based initiatives that help administer social service programs. He touted his office's involvement in distributing $500,000 in federal grants to 25 Texas faith-based and community organizations."

The AP (7/25) reported, "Perry, speaking to a packed meeting hosted by the White House Conference on Faith-based and Community Initiatives, said the importance of faith-based groups working with government showed itself after last year's Hurricane Katrina, when an estimated 400,000 evacuees came to Texas."

The Houston Chronicle (7/26, Fikac, 535K) reported that Perry "said Texas aims to be 'a national leader in leveling the playing field' for faith-based and community groups to compete for public funds to provide public services. Among other efforts, he commended such groups' work in helping people who took refuge here from Hurricane Katrina. He echoed a favorite phrase of his predecessor, praising those attending the conference as 'foot soldiers in the armies of compassion.'"

The Austin American Statesman (7/26, MacLaggan) reported, "Perry's three main opponents said that they support faith-based initiatives but that they think voters are more concerned about issues such as transportation and property taxes. … Comptroller Carole Keeton Strayhorn, an independent gubernatorial candidate, supports faith-based organizations, spokesman Mark Sanders said. … 'Faith-based can help,' said fellow independent gubernatorial candidate Kinky Friedman, who supports prayer in school. 'But to rely on it to save Texas is like throwing the teachers a court-ordered crumb and saying, "Look what I've done for education."' Democratic candidate Chris Bell said he hasn't been asked once about faith-based initiatives on the campaign trail."

Texas Republicans Expect DeLay To Run If Forced On Remain On Ballot. Texas Republicans expect former Rep. Tom DeLay to run for his old seat if a court ruling forces him to remain on the ballot. Roll Call (7/27, Drucker) reports, "Republicans remain confident that the 5th Circuit Court of Appeals will overturn a U.S. District Court decision preventing the Texas Republican Party from declaring DeLay ineligible to run for office and replacing him with a candidate free of his ethical and legal baggage. But if Republicans lose their appeal, being heard Monday, they believe the former Majority Leader will reignite his campaign and wage a vigorous battle to defeat the Democratic nominee, former Rep. Nick Lampson."

Hillary Clinton's Brother Barred From Accessing Bank Account. Anthony Rodham, brother of Sen. Hillary Clinton, has been barred from accessing his bank account while a bankruptcy trustee demands that he repay more than $100,000 in loans. The Washington Times (7/27, McElhatton, 88K) reports that Rodham received $107,000 in loans from United Shows of America Inc., a carnival company whose founder was pardoned by President Bill Clinton. United Shows "went bankrupt in 2002, and control of its finances was placed in the hands of court-appointed trustee Michael E. Collins, who has sought to garnish Mr. Rodham's wages. A consent order filed Tuesday in U.S. Bankruptcy Court for the Eastern District of Virginia said Mr. Rodham is barred from taking money out of a bank account containing about $142,000, pending a hearing next month."

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Former President Ford Released From Hospital. NBC Nightly News (7/26, story 6, 0:15, Williams, 9.87M) reported, "In other news today, a scare earlier today but a happy ending tonight. Former President Gerald Ford was released from a hospital in Vail, Colorado today, we learned two days after being admitted for shortness of breath. At age 93, Ford is this nation's oldest living former president. He was hospitalized for 10 days back in January with pneumonia."

Ethics Complaint Filed Against McCaskill. The Hill (7/27, Kucinich) reports, "The Missouri Republican State Committee filed a complaint with the Senate Ethics Committee yesterday against Democratic Senate candidate Claire McCaskill, Missouri's state auditor, accusing her of breaking personal-finance disclosure laws. The complaint charges that McCaskill failed to provide even the 'bare minimum' of information requested by the Senate." The NRSC "briefed reporters on the complaint yesterday, but the state party insisted that the filing was a local move. The NRSC referred all comments on the ethics complaint to the state organization."

Pay Cut Enabled Lewis Aide To Avoid Lobbying Ban. Roll Call (7/27, Kane) reports, "Rep. Jerry Lewis (R-Calif.) dramatically slashed the salary of a top aide in 2002, dropping the aide's pay low enough for her to evade federal conflict-of-interest laws when she became a lobbyist in 2003. Letitia White, who was then overseeing earmarks for the Appropriations subcommittee on Defense, had been earning well above the threshold of 75 percent of what a Member of Congress earned in 1999, 2000 and 2001 — a level that would have prohibited her from lobbying Lewis or the subcommittee, which he then chaired, for a year after her departure from Capitol Hill. House records show White saw her income drop by more than $11,000 in 2002, her final year on Capitol Hill, putting her below the ceiling for the post-employment lobbying ban by a mere $80 in her final 11 months on staff."

Bad News For Both Parties In WSJournal/NBC Poll. The Wall Street Journal (7/27, A4, Harwood, 2.03M) headlines its report on the latest Journal/NBC News poll "Both Parties Post Low Approval Ratings In Poll," though the nearly 1,000-word report focuses almost exclusively on the woes of the GOP. The Journal writes that while Republicans "haven't persuaded a dissatisfied American public that their stewardship is succeeding," the poll "suggests how they might survive midterm elections anyway: attack Democratic foes and separate themselves from President Bush's struggles." GOP pollster Bill McInturff said "Republicans in 2006 have little choice but to 'try to pretend there is no national party.'" The poll pegged Bush's approval rating at 39%, with 56% disapproving, and Democrats with a 10-point lead, 48%-38%, in preference for control of Congress. Still, the poll found that Democrats "have made little progress in improving their party's standing. The party's favorability rating, 32% positive and 39% negative, is as unflattering as the Journal/NBC survey has ever recorded. The Republicans' standing, now 33% positive and 46% negative, is near the party's record low."

1996 Welfare Reforms Called A Victory For Conservative Principles. Ron Haskins, a senior fellow at the Brookings Institution, writes in the Wall Street Journal (7/27, 2.03M) that in the welfare reforms that became law in 1996 were "a victory for conservative principles. … But there's a rub for conservatives: Now and for the foreseeable future, the nation will have millions of poorly educated and unmarried young mothers who are capable of producing labor value of around $8 per hour when they first enter the labor market. They face a Hobson's choice of living in poverty on welfare or living in poverty while working -- unless government subsidizes their income. … Above all, welfare reform showed that work -- even low-wage work -- provides a more durable foundation for social policy than handouts."

Rove Campaigns For GOP County Parties In Ohio. In an exclusive commentary on Newsweek's (7/26) web site, Richard Wolffe and Holly Bailey wrote that Deputy White House Chief of staff Karl Rove hit the campaign trail in Ohio Tuesday, appearing as the guest of honor at "a $100-a-plate luncheon in Columbus to benefit county parties in central Ohio, a state that is viewed as ground zero in the GOP's attempts to maintain control of Congress." Rove told supporters "that he believes the midterm matchups there and throughout the country are still winnable for the GOP. His talking points were the same: Republicans will win on what will be the two determining issues this fall, the economy and national security. … There's only one problem with Rove's argument: polls show a majority of Americans still don't give

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Bush or his party credit for the economy, while the president's ratings on his handling of terrorism and national security have dipped in recent weeks."

Jewish Democrats Have Mixed Feelings About Lieberman. The New York Times (7/26, Medina, 1.21M) reports that a "significant number" of Jewish Democrats have mixed feelings about Sen. Joe Lieberman. While there "little question that Mr. Lieberman enjoys strong support in the national Jewish community," his primary challenger Ned Lamont "is receiving substantial support from Jewish voters, as well as some prominent Jewish Democrats." The Times notes, "One of the great questions of the race is whether Jewish Democrats who are dismayed with Mr. Lieberman's continued support for the war will nevertheless vote for him out of either religious solidarity or because of his strong support for Israel, particularly now that it is engaged in a fierce conflict in Lebanon."

Poll Finds Lamont Ad More Effective Than Lieberman's. The Hill (7/28) reports that Lamont "has created a quirky ad with the potential to create a high level of buzz with advertisements while Lieberman's more traditional spot appears to have fallen flat, according to a poll conducted for The Hill by Wilson Research Strategies. Lamont's ad, 'Changing Minds,' features people replacing Lieberman yard signs and bumper stickers with Lamont campaign materials. In a calm voiceover, a female narrator tells viewers that it is 'time for a change' because of Lieberman's support for the Iraq war." Lieberman's ad, meanwhile, "is dripping with sarcasm. It starts with a Lamont bumper sticker that reads 'No More Joe' followed by a male narrator asking, 'What else does Ned Lamont have to say?'" According to the Hill, "60 percent of the politicos polled said Lamont's ad was more effective; only 28 percent favored Lieberman's ad."

DCCC Chairman Identifies Four Districts As Major Pickup Opportunities. Speaking to a Democratic Caucus meeting yesterday, DCCC Chairman Rahm Emanuel identified four GOP Seats as major pickup opportunities if Democrats can match GOP fundraising efforts. The Hill (727, Hearn) reports that Democratic sources say during the meeting, Emanuel asked his Democratic lawmakers to give to candidates Mike Arcuri in NY24, Bruce Braley in IA1, Joe Donnelly in IN2 and "the as-yet-undecided Democratic nominee in Colorado's seventh district. He said those candidates would be extremely competitive if they could turn in strong fundraising numbers by Sept 1. The entreaty was part of a DCCC effort to squeeze members for contributions to individual races. Members also make regular dues payments to the DCCC."

Democrats Plan Rare Joint Caucus Today. In what Roll Call (7/27, Stanton) calls a "rare show of bicameral unity," House and Senate Democrats today will hold their first joint caucus since the 2004 election. The caucus is "part of a highly coordinated final push by the party to nationalize this fall's Congressional elections, Democratic strategists said." Roll Call adds, "Senate Minority Leader Harry Reid (Nev.), House Minority Leader Nancy Pelosi (Calif.), Democratic National Committee Chairman Howard Dean and the two campaign committees have planned a nationwide blitz for August, ranging from local organizing drives by the DNC to more than 200 local, state and national events involving lawmakers."

Reynolds Launches Early Campaign Ad. In a surprise move, NRCC Chairman Tom Reynolds yesterday aired an early television ad that did not mention his party affiliation. The Hill (7/27, Kaplan) reports, "Democrats suggested that the timing and content of the advertisement indicate that Reynolds…faces a tough reelection race against multimillionaire businessman Jack Davis (D), who lost to Reynolds in 2004." Reynolds "defended the advertisement as a way to 'begin a discussion to share his vision for western New York' before the August recess, said L.D. Platt, Reynolds's spokesman. It's an opportunity 'to share his accomplished record of lower taxes, more jobs and delivering millions of dollars of investments for western New York,' Platt added."

Rome Middle East Conference Fails To Reach Consensus On Ceasefire. Delegates to the conference on the crisis in the Middle East met in Rome and concluded without an agreement about the course of action needed to resolve the situation. The AP (7/27, Simpson) says officials agreed "on the need for urgent action to halt the fighting in Lebanon and on the creation of a multinational force to keep the peace. But the two sides had starkly divergent views of what that means." The Washington Times (7/27, Kralev, 88K) reports "several participants in the conference said they expected the Security Council to begin discussing a resolution on an international force in the next few days." Secretary of State Condoleezza Rice "flew to a

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conference in Malaysia yesterday but could return to the Middle East this weekend, US officials said."

A number of media sources describe a tense summit, with Rice resisting strong pressure from the rest of participants to call for an immediate ceasefire. For example, CNN's The Situation Room (7/26, King) reported "the mood" at the summit "was described as tense, frustrating." Rice was "said to be under constant siege, viewed by many at the Rome emergency summit as the obstacle to a cease-fire plan." Likewise, the New York Times (7/27, Smith, Cooper, 1.21M) says this morning that "in a tense, sometimes stormy debate that went on for nearly an hour…Rice dug in, and prevailed."

The Mideast conflict story was covered extensively by each of the networks last night, which devoted approximately 28 minutes to the crisis. The CBS Evening News (7/26, lead story, 2:40, Axelrod, 7.66M) reported, "A diplomat in the room in Rome tells CBS News they are getting closer to a plan that could finally lead to a US call for a cease-fire, perhaps. What's for sure is that the Bush Administration still wants no part of any call for a cease-fire right now." Rice "was hammered by allies but unmoved by criticism and calls for an immediate cease-fire became urgent calls." ABC World News Tonight (7/26, story 4, 1:35, Stephanopoulos, 8.78M) reported, "Almost all of the participants wanted to call for an immediate cease-fire. And Secretary Rice got in an especially vigorous debate with the French Foreign Minister. But she did not back down at all." NBC Nightly News (7/26, story 4, 1:10, Mitchell, 9.87M) added "they will try to come up with a resolution that combines a cease-fire and an international force, military force, and then try to get all the parties to agree. Kofi Annan, Secretary-General, said that that will mean including Iran and Syria, countries that the United States has not talked to but countries that crucially can influence Hezbollah."

Even more than TV stories, most print reports tend to portray the US as isolated at the summit. However, the AFP (7/27, Collinson) reports Rice "denied that Washington had been isolated at the Middle East crisis talks in Rome in its rejection of an immediate ceasefire," and quotes her saying, "Yes, there were a lot of countries calling for an immediate ceasefire. There were several that did not. It was not all countries calling for an immediate ceasefire." USA Today (7/27, Stone, 2.27M) also says Rice "rejected suggestions that the meeting had been a failure or that the United States had been isolated."

Meanwhile, the Financial Times (7/27, Khalaf, Devi) reports "nearly all the participants at a Rome conference called for an immediate ceasefire, leaving the US isolated, according to Arab officials." And The New York Times (7/27, Sciolino, Cooper, 1.21M) says the lack of an agreement underscores "the power of the United States to prevail when it comes to dealing with Israel." Secretary Rice "said at a news conference that no cease-fire could be called until conditions were right to guarantee it would hold," and she "refused" to endourse language demanding an immediate cease-fire.

The Washington Post (7/27, A16, Wright, 748K) reports the talks "did not bridge the gap between a tough US position, opposing a cease-fire except as part of a broader arrangement that can endure for years, and European and Arab calls for an immediate halt to the fighting." Rice is quoted saying at a joint news conference, "We are all agreed that we want most urgently to end the violence on a basis that this time will be sustainable, because unfortunately, this is a region that has had too many broken cease-fires, too many spasms of violence, followed then by other spasms of violence." Rice's team "pushed through language urging countries to 'work immediately to reach with utmost urgency a cease-fire that will put an end to the current violence and hostilities.' Most of the 18 parties called instead for 'urgent work on an immediate cease-fire.'"

The Wall Street Journal (7/27, King, 2.03M) says attendees "pledged to hammer out a complex plan to persuade Israel and Hezbollah militants to put down their guns, but the deal fell short of the immediate cease-fire many had sought." Diplomats "said the overwhelming obstacle was one of timing: how to put together a proposal where all the necessary ingredients either happen at once or fall in place in just the right order."

CBS, NBC Polls Find Americans Fear Lebanon Conflict Will Lead To Larger War. ABC World News Tonight (7/26, story 4, 1:35, Stephanopoulos, 8.78M) reported, "According to a CBS News/'New York Times' poll, Americans now fear this conflict will lead to a larger war in the region by a margin of two to one, and two-thirds of Americans say they'll never see peace in the Middle East. But perhaps more telling, 58% say solving conflicts in the Middle East isn't the responsibility of the US anyway."

NBC Nightly News (7/26, story 7, 2:30, Williams, 9.87M) reported the new NBC News/Wall Street Journal poll shows "45% approval" for President Bush on his handling of the crisis, "with a 39% disapprove. Who are the American

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people's sympathy with? They say Israel, 54%, the Arab nations involved, 11%. But here's some pessimism. Will there be a major Middle East war -- 53% say likely, 34% say unlikely. And, Brian, we asked if Israel was involved on several fronts in a major war, should the US come in on Israel's behalf -- 50% say yes, 50% say no." The New York Times (7/27, Rutenberg, Thee, 1.21M) reports on the same poll in a story titled "Poll Shows Skepticism In US Over Peace In Mideast." Says the Times, "Over all, the poll found a strong isolationist streak in a nation clearly rattled by more than four years of war, underscoring the challenge for Mr. Bush as he tries to maintain public support for his effort to stabilize Iraq and spread democracy through the Middle East."

Lebanon Crisis Said To Have Knocked Bush Off Message. A lengthy analysis piece in the Washington Post (7/27, A3, Baker, 748K) says the Lebanon crisis "has disrupted President Bush's plans domestically and internationally at a sensitive juncture, reopening divisions with allies abroad and jeopardizing attempts to restore public confidence at home, according to officials, analysts and diplomats." The "discord" in Rome "underscored the widening gap between the United States and Europe over how to stop the fighting. And the images of mayhem from the two-week-old war, combined with the rising death toll in Iraq, have further rattled a domestic audience that polls show was already uncertain about Bush's leadership." The "timing could not be much worse" for Bush, who now "faces the challenge of responding to events that seem to be spinning out of control again, all but sidelining his domestic agenda for the moment and complicating his effort to rally the world to stop nuclear programs in Iran and North Korea." The violence in Lebanon "imperils one of Bush's signature ambitions. This is a president who eschewed Middle East peacemaking of the past as futile, embarking instead on a grand plan to remake the region into a more democratic, peaceful place. A year ago, a wave of reform seemed to take hold. Yet today radicalism is on the rise, Iran is believed to be closer to nuclear weapons and Bush is sending thousands more troops to Baghdad to quell spiraling violence."

"Christian-Zionist Movement" Backs Israel's Struggle Against Hezbollah. The Wall Street Journal (7/27, A1, Higgins, 2.03M) reports on Texas televangelist John Hagee, who is "a leading figure in the so-called Christian-Zionist movement. This evangelical political philosophy is rooted in biblical prophecies and a belief that Israel's struggles signal a prelude to Armageddon. Its followers staunchly support the Bush administration's unequivocal backing of Israel in its current battle with Hezbollah in Lebanon." Hagee "and like-minded evangelicals are injecting greater religious fervor into American attitudes and policy toward the region. They see, and even sometimes seem to embrace, the notion of a global conflict between Islam and the Judeo-Christian West, just as do many zealous Muslims."

Opinion Pages See Shortcomings In US Diplomacy. The themes of today's editorial and op-ed commentaries track closely with those of recent days, including criticism of the Administration's foreign policy generally and of the Israel-Lebanon conflict in particular. The Washington Post's editorial criticizing the realism of the Rome peace conference's goals is noteworthy for pointing out shortcomings in the assumptions and political will of the participants. The Washington Post (7/27, A24, 748K) says in its editorial that the Bush Administration "and European and Arab governments nominally agree on what should be the outcome of the fighting in Lebanon: a 'lasting, permanent and sustainable' cease-fire, the disarmament of Hezbollah, and the creation of a new international force that would deploy to southern Lebanon along with the Lebanese army. That would be a good outcome for all who favor consolidating Lebanon's democracy and a Middle East peace settlement. It would be a defeat for the Hezbollah movement and its backers in Syria and Iran." But there are "two big problems, however, with this endgame. One is that the goals laid out in Rome will be extremely difficult to achieve on the ground, where they will be strongly resisted by Hezbollah." The other problem "is the unwillingness of many of the European and Arab participants in Rome to support means that might achieve the ends they endorsed."

In his New York Times column (7/27), Bob Herbert says, "The Middle East is in flames. Iraq has become a charnel house, a crucible of horror with no end to the agony in sight. Lebanon is in danger of going down for the count. And the crazies in Iran, empowered by the actions of their enemies, are salivating like vultures. They can't wait to feast on the remains of U.S. policies and tactics spawned by a sophomoric neoconservative fantasy — that democracy imposed at gunpoint in Iraq would spread peace and freedom, like the flowers of spring, throughout the Middle East." Herbert adds, "Saddled with one failure after another, the administration seems paralyzed, completely unable to shape the big issues facing the U.S. and the world today."

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In a New York Times op-ed (7/27), novelist Abbas El-Zein says, "The estimated death toll from the 1982 Israeli invasion of Lebanon was 18,000, about 0.5 percent of the population. Twenty-four years later, I have yet to hear any sign of remorse emanating from Israeli society." Now, an "ancient city and a sovereign nation are being destroyed. The people of Haifa are suffering, too, and Hezbollah unquestionably bears responsibility for its raid on an Israeli military patrol, which began the latest violence. But the scale of suffering is imbalanced, and so is the apportionment of blame. It was the Israeli government, not Hezbollah, let alone the Lebanese government or people, that chose to start this all-out war."

In a Washington Post op-ed (7/27, A25), Trinity University professor David Lesch says, "The Bush administration should not, however, react to the current situation by continuing to isolate and threaten Syria. Recognize the situation for what it is, because, like it or not, Bashar al-Assad is sticking around. Just because diplomacy is what he is ultimately searching for should not obviate the possibility of diplomacy."

In a Washington Times op-ed (7/27), Thomas Lipscomb, an investigative reporter and a fellow of the Annenberg Center for the Digital Future, says, "A key element in understanding the underlying Hezbollah strategy may be paying attention to the kind of missiles being used up to this point in the engagement. They are almost all short-range area weapons like obsolete Katuysha rockets. Doesn't that seem very strange indeed, as Israeli forces freely pound Hezbollah targets in the Bekaa Valley and southern Beirut with the most sophisticated laser-guided munitions?" Has Hezbollah "prepared a very clever defense in depth? Will a battered Israeli military move northward, only to find it thought it left things safe behind them -- paying a higher and higher price as more modern missiles start reaching out at far longer ranges than the antique Katuyshas? Their range is no longer 25 miles but 155 miles, with missiles that can reach key points in Tel Aviv and elsewhere. And won't this create intolerable political pressures on the government of Israel?"

In a Los Angeles Times op-ed (7/27), Oxford University professor Timothy Garton Ash says, "Even as we criticize the way the Israeli military is killing Lebanese civilians and U.N. monitors in the name of recovering Goldwasser (and destroying the military infrastructure of Hezbollah), we must remember that all of this almost certainly would not be happening if some Europeans had not attempted, a few decades back, to remove everyone named Goldwasser from the face of Europe — if not the Earth." Does it "follow that Europeans have a special obligation to get involved in trying to secure a peace settlement in which the state of Israel can live in secure frontiers next to a viable Palestinian state? I think it does."

Hezbollah Ambush Kills Eight Israeli Soldiers. The AP (7/27, Ghattas) reports, "Hezbollah dealt Israel its heaviest losses in the Lebanon campaign Wednesday, killing nine soldiers in fierce firefights. With key Mideast players failing to agree on a formula for a cease-fire, an Israeli general said the operation could last weeks." Media reports are portraying yesterday's clash as an indication Hezbollah is a more formidable foe than Israeli planners had anticipated. The Washington Times (7/27, Scarborough, 88K), in fact, reports "Hezbollah's display of coordinated attacks and small-unit action is surprising the world community and making Western nations think twice about agreeing to put peacekeeping troops between the militant Lebanese Shi'ite group and aggressive Israeli forces, military analysts say." The Times adds, "A defense source said yesterday that the Israeli army is somewhat surprised by Hezbollah's fighting tactics and ability to keep launching scores of rockets into Israeli cities despite relentless aerial bombing."

ABC World News Tonight (7/26, lead story, 2:20, Scuitto, 8.78M) said, "For four days, Israel has tried to capture the Hezbollah stronghold of Bint Jubayl. And for four days, Israel has suffered more casualties. … Today's losses, included more than 20 wounded, a show of weaknesses in Israel's plan to damage Hezbollah with relatively small ground incursions." Many Israelis "are beginning to ask whether the military campaign in Lebanon is failing." The CBS Evening News (7/26, story 2, 3:15, Logan, 7.66M) remarked that "this is exactly the image of Israel's mighty army that Hezbollah wants the world to see: wounded Israeli soldiers rushed from the battlefield one after another. Fresh from the fight inside south Lebanon, where Israel suffered its heaviest day of casualties yet at the hands of the Lebanese guerrillas. It's the measure of victory in guerrilla war that Hezbollah's leader described in this televised address the night before saying the most important thing is what losses we inflict on the Israeli enemy." NBC Nightly News (7/26, story 2, 1:55, Fletcher, 9.87M), meanwhile, reported, "Despite Israel's military superiority, in Bint Jubayl, it's man-to-man."

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Some newspaper accounts, such as the one in the Los Angeles Times (7/27, King, 918K), are even reporting Israel's original military objectives are already being downgraded. Says the Times, "Even before Wednesday's bruising day on the battlefields of south Lebanon, Israel's leaders had begun scaling back public expectations of a decisive -- or a quick -- victory over the guerrillas of Hezbollah. Heading into the confrontation, senior Israeli officials had declared that the Shiite Muslim militia would be dealt a blow from which it could not recover. Its arsenal would be destroyed and its fighters driven out of south Lebanon, the officials said. Some spoke openly of killing Hezbollah's leader, Sheik Hassan Nasrallah." The Times adds, "With the fighting in its third week, however, Israelis are being told that Hezbollah can be weakened but not eradicated, that Israeli forces will not be able to police the border zone themselves, and that Hezbollah's rockets continue to pose a threat to Israeli towns."

Similarly, the New York Times (7/27, Smith, 1.21M) reports yesterday's battle shows "how far Israel has to go in driving Hezbollah from the hills and valleys of southern Lebanon, and why the country's goals have so quickly changed from fully dismantling Hezbollah to securing a narrow strip, less than two miles long, north of Israel's border." The Times adds, "Given the difficulties encountered in Bint Jbail, clearing all the many villages that dot southern Lebanon of Hezbollah's elaborate bunker networks, weapons caches and fighters now seems a gargantuan task without occupying the territory again, which Israel has vowed not to do." The New York Times (7/27, Erlanger, 1.21M) also runs a story about the public's "stoic," yet "fearful" reaction to rocket attacks in Haifa.

The Washington Post (7/27, A1, Wilson, Cody, 748K), in a front-page story headlined "Hezbollah Proves A Formidable Foe," says that "so far, say soldiers, commanders and military analysts, Hezbollah has proved a more formidable force by orders of magnitude than the armed Palestinian groups in the territories." However, "Israeli military officials say they have not been surprised by Hezbollah's prowess in the cramped towns and hilly, forested terrain that the Shiite Muslim militia has controlled since Israel left southern Lebanon six years ago. Instead, many of them say, losses such as these expose the limits of a modern national army pitted against a well-schooled guerrilla force fighting amid a civilian population that largely supports its goals."

The Los Angeles Times (7/27, Ellingwood, King, 918K) runs a story titled "Israel Faces Fierce Resistance From Hezbollah," in which it says the "number of casualties in close-quarter ground fighting with Hezbollah was the highest daily toll in years, and fueled the ongoing debate in Israel about the army's tactics against a determined, heavily armed and deeply entrenched guerrilla force in southern Lebanon."

The Washington Times (7/27, Mitnick, 88K) also says "the heavy losses for Israel are yet more evidence that its ground war against Hezbollah has been more difficult than expected." Israeli Prime Minister Ehud Olmert said, "I never said this would be a luxurious operation. There will be more difficult days." A similar piece runs in the Chicago Tribune (7/27, Greenberg, 623K), under the headline "Israeli Losses Mount In Lebanon."

Israel Allows Humanitarian Aid Flight Into Lebanon. The CBS Evening News (7/26, story 2, 3:15, Logan, 7.66M) reported, "In an effort to ease the humanitarian crisis created inside Lebanon by the Israeli onslaught against Hezbollah, Israel allowed the first plane carrying aid to land at Beirut's international airport since it was bombed by their warplanes. But their military campaign showed no sign of slowing."

ABC World News Tonight (7/26, story 7, 2:40, Gibson, 8.78M) reported on the impact of the conflict on young Lebanese and Israeli children.

Israel Continues Pummeling Tyre. NBC Nightly News (7/26, lead story, 3:25, Williams, 9.87M) reported, "We've been hearing Israeli shelling on the outskirts of Tyre all day, but this evening, Israel launched its first major air strike, right in the city center. Pandemonium after two Israeli bombs destroyed the house of Hezbollah's commander in south Lebanon. Hezbollah says he wasn't inside. Every day, the air strikes are getting closer to the center of Tyre -- this one a few moments ago flattened this building." The New York Times (7/27, Tavernise, 1.21M) also runs a story on the bombing of Tyre.

Americans Continue To Flee Combat Zone. The CBS Evening News (7/26, story 3, 1:50, Schieffer, 7.66M) reported, "Some of the last Americans left in Lebanon were scrambling to get out. Some made it, some did not." CBS (Cowan) added, "This is what passes for the cavalry these days in southern Lebanon -- a convoy of Americans in rusted out Mercedes minibuses, and taxicabs, all out to rescue other stranded Americans at border. But getting to them meant getting a deal from Israel to allow a safe passage, at best, the window would be brief. Israel's bombing campaign hasn't let up a bit."

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Lebanese Take Refuge In Sidon's Old Prison. NBC Nightly News (7/26, story 3, 1:55, Curry, 9.87M) reported, "Less than 50 miles from the fighting, Sidon's old central prison holds new inmates -- refugees of war." Local volunteer "Adib Kholawi took us inside. Two hundred fifty people, most of them children, are crammed into a space for 15 prison workers." But as "hungry as people are here, they are just as angry at Israel and the US."

Sharon's Condition Worsens. The Washington Times/AP (7/27, Plushnick-Masti) reports, "Former Israeli Prime Minister Ariel Sharon was rushed to the intensive care unit of a Tel Aviv hospital yesterday to undergo a form of kidney dialysis, a hospital spokeswoman said." Sharon's condition "deteriorated significantly earlier in the week, when officials at the Sheba Medical Center said that his kidneys were failing and that they had noticed changes in his brain membrane."

Israel To Investigate Airstrike On UN Post In South Lebanon. NBC Nightly News (7/26, story 2, 1:55, Fletcher, 9.87M) reported, "Ten times in six hours yesterday, UN observers asked Israel to stop shelling near their post close to the Israeli border, a UN spokesman said. Then, a direct hit by a guided missile -- four observers killed. 'They died unarmed and in the service of peace,' the UN said. And the Secretary-General Kofi Annan accused Israel of 'apparently deliberately targeting the peacekeepers.' Israel angrily denied it."

The AP (7/27, Nessman) reports Israeli "officials had told the United Nations that the bombing around the base was part of an 'an aerial preparation for a ground operation,' said the senior official, who spoke on condition of anonymity. Officials in the outpost called the Israeli army 10 times during those six hours, and each time an army official promised to have the bombing stopped, according to a preliminary UN report on the incident, which was shown to an Associated Press reporter on Wednesday."

ABC World News Tonight (7/26, story 3, 1:40, Karl, 8.78M) reported, "The UN observers were in the middle of a war zone…just three miles from the Israeli border. Yesterday afternoon, Israeli bombs started to fall nearby, prompting urgent calls from UN officials." Kofi Annan, UN Secretary General: "People on the ground were in touch with the Israeli army, trying to warn them, please be careful." Karl: "The UN commander in Lebanon says he personally called Israeli officials ten times to warn the bombs were getting dangerously close. For six hours, they kept coming. The post was finally destroyed by what UN officials said were laser-guided bombs. The reason Secretary-General Kofi Annan called it 'apparently deliberate.' Israel apologized, said it was an accident." Meanwhile, the CBS Evening News (7/26, story 2, 3:15, Logan, 7.66M) noted "Israel's announced an investigation." The New York Times (7/27, Hoge, 1.21M) runs a similar report.

The Washington Times (7/27, Pisik, 88K), meanwhile, titles its story "Annan Accepts Israel's Apology," reporting Annan "said yesterday that he accepted Israel's apology for the bombing of a United Nations' base in southern Lebanon, but he continued to make clear in public remarks that he does not quite believe that Tuesday's deadly attack was an accident."

Israeli Offensive Kills 23 Palestinians In Gaza. The Los Angeles Times (7/27, Khalil, 918K) reports, "Dozens of Israeli tanks and bulldozers backed by missile-firing drone aircraft pushed into the northern Gaza Strip on Wednesday, touching off a daylong battle that killed 23 Palestinians and wounded at least 70." At least "half of the Palestinian dead were fighters from Hamas, Islamic Jihad, the Al Aqsa Martyrs Brigade and other groups. But Palestinian medical sources said that at least three children were killed, including two sisters." The deaths "pushed the toll to about 140 in fighting that began June 25, when militants from the Gaza Strip crossed into Israel, killing two Israeli soldiers and capturing a third."

The Washington Post (7/27, A16, Anderson, 748K) reports Palestinian security and hospital officials said "most of the victims were struck by Israeli tank shells or missiles launched from Israeli drones flying overhead. The fighting made Wednesday the deadliest day in Gaza since Israel pulled out of the strip last year." An Israeli military spokeswoman said "the incursion was part of Israel's continuing campaign to stop Palestinian groups from launching homemade Qassam rockets into Israel and to secure the release of an Israeli soldier captured by Palestinian fighters on June 25."

House Approves Nuclear Deal With India. The AP (7/27, Klug) reports the House voted "to allow the United States to supply India with civilian nuclear fuel and technology, a proposal that would reverse decades of U.S. anti-proliferation policy." Rep. Tom Lantos, D-Calif., a

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"leading supporter," portrayed "the proposal as 'a tidal shift in relations between India and the United States.'" President Bush is "asking legislators to exempt India from U.S. laws that bar nuclear trade with countries that have not submitted to full international inspections." Supporters "portrayed the plan as a way to strengthen a strategic relationship with a friendly country that has long maintained a responsible nuclear program."

The New York Times (7/27, Sanger, 1.21M) reports the House approved "a nuclear deal with India that would for the first time allow the United States to ship nuclear fuel and technology to a country that has refused to sign the Nuclear Nonproliferation Treaty. The accord's passage, by a vote of 359 to 68, is a quick, major victory for the Bush administration, which argued that nurturing India as an ally outweighed concerns that the agreement would free more nuclear material for India to use for the manufacture of nuclear weapons." The Senate "is expected to approve the deal later this year, but before it goes into effect both houses will have to approve the specifics of an nuclear cooperation accord with India. Similarly, India will have to reach agreements with the International Atomic Energy Agency and the Nuclear Suppliers Group, the loose collection of nations that regulate the sale of nuclear-related technology."

CQ (7/26, Monaghan) reports with support "for India running high in Congress, the bill enjoyed wide bipartisan support. Its most outspoken critic was Edward J. Markey, D-Mass., who failed in the Rules Committee to win a vote on an amendment that would have conditioned the deal on an Indian pledge to prevent Iran from obtaining weapons of mass destruction. Markey tried to send the bill back to committee to include his amendment on Iran; it was rejected, 192-235." During the debate, Markey "also warned the measure 'pours nuclear fuel on the fire of an India-Pakistan nuclear arms race.'"

Bush Eager To Revive Failed Doha Talks. The Financial Times (7/27, Daniel, Guha, Luce) reports senior US officials say that President Bush "will do what he can" to revive the Doha round of WTO talks. "We have not given up on the Doha round," said a senior official in Washington Wednesday. However, the Bush administration "has yet to arrive at a clear strategy for keeping the Doha round alive without handing ammunition to the opposition Democrats in the build-up to mid-term elections in November." Democrats, the Times says, "have become increasingly hostile to further trade liberalization in the past two years," while Bush "also has to tread carefully with Republican lawmakers from farming states."

USA Today (7/27, B7, Lynch, 2.27M) says US Trade Representative Susan Schwab told reporters Wednesday, "The Doha round is in serious trouble, but it isn't dead yet." On Saturday, Schwab will meet with Brazilian Foreign Minister Celso Amorim in Rio de Janeiro to discuss "a path forward." The Washington Times (7/27, Sparshott, 88K) notes Schwab warned it "could take years…to reach a consensus on new trade rules, or that they may never finalize a deal."

Collapse Of Trade Talks May Yield Legal Battles. The Wall Street Journal (7/27, A4, Von Reppert-Bismarck, 2.03M) reports, "Panama launched a trade dispute with neighboring Colombia this week and Brazilian officials considered asking for $1 billion in sanctions over US cotton exports, signaling that the collapse of global trade talks could foment a frenzy of international legal fights." The Journal says the US "may be most vulnerable to legal attacks" as Congress seeks to extend by five years a farm bill "that would entrench subsidies open to challenge at the WTO."

Talk's Failure Attributed To Power Of Farmers. The New York Times (7/27, Weisman, Barrionuevo, 1.21M) says the collapse of world trade talks this week "has again proved that a small number of farmers in the United States—as well as Europe, Japan, India and other trading partners—have the power to resist lower agricultural tariffs and subsidies, even though a global trade deal might ultimately benefit most of them." In Congress and among farm lobbyists, though, the Times says the breakdown was viewed as "a dodged missile." EU trade representative Peter Mandelson "suggested that the Bush administration was loath to make a trade deal in an election year with farmers' votes crucial to Republicans."

Similarly, the Christian Science Monitor (7/27, Trumbull, 58K) attributes the talks' collapse to "agricultural lobbies" that "enjoy a political clout that far outweighs their economic weight," and "their influence is often felt in every region of nations such as France and the US, with corresponding influence in legislatures."

In an editorial, the New York Times (7/27, 1.21M) says, "It's easy to shrug off this week's collapse of global trade talks. Amid the killing in Iraq and Lebanon, a war of words over "de minimis subsidies" and "amber box" payments seems esoteric at best. But the damage to the world's poorest

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countries, which will now be denied their promised access to global markets and a chance to compete, will be enormous." According to the Times, "Much of that blame ought to be directed at Europe and the United States, which again decided that the political clout of their farm lobbies outweighed their leaders' repeated promises to do more to end global poverty."

Lawmakers Now Expected To Focus On A New Farm Bill. The Hill (7/27, Schor) says the stalemate "could give new momentum to lawmakers hunkering down for a hard-fought farm-bill rewrite, despite support for extending existing farm-subsidy rates until a Doha deal can be reached." For example, the American Farm Bureau Federation is expected to announce "a policy shift triggered by the Doha stalemate" this morning. However, House Agriculture Chairman Bob Goodlatte (R-Va.) "still favors moving forward with a new farm bill regardless of Doha," Goodlatte spokeswoman Alise Kowalski said. Therefore, The Hill says "tight federal finances, rather than WTO uncertainty, could prove crucial."

Senate Threatens China With Tariffs Over Currency. The Wall Street Journal (7/27, Price, 2.03M) reports, "The authors of a US Senate bill that would impose steep tariffs on Chinese imports said Beijing must show more progress on foreign-exchange reform or they would call for a vote on the legislation by Sept. 30." Sens. Charles Schumer and Lindsey Graham said after meeting with US Treasury Secretary Henry Paulson that they told him they are "disappointed with the Chinese yuan's failure to strengthen against the dollar." The Journal notes that "for more than a year," the senators have "agreed to delay a vote on legislation that would slap a 27.5% tariff on Chinese imports in retaliation for currency manipulation by Beijing."

Japan To End Ban On US Beef Thursday. The New York Times (7/27, 1.21M) reports in "World Brief" section the Japanese government said on Thursday that it had formally decided to allow American beef imports to "restart immediately from all but one of 35 beef processing plants authorized to sell beef to Japan." Japan will maintain a ban on imports from one plant, "now changing its operations manual, until the government confirms the final contents of the manual."

Defense Minister Says North Korea Will Strengthen Nuclear Program. The AP (7/27, Kim) reports North Korea's defense minister "said his country will strengthen its nuclear weapons program in response to U.N. sanctions and American hostility, the North's official news agency reported Wednesday." North Korea will "upgrade its arsenal 'in every way by employing all possible means and methods' and will greet any aggressors with 'all-out do-or-die resistance and unprecedented devastating strikes,' Kim Il Chol said, according to the Korean Central News Agency."

In a brief piece entitled, "Rice In A Serious Mood," the New York Times (7/27, 1.21M) reports, "It is an open secret that American diplomats have often scratched their heads at one of the weird customs of the annual meeting of the [ASEAN]: the skits the delegations perform at the gala dinner ever year." While last year Deputy Secretary Zoellick "sang 'Oh My Darling, Clementine,'" Secretary Rice "said she would not be doing a skit because the fighting in the Middle East called for seriousness, not levity. But she said she would play the piano. 'I'm going to do a serious piece,' she said. 'A reflective piece. Brahms is always good for that.'"

North Korea, Iran Apparently Strengthening Military, Diplomatic Cooperation. The Los Angeles Times (7/27, Demick, 918K) reports North Korea and Iran, "two fiercely anti-American regimes, appear to be bolstering their military and diplomatic cooperation, including the possible sale of missiles to the Tehran government, intelligence sources said." An Iranian parliamentary delegation "visiting Pyongyang was given a VIP welcome with a reception Monday at the North Korean Supreme People's Assembly to celebrate, as the North Korean news service put it, the 'friendly and cooperative relations growing strong in various fields' between the two countries." Israeli intelligence "believes North Korea recently sold 18 intermediate-range missiles to Tehran. Some accounts also place Iranian observers in North Korea when the Pyongyang regime test-fired seven missiles over the Sea of Japan this month."

Chavez Plans Major Arms Deal With Russia. The AP (7/27, Meyer) reports Venezuelan President Hugo Chavez "said Wednesday that his oil-rich nation will sign major arms deals in Moscow to acquire Russian fighter jets and produce Kalashnikov assault rifles, and he slammed U.S. criticism of the weapons sales." Chavez "thanked Russian President Vladimir Putin for resisting pressure from Washington to call off the deals, which Russia's defense minister stressed would go ahead despite U.S. opposition." Chavez, "who has become a thorn in Washington's side with

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his anti-U.S. policies, is to sign a more than $1 billion deal for about 30 Su-30 fighter jets and 30 helicopters, Russian Defense Minister Sergei Ivanov said last week."

The Wall Street Journal (7/27, Cullison, 2.03M) reports "the high-level meetings" Chavez "has secured in Russia and Belarus are being closely watched in Washington for signs of how far the Kremlin plans to stray from the West as relations between them grow chillier. Mr. Chávez's visit is part of a world tour to gather allies for a geopolitical counterbalance to the U.S. and to rally support for his bid to secure a nonpermanent seat for Caracas on the United Nations Security Council." Russia's "expanding ties with Venezuela are the latest example of a new assertiveness in Kremlin foreign policy, driven by growing frustration with what Moscow sees as U.S. high-handedness around the world and by Russia's oil-fueled economic recovery."

Cocaine Labs Double During Morales' Tenure In Bolivia. The Washington Times (7/27, Arostegui, 88K) reports, "Counternarcotics officials say the number of cocaine laboratories in Bolivia has almost doubled in the seven months since Evo Morales, a former coca grower and organizer of coca-farming syndicates, was elected president." Morales, "whose country faces sharp economic penalties if the United States does not recertify it as a fully cooperating partner in the war on drugs next year, insists Bolivia is committed to battling the international traffic in narcotics." But critics "say new programs allowing farmers to cultivate small plots of coca are contributing to the rise in cocaine production." Legal analysts "say the government has violated international agreements with decrees that allow the free sale of coca and the auction of confiscated leaf shipments."

Somali Becoming Proxy War For Eritrea, Ethiopia. The AP (7/27, Nor) reports a "mysterious Russian-built cargo plane believed to be loaded with weapons landed in this capital Wednesday, setting off a fresh round of allegations that Somalia has become a proxy battleground for its neighbors Eritrea and Ethiopia." The US and "other Western powers have cautioned outsiders against meddling in Somalia, which has no single ruling authority and can be manipulated by anyone with money and guns. But there's little sign the warning has been heeded."

Georgian Government Seeks To Pacify Rebellious Militia. The New York Times (7/27, Chivers, 1.21M) reports Georgian special forces "pressed their attacks through the mountainous Kodori Gorge on Wednesday, trying to put down a rebellious militia whose leader had said he would no longer recognize the central government." It was "the second day of fighting in the remote gorge near the Russian border, amid concern that the violence could rekindle hostilities between pro-Western Georgia and the nearby self-declared republic of Abkhazia, which is a de facto Russian protectorate."

Aid Agencies Criticized For Failing To Follow Through In Tsunami Zone. The New York Times (7/27, Perlez, 1.21M) reports life in Aceh, "the northernmost province of Indonesia where 170,000 people perished in the December 2004 tsunami, has resumed a semblance of normality." But "beneath the activity, a veil of disenchantment with international aid agencies pervades, a feeling that extravagant promises backed by unprecedented donations, large and small, from the around the world have yet to materialize. To many, the $8.5 billion that humanitarian agencies, foreign governments and Indonesia say they will spend on the rebuilding of Aceh seems a mirage. In some ways, they are right. So far, the World Bank says only $1.5 billion of the $8.5 billion dedicated to the disaster has yet been disbursed." In addition, "much of what has been spent has not been spent well. A scathing report issued in mid-July by experts from governments, the United Nations and international aid agencies, and endorsed by former President Bill Clinton, makes clear that the villagers are not just grumbling."

Liberia Activates Emergency Power System. The New York Times (7/27, Polgreen, 1.21M) reports that for "more than 14 years, Liberia has lived in darkness, literally and figuratively. Monrovia, Liberia's capital, was ravaged repeatedly during the country's 14-year civil war, and one of the first casualties was its electricity system. In the warlords' battle to control swaths of the country, they deliberately attacked its infrastructure, blowing up generators and transformers, machine gunning poles into Swiss cheese." But "on Wednesday, Liberia's 159th independence day, electric lights once again shone on Tubman Boulevard. Or at least a few of them did, anyway." Fulfilling in "spirit, if not to the letter, a campaign promise to bring electricity back to

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Monrovia by independence day, Liberia's new president, Ellen Johnson Sirleaf, turned on an emergency power system to carry electricity to hospitals and streetlights on a handful of streets in one neighborhood here in the capital."

Leftist Candidate's Adviser Says Violence Possible In Mexico Without Recount. The Washington Times (7/27, Stuhldreher, 88K) reports a top political adviser "for Mexico's leftist presidential candidate said questions regarding the election could destabilize Mexico and lead to violence if there is no recount of the 41 million votes cast earlier this month." Manuel Camacho, a "leader in the political commission backing leftist presidential candidate Andres Manuel Lopez Obrador," said, "We think that destabilization of the country will be the outcome if there is not a full recount. The country is divided now, and we are looking for a way out of this crisis." The Times adds the Federal Electoral Institute "reported that Mr. Lopez Obrador of the Democratic Revolutionary Party received 35.34 percent of the votes cast on July 2, while Felipe Calderon of the National Action Party won 36.38 percent of the votes. Mr. Calderon, a conservative Harvard-educated businessman, is widely considered to be the legitimate winner." Lopez Obrador, "a self-declared man of the poor, said the elections were fraudulent."

Obrador Adviser Says Recount Would Be Positive For Mexico. In a Washington Post op-ed (7/27, A25), Jorge de los Santos, US-Mexico affairs adviser to Andrés Manuel López Obrador, says, "A full recount of the votes, and transparent legal proceedings, would be good for Mexico for several reasons. First, it would strengthen Mexico's young democracy. Mexico has a long history of electoral fraud," and "a vote-by-vote count would ease these worries and bring credibility. Second, it would make government more effective." Third, "it will bring legitimacy to the winner of the election."

Obrador's Tactics Termed "Orwellian." In a Washington Post op-ed (7/27, A25), author Enrique Krauze says, "Besides proclaiming his own victory, insulting the president, personally threatening Calderon and his family, calling the officials of the Federal Electoral Institute 'criminals,' and anticipating the verdict of the judiciary's Federal Electoral Tribunal, Lopez Obrador has employed tactics worthy of an Orwell novel. Arithmetical irregularities that are isolated, that are only presumed and not confirmed by the tribunal, are presented to the public as clear proof that the whole process was tainted. And if, as occurred on July 11, his own polling-place representatives deny a purported irregularity, Lopez Obrador argues that they were 'bought' or corrupted."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Israel Wades Into Bloodiest Day."
"Bugles, Heralds In Bloom."
"9/11 Film Resonates With An Unlikely Group: Teens."
"L.A. Area Leads In Employers That Aren't."
"General Explains Baghdad Buildup."
"In Gaza, 23 Palestinians Killed."
"1,000-Plus Tips Pour In To L.A. County Sheriff After Photos Belonging To Killer Released."

USA Today:

"Yates Headed To Hospital, Not Prison."
"Airfares Soar As Planes Fill Up."
"Building 'Green' Reaches A New Level."
"Threats Up Against Federal Judges."

New York Times:

"Cease-Fire Talks Stall As Fighting Rages On 2 Fronts."
"For Israeli Unit, Hezbollah Lair Is Ambush Site."
"Chicago Orders 'Big Box' Stores To Raise Wage."
"Maker Calls New Bird Flu Vaccine More Effective."
"As Mrs. Astor Slips, The Grandson Blames the Son."
"Odd Bedfellows Align To Market Film About 9/11."

Washington Post:

"Hezbollah Proves A Formidable Foe."
"'Waiting To Get Blown Up.'"
"Security Contracts Widely Abused."
"D.C. Mayor Wants Study Of Need For More Police."
"Inmates Kill Guard At Prison In Maryland."
"Wolf, Davis Say Tunnel May Delay Dulles Rail."
"A Mirror On Race In Prince George's."

Washington Times:

"9 Israelis Die In Lebanon."
"Court Refuses To Define Marriage."
"Bush To Sign Voting Act That He Once Opposed."
"Al-Maliki Calls Iraq 'Front Line' In The War On Terror."
"Hillary's Brother Barred From Bank Account."

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Detroit Free Press:
"GM: Turnaround Is Working."
"Butler Uses Church Roots To Hit Down–Home Chord."
"Crisis In Mideast Grows As Talks On Cease-Fire Falter."

Atlanta Journal-Constitution:
"Top Iraqi Ask For More Aid."
"Woman Found Dead On Silver Comet Trail."
"Uneasy Laughter Fills Israel Town."
"Facility's Stench Causes Sickness, Residents Say."

Houston Chronicle:
"Not Guilty, But Not Free."
"Talks Stall As Losses Mount On Two Fronts."
"Loved Ones Call Decision 'Miracle' While Prosecutors Are 'Disappointed.'"
"Mental Health Advocates Pay Acquittal Reflects Awareness."
"Vote Today Could Lend To A State First In Bus Safety."
"Promising Bird Flue Vaccine Is Also Practical."

Story Lineup From Last Night's Network News:
ABC: Israel Suffers Losses; Hezbollah-Strong Resistance; Peacekeepers Hit-Lebanon; Rice-Rome; Maliki-Congress; TX-Yates Verdict; Mideast Violence-Young Victims; Conoco-Giant Profits; GM Restructuring-Progress; Government Contracts-Small Businesses; Online Food Advertisements.
CBS: Rice-Rome; Mideast Violence; Evacuating Americans; More Troops-Baghdad; Hussein Returns To Court; TX-Yates Verdict; Government Contracts-Small Businesses; Medicare Part D-Coverage Gap; Ireland-Ancient Book Found.
NBC: Mideast Violence-Lebanon; Mideast Violence-Israel; Lebanese Refugees; Rice-Rome; Maliki-Congress; Gerald Ford Hospitalized; Bush-Approval Ratings; TX-Yates Verdict; Border Crossings-Analysis; Stock Markets; Big Dig-Safety Concerns; Summer Homework.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Maliki-Speech To Congress; Rice-Rome Talks; Israel-Lebanon Attacks; Yates Verdict; CA-Heat Wave.
CBS: Rice-Rome Talks; Israel-Lebanon Attacks; Bush-Poll Numbers; Maliki-Speech To Congress; Yates Verdict; CA-Heat Wave.
NPR: Rice-Rome Talks; Maliki-Speech To Congress; CA-Heat Wave; Wall Street; SEC-Executive Compensation Disclosure Rules; St. Louis-Power Outages.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in signing of H.R. 9, Fannie Lou Hamer, Rosa Parks and Coretta Scott King Voting Rights Reauthorization and Amendment Act of 2006. South Lawn. Meets with president of Romania, Oval Office. Participates in signing of H.R. 4472, the Adam Walsh Child Protection and Safety Act of 2006. Room 450 EEOB. Remarks to the National Association of Manufacturers, Grand Hyatt, Washington.

VICE PRESIDENT CHENEY — Delivers keynote address at the 2006 Korean War Veteran Veterans Armistice Day Ceremony at memorial, south of Lincoln Circle.

US Senate: 9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Hearing on the ``Stafford Act: A Path Forward for the Nation's Emergency Preparedness and Response." Testimony from Robert Shea, FEMA/DHS; Maj. Gen. Don Riley, US Army Corps of Engineers; Deborah Dietrich, EPA; Corey Gruber, DHS; American Red Cross; Assoc. of State Flood Managers; National Emergency Management Assoc. Location: Room 406, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the nomination of John Bolton to be UN Ambassador. John Bolton. Location: Room 419, Dirksen.

10 a.m. AGING COMMITTEE _ Meets to release results of investigation into laboratories and companies involved in selling at-home DNA tests to consumers. Testimony from the FDA, GAO, geneticist from Johns Hopkins University, others. Location: Room 106 Dirksen.

10 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Forestry, Conservation and Rural Revitalization Subcommittee. Oversight hearing on the use of technical service providers by the USDA. Location: Room 328A, Russell.

10 a.m. ARMED SERVICES _ Full Committee. Meets on nomination of Lieutenant General James T. Conway, USMC, to be Commandant of the Marine Corps. Location: Room 222, Russell.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Briefing on PSA campaign to educate consumers on television blocking technology, with former Motion Picture Association of

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America President and CEO Jack Valenti. Location: Room 253, Russell.

10 a.m. FINANCE _ Full Committee. Open Executive Session to review and make recommendations on proposed legislation implementing U.S.-Peru Trade Promotion Agreement, and to consider S. 3495. Location: Room 215 Dirksen.

10 a.m. HEALTH _ Full Committee. Hearing on the National Uniformity for Food Act. Testimony from William Stadtlander, Owner, Homestat Farm, Dublin, OH; Peter Barton Hutt, Senior Counsel, Covington and Burling, Washington, DC; Elsa Murano, College of Agriculture and Life Sciences, Texas A&M University; William Hubbard, former Associate Commissioner for Policy, FDA. Location: Room 430, Dirksen.

10 a.m. HOMELAND SECURITY _ Full Committee. Business meeting to consider the Post-Katrina Emergency Management Reform Act, Federal Funding Accountability and Transparency Act, and the Federal and District of Columbia Government Real Property Act. Location: Room 342, Dirksen.

10 a.m. SMALL BUSINESS AND ENTREPRENEURSHIP _ Full Committee. Markup of pending legislation. Location: Room 428A, Russell.

10 a.m. VETERANS AFFAIRS _ Full Committee. Hearing to consider nominations of Patrick W. Dunne and Thomas E. Harvey. Location: Room 418, Russell.

11 a.m. COMMERCE _ Full Committee. Hearing to consider nominations. Location: Room 253, Russell.

2:30 p.m. FOREIGN RELATIONS _ Subcommittee on European Affairs.Cconfirmation hearing on the nomination of Richard W. Graber to be ambassador to the Czech Republic. Location: Room 419, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Subcommittee on Federal Financial Management, Government Information, and International Security. Hearing on ``Responsible Resource Management at the Nations Health Access Agency." Testimony from Peter Van Dyck, Maternal and Child Health Bureau , Health Resources & Services Administration; Joyce Somsak, Health Resources & Services Administration. Location: Room 342, Dirksen.

2:30 p.m. JUDICIARY _ Terrorism, Technology and Homeland Security Subcommittee. Hearing on detecting smuggled nuclear weapons. Vayl Oxford, Director of Domestic Nuclear Detection Office, DHS; Pete Nanos, Defense Threat Reduction Agency; Steven Aoki, Deputy Undersecretary of Energy; Fred C. Ikli, CSIS. Location: Room 226, Dirksen.

US House: 9 a.m. JUDICIARY _ Courts and Intellectual Property subcommittee. Hearing on providing protection for fashion designers. Witnesses: Jeffrey Banks, fashion designer; The Doneger Group; Fordham Law School; University of Virginia School of Law. Location: Room 2141 Rayburn.

9:30 a.m. APPROPRIATIONS _ Science, State, Justice, Commerce and Related Agencies Subcommittee. Hearing on the census. Location: Room H-309, Capitol.

10 a.m. APPROPRIATIONS _ Homeland Security subcommittee. Hearing on border security and immigration enforcement. Testimony from DHS Secretary Michael Chertoff. Location: Room 2359 Rayburn.

10 a.m. EDUCATION AND THE WORKFORCE _ Full Committee. Hearing on the No Child Left Behind Act. Testimony from The Education Trust; New York City Department of Education; SAS Institute Inc., Cary, N.C.; Government Accountability Office; National Education Association. Location: Room 2175, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on medicare physician payments. Testimony from Mark McClellan, administrator, Centers for Medicare & Medicaid Services; Dr. John Brush, American College of Cardiology; Dr. Marilyn Heine, Alliance of Specialty Medicine; Lynne Kirk, American College of Physicians; Dr. Frank Opelka, LSU Health Sciences Center, New Orleans, others. Location: Room 2123 Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on ``Code Yellow: Is the DHS Acquisition Bureaucracy a Formula for Disaster?" Witnesses: Elaine Duke, chief procurement, Dept. of Homeland Security; David Zavada, assistant inspector general, DHS; GAO; others. Location: Room 2154, Rayburn.

10 a.m. HOUSE ADMINISTRATION _ Full Committee. Hearing on the Library of Congress. Librarian of Congress James Billington; other staff members. Location: Room 1310, Longworth.

10 a.m. VETERANS AFFAIRS _ Economic Opportunity Subcommittee. Hearing on DVA accelerated education benefits. Location: Room 334, Cannon.

10 a.m. WAYS AND MEANS _ Health Subcommittee. Hearing on the status of emergency health care. Tentative witnesses: Gail Warden, Henry Ford Health System, Detroit;

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Alan Levine, CEO, North Broward Hospital District, Fort Lauderdale, Fla; Alan Kelly, Scottsdale Healthcare, Scottsdale, Ariz.; Frederick Blum, M.D., American College of Emergency Physicians; Larry Bedard, California Emergency Physicians, Emeryville, Calif. Location: Room 1100, Longworth.

11 a.m. ENERGY AND COMMERCE _ Subcommittee on energy and air quality. Hearing on the Pipeline Safety Improvement Act. Witnesses: Thomas Barrett, Administrator, Pipeline and Hazardous Materials Administration, U.S. DOT; Donald Mason, Commissioner, Public Utilities Commission of Ohio; Ronald Jibson, Questar Gas Co., Salt Lake City; Jeryl Mohn, Panhandle Energy, Houston; Timothy Felt, President and CEO, Explorer Pipeline Co., Tulsa, Okla.; Lois Epstein, Cook Inletkeeper, Anchorage, Alaska. Location: Room 2322, Rayburn.

11:30 a.m. JUDICIARY _ Administrative and National Security Committee. Oversight hearing on national security implications of the Senate immigration bill. Witnesses: Peter Gadiel, president, 9/11 Families For a Secure America; Michael Maxwell, former director, Office of Security and Investigations, US Citizenship and Immigration Services; Michael Cutler, former INS agent; and His Excellency Nicholas DiMarzio, Bishop of Brooklyn. Location: Room 2141, Rayburn.

1 p.m. AGRICULTURE _ Conservation, Credit, Rural Development and Research Subcommittee. Hearing on conservation issues. Testimony from Mark Rey, USDA Undersecretary for Natural Resources and Environment; Teresa Lasseter, Administrator, Farm Service Agency, USDA; Bill Wilson, President, National Association of Conservation Districts; David Nomsen, Pheasants Forever Inc; Dale Schuler, National Association of Wheat Growers; John O'Keeffe, National Cattlemen's Beef Association; Judith Schwank, County Commissioner, County of Berks, Pennsylvania. Location: Room 1300, Longworth.

1 p.m. SELECT INTELLIGENCE _ Full Committee. Hearing on ways to modernize the Foreign Intelligence Surveillance Act. Panelists: Reps. Jane Harman, Heather Wilson, John Conyers, Jeff Flake, R-Ariz; Rep. Adam Schiff. Location: Room 2212, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Subcommittee on oversight and investigations. Hearing on ``Questions Surrounding the 'Hockey Stick' Temperature Studies: Implications for Climate Change Assessments." Witnesses TBA. Location: Room 2322, Rayburn.

2 p.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Hearing on royalty relief and price thresholds. Testimony from Chevron North America Exploration and Production Co.; Gulf of Mexico, Minerals Management Service. Location: Room 2154, Rayburn.

2 p.m. SCIENCE _ Environment, Technology and Standards Subcommittee. Hearing on undersea research and ocean exploration. Andrew Shepard, University of North Carolina-Wilmington; Marcia McNutt, Monterey Bay Aquarium Research Institute; Richard Spinrad, NOAA. Location: Room 2318, Rayburn.

Other: PRESIDENT TRAIAN BASESCU OF ROMANIA _ Highlights: Meets with President Bush.

KOREAN WAR ARMISTICE DAY EVENTS _ Events commemorating the 53rd anniversary of the Korean War Armistice will be held. Highlights: 9 a.m. The Korean War Veterans Armistice Day Coordinating Committee holds pre-program entertainment events at the Korean War Memorial. National Mall. Contact: Norbert Reiner, 793-893-6313. 10 a.m. The Korean War Veterans Armistice Day Coordinating Committee holds a commemorative program at the Korean War Memorial. National Mall. Contact: Norbert Reiner, 793-893-6313. 2 p.m. A full honors memorial and wreath-laying ceremony will be held at the Tomb of the Unknown Solider. Arlington National Cemetery. 3 p.m. The Korean War Veterans Armistice Day Coordinating Committee holds a short memorial program honoring soldiers of all wars at the Korean War Bench area of Arlington National Cemetery.Contact: Norbert Reiner, 793-893-6313. Location: Korean War Veterans Memorial, The Mall.

LAW ENFORCEMENT CONFERENCE _ US Department of Justice Office of Community Oriented Policing Services (COPS) National Community Policing Conference, with more than 1,300 law enforcement officials and criminal justice experts. Highlights: 8:30 a.m. Welcoming remarks, with D.C. Police Chief Charles Ramsey, Paul McNulty, Deputy Attorney General, U.S. Department of Justice; Carl Peed, Office of Community Oriented Policing Services; others. 9 a.m. Keynote address by Thomas E. McNamara from the Office of the Director of National Intelligence. Location: Washington Hilton.

HEALTH CARE _ 8:30 a.m. The American Network of Community Options and Resources, others, hold a briefing to discuss the shortage of long term care workers for people with disabilities. Location: Room B-339, Rayburn.

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US-LATIN AMERICAN TRADE _ 8:30 a.m. Congressional Hispanic Leadership Institute briefing on ``the US Hispanic Community's Role in the Emerging Common Market in the Western Hemisphere." Location: HC-5, US Capitol.

HOMELAND SECURITY-US VISIT _ 10:30 a.m. Robert A. Mocny, acting director of the Homeland Security program US VISIT, holds briefing to make ``important announcement." Location: US VISIT office, Room 1890, 1616 N. Fort Myer Dr., Arlington.

FILTHY POWER PLANTS _ 11 a.m. Environmental Integrity Project holds teleconference to release report on the ``50 Dirtiest U.S. Power Plants." Twelve states will be highlighted as having the highest concentrations of dirty plants. Contacts: Ailis Wolf, 703-276-3265. On the Net: http://www.environmentalintegrity.org, streaming audio available later by 3 p.m. Notes: Call 1-800-860-2442. Ask for ``dirtiest power plants" event.

STUDENTS-DEPORTATION _ 11 a.m. Media availability with students who would be affected by passage of the ``DREAM Act. Students include Princeton's salutatorian Dan-El Padilla Peralta of the Dominican Republic, as well as students from Guatemala, Nigeria and elsewhere. Location: National Council of La Raza, 1126 16th St NW.

CABLE TV-CONSUMER CHOICE _ 12 p.m. Reps. Dan Lipinski, D-Ill., and Tom Osborne, R-Neb., Consumers Union and Parents Television Council announce introduction of bipartisan legislation to help consumers choose cable TV services. At issue is people having to buy cable channels they don't want in their homes. Location: Cannon Terrace (rain location: 2167 Rayburn).

IRAN-BRIEFING _ 12 p.m. Participants in congressional briefing on Iran, with Iran Policy Committee, members of Congress, and European parliamentarians. Agenda: Iran's threat through terrorist proxies to Iraq, Lebanon, and Israel. Location: Room B-369, Rayburn.

MID-ATLANTIC FLOODING _ 12 p.m. Congressional task forces on the Delaware River Basin and Susquehanna River Basin host briefing on recent flooding in the Mid-Atlantic region. Speakers will be from the National Weather Service, Delaware River Basin Commission, Susquehanna River Basin Commission, Delaware River Keeper, National Association of State Flood Plain Managers, and Northeast-Midwest Institute. Location: Room 2203, Rayburn.

TREASURY-TAX ANALYSIS _ 12 p.m. The National Economists Club hosts a luncheon analysis of the President's tax proposals. With Robert Carroll, deputy assistant secretary for tax analysis, Dept. of the Treasury. Location: Chinatown Garden Restaurant, 618 H St., N.W.

ANTI-WAR _ 1 p.m. Coalition of Arab-American and U.S. peace groups announce plans for a massive ``National Emergency March to protest the U.S.-Israeli war against the people of Palestine and Lebanon." Location: National Press Club.

EXXON PROFITS-CONSUMERS _ 1 p.m. National consumer and environmental groups hold telephone news conference to comment on ExxonMobils second-quarter profits report and the companys role in the future of U.S. energy policy, global warming, and alternative energy. Participants: Public Citizen; Exxpose Exxon; Greenpeace; Sierra Club. Contacts: Shawnee Hoover, 202-546-9707. Notes: Call 1-877-490-2961; Password: Exxpose Exxon.

TESTING ENGLISH LEARNERS _ 1 p.m. Education Secretary Margaret Spellings holds teleconference to announce partnership with states on improving tests for students with limited English proficiency (LEP). She'll also update the departments recent actions on enforcement and flexibility. Contacts: Chad Colby, 202-401-1576. Notes: Call 800-857-4978; passcode: PARTNERSHIP.

US MANUFACTURING CAUCUS _ 1 p.m. House Manufacturing Caucus and US Civilian Research and Development Foundation holds panel discussion on ``American Manufacturing: Growth through Global Innovation." Location: Room 2360, Rayburn.

GOP CENTRISTS _ 1:30 p.m. Centrist GOP members of the Republican Main Street Partnership hold news conference to unveil new legislative agenda. Participants include Reps. Tom Davis, Jim Gerlach, Sherwood Boehlert and Jim Kolbe. Location: Capitol Hill Club.

DEMOCRATS-AGENDA _ 1:45 p.m. After gathering for a Joint Caucus, House and Senate Democrats join to call for ``a New Direction for America." Participants include: Senate Democratic Leader Harry Reid, House Democratic Leader Nancy Pelosi, and Senator Bob Menendez and Congressman Emanuel Cleaver. Location: Russell Senate Swamp.

RUMSFELD-CANADA _ 1:45 p.m. Secretary of Defense Donald H. Rumsfeld hosts an honor cordon to welcome Canadian Minister of National Defense Gordon O'Conner to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

AIDS-JUDDS _ 3 p.m. Washington Mystics Foundation and YouthAIDS hold YouthAIDS Day, including a forum with

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YouthAIDS Global Ambassador Ashley Judd and YouthAIDS U.S. Ambassador Wynonna Judd, others. Location: Verizon Center.

RUMSFELD-ROMANIA _ 3:30 p.m. Secretary of Defense Donald H. Rumsfeld hosts an honor cordon to welcome Romanian President Traian Basescu to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JULY 27, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Administration Officials Testify In Support Of FISA Revisions 3
White House Officials Debate Rules For Trying Terror Detainees 3
FBI Paid Miami Terror Probe Informants Total Of $56,000 4

Patriot Act:

Judge Hears Patriot Act Challenge 4

Homeland Response:

US Muslim, Arab Groups Urge FBI To Avoid Profiling In Hezbollah Probes 4
Congressional Report Criticizes Contracting At DHS 5
DHS Dispatching Analysts To States In New Information-Sharing Initiative 5
Animal-Rights Advocate Predicts Increased Financial Attacks On Drug Makers 5
Conservatives Laud Stone Film On World Trade Center 5
Blanco Responds To Chertoff Request By Criticizing Federal Evacuation Plan 5

War News:

Maliki Tells US Congress Iraq Key Part Of Global War On Terrorism 6
US To Boost Troop Levels In Baghdad 8
Saddam Returns To Court, Demands Execution By Firing Squad If Convicted 8
Iraqi Oil Production Expected To Double Over Next Four Years .. 9
Twenty-Two Taliban Fighters Killed In Clash With US Forces 9

Corporate Scandals:

SEC Tightens Rules On Executive Pay, Options Grants 9
Professor Questions Fraud Charges In Options Probe 10
Former Lending Tree Official Pleads Guilty To Insider Trading Charges 11
DOJ Sees Obstruction In False Statements To In-House Counsel 11
Report Finds Sharp Drop In Investors' Class Action Suits 11
Heads-Up Calls To Hedge Funds Spark Insider Trading Probes 12
Financial Firms Reach Settlement In Global Crossing Case 12

Criminal Law:

Appellate Panel Grants Jefferson Request For Stay In DOJ Review Of Seized Evidence 12
"Innocence Lost" Probe Unveils Harrowing World Of Child Prostitution 12
Pennsylvania Woman Charged In Husband's Death 13
South Carolina Sex Offender Found In Florida With Missing Teens 13
FBI Agent Shoots Florida Murder Suspect During Arrest 13
Boston Police Officers Waive Extradition From Florida 13
FBI, IRS Agents Search New Jersey Utility Authority's Office, Director's Home 14
FBI Arrests New Jersey Child Pornographer In Worldwide "Namgla.net" Sweep 14
Virginia Set To Execute Man For Inmate's Murder 14
Bush To Sign Child Protection Act Today 15
Inmates Kill Guard At Maryland Prison 15
Parents Of Murdered Utah Girl Apologize For Criticism Of Police, FBI 15
DC Mayor Calls For Study On Need For More Police 16
Jury Finds Yates Not Guilty By Reason Of Insanity 16
Release Of Women's Photos Draws Tips In California Case 16

Civil Law:

Boeing Reports Loss After Settling Defense Contract Charges .. 17
Report Finds Big Firms Benefiting From Federal Contracts Aimed At Small Businesses 17
Watchdog Urges Better Information Flow Under FOIA 18

Civil Rights:

DOJ Says Cincinnati Is Complying With Police Reforms 18
Five Florida Prison Guards Plead Not Guilty In Sex Scandal 18
Washington State Court Upholds Gay Marriage Ban 18
Bush To Sign Voting Rights Act He Criticized As Texas Governor 19
Judge Rules Virginia Hoarder's Conviction Did Not Violate Rights 19
Prince George's County Whites Find Themselves In Minority 19

Antitrust:

Realtors Face Federal Probes Over Internet Listings 20
Microsoft Antitrust Settlement Funds To Be Distributed 20
Newspapers Attack Suit Brought To Block Sale 20
Microsoft To Acquire Medical Software Firm 20
Orthopedics Firm Says Antitrust Probe Linked To Competitor's Email 21

Attorney Ratchets Up Attack On Hollywood Idea Theft 21
Friendster Linking Patent Could Hurt Rival Sites 21
EMI Ends Warner Music Bid Talks 21

Environment:

Gulf Drilling Measure Moves Toward Passage In Senate 22
New Political Will For Yucca Project Fails To Sway Nevada Opposition 23
Ohio Court Rejects Supreme Court's View On Eminent Domain Case 23
Professor Says His Data Has Been Misinterpreted To Dispute Global Warming 23

FBI/DEA/ATF/USMS:

Mueller Announces FBI Restructuring Plan, Including New WMD Directorate 23
Threats Against Federal Judges Are Up 24
Investigation Of Khat Distribution Network Leads To At Least 30 Arrests 24
Trainer Expected To Remain Silent As Investigation Of Bonds Continues 26
Former Chicago Hells Angels Leader Is Sentenced 26
In Bolivia, New Coca Programs Said To Be Increasing Cocaine Production 26
Illinois Trooper Pleads Guilty To Gun Charge 26
Maine Gun Laws Said To Attract Out-Of-State Dealers 27

Immigration:

DHS Program Aims To Reduce Hiring Of Illegal Immigrants 27

Tax:

Judge Bars Statements Made To US In KPMG Tax Shelter Case 28
Audit Finds IRS Employees Could Get Unofficial Access To Data 28
GOP Effort To Pass Estate Tax Measure Complicates Pension Conference 29

Congress-Administration:

Senate To Revisit Bolton Nomination 29
Novak Blasts Frist, White House For Not Focusing On Judicial Nominees 30
Deputy White House Press Secretary Ken Lisaius Leaving 30
House, Senate Approve Expanded Oversight Of Foreign Investment Panel 30
Scientists Say Bush Stance Has "Cast A Pall" Over Stem Cell Research 30
Education Department Moves To Expand Tutoring For Poor Children 31
House GOP Leaders Plan Their Own Earmark Rules If Conference Fails 31
GOP Mulls Combining Minimum Wage, Small Business Health Plan Bills 31
Hastert Will Run For Speaker If GOP Keeps Majority 31
Living Costs Driving Federal Workers Out Of San Francisco, Los Angeles 31
Wessel Says Bush Makes Deficit Problem Seem Simpler Than It Is 31
Brooks Says Government Should Promote Stable Two-Parent Homes 32
NYTimes Calls Senate Abortion Bill "Mean." 32

Other News:

Fed Says Economic Growth Beginning To Slow 32
Judge Approves More Northwest Airlines Labor Deals 32
Astor Suit Claims Mistreatment Of Former New York City Social Figure 32
Democrats Look To Capitalize On Medicare Drug Plan's "Doughnut Hole." 33
Bush Raises $500,000 For Capito 33
Steele Calls Bush "A Friend" Who Is "More Than Welcome" To Campaign For Him 33
Texas Governor Backs Faith-Based Programs 34
Texas Republicans Expect DeLay To Run If Forced On Remain On Ballot 34
Hillary Clinton's Brother Barred From Accessing Bank Account . 34
Former President Ford Released From Hospital 35
Ethics Complaint Filed Against McCaskill 35
Pay Cut Enabled Lewis Aide To Avoid Lobbying Ban 35
Bad News For Both Parties In WSJournal/NBC Poll 35
1996 Welfare Reforms Called A Victory For Conservative Principles 35
Rove Campaigns For GOP County Parties In Ohio 35
Jewish Democrats Have Mixed Feelings About Lieberman 35
DCCC Chairman Identifies Four Districts As Major Pickup Opportunities 36
Democrats Plan Rare Joint Caucus Today 36
Reynolds Launches Early Campaign Ad 36
Rome Middle East Conference Fails To Reach Consensus On Ceasefire 36
Hezbollah Ambush Kills Eight Israeli Soldiers 39
Israel To Investigate Airstrike On UN Post In South Lebanon 40
Israeli Offensive Kills 23 Palestinians In Gaza 40
House Approves Nuclear Deal With India 41
Bush Eager To Revive Failed Doha Talks 41
Senate Threatens China With Tariffs Over Currency 42
Japan To End Ban On US Beef Thursday 42
Defense Minister Says North Korea Will Strengthen Nuclear Program 42
Chavez Plans Major Arms Deal With Russia 42
Cocaine Labs Double During Morales' Tenure In Bolivia 43
Somali Becoming Proxy War For Eritrea, Ethiopia 43
Georgian Government Seeks To Pacify Rebellious Militia 43
Aid Agencies Criticized For Failing To Follow Through In Tsunami Zone 43
Liberia Activates Emergency Power System 43
Leftist Candidate's Adviser Says Violence Possible In Mexico Without Recount 43

The Big Picture:

Headlines From Today's Front Pages 44

DOJ_NMG_0043353

Washington's Schedule:
Today's Events In Washington 45

TERRORISM NEWS:

Administration Officials Testify In Support Of FISA Revisions. Reports on the Senate Judiciary Committee hearing on domestic eavesdropping focus on the Bush Administration's support for a formal expansion of presidential powers. The New York Times (7/27, Lichtblau, 1.21M) says senior Administration officials said it would be "impractical" for them to "obtain individual warrants every time they needed to eavesdrop on a conversation suspected of involving Al Qaeda," and called on Congress to "approve a proposal that critics said would give the president broad, unchecked powers." CIA Director Gen. Michael Hayden called the proposal, crafted by Specter and the White House, "'a great opportunity' to modernize intelligence-gathering procedures in a way that would 'protect our liberty and security.'" But critics "attacked the agreement Wednesday as abdication to the White House," and Specter "now finds himself in the unlikely position of White House ally after months as an antagonist."

The Washington Post (7/27, A2, Pincus, 748K) said the proposal would "accommodate the government's controversial warrantless eavesdropping program." NSA Director Lt. Gen. Keith Alexander said the 1978 FISA law is "out of step with current technology." CQ (7/26, Perine) writes that Specter "is staunchly defending the deal he struck" with the White House, but "committee Democrats clearly remained skeptical of Specter's approach." It is "not clear how much support Specter has on the 18-member committee, which is scheduled to begin marking up the bill" today.

USA Today (7/27, 7A, 2.27M) reports, "Anti-terrorism authorities could not track al-Qaeda effectively if they had to get court warrants before eavesdropping on global phone conversations involving U.S. callers," Hayden said. Hayden "backed compromise legislation" between the White House Specter "that would allow a secret FISA court to review the NSA program to determine its legality."

The AP (7/27, Taylor) reports, "A senior Justice Department official, acting Assistant Attorney General Steven Bradbury, added, 'Congress did not anticipate the technological revolution that would bring us global high-speed fiber-optic networks, the Internet, e-mail and disposable cell phones.' … Democrats said it was premature to rewrite the law. They said it was not even clear that current eavesdropping, which includes the monitoring of international telephone calls and e-mails that originate or end in the United States, is legal without a search warrant." The AP notes, "As part of a deal with Bush to submit the wiretapping program for court review, the Republican-controlled committee is considering updating the law. The administration monitors international calls and e-mails of Americans if terrorism is suspected. … Changing the law brings into play the larger question of whether the administration is violating constitutional protections against illegal searches."

White House Officials Debate Rules For Trying Terror Detainees. The New York Times (7/27, Cloud, Stolberg, 1.21M) reports Bush Administration officials said they were "still debating important aspects of a draft bill laying out new rules for bringing terror detainees to trial, with some of the sharpest disagreements over provisions that would allow defendants to be excluded from their own trials" in light of the recent Supreme Court ruling on the judicial process for terror suspects. While a "draft administration bill provides new rules intended to deal with the Supreme Court objections, the draft plans would still allow defendants to be removed when classified evidence was presented."

In its headline, the Washington Post (7/27, A3, Smith, White, 748K) says the White House proposal would create "tribunal-style trials." The Post said the plan was "developed in several weeks of contentious meetings" between White House, Pentagon, DOJ, and State Department officials, but "without substantial input from the military's corps of uniformed lawyers. On C-SPAN Wednesday, Attorney General Alberto Gonzales said, "We are reaching out to the military establishment, to military JAGs, to get their views and comments on how the procedures should work."

The AP (7/27, Flaherty) reports, "Attorney General Alberto Gonzales said Wednesday the administration is pursuing legislation that would authorize the same military tribunals the Supreme Court last month called illegal." The AP continues, "In an interview on C-SPAN, Gonzales confirmed the administration had drafted a proposal that would allow indefinite detention of suspected terrorists. The draft is now being circulated among military lawyers for comment. … 'There may be instances where it is impractical to bring someone to trial within 120 days or a short period of time,' Gonzales said." The AP adds, "Gonzales also confirmed the administration was considering a system that would allow reliable hearsay evidence when prosecuting terror suspects. Defendants also would be barred from their own trials if it necessary to protect national security. … Gonzales said such restrictions are common in international tribunals used to prosecute war crimes. … 'We are looking at what has

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occurred around the world,' Gonzales said. 'Again, we're in the drafting process.'"

FBI Paid Miami Terror Probe Informants Total Of $56,000. The AP (7/27, Anderson) reports, "Two informants were paid nearly $56,000 by the FBI for their roles in the investigation that led to the arrests of seven men accused of plotting attacks against Chicago's Sears Tower and government buildings, prosecutors disclosed Wednesday." The informant identified as CW2 "was given legal U.S. immigration status in return for his help" and "was paid $17,000 for his work and $19,570 in expenses, according to court papers." CW1 "was paid $10,500 for his work plus $8,815 for expenses." The AP notes, "It is common for the FBI and other law enforcement agencies to pay informants for their work, but the amounts are not commonly disclosed publicly so early in the legal process." The Orlando Sentinel (7/27, Diaz, Blum, 246K) adds, "While using paid informants is not unusual in criminal cases, defense attorneys for the accused men said the compensation and benefits will help them show jurors the informants are not trustworthy. 'The fact that these are not just good citizens that are cooperating with the government, but that these are opportunists that are trying to earn not only money but other benefits by creating a case, is extremely significant,' said Gregory Prebish, attorney for Burson Augustin, one of the accused."

Judge Sets March 5 Trial Date. The Miami Herald (7/27, Weaver, 310K) reports, "The Miami terror case that attracted worldwide attention last month -- thanks to a Washington press conference announcing the arrests of seven men with alleged al Qaeda connections -- is set for trial on March 5. U.S. District Judge Joan Lenard on Wednesday issued a fall deadline for the seven defendants' lawyers and federal prosecutors to share evidence, including transcripts of secretly recorded FBI phone conversations, video surveillance tapes and post-arrest statements. Lenard also warned both sides to follow federal court rules about not disclosing information to the public, including the media."

PATRIOT ACT:

Judge Hears Patriot Act Challenge. The AP (7/27, Deutsch) reports, "A federal judge who previously invalidated a portion of the USA Patriot Act as too vague delayed a decision on a similar challenge to a post-Sept. 11 executive order Wednesday but indicated in a tentative ruling she was inclined to uphold wide powers asserted by President Bush under an anti-terror-financing law." The AP continues, "U.S. District Judge Audrey Collins heard more than an hour of arguments from a lawyer for the Washington- based Center for Constitutional Rights and from a Department of Justice lawyer before delaying her final ruling to allow more briefs to be filed. … In her tentative 41-page ruling, she urged lawyers not to confuse her prior rulings in a related case with the issue now at hand. She said this was the first time that the plaintiffs had directly challenged Executive Order 13224 signed by the president on Sept. 23, 2001, under the International Emergency Economic Powers Act following the Sept. 11 terrorist attacks." The AP adds, "Center attorney David Cole, representing the Humanitarian Law Project, objected to the section of law that allows the president to designate persons or groups as providing 'services' to or being 'otherwise associated' with designated terrorist groups. He said it does not require that any reason be given for putting a group or person on the list, freezing their assets and prosecuting them. … 'This is saying we're going to give the president a blank check to designate anyone he wants,' said Cole. '... He has the power to designate anyone as a global terrorist without finding they're engaged in terrorism or supporting it.' … He maintained that thousands of people have been added to the list without explanation by Bush and the U.S. secretary of the treasury." The AP notes, "Department of Justice Senior Trial Counsel John Tyler argued that the executive order portion of the act has never been used in the manner that Cole suggested. … 'It's a hypothetical possibility that it's a law that might be used,' he said. '... You have to come forward with fact, not just speculation.'"

HOMELAND RESPONSE:

US Muslim, Arab Groups Urge FBI To Avoid Profiling In Hezbollah Probes. The AP (7/27, Toosi) reports, "In a letter sent Wednesday, 25 groups, including the Islamic Society of North America and the American Arab Anti-Discrimination Committee, urged FBI Director Robert Mueller to issue instructions to field offices and agents to avoid unwarranted profiling and respect the legal protections of people they may question" in any investigations of Hezbollah members in the US. "'We want the FBI, obviously, to protect our nation from those who do us harm, but we want them to focus on actual credible evidence of wrongdoing and not target people based on their ethnicity or religion or based on First Amendment political expression,' said Farhana Khera, head of Muslim Advocates, the lead drafter of the letter." The AP notes, "On Wednesday, Mueller told reporters…that the agency's efforts continued, but when asked if there was any indication the group is planning an attack in the United States or on U.S. interests abroad, he said, 'At this juncture, no.' FBI spokesman Stephen Kodak said the agency plans to reach out to the groups that sent the letter. He said there are no plans to launch large-scale interviews regarding Hezbollah."

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Congressional Report Criticizes Contracting At DHS. The Washington Post (7/27, A1, Witte, Hsu, 748K) reports in a front page article a "bipartisan congressional report" has found that the post-9/11 "surge in federal contracting…has been marred by extensive waste and misspent funds. … Lawmakers say that since the Homeland Security Department's formation in 2003, an explosion of no-bid deals and a critical shortage of trained government contract managers have created a system prone to abuse." DHS spokesman Russ Knocke said the agency continues "to work very aggressively to strengthen…contracting procedures, maximize oversight and ensure that what are ultimately limited resources are applied in the most effective way." However, "The report warns that the department is on the verge of making more mistakes by giving contractors too much latitude."

The Los Angeles Times (7/27, Gaouette, 918K) adds that the report, "prepared by staff of the House Committee on Government Reform," said DHS "has failed to plan contract projects properly, has awarded them without adequate competition, and has done so without enough staff to monitor contracts after they have been signed." Rep. Tom Davis said the agency's "acquisition structure and work-force challenges, as our report shows, betray serious weaknesses that are impeding the ability of DHS to protect the homeland."

DHS Dispatching Analysts To States In New Information-Sharing Initiative. USA Today (7/27, 3A, Hall, 2.27M) reports, "National intelligence analysts will work side-by-side with state and local agents in four states in a new effort to improve information sharing about terrorism and disaster response, the Homeland Security Department will announce today." DHS chief intelligence officer Charles Allen said that "teams of Homeland Security officers will eventually be assigned to all of the nation's 38 'fusion' centers, where law enforcement agents investigate tips, tighten security and handle disasters." USA notes, "Local police have complained in recent years that the Department of Homeland Security doesn't provide them with enough information about possible terrorist threats. The new plan is a step in the right direction, Los Angeles Police Chief William Bratton said."

Animal-Rights Advocate Predicts Increased Financial Attacks On Drug Makers. UPI (7/27, Mitchell) reports animal-rights advocate Charlotte Laws, "who was invited to speak about animal-rights philosophies in April at the FBI National Academy," told UPI "this week she thinks activists will increasingly use financial attacks aimed at pharmaceutical companies in an effort to intimidate them to stop conducting experiments on animals. … Laws said she was not an advocate of the financial attacks," but they "are effective, so other activists are likely to increasingly use the strategy." UPI adds, "Jacquie Calnan, president of Americans for Medical Progress, a group…supported by the pharmaceutical industry, said the financial attacks against companies…are increasing. 'We are very grateful because the FBI are taking this seriously and local law enforcement are aware this is a national problem,' Calnan told UPI."

Conservatives Laud Stone Film On World Trade Center. The New York Times (7/27, Halbfinger, 1.21M) runs a front-page story on how Oliver Stone, "that symbol of everything about Hollywood that conservatives love to hate, is getting help in marketing his newest movie from an unlikely ally," Creative Response Concepts, the "publicity firm that helped devise the Swift boat campaign attacking John Kerry's Vietnam record" in 2004. Stone's "World Trade Center," a "largely factual drama about the rescue of two police officers from ground zero after the 9/11 attacks," will be released in August, and is "already drawing rave reviews in some unlikely quarters." L. Brent Bozell III "of the conservative Media Research Center…called it 'a masterpiece' and sent an e-mail message to 400,000 people saying, 'Go see this film,'" and columnist Cal Thomas wrote last week "that it was 'one of the greatest pro-American, pro-family, pro-faith, pro-male, flag-waving, God Bless America films you will ever see.'"

Blanco Responds To Chertoff Request By Criticizing Federal Evacuation Plan. The New York Times (7/27, Lipton, 1.21M) reports Louisiana Gov. Kathleen Blanco's response yesterday to a request from Homeland Security Secretary Michael Chertoff for a list of sites that would require federal evacuation assistance was "a sometimes blistering letter…asking the federal government to honor its commitment to help evacuate and care for thousands of New Orleans area residents in the event that another major hurricane blows into the region this year. 'We have received no indication from you that staffing, logistics and security for additional shelters have been addressed,' she wrote in the 18-page letter, in one of many critiques of federal aid she said she had requested, but has still not been promised, in this case referring to a need for additional federally provided emergency shelter space." The Times adds, "The exchange of letters…at times had the appearance of an effort to clarify in advance who should be held responsible if another major storm hits the area and chaos again reigns."

Book Says Federal Officials Concentrated Too Heavily On Levee Breach During Katrina. In an article adapted from a book by WSJ reporters Christopher Cooper and Robert Block, called "Disaster: Hurricane Katrina and the Failure of Homeland Security," the Wall Street Journal (7/27, B1, 2.03M) reports that as Hurricane Katrina hit New Orleans, reports of flooding and "destruction were immaterial in

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determining the scale of the calamity," as far as federal officials were concerned. They "had a single test for determining whether to treat the storm as an average disaster or as the catastrophic doomsday scenario everyone had long feared: Had the levees been breached by Katrina's storm surge, or had the water simply flooded over the top? Unfortunately, these were questions that state and local officials -- and even FEMA's senior staff -- never fully understood they had to answer." The Journal adds that when Gov. Kathleen Blanco said in a conference call that "whole neighborhoods were sloshing with up to 10 feet of water," White House Deputy Chief of Staff Joe Hagin asked, "Yeah, what's the current status of the levee system and the roof of the Superdome?"

NYTimes Criticizes FEMA Decision To Reduce Immediate Emergency Aid. The New York Times (7/27, 1.21M) editorializes that while FEMA's decision to take "remedial steps" to prevent disaster aid fraud is a "good" one, the move to reduce "immediate emergency aid for families to $500," from $2,000, "smacks of victim-blaming and overreaction. It is important to have strong upfront controls to ensure that money doesn't end up in the wrong hands, and we are glad to see the agency taking steps in that direction." But FEMA's "first goal in a crisis is to succor the afflicted, not suspect them of fraud."

In Playboy Interview, Brown Says He Was A "Scapegoat." In its "Reliable Source" column, the Washington Post (7/27, C3, Argetsinger, Roberts, 748K) reports former FEMA director Michael Brown "unloads about his post-Katrina downfall in the August issue of Playboy -- calling himself a 'scapegoat,' warning that the nation is even 'less-prepared' for this year's hurricane season, and sharing some PG-13 opinions of former colleagues." Discussing Homeland Security Secretary Michael Chertoff "ordering him out of the field," Brown says, "I am so mad at myself for not saying 'screw you.'" Brown also says that President Bush calling him "Brownie" is "typical of the president. He's a cheerleader … How many people in the world do you think have ever called me Brownie? … When he used that nickname, a lot of people in the media went, 'Is he an insider?'"

WAR NEWS:

Maliki Tells US Congress Iraq Key Part Of Global War On Terrorism. The AP (7/27, Flaherty) reports, "Iraqi Prime Minister Nouri al-Maliki appealed to Congress Wednesday to press the war in Iraq with money and troops, portraying his country as crucial to the U.S. as a front line in the war on terror and comparing violence there to the Sept. 11 attacks." Addressing a joint meeting of Congress, Maliki said, "Do not imagine that this problem is solely an Iraqi problem because the terrorist front represents a threat to all free countries and free people of the world." Several media sources noted Maliki's speech echoed themes espoused by the Bush Administration – particularly his placement of the Iraq conflict in the context of the broader war on terror. On print media, that aspect of his remarks received some criticism.

To a large degree, coverage of the speech was upstaged by the controversy over Maliki's condemnation of Israel in its current confrontation with Hezbollah in Lebanon. As the Washington Post (7/27, A20, Weisman, 748K) reports, "Republicans had hoped to use Maliki's visit to showcase progress toward democracy in Iraq," but "the prime minister's two-day stay in Washington proved to be politically problematic." Maliki "declined to disavow his critical comments on Israel's incursion into Lebanon or denounce Hezbollah's killing and kidnapping of Israeli troops that precipitated the fighting, handing Democrats a wedge that they eagerly used." In addition, President Bush's "promise to fortify troop presence in Baghdad virtually foreclosed major troop withdrawals before November's midterm election."

The story was reported in a full segment by NBC and CBS, while ABC mentioned it in a brief 15-second story. ABC World News Tonight (7/26, story 5, 0:15, Gibson, 8.78M) reported Maliki "called Iraq the front line of the war on terrorism, deserving of America's continued support." NBC Nightly News (7/26, story 5, 1:30, Williams, 9.87M) said "much of the speech echoed President Bush's own words. Maliki referred to Iraq as the frontline in the war on terror." NBC (Reid) added, "Yesterday, in particular, a number of Democrats were highly critical of Maliki because with regard to the Israel-Hezbollah conflict, he has publicly condemned Israel but he has refused to do the same with regard to Hezbollah. So, they arranged some private meetings this morning with some key Democrats where Iraqi officials assured those Democrats that in fact Iraq has joined a condemnation of Hezbollah recently with other Arab countries and that Maliki approved that. That satisfied some of the Democrats, and in the end, only about five of them boycotted today's speech."

The CBS Evening News (7/26, story 4, 1:10, Schieffer, 7.66M) reported, "Some members stayed away to protest criticism that he had leveled at Israel." Maliki "urged the lawmakers to support Iraq as a front line in the global war on terror, but the speech was interrupted at one point by an anti-war heckler in the gallery." Roll Call (7/27, Kornacki) notes "at least half of the 19 House Democrats who penned a letter to Speaker Dennis Hastert (R-Ill.) blasting his decision to invite the Iraqi prime minister to address a joint session of Congress were absent from the chamber Wednesday morning, as Nuri al-Maliki became the 103rd head of state to accept that honor. Two of the three Democrats who organized the letter -- Reps. Rosa DeLauro (Conn.) and Jan

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Schakowsky (Ill.) -- sat out the speech after calling al-Maliki to task for his loud criticisms of Israel and its military operation in Lebanon. The third, Rep. Rahm Emanuel (Ill.), was in attendance." Also boycotting the speech were "Democratic Reps. Gary Ackerman (N.Y.), Shelley Berkley (Nev.), Artur Davis (Ala.), Bill Delahunt (Mass.), Nita Lowey (N.Y.), Carolyn Maloney (N.Y.), Mike McNulty (N.Y.) and Frank Pallone (N.J.)."

CNN's The Situation Room (7/26, Bash) reported, "The Iraqi prime minister had a tough task to begin with here, trying to convince members of Congress that his country is on a path to security and democracy. But that task was made even harder because of comments he made before he came to Washington, condemning Israel, but not Hezbollah. And, after his speech today, he left some Democrats and even some Republicans unsatisfied, because he condemned terrorism, but not Hezbollah specifically."

Fox News' Special Report (7/26, Garrett) reported, "Reaction to Maliki's speech broke down specially this way: They said on a personal level they admire his courage and grit to stand atop a newly formed Iraqi government. On the other hand, Democrats and Republicans said they expected more and would have liked to have heard more specifics from Maliki on how he's going to address the very violence, how he's going to use executive power with his parliament to make US troops safer."

Under the headline "Al-Maliki Echoes White House In Address," the Financial Times (7/27, Daniel) reports "some of Mr Maliki's lines echoed key administration themes. The White House acknowledged having conversations about the speech with the Iraqi leader. Where US president George W. Bush has hailed liberty as 'God's gift to humanity', Mr Maliki said, 'I believe these human rights are not an artifact construct reserved for the few. They are the divine entitlement for all.'" On the issue of Maliki's position on Israel, Tony Snow, White House spokesman, said, "I don't see what is so surprising about Prime Minister Maliki having his own opinion on the Middle East. … The president is not the puppeteer. The prime minister is a freely elected leader."

The Washington Times (7/27, Behn, 88K) runs a similar report under the headline "Al-Maliki Calls Iraq 'Front Line' In War On Terror," while the Baltimore Sun (7/27, Havemann, 262K) reports Al-Maliki "did not say a word about the two-week-old conflict in Lebanon between Israel and Hezbollah. Instead, he stuck with guaranteed applause lines about his determination that American sacrifices in Iraq would not be in vain, and that a democratic regime would replace the dictatorship of Saddam Hussein." He echoed ""the themes sounded frequently by President Bush whenever he addresses the war on terror."

The Chicago Tribune (7/27, Silva, 623K) headlines its report "PM Says Iraq Is Front Line Of Terror War," and says "the partisan divide over the war in Iraq was palpable in the House chamber, with Democrats complaining afterward that Maliki had come asking for more money." Rep. Mike Thompson, "a California Democrat and decorated Vietnam veteran, called Maliki's address 'a lot of hyperbole and terrorism talk" and questioned Maliki's pledge to overcome terrorism." Rep. Rahm Emanuel said, "It was a good speech. But I have only one (question). … He said that Iraq is the center of the war on terror, and National Security Adviser (Stephen) Hadley says it's sectarian violence. So what are we battling, a war on terror or sectarian violence? … That's a new definition of our mission." The Los Angeles Times (7/27, Reynolds, 918K) covers similar comments in a story titled "Iraqi Prime Minister Gets Mixed Response in Congress."

USA Today (7/27, Jackson, 2.27M) reports that later in the day, al-Maliki and President Bush "visited American military families at Fort Belvoir in Virginia." Al-Maliki "thanked the families. 'We feel pain and sorrow for every drop of blood that falls in Iraq,' he said." The New York Times (7/27, Stout, 1.21M) also says Maliki "expressed gratitude to the American people for their help in building a new, democratic Iraq. 'Iraq will not forget,' he said." The Times adds, "The prime minister said Muslim terrorists who foment violence in Iraq and elsewhere have donned a 'fake Islamic cloak'" and "are waging war against the very values upon which Islam was founded."

Dean Says Maliki An "Anti-Semite." The AP (7/27, Skoloff) reports, "Democratic Party chairman Howard Dean on Wednesday called Iraqi Prime Minister Nouri al-Maliki an 'anti-Semite' for failing to denounce Hezbollah for its attacks against Israel. … 'The Iraqi prime minister is an anti-Semite,' the Democratic leader told a gathering of business leaders in Florida. 'We don't need to spend $200 and $300 and $500 billion dollars bringing democracy to Iraq to turn it over to people who believe that Israel doesn't have a right to defend itself and who refuse to condemn Hezbollah.'" The South Florida Sun-Sentinel (7/27, Hafenbrack, 265K) reports Republican National Committee spokesman Danny Diaz responded, "It is incredibly troubling that Howard Dean would defend the presumption of innocence of a terrorist like Osama bin Laden, yet attack the democratically-elected prime minister of Iraq." He "was referring to a comment Dean made in 2003."

LATimes Blasts Maliki Speech. In an editorial titled "Iraqi Leader Speaks Half the Truth," the Los Angeles Times (7/27, 918K) says Maliki's speech "could have been written by a White House speechwriter…. It was all very rousing -- Churchillian almost -- and it is tempting to buy into this narrative. There are terrorists aligned with Al Qaeda at the core of the resilient Sunni insurgency in Iraq who are desperately trying to sabotage the creation of a more democratic state. We can argue that ongoing American sacrifices to help Maliki's government are therefore worthy, noble even, regardless of what we thought of the initial

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decision to go to war." However, "there are alarming indications of ties between government forces and Shiite militias such as the Al Mahdi group and the Badr Brigade And episodes such as the July 9 systematic killing of dozens of Sunnis in the Jihad neighborhood of Baghdad are as damaging to Iraq's prospects as any terrorist bomb. It isn't clear whether the window of opportunity to avert an all-out civil war has closed, but Iraq is certainly on the verge. For either Maliki or his Washington sponsors to pretend that the crisis is merely a question of terrorism could precipitate, not prevent, the worst-case scenario."

Maliki's Comments On Israel Blamed On Sadr. Dan Senor, who was based in Baghdad as an adviser to the Bush administration from April 2003 to June 2004, writes in today's Wall Street Journal (7/27, 2.03M), "During his trip to Washington earlier this week, the Iraqi prime minister again failed to condemn Hezbollah and instead focused exclusively on the 'destruction that happened to the Lebanese people as a result of the military air and ground attacks.'" Senor adds "it wasn't supposed to be this way. We had thought that a post-Saddam Iraqi government would be less susceptible to Arab League pressure; Israel as the old whipping-boy was to find little resonance there. This change of tone was to be a model for the region. Wasn't the road to Arab-Israeli peace supposed to go through Baghdad?" Maliki "is not responding to pressure from the Arab League. The pressure is coming instead from some radical Shiites in his own country. Moqtada al-Sadr and his Sadrists, the Sadriyyun, are as powerful and destructive as ever, forcing the prime minister's hand on Israel and other issues."

US To Boost Troop Levels In Baghdad. The CBS Evening News (7/26, story 4, 1:10, Schieffer, 7.66M) reported Iraqi Prime Minister Nouri al-Maliki's "plan to use Iraqi troops to restore some semblance of order in Baghdad has failed, so the President said yesterday more American troops will be moved there." CBS (Martin) added, "The Bush Administration is claiming they can put an additional 3,000 to 4,000 American troops into Baghdad simply by pulling them out from other places in Iraq. But what's actually happening is that 3700 soldiers due to come home have been told they'll probably be extended past their one-year tour of duty which they've been promised. Defense Secretary Rumsfeld hasn't approved that yet, but the troops who will relieve them are already in Iraq, so if one unit comes in and the other doesn't leave, that's an increase."

The Los Angeles Times (7/27, Barnes, 918K) reports that "in an exclusive interview with the Los Angeles Times on Wednesday, the commander of day-to-day US military operations in Iraq explained why he plans to…push more American troops into the city's neighborhoods, making them directly responsible for stopping sectarian violence when it breaks out." Lt. Gen. Peter Chiarelli also "said he wants US soldiers to oversee an army of Iraqis digging new water and sewer lines and other public works projects to create jobs for Baghdad's residents and rebuild the battered city. Military officials plan to start with a budget of about $75 million to $100 million for the projects." Chiarelli says "his plans are not a rejection of the military's previous strategy, but they put him squarely on one side of a major debate that has divided American generals about how best to win the war in Iraq."

US Soldiers In Baghdad Described As "Increasingly Disillusioned." In a story titled "Waiting To Get Blown Up," the Washington Post (7/27, A1, Partlow, 748K) reports that as Bush "plans to deploy more troops in Baghdad, US soldiers who have been patrolling the capital for months describe a deadly and infuriating mission in which the enemy is elusive and success hard to find. Each day, convoys of Humvees and Bradley Fighting Vehicles leave Forward Operating Base Falcon in southern Baghdad with the goal of stopping violence between warring Iraqi religious sects, training the Iraqi army and police to take over the duty, and reporting back on the availability of basic services for Iraqi civilians." But "some soldiers in the 2nd Battalion, 6th Infantry Regiment, 1st Armored Division -- interviewed over four days on base and on patrols -- say they have grown increasingly disillusioned about their ability to quell the violence and their reason for fighting. … 'It sucks. Honestly, it just feels like we're driving around waiting to get blown up. That's the most honest answer I could give you,' said Spec. Tim Ivey, 28, of San Antonio, a muscular former backup fullback for Baylor University. 'You lose a couple friends and it gets hard.'"

Murtha Says Iraq War Has Degraded Combat Brigades' Readiness. The CBS Evening News (7/26, story 4, 1:10, Schieffer, 7.66M) reported, "Congressman Jack Murtha said today Iraq has drained the Army to the point now that the vast majority of combat brigades in the US and Europe are rated at the lowest level of readiness."

More Commentary. The Wall Street Journal (7/27, 2.03M) editorializes that "al-Maliki is in the U.S. this week on his first official visit, and the biggest and best news is that he and President Bush see eye to eye on the need for a revamped security strategy in Baghdad." After reviewing a series of criticisms of the US strategy in Iraq, the Journal says, "There is an almost willful defeatism in these and many other criticisms of our position in Iraq, as if the only point at this moment is to prove that we should never have toppled Saddam Hussein in the first place. We can relitigate what in our view was a persuasive case for regime change." But "what is truly unrealistic is to think that the US has any choice now but to win in Iraq. The regional mess we'd inevitably have to clean up if we lose could make our current difficulties look like child's play."

Saddam Returns To Court, Demands Execution By Firing Squad If Convicted. The CBS Evening

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News (7/26, story 5, 0:20, Schieffer, 7.66M) reported, "Saddam Hussein showed up at his trial in Baghdad today for the first time since the prosecutor asked the judges to sentence him to death for ordering the mass killing of Iraqis. He's been on a hunger strike, but he was as defiant as ever, demanding today that if he's convicted he be executed by firing squad instead of hanging."

The Washington Times/AP (7/27, Juhi) reports Saddam "was in court to hear his court-appointed attorney read a final summation, arguing that prosecution witnesses and documents failed to link the ex-president to any of the atrocities in Dujail." But "that did not sit well with the 69-year-old Saddam, who denounced the lawyer as his 'enemy' and claimed the summation was drafted by foreigners he accused of manipulating the trial since it began Oct. 19." Saddam also "said he was brought by the Americans against his will from a hospital, where he was rushed Sunday on the 17th day of a hunger strike and fed through a tube." USA Today (7/27, Jervis, 2.27M), New York Times (7/27, Cave, 1.21M) and Washington Post (7/27, A19, Mosher, 748K), among other sources, also report the story.

Iraqi Oil Production Expected To Double Over Next Four Years. The AP2 (7/27, Hebert) reports, "Iraq's oil production is expected to roughly double over the next four years to 4 million barrels a day, the country's oil minister predicted Wednesday after meeting with US energy officials and executives from nine major oil companies." The AP adds, "With Iraq's oil infrastructure frequently targeted by insurgents, the country has struggled to resume oil production to prewar levels of about 2.5 million to 3 million barrels a day. As of last May, production stood at about 1.9 million barrels a day, the US Energy Information Administration says." Energy Secretary Samuel Bodman, "who sat in on the discussions, described it as "a preliminary meeting" and an exchange of information."

Meanwhile, the Financial Times (7/27, Negus) reports "raising the price of petrol has made a serious dent in the fuel smuggling that Iraqi auditors say helps fund the insurgency, according to Hussein al-Shahristani, Iraqi oil minister." In an interview with the Financial Times, Shahristani also "said that production from the country's larger southern oil field is steadily rising and he predicted that oil production would come close to 3m barrels a day by the end of the year."

Twenty-Two Taliban Fighters Killed In Clash With US Forces. USA Today (7/27, 2.27M) reports, "US-led forces battling Taliban rebels killed at least 22 militants and wounded at least 26 in Afghanistan's southern Helmand province, officials said Wednesday. Provincial Police Chief Ghulam Nabi Nalakhail said 10 militants were killed and 15 wounded Tuesday in Musa Qala district." USA Today adds, "In nearby Garmser, seven of the militants who attacked a coalition patrol with machine guns and grenades died, a coalition statement said. Wednesday, police killed five militants and wounded 11 in Garmser, district Police Chief Ghulan Rasool said."

CORPORATE SCANDALS:

SEC Tightens Rules On Executive Pay, Options Grants. The Wall Street Journal (7/27, Scannell, Lublin) reports, "For the first time since the options-timing scandal mushroomed this year, federal regulators laid out requirements directing companies how to disclose their grants of stock options." The Journal continues, "The new rules won't bar corporate boards from giving executives options at propitious times, but would instead shine a spotlight on such practices through increased disclosure. The guidelines are part of a sweeping overhaul to executive-pay disclosure the five-member Securities and Exchange Commission approved yesterday in a unanimous vote." The Journal notes, "The rule takes effect in proxies filed by companies whose fiscal years end after Dec. 14. It will force companies to provide a total compensation figure for each of its top five executives. That number can be used to compare compensation across companies and industries."

The New York Times (7/27, Dash) reports, "With a unanimous vote, the five S.E.C. commissioners set in motion a plan that calls for companies to describe more clearly how their executives are compensated and to provide new information, like the lump-sum cost of retirement benefits and explanations of why specific stock option grants were approved. The rules will go into effect in mid-December, several months ahead of proxy season next year." The Times adds, "The commissioners also agreed to revisit the issue of whether to require the compensation of other highly paid employees to be disclosed, known variously as the Michael Milken rule or the Katie Couric clause. The requirement is opposed by both Wall Street and Hollywood, and the commission proposed an amended rule that narrowed the list of candidates to policy-making executives at about 3,500 large companies, identified by job title, not name. … Still, the new rules are very similar to those outlined in a 372-page proposal the agency introduced in January, and show how the commission has largely stood its ground amid pressure from compensation specialists, investor advocates, and industry groups. With more than 20,000 comment letters, Christopher Cox, the commission's chairman, said, 'No issue in the history of the S.E.C. has generated such interest.'"

The Washington Post (7/27, O'hara) reports, "The rules include a requirement that companies publish details about the timing of stock option grants, a response to recent revelations that, without disclosing the practice, many

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companies backdated stock options to give executives guaranteed profit. … SEC investigations into backdating led last week to the first criminal charges related to the practice. Federal prosecutors accused Gregory L. Reyes, the former chief executive of Brocade Communications Systems Inc., of securities fraud for allegedly not disclosing backdated options to investors. .. . The new rules, which are widely supported in by business and investors, reflect SEC Chairman Christopher Cox's belief that clear compensation information will help shareholders and boards of directors make better judgments about the level and type of executive pay."

USA Today (7/27, Smith) reports that the new rules "will require deferred pay and retirement benefits to be factored into annual compensation totals for companies' top five executives in reports to regulators and shareholders beginning in December. … 'Golden parachutes' for executives who quit or are fired must also be clearly spelled out in the companies' public disclosures. And the companies will have to tell shareholders whether they coordinate the issuance of stock options to top executives with the release of material non-public information that may benefit them."

The AP (7/27, Gordon) reports, "Removed from the original proposal, though, was a requirement for companies to disclose the pay details of as many as three non-executive employees whose individual compensation exceeds that of any of its top five executives. Dubbed the 'Katie Couric clause' by critics, it brought a flurry of opposition during the comment period from Hollywood and big media companies. … As an alternative, the SEC decided Wednesday to propose a narrower requirement for disclosure of the pay of non-executive employees who help set corporate policy and strategy at big companies - excluding most professional athletes, and TV and film personalities."

SEC Revises "Milken Rule." In a column for the New York Times (7/27), Floyd Norris writes, "The Milken rule lives, and as a result, investors may yet learn about some very highly paid executives whose salaries have been closely held secrets. … The Securities and Exchange Commission adopted a rule yesterday requiring public companies — starting next spring — to provide more information about compensation of top executives. It did not adopt the proposed Milken rule, but revised it and asked for more comment." Norris continues, "The rule is named, informally, after Michael R. Milken, the former junk bond king at Drexel Burnham Lambert. No one outside the firm knew what he made until the Justice Department put it in an indictment: $550 million in one year, far more than his ostensible corporate superiors. It was a stunning figure then, and one that is still impressive almost 20 years later. … In January, the S.E.C. proposed requiring companies to disclose the pay of as many as three people who were not top corporate executives if they made more than any of the five senior executives whose salaries were already disclosed. … The proposed rule said the names would be kept secret but the job titles would be disclosed. At many companies, that would make it clear. Who is the late night talk-show host at General Electric's NBC? Or the best-paid pitcher for Time Warner, which owns the Atlanta Braves?" Norris notes, "Corporate America hated the idea and tried to laugh it out of the proposal. It warned that the proposal could harm employee morale while providing no useful information. In any case, the Business Roundtable, an organization of large companies, argued that since the compensation committee of the company's board was unlikely to have anything to do with setting the pay of such people, the proposal was irrelevant. … The commission yesterday offered a modified proposal. The rule would cover only people with executive responsibilities in some part of the company. It would, said John White, the head of the division of corporation finance, exclude such people as entertainers, athletes, salesmen and portfolio managers, at least to the extent that their job titles accurately disclosed their responsibilities."

Professor Questions Fraud Charges In Options Probe. In an op-ed posted on Law.com (7/27), Peter J. Henning, a professor of law at Wayne State University Law School in Michigan who was also a trial attorney in the fraud section of the U.S. Department of Justice Criminal Division and a senior attorney in the division of enforcement at the U.S. Securities and Exchange Commission, writes, "When federal prosecutors and the Securities and Exchange Commission filed the first charge from the burgeoning options-timing investigations against former Brocade Communications CEO Gregory Reyes and human resources VP Stephanie Jensen on July 20, they labeled the conduct as 'securities fraud.' This is probably the most serious moniker that can be applied to corporate misconduct, calling forth notions of Ponzi schemes that prey on naive investors and accounting violations designed to make rotten companies look healthy. The charge has been the central feature in the recent convictions of former CEOs at WorldCom and Enron, so it is an easy conclusion to draw: CEO deception at a public company must mean securities fraud. … But was what the government alleges occurred at Brocade Communications really securities fraud? The government asserts that the defendants violated §10(b) of the Securities Exchange Act, which prohibits any person from using 'any manipulative or deceptive device or contrivance' in connection with the purchase or sale of a security." Henning adds, "The problem with the securities fraud charge is that neither defendant received any of the options connected to the backdated documents, and they apparently employed this device to attract employees during the tech bubble when potential hires were routinely lured away by competitors. The federal prosecutors assert in their criminal complaint that 'it is not

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necessary that the defendant made a profit or that anyone actually suffered a loss' for securities fraud. That is certainly a correct statement of the law, but it is too narrow in explaining the crime, especially one derived from larceny. Whether a defendant's scheme succeeds or not, a charge of fraud normally alleges at least an intended gain by the defendants and, usually, a related loss suffered by the victims. … In the end, the government has found the lie -- the backdated documents -- and identified a loss to the company in its restatement, but the link between them is not necessarily fraud. If Reyes had backdated the options to increase his compensation, then it might be an easier case of securities fraud, although managerial gluttony is not a criminal offense, at least not yet. While the concept of fraud is certainly flexible, as witnessed by the variety of cases in which the government has prosecuted it successfully, 'securities fraud' still requires prosecutors to prove that the defendants used a 'manipulative or deceptive device or contrivance' to defraud a victim. Lies alone will not turn misconduct into fraud."

Former Lending Tree Official Pleads Guilty To Insider Trading Charges. The Charlotte Observer (7/27, Lyttle) reports, "David N. Anderson, a former Senior Vice President and General Manager of LendingTree, has agreed to plead guilty to charges stemming from an insider trading investigation, the U.S. Justice Department reported this morning." The Observer continues, "U.S. Attorney Gretchen Shappert said Anderson agreed to a guilty plea of making material false statements to the U.S. Securities & Exchange Commission. … He had been indicted April 4 on six counts, including witness tampering, conspiracy and making false statements." The Observer adds, "The charges stemmed from an insider-trading investigation connected to the purchase of LendingTree, a Charlotte-based lending firm, by USA InterActive Corp. in 2003. … Anderson had been accused of improperly disclosing information prior to the deal's announcement. The company suspended him."

DOJ Sees Obstruction In False Statements To In-House Counsel. In an op-ed for the National Law Journal (7/27), Timothy P. Harkness and Darren LaVerne of the litigation department of New York's Kramer Levin Naftalis & Frankel write, "Even the most naïve of witnesses typically understands that lying to a prosecutor, FBI agent or regulator is a crime. What even sophisticated witnesses don't tend to know, however, is that lying to private attorneys can also lead to criminal prosecution. Recent developments confirm that the U.S. Department of Justice views the obstruction of justice laws as reaching conduct that many had considered to be without criminal consequence." The Journal continues, "In September 2004, a grand jury in the Eastern District of New York indicted Sanjay Kumar and Stephen Richards, the former chief executive officer and head of worldwide sales at Computer Associates International Inc. Five months earlier, prosecutors had persuaded three other Computer Associates executives to plead guilty to a novel obstruction of justice charge, predicated on statements the executives had made to company counsel in the course of an internal investigation. Now the government had advanced that same theory to indict Kumar and Richards, both of whom seemed prepared to challenge it. … The indictments alleged that Kumar and Richards had violated 18 U.S.C. 1512(c)(2) -- an obstruction statute enacted in the wake of the Enron scandal -- by lying to lawyers hired by Computer Associates after the U.S. Attorney's Office and the U.S. Securities and Exchange Commission had launched investigations. According to the indictment, when the defendants were interviewed by the lawyers, they 'knew, and in fact intended, that the Company's Law Firm would present [Kumar's and Richards'] false justifications to the United States Attorney's Office, the SEC, and the FBI so as to obstruct and impede' the government's ongoing and publicly disclosed investigation of Computer Associates. … Given that internal investigations -- and the practice of sharing information gathered during those investigations with federal regulators and prosecutors -- have become a standard practice, the implications of the Computer Associates indictments were significant. The possibility that lying to an attorney, hired by a defendant's employer and acting in a purely private capacity, could lead to criminal charges contributed to growing concern within the criminal defense bar that the government was effectively transforming company lawyers into an arm of the state."

Report Finds Sharp Drop In Investors' Class Action Suits. The Washington Post (7/27, D02, Masters) reports, "The number of new federal class-action lawsuits filed by disgruntled investors has dropped dramatically and is now at its lowest level since 1996, according to a new Stanford University study." The Post continues, "Only 61 new class-action shareholder lawsuits were filed in the first six months of 2006, compared with 111 in the first half of 2005. If the trend continues for the rest of the year, the 2006 totals will be 31 percent lower than the 182 lawsuits filed last year. The current six-month total is also 36 percent below the historical average for the entire 1996-2005 period, according to a report by the Stanford Law School Securities Class Action Clearinghouse in cooperation with Cornerstone Research." The Post adds, "Part of the decline almost certainly stems from the fact that the stock market was rising and had low volatility from 2005 through May 2006. Investors who are making money have little reason to sue. … In addition, the lawyers at the country's largest class-action firm, Milberg Weiss Bershad & Schulman LLP, have been distracted because the firm is under indictment for fraud and has been

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fighting efforts by some corporate defendants to have it removed as lead attorney. … But one of the study's authors thinks there may be another reason: Companies have cleaned up their acts in the wake of corporate scandals that included the collapse of Enron Corp. and WorldCom Inc."

Heads-Up Calls To Hedge Funds Spark Insider Trading Probes. The Wall Street Journal (7/27, Sender, Raghavan) reports, "In late 2002, the manager of Marshall Wace LLP, a large London hedge-fund firm, received two important phone calls from an investment bank that was about to unveil a client's offering of securities." The Journal continues, "Such an offering would be of keen interest to investors. It could be expected to hurt the stock of the issuing company, French telecom giant Alcatel SA. That's because the securities could dilute existing shareholders' stakes. … A call from an underwriter before an offering isn't a heads-up the average investor can expect, but hedge funds can. The private investment pools control so much cash -- some $1.2 trillion -- and trade so heavily that they can account for up to half of the daily volume on the New York and London stock exchanges. That makes them big sources of commissions for securities firms. The firms, in turn, court the funds by feeding them steady streams of trading ideas and information about stocks, bonds and what other financial-market participants are up to." The Journal adds, "For regulators, this constant flow of information stirs concerns about unfair advantages -- or worse, possible illegal insider trading. And in the Alcatel case, investigators for a French securities regulator have asserted that Marshall Wace ordered a big sale of Alcatel shares about two minutes before the unveiling of the new securities offering. After the unveiling, the share price fell steeply. … Marshall Wace and three other hedge-fund firms 'used privileged information to make substantial capital gains with certainty,' said France's Autorité des Marchés Financiers, known as the AMF, in a preliminary, unpublished report 19 months ago reviewed by The Wall Street Journal. … Marshall Wace strongly denies that it traded on nonpublic information. It didn't sell until after the announcement of an Alcatel securities offering, Marshall Wace said, and a lawyer for the firm said this was supported by counterparties to the trades. The other hedge-fund firms the AMF cited, all London based, are Ferox Capital Management, GLG Partners LP and Meditor Capital Management."

Financial Firms Reach Settlement In Global Crossing Case. The Wall Street Journal (7/27) reports, "Goldman Sachs Group Inc. and 25 other financial firms reached a $99 million tentative settlement with investors who bought securities of Global Crossing Ltd. in 2001 and 2002." The Journal continues, "Investors alleged that the financial firms committed securities fraud by selling shares of the telecom provider, which filed for bankruptcy-court protection in January 2002 under the weight of more than $12 billion in debt. The company emerged from bankruptcy in 2003." The Journal adds, "U.S. District Judge Gerard Lynch set a fairness hearing for the settlement, essentially approving a pact agreed to by the firm and class-action lawyers. … Goldman will pay $42.1 million, the largest single contribution, according to a stipulation of settlement in the case. The next largest amounts are $19.2 million from Merrill Lynch & Co. and $6.7 million from investment-banking units of Credit Suisse Group."

CRIMINAL LAW:

Appellate Panel Grants Jefferson Request For Stay In DOJ Review Of Seized Evidence. The Hill (7/27, Hearn) reports, "A panel of federal appellate judges temporarily barred Justice Department investigators from seeing materials seized in a May 20 raid of Rep. William Jefferson's (D-La.) Capitol Hill office. The court issued an administrative stay to keep the materials sealed until it has the opportunity to rule on a motion filed by Jefferson to seal them for a longer period while he exhausts all appeals." The AP (7/27, Locy) adds that US District Judges Janice Rogers Brown and Thomas B. Griffith wrote in the ruling, "The purpose of this administrative injunction is to give the court sufficient opportunity to consider the merits of the motion for a stay pending appeal and should not be construed in any way as a ruling on the merits of that motion." The AP notes, "Attorney General Alberto Gonzales had set a Wednesday deadline to allow a special review team of prosecutors and FBI agents to begin culling through the evidence seized during the controversial raid on Jefferson's office." MSNBC.com (7/26, Seidman) also reports on the ruling and recounts the details of the FBI investigation and searches of Jefferson's office and home.

"Innocence Lost" Probe Unveils Harrowing World Of Child Prostitution. USA Today (7/27, Keen) reports, "A harrowing picture of the seamy world of child prostitution is emerging in court documents stemming from a nationwide crackdown that has produced 543 arrests and 94 convictions." USA continues, "Women have told investigators they started working as prostitutes for a suburban Chicago man, Jody Spears, when they were 16 and 17, according to an FBI affidavit filed in U.S. District Court here this week. 'So what? Some of my best girls were minors,' Spears is quoted saying in the affidavit. … Witnesses, whose names are not used, said Spears took them to New York, Las Vegas and Honolulu." USA adds, "The case here is part of 'Innocence Lost,' a project launched in 2003 by the Justice Department. The FBI set up 14 task forces in cities with the most reports of

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child prostitution; now the task forces are in 27 cities, says Drew Oosterbaan, chief of the Justice Department's child exploitation section. … Legal filings in other 'Innocence Lost' cases reveal how pimps recruit and abuse teen prostitutes: … Of more than 100 prostitutes identified in that investigation, more than 20 were underage; the youngest was 13. Many were rotated through rest areas and truck stops from California to Maryland. … 'Innocence Lost' will continue, Oosterbaan says."

Pennsylvania Woman Charged In Husband's Death. The AP (7/27, Santanam) reports, "In the days after her millionaire husband was killed, Donna Moonda told her story on the TV news: A stranger approached the couple's Jaguar on the shoulder of an Ohio highway, took her husband's wallet, then shot him in the head. … 'I heard the most horrible voice that I'll never, ever forget telling him, "Give me your wallet and get in the car,"' she calmly related, acting out for the camera how the killer went eye-to-eye with her husband." The AP continues, "Now, in a film-noir twist, prosecutors say that the stranger was no stranger but Moonda's lover - a man she met in drug rehab - and that she promised him millions to kill her 69-year-old husband, Dr. Gulam Moonda. … This week, Donna Moonda, 47, was charged in federal court in Ohio with interstate stalking that resulted in death after the man with the 'horrible voice,' Damian Bradford, 25, admitted he was the triggerman and agreed to testify against her. She plans to plead not guilty, her attorney said." The AP adds, "Gulam Moonda, who lived in Hermitage (PA), along the Ohio line, was killed May 13, 2005, after his wife pulled off the Ohio Turnpike near Cleveland, supposedly to let her husband take the wheel."

South Carolina Sex Offender Found In Florida With Missing Teens. The AP (7/27) reports, "A registered sex offender on South Carolina's Ten Most Wanted list was found Wednesday with five missing teens in a (Daytona Beach, FL) hotel…police said." The AP continues, "Allen Lee Biddix, 18, was convicted as a juvenile in 2002 of first-degree criminal sexual conduct with a minor age 11 or younger, according to the South Carolina Law Enforcement Division's online sex offender registry. … Biddix left Marion County, S.C., sometime around July 17 with three girls and two boys, said Tim Stec, a spokesman for the U.S. Marshals Service. The girls are 13, 14 and 15, Stec said. Both boys, who are twin brothers, are 15." The AP adds, "Biddix was arrested on a fugitive warrant for contributing to the delinquency of a minor, Daytona police said."

FBI Agent Shoots Florida Murder Suspect During Arrest. The Miami Herald (7/27, Moskovitz, 310K) reports, "An FBI agent shot a suspect in the arm Wednesday while trying to arrest him on an attempted-homicide warrant. Brenton Doe, 22, was wanted in a crime that occurred Monday and for having a firearm as a convicted felon, Fort Lauderdale police Sgt. Bill Schultz said. The FBI is reviewing the shooting, agency spokeswoman Judy Orihuela said. FBI agent Paul Russell, who shot Doe, will keep his regular job during the review." The Herald notes, "Doe had been arrested eight times, dating back to 1996. In 2004, he was convicted of aggravated battery on a law enforcement officer, resisting or obstructing an officer with violence and resisting or obstructing an officer without violence." The South Florida Sun-Sentinel (7/27, Santana, 265K) adds, "Police officers and FBI agents who are part of the FBI Wanted Fugitives task force spotted Doe about 1 p.m.in a black Chevrolet Lumina and chased him, but Doe then crashed into a tow truck…and a police car subsequently crashed into the Lumina, Schultz said. That's when Doe was shot, but it was not immediately known why the agent fired or if Doe was armed." Orihuela said, "We would be speculating because we haven't finished all out interviews."

Boston Police Officers Waive Extradition From Florida. The AP (7/27) reports, "Three Boston police officers arrested in Miami on federal drug charges waived extradition hearings Wednesday, clearing the way for their return to Massachusetts." Roberto Pulido, Carlos Pizarro and Nelson Carrasquillo "were also ordered held without bond under an agreement with prosecutors, according to court records." The AP notes, "The three are accused in a federal complaint of accepting $35,000 in exchange from protecting a shipment of cocaine from men they thought were Miami-based drug dealers but who were actually undercover FBI agents, according to court records."

Boston Police Transferred Pulido To Elite Division Despite FBI Probe. The Boston Herald (7/27, Johnson, Sweet, 203K) reports, "Boston police brass transferred now-disgraced cop Roberto Pulido to the elite Special Operations Division knowing that he was being eyed by the FBI for allegedly stealing drivers' IDs and guarding drug-fueled after-hours hooker parties, acting Commissioner Albert Goslin said yesterday. But Goslin said he signed off on the transfer to keep Pulido off-guard. 'They understood my concern,' he said of the FBI. 'They didn't know if it would or would not alert him to something. It was my decision to not alert him to any suspicion.'" The Herald notes "one police source" said, "Guys are pissed. They're saying I can't believe I was doing raids with these people next to me and they're worse than the people we were going after."

Pulido Was Suspended For Cocaine Use In 1999. The Boston Globe (7/27, Smalley, 425K) reports, "Officer Roberto Pulido, the alleged ringleader in the Boston police corruption case, tested positive for cocaine in a department-ordered drug test in 1999, two law enforcement officials with

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knowledge of the episode said yesterday. However, department rules allowed Pulido, after a 45-day unpaid suspension and drug treatment, to resume his job. Under union-negotiated rules, officers have the right to keep their jobs, even if they test positive for drugs such as heroin and cocaine."

FBI, IRS Agents Search New Jersey Utility Authority's Office, Director's Home. The Newark Star-Ledger (7/26, Spoto, Martin) reported FBI and IRS agents and Manalapan police on Tuesday "searched the offices of the Western Monmouth Utilities Authority in Manalapan and the home of its executive director in Marlboro…as part of the ongoing corruption probe in Monmouth County. Federal lawmen declined to comment, but the search warrants they executed yesterday appeared to be an outgrowth of the investigation that already has led to corruption charges or convictions against two dozen officials, contractors and public employees in Monmouth County." The Star-Ledger added MUAM director Frank Abate, whose home was searched by the agents, said, "Somebody made an allegation and the IRS and FBI have an obligation to investigate it."

The Asbury Park Press (7/26, Jordan, Quirk) reported, "Shortly after 5 p.m., the WMUA's four-member board of commissioners issued a statement that Abate has been placed on a temporary leave of absence. A meeting will be held next week 'to determine Mr. Abate's future,' and in the interim, the board will designate an acting executive director, the statement said. The board added that since August 2005, 'the WMUA has been cooperating fully with the FBI's probe of Abate, ensuring that they have all the information they need to complete their probe.'" The APP also noted that "a source said…the search warrants are the latest phase of the FBI's ongoing investigation of corruption in Marlboro."

FBI Arrests New Jersey Child Pornographer In Worldwide "Namgla.net" Sweep. The AP (7/27) reports, "A school bus driver from New Jersey was among two dozen people arrested Wednesday in a nationwide investigation into a Web site that linked to pornographic images of children. Russell Christie III, 48, of Newton, was arrested as part of the FBI's 'Project Safe Childhood,' an initiative aimed at increasing enforcement of laws involving the online sexual exploitation of children." The AP notes, "FBI investigators in Los Angeles shut down the Web site on Tuesday as agents in 20 states conducted searches and seized dozens of computers. Arrests were also made in Bulgaria, Poland and Spain. The investigation was continuing at the state level and could result in more arrests, according to Steven Siegel, a spokesman for the FBI in Newark."

Under the headline "FBI labels Jerseyan Czar Of Child Porn Web Site," the Newark Star-Ledger (7/27, Lockwood) adds that Christie "set up the site that 'serviced an international community of online predators where thousands of graphic images of sexually abused children could be shared,' according to J. Stephen Tidwell, assistant director in charge of the FBI in Los Angeles, which led the investigation." The Star-Ledger reports, "As part of the FBI sweep, officials searched 35 locations, including the homes and workplaces of suspects. The investigation was conducted by agents and task force officers in 24 FBI field offices in 20 states," and "eleven searches also have been conducted overseas." The Star-Ledger notes, "In all, 49 'namgla.net subjects' have been identified in 27 foreign countries, and the investigation is continuing, authorities said."

Virginia Set To Execute Man For Inmate's Murder. The Washington Times/AP (7/27, Gelineau) reports, "Barring intervention from the U.S. Supreme Court or Gov. Timothy M. Kaine, a man who killed a fellow inmate during a pagan ceremony will be executed today." The AP continues, "Michael Lenz, 42, is scheduled to die by injection at 9 p.m. at the Greensville Correctional Center in Jarratt for the murder of Brent Parker, 41. … Lenz and another inmate, Jeffrey Remington, were sentenced to death in 2000 for stabbing Parker a combined 68 times with makeshift knives at the Augusta Correctional Center." The AP adds, "The three inmates were followers of the Nordic pagan religion Asatru and belonged to a group known as the Ironwood Kindred. … The group was gathered for a ceremony when Lenz and Remington attacked Parker. … Lenz testified that Parker had not been taking the religion seriously, and to protect the honor of the gods, Parker had to be punished. Lenz also testified he felt threatened by Parker, who was serving a 50-year sentence for murder."

The Washington Post (7/27, B1, Dwyer) reports, "It is often said that inmates find God when they get to prison. That is only partly true for Michael Lenz. Once behind bars, he became a devoted pagan, worshipping multiple gods from Norse mythology -- some with familiar names such as the mighty Thor and his father, Odin. … Lenz, a drifter from Prince William County serving 29 years and 30 days in prison for burglary and firearm possession, converted to Asatru, an ancient heathen religion, and helped found a prison chapter called Ironwood Kindred. … The religion became the focal point of his life – 'the only thing that mattered to him,' according to legal documents. And it was this devotion to his gods that, according to his testimony, prompted him to plan a murderous ambush at a makeshift pagan altar set up in a prison conference room." The Post continues, "Lenz is one of a few inmates in Virginia prisons who practice Asatru. But in prisons across the United States, the number of converts has

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increased in recent years, according to experts, some of whom say prisoners find encouragement for violence in the gods they worship. … 'This is a warrior thing,' said Heidi Beirich, deputy director of the Intelligence Project for the Southern Poverty Law Center, which tracks hate groups and extremist organizations. 'What they take out of it is violence, physical dominance and racial purity. To them, Thor represents the ultimate white male.' … Beirich said many of the inmates who have converted to Asatru or Odinism are white supremacists. 'It is anti-Christian, and these particular pagan religions glorify deities created by the white race,' she said. 'They reflect values they are drawn to, like being really strong, being able to fight -- Thor with his hammer. And that's what they worship.'"

Bush To Sign Child Protection Act Today. President Bush today will sign into law the Adam Walsh Child Protection and Safety Act, which will create a national sex offender registry, authorize grants to help local law enforcement agencies improve registry systems, assign more FBI agents to internet sex crimes and require DNA samples of sex offenders. The Miami Herald (7/27, Santiago, DeMarz, 310K) reports that Bush will sign the act today to mark the twenty-fifth anniversary of the disappearance of six-year-old Adam Walsh from a Hollywood, Florida department store. Two weeks later, "after one of the most intensive searches in Florida history, his severed head was found in a Vero Beach canal, 100 miles from where he was last seen. The rest of his body was never found. No one has ever been convicted of the crime."

Inmates Kill Guard At Maryland Prison. The Washington Post (7/27, A1, Rich, Harris, Hernandez) reports, "Two inmates escaped from their cells and stabbed a guard to death at a maximum-security state prison in Jessup, authorities said yesterday as Maryland State Police arrived in force to help quell a recent run of violence at the facility." The Post continues, "The inmates attacked guard David McGuinn, 42, late Tuesday, stabbing him repeatedly in the upper torso before returning to their cells, state police said. The prison was locked down at the time, and corrections officials said McGuinn's assailants may have jammed the locks to their cell doors. … Late last night, state police obtained warrants charging inmates Lamar C. Harris, 26, and Lee E. Stephens, 27, with murder. McGuinn was the second Maryland corrections officer to be killed this year, and the first to be killed inside a prison since 1984." The Post adds, "McGuinn's slaying marked a further escalation in violence at the House of Correction, a facility that was built in 1878 and houses 1,100 inmates. Two corrections officers were stabbed and seriously wounded in March, and three inmates have been killed in as many months. … Investigators are examining the possibility that McGuinn may have been specifically targeted by inmates. Because he had been threatened, he was transferred for a time to an area of the prison where contact with inmates was more limited, a prisons spokeswoman said."

The Baltimore Sun (7/27, Garland) reports, "The stabbing death of a Maryland correctional officer -- the second killed this year -- is sending shock waves through the state's troubled and violence-plagued prison system and is prompting calls to replace its top managers." The Sun continues, "How, union officials and others are asking, was it possible for three inmates at the maximum-security House of Correction in Jessup to get out of their cells and kill David McGuinn, a by-the-book correctional officer who was on an inmate 'hit list'? … And how, they ask, could this have happened even though the prison has been on high alert after a rash of violence that included the non-fatal stabbing of two officers in March and the killing of three inmates since May?" The Sun adds, "In a system that in some senses has become inured to violence, McGuinn's killing has caused outrage -- and led to fears that there could be worse to come. .. Union officials have demanded that Gov. Robert L. Ehrlich Jr. meet with them to discuss what they describe as a prison system in crisis."

Parents Of Murdered Utah Girl Apologize For Criticism Of Police, FBI. The Salt Lake Tribune (7/27, Rosetta) reports, "The weary, heartbroken parents of 5-year-old Destiny Norton on Wednesday thanked the community and the police officers who helped find their daughter's body. 'I want to thank the FBI and the police. The simple fact of the matter is they're the ones who brought my baby home to me,' a trembling Rickey Norton told reporters, gathered on the west steps of the City-County Building. Two of the couple's closest friends, whom the Nortons consider family, apologized to police and federal agents for prompting a near riot after Chief Chris Burbank announced Destiny's body had been found in the basement of a neighbor." The AP (7/27, Vergakis) reports, "The apologies…came as Salt Lake County prosecutors reviewed evidence to decide which charges to formally file against Craig Roger Gregerson, whose home Destiny Norton's body was found in. 'The FBI and police ... I know they got our child back,' Rachael Norton said. … Salt Lake City Police Chief Chris Burbank said detectives searched as much of Gregerson's home as they could without a warrant. It was after a warrant was received Monday that Norton's body was found in Gregerson's basement."

KCPW-TV Salt Lake City (7/26) adds that "Salt Lake City Mayor Rocky Anderson gathered the key players for a public reconciliation. 'They're basically decent people who were just very upset the other night. Without any hesitation they said they'd be more than happy to apologize to the

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police and the FBI,' said Anderson. The Nortons asked the public to focus on remembering Destiny, rather than the community's divisive response." KSL-TV Salt Lake City (7/26,Yi) notes, "It was certainly a moment of reconciliation to see the Nortons standing side by side with the police." The Deseret Morning News (7/27, Winslow) reports that charges are expected today against Gregerson and notes the Nortons' "tearful and heartfelt thank-you" to the police and FBI.

DC Mayor Calls For Study On Need For More Police. The Washington Post (7/27, A1, Montgomery, Klein) reports, "Calling for a review of police staff levels and deployment, D.C. Mayor Anthony A. Williams said yesterday that the District may need to hire hundreds of officers to meet the twin demands of a growing population and a rising crime rate. … 'We may have to go up to some higher number,' Williams said, adding that restoring the department to its past peak of 5,100 officers may be a possibility." The Post continues, "Williams (D), who is retiring in January, said he has spoken with Police Chief Charles H. Ramsey and other top officials about designing 'a really good, comprehensive review of deployment' so the city can determine 'what we need and what citizens want.' … 'It took a lot of work to get up to 3,800' officers, the size of the current force, Williams said. 'But I think looking at trends over the last four or five months,' he said, deployment 'is an important question, especially for the next mayor.'" The Post notes, "Williams said that a comprehensive study might indicate that 'we need additional troops out there in order to get 911 and citizen response to where it should be.' … Williams's comments, made yesterday during a news conference at the John A. Wilson Building and first reported by WRC (Channel 4), come when the District is enduring a spike in street crime, with some criminals targeting the Mall and other areas frequented by tourists. A surge in killings, robberies and armed assaults prompted Ramsey to declare a crime emergency July 11."

Jury Finds Yates Not Guilty By Reason Of Insanity. USA Today (7/27, Parker) reports, "Andrea Yates, the Houston woman who drowned her five children in a bathtub in June 2001, will be confined to a Texas mental hospital after a jury acquitted her by reason of insanity on Wednesday. … It was a dramatic outcome to a wrenching case that focused attention on mental illness. If convicted, she would have gotten life in prison." USA continues, "Yates, 42, had been serving a life sentence after a jury convicted her in 2002 of murdering three of the children. That conviction was overturned last year. … Under Texas law, Yates will be under the jurisdiction of Harris County state District Judge Belinda Hill, who oversaw both trials, for the rest of her life. She could be released only if Hill finds that Yates is mentally competent and no longer a danger to herself or others. … While hospitalized, Yates will be supervised 24 hours a day and treated by a psychiatrist, Parnham said. In prison, he said, she was living in a cell as a regular inmate and was treated for her mental illness."

The Los Angeles Times (7/27, Bustillo) reports, "The fact that Yates was mentally ill — she believed she was possessed by the devil and that the media had planted bugs in her house to record her poor parenting — was never in doubt during the four-week trial. Neither was the fact that she had committed the crimes: She called 911 minutes after killing the children and confessed. … But experts for the defense and prosecution disputed whether Yates was legally insane on the day of the murders. Under Texas law, defendants can be found not guilty by reason of insanity only if the defense proves that they did not know right from wrong." The Times adds, "The jury, which deliberated… over three days, found that the former high school valedictorian and nurse was not sane the day five years ago that she waited until her husband went to work and then drowned her children, one by one. It was a crime that had stunned the nation, and raised awareness of the most extreme forms of post-partum depression. … Yates appeared shocked when the verdicts were read and her supporters and family members began to weep behind her. Defense attorneys bowed their heads and tried to contain their emotion, while prosecutors stared straight ahead."

The Washington Post (7/27, A3, Rust) reports, "The latest verdict 'is a landmark decision that shows the public's dramatically increased understanding of mental illness and particularly postpartum depression,' said Betsy Schwartz, executive director of the Mental Health Association of Greater Houston. … But prosecutors were disappointed. They said Yates understood her actions were wrong and so did not meet the standard of insanity needed for acquittal. 'For five years, we've tried to seek justice for these children,' Assistant District Attorney Kaylynn Williford told reporters."

Release Of Women's Photos Draws Tips In California Case. The Los Angeles Times (7/27, Winton, Blankstein) reports, "When Los Angeles County Sheriff's Department deputies released photographs of some 50 women taken two decades ago by murderer Bill Bradford, they weren't sure what they would find. … Then the tips started flooding in -- more than 1,000 in the 24 hours after they sought the public's help Tuesday in identifying the women." The Times continues, "One woman called to say she was the person in photos 16 and 17-- and is very much alive. … Then Bradford's own daughter called in, saying that photo 48 was of his ex-wife and that she, too, is alive. … By Wednesday evening, detectives said they had tentatively confirmed that 24 of the women are alive and believe they

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had talked to about a dozen of them personally." The Times adds, "Most murder investigations begin with a victim and end with the arrest of a suspect. But sheriff's officials said Wednesday that the Bradford case is an investigation like no other. … 'This is a totally different case that what we are used to,' said Capt. Ray Peavy, head of homicide for the Sheriff's Department. 'Here, we think we know who the killer is, and we are trying to find the potential victim.' … The case has another twist: Peavy said the goal isn't to bring more charges against Bradford, who is already on Death Row after being convicted of killing two aspiring models in the 1984."

CIVIL LAW:

Boeing Reports Loss After Settling Defense Contract Charges. USA Today (7/27, Adams) reports, "Despite booming airplane sales, Boeing on Wednesday reported a $160 million second-quarter loss because of $1.1 billion in charges for defense-contract misconduct and delays." USA continues, "Most charges stem from a $615 million Justice Department settlement of investigations into the improper hiring of a former Air Force official and the misuse of data from competitor Lockheed Martin to win Pentagon contracts. Boeing said it will not claim a federal income tax deduction for the federal penalty. … Those scandals prompted former Boeing CEO Phil Condit to resign, and Boeing's former CFO and the Air Force official were sentenced to prison. In return for the record fine, the government didn't indict Boeing."

The New York Times (7/27, Wayne) reports, "The decision not to seek the tax deduction — even though the company maintained that it could — comes as Boeing is trying to improve its standing in Washington and as the company's chief executive, W. James McNerney Jr., is to appear on Tuesday before the Senate Armed Services Committee to face questions about the company's behavior." The Times adds, "Since becoming chief executive last year, Mr. McNerney has made ethics and integrity a top priority. Two previous chief executives resigned amid ethics scandals. … Boeing agreed in May to pay $615 million to end a three-year investigation and avoid criminal charges over allegations that it had improperly acquired proprietary documents from its rival, Lockheed Martin, and illegally recruiting a top Air Force weapons buyer who was overseeing Boeing contracts. … Shortly after the government settlement was announced, it ran into sharp criticism from some prominent senators, who wrote to the Justice Department expressing concern that Boeing could use the settlement to reduce its tax bill. These senators included Charles E. Grassley, an Iowa Republican and chairman of the Senate Finance Committee; John Warner, Republican of Virginia and chairman of the Senate Armed Services Committee; and John McCain, an Arizona Republican and a longtime Boeing critic who is also leading new investigations into weapons spending."

The St. Louis Post-Dispatch (7/27, McLaughlin) reports, "When Phil Condit ran the company, he talked infrequently to top executives at Boeing defense, insiders say. Condit's successor, Harry Stonecipher, was ousted last year after someone blew the whistle on his extramarital affair with a subordinate. … McNerney, at the helm for a year, has made it clear the defense business needs to be better. Meanwhile, Boeing's commercial airplane business is experiencing what McNerney described as unprecedented demand. … Still, Boeing lost $160 million in the quarter that ended June 30, compared to net income of $566 million in the year-earlier period, because of charges related to its defense business. The aerospace and defense giant's stock slid 4.6 percent, or $3.85, to $79.90."

The AP (7/27, Carpenter) reports, "The loss was Boeing's first since the second quarter of 2003 and came in a year in which its commercial aircraft business has outperformed rival Airbus SAS. … McNerney said the commercial airplanes business remains the company's growth catalyst, thanks to both an expanding market and strong sales of Boeing planes. He said the charges 'overshadowed solid fundamentals' during the quarter."

Report Finds Big Firms Benefiting From Federal Contracts Aimed At Small Businesses. The AP (7/27, Bass) reports, "At least $12 billion in contracts the government claimed it gave to small companies last year wound up instead in the coffers of corporate giants like Microsoft and Rolls Royce, greatly inflating the Bush administration's record of help to small businesses, Democratic congressional investigators say." The AP continues, "When small business contracts with large companies are excluded, the government missed for a sixth straight year a requirement that 23 percent of its $314 billion in annual contracts go to small businesses, House Democrats conclude in a report to be released Wednesday. .. There were two basic problems, the investigators said: Federal agencies miscoded thousands of contracts to big companies as small business awards. And many other companies that started small grew large or were purchased by corporate giants but continued to get small business contracts. … 'It's just unbelievable,' said Rep. Nydia Velazquez of New York, the top Democrat on the House Small Business Committee. 'We have just got to start holding agencies accountable.'" The AP adds, "Velazquez is asking the Government Accountability Office and internal watchdogs for the State, Treasury, Defense and Transportation departments to investigate their contracting procedures and see if criminal activity is involved. … Under federal law, representatives of large companies that falsely claim to be

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small firms can be punished with 10 years in prison, $500,000 in fines, and a permanent ban from doing government business. … House Republicans said much of the controversy can be attributed to small businesses that have prospered under the Bush administration, either adding enough employees to become a large company or being acquired by large businesses."

Watchdog Urges Better Information Flow Under FOIA. National Journal's Technology Daily (7/27, Noyes) reports, "Some federal agencies have taken proactive steps to boost the processing efficiency for document requests under the Freedom of Information Act, but future agency plans for action a decade after Congress updated the law for the Internet age dismay at least one watchdog." Tech Daily continues, "The 1996 changes to the 40-year-old law sought to improve public access to government information, particularly electronic records, and reduce lag time in responses to FOIA requests. Many government entities have promised more streamlined FOIA processes by mid-2007. … But Patrice McDermott, the director of OpenTheGovernment.org, told a House Government Reform subcommittee on Wednesday that two agencies that should set the standard -- the Justice Department and White House Office of Management and Budget -- are not yet serious about reform. 'There is no enforcement mechanism provided and no repercussions for ignoring these requirements,' she said in written testimony." Tech Daily adds, "The Government Management, Finance and Accountability Subcommittee first looked at FOIA in May 2005. Since then, President Bush has issued an executive order requiring agencies to review FOIA compliance and develop specific enhancement plans. … The administration directed agencies to designate a chief FOIA officer, establish an information-requester service center and provide blueprints for FOIA improvements to the attorney general and OMB by June 14. The White House expects a full report on FOIA progress in October."

CIVIL RIGHTS:

DOJ Says Cincinnati Is Complying With Police Reforms. The Cincinnati Enquirer (7/27, Klepal) reports, "The city of Cincinnati was notified today by the Justice Department that it has been in compliance for at least two years with 55 of the 81 items the federal government wanted monitored after the 2001 riots. … Those items include matters such as increasing police accountability, decreasing incidents of force being used against citizens, and creating a better way of tracking and dealing with citizen complaints against officers." The Enquirer adds, "The federal recommendations will now go to monitor Saul Green, who will review the city's progress and write a report in September confirming that the city is in compliance with the 55 items. … Green said the city is actually in compliance with more than 90 percent of the 81 items, but it must maintain that compliance for more than two years before the federal government stops monitoring."

Five Florida Prison Guards Plead Not Guilty In Sex Scandal. The AP (7/27) reports, "Five federal prison guards facing charges in a sex scandal that ended in a deadly shootout have pleaded not guilty to additional counts and are set for trial Oct. 30." The AP continues, "They initially had been charged with a single conspiracy count, but a federal grand jury last week added substantive charges, including witness tampering. They entered their pleas to the new charges Tuesday in U.S. District Court." The AP adds, "A sixth guard and a Justice Department special agent died during a June 21 gunfight that erupted when authorities went to the Tallahassee Federal Correctional Institution to make the arrests. Another agent was wounded. … The dead guard, Ralph Hill, pulled out a gun and began shooting, investigators said. None of the surviving guards have been charged in connection with the shooting."

Washington State Court Upholds Gay Marriage Ban. CNN's The Situation Room (7/26, Verjee) reported that the Washington State Supreme Court "has upheld a law banning same-sex marriages. It's the latest in a series of setbacks for gay rights advocates. Earlier this month, they lost battles over same-sex marriage in New York and in Georgia."

The New York Times (7/27, Liptak, Egan, 1.21M) reports that an "angrily divided" court ruled in a 5-4 decision that the state legislature "remained free to extend the right to marry to gay and lesbian couples. The four dissenting justices said the majority relied on speculation and circular reasoning to endorse discrimination."

The Washington Post (7/27, A3, Harden, 748K) reports that the "bitterly divided" court "produced "six separate opinions in rejecting the claim of 19 gay couples that they are victims of state-sanctioned discrimination that harms their children and their financial security. In its lead opinion, the Washington court insisted repeatedly that elected lawmakers have wide discretion to define marriage -- while judges do not. … The court ruled that gay couples challenging Washington's 1998 Defense of Marriage Act had failed to show that it denies them either a 'fundamental right' or equal protection under the law."

The Washington Times (7/27, Wetzstein, 88K) reports, "The four dissenting justices said the majority opinions 'condone blatant discrimination' against homosexuals because the 1998 Defense of Marriage Act (DOMA) 'was motivated solely by animus toward homosexuals.'"

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The AP (7/27, Woodward) reports, "Disappointment in Wednesday's decision was perhaps greatest in Seattle, home of the state's most visible gay community and the source of one of the original lawsuits seeking marriage rights for gay and lesbian couples. … The state Supreme Court overruled two lower courts that had found the state law, which limits marriage to opposite-sex couples, violated the state constitution. … However, three majority justices invited the state Legislature to take another look at the gay marriage ban's effect on same-sex couples."

Bush To Sign Voting Rights Act He Criticized As Texas Governor. The Washington Times (7/27, Dinan, 88K) reports that when he signs the Voting Rights Act extension today, he will renew a portion that "singles out 16 states as still practicing voting discrimination, including his state of Texas, where he was governor for six years, and part of Florida, where his brother is governor. Less than a decade ago, Mr. Bush fought that exact part of the Voting Rights Act, with his appointed secretary of state, Antonio O. Garza Jr., calling the provisions a burdensome and unnecessary federal intrusion into Texas' affairs."

Judge Rules Virginia Hoarder's Conviction Did Not Violate Rights. The Washington Post (7/27, B5, Schulte) reports, "Sam Shipkovitz first railed against what he called Arlington's 'neatness police' when officers declared his condo a fire hazard because it was crammed with too much of his stuff. They locked him out. So he sued the Arlington County hoarding task force in federal court, saying his civil rights were violated. … Now, a federal judge has dismissed his case." The Post continues, "County officials, stung by the publicity Shipkovitz's hoarding case generated, hailed the decision. 'Every count was found to be without merit,' Arlington spokeswoman Mary Curtius said." The Post adds, "The case was always a little unusual. … It all started in 1996. That's when Shipkovitz, who has a PhD in electrical engineering as well as a law degree and was working as a patent lawyer, moved into the Crystal City condominium owned by his friend Stephen Crossan. Crossan, who worked as a patent examiner, had just been found not guilty by reason of insanity of an arson charge and was committed to a state mental institution. … He was released in 2004 and came back to the condo to live with Shipkovitz. Mental health workers visited Crossan daily. It was one of those workers who in October became alarmed at the massive amount of junk in the condo -- paper, boxes, bags, newspapers, trash -- and called the fire marshal. … In his lawsuit, Shipkovitz contended that when the fire inspectors showed up Oct. 20, they were trespassing. Shipkovitz wrote that Crossan had opened the door only for the mental health social worker and didn't realize what was happening. … The county countered that Crossan willingly opened the door to the inspectors. U.S. District Judge Claude M. Hilton, in his June 22 order, agreed: 'There is no evidence that they engaged in any misconduct or violated any law while performing said inspection.'"

Prince George's County Whites Find Themselves In Minority. The Washington Post (7/27, A1, Parker) reports, "The swimming pool in Abby Hopper's Bowie development was already crowded when Hopper, her husband, their two toddler girls, her sister-in-law and her two young kids arrived in a cloud of plastic buckets, kickboards and Cinderella floaties. Just settling in was a huge production. Then, sitting in her lounger, Hopper finally looked around. There had to be 75 people at the pool. … They were the only whites." The Post continues, "Hopper, 35, felt that stab -- call it acute self-consciousness. She didn't know the people around her, and they didn't know her. What if Madeline made a splashy mess or Ellie took another child's floatie -- because that's what little kids do. What if the other moms thought her girls were some entitled-feeling white kids, with their entitled-feeling white mother looking on? … The pang passed as fast as it came. Hopper recognized a mom from the neighborhood toddler play group she helped organize and saw the family from down the street in the baby pool. Everything was back to being all good; just a regular these-are-the-people-in-my-neighborhood kind of thing." The Post adds, "Two years ago, the Hoppers moved from a nearly all-white neighborhood in Baltimore to Prince George's County, where Abby Hopper had grown up around all kinds of people. She says she wants that for her kids. Her husband, Greg, also likes that they got a lot more house for the money. … Whites moving into black neighborhoods often follow the pattern of gentrification: The influx leads to higher property prices, displacement of residents who can't afford to stay and lingering resentment. But the paradigm has shifted in Prince George's, one of the few suburban counties nationally with wide swaths of black wealth. … Some white families are being drawn by the upscale amenities of subdivision life at relatively bargain prices. There's little tension about displacement, because they move into neighborhoods with people of similar economic statuses, and by and large, they say they are being welcomed." The Post notes, "Decisions about where to lay your head and raise your family have been among those most resistant to the integrational ideals of the civil rights movement. But residents say the educated, affluent demographics of Prince George's help make integration calculations, and the conversations around them, a little easier for everybody."

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ANTITRUST:

Realtors Face Federal Probes Over Internet Listings. The National Law Journal (7/27, Baldas) reports, "Federal regulators are cracking down on the real estate industry for alleged anti-competitive practices on the Internet that hurt home buyers and sellers." The Journal continues, "At issue are claims that consumers are being denied access to all the homes listed for sale on public Web sites, such as Realtor.com, and that firms trying to offer cheaper services on the Internet are facing restrictions. … Most recently, the Federal Trade Commission filed a complaint on July 13 against the Austin Board of Realtors in Texas for allegedly violating antitrust laws by preventing certain sellers from marketing their listings on public Web sites. The FTC is looking into similar practices in Detroit, Indianapolis, Cleveland and Columbus, Ohio. … Also, a lawsuit against the National Association of Realtors is continuing to unfold in a federal court in Chicago, where the U.S. Department of Justice claims that NAR policies obstruct real estate brokers from offering better services and lower costs to online consumers. U.S. v. National Association of Realtors, No. 05 C 5140 (N.D. Ill.). … 'The FTC and Justice Department see a lot of consumer welfare at stake,' said attorney Mike Cowie, a former assistant director at the FTC who believes that the recent 'protectionist activity' by the real estate industry will trigger lawsuits. 'There likely will be litigation by smaller Internet-based retailers ... [who] would say they're being driven from the marketplace,' said Cowie, now an antitrust lawyer at Howrey in Washington, D.C. 'The FTC and the Justice Department have been out front on this.' Ralph Holmen, associate general counsel of the National Association of Realtors in Chicago, defended the real estate industry. 'This notion that there is an absence of competition in the real estate business is ludicrous. Look up and down the street and see how many real estate firms there are. And they're all over the Internet,' Holmen said."

Microsoft Antitrust Settlement Funds To Be Distributed. The Bay City News (7/27, Molin) reports, "California businesses and consumers who two years ago settled a $1.1 billion antitrust class action lawsuit against Microsoft will finally receive their shares starting next month, Townsend and Townsend and Crew LLP, the law firm representing the plaintiffs, announced today." BCN continues, "Hundreds of millions of dollars await some 720,000 Californians including more than 4,500 businesses that bought overpriced Microsoft software between 1995 and 2001 and filed claims before January 2005. The bulk of the $1.1 billion, nearly 80 percent, will go to businesses that purchased mass quantities of Microsoft computers with Windows operating systems and other Microsoft applications installed. … Many of those businesses have, however, agreed to donate two-thirds of their settlements to California public schools." BCN adds, "Townsend and Townsend and Crew LLP partner Richard Grossman said today schools could receive between $400 million to $600 million from the settlement 'at a time when they definitely need it.' … The vouchers, which range from less than $100 to hundreds of thousands of dollars, can be redeemed for cash when buying computer hardware and software products during the next four years. … 'We filed this case in 1999 because we saw an opportunity to use our expertise in technology and antitrust law to obtain justice for the millions of California consumers and businesses that were overcharged for their software as a result of Microsoft's illegal monopoly,' Grossman said."

Newspapers Attack Suit Brought To Block Sale. The San Jose Mercury News (7/27, Carey) reports, "Three newspaper companies on Tuesday mounted an attack against a San Francisco investor's antitrust lawsuit to block McClatchy from selling four former Knight Ridder newspapers, and MediaNews from acquiring them." The News continues, "The four papers are the Mercury News, the Contra Costa Times, the Monterey County Herald and the St. Paul Pioneer Press, which are being acquired by the Denver newspaper company in a complex $1 billion deal." The News adds, "Clint Reilly, a real estate investor, former campaign consultant and mayoral candidate, is seeking a court order to block the deal, contending that it is structured to give MediaNews, Hearst and MediaNews' California Newspapers Partnership 'market power, if not monopoly power, over the newspaper business in the entire Bay Area' in violation of federal antitrust statutes. … The newspaper companies portrayed the harm to Reilly as a subscriber and advertiser in the Bay Area papers as 'trivial' compared with the damage to them if Reilly succeeds in delaying the deal. … 'Simply put, the newspapers will languish under temporary ownership,' the Denver-based newspaper company said. … MediaNews said a delay could force it to reprice a $350 million loan commitment at a cost of $12 million, and may even jeopardize the company's ability to complete financing for the acquisition of the four papers."

Microsoft To Acquire Medical Software Firm. The Wall Street Journal (7/27, Paige) reports Microsoft Corp. "said it would purchase health-care software technology called Azyxxi, which was developed by three physicians to gather patient information from numerous sources and make it instantly available to caregivers." Azyxxi "was rolled out in the emergency department at MedStar Health's Washington Hospital Center in 1996. It gives physicians instant access to patient data, including things like X-rays and other diagnostic scans, along with routine clinical information."

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The New York Times (7/27, Lohr) reports that though the "purchase price… was most likely small," the company "has larger ambitions in the fast-growing market for health care information technology. Hospitals, doctors and policy makers worldwide have high hopes for saving money and improving the quality of care by moving health care into the digital age, handling patient records and tracking treatments electronically." Still, analysts say the plan "could be risky" since "the software" is "a homegrown system that has not been used outside of a few hospitals." Also, the deal puts Microsoft in the position of competing with a lot of its health care customers.

The Washington Post (7/27, Hart) notes "the purchase marks a strategy shift for Microsoft, which usually supports niche systems that use its legacy programs instead of seeking out an established product." But some analyst says "the high growth potential within health care could prove it a winning move."

The Seattle Business Journal (7/27) quotes Peter Neupert, VP of the Microsoft's health solutions group, as saying, "Azyxxi has demonstrated strong and clear benefits to physicians and other clinicians."

Orthopedics Firm Says Antitrust Probe Linked To Competitor's Email. The Wall Street Journal (7/27, Kamp) reports, "The Justice Department's antitrust probe of the orthopedics sector was prompted by a company representative's attempt to coordinate an industry response to a hospital pricing request, according to Zimmer Holdings Inc." Five orthopedics companies "announced last month they had received" a DOJ "subpoena for several years worth of documents regarding possible federal criminal and antitrust-law violations." The DOJ "has confirmed" the antitrust probe.

Attorney Ratchets Up Attack On Hollywood Idea Theft. The New York Times (7/27, Weiner) reports, "In December the screenwriters Aaron and Matthew Benay filed a lawsuit here accusing Warner Brothers and others of stealing the idea for 'The Last Samurai' from their screenplay of the same name. Three months later, another writer, Reed Martin, sued Focus Features and the director Jim Jarmusch, among others, saying they lifted 'Broken Flowers' from his work. Shortly before that, yet another aggrieved writer, Maurice Fraser, filed suit against NBC Universal, saying it had taken the concept for its upcoming reality show 'World Vision: An American Anthem' from his pitch 'Battle of the States.' … What the three legal actions share — other than the writers' not uncommon belief that someone in Hollywood has robbed them — is a connection to John A. Marder, a lawyer who has been quietly upping the ante when it comes to messy accusations of idea theft." The Times adds, "The latest in a long line of gadflies who contend that it's their job to keep the studios honest, Mr. Marder has spent the last two years capitalizing on having won a federal appeals court decision that makes it easier for writers who pitch an idea or circulate a script to make a claim of theft stick. .. . The decision, in a case in 2004 called Jeff Grosso v. Miramax Film Corporation, held that studios, producers and anyone else who considers an idea offered for sale can't rely on the federal Copyright Act in fighting claims that they have entered under an implied contract to buy it for fair value if it's found acceptable. That ruling, by the United States Court of Appeals for the Ninth Circuit in California, gave writers a way to sidestep the difficulties of a copyright claim — and opened the door to a growing stack of suits that are keeping Hollywood's legal machinery even busier than usual."

Friendster Linking Patent Could Hurt Rival Sites. The Wall Street Journal (7/27, Vara) reports, "Friendster Inc., known for bringing people together, could wind up making enemies among its peers. … Last month, the Web company was awarded a patent related to searching for people online based on their relationships, and it expects another patent to come through soon." The Journal adds, "Now, company executives are weighing their options, including whether to sue rivals. 'We want to protect our intellectual property,' says Kent Lindstrom, Friendster's president. 'We're evaluating what we should do.'" The Journal adds, "Patent controversies have become a familiar hazard on the Web as companies seek protection for emulating real-world concepts in virtual environments. For Friendster, patents could be an important new asset as it tries to reinvent itself. Many Web users have ditched it in favor of trendier rivals like Facebook Inc. and News Corp.'s MySpace. In June, the number of monthly U.S. visitors at MySpace tripled from a year earlier to 45.8 million, and visitors at Facebook doubled to 7.9 million, according to Nielsen/NetRatings, which tracks Web traffic. The number of visitors to Friendster is still under one million."

EMI Ends Warner Music Bid Talks. The Financial Times (7/27, Terazono, Edgecliffe-johnson) reports, "EMI has shelved its pursuit of Warner Music two weeks after a European court judgment cast doubt on whether regulators would allow further consolidation in the music industry." The Times continues, "The UK group is expected to confirm its decision to the London Stock Exchange on Thursday. This may prompt a statement from Warner, which had attempted a counter-offer after EMI's approach. EMI is likely to leave open the prospect of reopening merger talks if the regulatory climate improves." The Times adds, "EMI is understood to have had meetings this week and decided that the court's ruling that Sony BMG's 2004 merger would have to be reviewed threatened six to 12 months of regulatory

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uncertainty, during which any deal would be unacceptably risky. … People close to Sony BMG fear the group could be tied up for a year while the European Commission revisits the 2004 ruling, which allowed Sony of Japan and Bertelsmann of Germany to combine their music interests."

The Wall Street Journal (7/27, Smith) reports, "EMI and Warner, the world's third- and fourth-largest music companies by market share, had been locked in a battle to buy each other since May. Each company has floated two proposals to buy the other, but all four proposals have been rejected. Even after the last rejection by Warner, EMI had continued to insist that its offer was beneficial. … The effective withdrawal comes on the heels of a ruling by a European Court that called into question the viability of another big music merger, that of Sony Corp.'s Sony Music and Bertelsmann AG's BMG, which in 2004 were joined to create Sony BMG Music Entertainment. … That ruling, issued nearly two weeks ago by a European Union court in Luxembourg, clouded the already-murky regulatory prospects for an EMI-Warner deal. It could take as long as a year for European antitrust regulators to re-review the Sony-BMG merger. Their new verdict in that matter is viewed as a likely bellwether for the prospects of an EMI-Warner tie-up."

The New York Times (7/27, Leeds) reports, "The two companies had a formal merger proposal in 2000, but pulled the plug amid objections from European Union regulators. Then, EMI tried to buy Warner Music from its former parent, Time Warner, in 2003, but lost out to a consortium of private investors led by Edgar Bronfman Jr., the former Seagram chief executive. Mr. Bronfman's team purchased the music unit for $2.6 billion and later took it public. … Many analysts continue to believe the two companies will eventually combine, a deal that would create the world's second-biggest music company and yield hundreds of millions of dollars in cost savings after overlapping functions and jobs are cut. … But the end of the most recent negotiations solidifies the industry's lineup of four major music companies. EMI and Warner rank as the third- and fourth-largest music companies by market share, and both trail their bigger rivals, Sony BMG, and the Universal Music Group of Vivendi, the industry's biggest player."

ENVIRONMENT:

Gulf Drilling Measure Moves Toward Passage In Senate. The New York Times (7/27, Janofsky, 1.21M) reports the Senate "moved closer on Wednesday to passing a bill that would expand energy production in the Gulf of Mexico." A procedural vote "of 86 to 12 allowing the debate to begin signaled wide support for opening up large new tracts for drilling. Thirty-one Democrats and one independent joined all but one Republican, Olympia J. Snowe of Maine, in the early test vote, usually a strong indicator of a bill's potential to pass with bipartisan support." But the "consensus may be fragile, and the bill, if approved in a final vote that is expected next week, would still have to be reconciled with a very different drilling bill approved by the House."

CQ (7/26, Tollefson) reports, "The 86-12 vote to invoke cloture paved the way for floor consideration. The critical vote will come early next week when Republican leaders try to shut off debate and pass the bill itself." The Senate bill (S 3711) "would open up for energy development about 8.3 million acres of the eastern Gulf of Mexico, including 2.5 million acres within a section known as 'Lease Area 181.'"

The Wall Street Journal (7/27, Fialka, 2.03M) reports as the Senate "began debate, the White House issued a statement supporting the bill, while expressing some concern about the royalty-sharing provisions. Senate leaders hope the White House will press House Republican leaders to accept the Senate proposal, rather than push for a more ambitious House-passed plan to open both the Atlantic and Pacific coasts to offshore exploration." Sen. Jeff Bingaman of New Mexico, "a ranking Democrat on the Senate Energy Committee, opposed the measure, complaining that it will share federal royalty payments with four Gulf Coast states that rightfully should belong to all 50 states."

The Washington Times (7/27, Bellantoni, 88K) reports Senate Minority Leader Harry Reid "scolded Republicans for not adopting Democratic energy proposals this year. 'This bill will do little or nothing to fix America's energy crisis or the failed Bush-Cheney energy policies,' Mr. Reid said. 'This country needs a crash course to develop alternative and renewable energy.'"

WSJournal Hopes House Bill Emerges From Conference. The Wall Street Journal (7/27, 2.03M) says in an editorial, "Gasoline prices reached an all-time high last week, and, lo, the Senate seems finally to have noticed. Against all odds, that body may at last allow a limited expansion of offshore oil-and-gas drilling to increase U.S. energy supplies." The bill is "still worth passing, however, if only to get to a conference with the House, which last month gave the states authority over offshore drilling up to 100 miles out." In short, "the House bill offers greater protections to anti-drilling states, which would no longer be at the mercy of federal policy whims. Yet this is precisely what seems to worry environmentalists, who hold disproportionate sway in Washington and fret that state voters might actually support more drilling if it were safe and profitable."

WPost Faults Bill For Not Mandating Cuts In Energy Consumption. The Washington Post (7/27, A24, 748K) says in an editorial that the Senate bill "has problems, but the basic concept of increasing offshore production is sound. What is not sound, however, is the apparent refusal by the Senate leadership to allow consideration of an amendment to increase auto fuel economy standards. With energy prices

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high, the temptation to deal only with supply shortages is perhaps understandable. But it makes no sense to think about America's energy problem without serious attention to how to cut energy consumption."

Energy Department Says Gasoline Prices To Remain Near $3 Per Gallon. The Wall Street Journal (7/27, Heinsohn, 2.03M) reports the Federal Energy Information Administration said "retail gasoline prices can be expected to hold near $3 a gallon until the beginning of September." No "significant price declines are seen before Labor Day, when demand typically drops, the EIA said in its weekly analysis of petroleum data." Price increases "above the $3.003-a-gallon average national price seen for the week ended July 21 are possible, said the agency, the statistical and analytical arm of the Department of Energy."

New Political Will For Yucca Project Fails To Sway Nevada Opposition. The Christian Science Monitor (7/27, Bradley, 58K) reports that it was over the protests of the Nevada congressional delegation that the Energy Department "announced last week that Yucca will begin accepting the nation's spent nuclear fuel by 2017." Despite the "shifting economic and political winds…policymakers and others are still wrestling with questions about spent nuclear fuel. For its part, the DOE says its new dumping date is still a best-case scenario. But the new timetable, and a new political will for the project, have hardly swayed the senators of Nevada from their opposition." A spokesman for Senate Minority Leader Harry Reid called the timeline "a wish list by the people who are trying to turn the state of Nevada into the nation's nuclear dumping ground."

Ohio Court Rejects Supreme Court's View On Eminent Domain Case. The New York Times (7/27, Urbina, 1.21M) reports, "The Ohio Supreme Court ruled unanimously yesterday that a Cincinnati suburb cannot take private property by eminent domain for a $125 million redevelopment project. The property rights case was the first of its kind to reach a state's highest court since the United States Supreme Court ruled last year that municipalities could seize property for private development that public officials argue would benefit the community. The Ohio decision rejected that view, and is part of a broader backlash."

USA Today (7/27, 2.27M) reports, "The decision was a blow to the city of Norwood, which had counted on $2 million a year in additional tax revenue to help balance its budget."

Professor Says His Data Has Been Misinterpreted To Dispute Global Warming. Peter Doran, an associate professor of earth and environmental sciences at the University of Illinois at Chicago, writes in the New York Times (7/27, 1.21M), "My research colleagues and I found that from 1996 to 2000, one small, ice-free area of the Antarctic mainland had actually cooled." The study "offered no evidence that the earth was cooling. But the misinterpretation" has "become legend." Doran adds, "Our results have been misused as 'evidence' against global warming by Michael Crichton in his novel 'State of Fear' and by Ann Coulter in her latest book, 'Godless: The Church of Liberalism.'" Doran adds, "I would like to remove my name from the list of scientists who dispute global warming. I know my coauthors would as well."

FBI/DEA/ATF/USMS:

Mueller Announces FBI Restructuring Plan, Including New WMD Directorate. The Washington Post (7/27, A23, Eggen, 748K) reports, "The FBI yesterday announced the creation of an investigative division focused on weapons of mass destruction, part of Director Robert S. Mueller III's latest reorganization plan aimed at gathering intelligence and preventing terrorist attacks. In addition to the new WMD Directorate, Mueller told reporters he has hired an associate deputy to oversee finances and other administrative duties, and is adding or reshuffling several other senior positions." Mueller "characterized the latest moves as the third phase of a process aimed at making the FBI into an agile and modern domestic intelligence agency." However, the Post notes, "The transformation has been complicated by turnover as dozens of high-ranking FBI executives have been lured to the private sector by fat salaries and generous benefits. Mueller said that while he is 'not asking anyone to sign a blood oath,' he hopes the reorganization will help with retention. 'My expectation is that we'll be stable for the foreseeable future,' he said."

In a story distributed by McClatchy Newspapers, the Chicago Tribune (7/27, Zajac, 623K) reports, "The establishment of a directorate for mass destruction weaponry reflects a desire to coordinate information about the possibility of attacks, which…Mueller characterized as 'a substantial concern.' 'It is fair to say that anyone who is concerned about the safety of this country and the future, the concern is weapons of mass destruction and particularly weapons of mass destruction in the hands of terrorists,' Mueller said Wednesday as the personnel changes were unveiled. Vahid Majidi, the head of the new directorate, said his responsibilities include 'any use of WMD,' ranging from a so-called 'white powder hoax' involving the mailing of harmless substances to efforts to set off a nuclear bomb in the United States." The Tribune also notes, "The stage for the latest reorganization was set by a wave of retirements of top managers," but "Mueller said he thinks the revolving door has slowed for a while."

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Under the headline "A Redeployment At A Realigned FBI," the Los Angles Times (7/26, Schmitt) reports, "The FBI broke with one of its most storied traditions Wednesday, announcing changes in its top management that, rather than elevating onetime agents, tapped officials with extensive experience outside of the bureau for several key positions." Mueller's "moves were a tacit acknowledgment of troubles the FBI has had keeping up with advancements in areas such as science, computer technology and human resources. … The personnel shuffle, Mueller said, was aimed at 'areas where we need expertise from the outside … to enable us to do the investigative and intelligence functions that are at the heart of what we do.' He added: 'If you come into the FBI as an agent, … you come in wanting to be an investigator. So bringing in people with [different] expertise is important.'" The Times notes, "Mueller's moves won praise from those pushing for the bureau to chart a new course."

In a widely-distributed story, the AP (7/27) focuses on the creation of the WMD directorate and adds, "Al Qaida's leadership has been damaged by U.S. anti-terror efforts over the past five years, but the group retains the capacity to launch a future attack on the United States, Mueller said. And a growing number of people in the United States who have no affiliation with al Qaida nevertheless share its view that 'the killing of innocents to meet an end is acceptable,' said Philip Mudd, the No. 2 official in the FBI's new national security branch." USA Today (7/27, 7A, Johnson, 2.27M) also briefly reports on Mueller's announcement, under the headline "New FBI Unit Focuses On Preventing WMD Attacks."

FOXNews.com (7/26) notes, "Mueller said the new changes will be good for both the function of the agency and its finances. 'We are better able to have leadership from the top down. ... We can align our personnel and our budget,' Mueller told reporters during a briefing at Justice Department headquarters." The "changes will include a new position that Mueller said is aimed at maintaining the 'business side of the house' of the agency. That position will be filled by new Associate Deputy Director John Ford, who will be in charge of personnel, budget, administration and infrastructure capabilities. … The new post is meant to give Mueller and Deputy Director John Pistole more time to deal with 'programmatic' issues."

Federal Computer Week (7/26, Hardy) adds, "In addition to Ford's appointment, several other new leaders have been brought to the Washington, D.C., headquarters office and the organizational chart has been redrawn. Mueller said he resisted using the word reorganization. 'People call it a reorganization, but really it's a realignment of responsibilities,' he said. … The FBI began planning changes immediately after the 2001 terrorist attacks to fight the emerging threat more effectively, Mueller said. 'This has taken a tremendous amount of time to come to fruition,' he said."

House Panel To Criticize Administration Implementation Of Intelligence Reforms. CQ (7/27, Starks) reports the House Intelligence Oversight Subcommittee "has concluded that the Bush administration has been slow to implement major changes in information sharing and other key provisions of the 2004 law that overhauled the U.S. intelligence community." The "report, which is scheduled to be officially released Thursday, found that the administration has failed to revamp its approach to information analysis, neglecting large swaths of potentially useful data," and it says that the DNI "has done a poor job of prioritizing key tasks." CQ notes, "Every member of the subcommittee signed on to the final report — a rare moment of bipartisan agreement on the once nonpartisan Intelligence panels in the House and Senate." CQ adds that one unnamed source said DNI John Negroponte "took issue with some aspects of the report, especially the conclusion that the administration has shown a lack of urgency."

Threats Against Federal Judges Are Up. The US Marshals Service says threats against federal judges and other court employees have reached record levels. USA Today (7/27, Leinwand, 2.27M) reports, "The number of threats in fiscal year 2005 increased 63% from 2003. Marshals investigated 953 threats and inappropriate communications in 2005. Threats this fiscal year, which began Oct. 1, are outpacing last year: Marshals have investigated 822 incidents."

Investigation Of Khat Distribution Network Leads To At Least 30 Arrests. The New York Times (7/27, Fahim) reports law enforcement authorities yesterday "arrested 30 members of what officials called the largest khat distribution network in the United States, an organization that they say smuggled up to 25 tons of the plant, earning up to $10 million a year by selling the drug in cities like San Diego, Minneapolis and New York. … And while officials said that they had seen few new users trying the drug, they stressed that acting against the traffickers would forestall an increase in popularity here. 'We hope that khat never becomes a mainstream drug of choice,' said John P. Gilbride, the special agent in charge of the federal Drug Enforcement Agency's New York office. He said the traffickers often shipped the drug through European countries where it is legal, including England."

Long Island Newsday (7/27, Destefano) reports officials said they also "broke up an informal banking system known as 'hawalah,' allegedly used to ship khat proceeds back to Africa. Fresh leaves of the khat plant, known as 'bushman's tea' and 'African salad,' are classified as controlled substances under U.S. law. The plant, which is native to

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northeast Africa and parts of the Arabian peninsula, must be harvested and brought to consumers in about 48 hours or it chemically breaks down, investigators said."

McClatchy Newspapers (7/26, Taylor) reports federal prosecutors "charged 62 people Wednesday with smuggling more than 25 tons of the African plant khat into the United States. … Federal agents are investigating allegations that the group may have links to warlords in the Horn of Africa region, which covers Somalia and Ethiopia. … By late Wednesday afternoon, agents from the Drug Enforcement Administration and the FBI had arrested 45 people, including 10 in Minneapolis and 12 in Seattle."

The Boston Globe (7/27) reports agents from the DEA and FBI "arrested 42 people in cities from New York and Boston to Minneapolis and Seattle after an 18-month investigation dubbed Operation Somali Express. … The DEA said the suspects used a complex international system to smuggle about $10 million in khat, some of it through Logan International Airport."

Khat Seen As Part Of Somali Social System. According to the AP (7/26, Caruso), prosecutors "announced the indictment of 44 people in New York on Wednesday on charges that they helped bring 25 tons of the plant into the U.S. in recent years. All but 14 of the suspects were under arrest after a series of sweeps in several states. … The wave of arrests Wednesday bothered Omar Jamal, the executive director of the Somali Justice Advocacy Center in St. Paul, Minn. He said the drug is routinely used among immigrant Somalis in the U.S. 'I think it is very sad because khat is linked to Somali culture,' he said. 'It's part of the social system.'"

In a sidebar, the AP (7/26) provides more information about khat and writes, "Users chew khat leaves to generate feelings of alertness and euphoria." The AP story was published in newspapers and/or posted on the Web sites of FOX News, the Boston Herald, Staten Island Advance, and Jamaica Observer.

Seattle-Area Residents Arrested In Khat Investigation. The Seattle Times (7/27) reports 14 Seattle-area residents "were arrested…during early morning raids aimed at breaking up an international smuggling operation that allegedly brought into the U.S. up to 25 tons of khat, a highly-addictive drug cultivated in eastern Africa." The raids "were part of a larger federal investigation begun 18 months ago by the New York office of the Drug Enforcement Administration (DEA), according to the U.S. Department of Justice. DEA agents five months ago linked Seattle suspects to their international inquiry, which allegedly involved the use of Federal Express and other courier services to deliver shipments of frozen khat, also spelled qat, and fresh khat leaves wrapped in banana leaves."

The Seattle Post Intelligencer (7/27) writes that DEA agents "arrested 14 members of greater Seattle's Somali community, each on two felony counts of conspiracy to import and distribute the drug that is commonly chewed like tobacco in countries such as Somalia, Yemen, Kenya and Ethiopia. If found guilty, they could face up to 20 years in prison and a $1 million fine. All 14 pleaded not guilty and were held pending further court appearances."

Khat Money Trail Said To Lead To Terrorist Strongholds. On its Web site, ABC News (7/26) writes, "The use of khat, whose sale has ties to terrorists, has had devastating effects in East African immigrant communities. Khat is a leafy vegetable resembling lettuce, but it has the stimulant effect of a methamphetamine. A money trail from its sale leads back to terror strongholds in Yemen, Somalia and Kenya." ABC adds, "Chris Giovino, the special agent in charge of the Organized Crime Drug Enforcement Task Force, said to ABC News that his concern was that khat, which can appear innocuous, would spread to a broader market of U.S. youths seduced into chewing khat by its organic nature."

ABC's Nightline (7/26, 11:30 p.m.) also aired a story from correspondent Chris Cuomo, who "spent eight weeks with a handpicked team of New York Police Department officers, Drug Enforcement Administration, FBI, Customs and IRS agents and state police officers as they seized shipments, entered money exchanges, conducted surveillance, and finally indicted 44 individuals." In its report on "Operation Somali Express" Nightline added, "There is a new illegal drug in town that comes from Somalia and Kenya and is being compared to meth. It's called khat. The leafy green plant is grown and processed in Africa, sent to Europe and then over to the United States. U.S. officials worry about the money that is generated from this drug going into the hands of war lords who are fiercely anti American."

On its Web site, KTVT-TV, Dallas-Fort Worth (7/27) reports the DEA "announced a record large seizure of 25 tons of khat worth more than ten million dollars and the arrests of a forty-four member international narcotics trafficking organization. An 18-month investigation resulted in the indictment of a United Nations' employee who is accused of using a secure diplomatic pouch to smuggle khat. The organization also allegedly smuggled khat using human mules on international flights and shipments by overnight express packages."

Local TV Coverage. KOMO-TV, Seattle-Tacoma (7/26, 5:00 p.m.) reported, "Undercover drug agents tell us this surveillance tape shows members of an alleged drug gang walking away from a Seattle stash house. Agents say those white plastic bags are filled with a dangerous drug called khat. When chewed, agents say the khat leaf is a powerful and dangerous stimulant, much like methamphetamine. The Feds say the Seattle gang sold tons of it on the street, and made millions. … They appeared in

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federal court this afternoon, charged with importing and distributing khat."

KSTP-TV, Minneapolis-St. Paul (7/26, 10:00 p.m.) reported, "The drug is called khat. It's legal in some countries, but it is banned here. A series of overnight raids in eight states cap a two-year investigation, and today 44 people were indicted. … This federal indictment alleges the money trail from khat sales stretches from Minnesota to Somali, Kenya, and Yemen, and into the hands of drug lords. … The 18-month investigation netted more than 25 tons of khat, worth more than $10 million. Khat, a leafy vegetable grown in east Africa, is chewed in the Somali culture for its euphoric effect. Fourteen Minnesotans face charges for trafficking the drug."

WSYX-TV, Columbus, Ohio (7/26, 11:00 p.m.) reported, "Khat in Columbus. The new and dangerous drug brings the DEA to central Ohio. … Arrests were made in Ohio. … The bust means that khat popularity across the country is growing. And while nationally, drug agents are just now targeting khat. It's not a new problem here in Columbus. It may not look like your typical street drug, but law enforcement officers fear it may soon become the drug of choice for [young people]."

WGME-TV, Portland-Auburn, Maine (7/26, 11:00 p.m.) reported, "Federal drug agents arrested 33 people in Boston, New York and Seattle earlier today and charged 11 more, accusing them of operating a khat distribution ring. Khat is a plant popular in Somalia and other parts of East Africa that, when chewed, is a powerful stimulant that induces euphoria. But it also has a host of possible side-effects, including cancer and outbursts of irrational violence. … Federal authorities say this was an 18-month long investigation involving 25 tons of khat."

Trainer Expected To Remain Silent As Investigation Of Bonds Continues. According to the AP (7/27, Elias, Kravets), "Lawyers for Barry Bonds' personal trainer say he'd rather go back to prison for a third time than take part in the grand jury investigation of his childhood friend for tax evasion and perjury. … Greg Anderson is expected to be called Thursday before a new grand jury investigating the San Francisco Giants slugger. But the trainer is expected to renew his vow of silence."

Former Chicago Hells Angels Leader Is Sentenced. The AP (7/26) reports a former Chicago Hells Angels leader "was sentenced to more than nine years in prison for his part in a decade-long racketeering and narcotics ring. Melvin Chancey, 38, pleaded guilty in January to federal racketeering and drug charges, admitting that he dealt cocaine and methamphetamine in the 1990s while conspiring with fellow bikers to threaten and intimidate other motorcycle gangs."

In Bolivia, New Coca Programs Said To Be Increasing Cocaine Production. The Washington Times (7/27, Arostegui) reports Counternarcotics officials "say the number of cocaine laboratories in Bolivia has almost doubled in the seven months since Evo Morales…was elected president. … Critics say new programs allowing farmers to cultivate small plots of coca are contributing to the rise in cocaine production. … Although units remain in Bolivia, the U.S. Drug Enforcement Administration is 'taking a lower profile,' said law-enforcement officials, who also describe a 'scaling back' of U.S.-sponsored military and police operations."

Illinois Trooper Pleads Guilty To Gun Charge. The St. Louis Post-Dispatch (7/27, Jonsson) reports, "One of three Illinois State Police officers charged this year with illegally possessing submachine guns pleaded guilty Tuesday, authorities said." The Post-Dispatch continues, "Senior Master Trooper Greg Mugge, 52, of Jerseyville, pleaded guilty to one charge of possession of an unregistered machine gun, according to federal prosecutors. Mugge, a 21-year veteran of the department who was assigned to District 18 in Litchfield, faces a maximum penalty of 10 years in prison and a fine of up to $250,000. His sentencing is scheduled for Oct. 27." The Post-Dispatch adds, "Mugge could not be reached Tuesday, and an attorney representing the trooper declined to comment on the plea, made in the federal district court in East St. Louis. … Mugge and two Illinois State Police officers from District 11 in Collinsville were placed on paid leave after they were charged earlier this year with having submachine guns at their homes. As Illinois State Police officers, they are allowed to handle submachine guns legally for their jobs, but they could not have them at home, according to prosecutors. Submachine guns fire a steady stream of bullets with a single squeeze of the trigger. … Mugge and the others, Sgt. James V. Vest of O'Fallon and Special Agent John Yard of Collinsville, had pleaded not guilty earlier this year. Another man, Dr. Harold Griffiths, 69, of Spaulding, Ill., was charged with lending one of the weapons to Yard, who said he fired it and gave it back to Griffiths, who then lived in Glen Carbon. … The case was investigated by the Bureau of Alcohol, Tobacco, Firearms and Explosives. The ATF interviewed the officers in late December. At that time, according to court documents, Mugge admitted on videotape to possessing a Colt rifle that had been converted to function in a fully automatic mode. Mugge told the ATF that he had obtained the submachine gun in the late 1970s or early 1980s from a licensed dealer who is now dead, according to the court documents."

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Maine Gun Laws Said To Attract Out-Of-State Dealers. The Bangor Daily News (Maine) (7/27) reports, "The Brady Gang came to Maine in the fall of 1937 for the same reasons 21st century criminals venture north of Boston - fall foliage, seafood and guns. … Not much appears to have changed since the FBI gunned down Public Enemy No. 1 Al Brady and his cohorts on Oct. 12, 1937, on Central Street in Bangor" The News continues, "Easy access by Interstate 95 and the state's gun laws have lured illegal gun dealers from eastern Massachusetts to rural Maine to buy guns for resale in Boston, a law enforcement official in the Hub said last year. … Two cases pending in federal courts in Boston and Bangor show that over the past four years more than 40 guns have been purchased legally in Maine for illegal resale in Massachusetts. About one-third of them have been recovered from crime scenes and traced to their previous owners in Maine." The News adds, "The issue drew media attention outside the Bay State in March when Boston officials and the nonprofit group Stop Handgun Violence unveiled a big billboard on the Massachusetts Turnpike that criticized gun laws in other states. The billboard, which since has been removed, singled out Maine, New Hampshire, Vermont and Georgia as states, along with 29 others, that allow private owners to sell guns without criminal background checks of potential buyers. … 'The proximity of New England states with less restrictive [gun laws] makes firearms more accessible to people here in Massachusetts,' Sgt. Thomas Sexton, a Boston Police Department spokesman, told The Boston Globe last year. … Sexton's comments angered Thomas Colantuono, the U.S. attorney for New Hampshire, who in December said the accusation that lax gun control laws in northern New England were partly responsible for a rise in gun crimes in Boston was 'an urban myth.' … Maine's U.S. Attorney Paula Silsby said Tuesday that guns have been traced to Maine from crime scenes in Boston, but she did not call for stricter gun laws. Her office consistently is in the top three U.S. Attorney's Offices in the nation for the number of gun cases it prosecutes."

IMMIGRATION:

DHS Program Aims To Reduce Hiring Of Illegal Immigrants. The New York Times (7/27, Preston, 1.21M) reports US Immigration and Customs Enforcement has unveiled designed to "induce employers to stop hiring illegal immigrants and to report those they find on their payrolls." Doing so would give employers a certification that they have a "clean bill of health on hiring." The Washington Times (7/27, Hudson, 88K) reports that employers can "avoid hefty fines and jail sentences" through the program. DHS officials "say business owners have inundated the department with requests on how to prevent illegal hiring. 'There has been a real cry for help from employers who want to do the right thing,' ICE spokesman Dean Boyd said."

DHS To Seek Fingerprinting Of All Legal Permanent Residents At Border Crossings. The New York Times (7/27, Lipton, 1.21M) reports a planned expansion of the US-VISIT program that DHS will announce today would subject "the nation's estimated 12 million legal permanent residents…to fingerprinting every time they re-entered" the US. The "new security checks would be used at all international airports, seaports and land borders."

Ex-Official To Testify CIS Not Prepared To Handle Guest-Worker Program. The Washington Times (7/27, Dinan, 88K) reports Michael Maxwell, the former head of the internal affairs division of US Citizenship and Immigration Services, will today tell the House Judiciary Committee's immigration subcommittee that the CIS "still isn't ready to handle a massive guest-worker program." According to his prepared statement, Maxwell will say, "An administrative and national-security nightmare already exists" at the agency, and "implementation of the Senate bill would codify the nightmare and ensure that the criminals, terrorists and foreign intelligence operatives who have already gamed our immigration system are issued legal immigration documents and allowed to stay permanently."

CIS Security Breach Is "Latest In A String Of Embarrassments." In a related item, the Washington Times (7/27, Hurt, 88K) also reports a CIS employee "distributed the personal and private employment information of thousands of her fellow workers last week, raising concerns that those responsible for granting visas and other immigration benefits could be exposed to outside influence." The Times headlines the story, "Security Breach Raises New Doubts On CIS Capability," and says it "is the latest in a string of embarrassments for the agency."

Total US Enforcers On Mexico Border Could Reach At Least 15,000. The Christian Science Monitor (7/27, Wood, 58K) writes about the deployment of additional US troops on the border with Mexico. With President Bush's Operation Jump Start, "which aims to deploy as many as 6,000 National Guard troops" along the border, the "total number of US enforcement personnel on the southern border will be at least 15,000 -- four times what it was in 1994. The question now is, will this latest US crackdown be enough?"

Kondracke Says Pence-Hutchison Plan Offers Chance For Reform This Year. In his Roll Call (7/27) column, Morton Kondracke writes that it is "possible -- not likely, but possible -- that immigration reform could pass this year. Prospects are grim because House Republicans seem dug in on their plan to fight illegal immigration, period, while the Senate wants to combine border and workplace enforcement with work permits and an opportunity for illegal immigrants to become legal residents and citizens." But a

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proposal by Rep. Mike Pence and Sen. Kay Bailey Hutchison "designed to unify House and Senate Republicans" would "toughen border security and employer sanctions for a two-year period before other measures kick in. Then, illegal immigrant adults from Latin American countries would return home for a brief period, undergo background checks," and then be permitted to return to the US under well-defined rules.

Fund Calls For Revival Of Bracero Program. In the Wall Street Journal (7/27, A13, 2.03M), John Fund calls for a revival of the Bracero program, created in 1942 "to address wartime labor shortages." Legal guest workers "were given contracts that specified their pay and living conditions" and "dome 300,000 Mexican workers entered the U.S. legally every year. As the nonpartisan Congressional Research Service noted in 1980, 'Without question, the Bracero program was…instrumental in ending the illegal alien problem of the mid-1940s and 1950s.' … The striking success of the Bracero program ought to stand as an historical signpost in considering our own immigration situation."

TAX:

Judge Bars Statements Made To US In KPMG Tax Shelter Case. The New York Times (7/27, Browning) reports, "The federal judge overseeing a big tax shelter trial ruled yesterday that two former partners at the accounting firm KPMG had been coerced into talking to prosecutors before their indictment and that their statements could not be used as evidence." The Times continues, "The ruling, by Judge Lewis A. Kaplan of Federal District Court in Manhattan, was his second major challenge to the tactics used by federal prosecutors in white-collar cases. It is also the latest blow to what the government says is its largest criminal tax case ever." The Times adds, "Sixteen former employees of KPMG and two outside professionals are accused of making and selling abusive tax shelters to wealthy investors that cost the Treasury billions of dollars in unpaid taxes. The 18 were indicted last fall, after KPMG reached a $456 million deferred-prosecution agreement with the Justice Department in August. Under its deal, KPMG admitted criminal wrongdoing and agreed to cooperate with the widening investigation. … In his ruling, Judge Kaplan wrote that statements made in 2004 by two of the defendants — Richard H. Smith Jr., KPMG's former vice chairman in charge of tax services, and Mark Watson, a former partner in charge of KPMG's Washington national tax unit, which reviews tax shelters — had been coerced by the firm under pressure by prosecutors and thus could not be used as evidence."

The AP (7/27, Caruso) reports, "The decision was the judge's second targeting what he said were improper efforts by the government to get KPMG to force employees to cooperate in the probe, which led to charges against 18 people. … In June, Kaplan ruled that the government improperly pressured KMPG to stop paying the legal bills of any workers accused of wrongdoing. He said the withdrawal of that financial support unfairly crippled the employees' ability to defend themselves." The AP adds, "In Wednesday's ruling, the judge said that financial pressure also led KPMG Vice Chairman Richard Smith and a former partner, Mark Watson, to waive their Fifth Amendment rights and agree to speak with prosecutors, even if it meant exposing themselves to legal risk. .. . KPMG also threatened to fire workers who didn't cooperate. Kaplan said prosecutors had made it clear in policy documents that white-collar firms that didn't take such steps risked being indicted, an often-fatal blow. … 'The government brandished a big stick - it threatened to indict KPMG. And it held out a very large carrot,' Kaplan wrote. It offered KPMG the hope of avoiding indictment if it could deliver 'employees who would talk, notwithstanding their constitutional right to remain silent.'"

The Wall Street Journal (7/27, Davies) reports, "In his ruling yesterday, Judge Kaplan said the Thompson memo isn't a valid defense for the government's pressure tactics. He said corporate criminals should be prosecuted and, if convicted, punished. 'But the end does not justify the means,' Judge Kaplan wrote. … Prosecutors have denied pressuring KPMG and said other factors played a role in the employees' decisions to meet with the government. Yesterday, a spokeswoman for the U.S. attorney in Manhattan said 'we are reviewing the opinion and considering our options.'"

Audit Finds IRS Employees Could Get Unofficial Access To Data. USA Today (7/27, Mccoy) reports, "IRS employees could be gaining unauthorized access to confidential taxpayer information because many of their supervisors aren't checking on them, a new government audit reported Wednesday." USA continues, "On average, 42% of IRS supervisors sampled in the audit certified that they had reviewed security reports showing whether their staffers gained access to taxpayer information without authorization. … The certification rate ranged from a low of 15% for IRS supervisors in Austin to a high of 75% for their Brookhaven, N.Y., counterparts, according to the audit by the Treasury Inspector General for Tax Administration. … 'As a result, employees may be browsing their spouses' or other employees' tax information with little chance of detection,' the audit concluded." USA adds, "Underscoring the potential danger, auditors reported that they found "a clear violation" of data safeguards designed to prevent unauthorized access to taxpayer information during a site visit to one unidentified IRS location. .. . Auditors also said the IRS paid a government contractor $2.4 million for the data security system in 2002, even though it did not completely meet the agency's

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requirements. The IRS did not renew the contract last year because the contractor was unable to develop an anticipated upgrade."

GOP Effort To Pass Estate Tax Measure Complicates Pension Conference. The Wall Street Journal (7/27, Rogers, 2.03M) reports Republicans "announced another run at pushing estate-tax relief through Congress, but the pre-election gamble complicated already tangled efforts to complete agreement on a long-sought pension bill." Last night, "House-Senate pension negotiators had narrowed their differences over a last remaining issue: how much latitude to give the financial-services industry to both manage retirement accounts and give advice to individuals on their portfolio. But House Majority Leader John Boehner (R., Ohio) conceded that getting a final agreement was being delayed by the fallout from the new Republican estate-tax strategy." To "win over reluctant Democrats, the leadership is proposing to combine the estate-tax provisions, which have repeatedly failed in the past in the Senate, with a set of popular but expiring federal tax breaks that would be extended for one or two years. But the same tax cuts have long been seen as an integral part of the pension package, and pulling them out at this stage has roiled top senators in both parties."

NYTimes Criticizes IRS Reduction In Number Of Estate Auditors. The New York Times (7/27, 1.21M) says in an editorial, "A handful of Senate Republicans and most Senate Democrats have, to their credit, blocked four attempts since 2001 to repeal the estate tax on America's wealthiest families. But the heirs to America's mightiest fortunes may be shielded from taxes anyway. This week, David Cay Johnston reported in The Times that the government is on the verge of eliminating the jobs of nearly half of the Internal Revenue Service lawyers who audit estate-tax returns — 157 of the agency's 345 estate-tax auditors. The I.R.S. says the layoffs are warranted because the Bush tax cuts mean fewer people are obliged to pay estate taxes." The "underlying fact of the matter is that the I.R.S. hasn't released the data that would allow researchers — and the public — to verify whether cutting back on estate-tax audits represents sound tax enforcement."

CONGRESS-ADMINISTRATION:

Senate To Revisit Bolton Nomination. The Washington Post (7/27, A4, Lynch, 748K) reports UN Ambassador John R. Bolton's "blunt diplomatic style has made him a political rock star among conservative Republicans who relish his routine exposure of U.N. foibles and criticism of its bureaucrats." But "international diplomats, including several from countries closely allied with the United States, complain that he has furthered U.S. isolation here and undercut U.S.-backed efforts to reform the sprawling bureaucracy of the United Nations." The Senate Foreign Relations Committee "begins hearings Thursday on whether to make Bolton's temporary appointment, which will expire in January, permanent. His appearance in Washington, where Democratic leaders have vowed to oppose Bolton, is expected to be as polarizing as his presence at U.N. headquarters." Sen. Joseph R. Biden Jr. (D-Del.) said, "Mr. Bolton's performance at the U.N. only confirms my conviction that he's the wrong person for this job." The Post adds Bolton's "defenders say he has rightfully upended the status quo at the United Nations, which has been plagued by financial and sexual misconduct scandals in Iraq and Congo."

CQ (7/26, Monaghan) reports Bolton's "blunt, uncompromising approach since President Bush gave him a recess appointment almost a year ago has raised eyebrows in the corridors of the United Nations but pleased conservatives who are dubious of the world body's effectiveness." As the Senate Foreign Relations Committee "opens its second confirmation hearings on Thursday, Democrats will renew their assertion that Bush should have chosen a steadier, less combative ambassador if he wanted to sway U.N. opinion during crises like the current one in Lebanon." If Republican moderates "also support the nomination when it reaches the floor, Democrats may find it hard to justify another filibuster at a time when Bolton is speaking for the United States in the midst of a Middle East crisis." For now, Democrats "are keeping quiet about the prospects for a filibuster. Minority Whip Richard J. Durbin, D-Ill., declined to rate the odds at a news conference Wednesday, deferring to members of the Foreign Relations Committee."

WPost, LATimes Say Bolton Has Confirmed Voinovich's Original Judgment. The Washington Post (7/27, A24, 748K) says in an editorial that after Bolton's initial nomination, Sen. George Voinovich "broke with his party and withheld his support. Largely as a result, Mr. Bolton never got confirmed and arrived at the United Nations only by virtue of a recess appointment. One year later, Mr. Voinovich has reversed his position, emboldening the Senate leadership to schedule a hearing today on Mr. Bolton's confirmation." Voinovich "asserted that Mr. Bolton 'has demonstrated his ability, especially in recent months, to work with others and follow the president's lead by working multilaterally.' We are surprised by this statement, since Mr. Bolton's conduct at the United Nations has in fact demonstrated the opposite."

The Los Angeles Times (7/27, 918K) says in an editorial, "It's mystifying what changed Voinovich's mind. Was it the way Bolton, soon after taking his seat, sabotaged a year and a half of careful negotiations on U.N. organizational reforms by introducing hundreds of last-minute amendments to a draft agreement, rendering the final version

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nearly meaningless? Was it his refusal to budge on talks over the creation of a new Human Rights Council, which didn't improve the eventual agreement one iota but nearly made it worse? Given the monster Bolton was portrayed to be at last year's confirmation hearings, perhaps Voinovich is simply impressed that he hasn't reached across the table to throttle the French ambassador." Bolton's "sledgehammer diplomacy has poisoned an already tense relationship between the U.S. and other countries, including our most important allies."

WSJournal Says Democratic Filibuster Would Subordinate US Interests To UN. The Wall Street Journal (7/27, 2.03M) says in an editorial, "Bolton has been proving himself in the job that critics said he was too intemperate to handle." Bolton's "pressure for reform has caused some heartburn at the U.N. Secretariat, and some officials are fighting back by leaking (anonymously) to reporters that the Ambassador doesn't play nice with other diplomats. Kofi Annan and his inside enforcer, Mark Malloch Brown, are especially unhappy with Mr. Bolton for saying that reform is essential if the U.N. is going to win back support on Capitol Hill. Never mind that Mr. Bolton is the U.S. Ambassador to the U.N. and is supposed to represent American interests. If Democrats filibuster him once again, they'll be putting partisanship above an effective and credible U.N."

Novak Blasts Frist, White House For Not Focusing On Judicial Nominees. Syndicated columnist Robert Novak (7/27) this morning criticizes the "all-year slumber" of the Senate and the Bush administration regarding the confirmation of federal judges, especially given the upcoming elections for the GOP. Moreover, despite the "rare trump card" Republicans could play by highlighting "Democratic obstruction," Senate Majority Leader Bill Frist "indisputably put judicial confirmation on the back burner. Although the number of judges confirmed in this Congress is extraordinarily low, Frist has sounded like Democratic predecessor Tom Daschle in issuing statements boasting of the number of judges confirmed under his watch." Novak notes that conservatives also criticize Senate Judiciary Committee Chairman Arlen Specter and White House counsel Harriet Miers "for the caliber of some recent nominees and the lethargic pace of appointments." He concludes by arguing that Republicans made gains in 2004 because the efforts of Massachusetts Sen. Edward Kennedy (D) to block the confirmation of judges, and the given the current anemic pace of nominations, Kennedy "must sigh in relief."

Deputy White House Press Secretary Ken Lisaius Leaving. The White House Bulletin/US News (7/27) reports, "After some six years of presswork for President Bush, Deputy White House Press Secretary Ken Lisaius is leaving Friday." "You're always sad to leave," he said, "but there's a time in life when you have to do the next thing." The Bulletin adds Lisaius "has a long career with Bush. He worked on the 2000 campaign, helped in the Florida recount, worked in media affairs during the wartime crisis and eventually made it to the No. 2 job in the White House press office. He even proposed to his wife in the White House, where she also worked. He has won kudos for straight talk and has been a regular on-the-record spokesman for the President, even before he landed his current job. Congressional sources say that spokesman Tony Snow is hunting for a replacement, and has talked to at least three possible choices: Kevin Madden, spokesman for House Majority Leader John Boehner, former OMB spokesman Chad Colton, and former Bush-Cheney campaign spokesman Scott Stanzel. Indications are that Snow is considering making his pick an elevated deputy in a restructuring that might have the new deputy taking over some of the spokesman's job such as conducting the morning gaggle." Lisaius had "high praise for his past and current bosses, Ari Fleischer, Scott McClellan and Snow." "All three have brought unique and different things to the job," he said. "And Tony Snow has been nothing but incredibly generous and kind to me and my wife."

House, Senate Approve Expanded Oversight Of Foreign Investment Panel. The New York Times/AP (7/27) reports the House and Senate both voted to "make it easier for Congress to watch over" the Committee on Foreign Investment in the United States, the "federal panel that had been criticized for deciding that a company owned by Dubai could manage parts of some American ports." The Washington Times (7/27, Fagan, 88K) says the unanimous House vote came as "members from both parties said balanced U.S. security with foreign investment." But "notable differences" between the chambers' versions remain, and the bill now goes to conference.

Scientists Say Bush Stance Has "Cast A Pall" Over Stem Cell Research. USA Today (7/27, Vergano, 2.27M) reports that proponents of embryonic stem cell research say President Bush's stem-cell policy "has cast a pall over the future of their work and dashed hopes that the divide will be closed anytime soon. 'The reality of the veto is that it changes things right now and influences therapies down the road,' says researcher Douglas Kerr of Johns Hopkins Hospital in Baltimore. In June, Kerr reported partially restoring movement in paralyzed rats treated with nerve cells derived from embryonic stem cells." Researchers such as Kerr see stem cells "as a potentially revolutionary source of information about how tissues develop and as a potential

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source of transplant tissues for patients suffering diseases such as paralysis, diabetes and Parkinson's."

Education Department Moves To Expand Tutoring For Poor Children. The Department of Education said Wednesday it will bend rules under the No Child Left Behind Act aimed at getting more poor children into tutoring. The AP (7/27, Feller) reports, "The law requires schools that get federal poverty aid and fall short of their yearly progress goals for two straight years to offer transfers to students. After three years of failure, schools must offer low-income parents a choice of tutors. The new policy will let 23 school districts flip that order, offering transfers second." The policy changes "are part of a pattern of enforcement by Education Secretary Margaret Spellings. She wants to show she can adapt -- waiving rules to get more kids in tutoring -- and yet be tough on states that do not comply, by threatening to pull their money."

House GOP Leaders Plan Their Own Earmark Rules If Conference Fails. The AP (7/26, Abrams) reports House Republican leaders vowed to impose their own earmark rules if the House and Senate "cannot come to terms on stalled lobbying and ethics legislation." The leadership statement said the House "would move immediately to implement earmark reform 'independent of the ongoing lobbying and ethics reform discussions' after Labor Day." Roll Call (7/27, Yachnin, Newmyer) adds that while GOP negotiators in the House and Senate "had hoped to reach agreement on the measure" and vote on a "conference report this week, a deal appears unlikely before House lawmakers recess" Friday. The Hill (7/27, Bolton) reports Senate Majority Leader Bill Frist "has also told colleagues that he would be open to reforming lobbying and earmarks by changing Senate rules if the chambers fail to agree. This suggests that Republican leaders are increasingly pessimistic about passing lobbying-reform legislation and may have even decided against it."

GOP Mulls Combining Minimum Wage, Small Business Health Plan Bills. Roll Call (7/27, Newmyer) reports Capitol Hill Republicans "are giving increasing attention to a proposal that would marry a minimum-wage hike and a bill creating small-business health plans -- a gambit that would grab an election-year trump card from Democrats while also handing a win to the party's allies in big business." The plan would "combine the two separate -- and long contentious -- policy goals." Roll Call says the move, "if successful, strip Democrats and their labor union supporters of an important rallying cry while giving vulnerable Republicans a major victory they could tout as a pocketbook issue on the campaign trail."

Chicago Mandates Increased Minimum Wage For "Big Box" Stores. The New York Times (7/27, Eckholm, 1.21M) reports the Chicago City Council "passed a groundbreaking ordinance yesterday requiring 'big box' stores, like Wal-Mart and Home Depot, to pay a minimum wage of $10 an hour by 2010, along with at least $3 an hour worth of benefits."

Hastert Will Run For Speaker If GOP Keeps Majority. Roll Call (7/27, Pershing) reports that in an interview yesterday, House Speaker Dennis Hastert said he will seek the Speaker's job again in the 110th Congress if Republicans maintain their majority in the House. Roll Call notes, "Of course, as Democrats are happy to point out, Republicans may not have the option of choosing the next Speaker. So would Hastert be willing to serve as Minority Leader? 'I don't think we're going to lose the majority, so I think that's a moot question,' he said. Hastert may not want to face that possibility, but it is widely believed among senior lawmakers and staff that if the GOP loses the majority, Hastert will be gone. Several Members said privately there is no way Hastert would want to serve as Minority Leader, and it also seemed highly unlikely the Conference would pick him for that job, given that it usually calls for a partisan battler, rather than the conciliatory 'listener' Hastert has been as Speaker."

Living Costs Driving Federal Workers Out Of San Francisco, Los Angeles. The Washington Post (7/27, D4, Barr, 748K) reports in its "Federal Diary" column, "A steady climb in housing and other living costs in Los Angeles and San Francisco is making it difficult for federal agencies to recruit and retain employees in those areas, according to a report prepared by federal executives in California." The report, which was prepared by the Federal Executive Boards for Los Angeles and San Francisco, is "based on survey data of federal employees and agencies with offices in the two metropolitan areas."

Wessel Says Bush Makes Deficit Problem Seem Simpler Than It Is. David Wessel writes in the Wall Street Journal (7/27, 2.03M), "If you listen to President Bush, fixing the U.S. budget deficit is nearly 'mission accomplished.' … The President makes the problem seem easier to solve than it is; it's tough for him to say that we're lost in the fiscal forest, and he hasn't found a way out. … Because the economy is doing OK and interest rates and inflation remain low by historical standards, it's impossible to get politicians or the populace agitated about the fact that the government has made promises to pay health and retirement benefits it cannot keep with today's tax rates -- or that, unless something is done, Social Security, Medicare and Medicaid

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spending will grow over the next 40 years to roughly the size of the current U.S. federal budget."

Brooks Says Government Should Promote Stable Two-Parent Homes. David Brooks writes in the New York Times (7/27, 1.21M), "Over the past three decades there has been a gigantic effort to increase the share of Americans who graduate from college. The federal government has spent roughly $750 billion on financial aid. Yet the percentage of Americans who graduate has barely budged," and the "number of Americans who drop out of college leaps from year to year." Brooks adds, "It's easy to see why politicians would want to propose tax credits as a way to bribe middle-class parents into voting for them. But if you actually want to increase the share of college graduates, you have to get into the ecology of relationships. You have to promote two-parent stable homes so children can develop the self-control they need for school success. … Hillary Clinton has forgotten more about early childhood development than most of us will ever know. Why she needs to be reminded about the importance of relationships is beyond me."

NYTimes Calls Senate Abortion Bill "Mean." An editorial in the New York Times (7/27, 1.21M) says, "The anti-abortion bill approved by the Senate this week, which makes it a federal crime to help an under-age girl cross state lines to avoid parental notification laws, is a mean piece of legislation, which takes a politically popular concept and applies it to a range of cases that could include particularly desperate young women. … Supporters of the bill conjured up images of lascivious older men ferrying off their sexual prey to out-of-state abortion clinics. Opponents envisioned a concerned grandmother or aunt, trying to help a child-victim of incest or parental abuse. But the bottom line is that the sexual predator would already be subject to prosecution for statutory rape, while the grandmother should not be the target of legal harassment at all. President Bush has vowed to sign the bill if the Senate can agree on a final version with the House, which passed a more expansive and punitive measure. We hope opponents can find a way to head them off."

OTHER NEWS:

Fed Says Economic Growth Beginning To Slow. The Wall Street Journal (7/27, A2, lp, 2.03M) reports the Federal Reserve's monthly "Beige Book" report finds economic growth "slowed around the country in the past six weeks, while price pressures for the most part remained in check." The report "may give the Fed an added reason to stop raising interest rates soon, though not necessarily at its Aug. 8 meeting." The New York Times (7/27, Peters, 1.21M) says regional reports from each of the 12 Fed regional districts "'generally indicated continued economic growth during June through mid-July, with numerous individual reports pointing to evidence that the pace of growth has slowed,' the central bank said."

Economist Says Interest Rate Hike Could Hamper Trade Balance. In the New York Times (7/27, 1.21M) "Economic Scene" column, Berkeley economist Hal Varian asks of Fed Chairman Ben Bernanke: "Will he raise interest rates in August or not? And what does his decision mean for world financial markets? When the Fed raises interest rates, global investors find dollar-denominated investments more attractive. … But the higher the value of the dollar, the more expensive American goods become for foreigners and the cheaper foreign goods become for Americans, worsening the balance of trade."

Stock Markets Down Slightly. The Wall Street Journal (7/27, C1, McKay, 2.03M) reports stock markets closed a bit lower Wednesday "after a so-so batch of corporate earnings reports set the day's tone." The Dow Jones Industrial Average "was off 1.20 points at 11102.51, but still up 3.6% on the year," while the Nasdaq "fared a bit worse, losing 0.2%, or 3.44 points, to end at 2070.46, down 6.1% on the year."

Judge Approves More Northwest Airlines Labor Deals. The AP (7/27, Tong) reports, "A bankruptcy judge on Wednesday approved two more concession agreements from Northwest Airlines employee unions, deals that could clear the way for nearly $750 million in cost savings from the carrier's new labor pacts." The AP continues, "The flight attendants and flight simulator technicians were the last remaining groups that had not reached a deal to cut costs. Judge Allan Gropper's acceptance of the motions is needed for the carrier to implement other concession deals with pilots, baggage handlers, and ground and clerical workers." The AP adds, "Before the plans are implemented, though, flight attendants must approve the deal. They are scheduled to finish voting on the deal by Monday. It was announced at Wednesday's hearing that the technicians union, which represents 42 employees, had ratified its agreement. … All the labor agreements include a clause that required all new deals to be implemented simultaneously. Worth about $550 million, the deals with pilots and baggage handlers were approved by the court last month."

Astor Suit Claims Mistreatment Of Former New York City Social Figure. The New York Times (7/27, Barron, Hartocollis) reports, "Once, she and her pearls and her designer dresses were everywhere that was anywhere in New York society: this benefit, that party, this lunch, that dedication. At her 90th birthday party, she danced the first

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dance with the mayor. At her 100th, 100 well-connected friends toasted her with Champagne. … Then Brooke Russell Kuser Marshall Astor, doyenne of capital-S society by night, philanthropist by day, faded from view. Already, she had closed down her charity, having given away not quite $195 million. Her explanation was a single word: 'Age.'" The Times continues, "No longer was she seen on the black-tie circuit, seated to the right of an attentive host. One neighbor has seen her only once in the last two years, asleep in a wheelchair outside her apartment building on Park Avenue. … Now Mrs. Astor, 104, is at the center of a bitter intergenerational dispute that has become public. In a lawsuit, one of her grandsons has accused her son of mistreating her and turning her final years into a grim shadow of the glittery decades that went before. … The grandson, Philip Marshall, accuses his father, Anthony Marshall — a Broadway producer and former C.I.A. employee who is 82 — of failing to fill Mrs. Astor's prescriptions, stripping her apartment of artwork, confining the dogs she doted on to the pantry, reducing the number of staff members looking after her, and forcing her to sleep in chilly misery on a couch that smells of urine. … Philip Marshall asks that Anthony Marshall be removed as Mrs. Astor's legal guardian and replaced by Annette de la Renta, a friend of Mrs. Astor's who is married to the designer Oscar de la Renta, and JPMorgan Chase Bank, according to an article yesterday in The Daily News that quoted the court papers. Yesterday morning, Justice John E. H. Stackhouse of State Supreme Court in Manhattan ordered that the papers be sealed."

Democrats Look To Capitalize On Medicare Drug Plan's "Doughnut Hole." USA Today (7/27, 4A, Wolf, 2.27M) reports, "Seniors and disabled people who have chronic health problems are increasingly entering a gap in Medicare's prescription-drug coverage and finding that they could have to pay thousands of dollars out of pocket," which is "creating a political issue for the fall elections. An estimated 3.4 million people will have drug expenses that push them into the coverage gap, when they must pay the full cost of prescriptions. The gap, which Congress calls the 'doughnut hole,'" begins when drug expenses total $2,250 and continues until a beneficiary has spent $3,600. Democrats, "aiming to capitalize on the coverage gap, calculate that Medicare beneficiaries with average drug costs will reach it Sept. 22. Their 'Doughnut Hole Day' is six weeks before fall elections."

Grassley Promises Medicare Physician Payment Overhaul Action. CQ (7/26, Carey, Dennis) reports Senate Finance Chairman Charles Grassley said Medicare physician payment overhaul legislation "is a priority" in the Senate, echoing remarks by House Energy and Commerce Chairman Joe Barton. Grassley said, "It's gotta happen, but how it will happen we haven't decided."

US Chamber Launches Campaign Ad Blitz Touting Drug Benefit. The US Chamber of Commerce is launching a $10 million advertising campaign to thank lawmakers, most of them Republicans, for their support of the Medicare prescription drug program. The AP (7/27, Lester) reports that the group "plans to air the ads in Connecticut, Ohio, Pennsylvania and Nebraska as well as other states. The money would be divided almost evenly between House and Senate races. … The chamber's effort will also include direct mail, spots on Internet sites and a get-out-the-vote effort."

Bush Raises $500,000 For Capito. The AP (7/26, Riechmann) reports that while "some GOP candidates in this fall's midterm elections are staying an arm's length from President Bush and his low poll ratings," Bush "was welcomed" at a Charleston fundraiser for WV2 Rep. Shelley Moore Capito. GOP officials "said about 275 people attended the event that raised an estimated $500,000 for Capito."

Steele Calls Bush "A Friend" Who Is "More Than Welcome" To Campaign For Him. Maryland Republican Senate nominee Michael Steele took steps to explain his previously anonymous criticism of President Bush and the GOP, calling Bush "a friend," saying he is "more than welcome" to come to Maryland to campaign for Steele, and as the AP (7/26, Wyatt) reports, saying he "was joking when he described his Republican affiliation as a scarlet letter." The Washington Times (7/27, Ward, 88K) reports Steele said his remarks about Bush "taken out of context." Steele said, "I'm not trying to dis the President. I'm not trying to distance myself from the President. I'm trying to show those lines where…I have a different perspective." The Washington Post (7/27, B1, Wagner, 748K) called Steele's comments an "awkward dance with the media and the White House."

The Baltimore Sun (7/27, Skalka, 262K) reports Steele called Bush "his 'homeboy'" during a Baltimore radio interview in "hospitable remarks" that "contrasted with his sharp, anonymous criticism of the Bush administration published in The Washington Post on Tuesday." While Steele worked to "mend fences with the White House, which has raised big money for his Senate bid, the Bush administration sought to shake the whole thing off, calling it politics, plain and simple." Press Secretary Tony Snow said, "It's pretty clear that there's a commitment at this end to making sure that Michael Steele becomes the next US senator from Maryland." Snow said the President "had been apprised of Steele's remarks but that he was unwilling to repeat the president's response." The AP (7/26, Wyatt) adds that Snow "remarked dryly, 'I think the comments have come to his attention.'"

Bush Still Backing Steele. Despite Steele's comments to the Washington Post, the White house says the

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President is still backing Steele in the Senate contest. The AP (7/27, Pickler) reports that White house Press Secretary Tony Snow "declined to say how the president responded when told what Steele had said. 'I could, but I won't,' Snow said. But he remarked dryly, 'I think the comments have come to his attention.'" Snow "said he understands that Steele's opinion of Bush wasn't all bad and that he had some favorable things to say that were not reported. Snow said he's been trying to get through to Steele to get the full story."

Senate Republicans Divided Over Distancing Themselves From Bush. Meanwhile, The Hill (7/27, Allen) reports that Senate Republicans are divided over whether and by how much Republican candidates should distance themselves from the President. While some Republican senators "are staking claims to independence in their home states, others are quicker to embrace the president. They must weigh the advantages of Bush's imprimatur in Republican circles against his poor ratings among Democrats and independents."

Broder Sees "Disaffection" In GOP Ranks. David Broder writes in the Washington Post (7/27, A25, 748K) that complaints from the Taft-Goldwater-Reagan wing of the GOP "are a significant factor in the dynamics of the midterm election. They could spell trouble for Republicans in mobilizing their vote this fall." Broder says the complaints, which are "epidemic," are "often accompanied…by the comment that everything the White House does seems to be aimed at pleasing only one section of the Republican coalition -- the religious right." The dissent "threatens Republican chances of avoiding a major defeat in the midterm elections." Broder adds, "In the past two elections -- 2002 and 2004 -- Karl Rove, Ken Mehlman and the rest of the Republican leaders demonstrated a superior ability to locate and turn out their voters. But in neither of those years did they face the formidable barriers in place this year, starting with the weariness with the war in Iraq. The last thing they need is the disaffection now being displayed in their own ranks."

Texas Governor Backs Faith-Based Programs. The Dallas Morning News (7/26, 500K) reported that Texas Gov. Rick Perry "assured advocates of faith-based programs Tuesday that he's on their side and wants to 'tear down barriers' that limit the flow of government money to religious groups. Appealing to religious conservatives targeted by his re-election campaign, Mr. Perry praised the work of faith-based initiatives that help administer social service programs. He touted his office's involvement in distributing $500,000 in federal grants to 25 Texas faith-based and community organizations."

The AP (7/25) reported, "Perry, speaking to a packed meeting hosted by the White House Conference on Faith-based and Community Initiatives, said the importance of faith-based groups working with government showed itself after last year's Hurricane Katrina, when an estimated 400,000 evacuees came to Texas."

The Houston Chronicle (7/26, Fikac, 535K) reported that Perry "said Texas aims to be 'a national leader in leveling the playing field' for faith-based and community groups to compete for public funds to provide public services. Among other efforts, he commended such groups' work in helping people who took refuge here from Hurricane Katrina. He echoed a favorite phrase of his predecessor, praising those attending the conference as 'foot soldiers in the armies of compassion.'"

The Austin American Statesman (7/26, MacLaggan) reported, "Perry's three main opponents said that they support faith-based initiatives but that they think voters are more concerned about issues such as transportation and property taxes. … Comptroller Carole Keeton Strayhorn, an independent gubernatorial candidate, supports faith-based organizations, spokesman Mark Sanders said. … 'Faith-based can help,' said fellow independent gubernatorial candidate Kinky Friedman, who supports prayer in school. 'But to rely on it to save Texas is like throwing the teachers a court-ordered crumb and saying, "Look what I've done for education."' Democratic candidate Chris Bell said he hasn't been asked once about faith-based initiatives on the campaign trail."

Texas Republicans Expect DeLay To Run If Forced On Remain On Ballot. Texas Republicans expect former Rep. Tom DeLay to run for his old seat if a court ruling forces him to remain on the ballot. Roll Call (7/27, Drucker) reports, "Republicans remain confident that the 5th Circuit Court of Appeals will overturn a U.S. District Court decision preventing the Texas Republican Party from declaring DeLay ineligible to run for office and replacing him with a candidate free of his ethical and legal baggage. But if Republicans lose their appeal, being heard Monday, they believe the former Majority Leader will reignite his campaign and wage a vigorous battle to defeat the Democratic nominee, former Rep. Nick Lampson."

Hillary Clinton's Brother Barred From Accessing Bank Account. Anthony Rodham, brother of Sen. Hillary Clinton, has been barred from accessing his bank account while a bankruptcy trustee demands that he repay more than $100,000 in loans. The Washington Times (7/27, McElhatton, 88K) reports that Rodham received $107,000 in loans from United Shows of America Inc., a carnival company whose founder was pardoned by President Bill Clinton. United Shows "went bankrupt in 2002, and control of its finances was placed in the hands of court-appointed trustee Michael E. Collins, who has sought to

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garnish Mr. Rodham's wages. A consent order filed Tuesday in U.S. Bankruptcy Court for the Eastern District of Virginia said Mr. Rodham is barred from taking money out of a bank account containing about $142,000, pending a hearing next month."

Former President Ford Released From Hospital. NBC Nightly News (7/26, story 6, 0:15, Williams, 9.87M) reported, "In other news today, a scare earlier today but a happy ending tonight. Former President Gerald Ford was released from a hospital in Vail, Colorado today, we learned two days after being admitted for shortness of breath. At age 93, Ford is this nation's oldest living former president. He was hospitalized for 10 days back in January with pneumonia."

Ethics Complaint Filed Against McCaskill. The Hill (7/27, Kucinich) reports, "The Missouri Republican State Committee filed a complaint with the Senate Ethics Committee yesterday against Democratic Senate candidate Claire McCaskill, Missouri's state auditor, accusing her of breaking personal-finance disclosure laws. The complaint charges that McCaskill failed to provide even the 'bare minimum' of information requested by the Senate." The NRSC "briefed reporters on the complaint yesterday, but the state party insisted that the filing was a local move. The NRSC referred all comments on the ethics complaint to the state organization."

Pay Cut Enabled Lewis Aide To Avoid Lobbying Ban. Roll Call (7/27, Kane) reports, "Rep. Jerry Lewis (R-Calif.) dramatically slashed the salary of a top aide in 2002, dropping the aide's pay low enough for her to evade federal conflict-of-interest laws when she became a lobbyist in 2003. Letitia White, who was then overseeing earmarks for the Appropriations subcommittee on Defense, had been earning well above the threshold of 75 percent of what a Member of Congress earned in 1999, 2000 and 2001 — a level that would have prohibited her from lobbying Lewis or the subcommittee, which he then chaired, for a year after her departure from Capitol Hill. House records show White saw her income drop by more than $11,000 in 2002, her final year on Capitol Hill, putting her below the ceiling for the post-employment lobbying ban by a mere $80 in her final 11 months on staff."

Bad News For Both Parties In WSJournal/NBC Poll. The Wall Street Journal (7/27, A4, Harwood, 2.03M) headlines its report on the latest Journal/NBC News poll "Both Parties Post Low Approval Ratings In Poll," though the nearly 1,000-word report focuses almost exclusively on the woes of the GOP. The Journal writes that while Republicans "haven't persuaded a dissatisfied American public that their stewardship is succeeding," the poll "suggests how they might survive midterm elections anyway: attack Democratic foes and separate themselves from President Bush's struggles." GOP pollster Bill McInturff said "Republicans in 2006 have little choice but to 'try to pretend there is no national party.'" The poll pegged Bush's approval rating at 39%, with 56% disapproving, and Democrats with a 10-point lead, 48%-38%, in preference for control of Congress. Still, the poll found that Democrats "have made little progress in improving their party's standing. The party's favorability rating, 32% positive and 39% negative, is as unflattering as the Journal/NBC survey has ever recorded. The Republicans' standing, now 33% positive and 46% negative, is near the party's record low."

1996 Welfare Reforms Called A Victory For Conservative Principles. Ron Haskins, a senior fellow at the Brookings Institution, writes in the Wall Street Journal (7/27, 2.03M) that in the welfare reforms that became law in 1996 were "a victory for conservative principles. … But there's a rub for conservatives: Now and for the foreseeable future, the nation will have millions of poorly educated and unmarried young mothers who are capable of producing labor value of around $8 per hour when they first enter the labor market. They face a Hobson's choice of living in poverty on welfare or living in poverty while working -- unless government subsidizes their income. … Above all, welfare reform showed that work -- even low-wage work -- provides a more durable foundation for social policy than handouts."

Rove Campaigns For GOP County Parties In Ohio. In an exclusive commentary on Newsweek's (7/26) web site, Richard Wolffe and Holly Bailey wrote that Deputy White House Chief of staff Karl Rove hit the campaign trail in Ohio Tuesday, appearing as the guest of honor at "a $100-a-plate luncheon in Columbus to benefit county parties in central Ohio, a state that is viewed as ground zero in the GOP's attempts to maintain control of Congress." Rove told supporters "that he believes the midterm matchups there and throughout the country are still winnable for the GOP. His talking points were the same: Republicans will win on what will be the two determining issues this fall, the economy and national security. … There's only one problem with Rove's argument: polls show a majority of Americans still don't give Bush or his party credit for the economy, while the president's ratings on his handling of terrorism and national security have dipped in recent weeks."

Jewish Democrats Have Mixed Feelings About Lieberman. The New York Times (7/26, Medina, 1.21M) reports that a "significant number" of Jewish Democrats have mixed feelings about Sen. Joe Lieberman. While there "little

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question that Mr. Lieberman enjoys strong support in the national Jewish community," his primary challenger Ned Lamont "is receiving substantial support from Jewish voters, as well as some prominent Jewish Democrats." The Times notes, "One of the great questions of the race is whether Jewish Democrats who are dismayed with Mr. Lieberman's continued support for the war will nevertheless vote for him out of either religious solidarity or because of his strong support for Israel, particularly now that it is engaged in a fierce conflict in Lebanon."

Poll Finds Lamont Ad More Effective Than Lieberman's. The Hill (7/28) reports that Lamont "has created a quirky ad with the potential to create a high level of buzz with advertisements while Lieberman's more traditional spot appears to have fallen flat, according to a poll conducted for The Hill by Wilson Research Strategies. Lamont's ad, 'Changing Minds,' features people replacing Lieberman yard signs and bumper stickers with Lamont campaign materials. In a calm voiceover, a female narrator tells viewers that it is 'time for a change' because of Lieberman's support for the Iraq war." Lieberman's ad, meanwhile, "is dripping with sarcasm. It starts with a Lamont bumper sticker that reads 'No More Joe' followed by a male narrator asking, 'What else does Ned Lamont have to say?'" According to the Hill, "60 percent of the politicos polled said Lamont's ad was more effective; only 28 percent favored Lieberman's ad."

DCCC Chairman Identifies Four Districts As Major Pickup Opportunities. Speaking to a Democratic Caucus meeting yesterday, DCCC Chairman Rahm Emanuel identified four GOP Seats as major pickup opportunities if Democrats can match GOP fundraising efforts. The Hill (727, Hearn) reports that Democratic sources say during the meeting, Emanuel asked his Democratic lawmakers to give to candidates Mike Arcuri in NY24, Bruce Braley in IA1, Joe Donnelly in IN2 and "the as-yet-undecided Democratic nominee in Colorado's seventh district. He said those candidates would be extremely competitive if they could turn in strong fundraising numbers by Sept 1. The entreaty was part of a DCCC effort to squeeze members for contributions to individual races. Members also make regular dues payments to the DCCC."

Democrats Plan Rare Joint Caucus Today. In what Roll Call (7/27, Stanton) calls a "rare show of bicameral unity," House and Senate Democrats today will hold their first joint caucus since the 2004 election. The caucus is "part of a highly coordinated final push by the party to nationalize this fall's Congressional elections, Democratic strategists said." Roll Call adds, "Senate Minority Leader Harry Reid (Nev.), House Minority Leader Nancy Pelosi (Calif.), Democratic National Committee Chairman Howard Dean and the two campaign committees have planned a nationwide blitz for August, ranging from local organizing drives by the DNC to more than 200 local, state and national events involving lawmakers."

Reynolds Launches Early Campaign Ad. In a surprise move, NRCC Chairman Tom Reynolds yesterday aired an early television ad that did not mention his party affiliation. The Hill (7/27, Kaplan) reports, "Democrats suggested that the timing and content of the advertisement indicate that Reynolds…faces a tough reelection race against multimillionaire businessman Jack Davis (D), who lost to Reynolds in 2004." Reynolds "defended the advertisement as a way to 'begin a discussion to share his vision for western New York' before the August recess, said L.D. Platt, Reynolds's spokesman. It's an opportunity 'to share his accomplished record of lower taxes, more jobs and delivering millions of dollars of investments for western New York,' Platt added."

Rome Middle East Conference Fails To Reach Consensus On Ceasefire. Delegates to the conference on the crisis in the Middle East met in Rome and concluded without an agreement about the course of action needed to resolve the situation. The AP (7/27, Simpson) says officials agreed "on the need for urgent action to halt the fighting in Lebanon and on the creation of a multinational force to keep the peace. But the two sides had starkly divergent views of what that means." The Washington Times (7/27, Kralev, 88K) reports "several participants in the conference said they expected the Security Council to begin discussing a resolution on an international force in the next few days." Secretary of State Condoleezza Rice "flew to a conference in Malaysia yesterday but could return to the Middle East this weekend, US officials said."

A number of media sources describe a tense summit, with Rice resisting strong pressure from the rest of participants to call for an immediate ceasefire. For example, CNN's The Situation Room (7/26, King) reported "the mood" at the summit "was described as tense, frustrating." Rice was "said to be under constant siege, viewed by many at the Rome emergency summit as the obstacle to a cease-fire plan." Likewise, the New York Times (7/27, Smith, Cooper, 1.21M) says this morning that "in a tense, sometimes stormy debate that went on for nearly an hour…Rice dug in, and prevailed."

The Mideast conflict story was covered extensively by each of the networks last night, which devoted approximately 28 minutes to the crisis. The CBS Evening News (7/26, lead story, 2:40, Axelrod, 7.66M) reported, "A diplomat in the room in Rome tells CBS News they are getting closer to a plan that could finally lead to a US call for a cease-fire, perhaps. What's for sure is that the Bush Administration still wants no part of any call for a cease-fire right now." Rice "was

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hammered by allies but unmoved by criticism and calls for an immediate cease-fire became urgent calls." ABC World News Tonight (7/26, story 4, 1:35, Stephanopoulos, 8.78M) reported, "Almost all of the participants wanted to call for an immediate cease-fire. And Secretary Rice got in an especially vigorous debate with the French Foreign Minister. But she did not back down at all." NBC Nightly News (7/26, story 4, 1:10, Mitchell, 9.87M) added "they will try to come up with a resolution that combines a cease-fire and an international force, military force, and then try to get all the parties to agree. Kofi Annan, Secretary-General, said that that will mean including Iran and Syria, countries that the United States has not talked to but countries that crucially can influence Hezbollah."

Even more than TV stories, most print reports tend to portray the US as isolated at the summit. However, the AFP (7/27, Collinson) reports Rice "denied that Washington had been isolated at the Middle East crisis talks in Rome in its rejection of an immediate ceasefire," and quotes her saying, "Yes, there were a lot of countries calling for an immediate ceasefire. There were several that did not. It was not all countries calling for an immediate ceasefire." USA Today (7/27, Stone, 2.27M) also says Rice "rejected suggestions that the meeting had been a failure or that the United States had been isolated."

Meanwhile, the Financial Times (7/27, Khalaf, Devi) reports "nearly all the participants at a Rome conference called for an immediate ceasefire, leaving the US isolated, according to Arab officials." And The New York Times (7/27, Sciolino, Cooper, 1.21M) says the lack of an agreement underscores "the power of the United States to prevail when it comes to dealing with Israel." Secretary Rice "said at a news conference that no cease-fire could be called until conditions were right to guarantee it would hold," and she "refused" to endourse language demanding an immediate cease-fire.

The Washington Post (7/27, A16, Wright, 748K) reports the talks "did not bridge the gap between a tough US position, opposing a cease-fire except as part of a broader arrangement that can endure for years, and European and Arab calls for an immediate halt to the fighting." Rice is quoted saying at a joint news conference, "We are all agreed that we want most urgently to end the violence on a basis that this time will be sustainable, because unfortunately, this is a region that has had too many broken cease-fires, too many spasms of violence, followed then by other spasms of violence." Rice's team "pushed through language urging countries to 'work immediately to reach with utmost urgency a cease-fire that will put an end to the current violence and hostilities.' Most of the 18 parties called instead for 'urgent work on an immediate cease-fire.'"

The Wall Street Journal (7/27, King, 2.03M) says attendees "pledged to hammer out a complex plan to persuade Israel and Hezbollah militants to put down their guns, but the deal fell short of the immediate cease-fire many had sought." Diplomats "said the overwhelming obstacle was one of timing: how to put together a proposal where all the necessary ingredients either happen at once or fall in place in just the right order."

CBS, NBC Polls Find Americans Fear Lebanon Conflict Will Lead To Larger War. ABC World News Tonight (7/26, story 4, 1:35, Stephanopoulos, 8.78M) reported, "According to a CBS News/'New York Times' poll, Americans now fear this conflict will lead to a larger war in the region by a margin of two to one, and two-thirds of Americans say they'll never see peace in the Middle East. But perhaps more telling, 58% say solving conflicts in the Middle East isn't the responsibility of the US anyway."

NBC Nightly News (7/26, story 7, 2:30, Williams, 9.87M) reported the new NBC News/Wall Street Journal poll shows "45% approval" for President Bush on his handling of the crisis, "with a 39% disapprove. Who are the American people's sympathy with? They say Israel, 54%, the Arab nations involved, 11%. But here's some pessimism. Will there be a major Middle East war -- 53% say likely, 34% say unlikely. And, Brian, we asked if Israel was involved on several fronts in a major war, should the US come in on Israel's behalf -- 50% say yes, 50% say no." The New York Times (7/27, Rutenberg, Thee, 1.21M) reports on the same poll in a story titled "Poll Shows Skepticism In US Over Peace In Mideast." Says the Times, "Over all, the poll found a strong isolationist streak in a nation clearly rattled by more than four years of war, underscoring the challenge for Mr. Bush as he tries to maintain public support for his effort to stabilize Iraq and spread democracy through the Middle East."

Lebanon Crisis Said To Have Knocked Bush Off Message. A lengthy analysis piece in the Washington Post (7/27, A3, Baker, 748K) says the Lebanon crisis "has disrupted President Bush's plans domestically and internationally at a sensitive juncture, reopening divisions with allies abroad and jeopardizing attempts to restore public confidence at home, according to officials, analysts and diplomats." The "discord" in Rome "underscored the widening gap between the United States and Europe over how to stop the fighting. And the images of mayhem from the two-week-old war, combined with the rising death toll in Iraq, have further rattled a domestic audience that polls show was already uncertain about Bush's leadership." The "timing could not be much worse" for Bush, who now "faces the challenge of responding to events that seem to be spinning out of control again, all but sidelining his domestic agenda for the moment and complicating his effort to rally the world to stop nuclear programs in Iran and North Korea." The violence in Lebanon "imperils one of Bush's signature ambitions. This is a president who eschewed Middle East peacemaking of the past as futile, embarking instead on a

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grand plan to remake the region into a more democratic, peaceful place. A year ago, a wave of reform seemed to take hold. Yet today radicalism is on the rise, Iran is believed to be closer to nuclear weapons and Bush is sending thousands more troops to Baghdad to quell spiraling violence."

"Christian-Zionist Movement" Backs Israel's Struggle Against Hezbollah. The Wall Street Journal (7/27, A1, Higgins, 2.03M) reports on Texas televangelist John Hagee, who is "a leading figure in the so-called Christian-Zionist movement. This evangelical political philosophy is rooted in biblical prophecies and a belief that Israel's struggles signal a prelude to Armageddon. Its followers staunchly support the Bush administration's unequivocal backing of Israel in its current battle with Hezbollah in Lebanon." Hagee "and like-minded evangelicals are injecting greater religious fervor into American attitudes and policy toward the region. They see, and even sometimes seem to embrace, the notion of a global conflict between Islam and the Judeo-Christian West, just as do many zealous Muslims."

Opinion Pages See Shortcomings In US Diplomacy. The themes of today's editorial and op-ed commentaries track closely with those of recent days, including criticism of the Administration's foreign policy generally and of the Israel-Lebanon conflict in particular. The Washington Post's editorial criticizing the realism of the Rome peace conference's goals is noteworthy for pointing out shortcomings in the assumptions and political will of the participants. The Washington Post (7/27, A24, 748K) says in its editorial that the Bush Administration "and European and Arab governments nominally agree on what should be the outcome of the fighting in Lebanon: a 'lasting, permanent and sustainable' cease-fire, the disarmament of Hezbollah, and the creation of a new international force that would deploy to southern Lebanon along with the Lebanese army. That would be a good outcome for all who favor consolidating Lebanon's democracy and a Middle East peace settlement. It would be a defeat for the Hezbollah movement and its backers in Syria and Iran." But there are "two big problems, however, with this endgame. One is that the goals laid out in Rome will be extremely difficult to achieve on the ground, where they will be strongly resisted by Hezbollah." The other problem "is the unwillingness of many of the European and Arab participants in Rome to support means that might achieve the ends they endorsed."

In his New York Times column (7/27), Bob Herbert says, "The Middle East is in flames. Iraq has become a charnel house, a crucible of horror with no end to the agony in sight. Lebanon is in danger of going down for the count. And the crazies in Iran, empowered by the actions of their enemies, are salivating like vultures. They can't wait to feast on the remains of U.S. policies and tactics spawned by a sophomoric neoconservative fantasy — that democracy imposed at gunpoint in Iraq would spread peace and freedom, like the flowers of spring, throughout the Middle East." Herbert adds, "Saddled with one failure after another, the administration seems paralyzed, completely unable to shape the big issues facing the U.S. and the world today."

In a New York Times op-ed (7/27), novelist Abbas El-Zein says, "The estimated death toll from the 1982 Israeli invasion of Lebanon was 18,000, about 0.5 percent of the population. Twenty-four years later, I have yet to hear any sign of remorse emanating from Israeli society." Now, an "ancient city and a sovereign nation are being destroyed. The people of Haifa are suffering, too, and Hezbollah unquestionably bears responsibility for its raid on an Israeli military patrol, which began the latest violence. But the scale of suffering is imbalanced, and so is the apportionment of blame. It was the Israeli government, not Hezbollah, let alone the Lebanese government or people, that chose to start this all-out war."

In a Washington Post op-ed (7/27, A25), Trinity University professor David Lesch says, "The Bush administration should not, however, react to the current situation by continuing to isolate and threaten Syria. Recognize the situation for what it is, because, like it or not, Bashar al-Assad is sticking around. Just because diplomacy is what he is ultimately searching for should not obviate the possibility of diplomacy."

In a Washington Times op-ed (7/27), Thomas Lipscomb, an investigative reporter and a fellow of the Annenberg Center for the Digital Future, says, "A key element in understanding the underlying Hezbollah strategy may be paying attention to the kind of missiles being used up to this point in the engagement. They are almost all short-range area weapons like obsolete Katuysha rockets. Doesn't that seem very strange indeed, as Israeli forces freely pound Hezbollah targets in the Bekaa Valley and southern Beirut with the most sophisticated laser-guided munitions?" Has Hezbollah "prepared a very clever defense in depth? Will a battered Israeli military move northward, only to find it thought it left things safe behind them -- paying a higher and higher price as more modern missiles start reaching out at far longer ranges than the antique Katuyshas? Their range is no longer 25 miles but 155 miles, with missiles that can reach key points in Tel Aviv and elsewhere. And won't this create intolerable political pressures on the government of Israel?"

In a Los Angeles Times op-ed (7/27), Oxford University professor Timothy Garton Ash says, "Even as we criticize the way the Israeli military is killing Lebanese civilians and U.N. monitors in the name of recovering Goldwasser (and destroying the military infrastructure of Hezbollah), we must remember that all of this almost certainly would not be happening if some Europeans had not attempted, a few decades back, to remove everyone named Goldwasser from the face of Europe — if not the Earth." Does it "follow that Europeans have a special obligation to get involved in trying

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to secure a peace settlement in which the state of Israel can live in secure frontiers next to a viable Palestinian state? I think it does."

Hezbollah Ambush Kills Eight Israeli Soldiers. The AP (7/27, Ghattas) reports, "Hezbollah dealt Israel its heaviest losses in the Lebanon campaign Wednesday, killing nine soldiers in fierce firefights. With key Mideast players failing to agree on a formula for a cease-fire, an Israeli general said the operation could last weeks." Media reports are portraying yesterday's clash as an indication Hezbollah is a more formidable foe than Israeli planners had anticipated. The Washington Times (7/27, Scarborough, 88K), in fact, reports "Hezbollah's display of coordinated attacks and small-unit action is surprising the world community and making Western nations think twice about agreeing to put peacekeeping troops between the militant Lebanese Shi'ite group and aggressive Israeli forces, military analysts say." The Times adds, "A defense source said yesterday that the Israeli army is somewhat surprised by Hezbollah's fighting tactics and ability to keep launching scores of rockets into Israeli cities despite relentless aerial bombing."

ABC World News Tonight (7/26, lead story, 2:20, Scuitto, 8.78M) said, "For four days, Israel has tried to capture the Hezbollah stronghold of Bint Jubayl. And for four days, Israel has suffered more casualties. … Today's losses, included more than 20 wounded, a show of weaknesses in Israel's plan to damage Hezbollah with relatively small ground incursions." Many Israelis "are beginning to ask whether the military campaign in Lebanon is failing." The CBS Evening News (7/26, story 2, 3:15, Logan, 7.66M) remarked that "this is exactly the image of Israel's mighty army that Hezbollah wants the world to see: wounded Israeli soldiers rushed from the battlefield one after another. Fresh from the fight inside south Lebanon, where Israel suffered its heaviest day of casualties yet at the hands of the Lebanese guerrillas. It's the measure of victory in guerrilla war that Hezbollah's leader described in this televised address the night before saying the most important thing is what losses we inflict on the Israeli enemy." NBC Nightly News (7/26, story 2, 1:55, Fletcher, 9.87M), meanwhile, reported, "Despite Israel's military superiority, in Bint Jubayl, it's man-to-man."

Some newspaper accounts, such as the one in the Los Angeles Times (7/27, King, 918K), are even reporting Israel's original military objectives are already being downgraded. Says the Times, "Even before Wednesday's bruising day on the battlefields of south Lebanon, Israel's leaders had begun scaling back public expectations of a decisive -- or a quick -- victory over the guerrillas of Hezbollah. Heading into the confrontation, senior Israeli officials had declared that the Shiite Muslim militia would be dealt a blow from which it could not recover. Its arsenal would be destroyed and its fighters driven out of south Lebanon, the officials said. Some spoke openly of killing Hezbollah's leader, Sheik Hassan Nasrallah." The Times adds, "With the fighting in its third week, however, Israelis are being told that Hezbollah can be weakened but not eradicated, that Israeli forces will not be able to police the border zone themselves, and that Hezbollah's rockets continue to pose a threat to Israeli towns."

Similarly, the New York Times (7/27, Smith, 1.21M) reports yesterday's battle shows "how far Israel has to go in driving Hezbollah from the hills and valleys of southern Lebanon, and why the country's goals have so quickly changed from fully dismantling Hezbollah to securing a narrow strip, less than two miles long, north of Israel's border." The Times adds, "Given the difficulties encountered in Bint Jbail, clearing all the many villages that dot southern Lebanon of Hezbollah's elaborate bunker networks, weapons caches and fighters now seems a gargantuan task without occupying the territory again, which Israel has vowed not to do." The New York Times (7/27, Erlanger, 1.21M) also runs a story about the public's "stoic," yet "fearful" reaction to rocket attacks in Haifa.

The Washington Post (7/27, A1, Wilson, Cody, 748K), in a front-page story headlined "Hezbollah Proves A Formidable Foe," says that "so far, say soldiers, commanders and military analysts, Hezbollah has proved a more formidable force by orders of magnitude than the armed Palestinian groups in the territories." However, "Israeli military officials say they have not been surprised by Hezbollah's prowess in the cramped towns and hilly, forested terrain that the Shiite Muslim militia has controlled since Israel left southern Lebanon six years ago. Instead, many of them say, losses such as these expose the limits of a modern national army pitted against a well-schooled guerrilla force fighting amid a civilian population that largely supports its goals."

The Los Angeles Times (7/27, Ellingwood, King, 918K) runs a story titled "Israel Faces Fierce Resistance From Hezbollah," in which it says the "number of casualties in close-quarter ground fighting with Hezbollah was the highest daily toll in years, and fueled the ongoing debate in Israel about the army's tactics against a determined, heavily armed and deeply entrenched guerrilla force in southern Lebanon."

The Washington Times (7/27, Mitnick, 88K) also says "the heavy losses for Israel are yet more evidence that its ground war against Hezbollah has been more difficult than expected." Israeli Prime Minister Ehud Olmert said, "I never said this would be a luxurious operation. There will be more difficult days." A similar piece runs in the Chicago Tribune (7/27, Greenberg, 623K), under the headline "Israeli Losses Mount In Lebanon."

Israel Allows Humanitarian Aid Flight Into Lebanon. The CBS Evening News (7/26, story 2, 3:15, Logan, 7.66M) reported, "In an effort to ease the humanitarian crisis created inside Lebanon by the Israeli onslaught against Hezbollah,

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Israel allowed the first plane carrying aid to land at Beirut's international airport since it was bombed by their warplanes. But their military campaign showed no sign of slowing."

ABC World News Tonight (7/26, story 7, 2:40, Gibson, 8.78M) reported on the impact of the conflict on young Lebanese and Israeli children.

Israel Continues Pummeling Tyre. NBC Nightly News (7/26, lead story, 3:25, Williams, 9.87M) reported, "We've been hearing Israeli shelling on the outskirts of Tyre all day, but this evening, Israel launched its first major air strike, right in the city center. Pandemonium after two Israeli bombs destroyed the house of Hezbollah's commander in south Lebanon. Hezbollah says he wasn't inside. Every day, the air strikes are getting closer to the center of Tyre -- this one a few moments ago flattened this building." The New York Times (7/27, Tavernise, 1.21M) also runs a story on the bombing of Tyre.

Americans Continue To Flee Combat Zone. The CBS Evening News (7/26, story 3, 1:50, Schieffer, 7.66M) reported, "Some of the last Americans left in Lebanon were scrambling to get out. Some made it, some did not." CBS (Cowan) added, "This is what passes for the cavalry these days in southern Lebanon -- a convoy of Americans in rusted out Mercedes minibuses, and taxicabs, all out to rescue other stranded Americans at border. But getting to them meant getting a deal from Israel to allow a safe passage, at best, the window would be brief. Israel's bombing campaign hasn't let up a bit."

Lebanese Take Refuge In Sidon's Old Prison. NBC Nightly News (7/26, story 3, 1:55, Curry, 9.87M) reported, "Less than 50 miles from the fighting, Sidon's old central prison holds new inmates -- refugees of war." Local volunteer "Adib Kholawi took us inside. Two hundred fifty people, most of them children, are crammed into a space for 15 prison workers." But as "hungry as people are here, they are just as angry at Israel and the US."

Sharon's Condition Worsens. The Washington Times/AP (7/27, Plushnick-Masti) reports, "Former Israeli Prime Minister Ariel Sharon was rushed to the intensive care unit of a Tel Aviv hospital yesterday to undergo a form of kidney dialysis, a hospital spokeswoman said." Sharon's condition "deteriorated significantly earlier in the week, when officials at the Sheba Medical Center said that his kidneys were failing and that they had noticed changes in his brain membrane."

Israel To Investigate Airstrike On UN Post In South Lebanon. NBC Nightly News (7/26, story 2, 1:55, Fletcher, 9.87M) reported, "Ten times in six hours yesterday, UN observers asked Israel to stop shelling near their post close to the Israeli border, a UN spokesman said. Then, a direct hit by a guided missile -- four observers killed. 'They died unarmed and in the service of peace,' the UN said. And the Secretary-General Kofi Annan accused Israel of 'apparently deliberately targeting the peacekeepers.' Israel angrily denied it."

The AP (7/27, Nessman) reports Israeli "officials had told the United Nations that the bombing around the base was part of an 'an aerial preparation for a ground operation,' said the senior official, who spoke on condition of anonymity. Officials in the outpost called the Israeli army 10 times during those six hours, and each time an army official promised to have the bombing stopped, according to a preliminary UN report on the incident, which was shown to an Associated Press reporter on Wednesday."

ABC World News Tonight (7/26, story 3, 1:40, Karl, 8.78M) reported, "The UN observers were in the middle of a war zone…just three miles from the Israeli border. Yesterday afternoon, Israeli bombs started to fall nearby, prompting urgent calls from UN officials." Kofi Annan, UN Secretary General: "People on the ground were in touch with the Israeli army, trying to warn them, please be careful." Karl: "The UN commander in Lebanon says he personally called Israeli officials ten times to warn the bombs were getting dangerously close. For six hours, they kept coming. The post was finally destroyed by what UN officials said were laser-guided bombs. The reason Secretary-General Kofi Annan called it 'apparently deliberate.' Israel apologized, said it was an accident." Meanwhile, the CBS Evening News (7/26, story 2, 3:15, Logan, 7.66M) noted "Israel's announced an investigation." The New York Times (7/27, Hoge, 1.21M) runs a similar report.

The Washington Times (7/27, Pisik, 88K), meanwhile, titles its story "Annan Accepts Israel's Apology," reporting Annan "said yesterday that he accepted Israel's apology for the bombing of a United Nations' base in southern Lebanon, but he continued to make clear in public remarks that he does not quite believe that Tuesday's deadly attack was an accident."

Israeli Offensive Kills 23 Palestinians In Gaza. The Los Angeles Times (7/27, Khalil, 918K) reports, "Dozens of Israeli tanks and bulldozers backed by missile-firing drone aircraft pushed into the northern Gaza Strip on Wednesday, touching off a daylong battle that killed 23 Palestinians and wounded at least 70." At least "half of the Palestinian dead were fighters from Hamas, Islamic Jihad, the Al Aqsa Martyrs Brigade and other groups. But Palestinian medical sources said that at least three children were killed, including two sisters." The deaths "pushed the toll to about 140 in fighting that began June 25, when militants from the Gaza Strip crossed into Israel, killing two Israeli soldiers and capturing a third."

The Washington Post (7/27, A16, Anderson, 748K) reports Palestinian security and hospital officials said "most of

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the victims were struck by Israeli tank shells or missiles launched from Israeli drones flying overhead. The fighting made Wednesday the deadliest day in Gaza since Israel pulled out of the strip last year." An Israeli military spokeswoman said "the incursion was part of Israel's continuing campaign to stop Palestinian groups from launching homemade Qassam rockets into Israel and to secure the release of an Israeli soldier captured by Palestinian fighters on June 25."

House Approves Nuclear Deal With India. The AP (7/27, Klug) reports the House voted "to allow the United States to supply India with civilian nuclear fuel and technology, a proposal that would reverse decades of U.S. anti-proliferation policy." Rep. Tom Lantos, D-Calif., a "leading supporter," portrayed "the proposal as 'a tidal shift in relations between India and the United States.'" President Bush is "asking legislators to exempt India from U.S. laws that bar nuclear trade with countries that have not submitted to full international inspections." Supporters "portrayed the plan as a way to strengthen a strategic relationship with a friendly country that has long maintained a responsible nuclear program."

The New York Times (7/27, Sanger, 1.21M) reports the House approved "a nuclear deal with India that would for the first time allow the United States to ship nuclear fuel and technology to a country that has refused to sign the Nuclear Nonproliferation Treaty. The accord's passage, by a vote of 359 to 68, is a quick, major victory for the Bush administration, which argued that nurturing India as an ally outweighed concerns that the agreement would free more nuclear material for India to use for the manufacture of nuclear weapons." The Senate "is expected to approve the deal later this year, but before it goes into effect both houses will have to approve the specifics of an nuclear cooperation accord with India. Similarly, India will have to reach agreements with the International Atomic Energy Agency and the Nuclear Suppliers Group, the loose collection of nations that regulate the sale of nuclear-related technology."

CQ (7/26, Monaghan) reports with support "for India running high in Congress, the bill enjoyed wide bipartisan support. Its most outspoken critic was Edward J. Markey, D-Mass., who failed in the Rules Committee to win a vote on an amendment that would have conditioned the deal on an Indian pledge to prevent Iran from obtaining weapons of mass destruction. Markey tried to send the bill back to committee to include his amendment on Iran; it was rejected, 192-235." During the debate, Markey "also warned the measure 'pours nuclear fuel on the fire of an India-Pakistan nuclear arms race.'"

Bush Eager To Revive Failed Doha Talks. The Financial Times (7/27, Daniel, Guha, Luce) reports senior US officials say that President Bush "will do what he can" to revive the Doha round of WTO talks. "We have not given up on the Doha round," said a senior official in Washington Wednesday. However, the Bush administration "has yet to arrive at a clear strategy for keeping the Doha round alive without handing ammunition to the opposition Democrats in the build-up to mid-term elections in November." Democrats, the Times says, "have become increasingly hostile to further trade liberalization in the past two years," while Bush "also has to tread carefully with Republican lawmakers from farming states."

USA Today (7/27, B7, Lynch, 2.27M) says US Trade Representative Susan Schwab told reporters Wednesday, "The Doha round is in serious trouble, but it isn't dead yet." On Saturday, Schwab will meet with Brazilian Foreign Minister Celso Amorim in Rio de Janeiro to discuss "a path forward." The Washington Times (7/27, Sparshott, 88K) notes Schwab warned it "could take years…to reach a consensus on new trade rules, or that they may never finalize a deal."

Collapse Of Trade Talks May Yield Legal Battles. The Wall Street Journal (7/27, A4, Von Reppert-Bismarck, 2.03M) reports, "Panama launched a trade dispute with neighboring Colombia this week and Brazilian officials considered asking for $1 billion in sanctions over US cotton exports, signaling that the collapse of global trade talks could foment a frenzy of international legal fights." The Journal says the US "may be most vulnerable to legal attacks" as Congress seeks to extend by five years a farm bill "that would entrench subsidies open to challenge at the WTO."

Talk's Failure Attributed To Power Of Farmers. The New York Times (7/27, Weisman, Barrionuevo, 1.21M) says the collapse of world trade talks this week "has again proved that a small number of farmers in the United States—as well as Europe, Japan, India and other trading partners—have the power to resist lower agricultural tariffs and subsidies, even though a global trade deal might ultimately benefit most of them." In Congress and among farm lobbyists, though, the Times says the breakdown was viewed as "a dodged missile." EU trade representative Peter Mandelson "suggested that the Bush administration was loath to make a trade deal in an election year with farmers' votes crucial to Republicans."

Similarly, the Christian Science Monitor (7/27, Trumbull, 58K) attributes the talks' collapse to "agricultural lobbies" that "enjoy a political clout that far outweighs their economic weight," and "their influence is often felt in every region of nations such as France and the US, with corresponding influence in legislatures."

In an editorial, the New York Times (7/27, 1.21M) says, "It's easy to shrug off this week's collapse of global trade talks. Amid the killing in Iraq and Lebanon, a war of words over "de minimis subsidies" and "amber box" payments

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seems esoteric at best. But the damage to the world's poorest countries, which will now be denied their promised access to global markets and a chance to compete, will be enormous." According to the Times, "Much of that blame ought to be directed at Europe and the United States, which again decided that the political clout of their farm lobbies outweighed their leaders' repeated promises to do more to end global poverty."

Lawmakers Now Expected To Focus On A New Farm Bill. The Hill (7/27, Schor) says the stalemate "could give new momentum to lawmakers hunkering down for a hard-fought farm-bill rewrite, despite support for extending existing farm-subsidy rates until a Doha deal can be reached." For example, the American Farm Bureau Federation is expected to announce "a policy shift triggered by the Doha stalemate" this morning. However, House Agriculture Chairman Bob Goodlatte (R-Va.) "still favors moving forward with a new farm bill regardless of Doha," Goodlatte spokeswoman Alise Kowalski said. Therefore, The Hill says "tight federal finances, rather than WTO uncertainty, could prove crucial."

Senate Threatens China With Tariffs Over Currency. The Wall Street Journal (7/27, Price, 2.03M) reports, "The authors of a US Senate bill that would impose steep tariffs on Chinese imports said Beijing must show more progress on foreign-exchange reform or they would call for a vote on the legislation by Sept. 30." Sens. Charles Schumer and Lindsey Graham said after meeting with US Treasury Secretary Henry Paulson that they told him they are "disappointed with the Chinese yuan's failure to strengthen against the dollar." The Journal notes that "for more than a year," the senators have "agreed to delay a vote on legislation that would slap a 27.5% tariff on Chinese imports in retaliation for currency manipulation by Beijing."

Japan To End Ban On US Beef Thursday. The New York Times (7/27, 1.21M) reports in "World Brief" section the Japanese government said on Thursday that it had formally decided to allow American beef imports to "restart immediately from all but one of 35 beef processing plants authorized to sell beef to Japan." Japan will maintain a ban on imports from one plant, "now changing its operations manual, until the government confirms the final contents of the manual."

Defense Minister Says North Korea Will Strengthen Nuclear Program. The AP (7/27, Kim) reports North Korea's defense minister "said his country will strengthen its nuclear weapons program in response to U.N. sanctions and American hostility, the North's official news agency reported Wednesday." North Korea will "upgrade its arsenal 'in every way by employing all possible means and methods' and will greet any aggressors with 'all-out do-or-die resistance and unprecedented devastating strikes,' Kim Il Chol said, according to the Korean Central News Agency."

In a brief piece entitled, "Rice In A Serious Mood," the New York Times (7/27, 1.21M) reports, "It is an open secret that American diplomats have often scratched their heads at one of the weird customs of the annual meeting of the [ASEAN]: the skits the delegations perform at the gala dinner ever year." While last year Deputy Secretary Zoellick "sang 'Oh My Darling, Clementine,'" Secretary Rice "said she would not be doing a skit because the fighting in the Middle East called for seriousness, not levity. But she said she would play the piano. 'I'm going to do a serious piece,' she said. 'A reflective piece. Brahms is always good for that.'"

North Korea, Iran Apparently Strengthening Military, Diplomatic Cooperation. The Los Angeles Times (7/27, Demick, 918K) reports North Korea and Iran, "two fiercely anti-American regimes, appear to be bolstering their military and diplomatic cooperation, including the possible sale of missiles to the Tehran government, intelligence sources said." An Iranian parliamentary delegation "visiting Pyongyang was given a VIP welcome with a reception Monday at the North Korean Supreme People's Assembly to celebrate, as the North Korean news service put it, the 'friendly and cooperative relations growing strong in various fields' between the two countries." Israeli intelligence "believes North Korea recently sold 18 intermediate-range missiles to Tehran. Some accounts also place Iranian observers in North Korea when the Pyongyang regime test-fired seven missiles over the Sea of Japan this month."

Chavez Plans Major Arms Deal With Russia. The AP (7/27, Meyer) reports Venezuelan President Hugo Chavez "said Wednesday that his oil-rich nation will sign major arms deals in Moscow to acquire Russian fighter jets and produce Kalashnikov assault rifles, and he slammed U.S. criticism of the weapons sales." Chavez "thanked Russian President Vladimir Putin for resisting pressure from Washington to call off the deals, which Russia's defense minister stressed would go ahead despite U.S. opposition." Chavez, "who has become a thorn in Washington's side with his anti-U.S. policies, is to sign a more than $1 billion deal for about 30 Su-30 fighter jets and 30 helicopters, Russian Defense Minister Sergei Ivanov said last week."

The Wall Street Journal (7/27, Cullison, 2.03M) reports "the high-level meetings" Chavez "has secured in Russia and Belarus are being closely watched in Washington for signs of how far the Kremlin plans to stray from the West as relations between them grow chillier. Mr. Chávez's visit is part of a world tour to gather allies for a geopolitical counterbalance to the U.S. and to rally support for his bid to secure a nonpermanent seat for Caracas on the United Nations Security Council." Russia's "expanding ties with Venezuela

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are the latest example of a new assertiveness in Kremlin foreign policy, driven by growing frustration with what Moscow sees as U.S. high-handedness around the world and by Russia's oil-fueled economic recovery."

Cocaine Labs Double During Morales' Tenure In Bolivia. The Washington Times (7/27, Arostegui, 88K) reports, "Counternarcotics officials say the number of cocaine laboratories in Bolivia has almost doubled in the seven months since Evo Morales, a former coca grower and organizer of coca-farming syndicates, was elected president." Morales, "whose country faces sharp economic penalties if the United States does not recertify it as a fully cooperating partner in the war on drugs next year, insists Bolivia is committed to battling the international traffic in narcotics." But critics "say new programs allowing farmers to cultivate small plots of coca are contributing to the rise in cocaine production." Legal analysts "say the government has violated international agreements with decrees that allow the free sale of coca and the auction of confiscated leaf shipments."

Somali Becoming Proxy War For Eritrea, Ethiopia. The AP (7/27, Nor) reports a "mysterious Russian-built cargo plane believed to be loaded with weapons landed in this capital Wednesday, setting off a fresh round of allegations that Somalia has become a proxy battleground for its neighbors Eritrea and Ethiopia." The US and "other Western powers have cautioned outsiders against meddling in Somalia, which has no single ruling authority and can be manipulated by anyone with money and guns. But there's little sign the warning has been heeded."

Georgian Government Seeks To Pacify Rebellious Militia. The New York Times (7/27, Chivers, 1.21M) reports Georgian special forces "pressed their attacks through the mountainous Kodori Gorge on Wednesday, trying to put down a rebellious militia whose leader had said he would no longer recognize the central government." It was "the second day of fighting in the remote gorge near the Russian border, amid concern that the violence could rekindle hostilities between pro-Western Georgia and the nearby self-declared republic of Abkhazia, which is a de facto Russian protectorate."

Aid Agencies Criticized For Failing To Follow Through In Tsunami Zone. The New York Times (7/27, Perlez, 1.21M) reports life in Aceh, "the northernmost province of Indonesia where 170,000 people perished in the December 2004 tsunami, has resumed a semblance of normality." But "beneath the activity, a veil of disenchantment with international aid agencies pervades, a feeling that extravagant promises backed by unprecedented donations, large and small, from the around the world have yet to materialize. To many, the $8.5 billion that humanitarian agencies, foreign governments and Indonesia say they will spend on the rebuilding of Aceh seems a mirage. In some ways, they are right. So far, the World Bank says only $1.5 billion of the $8.5 billion dedicated to the disaster has yet been disbursed." In addition, "much of what has been spent has not been spent well. A scathing report issued in mid-July by experts from governments, the United Nations and international aid agencies, and endorsed by former President Bill Clinton, makes clear that the villagers are not just grumbling."

Liberia Activates Emergency Power System. The New York Times (7/27, Polgreen, 1.21M) reports that for "more than 14 years, Liberia has lived in darkness, literally and figuratively. Monrovia, Liberia's capital, was ravaged repeatedly during the country's 14-year civil war, and one of the first casualties was its electricity system. In the warlords' battle to control swaths of the country, they deliberately attacked its infrastructure, blowing up generators and transformers, machine gunning poles into Swiss cheese." But "on Wednesday, Liberia's 159th independence day, electric lights once again shone on Tubman Boulevard. Or at least a few of them did, anyway." Fulfilling in "spirit, if not to the letter, a campaign promise to bring electricity back to Monrovia by independence day, Liberia's new president, Ellen Johnson Sirleaf, turned on an emergency power system to carry electricity to hospitals and streetlights on a handful of streets in one neighborhood here in the capital."

Leftist Candidate's Adviser Says Violence Possible In Mexico Without Recount. The Washington Times (7/27, Stuhldreher, 88K) reports a top political adviser "for Mexico's leftist presidential candidate said questions regarding the election could destabilize Mexico and lead to violence if there is no recount of the 41 million votes cast earlier this month." Manuel Camacho, a "leader in the political commission backing leftist presidential candidate Andres Manuel Lopez Obrador," said, "We think that destabilization of the country will be the outcome if there is not a full recount. The country is divided now, and we are looking for a way out of this crisis." The Times adds the Federal Electoral Institute "reported that Mr. Lopez Obrador of the Democratic Revolutionary Party received 35.34 percent of the votes cast on July 2, while Felipe Calderon of the National Action Party won 36.38 percent of the votes. Mr. Calderon, a conservative Harvard-educated businessman, is widely considered to be the legitimate winner." Lopez Obrador, "a self-declared man of the poor, said the elections were fraudulent."

Obrador Adviser Says Recount Would Be Positive For Mexico. In a Washington Post op-ed (7/27, A25), Jorge

DOJ_NMG_0043394

de los Santos, US-Mexico affairs adviser to Andrés Manuel López Obrador, says, "A full recount of the votes, and transparent legal proceedings, would be good for Mexico for several reasons. First, it would strengthen Mexico's young democracy. Mexico has a long history of electoral fraud," and "a vote-by-vote count would ease these worries and bring credibility. Second, it would make government more effective." Third, "it will bring legitimacy to the winner of the election."

Obrador's Tactics Termed "Orwellian." In a Washington Post op-ed (7/27, A25), author Enrique Krauze says, "Besides proclaiming his own victory, insulting the president, personally threatening Calderon and his family, calling the officials of the Federal Electoral Institute 'criminals,' and anticipating the verdict of the judiciary's Federal Electoral Tribunal, Lopez Obrador has employed tactics worthy of an Orwell novel. Arithmetical irregularities that are isolated, that are only presumed and not confirmed by the tribunal, are presented to the public as clear proof that the whole process was tainted. And if, as occurred on July 11, his own polling-place representatives deny a purported irregularity, Lopez Obrador argues that they were 'bought' or corrupted."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Israel Wades Into Bloodiest Day."
"Bugles, Heralds In Bloom."
"9/11 Film Resonates With An Unlikely Group: Teens."
"L.A. Area Leads In Employers That Aren't."
"General Explains Baghdad Buildup."
"In Gaza, 23 Palestinians Killed."
"1,000-Plus Tips Pour In To L.A. County Sheriff After Photos Belonging To Killer Released."

USA Today:
"Yates Headed To Hospital, Not Prison."
"Airfares Soar As Planes Fill Up."
"Building 'Green' Reaches A New Level."
"Threats Up Against Federal Judges."

New York Times:
"Cease-Fire Talks Stall As Fighting Rages On 2 Fronts."
"For Israeli Unit, Hezbollah Lair Is Ambush Site."
"Chicago Orders 'Big Box' Stores To Raise Wage."
"Maker Calls New Bird Flu Vaccine More Effective."
"As Mrs. Astor Slips, The Grandson Blames the Son."
"Odd Bedfellows Align To Market Film About 9/11."

Washington Post:
"Hezbollah Proves A Formidable Foe."
"'Waiting To Get Blown Up.'"
"Security Contracts Widely Abused."
"D.C. Mayor Wants Study Of Need For More Police."
"Inmates Kill Guard At Prison In Maryland."
"Wolf, Davis Say Tunnel May Delay Dulles Rail."
"A Mirror On Race In Prince George's."

Washington Times:
"9 Israelis Die In Lebanon."
"Court Refuses To Define Marriage."
"Bush To Sign Voting Act That He Once Opposed."
"Al-Maliki Calls Iraq 'Front Line' In The War On Terror."
"Hillary's Brother Barred From Bank Account."

Detroit Free Press:
"GM: Turnaround Is Working."
"Butler Uses Church Roots To Hit Down–Home Chord."
"Crisis In Mideast Grows As Talks On Cease-Fire Falter."

Atlanta Journal-Constitution:
"Top Iraqi Ask For More Aid."
"Woman Found Dead On Silver Comet Trail."
"Uneasy Laughter Fills Israel Town."
"Facility's Stench Causes Sickness, Residents Say."

Houston Chronicle:
"Not Guilty, But Not Free."
"Talks Stall As Losses Mount On Two Fronts."
"Loved Ones Call Decision 'Miracle' While Prosecutors Are 'Disappointed.'"
"Mental Health Advocates Pay Acquittal Reflects Awareness."
"Vote Today Could Lend To A State First In Bus Safety."
"Promising Bird Flue Vaccine Is Also Practical."

Story Lineup From Last Night's Network News:
ABC: Israel Suffers Losses; Hezbollah-Strong Resistance; Peacekeepers Hit-Lebanon; Rice-Rome; Maliki-Congress; TX-Yates Verdict; Mideast Violence-Young Victims; Conoco-Giant Profits; GM Restructuring-Progress; Government Contracts-Small Businesses; Online Food Advertisements.
CBS: Rice-Rome; Mideast Violence; Evacuating Americans; More Troops-Baghdad; Hussein Returns To Court; TX-Yates Verdict; Government Contracts-Small Businesses; Medicare Part D-Coverage Gap; Ireland-Ancient Book Found.
NBC: Mideast Violence-Lebanon; Mideast Violence-Israel; Lebanese Refugees; Rice-Rome; Maliki-Congress; Gerald Ford Hospitalized; Bush-Approval Ratings; TX-Yates Verdict; Border Crossings-Analysis; Stock Markets; Big Dig-Safety Concerns; Summer Homework.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Maliki-Speech To Congress; Rice-Rome Talks; Israel-Lebanon Attacks; Yates Verdict; CA-Heat Wave.
CBS: Rice-Rome Talks; Israel-Lebanon Attacks; Bush-Poll Numbers; Maliki-Speech To Congress; Yates Verdict; CA-Heat Wave.

DOJ_NMG_0043395

NPR: Rice-Rome Talks; Maliki-Speech To Congress; CA-Heat Wave; Wall Street; SEC-Executive Compensation Disclosure Rules; St. Louis-Power Outages.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in signing of H.R. 9, Fannie Lou Hamer, Rosa Parks and Coretta Scott King Voting Rights Reauthorization and Amendment Act of 2006. South Lawn. Meets with president of Romania, Oval Office. Participates in signing of H.R. 4472, the Adam Walsh Child Protection and Safety Act of 2006. Room 450 EEOB. Remarks to the National Association of Manufacturers, Grand Hyatt, Washington.

VICE PRESIDENT CHENEY — Delivers keynote address at the 2006 Korean War Veteran Veterans Armistice Day Ceremony at memorial, south of Lincoln Circle.

US Senate: 9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Hearing on the ``Stafford Act: A Path Forward for the Nation's Emergency Preparedness and Response." Testimony from Robert Shea, FEMA/DHS; Maj. Gen. Don Riley, US Army Corps of Engineers; Deborah Dietrich, EPA; Corey Gruber, DHS; American Red Cross; Assoc. of State Flood Managers; National Emergency Management Assoc. Location: Room 406, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the nomination of John Bolton to be UN Ambassador. John Bolton. Location: Room 419, Dirksen.

10 a.m. AGING COMMITTEE _ Meets to release results of investigation into laboratories and companies involved in selling at-home DNA tests to consumers. Testimony from the FDA, GAO, geneticist from Johns Hopkins University, others. Location: Room 106 Dirksen.

10 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Forestry, Conservation and Rural Revitalization Subcommittee. Oversight hearing on the use of technical service providers by the USDA. Location: Room 328A, Russell.

10 a.m. ARMED SERVICES _ Full Committee. Meets on nomination of Lieutenant General James T. Conway, USMC, to be Commandant of the Marine Corps. Location: Room 222, Russell.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Briefing on PSA campaign to educate consumers on television blocking technology, with former Motion Picture Association of America President and CEO Jack Valenti. Location: Room 253, Russell.

10 a.m. FINANCE _ Full Committee. Open Executive Session to review and make recommendations on proposed legislation implementing U.S.-Peru Trade Promotion Agreement, and to consider S. 3495. Location: Room 215 Dirksen.

10 a.m. HEALTH _ Full Committee. Hearing on the National Uniformity for Food Act. Testimony from William Stadtlander, Owner, Homestat Farm, Dublin, OH; Peter Barton Hutt, Senior Counsel, Covington and Burling, Washington, DC; Elsa Murano, College of Agriculture and Life Sciences, Texas A&M University; William Hubbard, former Associate Commissioner for Policy, FDA. Location: Room 430, Dirksen.

10 a.m. HOMELAND SECURITY _ Full Committee. Business meeting to consider the Post-Katrina Emergency Management Reform Act, Federal Funding Accountability and Transparency Act, and the Federal and District of Columbia Government Real Property Act. Location: Room 342, Dirksen.

10 a.m. SMALL BUSINESS AND ENTREPRENEURSHIP _ Full Committee. Markup of pending legislation. Location: Room 428A, Russell.

10 a.m. VETERANS AFFAIRS _ Full Committee. Hearing to consider nominations of Patrick W. Dunne and Thomas E. Harvey. Location: Room 418, Russell.

11 a.m. COMMERCE _ Full Committee. Hearing to consider nominations. Location: Room 253, Russell.

2:30 p.m. FOREIGN RELATIONS _ Subcommittee on European Affairs.Cconfirmation hearing on the nomination of Richard W. Graber to be ambassador to the Czech Republic. Location: Room 419, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Subcommittee on Federal Financial Management, Government Information, and International Security. Hearing on ``Responsible Resource Management at the Nations Health Access Agency." Testimony from Peter Van Dyck, Maternal and Child Health Bureau , Health Resources & Services Administration; Joyce Somsak, Health Resources & Services Administration. Location: Room 342, Dirksen.

2:30 p.m. JUDICIARY _ Terrorism, Technology and Homeland Security Subcommittee. Hearing on detecting smuggled nuclear weapons. Vayl Oxford, Director of Domestic Nuclear Detection Office, DHS; Pete Nanos, Defense Threat Reduction Agency; Steven Aoki, Deputy Undersecretary of Energy; Fred C. Ikli, CSIS. Location: Room 226, Dirksen.

US House: 9 a.m. JUDICIARY _ Courts and Intellectual Property subcommittee. Hearing on providing protection for fashion designers. Witnesses: Jeffrey Banks, fashion designer; The Doneger Group; Fordham Law School;

DOJ_NMG_0043396

University of Virginia School of Law. Location: Room 2141 Rayburn.

9:30 a.m. APPROPRIATIONS _ Science, State, Justice, Commerce and Related Agencies Subcommittee. Hearing on the census. Location: Room H-309, Capitol.

10 a.m. APPROPRIATIONS _ Homeland Security subcommittee. Hearing on border security and immigration enforcement. Testimony from DHS Secretary Michael Chertoff. Location: Room 2359 Rayburn.

10 a.m. EDUCATION AND THE WORKFORCE _ Full Committee. Hearing on the No Child Left Behind Act. Testimony from The Education Trust; New York City Department of Education; SAS Institute Inc., Cary, N.C.; Government Accountability Office; National Education Association. Location: Room 2175, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on medicare physician payments. Testimony from Mark McClellan, administrator, Centers for Medicare & Medicaid Services; Dr. John Brush, American College of Cardiology; Dr. Marilyn Heine, Alliance of Specialty Medicine; Lynne Kirk, American College of Physicians; Dr. Frank Opelka, LSU Health Sciences Center, New Orleans, others. Location: Room 2123 Rayburn.

10 a.m. GOVERNMENT REFORM _ Full Committee. Hearing on ``Code Yellow: Is the DHS Acquisition Bureaucracy a Formula for Disaster?'' Witnesses: Elaine Duke, chief procurement, Dept. of Homeland Security; David Zavada, assistant inspector general, DHS; GAO; others. Location: Room 2154, Rayburn.

10 a.m. HOUSE ADMINISTRATION _ Full Committee. Hearing on the Library of Congress. Librarian of Congress James Billington; other staff members. Location: Room 1310, Longworth.

10 a.m. VETERANS AFFAIRS _ Economic Opportunity Subcommittee. Hearing on DVA accelerated education benefits. Location: Room 334, Cannon.

10 a.m. WAYS AND MEANS _ Health Subcommittee. Hearing on the status of emergency health care. Tentative witnesses: Gail Warden, Henry Ford Health System, Detroit; Alan Levine, CEO, North Broward Hospital District, Fort Lauderdale, Fla; Alan Kelly, Scottsdale Healthcare, Scottsdale, Ariz.; Frederick Blum, M.D., American College of Emergency Physicians; Larry Bedard, California Emergency Physicians, Emeryville, Calif. Location: Room 1100, Longworth.

11 a.m. ENERGY AND COMMERCE _ Subcommittee on energy and air quality. Hearing on the Pipeline Safety Improvement Act. Witnesses: Thomas Barrett, Administrator, Pipeline and Hazardous Materials Administration, U.S. DOT; Donald Mason, Commissioner, Public Utilities Commission of Ohio; Ronald Jibson, Questar Gas Co., Salt Lake City; Jeryl Mohn, Panhandle Energy, Houston; Timothy Felt, President and CEO, Explorer Pipeline Co., Tulsa, Okla.; Lois Epstein, Cook Inletkeeper, Anchorage, Alaska. Location: Room 2322, Rayburn.

11:30 a.m. JUDICIARY _ Administrative and National Security Committee. Oversight hearing on national security implications of the Senate immigration bill. Witnesses: Peter Gadiel, president, 9/11 Families For a Secure America; Michael Maxwell, former director, Office of Security and Investigations, US Citizenship and Immigration Services; Michael Cutler, former INS agent; and His Excellency Nicholas DiMarzio, Bishop of Brooklyn. Location: Room 2141, Rayburn.

1 p.m. AGRICULTURE _ Conservation, Credit, Rural Development and Research Subcommittee. Hearing on conservation issues. Testimony from Mark Rey, USDA Undersecretary for Natural Resources and Environment; Teresa Lasseter, Administrator, Farm Service Agency, USDA; Bill Wilson, President, National Association of Conservation Districts; David Nomsen, Pheasants Forever Inc; Dale Schuler, National Association of Wheat Growers; John O'Keeffe, National Cattlemen's Beef Association; Judith Schwank, County Commissioner, County of Berks, Pennsylvania. Location: Room 1300, Longworth.

1 p.m. SELECT INTELLIGENCE _ Full Committee. Hearing on ways to modernize the Foreign Intelligence Surveillance Act. Panelists: Reps. Jane Harman, Heather Wilson, John Conyers, Jeff Flake, R-Ariz; Rep. Adam Schiff. Location: Room 2212, Rayburn.

2 p.m. ENERGY AND COMMERCE _ Subcommittee on oversight and investigations. Hearing on ``Questions Surrounding the 'Hockey Stick' Temperature Studies: Implications for Climate Change Assessments.'' Witnesses TBA. Location: Room 2322, Rayburn.

2 p.m. GOVERNMENT REFORM _ Energy and Resources Subcommittee. Hearing on royalty relief and price thresholds. Testimony from Chevron North America Exploration and Production Co.; Gulf of Mexico, Minerals Management Service. Location: Room 2154, Rayburn.

2 p.m. SCIENCE _ Environment, Technology and Standards Subcommittee. Hearing on undersea research and ocean exploration. Andrew Shepard, University of North Carolina-Wilmington; Marcia McNutt, Monterey Bay Aquarium Research Institute; Richard Spinrad, NOAA. Location: Room 2318, Rayburn.

Other: PRESIDENT TRAIAN BASESCU OF ROMANIA _ Highlights: Meets with President Bush.

KOREAN WAR ARMISTICE DAY EVENTS _ Events commemorating the 53rd anniversary of the Korean War Armistice will be held. Highlights: 9 a.m. The Korean War Veterans Armistice Day Coordinating Committee holds pre-program entertainment events at the Korean War Memorial. National Mall. Contact: Norbert Reiner, 793-893-6313. 10 a.m. The Korean War Veterans Armistice Day Coordinating

DOJ_NMG_0043397

Committee holds a commemorative program at the Korean War Memorial. National Mall. Contact: Norbert Reiner, 793-893-6313. 2 p.m. A full honors memorial and wreath-laying ceremony will be held at the Tomb of the Unknown Solider. Arlington National Cemetery. 3 p.m. The Korean War Veterans Armistice Day Coordinating Committee holds a short memorial program honoring soldiers of all wars at the Korean War Bench area of Arlington National Cemetery.Contact: Norbert Reiner, 793-893-6313. Location: Korean War Veterans Memorial, The Mall.

LAW ENFORCEMENT CONFERENCE _ US Department of Justice Office of Community Oriented Policing Services (COPS) National Community Policing Conference, with more than 1,300 law enforcement officials and criminal justice experts. Highlights: 8:30 a.m. Welcoming remarks, with D.C. Police Chief Charles Ramsey, Paul McNulty, Deputy Attorney General, U.S. Department of Justice; Carl Peed, Office of Community Oriented Policing Services; others. 9 a.m. Keynote address by Thomas E. McNamara from the Office of the Director of National Intelligence. Location: Washington Hilton.

HEALTH CARE _ 8:30 a.m. The American Network of Community Options and Resources, others, hold a briefing to discuss the shortage of long term care workers for people with disabilities. Location: Room B-339, Rayburn.

US-LATIN AMERICAN TRADE _ 8:30 a.m. Congressional Hispanic Leadership Institute briefing on ``the US Hispanic Community's Role in the Emerging Common Market in the Western Hemisphere." Location: HC-5, US Capitol.

HOMELAND SECURITY-US VISIT _ 10:30 a.m. Robert A. Mocny, acting director of the Homeland Security program US VISIT, holds briefing to make ``important announcement." Location: US VISIT office, Room 1890, 1616 N. Fort Myer Dr., Arlington.

FILTHY POWER PLANTS _ 11 a.m. Environmental Integrity Project holds teleconference to release report on the ``50 Dirtiest U.S. Power Plants." Twelve states will be highlighted as having the highest concentrations of dirty plants. Contacts: Ailis Wolf, 703-276-3265. On the Net: http://www.environmentalintegrity.org, streaming audio available later by 3 p.m. Notes: Call 1-800-860-2442. Ask for ``dirtiest power plants" event.

STUDENTS-DEPORTATION _ 11 a.m. Media availability with students who would be affected by passage of the ``DREAM Act. Students include Princeton's salutatorian Dan-El Padilla Peralta of the Dominican Republic, as well as students from Guatemala, Nigeria and elsewhere. Location: National Council of La Raza, 1126 16th St NW.

CABLE TV-CONSUMER CHOICE _ 12 p.m. Reps. Dan Lipinski, D-Ill., and Tom Osborne, R-Neb., Consumers Union and Parents Television Council announce introduction of bipartisan legislation to help consumers choose cable TV services. At issue is people having to buy cable channels they don't want in their homes. Location: Cannon Terrace (rain location: 2167 Rayburn).

IRAN-BRIEFING _ 12 p.m. Participants in congressional briefing on Iran, with Iran Policy Committee, members of Congress, and European parliamentarians. Agenda: Iran's threat through terrorist proxies to Iraq, Lebanon, and Israel. Location: Room B-369, Rayburn.

MID-ATLANTIC FLOODING _ 12 p.m. Congressional task forces on the Delaware River Basin and Susquehanna River Basin host briefing on recent flooding in the Mid-Atlantic region. Speakers will be from the National Weather Service, Delaware River Basin Commission, Susquehanna River Basin Commission, Delaware River Keeper, National Association of State Flood Plain Managers, and Northeast-Midwest Institute. Location: Room 2203, Rayburn.

TREASURY-TAX ANALYSIS _ 12 p.m. The National Economists Club hosts a luncheon analysis of the President's tax proposals. With Robert Carroll, deputy assistant secretary for tax analysis, Dept. of the Treasury. Location: Chinatown Garden Restaurant, 618 H St., N.W.

ANTI-WAR _ 1 p.m. Coalition of Arab-American and U.S. peace groups announce plans for a massive ``National Emergency March to protest the U.S.-Israeli war against the people of Palestine and Lebanon." Location: National Press Club.

EXXON PROFITS-CONSUMERS _ 1 p.m. National consumer and environmental groups hold telephone news conference to comment on ExxonMobils second-quarter profits report and the companys role in the future of U.S. energy policy, global warming, and alternative energy. Participants: Public Citizen; Exxpose Exxon; Greenpeace; Sierra Club. Contacts: Shawnee Hoover, 202-546-9707. Notes: Call 1-877-490-2961; Password: Exxpose Exxon.

TESTING ENGLISH LEARNERS _ 1 p.m. Education Secretary Margaret Spellings holds teleconference to announce partnership with states on improving tests for students with limited English proficiency (LEP). She'll also update the departments recent actions on enforcement and flexibility. Contacts: Chad Colby, 202-401-1576. Notes: Call 800-857-4978; passcode: PARTNERSHIP.

US MANUFACTURING CAUCUS _ 1 p.m. House Manufacturing Caucus and US Civilian Research and Development Foundation holds panel discussion on ``American Manufacturing: Growth through Global Innovation." Location: Room 2360, Rayburn.

GOP CENTRISTS _ 1:30 p.m. Centrist GOP members of the Republican Main Street Partnership hold news conference to unveil new legislative agenda. Participants include Reps. Tom Davis, Jim Gerlach, Sherwood Boehlert and Jim Kolbe. Location: Capitol Hill Club.

DOJ_NMG_0043398

DEMOCRATS-AGENDA _ 1:45 p.m. After gathering for a Joint Caucus, House and Senate Democrats join to call for ``a New Direction for America." Participants include: Senate Democratic Leader Harry Reid, House Democratic Leader Nancy Pelosi, and Senator Bob Menendez and Congressman Emanuel Cleaver. Location: Russell Senate Swamp.

RUMSFELD-CANADA _ 1:45 p.m. Secretary of Defense Donald H. Rumsfeld hosts an honor cordon to welcome Canadian Minister of National Defense Gordon O'Conner to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

AIDS-JUDDS _ 3 p.m. Washington Mystics Foundation and YouthAIDS hold YouthAIDS Day, including a forum with YouthAIDS Global Ambassador Ashley Judd and YouthAIDS U.S. Ambassador Wynonna Judd, others. Location: Verizon Center.

RUMSFELD-ROMANIA _ 3:30 p.m. Secretary of Defense Donald H. Rumsfeld hosts an honor cordon to welcome Romanian President Traian Basescu to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

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This morning's Department of Justice News Clips is attached.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JULY 27, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Administration And Critics, In Senate Testimony, Clash Over Eavesdropping Compromise (NYT) 6
Officials Urge Law To Allow Eavesdropping (WP) 7
Spy Agency Chiefs Call For Broader Rules (USAT) 8
Bush Administration Pushes Updated Law On Foreign Wiretaps (AP) 9
Rules Debated For Trials Of Detainees (NYT) 9
Proposal Calls For Tribunal-Style Trials (WP) 10
Administration Seeks Terror Prosecution (AP) 12
Trial Set For 7 Accused Of Terror Attack Plot (AP) 12
FBI Paid Informants In Case Of Accused Terror Cell (ORS) 13
Liberty City Terror Suspects Go To Trial In March (MH) 14

Patriot Act:

Judge Who Invalidated Part Of Patriot Act Hears Related Challenge (AP) 14

Homeland Response:

Muslim, Other Groups Ask FBI To Be Sensitive In Hezbollah Probe (NSDY/AP) 16
Homeland Security Contracts Abused (WP) 17
Report Cites Mismanagement At Homeland Security (LAT) 18
Feds Move To Share Intelligence Faster (USAT) 19
Analysis: Animal Groups Zero In On Pharma (UPI) 20
Odd Bedfellows Align To Market Film About 9/11 (NYT) 21
Louisiana Governor Criticizes U.S. Evacuation Plan (NYT) 23
Behind The Katrina Imbroglio (WSJ) 23
The Wrong Lesson (NYT) 26
The Reliable Source (WP) 26

War News:

Iraqi PM Calls For More Money And Troops (AP-Y) 27
Iraqi Prime Minister Presses For More Aid (WP) 28
Many Speech Critics Stay Away; Several Go (RC) 30
Al-Maliki Echoes White House In Address (FT) 30
Al-Maliki: Iraq 'Battle That Will Determine The War' (BSUN) 31
PM Says Iraq Is Front Line Of Terror War (CHIT) 32
Iraqi Prime Minister Gets Mixed Response In Congress (LAT) 33
'Our Duty To Defeat This Terror,' Iraqi Leader Tells Congress (USAT) 35
Maliki Expresses Thanks In Address To Congress (NYT) 35
Dean Calls Iraqi PM An 'Anti-Semite' (AP-Y) 37
Howard Dean Compares Katherine Harris To Stalin During Stop In WPB (FLSUNSEN) 37
Iraqi Leader Speaks Half The Truth (LAT) 38
Iraq's Hezbollah (WSJ) 38
General Explains Baghdad Buildup (LAT) 40
'Waiting To Get Blown Up' (WP) 42
Fixing Iraq (WSJ) 44
Saddam Asks For Firing Squad Execution (WT/AP) 45
Combative Saddam Makes Last Stand In Court (USAT) 46
Defiant Hussein Hails Insurgents And Clashes With His Judge (NYT) 47
Combative Hussein Returns To Court As Defense Sums Up (WP) 48
More Iraqi Oil Production Predicted (AP-Y) 49
Fuel Smuggling Curbed By Prices, Says Iraq (FT) 50
Afghan Clashes Claim 22 Taliban Militants (USAT) 51

Corporate Scandals:

SEC Issues Rules On Executive Pay, Options Grants (WSJ) 52
Pay Rules Adopted By S.E.C. (NYT) 53
SEC Rules Tightened On Pay Disclosure (WP) 55
New Rule To Expose Pay Packages (USAT) 56
SEC Requiring More Pay Disclosure (AP) 57
Tugging At The Veil Hiding Executive Pay (NYT) 58
Are Backdating Cases Really Securities Fraud? (LAW) 59
Ex-executive Pleads Guilty (CO) 60
Lying To In-House Counsel May Lead To Prosecution (NLJ) 61

Investors' Class-Action Lawsuits Drop Sharply (WP) 63
First Call Worry Amid Hedge Fund Boom: Privileged Access To Information (WSJ) 64
A Settlement Over Global Crossing (WSJ) 67

Criminal Law:

Court Grants Stay In Jefferson Case (HILL) 68
Judges Delay Investigation Of Congressman (AP) 68
FBI Review Of Jefferson Evidence Delayed (MSNBC) 69
Child-prostitution Cases Reveal Cruel Underworld (USAT) ... 70
Prosecutors: Wife Behind Husband's Killing (AP) 71
S.C. Sex Offender Found With Missing Teens In Florida (AP) 72
Wanted Man Shot By FBI Agent During An Arrest Try (MH) 72
Attempted Murder Suspect Shot By FBI Agent In Fort Lauderdale (FLSUNSEN) 73
Boston Police Offices Waive Miami Extradition Hearing (BRAH) 73
BPD Knew Feds Eyed Cop: Pulido Still Tapped For Elite Unit (BOSH) 73
Police Corruption Suspect Failed A Drug Test In 1999 (BOS) 74
FBI Seizes Documents From A Monmouth Agency And Its Leader (NSL) 75
Utilities Chief Probed (APP) 76
School Bus Driver Arrested In Nationwide Child Porn Sweep (NSDY/AP) 77
FBI Labels Jerseyan Czar Of Child Porn Web Site (NSL) 78
Man Set To Die Today For Inmate's Murder (WT/AP) 79
Execution Of Pagan Devotee Set For Tonight (WP) 80
New Law Marks Adam Walsh Case Anniversary (MH) 81
Inmates Kill Guard At Prison In Maryland (WP) 83
Prisons Called For Correction (BSUN) 84
Norton Family, Friends Praise Police Work (SLT) 86
Prosecutors Considering Charges In Norton Case (AP) 87
Norton Family, Friends Reconcile With Police (KCPW-TV) ... 88
Family, Friends Apologize To Police In Destiny Case (KSL-TV) 88
Tearful Thanks (DESERET) 89
D.C. Mayor Wants Study Of Need For More Police (WP) 91
Yates Headed To Hospital, Not Prison (USAT) 92
Jury Finds Yates Not Guilty By Reason Of Insanity (LAT) 93
Yates Is Not Guilty By Reason Of Insanity (WP) 94
Release, Publication Of Women's Photos Draw Many Tips (LAT) 95

Civil Law:

Boeing Reports Loss Despite Highflying Sales (USAT) 96
Boeing Posts Loss On Costs Of Settling Ethics Inquiry (NYT) 97
Boeing Chief Isn't Happy With Defense Operations (SLPD) ... 98
Boeing Reports 2Q Loss Of $160M (AP) 99
Big Companies Cash In On Fed Contracts (FINDLAW/AP) .. 100
Watchdog, Lawmakers Eye Better Information Flow (NJTD) 101

Civil Rights:

City Moves Ahead With Compliance (CINE) 102
Tallahassee Prison Guards Plead Not Guilty To New Charges (AP) 102
Washington Court Upholds Ban On Gay Marriage (NYT) 103
Washington State Upholds Ban On Same-Sex Marriage (WP) 104
Court Refuses To Define Marriage (WT) 105
State Supreme Court Upholds Washington Gay Marriage Ban (AP) 106
Bush To Sign Voting Act That He Once Opposed (WT) 107
Hoarder's Eviction Didn't Violate Rights, Judge Rules (WP) . 109
For Whites In Prince George's, A Mirror On Race (WP) 110

Antitrust:

Realtors Face Probes Over Web Site Listings (LAW) 113
$1.1 Billion Microsoft Antitrust Settlement To Be Distributed (BCN) 114
Newspapers Seek To Rebut Lawsuit Over Sale Of MN (MERCN) 114
Microsoft To Acquire Technology To Speed Patient Data To Doctors (WSJ) 115
Microsoft To Offer Software For Health Care Industry (NYT) 116
Microsoft To Buy Medical Software (WP) 117
Microsoft Acquiring Medical Software Company (SEATBIZ) 118
Orthopedics Firm Says U.S. Probe Is Linked To Competitor's Email (WSJ) 118
Lawyer Is Upping The Ante In Claims Of Idea Theft In Hollywood (NYT) 119
Friendster Patent On Linking Web Friends Could Hurt Rivals (WSJ) 120
EMI Shelves Warner Music Bid (FT) 121
EMI Won't Pursue Its $4.6 Billion Bid For Warner Music (WSJ) 122
EMI Said To End Talks With Warner Music (NYT) 123

Environment:

Senate Passage Of Energy Bill Appears Assured (NYT) 123
Gulf Coast Drilling Bill Nears Passage In Senate (WSJ) 125
Senate Set To Take Up Gulf Coast Oil Drilling (WT) 125
Drilling Bits (WSJ) 126
Stiffing Fuel Economy (WP) 127
Gas At $3 A Gallon Is Likely To Persist Until Labor Day (WSJ) 127

DOJ_NMG_0043402

Spent Nuclear Fuel Edges Closer To Yucca (CSM) 128
Ohio Supreme Court Rejects Taking Of Homes For Project (NYT) 129
Court Ruling Says City Can't Take Property (USAT) 130
Cold, Hard Facts (NYT) 131

FBI/DEA/ATF/USMS:

New FBI Division To Probe Weapons Terrorists May Use (WP) 132
FBI Creates Executive Position To Track WMDs (MCT) 133
A Redeployment At A Realigned FBI (LAT) 133
New FBI Unit Focuses On WMDs (LAT/AP) 135
Mueller: FBI Restructuring Will Improve 'Business Side' (FOX) 135
FBI Adds New Leadership Position (FCW) 136
Threats Up Against Federal Judges (USAT) 137
30 Held On Charges Of Smuggling East African Stimulant To U.S. (NYT) 137
Dozens Arrested In Distribution Of African Stimulant (NSDY) 138
Dozens Arrested In U.S. Crackdown On Khat Smuggling (MCT) 139
Three Roxbury Men Arrested In Stimulant-smuggling Sting (BOS) 140
Four Mass. Men Named In Indictments Of African Stimulant Ring (AP) 141
Feds Charge Dozens With Smuggling African Stimulant (AP) 142
14 Area Residents Arrested In Big Khat-smuggling Bust (SEATIMES) 142
14 Somalis Accused Of Dealing Drug Khat (SEAPI) 143
Dozens Indicted In Massive Drug Ring (ABC) 144
DEA Takes Down Record 'Khat' Drug Trafficking Ring (KTVT) 144
Lawyers: Bonds' Trainer To Remain Silent (AP) 146
Ex - Hells Angels Leader Gets 9 Years (AP) 147
Bolivian Cocaine Rises With Morales (WT) 147
Trooper Pleads Guilty In Gun Case (SLPD) 148
Gun Dealers Attracted By Maine Laws (BANGDN) 149

Immigration:

U.S. Seeks Employers' Aid On Immigration (NYT) 151
Program To Help Employers Spot Illegals, Avoid Penalty (WT) 151
Green Cards Would Mean Fingerprinting At Airports (NYT) . 152
Agency Can't Handle Guest Workers (WT) 153
Security Breach Raises New Doubt Son CIS Capability (WT) 154
New Troops At US Border, But The Task Is Vast (CSM) 154
Pence-Hutchison Bill Creates Hope On Immigration (RC) .. 158
Bring Back The Braceros (WSJ) 159

Tax:

Statements Made To U.S. Are Barred From Tax Case (NYT) 161
Judge Blasts Government Coercion In KPMG Tax Shelter Case (FINDLAW/AP) 162
Judge Bars Some Statements In The KPMG Tax-Shelter Case (WSJ) 162
IRS Workers Could Get Unofficial Access To Data (USAT) . 163
Republicans Mount New Push To Cut Estate Tax (WSJ) 163
More Hope For The Truly Rich (NYT) 164

Congress-Administration:

The Bolton Nomination, Act II (WP) 165
John Bolton, Multilateralist? (WP) 166
Rejecting Bolton's Sledgehammer Diplomacy (LAT) 167
Bolton Revisited (WSJ) 168
Republicans Inexplicably Losing Momentum On Judicial Choices (NHUL) 168
Dubai Port Uproar Spurs Passage Of Bill (AP) 169
Overhaul Cleared For Review Panel (WT) 169
U.S. Stem-cell Researchers Sense A Chill (USAT) 170
Education Department Expands Tutoring (AP-Y) 171
House Leaders May Impose Earmarks Rule (AP-Y) 172
Leaders Vow Earmark Rules (RC) 172
Pork Reform Via Rules (HILL) 174
GOP Looks Seriously At Packaging Minimum Wage (RC) ... 175
Chicago Orders 'Big Box' Stores To Raise Wage (NYT) 177
Hastert Pledges To Stay If GOP Keeps House (RC) 178
Cost Of Living Said To Be Driving Out L.A. And San Fran Federal Workers (WP) 180
Dynamics Of Deficit Debate Foster Paralysis (WSJ) 181
The Relationship Blend (NYT) 183
Parental Notification (NYT) 184

Other News:

Fed Report Finds Economic Growth Is Starting To Slow (WSJ) 184
Growth Slowing Across The Country, Fed Regional Reports Say (NYT) 185
The Global Interest Rate Dance, With Bernanke Leading (NYT) 186
Stocks End Day Below The Flat Line, As Investors Sour On Mixed Profit News (WSJ) 187
Judge OKs More Northwest Labor Deals, Along With Attorney Fees (LAW/AP) 188
As Mrs. Astor Slips, The Grandson Blames The Son (NYT) 189
More Patients Fall Into A Hole In Drug Benefit (USAT) 191

DOJ_NMG_0043403

Chamber Of Commerce Launches Ad Campaign (ap) 192
Bush Welcomed At W.Va. Fundraiser (AP-Y) 193
GOP Candidate Says Criticism Was A Joke (AP-Y) 193
Steele Says He Wasn't Trying To 'Dis' President (WT) 194
Steele Addresses Negative Comments On Bush (WP) 195
Steele Tries To Patch Up His Ties To President (BSUN) 196
Bush Backs Steele (AP) 197
GOP Candidates Wonder How Far From Bush Is Best (HILL) 198
Simmering Rage Within The GOP (WP) 199
Governor Praises Faith-based Efforts (DMN) 200
Perry Preaches Public Funds For Faith-based Service Groups (HC) 201
Perry Touts Public Money For Faith-based Groups (AAS) ...202
Texas GOPers Have Faith In DeLay (RC) 203
Hillary's Brother Barred From Bank Account (WT) 204
McCaskill Hit With GOP Ethics Complaint (HILL) 205
Pay Cut Let Lewis Aide Dodge Ban (RC) 206
Both Parties Post Low Approval Ratings In Poll (WSJ) 209
Welfare Check (WSJ) 210
Buckeye Blues (NSWK) 212
For Some Jews, Israel And Iraq Cloud View On Lieberman (NYT) 213
Lamont's TV Ads Widely Praised, Lieberman's So-so (HILL) 215
Raise Cash, Win Seats, Says Rahm (HILL) 216
Joint Caucus To Kick Off Democratic Blitz (RC) 217
Reynolds Airs His Ads Early (HILL) 218
No Consensus In Lebanon Cease-fire Talks (AP) 219
Rome Meeting Fails To Produce Plan To End Lebanon Crisis (WT) 220
Cease-fire Talks Stall As Fighting Rages On 2 Fronts (NYT) 221
Rice Says US Not Alone Over Mideast Ceasefire, Hails Rome Talks (AFP) 224
Diplomats In Dispute Over Mideast Cease-fire (USAT) 225
Rome Talks Fail To Yield Lebanon Ceasefire (FT) 226
World Powers Fail To Agree On Plan To End Fighting, Underscoring U.S. Influence On Israel (NYT) 227
Talks Fail On Mideast Truce (WP) 228
Timing Remains Obstacle To Mideast Cease-Fire (WSJ) ..229
Poll Shows Skepticism In U.S. Over Peace In Mideast (NYT) 230
Overseas Tensions Force Bush To Change Direction (WP) 232
Holy War A Texas Preacher Leads Campaign To Let Israel Fight (WSJ) 234
Endgame In Lebanon (WP) 237
Failure Upon Failure (NYT) 238
The Tribes Of War (NYT) 239
Try Talking With Syria (WP) 240
A Middle East Chess Match (WT) 241
Middle East War: Made In Europe (LAT) 242
Hezbollah Fighters Kill 9 Israeli Soldiers (AP-Y) 243
West Fears Hezbollah's Organized Fighting Style (WT) 245
Israel Redefines Expectations Of What Success Means (LAT) 246
For Israeli Unit, Hezbollah Lair Is Ambush Site (NYT) 248
Haifa, Suddenly Vulnerable, By Turns Is Stoic And Fearful, Stir-Crazy And Looking To Fight (NYT) 249
Hezbollah Proves A Formidable Foe (WP) 250
Israel Faces Fierce Resistance From Hezbollah (LAT) 252
Israelis Die In Lebanon (WT) 253
Israeli Losses Mount In Lebanon (CHIT) 254
Tyre Reels From Attacks That Never Fail To Shock (NYT) .256
Sharon In Intensive Care After Condition Worsens (WT/AP) .257
Report: U.N. Observers' Calls Unheeded (AP-Y) 258
U.N. Says It Protested To Israel For 6 Hours During Attack That Killed 4 Observers In Lebanon (NYT) 259
Annan Accepts Israel's Apology (WT) 260
In Gaza, 23 Palestinians Killed (LAT) 262
24 Killed As Israel Moves Into N. Gaza (WP) 263
India Nuke Deal Heads For House Vote (AP-Y) 264
House Approves Nuclear Deal With India (NYT) 264
Bush Eager To Revive Failed Doha Talks (FT) 265
US Refuses To Give Up After 5 Years Of Failed Trade Talks (USAT) 266
Schwab Tries To Revive Global Trade Talks (WT) 267
Collapse Of Trade Talks May Yield Legal Battles (WSJ) 268
Failure Of Global Trade Talks Is Traced To The Power Of Farmers (NYT) 268
How Farms Stymied Doha (CSM) 270
Shrugging Off Trade Promises (NYT) 272
Doha Stall Leaves Lawmakers To Focus On A New Farm Bill (HILL) 272
U.S. Tariff-Bill Authors Threaten Vote If China Doesn't Loosen Yuan (WSJ) 273
Japan: Ban On U.S. Beef Ends (NYT) 274
N. Korea Says It Will Bolster Nuke Program (AP) 274
Rice In A Serious Mood (NYT) 275
N. Korea-Iran Ties Seem To Be Growing Stronger (LAT) 275
Chavez Brushes Aside U.S. On Arms Deals (AP) 276
Russia Reaches Out To Venezuela (WSJ) 277
Bolivian Cocaine Rises With Morales (WT) 278
Experts See Proxy War Under Way In Somalia (AP) 279
Georgian Forces Persist In Attacks On Militia (NYT) 280

DOJ_NMG_0043404

Aid Groups Are Criticized Over Tsunami Reconstruction (NYT) 281
One New Light In Liberia, An Inch Back From Abyss (NYT) . 284
Recount Or Riots, Leftist Voters Warn (WT) 285
Recount The Votes -- And Be Patient (WP) 286
Kidnapping Mexican Democracy (WP) 287

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TERRORISM NEWS:

Administration And Critics, In Senate Testimony, Clash Over Eavesdropping Compromise (NYT)

By Eric Lichtblau

The New York Times, July 27, 2006

WASHINGTON, July 26 — Senior Bush administration officials said Wednesday that it would be impractical for them to obtain individual warrants every time they needed to eavesdrop on a conversation suspected of involving Al Qaeda. They urged Congress to approve a proposal that critics said would give the president broad, unchecked powers.

In testimony to the Senate Judiciary Committee, Gen. Michael V. Hayden, director of the Central Intelligence Agency, called the proposal, developed by Senator Arlen Specter and the White House, "a great opportunity" to modernize intelligence-gathering procedures in a way that would "protect our liberty and security."

General Hayden's testimony, and that of two other senior officials, amounted to the administration's first pitch for the Specter-White House agreement. Under the proposal, the Foreign Intelligence Surveillance Court, which meets in secrecy to rule on usual government requests for warrants in intelligence cases, would decide whether the administration's program of monitoring international communications of Americans without warrants is constitutional.

But critics attacked the agreement Wednesday as abdication to the White House. Mr. Specter, the Pennsylvania Republican who heads the Judiciary Committee, appeared particularly stung at the hearing when a civil liberties advocate, James X. Dempsey, told him he would prefer to see no legislation at all, allowing the National Security Agency to continue wiretapping Americans without warrants, than Congressional approval of procedures outside the scope of the 1978 law that created the secret court.

In agreeing to that court's review of the N.S.A. program, the White House had insisted that the bill include language implicitly recognizing the president's "constitutional authority" to collect foreign intelligence beyond the provisions of the 1978 law. Mr. Dempsey, policy director of the Center for Democracy and Technology, said at the hearing that he appreciated Mr. Specter's efforts to bring the N.S.A. program under judicial review but that "the price you paid for that simple concession is far too high."

The proposal, he said, "would turn the clock back to an era of unchecked presidential power, warrantless domestic surveillance and constitutional uncertainty."

Mr. Specter grew testy over the attack, saying President Bush's agreement to submit the program to the intelligence court was no simple concession.

"Have you ever gotten a concession from a president?" he demanded of Mr. Dempsey.

"I would just suggest to you," the senator said, "that given the president's attitude on the surveillance program and his attitude on executive power generally that it was not a simple concession, but really was quite a breakthrough."

Mr. Specter now finds himself in the unlikely position of White House ally after months as an antagonist.

He has been the leading Republican critic of the legality of the N.S.A. program and of the president's broad reading of presidential power. He has clashed with Vice President Dick Cheney over White House efforts to prevent telecommunications industry executives from having to testify before Congress about data they have provided to the agency. And just an hour after Wednesday's hearing concluded, he introduced a bill telling the courts that in interpreting law, they cannot rely on presidential "signing statements."

Mr. Bush has made frequent use of the signing statements in asserting authority to disregard or selectively enforce provisions of laws like the USA Patriot Act and those on torture restrictions if he believes they infringe on his constitutional powers. Mr. Specter said his legislation would seek to ensure that the statements "are not being used in an unconstitutional manner."

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Still, the senator is in step with the administration over how Congress should respond to the controversy over the eavesdropping program. In pushing for passage of the agreement, General Hayden and two other officials at the hearing — Lt. Gen. Keith B. Alexander, director of the N.S.A., and Steven G. Bradbury, acting assistant attorney general — stressed that the 1978 law had not kept pace with changing technology.

General Alexander said the complexities of global telecommunications would pose a “tremendous burden” for his agency if it had to get a warrant every time a foreign target with suspected ties to Al Qaeda was communicating with someone who might be in the United States.

“You would be so far behind the target, if you were in hot pursuit, with the numbers of applications that you would have to make and the time to make those, you could never catch up,” he said.

Officials Urge Law To Allow Eavesdropping (WP)

By Walter Pincus

The Washington Post, July 27, 2006

Senior Justice Department and intelligence officials urged Congress yesterday to approve new laws to accommodate the government's controversial warrantless eavesdropping program.

Arguing that the 1978 law governing surveillance of terrorists is out of step with current technology, the officials, appearing before the Senate Judiciary Committee, said they previously had not sought new legislation to avoid disclosing a key part of the operation. That is the ability to intercept foreign phone calls and e-mails no matter what their destination as they pass through telecommunications facilities inside the United States, said Lt. Gen. Keith B. Alexander, director of the National Security Agency.

But in the wake of media disclosures about the spying, that is no longer the case. "What's happened in the last seven months is that much of this program has already been put out into the public domain," said CIA Director Michael V. Hayden. "That inoculates some of the discussion we're having today against some of the downside."

President Bush launched the program shortly after the Sept. 11, 2001, attacks, allowing eavesdropping without court warrants on phone calls and e-mails between the United States and locations overseas if one party was suspected of links to terrorists. As part of a proposed deal with Bush to submit the program to court review, the Senate Judiciary Committee is considering changes to the 1978 Foreign Intelligence Surveillance Act (FISA), which governs surveillance of suspected terrorists and spies.

What Alexander and Hayden described to the senators are vast facilities that route foreign-to-foreign communications through the United States, where they are readily accessible to the NSA. Alexander testified that because no U.S. court order is needed to acquire communications of foreign intelligence targets overseas, even when they call to the United States, "it ought not to matter whether we do so from the United States or elsewhere."

Sen. Dianne Feinstein (D-Calif.), a member of the Judiciary Committee and the Select Committee on Intelligence who has been briefed on the NSA program, said Alexander had "for the first time" told the Judiciary panel about "foreign-to-foreign switching." She said based on what she had learned in secret briefings about the number of U.S. citizens subject to wiretaps, the surveillance program "is easily accommodatable to an individual warrant for U.S. persons."

Alexander disagreed. "If you were in hot pursuit, with the number of applications that you would have to make" for court warrants "and the times to make those, you could never catch up to the target," he said.

Another witness at yesterday's hearing, Steven G. Bradbury, an acting assistant attorney general, made it clear that legislation introduced by Judiciary Committee Chairman Arlen Specter (R-Pa.) after negotiations with the White House would "encourage" -- but not require -- Bush or a future president to present any future surveillance program to the secret FISA court for approval.

"It would be a very substantial change in FISA today by adding a new title that would give the court jurisdiction to review such a program on a program-wide basis," Bradbury said. "It is an important new tool that any president would have going forward."

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But Bradbury stressed that the president retained authority to institute such a program on his own and that Bush's pledge to submit the program for judicial review was only "if the chairman's legislation were enacted in its current form or with the further amendments sought by the administration."

Bradbury also said Specter's proposal that civil litigation involving companies cooperating in the surveillance program be transferred to the FISA court was done "to ensure protection of sensitive national security information and promote uniformity in the law."

Spy Agency Chiefs Call For Broader Rules (USAT)

USA Today, July 27, 2006

Anti-terrorism authorities could not track al-Qaeda effectively if they had to get court warrants before eavesdropping on global phone conversations involving U.S. callers, CIA Director Michael Hayden said Wednesday. Most of the phone calls involve al-Qaeda suspects overseas calling people inside the United States, Hayden said at a Senate Judiciary Committee hearing.

After the Sept. 11, 2001, terror attacks, President Bush authorized the National Security Agency (NSA) to monitor, without getting warrants, international calls and e-mails of people in the USA when one party to the conversation may be linked to terrorists.

Sen. Russ Feingold, D-Wis., and other critics say the NSA program could violate constitutional protections against unreasonable searches, as well as the 1978 Foreign Intelligence Surveillance Act (FISA) that regulates domestic wiretapping and searches.

Requiring separate warrants for each call would be impractical and ineffective, NSA Director Keith Alexander said. "You'd be so far behind the target if you were in hot pursuit … that you'd never catch up," said Alexander, an Army lieutenant general.

Hayden, an Air Force general, backed compromise legislation between the White House and Senate Judiciary Chairman Arlen Specter, R-Pa., that would allow a secret FISA court to review the NSA program to determine its legality.

New FBI unit focuses on preventing WMD attacks

The FBI has created a division to guard against terrorists who might smuggle chemical, biological or nuclear weapons into the USA, FBI Director Robert Mueller said. "This is a reflection of the necessity of focusing on preventing a weapon of mass destruction from being used in the United States," Mueller said.

The WMD directorate will be headed by Vahid Majidi, a scientist from the Los Alamos National Laboratory who was chief science adviser at the Justice Department in 2003. Mueller said the capture or death of high-ranking al-Qaeda leaders has substantially degraded the terrorist organization, but "that does not mean they do not have the capacity down the road." — Kevin Johnson

House OKs shipments of nuclear technology to India

The House of Representatives voted overwhelmingly to allow U.S. shipments of civilian nuclear fuel and technology to India. The vote gave President Bush a victory on one of his top foreign policy initiatives. Rep. Tom Lantos, D-Calif., said the proposal, which would reverse decades of U.S. anti-proliferation policy, is "a tidal shift in relations between India and the United States."

The House approved the measure 359-68. The Senate has yet to vote on the plan, which must clear several more hurdles before U.S.-India nuclear trade could begin.

For Bush to implement his accord with India, lawmakers must first exempt New Delhi from U.S. laws that bar nuclear trade with countries that have not submitted to full international inspections.

Park Service directorleaving post after 6 years

National Park Service Director Fran Mainella announced her resignation after six years of overseeing the more than 84 million acres of national parks spread across 388 sites. A Park Service release said Mainella wants to devote more time to her family. It did not say when she will leave her post.

Mainella most recently oversaw a controversial rewrite of management policies for the parks. Mainella and the Park Service were criticized by some members of Congress after the agency released a management plan that would have placed

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more emphasis on recreation. A new draft of the plan released by Interior Secretary Dirk Kempthorne last month retreated from that initial proposal, winning praise from environmentalists.

Bush Administration Pushes Updated Law On Foreign Wiretaps (AP)

By Andrew Taylor, Associated Press

AP, July 27, 2006

WASHINGTON – The Bush administration pressed Congress on Wednesday to ease decades-old restrictions on surveillance to catch up to Internet-age technology.

As lawmakers debate whether the president's domestic spying program is legal, the CIA director said the 1978 law covering such monitoring is behind the times.

Gen. Michael Hayden cited technological advances and said terrorists, not Cold War rivals, were chief threats today, as he tried to make the case to the Senate Judiciary Committee for updating the Foreign Intelligence Surveillance Act.

A senior Justice Department official, acting Assistant Attorney General Steven Bradbury, added, "Congress did not anticipate the technological revolution that would bring us global high-speed fiber-optic networks, the Internet, e-mail and disposable cell phones."

Democrats said it was premature to rewrite the law. They said it was not even clear that current eavesdropping, which includes the monitoring of international telephone calls and e-mails that originate or end in the United States, is legal without a search warrant.

As part of a deal with Bush to submit the wiretapping program for court review, the Republican-controlled committee is considering updating the law. The administration monitors international calls and e-mails of Americans if terrorism is suspected.

Changing the law brings into play the larger question of whether the administration is violating constitutional protections against illegal searches.

"Whether or not FISA is in need of fine-tuning is a legitimate consideration, but FISA's possible imperfections provide no excuse for the administration's flouting of existing law," said Sen. Patrick Leahy of Vermont, the committee's top Democrat.

The chairman, Sen. Arlen Specter, defended his compromises to get the president's agreement to submit the wiretapping program to review by a secret court. Specter, R-Pa., is pushing hard to update the law as part of the deal.

Specter said the deal is the best Congress can get right now. The administration is fighting and mostly winning cases brought against the program in regular courts on the grounds that state secrets would be revealed, Specter said.

The administration has contended that the surveillance program, disclosed by The New York Times in December, is exempt from the restrictions of the law.

The administration says the authorization in 2001 for Bush to use military force against terrorists also gave him the power to run the warrantless wiretapping program without obtaining permission from a secret court created by the 1978 law.

The White House is contesting challenges in federal courts, saying such lawsuits should be dropped because they would lead to the disclosure of state secrets.

On Tuesday, a federal court threw out a suit aimed at blocking AT&T Inc. from giving telephone records to the government for use in the fight against terrorism. The court said information that would be disclosed would reveal too much about the government's intelligence programs to U.S. adversaries.

Specter's bill would require the attorney general to provide the special court with information on the program's legal basis, the government's efforts to protect Americans' identities and the process used to determine that the intercepted communications involved terrorism.

The proposal would clarify that international calls that merely pass through the United States are not subject to the judicial process established under the law.

Rules Debated For Trials Of Detainees (NYT)

By David S. Cloud And Sheryl Gay Stolberg

The New York Times, July 27, 2006

DOJ_NMG_0043409

WASHINGTON, July 26 — Bush administration officials said Wednesday that they were still debating important aspects of a draft bill laying out new rules for bringing terror detainees to trial, with some of the sharpest disagreements over provisions that would allow defendants to be excluded from their own trials.

The military's senior uniformed lawyers, known as judge advocates general, are concerned that those provisions may prompt other governments to put captured American soldiers on trial in absentia, said a senior official involved in the deliberations about the plan.

The debate is also driven in part by concern expressed by the Supreme Court about the exclusion of defendants when it struck down the Bush administration's original effort to put terror detainees on trial before military commissions.

Though the draft administration bill provides new rules intended to deal with the Supreme Court objections, the draft plans would still allow defendants to be removed when classified evidence was presented.

That could leave an opening for defense lawyers to challenge the new rules in federal court if the draft plan was adopted in its current form by Congress, said the senior official, who spoke on condition of anonymity.

"The JAG's are mulling over the extent to which the accused must be present at a military commission trial in light of the Supreme Court decision," the official said, using an abbreviation for judge advocates general.

Getting the judge advocates general to endorse the draft plan is important, administration officials say. They believe that if the uniformed lawyers at the Army, Navy, Air Force and Marines endorse the bill, it may help blunt a push by Republican senators who have led the calls for adopting trial rules that give more rights to defendants.

Attorney General Alberto R. Gonzales defended the administration's proposal on Wednesday, saying a provision that would permit hearsay evidence to be used against terrorism suspects was "very consistent'' with international war crimes tribunals in Yugoslavia and Rwanda.

"We are looking at what has occurred around the world,'' the attorney general said in an interview on C-Span, the cable network.

Mr. Gonzales was reacting to the disclosure on Wednesday in The New York Times of the details of legislation being drafted by the administration that would set out new rules on how to bring terror suspects to trial. The 32-page draft proposes a system of military commissions similar to those that were struck down last month by the Supreme Court.

The draft has been reviewed at the highest levels of the White House, a senior administration official said. The official said that President Bush was briefed on the measure last Thursday, and that Vice President Dick Cheney, Secretary of State Condoleezza Rice, Secretary of Defense Donald Rumsfeld and National Security Adviser Stephen J. Hadley were also in the room.

What remains unclear is how close the draft is to a final bill. Asked if the administration is open to negotiations on the draft, Tony Snow, Mr. Bush's spokesman, said Wednesday, "The way to talk about it is consultations.''

In the television interview, the attorney general cited international tribunals to defend the draft. But in testimony on Capitol Hill on Wednesday, other experts cited those tribunals to point up problems with the legislation.

The plan to exclude defendants from their own legal proceedings if necessary does not adhere to the standard of international tribunals, said Judge Gerald Gahima, who is both a former judge for the war crimes chamber of the Court of Bosnia Herzegovina, and a former attorney general of Rwanda.

"The statutes of the Rwanda tribunal and the Yugoslav tribunals prohibit trials in absentia,'' Judge Gahima said in testimony before the House Armed Services Committee.

In a telephone interview, John D. Hutson, a retired rear admiral and the Navy's former top lawyer, also criticized the administration plan, saying that its provisions fell short of the standards for a fair trial contained in the military's procedures for courts martial — rules that some members of Congress say should be the basis for prosecuting terror detainees.

Mr. Hutson, the dean of Franklin Pierce law school in New Hampshire, said that the administration plan was so weighted against defendants that "the administration seems doggedly determined to ensure convictions."

Proposal Calls For Tribunal-Style Trials (WP)

By R. Jeffrey Smith And Josh White

DOJ_NMG_0043410

The Washington Post, July 27, 2006

Some Bush administration officials have drafted a proposal that would authorize the prosecution of detainees in the terrorism fight in trials modeled closely after the military commissions recently declared illegal by the Supreme Court, including provisions that allow the use of hearsay evidence and the exclusion of some defendants from their own trials, government officials said yesterday.

The plan was developed in several weeks of contentious meetings involving senior civilian officials at the White House, and at the Justice, State and Defense departments, but without substantial input from the military's corps of uniformed lawyers. Those lawyers, who have been highly critical of the administration's approach to detaining and interrogating terrorism suspects, were given copies of the proposal for review this week after the others reached a consensus.

"We are reaching out to the military establishment, to military JAGs [judge advocates general], to get their views and comments on how the procedures should work," Attorney General Alberto R. Gonzales said yesterday morning on C-SPAN's "Washington Journal." He was responding to the disclosure of the proposal in yesterday's editions of the New York Times.

The conduct of the trials has been highly controversial, inside and outside the government. Under a plan ordered in 2001 by President Bush without seeking the advice of uniformed military lawyers, the State Department or his national security adviser, the detainees would have faced military judges and had highly limited rights at trial and in appeals.

But the Supreme Court struck down Bush's plan on June 29, ruling that it was not authorized by law and ran afoul of international treaty protections for detainees during wartime. The court's majority specifically said the trials must follow procedures set out in an older law on military courts-martial, unless that is impractical -- a contention the administration did not prove to the court -- and must provide "all the judicial guarantees which are recognized as indispensable by civilized peoples."

The draft is meant to overcome the Supreme Court's objections by seeking explicit congressional approval for trials organized under different principles. According to those who have seen it, the plan hews reasonably closely to the original Bush plan by allowing trials to proceed without the defendant's presence to protect sensitive information. It also does not contain a blanket prohibition on the use of information obtained through coercion, as human rights groups had sought, but allows judges to admit the information if it is reliable and needed to prove a point.

The draft does not set a deadline for the onset of trials after a detainee's capture, and it allows military judges to decide whether to allow the introduction of hearsay.

The draft also does not include language -- sought by some at the White House and the Justice Department -- that would have declared that U.S. courts lack jurisdiction to review or enforce provisions of the Geneva Conventions in the future. That language would have been contentious on Capitol Hill and upset U.S. allies, administration critics argued.

Some administration officials have said they anticipate that provisions in the draft, particularly permission for trials to be conducted in a defendant's absence, will arouse concerns among military lawyers and Republican lawmakers who have been highly active on the detainee issue -- Sens. John W. Warner (Va.), John McCain (Ariz.) and Lindsey O. Graham (S.C.).

The military lawyers have generally argued since 2001 for trials that afford detainees more rights and protections than Pentagon political appointees have sought, out of concern that restricting the rights of U.S.-held detainees would encourage those who capture U.S. military personnel to do likewise.

But the administration has been working closely with Graham, a former Air Force judge, trying to win his endorsement, and officials predicted he would offer it if the military's current top lawyers agreed to accept what the civilians have proposed. Graham, in an interview yesterday, called the draft "a good start."

"What I have seen of the draft are the nuts and bolts of a court-martial with changes that make sense in terms of trying a war criminal," Graham said. "But I have concerns, and what I'm looking forward to is a debriefing from the military legal community about their views."

Graham did not detail those concerns but said he accepts that hearsay evidence should be admissible and that defendants can be excluded as long as the decision can be appealed to another court.

Gonzales said in defense of the proposal that it was "consistent with the rule of law" and that its conditional allowance of hearsay evidence was consistent with the practice of the international tribunals governing war crimes in Rwanda and the former Yugoslavia.

But at a House Armed Services Committee hearing yesterday, law professor Michael P. Scharf -- who helped draft the rules for the Yugoslav tribunal -- testified that administration officials have "painted a misleading picture" on the similarities between their plan and the tribunals' procedures.

Scharf said defendants before the tribunal were entitled in all cases to be present at trial and to know who was confronting them. Only highly trained and experienced judges can rule on the admissibility of hearsay evidence, and evidence collected through inhumane treatment falling short of torture is absolutely excluded, he said.

Administration Seeks Terror Prosecution (AP)

By Anne Plummer Flaherty, Associated Press Writer

AP, July 27, 2006

WASHINGTON — Attorney General Alberto Gonzales said Wednesday the administration is pursuing legislation that would authorize the same military tribunals the Supreme Court last month called illegal.

In an interview on C-SPAN, Gonzales confirmed the administration had drafted a proposal that would allow indefinite detention of suspected terrorists. The draft is now being circulated among military lawyers for comment.

"There may be instances where it is impractical to bring someone to trial within 120 days or a short period of time," Gonzales said.

Gonzales also confirmed the administration was considering a system that would allow reliable hearsay evidence when prosecuting terror suspects. Defendants also would be barred from their own trials if it necessary to protect national security.

Gonzales said such restrictions are common in international tribunals used to prosecute war crimes.

"We are looking at what has occurred around the world," Gonzales said. "Again, we're in the drafting process."

The New York Times first reported on the draft proposal on its Web site Tuesday.

The draft says the more defendant-friendly court-martial system is "not practicable in trying enemy combatants" since it would require the government to share classified information, the Times reported.

According to the draft, hearsay evidence would be allowed unless it was deemed to be unreliable.

The legislation also would declare that a provision of the Geneva Conventions would not apply to detainees, meaning terror suspects could not file lawsuits in the future saying their Geneva rights were violated, the Times reported.

The Supreme Court ruled last month that the international conventions do apply.

At the same time, however, the legislation would offer a few expanded protections for defendants, including a ban on statements obtained by the use of torture for use as evidence, according to the Times.

The administration has been wrangling with the issue of detainees' legal rights since a June 29 ruling by the Supreme Court, which determined the military tribunals established by the Pentagon to prosecute the prisoners requires authorization by Congress.

The administration had previously maintained that the president's executive authority allowed him to establish the tribunals without the permission of Congress. President Bush also asserted that the Geneva Conventions did not apply to terror suspects because they were not conventional prisoners of war.

Sen. John Warner, who chairs the Armed Services Committee, said he had wanted to convene a hearing this week on the matter, but was urged by Gonzales to hold off until the administration could interview military lawyers and formulate a solid proposal.

Warner, R-Va., and Sens. John McCain, R-Ariz., and Lindsey Graham, R-S.C., have met frequently with administration officials in recent days to discuss detainee legislation.

The senators have said they would support establishing a system based on the military's own court-martial practices and had been told the White House would support such a move. But senior officials from the Pentagon and Justice Department testified earlier this month that the Uniform Code of Military Justice would be too lenient on terror suspects and could expose classified information.

Trial Set For 7 Accused Of Terror Attack Plot (AP)

By Curt Anderson, ASSOCIATED PRESS

AP, July 27, 2006

MIAMI-- Two informants were paid nearly $56,000 by the FBI for their roles in the investigation that led to the arrests of seven men accused of plotting attacks against Chicago's Sears Tower and government buildings, prosecutors disclosed Wednesday.

The disclosure came as U.S. District Judge Joan Lenard set a March 5 trial date for the seven defendants.

Defense attorneys said they would need several months to prepare and go through evidence, which includes 56 days of video surveillance footage and many hours of transcripts from telephone wiretap and body wire recordings.

"It should give you a sufficient amount of time," Lenard told the lawyers at a brief hearing.

The seven are accused in a four-count indictment of conspiracy and material support charges stemming from an alleged plot to blow up the Sears Tower and destroy FBI offices and other buildings in Miami, Los Angeles, New York, Chicago and Washington. All have pleaded not guilty and are being held without bail.

Authorities have said their plot never got beyond the preliminary stages and that the group--allegedly led by Narseal Batiste, 32--had acquired no explosives or weapons needed for such an attack. They had taken surveillance photos of buildings in the Miami area.

Prosecution court documents disclosed the payments to the two informants, one of whom posed as an al-Qaida operative. That informant, known as confidential witness 2 or "CW2" in court papers, was given legal U.S. immigration status in return for his help.

CW2 also was paid $17,000 for his work and $19,570 in expenses, according to court papers. He is of Arabic heritage and was introduced to Batiste as an al-Qaida operative who could help provide weapons and supplies for the purported operations.

The other information, confidential witness 1, or "CW1," was paid $10,500 for his work plus $8,815 for expenses. He was an acquaintance of Batiste's who had also worked with the FBI since 2004. He tipped off authorities when Batiste asked him whether he knew anyone in Yemen who might be willing to support his plots against the United States.

It is common for the FBI and other law enforcement agencies to pay informants for their work, but the amounts are not commonly disclosed publicly so early in the legal process.

FBI Paid Informants In Case Of Accused Terror Cell (ORS)

By Madeline Bar Diaz And Vanessa Blum, South Florida Sun-sentinel

The Orlando Sentinel, July 27, 2006

The FBI paid almost $56,000 to two confidential informants who are key to the case against seven men accused of being involved in a terrorist plot to blow up the Sears Tower in Chicago and other targets.

According to a document filed by federal prosecutors, the FBI paid one unnamed informant $10,500 and an additional $8,815 in expenses. A second informant was paid $17,000 with another $19,570 for expenses. U.S. officials also granted the second informant a "significant public benefit" -- immigration parole so he could remain in the country.

While using paid informants is not unusual in criminal cases, defense attorneys for the accused men said the compensation and benefits will help them show jurors the informants are not trustworthy.

"The fact that these are not just good citizens that are cooperating with the government, but that these are opportunists that are trying to earn not only money but other benefits by creating a case, is extremely significant," said Gregory Prebish, attorney for Burson Augustin, one of the accused.

The seven men, part of a religious group headquartered in the Liberty City area of Miami-Dade County, are facing various charges in connection with the attacks they are accused of planning.

Much of the case hinges on the two informants, one of whom knew the men and participated in the investigation after alerting authorities. The second man posed as an al-Qaeda operative at the FBI's direction, according to prosecutors.

Secret recordings made by the informants are also central to the case.

According to documents, alleged ringleader Narseal Batiste approached the first informant, an acquaintance who has worked with the FBI since about 2004 and who has previously been arrested for assault, possession of marijuana, and motor-vehicle violations.

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It is alleged that Batiste asked the informant whether he knew anyone in Yemen who would be willing to support his mission against the United States.

The South Florida Sun-Sentinel is a Tribune Publishing newspaper.

Liberty City Terror Suspects Go To Trial In March (MH)

By Jay Weaver

The Miami Herald, July 27, 2006

The Miami terror case that attracted worldwide attention last month -- thanks to a Washington press conference announcing the arrests of seven men with alleged al Qaeda connections -- is set for trial on March 5.

U.S. District Judge Joan Lenard on Wednesday issued a fall deadline for the seven defendants' lawyers and federal prosecutors to share evidence, including transcripts of secretly recorded FBI phone conversations, video surveillance tapes and post-arrest statements.

Lenard also warned both sides to follow federal court rules about not disclosing information to the public, including the media. "If I need to, I will issue an order in this case," Lenard said, without elaborating.

News of the terror case broke on the afternoon of June 22, when federal agents rounded up the seven defendants and charged them with conspiring to support al Qaeda in an alleged plot to blow up FBI buildings in five cities, including Miami. The so-called Liberty City Seven also were charged with scheming to wage a terror war against the United States and to destroy the Sears Tower in Chicago.

Agents raided the group's Liberty City warehouse, where they combined Moorish religious activities with military training. But agents came away with three machetes, a Koran and a PlayStation, among other items.

Defense lawyers decried the arrests as the result of an FBI sting: Two informants, both of Arabic descent, had infiltrated the group, learned about its ringleader's alleged plot to target the Sears Tower, and then pretended that al Qaeda could help him carry out his mission with money and other resources.

Cell phone bugs and video surveillance of an undercover Miami warehouse captured many of ringleader's conversations with the FBI informants -- as well as the seven men's pledges of loyalty to al Qaeda.

According to court records, the two unidentified informants were paid by the FBI for their services.

The first informant, a former North Miami convenience store owner with a criminal history, was paid $19,315 -- $10,500 for services and $8,815 for expenses.

The second informant, who posed as an al Qaeda operative, was paid $36,570 -- $17,000 for services and $19,570 for expenses. The FBI also sponsored the informant's asylum application so he could assist in the investigation. Immigration and Customs Enforcement approved the application on March 30, 2006 -- just a few weeks after the seven defendants took their al Qaeda oaths, records show.

"[Both] are willing to testify but have concerns for their personal safety," a May 30 FBI affidavit said.

In other developments, the Federal Public Defender's Office in Miami withdrew from representing the terror group's alleged ringleader, Narseal Batiste, citing a conflict of interest.

That office was already representing a man on a gun possession charge who was a spiritual advisor to Batiste. His name: Sultan Khanbey, a leader in the Chicago-based Moorish Science Temple. He is expected to cooperate as a witness for federal prosecutors.

In April, Khanbey had a falling out with Batiste. He accused Batiste of treason for allowing the FBI to infiltrate the Moorish group's new branch in Miami and kicked him out after a "trial" on April 17.

Two days later, Khanbey fired one shot at another spiritual advisor to Batiste, leading to the group's ultimate unraveling.

PATRIOT ACT:

Judge Who Invalidated Part Of Patriot Act Hears Related Challenge (AP)

By Linda Deutsch, Associated Press

DOJ_NMG_0043414

AP, July 27, 2006

LOS ANGELES – A federal judge who previously invalidated a portion of the USA Patriot Act as too vague delayed a decision on a similar challenge to a post-Sept. 11 executive order Wednesday but indicated in a tentative ruling she was inclined to uphold wide powers asserted by President Bush under an anti-terror-financing law.

U.S. District Judge Audrey Collins heard more than an hour of arguments from a lawyer for the Washington-based Center for Constitutional Rights and from a Department of Justice lawyer before delaying her final ruling to allow more briefs to be filed.

In her tentative 41-page ruling, she urged lawyers not to confuse her prior rulings in a related case with the issue now at hand. She said this was the first time that the plaintiffs had directly challenged Executive Order 13224 signed by the president on Sept. 23, 2001, under the International Emergency Economic Powers Act following the Sept. 11 terrorist attacks.

Center attorney David Cole, representing the Humanitarian Law Project, objected to the section of law that allows the president to designate persons or groups as providing "services" to or being "otherwise associated" with designated terrorist groups. He said it does not require that any reason be given for putting a group or person on the list, freezing their assets and prosecuting them.

"This is saying we're going to give the president a blank check to designate anyone he wants," said Cole. "... He has the power to designate anyone as a global terrorist without finding they're engaged in terrorism or supporting it."

He maintained that thousands of people have been added to the list without explanation by Bush and the U.S. secretary of the treasury.

"You can be designated in a secret process on secret evidence you never see," he said.

Department of Justice Senior Trial Counsel John Tyler argued that the executive order portion of the act has never been used in the manner that Cole suggested.

"It's a hypothetical possibility that it's a law that might be used," he said. "... You have to come forward with fact, not just speculation."

The judge pointed out that when the order was first enacted, Bush designated 27 groups as terrorist organizations.

"Are you saying that did not occur?" asked the judge.

"It did occur," said Tyler, "but Mr. Cole does not represent those 27 entities.... This is not before the court."

Cole, a professor at Georgetown University Law School, said the Humanitarian Law Project seeks to clear the way for U.S. groups and individuals to assist political organizations in Turkey and Sri Lanka without subjecting themselves to prosecution or having their assets frozen.

The long-running litigation has centered on two groups, the Liberation Tigers, which seeks a separate homeland for the Tamil people in Sri Lanka, and Partiya Karkeran Kurdistan, a political organization representing the interests of the Kurds in Turkey. The plaintiffs say that in the wake of a devastating tsunami, Sri Lanka is in need of assistance.

Both groups have been designated by the United States as foreign terrorist organizations.

In 2004, Collins ruled that portions of the Patriot Act were too vague and, even after Congress amended the Patriot Act in 2005, she ruled that the provisions remained too vague to be understood by a person of average intelligence and were therefore unconstitutional.

This time, in the tentative ruling, she rejected the vagueness argument saying it was clear what activities were being barred by the executive order.

Tyler argued Wednesday that Cole's group does not have standing to challenge the executive order portion of the law because they have presented no solid facts. And the judge indicated the issue of standing was her greatest concern.

Cole said he had been denied discovery in the case on national security grounds and had been unable to find out facts to support his argument and win standing.

It was on that issue that the judge ordered new legal briefs.

The judge said that the plaintiffs had not proven that the challenged provisions of the International Emergency Economic Powers Act had been enforced despite their being in effect for a substantial period of time

"This fact, coupled with the lack of a specific or even a general threat of prosecution, precludes any credible threat of enforcement," she said in the tentative ruling.

She added, “This should not, however, be taken as an endorsement of the government's view that the court should decline review whenever the president invokes national security.”

HOMELAND RESPONSE:

Muslim, Other Groups Ask FBI To Be Sensitive In Hezbollah Probe (NSDY/AP)

By Nahal Toosi, Associated Press Writer

Long Island Newsday, July 27, 2006

NEW YORK -- Leaders of the country's Muslim, Middle Eastern and South Asian communities are urging the FBI to act in a sensitive manner toward people and groups it may encounter when scrutinizing potential activities by the Islamic militant group Hezbollah on U.S. soil.

In a letter sent Wednesday, 25 groups, including the Islamic Society of North America and the American Arab Anti-Discrimination Committee, urged FBI Director Robert Mueller to issue instructions to field offices and agents to avoid unwarranted profiling and respect the legal protections of people they may question.

"We want the FBI, obviously, to protect our nation from those who do us harm, but we want them to focus on actual credible evidence of wrongdoing and not target people based on their ethnicity or religion or based on First Amendment political expression," said Farhana Khera, head of Muslim Advocates, the lead drafter of the letter. "We want to avert any kind of raw fishing expedition-type initiative."

Khera, whose group is the charitable arm of the 500-plus-member National Association of Muslim Lawyers, said activists decided to send the letter after learning in recent days that the FBI has increased its focus on the worldwide activities of Hezbollah in light of the most recent fighting in the Middle East. Israel has launched airstrikes and sent soldiers to southern Lebanon in response to the capture of two Israeli soldiers and the killings of eight more by the militant group.

On Wednesday, Mueller told reporters at FBI headquarters in Washington, D.C., that the agency's efforts continued, but when asked if there was any indication the group is planning an attack in the United States or on U.S. interests abroad, he said, "At this juncture, no."

FBI spokesman Stephen Kodak said the agency plans to reach out to the groups that sent the letter. He said there are no plans to launch large-scale interviews regarding Hezbollah.

"We are sensitive to the cultural differences in dealing with the Muslim community," Kodak said, adding that the agency already has guidance about how to deal with the various groups. "Whether or not there's going to be special, additional guidance, that I don't know at this time."

The letter to Mueller notes that since the attacks of Sept. 11, 2001, the FBI has launched a number of interview programs that targeted Arab and Muslim men in particular.

"During these interview efforts, it quickly became apparent that FBI agents were frequently engaging in harassing, unduly burdensome and improper questioning," it states.

It says many people reported being asked their views of the Iraq war and President Bush and whether they were practicing Muslims or attended mosques.

Khera stressed that the groups signing the letter did not want to muddy legitimate investigations but rather wanted to take proactive steps to protect people's civil liberties.

Lebanon-based Hezbollah, which means Party of God, has been designated a terrorist group by the U.S. Department of State. The group has not launched an attack inside the United States, but in recent years the FBI has pursued investigations into its financing, including cigarette-smuggling cases in Michigan and North Carolina.

Just this month, two men pleaded guilty to racketeering charges related to the indictment of 18 people in a Michigan-based smuggling ring that sent profits to Hezbollah.

Before the Sept. 11 attacks, Hezbollah was responsible for the deaths of more Americans than any other terrorist organization, including the 1983 attack on the Marine barracks in Beirut that killed 241 U.S. servicemen.

The group was founded in 1982 in response to the Israeli invasion of Lebanon.

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Associated Press writer Mark Sherman in Washington, D.C., contributed to this report.

Homeland Security Contracts Abused (WP)

By Griff Witte And Spencer S. Hsu

The Washington Post, July 27, 2006

The multibillion-dollar surge in federal contracting to bolster the nation's domestic defenses in the wake of the Sept. 11, 2001, attacks has been marred by extensive waste and misspent funds, according to a new bipartisan congressional report.

Lawmakers say that since the Homeland Security Department's formation in 2003, an explosion of no-bid deals and a critical shortage of trained government contract managers have created a system prone to abuse. Based on a comprehensive survey of hundreds of government audits, 32 Homeland Security Department contracts worth a total of $34 billion have "experienced significant overcharges, wasteful spending, or mismanagement," according to the report, which is slated for release today and was obtained in advance by The Washington Post.

The value of contracts awarded without full competition increased 739 percent from 2003 to 2005, to $5.5 billion, more than half the $10 billion awarded by the department that year. By comparison, the agency awarded a total of $3.5 billion in contracts in 2003, the year it was created.

Among the contracts that went awry were deals for hiring airport screeners, inspecting airport luggage, detecting radiation at the nation's ports, securing the borders and housing Hurricane Katrina evacuees. Investigators looking into those contracts turned up whole security systems that needed to be scrapped, contractor bills for luxury hotel rooms and Homeland Security officials who bought personal items with government credit cards.

While many of those problems have been disclosed, today's report is the first comprehensive survey of the government's own investigations into contracting mismanagement in the domestic war against terrorism.

"Every dollar that is wasted on a contract is a dollar less that could be used to make Americans more secure," said former department inspector general Clark Kent Ervin. "This kind of abuse constitutes a security gap all its own in America's defense."

Ervin said that though an undue reliance on contractors might have been excused when the agency was launched, it "is not understandable or justified all these years after the creation of the department." The private sector, he said, has had the opportunity "time and time again to take the department -- and thereby taxpayers -- for a ride."

Homeland Security spokesman Russ Knocke said the report faulted contracts made by the Transportation Security Administration before it became part of the Homeland Security Department. "It's hard to imagine that the report can criticize the department for a contract made before the department was created," he said.

"We continue to work very aggressively to strengthen our contracting procedures, maximize oversight and ensure that what are ultimately limited resources are applied in the most effective way," Knocke said.

The Homeland Security Department was cobbled together from 22 agencies after the Sept. 11, 2001, attacks as part of the largest reshuffling of federal responsibilities in a half-century.

With limited resources in-house, department officials made an early decision to lean heavily on the private sector to deliver technology, infrastructure and personnel. But the department struggled to launch the huge contracts deemed necessary to upgrade the country's defenses. In the first major test of the department's emergency systems, Homeland Security officials and contractors alike came under harsh criticism for their response to Hurricane Katrina last summer.

"We all assumed they would get better with age," said Keith Ashdown, vice president for the watchdog group Taxpayers for Common Sense. "But now the evidence is overwhelming that they've gotten much, much worse."

The report warns that the department is on the verge of making more mistakes by giving contractors too much latitude. It points to a planned multibillion-dollar contract for border security that has only the vaguest of requirements. "We're asking you to come back and tell us how to do our business," Homeland Security Deputy Secretary Michael P. Jackson told industry leaders in January.

Among the problems cited in the report:

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A Defense Contract Audit Agency review of an NCS Pearson Inc. contract to hire airport screeners uncovered at least $297 million of questionable costs, including luxury hotel rooms. The company has defended its performance in previous statements.

A surveillance system for monitoring activity on the Mexican and Canadian borders does not work because of cameras that malfunction when exposed to snow, ice or humidity.

Two TSA employees used government purchase cards to buy $136,000 worth of personal items, including leather briefcases.

Beyond these specific cases, the report highlights overall problems with Homeland Security contracting, including poor planning, a dependence on no-bid contracts and inadequate oversight.

As contracting surged by 189 percent from 2003 to 2005, the department's acquisition staff did not to keep pace, increasing by less than 20 percent. The average staffer is overseeing twice as much money now as in 2003. As the burden grew, contracting officers increasingly turned to sole-source contracts or contracts for which only a limited number of firms were allowed to compete.

Paul C. Light, professor of public service at New York University, said industry consolidation in defense and homeland security increasingly enables firms to present themselves as sole-source bidders, at the same time that government expertise and contract management staffs have been hollowed out.

"They'd like to boll-weevil themselves down to the agencies and create dependencies that will last for years, if not decades," Light said.

Today's report was requested by Rep. Henry A. Waxman (D-Calif.), ranking member of the House Government Reform Committee, who was joined by Chairman Rep. Thomas M. Davis III (R-Va.).

Waxman said today's report reveals "a pattern of reckless spending, poor planning and ineffective oversight that is wasting taxpayers dollars and undermining our security efforts."

Davis said the department has a critical mission. "Unfortunately, its acquisition structure and workforce challenges . . . betray serious weaknesses that are impeding the ability of DHS to protect the homeland," he said. Davis's committee is scheduled to hold a hearing on Homeland Security contracting today.

Still, others noted that it remains early in the department's history and that problems are to be expected.

"You have to look at DHS in context. They came into being at a time of crisis. They faced at once the building of a department and the integration of 22 different agencies. And then two years later, you had the worst natural disaster in American history," said Stan Soloway, president of the Professional Services Council, a trade group that represents contractors. "I'm not saying they get a pass, but I'd be hesitant to poke a finger in their eye."

Report Cites Mismanagement At Homeland Security (LAT)

By Nicole Gaouette

The Los Angeles Times, July 27, 2006

Washington — Contract spending by the Department of Homeland Security has surged by billions of dollars since the agency's creation in 2003, but contracts have been plagued by large-scale waste, abuse and mismanagement, according to a bipartisan congressional report.

The agency has failed to plan contract projects properly, has awarded them without adequate competition, and has done so without enough staff to monitor contracts after they have been signed, the report said. Moreover, it said, costs in many cases have spiraled beyond initial estimates, which it said department personnel had in some cases set misleadingly low.

The report, prepared by staff of the House Committee on Government Reform, pointed to a case in which the Border Patrol paid $20 million for malfunctioning camera systems installed in eight patrol zones along the U.S.-Mexico border and for other cameras and related gear that were never installed.

It cited a $10 billion contract for a border-security program that was meant to track visitors' entries and departures but that couldn't track exits from the country and was vulnerable to unauthorized access.

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Describing details of a $1 billion Transportation Safety Administration contract with Unisys Corp. in August 2002 to upgrade computer networks, investigators said Unisys overcharged taxpayers by billing up to $131 an hour for employees who were paid less than half that amount.

TSA staff privately estimated the true cost of the Unisys contract at $3 billion to $5 billion, but they told congressional officials it would cost just $1 billion because the lower number "would be more palatable," according to the report.

"The Department of Homeland Security has a critical mission. Unfortunately, its acquisition structure and work-force challenges, as our report shows, betray serious weaknesses that are impeding the ability of DHS to protect the homeland," said Rep. Tom Davis, R-Va., chairman of the committee.

"Reckless spending, poor planning and weak oversight have undermined crucial homeland-security projects and wasted hundreds of millions of dollars," said Rep. Henry Waxman, D-Calif., the ranking minority member of the committee.

"Virtually everything that could go wrong has gone wrong. We're less secure and deeper in debt because of the outrageous mismanagement of these contracts," said Waxman, who described the report as the first comprehensive assessment of the administration's record on homeland-security contracts.

DHS spokesman Russ Knocke criticized the report for using the TSA example, which predates the agency's creation in 2003 and said the department had saved more than $2 million through strategic sourcing since 2004.

"We take very seriously our responsibility to be good stewards of taxpayer dollars," Knocke said.

The report was based on a review of more than 350 reports by government auditors and investigators, many of which have not been publicly released. It identified 32 contracts worth a collective $34.3 billion that were plagued by waste, abuse or mismanagement.

In a measure of how much money has poured out of the department, the report noted that DHS spending rocketed from $3.5 billion in 2003 to $10 billion just two years later. Over the same 2003-05 period, the number of DHS contracts awarded without full and open competition went from 19 percent of total contracts to 55 percent.

"Contract mismanagement at DHS has a steep cost for the taxpayer," the report said. "Competition in federal contracting protects the interests of taxpayers by ensuring that the government gets the best value for the goods and services it buys."

Feds Move To Share Intelligence Faster (USAT)

By Mimi Hall

USA Today, July 27, 2006

WASHINGTON — National intelligence analysts will work side-by-side with state and local agents in four states in a new effort to improve information sharing about terrorism and disaster response, the Homeland Security Department will announce today.

Teams of Homeland Security officers will eventually be assigned to all of the nation's 38 “fusion” centers, where law enforcement agents investigate tips, tighten security and handle disasters, said Charles Allen, the department's chief intelligence officer.

“We're going to move as rapidly as we can,” Allen said.

The first phase of the plan will put intelligence analysts at centers in New York City, Los Angeles, Baton Rouge, La., and Reisterstown, Md., near Baltimore. Allen said he plans to have all the nation's centers staffed by the end of 2008.

Local police have complained in recent years that the Department of Homeland Security doesn't provide them with enough information about possible terrorist threats. The new plan is a step in the right direction, Los Angeles Police Chief William Bratton said.

“We've had some frustrations … but this is progress,” said Bratton, who has long complained that cities haven't gotten enough information from Washington. “The name of the game is intelligence — the earlier, the better; the more, the better.”

In Maryland, the state has been operating a center since 2003, staffed by state police, FBI agents, National Guard, health officials and others.

Although Homeland Security routinely sends out bulletins and other security information — more than 1,260 notices were sent out last year alone — Bratton and others had complained that the details were often too vague.

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A Homeland Security intelligence analyst will speed the center's ability to assess possible threats and decide what security steps should be taken, said Maryland homeland security spokesman James Pettit. “Nothing replaces face-to-face contact.”

Houston Police Chief Harold Hurtt, president of the Major Cities Police Chiefs Association, said departments have repeatedly asked for more information from Washington.

Many departments have complained in the past about learning of possible threats from cable news networks before getting a call from Homeland Security, he said.

Allen, who took over Homeland Security's intelligence shop less than a year ago, said the department didn't work well enough with state and local officials after it was created in 2003. Now, he said, “we're going to work collaboratively with them. It's the right thing to do.”

Analysis: Animal Groups Zero In On Pharma (UPI)

By Steve Mitchell, UPI Senior Medical Correspondent

United Press International, July 27, 2006

WASHINGTON, July 26 (UPI) -- An animal-rights advocate who recently made a presentation to law-enforcement officials at the FBI told United Press International this week she thinks activists will increasingly use financial attacks aimed at pharmaceutical companies in an effort to intimidate them to stop conducting experiments on animals.

The pharmaceutical industry anticipates the same thing and is concerned that what it perceives as a growing threat from animal-rights extremists will lead to violence and even murder of researchers.

"Financial attacks on companies, I think that is something that will be more commonly done because it seems to work better than anything else," said Charlotte Laws, an animal-rights advocate in Sherman Oaks, Calif., who was invited to speak about animal-rights philosophies in April at the FBI National Academy in Quantico, Va.

Laws said she was not an advocate of the financial attacks, which can include threatening to release personal details of shareholders of companies, making visits to executives' homes and other tactics designed to intimidate firms to stop research involving animals.

"I think it's better publicity to rescue animals because it creates more sympathy among the public," she said.

However, the financial attacks are effective, so other activists are likely to increasingly use the strategy. "Finding creative ways to financially hinder companies does make sense, and I think that's something that will be more commonly done," Laws said.

But she doesn't foresee the animal-rights movement using violence against researchers because it would be counterproductive to gaining public support.

"I don't think killing people is going to be something that will work, so I don't think that's going to happen," she said. "But you never know," she added, noting that any individual could claim to be a member of the Animal Liberation Front, an extremist group that has vandalized labs and targeted homes of researchers.

Earlier this month the ALF claimed credit for placing a "Molotov cocktail" at the home of Lynn Fairbanks, a primate researcher at the University of California in Los Angeles. The device apparently did not ignite or cause any damage.

The Bureau of Alcohol, Tobacco, Firearms and Explosives, which became involved in the investigation along with the FBI, said last week the explosive was placed at the wrong house and not the residence of Fairbanks.

Still, the ATF is taking the matter seriously due to concerns these kinds of tactics could eventually result in murder.

"Once a fire is set or an explosive is detonated, it is just a matter of time before someone is killed," ATF Assistant Special Agent in Charge Davy Aguilera said in announcing there was a $30,000 reward for information leading to the arrest of those responsible.

Another group the pharmaceutical industry is concerned about is WAR, or Win Animal Rights, which targets several big pharma companies, including Bristol-Myers Squibb, Pfizer and Novartis, because they do business with Huntingdon Life Sciences, a supplier of lab animals.

WAR posted a notice on its Web site earlier this month claiming its members visited the homes of two Bristol-Myers Squibbs executives.

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"We paid a noisy visit to ... Sandra Holleran, Vice President of Bristol Myers Squibb, a major customer of Huntingdon Life Sciences," the WAR notice stated, adding they informed Holleran's neighbors "that BMS contracts in cruelty."

The statement continued, "Sandra Holleran, how do you sleep at night knowing puppies got punched in the face to pay for your apartment? Probably not very well in your lower level, street front apartment when there are noisy demos (demonstrations) outside."

Jacquie Calnan, president of Americans for Medical Progress, a group in Alexandria, Va., that is supported by the pharmaceutical industry, said the financial attacks against companies, including divulging personal details of stockholders or executives, are increasing.

"We are very grateful because the FBI are taking this seriously and local law enforcement are aware this is a national problem," Calnan told UPI.

She said her organization views this "as a growing problem" and remains concerned it will escalate to violence against researchers.

"Whenever there's an explosive device used, whenever activists urge others to commit violence against others, there's always a danger of somebody being hurt if not killed," she said.

Calnan said that although she doubts any animal-rights group would subscribe to violence against people, she's concerned an individual might hear the urgings and decide to take actions that could result in serious injury or death to a researcher.

"I'm very concerned it could be a single individual who would take matters into their own hands," she said.

Calnan, who talks regularly with pharmaceutical company groups, said the industry is "watching (the animal-rights movement) with concern."

But in general the industry remains committed to research involving animals and does not plan to cave in to the demands of the activists.

"Folks are resolved," she said. "There's not going to be any backing away from research based on criminal acts from a handful of activists."

The industry, however, can't ignore the advocates' tactics, and companies have been forced to put more money and resources into security for both researchers and lab animals, she said.

Odd Bedfellows Align To Market Film About 9/11 (NYT)

By David M. Halbfinger

The New York Times, July 27, 2006

LOS ANGELES, July 26 — Oliver Stone, that symbol of everything about Hollywood that conservatives love to hate, is getting help in marketing his newest movie from an unlikely ally: the publicity firm that helped devise the Swift boat campaign attacking John Kerry's Vietnam record in the 2004 presidential race.

And so Mr. Stone, the director of the antiwar movies "Platoon" and "Born on the Fourth of July," now finds himself sharing something in common with a group of Vietnam veterans who insisted that their comrades who demonstrated against the war were misguided, misled or traitorous.

Mr. Stone said that he knew nothing of the firm's political work until he was contacted by a reporter on Wednesday. The director's "World Trade Center," a largely factual drama about the rescue of two police officers from ground zero after the 9/11 attacks, is to be released on Aug. 9 by Paramount Pictures. But it is already drawing rave reviews in some unlikely quarters.

L. Brent Bozell III, president of the conservative Media Research Center and founder of the Parents Television Council — best known for its campaigns against indecency on television and for stiffer penalties on broadcasters — called it "a masterpiece" and sent an e-mail message to 400,000 people saying, "Go see this film."

Cal Thomas, the syndicated columnist, wrote last Thursday that it was "one of the greatest pro-American, pro-family, pro-faith, pro-male, flag-waving, God Bless America films you will ever see."

(Mr. Stone, for his part, has insisted in the past that the film is "not a political movie," while acknowledging in a recent interview that this "mantra" had been handed to him by his employers.)

To top it all off, a writer on The National Review's Web site, Clifford D. May, actually wrote the words "God Bless Oliver Stone."

This about a filmmaker whose conspiratorial tirades — not to mention his hyperviolent "Natural Born Killers," polarizing political films "J. F. K." and "Nixon," and the lesser-known television documentary on Fidel Castro — have driven conservatives batty for decades. Only last year, The Washington Times, in an editorial, called the hiring of the "conspiracy-addled" Mr. Stone a "maliciously inspired choice" to direct "World Trade Center."

Such glowing reviews for an Oliver Stone movie might have seemed blasphemous to many conservatives until recently, when Creative Response Concepts, on retainer for Paramount, began pitching "World Trade Center" to pundits who would not normally be considered part of Mr. Stone's core audience.

A screening in Washington last week, for example, drew members of the Family Research Council, the Foundation for the Defense of Democracies and the evangelical Wilberforce Forum, along with a producer for William Bennett's radio show, writers for The Washington Times and a reporter for the Web site of Human Events, which first reported the event. Creative Response Concepts has played a prominent role in promoting conservative causes. Heading into the 2005 Supreme Court nomination battles, it advised members of the Federalist Society on how to handle television interviews and was active in promoting the nominations of John G. Roberts Jr. and Samuel A. Alito Jr. When the AARP came out against President Bush's plan to overhaul Social Security, the firm went to work for a conservative group that took on the AARP. And it promoted Newt Gingrich's 1994 political strategy, Contract With America.

But it was in the 2004 campaign that Creative Response Concepts made its biggest mark on the political landscape, advising the group Swift Boat Veterans for Truth, which assailed Mr. Kerry's Vietnam record as a Navy officer and as a leader of the antiwar movement after he returned home. Its well-funded attacks were among the most damaging blows to the Kerry campaign.

The firm also played a major role that year in assailing CBS — then a corporate sister of Paramount at Viacom — for the "60 Minutes" report on President Bush's record in the Texas Air National Guard that led to Dan Rather's resignation as anchor of the "CBS Evening News."

Reached in Boston, Mr. Stone said he knew nothing of the public-relations firm's background other than that it had helped to promote "The Chronicles of Narnia" last year for Walden Media and the Walt Disney Company. "Believe me, I didn't cave," he said. "They do it their way," he said, referring to Paramount's marketing executives.

Mr. Stone said that he condemned the "Swift-boating" of Mr. Kerry, but cautioned that he himself had "hired publicists in the past that had skeletons in their closet." He added: "It's not a holier-than-thou street here. It's an impure market."

In addition to Mr. Bozell's two groups, clients of Creative Response Concepts have included the three national Republican campaign committees, the Christian Coalition, Manhattan Institute, Free Enterprise Foundation, National Taxpayers Union and Regnery Publishing, home to conservative authors like Tony Blankley and Michelle Malkin, who were also at last week's screening.

But its clients also have included several Hollywood studios, according to the firm's Web site. Neither the firm's president, Greg Mueller, a former spokesman for Patrick J. Buchanan, nor Mike Thompson, an executive who arranged the screening, responded to several telephone messages.

Rob Moore, president of worldwide marketing, distribution and home entertainment for Paramount, said he would have hired the firm regardless of who had directed the movie, because of its strong elements of Christian faith and its depiction of men sacrificing themselves for one another: "the definition of patriotism," he said.

In a telephone interview, Mr. Moore cited Creative Response Concepts' connections in the evangelical and conservative movements, and its work promoting "Narnia." "You need somebody who has credibility with those groups," he said.

A Paramount spokesman said that the studio did not similarly pitch liberal groups in its multifront promotional campaign, reasoning that the entertainment press had covered that base. The spokesman said that Creative Response Concepts has also helped promote the 20th Century Fox movie "Because of Winn-Dixie" and the CW network's show "Seventh Heaven." It has already been hired to help promote "Charlotte's Web," which Paramount has scheduled for release in December.

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As it happens, the strange bedfellows in this marketing relationship include Tom Freston, Viacom's chief executive, who with his wife Kathy contributed at least $14,000 to help Mr. Kerry's campaign in 2004, federal records show. (All told, Viacom executives gave more than $69,000 to Mr. Kerry, far more than to Mr. Bush, according to the Center for Responsive Politics.)

But Mr. Moore said that marketing a movie is, after all, strictly business. "When we walk in that door and put our Paramount business cards in our pockets, our job is to get as many people as possible to come see a movie," he said. "When we walk out the door, I could be leading rallies for John Kerry."

Louisiana Governor Criticizes U.S. Evacuation Plan (NYT)

By Eric Lipton

The New York Times, July 27, 2006

WASHINGTON, July 26 —Gov. Kathleen Babineaux Blanco of Louisiana sent a sometimes blistering letter to Homeland Security Secretary Michael Chertoff late Wednesday asking the federal government to honor its commitment to help evacuate and care for thousands of New Orleans area residents in the event that another major hurricane blows into the region this year.

"We have received no indication from you that staffing, logistics and security for additional shelters have been addressed," she wrote in the 18-page letter, in one of many critiques of federal aid she said she had requested, but has still not been promised, in this case referring to a need for additional federally provided emergency shelter space.

The letter from Governor Blanco came in response to a request sent by Mr. Chertoff earlier this month that Louisiana officials compile a complete list of the places where federally provided buses will be expected to pick up residents waiting to be evacuated, as well as a list of hospitals or nursing homes that might need evacuation assistance.

Ms. Blanco replied with a recitation of what she said were multiple shortcomings in the commitments to date by Mr. Chertoff to comply with requests by the state for needed aid, in terms of evacuating temporary housing trailer complexes set up by the Federal Emergency Management Agency and to provide emergency shelter for up to 150,000 Louisiana residents that the Red Cross and the state may not be able to accommodate.

"We must ask again for your assistance that the federal government stands ready to provide contingency sheltering for 150,000 Louisiana residents in the event of a threatened catastrophic event," she wrote.

The exchange of letters between the governor and Ms. Blanco at times had the appearance of an effort to clarify in advance who should be held responsible if another major storm hits the area and chaos again reigns.

Behind The Katrina Imbroglio (WSJ)

By Christopher Cooper And Robert Block

The Wall Street Journal, July 27, 2006

At 8:10 a.m. on Aug. 29, 2005, Bennett Landreneau, the Louisiana National Guard's commanding general, was getting a routine situation report by phone from an airman at Jackson Barracks, the Guard's armory in New Orleans. Suddenly, the airman broke off the conversation, saying he had to check something. When he returned, a hint of panic had crept into his voice. "Sir," he said, "I don't know what's happened, but there are cars floating down Claiborne Avenue. It looks like a river."

Within hours, Jackson Barracks was sitting under eight feet of floodwater. There was also word that a towering storm surge from the eastern side of Hurricane Katrina had nearly obliterated 100 miles of Mississippi coastline. And eight feet of water had sent hundreds of residents in the New Orleans Lower Ninth Ward scurrying to their rooftops.

If there had been any doubt that the state of Louisiana would need federal help to cope with Hurricane Katrina, there was no reason for it now.

But for the federal government, reports of such destruction were immaterial in determining the scale of the calamity unfolding along the Gulf Coast. Federal officials had a single test for determining whether to treat the storm as an average disaster or as the catastrophic doomsday scenario everyone had long feared: Had the levees been breached by Katrina's storm surge, or had the water simply flooded over the top? Unfortunately, these were questions that state and local officials -- and even FEMA's senior staff -- never fully understood they had to answer.

At the Department of Homeland Security, federal efforts following disasters were dictated by the newly minted National Response Plan. Though billed as a plan for all disasters, it made a sharp distinction between garden-variety calamities such as

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Gulf hurricanes and more severe catastrophes -- generally terrorist attacks. By the department's reckoning, standard disaster response fell to local governments, backstopped by FEMA, while a catastrophic event assumed the states would be immediately overwhelmed and required a massive response from the federal government.

In the run-up to Hurricane Katrina's landfall, there were calls within Homeland Security and the White House to pre-emptively declare the tempest a catastrophe and put the federal government on heightened alert -- "leaning forward," as department officials liked to say. But senior Homeland Security officials resisted, arguing that FEMA was perfectly capable of handling a hurricane. "I did not feel it was imperative," Homeland Security Secretary Michael Chertoff said later.

Likewise, Matthew Broderick, the director of the Homeland Security Operations Center, or HSOC, saw no reason for extraordinary action without definitive proof that there was a catastrophe in New Orleans. And his view of what constituted a catastrophe was pivotal: As HSOC commander, he was responsible for giving Mr. Chertoff and the White House virtually all of the ground intelligence they would receive during the disaster.

To Mr. Broderick, the trigger for a heightened response was clear: If the city's levee system was seriously breached and couldn't be repaired immediately, it was a catastrophe. Flooding over the levees, by contrast, even if it was severe, was "normal, typical, hurricane background stuff," he would later tell Senate investigators. "You know, we have floods in Pennsylvania all the time. We have floods in New Jersey all the time. Every time there's a hurricane, there's a flood."

A retired Marine brigadier general with some 30 years of experience, Mr. Broderick was determined that the information he delivered to Mr. Chertoff and the White House be stripped of innuendo and boiled down to only the hardest facts. "One of the jobs of HSOC is to not overreact, not get hysterical and get the facts," Mr. Broderick told investigators. Under this rubric, he simply didn't pass on much of the information he collected.

In the days after Katrina's landfall, Secretary Chertoff, President Bush and others would justify the slow federal response by claiming that the breaching of the levees was "a second catastrophe" that occurred long after Katrina passed. But this simply wasn't true. A subsequent investigation by the Army Corps of Engineers found that in some cases, breached levees began flooding New Orleans even before Katrina made landfall.

Indeed, news of the levee breaches came as early as 7:30 a.m. on the Monday Katrina hit, when the city's disaster chief, Terry Ebbert, told Washington officials in a phone conversation that the storm "came up and breached the levee system in the canal," according to Senate documents gathered afterward. A half hour later, the Transportation Security Administration made a written report directly to HSOC, confirming that the Industrial Canal levee adjacent to the Lower Ninth Ward had been breached and that floodwaters "have already intruded on the first stories of some houses." Fifteen minutes after that, the National Weather Service issued its own levee-breach warning, advising retreating residents to take an ax with them to their attics so they could chop their way out if the waters rose.

As the morning unfolded, the reports would come with furious frequency, all dutifully funneled to Mr. Broderick and HSOC. They came from a FEMA man at the National Weather Service in Miami, a Homeland Security agent in New Orleans and a pump operator for the city. At 11 a.m., moments before Gov. Kathleen Blanco was due to participate in the daily videoconference with Washington officials, state and federal disaster chiefs in Baton Rouge were told that a New Orleans firefighter had seen water cascading into the city through a breach in the 17th Street Canal floodwall. The city was filling like a bowl.

The distinction between a breach and an "overtop" was largely lost on local officials, who had not been told this was any particular trigger for the federal response. To them, city streets contained an alarming amount of water, surely enough to trigger the maximum federal response. As Gov. Blanco put it on the conference call, whole neighborhoods were sloshing with up to 10 feet of water, "and we have people swimming in there."

But that's not what White House Deputy Chief of Staff Joe Hagin wanted to talk about when it was his turn. He had two concerns: "Yeah, what's the current status of the levee system and the roof of the Superdome?" he asked Gov. Blanco.

The Dome was fine, she responded. "I think we have not breached the levee. We have not breached the levee at this point in time."

Mr. Chertoff, also on the call, would later say he had no idea that "the flooding was extraordinary or out of the norm for a significant hurricane."

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A few hours after the phone call it was clear the White House considered Monday an average August day and Katrina an average hurricane. At 4:40 p.m. New Orleans time, President Bush stood in Rancho Cucamonga, Calif., delivering a speech on the new Medicare prescription drug benefit. He departed from the script briefly to address the situation on the Gulf Coast. "For those of you who are concerned about whether or not we're prepared to help, don't be. We are," the president said.

The definitive authority on levees would seem to be the Army Corps of Engineers, which designed the system and maintained a 1,000-person district headquarters in New Orleans. Alas, the agency had evacuated all but nine people in advance of Katrina. And that small team, led by the district commander, Col. Richard Wagenaar, had little equipment beyond an AM radio and a few SUVs. During the storm, the men lay low in an underground bunker, miles away from the affected levees.

In the hours before Katrina made landfall, Col. Wagenaar had been bombarded with phone calls from residents, many of whom reported levee breaches. But the colonel had only been in town for a month and had little independent knowledge of the city's flood-control system.

By late Monday, Col. Wagenaar and his men had managed to get only to within a few miles of the 17th Street Canal breach. There, he saw deep water -- up to the telephone wires in some spots -- but could only speculate on the source. "What I did know is that there was a significant problem," he said later.

Even so, the Army Corps, drawing on eyewitness information similar to that which Mr. Broderick had been receiving, declared late in the day that breaches had in fact occurred. But the confirmation was cloaked in jargon and buried on page five of a six-page report: "I-walls: Floodwalls were overtopped on the east side of the 17th Street Canal and the east side of the (Industrial Canal)," the report said. "Sections of wall failed in each area." It was the confirmation everyone had been waiting for, if only they could have deciphered it.

A short time later, Marty Bahamonde, a FEMA spokesman who was the agency's only official in New Orleans, stood at the door of an open Coast Guard helicopter as a blast of hot rotor wash spilled over him. He yelled to the pilot that he was from FEMA and needed to go up.

Mr. Bahamonde was seeking confirmation of a catastrophe, and he got it once he was airborne: The 17th Street Canal floodwall was in tatters, its concrete caps bent like tombstones in a country graveyard. Water was pouring into the city like Niagara; the breach was a quarter mile wide. "I knew I was looking at the worst-case scenario that everyone had feared," he later said.

By the time Mr. Bahamonde returned to the Superdome, it was nearly 7 p.m. He called FEMA Chief Michael Brown in Baton Rouge and related what he had seen. "I'm calling the White House now," Mr. Brown said.

Mr. Bahamonde's report was flashed around FEMA and passed on to Mr. Broderick's staff at HSOC. The information made it to the White House late that evening. Yet it would be nearly 15 hours before Mr. Chertoff formally invoked the National Response Plan, making the disaster a federal priority.

By nightfall in New Orleans on Monday, HSOC had received nearly a dozen definitive reports that the city's flood-control system had been breached and eight other reports suggesting as much. But Matthew Broderick's final report of the day said exactly the opposite. "Preliminary reports indicate the levees have not been breached," it said.

When Mr. Broderick was asked months later by Senate staffers during a formal briefing why he had stated so flatly late Monday that the city's flood-control structures were intact, the former Marine said he had never received a single report suggesting otherwise. The Senate investigator asking the question, Jeffrey Greene, was so stunned at the response that he asked if Mr. Broderick had misunderstood.

But Mr. Broderick hadn't misunderstood. "If I had heard there was a breach in a levee Monday evening, I would have -- had I been aware of it, I would have been all over it," he said. He also conceded in his deposition that he had seen very few reports from New Orleans newspapers and routinely ignored email that day and in the days that followed, leaving unopened as many as 700 missives sent to him during the disaster's early days.

Asked by bemused Senate investigators what evidence he had collected showing the levees had not been breached, Mr. Broderick named two sources. The first was the Army Corps of Engineers in Washington, but the former general said he suspected that agency was hyping the situation because it had reported "extensive" flooding in New Orleans, and " 'extensive' is all relative."

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The second source, Mr. Broderick said, was a video segment on CNN Monday showing a tipsy crowd on Bourbon Street, near the city's highest point.

"The one data point that I really had, personally, visually, was the celebration in the streets of New Orleans, of people drinking beer and partying because-and they used, they came up with the word-'we dodged the bullet,' " Mr. Broderick said. "So that's a pretty good indicator right there."

Mr. Broderick declined repeated requests to comment on what he told investigators.

The Wrong Lesson (NYT)

The New York Times (editorial), July 27, 2006

The Federal Emergency Management Agency, which failed to employ the kinds of controls necessary to prevent an estimated $1 billion in fraud and abuse following Hurricane Katrina, has compiled a list of remedial steps it plans to take. That's good. But tucked into the list is a peculiar decision to cut back immediate emergency aid for families to $500, instead of the $2,000 given after Katrina.

Certainly, it was bad news that prison inmates received money intended for the displaced and that cash cards were used to buy pornography and football tickets. But many of the failures identified by the Government Accountability Office could easily have been prevented.

The office estimates that the agency made "about $5.3 million in payments to registrants who provided a post office box as their damaged residence." That straddles the line between laughable and depressing. Nor does the agency have any excuse for allowing double dipping of rental assistance by evacuees staying in free hotel rooms.

But the agency's incompetence has no bearing on the needs of people who have lost everything and require immediate help. Cutting back emergency aid is the wrong response by an agency in crisis, one that smacks of victim-blaming and overreaction.

It is important to have strong upfront controls to ensure that money doesn't end up in the wrong hands, and we are glad to see the agency taking steps in that direction. Taxpayers lose faith in programs when they find out they are being defrauded. But the agency also should not set unrealistic hurdles for people who have fled disaster areas and may not have every piece of identification or documentation that one might bring along in an organized departure. The agency's first goal in a crisis is to succor the afflicted, not suspect them of fraud.

The devastation of the Gulf Coast was unprecedented in scope. Although fraud was widespread it accounted for only 16 percent of payments, too high but hardly outrageous in a time of great confusion and tumult. What happened in New Orleans in particular was exceptional because normal checks were difficult to perform, thanks to the flooding caused by breached levees. The agency has borne the brunt of the blame. Much of it was deserved, but overreacting — to the detriment of the next group of terrified solace seekers — is not the answer.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, July 27, 2006

Michael Brown Reveals All in a Playboy Interview

Brownie, you give a heckuva interview! Former FEMA chief Michael Brown unloads about his post-Katrina downfall in the August issue of Playboy -- calling himself a "scapegoat," warning that the nation is even "less-prepared" for this year's hurricane season, and sharing some PG-13 opinions of former colleagues.

Â· On Rep. Gene Taylor (D-Miss.), accusing him in a hearing of not comprehending the devastation: "For that little twerp to claim I didn't understand death and suffering -- he can just bite me, for all I care."

Â· On President Bush saying the levee breaches were unexpected: "He doesn't have an incredible command of the English language."

Â· On DHS boss Michael Chertoff ordering him out of the field: "I am so mad at myself for not saying 'screw you.' "

Â· On Bush calling him "Brownie": "It's typical of the president. He's a cheerleader . . . How many people in the world do you think have ever called me Brownie? . . . When he used that nickname, a lot of people in the media went, Is he an insider?"

Â· On his much-mocked prior job with the International Arabian Horse Association: "Dealing with horses' asses taught me how to deal with the federal government."

So Wouldn't He Rather Sing With the Dixie Chicks?

It's about time Kelly Clarkson recorded a duet! Joining her at the mike: Maryland's own Steny Hoyer .

Or so say the folks at the Grammys, who will bring the American Idol to Capitol Hill in September for a special "recording session" to show lawmakers the complexity of cutting a record. Backup singing will come courtesy of recording-industry caucus co-chairs Mary Bono and Hoyer. "It will be available for download -- legally," said Daryl Friedman of the National Academy of Recording Arts and Sciences.

This was news to the congressman's rep, who could say for sure only that the Democrat will attend. "Congressman Hoyer is a big music fan, but I don't know that he has any plans to record," said Tim Schlittner . Well, if he were going to sing, what might he sing? "I know he's a big country fan. Maybe a country song called 'Takin' Back the House.'

"Hey, Isn't That . . . ?

Â· Giants slugger Barry Bonds chowing down on a Kelly's Cajun Grill chicken lunch with two other men and a woman at the Pentagon City food court Tuesday afternoon before his 0 for 4 showing against the victorious Nats. Cute SF pitcher Noah Lowry was also spotted, gladly signing autographs from the Starbucks line. Pentagon City -- the new Cafe Milano? Nah, probably has more to do with the Ritz-Carlton next door . . .Love, Etc.

WAR NEWS:

Iraqi PM Calls For More Money And Troops (AP-Y)

By Anne Plummer Flaherty

AP2, July 27, 2006

Iraqi Prime Minister Nouri al-Maliki appealed to Congress Wednesday to press the war in Iraq with money and troops, portraying his country as crucial to the U.S. as a front line in the war on terror and comparing violence there to the Sept. 11 attacks.

Addressing a joint meeting of Congress, al-Maliki said, "Do not imagine that this problem is solely an Iraqi problem because the terrorist front represents a threat to all free countries and free people of the world."

Lawmakers in the House chamber gave him a warm welcome, but a number of Democrats stayed away, upset by al-Maliki's stance on another Mideast crisis: He has refused to criticize Hezbollah for its attacks on Israel.

Despite tough rhetoric against terrorism in the Middle East, al-Maliki did not mention the combat between Israel and Hezbollah guerrillas that over the past two weeks has killed hundreds, devastated parts of Lebanon and seen rockets bombard northern Israel.

Later in the day, al-Maliki and President Bush ate lunch with military troops at nearby Fort Belvoir in Virginia. Bush praised him there as a man who has "helped save lives."

The speech by al-Maliki, who became prime minister two months ago, capped a two-day visit to Washington that included personal talks with Bush at the White House on Tuesday. His address came with sectarian violence in Iraq on the rise, threatening hopes by the Bush administration and lawmakers facing election this year that some U.S. troops might come home soon.

During his address, al-Maliki appealed for more aid from the United States and other nations and sought to solidify Congress' commitment to rebuilding Iraq, though he mentioned no specifics. In earlier meetings at the White House, the Iraqi leader asked for more military equipment and recommended increasing U.S. and Iraqi forces patrolling Baghdad neighborhoods. Bush agreed and said more U.S. forces would be moved into the embattled capital from other parts of Iraq.

Congress has approved nearly $300 billion to try to secure and rebuild the country more than three years after a U.S.-led invasion toppled Saddam Hussein. Some 127,000 U.S. troops remain in the region.

Without identifying exact amounts, al-Maliki lamented money that has wound up "in the hands of security contractors and foreign companies that operate with enormous profit margins," rather than in the hands of needy Iraqis.

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"There needs to be a greater reliance on Iraqis and Iraqi companies with foreign aid and assistance to help us rebuild Iraq," he said.

The responsibility to fight terrorism "lies on the shoulders of every country and every people that respects and cherishes its freedom," al-Maliki said. "The battle of Iraq will decide the fate of this war."

His words echoed those of Bush, who frequently asserts that Iraq is a central battleground against terrorism elsewhere, including on U.S. shores, and that the country can be a bulwark for the spread of freedom in the Middle East.

Al-Maliki made a direct connection to the 2001 attacks on the U.S., saying, "Thousands of lives were tragically lost on Sept. 11 when these impostors of Islam reared their ugly head. Thousands more continue to die in Iraq today at the hands of the same terrorists who show complete disregard for human life."

Al-Maliki's differences with his hosts over the Mideast fighting had threatened to sour his visit. The Bush administration, U.S. ally Israel and the majority of lawmakers insist that Hezbollah, which they consider a terror group, must be disarmed and defeated in southern Lebanon. European and Arab allies want a quick cease-fire to stop mounting civilian deaths in Lebanon.

Sen. John W. Warner, R-Va., chairman of the Armed Services Committee, said the prime minister was under pressure from his constituents and members of the Iraqi Parliament not to come to the United States.

"He was caught right in the middle," Warner told reporters. "But nevertheless, he made a commitment to come" and honored it.

Democrats sharply criticized the prime minister for painting a what they said was a "rosy" picture of Iraq and not condemning Hezbollah.

Rep. Steny Hoyer of Maryland, the No. 2 House Democrat, said not naming Hezbollah as a terrorist organization "adds ambivalence to his comments." Rep. Debbie Wasserman-Schultz, D-Fla., called al-Maliki's speech "disingenuous" because it did not acknowledge the violence in Iraq.

Republicans said they were not concerned that al-Maliki did not use his speech to talk about Hezbollah.

"He says he denounces terrorism and I take it at his word. Hezbollah, in my opinion, is a terrorist organization," said House Speaker Dennis Hastert, R-Ill.

"The prime minister's address was one of hope and progress," said Joe Wilson, R-S.C.

Lawmakers who shunned the speech included Reps. Nita Lowey, D-N.Y., and Rosa DeLauro, D-Conn., and Sens. Charles Schumer, D-N.Y., and Barbara Boxer, D-Calif.

"I didn't attend because I feel strongly the U.S. Congress should not provide a platform for supporters of Hezbollah," Lowey said. "If Mr. Malaki was wise, he might have requested a meeting with us."

Sen. Richard Durbin, D-Ill., said he had asked al-Maliki directly at a breakfast on Wednesday whether he considered Hezbollah a terrorist group. "He questioned whether I had the right to ask him that" Durbin said. Al-Maliki responded in "only the most general terms that he condemns terrorism in all its forms," said Durbin, his party's second-ranking Senate leader.

House Democratic leader Nancy Pelosi of California attended the speech, along with several other Democrats who had previously questioned whether it was appropriate to let him address the joint meeting because he had not defended Israel.

Al-Maliki was interrupted briefly by a shouting demonstrator wearing a pink T-shirt that read, "Troops Home Now." Medea Benjamin, 54, of San Francisco is cofounder of an anti-war group called CODEPINK. Benjamin was lifted from her seat by officers and carried out of the House visitor's gallery, while al-Maliki paused and grimaced in irritation.

Later, at the Army base, Bush said of al-Maliki: "He helped lay that foundation for peace. And in honor of his memory and in the memory of others who have gone before him and in honor of the thousands of Iraqis who have died at the hands of terrorists, we will complete the mission."

Iraqi Prime Minister Presses For More Aid (WP)

By Jonathan Weisman

The Washington Post, July 27, 2006

A day after securing a pledge from President Bush to bolster U.S. troop presence in Baghdad, Iraqi Prime Minister Nouri al-Maliki asked Congress yesterday for more reconstruction aid, acknowledging that most of the billions already allocated were

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swallowed by security costs. And he warned the United States not to abandon Iraq, as it did after the Persian Gulf War when the United States stood aside as a Shiite rebellion was crushed by Saddam Hussein.

"Let 1991 never be repeated, for history will be most unforgiving," Maliki said during a speech to a joint meeting of Congress.

He used the speech to reaffirm his new government's commitment to the war on terrorism, pledging that "Iraq will be the graveyard of terrorism and terrorists for the good of all humanity."

Republicans had hoped to use Maliki's visit to showcase progress toward democracy in Iraq, but the prime minister's two-day stay in Washington proved to be politically problematic. Bush's promise to fortify troop presence in Baghdad virtually foreclosed major troop withdrawals before November's midterm election. And Maliki declined to disavow his critical comments on Israel's incursion into Lebanon or denounce Hezbollah's killing and kidnapping of Israeli troops that precipitated the fighting, handing Democrats a wedge that they eagerly used.

At a breakfast meeting yesterday with congressional leaders, Democrats repeatedly pressed Maliki to declare Hezbollah a terrorist organization, but Maliki would not reply beyond broad denunciations of terrorism, according to several participants.

Democrats such as Sen. Charles E. Schumer (N.Y.) protested the prime minister's oblique stand on Hezbollah and his denunciation of Israeli "aggression" by refusing to attend Maliki's address, forcing congressional leaders to fill empty seats in the House chamber with youthful aides.

Other Democrats, such as Rep. Debbie Wasserman Schultz (Fla.), sat in stone-faced silence, then decried the speech for its failure to recognize Middle East terrorism beyond Iraq's borders or to be frank about sectarian strife that is killing an estimated 100 Iraqis a day.

"He essentially ignored the fact that he is the president of a war zone," Wasserman Schultz said.

Democratic Party Chairman Howard Dean called Maliki an "anti-Semite" for failing to denounce Hezbollah for its attacks against Israel. "We don't need to spend $200 and $300 and $500 billion dollars bringing democracy to Iraq to turn it over to people who believe that Israel doesn't have a right to defend itself and who refuse to condemn Hezbollah," the Democratic leader told a gathering of business leaders in Florida.

Republicans fired back at what they perceived as a Democratic partisan ploy playing out at the expense of a crucial U.S. ally.

"The House Democrat leader and some of her Democrat colleagues may not agree with the liberation of Iraq and they may not agree with criticism by some against Israel's actions, but their continued efforts to undermine the advancement of freedom and democracy in Iraq is shameful," Sen. John Cornyn (R-Tex.) said.

White House spokesman Tony Snow said: "Let me try to explain democracy to people on Capitol Hill. It involves such rights as free speech and freedom of opinion."

Veteran San Francisco activist Medea Benjamin, wearing a "Troops Home Now" T-shirt, chimed in, standing in the House gallery to interrupt Maliki's address with repeated shouts of: "Iraqis want the troops to leave. Bring them home now." She was promptly removed and arrested.

Amid such discord, Maliki struck lofty tones as he thanked the United States for standing by Iraq.

"Many around the world underestimated the resolve of Iraq's people and were sure that we would never reach this stage," he said. "Few believed in us. But you, the American people, did, and we are grateful for this."

But he also inserted himself into the election-year controversy over the war, acknowledging, "I know that some of you here question whether Iraq is part of the war on terror.

"The fate of our country and yours is tied," he continued. "Should democracy be allowed to fail in Iraq and terror permitted to triumph, then the war on terror will never be won elsewhere."

In a visit with Maliki to Fort Belvoir after the speech, Bush seconded the prime minister's position, saying that "success in Iraq is necessary for the security of the United States, and it's necessary for the peace of the world."

Maliki also appealed to Congress for more reconstruction aid, which the Bush administration has been reluctant to request after much of the $18 billion in development assistance was consumed by security costs, corruption and inefficiency.

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"Much of the budget you had allocated for Iraq's reconstruction ended up paying for security firms and foreign companies, whose operating costs were vast," Maliki told Congress. "Instead, there needs to be a greater reliance on Iraqis and Iraqi companies, with foreign aid and assistance to help us rebuild Iraq."

Republicans hailed Maliki's speech as historic. But Maliki's appeals for continued military and economic assistance were not likely to sit well with a wide swath of the U.S. electorate, which has grown weary of the war, according to polls.

Iraqi officials are "fortunate souls, because they have the strongest military in the world at their beck and call to protect them every single day," Sen. Richard J. Durbin (D-Ill.) said. "There has to be a change. The Iraqis have to accept responsibility for their own fate and future."

But the debate before and after the address was not so much about Iraq but about Maliki's position on Hezbollah and the fighting in Lebanon. Before the speech, House Speaker J. Dennis Hastert (R-Ill.) emerged from breakfast with Maliki to declare, "He disavowed any terrorist organization," adding that "he talked about Hezbollah specifically."

Later, after Democrats at the meeting disputed his assertion, Hastert conceded that: "We didn't ask him to come here for general commentary on the Middle East. He denounces terrorism, and I have to take him at his word. Hezbollah is a terrorist organization."

Many Speech Critics Stay Away; Several Go (RC)

By Steve Kornacki

Roll Call, July 27, 2006

At least half of the 19 House Democrats who penned a letter to Speaker Dennis Hastert (R-Ill.) blasting his decision to invite the Iraqi prime minister to address a joint session of Congress were absent from the chamber Wednesday morning, as Nuri al-Maliki became the 103rd head of state to accept that honor.

Two of the three Democrats who organized the letter — Reps. Rosa DeLauro (Conn.) and Jan Schakowsky (Ill.) — sat out the speech after calling al-Maliki to task for his loud criticisms of Israel and its military operation in Lebanon. The third, Rep. Rahm Emanuel (Ill.), was in attendance.

Also boycotting the speech were Democratic Reps. Gary Ackerman (N.Y.), Shelley Berkley (Nev.), Artur Davis (Ala.), Bill Delahunt (Mass.), Nita Lowey (N.Y.), Carolyn Maloney (N.Y.), Mike McNulty (N.Y.) and Frank Pallone (N.J.).

The signatories had called on al-Maliki to publicly clarify his statements about Israel prior to addressing the joint session. They also called attention to blatantly anti-Semitic statements by the Speaker of Iraq's Parliament.

"We understand that the prime minister has to say political things," Ackerman said after the speech. "But the long-term here is, if you mollycoddle terrorists, you give them license to continue."

In addition to Emanuel, the letter-signing Democrats who did attend were: Reps. Tim Bishop (N.Y.), Joe Crowley (N.Y.), Eliot Engel (N.Y.), Sander Levin (Mich.) and Steven Rothman (N.J.).

The office of Rep. George Miller (Calif.), another signer, did not return calls for this story.

Those who attended had said they hoped al-Maliki would address their concerns in his speech — but they didn't seem satisfied afterward.

Engel, for instance, took to the House floor for a one-minute speech shortly after the joint session adjourned, offering a critique of the prime minister's words.

Two other Democrats who signed the letter also sat out — but not as a way of making a political statement.

Rep. John Olver (Mass.) watched the proceedings from his office — his custom for most similar occasions, including State of the Union addresses.

"He just sort of prefers to watch these things on TV," said Nicole Letourneau, Olver's press secretary. "It's easier to understand the translation, and he likes to see what the average person sees."

And Rep. Barney Frank, Olver's Bay State colleague, typically peruses speech transcripts instead of attending in person.

Frank feels he "can read faster than people can talk," said Steven Adamske, Frank's press secretary.

Al-Maliki Echoes White House In Address (FT)

By Caroline Daniel

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Financial Times, July 27, 2006

Iraqi prime minister Nouri al-Maliki said on Wednesday his country's future depended on continued US commitment, telling a joint session of Congress that the "fate of our country and yours is tied", and that it is "your duty and our duty to defeat this terror".

The 30-minute speech, punctuated by respectful applause and a few standing ovations, was light on substantive reports of progress or details about how sectarian violence would be reduced.

It stuck to more abstract themes about Iraq's position in the front line of the war against terrorism. "Should democracy be allowed to fail in Iraq and terror permitted to triumph, then the war on terror will never be won elsewhere," he said. Acknowledging the sectarian violence that had prompted a new security plan for Baghdad, he added: "The journey has been perilous, and the future is not guaranteed."

The address was interrupted by an anti-war protester, dressed in a pink tutu, who shouted: "Iraqis want the troops home! Bring them home now."

The prospects of this were played down in the address: "The completion of Iraq's forces form the necessary basis for the withdrawal of multinational forces. But it's only then, only when Iraq's forces are fully capable, will the job of the multinational forces be complete."

Before the speech, Mr Maliki sought to avert an embarrassing boycott of his address by dozens of Democrats who had expressed outrage at his failure to condemn the actions of Hizbollah. Meetings with senior leaders helped avert that threat. It dwindled into a modest boycott involving just two senators, Barbara Boxer and Chuck Schumer.

Tony Snow, White House spokesman, said: "I don't see what is so surprising about Prime Minister Maliki having his own opinion on the Middle East . . . the president is not the puppeteer. The prime minister is a freely elected leader."

Even so, some of Mr Maliki's lines echoed key administration themes. The White House acknowledged having conversations about the speech with the Iraqi leader.

Where US president George W. Bush has hailed liberty as "God's gift to humanity", Mr Maliki said, "I believe these human rights are not an artifact construct reserved for the few. They are the divine entitlement for all."

Al-Maliki: Iraq 'Battle That Will Determine The War' (BSUN)

By Joel Havemann

The Baltimore Sun, July 27, 2006

WASHINGTON -- Iraqi Prime Minister Nouri al-Maliki promised Congress today that the war on terrorism would be won, but he ducked the issue that nearly caused some lawmakers to boycott his speech -- his previous support for the militant group Hezbollah in its battle with Israel in Lebanon.

"I know that some of you here question whether Iraq is part of the war on terror," al-Maliki said. "Let me be very clear -- this is a battle between true Islam, for which a person's liberty and rights constitute essential cornerstones, and terrorism, which wraps itself in a fake Islamic cloak ... and spreads hatred between humanity."

Al-Maliki did not say a word about the two-week-old conflict in Lebanon between Israel and Hezbollah. Instead, he stuck with guaranteed applause lines about his determination that American sacrifices in Iraq would not be in vain, and that a democratic regime would replace the dictatorship of Saddam Hussein.

Echoing the themes sounded frequently by President Bush whenever he addresses the war on terror, al-Maliki said: "We are rebuilding Iraq on a new, solid foundation, that of liberty, hope and equality. Iraq's democracy is young, but the will of its people is strong. It is because of this spirit and desire to be free that Iraq has taken the opportunity you gave us, and we chose democracy. I will not allow terrorists to dictate to us our future."

Midway through his talk, al-Maliki was interrupted by a heckler who shouted: "Iraqis want the troops to leave. Bring them home now." To a chorus of boos from the audience, she was hustled out of the House chamber.

"Iraq is the front line in this struggle, and history will prove that the sacrifices of Iraqis for freedom will not be in vain," al-Maliki vowed. "Iraqis are your allies in the war on terror.

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"The fate of our country and yours is tied," the Iraqi leader asserted to a cheering Congress. "Should democracy be allowed to fail in Iraq and terror permitted to triumph, then the war on terror will never be won elsewhere."

Al-Maliki wasted no time thanking the United States for standing by Iraq.

"Let me begin," he said, "by thanking the American people ... for supporting our people in ousting dictatorship. Iraq will not forget those who stood with her -- with him and who continues to stand with her in times of need."

Sounding like Bush defending U.S. sacrifices in Iraq, al-Maliki said: "What used to be a state-controlled media is now completely free and uncensored -- something Iraq had never witnessed since its establishment as a modern state, and something which remains alien to most of the region. What used to be a command economy in Iraq we are rapidly transforming into a free-market economy. Standards of living have been raised for most Iraqis as the markets witness an unprecedented level of prosperity."

Al-Maliki acknowledged that Iraq is the target of "terror inflicted by extremists who value no life and who depend on the fear their wanton murder and destruction creates."

"Do not think that this is an Iraqi problem," al-Maliki cautioned lawmakers. "This terrorist front is a threat to every free country in the world and their citizens. What is at stake is nothing less than our freedom and liberty. Confronting and dealing with this challenge is the responsibility of every liberal democracy that values its freedom. Iraq is the battle that will determine the war."

Al-Maliki tried to put the best face on his government's struggle with the insurgents.

"While small sections of central Iraq are unstable," he said, "large sections have remained peaceful but ignored for far too long. ... We need to make an example out of these stable areas as models for the rest of the country."

PM Says Iraq Is Front Line Of Terror War (CHIT)

By Mark Silva

Chicago Tribune, July 27, 2006

WASHINGTON -- Iraqi Prime Minister Nouri al-Maliki, thanking the United States for its sacrifice and financial support in the war in the Iraq, pledged today before a joint session of Congress to overcome the terrorism tearing his country apart.

"The war on terror is a real war against those who wish to burn out the flame of freedom," said Maliki, echoing the Bush administration's stance that Iraq is "the front line in the war on terror."

"The coming few days are difficult and the challenges are significant," said Maliki, vowing that "Iraq will be the graveyard for terrorism and terrorists for all humanity. … Iraq is the battle that will determine the war." If the terrorists are defeated in Iraq, he added, "they will never be able to recover."

The address of the recently selected prime minister comes as the Bush administration is pledging to shift more U.S. forces to violence-torn Baghdad.

"The journey has been perilous, and the future is not guaranteed," Maliki told members of Congress during his 25-minute address, with Republicans repeatedly leading standing ovations while Democrats at best only reluctantly joining in. "Few believed in us, but you, the American people did, and we are grateful for this."

The partisan divide over the war in Iraq was palpable in the House chamber, with Democrats complaining afterward that Maliki had come asking for more money.

Rep. Mike Thompson, a California Democrat and decorated Vietnam veteran, called Maliki's address "a lot of hyperbole and terrorism talk" and questioned Maliki's pledge to overcome terrorism.

"As long as we're there, I don't believe we're going to get there," said Thompson, noting that, at the rate the U.S. is spending money in Iraq, the prime minister "talked for about 11 million bucks of spending with his speech."

The speech was interrupted midway by a sole protester who stood up in the visitors' gallery above the House floor to repeatedly yell: "Iraqis want the troops to leave. Bring them home now." She was stopped by guards who escorted her from the hall.

While pledging his allegiance to the U.S. in the war on terror, Maliki did not specifically mention attacks by Hezbollah against Israel. Maliki's failure to back the Bush administration's position favoring Israel in Lebanon was criticized by Democratic leaders this week, with some threatening to boycott Maliki's speech.

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Maliki has been openly critical of Israel's "aggression" against Hezbollah and has joined other Arab leaders in calling for an immediate cease-fire in Lebanon.

"His speech in that area fell short in speaking to… the battles of terrorists that violate international borders," said Rep. Rahm Emanuel (D-Ill.)

"It was a good speech," Emanuel said. "But I have only one (question)… He said that Iraq is the center of the war on terror, and National Security Adviser (Stephen) Hadley says it's sectarian violence. So what are we battling, a war on terror or sectarian violence? … That's a new definition of our mission… A clarification of America's interests over there would be helpful."

"The speech was wholly lacking," said Rep. Debbie Wasserman Schultz (D-Fla.). It was disingenuous. It was disrespectful of other sovereign nations in the region."

Emanuel also seized upon Maliki's comment that much of the money the U.S. had budgeted for reconstruction in Iraq has instead gone to security companies.

"That the reconstruction money is going off to foreign companies making huge profits—yeah, there he has a lot of agreement with Democrats," Emanuel said.

Many of the Democrats in the chamber applauded only dutifully when Republicans led rounds of applause and standing ovations. Senate Minority Leader Harry Reid (D-Nev.) who had challenged Maliki's stance on Israel, sat silently through much of the speech and only reluctantly at times joined in the applause.

Sens. Dick Durbin (D-Ill.) and Hillary Rodham Clinton (D.-N.Y.) similarly were restrained with their applause.

"Let me begin by thanking the American people… for supporting our people and ousting dictatorship," Maliki said. "Iraq will not forget those who stood with her.

"I know some of you question whether Iraq is part of the war on terror," he continued, apparently attempting to find a common ground with Congress in his allusions to the terrorist attacks of Sept. 11, 2001.

"Thousands of lives were tragically lost on 9/11," Maliki said. "Thousands more continue to die in Iraq today…. Your loss on that day was the loss of all mankind. And our loss today is a loss for all free people."

"The fate of our country and yours is tied," Maliki said, pledging to build "the new Iraq on the foundation of democracy… This is the new Iraq which is emerging from the ashes of dictatorship…. In a short space of time, Iraq has gone from a dictatorship… to a fully functional democratic government."

"The greatest threat Iraq's people face is terror," said Maliki, suggesting that his nation earlier had faced a different form of terror with the "mass graves" and "torture chambers" of Saddam Hussein. "We did not bow then, and we will not bow now."

mdsilva@tribune.com

Iraqi Prime Minister Gets Mixed Response In Congress (LAT)

By Maura Reynolds

The Los Angeles Times, July 27, 2006

WASHINGTON — Iraq's prime minister ended a controversial visit to Washington on Wednesday with a plea for more money, a prod not to abandon his country and a pointed effort to dodge criticism over his comments on the conflict between Israel and Hezbollah.

In a speech to a joint meeting of Congress, typically the high point of visits by heads of state, Prime Minister Nouri Maliki hewed close to the Bush administration's formulation of the challenges in his homeland, describing Iraq as the "vanguard" of the U.S.-declared "war on terror."

"I know that some of you here question whether Iraq is part of the war on terror," Maliki told lawmakers. "Let me be very clear: This is a battle between true Islam, for which a person's liberty and rights constitute essential cornerstones, and terrorism, which wraps itself in a fake Islamic cloak."

The prime minister went out of his way to extol Americans for their help and sacrifices for his country, but he received a decidedly mixed reception on Capitol Hill. Republicans and Democrats responded with vigorous applause to his pledges to combat terrorism, but the reaction was much more tepid when he described the need for more reconstruction money and issued a stern warning about the dangers of abandoning Iraq.

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"In 1991, when Iraqis tried to capitalize on the regime's momentary weakness and rose up, we were alone again," Maliki said, referring to the United States' decision not to support a Shiite uprising against Saddam Hussein and instead withdraw from the country at the end of the Persian Gulf War.

"The people of Iraq will not forget your continued support as we establish a secure, liberal democracy. Let 1991 never be repeated, for history will be most unforgiving," he said.

The prime minister's visit had been designed to showcase political progress in Iraq under his government. Instead, that purpose was largely overshadowed by a steady controversy stemming from the conflict in Lebanon — specifically Maliki's recent condemnation of "Israeli aggression."

For instance, the issue of whether Maliki, a Shiite Muslim, would also criticize violence by the Shiite militant group Hezbollah dominated a breakfast meeting with congressional leaders.

"I asked him directly: 'Do you believe that Hezbollah is a terrorist organization?' " the Senate's No. 2 Democrat, Richard J. Durbin of Illinois, recounted later. "He would not respond to that question."

Maliki did make a better impression on others. The Senate's top Democrat, Harry Reid of Nevada, said that at the breakfast, Iraqi Foreign Minister Hoshyar Zebari noted that during an Arab League meeting last week, Iraq had joined Saudi Arabia, Jordan and Egypt in criticizing Hezbollah's actions.

Reid said that although Maliki did not specifically mention Hezbollah during the breakfast, the prime minister repeatedly said his government opposed terrorism "everywhere in the world."

"I feel better having gone to the breakfast," Reid said.

In his speech, Maliki asked Congress for more funds for Iraqi reconstruction, saying it was necessary to rebuild stable parts of the country, outside the central region, to serve as a model for those troubled by violence.

"Is he really asking American taxpayers to donate their tax money to Iraqi companies?" asked Rep. Debbie Wasserman-Schultz (D-Fla.), who withheld applause for most of the speech. "I thought the speech was wholly lacking, disingenuous, and disrespectful of other nations in the region."

A number of Democrats chose to boycott the speech, including Sens. Barbara Boxer of California and Charles E. Schumer of New York.

"I am not ready to honor Prime Minister Al-Maliki in the chamber of the House of Representatives until I have some very serious questions answered by him," Boxer said. "First, when will he be able to take over the security of his own country so that American soldiers may leave?"

And even as they offered praise for the prime minister, many Republicans felt the need to distance themselves from his comments on the Israel-Hezbollah conflict.

"Just because we welcome a foreign leader to address a joint session does not require complete agreement on every international issue," Sen. Conrad Burns of Montana, who faces a tough reelection campaign, said in a statement.

House Speaker Rep. J. Dennis Hastert (R-Ill.) tried to make light of lawmakers' preoccupation with Israel at a time they were supposed to be showcasing Iraq.

"We didn't ask him to come here for a general commentary on the Middle East," Hastert said after a Republican strategy meeting.

Many seats on the Democratic side of the chamber were occupied by staffers so the absences of legislators would not be obvious. But lawmakers insisted that there was no widespread boycott by Democrats; a number of absences were caused by schedule conflicts.

For instance, Sen. Dianne Feinstein (D-Calif.) skipped the speech to attend back-to-back meetings of the Judiciary and Intelligence committees, which were not rescheduled to accommodate Maliki's appearance.

Rep. Steny H. Hoyer of Maryland, the second-ranking House Democrat, said that attendance at events such as the Maliki speech was not mandatory. "It's hard to get half the caucus to attend anything," he said.

For the most part, Republicans tried to put a positive spin on Maliki's two-day visit. Sen. John W. Warner (R-Va.), the chairman of the Armed Services Committee, said he was impressed with Maliki's determination to make the visit despite opposition back in Iraq.

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In an effort to end the visit on a high note, President Bush and Maliki traveled together aboard the Marine One helicopter from the White House to Ft. Belvoir, Va., just south of Washington, to have lunch with military personnel and, in the prime minister's words, express appreciation for the sacrifice of "your colleagues who offered their lives on the land of Iraq."

The two leaders posed for photos with the troops, shook hands with others from the post, and then parted after a brief hug, Bush heading to his helicopter and a political fundraising visit to West Virginia and Maliki boarding an identical aircraft after returning the salutes of the Marine Corps crew.

'Our Duty To Defeat This Terror,' Iraqi Leader Tells Congress (USAT)

By David Jackson

USA Today, July 27, 2006

WASHINGTON — Iraqi Prime Minister Nouri al-Maliki urged Congress Wednesday to continue backing the war in Iraq and the emerging democracy there, calling it essential to defeating terrorists worldwide.

"The fate of our country and yours is tied," al-Maliki told a joint meeting of the House and Senate. "Should democracy be allowed to fail in Iraq, and terror permitted to triumph, then the war on terror will never be won elsewhere."

Al-Maliki, speaking through an interpreter, did not mention the renewed Middle East conflict between Israel and Hezbollah militants in Lebanon. His refusal to condemn Hezbollah for attacks on Israel and his criticism of Israel's ongoing military response has drawn fire from lawmakers such as House Minority Leader Nancy Pelosi of California.

"If defeating terrorism is indeed the duty of all of us, as the prime minister proclaimed, the road to victory starts with identifying the enemy," Pelosi said after the speech.

The Iraqi leader's address came a day after he and President Bush announced a new security plan for Baghdad, which has been racked by sectarian violence. U.S. military police will support Iraqi forces. Al-Maliki told Congress that a multinational force will be needed until "Iraq's forces are fully capable."

Later in the day, al-Maliki and Bush visited American military families at Fort Belvoir in Virginia. "No matter how tough it gets, we will complete this mission" Bush said. "We owe it to those who have lost a life."

Al-Maliki also thanked the families. "We feel pain and sorrow for every drop of blood that falls in Iraq," he said.

During his 25-minute congressional address, al-Maliki touted Iraq's development of a market economy, free press and democratic institutions. All are threatened by ruthless terrorists and armed militias, he said.

"It is your duty and our duty to defeat this terror," al-Maliki said.

At one point, a woman in the visitor's gallery interrupted al-Maliki by yelling: "Iraqis want the troops to leave. Bring them home now." Police removed her from the gallery.

There were some empty seats on the Democratic side of the House chamber. Sen. Charles Schumer of New York and a few others said they were boycotting.

Sen. Kay Bailey Hutchison, R-Texas, said al-Maliki "sounded all the right notes." She said boycotting was a mistake because "we are so linked to his success. The sooner he can achieve his goals, the sooner we will have the ability to bring our troops home."

Sen. Hillary Rodham Clinton, D-N.Y., said she was "disappointed" that al-Maliki didn't criticize Hezbollah. She said she appreciated his "strong defense of Islam against extremism and a grateful acknowledgement of the sacrifice the American people have made."

Hoshyar Zebari, Iraq's foreign minister, told reporters there is no way to know how long large numbers of U.S. troops will have to stay in Iraq because the situation is volatile.

As for why al-Maliki did not discuss Lebanon, Zebari said the focus of the prime minister's first U.S. visit since taking office in April was Iraq.

Maliki Expresses Thanks In Address To Congress (NYT)

By David Stout

The New York Times, July 27, 2006

DOJ_NMG_0043435

WASHINGTON, July 26 — Prime Minister Nuri Kamal al-Maliki of Iraq told Congress today that his country is "the front line" in the war on terrorism and said Iraq's fate is linked to that of the United States and all free nations.

"It is your duty and our duty to defeat this terror," Mr. Maliki told a joint meeting of the House and Senate. "Iraqis are your allies in the war on terror."

Mr. Maliki expressed gratitude to the American people for their help in building a new, democratic Iraq. "Iraq will not forget," he said.

The prime minister said Muslim terrorists who foment violence in Iraq and elsewhere have donned a "fake Islamic cloak" and are waging war against the very values upon which Islam was founded.

"Terrorism has no religion," he said.

The prime minister embraced the stance of President Bush in calling Iraq a key front in a wider battle against terrorism and in evoking the attacks of Sept. 11, 2001. "Your loss on that day was a loss for all mankind," he said.

President Bush has often described the campaign in Iraq as a logical part of the United States' response to the Sept. 11 carnage. His critics have accused Mr. Bush of disingenuously implying that the Iraq of Saddam Hussein was somehow involved in 9/11. Mr. Bush and his top aides have countered by insisting that the United States could not wait for another terrorist attack and went after a regime that was a known danger.

"The fate of our country and yours is tied," Mr. Maliki told the lawmakers. If democracy fails to take hold in Iraq, he said, "then the war on terror will never be won elsewhere."

Mr. Maliki, speaking in Arabic, did not mention issues that have divided him and Washington, notably his condemnation of Israel for its incursion into Lebanon in pursuit of Hezbollah militants and his refusal to condemn Hezbollah, which the United States regards as a terrorist organization.

Before the speech, the White House press secretary, Tony Snow, was asked if Mr. Bush had pressed Prime Minister Maliki to make a statement condemning Hezbollah, as Democrats on Capitol Hill have demanded.

"The president is not a puppeteer in this case," Mr. Snow said. "He's not pulling the strings of Mr. Al-Maliki." But Mr. Snow went on to say that he had seen Mr. Maliki's speech in advance, adding that there had been "conversations about the speech" within the administration. Asked if the administration had advised the prime minister, he said, "I think the word 'advise' is a little strong. We have seen copies of it."

Later, Mr. Snow suggested that some people were making too much of the prime minister's silence on Hezbollah. "He's never said he's for Hezbollah," Mr. Snow said. "So what everybody's complaining about is something that he hasn't said."

"We're not going to tell him you — you know, we want you to issue a statement against Hezbollah," Mr. Snow went on. "It's inappropriate. He's the head of a sovereign state. He has the ability to say what he thinks or, if he chooses not to answer the question, he has that right, too."

The prime minister's refusal to condemn Hezbollah prompted some Democrats to consider skipping his speech, and at least one, Senator Charles E. Schumer of New York, did stay away.

But other lawmakers, including some Democrats, were favorably impressed.

"I'm heartened by the prime minister's commitment to freedom and democracy in his country," said Senator Richard J. Durbin of Illinois, the Democratic whip. But Mr. Durbin seemed only partly mollified regarding the prime minister's posture toward Hezbollah.

"This morning I asked him directly, 'Do you believe that Hezbollah is a terrorist organization?' " Mr. Durbin related. "He did not respond. He would not respond to that question. He did say that he condemned terrorism in all of its forms. His foreign minister went on to say that at a meeting of Arab nations they had joined with others in being critical of what Hezbollah has done. So I think that is the extent of the statements that will be made by the Iraqi delegation."

Senator Jack Reed, a Rhode Island Democrat who has made repeated trips to Iraq, said he admired Mr. Maliki for committing "not just his political career but his life" to the new Iraq. But Mr. Reed, too, said Mr. Maliki had "failed to seize the opportunity" to denounce Hezbollah.

Mr. Reed also found Mr. Maliki too optimistic in his assessment of the military situation in Iraq, sometimes "speaking in the style more of the president of the Baghdad Chamber of Commerce than the prime minister of Iraq."

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Senator Conrad Burns, Republican of Montana, said the appearance of a democratically elected leader of Iraq "is an historic occasion and reminds all of us why were are fighting in Iraq." While disagreeing with Mr. Maliki's condemnation of Israel, Mr. Burns said he respected Mr. Maliki's right to speak out "in an environment which respects and reveres free speech in the United States, a right we hope will continue to gain progress throughout the Middle East."

Although Mr. Maliki was applauded from time to time, he was also heckled. A young woman wearing a T-shirt with the words "Troops Home Now" shouted during the address and was taken out by security guards.

The prime minister drew sustained applause at points in his address — when he pledged to work for women's rights, for instance.

In the fight against terrorism, he said, "our resolve is unbreakable."

"Do not think this is an Iraqi problem," he said, adding that combating terrorism is the responsibility of every free country. His own country, he said, will be "a graveyard" for terrorism and terrorists "for the good of all humanity."

Dean Calls Iraqi PM An 'Anti-Semite' (AP-Y)

By Brian Skoloff

AP2, July 27, 2006

Democratic Party chairman Howard Dean on Wednesday called Iraqi Prime Minister Nouri al-Maliki an "anti-Semite" for failing to denounce Hezbollah for its attacks against Israel.

Al-Maliki has condemned Israel's offensive, prompting several Democrats to boycott his address to a joint meeting of Congress and others to criticize him. Dean's comments were the strongest to date.

"The Iraqi prime minister is an anti-Semite," the Democratic leader told a gathering of business leaders in Florida. "We don't need to spend $200 and $300 and $500 billion dollars bringing democracy to Iraq to turn it over to people who believe that Israel doesn't have a right to defend itself and who refuse to condemn Hezbollah."

On Tuesday, leading Senate Democrats said in a sharply worded letter that Al-Maliki's "failure to condemn Hezbollah's aggression and recognize Israel's right to defend itself raises serious questions about whether Iraq under your leadership can play a constructive role in resolving the current crisis and bringing stability to the Middle East."

The Republican National Committee rejected Dean's criticism of Al-Maliki, saying, "It is incredibly troubling that Howard Dean would seek to score cheap political points by attacking the democratically elected prime minister of Iraq."

On Capitol Hill, Sen. John Warner, R-Va., the chairman of the Armed Services Committee, said: "I dismiss Howard Dean. Really, he's a disappointment, even to Democrats. I don't care to deal with that."

Dean also used the Florida appearance to criticize President Bush, calling him "the most divisive president probably in our history" as he complained that Republican policies of deceit and finger-pointing are tearing the country apart.

"He's always talking about those people. It's always somebody else's fault. It's the gays' fault. It's the immigrants' fault. It's the liberals' fault. It's the Democrats' fault. It's Hollywood people," Dean said. "Americans are sick of that. Even if you win elections doing that, you drag down our country."

Dean spoke to about 240 business leaders in Palm Beach County at a gathering of the Democratic Professionals Forum. It is part of a nationwide grassroots campaign to get voters involved in politics on a local level ahead of the November elections.

Republicans welcomed Dean's appearance in Florida, criticizing him for the same divisiveness he accused Republicans of creating.

"Howard Dean's divisive rhetoric has done nothing more than drive the Democrat Party further to the extreme left of the political spectrum," said Carole Jean Jordan, head of the Republican Party of Florida.

Howard Dean Compares Katherine Harris To Stalin During Stop In WPB (FLSUNSEN)

By Josh Hafenbrack

South Florida Sun-Sentinel, July 27, 2006

West Palm Beach -- Democrat leader Howard Dean called the Iraqi prime minister an "anti-Semite" during an address before party loyalists on Wednesday, drawing a swift rebuke from Republicans. The Democratic National Committee chairman also called Republican Senate candidate Katherine Harris a "crook" and compared her to Stalin.

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Iraqi Prime Minister Nouri al-Maliki, who addressed a joint session of Congress Wednesday, came under fire from Democrats for recent comments on the conflict in Lebanon between Israel and the terrorist group Hezbollah. Al-Maliki hasn't condemned Hezbollah, but he criticized the "Israeli aggression."

"The president made a big deal about bringing the Iraqi prime minister to address Congress," said Dean, the former Vermont governor and 2004 presidential candidate. "The Iraqi prime minister is an anti-Semite. We don't need to spend $200, $300, $500 billion bringing democracy to Iraq to turn it over to people who believe Israel doesn't have a right to defend itself."

Dean spoke for before the Democratic Professionals Forum Wednesday in West Palm Beach.

Republican National Committee spokesman Danny Diaz responded: "It is incredibly troubling that Howard Dean would defend the presumption of innocence of a terrorist like Osama bin Laden, yet attack the democratically-elected prime minister of Iraq." He was referring to a comment Dean made in 2003.

Dean also had a harsh assessment of Harris, a U.S. House member trying to unseat U.S. Sen. Bill Nelson, D-Fla.

"Thank God for Bill Nelson, because we'd have another crook in the United States Senate if it weren't for him. He is going to beat the pants off Katherine Harris," Dean said during his 20-minute address. "She doesn't understand that it's…improper to be chairman of a campaign and count the votes at the same time. This is not Russia and she is not Stalin."

Iraqi Leader Speaks Half The Truth (LAT)

The Los Angeles Times, July 27, 2006

IRAQI PRIME MINISTER Nouri Maliki's speech before Congress on Wednesday could have been written by a White House speechwriter. The Shiite leader, who took office in May, eloquently thanked the American people "for supporting our people in ousting dictatorship." He then spent most of the rest of his address placing the Iraq conflict in the context of the global war on terror.

It was all very rousing — Churchillian almost — and it is tempting to buy into this narrative. There are terrorists aligned with Al Qaeda at the core of the resilient Sunni insurgency in Iraq who are desperately trying to sabotage the creation of a more democratic state. We can argue that ongoing American sacrifices to help Maliki's government are therefore worthy, noble even, regardless of what we thought of the initial decision to go to war.

Alas, there are two competing narratives — both rooted in reality — emerging from Iraq. Besides Maliki's story of an insurgency made up of foreign terrorists and Saddam Hussein loyalists taking on a nascent democracy, the competing tale is one of an escalating civil war pitting the Shiite majority against the disempowered Sunni population.

The top terrorist in Iraq, Abu Musab Zarqawi, was killed more than a month ago, but the violence in the country has intensified. Although the world's attention has been diverted, far more Iraqis have died in the last two weeks than have Lebanese, and Maliki's fledgling government is losing control. The Bush administration is now forced to redeploy thousands of troops into Baghdad in an attempt to stabilize the capital, neighborhood by neighborhood.

The question is whether U.S. forces are going to be helping a pluralistic government survive a terrorist insurgency, or whether they are going to get caught up in a civil war — one in which the government is an instrument for the Shiites to exact revenge on the Sunnis. Far more important than the prime minister's platitudes about our alliance in the global war on terror were his acknowledgment that armed militias are "the other impediment" to stability and his pledge to disband them "without exception."

There are alarming indications of ties between government forces and Shiite militias such as the Al Mahdi group and the Badr Brigade And episodes such as the July 9 systematic killing of dozens of Sunnis in the Jihad neighborhood of Baghdad are as damaging to Iraq's prospects as any terrorist bomb.

It isn't clear whether the window of opportunity to avert an all-out civil war has closed, but Iraq is certainly on the verge. For either Maliki or his Washington sponsors to pretend that the crisis is merely a question of terrorism could precipitate, not prevent, the worst-case scenario.

If you want other stories on this topic, search the Archives at latimes.com/archives.

Iraq's Hezbollah (WSJ)

By Dan Senor

DOJ_NMG_0043438

The Wall Street Journal, July 27, 2006

During his trip to Washington earlier this week, the Iraqi prime minister again failed to condemn Hezbollah and instead focused exclusively on the "destruction that happened to the Lebanese people as a result of the military air and ground attacks." Following Nouri al-Maliki's initial one-sided and even blunter criticism of Israel 10 days ago, a demoralized friend from Jerusalem emailed me:

"Iraqis need to understand that they must not jump on the anti-Israel Arab bandwagon; not for Israel's sake, but for themselves. The Arab obsession with Israel has been debilitating for the Arab world and has been the primary excuse for tolerating dictatorships and terrorism. Some brave Arabs have said this. Also, why should Iraq line up with Syria and the hardliners when even the Saudis are criticizing Hezbollah?"

He's right. And it wasn't supposed to be this way. We had thought that a post-Saddam Iraqi government would be less susceptible to Arab League pressure; Israel as the old whipping-boy was to find little resonance there. This change of tone was to be a model for the region. Wasn't the road to Arab-Israeli peace supposed to go through Baghdad? * * *

Mr. Maliki -- who is competent, tough and genuinely committed to a democratic Iraq -- is not responding to pressure from the Arab League. The pressure is coming instead from some radical Shiites in his own country. Moqtada al-Sadr and his Sadrists, the Sadriyyun, are as powerful and destructive as ever, forcing the prime minister's hand on Israel and other issues.

Mr. Sadr's militia, the Mehdi army, has been responsible for a considerable share of Iraq's sectarian strife, not to mention the deaths of American soldiers in 2003 and 2004. His power is derived from a combination of family lineage, violent intimidation of rival clerics, and agitation on behalf of Iraq's Shiite underclass. His support is largely concentrated in Sadr City (a Baghdad slum, home to some two million Iraqi Shiites), and in a number of other impoverished neighborhoods throughout southern Iraq.

While the Sadriyyun lack the sophistication, weaponry and social welfare services of Hezbollah, both are funded by Tehran; and both organizations represent the same ethnic, religious and socioeconomic demographic within their respective countries. Mr. Sadr's organization is, in fact, about where Hezbollah was 20 years ago. As Fouad Ajami explains in "The Foreigner's Gift," his important new book, "What the young boys of the Party of God did to Beirut a generation earlier was now replicated in Baghdad. The half-educated and the bewildered and the opportunistic found their way to Sadr's army."

And much like Sheikh Hassan Nasrallah in southern Lebanon, Moqtada al-Sadr has tried to establish a state within a state inside Iraq, albeit far more haphazardly. Mr. Sadr, for example, has set up an extrajudicial Sharia court system to put on trial those Iraqi Shiite "heretics" that do not strictly conform to his interpretation of Sharia law. Some "defendants" found guilty have been punished by death. The Mehdi army has also institutionalized its own checkpoints to fill the security vacuum in certain areas of the country -- supplanting what it regards as Iraq's weak national army. It has also infiltrated municipal police forces, particularly in the south.

Messrs. Nasrallah and Sadr both have dual-tracked political strategies: While they seek to establish their own autonomous governing structures, they also influence the national political process by electing allies to the parliament and bargaining for appointments to ministerial posts. While 12 Hezbollah loyalists now sit in Lebanon's parliament (as well as two ministers), over 30 self-identified Sadrists are members of Iraq's 275-seat National Assembly.

The paralysis that Mr. Sadr can impose on the Shiite's national political caucus -- the United Iraq Alliance (UIA) -- was in full display during the four-month stalemate over the formation of Iraq's new government. The UIA at first renominated Ibrahim al-Jaafari for prime minister partly as a result of Mr. Sadr's support and collaboration with Mr. Jaafari's (and Mr. Malaki's) Dawa Party. Mr. Sadr helped deliver Mr. Jaafari's initial win by using threats of violence against caucus members.

Iraq's new prime minister is not beholden to Mr. Sadr; but Nouri al-Maliki must keep his antenna tuned to how Mr. Sadr might manipulate any move he makes, including coming down on the wrong side of the Hezbollah-Israel conflict.

This is not the first time that the Islamist Shiite political leaders have had to manage the delicate issue of Israel. During the drafting of Iraq's Interim Constitution in February 2004, Iraq's Governing Council wanted to reinstate citizenship for Iraqis who had fled Saddam's regime. There was a tense moment during the debate, however, when some of the Islamist Shiite leaders sought to structure the language to create an exception for Iraqi Jews. As one of them argued: "If we do not provide this exception, Israel's defense minister, who was born in Iraq, could return here and run for prime minister." And one prominent Shiite leader in

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Iraq's current government tried to rationalize this position: "It's not that we are anti-Semitic, but in parts of our community, if it gets out that Iraqi Jews -- Israelis -- could return, there will be uproar."

The U.S.-led coalition argued that the citizenship issue could not be addressed on a discriminatory basis. This view ultimately prevailed, with the Kurds, secular Shiites and Sunnis convincing the religious Shiites to accept it. But the experience was a precursor to the reaction of the Shiite-led government in the current Hezbollah standoff with Israel.

It is important to keep in mind, however, that the vast majority of Iraqis do not share the obsession with Israel that has consumed many in the region. The Iraqi political parties that have run on a Nasserite pan-Arab agenda have performed dismally. Iraqis are preoccupied with the lack of security, jobs and electricity, none of which they connect to the old pan-Arab scapegoat.

When an Iraqi cab driver is waiting in a six-hour line at the gas station -- under 112-degree heat -- or a family is forced to endure Baghdad's sweltering summer with only seven hours of electricity in a day, they would be hard pressed to believe that the breakdown in basic services is the fault of the "Zionists." When Iraqis are victimized in a wave of sectarian violence that has claimed sometimes a hundred lives per day, they now have access to enough free information to know that their war is with Sunni insurgents and Shiite militia -- stoked by foreign jihadis -- and not a result of "the Mossad." It would be impossible in Iraq today for a democratically elected prime minister to send Iraqi national revenues to fund suicide bombers in Israel -- as Saddam had done with regularity -- or mobilize the country to fight a reckless war.

So, my Israeli friend should not be overly concerned about the anti-Israel rhetoric coming from Iraq's government. But Iraqis and Americans should be deeply concerned by what this rhetoric is symptomatic of: Moqtada al-Sadr's strength in Iraq today. We must address his potential to wreak havoc and capitalize on a weak state, much as Hezbollah has done in Lebanon.

Mr. Senor, founder of Senor Strategies LLC, was based in Baghdad as an adviser to the Bush administration from April 2003 to June 2004.

General Explains Baghdad Buildup (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, July 27, 2006

Rather than keep troops out of harm's way, he wants more in the streets to ease reconstruction.

CAMP VICTORY, Iraq — For months, American commanders in Iraq have talked of their desire to withdraw most U.S. troops from Baghdad's dangerous streets and pull them back to the relative safety of big, wellguarded bases outside the capital.

In an interview Wednesday, the commander of day-to-day U.S. military operations in Iraq explained why he plans to do the opposite — push more American troops into the city's neighborhoods, making them responsible for stopping sectarian violence.

Army Lt. Gen. Peter W. Chiarelli also said he wants U.S. soldiers to oversee an army of Iraqis digging water and sewer lines and other public works to create jobs for Baghdad's residents. Military officials plan to start with a budget of about $75 million to $100 million for the projects.

"How do we stop the violence, the sectarian killing?" Chiarelli said. "We give them hope for a future."

Chiarelli says his plans are not a rejection of the military's previous strategy, but they put him squarely on one side of a debate that has divided American generals about how to win the war in Iraq.

The military's previous strategy has been to reduce the presence of U.S. forces in order to diminish casualties and give insurgent groups fewer targets.

Chiarelli said that pulling back the troops made sense when the enemy was mainly insurgent groups. But now that the violence in Baghdad is increasingly between Sunni and Shiite Muslims, stopping it requires a new approach, he said.

"What we have here is a level of sectarian violence," he said. "And the way you have to fight this is that you have to have presence on the streets. I don't know any other way to fight it."

Under the latest plan, military officials hope to establish zones of security by putting robust U.S. and Iraqi forces in key neighborhoods, then gradually expand those safe areas. Throughout the city, the Americans will try to quickly contain outbreaks of sectarian killing.

Nine thousand U.S. soldiers, 8,500 Iraqi soldiers and 34,000 Iraqi police officers provide security in Baghdad. Military officials plan to bolster those numbers with 4,000 additional U.S. troops and 4,000 more Iraqi soldiers.

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But the cornerstone of the new plan is economic development projects, which Chiarelli is known for championing. When he commanded the 1st Cavalry Division in Baghdad from March 2004 to March 2005, he reduced the violence in the Shiite neighborhood of Sadr City by putting many of the fighting-age men to work digging a sewer system.

Reconstruction projects have fallen by the wayside as money has diminished and violence has soared. That violence now has given Chiarelli an opportunity to test his ideas on a grander scale.

Chiarelli dismissed suggestions that the fighting was too serious to begin work projects. Violence, he said, will stop only when the economy improves, Iraqis get back to work and services begin to improve.

"It is absolutely ludicrous this concept that somehow you have to get to a level of security that will allow commerce to occur," Chiarelli said. "I am not downplaying the importance of security, but the key thing here is getting the people believing their life is going to get better."

The U.S. has spent billions on reconstruction with much of the money going to fund security for construction projects. Iraqi Prime Minister Nouri Maliki, addressing a joint session of Congress on Wednesday, complained about the money that security costs had consumed and called on Congress to help fund new projects to put Iraqis to work.

"Much of the budget you had allocated for Iraq's reconstruction ended up paying for security firms and foreign companies, whose operating costs were vast," Maliki said. "Instead, there needs to be a greater reliance on Iraqis and Iraqi companies."

Many of the reconstruction projects that were built in the first years of the Iraq war failed to make a difference in regular Iraqis' lives. Much of the building has focused on large waterpurification plants, sewage-treatment plants or electrical generators. But the U.S. has failed to do enough to make sure its reconstruction projects provided jobs for unskilled Iraqis, and the lack of a steady supply of electricity three years after the U.S.-led invasion rankles here.

The previous U.S. plan for securing Baghdad focused on quickly turning swaths of the city over to Iraqi army and police forces. That plan turned into a shambles with the outbreak of sectarian violence after the bombing in February of the Golden Mosque in Samarra.

"What didn't we figure? We didn't figure this sectarian killing," Chiarelli said

Another much-vaunted Baghdad security plan was launched by Maliki's government June 14, featuring stepped-up checkpoints and patrols by Iraqi forces. But the number of daily attacks has increased sharply.

The sectarian violence continued Wednesday, as hospital officials reported receiving the bodies of at least 14 men in southern and western Baghdad. All had been shot in the head and bore signs of torture.

The violence also focused on government officials. Two roadside bombs in eastern Baghdad killed a police colonel, his brother and another civilian. Gunmen also kidnapped a ranking Interior Ministry official. Fighting between Iraqi soldiers and insurgents on Haifa Street in central Baghdad left at least six dead, the army said.

Several weeks ago, the British began stepping up their efforts to stop sectarian violence in southern Iraq, a move that seems to be slowing the exodus of the Sunni minority from the city of Basra. On Wednesday, fighting broke out between British soldiers and Shiite militiamen in Basra and the southern city of Amara.

Chiarelli cautioned that the new plan might take months to show progress. But he said the U.S. would move quickly to create rapid-reaction forces to respond to sectarian fighting.

He cited a July 9 attack in which a group of Shiite gunmen rounded up between 36 and 55 Sunni men in Baghdad's Jihad neighborhood and killed them. Authorities took 2 1/2 hours to respond to calls for help.

"With what happened in Jihad, we have to have a strike force … that can react to anything that even looks like that," Chiarelli said.

"We have to be reactive in stopping the revenge killings from occurring because if you are not careful, that focused event begins a chain reaction," he said. "We have to target the insurgent who comes in and attempts to try and create that signature event. But we also have to target the death squads that are reacting to that signature event."

For the military, the plan is uncharted ground.

"Quite frankly, in 33 years in the United States Army, I never trained to stop a sectarian fight," he said. "This is something new."

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Times staff writers Peter Spiegel and Maura Reynolds in Washington and Borzou Daragahi and Shamil Aziz in Baghdad and a special correspondent near Basra contributed to this report.

'Waiting To Get Blown Up' (WP)

By Joshua Partlow

The Washington Post, July 27, 2006

BAGHDAD, July 26 Army Staff Sgt. Jose Sixtos considered the simple question about morale for more than an hour. But not until his convoy of armored Humvees had finally rumbled back into the Baghdad military base, and the soldiers emptied the ammunition from their machine guns, and passed off the bomb-detecting robot to another patrol, did he turn around in his seat and give his answer.

"Think of what you hate most about your job. Then think of doing what you hate most for five straight hours, every single day, sometimes twice a day, in 120-degree heat," he said. "Then ask how morale is."

Frustrated? "You have no idea," he said.

As President Bush plans to deploy more troops in Baghdad, U.S. soldiers who have been patrolling the capital for months describe a deadly and infuriating mission in which the enemy is elusive and success hard to find. Each day, convoys of Humvees and Bradley Fighting Vehicles leave Forward Operating Base Falcon in southern Baghdad with the goal of stopping violence between warring Iraqi religious sects, training the Iraqi army and police to take over the duty, and reporting back on the availability of basic services for Iraqi civilians.

But some soldiers in the 2nd Battalion, 6th Infantry Regiment, 1st Armored Division -- interviewed over four days on base and on patrols -- say they have grown increasingly disillusioned about their ability to quell the violence and their reason for fighting. The battalion of more than 750 people arrived in Baghdad from Kuwait in March, and since then, six soldiers have been killed and 21 wounded.

"It sucks. Honestly, it just feels like we're driving around waiting to get blown up. That's the most honest answer I could give you," said Spec. Tim Ivey, 28, of San Antonio, a muscular former backup fullback for Baylor University. "You lose a couple friends and it gets hard."

"No one wants to be here, you know, no one is truly enthused about what we do," said Sgt. Christopher Dugger, the squad leader. "We were excited, but then it just wears on you -- there's only so much you can take. Like me, personally, I want to fight in a war like World War II. I want to fight an enemy. And this, out here," he said, motioning around the scorched sand-and-gravel base, the rows of Humvees and barracks, toward the trash-strewn streets of Baghdad outside, "there is no enemy, it's a faceless enemy. He's out there, but he's hiding."

"We're trained as an Army to fight and destroy the enemy and then take over," added Dugger, 26, of Reno, Nev. "But I don't think we're trained enough to push along a country, and that's what we're actually doing out here."

"It's frustrating, but we are definitely a help to these people," he said. "I'm out here with the guys that I know so well, and I couldn't picture myself being anywhere else."'Never-Ending Battle'

After a five-hour patrol on Saturday through southern Baghdad neighborhoods, soldiers from the 1st Platoon sat on wooden benches in an enclosed porch outside their barracks. Faces flushed and dirty from the grit and a beating sun, they smoked cigarettes and tossed them at a rusted can that said "Butts."

The commanders in Baghdad and the Pentagon are "looking at the big picture all the time, but for us, we don't see no big picture, it's just always another bomb out here," said Spec. Joshua Steffey, 24, of Asheville, N.C. The company's commanding officer, Capt. Douglas A. DiCenzo of Plymouth, N.H., and his gunner, Spec. Robert E. Blair of Ocala, Fla., were killed by a roadside bomb in May.

Steffey said he wished "somebody would explain to us, 'Hey, this is what we're working for.' " With a stream of expletives, he said he could not care less "if Iraq's free" or "if they're a democracy."

"The first time somebody you know dies, the first thing you ask yourself is, 'Well, what did he die for?' "

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"At this point, it seems like the war on drugs in America," added Spec. David Fulcher, 22, a medic from Lynchburg, Va., who sat alongside Steffey. "It's like this never-ending battle, like, we find one IED, if we do find it before it hits us, so what? You know it's just like if the cops make a big bust, next week the next higher-up puts more back out there."

"My personal opinion, I don't speak for the rest of anybody, I just speak for me personally, I think civil war is going to happen regardless," Steffey responded. "Maybe this country needs it: One side has to win. Be it Sunni, be it Shiite, one side has to win. It's apparent, these people have made it obvious they can't live in unity."

It was dark now save for one fluorescent light and the cigarette tips glowing red.

"I mean, if you compare the casualty count from this war to, say, World War II, you know obviously it doesn't even compare," Fulcher said. "But World War II, the big picture was clear -- you know you're fighting because somebody was trying to take over the world, basically. This is like, what did we invade here for?"

"How did it become, 'Well, now we have to rebuild this place from the ground up'?" Fulcher asked.

He kept talking. "They say we're here and we've given them freedom, but really what is that? You know, what is freedom? You've got kids here who can't go to school. You've got people here who don't have jobs anymore. You've got people here who don't have power," he said. "You know, so yeah, they've got freedom now, but when they didn't have freedom, everybody had a job."

Steffey got up to leave the porch and go to bed.

"You know, the point is we've lost too many Americans here already, we're committed now. So whatever the [expletive] end-state is, whatever it is, we need to achieve it -- that way they didn't die for nothing," he said. "We're far too deep in this now."'Our Biggest Fear'

The largest risk facing the soldiers is the explosion of roadside bombs, known among soldiers as improvised explosive devices, or IEDs, the main killer of U.S. troops in Iraq. Battalion commanders say they have made great strides clearing the main highways through their southern Baghdad jurisdiction, including the north-south thoroughfare they call Route Jackson, but insurgents continue to adapt.

"We do an action, he counters it. It's a constant tug of war," said Sgt. 1st Class Scott Wilmot, an IED analyst with the battalion. "From where I sit, the [number of] IEDs continually, gradually, goes up."

Each day, U.S. and Iraqi soldiers patrolling neighborhoods such as Sadiyah, al-Amil and Bayaa -- an area of about 40 square miles where about half a million people live -- encounter an average of one to two roadside bombs, often triggered remotely by someone watching the convoys, he said.

"Motorola radios, cellphones, garage door openers, remote-controlled doorbells. Anything that can transmit, they can, in theory, use," Wilmot said. "Anybody who thinks they're stupid is wrong."

After the bombing in February of a golden-domed Shiite shrine in Samarra, sectarian killings between rival Shiite and Sunni Muslim factions exploded, and have continued to take thousands of Iraqi lives despite a security crackdown in Baghdad that started last month. U.S. military commanders in Baghdad say the killings extend beyond sectarian motives, to include tribal rivalries, criminal activity and intra-sect gang warfare. Most of the killing takes place out of sight of the Americans, commanders said.

"At this point, it's getting a little difficult to tell which groups are responsible," said Capt. Eric Haas of Williamsburg, Va., an intelligence officer for the 2nd Battalion. "Our biggest fear is this turning into a Bosnia-Kosovo situation" where the police are allowing the slaughter to take place.

"We're definitely making progress," he added. "It's going to take some time to get there."

Into this fray, day and night, come the U.S. soldiers. Each infantryman conducts an average of 10 patrols a week, for a total of 50 to 60 grueling hours, "and it is having an effect," said the battalion's executive officer, Maj. Jeffrey E. Grable.

"Sometimes it's not obvious, the fruit of their labor," said Grable. But the patrols have "a deterrent effect on sectarian violence. Unfortunately, we just cannot be everywhere all the time."'Only Promises'

The patrol led by Capt. Mike Comstock, 27, of Boise, Idaho -- two Humvees and a Bradley Fighting Vehicle -- started at 1 p.m. on Saturday. At about 15 miles per hour, the patrol passed down blighted Iraqi streets with dozens of cars waiting in gas lines, piles of smoldering trash, rubble-strewn vacant lots and gaping bomb craters.

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On one stop, the patrol pulled up to the Saadiq al-Amin mosque in the Bayaa neighborhood. Some mosques in the city have stockpiled weapons and been operations centers for insurgents -- used, said one officer, "like we use National Guard armories back home."

"How are you doing today, sir? A little hot?" Comstock asked Walid Khalid, 45, the second-ranking cleric of the Sunni mosque, who opened the gate wearing sandals and a white dishdasha , a traditional robe.

"Our imam was killed three weeks ago," Khalid said through an interpreter.

"This is actually the first I've heard about this," Comstock said, taking notes.

"The people around here are afraid to come here to pray on Fridays," Khalid said, going on to explain that the mosque didn't have water or electricity. He said that he was worried about corrupt Iraqi police attacking the mosque, and that he needed permits for the four AK-47 assault rifles he kept inside.

"Would it help if we brought the national police here so you could meet them?" Comstock asked. "Maybe you guys could start building trust together."

"We would like to cooperate, but sometimes those people come to attack us, and we want to defend the mosque," Khalid said. "Inside the mosque is our border. If they cross this line, we will shoot these guys."

Comstock's patrol stopped at Bayaa homes and shops to conduct a "SWET assessment": checking the sewage, water and electricity services available to residents. Most said the sewage service was adequate, but the electricity functioned no more than four hours a day. Some said they had little running water and dumped their trash along the main streets. Inner neighborhood roads were blocked with slabs of concrete and the trunks of palm trees. The most repeated concern among residents was a lack of safety.

"I can't fix electricity or sewers all the time. We recommend projects to be done," Comstock told Muhammed Adnan, a Bayaa resident. "Patrolling your neighborhood is one thing we can do. I hope that helps."

"We just receive promises around here, nothing else," Adnan, 40, told Comstock. "Three years, just promises, and promises and promises."

Comstock wrote down the words: "only promises."

Fixing Iraq (WSJ)

The Wall Street Journal, July 27, 2006

Iraqi Prime Minister Nouri al-Maliki is in the U.S. this week on his first official visit, and the biggest and best news is that he and President Bush see eye to eye on the need for a revamped security strategy in Baghdad.

Security in the Iraqi capital has been deteriorating, and especially worrisome is the increasing number of killings by sectarian militias. Many Baghdadis are afraid to leave their neighborhood and sometimes even their homes on normal business. Increasing numbers are fleeing for safer regions of Iraq or nearby foreign countries. While this isn't yet "civil war," current trends are planting the seeds of one.

One response to this is pre-emptive retreat, a proposition gaining too much of a hearing of late. Writing in the New York Times this week, former U.S. Ambassador Peter Galbraith suggests resigning ourselves to the partition of Iraq into Sunni, Shiite and Kurdish states. The big problem with that idea is that Baghdad is a multiethnic city, and dividing it along ethnic and sectarian lines would entail displacing at least two million Iraqis and a lot more bloodshed.

The better and more realistic option is to rethink how to help Prime Minister Maliki and his government achieve their goal of a unified and pluralistic Iraq. Here are a few key issues:

• More security forces for Baghdad. Whatever one thinks about the number of U.S. troops overall in Iraq, there is no question too few have been deployed in the capital. So news that American troops will be redeploying from relatively peaceful areas of the country to help out in Baghdad is encouraging.

So too is the new police plan announced by Mr. Maliki and President Bush. It envisions embedding more U.S. soldiers with Iraqi police units, which should add to their effectiveness and help overcome suspicions that they are sectarian agents of the Shiite-led Interior Ministry. Unlike his predecessor, Interior Minister Jawad al-Bolani has no affiliations with any militia.

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• Better intelligence. In our view the real Iraq intelligence scandal isn't about prewar WMD estimates; it's the U.S. inability to better identify the leadership of the "insurgency" that has actively sought sectarian strife.

The number of bombs since the death of Abu Musab al-Zarqawi only reinforces our view that the majority of Sunni violence has always come from elements of the former regime, such as its KGB-trained mukhabarat, and not al Qaeda. Since Saddam's regime was notorious for record-keeping, it shouldn't be as hard as it has been to identify the likely troublemakers. Both the CIA and the Pentagon's intelligence agencies have failed terribly on this score, and their leadership in Virginia needs to be held accountable.

• Iraqi leadership. Most Iraqi political and religious leaders remain committed to a unified Iraq. The Shiite Grand Ayatollah Ali Sistani continues to urge restraint in the face of Baathist terror, and over the past week or so an encouraging split has developed in the Sunni leadership too. Omar al-Jubouri of the Iraqi Islamic Party was quoted as blaming the provocations of the hardline Sunni Association of Muslim Scholars for "50% of Sunni deaths in Iraq."

On the other hand, the followers of hardline Shiite cleric Moqtada al-Sadr are a big faction in parliament and a hard problem. Sunni Parliament Speaker Mahmoud al-Mashhadani also crossed the line of acceptable behavior when he said that an Iraqi who kills an American soldier should "have a statue built for him." Iraq is a democracy now, and Mr. Mashhadani is free to speak his mind. But he can also be told that such rhetoric will lead to the loss of his Green Zone residence and the squad of American soldiers that protects him.

• International support. Iran and Syria continue to funnel men and materiel to the factions responsible for violence. But a bigger problem may be the tacit encouragement of the Sunni insurgency by the so-called moderate Arab states. Many of them support Iraq's minority Sunnis in their intransigent belief that they are still the country's rightful rulers. Secretary of State Condoleezza Rice should raise this issue with Arab leaders this week as she also looks for a solution in Lebanon.

• U.S. resolve. The quickest way to further factionalize Iraq is to send the message that the U.S. won't be around much longer to protect the country's non-sectarian institutions. But that's precisely what many Democrats have been doing, including the Congressional leadership. House Minority Leader Nancy Pelosi greeted Mr. Maliki yesterday with a press release headlined, "Maliki Misses the Point -- Situation in Iraq is Deteriorating." Mr. Maliki got another glimpse of Democratic unseriousness in their threats to boycott his Capitol Hill speech because they disagree with his recent criticism of Israel's action in Lebanon.

There is an almost willful defeatism in these and many other criticisms of our position in Iraq, as if the only point at this moment is to prove that we should never have toppled Saddam Hussein in the first place. We can relitigate what in our view was a persuasive case for regime change. But what is truly unrealistic is to think that the U.S. has any choice now but to win in Iraq. The regional mess we'd inevitably have to clean up if we lose could make our current difficulties look like child's play.

"The fate of our country and yours is tied," Prime Minister Maliki told Congress yesterday -- adding that if democracy fails there "then the war on terror will never be won elsewhere."

Saddam Asks For Firing Squad Execution (WT/AP)

By Bushra Juhi

The Washington Times, July 27, 2006

BAGHDAD -- A thinner but combative Saddam Hussein said yesterday he would rather die by firing squad like a soldier than hang "like a common criminal," as the defiant ex-president made his final appearance before the tribunal until it renders a verdict.

The prosecution has asked for the death penalty for Saddam and two of the other seven defendants for their role in the deaths of Shi'ites in a crackdown after a 1982 assassination attempt against the Iraqi ruler in Dujail.

Saddam, dressed in a white open-collar shirt and dark jacket, was in court to hear his court-appointed attorney read a final summation, arguing that prosecution witnesses and documents failed to link the ex-president to any of the atrocities in Dujail.

But that did not sit well with the 69-year-old Saddam, who denounced the lawyer as his "enemy" and contended that the summation was drafted by foreigners he accused of manipulating the trial since it began Oct. 19.

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Saddam also said he was brought by the Americans against his will from a hospital, where he was rushed Sunday on the 17th day of a hunger strike and fed through a tube. Despite more than two weeks without food, Saddam seemed thinner but no less vigorous, although his energy appeared to wane in the final minutes of the hearing.

"I was brought against my will directly from the hospital," he told the chief judge, Raouf Abdel-Rahman. "The Americans insisted that I come against my will. This is not fair."

In a rambling statement that was often interrupted by the judge, Saddam said, "I ask you, being an Iraqi person, that if you reach a verdict of death, execution, remember that I am a military man and should be killed by firing squad and not by hanging as a common criminal." Saddam never served in the military ranks but appointed himself a general after taking power in 1979.

That brought a rebuke from Judge Abdel-Rahman, who reminded Saddam the five-judge panel has not finished the trial, much less reached a verdict.

In Jordan, Saddam's defense lawyers rebuked the court for "forcing" the deposed leader to attend yesterday's hearing. They said allowing court-appointed lawyers to replace them deprived Saddam and his co-defendants of the "minimum requirement to adequate defense."

It was Saddam's first appearance before the tribunal since June 19, when chief prosecutor Jaafar al-Moussawi asked the court to find him guilty and sentence him to death.

Combative Saddam Makes Last Stand In Court (USAT)

By Rick Jervis

USA Today, July 27, 2006

BAGHDAD — Saddam Hussein, who had been hospitalized for three days because of a hunger strike, made his last appearance in court Wednesday before it renders a verdict.

Looking thin and haggard but displaying his trademark combativeness, Saddam, 69, verbally sparred with Chief Judge Raouf Abdel-Rahman throughout the day. The former Iraqi leader could face death by hanging for his role in the deaths of Shiite Muslims after a 1982 assassination attempt against him.

At one point, he informed Abdel-Rahman that he would prefer to be executed in a hail of bullets, rather than on the gallows. “Remember that Saddam Hussein is a military commander and should be shot by bullets, not hanged like a regular criminal,” he said.

Saddam complained that he was forced back to court after spending three days in a hospital, where he received intravenous fluids and “a tube that fed nutrients from my nose to my stomach.”

Abdel-Rahman cited a medical report that pronounced Saddam healthy enough to attend his trial. “I didn't say I'm sick,” Saddam retorted. “I said I'm on a hunger strike.”

Directly after the day's session, Saddam broke his hunger strike with a meal of beef and rice, fruit, a Coke and pita bread, said Michael Newton, a Vanderbilt University professor who was in Baghdad observing the trial. Saddam began refusing food on July 7 to protest the fairness of the Iraqi High Tribunal and demand better security for his defense team.

Saddam and seven other former members of his regime are on trial for alleged crimes against humanity during the violent sweep against residents of the town of Dujail. The trial began Oct. 19. The five-judge panel is scheduled to adjourn today and return with a verdict, probably in October.

On Wednesday, court-appointed defense attorneys read more than four hours of prepared closing statements. They argued that the prosecution's case was based largely on witness testimony and hearsay and lacked evidence linking Saddam to the crimes.

The attorneys were appointed after Saddam's original lawyers boycotted the proceedings. They claimed, among other things, that the court wasn't protecting them. Three members of Saddam's defense team have been assassinated.

Abdel-Rahman accused Saddam of provoking insurgents who have blown up cafes and markets filled with Iraqi civilians. Saddam responded that he advocates only the killing of U.S. troops.

“Before my arrest, I gave my instructions to the mujahedin (holy warriors) and to the Baathists and told them if they see American vehicles and they're able to attack it —” Saddam said before the judge switched off his microphone.

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Saddam is due to stand trial Aug. 21 in a bloody crackdown on Kurds in the 1980s.

Also Wednesday, U.S. soldiers arrested five suspected members of an alleged "death squad" in Mahmoudiya, 20 miles south of Baghdad. A U.S. military statement said 101st Airborne Division troops swept through a neighborhood in Mahmoudiya, where dozens of suspected Sunni gunmen killed 50 people — mostly Shiites — on July 17.

Defiant Hussein Hails Insurgents And Clashes With His Judge (NYT)

By Damien Cave

The New York Times, July 27, 2006

BAGHDAD, Iraq, July 26 — Saddam Hussein, looking thinner but healthy despite a nearly three-week hunger strike, said Wednesday that he had been forced to attend his own trial and that he preferred to be shot, not hanged, if found guilty.

On yet another violent day in Iraq, with more than 20 people killed or found dead in Baghdad, Mr. Hussein offered what could be one of his final doses of public defiance. He praised insurgents attacking Americans. He denounced the court as illegitimate. He rejected the charge that he and his seven co-defendants had ordered the execution of 148 men and boys in Dujail after a supposed assassination attempt in 1982.

Mr. Hussein's main defense lawyers have boycotted the trial since July 10 to protest the proceedings, and on Wednesday court-appointed lawyers offered closing arguments. They said there was not enough evidence to show that Mr. Hussein had ordered the killings.

"Has it been formally proved that the defendant Saddam Hussein had formal control over the state organs?" asked one lawyer, who was not named, and whose voice was distorted to protect him. "Was the formal control also real control?"

The arguments were often overshadowed by their client's interjections. When the first defense lawyer rose, Mr. Hussein pointed and said: "You are my enemy. You are an enemy to the Iraqi people."

The chief judge, Raouf Abdel-Rahman, repeatedly turned off Mr. Hussein's microphone. In some cases Mr. Hussein continued shouting, yelling to the judge at one point, "A thousand men like you can't even touch my finger." At others times he turned away and prayed.

In one of the sharpest exchanges of the five-hour session, Mr. Hussein said that, like others, he heard the gunshots regularly ripping through Baghdad, which he seemed to consider a sign of resistance. "If America is able to fight the people, let it fight the people," he said.

Judge Abdel-Rahman immediately interrupted, "Are you provoking the killing of people by car bombs?" Mr. Hussein said he was concerned only with ridding Iraq of "the aggressive invaders."

"If the killing leads to their expulsion," he said, "I urge that."

Judge Abdel-Rahman snapped back, his voice rising. "If you are urging to kill Americans," he said, "let your friends of the mujahedeen attack the American camps and not blow themselves up in the streets and public places and cafes and markets. Let them blow up Americans."

The judge's outburst was another sign of Iraqis' growing exasperation with the spreading violence. At least 14,338 civilians died violent deaths in the first six months of this year, according to a United Nations report.

For Iraqi and American leaders, Baghdad in particular has become a concern. The American military reported last week that the capital averaged 34 attacks a day, many involving multiple casualties. On Tuesday, the White House promised to send 4,000 more soldiers to secure the city of six million to eight million.

Two Pentagon officials said Wednesday that Defense Secretary Donald H. Rumsfeld was likely to delay the departure of 3,000 to 4,000 American soldiers who are scheduled to rotate out of Iraq in coming weeks. The delay, which is expected to last a month or more, would help commanders increase the number of American soldiers in Baghdad without creating gaps elsewhere in Iraq, the officials said.

The violence in Iraq continued on Wednesday. In Baghdad, a brigade of the Iraqi Army killed 6 people and arrested 27, according to Iraq's state-sponsored television news.

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One person was killed in a mostly Shiite area of eastern Baghdad when a roadside bomb exploded at 7:30 a.m., an Interior Ministry official said. In Nahrawn, on the southern outskirts of the capital, the local police chief and his brother were killed when gunmen opened fire at noon.

A half-hour earlier, Brig. Abdullah Hamood Shuala, a senior Interior Ministry official, was kidnapped in north Baghdad. Fourteen bodies were found throughout the city with their hands tied and gunshot wounds to the head or chest.

Elsewhere, an American military policeman was killed in combat north of Baghdad on Tuesday, the United States military said. In Baquba, gunmen attacked a police patrol and killed two people, the authorities said. In Kirkuk, a car bombing killed at least one.

At the trial in Baghdad, Mr. Hussein said that if convicted and sentenced to death, he deserved to die by firing squad because "Saddam Hussein is a military commander and should be shot by bullets."

An American official close to the court said that Mr. Hussein was being tried as a civilian, and that under the law governing the case he faced death by hanging if found guilty and the conviction was upheld on appeal.

He also said Mr. Hussein was required by law to appear during this phase of the trial.

A final day of closing arguments is scheduled for Thursday, after which the court is expected to adjourn until a panel of five judges reaches a judgment, possibly in the fall. A second trial of Mr. Hussein is planned for late August. It involves charges of genocide in the killings of 50,000 Kurds in northern Iraq in 1988.

Mr. Hussein has been on a hunger strike since July 7, prompting the authorities to start feeding him with a tube last Sunday. After Wednesday's session he finally decided to eat. According to the American official, Mr. Hussein left the court just after 4 p.m. and immediately ended his hunger strike with a meal of beef, rice and Coca-Cola.

Combative Hussein Returns To Court As Defense Sums Up (WP)

By Andy Mosher

The Washington Post, July 27, 2006

BAGHDAD, July 26 -- Saddam Hussein returned to court Wednesday for the first time in more than a month, not looking appreciably thinner or sounding any less combative after going nearly three weeks without solid food.

The former Iraqi president strode into the courtroom shortly after 11 a.m. for what would be a 4 1/2 -hour session devoted to the closing argument in his defense against charges that he ordered the killings of more than 140 Iraqis from the town of Dujail after an attempt on his life there in 1982.

With his legal team boycotting the proceedings, Hussein mostly sat and listened as court-appointed lawyers read a lengthy statement his own attorneys had prepared. As he has throughout the trial, which opened in October but was extended by numerous recesses and postponements, Hussein verbally sparred with the judge over questions of law, politics and conduct.

At the outset of Wednesday's session, Hussein protested that he, too, had intended to boycott but had been forcibly brought to court from a hospital where he had been fed through a tube since the weekend.

"I would like to remove myself from this courtroom," barked Hussein, who maintained that the court was not legitimate and that he did not have proper legal representation. "I wrote you a petition clarifying that I don't want to come to court, but they brought me against my will. . . . I have been on a hunger strike since July 8."

Several times, he threatened the substitute attorneys, whose names were not released and whose voices were electronically altered on the courtroom sound system and television broadcast feed. "You are my enemy," he told one of them. He pointed to another and exclaimed, "Damn you!"

At one point, Hussein informed Judge Raouf Rasheed Abdel-Rahman that when he decides on a method of execution, "remember that Saddam Hussein is a military commander and should be shot by bullets, not hanged like a regular criminal." Though Hussein made himself head of the Iraqi military after becoming president in 1979, he never served in the armed forces and in fact failed the Baghdad Military Academy's entrance exam in the 1950s.

Hussein could be sentenced to death if found guilty of the Dujail killings, but Abdel-Rahman protested that it was too early in the proceedings to discuss possible punishments. When Hussein pressed the point, Abdel-Rahman said: "I consider this an insult. . . . From now on, if anyone, whoever it is, wants to impose their opinion on me, I will not stay in this position."

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For the bulk of the session, however, Hussein sat and listened as his appointed lawyers read a lengthy final argument essentially maintaining that none of the evidence presented at trial directly tied him to the killings of Dujail residents. In an apparent bid to shift blame to any of his seven co-defendants, the argument also asserted that Hussein's presidential powers were far from absolute and that his knowledge of the day-to-day workings of other branches of government was limited.

Michael Newton, a Vanderbilt University law professor who was observing the trial and had participated in framing laws that created the special tribunal holding it, called the defense argument "very substantive."

"They are well-prepared," Newton said of Hussein's attorneys. "It's a solid defense argument."

After Hussein declined to make a closing statement of his own, Abdel-Rahman adjourned the session and Hussein had his first solid meal in weeks: beef, rice, bread, some fruit and a Coke, Newton said.

Meanwhile, the violence that has ravaged Baghdad and other parts of Iraq was relatively mild Wednesday, one day after Prime Minister Nouri al-Maliki and President Bush announced a plan for stepped-up security that would bring more U.S. forces into the capital. U.S. military officials in Baghdad did not respond to requests for information about the new proposal.

A high-ranking police official, Brig. Abdulla Hamood Shahatha, was abducted in eastern Baghdad while he was on his way to work, according top police Capt. Nazar Emad Salah al-Deed of the Iraqi Interior Ministry. And the Ministry of Defense reported arresting 20 suspected terrorists in various parts of the city during a 24-hour period that began Tuesday.

Outside the capital, a roadside bomb killed four members of a family as they were being taken by ambulance to a hospital in Baqubah, a town about 35 miles northeast of Baghdad. Lt. Adnan Lefatta of the Balad Ruz police said the four had been suffering from acute poisoning and were being escorted by Iraq's Facilities Protection Force when the bomb detonated at 10:30 p.m.

Meanwhile, in Washington, U.S. defense officials said Wednesday that military commanders in Iraq were discussing plans to extend the tour of an Army brigade already in the country to boost U.S. troop levels in Baghdad, a move that could mean as many as 4,000 U.S. soldiers would be available to help quell the sectarian violence there.

Such a decision could increase overall U.S. troop numbers in Iraq -- possibly to more than 130,000 -- for a temporary overlap period while another brigade moves in as part of a regular troop rotation. It would also allow top generals to move additional forces -- with a year of combat experience in Iraq -- into Baghdad without having to significantly draw down troops elsewhere in the country.

But thousands of U.S. troops who were expecting to go home to their families in a matter of weeks could find themselves on the ground in the most violent area of Iraq for an unspecified amount of time.

While such overlaps have not been uncommon, this one signals the likelihood that U.S. troop levels will remain at or near 130,000 for the foreseeable future, possibly scuttling administration plans to draw down significantly before the November elections.

Special correspondents Hasan Shammari in Baqubah and Naseer Nouri and Saad al-Izzi in Baghdad and staff writer Josh White in Washington contributed to this report.

More Iraqi Oil Production Predicted (AP-Y)

By H. Josef Hebert

AP2, July 27, 2006

Iraq's oil production is expected to roughly double over the next four years to 4 million barrels a day, the country's oil minister predicted Wednesday after meeting with U.S. energy officials and executives from nine major oil companies.

"We are increasing production," Hussein al-Shahristani told reporters.

With Iraq's oil infrastructure frequently targeted by insurgents, the country has struggled to resume oil production to prewar levels of about 2.5 million to 3 million barrels a day. As of last May, production stood at about 1.9 million barrels a day, the U.S. Energy Information Administration says.

Al-Shahristani met with representatives of major oil companies, including Exxon Mobil Corp., Chevron, Shell Oil Co., and BP America Inc., to explore ways that these companies might participate in expanding Iraq's oil sector and developing new fields.

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Energy Secretary Samuel Bodman, who sat in on the discussions, described it as "a preliminary meeting" and an exchange of information.

"We are not negotiating with any company yet. We have to do some homework," said Al-Shahristani, adding that many companies have expressed interest in developing new Iraqi oil fields.

Iraq's oil infrastructure has been under repeated attacks from insurgents. From April 2003 to last June there were an estimated 315 attacks on Iraqi energy infrastructure including its oil pipeline system and electric power grid, according to an Energy Information Administration summary.

Iraq's oil industry also suffered during the 1990s when the country under Saddam Hussein did not have access to state-of-the-art technology or engineering know-how.

But al-Shahristani expressed resounding optimism about the future of Iraq's oil industry and said he was interested in international partnerships to develop fields in all regions of the country. In 10 to 15 years, he told reporters, Iraq will "be in a position to be the second largest producer and perhaps the largest."

Bodman acknowledged that forecast was "quite optimistic."

Iraq is believed to have recoverable oil reserves of 115 billion barrels, second only to Saudi Arabia, with about two-thirds in the southern part of the country, according to the EIA, the U.S. Energy Department's statistical and research agency. In addition, some geologists believe the country may have another 100 billion barrels in its western desert region, which has not been explored.

Fuel Smuggling Curbed By Prices, Says Iraq (FT)

By Steve Negus

Financial Times, July 27, 2006

Raising the price of petrol has made a serious dent in the fuel smuggling that Iraqi auditors say helps fund the insurgency, according to Hussein al-Shahristani, Iraqi oil minister.

In an interview with the Financial Times, Mr Shahristani also said that production from the country's larger southern oil field is steadily rising and he predicted that oil production would come close to 3m barrels a day by the end of the year.

He also said that work was under way on a new law governing investment in the oil sector, which could see a range of contracts offered to foreign companies depending on the complexity of the fields they develop.

Although he lacks oil sector experience, the former nuclear scientist, imprisoned for refusing to work on Saddam Hussein's weapons programme, is credited by many in Baghdad with having supplied technocratic leadership to a troubled ministry. Under the previous government, the ministry was within the sphere of influence of the Shia Islamist Fadila party, who used it to strengthen their hold on the oil-producing region of Basra.

The result was a ministry that was widely considered to tolerate corruption and petrol smuggling and which helped fund both insurgents in the Sunni regions and militias operating in Basra.

However, Mr Shahristani said that the government had managed to curb smuggling by reducing subsidies – a policy initiated last year and which is expected to lift the budgetry burden on Iraq's government, which spends several billion dollars a year to import refined products.

"The most important programme we have in fighting smuggling is adjusting the prices of [fuel] products in the local market, so there is not a great incentive for the smugglers to take it across the border," he said.

The government has managed to raise the price of petrol twelvefold over the last year, from about 20 dinars (2 US cents) to 250 dinars (18 US cents) a litre, higher than in Iran and similar to prices in Saudi Arabia and Kuwait, although still lower than in Turkey or Syria, he said.

His ministry has also reduced fuel rations to Basa's fishing fleets, who take it down the Shatt al-Arab waterway to the Gulf to sell – a policy enacted under Saddam Hussein's government to encourage sanctions-busting smuggling. Basra fishermen freely admit that they make far more from the trade than from fishing.

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"We have told them to come to another port very far from Shatt al-Arab and bring their catch of fish and market it, and then they will be supplied fuel for their next trip," he said – an ini-tiative that he acknowledged could be called the "oil-for-fish programme."

In addition, he said, "we have identified the individuals or groups, companies who are actually active in smuggling and we have not been selling to them, not been supplying them, and that has also been very effective in reducing smuggling."

The ministry is also trying to crack down on corruption by revising its system of importing refined fuel, he said, both shortening the length of contracts and publicising their content.

"We have made the whole process transparent [with] public tenders. The results of the tenders are going to be published on the [oil ministry] website," Mr Shahristani said.

The minister predicted that oil production, which for the last two years has rarely broken the prewar output of 2.5m barrels per day, would increase despite attacks on the pipelines running from Iraq's northern oil fields.

"In the south, we have reached a record of 2m b/d and our staff there is working hard to go beyond that," Mr Shahristani said. "Our plan is by the end of this year to reach 2.5m b/d from the southern fields.

"Given the production of both fields we should be able to maintain 2.5m b/d for August [nationwide] and should be able to increase it to 2.9m b/d by the end of the year.

"With a little bit of luck we may hit the 3m b/d mark, which is a target," he said.

He said that work was under way on a new law governing foreign investment in the oil sector, which would likely envision different kinds of contracts for different fields.

"We also hope by the end of the year to pass a hydrocarbon law by the parliament that will open the door for the international companies to come and work in Iraq, and develop our new fields," he said. "We have many many fields that are waiting for development, [and] some of them are giant fields."

"There is no one kind of contract that will be used for all the fields," he said.

"Some of the fields are much more complicated. They require much larger investments and also new technologies that may not be available locally."

Afghan Clashes Claim 22 Taliban Militants (USAT)

USA Today, July 27, 2006

U.S.-led forces battling Taliban rebels killed at least 22 militants and wounded at least 26 in Afghanistan's southern Helmand province, officials said Wednesday. Provincial Police Chief Ghulam Nabi Nalakhail said 10 militants were killed and 15 wounded Tuesday in Musa Qala district. In nearby Garmser, seven of the militants who attacked a coalition patrol with machine guns and grenades died, a coalition statement said. Wednesday, police killed five militants and wounded 11 in Garmser, district Police Chief Ghulan Rasool said.

Iranian police confiscate satellite dishes

Iran has renewed a crackdown on satellite TV dishes, banned for beaming "decadent" images into the Islamic republic, the official IRNA news agency reported. "Police came to our building and collected all the dishes," said Reza Sharifi, 45, of Tehran. Iran outlawed satellite dishes in the mid-1990s to curb Western cultural influences. The ban was largely ignored under former president Mohammad Khatami, who tried to increase social freedoms after he was elected in 1997.

Report: Pilots caused Black Sea air crash

Pilot error caused the crash of an Armenian airliner into the Black Sea that killed all 113 people aboard in May, Russia's Interstate Aviation Committee said. Its investigation found the Armavia Airline pilots took the Airbus A320 off autopilot and then descended in bad weather on approach to the airport near Sochi, Russia. The report said an automated system warned that the plane was dangerously low, but the pilots' response was uncoordinated and insufficient.

Storm causes flooding, deaths in China

Rain, wind and flooding from Tropical Storm Kaemi killed at least nine people and left 19 missing in southern China, the official Xinhua News Agency said. It said flooding triggered landslides in five towns in Jiangxi province before Kaemi dissipated into a tropical depression. In Fujian province, where Kaemi made landfall as a typhoon, a levee collapsed, threatening 20,000

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people in six villages, Xinhua said. Soldiers filled the breach with more than 5,000 sandbags and 60 tree stumps. More than 640,000 residents of Fujian province were evacuated before the storm. It was the seventh typhoon to hit during China's rainy season.

Canada's Dalai Lama honor angers Chinese

A Chinese diplomat warned Canada that its decision to bestow honorary citizenship on the Dalai Lama could hurt trade between the two countries. "The Dalai Lama is a separatist, so I don't think he should be honored," said Zhang Weidong, political counselor at the embassy in Ottawa. The Tibetan leader-in-exile fled his homeland in 1959 after a failed uprising against Chinese rule. Canada's Parliament approved the honor last month. It is to be bestowed on the Dalai Lama when he visits Vancouver in early September.

CORPORATE SCANDALS:

SEC Issues Rules On Executive Pay, Options Grants (WSJ)

By Kara Scannell And Joann S. Lublin

The Wall Street Journal, July 27, 2006

For the first time since the options-timing scandal mushroomed this year, federal regulators laid out requirements directing companies how to disclose their grants of stock options.

The new rules won't bar corporate boards from giving executives options at propitious times, but would instead shine a spotlight on such practices through increased disclosure. The guidelines are part of a sweeping overhaul to executive-pay disclosure the five-member Securities and Exchange Commission approved yesterday in a unanimous vote.

WALL STREET JOURNAL VIDEO

1

SEC Chairman Christopher Cox2 on the agency's overhauling of rules requiring firms to provide more details on executive pay and perks (Part 23). MORE ON EXECUTIVE PAY

• Executive Pay: The 9/11 Factor4

• Business: CEOs Fight Back on Pay5

• In the Lead: High Payouts Hard to Curb6

• Hidden Burden: Executive Pensions Flourish7

The rule takes effect in proxies filed by companies whose fiscal years end after Dec. 14. It will force companies to provide a total compensation figure for each of its top five executives. That number can be used to compare compensation across companies and industries.

SEC Chairman Christopher Cox has made revamping executive-pay disclosure a priority, so investors have a better handle on perquisites, deferred compensation and stock-option grants, payments that have been shrouded in fine print or not disclosed. To win the support of business groups, though, he has been careful to avoid the appearance of trying to set executive pay.

Some groups were hoping the SEC would go further, and had lobbied the SEC to require companies to give shareholders an advisory vote on executive pay.

"We're giving shareholders the information, but we're not giving them any power to take action on that information," said Richard Ferlauto, director of pension-investment policy for the American Federation of State, County and Municipal Employees in Washington. Investors, he added, haven't gained any power "to moderate pay that's not deserved."

Most parts of the new rule were expected, and had been proposed in January. But since then, a scandal involving potentially abusive granting of stock options by companies has taken center stage, prompting the SEC to set clear guidelines.

The SEC is investigating about 80 companies that may have "backdated" or timed the option grants to executives to benefit their payout. Options offer the right to buy stock at a specified "exercise" price, usually equal to the market price on the date the options were granted, so backdating them to a date when the price was low makes them potentially more valuable.

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Last week, federal authorities filed civil and criminal securities-fraud charges against the former chief executive of Brocade Communications Systems Inc. and another executive, while a third faces civil charges. The three are accused of boosting the potential value of the options and concealing millions of dollars of compensation expenses from shareholders.

Companies will now be required to include a table with the value of the options on the date of the grant, and the closing market price on that day, if it is greater than the exercise price.

The reason for this table is to highlight any attempt by companies to give executives options priced below the value on the date they were granted. If there is any difference, companies will need to explain how they arrived at the exercise price. The murky disclosure on this topic is one issue that has arisen in the recent probes.

"As a result, compensation practices are going to change," predicted John Olson, a senior partner at Gibson, Dunn & Crutcher in Washington who advises corporate boards. "You will see fewer option grants, less out-of-cycle option grants and more careful monitoring by boards and compensation committees" of option usage, Mr. Olson said. SEC officials "are using a disclosure standard to impact corporate behavior."

For instance, he said, certain boards may restrict their CEOs' authority to dole out sizable option awards to new key employees below senior management, and increase board involvement in such decisions.

The intensified focus on option-award timing also may persuade more companies to take a tougher tack on when options can be given. They will have to disclose, for instance, whether management usually gets grants several weeks before the release of quarterly earnings.

"To the extent companies didn't have a formal policy in the past, they're going to have to have one, because investors will expect that," said Mark Borges, a former SEC official who now is a principal at Mercer Human Resource Consulting in Washington.

In addition to the option disclosures, the new rule will require companies to explain in plain English the rationale behind compensation decisions. They also will need to disclose pay incentives, unless a company can demonstrate the information is confidential or competitive.

And companies will have to disclose perquisites paid to executives if they exceed $10,000 in the aggregate. The rule will also call for the inclusion of two new tables, one to disclose pay to directors and another that would require the pension and retirement benefits owed to each of the five named executives.

As part of the new rule, companies will not have to disclose the pay of any employees who make more than the five named executives. That scuttled section, dubbed the "Katie Couric clause" after the highly paid new CBS Corp. television anchor, likely would have resulted in the disclosure of her pay, as well as that of others, such as top-earning Wall Street traders.

Instead, the SEC is proposing a revised version, which require companies with stock-market values exceeding $700 million to disclose the pay and title of as many as three higher-paid employees who make policy decisions.

It wouldn't apply to Wall Street traders, athletes or TV personalities, assuming they had no policy-setting role, said John White, director of the SEC's division of corporation finance.

Pay Rules Adopted By S.E.C. (NYT)

By Eric Dash

The New York Times, July 27, 2006

The Securities and Exchange Commission yesterday adopted a sweeping set of new rules to make it easier to see how much top executives are paid and to discourage the manipulation of stock option grants.

With a unanimous vote, the five S.E.C. commissioners set in motion a plan that calls for companies to describe more clearly how their executives are compensated and to provide new information, like the lump-sum cost of retirement benefits and explanations of why specific stock option grants were approved. The rules will go into effect in mid-December, several months ahead of proxy season next year.

The commissioners also agreed to revisit the issue of whether to require the compensation of other highly paid employees to be disclosed, known variously as the Michael Milken rule or the Katie Couric clause. The requirement is opposed by both Wall

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Street and Hollywood, and the commission proposed an amended rule that narrowed the list of candidates to policy-making executives at about 3,500 large companies, identified by job title, not name.

Still, the new rules are very similar to those outlined in a 372-page proposal the agency introduced in January, and show how the commission has largely stood its ground amid pressure from compensation specialists, investor advocates, and industry groups. With more than 20,000 comment letters, Christopher Cox, the commission's chairman, said, "No issue in the history of the S.E.C. has generated such interest."

The new rules also show how the agency has moved swiftly to address the potential disclosure problems that have surfaced as an investigation into stock options practices grows. Regulators are currently investigating more than 80 companies, which may have manipulated the grant date of their stock option awards to allow executives and other employees to take advantage of attractive prices.

The final rules would require companies to make several new disclosures related to stock option awards. The date of the grant, the market price at the grant date, and the date the board or compensation committee took action to make the award must all be noted in a table. If the closing market price on the grant date is higher than the grant price, companies must disclose it and explain the reason.

In addition, companies will have to answer a series of questions if they choose to make a stock option grant ahead of the release of material public information. The new requirement seemed intended to curb so-called springloading or opportunistic timing in granting options. The S.E.C. commissioners, however, made it clear that the agency was not trying to tell companies whether or not to grant options.

The changes also mark the biggest overhaul of the rules governing the disclosure of executive pay in almost 15 years. They aim to create a standard way to compare the pay of executives across companies and are part of a larger S.E.C. effort to translate complex financial jargon into everyday English.

"Compensation packages have changed substantially but our disclosure rules have remained pretty stagnant; gaps, almost chasms, have developed " said John W. White, the S.E.C's director of corporate finance. "We have drifted to boilerplate and legalese. This is an opportunity to change it."

Corporate governance advocates said they were generally pleased with the new regulations, despite some qualms that some specific rules did not go far enough. The Business Roundtable, a group of chief executives from large corporations that worried the tougher reporting requirements might unfairly inflate executive pay, said it was "fully supportive" of the new rules.

Still, many have adopted a wait-and-see attitude until the rules are put into effect. The law of unintended consequences seems to be the governing rule of executive pay, and past attempts at improved disclosure have led to more creative forms — and often-higher levels of compensation. Regulators again emphasized their goal was to improve disclosure, not curb executive pay.

"The new rules will greatly improve the quality of information investors have," said Lucian A. Bebchuck, a Harvard Law School professor and the co-author of a leading book on executive pay. "Now, there is the question of giving shareholders the power to make effective use of information, which is the other leg of improving executive compensation."

Other governance advocates said that some of the final rules were watered down. For example, companies must report only the above-market gains from deferred compensation, not the full amount that was required under the agency's initial proposal.

Another area that was left out: disclosing the independence of consultants and legal advisers to the compensation committee, which was not mentioned in either set of S.E.C. rules.

Among the biggest changes in the new rules is creation of a section in a company's proxy statement that would broadly discuss the compensation committee's objectives, policies, and decisions. This so-called Compensation Discussion and Analysis, would be filed with the commission and certified by the chief executive and chief financial officer.

But the final rules do not necessarily require companies to outline specific performance targets. Those goals can be left out if a company proves that disclosing them would reveal competitive information.

"We are a little concerned that companies will make broad use of the exemption and urge the S.E.C. to monitor that those disclosures are not abused," said Amy Borrus, the deputy director of the Council of Institutional Investors. "If you can't see the hurdles, it is hard to see how rigorous the targets are and if executives have truly earned their bonuses."

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The S.E.C. is also calling for a summary pay chart for the top five executives that would provide dollar values for three years' worth of salary, bonus and perquisites totaling more than $10,000.

New additions include the annual change in the value of pension benefits, and above-market interest on deferred compensation. The value of restricted stock and stock awards options at the time of grant are also included, along with a detailed accompanying chart. (Previously, that information was either not reported or hard to find.) Now, those figures would be tallied up to arrive at a new "total compensation" figure that could compare the annual pay of executives within or across several companies.

Retirement and severance benefits, so-called stealth wealth that often made up a large chunk of an executive's total pay, will now be disclosed. In a new chart, companies will be required to disclose the lump-sum value of an executive's pension based on a series of standard assumptions, not the estimated annual pension benefit that was previously proposed. They also must report the cost of severance, change-of-control and deferred compensation plans.

In what appeared to be an effort to clarify comments he made a few weeks ago, Paul S. Atkins, an S.E.C. commissioner, said that companies that "deliberately mischaracterize or disguise what they are doing will face enforcement actions." Falsifying documents is illegal, he said, but added that it was necessary to distinguish between innocuous and nefarious stock option grants.

SEC Rules Tightened On Pay Disclosure (WP)

By Terence O'hara

The Washington Post, July 27, 2006

The Securities and Exchange Commission yesterday ordered public companies to give investors something they have long lacked: a clearer statement of total compensation for top executives.

Under the biggest overhaul of executive pay reporting in 14 years, the companies will be required to tell shareholders clearly how much the five most-senior executives earn from salary, stock options and other benefits.

The new regulations, approved unanimously by the five-member commission, come after years of criticism over rising executive pay and numerous instances of compensation practices playing key roles in corporate accounting scandals, including at Enron Corp. and Fannie Mae.

The rules include a requirement that companies publish details about the timing of stock option grants, a response to recent revelations that, without disclosing the practice, many companies backdated stock options to give executives guaranteed profit.

SEC investigations into backdating led last week to the first criminal charges related to the practice. Federal prosecutors accused Gregory L. Reyes, the former chief executive of Brocade Communications Systems Inc., of securities fraud for allegedly not disclosing backdated options to investors.

The new rules, which are widely supported in by business and investors, reflect SEC Chairman Christopher Cox's belief that clear compensation information will help shareholders and boards of directors make better judgments about the level and type of executive pay.

"Shareholders and their representatives need intelligible disclosure . . . without the need for an advanced degree," Cox said.

John J. Castellani, president of Business Roundtable, a trade group representing the largest U.S. companies, said his members would be pleased with the rules after expressing alarm over a few aspects when they were proposed in January.

The SEC left out a requirement that companies disclose the compensation of up to three non-executive employees whose pay is higher than the top five executives'. Dubbed the "Katie Couric rule" because some television celebrities, sports stars and top salesmen often earn far more than their bosses, the regulation drew negative comment from businesses concerned that disclosing such data would compromise competitive pay information and violate the privacy of those employees.

A modified proposal, which has been reissued for public comment and will be voted on by the commission later this year, would require that companies disclose the three highest-paid employees who have some "policy responsibility" over major divisions or subsidiaries of the company. It would also not identify the employees by name, only by job description.

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"Athletes, entertainment persons, salespeople are not covered by the proposed rule," said John W. White, director of the SEC's corporate finance division, which governs disclosure. "It would even exclude trading professionals."

Castellani said companies were worried about revealing competitive information in a newly required discussion and analysis section on executive pay. He also expressed concern about revealing the pay of top-performing employees, fearing that such information would encourage competitors to poach top salespeople.

"They've gone a long way to fixing that," Castellani said.

Among the most significant revisions to the annual proxy statement will be the inclusion of stock options grants, earnings on deferred compensation and changes in the value of pension benefits in one table that will add all the items up for a total pay figure. The table will also include more disclosure of executive perks: perks of at least $10,000 a year must be disclosed; the old rule left out perks less than $50,000.

Profits made on stock-option exercises will continue to be disclosed in annual proxy statements but not in the total-pay summary table.

Ira Kay, head of executive compensation consulting at Watson Wyatt Worldwide Inc., said the new rules "will enhance transparency and be good for shareholders." However, he said, they will not eliminate all confusion. The inclusion in total pay of stock-option values on the date they are granted can be misleading, he said, because the actual money made on the options is almost never the same and usually isn't realized until years in the future.

"We think it's best to look at realized pay," Kay said.

New Rule To Expose Pay Packages (USAT)

By Elliot Blair Smith

USA Today, July 27, 2006

U.S. public companies must disclose new details of top executives' pay that will add tens of millions of dollars to the compensation totals some companies report to their shareholders under a rule the Securities and Exchange Commission adopted Wednesday.

Responding to investor outrage over runaway pay packages, the commission unanimously adopted reforms that will require deferred pay and retirement benefits to be factored into annual compensation totals for companies' top five executives in reports to regulators and shareholders beginning in December.

“Golden parachutes” for executives who quit or are fired must also be clearly spelled out in the companies' public disclosures. And the companies will have to tell shareholders whether they coordinate the issuance of stock options to top executives with the release of material non-public information that may benefit them.

SEC Chairman Christopher Cox said “no issue” in the agency's 72-year history “has generated such interest” as requiring greater disclosure of corporate pay.

“The better information that both shareholders and boards of directors will get as a result of these new rules will help them make better decisions about the appropriate amount to pay the (executives) running their companies,” Cox said.

The SEC proposal gained traction in recent months, amid growing controversy over the practices at dozens of U.S. companies to manage the dates on which executive stock options are awarded so their officials could take advantage of fluctuations in market values.

But for the public, the biggest impact is likely to come from seeing executive pay and bonuses combined with the annual accumulation of deferred benefits. ExxonMobil recently disclosed that it gave retiring CEO Lee Raymond a $98 million lump-sum pension payment in December, in addition to $9.9 million in salary and bonus, stock awards and such retirement perks as a car, driver and airplane use.

“The iceberg of retirement benefits will very much come to the surface,” says Harvard University law professor Lucian Bebchuk, co-author of the book Pay Without Performance and a critic of “stealth compensation” he sees in the form of deferred compensation, pensions and assorted perks.

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Bill Coleman, senior vice president of Salary.com, says the compensation totals are “going to be a shocking number for some people. You are going to see numbers that are tens or hundreds of millions of dollars.” Coleman says, “People are going to be more under the microscope.”

Ellen Zimiles, CEO of Daylight Forensic & Advisory, agrees. She says the new disclosures will “put a little strain between the board and the CEO, but that's what the board is for — to put oversight into the company.”

Paul Dorf, managing director of Compensation Resources, responds that increased financial-reporting requirements are unlikely to rein in executive pay but will hasten the trend of public companies going private. “The reality,” he says, “is some companies will say it's not worth it to be public companies.”

SEC Requiring More Pay Disclosure (AP)

By Marcy Gordon, Associated Press

AP, July 27, 2006

WASHINGTON - Companies will have to disclose their executives' pay and perks in greater detail under an overhaul of reporting rules approved Wednesday.

Included are new rules on disclosure of the dating of stock option grants to executives, as a scandal spreads through corporate America over suspect timing of option awards.

The Securities and Exchange Commission members voted 5-0 to adopt the plan. It will take effect Dec. 15 so companies' 2006 annual reports issued early next year will reflect the changes.

For the first time, public companies will be required to furnish tables in annual filings showing the total yearly compensation for their chief executive officers, chief financial officers and the next three highest-paid executives.

Most of the disclosures, in annual reports and other regulatory filings, will have to be written in plain English.

The plan is designed to enhance corporate accountability and address an issue that has angered company shareholders and the public.

In the SEC's 72-year history, no other issue has stirred as much interest, with more than 20,000 letters filed during the public comment period that followed the proposal being floated in January, according to SEC officials.

"Shareholders need intelligible disclosure that can be understood by a lay reader without benefit of specialized expertise or the need for an advanced degree," SEC Chairman Christopher Cox said before the vote. "It's our job to see that they get it."

In the controversy over the timing of options awards to executives, at least 60 public companies have disclosed that their options practices are being investigated by the SEC or the Justice Department or both. The SEC itself says it has at least 80 companies under scrutiny.

At issue in many of the investigations is a practice known as backdating, in which stock options are issued retroactively to coincide with low points in a company's share price - a move that can fatten profits for options recipients when they sell their shares at higher market prices.

Backdating options can be legal so long as the practice is properly disclosed to shareholders and approved by the company's board, experts say.

The SEC rules on disclosure of executive compensation include new requirements for companies regarding disclosure of options timing.

Removed from the original proposal, though, was a requirement for companies to disclose the pay details of as many as three non-executive employees whose individual compensation exceeds that of any of its top five executives. Dubbed the "Katie Couric clause" by critics, it brought a flurry of opposition during the comment period from Hollywood and big media companies.

As an alternative, the SEC decided Wednesday to propose a narrower requirement for disclosure of the pay of non-executive employees who help set corporate policy and strategy at big companies - excluding most professional athletes, and TV and film personalities.

The SEC plan as adopted requires companies to provide detailed information on how they determine when executives receive option grants and, if they do so, how and why they backdate options.

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The government's first criminal complaint in a stock options probe came last Thursday, when the U.S. Attorney's office in San Francisco charged the former chief executive of Brocade Communications Systems Inc. with fraud.

Gregory L. Reyes and another former executive of the maker of data storage devices, Stephanie Jensen, also face civil charges lodged by the SEC. Their attorneys have said they are innocent.

A central allegation in the government's case involves backdating of options awards.

Tugging At The Veil Hiding Executive Pay (NYT)

By Floyd Norris

The New York Times, July 27, 2006

The Milken rule lives, and as a result, investors may yet learn about some very highly paid executives whose salaries have been closely held secrets.

The Securities and Exchange Commission adopted a rule yesterday requiring public companies — starting next spring — to provide more information about compensation of top executives. It did not adopt the proposed Milken rule, but revised it and asked for more comment.

The rule is named, informally, after Michael R. Milken, the former junk bond king at Drexel Burnham Lambert. No one outside the firm knew what he made until the Justice Department put it in an indictment: $550 million in one year, far more than his ostensible corporate superiors. It was a stunning figure then, and one that is still impressive almost 20 years later.

In January, the S.E.C. proposed requiring companies to disclose the pay of as many as three people who were not top corporate executives if they made more than any of the five senior executives whose salaries were already disclosed.

The proposed rule said the names would be kept secret but the job titles would be disclosed. At many companies, that would make it clear. Who is the late night talk-show host at General Electric's NBC? Or the best-paid pitcher for Time Warner, which owns the Atlanta Braves?

Corporate America hated the idea and tried to laugh it out of the proposal. It warned that the proposal could harm employee morale while providing no useful information. In any case, the Business Roundtable, an organization of large companies, argued that since the compensation committee of the company's board was unlikely to have anything to do with setting the pay of such people, the proposal was irrelevant.

The commission yesterday offered a modified proposal. The rule would cover only people with executive responsibilities in some part of the company. It would, said John White, the head of the division of corporation finance, exclude such people as entertainers, athletes, salesmen and portfolio managers, at least to the extent that their job titles accurately disclosed their responsibilities.

But those with decision-making abilities at the company, or a part of it, would be covered.

When the rule was suggested, some in the commission called it the "Jett rule," after Joseph Jett, the onetime head government bond trader at Kidder Peabody when that firm was owned by General Electric. He was very highly paid until he was fired in 1994 after the company concluded that his pay was based on phony profits. He is still fighting fines levied by the S.E.C.

People who would clearly be affected now would include some heads of subsidiaries of large companies. For example, at Berkshire Hathaway, the best-paid people at corporate headquarters make relatively little by the standards of corporate America. Warren E. Buffett, the chairman and chief executive, reported taking home only $309,000 last year, most of it in fees for serving as a director of various subsidiaries.

But the pay of the bosses of those subsidiaries, like Geico and General Reinsurance, is not disclosed. It presumably would be, under the proposal, if the rule were adopted.

One category of people whose pay might or might not be disclosed under the rule is network television news anchors. Under the rules, if CBS took the position that Katie Couric did little more than read the news, her pay could remain secret. But if she is an executive of CBS News, making executive decisions, disclosure might be required.

The rules that have been in effect for many years cover only executive officers of the parent company, and those who make decisions for it even if they are on the payroll of a subsidiary.

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The rule adopted yesterday will require additional disclosures of the pay of such people, most importantly providing better information about retirement benefits. And, if the Milken rule is adopted after the new comment period, the disclosures may cover some subsidiary bosses, even if they have no authority over the parent company.

After Mr. White explained the new proposal, which still calls for not disclosing names, Christopher Cox, the commission's chairman, asked if there was any good reason not to post the names of such people, now that nonexecutives were to be excluded. Mr. White said he thought naming names would be a good idea.

If both Mr. Cox and Mr. White think names should be named, they probably will be. Hiding highly paid executives from public scrutiny may get much harder.

Are Backdating Cases Really Securities Fraud? (LAW)

By Peter J. Henning, Special To Law.com

Law.com, July 27, 2006

When federal prosecutors and the Securities and Exchange Commission filed the first charge from the burgeoning options-timing investigations against former Brocade Communications CEO Gregory Reyes and human resources VP Stephanie Jensen on July 20, they labeled the conduct as "securities fraud." This is probably the most serious moniker that can be applied to corporate misconduct, calling forth notions of Ponzi schemes that prey on naive investors and accounting violations designed to make rotten companies look healthy. The charge has been the central feature in the recent convictions of former CEOs at WorldCom and Enron, so it is an easy conclusion to draw: CEO deception at a public company must mean securities fraud.

But was what the government alleges occurred at Brocade Communications really securities fraud? The government asserts that the defendants violated §10(b) of the Securities Exchange Act, which prohibits any person from using "any manipulative or deceptive device or contrivance" in connection with the purchase or sale of a security. This antifraud prohibition is used routinely in cases ranging from penny stock scams to financial chicanery at Fortune 500 companies. Supreme Court Justice Lewis F. Powell Jr. once said that "Section 10(b) is aptly described as a catchall provision, but what it catches must be fraud." Chiarella v. United States, 445 U.S. 222, 234-235 (1980).

Fraud has been understood historically as a type of theft, and the roots of the crime can be traced to the common law offense of larceny by trick. In Pear's Case, decided in 1779, the English court found the defendant committed a larceny when he rented a horse by telling its owner that he would use it for a short trip when in fact he intended to take it to another town and sell it. The lie, coupled with the taking of property, amounted to the larceny.

The term "fraud" has taken on a life of its own in federal prosecutions. The mail and wire fraud provisions, frequently used in white-collar crime cases, now cover bribery and even the prosecution of a lawyer for not disclosing that he assisted a competitor of his firm's client. The statutes have been charged in conjunction with §10(b) to pursue insider trading cases, perhaps the paradigm form of securities fraud today. The cases in which the government charges fraud focus on the deception inherent in the conduct. Yet, while fraud certainly incorporates deceit as a core facet of the crime, that alone is not enough for a violation.

The securities fraud charge against Reyes and Jensen details a pattern of fabricated documents and non-disclosure to Brocade Communications' board and audit committee. The deception involves the award of stock options in which Reyes is accused of changing the starting dates for newly hired employees so that their options would be worth more. If proven, the defendants probably violated the securities law provision making it illegal for any person to "knowingly falsify any book, record, or account" of a company with publicly traded stock. What is missing from the government's charge, however, is any sense of larceny -- the taking of someone's property -- that moves the case from a books-and-records violation to securities fraud.

In a statement announcing the charges, SEC Chairman Christopher Cox assailed the backdating of options grants, asserting that "it makes a hash of the financial statements. It is poisonous to an efficient marketplace." He is right, but that alone does not necessarily make such conduct into securities fraud. Much of the discussion about the options-timing practices at companies has assumed that it was done for a nefarious purpose, but as the SEC Commission's Paul Atkins noted, "Backdating of options sounds bad, but the mere fact that options were backdated does not mean that the securities laws were violated."

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The problem with the securities fraud charge is that neither defendant received any of the options connected to the backdated documents, and they apparently employed this device to attract employees during the tech bubble when potential hires were routinely lured away by competitors. The federal prosecutors assert in their criminal complaint that "it is not necessary that the defendant made a profit or that anyone actually suffered a loss" for securities fraud. That is certainly a correct statement of the law, but it is too narrow in explaining the crime, especially one derived from larceny. Whether a defendant's scheme succeeds or not, a charge of fraud normally alleges at least an intended gain by the defendants and, usually, a related loss suffered by the victims.

It is hardly a defense to the charge against Reyes and Jensen that other Silicon Valley companies engaged in similar practices; that is an excuse that did not work back in kindergarten, and probably does not today despite arguments by defense lawyers to the contrary. But if securities fraud is understood against the background of theft, then the government needs to show some gain, actual or intended, from the deception. What I find missing in the allegations against Reyes and Jensen is a personal benefit to make their case something akin to larceny.

The government's complaint does allege that Brocade Communications suffered a loss from the restatements of its financials, to the tune of perhaps $1 billion. But the defendants surely never gained anywhere close to this amount, and while their practices triggered tax and other liabilities for the company, those appear to be more the by-product of a misguided plan to entice employees with valuable stock options than a conscious decision to defraud Brocade Communications and its shareholders.

In the end, the government has found the lie -- the backdated documents -- and identified a loss to the company in its restatement, but the link between them is not necessarily fraud. If Reyes had backdated the options to increase his compensation, then it might be an easier case of securities fraud, although managerial gluttony is not a criminal offense, at least not yet. While the concept of fraud is certainly flexible, as witnessed by the variety of cases in which the government has prosecuted it successfully, "securities fraud" still requires prosecutors to prove that the defendants used a "manipulative or deceptive device or contrivance" to defraud a victim. Lies alone will not turn misconduct into fraud.

Peter J. Henning is a professor of law at Wayne State University Law School in Michigan. Before joining the law faculty, he was a trial attorney in the fraud section of the U.S. Department of Justice Criminal Division and a senior attorney in the division of enforcement at the U.S. Securities and Exchange Commission.

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Ex-executive Pleads Guilty (CO)

By Steve Lyttle

The Charlotte Observer, July 27, 2006

David N. Anderson, a former Senior Vice President and General Manager of LendingTree, has agreed to plead guilty to charges stemming from an insider trading investigation, the U.S. Justice Department reported this morning.

U.S. Attorney Gretchen Shappert said Anderson agreed to a guilty plea of making material false statements to the U.S. Securities & Exchange Commission.

He had been indicted April 4 on six counts, including witness tampering, conspiracy and making false statements.

The charges stemmed from an insider-trading investigation connected to the purchase of LendingTree, a Charlotte-based lending firm, by USA InterActive Corp. in 2003.

Anderson had been accused of improperly disclosing information prior to the deal's announcement. The company suspended him.

Shappert said Anderson has acknowledged providing what the government described as "nonpublic information regarding LendingTree's merger negotiations with two subordinate employees at Lending Tree."

"Those two individuals subsequently purchases tens of thousands of dollars of LendingTree stock and options prior to the May 5, 2003, announcement of LendingTree's acquisition by USA Interactive Corp.," the U.S. attorney said in a press release.

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In addition, Shappert said, Anderson acknowledged that in an Aug. 7, 2003, telephone interview with the U.S. Securities & Exchange Commission enforcement staff, he falsely told the SEC that he had not provided that information.

Anderson faces a maximum sentence of five years in prison and a $250,000 fine. A sentencing date has not been set.

Four other former LendingTree executives have pleaded guilty to insider trading.

Lying To In-House Counsel May Lead To Prosecution (NLJ)

By Timothy P. Harkness And Darren LaVerne, The National Law Journal

National Law Journal, July 27, 2006

DOJ views false statements to private attorney investigators as a form of obstruction of justice

Even the most naïve of witnesses typically understands that lying to a prosecutor, FBI agent or regulator is a crime. What even sophisticated witnesses don't tend to know, however, is that lying to private attorneys can also lead to criminal prosecution. Recent developments confirm that the U.S. Department of Justice views the obstruction of justice laws as reaching conduct that many had considered to be without criminal consequence.

In September 2004, a grand jury in the Eastern District of New York indicted Sanjay Kumar and Stephen Richards, the former chief executive officer and head of worldwide sales at Computer Associates International Inc. Five months earlier, prosecutors had persuaded three other Computer Associates executives to plead guilty to a novel obstruction of justice charge, predicated on statements the executives had made to company counsel in the course of an internal investigation. Now the government had advanced that same theory to indict Kumar and Richards, both of whom seemed prepared to challenge it.

The indictments alleged that Kumar and Richards had violated 18 U.S.C. 1512(c)(2) -- an obstruction statute enacted in the wake of the Enron scandal -- by lying to lawyers hired by Computer Associates after the U.S. Attorney's Office and the U.S. Securities and Exchange Commission had launched investigations. According to the indictment, when the defendants were interviewed by the lawyers, they "knew, and in fact intended, that the Company's Law Firm would present [Kumar's and Richards'] false justifications to the United States Attorney's Office, the SEC, and the FBI so as to obstruct and impede" the government's ongoing and publicly disclosed investigation of Computer Associates.

Given that internal investigations -- and the practice of sharing information gathered during those investigations with federal regulators and prosecutors -- have become a standard practice, the implications of the Computer Associates indictments were significant. The possibility that lying to an attorney, hired by a defendant's employer and acting in a purely private capacity, could lead to criminal charges contributed to growing concern within the criminal defense bar that the government was effectively transforming company lawyers into an arm of the state.

Two recent developments -- a ruling on Kumar's and Richards' challenge to the obstruction of justice counts and an indictment in another case, containing a similar obstruction count, in the Southern District of Texas -- confirm that this issue remains very much alive. As prosecutors increasingly rely on internal investigations to gather evidence, employees should be aware that statements made to company counsel could, under certain circumstances, expose them to criminal prosecution.

THE DECISION IN 'KUMAR'

Kumar and Richards were charged with obstruction of justice under 18 U.S.C. 1512(c), a provision added to the obstruction laws in 2002 by the Corporate and Criminal Fraud Accountability Act, which was enacted as Title VIII of the Sarbanes-Oxley Act, Pub. L. No. 107-204 (2002). Section 1512(c) provides that "[w]hoever corruptly (1) alters, destroys, mutilates, or conceals a record, document, or other object, or attempts to do so, with the intent to impair the object's integrity or availability for use in an official proceeding; or (2) otherwise obstructs, influences, or impedes any official proceeding, or attempts to do so, shall be fined under this title or imprisoned not more than 20 years, or both."

Subsection 1512(c)(2), it should be noted, criminalizes obstruction and attempted obstruction of "any official proceeding." Section 1515(a)(1) defines "official proceeding" for these purposes as, among other things, "a proceeding before a judge or court of the United States ... or a Federal grand jury" and "a proceeding before a Federal Government agency which is authorized by law."

Both men moved to dismiss the obstruction counts on the ground that there was an insufficient "nexus" between their alleged statements to the company's attorneys and an official proceeding. (The defendants also argued that §1512(c)(2) applies

only to tampering with documents and physical evidence, an argument not addressed in this article.) Their argument drew on the U.S. Supreme Court's decision in U.S. v. Aguilar, 515 U.S. 593 (1995), in which the court held that the defendant had been improperly convicted under a similar obstruction statute, 18 U.S.C. 1503, because there was no evidence that his statements to an FBI agent, at the time they were made, would likely be presented to a grand jury.

The conviction was infirm, the court held, even though the defendant was aware that a grand jury was sitting, and even if the defendant had intended that his statements to the agent would obstruct justice. Without the requisite "nexus" between the defendant's statements and a judicial proceeding -- which the Supreme Court defined as a showing that the defendant knew that the "natural and probable effect" of his statements would be to interfere with the proceeding -- the statute had not been violated. Id. at 599.

Kumar and Richards argued that because the indictment alleged (in their view) only that they had "made false oral statements to [Computer Associates'] attorneys with the knowledge that those statements might be recounted in an official proceeding and thereby impede it," the prosecution's theory, like the theory advanced in Aguilar, was "legally invalid" and therefore should be dismissed.

The government made three arguments in response. First, it claimed that it was "highly doubtful" that Aguilar's nexus requirement applied to §1512(c)(2). Congress had enacted the provision, the government argued, "to eliminate 'burdensome proof requirements' -- including the nexus requirement -- in obstruction prosecutions."

Second, the government contended that even if the nexus requirement applied, it is not an element of the offense and thus need not be alleged in the indictment.

Finally, the government argued that even assuming that nexus had to be alleged in the indictment, the counts against Kumar and Richards did allege facts sufficient to support the indictment: According to the government, the indictment alleged, for instance, that the defendants "knew and intended" that their misrepresentations would be passed on to participants in the government investigations, including grand jurors and SEC staff members.

THE COURT'S RULING

This past February, the district court denied the defendants' motions. See Order Denying Motion to Dismiss Counts Six and Seven of the Superseding Indictment as to Sanjay Kumar, Stephen Richards, U.S. v. Kumar, No. 04-cr-846, slip op. (E.D.N.Y. Feb. 21, 2006). The district court appeared to accept, at least implicitly, the defendants' view that §1512(c)(2) did contain a nexus requirement, and that that nexus had to be alleged in the indictment. Nonetheless, the court concluded that because the indictment alleged that the defendants "knew" their statements "would have the effect of obstructing and impeding Government investigations," it was legally sufficient and that a challenge would therefore have to await a trial. Id. at 9.

In reaching this conclusion, the court pointed to several paragraphs of the indictment in which the government had alleged that Kumar and Richards had made certain misrepresentations, not merely to company lawyers, but directly to representatives of the SEC, FBI and U.S. Attorney's Office. The court thus allowed the case to proceed, but did not specifically address whether the defendants could be held accountable under §1512(c)(2) for those statements they had made solely to company counsel.

Two months later, in April 2006, Kumar and Richards pleaded guilty to all counts in the indictment.

'U.S. V. SINGLETON'

Following the indictments in the Computer Associates case, prosecutors in the Southern District of Texas charged Greg Singleton, an employee of El Paso Corp., with violating §1512(c)(2) based on statements he made to El Paso's outside counsel in the course of an internal investigation. See U.S. v. Singleton, No. 4:04-cr-514-1 (S.D. Texas filed Nov. 17, 2004).

El Paso had been served with subpoenas from a federal grand jury and the Commodities Futures Trading Commission, and had received a data request from the Federal Energy Regulatory Commission. Each of these sought information about natural gas trades entered into by the company's traders. Soon thereafter, El Paso retained a law firm to determine whether traders at the company had been misreporting gas trades to industry publications in order to manipulate the price of natural gas -- an issue that had apparently become the focus of the CFTC and FERC investigations.

The law firm interviewed Singleton. During this interview, the indictment alleges, Singleton "did not disclose, falsely denied, and otherwise concealed that he had provided false information to trade publications." Second Superseding Indictment, at Count Ten ¶A.14. The indictment further claims that Singleton "believed that El Paso's Outside Lawyers would inform government

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agencies of his statement during the interview." According to the indictment, El Paso did in fact give a memorandum summarizing Singleton's interview to the CFTC, FERC and U.S. Attorney's Office.

The Singleton indictment does not claim that Singleton "intended" or "knew" that his statements would be supplied to a government agency conducting an official proceeding, but it asserts that he "believed" they would be, and thus alleges a link between his interview with company counsel and an official proceeding similar to that alleged in Kumar. As of this writing, Singleton has yet to challenge the government's theory that this allegation is sufficient to support an indictment under §1512(c).

THE FUTURE OF 1512(C)(2)

Until an obstruction case containing allegations such as those in Kumarand Singleton reaches trial, it will be unclear what lasting effect the government's use of §1512(c)(2) will have on internal investigations and white-collar prosecutions. Given the limited grounds for challenging an indictment, arguments regarding "nexus" will be better made at trial, when the strength of the government's evidence is at issue and the question of what the government must prove is more closely considered by the courts.

If, however, the government successfully argues that it does not have to prove, with respect to §1512(c)(2), that the defendant knew that the "natural and probable effect" of speaking with his employer's lawyer was to obstruct an official proceeding (i.e., that there was a "nexus"), the statute may have a dramatic impact on the government's ability to oversee and influence internal investigations. Without a nexus requirement, defense counsel will be forced to develop alternative arguments for a narrow construction of the word "corruptly," which is the only adjective in §1512(c)(2) that describes the mens rea element limiting the provision. The jurisprudence interpreting "corruptly" is not consistent, and will therefore be cold comfort to employees who want to understand their potential criminal exposure before they speak with company counsel, or, for that matter, with fellow employees who have agreed to provide assistance to the government as cooperating witnesses.

For now, what is clear is that the Department of Justice appears willing to test the limits of §1512(c)(2). This is no surprise. With increasing frequency, prosecutors and regulators rely on the work of privately retained internal investigators to supplement the government's own efforts. Yet those internal investigators have neither the power to subpoena nor the power to prosecute perjurers. For a prosecutor or regulator to rely on an internal investigation, he or she must be able to trust the statements that are made to counsel conducting the investigation. The government's extension of §1512(c)(2) to false statements given to internal investigators is one way to ensure that the gathered information is indeed trustworthy.

Of course, if the statute is applied too aggressively, and is deemed to capture conduct that is, at least in the defendant's mind, only tenuously connected to an official proceeding, the government's approach may ultimately prove self-defeating. The indictment of an employee based on statements to his or her employer's lawyers works to elide the distinction between private counsel, retained to serve the interests of the company, and governmental bodies, charged with enforcing criminal and regulatory laws. If employees believe that they cannot speak freely with company counsel, they may -- even at the risk of losing their jobs -- choose to speak to no one at all.

Timothy P. Harkness is a partner, and Darren LaVerne is an associate, in the litigation department of New York's Kramer Levin Naftalis & Frankel.

Investors' Class-Action Lawsuits Drop Sharply (WP)

By Brooke A. Masters

The Washington Post, July 27, 2006

Stock Gains, Governance Measures Cited

The number of new federal class-action lawsuits filed by disgruntled investors has dropped dramatically and is now at its lowest level since 1996, according to a new Stanford University study.

Only 61 new class-action shareholder lawsuits were filed in the first six months of 2006, compared with 111 in the first half of 2005. If the trend continues for the rest of the year, the 2006 totals will be 31 percent lower than the 182 lawsuits filed last year. The current six-month total is also 36 percent below the historical average for the entire 1996-2005 period, according to a report by the Stanford Law School Securities Class Action Clearinghouse in cooperation with Cornerstone Research.

Part of the decline almost certainly stems from the fact that the stock market was rising and had low volatility from 2005 through May 2006. Investors who are making money have little reason to sue.

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In addition, the lawyers at the country's largest class-action firm, Milberg Weiss Bershad & Schulman LLP, have been distracted because the firm is under indictment for fraud and has been fighting efforts by some corporate defendants to have it removed as lead attorney.

But one of the study's authors thinks there may be another reason: Companies have cleaned up their acts in the wake of corporate scandals that included the collapse of Enron Corp. and WorldCom Inc.

"It's possible that improved governance may have reduced plaintiffs' ability to allege fraud," said Stanford law professor Joseph Grundfest, who heads the clearinghouse. Still, he added that he continues to believe that Congress's major effort to improve corporate accountability, the 2002 Sarbanes-Oxley law, was too far reaching and too expensive to implement. "We could have achieved the gains of Sarbanes-Oxley at significantly lower cost," he said.

This year's decline comes even as federal investigators are digging into allegations of improperly backdated stock options at more than 80 companies. Only eight class-action suits stemming from that probe were filed from January to June, the study said.

The researchers said they think the options investigation has had only a limited impact because some of the allegations are beyond the statute of limitations and other angry investors may have taken their cases to state court where, unlike in federal court, plaintiffs don't have to show that the stock price fell when the alleged fraud was revealed.

It's not clear whether shareholders will launch another volley of lawsuits in the wake of the stock market's recent decline. "I'd like to see another year of data before we say there's a permanent shift," said John Gould, a Cornerstone vice president who worked on the study.

First Call Worry Amid Hedge Fund Boom: Privileged Access To Information (WSJ)

By Henny Sender And Anita Raghavan

The Wall Street Journal, July 27, 2006

In late 2002, the manager of Marshall Wace LLP, a large London hedge-fund firm, received two important phone calls from an investment bank that was about to unveil a client's offering of securities.

Such an offering would be of keen interest to investors. It could be expected to hurt the stock of the issuing company, French telecom giant Alcatel SA. That's because the securities could dilute existing shareholders' stakes.

Second in a series • Payday for Firms Is Never Far Away1

7/25/06

A call from an underwriter before an offering isn't a heads-up the average investor can expect, but hedge funds can. The private investment pools control so much cash -- some $1.2 trillion -- and trade so heavily that they can account for up to half of the daily volume on the New York and London stock exchanges. That makes them big sources of commissions for securities firms. The firms, in turn, court the funds by feeding them steady streams of trading ideas and information about stocks, bonds and what other financial-market participants are up to.

For regulators, this constant flow of information stirs concerns about unfair advantages -- or worse, possible illegal insider trading. And in the Alcatel case, investigators for a French securities regulator have asserted that Marshall Wace ordered a big sale of Alcatel shares about two minutes before the unveiling of the new securities offering. After the unveiling, the share price fell steeply.

Marshall Wace and three other hedge-fund firms "used privileged information to make substantial capital gains with certainty," said France's Autorité des Marchés Financiers, known as the AMF, in a preliminary, unpublished report 19 months ago reviewed by The Wall Street Journal.

Marshall Wace strongly denies that it traded on nonpublic information. It didn't sell until after the announcement of an Alcatel securities offering, Marshall Wace said, and a lawyer for the firm said this was supported by counterparties to the trades. The other hedge-fund firms the AMF cited, all London based, are Ferox Capital Management, GLG Partners LP and Meditor Capital Management. All declined to comment.

There have been other recent probes, as well, of whether hedge funds have misused inside information. Britain's Financial Services Authority, or FSA, has notified GLG and a star trader there of plans to fine them a total of $2.61 million for alleged

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improper February 2003 trading in Sumitomo Mitsui Financial Group. GLG declined to comment. The trader is appealing the decision.

"We have become increasingly concerned by the risks generated by institutions exploiting the information they legitimately receive for illegitimate purposes," Hector Sants, a managing director of the FSA, said in a speech last month, speaking generally. "We are now considering what enforcement action might be necessary in cases where there does appear to have been misuse of information."

In an earlier speech last year, Mr. Sants said that some hedge funds were "testing the boundaries of acceptable practice concerning insider trading and market manipulation." He added, according to a transcript: "It may not be simply a question of considering whether hedge-fund managers act inappropriately, but also whether their models (including the high commissions they generate and their trading methodology) may create incentives for others to commit market abuse."

Securities firms profit from hedge funds in more than one way. First, the commissions the funds pay are disproportionately large because the funds magnify their bets with borrowed money and rapidly turn over their holdings. Securities firms also provide various exotic investment products to the funds and lend them shares to sell short when they want to bet against a stock. "It's possible that hedge funds generate more than 50% of total revenues for some of the major brokerage houses," says a report soon to be released by Greenwich Associates, a consulting firm in Greenwich, Conn.

Regardless of the outcome of the investigation into trading in Alcatel shares, Marshall Wace's investment strategy illustrates the sort of symbiotic relationships between hedge funds and securities firms that concerns regulators. Marshall Wace has honed to a science the harvesting of trading ideas from securities firms -- recommendations such as to buy stock X or sell stock Y. It carefully assesses their marketplace value and links its commission business to this.

Marshall Wace manages $7 billion, in three hedge funds. The firm was set up nine years ago by Paul Marshall, a money manager, and Ian Wace, a brokerage-firm trader. Mr. Wace, an intense 43-year-old who never graduated from college, largely holds the investing reins. He often operates in cramped quarters among traders with just an ashtray marking his space.

At first, Marshall Wace proceeded much as many other hedge funds do: making bullish stock bets sometimes offset by bearish ones. But by 2001 the firm was finding it hard to unearth enough good investments, and returned some of investors' money to them.

Like other big funds, Marshall Wace received a steady flow of trading ideas from brokers that wanted its business. Mr. Wace hit on the notion of precisely tracking how well the ideas panned out. At his behest, a summer employee, Anthony Clake, now an executive at the firm, developed a computer model to do this.

Marshall Wace calls this strategy TOPS, for Trade Optimized Portfolio System. (It was TIPS at first, but the firm feared this might sound suspicious, said one person at the firm.) The program draws 800 to 900 ideas a day in London, according to a Marshall Wace executive. He said that globally, TOPS elicited about 500,000 trading ideas last year from 246 securities firms, including 2,200 individuals at those firms.

Stock salesmen at securities firms are asked to submit ideas and rate their degree of conviction about each one. They're asked to suggest how to allocate capital among the ideas. "All TOPS is a Hoover," said Mr. Wace. "It sucks in great quantities of ideas and tries to sieve out what is interesting."

Marshall Wace gives securities firms regular reviews showing how much profit their ideas generated and where they stand in its rankings, brokers said. It then directs most of its copious commissions to those whose ideas helped it most.

This setup gives the firms and their employees strong incentives to provide ideas that will pay off -- particularly since Marshall Wace trades so heavily. Brokers estimate Marshall Wace paid more than $250 million in commissions in both 2004 and 2005. It accounts for 2% to 3% of volume on European exchanges, a spokesman for Marshall Wace says. In 2002, Marshall Wace traded $15 billion face value of securities through Goldman Sachs Group Inc. alone, said a person familiar with the matter. Marshall Wace and Goldman wouldn't comment.

Some securities firms have internally debated whether they should participate in TOPS. At Morgan Stanley, senior stock executives and lawyers last year discussed whether the program could put the firm at risk of violating certain regulatory rules, according to a participant in the meeting and another person briefed on it. They said Morgan Stanley also was concerned about

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making sure that orders placed by its other clients stayed confidential and didn't get whispered to Marshall Wace in exchange for its fat commissions. Traders at the firm say it has continued to participate in Marshall Wace's system.

Marshall Wace is aware of the regulatory minefield. In an internal document for a broker presentation two years ago, it spelled out its policies in a section called "Trade Ideas that Raise Cautionary Flags." The document said Marshall Wace wouldn't trade on brokerage firms' investment research and ratings changes before these become publicly available. It also wouldn't use trading ideas that were based on confidential orders from securities firms' other clients.

What about information that is based on private conversations or meetings with companies? "Maybe, if already in public domain," said the document.

How about information about significant corporate events that are imminent but not yet disclosed? "Maybe, if based on independent research," it said.

Marshall Wace says its system, far from raising the danger of trading on nonpublic information, actually reduces that risk. After all, the program generates "a full audit trail of all idea flow received," Mr. Wace said through a spokesman. As a result, he said, the system amounts to "a substantial improvement in the compliance procedures."

Marshall Wace "has access to the same information as every other fund-management firm," Mr. Wace said. "It is just that we have designed a process to collect more of it, more efficiently, and collate, measure and implement any part of it more effectively."

Nonetheless, French regulator AMF in late 2004 pointed to what it considered possible use of nonpublic information by Marshall Wace at the time of the Alcatel issuance of new securities. The AMF's preliminary report was a notice to recipients that action might be taken against them.

It described a December 2002 phone call to Mr. Wace from Philippe Guez, then an official responsible for trading in French and Spanish shares at Deutsche Bank AG. The two had once been Deutsche Bank colleagues.

The report said Mr. Guez called to gauge Mr. Wace's appetite for investing in a possible issuance of new securities by Alcatel. The report said Mr. Guez then told Mr. Wace that their conversation meant Mr. Wace now had inside information and thus was barred from trading in Alcatel before any announcement of an offering of Alcatel securities. Such calls by an underwriter -- Deutsche Bank's role vis-à-vis Alcatel -- are a legitimate technique known as "testing the market." It helps underwriters determine the proper size and shape of a securities offering and how to price it.

Mr. Wace doesn't dispute this part of the AMF's account of events, said a Marshall Wace executive. Mr. Guez declined to comment.

The AMF report said the call to Mr. Wace was on the evening of Dec. 11, 2002, or the next morning, Dec. 12. Late in the afternoon of Dec. 12 came an announcement that Alcatel would offer between $640 million and $835 million of bonds convertible into new Alcatel stock. Sometime close to this announcement -- the exact timing is at issue -- Mr. Wace ordered a sale of 2.2 million Alcatel shares.

The AMF report said Mr. Wace told the agency that he placed sell orders at "the instant of the announcement." The AMF report, however, contended that he did so about two minutes earlier, after receiving a second call from Deutsche Bank. The AMF report said that a bank official named David Maslen made this second call, from a cellphone, and that Mr. Maslen confirmed he'd spoken to Mr. Wace.

According to the AMF report, Mr. Wace placed sell orders for 400,000 Alcatel shares each with J.P. Morgan Chase & Co., Credit Suisse Group and the Banc of America Securities unit of Bank of America Corp., and ordered a million-share sale through Goldman Sachs.

The announcement of an Alcatel convertible-bond offering came at 5:14 p.m. Paris time that day. J.P. Morgan placed the sell order from Marshall Wace at 5:12 p.m., said the AMF report. This was the same time as the report said Mr. Maslen called Mr. Wace -- and a crucial two minutes before the bond announcement.

The AMF report said Marshall Wace had "provided time dating of orders that was not in accordance with the reality of making the orders." It added that, "having been in a position of privileged information, Mr. Wace made a decision to make four orders simultaneously expecting that the issue would be publicly announced." The AMF drew up its report in November 2004.

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According to a Marshall Wace filing to the U.S. Securities and Exchange Commission, J.P. Morgan "subsequently discovered [the 5:12 order time] to be incorrect and have written to the AMF to correct this. They have confirmed that the order in question was passed after the announcement of the bond transaction and apologised for the incorrect submission, which they believe is due to unsynchronised time clocks on different front office systems."

Time-stamping of trades often is inexact, traders say. Trade times aren't always clocked instantly, especially those put in manually, as many were in 2002, said Mark Edwards, a trading specialist at Investment Technology Group, a brokerage firm in Los Angeles. Moreover, many hedge-fund traders say they first phone in orders and agree on price, and only later do parties to a deal get around to time-stamping the orders.

Marshall Wace maintains it didn't jump the gun on any of the trades. They "were only placed by [Marshall Wace] after the announcement by Alcatel S.A. of the convertible bond issue," and Marshall Wace "has received confirmation of this fact from all the counterparties concerned," said a statement from Schillings, a London law firm representing Marshall Wace. The firm added that it's Marshall Wace's understanding that the counterparties have provided this information to the AMF.

Goldman Sachs has told Marshall Wace it didn't receive the sell order until the bond announcement, according to a person familiar with the situation. Banc of America Securities and Credit Suisse declined to comment.

Alcatel shares, already declining for a few minutes before the bond announcement, slid still more afterward. They fell 15.6% in the final 16 minutes of trading in Paris after the announcement, the AMF report said. It added that Marshall Wace made a profit of about $672,000 on its trades. In all, the report said, the four hedge-fund firms made $2.6 million to $3.5 million on trades the report alleged were done using privileged information.

Marshall Wace invested heavily in the Alcatel convertible bonds, buying about $127 million of the offering, said an executive of the hedge-fund firm.

Following French procedure, the AMF has referred its allegations to a prosecutor and named one of its own officials to oversee the matter. This official will eventually present the AMF's findings in another report, to be followed by a hearing before a sanctions commission. If the commission calls for penalties against the hedge-fund firms, they can seek a review by the Paris Appeals Court.

As for Deutsche Bank, the bond underwriter whose employees called Mr. Wace before the offering, the AMF said: "This ongoing sanction case involves Deutsche Bank as well as various hedge funds." Although sounding out potential buyers before an offering is legitimate, the AMF report said Deutsche Bank had failed to "observe the requirements relating to testing the market," and said "this investigation was made difficult by the uncooperative attitude of Deutsche Bank."

Some securities lawyers said that while Deutsche Bank's first call to Marshall Wace would have been a justifiable testing of the appetite for Alcatel bonds, the second one -- just minutes before the announcement -- would lack this purpose and thus could be problematic. Deutsche Bank declined to comment.

A Settlement Over Global Crossing (WSJ)

The Wall Street Journal, July 27, 2006

NEW YORK -- Goldman Sachs Group Inc. and 25 other financial firms reached a $99 million tentative settlement with investors who bought securities of Global Crossing Ltd. in 2001 and 2002.

Investors alleged that the financial firms committed securities fraud by selling shares of the telecom provider, which filed for bankruptcy-court protection in January 2002 under the weight of more than $12 billion in debt. The company emerged from bankruptcy in 2003.

U.S. District Judge Gerard Lynch set a fairness hearing for the settlement, essentially approving a pact agreed to by the firm and class-action lawyers.

Goldman will pay $42.1 million, the largest single contribution, according to a stipulation of settlement in the case. The next largest amounts are $19.2 million from Merrill Lynch & Co. and $6.7 million from investment-banking units of Credit Suisse Group.

Representatives for Merrill and Credit Suisse declined to comment, and a Goldman spokesman didn't return calls.

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Shareholders led by two public pension funds in Ohio have settled all bank-related cases against Global Crossing, said Jay Eisenhofer, whose law firm, Gran & Eisenhofer, represented the plaintiffs.

CRIMINAL LAW:

Court Grants Stay In Jefferson Case (HILL)

By Josephine Hearn

The Hill, July 27, 2006

A panel of federal appellate judges temporarily barred Justice Department investigators from seeing materials seized in a May 20 raid of Rep. William Jefferson's (D-La.) Capitol Hill office.

The court issued an administrative stay to keep the materials sealed until it has the opportunity to rule on a motion filed by Jefferson to seal them for a longer period while he exhausts all appeals.

Jefferson is the target of a federal corruption investigation.

Judges Delay Investigation Of Congressman (AP)

By Toni Locy

AP, July 26, 2006

WASHINGTON - A federal appeals court on Wednesday temporarily delayed a Justice Department bribery investigation of a Louisiana congressman while he challenges the legality of an unprecedented FBI raid on his Capitol Hill office.

The decision by two members of a three-judge panel means the Justice Department cannot begin a review set to begin Wednesday of more than a dozen computer hard drives, several floppy discs and two boxes of documents seized during a May 20-21 raid on Democratic Rep. William Jefferson's Rayburn Building office.

"The purpose of this administrative injunction is to give the court sufficient opportunity to consider the merits of the motion for a stay pending appeal and should not be construed in any way as a ruling on the merits of that motion," wrote Judges Janice Rogers Brown and Thomas B. Griffith of the U.S. Court of Appeals for the D.C. Circuit. The identity of the third judge is not known.

Attorney General Alberto Gonzales had set a Wednesday deadline to allow a special review team of prosecutors and FBI agents to begin culling through the evidence seized during the controversial raid on Jefferson's office.

The overnight search - which lasted 18 hours - was part of a 16-month international bribery investigation of Jefferson, who allegedly accepted $100,000 from a telecommunications businessman, $90,000 of which was later recovered in a freezer in the congressman's Louisiana home.

Jefferson's appeal challenges a ruling earlier this month by Chief U.S. District Judge Thomas F. Hogan, who upheld the legality of the raid, saying that barring searches of lawmakers' offices could turn Capitol Hill into "a taxpayer-subsidized sanctuary for crime."

According to a government court filing last week, Jefferson also is under investigation in "at least seven other schemes in which the congressman sought things of value in exchange for his performance of official acts."

Jefferson wants the appellate court to allow him to look at the seized materials before the special review team to determine whether any of the documents fell into the category of legislative privilege.

But the Justice Department opposes allowing a congressman to screen evidence that could be used against him. Instead, the department has agreed to give copies of all the seized materials to Jefferson so he can then raise objections with a judge about their use in the investigation.

In his ruling, Hogan rejected requests from Jefferson and a bipartisan group of congressional leaders to return the seized materials, saying the raid did not violate the Constitution's protections against intimidation of elected officials.

At issue is a constitutional provision known as the speech or debate clause, which protects elected officials from being questioned by the president, a prosecutor or a plaintiff in a lawsuit about their legislative work.

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Investigators had held off on reviewing the records because the outcry on Capitol Hill after the raid was loud enough for President Bush to order the solicitor general to take custody of the seized materials until Congress and the Justice Department could work out procedures for future raids on congressional offices.

Jefferson has been under investigation since March 2005 for allegedly using his position to promote the sale of telecommunications equipment and services offered by iGate, a Louisville-based firm, that sought contracts with Nigeria, Ghana and other African nations.

In return for his help, Jefferson allegedly demanded stock and cash payments. Jefferson has not been charged and has denied wrongdoing.

ON THE NET

U.S. Court of Appeals for the D.C. Circuit: http://www.cadc.uscourts.gov

FBI Review Of Jefferson Evidence Delayed (MSNBC)

MSNBC.com, July 27, 2006

Temporary injunction issued to allow court time to consider stay request

WASHINGTON - The D.C. Circuit Court of Appeals today granted embattled Congressman William Jefferson, D-LA, a small victory, by way of an administrative injunction, temporarily preventing FBI agents from sifting through documents seized from his Capitol Hill office in May. The document review was to begin today.

The decision - by two members of a three-judge panel - means the Justice Department cannot begin a review of more than a dozen computer hard drives, several floppy discs and two boxes of documents seized during a weekend raid on May 20-21. That raid on a congressman's office was the first in U.S. history.

The overnight search - which lasted 18 hours - was part of a 16-month international bribery investigation of Jefferson, who allegedly accepted $100,000 from a telecommunications businessman, $90,000 of which was later recovered in a freezer in the congressman's Louisiana home.

Story continues below ? advertisement

The Court, responding to an emergency motion by Jefferson's attorney, writes, "that appellee be enjoined from resuming its review of the material seized from Congressman William J. Jefferson's office pursuant to a search warrant executed on May 20, 2006, pending further order of the court."

The ruling states that the purpose of the administrative injunction is to give the court sufficient opportunity to consider the merits of the motion for stay pending appeal.

The judges underscore that their ruling, "should not be construed in any way as a ruling on the merits of that motion."

Previous ruling

Last week, District Court Judge Thomas Hogan ruled that materials seized in the FBI raid can be reviewed by a "filter team" of FBI agents. The filter team is not connected with the prosecution team investigating bribery allegations surrounding the congressman.

This team would review records to determine if they were responsive to the items listed in a court warrant authorizing the search. The team also will give Jefferson an opportunity to examine the seized materials and seek a court ruling on any claims of confidentiality by the congressman or the House of Representatives regarding particular documents.

Judge Hogan did not agree with a stay order, effectively stopping any executive branch review of the seized items, because he said, it "would harm the public's interest in a prompt and final outcome of the Government's investigation of serious crimes involving a sitting United States Congressman running for reelection in November."

Congressional opposition

Jefferson and the House leaders had vigorously argued that the search of a Capitol Hill office was unconstitutional because FBI agents had combed through "protected" material during their 18-hour search for evidence.

Attorneys for the bipartisan leadership of the House have said, they "are seriously considering" filing a brief with the Appeals Court this week opposing a ruling by a judge on documents seized from Louisiana Democrat William Jefferson's office.

The House Counsel has opposed the search of Rep Jefferson's Capitol Hill offices, saying it was unconstitutional. The House lawyers are now weighing whether to challenge a federal judge's order allowing FBI agents to examine materials seized in a weekend raid in May of Jefferson's Capitol Hill offices.

House Speaker Dennis Hastert said on Sunday he believed Jefferson, was "in big trouble" and that the House would not be joining in support of Jefferson himself. But he said the House separately might seek to make clear its position that the Justice Department cannot randomly and wantonly search lawmakers' offices. Hastert also said FBI agents should be able to search for documents on any criminal aspect, but that they do not have a right to "take all your records," such as confidential tax forms.

Jefferson, according to court documents, is being investigated concerning allegations that he solicited and accepted bribes to help promote a cable television and Internet business in West Africa.

The congressman has not been charged and has insisted he has an explanation for all the allegations. Jefferson has repeatedly predicted he will eventually be cleared of all wrongdoing.

Joel Siedman is an NBC Producer based in Washington, DC.

Child-prostitution Cases Reveal Cruel Underworld (USAT)

By Judy Keen, Usa Today

USA Today, July 27, 2006

CHICAGO — A harrowing picture of the seamy world of child prostitution is emerging in court documents stemming from a nationwide crackdown that has produced 543 arrests and 94 convictions.

Women have told investigators they started working as prostitutes for a suburban Chicago man, Jody Spears, when they were 16 and 17, according to an FBI affidavit filed in U.S. District Court here this week. "So what? Some of my best girls were minors," Spears is quoted saying in the affidavit.

Witnesses, whose names are not used, said Spears took them to New York, Las Vegas and Honolulu.

The case here is part of "Innocence Lost," a project launched in 2003 by the Justice Department. The FBI set up 14 task forces in cities with the most reports of child prostitution; now the task forces are in 27 cities, says Drew Oosterbaan, chief of the Justice Department's child exploitation section.

Legal filings in other "Innocence Lost" cases reveal how pimps recruit and abuse teen prostitutes:

• A Chelsea, Mass., woman, Evelyn Diaz was charged this month with recruiting girls who were 13, 15 and 16 to work as prostitutes. FBI special agent Tamara Harty testified that one girl, 13 at the time, told agents that Diaz took her shopping and to restaurants, then to clients in New York.

• Juan Rico Doss of Reno was convicted last month of recruiting girls 14 and 16 to work as prostitutes in California. They were told to lie about their ages if arrested.

• In Detroit, four Ohio residents were charged in December with holding girls as prisoners and making them call their pimp "Daddy."

• Indictments of 16 people in Harrisburg, Pa., in December alleged that one 12-year-old girl was forced to have sex to pay for her grandfather's crack cocaine.

The indictments also said pimps from Toledo, Ohio, bought women from one another and beat them if they didn't make enough money.

Of more than 100 prostitutes identified in that investigation, more than 20 were underage; the youngest was 13. Many were rotated through rest areas and truck stops from California to Maryland.

The maximum sentence for sex trafficking is life in prison.

"Innocence Lost' will continue, Oosterbaan says. "When I see cases cropping up in places like Harrisburg," he says, "that suggests that the problem is more pervasive than people might think."

Norma Hotaling, founder of the SAGE Project in San Francisco, which counsels victims, once got calls only from large cities asking for help creating programs for former child prostitutes but now hears from small cities. "It's like a virus, it doesn't just go away." She says there's too little federal funding to help women make the "long journey" back from prostitution.

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Celia Williamson, a professor of social work and prostitution researcher at the University of Toledo, says the crackdown "shocks the community" and prompts discussion about "modern-day slavery."

In Toledo, she says, 48% of adult street prostitutes started when they were younger than 18. A 50-member roundtable of police, social service workers, health care providers, former prostitutes and others meets there monthly to find better ways to intervene.

Various studies say 300,000-800,000 youths are at risk of sexual exploitation. Hotaling says the crackdown is a first step toward dealing with the problem.

"Everything has been done so wrong in the past," she says. "We arrest children for their own sexual abuse and their own rape. We don't provide any services. We let them out (of jail) to their pimps."

Prosecutors: Wife Behind Husband's Killing (AP)

By Ramesh Santanam, Associated Press Writer

AP, July 27, 2006

HERMITAGE, Pa. - In the days after her millionaire husband was killed, Donna Moonda told her story on the TV news: A stranger approached the couple's Jaguar on the shoulder of an Ohio highway, took her husband's wallet, then shot him in the head.

"I heard the most horrible voice that I'll never, ever forget telling him, `Give me your wallet and get in the car,'" she calmly related, acting out for the camera how the killer went eye-to-eye with her husband.

Now, in a film-noir twist, prosecutors say that the stranger was no stranger but Moonda's lover - a man she met in drug rehab - and that she promised him millions to kill her 69-year-old husband, Dr. Gulam Moonda.

This week, Donna Moonda, 47, was charged in federal court in Ohio with interstate stalking that resulted in death after the man with the "horrible voice," Damian Bradford, 25, admitted he was the triggerman and agreed to testify against her. She plans to plead not guilty, her attorney said.

Gulam Moonda, who lived in Hermitage, along the Ohio line, was killed May 13, 2005, after his wife pulled off the Ohio Turnpike near Cleveland, supposedly to let her husband take the wheel.

Gulam Moonda emigrated from India to study medicine and in 1971 became the first urologist in Sharon, a Pennsylvania city of about 16,000. Colleagues remembered him for his friendliness, generosity and great bedside manner - a man who would hang up his patients' coats as they arrived at his office.

When he met his wife-to-be, she was working in a doctor's office. She later became a nurse anesthetist. Friends say they dated about 10 years before marrying in 1990.

"She liked to dress in expensive clothes, liked to shop. He loved her and treated her like a princess," said Dr. Ravindra Sachdeva, a surgeon who frequently dined with the Moondas and one of his closest friends.

In 2004, however, Donna Moonda was sentenced to rehab after pleading no contest to stealing the painkiller fentanyl from the hospital where she worked. It was in rehab that she met Bradford, a low-level cocaine dealer from suburban Pittsburgh.

Moonda bought Bradford expensive gifts and paid for his apartment, authorities say. And soon after, they allege, she asked him to kill her husband.

Donna Moonda had signed a prenuptial agreement that limited her to only $250,000 in a divorce. The doctor's will, however, promised her millions plus $676,000 in insurance policies and their home.

On the day of the killing, Donna Moonda gave Bradford a map of the route the couple planned to take, and sent him a text message when they left home, authorities say.

After Donna Moonda pulled over, Bradford stopped in a car behind them, demanded the doctor's wallet and shot him. Bradford then drove to the next turnpike exit, turned around and arrived late to a Narcotics Anonymous meeting near his home. The wallet was found months later on the side of the turnpike.

Bradford and the doctor's widow emerged as suspects within days of the killing. People at the rehab center told police that the couple were in a serious relationship and that she was trying to leave her husband.

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Also, authorities say Donna Moonda gave conflicting statements about the shooting, misled a motorist who stopped to help about the severity of her husband's condition, and could not give police a good description of the gunman or his car.

Bradford was arrested on drug charges following a search of his home a week after the slaying. He was already on probation for receiving stolen property. He admitted his role in the shooting and agreed to testify against Moonda to avoid a life sentence.

Moonda had described the gunman as a thin, short man dressed in black; she said she could not tell his race. Bradford is a ruggedly built black man, 6 feet tall.

Five days after Gulam Moonda's death, his wife sat down in her living room with a reporter from KDKA-TV in Pittsburgh and talked about what happened. She dabbed her eyes as she recalled the holdup.

"When he died that night, I did, too," she said. "He was always helping everybody and I tried, but I couldn't help him."

Associated Press writer Joe Milicia in Cleveland contributed to this report.

S.C. Sex Offender Found With Missing Teens In Florida (AP)

AP, July 27, 2006

DAYTONA BEACH, Fla. - A registered sex offender on South Carolina's Ten Most Wanted list was found Wednesday with five missing teens in a hotel here, police said.

Allen Lee Biddix, 18, was convicted as a juvenile in 2002 of first-degree criminal sexual conduct with a minor age 11 or younger, according to the South Carolina Law Enforcement Division's online sex offender registry.

Biddix left Marion County, S.C., sometime around July 17 with three girls and two boys, said Tim Stec, a spokesman for the U.S. Marshals Service. The girls are 13, 14 and 15, Stec said. Both boys, who are twin brothers, are 15.

Biddix was arrested on a fugitive warrant for contributing to the delinquency of a minor, Daytona police said.

The two boys were taken to the Department of Youth Services on a court custody order from South Carolina and detained for extradition.

The girls were released to their parents or guardians and headed back to South Carolina, police said Wednesday afternoon.

Wanted Man Shot By FBI Agent During An Arrest Try (MH)

By Diana Moskovitz

The Miami Herald, July 27, 2006

An FBI agent shot a suspect in the arm Wednesday while trying to arrest him on an attempted-homicide warrant.

Brenton Doe, 22, was wanted in a crime that occurred Monday and for having a firearm as a convicted felon, Fort Lauderdale police Sgt. Bill Schultz said.

The FBI is reviewing the shooting, agency spokeswoman Judy Orihuela said. FBI agent Paul Russell, who shot Doe, will keep his regular job during the review.

"We need to conduct all the interviews and see what happened," Orihuela said.

Russell was with the FBI Fugitive Task Force in South Florida.

Police officers and FBI agents had pulled over Doe in the 2900 block of Northwest 25th Street when he was shot. They had pursued him after someone tipped them to his presence in the area about 12:57 p.m., Schultz said.

After he was shot, Doe took off in a black Chevy Lumina, Schultz said.

The car crashed a few blocks away when Doe made a tight turn from Northwest 29th Avenue to 23rd Street and crashed into a roll-off dumpster truck parked in the street.

A police officer following Doe crashed into the back of the Lumina.

"We were blessed the truck was there, and there were no children in the street," neighbor Tameika Brown said.

The truck had arrived only a few minutes earlier, its owner parking it along the street in front of his house, Brown said.

Doe got out of the car and ran south. He was caught a few blocks away.

Doe was taken to Broward General Medical Center for treatment and released Wednesday evening.

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Doe had been arrested eight times, dating back to 1996. In 2004, he was convicted of aggravated battery on a law enforcement officer, resisting or obstructing an officer with violence and resisting or obstructing an officer without violence.

Doe served two years in prison from 2004 to 2006, according to the Florida Department of Corrections.

Freelance photographer R.C. White and Miami Herald staff writer Wanda J. DeMarzo contributed to this report.

Attempted Murder Suspect Shot By FBI Agent In Fort Lauderdale (FLSUNSEN)

By Sofia Santana, South Florida Sun-sentinel

South Florida Sun-Sentinel, July 27, 2006

FORT LAUDERDALE -- A man who Fort Lauderdale police said is a suspect in a recent attempted murder is in surgery at Broward Medical Center, hours after he was shot in the arm by an FBI agent who was trying to arrest him, authorities said.

Investigators linked Brenton Doe, 22, of Fort Lauderdale, to a July 24 incident and Wednesday afternoon learned he might be in the neighborhood just south of W. Oakland Park Boulevard, near Martin Luther King Jr. Ave., said Fort Lauderdale Sgt. Bill Schultz.

Police officers and FBI agents who are part of the FBI Wanted Fugitives task force spotted Doe about 1 p.m.in a black Chevrolet Lumina and chased him, but Doe then crashed into a tow truck while turning onto NW 23rd Street and 29th Terrace, and a police car subsequently crashed into the Lumina, Schultz said. That's when Doe was shot, but it was not immediately known why the agent fired or if Doe was armed.

The FBI and Fort Lauderdale Police are investigating the incident and said they could not provide more specific details because it was early in the investigation.

"We would be speculating because we haven't finished all out interviews," said FBI spokeswoman Judy Orihuela.

Boston Police Offices Waive Miami Extradition Hearing (BRAH)

The Bradenton Herald, July 27, 2006

MIAMI - Three Boston police offices arrested in Miami on federal drug charges waived extradition hearings Wednesday, clearing the way for their return to Massachusetts.

Roberto Pulido, 41, Carlos Pizarro, 36, and Nelson Carrasquillo, 35, were also ordered held without bond under an agreement with prosecutors, according to court records. They have not yet entered pleas to the charges.

The three are accused in a federal complaint of accepting $35,000 in exchange from protecting a shipment of cocaine from men they thought were Miami-based drug dealers but who were actually undercover FBI agents, according to court records. They were arrested last Friday in Miami.

The court documents also describe Pulido as the ringleader and accuse the group of numerous other crimes, including identity theft, smuggling illegal immigrants, money laundering and insurance fraud.

It was not immediately clear Wednesday when the three would be transported from Miami to Boston.

BPD Knew Feds Eyed Cop: Pulido Still Tapped For Elite Unit (BOSH)

By O'Ryan Johnson And Laurel J. Sweet

Boston Herald, July 27, 2006

Boston police brass transferred now-disgraced cop Roberto Pulido to the elite Special Operations Division knowing that he was being eyed by the FBI for allegedly stealing drivers' IDs and guarding drug-fueled after-hours hooker parties, acting Commissioner Albert Goslin said yesterday.

But Goslin said he signed off on the transfer to keep Pulido off-guard. "They understood my concern," he said of the FBI."They didn't know if it would or would not alert him to something. It was my decision to not alert him to any suspicion. I, quite frankly, didn't feel I was putting anyone in harm's way."

Pulido, 41, and Officer Nelson Carrasquillo, 35, were assigned to the Mobile Operations Patrol, part of Special Operations, in April 2005, where they also served as members of the entry team for high-risk raids.

The two men joined Special Ops as the unit was rebuilding its image after the Victoria Snelgrove shooting outside Fenway Park six months before.

"Guys are pissed," said one police source. "They're saying I can't believe I was doing raids with these people next to me and they're worse than the people we were going after."

Goslin said that as Pulido's alleged crimes grew and he recruited Carasquillo and District 4 Officer Carlos Pizarro, 36, those in the department with knowledge of the FBI investigation had plans to pull Pulido off certain assignments if he posed a risk.

"If there was ever an operation that was going to happen that he could have put at risk we would have redeployed him in another fashion," Goselin said.

In U.S. District Court in Miami yesterday, Pulido, Carrasquillo and Pizarro agreed to return to Boston to argue for bail and answer to cocaine charges.

Of the three, Pizarro - with three complaints - has the most checkered past within the department.

In October 2005, about the same time Carolyn Pleasant-Reid, 38, was dying of an asthma attack in her District 4 cell, Pizarro deactivated a prisoner-check alarm to avoid doing visual well-being inspections of inmates. As his action was never proven a factor in Reid's death, Pizarro was verbally reprimanded.

Police Corruption Suspect Failed A Drug Test In 1999 (BOS)

By Suzanne Smalley, Globe Staff

The Boston Globe, July 27, 2006

Officer Roberto Pulido, the alleged ringleader in the Boston police corruption case, tested positive for cocaine in a department-ordered drug test in 1999, two law enforcement officials with knowledge of the episode said yesterday.

However, department rules allowed Pulido, after a 45-day unpaid suspension and drug treatment, to resume his job. Under union-negotiated rules, officers have the right to keep their jobs, even if they test positive for drugs such as heroin and cocaine. That policy is more lenient than those of some other big city departments, and some community leaders and criminologists questioned it yesterday.

A department spokeswoman acknowledged that Pulido failed a drug test in 1999 and was reinstated after a suspension, but she declined to identify the drug, citing Pulido's right to privacy about health matters.

Yesterday in Miami, Pulido and two other Boston police officers facing federal drug conspiracy charges waived their rights to a detention hearing. They will be transported to Massachusetts in the next 10 days, said Assistant US Attorney Jeffrey Auerhahn. Pulido, 41, of Hyde Park; Carlos A. Pizarro, 36, of Boston; and Nelson Carrasquillo, 35, of Dorchester, are each charged with conspiracy to possess with intent to distribute 100 kilograms of cocaine.

They were arrested last Thursday in Miami by FBI agents posing as drug dealers when the three officers allegedly showed up to collect the final $35,000 of $50,000 in payments for guarding a cocaine shipment last month from Western Massachusetts to Boston.

They are likely to face additional charges, federal prosecutors say. In an FBI affidavit, one or more of the officers are also accused of stealing identities of unsuspecting motorists, trafficking in steroids, and guarding after-hours parties where uniformed officers mingled with prostitutes and drug users.

Attempts last night to reach a public defender appointed to represent Pulido were not successful.

Elaine Driscoll, spokeswoman for the Boston Police Department, said yesterday that the department takes illegal drug use seriously but has been constrained from strengthening the drug testing policy because of collective bargaining agreements with police unions.

Officers who fail drug tests are subjected to random tests for three years, Driscoll said, and are sometimes tested as often as twice a month. She also said the procedure in use by the department, which tests strands of the officer's hair, is significantly harder to beat than the urine tests used by many public agencies.

Amy Ambarik, a lawyer for the Boston police, said in an interview that the department is open to toughening its drug policy but would have to negotiate the changes with its unions. The unions, especially the politically powerful patrolmen's union, is known for resisting measures that broaden department oversight of officers.

``The BPD can't just decide today to unilaterally change our rule," Ambarik said.

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The Boston Police Patrolmen's Association president, Thomas J. Nee, did not return a call yesterday.

The specialists interviewed said that police departments vary widely in how they handle drug use by officers, but that a no-tolerance policy is best. It's not just potential impairment of officers that concerns them. It is also the worry that to obtain illegal drugs, police officers often must interact with criminals or their associates and can be compromised.

A model policy distributed to departments across the country by the International Association of Chiefs of Police calls for a stern response to the first offense.

``Any employee receiving a confirmed positive drug test result will be removed from duty pending a hearing for termination of employment," the model policy states.

Officials at the Los Angeles Police Department and the New York Police Department said yesterday that their officers are fired the first time they fail a drug test, even if the drug is marijuana.

``There's zero tolerance," said Officer April Harding, a spokeswoman for the LAPD.

Eugene O'Donnell, a professor at the John Jay College of Criminal Justice and a former New York City police officer, said there is good reason for such severe penalties.

``New York is unequivocal, and very veteran people are fired," he said. ``There's no rehabilitation; there's no second chance. I always have reservations, and then I see a case like Pulido and say, `Oh, there's the logic.' "

O'Donnell said that many police departments worry about an officer becoming vulnerable to a drug dealer, who could use knowledge of the officer's habit against him.

``You can't buy drugs in a department store," O'Donnell said. ``. . . There's a potential for serious misconduct, because the cop has an underground relationship with a drug dealer."

Maki Haberfeld, chairwoman of the department of law, police science, and criminal justice administration at John Jay and the author of books on police integrity, said she is troubled by the lack of a national standard for disciplining officers who use drugs.

``This is a profession where you should not be given a second chance in this particular area," she said. ``In policing, where other people's lives depend on them, you cannot tolerate drug abuse."

In Boston yesterday, Councilor at Large Stephen J. Murphy, chairman of the City Council's Public Safety Committee, said there should be no second chances for drug users on the police force.

``It's a flawed policy," Murphy said. ``They're our front-line law enforcement officers. They're not only violating department policies, but the law of the land. Adios! What if they're responding under the influence of drugs? They could endanger a lot of lives."

Pastor William E. Dickerson of the Greater Love Tabernacle in Dorchester agreed.

``I'm in the business of saving souls, and I believe people can be redeemed," he said. ``But it makes it very difficult when people are supposed to be upholding the law and they're violating it."

However, Darnell Williams, chief executive of Urban League of Eastern Massachusetts, said firing after one positive drug test is too severe.

``To just terminate someone for their first incident shows insensitivity to helping an employee get their life back on track," he said.

FBI Seizes Documents From A Monmouth Agency And Its Leader (NSL)

By Maryann Spoto And John P. Martin, Star-ledger Staff

Newark Star-Ledger (NJ), July 27, 2006

Federal investigators searched the offices of the Western Monmouth Utilities Authority in Manalapan and the home of its executive director in Marlboro yesterday as part of the ongoing corruption probe in Monmouth County.

Federal lawmen declined to comment, but the search warrants they executed yesterday appeared to be an outgrowth of the investigation that already has led to corruption charges or convictions against two dozen officials, contractors and public employees in Monmouth County. Like the others, the warrants were sought by prosecutors working in the public corruption division of the U.S. Attorney's Office.

A team of about a dozen officers from the FBI, Internal Revenue Service and Manalapan Police Department arrived at the utilities authorities headquarters shortly after 6 a.m. Around 1:45 p.m., agents and police officers carried out four large white cardboard boxes with "WMUA" scrawled on them.

As office employees arrived for work yesterday, they were told police would be working at the building. Eventually they were sent home by an office manager.

A second team of agents went to the Norma Court home of Frank Abate, executive director of the utilities authority, at around 6 a.m. and remained there for nearly six hours.

"Somebody made an allegation and the IRS and FBI have an obligation to investigate it," Abate said after the agents left his house, about seven miles from the utilities authority.

Abate said agents took a number of documents and his new computer. He declined to discuss the nature of the seized documents.

"It's the price you pay for living in Marlboro," he said. "It's guilt by association. It's no fun."

There were no arrests.

The utilities authority, a joint venture of Manalapan and Marlboro, handles sewage hookups in Englishtown, Manalapan and parts of Marlboro and Freehold Township.

Yesterday's warrants were yet another chapter in the investigation of activities in Marlboro and Monmouth County.

Last year, former Marlboro Mayor Matthew Scannapieco pleaded guilty to accepting $245,000 in payoffs, and former township Councilman Richard Vuola was sentenced to 50 months in federal prison on extortion and attempted bribery charges.

One of the major developers in Marlboro, Anthony Spalliero, has been indicted on charges he bought his contracts through lavish gifts and cash to local and county officials.

Abate, a Marlboro councilman from 1987 to 1991, has been head of the utilities authority since 2002. A Democrat, he ran unsuccessfully for Congress against then-incumbent Richard Zimmer (R-12th Dist.) in 1992.

Abate's former company, Stacot Distributors Inc., came under scrutiny by the State Commission of Investigation in 1994 as part of a probe into contracts with Marlboro State Psychiatric Hospital. Stacot provided the hospital with sewage treatment chemicals that the SCI said were not needed.

Utilities Chief Probed (APP)

By BOB JORDAN AND JAMES A. QUIRK, FREEHOLD BUREAU

Asbury Park Press, July 27, 2006

WMUA: Abate is on temporary leave of absence

FBI and Internal Revenue Service special agents executed search warrants early Tuesday morning as part of a joint criminal investigation at the offices of the Western Monmouth Utilities Authority in Manalapan and the home of the authority's executive director, Frank G. Abate, in Marlboro. No one was arrested.

Shortly after 5 p.m., the WMUA's four-member board of commissioners issued a statement that Abate has been placed on a temporary leave of absence. A meeting will be held next week "to determine Mr. Abate's future," and in the interim, the board will designate an acting executive director, the statement said.

The board added that since August 2005, "the WMUA has been cooperating fully with the FBI's probe of Abate, ensuring that they have all the information they need to complete their probe."

And in the statement, written by WMUA spokesman Jeff Meyer, the board explains that at the same time it began cooperating with the FBI, it hired attorney Vincent Giblin "to represent the authority on this matter and as recent as last week, the WMUA staff and commissioners were meeting with federal authorities to assist in their investigation of Mr. Abate."

A spokesman for the IRS criminal investigation unit, Alan Drucker, said details of the investigation could not be made public.

"We're here on official business," Drucker said.

However, a source said that the FBI is searching for records relating to contractors who have performed work for the utilities authority, and that the search warrants are the latest phase of the FBI's ongoing investigation of corruption in Marlboro.

"The price you pay"

Boxes containing records and computer hard drives were removed from Abate's Norma Court home in Marlboro and his office at the WMUA administration building on Pension Road in Manalapan, both of which were secured by separate teams of agents before 7 a.m.

Abate, a former Democratic township councilman in Marlboro, and his wife, Eileen, were present while investigators spent about five hours at their home. The agents took more than a half-dozen storage boxes — they were taped closed and displayed bright orange identification labels — and also removed one oversize box containing what appeared to be computer equipment. One agent took pictures of the items removed from the home.

Abate commented briefly after investigators left but declined to talk about the boxes' contents.

"I have no idea what they're looking for," Abate said. "Someone made an allegation, and they're investigating it. This is the price you pay for living in Marlboro."

Abate said he did not want to discuss what allegation was made or who made it.

In the WMUA's statement, Meyer said: "The WMUA is not the focal point of (the search) nor is the WMUA the target of the joint inquiry being conducted by the FBI and IRS. This inquiry is solely focused on the personal actions of Frank Abate."

Abate's neighbor, Jacqueline Landsberg, said she noticed a steady stream of cars arriving on the block early in the morning when she went to retrieve her newspaper.

"There were about 12 cars," Landsberg said. "I thought people were coming for a funeral, but then I noticed they were carrying things."

But Landsberg said she determined that the visitors were law enforcement agents and said that an investigation was not surprising, based on reports of other investigations occurring in recent years in the township.

Landsberg called Abate "a good neighbor and a great guy."

"But I lived here 28 years. It's Marlboro. I've lived through all the stuff going on with the elected officials," she said, speaking about the administrations of former Mayors Saul Hornik and Matthew V. Scannapieco. "I've seen it all."

Scannapieco pleaded guilty last year to accepting more than $200,000 in bribes from Marlboro housing developer Anthony Spalliero. Hornik, who died last year, was investigated by both the FBI and the Monmouth County Prosecutor's Office during his tenure as mayor, but no evidence of wrongdoing was found.

22,200 customers

The WMUA provides sewerage treatment for parts of Marlboro, Manalapan, Englishtown, Old Bridge and Freehold Township. It serves about 22,000 residential and 200 commercial customers and has 200 miles of pipe.

At the WMUA administration offices, investigators from the FBI and IRS removed four storage boxes and placed them in an unmarked four-door silver Ford at 2 p.m.

Officers from the Manalapan Police Department were also present at the WMUA offices.

"The commissioners take their responsibility to ratepayers seriously, and they are deeply disheartened by this turn of events," Meyer said in his statement. "The commissioners want ratepayers to know that today's events will have no impact on our ability to provide efficient and reliable sewer service to our customers."

School Bus Driver Arrested In Nationwide Child Porn Sweep (NSDY/AP)

Long Island Newsday, July 27, 2006

NEWARK, N.J. (AP) _ A school bus driver from New Jersey was among two dozen people arrested Wednesday in a nationwide investigation into a Web site that linked to pornographic images of children.

Russell Christie III, 48, of Newton, was arrested as part of the FBI's "Project Safe Childhood," an initiative aimed at increasing enforcement of laws involving the online sexual exploitation of children.

Christie has worked as a bus driver in the Andover school district in Sussex County for First Student, a company that has branches throughout New Jersey. A woman answering the phone at First Student's Andover office Wednesday confirmed that Christie has been employed there for "quite a few years."

Christie could not immediately be reached for comment. There was no phone number listed under his name in Newton.

FBI investigators in Los Angeles shut down the Web site on Tuesday as agents in 20 states conducted searches and seized dozens of computers. Arrests were also made in Bulgaria, Poland and Spain.

The investigation was continuing at the state level and could result in more arrests, according to Steven Siegel, a spokesman for the FBI in Newark.

FBI Labels Jerseyan Czar Of Child Porn Web Site (NSL)

By Jim Lockwood, Star-ledger Staff

Newark Star-Ledger (NJ), July 27, 2006

Sussex school bus driver tied to international cyber-hub

A school bus driver from Sussex County was seized as the mastermind of a Web site that circulated thousands of photographs of child pornography to cyber predators across the nation and to several countries, the FBI said yesterday.

Russell Christie III, a 48-year-old Green Township man, set up the site that "serviced an international community of online predators where thousands of graphic images of sexually abused children could be shared," according to J. Stephen Tidwell, assistant director in charge of the FBI in Los Angeles, which led the investigation.

Christie was arrested in a child pornography sweep called "Project Safe Childhood" that included 22 people in 20 states, FBI officials said.

He was arraigned yesterday in federal District Court in Newark on charges of possession of child pornography and is being held without bail, authorities said.

Christie, who is single and lives with his mother at a campground she operates, allegedly created the Web site -- www.namgla.net -- which stands for North American Man-Girl Love Association, authorities said.

The site, which has been dismantled by officials, functioned as an online message board, as well as a mechanism to advertise and link users to other Web sites.

"He was the guy that essentially set up the Web site, the bulletin board," said Steve Siegel of the FBI office in Newark.

Police on Tuesday used a search warrant at Christie's Phillips Road home, where they reviewed the contents of his computer hard drive and about 325 compact discs, according to a criminal complaint.

The hard drive and CDs contained "dozens of images of what appear to be child pornography," including naked prepubescent and minor girls exposing their genitals, according to the complaint.

Dan Conkling, a Green Township committeeman who lives up the street from Christie, said he did not know about the arrest of his neighbor and was shocked to learn of it.

Conkling, who has known Christie since he was a kid, described him as a "quiet and unassuming" lifelong township resident.

"He's a quiet sort of guy. I'm surprised," Conkling said. "He farms his property, he cuts hay, he drives a school bus, he works in the campground -- I don't know what else to say. There's nothing extraordinary about him."

Christie rents part of the house from his mother, Conkling said. Christie's mother, who operates the Green Valley Beach Campgrounds, could not be reached for comment.

Christie works as a school bus driver for First Student bus company, a national company that has an office in Andover, authorities said. Police said he has no prior arrests.

A representative of First Student, which serves schools throughout New Jersey, including the Andover, Green and Fredon areas, declined to comment. She referred questions about Christie to the busing company's regional office, which could not be reached for comment.

As part of the FBI sweep, officials searched 35 locations, including the homes and workplaces of suspects. The investigation was conducted by agents and task force officers in 24 FBI field offices in 20 states: Arizona, California, Colorado, Florida, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New Hampshire, New York, North Carolina, Ohio, Oregon, Texas, Washington and Wisconsin.

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Eleven searches also have been conducted overseas in the countries of Ecuador, Chile, Poland, Spain, Portugal, Bulgaria and Sweden. Arrests also were made in Bulgaria, Poland and Spain, and additional subjects are currently being pursued by law enforcement agencies in those countries.

In all, 49 "namgla.net subjects" have been identified in 27 foreign countries, and the investigation is continuing, authorities said.

The crackdown was investigated under the "Project Safe Childhood" initiative recently announced by the federal Department of Justice, which increases enforcement and prosecution of online sexual exploitation of children.

Jim Lockwood may be reached at jlockwood@starledger.com or (973) 383-0516.

Man Set To Die Today For Inmate's Murder (WT/AP)

By Kristen Gelineau

The Washington Times, July 27, 2006

RICHMOND -- Barring intervention from the U.S. Supreme Court or Gov. Timothy M. Kaine, a man who killed a fellow inmate during a pagan ceremony will be executed today.

Michael Lenz, 42, is scheduled to die by injection at 9 p.m. at the Greensville Correctional Center in Jarratt for the murder of Brent Parker, 41.

Lenz and another inmate, Jeffrey Remington, were sentenced to death in 2000 for stabbing Parker a combined 68 times with makeshift knives at the Augusta Correctional Center.

The three inmates were followers of the Nordic pagan religion Asatru and belonged to a group known as the Ironwood Kindred.

The group was gathered for a ceremony when Lenz and Remington attacked Parker.

Lenz testified that Parker had not been taking the religion seriously, and to protect the honor of the gods, Parker had to be punished. Lenz also testified he felt threatened by Parker, who was serving a 50-year sentence for murder.

Remington committed suicide on death row in 2004.

Jane Ruck, who runs the National Prison Kindred Alliance and ministers to Asatru inmates, called Lenz's actions dishonorable and not in line with true Asatru beliefs.

Instead, Lenz should have simply asked Parker to leave the kindred -- not resorted to murder, said Miss Ruck, adding that under Asatru's ancient laws, Lenz's punishment for killing Parker could have included hanging or banishment.

Lenz's attorneys said Parker had threatened to kill both Lenz and Remington.

Lenz testified that Parker twice told him he would sharpen the point of a cane he carried and stab Lenz with it, attorney Matthew Engle said. Parker also repeatedly threatened to kill Remington, and Lenz thought Parker was casting spells on him, Mr. Engle said.

In their petition to the high court, Lenz's attorneys contend jurors in his case admitted they had consulted a Bible during their sentencing deliberations, and that one juror said some jurors pointed to passages in the Bible that supported the death penalty for killers.

Lenz's attorneys argue the jurors' consultation of the Bible was an outside influence that denied Lenz the right to a fair and impartial trial.

Lenz's attorneys also argue that the verdict forms supplied to the jury failed to include all sentencing options.

The governor and his legal team continued to consider Lenz's clemency petition yesterday, Kaine spokesman Kevin Hall said.

Augusta County Commonwealth's Attorney A. Lee Ervin, who prosecuted the Lenz case, said Lenz deserves the death penalty because of to the extreme nature of Parker's murder.

"It was a right brutal attack," Mr. Ervin said. "I'm not saying Mr. Parker was a nice person ... but the fact of the matter is that when this happened, there was no evidence at all that it was self-defense."

Parker's mother, Bonnie Parker, 71, of Paw Paw, W.Va., said she is ambivalent about the execution, but she added that her granddaughter Heather -- Parker's daughter -- thinks Lenz deserves to die.

DOJ_NMG_0043479

Execution Of Pagan Devotee Set For Tonight (WP)

By Timothy Dwyer

The Washington Post, July 27, 2006

It is often said that inmates find God when they get to prison. That is only partly true for Michael Lenz. Once behind bars, he became a devoted pagan, worshipping multiple gods from Norse mythology -- some with familiar names such as the mighty Thor and his father, Odin.

Lenz, a drifter from Prince William County serving 29 years and 30 days in prison for burglary and firearm possession, converted to Asatru, an ancient heathen religion, and helped found a prison chapter called Ironwood Kindred.

The religion became the focal point of his life -- "the only thing that mattered to him," according to legal documents. And it was this devotion to his gods that, according to his testimony, prompted him to plan a murderous ambush at a makeshift pagan altar set up in a prison conference room.

Tonight, Lenz, who still practices Asatru from his cell on Virginia's death row, is scheduled to be put to death by lethal injection for killing in the name of his gods. He has applied for a stay of execution by the U.S. Supreme Court and for clemency from Gov. Timothy M. Kaine (D).

Lenz is one of a few inmates in Virginia prisons who practice Asatru. But in prisons across the United States, the number of converts has increased in recent years, according to experts, some of whom say prisoners find encouragement for violence in the gods they worship.

"This is a warrior thing," said Heidi Beirich, deputy director of the Intelligence Project for the Southern Poverty Law Center, which tracks hate groups and extremist organizations. "What they take out of it is violence, physical dominance and racial purity. To them, Thor represents the ultimate white male."

Beirich said many of the inmates who have converted to Asatru or Odinism are white supremacists. "It is anti-Christian, and these particular pagan religions glorify deities created by the white race," she said. "They reflect values they are drawn to, like being really strong, being able to fight -- Thor with his hammer. And that's what they worship."

Beirich said there are racist and nonracist versions of the religion in prisons and among the general population.

Stephen McNallen, director of the Asatru Folk Assembly, a leading Asatru group in the United States, has been fielding calls from the media as Lenz's execution approaches.

"There is nothing in Asatru that would justify what he did," McNallen said of the killing by Lenz and Jeffrey Remington, Lenz's best friend, who also was an Asatru devotee.

"There is just not justification for what he did. Like any other group, we expect the holy powers to be honored. Clearly, when someone does something that is just plain wrong, just plain evil, obviously it hurts us. It hurts us in the same way that the lunatic-fringe Muslims hurt Islam. It is an embarrassment."

Once a Catholic altar boy, McNallen, 57, said he became a devotee of Asatru about 35 years ago while contemplating a career in the U.S. Army. "This warrior thing loomed in my own life," he said. He prefers not to use heathen or pagan as adjectives because, he said, both terms carry too much baggage.

"The best way to describe Asatru is to compare it with other native religions: Native American or other native or indigenous religions in any location on the globe," McNallen said in a telephone interview from his California home. "We are a group of people attempting to follow the way of our ancestors and look toward our ancestors as a source of spiritual comfort, nourishment and connection."

He estimated that 10,000 to 20,000 people in the United States share his religious beliefs and only a small percentage of devotees -- less than 5 percent -- are white supremacists. He guessed that a good number of those people are prison inmates.

What drew Lenz, 42, to Asatru while in prison is unclear. He had a "troubled childhood and adolescence," according to his clemency application. He was living in a tent in Prince William and broke into three homes and a restaurant to steal food. In 1993, he was convicted of burglary and possession of a firearm and sent to Augusta Correctional Center.

In court documents, he is described as a rule-abiding inmate with no violent episodes before or after the killing of Brent Parker.

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Parker was a convicted murderer serving a 50-year sentence for killing a man in Winchester in 1985 by beating him for an hour. Parker laughed while beating the man, who did not fight back, taking breaks to smoke, according to court documents.

Lenz testified that Parker had threatened Remington and that his efforts to organize his Asatru group in prison were being "thwarted" by Parker.

On the evening of Jan. 16, 2000, Lenz, Parker, Remington and three other inmates attended a meeting of the Ironwood Kindred. A guard was stationed outside the door. Lenz read some poetry and afterward called Parker to the altar.

"I called [Parker] up to the altar and I asked him -- and I said to him, 'It has been a long, hard path between us,' " Lenz testified at his trial. "And Parker said, 'Yes, it is.' And I pulled a knife out of my pocket and I said, 'Are you trying to take it to the next step?' And he said, 'Yes, I am.' And so I stabbed him."

Remington also pulled a knife and began stabbing Parker. The three other inmates ran out of the room and notified the guard. The corrections officer called for backup and yelled at the two men to drop their knives -- an order they ignored. Parker was stabbed 68 times, according to the medical examiner's report, and received multiple stab wounds to the lungs and liver, each of which would have been fatal by themselves.

Remington also was sentenced to death for Parker's slaying, but he killed himself on death row in 2004.

Lenz's attorney, Jennifer L. Givens, said that Lenz's religion surely played a role in the killing but that the jury should have been told about Parker's history of violence. Her appeal to the Supreme Court is also based on the fact that a juror was reading a Bible during deliberations.

New Law Marks Adam Walsh Case Anniversary (MH)

By Roberto Santiago And Wanda J. Demarzo

The Miami Herald, July 27, 2006

25 years after crime, a new federal law

Twenty-five years ago today, a 6-year-old named Adam Walsh disappeared from a Hollywood department store.

Two weeks later, after one of the most intensive searches in Florida history, his severed head was found in a Vero Beach canal, 100 miles from where he was last seen.

The rest of his body was never found. No one has ever been convicted of the crime.

But it was a crime that would change the nation.

Few parents would ever again leave their kids alone. Children were fingerprinted, laws were changed. Finding lost children took on a new urgency, and police mobilized more swiftly.

"It remains the most horrific crime I have ever seen in my 30-plus professional years," said State Attorney Bruce Colton of Indian River County, who in 1981 was an assistant state attorney in Vero Beach.

The crime transformed Adam's parents, John and Reve Walsh, a young, middle-class couple who lived on McKinley Street in Hollywood. And they channeled their grief into a movement, becoming the nation's most powerful activists for the rights of missing and exploited children.

Today, yet another of one of the Walshes' efforts -- almost three years in the making -- will be signed into law by President Bush.

The Adam Walsh Child Protection and Safety Act will create a national sex offender registry, authorize grants to help local law enforcement agencies beef up registry systems, assign more FBI agents to Internet sex crimes and require DNA samples of sex offenders.

"This bill will make a uniform sex offender registry in every state [and] add 500 new U.S. marshals, who will be assigned to fugitive task forces," John Walsh, host of Fox's America's Most Wanted, said Tuesday to TV critics gathered for a press tour in Pasadena, Calif., according to a transcript obtained by The Miami Herald.

The laws and protections the Walshes helped put in place did not exist 25 years ago. Theirs remains one of the county's most famous cold cases.

"The two weeks that I searched for Adam, the two weeks I searched for that little boy, were the worst two weeks of my life, except for the day we found him," Walsh said at the conference.

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On July 27, 1981, Adam Walsh -- a boy who loved baseball and Star Wars -- went with his mother to Sears in the former Hollywood Mall, along Hollywood Boulevard west of Interstate 95. Adam asked to play video games in the toy department and Reve Walsh left him there, telling him she was three aisles away.

When she returned after a short time, he was gone.

Hollywood police and hundreds of volunteers searched the mall parking lot. In the ensuing days, they would expand their searches to golf courses, fields, wooded lots and gravel pits.

Posters were plastered across South Florida. The reward grew to $100,000.

John Walsh went to the media, pleading for the public's help.

And two weeks later, a horrible discovery: a head, believed to be a child's, found by fishermen in a canal in Vero Beach.

It was a big break.

"We were lucky that we found the head," said former Broward County Medical Examiner Ronald Wright.

The skull -- which remains in the Broward County medical examiner's office -- is one of the few remaining, and most important, pieces of evidence in the case.

"If those fishermen hadn't come along, no one would ever have known what happened to Adam," Wright said.

The case, which remains open and active, has never been forgotten by Hollywood police -- even though they've been criticized for mishandling the case.

Two of the original detectives on the case have since died, a third is in Colorado and a fourth is elsewhere in Florida. The Miami Herald was unsuccessful in reaching the two living detectives.

When Richard Witt arrived in Hollywood in 1994 to assume the chief's position, the murder was still being actively investigated.

Plenty of mistakes were made, Witt recalls. The main suspect in Adam's slaying, a drifter named Ottis Toole, died in prison. Witt said Toole, who confessed twice to the killing but recanted, should have been worked harder by detectives.

At the time, the department was small and had a largely inexperienced force, but detectives did not ask the FBI for help.

The crime scene, 100 miles north of Hollywood, was handled by the Indian River County Sheriff's Office, which didn't secure the scene or perform the kinds of forensics that law enforcement does today. Discarded bottles and cigarette butts were left to lie in the swale.

"We left Toole's car with the Jacksonville police and allowed them to get rid of it," Witt said. ``And the patch of carpet from the car that had blood on it disappeared."

Witt still felt the case was solvable. He assigned then-detective Mark Smith to jump-start the investigation.

But as Smith dug deeper, the case only grew colder.

"I reworked the case like it was brand new," Smith said.

Smith said he prefers to call it an unsolved case rather than a cold case.

"I still hold out hope that someone will come forward one day with information that will allow us to close this case," he said.

A new witness could come forward. A relative of the killer who knows about the crime may want to finally unburden himself, said Vernon Geberth, one of the country's foremost experts on homicides.

The DNA collections required under the Adam Walsh Child Protection and Safety Act may help solve cold cases, Walsh said.

"We'll probably solve thousands of old cold cases and get innocent people out of jail," Walsh said.

But whether any resolution to Walsh's tragedy will ever be achieved is another story.

"The Walshes -- and all families of missing children -- never get closure," said Bill Fleisher, commissioner of the Vidocq Society, a group of forensic specialists in Philadelphia who work on long-unsolved crimes.

"Cold case investigations have become more sophisticated over the years due to technological advances and the legal resources the Walshes continue help put into place," Fleisher said.

``They are likely the most important advocates that the country has ever had for preventing and solving crimes against children."

John Walsh is realistic when it comes to Adam's case and others.

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'The first thing I say to parents, `What you see on TV is not real life. They don't swoop in. The harsh reality is that you'll probably never get justice.' "

Inmates Kill Guard At Prison In Maryland (WP)

By Eric Rich, Hamil R. Harris And Nelson Hernandez

The Washington Post, July 27, 2006

Two inmates escaped from their cells and stabbed a guard to death at a maximum-security state prison in Jessup, authorities said yesterday as Maryland State Police arrived in force to help quell a recent run of violence at the facility.

The inmates attacked guard David McGuinn, 42, late Tuesday, stabbing him repeatedly in the upper torso before returning to their cells, state police said. The prison was locked down at the time, and corrections officials said McGuinn's assailants may have jammed the locks to their cell doors.

Late last night, state police obtained warrants charging inmates Lamar C. Harris, 26, and Lee E. Stephens, 27, with murder. McGuinn was the second Maryland corrections officer to be killed this year, and the first to be killed inside a prison since 1984.

McGuinn's slaying marked a further escalation in violence at the House of Correction, a facility that was built in 1878 and houses 1,100 inmates. Two corrections officers were stabbed and seriously wounded in March, and three inmates have been killed in as many months.

Investigators are examining the possibility that McGuinn may have been specifically targeted by inmates. Because he had been threatened, he was transferred for a time to an area of the prison where contact with inmates was more limited, a prisons spokeswoman said.

Frank C. Sizer Jr., commissioner of the Division of Correction, said at a morning news briefing that officials had "received intelligence that the inmates might be up to something." He said the prison in Anne Arundel County has been locked down several times because of the recent violence.

McGuinn, a corrections officer for two years, lived alone in an apartment in Baltimore, according to Sandra Rose, an employee at the brick apartment complex. Rose, who said she and McGuinn were close, gasped when she was told that he had been killed.

"He said something like this would happen," Rose said. McGuinn had been "threatened," she said, declining to elaborate. He had told her that inmates referred to him as "Homeland," after the federal agency, because of his strict adherence to rules, she said.

Rose said McGuinn told her he had broken up with a girlfriend recently and was planning to visit family in Canada in a few weeks. He was quiet, she said, adding that "there was something special about him" and that he "really wanted to get bad guys off the street."

Frank S. Weathersbee, state's attorney for Anne Arundel County, said McGuinn's killers could be eligible for the death penalty on at least two grounds: that they killed a corrections officer, and that the killing occurred in a state prison.

No charges have been filed in connection with the other three recent slayings at the prison. On May 12, an inmate was found dead in his cell with puncture wounds and tape wrapped loosely around his neck. Ten days later, another inmate was fatally stabbed.

Most recently, Julius Pratt, a popular Sunni Muslim inmate leader, was fatally stabbed July 11, allegedly by a member of a rival religious group.

As part of a strategy to combat violence at the prison, Sizer on Monday announced the appointment of a new warden, Wendell M. France. But Maj. Priscilla Doggett, the prisons spokeswoman, said yesterday that the situation was dire enough that the facility will be operated for the time being by James V. Peguese, an assistant commissioner with the Division of Correction.

"Our hearts and prayers go to the family, and our thanks go to the people who put the uniform on every day," Gov. Robert L. Ehrlich Jr. (R) said.

Ehrlich, speaking during a meeting of the Board of Public Works in Annapolis, said the killing "reminds you of how dangerous that job is. You have people who could make a lot more money in less dangerous jobs. They put their lives at risk every day."

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The other guard killed this year, Jeffery A. Wroten, 44, died Jan. 27, a day after he was shot with his own gun, allegedly by an inmate at a hospital in Hagerstown.

At the news briefing, Sizer said the inmates attacked McGuinn about 10 p.m. as he conducted a routine head count alone on the prison's south wing. He said McGuinn, who was wearing a vest as protection from stab wounds, called for assistance. He was taken to Baltimore Washington Medical Center in Anne Arundel County, where he died at 11:03 p.m.

"We have been told that they [the inmates] found a way to jam the locks," Sizer said.

"It's a cat-and-mouse game," he said of the relationship between officers and inmates at the aging prison. "They're constantly finding ways to beat us. That's what inmates do."

State police later said that they recovered several shanks, or homemade knives, but have not identified the murder weapon. No additional inmates were expected to be charged "at this time," they said.

More than 100 law enforcement vehicles, including armored personnel carriers, mobile command centers and police cruisers, converged on the facility after the briefing. Sizer said earlier that special response teams from other prisons across Maryland would assist with searches and to help maintain operations at the facility.

Ron Bailey, executive director of the American Federation of State, County and Municipal Employees union, which represents correction officers, said guards check the cells regularly during a lockdown.

"I would think that the locks would have been checked throughout the day prior to a count being conducted," he said.

Bailey said that the facility has a staffing shortage and that the experience and training of staff has also been a problem.

Although 47 positions are unfilled on a staff of almost 400, Sizer said the vacancies did not contribute to the killing. "In the area where the officer was stabbed, we were staffed," he said. "Prisons are dangerous environments."

Bailey said: "When we get a chance to ask our officers what the staffing was like and ask them if it was adequate, we might get a different version."

According to the Department of Public Safety and Correctional Services, the rate of assaults on corrections officers in the state's maximum security prisons almost doubled from 2004 to 2005. A chart accompanying a state budget analysis shows that the number of assaults increased from about 3.5 to about 6.5 per 100 inmates.

Another union, the Maryland Classified Employees Association, warned in a letter to the warden last month that officers at the prison had received death threats.

Weathersbee said yesterday that his office has noticed no increase in the number of assault cases being referred from the prison.

Democratic Party strategists suggested that the spate of prison violence will become an issue in this year's governor's race. But a spokesman for Baltimore Mayor Martin O'Malley, the party's presumptive nominee, declined to comment yesterday.

In Annapolis, Ehrlich told reporters after the meeting that "any procedural issues that need to be addressed obviously will be addressed." Ehrlich said that the secretary of public safety and correctional services, Mary Ann Saar, "has my full faith and confidence."

Staff writers Daniela Deane, John Wagner and Steve Vogel and researcher Rena Kirsch contributed to this report.

Prisons Called For Correction (BSUN)

By Greg Garland

The Baltimore Sun, July 27, 2006

The stabbing death of a Maryland correctional officer -- the second killed this year -- is sending shock waves through the state's troubled and violence-plagued prison system and is prompting calls to replace its top managers.

How, union officials and others are asking, was it possible for three inmates at the maximum-security House of Correction in Jessup to get out of their cells and kill David McGuinn, a by-the-book correctional officer who was on an inmate "hit list"?

And how, they ask, could this have happened even though the prison has been on high alert after a rash of violence that included the non-fatal stabbing of two officers in March and the killing of three inmates since May?

In a system that in some senses has become inured to violence, McGuinn's killing has caused outrage -- and led to fears that there could be worse to come.

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"Heads need to roll from the top down," said Robert Stephens, who heads the Maryland Classified Employees Association, a group that represents some corrections officers.

Union officials have demanded that Gov. Robert L. Ehrlich Jr. meet with them to discuss what they describe as a prison system in crisis.

Ehrlich said he would be "glad to meet with anybody at any time" but said he doesn't think the incident was related to the union's complaints.

"I've been briefed this morning on the facts," Ehrlich said Wednesday. "This shouldn't have anything to do with union politics. This was not a function of the lack of supervision. It was not a function of a post being closed down. This was not a function of procedures not being followed. To the extent a procedure does not work or fails or needs to be revised, we will look at it."

By all accounts, the House of Correction, which houses 1,100 inmates, many of them serving lengthy sentences for violent offenses, is a difficult prison to manage. Built in 1878, it is poorly designed to handle such inmates, administrators acknowledge.

The age and poor design proved deadly for McGuinn, 41, Tuesday night after he was stabbed in the neck and back by three inmates apparently armed with homemade knives. Prison officials had little personal information Wednesday about McGuinn, who had worked in the system for two years.

Division of Correction Commis sioner Frank C. Sizer, Jr. said McGuinn was killed as he was taking head counts on the prison's west wing. Three inmates who had jammed old, faulty locks to their cell doors got out and attacked McGuinn, Sizer said.

Wednesday night, state police obtained warrants charging two inmates with McGuinn's slaying. They were identified as Lamar C. Harris, 26, and Lee E. Stephens, 27 -- both charged with first- and second-degree murder.

Correctional officers familiar with the Jessup prison say inmates can use chewing gum or pieces of cardboard or paper to jam the locks. The cell doors appear closed, they say, but don't fully catch.

Sizer said the House of Correction had been on lockdown status since the weekend -- meaning prisoners were confined mostly to their cells -- because administrators had heard rumors inmates were planning to attack an officer.

The corrections chief said those reports led officials to cancel an inmate family picnic planned for last Saturday and to place the facility on lockdown.

Two sources, who spoke on condition that their names not be used because of policies that prohibit corrections offic ers from talking to reporters, said McGuinn had been on an inmate "hit list." McGuinn was assigned for a time to work outside the housing units and away from contact with inmates because of the threats, they said.

"Officer McGuinn was a target, we do know that," said Janet Anderson, an MCEA spokeswoman. "These hit lists circulate on a regular basis."

Maj. Priscilla Doggett, public in formation officer for the prison system, said she wasn't aware of a "hit list." But she sai d administrators are looking into allegations about inmates making threats against McGuinn.

"The allegations did come to the attention of his supervisor, and in response [McGuinn] was initially assigned to a post outside of the housing units," Doggett said.

It wasn't clear Wednesday why McGuinn was back working inside the housing units, but the prison has been short-staffed for months and employee turnover rates have been high. Sizer said there are currently 47 vacant positions that prison officia ls have had trouble filling.

While serious problems occur in prisons around the state, the House of Correction stands in a class of its own. Records show that contraband such as drugs, tobacco and cell phones have flowed freely there.

Violence is more prevalent and prisoners have had freer rein than in other prisons. The prison's reputation is such that it is known informally among correctional staff as the "House of Corruption."

Ironically, McGuinn was killed the same day Sizer announced he was bringing in a new warden, Wendell M. "Pete" France, with a mandate to reduce violence at the prison. France is to take over the position Monday.

The MCEA's Anderson said inmates and prison staff nicknamed McGuinn "Homeland Security" because he was "uncompromising about following the rules."

Stephens, the MCEA's interim executive director, said Ehrlich needs to replace Sizer and his boss, Department of Public Safety and Correctional Services Secretary Mary Ann Saar. MCEA issued a similar call after another officer, Jeffery A. Wroten, was killed in the line of duty in Hagerstown in January.

"No more empty talk. No more tragedies. We need action," Stephens said.

Ron Bailey, executive director of the American Federation of State, County and Municipal Employees Council 92, said McGuinn's killing is a stunning indictment of how the prison system is being run.

He said he was stunned when Sizer related that administrators had advance knowledge of possible plans by inmates to attack an officer, and that three had managed to jam their cell locks and get out.

"I was floored," Bailey said. "I was speechless."

Ron Angelone, a former director of corrections in Virginia and Nevada who heads a correctional consulting company, said inmates at the House of Correction are sending a message with the recent wave of violence

"The inmates have said, 'We have control. They have thrown down the gauntlet. Now it's time for the staff, not to retaliate, but to take back control of that institution," Angelone said.

Corrections officers from around the state and dozens of state police were working to regain that control Wednesday, shaking down cells for weapons and contraband and putting dozens of difficult inmates on buses bound for other state prisons. Administrators also were bringing in lock smiths to check and repair locks on the prison's cell doors.

But even as inmates were being removed from the House Wednesday, other state prisons were dealing with their own problems. In Hagerstown, a fight at the Maryland Correctional Training Center erupted Wednesday among 20-25 inmates who were being returned to their housing units after lunch, prison officials said. It was broken up within minutes, and no staff or inmates suffered injuries requiring hospital treatment, officials said.

The ongoing turmoil in the prison system could have repercussions in the coming gubernatorial election. Some correctional officers in Ehrlich strongholds such as Western Maryland and the Eastern Shore have been demanding that the governor replace Sizer and Saar, whose policies they consider too inmate-friendly.

Del. Christopher B. Shank, a Western Maryland Republican who is active on corrections issues, said McGuinn's killing and other incidents in the last several months are evidence that the state needs to put more resources into the prison system to combat increasing violence behind bars.

Norton Family, Friends Praise Police Work (SLT)

By Lisa Rosetta, The Salt Lake Tribune

Salt Lake Tribune, July 27, 2006

The weary, heartbroken parents of 5-year-old Destiny Norton on Wednesday thanked the community and the police officers who helped find their daughter's body.

"I want to thank the FBI and the police. The simple fact of the matter is they're the ones who brought my baby home to me," a trembling Rickey Norton told reporters, gathered on the west steps of the City-County Building.

Two of the couple's closest friends, whom the Nortons consider family, apologized to police and federal agents for prompting a near riot after Chief Chris Burbank announced Destiny's body had been found in the basement of a neighbor, 20-year-old Craig Gregerson.

"I would like the community to keep in mind they did bring Destiny home and that was the goal in all this," said Peter Brooks. "They brought the suspect, we know who did it, we know where she is and they did their job." Jeannie Hill, a family friend who said she spit on a cop Monday night, apologized for her behavior.

"I want to apologize to Chief Burbank for causing a scene," she said. "All of our emotions were high. We just loved Destiny so much and we love her family." Salt Lake City Mayor Rocky Anderson - who initiated the press conference with Burbank, the Nortons and their friends - once again praised the police department for its hard work.

"We're very pleased," he said. "There are some answers .... They [the Nortons] have those answers today because of truly exceptional, tenacious detailed police work by officers who were just not going to give up." Burbank, meanwhile, said Gregerson was being cooperative, but declined to say much else about the case.

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"This is a crucial part in our investigation, in any investigation, when our officers go before the district attorney in order to screen charges against somebody," he said.

Robert Stott, a spokesman for the Salt Lake County District Attorney's Office, said those charges were expected to be filed by 11 a.m. Thursday. Prosecutors are also expected to announce at that time whether or not they'll seek capital punishment for Gregerson.

Burbank said he was confident his officers did everything right in the investigation.

"I have reviewed the circumstances around this and it is my opinion, my sincere opinion, that everything was done in this matter" to ensure the safety of Destiny - police operated on the assumption she was alive - and to find her and her abductor, he said.

"Our investigation turned very quickly from one of a rescue mission, searching again for a healthy little

Advertisement

girl, to one of a homicide investigation," he said.

The police chief was vague about the circumstances surrounding officers' discovery of Destiny's body in Gregerson's basement cellar.

"Officers were in the house. Because of the circumstances and where she was located, officers were not able to find her and a lot of that has to do with the level of search we were able to conduct," he said.

One search volunteer said Tuesday that police and federal agents had walked through Gregerson's apartment multiple times, but he refused to allow them in his basement without a search warrant.

Troy Cox, Gregerson's neighbor, told The Tribune that Gregerson was grilled by police for three hours Saturday, after which they asked him to take a polygraph test on Monday. Gregerson never returned home from the polygraph test, Cox said.

By Monday night, police had obtained a search warrant, taped off Gregerson's apartment and discovered Destiny's body in the basement cellar.

According to a probable cause statement filed at the Salt Lake County jail, where Gregerson was still being held Wednesday night on suspicion of kidnapping and murder, he lured Destiny to his apartment. When the girl started to scream, he cupped his hand over her mouth and began to squeeze. Destiny went limp and Gregerson laid her body on the floor.

Burbank said Gregerson was not a suspect early on in the investigation. Every individual and every lead was assigned to a detective team consisting of one FBI agent and one Salt Lake City police officer.

"It was their responsibility to determine whether or not this person had any involvement - basically to find out if there was an alibi - and [Gregerson] was an individual who repeatedly came forward and we could not ever come to a conclusion and say, 'Nope, we're going to cross this individual off the list," he said.

More than 250 people were interviewed by the FBI and police, he said, and of those, 76 percent were cleared. Of those who were not cleared, "we could not account for their whereabouts or there was some reason we continued looking at them."
lrosetta@sltrib.com

Prosecutors Considering Charges In Norton Case (AP)

By Brock Vergakis, Associated Press

AP, July 27, 2006

The mother and father of the 5-year-old girl who was missing for more than a week before her body was found in the basement of a home two doors away from her own apologized to investigators Wednesday for publicly berating police for not finding their child sooner.

The apologies from Rachael and Ricky Norton, as well as those of two of their close friends, came as Salt Lake County prosecutors reviewed evidence to decide which charges to formally file against Craig Roger Gregerson, whose home Destiny Norton's body was found in.

"The FBI and police ... I know they got our child back," Rachael Norton said.

Gregerson, 20, remained in the Salt Lake County Jail on Wednesday on charges of kidnapping and homicide.

Gregerson lured the barefooted girl from her backyard into his house, where he covered her mouth to muffle her screams, according to a probable cause statement used to arrest him.

Gregerson's arrest Monday ended more than a week of widespread searches that involved hundreds of people throughout the Salt Lake valley.

Mayor Rocky Anderson said Gregerson's home was searched early in the investigation, although he couldn't say why police failed to find the girl's body then. But he said Norton died within an hour of her disappearance July 16.

Prosecutors said Wednesday they will not release an autopsy report that details how Destiny Norton died.

Salt Lake City Police Chief Chris Burbank said detectives searched as much of Gregerson's home as they could without a warrant. It was after a warrant was received Monday that Norton's body was found in Gregerson's basement.

Burbank said Wednesday "tenacious detective work" is what allowed police to crack the case and find Norton's body. Burbank and the friends of the Norton family said widespread community support and aggressive police work kept Gregerson from leaving the area and being eliminated as a suspect.

"They did what they had to do to bring her home," said Peter Brooks, a friend of the family who yelled at police the night Norton's body was found.

About midnight Tuesday, Burbank came to the Norton home to try to quiet an angry crowd that grew so large police shut down traffic in the area as family and friends questioned police tactics.

That group included Jeannie Hill, who has served as a family spokeswoman. On Wednesday, Hill apologized for spitting on a police officer.

"All of our emotions were running high," she said. "We want to thank everyone for bringing this little girl home. She's home in heaven."

Norton Family, Friends Reconcile With Police (KCPW-TV)

By Julie Rose

KCPW-TV, July 27, 2006

"I wanna thank the FBI and the police. The simple fact of the matter is they're the ones that brought my baby home to me," said a tearful Ricky Norton.

Flanked by friends and family, the parents of Destiny Norton offered thanks and apologies for any harsh words shared in the pain of discovering their young daughter had been murdered.

Emotions ran high on Monday night when the girl's body was found - many in the crowd of searchers blaming the police for not doing a thorough investigation. This afternoon, Salt Lake City Mayor Rocky Anderson gathered the key players for a public reconciliation.

"They're basically decent people who were just very upset the other night. Without any hesitation they said they'd be more than happy to apologize to the police and the FBI," said Anderson.

The Nortons asked the public to focus on remembering Destiny, rather than the community's divisive response. Police Chief Chris Burbank reiterated his confidence in the work his detectives did to solve the case. Family spokesperson Jeannie Hill apologized for quote "causing a scene" and spitting on an officer.

Chief Burbank says Destiny's accused killer Craig Roger Gregerson is cooperating with police. Salt Lake County attorneys are expected to file charges soon.

Family, Friends Apologize To Police In Destiny Case (KSL-TV)

KSL-TV, July 27, 2006

This afternoon, the parents of Destiny Norton thanked the community for their help in the search for their daughter and also apologized to police. That apology stems from heated criticism of the Salt Lake City police department after the announcement Monday night of the discovery of Destiny's body.

Rachael Norton

Rachael Norton

The apologies came at a press conference this afternoon. It was certainly a moment of reconciliation to see the Nortons standing side by side with the police.

This was the first public appearance the Nortons have made since the police announced they'd found Destiny's body, on Monday night. Rachael Norton, who is eight months pregnant, has been very strong throughout this ordeal, often talking to the media. Destiny's father, Rick Norton is visibly heartbroken. He was very emotional today.

Both thanked the community for the support and said the police did their job, which was to bring their daughter home, and they want the community to remember that.

Peter Brooks

On Monday night, friends of the family started a near-riot outside the Norton home, hurling insults and accusations at police, saying police and the FBI didn't do their job. Today, two close family friends apologized to police, saying emotions ran high.

Jeanie Hill, Family Friend: "All of our emotions were high and we just love Destiny so much and we love her family so much. I want to personally apologize to Alda Montez because I believe he is the officer that I did spit on and I am so sorry."

Rachael Norton, Destiny's Mother: "I just want everyone to know we really appreciate everything that has been done for our family and in finding our little girl."

Peter Brook and Jeanie Hill, who acted as family spokespersons throughout the search, seemed to have initiated the rally against police Monday night. Hopefully, their speaking out today will help reconcile those feelings.

This afternoon, four detectives with the Salt Lake City police department went to meet with prosecutors from the District Attorneys office to discuss the case against the suspect Craig Gregerson. Once they go over all the evidence, it will be in the hands of the District Attorney's office. That's when prosecutors will decide if and what charges to file.

Bob Stott: "This is an important case. And like all homicide cases, we take our time. This is the first time we've been able to sit down with police."

Charging documents are expected to reveal more details about the case.

A probable cause statement says Gregerson put his hand over Destiny's mouth and squeezed, when the girl began to scream. It says her body went limp, suggesting Destiny was suffocated.

Chief Chris Burbank, Salt Lake City Police Dept.: "We spent many many hours, countless hours, looking for a healthy girl. This is not the result that we wanted, the detectives wanted."

Chief Burbank wouldn't say much about the investigation, but confirmed, police had searched Gregerson's home, last week.

Chris Burbank: "Because of the circumstances and where she was located, officers were unable to find her, and a lot of it has to do with the level of search that we were able to conduct."

Burbank says his detectives fell in love with Destiny. So did strangers.

Rick Norton

Rick Norton

At the press conference, Mayor Rocky Anderson read a quote included in a card sent to Destiny's father.

Rocky Anderson, Mayor of Salt Lake City: : "The Lord takes many away, even in infancy, that they may escape the evils of man and the sorrows and evils of this present world. They were too pure, too lovely, to live on earth."

Also today, Governor Huntsman expressed his condolences to the Norton family.

In a written statement the Governor said, "Mary Kaye and I are deeply saddened by the news of little Destiny Norton's death. We wish to express our deepest sympathies and condolences to the family during this extremely difficult period. We ask everyone for their continued love and support for the Norton family during the weeks and months ahead."

Prosecutors say they'll file charges against Gregerson tomorrow morning. They will talk to reporters at 11 o'clock.

They're also expected to announce whether they'll seek the death penalty.

Tearful Thanks (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, July 27, 2006

Gratitude, apologies expressed to police; charges are likely today

Criminal charges will be filed today against Craig Roger Gregerson, accused of kidnapping and killing 5-year-old Destiny Norton.

Assistant Salt Lake County District Attorney Bob Stott said the announcement would be made by midmorning. Prosecutors would not say what the charges will be, but it is expected to include murder and child kidnapping.

"We're still screening the case," said Stott, who will prosecute the case. Police detectives met with prosecutors Wednesday afternoon to go over evidence.

Anticipation of the charges came as Destiny's parents gave a tearful and heartfelt thank-you to law enforcement and the community that helped search for their little girl.

"I want to say thanks to everybody for showing their support," Destiny's father, Ricky Norton, said. "I want to thank the FBI and the police. The simple fact of the matter is, they're the ones who brought my baby home."

Destiny's father buried his head in his wife's lap as he sobbed. Rachael Norton is 8 1/2 months pregnant with their third child, whom Destiny had named "Fate."

"We greatly appreciate everything that has been done for our family and in finding our little girl," she said. "We got our child back."

Outside Destiny's home, a shrine continued to grow for the little girl with the streaks of green in her blond hair and a cheery smile of silver-capped teeth. Flowers, balloons, cards, poems and stuffed animals were placed around two trees in the front yard. One card addressed Destiny simply as "Salt Lake City's Sweetheart."

Dozens of candles burned in front of a flier memorializing Destiny.

"God bless you all!" a woman said as she walked away from the shrine. Many of the people who live in Destiny's home sat on the front porch, consoling each other.

Family friends say Ricky and Rachael Norton will not be coming back to the house. They are too grief-stricken to return to the place where their daughter disappeared, only to be found dead two doors away.

"They're not going to ever come back to this," said Jody Emery, another of Destiny's uncles.

Michael Brandy, Deseret Morning News

Ricky Norton hugs friend Leslie Borchardt during the press conference.Lake City Wednesday. Over the coming weeks, their belongings will be moved out of the house they shared with several others who lived on the streets for a time. They shared the house to save on rent and to bring themselves up in the world forming their own "family."

In the back yard

Salt Lake City police said the barefoot little girl was lured behind Gregerson's apartment and into his back door when she stepped outside her home July 16.

Destiny's uncle, Peter Brooks, led a Deseret Morning News reporter into the back yard behind Gregerson's apartment, showing how the suspect may have lured the girl into his home. It is a small dirt area, enclosed by fences. A barbecue and small table are nearby.

In a probable cause statement filed when Gregerson was booked into jail, police said that once Destiny was in Gregerson's apartment she began to scream. "Suspect Gregerson put his hand over the juvenile's mouth and began to squeeze. The juvenile female went limp and suspect Gregerson laid her body on the floor."

Police found Destiny's body in the small, crawl space-like basement of Gregerson's apartment Monday night.

Brooks got on his hands and knees behind Gregerson's apartment to peer inside. Dirt and a rock had been pushed up against a broken window. Inside, the basement is dark.

Jeffrey D. Allred, Deseret Morning News

Sarah Wood hugs her husband, Dylan, near a memorial for Destiny Norton outside her home in Salt Lake City Wednesday. "There was no innocence about this at all," Brooks said. "There was no innocence about this crime."

Getting Gregerson

Salt Lake City Police Chief Chris Burbank revealed new details Wednesday about how police came to focus on Gregerson. More than 250 people were questioned about Destiny's disappearance.

"This was an individual that just repeatedly came forward, and we could not ever come to a conclusion and say, 'Nope, we're going to cross this individual off the list,' " Burbank said. "Tenacious detective work did not allow this individual to go away."

Burbank confirmed that Gregerson has cooperated with police. The suspect's wife, Catherine Gregerson, said he had taken a polygraph test on Monday, the day he was arrested.

Questions continue to swarm around the investigation and how police could have missed finding Destiny. Burbank would not reveal much information but did say officers were in Gregerson's apartment. Police and FBI agents were seen around Gregerson's place in the days after Destiny's disappearance.

"Because of the circumstances and where she was located, officers were unable to find her, and a lot of that has to do with the level of search that we're able to conduct," he said.

Salt Lake City Mayor Rocky Anderson said police did look in Gregerson's basement. He declined to say if Destiny had been concealed.

"You can draw your own conclusions," Anderson said.

'I want to apologize'

Many people are still angry over how Salt Lake City police and the FBI could have missed Destiny for so long.

Jeffrey D. Allred, Deseret Morning News

Charlie Willner, 9, looks over stuffed animals and flowers left in memory of Destiny. But apologies came Wednesday from people close to the Nortons who led an angry mob that confronted authorities the night Destiny's body was discovered. After meeting with Anderson and Burbank, Brooks and family friend Jeannie Hill offered an apology at a news conference outside City Hall.

"I want to apologize to Chief Burbank for causing a scene," Hill said. "All our emotions were high, and we just love Destiny so much and we love her family so much."

Hill also apologized to a police officer whom she says she spit on during the confrontation. She told the Deseret Morning News she will wait to raise questions about the police's actions.

"We're going to back off of them. They have been tied up by policy," Hill said. "I am thanking SLPD, and I'm apologizing to them. It was out of anger."

The mayor was forgiving.

"It shows a lot of character for people to be able to stand up and say they're sorry," Anderson said.

If police had fouled up the case, the mayor said he would not be shy about holding the department accountable. He was critical about how the Salt Lake City Police Department handled the Elizabeth Smart kidnapping in 2002.

"In this case, our police officers, the FBI from the top down . . . they did an absolutely outstanding job. That's why we have answers today," he said.

Burbank said his officers did everything they could to find Destiny.

"Our detectives fell in love with Destiny," he said. "They worked tirelessly."

D.C. Mayor Wants Study Of Need For More Police (WP)

By Lori Montgomery And Allison Klein

The Washington Post, July 27, 2006

Calling for a review of police staff levels and deployment, D.C. Mayor Anthony A. Williams said yesterday that the District may need to hire hundreds of officers to meet the twin demands of a growing population and a rising crime rate.

"We may have to go up to some higher number," Williams said, adding that restoring the department to its past peak of 5,100 officers may be a possibility.

Williams (D), who is retiring in January, said he has spoken with Police Chief Charles H. Ramsey and other top officials about designing "a really good, comprehensive review of deployment" so the city can determine "what we need and what citizens want."

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"It took a lot of work to get up to 3,800" officers, the size of the current force, Williams said. "But I think looking at trends over the last four or five months," he said, deployment "is an important question, especially for the next mayor."

Williams said that a comprehensive study might indicate that "we need additional troops out there in order to get 911 and citizen response to where it should be."

Williams's comments, made yesterday during a news conference at the John A. Wilson Building and first reported by WRC (Channel 4), come when the District is enduring a spike in street crime, with some criminals targeting the Mall and other areas frequented by tourists. A surge in killings, robberies and armed assaults prompted Ramsey to declare a crime emergency July 11.

Last week, the D.C. Council approved emergency legislation to give police $8 million in extra funds so Ramsey can implement a six-day workweek. That will put the equivalent of 300 additional officers on the streets immediately, according to the mayor's office.

In addition, council members voted this year to permanently increase the force by 450 officers. Even without those reinforcements, the District already has more police per capita than any other large U.S. city, primarily because the city is home to more than 30 law enforcement agencies.

At its peak in the 1970s, the District's force had nearly 5,100 officers. The number fell to about 4,000 in the late 1980s and declined further during the city's financial crisis in the early 1990s.

In 2003, Williams and Ramsey pushed to boost the force back up to 3,800 -- at the time, an increase of 175 officers. It took more than a year to reach that goal due to attrition and difficulties attracting qualified recruits.

Yesterday, Ramsey agreed with Williams that the department needs more officers, but he said he isn't sure how many.

"If our goal is to continue to drive crime down to the lowest possible level, we need to have more officers," Ramsey said. "You also have to make the same investment in social services: drug treatment, mental health services, programs for kids. You need to look at all those things that drive crime."

Reaction among council members was mixed.

Chairman Linda W. Cropp (D), who is seeking the Democratic nomination to replace Williams, said the city should hire the extra officers already approved by the council before adding more.

"I know we need more presence in the community," Cropp said. "We have added 450 police officers in addition to what we have now. We need to have an evaluation process to see if the presence is being felt in our neighborhoods."

Adrian M. Fenty (D-Ward 4) and Vincent B. Orange Sr. (D-Ward 5), who are also running for mayor, applauded Williams's call for more officers, as did Phil Mendelson (D-At Large), the Judiciary Committee chairman, who is running for reelection.

"If the mayor's saying we're going to look at what the right size of the force is with the potential of increasing it, I support that," Fenty said.

Kathy Patterson (D-Ward 3), a candidate to replace Cropp as chairman, sounded a note of caution.

"There are several ways to improve policing in the short term without hiring more officers," she said, noting that the department can hire only about 100 officers a year. "We need better policing, better supervision, better allocation of resources. We can do that today. Bringing on more people would take us a huge amount of time."

Yates Headed To Hospital, Not Prison (USAT)

By Laura Parker

USA Today, July 27, 2006

Andrea Yates, the Houston woman who drowned her five children in a bathtub in June 2001, will be confined to a Texas mental hospital after a jury acquitted her by reason of insanity on Wednesday.

It was a dramatic outcome to a wrenching case that focused attention on mental illness. If convicted, she would have gotten life in prison.

Yates, 42, had been serving a life sentence after a jury convicted her in 2002 of murdering three of the children. That conviction was overturned last year.

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Under Texas law, Yates will be under the jurisdiction of Harris County state District Judge Belinda Hill, who oversaw both trials, for the rest of her life. She could be released only if Hill finds that Yates is mentally competent and no longer a danger to herself or others.

"She will forever be mentally ill," said Yates' lawyer George Parnham.

While hospitalized, Yates will be supervised 24 hours a day and treated by a psychiatrist, Parnham said. In prison, he said, she was living in a cell as a regular inmate and was treated for her mental illness.

Yates is likely to be sent to the state's sole maximum-security mental hospital. Parnham said he wants her transferred to another state hospital where she has been getting treatment since her conviction was overturned.

Russell Yates, who divorced Andrea and has since remarried, expressed relief. He recalled prosecutors' efforts in the first trial to have Yates executed. "It's a travesty they proceeded against her," he said. "This all could have been avoided. If the state proceeded honestly and had done a real evaluation of Andrea's mental health, we never would have had a trial."

Under Texas law, insanity is the inability to distinguish right from wrong. Prosecutors never disputed Yates' mental illness but said she knew what she did was wrong.

The defense said Yates, who had been hospitalized repeatedly and was psychotic, believed that her children, ages 6 months to 7 years, were doomed and that by killing them she was saving them from eternal damnation.

Jury Finds Yates Not Guilty By Reason Of Insanity (LAT)

By Miguel Bustillo

The Los Angeles Times, July 27, 2006

HOUSTON — Andrea Yates, who said she drowned her five children in the bathtub because she believed she was saving them from Satan, was found not guilty by reason of insanity today.

The fact that Yates was mentally ill — she believed she was possessed by the devil and that the media had planted bugs in her house to record her poor parenting — was never in doubt during the four-week trial. Neither was the fact that she had committed the crimes: She called 911 minutes after killing the children and confessed.

But experts for the defense and prosecution disputed whether Yates was legally insane on the day of the murders. Under Texas law, defendants can be found not guilty by reason of insanity only if the defense proves that they did not know right from wrong.

The jury, which deliberated here over three days, found that the former high school valedictorian and nurse was not sane the day five years ago that she waited until her husband went to work and then drowned her children, one by one. It was a crime that had stunned the nation, and raised awareness of the most extreme forms of post-partum depression.

Yates appeared shocked when the verdicts were read and her supporters and family members began to weep behind her. Defense attorneys bowed their heads and tried to contain their emotion, while prosecutors stared straight ahead.

"I look at this and think, this all could have been avoided," Russell Yates, her ex-husband, said today. "Andrea was ordinarily a loving mother, who was crippled by disease Yes, she was psychotic on the day this happened."

Yates had a well-chronicled history of mental problems, which had led to several hospitalizations and at least two suicide attempts. A deeply religious woman, she believed she was failing to properly home-school her children in the Houston suburb of Clear Lake and was haunted by visions that one of her sons would become a gay prostitute.

In 2002, a jury deliberated less than four hours before finding her guilty of murdering her children. But the convictions were thrown out on appeal last year because an expert witness for the prosecution who served as a consultant to the television drama "Law & Order" had testified that Yates may have gotten the idea to drown her children and plead insanity from an episode of the show. No such episode existed. The appeals court concluded that the testimony might have prejudiced the jury.

However, the jury's decision to spare Yates the death penalty stood. So the only options available to jurors in the just-concluded trial were life in prison or treatment in a state mental hospital.

Prosecutors had charged Yates in only three of her children's deaths: Noah, 7, John, 5 and Mary, 6 months -- leaving open the possibility that she could face further legal action for the deaths of Paul, 3, and Luke, 2.

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"The right thing was done," defense attorney George Parnham said after the verdicts. "This case is almost a watershed for mental illness in the criminal justice system."

Prosecutor Joseph Owmby said today that he was deeply disappointed by the verdict. While Yates was mentally ill, Owmby said, she understood that murdering her children was legally wrong.

During closing arguments Monday, defense attorneys argued that while jurors might feel a primitive urge to punish Yates, they should pity a woman who was so tormented by mental illness that she murdered her children out of a sense of "Mother knows best."

"My Daddy taught me that you don't hit animals for no reason, and you don't punish crazy people for something they don't understand," attorney Wendell Odom Jr. said, his voice quivering.

Prosecutors detailed the final moments of Yates' children, describing how they fought for their lives as their mother held them underwater. At one point, prosecutors said, Noah struggled to the surface and tried to blurt out an apology for whatever he had done.

Jurors were shown the pajamas the children were wearing when they died, and prosecutors presided over three minutes of silence in the courtroom to demonstrate how long the children likely suffered before losing consciousness.

During most of the trial, Andrea Yates sat ashen, her bangs hanging over her eyes. But when the prosecution on Monday described her deliberate acts of murder, she cried forcefully, wiping her tears with a red bandana.

"There are things we could have done differently," Russell Yates said outside the courtroom after the verdict was read. He walked away from the television cameras and stepped into a driving rain.

Yates Is Not Guilty By Reason Of Insanity (WP)

By Carol Rust

The Washington Post, July 27, 2006

HOUSTON, July 26 -- With her first conviction for murder thrown out, a jury in the second trial of Andrea Yates on Wednesday found her not guilty by reason of insanity in the drownings of her five children in her bathtub five years ago.

Yates had said that Satan had told her she was a bad mother, and she had told authorities she killed her children so they could go to heaven. Now 42, she will be sent to a state mental hospital until experts deem her no longer a threat to anyone.

In 2002, a jury had convicted Yates of murder and she was sentenced to life in prison. That conviction was overturned because a prosecution witness gave erroneous testimony, prompting her retrial.

The latest verdict "is a landmark decision that shows the public's dramatically increased understanding of mental illness and particularly postpartum depression," said Betsy Schwartz, executive director of the Mental Health Association of Greater Houston.

But prosecutors were disappointed. They said Yates understood her actions were wrong and so did not meet the standard of insanity needed for acquittal. "For five years, we've tried to seek justice for these children," Assistant District Attorney Kaylynn Williford told reporters.

On June 20, 2001, Yates drowned her children -- Mary, 6 months; Luke, 2; Paul, 3; John, 5; and Noah, 7 -- in her Houston home.

Yates called police to her home after the killings. A former nurse, she had a history of psychiatric hospitalizations and suicide attempts.

At her first trial, Yates pleaded insanity, and five mental health experts testifying for the defense said she did not know right from wrong. The prosecution's only mental health expert, psychiatrist Park Dietz, testified that Yates did know right from wrong.

He also testified that the NBC series "Law & Order" had run an episode before the drownings about a woman who was acquitted by reason of insanity after drowning her children. Yates was convicted.

In January 2005, the Texas Court of Appeals for the 1st District overturned the conviction because Dietz's testimony about the program was wrong. There never was such a show.

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Prosecutors presented much of the same evidence against Yates in the second trial. During final arguments on Monday, Williford invoked three minutes of silence in the courtroom and then said that that was the same amount of time each of the children struggled before dying underwater.

The jury deliberated about 12 hours before reaching its decision.

Jury foreman Todd Frank said after the verdict that jurors struggled with their deliberations.

"The items of evidence in question made it emotionally difficult to make decisions," he said, "and points of religion and spirituality made reaching decisions difficult."

Release, Publication Of Women's Photos Draw Many Tips (LAT)

By Richard Winton And Andrew Blankstein, Times Staff Writers

The Los Angeles Times, July 27, 2006

When Los Angeles County Sheriff's Department deputies released photographs of some 50 women taken two decades ago by murderer Bill Bradford, they weren't sure what they would find.

Then the tips started flooding in -- more than 1,000 in the 24 hours after they sought the public's help Tuesday in identifying the women.

One woman called to say she was the person in photos 16 and 17 -- and is very much alive.

Then Bradford's own daughter called in, saying that photo 48 was of his ex-wife and that she, too, is alive.

By Wednesday evening, detectives said they had tentatively confirmed that 24 of the women are alive and believe they had talked to about a dozen of them personally.

Most murder investigations begin with a victim and end with the arrest of a suspect. But sheriff's officials said Wednesday that the Bradford case is an investigation like no other.

"This is a totally different case that what we are used to," said Capt. Ray Peavy, head of homicide for the Sheriff's Department. "Here, we think we know who the killer is, and we are trying to find the potential victim."

The case has another twist: Peavy said the goal isn't to bring more charges against Bradford, who is already on Death Row after being convicted of killing two aspiring models in the 1984.

The 54 photographs were contained in Bradford's original case file and sat untouched for years, until a cold-case detective decided to take a second look.

"Most of these women maybe are alive but maybe we'll find (other victims) and bring closure to one more family who lost a loved one," he said.

Detectives so far have confirmed that only one of the women, Donalee Campbell Duhamel, was killed. Duhamel, an aspiring model who is photo No. 28, was found decapitated in 1978 after being seen at a west-side bar with Bradford. Her case is now under investigation.

To deal with the flood of tips, investigators set up an elaborate information-gathering system.

One group of detectives sat at a phone bank, taking calls and typing the information into a database.

In a nearby room, another group of detectives -- some of whom are retired and volunteering their time -- began running down clues. Photos of all 50 women are numbered and displayed on a giant board, withinformation posted alongside the images.

The first step in the process is to identify each one. Then detectives plan to interview the women about their dealings with Bradford.

"Maybe they had a friend that also knew Bradford and they never her saw again," Peavy said. "A victim may not be among these photos."

The telephone calls starting coming minutes after the Sheriff's Department released the photos on Tuesday.

Some callers have been anonymous, and detectives said they believe they were talking to some of the women themselves.

Peavy said he could understand how some of the womenwould not want friends and loved ones to know more than 20 years after the fact that they had been photographed by Bradford. He said many photos were of scantily clad women.

Though the department released only head shots, Peavy said some of the full photos had "pornographic" content.

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The photos were found at Bradford's Mar Vista apartment when was arrested. Authorities long suspected that Bradford killed some of the women, but the case was pushed aside after he was sentenced to death in 1984.

Peavy said detectives at the time thought it was more productive to investigate other suspected killers.

"The fact that he was off the street, he was in custody and he was convicted of two homicides -- they knew he wasn't going to be a threat any longer," he said. "They may have felt there was no need to pursue these."

He said attitudes at the Sheriff's Department have since changed, and detectives are more willing to examine possible homicides if for no other reason to give some type of resolution to families.

"Obviously we all agreed that it should have been looked at -- probably looked at before now," he said.

Bradford frequented popular Westside bars and offered to take photos of female models and actresses.

That is how he met Shari Miller, a 21-year-old barmaid. At his trial, prosecutors said Bradford took photos for her portfolio as a way of gaining her trust. Then he drove her to the Mojave Desert for a photo shoot. Sometime after the photos were taken, authorities said, Bradford strangled Miller. Six days later, on July 12, 1984, Tracey Campbell disappeared. Authorities claimed Bradford killed the 15-year-old after another "fashion shoot."

During sentencing, Bradford told jurors: "Think of how many you don't even know about."

In addition to Miller, Campbell and Duhamel, Bradford is a suspect in the slayings of a man and another woman during that period.

Peavy said detectives had yet to speak to Bradford, but would welcome any information he can provide.

Bradford's Los Angeles attorney said her client insists he never killed anyone.

"He maintains his innocence," Darlene Ricker said in an interview. "He has always told me he never killed anyone."

CIVIL LAW:

Boeing Reports Loss Despite Highflying Sales (USAT)

By Marilyn Adams, Usa Today

USA Today, July 27, 2006

Despite booming airplane sales, Boeing (BA) on Wednesday reported a $160 million second-quarter loss because of $1.1 billion in charges for defense-contract misconduct and delays.

Most charges stem from a $615 million Justice Department settlement of investigations into the improper hiring of a former Air Force official and the misuse of data from competitor Lockheed Martin to win Pentagon contracts. Boeing said it will not claim a federal income tax deduction for the federal penalty.

Those scandals prompted former Boeing CEO Phil Condit to resign, and Boeing's former CFO and the Air Force official were sentenced to prison. In return for the record fine, the government didn't indict Boeing.

Boeing also took a $496 million charge in the quarter for delays in an airborne surveillance project it is building for Australia and Turkey.

"We've had more things to deal with than I would have liked," CEO Jim McNerney told Wall Street analysts Wednesday. He said Boeing, the world's largest aerospace company, must uphold "the highest levels of integrity."

Boeing's profit for the first half of 2006 was off more than 50% from a year ago. Its second-quarter loss contrasted with a $566 million profit in the second-quarter of 2005. However, McNerney said the company's financial outlook is strengthening. Boeing's second-quarter revenue grew 2% to $15 billion, and year-to-date revenue is up 7%.

The Chicago-based company lowered its 2006 earnings forecast to between $2.40 and $2.55 per share, but raised its 2007 earnings forecast to between $4.25 and $4.45 per share.

Boeing's order backlog has climbed to a record $220 billion, mainly because of strong demand for commercial planes. McNerney said "unprecedented" airline demand for Boeing's new 787 Dreamliner is so strong that the company is considering opening another production line for that jet.

The 787 is a new wide-body jet whose fuselage will be built entirely of manmade composite material, making it lighter and more fuel-efficient. It also carries new engines for faster flight. The 787 is sold out for deliveries through most of 2011.

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Boeing's net loss was 21 cents a share, down from a profit of 70 cents a year ago. Boeing's shares closed at $79.90, down 4.6%.

Boeing Posts Loss On Costs Of Settling Ethics Inquiry (NYT)

By Leslie Wayne

The New York Times, July 27, 2006

The Boeing Company reported yesterday a $160 million loss in the second quarter resulting, in large part, from a $615 million settlement with the government over ethics charges. And to head off Congressional criticism, Boeing also announced that it would not take the settlement as a tax deduction.

The decision not to seek the tax deduction — even though the company maintained that it could — comes as Boeing is trying to improve its standing in Washington and as the company's chief executive, W. James McNerney Jr., is to appear on Tuesday before the Senate Armed Services Committee to face questions about the company's behavior.

The company's $160 million loss, or 21 cents a share, came on revenue of $14.99 billion. In the second quarter of 2005, Boeing had earnings of $566 million, or 70 cents a share, on revenues of $14.68 billion. The quarterly loss for 2006 reflects a $1.1 billion charge for the ethics settlement as well as $496 million for delays in a military surveillance program. Boeing's shares fell by 4.60 percent, or $3.85, to close at $79.90 yesterday.

Since becoming chief executive last year, Mr. McNerney has made ethics and integrity a top priority. Two previous chief executives resigned amid ethics scandals.

Boeing agreed in May to pay $615 million to end a three-year investigation and avoid criminal charges over allegations that it had improperly acquired proprietary documents from its rival, Lockheed Martin, and illegally recruiting a top Air Force weapons buyer who was overseeing Boeing contracts.

Shortly after the government settlement was announced, it ran into sharp criticism from some prominent senators, who wrote to the Justice Department expressing concern that Boeing could use the settlement to reduce its tax bill. These senators included Charles E. Grassley, an Iowa Republican and chairman of the Senate Finance Committee; John Warner, Republican of Virginia and chairman of the Senate Armed Services Committee; and John McCain, an Arizona Republican and a longtime Boeing critic who is also leading new investigations into weapons spending.

Mr. McNerney, in a conference call yesterday, said that while the decision not to deduct the $615 million would be costly in the short run, it was an important long-term move to improve Boeing's reputation and move the company in a new direction.

"Without question, the short-term impact of the tax issue is significant,'' Mr. McNerney said. "However, the long term value of Boeing's reputation is even more significant. I feel strongly that the right thing for Boeing to do is not to seek tax deductibility for the settlement charges."

Mr. McNerney added, "Simply speaking, my intent is to focus on the future and put this behind us."

Boeing's decision was immediately hailed by Senator Grassley, who said that "it's good'' but who continued to criticize Justice Department lawyers who negotiated the Boeing settlement for being "asleep at the switch."

"We can't depend on having klieg lights from Congress for the right thing to happen,'' Mr. Grassley said. In a letter sent this month to Attorney General Alberto R. Gonzales, Mr. Grassley and the other two senators wrote that allowing Boeing to claim the settlement as a tax deduction would result in "leaving the American taxpayer to effectively subsidize its misconduct."

Loren Thompson, an industry analyst at the Lexington Institute, a research organization in Arlington, Va., that promotes free-market economics, said Boeing could afford to pass up the tax break because of a corporate turnaround that has strengthened the company's finances.

"Boeing's strategy is to keep its nose to the grindstone and avoid anything that looks controversial and hope that the anger of Senator McCain will move on to other companies,'' Mr. Thompson said.

Besides the government settlement payment, the other charge came because of delays in a $4 billion military surveillance aircraft program for Australia and Turkey. Known as Wedgetail in Australia and Peace Eagle in Turkey, the program outfits Boeing 737-700's with advanced radar systems.

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The $1.1 billion write-off was somewhat offset by a strong performance by Boeing's commercial aviation division, where profits rose by 51 percent, to $719 million on revenue of $7.11 billion. Boeing reported a record $142 billion backlog in orders, which represents 487 planes.

One big hit is the company's coming 787 Dreamliner, a midsize fuel-efficient craft. So far it, has 364 orders from 25 air carriers, and is sold out until 2011. Orders have been so strong that Mr. McNerney said the company was even considering expanding its production plants. First deliveries of the plane are expected in the fall of 2008.

On the military side, where Boeing is the No. 2 contractor after Lockheed Martin, revenues remained flat at $7.8 billion for the quarter, compared with the same quarter in 2005. Profits were $309 million, compared with $821 million in the second quarter of last year, as a result of the charges.

In response to questions about the new Airbus A350 "Extra Wide Body" plane that was introduced at the Farnborough International Air Show last week to compete with Boeing's 787 and 777, Mr. McNerney said, "They seem to be trying to cover two of our planes with one plane, which is a tough putt. We don't see it has a plane that can compete with our 777, and it's a little big and a little heavy to do the mission the 787 can do. So, in summary, they've got a single plane trying to cover two of the most successful planes we have."

Boeing Chief Isn't Happy With Defense Operations (SLPD)

By Tim McLaughlin, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, July 27, 2006

Boeing Co. Chairman Jim McNerney on Wednesday expressed dissatisfaction with the company's St. Louis-based defense unit, calling for more accountability after fumbled military contracts triggered Boeing's first quarterly loss in three years.

Boeing's defense revenue in the second quarter remained about flat at $7.8 billion, but operating profit plunged 62 percent to $309 million. Boeing employs about 16,000 workers in St. Louis, where it makes F-15 Eagles, F/A-18 Super Hornets, missiles and satellite-guided bombs.

By using better risk management, McNerney told Wall Street analysts, he's trying to head off problems before they get too big. Previous Boeing leaders allowed major scandals to develop on their watch, harming the company's reputation.

When Phil Condit ran the company, he talked infrequently to top executives at Boeing defense, insiders say. Condit's successor, Harry Stonecipher, was ousted last year after someone blew the whistle on his extramarital affair with a subordinate.

McNerney, at the helm for a year, has made it clear the defense business needs to be better. Meanwhile, Boeing's commercial airplane business is experiencing what McNerney described as unprecedented demand.

Still, Boeing lost $160 million in the quarter that ended June 30, compared to net income of $566 million in the year-earlier period, because of charges related to its defense business. The aerospace and defense giant's stock slid 4.6 percent, or $3.85, to $79.90.

The good news was that Boeing boosted next year's profit and revenue forecast, largely because of demand for the company's new passenger jet. The 787 Dreamliner is sold out through the end of the decade.

As previously announced, Boeing took a $615 million charge against profits for a settlement with the Justice Department over the theft of rocket-launch documents from a competitor and the illegal hiring of a defense procurement official while she still oversaw Boeing contracts. Most of the settlement is tax deductible, but McNerney said it wasn't appropriate to get a benefit from wrongdoing.

"Without question, the short-term financial impact of the taxability issue is significant. However, the long-term value of Boeing's reputation is even more significant," he said.

Boeing's other charge, pegged at $496 million and disclosed last month, stemmed from problems with a $4 billion contract to build surveillance planes for Australia and Turkey. The defense business used flawed assumptions for packing early-warning radar into a Boeing-made 737, causing delays in the program. The disruption also earned a rebuke from Australia's defense minister.

"We've had more things to deal with than I would have liked," McNerney said during a conference call with analysts and reporters. "There are a couple of things we're not proud of."

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In assuring analysts that he was heading off problems before they grow, McNerney said there's an increased focus on accountability and execution inside Boeing's defense business. He conceded there's plenty of work left in those departments.

"No, I'm not totally satisfied. None of us are," McNerney said. "I'm not satisfied with where we are. I probably never will be. It's the nature of the business. But we are going to improve."

Boeing defense chief Jim Albaugh recently relayed that message to his executive team, using an off-site meeting to add gravity to the situation.

Boeing Reports 2Q Loss Of $160M (AP)

By Dave Carpenter

AP, July 27, 2006

CHICAGO — Steep costs to settle a government investigation and pay for delays to an airborne surveillance system sent Boeing Co. to its first quarterly loss in three years.

Boeing strengthened the outlook for its resurgent commercial airplane business at the same time it announced the $160 million second-quarter deficit Wednesday. But also reduced its 2006 earnings guidance, and its stock fell.

While the $1.07 billion in charges were expected, Wall Street showed disappointment that the aerospace company chose not to write off any of its Justice Department settlement and increased its 2007 outlook less than many anticipated.

Boeing shares closed down $3.85, or 4.6 percent, to $79.90 on the New York Stock Exchange after sinking as much as 5 percent in the wake of the report. The stock has traded in a 52-week range of $62.01 to $89.58.

With the new 787 deemed its most successful commercial airplane launch before it is even built, analysts' expectations for Boeing were high.

"Boeing has won more orders than most would have expected so far this year, and the backlog keeps climbing," said Edward Jones analyst Matt Collins. "But investors are obviously a bit nervous about the potential for additional delays, like we saw with the surveillance aircraft."

The loss was Boeing's first since the second quarter of 2003 and came in a year in which its commercial aircraft business has outperformed rival Airbus SAS.

Chairman and CEO Jim McNerney said the commercial airplanes business remains the company's growth catalyst, thanks to both an expanding market and strong sales of Boeing planes. He said the charges "overshadowed solid fundamentals" during the quarter.

Some analysts agreed.

"Although the charge has created 'noise' for this quarter, the underlying performance for (Boeing Commercial Airplanes) remains the key attraction," Bank of America Equity Research analyst Robert Stallard wrote in a research note. "Although the successful launch of the 787 is a key risk to watch, we think that Boeing is still well placed to enjoy the fruits of this aerospace up-cycle."

The net loss for the April-June period amounted to 21 cents per share and compared with net earnings a year earlier of $566 million, or 70 cents per share. It was a penny better than the consensus estimate of analysts surveyed by Thomson Financial but fell short of several forecasts that anticipated Boeing would deduct at least some of the settlement charge.

By not seeking a tax write-off, Boeing avoided further controversy in Washington.

"Without question, the short-term financial impact of the taxability issue is significant," McNerney said on a conference call. "However, the long-term value of Boeing's reputation is even more significant."

The charges included $571 million, after reserves, for the $615 million settlement with the Justice Department relating to the hiring of former Air Force official Darleen Druyun and the alleged use of secret documents obtained from rival Lockheed Martin Corp. to win contracts. A separate charge for $496 million was to cover delays of up to 18 months in an international airborne surveillance system for Australia and Turkey.

Revenue increased 2 percent to $15 billion from $14.7 billion.

The Seattle-based commercial airplane division produced a 10 percent revenue jump that helped its operating earnings rise 51 percent to $719 million. It generated $7.1 billion in sales, or 47 percent of the company's total.

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Boeing delivered 97 commercial planes in the quarter, its highest second-quarter total since 2002 and out-booked Airbus in aircraft orders in the first half by 496 to 117. The company also said it has 364 firm orders from 25 customers for the 787, which the company has begun manufacturing and assembling and intends to test-fly in 2007.

Growth at the airplane unit, along with higher productivity, prompted Boeing to increase its 2007 earnings per-share guidance by 15 cents to a range of $4.25 to $4.45 and its 2007 revenue guidance by $1 billion to between $64.5 billion and $65.5 billion. Analysts already were anticipating $4.49 per share on revenue of $65.4 billion.

The defense business saw operating earnings decline 62 percent to $309 million, reflecting the Airborne Early Warning & Control program charge. Its revenues were flat at $7.8 billion.

Because of the charges, Boeing reduced its outlook for 2006 earnings per share to between $2.40 and $2.55, down from $3.25 to $3.45. But it raised its outlook for 2006 revenue to $60.5 billion from $60 billion, with the boost coming from commercial airplanes.

Boeing also warned that earnings could be affected by a decision to divest or shut down its Connexion broadband Internet venture, which it said last month it was considering doing. It said such a move would involve a charge to 2006 earnings of $350 million before taxes.

The company reiterated its expectation to deliver 395 planes in 2006, up 36 percent from last year, and 440 to 445 in 2007.

Big Companies Cash In On Fed Contracts (FINDLAW/AP)

By Frank Bass, Associated Press Writer

AP, July 27, 2006

(AP) - WASHINGTON-At least $12 billion in contracts the government claimed it gave to small companies last year wound up instead in the coffers of corporate giants like Microsoft and Rolls Royce, greatly inflating the Bush administration's record of help to small businesses, Democratic congressional investigators say.

When small business contracts with large companies are excluded, the government missed for a sixth straight year a requirement that 23 percent of its $314 billion in annual contracts go to small businesses, House Democrats conclude in a report to be released Wednesday.

There were two basic problems, the investigators said: Federal agencies miscoded thousands of contracts to big companies as small business awards. And many other companies that started small grew large or were purchased by corporate giants but continued to get small business contracts.

"It's just unbelievable," said Rep. Nydia Velazquez of New York, the top Democrat on the House Small Business Committee. "We have just got to start holding agencies accountable."

Velazquez is asking the Government Accountability Office and internal watchdogs for the State, Treasury, Defense and Transportation departments to investigate their contracting procedures and see if criminal activity is involved.

Under federal law, representatives of large companies that falsely claim to be small firms can be punished with 10 years in prison, $500,000 in fines, and a permanent ban from doing government business.

Generally, the government defines a small business as one with fewer than 500 employees, though that limit can vary among industries. In general, retail firms can only have maximum average annual receipts of $6.5 million.

The Small Business Administration last month issued a report saying the government gave 25.4 percent of its contract dollars in 2005 to small firms. SBA said it relied on contracting figures provided by each federal agency. The Democrats' report said the accurate figure was 21.6 percent.

When asked about corporate giants appearing in the tally, SBA spokesman Raul Cisneros said, "That's the official information that agencies give us."

The House Democrats' report, however, said the administration's tally of small business contracts in 2005 included some of the world's largest companies:

-Computer giant Microsoft Corp. won eight small business contracts worth $1.5 million. Five contracts, worth $475,000, came from the Pentagon. The others came from the Drug Enforcement Administration and the Bureau of Prisons.

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-Rolls-Royce plc received $2.2 million in 63 separate contract actions. The bulk came from the Navy, which spent $2 million on 53 Rolls contracts.

-Wal-Mart, whose more than 1.5 million workers make it the nation's largest private employer, received three small business contracts totaling $14,232 from the Department of the Army.

-Exxon Mobil Corp., with $370 billion in annual revenues in 2005, won a $63,855 contract from the Pentagon's Defense Logistics Agency and a $50,000 award from the Interior Department's Minerals Management Service.

-Google Inc., the Internet search giant, won separate contracts from the U.S. Coast Guard ($41,800), the Peace Corps ($15,000) and the Federal Highway Administration ($2,995).

Tom Greer, a spokesman for Lockheed Martin, said it's a common problem. The Bethesda-based aeronautics giant has 135,000 employees and reported $37 billion in sales last year. The House panel, however, found that government agencies classified $8 million in Lockheed contracts as small business awards. Greer said the company has often had to ask federal agencies to correct records showing Lockheed as a small business.

"We don't compete with small businesses for federal contracts," he said.

Velazquez said she plans to write roughly 2,500 big companies, asking them to remove their names from a government list of approved small business firms, and also will seek legislation to punish agencies that cheat.

House Republicans said much of the controversy can be attributed to small businesses that have prospered under the Bush administration, either adding enough employees to become a large company or being acquired by large businesses.

"Should the firm be penalized for success?" asked Rich Carter, a GOP spokesman for the House Small Business Committee. "Should the agency not be given credit for taking a risk by placing their initial confidence in this small business to perform this type of work? Maybe (Democrats) believe this company should have never received the contract in the first place to satisfy some accounting standard."

But Art Munn, a California, Md.-based contractor who said he lost several contracts to larger firms, said it's not just an accounting issue.

Munn said earlier this year he had to lodge a formal protest with the SBA to save a Marine Corps contract he'd been awarded for a radar dome installation in Bahrain. Munn said he was competing with a large company that had bought out a much smaller competitor.

"It gets ugly," he said. "This time, everything worked like it was supposed to work, and I got the contract. But it gets frustrating. I waste a lot of time and money."

The issue of big businesses getting more than their fair share of federal contract dollars is not new.

Lloyd Chapman, head of the Petaluma, Calif.-based American Small Business League, noted that government investigators have released more than a dozen reports on the issue over the last decade, but nothing has changed.

"It's fraud," Chapman said. "This is by design. It hasn't happened by miscoding. It's become an ongoing problem, and it's getting worse and worse. I feel like I'm on this mission alone."

On the Net:

Small Business Administration: http://www.sba.gov

American Small Business League: http://www.asbl.com

House Small Business Committee: http://wwwc.house.gov/smbiz/

Watchdog, Lawmakers Eye Better Information Flow (NJTD)

By Andrew Noyes, National Journal's Technology Daily

National Journal's Technology Daily, July 27, 2006

Some federal agencies have taken proactive steps to boost the processing efficiency for document requests under the Freedom of Information Act, but future agency plans for action a decade after Congress updated the law for the Internet age dismay at least one watchdog.

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The 1996 changes to the 40-year-old law sought to improve public access to government information, particularly electronic records, and reduce lag time in responses to FOIA requests. Many government entities have promised more streamlined FOIA processes by mid-2007.

But Patrice McDermott, the director of OpenTheGovernment.org, told a House Government Reform subcommittee on Wednesday that two agencies that should set the standard -- the Justice Department and White House Office of Management and Budget -- are not yet serious about reform. "There is no enforcement mechanism provided and no repercussions for ignoring these requirements," she said in written testimony.

The Government Management, Finance and Accountability Subcommittee first looked at FOIA in May 2005. Since then, President Bush has issued an executive order requiring agencies to review FOIA compliance and develop specific enhancement plans.

The administration directed agencies to designate a chief FOIA officer, establish an information-requester service center and provide blueprints for FOIA improvements to the attorney general and OMB by June 14. The White House expects a full report on FOIA progress in October.

Twenty-four agencies received a combined 2.6 million FOIA requests in 2005 -- an increase of 27 percent since 2002, according to Linda Koontz, director of information management issues at the Government Accountability Office. But departments are having trouble satisfying data requests.

The number of pending cases carried over annually rose to about 200,000 in fiscal 2005, a 43 percent increase over fiscal 2002, Koontz said in written testimony. Difficulties in coordinating responses within large, decentralized agencies and limitations in systems that track FOIA processing are to blame, she said.

Congress should approve funds geared toward promoting prompt public disclosure, McDermott said. She urged lawmakers to pass pending FOIA bills, H.R. 867, H.R. 1620 and S. 589.

The sponsors of those measures -- Reps. Lamar Smith, R-Texas, and Brad Sherman, D-Calif., and Sen. John Cornyn, R-Texas -- were slated to testify at the House hearing. "Exemptions [to FOIA] are too broad, and there is a complete lack of any meaningful penalties, either for individuals or agencies that violate the law," Sherman said in his prepared remarks.

CIVIL RIGHTS:

City Moves Ahead With Compliance (CINE)

By Dan Klepal, Enquirer Staff Writer

The Cincinnati Enquirer, July 27, 2006

The city of Cincinnati was notified today by the Justice Department that it has been in compliance for at least two years with 55 of the 81 items the federal government wanted monitored after the 2001 riots.

Those items include matters such as increasing police accountability, decreasing incidents of force being used against citizens, and creating a better way of tracking and dealing with citizen complaints against officers.

The federal recommendations will now go to monitor Saul Green, who will review the city's progress and write a report in September confirming that the city is in compliance with the 55 items.

Green said the city is actually in compliance with more than 90 percent of the 81 items, but it must maintain that compliance for more than two years before the federal government stops monitoring.

"This is the outcome we all hoped for," Cincinnati Mayor Mark Mallory said.

E-mail dklepal@enquirer.com

Tallahassee Prison Guards Plead Not Guilty To New Charges (AP)

AP, July 27, 2006

TALLAHASSEE, Fla. — Five federal prison guards facing charges in a sex scandal that ended in a deadly shootout have pleaded not guilty to additional counts and are set for trial Oct. 30.

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They initially had been charged with a single conspiracy count, but a federal grand jury last week added substantive charges, including witness tampering. They entered their pleas to the new charges Tuesday in U.S. District Court.

A sixth guard and a Justice Department special agent died during a June 21 gunfight that erupted when authorities went to the Tallahassee Federal Correctional Institution to make the arrests. Another agent was wounded.

The dead guard, Ralph Hill, pulled out a gun and began shooting, investigators said. None of the surviving guards have been charged in connection with the shooting.

They continue to face the initial charge of conspiring to trade cash and unidentified contraband for sex with female inmates.

The new indictment also charges each of the guards, Alfred Barnes, Gregory Dixon, Vincent Johnson, Allen Moore and E. Lavon Spence, with witness tampering. All except Johnson also are charged with bribery. Barnes alone is charged with mail fraud.

All five are on supervised release and under orders not to have contact with prison employees or inmates.

Washington Court Upholds Ban On Gay Marriage (NYT)

By Adam Liptak And Timothy Egan

The New York Times, July 27, 2006

In an angrily divided 5-to-4 decision, the Washington Supreme Court yesterday upheld a state law banning same-sex marriages.

The justices issued six opinions in the case, with some in the majority emphasizing that the Legislature remained free to extend the right to marry to gay and lesbian couples.

The four dissenting justices said the majority relied on speculation and circular reasoning to endorse discrimination.

Massachusetts remains the only state that sanctions same-sex marriages. New York's highest court, by a vote of 4 to 2 earlier this month, upheld state laws limiting marriage to opposite-sex couples. The New Jersey Supreme Court is expected to rule soon on the legality of same-sex marriages there.

Legal scholars said the closeness of the Washington and New York decisions suggested that the legal status of same-sex marriages would remain unsettled and controversial. That alone, they said, represents a significant change in public and judicial attitudes.

When the Washington courts last addressed the question of same-sex marriage in 1974, by contrast, an appeals court unanimously voted against the plaintiffs and the State Supreme Court refused to hear the case.

"You've gone in 32 years from something that was more or less a slam dunk to where the court is almost evenly and very bitterly divided," said William B. Rubenstein, a law professor at the University of California, Los Angeles, and author of "Sexual Orientation and the Law." "The issue is in play."

Opponents of same-sex marriage said yesterday's decision demonstrated that the public and the courts remained opposed to altering the traditional definition of marriage.

"Today is a great day for marriage and the family," said Mathew D. Staver, the chairman of Liberty Counsel, a group that opposes the legal recognition of same-sex marriages. "We are pleased that this latest attempt by the homosexual agenda to radically redefine our culture has been stopped dead in its tracks."

The decision consolidated two cases in which state trial courts had struck down a 1998 state law prohibiting same-sex marriages. The cases were brought by 19 gay and lesbian couples seeking the right to marry or to have their marriages from other jurisdictions recognized. State and local laws in Washington protect people there from discrimination based on sexual orientation and provide some benefits to same-sex couples, but the state has no civil-union law.

Beth Reis, one of the plaintiffs, said the decision was a setback for her, her partner, Barbara Steele, and their four children.

"We are saddened that the court has said that my 28-year committed relationship and my children, grandchildren and great-grandchildren aren't entitled to the same legal protections and obligations as other Washington families," Ms. Reis said.

The controlling opinion in yesterday's decision, signed by three justices, reversed the lower court's, holding that the 1998 law, the Washington Defense of Marriage Act, was supported by rational reasons.

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"Limiting marriage to opposite-sex couples," Justice Barbara A. Madsen wrote in that opinion, "furthers procreation, essential to the survival of the human race, and furthers the well-being of children by encouraging families where children are reared in homes headed by the children's biological parents."

In a dissent signed by three other justices, Justice Mary E. Fairhurst questioned the logic of that assertion. "Would giving same-sex couples the same right that opposite-sex couples enjoy injure the state's interest in procreation and healthy child rearing?" Justice Fairhurst asked.

Justice Bobbe J. Bridge, also dissenting, equated the majority's position with the endorsement of racial discrimination. The majority, Justice Bridge wrote, contended "that it is not our place to require equality for Washington's gay and lesbian citizens." Under that reasoning, she said, "there would have been no Brown v. Board of Education," the 1954 United States Supreme Court school desegregation case.

Justice Madsen repeatedly emphasized the limited nature of the court's ruling. All that was required for the 1998 law to pass constitutional muster, she wrote, was some rational basis.

"We see no reason, however," Justice Madsen added, "why the Legislature or the people acting through the initiative process would be foreclosed from enacting the right to marry to gay and lesbian couples in Washington."

The justices who signed the controlling opinion said they were sympathetic to the fact that "many day-to-day decisions that are routine for married couples," including ones involving children, health care and death, "are more complex, more agonizing and more costly for same-sex couples."

The decision seemed to invite targeted constitutional challenges to the denial of equal treatment to homosexual couples.

Jane Schacter, a law professor at Stanford, said the reaction to the 2003 decision of the Massachusetts Supreme Judicial Court legalizing same-sex marriage there might have left other courts gun-shy about making sweeping rulings.

"There is a real self-consciousness in this decision and the New York decision about the role of the courts," Professor Schacter said. "We've traditionally looked to the courts to buck public opinion to defend liberty and equality, but we're not seeing that here."

Gary Randall, the president of the Faith and Freedom Network and Foundation, a Washington religious group, took the opposite view, saying the decision was "a decisive victory that upholds the values of the faith community."

Two justices in the majority, James M. Johnson and Richard B. Sanders, took a harder line in opposing same-sex marriage in a concurring opinion. There is, Justice Johnson wrote, "a compelling governmental interest in preserving the institution of marriage."

"This conclusion," he continued, "may not be changed by mere passage of time or currents of public favor and surely not changed by courts."

Washington State Upholds Ban On Same-Sex Marriage (WP)

By Blaine Harden

The Washington Post, July 27, 2006

SEATTLE, July 26 -- Deferring to state lawmakers and agreeing with most other U.S. courts, the highest court in Washington state on Wednesday upheld a state law that bans same-sex marriage.

The Washington Supreme Court, though, was bitterly divided in its 5 to 4 decision, producing six separate opinions in rejecting the claim of 19 gay couples that they are victims of state-sanctioned discrimination that harms their children and their financial security.

In its lead opinion, the Washington court insisted repeatedly that elected lawmakers have wide discretion to define marriage -- while judges do not.

"At the risk of sounding monotonous," the lead opinion said, "legislative bodies, not courts, hold the power to make public policy determinations." It added that where "no fundamental right is at stake, that power is nearly limitless."

The court ruled that gay couples challenging Washington's 1998 Defense of Marriage Act had failed to show that it denies them either a "fundamental right" or equal protection under the law.

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"Although marriage has evolved, it has not included a history and tradition of same-sex marriage in this nation or in Washington State," the opinion said. It added that because state law prevents both sexes from entering into a same-sex marriage, it does not discriminate on the basis of sex.

The opinion dismissed a lower-court ruling, which had found a fundamental right to same-sex marriage, as "astonishing, given the lack of any authority supporting it."

Only one state, Massachusetts, allows same-sex marriage, and then only for its own residents. If the Washington court had overturned the ban, state law here would have allowed nonresident gay couples to come here and get married. Earlier this month, the high courts in New York and Georgia also ruled against same-sex marriage. At least a half-dozen other states have legal challenges about same-sex marriage pending.

Wednesday's decision here shows the continued difficulty that proponents of same-sex marriage have in their legal challenges.

The Washington court's lead opinion suggested several times that the majority of justices may disagree with the state's ban on same-sex marriage but that they had ruled narrowly on its constitutionality. The decision "is not based on an independent determination of what we believe the law should be," the opinion said.

A sharply worded dissent, written by Justice Mary E. Fairhurst and signed by three other justices, said the court was using "the excuse of deference to the legislature to perpetuate the existence of an unconstitutional and unjust law."

The majority ruling condoned "blatant discrimination against Washington's gay and lesbian citizens in the name of encouraging procreation" and raising children in homes with opposite-sex parents, Fairhurst wrote. She argued that the court ignored "the fact that denying same-sex couples the right to marry has no prospect of furthering any of those interests."

Senior political leaders in Washington state, where Democrats control most top offices, were critical of the much-anticipated ruling on a case that was heard by the state's high court more than 15 months ago.

Arguing that marriage "is not the business of the state," Gov. Christine Gregoire said she does not believe government should discriminate against any citizen. But she urged respect for the ruling "whether we agree with it or not."

At a news conference in downtown Seattle, King County Executive Ron Sims, who two years ago had encouraged gay couples to sue him to overturn the state ban on same-sex marriage, stood with dozens of disappointed plaintiffs and compared Wednesday's decision to the U.S. Supreme Court's ruling in Plessy v. Ferguson , which affirmed the principle of separate but equal in race relations.

"This is an unwise decision," said Sims, who is black and who said that gays must continue to fight for change, just as blacks did. "Sometimes it takes longer than we might like to bring about needed social change."

As for the plaintiffs, they said they were surprised and angry, and determined to press the state legislature to overturn the marriage law.

"We are reeling today," said Elizabeth Reis, a Seattle health teacher who has been together with her partner, Barbara Steele, a retired researcher in communicable diseases, for 29 years. They raised four children together and have 14 grandchildren and two great-grandchildren.

"Courts have said you can get married if you have been married six times before," Reis said. "Courts have said you can get married if you owe your children entire childhoods of back child support. But this court says I cannot marry a woman I have loved nearly my entire adult life."

Court Refuses To Define Marriage (WT)

By Cheryl Wetzstein

The Washington Times, July 27, 2006

The Washington Supreme Court yesterday narrowly upheld a state law banning same-sex "marriage," saying both the Legislature and the people have the authority to withhold from or grant marital rights to homosexual couples.

Justice Barbara A. Madsen, writing for Chief Justice Gerry L. Alexander and Charles W. Johnson in the 5-4 decision, said, "The solid body of constitutional law disfavors the conclusion that there is a right to marry a person of the same sex.

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"Same-sex marriage may be the law at a future time," she wrote, "but it will be because the people declare it to be, not because five members of this court have dictated it."

Yesterday's decision, which comes three weeks after New York's highest court ruled against same-sex "marriage," declared constitutional a 1998 law passed by Washington's legislature that defines marriage as the union of one man and one woman.

The ruling against 19 same-sex couples seeking the right to "marry" is the seventh court decision this month -- the fourth in a liberal "blue" state -- to go in favor of traditional-marriage supporters. Massachusetts is the only state to allow same-sex "marriage."

"We've been holding our breath waiting for this one, and now we can celebrate another win for marriage, democracy and judicial restraint," said Jan LaRue, chief counsel for Concerned Women for America, which filed a pro-marriage brief in Andersen v. King County.

The Washington high court "recognized that the proper role of the judiciary is to apply the law, not create the law," said Seattle attorney Steve O'Ban, who represented clergy and lawmakers in the lawsuit.

Homosexual rights supporters said the decision would not stop their efforts.

"We are disappointed but not discouraged," said attorney Jennifer C. Pizer of Lambda Legal, which represented the plaintiffs along with the Northwest Women's Law Center. Historically, in discrimination cases "of this magnitude," she said, "the opinions of the dissenting justices later became the law of the land."

The Washington decision is "a terrible blow," but it "will not slow or deter efforts to achieve the promise of full equality in California," said Kate Kendell, executive director of the National Center for Lesbian Rights in San Francisco.

California has its own same-sex "marriage" lawsuit under way, as do Connecticut, Iowa, Maryland, New Jersey and Oklahoma. The next same-sex "marriage" decision is likely to come from the New Jersey Supreme Court, which heard arguments on its case this year.

Several justices in the majority invited state lawmakers to review state marriage laws.

"[T]here is nothing in the opinion" that casts doubt on the right of the legislature or the people "to broaden the marriage act or provide other forms of civil union, if that is their will," Washington Chief Justice Alexander said in a separate concurring opinion.

The four dissenting justices said the majority opinions "condone blatant discrimination" against homosexuals because the 1998 Defense of Marriage Act (DOMA) "was motivated solely by animus toward homosexuals."

"I would hold that there is no rational basis for denying same-sex couples the right to marry," wrote Justice Mary E. Fairhurst, who was joined by Justices Tom Chambers, Susan Owens and Bobbe J. Bridge.

The Washington DOMA, passed by a bipartisan supermajority of lawmakers over Gov. Gary Locke's veto, defines marriage as the union of one man and one woman.

Washington Justices James M. Johnson and Richard B. Sanders, in a concurring decision, said the homosexual plaintiffs had argued that "raw judicial power" could "redefine public institutions such as marriage."

"This court does not possess that power -- no court does," they wrote. "Separation of powers is a fundamental constitutional principle ... Our oath requires us to uphold the constitution and laws, not rewrite them."

Earlier this month, courts in six states --Connecticut, Georgia, Nebraska, Massachusetts, New York and Tennessee -- issued rulings upholding the validity of traditional marriage or amendments that support such unions.

Three of the Washington court's members -- Justices Alexander, Chambers and Owens -- are up for re-election in November. Earlier this month, Justice Owens dismissed talk that the court would "hold" its Andersen ruling until after the elections.

"We have never held cases. I resent when people say that," she told an Associated Press reporter.

State Supreme Court Upholds Washington Gay Marriage Ban (AP)

By Curt Woodward, Associated Press Writer

AP, July 27, 2006

DOJ_NMG_0043506

(AP) - OLYMPIA, Washington-The Washington Supreme Court disappointed gay-marriage advocates Wednesday, supporting a ban on same-sex unions and leaving Massachusetts as the only U.S. state granting full marriage rights to gays and lesbians.

The 5-4 ruling, which left any action on the state's 1998 Defense of Marriage Act to the state Legislature, also surprised gay-marriage opponents who had expected to lose the court case in liberal-leaning Washington state.

It was the latest in a series of significant court rulings against gay marriage. New York's high court dealt gay couples a similar blow earlier this month when it ruled that a state law limiting marriage to between a man and a woman was constitutional.

Disappointment in Wednesday's decision was perhaps greatest in Seattle, home of the state's most visible gay community and the source of one of the original lawsuits seeking marriage rights for gay and lesbian couples.

"There aren't words to describe how hurt people in the gay and lesbian community are. There's a lot of tears and a lot of anger right now. Emotion is raw," said state Democratic Rep. Ed Murray of Seattle, the senior of four openly gay state lawmakers.

The state Supreme Court overruled two lower courts that had found the state law, which limits marriage to opposite-sex couples, violated the state constitution.

However, three majority justices invited the state Legislature to take another look at the gay marriage ban's effect on same-sex couples.

"Given the clear hardship faced by same-sex couples evidenced in this lawsuit, the Legislature may want to re-examine the impact of the marriage laws on all citizens of this state," wrote Justice Barbara Madsen, with Justice Charles Johnson and Chief Justice Gerry Alexander concurring.

The two other justices in the majority, James Johnson and Richard Sanders, more actively opposed gay marriage, saying the Legislature had "a compelling governmental interest in preserving the institution of marriage, as well as the healthy families and children it promotes," Johnson wrote.

Leaders in the state House and Senate and Governor Chris Gregoire - all Democrats - did not commit to any course of action.

"The Supreme Court has ruled and we must accept their decision whether we agree with it or not," Gregoire said.

The four-justice minority harshly criticized the ruling.

Nineteen gay and lesbian couples seeking to marry had challenged the constitutionality of Washington's Defense of Marriage Act. Judges in King and Thurston counties overturned it in 2004, citing the state constitution's "privileges and immunities" section.

The state appealed, arguing that it has a legitimate interest in regulating relationships that produce children.

Gay marriage opponents were surprised, but grateful.

Forty-five U.S. states have laws banning gay marriage or limiting marriage to between a man and a woman.

In other recent rulings on the issue, courts reinstated voter-approved bans on gay marriage in Nebraska and Georgia, and Tennessee's Supreme Court ruled that voters there should have a say on allowing gay marriage.

Massachusetts' high court - the same court that issued the historic ruling that has allowed more than 8,000 same-sex couples since 2004 to marry in that state - ruled a proposed state constitutional amendment to ban gay marriage could go on the ballot if approved by the Legislature.

In Connecticut, a judge found gay and lesbian couples had not been harmed by that state's decision to grant them civil unions but not marriage. Vermont also allows civil unions that confer the same legal rights as heterosexual married couples.

Congress recently rebuffed a move to get a constitutional amendment banning same-sex marriage.

Associated Press Writers David Ammons in Olympia and Donna Gordon Blankinship in Seattle contributed to this report.

On the Net:

Supreme Court of Washington: http://www.courts.wa.gov

Bush To Sign Voting Act That He Once Opposed (WT)

DOJ_NMG_0043507

By Stephen Dinan

The Washington Times, July 27, 2006

With his signature today, President Bush will renew a key part of the Voting Rights Act that singles out 16 states as still practicing voting discrimination, including his state of Texas, where he was governor for six years, and part of Florida, where his brother is governor.

Less than a decade ago, Mr. Bush fought that exact part of the Voting Rights Act, with his appointed secretary of state, Antonio O. Garza Jr., calling the provisions a burdensome and unnecessary federal intrusion into Texas' affairs.

"The Bush administration has really done a flip-flop on this," said Edward Blum, a senior fellow at the Center for Equal Opportunity who has studied Texas voting and the Voting Rights Act. "This is not where he was, and this is not the kind of philosophy that then-Governor Bush had when it comes to getting Texas out from under the thumb of the federal government."

He said Mr. Bush has abandoned "the great color-blind ideals that conservatives believe in."

The key provision is Section 5 of the Voting Rights Act of 1965, designed to target six Southern states that had a history of discrimination against black voters. In the early 1970s, Section 5 was broadened to cover nine states -- Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas, and Virginia -- and parts of seven others -- California, Florida, Michigan, New Hampshire, New York, North Carolina and South Dakota.

Those states and localities are deemed so discriminatory that they must get Justice Department approval every time they change voting laws or procedures -- right down to moving a polling location.

With Mr. Bush's signature, that requirement will last through 2032.

Mr. Bush says the Voting Rights Act has been a success, and last week, he told the National Association for the Advancement of Colored People that he wanted it renewed "without amendment."

White House spokeswoman Dana Perino said the law has "been an effective and important tool in assuring all Americans the right to vote," and she said it doesn't target Texas.

"Texas long ago came into compliance with the Voting Rights Act, and the newly reauthorized bill doesn't change that," she said.

Mr. Blum, though, said Section 5 clearly singles Texas out among its neighbors such as Oklahoma, Arkansas and New Mexico, which aren't covered.

"Are Texans so different in their racial attitudes and their behavior toward minorities that Texans require supervision, but not the legislatures of those surrounding states?" he asked.

As governor, Mr. Bush's administration agreed with that position.

"If Washington thinks we should keep putting up with such bureaucratic micromanagement like we have for the past 20 years, it can guess again. They're wrong. We don't need it," Mr. Garza, said in 1997 when he asked to exempt Texas from Section 5 requirements. Texas papers at the time reported that Mr. Bush shared Mr. Garza's view.

During Mr. Bush's time as governor, the Justice Department used Section 5 to object to three voting changes the state made and to six changes by cities, counties and school districts within Texas.

The Senate passed the renewed provisions 98-0. The House passed them 390-33, but only after defeating an amendment designed to update the list of places subject to Section 5.

Rep. Louie Gohmert, Texas Republican, who led an effort in the House this year to change the provisions, said he wants the act to apply wherever it is necessary. But other lawmakers told him that it was easier to vote to renew the bill than to rewrite it.

"As one congressman said to me, 'No matter how badly my state may need the requirements, explain to me again why I should vote for an amendment that subjects my state to all that mess you all have to go through?' I think that's what it comes down to," Mr. Gohmert said.

"I think there is still more to be done with the Voting Rights Act in Texas, to help Texas, but at the same time, it has helped Texas so much we are better than many jurisdictions that are not covered," he said. "So now the 41 states are saying, 'Here Texas, let us help you remove the speck from your eye,' never mind the log in your own."

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Mr. Bush isn't the only former governor who finds himself urging passage of a bill that labels his state as discriminatory. Sen. George Allen, who was governor of Virginia from 1994 to 1998, also called for the provisions to be extended without amendment.

Mr. Allen's spokesman, David Snepp, said the senator sees his vote as a statement that the state is committed to minority rights.

"He doesn't think by voting to renew this act he is saying Virginia is one of these bad actors," Mr. Snepp said. "He is looking at it from a different perspective, and that is a commitment to make sure the voting rights of individual citizens is protected now and in the future."

During the House debate, Rep. Steve King, Iowa Republican, also tried but failed to change provisions that require many states and localities to print ballots in foreign languages.

Mr. Bush opposed those changes.

Mrs. Perino said Mr. Bush does think immigrants should learn English but said it can take some time.

"All Americans should be able to vote, and bilingual ballots help to ensure that even those who are not proficient in English can vote," she said.

But Mr. King said Mr. Bush failed the first test of his own immigration proposal, which urges immigrants to learn English as a key part of assimilation.

"Assimilation lost," Mr. King said. "Any argument that the president makes about the necessity for new immigrants to learn English has been contradicted by his support for the mandate for foreign-language ballots.

"I sit back here and I think America missed a chance to move forward, and we've been frozen in place and frozen in time for another 25 years," Mr. King said. "People who were labeled racist by 1964 standards, the people in those districts will still be labeled racist, by the actions of their grandparents and great-grandparents, in 2032."

Hoarder's Eviction Didn't Violate Rights, Judge Rules (WP)

By Brigid Schulte

The Washington Post, July 27, 2006

Sam Shipkovitz first railed against what he called Arlington's "neatness police" when officers declared his condo a fire hazard because it was crammed with too much of his stuff. They locked him out. So he sued the Arlington County hoarding task force in federal court, saying his civil rights were violated.

Now, a federal judge has dismissed his case.

County officials, stung by the publicity Shipkovitz's hoarding case generated, hailed the decision. "Every count was found to be without merit," Arlington spokeswoman Mary Curtius said.

The case was always a little unusual.

It all started in 1996. That's when Shipkovitz, who has a PhD in electrical engineering as well as a law degree and was working as a patent lawyer, moved into the Crystal City condominium owned by his friend Stephen Crossan. Crossan, who worked as a patent examiner, had just been found not guilty by reason of insanity of an arson charge and was committed to a state mental institution.

He was released in 2004 and came back to the condo to live with Shipkovitz. Mental health workers visited Crossan daily. It was one of those workers who in October became alarmed at the massive amount of junk in the condo -- paper, boxes, bags, newspapers, trash -- and called the fire marshal.

In his lawsuit, Shipkovitz contended that when the fire inspectors showed up Oct. 20, they were trespassing. Shipkovitz wrote that Crossan had opened the door only for the mental health social worker and didn't realize what was happening.

"They didn't have a warrant. My room had 'No Trespassing' signs," Shipkovitz said. "So even if they had permission, which they didn't, they didn't have any permission to go into my bedroom."

The county countered that Crossan willingly opened the door to the inspectors. U.S. District Judge Claude M. Hilton, in his June 22 order, agreed: "There is no evidence that they engaged in any misconduct or violated any law while performing said inspection."

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Shipkovitz's case has generated considerable publicity as cities and counties become more densely crowded and local officials see hoarding not as private, eccentric behavior, but as a public nuisance. While taking depositions, Shipkovitz discovered that, including himself, the Arlington hoarding task force had locked 18 people out of their homes in the past year.

Task force officials, who are becoming more aggressive in dealing with hoarders as the area becomes more urbanized, say huge accumulations of junk are a fire hazard. But property rights advocates have declared that enforcement is uneven at best and invasive at worst.

In the past, hoarders were found out only when someone called to complain. Now, task force members -- officials who work in fire prevention, code inspection and mental health and elder care -- are often on the lookout for potential hoarders. To confirm their suspicions, they have to ask for a homeowner's permission to go inside. If they are refused but have sufficient evidence, they can get a search warrant from a magistrate.

In his lawsuit, Shipkovitz also charged county officials with "intentional business interference" for locking him out of the condo and keeping him from his patent attorney business. However, fire marshals allowed Shipkovitz into the condo four or five times for a total of 17 hours, Hilton wrote.

By December, Crossan's family had become involved, asking fire marshals to stop letting Shipkovitz in. In February, the family hired a moving company to relocate Shipkovitz's junk to two storage units.

Hilton ruled that any complaint Shipkovitz may have about his business being hurt should be addressed to Crossan, the owner of the condo, not the county.

In the Washington region, a recent survey by the Metropolitan Washington Council of Governments showed that local officials found about 300 homes of hoarders last year that violated building, fire, animal control or property maintenance codes.

Since Oct. 20, when the fire marshal ordered the locks changed and the condo condemned, Shipkovitz has been staying at a warehouse he owns in the District or living with a friend who has collecting issues of his own. "He doesn't want anyone to know where he lives," Shipkovitz said. "He's afraid he'll be raided, too, and end up on the street. He knows my life has been destroyed."

For Whites In Prince George's, A Mirror On Race (WP)

By Lonnae O'neal Parker

The Washington Post, July 27, 2006

The swimming pool in Abby Hopper's Bowie development was already crowded when Hopper, her husband, their two toddler girls, her sister-in-law and her two young kids arrived in a cloud of plastic buckets, kickboards and Cinderella floaties. Just settling in was a huge production. Then, sitting in her lounger, Hopper finally looked around. There had to be 75 people at the pool.

They were the only whites.

Hopper, 35, felt that stab -- call it acute self-consciousness. She didn't know the people around her, and they didn't know her. What if Madeline made a splashy mess or Ellie took another child's floatie -- because that's what little kids do. What if the other moms thought her girls were some entitled-feeling white kids, with their entitled-feeling white mother looking on?

Pause.

Okay, what would happen ?

Long pause. "Well, nothing physical," Hopper says slowly. Maybe just a bad scene.

The pang passed as fast as it came. Hopper recognized a mom from the neighborhood toddler play group she helped organize and saw the family from down the street in the baby pool. Everything was back to being all good; just a regular these-are-the-people-in-my-neighborhood kind of thing.

Two years ago, the Hoppers moved from a nearly all-white neighborhood in Baltimore to Prince George's County, where Abby Hopper had grown up around all kinds of people. She says she wants that for her kids. Her husband, Greg, also likes that they got a lot more house for the money.

Whites moving into black neighborhoods often follow the pattern of gentrification: The influx leads to higher property prices, displacement of residents who can't afford to stay and lingering resentment. But the paradigm has shifted in Prince George's, one of the few suburban counties nationally with wide swaths of black wealth.

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Some white families are being drawn by the upscale amenities of subdivision life at relatively bargain prices. There's little tension about displacement, because they move into neighborhoods with people of similar economic statuses, and by and large , they say they are being welcomed.

Decisions about where to lay your head and raise your family have been among those most resistant to the integrational ideals of the civil rights movement. But residents say the educated, affluent demographics of Prince George's help make integration calculations, and the conversations around them, a little easier for everybody.Making Adjustments

Inside the Hoppers' kitchen, which still looks model-home new, there's plenty of room for Ellie, 2, to walk around the dinner table passing out bread as Greg and Abby recall their Prince George's stories.

There was the time last month when Abby showed up to a friend's baby shower right on time at 2 p.m. "and I was the only one there for 45 minutes," Hopper said, laughing. Time, says Hopper, can often be more of a suggestion in Prince George's.

My friend "just laughed at me. She was like, 'Oh, Abby, 2 didn't really mean 2,' " Hopper said.

Hopper, who is a child support and divorce lawyer in Greenbelt, grew up in Bowie and University Park and attended Prince George's County public schools until sixth grade. She then switched to the National Cathedral School in Washington, and went on to Dartmouth and the University of Maryland Law School in Baltimore.

She says her parents exposed her and her brother, Justin Ross, now a Democratic state delegate from Greenbelt, to all the diversity the county had to offer -- "the Irish festival, the German festival, the Jamaican heritage festival, we went." The county's racial and ethnic mix helped her appreciate differences. "I feel like I can find some area of commonality with almost anybody. Children, music, food -- there's always something," she says. "That's what you learn when you have to be flexible and find different ways of relating."

Hopper thinks parents who limit their children's exposure put them at a disadvantage; the United States will be majority minority by mid-century. "My goal as a parent is to raise kids who are confident in their skin and essentially around anyone else's skin," she says. "That doesn't just happen by looking at books and videos and talking about it."

Two years ago, they moved to Fairwood, a new thousand-acre planned community about five miles outside the Capital Beltway in Bowie, with a pool, tennis court, clubhouse and park amenities, and $500,000-plus homes. When they were looking, real estate agents would always describe the area as "diverse," says Greg Hopper, 33, a former Baltimore prosecutor now in private practice, "but we were the only whites looking at the models."

Politically and in terms of what they want for their families, Hopper says, he has much in common with his neighbors, but has had to make some social adjustments. He's become better at mingling at holiday and Super Bowl parties, but the golf situation is still kind of funny. At the course on Enterprise Road, "There's always a minute where everybody is looking around, and it's like okay, who's got the white guy in the cart?" Hopper, who grew up in southwestern Missouri, is not used to wondering if he'll be accepted, or working to fit in.

"I don't want to say this is a unique experience, because it's not from an African American perspective. But it feels awfully unique to me at the time," he says.

Once a white couple drove through the cul-de-sac, and Jabril, the black 8-year-old boy across the street, told the kids, there's your grandparents . "It was kind of beautiful though," says Hopper, "like it was the most natural thing in the world," that all white people would be related. "It was a funny flip."

The Hoppers say that coming from Baltimore, where Abby was held up twice, they aren't worried about high crime stats, which seem to be isolated to certain parts of the county. But they fret about the schools. They've been looking at a few of the county's magnet programs and private Catholic schools. Greg says there were only two blacks in his school system. He tries to imagine how they must have felt and wonders how his own children will feel when they get to school.

But when his parents visited, he had fun watching them try to contextualize a community day: mostly black neighbors, hip-hop music, a beautifully appointed swimming pool, an enclave of $900,000 homes.

Many black neighbors say they love the neighborhood mix. Although it is majority African American, at times it can look like a mini-United Nations. Michelle Jackson, a part-time consultant and Habitat for Humanity volunteer, says her 10-year-old son "plays with a Caucasian boy, an Asian boy, a boy from the Caribbean and an Indian boy."

She met Abby at a social committee meeting and liked her right away.

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"I really don't feel threatened by people of any race moving in here," Jackson said. "I guess it's because we have such a large number of African Americans doing well, we're so fully entrenched here, there's a great deal of wealth in these areas and I don't think you have the concerns like you have in D.C. in terms of gentrification happening."

Kimberly Arnold, a black neighbor and CIA contractor who lives across the street from the Hoppers with her husband, Greg, a Red Cross project manager, and Jabril, their son, says she'd even prefer to have more whites move in, because then maybe the county would get more restaurants and stores.

"I want a mix because we live in a world that's a mix," says Arnold, "and nobody who's been brought up to know better wants to live in an all-one-race neighborhood." Although she sees the new faces as a good sign, both the Arnolds, who spent time in Prince George's growing up, have seen white flight at eye level, having watched white neighbors succumb to distrustful panic. So now Arnold waits and watches. It's great that they're coming in, she says. "Let's see how long they are actually going to stay."

The Hoppers are cool people, the Arnolds say, and when the girls see Jabril outside, they always want to come play. The couples get each other's mail when someone's out of town, and Gregory Arnold says Greg Hopper will often come over and shoot hoops.

For all that, he says he doesn't know that he would let his son go over to their house to play.

Pause.

Why is that?

"I'd just feel uncomfortable," Arnold says.

Maybe, if they had boys, it would be different, but who knows, he says. It'll just be one more conversation to be had on the front lines of integration.More for the Money

Jim Estepp, chief executive of the Greater Prince George's Business Roundtable and former chairman of the Prince George's County Council, has lived in the county almost his entire life. He watched it grapple with rancorous busing debates in the 1970s and decades of seismic population shifts.

For two years, Estepp, who is white, says developers and home builders have been saying that the number of whites signing contracts for new homes "has gone from absolute zero to reliably 10-15 percent of their new contracts."

According to census figures, the population of the county held fairly steady between 2000 and 2004, with non-Hispanic whites making up about 25 percent of the population and African Americans accounting for about 63 percent. There is no reliable up-to-date data, however, on demographic changes in specific neighborhoods.

But some real estate agents agree with Estepp's assessment and cite a variety of reasons for the change. There's the promise of new entertainment and development hubs such as the National Harbor along the Potomac, scheduled to open in 2008. More prestigious builders are coming to the county. Prince George's is a close-in county with a highly developed road system, with less gridlock than Montgomery County and Northern Virginia.

And "mainly, a half-million-dollar house in Prince George's is almost double the size they could get in Fairfax and Montgomery County," says Greg Bennett, a Prince George's real estate agent.

Bennett, who is black, said crime and poor public schools remain the largest impediment to attracting affluent residents of all races. But whites are "moving into neighborhoods where their black neighbors are very professional, they want the same things in life, they are the same type of people financially."

Mark Dumais, a white physician at Southern Maryland Hospital Center for seven years, lives in Alexandria and is having a home built in Clinton about a mile from the hospital. Dumais, who is single with no kids, says he could buy a million-dollar town home where he lives now, "whereas in Prince George's County, I can get a wooded acre with a much nicer home, far more upgrades and amenities with far less than that price."

Georgetown law professor Sheryll Cashin calls non-gentrifying whites moving into black communities an "interesting wrinkle" on usual integration patterns. In her book "The Failures of Integration: How Race and Class Are Undermining the American Dream," Cashin writes that in surveys where non-blacks are asked to choose between a range of neighborhood types, the neighborhoods least preferred are those with large numbers of black people. "Prince George's County is a rare context" where whites, typically in the majority, must develop the ability to be comfortable with difference.

State Del. Ross, Abby Hopper's brother, says he's lived in Prince George's "every day of my life."

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"The impressive part of our legacy is as a majority African American county, but there's a contingent of over 200,000 white folks still here and who are moving into this county and want to be part of this multicultural experience."

Estepp sees the county as "absolutely the model for this grand American experiment. . . . I hope that's not sounding too idealistic."

ANTITRUST:

Realtors Face Probes Over Web Site Listings (LAW)

By Tresa Baldas, The National Law Journal

National Law Journal, July 27, 2006

Federal regulators are cracking down on the real estate industry for alleged anti-competitive practices on the Internet that hurt home buyers and sellers.

At issue are claims that consumers are being denied access to all the homes listed for sale on public Web sites, such as Realtor.com, and that firms trying to offer cheaper services on the Internet are facing restrictions.

Most recently, the Federal Trade Commission filed a complaint on July 13 against the Austin Board of Realtors in Texas for allegedly violating antitrust laws by preventing certain sellers from marketing their listings on public Web sites. The FTC is looking into similar practices in Detroit, Indianapolis, Cleveland and Columbus, Ohio.

Also, a lawsuit against the National Association of Realtors is continuing to unfold in a federal court in Chicago, where the U.S. Department of Justice claims that NAR policies obstruct real estate brokers from offering better services and lower costs to online consumers. U.S. v. National Association of Realtors, No. 05 C 5140 (N.D. Ill.).

"The FTC and Justice Department see a lot of consumer welfare at stake," said attorney Mike Cowie, a former assistant director at the FTC who believes that the recent "protectionist activity" by the real estate industry will trigger lawsuits. "There likely will be litigation by smaller Internet-based retailers ... [who] would say they're being driven from the marketplace," said Cowie, now an antitrust lawyer at Howrey in Washington, D.C. "The FTC and the Justice Department have been out front on this." Ralph Holmen, associate general counsel of the National Association of Realtors in Chicago, defended the real estate industry. "This notion that there is an absence of competition in the real estate business is ludicrous. Look up and down the street and see how many real estate firms there are. And they're all over the Internet," Holmen said.

"The Internet has affected real estate in the way that it's affected a lot of industries. We're just sorting through how to do [virtual listings] and legal rules on how to govern those practices."

Meanwhile, FTC officials are focusing on operators of multiple-listing services, which let brokers share data on homes for sale and list home sales on Webs sites.

In the recent Texas case, the multiple-listings services operator in question was the Austin Board of Realtors (ABOR), which had a rule that prevented certain homes from being made available on public Web sites. Those homes were owned by sellers who entered into nontraditional agreements with brokers who offered cheaper a la carte services, rather than the traditional full-service deal. Such agreements, known as exclusive agency listings, offer sellers the option of selling their home themselves.

According to Patrick Roach, deputy assistant director in the FTC's Bureau of Competition, under ABOR's rules, sellers using a la carte services were prohibited from having their listings appear on the group's Web site. ABOR, he said, favored the traditional, full-service broker listing agreement, wherein the broker does everything from putting up a sign to showing the house to closing the deal.

"If you go a la carte, your listing will be visible to other realtors but it won't be fed to general Web sites, which is what consumers look to," Roach said. "So if you get someone who goes on the Internet and is looking for houses in Austin, they think they're looking at all the houses that the real estate brokers have, and they're not."

TACTICS DEFENDED

ABOR defended its tactics, noting that the rule preventing certain homes from being featured on the group's consumer Web site is no longer in effect. It was rescinded last August, three months after it was established.

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"The rule was initially established to ensure that our consumer Web site was used to promote listings to benefit members. We realized, however, that the rule was confusing and did not work as well as we'd intended, which was why it was rescinded so quickly.

We are disappointed that the FTC's press release implies that we are guilty of wrongdoing," David M. Foster, president and CEO of the Austin Board of Realtors, said in a statement.

So far, a voluntary agreement has been reached between the FTC and ABOR regarding the recent FTC complaint. In settling the charges, ABOR is prohibited from adopting or enforcing any rule that treats one type of real estate listing agreement more advantageously than another, and from interfering with the ability of its members to enter into any kind of lawful listing agreement with home sellers.

The order is open to public comment until Aug. 11.

$1.1 Billion Microsoft Antitrust Settlement To Be Distributed (BCN)

By Anna Molin, Bay City News Service

Bay City News, July 27, 2006

California businesses and consumers who two years ago settled a $1.1 billion antitrust class action lawsuit against Microsoft will finally receive their shares starting next month, Townsend and Townsend and Crew LLP, the law firm representing the plaintiffs, announced today.

Hundreds of millions of dollars await some 720,000 Californians including more than 4,500 businesses that bought overpriced Microsoft software between 1995 and 2001 and filed claims before January 2005. The bulk of the $1.1 billion, nearly 80 percent, will go to businesses that purchased mass quantities of Microsoft computers with Windows operating systems and other Microsoft applications installed.

Many of those businesses have, however, agreed to donate two-thirds of their settlements to California public schools.

Townsend and Townsend and Crew LLP partner Richard Grossman said today schools could receive between $400 million to $600 million from the settlement "at a time when they definitely need it."

The vouchers, which range from less than $100 to hundreds of thousands of dollars, can be redeemed for cash when buying computer hardware and software products during the next four years.

"We filed this case in 1999 because we saw an opportunity to use our expertise in technology and antitrust law to obtain justice for the millions of California consumers and businesses that were overcharged for their software as a result of Microsoft's illegal monopoly," Grossman said.

"We are delighted that our seven-year legal battle is finally paying off for California's businesses, consumers and schools."

Proceeds from the settlement were withheld during years of appeals battles involving a single class member who declined to make a claim for his share but objected to the donation of any portion of his unclaimed benefits to the public schools, according to the law firm.

After having his appeal rejected by both the state Court of Appeals and the state Supreme Court, the class member failed to meet the appeal deadline to the U.S. Supreme Court last week, which cleared the way for the distribution of settlement proceeds.

Individuals nationwide began suing the Redmond, Wash.-based, computer software giant in 1999 after a U.S. District Court judge in Washington ruled that Microsoft's monopoly hurt consumers and stifled competition in an antitrust lawsuit filed by the U.S. Justice Department and 20 other states, including California.

Local governments, including the Bay Area counties of Santa Clara, San Francisco, San Mateo and Contra Costa, also jumped on the class action bandwagon in 2004 hoping to recover financial compensation akin to the $2 billion awarded to Sun Microsystems earlier that year.

The state and local governments settled for $70 million last summer and could expect to see money coming in early 2007 unless the case is appealed, said Grossman, whose firm handled that suit as well.

A Microsoft spokesperson could not immediately be reached for comment.

Newspapers Seek To Rebut Lawsuit Over Sale Of MN (MERCN)

By Pete Carey

DOJ_NMG_0043514

The San Jose Mercury News, July 27, 2006

Three newspaper companies on Tuesday mounted an attack against a San Francisco investor's antitrust lawsuit to block McClatchy from selling four former Knight Ridder newspapers, and MediaNews from acquiring them.

The four papers are the Mercury News, the Contra Costa Times, the Monterey County Herald and the St. Paul Pioneer Press, which are being acquired by the Denver newspaper company in a complex $1 billion deal.

Clint Reilly, a real estate investor, former campaign consultant and mayoral candidate, is seeking a court order to block the deal, contending that it is structured to give MediaNews, Hearst and MediaNews' California Newspapers Partnership ``market power, if not monopoly power, over the newspaper business in the entire Bay Area'' in violation of federal antitrust statutes.

The newspaper companies portrayed the harm to Reilly as a subscriber and advertiser in the Bay Area papers as ``trivial'' compared with the damage to them if Reilly succeeds in delaying the deal.

``Simply put, the newspapers will languish under temporary ownership,'' the Denver-based newspaper company said.

MediaNews said a delay could force it to reprice a $350 million loan commitment at a cost of $12 million, and may even jeopardize the company's ability to complete financing for the acquisition of the four papers.

McClatchy said it is paying $163,000 a day on loans it took out to complete its purchase of Knight Ridder, and needs the $1 billion from the sale of the four papers to help pay down $3.08 billion in loans.

It also expressed concern over the possibility of having to negotiate labor agreements at the Mercury News on behalf of MediaNews while the deal is in legal limbo.

MediaNews and McClatchy denied in court filings that the deal could cause the increases in advertising rates and subscription costs or a decline in news quality in the Bay Area that Reilly claims. Prices for newspapers and advertising in them are locally determined, the filings said, and there is little overlap between the circulation footprints of the nine newspapers that MediaNews would own in the Bay Area.

Hearst filed papers deriding Reilly's claim that its investment in MediaNews will allow Hearst and MediaNews and its partners to control newspaper prices and news content in the Bay Area.

Hearst said its agreement with MediaNews will give it a ``tracking stock'' in non-Bay Area MediaNews properties. The stock is structured so that it is unaffected by MediaNews' Bay Area papers, said Hearst Vice President James M. Asher.

The Justice Department will conduct a separate antitrust review of Hearst's involvement in the deal.

MediaNews, McClatchy and Hearst are all parties to a deal in which MediaNews will acquire the four newspapers. Two other companies, Gannett and Stephens, are minority partners in MediaNews' California Newspapers Partnership.

Though McClatchy is not a defendant, U.S. District Court Judge Susan Illston granted McClatchy permission to intervene Tuesday.

The first hearing in the case will be Thursday at 2 p.m. Joseph M. Alioto, one of Reilly's lawyers, said he'll ask Illston to speed the case so that a trial could begin in 60 days.

The deal calls for MediaNews to buy the Mercury News and the Contra Costa Times for $736.8 million. Hearst, which owns the San Francisco Chronicle, will buy the St. Paul Pioneer Press and the Monterey County Herald for $263.2 million and give them to MediaNews in exchange for equity in non-Bay Area MediaNews holdings.

The agreement is ``cross-conditioned,'' meaning that if either MediaNews or Hearst are blocked, the other doesn't have to buy its two papers.

MediaNews will add the two dailies to the California Newspapers Partnership, which owns seven Bay Area dailies. After Hearst gives the Monterey County Herald to MediaNews, it will be put into a new partnership between MediaNews and Stephens.

Microsoft To Acquire Technology To Speed Patient Data To Doctors (WSJ)

By Michael Paige

The Wall Street Journal, July 27, 2006

Microsoft Corp. said it would purchase health-care software technology called Azyxxi, which was developed by three physicians to gather patient information from numerous sources and make it instantly available to caregivers.

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Azyxxi was rolled out in the emergency department at MedStar Health's Washington Hospital Center in 1996. It gives physicians instant access to patient data, including things like X-rays and other diagnostic scans, along with routine clinical information. MedStar, based in Columbia, Md., is the largest health-care provider in the Baltimore and Washington region.

"Instant access to patient information is key to life-saving care, especially in the emergency room and intensive-care unit, where delays may mean the difference between life and death," said Mark Smith, one of the program's creators.

"The reality is that most hospitals have islands of data that can't easily be shared with other systems because of disparate data types," added Craig Feied, another of the software's creators. "We developed Azyxxi to address this challenge."

Microsoft will hire Dr. Feied and Fidrik Iskandar, who also helped create the software, along with about 40 workers from its development team under the agreement, for which financial terms weren't disclosed. Dr. Smith will serve as chief clinical liaison to the Redmond, Wash., software company, and remain chairman of Washington Hospital Center's emergency medicine department.

Additionally, Microsoft said it formed an alliance with MedStar, to deliver collaborative applications as the technology becomes commercially available.

Write to Michael Paige at michael.paige@dowjones.com1

Microsoft To Offer Software For Health Care Industry (NYT)

By Steve Lohr

The New York Times, July 27, 2006

Microsoft plans to offer software tailored for the health care industry, a change from its usual strategy of encouraging others to create industry-specific products using its operating system and programming tools.

The company's first step, announced yesterday, is to purchase clinical health care software developed by doctors and researchers at a nonprofit hospital in Washington, D.C. Microsoft is also hiring two of the three doctors who created the software system, and 40 members of the development team at Washington Hospital Center.

The purchase price, which was not disclosed, was most likely small by Microsoft's standards. But the company has larger ambitions in the fast-growing market for health care information technology. Hospitals, doctors and policy makers worldwide have high hopes for saving money and improving the quality of care by moving health care into the digital age, handling patient records and tracking treatments electronically.

"This represents a change in our strategy," said Peter Neupert, Microsoft's vice president for health strategy. "This is the start for Microsoft. We're just getting started."

The Microsoft model in the past has been to supply operating systems, database software and programming tools that outside companies use to make software packages for specific industries. The idea is that Microsoft provides the underlying technology platform, but then partners build programs for industries like health care and banking.

Mr. Neupert, 50, is leading Microsoft's new strategy in health care. In 1998, after 11 years at Microsoft, he left to become chief executive of Drugstore.com, an online retailer of pharmacy and health products. From 2003 to 2005, Mr. Neupert served on President Bush's Information Technology Advisory Committee and helped run a subcommittee focused on technology in health care.

Mr. Neupert returned to Microsoft last September, after convincing Steven A. Ballmer, the chief executive, and Craig Mundie, a senior strategy executive, that Microsoft should be doing more in health care.

"I've had an opportunity to see how messed up the health care system was," Mr. Neupert said. "And to really have an impact, you need a footprint like Microsoft's."

The software system Microsoft is buying, Azyxxi (pronounced ah-zik-see), is designed to retrieve and quickly display patient information from many sources, including scanned documents, E.K.G.'s, X-rays, M.R.I. scans, angiograms and ultrasound images. It was first used in Washington Hospital Center's emergency department in 1996, and has since been adopted at six other hospitals, including the Georgetown University Hospital, that are part of the MedStar Health group, a nonprofit network in the Baltimore-Washington region.

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The Azyxxi software, Mr. Neupert said, will be "our foundation," adding, "You'll find us expanding to a suite of health care solutions."

The Microsoft plan, analysts say, could be risky. The software it is buying is a homegrown system that has not been used outside of a few hospitals. It has no installed base of customers, and there are already several established suppliers of clinical information technology systems, including Cerner, Epic Systems, GE Healthcare, Eclipsys and others.

Most of the big health care software suppliers, analysts point out, are also big customers for Microsoft operating systems, databases and programming tools. "This puts Microsoft in the uncomfortable position of potentially competing against its major customers," said Dr. Thomas J. Handler, a health technology analyst at Gartner.

Dr. Craig F. Feied, a principal designer of the software, describes Azyxxi as mainly a "data exploration engine" that typically works with existing clinical systems rather than replacing them.

Analysts and health care experts who have seen the software work in the Washington hospitals say it is impressive technology. Many hospitals and clinics, they say, have various kinds of patient information in electronic form, but the different computer systems and software programs cannot share the data. That is the principal problem the Azyxxi system addresses, analysts say.

The need to quickly collect, sort and display health information from many sources, they say, is a vital requirement in developing regional and national health information networks — a policy goal in the United States and dozens of other countries.

At Washington Hospital Center, the system has done its job, Dr. Feied said. In 1995, before the system was introduced, the emergency ward handled 37,000 patients a year, waits stretched up to nine hours, and there seemed to be an urgent need for more doctors and rooms, he recalled. Today, the emergency department handles nearly 80,000 patients a year and 70 percent of them get a diagnosis, are treated or are admitted in three hours or less. The staff has increased only 5 percent, and few rooms were added.

The problem, Dr. Feied said, was mostly that patients were waiting in rooms because doctors could not quickly find the patient records, treatment history and other information to treat them.

"We weren't doctor-poor or bed-poor," he said. "We were information-poor."

Whether that experience can be widely repeated and be made commercially successful under Microsoft, however, is uncertain.

"This is extremely interesting as a signal of Microsoft's intentions in health care, but we'll have to see what comes next and how this plays out," said Dr. Blackford Middleton, an assistant professor at the Harvard Medical School and a health technology expert at Partners Healthcare, a nonprofit medical group that includes Massachusetts General Hospital in Boston.

Microsoft To Buy Medical Software (WP)

By Kim Hart

The Washington Post, July 27, 2006

Microsoft Corp. made its first foray into the health-care industry yesterday by announcing plans to buy clinical health-care software developed by doctors at Washington Hospital Center.

The purchase marks a strategy shift for Microsoft, which usually supports niche systems that use its legacy programs instead of seeking out an established product. Terms of the transaction were not released.

Azyxxi, the software that collects and displays patient records from hundreds of sources, is a "milestone" for an industry that has been slow to adopt such technology in its day-to-day operations, said Peter Neupert, who heads Microsoft's newly formed health solutions group. The software made its debut 10 years ago at Washington Hospital Center and has since been used by Georgetown University Hospital and National Rehabilitation Hospital in Washington as well as four Baltimore hospitals, all part of MedStar Health, the largest hospital system in the region.

Neupert said it was too early to tell how quickly other hospitals would adopt the technology, but analysts expect the software to be a valuable investment for health-care institutions.

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Most medical offices have patient data stored on different systems and programs, and cannot share charts, X-rays or laboratory results. Working with the separate networks, Azyxxi pulls the records into a central database, sorts them and instantly displays a patient's entire medical history.

"The quicker you can get that snapshot of everything that's wrong [with the patient], you can do a much better job treating them right away," said Bradford J. Holmes, research manager at Forrester Research Inc. "It can actually change the trajectory of a doctor's decision process."

Craig Feied, one of the software's developers at Washington Hospital Center, said the program also tracks long-term trends in medication use, drug-resistance patterns and guideline compliance within the hospital.

Over the past 10 years, the software has helped decrease the overall mortality rate, shortened patients' waiting time and increased staff efficiency at Washington Hospital Center, Feied said.

Although Microsoft does not have much experience going into specific markets, the high growth potential within health care could prove it a winning move, analysts said. "This could be a meaningful proof point that Microsoft is serious in distinguishing itself in the health-care market," Holmes said. "Commercializing what is already a proven application is important for that sector."

Microsoft Acquiring Medical Software Company (SEATBIZ)

Seattle Business Journal, July 27, 2006

Microsoft Corp. said it's buying Azyxxi, which makes software for doctors to use in hospitals, for an undisclosed sum.

The Redmond software maker (NASDAQ: MSFT) said the software was "designed by doctors for doctors" in the emergency department at Washington Hospital Center in Washington, D.C.

The software, Microsoft said, gives doctors information about a patient, including EKGs, X-rays, CT scans, MRI scans, PET scans and ultrasound images. The doctors who created the software, as well as about 40 employees from the development team at Washington Hospital Center, will join Microsoft to work on research and future modifications of Azyxxi, which the company said rhymes with "Trixie."

"Azyxxi has demonstrated strong and clear benefits to physicians and other clinicians," said Peter Neupert, corporate vice president of the health solutions group at Microsoft, in a statement.

Orthopedics Firm Says U.S. Probe Is Linked To Competitor's Email (WSJ)

By Jon Kamp

The Wall Street Journal, July 27, 2006

The Justice Department's antitrust probe of the orthopedics sector was prompted by a company representative's attempt to coordinate an industry response to a hospital pricing request, according to Zimmer Holdings Inc.

Five orthopedics companies, including Zimmer, announced last month they had received a Justice Department subpoena for several years worth of documents regarding possible federal criminal and antitrust-law violations. The Justice Department has confirmed it is probing "the possibility of anticompetitive practices in the implant-device industry," but has declined to confirm subpoenas or other facts concerning the investigation.

According to Zimmer, which released second-quarter results after the closing bell yesterday, a string of events appears to have touched off the probe.

In the fall of 2005, a representative at a hospital sent an email to orthopedics companies with a bid proposal regarding orthopedic-implant pricing, Zimmer said in its earnings release, which also detailed the antitrust investigation.

"Upon receipt of that email, a representative of one of Zimmer's competitors sent an unsolicited message to the same group of competitors that received the hospital's original message," Zimmer said. "The competitor's email proposed that the orthopedic companies adopt a uniform pricing strategy in responding to this hospital." Zimmer didn't name the competitor company in question.

Zimmer and its local independent distributor rejected the proposal.

Write to Jon Kamp at jon.kamp@dowjones.com1

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Lawyer Is Upping The Ante In Claims Of Idea Theft In Hollywood (NYT)

By Allison Hope Weiner

The New York Times, July 27, 2006

LOS ANGELES, July 26 — In December the screenwriters Aaron and Matthew Benay filed a lawsuit here accusing Warner Brothers and others of stealing the idea for "The Last Samurai" from their screenplay of the same name. Three months later, another writer, Reed Martin, sued Focus Features and the director Jim Jarmusch, among others, saying they lifted "Broken Flowers" from his work. Shortly before that, yet another aggrieved writer, Maurice Fraser, filed suit against NBC Universal, saying it had taken the concept for its upcoming reality show "World Vision: An American Anthem" from his pitch "Battle of the States."

What the three legal actions share — other than the writers' not uncommon belief that someone in Hollywood has robbed them — is a connection to John A. Marder, a lawyer who has been quietly upping the ante when it comes to messy accusations of idea theft.

The latest in a long line of gadflies who contend that it's their job to keep the studios honest, Mr. Marder has spent the last two years capitalizing on having won a federal appeals court decision that makes it easier for writers who pitch an idea or circulate a script to make a claim of theft stick.

The decision, in a case in 2004 called Jeff Grosso v. Miramax Film Corporation, held that studios, producers and anyone else who considers an idea offered for sale can't rely on the federal Copyright Act in fighting claims that they have entered under an implied contract to buy it for fair value if it's found acceptable. That ruling, by the United States Court of Appeals for the Ninth Circuit in California, gave writers a way to sidestep the difficulties of a copyright claim — and opened the door to a growing stack of suits that are keeping Hollywood's legal machinery even busier than usual.

"It's made things incrementally worse, but things were bad to begin with," said George Hedges, a lawyer who represents Warner in the "Last Samurai" case.

As Mr. Hedges sees it, the Grosso ruling did not so much revolutionize entertainment law as give unfortunate encouragement to those who come out of the woodwork claiming theft after any major film release. "There's nothing more bitter than a scorned writer," he said. "They are so frustrated with the environment and their inability to get projects sold, and they have this desperate quality to them."

For Mr. Marder and his colleagues at the Manning & Marder, Kass, Ellrod, Ramirez firm, however, the pursuit of claims based on the Grosso ruling is shaping up as something of a crusade on behalf of the perennially oppressed.

"I'll fight to the death for writers, and I know this part of the law better than anybody," Mr. Marder said during an interview at his firm's Art Deco offices in downtown Los Angeles. About the bitterness, at least, he agreed with Mr. Hedges.

"The people I deal with are emotionally scarred by the fact that something was stolen from them," Mr. Marder said. "It means a piece of yourself was stolen."

Oddly enough, Miramax appears to have won the Grosso case when a state court judge earlier this month threw out a claim that a pair of writers had stolen the idea for the movie "Rounders" from the writer Jeff Grosso's 1995 screenplay "The Shell Game." But Mr. Marder said he expected to appeal that decision. And his earlier victory in the appeals court laid down a principle that has complicated an already tense relationship between those who write for the screen and those who buy their wares.

In an unsuccessful brief opposing the 2004 appellate decision, one lawyer went so far as to predict that studios might close the door to all but well-known insiders. "Companies engaged in the development of entertainment programs may well find it necessary to refuse all contact or submissions from unknown writers — chilling the exchange of ideas, limiting the career prospects of many aspiring authors and potentially depriving the public of the production of new programs," wrote Kelly Sager on behalf of Viacom Inc., parent to Paramount Pictures and other entertainment operations.

"To say these lawsuits are somehow a cancer on creativity is hogwash," countered Pierce O'Donnell, another gadfly lawyer who made his mark by successfully suing Paramount for having lifted the idea for its 1988 movie "Coming to America" from the columnist Art Buchwald. "I don't know a single writer driving a Mercedes because he or she unfairly held up a studio for stealing their intellectual property."

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Mr. O'Donnell eventually wound up adding MGM and other studios to his client list — something Mr. Marder, who relishes his role as an industry outsider, said he would never do. "I don't socialize with them, and I can't be bought," he said. "All these guys are saying that I'm not in their club, and they're right."

Mr. Marder, 46, was born in Massachusetts but grew up in Athens after his father was appointed the military attaché to the United States Embassy. "My dad's predecessor had been assassinated by Greek terrorists, so we always had bodyguards in front of our house growing up," Mr. Marder recalled of the 18 years he spent in Athens. Mr. Marder, who speaks fluent Greek, attended the American Community School, where he became lifelong friends with the actor Greg Kinnear.

Sixteen years ago, Mr. Marder began carving a niche among unhappy writers by representing Mr. Kinnear in his lawsuit against the American Broadcasting Company, alleging that the network had stolen the idea for the hit television show "America's Funniest Home Videos" from him. "Greg is a very level guy, but I have never seen him more emotionally upset than by what happened with 'America's Funniest Home Videos,' " Mr. Marder said. "We eventually won on appeal. The case was similar to Grosso, but there wasn't the same effect because it was never published."

Some industry lawyers have recently tried to minimize the impact of what has become Mr. Marder's signature case — and, indeed, the lawyer is almost certainly facing a long fight in the "Last Samurai," "Broken Flowers" and "World Vision" suits, all of which are being vigorously opposed.

"I haven't seen that it makes any practical difference," said Lou Petrich, the lawyer for Miramax who got the Grosso case dismissed this month. "I acknowledge that after the Ninth Circuit decision there was a lot of talk that the sky was falling, but it hasn't so far."

But Mr. Marder believes otherwise, saying the number of claims speaks for itself. "There's a problem with the system when every time the studios release a movie, they get a bunch of claims," he said. "There can't be that many crazy people in the country."

Friendster Patent On Linking Web Friends Could Hurt Rivals (WSJ)

By Vauhini Vara

The Wall Street Journal, July 27, 2006

Friendster Inc., known for bringing people together, could wind up making enemies among its peers.

Last month, the Web company was awarded a patent related to searching for people online based on their relationships, and it expects another patent to come through soon.

Now, company executives are weighing their options, including whether to sue rivals. "We want to protect our intellectual property," says Kent Lindstrom, Friendster's president. "We're evaluating what we should do."

Patent controversies have become a familiar hazard on the Web as companies seek protection for emulating real-world concepts in virtual environments. For Friendster, patents could be an important new asset as it tries to reinvent itself. Many Web users have ditched it in favor of trendier rivals like Facebook Inc. and News Corp.'s MySpace. In June, the number of monthly U.S. visitors at MySpace tripled from a year earlier to 45.8 million, and visitors at Facebook doubled to 7.9 million, according to Nielsen/NetRatings, which tracks Web traffic. The number of visitors to Friendster is still under one million.

Back in 2002, Friendster pioneered social networking via Web sites. Founded by entrepreneur Jonathan Abrams, it struck a nerve among the young and Web savvy, who flocked to the site to track down old friends and meet new people.

Early on, while Friendster was grappling with competition and other issues, it filed about a dozen patent applications covering various aspects of social networking. The patent Friendster was granted last month covers "a method and apparatus for calculating, displaying and acting upon relationships in a social network" -- in short, acting as a hub to connect Web users with common acquaintances. "The attorneys we've talked to say the patent is very strong," Mr. Lindstrom says.

The company says it also received a "notice of allowance" from the U.S. Patent and Trademark Office this week indicating that the company is likely to soon be granted a patent that covers technology that lets users upload their own content, like photos, onto a friend's page.

Mr. Lindstrom says the company's lawyers are encouraging him to consider "taking people out from a litigation standpoint." But he says he is also weighing less extreme approaches, like asking for patent-licensing fees or not taking any legal action at all.

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Friendster won't say which rivals it would potentially target, though MySpace and Facebook, as well as a spate of smaller upstarts, offer services similar to Friendster's. A MySpace spokesman declined to comment, as did a spokeswoman for Facebook.

As with other high-profile Web patents -- like Amazon.com's patent on "one-click" shopping -- Friendster's patents are likely to be closely studied. One issue is whether they cover fundamental inventions or features that competitors could easily avoid using.

"The claims seem pretty broad, like they might cover a lot of other social-networking situations," says Bill Heinze, an intellectual-property attorney at Thomas, Kayden, Horstemeyer & Risley LLP in Atlanta, Ga.

If others can show that their activities don't infringe on Friendster's claims or can point to similar technology that precedes Friendster, they could escape litigation, Mr. Heinze says. Indeed, New York-based Six Degrees Inc., a now-defunct Web company, was granted a patent for a form of database that could relate to social networking.

Some are skeptical of Friendster's claims. "People have been stalking each other on the Internet for years -- from Google vanity searches to lurking on somebody's blog reading what your ex is doing these days," says Jason Schultz, an attorney at the Electronic Frontier Foundation.

The San Francisco nonprofit is running a "patent-busting" campaign to combat patents that it sees as illegitimate. "I don't think they've really come up with an innovation for finding people you know," he says.

But Mr. Lindstrom argues that Friendster's founder, Mr. Abrams, who left the company and is preparing to launch a startup called Socializr, invented something original. "Two and a half years ago, you'd never heard of a social network," he says. "Jonathan Abrams did something, and suddenly this new thing existed. Maybe it doesn't seem new now, but it certainly did at the time."

Meanwhile, four years after its founding, Friendster is struggling to make itself over. "We went through a lot of ups and downs," Mr. Lindstrom says. "Strategically we weren't sure where we were going."

Mr. Lindstrom describes the company's growth problems as two-fold: People got fed up with performance issues, like pages taking several seconds to load, and the company made some missteps as it tried to add splashy features like a Web phone service. Users wanted some simpler improvements, such as being able to keep track of changes to their friends' pages.

After News Corp. acquired MySpace last year, Friendster tried to put itself up for sale. Mr. Lindstrom calls that effort "poorly timed," and nothing came of it.

Earlier this year, the company's investors infused it with $3.1 million in additional funding and put pressure on executives to improve performance, Mr. Lindstrom says. Now, the company is overhauling its management team and has modified its strategy.

Its new tack: Sell itself as a grown-up service, targeting adults in their 20s and 30s rather than trying to compete for MySpace's teenage audience or Facebook's college-aged users.

To address performance issues, Friendster hired a former Siebel Systems Inc. executive and engineering whiz, Chander Sarna, as vice president of engineering. With his help, the company has worked to speed up the Web site. It has also redesigned its front page so that users can more easily keep track of changes to their friends' personal pages.

EMI Shelves Warner Music Bid (FT)

By Emiko Terazono And Andrew Edgecliffe-johnson In London

Financial Times, July 27, 2006

EMI has shelved its pursuit of Warner Music two weeks after a European court judgment cast doubt on whether regulators would allow further consolidation in the music industry.

The UK group is expected to confirm its decision to the London Stock Exchange on Thursday. This may prompt a statement from Warner, which had attempted a counter-offer after EMI's approach. EMI is likely to leave open the prospect of reopening merger talks if the regulatory climate improves.

EMI is understood to have had meetings this week and decided that the court's ruling that Sony BMG's 2004 merger would have to be reviewed threatened six to 12 months of regulatory uncertainty, during which any deal would be unacceptably risky.

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"Nothing can happen here until this antitrust case is redetermined and reassessed. It's pretty hard to do anything with the Sony BMG situation going on," a person familiar with the decision said. "Quite frankly there is a timing issue."

People close to Sony BMG fear the group could be tied up for a year while the European Commission revisits the 2004 ruling, which allowed Sony of Japan and Bertelsmann of Germany to combine their music interests.

Warner's shares closed down 2.4 per cent at $25.210 on Wednesday, well below the $31-a-share proposal from EMI, which it had rebuffed a month ago. EMI, which had rejected a 320p-a-share proposal from Warner, was trading up 1.06 per cent at 261¾p.

The decision represents the third time Eric Nicoli, EMI's executive chairman, has failed to pull off a deal with his US rival. Mr Nicoli is thought to have support from his board to pursue an independent future, but Thursday's statement may revive shareholder questions about corporate governance.

The formal breakdown of talks which had already stalled will also put pressure on Warner's management, led by Edgar Bronfman, to demonstrate that it can continue its run of strong results. Warner is expected to release third-quarter results on August 3.

The development came as Bertelsmann began presentations in New York on Wednesday to would-be buyers of its music publishing business.

Six groups are understood to have made it through to the second round, including Warner Music and Universal Music. KKR, which had been working with EMI, is among those still in the auction but EMI's role is said to be fluid.

Other bidders are understood to include Goldman Sachs and Strauss Zelnick, a former BMG executive. Any successful bidder with existing music publishing assets could also face a review by the European Commission.

EMI Won't Pursue Its $4.6 Billion Bid For Warner Music (WSJ)

By Ethan Smith

The Wall Street Journal, July 27, 2006

EMI Group PLC is expected to say today that it is no longer pursuing a $4.6 billion proposal to buy Warner Music Group Corp., according to people familiar with the matter, marking the latest failure in a years-long effort to link the two music giants.

EMI and Warner, the world's third- and fourth-largest music companies by market share, had been locked in a battle to buy each other since May. Each company has floated two proposals to buy the other, but all four proposals have been rejected. Even after the last rejection by Warner, EMI had continued to insist that its offer was beneficial.

The effective withdrawal comes on the heels of a ruling by a European Court that called into question the viability of another big music merger, that of Sony Corp.'s Sony Music and Bertelsmann AG's BMG, which in 2004 were joined to create Sony BMG Music Entertainment.

That ruling, issued nearly two weeks ago by a European Union court in Luxembourg, clouded the already-murky regulatory prospects for an EMI-Warner deal. It could take as long as a year for European antitrust regulators to re-review the Sony-BMG merger. Their new verdict in that matter is viewed as a likely bellwether for the prospects of an EMI-Warner tie-up.

Amid depressed overall music sales and other problems, EMI and Warner have felt increasing pressure to merge, but each company's management has insisted on staying in the driver's seat in a combined company, helping drive up the value of the bids.

Also contributing to the ratcheting up of bids was the regulatory climate, which even before the recent court ruling was considered by some involved to be less than conducive to a deal. Even though EMI's offer was nearly double the price paid by a group of investors just three years ago, Warner's board was reluctant to accept it because of the risk that the deal wouldn't be approved.

For its part, EMI insisted that Warner's most recent counteroffer of £2.52 billion ($4.67 billion) wasn't big enough to be taken seriously. That offer was valued at 320 pence per EMI share; EMI's bid was valued at $31 a Warner share. At 4 p.m. in New York Stock Exchange composite trading, Warner shares were at $25.21, down 62 cents, or 2.4%. In London, EMI shares were at 261.75 pence, up 2.75 pence, or 1.1%.

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Absent a deal with each other, there aren't many obvious strategic options open for either company to try to attain a size comparable to that of Sony BMG, the world's second-biggest music company, or Vivendi Universal SA's Universal Music Group, the biggest. It is also unclear what exit options are available to the private-equity interests that control 80% of Warner Music.

Throughout the recent process, top executives at both EMI and Warner have insisted that while a merger would be desirable, they are able to function without the cost savings that would be associated with a merger. People close to the deal have said the combined companies could save as much as $400 million a year by merging operations.

EMI Said To End Talks With Warner Music (NYT)

By Jeff Leeds

The New York Times, July 27, 2006

The EMI Group, the British music giant, has decided to call off, for now, its efforts to merge with a rival, the Warner Music Group, executives briefed on the two companies' negotiations said yesterday.

The decision by EMI comes after the two companies rejected each other's escalating takeover offers and after a European court ruling that raised doubts about regulatory approval of such a deal.

EMI is expected to make a formal announcement today, ending the latest round of deal-making efforts between the corporations, which have circled each other for several years.

Last month, Warner's board rejected EMI's offer of $31 a share, which valued the company at about $4.6 billion, after a series of bids and counterbids that started in May.

EMI's move comes two weeks after the European Court of First Instance in Luxembourg overturned regulators' approval in 2004 of a merger of the music units of Sony and Bertelsmann, plunging the industry into confusion. The ruling means regulators will re-examine the Sony-Bertelsmann venture, Sony BMG Music Entertainment, a process that could take as long as a year. Analysts, however, do not expect the venture to be unwound.

Still, the court issued a sharp critique of the review process of the regulators, prompting speculation that any new mergers could face significantly tougher scrutiny.

EMI said on the heels of the ruling that it focused on the "particular evidence" of the Sony BMG case and that its offer for Warner remained sound.

The two companies had a formal merger proposal in 2000, but pulled the plug amid objections from European Union regulators. Then, EMI tried to buy Warner Music from its former parent, Time Warner, in 2003, but lost out to a consortium of private investors led by Edgar Bronfman Jr., the former Seagram chief executive. Mr. Bronfman's team purchased the music unit for $2.6 billion and later took it public.

Many analysts continue to believe the two companies will eventually combine, a deal that would create the world's second-biggest music company and yield hundreds of millions of dollars in cost savings after overlapping functions and jobs are cut.

But the end of the most recent negotiations solidifies the industry's lineup of four major music companies. EMI and Warner rank as the third- and fourth-largest music companies by market share, and both trail their bigger rivals, Sony BMG, and the Universal Music Group of Vivendi, the industry's biggest player.

ENVIRONMENT:

Senate Passage Of Energy Bill Appears Assured (NYT)

By Michael Janofsky

The New York Times, July 27, 2006

WASHINGTON, July 26 — The Senate moved closer on Wednesday to passing a bill that would expand energy production in the Gulf of Mexico.

A procedural vote of 86 to 12 allowing the debate to begin signaled wide support for opening up large new tracts for drilling. Thirty-one Democrats and one independent joined all but one Republican, Olympia J. Snowe of Maine, in the early test vote, usually a strong indicator of a bill's potential to pass with bipartisan support.

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But the consensus may be fragile, and the bill, if approved in a final vote that is expected next week, would still have to be reconciled with a very different drilling bill approved by the House.

The bill identifies 8.3 million acres for new energy development in the gulf, four times the area sought by the Bush administration through its lease program for 2007-12. It would also create protections for Florida's western coastline and establish a program that gives other gulf states — Texas, Louisiana, Mississippi and Alabama — 37.5 percent of royalties from energy production that now accrue to the federal government, potentially a shift of billions of dollars in revenues.

Republicans as well as some Democrats from energy-rich states have long sought efforts to increase domestic supplies of oil and natural gas as a way to reduce the high costs of gasoline and home heating fuel and to reducing the nation's dependence on foreign oil.

Democrats generally favor conservation and the development of alternative fuels as part of any major energy legislation. But many of them followed Senator Harry Reid of Nevada, the minority leader, in voting for the bill as a way to support Senator Mary L. Landrieu of Louisiana, one of just a few Democratic senators from the South, whose re-election prospects in 2008 would be enhanced by the revenue-sharing provisions for a state still recovering from last year's hurricanes.

"I think the vote reflects the Senate's recognition that this focused, bipartisan energy bill is the most important thing we can do in the near term to ease our energy supplies and stabilize energy prices," said Senator Pete V. Domenici, Republican of New Mexico, who is chairman of the energy committee and chief sponsor of the bill.

In remarks on the Senate floor before the vote, Ms. Landrieu called the bill "balanced, smart, necessary and needed."

Pointing to a photograph taken after Hurricane Katrina that showed a submerged federal highway leading to Louisiana's main oil and gas port, she said the percentage that states would receive was fair. "We're not trying to be hogs, but we're drowning down here," she said.

Despite the one-sided nature of the vote, the measure still faces uncertainties. Senate support, especially among Democrats, is likely to erode after an expected decision by Senator Bill Frist of Tennessee, the majority leader, not to accept major amendments.

"The goal is to keep the bill clean," said Carolyn Weyforth, a spokeswoman for Mr. Frist.

That prospect angered several Democrats, including Senator Jeff Bingaman of New Mexico, the ranking member of the energy committee, who voted for the motion to proceed but said he would vote against final passage. Mr. Bingaman called the bill "seriously flawed" for including coastal protections limited to Florida and for its revenue-sharing arrangement.

"We need good, long-term energy and fiscal policy for the country," Mr. Bingaman said. "Our energy problems cry out for thoughtful solutions."

Senator Ron Wyden of Oregon, a Democrat who voted against the motion to proceed, said Republicans were carrying out "business as usual" in keeping the Senate's only major energy bill this year narrow in scope.

Mr. Wyden called on Mr. Frist to consider amendments that would address fuel efficiency standards for cars, price-gouging measures directed toward oil companies, development of renewable energy sources and elimination of tax credits for oil companies that are reporting record profits.

"This subject is too important to ban the Senate from offering meaningful amendments," Mr. Wyden said.

Other problems loom in negotiations with the House, which last month passed a much broader measure for drilling in coastal waters. The House bill would end 25-year-old federal bans on drilling off the Atlantic and Pacific coasts and give all coastal states new controls over drilling.

Senate leaders say they doubt that any drilling legislation beyond the narrow scope of the gulf measure could pass in the time remaining for legislation this year while House leaders say they are eager to negotiate a final bill that looks more like their approach.

Representative Richard W. Pombo, the California Republican who heads the Resources Committee, said in an interview that he would be open to changes, including the kind the Senate leadership is resisting, like new fuel efficiency standards for cars, if they would help achieve compromise legislation that could pass both houses.

"At this point, just about everything is on the table to consider," Mr. Pombo said.

Ms. Landrieu said in an interview that she recognized that the Senate bill was only "half the solution."

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"But it's an important half," she added, describing herself as cautiously optimistic that enough Senate Democrats would sustain their support to get the bill passed.

"Normally, I don't support limiting amendments," Ms. Landrieu said, "but we're very limited on time in the session and in this Congress. I support Frist's decision. Debating the pros and cons of additional elements only get us off track."

Gulf Coast Drilling Bill Nears Passage In Senate (WSJ)

By John J. Fialka

The Wall Street Journal, July 27, 2006

WASHINGTON -- The Senate appears headed toward passage of a bill opening 8.3 million acres in the Gulf of Mexico to oil and natural-gas exploration. Passage would come as part of a compromise that shares the expected royalties with four Gulf Coast states and promises Florida a buffer zone protecting its coastline by restricting drilling for 16 years.

Senate leaders hope to pass the bill next week, using a procedure that will limit changes in the package.

As the Senate began debate, the White House issued a statement supporting the bill, while expressing some concern about the royalty-sharing provisions. Senate leaders hope the White House will press House Republican leaders to accept the Senate proposal, rather than push for a more ambitious House-passed plan to open both the Atlantic and Pacific coasts to offshore exploration.

"This is an American solution to an American problem," said Sen. Pete Domenici (R., N.M.), chairman of the Senate Energy Committee. He predicted that the passage of the bill will bring natural-gas futures prices down almost immediately because it is adjacent to proven gas-rich producing areas of the Gulf.

Supporters of the measure showed their muscle with a 86-12 procedural vote that suggests they have the 60 votes needed to close off filibusters.

The compromise was hammered out during the past month among senators from Florida and from Louisiana, Mississippi, Texas and Alabama, which would share some of the federal revenue. It is also supported by Senate Minority Leader Harry Reid (D., Nev.), who said the money would be used to help Gulf states replace wetlands that will give them protections against future hurricanes.

"What happened today is historic," said Jack Gerard, president of the American Chemistry Council, a leader of an industry coalition pushing to shrink federal moratoriums that prevent exploration for more domestic natural gas on the outer continental shelf. "We are changing a 25-year-old policy that doesn't make any sense."

Several Republican senators said they supported the House measure, which would open 356 million acres to exploration, as opposed to the eight-million-acre area involved in the Senate compromise. But there are concerns that opening the bill to that amendment, and another planned amendment that would force auto makers to build more fuel-efficient cars, could trigger weeks of debate and invite filibusters.

Sen. Jeff Bingaman of New Mexico, a ranking Democrat on the Senate Energy Committee, opposed the measure, complaining that it will share federal royalty payments with four Gulf Coast states that rightfully should belong to all 50 states.

Over the next 10 years, according to the Energy Committee, the measure would generate $1.5 billion in federal revenue. The states would share $540 million of that with 37.5% going to the Gulf Coast states and 12.5% going to land and water conservation funds in all 50 states.

Senate Set To Take Up Gulf Coast Oil Drilling (WT)

By Christina Bellantoni

The Washington Times, July 27, 2006

The Senate cleared a legislative hurdle yesterday to begin consideration and debate of a measure that would open the Gulf Coast to oil and natural-gas exploration.

Drilling off the coast -- and leaving in place protections for Florida's coastline -- has wide support in the Senate. The measure becoming law is more of a long shot because of the House's position on the matter.

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Senators voted 86-12 to move forward on the bill, which would open 8 million acres in the eastern Gulf of Mexico in an area known as Lease Sale 181. The bill also would allow Gulf states to share in the revenue created from capturing new oil and natural gas. Supporters say it could yield more than 1 billion barrels of oil and immediately lower the price of natural gas.

Several steps will follow, including a maneuver to limit amendments and at least one day of debate. Senators said they expect a final vote early next week.

Sen. Mel Martinez, Florida Republican, who helped craft the bill, called it a "very fragile compromise."

He supports the measure only because it protects from drilling 125 miles of the Florida coast through 2022 and deals with a "very specific surgical strip." He said no other position would be acceptable in the full Senate.

"It would be hard for Florida to get this good a deal down the road," he said. "If it doesn't happen this way, then, no, it's not going to be open for bidding."

But the House last month voted 232-187 for a bill allowing drilling within 50 miles of the shore.

Sen. Pete V. Domenici, New Mexico Republican and chairman of the Energy and Natural Resources Committee, said the measure will decrease American dependence on foreign sources of oil.

The bill would open up "America's property," Mr. Domenici said.

He also alluded to the concerns of many legislators from both coasts who worry that opening the Gulf region could lead to oil rigs in all coastal waters.

"We ought to get on with changing 25 years of what started in California of a fear that was irrational and get on with reasonable, rational, safe deep-water drilling," Mr. Domenici said.

Senate Minority Leader Harry Reid of Nevada scolded Republicans for not adopting Democratic energy proposals this year.

"This bill will do little or nothing to fix America's energy crisis or the failed Bush-Cheney energy policies," Mr. Reid said. "This country needs a crash course to develop alternative and renewable energy."

When asked whether the Senate bill would clear the House untouched, House Majority Leader John A. Boehner, Ohio Republican, said, "I think we would prefer our version of the bill ... our members feel pretty strongly about the House bill."

Rep. Richard W. Pombo, California Republican and chairman of the House Resources Committee, said Tuesday that he saw no way that the House would accept the limited Senate legislation as a substitute for its bill.

No action can be taken until September at the earliest, because the House will be in recess if and when the Senate passes the measure.

Drilling Bits (WSJ)

The Wall Street Journal, July 27, 2006

Gasoline prices reached an all-time high last week, and, lo, the Senate seems finally to have noticed. Against all odds, that body may at last allow a limited expansion of offshore oil-and-gas drilling to increase U.S. energy supplies.

This being the Senate, naturally there's a catch. Drilling opponent Mel Martinez (R., Florida) brokered the deal to allow drilling in some eight million acres in the eastern Gulf of Mexico, which boasts at least 1.25 billion barrels of oil and five trillion cubic feet of natural gas. But his price was a moratorium on any other projects within 125 miles of Florida's coastline, as well as sending 37.5% of certain new federal leasing royalties to the four Gulf states of Louisiana, Texas, Mississippi and Alabama. The oil and gas industry is understandably underwhelmed.

The bill is still worth passing, however, if only to get to a conference with the House, which last month gave the states authority over offshore drilling up to 100 miles out. The House bill provides for a permanent ban (versus today's limited federal bans) on drilling for the first 50 miles offshore, which could only be lifted if a state legislature explicitly voted to do so. From 50 to 100 miles, states would be responsible for defining what drilling could occur. Anything beyond 100 miles would be the federal government's mandate.

In short, the House bill offers greater protections to anti-drilling states, which would no longer be at the mercy of federal policy whims. Yet this is precisely what seems to worry environmentalists, who hold disproportionate sway in Washington and fret that state voters might actually support more drilling if it were safe and profitable.

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Profitable it would be, too. The House bill would share royalty revenue with all coastal states (not just the Senate four), and provide 63% of royalties to states with projects within 12 miles of their coastlines (the feds currently keep all revenues beyond three miles). All of this would be a windfall for state treasuries, even before the new jobs and business income from more drilling.

The political somersaults this all inspires are amazing to behold. New Mexico Democrat Jeff Bingaman opposes the Senate bill because he says Treasury can't afford to share money with the states. But this is the same Senator Bingaman who brags incessantly about all the federal spending he brings home. (Recent lead headline on his Web site: "Bingaman Secures Millions for N.M. Health and Education Initiatives.")

The Bush Administration is also whining about lost federal revenues. But Lease Area 181 (the subject of the Senate bill) in the Gulf would already be operational -- thanks to a deal worked out by Bill Clinton -- if Mr. Bush hadn't agreed to give Florida Governor Jeb Bush a political hand in 2001 by delaying the leasing contracts. President Bush could also have forced the offshore drilling issue long ago had he used his executive power to end the current federal moratorium.

Federal royalty sharing with the states -- which also share some of the (admittedly small) environmental risks -- seems a small price to pay to get more domestic oil and gas supplies. And White House support for this new state windfall might even increase pressure on coastal-state Senators to vote for a more sweeping House-Senate compromise coming out of conference. If even $3 gasoline and expensive natural gas don't cause Congress to allow more U.S. drilling, the politicians deserve whatever retribution voters deliver in November.

Stiffing Fuel Economy (WP)

The Washington Post, July 27, 2006

THE SENATE is considering a bill this week to allow drilling for oil and gas on more of the country's Outer Continental Shelf. The bill has problems, but the basic concept of increasing offshore production is sound. What is not sound, however, is the apparent refusal by the Senate leadership to allow consideration of an amendment to increase auto fuel economy standards. With energy prices high, the temptation to deal only with supply shortages is perhaps understandable. But it makes no sense to think about America's energy problem without serious attention to how to cut energy consumption.

The bipartisan proposal by Sens. Barack Obama (D-Ill.) and Richard G. Lugar (R-Ind.) is not radical. Unlike some other ideas for jacking up average fuel economy, it would not set an arbitrary miles per gallon figure. Rather, it would change existing law to create a presumption of increasing fuel economy each year. Currently, no such presumption exists, so fuel economy standards tend to stagnate for long periods and then rise anemically. Under this proposal, if federal regulators do nothing, average fuel economy targets would rise 4 percent annually -- a rate studies have suggested is achievable. If federal regulators wish to stop or slow the rise, they would have to justify a finding that such an increase was not technologically achievable, inconsistent with a safe auto fleet or harmful to the economy. The proposal, in other words, would flip the consequences of regulatory inertia from stagnating miles per gallon to ever-increasing fuel efficiency.

Unfortunately, Senate Majority Leader Bill Frist (R-Tenn.) is not allowing amendments -- so for now, the proposal seems to be going nowhere. The result is that once again, Congress may enact a major piece of energy legislation that does nothing to encourage responsible energy use. That's a foolish strategy.

Gas At $3 A Gallon Is Likely To Persist Until Labor Day (WSJ)

By Beth Heinsohn

The Wall Street Journal, July 27, 2006

Retail gasoline prices can be expected to hold near $3 a gallon until the beginning of September, the federal Energy Information Administration said.

No significant price declines are seen before Labor Day, when demand typically drops, the EIA said in its weekly analysis of petroleum data.

The average price of retail gasoline has risen 4.7% since the end of May, the traditional start of the high-demand gasoline season when people begin to take summer vacations, many of them road trips.

Price increases above the $3.003-a-gallon average national price seen for the week ended July 21 are possible, said the agency, the statistical and analytical arm of the Department of Energy.

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"It remains to be seen whether prices during one or more of the remaining weeks of summer will exceed the previous record level of $3.07 per gallon, set on Sept. 5, 2005," the report said.

The 2006 Atlantic hurricane season has yet to produce a significant tropical storm, but three months remain. The National Hurricane Center has forecast 17 named storms -- fewer than the record 27 in 2005, but above the 50-year average of 9.6. The hurricanes that devastated the Gulf Coast heart of the U.S. petroleum industry in 2004 and 2005 didn't occur until August and September.

In addition, the chance of severe weather disrupting refinery operations rises in the summer. In June, oil spills from refineries followed torrential rains and flooding in both Corpus Christi, Texas, and Lake Charles, La. Severe thunderstorms knocked out power in the St. Louis area last week and forced the shutdown of ConocoPhillips's Roxana, Ill., refinery. Acting to forestall any supply shortages, state and federal environmental agencies Tuesday granted a 10-day waiver of clean-fuel regulations in three Illinois counties primarily supplied by the refinery.

As high as gasoline prices have risen on a nominal basis, they haven't reached their inflation-adjusted high of $3.20 a gallon (in 2006 dollars) set in March 1981, the EIA wrote.

In addition, the improved fuel economy of today's vehicles compared with those that were on the road 25 years ago means the average real fuel cost per mile of travel is below its 1981 level, according to the EIA.

Spent Nuclear Fuel Edges Closer To Yucca (CSM)

By Matt Bradley

Christian Science Monitor, July 27, 2006

What weighs a total of about 50,000 tons, is scattered among 31 states, and scares the daylights out of almost everybody?

For the congressional delegation of Nevada - home to the much-debated, much-delayed Yucca Mountain nuclear-waste site - the answer could be headed their way a little too soon. It was over their protests that the Department of Energy (DOE) announced last week that Yucca will begin accepting the nation's spent nuclear fuel by 2017.

True, this is about 19 years later than the department originally promised. But these days, nuclear power is on an upswing, thanks to climbing gas prices, concerns about climate change, and an increasing desire to diminish America's dependency on foreign oil.

Despite the shifting economic and political winds, however, policymakers and others are still wrestling with questions about spent nuclear fuel.

For its part, the DOE says its new dumping date is still a best-case scenario.

But the new timetable, and a new political will for the project, have hardly swayed the senators of Nevada from their opposition. The timeline "is a wish list by the people who are trying to turn the state of Nevada into the nation's nuclear dumping ground," says Jon Summers, a spokesman for Sen. Harry Reid (D) of Nevada.

The new date comes as several pieces of legislation seek to address the decades-old issue of handling spent nuclear fuel. One such proposal, tacked onto an appropriations bill by Sen. Pete Domenici (R) of New Mexico, would empower the Energy Department to designate "interim" waste sites for up to 25 years, or until Yucca is complete. Most likely, the sites would designate existing or decommissioned power plants, where radioactive materials are already stored. However, the DOE has already acknowledged major bureaucratic challenges to granting speedy, temporary storage licenses for some 31 facilities.

For supporters of Yucca Mountain, the proposal for interim sites smacks of diversionary tactics.

"Senator Reid wants to make sure that the nuclear waste doesn't come to his state," says Charles Pray, a nuclear safety adviser for the state of Maine. "Even though the licensing is [for] 25 years, we're afraid that once it's there, it will be a long time before it moves out of the state."

Many states, including Maine, are suing the department for failing to remove their spent fuel by 1998 as originally promised. Maine expects a decision on its case later this year, and total damages against the federal government are expected to climb into the tens of billions of dollars. The DOE has so far doled out about $150 million in damages to commercial nuclear utilities.

The DOE has thrown its support behind legislation that would speed Yucca's progress by "streamlining" some remaining regulatory hurdles. "People on both sides of the aisle are seeing the need for an expansion of nuclear energy," says Craig

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Stevens, a spokesman for the department. "We're just looking at [the political dialogue] as a positive development in the discussion as we're moving ahead with the nuclear renaissance in this country."

After all, Yucca is widely touted as the world's most studied piece of real estate. The Nevada laboratory facility currently employs about 2,000 scientists and staff - a research effort that has already cost the government about $8 billion. Energy officials are convinced of the facility's safety.

But opponents of Yucca, particularly Nevada's powerful congressional delegation, blame the DOE for what they call politically motivated science. Some environmental groups say the proposed Yucca facility, as well as its location about 90 miles from Las Vegas, is unsafe. The office of Sen. John Ensign (R) of Nevada cites the threat of terrorism as a primary argument against a centralized waste site.

"There's a larger problem with putting [nuclear waste] on trucks and trains and shipping it all over the country to Nevada," says Jack Finn, communications director for Senator Ensign. "What's done in other countries is reprocessing on site, where waste is produced. That's an option Senator Ensign thinks we should pursue more vigorously."

Nuclear reprocessing, which is essentially a form of recycling for spent nuclear fuel, also forms the centerpiece of President Bush's Global Nuclear Energy Partnership project. Mr. Bush's proposal would fund an expansion of nuclear energy facilities in the United States and abroad. The project would also reclaim spent fuel for reprocessing in order to reduce waste and prevent the still-radioactive materials from falling into the hands of militant groups.

"If you were to take fuel rods, you could put them back, theoretically, into a nuclear reactor and burn that down even more," says Mr. Stevens.

But even if scientists perfect reprocessing for widespread use - so far, it has only been shown to work in a lab - Yucca Mountain remains the closest thing to a long-term waste solution, Stevens says. "We see nuclear power as the single environmentally clean, base-load source of electricity. Period. Yucca Mountain is the place, by science and by law."

Ohio Supreme Court Rejects Taking Of Homes For Project (NYT)

By Ian Urbina

The New York Times, July 27, 2006

The Ohio Supreme Court ruled unanimously yesterday that a Cincinnati suburb cannot take private property by eminent domain for a $125 million redevelopment project.

The property rights case was the first of its kind to reach a state's highest court since the United States Supreme Court ruled last year that municipalities could seize property for private development that public officials argue would benefit the community.

The Ohio decision rejected that view, and is part of a broader backlash. Since the ruling last year, 28 state legislatures have passed new protections against the use of eminent domain.

"This is the final word in Ohio, and it says something that I think all Americans feel," said Dana Berliner, a lawyer with the Institute for Justice, a public-interest law firm in Arlington, Va., who argued on behalf of the homeowners before the Ohio court. "Ownership of a home is a basic right, regardless of what the U.S. Supreme Court may have decided."

Since the Ohio case was argued based on the state's Constitution, yesterday's decision cannot be appealed to the United States Supreme Court, which decides matters involving federal law.

The United States Supreme Court decision last year made it clear that state constitutions could set different standards for property rights.

"The Ohio decision takes the loophole that was left by the U.S. Supreme Court decision and drives a Mack truck right through it," said Richard A. Epstein, a law professor at the University of Chicago.

Mr. Epstein said the decision was especially surprising coming from the Ohio Supreme Court, which he said had rarely reached unanimous decisions and had often sided with developers. "But this decision indicates that the justices were entirely distrustful of planning officials and developers working under nebulous criteria."

The Ohio decision involves the city of Norwood, which moved in 2002 to seize about 70 houses for a project to build offices, shops and restaurants in a neighborhood widely viewed to be deteriorating. Virtually all the property owners sold their land

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voluntarily, often at prices greatly above their audited value, state officials said. All but three of the houses at the site have been bulldozed.

"We're just grateful that this is still a constitutional republic," said Joy Gamble, one of the plaintiffs in the lawsuit against the state. "We raised our children in that home, we lived there for 35 years, and we planned to live out our retirement there."

Mrs. Gamble said that after being evicted in February 2005, she and her husband, Carl, moved in with their daughter across the Ohio River in Independence, Ky.

"We were nervous because we knew that the same developer who built the mall across from us with help from the city and eminent domain was the one who wanted our land," said Mrs. Gamble, whose house is one of the three still standing on the contested site. "But in the end, the city and developer took it away and the courts gave it back, which makes you feel like there is real justice."

In a 5-to-4 decision last year in a Connecticut case, Kelo v. City of New London, the United States Supreme Court ruled that economic development is an appropriate use of the government's power of eminent domain. That decision gave New London the authority to condemn houses in an aging neighborhood to make way for private development.

The legal debate over eminent domain has not been whether governments could condemn private property to build a public amenity like a park or a highway. That power was established by the Fifth Amendment, provided that property owners are given "just compensation."

The conflict has been over government attempts to take private homes or businesses for redevelopment projects that at least partly benefit private entities.

Two months after the ruling in June 2005, Justice John Paul Stevens, who wrote the majority opinion, said he was bound by the law and legal precedent. But in responding to criticism, he called the outcome "unwise," and said that had he been a legislator he would have opposed it.

Ms. Berliner of the Institute for Justice said the Ohio decision was a reaction to the growing use of eminent domain by developers and local officials. Since the Kelo decision, more than 5,700 properties nationwide have been threatened with seizure or have been seized through eminent domain, a threefold increase from the numbers before that decision, she said.

The Ohio decision was a blow to Norwood officials, who hoped to gain $2 million a year in tax revenue through the seven-acre project.

"The city is running one hell of a deficit," said Mayor Thomas Williams, who predicted that the city would run out of money for its operating budget in October. "We're just trying to generate enough income to keep our doors open."

The developer, Jeffrey R. Anderson Real Estate, could not be reached for comment on whether the project would go forward.

The 58-page Ohio decision said that while economic factors may be considered in determining whether governments can take private property, the economic benefit to the government and community cannot be the only justification used for seizure.

"For the individual property owner, the appropriation is not simply the seizure of a house," Justice Maureen O'Connor wrote. "It is the taking of a home, the place where ancestors toiled, where families were raised, where memories were made."

The decision said that justifying the seizure by claiming that the area is deteriorating was unconstitutional because the term is too vague.

Court Ruling Says City Can't Take Property (USAT)

USA Today, July 27, 2006

NORWOOD, Ohio — The city of Norwood cannot take property by eminent domain to give to a private developer, the Ohio Supreme Court ruled Wednesday.

In holding parts of Ohio's eminent domain law unconstitutional, the state's highest court set a different course than the U.S. Supreme Court did in its Kelo v. New London decision last year.

There, the Supreme Court ruled that a Connecticut city's taking of property for economic development was constitutional — but made clear that state constitutions could set different standards.

The Norwood case is the first major eminent domain case to reach a state supreme court since Kelo.

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The case was brought by Joseph Horney, Carl and Joy Gamble and Matthew Burton, who argued that the city should not be able to take their properties and deed them over to Rookwood Exchange Partners for a $125 million shopping and office complex.

"The Ohio decision is a total victory for home and business owners in Ohio and across the country," said Dana Berliner, an attorney for the Institute of Justice, a Washington-based libertarian organization that represented the homeowners. "It will set an example for courts across the country to reject the Supreme Court's disgusting decision in the Kelo case."

The holdouts, unlike the dozens of other property owners who sold their houses to the developer for two or three times the appraisal value, refused to sell and took the case to the state Supreme Court.

The decision was a blow to the city of Norwood, which had counted on $2 million a year in additional tax revenue to help balance its budget.

Richard Tranter, a lawyer for Jeffrey R. Anderson Real Estate, one of the Rookwood partners, declined to say what the developer's next step would be.

"This is a sad day for Norwood and other Ohio cities desperately trying to revitalize their communities," Tranter said.

The houses of the plaintiffs are still standing, under a Supreme Court injunction blocking their demolition. They're the only houses left in what used to be a neighborhood of about 70 middle-class homes. They've been fenced off, salvaged for parts and neglected for more than a year.

Joy and Carl Gamble — who moved to Independence, Ky. — say they plan to move back to the old neighborhood. "At last, at long last," Joy Gamble said. "The Ohio Supreme Court has just made this a constitutional republic, the way it should be."

The court decision comes days before a task force is scheduled to recommend sweeping changes in eminent domain law to the Ohio General Assembly.

Six legislatures have put constitutional amendments on the ballot this fall to let voters restrict eminent domain — Louisiana, Florida, Michigan, South Carolina, Georgia and New Hampshire.

In addition, 29 state legislatures have passed laws limiting eminent domain since the Kelo decision last June, according to the National Conference of State Legislatures. Laws are in effect in 26 of the states.

Cold, Hard Facts (NYT)

By Peter Doran

The New York Times, July 27, 2006

Chicago

IN the debate on global warming, the data on the climate of Antarctica has been distorted, at different times, by both sides. As a polar researcher caught in the middle, I'd like to set the record straight.

In January 2002, a research paper about Antarctic temperatures, of which I was the lead author, appeared in the journal Nature. At the time, the Antarctic Peninsula was warming, and many people assumed that meant the climate on the entire continent was heating up, as the Arctic was. But the Antarctic Peninsula represents only about 15 percent of the continent's land mass, so it could not tell the whole story of Antarctic climate. Our paper made the continental picture more clear.

My research colleagues and I found that from 1996 to 2000, one small, ice-free area of the Antarctic mainland had actually cooled. Our report also analyzed temperatures for the mainland in such a way as to remove the influence of the peninsula warming and found that, from 1966 to 2000, more of the continent had cooled than had warmed. Our summary statement pointed out how the cooling trend posed challenges to models of Antarctic climate and ecosystem change.

Newspaper and television reports focused on this part of the paper. And many news and opinion writers linked our study with another bit of polar research published that month, in Science, showing that part of Antarctica's ice sheet had been thickening — and erroneously concluded that the earth was not warming at all. "Scientific findings run counter to theory of global warming," said a headline on an editorial in The San Diego Union-Tribune. One conservative commentator wrote, "It's ironic that two studies suggesting that a new Ice Age may be under way may end the global warming debate."

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In a rebuttal in The Providence Journal, in Rhode Island, the lead author of the Science paper and I explained that our studies offered no evidence that the earth was cooling. But the misinterpretation had already become legend, and in the four and half years since, it has only grown.

Our results have been misused as "evidence" against global warming by Michael Crichton in his novel "State of Fear" and by Ann Coulter in her latest book, "Godless: The Church of Liberalism." Search my name on the Web, and you will find pages of links to everything from climate discussion groups to Senate policy committee documents — all citing my 2002 study as reason to doubt that the earth is warming. One recent Web column even put words in my mouth. I have never said that "the unexpected colder climate in Antarctica may possibly be signaling a lessening of the current global warming cycle." I have never thought such a thing either.

Our study did find that 58 percent of Antarctica cooled from 1966 to 2000. But during that period, the rest of the continent was warming. And climate models created since our paper was published have suggested a link between the lack of significant warming in Antarctica and the ozone hole over that continent. These models, conspicuously missing from the warming-skeptic literature, suggest that as the ozone hole heals — thanks to worldwide bans on ozone-destroying chemicals — all of Antarctica is likely to warm with the rest of the planet. An inconvenient truth?

Also missing from the skeptics' arguments is the debate over our conclusions. Another group of researchers who took a different approach found no clear cooling trend in Antarctica. We still stand by our results for the period we analyzed, but unbiased reporting would acknowledge differences of scientific opinion.

The disappointing thing is that we are even debating the direction of climate change on this globally important continent. And it may not end until we have more weather stations on Antarctica and longer-term data that demonstrate a clear trend.

In the meantime, I would like to remove my name from the list of scientists who dispute global warming. I know my coauthors would as well.

FBI/DEA/ATF/USMS:

New FBI Division To Probe Weapons Terrorists May Use (WP)

By Dan Eggen

The Washington Post, July 27, 2006

The FBI yesterday announced the creation of an investigative division focused on weapons of mass destruction, part of Director Robert S. Mueller III's latest reorganization plan aimed at gathering intelligence and preventing terrorist attacks.

In addition to the new WMD Directorate, Mueller told reporters he has hired an associate deputy to oversee finances and other administrative duties, and is adding or reshuffling several other senior positions.

The plan also includes a new science and technology branch encompassing the FBI Laboratory and other technical support services.

Mueller, who has overseen a series of realignments since the Sept. 11, 2001, attacks, characterized the latest moves as the third phase of a process aimed at making the FBI into an agile and modern domestic intelligence agency. Previous changes included a dramatic increase in the number of counterterrorism agents and the creation of a directorate focused on intelligence gathering and analysis.

"We have grown as an organization substantially since September 11," Mueller said. "It made sense in my mind to evolve the organization to what you see today."

Mueller's new associate deputy director -- FBI veteran Joseph L. Ford -- will be the No. 3 official and will oversee branches including human resources, information technology and finance. Ford, a special agent since 1981, worked on the Enron corporate fraud investigation and was head of the FBI's San Francisco office.

The WMD Directorate will be headed by Vahid Majidi, a former manager and scientist at Los Alamos National Laboratory who served as chief science adviser to the Justice Department.

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Mueller said that the FBI and other intelligence agencies need to pay special attention to the catastrophic threat posed by weapons of mass destruction, particularly if they get into the hands of terrorist groups. "This is a reflection of the necessity of focusing our efforts on preventing weapons of mass destruction from being utilized in the United States," Mueller said.

The FBI has exploded in size over the last five years, especially in counterterrorism and counterintelligence. But Mueller has acknowledged difficulties in several areas -- including a failed effort to overhaul the FBI's antiquated case-management system -- and the bureau has been criticized by lawmakers and outside analysts for being slow to modernize itself.

The transformation has been complicated by turnover as dozens of high-ranking FBI executives have been lured to the private sector by fat salaries and generous benefits. Mueller said that while he is "not asking anyone to sign a blood oath," he hopes the reorganization will help with retention. "My expectation is that we'll be stable for the foreseeable future," he said.

FBI Creates Executive Position To Track WMDs (MCT)

By Andrew Zajac, Chicago Tribune

McClatchy News Service, July 27, 2006

WASHINGTON - As part of an ongoing reorganization triggered by the Sept. 11 attacks, the FBI has put senior managers from outside the bureau in charge of three of five branches and created an executive position to track weapons of mass destruction.

The establishment of a directorate for mass destruction weaponry reflects a desire to coordinate information about the possibility of attacks, which Director Robert Mueller characterized as "a substantial concern."

"It is fair to say that anyone who is concerned about the safety of this country and the future, the concern is weapons of mass destruction and particularly weapons of mass destruction in the hands of terrorists," Mueller said Wednesday as the personnel changes were unveiled.

Vahid Majidi, the head of the new directorate, said his responsibilities include "any use of WMD," ranging from a so-called "white powder hoax" involving the mailing of harmless substances to efforts to set off a nuclear bomb in the United States.

Majidi, 44, a former chemistry professor at the University of Kentucky, was recruited from the Los Alamos National Laboratory, where he was the leader of its chemistry division, overseeing such programs as nuclear weapons research and homeland security. He also served as the Justice Department's chief science adviser.

He declined to comment on where the U.S. might be at risk of an attack. "We have vulnerabilities and we are aware of them," Majidi said.

Mueller said al-Qaida has been weakened by deaths and arrests, but remains capable of an attack.

As worrisome are a growing number of al-Qaida sympathizers who have no direct link to the terrorist network but may be inspired by it to launch an attack, said Philip Mudd, the bureau's No. 2 national security official.

Mueller also announced the appointment of Donald Packham, a retired BP executive, as executive assistant director for human resources. Two other branches, information technology and science and technology, also are headed by bureau outsiders, leaving national security and criminal branches in the hands of career FBI employees.

But Mueller said he didn't think the newcomers would have difficulty meshing in a bureaucracy that has traditionally promoted from within and that at times even has had difficulty working with other government agencies.

"In this day and age, I don't think it's an issue. ... I think we all recognize that there are areas of expertise out there," he said. "You cannot always look to within."

The stage for the latest reorganization was set by a wave of retirements of top managers caused in part by uneven hiring patterns stretching back decades, and by private industry's willingness to pay top dollar for federal law-enforcement experience.

Mueller said he thinks the revolving door has slowed for a while.

"My expectation is that we'll be stable for the foreseeable future," the director said.

A Redeployment At A Realigned FBI (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, July 27, 2006

DOJ_NMG_0043533

Former officials of BP, Los Alamos and the CIA are named to lead branches as the bureau shifts its focus from crime to terrorism.

WASHINGTON — The FBI broke with one of its most storied traditions Wednesday, announcing changes in its top management that, rather than elevating onetime agents, tapped officials with extensive experience outside of the bureau for several key positions.

The realignment, unveiled by Director Robert S. Mueller III, put nonagents — including one who is a former oil company executive and another who rose through the ranks of the CIA — at the helms of three of the bureau's five major branches.

The moves were a tacit acknowledgment of troubles the FBI has had keeping up with advancements in areas such as science, computer technology and human resources.

The changes also reflect the FBI's rapid growth since the Sept. 11, 2001, terrorist attacks: The bureau's workforce has increased by thousands, and its mission has changed from focusing on law enforcement to gathering intelligence and rooting out terrorists.

The personnel shuffle, Mueller said, was aimed at "areas where we need expertise from the outside … to enable us to do the investigative and intelligence functions that are at the heart of what we do."

He added: "If you come into the FBI as an agent, … you come in wanting to be an investigator. So bringing in people with [different] expertise is important."

The changes leave FBI careerists in charge of the bureau's criminal and intelligence branches. Mueller also named a longtime agent to fill a new position of associate deputy director. But he created three positions that he filled with bureau employees who made their mark elsewhere.

Donald E. Packham, a former BP senior executive, will oversee human resources and training. Kerry E. Haynes, a former CIA director of technical collection, was picked to run a new science and technology branch.

Chief Information Officer Zalmai Azmi, whose resume includes a stint as a project manager at the U.S. Patent and Trademark Office, was given expanded duties in his role overseeing the bureau's computer operations.

Mueller also established a unit to study threats from weapons of mass destruction and named Vahid Majidi, a scientist formerly at the Los Alamos National Laboratory, as its director.

Since the days of J. Edgar Hoover, the bureau has been famously hidebound, promoting from within for its key positions. The longtime director had a vision of agents as renaissance men capable of handling any challenge thrown their way. But as the bureau has grown, many say that concept has lost viability.

Mueller's moves won praise from those pushing for the bureau to chart a new course.

"It is a welcome change," said Athan Theoharis, a professor emeritus of history at Marquette University in Wisconsin, who has written several books about the history of the FBI. "It reflects a sense that the bureau is not the center of knowledge and that you really can improve the bureau by bringing in people from the outside who have specialized knowledge. It has been a very insular agency."

The changes follow other steps Mueller has taken to rejigger the bureau's workings since Sept. 11.

He has redeployed thousands of agents from crime-fighting to terrorism prevention and reached into agencies such as the National Security Agency for help in running the bureau's intelligence unit. He has overseen the hiring of hundreds of analysts to look over the shoulders of agents and advise them about potential threats. And under his guidance, the bureau has attempted to create a separate career track that puts the analysts on a par with agents.

Whether those moves will be embraced by the rank and file is far from clear. Some critics of the bureau say the recalibration is destined to fail because the bureau's culture perpetuates a focus on fighting crime rather than sniffing out terrorist threats.

Problems with technology and personnel have been behind some of the bureau's biggest headaches in recent years. The FBI is still recovering from an ill-fated computer upgrade that was ultimately scrapped at a cost of more than $100 million. A bungled fingerprint analysis at its Virginia crime laboratory resulted in a Muslim lawyer in Oregon being falsely accused of having a hand in the 2004 Madrid train bombings.

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Mueller, the FBI director since 2001, on Wednesday acknowledged mistakes on his part. "I did not do the things that I should have done" to prevent the computer system foul-up, he said. "I don't expect to make those same mistakes again."

The bureau also is coping with chronic turnover among top managers who are leaving for better-paying jobs in the private sector as corporations improve their security. For instance, the bureau's top national security official departed in June for a security job with a major cruise line operator.

Mueller said that Packham, the new personnel chief, would have broad-ranging responsibility throughout the FBI, "from recruitment to hiring to training to executive development," as part of the effort to respond to the turnover.

Mueller said he hoped that as the bureau's new managers settled into their posts, they would help restore stability to the bureau. "I'm not asking anybody here to sign a blood oath," he said. "But my expectation is we'll be stable for the foreseeable future."

New FBI Unit Focuses On WMDs (LAT/AP)

By Associated Press

The Los Angeles Times, July 27, 2006

WASHINGTON — A new unit at the FBI is focusing on preventing an attack on the United States with chemical, biological or nuclear weapons, FBI Director Robert Mueller said Wednesday.

The FBI has hired Vahid Majidi, a chemist from the Los Alamos National Laboratory in New Mexico, to run the new weapons of mass destruction directorate, Mueller said at a briefing for reporters at FBI headquarters.

"I think it is fair to say that anyone who is concerned about the safety of this country and the future, their concern is weapons of mass destruction and particularly weapons of mass destruction in the hands of terrorists," Mueller said.

The WMD office is part of the latest reorganization at the FBI since the Sept. 11, 2001 terrorist attacks.

Al Qaida's leadership has been damaged by U.S. anti-terror efforts over the past five years, but the group retains the capacity to launch a future attack on the United States, Mueller said.

And a growing number of people in the United States who have no affiliation with al Qaida nevertheless share its view that "the killing of innocents to meet an end is acceptable," said Philip Mudd, the No. 2 official in the FBI's new national security branch.

U.S. authorities last month arrested seven men in a plot to attack Chicago's Sears Tower and government buildings. Prosecutors say the plot was in the preliminary stages and that the suspects had no ties to al Qaida.

Majidi said his office looks at the range of possible attacks from the individual who mails an envelope filled with white powder to efforts to detonate a nuclear weapon on U.S. soil.

Mueller: FBI Restructuring Will Improve 'Business Side' (FOX)

FOXNews.com, July 27, 2006

WASHINGTON — FBI Director Robert Mueller on Wednesday detailed the next steps of his organization's restructuring — ongoing since the days after the Sept. 11, 2001, terrorist attacks — including a new business-side position and a weapons of mass destruction division.

Mueller said the new changes will be good for both the function of the agency and its finances.

"We are better able to have leadership from the top down. ... We can align our personnel and our budget," Mueller told reporters during a briefing at Justice Department headquarters.

The changes are the latest in a series that began with the immediate restructuring after Sept. 11 of the domestic intelligence bureau to respond to terror threats and the founding of the bureau's intelligence-gathering program.

Part of the so-called "Phase 3" changes will include a new position that Mueller said is aimed at maintaining the "business side of the house" of the agency. That position will be filled by new Associate Deputy Director John Ford, who will be in charge of personnel, budget, administration and infrastructure capabilities. Mueller appointed Ford, a career FBI employee, to the position on Tuesday.

The new post is meant to give Mueller and Deputy Director John Pistole more time to deal with "programmatic" issues. Mueller said that terror is still a problem for this country. While the command structure of Al Qaeda, the terror network that was

operating inside the United States before the 2001 attacks, has been damaged by domestic efforts since the initial reorganization, it is still capable of attacking within U.S. borders, he said.

Part of the reorganization calls for the FBI to be split into five branches, the leaders of which have the title of executive assistant director. The five branches are under the headings of national security, criminal investigations, human resources, science and technology and the Office of the Chief Information Officer.

The National Security Branch is hosting a new FBI function in its weapons of mass destruction directorate. Vahid Majidi, a former official at the Justice Department and chemistry division leader at the Energy Department's Los Alamos National Laboratory, will be in charge of the directorate, which will prepare against domestic WMD attacks.

Majidi said his office seeks to prevent biological attacks by U.S. mail and nuclear detonations, among other threats. Federal authorities have been long thwarted in its efforts to identify the source of the anthrax mail attacks in 2001 that killed five people.

One of the more frightening possibilities of nuclear attack on U.S. soil is a "dirty bomb," or a simple explosive device that could be detonated to spread radioactive material. Terror suspect and former Chicago gang member Jose Padilla was initially implicated in a dirty bomb plot, but a Miami-based federal indictment only mentions alleged terrorist training activities.

"I think it is fair to say that anyone who is concerned about the safety of this country and the future, their concern is weapons of mass destruction and particularly weapons of mass destruction in the hands of terrorists," Mueller said.

"This is a reflection of focusing our efforts on preventing a weapon of mass destruction being used in the United States," he said.

He said, however, that he was not aware of any specific threats of such an attack.

Though no such threats are imminent, Philip Mudd, the No. 2 official in the FBI's new national security branch — one of five new branches — said a growing number of U.S. residents share Al Qaeda's view that "killing of innocents to meet an end is acceptable."

He said he doesn't believe those people are actually affiliated with Al Qaeda, but they are definitely willing to use their modus operandi. For instance, last month authorities broke up an alleged plot to attack the Sears Tower in Chicago and other prominent buildings throughout the country.

Seven men were arrested but prosecutors have said they have no apparent ties to the terror group behind the Sept. 11 attacks.

FOX News' Ian McCaleb and The Associated Press contributed to this report.

FBI Adds New Leadership Position (FCW)

By Michael Hardy

Federal Computer Week, July 27, 2006

The FBI has added a new position to its leadership structure: associate deputy director. Joseph Ford, the first to hold the job, will oversee management of the bureau's employees, budget, administration and infrastructure, including technology.

FBI Director Robert Mueller, in announcing the position and other internal realignments, said the position will be similar to that of a chief operating officer at a company and will be third on the agency's chain of command.

The FBI got final approval July 24 to pursue its realignment plans, Mueller said. In addition to Ford's appointment, several other new leaders have been brought to the Washington, D.C., headquarters office and the organizational chart has been redrawn.

Mueller said he resisted using the word reorganization.

"People call it a reorganization, but really it's a realignment of responsibilities," he said. "We as an organization have to change in response to threats we see."

The new structure includes five branches, each led by an executive assistant director. One of the new branches, Science and Technology, combines the agency's computer crime efforts into one organization. Executive Assistant Director Kerry Haynes, formerly with the CIA's Directorate of Science and Technology, heads that branch.

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In addition, the Office of the Chief Information Officer is now its own branch, a change intended to coordinate the bureau's information technology efforts more tightly with strategic planning, finance, security and facilities management.

The FBI began planning changes immediately after the 2001 terrorist attacks to fight the emerging threat more effectively, Mueller said.

"This has taken a tremendous amount of time to come to fruition," he said.

Threats Up Against Federal Judges (USAT)

By Donna Leinwand

USA Today, July 27, 2006

Threats against federal judges and other court employees have reached record numbers, the U.S. Marshals Service says.

The number of threats in fiscal year 2005 increased 63% from 2003. Marshals investigated 953 threats and inappropriate communications in 2005. Threats this fiscal year, which began Oct. 1, are outpacing last year: Marshals have investigated 822 incidents.

"It seems like every few months there's some type of major threat to a judge," says U.S. Marshals Service Director John Clark. "It's very clear to me that we need to continue to be vigilant."

The Marshals Service, charged with protecting federal judges, prosecutors, jurors and other court employees, has tripled its number of threat investigators and analysts from eight to 25 to respond to the threats, says Donald Horton, chief inspector for the Marshals' Office of Protective Intelligence. A 24-hour threat analysis and intelligence center with new technology becomes fully operational in October, Clark says. "We're striving for faster, real-time analysis," he says.

"All threats can be evaluated within a 24-hour period if not instantly," Horton says.

He attributes the increase in threats to more litigation, more aggressive communication from people with complaints against judges, easier access to judges' information and improved reporting of threats.

Recent high-profile shootings have drawn national attention to judicial security and underscored weaknesses in judicial protection.

In February 2005, a man with a history of threatening letters and angry court filings broke into U.S. District Judge Joan Lefkow's house in Chicago and killed her husband and mother. The man killed himself nine days later during a traffic stop in Wisconsin.

A year before the killings, a U.S. Justice Department inspector general's report criticized the marshals' threat assessment process as "untimely and of questionable validity."

The inspector general found that the marshals failed to meet their own time standards in more than 73% of the threat assessment cases.

Congress responded to the Lefkow murders by approving nearly $12 million to install security systems at judges' homes. Congress also is considering other security proposals, including tougher criminal penalties for people convicted of threatening judges.

State judges, who are not under the marshals' protection, also are vulnerable. In June, Washoe, Nev., family court Judge Chuck Weller was shot in court chambers.

30 Held On Charges Of Smuggling East African Stimulant To U.S. (NYT)

By Kareem Fahim

The New York Times, July 27, 2006

The narcotic shrub is widely known as khat, and a kilogram of the highest quality crop costs about $10 in Ethiopia. But here, where the stimulant is illegal, the markup is considerable: It brings as much as $900 a kilo.

Yesterday, law enforcement authorities arrested 30 members of what officials called the largest khat distribution network in the United States, an organization that they say smuggled up to 25 tons of the plant, earning up to $10 million a year by selling the drug in cities like San Diego, Minneapolis and New York.

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Bringing the plant — which must be kept fresh — to the United States was no small feat for the traffickers, the authorities said. They transported it from East Africa in suitcases with couriers or sent it in express-mail pouches and sold it in the United States to immigrants who were used to buying it in places like Yemen and Somalia for pennies.

The buyers were mostly from countries where khat is legal and a central part of social life, the authorities said. And while officials said that they had seen few new users trying the drug, they stressed that acting against the traffickers would forestall an increase in popularity here.

"We hope that khat never becomes a mainstream drug of choice," said John P. Gilbride, the special agent in charge of the federal Drug Enforcement Agency's New York office. He said the traffickers often shipped the drug through European countries where it is legal, including England.

Khat, a word whose pronunciation varies by country, contains cathinone, an addictive stimulant that health officials say is associated with side effects like depression, heart disease and hallucinations.

Users of the drug often chew its softest leaves or the stalks, which produces a mild euphoria but also a bitter taste that is usually washed down with a beverage. Or the leaves can be dried and added to tea or sprinkled on food.

In Yemen, daily commerce pauses for hours in the afternoon, when bundles of the plant arrive in the markets.

The 30 suspects arrested yesterday were among 44 indicted in the case, according to the United States attorney's office in Manhattan. The others are still at large.

New York was the distribution hub, Mr. Gilbride said. One of the traffickers, Osman Osman, worked in the mailroom at the United Nations and twice smuggled the plants in a diplomatic pouch, officials said.

Dozens Arrested In Distribution Of African Stimulant (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, July 27, 2006

NEW YORK -- Federal agents rounded up 30 people around the country early Wednesday in a series of raids that officials said broke up a large international smuggling ring that imported tons of the narcotic plant khat into New York from eastern Africa.

The smuggling ring allegedly used couriers flying into Kennedy and Newark Liberty airports, Express Mail packages and diplomatic pouches sent to the United Nations in Manhattan to bring in about 25 tons of khat in what is believed to be the largest such trafficking operation in U.S. history, federal officials said.

Officials said they also broke up an informal banking system known as "hawalah," allegedly used to ship khat proceeds back to Africa.

Fresh leaves of the khat plant, known as "bushman's tea" and "African salad," are classified as controlled substances under U.S. law. The plant, which is native to northeast Africa and parts of the Arabian peninsula, must be harvested and brought to consumers in about 48 hours or it chemically breaks down, investigators said.

The rapid decomposition means that smugglers must move quickly. Officials said the plant is chewed to produce a euphoric effect and is popular among emigrants in the United States from Somalia, Yemen and neighboring countries. According to federal investigators, about 150 tons of khat are exported each week from Kenya to supply worldwide demand. The plant is transhipped to Europe and then to New York. Khat is legal in Britain but banned in most other Western countries, according to published studies.

According to a five-count federal racketeering indictment unsealed Wednesday, the smuggling ring shipped an estimated 25 tons of khat into the United States between December 2004 and this month. Five tons were seized during the investigation. Investigators said luggage and boxes filled with khat were taken to northern Manhattan and the Bronx where other couriers shipped the plants by land to Ohio, Minnesota, Washington, Illinois, the District of Columbia and other states.

Apart from the 30 people arrested Wednesday, federal officials were seeking 14 others considered fugitives. One of the suspected organizers of the ring who was arrested was Osman Osman, identified as a Somali national who had been working at the UN in New York. Manhattan U.S. Attorney Michael Garcia said at a news conference that Osman allegedly received khat shipments through diplomatic pouches. But prosecutors wouldn't say from which nation the pouches were sent.

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John P. Gilbride, head of the Drug Enforcement Administration office in New York, said that while there is "limited intelligence" khat is being used by native-born Americans, it hasn't taken off as a mainstream drug of choice outside of some immigrant communities.

Dozens Arrested In U.S. Crackdown On Khat Smuggling (MCT)

By Marisa Taylor

McClatchy Newspapers, July 26, 2006

WASHINGTON - Federal prosecutors charged 62 people Wednesday with smuggling more than 25 tons of the African plant khat into the United States, where it's used as an illegal stimulant.

The group is accused of smuggling bundles of the plant from Africa through Europe into immigrant communities in Minnesota, Washington state, Illinois, Ohio, Maine, Massachusetts, Utah and Washington, D.C., from December 2004 to July 2006.

Federal agents are investigating allegations that the group may have links to warlords in the Horn of Africa region, which covers Somalia and Ethiopia.

"It is suspected that there are ties to some type of terrorist organization," said a federal agent, who spoke on condition of anonymity because the investigation is ongoing.

The indictments don't allege any terrorism activities, but they allege that the group laundered drug proceeds in Minnesota and New York through hawalas, an informal network of money remitters commonly used by some immigrants, and wired money to bank accounts in Dubai.

FBI assistant director Mark Mershon told a news conference in New York that the investigation continues in pursuit of "the ultimate destiny of the funds," which intelligence suggests is based in "countries in East Africa which are a hotbed for Sunni (Muslim) extremism and a wellspring for terrorists associated with al-Qaida."

By late Wednesday afternoon, agents from the Drug Enforcement Administration and the FBI had arrested 45 people, including 10 in Minneapolis and 12 in Seattle. Agents describe the 18-month khat investigation as the largest ever of its kind.

The defendants, predominately of East African origin, are charged with shipping the plant to New York in express-mail packages or through couriers on commercial airlines.

One of the suspected ringleaders, Osman Osman, was employed at the United Nations and used the U.N.'s diplomatic pouch to smuggle the plant into the United States, authorities allege.

Other couriers then rushed the drug to the streets because khat is most potent when it's used within days of cultivation, DEA spokesman Steve Robertson said.

Exporters harvest the plant daily in Kenya and Ethiopia, authorities said. To maintain freshness, the plants are wrapped in banana leaves. Users chew the plant, experiencing euphoria and side effects that can include hallucinations and outbursts of violence, according to the DEA.

Tsehaye Teferra, the president of the Ethiopian Community Development Council in Arlington, Va., said khat could be bought and sold legally in many African countries. When immigrants come to the United States, they often don't realize that the plant is illegal, he said.

"It is regarded by some as similar to chewing tobacco," said Teferra, whose organization helps African immigrants with social services. "Certain segments of society use it widely."

The DEA regards khat as dangerous.

"We're not comparing it to methamphetamine," Robertson said. "However, it's a highly addictive drug and can destroy lives just like any other drug."

The accused leaders bragged that they wanted to become the "kings of khat" in the United States, Robertson said.

According to the DEA, the group often threatened violence against its members and customers to keep them in line. The indictment alleges that suspect Bashi Muse threatened to kill a customer whom he suspected of stealing from the group.

If convicted, Osman and Muse could face life in prison. The other defendants face up to 20 years in prison on drug trafficking charges.

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Three Roxbury Men Arrested In Stimulant-smuggling Sting (BOS)

By Adrienne P. Samuels, Globe Staff

The Boston Globe, July 27, 2006

A late-night drug raid on a Roxbury apartment building, part of a multicity bust federal authorities said dismantled an international smuggling ring, has sparked debate about the use of khat, an herbal stimulant that is widely used in Africa but is illegal in the United States, where some say it is gaining popularity.

Agents from the US Drug Enforcement Administration, the FBI, and the US attorney's office arrested 42 people in cities from New York and Boston to Minneapolis and Seattle after an 18-month investigation dubbed Operation Somali Express. Authorities stormed an apartment building on Walnut Avenue in Roxbury Tuesday night, arresting three men on narcotics charges and detaining 15 others. Investigators said they seized 5 tons of khat in the multistate investigation, worth about $2 million.

Khat, also called qaat, is a plant that grows primarily in East Africa. When its leaves or stalks are chewed, it creates a feeling of alertness and increased brain power. It has been used for centuries in some cultures as a stimulant or appetite suppressant.

The plant contains cathinone , a potent stimulant that is illegal in the United States. The chemical degrades after several days, turning into a milder stimulant, cathine , which officials said can have the effects of a mild medicine.

In announcing the arrests yesterday, authorities said prolonged use of the drug can cause problems from mild depression and insomnia to irrational violence and psychosis.

Because it has been a part of some Middle Eastern and North African cultures for centuries, as widely used as coffee or cigarettes, some immigrants apparently have become confused about its status in the United States.

``There needs to be a standard across the states, because in some places they throw it away at the airport and in other places they take you to jail," said Abdirahman Yusuf , executive director of the Somali Development Center in Jamaica Plain. ``And ironically, in places like England, it's legal . . . Somalia, Ethiopia, and Yemen are three other countries where people regularly use it, and it's acceptable and it's legal.

``A good analogous thing would be how alcohol is legal in this country," Yusuf said .

The local street value is about $300 a pound because of the unique harvesting and transport methods used , said officials. In eastern and northern Africa, it sells for $1 (in US dollars) a bunch and is traditionally used by men.

The DEA said the suspects used a complex international system to smuggle about $10 million in khat, some of it through Logan International Airport. Carriers were often found in London pubs, according to federal and state affidavits.

Referring to Operation Somali Express, the DEA said it needed to take down the drug ring before the stimulant gained broad usage in this country.

``We didn't want khat to become the new drug of choice for Americans," said Steve Robertson , a DEA special agent based in Washington, D.C. ``The people we're arresting are of national origins from the Horn of Africa . . . but it doesn't take long for it to be shared."

The men arrested in Boston were Hassan Sadiq Mohamed , Abdulahi Hussein, and Ismaciil Geelle . Two others, Younas Haji and Saeed Bajuun, are being sought. Another man, Liban Abdulle , was arrested previously and is out on bond. The men are Somali nationals, and some will be removed to New York, where the indictment was filed. Abdulle and Geelle will face charges in Massachusetts, authorities said.

The other men detained were to be released, said Samantha Martin, spokeswoman for the US attorney's office. Officials said these men are either US citizens or legal permanent residents.

Neighbors said the men arrested in Roxbury were Somali and that many of them worked as taxi drivers. The neighbors declined to be identified for fear of retribution.

The sting had many in the immigrant African and Arab community discussing the merits and problems of khat.

The plant came into high usage during the civil wars that ravaged Somalia in the early 1990s. Many poor people who could not afford food turned to khat as a way to stave off hunger.

But, when combined with other drugs, it becomes problematic, contended Yusuf, who said he used the plant in his native Somalia.

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``Like too much beer, it can cause serious problems," he said. ``It affects their health and economic well-being if they overuse it."

Binyam Tamene , executive director of the Ethiopian Mutual Assistance Association in Cambridge, said he wishes he had done a better job of informing his countrymen of the illegal status of the plant.

``It actually makes you kind of calm and more into the deep discussions," said Tamene, who is from Ethiopia. ``In some ways, I feel responsible for not addressing this in the community. People come direct from Ethiopia and may not be very much aware of what plants are prohibited here, and they think it's normal because that's how it is in Somalia or Ethiopia."

Jennifer Leaning , a Harvard professor who traveled extensively in Somalia in 1992, said health workers at the time would often stay away from young men seen chewing the substance.

``Food was extremely short in Mogadishu at this time, so they were chewing the khat to ease the hunger pains and to deal with the fear and high energy of this very bloody war," said Leaning, a professor of international health at Harvard's School of Public Health.

DEA officials said it was easier to break down this drug cartel because, unlike cocaine and heroine imports, khat came in through limited channels.

``We've taken out their whole command-and-control structure," said Robertson, the special agent.

``It is our job to track drug trends, predict new trends, and try and dismantle these trafficking organizations."

Four Mass. Men Named In Indictments Of African Stimulant Ring (AP)

By David B. Caruso, Associated Press Writer

AP, July 26, 2006

NEW YORK --Federal agents say they have broken up a smuggling ring responsible for most U.S. distribution of a leafy stimulant called khat, which is illegal here but commonly used in East Africa and parts of the Arabian peninsula.

Prosecutors announced the indictment of 44 people in New York on Wednesday on charges that they helped bring 25 tons of the plant into the U.S. in recent years.

All but 14 of the suspects were under arrest after a series of sweeps in several states. Some 5 tons of the drug, worth $2 million, have been seized by agents during the 18-month investigation, authorities said.

Hassan Sadiq Mohamed and Abdulahi Hussein of Boston were arrested on Tuesday night. Authorities are still seeking Boston residents Saeed Bajuun and Younas Haji. Two other Boston men -- Ismaciil Geelle and Liban Abdulle -- were charged last week in a separate criminal complaint in connection with the case.

Simultaneously, a federal grand jury in Seattle indicted 18 more people on khat importing charges. Fourteen were under arrest. The six-month spin-off of the New York probe led to the seizure of 1,000 pounds of khat.

The U.S. Attorney in Manhattan, Michael Garcia, said the cases signal that law enforcement agents are taking the drug seriously, even if it remains unknown to most Americans.

John Gilbride, the special agent in charge of the Drug Enforcement Administration's New York office, called it "highly addictive and devastating" to the people who use it.

That assessment is not universal.

Khat is a common and socially accepted drug in Yemen, Somalia, Kenya and Ethiopia.

Users chew it, like loose tobacco, and generally experience a mild buzz that lasts for anywhere between 90 minutes to a few hours. It can also cause an elevated heart rate and blood pressure and create a feeling of euphoria.

Overseas, it is seen as a social ill but an acceptable one, like alcohol. England considered a ban on khat this year but decided against it.

It is illegal in the U.S. because it can contain two controlled substances: cathonine, which is found in very fresh khat leaves, or cathine, a less potent chemical that turns up once the plant dries.

The wave of arrests Wednesday bothered Omar Jamal, the executive director of the Somali Justice Advocacy Center in St. Paul, Minn. He said the drug is routinely used among immigrant Somalis in the U.S.

"I think it is very sad because khat is linked to Somali culture," he said. "It's part of the social system."

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Investigators said the defendants arrested Wednesday mailed khat to the United States in packages or sent it with couriers aboard commercial airlines. From New York, it made its way to Ohio, Minnesota, Maine, Massachusetts, Utah, Washington, Illinois and Washington, D.C.

Some amounts of the drug were also smuggled into the U.S. inside United Nations diplomatic pouches, which are not subject to inspection by customs agents.

One of the suspects under arrest worked in a mailroom at the U.N., officials said.

Several of the defendants also face charges that they laundered money from the operation by passing it back to Africa and the Middle East through a series of banks and informal currency transmitting networks.

FBI agent Mark Mershon, the assistant director in charge of the bureau's New York office, said the next phase of the investigation will be to "follow the money" back to the East African nations where the drug originated.

Mershon said some of the areas involved have attracted attention as "a hotbed for Sunni extremism," and there have been reports that terror groups and regional warlords have financed their campaigns through khat sales.

Authorities said none of the 44 charged in New York on Wednesday had any known link to terrorism.

People have been getting arrested for khat possession in the U.S. for years, but the busts have increased in frequency as the Arab and East African immigrant communities have grown.

In recent months, police have made arrests from Wichita, Kan., to Sioux Falls, S.D., to Wilkes-Barre, Pa.

Medical studies have yet to conclude how bad khat can be to someone's health, but some research has linked it to depression, hyperactivity or hallucinations among longtime users.

Associated Press Staff Writer Gregg Aamot contributed to this report from Minneapolis.

Feds Charge Dozens With Smuggling African Stimulant (AP)

AP, July 26, 2006

SMUGGLING ARRESTS: Federal agents say they have broken two international smuggling rings that distributed tons of khat, an organic stimulant illegal in the U.S. but widely used in parts of East Africa and the Arabian peninsula.

THE DRUG: Users chew khat leaves to generate feelings of alertness and euphoria. In some countries, it is used as a social lubricant instead of alcohol. The World Health Organization classifies it as an abusive drug that can be moderately psychologically addictive.

AMERICAN USE: Khat is little-known outside immigrant communities from Somalia, Ethiopia, Yemen and Kenya, but imports have increased substantially over the past decade.

14 Area Residents Arrested In Big Khat-smuggling Bust (SEATIMES)

The Seattle Times, July 27, 2006

Fourteen Seattle-area residents were arrested today during early morning raids aimed at breaking up an international smuggling operation that allegedly brought into the U.S. up to 25 tons of khat, a highly-addictive drug cultivated in eastern Africa.

Today's raids on 17 King County locations were part of a larger federal investigation begun 18 months ago by the New York office of the Drug Enforcement Administration (DEA), according to the U.S. Department of Justice.

DEA agents five months ago linked Seattle suspects to their international inquiry, which allegedly involved the use of Federal Express and other courier services to deliver shipments of frozen khat, also spelled qat, and fresh khat leaves wrapped in banana leaves.

The drugs were sent by plane from Kenya and Ethiopia to western Europe, according to investigators. Shipments from several European locations arrived daily at stash houses throughout King County.

Khat (pronounced "cot") is a stimulant most often chewed liked tobacco. Because it loses potency as the leaves dry, traffickers look for ways to deliver the drugs quickly.

An indictment returned by a federal grand jury was unsealed today in Seattle. It charges 18 people with conspiracy to import and distribute khat.

Another indictment in New York said the scheme involved 44 people in seven states and the District of Columbia.

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Law enforcement authorities have scheduled a 3 p.m. news conference in Seattle today to provide further details on the investigation.

14 Somalis Accused Of Dealing Drug Khat (SEAPI)

Seattle Post-Intelligencer, July 27, 2006

In Seattle and the United States, the stimulant called khat is a vegetable considered by the law to be a dangerous narcotic.

But to the Somali Americans who live in King County, khat (pronounced "cot") is more like a strong cup of coffee, enmeshed in the social fabric of East Africa and the Arabian Peninsula.

Wednesday, DEA agents arrested 14 members of greater Seattle's Somali community, each on two felony counts of conspiracy to import and distribute the drug that is commonly chewed like tobacco in countries such as Somalia, Yemen, Kenya and Ethiopia. If found guilty, they could face up to 20 years in prison and a $1 million fine. All 14 pleaded not guilty and were held pending further court appearances.

Drug Enforcement Administration Special Agent in Charge Rodney Benson said the investigation began in New York 18 months ago when couriers were found to be bringing the leafy drug into the country. Federal prosecutors there obtained indictments against 44 people. Agents in Western Washington began their inquiry about five months ago when a Seattle cell was uncovered, Benson said.

Benson's agents, with the help of police departments such as Tukwila, Seattle and the King County Sheriff's Office, raided 17 locations in King County early Wednesday. More than 1,000 pounds of khat has been seized in the course of the investigation in the Seattle area. Benson said the local cell -- believed to be led by Mahamoud Omar Jama, 36, of Kent -- moved about a ton of khat a month. Asked how much money was involved, Benson said: "Millions."

"These people charged are the ones that were making the millions and have a complete disregard for their community," said Benson, who asserts that khat has a "high tendency for abuse and no medical use."

A DEA press release says "the primary effects of chewing khat are euphoria and stimulation."

But members of the Somali community -- who watched with dismay Wednesday as friends and relatives faced a federal magistrate -- say arresting people for dealing in khat would be like criminalizing consumption of tobacco or coffee.

"It's not a crime, it's a cultural use," said Saleh Ismil, a Somali American living in Seattle. "You can invite somebody to your house and it is a social grace to offer khat. We use it here. No question about it. Just to socialize -- just like coffee."

Attorney Terry Kellogg, who represents one of those charged, asserted Wednesday: "We've got a cultural defense. It's like caffeine. If these guys go to prison, so should (Starbucks chairman) Howard Schultz."

Abdi Said, a Seattle cab driver from Somalia who is now a U.S. citizen, watched from the gallery Wednesday as friends and fellow cab drivers were ordered held.

"In East Africa, you could say that 60 percent of the men use khat. Here, maybe 5 percent use it.

"We don't think of it as a drug. Just something you have at a gathering, talking together."

Ali Ali, who has been in the United States for seven years and is a U.S. citizen, said khat use is not that common here and agreed with Said's 5 percent figure.

Khat, he said, "is sometimes hard to find and sometimes you can get it."

According to Benson, the Seattle street price for khat is about $700 per kilo (2.2 pounds). In East Africa, it can be bought for about $1 per kilo. That huge markup generates huge profits, he said. Benson said money has been shipped back to Africa and the Middle East.

Asked whether agents believe the money is being used to fund terrorism, Benson was careful to say that the indictments make no such allegation. But he said:

"When you talk about that region of the world, when you look at Somalia and Yemen and that region of East Africa where terrorism is a concern for law enforcement, we just have to thoroughly investigate the matter.

"That money is going back to that region of the world. We're talking about millions of dollars."

Asked about the potency of the drug, Benson said that it is most potent if used immediately after harvest and that it loses much of its potency over time. Nevertheless, even khat leafs that are not fresh contain a less potent, illegal substance.

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Many of the Somali people present Wednesday said that by the time the khat is consumed, it has lost most of its potency and provides a buzz not unlike a strong cup of coffee.

Defendants charged in New York are accused of mailing the khat or sending it with couriers aboard commercial airliners to Washington, Ohio, Minnesota, Maine, Massachusetts, Utah, Illinois and Washington, D.C.

WHAT IS KHAT?

Khat is a vegetable stimulant chewed like tobacco that can create a euphoric buzz. It comes from fresh leaves, shoots and twigs of an evergreen shrub or small tree found in eastern Africa and the southern Arabian Peninsula.

The Seattle street price for khat is about $700 per kilo (2.2 pounds)

World Health Organization experts have reported psychosis in people addicted to khat and that it can result in low birth weight of infants born to addicted mothers.

Khat's active ingredients, cathinone and cathine, are classified as controlled substances by the United Nations.

Experts are divided over whether khat should be called a narcotic, with some saying it is only mildly addictive.

The Associated Press contributed to this report.

Dozens Indicted In Massive Drug Ring (ABC)

By RICHARD ESPOSITO And CHRIS CUOMO

ABC News, July 26, 2006

July 26, 2006 — A series of overnight raids in eight states capped a 2½-year investigation into a drug ring that controlled the sale of a dangerous drug called Khat.

The use of Khat, whose sale has ties to terrorists, has had devastating effects in East African immigrant communities.

Related: Read the Indictment

Khat is a leafy vegetable resembling lettuce, but it has the stimulant effect of a methamphetamine. A money trail from its sale leads back to terror strongholds in Yemen, Somalia and Kenya.

ABC News' chief law and justice correspondent Chris Cuomo spent eight weeks with a handpicked team of New York Police Department officers, Drug Enforcement Administration, FBI, Customs and IRS agents and state police officers as they seized shipments, entered money exchanges, conducted surveillance, and finally indicted 44 individuals.

Cuomo will tell the inside story of the investigation on "Nightline" at 11:35 ET tonight.

FBI officials noted that while no one had been charged with a terror offense, the task force was "eager" to embark on a second phase of the investigation — "tracking the illicit proceeds."

"Nightline" has learned that an investigation into several terror lords appears to clearly link them to the drug ring, which has sold 25 tons of Khat and sent tens of millions of dollars to East Africa through the informal "Hawala" banking system and commercial banks in the Middle East.

Law enforcement and counterterrorism experts in at least four countries have been working on the investigation.

Chris Giovino, the special agent in charge of the Organized Crime Drug Enforcement Task Force, said to ABC News that his concern was that Khat, which can appear innocuous, would spread to a broader market of U.S. youths seduced into chewing Khat by its organic nature.

"Of course we are concerned about following the money," Giovino said, "but right now a key concern is stopping the spread of this drug."

DEA Takes Down Record 'Khat' Drug Trafficking Ring (KTVT)

KTVT-TV, July 26, 2006

(CBS 11 News) LONDON On the streets of Muslim communities in Great Britain, local grocery markets legally sell a narcotic stimulant called khat (pronounced “cot”). Green bundles of the leafy plant wrapped in banana leaves sit inside beverage coolers next to Snapple and Coca-Cola.

Khat is chewed like tobacco to produce a euphoric state that can turn into an outburst of irrational violence according to the Drug Enforcement Administration.

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It is imported from places like Yemen, Kenya and Somalia into Great Britain at the rate of some 30 tons per month. It is sold legally throughout Great Britain, mostly in neighborhoods densely populated by North African Muslim immigrants to whom khat chewing at home is as common as coffee drinking in America.

For the past year concern among counter-terrorism analysts has been rising. They have warned that huge, largely ignored, increases in khat smuggling from Great Britain into major U.S. cities, including Dallas, may be funding international terrorist groups. Khat is as illegal in the United States as cocaine and heroin but until today smuggling cases had been rarely prosecuted.

The DEA announced a record large seizure of 25 tons of Khat worth more than ten million dollars and the arrests of a forty-four member international narcotics trafficking organization. An 18-month investigation resulted in the indictment of a United Nations' employee who is accused of using a secure diplomatic pouch to smuggle khat. The organization also allegedly smuggled khat using human mules on international flights and shipments by overnight express packages.

The investigation found that khat was then distributed from New York by land to the District of Columbia, Illinois, Ohio, Minnesota, Maine, Massachusetts, Utah, and Washington where it was sold on the streets.

According to the indictment, money was laundered through "hawalas" which are informal networks of money remitters commonly used in Africa and the Middle East to transfer money. Tentacles of the organization stretched from the United States to co-conspirators in Europe, Africa, Dubai, and the United Arab Emirates.

In January 2005, Harvey Kushner, director of the criminal justice department at Long Island University, dedicated a full chapter of a new book to raise alarm that American law enforcement was virtually ignoring a booming illegal khat industry almost entirely controlled by Middle Easterners from countries identified as terrorist safe havens.

In his book, "Holy War on the Home Front," Kushner called for a congressional investigation into why America's homeland security bureaucracy had not given top priority to an estimated $1.5 billion khat smuggling industry into the U.S., which produces an illegal cash flow back to Great Britain, Somalia, Kenya and Yemen.

British counter-terrorism experts say their country has in recent years become a hotbed for Islamic extremist groups that advocate killing Americans, recruit suicide bombers and raise money for terror operations. U.S. intelligence agencies have identified Yemen, Kenya and Somalia as havens for terrorist networks, particularly for Al-Qaida.

Sajjan Gohel, Director of International Security for the Asia-Pacific Foundation told CBS 11 News, "organized crime and terrorism are very common bed fellows. They work hand-in-hand. They are able to communicate their activities and assist each other. And that is a tragic irony in that you will find in the illegal drug trade that terrorism in not too far behind."

In 2000, for instance, Al Qaida operatives blew up the USS Cole after it docked at a Yemeni port, killing 17 American servicemen. In 2002, the CIA piloted an armed drone into Yemen and blew up a car full of suspected terrorists. Kenya, also a major khat producing country, is where Al Qaida operatives in 1998 blew up the American embassy and in 2002 aimed shoulder-fired missiles at a departing Israeli passenger jet and also attacked an Israeli resort in Mombassa. In 2003, an Al Qaida plot was foiled to re-bomb the new American embassy in Kenya using a planeload of khat ostensibly headed for Somalia.

"You don't have to make a quantum leap to link drug smuggling from the Middle East, to Middle Eastern communities and …the great possibility of that funding terrorist conspiracies, both here and abroad," Kushner told CBS 11News in a January 2005 interview in New York City. "It's certainly known worldwide that Osama bin Ladin was dealing with the (heroin) trade in Afghanistan … coming into this country. It's great cash flow. It's hard to trace and it's quick money to support terrorist activities."

CBS 11 News found that most police labs don't have the capability to test khat and Kushner complained that awareness was so low that street-level cops most often think they've come across some kind of salad when they accidentally discover khat during searches.

The latest enforcement action dubbed "Operation Somalia Express" indicates that there is a new concerted crackdown on khat flowing into the United States.

In London last year, Officials of Her Royal Majesty's Customs and Excise Department told CBS 11 News that most of the seven tons per week legally imported into Great Britain comes from Somalia, Kenya and Yemen.

But interdicting khat smuggling aboard U.S.-bound flights was not a priority because khat is considered a legal vegetable, even being classified as a bean in some countries.

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Few outside the insular transplanted immigrant communities from the Horn of Africa and parts of the Arab Middle East even know what khat is. The leaf is probably best known in the U.S. as the ingredient that fueled the deadly true-life events portrayed in the movie "Blackhawk Down." The movie depicted a 1993 battle between American troops and khat-fueled Somali insurgents, their teeth blackened from the drug. Drug experts, as well as those who use khat, say the leaf does not impair motor skills but rather creates a mild, amphetamine-like euphoria that heightens senses and self-esteem.

The U.S. Drug Enforcement Administration warns that khat can be psychologically addictive and has been known to cause aggressive behavior and feelings of paranoia among chronic users.

Federal authorities with jurisdiction over the Dallas/Fort Worth International Airport and North Texas acknowledge making regular discoveries of khat - by happenstance. In fact, more than 2,800 pounds of khat has been seized at D/FW since 2000. Applying a commonly used rule of thumb that most commodity seizures represent only 10-percent of what actually gets through, an estimated 14 tons of khat could have made its way through D/FW Airport. Drug dogs are not trained to ferret out khat.

CBS 11 News has learned that North Texas customs enforcement investigators broke up a sophisticated khat-smuggling ring at D/FW Airport in 2003. The operation involved a local airline employee, conspirators in Great Britain and North Texas-based distributors. As a major refugee resettlement city, Dallas is home to thousands of Somali, Ethiopian and North African immigrants.

Abdulkadir Araru, a Kenyan journalist based in London, has written extensively about khat. He said he has chewed it for 25 years and once was employed as a "clearing agent" who helped transport the drug into Canada before that country criminalized it in the late 1990s. Araru said his group would fly students in to Great Britain, where they would pick up large suitcases packed with khat then fly it home to Canada for about $1,000 round trip.

Araru said young white British mules are used now to haul loads into the U.S. and probably get paid about $2,000 on average to make the trip. Such smugglers are considered not as likely to draw attention as would someone of Middle Eastern descent.

"There is lots of money in it," he said, adding that the price goes up once it crosses into illegal American territory. "Compared to other serious drugs, it's very, very marginal, but of course for anyone who is carrying it or selling it, you'll make good money. There are quite a number of chewers in the United States: the Arabs and Somali refugees and more refugees from Ethiopia."

In the U.S. khat use is most prevalent among immigrants from Somalia, Ethiopia, and Yemen according to the DEA. Kushner warns that khat has the potential to become the new crack epidemic in those communities.

Lawyers: Bonds' Trainer To Remain Silent (AP)

By Paul Elias And David Kravets

AP, July 27, 2006

SAN FRANCISCO — Lawyers for Barry Bonds' personal trainer say he'd rather go back to prison for a third time than take part in the grand jury investigation of his childhood friend for tax evasion and perjury.

Fresh off a 15-day jail term for refusing to cooperate in an earlier phase of the probe, Greg Anderson is expected to be called Thursday before a new grand jury investigating the San Francisco Giants slugger. But the trainer is expected to renew his vow of silence.

"He's resigned to do whatever it takes to maintain his integrity," said Paula Canny, an attorney and close friend of Anderson.

Anderson was released from prison last week on the same day prosecutors announced a grand jury investigating Bonds had expired without issuing an indictment. The new grand jury quickly was assembled, and Anderson received what was believed to be the first subpoena — ordering him to appear before the panel on Thursday.

If he again refuses to testify, he'll be hauled in front of a federal judge who will demand to know why he should be excused from testifying to a grand jury, a requirement even the president of the United States has to honor.

Since Anderson's legal arguments remain largely the same, the judge likely will send the trainer back to prison. It would be his third trip to a federal lockup in less than a year; Anderson served three months after pleading guilty to steroid distribution and

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money laundering stemming from the government's investigation of the Bay Area lab that allegedly supplied Bonds and other elite athletes with performance-enhancing drugs.

Authorities are investigating whether Bonds lied under oath when he told an earlier grand jury he didn't know whether the substances given to him by Anderson were steroids. The probe also reportedly is focused on whether Bonds paid taxes on the sale of hundreds of thousands of dollars worth of sports memorabilia.

Bonds' attorney, Michael Rains, says his client is guilty of nothing more than being famous.

"They're harassing Greg Anderson to get to Barry," Rains said.

Some legal experts see Anderson as the key to proving the perjury allegations, since Bonds reportedly testified the trainer gave him two substances that fit the description of "the cream" and "the clear" — two performance-enhancing drugs linked to the Bay Area Laboratory Co-Operative.

In 2003, Bonds reportedly testified to the grand jury investigating BALCO that he believed the substances were flaxseed oil and arthritis balm, not steroids.

Anderson also could offer insight into the doping calendars bearing Bonds' name that were seized when federal agents raided Anderson's house, according to court papers connected to the steroids probe.

But Anderson's lawyers say he shouldn't have to testify because of the numerous leaks of secret grand jury testimony to the San Francisco Chronicle over the course of the four-year investigation. Chronicle reporters Lance Williams and Mark Fainaru-Wada have written a book based largely on leaked testimony.

"The gross, callous and destructive breaches of grand jury secrecy in this case create ample just cause for Mr. Anderson's refusal to testify," said one of Anderson's attorneys, Mark Geragos.

His lawyers also say the agreement he made with prosecutors to plead guilty last year in the BALCO case stipulated he wouldn't have to cooperate in the investigation.

"The government is violating the terms of the plea bargain," Canny said.

Anderson also claims he should not have to testify because he was the target of an illegal wiretap.

The new grand jury ordering Anderson's testimony can stay in session for as long as 18 months. By law, an intransigent Anderson can be locked up for the grand jury's full term, though a judge can free him sooner if convinced Anderson never will talk.

Ex - Hells Angels Leader Gets 9 Years (AP)

AP, July 26, 2006

PEORIA, Ill. (AP) -- A former Chicago Hells Angels leader was sentenced to more than nine years in prison for his part in a decade-long racketeering and narcotics ring.

Melvin Chancey, 38, pleaded guilty in January to federal racketeering and drug charges, admitting that he dealt cocaine and methamphetamine in the 1990s while conspiring with fellow bikers to threaten and intimidate other motorcycle gangs.

Chancey acknowledged that he took part in the 1994 shooting of a rival club member in Cook County, along with a 1995 scheme where threats were made to blow up a rival gang's clubhouse in Kankakee. His plea deal shaved about 10 years off his potential sentence Monday.

Two other former Hells Angels chapter leaders caught in the federal investigation were sentenced last month.

David Ohlendorf, 40, a leader of the Spring Valley chapter, was sentenced to just under four years in prison. Richard Abrams, 41, of Rockford was sentenced to three years.

James White, 50, a president of the Rockford chapter, withdrew his guilty plea and is expected to stand trial later this year.

Prosecutors allege the men were behind shootings, beatings and threats against rival gang members and others to clear the way for drug deals in northern Illinois. The conspiracy protected sales of cocaine and methamphetamine with a street value of $624,000 from 1993 through 2002, according to prosecutors.

Bolivian Cocaine Rises With Morales (WT)

By Martin Arostegui, The Washington Times

The Washington Times, July 27, 2006

DOJ_NMG_0043547

SANTA CRUZ, Bolivia -- Counternarcotics officials say the number of cocaine laboratories in Bolivia has almost doubled in the seven months since Evo Morales, a former coca grower and organizer of coca-farming syndicates, was elected president.

Mr. Morales, whose country faces sharp economic penalties if the United States does not recertify it as a fully cooperating partner in the war on drugs next year, insists Bolivia is committed to battling the international traffic in narcotics.

Critics say new programs allowing farmers to cultivate small plots of coca are contributing to the rise in cocaine production. Coca production is a traditional way of life for Bolivia's Indian peasantry, who chew the raw leaves as a mild stimulant.

Legal analysts say the government has violated international agreements with decrees that allow the free sale of coca and the auction of confiscated leaf shipments.

"Evo has democratized narco-traffic," said Omar Barrientos, a Bolivian lawyer and consultant to the U.S. State Department on drug policy. "He has taken it from the big mafias and placed it with small producers, which makes it more difficult to control."

The CIA's counternarcotics center estimates that Bolivian coca plantations have grown 8 percent in the past year. More disturbing are reports from Bolivia's U.S.-sponsored counternarcotics force that cocaine laboratory activity has almost doubled since Mr. Morales took office.

The Special Force to Fight Crime and Narcotraffic (FELCN) said more than 2,000 cocaine laboratories making paste or refined powder were uncovered during the first half of this year. A total of 2,575 laboratories were discovered during all of last year.

Bolivian authorities downplay the figures. More than 100,000 Bolivians could lose their jobs if Washington decertifies Bolivia as a partner in the war on drugs, meaning its textile industry no longer would be able to export to the United States. Certification is renewed on March 1 every year.

Vice President Alvaro Garcia Linera visited Washington last week to tell legislators and administration officials that his government hopes to reduce the acreage under cocaine cultivation by about 15 percent in the coming months.

The government also argues that the FELCN figures reflect stepped-up interdiction efforts. But agency officers point to a spread of makeshift labs, which generally are set up near coca plantations, into areas of the country where drug production had largely disappeared.

"Cocaine production is moving to six new areas between the central Chapare Valley and eastern lowlands in Santa Cruz and Beni, where it had been largely eliminated during the 1990s," said a counternarcotics analyst who spoke on the condition he not be identified.

Sources also point to a rise of cocaine production in the Andean high plain around La Paz, where coca leaves flow in from Peru.

Mr. Morales presided in March over a congress of coca-farming syndicates in Cochabamba, which called for the expulsion of U.S. counternarcotics agencies. Although units remain in Bolivia, the U.S. Drug Enforcement Administration is "taking a lower profile," said law-enforcement officials, who also describe a "scaling back" of U.S.-sponsored military and police operations.

Upon leaving for Washington last week, Mr. Garcia said he hoped to open a "new era in the relations between Bolivia and the U.S.," but his trip got off to a bad start. American Airlines would not let him on the flight because he appeared on an FBI watch list, U.S. diplomatic officials said.

The U.S. ambassador to Bolivia, David N. Greenlee, personally intervened in order to allow Mr. Garcia to travel and apologized for a "problem in the system."

The problem is thought to involve Mr. Garcia's role in the Tupac Katari Guerrilla Army, which carried out a series of terrorist actions during the 1990s.

Trooper Pleads Guilty In Gun Case (SLPD)

By Greg Jonsson, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, July 27, 2006

One of three Illinois State Police officers charged this year with illegally possessing submachine guns pleaded guilty Tuesday, authorities said.

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Senior Master Trooper Greg Mugge, 52, of Jerseyville, pleaded guilty to one charge of possession of an unregistered machine gun, according to federal prosecutors. Mugge, a 21-year veteran of the department who was assigned to District 18 in Litchfield, faces a maximum penalty of 10 years in prison and a fine of up to $250,000. His sentencing is scheduled for Oct. 27.

Mugge could not be reached Tuesday, and an attorney representing the trooper declined to comment on the plea, made in the federal district court in East St. Louis.

Mugge and two Illinois State Police officers from District 11 in Collinsville were placed on paid leave after they were charged earlier this year with having submachine guns at their homes. As Illinois State Police officers, they are allowed to handle submachine guns legally for their jobs, but they could not have them at home, according to prosecutors. Submachine guns fire a steady stream of bullets with a single squeeze of the trigger.

Mugge and the others, Sgt. James V. Vest of O'Fallon and Special Agent John Yard of Collinsville, had pleaded not guilty earlier this year. Another man, Dr. Harold Griffiths, 69, of Spaulding, Ill., was charged with lending one of the weapons to Yard, who said he fired it and gave it back to Griffiths, who then lived in Glen Carbon.

The case was investigated by the Bureau of Alcohol, Tobacco, Firearms and Explosives. The ATF interviewed the officers in late December. At that time, according to court documents, Mugge admitted on videotape to possessing a Colt rifle that had been converted to function in a fully automatic mode. Mugge told the ATF that he had obtained the submachine gun in the late 1970s or early 1980s from a licensed dealer who is now dead, according to the court documents.

Mugge and the others voluntarily turned guns over to the ATF.

Mugge's gun was not registered, and the Illinois State Police had not authorized Mugge to possess the gun, the ATF said in court filings. The guns are legal for those who pass a background check, pay a fee and submit the proper forms.

In an unusual move, 10 Metro East police chiefs issued a letter in February urging leniency for the accused officers. Two state senators and two county sheriffs also signed the letter. They said 10 years in prison would be excessive punishment for law enforcement officers who had worked to make citizens safer.

Belleville Police Chief David Ruebhausen drafted the letter and said Tuesday he stands by what the letter says.

"I did not nor do I now condone illegal activity," he said. "My point is that sentencing these guys to prison does not protect the public nor does it serve the public. It would serve no purpose."

Gun Dealers Attracted By Maine Laws (BANGDN)

Bangor Daily News (Maine), July 27, 2006

Out-of-state weapons found at Boston crimes

BANGOR - The Brady Gang came to Maine in the fall of 1937 for the same reasons 21st century criminals venture north of Boston - fall foliage, seafood and guns.

Not much appears to have changed since the FBI gunned down Public Enemy No. 1 Al Brady and his cohorts on Oct. 12, 1937, on Central Street in Bangor

Easy access by Interstate 95 and the state's gun laws have lured illegal gun dealers from eastern Massachusetts to rural Maine to buy guns for resale in Boston, a law enforcement official in the Hub said last year.

Two cases pending in federal courts in Boston and Bangor show that over the past four years more than 40 guns have been purchased legally in Maine for illegal resale in Massachusetts. About one-third of them have been recovered from crime scenes and traced to their previous owners in Maine.

The issue drew media attention outside the Bay State in March when Boston officials and the nonprofit group Stop Handgun Violence unveiled a big billboard on the Massachusetts Turnpike that criticized gun laws in other states. The billboard, which since has been removed, singled out Maine, New Hampshire, Vermont and Georgia as states, along with 29 others, that allow private owners to sell guns without criminal background checks of potential buyers.

"The proximity of New England states with less restrictive [gun laws] makes firearms more accessible to people here in Massachusetts," Sgt. Thomas Sexton, a Boston Police Department spokesman, told The Boston Globe last year.

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Sexton's comments angered Thomas Colantuono, the U.S. attorney for New Hampshire, who in December said the accusation that lax gun control laws in northern New England were partly responsible for a rise in gun crimes in Boston was "an urban myth."

Maine's U.S. Attorney Paula Silsby said Tuesday that guns have been traced to Maine from crime scenes in Boston, but she did not call for stricter gun laws. Her office consistently is in the top three U.S. Attorney's Offices in the nation for the number of gun cases it prosecutes.

Whether the number of guns flowing from northern New England to Massachusetts is a trickle or a flood seems to depend on where the official is sitting.

Less than 10 percent of guns used in Boston crimes come from Maine, according to records from the Bureau of Alcohol, Tobacco, Firearms and Explosives obtained earlier this year by Boston Magazine. The publication reported in March that in 2005, Maine and New Hampshire each accounted for about 7 percent of the total number of illegal guns recovered in Massachusetts, making the states the top two sources for Massachusetts-bound illegal guns.

Colantuono of New Hampshire disputed that figure last year. He said statistics showed that Georgia was the top source of out-of-state guns in Massachusetts.

Regardless of the guns' source, Boston police reported in November that there are more guns on their city streets now than at any time in the previous six years.

That reverses the trend of the 1990s when many of the illegal guns recovered in Boston were traced to Southern states in the I-95 corridor such as Georgia, according to the magazine.

Federal law requires a five-day waiting period in every state for anyone seeking to buy a handgun from a federally licensed dealer to allow for a criminal background check. Potential buyers also must fill out an application form that asks, among other things, whether they are purchasing the gun on behalf of another person, which is illegal. Lying on the form is a federal crime.

In Massachusetts, in addition to passing the background check, a resident who wants a handgun must buy a state-issued permit for $100.

Such permits are not required in New Hampshire, Vermont or Maine. People buying handguns in those states must show identification that proves they are state residents when purchasing firearms. They can skip the background check and the required waiting period when they buy guns at a show or from an individual.

Two cases

Michael Fowler, 36, of Lynn, Mass., admitted earlier this year to using a fake Maine driver's license when he purchased at least 18 guns in Maine and six in New Hampshire. Fowler, who used the name Michael Smith for the purchases in Maine, bought the guns from residents who had advertised in 2002 and 2003 in Uncle Henry's Weekly Swap or Sell It Guide.

The sellers did not commit any crime, Silsby said Monday.

After he purchased the guns, Fowler took them to his home in Lynn, a northern suburb of Boston, where he obliterated the serial numbers, then sold them. Many of the guns were found at crime scenes by law enforcement officials in the Boston area. Police were able to recover the serial numbers and trace the guns to previous owners, according to court documents.

A federal grand jury in Bangor indicted Fowler on gun charges in January 2004. His case was transferred last year to Boston where it was combined with pending charges in Massachusetts where he sold the guns he purchased in Maine.

Silsby said that was one way her office was cooperating with prosecutors in Boston.

People who are prohibited from purchasing firearms legally sometimes enlist Maine residents to buy guns for them.

Stephen Donald Brown, 54, of Pittsfield last week admitted that between November 2002 and March 2004 he bought about 30 guns, primarily in Penobscot and Oxford counties, for a black male he knew only as Jay.

Three days after Brown waived indictment and pleaded guilty July 17 in U.S. District Court in Bangor, he died of an undisclosed illness. The charges of making false statements in acquisition of a firearm are expected to be dismissed because of his death.

Brown told ATF agents that he met the man for whom he purchased the guns through the sister of Jay's wife, who lives in Pittsfield, according to court documents. ATF agents stated in an affidavit filed in federal court in Bangor that Brown identified a photograph of Michael Marsh, also known as Michael Turner, of Fall River, Mass., as the man he knew as Jay.

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Between April 2003 and January 2006, seven handguns and boxes from three additional handguns that Brown admitted selling to Jay were recovered from crime scenes in Boston, according to court documents.

Brown, who was scheduled to be sentenced this fall, faced up to 10 years in prison and a fine of up to $250,000 on each count.

Marsh has not been charged in federal court in Maine or Massachusetts.

Fowler is scheduled to be sentenced on Aug. 9 in U.S. District Court in Boston. He pleaded guilty in May to four counts - dealing in firearms without a license, being a felon in possession of a firearm, making an unregistered firearm, and the misuse of a Social Security number. In exchange for his guilty plea agreement, prosecutors agreed to drop four other charges including transportation of a firearm into a state of residence.

The U.S. attorney for Massachusetts, Michael Sullivan, and national gun control activists have called on Congress to enact stricter and more uniform federal laws to help stem the illegal flow from states with less-restrictive gun laws, such as Maine, to states with stricter gun control laws, such as Massachusetts.

Silsby said Tuesday that Maine is opting for a program to educate gun sellers that will be unveiled this fall.

IMMIGRATION:

U.S. Seeks Employers' Aid On Immigration (NYT)

By Julia Preston

The New York Times, July 27, 2006

Federal immigration authorities unveiled a program yesterday that is designed to induce employers to stop hiring illegal immigrants and to report those they find on their payrolls.

In return, employers would be certified by the Immigration and Customs Enforcement agency as having a clean bill of health on hiring.

Immigration officials in Washington announced the effort in response to growing alarm among employers about the agency's recent crackdown on companies that employ illegal immigrants. Federal immigration agents have brought federal criminal charges against some employers who were repeat violators, putting some of them in jail.

Under the new program, which is voluntary, employers must pass a series of hurdles to demonstrate that no illegal immigrants are among their employees and will then be certified as clean. They would have to submit to an audit of their employee records by immigration agents and join the Basic Pilot Employment Verification Program, a federal database that companies can use to confirm that employees' identification documents are not fraudulent.

Companies would also be expected to name a compliance officer to monitor the status of immigrant workers and to train their staff to verify documents.

Julie L. Myers, the homeland security assistant secretary who is the head of Immigration and Customs Enforcement, said that worried companies had come forward seeking a way to avoid problems with the agency. Under current law, employers are not required to scrutinize their employees' documents extensively.

Randel K. Johnson, a vice president at the United States Chamber of Commerce, said he doubted that many companies would join the new program.

"I don't think a lot of employers will sign up because there are a lot of hurdles, and no real carrot at the end of the process," Mr. Johnson said.

Program To Help Employers Spot Illegals, Avoid Penalty (WT)

By Audrey Hudson

The Washington Times, July 27, 2006

Companies can verify whether a prospective employee is working in the U.S. legally and avoid hefty fines and jail sentences through a program announced yesterday by the Department of Homeland Security.

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Julie L. Myers, assistant secretary of U.S. Immigration and Customs Enforcement (ICE), told the House Ways and Means Committee that the program will change "the culture of tolerance for those who employ illegal workers."

"We also need to ensure that employers cannot use contract arrangements to separate themselves from complicity in the illegal hiring of their contractors," Mrs. Myers told the panel after the program was announced.

Homeland Security officials say business owners have inundated the department with requests on how to prevent illegal hiring.

"There has been a real cry for help from employers who want to do the right thing," ICE spokesman Dean Boyd said.

"Every day, they are faced with people looking for employment using sophisticated fraudulent documents, and they are not trained to be document detectives," Mr. Boyd said.

The ICE Mutual Agreement between Government and Employers (IMAGE) verifies work-authorization permits. The agency will provide training and education on hiring practices and detection of fraudulent documents. The federal government also will update business owners on schemes designed to circumvent legal hiring practices.

To qualify, businesses must adhere to several "best practices," such as audits by third parties, and agree to establish protocols for responding to Social Security Administration alerts about discrepancies in employee numbers.

Elizabeth Gaudio of the National Federation of Independent Businesses says the program "seems like a good idea in theory" but questioned some requirements.

"We're concerned about added paperwork and the cost burden on smaller businesses for training and audits. But certainly, any program that helps employers better understand the laws and requirements is a good thing," she said.

Immigration officials have switched strategy. They had been issuing fines or threats of fines for paperwork violations, but now are bringing criminal charges against corporate directors and seizing property.

ICE officials made 25 criminal arrests in 2003, compared with more than 400 this year, Mr. Boyd said.

On Tuesday, a federal grand jury in Cincinnati returned a 40-count criminal indictment against two companies and its corporate officers for supplying more than 1,000 illegal aliens as contract workers to sort air freight.

Last week, two Kentucky corporations pleaded guilty to harboring illegal aliens and money laundering and agreed to pay $1.5 million, and a Chinese restaurant owner in Ohio was arrested and charged with harboring 10 illegal aliens and faces a 10-year prison sentence.

Green Cards Would Mean Fingerprinting At Airports (NYT)

By Eric Lipton

The New York Times, July 27, 2006

WASHINGTON, July 26 — The nation's estimated 12 million legal permanent residents would be subject to fingerprinting every time they re-entered the United States, under a plan the Homeland Security Department intends to announce Thursday.

The new security checks would be used at all international airports, seaports and land borders. Even before the proposal was officially announced, it drew strong opposition from some immigrant advocates who said it would send the wrong signal to people who were legally trying to become citizens.

The new security checks would expand a program called US-Visit that now covers most foreign visitors to the United States from countries except Canada and Mexico.

Since January 2004, 61 million people have been fingerprinted and digitally photographed to confirm that the visas they hold are valid and to check whether visitors have criminal records or are terrorism suspects.

The proposal to expand the program comes at a time when the Homeland Security Department has integrated computer systems operated by its Citizenship and Immigration Services unit, which maintains records including fingerprints on all legal permanent residents.

Anna Hinken, a US-Visit spokeswoman, said that requiring legal permanent residents to undergo such a check would make it possible to intercept people who were using a stolen or fraudulent legal permanent resident card, or green card, to enter the United States illegally.

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It will also comply with a legal requirement that the Homeland Security Department use biometrics to confirm the validity of government-issued travel documents at the border, she said.

"This will make people safer," Ms. Hinken said, "because no one can steal their permanent resident card and pretend to be them."

The new review system, which would not be put into effect for several months, would affect an estimated one million people a year, Ms. Hinken said; that represents the approximate number of times that legal permanent residents re-enter the United States after having traveled abroad.

But some immigrant advocates said the plan was reminiscent of the effort, started after the 2001 terrorist attacks, to require Middle Eastern and South Asian men on temporary visas in the United States to register with federal authorities.

"The security measures required to become legal permanent residents in the first place are sufficient to guarantee our homeland security," said Shirley Lin, a spokeswoman for the Asian American Legal Defense and Education Fund in New York. "This is an unnecessary measure that sends a wrong signal to those expressing their desire to become a full part of United States society."

The announcement on Thursday will involve just a proposed rule, meaning there will be a 30-day comment period before the changes could become final, Ms. Hinken said.

Besides extending the requirements to legal permanent residents, officials want to start doing the reviews for some Canadian visitors, Ms. Hinken said.

The proposed system would not affect most Canadians who visit the United States as tourists or Mexicans entering the United States with a government-issued border crossing card. The requirement would just apply to some Canadians entering the United States with work visas.

Agency Can't Handle Guest Workers (WT)

By Stephen Dinan

The Washington Times, July 27, 2006

U.S. Citizenship and Immigration Services (USCIS) still isn't ready to handle a massive guest-worker program, even though President Bush and the Senate are pushing for one to be part of any immigration-enforcement bill, a former agency official will tell lawmakers today.

"An administrative and national-security nightmare already exists at USCIS," Michael Maxwell, who until this year ran the agency's internal affairs division, will testify, according to a copy of his prepared statement obtained by The Washington Times. "Implementation of the Senate bill would codify the nightmare and ensure that the criminals, terrorists and foreign intelligence operatives who have already gamed our immigration system are issued legal immigration documents and allowed to stay permanently."

Mr. Maxwell will appear before the House Judiciary Committee's immigration subcommittee, which is examining whether terrorists would be able to exploit a guest-worker program run by USCIS.

House Republican leaders are using committee hearings to poke holes in the Senate's immigration bill, and today will announce 19 more hearings for August and early September, staged throughout the country. The hearings are designed to examine the problems with current enforcement and look at whether the Senate bill would overload health care systems in the Southwest, cause state and local budgets to balloon and repeat mistakes that everyone agrees were made in the 1986 amnesty.

House leaders hope the hearings boost chamber Republicans' preferred approach, which says the borders should be secured and interior enforcement stepped up before a guest-worker program can be considered and illegal aliens granted citizenship.

"Border security is an issue of national security," said House Speaker J. Dennis Hastert, Illinois Republican. "The Democrats support a plan for open borders and amnesty. Their plan is just plain unacceptable."

Today's hearing before the immigration subcommittee will also look at whether USCIS can handle the additional workload that the Senate bill would place on it. The subcommittee says the Senate bill would force the agency to process 10 million applications from illegal aliens seeking legal status within 90 days.

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Mr. Maxwell will testify that USCIS also is subject to rampant corruption and puts customer service at a higher priority than national security.

USCIS Director Emilio T. Gonzalez, who was sworn in at the beginning of this year, has disputed Mr. Maxwell's charges, saying he has put a new emphasis on national security at the agency. He also says the agency is working to evaluate the rate of fraud and to correct problems.

Mr. Gonzalez has acknowledged that the Senate bill's 90-day period for registering illegal aliens for legal status doesn't give his agency enough time to get ready.

Homeland Security Secretary Michael Chertoff will also testify before the House Appropriations Committee today on border security.

c Charles Hurt contributed to this report.

Security Breach Raises New Doubt Son CIS Capability (WT)

By Charles Hurt

The Washington Times, July 27, 2006

An employee of U.S. Citizenship and Immigration Services distributed the personal and private employment information of thousands of her fellow workers last week, raising concerns that those responsible for granting visas and other immigration benefits could be exposed to outside influence.

Top officials at CIS and the Department of Homeland Security, of which CIS is a part, spent last weekend and this week evaluating the extent of the security breach for the 8,700 employees of CIS.

"The posting of this information was inadvertent, but was nonetheless a violation of DHS policy," CIS Director Emilio T. Gonzalez wrote yesterday in an internal agency memo obtained by The Washington Times.

An investigation continues, and officials are not certain how long the information was posted or whether it had been downloaded. However, Mr. Gonzalez said there is no evidence that the information was compromised.

The incident is the latest in a string of embarrassments for the agency. A House Judiciary subcommittee will hold a hearing today to investigate whether "the already overburdened" CIS is capable of implementing the "guest-worker" program that many lawmakers and President Bush want.

Homeland Security officials, union officers and others familiar with the situation said an employee in the CIS budget office accidentally posted the information of all agency employees -- including Social Security numbers and compensation levels -- on the Intranet that is accessible to anyone in the 184,000-employee Homeland Security Department.

When officials learned late Friday that the information had been posted, they had the link removed from the site. By then, the information had been accessed more than a dozen times. In addition, a spreadsheet containing the private information of employees was sent in an e-mail to 135 persons in CIS.

"Clearly the agency is not in compliance with federal information laws," said Numbers USA's Rosemary Jenks, whose organization supports stricter immigration laws and is critical of the government's handling of immigration. "For a component agency of the Department of Homeland Security, that's pretty scary."

Last year, Homeland Security's inspector general criticized CIS in numerous reports for weaknesses in data security.

Earlier this year, union representatives from CIS filed a complaint that a manager at the agency's Nebraska service center had distributed via e-mail a listing of about 170 adjudications, which included personal information such as Social Security numbers. CIS officials acknowledged the error in a letter last month.

Homeland Security Department spokesman Russ Knocke yesterday defended CIS.

"This is an agency with extremely dedicated employees who adjudicate millions of immigration benefits each year with true efficiency," Mr. Knocke said. "We have every confidence in the agency and its ability to manage a temporary worker program."

New Troops At US Border, But The Task Is Vast (CSM)

By Daniel B. Wood

The Christian Science Monitor, July 27, 2006

SAN DIEGO AND ALTAR, MEXICO

Spc. Anthony Maielli of the National Guard is posted in the back of a pickup truck, parked on a San Diego hill called Arnie's Point. He points the lens of a giant infrared scope, which will allow him to see when darkness falls, south over the US-Mexican border.

"We're here to be another set of eyes and ears for the border patrol," says the guardsman. He is one of 4,500 reinforcements who have arrived since mid-May to help seal the 1,920-mile swath of the land stretching from the Pacific Ocean to the Gulf of Mexico. His role: Spot illegal border-crossers and alert the border patrol.

Four hundred miles east and 150 miles south into Mexico, the former mayor of Altar - a dusty nexus for northern-bound migrants from Mexico, Central America, and South America - sums up his view of the US buildup with a shrug.

"If they stood shoulder to shoulder, we would fight our way through the gap between them," says Francisco Garcia Arten, now a migrant activist, his tone more matter-of-fact than defiant. "And if they built a wall 50-feet high, we would bring ladders that were 51 feet."

Both sides in the long controversy over illegal immigration know the drill. US determination to prevent unauthorized entry by building walls and adding agents is met by an equal determination to get around them.

Since the advent of Operation Gatekeeper in San Diego in 1994, America has seen Operation Rio Grande (1998) in south Texas and Operation Safeguard (2002) in Arizona. With President Bush's Operation Jump Start, which aims to deploy as many as 6,000 National Guard troops to the four border states, the total number of US enforcement personnel on the southern border will be at least 15,000 - four times what it was in 1994.

The question now is, will this latest US crackdown be enough?

In more than two dozen interviews along the border from San Diego to Altar, a common sentiment emerges: Twelve years of stepped-up border enforcement has not stopped illegal immigration from Mexico, and this latest effort seems poised to repeat the familiar pattern of action and reaction.

Even eager enforcers - like National Guard Sgt. Miguel Mendoza of California, who volunteered to serve on the border after seeing Mr. Bush announce Operation Jump Start in May - are awed by the enormity of the challenge. "You don't really understand what the border patrol is up against until you get out here and see this terrain," he says.

* * *

The view from the border differs markedly from the view in Washington, where border patrol Chief David Aguilar on Tuesday offered his first assessment of the impact of the National Guard's contribution. His summation: It's helping - a lot.

Comparing the 69 days since Bush unveiled Operation Jump Start with the 69 days that preceded it, Mr. Aguilar said "our apprehensions are down by 45 percent." The border patrol sees that drop-off as a good thing - as an indication that fewer crossings are being attempted. Some of the decrease can be attributed to summertime, when sun and burning deserts act as natural deterrents to border-crossers, he acknowledged, but not all of it. "The downward trend is, in fact, positive, it's real, and it's impacting."

Since October, overall apprehensions are down 2 percent, Aguilar reported.

Quantifying the Guard's impact is difficult, because the soldiers and airmen are not permitted to apprehend illegal immigrants. They play a supporting role - manning computers and checkpoints, building roads, lighting, and fences. But the border patrol offers this evidence:

• The Guard presence has allowed 250 border patrol agents to move from "nondirect enforcement duty" to the border, Aguilar said.

• National Guard personnel have spotted 1,557 border-crossers, resulting in apprehensions by border agents, says Xavier Rios, a border patrol spokesman in Washington.

• They have played a part in seizing 50 vehicles, 13,278 pounds of marijuana, and 201 pounds of cocaine, says Mr. Rios.

Those who have watched the immigration debate for years take the statistics with a certain grain of salt. They note that the border patrol plays it both ways, claiming to be an effective deterrent when apprehensions are down and an effective law enforcer when apprehensions are up.

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"This buildup is not decreasing migration at all," adds Katherine Rodriguez of Derechos Humanos. "Claims by the US border patrol that this increased manpower does have an effect fits a pattern in which they implement some new strategy or idea when there is already a natural lull in migrant activity and then claim credit for it."

The one thing that can be said of the long US effort to curtail illegal immigration, they say, is that it has made crossing the border more dangerous.

* * *

"Migrants used to be pouring through this area," says Robert Wilkins, a 20-year resident of Jacumba, Calif., a few miles inland from San Diego. "Now it's pretty much shut off."

The shut-off came with 1994's Operation Gatekeeper, when the Border Patrol built a single wall about 15 miles inland, dramatically slowing the daily traffic of hundreds of migrants through San Diego's backyards and streets.

In the past few weeks, 900 California National Guard troops have been deployed here for a range of support tasks - including finishing a second wall, parallel to the first one, and grading the road that runs between them. The number of National Guard in California will peak at about 1,100 in the next week, officials say.

Elsewhere, other projects in Arizona, New Mexico, and Texas helped to seal off the more-populated border areas.

But as migrant numbers dropped in urban locales, they increased in rural regions on either side. As a result, the vast Tucson sector in Arizona is the most porous stretch of the US border.

In this sector, migrant apprehensions are up for the year, from 338,000 last year to 369,500 this year, say National Guard and border patrol spokesmen. Interdictions of illegal drugs are up from 409,000 pounds last year to 569,400 pounds this year, they add.

They cite the additional manpower of the guard. "These added apprehensions have come with the help of the National Guard, which has helped build infrastructure and free up the number of border patrol agents from other office and work duties to be able to spend more time on patrol, where they can have a bigger effect," Jesus Rodriquez, spokesman for the border patrol's Tucson sector, said last week.

But human rights activists and some residents say history shows that increases in some sectors mean decreases in others, as those who try to enter the US shift their travel corridors to evade law-enforcement officers. Apprehension numbers do not tell how many migrants got through, they say, and the larger picture is that migration continues unabated.

"This is basically a game of funneling migrants to different, more dangerous areas," says Erica Dahl-Bedine, spokeswoman for Catholic Relief Services in Tucson, which monitors migrant activity.

Residents in rural areas from Yuma, Ariz., to the New Mexico border echo those views.

"This area used to be relatively free of migrant crossings ... now we see backpacks, clothes, bottles left everywhere," says Eric Schuster, a 16-year resident of Gila Bend, Ariz. "[Migrants] are really overrunning this area. It has definitely escalated in recent years and gotten out of hand."

"We have not seen any change in the activity of migrants crossing our farm because of the National Guard buildup," says Dawn Garner, a rancher who lives in Naco, Ariz., near the New Mexico border. She reports a steady flow of between 20 and 80 immigrants a day across her property over the past two years. "This has had no discernible effect on slowing illegal immigration here."

As illegal immigrants have channeled into rural areas, one result has been rising numbers of deaths in the desert. Arizona saw a record 473 deaths last year - and human rights groups say that statistic is probably a fraction of the actual number, because many deaths go unreported.

"It is not a stretch to conclude that the real number could be twice that," says Erica Dahl-Bedine of Catholic Relief Services. "More and more migrants are reporting to us they have encountered dead bodies or skeletons - the evidence of migrants being left behind because they could go no further."

In Pima County, 80 corpses have been recovered this year compared with 60 by this time last year. Nearly 100 lie unclaimed in refrigeration units that officials have had to rent because regular facilities have been overwhelmed.

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The larger picture shows a slightly improving trend line. In his report Tuesday, the border patrol's Aguilar said deaths so far this year are down nationally about 7 percent over last year. The Tucson sector, where the numbers are highest, has seen a 29 percent decrease in fatalities, he said - 120 versus last year's 169.

The arduous crossing, some say, has led more illegal immigrants to stay in the United States once they've reached it - rather than return to their home countries. It's a key reason, they assert, for the fact that between 1l.5 million and 12.5 million undocumented migrants now live in the US - up from between 3.5 million and 5.5 million in 1986.

* * *

South of the border, in Altar, Mexico, Mr. Garcia, the former mayor, steps to a map of Mexico on the wall of Centro Communitario de Attencion al Migrante y Necesitado, a community center that counsels migrants headed north.

Altar was a nearly empty crossroads just five ago, but has now become a daily hive of overloaded vans, buses, coyotes (guides), and supplies - from boots and walking shoes to water and backpacks - that migrants will need when they try to cross the US border. He points to dozens of departure locations 90 miles further north. According to migrant activist groups on both sides of the border, Altar is the Grand Central Station of migrants from every part of Mexico and Latin America, headed north by the thousands.

Garcia points to areas of Chihuahua to the east, saying clones of Altar will pop up south of whatever US border areas are perceived as the toughest to guard, regardless of how foreboding the territory is for migrants to cross.

A counselor, adviser, and observer for this swell of humanity for the past five years, Garcia has kept close watch on the US debates over immigration, noting the contrary approaches of bills in the US Senate and House, massive demonstrations by immigrants' rights supporters in major US cities, and summer hearings by Congress. A morning check of the Internet tells him that 700 of 900 National Guard troops have been deployed in California.

"Your president is basically playing with both sides during an election year, giving a little to the anti-immigrant movement and a little to those who are in favor of immigration," he says. "We know America is divided over this issue and that no legislation will happen before the election."

A short walk away, in the small town square where migrants arrive from the south in buses and vans to meet their guides for border crossings, migrants show either a vague awareness of the American border buildup, or none at all. In either case, there seems to be little consideration of changes of plan.

In groups of five to 10, migrants from ages 17 to 50, mostly men, sit on the edge of giant planters in the town square. Their stories are similar. Coming from poorer areas in southern Mexico such as Chiapas, Guatemala, and further south, many have spent between $500 and $1000 - and several days of travel - to make it 90 kilometers from the US border. Next, they will meet their guides, who have charged them another $500 to $2,000 to lead them across the desert into the US.

"I can make about $7 a week in Chiapas but maybe a $100 or more in a day in America," says a young man who gives his name as Elfemio, as he sits with a group of four fellow travelers outside the cream - colored Catholic church. Many have saved for months or years for the journey, and sold homes or all their belongings. Most of them have vague plans for how long they will stay, but a common dream is to work for one or two years, saving enough money to return to Mexico and start their own business.

"If you talk to migrants that are making the trek north, you find that their motives are economic - not a wish to colonize America," says Joe Nevins, a political scientist at Vassar College in Poughkeepsie, N.Y.

Most say they will send money back to their families. Two men report having wives and six children each living in Chiapas. Samuel Vasquez says he's trying to get to his family in Selma, Calif., and plans to pick fruit.

Garcia and Ms. Rodriguez note that, if anything, the border buildup will allow the coyotes who lead migrants north to charge more for the privilege, because of alleged complications and danger of apprehension.

It will also produce complications for migrants, many of whom are already diverted by groups of armed drug smugglers who want to protect their drug routes, they say.

Most migrants are not told ahead of time about the extended hardship of crossing the desert. They have given up so much to get this far that they move ahead undeterred - and many keep trying until they succeed because they have no alternative of going back.

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After meeting their guides in Altar, Elfemio and his group will stand in the back of an open-topped pickup truck for 50 miles up a rutted, dirt road to a second disembarkation point just south of the border town Sasabe.

From there, they will meet their coyote and fan out left or right from Sasabe for a three- to four-day trek over desert terrain through the Buenos Aires National Forest to the east or the Tohono O'Odham Nation Indian Reservation.

* * *

At about 3:30 p.m., at a place just four miles south of the border called "la ladrillera" (the brickyard), groups of young men are huddled under old car hoods for shade, waiting for the cool of nightfall and the beginning of their journeys.

"Yes, I am afraid, but my need is greater than my fear," says Raul Gutierrez, 24, from Chiapas. Dogs bark, a radio plays Mexican music, a gust of wind turns a nearby dump of plastic water bottles into a cyclone of airborne refuse before settling back into the dirt.

It is 120 degrees in the shade.

The need, says Mr. Gutierrez, is "to make enough to eat well, and make a home."

Pence-Hutchison Bill Creates Hope On Immigration (RC)

By Morton M. Kondracke

Roll Call, July 27, 2006

A chance encounter in the lobby of the National Press Club suggests that it's possible — not likely, but possible — that immigration reform could pass this year.

Prospects are grim because House Republicans seem dug in on their plan to fight illegal immigration, period, while the Senate wants to combine border and workplace enforcement with work permits and an opportunity for illegal immigrants to become legal residents and citizens.

The two sides seem to be a chasm apart. House conservatives are convinced that a hard line on immigration is necessary to turn out Republicans in the November elections and keep Congress in the GOP's control. And the Bush White House, GOP moderates and most Democrats — whether on principle or a desire to court the fast-growing Latino vote — insist on "comprehensive" reform that gives qualified illegal immigrants a chance to legalize their status. Conservatives denounce this as "amnesty" for lawbreakers.

Informal talks between the chambers are under way, with major input from the White House, but House conservatives are holding field hearings instead of conferencing with the Senate, and only five weeks remain on the legislative calendar between the end of the August recess and the time in October when Members leave town to campaign.

Despite all this, there's a glimmer of hope. Leaving a press club event Tuesday on a nonimmigration matter — his proposal for a shield law for journalists — conservative Rep. Mike Pence (R-Ind.) ran into two leading advocates of comprehensive reform, Frank Sharry of the National Immigration Forum and Tamar Jacoby of the Manhattan Institute.

Trading opinions, they seemed to narrow at least one gap, and Pence indicated that he thinks more convergence is possible.

Earlier in the day, Pence and Sen. Kay Bailey Hutchison (R-Texas) unveiled their new proposal designed to unify House and Senate Republicans. Their idea is to toughen border security and employer sanctions for a two-year period before other measures kick in. Then, illegal immigrant adults from Latin American countries would return home for a brief period, undergo background checks, obtain legal work visas at privately run "Ellis Island Centers" and be eligible to return to the United States for up to six two-year employment periods.

After 12 years, they and family members would be eligible for a new visa, but not be eligible for social service benefits. Five years after that, they could stay in the U.S. on the "X-Change" visa, return home (and collect payroll taxes they'd paid) or apply for permanent residency (a "green card") and be eligible for eventual citizenship.

Sharry and Jacoby, who favor the Bush/Senate approach, were at the National Press Club for their own event, releasing a new poll showing that 71 percent of likely voters support such a measure, including 73 percent of Republicans.

By 55 percent to 33 percent, according to the bipartisan Tarrance Group/Lake Research survey, voters prefer passing a bill this year that includes what critics deride as "amnesty" to passing no legislation at all.

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At their event, Sharry and Jacoby declared the Pence-Hutchison proposal "a welcome initiative" and "an important opening gesture" that "could breathe new life into the debate."

But Sharry added, "We don't think it will work and it won't pass. For us, it's not good policy. It does not provide a path to citizenship for people who are here and those who will be coming."

The "deal-breaker" for Jacoby was Pence-Hutchison's failure to increase the number of green cards available at the end of the road. Currently, U.S. law provides for only 1,500 green cards per year for low-skill immigrants, whereas an estimated 700,000 cross the border to work and 500,000 stay in the U.S.

But during the conversation in the press club lobby, Pence said he favors a green card expansion and indicated that he thought House GOP leaders and most rank-and-file Republicans would follow their leaders in supporting a phased-in comprehensive bill.

Even though conservative hard-liners have referred to his bill as offering "amnesty," Pence said that "if you leave the country and get right with the law — if you, in effect, reboot — it's not amnesty if, 17 years later, you apply to be here permanently."

He said he thought that, even though Republicans voted 203-17 in December for an enforcement-only immigration bill (one of which made being illegal a felony), only 20 to 30 of his colleagues would resist a properly constructed comprehensive bill.

And he indicated that a leading supposed hard-liner, House Judiciary Chairman Jim Sensenbrenner (R-Wis.), might well support such a bill. As evidence, he cited Sensenbrenner's decision to lead opposition this month to an amendment by Rep. Steve King (R-Iowa) that would have lifted a Voting Rights Act requirement that election ballots be printed in languages other than English.

Pence quoted Sensenbrenner as telling him that "the Republican Party is against illegal immigration and not against legal immigration," and inferred that Sensenbrenner might support green cards for "rebooted" illegal immigrants.

After listening to Pence, Sharry told me he thinks that Pence is "earnest and gutsy, but perhaps too optimistic," especially in his prediction that hard-line opposition can be held to 20 to 30 Republicans.

"The prevailing consensus among House [Republicans] is that being tough on illegal immigration is a great base-turnout issue for the midterms and might just save them," Sharry said. He also said that such a stance would be "a historic blunder in the long run" by alienating Latinos, a growing demographic group.

Moreover, he said, while "backroom discussions" are under way among Republicans, there are none yet involving Democrats, whose support would be necessary to pass a comprehensive bill, especially in the Senate.

Among Democrats, Sens. Edward Kennedy (Mass.) and Ken Salazar (Colo.) are eager for a deal — though Kennedy said he opposes Pence's bill — but other Democrats may prefer to see Republicans fail to deliver results on an issue they've elevated to the top of the nation's agenda.

"I'd say Pence's move and the White House commitment to a result ups the chances from about 10 percent to maybe 25 percent," Sharry told me. "So, it's a big deal, but a big mountain to climb."

As I said, there's a glimmer.

Bring Back The Braceros (WSJ)

By John Fund

The Wall Street Journal, July 27, 2006

SAN DIEGO -- Conservatives who say we must "beef up" border security seem to disregard the enormous expansion of government authority that would entail -- or that it would be limited by the same ineffectiveness and bureaucracy that constrains the rest of the government. Thus, according to law-enforcement experts, we have tripled the size of the Border Patrol in the last decade and still done little to stem the flow of illegal aliens into the country.

Then there is the issue of corruption. Despite vigorous screening that accepts only one out of 30 applicants, more and more Border Patrol agents are accepting payoffs from smugglers of drugs or people. A federal multi-agency Border Corruption Task Force in San Diego notes that someone working the border can make his salary in a couple of nights.

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One police officer told me a suggestive story about two colleagues who raided a smugglers' den in Arizona. They were just about to arrest the ringleader when he quickly opened a desk drawer and took out large wads of cash, telling the officers, "You can have everything in this house, except for me." The officers took him to jail. But their superior admits the two "had been partners for only a week, if they'd been together for 90 days I don't think I'd be telling you this story."

Many agents believe we need a new approach. "Create a guest-worker program to take in those who want to work," one top Border Patrol official told me. "Then the minority of illegals still trying to cross are likely to be the gang members and terrorists you really need to stop."

Old hands along the U.S.-Mexican border recall that once before the country faced a similar crisis and did just that. In the early 1950s, the country had a massive breakdown in law enforcement. Arrests of illegal aliens totaled 885,000 in 1953, abetted by massive graft and corruption in the Border Patrol. But a border enforcement bill was blocked in Congress that year with the opposition led by Sen. Lyndon Johnson of Texas. "Johnson opposed bills that would have increased criminal penalties for hiring illegal aliens," notes his biographer Robert Caro.

President Eisenhower responded with a two-fold approach. He cracked down on the hiring of illegal aliens and convinced hundreds of thousands it was time to return to Mexico. Corrupt officials were transferred away from the border. At the same time he worked with Congress to replace the largely illegal labor hired by Johnson's financial backers with an expansion of the Bracero program that had started in 1942 to address wartime labor shortages. The legal workers were given contracts that specified their pay and living conditions.

Under the new program, some 300,000 Mexican workers entered the U.S. legally every year. As the nonpartisan Congressional Research Service noted in 1980, "Without question, the Bracero program was . . . instrumental in ending the illegal alien problem of the mid-1940s and 1950s." By 1959, arrests of illegal aliens had fallen to 45,000 a year; they remained under 100,000 until 1964.

But in that year, Johnson, running for president, cut a deal with labor unions to end the Bracero program they felt was unfairly competing with their members. Soon the illegal laborers Johnson had winked at in the 1950s flooded back. By 1976, apprehensions were back up to 876,000 -- the old level reached in 1953. They have increased most years since then, reaching 1.2 million annual arrests today.

There were certainly abuses in the Bracero program. Dolores Huerta of the United Farm Workers Union insists it "was a terrible program." But Bracero Jose Delgado notes that "life was very difficult" in Mexico. "You could make between four to five pesos working from dusk until dawn. Coming here and making 72 cents an hour, that was a big difference."

Xóchitl Arellano, the host of a new PBS special on Braceros, told me many were incredibly proud of the work they did. Her father worked in a railroad yard and eventually married a U.S. citizen. In his mind, the biggest abuse of the program was that the 10% of wages withheld from Braceros by Mexico was often never seen by the worker when he returned home.

Any new guest-worker program must avoid such shortcomings. But the striking success of the Bracero program ought to stand as an historical signpost in considering our own immigration situation. With only five weeks to go to reconcile vastly different Senate and House bills on immigration reform, Sen. Kay Bailey Hutchison of Texas and Rep. Mike Pence of Indiana, both Republicans, are proposing a compromise to tighten border security and then offer temporary work visas to illegal immigrants if they first leave the country -- along the lines of the Bracero program.

"It would encourage illegal aliens to self-deport and come back legally," says Mr. Pence. "They would benefit from no longer living in fear and could return home for visits. Employers who hired anyone without such a visa would face stiff fines, so it would be increasingly difficult for those who weren't legal guest workers to get jobs." The plan would balance the country's need for labor -- there are only 67,000 H2B visas for the entire country per year -- with respect for the rule of law. Even Rep. Tom Tancredo, an anti-immigration firebrand, has previously introduced two guest-worker bills similar to the Pence-Hutchison bill.

Many Republicans oppose passing any immigration bill this year. That could be a tragic political mistake. In 1994, Democrats spent the whole year talking up health care as a major issue only to bicker and fail to even vote on a reform bill. "Voters punished us in part for not being competent enough to finish the job," the late Democratic Sen. Daniel Patrick Moynihan told me in recalling that year's GOP electoral tsunami. Mr. Pence is convinced a similar failure to legislate on immigration this year "could cost Republicans our majority."

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Besides facing the wrath of frustrated voters in November, Republicans would do well to remember that there's a sensible, prudent compromise on the table, and one that's been tested by experience. Congress got the mix right once before during a prior immigration crisis. There's no reason they can't do it this time.

TAX:

Statements Made To U.S. Are Barred From Tax Case (NYT)

By Lynnley Browning

The New York Times, July 27, 2006

The federal judge overseeing a big tax shelter trial ruled yesterday that two former partners at the accounting firm KPMG had been coerced into talking to prosecutors before their indictment and that their statements could not be used as evidence.

The ruling, by Judge Lewis A. Kaplan of Federal District Court in Manhattan, was his second major challenge to the tactics used by federal prosecutors in white-collar cases. It is also the latest blow to what the government says is its largest criminal tax case ever.

Sixteen former employees of KPMG and two outside professionals are accused of making and selling abusive tax shelters to wealthy investors that cost the Treasury billions of dollars in unpaid taxes. The 18 were indicted last fall, after KPMG reached a $456 million deferred-prosecution agreement with the Justice Department in August. Under its deal, KPMG admitted criminal wrongdoing and agreed to cooperate with the widening investigation.

In his ruling, Judge Kaplan wrote that statements made in 2004 by two of the defendants — Richard H. Smith Jr., KPMG's former vice chairman in charge of tax services, and Mark Watson, a former partner in charge of KPMG's Washington national tax unit, which reviews tax shelters — had been coerced by the firm under pressure by prosecutors and thus could not be used as evidence.

According to a ruling by the judge last month, the coercion and pressure included KPMG's cutting off legal fees to the defendants to curry favor with prosecutors. The firm's actions violated the two men's Fifth Amendment right against self-incrimination, Judge Kaplan wrote yesterday.

The pressure on the defendants, the judge wrote, "was a product of intentional government action.''

"The government brandished a big stick — it threatened to indict KPMG,'' he wrote. "And it held out a very large carrot. It offered KPMG the hope of avoiding the fate of Arthur Andersen if KPMG could deliver'' to prosecutors "employees who would talk, notwithstanding their constitutional right to remain silent, and strip those employees of economic means of defending themselves.''

It is not known what the KPMG defendants said in their statements to prosecutors, known as proffers, but such comments often provide ammunition to prosecutors.

Judge Kaplan ruled that statements made by the other 14 KPMG defendants could be used, because they had not made a strong enough case of coercion. The trial is scheduled to begin in January.

In his ruling yesterday, Judge Kaplan cited several letters written in 2004 by prosecutors in the United States attorney's office in Manhattan and lawyers for KPMG at Skadden, Arps, Slate, Meagher & Flom to lawyers for the defendants. The letters, the judge said, detailed how the firm, under pressure from the prosecutors, had threatened to cut off the employees' legal fees and, in the case of Mr. Smith, fire them if they did not talk to prosecutors. At the time of some of the letters, Mr. Smith and the other defendants were suspects in the investigation.

Both the prosecution and KPMG have denied improperly pressuring the defendants. Prosecutors have also denied improperly pressuring KPMG. The accounting firm declined to comment yesterday.

A representative for the United States attorney's office in Manhattan said, "We are reviewing the ruling and weighing our options."

Federal guidelines written in 2003 and known as the Thompson memorandum lay out factors that prosecutors can weigh when deciding whether to seek the indictment of a company. One guideline urges the company under investigation to persuade employees to talk to investigators.

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In his ruling, Judge Kaplan wrote that "the Thompson memorandum makes clear that the failure of a business organization facing possible indictment to induce its personnel to submit to interviews by the government and to disclose whatever they know may be a factor weighing in favor of indictment of the entity."

Last month, Judge Kaplan ruled in the shelter case that another guideline in the Thompson memorandum, one that pressures companies under investigation to cut off legal fees to employees, violated the constitutional rights of those employees.

Last year, as it worked to avert its own indictment, KPMG first capped legal fees at $400,000 each for employees caught up in the inquiry and then cut them off, reversing its traditional practice.

Judge Blasts Government Coercion In KPMG Tax Shelter Case (FINDLAW/AP)

By David B. Caruso, Associated Press Writer

AP, July 27, 2006

(AP) - NEW YORK-Federal prosecutors used excessive economic pressure to coerce two partners at the KPMG accounting firm into cooperating in an investigation of illegal tax shelters, a judge ruled Wednesday.

U.S. District Judge Lewis A. Kaplan said he wouldn't allow statements made by the two men to be used at their upcoming trial.

The decision was the judge's second targeting what he said were improper efforts by the government to get KPMG to force employees to cooperate in the probe, which led to charges against 18 people.

In June, Kaplan ruled that the government improperly pressured KMPG to stop paying the legal bills of any workers accused of wrongdoing. He said the withdrawal of that financial support unfairly crippled the employees' ability to defend themselves.

In Wednesday's ruling, the judge said that financial pressure also led KPMG Vice Chairman Richard Smith and a former partner, Mark Watson, to waive their Fifth Amendment rights and agree to speak with prosecutors, even if it meant exposing themselves to legal risk.

KPMG also threatened to fire workers who didn't cooperate. Kaplan said prosecutors had made it clear in policy documents that white-collar firms that didn't take such steps risked being indicted, an often-fatal blow.

"The government brandished a big stick - it threatened to indict KPMG. And it held out a very large carrot," Kaplan wrote. It offered KPMG the hope of avoiding indictment if it could deliver "employees who would talk, notwithstanding their constitutional right to remain silent."

A spokeswoman for U.S. Attorney Michael J. Garcia declined to immediately comment on the ruling.

Previously, Garcia has said he believed that prosecutors acted "ethically and properly" throughout the case.

Kaplan declined to toss out statements made by other defendants in the case, including former partner Carol Warley, saying other factors had influenced their decisions to speak with prosecutors.

The trial in the case has been postponed until at least January.

The defendants, all former KPMG employees, are accused of developing illegal tax shelters that allowed rich clients to dodge taxes.

KPMG LLP avoided criminal prosecution by acknowledging its role in the tax shelter scheme and agreeing to pay a $456 million penalty.

The accounting, tax and consulting firm, based in New York, is the U.S. member of KPMG International, which has operations in 144 countries and more than 100,000 partners and employees.

Judge Bars Some Statements In The KPMG Tax-Shelter Case (WSJ)

By Paul Davies

The Wall Street Journal, July 27, 2006

A federal judge in New York tossed out statements made to prosecutors by two former KPMG LLP partners after finding they were pressured to meet with investigators before they were indicted for tax fraud.

U.S. District Judge Lewis A. Kaplan found the federal government "deliberately coerced" and "significantly encouraged" KPMG to pressure employees to meet with prosecutors in violation of their Fifth Amendment right to remain silent.

Judge Kaplan ruled that the government can't use at trial statements by Richard Smith, KPMG's former vice chairman in charge of tax, and Mark Watson, a former KPMG partner, given to prosecutors before their indictment. It is unclear what was in the statements.

Judge Kaplan denied similar relief sought by seven other defendants. In all, 16 former KPMG partners and two others face trial in January on criminal charges related to the design and sale of allegedly fraudulent tax shelters to wealthy individuals.

Judge Kaplan's ruling yesterday is the second time he has ruled that prosecutors in the U.S. attorney's office in the Southern District of New York, which is overseeing the KPMG matter, violated the constitutional rights of defendants while investigating the case.

Last month Judge Kaplan ruled that prosecutors pressured KPMG to cut off payment of legal fees to the former employees in violation of their constitutional rights. The ruling was a blow to tactics adopted by prosecutors in recent years to combat corporate fraud. Those tactics -- outlined in a Justice Department document known as the Thompson memorandum -- recommend cutting off legal fees to employees under criminal investigation.

In his ruling yesterday, Judge Kaplan said the Thompson memo isn't a valid defense for the government's pressure tactics. He said corporate criminals should be prosecuted and, if convicted, punished. "But the end does not justify the means," Judge Kaplan wrote.

Prosecutors have denied pressuring KPMG and said other factors played a role in the employees' decisions to meet with the government. Yesterday, a spokeswoman for the U.S. attorney in Manhattan said "we are reviewing the opinion and considering our options." A spokesman for KPMG declined to comment.

IRS Workers Could Get Unofficial Access To Data (USAT)

By Kevin Mccoy

USA Today, July 27, 2006

IRS employees could be gaining unauthorized access to confidential taxpayer information because many of their supervisors aren't checking on them, a new government audit reported Wednesday.

On average, 42% of IRS supervisors sampled in the audit certified that they had reviewed security reports showing whether their staffers gained access to taxpayer information without authorization.

The certification rate ranged from a low of 15% for IRS supervisors in Austin to a high of 75% for their Brookhaven, N.Y., counterparts, according to the audit by the Treasury Inspector General for Tax Administration.

“As a result, employees may be browsing their spouses' or other employees' tax information with little chance of detection,” the audit concluded.

Underscoring the potential danger, auditors reported that they found “a clear violation” of data safeguards designed to prevent unauthorized access to taxpayer information during a site visit to one unidentified IRS location.

Auditors also said the IRS paid a government contractor $2.4 million for the data security system in 2002, even though it did not completely meet the agency's requirements. The IRS did not renew the contract last year because the contractor was unable to develop an anticipated upgrade.

Auditors recommended that the IRS emphasize the importance of reviewing data security reports and hold managers accountable. They also recommended that the agency hire a new contractor quickly to upgrade the security system. The IRS agreed with most of the recommendations.

Nonetheless, the audit results prompted criticism from Sen. Max Baucus, D-Mont., the ranking minority member on the Senate Finance Committee.

“With recent reports of security breaches at the VA (Veterans Affairs) and the Social Security Administration, it's unbelievable that IRS isn't doing what it takes to keep information safe in-house,” Baucus said.

Republicans Mount New Push To Cut Estate Tax (WSJ)

By David Rogers

The Wall Street Journal, July 27, 2006

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WASHINGTON -- Republicans announced another run at pushing estate-tax relief through Congress, but the pre-election gamble complicated already tangled efforts to complete agreement on a long-sought pension bill.

Working late into last night, House-Senate pension negotiators had narrowed their differences over a last remaining issue: how much latitude to give the financial-services industry to both manage retirement accounts and give advice to individuals on their portfolio. But House Majority Leader John Boehner (R., Ohio) conceded that getting a final agreement was being delayed by the fallout from the new Republican estate-tax strategy.

To win over reluctant Democrats, the leadership is proposing to combine the estate-tax provisions, which have repeatedly failed in the past in the Senate, with a set of popular but expiring federal tax breaks that would be extended for one or two years. But the same tax cuts have long been seen as an integral part of the pension package, and pulling them out at this stage has roiled top senators in both parties.

Business interests are angry as well because the strategy puts at risk a tax provision that would both renew the already expired corporate-research tax credit and enrich the tax benefit in the future.

Mr. Boehner said last night that the leadership would not reverse itself and include the extenders; a second House Republican said Senate threats to stall the pension bill "weren't credible" given the importance to ailing airlines. But the talks grew so heated, both sides opted for a break and Senate negotiators, who met with Senate Majority Leader Bill Frist (R., Tenn.) later, said no agreement had been reached on the tax provisions.

"It makes total sense for extenders to be on the pension bill...That was the operating assumption for a couple of months," said Montana Sen. Max Baucus, the ranking Democrat on the Senate Finance Committee. While Mr. Baucus supports repealing the estate tax, he said the resistance in his party won't be changed now by simply repackaging the issue with more popular provisions. "Democrats have told me they are going to vote for or against estate tax based on its merits. Whether it's on another bill is irrelevant," he said. "They will not be swayed because it is on the extenders."

The Bush administration itself is skeptical that the estate-tax strategy will work, and the greater political goal may be to embarrass Democrats up for election. Meanwhile, the change in course surprised and upset Senate Finance Committee Chairman Charles Grassley (R., Iowa).

"Republicans are going to end up getting blamed for putting all this stuff in one package, thinking you can cram it down the throats of everybody," he told Iowa reporters in a weekly conference call. And this unhappiness threatened efforts to finalize investment advice provisions in the pension bill.

Mr. Boehner has taken the lead in urging that current restrictions be relaxed to permit Wall Street investment houses to both administer an individual's IRA and advise on investments. New disclosure and auditing requirements would be imposed to guard against abuse, but Mr. Grassley has also suggested that advisers would have to be paid at a flat rate, such as a percentage of assets in the IRA, not according to sales.

Both sides said progress has been made in reaching a conceptual agreement and Mr. Baucus has sought to bring the two sides together. "Without too much difficulty it can be done tonight," he said. But it is also a pressure point to get the leadership to reconsider its decision to remove the tax extenders.

Congress enacted a temporary phase-out of the estate tax when President Bush took office in 2001, but tax rates will snap back to as high as 55% when the bill expires in 2011. Under current law, $2 million of an estate is exempted from estate taxes for an individual, $4 million for a couple. The tax rate is now as high as 47%.

About 12,600 estates will be subject to estate taxes for the 2006 filing season, according to the Tax Policy Center. While the final language of the new House package hasn't been disclosed, it is expected to phase in the relief over a longer period and therefore reduce the 10-year costs below the $280 billion price tag contained in the last House attempt at a deal in June.

More Hope For The Truly Rich (NYT)

The New York Times, July 27, 2006

For the past five years, Congress has passed every tax cut championed by President Bush — except one. A handful of Senate Republicans and most Senate Democrats have, to their credit, blocked four attempts since 2001 to repeal the estate tax on America's wealthiest families.

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But the heirs to America's mightiest fortunes may be shielded from taxes anyway. This week, David Cay Johnston reported in The Times that the government is on the verge of eliminating the jobs of nearly half of the Internal Revenue Service lawyers who audit estate-tax returns — 157 of the agency's 345 estate-tax auditors. The I.R.S. says the layoffs are warranted because the Bush tax cuts mean fewer people are obliged to pay estate taxes.

That's not very reassuring. Fewer smaller estates — currently, those worth up to $2 million are exempt — are subject to the tax today than when Mr. Bush first took office. But large estates are still taxed, and with inequalities in income and wealth producing ever more billionaires and millionaires, there's ever more gold in those hills for auditors to mine.

The I.R.S. also says that it's confident it is catching estate-tax cheats because a mere 10 percent of estate audits brings in 80 percent of the additional taxes. The logic is that auditing a greater percentage would yield diminishing results.

Maybe. But six years ago, the I.R.S. said that most of the taxable gifts it audited had shortchanged the government, and it pledged to hire more lawyers to audit big gifts.

The underlying fact of the matter is that the I.R.S. hasn't released the data that would allow researchers — and the public — to verify whether cutting back on estate-tax audits represents sound tax enforcement. A research organization at Syracuse University, called Trac, used to routinely request and receive comprehensive I.R.S. audit figures — by size of the estate, the number of hours spent and the amount of extra recommended tax.

Researchers analyzed the data and posted it on the organization's Web site, so the public had a continuing sense of the I.R.S's fairness, efficiency and effectiveness. But in 2004, the I.R.S. stopped giving Trac the data. In 2006, a federal court ordered the agency to provide the requested records. But the information released since then has not been comprehensive. If the I.R.S. wants to avoid suspicion that its actions are politically motivated, it should release all the data that researchers need to evaluate its actions.

CONGRESS-ADMINISTRATION:

The Bolton Nomination, Act II (WP)

By Colum Lynch

The Washington Post, July 27, 2006

UNITED NATIONS, July 26 -- U.N. Ambassador John R. Bolton's blunt diplomatic style has made him a political rock star among conservative Republicans who relish his routine exposure of U.N. foibles and criticism of its bureaucrats.

But international diplomats, including several from countries closely allied with the United States, complain that he has furthered U.S. isolation here and undercut U.S.-backed efforts to reform the sprawling bureaucracy of the United Nations.

"He sometimes makes it very difficult to build bridges because he is a very honest and blunt person," said South Africa's U.N. ambassador, Dumisani Shadrack Kumalo, chairman of a coalition of developed nations. He said there is a perception among many developed countries in the coalition, known as the Group of 77, that it appears "Ambassador Bolton wants to prove nothing works at the United Nations."

The Senate Foreign Relations Committee begins hearings Thursday on whether to make Bolton's temporary appointment, which will expire in January, permanent. His appearance in Washington, where Democratic leaders have vowed to oppose Bolton, is expected to be as polarizing as his presence at U.N. headquarters.

Sen. Joseph R. Biden Jr. (D-Del.) said, "Mr. Bolton's performance at the U.N. only confirms my conviction that he's the wrong person for this job." He suggested that Democrats may filibuster a Senate vote unless the Bush administration releases documents Biden believes detail Bolton's use of National Security Agency intercepts involving U.S. citizens.

President Bush installed Bolton at the United Nations in August 2004, during a congressional recess, sidestepping opposition from Democrats and three Republican moderates, who voiced concern over Bolton's confrontational style.

But the White House is now pressing for speedy confirmation. The Foreign Relations Committee scheduled a hearing after Sen. George V. Voinovich (Ohio), a Republican who joined Democrats in blocking the nomination last year, said he now supports Bolton.

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Bolton's defenders say he has rightfully upended the status quo at the United Nations, which has been plagued by financial and sexual misconduct scandals in Iraq and Congo. They say his aggressive pursuit of U.S. interests has irritated foreign delegations, including European allies who see the world body as a means of constraining U.S. power.

"Bolton is not loved at Turtle Bay," the Manhattan neighborhood that is home to the United Nations, "but he is well-respected and he is regarded as a force to be reckoned with," said Nile Gardiner of the Heritage Foundation, a conservative Washington think tank. "He has done a very successful job in terms of highlighting the huge, myriad failures within the United Nations."

Sen. Norm Coleman (Minn.) and other Republican Bolton supporters maintain it is vital to show that the ambassador has Congress's full support when he is grappling with multiple crises in the Middle East and North Korea. Bolton, they insist, has demonstrated effectiveness by helping to guide a tough U.N. Security Council condemnation of North Korea and is working to impose sanctions on Iran for flouting international demands to halt its enrichment and reprocessing of uranium.

Bolton maintains that he has successfully built alliances on a range of issues, but that the effort to streamline the U.N. bureaucracy has been thwarted by entrenched diplomats who fear change will imperil their privileges. He said in an interview that he has avoided needless confrontation that "would raise the level of acrimony in an unproductive way."

Bolton's initial foray into diplomacy at the United Nations began with the negotiation of a joint statement outlining a range of U.N. changes in September that was endorsed by Bush and other world leaders. He rankled delegates by reopening talks on a painstakingly negotiated statement and pressed for more than 700 modifications. Still, many diplomats voiced grudging admiration for Bolton's tough style.

Today, many of those same envoys say Bolton has had a more destructive impact on efforts to scale back scores of outdated U.N. programs, create a new human rights council and overhaul the U.N. bureaucracy.

"There is currently a perception among many otherwise quite moderate countries that anything the U.S. supports must have a secret agenda aimed at either subordinating multilateral processes to Washington's ends or weakening the institutions, and therefore, put crudely, should be opposed without any real discussion of whether they make sense or not," U.N. Deputy Secretary General Mark Malloch Brown said in June 6 speech.

Bolton reacted furiously, insisting that Malloch Brown's remarks constituted an insult to the American people and that as an international civil servant he had no right to criticize a U.N. member state.

Gunter Pleuger, who retired last month as Germany's U.N. ambassador, said Bolton has repeatedly maneuvered the United States into isolated positions on key issues.

"The first thing you learn in diplomatic school is never move yourself into a position of isolation, because even the biggest power will not sustain that position," Pleuger said in a telephone interview from Berlin.

Pleuger said the United States suffered a "bitter defeat" in its effort to press for the replacement of the troubled Human Rights Commission, which had become a haven for nations with dismal human rights records seeking to block international condemnation of their governments.

Israel's U.N. envoy, Dan Gillerman, said Bolton's arrival has been a "breath of fresh air at Turtle Bay precisely because he's not your typical diplomat."

"I'm certainly not going to tell the Senate or House of Representatives how to vote, but if John Bolton were to be confirmed by the Israeli Knesset, he would get all 120 votes," Gillerman said.

John Bolton, Multilateralist? (WP)

The Washington Post, July 27, 2006

LAST YEAR we expressed reservations about President Bush's nomination of John R. Bolton to the post of ambassador to the United Nations. Mr. Bolton's intellect and competence were not in doubt, and attempts to paint him as an office bully were underwhelming. But the nominee's tendency to press ideological principle irrespective of pragmatic considerations seemed likely to undermine his ability to build coalitions at the United Nations and thereby advance U.S. interests. Although we deferred to the president's right to the nominee of his choice -- a deference that is even more important in the case of executive-branch positions than in judicial ones -- Sen. George V. Voinovich (R-Ohio) went further than us. Calling Mr. Bolton "the poster child of

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what someone in the diplomatic corps should not be," Mr. Voinovich broke with his party and withheld his support. Largely as a result, Mr. Bolton never got confirmed and arrived at the United Nations only by virtue of a recess appointment.

One year later, Mr. Voinovich has reversed his position, emboldening the Senate leadership to schedule a hearing today on Mr. Bolton's confirmation. Writing on the opposite page on July 20, Mr. Voinovich asserted that Mr. Bolton "has demonstrated his ability, especially in recent months, to work with others and follow the president's lead by working multilaterally." We are surprised by this statement, since Mr. Bolton's conduct at the United Nations has in fact demonstrated the opposite.

Mr. Bolton began his tenure with an argument over the preparations for a gathering of heads of state. He demanded that the summit document omit, among other things, references to the anti-poverty Millennium Development Goals, on the ground that these had been interpreted by U.N. officials to include a commitment to more foreign aid. Mr. Bolton's action alienated other U.N. ambassadors with no obvious gain; such commitments, even if accepted, are non-binding.

Mr. Bolton's handling of the new U.N. Human Rights Council was equally clumsy. He failed to show up at nearly all of the 30 or so negotiating sessions leading up to the council's creation, then waded in at the eleventh hour with a bizarre proposal that the State Department quickly repudiated. Mr. Bolton's spokesman says that the ambassador engaged in good faith throughout the process. But U.S. allies felt that Mr. Bolton did not do so.

Mr. Bolton has embarrassed himself most recently by his mishandling of U.N. management reform, a cause supported by U.N. officials and the richer member states. Mr. Bolton came up with the idea of threatening to cut U.N. funding unless the management reforms were adopted, and his spokesman insists that this brinkmanship was helpful. But South Africa's U.N. envoy called it "poison"; Germany's ambassador called it "wrong"; his British counterpart said it was a mistake to hold the budget hostage. After six months the budget threat was dropped.

We see little evidence here that Mr. Bolton is good at "working multilaterally." Rather than building support at the United Nations, Mr. Bolton has more often solidified the anti-American coalition. We continue to believe that the president is entitled to the ambassador of his choosing, provided that the nominee is competent and honest. But we can't explain Mr. Voinovich's change of mind, nor why Mr. Bush supposes that this polarizing envoy advances U.S. interests.

Rejecting Bolton's Sledgehammer Diplomacy (LAT)

The Los Angeles Times, July 27, 2006

LOCK UP YOUR TREATIES AND secure your summits. Just when you thought it was safe for international diplomacy again, John Bolton is back.

Bolton, the U.S. ambassador to the United Nations who seemed destined for a desk job at some neoconservative think tank for the duration of the Bush administration, is now poised to retain his U.N. post. The turnabout comes courtesy of Sen. George V. Voinovich (R-Ohio), a member of the Foreign Relations Committee who played a critical role last year in torpedoing Bolton's confirmation, prompting President Bush to install the ambassador with a recess appointment that expires this fall. Voinovich, who a year ago called Bolton the "poster child for what someone in the diplomatic corps should not be," now feels the ambassador has been "tempered" by the job.

It's mystifying what changed Voinovich's mind. Was it the way Bolton, soon after taking his seat, sabotaged a year and a half of careful negotiations on U.N. organizational reforms by introducing hundreds of last-minute amendments to a draft agreement, rendering the final version nearly meaningless? Was it his refusal to budge on talks over the creation of a new Human Rights Council, which didn't improve the eventual agreement one iota but nearly made it worse? Given the monster Bolton was portrayed to be at last year's confirmation hearings, perhaps Voinovich is simply impressed that he hasn't reached across the table to throttle the French ambassador.

It's true that Bolton has not been a total disaster. Under his tenure, the U.S. signed on to an important agreement asserting the principle that states have the responsibility to protect their citizens from mass slaughter and could face U.N. action if they don't. His stands on human rights and organizational reform have for the most part been highly principled. The problem is that he doesn't know when to compromise, without which progress in an international body is impossible.

Bolton's sledgehammer diplomacy has poisoned an already tense relationship between the U.S. and other countries, including our most important allies. U.N. members see American reform proposals not as ways to improve the organization but

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as hidden attempts to enhance U.S. power. This helps explain why Bolton has largely failed to achieve his stated goals — or much of anything else.

The Foreign Relations Committee is slated to hold a hearing on Bolton today. It should turn him down, but given Voinovich's about-face, it probably won't. That will tempt Democrats to filibuster when it comes time for a Senate vote, as they did twice last year to block his confirmation. They should resist the temptation.

For all his faults, Bolton is the president's nominee and, if supported by the majority of the Senate, deserves to keep his seat. He should be rejected because he's the wrong person for the job, not as a result of the fundamentally unfair and undemocratic instrument of the filibuster.

Bolton Revisited (WSJ)

The Wall Street Journal, July 27, 2006

Today's Senate hearing on John Bolton's nomination as Ambassador to the U.N. was made possible by Ohio Republican George Voinovich's very public reversal on the appointment last week. But it also gives Democrats a chance to show they care as much about multilateral diplomacy as they claim to.

Thanks to a recess appointment by President Bush last August, Mr. Bolton has been proving himself in the job that critics said he was too intemperate to handle. Among his diplomatic credits are the first Security Council resolution against North Korean weapons proliferation since 1993. He has also fought hard, and with some success, to make U.N. reform more than a token exercise. Given that the U.S. is the largest contributor to the U.N.'s budget, its management is an issue that affects U.S. taxpayers directly, as well as being critical to reviving the U.N.'s credibility after the Oil for Food disaster.

Mr. Bolton's pressure for reform has caused some heartburn at the U.N. Secretariat, and some officials are fighting back by leaking (anonymously) to reporters that the Ambassador doesn't play nice with other diplomats. Kofi Annan and his inside enforcer, Mark Malloch Brown, are especially unhappy with Mr. Bolton for saying that reform is essential if the U.N. is going to win back support on Capitol Hill. Never mind that Mr. Bolton is the U.S. Ambassador to the U.N. and is supposed to represent American interests. If Democrats filibuster him once again, they'll be putting partisanship above an effective and credible U.N.

Republicans Inexplicably Losing Momentum On Judicial Choices (NHUL)

By Robert D. Novak

New Hampshire Union Leader, July 27, 2006

BOTH THE SENATE and White House have risen from an all-year slumber that ignored their issue of judicial confirmations until now.

Last Thursday night, the Senate unexpectedly confirmed four judges, on a voice vote after no debate. On Tuesday, another appeals judge was confirmed, 67 to 30, after token debate. Without fanfare, the White House suddenly poured out 13 judicial nominations. But, from the Republican standpoint in 2006 midterm elections, it looks like too little, too late.

On June 16, six conservative Republican members of the Senate Judiciary Committee had sent President Bush a private letter protesting the slow pace of judicial confirmations. They noted an unusually high number of judicial vacancies for the sixth year of a Presidency, including nine on the circuit courts, with no nominations made over a two-month span early this year.

Pleading with the President, the senators said “the fast-approaching November elections make it imperative that the Senate confirms as many strong nominees as possible in the limited time remaining in the 109th Congress.”

Bush did not answer the senators. Coincidentally or not, however, the President sent up the 13 nominations — including six circuit judges — between June 28 and July 13. Still, the President has not submitted a name for five vacancies on circuit seats and 14 empty district seats. This failure is inexplicable considering how the collapse of the Democratic obstruction campaign contributed to 2004 GOP election victories. Holding a weak hand in 2006, the Republicans are discarding a rare trump card.

Justice Department officials have quietly passed word that Senate Majority Leader Bill Frist advised it was too late in the year for new nominees. When I checked, Frist unequivocally denied that. Perhaps the Justice officials misunderstood Frist aides who have argued that if the White House dawdled, there would be no time for confirmation.

Nevertheless, Frist indisputably put judicial confirmation on the back burner. Although the number of judges confirmed in this Congress is extraordinarily low, Frist has sounded like Democratic predecessor Tom Daschle in issuing statements

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boasting of the number of judges confirmed under his watch. The party leadership has scheduled no floor debate time on judges between now and the November elections. No debate, no campaign issue.

While not happy with Frist, conservatives view Senate Judiciary Committee Chairman Arlen Specter as a bigger problem. Specter, never attuned to national Republican concerns, has shown less interest in confirming conservative judges than in intelligence controversies, asbestos law reform and voting rights extension.

But one Judiciary Committee conservative (who asked that his name not be used) rated Specter and Frist as 10 percent of the problem and the White House 90 percent — especially Harriet Miers, Bush's pal from Texas and failed first choice to be the last Supreme Court nominee.

As White House counsel, Miers has been criticized on Capitol Hill for the caliber of some recent nominees and the lethargic pace of appointments. She wanted her friend, Columbia Law School professor Debra Livingston, named to the prestigious District of Columbia Circuit Court of Appeals.

Conservatives blocked Livingston as undependable. Instead, Bush on June 29 nominated conservative Assistant Attorney General Peter Keisler for the D.C. circuit.

However, Miers maneuvered Livingston to a seat on the New York-based 2nd Circuit. Beyond the White House, Republicans are in disarray on judges.

Sen. Lindsey Graham, one of the conservative signers of the June 16 letter, is under fierce attack from the right for opposing Bush's nomination of Pentagon General Counsel William J. Haynes to the 4th Circuit in Richmond, Va., because of his role in handling terrorist detainees. In response, Graham has contended Haynes and two other embattled nominees (whom he supports) are "wounded" and asked for new, better-qualified choices.

Despite recent nominations and confirmations, it seems too late for a Senate battle to impact the midterm campaign. Sen. Edward M. Kennedy must sigh in relief. His grand design to block Bush's judicial nominees was a fiasco, handing Republicans a major 2004 campaign issue and leading to confirmation of two conservative Supreme Court justices. It is the last issue Kennedy wants to engage before the 2006 campaign, and Republicans are granting his desires.

Robert D. Novak is a syndicated columnist and a commentator for the FOX network.

Dubai Port Uproar Spurs Passage Of Bill (AP)

By The Associated Press

AP, July 27, 2006

WASHINGTON, July 26 (AP) — The House and the Senate voted on Wednesday to make it easier for Congress to watch over the federal panel that had been criticized for deciding that a company owned by Dubai could manage parts of some American ports.

The deal with the company, DP World, fell apart this year after an uproar over whether the Bush administration ignored national security concerns in signing off on the transaction. It had been approved by the Committee on Foreign Investment in the United States, whose members, drawn from different government agencies, review foreign investments that could have an impact on national security.

The House and the Senate have approved versions of the legislation, which now will go to a conference committee.

The Senate majority leader, Bill Frist, Republican of Tennessee, said the Senate bill strengthened the review process by "explicitly establishing a system of Congressional notification that had previously been lacking."

The House bill establishes the committee in statute and adds the secretaries of homeland security and commerce as vice chairmen, under the Treasury secretary. The signatures of all three would be needed for an review to be considered final.

Overhaul Cleared For Review Panel (WT)

By Amy Fagan, The Washington Times

The Washington Times, July 27, 2006

Nearly six months after public outrage thwarted a Dubai-owned company's bid to purchase some U.S. port operations, the House and Senate yesterday quietly approved bills to overhaul the panel that approved the deal.

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The House approved a bill on a 424-0 vote that members from both parties said balanced U.S. security with foreign investment. "We improve our security in the right way," said Majority Whip Roy Blunt, Missouri Republican and lead sponsor of the bill.

The Senate approved its version by unanimous consent yesterday afternoon. Senate Majority Leader Bill Frist, Tennessee Republican, said the measure "strengthens the [panel] review process in a number of ways."

Notable differences between the bills remain.

Both versions include changes to the Committee on Foreign Investment in the United States (CFIUS). The interagency panel, headed by the Treasury Department, is charged with reviewing security implications of foreign acquisitions or mergers affecting U.S. assets.

Earlier this year, the panel approved a $6.8 billion bid by DP World to purchase terminal operations at six U.S. ports. Members of Congress, top administration officials and President Bush were unaware of the approval until the firestorm of security concerns had begun. The Dubai company ultimately backed down from the deal.

The House bill requires a 45-day CFIUS investigation for any deals involving companies controlled by foreign governments, as well as deals that could impair national security, are opposed by any member of the panel or are flagged by the national intelligence director. CFIUS conducted an initial review of the DP World deal but did not opt for the 45-day investigation until the public outcry.

The Senate bill triggers the 45-day investigation when a deal could impair national security, or involves a foreign government or critical infrastructure.

The House bill would add the Energy Department as a panel member and place Homeland Security and Commerce Department officials as the vice chairmen. The Senate bill would add the national intelligence director as a panel member and place the secretary of defense as vice chairman.

Republicans and Democrats in the House said they crafted the bill to ensure it would not discourage job-producing foreign investment in the United States.

Rep. Michael G. Oxley, Ohio Republican and chairman of the Financial Services Committee, said the DP World deal created an overreaction but highlighted "some very deep concerns" about the CFIUS.

Rep. Barney Frank of Massachusetts, the top Democrat on Mr. Oxley's panel, said the bill "improves the situation without any sort of drastic change" that would hurt foreign investment.

U.S. Stem-cell Researchers Sense A Chill (USAT)

By Dan Vergano

USA Today, July 27, 2006

Political sparring, congressional votes and a presidential veto have left embryonic stem-cell researchers right back where they started.

But that doesn't mean things haven't changed — they're worse, proponents of the research say. Scientists say President Bush's adherence to his stem-cell policy has cast a pall over the future of their work and dashed hopes that the divide will be closed anytime soon.

“The reality of the veto is that it changes things right now and influences therapies down the road,” says researcher Douglas Kerr of Johns Hopkins Hospital in Baltimore. In June, Kerr reported partially restoring movement in paralyzed rats treated with nerve cells derived from embryonic stem cells.

“I have all these human embryonic stem-cell experiments set. Now I'm not sure when they will ever go.”

Last week, Bush vetoed the Stem Cell Research Enhancement Act, which would have expanded federal research spending to cover all embryonic stem cells. Only 21 cell lines, all of them five years old or older, are now available.

In August 2001, the president limited National Institutes of Health (NIH) spending to research on embryonic stem-cell lines in existence at that time. Research on new lines created after that date would not be paid for, according to his ruling.

Human embryonic stem cells are the early cells developed in the first six days or so of an embryo's development. They act as blank slates, capable of growing into almost every tissue found in the body.

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Researchers such as Kerr see them as a potentially revolutionary source of information about how tissues develop and as a potential source of transplant tissues for patients suffering diseases such as paralysis, diabetes and Parkinson's.

However, to gather the cells, researchers have to pull them from the hollow interior of an embryo, destroying it. Bush sees this as "a destruction of human life," says his press secretary, Tony Snow. The position is shared by many opponents of the research.

"At this juncture, we are stymied by the veto," says the University of Minnesota's Leo Furcht, head of the Federation of American Societies for Experimental Biology. But it would be a mistake, Furcht and others say, to conclude that embryonic stem-cell research has remained frozen in time.

"Yes, we are progressing," says Thomas Okarma, president of Geron Corp. in Menlo Park, Calif., which hopes to start human trials of embryonic stem-cell paralysis treatments next year, using cells from the NIH-approved lines.

But the entire research field has suffered from a lack of support proportionate to its promise, Okarma says. Cancer research started at the same time by his company benefited from work with "hundreds" of cancer researchers, many NIH-funded, and is already being tested on patients. The stem-cell work had fewer than a dozen such collaborators.

"There's the difference right there," Okarma says.

Federal grants from the $28.5 billion NIH are the primary funding of basic biomedical research in the USA, Kerr and others say.

At Harvard University, where stem-cell researcher Doug Melton has produced 28 stem-cell lines since 2004 that are not eligible for NIH funding, researchers can't use equipment bought in the past with NIH funds to study the new lines. Kerr and other researchers say those new lines are hardier, grow faster and are more useful than the NIH lines.

Patchy state laws, both supportive and prohibitory, have created further uncertainty, says Kirstin Matthews of Rice University in Houston. And more than half of all states have no policy on embryonic stem-cell research.

"I wouldn't be surprised to see scientists move to more supportive states and universities," she says by e-mail.

A report in April by University of Michigan sociologist Jason Owen-Smith and Stanford University biologist Jennifer McCormick in Nature Biotechnology found that U.S. embryonic stem-cell research papers dropped from 36% of all such publications in 2001 to 26% in 2004. "We probably can expect this veto to make closing the gap we documented in our study more of a challenge to U.S. researchers," McCormick says. "It wouldn't be surprising if we see more U.S. human embryonic stem-cell researchers, including some of the top researchers, moving abroad."

They're getting offers. Another Nature Biotechnology report this month found that about 15% of stem-cell "principal investigators" had received job offers overseas, a rate more than five times higher than for other biologists.

"The veto really does suggest that the uncertainty on the field is going to persist," says study author Aaron Levine of Princeton University. "It's very clear (that) you're taking a big risk if you are a young investigator moving into embryonic stem cells in the U.S. right now."

Education Department Expands Tutoring (AP-Y)

By Ben Feller

AP2, July 27, 2006

The Bush administration says it again will bend the rules of the No Child Left Behind law, intending to get thousands more poor children into tutoring.

The Education Department said Wednesday it would expand two experiments that early signs indicate have helped more children get into tutoring. The step is an attempt to address a major snag under the 2002 law.

Only 10 percent to 20 percent of the more than 1 million poor children eligible for tutoring have signed up. That is considered a dismal rate of participation.

The policy changes are part of a pattern of enforcement by Education Secretary Margaret Spellings. She wants to show she can adapt — waiving rules to get more kids in tutoring — and yet be tough on states that do not comply, by threatening to pull their money.

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The law requires schools that get federal poverty aid and fall short of their yearly progress goals for two straight years to offer transfers to students. After three years of failure, schools must offer low-income parents a choice of tutors.

The new policy will let 23 school districts flip that order, offering transfers second.

That is significant because parents prefer tutoring to moving their child to a new school. Six times as many students took part in tutoring compared with school choice in 2003-04.

The districts are in Alaska, Delaware, Indiana, North Carolina and Virginia. Just four Virginia districts were involved when the experiment began last year. Spellings opted to expand it nationwide after seeing signs that it boosted interest in tutoring.

Most states did not bother applying for the flexibility because they did not meet the criteria. The five states that won the department's blessing were the only ones to apply.

They must report on the progress of the students and show increases in enrollment.

The department bent the rules in a second area, too.

Typically, school districts themselves cannot provide tutoring when they have failed to meet their yearly progress goals. Districts say that penalty ends up reducing help for kids.

So Spellings agreed last year to let Boston and Chicago provide tutoring even though they had fallen short of academic standards. The department renewed that offer and extended it to two more districts: Anchorage, Alaska, and Memphis, Tenn.

"More children will have access to quality tutoring," Deputy Education Secretary Ray Simon said. He said the programs will provide key data on what works and what doesn't.

As a matter of fairness, extending flexibility to more schools makes sense, said Michele McLaughlin, assistant director of educational issues for the American Federation of Teachers.

But the bigger goal is to turn around struggling schools in high-poverty areas. Transfers and tutoring have never been established as ways to do that, McLaughlin said.

House Leaders May Impose Earmarks Rule (AP-Y)

By Jim Abrams

AP2, July 27, 2006

House GOP leaders pledged Wednesday to impose their own new rules on money earmarked for special projects if the House and Senate cannot come to terms on stalled lobbying and ethics legislation.

The leadership statement said the House would move immediately to implement earmark reform "independent of the ongoing lobbying and ethics reform discussions" after Labor Day, when Congress returns from its August recess.

"The American people want meaningful change in the way in which Congress spends their money," said the statement from Speaker Dennis Hastert, R-Ill., Majority Leader John Boehner, R-Ohio, and Rules Committee Chairman David Dreier, R-Calif.

Lobbying reform was a top legislative priority early in the year after disgraced lobbyist Jack Abramoff pleaded guilty to influence-peddling charges implicating several members of Congress and further diminishing the public's opinion of Congress.

The Senate passed a bill in March and the House in May that required lobbyists to report more on their activities and limited gifts, meals and travel paid for or involving lobbyists.

But the two chambers have made little progress in finding common ground on their bills.

A major sticking point has been House insistence on limiting contributions to independent political groups known as 527s, for the section of the tax code that covers them. Senate Democrats say that would be a bill-killer: While both parties took advantage of help from these groups in the 2004 election, Democrats had greater success in raising money through them.

The bills also proposed changes to House and Senate rules concerning earmarks, the special projects slipped into larger bills that are often cited as examples of wasteful or unnecessary spending.

The House version requires all appropriations, or spending, bills to carry a list of earmarks and their sponsors. It also stipulates that lawmakers can raise points of order against spending bills emerging from House-Senate conferences that do not include a list of earmarks.

Leaders Vow Earmark Rules (RC)

By Jennifer Yachnin And Tory Newmyer

Roll Call, July 27, 2006

With negotiations over lobby reform stagnant, House Republican leaders announced Wednesday that if talks with the Senate continue to stall they will seek to implement a sweeping rules change that would apply earmark reform measures to all of the chamber's committees when it returns in September.

"The House-passed lobbying and ethics reform bill includes a series of significant reforms meant to bring greater transparency and accountability to the congressional earmarking practice," Speaker Dennis Hastert (R-Ill.), Majority Leader John Boehner (Ohio) and Rules Chairman David Dreier (Calif.) said in a joint statement.

"House Republicans are committed to extending these reforms to all committees and implementing them during the current session of Congress, before any spending or tax bill for the upcoming fiscal year goes to the President's desk," the statement read.

Although GOP negotiators in both chambers had hoped to reach agreement on the measure — the standoff has centered on House leaders' insistence on legislation targeting 527 political committees — and vote on a conference report this week, a deal appears unlikely before House lawmakers recess Friday for the entire month of August. The House still has yet to name conferees on the bill.

With those uncertain prospects in mind, conservative House Republican lawmakers began lobbying the chamber's leadership late last week to implement the earmark reform measures independent of the overall reform package.

Republican leadership agreed to the demand Wednesday, setting a September deadline for reaching a consensus on the conference agreement.

"If the House and Senate have not produced a final lobbying and ethics reform conference report by the time we return from our August district work period in September," Republican leaders said in the statement, "the House will move to immediately adopt and implement a comprehensive earmark reform rules change independent of the ongoing lobbying and ethics reform discussions to ensure these new rules apply to all spending and tax measures that will go to the President's desk this fall."

While House Appropriations Chairman Jerry Lewis (R-Calif.) said he had not seen the leadership agreement Wednesday afternoon — "I'll have to examine the whole picture," Lewis said, declining to comment further — several of his committee's members welcomed the reform proposal.

"I've always favored the idea of identifying who makes requests for what," said Rep. Jim Kolbe (R-Ariz.), who chairs the Appropriations subcommittee on foreign operations, export financing and related programs.

But several Appropriations members, including Rep. Joe Knollenberg (R-Mich.), asserted that the move won't mean significant changes, since the panel now applies significant legislative "sunshine" to the spending bills.

"We're already doing that," said Knollenberg, who chairs the Appropriations subcommittee on the Transportation Department, Treasury Department, and Housing and Urban Development, the Judiciary and the District of Columbia. "The transparency and the sunshine is already there."

The Michigan lawmaker pointed to Rep. Jeff Flake's (R-Ariz.) attempts to defeat numerous earmarks on the House floor earlier this year, noting that the efforts largely failed.

"They were glad to go before the floor," Knollenberg said of those lawmakers who defended their requests in House debate.

Appropriators also won demands for the inclusion of all legislation under the temporary reform, mirroring a vow Lewis won from Republican leadership in exchange for his support of the lobbying overhaul package.

Both Education and the Workforce Chairman Howard McKeon (R-Calif.) and Science Chairman Sherwood Boehlert (R-N.Y.) also welcomed the stop-gap reform measure.

"It's a good thing to do," McKeon said, while Boehlert, also a senior member on the Transportation and Infrastructure Committee said: "It's moving the in the right direction."

Rep. Jim McCrery (R-La.), who serves on the Ways and Means Committee and widely is viewed as the frontrunner for the panel's gavel in the 110th Congress, said he had no problem with the earmark changes. "Looks good to me," he said

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Despite that apparent support, it remains unclear how much of an impact the move will have without a similar manuever by Senate lawmakers.

"It's certainly of less value" without Senate action, said Rep. John Sweeney (R-N.Y.), who sits on the Appropriations panel.

Rep. Bill Young (R-Fla.), the former Appropriations chairman who now heads the subcommittee on Defense, took a loftier approach: "The House has to do a lot of things on its own," he said, then added. "We do tend to be pretty aggressive in the House."

At least one conservative Republican, Flake, a thorn in his leadership's side for his advocacy of earmark reform, remained critical, saying the announcement was "better late than never."

But he cautioned he is reserving final judgment until he sees details of the leaders' plan and learns whether the new transparency rules will apply to conference reports on spending bills his chamber already has approved.

He noted the House has green-lighted "thousands" of earmarks this year in passing ten of its 11 appropriations bills. The Arizona Republican, by his own estimate, has challenged "a couple dozen" of them, but even within that batch, Flake said he was unsure of all the sponsors.

Flake said if House leaders do not go far enough with their promised reforms, he still plans to challenge earmarks in the Labor-HHS spending bill and is in the process of drafting a privileged resolution to implement his version of a crackdown.

Pork Reform Via Rules (HILL)

By Alexander Bolton

The Hill, July 27, 2006

House Republican leaders plan to reform earmarks by changing internal House rules in September, should they fail to strike a deal with Senate negotiators on a broader reform bill over the August recess.

Senate Majority Leader Bill Frist (R-Tenn.) has also told colleagues that he would be open to reforming lobbying and earmarks by changing Senate rules if the chambers fail to agree.

This suggests that Republican leaders are increasingly pessimistic about passing lobbying-reform legislation and may have even decided against it.

Changing the rules would allow them to sidestep the controversial issue of whether to impose stricter rules for the soft-money groups known as 527s. It would also reduce the political pressure to pass a lobbying-reform bill during the height of the campaign season.

But it also means that several proposals, such as fining lobbyists for violating the gift ban, placing restrictions on lawmakers' job negotiations and prohibiting lawmakers and staffers from flying on lobbyist-owned airplanes, could fall by the wayside.

"After Labor Day, the House is likely to consider, among other items, a number of important appropriations conference reports for the upcoming fiscal year," Speaker Dennis Hastert (R-Ill.), Majority Leader John Boehner (R-Ohio) and Rules Committee Chairman David Dreier (R-Calif.) wrote in a joint statement.

"If the House and Senate have not produced a final lobbying and ethics reform conference report by the time we return from our August district work period in September, the House will move to immediately adopt and implement a comprehensive earmark reform rules change independent of the ongoing lobbying and ethics reform discussions to ensure these new rules apply to all spending and tax measures that will go to the President's desk this fall."

Boehner told colleagues at yesterday morning's meeting of the House Republican Conference that the new earmark rules would apply to the final versions of spending bills that Senate and House lawmakers negotiate this autumn.

But fiscal conservatives who have called loudest for earmark reform say it should also apply to the labor-health and human services spending bill that has not yet passed the House. Rep. Jeff Flake (R-Ariz.), who led the push for reform, said that bill contains more than 1,700 earmarks.

Flake applauded his leaders' decision to move earmark reform separately from the stalled lobbying reform bill.

"That's what we've been bugging them to do for a long time," he said.

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The leaders of authorizing committees have agreed for the most part to extend new earmarking rules to their panels. Appropriations Committee Chairman Jerry Lewis (R-Calif.) demanded earlier this year that other committees follow new rules in exchange for giving members of his panel the green light to vote for the lobbying-reform bill that narrowly passed the House floor.

Rep. Jim McCrery (R-La.), who is expected to succeed Rep. Bill Thomas (R-Calif.) as chairman of the Ways and Means Committee, said it was his understanding that an agreement had been reached on earmark reform.

"Our staff has worked with leadership staff to come up with language that is acceptable," he said, explaining that the reform would require the committee to disclose the sponsors of special itemized tax provisions — named rifle-shots because of their precision — in legislation.

The Ways and Means Committee and the Transportation Committee are the two authorizing panels that would be most affected because they routinely pass legislation containing earmarks worth hundreds of millions of dollars.

For weeks, House Republican leaders have said they were close to agreement on including authorizing committees in earmark reform.

Craig Holman, a lobbyist for Public Citizen, said that good-government groups would criticize Republicans for not passing lobbying-reform legislation this year.

"Republicans in the House and Senate are going to come under very sharp attack for not addressing the lobbying and ethics scandals that have swept over Capitol Hill," he said. "We're not going to let them off the hook."

But he admitted that the Republican decision was shrewd because it would allow them to claim progress in addressing lobbying scandals.

"They're going to be able to approach voters and say we've done something," he said. "I do applaud them for doing that."

If House Republicans take that path, their Senate colleagues are likely to follow suit.

A GOP aide said that Frist would be willing to address earmark and lobbying reform by changing Senate rules.

Failure to pass legislation would likely draw criticism from Democrats.

But Sen. Barack Obama (D-Ill.), whom Democratic leaders tapped this year to spearhead talks on reform, has himself suggested reform via a rules change. In June, he and Sen. Russ Feingold (D-Wis.) proposed changing Senate rules to ban gifts and meals from lobbyists, require prior certification of privately funded travel and extend the cooling-off period during which former lawmakers and staffers may not lobby Congress.

The GOP aide said Republicans would not sign on to Obama's proposal and would propose their own rules changes.

New Senate rules would affect lawmakers and congressional aides, and lobbyists indirectly. The Senate could prohibit gifts from lobbyists and ban them from organizing political fundraisers. But an internal rules change could not police lobbyists directly. Legislation would be needed to increase the number of times a lobbyist must file disclosure reports or to impose fines on lobbyists who break gift limits.

"This Republican do-nothing Congress doesn't know or doesn't care about the need for change in Washington," said Jim Manley, spokesman for Democratic Leader Harry Reid (Nev.), in response to GOP plans. "Reform is more than just word; it's a commitment."

GOP Looks Seriously At Packaging Minimum Wage (RC)

By Tory Newmyer

Roll Call, July 27, 2006

Congressional Republicans are giving increasing attention to a proposal that would marry a minimum-wage hike and a bill creating small-business health plans — a gambit that would grab an election-year trump card from Democrats while also handing a win to the party's allies in big business.

The plan to combine the two separate — and long contentious — policy goals has a potentially far-ranging political impact as Republicans look to keep their grip on Congress.

While aides stress that it is far from a done deal, it would, if successful, strip Democrats and their labor union supporters of an important rallying cry while giving vulnerable Republicans a major victory they could tout as a pocketbook issue on the campaign trail.

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Talks toward a final agreement on a package were continuing Wednesday, with no official action expected until after the August recess.

Rep. Jack Kingston (R-Ga.), vice chairman of the House Republican Conference, said there is "a possibility of it," while a senior GOP aide said that so far, there is "no consensus around minimum wage, and it's not clear which direction we're going to go." The issue is in the mix this week with other unfinished big-ticket items, including a pension overhaul, a series of tax breaks and an estate tax repeal.

Still, aides and lobbyists close to the issue said the concept is gaining traction, in part because GOP-friendly trade associations that have lobbied heavily on both issues — mostly in favor of small-business health plans and against a wage hike — are keen to do it.

Most officials with those groups are keeping mum publicly about the plan, pending more concrete details. But some senior lobbyists with the groups signaled that they would be willing to swallow an increase in the federal pay standard if it was coupled with the sweetener of association health plans.

"I'd like to see it on paper before I commit to endorsing or opposing anything," said Bruce Josten, top lobbyist for the U.S. Chamber of Commerce. But he added that if lawmakers are going to pursue a minimum wage increase, "this would be a preferred way to do it."

Another senior GOP lobbyist said while there might be some heartburn on K Street about the minimum-wage hike, most big business groups would embrace the compromise. For Republicans on Capitol Hill, he said, the plan is sure to pay political dividends.

"It may be a really good thing for Republicans to get out of their caricature [on workers' issues] between now and November," the lobbyist said.

Lobbyists for the National Federation of Independent Business, which has long led a coalition backing small-business health plans, and the National Restaurant Association, which leads a group opposing a minimum-wage hike, did not respond to several requests for comment.

Other industry heavies that stand to be affected by the deal — including the International Franchise Association, the National Association of Realtors, and the National Association of Manufacturers — declined to comment.

For now, House Republicans are leading the talks over a deal. In that chamber, GOP leaders are under pressure from party moderates to act on the wage issue, with many fearing that a failure to pass a wage hike could help the party lose control of Congress in November. Forty-eight Republican moderates wrote House Majority Leader John Boehner (R-Ohio) this week asking for the matter to be put to a vote.

And while Boehner himself recently has softened his traditionally rigid opposition to a wage hike, a vote looks unlikely before the August break. Earlier Wednesday, Speaker Dennis Hastert (R-Ill.) said leaders are "still talking to people. ... I don't think we'll see it this week."

Senate Republicans have engaged in talks of their own about whether and how to bring up a vote on the minimum wage this year.

Several Senate GOP aides said top Republicans are talking about a plan by which they would hold a prospective vote, but will take a cue from the House side before acting. Senate Republicans have no intention of pushing the issue forward unless the House moves first, aides said.

"We're going through the normal machinations" for bringing a bill to the floor, said one GOP aide. "We're always prepared for everything over here. We'll be following the lead of the lower chamber."

The calculus for the plan is trickier in the Senate, where Democrats barely sustained a filibuster against a small-business health plan bill offered by Sen. Mike Enzi (R-Wyo.) earlier this year. Aides said that with the right tweaks to that plan, they might be able to peel off enough Democrats who strongly favor a minimum wage hike.

Sen. Olympia Snowe (R-Maine) has been discussing the proposal with Senate GOP leaders. "The question is how do you get to 60 votes?" Snowe spokeswoman Antonia Ferrier asked.

Senate Minority Leader Harry Reid (D-Nev.) said Wednesday that Democrats "are pretty well set on what we want" when it comes to the minimum wage. But Reid didn't slam the door on any forthcoming ideas from the GOP.

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"We'll look at anything they've got," Reid said. "They haven't done anything for years."

Meanwhile, Sen. Edward Kennedy (D-Mass.) — a leading advocate for a minimum wage increase and an opponent of the GOP health plan proposal from his perch as the ranking member on the Health, Education, Labor and Pensions Committee — said the issues should not be intertwined.

"The working families that have been waiting nine long years for a raise deserve better," he said in a statement. "They deserve nothing less than a straight up-or-down vote on a fair increase in the minimum wage."

Senate Democrats have put forth a stern ultimatum to Republicans on the wage issue, threatening to hold up the scheduled 2 percent Congressional pay raise until they get a boost in the federal pay standard.

Democrats in both chambers are pushing to increase the minimum wage from $5.25 an hour to $7.15 an hour.

The small-business health plan proposal is based on the idea that associations — which currently are barred from offering national health coverage — could become health insurers, thus increasing Americans' access to health care.

Chicago Orders 'Big Box' Stores To Raise Wage (NYT)

By Erik Eckholm

The New York Times, July 27, 2006

After months of fevered lobbying and bitter debate, the Chicago City Council passed a groundbreaking ordinance yesterday requiring "big box" stores, like Wal-Mart and Home Depot, to pay a minimum wage of $10 an hour by 2010, along with at least $3 an hour worth of benefits.

The ordinance, imposing the requirement on stores that occupy more than 90,000 square feet and are part of companies grossing more than $1 billion annually, would be the first in the country to single out large retailers for wage rules.

A gallery packed with supporters of the bill broke into cheers as the measure passed, by a vote of 35 to 14, after four hours of intense speeches and debate.

"This is a great day for the working men and women of Chicago," said Alderman Joseph A. Moore, the measure's chief sponsor. Mr. Moore said he had had inquiries about the ordinance from officials in several other cities.

An Illinois retailers' group said it would challenge the measure in court, and Mayor Richard M. Daley, who opposed the measure, has not said whether he will veto it.

Wal-Mart's response to the Council's action was swift and blunt.

"It's sad — this puts politics ahead of working men and women," John Simley, a Wal-Mart spokesman, said in a telephone interview. "It means that Chicago is closed to business."

Wal-Mart will still open its nearly completed branch on Chicago's West Side in September — the company's first store in the city — but any future plans "will likely change," Mr. Simley said.

In arguing that Wal-Mart and other companies can easily afford to meet the new standards, proponents of the measure pointed to Costco, which says it already pays at least $10 an hour plus benefits to starting workers around the country.

In existing stores in the Chicago area, Wal-Mart pays entry-level wages of about $7.25 an hour but its average pay is $11 an hour, a company spokesman told The Chicago Tribune. The company has not revealed details of its benefits.

With this ordinance, Chicago has opened a contentious front in the growing national movement, led by labor and poverty groups, to raise the incomes of bottom-rung workers through local minimum wage and "living wage" legislation. Some economists say such measures will stifle development and deprive consumers of access to cheap goods, but many poverty experts say that local efforts elsewhere to raise wages have not choked off growth and that the expanding, low-paying retail sector can be safely pressed to raise pay.

"We're very confident that retailers want and need to be in Chicago, and the question for the city is what kinds of jobs they will bring," said Annette Bernhardt of the Brennan Center for Justice at the New York University Law School, which helped draft the Chicago bill and has done economic studies of its likely impact.

The Illinois Retail Merchants Association condemned the measure as likely to hamper job creation and a form of illegal discrimination, and said it would challenge it in court.

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Mayor Daley said earlier that the ordinance could impede growth and tax revenues. He did not say yesterday whether he would veto it, but he would have to persuade two aldermen to switch their votes to avoid an override.

Some politicians and residents in neighborhoods where new Wal-Mart, Target or Home Depot stores are planned also spoke out against the measure, fearing a loss of jobs, and leaders of black churches dueled over the benefits and risks.

The bill was the object of a fierce lobbying battle over recent months, with unions and community groups flooding aldermen with petitions, post cards and telephone calls and retailers doing the same.

In a meeting with several black aldermen, Target officials warned that passage of the measure could cause the company to cancel or delay three stores planned for the city's South Side, the aldermen told reporters.

Yet the proposal had strong appeal, especially in the city's lower-income black and Hispanic wards.

"The working people were overwhelmingly in favor of this law, and this was conveyed to the aldermen," said Madeline Talbott, chief organizer for Acorn, a community group that campaigned for the bill.

Alderman George Cardenas, who voted for the ordinance, said: "We had to make a stand. This is good for people and good for the country."

The bill comes at a time when many large retailers are increasing their presence in large cities.

The drive to raise state and city minimum wages has grown out of frustration with Congress, which has left the federal minimum wage at $5.15 an hour since 1997. At least 22 states have enacted somewhat higher minimum wage laws.

San Francisco; Albuquerque; Santa Fe, N.M.; and Washington have across-the-board minimum wage ordinances for all but the smallest businesses. Those in San Francisco and Santa Fe have set levels near that in the Chicago bill without driving out retailers, Ms. Bernhardt said.

Ms. Bernhardt said large retailers had saturated suburban markets and had powerful incentives to move into urban areas.

Under the bill, minimum wages in the covered stores would rise to $9.25 in 2007 and to $10 in 2010, and be indexed to inflation after that. Benefits would have to total $1.50 an hour in 2007 and $3 in 2010.

Smaller retailers would remain subject to the state minimum wage of $6.50 an hour.

A legal brief prepared recently for the Illinois Retail Merchants Association said the bill would violate equal protection guarantees in the Constitution, but a legal analysis by the Brennan Center at New York University said there was ample precedent for selective imposition of minimum wages by size of business.

The bill would affect 35 stores already in Chicago, including branches of Kmart, Target, Toys "R" Us and stores like Sears and Lowes. Support for the idea started taking off two years ago when Wal-Mart said it would open its first store in the city in 2006, in the poor Austin ward on the West Side.

Hastert Pledges To Stay If GOP Keeps House (RC)

By Ben Pershing

Roll Call, July 27, 2006

With competitive elections looming and more races coming into play by the day, it is not clear what the House will look like when the 110th Congress is gaveled into session. But if the Speaker's chair still belongs to the GOP in January, Dennis Hastert (R-Ill.) plans to be in it.

Hastert's guarded nature has long lent itself to speculation about his future plans.

This year in particular, upheaval in the Republican leadership ranks, near-constant assaults on the GOP's standing in the polls and more questions about Hastert's health have combined to make many Republican lawmakers question whether the Speaker — who is on the ballot for re-election in Illinois — might be planning a November resignation, despite his previous pledge to serve through the remainder of President Bush's term.

But to Hastert, it's really not a question.

"When I put my name on the line and said I'm going to run again, I made a commitment," Hastert said in an interview Wednesday. "I made a commitment to my district, I made a commitment to this Congress, I made a commitment to the president. Of course I'm going to run again."

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As for whether he will serve again as Speaker, Hastert said: "If I can be effective, if I can do the job for my Members, I'll do that. If they decide they want somebody else, they'll do that. I've been very blessed over the last eight years that they've allowed me to do this. It's been a great honor to do it. I hope to do it for another term."

Of course, as Democrats are happy to point out, Republicans may not have the option of choosing the next Speaker. So would Hastert be willing to serve as Minority Leader?

"I don't think we're going to lose the majority, so I think that's a moot question," he said.

Hastert may not want to face that possibility, but it is widely believed among senior lawmakers and staff that if the GOP loses the majority, Hastert will be gone.

Several Members said privately there is no way Hastert would want to serve as Minority Leader, and it also seemed highly unlikely the Conference would pick him for that job, given that it usually calls for a partisan battler, rather than the conciliatory "listener" Hastert has been as Speaker.

Just as Hastert won't entertain questions about being in the minority, he also is disinclined to say how he will handle the decision when he does retire.

"I haven't really analyzed that yet or decided anything," he said.

The question matters because Illinois' filing deadline is in December of the off-year, the earliest in the nation. So if Hastert announced his retirement plans in December 2007, he would face the prospect of a full year as a lame duck and the possibility of a year-long race to replace him as Speaker.

Rather than announcing his plans at the filing deadline, Hastert could also run for re-election in November 2008 and then almost immediately resign, although that would fly in the face of his comments this week.

As recently as this spring, some veteran GOP lawmakers said privately they thought the 64-year-old Hastert might quit this November. He looked tired, the theory went, and the stress of internal conflicts within the Conference and the downfall of ex-Rep. Tom DeLay (R-Texas) were wearing on him.

But based on conversations with roughly a dozen senior Members and leadership aides, conventional wisdom has shifted in recent weeks toward a belief that Hastert will — as he said — be back in January if he still has the majority.

"I think he'll stay two more years if we win," said a Member who is close to Hastert.

And despite the bumps of this election cycle so far, there appears to be little sentiment for a change at the top.

"I hope the Speaker will stay for as long as it may be, or at least that he will continue to serve for one more term," said National Republican Congressional Committee Chairman Tom Reynolds (N.Y.).

The confidence that Hastert will stay comes despite his most recent health difficulties. Two weeks ago, the Speaker was admitted to Bethesda Naval Hospital after developing cellulitis on his leg, a skin infection related to his diabetes. He spent four days in the hospital and then returned immediately to work.

In April 2005, Hastert spent several days in the hospital suffering from kidney stones. After that scare, Hastert said he changed his diet "a little bit" and started drinking more water and cutting back on coffee.

Following this month's hospitalization, Hastert said his doctor told him, "Keep your foot up when you can."

But beyond that, Hastert won't be changing much, and certainly is not altering his grueling travel schedule.

"I guess in coaching and politics, you have to constantly make an assessment if you can be effective," Hastert said.

"If I can't be effective, I'm not going to do this job. The president asked me to do this again. I feel good and have vigor. I like to campaign. I'll be in 42 districts over the district work period. Just [last weekend] at the border, I spent a 22-hour day on Friday, a 14-hour day on Saturday and came back and did a TV program on Sunday and was back here Monday. I feel good. I'm ready to go."

In addition to the 42 districts in August, Hastert told the GOP Conference meeting Wednesday that he plans to visit a similar number in September and do the same again in October. In the previous four years Hastert averaged roughly 200 districts per cycle.

"Since he became Speaker, he has maintained an incredible pace of travel," said ex-Rep. Bill Paxon (R-N.Y.), a longtime Hastert friend. "I think he genuinely enjoys the campaign trail ... I'm not going to say that's easy on anybody at this point in their life, but he does it."

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So if Hastert stays in the House two more years, what comes next? Retirement to an Illinois farm? A nomination to be ambassador to Japan — a position in which he has expressed interest in the past?

"Lookit, I'm pretty much focused on the job I have now," Hastert said. "That's how I always run my business. You do the best job you can at the job that you do. This is a great job, and I'm not looking forward to doing anything else."

Cost Of Living Said To Be Driving Out L.A. And San Fran Federal Workers (WP)

By Stephen Barr

The Washington Post, July 27, 2006

A steady climb in housing and other living costs in Los Angeles and San Francisco is making it difficult for federal agencies to recruit and retain employees in those areas, according to a report prepared by federal executives in California.

"We simply cannot find and keep enough good people. The foundation is crumbling," the report warns.

The report was prepared by the Federal Executive Boards for Los Angeles and San Francisco. It is based on survey data of federal employees and agencies with offices in the two metropolitan areas.

Surveys have found that 55 percent of federal employees in Los Angeles believe their high living costs and lengthy commutes create stress that keeps them from performing their jobs "at optimal levels," said Kathrene Hansen , executive director of the Los Angeles area board.

The data also showed that 56 percent of federal employees in the Los Angeles area say they are planning to leave California for federal jobs in other states, with 81 percent of those employees saying that high housing and living costs were reasons for their decision.

George Dutile , an executive with the Department of Homeland Security in Laguna Niguel, Calif., said "my fear, personally" is that some agencies could be weakened by staff turnover at a time when fighting terrorism requires expertise and experienced hands.

To some extent, problems with competitive pay and entry-level hiring in big cities are not new. Federal law enforcement officers, for example, have testified before Congress that they have trouble making ends meet in such high-cost cities as New York and San Francisco. Young employees hired into entry-level jobs often say they have trouble finding affordable housing close to where they work.

This week, Hansen, Dutile and Dianna Louie , executive director of the San Francisco area board, spent time in Washington advocating for a possible solution for compensation problems in California, where they estimate 12 percent of the civil service works.

Their solution is bold: Eliminate the locality pay provided to federal employees in about 30 metropolitan areas and replace it with a tax-free housing allowance, similar to the housing allowances provided to military personnel.

Under the proposal, the minimum locality adjustment would become part of a new base pay scale for employees. Housing allowances would be based on annual surveys, and not all employees would qualify for the subsidy.

Much of the proposal is modeled on a Defense Department system, which has provided housing allowances for many years to help military personnel transferred to high-cost areas.

For example, the report said, a first lieutenant stationed in Los Angeles earning $3,541.20 a month also receives a housing allowance of $2,010, providing monthly compensation of $5,551.20. In contrast, a GS-9, Step 3 federal employee -- the average pay grade in Los Angeles -- receives a slightly higher paycheck, $4,043, but no housing allowance.

Over the course of a year, the military officer takes home about $18,000 more than the federal employee, according to the report.

Hansen acknowledged that shifting from locality pay to housing allowances would increase costs at some agencies. She also said that many employees would object to the idea because locality pay counts toward retirement credits while housing allowances do not.

But Hansen said employees would be better off over the long term with housing allowances because locality pay was not designed and not implemented in a way to keep pace with soaring housing and living costs, especially in California.

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Locality adjustments reflect local wage increases and, over time, were supposed to narrow the gap between federal pay and private-sector salaries for comparable occupations. The adjustments, based on the Employment Cost Index prepared by the Labor Department, have not been implemented as envisioned, in part because of questions about methodology.

Hansen said the California executive boards hope the housing allowance proposal will become part of the debate on federal compensation, especially before the departments of Defense and Homeland Security begin new performance-based pay systems that take into account local labor conditions and wages.

Dynamics Of Deficit Debate Foster Paralysis (WSJ)

By David Wessel

The Wall Street Journal, July 27, 2006

If you listen to President Bush, fixing the U.S. budget deficit is nearly "mission accomplished."

Tax cuts have fueled economic growth and produced a surge in tax revenues, he says. "Because of these new revenues," he argues, "we'll meet our goal of cutting the federal deficit in half by 2008, a full year ahead of schedule."

All that's left, he says, is to cut wasteful spending (give me a line-item veto) and to "address the unsustainable growth of entitlement spending so that we can save Social Security, Medicare and Medicaid" (I'll "continue to work with Congress" on that), and we're done.

If you listen to Boston University economist Laurence Kotlikoff, things look bleaker.

CAPITAL EXCHANGE

Send comments on this week's column to capital@wsj.com1. David responds to readers' letters about last week's column2 on derivatives and hedge funds below in Capital Exchange. DIG DEEPER

• Read economist Laurence Kotlikoff's "Is the United States Bankrupt?" at http://research.stlouisfed.org/publications/review/06/07/Kotlikoff.pdf3.

• Read David Walker's "A Call for Modern-Day Patriots" at http://www.gao.gov/cghome/d06990cg.pdf4.

"The U.S. government is... bankrupt insofar as it will be unable to pay its creditors," current and future generations to whom it has promised $65.9 trillion in benefits of various kinds, he writes in the Federal Reserve Bank of St. Louis Review.

So which is it? Skip dessert a few nights? Or commit suicide because the disease is so painful and fatal?

The president makes the problem seem easier to solve than it is; it's tough for him to say that we're lost in the fiscal forest, and he hasn't found a way out. The economist makes the problem seem so big it isn't worth trying to fix; he would like to shock us into considering unpopular options for taxes and benefits.

The cacophony contributes to political paralysis and provides an excuse for procrastination. The handful of thoughtful members of Congress -- those who don't see jostling for partisan advantage as their only goal -- are frustrated.

"I feel rather intensely that we're not facing up to our fiscal crisis," says Sen. Judd Gregg, the New Hampshire Republican who chairs the Senate Budget Committee and who has bored his peers with pleas to change the budget process. "There's a lack of will -- political will, mainly -- to confront the [demographic] tsunami coming toward us," though Mr. Gregg claims to see "a latent desire to do something." Well, it certainly is latent.

Because the economy is doing OK and interest rates and inflation remain low by historical standards, it's impossible to get politicians or the populace agitated about the fact that the government has made promises to pay health and retirement benefits it cannot keep with today's tax rates -- or that, unless something is done, Social Security, Medicare and Medicaid spending will grow over the next 40 years to roughly the size of the current U.S. federal budget.

Scary numbers don't do it. Sermonizing doesn't either. Ask David Walker, who heads the congressional Government Accountability Office. "While the economy is strong today," he told the Sons of the American Revolution a few weeks ago, "it's clear that unless our elected officials get serious soon, we're headed for very rough seas in the years ahead -- seas that could threaten to swamp our ship of state." Counting on a crisis is hardly prudent.

Douglas Holtz-Eakin, freed of the constraints of heading the Congressional Budget Office and now offering budget predictions for a fee at forecasting firm Macroeconomic Advisers, takes another approach: a guess at what Congress will do.

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He expects Congress to make Mr. Bush's tax cuts permanent, and assumes that Republicans will, at the very least, have enough seats to prevent increases in tax rates from today's levels. (That may not be realistic, but it's an illuminating assumption, because it shows what would have to be done to spending.) He figures something will be done to keep budget deficits below 2% of gross domestic product, a tad beneath this year's level, because that's what usually happens.

And then he guesses what that would mean for spending; it isn't easy. Don't look to Social Security to save money. "There are lots of good reasons to reform Social Security, but no evidence that it will happen soon," he says. Count on a sharp downturn in defense spending after 2009 as troops come home from Iraq. (Who said economists are pessimists?) Restrain annually appropriated domestic spending so it grows slower than the economy. (That will be tougher than bickering over earmarks for hometown highway projects.)

That won't be enough. So he predicts Congress will turn to Medicare and Medicaid for the big money. The programs' costs are projected to rise 9.3% a year under current law. Given less-appealing budget options, he predicts Congress and the president will somehow alter the programs, or raise premiums levied on more affluent beneficiaries, to slow growth to 7.8% a year over the next decade. That sounds small; it isn't. It means changing the programs or raising premiums to the tune of $6 billion to $10 billion a year every year.

That isn't a map out of the fiscal woods. Mr. Holtz-Eakin isn't specific about substance or political tactics. But it is a compass. And we could use a compass.

• Send comments to capital@wsj.com5 and see a Q&A next Thursday at WSJ.com/Capital6.

CAPITAL EXCHANGE: Hedge Funds

Here are some of the reader comments on the July 20 Capital column7 on derivatives and hedge funds. Some of them have been edited. Thanks to all who wrote. You can reach me at capital@wsj.com8.

Herbert Kay writes: Your article in today's WSJ reminds me of the hand wringing about steroids in baseball. Those comments make it seem as if the Republic will fall if baseball doesn't get its drug policy in order. Do you think the Republic would have fallen if Long Term Capital was left to its own devices and went under? The Bank for International Settlements has put the daily global derivatives turnover at almost $6 trillion. This does not include credit derivatives. You seem to imply that, in this huge market, there would be no buyers if various hedge funds wanted to exit certain securities. It makes just as much sense to believe that there will always be opportunists waiting in the wings to pick up what they believe to be cheap assets.

David Wessel responds: Well, I do think the world would be a better place if baseball would get its drug policy in order. But, look, we know that people get hurt when there is a financial crisis, and it would seem wise to do what can be done to minimize their frequency, reduce their severity and limit the collateral damage without preventing financial markets from doing what they do well and without unnecessarily restraining innovation. It seems to me the world economy is a better place if we can avoid, say, another Great Depression or Japanese-style deflation, or a 1987 stock market crash, or the sort of widespread bond-market paralysis that accompanied the collapse of Long Term Capital Management. And if we can't avoid them, and maybe we can't, then it would seem prudent to prepare for them by, for instance, making sure that all credit derivative trades are documented so they can be resolved in a crisis. Being prepared is prudent; pretending that there will always be a buyer is not.

Tim Mullin writes: Maybe it's the latent libertarian in me -- but why is it you think a "global regulatory apparatus" will help some potential (i.e., in the future) problems. Isn't the regulatory apparatus, global or not, about 0-for-lifetime? Kind of a faith trade I suppose -- if we only had agency X "overseeing" these folks we would all be better off. It's unclear how, without historical support, etc. -- yet one always hears it. Weird. There was a FSLIC, an SEC, OTS, a federal government with a couple million workers, etc. over the course of the last couple decades, no?

David Wessel responds: I grade the global regulatory apparatus a little better than you do, though there are plenty of examples of regulatory disasters. But bank failures are largely a thing of the past; surely that has something to do with regulation and prudential supervision. But I'm not suggested a global bank-style regulator here. I am suggesting there need to be some rules of the road and some disclosure standards, though. And I'm questioning whether the energy regulating, supervising and inspecting banks makes sense as the their role in the global financial system shrinks, and other institutions pop up.

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Franklin Bird writes: Lost in the impassioned defense of hedge funds is just who would be hurt by a meltdown. Apologists insinuate that it is only wealthy individuals who are just sprinkling around a little "play money." But much of the recent inflows have been from pension funds and endowments. Who will bail them out? (Hint: look at the S&L crisis and the PGC.)

Barry Allan writes: The "side effect" of derivatives is that they are also very efficient at allowing those who wish to assume risk to take highly leveraged positions as small amounts of capital can control large exposures or, in the case of many hedge funds -- such as LTCM, very large capital pools can take enormous and very dangerous exposures. Derivatives are not the issue, leverage is.

When we have had prolonged periods of good economic growth and therefore low default risk, investors always take leveraged default or credit risk. As we get later in the cycle, interest rates rise and yield curves flatten (as we are now seeing), leverage tends to increase because, as the cost of leverage increases, you must take more to achieve the same returns.

The unique thing about credit derivatives is that there are fewer limits to the amount of leverage you can achieve than any other derivatives market. For a company with $1 billion of debt outstanding it is easily possible to have $10 or even $20 billion of CDS written. This is generally not true of other markets. As we move deeper into economic cycles we look to see which markets have the most leverage employed. It appears to us that the most leverage now is employed in commodities and structured credit products. When economic fundamentals weaken, the most leveraged areas are the most vulnerable. The leverage providers withdraw, creating forced selling and, when there is no bid while leverage is withdrawn, bad things happen. When default rates begin to rise, which is likely with a slowing economy, it is very likely that there will be highly leveraged credit derivative hedge funds liquidated. This potentially has consequences for overall credit markets, which in turn exacerbates an already weakening economy.

The Relationship Blend (NYT)

By David Brooks

The New York Times, July 27, 2006

In the world of public policy, there are ecologists and engineers. The ecologists believe human beings are formed amid a web of relationships. Behavior is shaped by the weave of expectations and motivations that we pick up from the people around us every day.

The engineers believe all this relationship talk is so much mush. They believe behavior is shaped by incentives. You give people the resources they need and socially productive, rational behavior will usually follow.

Most politicians are ecologists who turn into engineers once in office. They know how much relationships mattered to their own success. But in government, the major tool they have is a budget appropriation. So suddenly every problem turns into a question of resources.

This transition, unfortunately, leads to a misleading view of human nature and often, policy failure.

A case in point: Over the past three decades there has been a gigantic effort to increase the share of Americans who graduate from college. The federal government has spent roughly $750 billion on financial aid. Yet the percentage of Americans who graduate has barely budged. The number of Americans who drop out of college leaps from year to year.

The reasons for dropping out are as numerous as the people who do it. Many students are academically unprepared for college work. Many suffer personal or family crises. Many are bored in the classroom and disengaged on campus. Many suffer from a strange cognitive dissonance. They have high aspirations. They know what they have to do to succeed. Yet when it comes time to, say, show up for a math test, they blow it off. And yet they still seem confident they will achieve their goals.

Some students, a relatively small slice, drop out because they can't afford college. Perhaps 8 percent are driven away purely for financial reasons, according to a growing pile of research. William G. Bowen, Martin Kurzweil and Eugene Tobin summarized what we know in their book "Equity and Excellence": "It seems that family finances have a fairly minor direct impact on a student's ability to attend a college," though family background has a large impact on whether students are academically and socially prepared.

Yet when politicians address this problem, they inevitably ignore the core issues — lack of preparedness, personal crises, disengagement, cognitive dissonance. They flee to the issue of tuition costs. They think like engineers.

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Recent administrations have increased tax credits and grants to help make college affordable. This week, Hillary Clinton and the folks at the Democratic Leadership Council unveiled the centerpiece of a plan to restore the American Dream. They called for creating performance-based higher-education block grants worth $150 billion over 10 years and $3,000 tuition tax credits. They believe the programs will lead to one million more college graduates by 2015.

These are some of the smartest and best people in politics today. And yet their proposals won't work. Tuition tax credits and grants have not produced more graduates in the past and they will not do so in the future. Bridget Terry Long of Harvard meticulously studied the Clinton administration's education tax credits and concluded that they did not increase enrollment. Sarah E. Turner of the University of Virginia concludes, "Very broad-based programs such as tuition subsidies or across-the-board grants to low-income students are likely to have minimal effects on college completion while imposing large costs."

It's easy to see why politicians would want to propose tax credits as a way to bribe middle-class parents into voting for them. But if you actually want to increase the share of college graduates, you have to get into the ecology of relationships.

You have to promote two-parent stable homes so children can develop the self-control they need for school success. You have to fundamentally reform schools. You have to expand church- and university-sponsored mentoring programs and support groups. As Caroline Hoxby of Harvard notes, you have to surround students with people who will help them make informed decisions so they can attend a college they find useful.

None of these programs pack the policy wallop of a great big appropriation. But the fact is, when it comes to helping people flourish, the ecologists are usually right.

Hillary Clinton has forgotten more about early childhood development than most of us will ever know. Why she needs to be reminded about the importance of relationships is beyond me.

Parental Notification (NYT)

The New York Times, July 27, 2006

The anti-abortion bill approved by the Senate this week, which makes it a federal crime to help an under-age girl cross state lines to avoid parental notification laws, is a mean piece of legislation, which takes a politically popular concept and applies it to a range of cases that could include particularly desperate young women.

No one knows how many under-age girls seek out the help of a friend or a relative to get them out of a state that requires parental consent for an abortion and into one of the two dozen states that don't. The number may not be very large. The underlying intent of the bill's sponsors was to score pre-election points with social conservatives who are looking for reassurance that the Republican majority still cares about the abortion issue, and to do it in a way that would not alarm moderate voters who believe that parents should know if their child is pregnant and considering an abortion.

That point is unarguable, and most girls caught in that traumatic situation instinctively turn to a parent for support and counsel. But we also know that some young women are caught in situations in which that is impossible, including those in which the father or stepfather has caused the pregnancy.

Supporters of the bill conjured up images of lascivious older men ferrying off their sexual prey to out-of-state abortion clinics. Opponents envisioned a concerned grandmother or aunt, trying to help a child-victim of incest or parental abuse. But the bottom line is that the sexual predator would already be subject to prosecution for statutory rape, while the grandmother should not be the target of legal harassment at all.

President Bush has vowed to sign the bill if the Senate can agree on a final version with the House, which passed a more expansive and punitive measure. We hope opponents can find a way to head them off.

OTHER NEWS:

Fed Report Finds Economic Growth Is Starting To Slow (WSJ)

By Greg Ip

The Wall Street Journal, July 27, 2006

DOJ_NMG_0043584

WASHINGTON -- A Federal Reserve report found that economic growth slowed around the country in the past six weeks, while price pressures for the most part remained in check.

The "beige book" report on regional economic activity may give the Fed an added reason to stop raising interest rates soon, though not necessarily at its Aug. 8 meeting. Futures markets currently put even odds on the Fed either raising its short-term rate target to 5.5% at that meeting, or leaving it at 5.25%.

The report, a roundup of anecdotal information collected by the Fed's 12 regional reserve banks, found "continued economic growth...with numerous individual reports pointing to evidence that the pace of growth has slowed." Six districts "highlighted a decline in the overall rate of economic growth."

As for inflation, "increases in wages and in prices of final goods and services remained modest on net" but "scattered reports...indicated an increase in manufacturers' and retailers' ability to pass" higher energy costs "on to final prices."

The beige book is just one of many factors Fed officials consider in their rate decision, and in recent years it has had little influence because the economic data were relatively clear. However, the economy seems to have reached a turning point. Growth has begun to slow but by how much and for how long is unclear. Inflation rose unexpectedly earlier this year, and while Fed officials expect that increase to be temporary, they are more uncertain than usual in that view. At such times, anecdotal evidence such as the beige book can have added importance.

On balance, the latest beige book paints a benign picture. Consumer spending appeared to ease throughout the country, with increasing signs that consumers are tightening their belts. The New York district reported "attendance at state parks has been buoyed by people vacationing closer to home." But strong factory activity suggested business spending and exports may be picking up the slack. Manufacturing showed "significant gains across most Districts." One Chicago-district contact called commercial-lending activity "crazy competitive."

While wage pressures in general were muted, the beige book found evidence of the widening gap between the highest- and lowest-paid workers -- a rising political issue. One contact in the Boston district said that "people are seeing low- to mid-single-digit [wage] increases on average, but their 'stars,' who have an increasing number of outside offers, are asking for -- and getting -- low-double-digit raises." Meanwhile, a food retailer in the Dallas district "noted increased sales, which he attributes to lower-income customers cooking at home instead of eating at restaurants."

On prices, the Atlanta district "noted rising prices charged by various service providers," but in the Dallas district, "weaker demand of late reduced firms' ability to raise prices in some industries." Fed Chairman Ben Bernanke recently said he expects moderating growth to push inflation down in the coming 18 months.

Growth Slowing Across The Country, Fed Regional Reports Say (NYT)

By Jeremy W. Peters

The New York Times, July 27, 2006

Demand for personal loans is declining near Cleveland, while more low-income families are facing foreclosures around Kansas City. And in New York, tourism has weakened slightly.

The economic picture varies from region to region, but one trend is becoming increasingly clear: growth is slowing across the country.

The regional reports from the 12 Federal Reserve districts, many of which used words like “solid” and “strong” to describe economic activity a few months ago, are now saying growth is “modest” or “mixed.”

Reports from each district “generally indicated continued economic growth during June through mid-July, with numerous individual reports pointing to evidence that the pace of growth has slowed,” the central bank said in its monthly beige book report on the economy.

Weaker growth in consumer spending and housing punctuated the slowing of growth.

The Fed noted that consumers were spending less in stores and auto showrooms in part because of high gasoline prices. With the exception of luxury retailers, many stores reported weak or flat sales. Car dealers, the report said, had “undesirably high” inventories of sport utility vehicles.

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And residential real estate activity declined "with only scattered exceptions." The report confirmed what recent housing data has shown — that homes are taking longer to find a buyer and more of them are sitting on the market unsold.

In the New York region, a disproportionate number of unsold homes is on the high end of the market, which includes residences priced at $500,000 and up. In Florida, the Fed said home builders were increasingly turning to incentives to sell houses. In some cases there were reports of Florida developers converting residences into rental units after they encountered difficulty finding buyers.

The only two regions not to see a general slowdown in housing were St. Louis, which said the pace of home sales was largely unchanged, and Dallas, which reported strong demand and robust construction.

The general exception to the real estate slowdown was the commercial sector, where demand continues to be strong.

The report described a noticeable but slight decline in the overall growth of consumer spending, but not as deep as the slowdown in the housing market. In the Philadelphia region, for example, retailers expect sales to be slow until the back-to-school shopping season begins, but they reported no reason to think overall sales growth would slip. In the Minneapolis district, overall consumer spending increased slightly, but growth was held down by falling auto sales.

Wage and price increases, meanwhile, were modest although rising gasoline prices were adding to inflationary pressure nationwide, the report said.

"Scattered reports from various districts indicated an increase in manufacturers' and retailers' ability to pass such cost increases on to final prices."

The strong tourism activity reported by the New York region during the first half of the year is showing signs of slowing, the Fed said. Manhattan hotels reported strong business in May and June, but occupancy rates were edging down from their near-record levels of a year earlier.

The Fed's observations are significant because they help shed light on what the central bank's policy setting committee might do when it meets next month to consider another interest rate increase. With growth in many regions beginning to cool, many economists think the Fed will soon stop raising rates."The bottom line is that the Fed is not far away from the long-awaited pause in interest rates," Brian Bethune, an economist with Global Insight, wrote in a report yesterday.

The Global Interest Rate Dance, With Bernanke Leading (NYT)

By Hal R. Varian

The New York Times, July 27, 2006

NOW that the World Cup and the Tour de France are behind us, the most exciting global spectator sport is watching Ben S. Bernanke: Will he raise interest rates in August or not? And what does his decision mean for world financial markets?

When the Fed raises interest rates, global investors find dollar-denominated investments more attractive. This increased demand for American assets tends to raise the value of the dollar.

But the higher the value of the dollar, the more expensive American goods become for foreigners and the cheaper foreign goods become for Americans, worsening the balance of trade. Eventually, a highly valued dollar can lead to a drop in production in industries that are sensitive to imports or depend on exports.

International financial markets respond to interest rate changes almost instantaneously, while the real side of the economy — production, employment, imports and exports — adjusts over many months or even years.

If the dollar continues to strengthen this summer, we could see weaker demand for exports and increased demand for imports by next spring and summer, worsening the balance of trade.

But that's not the whole story. The demand for dollars depends not just on interest rates in the United States, but also on interest rates on assets in other currencies, and they are moving up as well.

On July 14, the Bank of Japan raised overnight interest to 0.25 percent, ending six years of zero interest rates. Euro interest rates are also rising, mostly in response to inflationary pressures in Europe, but they are also responding to the higher rates in the United States. These higher interest rates on euro and yen assets will tend to reduce the demand for American assets, counteracting the effects of the higher interest rates in the United States.

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The international financial system is like a 19th-century ballroom dance. The central bankers lead with an interest rate adjustment. Their partners, the global investors, watch them closely, trying to anticipate their every move. In the background, the waiters carry their trays of imports and exports slowly back and forth, taking their cues from the pace set by the dancers in the center of the ballroom.

But how will the dance end? It looks as if the United States interest rate increases will soon stop, if not in August then in September. The euro and yen rates will probably continue to rise for several months after that.

Given the direction of foreign rates, it is also possible that the dollar will become relatively less attractive to foreign investors over the next several months. A weaker dollar would stimulate demand for American exports, which would partly counteract the impact of the higher interest rates here. At least that's the rosy outlook. But there are lots of things that could happen between now and then.

Disruption in the Middle East could push oil prices even higher, setting off a ripple effect on employment. Central bankers would probably pause or reverse their rate increases to cushion such a blow.

Another worry is a natural or man-made disaster: a hurricane or a major terrorist attack could rattle the markets.

China is a wild card as well. It might change its exchange rate policy, allowing the yuan to appreciate more against the dollar to cool its own economy. Or it might change its investment policy to favor euro-denominated bonds rather than investing primarily in United States Treasury bonds. Neither of these things is necessarily bad for the United States, but such changes may have a big impact on exchange rates and global markets.

There is a palpable sense of anxiety in financial markets these days, as investors contemplate these and other possibilities. Low interest rates lulled financial markets into complacency. As rates move up, volatility in stock prices has returned with a vengeance.

This is all taking place against the backdrop of continued deficit spending by households and the federal government. If we can't balance our private and public budgets, we will have to continue to borrow from the rest of the world to make up the difference. But will they continue to lend?

The current interest rate increases are an attempt to slow the economy to avoid inflation. But over the next decade, we may be forced to raise interest rates simply to attract foreign lending to finance our budget deficit.

Such high rates would damp economic growth, putting more pressure on the Fed to return to the low-interest, easy-money policy we have seen in the past few years.

Such a policy runs the risk of stimulating inflation. The easy-money policies in the past few years have had a surprisingly small impact on wages, in part because of the threat of jobs moving to countries with lower labor costs. But if the dollar fell far enough, foreign labor would no longer be a bargain, giving domestic workers more leverage in wage negotiations.

In this chain of events, an inflationary spiral would become a real possibility, making the cost of a stumble on policy higher. Let us hope central bankers can keep dancing in step as they move interest rates back to normal levels.

Stocks End Day Below The Flat Line, As Investors Sour On Mixed Profit News (WSJ)

By Peter A. Mckay

The Wall Street Journal, July 27, 2006

Stocks edged lower after a so-so batch of corporate earnings reports set the day's tone.

The prior evening, online retailer Amazon.com reported second-quarter profit that fell short of analysts' expectations. And Boeing, one of the 30 members of the Dow Jones Industrial Average, reported a $160 million loss due to a costly legal settlement with the federal government.

Troubled General Motors provided its shareholders with some pleasant surprises amid its latest spurt of red ink: The auto maker reported a net loss of $3.18 billion, or $5.62 a share, for the latest quarter, more than triple the year-ago loss. But the latest shortfall was exacerbated by costs associated with the company's restructuring, and Wall Street analysts instead chose to focus on a 12% rise in revenue and GM's better-than-expected profit excluding one-time charges.

Treasury bonds rose, while the dollar broke a two-day winning streak against both the euro and yen.

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After spending much of the session in positive territory, the DJIA suffered a last-minute round of selling. At the closing bell the blue-chip index was off 1.20 points at 11102.51, but still up 3.6% on the year.

The Standard & Poor's 500-stock index shed 0.48 point, to end at 1268.40, up 1.6% on the year. Both those indexes were off less than 0.1% on the day. The Nasdaq Composite Index fared a bit worse, losing 0.2%, or 3.44 points, to end at 2070.46, down 6.1% on the year.

The Federal Reserve released its "beige book," an update from the Fed's 12 member banks on the state of their regional economies over the past six weeks. Six of the banks cited slower growth -- the sort of downbeat signal that many investors have welcomed lately because it may prompt the central bank to stop raising its key interest-rate targets.

Investors already are anxious about the next big economic news release: Friday's report of gross-domestic-product growth in the second quarter. That broad measure of economic output -- a preliminary figure that will be revised later -- is expected to show growth of 3.2% in the period, down from a robust 5.6% in the first quarter.

"At this point, an economic moderation would be healthy for us," said Citigroup economist Steve Wieting. "You're already seeing the market respond to that," including a sag in so-called cyclical stocks that tend to do well when the economy is on an upswing.

A drawdown in U.S. gasoline inventories pushed crude-oil futures higher. Oil for September delivery rose 0.3%, or 19 cents, to $73.94 a barrel, up 21.1% this year, on the New York Mercantile Exchange.

Gold futures rose for the second straight day to $621.60 per troy ounce, up $4.00. Gold is now up $198.20, or nearly 47%, from this time last year and is up 20% for the year to date.

Outside the U.S., stocks were little changed in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, rose 0.03%, or 0.06 point, to 208.66.

In U.S. market action:

Stocks fell. Total trading volume for stocks listed on the New York Stock Exchange was 2.71 billion shares, as 1,823 stocks advanced and 1,498 fell.

Bond prices rose. The 10-year note gained 8/32 point, or $2.50 for each $1,000 invested, pushing the yield down to 5.036%. The 30-year bond rose 13/32 to yield 5.097%.

The dollar weakened. Against the Japanese currency, the dollar fell to 116.33 yen, compared with 117.22. The euro rose to $1.2703, from $1.2579.

Judge OKs More Northwest Labor Deals, Along With Attorney Fees (LAW/AP)

By Vinnee Tong, The Associated Press

AP, July 27, 2006

A bankruptcy judge on Wednesday approved two more concession agreements from Northwest Airlines employee unions, deals that could clear the way for nearly $750 million in cost savings from the carrier's new labor pacts.

The flight attendants and flight simulator technicians were the last remaining groups that had not reached a deal to cut costs. Judge Allan Gropper's acceptance of the motions is needed for the carrier to implement other concession deals with pilots, baggage handlers, and ground and clerical workers.

Before the plans are implemented, though, flight attendants must approve the deal. They are scheduled to finish voting on the deal by Monday. It was announced at Wednesday's hearing that the technicians union, which represents 42 employees, had ratified its agreement.

All the labor agreements include a clause that required all new deals to be implemented simultaneously. Worth about $550 million, the deals with pilots and baggage handlers were approved by the court last month.

Gropper also approved payment of 80 percent of about $20 million in fees to attorneys and financial advisers. The law firm of Cadwalader, Wickersham and Taft had filed the largest claim, of about $6.5 million in compensation and expenses for its work in the case.

"Enormous amounts of hardship are being imposed on many parties," Gropper said. "And I don't look at a holdback to be even a serious hardship on a firm that is earning a great deal of fees on the case, and properly so."

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The U.S. Trustee's Office had objected to certain charges but reached an agreement over the objections before the hearing.

Under the deal with flight attendants, the company will enact wage cuts and work rule changes that were agreed upon in last-minute negotiations on July 17. The company had threatened to use court authorization to impose the wage and work rule changes, while the flight attendants had threatened to strike. The latest agreement followed intense negotiations that began July 6, when flight attendants abandoned their old union to join the Association of Flight Attendants. The AFA had promised to fight for a better contract than the one 80 percent of flight attendants had rejected in June.

The plan is estimated to cut about $195 million in costs, which was what Northwest had originally sought.

The company also reached concession deals worth $358 million from pilots and another $190 million annually from 12,200 baggage, ground and clerical workers.

Northwest Airlines Corp., the nation's fifth-largest carrier, filed for Chapter 11 bankruptcy protection in September.

As Mrs. Astor Slips, The Grandson Blames The Son (NYT)

By James Barron And Anemona Hartocollis

The New York Times, July 27, 2006

Once, she and her pearls and her designer dresses were everywhere that was anywhere in New York society: this benefit, that party, this lunch, that dedication. At her 90th birthday party, she danced the first dance with the mayor. At her 100th, 100 well-connected friends toasted her with Champagne.

Then Brooke Russell Kuser Marshall Astor, doyenne of capital-S society by night, philanthropist by day, faded from view. Already, she had closed down her charity, having given away not quite $195 million. Her explanation was a single word: "Age."

No longer was she seen on the black-tie circuit, seated to the right of an attentive host. One neighbor has seen her only once in the last two years, asleep in a wheelchair outside her apartment building on Park Avenue.

Now Mrs. Astor, 104, is at the center of a bitter intergenerational dispute that has become public. In a lawsuit, one of her grandsons has accused her son of mistreating her and turning her final years into a grim shadow of the glittery decades that went before.

The grandson, Philip Marshall, accuses his father, Anthony Marshall — a Broadway producer and former C.I.A. employee who is 82 — of failing to fill Mrs. Astor's prescriptions, stripping her apartment of artwork, confining the dogs she doted on to the pantry, reducing the number of staff members looking after her, and forcing her to sleep in chilly misery on a couch that smells of urine.

In court papers, Philip Marshall says that his father "has turned a blind eye to her, intentionally and repeatedly ignoring her health, safety, personal and household needs, while enriching himself with millions of dollars."

Philip Marshall asks that Anthony Marshall be removed as Mrs. Astor's legal guardian and replaced by Annette de la Renta, a friend of Mrs. Astor's who is married to the designer Oscar de la Renta, and JPMorgan Chase Bank, according to an article yesterday in The Daily News that quoted the court papers. Yesterday morning, Justice John E. H. Stackhouse of State Supreme Court in Manhattan ordered that the papers be sealed.

The allegations shocked the circles in which Mrs. Astor once moved, simply because they involved Mrs. Astor, who, though she was one of the most public figures in New York, always guarded her privacy carefully. Her name alone denoted power and old wealth. She is said to have thrown a would-be mugger off balance by saying, "Excuse me, we've not been introduced properly. I'm Mrs. Astor."

She became Mrs. Astor with her third husband. She had divorced the first, and the second had died. The third, Vincent Astor, was the son and heir of John Jacob Astor, who died on the Titanic, and whose fortune had begun in fur trading and real estate. Vincent Astor bequeathed Mrs. Astor $60 million for herself and an equal amount for a foundation "for the alleviation of human suffering."

But it is her suffering that Philip Marshall describes in the court papers quoted by The News. There are allegations that her son vetoed purchases of a new outfit when she turned 104, of cosmetics, of hats and socks. There are allegations that he had curbed her physical therapy sessions and stopped her injections for anemia.

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Included with Philip Marshall's allegations were affidavits from David Rockefeller, who planned her 100th birthday party, and former Secretary of State Henry A. Kissinger.

Philip Marshall could not be reached yesterday, despite many attempts. His lawyer, Ira Salzman, said the fight was being waged over concern for Mrs. Astor's care. He said others might suggest it is a dispute over who would be Mrs. Astor's heir. "The short answer," Mr. Salzman said, "is it's not."

Anthony Marshall, reached last night by telephone, said he would not comment.

David Richenthal, who produced three Broadway plays with Anthony Marshall, defended him and disputed the allegations as "the most fabricated bunch of nonsense I've ever read."

Mr. Richenthal said that he had worked in an office in Mrs. Astor's duplex apartment for the last couple of years — an apartment he said was as beautiful as when Mrs. Astor was still regularly in the spotlight. He said that her doctors had diagnosed Alzheimer's disease several years ago and that Mr. Marshall "spends a good deal of his energy taking beautiful care of his mother."

Mr. Richenthal said that Mrs. Astor's health had declined in the last 18 months or so, and that she was in an all but vegetative state. "She has no idea where she is," he said, adding that when Mr. Marshall and his wife, Charlene, visit her, "she doesn't know they're in the room."

He called Anthony Marshall "a completely dutiful son."

"One can only guess that his own son has his own emotional agenda," Mr. Richenthal said. "I've never seen him there."

He said that Mrs. Astor had round-the-clock nurses. "It may be that the number of personnel doing the nursing is reduced, but her needs are reduced," he said. "You know, that generation of socialites, when that kind of person needed a huge staff, that moment is no longer, sadly, with her. She has her social secretary, around-the-clock nurses, and lives in great luxury in her Park Avenue apartment."

But those who know Mrs. Astor said that in the last year or so, they had become somewhat concerned about how she was being cared for. One neighbor said the doormen in the building reported a couple of months ago that Mrs. Astor was no longer being taken outdoors.

That neighbor also expressed concern that Mr. Marshall seemed to be reordering his mother's life in ways that might make her less comfortable than she could have been. The neighbor said a nurse who looked after Mrs. Astor had quit, complaining that she could not stand the pressure.

That neighbor also said that Mr. Marshall had called a veterinarian to ask about removing Boysie and Girlsie, the dogs that were a fixture in Mrs. Astor's life. Mr. Marshall had said he did not want the dogs to scratch Mrs. Astor.

"He was looking for a way to get rid of the dogs," the neighbor said.

David Rockefeller's spokesman, Fraser Seitel, said that Mr. Rockefeller had become involved because he was concerned about Mrs. Astor.

"His involvement is purely out of friendship and out of trying to make certain she's getting the best treatment she can get," Mr. Seitel said. "He's a very close friend of Brooke Astor's and thinks she's a remarkable woman who deserves nothing but the best, particularly now."

In the street outside the apartment building yesterday, a spectacle that Mrs. Astor might have disdained occurred, a particular kind of New York street theater with reporters shouting questions. In midafternoon, a woman leaving the building said she was Mrs. Astor's cook, but would not give her name. The reporters surrounded her.

"I think it's great that the truth has finally come out," she said. Then she walked away.

Mrs. Astor was famous for channeling millions of dollars to the New York Public Library and to such major cultural organizations as the New York Zoological Society, the Metropolitan Museum of Art and the Pierpont Morgan Library. She made a point of visiting the institutions that received the Astor Foundation's money, from nursing homes to vest-pocket parks.

But she put aside her "job" as a philanthropist when she closed the foundation, and as she passed 100, she was seen less and less often in public. Mayor Michael R. Bloomberg, learning of the dispute yesterday, said he had met her only once, and could offer little insight.

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Vartan Gregorian, a former president of the New York Public Library who is now the president of the Carnegie Foundation, said the last time he visited her, last year, was an unexpected emotional experience.

"When she was told it was I, she opened one eye," he said. "She kissed me. She said, 'I love you.' I said, 'I love you, too.' I kissed her hand, and broke down. I'd never seen her in that weak position. I'd always seen her triumphant. She was, will always be, the first lady of New York society."

More Patients Fall Into A Hole In Drug Benefit (USAT)

By Richard Wolf

USA Today, July 27, 2006

WASHINGTON — Seniors and disabled people who have chronic health problems are increasingly entering a gap in Medicare's prescription-drug coverage and finding that they could have to pay thousands of dollars out of pocket. That's already creating a political issue for the fall elections.

An estimated 3.4 million people will have drug expenses that push them into the coverage gap, when they must pay the full cost of prescriptions. The gap, which Congress calls the "doughnut hole," begins when drug expenses total $2,250, including the amount paid by insurance. It continues until a beneficiary has spent $3,600, an amount that will increase in future years.

David Madison, 67, of Lakewood, Colo., was diagnosed with pancreatic cancer in May and fell into the coverage gap this month. One prescription eats up 20% of his $34,000 annual income. "I really don't know where the money's going to come from," he told a Democratic Senate panel last week.

Democrats, aiming to capitalize on the coverage gap, calculate that Medicare beneficiaries with average drug costs will reach it Sept. 22. Their "Doughnut Hole Day" is six weeks before fall elections, when control of Congress is at stake.

"People with diabetes, heart conditions, hypertension and mental disorders may all be hitting the doughnut hole starting now and heading into the election season," says Lindsey Spindle of Avalere Health, a consulting firm.

The U.S. Chamber of Commerce is betting that despite the gap, the prescription-drug law is a winning political issue. It is running TV and radio ads starting today praising senators and House members, mostly Republicans, who voted for the law in 2003.

After a rough start caused by the chaotic transfer of 5.8 million low-income people from Medicaid to Medicare drug coverage, the program has rebounded. By May 15, the enrollment deadline for most people, more than 38 million people on Medicare had drug coverage through the program, employers or other government insurance.

Now Republicans who heralded the program risk bad publicity in the months before the November elections. Democrats have made proposals to eliminate the gap or alleviate its impact. "Some like to say that under the Medicare prescription plan, the pharmaceutical companies got the doughnut and seniors got the hole," says Democratic Sen. Byron Dorgan of North Dakota.

A USA TODAY/Gallup Poll in April, however, found voters by 2-to-1 were more likely to back members of Congress who voted for the prescription-drug law. "If that's what they're running on, it's going to fizzle on them," says Republican Rep. E. Clay Shaw of Florida. Most seniors, he says, "are very satisfied and saving a lot of money."

Mark McClellan, head of the Centers for Medicare and Medicaid Services, says the program is a big gain for most seniors, who had little or no drug coverage in the past. "The typical beneficiary is not going to have any doughnut hole" because typical drug costs aren't high enough, he says. Those who do will have received at least $1,500 in government assistance first.

The coverage gap is hardest on people not poor enough to qualify for extra financial help under the program but who still cannot afford $3,600 or more for their drugs.

Drug manufacturers donated 35 million prescriptions worth $5.1 billion last year, but many companies stopped offering free drugs when the Medicare benefit became available. Medicare officials are trying to get those programs going again. In those cases, however, the value of the free drugs doesn't count toward the $3,600 that beneficiaries must pay before Medicare offers 95% coverage.

The coverage gap was written into the law as a way to hold down costs to taxpayers. Because the prescription-drug program is complicated, many beneficiaries didn't know about the gap.

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A study by PricewaterhouseCoopers estimated that 3.4 million people would reach the gap this year. About 2.4 million people paid higher premiums for plans that offer coverage in the gap.

Many people with expensive medical conditions such as AIDS, cancer and multiple sclerosis have reached the gap already. Others, such as those with diabetes and mental illness, are entering it now or will soon. People who take several medications also are at risk.

Ray Brown, a 51-year-old Milwaukee resident who relies on expensive drugs because of a ruptured disc in his spine, was surprised last week when a Wal-Mart pharmacist said his bill was more than $400. Brown left with only his pain medicine, leaving behind a muscle relaxant and arthritis medication. “That was the only one I could afford,” he says.

The gap is particularly hard on people with costly conditions:

•Many cancer patients who take expensive drugs such as Gleevec and Tarceva, which cost about $2,500 a month, didn't understand the doughnut hole when they signed up, says Sarah Barber of the American Cancer Society. “People were overwhelmed with finding a plan that covered the drugs that they needed,” she says.

•Some people with multiple sclerosis, whose drugs cost $1,300 to $2,000 a month, began reaching the gap in February. Many had received their drugs free from manufacturers and were “very shocked” when drug companies stopped or restricted those programs, says Kim Calder of the National Multiple Sclerosis Society.

•People with HIV/AIDS, who often take 20 or more drugs a day, began hitting the gap several months ago. Most are struggling with the cost, says Nancy Ordover of Gay Men's Health Crisis in New York City. Some are interrupting their drug regimens, at great risk, she says. “It's starting to have a deterrent effect.”

Chamber Of Commerce Launches Ad Campaign (ap)

By Will Lester

AP Chamber of Comm. Ads, GOP Candidates, July 27, 2006

Anticipating a fight over votes from seniors, the U.S. Chamber of Commerce is launching a $10 million television and radio ad campaign thanking mostly Republican lawmakers who backed the Medicare prescription drug program.

The business federation plans to air the ads in Connecticut, Ohio, Pennsylvania and Nebraska as well as other states. The money would be divided almost evenly between House and Senate races.

In one ad, Republican Sen. Mike DeWine of Ohio, who is facing a tough re-election campaign, is praised for supporting the prescription drug plan. The narrative in the ad notes that 1.5 million people in Ohio signed up and says they are saving an average of $1,100 a year.

The chamber's effort will also include direct mail, spots on Internet sites and a get-out-the-vote effort.

The prescription drug program, approved by Congress in December 2003 has been a source of political debate. The program provides subsidized benefits through private companies and got strong backing from President Bush, most Republicans and the business community.

Overall, about 43 million elderly and disabled Americans are eligible to participate in the Medicare benefit. About 22 million people are getting coverage under Medicare's prescription drug plan and another 7 million get coverage from employers whose are partially financed by Medicare, according to government estimates.

People were frustrated when the program began earlier this year because of confusion about coverage, improper denials of coverage and an inadequate system for helping people understand how to use it.

The ad comes as many seniors are experiencing the "doughnut hole" in the federal prescription drug plan. After drug costs reach $2,250, the subsidy stops until a beneficiary has paid out $3,600 of his or her own money. Then, the government will start picking up 95 percent of each purchase.

Miller acknowledged the ads are a pre-emptive strike to protect those who supported the measure.

"There's been so much demagoguery," said Bill Miller, the chamber's political director. "There is confusion whenever you start up a program this complex."

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The chamber is sending a bus to 15 states encouraging voters who support business issues to turn out. Those states are Maryland, Pennsylvania, Connecticut, New York, Ohio, Kentucky, Illinois, Indiana, Wisconsin, Minnesota, Nebraska, Iowa, Missouri, Tennessee and Virginia. Miller would not say if those were states that will air the ads that start Thursday and Friday.

Bush Welcomed At W.Va. Fundraiser (AP-Y)

By Deb Riechmann

AP2, July 27, 2006

Some GOP candidates in this fall's midterm elections are staying an arm's length from President Bush and his low poll ratings, but he was welcomed here Wednesday to help raise money for the state's lone Republican in Congress.

After spending time in Washington with Iraqi Prime Minister Nouri al-Maliki, Bush flew about an hour west to attend a private fundraiser for Rep. Shelley Moore Capito.

Republican officials said about 275 people attended the event that raised an estimated $500,000 for Capito. She is seeking a fourth two-year term in a race against Democrat Mike Callaghan.

A red U.S. Coast Guard boat sped up the Kanawha River alongside Bush's motorcade as it made its way through the city to the home of former Charleston Treasurer Drew Payne and his wife, Mary.

The president's limousine passed a demonstration by local anti-war protesters who held signs filled with the names of some of the 2,500 U.S. troops who have died in Iraq.

His motorcade also passed children at a lemonade stand and residents waving American flags and signs that said "We love W." When he left the fundraiser, he stopped at that lemonade stand, manned by youngsters holding signs that said "Lemonade Fifty Cents. Cool, refreshing, yum."

"Anybody thirsty?" he said as he bought some cups and handed them to the entourage. He also gave the kids five dollars to pay for the lemonade.

GOP Candidate Says Criticism Was A Joke (AP-Y)

By Kristen Wyatt

AP2, July 27, 2006

Republican Senate candidate Michael Steele on Wednesday called President Bush his "homeboy," reversed course on having the president campaign for him and said he was joking when he described his Republican affiliation as a scarlet letter.

The Maryland lieutenant governor, under fire for his comments, told WBAL radio that his remarks were supposed to be off the record with a handful of reporters. Instead, Steele's campaign confirmed Tuesday that he was the unnamed Senate candidate who had assailed the Bush administration and Republican-controlled Congress in a story in The Washington Post.

"I've been quoted as calling the president my homeboy, you know. And that's how I feel. ... It's a term of affection and respect for his leadership of our country in a difficult time," Steele, who is black, said in the radio interview.

The Post quoted the unnamed candidate as saying the GOP-controlled Congress should "just shut up and get something done," that the Iraq war "didn't work" and "we didn't prepare for the peace," that the response to Hurricane Katrina was "a monumental failure of government," and that "there's a palpable frustration right now in the country."

Steele also said he probably wouldn't want Bush campaigning for him in Maryland and that he considers his party affiliation a scarlet letter. The White House said Wednesday that Bush still is backing Steele in his Senate race.

Steele said Wednesday: "If the president wanted to come and help me in Maryland, he is more than welcome, because I'm not going to turn my back on a friend. I'm not gonna do that."

In the radio interview, Steele said he has been campaigning and traveling, and in the process getting a different perspective.

"We want to be very, very clear that I'm not trying to 'dis' the president. I'm not trying to distance myself from the president. I'm trying to show those lines where, you know what, I have a different perspective," he said.

Asked about the scarlet letter remark, Steele said: "So I was making a joke about the fact that in this political climate, in Maryland, being a Republican is like wearing a scarlet letter. That's all it is."

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At the White House, Bush spokesman Tony Snow said the president understands what politics is about, "and he wants Michael Steele to be elected as senator."

Snow declined to say how the president responded when told what Steele had said. "I could, but I won't," Snow said. But he remarked dryly, "I think the comments have come to his attention."

Steele also told the listeners of "The Chip Franklin Show" that he made positive comments about Bush during the meeting that weren't reported, noting that unemployment among blacks is down and black homeownership is up.

He also said his independence makes him best suited for the job.

"The president doesn't want a sycophant in the United States Senate. He wants an honest broker for the people of Maryland. He doesn't want a 'yes' man. He wants someone who's going to be genuine in his approach to solving the problems. And that's me," Steele said.

In Maryland, Republican Gov. Robert Ehrlich said Wednesday that Steele's independent streak makes him a good candidate.

"He speaks his mind. He's always going to speak his mind, which is why we have such a strong friendship," said Ehrlich, who faces a tough re-election this November. He added, "He's running a great campaign."

Asked whether he agreed with Steele, Ehrlich said, "I'm not going to get into any of that."

Snow noted that the president, the first lady, the vice president, the president's father and top White House political adviser Karl Rove have all campaigned for Steele.

"It's pretty clear that there's a commitment at this end to making sure that Michael Steele becomes the next U.S. senator from Maryland," Snow said. "And we look forward to working with him."

Steele Says He Wasn't Trying To 'Dis' President (WT)

By Jon Ward

The Washington Times, July 27, 2006

ANNAPOLIS -- Lt. Gov. Michael S. Steele said yesterday that his criticism of President Bush during an off-the-record talk with reporters was taken out of context and that the president is a friend who is welcome to campaign for him during his U.S. Senate run.

"I'm not trying to dis the president," said Mr. Steele, a Republican. "I'm not trying to distance myself from the president. I'm trying to show those lines where ... I have a different perspective."

Mr. Steele made the comments on WBAL Radio to explain what he said Monday on Capitol Hill to nine national reporters, under an agreement that his statements would be off the record.

But Tuesday, the Steele campaign confirmed that Mr. Steele was the mystery candidate at the center of a column in The Washington Post that did not name him but quoted him as saying that his affiliation to the Republican Party was "an impediment" and a "scarlet letter."

Mr. Steele also was quoted as saying that the war in Iraq "didn't work," and that the administration's response to Hurricane Katrina was "a monumental failure of government."

White House press secretary Tony Snow said he understood that Mr. Steele's comments had been "mischaracterized," and that the president still supports his candidacy.

"The president, the first lady, the president's father ... the vice president, Karl Rove, this administration has been in Maryland campaigning for Michael Steele," Mr. Snow said. "We want him to become the next U.S. senator."

A National Republican Senatorial Committee (NRSC) spokesman said Mr. Steele's comments won't stop the flow of money from national donors.

"Don't think a political hit piece based on out-of-context quotes by a liberal critic from The Washington Post is going to hold too much sway over Republican donors," said NRSC spokesman Dan Ronayne.

Mr. Steele said he also praised Mr. Bush during the lunch with the reporters, but only his critical comments were reported.

"I'm proud to be a Republican," he said. Mr. Steele also said unemployment among blacks has decreased under the Bush administration and that homeownership has increased. He also called the president "my homeboy."

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"It's a term of affection and respect for his leadership of our country in a difficult time, for his commitment to providing jobs and security, which he has done, and everyone in this country has benefited." he said.

The Washington Post's Dana Milbank said he has a tape of the lunch and that "there were one or possibly two positive remarks about the president."

"Probably half of the lunch was just not talking about the president at all," he said. "His remarks about the president were significantly and largely negative."

Mr. Steele said he thought it was important to "share an honest assessment of where we are today" and that he wasn't "afraid of George Bush."

"The president doesn't want a sycophant in the United States Senate," he said.

A spokesman for Rep. Benjamin L. Cardin, one of the two leading Democratic candidates to replace retiring Sen. Paul S. Sarbanes, said Mr. Steele's comments were "politically calculated."

Gov. Robert L. Ehrlich Jr. said Mr. Steele "is always going to speak his mind."

"I love his streak of independence," he said. "I value it."

Mark Clack, spokesman for Kweisi Mfume, the other Democratic front-runner for the Senate seat, said Mr. Steele has "got himself in a little bit of a mess, which is characterized by his desire to have it both ways."

"You can't troll for money in the base of the Republican Party, the party of the president, then turn around and act like you're trying to distance yourself," he said.

Steele Addresses Negative Comments On Bush (WP)

By John Wagner

The Washington Post, July 27, 2006

On Monday, he didn't want President Bush campaigning for him. Yesterday, he called the president "my homeboy" and more than welcomed Bush to Maryland.

Lt. Gov. Michael S. Steele's awkward dance with the media and the White House continued after the publication of quotes in which the U.S. Senate hopeful, speaking anonymously, had distanced himself from the president and his party.

Steele (R) was greeted at a morning event in Prince George's County by four television stations eager to hear more about the Monday luncheon, which was billed as a "background" briefing for reporters who could identify him only as a Republican Senate candidate.

But Steele -- who acknowledged Tuesday that the quotes were his -- clearly was not interested in rehashing the luncheon. He apologized for his early departure from a news conference yesterday, which was held to announce festivities related to a late-September college football game in Prince George's, and then he slipped out the back door.

"The press is, as you can tell, anxious to talk to me," Steele said to no one in particular. "But I'm not going to interrupt these proceedings."

"Why did you say being a Republican is like wearing a scarlet letter, sir?" a television reporter shouted as Steele disappeared. "Why did you say being a Republican is like wearing a scarlet letter?"

Just a few hours later, in the confines of conservative talk radio, Steele said he welcomed the chance to clarify his comments, which were critical of the Iraq war and Bush's response to Hurricane Katrina. But he backed away from his suggestion at the luncheon Monday that he would "probably not" want Bush to come to Maryland to campaign for him.

"I've been quoted before as calling the president my homeboy, you know, and that's how I feel," Steele said on WBAL (1090 AM) radio in Baltimore. "I'm not afraid of George Bush. If the president wants to come and help me in Maryland, he is more than welcome. I'm not going to turn my back on a friend. I'm not going to do that. I want to make that very clear."

For Democrats, it was another day to relish the pitfalls that Republicans face in a state where they are outnumbered nearly 2 to 1 and their president is not so popular.

Maryland Democratic Party Chairman Terry Lierman said Steele seemed to have a "fatal attraction" to Bush -- eager for his fundraising help but wary of his political baggage.

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"Steele should know that if there's one thing that Marylanders like less than Bush, it's politicians like Michael Steele who try to have it both ways," Lierman said.

White House press secretary Tony Snow suggested that Bush was just fine with the relationship. Snow said Steele's comments had come to Bush's attention, but he declined to share the president's reaction.

"I could, but I won't," Snow said with a laugh. "The president understands what politics are about, and he wants Michael Steele to be elected United States senator."

Gov. Robert L. Ehrlich Jr. (R), who picked Steele as his running mate in 2002, touted Steele's "independent streak" yesterday while distancing himself from his lieutenant governor's comments.

"He's always going to speak his mind," Ehrlich told reporters after a meeting in Annapolis. "Those are his views. They're not my views."

During the radio interview, Steele suggested that he was surprised to see his unattributed comments in print Tuesday in an article by Washington Post reporter Dana Milbank. Steele said they represented only a portion of what he said at the luncheon -- leaving out, he said, comments favorable to Bush.

And Steele said he was surprised by all the attention, given that he has made similar statements in the past. "There was nothing new said," Steele said.

"I'm not trying to dis the president," he added. "I'm not trying to distance myself from the president. I'm trying to show those lines where I have a different perspective and a different point of view. If I'm not free to share that as a candidate for the U.S. Senate, how can people expect me to share that and express that as a United States senator?"

Steele Tries To Patch Up His Ties To President (BSUN)

By Jennifer Skalka

The Baltimore Sun, July 27, 2006

Lt. Gov. Michael S. Steele, describing President Bush as his "homeboy," said Wednesday that "if the president wants to come and help me in Maryland he is more than welcome."

"I'm not going to turn my back on a friend," he said on WBAL radio Wednesday. "I'm not going to do that."

His hospitable remarks contrasted with his sharp, anonymous criticism of the Bush administration published in The Washington Post on Tuesday and his assertion that he would "probably not" want the president to stump for his Senate campaign.

During the radio interview, Steele played down his earlier contention that running as a Republican candidate this year was akin to wearing "a scarlet letter," maintaining that he had been joking.

As Steele worked Wednesday to mend fences with the White House, which has raised big money for his Senate bid, the Bush administration sought to shake the whole thing off, calling it politics, plain and simple.

"It's pretty clear that there's a commitment at this end to making sure that Michael Steele becomes the next U.S. senator from Maryland," White House press secretary Tony Snow said, adding that Bush had been apprised of Steele's remarks but that he was unwilling to repeat the president's response.

To be elected, Steele will have to appeal to Democrats, who outnumber Republicans 2-to-1 in the state, and lure independent voters. Recent polls show Steele trailing both of the leading Democratic challengers.

During the radio interview, Steele said he wants to "have an honest conversation" with Maryland voters and that he has always been an independent thinker.

His published remarks -- which included stern criticism of Bush's Iraq policy ("It didn't work") and his sluggish response to Hurricane Katrina ("A monumental failure of government") -- led to a frenzied but short-lived guessing game in political circles about their source, a Republican senatorial candidate who initially was not identified.

When the Steele campaign confirmed Tuesday that he was the one who had bashed his party's leader, Democrats and some pundits suggested that the episode was a shrewd, calculated attempt to put distance between the candidate and an unpopular president. <

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That was not his intention, Steele said Wednesday. He thought his conversation with a group of reporters at a Capitol Hill steakhouse was private, he said, accusing the Post of violating his confidence.

At the same time, he sought to portray his comments as unremarkable, maintaining that he was repeating statements he had made publicly and frequently.

A check of the public record shows he has had little to say about Hurricane Katrina and Iraq in the past.

Steele did tell The Washington Times in March that Katrina relief was "an incredible failure of the government to recognize and execute its responsibility on all levels."

In September, in the immediate aftermath of the hurricane Steele focused on Baltimore Mayor Martin O'Malley, who he said "jumped the gun" in sending rescue personnel to Louisiana without full approval of emergency officials. O'Malley, a Democrat, is running against Gov. Robert L. Ehrlich Jr.

On Iraq, Steele has said he advocates accelerating bringing U.S. troops home. He also has argued -- in line with Bush -- that the United States should not pull out until Iraqis can police and govern themselves. In the interview published this week, however, Steele stopped just short of calling the war a failure.

"People want an honest assessment from the administration, and they want to hear the administration admit we thought this, and it didn't happen than way, and -- guess what -- it didn't work, so we're going to try a Plan B," Steele said.

He also stressed his party allegiance during Wednesday's radio interview.

"Everyone in the country knows that the party has been taking some hits and that people have some concerns here and there," Steele said. "That's the environment in Maryland. It's reflected in the polls. ... But it doesn't change who I am. It doesn't change the fact that I'm going to be running as a Republican. I'm proud to be a Republican."

As a former head of the Maryland GOP, Steele has been a staunch advocate for Bush. He delivered a rousing speech supporting the president at the 2004 Republican National Convention in New York.

In turn, Bush raised $500,000 for the lieutenant governor last fall. Vice President Dick Cheney, former President George H.W. Bush and former first lady Barbara Bush, former White House chief of staff Andrew Card and presidential adviser Karl Rove are among the Bush loyalists who have headlined fundraisers for Steele's campaign.

"The Steele-Bush relationship is a fatal attraction, and Michael Steele knows it," said Maryland Democratic Party Chairman Terry Lierman. "Steele can't say no to Bush when it comes to Iraq, stem cells or millions in campaign cash. Steele should know that if there's one thing that Marylanders like less than Bush, it's politicians like Michael Steele who try to have it both ways."

Jennifer Duffy, editor and political analyst for The Cook Political Report, said she is not surprised that the Bush administration is willing to let bygones be bygones.

Voters will have to decide for themselves whether they think Steele's latest critique of the president's policies is sincere or contrived, she said.

"The White House has invested a lot in this campaign, and they're not going to walk away now," she said.

Ehrlich said his State House partner has "an independent streak."

"That's why we we're drawn to each other," the governor said.

Bush Backs Steele (AP)

AP, July 27, 2006

WASHINGTON - As the old saying goes, all is fair in love and war. And politics, too.

Even though Republican Michael Steele says he probably wouldn't want President Bush campaigning for him in Maryland and that he considers his party affiliation a scarlet letter, the White House said Wednesday that Bush still is backing Steele in his Senate race.

"Look," said Bush spokesman Tony Snow, "the president understands what politics are about. And he wants Michael Steele to be elected as senator."

Steele spoke critically of his party and the president during an interview with reporters Monday, under the condition that he not be quoted by name. The Washington Post reported the comments Tuesday without attribution, creating a guessing game about the source among political observers.

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The Post quoted the unnamed candidate as saying the GOP-controlled Congress should "just shut up and get something done," that the Iraq war "didn't work" and "we didn't prepare for the peace," that the response to Hurricane Katrina was "a monumental failure of government," and that "there's a palpable frustration right now in the country."

The Steele campaign on Tuesday confirmed to The Associated Press, which did not attend the interview, that he was the source.

Snow declined to say how the president responded when told what Steele had said. "I could, but I won't," Snow said. But he remarked dryly, "I think the comments have come to his attention."

In Maryland, Republican Gov. Robert Ehrlich said Wednesday that Steele's independent streak makes him a good candidate.

"He speaks his mind. He's always going to speak his mind, which is why we have such a strong friendship," said Ehrlich, who faces a tough re-election this November. He added, "He's running a great campaign."

Asked whether he agreed with Steele, Ehrlich said, "I'm not going to get into any of that."

Snow said he understands that Steele's opinion of Bush wasn't all bad and that he had some favorable things to say that were not reported. Snow said he's been trying to get through to Steele to get the full story.

He noted that the president, the first lady, the vice president, the president's father and top White House political adviser Karl Rove have all campaigned for Steele.

"It's pretty clear that there's a commitment at this end to making sure that Michael Steele becomes the next U.S. senator from Maryland," Snow said. "And we look forward to working with him."

GOP Candidates Wonder How Far From Bush Is Best (HILL)

By Jonathan Allen

The Hill, July 27, 2006

Senate Republicans are divided over the questions of whether and by how much GOP candidates should distance themselves from President Bush and the Iraq war on the campaign trail this year.

Bush's approval rating remains stuck in the 30s, and at least two elected Republican officials have suggested recently that the president may be an albatross in the upcoming midterm elections.

While some Republican senators are staking claims to independence in their home states, others are quicker to embrace the president. They must weigh the advantages of Bush's imprimatur in Republican circles against his poor ratings among Democrats and independents.

The dangers of running alongside Bush were underscored by the release yesterday of a poll of Washington state voters in which Republican Mike McGavick trailed Democratic Sen. Maria Cantwell by just four percentage points, 48 to 44 percent. The same poll, conducted by the GOP firm Strategic Vision, showed Bush with a paltry 30 percent approval rating in the state.

Maryland Lt. Gov. Michael Steele, a Republican who is running for the Senate seat being vacated by Democrat Paul Sarbanes, told reporters Monday — initially under the condition of anonymity — that he probably would not want Bush to campaign for him, that his party affiliation is a "scarlet letter" and that the Iraq war "didn't work." The comments were published Tuesday in Dana Milbank's column in The Washington Post.

Two of the top Democratic targets this year, Sens. Rick Santorum (R-Pa.) and Mike DeWine (R-Ohio), sought to portray themselves as independent yesterday without pushing away from Bush.

"When I agree with the president, I say so. When I disagree, I say so," said Santorum, who supported 100 percent of Bush's stated positions in 2004 and routinely scores in the high 90s in such tallies, according to Congressional Quarterly.

"The race for the United States Senate in Ohio is between Mike DeWine and [Democratic Rep.] Sherrod Brown. It's not a referendum on anyone else," DeWine said.

But two other Republicans running in competitive reelection races, Sens. Conrad Burns (R-Mont.) and Jon Kyl (R-Ariz.), indicated that they won't part with the president.

"You don't distance yourself from your leader," Burns said. "This guy's tough, and that's what I like about him."

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There is a “certain degree of deference, a certain degree of consideration that should be given to the president,” Kyl said. “He’s welcome in Arizona for me anytime.”

Sen. George Allen (R-Va.), who is up for reelection this year and may run for president in 2008, recently said he refrains from criticizing Bush.

“I won’t kick a friend when he’s down,” Allen said.

Last week, the leading candidate to head Senate Republicans’ campaign arm in the next election cycle said that the Iraq war has taken a toll on Bush’s popularity and that GOP candidates should identify aspects of Bush’s Iraq policy with which they disagree.

“I would point those out and highlight them,” Sen. John Thune (R-S.D.) told reporters at the National Press Club.

Sen. John Cornyn (R-Texas), a close Bush ally, said there is room for candidates to abide by the “moral commitment” the United States has made to the Iraq war and still create distance between themselves and the president on the issue.

Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.) said Republican candidates will not benefit from seeking distance from Bush.

“They can run, but they can’t hide,” he said.

White House Chief of Staff Joshua Bolten tried to tamp down talk of Republican candidates’ creating daylight between themselves and the president during an appearance Sunday on NBC’s “Meet the Press.”

“The president is out there campaigning, fundraising at a pace that’s even faster than he did in the last midterm cycle four years ago,” Bolten said.

Steele’s remarks do not appear to have undermined support for him at the White House or on Capitol Hill.

“We want him to become the next U.S. senator,” White House spokesman Tony Snow said.

“We’re happy to have him as a Republican,” said Sen. Jim DeMint (R-S.C.). “We’re proud of him.”

Steele told a Maryland radio station yesterday that his scarlet-letter comment was a joke, according to the Associated Press. Thune told Bolten and others that his remarks had been mischaracterized.

Simmering Rage Within The GOP (WP)

By David S. Broder

The Washington Post, July 27, 2006

My weekend visitor was one of the founders of the postwar Republican Party in the South, one of those stubborn men who challenged the Democratic rule in his one-party state. He was conservative enough that in the great struggle for the 1952 nomination, his sympathies were with Sen. Robert Taft of Ohio, not Dwight D. Eisenhower.

He has lived long enough to see Republicans elected as senator and governor of his state and to see a Republican from the Sun Belt behemoth of Texas capture the White House. His profession won't let him speak with his name attached, but he is sadly disillusioned.

"My wife was thrilled by the veto" Bush administered last week to the bill expanding federal funding for embryonic stem cell research, because she shares the president's belief that those clumps of cells destroyed in the research process represent human life. "I thought it was stupid," he said. "I know too many people who are like this" -- and he shook his hands like a victim of Parkinson's disease -- "and their only hope of a cure is in stem cells. Now Bush is forcing that science to move overseas."

He went on: "How the hell long can they refuse to raise the minimum wage?" He was furious, he said, with the Republican leaders of Congress who keep blocking bills to raise the minimum wage, which has been stuck at $5.15 an hour for years. "I'm a conservative," he said, "but they make me sound like a damned liberal the way they act. They spend like fools, they run up the deficits and they refuse to give a raise to the working people who are struggling. How the hell are you supposed to live on $ 5.15 an hour these days?"

"If it wasn't for Pelosi," he said, "I'd just as soon the Democrats take over this fall. Get some checks and balances and teach these guys a lesson."

In the end, his dislike of the House minority leader, Nancy Pelosi of California, and his ingrained disdain for the Democrats may keep my friend voting Republican. But the complaints that I heard from him -- echoed by many of his contemporaries in the

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Taft-Goldwater-Reagan wing of the GOP -- are a significant factor in the dynamics of the midterm election. They could spell trouble for Republicans in mobilizing their vote this fall.

I first became aware of the spreading discontent on the right in visiting with people in the church social hall after the funeral this spring for Lyn Nofziger, Ronald Reagan's longtime press spokesman and adviser. The comments about the Bush White House people -- who were notable by their absence at the service -- startled me.

But since then I have heard the refrain over and over: They never reached out to us. They never thought they needed our help. Now they're in trouble. To hell with them.

Whether or not the complaints are justified, they are epidemic. They are often accompanied, as they were in the case of my weekend visitor, by the comment that everything the White House does seems to be aimed at pleasing only one section of the Republican coalition -- the religious right.

That is why there was so much high-fiving on e-mails and phone calls among other Republicans over the defeat last week of Ralph Reed, the one-time driving force of Pat Robertson's religious-political movement who lost the nomination for lieutenant governor of Georgia because of his links to disgraced lobbyist Jack Abramoff.

Reed, a major operative in Bush's presidential campaigns, is a symbol to many others of the influence of the religious right, though in fact he was much more political operative than preacher.

But the dissent threatens Republican chances of avoiding a major defeat in the midterm elections. Andrew Kohut's survey for the respected Pew Research Center last month found Democrats far more motivated to vote this year than Republicans. The Democrats held a 16-point advantage over the GOP on the question Kohut uses to gauge the level of interest in voting, exactly the reverse of the situation in 1994, the year the Republicans took over Congress.

In the past two elections -- 2002 and 2004 -- Karl Rove, Ken Mehlman and the rest of the Republican leaders demonstrated a superior ability to locate and turn out their voters. But in neither of those years did they face the formidable barriers in place this year, starting with the weariness with the war in Iraq. The last thing they need is the disaffection now being displayed in their own ranks. This looms as the supreme test of their political skills.

Governor Praises Faith-based Efforts (DMN)

By Wayne Slater

The Dallas Morning News, July 27, 2006

AUSTIN – Gov. Rick Perry assured advocates of faith-based programs Tuesday that he's on their side and wants to "tear down barriers" that limit the flow of government money to religious groups.

Appealing to religious conservatives targeted by his re-election campaign, Mr. Perry praised the work of faith-based initiatives that help administer social service programs.

He touted his office's involvement in distributing $500,000 in federal grants to 25 Texas faith-based and community organizations.

"Government needs partners to share the mission," the Republican governor told several hundred delegates to a conference on faith-based initiatives organized by the White House.

"Texas aims to be a national leader in leveling the playing field for faith-based and community organizations so that all organizations can compete equally for public dollars," he said.

A recent congressional report found that the Bush administration's effort to make federal money available to such groups lacks both adequate safeguards against religious discrimination and procedures to measure program performance.

Speaking to reporters after his conference appearance, Mr. Perry dismissed the concerns in the Government Accountability Office report.

"I am very comfortable with the accountability of these programs," Mr. Perry said.

Dan Quinn of the Texas Freedom Network, a nonprofit group that monitors church-state issues, accused the Republican governor of using the conference to bolster his re-election.

"It doesn't surprise us that the governor would be standing in front of this crowd today trying to take credit for steering tax dollars to religious groups and churches whose political support he's been cultivating for a long time," said Mr. Quinn.

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The governor's office of faith-based initiatives, which is handled by a private foundation he created, helped promote the White House conference.

Mr. Perry took an active role in a network of Christian pastors called the Texas Restoration Project, which spearheaded a voter-registration effort aimed at religious conservative voters.

Mr. Perry rebuffed the charge that he's cultivating his political base, calling it "so much white noise."

"Critics would criticize me if I were speaking to the Busy Bee Quilting Club," he said.

Perry Preaches Public Funds For Faith-based Service Groups (HC)

By Peggy Fikac

Houston Chronicle, July 26, 2006

AUSTIN — At the intersection of government and religion, Gov. Rick Perry sounded something like a preacher Tuesday as he touted public funds for faith-based and community groups helping the poor, the addicted and refugees.

"There are a great many who have heard a calling of service and have answered with the words of Isaiah, 'Here am I. Send me,' " he told the White House Conference on Faith-Based and Community Initiatives, as some in the crowd estimated at more than 1,000 murmured the words with him.

The conference is one of a series designed to help social services groups get public grant money and, when they get the funds, to stay within the law regarding religious activities and to measure their programs' effectiveness.

Hint: If you are running Bible study and job training, keep them in different rooms and make sure you keep careful account of how you spend the federal dollars.

"You can't preach on Uncle Sam's dime," said Dominique Ludvigson, of the White House Office of Faith-Based and Community Initiatives under President Bush.

Perry, who followed Bush into Texas' top office and in reaching out to faith-based organizations, said Texas aims to be "a national leader in leveling the playing field" for faith-based and community groups to compete for public funds to provide public services.

Among other efforts, he commended such groups' work in helping people who took refuge here from Hurricane Katrina. He echoed a favorite phrase of his predecessor, praising those attending the conference as "foot soldiers in the armies of compassion."

Critics say Perry, a Republican running for re-election, and Bush have used the religious issue for political gain and contend there's not enough accountability in funding to faith-based groups.

At the same time, their administrations aren't the first under which groups with religious ties have received government funds. And politically, Democrats are working to reassert their own religious faith in the public eye.

Dan Quinn of the Texas Freedom Network, which describes itself as "a mainstream voice to counter the religious right," said a U.S. Government Accountability Office study last month found a lack of accountability in federal faith-based programs and that his network found similar problems in state programs in 2002.

"The governor would love to be seen steering tax dollars to religious groups and churches whose political support he has spent a lot of time and effort trying to gain," Quinn said. "But given the lack of accountability with these programs, it's not even clear that they would be helping anyone except the governor's re-election campaign."

Perry said, "First and foremost, critics would criticize me if I were speaking to the Busy Bee Quilting Club. We're 100 days out from an election, so that's just so much white noise.

"I am very comfortable with the accountability in these programs. I can assure you that we are scrutinized" by lawmakers and outside groups, he said. "I don't have a problem with scrutiny. It's what makes the world go 'round, and we try to be as open and transparent as we can be with these funds."

Democratic candidate for governor Chris Bell, a former Houston congressman and City Council member, said qualified faith-based programs should get public funding, but at the same time the line between church and state must be maintained.

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He noted that Democrats recognize "we need to be fully engaged in the discussion about morals and values. ... Many people in the Democratic Party have come to recognize that one of the biggest mistakes we made in the last 20 years was forfeiting the debate about morals and values to the Republicans.

"The misconception on the part of a lot of people is we haven't had faith-based initiatives until George Bush came along," he said, adding that there have long been "very productive" programs, such as the SEARCH project helping Houston's homeless.

Mark Sanders, spokesman for independent candidate for governor Carole Keeton Strayhorn, the state comptroller, said she supports funding for faith-based programs.

"These are good people doing good work," he said, adding, "It is worth pointing out that while this governor points to support for faith-based organizations doing good deeds, he as the state's top official is overseeing programs that are abandoning and neglecting our children and elderly."

Independent candidate Kinky Friedman's campaign didn't immediately provide a comment.

Perry has touted his record, including passage of additional funding last year for protective services. He has been supported by religious conservatives but brushed aside a question about the importance of faith-based groups to his re-election.

Perry Touts Public Money For Faith-based Groups (AAS)

By Corrie MacLaggan

Austin American Statesman, July 26, 2006

The government should tear down barriers that limit faith-based and community organizations' access to public funds, Gov. Rick Perry said Tuesday at a White House-sponsored conference in Austin.

Supporting faith-based organizations has been a pet project of President Bush, who created a White House office on the topic in 2001. But the issue has not gained traction in the Texas gubernatorial race.

'I have long believed that government can't solve every social ill and certainly can't give meaning to the human heart,' Gov. Rick Perry said Tuesday during a conference on faith-based organizations.

Perry's three main opponents said that they support faith-based initiatives but that they think voters are more concerned about issues such as transportation and property taxes.

Perry said Texas' faith- and community-based organizations were crucial in the aftermath of Hurricane Katrina.

"I have long believed that government can't solve every social ill and certainly can't give meaning to the human heart or replace strong families and vibrant communities," Perry told an audience of about 1,500 at the downtown Hilton Austin Hotel.

At the White House Conference on Faith-Based and Community Initiatives, one of several similar regional events, attendees such as Ruthalyn Anderson, administrator of All Nations Christian Center Church of God in Christ in Round Rock, learned strategies for writing grants and working with the federal government.

The church wants to tap into federal funding to expand service programs such as one for at-risk boys, Anderson said.

White House officials said the general guideline is "Don't preach on Uncle Sam's dollar," but they told attendees that it's OK to have, for example, both a meal program that receives public funds and a Bible study that does not, as long as the two are in a different room or at a different time.

But in a report released this month, the federal Government Accountability Office found that some faith-based organizations receiving federal funds did not properly separate such activities and that the White House is not assessing the progress of grant recipients.

The Texas Freedom Network reported similar problems in 2002, said Dan Quinn, a spokesman for the Austin-based watchdog group.

"It doesn't surprise us that the governor was over there today trying to take credit for steering tax dollars to religious groups and churches he's been courting for political support for quite awhile," Quinn said. "The question is, given the lack of accountability, it's not even clear that the programs are helping anyone except the governor's re-election campaign."

Nationally, faith-based organizations received more than $2.15 billion in federal funds in the 2005 budget year.

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State officials did not have an estimate for money received by Texas organizations. But Perry said that the OneStar Foundation, which he created by executive order in 2004, awarded $500,000 in federal grants this year to 25 faith- and community-based organizations in Travis, Harris, Tarrant and Bexar counties.

Comptroller Carole Keeton Strayhorn, an independent gubernatorial candidate, supports faith-based organizations, spokesman Mark Sanders said.

"These are good people involved in good programs," Sanders said. "It's important to point out that while Governor Perry may give this lip service, as the state's chief officer, he is overseeing state programs that are neglecting our foster children and our elderly."

"Faith-based can help," said fellow independent gubernatorial candidate Kinky Friedman, who supports prayer in school. "But to rely on it to save Texas is like throwing the teachers a court-ordered crumb and saying, 'Look what I've done for education.' "

Democratic candidate Chris Bell said he hasn't been asked once about faith-based initiatives on the campaign trail.

"I certainly don't oppose faith-based initiatives from a general standpoint, but I do think there need to be guidelines, just like there ought to be for any organizations receiving public funding," Bell said.

Texas GOPers Have Faith In DeLay (RC)

By David M. Drucker

Roll Call, July 27, 2006

While former Rep. Tom DeLay (R-Texas) stays mum on his political future, Texas Republicans say they fully expect him to run for his old seat should a court ruling force him to remain on the November ballot.

Republicans remain confident that the 5th Circuit Court of Appeals will overturn a U.S. District Court decision preventing the Texas Republican Party from declaring DeLay ineligible to run for office and replacing him with a candidate free of his ethical and legal baggage. But if Republicans lose their appeal, being heard Monday, they believe the former Majority Leader will reignite his campaign and wage a vigorous battle to defeat the Democratic nominee, former Rep. Nick Lampson.

“If the Congressman is on the ballot, in my opinion, he will campaign and will be successful,” said Jared Woodfill, Harris County Republican Party chairman . “I think now his chances are greater [than before] because the lawsuit has stirred up our base.”

Texas Democrats last month successfully sued to force DeLay to remain on the November ballot.

Oral arguments on the GOP’s appeal are scheduled for 10 a.m. Monday in New Orleans.

DeLay’s daughter and spokeswoman, Dani DeLay Ferro, declined to comment on her father’s thinking and said no discussions have occurred regarding what he might do if ordered to remain the Republican nominee for the Houston-area 22nd district.

DeLay held the seat for more than two decades before resigning June 9 and moving his official residence to Alexandria, Va., in a purposeful and joint effort with the Texas GOP to have himself declared ineligible for the ballot, per Texas election law mandating Congressional candidates be state residents.

“Any thoughts or decisions beyond the appellate court decision are pure speculation. There haven’t been any discussions or decisions made,” Ferro wrote in an e-mail. “We’re not getting into the speculation game. All discussions will begin in earnest after the 5th Circuit decision.”

No Republican interviewed for this story claimed firsthand knowledge of DeLay’s plans. But almost unanimously, Republicans agreed DeLay would not leave them without a candidate to pit against the well-funded Lampson, if the appeal filed by the Texas Republican Party is denied.

Houston City Councilwoman Shelley Sekula-Gibbs (R) and Sugar Land Mayor David Wallace (R), both vying to be appointed by party leaders to replace DeLay on the ballot if the appeal is successful, are prepared to campaign on behalf of the former Congressman if the Texas Democratic Party’s successful lawsuit to block the replacement process is upheld on appeal.

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"Tom has openly indicated that if his name remains on ballot, he will run an aggressive campaign. And for the benefit of the Republican Party, he's going to need to do that," Wallace said. "I think you'll see a great deal of support fall in behind him, not just from the citizenry of district 22, but all the individuals who have wanted their name on ballot" to replace him.

State Rep. Charlie Howard (R), another possible substitute candidate, said the Texas Democratic Party's lawsuit to block the replacement process has backfired, overriding any disillusionment Republican voters feel concerning DeLay. It now has reached the point, he said, where Republicans will vote for DeLay if he remains on the ballot — even though some might not have, had he not resigned and abandoned his re-election bid.

Howard expressed no doubt about DeLay running a strong campaign to win if Republicans lose their appeal, predicting he would be victorious and then resign so that a special election could be held for the seat in which a Republican would be favored because of the GOP makeup of the district.

"I think he really doesn't have a desire to serve," Howard said.

DeLay won the March 7 Republican primary with more than 60 percent of the vote while defeating three challengers, but he abandoned his re-election bid after determining victory would be difficult given his ties to disgraced GOP lobbyist Jack Abramoff and the indictment for allegedly breaking Texas election law hanging over his head.

In a ruling earlier this month that DeLay must stay on the ballot, U.S. District Court Judge Sam Sparks — a GOP appointee — found Texas' residency requirement unconstitutional, while also ordering 22nd district Republicans to refrain from deciding on who the former Congressman's replacement would be.

That has left the potential Republican candidates in wait-and-see mode while Lampson campaigns unopposed and rakes in the cash. The Democrat closed the second quarter fundraising period with slightly less than $2.2 million in the bank. Some of the potential Republican candidates also are raising money.

"It's definitely more difficult when you're in a holding pattern," Sekula-Gibbs said. "But I've been continuing to campaign and work hard on the issues to make sure I'm in a strong position to get the nomination."

Republicans in the 22nd district aren't waiting for the appellate court to render a decision before deciding how they're going to handle the potential outcomes — even if the DeLay camp is.

At the county party level, the GOP is working to counter Lampson and inform voters about his record during his previous stint in Congress, party leaders said.

The 22nd district is overwhelmingly Republican, and the strategy is to highlight a Congressional voting record that earned Lampson a 63 percent "liberal" rating by National Journal on economic policy, 61 percent liberal rating on social policy and 68 percent liberal rating on foreign policy in 2002 when he served in the old 9th district.

Woodfill, the GOP chairman in Harris County, said 30,000 automated calls have been made in the district, with targeted mailings and plans to hit the radio and television airwaves pending.

Because any potential replacement candidate is likely to have three months, at most, to campaign against Lampson and raise the funds necessary to do so effectively, much of that burden is going to fall to the four county parties encompassed in part by the boundaries of the 22nd district — and possibly the National Republican Congressional Committee.

Harris County likely will bear the brunt of that responsibility, by virtue of it being the largest county in the district, Woodfill said.

"I think anyone who doesn't make contingency plans is being shortsighted," Wallace said.

Hillary's Brother Barred From Bank Account (WT)

By Jim Mcelhatton

The Washington Times, July 27, 2006

Sen. Hillary Rodham Clinton's brother Anthony D. Rodham has been barred from accessing his bank account while a bankruptcy trustee demands that he repay more than $100,000 in loans from a carnival company whose founder was pardoned by President Clinton, filings in federal bankruptcy court in Alexandria show.

Mr. Rodham, one of Mrs. Clinton's two brothers, received $107,000 in loans from United Shows of America Inc. after its owners obtained the presidential pardon over the objections of the Justice Department.

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United Shows went bankrupt in 2002, and control of its finances was placed in the hands of court-appointed trustee Michael E. Collins, who has sought to garnish Mr. Rodham's wages.

A consent order filed Tuesday in U.S. Bankruptcy Court for the Eastern District of Virginia said Mr. Rodham is barred from taking money out of a bank account containing about $142,000, pending a hearing next month.

Last year, Mr. Collins won a default judgment against Mr. Rodham in a complaint filed in bankruptcy court in Nashville, Tenn. The trustee sought repayment of the loans, plus more than $40,000 in interest.

Mr. Rodham "received the benefit of the loans without making any repayment," said a document filed last year in Nashville.

Mr. Rodham, known as Tony, declined to comment yesterday on the United Shows matter. The Vienna, Va., resident questioned the relevance of the case as a news story.

"I just happen to be the brother-in-law of a person who became president," he said. "I'm not a public figure."

His naming in the bankruptcy case is the latest distraction to Mrs. Clinton's political aspirations caused by her two younger brothers. Mrs. Clinton, a Democrat, is seeking re-election in November to her Senate seat from New York and is weighing a presidential bid in 2008.

In August 2001, Mr. Rodham became involved in a brawl at the Rodham family's summer cottage in Pennsylvania with a man who said he caught Mr. Rodham having sex with the man's girlfriend.

Mrs. Clinton's other brother, Hugh E. Rodham Jr., intervened in that fight.

Hugh Rodham, 56, also came under scrutiny for his role in Mr. Clinton's pardons. A lawyer, he returned about $400,000 he received for lobbying for a presidential pardon and prison commutation for two clients.

Both brothers were criticized in 1993 when they sought corporate contributions to pay for festivities surrounding their brother-in-law's first inauguration.

United Shows' owners -- Edgar Gregory Jr. and his wife, Vonna Jo Gregory -- won a pardon from Mr. Clinton in March 2000. They were convicted of bank fraud in 1982 for illegally giving loans to friends. Mr. Gregory died in 2004.

Legal filings show Mr. Rodham received $107,000 in loans from United Shows in 16 checks issued by the company from May 2000 to February 2002, about six months before United Shows filed for bankruptcy protection.

To collect the money, Mr. Collins last month filed a writ of garnishment in bankruptcy court in Alexandria against Mr. Rodham. He also filed a judgment lien against Mr. Rodham in D.C. Superior Court.

Todd J. Zywicki, a bankruptcy specialist and law professor at George Mason University, said the consent order isn't unusual in cases in which a bankruptcy trustee is trying collect on a judgment.

"It's standard debt collection to be able to freeze a bank account to protect the garnishment rights," he said. "Basically, the bankruptcy can reach out and grab the assets wherever they are."

Mr. Rodham did not respond to the complaint filed last year in Nashville, but papers filed Monday by his attorney in Alexandria say he plans to fight the judgment.

The filing raises questions about whether Mr. Rodham knew of the proceedings against him.

A summons in the Nashville case was sent to a D.C. address at which "Mr. Rodham had not resided for a considerable period of time," said the filing by Rodham attorney Steven B. Ramsdell, who declined to comment yesterday.

Mr. Ramsdell's motion asks U.S. Bankruptcy Judge Robert G. Mayer to quash the garnishment summons filed against his client.

McCaskill Hit With GOP Ethics Complaint (HILL)

By Jackie Kucinich

The Hill, July 27, 2006

The Missouri Republican State Committee filed a complaint with the Senate Ethics Committee yesterday against Democratic Senate candidate Claire McCaskill, Missouri's state auditor, accusing her of breaking personal-finance disclosure laws.

The complaint charges that McCaskill failed to provide even the "bare minimum" of information requested by the Senate.

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Sen. Jim Talent (R-Mo.) faces a tough race against McCaskill in November. For several months, polls have shown them in a statistical tie. Talent's predicament is prompting Republicans to come out forcefully against his opponent.

"The complexities of Ms. McCaskill's family holdings are more pronounced than usual because of the deliberately complicated manner in which her family's business holdings are constructed," the complaint said.

The National Republican Senatorial Committee (NRSC) briefed reporters on the complaint yesterday, but the state party insisted that the filing was a local move. The NRSC referred all comments on the ethics complaint to the state organization.

"The state party sought out assistance after it became aware of the fact that Claire McCaskill received two different requests from the Senate Ethics Committee," said Jared Craighead, executive director of the Missouri Republican Party.

The complaint also accuses McCaskill of filing her initial disclosures late and includes two letters from McCaskill counsel Rebecca H. Gordon, apparently responding to requests made by the Senate Ethics Committee for additional materials relating to the disclosures.

McCaskill's campaign fired back that the Ethics Committee has told the campaign it was satisfied with the amount of information given by the campaign.

McCaskill spokeswoman Adrienne Marsh said that although she had not fully reviewed the complaint she questions its validity.

"This is a sad and predictable attempt to distract voters from the issues that matter," Marsh said. "We have been fully compliant with the rules. … If the Ethics Committee wants any more information, we are happy to provide it."

"The fact that the partisan political operatives at the Missouri Republican Party want to create the suggestion of an issue doesn't mean there is one," said Marc Elias, McCaskill's attorney and partner at Perkins Coie.

"This report is a piece of partisan fiction" riddled with factual inaccuracies.

The Ethics Committee does not comment on committee-related documents.

While the panel cannot punish candidates who violate disclosure laws because they are not under the purview of Senate rules, a case of fraudulent filing can be referred to the attorney general of the United States, according to the Ethics in Government Act.

The Department of Justice can then "seek a civil penalty of up to $11,000 against an individual who knowingly and willfully falsifies or fails to file or to report any required information."

An offending candidate could also be subject to additional fines and criminal prosecution for knowingly filing false reports or concealing "any material fact in a statement to the Government," according to the rules of the 108th Congress.

The Missouri Republican State Committee detailed five areas in which it alleges McCaskill is not compliant and demanded that she file additional materials.

The complaint says McCaskill should disclose each parcel of real estate that the family owns, including the use and the gross actual income of the properties; all government-issued tax credits; "the proper valuation of the real estate aspects" owned by McCaskill and her spouse; and the liabilities of legally required nonpublic traded assets.

"Filing reams of paper does not substitute for compliance with the law," the complaint says. "At present, the filing of many pages of documents, whether or not the information is accurate or legally compliant, seems to be the method preferred by Ms. McCaskill as her approach to federal law."

A spokesman for the Democratic Senatorial Campaign Committee did not return calls for comment.

Pay Cut Let Lewis Aide Dodge Ban (RC)

By Paul Kane

Roll Call, July 27, 2006

Rep. Jerry Lewis (R-Calif.) dramatically slashed the salary of a top aide in 2002, dropping the aide's pay low enough for her to evade federal conflict-of-interest laws when she became a lobbyist in 2003.

Letitia White, who was then overseeing earmarks for the Appropriations subcommittee on Defense, had been earning well above the threshold of 75 percent of what a Member of Congress earned in 1999, 2000 and 2001 — a level that would have prohibited her from lobbying Lewis or the subcommittee, which he then chaired, for a year after her departure from Capitol Hill.

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House records show White saw her income drop by more than $11,000 in 2002, her final year on Capitol Hill, putting her below the ceiling for the post-employment lobbying ban by a mere $80 in her final 11 months on staff. That drop in White's pay came from the portion of her salary that she received from Lewis' personal office, which is directly overseen by Arlene Willis, Lewis' wife and chief of staff.

When she joined a lobbying firm with close ties to Lewis in early January 2003, White already had a pair of defense contractor clients under her belt on her first day of work — and seven more signed inside of two months.

Escaping the cooling-off period most top staffers face because of her pay cut, White immediately began lobbying Lewis and his Defense subcommittee. By the end of 2003 she had raked in $670,000 in lobbying fees from the predominantly defense industry clients she had brought into Copeland, Lowery, Jacquez, Denton and Shockey, as the firm was then known. And by 2004, White was earning in excess of $1 million a year at the firm, with her clients paying almost $1.5 million in fees, records show.

The salary move by Lewis — now the chairman of the full Appropriations Committee — also raises questions about the lengths Lewis went to accomodate White and former Rep. Bill Lowery (R-Calif.).

Lowery, his firm and its clients are at the center of an investigation involving their relationship with Lewis, a sprawling federal probe into the practice of lobbying for earmarks. Lewis and the firm have contended they acted ethically, saying that the tens of millions of dollars in earmarks to Lowery's clients were procured under the normal ways in which business is conducted on Capitol Hill.

Lewis, in a statement given to Roll Call on Wednesday, reiterated he has acted within ethical bounds. "I have always made every effort to carefully follow the rules of the House of Representatives in all aspects of my Congressional work. I am confident that any review will confirm this," Lewis said.

Patrick Dorton, a spokesman retained by the firm speaking on behalf of White, said that her pay cut in 2002 was "pretty insignificant" and said she received permission from the House ethics committee to begin lobbying immediately after leaving Lewis.

Neither Lewis' office, his legal team, nor Dorton or anyone connected to Copeland Lowery would comment on the motivation behind White's sudden pay cut in early 2002 and whether it was an intentional manipulation of her salary to allow her to lobby Lewis in 2003.

Federal laws governing conflicts-of-interest for legislative branch staffers set a clear threshold for who will be affected by the one-year ban on lobbying, placing the prohibition on any Congressional staffer who earns salary equal to or above 75 percent of a Member's salary. In 2002, Members earned $150,000, making the 75 percent mark $112,500 for those facing the cooling-off period.

White had made more than that level in both 2000 and 2001, nearly $118,000 and $125,000, respectively, collecting the lion's share of her salary from the Appropriations Committee and a chunk from the personal office. But her total salary in 2002 plunged to slightly more than $113,000 in total.

While her yearly total was above the $112,500 mark, Dorton explained that White's salary drop took place in February 2002. The previous month she had been earning a monthly rate that would have yielded $125,078 and prohibited her from immediately lobbying Lewis and the entire Appropriations Committee.

But in February 2002, and for her remaining months on staff, White was paid at a monthly rate that would have resulted in $112,420 in yearly salaries from Appropriations and the personal office, Dorton said.

Federal laws require a staffer to be paid above that 75 percent mark for 60 days or more in the year before they leave Capitol, and White was above the cooling-off level for just one month. That made it legal for White to lobby Lewis and the entire Appropriations Committee immediately because she was paid $80 less than that yearly rate over her final 11 months.

White took advantage of the manuever and immediately became a big-time lobbyist for defense contractors who needed the help of Lewis and his subcommittee.

She left Capitol Hill on Jan. 8, 2003, according to her last financial disclosure form, and, on the very next day, joined Copeland Lowery as a lobbyist. According to lobbying registration forms, she signed on two contractors, General Atomics and an aeronautical subsidiary of GA, on her first day of work.

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On March 29, 2002, White and her husband went on a nearly $9,000, nine-day trip to Italy paid for by General Atomics. House travel records show that one of the purposes of the visit was to examine the contractor's equipment manufacturing site in Italy.

And in her final year on Lewis' staff, General Atomics was also a big winner of earmarks from the Defense subcommittee: The contractor took in $6.1 million in two separate earmarks from the fiscal 2003 appropriation, according to a review of the Defense bill by Keith Ashdown of Taxpayers for Common Sense, a watchdog group.

One of the earmarks, for $3.5 million, was for a program to help protect the Statue of Liberty from terrorist threats. In the spring of 2003, when White was lobbying for General Atomics, the company paid for Lewis and his wife to visit Liberty Island in the Hudson River.

Another one of her earliest clients, Trident Systems, also received a big line-item in White's final year overseeing earmarks for the subcommittee, $8 million for technology to survey battlefields, according to Ashdown.

Dorton said that at some unspecified point in 2002, White asked the ethics committee how she should proceed in her search for outside employment, receiving a letter explaining the procedures. "She recused herself from any official activity that involved a prospective employer or client," he said.

Dorton said White, before leaving the Hill, received oral and written communication from ethics giving her clearance to lobby immediately upon her departure.

White's lawyers declined to release that letter or the letter regarding her negotiations with prospective clients. The '03 Defense spending bill cleared Congress by mid-October 2002.

They declined to comment on when she began negotiating to represent General Atomics, Trident and the other seven companies she signed up soon after leaving Lewis' staff.

For all of 2003, White signed up 16 new clients for Copeland Lowery, predominantly relying on defense contractors, and by the end of 2004 her client roster had grown to 22. She brought in at least $670,000 in fees from her new clients in 2003, and more than doubled that total in 2004, according to lobbying disclosure records.

And White's clients got large payouts from the subcommittee then overseen by her former boss.

In her first year lobbying, White's clients received at least $22 million in earmarks from the Defense appropriations measure covering fiscal year 2004. General Atomics received another $3 million for anti-terror work at the Statue of Liberty and and $15.3 million for its aeronautical subsidiary to work on making un-manned aircraft, according to Taxpayers for Common Sense.

It's unclear if any of White's defense industry clients have been subpoenaed. At least nine municipal-based clients of Jeff Shockey — who left Copeland Lowery in January 2005 to return to the Appropriations Committee for Lewis — have received federal grand jury subpoenas.

White was a long-standing employee of Lewis', whose husband, Richard White, shifted his lobbying practice into defense work in 1999. She's been described in various media reports as a close ally to the chairman.

As a lobbyist, White and her clients poured donations into Lewis, both to his political action committee and his re-election campaign committee. All told, Copeland Lowery lobbyists, their family members and their clients accounted for 25 percent of the more than $800,000 Lewis raised in 2003 and 2004 for his Future Leaders PAC, which he used to dole out to GOP candidates and committees in his successful campaign to become the full chairman of the Appropriations Committee.

A key factor in the pay cut that allowed White to begin immediately lobbying was payments from Lewis' personal office, which was overseen by Willis, Lewis' wife and chief of staff.

White's pay from Appropriations alone never put her above the 75 percent mark of a Member's pay, growing at a steady rate from $99,000 in 1999 to almost $109,000 in 2002, records show. But her payments from the personal office put her into the territory that would have required her to observe the one-year lobbying ban.

That salary from the personal office generally included a large fourth-quarter payout, which appears to have been a bonus. For example, in 2001 White received more than $19,000 from the personal office, with more than $8,600 of that coming in the final three months of the year.

In 2002, those payments from the personal office dropped to just $4,700, a decrease that made it possible for her final 11 months on staff to come in at a pay level that allowed her to lobby Lewis in 2003.

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She received just $875 from the personal office in her final three months on staff.

Dorton said the drop in pay in 2002 was partly due to an unusually large payment she received in 2001, what he called “the year of 9/11” when she “regularly worked 120-hour weeks.”

Both Parties Post Low Approval Ratings In Poll (WSJ)

By John Harwood

The Wall Street Journal, July 27, 2006

WASHINGTON -- Republicans haven't persuaded a dissatisfied American public that their stewardship is succeeding. But the latest Wall Street Journal/NBC News poll suggests how they might survive midterm elections anyway: attack Democratic foes and separate themselves from President Bush's struggles.

The survey shows Americans persist in their bleak assessment of events in Iraq, the state of the U.S. economy and the job performances of Mr. Bush and Congress. The poll results augur an election season in which candidates early on attempt to discredit the other side.

"If you wait until October to try to define your opponents and increase his or her negatives, you are rolling the wrong dice," observes Republican pollster Bill McInturff, who conducts the Journal/NBC survey with Democratic counterpart Peter Hart. Just like Democrats running amid the sour mood of 1994, he adds, Republicans in 2006 have little choice but to "try to pretend there is no national party."

Mr. Hart notes the target audience for those messages: the 14% of voters who are undecided about which party to support but are currently inclined to back a fresh face over the incumbent. An attack strategy holds promise because Democrats, like Republicans, are saddled with an unfavorable national image.

IN THE POLLS

1 • Wall Street Journal/NBC News poll2

• Bush's approval ratings3

Republican candidates in several states already are taking such advice to heart. In Maryland, Republican Senate candidate Michael Steele told a group of journalists this week that the Republican "R" represented "a scarlet letter" in his campaign and said he wouldn't want Mr. Bush to campaign for him. In Connecticut, vulnerable Republican Rep. Nancy Johnson is running a rare midsummer TV ad pegging Democratic opponent Chris Murphy with a "a tax-hiking" and "job-killing" record.

In the Journal/NBC poll, approval of Mr. Bush's job performance inched up to 39% from 37% last month, but a 56% majority disapproves of the president's job performance. Congress fares even worse, with 25% approval and 60% disapproval. The telephone survey of 1,010 adults, conducted July 21 to 24, has a margin for error of plus or minus 3.1 percentage points.

More threatening to Congress's Republican majority is the public's desire for a change in direction. By 48% to 38%, voters say they prefer that Democrats win control of Congress this fall; by identical proportions, voters say it is time to "give a new person a chance" in Congress. By 38% to 21%, they say their vote will register opposition to Mr. Bush rather than support.

Underlying those sentiments is a public mood that Mr. Hart labels "as...depressing as I can remember" in more than three decades of polling. By 60% to 27%, Americans say their nation is headed "off on the wrong track" rather than "in the right direction."

That stems largely from the Iraq war. Amid sectarian violence that in recent days has caused American and Iraqi officials to shift security strategy, 58% of Americans call themselves "less confident" that the war will end successfully; 32% say they are "more confident." Though Americans say stabilizing Iraq should be Mr. Bush's top foreign-policy priority, just 34% approve of his handling of the matter.

Another problem for Republicans is that they are getting no dividends from a U.S. economy that continues growing, with low unemployment and modest inflation. The White House recently launched a communications offensive on the economy as Treasury Secretary Henry Paulson Jr. assumed his post.

Approval of Mr. Bush's handling of the economy edged up to 41% from 38% in June. Yet by 38% to 14%, Americans expect the economy to get worse rather than better in the next year; 45% say it will stay the same. More than seven in 10 Americans

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across all income groups say they are "uneasy" about the economy, with 65% predicting "life for our children's generation" won't be better than today.

"We're in a period of unusual and sustained economic pessimism," Mr. McInturff observes. Topping the list of concerns is gasoline prices and energy costs, named by 40% as the nation's most important economic issue.

In some election seasons, that might signal an easy victory for the party out of power. But the Journal/NBC poll shows that Democrats have made little progress in improving their party's standing. The party's favorability rating, 32% positive and 39% negative, is as unflattering as the Journal/NBC survey has ever recorded. The Republicans' standing, now 33% positive and 46% negative, is near the party's record low.

Republicans particularly hope to separate themselves from national trends by emphasizing their records on local issues. The poll indicates a market for that argument; 36% of voters say their lawmaker's performance in the district will be the most important factor in their vote, compared with 40% who cite national issues.

Mr. Hart notes that the 14% of voters who remain undecided in congressional races are especially interested in local issues. By 41% to 25%, those undecided voters say performance in the district will be most important to their vote.

Some Republican moderates, including Ms. Johnson in Connecticut, have broken with the White House on expanding funding for embryonic stem-cell research. The Journal/NBC survey shows that Mr. Bush's recent veto of such expanded funding is unpopular, with 63% of Americans opposed and 31% in favor.

The president is on stronger political ground in his stance on recent violence in the Mideast. By 45% to 39%, Americans say they approve of his handling of clashes between Israel and Hezbollah.

The White House has declined to press for an immediate cease-fire, with Mr. Bush arguing that the world needs to deal with the "root cause" of instability caused by Hezbollah attacks. Americans embrace Mr. Bush's solidarity with Israel, even though a majority believes a wider war in the region is likely.

In the current conflict, 57% say their sympathies lie "more with Israel." By 50% to 40%, Americans back U.S. military involvement supporting Israel should Israel face a war against several countries.

Welfare Check (WSJ)

By Ron Haskins

The Wall Street Journal, July 27, 2006

Ten years ago next month, a bipartisan majority in Congress and a Democratic president launched America's welfare policy in a new and largely uncharted direction.

It would be difficult to exaggerate the predictions of doom hurled against the Republican welfare reform bill signed by President Bill Clinton on Aug. 22, 1996. Mr. Clinton had previously vetoed two versions of welfare reform when, with skill, daring and persistence, Republicans in the House and Senate pushed it through Congress a third time and put it again on the president's desk. In an act of remarkable political courage, Mr. Clinton defied senior members of his own party and most of the American left and signed the radical bill into law.

The left, led by senior Democrats in Congress, the editorial pages of many of the nation's leading newspapers, the Catholic bishops, child advocates in Washington and the professoriate, had assaulted the bill in terms that are rare, even by today's coarse standards. Democrats speaking on the floor of the House labeled the bill "harsh," "cruel" and "mean-spirited." They claimed that it "attacked," "punished" and "lashed out at" children. Columnist Bob Herbert said the bill conducted a "jihad" against the poor, made "war on kids" and "deliberately inflict[ed] harm" on children and the poor. Sen. Frank Lautenberg said poor children would be reduced to "begging for money, begging for food, and . . . engaging in prostitution."

Many Democrats and pundits shouted that the bill would throw a million children into poverty. Marion Wright Edelman of the Children's Defense Fund said that no one who believed in the Judeo-Christian tradition could support the bill. Even God, it seemed, opposed the evil Republican bill.

The major reform that evoked this onslaught was the proposal to end the entitlement, or legal guarantee of cash benefits, promised by the Aid to Families with Dependent Children program. Kate O'Beirne, now of National Review, perfectly captured the philosophy of entitlement in 1995 testimony before the House Ways and Means Committee, saying that the nation's welfare

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system operated on the principle of "spend more, demand less." Republicans wanted to demand more by breaking the entitlement and making the cash contingent on serious attempts to find work and achieve self-support.

After three decades of failed federal "work" programs, Republicans had spent years behind the scenes -- under the leadership of Newt Gingrich, Clay Shaw, Rick Santorum, Jim Talent and others -- developing ideas about how to encourage, cajole or, when necessary, force mothers on welfare to work. Specifically, Republicans proposed to end the entitlement to cash, impose a five-year time limit on benefits, require mothers to prepare for and search for work or have their cash benefit reduced or terminated, and require states to place half their welfare caseload in programs that lead to employment.

Granted, this new system would subject poor mothers to greater risk than the entitlement system it replaced. But in this regard welfare mothers would be no different from millions of other low-income Americans who rely on personal effort rather than government largesse.

Besides, Republicans argued, Congress had created a series of programs that provided substantial support to poor and low-income working families. A typical mother leaving welfare for work earns only around $10,000 per year laboring in an $8 per hour job -- the only kind of job for which most poor mothers are qualified. But the Earned Income Tax Credit gives them up to an additional $4,500 (in today's dollars), they qualify for food stamps worth around $2,000, their children are covered by Medicaid, and most who need help paying for child care receive it. On earnings of $10,000, then, mothers leaving welfare have total income of well over $16,000 in cash or near cash -- more than twice as much as they would have had on welfare -- and their health insurance and child care are usually covered.

In the decade that has passed since the 1996 reforms, the welfare rolls have plummeted by nearly 60%, the first sustained decline since the program was enacted in 1935. Equally important, the employment of single mothers heading families reached the highest level ever. As a group, mothers heading families with incomes of less than about $21,000 per year increased their earnings every year between 1994 and 2000 while simultaneously receiving less money from welfare payments. In inflation-adjusted dollars, they were about 25% better off in 2000 than in 1994, despite the fall in their welfare income.

Over the same period, the child-poverty level enjoyed its most sustained decline since the early 1970s; and both black-child poverty and poverty among female-headed families reached their lowest level ever. Even after four years of increases following the recession of 2001, the child poverty level is still 20% lower than it was before the decline began. Similarly, measures of consumption and hunger show that the material conditions of low-income, female-headed families have improved. Although welfare reform was not without problems, none of the disasters predicted by the left materialized. Indeed, national surveys show that almost every measure of child well-being -- except obesity -- has improved since the mid-1990s.

The 1996 law, in perhaps the most direct legislative clash of liberal and conservative welfare principles since the New Deal, was a victory for conservative principles. Poor mothers scored a victory for themselves and their children, showing that given adequate motivation and support from work-based government programs, they can join the American mainstream, set an example for their children and communities, and pull themselves and their children out of poverty.

But there's a rub for conservatives: Now and for the foreseeable future, the nation will have millions of poorly educated and unmarried young mothers who are capable of producing labor value of around $8 per hour when they first enter the labor market. They face a Hobson's choice of living in poverty on welfare or living in poverty while working -- unless government subsidizes their income. These work-based subsidies -- the Earned Income Tax Credit, Medicaid, child care, and so forth -- were already in place in 1996 and have been improved since. In effect, welfare reform made government benefits contingent on work, poor mothers responded appropriately, and the combination of earnings and government benefits brought them and their children out of poverty.

Still, there's a lot here for everybody to like -- work for conservatives and work-contingent government benefits for the left. The irony of welfare reform is that it firmly implanted the conservative principle of self-sufficiency in federal policy which, in turn, brought the liberal principle of government support for the poor into its most effective form -- namely, encouraging work.

Above all, welfare reform showed that work -- even low-wage work -- provides a more durable foundation for social policy than handouts.

Mr. Haskins is a senior fellow at the Brookings Institution and author of "Work Over Welfare: The Inside Story of the 1996 Welfare Reform Law," forthcoming from Brookings.

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Buckeye Blues (NSWK)

By Richard Wolffe And Holly Bailey, Newsweek

Newsweek, July 27, 2006

Republican candidates in Ohio are facing a very tough fall. Plus, the international semantics over a Lebanon ceasefire. WEB-EXCLUSIVE COMMENTARY

With just over three months until Election Day, White House political adviser Karl Rove hit the campaign trail Tuesday in Ohio, hoping to rev up voters in a state where polls show President George W. Bush and the GOP is in real trouble. Bush's top political aide was the guest of honor at a $100-a-plate luncheon in Columbus to benefit county parties in central Ohio, a state that is viewed as ground zero in the GOP's attempts to maintain control of Congress.

A poll released over the weekend showed that Sen. Mike DeWine, a moderate Republican who has notably distanced himself from Bush on the campaign trail, is running 8 percentage points behind his Democratic opponent, Rep. Sherrod Brown. Other Ohio Republicans are in trouble as well, including GOP gubernatorial candidate Ken Blackwell, who is running 20 points behind Democrat Ted Strickland. Bush, whose approval ratings linger in the low 30s in the state, is scheduled to campaign for Blackwell in Ohio next week.

Yet Rove insisted Tuesday he wasn't worried, telling supporters that he believes the midterm matchups there and throughout the country are still winnable for the GOP. His talking points were the same: Republicans will win on what will be the two determining issues this fall, the economy and national security. "My message to you is, you did it in '04," Rove told the crowd of about 350. "You've got the tools, you've got the enthusiasm, you've got the intensity. Now it's time to bring it back and do it again in 2006."

There's only one problem with Rove's argument: polls show a majority of Americans still don't give Bush or his party credit for the economy, while the president's ratings on his handling of terrorism and national security have dipped in recent weeks. The latest Gallup poll released Tuesday shows that only 39 percent of those surveyed approve of Bush's handling of the economy—no improvement over poll numbers posted earlier this year. When asked in a recent Gallup survey which party would better handle economic issues, 53 percent of those polled indicated the Democrats.

Bush has also taken a hit when it comes to how Americans view his handling of terrorism and national security. The Gallup poll found his approval rating on his handling of terrorism dropped four points since June, to 47 percent. Americans who approve of the administration's handling of Iraq remained virtually unchanged at 35 percent. On a related note, the survey found that 37 percent of those surveyed approve of how Bush is handling the situation in the Middle East—though more than two thirds of those polled said they believe the administration "does not" have a "clear and well-thought-out policy."

A bright spot for the White House: Bush's overall approval rating seems to have leveled out, currently ranked at about 37 percent, according to Gallup. That number is down from Bush's high of 43 percent last January, but up from the dismal 31 percent approval rating recorded in early May.

'Frank' Talk With Iraq's P.M.

Sometimes the official White House transcript doesn't fully express what has transpired between President Bush and a foreign counterpart. Sometimes you have to compare and contrast the leaders' words to get a full picture, even though the leaders are standing side by side.

That was certainly the case when Iraqi Prime Minister Nuri al-Maliki visited the White House on Tuesday, and most probably will be true again when Britain's Tony Blair visits Friday. This is a week for divining meanings at the White House, as the world's leaders continue to talk around the subject of the Middle East crisis.

First, the exchange with the Iraqi prime minister: in Tuesday's press conference, President Bush tersely described his private conversation with Maliki as "a frank exchange of views." Translation of "frank": this used to be a tactful phrase, but it has become such a cliché that it means the kind of exchange that friends don't usually have.

Bush's account goes like this: "I listened closely to the prime minister, and I valued a chance to hear his perspective." Translation of "listened closely": his lips were moving but I didn't agree with him.

Bush agreed with Maliki about what he called "the seriousness of the humanitarian crisis in Lebanon," and he told him about his plans for $30 million in humanitarian aid to the Lebanese. Then Bush let rip with his own priorities. "I told him I support

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a sustainable ceasefire that will bring about an end to violence," he said, "and I talked about the importance of strengthening the Lebanese government and supporting the Lebanese people." Translation of "sustainable ceasefire": the defeat or disarmament of Hizbullah.

The Iraqi prime minister confirmed that he talked first about Lebanese civilians. But he went on to clarify the reason for the frank exchange: "I also emphasized the importance of immediate ceasefire." Translation of "immediate ceasefire": Israel must stop its military operations now.

This is not a mere semantic debate. The timing of a ceasefire is precisely what annoyed President Bush so deeply during his open mic moment at the G8 summit in St. Petersburg. Bush believes that peace is only possible once Hizbullah is neutralized. He considers calls for a ceasefire, like those of United Nations Secretary-General Kofi Annan, as exercises in self-delusion.

Yet the ceasefire question impacts other allies—not just the U.N. and some Arab nations. France, which has worked closely with the United States on Lebanon for the last year, agreed to the G8 summit's sequence of events to end the crisis: first an end to Hizbullah's attacks, then finally a halt to Israel's military operations. Many diplomats believe that France will be a big contributor to any international peacekeeping force that enters Lebanon to secure the southern region that is now under Hizbullah's control.

But here again, the ceasefire question is critical. The official spokesman for the French foreign ministry said this week that France would only want to see a peacekeeping force once there was both a ceasefire and a "political agreement" that included the disarming of Hizbullah. Translation: the French will only send troops once the war is over and Hizbullah is committed to peace.

This is the thorniest question for the diplomats gathering in Rome on Wednesday, among them Secretary of State Condoleezza Rice. She has already said she thinks the force needs to be "robust" and "capable of helping the Lebanese forces" stop Hizbullah from attacking Israel from its base in southern Lebanon. That's a very different mission from the one the French have in mind.

That kind of dispute over conditions on the ground does not bode well for the rapid creation of an international force. And it does not bode well for Blair, who arrives at the White House on Friday for his second face-to-face session with Bush in less than two weeks. Blair is an enthusiastic advocate for the peacekeeping force, and he has not called for an immediate ceasefire. Instead, speaking alongside Prince Saud al-Faisal, the Saudi foreign minister, he simply said he wanted "the killing to stop on both sides."

Blair is also under considerable political pressure to look like he's taking some action to push President Bush toward the role of peacemaker in this crisis. At St. Petersburg, Blair offered to smooth the way for Rice to visit the region. He also calmed down an impatient Bush to resolve the final disputes in the leaders' joint statement on the crisis.

One recent poll in the U.K. suggests that almost two thirds of British public opinion believes Blair has tied his country too closely to the United States. A similar number thinks that Israel has overreacted to Hizbullah with its military strikes in Lebanon.

To date, Blair's government has taken the position that the ceasefire needs to be durable and needs to start with Hizbullah ending its rocket attacks on Israel—just like Bush's position. But if Blair wants to see a peacekeeping force any time soon, he'll need to go beyond the usual cozy agreement with his friend in the White House. After all, unlike the situation in Iraq (or maybe because of Iraq), both Bush and Blair have ruled out sending their own troops to Lebanon. Can the two allies convince anyone else to commit their soldiers?

For Some Jews, Israel And Iraq Cloud View On Lieberman (NYT)

By Jennifer Medina

The New York Times, July 27, 2006

HARTFORD, July 26 — Lesley Korzennik walked into a diner in Norwalk recently hoping to vent her frustrations with Senator Joseph I. Lieberman — over his continued support for the war, among a litany of other things. "I'm furious at him," she said.

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But when she was asked about how she would vote in the Democratic primary next month, Ms. Korzennik, 46, who says she strongly supports Israel, sighed. "Given all that's going on in Israel right now," she said, "I am not going to let Lieberman go."

Ms. Korzennik expresses the mixed sentiments a significant number of Jewish Democrats feel about Mr. Lieberman, who is facing the toughest race in his three-term Senate career, just six years after he was Al Gore's running mate.

There is little question that Mr. Lieberman enjoys strong support in the national Jewish community, and several pro-Israel groups and prominent Jewish donors are rallying to funnel money and manpower to defend his seat. Many of the senator's Jewish allies also assert that concern about his political fate, as well as about Israel, is likely to increase Jewish turnout for Mr. Lieberman in the primary.

But Mr. Lieberman's supporters also acknowledge that his challenger, Ned Lamont, is receiving substantial support from Jewish voters, as well as some prominent Jewish Democrats.

"There's no appreciable difference between the two of them on Israel," said David B. Pudlin, the former Democratic majority leader in the Connecticut House, and one of Mr. Lamont's more prominent Jewish advisers. "It is about Iraq, affirmative action, health care — these are things Jewish voters are going to care about."

Just what Jewish Democrats will do is a matter of great speculation among analysts and concern for Democratic strategists, because turnout in the Aug. 8 primary is expected to be low.

While Jews make up roughly 6 percent of the electorate in Connecticut, they are overwhelmingly Democratic and tend to vote at a disproportionably high rate, according to the National Jewish Democratic Council.

One of the great questions of the race is whether Jewish Democrats who are dismayed with Mr. Lieberman's continued support for the war will nevertheless vote for him out of either religious solidarity or because of his strong support for Israel, particularly now that it is engaged in a fierce conflict in Lebanon.

"On the one hand, there is understanding that people are upset with his pro-Iraq stance and some feeling that he has gotten into bed more than once with President Bush," said Rabbi Robert J. Orkand, of Temple Israel in Westport, who says he is undecided in the race. "But Senator Lieberman is a known quantity who has a long history of clearly articulated support for Israel. If it becomes an issue of anti-Iraq versus pro-Israel, there will be no question."

Many Democratic strategists say the race also has important implications for the Democratic Party nationwide. Exit polls show that the Republican Party made inroads among Jewish voters in 2004, when President Bush received 25 percent of the Jewish vote, compared with 17 percent for Bob Dole in 1996.

Some Democrats worry that centrist Jewish Democrats will become alienated from the Democratic Party if Mr. Lieberman loses the primary. A loss of Jewish support could hurt the party's chances of regaining control of Congress in November, those Democrats say. Mr. Lieberman has said he will run as an independent if Mr. Lamont wins.

Polls show Mr. Lieberman leading both Mr. Lamont and the Republican candidate, Alan Schlesinger, in the general election.

But Mr. Lamont, and some independent Democrats, dismiss that notion, saying most Jewish Democrats will remain loyal to the party even if Mr. Lamont wins. "We're now at a time when you can vote for or against a Jew without thinking it has a whole lot to do with him being a Jewish candidate," Mr. Pudlin said.

In some ways the talk of religion and ethnicity is a distraction that Mr. Lieberman's campaign seems to be trying to avoid. They have spent much of their time promoting Mr. Lieberman's accomplishments in Congress and his support for Democratic policies, while attacking Mr. Lamont as a wealthy interloper.

In general, the senator has avoided speaking about foreign policy on the campaign trail. His campaign did not make him available for an interview for this article.

But after a campaign stop on Sunday, he reaffirmed his strong support for Israel. "When there are groups attacking innocent civilians, it is the right of Israel and all peace loving people to protect themselves," he said. "We should be there helping to help disarm Hamas."

The intensifying conflict in Lebanon has also put pressure on Mr. Lamont to walk a careful line on Middle East politics. Some on the antiwar left have been sharply critical of Israel's bombardment of Lebanon in recent weeks, but Mr. Lamont has

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generally supported Israel's right to defend itself. At the same time, however, he has argued that the war in Iraq has destabilized the region, contributing to the violence that has gone on along Israel's borders.

"It is the law of unintended consequences," Mr. Lamont said in an interview. "This cascade of democracy that was supposed to happen after Iraq hasn't happened and instead we've emboldened Iran.

"At best it was a terrible distraction that took our eye off the ball in and around Israel and done nothing for its security."

Some of Mr. Lieberman's supporters say there is a strain of anti-Semitism in the antiwar left that could make Jewish voters uneasy about supporting Mr. Lamont.

"There's a small but vocal pro-Palestinian, anti-Israel and perhaps anti-Semitic faction of the Democratic Party,'' said Dan Gerstein, a former Lieberman aide and informal adviser to the campaign. "It is a small minority but it is getting bolder, and even worse. There is a growing tolerance of it in the progressive community."

Mr. Lamont has tried to distance itself from the more strident anti-Israel positions of some his supporters. "To me, that has nothing to do with the campaign," he said. "But we decry it whenever we hear it."

Even some Jewish supporters of Mr. Lieberman acknowledge that anger with him runs deep among Jewish Democrats. But in the end, they say, it may not matter.

"Jews generally vote for the more liberal of any two candidates, regardless of religion or ethnicity," said Steve Rabinowitz, a Washington-based consultant and supporter of Mr. Lieberman. "The only exception, possibly, is Lieberman. The average Connecticut Jewish voter, as frustrated as she is on a host of issues, when it comes to pulling a lever, she's going to hold her nose and vote for Lieberman."

Lamont's TV Ads Widely Praised, Lieberman's So-so (HILL)

By The Air War

The Hill, July 27, 2006

In his bid to dethrone Sen. Joe Lieberman (Conn.), fellow Democrat Ned Lamont has created a quirky ad with the potential to create a high level of buzz with advertisements while Lieberman's more traditional spot appears to have fallen flat, according to a poll conducted for The Hill by Wilson Research Strategies.

Lamont's ad, "Changing Minds," features people replacing Lieberman yard signs and bumper stickers with Lamont campaign materials. In a calm voiceover, a female narrator tells viewers that it is "time for a change" because of Lieberman's support for the Iraq war, his unwillingness to challenge President Bush and his support for subsidies for oil companies.

By comparison, Lieberman's ad is dripping with sarcasm. It starts with a Lamont bumper sticker that reads "No More Joe" followed by a male narrator asking, "What else does Ned Lamont have to say?"

The narrator praises Lieberman's career as a civil-rights activist, attorney general and environment-friendly senator and concludes with a bumper-sticker slogan of his own: "Experience. Principles. Results. Not a bad bumper sticker."

But in Wilson's survey, 60 percent of the politicos polled said Lamont's ad was more effective; only 28 percent favored Lieberman's ad. The respondents also said that the Aug. 8 primary election is too close to call: 27 percent said they think Lamont will win, 38 percent said they think Lieberman will hang on and 36 percent said they do not know.

Perhaps most important in a Democratic primary, Democrats rated the Lamont ad a 7 on a 10-point scale as an ad they would talk about. The average score for previous ads has been 4.8. Reporters and political consultants also loved the ad, giving it a score of 8.5 and 7.9 on effectiveness, respectively.

Lieberman's ad was a bit of a dud with self-described Democrats and independents. Republicans preferred it a bit more. Political consultants tended to rate the ad better than other groups, including reporters.

"Lamont's ads are some of the highest-rated that we have tested. … Lieberman has a lot of ground to make up, and his current ad is not going to get it done," said Chris Wilson of Wilson Strategies, a GOP polling firm.

Lamont's ad-man, Bill Hillsman, has worked for several unorthodox politicians, including former Minn. Gov. Jesse Ventura (I), late Sen. Paul Wellstone (D-Minn.) and Ralph Nader.

Wilson Research Strategies works in partnership with The Hill to produce the Air War feature, e-mailing campaign ads to subscribers to measure their effectiveness among different groups.

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Raise Cash, Win Seats, Says Rahm (HILL)

By Josephine Hearn

The Hill, July 27, 2006

During a closed-door meeting yesterday, Rep. Rahm Emanuel (D-Ill.) singled out four Republican seats as major pickup opportunities — if Democrats match Republican fundraising efforts — Democratic sources said.

Speaking before a Democratic Caucus meeting, the chairman of the Democratic Congressional Campaign Committee (DCCC) asked his colleagues to give to candidates Mike Arcuri, Bruce Braley and Joe Donnelly and the as-yet-undecided Democratic nominee in Colorado's seventh district. He said those candidates would be extremely competitive if they could turn in strong fundraising numbers by Sept 1.

The entreaty was part of a DCCC effort to squeeze members for contributions to individual races. Members also make regular dues payments to the DCCC.

"This cycle, it isn't just about contributing dues, it's about doing other things in competitive districts," said Rep. Artur Davis (D-Ala.), who is one of Emanuel's lieutenants at the DCCC.

Rep. Bill Pascrell (D-N.J.) said the effort is designed to avoid past mistakes.

"We don't want to fall into the same traps we have in past cycles where we didn't raise money early enough and couldn't sustain the momentum in the fall," he said.

Arcuri's campaign funds are only slightly behind those of his Republican rival, Ray Meier, in New York's 24th District, a seat being vacated by retiring moderate Rep. Sherwood Boehlert (R). Arcuri had $346,000 on hand as of June 30, compared to Meier's $434,000.

Braley trailed Republican Mike Whalen $131,000 to $215,000. Both are vying for the open seat in Iowa's 1st District, where Rep. Jim Nussle (R) decided to run for governor rather than reelection.

Donnelly is challenging Rep. Chris Chocola (R) in Indiana's 2nd District. Chocola has amassed a war chest of $1.5 million. Donnelly has $435,000 in the bank.

In Colorado, Democratic challengers Peggy Lamm and Ed Perlmutter are vying to replace Rep. Bob Beauprez (R), who is running for governor.

Arcuri, Braley and Donnelly are among the 13 challengers in the second phase of the DCCC's Red to Blue program, a fundraising effort for promising candidates in GOP districts.

Emanuel made a plea for his Democratic House colleagues to support the candidates. He also noted that 87 of the 205 House Democrats had yet to pay 50 percent of their DCCC dues. Emanuel has called on House Democrats to contribute more than $30 million to the DCCC this cycle in quarterly installments.

Since the passage of the landmark campaign finance reform act, both parties have relied more on contributions from their members.

Emanuel and House Democratic Leader Nancy Pelosi (Calif.) have sounded a steady drumbeat for dues payments stretching back over a year, at times threatening punishments if members fail to comply.

As of July 12, several members of the House Democratic leadership had yet to meet the halfway threshold, according to a DCCC summary of dues payments.

Rep. Rosa DeLauro (D-Conn.), chairwoman of the Democratic Steering Committee, had coughed up $175,000 of her $400,000 obligation.

Senior Deputy Whips Maxine Waters (D-Calif.), Ron Kind (D-Wis.), John Tanner (D-Tenn.) and Ed Pastor (D-Ariz.) had also failed to meet the 50 percent mark.

Some Democratic sources faulted the fundraising of Rep. John Larson (D-Conn.) during his first six months as caucus vice chairman, criticizing him for not using his newfound clout to step up fundraising. Many House Democrats expect their leaders to be exemplars of robust fundraising.

Larson's leadership political action committee, Synergy PAC, did step up its contributions shortly after the Jan. 31 election, making 20 contributions in March totaling $42,500. But in April, activity tapered off. In the entire second quarter, Synergy made only $7,000 in donations.

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On May 31, Synergy paid the Mohegan Indian tribe in Uncasville, Conn., $17,175 for "PAC fundraiser, catering and entertainment."

Larson is among a handful of House Democrats who have contributed to the legal defense fund of Rep. William Jefferson (D), which was set up to help the Louisianan pay his legal fees as he faces a Justice Department corruption investigation. Reps. Donald Payne (D-N.J.) and Kendrick Meek (D-Fla.) have also contributed.

Larson's campaign committee fared even worse than his leadership PAC. Aside from DCCC dues, the committee made only two contributions in the first half of the year, $2,000 each to Reps. Jim Marshall (D-Ga.) and Dan Lipinski (D-Ill.), according to campaign-finance disclosures.

On dues, however, Larson has kept ahead of his colleagues. He has donated $325,000 of the $400,000 he owes, putting him well ahead of the 50 percent threshold.

The DCCC also indicates that he has been active raising money. He raised $316,000 so far this cycle for the committee.

Larson was the weakest fundraiser among the candidates for vice chairman, but he prevailed on other strengths. Many members cited his popularity as a key factor. He also received a pivotal behind-the-scenes endorsement from Pelosi, multiple Democratic sources said.

Joint Caucus To Kick Off Democratic Blitz (RC)

By John Stanton

Roll Call, July 27, 2006

In a rare show of bicameral unity, House and Senate Democrats today will hold their first joint caucus since the 2004 election as part of a highly coordinated final push by the party to nationalize this fall's Congressional elections, Democratic strategists said.

Senate Minority Leader Harry Reid (Nev.), House Minority Leader Nancy Pelosi (Calif.), Democratic National Committee Chairman Howard Dean and the two campaign committees have planned a nationwide blitz for August, ranging from local organizing drives by the DNC to more than 200 local, state and national events involving lawmakers.

While many GOP incumbents have tried to keep the campaign focus on local issues, such as touting the amount of federal spending they have brought home, Democrats have worked to frame both House and Senate races as part of a broader referendum on the Republican Party and on President Bush.

While Democrats so far have found success at nationalizing the elections, the approach entails risks, nevertheless. Republicans are girding for an expected battle over national security in September, as the country marks the fifth anniversary of the Sept. 11, 2001, terrorist attacks. In addition, the Senate is scheduled to take up legislation on how to handle suspected terrorists held at Guantanamo Bay, Cuba, as well as the nomination of John Bolton to continue as ambassador to the United Nations.

Senate GOP aides said they will use those debates to not only tout successes in the war on terrorism, but also to highlight the divisions within the Democratic Party over the war in Iraq, in an effort to paint Democrats as weak on national security.

"We welcome that fight," one aide said.

But Democrats argue they have been successful at bringing a national focus to the elections, and as a result, weakening Republicans by tying them to a president whose public support has fallen. Democratic leaders hope to cement those impressions with voters during the next month.

The strategy is designed to allow Democrats to "make [their] closing arguments" during the next several months, a Senate aide said.

Today's joint caucus, in addition to marking the launch of the 100-day program and serving as a briefing for rank-and-file Members, also is designed to be an explicit show of unity, the aide said. Since the 1994 GOP takeover of Congress, Democrats have been plagued by a reputation for internal dissension. That lack of unity has been fueled in part by the often bitter fighting between the party's left wing and moderates, and in part by the tendency of vulnerable lawmakers to quickly distance themselves from party figures who come under fire from Bush's well-oiled political machine.

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Most of the subsequent Democratic events will focus on specific aspects of the party's message strategy and will be targeted toward specific states or districts, a House aide said.

However, Reid, Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.) and Sen. Bob Menendez (N.J.) will hold an event in New Jersey on Aug. 5 focusing on the economy. Senate Democratic leaders also will mark Labor Day with a national event focused on their calls for an increase in the minimum wage.

All told, House and Senate members are planning to hold more than 200 similar events during August, focused on Democrats' "Six for '06" platform: health care, energy independence, corruption, national security, the economy and "retirement dignity," which includes Social Security. In addition, Pelosi is planning an 11-state, 20-city tour in August.

The DNC, for its part, has organized more than 800 "Democratic Reunion" events across the country for this weekend as part of its organizing push.

A DNC spokeswoman said candidates for state and local offices will participate in the events and Dean will attend a Pennsylvania barbeque, where organizers expect to draw as many as 700 people.

Reynolds Airs His Ads Early (HILL)

By Jonathan E. Kaplan

The Hill, July 27, 2006

Rep. Tom Reynolds (R-N.Y.), who is in charge of keeping Congress in GOP hands this fall, surprised the political establishment yesterday by airing an early television advertisement that made no mention of his party affiliation.

Democrats suggested that the timing and content of the advertisement indicate that Reynolds, chairman of the National Republican Congressional Committee (NRCC), faces a tough reelection race against multimillionaire businessman Jack Davis (D), who lost to Reynolds in 2004.

"The ad shows that he knows where he is vulnerable," Davis said in a statement.

"New Yorkers won't be fooled by a new TV spot after years of job losses and Reynolds's record against working families," said Bill Burton, the Democratic Congressional Campaign Committee's communications director. "It's time for a new direction."

Not surprisingly, Reynolds defended the advertisement as a way to "begin a discussion to share his vision for western New York" before the August recess, said L.D. Platt, Reynolds's spokesman. It's an opportunity "to share his accomplished record of lower taxes, more jobs and delivering millions of dollars of investments for western New York," Platt added.

Reynolds ran advertisements during the 2004 campaign, although Platt would not say if they ran this early before the fall, when serious campaigning traditionally begins in earnest.

Reynolds's 30-second spot focuses on his support for lower taxes and less government regulation, something he argues will help create jobs in western New York, an area hit hard by manufacturing-job losses during the past quarter-century.

"I think every couple of years it's important to remind voters of what they stand for," said former Rep. Jack Quinn (R-N.Y.), who represented a district adjacent to Reynolds's before retiring in 2004. "I have every belief that he will win."

In addition, Reynolds, a 30-year veteran of upstate New York politics and a former GOP minority leader in the state Assembly, is one of several House GOP leaders who do not mention their party affiliation on their campaign websites. In ads posted on their sites, Majority Whip Roy Blunt (R-Mo.) and Republican Conference Chairwoman Deborah Pryce (R-Ohio) also do not state their Republican credentials.

Republican leaders have said they face a "headwind" in the sixth year of President Bush's term because voters are frustrated by the war in Iraq and ever-rising gasoline prices. Because voters cannot direct their anger at Bush, many GOP congressional incumbents fear that voters might direct their frustration at them.

And in New York, GOP incumbents might have even more reason to worry because the state has trended more Democratic in recent years and many Democrats expect that Sen. Hillary Rodham Clinton (D-N.Y.), who is running for reelection, and Attorney General Eliot Spitzer (D-N.Y.), the gubernatorial candidate, will give state and local Democrats a boost in the general election.

Democratic strategists are aiming to defeat upstate New York congressional Republicans John Sweeney, Randy Kuhl, James Walsh and Reynolds and to win the open seat held by retiring GOP Rep. Sherwood Boehlert.

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If Democrats beat Reynolds, it would be an enormous psychological coup, akin to Republicans' defeating then-Speaker Tom Foley (D-Wash.), then-Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.), and then-Judiciary Committee Chairman Jack Brooks (D-Texas) in 1994.

But Reynolds, who represents a heavily Republican area of Buffalo and its suburbs, is perhaps the least likely of the New York GOP incumbents to lose in November. His vote tally has fluctuated after winning 57 percent in his first race, in 1998; in 2000 and 2002 he won with more than 70 percent of the vote against weak Democratic opponents.

In 2004, his vote tally reverted to its 1998 level; he beat Davis by 56 to 44 percent. That year, President Bush defeated Sen. John Kerry (D-Mass.) in the district 55 to 43 percent.

Davis, whose campaign is based on his opposition to free-trade agreements, has said he would spend $2 million to defeat Reynolds.

While Reynolds reported $3 million on hand, NRCC chairmen are not expected to face tough faces.

Joe Gaylord, who played a key role in the successful 1994 strategy to take over the House as a political adviser to former Speaker Newt Gingrich (R-Ga.), said, "Reynolds is setting the example for all incumbents: Do not take this election lightly."

Democratic sources agree that it would be tough to defeat Reynolds but a well-run, well-funded campaign could be successful. Moreover, if Democrats can appeal to blue-collar, Catholic men — the swing voters in western New York — such a strategy could be replicated in 2008 in the Midwest, where presidential elections are won.

But it appears that Davis's momentum may have stalled. He recently had a falling out with his top political strategist, Hank Sheinkopf, according to Democratic sources, and that, along with Reynolds's TV spots, may have hindered the campaign.

Davis's spokesman denied that Sheinkopf and Davis had broken off their relationship. "We are working with Hank Sheinkopf," the spokesman said.

No Consensus In Lebanon Cease-fire Talks (AP)

By Victor L. Simpson, Associated Press Writer

AP, July 27, 2006

Top U.S. and European officials agreed Wednesday on the need for urgent action to halt the fighting in Lebanon and on the creation of a multinational force to keep the peace. But the two sides had starkly divergent views of what that means.

Most Europeans want Israel to stop its offensive against Hezbollah now — which would leave Hezbollah battered but defiant. The United States wants to give Israel more time to pound the militia into submission as part of the wider war on terror.

The foreign ministers and other senior officials from 15 nations, as well as U.N. Secretary-General Kofi Annan and representatives from the European Union and the World Bank, agreed in Rome on a declaration that expressed "deep concern" for the high number of civilian casualties in Lebanon, where government officials say hundreds of people have been killed. Israel, Iran and Syria did not attend the meeting.

Deep differences in an approach to the crisis were abundantly clear.

In the presence of Secretary of State Condoleezza Rice, Italian Foreign Minister Massimo D'Alema alluded to the discord in post-conference comments. He said many participants appealed for an immediate and unconditional truce "to reach, with utmost urgency, a cease-fire that puts an end to the current violence and hostilities."

Rice, for her part, deflected pressure to lean on Israel to end its 2-week-old offensive, insisting that any cease-fire must be "sustainable" and there could be "no return to the status quo ante."

Later, Rice briefed reporters, saying she told the conference: "The fields of the Middle East are littered with broken cease-fires. ... And every time there is a broken cease-fire, people die, there is destruction and there is misery."

She added that Lebanese Prime Minister Fuad Saniora issued an impassioned appeal for peace, asking if the Lebanese people were "children of a lesser God."

At the conference, Saniora had difficultly containing his disappointment, saying the conference made "some progress" but pleading with world leaders to keep working toward a cease-fire.

Saniora said the violence has brought his country, still rebuilding from its 1975-1990 civil war, "to its knees."

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The Lebanese leader recognized that Israel's offensive had been sparked by Hezbollah's incursion across the "blue line" — the border recognized by the United Nations — when it killed eight soldiers and kidnapped two, but added that the military campaign was "disproportionate."

The Western-leaning moderate also appealed to Israel to enter a peace process with all its Arab neighbors — striking a markedly different tone from many previous Lebanese leaders.

The Rome conference did clinch a consensus on establishing a new multinational force for southern Lebanon — one far tougher than the existing, three-decade-old UNIFIL operation which has lacked a mandate to prevent hostilities.

"What we agreed upon is that there should be an international force under a U.N. mandate that will have a strong and robust capability to help bring about peace, to help provide the ability for humanitarian efforts to go forward and to bring an end to the violence," Rice told reporters.

"We all committed to dedicated and urgent action to try to bring about an end to violence that would be sustainable" and leave the Lebanese government in full control of its territory, she said.

She also pointed a finger at Iran and Syria, which she accused of stoking the violence. Rice said she expected both countries not to undermine any agreement reached between Israel and Lebanon and welcomed Annan's offer to use his office "to try to make sure that Syria and Iran behave responsibly."

Syria's U.N. ambassador Bashar Ja'afari said Damascus felt snubbed because it and other countries in the Middle East were not consulted at the Rome meeting.

Italian Premier Romano Prodi put a positive spin on the conference, saying in an interview with The Associated Press that "what could be achieved was achieved."

Prodi insisted Washington wasn't fully isolated with its insistence that a cease-fire should accompany a durable peace, including disarming of the Hezbollah militias. He said the United States received support from Britain and acceptance from Germany that an immediate truce wasn't in the works.

Ultimately, Washington's position seemed sustainable largely because the others — despite shock at the scale of destruction and hundreds of civilians killed — largely supported the goal of disarming Hezbollah and extending the control of the Lebanese government to the south, which the militia has in effect controlled for years.

D'Alema urged Hezbollah to release the Israeli soldiers whose capture helped ignite the latest hostilities.

"It's a gesture that could be done while asking Israel to make the same step, but it could be a way to bring the end of hostilities closer," D'Alema told Italian state TV Wednesday evening.

Prodi said the force must be "sizable" and drawn from a number of countries. He pledged that Italy would commit troops if it has a U.N. mandate.

Israel, which did not attend, said it expected those at the Rome conference to follow up and take action to support Lebanon's army and turn it into a force capable of disarming Hezbollah.

"Israel is forced to continue to defend its citizens, because of the failure to implement these resolutions so far," said a statement released by Israel's Foreign Ministry.

Israeli officials have expressed support in principle for the deployment of an international force, recognizing that the weak Lebanese government could not likely subdue the Iranian- and Syrian-backed Hezbollah without assistance.

Rice said the force's mandate would be discussed over the next several days. "We also have asked that those meetings be held urgently so that force can be put together."

She said she did not anticipate American combat troops being used in the force.

In Brussels, EU officials said a meeting of European foreign ministers would be held next Tuesday to discuss the violence.

Annan said the emerging force would help Lebanon assert its authority and implement existing U.N. resolutions, which would ultimately leave Hezbollah disarmed.

Associated Press Washington correspondent Katherine Shrader, who is traveling with Rice, contributed to this report.

Rome Meeting Fails To Produce Plan To End Lebanon Crisis (WT)

By Nicholas Kralev

DOJ_NMG_0043620

The Washington Times, July 27, 2006

ROME -- Foreign ministers from the United States, Europe and the Middle East agreed yesterday on the need for a beefed-up international security force under a U.N. mandate on the Israeli-Lebanese border, but they failed to agree on a plan to halt fighting between Israel and the Hezbollah militia.

During an emergency conference that included top diplomats from 16 nations and three international organizations, the United States resisted calls for an "immediate" cease-fire, saying it would only perpetuate an unstable status quo.

"The cease-fire must be lasting, permanent and sustainable," the diplomats said in a closing statement, using language sought by Secretary of State Condoleezza Rice, who appeared visibly exhausted as the conference ended.

The statement also pledged that participants would "work immediately" and "with the utmost urgency" toward ending the hostilities.

U.N. Secretary-General Kofi Annan called separately for an "urgent effort to help bring peace and stability to that region" and for a "temporary cessation of hostilities" to carry out "essential humanitarian tasks."

"It is important that we get a political framework that will buttress whatever understanding that we reach eventually through the Security Council and through discussions with countries involved," he said.

Several participants in the conference said they expected the Security Council to begin discussing a resolution on an international force in the next few days.

Miss Rice flew to a conference in Malaysia yesterday but could return to the Middle East this weekend, U.S. officials said. She visited Lebanon, Israel and the Palestinian territories earlier in the week.

"What we've agreed upon is that there should be an international force under a U.N. mandate that will have a strong and robust capability to help bring about peace, to help provide the ability for humanitarian efforts to go forward and to bring an end to the violence," Miss Rice said.

Javier Solana, foreign policy chief of the European Union, told the gathering that his organization would make a "substantial contribution" to the security force once there is a political agreement between Israel and Hezbollah, although he did not name the countries that would send troops, a European official said.

Diplomats said France, Italy and Spain had offered to take part in the force. In addition, Turkey, Sweden, Greece and Finland have said they would consider joining.

The force would be separate from a U.N. observer force that has operated in the region for nearly three decades. Four of its members died during an Israeli air strike Tuesday.

France and Germany rejected an Israeli idea that NATO lead the security force. The alliance works by consensus, and no decision can be taken if a single member is opposed.

"Like it or not, NATO is perceived as the armed wing of the West in this region, so in terms of its image, NATO is not right for the job," French President Jacques Chirac told the newspaper Le Monde.

A German government spokesman ruled out sending the alliance's newly created reaction force, saying NATO "does not have priority for a possible stabilization force."

NATO Secretary-General Jaap de Hoop Scheffer said he did not exclude a future role for the 26-nation organization, but he added, "This is not the moment."

Israel and Hezbollah were not invited to the Rome conference, which was co-hosted by Miss Rice, Mr. Annan and Italian Foreign Minister Massimo D'Alema. Nor were Hezbollah supporters Syria and Iran.

Mr. Annan said, "It is important that we work with the countries of the region to find a solution, and that should also include Iran and Syria."

Lebanese Prime Minister Fuad Siniora said his country's "barbaric destruction" by Israel has brought it "to its knees."

The conference, whose participants also included Egypt, Saudi Arabia and Jordan, began with a minute of silence for the about 450 victims of the 15-day-old conflict.

Cease-fire Talks Stall As Fighting Rages On 2 Fronts (NYT)

By Craig S. Smith And Helene Cooper

The New York Times, July 27, 2006

AVIVIM, Israel, July 26 — Israel's two-front conflict saw its heaviest day of fighting on Wednesday, killing 9 Israeli soldiers, dozens of Hezbollah fighters and at least 23 Palestinians in Gaza. As the battles raged, a meeting of the United States and European and Arab countries in Rome failed to reach agreement on a plan to end the fighting between Israel and Hezbollah as the United States resisted calls for an immediate cease-fire.

Hezbollah kept up its sustained fire on northern Israel, with 130 rockets hitting the region, wounding more than 10 Israelis.

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The death toll on Wednesday was Israel's highest since fighting began on July 12 after Hezbollah captured two Israeli soldiers during a raid into Israel.

The most intense ground combat came around the hilltop town of Bint Jbail, a Hezbollah stronghold just a few miles from the Israeli border. At the meeting in Rome, while the other nations pressed for an immediate cease-fire, the United States argued for a "sustainable cease-fire," with the Lebanese government regaining sovereignty over southern Lebanon, and militias like Hezbollah being disbanded.

The lack of action prompted Prime Minister Fouad Siniora of Lebanon to lash out with a cry of despair.

"Is the value of human life less in Lebanon than that of citizens elsewhere?" he asked. "Are we children of a lesser god? Is an Israeli teardrop worth more than a drop of Lebanese blood?"

Accusing Israel of "barbaric destruction," he vowed to seek justice, announcing that Lebanon would begin legal proceedings for war reparations.

European and Arab governments, as well as Kofi Annan, the United Nations secretary general, and Javier Solana, the European Union foreign policy chief, lined up behind him and pushed hard for an immediate cessation of hostilities or even a truce on humanitarian grounds, several participants said.

But in a tense, sometimes stormy debate that went on for nearly an hour, Secretary of State Condoleezza Rice dug in, and prevailed.

Later, she defended the United States' refusal to call for an immediate ceasefire, saying: "It doesn't do anyone any good to raise false hopes about something that's not going to happen. It's not going to happen. I did say to the group, 'When will we learn?' The fields of the Middle East are littered with broken cease-fires."

She said she expected that the issue would end up being resolved by the United Nations Security Council.

In a news conference after the talks, the normally placid Mr. Annan made no effort to control his rage at Israel for what he had called an "apparently deliberate targeting" of a United Nations observer post in southern Lebanon by Israel on Tuesday. Four observers were killed.

"Mr. Olmert definitely believes it was a mistake," said Mr. Annan, referring to Israel's prime minister, Ehud Olmert. But despite at least 10 calls from United Nations personnel to Israel that their positions were being shelled, Mr. Annan added, "The shelling of the U.N. positions began early in the morning and carried on all day."

He pledged a formal investigation.

Ms. Rice and Mr. Annan disagreed at the news conference on whether Syria and Iran should be brought into the effort to end the violence. Mr. Annan called for working "with the countries of the region to find a solution," naming Iran and Syria as players; Ms. Rice, by contrast, said she was concerned about Iran's role and calling on Syria to live up to its responsibilities, a reference to previous United Nations resolutions.

While the world has focused on the fighting in Lebanon, Israel has continued to shell Gaza. Most of those killed in Gaza on Wednesday were militants, but a mother and her two young daughters died when an artillery shell hit their home, the Palestinian Health Ministry said. A third young girl was also killed, and dozens of Palestinians were wounded.

In its campaign, which began as an effort to halt rocket attacks and intensified after Palestinian militants captured an Israeli soldier last month, Israel has hit homes in residential areas where it believes weapons are stored, causing civilian casualties in some cases.

Israel says it has dropped leaflets, and even made phone calls to families in the area, warning them that they should leave because militants are operating in the area and that the Israeli military could carry out operations.

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In southern Lebanon, Israel's initial talk of breaking Hezbollah's back has slowly given way to more limited goals as Israeli ground troops have bogged down just a few miles into the country. The latest talk is of creating a buffer zone just two kilometers, or about 1.2 miles, wide, which Israel said it could police from its side of the border.

"You can create a buffer zone, not only by being there, but by going in and out," said Maj. Gen. Benny Gantz, who is in charge the Israeli military's ground forces.

Prime Minister Olmert briefed an Israeli parliamentary committee Wednesday on plans for the zone, according to participants in the closed session.

A senior Israeli official who spoke about the plan Tuesday said ground troops would be used in the zone. But Mr. Olmert suggested that Israel would try to keep order from its side of the border with artillery and airstrikes.

The plan is already coming under criticism, as has the slow military progress on the ground. Yuval Steinitz, a member of the committee on defense and foreign affairs, which met with Mr. Olmert, described the government's plan as half-baked.

"We already have troops in Lebanon, but the government is very reluctant to use ground forces in a major way," said Mr. Steinitz, a member of the right-wing Likud party.

"If we want to achieve something with this operation, then we need to conduct massive ground operations and clear out all of southern Lebanon," he said.

Two days ago, Israeli military officials on the border confidently announced that first the village of Marun al-Ras and then the larger town of Bint Jbail had been subdued. But renewed fighting erupted in the region around daybreak Wednesday, and by afternoon military officers were being more circumspect about their progress.

In the village of Marun al-Ras, one Israeli soldier was killed and three more were wounded Wednesday, the Israeli military said. Hezbollah fighters fired an anti-tank rocket that hit the soldiers in a building, it said.

When asked what the Israeli military had achieved after two weeks of fighting, General Gantz replied: "I would suggest asking what Hezbollah has achieved. They came as defenders of Lebanon but basically have destroyed the country."

General Gantz, a lean, graying man who is famous for having been the last Israeli to leave southern Lebanon in the pullout six years ago after the country's 18-year presence there, insisted that the fight, though long, would ultimately go Israel's way. Yet he showed glimmers of frustration with the political pressures that are shaping the battle plan.

When asked if he thought Israel's response to the initial Hezbollah raid was disproportionate, as many critics have charged, he minced no words. "I don't think it was disproportionate," he said. "It should have been much stronger, and that's what we're going to do."

He added, "We have a long way to go and a lot to achieve," though he would not talk about how many villages needed to be cleared of Hezbollah fighters. Israeli Army officers are saying that it is probably unrealistic to expect that the military can wipe out Hezbollah's well-hidden and widespread arsenal, which was believed to have contained more than 10,000 missiles when the fighting began.

General Gantz conceded that it would be difficult to stop the rockets that have menaced northern Israel with purely military means, noting that the launchers are mobile and easily hidden and can be fired remotely or with timers.

Another officer, who asked not to be named because he was not authorized to speak to the press, noted that even if Israel managed to destroy 50 or 60 percent of those rockets, there would still be enough left to keep up the current pace of roughly 100 rockets a day for weeks.

"All Hezbollah has to do to win, is not lose," another officer said.

Meanwhile, Israel responded to sharp international criticism over the airstrike that killed the four United Nations observers on Tuesday in the southeastern Lebanese town of Khiyam. They were from Canada, Finland, Austria and China.

"It was a tragic mistake," said General Gantz, adding that there was no reason Israel would take aim at international observers. Other Israeli officers dismissed the suggestions that Israel would have chosen the post as a target, saying such an action would make no sense at a time when the country is trying to attract a multinational peacekeeping force from an already reluctant international community.

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In another matter that has drawn criticism, the general acknowledged that Israel had used cluster munitions in the conflict. The munitions disperse bomblets over a wide area and have been banned by some countries because of the high number of civilian casualties they cause.

Human Rights Watch charged earlier this week that Israel had used cluster munitions on the Lebanese village of Blida on July 19, killing one woman and wounding at least 12 other civilians, including seven children. But Israel says the weapons it uses are allowed under international law.

"We try to minimize their use," said General Gantz. "We only use them in designated areas that have been closed even by Hezbollah itself."

In another development, Jordanian military cargo planes landed at Beirut's airport loaded with relief aid. The flights came a day after Mr. Olmert told Ms. Rice that Israel would allow corridors of safe passage for aid to reach Lebanese civilians. Relief supplies are also expected to begin arriving by sea at the ports of Beirut, Sidon and Tyre.

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In the Gaza fighting, Israeli armored forces moved toward the edge of Gaza City and clashed repeatedly with militants. The Israelis flattened orchards and greenhouses in the area to remove cover used by militants to fire rockets.

The Israeli military said it had carried out a series of airstrikes and fired artillery rounds at gunmen in the area.

Palestinian militants fired at least 13 rockets into southern Israel, slightly wounding one person in the town of Sderot.

Rice Says US Not Alone Over Mideast Ceasefire, Hails Rome Talks (AFP)

By Stephen Collinson

AFP, July 27, 2006

US Secretary of State Condoleezza Rice denied that Washington had been isolated at the Middle East crisis talks in Rome in its rejection of an immediate ceasefire between Israel and Lebanese Shiite militia Hezbollah.

"Yes, there were a lot of countries calling for an immediate ceasefire. There were several that did not," Rice told journalists on board a plane taking her from Rome to a meeting with southeast Asian leaders in Malaysia.

"It was not all countries calling for an immediate ceasefire," she said.

The 15-nation crisis talks in Rome on Wednesday failed to produce a call for an immediate ceasefire, adding support to the US position that there must first be a sustainable solution.

Rice said on Thursday that failure to work towards a ceasefire that was sustainable would only cause future bloodshed.

"The fields of the Middle East are littered with broken ceasefires," she said. "Every time there is a broken ceasefire, people die and there is destruction and misery."

"Yes, we want to see a ceasefire urgently in this region. Let's create the conditions this time that will make this an end of violence."

Rice insisted the Rome meeting had not been a failure.

"It was a success because it identified the elements that would eventually make up a sustainable ceasefire," she said.

She said there had been agreement that full implementation of United Nations resolution 1559 and the Taif Agreement that ended Lebanon's civil war in 1990 were the basis for a solution.

Both the resolution and the agreement call for the extension of the Lebanese government's sovereignty to the whole of the country and the disbanding of private militias such as Hezbollah.

Rice said there had also been agreement in Rome on the need for a multinational UN-mandated force for Lebanon. "The UN plans to hold a troop contribution meeting at the end of this week or next week," she added.

The US secretary of state had travelled to the Rome crisis meeting after a flying trip to the Middle East for separate talks with Lebanese Prime Minister Fuad Siniora, his Israeli counterpart Ehud Olmert and Palestinian Authority president Mahmud Abbas.

"I want a ceasefire as much as anyone," she told reporters on her plane to Malaysia.

"I looked in Prime Minister Siniora's eyes ... and I know what this must be like for him.

"I talked to Prime Minster Olmert. They (the Israelis) have got a million people in bomb shelters."

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More than 400 Lebanese have been killed in Israel's bombing campaign to eradicate Hezbollah, while the number of refugees has reached 600,000 and continues rising, according to UN humanitarian affairs chief Jan Egeland.

Israel said on Wednesday 33 of its soldiers and 18 civilians had been killed since the start of fighting just over two weeks ago.

Siniora on Monday told Rice: "Israeli aggression is not only targeting Hezbollah but Lebanon itself, sending it back 50 years with its bombardment."

Speaking of the Lebanese leader on Thursday, Rice said: "I have to say that Prime Minister Siniora was eloquent. He is a man of great dignity. He cares deeply about his people.

"He is also the future of the Middle East," she added, putting Siniora in this respect in the same category as Palestinian leader Abbas.

Asked whether she would return turn to the Middle East after her trip to Asia, Rice said: "I am flexible about what I should do."

She said she had left US Assistant Secretary of State David Welch and US Assistant National Security Advisor Elliot Abrams in the Middle East to talk to the Israeli and Lebanese governments.

Diplomats In Dispute Over Mideast Cease-fire (USAT)

By Andrea Stone

USA Today, July 27, 2006

ROME — World diplomats attending an emergency conference on the crisis in Lebanon failed Wednesday to agree on when or how to implement a cease-fire.

Violence between Israel and Hezbollah guerrillas continued to rage. Israel suffered its heaviest losses in 15 days of fighting. Nine soldiers died during a battle over a Hezbollah stronghold of Bint Jbeil and other fighting.

An Israeli military official speaking on condition of anonymity because he was not authorized to release the information told the Associated Press at least 30 Hezbollah militants were killed Wednesday.

At least 423 people have been killed in Lebanon in the two-week conflict. At least 51 Israelis have been killed.

At the hastily convened conference attended by representatives from 15 nations, diplomats called for an end to the violence and the establishment of a United Nations peacekeeping force.

The United States differed with European and Arab countries, however, on when to impose a cease-fire.

Secretary of State Condoleezza Rice continued to insist that any cease-fire must be “sustainable” — meaning Hezbollah first must be removed as a threat.

French Foreign Minister Philippe Douste-Blazy said France and other nations backed a statement calling for an immediate cease-fire but Rice pushed successfully for language calling for parties to “work immediately for the cessation of hostilities.”

“We agreed upon what we could agree,” Finnish Foreign Minister Erkki Tuomioja said.

Lebanese Prime Minister Fuad Saniora pleaded with diplomats to keep working. “The more we delay the cease-fire, the more we are going to witness more being killed, more destruction and more aggression against the civilians,” he said.

Rice rejected suggestions that the meeting had been a failure or that the United States had been isolated.

Briefing reporters on her plane en route to a meeting of Asian foreign ministers in Malaysia, Rice said the United States “believes very strongly that it doesn't do any good to raise false hopes about something that is not going to happen. … An immediate cease-fire isn't going to happen.”

She made clear that hostilities will have to end before peacekeepers are deployed. “One does not expect an international force to enter under hostile fire,” she said.

Asked whether she might return to the Middle East after the Malaysia meeting, Rice said, “I'm flexible. Stay tuned.”

In Washington, some foreign policy analysts were split over the implications of the standoff.

“It's hard to imagine this was the planned outcome,” said Jon Alterman, a Mideast analyst at the Center for Strategic and International Studies. “The failure to even give an illusion of a global consensus highlights how little the United States is able to lead world opinion.”

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Kenneth Katzman, a Middle East specialist at the Congressional Research Service, said that although the U.S. policy is proving controversial, it appears to be accomplishing its aim — to give Israel time to deal Hezbollah a mortal blow.

"The outcome of the meeting reflected U.S. policy, which is to allow Israel time to reduce Hezbollah's military infrastructure," Katzman said. "This is proving difficult, but Israel appears to be making military progress toward that goal."

Other developments:

•Hezbollah fired 151 rockets into Haifa and surrounding areas — wounding 31 people.

•Israeli Prime Minister Ehud Olmert called U.N. Secretary-General Kofi Annan to express "deep regret" for the deaths of four U.N. observers from an Israeli airstrike. Olmert rejected Annan's charge that the deaths were the result of "apparently deliberate targeting" by Israel.

Jane Holl Lute, deputy head of U.N. peacekeeping operations, told the U.N. Security Council that Israeli forces continued bombing near the observers' post "despite repeated requests" to stop.

An Irish army officer serving with the U.N. force told the Israelis six times that the artillery strikes threatened the lives of the four observers, Ireland's Foreign Ministry said in a statement.

Rome Talks Fail To Yield Lebanon Ceasefire (FT)

By Roula Khalaf And Sharmila Devi

Financial Times, July 27, 2006

An international crisis meeting on Lebanon on Wednesday failed to agree on a call for an immediate ceasefire in the two-week conflict between Israel and Hizbollah fighters, pledging only quick humanitarian relief and support for Lebanon's reconstruction.

Nearly all the participants at a Rome conference called for an immediate ceasefire, leaving the US isolated, according to Arab officials.

Foreign ministers from the US, Europe and the Arab world ended the talks with a stated determination to work towards the end of the conflict with "utmost urgency". Condoleezza Rice, US secretary of state, said: "We all agreed we want most urgently to end violence on a basis that is sustainable."

The meeting came as the Israeli army suffered its highest casualties for years in the fighting in southern Lebanon. On Wednesday night it said nine soldiers had been killed and 22 wounded in an assault on the town of Bint Jbail.

Israeli air strikes hit more than 50 targets across Lebanon on Wednesday, while Hizbollah, the Shia Islamist group, fired 125 rockets into Israel. Major-General Udi Adam, Israel's head of the northern command, said: "Given the progress over the last two weeks, I reckon it [the offensive] will continue for several more weeks."

Participants at the Rome talks agreed conditions for a lasting peace required the Lebanese government to deploy its forces throughout its territory and disarm all militias, a reference to Hizbollah, which sparked the conflict with the capture of two Israeli soldiers. The meeting also agreed that an international force should be authorised under a United Nations mandate to support the Lebanese army.

The mandate of the international force will be discussed over the next few days as the debate on Lebanon moves to the UN Security Council. Diplomats said the US appeared to be suggesting the force should deploy to assist the truce, while France said it should follow a political agreement that settles all disputes between Lebanon and Israel.

Fouad Siniora, Lebanon's prime minister, said his country was being "cut to pieces". Lebanon needed humanitarian assistance, he said, but it needed an immediate ceasefire more.

Israel's campaign has killed 418 people, mostly civilians, devastated Lebanon's infrastructure and displaced more than half a million people. In Israel at least 42 people have been killed.

Hassan Nasrallah, Hizbollah's leader, told al-Arabiya television on Wednesday: "We fight a guerrilla warfare . . . the important thing is what losses we inflict on the Israeli enemy." His group, which is backed by Syria and Iran, has vowed it would not accept "humiliating" terms in a truce.

Kofi Annan, UN secretary-general, told the Rome meeting the crisis remained "horrendous".

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China called on the Security Council to condemn the "co-ordinated artillery and aerial attack" by Israel on a UN observer post in Lebanon that killed as many as four people, but the US rejected any suggestion of deliberate targeting.

Additional reporting by Mark Turner at the United Nations

World Powers Fail To Agree On Plan To End Fighting, Underscoring U.S. Influence On Israel (NYT)

By Elaine Sciolino And Helene Cooper

The New York Times, July 27, 2006

ROME, July 26 — World powers failed to agree Wednesday on a plan to end the fighting between Israel and Hezbollah, underscoring the power of the United States to prevail when it comes to dealing with Israel.

In their formal statement, the United States, the Europeans, and Egypt, Jordan and Saudi Arabia expressed a vague "determination to work immediately to reach with the utmost urgency a cease-fire that puts an end to the current violence and hostilities."

They also agreed on the need for aid and for an international force to be deployed in southern Lebanon.

Secretary of State Condoleezza Rice said at a news conference that no cease-fire could be called until conditions were right to guarantee it would hold. "We have to have a plan that will actually create conditions in which we can have a cease-fire that will be sustainable," she said.

But most of the other governments were seeking, at the very least, a phrase pledging that they would "work towards an immediate cease-fire," said a diplomat, who like others, spoke on the condition of anonymity under normal diplomatic rules. But Ms. Rice refused.

[Ms. Rice said Wednesday night that American officials would return to Israel and Lebanon on Thursday to try to hash out details for an eventual "sustainable cease-fire." Speaking during her flight to Malaysia, for a regional meeting, she said she expected the issue to end up in the hands of the United Nations Security Council.]

The talks in Rome also tried to address the thorny issue of creating an international force in southern Lebanon as a buffer with Israel.

The United States, which already has said it will not contribute troops to a force, earlier this week said it favored its creation under NATO authority, several European officials said.

But the Europeans, who are expected to make up the bulk of any force, as well as the United Nations secretary general, Kofi Annan, said that it would be impossible politically to send the world's most powerful military alliance, which is so closely identified with the West, to police a conflict between Israelis and Arabs.

In this case, the Americans were forced to back down, said a number of senior European officials.

The ministers here did not make progress in defining the composition, size, mandate, deployment or exit strategy of an international force, but they did agree that it would fall under United Nations auspices. "An international force in Lebanon should urgently be authorized under a U.N. mandate to support the Lebanese Armed Forces in providing a secure environment," the conference statement said.

The anti-NATO view was laid out by President Jacques Chirac of France in an interview for publication Thursday in Le Monde.

"For technical reasons but also political reasons, NATO is not designed for this type of intervention," he said. "NATO is perceived, whether we like it or not, as the armed wing of the West in these regions and consequently in terms of its image, NATO is not the right organization here."

Mr. Chirac, who did not rule out French participation or even command of a force, said it could only be deployed after a cease-fire and a solid political agreement was in place. In the absence of a political agreement, he added, an international force would not "have the capacity or the mandate to disarm Hezbollah," which he said had to be done by the Lebanese authorities.

The position of France, which is similar to that of Lebanon, is crucial. Because of its history as the onetime protector of Lebanon, its current close relationship with the country, and the flexibility of its military, it will be called on to provide a large portion of the troops in an international force and perhaps to lead it.

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But the major sticking point here on Wednesday was the cease-fire.

"We demanded an immediate cessation of hostilities, and the majority of the other parties insisted on our line," the French foreign minister, Philippe Douste-Blazy, said in a telephone interview from Rome, but the Americans disagreed.

Spain's foreign minister, Miguel Ángel Moratinos, told reporters, "It is true some of us would have wanted an immediate cease-fire." Still, he called the meeting "positive" because the nations had recognized the seriousness of the situation and had started on the road to peacemaking.

Mr. Moratinos said it was premature to say whether Spain would contribute peacekeepers.

Even Britain's patience with the United States is wearing thin. The British foreign secretary, Margaret Beckett, told reporters that Britain would make a formal complaint after British media reports that American aircraft carrying "bunker busting" bombs from the United States to Israel refueled at a Scottish base last weekend.

But Ms. Beckett agreed with the Americans on delaying a cease-fire, saying "it might break down'' and "what we all want is something out of this that will last in this case not just weeks but years so that is crucial."

Prime Minister Fouad Siniora of Lebanon repeatedly reminded his counterparts of the loss of civilian life in his country. He quoted the Roman historian Tacitus from more than 2,000 years ago to describe what Israel was doing to Lebanon today. "They created a desolation," Mr. Siniora said, "and call it peace."

Talks Fail On Mideast Truce (WP)

By Robin Wright

The Washington Post, July 27, 2006

ROME, July 26 -- International talks on Lebanon here failed Wednesday to agree on an immediate cease-fire in the conflict between Israel and Hezbollah but called for a new multinational force in south Lebanon and opened the way for Secretary of State Condoleezza Rice to return to the Middle East soon for further discussions, U.S. and U.N. officials said.

The Rome conference did not bridge the gap between a tough U.S. position, opposing a cease-fire except as part of a broader arrangement that can endure for years, and European and Arab calls for an immediate halt to the fighting. The meeting went 90 minutes longer than expected, largely because of stiff debate over the cease-fire issue, U.S. diplomats said.

"We are all agreed that we want most urgently to end the violence on a basis that this time will be sustainable, because unfortunately, this is a region that has had too many broken cease-fires, too many spasms of violence, followed then by other spasms of violence," Rice said at a joint news conference with U.N. Secretary General Kofi Annan, Lebanese Prime Minister Fouad Siniora and the conference host, Italian Foreign Minister Massimo D'Alema.

Despite an impassioned appeal for an immediate end to hostilities by Siniora, who said Israeli airstrikes had brought his country "to its knees," the United States pushed through language urging countries to "work immediately to reach with utmost urgency a cease-fire that will put an end to the current violence and hostilities." Most of the 18 parties called instead for "urgent work on an immediate cease-fire."

As an alternative, Annan suggested a temporary "pause" in hostilities to let in humanitarian assistance and allow deployment of an international force to distribute relief and eventually help strengthen the Lebanese government, an idea that other delegates said was blocked by intense U.S. pressure.

The U.S.-backed formulation would allow fighting to continue until a wide-ranging agreement can be worked out, diplomats here said.

Terge Roed-Larsen, a U.N. special envoy for Lebanon, called the conference a "steppingstone," rather than a failure. "No one can wave a magic wand. We need time. This is the real world," he said.

Rice told reporters traveling with her that talks will begin later this week or early next week among countries interested in contributing troops to the proposed multinational force. Plans are also underway for one or two new U.N. Security Council resolutions, which U.S. officials said could be drafted as early as next week.

The conference did not define the terms or timing of the proposed force, although Rice said it would not be expected to deploy under hostile fire. The conference declaration said the force should receive "a U.N. mandate to support" Lebanon's army in securing the country's south.

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Italian Prime Minister Romano Prodi said Wednesday that he would commit troops to a military force for Lebanon if it had a U.N. mandate, and Turkey, NATO's only Muslim member, said Tuesday that it might join such a force as well. Spain, Germany and Ukraine have also said they are weighing participation, the Associated Press reported.

Philip Zelikow, a senior Rice aide, remained in Europe for follow-on talks with European Union officials about future meetings and the proposed multinational force. A U.N. source said its peacekeeping office was exploring different models for a Lebanon mission after the failure of earlier international forces there, including the current observer mission, known as UNIFIL, four of whose members were killed Tuesday in an Israeli airstrike.

Conference participants also announced plans for an international donors' conference to mobilize aid to reconstruct battered Lebanon, with a particular focus on the Shiite-dominated south that has long been a stronghold for Hezbollah.

The conference's declaration urged Israel "to exercise its utmost restraint" and pledged "to provide immediate humanitarian relief to the people of Lebanon."

A large international force -- with most estimates beginning at about 10,000 troops -- will take significant time to organize, the United Nations' Roed-Larsen said.

The strategy Rice is trying to orchestrate to stop Hezbollah's attacks on Israel centers on strengthening the Lebanese government with international political and military support that might enable it to deal with Hezbollah, U.S. officials said. While earlier governments in Beirut have been unwilling and unable to disarm Hezbollah ever since the radical Shiite militia's founding in 1982, diplomats traveling with Rice said that Hezbollah will eventually recognize that it is in its self-interest to disarm and become just a Lebanese political party.

"This is not a Hezbollah-centered approach. It is based on a government-of-Lebanon approach," State Department spokesman J. Adam Ereli said. "We think Hezbollah will see that it's in its interests to do it. We want to create a reality that makes maintaining an independent armed force in Lebanon unsustainable."

As part of this strategy, the United States does not rule out a role for Hezbollah in Lebanese politics. "We don't dispute Hezbollah's political role," Ereli said. "They were elected to parliament on the basis of free and fair elections, so we don't contest that. We say you can't have it both ways."

One idea being considered is incorporating Hezbollah fighters as reserve units in the Lebanese army and putting their arms in a depot under army auspices, Roed-Larsen said.

Conference participants were also divided on how to handle Syria and Iran. Annan called for "constructive engagement" with the governments in Damascus and Tehran, the chief benefactors of Hezbollah.

Rice said she was "very pleased" that the U.N. chief wants to "use his good offices to try and make sure that Syria and Iran behave responsibly," but expressed doubt that his efforts would succeed.

After the conference, Rice flew to Malaysia for a conference of the Association of Southeast Asian Nations, where she is scheduled to stay until Saturday.

Timing Remains Obstacle To Mideast Cease-Fire (WSJ)

By Neil King Jr.

The Wall Street Journal, July 27, 2006

ROME -- The U.S., European and Arab countries pledged to hammer out a complex plan to persuade Israel and Hezbollah militants to put down their guns, but the deal fell short of the immediate cease-fire many had sought.

As fighting continued along the Israel-Lebanon border, diplomats here for an 18-country summit on the crisis said the overwhelming obstacle was one of timing: how to put together a proposal where all the necessary ingredients either happen at once or fall in place in just the right order.

The sometimes-divisive gathering came on one of the worst days of fighting in the two-week-old conflict, further clouding hopes for a quick end to the bloodshed. Since Israel started targeting Hezbollah following the Islamist militia's capture of two Israeli soldiers on July 12 in a cross-border raid, the conflict has killed at least 423 people in Lebanon and 51 Israelis.

Eight soldiers were killed and more than 22 wounded yesterday when they were caught in an ambush in Bint Jbail, a Hezbollah stronghold in southern Lebanon about 1.5 miles north of the Israeli border. Meanwhile, Hezbollah fired more than 150

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rockets into Israel, while Israeli aircraft continued their bombardment of targets in Lebanon. News reports said an Israeli missile blew up a 10-story apartment block in the Lebanese coastal town of Tyre, killing many civilians.

Israeli Prime Minister Ehud Olmert told United Nations Secretary General Kofi Annan that he has ordered a thorough investigation into an Israeli air-force strike on a U.N. base in southern Lebanon on Tuesday in which four peacekeepers were killed. He expressed "deep regrets" over the deaths but denied Mr. Annan's suggestion that the U.N. position was deliberately targeted. 5

For many of the European nations and all four Arab countries represented at the Rome summit, the continued violence underscored their belief that an immediate cease-fire had to come first, followed by a diplomatic solution that would include an international peacekeeping force. The U.S. and Britain argued that approach was both impractical and counterproductive to reaching a lasting solution. In the end, the U.S.-British view prevailed.

After several hours of negotiation and an emotional appeal by Lebanese Prime Minister Fuad Siniora, the countries vowed "to reach with the utmost urgency a cease-fire" that is "lasting, permanent and sustainable" -- language the U.S. has been using for more than a week.

Secretary of State Condoleezza Rice said after the talks that the international community now must craft "a plan that will actually create conditions" for such a cease-fire. Exactly how that will come about is far from clear.

The Bush administration continues to back Israel's efforts to cripple Hezbollah, with the short-term aim of carving out a buffer zone just inside Lebanon. U.S. officials suggest a comprehensive deal to end the fighting and open the way for Lebanese and international forces to move into southern Lebanon can happen only after Hezbollah's military power is sufficiently weakened.

U.S. officials traveling with Ms. Rice insisted that most countries involved in the talks generally agreed with the U.S. position that a comprehensive plan must precede a cease-fire. "There was broad agreement in that room," one official said. "We all walked out of that room with the same sense of urgency and immediacy."

There are clearly divisions within Europe over the proper timing of a solution. In Paris, French President Jacques Chirac told reporters a cease-fire had to come first and without delay. Italy openly resisted the call for an immediate cease-fire, while Britain supported the U.S. position in the talks. In remarks to the other ministers in Rome, Mr. Annan said countries "must avoid falling into the sequencing trap, in which each side establishes its own fixed notion of what must happen, in what order."

Lebanon's Mr. Siniora, in outlining a position similar to that of other Arab countries, said in Rome that Israel first must stop its bombardment and then agree to return the many Lebanese it holds in Israeli prisons and give back disputed territory along the border. Those steps, he suggested, would persuade Hezbollah to put down its arms, thus allowing the weak Lebanese army to move into the south, along with the aid of an enhanced U.N. force.

There is wide agreement on the eventual need for an international force. Far less certain are questions of timing, as well as its makeup, mandate and precise chain of command. Various European countries, including Italy and France, say they are prepared to contribute to such a force, though many are backing away from earlier suggestions that the North Atlantic Treaty Organization will be called upon to organize it.

Poll Shows Skepticism In U.S. Over Peace In Mideast (NYT)

By Jim Rutenberg And Megan C. Thee

The New York Times, July 27, 2006

Americans are overwhelmingly pessimistic about the state of affairs in the Middle East, with majorities doubtful there will ever be peace between Israel and its neighbors, or that American troops will be able to leave Iraq anytime soon, according to the latest New York Times/CBS News poll.

A majority said the war between Israel and Hezbollah will lead to a wider war. And while almost half of those polled approved of President Bush's handling of the crisis, a majority said they preferred the United States leave it to others to resolve.

Over all, the poll found a strong isolationist streak in a nation clearly rattled by more than four years of war, underscoring the challenge for Mr. Bush as he tries to maintain public support for his effort to stabilize Iraq and spread democracy through the Middle East.

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The concerns expressed over the direction of foreign policy also highlight some of the pitfalls facing Republicans as they head toward the November elections with national security front and center.

A majority of respondents, 56 percent, said they supported a timetable for a reduction in United States forces in Iraq, a question the two parties have been sparring over, with the White House and most Republicans in Congress taking the position that setting a timetable would send the wrong message. More than half of that group said they supported a withdrawal even if it meant Iraq would fall into the hands of insurgents.

Americans support the idea of putting an international peacekeeping force on the border between Israel and Lebanon to calm tensions there, the poll found, but most do not want United States troops to be a part of it.

By a wide margin, the poll found, Americans did not believe the United States should take the lead in solving international conflicts in general, with 59 percent saying it should not, and 31 percent saying it should. That is a significant shift from a CBS News poll in September 2002 — one year after the Sept. 11 terrorist attacks — when the public was far more evenly split on the issue.

Yet, in the latest poll, 47 percent gave Mr. Bush good marks for handling the situation in Israel, with 27 percent disapproving and 26 percent saying they did not know. That was the highest registration of approval for the president in any of the poll's performance measures.

Mr. Bush has experienced a slight increase in his overall job approval rating since the last New York Times/CBS News poll, in May, indicating that the steady erosion in his support over the last year has leveled off and even improved by a few percentage points. Thirty-six percent of those surveyed said they approved of the way he was doing his job, up from 31 percent in May.

But with 55 percent saying they disapproved of his performance, the numbers remain far below the comfort zone for a sitting president during a tough midterm election season. In what could be another warning sign for incumbents, more than twice as many people believe the country is heading in the wrong direction than believe it is heading in the right direction. Only 35 percent of respondents said they approved of Mr. Bush's handling of foreign policy in general, though that was up from the 27 percent in May, and a majority expressed doubt about whether the president had the respect of foreign leaders.

Support for the president's staunch backing of Israel goes only so far: 39 percent indicated they approved of it, but 40 percent said the United States should avoid saying anything at all about the conflict (Only 7 percent said the United States should criticize Israel, though many respondents cast blame for the conflict on both sides).

The poll was based on telephone interviews conducted July 21 through July 25 with 1,127 adults. It has a margin of sampling error of plus or minus three percentage points. The poll was taken as the war between Israel and Hezbollah raged, and during a particularly bloody period in Baghdad, events that have received heavy television news coverage.

In a common refrain among respondents regarding the Israel-Hezbollah war, Sharon Schierloh, 62, a retired factory worker from Ottawa, Ohio, said: "Let the Israelis take care of the problems in their area. We need to stay out of that because our troops are spread too thin." She spoke in a follow-up interview after participating in the poll.

If Mr. Bush and the Republicans could not find much good news in the poll, they could at least pinpoint some signs of abatement in what had been a decidedly downward trend for them, starting with Mr. Bush's slightly improved approval ratings.

Congressional Republicans are facing what seems to be one of the worst environments for a majority party since 1994 — when they swept control of both chambers from the Democrats — and, following the general rule, the president's fortunes could heavily affect theirs.

Forty-three percent of those surveyed said they had a favorable opinion of the Republican Party, up from 37 percent in May. But when asked their view of how Congress was handling its job as a whole — a question whose answer tends to reflect prospects for incumbents — 28 percent said they approved, up from 23 percent in May. But 58 percent said they disapproved.

Democrats fared better, with 52 percent of those polled saying they had a positive view of the party and 41 percent saying they had a negative one. And 45 percent of registered voters polled said they would vote for the Democrat running in their district this fall as opposed to the 35 percent who favored the Republican.

Democrats also seemed to have public support on several major issues. Their push for a higher minimum wage has wide public support, according to the poll. Over all, 85 percent of respondents supported a Democratic proposal raising the minimum wage over the next two years to $7.25 an hour from $5.15 an hour, including majorities of Republicans and independents. House

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moderates who support a raise in the minimum wage are prevailing upon more conservative House leaders — who have been opposed to one — to allow a vote on the issue.

And 59 percent of those polled said they approved of medical research using embryonic stem cells. Mr. Bush used his veto power for the first time in his presidency last week to reject a Congressional bill expanding federal financing for such research. Democrats received higher marks on handling the economy, while Republicans received higher marks on handling terrorism. And more respondents approve of the president's handling of terrorism than disapprove, a change from the last Times/CBS poll when opinion was split.

But there was agreement that perceptions about war and peace could have major resonance in the fall. More than twice as many respondents — 63 percent versus 30 percent — said the Iraq war had not been worth the American lives and dollars lost. Only a quarter of respondents said they thought the American presence in Iraq had been a stabilizing force in the region, with 41 percent saying it had made the Middle East less stable.

But respondents were essentially split over whether the invasion was the right thing to do.

Overseas Tensions Force Bush To Change Direction (WP)

By Peter Baker

The Washington Post, July 27, 2006

The latest crisis in the Middle East has disrupted President Bush's plans domestically and internationally at a sensitive juncture, reopening divisions with allies abroad and jeopardizing attempts to restore public confidence at home, according to officials, analysts and diplomats.

The discord at a conference in Rome yesterday over a proposed cease-fire in Israel and Lebanon underscored the widening gap between the United States and Europe over how to stop the fighting. And the images of mayhem from the two-week-old war, combined with the rising death toll in Iraq, have further rattled a domestic audience that polls show was already uncertain about Bush's leadership.

For the president, the timing could not be much worse. In a second term marked by one setback after another, the White House was in the midst of a rebuilding effort aimed at a political comeback before November's critical midterm elections. Now the president faces the challenge of responding to events that seem to be spinning out of control again, all but sidelining his domestic agenda for the moment and complicating his effort to rally the world to stop nuclear programs in Iran and North Korea.

The crisis imperils one of Bush's signature ambitions. This is a president who eschewed Middle East peacemaking of the past as futile, embarking instead on a grand plan to remake the region into a more democratic, peaceful place. A year ago, a wave of reform seemed to take hold. Yet today radicalism is on the rise, Iran is believed to be closer to nuclear weapons and Bush is sending thousands more troops to Baghdad to quell spiraling violence.

"You've got Lebanon, Israel and the Palestinian territories aflame, you've got Iraq still aflame, and you've got the Iran issue now unresolved," said Carlos Pascual, a senior State Department official until this year. "It has hurt the U.S. internationally because it has only reinforced in everyone's mind that the U.S. was not being strategic, it was not looking ahead to how to handle the whole panoply of issues in a way that's both realistic and effective."

Bush advisers who have been buffeted in the past year by a catastrophic hurricane, rising gasoline prices, a failed Social Security initiative, Republican revolts, criminal investigations and a relentless overseas war said they have grown accustomed to constant crisis. "This is a new normal for our administration in the last couple years," said one senior official. "You begin to expect the unexpected."

The priority for Bush will be turning short-term predicament into long-term opportunity. "Right now, with the images coming out of Lebanon, the situation with people trying to get out, I'm sure that's unsettling for people," said the official, who spoke on the condition of anonymity to discuss strategy. "But as this thing unfolds over the next few weeks, and they see the international response, it could provide a moment when the public sees the stakes as well and why we're doing what we're doing in the broader Middle East."

For now, at least, Bush's strong defense of Israel's right to respond to Hezbollah attacks has generated bipartisan support in Congress, which gives him some room to maneuver. If anything, some Democrats are trying to position themselves as even more

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pro-Israel than he is, attacking the president because Iraqi Prime Minister Nouri al-Maliki has condemned Israel's military strikes in southern Lebanon.

But the stark difference between the pro-Israel stance in Washington and the criticism of Israel in many European and Arab capitals underlines the impact on Bush's foreign policy. Bush has labored since his reelection to mend the tattered relations with European allies following the Iraq invasion and, in the view of many analysts, had succeeded to a large extent.

He was ready to reap the benefit of this diplomacy when he left for Europe and the Group of Eight summit in St. Petersburg earlier this month, confident that he had a broad consensus with Britain, France, Germany, Russia and China to take stronger measures against Iran for defying them on its nuclear program.

By the time Bush arrived in St. Petersburg, however, the latest conflict had broken out and Iran was shoved onto the back burner. Although European leaders agreed that Hezbollah was to blame for the fighting, they condemned what they called Israel's disproportionate response and insisted on an immediate cease-fire, while Bush resisted any instant cessation of hostilities and effectively gave Israel leeway to destroy as much of Hezbollah as it could.

Moreover, the administration appeared uncertain at first how to respond, some analysts said. When the G-8 countries adopted a statement calling for consideration of an international force in southern Lebanon after hostilities end, some U.S. officials all but rejected the idea. But now it is a centerpiece of what Secretary of State Condoleezza Rice is trying to accomplish.

"It's starting to overstrain the system," said Pascual, now vice president of the Brookings Institution. "You've got a very small team who are really at the core of dealing with all of these issues. In my view, you can start to see some mistakes being made."

With the Middle East at the forefront, the Iran issue has bogged down again at the U.N. Security Council as Russia resists a tough resolution threatening sanctions, even though in the view of U.S. officials it had agreed to that approach at a meeting in Paris shortly before the Middle East conflict erupted. Likewise, North Korea has vanished from the radar screen, just weeks after its provocative missile tests.

Instead of leading the coalition, then, Bush is explaining his position to allies, reviving memories of his first-term doctrinal differences. "When it looks like we're the odd man out, it tends to cement certain images," said Dennis Ross, a Middle East negotiator under Presidents George H.W. Bush and Bill Clinton. "The U.S. is actually doing the right thing. But are we seen as being active enough in terms of putting together a constructive plan?"

Ross said Bush could use the situation to bolster his case about the threat of a nuclear Iran, given its ties to Hezbollah. "Iran acts pretty reckless when they don't have a nuclear shield. How would they act if they did have a nuclear shield?" he said.

At home, political strategists said, Bush faces the perception that he is presiding over one brushfire after another, hindered in his efforts to advance a positive agenda at a time when Republican control of Congress appears at risk. His most prominent domestic priority of the year, a comprehensive immigration plan, already seemed stalled until after the elections. The escalation of killing in Iraq may have unraveled any chance of major U.S. troop withdrawals before the elections. And the conversation is now dominated by rockets flying in and out of southern Lebanon.

"It significantly contributes to the general sense that they don't have a formula for governing and for leading," said Steve Ricchetti, who was deputy White House chief of staff under Clinton. "There's nothing more important to a president than the public sensing that he has a vision and the ability to lead. And I think that has diminished dramatically for them and it presents an enormous political problem."

Republican candidates who are already nervous about a commander in chief with approval ratings stuck in the 30s have grown wary of the impact of the latest fighting.

"It may not only intrude in the midterm elections, it could envelop them," said V. Lance Tarrance Jr., a prominent Republican consultant. On the one hand, he said, it could give Bush a chance "to demonstrate presidential leadership," and voters are often reluctant to shift leadership in a moment of crisis. On the other hand, he said, "it could force a large-scale regional conflict that increases" the vote against incumbents "to such an extent that people worry about the country."

The White House sees the risk but is banking, in part, on the Democrats' history of not capitalizing on such moments. Bush advisers point to 2004, when the situation in Iraq appeared particularly dire, and yet the president won reelection and Republicans retained both houses of Congress.

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Moreover, they note, Bush has three months to paint the Middle East conflict in terms of his vision of the fight against terrorism.

"It may take a while to settle out," said the senior Bush official. "Whether it happens before the election or not, I don't know."

Holy War A Texas Preacher Leads Campaign To Let Israel Fight (WSJ)

By Andrew Higgins

The Wall Street Journal, July 27, 2006

WASHINGTON -- After Israel sent warplanes into Iraq in 1981 to bomb a nuclear reactor, Texas televangelist John Hagee sent letters to 150 fellow Christian preachers to rally support for the Jewish state.

He got just one positive response. When Mr. Hagee pressed ahead with plans for a pro-Israel gathering in a San Antonio theater, he says he got a death threat on the phone and someone shot out all the windows of his station wagon parked in his driveway.

Last week, as Israel's armed forces pounded Lebanon and worries of a wider conflagration mounted, Mr. Hagee presided over what he called a "miracle of God": a gathering of 3,500 evangelical Christians packed into a Washington hotel to cheer Israel and its current military campaign.

Standing on a stage bedecked with a huge Israeli flag, Mr. Hagee drew rapturous applause and shouts of "amen" as he hailed Israel for doing God's work in a "war of good versus evil." Calls for Israel to show restraint violate "God's foreign-policy statement" toward Jews, he said, citing a verse from the Old Testament that promises to "bless those who bless you" and curse "the one who curses you."

The gathering was sponsored by Christians United for Israel, a national organization the 66-year-old preacher set up this year. The group lobbies politicians in Washington, rallies grassroots support for Israel and aims to educate Christians on what it calls the "biblical imperative" of supporting the Jewish state.

Mr. Hagee is a leading figure in the so-called Christian-Zionist movement. This evangelical political philosophy is rooted in biblical prophecies and a belief that Israel's struggles signal a prelude to Armageddon. Its followers staunchly support the Bush administration's unequivocal backing of Israel in its current battle with Hezbollah in Lebanon.

President Bush sent a message to the gathering praising Mr. Hagee and his supporters for "spreading the hope of God's love and the universal gift of freedom." The Israeli prime minister also sent words of thanks. Israel's ambassador, its former military chief and a host of U.S. political heavyweights, mostly Republican, attended.

At a time when Islamist groups are displacing secular nationalists as the main vehicle for political revolt across the Middle East, Mr. Hagee and like-minded evangelicals are injecting greater religious fervor into American attitudes and policy toward the region. They see, and even sometimes seem to embrace, the notion of a global conflict between Islam and the Judeo-Christian West, just as do many zealous Muslims.

"This is a religious war that Islam cannot -- and must not -- win," Mr. Hagee wrote in a recent book, "Jerusalem Countdown," which focuses on what he says is a coming nuclear showdown with Iran. "The end of the world as we know it is rapidly approaching.... Rejoice and be exceeding glad -- the best is yet to be." The book has sold nearly 700,000 copies since it was released in January, according to his Florida-based religious publisher, Strang Communications.

Christian Zionism has been around for years but is now gaining greater prominence as it gets turbocharged by the marketing flair of Mr. Hagee and other religious entrepreneurs. Mr. Hagee has deployed massive resources to galvanize support for Israel. He heads a San Antonio megachurch, which claims 19,000 members, runs a television company and has close ties to Republican Party power brokers. His Washington banquet last week cost about $500,000, according to an organizer. A big Christian broadcasting network, Daystar, carried the event live.

The following day, he mobilized evangelicals representing all 50 states in a lobbying blitz through the Capitol. Armed with talking points scripted by Mr. Hagee and his staff, they peppered senators and congressmen with arguments for Israel and against its enemies, particularly Iran.

While Mr. Bush is clearly close to evangelicals, he has never fully embraced their agenda or rhetoric. But their views are generally in sync with the aims of his national-security strategists, who reach similar conclusions through a different logic. They

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have long blasted what they've termed the "false stability" of a region mostly ruled by autocrats and that has tolerated terrorist organizations committed to Israel's destruction. The influential "neo-conservative" school of foreign-policy advisers has also buttressed this line, arguing that the U.S. must push more aggressively for democracy in the Middle East.

Bedrock for Bush

Christian evangelicals, who first found political traction under President Reagan in the 1980s, now number about 50 million and form a bedrock constituency for President Bush. Best known for their lobbying against abortion, same-sex marriage and on other domestic issues, they have also taken a keen interest in foreign policy, especially since the attacks of 9/11.

"Leave Israel alone. Let them do the job," Mr. Hagee told his supporters last week at the banquet. Israel's enemies, said New York Congressman Eliot Engel, one of the few Democratic speakers, "do the work of Satan."

This melding of realpolitik and religion, say former and current U.S. officials, has produced a potent force. Israel's evangelical supporters "were out there before, but didn't really appear on the radar screen," says Dennis Ross, a Middle East envoy in the administrations of both George H.W. Bush and Bill Clinton. "Now they are an important part of the landscape." More than any prior White House, the Bush administration has established formal, regular contacts with American evangelical leaders.

The White House says it isn't overly influenced by any one group. "The president makes decisions about policies for our country based on what is right for our citizens," says Dana Perino, deputy press secretary. "The United States has been an ally of Israel since its founding, and President Bush has worked to strengthen that alliance."

The main vehicle for Mr. Hagee's pro-Israel activities over the years has been San Antonio's Cornerstone Church, which he first joined as pastor back in 1975 when it was called Church of Castle Hill, a moribund parish with only a few dozen worshippers and heavy debts. He had quit his previous church the same year during a messy divorce that was quickly followed by his remarriage to a young churchgoer. Attracted by Mr. Hagee's mix of thundering oratory and folksy humor, the congregation mushroomed.

The son of a puritanical preacher, Mr. Hagee first visited Israel in 1978. He says he went there "as a tourist and came back home a Zionist." While in Israel, Mr. Hagee visited Jerusalem's Western Wall and says he felt a "nearness to God like no other place on Earth." At that moment, he recalls, "The Lord required of me to do everything I could to bring Christians and Jews together."

After returning to Texas, Mr. Hagee says he plunged into a "three-year study binge to discover the Jewish roots of Christianity." This coincided with a surge of contacts between American evangelicals and the then Israeli government of Menachem Begin, a devout biblical scholar and hardline defender of Israel's right to territories won in 1967. Mr. Begin worked hard to cultivate American evangelicals, with whom he shared a belief that Israel's birth in 1948 and subsequent struggles were a fulfillment of biblical prophecy.

Mr. Hagee says he met with Mr. Begin three times.

When Mr. Begin ordered Israel's air force to bomb Saddam Hussein's Osirak nuclear reactor in 1981, Mr. Hagee was horrified by widespread criticism that followed. After reading a San Antonio newspaper that described the attack as an act of "gunboat diplomacy," he decided to organize a pro-Israel gathering.

Local Christians initially showed little enthusiasm for the idea. San Antonio's Jewish community was even more wary. "There was a lot of skepticism," recalls Aryeh Scheinberg, an Orthodox rabbi who took part in meetings among Jewish leaders to decide how to respond to Mr. Hagee's proposal. "Everyone wanted to know: 'What does he really want?' I said, 'Let's give the man a chance and take the risk.' "

The pro-Israel gathering went ahead with both Jews and Christians present. As Mr. Scheinberg mounted the podium to deliver a final prayer, security told Mr. Hagee of a bomb threat. Mr. Hagee, a stocky man who got to college on a football scholarship, says he asked God to make the rabbi pray "not like Moses but like a Presbyterian late for lunch." The threat was a hoax.

The event has been held every year since, though some Jewish leaders refuse to attend and reject any alliance with Mr. Hagee. "Many of his views are hateful," says Barry Block, a prominent reform rabbi in San Antonio, who accuses Mr. Hagee of demonizing Muslims and propounding a divisive right-wing agenda that erodes the barrier between church and state.

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When addressing Jewish audiences, Mr. Hagee generally avoids talking about Armageddon. But his books, whose titles include "Beginning of the End" and "From Daniel to Doomsday," are filled with death and mayhem. "The battlefield will cover the nation of Israel!" he writes in "Jerusalem Countdown," his recent work, describing a "sea of human blood drained from the veins of those who have followed Satan."

Some fellow evangelicals accuse Mr. Hagee of ignoring Arab Christians. Donald Wagner of North Park University, an evangelical Christian college in Chicago, first traveled to Israel at around the same time as Mr. Hagee but reached the opposite conclusion. "I was very pro-Israel until I went there," says Mr. Wagner, who heads a research group that challenges the theology of Christian Zionists.

A Turn to Television

Little known outside of Texas when he first embraced Zionism, Mr. Hagee turned to television to promote Jesus, Israel and his own name. His main platform for this was Global Evangelism Television Inc., a nonprofit organization. First set up in 1978, GETV initially relayed the programming of others to local cable operators. In the 1980s it began pumping out its own shows featuring Mr. Hagee for broadcast on national Christian networks. His sermons and chat shows now appear on 120 stations and, he says, reach more than 90 million homes.

By the mid-1980s his flock had outgrown his church in central San Antonio. In 1987, Cornerstone moved to a 35-acre suburban campus with a 5,000-person assembly hall and a new television and radio studio.

As his exposure grew, so did controversy. He ran into flak for inviting former White House aide Oliver North, a pardoned felon, and disgraced televangelist Jimmy Swaggart to speak at Cornerstone. He also feuded with the U.S. Postal Service over nonprofit rates for church mailings that contained ads for his books and videos. (He sued and, he says, got a refund of around $40,000.)

Mr. Hagee also upset black leaders. To help students seeking odd jobs, his church newsletter, The Cluster, advertised a "slave" sale. "Slavery in America is returning to Cornerstone," it said. "Make plans to come and go home with a slave." Mr. Hagee apologized but, in a radio interview, protested about pressure to be "politically correct" and joked that perhaps his pet dog should be called a "canine American."

The quarrels didn't stop the steady growth of his congregation, which is multiracial. His "nights to honor Israel" got bigger, too, as did his clout as a fund-raiser for Israeli causes. He says he has raised over $12 million so far.

Increasingly prominent, the preacher attracted the eye and, initially, the ire of Jerry Falwell, the dean of the Christian right and another enthusiastic supporter of Israel.

In 1994, The National Liberty Journal, a conservative monthly run by Mr. Falwell, labeled Mr. Hagee a "heretic" for championing so-called dual-covenant theory -- a belief that Jews and Christians have separate deals with God that allow each to get into heaven. The traditional Christian view is that Jews and other non-Christians must convert -- or end up on the wrong side of the battle of Armageddon.

Soon after the article appeared, Mr. Falwell arranged to meet the Texan at a Christian pow-wow in Memphis. Mr. Hagee, says Mr. Falwell, convinced him that he didn't believe in the "dual covenant." Mr. Falwell now sits on the board of Christians United for Israel.

Mr. Hagee, citing a New Testament verse, says a "remnant of Jewish people...have favor with God right now" but he is vague on which Jews will get to heaven without conversion, saying that only God knows this. He dismisses the dual-covenant issue as "something to start coffee-table debate."

Closer to Power

Mr. Bush's 2000 election victory and the Republican Party's control of both houses of Congress brought evangelical Christians closer to power than ever before. Mr. Hagee had met Mr. Bush several times while he was Texas governor and solidly supported his push for the White House. Mr. Hagee was closer, though, to another powerful Texan, Congressman Tom DeLay. Soon after becoming majority leader in the House of Representatives, Mr. DeLay gave the keynote speech at Mr. Hagee's 2002 pro-Israel gathering in San Antonio. Mr. DeLay, since embroiled in a corruption scandal, also spoke last week in Washington.

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In 2003, The San Antonio Express-News dug into Mr. Hagee's filings with the Internal Revenue Service. The article alleged no wrongdoing, but reported that Mr. Hagee received more than $1.25 million in 2001 for his church and TV work and had a trust that includes a nearly 8,000-acre $2.1 million Texas ranch.

Mr. Hagee says that the bulk of his earnings comes from royalty payments from his 21 books, not from churchgoers' donations. He says he'll earn much the same this year if book sales hold up.

His finances under the spotlight, Mr. Hagee reorganized his holdings in a way that allowed him to avoid having to make public filings. In September 2004, Global Evangelism Television re-registered as a church under the name Grace Church of San Antonio. Churches, unlike religious TV companies and other nonprofit outfits, are exempt from filing detailed returns with the IRS. A further reorganization in recent weeks moved all assets into Cornerstone Church. None of the Church's financial records are publicly available. Mr. Hagee said his lawyers had recommended the changes for "greater clarity."

President Bush abandoned President Clinton's efforts to secure a big-bang peace settlement to the Israel-Palestine conflict but, under prodding from Britain and others, did back a slow-paced plan known as the Roadmap for Peace.

In May 2003, Mr. Hagee and other evangelical leaders sent a letter to President Bush applauding the invasion of Iraq but complaining about the Israel-Palestine peace plan. They said it would be "morally reprehensible" for the U.S. to be "evenhanded" between Israel and "the terrorist-infested Palestinian infrastructure."

Last fall, he took his annual "night to honor Israel," to Israel, holding the event in the hangar of an Israeli air-force base. He spoke at the Israeli Parliament and organized a visit for his U.S. followers to Megiddo, an Israeli hilltop that he believes will be the site of the battle of Armageddon.

Mr. Hagee also started laying plans for Christians United for Israel, hoping to meld a plethora of mostly small pro-Israel Christian groups into a national network. He contacted Mr. Falwell, who says he immediately offered support. He hired David Brog, a lawyer who had worked in both Israel and on Capitol Hill and who is a distant cousin of former Israeli Prime Minister Ehud Barak, as the new organization's executive director.

As Mr. Hagee's plans took shape last fall, American Israel Public Affairs Committee, the pro-Israel lobby, set up an "outreach" unit to work with Christians and others. Appointed to head the unit was a San Antonio native who had previously worshipped at the synagogue of Mr. Scheinberg, the Orthodox rabbi who has been one of Mr. Hagee's keenest supporters.

Christians United for Israel held its first meeting in San Antonio in February and immediately began organizing last week's Washington event. To galvanize support and allay suspicions in some quarters of his motives, Mr. Hagee traveled around the country, meeting with Christian and Jewish leaders. Some Jews worry that Christian-Zionists want to convert Jews to Christianity, something Mr. Hagee has always denied.

The current eruption of violence, says Mr. Hagee, shows that Israel should not surrender land in search of peace and that Christians and Jews are on the same side.

"If God opposes giving away the land, if it has never worked, let's come up with another plan," he thundered last week. "Do not give the land away. It belongs to you. It is God's heritage to you."

Endgame In Lebanon (WP)

The Washington Post, July 27, 2006

AS A CONFERENCE in Rome yesterday demonstrated, the Bush administration and European and Arab governments nominally agree on what should be the outcome of the fighting in Lebanon: a "lasting, permanent and sustainable" cease-fire, the disarmament of Hezbollah, and the creation of a new international force that would deploy to southern Lebanon along with the Lebanese army. That would be a good outcome for all who favor consolidating Lebanon's democracy and a Middle East peace settlement. It would be a defeat for the Hezbollah movement and its backers in Syria and Iran.

There are two big problems, however, with this endgame. One is that the goals laid out in Rome will be extremely difficult to achieve on the ground, where they will be strongly resisted by Hezbollah. By its own account Hezbollah maintains its militia for the sole purpose of threatening Israel -- and it will fight to preserve that threat. It's not clear that Israel's attempt to destroy Hezbollah's military capability will succeed; so far the cost in civilian casualties has been disturbingly high. If the offensive fails or is checked by international intervention, then some other force will have to be brought to bear.

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That brings us to the other problem, which is the unwillingness of many of the European and Arab participants in Rome to support means that might achieve the ends they endorsed. The governments say they want to create "lasting security" along the border, but they also demand an immediate cease-fire, which would leave Hezbollah and its arsenal of rockets in place in southern Lebanon. Germany, among other European governments, has said an international force should not forcibly disarm Hezbollah and should deploy only with its agreement. But how, then, would the militia be disarmed? U.N. Secretary General Kofi Annan argues that Iran and Syria should be part of the settlement. But the goals of those two nations -- which include reversing Lebanon's Cedar Revolution -- are utterly incompatible with those of the Rome group.

The truth is that there is no reasonable compromise to be made with the extremists who began this war: Either they will retain an extra-governmental military force that can attack Israel whenever it suits the interests of the Iranian or Syrian regimes, or they will lose that capacity. If they are to lose it, then the Rome conference governments must be prepared to support realistic measures to achieve that result. These need not be only military; just as important will be the effort to bolster the Lebanese government so that it attains the political strength and will to assert its authority.

Israel can contribute to that process by supporting humanitarian relief and reconstruction now and by being ready to negotiate with Lebanon in the future about outstanding issues. But Israel should not be asked to meet the terms of Hezbollah or its sponsors, or to accept a continuing military threat from Lebanon. That would be a defeat not just for Israel but for all the countries that met yesterday in Rome.

Failure Upon Failure (NYT)

By Bob Herbert

The New York Times, July 27, 2006

Imagine a surgeon who is completely clueless, who has no idea what he or she is doing.

Imagine a pilot who is equally incompetent.

Now imagine a president.

The Middle East is in flames. Iraq has become a charnel house, a crucible of horror with no end to the agony in sight. Lebanon is in danger of going down for the count. And the crazies in Iran, empowered by the actions of their enemies, are salivating like vultures. They can't wait to feast on the remains of U.S. policies and tactics spawned by a sophomoric neoconservative fantasy — that democracy imposed at gunpoint in Iraq would spread peace and freedom, like the flowers of spring, throughout the Middle East.

If a Democratic president had pursued exactly the same policies, and achieved exactly the same tragic results as George W. Bush, that president would have been the target of a ferocious drive for impeachment by the G.O.P.

Mr. Bush spent a fair amount of time this week with the Iraqi prime minister, Nuri Kamal al-Maliki. There was plenty to talk about, nearly all of it hideous. Over the past couple of months Iraqi civilians have been getting blown away at the stunning rate of four or five an hour. Even Karl Rove had a tough time drawing a smiley face on that picture.

"Obviously the violence in Baghdad is still terrible," said Mr. Bush, "and therefore there needs to be more troops."

One did not get the sense, listening to this assessment from the commander in chief, that things would soon be well in hand. There was, instead, a disturbing sense of déjà vu. A sense of the president at a complete loss, not really knowing what to do. I recalled the image of Mr. Bush sitting in a Sarasota, Fla., classroom after being informed of the Sept. 11 attacks. Instead of reacting instantly, commandingly, he just sat there for long wasted moments, with a bewildered look on his face, holding a second-grade story called "The Pet Goat."

And then there was the famous picture of Mr. Bush, on his way back from a monthlong vacation, looking out the window of Air Force One as it flew low over the destruction wrought by Hurricane Katrina. "It's devastating," Mr. Bush was quoted as saying. "It's got to be doubly devastating on the ground."

I'll tell you what's devastating. The monumental and mind-numbing toll of Mr. Bush's war in Iraq, which is being documented in a series of important books, the latest being Thomas Ricks's "Fiasco." Mr. Ricks gives us more disturbing details about the administration's "flawed plan for war" and "worse approach to occupation."

Near the end of his book, he writes:

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"In January 2005, the C.I.A.'s internal think tank, the National Intelligence Council, concluded that Iraq had replaced Afghanistan as the training ground for a new generation of jihadist terrorists. The country had become 'a magnet for international terrorist activity,' said the council's chairman, Robert Hutchings."

Saddled with one failure after another, the administration seems paralyzed, completely unable to shape the big issues facing the U.S. and the world today. Condoleezza Rice is in charge of the diplomatic effort regarding Lebanon. She's been about as effective at that as the president was in his response to Katrina.

But Dr. Rice is still quick with the scary imagery. Her comment, "I have no doubt there are those who wish to strangle a democratic and sovereign Lebanon in its crib," recalls her famous, "We don't want the smoking gun to be a mushroom cloud."

It might help if she spent less time giving us provocative metaphors and more time on the very difficult nuts and bolts of trying to maintain or bring about peace.

It may be that a hamstrung Bush administration is a better bet than the same crew being free to act as it pleases. Imagine how much better off we'd have been if Congress had found the wisdom and the courage to prevent the president from invading Iraq.

In two years and a few months Americans will vote again for president. I hope the long list of tragic failures by Bush & Co. prompts people to take that election more seriously than some in the past. If you were about to be lifted onto an operating table, you'd be more interested in the competence of the surgeon than in his or her personality.

Mr. Bush's record reminds us that similarly careful consideration should be given to those who would be president.

The Tribes Of War (NYT)

By Abbas El-Zein

The New York Times, July 27, 2006

Sydney, Australia

MY grandmother was killed in southern Lebanon by an Israeli "precision" air raid as she fled the Israeli Army in March 1978. My uncle searched for her desperately amid the invasion. News kept coming from different quarters, some confirming she had died, others maintaining she was alive in a hospital in Lebanon or Israel.

My uncle finally found her in the village of Abbasiyeh, on the hills overlooking the orchards of the city of Tyre. He recognized her body from the clothes she had been wearing, gathered her remains and buried her. My mother, who had been worn down by the contradictory reports, collapsed upon hearing the news. She had had a trivial dispute with her mother a couple of weeks earlier, and never forgave herself for not making up.

I was 15 at the time and what I remember most was my mother's shriek coming to a sudden end, her body abruptly surrendering to pain. It was as if she had to share some of her grief with us, draping it on the walls of our house, then keep the rest inside her, in a private pact with her mother.

When the civil war in Lebanon ended, in 1990, we took a while to believe it. It could restart at any time, an inner voice told us. A few years later, peace became the norm. Everyone believed in it and belief made it more real. We never suspected that, years later, our original skepticism would be cruelly validated, and the fragility of collective sanity in the Middle East would be exposed once again.

The estimated death toll from the 1982 Israeli invasion of Lebanon was 18,000, about 0.5 percent of the population. Twenty-four years later, I have yet to hear any sign of remorse emanating from Israeli society. Nor were there any reparations for the carnage wrought by the Israeli Army. When the Israeli press, politicians and intellectuals speak with regret about the "Lebanon War," it is usually to say the cost to Israel was too high or to point out that the invasion failed to achieve its objectives. The Lebanese fatalities are rarely discussed.

A joke went around during the civil war that it was safer to be a target of the Israeli warplanes than to be exposed to the ineffectual anti-aircraft fire directed against them. Lebanese bullets seemed certain to hit you if you fled, whereas if you stayed put, the Israeli missiles would probably land in your neighbor's house, not yours.

Since then, air strikes have grown more precise and the Israeli Air Force appears to have expanded its range: planes now target your neighbor's house and your own. Recent images from Lebanon are chillingly familiar — fathers watching their children

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die, mothers expiring in children's laps. Dozens of stories like my grandmother's are being re-enacted. Dozens of new graves are being dug.

An ancient city and a sovereign nation are being destroyed. The people of Haifa are suffering, too, and Hezbollah unquestionably bears responsibility for its raid on an Israeli military patrol, which began the latest violence. But the scale of suffering is imbalanced, and so is the apportionment of blame. It was the Israeli government, not Hezbollah, let alone the Lebanese government or people, that chose to start this all-out war.

More is at stake now than the fate of Lebanon. If the West does not persuade Israel to stop its attacks, that failure will add to a creeping sense that, in its fight with Islamic fundamentalism, the West has abandoned its claim to moral superiority based on respect for human rights and international law, and is pursuing instead a war based increasingly on tribal solidarity. What a tragedy this would be, especially for those of us who crave a modern, peaceful Middle East. And what a triumph for the varied strains of bin Ladenism — Muslim, Christian and Jewish alike.

Try Talking With Syria (WP)

By David W. Lesch

The Washington Post, July 27, 2006

Assad Isn't Going Away

Syrian President Bashar al-Assad has been a lonely man in international circles of late. Indeed, one of the few Americans with whom he has had contact in the past few years has been a professor (me) who wrote a book about him -- not exactly high-powered diplomacy.

Assad was a tremendous disappointment to many U.S. officials after a promising beginning when he came to power in 2000. Considering the dilapidated, broken-down country he inherited, however, the expectations were misplaced. And because they were so high, so was the level of disappointment.

Along with accusations of Syrian support for the insurgency in Iraq, Washington began to view Assad as being on the wrong side of the war on terrorism. Indeed, with Syria's neo-patrimonial structure staring down the Bush administration's attempt to spread democracy in the region, the regime was seen as being on the wrong side of history.

Thus the long-held disdain among American neoconservatives for the Assads (Bashar and his late father, Hafez) became Bush administration policy, along with the strategic goal of weakening Syria. The young Syrian leader was dismissed as an inept buffoon who wasn't really in control. Regime change in Damascus became U.S. policy in all but name, especially after the assassination of former Lebanese prime minister Rafiq Hariri in early 2005, in which Syria was seen as the culprit. The Syrian president couldn't even obtain a visa to attend a U.N. General Assembly summit meeting.

Assad has confounded the critics, though. He has survived, despite a few glaring missteps. And it has to be acknowledged by now that one doesn't last six years as president of Syria without being at least somewhat clever, politically skilled and strong-willed.

In fact, Assad is more securely in power and more confident in his leadership today than he has ever been -- although perhaps, as recent events have shown, maybe a bit overconfident. He has weeded out most of the "old guard" from his father's reign, and he funneled the international pressure related to the Hariri assassination and subsequent withdrawal of Syrian troops from Lebanon into a nationalistic response that has coalesced in support of the regime.

From Assad's point of view, the United States is stuck in a quagmire in Iraq. It is also deeply concerned about Iran. Meanwhile, President Bush's democracy promotion has hit a brick wall. But Assad continues to talk to practically no one from a Western government.

There are many reasons for the current crisis in the Middle East. It is largely the result of American weakness and perceived illegitimacy, stemming from U.S. folly in Iraq, which has allowed state and sub-state actors to assert themselves.

From Syria's perspective, the crisis is seen as a search for relevance. Damascus needs at least a few arrows in what has been an empty quiver of diplomatic leverage. Assad wants to be taken seriously. He believes the sincere overtures he made to the United States and even Israel in his first few years in power were categorically rebuffed -- and in fact they were. After all, he was seen as being on the wrong side of history.

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Once before, an Arab leader felt rebuffed in much the same way. That was in 1973, and the leader was Egyptian President Anwar Sadat. He launched an Arab-Israeli war to reactivate diplomacy and improve his bargaining position with regard to return of the Sinai Peninsula. The United States was smart enough to recognize these motives at the time, and it engaged in a diplomatic process that led to the 1979 Egyptian-Israeli peace treaty.

Leaders reach out in interesting, and occasionally lethal, ways. The Bush administration should not, however, react to the current situation by continuing to isolate and threaten Syria. Recognize the situation for what it is, because, like it or not, Bashar al-Assad is sticking around. Just because diplomacy is what he is ultimately searching for should not obviate the possibility of diplomacy.

In coming weeks, one hopes, the Syrian president will be talking with someone from the United States other than a professor who wrote a book about him.

The writer is professor of Middle East history at Trinity University in San Antonio and author of "The New Lion of Damascus: Bashar al-Assad and Modern Syria."

A Middle East Chess Match (WT)

By Thomas Lipscomb

The Washington Times, July 27, 2006

The Israeli military has already been surprised by the carefully prepared defenses of Hezbollah, just across the Lebanese border. Their leader, Sheikh Hassan Nasrallah, and his Iranian sponsors have clearly not been wasting their time over the past six years. Israel's military has been facing first-rate defenses that are breaking up the effectiveness of invading Israeli armor with both fixed defenses like mines and IEDs and well-employed flexible defenses like anti-tank missiles. Israeli armor is already responding with a quick fix, like installing belly armor to save their highly trained crews if they can't keep their tanks from being knocked out.

But a key element in understanding the underlying Hezbollah strategy may be paying attention to the kind of missiles being used up to this point in the engagement. They are almost all short-range area weapons like obsolete Katuysha rockets. Doesn't that seem very strange indeed, as Israeli forces freely pound Hezbollah targets in the Bekaa Valley and southern Beirut with the most sophisticated laser-guided munitions?

For now, as Israel attacks north, it has to pay a high price for eliminating the least effective missiles in the Hezbollah arsenal. Even assuming Israel captures all of them, there are still an estimated 2,000 missiles out of reach that are far more dangerous.

Has Hezbollah prepared a very clever defense in depth? Will a battered Israeli military move northward, only to find it thought it left things safe behind them -- paying a higher and higher price as more modern missiles start reaching out at far longer ranges than the antique Katuyshas? Their range is no longer 25 miles but 155 miles, with missiles that can reach key points in Tel Aviv and elsewhere. And won't this create intolerable political pressures on the government of Israel?

The United States has already suffered from the propaganda and strategic effect of directed weapons on September 11. What if the first Hezbollah long-range missile attack lands on the Knesset in session?

Mr. Nasrallah has already stated he has a "surprise" waiting for the Israelis. And he isn't the sort of leader who postures impotently for photo-ops, like Yasser Arafat, while totally lacking the military capability for anything besides harassment. His calm announcement that he had informed the Lebanese government in advance that he intended to kidnap Israeli soldiers had to throw a shock into those still wishing to dismiss him as some out-of-control warlord whose host state would welcome his removal.

It is time to admit that, if this is Mr. Nasrallah's strategy, it is far too late to interdict his supply lines. He has already installed and hidden all the weapons he needs to carry out this attack. The Israeli military is using its considerable skills to locate them in Lebanon. But if only 5 percent -- or even 50 sophisticated weapons -- survive to land on effective targets in Israel, what real "negotiated peace" is possible?

Under these circumstances, the Middle East may well be facing another of those interim truces being pressed by the usual clueless international entities that have solved nothing and only ramp up the next level of confrontation. Even if a NATO force

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moves in to occupy the area south of the Litani River the Lebanese Army couldn't, or wouldn't, occupy according to U.N. Resolution 1559 and Israeli forces declare victory and go home, in reality Hezbollah and Iran become more empowered and Israel becomes the most vulnerable it has ever been.

That kind of "solution" may eliminate any useful Katuysha sites, but it also leaves Mr. Nasrallah's Hezbollah firmly emplaced with its most effective standoff weapon arsenal and the trained forces to employ them no matter what kind of idiotic "demilitarization" clause they agree to and ignore in the negotiated truce. And Lebanon will have made a giant step in undoing its "Cedar Revolution."

Freed from direct Syrian control, Lebanon will have only moved from the host of a stateless terror group to another failed state politically now under Hezbollah's direct control. And Iran becomes the real beneficiary of this proxy war against Israel, gaining a stunning victory in its real battle for the leadership of the Middle Eastern Muslim world -- without a direct confrontation with either Israel or the United States -- that will significantly alter the balance of power in the Persian Gulf.

There has been a controversy for centuries over who invented chess. The leading contenders remain India and Persia, which today is called Iran. As this engagement unfolds, the odds have to be increasing that it was Persia.

But chess depends upon harnessing a limited number of inexorable probabilities, which is why the IBM computer Deep Blue finally was able to beat a chess master. Iran has to be concerned that human beings play other games as well. Israel knows who it is really confronting. Faced with the "solution" above, which for the first time threatens its very existence in a conventional engagement, Israel may well change the name of the game.

Thomas Lipscomb is an investigative reporter and a fellow of the Annenberg Center for the Digital Future.

Middle East War: Made In Europe (LAT)

By Timothy Garton Ash

The Los Angeles Times, July 27, 2006

WHEN AND WHERE did this war begin? Shortly after 9 a.m. local time on Wednesday, July 12, when Hezbollah militants seized Ehud Goldwasser and Eldad Regev — Israeli reservists on the last day of their tour of duty — in a cross-border raid into northern Israel? Friday, June 9, when Israeli shells killed at least seven Palestinian civilians on a beach in the Gaza Strip? In January, when Hamas won the Palestinian legislative elections in a backhanded triumph for an American policy of supporting democratization? In 1982, when Israel invaded Lebanon? In 1979, with the Islamic revolution in Iran? In 1948, with the creation of the state of Israel? Or how about Russia in the spring of 1881?

Simple questions require such complicated answers. Even if the basic facts are agreed on, every term is disputed: Militants, soldiers or terrorists? Seized, captured or kidnapped? Every selection of facts implies an interpretation. And in tortured histories like this, every horror will be explained or justified by reference to some antecedent horror, as poet James Fenton wrote in his "Ballad of the Imam and the Shah."

From tyranny to tyranny to war
From dynasty to dynasty to hate
From villainy to villainy to death
From policy to policy to grave
… The song is yours. Arrange it as you will.

Yet observing European responses to the current conflict, I want to insist on Europe's own strong claim to be among the earliest causes. The Russian pogroms of 1881; the French mob chanting "à bas les juifs" as Capt. Alfred Dreyfus was stripped of his epaulets at the Ecole Militaire; the festering anti-Semitism of Austria about 1900, shaping the young Adolf Hitler; all the way to the Holocaust of European Jewry and the waves of anti-Semitism that convulsed parts of Europe in its immediate aftermath. It was that history of increasingly radical European rejection, from the 1880s to the 1940s, that produced the driving force for political Zionism, Jewish emigration to Palestine and eventually the creation of the state of Israel.

"What made me a Zionist was the Dreyfus trial," said Theodor Herzl, the father of modern Zionism. If Europe decided that each nation should have its own state, would not accept even emancipated Jews as full members of the French or German

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nation and eventually became the scene of the attempted extermination of all Jewry, then the Jews must have their own national home somewhere else.

And never again would Jews go as lambs to the slaughter. As Israelis, they would fight for the life of every single fellow Jew. The 19th century stereotypes of German Helden and Jewish Händler have been reversed. The Germans, and most of today's bourgeois Europeans, have become the eternal traders; the Jews, in Israel, the eternal warriors.

Of course, this is only one thread in perhaps the world's most complicated political tapestry, but it's a very important one. I don't think any European should speak or write about today's conflict in the Middle East without displaying some consciousness of our own historical responsibility. I'm afraid that some Europeans today do so speak and write; and I don't just mean the German right-wing extremists who marched through the town of Verden in Lower Saxony on Saturday, waving Iranian flags and chanting "Israel — international genocide center." I also mean thinking people on the left.

Even as we criticize the way the Israeli military is killing Lebanese civilians and U.N. monitors in the name of recovering Goldwasser (and destroying the military infrastructure of Hezbollah), we must remember that all of this almost certainly would not be happening if some Europeans had not attempted, a few decades back, to remove everyone named Goldwasser from the face of Europe — if not the Earth.

Let me be very clear what I mean. It does not follow from this terrible European history that Europeans must display uncritical solidarity with whatever the current government of Israel chooses to do. On the contrary, the true friend is the one who speaks up when you're making a mistake.

It does not follow that every European who criticizes Israel is a covert anti-Semite, as some commentators in the U.S. tend to imply. And it does not follow that we should be any less alert to the suffering of the Arabs, including the Palestinian Arabs who fled or were driven out of their homes at the founding of the state of Israel, and their descendants who grew up in camps. The life of every Lebanese killed or wounded by Israeli bombing is worth exactly as much as that of every Israeli killed or wounded by Hezbollah rocket attacks.

Does it follow that Europeans have a special obligation to get involved in trying to secure a peace settlement in which the state of Israel can live in secure frontiers next to a viable Palestinian state? I think it does. Even if you don't accept this argument from historical and moral responsibility, Europe's vital interests are plainly at stake: oil, nuclear proliferation and the potential reaction among our alienated Muslim minorities, to name but three.

It's less clear what that involvement should be. One proposal is for European forces to participate in a multinational peacekeeping force in southern Lebanon, but that only makes sense if realistic parameters are established for a clear, feasible and finite mission. Those are not yet in sight. Even a cease-fire is not yet in sight.

The truth is that, now more than ever, the diplomatic key lies in the full engagement of the U.S., using its influence with Israel and negotiating as directly as possible with all partners to the conflict, however unsavory. Until that happens, Europe alone can do little.

Yet the issue here is not just changing the realities on the ground in the Middle East. How Europeans speak and write about the position of the Jews in the region to which Europeans drove them is also a matter of our own self-definition. We should weigh every word.

Hezbollah Fighters Kill 9 Israeli Soldiers (AP-Y)

By Sam F. Ghattas

AP2, July 27, 2006

Hezbollah dealt Israel its heaviest losses in the Lebanon campaign Wednesday, killing nine soldiers in fierce firefights. With key Mideast players failing to agree on a formula for a cease-fire, an Israeli general said the operation could last weeks.

Israel said it intends to damage Hezbollah and establish a "security zone" that would be free of the guerrillas and extend 1.2 miles into Lebanon from the Israeli border. Such a zone would prevent Hezbollah from carrying out cross-border raids such as the one two weeks ago which triggered the Israeli military response.

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Israel said it would maintain such a zone, with firepower or other means, until the arrival of an international force with muscle to be deployed in a wider swath of southern Lebanon — as opposed to the U.N. force already there that has failed to prevent the violence.

In Rome, Secretary of State Condoleezza Rice said participants at a daylong conference on the Mideast crisis agreed Wednesday on the need for a strong international force under a U.N. mandate. Italy, Turkey and Spain all said they might send troops.

Rice said more work was needed to define the force and its mission. U.N. Secretary-General Kofi Annan, Lebanese Prime Minister Fuad Saniora and diplomats from European and moderate Arab countries also attended the meeting; Israel, Iran and Syria did not.

The Israeli bombardment has failed to stop guerrilla rocket fire, even while killing hundreds, driving up to 750,000 people from their homes and causing billion of dollars in damage. Hezbollah fired another large barrage into northern Israel on Wednesday — 151 rockets that wounded at least 31 people and damaged property from the suburbs of the port on Haifa on the Mediterranean Sea to the Hula Valley above the Sea of Galilee. Over the past two weeks, the guerrillas have fired 1,436 rockets into Israel.

Pushing Hezbollah back with ground troops was proving to be bloody. Several thousand troops are in Lebanon, Israeli military officials said — mainly in a roughly 6-square-mile pocket around the town of Bint Jbail, a Hezbollah stronghold just over two miles from the border.

The Hezbollah fighters are heavily outnumbered, with some 100 in Bint Jbail and several hundred more in surrounding fields, bunkers and cave, according to the officials. But they use classic guerrilla tactics, choosing when to strike in the hilly territory they know well. They are dug in with extensive tunnel networks and stockpiling weapons, including rockets with which they pelted Israeli forces Wednesday.

Violence was also increasing on the other front of Israel's fight on Islamic militants: Gaza, where Hamas-linked militants are holding an Israeli soldier seized a month ago. A force of 50 tanks and bulldozers entered the northern Gaza Strip to battle Hamas gunmen. Israeli air and artillery attacks killed 23 Palestinians, including at least 16 militants and three young girls.

Israel was feeling pressure on the international front — and anger over a bombing Tuesday night that directly hit a U.N. observation post on the border, killing four U.N. observers.

At the Rome talks, Rice resisted pressure from allies for Washington to change its stance and call for an immediate halt to the violence.

Rice insisted any cease-fire must be "sustainable" and that there could be "no return to the status quo" — a reference to the U.S. and Israeli position that Hezbollah must first be pushed back from the border and the Lebanese army backed by international forces deployed in the south.

The chief of Israel's northern command warned that the fight would drag on.

"I assume it will continue for several more weeks, and in a number of weeks we will be able to (declare) a victory," Maj. Gen. Udi Adam told a news conference.

While the ground battle was intensifying, the bombardment in rest of Lebanon appeared to be easing. Israeli jets were heard repeatedly over Beirut in the evening, but the capital saw no strikes.

About 24 airstrikes were reported outside the immediate border region Wednesday, down from nearly 30 a day recently. One strike in the center of the southern port of Tyre collapsed the top floor and ripped the facade off an empty seven-story building where Hezbollah's top commander in the south has offices. The strike wounded 13 people, including six children, nearby.

Warplanes continued to target trucks at a time when aid groups are worried about moving aid to the south by truck. Three trucks carrying vegetables were hit in the Bekaa Valley and another on a road between Syria and Beirut.

The eight deaths in Bint Jbail, which Israel has been trying to take for four days, were the heaviest Israeli casualties in a single battle during the Lebanon campaign.

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Israeli troops had thought they secured the area around the town, but the guerrillas ambushed a patrol before dawn, said Capt. Jacob Dallal, an Israeli army spokesman. A rescue force went in, and fighting escalated. Hezbollah said its guerrillas ambushed an Israeli unit from three sides as it tried to advance from a ridge on the outskirts of the town.

Eight soldiers were killed and 22 wounded in the fighting, the army said. It later reported a ninth soldier killed and several other casualties in the nearby village of Maroun al-Ras.

At least 30 guerrillas were killed Wednesday, an Israeli military official said, speaking on condition of anonymity because he was not authorized to release the information. Hezbollah announced no casualties; it has acknowledged 19 dead in four days of fighting around Bint Jbail.

The area features dense growth of underbrush and trees, with hills and narrow, winding roads — ideal for guerrilla emplacements and ambushes. Israeli media reported that some of the casualties resulted from direct hits by anti-tank rockets and others from roadside bombs.

So far, Israeli troops have gone house to house taking positions on the outskirts of the town, without going far inside Bint Jbail, the Israeli official said.

Bint Jbail has great symbolic importance for the Hezbollah guerrillas, who are Shiite Muslims. It has the largest Shiite community in the border area and was known as the "capital of the resistance" during Israel's 1982-1990 occupation because of its vehement support for Hezbollah.

An Israeli seizure of the town would rob Hezbollah of a significant refuge overlooking northern Israel and force its fighters to operate from smaller, more vulnerable villages in the south.

Wednesday's deaths brought to 51 the number of Israelis killed in the campaign, including 32 members of the military, according to the military.

In Lebanon, at least 423 people have been killed — including 376 civilians reported by the Health Ministry and security officials, 20 Lebanese soldiers and 27 fighters Hezbollah has acknowledged were killed. Israel says more than 100 guerrillas have been killed.

About 100 foreigners who had been visiting family homes in Yaroun — a few miles from Bint Jbail — fled to Tyre and said their village had been ravaged by bombardment. Most of the foreigners were Americans of Lebanese descent.

"It was worse than a nightmare. I saw dogs and cats on bodies that couldn't be taken from bombed-out houses. We ran from one building to another trying to escape the bombing," said Ali Abbas Tehfi of Los Angeles.

"It didn't stop. It didn't stop even for a day. Everything is finished," he said. He said an unknown number of Americans were still trapped in Yaroun.

West Fears Hezbollah's Organized Fighting Style (WT)

By Rowan Scarborough

The Washington Times, July 27, 2006

Hezbollah's display of coordinated attacks and small-unit action is surprising the world community and making Western nations think twice about agreeing to put peacekeeping troops between the militant Lebanese Shi'ite group and aggressive Israeli forces, military analysts say.

"It's not that they are fanatical," said retired Army Maj. Gen. Robert H. Scales Jr., a decorated Vietnam combat veteran. "But in many ways, they are quite deliberate. It shows reasonable command and control and training in small-unit action. ... In terms of enemy combatants, the most military competent enemy combatant is Hezbollah."

He said that persuading Western nations to send troops to southern Lebanon would be a "hard sell."

"Few nations want to confront Hezbollah because the terrorist group has an unquenchable lust for martyrdom fueled by a radical Islamic ideology," said retired Army Lt. Col. Robert Maginnis, a military analyst. "I'm not optimistic about the so-called peacekeeping effort. NATO could do the mission, but the French will veto, and besides they already have their hands full in Afghanistan and the Balkans. The European Union is a good candidate, but because members have cut rather than increased their military budgets for more than a decade, they are unlikely to jump on the alternative."

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A defense source said yesterday that the Israeli army is somewhat surprised by Hezbollah's fighting tactics and ability to keep launching scores of rockets into Israeli cities despite relentless aerial bombing.

Secretary of State Condoleezza Rice said at a crisis conference in Rome yesterday that European nations agreed on the need for a United Nations-backed peace force for Lebanon. But volunteer nations have been slow to raise their hands.

Israel started waves of air strikes July 12 against hundreds of Hezbollah targets throughout Lebanon. It claimed last week that the air war had destroyed half of Hezbollah's arsenal. But in the war's third week, U.S. intelligence sources told The Washington Times that the damage is less than a third.

Hezbollah has been modernizing its militia of about 1,000 combatants since it was formed in 1982 and has accelerated its expansion since Israel's withdrawal from southern Lebanon in 2000. Iran and Syria stepped up shipments of arms, particularly rockets, while Hezbollah dug in, creating bunkers and underground tunnels within Lebanon's tiny villages.

"Villages have become natural fortifications, and all roads go through these villages," said Gen. Scales.

Hezbollah has accumulated more than 13,000 rockets, some capable of reaching 200 miles inside Israel, according to reported estimates.

Couple Hezbollah's willingness to attack at any time with Israel's aggressive drive to destroy the terror group and it becomes an uninviting scenario for any country contributing peacekeeping troops. There is still the memory of Hezbollah suicide bombers blowing up a Marine barracks in Beirut in 1983, killing 241 American service members.

For any force to enter the 45-mile-by-15-mile hilly, forested area, there must be a cease-fire. That too is proving allusive. Some in the Pentagon doubt Hezbollah would ever cede its territory to foreigners or live by any agreement that prevented it from attacking Israel. The White House has downplayed the chance that any U.S. troops would return to Lebanon as peacekeepers.

Any force likely would have to number in the thousands to successfully discourage more fighting. The Times reported in 2002 on a confidential study at the Army's School of Advanced Military Studies. It said 20,000 troops would be needed to enforce a Israeli-Palestinian peace accord.

Gen. Scales said other militant Arab nations or groups may be looking at the Hezbollah model as a way to fight Israel: not with large armies and tanks, but with small, well-trained guerrilla groups.

Still, Israel owns superior firepower and intelligence, and in the end can defeat Hezbollah if given enough time.

"At the end of the day, they are still a guerrilla force and relatively small," Gen. Scales said.

Israel Redefines Expectations Of What Success Means (LAT)

By Laura King

The Los Angeles Times, July 27, 2006

JERUSALEM — Even before Wednesday's bruising day on the battlefields of south Lebanon, Israel's leaders had begun scaling back public expectations of a decisive — or a quick — victory over the guerrillas of Hezbollah.

Heading into the confrontation, senior Israeli officials had declared that the Shiite Muslim militia would be dealt a blow from which it could not recover. Its arsenal would be destroyed and its fighters driven out of south Lebanon, the officials said.

Some spoke openly of killing Hezbollah's leader, Sheik Hassan Nasrallah, who triggered the confrontation two weeks ago by sending guerrillas on a deadly cross-border raid that led to the capture of two Israeli soldiers.

"We intend to break this organization," Defense Minister Amir Peretz said of Hezbollah during the war's first days.

The army's chief of staff, Lt. Gen. Dan Halutz, declared that Israel wanted to make clear to the Lebanese "that they've swallowed a cancer and have to vomit it up."

With the fighting in its third week, however, Israelis are being told that Hezbollah can be weakened but not eradicated, that Israeli forces will not be able to police the border zone themselves, and that Hezbollah's rockets continue to pose a threat to Israeli towns.

"The target is not to totally dismantle Hezbollah," said Public Security Minister Avi Dichter, a former head of Shin Bet, Israel's domestic security service. "What we are doing now is to try to send a message to Hezbollah."

Yaron Ezrahi, a political analyst at Hebrew University, said that "the rhetoric from the political establishment was extremely overheated in the early days" of the confrontation.

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"Now they are trying to calibrate people's expectations, bring them more in line with what might actually be achieved," he said.

The difficulty of the fight Israel faces was obvious on Wednesday, when nine of its soldiers were killed in southern Lebanon.

Days into the campaign, there was already widespread acknowledgment among Israeli policymakers and commanders that Israel could not achieve its goals by air power alone.

On the ground, in their first major forays into the border zone, Israeli troops this week encountered tougher-than-expected resistance — and suffered heavy casualties.

Elite forces discovered an elaborate maze of fortified caves and tunnels from which Hezbollah fighters, armed with sophisticated weapons, were able to strike at will.

Israeli military intelligence officials believe about 150 Hezbollah fighters have been killed in the offensive. Hezbollah has not acknowledged such losses, which would be a substantial number, considering that the force's hard core is thought to consist of only several thousand fighters.

Yet Hezbollah has maintained its ability to fight. A week ago, Israeli officials confidently said that they had destroyed large numbers of Hezbollah missiles and noted that the number of rockets fired into northern Israel was declining.

Instead, after a brief lull, the number of rockets launched at Israeli towns rebounded and the attacks have continued unabated, virtually shutting down a swath of the country that is home to nearly 1 million people.

Nineteen Israeli civilians have been killed by rocket fire; the latest was a 15-year-old girl killed Tuesday. Thirty-three soldiers have died in the fighting — Israel's largest combat losses in years over such a short span.

The Israeli public still has bitter memories of a steady drumbeat of deaths during the nation's occupation of southern Lebanon in the 1980s and '90s. Returning to ground combat there remains a notion that many dread.

Now, with the ground campaign going slowly, influential military analysts have begun to criticize the choice of tactics used by Israeli commanders, notably the decision to use a relatively small force to try to take the Hezbollah stronghold of Bint Jbeil, only two miles from Israel's border.

In Tuesday's editions of the Maariv newspaper, Amir Rappaport wrote of the "enormous gap between the military challenge posed by Hezbollah, a shadowy guerrilla organization equipped with the best Iranian and Syrian weaponry, and the relatively smaller number of troops" that took part in the incursion.

"In the end, the size of the operation that was decided on — neither several armored divisions that would surge in, nor an aerial operation alone — is liable to claim many casualties without bringing about any dramatic military accomplishment," Rappaport wrote.

A similar critique came from another influential military correspondent, Alex Fishman of the Yediot Aharonot newspaper.

"The public does not quite understand the ground offensive and has the feeling that something about this machine is not working — that it is too slow, too limited, too many accidents, that it should look different," he wrote Tuesday.

So far, Israel's leadership has maintained public support for its war efforts. But some analysts predict that a drawn-out conflict could produce a backlash, even if the outcome eventually brings some long-term strategic benefits to the Jewish state.

"The government still generally has the public's support, but we are seeing the start of some slippage now," said Tamar Hermann of Tel Aviv University, who tracks changes in public attitudes.

"The growing number of casualties, the longer time frame, the fact that everything is getting messier.... What it all adds up to is an erosion in confidence about information given to the public by the authorities," she said.

Israeli analysts acknowledge that Israel's definition of victory is different from Hezbollah's. In order to present itself as victorious, Hezbollah need only survive.

The group appeared to reap a propaganda bonanza when Nasrallah surfaced unscathed after Israel dropped 23 tons of explosives on what it claimed was an underground bunker in south Beirut last week. It was unknown whether he was there at the time.

By contrast, for Israel, claiming victory will require concrete achievements.

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Yuval Steinitz, a member of the parliamentary Foreign Affairs and Defense Committee, argued this week that the offensive already had underscored Israel's capability to deter attacks, fostering a sense in the region that the Jewish state would respond with overwhelming force to any assault on its territory.

But other observers said that any perception that the Israeli military had been bloodied by Hezbollah could be extremely dangerous, because it would embolden the Shiite group's patrons — Iran and Syria — and perhaps others.

"We have to come out of this in a situation where Hezbollah is not able to claim any significant achievement," said Yossi Alpher, a former intelligence official who co-edits the website .

"We have to make sure that the perception is that they didn't achieve anything and brought destruction down on their country."

For Israeli Unit, Hezbollah Lair Is Ambush Site (NYT)

By Craig S. Smith

The New York Times, July 27, 2006

AVIVIM, Israel, July 26 — Two days ago, Israeli officers along the border were saying that they were in control of Bint Jbail, the biggest Hezbollah stronghold within easy striking distance across the border and an important symbolic target. Hezbollah's leader, Sheik Hassan Nasrallah, celebrated Israel's withdrawal from southern Lebanon with a parade there six years ago.

But when Israel sent in its elite Golani Infantry Brigade to secure the town before dawn on Wednesday, hundreds of soldiers were quickly pinned down by a Hezbollah ambush. Eight soldiers were killed almost immediately, and it took until early afternoon to move the dead and wounded two miles under heavy fire to a safe spot where they were picked up by helicopter and flown to a hospital in Haifa.

"It was a tough day," said Maj. Gen. Udi Adam, who heads Israel's Northern Command and is leading operations in Lebanon along with Maj. Gen. Benny Gantz, chief of the ground offensive. General Adam, who met reporters in a pine forest at dusk, acknowledged that after two days of bitter combat that had left 10 soldiers dead, Bint Jbail was still not under Israeli control.

The details of the battle, drawn from discussions with several officers who had knowledge of the fight, show how far Israel has to go in driving Hezbollah from the hills and valleys of southern Lebanon, and why the country's goals have so quickly changed from fully dismantling Hezbollah to securing a narrow strip, less than two miles long, north of Israel's border.

Given the difficulties encountered in Bint Jbail, clearing all the many villages that dot southern Lebanon of Hezbollah's elaborate bunker networks, weapons caches and fighters now seems a gargantuan task without occupying the territory again, which Israel has vowed not to do.

Bint Jbail, which means "daughter of the mountain" in Arabic, had already been softened up with artillery and two days of fighting by the Seventh Armored Brigade on Monday and Tuesday. An engineering brigade had cleared away bunkers and mines and other explosive devices, and a brigade of paratroopers had already killed many Hezbollah fighters in the town. The infantry was meant to secure the territory and expand the offensive, officers said.

"The Golani Brigade's mission was to go in and hold those areas," explained a major, who was not authorized to be quoted by name. He said the army expected it to take time because the planned mission involved a house-to-house hunt for Hezbollah fighters through the mostly deserted town, which normally holds a population of 20,000.

According to the intelligence that the troops were operating on, they expected to encounter about 30 or 40 Hezbollah fighters, the officers said. But apparently, Hezbollah had reinforced its fighters overnight.

"They doubled or tripled their numbers," said a lieutenant, who spoke anonymously because of Israeli military rules. By late Wednesday, Israeli radio, citing military officials, was reporting that there were 200 Hezbollah fighters in the town.

About 100 of those fighters were waiting when the Israeli infantry, hundreds strong, walked into town before dawn on Wednesday, the officers said.

"They were just getting into the town when they received fire from buildings all around them," the major said. He said the attack included small-arms fire, rocket-propelled grenades, antitank missiles and mortar rounds. The foot soldiers took cover and were quickly pinned down. The eight killed included a deputy regional commander whose name was not released.

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General Adam said his troops eventually killed at least 20 Hezbollah fighters in the fighting. The major and lieutenant who recounted the story in greater detail said it took nearly an hour for the trapped soldiers in Bint Jbail to return fire because they had trouble identifying where the shooting was coming from in the buildings around them.

Reinforcing the men and retrieving the dead and wounded took up much of Wednesday. The closest a helicopter could land without being in Hezbollah's line of fire was about two miles away between Bint Jbail and the village of Marun al-Ras.

Soldiers had to carry their fallen comrades two miles under fire and over rough terrain to reach the helicopters, which landed under cover of smoke grenades. No soldiers were killed during the recovery operation, the officers said.

"The evacuation was intensely difficult under very heavy fire," said General Adam, whose father was killed during Israel's 1982 invasion of Lebanon. "We risked the lives of our pilots to get those men out."

Soldiers involved in the battle said that Hezbollah was dug in deeply and its fighters showed a willingness to die. One Israeli Army major, who gave his first name as Sahar, said he led armored bulldozers over the border early on Wednesday to extricate a tank.

"The fighting was very, very heavy and it took a long time," he said. The tank had been disabled Monday during an ambush in which a battalion commander was wounded. It had been left in Bint Jbail because retrieving it in the daylight was considered too dangerous.

Several officers said the military's losses must be considered against those suffered during Israel's invasion of Lebanon in 1982, when about 100 Israeli soldiers died in the first days of the war. Tens of thousands of soldiers went across the border in that invasion, bypassing major towns and villages until they reached the Litani River, more than 20 miles inland in some places.

Before noon on Wednesday, an Israeli road that runs parallel to the Lebanese border, known as the Avivim line, was crowded with tanks and soldiers of the Golani Brigade, which built its reputation during the 1973 Arab-Israeli war and the war of 1967. Some, sweat-stained and exhausted, were coming out of the Bint Jbail battle. Others, their faces freshly painted with olive drab and black grease paint, looked preoccupied and anxious as they prepared to go across the border.

By late afternoon, the road was largely empty, some of the forces having pulled back while the others had moved forward into Lebanon.

"I think this will continue for several more weeks," General Adam said.

Haifa, Suddenly Vulnerable, By Turns Is Stoic And Fearful, Stir-Crazy And Looking To Fight (NYT)

By Steven Erlanger

The New York Times, July 27, 2006

HAIFA, Israel, July 26 — Haifa, a city of 250,000 people, beautifully rising along a mountain, on Wednesday looked like a Hollywood set during an actors' strike. The streets were almost empty, the shops shuttered, the gas stations closed, the street lights blinking their cycle of stop and go for no particular reason.

There have been periods of threat before, especially farther north in Nahariya and smaller towns, but missiles had never reached Haifa. Now, with Hezbollah employing more sophisticated and longer-range Syrian and Iranian missiles, this multiethnic city, one of Israel's jewels, is suddenly vulnerable.

Dozens of missiles have struck Haifa in recent days, completely paralyzing it. They have driven residents into shelters or out of the city, and many who have stayed have sent their children farther south, where the missiles have not yet reached.

The people here are intermittently anxious and combative, troubled and proud at this new challenge that history has thrown at them.

Meirav Ben Simchon, 30, has spent 13 days here, and she is in a combative mood. "We can live like this for 10 years if we have to,'' she said. "We're a nation of power and belief" — and then she bent down to touch the cracked earth. "No one will take this land away from us," she said. "No one."

This part of town, a poor section called Kiryat Eleazer, is full of immigrants from northern Africa and Russia living in inexpensive apartments that share a dank underground shelter built in the 1950's. A Katyusha landed a half-block away two days ago, breaking windows and lightly injuring two people. When the sirens go off, residents run, eyes wide, for the shelter door.

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For Sarah Schlossberg, sitting downstairs in the shelter, this conflict is "unpleasant, but I'm used to worse." She arranged her skirt on a plastic chair and brushed her gray hair behind her ears.

"It's not my first war," she said. When was that? "In 1939, in Poland," she said.

Marina Abayev, 40, came to Israel 10 years ago from Baku, Azerbaijan, with her husband and her parents. "After two weeks, I can't control the kids anymore," she said, pointing to Sabrina, 7, and Eyal, 5, racing around the dirt courtyard near the shelter door. Last night, she let the children sleep at home, but a siren frightened them and they came down to the shelter.

It is not the Israel she expected, she said, but her children, born here, are Israeli. Then her eyes grew moist, and she said: "If there was another place for them I'd leave. Really, there's no tomorrow for this country, only today. I have to say it: it's too dangerous here."

Georgette Gaon, 40, stirred on the mattress on the shelter floor. "Israel is always vulnerable with all this terror," she said. "We can be on a bus, and boom! Now with this war, we hope it's a good step, and we'll finish with these crazy Hezbollah."

She goes home to cook for the people here, and has sent her two children, 10 and 8, south to relatives in Hadera. Is Hadera safe? She laughed. "No, Nasrallah's crazy," she said, referring to the Hezbollah leader, Sheik Hassan Nasrallah. "He talks about hitting Tel Aviv."

Mrs. Gaon is a hawk. "The army is doing pretty well," she said, adding, "They should have started with Syria. We have to teach some lessons."

At the Rambam Medical Center in Haifa, right by the closed and shipless port, helicopters came bearing Israeli soldiers wounded in Lebanon, more than 20 of them. At least eight Israeli soldiers died on Wednesday, the highest total since this conflict in the north began on July 12.

Doctors at Rambam, one of northern Israel's most advanced hospitals, described the cumulative stress on the city and themselves. The hospital has set up a "shock room" in a former cafeteria where residents who have been near a rocket attack can sit and talk to therapists, get some medication and cool down.

Dr. Karl Skorecki, a kidney specialist, described trying to save lives while under missile attacks, with one landing 30 yards from his office. "Our families are in missile-vulnerable areas, so part of my brain worries about my family," he said. "But the rest responds by focusing on our mission."

Dr. Skorecki reached into his pocket and pulled out an envelope with some shrapnel and a small handful of round metal pellets, taken from the bodies of people wounded by missiles with antipersonnel warheads.

"These are meant not to disrupt a country's infrastructure, but to kill as many as possible," he said, angrily. Told that Israel had been accused of using antipersonnel weapons in Lebanon, he said, "These are not lobbed at infantry, but at civilians."

The neonatal intensive care unit, a beautiful building, was high up in a north-facing building, so the hospital moved it to the basement. Dr. Gad Bar-Joseph, chief of the unit, said that Tuesday was particularly frightening, with numerous alarms and rocket hits. "A lot of people moved out yesterday," he said. "My daughter and her husband moved."

In Nahariya, farther up the coast, as many as two-thirds of the city's 56,000 people have left. The rest are in shelters. Gila Podolsky, 39, an accountant, said that the last time she was in a shelter she was 15, during the 1982 war with Lebanon, before she and her family were evacuated south by the government.

In previous brushes with Hezbollah, few people went to shelters. "It's the first time I remember seeing Nahariya as a ghost city," she said. Ella Sofer, 40, said she remembered being evacuated to Tel Aviv in 1982. She has five children, ages 3 to 17. "It's really tough on the kids," she said, adding, "I can see on their faces how scared they are."

Mrs. Sofer and her children have not left their shelter for two weeks, and usually 20 or more people sleep there, she said. They have a television, which is unusual, and it is tuned to the news most of the day. There is also an air-conditioner.

Wearing a white head scarf and a long white skirt, Mrs. Sofer sat reading a prayer book. "I don't know about the future," she said. "I believe in God, and I want to see my children grow up in a normal way. But nothing can be predicted in this country."

Hezbollah Proves A Formidable Foe (WP)

By Scott Wilson And Edward Cody

The Washington Post, July 27, 2006

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JERUSALEM, July 26 -- After weeks of aerial bombardment and artillery fire, Israel's army finds itself in a bruising ground war just across its border against an opponent employing the classic tactics of guerrilla warfare. And so far, say soldiers, commanders and military analysts, Hezbollah has proved a more formidable force by orders of magnitude than the armed Palestinian groups in the territories.

Hezbollah gunmen killed nine Israeli soldiers and wounded 27 others Wednesday in clashes in a pair of towns two miles into southern Lebanon, the highest daily death toll for Israel's army in the 15-day war. The Hezbollah ambush inside Bint Jbeil, a town Israeli military officials said the previous day that they had seized, was at times so intense that Israeli soldiers were pinned down and could not return fire.

But Israeli military officials say they have not been surprised by Hezbollah's prowess in the cramped towns and hilly, forested terrain that the Shiite Muslim militia has controlled since Israel left southern Lebanon six years ago. Instead, many of them say, losses such as these expose the limits of a modern national army pitted against a well-schooled guerrilla force fighting amid a civilian population that largely supports its goals.

"When it comes to this kind of urban warfare, it has been like this throughout history," said Brig. Gen. Ido Nehushtan, a member of Israel's general staff. "It is the most difficult kind of warfare ever."

"Are we surprised?" Nehushtan continued. "Well, I wouldn't say that. But they are certainly fighting."

In ordering Israel's largest military operation in Lebanon since the 1982 invasion, Prime Minister Ehud Olmert hoped to rely on air power and avoid the grueling war of attrition that marked Israel's 18-year occupation of southern Lebanon. He told troops during a visit to Hatzor air force base in southern Israel earlier this week that "in every combat situation, the preference is to act from the air and not on the ground."

The air campaign, however, has failed to reduce Hezbollah rocket fire into northern Israel and drawn international criticism for exacting a high death toll among Lebanese civilians, roughly 400 of whom have been killed so far.

Military analysts, former senior Israeli officers and soldiers say the mounting casualties in a still-small ground war are rooted in Israel's scant battlefield intelligence, the challenge of operating in civilian areas and the skill of Hezbollah fighters armed with weapons far more advanced than anything many young soldiers here have seen. For example, they said, Hezbollah has been using laser-guided antitank missiles.

Thirty-three Israeli soldiers have been killed since the conflict began, nearly all of them in ground combat focused in a roughly 15-square-mile border region.

"Obviously it's more difficult than what was anticipated," said Yossi Alpher, a former official of Mossad, the Israeli intelligence service, who once ran the Jaffe Center for Strategic Studies at Tel Aviv University. "I dare say, based on what we've seen so far, these may be the best Arab troops we've ever faced."

Olmert told his security cabinet Wednesday that he intends to clear Hezbollah positions from a strip of southern Lebanon, then hold it until a multinational peacekeeping force can be deployed. Hezbollah fighters staged the July 12 cross-border raid and kidnapping that triggered the war from bunkers along the border.

It remains unclear how deep Israeli troops intend to go into Lebanon and whether the distance would protect Israeli cities from Hezbollah's increasingly long-range rockets, more than 150 of which fell inside Israel on Wednesday. The army is moving slowly with a relatively small ground force, numbering in the low thousands at most.

"You can do this in a very short time, but you are going to kill many more innocent civilians and cause many more casualties among our troops. We have no intention of doing either," Avi Dichter, Israel's public security minister, said earlier this week.

Moving in tanks and on foot in the town of Bint Jbeil, troops walked into an ambush by scores of Hezbollah fighters, who appeared from tunnels, bunkers and houses. There were reports of hand-to-hand combat and gunfire exchanged at point-blank range.

"Here, instead of making the decision to destroy, we are fighting in the streets," said Yaakov Amidror, a retired major general who served as head of the assessment and evaluation division of Israel's military intelligence. "It is very costly, and the result may lead to another kind of decision in the future at the tactical level. If we have to rely on our overwhelming advantage in firepower to protect the infantry, it will be very devastating for Lebanese civilians."

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Israeli commanders said they expected to encounter roughly half the number of Hezbollah fighters that they actually found in the town when they entered after encircling it the previous day. Armed with rifles, grenades and laser-guided antitank missiles, the gunmen fired from houses, alleys and tunnels laced through their border strongholds.

"Whether this declaration of control created false expectation just within the public or inside the IDF itself, I don't know," said Alpher, the former Mossad official, referring to the Israel Defense Forces. "But if this is the assessment that came down from south Lebanon, it indicates that these troops did not have a clear idea of what controlling the town meant, which gets back to the problem of intelligence."

On the other side of the border, Hezbollah officials also described an ambush in which their fighters used antitank weapons.

"The Israelis took some bad losses," said Mahmoud Qomati, a member of Hezbollah's political bureau, adding that Israeli tanks penetrated Bint Jbeil but were quickly enveloped by Hezbollah fighters lying in ambush and armed with the antitank weapons.

Qomati said 15 days of fighting have proved that Hezbollah militia troops can hold their own against Israeli soldiers on the ground. Even with Israeli control of the air, he said, the group has the munitions, equipment and morale to continue fighting "for months."

"That's war," Qomati said. "We take losses, but so do the Israelis."

The Hezbollah guerrilla fighters are mostly local Shiite youths who know the terrain and, in ordinary times, work and live among the population. The Shiite theocracy in Iran is the group's chief financial sponsor, and Israeli officials say much of its arsenal arrives with Syria's blessing. In recent years, its members have rarely carried arms or worn uniforms, except when called on to participate in an operation. They are trained to retreat back among their civilian neighbors when the firing dies down.

"They will fight, and they will disappear," said Timur Goksel, who watched Hezbollah grow into a potent force during 25 years as a senior adviser to the U.N. observer force along the Israeli-Lebanese border.

Their number is a closely guarded figure, according to Goksel and other analysts in Lebanon. A core of about 700 full-time and highly trained fighters forms the backbone of the organization's militia, they said, backed by part-time villagers variously estimated to number between 8,000 and 20,000.

The core group has received the most training, particularly in the operation of missiles and rockets. Its members are highly motivated, having received guarantees that their families will be looked after and their children educated at Hezbollah's expense if they die in combat.

Most of the resistance to Israeli incursions into Lebanon over the past two weeks has involved the use of assault rifles, rocket-propelled grenades and antitank missiles, including what Israeli officials say are versions or copies of powerful and accurate Russian- and U.S.-made weapons.

The Iranian advisers and volunteers who were once involved in Hezbollah's military branch have been largely eliminated since Hasan Nasrallah took over as Hezbollah leader in 1992, Goksel said, and Iranians are rarely, if ever, seen in southern Lebanon despite Tehran's political and financial support.

Nasrallah, who was only 32 when he assumed command, gave the southern militia forces more autonomy from the headquarters in Beirut's southern suburbs, Goksel said. Southern Lebanon was broken into three regional commands, with the leader of each reporting directly to Nasrallah.

The loose structure has helped prevent Israel's intensive bombing over the last two weeks from disrupting communications or lines of command and control. With guerrillas fighting in their home villages and arms cached in tunnels and underground shelters, there are few vital command lines to attack.

Israel Faces Fierce Resistance From Hezbollah (LAT)

By Ken Ellingwood And Laura King

The Los Angeles Times, July 27, 2006

AVIVIM, Israel — At least eight Israeli soldiers were killed and nearly two dozen wounded as Israeli troops today battled Hezbollah guerrillas for control of a strategic Lebanese border town and its environs.

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The number of casualties in close-quarter ground fighting with Hezbollah was the highest daily toll in years, and fueled the ongoing debate in Israel about the army's tactics against a determined, heavily armed and deeply entrenched guerrilla force in southern Lebanon.

At nightfall, the Israeli army confirmed the eight deaths and reported four other casualties, using language that suggested there might be at least one additional death. Arab-language media had earlier reported 14 Israelis killed in two engagements.

Amid the intensifying ground combat, Hezbollah fired more than 120 rockets into Israel before nightfall, injuring more than 30 Israelis.

Prime Minister Ehud Olmert, meanwhile, expressed "deep regret" over the deaths of four United Nations peacekeepers in an airstrike on a border outpost. He strongly rejected as "inconceivable" U.N. Secretary General Kofi Annan's accusation Tuesday that the bombardment was deliberate.

Today's fierce daylong battles centered on the village of Maroun al-Ras and the town of Bint Jbeil, a longtime Hezbollah stronghold. The Israeli army had earlier asserted that its troops were in control of both hilltop enclaves.

Army officials described house-to-house fighting between Israeli infantry and Hezbollah fighters entrenched in bunkers and holed up inside reinforced hideouts.

"Village by village, house by house, we are trying to take out Hezbollah," army Maj. Zvika Golan told reporters on the Israeli side of the border, near the now-deserted community of Avivim, which has become a staging area for the Israeli military push.

He and other Israeli military officials insisted that the degree of resistance mounted by Hezbollah had not been a surprise.

"We have walked into a wasps' nest, and we knew it would be a wasps' nest," Golan said.

As in past days, the heavy fighting made it difficult for the army to evacuate the wounded. At one point, two Israeli warplanes screamed low over the rocky landscape to provide cover for medevac helicopters. Plumes of smoke drifted overhead as the steady boom of artillery fire echoed off the hills.

"Victory comes from God almighty," said a statement read on Hezbollah's al-Manar television.

The Israeli military does not release death tolls until the bodies have been identified and families notified. In the past several days, it has taken the army up to 24 hours to extricate the remains of soldiers killed in the battle zone, which lies less than two miles inside Lebanon.

Some of the army's most seasoned paratroopers and infantry forces took part in the fighting in and around Bint Jbeil, which the army says is a center for Hezbollah's efforts to launch Katyusha rockets at Israel. Troops were in control of the town of 20,000, whose residents have largely fled the fighting.

Golan said concern over the presence of antitank mines meant that at least some of the soldiers were approaching on foot. But the infantry troops came under withering fire from fighters who popped up from hiding places.

The fighting made it clear just how difficult it will be for Israel to establish a mile-wide no-go zone along the frontier that is free of Hezbollah fighters. Olmert today outlined such a plan to lawmakers.

That frontier strip would be a much smaller area than the security zone Israel established north of its border in the 1980s and 1990s.

Ellingwood reported from Avivim, Israel and King from Jerusalem. Staff writer Rone Tempest in Beirut contributed to this report.

Israelis Die In Lebanon (WT)

By Joshua Mitnick

The Washington Times, July 27, 2006

TEL AVIV -- The Israeli forces yesterday suffered their highest number of casualties in the two-week-old war against Hezbollah while Israeli officials signaled that the hostilities would continue several weeks.

At least nine Israeli soldiers died in a campaign to wrest control of the southern Lebanese village of Bint Jbeil from the Iranian-backed militia and 23 soldiers were wounded.

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While the fighting raged, 16 foreign ministers and other officials from the United States, Europe and the Middle East agreed in Rome on the need for a new international force on the Israel-Lebanon border. Unlike the U.N. observer force now in southern Lebanon, the new group would be a peacekeeping force.

Details were vague, but France, Spain and Italy reportedly offered to send troops for the new mission, which would operate under a U.N. mandate but would not be part of the U.N. force that has been in the region since the late 1970s.

The foreign ministers stopped short of calling for an "immediate" cease-fire at the insistence of the United States, with Secretary of State Condoleezza Rice saying there could be "no return to the status quo."

The Israeli army signaled a key objective of the war -- to set up a 1.2-mile-wide buffer zone north of the international border to prevent Hezbollah from reaching a fence separating the two nations.

Such a buffer would make it more difficult for Hezbollah to carry out raids such as the one two weeks ago in which three Israeli soldiers died and two were kidnapped.

The heavy losses for Israel are yet more evidence that its ground war against Hezbollah has been more difficult than expected.

"I never said this would be a luxurious operation. There will be more difficult days," Israeli Prime Minister Ehud Olmert said.

Hezbollah spiritual leader Sheik Hassan Nasrallah said his goal is to inflict maximum casualties on Israel.

Just hours before the attack on Bint Jbeil, Israeli generals had declared that guerrilla resistance had been eliminated and that Israel controlled the village -- which is considered a Hezbollah stronghold that is used to fire artillery and rockets into Israel.

An Israeli army detachment was ambushed in one neighborhood and quickly became surrounded by enemy gunfire, making the rescue of the wounded soldiers difficult. The fighting, often face to face, lasted most of the day.

"This was a difficult day, but if we measure it up against the last four days, there are dozens of terrorists killed in the field and dozens of infrastructure targets destroyed," said Israeli army northern commander Gen. Udi Adam. "I assume that this will take another several weeks."

The general said Israeli forces had captured strategic locations around the village rather than capturing the entire village.

In Israel, more than 140 rockets rained down on Haifa and other cities in the north, leaving one person in critical condition.

In the past two weeks, the guerrillas have fired 1,436 rockets into Israel, according to the Associated Press.

The heavily outnumbered Hezbollah forces have proved themselves adept at using classic guerrilla tactics, striking in terrain they know well and protecting themselves and weapons caches in bunkers and networks of tunnels.

Fighting was fierce yesterday on a second front, the Gaza Strip, where Hamas militants are holding an Israeli soldier seized last month.

A force of 50 tanks and bulldozers entered northern Gaza, where 23 Palestinians died in heavy fighting, including a 9-month-old and a 5-year-old.

Israeli officers said they encountered stiff resistance in Gaza and speculated that the war in Lebanon was emboldening Palestinian militants.

Palestinian Authority President Mahmoud Abbas told reporters yesterday on a visit to Algiers, "What is happening in Palestine is a complete destruction, and it is happening in both Palestine and Lebanon."

"And at the same time, there is a refusal to reach a cease-fire that has been supported by European countries as well as Arab countries. But until now there is nothing."

Israel also faced international anger over the killing of four U.N. observers in southern Lebanon on Tuesday.

Mr. Olmert apologized in a telephone call to U.N. Secretary-General Kofi Annan yesterday and announced an investigation of the incident. Mr. Annan had called it an "apparently deliberate strike."

The AP, quoting a preliminary report by the United Nations, said the U.N. contingent contacted Israeli army officers 10 times and was assured that its compound would not be targeted. It was hit with a precision-guided missile.

Israeli Losses Mount In Lebanon (CHIT)

By Joel Greenberg

Chicago Tribune, July 27, 2006

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JERUSALEM -- On a day of heavy Israeli casualties and failed international talks to end more than two weeks of fighting, Prime Minister Ehud Olmert faced growing domestic doubts Wednesday about the army's tactics and the overall wisdom of Israel's offensive in Lebanon.

As televised images of wounded soldiers raised haunting memories of Israel's 18-year occupation of southern Lebanon, Olmert told lawmakers of plans for a new 1.2-mile-deep buffer zone there as critics began raising questions about the army's performance and credibility in the face of determined resistance by Hezbollah.

Putting up a stronger fight than expected, Hezbollah' guerrillas inflicted heavy losses on Israeli troops in the hill town of Bint Jbeil, killing nine soldiers and wounding 25 in the worst single-day toll for the Israelis since the start of the campaign.

In Rome, world leaders disbanded a meeting on the crisis without agreeing on how to end the fighting, which has claimed more than 460 lives. While the United Nations, European Union and others wanted an immediate cease-fire, U.S. Secretary of State Condoleezza Rice insisted on the U.S. position that any truce be accompanied by a wider agreement that includes Hezbollah's disarmament.

Pleading for "an immediate and comprehensive cease-fire," Lebanese Prime Minister Fuad Siniora warned the diplomats that only despair and fanaticism would emerge from Lebanon's rubble and accused Israel of war crimes.

"Is the value of human life less in Lebanon than that of citizens elsewhere? Are we children of a lesser God?" Siniora said, according to a copy of his remarks. "Is an Israeli tear-drop worth more than a drop of Lebanese blood?"

The leaders signed a final statement pledging to "work immediately" toward a cease-fire, and Rice said it would be used to help draft a UN Security Council resolution in the coming days on the need for an international force to separate the warring sides. She said a separate meeting would be convened among nations interested in sending troops for such a force.

In Washington, White House spokesman Tony Snow said two ranking U.S. diplomats would remain in the region to consult "with partners and allies on how to move forward … to make conditions proper for a cease-fire."

In addition to the intense ground fighting Wednesday, Hezbollah fired more than 150 rockets into northern Israel despite the army's continuing offensive to stop such launches, the army said. The rockets wounded more than 30 people and damaged property.

Bint Jbeil, the town where the army suffered its heavy losses, is a key stronghold of Hezbollah some 2 miles from the border with Israel. It has been the focus of an Israeli ground push into Lebanon that the army says is meant to kill the group's fighters and destroy its bunkers and rocket stocks in villages near the frontier.

Most of Bint Jbeil's 30,000 residents have fled, but several hundred are believed to remain in the town, along with an unknown number of Hezbollah guerrillas dug in among the homes.

Maj. Gen. Udi Adam, chief of the army's northern command, said several dozen Hezbollah fighters ambushed troops from the crack Golani brigade as they advanced into the town. The guerrillas set off explosives and opened fire at the soldiers, killing eight and wounding 22, an army spokeswoman said.

The soldiers killed most of the attackers, and the Israeli casualties were evacuated under fire to helicopters, Adam said

The military said that an additional soldier was killed and three others were wounded when guerrillas fired an anti-tank rocket at a house occupied by troops in the neighboring village of Maroun al-Ras, which the army said previously that it had taken.

"I assume there will be more days like this, regretfully, and these days can happen," Adam said.

The general said troops would carry out raids in Bint Jbeil and neighboring villages but would not occupy them.

"The definition of the operation was to seize high ground in the Bint Jbeil area and not capture the entire town; it is too big a town, and we decided that there is no reason right now to occupy it," Adam said. "We are free to act in the whole area, and that is the mode of operation, that is, we go in and out of all kinds of places, not only Bint Jbeil."

But the high number of casualties in Wednesday's fighting, coming after losses in similar clashes in recent days, led some critics to question the army's tactics.

"When [the army] falls into ambushes time after time, and is surprised each time anew, this series of events has to be stopped," Rafi Noy, a retired general and former chief of staff in the army's northern command, told Channel Two television. "It's not good when this happens to an army that is so trained and so professional."

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The losses in Bint Jbeil also were a blow to the army's credibility after some senior officers announced in media interviews Tuesday that resistance in the town had been broken and that it was under the control of Israeli forces.

"The war is leading us by the nose to sink deeper in the Lebanese mud. … The moment the army will be in Lebanon for an extended period, it will be hell for us in there," said Ran Cohen, a dovish lawmaker and reserve army colonel, The Associated Press reported. "The deeper we get drawn in, the worse it will be."

The leader of Hezbollah, Sheik Hassan Nasrallah, said in a televised speech early Wednesday that his group would wage a guerrilla war against the Israelis in southern Lebanon. "What's important in the ground battle is the degree to which we inflict casualties on the Israeli enemy," Nasrallah said.

Olmert told a parliamentary committee Wednesday that Israel wanted to establish a 1.2-mile-deep buffer zone in southern Lebanon that would be free of Hezbollah guerrillas and prevent rocket attacks on Israeli soldiers and civilians.

However, Olmert indicated that Israel would not go back to an occupation similar to the "security zone" it maintained in southern Lebanon in the '80s and '90s. Defense Minister Amir Peretz spoke Tuesday of controlling the area with firepower to prevent the entry of guerrillas.

In the southern Lebanese city of Tyre on Sunday, an Israeli bombing hit an empty building where Hezbollah's top commander in the south has offices, wounding 13 people nearby, AP reported.

A total of 51 Israelis have been killed since the start of the military campaign, 33 of them soldiers. More than 400 Lebanese, most of them civilians, have been killed in Israeli attacks.

Tyre Reels From Attacks That Never Fail To Shock (NYT)

By Sabrina Tavernise

The New York Times, July 27, 2006

TYRE, Lebanon, July 26 — The earsplitting crack hit just a few blocks from the mayor's office, where Ghassan Farran, a doctor and member of the city council, was sitting Tuesday night. He dropped to the floor. Pieces of debris flew through an open window.

An Israeli bomb had pulverized a seven-story building a short distance away. Mr. Farran stood up and walked to the window. The lights were out. A giant cloud of black smoke filled the sky.

"This is the new Middle East," he said, his voice shaking with anger.

Airstrikes like this have been smashing buildings all over southern Lebanon. This port city, the gateway to the war zone, has had its share: residents in the area that was hit said Tuesday night's strike, which wounded 12 people, had been the third in that part of the city alone. Still, the attacks never cease to shock.

Men with frantic faces, some without shirts, climbed onto the burning wreckage. It was a mountain of incongruous items: giant slabs of concrete, burning mattresses, books splayed open, a headless rubber duck, a gold pillow with a ruffle, a sheared-off room. A shirtless young man, his body smudged with soot, was carried out over a rescuer's shoulder. "Does anyone have anything to put the fire out?" said a man with a tattoo of the sun on his shoulder, shouting into the gathering crowed of onlookers and journalists.

The building was empty when it was destroyed, and the casualty total from surrounding buildings was not nearly what it might have been. The mayor, Abed al-Husseini, 70, said the building was residential, without any offices. It was unclear why it was empty when others were occupied.

Whatever the target, the result was an emotional outpouring in support of Hezbollah. Standing near a cluster of dangling electrical wires, a group of men began to chant. "By our blood and our soul, we'll fight for you, Nasrallah!" they said, referring to Hezbollah's leader, Sheik Hassan Nasrallah. In a foggy double image, another small group chanted the same thing, as if answering, on the other side of the smoke.

Mr. Farran said he had had an apartment on the third floor of the destroyed building. His wife and four children were staying with the children's grandmother a few houses away, and were unhurt. A young man handed him a small photo album smeared with dirt. Inside were pictures of himself as a younger man and of his two daughters as babies.

So why was the building hit? Mr. Farran brushed off the idea that it might have been a Hezbollah office.

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"Every place in southern Lebanon, Hezbollah is there," he said, standing on a pile of rubble, with smoke from the mattresses rising behind him. "Hezbollah is coming from the people. If they want to destroy all of Hezbollah, they have to destroy all of Lebanon."

The situation feels increasingly desperate for families in the south. Just outside of Tyre, cars packed with refugee families snaked north away from town in a seemingly endless line along a narrow dirt road in the midafternoon. A United Nations convoy — 10 large trucks piled high with flour and medicine — moved slowly into town.

Many of the families had come from Ramesh, a small village less than a mile from the Israeli border. Refugees in the line of cars said villagers from other areas along the border had initially fled to Ramesh, assuming it would be safer because it was Christian, not Muslim. But that was not the case, and the refugees described scenes of desperation in the village, with thousands of people packed into basements of churches and schools.

"No food, no water!" shouted Yusuf al-Alam, a father of three, who was sitting in an old green Mercedes, his exhausted children leaning out the windows. "Tell people!"

But the United Nations aid convoy, carrying about 90 tons of food, would not make it that far south, to the people who need it the most, according to United Nations personnel. The roads that way are simply too dangerous. "Lebanon has enough food, the issue is the roads," said Khaled Mansour, a United Nations spokesman who arrived with the shipment.

The line of refugees stretched along the dusty, hot road. White flags made out of T-shirts and sheets drooped in the heat. Fuel was also in short supply, and the road was littered with abandoned cars. At shortly after two, a group of men were trying to untangle a terrible snarl of dead vehicles that included an abandoned Honda sedan. "We don't know, maybe the driver is dead," said Hatem Aridi, a worker with Doctors Without Borders who was helping to push the vehicle out of the way.

The refugees said they had fled on the coattails of foreign citizens, Americans and Canadians, who had been stuck in southern towns and were evacuated Tuesday. A State Department official at the Tyre port said 100 to 200 Americans had been taken out. "When the foreigners leave, there will be no road back," said Bassam al-Kurdi, a driver in the United Nations convoy on Tuesday. He said refugees from Ramesh had asked him for food as they waited in the line of cars.

Mr. Husseini, the mayor, who presides over 67 villages in the Tyre region, said that in the worst-hit areas, bodies were still buried under the rubble, and he appealed to the Israelis to allow government authorities time to pull them out. Dogs were even eating them, he said.

"Who can accept this?" he said. "If we send ambulances, they bomb them."

As for the food delivery, he tried to be optimistic. "When there will be roads, we'll bring it to the people."

Sharon In Intensive Care After Condition Worsens (WT/AP)

By Ramit Plushnick-masti

The Washington Times, July 27, 2006

JERUSALEM -- Former Israeli Prime Minister Ariel Sharon was rushed to the intensive care unit of a Tel Aviv hospital yesterday to undergo a form of kidney dialysis, a hospital spokeswoman said.

Mr. Sharon's condition deteriorated significantly earlier in the week, when officials at the Sheba Medical Center said that his kidneys were failing and that they had noticed changes in his brain membrane.

Mr. Sharon, 78, has been in a coma since suffering a massive stroke on Jan. 4.

His blood will be filtered to remove the excess fluids accumulating in his body as a result of the kidney failure, the hospital said. He also is receiving antibiotics intravenously to treat a bacterial infection in his blood.

Dr. John Martin, a professor of cardiovascular medicine at London's University College, said that the infection in Mr. Sharon's blood indicates his immune system is weak, and that the problem could damage other vital organs, such as the liver.

Normally, doctors do not treat patients in Mr. Sharon's condition, Dr. Martin said. However, the dialysis and antibiotics could keep Mr. Sharon alive for weeks or even months, he said.

"The best thing might be to allow Ariel Sharon to die by not doing this kidney dialysis, and that is considered ethical throughout the world," Dr. Martin said.

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Dr. Philip Stieg, director of the neurosurgery department at the Weill Medical College of Cornell University in New York, said the combined kidney failure and blood infection increase the chance that Mr. Sharon will contract pneumonia, a common killer of people his age and in his condition.

At the moment, Dr. Stieg said, Mr. Sharon is suffering "multisystem failure" and "it just becomes a snowball that just keeps getting bigger."

Mr. Sharon, Israel's most popular politician, had a small stroke in December and was put on blood thinners before suffering the severe brain hemorrhage in January. The Israeli leader underwent several, extensive brain surgeries to stop the bleeding.

The last surgery, in April, reattached a part of Mr. Sharon's skull that was removed to reduce pressure on his brain. The reattachment was described as a necessary step before transferring Mr. Sharon to the long-term care facility at Sheba hospital.

The stroke occurred after Mr. Sharon saw through his contentious plan to withdraw Israel from the Gaza Strip after 38 years. Just two months before, Mr. Sharon shook up the Israeli political map by bolting his hard-line Likud Party to form the centrist Kadima faction.

After the stroke, Mr. Sharon's successor as party leader, Ehud Olmert, led Kadima to victory in a March 28 vote and became prime minister.

Report: U.N. Observers' Calls Unheeded (AP-Y)

By Ravi Nessman

AP2, July 27, 2006

U.N. observers in Lebanon telephoned the Israeli military 10 times in six hours to ask it to stop shelling near their position before an attack killed four observers and sparked international anger with Israel, U.N. officials said Wednesday.

The U.N. observation post near Khiam came under close Israeli fire 21 times Tuesday — including 12 hits within 100 yards and five direct hits from 1:20 p.m. until the peacekeepers' post was destroyed at 7:30 p.m., Jane Lute, assistant secretary-general for peacekeeping, told the U.N. Security Council in New York.

U.N. officials said Hezbollah militants had been operating in the area of the post near the eastern end of the border with Israel, a routine tactic to prevent Israel from attacking them.

"We did repeatedly in recent days say (to Israel) that this was an exposed position, that Hezbollah militants were 500 meters (yards) away shielding themselves near U.N. workers and civilians," U.N. humanitarian chief Jan Egeland said. "That's why it is so inexplicable that what happened happened."

Israeli officials had told the United Nations that the bombing around the base was part of an "an aerial preparation for a ground operation," said the senior official, who spoke on condition of anonymity.

Officials in the outpost called the Israeli army 10 times during those six hours, and each time an army official promised to have the bombing stopped, according to a preliminary U.N. report on the incident, which was shown to an Associated Press reporter on Wednesday.

Once it became clear those pleas were being ignored, the force's commander sought the involvement of top officials in New York, a senior U.N. official in New York said, speaking on condition of anonymity because the investigation of the incident was not yet complete.

U.N. Deputy Secretary-General Mark Malloch Brown and Lute herself then made several calls to Israel's U.N. mission "reiterating these protests and calling for an abatement of the shelling," Lute said.

The bombing put Israel on the defensive two weeks into its campaign against Hezbollah guerrillas in southern Lebanon.

Israeli Prime Minister Ehud Olmert expressed "deep regret" for the deaths and dismay over U.N. Secretary-General Kofi Annan's accusation that the attack was "apparently deliberate."

Olmert told Annan in a phone call Wednesday that the attack was inadvertent and he promised a "thorough investigation," his office said in a statement.

"It's inconceivable for the U.N. to define an error as an apparently deliberate action," Olmert said.

China called for an Israeli apology and asked the U.N. Security Council to condemn the bombing — which killed one of its citizens — and demand Israel stop attacking U.N. positions and personnel.

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"For China and for others, we condemn this because I think any attack on the United Nations positions and the United Nations personnel is inexcusable and unacceptable," China's U.N. Ambassador Wang Guangya said.

Austria and Finland, both of which also lost citizens in the attack, condemned the bombing, with Finnish Foreign Minister Erkki Tuomioja calling it "truly tragic." The fourth victim was Canadian.

"These so-called precision attacks seem to be mainly targeting everyone else except the Hezbollah," Tuomioja said. "The longer this continues, the more likely it is that there will be more similar victims."

White House spokesman Tony Snow described the strike as a "horrible thing," but said Israel was behaving responsibly in its aftermath.

"They'll be completely transparent in the way they conduct the investigation," Snow said. "And I think that's the appropriate way to proceed."

U.N. officials said the observation position was well marked. A picture the world body released Wednesday showed the three-story building was painted white with the letters "U.N." emblazoned in large black letters on all sides, and a light blue U.N. flag hung from a nearby flagpole that was roughly 50 feet high. Witnesses said the building, which was surrounded by concrete blast walls and barbed wire, also had the letters U.N. painted on the roof and it was illuminated by floodlights at night.

During the shelling, the observers took refuge in a bomb shelter designed to withstand a strike by a 155mm artillery shell, U.N. officials said. The bunker collapsed in the attack, and the extent of the damage suggests it was hit with a large bomb, said Brig. Gen. J.P. Nehra, the deputy force commander for the U.N. peacekeeping force in Lebanon known as UNIFIL.

"We can only say the destruction of the bunker was quite devastating, of the kind that aerial bombs can achieve. The ones of the very heavy variety," he said.

After the blast, Israel agreed to give UNIFIL safe passage for two armored personnel carriers to evacuate the position, Lute said. They arrived at 9:30 p.m. "and found the shelter collapsed and major damage to the rest of the position," she said.

Despite negotiating safe passage, those APCs also came under Israeli attack, she said, adding that the attacks continued Wednesday when an artillery round hit about 10 yards from UNIFIL headquarters in the town of Naqoura.

Since fighting between Israel and Hezbollah militants began two weeks ago, there have been several dozen incidents of firing close to U.N. peacekeepers and observers, including direct hits on nine positions, some of them repeatedly, a U.N. official said. As a result of these attacks, 12 U.N. personnel have been killed or injured, U.N. officials said.

During an Israeli offensive against Lebanon in 1996, artillery blasted a U.N. base at Qana in southern Lebanon, killing more than 100 civilians taking refuge with the peacekeepers.

The U.N. mission, which has nearly 2,000 military personnel and more than 300 civilians, is to patrol the border line, known as the Blue Line, drawn by the United Nations after Israel withdrew troops from south Lebanon in 2000 and ended an 18-year occupation.

On Wednesday, dovish lawmaker Ran Cohen, a colonel in the Israeli army reserves, said that from his experience in Lebanon, it was quite possible to make such a mistake.

"I have not even the slightest doubt that we're talking here about a mistake, technical or otherwise. The army, as long as I've known it and I'm fairly critical, never wants to hit UNIFIL forces," Cohen said.

U.N. Says It Protested To Israel For 6 Hours During Attack That Killed 4 Observers In Lebanon (NYT)

By Warren Hoge

The New York Times, July 27, 2006

UNITED NATIONS, July 26 — The United Nations said Wednesday that its top officials in New York and its officers on the ground in Lebanon made numerous calls on Tuesday to the Israeli mission and the Israeli military to protest repeated firing on its outpost in Lebanon where four unarmed observers ended up being killed.

Jane Holl Lute, the assistant secretary general for peacekeeping operations, said at an emergency meeting of the Security Council that over the six-hour period in which the United Nations' warnings were being conveyed to the Israelis, the observation post at Khiam, in southern Lebanon, continued to come under fire.

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The firings persisted even after rescuers reached the hilltop site, she said, and in all it was subjected to 21 strikes, 11 of them aerial bombardments and at least 6 artillery rounds.

She described the observation post as "well known and clearly marked" and added that no Hezbollah activity was reported in the area.

The four dead observers were from China, Finland, Canada and Austria.

Ms. Lute said the United Nations became so alarmed by the continuing attacks that she enlisted Mark Malloch Brown, the deputy secretary general, to join her in placing the calls.

In Lebanon, Khaled Mansour, the United Nations spokesman, said that he and Maj. Gen. Alain Pellegrini, the commander of the United Nations force there, known as Unifil, had contacted Israeli military commanders repeatedly during the same period.

When the United Nations lost contact with the outpost on Tuesday evening, it secured safe passage from Israel to send in a rescue party of Indian troops. They found the shelter collapsed and the remains of three of the four observers. The fourth is presumed dead, Ms. Lute said.

"Firing continued during the rescue operation despite repeated requests to the I.D.F. for an abatement," she said, speaking of the Israeli Defense Forces.

She said that Unifil had reported 145 incidents of "close firings" in recent days with several patrol bases taking direct hits and sustaining damage to buildings, equipment and vehicles.

Ms. Lute said Secretary General Kofi Annan, who in a statement on Tuesday night issued in Rome had called the attacks "apparently deliberate," now accepted Israel's assurance that they were not.

She said the United Nations welcomed Israel's promise to conduct an immediate investigation and added that the United Nations would make a formal request that the inquiry be carried out jointly by the United Nations and Israel.

A formal statement on the incident that the Security Council was working on Wednesday evening originally incorporated language from China also calling the strikes "apparently deliberate." But Wang Guangya, the Chinese ambassador, agreed to drop the reference after a morning meeting with John R. Bolton, the American ambassador.

The working draft of the statement said that attacks against United Nations personnel were "unacceptable." And it stressed that "any hostile action against peacekeepers must not occur.''

Mr. Bolton warned that the statement should not be exploited by those countries seeking an immediate end to hostilities.

"We should not make this statement a backdoor way of getting into cease-fire or other larger political and military questions," he said. "That's not appropriate here."

Mr. Bolton noted that the Israelis had called the killings "an operational mistake," and he said he had seen "no evidence to the contrary."

The French ambassador, Jean-Marc de la Sablière, said: "When you have four blue helmets hit, the whole international community is hit. We think it should be condemned."

Vitaly V. Churkin, the ambassador from Russia, said the initial reaction of United Nations officials on Tuesday was understandable, given the circumstances.

"I think I can sympathize very strongly with the people in the Secretariat who were trying for hours to prevent the tragic consequences of the shelling, and I can easily understand their feelings when they realized that the people they were trying to help for a very long time, for hours, were killed," Mr. Churkin said. "I am certainly not blaming the Secretariat."

He added, "One would expect to see more respect for peacekeepers if one wants to rely on them in the future."

The Security Council this week is considering the renewal of the mandate of Unifil, which ends next Monday. France, which is the president of the council this month, has suggested a one-month extension to give time for planning the expanded new force being widely called for.

Annan Accepts Israel's Apology (WT)

By Betsy Pisik

The Washington Times, July 27, 2006

DOJ_NMG_0043660

BEIRUT -- U.N. Secretary-General Kofi Annan said yesterday that he accepted Israel's apology for the bombing of a United Nations' base in southern Lebanon, but he continued to make clear in public remarks that he does not quite believe that Tuesday's deadly attack was an accident.

Mr. Annan said he received a telephone call in which Israeli Prime Minister Ehud Olmert "expressed his deep sorrow at what happened."

"We accept that," the secretary-general told reporters yesterday in Rome. He added that an investigation pledged by Israel should be conducted jointly with the United Nations.

Israel Defense Forces shelled the U.N. Interim Force in Lebanon (UNIFIL) on Tuesday, killing four members and destroying at least one office and residence at the long-established base.

Mr. Annan said late Tuesday that the sustained attack was "apparently deliberate" but yesterday softened his position after strong criticism from Washington.

The Security Council convened an emergency meeting yesterday to hear a preliminary U.N. report on the shelling, which apparently lasted most of Tuesday.

For six frantic hours Tuesday night, U.N. officials in New York and southern Lebanon repeatedly asked Israeli political and military contacts to halt shelling in the vicinity of the U.N. observer mission on the Lebanese border, a peacekeeping official said.

Nonetheless, the operations base took 21 strikes from Israeli artillery, Jane Holl Lute, assistant secretary-general for peacekeeping operations, told council members yesterday. The four members of the force who were killed in the attacks were from China, Finland, Canada and Austria.

"Firing continued during the rescue operation despite repeated requests to the [Israel Defense Forces] for an abatement," she told the council.

"To our knowledge, unlike in the vicinity of some of our other patrol bases, Hezbollah firing was not taking place within the immediate vicinity of the patrol base," she said.

Ms. Lute noted that despite these urgent calls, Israel continued to fire on U.N. positions into yesterday afternoon, local time. Mr. Annan showed his impatience yesterday during an international conference aimed at finding a political and military solution to the conflict.

"Our general and troops -- people on the ground -- were in touch with the Israeli army, warning them, 'Please be careful. We have positions here. Don't harm our people.' And many calls went out until this happened," he said.

"The shelling of [UNIFIL], which is long-established and clearly marked, started early in the morning and went on till after 7 p.m., when we lost contact," the diplomat added.

Mr. Olmert yesterday promised an immediate investigation and phoned Mr. Annan to apologize.

The Security Council met about the time that 16 nations and three organizations were gathering in Rome to discuss a settlement of the two-week-old war that has killed about 450 people.

In New York yesterday, the U.N. Security Council was expected to issue a low-level but unanimous press statement expressing regret at the strike. China's initial attempt to call it a "deliberate" attack was rebuffed by the United States.

"Any attack on the U.N. position and U.N. personnel is inexcusable and unacceptable," said Chinese Ambassador Wang Guangya, adding that Beijing condemns the attack.

UNIFIL has patrolled the lushly planted hillsides and valleys on the Israel-Lebanon border since 1978, but it always has been a tense and deadly mission.

The mission was put in place after the Lebanese civil war and was conceived to keep Islamic militias from harassing Israeli troops and Israel from taking more Lebanese land for its buffer zone.

But with a weak mandate, UNIFIL's 2,000 blue helmets have never been very effective.

Islamic militias, primarily Hezbollah and Amal, have long fired on Israeli positions from behind UNIFIL installations. When the Israelis fired back, it was often UNIFIL troops who took the hit. And, as the events of the past two weeks have illustrated, the mission is incapable of putting up a meaningful defense. Lebanese and Israeli citizens have long dismissed the blue helmets as something of a half-hearted international effort.

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In Gaza, 23 Palestinians Killed (LAT)

By Ashraf Khalil

The Los Angeles Times, July 27, 2006

GAZA CITY — Dozens of Israeli tanks and bulldozers backed by missile-firing drone aircraft pushed into the northern Gaza Strip on Wednesday, touching off a daylong battle that killed 23 Palestinians and wounded at least 70.

At least half of the Palestinian dead were fighters from Hamas, Islamic Jihad, the Al Aqsa Martyrs Brigade and other groups. But Palestinian medical sources said that at least three children were killed, including two sisters.

Throughout the day, in neighborhoods along the shifting urban front line, masked Palestinian fighters rushed toward the confrontation, many carrying grenade launchers and spools of wire for laying booby traps in the path of oncoming tanks. A large crowd of boys gathered to watch them, seemingly oblivious to the danger. In one case, a group of children helped hide the wiring of an explosive device.

Screaming ambulances rushed through the streets of Gaza City, and militant groups held emotional funeral marches, ferrying slain fighters to the cemetery for rapid burial according to Islamic custom.

The deaths pushed the toll to about 140 in fighting that began June 25, when militants from the Gaza Strip crossed into Israel, killing two Israeli soldiers and capturing a third. Wednesday's death toll was the highest in the last two weeks. Last week, Israeli tanks drove to the heart of the Maghazi refugee camp in a two-day incursion that left at least 15 Palestinians dead.

The clashes took place as global attention and diplomatic efforts largely were focused on Lebanon, where at least nine Israeli soldiers were killed Wednesday in battles with Hezbollah.

The day's violence ended talk of a cease-fire.

"There's no talk at all about a truce anymore," said Abu Ahmed, a spokesman for Islamic Jihad. "No way."

Another Islamic Jihad political leader, Khader Habib, pledged to take the fight deep into Israel. He called on militants to "carry out martyrdom operations in the heart of Israeli cities." He said they would spare civilians as much as possible and focus on military targets.

The Israeli army said the operation, dubbed Samson's Pillars, was meant to "stop the launching of rockets into Israel and destroy terror infrastructure in the area." In a statement, it said Wednesday's incursion targeted orchards used as sites for launching rockets at the nearby Israeli city of Ashkelon, and at several buildings used as weapons factories or rocket warehouses.

Palestinian militants fired 11 Kassam rockets Wednesday into Israel, an army spokesman said. One of the rockets hit the industrial zone of the nearby city of Sderot, injuring one person and damaging a building.

The Israeli army said it would continue to "act with determination and employ all means at its disposal" to end the rocket attacks and rescue the captured soldier, Cpl. Gilad Shalit.

The Israel Defense Forces' tanks and bulldozers held positions overnight in the orchards bordering the Shaaf district, northeast of Gaza City.

The sudden escalation in Gaza could indicate a rising Israeli frustration with the daily rocket attacks launched by Palestinian militants and possibly with the continuing fighting farther to the north, commentators said.

"The Palestinians in Gaza are … suffering the IDF's wrath at Hezbollah," wrote Zeev Schiff in the Israeli newspaper Haaretz.

The severity of the Israeli attack Wednesday, which used about 50 tanks and bulldozers, surprised some militant leaders, whose weaponry is primitive compared with the rockets Hezbollah fighters in Lebanon are firing at northern Israel.

"We launch them and the rest is up to God," said Abu Mujahid, a spokesman for the Popular Revolutionary Committees, a Palestinian militant group. "Sometimes they hit something. Sometimes they go backward."

Dozens of masked Palestinian fighters lined the streets of the Jabal Hassanein district in Shaaf, a suburb of Gaza City. Israeli tanks, they said, were just out of sight, perhaps one-third of a mile away.

Amid the steady thump of shells and the buzz of unseen drones overhead, the mood among the fighters was businesslike, almost routine. The masked men casually carried grenade launchers, bell-shaped explosive charges and spools of black wire through the streets. And they waited.

A trio of cell leaders directed the action through hand signals and by walkie-talkies.

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"If they come from this direction, we'll lay them over here," a leader told one of his men.

Amid the preparations, a large crowd of young boys mingled and chatted, lingering in the shade. Asked why they weren't hiding, a teenager in a Yankees cap shrugged as if he didn't quite understand the question.

"We're not scared," he said. "We're used to the idea of death."

But the tension level rose as a new sound cut through the buzz of drones, a high-pitched whine that all recognized as an Israeli tank, very close and in motion.

Activity among the fighters increased. One of the cell leaders, a slightly chubby young man in a gray shirt and a black stocking mask with crooked eye and mouth holes, rousted the idling youth, barking: "Get out of here before they fire a rocket."

He then snapped a word to a group of children, who began tending to one of the explosive wires, laying it flush against a building, pinning it down with rocks and kicking dirt over it.

Footage on Al Jazeera TV showed bloodied bodies being unloaded from ambulances, including that of Palestinian state TV cameraman Ibrahim Atla, who suffered shrapnel wounds to the chest. He was listed in serious condition.

Ambulances crisscrossed the city throughout the day, sirens wailing, back and forth between the front lines and Gaza City's Shifa hospital.

Many of the dead were overmatched militant fighters, who attempted to take on Israeli tanks with armor-piercing rockets or assault rifles. But there were reports of civilian casualties. Medical sources said sisters Maria Okal, 8, and Shahed, 8 months, were killed when their home in Gaza City's Jabaliya district was hit by a shell. Several other family members were wounded, the sources said

By midafternoon, militant groups had begun to bury their dead. About 1,000 people joined a funeral procession for two Islamic Jihad fighters, wrapped in the group's banners and carried overhead on makeshift planks down the center of Shaaf Street.

24 Killed As Israel Moves Into N. Gaza (WP)

By John Ward Anderson

The Washington Post, July 27, 2006

JERUSALEM, July Israeli troops pushed into the northern Gaza Strip early Wednesday, sparking intense street clashes with local fighters that left 24 Palestinians dead and at least 57 wounded, Palestinian security and hospital officials said. They said most of the victims were struck by Israeli tank shells or missiles launched from Israeli drones flying overhead.

The fighting made Wednesday the deadliest day in Gaza since Israel pulled out of the strip last year.

At least 30 Israeli tanks joined the operation, which began about 3 a.m. and continued throughout the day in the al-Tofah neighborhood east of Gaza City, witnesses said. They described pitched battles in which Palestinian gunmen fired AK-47 assault rifles and rocket-propelled grenades at Israeli forces, which responded with tank fire and missiles.

An Israeli military spokeswoman said the incursion was part of Israel's continuing campaign to stop Palestinian groups from launching homemade Qassam rockets into Israel and to secure the release of an Israeli soldier captured by Palestinian fighters on June 25.

She said Israeli forces launched "aerial attacks" on nine separate cells of Palestinian gunmen, which were attempting to fire antitank rockets at Israeli forces or to plant crude bombs in routes that Israeli forces might use. "We hit all of them," she said of the cells.

The fighting continued in al-Tofah Wednesday night, hospital officials said. A woman, 42, and two of her children, ages 1 and 9, were killed in an Israeli missile attack about 9 p.m., hospital officials added.

Palestinian security sources, hospital officials and statements from radical groups indicated that 12 of the people killed Wednesday were militants -- seven from Hamas, which runs the Palestinian government, and five from another radical Palestinian group, Islamic Jihad. Twelve of the dead were civilians, hospital officials said, including a 3-year-old girl and four teenage boys.

"We warned residents to clear the area before the attack," the Israeli military spokeswoman said, adding that Israel had issued numerous warnings in recent days that Palestinian civilians in Gaza should stay away from buildings that house militants

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and their weapons. "We have dropped leaflets, we have warned them through the media, and it has been done through recorded phone calls" placed to Palestinian homes, she said.

The Israeli army, in a statement Tuesday, indicated that it would not be deterred from attacking civilian targets if they were being used by terrorists.

"Terrorist organizations operate from within civilian populations, while cynically exploiting uninvolved civilians and using them as human shields," the statement said. "From now on, the IDF [Israel Defense Forces] intends to attack weapon storage facilities, including those located in houses, and the sites from which rockets are being launched and terror attacks are dispatched against the citizens of Israel."

The Palestinian Health Ministry said Wednesday that since hostilities flared in Gaza with the capture of the Israeli soldier last month, 155 Palestinians have been killed, including 45 children, and 623 have been wounded.

India Nuke Deal Heads For House Vote (AP-Y)

By Foster Klug

AP2, July 27, 2006

The House headed toward a vote Wednesday to allow the United States to supply India with civilian nuclear fuel and technology, a proposal that would reverse decades of U.S. anti-proliferation policy.

A leading supporter, Rep. Tom Lantos, D-Calif., portrayed the proposal as "a tidal shift in relations between India and the United States."

"We are at a hinge of history as we seek to build a fundamentally new relationship based on our common values and interests," said Lantos, the top Democrat on the House International Relations Committee.

President Bush is asking legislators to exempt India from U.S. laws that bar nuclear trade with countries that have not submitted to full international inspections.

Congressional action is required because India built its nuclear weapons program outside the international Nuclear Non-Proliferation Treaty, which provides civil nuclear trade in exchange for a pledge from nations not to pursue nuclear weapons.

The full Senate also must vote on the measure, and any differences with the House would have to be reconciled into a single bill.

A plan agreed to by Bush and Indian Prime Minister Manmohan Singh would allow civil nuclear trade with India in return for safeguards and inspections at India's 14 civilian nuclear plants; eight plants designated as military by the Indians would be off-limits.

Supporters portrayed the plan as a way to strengthen a strategic relationship with a friendly country that has long maintained a responsible nuclear program.

Democratic Rep. Joe Crowley of New York said India "has never once proliferated beyond her borders, which can't be said for some of her neighbors." That referred to Pakistan, where a prominent nuclear scientist admitted having run a nuclear smuggling ring for years.

Critics argued that the deal shreds the world's nonproliferation regime. The extra nuclear fuel that the deal would provide, they say, could free India's domestic uranium for use in its weapons program. Pakistan and China could respond by increasing their nuclear stockpiles.

"We're going in the wrong direction here," said Rep. Dennis Kucinich, D-Ohio. "At this time of great crisis in the world, we should be looking for nuclear disarmament, nuclear abolition — saving the world, not ramping up for Armageddon by nuclear proliferation."

While the initiative enjoys broad support from lawmakers in both political parties, several hurdles remain.

The Nuclear Suppliers Group, an assembly of nations that export nuclear material, must make an exception for India; and India and officials from the U.N. nuclear watchdog organization must negotiate a safeguard agreement. Once technical negotiations on an overall cooperation agreement are settled between India and the United States, Congress would then take another, expedited vote.

House Approves Nuclear Deal With India (NYT)

DOJ_NMG_0043664

By David E. Sanger

The New York Times, July 27, 2006

WASHINGTON, July 26 — The House of Representatives voted overwhelmingly on Wednesday night to approve a nuclear deal with India that would for the first time allow the United States to ship nuclear fuel and technology to a country that has refused to sign the Nuclear Nonproliferation Treaty.

The accord's passage, by a vote of 359 to 68, is a quick, major victory for the Bush administration, which argued that nurturing India as an ally outweighed concerns that the agreement would free more nuclear material for India to use for the manufacture of nuclear weapons.

The Senate is expected to approve the deal later this year, but before it goes into effect both houses will have to approve the specifics of an nuclear cooperation accord with India. Similarly, India will have to reach agreements with the International Atomic Energy Agency and the Nuclear Suppliers Group, the loose collection of nations that regulate the sale of nuclear-related technology.

Until the vote on Wednesday evening, American law had prohibited nuclear cooperation with any of the three states that have refused to sign the nonproliferation treaty: India, Pakistan and Israel.

Eight years ago, India and Pakistan took American intelligence agencies by surprise when they conducted nuclear tests, and the Clinton administration's response was to impose economic sanctions on both countries.

The last of those sanctions were lifted after the Sept. 11 attacks, when the Bush administration needed Pakistan's help in rooting out Al Qaeda.

Critics of the agreement have argued that it is hypocritical to carve out an exception for India at a time when the United States is trying to force Iran, which is a signer of the nonproliferation treaty, to give up any production of nuclear material.

"What kind of signal are we sending to the world when Iran is on trial in the Security Council for its nuclear program, and we are turning a blind eye to India?" asked Representative Edward J. Markey, the Massachusetts Democrat who led the opposition to the accord. "We will make a mockery of the nonproliferation system."

But he was unable to convince many members of his own party, much less the Republicans, that the accord would fuel an arms race in South Asia and eliminate the incentive for nations to abide by the treaty.

Several leading Democrats, including Representative Nancy Pelosi, the House minority leader, argued in favor of the deal, which was supported by both the India-American lobby and the nuclear industry. If the restrictions are lifted, American companies would be free to sell reactors and other equipment and services to generate electricity in India from nuclear sources.

India now mines a relatively small amount of uranium, which it divides between its weapons program and its fledgling nuclear power program.

If completed, the new accord with the United States would free up all the uranium that India mines for weapons purposes, and international inspectors will have no access to the military facilities. An amendment offered by several Democrats that would require India to agree to limit its production of nuclear weapons fuel was defeated on the floor on Wednesday evening, with supporters of the deal saying it would be rejected by the Indians.

"India already possesses nuclear weapons, and is very unlikely to dispose of them," Representative Henry J. Hyde, the Republican from Illinois who is chairman of the House International Relations Committee. "This is the proverbial deal killer."

The supporters of the agreement offered several reasons for supporting passage, including economic benefits for the American nuclear industry and encouragement to India to promote American strategic interests. Mr. Hyde spoke of the benefits of countering "the rising power of China," though administration officials insisted, in testimony earlier this year, that they did not intend for the deal to bolster India against China, a longtime rival.

Opponents accused the administration of playing down the potential problems, including the possible reaction of Pakistan, which has spent decades building a nuclear arsenal to counter India's. Mr. Markey pointed to recent news reports about Pakistan's efforts to increase its own production of plutonium through construction of a new reactor.

Bush Eager To Revive Failed Doha Talks (FT)

By Caroline Daniel, Krishna Guha And Edward Luce

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Financial Times, July 27, 2006

"Neither dead nor alive" is the Bush administration's verdict on the collapsed Doha round. But senior US officials say that President George W. Bush will do what he can to revive a round that he was instrumental in launching in the aftermath of the September 11 terrorist attacks.

"We have not given up on the Doha round," said a senior official in Washington on Wednesday.

Officials said they believed last weekend's collapse in Geneva had been inevitable since French voters rejected the European constitution in last year's referendum. Some point to fears of globalisation, with which Doha is closely associated, as a factor behind the French 'No' vote. "Maybe this round had to get worse before it gets better," said another senior official. "We do not think this is the end of Doha."

However, the Bush administration has yet to arrive at a clear strategy for keeping the Doha round alive without handing ammunition to the opposition Democrats in the build-up to mid-term elections in November.

Democrats have become increasingly hostile to further trade liberalisation in the past two years. Mr Bush also has to tread carefully with Republican lawmakers from farming states, who have shed few tears over the apparent demise of the round. There is more support among Republicans than Democrats for the administration's pursuit of bilateral trade deals with South Korea, Malaysia and possibly Japan. "The next step is to continue bilateral deals that we are negotiating with several countries," said Charles Grassley, the Republican chairman of the Senate finance committee. "We will continue to fill the gap in a slower way."

Bush officials concede that prospects for reviving and then concluding Doha before the expiry of the president's fast-track trade promotion authority (TPA) next June is highly unlikely. In the mean time, Washington plans to push ahead with US bilateral trade negotiations – particularly with China's east Asian competitors. However, many economists say such bilateral accords do more to undermine the multilateral trade system than extend it.

Washington has concluded 12 bilateral deals since Mr Bush came to office. Future deals could be used to persuade Congress to extend the TPA next year, they say. "The question is how to approach the renewal of TPA from a political standpoint," said another official. "We do need to have it extended, or at least applied on a case-by-case basis."

Jagdish Bhagwati, a senior fellow at the Council on Foreign Relations, said: "There is no doubt that Mr Bush remains deeply committed to trade liberalisation and to Doha – it is one of his signature objectives," he said. "But he cannot afford to make himself hostage to the Democrats before the midterm elections. There can be little doubt he will try to revive Doha after that." In trying to resuscitate Doha, Mr Bush will be able to draw on support from business lobby groups. They also support the Bush administration's tactic of using bilateral deals as a lever to press Congress to renew his fast-track negotiating authority.

On Wednesday Pascal Lamy, director-general of the World Trade Organisation, said: ". . . The odds that TPA will be extended are very low, but by that time we may be in a new situation".

Meanwhile, top trade negotiators of Brazil and the US will meet on Saturday in Brazil in a bid to bridge differences following the collapse of the Doha talks.

US Refuses To Give Up After 5 Years Of Failed Trade Talks (USAT)

By David J. Lynch

USA Today, July 27, 2006

WASHINGTON — Susan Schwab, the U.S. trade representative, said Wednesday that the Bush administration is pursuing a new global trade agreement despite the collapse of negotiations earlier this week.

Efforts to reach a deal in the Doha trade round, named for the Qatari capital where the talks began, stalled Monday after five years of talks. Officials from the United States, European Union, Japan, Australia, Brazil and India — the so-called G6 — proved unable to bridge major gaps on rewriting the rules for agricultural commerce.

"The Doha round is in serious trouble, but it isn't dead yet," Schwab told reporters. "The U.S. for its part has no intention of abandoning the Doha round."

Officials from the EU, Brazil and India this week all blamed the U.S. for scuttling the talks.

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But Schwab said that the U.S. had indicated in Geneva that it would be willing to make deeper cuts in farm subsidies, which distort global trade by encouraging excess production, while allowing its trading partners to protect more of their domestic markets in return for a deal.

The response, she said, was disappointing. "The EU and India came back with exactly what they had been saying (for months) … and the Japanese had nothing to put on the table," she said.

The U.S. consistently has ruled out seeking a limited "Doha Lite" agreement, which is favored by some European officials, instead insisting upon a comprehensive accord that would provide expanded access to foreign markets for farmers, manufacturers and service providers.

But in the press conference, Schwab indicated a willingness to explore a step-by-step approach to that ultimate objective, beginning with an undefined "Doha down payment," if there were a "sequencing exercise" that pointed the way.

"It is crazy to abandon the work that we've done," she said.

Still, any new accord faces a tough political calendar. In July 2007, President Bush's authority to negotiate trade deals expires. The administration could seek an extension, but congressional approval would not be assured.

For now, negotiators are simply trying to identify a path forward. On Saturday, Schwab will meet with Brazilian Foreign Minister Celso Amorim in Rio de Janeiro.

"We're 48 hours from the crisis. … Feelings are a little raw," she said. "A number of countries are trying to think about 'what next?' "

Schwab Tries To Revive Global Trade Talks (WT)

By Jeffrey Sparshott

The Washington Times, July 27, 2006

U.S. Trade Representative Susan Schwab will travel to Brazil today for the first of a series of meetings meant to pick up the pieces of global trade talks that broke up early this week.

World Trade Organization (WTO) negotiations to spur commerce and help lift developing countries out of poverty collapsed as the United States faced off with Europe, India and other countries over farm subsidies and tariffs.

"The Doha round obviously is in serious trouble but it isn't dead yet," Mrs. Schwab said yesterday, referring to the city in Qatar where negotiations began in 2001.

"We fully intend ... to do everything possible to see it to a successful conclusion," she added.

But President Bush's trade envoy acknowledged that it could take years for the WTO's 149 members to reach a consensus on new trade rules, or that they may never finalize a deal.

"We don't know whether we're even going to be able to ... get to yes on Doha, or will we get to yes on Doha in three months, in six months or three years," Mrs. Schwab said.

Mrs. Schwab and Brazilian Foreign Minister Celso Amorim this week will discuss ways to move the talks forward.

Mrs. Schwab also noted upcoming meetings that will focus on WTO talks, including gatherings with trade ministers from the Association of Southeast Asian Nations in August, with Australia and other major agricultural exporters in September, and with trade ministers at an Asia-Pacific Economic Cooperation group summit in November.

The collapse of negotiations Monday in Geneva quickly led to recriminations among the six parties -- the United States, European Union, Japan, India, Brazil and Australia -- trying to craft a compromise that would be acceptable to all WTO members.

Those countries now are trying to figure out what to do next.

"Doha will remain a central priority of European trade policy. We will work to bring it back to life and to success," Peter Mandelson, the EU trade commissioner, said Tuesday.

But it is not clear how the countries will bridge their differences and reach the final goal of alleviating poverty.

"The writing is on the wall. The WTO trade model has no future," said Lori Wallach, director of Public Citizen's Global Trade Watch, part of a consumer group founded by Ralph Nader that is skeptical of free trade.

Another observer was less dire about the outlook.

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"The negotiations will continue, because ultimately reduction of agricultural protectionism and subsidies is in the interest of most countries, industrialized and developing alike," said Antoine Bouet, senior research fellow at the International Food Policy Research Institute, a research group funded in part by the World Bank.

Collapse Of Trade Talks May Yield Legal Battles (WSJ)

By Juliane Von Reppert-Bismarck

The Wall Street Journal, July 27, 2006

BRUSSELS -- Panama launched a trade dispute with neighboring Colombia this week and Brazilian officials considered asking for $1 billion in sanctions over U.S. cotton exports, signaling that the collapse of global trade talks could foment a frenzy of international legal fights.

World Trade Organization members had planned a deal during the so-called Doha round of trade talks that would remove U.S. and European Union export subsidies on cotton, rice, vegetables and dairy products by 2013, among other issues.

But the Doha talks, which had been in the works for almost five years, faltered Monday after ministers from the EU, U.S., Brazil, India, Japan and Australia failed to remove government financial supports in the politically sensitive farm sector.

U.S. Trade Representative Susan Schwab plans high-level meetings in coming weeks to "keep the momentum going." Australian Trade Minister Mark Vaile this week called for a meeting with his European and U.S. counterparts in Australia in September to "get the round back on track."

Fear of expensive fines and litigation may send members back to the table, but few observers expect a revival of diplomacy within the coming months or even years.

"Legislation is slower than it should be, and there is a risk that litigation will fill the gap," WTO chief Pascal Lamy said Monday after talks broke down in acrimony. "We have to prepare for that if the round fails definitively."

A top Brazilian trade official said the country will decide next week whether to ask the WTO for permission to impose $1 billion in punitive duties on U.S. imports, arguing that Washington hasn't adequately reformed its cotton subsidies since the WTO ruled them illegal last year. Such a request would dissolve the armistice the two countries kept as they focused on the Doha round.

"There wasn't much point in litigating on the eve of a change of global trade rules," said Roberto Azevedo, head of economic affairs at Brazil's Foreign Ministry and chief litigator in Brazil's previous successful cases against U.S. cotton subsidies and Europe's sugar payments. "But when you are no longer on the eve of a change of rules, that changes the picture radically," Mr. Azevedo said.

Panama this week started a fight with Colombia over its limits of import passes along the two countries' border and its calculation of tariff rates, a fight Panama's ambassador in Geneva warns China may also take up against Colombia.

U.S. Agriculture Secretary Mike Johanns and European trade chief Peter Mandelson both acknowledged they face court action over their payments to farmers.

The U.S. may be most vulnerable to legal attacks. Congress wants to extend by five years a farm bill that would entrench subsidies open to challenge at the WTO. The U.S. subsidizes farmers who are in direct competition with Brazilian exporters, whose government is a seasoned WTO litigant, and in the most recent breakdown of talks the U.S. came in for a big share of the blame from Brazil, the EU and other trading partners.

The U.S. soon may have to fight off Brazilian claims against subsidies for cotton and possibly rice and soybeans. Development group Oxfam charges that illegal U.S. rice subsidies valued at about $1.2 billion a year damage rice farmers in more than a dozen countries. Trade officials and legal experts agree with Oxfam's assessment.

The EU may be able to ward off the worst of the litigation. EU trade officials hope planned overhauls of fruit, vegetable and wine sectors will discourage complaints.

Still, subsidies to dairy and tobacco farmers valued at more than €2 billion, or $2.52 billion, a year are vulnerable to attack: Oxfam estimates their removal could hand developing-country exporters hundreds of millions of extra dollars a year.

Failure Of Global Trade Talks Is Traced To The Power Of Farmers (NYT)

By Steven R. Weisman And Alexei Barrionuevo

DOJ_NMG_0043668

The New York Times, July 27, 2006

WASHINGTON, July 26 — For months, the Bush administration had tirelessly warned farmers to prepare for the possibility of a global trade deal. At the Indiana State Fair last year, Charles F. Conner, the deputy agriculture secretary, told listeners not to expect "anything close" to the subsidies they had been used to for decades.

But the collapse of world trade talks this week has again proved that a small number of farmers in the United States — as well as Europe, Japan, India and other trading partners — have the power to resist lower agricultural tariffs and subsidies, even though a global trade deal might ultimately benefit most of them.

In Congress and among farm lobbyists, though, the breakdown of the trade talks was viewed as a dodged missile.

"We are proud that the U.S. stood up and held the line," said Bob Stallman, president of the American Farm Bureau Federation. "No deal is better than a bad deal."

Trade officials now fear that in the wake of the failure this week, there will be a proliferation of nasty disputes in the World Trade Organization and that the momentum for growth of trade might slow from its period of recent growth, expanding to $9.12 trillion in 2004 from $6.45 trillion in 2000.

At the same time, many experts say, the big multinational corporations that have gained the most from globalization did not push all that hard for a deal, apparently convinced that they would continue to prosper even if further progress toward an open trading system faltered.

American and European officials say the real cost of the failure will be borne by the poorest countries, in whose name the failed round of trade talks was begun in Doha, the capital of the Persian Gulf emirate of Qatar, after the attacks of Sept. 11, 2001.

The central idea behind the trade round was ostensibly to help poor farmers in Asia, Africa and Latin America export their products to richer countries, while also opening developing countries to more goods and services from the advanced economies.

Last October, the United States proposed a cut of more than 60 percent in tariffs and subsidies by Europe and the United States, and something less for poor countries. American officials say that their farm tariffs are already half the levels of those in Europe and that American trade-distorting farm subsidies are $12.5 billion compared with $33 billion in Europe.

But led by Peter Mandelson, chief negotiator for the European Union, many foreign trade officials asserted that the American offer was deceptive. The real cuts, Mr. Mandelson said, were far less.

A senior British political figure close to Prime Minister Tony Blair, Mr. Mandelson suggested that the Bush administration was loath to make a trade deal in an election year with farmers' votes crucial to Republicans. By doing so, he angered American officials, who accused him of hypocrisy.

"I understand the politics of this situation," Mr. Mandelson said in an interview after the collapse of the talks. "Coming from Europe, I understand agricultural politics quite well."

In response, Susan C. Schwab, the United States trade representative, and Agriculture Secretary Mike Johanns asserted that Mr. Mandelson and the Europeans were themselves proposing cuts that contained loopholes and exceptions for "sensitive" commodities like dairy and beef because of their political role.

"The catch is it takes two to tango and 149 to reach a consensus," Ms. Schwab said. "Unfortunately, several key developed countries and developing countries have not bellied up to the bar to play their role." She said she could not have gone along with further concessions, even though the United States stood to gain more than most countries, without more flexibility from Europe.

At a time when the United States and the Europeans have come together on diplomatic issues like Iran, this trans-Atlantic rift and the charges on both sides of deliberate distortions of their proposals threaten to become increasingly bitter.

The seeming paradox is that in Europe, the United States and Japan, farmers now account for only 1 or 2 percent of the work force and little more of the overall economy. But they have become the pivot of global trade talks because farmers everywhere exercise power beyond their numbers.

And among large developing nations like India, Brazil and Indonesia — which have benefited from integration into the global economy — farmers are such a large voting bloc that they can insist on being exempt from trade rules that benefit manufacturers and outsourcing services in their countries.

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"Agriculture has always had enormous influence in trade talks because of a central truth," said Stuart E. Eizenstat, a former under secretary of state for economic affairs under President Bill Clinton. "Constituents who feel disadvantaged by trade deals can always outmaneuver those constituents, or the general public, that benefits from them."

Another factor affecting the usual trade-offs on trade this year is that American manufacturers of machinery, computer parts and the like, and the banking and insurance industries that have spread throughout the world, stood back from the Doha round, many experts say.

In the 1990's, trade deals that stirred opposition in the American textile industry and other areas hurt by imports were countered by those benefiting from trade. But since big banks, insurers and manufacturers are already enjoying the benefits of globalization, there are signs that they have become complacent.

"The dynamics of trade have changed," said Mickey Kantor, a top trade envoy under President Clinton. "The least developed countries like India are asserting themselves like never before. Second, if industrial and service don't have as much a stake, they're not going to put the pressure on to counter agriculture or textiles."

Though the Europeans say that the United States had to improve on its offer of last October to keep the talks going, there was no political support for doing so.

Indeed, last month 57 Republican and Democratic senators urged President Bush not to make further concessions in agriculture to the Europeans until they showed flexibility in return. In private meetings over the last two weeks, the message was delivered bluntly to Ms. Schwab and Mr. Johanns, trade officials say.

Indeed, the political situation is so fraught that some experts wonder why the Bush administration scheduled a make-or-break session on the trade talks knowing it could not make a major compromise at a time when Mr. Bush and the Republicans are fighting an uphill battle to avoid heavy losses in November's elections.

"This has been badly handled," Mr. Kantor said. "To have a trade negotiation at this point, and try to get the Bush administration to make very difficult choices before an election doesn't make sense."

For all their diminished role in the economy, farmers in the pivotal battleground states of the Midwest still have a strong appeal to the American conscience. But that same appeal also works in Europe, where politicians see farmers as the backbone of their societies.

"Agricultural is so emotional and so cultural for many nations, including ours," said John Engler, president of the National Association of Manufacturers and former Republican governor of Michigan. "We were all agrarian societies once upon a time."

By all accounts, the biggest supporter of farmers in Europe is France, where even the offer by Mr. Mandelson drew criticism as "unacceptable." Ms. Schwab, who took office only in June, tried to orchestrate European opposition to French intransigence, and to orchestrate global opposition to the European stance on farm supports.

Asked what happened to that strategy, an American trade official shrugged and said: "If it's a toss-up between French farmers and the rest of the world, apparently it's French farmers who will win."

How Farms Stymied Doha (CSM)

By Mark Trumbull

The Christian Science Monitor, July 27, 2006

In the end, negotiators learned, all trade politics is local - and agricultural.

The collapse of global trade talks this week shows that, despite decades of pulling down trade barriers for other goods and services, rolling back farm subsidies remains as difficult as ever.

No one ever imagined that reconciling local syndicates with national interests was going to be easy. But this round of trade negotiations, launched in 2001 in Doha, Qatar, was supposed to be the one that finally tackled agriculture - and the one that focused more than ever before on making trade a force for progress in developing nations from Africa to Latin America.

The goals of the so-called Doha Round, while noble in the view of many analysts, were flummoxed by farming politics that went beyond traditional arguments about national culture and "food security."

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"It was arguably ... the big agricultural traders" who sank hopes for a Doha deal, says Chad Hart, an agricultural economist at Iowa State University in Ames, Iowa. In a few key nations, he says, farm interests "see that they could be on the short end of the agreement."

The United States, Japan, and members of the European Union - all of them rich nations that are food importers or exporters - were willing to cut some of their farm-support spending as a concession to developing nations. But the deal collapsed, analysts say, in part because the rich nations didn't win enough concessions in return to counterbalance the weight of opposition from their own local farm lobbies.

The breakdown doesn't mean a new global trade accord won't happen. But it could take months or years to jump-start the dead talks.

"We have seen stoppages like this in the past," Dr. Hart says. "Eventually there was a breakthrough, and an agreement was reached."

Those past agreements have cut trade barriers worldwide. The result, economists say, has been new commercial activity that has added several trillion dollars to the world economy in the past few decades.

But throughout it all, agriculture has remained highly protected, with tariffs, import duties, and subsidies restraining the free flow of cotton, sugar, and other crops.

With so many areas of trade already liberalized, the Doha Round could hardly avoid putting farm goods at the forefront when talks began in 2001.

But despite years of serious work, the effort fell apart like a comedy of errors. The US and European Union are now trading jabs at each other for not offering deep enough cuts in farm protections. India refused to stop shielding its farmers from global competition. And the agriculture minister for Japan, which has long protected its rice farming industry - complained that "I was not given the opportunity to show all of my cards" in negotiations.

How did it get to this?

The short answer is that agricultural lobbies enjoy a political clout that far outweighs their economic weight, economists say. Their influence is often felt in every region of nations such as France and the US, with corresponding influence in legislatures. So once farmers have won government entitlement benefits, they're often very hard to remove.

"You take that cotton land down in Mississippi.... That land would probably drop in value by half" without subsidies, says Gary Hufbauer, a trade specialist at the Institute for International Economics in Washington.

Thus, it takes a formidable argument on the part of free-traders to overcome the opponents to big cutbacks in farm supports.

Similarly, developing nations such as India and China often have their own political resistance to free trade in farm goods. The concern, Dr. Hufbauer says, is that "if the liberalization is too fast, too many rural people will leave the farm life too quickly ... and disrupt the political system."

For the Doha Round, these obstacles proved too great, dashing for now the hopes of nations from Brazil to West Africa that foresee significant gains from freer farm trade.

More broadly, though, most economists say that all nations stand to benefit from more open trade.

A World Bank study eight months ago estimated that the abolition of tariffs, subsidies, and domestic support programs would add $300 billion a year to the global economy by 2015. Nearly two-thirds of the gains would come from farm reforms, since that's the sector most distorted by current government policies.

But the more limited the scope of reform, the smaller the gains. It matters a lot, for example, whether a deal removes tariffs on imports as well as subsidies for exports. "Deep reductions in agricultural tariffs would deliver 12 times the gains that would be achieved by abolishing export subsidies and trade- distorting domestic support to agriculture," Will Martin, a World Bank economist, said when the study was released.

In the Doha Round, the niggling over details blocked substantial changes.

Antoine Bouet, an economist at the International Food Policy Research Institute in Washington, says that if the talks restart, one answer could be a three-way compromise. The goal would be for the US to cut more domestic supports, the EU to cut more import duties, and the G20 nations (which include China and India) to cut more industrial tariffs.

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All would benefit together, he says, but the costs for some sectors would be significant. American sugar producers and fruit growers, for example, would no longer be as competitive against imported goods. For those within any nation who lose from free-trade deals, the change can be hard.

And while trade promises significant gains, it is not a simple recipe for development in Africa or elsewhere, Bouet says.

Trade can help transform economies, by fostering new industry and the transfer of technology. But he says the most important development policies for any nation are domestic, starting with basic elements such as the rule of law and secure property rights. "The decisive reform," Dr. Bouet says, is "political stability and creation of good institutions."

Shrugging Off Trade Promises (NYT)

The New York Times, July 27, 2006

It's easy to shrug off this week's collapse of global trade talks. Amid the killing in Iraq and Lebanon, a war of words over "de minimis subsidies" and "amber box" payments seems esoteric at best. But the damage to the world's poorest countries, which will now be denied their promised access to global markets and a chance to compete, will be enormous.

So will be — and should be — the resentment toward the world's richest countries. Much of that blame ought to be directed at Europe and the United States, which again decided that the political clout of their farm lobbies outweighed their leaders' repeated promises to do more to end global poverty.

This round of trade talks, started soon after the 2001 terrorist attacks, was supposed to redress decades of unfairness in the global trading system while showing that the civilized world could pull together in the face of barbarity.

Since World War II, global agreements have dismantled barriers against trade in industrial goods and services, the areas in which the rich countries have a huge comparative advantage. But they have done little to break down barriers against agricultural goods and textiles, areas in which poor countries can compete, if given a chance.

That was supposed to change this time around, with the Americans and Europeans promising to make deep cuts in agricultural subsidies and tariffs. Rich countries pour nearly $1 billion a day into propping up their farmers. That fuels overproduction, drives down prices, and makes it impossible for poor farmers to sell their unsubsidized products abroad or even at home.

The market, to which the developed world swears such fealty, isn't allowed to work.

It's hard to say who is more to blame for the talks' failure, the United States or Europe. But with the White House nervously eyeing this fall's Congressional elections and President Jacques Chirac of France — whose farmers are among the most cosseted in the world — nervously watching his polls, the agricultural lobbies on both sides of the Atlantic again carried the day. Brazil and India, which claim to be champions of the poorest, didn't help by refusing to pry open their growing markets.

Nothing good will come of this. The developed countries won't benefit from a further liberalization of trade in services and manufactured goods. The poor countries won't get to compete with their agricultural goods. And the world economy, which grows faster as free trade expands, may falter — especially if governments choose trade wars rather than adjudication to settle their grievances.

As for the promises made in 2001 to do more to help the world's poor climb out of poverty, those have been shrugged off.

Doha Stall Leaves Lawmakers To Focus On A New Farm Bill (HILL)

By Elana Schor

The Hill, July 27, 2006

This week's collapse of the Doha world-trade talks could give new momentum to lawmakers hunkering down for a hard-fought farm-bill rewrite, despite support for extending existing farm-subsidy rates until a Doha deal can be reached.

World Trade Organization (WTO) nations spent five years working for an agreement to expand market access for U.S. agriculture in exchange for curbs on U.S. and European Union (EU) farm subsidies, among other trade expansions. Capitol Hill was bracing for new farm-subsidy rules to be set during debate over reauthorizing the 2002 farm bill, which expires in fall 2007.

But the WTO indefinitely suspended talks Monday after the EU failed to match proposed U.S. subsidy cuts. The best efforts from U.S. Trade Representative Susan Schwab and other Bush administration negotiators are unlikely to take Doha off life support until after a new farm bill is passed.

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The American Farm Bureau Federation (AFBF) will announce a policy shift triggered by the Doha stalemate this morning. Both the AFBF and the National Farmers Union (NFU) have supported House and Senate proposals to extend the 2002 farm bill until Congress approves legislation to implement new world-trade rules, but this week's developments could shift momentum away from those efforts.

"Right now, the farm economy is in a shaky financial situation" because of high energy prices, NFU President Tom Buis said. "With that scenario, the shaky political divisions in Congress in an election year … federal budget issues because of the deficit, and you throw in the trade issues, a lot of people think an extension is the best bet."

Two House bills, sponsored by Reps. Collin Peterson (D-Minn.) and Mac Thornberry (R-Texas), would have put off a contentious farm-bill debate to bolster the Doha round's chances. Sen. Jim Talent (R-Mo.) offered a Senate version.

"Given the fact that we were unable to create additional market access through Doha, we have a very deep concern regarding the types of support programs farmers are going to need to compete in world trade," AFBF spokesman Mace Thornton said.

Yet House Agriculture Chairman Bob Goodlatte (R-Va.) did not support extending 2002 subsidy rates. He still favors moving forward with a new farm bill regardless of Doha, Goodlatte spokeswoman Alise Kowalski said.

If a one-year stopgap were approved, Kowalski asked, "what cycle would we be getting into? We would keep extending it until they were done."

If Doha had hurtled toward a deal, Goodlatte would have been open to holding off on a new farm bill, but now the committee is picking up its pace, she said.

The committee has held 11 farm-bill field hearings in members' districts this year and plans to hear from consumer and industry groups in Washington after the August recess.

The Senate Agriculture Committee, where chairman Saxby Chambliss (R-Ga.) has not fully endorsed of an outright extension, is also holding field hearings.

Tight federal finances, rather than WTO uncertainty, could prove crucial as lawmakers grapple with less subsidy funding than was available in 2002. The recent budget-reconciliation bill required agriculture committees to find $2.7 billion in cuts over the next five years.

"We're running a deficit on a national basis that will make it more difficult to have a lucrative farm bill," said Rep. Randy Kuhl (R-N.Y.), the only Northeasterner on the Agriculture Committee and a strong backer of the MILC dairy support system. Kuhl said he would be open to general subsidy cuts as the reauthorization debate proceeds.

Despite Doha's derailment, WTO rules remain an obstacle to remodeling the farm bill. Brazil's challenge to U.S. cotton subsidies left Congress wary of inviting future WTO disputes over sudsides.

"Many legislators had been saying they wanted to have some more certainty about the content of trade rules before they went to all the trouble of writing a farm bill," said Jason Hafemeister, Schwab's director for WTO agriculture negotiations. "Some were hoping [for] a deal that would have defined what was permissible in terms of subsidies."

If Doha is revived, Hafemeister noted, lawmakers can change farm subsidies and other support programs after a new farm bill is passed.

One senior Bush administration official called the convergence of Doha and the farm bill "a very tricky issue, timing-wise" as Schwab and U.S. negotiators continue to position themselves as more flexible on agricultural support than the Europeans.

"If we went ahead and extended the farm bill as it is, other countries will say, 'Aha, the U.S. is not willing to reform. It doesn't have the political will to do what the negotiators said they would do,'" the official said.

At a press conference just after the Doha suspension, EU trade chief Peter Mandelson said he wants President Bush to pledge a veto of "any move to extend or roll over the existing U.S. farm bill."

Secretary of Agriculture Mike Johanns also urged lawmakers to start reauthorizing the farm bill regardless of the state of Doha talks. "It's important … to draft farm policy that is equitable, that is predictable and that is beyond challenge," he told reporters on a conference call earlier this week.

U.S. Tariff-Bill Authors Threaten Vote If China Doesn't Loosen Yuan (WSJ)

DOJ_NMG_0043673

By Elizabeth Price

The Wall Street Journal, July 27, 2006

WASHINGTON -- The authors of a U.S. Senate bill that would impose steep tariffs on Chinese imports said Beijing must show more progress on foreign-exchange reform or they would call for a vote on the legislation by Sept. 30.

Sens. Charles Schumer and Lindsey Graham said after meeting with U.S. Treasury Secretary Henry Paulson that they told him they are disappointed with the Chinese yuan's failure to strengthen against the dollar.

For more than a year, Sen. Schumer, a New York Democrat, and Sen. Graham, a South Carolina Republican, have agreed to delay a vote on legislation that would slap a 27.5% tariff on Chinese imports in retaliation for currency manipulation by Beijing. Under their bill, tariffs would be imposed if a 180-day period of negotiations between the U.S. and China failed to resolve the currency dispute.

They agreed to put off a vote in March after they said a visit to China had persuaded them that Beijing was committed to eventually moving to a floating currency.

"We have done the minuet for quite a while and it's time to see progress," Sen. Schumer said.

Japan: Ban On U.S. Beef Ends (NYT)

The New York Times, July 27, 2006

The Japanese government said on Thursday that it had formally decided to allow American beef imports, suspended for the last six months, to restart immediately from all but one of 35 beef processing plants authorized to sell beef to Japan. Japan suspended American beef imports on Jan. 20, just a month after it had lifted a two-year-old ban on beef imposed because of concerns about mad cow disease, when Japanese inspectors found banned cattle parts in a veal shipment from a New York City company. Japan will keep a ban on imports from one plant, now changing its operations manual, until the government confirms the final contents of the manual.

N. Korea Says It Will Bolster Nuke Program (AP)

By Kwang-tae Kim

AP, July 27, 2006

North Korea's defense minister said his country will strengthen its nuclear weapons program in response to U.N. sanctions and American hostility, the North's official news agency reported Wednesday.

North Korea will upgrade its arsenal "in every way by employing all possible means and methods" and will greet any aggressors with "all-out do-or-die resistance and unprecedented devastating strikes," Kim Il Chol said, according to the Korean Central News Agency.

Kim said such a move is necessary to counter the United States' "extremely hostile act and the irresponsibility of the U.N. Security Council."

Kim spoke at a gathering to mark the 53rd anniversary of the armistice agreement that ended the Korean War.

North Korea fired seven missiles in early July, including at least one believed capable of reaching the U.S. mainland. International condemnation prompted the Security Council to adopt a resolution sanctioning North Korea and banning member states from missile-related dealings with the communist country.

The defense minister warned that the U.N. resolution will not force Pyongyang to give up its nuclear program. North Korea "can survive without sweets, but not without bullets," he said.

Separately, a South Korean civic group said the North is readying its forces for conflict.

Artillery units have been armed and civilian forces, composed of laborers and farmers, have been outfitted with uniforms, the Seoul-based Good Friends group said in a statement Wednesday.

Drills are being held for both active duty and civilian forces, and civilians have been issued vehicles covered with camouflage netting, Good Friends said without citing sources for its information.

Previous reports by the South Korean group of activities in the isolated North later were confirmed. But a spokesman for South Korea's Unification Ministry dismissed the report.

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Rice In A Serious Mood (NYT)

The New York Times, July 27, 2006

It is an open secret that American diplomats have often scratched their heads at one of the weird customs of the annual meeting of the Association of South East Asian Nations: the skits the delegations perform at the gala dinner ever year.

Last year, Robert B. Zoellick, then deputy secretary of state — filling in for his boss, Condoleezza Rice — sang "Oh My Darling, Clementine." The Russian foreign minister, Sergey V. Lavrov, portrayed Darth Vader, light saber and all.

This year's dinner, in Malaysia, is today, but Ms. Rice said she would not be doing a skit because the fighting in the Middle East called for seriousness, not levity. But she said she would play the piano. "I'm going to do a serious piece," she said. "A reflective piece. Brahms is always good for that."

N. Korea-Iran Ties Seem To Be Growing Stronger (LAT)

By Barbara Demick

The Los Angeles Times, July 27, 2006

SEOUL — North Korea and Iran, two fiercely anti-American regimes, appear to be bolstering their military and diplomatic cooperation, including the possible sale of missiles to the Tehran government, intelligence sources said.

An Iranian parliamentary delegation visiting Pyongyang was given a VIP welcome with a reception Monday at the North Korean Supreme People's Assembly to celebrate, as the North Korean news service put it, the "friendly and cooperative relations growing strong in various fields" between the two countries.

Israeli intelligence believes North Korea recently sold 18 intermediate-range missiles to Tehran. Some accounts also place Iranian observers in North Korea when the Pyongyang regime test-fired seven missiles over the Sea of Japan this month.

"The Iranians are looking to North Korea for their new designs," said Uzi Rubin, a former head of the Israeli missile defense program. "Of course, we are worried. Whatever North Korea makes eventually ends up in the Middle East."

Rubin says Iran is particularly interested in North Korea's multistage missile, the Taepodong, because it can be used to launch a satellite. The missile was one of the seven test-fired recently, but it failed after 42 seconds, splashing into the sea not far from the test site.

Another missile that Rubin believes might have been among those tested was an intermediate-range missile based on an old Soviet design for a submarine-launched nuclear missile. These newly manufactured missiles are estimated to have a range of 1,550 miles, which would enable them to reach Israel and much of southern Europe from Iran.

Israeli intelligence chief Amos Yadlin said in April that Israel had evidence that the North Koreans had shipped 18 of these missiles — known alternately as the SS-N-6 or the BM-25 — to an Iranian missile base at the port city of Bandar Abbas.

"What the Iranians bought was a missile in a box. It is an unproven missile," said Israeli defense analyst Alon Ben-David, who said there was great curiosity about whether the new missile was among those tested.

A Japanese newspaper reported recently that 10 Iranians were invited to North Korea to observe the missile tests. A South Korean military expert, who asked not to be quoted by name, said he heard that Iranians were stationed at two launch sites along North Korea's east coast and on a boat in the Sea of Japan.

Testifying before a Senate committee last week, Assistant Secretary of State Christopher Hill confirmed that Iranians were present for the tests. At a news conference the following day, however, he retracted his remarks, saying he was unsure.

North Korea "has had a great interest in commercializing their missile production," and "one of the customers is Iran," Hill said.

Iranians are believed to have observed a 1998 test flight of the Taepodong, and many South Korean analysts are convinced that their fingerprints eventually will be found on these latest tests.

Kim Tae-woo, a South Korean analyst with the governmental Korea Institute for Defense Analyses in Seoul, said, "There is a high probability of Iranian involvement in these missile tests, but we don't have hard evidence."

There is a natural affinity between North Korea and Iran today, as they are the two remaining members of President Bush's "axis of evil," which once included Saddam Hussein's Iraq. Both have strained relations with the rest of the international

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community — North Korea over its claim of having nuclear weapons and Iran because of suspicions that it is developing weapons-grade uranium.

"There are strong incentives for cooperation between the two in terms of weapons of mass destruction," said Daniel Pinkston, a North Korea specialist with Center for Nonproliferation Studies in Monterey, Calif. "They are both insecure countries that don't have a lot of friends and have many enemies. They have a shortage of weapons suppliers so it makes sense for them to share data and set up a division of labor for research and development."

The relationship dates to the 1980s, when North Korea sold missiles and launchers to Tehran for use in the war against Iraq. Later, they cooperated on the joint development of Iran's Shahab missiles. Iranian cargo planes were frequently seen at Pyongyang's Sunan Airport.

On at least one occasion, U.S. intelligence believed that Iran conducted a missile test on North Korea's behalf, taking advantage of its vast expanses of desert.

Iran is thought to be North Korea's best customer since pressure from the Bush administration has forced others — mostly notably Pakistan, Libya, Yemen and Nigeria — to sever most ties with Pyongyang. Syria also remains a customer. South Korean analysts say that military equipment often is shipped to Iran via Damascus, the Syrian capital.

Military analysts say that North Korean missiles have not been detected in the latest conflagration between Israel and Hezbollah guerrillas fighting in Lebanon, but that there is evidence that small arms and mobile rocket launchers from North Korea have been used.

The North Koreans have made clear their views on the conflict. In a statement Tuesday carried by the official news agency KCNA, an unnamed North Korean Foreign Ministry spokesman demanded that the U.S. and Israel "halt their reckless military aggression" in Lebanon.

Chavez Brushes Aside U.S. On Arms Deals (AP)

By Henry Meyer

AP, July 27, 2006

Venezuelan President Hugo Chavez said Wednesday that his oil-rich nation will sign major arms deals in Moscow to acquire Russian fighter jets and produce Kalashnikov assault rifles, and he slammed U.S. criticism of the weapons sales.

On a visit to the city of Izhevsk, where Kalashnikovs are made, Chavez said contracts to buy Su-30 jets and set up Kalashnikov rifle and ammunition plants in Venezuela would be signed in Moscow on Thursday, the Interfax news agency reported.

Arriving hours later in Moscow, Chavez thanked Russian President Vladimir Putin for resisting pressure from Washington to call off the deals, which Russia's defense minister stressed would go ahead despite U.S. opposition.

"I want to thank President Putin for his firmness in cooperating with increasing Venezuela's defense and security," Chavez said on the tarmac at Moscow's Vnukovo airport. "We have thwarted the goal of the empire of the United States to disarm Venezuela."

"Those who are launching bombs against entire cities in Iraq this very day, they criticize us because Venezuela is buying defensive weaponry. They have no moral right to criticize," he said.

Chavez, who has become a thorn in Washington's side with his anti-U.S. policies, is to sign a more than $1 billion deal for about 30 Su-30 fighter jets and 30 helicopters, Russian Defense Minister Sergei Ivanov said last week.

The United States underlined its opposition to the sale Tuesday and urged Moscow to reconsider the contracts. U.S. State Department spokesman Tom Casey said the arms purchases exceeded Venezuela's defensive needs and "are not helpful in terms of regional stability."

Ivanov tersely dismissed the U.S. demands that Moscow annul the contracts, saying that "re-examining the contracts is absolutely excluded," news agencies reported. The Foreign Ministry had said Monday that Russia's military cooperation with Venezuela was "in strict compliance" with its international obligations.

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Chavez, a leftist former army lieutenant colonel who has frequently warned that the United States could invade to seize control of his country's rich oil and natural gas reserves, arrived in Russia Tuesday for a three-day visit in which the highlight will be the signature of the arms deals.

He has used surging oil revenues to modernize Venezuela's military, signing multibillion defense deals with Russia and Spain. Venezuela earlier agreed to buy 100,000 Kalashnikov assault rifles and wants to set up factories to produce them under license.

Chavez has courted foes and critics of Washington in what he calls an effort to create a global counterbalance to U.S. domination. He has crafted a socialist trade block with Cuba and Bolivia, signed a series of deals with Iran and supported North Korea's right to test-fire missiles

"This century is the century of the end of Washington's empire," Chavez said at the Moscow airport.

"We came to strengthen our alliance — Venezuela and Russia," he said.

On his way to Russia the Venezuelan leader visited neighboring Belarus, where he met with authoritarian President Alexander Lukashenko, a leader — dubbed "Europe's last dictator" in Washington and European capitals — who shares his strong anti-U.S. views.

Chavez, who is on a major international tour that will later take him to visit Qatar, Iran and Mali, is also seeking support for a non-permanent U.N. Security Council seat.

The U.S. government is lobbying to block Venezuela's bid for a seat, backing Guatemala instead. The General Assembly will decide the issue in a secret ballot in October.

Chavez had planned to travel to North Korea, but later took it off his itinerary.

Russia Reaches Out To Venezuela (WSJ)

By Alan Cullison

The Wall Street Journal, July 27, 2006

MOSCOW -- Riding high after a testy Group of Eight summit at which Moscow asserted its independence from Washington, Russian President Vladimir Putin today is expected to sign a deal valued at more than $1 billion to provide Venezuela with advanced fighter aircraft and Kalashnikov assault rifles despite U.S. objections.

Venezuelan President Hugo Chávez has been a thorn in the side of the Bush administration, and the high-level meetings he has secured in Russia and Belarus are being closely watched in Washington for signs of how far the Kremlin plans to stray from the West as relations between them grow chillier. Mr. Chávez's visit is part of a world tour to gather allies for a geopolitical counterbalance to the U.S. and to rally support for his bid to secure a nonpermanent seat for Caracas on the United Nations Security Council.

The arms deal appears to be a move by Mr. Chávez to keep his military commanders fat and happy as he vies for regional leadership in Latin America. During his presidency, the Venezuelan navy and air force in particular have been starved for new equipment because Mr. Chávez doesn't trust the officers in those services.

Russia's expanding ties with Venezuela are the latest example of a new assertiveness in Kremlin foreign policy, driven by growing frustration with what Moscow sees as U.S. high-handedness around the world and by Russia's oil-fueled economic recovery. Moscow has cultivated ties with China and sought to forge its own line in the Middle East, restoring Soviet-era relations to regimes at odds with the U.S. such as Syria.

Moscow sees little prospect for a military or strategic alliance with Mr. Chávez, but the timing of his visit was meant to send a message to Washington, said Vyacheslav Nikonov, head of the Moscow-based Fond Politika think tank whose views often conform to the Kremlin's. "Russia is not interested in some kind of anti-American alliance," he said.

The Kremlin feels the U.S. is propping up governments of former Soviet states close to its borders that are now hostile to Moscow. Shortly before Russia hosted the G-8 conference of leading nations in St. Petersburg, the Bush administration invited Georgian President Mikheil Saakashvili to Washington, which the Kremlin took as a slap because of Mr. Saakashvili's pro-West views. Mr. Nikonov said the Venezuelan president, a strident leftist populist, was invited to Moscow as a response.

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"It was quid pro quo," Mr. Nikonov said. "The Americans may not like Chávez, but Russia feels exactly the same as the Americans do about Saakashvili."

State television followed Mr. Chávez closely as he toured Russia's industrial heartland and praised its munitions industry. He observed local customs by drinking a shot of vodka balanced on a Cossack's sword and visited a factory making Kalashnikov rifles, which he called "the standard for the armed forces of Venezuela."

In Belarus, he praised the authoritarian government of President Alexander Lukashenko, and pledged to find ways to increase trade between the countries.

While the Kremlin hasn't responded to calls by Mr. Chávez for a geopolitical alliance, it has shown interest in his appetite for weaponry. Before Mr. Chávez's arrival, Russia's Foreign Ministry stressed that talks would focus on economic and trade relations, though a spokesman noted that the two countries did largely agree on international issues, and that Russia did favor "well balanced reforms" at the U.N.

Rising antagonism toward Washington in both countries was a catalyst for the arms deal. The U.S. in May slapped a weapons ban on Venezuela, with which many countries have been obligated to fall in line. Mr. Chávez responded by saying he would restock his air force with Russian planes and sell Venezuela's aging inventory of U.S.-built fighter aircraft to Iran.

The contract to be signed includes the sale of 30 helicopters and 30 Sukhoi Su-30 fighter aircraft. Mr. Chávez said he also acquired a license to make Kalashnikov assault rifles and ammunition in Venezuela.

"We are breaking the U.S. blockade that was aimed at disarming Venezuela," Mr. Chávez said in comments broadcast on state-run television in Venezuela. "We are not going to attack anyone, but nobody should make a mistake with us."

The Kremlin brushed off U.S. objections to the sale of 100,000 Kalashnikovs to Caracas last year. Though the U.S. argued this week that Venezuela's purchase of Su-30s -- advanced fighter jets that costs $30 million to $45 million each -- will destabilize the region, Russia's defense minister responded that a cancellation is out of the question. Its Foreign Ministry said military cooperation with Venezuela is "in strict compliance" with Moscow's international obligations.

The aircraft purchases wouldn't affect the region in the near term because the Russian jets require enormous amounts of maintenance and training -- and the Venezuelan military is notoriously lax at upkeep, said John Cope, an expert on Latin American militaries at the Institute for National Strategic Studies in Washington.

The Kalashnikovs could pose a bigger problem. Officials in neighboring Colombia worry the weapons and ammunition Venezuela will be licensed to make will find their way to guerrillas in the 16,000-strong Revolutionary Armed Forces of Colombia, worsening that country's decades-long civil war.

The Kremlin's worsening relations with Washington may have helped Mr. Chávez acquire higher-quality merchandise. The Venezuelan leader had long hoped to buy Sukhoi fighter aircraft from Russia, but Moscow had refrained in recent years because they were deemed to be too advanced and objectionable to the U.S.

"Two or three years ago it wasn't possible to even talk about a sale of this kind," said Ruslan Pukhov, director of the Center for Analysis of Strategies and Technologies, an independent Moscow-based think tank that monitors the defense industry. "The atmosphere has changed."

Bolivian Cocaine Rises With Morales (WT)

By Martin Arostegui

The Washington Times, July 27, 2006

SANTA CRUZ, Bolivia -- Counternarcotics officials say the number of cocaine laboratories in Bolivia has almost doubled in the seven months since Evo Morales, a former coca grower and organizer of coca-farming syndicates, was elected president.

Mr. Morales, whose country faces sharp economic penalties if the United States does not recertify it as a fully cooperating partner in the war on drugs next year, insists Bolivia is committed to battling the international traffic in narcotics.

Critics say new programs allowing farmers to cultivate small plots of coca are contributing to the rise in cocaine production. Coca production is a traditional way of life for Bolivia's Indian peasantry, who chew the raw leaves as a mild stimulant.

Legal analysts say the government has violated international agreements with decrees that allow the free sale of coca and the auction of confiscated leaf shipments.

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"Evo has democratized narco-traffic," said Omar Barrientos, a Bolivian lawyer and consultant to the U.S. State Department on drug policy. "He has taken it from the big mafias and placed it with small producers, which makes it more difficult to control."

The CIA's counternarcotics center estimates that Bolivian coca plantations have grown 8 percent in the past year. More disturbing are reports from Bolivia's U.S.-sponsored counternarcotics force that cocaine laboratory activity has almost doubled since Mr. Morales took office.

The Special Force to Fight Crime and Narcotraffic (FELCN) said more than 2,000 cocaine laboratories making paste or refined powder were uncovered during the first half of this year. A total of 2,575 laboratories were discovered during all of last year.

Bolivian authorities downplay the figures. More than 100,000 Bolivians could lose their jobs if Washington decertifies Bolivia as a partner in the war on drugs, meaning its textile industry no longer would be able to export to the United States. Certification is renewed on March 1 every year.

Vice President Alvaro Garcia Linera visited Washington last week to tell legislators and administration officials that his government hopes to reduce the acreage under cocaine cultivation by about 15 percent in the coming months.

The government also argues that the FELCN figures reflect stepped-up interdiction efforts. But agency officers point to a spread of makeshift labs, which generally are set up near coca plantations, into areas of the country where drug production had largely disappeared.

"Cocaine production is moving to six new areas between the central Chapare Valley and eastern lowlands in Santa Cruz and Beni, where it had been largely eliminated during the 1990s," said a counternarcotics analyst who spoke on the condition he not be identified.

Sources also point to a rise of cocaine production in the Andean high plain around La Paz, where coca leaves flow in from Peru.

Mr. Morales presided in March over a congress of coca-farming syndicates in Cochabamba, which called for the expulsion of U.S. counternarcotics agencies. Although units remain in Bolivia, the U.S. Drug Enforcement Administration is "taking a lower profile," said law-enforcement officials, who also describe a "scaling back" of U.S.-sponsored military and police operations.

Upon leaving for Washington last week, Mr. Garcia said he hoped to open a "new era in the relations between Bolivia and the U.S.," but his trip got off to a bad start. American Airlines would not let him on the flight because he appeared on an FBI watch list, U.S. diplomatic officials said.

The U.S. ambassador to Bolivia, David N. Greenlee, personally intervened in order to allow Mr. Garcia to travel and apologized for a "problem in the system."

The problem is thought to involve Mr. Garcia's role in the Tupac Katari Guerrilla Army, which carried out a series of terrorist actions during the 1990s.

Experts See Proxy War Under Way In Somalia (AP)

By Mohamed Sheikh Nor

AP, July 27, 2006

A mysterious Russian-built cargo plane believed to be loaded with weapons landed in this capital Wednesday, setting off a fresh round of allegations that Somalia has become a proxy battleground for its neighbors Eritrea and Ethiopia.

The United States and other Western powers have cautioned outsiders against meddling in Somalia, which has no single ruling authority and can be manipulated by anyone with money and guns. But there's little sign the warning has been heeded.

Somalia's virtually powerless government charged on Wednesday that the Ilyushin-76, only the second flight to land at Mogadishu International Airport in a decade, was packed with land mines, bombs and guns. It said the shipment had come from Eritrea, which supports the Islamic militia that has seized the capital along with most of southern Somalia.

Just hours later, a U.N. envoy confirmed that troops from Ethiopia, Eritrea's foe, were in Somalia to protect the defenseless government from the advancing Islamic forces.

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Somali government leaders and Ethiopia's Foreign Ministry previously have denied Ethiopian soldiers were in the county. However, many witnesses have confirmed their presence.

Ethiopia and Eritrea fought a bloody border war from 1998-2000, and have since backed rebel groups to destabilize each other. Somalia could become a new front in their conflict.

"Ethiopia and Eritrea are competing throughout the region, opening up new fronts in their Cold War whenever the opportunity arises," said John Prendergast, a senior adviser with the International Crisis Group, which monitors conflict zones.

The United States also has been involved in Somalia. It secretly backed nonreligious militias that were driven out of Mogadishu by the Islamists, and now supports the government.

The United States has accused the Islamic militia of ties to al-Qaida, whose leader, Osama bin Laden, called for support of the militia in a recent recording. The Associated Press also recently obtained videotape of Arab Islamic fighters alongside Somali militiamen.

"There are external parties involved on all sides," said Jendayi Frazer, the U.S. State Department's top Africa official. "This is a problem."

The new proxy fight between Ethiopia and Eritrea is officially denied by both countries, despite witness accounts and reports by the United Nations describing Somalia's plight.

A U.N. committee monitoring the arms embargo on Somalia named Ethiopia, Eritrea and Yemen as countries backing different factions fighting inside the country. Another country went unnamed in the report, but was widely believed to be the United States.

"Eritrea is only in there because of Ethiopia," said Omar Jamal, executive director of the Somalia Justice Advocacy Center in St. Paul, Minn. "The U.S. is simply extending its war on terrorism."

Eritrea's information minister, Ali Abdu, told the AP on Wednesday that his country was not sending arms to the Islamic militia, and charged that Ethiopia was "exploiting the current situation in order to solve their historical dispute with Somalia."

Ethiopia and Somalia fought a war in the 1970s. Ethiopia's foreign minister was not immediately available for comment Wednesday.

Wednesday, an AP reporter watched the Ilyushin-76 land, but was quickly ordered to leave by Islamic militiamen. The plane's tail carried a flag from Kazakhstan, a former Soviet republic that often makes its planes available for charter.

The U.N. special envoy to Somalia, Francois Lonseny Fall, said Wednesday a small number of Ethiopian troops are in Somalia. On Tuesday, he traveled to the only town controlled by the government, Baidoa, which is 155 miles from Mogadishu.

"During my discussions with the government, I got the clear impression that Ethiopian troops were around Baidoa, but not in the city," Fall said from his office in neighboring Kenya.

Somalia has been without an effective central government since warlords toppled dictator Mohamed Siad Barre in 1991 and then turned on each other, carving much of the country into armed camps ruled by violence and clan law.

The government was established nearly two years ago with the support of the U.N. to serve as a transitional body to help Somalia emerge from anarchy. But the leadership, which includes some warlords linked to the violence of the past, has failed to establish any power.

Associated Press writers Mohamed Olad Hassan in Baidoa and Chris Tomlinson and Elizabeth A. Kennedy in Nairobi, Kenya, contributed to this report.

Georgian Forces Persist In Attacks On Militia (NYT)

By C. J. Chivers

The New York Times, July 27, 2006

MOSCOW, July 26 — Georgian special forces pressed their attacks through the mountainous Kodori Gorge on Wednesday, trying to put down a rebellious militia whose leader had said he would no longer recognize the central government.

It was the second day of fighting in the remote gorge near the Russian border, amid concern that the violence could rekindle hostilities between pro-Western Georgia and the nearby self-declared republic of Abkhazia, which is a de facto Russian protectorate.

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Hundreds of fresh Georgian troops flowed into the region in convoys, as senior Abkhaz and Russian officials warned of consequences if the fighting spilled over into territory under Abkhaz control.

"The situation in Kodori Gorge has changed drastically for the worse," Sergei B. Ivanov, Russia's deputy prime minister and defense minister, said on national television.

Abkhazia and Georgia fought a war in the early 1990's that ended in a tense cease-fire.

Since coming to office in 2004, President Mikheil Saakashvili of Georgia has vowed to reunite the country, and tensions between the sides have risen. But Georgian officials framed the latest fighting as a strictly internal matter and said they had no designs on Abkhaz territory with the operations under way.

They also expressed confidence that their forces were routing the militia, a paramilitary unit known as the Hunter battalion, and said that the sweeps, which they described as a special police operation that involved no military forces, would end quickly.

Many of the armed men they faced surrendered or fled, the officials said. "In a few hours the operation will be completed," George Arveladze, the chief of staff in the presidential administration, said by telephone in the afternoon.

The operation, being fought high in the Caucasus, pitted Mr. Saakashvili's young government against Emzar Kvitsiani, the leader of the Hunter battalion, which was formed in the 1990's under Eduard A. Shevardnadze, who was president at the time, and has defied orders from the Saakashvili administration to disband.

Rustavi-2, a Georgian television station, reported that the Interior Ministry had given an ultimatum to Mr. Kvitsiani, demanding that he and his forces surrender. He refused, the station later reported, and more fighting broke out in the villages of Azhara and Omarishi.

The Georgian police sealed off the entrance to the gorge to independent journalists, and Mr. Arveladze said there was no telephone service to the region. Reports of casualties, and official accounts of the operation, were conflicting and impossible to confirm.

Georgian officials said two to four police officers had been injured, none seriously. Helicopters and ambulances were seen leaving the gorge in the evening, and Georgian and Russian news media reported that as many as 18 captured rebels were being treated for injuries in Kutaisi, in western Georgia. Unconfirmed reports in the evening said Mr. Kvitsiani had also been injured.

Mr. Arveladze and Gela Bezhuashvili, Georgia's foreign minister, said in telephone interviews that they did not know the extent of the rebel casualties.

As the operation continued, the de facto Abkhaz government said it had placed its military units on alert and recalled some of its reserves.

Artur A. Mikvabiya, an adviser to the Abkhaz president, Sergei Bagapsh, said the Abkhaz government was deeply suspicious of the Georgian operation.

"There is the impression that under the guise of an operation against a group of criminals, they are trying to bring in troops and start a large-scale operation there," Mr. Mikvabiya said by telephone. "In this situation we are concerned that all of our agreements are under threat, including the agreement on a cease-fire."

Mr. Bezhuashvili insisted that no actions would be taken against Abkhazia and that Georgia was making this clear to Russia and the Abkhaz government. "This is not at all against the de facto government in Abkhazia," he said. "This is a limited operation against this criminal guy."

Envera Selimovic, spokeswoman for the United Nations military observers who monitor the cease-fire, said the international observers were watching the situation and urging the Georgians and the Abkhaz not to escalate the fighting. The observers were not present in the gorge, however, having suspended their patrols there after one of their teams was kidnapped and briefly held in the gorge in 2003.

"We are asking both sides not to give any reason to each other for hostile measures," she said by telephone.

Aid Groups Are Criticized Over Tsunami Reconstruction (NYT)

By Jane Perlez

The New York Times, July 27, 2006

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MASJID, Indonesia — For a moment, the villagers in this seaside community glimpsed a vision of a splendid future: houses with shady verandas, a new elementary school and an end to the squalid barracks that had been their world since the Asian tsunami swept all before it 19 months ago.

But the houses, built with untreated, rickety wood by the aid agency Save the Children, turned out to be uninhabitable — some of them were thrown together in three days and nights, the villagers said. The foundations of the school remain abandoned, overgrown with weeds.

"People are mad," said Innu A. Barkar, the village head, as he walked around the empty houses, some of them relegated for use as chicken yards. "The aid workers gave promises, but they don't turn out to be reality."

Life in Aceh, the northernmost province of Indonesia where 170,000 people perished in the December 2004 tsunami, has resumed a semblance of normality.

For the most part, children are in school, roads are being rebuilt, outdoor markets are packed with local produce, employment is not too hard to find, and even the peace accord between the national government and separatist guerrillas is sticking. Almost everyone has been moved out of muddy tents, though many families still live in dilapidated barracks.

But beneath the activity, a veil of disenchantment with international aid agencies pervades, a feeling that extravagant promises backed by unprecedented donations, large and small, from the around the world have yet to materialize.

To many, the $8.5 billion that humanitarian agencies, foreign governments and Indonesia say they will spend on the rebuilding of Aceh seems a mirage. In some ways, they are right. So far, the World Bank says only $1.5 billion of the $8.5 billion dedicated to the disaster has yet been disbursed.

More than that, much of what has been spent has not been spent well. A scathing report issued in mid-July by experts from governments, the United Nations and international aid agencies, and endorsed by former President Bill Clinton, makes clear that the villagers are not just grumbling.

Many of the hundreds of aid agencies that poured into Aceh in the aftermath of the tsunami displayed "arrogance and ignorance" and were often staffed by "incompetent workers" who came and went quickly, the report said.

Although the billions of dollars in donations translated into a record $7,100 for each affected person — compared with $3 for each survivor of the 2004 floods in Bangladesh — the people of Aceh have not seen the fruits of the generosity, the report added.

The assessment, which Mr. Clinton noted in a foreword contained "uncomfortable reading," rapped the aid agencies for paying more attention to advertising their "brands" and releasing self-laudatory reports than accounting for their expenditures.

The agencies performed relatively well during the first three months after the tsunami when they delivered food and water, and kept diseases at bay. Much of that success was "thanks largely to local inputs," the report said.

For the longer term reconstruction, the report said that lack of expertise by the agencies had led to "shoddy results."

House building is in fact the main source of complaint. In some areas, clusters of new houses, their corrugated iron roofs glinting in the tropical sun, have sprouted in the barren landscape. In others, row upon row of dilapidated barracks, swollen with families squatting in tiny rooms, attest to the slow going in building new family dwellings.

In all, about 25,000 houses, constructed by a wide variety of agencies, have been completed out of a projected 120,000 that are needed, according to the United Nations agency Habitat.

There were many reasons the rebuilding has fallen short, said Kuntoro Mangkusubroto, director of the Indonesian rehabilitation and reconstruction agency.

Flush with donations from the public as never before, the aid agencies felt compelled to press ahead with building houses even though they lacked experience.

"They said, 'Let's build,' " Mr. Kuntoro explained. "They don't talk about contracts; there are no agreements with contractors. It's build houses, boom, boom, boom."

He said he had warned the agencies. "I kept telling them that the type of people they had, the way they managed, had to change," he said. "It took until the end of last December to convince them to change."

As for the disappointments in Masjid, Save the Children said it would demolish 371 unusable houses it had built here and elsewhere, and would repair 200 others.

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The agency, which suspended its construction programs in order to investigate what went wrong, has ordered prefabricated houses from Canada. Starting in September, it plans to train villagers on how to assemble them, said Mike Kiernan, the group's director of communications.

Three housing inspectors have been fired from the agency for failing to do their jobs, Mr. Kiernan said.

Similarly, Oxfam dismissed 10 staff members on grounds of gross misconduct after uncovering collusion between them and Indonesian contractors that resulted in shoddy houses, said Ian Small, the director of Oxfam in Aceh.

There were other problems as well, some peculiar to Aceh. One of the big stumbling blocks, for instance, has been the supply of wood, the most common material in local housing.

The province of Aceh, a great storehouse of timber with some of the most valuable forests in Indonesia, is also one of the most over-logged places in the nation. In a move to preserve the endangered forests, the Indonesian rehabilitation and reconstruction agency, which is overseeing the rebuilding, issued a ruling that basically prohibited the use of wood from Aceh.

The scramble for enough wood for 20,000 one-room temporary houses became an enduring quest for Kevin Duignan, a building contractor from New Zealand who came to Aceh to head up the housing efforts of the International Federation of the Red Cross.

To build the houses, he issued families do-it-yourself kits with tools and steel frames bought in Bangkok. But to get the wood planks for the walls, the Red Cross signed on with a British timber company, which supplied Baltic pine bought in Scandinavia.

Concerned about potential health problems associated with the wood's antitermite treatment, the Red Cross headquarters in Geneva took two months to approve the contract.

Finally, the wood was milled in Britain, and then shipped via Singapore to Medan, the Indonesian port just south of Aceh, Mr. Duignan said.

But often the journey by ship from Britain to Singapore took much longer than the three weeks it was supposed to take, and delivering the wood over Aceh's rotten roads ate up still more time.

By mid-July, just 8,900 of the planned 20,000 temporary houses that were supposed to be up months ago were finished, Mr. Duignan said.

One of the occupants of the tiny new homes, Cut Darnita, decorated her interior with vases of fabric roses and orchids, a cheery red rug and a coffee table draped with a white linen cloth. The five-member family lay down mats on the floor to sleep at night.

"It's small but nice," she said of the room, about 226 square feet. When would she get a permanent home? Ms. Darnita shrugged.

Not all the news is bad. Work on a highway down the devastated west coast of the province, financed by the United States government, is under way, and a new port has opened in Meulaboh, the seaside town that was smashed to smithereens.

Of the lucky ones with a roof over their heads, those with houses built by the Turkish Red Crescent Society are the most pleased.

"They've given us good quality," said Khairuman, 45, a building laborer, and his wife, Suginah, 43, as they showed off their blue-tiled bathroom replete with bath and shower in the beachside community of Lampuuk. Like many Indonesians, they use one name.

The Red Crescent Society paid $10,000 for each brick house, about double the cost of houses built by other agencies. And it sent a team of engineers with experience from the 1999 earthquake in Turkey.

"The people of Aceh suffered; they need to stay in good houses," said an engineer, Ali Pekoz. From the sunproof window glass to imported hinges on the doors, the Turks chose the best fittings, he said.

The harsh analysis by Mr. Clinton's evaluation group has prompted some introspection among the major aid agencies. The criticisms come as some argue here in Aceh, and in Washington, that more experienced private contractors or national armies should take on future reconstruction efforts in disaster areas.

But the humanitarian agencies reject that idea, saying they bring a special dimension to the work that is implied in their very name.

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"I suppose we all could have given the billions raised for the effort to the Halliburtons of this world, and perhaps the job would be done by now," Mr. Small of Oxfam said in a recent speech. "But would that build a fairer, more accountable and equitable society where the poor are not left behind for the lack of a voice and where women are empowered to effect change, and society as a whole has built up the capacity to go forward on its own?"

One New Light In Liberia, An Inch Back From Abyss (NYT)

By Lydia Polgreen

The New York Times, July 27, 2006

MONROVIA, Liberia, July 26 — The way Karpah Toe runs his snack stand, much of the 20th century might as well never have happened. He sells soft drinks on the side of the road from a lean-to shack, but he does not own a fridge. Instead, he keeps the bottles cold with blocks of ice he buys every morning for about 50 cents and hauls to his shop in a wheelbarrow.

"If you don't have light, you don't have fridge," he said, pointing up to the dead-end electricity poles that tower over Tubman Boulevard, one of this broken-down city's main thoroughfares. A tangle of wires hung from them, limp and leading nowhere.

For more than 14 years, Liberia has lived in darkness, literally and figuratively. Monrovia, Liberia's capital, was ravaged repeatedly during the country's 14-year civil war, and one of the first casualties was its electricity system. In the warlords' battle to control swaths of the country, they deliberately attacked its infrastructure, blowing up generators and transformers, machine gunning poles into Swiss cheese.

But on Wednesday, Liberia's 159th independence day, electric lights once again shone on Tubman Boulevard. Or at least a few of them did, anyway.

Fulfilling in spirit, if not to the letter, a campaign promise to bring electricity back to Monrovia by independence day, Liberia's new president, Ellen Johnson Sirleaf, turned on an emergency power system to carry electricity to hospitals and streetlights on a handful of streets in one neighborhood here in the capital.

It is one of the first halting steps on the road back to normalcy in a country where war has drained the economy, stripped the infrastructure and exhausted the population of three million.

At a ceremony organized to commemorate the occasion, Ms. Johnson Sirleaf said she might have bitten off more than she could chew. "When I made this commitment during the campaign period," she told a crowd assembled at a local hospital, "I was an outsider looking in."

But once she took office, "I had to scramble," she said. "We have not met our entire goals. We had hoped to have electricity to more parts of our city by today. But we have kept part of the promise, as we turn on these lights."

The effort to get the lights back on was much tougher than anyone had expected.

After years of war that drove most of the country's best minds into exile, few qualified engineers were available to help plan the work. Shipping supplies was expensive and took a long time because the port had not been dredged in years, making it impossible for regular ships to stop here.

And the Ghanaian engineers who came to help get the lights back on were taken aback by the state of the country's infrastructure.

"We found utter destruction," said Kweku Arkerst of the Volta River Authority, the Ghanaian power company that won the contract to build the new generation plant. "It was worse than nothing. A total mess."

It was a surprising reversal, Ghana helping Liberia.

In the 1970's, Liberia, a nation settled by freed slaves from America, was the jewel of the region. It had become a wealthy bastion of progress spurred by corporate American investment in its iron, rubber and timber industries, while Ghana suffered through bloody military rule and economic chaos.

Now Ghana is considered one of the most stable and peaceful nations in the region, and Liberia needs a helping hand.

With scant running water and no electricity beyond scattered individual generators, with almost nonexistent health and education systems and a broken government just beginning to repair itself, much of Liberia, like Mr. Toe's shop, makes do with technology from another time.

Wheelbarrows, candles and charcoal stoves are the stuff of everyday life.

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Half the nation's children are out of school; unemployment in some places reaches 80 percent.

"This is a country that needs everything, and needs everything at once," Paul D. Wolfowitz, the president of the World Bank, said on a visit here last week.

The Executive Mansion, a dilapidated seaside building that serves as the president's office, is so run down that most of its toilets do not flush automatically — their tanks must be filled from a barrel of water next to the bowl.

As if to underscore its decrepitude, the building caught fire on independence day, billowing smoke and flame and forcing the president and her guests — including the presidents of Ghana, Ivory Coast and Sierra Leone — to evacuate from a planned party.

There were no major injuries, and it was too soon to say what caused the fire, officials at the mansion said. But the damage to the building was extensive.

In an interview, Ms. Johnson Sirleaf decided to emphasize electricity because even beyond its economic importance, it has deep symbolic value.

"Even though we have a long way to go, at least we have reinforced hope," Ms. Johnson Sirleaf said. "We have brought back what we call finally the light at the end of the tunnel. Finally light has taken over from darkness. And that for us is a great thing, even though right now it is quite limited."

The small emergency power plant will supply two hospitals and run some streetlights. It cost more than $6 million, with most of the money coming from the United States and the European Union.

Ms. Johnson Sirleaf said restoring power was just one of a long list of things the country needed to do. It has $3.7 billion in debt that it has no hope of paying. This debt should be forgiven as soon as possible, said Alan Doss, chief of the United Nations mission in Liberia. Some of the country's main industries, like iron ore mining, are moribund, while others, like diamond mining, are still under embargoes dating from the war.

There has been progress, though. The old army has been dissolved and a new one is being trained. It has been drawn from all across the country to avoid ethnic splits and is well versed in human rights.

Other problems bedevil the Johnson Sirleaf administration: not having enough qualified judges and lawyers has left the justice system in tatters. And of course, for all the excitement about the new streetlights, they cover just a tiny portion of the city, never mind the whole country.

But the rest is coming, Ms. Johnson Sirleaf said.

"Small light today, big light tomorrow," she said, then flipped the switch to turn on Liberia's first new streetlight.

Recount Or Riots, Leftist Voters Warn (WT)

By Katie Stuhldreher

The Washington Times, July 27, 2006

A top political adviser for Mexico's leftist presidential candidate said questions regarding the election could destabilize Mexico and lead to violence if there is no recount of the 41 million votes cast earlier this month.

"We think that destabilization of the country will be the outcome if there is not a full recount. The country is divided now, and we are looking for a way out of this crisis," said Manuel Camacho, a leader in the political commission backing leftist presidential candidate Andres Manuel Lopez Obrador, in an interview in Washington Tuesday.

The Federal Electoral Institute reported that Mr. Lopez Obrador of the Democratic Revolutionary Party received 35.34 percent of the votes cast on July 2, while Felipe Calderon of the National Action Party won 36.38 percent of the votes. Mr. Calderon, a conservative Harvard-educated businessman, is widely considered to be the legitimate winner.

Mr. Lopez Obrador, a self-declared man of the poor, said the elections were fraudulent. His supporters have taken to the streets in recent weeks to protest and block business interests in pursuit of a recount. On Tuesday, Mr. Lopez Obrador announced that he would sue the electoral institute to force a recount.

Mr. Camacho said that if the votes are recounted, Mr. Lopez Obrador will "tell the people to demobilize and go home" and accept the results, regardless of the outcome.

"Six days for a recount could bring six years of peace," Mr. Camacho said.

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Mr. Calderon rejected the demand.

"What Mr. Lopez Obrador is doing is blackmail," Arturo Sarukhan, international affairs coordinator for Mr. Calderon, said in a telephone interview from Mexico City yesterday.

"He is trying to use the streets to get what the ballot box did not give him," he said.

Mr. Camacho accused Mr. Calderon of overspending his campaign limit and running illegal TV advertisements attacking Mr. Lopez Obrador.

Mr. Sarukhan, however, said that the election was "squeaky clean" and that Mr. Lopez Obrador's "antics" could damage the reputation of the electoral institute, which he said was internationally credible.

"We do not want to do anything outside the law and we have only called for peaceful demonstrations," said Mr. Camacho, who added that if a recount is denied, "violence is always a risk."

When asked whether Mr. Calderon's party feared violence and unrest if the courts block a recount, Mr. Sarukhan said, "We are confident that Mexican society can withstand attempts to undermine the rule of law in our young but stable democracy."

Christopher Sabatini of the Council of the Americas said, "There's a lot of heated rhetoric, but the process is playing out as it should. One candidate raised a concern and lodged a complaint with the tribunal, which will decide this. This is all within the law and candidates have a right to do this."

Marifeli Perez-Stable of the Inter-American Dialogue said, "What the candidates say about each other is not what really matters here, but the voters who think the election was illegal do matter. Any new president needs to address them."

The courts have until Aug. 31 to reach a decision to order a full or partial recount, nullify the election or declare Mr. Calderon president-elect.

Recount The Votes -- And Be Patient (WP)

By Jorge De Los Santos

The Washington Post, July 27, 2006

The 2000 U.S. presidential election was a bitter episode in American history. It was one of the closest elections ever, with 537 votes in the state of Florida separating the candidates. It took a month of court challenges and recounts before the election was finally certified.

After Election Day, several weeks of legal maneuvering by the Bush and Gore teams followed. Neither side was satisfied with the vote counts, and both crafted plans of action and created their own "recount commissions." At the end, after hearing all the arguments, the courts ultimately ruled, clearing the way for a Bush presidency.

Independent studies by universities and news organizations concluded that the different methods of counting the votes yielded different results. For example, a lenient standard of counting the hanging chads gave the victory to George W. Bush, while a strict standard gave it to Al Gore. But the courts played the final part in the episode. They brought certainty and finality to the dispute.

Now Mexico has its own soap opera version of an election. After a nerve-racking election night, contradictory exit polls and preliminary recounts that went up and down like a roller coaster, the conservative candidate, Felipe CalderÃ³n, is holding a razor-thin lead over the left-leaning candidate, AndrÃ©s Manuel LÃ³pez Obrador. With a margin of 200,000 votes separating the candidates, and allegations of serious irregularities, Mexico is still waiting for its new president.

This was a highly polarized campaign. Below-the-belt attacks and challenges were widespread. Companies, nonprofits and even local governments interfered and swayed public opinion. It was a take-no-prisoners battle for the presidency. In some cases, flat-out lies and off-color comparisons were so far from reality that the Mexican Electoral Institute resorted to outlawing some TV ads.

The problems in the election are ubiquitous. Charges of ballot stuffing, vote buying, misreported vote tallies and blatant support from elected officials raise serious concerns about the quality and, most important, the equality in this election. The good news for Mexico is that, as in the United States, there are courts that will bring closure to the election.

The Federal Electoral Tribunal in Mexico will decide on the validity of any allegations or irregularities. This court is the single institution with the authority to announce the winner of the election. It has experience with high-profile elections and

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difficult decisions and has even overturned the elections in two Mexican states. It will be up to the court to officially declare the winner.

A truly democratic electoral process is still a challenge in Mexico. LÃ³pez Obrador is leading peaceful civil resistance to appease the frustrations of the millions of people dissatisfied with the electoral process. These frustrations can also be alleviated by the court, through a new recount.

A full recount of the votes, and transparent legal proceedings, would be good for Mexico for several reasons. First, it would strengthen Mexico's young democracy. Mexico has a long history of electoral fraud, and there are still sour memories of the 1988 election, in which left-leaning CuauhtÃ©moc CÃ¡rdenas was allegedly robbed of victory. A vote-by-vote count would ease these worries and bring credibility.

Second, it would make government more effective. Either CalderÃ³n or LÃ³pez Obrador will need to negotiate with Mexico's deeply divided Congress to approve critical reforms. A genuine and lawfully recognized winner will be able to negotiate across party lines. Since none of the parties will be holding a majority in Congress, it will be impossible to govern without full authority.

Third, it will bring legitimacy to the winner of the election. Each one of the front-runners received only about one-third of the votes, and regardless of who wins the election, the victor will win with less than one percentage point difference. Approximately 65 percent of Mexicans will not have voted for the new president, whether it is CalderÃ³n or LÃ³pez Obrador. That is why the president will need as much clout as possible.

LÃ³pez Obrador has said that if he loses the recount, he will accept the results, though under protest, and will call off any demonstrations. He has also said that he will work over the next few years to create a civil organization that will promote a national democracy project.

But Mexicans still have a month and a half before they know the outcome of their election. In 2000 the United States also waited to find out who the winner was. Thankfully, Mexico has an advantage over the United States in its electoral process: enough time for legal challenges.

On Sept. 6, the Federal Electoral Tribunal will declare the winner. The winner takes office on Dec. 1, which means that he will have ample time to create a transition team, come up with a cabinet and get ready to tackle the business of running a nation. Mexico just needs a little bit of patience.

The writer is currently U.S.-Mexico affairs adviser to AndrÃ©s Manuel LÃ³pez Obrador. He is also director of the Pan-American initiative office at Arizona State University and special adviser to the university president.

Kidnapping Mexican Democracy (WP)

By Enrique Krauze

The Washington Post, July 27, 2006

MEXICO CITY -- To illustrate the "ad terrorem" method by which truth was imposed in totalitarian societies, Polish philosopher Leszek Kolakowski told a story: Two girls race each other in a park, the one who is behind repeatedly proclaiming at the top of her lungs, "I'm winning! I'm winning!," until the one in the lead gives up and runs crying to her mother, saying: "I can't beat her, she always wins."

Minus the ending, something similar is happening in Mexico. After a model Election Day (free, orderly, peaceful) during which 41,791,322 Mexicans voted, their votes tabulated in 130,477 polling places by 909,575 citizens, the PRD (Democratic Revolutionary Party) candidate for president, AndrÃ©s Manuel LÃ³pez Obrador, lost by a margin of 0.57 percentage point to Felipe CalderÃ³n, candidate of the National Action Party (PAN).

A preliminary electronic tally sponsored by the Universidad Nacional AutÃ³noma of MÃ©xico matched the final count taken in the 300 electoral districts where the official results from the polling places were collected. That negative outcome in the presidential vote aside, on the very same Election Day, the PRD became the second most powerful force in the legislature, considerably increasing its presence in both chambers, while its candidate for head of government for the Mexico City district won with 47 percent of the vote and the PRD swept nearly all the executive and legislative positions in the city.

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This was the reality testified to by 1,800 district advisers, 970,000 representatives from all the parties, 24,769 national observers and 639 international observers. Nevertheless, LÃ³pez Obrador is unwilling to accept his personal defeat (although, of course, he considers the elections that produced unprecedented victories for his party to be valid).

Given the narrow margin of the presidential election, the PRD chose to exercise its legitimate right to challenge the results before the Federal Election Tribunal. The court's final and unappealable ruling will decide no later than Sept. 6 whether the irregularities claimed by the PRD are valid, in which polling places they occurred, whether a recount should take place and, ultimately, the result of the presidential election.

If the PRD candidate had simply implemented this legal strategy, his behavior would not have unforgivably sullied the process or undermined Mexico's fragile democracy. But as might have been predicted, LÃ³pez Obrador wasn't satisfied with legal action. Just as he's always done, he had to go for broke -- resorting to "ad terrorem" methods.

Aware from the night of July 2 that the outlook wasn't good, LÃ³pez Obrador behaved like the girl in the story above. He went to the ZÃ³calo (that theological-political spot in the historical center of Mexico City) to declare: "We've won the presidency." Days later, after release of the official tally by the Federal Electoral Institute (the independent citizen body that since 1996 has been successfully organizing fair elections at every federal level, reversing a long history of fraud), LÃ³pez Obrador summoned the "people" to an "assembly" at which he called President Vicente Fox a "traitor to democracy" and used the most ominous word in the Mexican political dictionary: "fraud."

This denigration of the respected Mexican electoral system (which had just announced the triumph of hundreds of PRD candidates), and the incendiary speeches that have followed seriously threaten the peace in Mexico.

Besides proclaiming his own victory, insulting the president, personally threatening CalderÃ³n and his family, calling the officials of the Federal Electoral Institute "criminals," and anticipating the verdict of the judiciary's Federal Electoral Tribunal, LÃ³pez Obrador has employed tactics worthy of an Orwell novel. Arithmetical irregularities that are isolated, that are only presumed and not confirmed by the tribunal, are presented to the public as clear proof that the whole process was tainted. And if, as occurred on July 11, his own polling-place representatives deny a purported irregularity, LÃ³pez Obrador argues that they were "bought" or corrupted.

Most troubling of all is that LÃ³pez Obrador has called for demonstrations all over the country "in support of democracy" -- the same democracy whose institutions he has impugned. Even though he insists that the marches will be "peaceful" and "won't get out of hand," he knows very well that in the atmosphere he has created, violent actions might be initiated by either side. It isn't hard to gauge his intentions. He's made them very plain, and since he's a man of his word, he must be believed: "I'll go as far as the people want me to go."

Apparently, however, "the people" are not the 27,034,972 Mexicans of all classes who didn't vote for him; they're not even the 14,756,350 citizens who supported him at the polls. "The people," or "the nation," will be those sectors of the population that LÃ³pez Obrador is able to get out into the country's streets and plazas in coming days and weeks -- those who see him as he sees himself, as the Mexican messiah. And who will interpret the wishes of this "people," a repository of natural and divine law rather than of the petty laws written by men? The charismatic leader who incarnates Truth, Reason, History and Virtue, the leader who will save Mexico from oppression, inequality, injustice and poverty, who will "purify national life": AndrÃ©s Manuel LÃ³pez Obrador.

This is a film the world has seen many times. The seed of dictatorship has been planted. Impermeable to objective truth, a messiah who has proclaimed himself "indestructible" and publicly (and seriously) compared himself to Jesus, seeks to kidnap Mexican democracy. If the ransom he demands (strict obedience by the Federal Electoral Tribunal to his will) is not paid, he is prepared to set the country aflame.

But in a democracy (and Mexico today is a democracy, although its long history does much to contradict that) it isn't blazing torches, insurrectional assemblies or enlightened leaders who decide: It's the vote of the people, the rule of law and institutions.

Enrique Krauze is the author of "Mexico: Biography of Power" and editor of Letras Libres magazine. This article was translated from Spanish by Natasha Wimmer.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JULY 27, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Administration And Critics, In Senate Testimony, Clash Over Eavesdropping Compromise (NYT) ... 5
Officials Urge Law To Allow Eavesdropping (WP) ... 6
Spy Agency Chiefs Call For Broader Rules (USAT) ... 6
Bush Administration Pushes Updated Law On Foreign Wiretaps (AP) ... 7
Rules Debated For Trials Of Detainees (NYT) ... 8
Proposal Calls For Tribunal-Style Trials (WP) ... 9
Administration Seeks Terror Prosecution (AP) ... 10
Trial Set For 7 Accused Of Terror Attack Plot (AP) ... 11
FBI Paid Informants In Case Of Accused Terror Cell (ORS) ... 11
Liberty City Terror Suspects Go To Trial In March (MH) ... 12

Patriot Act:

Judge Who Invalidated Part Of Patriot Act Hears Related Challenge (AP) ... 12

Homeland Response:

Muslim, Other Groups Ask FBI To Be Sensitive In Hezbollah Probe (NSDY/AP) ... 13
Homeland Security Contracts Abused (WP) ... 14
Report Cites Mismanagement At Homeland Security (LAT) ... 16
Feds Move To Share Intelligence Faster (USAT) ... 16
Analysis: Animal Groups Zero In On Pharma (UPI) ... 17
Odd Bedfellows Align To Market Film About 9/11 (NYT) ... 18
Louisiana Governor Criticizes U.S. Evacuation Plan (NYT) ... 19
Behind The Katrina Imbroglio (WSJ) ... 20
The Wrong Lesson (NYT) ... 22
The Reliable Source (WP) ... 23

War News:

Iraqi PM Calls For More Money And Troops (AP-Y) ... 23
Iraqi Prime Minister Presses For More Aid (WP) ... 25
Many Speech Critics Stay Away; Several Go (RC) ... 26
Al-Maliki Echoes White House In Address (FT) ... 26
Al-Maliki: Iraq 'Battle That Will Determine The War' (BSUN) ... 27
PM Says Iraq Is Front Line Of Terror War (CHIT) ... 28
Iraqi Prime Minister Gets Mixed Response In Congress (LAT) ... 29
'Our Duty To Defeat This Terror,' Iraqi Leader Tells Congress (USAT) ... 30
Maliki Expresses Thanks In Address To Congress (NYT) ... 31
Dean Calls Iraqi PM An 'Anti-Semite' (AP-Y) ... 32
Howard Dean Compares Katherine Harris To Stalin During Stop In WPB (FLSUNSEN) ... 32
Iraqi Leader Speaks Half The Truth (LAT) ... 33
Iraq's Hezbollah (WSJ) ... 33
General Explains Baghdad Buildup (LAT) ... 35
'Waiting To Get Blown Up' (WP) ... 36
Fixing Iraq (WSJ) ... 38
Saddam Asks For Firing Squad Execution (WT/AP) ... 39
Combative Saddam Makes Last Stand In Court (USAT) ... 40
Defiant Hussein Hails Insurgents And Clashes With His Judge (NYT) ... 40
Combative Hussein Returns To Court As Defense Sums Up (WP) ... 42
More Iraqi Oil Production Predicted (AP-Y) ... 43
Fuel Smuggling Curbed By Prices, Says Iraq (FT) ... 43
Afghan Clashes Claim 22 Taliban Militants (USAT) ... 44

Corporate Scandals:

SEC Issues Rules On Executive Pay, Options Grants (WSJ) ... 45
Pay Rules Adopted By S.E.C. (NYT) ... 46
SEC Rules Tightened On Pay Disclosure (WP) ... 48
New Rule To Expose Pay Packages (USAT) ... 48
SEC Requiring More Pay Disclosure (AP) ... 49
Tugging At The Veil Hiding Executive Pay (NYT) ... 50
Are Backdating Cases Really Securities Fraud? (LAW) ... 51
Ex-executive Pleads Guilty (CO) ... 52
Lying To In-House Counsel May Lead To Prosecution (NLJ) ... 53
Investors' Class-Action Lawsuits Drop Sharply (WP) ... 55
First Call Worry Amid Hedge Fund Boom: Privileged Access To Information (WSJ) ... 55
A Settlement Over Global Crossing (WSJ) ... 58

Criminal Law:

Court Grants Stay In Jefferson Case (HILL) ... 59
Judges Delay Investigation Of Congressman (AP) ... 59
FBI Review Of Jefferson Evidence Delayed (MSNBC) ... 60
Child-prostitution Cases Reveal Cruel Underworld (USAT) ... 60
Prosecutors: Wife Behind Husband's Killing (AP) ... 61
S.C. Sex Offender Found With Missing Teens In Florida (AP) ... 62
Wanted Man Shot By FBI Agent During An Arrest Try (MH) ... 62

Attempted Murder Suspect Shot By FBI Agent In Fort Lauderdale (FLSUNSEN) ... 63
Boston Police Offices Waive Miami Extradition Hearing (BRAH) 63
BPD Knew Feds Eyed Cop: Pulido Still Tapped For Elite Unit (BOSH) ... 63
Police Corruption Suspect Failed A Drug Test In 1999 (BOS) ... 64
FBI Seizes Documents From A Monmouth Agency And Its Leader (NSL) ... 65
Utilities Chief Probed (APP) ... 66
School Bus Driver Arrested In Nationwide Child Porn Sweep (NSDY/AP) ... 67
FBI Labels Jerseyan Czar Of Child Porn Web Site (NSL) ... 67
Man Set To Die Today For Inmate's Murder (WT/AP) ... 68
Execution Of Pagan Devotee Set For Tonight (WP) ... 69
New Law Marks Adam Walsh Case Anniversary (MH) ... 70
Inmates Kill Guard At Prison In Maryland (WP) ... 72
Prisons Called For Correction (BSUN) ... 73
Norton Family, Friends Praise Police Work (SLT) ... 75
Prosecutors Considering Charges In Norton Case (AP) ... 76
Norton Family, Friends Reconcile With Police (KCPW-TV) ... 76
Family, Friends Apologize To Police In Destiny Case (KSL-TV). 77
Tearful Thanks (DESERET) ... 78
D.C. Mayor Wants Study Of Need For More Police (WP) ... 79
Yates Headed To Hospital, Not Prison (USAT) ... 80
Jury Finds Yates Not Guilty By Reason Of Insanity (LAT) ... 81
Yates Is Not Guilty By Reason Of Insanity (WP) ... 82
Release, Publication Of Women's Photos Draw Many Tips (LAT)82

Civil Law:

Boeing Reports Loss Despite Highflying Sales (USAT) ... 83
Boeing Posts Loss On Costs Of Settling Ethics Inquiry (NYT) ... 84
Boeing Chief Isn't Happy With Defense Operations (SLPD) ... 85
Boeing Reports 2Q Loss Of $160M (AP) ... 86
Big Companies Cash In On Fed Contracts (FINDLAW/AP) ... 87
Watchdog, Lawmakers Eye Better Information Flow (NJTD) ... 88

Civil Rights:

City Moves Ahead With Compliance (CINE) ... 89
Tallahassee Prison Guards Plead Not Guilty To New Charges (AP) ... 89
Washington Court Upholds Ban On Gay Marriage (NYT) ... 89
Washington State Upholds Ban On Same-Sex Marriage (WP) .. 91
Court Refuses To Define Marriage (WT) ... 92
State Supreme Court Upholds Washington Gay Marriage Ban (AP) ... 92
Bush To Sign Voting Act That He Once Opposed (WT) ... 93
Hoarder's Eviction Didn't Violate Rights, Judge Rules (WP) ... 95
For Whites In Prince George's, A Mirror On Race (WP) ... 96

Antitrust:

Realtors Face Probes Over Web Site Listings (LAW) ... 98
$1.1 Billion Microsoft Antitrust Settlement To Be Distributed (BCN) ... 99
Newspapers Seek To Rebut Lawsuit Over Sale Of MN (MERCN) ... 100
Microsoft To Acquire Technology To Speed Patient Data To Doctors (WSJ) ... 100
Microsoft To Offer Software For Health Care Industry (NYT) ... 101
Microsoft To Buy Medical Software (WP) ... 102
Microsoft Acquiring Medical Software Company (SEATBIZ) ... 103
Orthopedics Firm Says U.S. Probe Is Linked To Competitor's Email (WSJ) ... 103
Lawyer Is Upping The Ante In Claims Of Idea Theft In Hollywood (NYT) ... 103
Friendster Patent On Linking Web Friends Could Hurt Rivals (WSJ) ... 104
EMI Shelves Warner Music Bid (FT) ... 105
EMI Won't Pursue Its $4.6 Billion Bid For Warner Music (WSJ) 106
EMI Said To End Talks With Warner Music (NYT) ... 107

Environment:

Senate Passage Of Energy Bill Appears Assured (NYT) ... 107
Gulf Coast Drilling Bill Nears Passage In Senate (WSJ) ... 108
Senate Set To Take Up Gulf Coast Oil Drilling (WT) ... 109
Drilling Bits (WSJ) ... 110
Stiffing Fuel Economy (WP) ... 110
Gas At $3 A Gallon Is Likely To Persist Until Labor Day (WSJ) 111
Spent Nuclear Fuel Edges Closer To Yucca (CSM) ... 111
Ohio Supreme Court Rejects Taking Of Homes For Project (NYT) ... 112
Court Ruling Says City Can't Take Property (USAT) ... 113
Cold, Hard Facts (NYT) ... 114

FBI/DEA/ATF/USMS:

New FBI Division To Probe Weapons Terrorists May Use (WP)115
FBI Creates Executive Position To Track WMDs (MCT) ... 115
A Redeployment At A Realigned FBI (LAT) ... 116
New FBI Unit Focuses On WMDs (LAT/AP) ... 117
Mueller: FBI Restructuring Will Improve 'Business Side' (FOX) 118
FBI Adds New Leadership Position (FCW) ... 119
Threats Up Against Federal Judges (USAT) ... 119
30 Held On Charges Of Smuggling East African Stimulant To U.S. (NYT) ... 120
Dozens Arrested In Distribution Of African Stimulant (NSDY) .. 120
Dozens Arrested In U.S. Crackdown On Khat Smuggling (MCT)121
Three Roxbury Men Arrested In Stimulant-smuggling Sting (BOS) ... 121
Four Mass. Men Named In Indictments Of African Stimulant Ring (AP) ... 123
Feds Charge Dozens With Smuggling African Stimulant (AP) .. 124
14 Area Residents Arrested In Big Khat-smuggling Bust (SEATIMES) ... 124
14 Somalis Accused Of Dealing Drug Khat (SEAPI) ... 124
Dozens Indicted In Massive Drug Ring (ABC) ... 125
DEA Takes Down Record 'Khat' Drug Trafficking Ring (KTVT) 126
Lawyers: Bonds' Trainer To Remain Silent (AP) ... 127
Ex - Hells Angels Leader Gets 9 Years (AP) ... 128
Bolivian Cocaine Rises With Morales (WT) ... 128
Trooper Pleads Guilty In Gun Case (SLPD) ... 129
Gun Dealers Attracted By Maine Laws (BANGDN) ... 130

DOJ_NMG_0043691

Immigration:

U.S. Seeks Employers' Aid On Immigration (NYT) 131
Program To Help Employers Spot Illegals, Avoid Penalty (WT) 132
Green Cards Would Mean Fingerprinting At Airports (NYT) 132
Agency Can't Handle Guest Workers (WT) 133
Security Breach Raises New Doubt Son CIS Capability (WT) .. 134
New Troops At US Border, But The Task Is Vast (CSM) 134
Pence-Hutchison Bill Creates Hope On Immigration (RC) 137
Bring Back The Braceros (WSJ) 139

Tax:

Statements Made To U.S. Are Barred From Tax Case (NYT) .. 140
Judge Blasts Government Coercion In KPMG Tax Shelter Case (FINDLAW/AP) 141
Judge Bars Some Statements In The KPMG Tax-Shelter Case (WSJ) 141
IRS Workers Could Get Unofficial Access To Data (USAT)..... 142
Republicans Mount New Push To Cut Estate Tax (WSJ) 142
More Hope For The Truly Rich (NYT)..... 143

Congress-Administration:

The Bolton Nomination, Act II (WP) 144
John Bolton, Multilateralist? (WP) 145
Rejecting Bolton's Sledgehammer Diplomacy (LAT)..... 145
Bolton Revisited (WSJ) 146
Republicans Inexplicably Losing Momentum On Judicial Choices (NHUL) 146
Dubai Port Uproar Spurs Passage Of Bill (AP)..... 147
Overhaul Cleared For Review Panel (WT) 148
U.S. Stem-cell Researchers Sense A Chill (USAT)..... 148
Education Department Expands Tutoring (AP-Y)..... 149
House Leaders May Impose Earmarks Rule (AP-Y)..... 150
Leaders Vow Earmark Rules (RC) 150
Pork Reform Via Rules (HILL) 151
GOP Looks Seriously At Packaging Minimum Wage (RC) 153
Chicago Orders 'Big Box' Stores To Raise Wage (NYT) 154
Hastert Pledges To Stay If GOP Keeps House (RC) 155
Cost Of Living Said To Be Driving Out L.A. And San Fran Federal Workers (WP) 156
Dynamics Of Deficit Debate Foster Paralysis (WSJ)..... 157
The Relationship Blend (NYT) 159
Parental Notification (NYT) 160

Other News:

Fed Report Finds Economic Growth Is Starting To Slow (WSJ)161
Growth Slowing Across The Country, Fed Regional Reports Say (NYT) 161
The Global Interest Rate Dance, With Bernanke Leading (NYT)162
Stocks End Day Below The Flat Line, As Investors Sour On Mixed Profit News (WSJ)..... 163
Judge OKs More Northwest Labor Deals, Along With Attorney Fees (LAW/AP)..... 164
As Mrs. Astor Slips, The Grandson Blames The Son (NYT)..... 164
More Patients Fall Into A Hole In Drug Benefit (USAT)..... 166
Chamber Of Commerce Launches Ad Campaign (ap) 167
Bush Welcomed At W.Va. Fundraiser (AP-Y) 168
GOP Candidate Says Criticism Was A Joke (AP-Y) 168
Steele Says He Wasn't Trying To 'Dis' President (WT)..... 169
Steele Addresses Negative Comments On Bush (WP) 170
Steele Tries To Patch Up His Ties To President (BSUN)..... 171
Bush Backs Steele (AP)..... 172
GOP Candidates Wonder How Far From Bush Is Best (HILL) . 172
Simmering Rage Within The GOP (WP) 173
Governor Praises Faith-based Efforts (DMN)..... 174
Perry Preaches Public Funds For Faith-based Service Groups (HC)..... 175
Perry Touts Public Money For Faith-based Groups (AAS) 176
Texas GOPers Have Faith In DeLay (RC) 177
Hillary's Brother Barred From Bank Account (WT)..... 178
McCaskill Hit With GOP Ethics Complaint (HILL)..... 179
Pay Cut Let Lewis Aide Dodge Ban (RC) 180
Both Parties Post Low Approval Ratings In Poll (WSJ)..... 182
Welfare Check (WSJ) 183
Buckeye Blues (NSWK)..... 184
For Some Jews, Israel And Iraq Cloud View On Lieberman (NYT) 186
Lamont's TV Ads Widely Praised, Lieberman's So-so (HILL) ... 187
Raise Cash, Win Seats, Says Rahm (HILL) 188
Joint Caucus To Kick Off Democratic Blitz (RC)..... 189
Reynolds Airs His Ads Early (HILL) 190
No Consensus In Lebanon Cease-fire Talks (AP)..... 191
Rome Meeting Fails To Produce Plan To End Lebanon Crisis (WT) 192
Cease-fire Talks Stall As Fighting Rages On 2 Fronts (NYT) ... 193
Rice Says US Not Alone Over Mideast Ceasefire, Hails Rome Talks (AFP) 195
Diplomats In Dispute Over Mideast Cease-fire (USAT) 196
Rome Talks Fail To Yield Lebanon Ceasefire (FT) 197
World Powers Fail To Agree On Plan To End Fighting, Underscoring U.S. Influence On Israel (NYT) 197
Talks Fail On Mideast Truce (WP)..... 198
Timing Remains Obstacle To Mideast Cease-Fire (WSJ)..... 200
Poll Shows Skepticism In U.S. Over Peace In Mideast (NYT) .. 201
Overseas Tensions Force Bush To Change Direction (WP)..... 202
Holy War A Texas Preacher Leads Campaign To Let Israel Fight (WSJ) 204
Endgame In Lebanon (WP) 207
Failure Upon Failure (NYT)..... 207
The Tribes Of War (NYT)..... 208
Try Talking With Syria (WP)..... 209
A Middle East Chess Match (WT)..... 210
Middle East War: Made In Europe (LAT)..... 211
Hezbollah Fighters Kill 9 Israeli Soldiers (AP-Y)..... 212
West Fears Hezbollah's Organized Fighting Style (WT) 214
Israel Redefines Expectations Of What Success Means (LAT) 214
For Israeli Unit, Hezbollah Lair Is Ambush Site (NYT)..... 216
Haifa, Suddenly Vulnerable, By Turns Is Stoic And Fearful, Stir-Crazy And Looking To Fight (NYT) 217
Hezbollah Proves A Formidable Foe (WP)..... 218
Israel Faces Fierce Resistance From Hezbollah (LAT)..... 220
Israelis Die In Lebanon (WT) 221

DOJ_NMG_0043692

Israeli Losses Mount In Lebanon (CHIT) 222
Tyre Reels From Attacks That Never Fail To Shock (NYT) 223
Sharon In Intensive Care After Condition Worsens (WT/AP) 224
Report: U.N. Observers' Calls Unheeded (AP-Y) 225
U.N. Says It Protested To Israel For 6 Hours During Attack That Killed 4 Observers In Lebanon (NYT) 226
Annan Accepts Israel's Apology (WT) 227
In Gaza, 23 Palestinians Killed (LAT) 228
24 Killed As Israel Moves Into N. Gaza (WP) 229
India Nuke Deal Heads For House Vote (AP-Y) 230
House Approves Nuclear Deal With India (NYT) 231
Bush Eager To Revive Failed Doha Talks (FT) 231
US Refuses To Give Up After 5 Years Of Failed Trade Talks (USAT) 232
Schwab Tries To Revive Global Trade Talks (WT) 233
Collapse Of Trade Talks May Yield Legal Battles (WSJ) 233
Failure Of Global Trade Talks Is Traced To The Power Of Farmers (NYT) 234
How Farms Stymied Doha (CSM) 235
Shrugging Off Trade Promises (NYT) 237
Doha Stall Leaves Lawmakers To Focus On A New Farm Bill (HILL) 237
U.S. Tariff-Bill Authors Threaten Vote If China Doesn't Loosen Yuan (WSJ) 238
Japan: Ban On U.S. Beef Ends (NYT) 239
N. Korea Says It Will Bolster Nuke Program (AP) 239
Rice In A Serious Mood (NYT) 239
N. Korea-Iran Ties Seem To Be Growing Stronger (LAT) 239
Chavez Brushes Aside U.S. On Arms Deals (AP) 241
Russia Reaches Out To Venezuela (WSJ) 241
Bolivian Cocaine Rises With Morales (WT) 242
Experts See Proxy War Under Way In Somalia (AP) 243
Georgian Forces Persist In Attacks On Militia (NYT) 244
Aid Groups Are Criticized Over Tsunami Reconstruction (NYT) 245
One New Light In Liberia, An Inch Back From Abyss (NYT) 247
Recount Or Riots, Leftist Voters Warn (WT) 248
Recount The Votes -- And Be Patient (WP) 249
Kidnapping Mexican Democracy (WP) 250

DOJ_NMG_0043693

TERRORISM NEWS:

Administration And Critics, In Senate Testimony, Clash Over Eavesdropping Compromise (NYT)

By Eric Lichtblau

The New York Times, July 27, 2006

WASHINGTON, July 26 — Senior Bush administration officials said Wednesday that it would be impractical for them to obtain individual warrants every time they needed to eavesdrop on a conversation suspected of involving Al Qaeda. They urged Congress to approve a proposal that critics said would give the president broad, unchecked powers.

In testimony to the Senate Judiciary Committee, Gen. Michael V. Hayden, director of the Central Intelligence Agency, called the proposal, developed by Senator Arlen Specter and the White House, "a great opportunity" to modernize intelligence-gathering procedures in a way that would "protect our liberty and security."

General Hayden's testimony, and that of two other senior officials, amounted to the administration's first pitch for the Specter-White House agreement. Under the proposal, the Foreign Intelligence Surveillance Court, which meets in secrecy to rule on usual government requests for warrants in intelligence cases, would decide whether the administration's program of monitoring international communications of Americans without warrants is constitutional.

But critics attacked the agreement Wednesday as abdication to the White House. Mr. Specter, the Pennsylvania Republican who heads the Judiciary Committee, appeared particularly stung at the hearing when a civil liberties advocate, James X. Dempsey, told him he would prefer to see no legislation at all, allowing the National Security Agency to continue wiretapping Americans without warrants, than Congressional approval of procedures outside the scope of the 1978 law that created the secret court.

In agreeing to that court's review of the N.S.A. program, the White House had insisted that the bill include language implicitly recognizing the president's "constitutional authority" to collect foreign intelligence beyond the provisions of the 1978 law. Mr. Dempsey, policy director of the Center for Democracy and Technology, said at the hearing that he appreciated Mr. Specter's efforts to bring the N.S.A. program under judicial review but that "the price you paid for that simple concession is far too high."

The proposal, he said, "would turn the clock back to an era of unchecked presidential power, warrantless domestic surveillance and constitutional uncertainty."

Mr. Specter grew testy over the attack, saying President Bush's agreement to submit the program to the intelligence court was no simple concession.

"Have you ever gotten a concession from a president?" he demanded of Mr. Dempsey.

"I would just suggest to you," the senator said, "that given the president's attitude on the surveillance program and his attitude on executive power generally that it was not a simple concession, but really was quite a breakthrough."

Mr. Specter now finds himself in the unlikely position of White House ally after months as an antagonist.

He has been the leading Republican critic of the legality of the N.S.A. program and of the president's broad reading of presidential power. He has clashed with Vice President Dick Cheney over White House efforts to prevent telecommunications industry executives from having to testify before Congress about data they have provided to the agency. And just an hour after Wednesday's hearing concluded, he introduced a bill telling the courts that in interpreting law, they cannot rely on presidential "signing statements."

Mr. Bush has made frequent use of the signing statements in asserting authority to disregard or selectively enforce provisions of laws like the USA Patriot Act and those on torture restrictions if he believes they infringe on his constitutional powers. Mr. Specter said his legislation would seek to ensure that the statements "are not being used in an unconstitutional manner."

Still, the senator is in step with the administration over how Congress should respond to the controversy over the eavesdropping program. In pushing for passage of the agreement, General Hayden and two other officials at the hearing — Lt. Gen. Keith B. Alexander, director of the N.S.A., and Steven G. Bradbury, acting assistant attorney general — stressed that the 1978 law had not kept pace with changing technology.

General Alexander said the complexities of global telecommunications would pose a "tremendous burden" for his agency if it had to get a warrant every time a foreign target with suspected ties to Al Qaeda was communicating with someone who might be in the United States.

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"You would be so far behind the target, if you were in hot pursuit, with the numbers of applications that you would have to make and the time to make those, you could never catch up," he said.

Officials Urge Law To Allow Eavesdropping (WP)

By Walter Pincus

The Washington Post, July 27, 2006

Senior Justice Department and intelligence officials urged Congress yesterday to approve new laws to accommodate the government's controversial warrantless eavesdropping program.

Arguing that the 1978 law governing surveillance of terrorists is out of step with current technology, the officials, appearing before the Senate Judiciary Committee, said they previously had not sought new legislation to avoid disclosing a key part of the operation. That is the ability to intercept foreign phone calls and e-mails no matter what their destination as they pass through telecommunications facilities inside the United States, said Lt. Gen. Keith B. Alexander, director of the National Security Agency.

But in the wake of media disclosures about the spying, that is no longer the case. "What's happened in the last seven months is that much of this program has already been put out into the public domain," said CIA Director Michael V. Hayden. "That inoculates some of the discussion we're having today against some of the downside."

President Bush launched the program shortly after the Sept. 11, 2001, attacks, allowing eavesdropping without court warrants on phone calls and e-mails between the United States and locations overseas if one party was suspected of links to terrorists. As part of a proposed deal with Bush to submit the program to court review, the Senate Judiciary Committee is considering changes to the 1978 Foreign Intelligence Surveillance Act (FISA), which governs surveillance of suspected terrorists and spies.

What Alexander and Hayden described to the senators are vast facilities that route foreign-to-foreign communications through the United States, where they are readily accessible to the NSA. Alexander testified that because no U.S. court order is needed to acquire communications of foreign intelligence targets overseas, even when they call to the United States, "it ought not to matter whether we do so from the United States or elsewhere."

Sen. Dianne Feinstein (D-Calif.), a member of the Judiciary Committee and the Select Committee on Intelligence who has been briefed on the NSA program, said Alexander had "for the first time" told the Judiciary panel about "foreign-to-foreign switching." She said based on what she had learned in secret briefings about the number of U.S. citizens subject to wiretaps, the surveillance program "is easily accommodatable to an individual warrant for U.S. persons."

Alexander disagreed. "If you were in hot pursuit, with the number of applications that you would have to make" for court warrants "and the times to make those, you could never catch up to the target," he said.

Another witness at yesterday's hearing, Steven G. Bradbury, an acting assistant attorney general, made it clear that legislation introduced by Judiciary Committee Chairman Arlen Specter (R-Pa.) after negotiations with the White House would "encourage" -- but not require -- Bush or a future president to present any future surveillance program to the secret FISA court for approval.

"It would be a very substantial change in FISA today by adding a new title that would give the court jurisdiction to review such a program on a program-wide basis," Bradbury said. "It is an important new tool that any president would have going forward."

But Bradbury stressed that the president retained authority to institute such a program on his own and that Bush's pledge to submit the program for judicial review was only "if the chairman's legislation were enacted in its current form or with the further amendments sought by the administration."

Bradbury also said Specter's proposal that civil litigation involving companies cooperating in the surveillance program be transferred to the FISA court was done "to ensure protection of sensitive national security information and promote uniformity in the law."

Spy Agency Chiefs Call For Broader Rules (USAT)

USA Today, July 27, 2006

Anti-terrorism authorities could not track al-Qaeda effectively if they had to get court warrants before eavesdropping on global phone conversations involving U.S. callers, CIA Director Michael Hayden said Wednesday. Most of the phone calls involve al-Qaeda suspects overseas calling people inside the United States, Hayden said at a Senate Judiciary Committee hearing.

After the Sept. 11, 2001, terror attacks, President Bush authorized the National Security Agency (NSA) to monitor, without getting warrants, international calls and e-mails of people in the USA when one party to the conversation may be linked to terrorists.

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Sen. Russ Feingold, D-Wis., and other critics say the NSA program could violate constitutional protections against unreasonable searches, as well as the 1978 Foreign Intelligence Surveillance Act (FISA) that regulates domestic wiretapping and searches.

Requiring separate warrants for each call would be impractical and ineffective, NSA Director Keith Alexander said. "You'd be so far behind the target if you were in hot pursuit … that you'd never catch up," said Alexander, an Army lieutenant general.

Hayden, an Air Force general, backed compromise legislation between the White House and Senate Judiciary Chairman Arlen Specter, R-Pa., that would allow a secret FISA court to review the NSA program to determine its legality.

New FBI unit focuses on preventing WMD attacks

The FBI has created a division to guard against terrorists who might smuggle chemical, biological or nuclear weapons into the USA, FBI Director Robert Mueller said. "This is a reflection of the necessity of focusing on preventing a weapon of mass destruction from being used in the United States," Mueller said.

The WMD directorate will be headed by Vahid Majidi, a scientist from the Los Alamos National Laboratory who was chief science adviser at the Justice Department in 2003. Mueller said the capture or death of high-ranking al-Qaeda leaders has substantially degraded the terrorist organization, but "that does not mean they do not have the capacity down the road." — Kevin Johnson

House OKs shipments of nuclear technology to India

The House of Representatives voted overwhelmingly to allow U.S. shipments of civilian nuclear fuel and technology to India. The vote gave President Bush a victory on one of his top foreign policy initiatives. Rep. Tom Lantos, D-Calif., said the proposal, which would reverse decades of U.S. anti-proliferation policy, is "a tidal shift in relations between India and the United States."

The House approved the measure 359-68. The Senate has yet to vote on the plan, which must clear several more hurdles before U.S.-India nuclear trade could begin.

For Bush to implement his accord with India, lawmakers must first exempt New Delhi from U.S. laws that bar nuclear trade with countries that have not submitted to full international inspections.

Park Service directorleaving post after 6 years

National Park Service Director Fran Mainella announced her resignation after six years of overseeing the more than 84 million acres of national parks spread across 388 sites. A Park Service release said Mainella wants to devote more time to her family. It did not say when she will leave her post.

Mainella most recently oversaw a controversial rewrite of management policies for the parks. Mainella and the Park Service were criticized by some members of Congress after the agency released a management plan that would have placed more emphasis on recreation. A new draft of the plan released by Interior Secretary Dirk Kempthorne last month retreated from that initial proposal, winning praise from environmentalists.

Bush Administration Pushes Updated Law On Foreign Wiretaps (AP)

By Andrew Taylor, Associated Press

AP, July 27, 2006

WASHINGTON – The Bush administration pressed Congress on Wednesday to ease decades-old restrictions on surveillance to catch up to Internet-age technology.

As lawmakers debate whether the president's domestic spying program is legal, the CIA director said the 1978 law covering such monitoring is behind the times.

Gen. Michael Hayden cited technological advances and said terrorists, not Cold War rivals, were chief threats today, as he tried to make the case to the Senate Judiciary Committee for updating the Foreign Intelligence Surveillance Act.

A senior Justice Department official, acting Assistant Attorney General Steven Bradbury, added, "Congress did not anticipate the technological revolution that would bring us global high-speed fiber-optic networks, the Internet, e-mail and disposable cell phones."

Democrats said it was premature to rewrite the law. They said it was not even clear that current eavesdropping, which includes the monitoring of international telephone calls and e-mails that originate or end in the United States, is legal without a search warrant.

As part of a deal with Bush to submit the wiretapping program for court review, the Republican-controlled committee is considering updating the law. The administration monitors international calls and e-mails of Americans if terrorism is suspected.

Changing the law brings into play the larger question of whether the administration is violating constitutional protections against illegal searches.

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"Whether or not FISA is in need of fine-tuning is a legitimate consideration, but FISA's possible imperfections provide no excuse for the administration's flouting of existing law," said Sen. Patrick Leahy of Vermont, the committee's top Democrat.

The chairman, Sen. Arlen Specter, defended his compromises to get the president's agreement to submit the wiretapping program to review by a secret court. Specter, R-Pa., is pushing hard to update the law as part of the deal.

Specter said the deal is the best Congress can get right now. The administration is fighting and mostly winning cases brought against the program in regular courts on the grounds that state secrets would be revealed, Specter said.

The administration has contended that the surveillance program, disclosed by The New York Times in December, is exempt from the restrictions of the law.

The administration says the authorization in 2001 for Bush to use military force against terrorists also gave him the power to run the warrantless wiretapping program without obtaining permission from a secret court created by the 1978 law.

The White House is contesting challenges in federal courts, saying such lawsuits should be dropped because they would lead to the disclosure of state secrets.

On Tuesday, a federal court threw out a suit aimed at blocking AT&T Inc. from giving telephone records to the government for use in the fight against terrorism. The court said information that would be disclosed would reveal too much about the government's intelligence programs to U.S. adversaries.

Specter's bill would require the attorney general to provide the special court with information on the program's legal basis, the government's efforts to protect Americans' identities and the process used to determine that the intercepted communications involved terrorism.

The proposal would clarify that international calls that merely pass through the United States are not subject to the judicial process established under the law.

Rules Debated For Trials Of Detainees (NYT)

By David S. Cloud And Sheryl Gay Stolberg

The New York Times, July 27, 2006

WASHINGTON, July 26 — Bush administration officials said Wednesday that they were still debating important aspects of a draft bill laying out new rules for bringing terror detainees to trial, with some of the sharpest disagreements over provisions that would allow defendants to be excluded from their own trials.

The military's senior uniformed lawyers, known as judge advocates general, are concerned that those provisions may prompt other governments to put captured American soldiers on trial in absentia, said a senior official involved in the deliberations about the plan.

The debate is also driven in part by concern expressed by the Supreme Court about the exclusion of defendants when it struck down the Bush administration's original effort to put terror detainees on trial before military commissions.

Though the draft administration bill provides new rules intended to deal with the Supreme Court objections, the draft plans would still allow defendants to be removed when classified evidence was presented.

That could leave an opening for defense lawyers to challenge the new rules in federal court if the draft plan was adopted in its current form by Congress, said the senior official, who spoke on condition of anonymity.

"The JAG's are mulling over the extent to which the accused must be present at a military commission trial in light of the Supreme Court decision," the official said, using an abbreviation for judge advocates general.

Getting the judge advocates general to endorse the draft plan is important, administration officials say. They believe that if the uniformed lawyers at the Army, Navy, Air Force and Marines endorse the bill, it may help blunt a push by Republican senators who have led the calls for adopting trial rules that give more rights to defendants.

Attorney General Alberto R. Gonzales defended the administration's proposal on Wednesday, saying a provision that would permit hearsay evidence to be used against terrorism suspects was "very consistent" with international war crimes tribunals in Yugoslavia and Rwanda.

"We are looking at what has occurred around the world," the attorney general said in an interview on C-Span, the cable network.

Mr. Gonzales was reacting to the disclosure on Wednesday in The New York Times of the details of legislation being drafted by the administration that would set out new rules on how to bring terror suspects to trial. The 32-page draft proposes a system of military commissions similar to those that were struck down last month by the Supreme Court.

The draft has been reviewed at the highest levels of the White House, a senior administration official said. The official said that President Bush was briefed on the measure last Thursday, and that Vice President Dick Cheney, Secretary of State Condoleezza Rice, Secretary of Defense Donald Rumsfeld and National Security Adviser Stephen J. Hadley were also in the room.

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What remains unclear is how close the draft is to a final bill. Asked if the administration is open to negotiations on the draft, Tony Snow, Mr. Bush's spokesman, said Wednesday, "The way to talk about it is consultations.''

In the television interview, the attorney general cited international tribunals to defend the draft. But in testimony on Capitol Hill on Wednesday, other experts cited those tribunals to point up problems with the legislation.

The plan to exclude defendants from their own legal proceedings if necessary does not adhere to the standard of international tribunals, said Judge Gerald Gahima, who is both a former judge for the war crimes chamber of the Court of Bosnia Herzegovina, and a former attorney general of Rwanda.

"The statutes of the Rwanda tribunal and the Yugoslav tribunals prohibit trials in absentia,'' Judge Gahima said in testimony before the House Armed Services Committee.

In a telephone interview, John D. Hutson, a retired rear admiral and the Navy's former top lawyer, also criticized the administration plan, saying that its provisions fell short of the standards for a fair trial contained in the military's procedures for courts martial — rules that some members of Congress say should be the basis for prosecuting terror detainees.

Mr. Hutson, the dean of Franklin Pierce law school in New Hampshire, said that the administration plan was so weighted against defendants that "the administration seems doggedly determined to ensure convictions."

Proposal Calls For Tribunal-Style Trials (WP)

By R. Jeffrey Smith And Josh White

The Washington Post, July 27, 2006

Some Bush administration officials have drafted a proposal that would authorize the prosecution of detainees in the terrorism fight in trials modeled closely after the military commissions recently declared illegal by the Supreme Court, including provisions that allow the use of hearsay evidence and the exclusion of some defendants from their own trials, government officials said yesterday.

The plan was developed in several weeks of contentious meetings involving senior civilian officials at the White House, and at the Justice, State and Defense departments, but without substantial input from the military's corps of uniformed lawyers. Those lawyers, who have been highly critical of the administration's approach to detaining and interrogating terrorism suspects, were given copies of the proposal for review this week after the others reached a consensus.

"We are reaching out to the military establishment, to military JAGs [judge advocates general], to get their views and comments on how the procedures should work," Attorney General Alberto R. Gonzales said yesterday morning on C-SPAN's "Washington Journal." He was responding to the disclosure of the proposal in yesterday's editions of the New York Times.

The conduct of the trials has been highly controversial, inside and outside the government. Under a plan ordered in 2001 by President Bush without seeking the advice of uniformed military lawyers, the State Department or his national security adviser, the detainees would have faced military judges and had highly limited rights at trial and in appeals.

But the Supreme Court struck down Bush's plan on June 29, ruling that it was not authorized by law and ran afoul of international treaty protections for detainees during wartime. The court's majority specifically said the trials must follow procedures set out in an older law on military courts-martial, unless that is impractical -- a contention the administration did not prove to the court -- and must provide "all the judicial guarantees which are recognized as indispensable by civilized peoples."

The draft is meant to overcome the Supreme Court's objections by seeking explicit congressional approval for trials organized under different principles. According to those who have seen it, the plan hews reasonably closely to the original Bush plan by allowing trials to proceed without the defendant's presence to protect sensitive information. It also does not contain a blanket prohibition on the use of information obtained through coercion, as human rights groups had sought, but allows judges to admit the information if it is reliable and needed to prove a point.

The draft does not set a deadline for the onset of trials after a detainee's capture, and it allows military judges to decide whether to allow the introduction of hearsay.

The draft also does not include language -- sought by some at the White House and the Justice Department -- that would have declared that U.S. courts lack jurisdiction to review or enforce provisions of the Geneva Conventions in the future. That language would have been contentious on Capitol Hill and upset U.S. allies, administration critics argued.

Some administration officials have said they anticipate that provisions in the draft, particularly permission for trials to be conducted in a defendant's absence, will arouse concerns among military lawyers and Republican lawmakers who have been highly active on the detainee issue -- Sens. John W. Warner (Va.), John McCain (Ariz.) and Lindsey O. Graham (S.C.).

The military lawyers have generally argued since 2001 for trials that afford detainees more rights and protections than Pentagon political appointees have sought, out of concern that restricting the rights of U.S.-held detainees would encourage those who capture U.S. military personnel to do likewise.

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But the administration has been working closely with Graham, a former Air Force judge, trying to win his endorsement, and officials predicted he would offer it if the military's current top lawyers agreed to accept what the civilians have proposed. Graham, in an interview yesterday, called the draft "a good start."

"What I have seen of the draft are the nuts and bolts of a court-martial with changes that make sense in terms of trying a war criminal," Graham said. "But I have concerns, and what I'm looking forward to is a debriefing from the military legal community about their views."

Graham did not detail those concerns but said he accepts that hearsay evidence should be admissible and that defendants can be excluded as long as the decision can be appealed to another court.

Gonzales said in defense of the proposal that it was "consistent with the rule of law" and that its conditional allowance of hearsay evidence was consistent with the practice of the international tribunals governing war crimes in Rwanda and the former Yugoslavia.

But at a House Armed Services Committee hearing yesterday, law professor Michael P. Scharf -- who helped draft the rules for the Yugoslav tribunal -- testified that administration officials have "painted a misleading picture" on the similarities between their plan and the tribunals' procedures.

Scharf said defendants before the tribunal were entitled in all cases to be present at trial and to know who was confronting them. Only highly trained and experienced judges can rule on the admissibility of hearsay evidence, and evidence collected through inhumane treatment falling short of torture is absolutely excluded, he said.

Administration Seeks Terror Prosecution (AP)

By Anne Plummer Flaherty, Associated Press Writer

AP, July 27, 2006

WASHINGTON — Attorney General Alberto Gonzales said Wednesday the administration is pursuing legislation that would authorize the same military tribunals the Supreme Court last month called illegal.

In an interview on C-SPAN, Gonzales confirmed the administration had drafted a proposal that would allow indefinite detention of suspected terrorists. The draft is now being circulated among military lawyers for comment.

"There may be instances where it is impractical to bring someone to trial within 120 days or a short period of time," Gonzales said.

Gonzales also confirmed the administration was considering a system that would allow reliable hearsay evidence when prosecuting terror suspects. Defendants also would be barred from their own trials if it necessary to protect national security.

Gonzales said such restrictions are common in international tribunals used to prosecute war crimes.

"We are looking at what has occurred around the world," Gonzales said. "Again, we're in the drafting process."

The New York Times first reported on the draft proposal on its Web site Tuesday.

The draft says the more defendant-friendly court-martial system is "not practicable in trying enemy combatants" since it would require the government to share classified information, the Times reported.

According to the draft, hearsay evidence would be allowed unless it was deemed to be unreliable.

The legislation also would declare that a provision of the Geneva Conventions would not apply to detainees, meaning terror suspects could not file lawsuits in the future saying their Geneva rights were violated, the Times reported.

The Supreme Court ruled last month that the international conventions do apply.

At the same time, however, the legislation would offer a few expanded protections for defendants, including a ban on statements obtained by the use of torture for use as evidence, according to the Times.

The administration has been wrangling with the issue of detainees' legal rights since a June 29 ruling by the Supreme Court, which determined the military tribunals established by the Pentagon to prosecute the prisoners requires authorization by Congress.

The administration had previously maintained that the president's executive authority allowed him to establish the tribunals without the permission of Congress. President Bush also asserted that the Geneva Conventions did not apply to terror suspects because they were not conventional prisoners of war.

Sen. John Warner, who chairs the Armed Services Committee, said he had wanted to convene a hearing this week on the matter, but was urged by Gonzales to hold off until the administration could interview military lawyers and formulate a solid proposal.

Warner, R-Va., and Sens. John McCain, R-Ariz., and Lindsey Graham, R-S.C., have met frequently with administration officials in recent days to discuss detainee legislation.

The senators have said they would support establishing a system based on the military's own court-martial practices and had been told the White House would support such a move. But senior officials from the Pentagon and Justice Department

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testified earlier this month that the Uniform Code of Military Justice would be too lenient on terror suspects and could expose classified information.

Trial Set For 7 Accused Of Terror Attack Plot (AP)

By Curt Anderson, ASSOCIATED PRESS

AP, July 27, 2006

MIAMI-- Two informants were paid nearly $56,000 by the FBI for their roles in the investigation that led to the arrests of seven men accused of plotting attacks against Chicago's Sears Tower and government buildings, prosecutors disclosed Wednesday.

The disclosure came as U.S. District Judge Joan Lenard set a March 5 trial date for the seven defendants.

Defense attorneys said they would need several months to prepare and go through evidence, which includes 56 days of video surveillance footage and many hours of transcripts from telephone wiretap and body wire recordings.

"It should give you a sufficient amount of time," Lenard told the lawyers at a brief hearing.

The seven are accused in a four-count indictment of conspiracy and material support charges stemming from an alleged plot to blow up the Sears Tower and destroy FBI offices and other buildings in Miami, Los Angeles, New York, Chicago and Washington. All have pleaded not guilty and are being held without bail.

Authorities have said their plot never got beyond the preliminary stages and that the group--allegedly led by Narseal Batiste, 32--had acquired no explosives or weapons needed for such an attack. They had taken surveillance photos of buildings in the Miami area.

Prosecution court documents disclosed the payments to the two informants, one of whom posed as an al-Qaida operative. That informant, known as confidential witness 2 or "CW2" in court papers, was given legal U.S. immigration status in return for his help.

CW2 also was paid $17,000 for his work and $19,570 in expenses, according to court papers. He is of Arabic heritage and was introduced to Batiste as an al-Qaida operative who could help provide weapons and supplies for the purported operations.

The other information, confidential witness 1, or "CW1," was paid $10,500 for his work plus $8,815 for expenses. He was an acquaintance of Batiste's who had also worked with the FBI since 2004. He tipped off authorities when Batiste asked him whether he knew anyone in Yemen who might be willing to support his plots against the United States.

It is common for the FBI and other law enforcement agencies to pay informants for their work, but the amounts are not commonly disclosed publicly so early in the legal process.

FBI Paid Informants In Case Of Accused Terror Cell (ORS)

By Madeline Bar Diaz And Vanessa Blum, South Florida Sun-sentinel

The Orlando Sentinel, July 27, 2006

The FBI paid almost $56,000 to two confidential informants who are key to the case against seven men accused of being involved in a terrorist plot to blow up the Sears Tower in Chicago and other targets.

According to a document filed by federal prosecutors, the FBI paid one unnamed informant $10,500 and an additional $8,815 in expenses. A second informant was paid $17,000 with another $19,570 for expenses. U.S. officials also granted the second informant a "significant public benefit" -- immigration parole so he could remain in the country.

While using paid informants is not unusual in criminal cases, defense attorneys for the accused men said the compensation and benefits will help them show jurors the informants are not trustworthy.

"The fact that these are not just good citizens that are cooperating with the government, but that these are opportunists that are trying to earn not only money but other benefits by creating a case, is extremely significant," said Gregory Prebish, attorney for Burson Augustin, one of the accused.

The seven men, part of a religious group headquartered in the Liberty City area of Miami-Dade County, are facing various charges in connection with the attacks they are accused of planning.

Much of the case hinges on the two informants, one of whom knew the men and participated in the investigation after alerting authorities. The second man posed as an al-Qaeda operative at the FBI's direction, according to prosecutors.

Secret recordings made by the informants are also central to the case.

According to documents, alleged ringleader Narseal Batiste approached the first informant, an acquaintance who has worked with the FBI since about 2004 and who has previously been arrested for assault, possession of marijuana, and motor-vehicle violations.

It is alleged that Batiste asked the informant whether he knew anyone in Yemen who would be willing to support his mission against the United States.

The South Florida Sun-Sentinel is a Tribune Publishing newspaper.

Liberty City Terror Suspects Go To Trial In March (MH)

By Jay Weaver

The Miami Herald, July 27, 2006

The Miami terror case that attracted worldwide attention last month -- thanks to a Washington press conference announcing the arrests of seven men with alleged al Qaeda connections -- is set for trial on March 5.

U.S. District Judge Joan Lenard on Wednesday issued a fall deadline for the seven defendants' lawyers and federal prosecutors to share evidence, including transcripts of secretly recorded FBI phone conversations, video surveillance tapes and post-arrest statements.

Lenard also warned both sides to follow federal court rules about not disclosing information to the public, including the media. "If I need to, I will issue an order in this case," Lenard said, without elaborating.

News of the terror case broke on the afternoon of June 22, when federal agents rounded up the seven defendants and charged them with conspiring to support al Qaeda in an alleged plot to blow up FBI buildings in five cities, including Miami. The so-called Liberty City Seven also were charged with scheming to wage a terror war against the United States and to destroy the Sears Tower in Chicago.

Agents raided the group's Liberty City warehouse, where they combined Moorish religious activities with military training. But agents came away with three machetes, a Koran and a PlayStation, among other items.

Defense lawyers decried the arrests as the result of an FBI sting: Two informants, both of Arabic descent, had infiltrated the group, learned about its ringleader's alleged plot to target the Sears Tower, and then pretended that al Qaeda could help him carry out his mission with money and other resources.

Cell phone bugs and video surveillance of an undercover Miami warehouse captured many of ringleader's conversations with the FBI informants -- as well as the seven men's pledges of loyalty to al Qaeda.

According to court records, the two unidentified informants were paid by the FBI for their services.

The first informant, a former North Miami convenience store owner with a criminal history, was paid $19,315 -- $10,500 for services and $8,815 for expenses.

The second informant, who posed as an al Qaeda operative, was paid $36,570 -- $17,000 for services and $19,570 for expenses. The FBI also sponsored the informant's asylum application so he could assist in the investigation. Immigration and Customs Enforcement approved the application on March 30, 2006 -- just a few weeks after the seven defendants took their al Qaeda oaths, records show.

"[Both] are willing to testify but have concerns for their personal safety," a May 30 FBI affidavit said.

In other developments, the Federal Public Defender's Office in Miami withdrew from representing the terror group's alleged ringleader, Narseal Batiste, citing a conflict of interest.

That office was already representing a man on a gun possession charge who was a spiritual advisor to Batiste. His name: Sultan Khanbey, a leader in the Chicago-based Moorish Science Temple. He is expected to cooperate as a witness for federal prosecutors.

In April, Khanbey had a falling out with Batiste. He accused Batiste of treason for allowing the FBI to infiltrate the Moorish group's new branch in Miami and kicked him out after a "trial" on April 17.

Two days later, Khanbey fired one shot at another spiritual advisor to Batiste, leading to the group's ultimate unraveling.

PATRIOT ACT:

Judge Who Invalidated Part Of Patriot Act Hears Related Challenge (AP)

By Linda Deutsch, Associated Press

AP, July 27, 2006

LOS ANGELES – A federal judge who previously invalidated a portion of the USA Patriot Act as too vague delayed a decision on a similar challenge to a post-Sept. 11 executive order Wednesday but indicated in a tentative ruling she was inclined to uphold wide powers asserted by President Bush under an anti-terror-financing law.

U.S. District Judge Audrey Collins heard more than an hour of arguments from a lawyer for the Washington- based Center for Constitutional Rights and from a Department of Justice lawyer before delaying her final ruling to allow more briefs to be filed.

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In her tentative 41-page ruling, she urged lawyers not to confuse her prior rulings in a related case with the issue now at hand. She said this was the first time that the plaintiffs had directly challenged Executive Order 13224 signed by the president on Sept. 23, 2001, under the International Emergency Economic Powers Act following the Sept. 11 terrorist attacks.

Center attorney David Cole, representing the Humanitarian Law Project, objected to the section of law that allows the president to designate persons or groups as providing "services" to or being "otherwise associated" with designated terrorist groups. He said it does not require that any reason be given for putting a group or person on the list, freezing their assets and prosecuting them.

"This is saying we're going to give the president a blank check to designate anyone he wants," said Cole. "... He has the power to designate anyone as a global terrorist without finding they're engaged in terrorism or supporting it."

He maintained that thousands of people have been added to the list without explanation by Bush and the U.S. secretary of the treasury.

"You can be designated in a secret process on secret evidence you never see," he said.

Department of Justice Senior Trial Counsel John Tyler argued that the executive order portion of the act has never been used in the manner that Cole suggested.

"It's a hypothetical possibility that it's a law that might be used," he said. "... You have to come forward with fact, not just speculation."

The judge pointed out that when the order was first enacted, Bush designated 27 groups as terrorist organizations.

"Are you saying that did not occur?" asked the judge.

"It did occur," said Tyler, "but Mr. Cole does not represent those 27 entities.... This is not before the court."

Cole, a professor at Georgetown University Law School, said the Humanitarian Law Project seeks to clear the way for U.S. groups and individuals to assist political organizations in Turkey and Sri Lanka without subjecting themselves to prosecution or having their assets frozen.

The long-running litigation has centered on two groups, the Liberation Tigers, which seeks a separate homeland for the Tamil people in Sri Lanka, and Partiya Karkeran Kurdistan, a political organization representing the interests of the Kurds in Turkey. The plaintiffs say that in the wake of a devastating tsunami, Sri Lanka is in need of assistance.

Both groups have been designated by the United States as foreign terrorist organizations.

In 2004, Collins ruled that portions of the Patriot Act were too vague and, even after Congress amended the Patriot Act in 2005, she ruled that the provisions remained too vague to be understood by a person of average intelligence and were therefore unconstitutional.

This time, in the tentative ruling, she rejected the vagueness argument saying it was clear what activities were being barred by the executive order.

Tyler argued Wednesday that Cole's group does not have standing to challenge the executive order portion of the law because they have presented no solid facts. And the judge indicated the issue of standing was her greatest concern.

Cole said he had been denied discovery in the case on national security grounds and had been unable to find out facts to support his argument and win standing.

It was on that issue that the judge ordered new legal briefs.

The judge said that the plaintiffs had not proven that the challenged provisions of the International Emergency Economic Powers Act had been enforced despite their being in effect for a substantial period of time

"This fact, coupled with the lack of a specific or even a general threat of prosecution, precludes any credible threat of enforcement," she said in the tentative ruling.

She added, "This should not, however, be taken as an endorsement of the government's view that the court should decline review whenever the president invokes national security."

HOMELAND RESPONSE:

Muslim, Other Groups Ask FBI To Be Sensitive In Hezbollah Probe (NSDY/AP)

By Nahal Toosi, Associated Press Writer

Long Island Newsday, July 27, 2006

NEW YORK -- Leaders of the country's Muslim, Middle Eastern and South Asian communities are urging the FBI to act in a sensitive manner toward people and groups it may encounter when scrutinizing potential activities by the Islamic militant group Hezbollah on U.S. soil.

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In a letter sent Wednesday, 25 groups, including the Islamic Society of North America and the American Arab Anti-Discrimination Committee, urged FBI Director Robert Mueller to issue instructions to field offices and agents to avoid unwarranted profiling and respect the legal protections of people they may question.

"We want the FBI, obviously, to protect our nation from those who do us harm, but we want them to focus on actual credible evidence of wrongdoing and not target people based on their ethnicity or religion or based on First Amendment political expression," said Farhana Khera, head of Muslim Advocates, the lead drafter of the letter. "We want to avert any kind of raw fishing expedition-type initiative."

Khera, whose group is the charitable arm of the 500-plus-member National Association of Muslim Lawyers, said activists decided to send the letter after learning in recent days that the FBI has increased its focus on the worldwide activities of Hezbollah in light of the most recent fighting in the Middle East. Israel has launched airstrikes and sent soldiers to southern Lebanon in response to the capture of two Israeli soldiers and the killings of eight more by the militant group.

On Wednesday, Mueller told reporters at FBI headquarters in Washington, D.C., that the agency's efforts continued, but when asked if there was any indication the group is planning an attack in the United States or on U.S. interests abroad, he said, "At this juncture, no."

FBI spokesman Stephen Kodak said the agency plans to reach out to the groups that sent the letter. He said there are no plans to launch large-scale interviews regarding Hezbollah.

"We are sensitive to the cultural differences in dealing with the Muslim community," Kodak said, adding that the agency already has guidance about how to deal with the various groups. "Whether or not there's going to be special, additional guidance, that I don't know at this time."

The letter to Mueller notes that since the attacks of Sept. 11, 2001, the FBI has launched a number of interview programs that targeted Arab and Muslim men in particular.

"During these interview efforts, it quickly became apparent that FBI agents were frequently engaging in harassing, unduly burdensome and improper questioning," it states.

It says many people reported being asked their views of the Iraq war and President Bush and whether they were practicing Muslims or attended mosques.

Khera stressed that the groups signing the letter did not want to muddy legitimate investigations but rather wanted to take proactive steps to protect people's civil liberties.

Lebanon-based Hezbollah, which means Party of God, has been designated a terrorist group by the U.S. Department of State. The group has not launched an attack inside the United States, but in recent years the FBI has pursued investigations into its financing, including cigarette-smuggling cases in Michigan and North Carolina.

Just this month, two men pleaded guilty to racketeering charges related to the indictment of 18 people in a Michigan-based smuggling ring that sent profits to Hezbollah.

Before the Sept. 11 attacks, Hezbollah was responsible for the deaths of more Americans than any other terrorist organization, including the 1983 attack on the Marine barracks in Beirut that killed 241 U.S. servicemen.

The group was founded in 1982 in response to the Israeli invasion of Lebanon.

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Associated Press writer Mark Sherman in Washington, D.C., contributed to this report.

Homeland Security Contracts Abused (WP)

By Griff Witte And Spencer S. Hsu

The Washington Post, July 27, 2006

The multibillion-dollar surge in federal contracting to bolster the nation's domestic defenses in the wake of the Sept. 11, 2001, attacks has been marred by extensive waste and misspent funds, according to a new bipartisan congressional report.

Lawmakers say that since the Homeland Security Department's formation in 2003, an explosion of no-bid deals and a critical shortage of trained government contract managers have created a system prone to abuse. Based on a comprehensive survey of hundreds of government audits, 32 Homeland Security Department contracts worth a total of $34 billion have "experienced significant overcharges, wasteful spending, or mismanagement," according to the report, which is slated for release today and was obtained in advance by The Washington Post.

The value of contracts awarded without full competition increased 739 percent from 2003 to 2005, to $5.5 billion, more than half the $10 billion awarded by the department that year. By comparison, the agency awarded a total of $3.5 billion in contracts in 2003, the year it was created.

Among the contracts that went awry were deals for hiring airport screeners, inspecting airport luggage, detecting radiation at the nation's ports, securing the borders and housing Hurricane Katrina evacuees. Investigators looking into those contracts

turned up whole security systems that needed to be scrapped, contractor bills for luxury hotel rooms and Homeland Security officials who bought personal items with government credit cards.

While many of those problems have been disclosed, today's report is the first comprehensive survey of the government's own investigations into contracting mismanagement in the domestic war against terrorism.

"Every dollar that is wasted on a contract is a dollar less that could be used to make Americans more secure," said former department inspector general Clark Kent Ervin. "This kind of abuse constitutes a security gap all its own in America's defense."

Ervin said that though an undue reliance on contractors might have been excused when the agency was launched, it "is not understandable or justified all these years after the creation of the department." The private sector, he said, has had the opportunity "time and time again to take the department -- and thereby taxpayers -- for a ride."

Homeland Security spokesman Russ Knocke said the report faulted contracts made by the Transportation Security Administration before it became part of the Homeland Security Department. "It's hard to imagine that the report can criticize the department for a contract made before the department was created," he said.

"We continue to work very aggressively to strengthen our contracting procedures, maximize oversight and ensure that what are ultimately limited resources are applied in the most effective way," Knocke said.

The Homeland Security Department was cobbled together from 22 agencies after the Sept. 11, 2001, attacks as part of the largest reshuffling of federal responsibilities in a half-century.

With limited resources in-house, department officials made an early decision to lean heavily on the private sector to deliver technology, infrastructure and personnel. But the department struggled to launch the huge contracts deemed necessary to upgrade the country's defenses. In the first major test of the department's emergency systems, Homeland Security officials and contractors alike came under harsh criticism for their response to Hurricane Katrina last summer.

"We all assumed they would get better with age," said Keith Ashdown, vice president for the watchdog group Taxpayers for Common Sense. "But now the evidence is overwhelming that they've gotten much, much worse."

The report warns that the department is on the verge of making more mistakes by giving contractors too much latitude. It points to a planned multibillion-dollar contract for border security that has only the vaguest of requirements. "We're asking you to come back and tell us how to do our business," Homeland Security Deputy Secretary Michael P. Jackson told industry leaders in January.

Among the problems cited in the report:

A Defense Contract Audit Agency review of an NCS Pearson Inc. contract to hire airport screeners uncovered at least $297 million of questionable costs, including luxury hotel rooms. The company has defended its performance in previous statements.

A surveillance system for monitoring activity on the Mexican and Canadian borders does not work because of cameras that malfunction when exposed to snow, ice or humidity.

Two TSA employees used government purchase cards to buy $136,000 worth of personal items, including leather briefcases.

Beyond these specific cases, the report highlights overall problems with Homeland Security contracting, including poor planning, a dependence on no-bid contracts and inadequate oversight.

As contracting surged by 189 percent from 2003 to 2005, the department's acquisition staff did not to keep pace, increasing by less than 20 percent. The average staffer is overseeing twice as much money now as in 2003. As the burden grew, contracting officers increasingly turned to sole-source contracts or contracts for which only a limited number of firms were allowed to compete.

Paul C. Light, professor of public service at New York University, said industry consolidation in defense and homeland security increasingly enables firms to present themselves as sole-source bidders, at the same time that government expertise and contract management staffs have been hollowed out.

"They'd like to boll-weevil themselves down to the agencies and create dependencies that will last for years, if not decades," Light said.

Today's report was requested by Rep. Henry A. Waxman (D-Calif.), ranking member of the House Government Reform Committee, who was joined by Chairman Rep. Thomas M. Davis III (R-Va.).

Waxman said today's report reveals "a pattern of reckless spending, poor planning and ineffective oversight that is wasting taxpayers dollars and undermining our security efforts."

Davis said the department has a critical mission. "Unfortunately, its acquisition structure and workforce challenges . . . betray serious weaknesses that are impeding the ability of DHS to protect the homeland," he said. Davis's committee is scheduled to hold a hearing on Homeland Security contracting today.

Still, others noted that it remains early in the department's history and that problems are to be expected.

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"You have to look at DHS in context. They came into being at a time of crisis. They faced at once the building of a department and the integration of 22 different agencies. And then two years later, you had the worst natural disaster in American history," said Stan Soloway, president of the Professional Services Council, a trade group that represents contractors. "I'm not saying they get a pass, but I'd be hesitant to poke a finger in their eye."

Report Cites Mismanagement At Homeland Security (LAT)

By Nicole Gaouette

The Los Angeles Times, July 27, 2006

Washington — Contract spending by the Department of Homeland Security has surged by billions of dollars since the agency's creation in 2003, but contracts have been plagued by large-scale waste, abuse and mismanagement, according to a bipartisan congressional report.

The agency has failed to plan contract projects properly, has awarded them without adequate competition, and has done so without enough staff to monitor contracts after they have been signed, the report said. Moreover, it said, costs in many cases have spiraled beyond initial estimates, which it said department personnel had in some cases set misleadingly low.

The report, prepared by staff of the House Committee on Government Reform, pointed to a case in which the Border Patrol paid $20 million for malfunctioning camera systems installed in eight patrol zones along the U.S.-Mexico border and for other cameras and related gear that were never installed.

It cited a $10 billion contract for a border-security program that was meant to track visitors' entries and departures but that couldn't track exits from the country and was vulnerable to unauthorized access.

Describing details of a $1 billion Transportation Safety Administration contract with Unisys Corp. in August 2002 to upgrade computer networks, investigators said Unisys overcharged taxpayers by billing up to $131 an hour for employees who were paid less than half that amount.

TSA staff privately estimated the true cost of the Unisys contract at $3 billion to $5 billion, but they told congressional officials it would cost just $1 billion because the lower number "would be more palatable," according to the report.

"The Department of Homeland Security has a critical mission. Unfortunately, its acquisition structure and work-force challenges, as our report shows, betray serious weaknesses that are impeding the ability of DHS to protect the homeland," said Rep. Tom Davis, R-Va., chairman of the committee.

"Reckless spending, poor planning and weak oversight have undermined crucial homeland-security projects and wasted hundreds of millions of dollars," said Rep. Henry Waxman, D-Calif., the ranking minority member of the committee.

"Virtually everything that could go wrong has gone wrong. We're less secure and deeper in debt because of the outrageous mismanagement of these contracts," said Waxman, who described the report as the first comprehensive assessment of the administration's record on homeland-security contracts.

DHS spokesman Russ Knocke criticized the report for using the TSA example, which predates the agency's creation in 2003 and said the department had saved more than $2 million through strategic sourcing since 2004.

"We take very seriously our responsibility to be good stewards of taxpayer dollars," Knocke said.

The report was based on a review of more than 350 reports by government auditors and investigators, many of which have not been publicly released. It identified 32 contracts worth a collective $34.3 billion that were plagued by waste, abuse or mismanagement.

In a measure of how much money has poured out of the department, the report noted that DHS spending rocketed from $3.5 billion in 2003 to $10 billion just two years later. Over the same 2003-05 period, the number of DHS contracts awarded without full and open competition went from 19 percent of total contracts to 55 percent.

"Contract mismanagement at DHS has a steep cost for the taxpayer," the report said. "Competition in federal contracting protects the interests of taxpayers by ensuring that the government gets the best value for the goods and services it buys."

Feds Move To Share Intelligence Faster (USAT)

By Mimi Hall

USA Today, July 27, 2006

WASHINGTON — National intelligence analysts will work side-by-side with state and local agents in four states in a new effort to improve information sharing about terrorism and disaster response, the Homeland Security Department will announce today.

Teams of Homeland Security officers will eventually be assigned to all of the nation's 38 “fusion” centers, where law enforcement agents investigate tips, tighten security and handle disasters, said Charles Allen, the department's chief intelligence officer.

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"We're going to move as rapidly as we can," Allen said.

The first phase of the plan will put intelligence analysts at centers in New York City, Los Angeles, Baton Rouge, La., and Reisterstown, Md., near Baltimore. Allen said he plans to have all the nation's centers staffed by the end of 2008.

Local police have complained in recent years that the Department of Homeland Security doesn't provide them with enough information about possible terrorist threats. The new plan is a step in the right direction, Los Angeles Police Chief William Bratton said.

"We've had some frustrations … but this is progress," said Bratton, who has long complained that cities haven't gotten enough information from Washington. "The name of the game is intelligence — the earlier, the better; the more, the better."

In Maryland, the state has been operating a center since 2003, staffed by state police, FBI agents, National Guard, health officials and others.

Although Homeland Security routinely sends out bulletins and other security information — more than 1,260 notices were sent out last year alone — Bratton and others had complained that the details were often too vague.

A Homeland Security intelligence analyst will speed the center's ability to assess possible threats and decide what security steps should be taken, said Maryland homeland security spokesman James Pettit. "Nothing replaces face-to-face contact."

Houston Police Chief Harold Hurtt, president of the Major Cities Police Chiefs Association, said departments have repeatedly asked for more information from Washington.

Many departments have complained in the past about learning of possible threats from cable news networks before getting a call from Homeland Security, he said.

Allen, who took over Homeland Security's intelligence shop less than a year ago, said the department didn't work well enough with state and local officials after it was created in 2003. Now, he said, "we're going to work collaboratively with them. It's the right thing to do."

Analysis: Animal Groups Zero In On Pharma (UPI)

By Steve Mitchell, UPI Senior Medical Correspondent

United Press International, July 27, 2006

WASHINGTON, July 26 (UPI) -- An animal-rights advocate who recently made a presentation to law-enforcement officials at the FBI told United Press International this week she thinks activists will increasingly use financial attacks aimed at pharmaceutical companies in an effort to intimidate them to stop conducting experiments on animals.

The pharmaceutical industry anticipates the same thing and is concerned that what it perceives as a growing threat from animal-rights extremists will lead to violence and even murder of researchers.

"Financial attacks on companies, I think that is something that will be more commonly done because it seems to work better than anything else," said Charlotte Laws, an animal-rights advocate in Sherman Oaks, Calif., who was invited to speak about animal-rights philosophies in April at the FBI National Academy in Quantico, Va.

Laws said she was not an advocate of the financial attacks, which can include threatening to release personal details of shareholders of companies, making visits to executives' homes and other tactics designed to intimidate firms to stop research involving animals.

"I think it's better publicity to rescue animals because it creates more sympathy among the public," she said.

However, the financial attacks are effective, so other activists are likely to increasingly use the strategy. "Finding creative ways to financially hinder companies does make sense, and I think that's something that will be more commonly done," Laws said.

But she doesn't foresee the animal-rights movement using violence against researchers because it would be counterproductive to gaining public support.

"I don't think killing people is going to be something that will work, so I don't think that's going to happen," she said. "But you never know," she added, noting that any individual could claim to be a member of the Animal Liberation Front, an extremist group that has vandalized labs and targeted homes of researchers.

Earlier this month the ALF claimed credit for placing a "Molotov cocktail" at the home of Lynn Fairbanks, a primate researcher at the University of California in Los Angeles. The device apparently did not ignite or cause any damage.

The Bureau of Alcohol, Tobacco, Firearms and Explosives, which became involved in the investigation along with the FBI, said last week the explosive was placed at the wrong house and not the residence of Fairbanks.

Still, the ATF is taking the matter seriously due to concerns these kinds of tactics could eventually result in murder.

"Once a fire is set or an explosive is detonated, it is just a matter of time before someone is killed," ATF Assistant Special Agent in Charge Davy Aguilera said in announcing there was a $30,000 reward for information leading to the arrest of those responsible.

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Another group the pharmaceutical industry is concerned about is WAR, or Win Animal Rights, which targets several big pharma companies, including Bristol-Myers Squibb, Pfizer and Novartis, because they do business with Huntingdon Life Sciences, a supplier of lab animals.

WAR posted a notice on its Web site earlier this month claiming its members visited the homes of two Bristol-Myers Squibbs executives.

"We paid a noisy visit to ... Sandra Holleran, Vice President of Bristol Myers Squibb, a major customer of Huntingdon Life Sciences," the WAR notice stated, adding they informed Holleran's neighbors "that BMS contracts in cruelty."

The statement continued, "Sandra Holleran, how do you sleep at night knowing puppies got punched in the face to pay for your apartment? Probably not very well in your lower level, street front apartment when there are noisy demos (demonstrations) outside."

Jacquie Calnan, president of Americans for Medical Progress, a group in Alexandria, Va., that is supported by the pharmaceutical industry, said the financial attacks against companies, including divulging personal details of stockholders or executives, are increasing.

"We are very grateful because the FBI are taking this seriously and local law enforcement are aware this is a national problem," Calnan told UPI.

She said her organization views this "as a growing problem" and remains concerned it will escalate to violence against researchers.

"Whenever there's an explosive device used, whenever activists urge others to commit violence against others, there's always a danger of somebody being hurt if not killed," she said.

Calnan said that although she doubts any animal-rights group would subscribe to violence against people, she's concerned an individual might hear the urgings and decide to take actions that could result in serious injury or death to a researcher.

"I'm very concerned it could be a single individual who would take matters into their own hands," she said.

Calnan, who talks regularly with pharmaceutical company groups, said the industry is "watching (the animal-rights movement) with concern."

But in general the industry remains committed to research involving animals and does not plan to cave in to the demands of the activists.

"Folks are resolved," she said. "There's not going to be any backing away from research based on criminal acts from a handful of activists."

The industry, however, can't ignore the advocates' tactics, and companies have been forced to put more money and resources into security for both researchers and lab animals, she said.

Odd Bedfellows Align To Market Film About 9/11 (NYT)

By David M. Halbfinger

The New York Times, July 27, 2006

LOS ANGELES, July 26 — Oliver Stone, that symbol of everything about Hollywood that conservatives love to hate, is getting help in marketing his newest movie from an unlikely ally: the publicity firm that helped devise the Swift boat campaign attacking John Kerry's Vietnam record in the 2004 presidential race.

And so Mr. Stone, the director of the antiwar movies "Platoon" and "Born on the Fourth of July," now finds himself sharing something in common with a group of Vietnam veterans who insisted that their comrades who demonstrated against the war were misguided, misled or traitorous.

Mr. Stone said that he knew nothing of the firm's political work until he was contacted by a reporter on Wednesday. The director's "World Trade Center," a largely factual drama about the rescue of two police officers from ground zero after the 9/11 attacks, is to be released on Aug. 9 by Paramount Pictures. But it is already drawing rave reviews in some unlikely quarters.

L. Brent Bozell III, president of the conservative Media Research Center and founder of the Parents Television Council — best known for its campaigns against indecency on television and for stiffer penalties on broadcasters — called it "a masterpiece" and sent an e-mail message to 400,000 people saying, "Go see this film."

Cal Thomas, the syndicated columnist, wrote last Thursday that it was "one of the greatest pro-American, pro-family, pro-faith, pro-male, flag-waving, God Bless America films you will ever see."

(Mr. Stone, for his part, has insisted in the past that the film is "not a political movie," while acknowledging in a recent interview that this "mantra" had been handed to him by his employers.)

To top it all off, a writer on The National Review's Web site, Clifford D. May, actually wrote the words "God Bless Oliver Stone."

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This about a filmmaker whose conspiratorial tirades — not to mention his hyperviolent "Natural Born Killers," polarizing political films "J. F. K." and "Nixon," and the lesser-known television documentary on Fidel Castro — have driven conservatives batty for decades. Only last year, The Washington Times, in an editorial, called the hiring of the "conspiracy-addled" Mr. Stone a "maliciously inspired choice" to direct "World Trade Center."

Such glowing reviews for an Oliver Stone movie might have seemed blasphemous to many conservatives until recently, when Creative Response Concepts, on retainer for Paramount, began pitching "World Trade Center" to pundits who would not normally be considered part of Mr. Stone's core audience.

A screening in Washington last week, for example, drew members of the Family Research Council, the Foundation for the Defense of Democracies and the evangelical Wilberforce Forum, along with a producer for William Bennett's radio show, writers for The Washington Times and a reporter for the Web site of Human Events, which first reported the event. Creative Response Concepts has played a prominent role in promoting conservative causes. Heading into the 2005 Supreme Court nomination battles, it advised members of the Federalist Society on how to handle television interviews and was active in promoting the nominations of John G. Roberts Jr. and Samuel A. Alito Jr. When the AARP came out against President Bush's plan to overhaul Social Security, the firm went to work for a conservative group that took on the AARP. And it promoted Newt Gingrich's 1994 political strategy, Contract With America.

But it was in the 2004 campaign that Creative Response Concepts made its biggest mark on the political landscape, advising the group Swift Boat Veterans for Truth, which assailed Mr. Kerry's Vietnam record as a Navy officer and as a leader of the antiwar movement after he returned home. Its well-funded attacks were among the most damaging blows to the Kerry campaign.

The firm also played a major role that year in assailing CBS — then a corporate sister of Paramount at Viacom — for the "60 Minutes" report on President Bush's record in the Texas Air National Guard that led to Dan Rather's resignation as anchor of the "CBS Evening News."

Reached in Boston, Mr. Stone said he knew nothing of the public-relations firm's background other than that it had helped to promote "The Chronicles of Narnia" last year for Walden Media and the Walt Disney Company. "Believe me, I didn't cave," he said. "They do it their way," he said, referring to Paramount's marketing executives.

Mr. Stone said that he condemned the "Swift-boating" of Mr. Kerry, but cautioned that he himself had "hired publicists in the past that had skeletons in their closet." He added: "It's not a holier-than-thou street here. It's an impure market."

In addition to Mr. Bozell's two groups, clients of Creative Response Concepts have included the three national Republican campaign committees, the Christian Coalition, Manhattan Institute, Free Enterprise Foundation, National Taxpayers Union and Regnery Publishing, home to conservative authors like Tony Blankley and Michelle Malkin, who were also at last week's screening.

But its clients also have included several Hollywood studios, according to the firm's Web site. Neither the firm's president, Greg Mueller, a former spokesman for Patrick J. Buchanan, nor Mike Thompson, an executive who arranged the screening, responded to several telephone messages.

Rob Moore, president of worldwide marketing, distribution and home entertainment for Paramount, said he would have hired the firm regardless of who had directed the movie, because of its strong elements of Christian faith and its depiction of men sacrificing themselves for one another: "the definition of patriotism," he said.

In a telephone interview, Mr. Moore cited Creative Response Concepts' connections in the evangelical and conservative movements, and its work promoting "Narnia." "You need somebody who has credibility with those groups," he said.

A Paramount spokesman said that the studio did not similarly pitch liberal groups in its multifront promotional campaign, reasoning that the entertainment press had covered that base. The spokesman said that Creative Response Concepts has also helped promote the 20th Century Fox movie "Because of Winn-Dixie" and the CW network's show "Seventh Heaven." It has already been hired to help promote "Charlotte's Web," which Paramount has scheduled for release in December.

As it happens, the strange bedfellows in this marketing relationship include Tom Freston, Viacom's chief executive, who with his wife Kathy contributed at least $14,000 to help Mr. Kerry's campaign in 2004, federal records show. (All told, Viacom executives gave more than $69,000 to Mr. Kerry, far more than to Mr. Bush, according to the Center for Responsive Politics.)

But Mr. Moore said that marketing a movie is, after all, strictly business. "When we walk in that door and put our Paramount business cards in our pockets, our job is to get as many people as possible to come see a movie," he said. "When we walk out the door, I could be leading rallies for John Kerry."

Louisiana Governor Criticizes U.S. Evacuation Plan (NYT)

By Eric Lipton

The New York Times, July 27, 2006

DOJ_NMG_0043708

WASHINGTON, July 26 —Gov. Kathleen Babineaux Blanco of Louisiana sent a sometimes blistering letter to Homeland Security Secretary Michael Chertoff late Wednesday asking the federal government to honor its commitment to help evacuate and care for thousands of New Orleans area residents in the event that another major hurricane blows into the region this year.

"We have received no indication from you that staffing, logistics and security for additional shelters have been addressed," she wrote in the 18-page letter, in one of many critiques of federal aid she said she had requested, but has still not been promised, in this case referring to a need for additional federally provided emergency shelter space.

The letter from Governor Blanco came in response to a request sent by Mr. Chertoff earlier this month that Louisiana officials compile a complete list of the places where federally provided buses will be expected to pick up residents waiting to be evacuated, as well as a list of hospitals or nursing homes that might need evacuation assistance.

Ms. Blanco replied with a recitation of what she said were multiple shortcomings in the commitments to date by Mr. Chertoff to comply with requests by the state for needed aid, in terms of evacuating temporary housing trailer complexes set up by the Federal Emergency Management Agency and to provide emergency shelter for up to 150,000 Louisiana residents that the Red Cross and the state may not be able to accommodate.

"We must ask again for your assistance that the federal government stands ready to provide contingency sheltering for 150,000 Louisiana residents in the event of a threatened catastrophic event," she wrote.

The exchange of letters between the governor and Ms. Blanco at times had the appearance of an effort to clarify in advance who should be held responsible if another major storm hits the area and chaos again reigns.

Behind The Katrina Imbroglio (WSJ)

By Christopher Cooper And Robert Block

The Wall Street Journal, July 27, 2006

At 8:10 a.m. on Aug. 29, 2005, Bennett Landreneau, the Louisiana National Guard's commanding general, was getting a routine situation report by phone from an airman at Jackson Barracks, the Guard's armory in New Orleans. Suddenly, the airman broke off the conversation, saying he had to check something. When he returned, a hint of panic had crept into his voice. "Sir," he said, "I don't know what's happened, but there are cars floating down Claiborne Avenue. It looks like a river."

Within hours, Jackson Barracks was sitting under eight feet of floodwater. There was also word that a towering storm surge from the eastern side of Hurricane Katrina had nearly obliterated 100 miles of Mississippi coastline. And eight feet of water had sent hundreds of residents in the New Orleans Lower Ninth Ward scurrying to their rooftops.

If there had been any doubt that the state of Louisiana would need federal help to cope with Hurricane Katrina, there was no reason for it now.

But for the federal government, reports of such destruction were immaterial in determining the scale of the calamity unfolding along the Gulf Coast. Federal officials had a single test for determining whether to treat the storm as an average disaster or as the catastrophic doomsday scenario everyone had long feared: Had the levees been breached by Katrina's storm surge, or had the water simply flooded over the top? Unfortunately, these were questions that state and local officials -- and even FEMA's senior staff -- never fully understood they had to answer.

At the Department of Homeland Security, federal efforts following disasters were dictated by the newly minted National Response Plan. Though billed as a plan for all disasters, it made a sharp distinction between garden-variety calamities such as Gulf hurricanes and more severe catastrophes -- generally terrorist attacks. By the department's reckoning, standard disaster response fell to local governments, backstopped by FEMA, while a catastrophic event assumed the states would be immediately overwhelmed and required a massive response from the federal government.

In the run-up to Hurricane Katrina's landfall, there were calls within Homeland Security and the White House to pre-emptively declare the tempest a catastrophe and put the federal government on heightened alert -- "leaning forward," as department officials liked to say. But senior Homeland Security officials resisted, arguing that FEMA was perfectly capable of handling a hurricane. "I did not feel it was imperative," Homeland Security Secretary Michael Chertoff said later.

Likewise, Matthew Broderick, the director of the Homeland Security Operations Center, or HSOC, saw no reason for extraordinary action without definitive proof that there was a catastrophe in New Orleans. And his view of what constituted a catastrophe was pivotal: As HSOC commander, he was responsible for giving Mr. Chertoff and the White House virtually all of the ground intelligence they would receive during the disaster.

To Mr. Broderick, the trigger for a heightened response was clear: If the city's levee system was seriously breached and couldn't be repaired immediately, it was a catastrophe. Flooding over the levees, by contrast, even if it was severe, was "normal, typical, hurricane background stuff," he would later tell Senate investigators. "You know, we have floods in Pennsylvania all the time. We have floods in New Jersey all the time. Every time there's a hurricane, there's a flood."

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A retired Marine brigadier general with some 30 years of experience, Mr. Broderick was determined that the information he delivered to Mr. Chertoff and the White House be stripped of innuendo and boiled down to only the hardest facts. "One of the jobs of HSOC is to not overreact, not get hysterical and get the facts," Mr. Broderick told investigators. Under this rubric, he simply didn't pass on much of the information he collected.

In the days after Katrina's landfall, Secretary Chertoff, President Bush and others would justify the slow federal response by claiming that the breaching of the levees was "a second catastrophe" that occurred long after Katrina passed. But this simply wasn't true. A subsequent investigation by the Army Corps of Engineers found that in some cases, breached levees began flooding New Orleans even before Katrina made landfall.

Indeed, news of the levee breaches came as early as 7:30 a.m. on the Monday Katrina hit, when the city's disaster chief, Terry Ebbert, told Washington officials in a phone conversation that the storm "came up and breached the levee system in the canal," according to Senate documents gathered afterward. A half hour later, the Transportation Security Administration made a written report directly to HSOC, confirming that the Industrial Canal levee adjacent to the Lower Ninth Ward had been breached and that floodwaters "have already intruded on the first stories of some houses." Fifteen minutes after that, the National Weather Service issued its own levee-breach warning, advising retreating residents to take an ax with them to their attics so they could chop their way out if the waters rose.

As the morning unfolded, the reports would come with furious frequency, all dutifully funneled to Mr. Broderick and HSOC. They came from a FEMA man at the National Weather Service in Miami, a Homeland Security agent in New Orleans and a pump operator for the city. At 11 a.m., moments before Gov. Kathleen Blanco was due to participate in the daily videoconference with Washington officials, state and federal disaster chiefs in Baton Rouge were told that a New Orleans firefighter had seen water cascading into the city through a breach in the 17th Street Canal floodwall. The city was filling like a bowl.

The distinction between a breach and an "overtop" was largely lost on local officials, who had not been told this was any particular trigger for the federal response. To them, city streets contained an alarming amount of water, surely enough to trigger the maximum federal response. As Gov. Blanco put it on the conference call, whole neighborhoods were sloshing with up to 10 feet of water, "and we have people swimming in there."

But that's not what White House Deputy Chief of Staff Joe Hagin wanted to talk about when it was his turn. He had two concerns: "Yeah, what's the current status of the levee system and the roof of the Superdome?" he asked Gov. Blanco.

The Dome was fine, she responded. "I think we have not breached the levee. We have not breached the levee at this point in time."

Mr. Chertoff, also on the call, would later say he had no idea that "the flooding was extraordinary or out of the norm for a significant hurricane."

A few hours after the phone call it was clear the White House considered Monday an average August day and Katrina an average hurricane. At 4:40 p.m. New Orleans time, President Bush stood in Rancho Cucamonga, Calif., delivering a speech on the new Medicare prescription drug benefit. He departed from the script briefly to address the situation on the Gulf Coast. "For those of you who are concerned about whether or not we're prepared to help, don't be. We are," the president said.

The definitive authority on levees would seem to be the Army Corps of Engineers, which designed the system and maintained a 1,000-person district headquarters in New Orleans. Alas, the agency had evacuated all but nine people in advance of Katrina. And that small team, led by the district commander, Col. Richard Wagenaar, had little equipment beyond an AM radio and a few SUVs. During the storm, the men lay low in an underground bunker, miles away from the affected levees.

In the hours before Katrina made landfall, Col. Wagenaar had been bombarded with phone calls from residents, many of whom reported levee breaches. But the colonel had only been in town for a month and had little independent knowledge of the city's flood-control system.

By late Monday, Col. Wagenaar and his men had managed to get only to within a few miles of the 17th Street Canal breach. There, he saw deep water -- up to the telephone wires in some spots -- but could only speculate on the source. "What I did know is that there was a significant problem," he said later.

Even so, the Army Corps, drawing on eyewitness information similar to that which Mr. Broderick had been receiving, declared late in the day that breaches had in fact occurred. But the confirmation was cloaked in jargon and buried on page five of a six-page report: "I-walls: Floodwalls were overtopped on the east side of the 17th Street Canal and the east side of the (Industrial Canal)," the report said. "Sections of wall failed in each area." It was the confirmation everyone had been waiting for, if only they could have deciphered it.

A short time later, Marty Bahamonde, a FEMA spokesman who was the agency's only official in New Orleans, stood at the door of an open Coast Guard helicopter as a blast of hot rotor wash spilled over him. He yelled to the pilot that he was from FEMA and needed to go up.

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Mr. Bahamonde was seeking confirmation of a catastrophe, and he got it once he was airborne: The 17th Street Canal floodwall was in tatters, its concrete caps bent like tombstones in a country graveyard. Water was pouring into the city like Niagara; the breach was a quarter mile wide. "I knew I was looking at the worst-case scenario that everyone had feared," he later said.

By the time Mr. Bahamonde returned to the Superdome, it was nearly 7 p.m. He called FEMA Chief Michael Brown in Baton Rouge and related what he had seen. "I'm calling the White House now," Mr. Brown said.

Mr. Bahamonde's report was flashed around FEMA and passed on to Mr. Broderick's staff at HSOC. The information made it to the White House late that evening. Yet it would be nearly 15 hours before Mr. Chertoff formally invoked the National Response Plan, making the disaster a federal priority.

By nightfall in New Orleans on Monday, HSOC had received nearly a dozen definitive reports that the city's flood-control system had been breached and eight other reports suggesting as much. But Matthew Broderick's final report of the day said exactly the opposite. "Preliminary reports indicate the levees have not been breached," it said.

When Mr. Broderick was asked months later by Senate staffers during a formal briefing why he had stated so flatly late Monday that the city's flood-control structures were intact, the former Marine said he had never received a single report suggesting otherwise. The Senate investigator asking the question, Jeffrey Greene, was so stunned at the response that he asked if Mr. Broderick had misunderstood.

But Mr. Broderick hadn't misunderstood. "If I had heard there was a breach in a levee Monday evening, I would have -- had I been aware of it, I would have been all over it," he said. He also conceded in his deposition that he had seen very few reports from New Orleans newspapers and routinely ignored email that day and in the days that followed, leaving unopened as many as 700 missives sent to him during the disaster's early days.

Asked by bemused Senate investigators what evidence he had collected showing the levees had not been breached, Mr. Broderick named two sources. The first was the Army Corps of Engineers in Washington, but the former general said he suspected that agency was hyping the situation because it had reported "extensive" flooding in New Orleans, and " 'extensive' is all relative."

The second source, Mr. Broderick said, was a video segment on CNN Monday showing a tipsy crowd on Bourbon Street, near the city's highest point.

"The one data point that I really had, personally, visually, was the celebration in the streets of New Orleans, of people drinking beer and partying because-and they used, they came up with the word-'we dodged the bullet,' " Mr. Broderick said. "So that's a pretty good indicator right there."

Mr. Broderick declined repeated requests to comment on what he told investigators.

The Wrong Lesson (NYT)

The New York Times (editorial), July 27, 2006

The Federal Emergency Management Agency, which failed to employ the kinds of controls necessary to prevent an estimated $1 billion in fraud and abuse following Hurricane Katrina, has compiled a list of remedial steps it plans to take. That's good. But tucked into the list is a peculiar decision to cut back immediate emergency aid for families to $500, instead of the $2,000 given after Katrina.

Certainly, it was bad news that prison inmates received money intended for the displaced and that cash cards were used to buy pornography and football tickets. But many of the failures identified by the Government Accountability Office could easily have been prevented.

The office estimates that the agency made "about $5.3 million in payments to registrants who provided a post office box as their damaged residence." That straddles the line between laughable and depressing. Nor does the agency have any excuse for allowing double dipping of rental assistance by evacuees staying in free hotel rooms.

But the agency's incompetence has no bearing on the needs of people who have lost everything and require immediate help. Cutting back emergency aid is the wrong response by an agency in crisis, one that smacks of victim-blaming and overreaction.

It is important to have strong upfront controls to ensure that money doesn't end up in the wrong hands, and we are glad to see the agency taking steps in that direction. Taxpayers lose faith in programs when they find out they are being defrauded. But the agency also should not set unrealistic hurdles for people who have fled disaster areas and may not have every piece of identification or documentation that one might bring along in an organized departure. The agency's first goal in a crisis is to succor the afflicted, not suspect them of fraud.

The devastation of the Gulf Coast was unprecedented in scope. Although fraud was widespread it accounted for only 16 percent of payments, too high but hardly outrageous in a time of great confusion and tumult. What happened in New Orleans in

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particular was exceptional because normal checks were difficult to perform, thanks to the flooding caused by breached levees. The agency has borne the brunt of the blame. Much of it was deserved, but overreacting — to the detriment of the next group of terrified solace seekers — is not the answer.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, July 27, 2006

Michael Brown Reveals All in a Playboy Interview

Brownie, you give a heckuva interview! Former FEMA chief Michael Brown unloads about his post-Katrina downfall in the August issue of Playboy -- calling himself a "scapegoat," warning that the nation is even "less-prepared" for this year's hurricane season, and sharing some PG-13 opinions of former colleagues.

Â· On Rep. Gene Taylor (D-Miss.), accusing him in a hearing of not comprehending the devastation: "For that little twerp to claim I didn't understand death and suffering -- he can just bite me, for all I care."

Â· On President Bush saying the levee breaches were unexpected: "He doesn't have an incredible command of the English language."

Â· On DHS boss Michael Chertoff ordering him out of the field: "I am so mad at myself for not saying 'screw you.' "

Â· On Bush calling him "Brownie": "It's typical of the president. He's a cheerleader . . . How many people in the world do you think have ever called me Brownie? . . . When he used that nickname, a lot of people in the media went, Is he an insider?"

Â· On his much-mocked prior job with the International Arabian Horse Association: "Dealing with horses' asses taught me how to deal with the federal government."

So Wouldn't He Rather Sing With the Dixie Chicks?

It's about time Kelly Clarkson recorded a duet! Joining her at the mike: Maryland's own Steny Hoyer .

Or so say the folks at the Grammys, who will bring the American Idol to Capitol Hill in September for a special "recording session" to show lawmakers the complexity of cutting a record. Backup singing will come courtesy of recording-industry caucus co-chairs Mary Bono and Hoyer. "It will be available for download -- legally," said Daryl Friedman of the National Academy of Recording Arts and Sciences.

This was news to the congressman's rep, who could say for sure only that the Democrat will attend. "Congressman Hoyer is a big music fan, but I don't know that he has any plans to record," said Tim Schlittner . Well, if he were going to sing, what might he sing? "I know he's a big country fan. Maybe a country song called 'Takin' Back the House.'

"Hey, Isn't That . . . ?

Â· Giants slugger Barry Bonds chowing down on a Kelly's Cajun Grill chicken lunch with two other men and a woman at the Pentagon City food court Tuesday afternoon before his 0 for 4 showing against the victorious Nats. Cute SF pitcher Noah Lowry was also spotted, gladly signing autographs from the Starbucks line. Pentagon City -- the new Cafe Milano? Nah, probably has more to do with the Ritz-Carlton next door . . .Love, Etc.

WAR NEWS:

Iraqi PM Calls For More Money And Troops (AP-Y)

By Anne Plummer Flaherty

AP2, July 27, 2006

Iraqi Prime Minister Nouri al-Maliki appealed to Congress Wednesday to press the war in Iraq with money and troops, portraying his country as crucial to the U.S. as a front line in the war on terror and comparing violence there to the Sept. 11 attacks.

Addressing a joint meeting of Congress, al-Maliki said, "Do not imagine that this problem is solely an Iraqi problem because the terrorist front represents a threat to all free countries and free people of the world."

Lawmakers in the House chamber gave him a warm welcome, but a number of Democrats stayed away, upset by al-Maliki's stance on another Mideast crisis: He has refused to criticize Hezbollah for its attacks on Israel.

Despite tough rhetoric against terrorism in the Middle East, al-Maliki did not mention the combat between Israel and Hezbollah guerrillas that over the past two weeks has killed hundreds, devastated parts of Lebanon and seen rockets bombard northern Israel.

Later in the day, al-Maliki and President Bush ate lunch with military troops at nearby Fort Belvoir in Virginia. Bush praised him there as a man who has "helped save lives."

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The speech by al-Maliki, who became prime minister two months ago, capped a two-day visit to Washington that included personal talks with Bush at the White House on Tuesday. His address came with sectarian violence in Iraq on the rise, threatening hopes by the Bush administration and lawmakers facing election this year that some U.S. troops might come home soon.

During his address, al-Maliki appealed for more aid from the United States and other nations and sought to solidify Congress' commitment to rebuilding Iraq, though he mentioned no specifics. In earlier meetings at the White House, the Iraqi leader asked for more military equipment and recommended increasing U.S. and Iraqi forces patrolling Baghdad neighborhoods. Bush agreed and said more U.S. forces would be moved into the embattled capital from other parts of Iraq.

Congress has approved nearly $300 billion to try to secure and rebuild the country more than three years after a U.S.-led invasion toppled Saddam Hussein. Some 127,000 U.S. troops remain in the region.

Without identifying exact amounts, al-Maliki lamented money that has wound up "in the hands of security contractors and foreign companies that operate with enormous profit margins," rather than in the hands of needy Iraqis.

"There needs to be a greater reliance on Iraqis and Iraqi companies with foreign aid and assistance to help us rebuild Iraq," he said.

The responsibility to fight terrorism "lies on the shoulders of every country and every people that respects and cherishes its freedom," al-Maliki said. "The battle of Iraq will decide the fate of this war."

His words echoed those of Bush, who frequently asserts that Iraq is a central battleground against terrorism elsewhere, including on U.S. shores, and that the country can be a bulwark for the spread of freedom in the Middle East.

Al-Maliki made a direct connection to the 2001 attacks on the U.S., saying, "Thousands of lives were tragically lost on Sept. 11 when these impostors of Islam reared their ugly head. Thousands more continue to die in Iraq today at the hands of the same terrorists who show complete disregard for human life."

Al-Maliki's differences with his hosts over the Mideast fighting had threatened to sour his visit. The Bush administration, U.S. ally Israel and the majority of lawmakers insist that Hezbollah, which they consider a terror group, must be disarmed and defeated in southern Lebanon. European and Arab allies want a quick cease-fire to stop mounting civilian deaths in Lebanon.

Sen. John W. Warner, R-Va., chairman of the Armed Services Committee, said the prime minister was under pressure from his constituents and members of the Iraqi Parliament not to come to the United States.

"He was caught right in the middle," Warner told reporters. "But nevertheless, he made a commitment to come" and honored it.

Democrats sharply criticized the prime minister for painting a what they said was a "rosy" picture of Iraq and not condemning Hezbollah.

Rep. Steny Hoyer of Maryland, the No. 2 House Democrat, said not naming Hezbollah as a terrorist organization "adds ambivalence to his comments." Rep. Debbie Wasserman-Schultz, D-Fla., called al-Maliki's speech "disingenuous" because it did not acknowledge the violence in Iraq.

Republicans said they were not concerned that al-Maliki did not use his speech to talk about Hezbollah.

"He says he denounces terrorism and I take it at his word. Hezbollah, in my opinion, is a terrorist organization," said House Speaker Dennis Hastert, R-Ill.

"The prime minister's address was one of hope and progress," said Joe Wilson, R-S.C.

Lawmakers who shunned the speech included Reps. Nita Lowey, D-N.Y., and Rosa DeLauro, D-Conn., and Sens. Charles Schumer, D-N.Y., and Barbara Boxer, D-Calif.

"I didn't attend because I feel strongly the U.S. Congress should not provide a platform for supporters of Hezbollah," Lowey said. "If Mr. Malaki was wise, he might have requested a meeting with us."

Sen. Richard Durbin, D-Ill., said he had asked al-Maliki directly at a breakfast on Wednesday whether he considered Hezbollah a terrorist group. "He questioned whether I had the right to ask him that" Durbin said. Al-Maliki responded in "only the most general terms that he condemns terrorism in all its forms," said Durbin, his party's second-ranking Senate leader.

House Democratic leader Nancy Pelosi of California attended the speech, along with several other Democrats who had previously questioned whether it was appropriate to let him address the joint meeting because he had not defended Israel.

Al-Maliki was interrupted briefly by a shouting demonstrator wearing a pink T-shirt that read, "Troops Home Now." Medea Benjamin, 54, of San Francisco is cofounder of an anti-war group called CODEPINK. Benjamin was lifted from her seat by officers and carried out of the House visitor's gallery, while al-Maliki paused and grimaced in irritation.

Later, at the Army base, Bush said of al-Maliki: "He helped lay that foundation for peace. And in honor of his memory and in the memory of others who have gone before him and in honor of the thousands of Iraqis who have died at the hands of terrorists, we will complete the mission."

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Iraqi Prime Minister Presses For More Aid (WP)

By Jonathan Weisman

The Washington Post, July 27, 2006

A day after securing a pledge from President Bush to bolster U.S. troop presence in Baghdad, Iraqi Prime Minister Nouri al-Maliki asked Congress yesterday for more reconstruction aid, acknowledging that most of the billions already allocated were swallowed by security costs. And he warned the United States not to abandon Iraq, as it did after the Persian Gulf War when the United States stood aside as a Shiite rebellion was crushed by Saddam Hussein.

"Let 1991 never be repeated, for history will be most unforgiving," Maliki said during a speech to a joint meeting of Congress.

He used the speech to reaffirm his new government's commitment to the war on terrorism, pledging that "Iraq will be the graveyard of terrorism and terrorists for the good of all humanity."

Republicans had hoped to use Maliki's visit to showcase progress toward democracy in Iraq, but the prime minister's two-day stay in Washington proved to be politically problematic. Bush's promise to fortify troop presence in Baghdad virtually foreclosed major troop withdrawals before November's midterm election. And Maliki declined to disavow his critical comments on Israel's incursion into Lebanon or denounce Hezbollah's killing and kidnapping of Israeli troops that precipitated the fighting, handing Democrats a wedge that they eagerly used.

At a breakfast meeting yesterday with congressional leaders, Democrats repeatedly pressed Maliki to declare Hezbollah a terrorist organization, but Maliki would not reply beyond broad denunciations of terrorism, according to several participants.

Democrats such as Sen. Charles E. Schumer (N.Y.) protested the prime minister's oblique stand on Hezbollah and his denunciation of Israeli "aggression" by refusing to attend Maliki's address, forcing congressional leaders to fill empty seats in the House chamber with youthful aides.

Other Democrats, such as Rep. Debbie Wasserman Schultz (Fla.), sat in stone-faced silence, then decried the speech for its failure to recognize Middle East terrorism beyond Iraq's borders or to be frank about sectarian strife that is killing an estimated 100 Iraqis a day.

"He essentially ignored the fact that he is the president of a war zone," Wasserman Schultz said.

Democratic Party Chairman Howard Dean called Maliki an "anti-Semite" for failing to denounce Hezbollah for its attacks against Israel. "We don't need to spend $200 and $300 and $500 billion dollars bringing democracy to Iraq to turn it over to people who believe that Israel doesn't have a right to defend itself and who refuse to condemn Hezbollah," the Democratic leader told a gathering of business leaders in Florida.

Republicans fired back at what they perceived as a Democratic partisan ploy playing out at the expense of a crucial U.S. ally.

"The House Democrat leader and some of her Democrat colleagues may not agree with the liberation of Iraq and they may not agree with criticism by some against Israel's actions, but their continued efforts to undermine the advancement of freedom and democracy in Iraq is shameful," Sen. John Cornyn (R-Tex.) said.

White House spokesman Tony Snow said: "Let me try to explain democracy to people on Capitol Hill. It involves such rights as free speech and freedom of opinion."

Veteran San Francisco activist Medea Benjamin, wearing a "Troops Home Now" T-shirt, chimed in, standing in the House gallery to interrupt Maliki's address with repeated shouts of: "Iraqis want the troops to leave. Bring them home now." She was promptly removed and arrested.

Amid such discord, Maliki struck lofty tones as he thanked the United States for standing by Iraq.

"Many around the world underestimated the resolve of Iraq's people and were sure that we would never reach this stage," he said. "Few believed in us. But you, the American people, did, and we are grateful for this."

But he also inserted himself into the election-year controversy over the war, acknowledging, "I know that some of you here question whether Iraq is part of the war on terror.

"The fate of our country and yours is tied," he continued. "Should democracy be allowed to fail in Iraq and terror permitted to triumph, then the war on terror will never be won elsewhere."

In a visit with Maliki to Fort Belvoir after the speech, Bush seconded the prime minister's position, saying that "success in Iraq is necessary for the security of the United States, and it's necessary for the peace of the world."

Maliki also appealed to Congress for more reconstruction aid, which the Bush administration has been reluctant to request after much of the $18 billion in development assistance was consumed by security costs, corruption and inefficiency.

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"Much of the budget you had allocated for Iraq's reconstruction ended up paying for security firms and foreign companies, whose operating costs were vast," Maliki told Congress. "Instead, there needs to be a greater reliance on Iraqis and Iraqi companies, with foreign aid and assistance to help us rebuild Iraq."

Republicans hailed Maliki's speech as historic. But Maliki's appeals for continued military and economic assistance were not likely to sit well with a wide swath of the U.S. electorate, which has grown weary of the war, according to polls.

Iraqi officials are "fortunate souls, because they have the strongest military in the world at their beck and call to protect them every single day," Sen. Richard J. Durbin (D-Ill.) said. "There has to be a change. The Iraqis have to accept responsibility for their own fate and future."

But the debate before and after the address was not so much about Iraq but about Maliki's position on Hezbollah and the fighting in Lebanon. Before the speech, House Speaker J. Dennis Hastert (R-Ill.) emerged from breakfast with Maliki to declare, "He disavowed any terrorist organization," adding that "he talked about Hezbollah specifically."

Later, after Democrats at the meeting disputed his assertion, Hastert conceded that: "We didn't ask him to come here for general commentary on the Middle East. He denounces terrorism, and I have to take him at his word. Hezbollah is a terrorist organization."

Many Speech Critics Stay Away; Several Go (RC)

By Steve Kornacki

Roll Call, July 27, 2006

At least half of the 19 House Democrats who penned a letter to Speaker Dennis Hastert (R-Ill.) blasting his decision to invite the Iraqi prime minister to address a joint session of Congress were absent from the chamber Wednesday morning, as Nuri al-Maliki became the 103rd head of state to accept that honor.

Two of the three Democrats who organized the letter — Reps. Rosa DeLauro (Conn.) and Jan Schakowsky (Ill.) — sat out the speech after calling al-Maliki to task for his loud criticisms of Israel and its military operation in Lebanon. The third, Rep. Rahm Emanuel (Ill.), was in attendance.

Also boycotting the speech were Democratic Reps. Gary Ackerman (N.Y.), Shelley Berkley (Nev.), Artur Davis (Ala.), Bill Delahunt (Mass.), Nita Lowey (N.Y.), Carolyn Maloney (N.Y.), Mike McNulty (N.Y.) and Frank Pallone (N.J.).

The signatories had called on al-Maliki to publicly clarify his statements about Israel prior to addressing the joint session. They also called attention to blatantly anti-Semitic statements by the Speaker of Iraq's Parliament.

"We understand that the prime minister has to say political things," Ackerman said after the speech. "But the long-term here is, if you mollycoddle terrorists, you give them license to continue."

In addition to Emanuel, the letter-signing Democrats who did attend were: Reps. Tim Bishop (N.Y.), Joe Crowley (N.Y.), Eliot Engel (N.Y.), Sander Levin (Mich.) and Steven Rothman (N.J.).

The office of Rep. George Miller (Calif.), another signer, did not return calls for this story.

Those who attended had said they hoped al-Maliki would address their concerns in his speech — but they didn't seem satisfied afterward.

Engel, for instance, took to the House floor for a one-minute speech shortly after the joint session adjourned, offering a critique of the prime minister's words.

Two other Democrats who signed the letter also sat out — but not as a way of making a political statement.

Rep. John Olver (Mass.) watched the proceedings from his office — his custom for most similar occasions, including State of the Union addresses.

"He just sort of prefers to watch these things on TV," said Nicole Letourneau, Olver's press secretary. "It's easier to understand the translation, and he likes to see what the average person sees."

And Rep. Barney Frank, Olver's Bay State colleague, typically peruses speech transcripts instead of attending in person.

Frank feels he "can read faster than people can talk," said Steven Adamske, Frank's press secretary.

Al-Maliki Echoes White House In Address (FT)

By Caroline Daniel

Financial Times, July 27, 2006

Iraqi prime minister Nouri al-Maliki said on Wednesday his country's future depended on continued US commitment, telling a joint session of Congress that the "fate of our country and yours is tied", and that it is "your duty and our duty to defeat this terror".

The 30-minute speech, punctuated by respectful applause and a few standing ovations, was light on substantive reports of progress or details about how sectarian violence would be reduced.

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It stuck to more abstract themes about Iraq's position in the front line of the war against terrorism. "Should democracy be allowed to fail in Iraq and terror permitted to triumph, then the war on terror will never be won elsewhere," he said. Acknowledging the sectarian violence that had prompted a new security plan for Baghdad, he added: "The journey has been perilous, and the future is not guaranteed."

The address was interrupted by an anti-war protester, dressed in a pink tutu, who shouted: "Iraqis want the troops home! Bring them home now."

The prospects of this were played down in the address: "The completion of Iraq's forces form the necessary basis for the withdrawal of multinational forces. But it's only then, only when Iraq's forces are fully capable, will the job of the multinational forces be complete."

Before the speech, Mr Maliki sought to avert an embarrassing boycott of his address by dozens of Democrats who had expressed outrage at his failure to condemn the actions of Hizbollah. Meetings with senior leaders helped avert that threat. It dwindled into a modest boycott involving just two senators, Barbara Boxer and Chuck Schumer.

Tony Snow, White House spokesman, said: "I don't see what is so surprising about Prime Minister Maliki having his own opinion on the Middle East . . . the president is not the puppeteer. The prime minister is a freely elected leader."

Even so, some of Mr Maliki's lines echoed key administration themes. The White House acknowledged having conversations about the speech with the Iraqi leader.

Where US president George W. Bush has hailed liberty as "God's gift to humanity", Mr Maliki said, "I believe these human rights are not an artifact construct reserved for the few. They are the divine entitlement for all."

Al-Maliki: Iraq 'Battle That Will Determine The War' (BSUN)

By Joel Havemann

The Baltimore Sun, July 27, 2006

WASHINGTON -- Iraqi Prime Minister Nouri al-Maliki promised Congress today that the war on terrorism would be won, but he ducked the issue that nearly caused some lawmakers to boycott his speech -- his previous support for the militant group Hezbollah in its battle with Israel in Lebanon.

"I know that some of you here question whether Iraq is part of the war on terror," al-Maliki said. "Let me be very clear -- this is a battle between true Islam, for which a person's liberty and rights constitute essential cornerstones, and terrorism, which wraps itself in a fake Islamic cloak ... and spreads hatred between humanity."

Al-Maliki did not say a word about the two-week-old conflict in Lebanon between Israel and Hezbollah. Instead, he stuck with guaranteed applause lines about his determination that American sacrifices in Iraq would not be in vain, and that a democratic regime would replace the dictatorship of Saddam Hussein.

Echoing the themes sounded frequently by President Bush whenever he addresses the war on terror, al-Maliki said: "We are rebuilding Iraq on a new, solid foundation, that of liberty, hope and equality. Iraq's democracy is young, but the will of its people is strong. It is because of this spirit and desire to be free that Iraq has taken the opportunity you gave us, and we chose democracy. I will not allow terrorists to dictate to us our future."

Midway through his talk, al-Maliki was interrupted by a heckler who shouted: "Iraqis want the troops to leave. Bring them home now." To a chorus of boos from the audience, she was hustled out of the House chamber.

"Iraq is the front line in this struggle, and history will prove that the sacrifices of Iraqis for freedom will not be in vain," al-Maliki vowed. "Iraqis are your allies in the war on terror.

"The fate of our country and yours is tied," the Iraqi leader asserted to a cheering Congress. "Should democracy be allowed to fail in Iraq and terror permitted to triumph, then the war on terror will never be won elsewhere."

Al-Maliki wasted no time thanking the United States for standing by Iraq.

"Let me begin," he said, "by thanking the American people ... for supporting our people in ousting dictatorship. Iraq will not forget those who stood with her -- with him and who continues to stand with her in times of need."

Sounding like Bush defending U.S. sacrifices in Iraq, al-Maliki said: "What used to be a state-controlled media is now completely free and uncensored -- something Iraq had never witnessed since its establishment as a modern state, and something which remains alien to most of the region. What used to be a command economy in Iraq we are rapidly transforming into a free-market economy. Standards of living have been raised for most Iraqis as the markets witness an unprecedented level of prosperity."

Al-Maliki acknowledged that Iraq is the target of "terror inflicted by extremists who value no life and who depend on the fear their wanton murder and destruction creates."

"Do not think that this is an Iraqi problem," al-Maliki cautioned lawmakers. "This terrorist front is a threat to every free country in the world and their citizens. What is at stake is nothing less than our freedom and liberty. Confronting and dealing with

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this challenge is the responsibility of every liberal democracy that values its freedom. Iraq is the battle that will determine the war."

Al-Maliki tried to put the best face on his government's struggle with the insurgents.

"While small sections of central Iraq are unstable," he said, "large sections have remained peaceful but ignored for far too long. ... We need to make an example out of these stable areas as models for the rest of the country."

PM Says Iraq Is Front Line Of Terror War (CHIT)

By Mark Silva

Chicago Tribune, July 27, 2006

WASHINGTON -- Iraqi Prime Minister Nouri al-Maliki, thanking the United States for its sacrifice and financial support in the war in the Iraq, pledged today before a joint session of Congress to overcome the terrorism tearing his country apart.

"The war on terror is a real war against those who wish to burn out the flame of freedom," said Maliki, echoing the Bush administration's stance that Iraq is "the front line in the war on terror."

"The coming few days are difficult and the challenges are significant," said Maliki, vowing that "Iraq will be the graveyard for terrorism and terrorists for all humanity. … Iraq is the battle that will determine the war." If the terrorists are defeated in Iraq, he added, "they will never be able to recover."

The address of the recently selected prime minister comes as the Bush administration is pledging to shift more U.S. forces to violence-torn Baghdad.

"The journey has been perilous, and the future is not guaranteed," Maliki told members of Congress during his 25-minute address, with Republicans repeatedly leading standing ovations while Democrats at best only reluctantly joining in. "Few believed in us, but you, the American people did, and we are grateful for this."

The partisan divide over the war in Iraq was palpable in the House chamber, with Democrats complaining afterward that Maliki had come asking for more money.

Rep. Mike Thompson, a California Democrat and decorated Vietnam veteran, called Maliki's address "a lot of hyperbole and terrorism talk" and questioned Maliki's pledge to overcome terrorism.

"As long as we're there, I don't believe we're going to get there," said Thompson, noting that, at the rate the U.S. is spending money in Iraq, the prime minister "talked for about 11 million bucks of spending with his speech."

The speech was interrupted midway by a sole protester who stood up in the visitors' gallery above the House floor to repeatedly yell: "Iraqis want the troops to leave. Bring them home now." She was stopped by guards who escorted her from the hall.

While pledging his allegiance to the U.S. in the war on terror, Maliki did not specifically mention attacks by Hezbollah against Israel. Maliki's failure to back the Bush administration's position favoring Israel in Lebanon was criticized by Democratic leaders this week, with some threatening to boycott Maliki's speech.

Maliki has been openly critical of Israel's "aggression" against Hezbollah and has joined other Arab leaders in calling for an immediate cease-fire in Lebanon.

"His speech in that area fell short in speaking to… the battles of terrorists that violate international borders," said Rep. Rahm Emanuel (D-Ill.)

"It was a good speech," Emanuel said. "But I have only one (question)… He said that Iraq is the center of the war on terror, and National Security Adviser (Stephen) Hadley says it's sectarian violence. So what are we battling, a war on terror or sectarian violence? … That's a new definition of our mission… A clarification of America's interests over there would be helpful."

"The speech was wholly lacking," said Rep. Debbie Wasserman Schultz (D-Fla.). It was disingenuous. It was disrespectful of other sovereign nations in the region."

Emanuel also seized upon Maliki's comment that much of the money the U.S. had budgeted for reconstruction in Iraq has instead gone to security companies.

"That the reconstruction money is going off to foreign companies making huge profits—yeah, there he has a lot of agreement with Democrats," Emanuel said.

Many of the Democrats in the chamber applauded only dutifully when Republicans led rounds of applause and standing ovations. Senate Minority Leader Harry Reid (D-Nev.) who had challenged Maliki's stance on Israel, sat silently through much of the speech and only reluctantly at times joined in the applause.

Sens. Dick Durbin (D-Ill.) and Hillary Rodham Clinton (D.-N.Y.) similarly were restrained with their applause.

"Let me begin by thanking the American people… for supporting our people and ousting dictatorship," Maliki said. "Iraq will not forget those who stood with her.

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"I know some of you question whether Iraq is part of the war on terror," he continued, apparently attempting to find a common ground with Congress in his allusions to the terrorist attacks of Sept. 11, 2001.

"Thousands of lives were tragically lost on 9/11," Maliki said. "Thousands more continue to die in Iraq today…. Your loss on that day was the loss of all mankind. And our loss today is a loss for all free people."

"The fate of our country and yours is tied," Maliki said, pledging to build "the new Iraq on the foundation of democracy… This is the new Iraq which is emerging from the ashes of dictatorship…. In a short space of time, Iraq has gone from a dictatorship… to a fully functional democratic government."

"The greatest threat Iraq's people face is terror," said Maliki, suggesting that his nation earlier had faced a different form of terror with the "mass graves" and "torture chambers" of Saddam Hussein. "We did not bow then, and we will not bow now."

mdsilva@tribune.com

Iraqi Prime Minister Gets Mixed Response In Congress (LAT)

By Maura Reynolds

The Los Angeles Times, July 27, 2006

WASHINGTON — Iraq's prime minister ended a controversial visit to Washington on Wednesday with a plea for more money, a prod not to abandon his country and a pointed effort to dodge criticism over his comments on the conflict between Israel and Hezbollah.

In a speech to a joint meeting of Congress, typically the high point of visits by heads of state, Prime Minister Nouri Maliki hewed close to the Bush administration's formulation of the challenges in his homeland, describing Iraq as the "vanguard" of the U.S.-declared "war on terror."

"I know that some of you here question whether Iraq is part of the war on terror," Maliki told lawmakers. "Let me be very clear: This is a battle between true Islam, for which a person's liberty and rights constitute essential cornerstones, and terrorism, which wraps itself in a fake Islamic cloak."

The prime minister went out of his way to extol Americans for their help and sacrifices for his country, but he received a decidedly mixed reception on Capitol Hill. Republicans and Democrats responded with vigorous applause to his pledges to combat terrorism, but the reaction was much more tepid when he described the need for more reconstruction money and issued a stern warning about the dangers of abandoning Iraq.

"In 1991, when Iraqis tried to capitalize on the regime's momentary weakness and rose up, we were alone again," Maliki said, referring to the United States' decision not to support a Shiite uprising against Saddam Hussein and instead withdraw from the country at the end of the Persian Gulf War.

"The people of Iraq will not forget your continued support as we establish a secure, liberal democracy. Let 1991 never be repeated, for history will be most unforgiving," he said.

The prime minister's visit had been designed to showcase political progress in Iraq under his government. Instead, that purpose was largely overshadowed by a steady controversy stemming from the conflict in Lebanon — specifically Maliki's recent condemnation of "Israeli aggression."

For instance, the issue of whether Maliki, a Shiite Muslim, would also criticize violence by the Shiite militant group Hezbollah dominated a breakfast meeting with congressional leaders.

"I asked him directly: 'Do you believe that Hezbollah is a terrorist organization?' " the Senate's No. 2 Democrat, Richard J. Durbin of Illinois, recounted later. "He would not respond to that question."

Maliki did make a better impression on others. The Senate's top Democrat, Harry Reid of Nevada, said that at the breakfast, Iraqi Foreign Minister Hoshyar Zebari noted that during an Arab League meeting last week, Iraq had joined Saudi Arabia, Jordan and Egypt in criticizing Hezbollah's actions.

Reid said that although Maliki did not specifically mention Hezbollah during the breakfast, the prime minister repeatedly said his government opposed terrorism "everywhere in the world."

"I feel better having gone to the breakfast," Reid said.

In his speech, Maliki asked Congress for more funds for Iraqi reconstruction, saying it was necessary to rebuild stable parts of the country, outside the central region, to serve as a model for those troubled by violence.

"Is he really asking American taxpayers to donate their tax money to Iraqi companies?" asked Rep. Debbie Wasserman-Schultz (D-Fla.), who withheld applause for most of the speech. "I thought the speech was wholly lacking, disingenuous, and disrespectful of other nations in the region."

A number of Democrats chose to boycott the speech, including Sens. Barbara Boxer of California and Charles E. Schumer of New York.

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"I am not ready to honor Prime Minister Al-Maliki in the chamber of the House of Representatives until I have some very serious questions answered by him," Boxer said. "First, when will he be able to take over the security of his own country so that American soldiers may leave?"

And even as they offered praise for the prime minister, many Republicans felt the need to distance themselves from his comments on the Israel-Hezbollah conflict.

"Just because we welcome a foreign leader to address a joint session does not require complete agreement on every international issue," Sen. Conrad Burns of Montana, who faces a tough reelection campaign, said in a statement.

House Speaker Rep. J. Dennis Hastert (R-Ill.) tried to make light of lawmakers' preoccupation with Israel at a time they were supposed to be showcasing Iraq.

"We didn't ask him to come here for a general commentary on the Middle East," Hastert said after a Republican strategy meeting.

Many seats on the Democratic side of the chamber were occupied by staffers so the absences of legislators would not be obvious. But lawmakers insisted that there was no widespread boycott by Democrats; a number of absences were caused by schedule conflicts.

For instance, Sen. Dianne Feinstein (D-Calif.) skipped the speech to attend back-to-back meetings of the Judiciary and Intelligence committees, which were not rescheduled to accommodate Maliki's appearance.

Rep. Steny H. Hoyer of Maryland, the second-ranking House Democrat, said that attendance at events such as the Maliki speech was not mandatory. "It's hard to get half the caucus to attend anything," he said.

For the most part, Republicans tried to put a positive spin on Maliki's two-day visit. Sen. John W. Warner (R-Va.), the chairman of the Armed Services Committee, said he was impressed with Maliki's determination to make the visit despite opposition back in Iraq.

In an effort to end the visit on a high note, President Bush and Maliki traveled together aboard the Marine One helicopter from the White House to Ft. Belvoir, Va., just south of Washington, to have lunch with military personnel and, in the prime minister's words, express appreciation for the sacrifice of "your colleagues who offered their lives on the land of Iraq."

The two leaders posed for photos with the troops, shook hands with others from the post, and then parted after a brief hug, Bush heading to his helicopter and a political fundraising visit to West Virginia and Maliki boarding an identical aircraft after returning the salutes of the Marine Corps crew.

'Our Duty To Defeat This Terror,' Iraqi Leader Tells Congress (USAT)

By David Jackson

USA Today, July 27, 2006

WASHINGTON — Iraqi Prime Minister Nouri al-Maliki urged Congress Wednesday to continue backing the war in Iraq and the emerging democracy there, calling it essential to defeating terrorists worldwide.

“The fate of our country and yours is tied,” al-Maliki told a joint meeting of the House and Senate. “Should democracy be allowed to fail in Iraq, and terror permitted to triumph, then the war on terror will never be won elsewhere.”

Al-Maliki, speaking through an interpreter, did not mention the renewed Middle East conflict between Israel and Hezbollah militants in Lebanon. His refusal to condemn Hezbollah for attacks on Israel and his criticism of Israel's ongoing military response has drawn fire from lawmakers such as House Minority Leader Nancy Pelosi of California.

“If defeating terrorism is indeed the duty of all of us, as the prime minister proclaimed, the road to victory starts with identifying the enemy,” Pelosi said after the speech.

The Iraqi leader's address came a day after he and President Bush announced a new security plan for Baghdad, which has been racked by sectarian violence. U.S. military police will support Iraqi forces. Al-Maliki told Congress that a multinational force will be needed until “Iraq's forces are fully capable.”

Later in the day, al-Maliki and Bush visited American military families at Fort Belvoir in Virginia. “No matter how tough it gets, we will complete this mission” Bush said. “We owe it to those who have lost a life.”

Al-Maliki also thanked the families. “We feel pain and sorrow for every drop of blood that falls in Iraq,” he said.

During his 25-minute congressional address, al-Maliki touted Iraq's development of a market economy, free press and democratic institutions. All are threatened by ruthless terrorists and armed militias, he said.

“It is your duty and our duty to defeat this terror,” al-Maliki said.

At one point, a woman in the visitor's gallery interrupted al-Maliki by yelling: “Iraqis want the troops to leave. Bring them home now.” Police removed her from the gallery.

There were some empty seats on the Democratic side of the House chamber. Sen. Charles Schumer of New York and a few others said they were boycotting.

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Sen. Kay Bailey Hutchison, R-Texas, said al-Maliki "sounded all the right notes." She said boycotting was a mistake because "we are so linked to his success. The sooner he can achieve his goals, the sooner we will have the ability to bring our troops home."

Sen. Hillary Rodham Clinton, D-N.Y., said she was "disappointed" that al-Maliki didn't criticize Hezbollah. She said she appreciated his "strong defense of Islam against extremism and a grateful acknowledgement of the sacrifice the American people have made."

Hoshyar Zebari, Iraq's foreign minister, told reporters there is no way to know how long large numbers of U.S. troops will have to stay in Iraq because the situation is volatile.

As for why al-Maliki did not discuss Lebanon, Zebari said the focus of the prime minister's first U.S. visit since taking office in April was Iraq.

Maliki Expresses Thanks In Address To Congress (NYT)

By David Stout

The New York Times, July 27, 2006

WASHINGTON, July 26 — Prime Minister Nuri Kamal al-Maliki of Iraq told Congress today that his country is "the front line" in the war on terrorism and said Iraq's fate is linked to that of the United States and all free nations.

"It is your duty and our duty to defeat this terror," Mr. Maliki told a joint meeting of the House and Senate. "Iraqis are your allies in the war on terror."

Mr. Maliki expressed gratitude to the American people for their help in building a new, democratic Iraq. "Iraq will not forget," he said.

The prime minister said Muslim terrorists who foment violence in Iraq and elsewhere have donned a "fake Islamic cloak" and are waging war against the very values upon which Islam was founded.

"Terrorism has no religion," he said.

The prime minister embraced the stance of President Bush in calling Iraq a key front in a wider battle against terrorism and in evoking the attacks of Sept. 11, 2001. "Your loss on that day was a loss for all mankind," he said.

President Bush has often described the campaign in Iraq as a logical part of the United States' response to the Sept. 11 carnage. His critics have accused Mr. Bush of disingenuously implying that the Iraq of Saddam Hussein was somehow involved in 9/11. Mr. Bush and his top aides have countered by insisting that the United States could not wait for another terrorist attack and went after a regime that was a known danger.

"The fate of our country and yours is tied," Mr. Maliki told the lawmakers. If democracy fails to take hold in Iraq, he said, "then the war on terror will never be won elsewhere."

Mr. Maliki, speaking in Arabic, did not mention issues that have divided him and Washington, notably his condemnation of Israel for its incursion into Lebanon in pursuit of Hezbollah militants and his refusal to condemn Hezbollah, which the United States regards as a terrorist organization.

Before the speech, the White House press secretary, Tony Snow, was asked if Mr. Bush had pressed Prime Minister Maliki to make a statement condemning Hezbollah, as Democrats on Capitol Hill have demanded.

"The president is not a puppeteer in this case," Mr. Snow said. "He's not pulling the strings of Mr. Al-Maliki." But Mr. Snow went on to say that he had seen Mr. Maliki's speech in advance, adding that there had been "conversations about the speech" within the administration. Asked if the administration had advised the prime minister, he said, "I think the word 'advise' is a little strong. We have seen copies of it."

Later, Mr. Snow suggested that some people were making too much of the prime minister's silence on Hezbollah. "He's never said he's for Hezbollah," Mr. Snow said. "So what everybody's complaining about is something that he hasn't said."

"We're not going to tell him you — you know, we want you to issue a statement against Hezbollah," Mr. Snow went on. "It's inappropriate. He's the head of a sovereign state. He has the ability to say what he thinks or, if he chooses not to answer the question, he has that right, too."

The prime minister's refusal to condemn Hezbollah prompted some Democrats to consider skipping his speech, and at least one, Senator Charles E. Schumer of New York, did stay away.

But other lawmakers, including some Democrats, were favorably impressed.

"I'm heartened by the prime minister's commitment to freedom and democracy in his country," said Senator Richard J. Durbin of Illinois, the Democratic whip. But Mr. Durbin seemed only partly mollified regarding the prime minister's posture toward Hezbollah.

"This morning I asked him directly, 'Do you believe that Hezbollah is a terrorist organization?' " Mr. Durbin related. "He did not respond. He would not respond to that question. He did say that he condemned terrorism in all of its forms. His foreign

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minister went on to say that at a meeting of Arab nations they had joined with others in being critical of what Hezbollah has done. So I think that is the extent of the statements that will be made by the Iraqi delegation."

Senator Jack Reed, a Rhode Island Democrat who has made repeated trips to Iraq, said he admired Mr. Maliki for committing "not just his political career but his life" to the new Iraq. But Mr. Reed, too, said Mr. Maliki had "failed to seize the opportunity" to denounce Hezbollah.

Mr. Reed also found Mr. Maliki too optimistic in his assessment of the military situation in Iraq, sometimes "speaking in the style more of the president of the Baghdad Chamber of Commerce than the prime minister of Iraq."

Senator Conrad Burns, Republican of Montana, said the appearance of a democratically elected leader of Iraq "is an historic occasion and reminds all of us why were are fighting in Iraq." While disagreeing with Mr. Maliki's condemnation of Israel, Mr. Burns said he respected Mr. Maliki's right to speak out "in an environment which respects and reveres free speech in the United States, a right we hope will continue to gain progress throughout the Middle East."

Although Mr. Maliki was applauded from time to time, he was also heckled. A young woman wearing a T-shirt with the words "Troops Home Now" shouted during the address and was taken out by security guards.

The prime minister drew sustained applause at points in his address — when he pledged to work for women's rights, for instance.

In the fight against terrorism, he said, "our resolve is unbreakable."

"Do not think this is an Iraqi problem," he said, adding that combating terrorism is the responsibility of every free country. His own country, he said, will be "a graveyard" for terrorism and terrorists "for the good of all humanity."

Dean Calls Iraqi PM An 'Anti-Semite' (AP-Y)

By Brian Skoloff

AP2, July 27, 2006

Democratic Party chairman Howard Dean on Wednesday called Iraqi Prime Minister Nouri al-Maliki an "anti-Semite" for failing to denounce Hezbollah for its attacks against Israel.

Al-Maliki has condemned Israel's offensive, prompting several Democrats to boycott his address to a joint meeting of Congress and others to criticize him. Dean's comments were the strongest to date.

"The Iraqi prime minister is an anti-Semite," the Democratic leader told a gathering of business leaders in Florida. "We don't need to spend $200 and $300 and $500 billion dollars bringing democracy to Iraq to turn it over to people who believe that Israel doesn't have a right to defend itself and who refuse to condemn Hezbollah."

On Tuesday, leading Senate Democrats said in a sharply worded letter that Al-Maliki's "failure to condemn Hezbollah's aggression and recognize Israel's right to defend itself raises serious questions about whether Iraq under your leadership can play a constructive role in resolving the current crisis and bringing stability to the Middle East."

The Republican National Committee rejected Dean's criticism of Al-Maliki, saying, "It is incredibly troubling that Howard Dean would seek to score cheap political points by attacking the democratically elected prime minister of Iraq."

On Capitol Hill, Sen. John Warner, R-Va., the chairman of the Armed Services Committee, said: "I dismiss Howard Dean. Really, he's a disappointment, even to Democrats. I don't care to deal with that."

Dean also used the Florida appearance to criticize President Bush, calling him "the most divisive president probably in our history" as he complained that Republican policies of deceit and finger-pointing are tearing the country apart.

"He's always talking about those people. It's always somebody else's fault. It's the gays' fault. It's the immigrants' fault. It's the liberals' fault. It's the Democrats' fault. It's Hollywood people," Dean said. "Americans are sick of that. Even if you win elections doing that, you drag down our country."

Dean spoke to about 240 business leaders in Palm Beach County at a gathering of the Democratic Professionals Forum. It is part of a nationwide grassroots campaign to get voters involved in politics on a local level ahead of the November elections.

Republicans welcomed Dean's appearance in Florida, criticizing him for the same divisiveness he accused Republicans of creating.

"Howard Dean's divisive rhetoric has done nothing more than drive the Democrat Party further to the extreme left of the political spectrum," said Carole Jean Jordan, head of the Republican Party of Florida.

Howard Dean Compares Katherine Harris To Stalin During Stop In WPB (FLSUNSEN)

By Josh Hafenbrack

South Florida Sun-Sentinel, July 27, 2006

DOJ_NMG_0043721

West Palm Beach -- Democrat leader Howard Dean called the Iraqi prime minister an "anti-Semite" during an address before party loyalists on Wednesday, drawing a swift rebuke from Republicans. The Democratic National Committee chairman also called Republican Senate candidate Katherine Harris a "crook" and compared her to Stalin.

Iraqi Prime Minister Nouri al-Maliki, who addressed a joint session of Congress Wednesday, came under fire from Democrats for recent comments on the conflict in Lebanon between Israel and the terrorist group Hezbollah. Al-Maliki hasn't condemned Hezbollah, but he criticized the "Israeli aggression."

"The president made a big deal about bringing the Iraqi prime minister to address Congress," said Dean, the former Vermont governor and 2004 presidential candidate. "The Iraqi prime minister is an anti-Semite. We don't need to spend $200, $300, $500 billion bringing democracy to Iraq to turn it over to people who believe Israel doesn't have a right to defend itself."

Dean spoke for before the Democratic Professionals Forum Wednesday in West Palm Beach.

Republican National Committee spokesman Danny Diaz responded: "It is incredibly troubling that Howard Dean would defend the presumption of innocence of a terrorist like Osama bin Laden, yet attack the democratically-elected prime minister of Iraq." He was referring to a comment Dean made in 2003.

Dean also had a harsh assessment of Harris, a U.S. House member trying to unseat U.S. Sen. Bill Nelson, D-Fla.

"Thank God for Bill Nelson, because we'd have another crook in the United States Senate if it weren't for him. He is going to beat the pants off Katherine Harris," Dean said during his 20-minute address. "She doesn't understand that it's…improper to be chairman of a campaign and count the votes at the same time. This is not Russia and she is not Stalin."

Iraqi Leader Speaks Half The Truth (LAT)

The Los Angeles Times, July 27, 2006

IRAQI PRIME MINISTER Nouri Maliki's speech before Congress on Wednesday could have been written by a White House speechwriter. The Shiite leader, who took office in May, eloquently thanked the American people "for supporting our people in ousting dictatorship." He then spent most of the rest of his address placing the Iraq conflict in the context of the global war on terror.

It was all very rousing — Churchillian almost — and it is tempting to buy into this narrative. There are terrorists aligned with Al Qaeda at the core of the resilient Sunni insurgency in Iraq who are desperately trying to sabotage the creation of a more democratic state. We can argue that ongoing American sacrifices to help Maliki's government are therefore worthy, noble even, regardless of what we thought of the initial decision to go to war.

Alas, there are two competing narratives — both rooted in reality — emerging from Iraq. Besides Maliki's story of an insurgency made up of foreign terrorists and Saddam Hussein loyalists taking on a nascent democracy, the competing tale is one of an escalating civil war pitting the Shiite majority against the disempowered Sunni population.

The top terrorist in Iraq, Abu Musab Zarqawi, was killed more than a month ago, but the violence in the country has intensified. Although the world's attention has been diverted, far more Iraqis have died in the last two weeks than have Lebanese, and Maliki's fledgling government is losing control. The Bush administration is now forced to redeploy thousands of troops into Baghdad in an attempt to stabilize the capital, neighborhood by neighborhood.

The question is whether U.S. forces are going to be helping a pluralistic government survive a terrorist insurgency, or whether they are going to get caught up in a civil war — one in which the government is an instrument for the Shiites to exact revenge on the Sunnis. Far more important than the prime minister's platitudes about our alliance in the global war on terror were his acknowledgment that armed militias are "the other impediment" to stability and his pledge to disband them "without exception."

There are alarming indications of ties between government forces and Shiite militias such as the Al Mahdi group and the Badr Brigade And episodes such as the July 9 systematic killing of dozens of Sunnis in the Jihad neighborhood of Baghdad are as damaging to Iraq's prospects as any terrorist bomb.

It isn't clear whether the window of opportunity to avert an all-out civil war has closed, but Iraq is certainly on the verge. For either Maliki or his Washington sponsors to pretend that the crisis is merely a question of terrorism could precipitate, not prevent, the worst-case scenario.

If you want other stories on this topic, search the Archives at latimes.com/archives.

Iraq's Hezbollah (WSJ)

By Dan Senor

The Wall Street Journal, July 27, 2006

During his trip to Washington earlier this week, the Iraqi prime minister again failed to condemn Hezbollah and instead focused exclusively on the "destruction that happened to the Lebanese people as a result of the military air and ground attacks."

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Following Nouri al-Maliki's initial one-sided and even blunter criticism of Israel 10 days ago, a demoralized friend from Jerusalem emailed me:

"Iraqis need to understand that they must not jump on the anti-Israel Arab bandwagon; not for Israel's sake, but for themselves. The Arab obsession with Israel has been debilitating for the Arab world and has been the primary excuse for tolerating dictatorships and terrorism. Some brave Arabs have said this. Also, why should Iraq line up with Syria and the hardliners when even the Saudis are criticizing Hezbollah?"

He's right. And it wasn't supposed to be this way. We had thought that a post-Saddam Iraqi government would be less susceptible to Arab League pressure; Israel as the old whipping-boy was to find little resonance there. This change of tone was to be a model for the region. Wasn't the road to Arab-Israeli peace supposed to go through Baghdad? * * *

Mr. Maliki -- who is competent, tough and genuinely committed to a democratic Iraq -- is not responding to pressure from the Arab League. The pressure is coming instead from some radical Shiites in his own country. Moqtada al-Sadr and his Sadrists, the Sadriyyun, are as powerful and destructive as ever, forcing the prime minister's hand on Israel and other issues.

Mr. Sadr's militia, the Mehdi army, has been responsible for a considerable share of Iraq's sectarian strife, not to mention the deaths of American soldiers in 2003 and 2004. His power is derived from a combination of family lineage, violent intimidation of rival clerics, and agitation on behalf of Iraq's Shiite underclass. His support is largely concentrated in Sadr City (a Baghdad slum, home to some two million Iraqi Shiites), and in a number of other impoverished neighborhoods throughout southern Iraq.

While the Sadriyyun lack the sophistication, weaponry and social welfare services of Hezbollah, both are funded by Tehran; and both organizations represent the same ethnic, religious and socioeconomic demographic within their respective countries. Mr. Sadr's organization is, in fact, about where Hezbollah was 20 years ago. As Fouad Ajami explains in "The Foreigner's Gift," his important new book, "What the young boys of the Party of God did to Beirut a generation earlier was now replicated in Baghdad. The half-educated and the bewildered and the opportunistic found their way to Sadr's army."

And much like Sheikh Hassan Nasrallah in southern Lebanon, Moqtada al-Sadr has tried to establish a state within a state inside Iraq, albeit far more haphazardly. Mr. Sadr, for example, has set up an extrajudicial Sharia court system to put on trial those Iraqi Shiite "heretics" that do not strictly conform to his interpretation of Sharia law. Some "defendants" found guilty have been punished by death. The Mehdi army has also institutionalized its own checkpoints to fill the security vacuum in certain areas of the country -- supplanting what it regards as Iraq's weak national army. It has also infiltrated municipal police forces, particularly in the south.

Messrs. Nasrallah and Sadr both have dual-tracked political strategies: While they seek to establish their own autonomous governing structures, they also influence the national political process by electing allies to the parliament and bargaining for appointments to ministerial posts. While 12 Hezbollah loyalists now sit in Lebanon's parliament (as well as two ministers), over 30 self-identified Sadrists are members of Iraq's 275-seat National Assembly.

The paralysis that Mr. Sadr can impose on the Shiite's national political caucus -- the United Iraq Alliance (UIA) -- was in full display during the four-month stalemate over the formation of Iraq's new government. The UIA at first renominated Ibrahim al-Jaafari for prime minister partly as a result of Mr. Sadr's support and collaboration with Mr. Jaafari's (and Mr. Malaki's) Dawa Party. Mr. Sadr helped deliver Mr. Jaafari's initial win by using threats of violence against caucus members.

Iraq's new prime minister is not beholden to Mr. Sadr; but Nouri al-Maliki must keep his antenna tuned to how Mr. Sadr might manipulate any move he makes, including coming down on the wrong side of the Hezbollah-Israel conflict.

This is not the first time that the Islamist Shiite political leaders have had to manage the delicate issue of Israel. During the drafting of Iraq's Interim Constitution in February 2004, Iraq's Governing Council wanted to reinstate citizenship for Iraqis who had fled Saddam's regime. There was a tense moment during the debate, however, when some of the Islamist Shiite leaders sought to structure the language to create an exception for Iraqi Jews. As one of them argued: "If we do not provide this exception, Israel's defense minister, who was born in Iraq, could return here and run for prime minister." And one prominent Shiite leader in Iraq's current government tried to rationalize this position: "It's not that we are anti-Semitic, but in parts of our community, if it gets out that Iraqi Jews -- Israelis -- could return, there will be uproar."

The U.S.-led coalition argued that the citizenship issue could not be addressed on a discriminatory basis. This view ultimately prevailed, with the Kurds, secular Shiites and Sunnis convincing the religious Shiites to accept it. But the experience was a precursor to the reaction of the Shiite-led government in the current Hezbollah standoff with Israel.

It is important to keep in mind, however, that the vast majority of Iraqis do not share the obsession with Israel that has consumed many in the region. The Iraqi political parties that have run on a Nasserite pan-Arab agenda have performed dismally. Iraqis are preoccupied with the lack of security, jobs and electricity, none of which they connect to the old pan-Arab scapegoat.

When an Iraqi cab driver is waiting in a six-hour line at the gas station -- under 112-degree heat -- or a family is forced to endure Baghdad's sweltering summer with only seven hours of electricity in a day, they would be hard pressed to believe that the breakdown in basic services is the fault of the "Zionists." When Iraqis are victimized in a wave of sectarian violence that has

claimed sometimes a hundred lives per day, they now have access to enough free information to know that their war is with Sunni insurgents and Shiite militia -- stoked by foreign jihadis -- and not a result of "the Mossad." It would be impossible in Iraq today for a democratically elected prime minister to send Iraqi national revenues to fund suicide bombers in Israel -- as Saddam had done with regularity -- or mobilize the country to fight a reckless war.

So, my Israeli friend should not be overly concerned about the anti-Israel rhetoric coming from Iraq's government. But Iraqis and Americans should be deeply concerned by what this rhetoric is symptomatic of: Moqtada al-Sadr's strength in Iraq today. We must address his potential to wreak havoc and capitalize on a weak state, much as Hezbollah has done in Lebanon.

Mr. Senor, founder of Senor Strategies LLC, was based in Baghdad as an adviser to the Bush administration from April 2003 to June 2004.

General Explains Baghdad Buildup (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, July 27, 2006

Rather than keep troops out of harm's way, he wants more in the streets to ease reconstruction.

CAMP VICTORY, Iraq — For months, American commanders in Iraq have talked of their desire to withdraw most U.S. troops from Baghdad's dangerous streets and pull them back to the relative safety of big, wellguarded bases outside the capital.

In an interview Wednesday, the commander of day-to-day U.S. military operations in Iraq explained why he plans to do the opposite — push more American troops into the city's neighborhoods, making them responsible for stopping sectarian violence.

Army Lt. Gen. Peter W. Chiarelli also said he wants U.S. soldiers to oversee an army of Iraqis digging water and sewer lines and other public works to create jobs for Baghdad's residents. Military officials plan to start with a budget of about $75 million to $100 million for the projects.

"How do we stop the violence, the sectarian killing?" Chiarelli said. "We give them hope for a future."

Chiarelli says his plans are not a rejection of the military's previous strategy, but they put him squarely on one side of a debate that has divided American generals about how to win the war in Iraq.

The military's previous strategy has been to reduce the presence of U.S. forces in order to diminish casualties and give insurgent groups fewer targets.

Chiarelli said that pulling back the troops made sense when the enemy was mainly insurgent groups. But now that the violence in Baghdad is increasingly between Sunni and Shiite Muslims, stopping it requires a new approach, he said.

"What we have here is a level of sectarian violence," he said. "And the way you have to fight this is that you have to have presence on the streets. I don't know any other way to fight it."

Under the latest plan, military officials hope to establish zones of security by putting robust U.S. and Iraqi forces in key neighborhoods, then gradually expand those safe areas. Throughout the city, the Americans will try to quickly contain outbreaks of sectarian killing.

Nine thousand U.S. soldiers, 8,500 Iraqi soldiers and 34,000 Iraqi police officers provide security in Baghdad. Military officials plan to bolster those numbers with 4,000 additional U.S. troops and 4,000 more Iraqi soldiers.

But the cornerstone of the new plan is economic development projects, which Chiarelli is known for championing. When he commanded the 1st Cavalry Division in Baghdad from March 2004 to March 2005, he reduced the violence in the Shiite neighborhood of Sadr City by putting many of the fighting-age men to work digging a sewer system.

Reconstruction projects have fallen by the wayside as money has diminished and violence has soared. That violence now has given Chiarelli an opportunity to test his ideas on a grander scale.

Chiarelli dismissed suggestions that the fighting was too serious to begin work projects. Violence, he said, will stop only when the economy improves, Iraqis get back to work and services begin to improve.

"It is absolutely ludicrous this concept that somehow you have to get to a level of security that will allow commerce to occur," Chiarelli said. "I am not downplaying the importance of security, but the key thing here is getting the people believing their life is going to get better."

The U.S. has spent billions on reconstruction with much of the money going to fund security for construction projects. Iraqi Prime Minister Nouri Maliki, addressing a joint session of Congress on Wednesday, complained about the money that security costs had consumed and called on Congress to help fund new projects to put Iraqis to work.

"Much of the budget you had allocated for Iraq's reconstruction ended up paying for security firms and foreign companies, whose operating costs were vast," Maliki said. "Instead, there needs to be a greater reliance on Iraqis and Iraqi companies."

Many of the reconstruction projects that were built in the first years of the Iraq war failed to make a difference in regular Iraqis' lives. Much of the building has focused on large waterpurification plants, sewage-treatment plants or electrical generators.

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But the U.S. has failed to do enough to make sure its reconstruction projects provided jobs for unskilled Iraqis, and the lack of a steady supply of electricity three years after the U.S.-led invasion rankles here.

The previous U.S. plan for securing Baghdad focused on quickly turning swaths of the city over to Iraqi army and police forces. That plan turned into a shambles with the outbreak of sectarian violence after the bombing in February of the Golden Mosque in Samarra.

"What didn't we figure? We didn't figure this sectarian killing," Chiarelli said

Another much-vaunted Baghdad security plan was launched by Maliki's government June 14, featuring stepped-up checkpoints and patrols by Iraqi forces. But the number of daily attacks has increased sharply.

The sectarian violence continued Wednesday, as hospital officials reported receiving the bodies of at least 14 men in southern and western Baghdad. All had been shot in the head and bore signs of torture.

The violence also focused on government officials. Two roadside bombs in eastern Baghdad killed a police colonel, his brother and another civilian. Gunmen also kidnapped a ranking Interior Ministry official. Fighting between Iraqi soldiers and insurgents on Haifa Street in central Baghdad left at least six dead, the army said.

Several weeks ago, the British began stepping up their efforts to stop sectarian violence in southern Iraq, a move that seems to be slowing the exodus of the Sunni minority from the city of Basra. On Wednesday, fighting broke out between British soldiers and Shiite militiamen in Basra and the southern city of Amara.

Chiarelli cautioned that the new plan might take months to show progress. But he said the U.S. would move quickly to create rapid-reaction forces to respond to sectarian fighting.

He cited a July 9 attack in which a group of Shiite gunmen rounded up between 36 and 55 Sunni men in Baghdad's Jihad neighborhood and killed them. Authorities took 2 1/2 hours to respond to calls for help.

"With what happened in Jihad, we have to have a strike force … that can react to anything that even looks like that," Chiarelli said.

"We have to be reactive in stopping the revenge killings from occurring because if you are not careful, that focused event begins a chain reaction," he said. "We have to target the insurgent who comes in and attempts to try and create that signature event. But we also have to target the death squads that are reacting to that signature event."

For the military, the plan is uncharted ground.

"Quite frankly, in 33 years in the United States Army, I never trained to stop a sectarian fight," he said. "This is something new."

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Times staff writers Peter Spiegel and Maura Reynolds in Washington and Borzou Daragahi and Shamil Aziz in Baghdad and a special correspondent near Basra contributed to this report.

'Waiting To Get Blown Up' (WP)

By Joshua Partlow

The Washington Post, July 27, 2006

BAGHDAD, July 26 Army Staff Sgt. Jose Sixtos considered the simple question about morale for more than an hour. But not until his convoy of armored Humvees had finally rumbled back into the Baghdad military base, and the soldiers emptied the ammunition from their machine guns, and passed off the bomb-detecting robot to another patrol, did he turn around in his seat and give his answer.

"Think of what you hate most about your job. Then think of doing what you hate most for five straight hours, every single day, sometimes twice a day, in 120-degree heat," he said. "Then ask how morale is."

Frustrated? "You have no idea," he said.

As President Bush plans to deploy more troops in Baghdad, U.S. soldiers who have been patrolling the capital for months describe a deadly and infuriating mission in which the enemy is elusive and success hard to find. Each day, convoys of Humvees and Bradley Fighting Vehicles leave Forward Operating Base Falcon in southern Baghdad with the goal of stopping violence between warring Iraqi religious sects, training the Iraqi army and police to take over the duty, and reporting back on the availability of basic services for Iraqi civilians.

But some soldiers in the 2nd Battalion, 6th Infantry Regiment, 1st Armored Division -- interviewed over four days on base and on patrols -- say they have grown increasingly disillusioned about their ability to quell the violence and their reason for fighting. The battalion of more than 750 people arrived in Baghdad from Kuwait in March, and since then, six soldiers have been killed and 21 wounded.

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"It sucks. Honestly, it just feels like we're driving around waiting to get blown up. That's the most honest answer I could give you," said Spec. Tim Ivey, 28, of San Antonio, a muscular former backup fullback for Baylor University. "You lose a couple friends and it gets hard."

"No one wants to be here, you know, no one is truly enthused about what we do," said Sgt. Christopher Dugger, the squad leader. "We were excited, but then it just wears on you -- there's only so much you can take. Like me, personally, I want to fight in a war like World War II. I want to fight an enemy. And this, out here," he said, motioning around the scorched sand-and-gravel base, the rows of Humvees and barracks, toward the trash-strewn streets of Baghdad outside, "there is no enemy, it's a faceless enemy. He's out there, but he's hiding."

"We're trained as an Army to fight and destroy the enemy and then take over," added Dugger, 26, of Reno, Nev. "But I don't think we're trained enough to push along a country, and that's what we're actually doing out here."

"It's frustrating, but we are definitely a help to these people," he said. "I'm out here with the guys that I know so well, and I couldn't picture myself being anywhere else.'"Never-Ending Battle'

After a five-hour patrol on Saturday through southern Baghdad neighborhoods, soldiers from the 1st Platoon sat on wooden benches in an enclosed porch outside their barracks. Faces flushed and dirty from the grit and a beating sun, they smoked cigarettes and tossed them at a rusted can that said "Butts."

The commanders in Baghdad and the Pentagon are "looking at the big picture all the time, but for us, we don't see no big picture, it's just always another bomb out here," said Spec. Joshua Steffey, 24, of Asheville, N.C. The company's commanding officer, Capt. Douglas A. DiCenzo of Plymouth, N.H., and his gunner, Spec. Robert E. Blair of Ocala, Fla., were killed by a roadside bomb in May.

Steffey said he wished "somebody would explain to us, 'Hey, this is what we're working for.' " With a stream of expletives, he said he could not care less "if Iraq's free" or "if they're a democracy."

"The first time somebody you know dies, the first thing you ask yourself is, 'Well, what did he die for?' "

"At this point, it seems like the war on drugs in America," added Spec. David Fulcher, 22, a medic from Lynchburg, Va., who sat alongside Steffey. "It's like this never-ending battle, like, we find one IED, if we do find it before it hits us, so what? You know it's just like if the cops make a big bust, next week the next higher-up puts more back out there."

"My personal opinion, I don't speak for the rest of anybody, I just speak for me personally, I think civil war is going to happen regardless," Steffey responded. "Maybe this country needs it: One side has to win. Be it Sunni, be it Shiite, one side has to win. It's apparent, these people have made it obvious they can't live in unity."

It was dark now save for one fluorescent light and the cigarette tips glowing red.

"I mean, if you compare the casualty count from this war to, say, World War II, you know obviously it doesn't even compare," Fulcher said. "But World War II, the big picture was clear -- you know you're fighting because somebody was trying to take over the world, basically. This is like, what did we invade here for?"

"How did it become, 'Well, now we have to rebuild this place from the ground up'?" Fulcher asked.

He kept talking. "They say we're here and we've given them freedom, but really what is that? You know, what is freedom? You've got kids here who can't go to school. You've got people here who don't have jobs anymore. You've got people here who don't have power," he said. "You know, so yeah, they've got freedom now, but when they didn't have freedom, everybody had a job."

Steffey got up to leave the porch and go to bed.

"You know, the point is we've lost too many Americans here already, we're committed now. So whatever the [expletive] end-state is, whatever it is, we need to achieve it -- that way they didn't die for nothing," he said. "We're far too deep in this now.'"Our Biggest Fear'

The largest risk facing the soldiers is the explosion of roadside bombs, known among soldiers as improvised explosive devices, or IEDs, the main killer of U.S. troops in Iraq. Battalion commanders say they have made great strides clearing the main highways through their southern Baghdad jurisdiction, including the north-south thoroughfare they call Route Jackson, but insurgents continue to adapt.

"We do an action, he counters it. It's a constant tug of war," said Sgt. 1st Class Scott Wilmot, an IED analyst with the battalion. "From where I sit, the [number of] IEDs continually, gradually, goes up."

Each day, U.S. and Iraqi soldiers patrolling neighborhoods such as Sadiyah, al-Amil and Bayaa -- an area of about 40 square miles where about half a million people live -- encounter an average of one to two roadside bombs, often triggered remotely by someone watching the convoys, he said.

"Motorola radios, cellphones, garage door openers, remote-controlled doorbells. Anything that can transmit, they can, in theory, use," Wilmot said. "Anybody who thinks they're stupid is wrong."

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After the bombing in February of a golden-domed Shiite shrine in Samarra, sectarian killings between rival Shiite and Sunni Muslim factions exploded, and have continued to take thousands of Iraqi lives despite a security crackdown in Baghdad that started last month. U.S. military commanders in Baghdad say the killings extend beyond sectarian motives, to include tribal rivalries, criminal activity and intra-sect gang warfare. Most of the killing takes place out of sight of the Americans, commanders said.

"At this point, it's getting a little difficult to tell which groups are responsible," said Capt. Eric Haas of Williamsburg, Va., an intelligence officer for the 2nd Battalion. "Our biggest fear is this turning into a Bosnia-Kosovo situation" where the police are allowing the slaughter to take place.

"We're definitely making progress," he added. "It's going to take some time to get there."

Into this fray, day and night, come the U.S. soldiers. Each infantryman conducts an average of 10 patrols a week, for a total of 50 to 60 grueling hours, "and it is having an effect," said the battalion's executive officer, Maj. Jeffrey E. Grable.

"Sometimes it's not obvious, the fruit of their labor," said Grable. But the patrols have "a deterrent effect on sectarian violence. Unfortunately, we just cannot be everywhere all the time."'Only Promises'

The patrol led by Capt. Mike Comstock, 27, of Boise, Idaho -- two Humvees and a Bradley Fighting Vehicle -- started at 1 p.m. on Saturday. At about 15 miles per hour, the patrol passed down blighted Iraqi streets with dozens of cars waiting in gas lines, piles of smoldering trash, rubble-strewn vacant lots and gaping bomb craters.

On one stop, the patrol pulled up to the Saadiq al-Amin mosque in the Bayaa neighborhood. Some mosques in the city have stockpiled weapons and been operations centers for insurgents -- used, said one officer, "like we use National Guard armories back home."

"How are you doing today, sir? A little hot?" Comstock asked Walid Khalid, 45, the second-ranking cleric of the Sunni mosque, who opened the gate wearing sandals and a white dishdasha , a traditional robe.

"Our imam was killed three weeks ago," Khalid said through an interpreter.

"This is actually the first I've heard about this," Comstock said, taking notes.

"The people around here are afraid to come here to pray on Fridays," Khalid said, going on to explain that the mosque didn't have water or electricity. He said that he was worried about corrupt Iraqi police attacking the mosque, and that he needed permits for the four AK-47 assault rifles he kept inside.

"Would it help if we brought the national police here so you could meet them?" Comstock asked. "Maybe you guys could start building trust together."

"We would like to cooperate, but sometimes those people come to attack us, and we want to defend the mosque," Khalid said. "Inside the mosque is our border. If they cross this line, we will shoot these guys."

Comstock's patrol stopped at Bayaa homes and shops to conduct a "SWET assessment": checking the sewage, water and electricity services available to residents. Most said the sewage service was adequate, but the electricity functioned no more than four hours a day. Some said they had little running water and dumped their trash along the main streets. Inner neighborhood roads were blocked with slabs of concrete and the trunks of palm trees. The most repeated concern among residents was a lack of safety.

"I can't fix electricity or sewers all the time. We recommend projects to be done," Comstock told Muhammed Adnan, a Bayaa resident. "Patrolling your neighborhood is one thing we can do. I hope that helps."

"We just receive promises around here, nothing else," Adnan, 40, told Comstock. "Three years, just promises, and promises and promises."

Comstock wrote down the words: "only promises."

Fixing Iraq (WSJ)

The Wall Street Journal, July 27, 2006

Iraqi Prime Minister Nouri al-Maliki is in the U.S. this week on his first official visit, and the biggest and best news is that he and President Bush see eye to eye on the need for a revamped security strategy in Baghdad.

Security in the Iraqi capital has been deteriorating, and especially worrisome is the increasing number of killings by sectarian militias. Many Baghdadis are afraid to leave their neighborhood and sometimes even their homes on normal business. Increasing numbers are fleeing for safer regions of Iraq or nearby foreign countries. While this isn't yet "civil war," current trends are planting the seeds of one.

One response to this is pre-emptive retreat, a proposition gaining too much of a hearing of late. Writing in the New York Times this week, former U.S. Ambassador Peter Galbraith suggests resigning ourselves to the partition of Iraq into Sunni, Shiite and Kurdish states. The big problem with that idea is that Baghdad is a multiethnic city, and dividing it along ethnic and sectarian lines would entail displacing at least two million Iraqis and a lot more bloodshed.

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The better and more realistic option is to rethink how to help Prime Minister Maliki and his government achieve their goal of a unified and pluralistic Iraq. Here are a few key issues:

· More security forces for Baghdad. Whatever one thinks about the number of U.S. troops overall in Iraq, there is no question too few have been deployed in the capital. So news that American troops will be redeploying from relatively peaceful areas of the country to help out in Baghdad is encouraging.

So too is the new police plan announced by Mr. Maliki and President Bush. It envisions embedding more U.S. soldiers with Iraqi police units, which should add to their effectiveness and help overcome suspicions that they are sectarian agents of the Shiite-led Interior Ministry. Unlike his predecessor, Interior Minister Jawad al-Bolani has no affiliations with any militia.

· Better intelligence. In our view the real Iraq intelligence scandal isn't about prewar WMD estimates; it's the U.S. inability to better identify the leadership of the "insurgency" that has actively sought sectarian strife.

The number of bombs since the death of Abu Musab al-Zarqawi only reinforces our view that the majority of Sunni violence has always come from elements of the former regime, such as its KGB-trained mukhabarat, and not al Qaeda. Since Saddam's regime was notorious for record-keeping, it shouldn't be as hard as it has been to identify the likely troublemakers. Both the CIA and the Pentagon's intelligence agencies have failed terribly on this score, and their leadership in Virginia needs to be held accountable.

· Iraqi leadership. Most Iraqi political and religious leaders remain committed to a unified Iraq. The Shiite Grand Ayatollah Ali Sistani continues to urge restraint in the face of Baathist terror, and over the past week or so an encouraging split has developed in the Sunni leadership too. Omar al-Jubouri of the Iraqi Islamic Party was quoted as blaming the provocations of the hardline Sunni Association of Muslim Scholars for "50% of Sunni deaths in Iraq."

On the other hand, the followers of hardline Shiite cleric Moqtada al-Sadr are a big faction in parliament and a hard problem. Sunni Parliament Speaker Mahmoud al-Mashhadani also crossed the line of acceptable behavior when he said that an Iraqi who kills an American soldier should "have a statue built for him." Iraq is a democracy now, and Mr. Mashhadani is free to speak his mind. But he can also be told that such rhetoric will lead to the loss of his Green Zone residence and the squad of American soldiers that protects him.

· International support. Iran and Syria continue to funnel men and materiel to the factions responsible for violence. But a bigger problem may be the tacit encouragement of the Sunni insurgency by the so-called moderate Arab states. Many of them support Iraq's minority Sunnis in their intransigent belief that they are still the country's rightful rulers. Secretary of State Condoleezza Rice should raise this issue with Arab leaders this week as she also looks for a solution in Lebanon.

· U.S. resolve. The quickest way to further factionalize Iraq is to send the message that the U.S. won't be around much longer to protect the country's non-sectarian institutions. But that's precisely what many Democrats have been doing, including the Congressional leadership. House Minority Leader Nancy Pelosi greeted Mr. Maliki yesterday with a press release headlined, "Maliki Misses the Point -- Situation in Iraq is Deteriorating." Mr. Maliki got another glimpse of Democratic unseriousness in their threats to boycott his Capitol Hill speech because they disagree with his recent criticism of Israel's action in Lebanon.

There is an almost willful defeatism in these and many other criticisms of our position in Iraq, as if the only point at this moment is to prove that we should never have toppled Saddam Hussein in the first place. We can relitigate what in our view was a persuasive case for regime change. But what is truly unrealistic is to think that the U.S. has any choice now but to win in Iraq. The regional mess we'd inevitably have to clean up if we lose could make our current difficulties look like child's play.

"The fate of our country and yours is tied," Prime Minister Maliki told Congress yesterday -- adding that if democracy fails there "then the war on terror will never be won elsewhere."

Saddam Asks For Firing Squad Execution (WT/AP)

By Bushra Juhi

The Washington Times, July 27, 2006

BAGHDAD -- A thinner but combative Saddam Hussein said yesterday he would rather die by firing squad like a soldier than hang "like a common criminal," as the defiant ex-president made his final appearance before the tribunal until it renders a verdict.

The prosecution has asked for the death penalty for Saddam and two of the other seven defendants for their role in the deaths of Shi'ites in a crackdown after a 1982 assassination attempt against the Iraqi ruler in Dujail.

Saddam, dressed in a white open-collar shirt and dark jacket, was in court to hear his court-appointed attorney read a final summation, arguing that prosecution witnesses and documents failed to link the ex-president to any of the atrocities in Dujail.

But that did not sit well with the 69-year-old Saddam, who denounced the lawyer as his "enemy" and contended that the summation was drafted by foreigners he accused of manipulating the trial since it began Oct. 19.

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Saddam also said he was brought by the Americans against his will from a hospital, where he was rushed Sunday on the 17th day of a hunger strike and fed through a tube. Despite more than two weeks without food, Saddam seemed thinner but no less vigorous, although his energy appeared to wane in the final minutes of the hearing.

"I was brought against my will directly from the hospital," he told the chief judge, Raouf Abdel-Rahman. "The Americans insisted that I come against my will. This is not fair."

In a rambling statement that was often interrupted by the judge, Saddam said, "I ask you, being an Iraqi person, that if you reach a verdict of death, execution, remember that I am a military man and should be killed by firing squad and not by hanging as a common criminal." Saddam never served in the military ranks but appointed himself a general after taking power in 1979.

That brought a rebuke from Judge Abdel-Rahman, who reminded Saddam the five-judge panel has not finished the trial, much less reached a verdict.

In Jordan, Saddam's defense lawyers rebuked the court for "forcing" the deposed leader to attend yesterday's hearing. They said allowing court-appointed lawyers to replace them deprived Saddam and his co-defendants of the "minimum requirement to adequate defense."

It was Saddam's first appearance before the tribunal since June 19, when chief prosecutor Jaafar al-Moussawi asked the court to find him guilty and sentence him to death.

Combative Saddam Makes Last Stand In Court (USAT)

By Rick Jervis

USA Today, July 27, 2006

BAGHDAD — Saddam Hussein, who had been hospitalized for three days because of a hunger strike, made his last appearance in court Wednesday before it renders a verdict.

Looking thin and haggard but displaying his trademark combativeness, Saddam, 69, verbally sparred with Chief Judge Raouf Abdel-Rahman throughout the day. The former Iraqi leader could face death by hanging for his role in the deaths of Shiite Muslims after a 1982 assassination attempt against him.

At one point, he informed Abdel-Rahman that he would prefer to be executed in a hail of bullets, rather than on the gallows. “Remember that Saddam Hussein is a military commander and should be shot by bullets, not hanged like a regular criminal,” he said.

Saddam complained that he was forced back to court after spending three days in a hospital, where he received intravenous fluids and “a tube that fed nutrients from my nose to my stomach.”

Abdel-Rahman cited a medical report that pronounced Saddam healthy enough to attend his trial. “I didn't say I'm sick,” Saddam retorted. “I said I'm on a hunger strike.”

Directly after the day's session, Saddam broke his hunger strike with a meal of beef and rice, fruit, a Coke and pita bread, said Michael Newton, a Vanderbilt University professor who was in Baghdad observing the trial. Saddam began refusing food on July 7 to protest the fairness of the Iraqi High Tribunal and demand better security for his defense team.

Saddam and seven other former members of his regime are on trial for alleged crimes against humanity during the violent sweep against residents of the town of Dujail. The trial began Oct. 19. The five-judge panel is scheduled to adjourn today and return with a verdict, probably in October.

On Wednesday, court-appointed defense attorneys read more than four hours of prepared closing statements. They argued that the prosecution's case was based largely on witness testimony and hearsay and lacked evidence linking Saddam to the crimes.

The attorneys were appointed after Saddam's original lawyers boycotted the proceedings. They claimed, among other things, that the court wasn't protecting them. Three members of Saddam's defense team have been assassinated.

Abdel-Rahman accused Saddam of provoking insurgents who have blown up cafes and markets filled with Iraqi civilians. Saddam responded that he advocates only the killing of U.S. troops.

“Before my arrest, I gave my instructions to the mujahedin (holy warriors) and to the Baathists and told them if they see American vehicles and they're able to attack it —” Saddam said before the judge switched off his microphone.

Saddam is due to stand trial Aug. 21 in a bloody crackdown on Kurds in the 1980s.

Also Wednesday, U.S. soldiers arrested five suspected members of an alleged “death squad” in Mahmoudiya, 20 miles south of Baghdad. A U.S. military statement said 101st Airborne Division troops swept through a neighborhood in Mahmoudiya, where dozens of suspected Sunni gunmen killed 50 people — mostly Shiites — on July 17.

Defiant Hussein Hails Insurgents And Clashes With His Judge (NYT)

By Damien Cave

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The New York Times, July 27, 2006

BAGHDAD, Iraq, July 26 — Saddam Hussein, looking thinner but healthy despite a nearly three-week hunger strike, said Wednesday that he had been forced to attend his own trial and that he preferred to be shot, not hanged, if found guilty.

On yet another violent day in Iraq, with more than 20 people killed or found dead in Baghdad, Mr. Hussein offered what could be one of his final doses of public defiance. He praised insurgents attacking Americans. He denounced the court as illegitimate. He rejected the charge that he and his seven co-defendants had ordered the execution of 148 men and boys in Dujail after a supposed assassination attempt in 1982.

Mr. Hussein's main defense lawyers have boycotted the trial since July 10 to protest the proceedings, and on Wednesday court-appointed lawyers offered closing arguments. They said there was not enough evidence to show that Mr. Hussein had ordered the killings.

"Has it been formally proved that the defendant Saddam Hussein had formal control over the state organs?" asked one lawyer, who was not named, and whose voice was distorted to protect him. "Was the formal control also real control?"

The arguments were often overshadowed by their client's interjections. When the first defense lawyer rose, Mr. Hussein pointed and said: "You are my enemy. You are an enemy to the Iraqi people."

The chief judge, Raouf Abdel-Rahman, repeatedly turned off Mr. Hussein's microphone. In some cases Mr. Hussein continued shouting, yelling to the judge at one point, "A thousand men like you can't even touch my finger." At others times he turned away and prayed.

In one of the sharpest exchanges of the five-hour session, Mr. Hussein said that, like others, he heard the gunshots regularly ripping through Baghdad, which he seemed to consider a sign of resistance. "If America is able to fight the people, let it fight the people," he said.

Judge Abdel-Rahman immediately interrupted, "Are you provoking the killing of people by car bombs?" Mr. Hussein said he was concerned only with ridding Iraq of "the aggressive invaders."

"If the killing leads to their expulsion," he said, "I urge that."

Judge Abdel-Rahman snapped back, his voice rising. "If you are urging to kill Americans," he said, "let your friends of the mujahedeen attack the American camps and not blow themselves up in the streets and public places and cafes and markets. Let them blow up Americans."

The judge's outburst was another sign of Iraqis' growing exasperation with the spreading violence. At least 14,338 civilians died violent deaths in the first six months of this year, according to a United Nations report.

For Iraqi and American leaders, Baghdad in particular has become a concern. The American military reported last week that the capital averaged 34 attacks a day, many involving multiple casualties. On Tuesday, the White House promised to send 4,000 more soldiers to secure the city of six million to eight million.

Two Pentagon officials said Wednesday that Defense Secretary Donald H. Rumsfeld was likely to delay the departure of 3,000 to 4,000 American soldiers who are scheduled to rotate out of Iraq in coming weeks. The delay, which is expected to last a month or more, would help commanders increase the number of American soldiers in Baghdad without creating gaps elsewhere in Iraq, the officials said.

The violence in Iraq continued on Wednesday. In Baghdad, a brigade of the Iraqi Army killed 6 people and arrested 27, according to Iraq's state-sponsored television news.

One person was killed in a mostly Shiite area of eastern Baghdad when a roadside bomb exploded at 7:30 a.m., an Interior Ministry official said. In Nahrawn, on the southern outskirts of the capital, the local police chief and his brother were killed when gunmen opened fire at noon.

A half-hour earlier, Brig. Abdullah Hamood Shuala, a senior Interior Ministry official, was kidnapped in north Baghdad. Fourteen bodies were found throughout the city with their hands tied and gunshot wounds to the head or chest.

Elsewhere, an American military policeman was killed in combat north of Baghdad on Tuesday, the United States military said. In Baquba, gunmen attacked a police patrol and killed two people, the authorities said. In Kirkuk, a car bombing killed at least one.

At the trial in Baghdad, Mr. Hussein said that if convicted and sentenced to death, he deserved to die by firing squad because "Saddam Hussein is a military commander and should be shot by bullets."

An American official close to the court said that Mr. Hussein was being tried as a civilian, and that under the law governing the case he faced death by hanging if found guilty and the conviction was upheld on appeal.

He also said Mr. Hussein was required by law to appear during this phase of the trial.

A final day of closing arguments is scheduled for Thursday, after which the court is expected to adjourn until a panel of five judges reaches a judgment, possibly in the fall. A second trial of Mr. Hussein is planned for late August. It involves charges of genocide in the killings of 50,000 Kurds in northern Iraq in 1988.

Mr. Hussein has been on a hunger strike since July 7, prompting the authorities to start feeding him with a tube last Sunday. After Wednesday's session he finally decided to eat. According to the American official, Mr. Hussein left the court just after 4 p.m. and immediately ended his hunger strike with a meal of beef, rice and Coca-Cola.

Combative Hussein Returns To Court As Defense Sums Up (WP)

By Andy Mosher

The Washington Post, July 27, 2006

BAGHDAD, July 26 -- Saddam Hussein returned to court Wednesday for the first time in more than a month, not looking appreciably thinner or sounding any less combative after going nearly three weeks without solid food.

The former Iraqi president strode into the courtroom shortly after 11 a.m. for what would be a 4 1/2 -hour session devoted to the closing argument in his defense against charges that he ordered the killings of more than 140 Iraqis from the town of Dujail after an attempt on his life there in 1982.

With his legal team boycotting the proceedings, Hussein mostly sat and listened as court-appointed lawyers read a lengthy statement his own attorneys had prepared. As he has throughout the trial, which opened in October but was extended by numerous recesses and postponements, Hussein verbally sparred with the judge over questions of law, politics and conduct.

At the outset of Wednesday's session, Hussein protested that he, too, had intended to boycott but had been forcibly brought to court from a hospital where he had been fed through a tube since the weekend.

"I would like to remove myself from this courtroom," barked Hussein, who maintained that the court was not legitimate and that he did not have proper legal representation. "I wrote you a petition clarifying that I don't want to come to court, but they brought me against my will. . . . I have been on a hunger strike since July 8."

Several times, he threatened the substitute attorneys, whose names were not released and whose voices were electronically altered on the courtroom sound system and television broadcast feed. "You are my enemy," he told one of them. He pointed to another and exclaimed, "Damn you!"

At one point, Hussein informed Judge Raouf Rasheed Abdel-Rahman that when he decides on a method of execution, "remember that Saddam Hussein is a military commander and should be shot by bullets, not hanged like a regular criminal." Though Hussein made himself head of the Iraqi military after becoming president in 1979, he never served in the armed forces and in fact failed the Baghdad Military Academy's entrance exam in the 1950s.

Hussein could be sentenced to death if found guilty of the Dujail killings, but Abdel-Rahman protested that it was too early in the proceedings to discuss possible punishments. When Hussein pressed the point, Abdel-Rahman said: "I consider this an insult. . . . From now on, if anyone, whoever it is, wants to impose their opinion on me, I will not stay in this position."

For the bulk of the session, however, Hussein sat and listened as his appointed lawyers read a lengthy final argument essentially maintaining that none of the evidence presented at trial directly tied him to the killings of Dujail residents. In an apparent bid to shift blame to any of his seven co-defendants, the argument also asserted that Hussein's presidential powers were far from absolute and that his knowledge of the day-to-day workings of other branches of government was limited.

Michael Newton, a Vanderbilt University law professor who was observing the trial and had participated in framing laws that created the special tribunal holding it, called the defense argument "very substantive."

"They are well-prepared," Newton said of Hussein's attorneys. "It's a solid defense argument."

After Hussein declined to make a closing statement of his own, Abdel-Rahman adjourned the session and Hussein had his first solid meal in weeks: beef, rice, bread, some fruit and a Coke, Newton said.

Meanwhile, the violence that has ravaged Baghdad and other parts of Iraq was relatively mild Wednesday, one day after Prime Minister Nouri al-Maliki and President Bush announced a plan for stepped-up security that would bring more U.S. forces into the capital. U.S. military officials in Baghdad did not respond to requests for information about the new proposal.

A high-ranking police official, Brig. Abdulla Hamood Shahatha, was abducted in eastern Baghdad while he was on his way to work, according top police Capt. Nazar Emad Salah al-Deed of the Iraqi Interior Ministry. And the Ministry of Defense reported arresting 20 suspected terrorists in various parts of the city during a 24-hour period that began Tuesday.

Outside the capital, a roadside bomb killed four members of a family as they were being taken by ambulance to a hospital in Baqubah, a town about 35 miles northeast of Baghdad. Lt. Adnan Lefatta of the Balad Ruz police said the four had been suffering from acute poisoning and were being escorted by Iraq's Facilities Protection Force when the bomb detonated at 10:30 p.m.

Meanwhile, in Washington, U.S. defense officials said Wednesday that military commanders in Iraq were discussing plans to extend the tour of an Army brigade already in the country to boost U.S. troop levels in Baghdad, a move that could mean as many as 4,000 U.S. soldiers would be available to help quell the sectarian violence there.

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Such a decision could increase overall U.S. troop numbers in Iraq -- possibly to more than 130,000 -- for a temporary overlap period while another brigade moves in as part of a regular troop rotation. It would also allow top generals to move additional forces -- with a year of combat experience in Iraq -- into Baghdad without having to significantly draw down troops elsewhere in the country.

But thousands of U.S. troops who were expecting to go home to their families in a matter of weeks could find themselves on the ground in the most violent area of Iraq for an unspecified amount of time.

While such overlaps have not been uncommon, this one signals the likelihood that U.S. troop levels will remain at or near 130,000 for the foreseeable future, possibly scuttling administration plans to draw down significantly before the November elections.

Special correspondents Hasan Shammari in Baqubah and Naseer Nouri and Saad al-Izzi in Baghdad and staff writer Josh White in Washington contributed to this report.

More Iraqi Oil Production Predicted (AP-Y)

By H. Josef Hebert

AP2, July 27, 2006

Iraq's oil production is expected to roughly double over the next four years to 4 million barrels a day, the country's oil minister predicted Wednesday after meeting with U.S. energy officials and executives from nine major oil companies.

"We are increasing production," Hussein al-Shahristani told reporters.

With Iraq's oil infrastructure frequently targeted by insurgents, the country has struggled to resume oil production to prewar levels of about 2.5 million to 3 million barrels a day. As of last May, production stood at about 1.9 million barrels a day, the U.S. Energy Information Administration says.

Al-Shahristani met with representatives of major oil companies, including Exxon Mobil Corp., Chevron, Shell Oil Co., and BP America Inc., to explore ways that these companies might participate in expanding Iraq's oil sector and developing new fields.

Energy Secretary Samuel Bodman, who sat in on the discussions, described it as "a preliminary meeting" and an exchange of information.

"We are not negotiating with any company yet. We have to do some homework," said Al-Shahristani, adding that many companies have expressed interest in developing new Iraqi oil fields.

Iraq's oil infrastructure has been under repeated attacks from insurgents. From April 2003 to last June there were an estimated 315 attacks on Iraqi energy infrastructure including its oil pipeline system and electric power grid, according to an Energy Information Administration summary.

Iraq's oil industry also suffered during the 1990s when the country under Saddam Hussein did not have access to state-of-the-art technology or engineering know-how.

But al-Shahristani expressed resounding optimism about the future of Iraq's oil industry and said he was interested in international partnerships to develop fields in all regions of the country. In 10 to 15 years, he told reporters, Iraq will "be in a position to be the second largest producer and perhaps the largest."

Bodman acknowledged that forecast was "quite optimistic."

Iraq is believed to have recoverable oil reserves of 115 billion barrels, second only to Saudi Arabia, with about two-thirds in the southern part of the country, according to the EIA, the U.S. Energy Department's statistical and research agency. In addition, some geologists believe the country may have another 100 billion barrels in its western desert region, which has not been explored.

Fuel Smuggling Curbed By Prices, Says Iraq (FT)

By Steve Negus

Financial Times, July 27, 2006

Raising the price of petrol has made a serious dent in the fuel smuggling that Iraqi auditors say helps fund the insurgency, according to Hussein al-Shahristani, Iraqi oil minister.

In an interview with the Financial Times, Mr Shahristani also said that production from the country's larger southern oil field is steadily rising and he predicted that oil production would come close to 3m barrels a day by the end of the year.

He also said that work was under way on a new law governing investment in the oil sector, which could see a range of contracts offered to foreign companies depending on the complexity of the fields they develop.

Although he lacks oil sector experience, the former nuclear scientist, imprisoned for refusing to work on Saddam Hussein's weapons programme, is credited by many in Baghdad with having supplied technocratic leadership to a troubled ministry. Under

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the previous government, the ministry was within the sphere of influence of the Shia Islamist Fadila party, who used it to strengthen their hold on the oil-producing region of Basra.

The result was a ministry that was widely considered to tolerate corruption and petrol smuggling and which helped fund both insurgents in the Sunni regions and militias operating in Basra.

However, Mr Shahristani said that the government had managed to curb smuggling by reducing subsidies – a policy initiated last year and which is expected to lift the budgetry burden on Iraq's government, which spends several billion dollars a year to import refined products.

"The most important programme we have in fighting smuggling is adjusting the prices of [fuel] products in the local market, so there is not a great incentive for the smugglers to take it across the border," he said.

The government has managed to raise the price of petrol twelvefold over the last year, from about 20 dinars (2 US cents) to 250 dinars (18 US cents) a litre, higher than in Iran and similar to prices in Saudi Arabia and Kuwait, although still lower than in Turkey or Syria, he said.

His ministry has also reduced fuel rations to Basa's fishing fleets, who take it down the Shatt al-Arab waterway to the Gulf to sell – a policy enacted under Saddam Hussein's government to encourage sanctions-busting smuggling. Basra fishermen freely admit that they make far more from the trade than from fishing.

"We have told them to come to another port very far from Shatt al-Arab and bring their catch of fish and market it, and then they will be supplied fuel for their next trip," he said – an ini-tiative that he acknowledged could be called the "oil-for-fish programme."

In addition, he said, "we have identified the individuals or groups, companies who are actually active in smuggling and we have not been selling to them, not been supplying them, and that has also been very effective in reducing smuggling."

The ministry is also trying to crack down on corruption by revising its system of importing refined fuel, he said, both shortening the length of contracts and publicising their content.

"We have made the whole process transparent [with] public tenders. The results of the tenders are going to be published on the [oil ministry] website," Mr Shahristani said.

The minister predicted that oil production, which for the last two years has rarely broken the prewar output of 2.5m barrels per day, would increase despite attacks on the pipelines running from Iraq's northern oil fields.

"In the south, we have reached a record of 2m b/d and our staff there is working hard to go beyond that," Mr Shahristani said. "Our plan is by the end of this year to reach 2.5m b/d from the southern fields.

"Given the production of both fields we should be able to maintain 2.5m b/d for August [nationwide] and should be able to increase it to 2.9m b/d by the end of the year.

"With a little bit of luck we may hit the 3m b/d mark, which is a target," he said.

He said that work was under way on a new law governing foreign investment in the oil sector, which would likely envision different kinds of contracts for different fields.

"We also hope by the end of the year to pass a hydrocarbon law by the parliament that will open the door for the international companies to come and work in Iraq, and develop our new fields," he said. "We have many many fields that are waiting for development, [and] some of them are giant fields."

"There is no one kind of contract that will be used for all the fields," he said.

"Some of the fields are much more complicated. They require much larger investments and also new technologies that may not be available locally."

Afghan Clashes Claim 22 Taliban Militants (USAT)

USA Today, July 27, 2006

U.S.-led forces battling Taliban rebels killed at least 22 militants and wounded at least 26 in Afghanistan's southern Helmand province, officials said Wednesday. Provincial Police Chief Ghulam Nabi Nalakhail said 10 militants were killed and 15 wounded Tuesday in Musa Qala district. In nearby Garmser, seven of the militants who attacked a coalition patrol with machine guns and grenades died, a coalition statement said. Wednesday, police killed five militants and wounded 11 in Garmser, district Police Chief Ghulan Rasool said.

Iranian police confiscate satellite dishes

Iran has renewed a crackdown on satellite TV dishes, banned for beaming "decadent" images into the Islamic republic, the official IRNA news agency reported. "Police came to our building and collected all the dishes," said Reza Sharifi, 45, of Tehran. Iran outlawed satellite dishes in the mid-1990s to curb Western cultural influences. The ban was largely ignored under former president Mohammad Khatami, who tried to increase social freedoms after he was elected in 1997.

Report: Pilots caused Black Sea air crash

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Pilot error caused the crash of an Armenian airliner into the Black Sea that killed all 113 people aboard in May, Russia's Interstate Aviation Committee said. Its investigation found the Armavia Airline pilots took the Airbus A320 off autopilot and then descended in bad weather on approach to the airport near Sochi, Russia. The report said an automated system warned that the plane was dangerously low, but the pilots' response was uncoordinated and insufficient.

Storm causes flooding, deaths in China

Rain, wind and flooding from Tropical Storm Kaemi killed at least nine people and left 19 missing in southern China, the official Xinhua News Agency said. It said flooding triggered landslides in five towns in Jiangxi province before Kaemi dissipated into a tropical depression. In Fujian province, where Kaemi made landfall as a typhoon, a levee collapsed, threatening 20,000 people in six villages, Xinhua said. Soldiers filled the breach with more than 5,000 sandbags and 60 tree stumps. More than 640,000 residents of Fujian province were evacuated before the storm. It was the seventh typhoon to hit during China's rainy season.

Canada's Dalai Lama honor angers Chinese

A Chinese diplomat warned Canada that its decision to bestow honorary citizenship on the Dalai Lama could hurt trade between the two countries. “The Dalai Lama is a separatist, so I don't think he should be honored,” said Zhang Weidong, political counselor at the embassy in Ottawa. The Tibetan leader-in-exile fled his homeland in 1959 after a failed uprising against Chinese rule. Canada's Parliament approved the honor last month. It is to be bestowed on the Dalai Lama when he visits Vancouver in early September.

CORPORATE SCANDALS:

SEC Issues Rules On Executive Pay, Options Grants (WSJ)

By Kara Scannell And Joann S. Lublin

The Wall Street Journal, July 27, 2006

For the first time since the options-timing scandal mushroomed this year, federal regulators laid out requirements directing companies how to disclose their grants of stock options.

The new rules won't bar corporate boards from giving executives options at propitious times, but would instead shine a spotlight on such practices through increased disclosure. The guidelines are part of a sweeping overhaul to executive-pay disclosure the five-member Securities and Exchange Commission approved yesterday in a unanimous vote.

WALL STREET JOURNAL VIDEO

1

SEC Chairman Christopher Cox2 on the agency's overhauling of rules requiring firms to provide more details on executive pay and perks (Part 23). MORE ON EXECUTIVE PAY

· Executive Pay: The 9/11 Factor4

· Business: CEOs Fight Back on Pay5

· In the Lead: High Payouts Hard to Curb6

· Hidden Burden: Executive Pensions Flourish7

The rule takes effect in proxies filed by companies whose fiscal years end after Dec. 14. It will force companies to provide a total compensation figure for each of its top five executives. That number can be used to compare compensation across companies and industries.

SEC Chairman Christopher Cox has made revamping executive-pay disclosure a priority, so investors have a better handle on perquisites, deferred compensation and stock-option grants, payments that have been shrouded in fine print or not disclosed. To win the support of business groups, though, he has been careful to avoid the appearance of trying to set executive pay.

Some groups were hoping the SEC would go further, and had lobbied the SEC to require companies to give shareholders an advisory vote on executive pay.

"We're giving shareholders the information, but we're not giving them any power to take action on that information," said Richard Ferlauto, director of pension-investment policy for the American Federation of State, County and Municipal Employees in Washington. Investors, he added, haven't gained any power "to moderate pay that's not deserved."

Most parts of the new rule were expected, and had been proposed in January. But since then, a scandal involving potentially abusive granting of stock options by companies has taken center stage, prompting the SEC to set clear guidelines.

The SEC is investigating about 80 companies that may have "backdated" or timed the option grants to executives to benefit their payout. Options offer the right to buy stock at a specified "exercise" price, usually equal to the market price on the date the options were granted, so backdating them to a date when the price was low makes them potentially more valuable.

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Last week, federal authorities filed civil and criminal securities-fraud charges against the former chief executive of Brocade Communications Systems Inc. and another executive, while a third faces civil charges. The three are accused of boosting the potential value of the options and concealing millions of dollars of compensation expenses from shareholders.

Companies will now be required to include a table with the value of the options on the date of the grant, and the closing market price on that day, if it is greater than the exercise price.

The reason for this table is to highlight any attempt by companies to give executives options priced below the value on the date they were granted. If there is any difference, companies will need to explain how they arrived at the exercise price. The murky disclosure on this topic is one issue that has arisen in the recent probes.

"As a result, compensation practices are going to change," predicted John Olson, a senior partner at Gibson, Dunn & Crutcher in Washington who advises corporate boards. "You will see fewer option grants, less out-of-cycle option grants and more careful monitoring by boards and compensation committees" of option usage, Mr. Olson said. SEC officials "are using a disclosure standard to impact corporate behavior."

For instance, he said, certain boards may restrict their CEOs' authority to dole out sizable option awards to new key employees below senior management, and increase board involvement in such decisions.

The intensified focus on option-award timing also may persuade more companies to take a tougher tack on when options can be given. They will have to disclose, for instance, whether management usually gets grants several weeks before the release of quarterly earnings.

"To the extent companies didn't have a formal policy in the past, they're going to have to have one, because investors will expect that," said Mark Borges, a former SEC official who now is a principal at Mercer Human Resource Consulting in Washington.

In addition to the option disclosures, the new rule will require companies to explain in plain English the rationale behind compensation decisions. They also will need to disclose pay incentives, unless a company can demonstrate the information is confidential or competitive.

And companies will have to disclose perquisites paid to executives if they exceed $10,000 in the aggregate. The rule will also call for the inclusion of two new tables, one to disclose pay to directors and another that would require the pension and retirement benefits owed to each of the five named executives.

As part of the new rule, companies will not have to disclose the pay of any employees who make more than the five named executives. That scuttled section, dubbed the "Katie Couric clause" after the highly paid new CBS Corp. television anchor, likely would have resulted in the disclosure of her pay, as well as that of others, such as top-earning Wall Street traders.

Instead, the SEC is proposing a revised version, which require companies with stock-market values exceeding $700 million to disclose the pay and title of as many as three higher-paid employees who make policy decisions.

It wouldn't apply to Wall Street traders, athletes or TV personalities, assuming they had no policy-setting role, said John White, director of the SEC's division of corporation finance.

Pay Rules Adopted By S.E.C. (NYT)

By Eric Dash

The New York Times, July 27, 2006

The Securities and Exchange Commission yesterday adopted a sweeping set of new rules to make it easier to see how much top executives are paid and to discourage the manipulation of stock option grants.

With a unanimous vote, the five S.E.C. commissioners set in motion a plan that calls for companies to describe more clearly how their executives are compensated and to provide new information, like the lump-sum cost of retirement benefits and explanations of why specific stock option grants were approved. The rules will go into effect in mid-December, several months ahead of proxy season next year.

The commissioners also agreed to revisit the issue of whether to require the compensation of other highly paid employees to be disclosed, known variously as the Michael Milken rule or the Katie Couric clause. The requirement is opposed by both Wall Street and Hollywood, and the commission proposed an amended rule that narrowed the list of candidates to policy-making executives at about 3,500 large companies, identified by job title, not name.

Still, the new rules are very similar to those outlined in a 372-page proposal the agency introduced in January, and show how the commission has largely stood its ground amid pressure from compensation specialists, investor advocates, and industry groups. With more than 20,000 comment letters, Christopher Cox, the commission's chairman, said, "No issue in the history of the S.E.C. has generated such interest."

The new rules also show how the agency has moved swiftly to address the potential disclosure problems that have surfaced as an investigation into stock options practices grows. Regulators are currently investigating more than 80 companies,

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which may have manipulated the grant date of their stock option awards to allow executives and other employees to take advantage of attractive prices.

The final rules would require companies to make several new disclosures related to stock option awards. The date of the grant, the market price at the grant date, and the date the board or compensation committee took action to make the award must all be noted in a table. If the closing market price on the grant date is higher than the grant price, companies must disclose it and explain the reason.

In addition, companies will have to answer a series of questions if they choose to make a stock option grant ahead of the release of material public information. The new requirement seemed intended to curb so-called springloading or opportunistic timing in granting options. The S.E.C. commissioners, however, made it clear that the agency was not trying to tell companies whether or not to grant options.

The changes also mark the biggest overhaul of the rules governing the disclosure of executive pay in almost 15 years. They aim to create a standard way to compare the pay of executives across companies and are part of a larger S.E.C. effort to translate complex financial jargon into everyday English.

"Compensation packages have changed substantially but our disclosure rules have remained pretty stagnant; gaps, almost chasms, have developed " said John W. White, the S.E.C's director of corporate finance. "We have drifted to boilerplate and legalese. This is an opportunity to change it."

Corporate governance advocates said they were generally pleased with the new regulations, despite some qualms that some specific rules did not go far enough. The Business Roundtable, a group of chief executives from large corporations that worried the tougher reporting requirements might unfairly inflate executive pay, said it was "fully supportive" of the new rules.

Still, many have adopted a wait-and-see attitude until the rules are put into effect. The law of unintended consequences seems to be the governing rule of executive pay, and past attempts at improved disclosure have led to more creative forms — and often-higher levels of compensation. Regulators again emphasized their goal was to improve disclosure, not curb executive pay.

"The new rules will greatly improve the quality of information investors have," said Lucian A. Bebchuck, a Harvard Law School professor and the co-author of a leading book on executive pay. "Now, there is the question of giving shareholders the power to make effective use of information, which is the other leg of improving executive compensation."

Other governance advocates said that some of the final rules were watered down. For example, companies must report only the above-market gains from deferred compensation, not the full amount that was required under the agency's initial proposal.

Another area that was left out: disclosing the independence of consultants and legal advisers to the compensation committee, which was not mentioned in either set of S.E.C. rules.

Among the biggest changes in the new rules is creation of a section in a company's proxy statement that would broadly discuss the compensation committee's objectives, policies, and decisions. This so-called Compensation Discussion and Analysis, would be filed with the commission and certified by the chief executive and chief financial officer.

But the final rules do not necessarily require companies to outline specific performance targets. Those goals can be left out if a company proves that disclosing them would reveal competitive information.

"We are a little concerned that companies will make broad use of the exemption and urge the S.E.C. to monitor that those disclosures are not abused," said Amy Borrus, the deputy director of the Council of Institutional Investors. "If you can't see the hurdles, it is hard to see how rigorous the targets are and if executives have truly earned their bonuses."

The S.E.C. is also calling for a summary pay chart for the top five executives that would provide dollar values for three years' worth of salary, bonus and perquisites totaling more than $10,000.

New additions include the annual change in the value of pension benefits, and above-market interest on deferred compensation. The value of restricted stock and stock awards options at the time of grant are also included, along with a detailed accompanying chart. (Previously, that information was either not reported or hard to find.) Now, those figures would be tallied up to arrive at a new "total compensation" figure that could compare the annual pay of executives within or across several companies.

Retirement and severance benefits, so-called stealth wealth that often made up a large chunk of an executive's total pay, will now be disclosed. In a new chart, companies will be required to disclose the lump-sum value of an executive's pension based on a series of standard assumptions, not the estimated annual pension benefit that was previously proposed. They also must report the cost of severance, change-of-control and deferred compensation plans.

In what appeared to be an effort to clarify comments he made a few weeks ago, Paul S. Atkins, an S.E.C. commissioner, said that companies that "deliberately mischaracterize or disguise what they are doing will face enforcement actions." Falsifying

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documents is illegal, he said, but added that it was necessary to distinguish between innocuous and nefarious stock option grants.

SEC Rules Tightened On Pay Disclosure (WP)

By Terence O'hara

The Washington Post, July 27, 2006

The Securities and Exchange Commission yesterday ordered public companies to give investors something they have long lacked: a clearer statement of total compensation for top executives.

Under the biggest overhaul of executive pay reporting in 14 years, the companies will be required to tell shareholders clearly how much the five most-senior executives earn from salary, stock options and other benefits.

The new regulations, approved unanimously by the five-member commission, come after years of criticism over rising executive pay and numerous instances of compensation practices playing key roles in corporate accounting scandals, including at Enron Corp. and Fannie Mae.

The rules include a requirement that companies publish details about the timing of stock option grants, a response to recent revelations that, without disclosing the practice, many companies backdated stock options to give executives guaranteed profit.

SEC investigations into backdating led last week to the first criminal charges related to the practice. Federal prosecutors accused Gregory L. Reyes, the former chief executive of Brocade Communications Systems Inc., of securities fraud for allegedly not disclosing backdated options to investors.

The new rules, which are widely supported in by business and investors, reflect SEC Chairman Christopher Cox's belief that clear compensation information will help shareholders and boards of directors make better judgments about the level and type of executive pay.

"Shareholders and their representatives need intelligible disclosure . . . without the need for an advanced degree," Cox said.

John J. Castellani, president of Business Roundtable, a trade group representing the largest U.S. companies, said his members would be pleased with the rules after expressing alarm over a few aspects when they were proposed in January.

The SEC left out a requirement that companies disclose the compensation of up to three non-executive employees whose pay is higher than the top five executives'. Dubbed the "Katie Couric rule" because some television celebrities, sports stars and top salesmen often earn far more than their bosses, the regulation drew negative comment from businesses concerned that disclosing such data would compromise competitive pay information and violate the privacy of those employees.

A modified proposal, which has been reissued for public comment and will be voted on by the commission later this year, would require that companies disclose the three highest-paid employees who have some "policy responsibility" over major divisions or subsidiaries of the company. It would also not identify the employees by name, only by job description.

"Athletes, entertainment persons, salespeople are not covered by the proposed rule," said John W. White, director of the SEC's corporate finance division, which governs disclosure. "It would even exclude trading professionals."

Castellani said companies were worried about revealing competitive information in a newly required discussion and analysis section on executive pay. He also expressed concern about revealing the pay of top-performing employees, fearing that such information would encourage competitors to poach top salespeople.

"They've gone a long way to fixing that," Castellani said.

Among the most significant revisions to the annual proxy statement will be the inclusion of stock options grants, earnings on deferred compensation and changes in the value of pension benefits in one table that will add all the items up for a total pay figure. The table will also include more disclosure of executive perks: perks of at least $10,000 a year must be disclosed; the old rule left out perks less than $50,000.

Profits made on stock-option exercises will continue to be disclosed in annual proxy statements but not in the total-pay summary table.

Ira Kay, head of executive compensation consulting at Watson Wyatt Worldwide Inc., said the new rules "will enhance transparency and be good for shareholders." However, he said, they will not eliminate all confusion. The inclusion in total pay of stock-option values on the date they are granted can be misleading, he said, because the actual money made on the options is almost never the same and usually isn't realized until years in the future.

"We think it's best to look at realized pay," Kay said.

New Rule To Expose Pay Packages (USAT)

By Elliot Blair Smith

DOJ_NMG_0043737

USA Today, July 27, 2006

U.S. public companies must disclose new details of top executives' pay that will add tens of millions of dollars to the compensation totals some companies report to their shareholders under a rule the Securities and Exchange Commission adopted Wednesday.

Responding to investor outrage over runaway pay packages, the commission unanimously adopted reforms that will require deferred pay and retirement benefits to be factored into annual compensation totals for companies' top five executives in reports to regulators and shareholders beginning in December.

“Golden parachutes” for executives who quit or are fired must also be clearly spelled out in the companies' public disclosures. And the companies will have to tell shareholders whether they coordinate the issuance of stock options to top executives with the release of material non-public information that may benefit them.

SEC Chairman Christopher Cox said “no issue” in the agency's 72-year history “has generated such interest” as requiring greater disclosure of corporate pay.

“The better information that both shareholders and boards of directors will get as a result of these new rules will help them make better decisions about the appropriate amount to pay the (executives) running their companies,” Cox said.

The SEC proposal gained traction in recent months, amid growing controversy over the practices at dozens of U.S. companies to manage the dates on which executive stock options are awarded so their officials could take advantage of fluctuations in market values.

But for the public, the biggest impact is likely to come from seeing executive pay and bonuses combined with the annual accumulation of deferred benefits. ExxonMobil recently disclosed that it gave retiring CEO Lee Raymond a $98 million lump-sum pension payment in December, in addition to $9.9 million in salary and bonus, stock awards and such retirement perks as a car, driver and airplane use.

“The iceberg of retirement benefits will very much come to the surface,” says Harvard University law professor Lucian Bebchuk, co-author of the book Pay Without Performance and a critic of “stealth compensation” he sees in the form of deferred compensation, pensions and assorted perks.

Bill Coleman, senior vice president of Salary.com, says the compensation totals are “going to be a shocking number for some people. You are going to see numbers that are tens or hundreds of millions of dollars.” Coleman says, “People are going to be more under the microscope.”

Ellen Zimiles, CEO of Daylight Forensic & Advisory, agrees. She says the new disclosures will “put a little strain between the board and the CEO, but that's what the board is for — to put oversight into the company.”

Paul Dorf, managing director of Compensation Resources, responds that increased financial-reporting requirements are unlikely to rein in executive pay but will hasten the trend of public companies going private. “The reality,” he says, “is some companies will say it's not worth it to be public companies.”

SEC Requiring More Pay Disclosure (AP)

By Marcy Gordon, Associated Press

AP, July 27, 2006

WASHINGTON - Companies will have to disclose their executives' pay and perks in greater detail under an overhaul of reporting rules approved Wednesday.

Included are new rules on disclosure of the dating of stock option grants to executives, as a scandal spreads through corporate America over suspect timing of option awards.

The Securities and Exchange Commission members voted 5-0 to adopt the plan. It will take effect Dec. 15 so companies' 2006 annual reports issued early next year will reflect the changes.

For the first time, public companies will be required to furnish tables in annual filings showing the total yearly compensation for their chief executive officers, chief financial officers and the next three highest-paid executives.

Most of the disclosures, in annual reports and other regulatory filings, will have to be written in plain English.

The plan is designed to enhance corporate accountability and address an issue that has angered company shareholders and the public.

In the SEC's 72-year history, no other issue has stirred as much interest, with more than 20,000 letters filed during the public comment period that followed the proposal being floated in January, according to SEC officials.

"Shareholders need intelligible disclosure that can be understood by a lay reader without benefit of specialized expertise or the need for an advanced degree," SEC Chairman Christopher Cox said before the vote. "It's our job to see that they get it."

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In the controversy over the timing of options awards to executives, at least 60 public companies have disclosed that their options practices are being investigated by the SEC or the Justice Department or both. The SEC itself says it has at least 80 companies under scrutiny.

At issue in many of the investigations is a practice known as backdating, in which stock options are issued retroactively to coincide with low points in a company's share price - a move that can fatten profits for options recipients when they sell their shares at higher market prices.

Backdating options can be legal so long as the practice is properly disclosed to shareholders and approved by the company's board, experts say.

The SEC rules on disclosure of executive compensation include new requirements for companies regarding disclosure of options timing.

Removed from the original proposal, though, was a requirement for companies to disclose the pay details of as many as three non-executive employees whose individual compensation exceeds that of any of its top five executives. Dubbed the "Katie Couric clause" by critics, it brought a flurry of opposition during the comment period from Hollywood and big media companies.

As an alternative, the SEC decided Wednesday to propose a narrower requirement for disclosure of the pay of non-executive employees who help set corporate policy and strategy at big companies - excluding most professional athletes, and TV and film personalities.

The SEC plan as adopted requires companies to provide detailed information on how they determine when executives receive option grants and, if they do so, how and why they backdate options.

The government's first criminal complaint in a stock options probe came last Thursday, when the U.S. Attorney's office in San Francisco charged the former chief executive of Brocade Communications Systems Inc. with fraud.

Gregory L. Reyes and another former executive of the maker of data storage devices, Stephanie Jensen, also face civil charges lodged by the SEC. Their attorneys have said they are innocent.

A central allegation in the government's case involves backdating of options awards.

Tugging At The Veil Hiding Executive Pay (NYT)

By Floyd Norris

The New York Times, July 27, 2006

The Milken rule lives, and as a result, investors may yet learn about some very highly paid executives whose salaries have been closely held secrets.

The Securities and Exchange Commission adopted a rule yesterday requiring public companies — starting next spring — to provide more information about compensation of top executives. It did not adopt the proposed Milken rule, but revised it and asked for more comment.

The rule is named, informally, after Michael R. Milken, the former junk bond king at Drexel Burnham Lambert. No one outside the firm knew what he made until the Justice Department put it in an indictment: $550 million in one year, far more than his ostensible corporate superiors. It was a stunning figure then, and one that is still impressive almost 20 years later.

In January, the S.E.C. proposed requiring companies to disclose the pay of as many as three people who were not top corporate executives if they made more than any of the five senior executives whose salaries were already disclosed.

The proposed rule said the names would be kept secret but the job titles would be disclosed. At many companies, that would make it clear. Who is the late night talk-show host at General Electric's NBC? Or the best-paid pitcher for Time Warner, which owns the Atlanta Braves?

Corporate America hated the idea and tried to laugh it out of the proposal. It warned that the proposal could harm employee morale while providing no useful information. In any case, the Business Roundtable, an organization of large companies, argued that since the compensation committee of the company's board was unlikely to have anything to do with setting the pay of such people, the proposal was irrelevant.

The commission yesterday offered a modified proposal. The rule would cover only people with executive responsibilities in some part of the company. It would, said John White, the head of the division of corporation finance, exclude such people as entertainers, athletes, salesmen and portfolio managers, at least to the extent that their job titles accurately disclosed their responsibilities.

But those with decision-making abilities at the company, or a part of it, would be covered.

When the rule was suggested, some in the commission called it the "Jett rule," after Joseph Jett, the onetime head government bond trader at Kidder Peabody when that firm was owned by General Electric. He was very highly paid until he was fired in 1994 after the company concluded that his pay was based on phony profits. He is still fighting fines levied by the S.E.C.

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People who would clearly be affected now would include some heads of subsidiaries of large companies. For example, at Berkshire Hathaway, the best-paid people at corporate headquarters make relatively little by the standards of corporate America. Warren E. Buffett, the chairman and chief executive, reported taking home only $309,000 last year, most of it in fees for serving as a director of various subsidiaries.

But the pay of the bosses of those subsidiaries, like Geico and General Reinsurance, is not disclosed. It presumably would be, under the proposal, if the rule were adopted.

One category of people whose pay might or might not be disclosed under the rule is network television news anchors. Under the rules, if CBS took the position that Katie Couric did little more than read the news, her pay could remain secret. But if she is an executive of CBS News, making executive decisions, disclosure might be required.

The rules that have been in effect for many years cover only executive officers of the parent company, and those who make decisions for it even if they are on the payroll of a subsidiary.

The rule adopted yesterday will require additional disclosures of the pay of such people, most importantly providing better information about retirement benefits. And, if the Milken rule is adopted after the new comment period, the disclosures may cover some subsidiary bosses, even if they have no authority over the parent company.

After Mr. White explained the new proposal, which still calls for not disclosing names, Christopher Cox, the commission's chairman, asked if there was any good reason not to post the names of such people, now that nonexecutives were to be excluded. Mr. White said he thought naming names would be a good idea.

If both Mr. Cox and Mr. White think names should be named, they probably will be. Hiding highly paid executives from public scrutiny may get much harder.

Are Backdating Cases Really Securities Fraud? (LAW)

By Peter J. Henning, Special To Law.com

Law.com, July 27, 2006

When federal prosecutors and the Securities and Exchange Commission filed the first charge from the burgeoning options-timing investigations against former Brocade Communications CEO Gregory Reyes and human resources VP Stephanie Jensen on July 20, they labeled the conduct as "securities fraud." This is probably the most serious moniker that can be applied to corporate misconduct, calling forth notions of Ponzi schemes that prey on naive investors and accounting violations designed to make rotten companies look healthy. The charge has been the central feature in the recent convictions of former CEOs at WorldCom and Enron, so it is an easy conclusion to draw: CEO deception at a public company must mean securities fraud.

But was what the government alleges occurred at Brocade Communications really securities fraud? The government asserts that the defendants violated §10(b) of the Securities Exchange Act, which prohibits any person from using "any manipulative or deceptive device or contrivance" in connection with the purchase or sale of a security. This antifraud prohibition is used routinely in cases ranging from penny stock scams to financial chicanery at Fortune 500 companies. Supreme Court Justice Lewis F. Powell Jr. once said that "Section 10(b) is aptly described as a catchall provision, but what it catches must be fraud." Chiarella v. United States, 445 U.S. 222, 234-235 (1980).

Fraud has been understood historically as a type of theft, and the roots of the crime can be traced to the common law offense of larceny by trick. In Pear's Case, decided in 1779, the English court found the defendant committed a larceny when he rented a horse by telling its owner that he would use it for a short trip when in fact he intended to take it to another town and sell it. The lie, coupled with the taking of property, amounted to the larceny.

The term "fraud" has taken on a life of its own in federal prosecutions. The mail and wire fraud provisions, frequently used in white-collar crime cases, now cover bribery and even the prosecution of a lawyer for not disclosing that he assisted a competitor of his firm's client. The statutes have been charged in conjunction with §10(b) to pursue insider trading cases, perhaps the paradigm form of securities fraud today. The cases in which the government charges fraud focus on the deception inherent in the conduct. Yet, while fraud certainly incorporates deceit as a core facet of the crime, that alone is not enough for a violation.

The securities fraud charge against Reyes and Jensen details a pattern of fabricated documents and non-disclosure to Brocade Communications' board and audit committee. The deception involves the award of stock options in which Reyes is accused of changing the starting dates for newly hired employees so that their options would be worth more. If proven, the defendants probably violated the securities law provision making it illegal for any person to "knowingly falsify any book, record, or account" of a company with publicly traded stock. What is missing from the government's charge, however, is any sense of larceny -- the taking of someone's property -- that moves the case from a books-and-records violation to securities fraud.

In a statement announcing the charges, SEC Chairman Christopher Cox assailed the backdating of options grants, asserting that "it makes a hash of the financial statements. It is poisonous to an efficient marketplace." He is right, but that alone

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does not necessarily make such conduct into securities fraud. Much of the discussion about the options-timing practices at companies has assumed that it was done for a nefarious purpose, but as the SEC Commission's Paul Atkins noted, "Backdating of options sounds bad, but the mere fact that options were backdated does not mean that the securities laws were violated."

The problem with the securities fraud charge is that neither defendant received any of the options connected to the backdated documents, and they apparently employed this device to attract employees during the tech bubble when potential hires were routinely lured away by competitors. The federal prosecutors assert in their criminal complaint that "it is not necessary that the defendant made a profit or that anyone actually suffered a loss" for securities fraud. That is certainly a correct statement of the law, but it is too narrow in explaining the crime, especially one derived from larceny. Whether a defendant's scheme succeeds or not, a charge of fraud normally alleges at least an intended gain by the defendants and, usually, a related loss suffered by the victims.

It is hardly a defense to the charge against Reyes and Jensen that other Silicon Valley companies engaged in similar practices; that is an excuse that did not work back in kindergarten, and probably does not today despite arguments by defense lawyers to the contrary. But if securities fraud is understood against the background of theft, then the government needs to show some gain, actual or intended, from the deception. What I find missing in the allegations against Reyes and Jensen is a personal benefit to make their case something akin to larceny.

The government's complaint does allege that Brocade Communications suffered a loss from the restatements of its financials, to the tune of perhaps $1 billion. But the defendants surely never gained anywhere close to this amount, and while their practices triggered tax and other liabilities for the company, those appear to be more the by-product of a misguided plan to entice employees with valuable stock options than a conscious decision to defraud Brocade Communications and its shareholders.

In the end, the government has found the lie -- the backdated documents -- and identified a loss to the company in its restatement, but the link between them is not necessarily fraud. If Reyes had backdated the options to increase his compensation, then it might be an easier case of securities fraud, although managerial gluttony is not a criminal offense, at least not yet. While the concept of fraud is certainly flexible, as witnessed by the variety of cases in which the government has prosecuted it successfully, "securities fraud" still requires prosecutors to prove that the defendants used a "manipulative or deceptive device or contrivance" to defraud a victim. Lies alone will not turn misconduct into fraud.

Peter J. Henning is a professor of law at Wayne State University Law School in Michigan. Before joining the law faculty, he was a trial attorney in the fraud section of the U.S. Department of Justice Criminal Division and a senior attorney in the division of enforcement at the U.S. Securities and Exchange Commission.

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Ex-executive Pleads Guilty (CO)

By Steve Lyttle

The Charlotte Observer, July 27, 2006

David N. Anderson, a former Senior Vice President and General Manager of LendingTree, has agreed to plead guilty to charges stemming from an insider trading investigation, the U.S. Justice Department reported this morning.

U.S. Attorney Gretchen Shappert said Anderson agreed to a guilty plea of making material false statements to the U.S. Securities & Exchange Commission.

He had been indicted April 4 on six counts, including witness tampering, conspiracy and making false statements.

The charges stemmed from an insider-trading investigation connected to the purchase of LendingTree, a Charlotte-based lending firm, by USA InterActive Corp. in 2003.

Anderson had been accused of improperly disclosing information prior to the deal's announcement. The company suspended him.

Shappert said Anderson has acknowledged providing what the government described as "nonpublic information regarding LendingTree's merger negotiations with two subordinate employees at Lending Tree."

"Those two individuals subsequently purchases tens of thousands of dollars of LendingTree stock and options prior to the May 5, 2003, announcement of LendingTree's acquisition by USA Interactive Corp.," the U.S. attorney said in a press release.

In addition, Shappert said, Anderson acknowledged that in an Aug. 7, 2003, telephone interview with the U.S. Securities & Exchange Commission enforcement staff, he falsely told the SEC that he had not provided that information.

Anderson faces a maximum sentence of five years in prison and a $250,000 fine. A sentencing date has not been set.

Four other former LendingTree executives have pleaded guilty to insider trading.

Lying To In-House Counsel May Lead To Prosecution (NLJ)

By Timothy P. Harkness And Darren LaVerne, The National Law Journal

National Law Journal, July 27, 2006

DOJ views false statements to private attorney investigators as a form of obstruction of justice

Even the most naïve of witnesses typically understands that lying to a prosecutor, FBI agent or regulator is a crime. What even sophisticated witnesses don't tend to know, however, is that lying to private attorneys can also lead to criminal prosecution. Recent developments confirm that the U.S. Department of Justice views the obstruction of justice laws as reaching conduct that many had considered to be without criminal consequence.

In September 2004, a grand jury in the Eastern District of New York indicted Sanjay Kumar and Stephen Richards, the former chief executive officer and head of worldwide sales at Computer Associates International Inc. Five months earlier, prosecutors had persuaded three other Computer Associates executives to plead guilty to a novel obstruction of justice charge, predicated on statements the executives had made to company counsel in the course of an internal investigation. Now the government had advanced that same theory to indict Kumar and Richards, both of whom seemed prepared to challenge it.

The indictments alleged that Kumar and Richards had violated 18 U.S.C. 1512(c)(2) -- an obstruction statute enacted in the wake of the Enron scandal -- by lying to lawyers hired by Computer Associates after the U.S. Attorney's Office and the U.S. Securities and Exchange Commission had launched investigations. According to the indictment, when the defendants were interviewed by the lawyers, they "knew, and in fact intended, that the Company's Law Firm would present [Kumar's and Richards'] false justifications to the United States Attorney's Office, the SEC, and the FBI so as to obstruct and impede" the government's ongoing and publicly disclosed investigation of Computer Associates.

Given that internal investigations -- and the practice of sharing information gathered during those investigations with federal regulators and prosecutors -- have become a standard practice, the implications of the Computer Associates indictments were significant. The possibility that lying to an attorney, hired by a defendant's employer and acting in a purely private capacity, could lead to criminal charges contributed to growing concern within the criminal defense bar that the government was effectively transforming company lawyers into an arm of the state.

Two recent developments -- a ruling on Kumar's and Richards' challenge to the obstruction of justice counts and an indictment in another case, containing a similar obstruction count, in the Southern District of Texas -- confirm that this issue remains very much alive. As prosecutors increasingly rely on internal investigations to gather evidence, employees should be aware that statements made to company counsel could, under certain circumstances, expose them to criminal prosecution.

THE DECISION IN 'KUMAR'

Kumar and Richards were charged with obstruction of justice under 18 U.S.C. 1512(c), a provision added to the obstruction laws in 2002 by the Corporate and Criminal Fraud Accountability Act, which was enacted as Title VIII of the Sarbanes-Oxley Act, Pub. L. No. 107-204 (2002). Section 1512(c) provides that "[w]hoever corruptly (1) alters, destroys, mutilates, or conceals a record, document, or other object, or attempts to do so, with the intent to impair the object's integrity or availability for use in an official proceeding; or (2) otherwise obstructs, influences, or impedes any official proceeding, or attempts to do so, shall be fined under this title or imprisoned not more than 20 years, or both."

Subsection 1512(c)(2), it should be noted, criminalizes obstruction and attempted obstruction of "any official proceeding." Section 1515(a)(1) defines "official proceeding" for these purposes as, among other things, "a proceeding before a judge or court of the United States ... or a Federal grand jury" and "a proceeding before a Federal Government agency which is authorized by law."

Both men moved to dismiss the obstruction counts on the ground that there was an insufficient "nexus" between their alleged statements to the company's attorneys and an official proceeding. (The defendants also argued that §1512(c)(2) applies only to tampering with documents and physical evidence, an argument not addressed in this article.) Their argument drew on the U.S. Supreme Court's decision in U.S. v. Aguilar, 515 U.S. 593 (1995), in which the court held that the defendant had been improperly convicted under a similar obstruction statute, 18 U.S.C. 1503, because there was no evidence that his statements to an FBI agent, at the time they were made, would likely be presented to a grand jury.

The conviction was infirm, the court held, even though the defendant was aware that a grand jury was sitting, and even if the defendant had intended that his statements to the agent would obstruct justice. Without the requisite "nexus" between the defendant's statements and a judicial proceeding -- which the Supreme Court defined as a showing that the defendant knew that the "natural and probable effect" of his statements would be to interfere with the proceeding -- the statute had not been violated. Id. at 599.

Kumar and Richards argued that because the indictment alleged (in their view) only that they had "made false oral statements to [Computer Associates'] attorneys with the knowledge that those statements might be recounted in an official

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proceeding and thereby impede it," the prosecution's theory, like the theory advanced in Aguilar, was "legally invalid" and therefore should be dismissed.

The government made three arguments in response. First, it claimed that it was "highly doubtful" that Aguilar's nexus requirement applied to §1512(c)(2). Congress had enacted the provision, the government argued, "to eliminate 'burdensome proof requirements' -- including the nexus requirement -- in obstruction prosecutions."

Second, the government contended that even if the nexus requirement applied, it is not an element of the offense and thus need not be alleged in the indictment.

Finally, the government argued that even assuming that nexus had to be alleged in the indictment, the counts against Kumar and Richards did allege facts sufficient to support the indictment: According to the government, the indictment alleged, for instance, that the defendants "knew and intended" that their misrepresentations would be passed on to participants in the government investigations, including grand jurors and SEC staff members.

THE COURT'S RULING

This past February, the district court denied the defendants' motions. See Order Denying Motion to Dismiss Counts Six and Seven of the Superseding Indictment as to Sanjay Kumar, Stephen Richards, U.S. v. Kumar, No. 04-cr-846, slip op. (E.D.N.Y. Feb. 21, 2006). The district court appeared to accept, at least implicitly, the defendants' view that §1512(c)(2) did contain a nexus requirement, and that that nexus had to be alleged in the indictment. Nonetheless, the court concluded that because the indictment alleged that the defendants "knew" their statements "would have the effect of obstructing and impeding Government investigations," it was legally sufficient and that a challenge would therefore have to await a trial. Id. at 9.

In reaching this conclusion, the court pointed to several paragraphs of the indictment in which the government had alleged that Kumar and Richards had made certain misrepresentations, not merely to company lawyers, but directly to representatives of the SEC, FBI and U.S. Attorney's Office. The court thus allowed the case to proceed, but did not specifically address whether the defendants could be held accountable under §1512(c)(2) for those statements they had made solely to company counsel.

Two months later, in April 2006, Kumar and Richards pleaded guilty to all counts in the indictment.

'U.S. V. SINGLETON'

Following the indictments in the Computer Associates case, prosecutors in the Southern District of Texas charged Greg Singleton, an employee of El Paso Corp., with violating §1512(c)(2) based on statements he made to El Paso's outside counsel in the course of an internal investigation. See U.S. v. Singleton, No. 4:04-cr-514-1 (S.D. Texas filed Nov. 17, 2004).

El Paso had been served with subpoenas from a federal grand jury and the Commodities Futures Trading Commission, and had received a data request from the Federal Energy Regulatory Commission. Each of these sought information about natural gas trades entered into by the company's traders. Soon thereafter, El Paso retained a law firm to determine whether traders at the company had been misreporting gas trades to industry publications in order to manipulate the price of natural gas -- an issue that had apparently become the focus of the CFTC and FERC investigations.

The law firm interviewed Singleton. During this interview, the indictment alleges, Singleton "did not disclose, falsely denied, and otherwise concealed that he had provided false information to trade publications." Second Superseding Indictment, at Count Ten ¶A.14. The indictment further claims that Singleton "believed that El Paso's Outside Lawyers would inform government agencies of his statement during the interview." According to the indictment, El Paso did in fact give a memorandum summarizing Singleton's interview to the CFTC, FERC and U.S. Attorney's Office.

The Singleton indictment does not claim that Singleton "intended" or "knew" that his statements would be supplied to a government agency conducting an official proceeding, but it asserts that he "believed" they would be, and thus alleges a link between his interview with company counsel and an official proceeding similar to that alleged in Kumar. As of this writing, Singleton has yet to challenge the government's theory that this allegation is sufficient to support an indictment under §1512(c).

THE FUTURE OF 1512(C)(2)

Until an obstruction case containing allegations such as those in Kumarand Singleton reaches trial, it will be unclear what lasting effect the government's use of §1512(c)(2) will have on internal investigations and white-collar prosecutions. Given the limited grounds for challenging an indictment, arguments regarding "nexus" will be better made at trial, when the strength of the government's evidence is at issue and the question of what the government must prove is more closely considered by the courts.

If, however, the government successfully argues that it does not have to prove, with respect to §1512(c)(2), that the defendant knew that the "natural and probable effect" of speaking with his employer's lawyer was to obstruct an official proceeding (i.e., that there was a "nexus"), the statute may have a dramatic impact on the government's ability to oversee and influence internal investigations. Without a nexus requirement, defense counsel will be forced to develop alternative arguments for a narrow construction of the word "corruptly," which is the only adjective in §1512(c)(2) that describes the mens rea element limiting the provision. The jurisprudence interpreting "corruptly" is not consistent, and will therefore be cold comfort to employees

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who want to understand their potential criminal exposure before they speak with company counsel, or, for that matter, with fellow employees who have agreed to provide assistance to the government as cooperating witnesses.

For now, what is clear is that the Department of Justice appears willing to test the limits of §1512(c)(2). This is no surprise. With increasing frequency, prosecutors and regulators rely on the work of privately retained internal investigators to supplement the government's own efforts. Yet those internal investigators have neither the power to subpoena nor the power to prosecute perjurers. For a prosecutor or regulator to rely on an internal investigation, he or she must be able to trust the statements that are made to counsel conducting the investigation. The government's extension of §1512(c)(2) to false statements given to internal investigators is one way to ensure that the gathered information is indeed trustworthy.

Of course, if the statute is applied too aggressively, and is deemed to capture conduct that is, at least in the defendant's mind, only tenuously connected to an official proceeding, the government's approach may ultimately prove self-defeating. The indictment of an employee based on statements to his or her employer's lawyers works to elide the distinction between private counsel, retained to serve the interests of the company, and governmental bodies, charged with enforcing criminal and regulatory laws. If employees believe that they cannot speak freely with company counsel, they may -- even at the risk of losing their jobs -- choose to speak to no one at all.

Timothy P. Harkness is a partner, and Darren LaVerne is an associate, in the litigation department of New York's Kramer Levin Naftalis & Frankel.

Investors' Class-Action Lawsuits Drop Sharply (WP)

By Brooke A. Masters

The Washington Post, July 27, 2006

Stock Gains, Governance Measures Cited

The number of new federal class-action lawsuits filed by disgruntled investors has dropped dramatically and is now at its lowest level since 1996, according to a new Stanford University study.

Only 61 new class-action shareholder lawsuits were filed in the first six months of 2006, compared with 111 in the first half of 2005. If the trend continues for the rest of the year, the 2006 totals will be 31 percent lower than the 182 lawsuits filed last year. The current six-month total is also 36 percent below the historical average for the entire 1996-2005 period, according to a report by the Stanford Law School Securities Class Action Clearinghouse in cooperation with Cornerstone Research.

Part of the decline almost certainly stems from the fact that the stock market was rising and had low volatility from 2005 through May 2006. Investors who are making money have little reason to sue.

In addition, the lawyers at the country's largest class-action firm, Milberg Weiss Bershad & Schulman LLP, have been distracted because the firm is under indictment for fraud and has been fighting efforts by some corporate defendants to have it removed as lead attorney.

But one of the study's authors thinks there may be another reason: Companies have cleaned up their acts in the wake of corporate scandals that included the collapse of Enron Corp. and WorldCom Inc.

"It's possible that improved governance may have reduced plaintiffs' ability to allege fraud," said Stanford law professor Joseph Grundfest, who heads the clearinghouse. Still, he added that he continues to believe that Congress's major effort to improve corporate accountability, the 2002 Sarbanes-Oxley law, was too far reaching and too expensive to implement. "We could have achieved the gains of Sarbanes-Oxley at significantly lower cost," he said.

This year's decline comes even as federal investigators are digging into allegations of improperly backdated stock options at more than 80 companies. Only eight class-action suits stemming from that probe were filed from January to June, the study said.

The researchers said they think the options investigation has had only a limited impact because some of the allegations are beyond the statute of limitations and other angry investors may have taken their cases to state court where, unlike in federal court, plaintiffs don't have to show that the stock price fell when the alleged fraud was revealed.

It's not clear whether shareholders will launch another volley of lawsuits in the wake of the stock market's recent decline. "I'd like to see another year of data before we say there's a permanent shift," said John Gould, a Cornerstone vice president who worked on the study.

First Call Worry Amid Hedge Fund Boom: Privileged Access To Information (WSJ)

By Henny Sender And Anita Raghavan

The Wall Street Journal, July 27, 2006

In late 2002, the manager of Marshall Wace LLP, a large London hedge-fund firm, received two important phone calls from an investment bank that was about to unveil a client's offering of securities.

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Such an offering would be of keen interest to investors. It could be expected to hurt the stock of the issuing company, French telecom giant Alcatel SA. That's because the securities could dilute existing shareholders' stakes.

Second in a series · Payday for Firms Is Never Far Away1

7/25/06

A call from an underwriter before an offering isn't a heads-up the average investor can expect, but hedge funds can. The private investment pools control so much cash -- some $1.2 trillion -- and trade so heavily that they can account for up to half of the daily volume on the New York and London stock exchanges. That makes them big sources of commissions for securities firms. The firms, in turn, court the funds by feeding them steady streams of trading ideas and information about stocks, bonds and what other financial-market participants are up to.

For regulators, this constant flow of information stirs concerns about unfair advantages -- or worse, possible illegal insider trading. And in the Alcatel case, investigators for a French securities regulator have asserted that Marshall Wace ordered a big sale of Alcatel shares about two minutes before the unveiling of the new securities offering. After the unveiling, the share price fell steeply.

Marshall Wace and three other hedge-fund firms "used privileged information to make substantial capital gains with certainty," said France's Autorité des Marchés Financiers, known as the AMF, in a preliminary, unpublished report 19 months ago reviewed by The Wall Street Journal.

Marshall Wace strongly denies that it traded on nonpublic information. It didn't sell until after the announcement of an Alcatel securities offering, Marshall Wace said, and a lawyer for the firm said this was supported by counterparties to the trades. The other hedge-fund firms the AMF cited, all London based, are Ferox Capital Management, GLG Partners LP and Meditor Capital Management. All declined to comment.

There have been other recent probes, as well, of whether hedge funds have misused inside information. Britain's Financial Services Authority, or FSA, has notified GLG and a star trader there of plans to fine them a total of $2.61 million for alleged improper February 2003 trading in Sumitomo Mitsui Financial Group. GLG declined to comment. The trader is appealing the decision.

"We have become increasingly concerned by the risks generated by institutions exploiting the information they legitimately receive for illegitimate purposes," Hector Sants, a managing director of the FSA, said in a speech last month, speaking generally. "We are now considering what enforcement action might be necessary in cases where there does appear to have been misuse of information."

In an earlier speech last year, Mr. Sants said that some hedge funds were "testing the boundaries of acceptable practice concerning insider trading and market manipulation." He added, according to a transcript: "It may not be simply a question of considering whether hedge-fund managers act inappropriately, but also whether their models (including the high commissions they generate and their trading methodology) may create incentives for others to commit market abuse."

Securities firms profit from hedge funds in more than one way. First, the commissions the funds pay are disproportionately large because the funds magnify their bets with borrowed money and rapidly turn over their holdings. Securities firms also provide various exotic investment products to the funds and lend them shares to sell short when they want to bet against a stock. "It's possible that hedge funds generate more than 50% of total revenues for some of the major brokerage houses," says a report soon to be released by Greenwich Associates, a consulting firm in Greenwich, Conn.

Regardless of the outcome of the investigation into trading in Alcatel shares, Marshall Wace's investment strategy illustrates the sort of symbiotic relationships between hedge funds and securities firms that concerns regulators. Marshall Wace has honed to a science the harvesting of trading ideas from securities firms -- recommendations such as to buy stock X or sell stock Y. It carefully assesses their marketplace value and links its commission business to this.

Marshall Wace manages $7 billion, in three hedge funds. The firm was set up nine years ago by Paul Marshall, a money manager, and Ian Wace, a brokerage-firm trader. Mr. Wace, an intense 43-year-old who never graduated from college, largely holds the investing reins. He often operates in cramped quarters among traders with just an ashtray marking his space.

At first, Marshall Wace proceeded much as many other hedge funds do: making bullish stock bets sometimes offset by bearish ones. But by 2001 the firm was finding it hard to unearth enough good investments, and returned some of investors' money to them.

Like other big funds, Marshall Wace received a steady flow of trading ideas from brokers that wanted its business. Mr. Wace hit on the notion of precisely tracking how well the ideas panned out. At his behest, a summer employee, Anthony Clake, now an executive at the firm, developed a computer model to do this.

Marshall Wace calls this strategy TOPS, for Trade Optimized Portfolio System. (It was TIPS at first, but the firm feared this might sound suspicious, said one person at the firm.) The program draws 800 to 900 ideas a day in London, according to a

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Marshall Wace executive. He said that globally, TOPS elicited about 500,000 trading ideas last year from 246 securities firms, including 2,200 individuals at those firms.

Stock salesmen at securities firms are asked to submit ideas and rate their degree of conviction about each one. They're asked to suggest how to allocate capital among the ideas. "All TOPS is a Hoover," said Mr. Wace. "It sucks in great quantities of ideas and tries to sieve out what is interesting."

Marshall Wace gives securities firms regular reviews showing how much profit their ideas generated and where they stand in its rankings, brokers said. It then directs most of its copious commissions to those whose ideas helped it most.

This setup gives the firms and their employees strong incentives to provide ideas that will pay off -- particularly since Marshall Wace trades so heavily. Brokers estimate Marshall Wace paid more than $250 million in commissions in both 2004 and 2005. It accounts for 2% to 3% of volume on European exchanges, a spokesman for Marshall Wace says. In 2002, Marshall Wace traded $15 billion face value of securities through Goldman Sachs Group Inc. alone, said a person familiar with the matter. Marshall Wace and Goldman wouldn't comment.

Some securities firms have internally debated whether they should participate in TOPS. At Morgan Stanley, senior stock executives and lawyers last year discussed whether the program could put the firm at risk of violating certain regulatory rules, according to a participant in the meeting and another person briefed on it. They said Morgan Stanley also was concerned about making sure that orders placed by its other clients stayed confidential and didn't get whispered to Marshall Wace in exchange for its fat commissions. Traders at the firm say it has continued to participate in Marshall Wace's system.

Marshall Wace is aware of the regulatory minefield. In an internal document for a broker presentation two years ago, it spelled out its policies in a section called "Trade Ideas that Raise Cautionary Flags." The document said Marshall Wace wouldn't trade on brokerage firms' investment research and ratings changes before these become publicly available. It also wouldn't use trading ideas that were based on confidential orders from securities firms' other clients.

What about information that is based on private conversations or meetings with companies? "Maybe, if already in public domain," said the document.

How about information about significant corporate events that are imminent but not yet disclosed? "Maybe, if based on independent research," it said.

Marshall Wace says its system, far from raising the danger of trading on nonpublic information, actually reduces that risk. After all, the program generates "a full audit trail of all idea flow received," Mr. Wace said through a spokesman. As a result, he said, the system amounts to "a substantial improvement in the compliance procedures."

Marshall Wace "has access to the same information as every other fund-management firm," Mr. Wace said. "It is just that we have designed a process to collect more of it, more efficiently, and collate, measure and implement any part of it more effectively."

Nonetheless, French regulator AMF in late 2004 pointed to what it considered possible use of nonpublic information by Marshall Wace at the time of the Alcatel issuance of new securities. The AMF's preliminary report was a notice to recipients that action might be taken against them.

It described a December 2002 phone call to Mr. Wace from Philippe Guez, then an official responsible for trading in French and Spanish shares at Deutsche Bank AG. The two had once been Deutsche Bank colleagues.

The report said Mr. Guez called to gauge Mr. Wace's appetite for investing in a possible issuance of new securities by Alcatel. The report said Mr. Guez then told Mr. Wace that their conversation meant Mr. Wace now had inside information and thus was barred from trading in Alcatel before any announcement of an offering of Alcatel securities. Such calls by an underwriter -- Deutsche Bank's role vis-à-vis Alcatel -- are a legitimate technique known as "testing the market." It helps underwriters determine the proper size and shape of a securities offering and how to price it.

Mr. Wace doesn't dispute this part of the AMF's account of events, said a Marshall Wace executive. Mr. Guez declined to comment.

The AMF report said the call to Mr. Wace was on the evening of Dec. 11, 2002, or the next morning, Dec. 12. Late in the afternoon of Dec. 12 came an announcement that Alcatel would offer between $640 million and $835 million of bonds convertible into new Alcatel stock. Sometime close to this announcement -- the exact timing is at issue -- Mr. Wace ordered a sale of 2.2 million Alcatel shares.

The AMF report said Mr. Wace told the agency that he placed sell orders at "the instant of the announcement." The AMF report, however, contended that he did so about two minutes earlier, after receiving a second call from Deutsche Bank. The AMF report said that a bank official named David Maslen made this second call, from a cellphone, and that Mr. Maslen confirmed he'd spoken to Mr. Wace.

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According to the AMF report, Mr. Wace placed sell orders for 400,000 Alcatel shares each with J.P. Morgan Chase & Co., Credit Suisse Group and the Banc of America Securities unit of Bank of America Corp., and ordered a million-share sale through Goldman Sachs.

The announcement of an Alcatel convertible-bond offering came at 5:14 p.m. Paris time that day. J.P. Morgan placed the sell order from Marshall Wace at 5:12 p.m., said the AMF report. This was the same time as the report said Mr. Maslen called Mr. Wace -- and a crucial two minutes before the bond announcement.

The AMF report said Marshall Wace had "provided time dating of orders that was not in accordance with the reality of making the orders." It added that, "having been in a position of privileged information, Mr. Wace made a decision to make four orders simultaneously expecting that the issue would be publicly announced." The AMF drew up its report in November 2004.

According to a Marshall Wace filing to the U.S. Securities and Exchange Commission, J.P. Morgan "subsequently discovered [the 5:12 order time] to be incorrect and have written to the AMF to correct this. They have confirmed that the order in question was passed after the announcement of the bond transaction and apologised for the incorrect submission, which they believe is due to unsynchronised time clocks on different front office systems."

Time-stamping of trades often is inexact, traders say. Trade times aren't always clocked instantly, especially those put in manually, as many were in 2002, said Mark Edwards, a trading specialist at Investment Technology Group, a brokerage firm in Los Angeles. Moreover, many hedge-fund traders say they first phone in orders and agree on price, and only later do parties to a deal get around to time-stamping the orders.

Marshall Wace maintains it didn't jump the gun on any of the trades. They "were only placed by [Marshall Wace] after the announcement by Alcatel S.A. of the convertible bond issue," and Marshall Wace "has received confirmation of this fact from all the counterparties concerned," said a statement from Schillings, a London law firm representing Marshall Wace. The firm added that it's Marshall Wace's understanding that the counterparties have provided this information to the AMF.

Goldman Sachs has told Marshall Wace it didn't receive the sell order until the bond announcement, according to a person familiar with the situation. Banc of America Securities and Credit Suisse declined to comment.

Alcatel shares, already declining for a few minutes before the bond announcement, slid still more afterward. They fell 15.6% in the final 16 minutes of trading in Paris after the announcement, the AMF report said. It added that Marshall Wace made a profit of about $672,000 on its trades. In all, the report said, the four hedge-fund firms made $2.6 million to $3.5 million on trades the report alleged were done using privileged information.

Marshall Wace invested heavily in the Alcatel convertible bonds, buying about $127 million of the offering, said an executive of the hedge-fund firm.

Following French procedure, the AMF has referred its allegations to a prosecutor and named one of its own officials to oversee the matter. This official will eventually present the AMF's findings in another report, to be followed by a hearing before a sanctions commission. If the commission calls for penalties against the hedge-fund firms, they can seek a review by the Paris Appeals Court.

As for Deutsche Bank, the bond underwriter whose employees called Mr. Wace before the offering, the AMF said: "This ongoing sanction case involves Deutsche Bank as well as various hedge funds." Although sounding out potential buyers before an offering is legitimate, the AMF report said Deutsche Bank had failed to "observe the requirements relating to testing the market," and said "this investigation was made difficult by the uncooperative attitude of Deutsche Bank."

Some securities lawyers said that while Deutsche Bank's first call to Marshall Wace would have been a justifiable testing of the appetite for Alcatel bonds, the second one -- just minutes before the announcement -- would lack this purpose and thus could be problematic. Deutsche Bank declined to comment.

A Settlement Over Global Crossing (WSJ)

The Wall Street Journal, July 27, 2006

NEW YORK -- Goldman Sachs Group Inc. and 25 other financial firms reached a $99 million tentative settlement with investors who bought securities of Global Crossing Ltd. in 2001 and 2002.

Investors alleged that the financial firms committed securities fraud by selling shares of the telecom provider, which filed for bankruptcy-court protection in January 2002 under the weight of more than $12 billion in debt. The company emerged from bankruptcy in 2003.

U.S. District Judge Gerard Lynch set a fairness hearing for the settlement, essentially approving a pact agreed to by the firm and class-action lawyers.

Goldman will pay $42.1 million, the largest single contribution, according to a stipulation of settlement in the case. The next largest amounts are $19.2 million from Merrill Lynch & Co. and $6.7 million from investment-banking units of Credit Suisse Group.

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Representatives for Merrill and Credit Suisse declined to comment, and a Goldman spokesman didn't return calls.

Shareholders led by two public pension funds in Ohio have settled all bank-related cases against Global Crossing, said Jay Eisenhofer, whose law firm, Gran & Eisenhofer, represented the plaintiffs.

CRIMINAL LAW:

Court Grants Stay In Jefferson Case (HILL)

By Josephine Hearn

The Hill, July 27, 2006

A panel of federal appellate judges temporarily barred Justice Department investigators from seeing materials seized in a May 20 raid of Rep. William Jefferson's (D-La.) Capitol Hill office.

The court issued an administrative stay to keep the materials sealed until it has the opportunity to rule on a motion filed by Jefferson to seal them for a longer period while he exhausts all appeals.

Jefferson is the target of a federal corruption investigation.

Judges Delay Investigation Of Congressman (AP)

By Toni Locy

AP, July 26, 2006

WASHINGTON - A federal appeals court on Wednesday temporarily delayed a Justice Department bribery investigation of a Louisiana congressman while he challenges the legality of an unprecedented FBI raid on his Capitol Hill office.

The decision by two members of a three-judge panel means the Justice Department cannot begin a review set to begin Wednesday of more than a dozen computer hard drives, several floppy discs and two boxes of documents seized during a May 20-21 raid on Democratic Rep. William Jefferson's Rayburn Building office.

"The purpose of this administrative injunction is to give the court sufficient opportunity to consider the merits of the motion for a stay pending appeal and should not be construed in any way as a ruling on the merits of that motion," wrote Judges Janice Rogers Brown and Thomas B. Griffith of the U.S. Court of Appeals for the D.C. Circuit. The identity of the third judge is not known.

Attorney General Alberto Gonzales had set a Wednesday deadline to allow a special review team of prosecutors and FBI agents to begin culling through the evidence seized during the controversial raid on Jefferson's office.

The overnight search - which lasted 18 hours - was part of a 16-month international bribery investigation of Jefferson, who allegedly accepted $100,000 from a telecommunications businessman, $90,000 of which was later recovered in a freezer in the congressman's Louisiana home.

Jefferson's appeal challenges a ruling earlier this month by Chief U.S. District Judge Thomas F. Hogan, who upheld the legality of the raid, saying that barring searches of lawmakers' offices could turn Capitol Hill into "a taxpayer-subsidized sanctuary for crime."

According to a government court filing last week, Jefferson also is under investigation in "at least seven other schemes in which the congressman sought things of value in exchange for his performance of official acts."

Jefferson wants the appellate court to allow him to look at the seized materials before the special review team to determine whether any of the documents fell into the category of legislative privilege.

But the Justice Department opposes allowing a congressman to screen evidence that could be used against him. Instead, the department has agreed to give copies of all the seized materials to Jefferson so he can then raise objections with a judge about their use in the investigation.

In his ruling, Hogan rejected requests from Jefferson and a bipartisan group of congressional leaders to return the seized materials, saying the raid did not violate the Constitution's protections against intimidation of elected officials.

At issue is a constitutional provision known as the speech or debate clause, which protects elected officials from being questioned by the president, a prosecutor or a plaintiff in a lawsuit about their legislative work.

Investigators had held off on reviewing the records because the outcry on Capitol Hill after the raid was loud enough for President Bush to order the solicitor general to take custody of the seized materials until Congress and the Justice Department could work out procedures for future raids on congressional offices.

Jefferson has been under investigation since March 2005 for allegedly using his position to promote the sale of telecommunications equipment and services offered by iGate, a Louisville-based firm, that sought contracts with Nigeria, Ghana and other African nations.

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In return for his help, Jefferson allegedly demanded stock and cash payments. Jefferson has not been charged and has denied wrongdoing.

ON THE NET

U.S. Court of Appeals for the D.C. Circuit: http://www.cadc.uscourts.gov

FBI Review Of Jefferson Evidence Delayed (MSNBC)

MSNBC.com, July 27, 2006

Temporary injunction issued to allow court time to consider stay request

WASHINGTON - The D.C. Circuit Court of Appeals today granted embattled Congressman William Jefferson, D-LA, a small victory, by way of an administrative injunction, temporarily preventing FBI agents from sifting through documents seized from his Capitol Hill office in May. The document review was to begin today.

The decision - by two members of a three-judge panel - means the Justice Department cannot begin a review of more than a dozen computer hard drives, several floppy discs and two boxes of documents seized during a weekend raid on May 20-21. That raid on a congressman's office was the first in U.S. history.

The overnight search - which lasted 18 hours - was part of a 16-month international bribery investigation of Jefferson, who allegedly accepted $100,000 from a telecommunications businessman, $90,000 of which was later recovered in a freezer in the congressman's Louisiana home.

Story continues below ? advertisement

The Court, responding to an emergency motion by Jefferson's attorney, writes, "that appellee be enjoined from resuming its review of the material seized from Congressman William J. Jefferson's office pursuant to a search warrant executed on May 20, 2006, pending further order of the court."

The ruling states that the purpose of the administrative injunction is to give the court sufficient opportunity to consider the merits of the motion for stay pending appeal.

The judges underscore that their ruling, "should not be construed in any way as a ruling on the merits of that motion."

Previous ruling

Last week, District Court Judge Thomas Hogan ruled that materials seized in the FBI raid can be reviewed by a "filter team" of FBI agents. The filter team is not connected with the prosecution team investigating bribery allegations surrounding the congressman.

This team would review records to determine if they were responsive to the items listed in a court warrant authorizing the search. The team also will give Jefferson an opportunity to examine the seized materials and seek a court ruling on any claims of confidentiality by the congressman or the House of Representatives regarding particular documents.

Judge Hogan did not agree with a stay order, effectively stopping any executive branch review of the seized items, because he said, it "would harm the public's interest in a prompt and final outcome of the Government's investigation of serious crimes involving a sitting United States Congressman running for reelection in November."

Congressional opposition

Jefferson and the House leaders had vigorously argued that the search of a Capitol Hill office was unconstitutional because FBI agents had combed through "protected" material during their 18-hour search for evidence.

Attorneys for the bipartisan leadership of the House have said, they "are seriously considering" filing a brief with the Appeals Court this week opposing a ruling by a judge on documents seized from Louisiana Democrat William Jefferson's office.

The House Counsel has opposed the search of Rep Jefferson's Capitol Hill offices, saying it was unconstitutional. The House lawyers are now weighing whether to challenge a federal judge's order allowing FBI agents to examine materials seized in a weekend raid in May of Jefferson's Capitol Hill offices.

House Speaker Dennis Hastert said on Sunday he believed Jefferson, was "in big trouble" and that the House would not be joining in support of Jefferson himself. But he said the House separately might seek to make clear its position that the Justice Department cannot randomly and wantonly search lawmakers' offices. Hastert also said FBI agents should be able to search for documents on any criminal aspect, but that they do not have a right to "take all your records," such as confidential tax forms.

Jefferson, according to court documents, is being investigated concerning allegations that he solicited and accepted bribes to help promote a cable television and Internet business in West Africa.

The congressman has not been charged and has insisted he has an explanation for all the allegations. Jefferson has repeatedly predicted he will eventually be cleared of all wrongdoing.

Joel Siedman is an NBC Producer based in Washington, DC.

Child-prostitution Cases Reveal Cruel Underworld (USAT)

By Judy Keen, Usa Today

USA Today, July 27, 2006

CHICAGO — A harrowing picture of the seamy world of child prostitution is emerging in court documents stemming from a nationwide crackdown that has produced 543 arrests and 94 convictions.

Women have told investigators they started working as prostitutes for a suburban Chicago man, Jody Spears, when they were 16 and 17, according to an FBI affidavit filed in U.S. District Court here this week. "So what? Some of my best girls were minors," Spears is quoted saying in the affidavit.

Witnesses, whose names are not used, said Spears took them to New York, Las Vegas and Honolulu.

The case here is part of "Innocence Lost," a project launched in 2003 by the Justice Department. The FBI set up 14 task forces in cities with the most reports of child prostitution; now the task forces are in 27 cities, says Drew Oosterbaan, chief of the Justice Department's child exploitation section.

Legal filings in other "Innocence Lost" cases reveal how pimps recruit and abuse teen prostitutes:

· A Chelsea, Mass., woman, Evelyn Diaz was charged this month with recruiting girls who were 13, 15 and 16 to work as prostitutes. FBI special agent Tamara Harty testified that one girl, 13 at the time, told agents that Diaz took her shopping and to restaurants, then to clients in New York.

· Juan Rico Doss of Reno was convicted last month of recruiting girls 14 and 16 to work as prostitutes in California. They were told to lie about their ages if arrested.

· In Detroit, four Ohio residents were charged in December with holding girls as prisoners and making them call their pimp "Daddy."

· Indictments of 16 people in Harrisburg, Pa., in December alleged that one 12-year-old girl was forced to have sex to pay for her grandfather's crack cocaine.

The indictments also said pimps from Toledo, Ohio, bought women from one another and beat them if they didn't make enough money.

Of more than 100 prostitutes identified in that investigation, more than 20 were underage; the youngest was 13. Many were rotated through rest areas and truck stops from California to Maryland.

The maximum sentence for sex trafficking is life in prison.

"Innocence Lost' will continue, Oosterbaan says. "When I see cases cropping up in places like Harrisburg," he says, "that suggests that the problem is more pervasive than people might think."

Norma Hotaling, founder of the SAGE Project in San Francisco, which counsels victims, once got calls only from large cities asking for help creating programs for former child prostitutes but now hears from small cities. "It's like a virus, it doesn't just go away." She says there's too little federal funding to help women make the "long journey" back from prostitution.

Celia Williamson, a professor of social work and prostitution researcher at the University of Toledo, says the crackdown "shocks the community" and prompts discussion about "modern-day slavery."

In Toledo, she says, 48% of adult street prostitutes started when they were younger than 18. A 50-member roundtable of police, social service workers, health care providers, former prostitutes and others meets there monthly to find better ways to intervene.

Various studies say 300,000-800,000 youths are at risk of sexual exploitation. Hotaling says the crackdown is a first step toward dealing with the problem.

"Everything has been done so wrong in the past," she says. "We arrest children for their own sexual abuse and their own rape. We don't provide any services. We let them out (of jail) to their pimps."

Prosecutors: Wife Behind Husband's Killing (AP)

By Ramesh Santanam, Associated Press Writer

AP, July 27, 2006

HERMITAGE, Pa. - In the days after her millionaire husband was killed, Donna Moonda told her story on the TV news: A stranger approached the couple's Jaguar on the shoulder of an Ohio highway, took her husband's wallet, then shot him in the head.

"I heard the most horrible voice that I'll never, ever forget telling him, `Give me your wallet and get in the car,'" she calmly related, acting out for the camera how the killer went eye-to-eye with her husband.

Now, in a film-noir twist, prosecutors say that the stranger was no stranger but Moonda's lover - a man she met in drug rehab - and that she promised him millions to kill her 69-year-old husband, Dr. Gulam Moonda.

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This week, Donna Moonda, 47, was charged in federal court in Ohio with interstate stalking that resulted in death after the man with the "horrible voice," Damian Bradford, 25, admitted he was the triggerman and agreed to testify against her. She plans to plead not guilty, her attorney said.

Gulam Moonda, who lived in Hermitage, along the Ohio line, was killed May 13, 2005, after his wife pulled off the Ohio Turnpike near Cleveland, supposedly to let her husband take the wheel.

Gulam Moonda emigrated from India to study medicine and in 1971 became the first urologist in Sharon, a Pennsylvania city of about 16,000. Colleagues remembered him for his friendliness, generosity and great bedside manner - a man who would hang up his patients' coats as they arrived at his office.

When he met his wife-to-be, she was working in a doctor's office. She later became a nurse anesthetist. Friends say they dated about 10 years before marrying in 1990.

"She liked to dress in expensive clothes, liked to shop. He loved her and treated her like a princess," said Dr. Ravindra Sachdeva, a surgeon who frequently dined with the Moondas and one of his closest friends.

In 2004, however, Donna Moonda was sentenced to rehab after pleading no contest to stealing the painkiller fentanyl from the hospital where she worked. It was in rehab that she met Bradford, a low-level cocaine dealer from suburban Pittsburgh.

Moonda bought Bradford expensive gifts and paid for his apartment, authorities say. And soon after, they allege, she asked him to kill her husband.

Donna Moonda had signed a prenuptial agreement that limited her to only $250,000 in a divorce. The doctor's will, however, promised her millions plus $676,000 in insurance policies and their home.

On the day of the killing, Donna Moonda gave Bradford a map of the route the couple planned to take, and sent him a text message when they left home, authorities say.

After Donna Moonda pulled over, Bradford stopped in a car behind them, demanded the doctor's wallet and shot him. Bradford then drove to the next turnpike exit, turned around and arrived late to a Narcotics Anonymous meeting near his home. The wallet was found months later on the side of the turnpike.

Bradford and the doctor's widow emerged as suspects within days of the killing. People at the rehab center told police that the couple were in a serious relationship and that she was trying to leave her husband.

Also, authorities say Donna Moonda gave conflicting statements about the shooting, misled a motorist who stopped to help about the severity of her husband's condition, and could not give police a good description of the gunman or his car.

Bradford was arrested on drug charges following a search of his home a week after the slaying. He was already on probation for receiving stolen property. He admitted his role in the shooting and agreed to testify against Moonda to avoid a life sentence.

Moonda had described the gunman as a thin, short man dressed in black; she said she could not tell his race. Bradford is a ruggedly built black man, 6 feet tall.

Five days after Gulam Moonda's death, his wife sat down in her living room with a reporter from KDKA-TV in Pittsburgh and talked about what happened. She dabbed her eyes as she recalled the holdup.

"When he died that night, I did, too," she said. "He was always helping everybody and I tried, but I couldn't help him."

Associated Press writer Joe Milicia in Cleveland contributed to this report.

S.C. Sex Offender Found With Missing Teens In Florida (AP)

AP, July 27, 2006

DAYTONA BEACH, Fla. - A registered sex offender on South Carolina's Ten Most Wanted list was found Wednesday with five missing teens in a hotel here, police said.

Allen Lee Biddix, 18, was convicted as a juvenile in 2002 of first-degree criminal sexual conduct with a minor age 11 or younger, according to the South Carolina Law Enforcement Division's online sex offender registry.

Biddix left Marion County, S.C., sometime around July 17 with three girls and two boys, said Tim Stec, a spokesman for the U.S. Marshals Service. The girls are 13, 14 and 15, Stec said. Both boys, who are twin brothers, are 15.

Biddix was arrested on a fugitive warrant for contributing to the delinquency of a minor, Daytona police said.

The two boys were taken to the Department of Youth Services on a court custody order from South Carolina and detained for extradition.

The girls were released to their parents or guardians and headed back to South Carolina, police said Wednesday afternoon.

Wanted Man Shot By FBI Agent During An Arrest Try (MH)

By Diana Moskovitz

DOJ_NMG_0043751

The Miami Herald, July 27, 2006

An FBI agent shot a suspect in the arm Wednesday while trying to arrest him on an attempted-homicide warrant.

Brenton Doe, 22, was wanted in a crime that occurred Monday and for having a firearm as a convicted felon, Fort Lauderdale police Sgt. Bill Schultz said.

The FBI is reviewing the shooting, agency spokeswoman Judy Orihuela said. FBI agent Paul Russell, who shot Doe, will keep his regular job during the review.

"We need to conduct all the interviews and see what happened," Orihuela said.

Russell was with the FBI Fugitive Task Force in South Florida.

Police officers and FBI agents had pulled over Doe in the 2900 block of Northwest 25th Street when he was shot. They had pursued him after someone tipped them to his presence in the area about 12:57 p.m., Schultz said.

After he was shot, Doe took off in a black Chevy Lumina, Schultz said.

The car crashed a few blocks away when Doe made a tight turn from Northwest 29th Avenue to 23rd Street and crashed into a roll-off dumpster truck parked in the street.

A police officer following Doe crashed into the back of the Lumina.

"We were blessed the truck was there, and there were no children in the street," neighbor Tameika Brown said.

The truck had arrived only a few minutes earlier, its owner parking it along the street in front of his house, Brown said.

Doe got out of the car and ran south. He was caught a few blocks away.

Doe was taken to Broward General Medical Center for treatment and released Wednesday evening.

Doe had been arrested eight times, dating back to 1996. In 2004, he was convicted of aggravated battery on a law enforcement officer, resisting or obstructing an officer with violence and resisting or obstructing an officer without violence.

Doe served two years in prison from 2004 to 2006, according to the Florida Department of Corrections.

Freelance photographer R.C. White and Miami Herald staff writer Wanda J. DeMarzo contributed to this report.

Attempted Murder Suspect Shot By FBI Agent In Fort Lauderdale (FLSUNSEN)

By Sofia Santana, South Florida Sun-sentinel

South Florida Sun-Sentinel, July 27, 2006

FORT LAUDERDALE -- A man who Fort Lauderdale police said is a suspect in a recent attempted murder is in surgery at Broward Medical Center, hours after he was shot in the arm by an FBI agent who was trying to arrest him, authorities said.

Investigators linked Brenton Doe, 22, of Fort Lauderdale, to a July 24 incident and Wednesday afternoon learned he might be in the neighborhood just south of W. Oakland Park Boulevard, near Martin Luther King Jr. Ave., said Fort Lauderdale Sgt. Bill Schultz.

Police officers and FBI agents who are part of the FBI Wanted Fugitives task force spotted Doe about 1 p.m.in a black Chevrolet Lumina and chased him, but Doe then crashed into a tow truck while turning onto NW 23rd Street and 29th Terrace, and a police car subsequently crashed into the Lumina, Schultz said. That's when Doe was shot, but it was not immediately known why the agent fired or if Doe was armed.

The FBI and Fort Lauderdale Police are investigating the incident and said they could not provide more specific details because it was early in the investigation.

"We would be speculating because we haven't finished all out interviews," said FBI spokeswoman Judy Orihuela.

Boston Police Offices Waive Miami Extradition Hearing (BRAH)

The Bradenton Herald, July 27, 2006

MIAMI - Three Boston police offices arrested in Miami on federal drug charges waived extradition hearings Wednesday, clearing the way for their return to Massachusetts.

Roberto Pulido, 41, Carlos Pizarro, 36, and Nelson Carrasquillo, 35, were also ordered held without bond under an agreement with prosecutors, according to court records. They have not yet entered pleas to the charges.

The three are accused in a federal complaint of accepting $35,000 in exchange from protecting a shipment of cocaine from men they thought were Miami-based drug dealers but who were actually undercover FBI agents, according to court records. They were arrested last Friday in Miami.

The court documents also describe Pulido as the ringleader and accuse the group of numerous other crimes, including identity theft, smuggling illegal immigrants, money laundering and insurance fraud.

It was not immediately clear Wednesday when the three would be transported from Miami to Boston.

BPD Knew Feds Eyed Cop: Pulido Still Tapped For Elite Unit (BOSH)

By O'Ryan Johnson And Laurel J. Sweet
Boston Herald, July 27, 2006

Boston police brass transferred now-disgraced cop Roberto Pulido to the elite Special Operations Division knowing that he was being eyed by the FBI for allegedly stealing drivers' IDs and guarding drug-fueled after-hours hooker parties, acting Commissioner Albert Goslin said yesterday.

But Goslin said he signed off on the transfer to keep Pulido off-guard. "They understood my concern," he said of the FBI."They didn't know if it would or would not alert him to something. It was my decision to not alert him to any suspicion. I, quite frankly, didn't feel I was putting anyone in harm's way."

Pulido, 41, and Officer Nelson Carrasquillo, 35, were assigned to the Mobile Operations Patrol, part of Special Operations, in April 2005, where they also served as members of the entry team for high-risk raids.

The two men joined Special Ops as the unit was rebuilding its image after the Victoria Snelgrove shooting outside Fenway Park six months before.

"Guys are pissed," said one police source. "They're saying I can't believe I was doing raids with these people next to me and they're worse than the people we were going after."

Goslin said that as Pulido's alleged crimes grew and he recruited Carasquillo and District 4 Officer Carlos Pizarro, 36, those in the department with knowledge of the FBI investigation had plans to pull Pulido off certain assignments if he posed a risk.

"If there was ever an operation that was going to happen that he could have put at risk we would have redeployed him in another fashion," Goselin said.

In U.S. District Court in Miami yesterday, Pulido, Carrasquillo and Pizarro agreed to return to Boston to argue for bail and answer to cocaine charges.

Of the three, Pizarro - with three complaints - has the most checkered past within the department.

In October 2005, about the same time Carolyn Pleasant-Reid, 38, was dying of an asthma attack in her District 4 cell, Pizarro deactivated a prisoner-check alarm to avoid doing visual well-being inspections of inmates. As his action was never proven a factor in Reid's death, Pizarro was verbally reprimanded.

Police Corruption Suspect Failed A Drug Test In 1999 (BOS)

By Suzanne Smalley, Globe Staff
The Boston Globe, July 27, 2006

Officer Roberto Pulido, the alleged ringleader in the Boston police corruption case, tested positive for cocaine in a department-ordered drug test in 1999, two law enforcement officials with knowledge of the episode said yesterday.

However, department rules allowed Pulido, after a 45-day unpaid suspension and drug treatment, to resume his job. Under union-negotiated rules, officers have the right to keep their jobs, even if they test positive for drugs such as heroin and cocaine. That policy is more lenient than those of some other big city departments, and some community leaders and criminologists questioned it yesterday.

A department spokeswoman acknowledged that Pulido failed a drug test in 1999 and was reinstated after a suspension, but she declined to identify the drug, citing Pulido's right to privacy about health matters.

Yesterday in Miami, Pulido and two other Boston police officers facing federal drug conspiracy charges waived their rights to a detention hearing. They will be transported to Massachusetts in the next 10 days, said Assistant US Attorney Jeffrey Auerhahn. Pulido, 41, of Hyde Park; Carlos A. Pizarro, 36, of Boston; and Nelson Carrasquillo, 35, of Dorchester, are each charged with conspiracy to possess with intent to distribute 100 kilograms of cocaine.

They were arrested last Thursday in Miami by FBI agents posing as drug dealers when the three officers allegedly showed up to collect the final $35,000 of $50,000 in payments for guarding a cocaine shipment last month from Western Massachusetts to Boston.

They are likely to face additional charges, federal prosecutors say. In an FBI affidavit, one or more of the officers are also accused of stealing identities of unsuspecting motorists, trafficking in steroids, and guarding after-hours parties where uniformed officers mingled with prostitutes and drug users.

Attempts last night to reach a public defender appointed to represent Pulido were not successful.

Elaine Driscoll, spokeswoman for the Boston Police Department, said yesterday that the department takes illegal drug use seriously but has been constrained from strengthening the drug testing policy because of collective bargaining agreements with police unions.

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Officers who fail drug tests are subjected to random tests for three years, Driscoll said, and are sometimes tested as often as twice a month. She also said the procedure in use by the department, which tests strands of the officer's hair, is significantly harder to beat than the urine tests used by many public agencies.

Amy Ambarik, a lawyer for the Boston police, said in an interview that the department is open to toughening its drug policy but would have to negotiate the changes with its unions. The unions, especially the politically powerful patrolmen's union, is known for resisting measures that broaden department oversight of officers.

``The BPD can't just decide today to unilaterally change our rule," Ambarik said.

The Boston Police Patrolmen's Association president, Thomas J. Nee, did not return a call yesterday.

The specialists interviewed said that police departments vary widely in how they handle drug use by officers, but that a no-tolerance policy is best. It's not just potential impairment of officers that concerns them. It is also the worry that to obtain illegal drugs, police officers often must interact with criminals or their associates and can be compromised.

A model policy distributed to departments across the country by the International Association of Chiefs of Police calls for a stern response to the first offense.

``Any employee receiving a confirmed positive drug test result will be removed from duty pending a hearing for termination of employment," the model policy states.

Officials at the Los Angeles Police Department and the New York Police Department said yesterday that their officers are fired the first time they fail a drug test, even if the drug is marijuana.

``There's zero tolerance," said Officer April Harding, a spokeswoman for the LAPD.

Eugene O'Donnell, a professor at the John Jay College of Criminal Justice and a former New York City police officer, said there is good reason for such severe penalties.

``New York is unequivocal, and very veteran people are fired," he said. ``There's no rehabilitation; there's no second chance. I always have reservations, and then I see a case like Pulido and say, `Oh, there's the logic.' "

O'Donnell said that many police departments worry about an officer becoming vulnerable to a drug dealer, who could use knowledge of the officer's habit against him.

``You can't buy drugs in a department store," O'Donnell said. ``. . . There's a potential for serious misconduct, because the cop has an underground relationship with a drug dealer."

Maki Haberfeld, chairwoman of the department of law, police science, and criminal justice administration at John Jay and the author of books on police integrity, said she is troubled by the lack of a national standard for disciplining officers who use drugs.

``This is a profession where you should not be given a second chance in this particular area," she said. ``In policing, where other people's lives depend on them, you cannot tolerate drug abuse."

In Boston yesterday, Councilor at Large Stephen J. Murphy, chairman of the City Council's Public Safety Committee, said there should be no second chances for drug users on the police force.

``It's a flawed policy," Murphy said. ``They're our front-line law enforcement officers. They're not only violating department policies, but the law of the land. Adios! What if they're responding under the influence of drugs? They could endanger a lot of lives."

Pastor William E. Dickerson of the Greater Love Tabernacle in Dorchester agreed.

``I'm in the business of saving souls, and I believe people can be redeemed," he said. ``But it makes it very difficult when people are supposed to be upholding the law and they're violating it."

However, Darnell Williams, chief executive of Urban League of Eastern Massachusetts, said firing after one positive drug test is too severe.

``To just terminate someone for their first incident shows insensitivity to helping an employee get their life back on track," he said.

FBI Seizes Documents From A Monmouth Agency And Its Leader (NSL)

By Maryann Spoto And John P. Martin, Star-ledger Staff

Newark Star-Ledger (NJ), July 27, 2006

Federal investigators searched the offices of the Western Monmouth Utilities Authority in Manalapan and the home of its executive director in Marlboro yesterday as part of the ongoing corruption probe in Monmouth County.

Federal lawmen declined to comment, but the search warrants they executed yesterday appeared to be an outgrowth of the investigation that already has led to corruption charges or convictions against two dozen officials, contractors and public employees in Monmouth County. Like the others, the warrants were sought by prosecutors working in the public corruption division of the U.S. Attorney's Office.

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A team of about a dozen officers from the FBI, Internal Revenue Service and Manalapan Police Department arrived at the utilities authorities headquarters shortly after 6 a.m. Around 1:45 p.m., agents and police officers carried out four large white cardboard boxes with "WMUA" scrawled on them.

As office employees arrived for work yesterday, they were told police would be working at the building. Eventually they were sent home by an office manager.

A second team of agents went to the Norma Court home of Frank Abate, executive director of the utilities authority, at around 6 a.m. and remained there for nearly six hours.

"Somebody made an allegation and the IRS and FBI have an obligation to investigate it," Abate said after the agents left his house, about seven miles from the utilities authority.

Abate said agents took a number of documents and his new computer. He declined to discuss the nature of the seized documents.

"It's the price you pay for living in Marlboro," he said. "It's guilt by association. It's no fun."

There were no arrests.

The utilities authority, a joint venture of Manalapan and Marlboro, handles sewage hookups in Englishtown, Manalapan and parts of Marlboro and Freehold Township.

Yesterday's warrants were yet another chapter in the investigation of activities in Marlboro and Monmouth County.

Last year, former Marlboro Mayor Matthew Scannapieco pleaded guilty to accepting $245,000 in payoffs, and former township Councilman Richard Vuola was sentenced to 50 months in federal prison on extortion and attempted bribery charges.

One of the major developers in Marlboro, Anthony Spalliero, has been indicted on charges he bought his contracts through lavish gifts and cash to local and county officials.

Abate, a Marlboro councilman from 1987 to 1991, has been head of the utilities authority since 2002. A Democrat, he ran unsuccessfully for Congress against then-incumbent Richard Zimmer (R-12th Dist.) in 1992.

Abate's former company, Stacot Distributors Inc., came under scrutiny by the State Commission of Investigation in 1994 as part of a probe into contracts with Marlboro State Psychiatric Hospital. Stacot provided the hospital with sewage treatment chemicals that the SCI said were not needed.

Utilities Chief Probed (APP)

By BOB JORDAN AND JAMES A. QUIRK, FREEHOLD BUREAU

Asbury Park Press, July 27, 2006

WMUA: Abate is on temporary leave of absence

FBI and Internal Revenue Service special agents executed search warrants early Tuesday morning as part of a joint criminal investigation at the offices of the Western Monmouth Utilities Authority in Manalapan and the home of the authority's executive director, Frank G. Abate, in Marlboro. No one was arrested.

Shortly after 5 p.m., the WMUA's four-member board of commissioners issued a statement that Abate has been placed on a temporary leave of absence. A meeting will be held next week "to determine Mr. Abate's future," and in the interim, the board will designate an acting executive director, the statement said.

The board added that since August 2005, "the WMUA has been cooperating fully with the FBI's probe of Abate, ensuring that they have all the information they need to complete their probe."

And in the statement, written by WMUA spokesman Jeff Meyer, the board explains that at the same time it began cooperating with the FBI, it hired attorney Vincent Giblin "to represent the authority on this matter and as recent as last week, the WMUA staff and commissioners were meeting with federal authorities to assist in their investigation of Mr. Abate."

A spokesman for the IRS criminal investigation unit, Alan Drucker, said details of the investigation could not be made public.

"We're here on official business," Drucker said.

However, a source said that the FBI is searching for records relating to contractors who have performed work for the utilities authority, and that the search warrants are the latest phase of the FBI's ongoing investigation of corruption in Marlboro.

"The price you pay"

Boxes containing records and computer hard drives were removed from Abate's Norma Court home in Marlboro and his office at the WMUA administration building on Pension Road in Manalapan, both of which were secured by separate teams of agents before 7 a.m.

Abate, a former Democratic township councilman in Marlboro, and his wife, Eileen, were present while investigators spent about five hours at their home. The agents took more than a half-dozen storage boxes — they were taped closed and displayed

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bright orange identification labels — and also removed one oversize box containing what appeared to be computer equipment. One agent took pictures of the items removed from the home.

Abate commented briefly after investigators left but declined to talk about the boxes' contents.

"I have no idea what they're looking for," Abate said. "Someone made an allegation, and they're investigating it. This is the price you pay for living in Marlboro."

Abate said he did not want to discuss what allegation was made or who made it.

In the WMUA's statement, Meyer said: "The WMUA is not the focal point of (the search) nor is the WMUA the target of the joint inquiry being conducted by the FBI and IRS. This inquiry is solely focused on the personal actions of Frank Abate."

Abate's neighbor, Jacqueline Landsberg, said she noticed a steady stream of cars arriving on the block early in the morning when she went to retrieve her newspaper.

"There were about 12 cars," Landsberg said. "I thought people were coming for a funeral, but then I noticed they were carrying things."

But Landsberg said she determined that the visitors were law enforcement agents and said that an investigation was not surprising, based on reports of other investigations occurring in recent years in the township.

Landsberg called Abate "a good neighbor and a great guy."

"But I lived here 28 years. It's Marlboro. I've lived through all the stuff going on with the elected officials," she said, speaking about the administrations of former Mayors Saul Hornik and Matthew V. Scannapieco. "I've seen it all."

Scannapieco pleaded guilty last year to accepting more than $200,000 in bribes from Marlboro housing developer Anthony Spalliero. Hornik, who died last year, was investigated by both the FBI and the Monmouth County Prosecutor's Office during his tenure as mayor, but no evidence of wrongdoing was found.

22,200 customers

The WMUA provides sewerage treatment for parts of Marlboro, Manalapan, Englishtown, Old Bridge and Freehold Township. It serves about 22,000 residential and 200 commercial customers and has 200 miles of pipe.

At the WMUA administration offices, investigators from the FBI and IRS removed four storage boxes and placed them in an unmarked four-door silver Ford at 2 p.m.

Officers from the Manalapan Police Department were also present at the WMUA offices.

"The commissioners take their responsibility to ratepayers seriously, and they are deeply disheartened by this turn of events," Meyer said in his statement. "The commissioners want ratepayers to know that today's events will have no impact on our ability to provide efficient and reliable sewer service to our customers."

School Bus Driver Arrested In Nationwide Child Porn Sweep (NSDY/AP)

Long Island Newsday, July 27, 2006

NEWARK, N.J. (AP) _ A school bus driver from New Jersey was among two dozen people arrested Wednesday in a nationwide investigation into a Web site that linked to pornographic images of children.

Russell Christie III, 48, of Newton, was arrested as part of the FBI's "Project Safe Childhood," an initiative aimed at increasing enforcement of laws involving the online sexual exploitation of children.

Christie has worked as a bus driver in the Andover school district in Sussex County for First Student, a company that has branches throughout New Jersey. A woman answering the phone at First Student's Andover office Wednesday confirmed that Christie has been employed there for "quite a few years."

Christie could not immediately be reached for comment. There was no phone number listed under his name in Newton.

FBI investigators in Los Angeles shut down the Web site on Tuesday as agents in 20 states conducted searches and seized dozens of computers. Arrests were also made in Bulgaria, Poland and Spain.

The investigation was continuing at the state level and could result in more arrests, according to Steven Siegel, a spokesman for the FBI in Newark.

FBI Labels Jerseyan Czar Of Child Porn Web Site (NSL)

By Jim Lockwood, Star-ledger Staff

Newark Star-Ledger (NJ), July 27, 2006

Sussex school bus driver tied to international cyber-hub

A school bus driver from Sussex County was seized as the mastermind of a Web site that circulated thousands of photographs of child pornography to cyber predators across the nation and to several countries, the FBI said yesterday.

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Russell Christie III, a 48-year-old Green Township man, set up the site that "serviced an international community of online predators where thousands of graphic images of sexually abused children could be shared," according to J. Stephen Tidwell, assistant director in charge of the FBI in Los Angeles, which led the investigation.

Christie was arrested in a child pornography sweep called "Project Safe Childhood" that included 22 people in 20 states, FBI officials said.

He was arraigned yesterday in federal District Court in Newark on charges of possession of child pornography and is being held without bail, authorities said.

Christie, who is single and lives with his mother at a campground she operates, allegedly created the Web site -- www.namgla.net -- which stands for North American Man-Girl Love Association, authorities said.

The site, which has been dismantled by officials, functioned as an online message board, as well as a mechanism to advertise and link users to other Web sites.

"He was the guy that essentially set up the Web site, the bulletin board," said Steve Siegel of the FBI office in Newark.

Police on Tuesday used a search warrant at Christie's Phillips Road home, where they reviewed the contents of his computer hard drive and about 325 compact discs, according to a criminal complaint.

The hard drive and CDs contained "dozens of images of what appear to be child pornography," including naked prepubescent and minor girls exposing their genitals, according to the complaint.

Dan Conkling, a Green Township committeeman who lives up the street from Christie, said he did not know about the arrest of his neighbor and was shocked to learn of it.

Conkling, who has known Christie since he was a kid, described him as a "quiet and unassuming" lifelong township resident.

"He's a quiet sort of guy. I'm surprised," Conkling said. "He farms his property, he cuts hay, he drives a school bus, he works in the campground -- I don't know what else to say. There's nothing extraordinary about him."

Christie rents part of the house from his mother, Conkling said. Christie's mother, who operates the Green Valley Beach Campgrounds, could not be reached for comment.

Christie works as a school bus driver for First Student bus company, a national company that has an office in Andover, authorities said. Police said he has no prior arrests.

A representative of First Student, which serves schools throughout New Jersey, including the Andover, Green and Fredon areas, declined to comment. She referred questions about Christie to the busing company's regional office, which could not be reached for comment.

As part of the FBI sweep, officials searched 35 locations, including the homes and workplaces of suspects. The investigation was conducted by agents and task force officers in 24 FBI field offices in 20 states: Arizona, California, Colorado, Florida, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New Hampshire, New York, North Carolina, Ohio, Oregon, Texas, Washington and Wisconsin.

Eleven searches also have been conducted overseas in the countries of Ecuador, Chile, Poland, Spain, Portugal, Bulgaria and Sweden. Arrests also were made in Bulgaria, Poland and Spain, and additional subjects are currently being pursued by law enforcement agencies in those countries.

In all, 49 "namgla.net subjects" have been identified in 27 foreign countries, and the investigation is continuing, authorities said.

The crackdown was investigated under the "Project Safe Childhood" initiative recently announced by the federal Department of Justice, which increases enforcement and prosecution of online sexual exploitation of children.

Jim Lockwood may be reached at jlockwood@starledger.com or (973) 383-0516.

Man Set To Die Today For Inmate's Murder (WT/AP)

By Kristen Gelineau

The Washington Times, July 27, 2006

RICHMOND -- Barring intervention from the U.S. Supreme Court or Gov. Timothy M. Kaine, a man who killed a fellow inmate during a pagan ceremony will be executed today.

Michael Lenz, 42, is scheduled to die by injection at 9 p.m. at the Greensville Correctional Center in Jarratt for the murder of Brent Parker, 41.

Lenz and another inmate, Jeffrey Remington, were sentenced to death in 2000 for stabbing Parker a combined 68 times with makeshift knives at the Augusta Correctional Center.

The three inmates were followers of the Nordic pagan religion Asatru and belonged to a group known as the Ironwood Kindred.

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The group was gathered for a ceremony when Lenz and Remington attacked Parker.

Lenz testified that Parker had not been taking the religion seriously, and to protect the honor of the gods, Parker had to be punished. Lenz also testified he felt threatened by Parker, who was serving a 50-year sentence for murder.

Remington committed suicide on death row in 2004.

Jane Ruck, who runs the National Prison Kindred Alliance and ministers to Asatru inmates, called Lenz's actions dishonorable and not in line with true Asatru beliefs.

Instead, Lenz should have simply asked Parker to leave the kindred -- not resorted to murder, said Miss Ruck, adding that under Asatru's ancient laws, Lenz's punishment for killing Parker could have included hanging or banishment.

Lenz's attorneys said Parker had threatened to kill both Lenz and Remington.

Lenz testified that Parker twice told him he would sharpen the point of a cane he carried and stab Lenz with it, attorney Matthew Engle said. Parker also repeatedly threatened to kill Remington, and Lenz thought Parker was casting spells on him, Mr. Engle said.

In their petition to the high court, Lenz's attorneys contend jurors in his case admitted they had consulted a Bible during their sentencing deliberations, and that one juror said some jurors pointed to passages in the Bible that supported the death penalty for killers.

Lenz's attorneys argue the jurors' consultation of the Bible was an outside influence that denied Lenz the right to a fair and impartial trial.

Lenz's attorneys also argue that the verdict forms supplied to the jury failed to include all sentencing options.

The governor and his legal team continued to consider Lenz's clemency petition yesterday, Kaine spokesman Kevin Hall said.

Augusta County Commonwealth's Attorney A. Lee Ervin, who prosecuted the Lenz case, said Lenz deserves the death penalty because of to the extreme nature of Parker's murder.

"It was a right brutal attack," Mr. Ervin said. "I'm not saying Mr. Parker was a nice person ... but the fact of the matter is that when this happened, there was no evidence at all that it was self-defense."

Parker's mother, Bonnie Parker, 71, of Paw Paw, W.Va., said she is ambivalent about the execution, but she added that her granddaughter Heather -- Parker's daughter -- thinks Lenz deserves to die.

Execution Of Pagan Devotee Set For Tonight (WP)

By Timothy Dwyer

The Washington Post, July 27, 2006

It is often said that inmates find God when they get to prison. That is only partly true for Michael Lenz. Once behind bars, he became a devoted pagan, worshipping multiple gods from Norse mythology -- some with familiar names such as the mighty Thor and his father, Odin.

Lenz, a drifter from Prince William County serving 29 years and 30 days in prison for burglary and firearm possession, converted to Asatru, an ancient heathen religion, and helped found a prison chapter called Ironwood Kindred.

The religion became the focal point of his life -- "the only thing that mattered to him," according to legal documents. And it was this devotion to his gods that, according to his testimony, prompted him to plan a murderous ambush at a makeshift pagan altar set up in a prison conference room.

Tonight, Lenz, who still practices Asatru from his cell on Virginia's death row, is scheduled to be put to death by lethal injection for killing in the name of his gods. He has applied for a stay of execution by the U.S. Supreme Court and for clemency from Gov. Timothy M. Kaine (D).

Lenz is one of a few inmates in Virginia prisons who practice Asatru. But in prisons across the United States, the number of converts has increased in recent years, according to experts, some of whom say prisoners find encouragement for violence in the gods they worship.

"This is a warrior thing," said Heidi Beirich, deputy director of the Intelligence Project for the Southern Poverty Law Center, which tracks hate groups and extremist organizations. "What they take out of it is violence, physical dominance and racial purity. To them, Thor represents the ultimate white male."

Beirich said many of the inmates who have converted to Asatru or Odinism are white supremacists. "It is anti-Christian, and these particular pagan religions glorify deities created by the white race," she said. "They reflect values they are drawn to, like being really strong, being able to fight -- Thor with his hammer. And that's what they worship."

Beirich said there are racist and nonracist versions of the religion in prisons and among the general population.

Stephen McNallen, director of the Asatru Folk Assembly, a leading Asatru group in the United States, has been fielding calls from the media as Lenz's execution approaches.

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"There is nothing in Asatru that would justify what he did," McNallen said of the killing by Lenz and Jeffrey Remington, Lenz's best friend, who also was an Asatru devotee.

"There is just not justification for what he did. Like any other group, we expect the holy powers to be honored. Clearly, when someone does something that is just plain wrong, just plain evil, obviously it hurts us. It hurts us in the same way that the lunatic-fringe Muslims hurt Islam. It is an embarrassment."

Once a Catholic altar boy, McNallen, 57, said he became a devotee of Asatru about 35 years ago while contemplating a career in the U.S. Army. "This warrior thing loomed in my own life," he said. He prefers not to use heathen or pagan as adjectives because, he said, both terms carry too much baggage.

"The best way to describe Asatru is to compare it with other native religions: Native American or other native or indigenous religions in any location on the globe," McNallen said in a telephone interview from his California home. "We are a group of people attempting to follow the way of our ancestors and look toward our ancestors as a source of spiritual comfort, nourishment and connection."

He estimated that 10,000 to 20,000 people in the United States share his religious beliefs and only a small percentage of devotees -- less than 5 percent -- are white supremacists. He guessed that a good number of those people are prison inmates.

What drew Lenz, 42, to Asatru while in prison is unclear. He had a "troubled childhood and adolescence," according to his clemency application. He was living in a tent in Prince William and broke into three homes and a restaurant to steal food. In 1993, he was convicted of burglary and possession of a firearm and sent to Augusta Correctional Center.

In court documents, he is described as a rule-abiding inmate with no violent episodes before or after the killing of Brent Parker.

Parker was a convicted murderer serving a 50-year sentence for killing a man in Winchester in 1985 by beating him for an hour. Parker laughed while beating the man, who did not fight back, taking breaks to smoke, according to court documents.

Lenz testified that Parker had threatened Remington and that his efforts to organize his Asatru group in prison were being "thwarted" by Parker.

On the evening of Jan. 16, 2000, Lenz, Parker, Remington and three other inmates attended a meeting of the Ironwood Kindred. A guard was stationed outside the door. Lenz read some poetry and afterward called Parker to the altar.

"I called [Parker] up to the altar and I asked him -- and I said to him, 'It has been a long, hard path between us,' " Lenz testified at his trial. "And Parker said, 'Yes, it is.' And I pulled a knife out of my pocket and I said, 'Are you trying to take it to the next step?' And he said, 'Yes, I am.' And so I stabbed him."

Remington also pulled a knife and began stabbing Parker. The three other inmates ran out of the room and notified the guard. The corrections officer called for backup and yelled at the two men to drop their knives -- an order they ignored. Parker was stabbed 68 times, according to the medical examiner's report, and received multiple stab wounds to the lungs and liver, each of which would have been fatal by themselves.

Remington also was sentenced to death for Parker's slaying, but he killed himself on death row in 2004.

Lenz's attorney, Jennifer L. Givens, said that Lenz's religion surely played a role in the killing but that the jury should have been told about Parker's history of violence. Her appeal to the Supreme Court is also based on the fact that a juror was reading a Bible during deliberations.

New Law Marks Adam Walsh Case Anniversary (MH)

By Roberto Santiago And Wanda J. Demarzo

The Miami Herald, July 27, 2006

25 years after crime, a new federal law

Twenty-five years ago today, a 6-year-old named Adam Walsh disappeared from a Hollywood department store.

Two weeks later, after one of the most intensive searches in Florida history, his severed head was found in a Vero Beach canal, 100 miles from where he was last seen.

The rest of his body was never found. No one has ever been convicted of the crime.

But it was a crime that would change the nation.

Few parents would ever again leave their kids alone. Children were fingerprinted, laws were changed. Finding lost children took on a new urgency, and police mobilized more swiftly.

"It remains the most horrific crime I have ever seen in my 30-plus professional years," said State Attorney Bruce Colton of Indian River County, who in 1981 was an assistant state attorney in Vero Beach.

The crime transformed Adam's parents, John and Reve Walsh, a young, middle-class couple who lived on McKinley Street in Hollywood. And they channeled their grief into a movement, becoming the nation's most powerful activists for the rights of missing and exploited children.

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Today, yet another of one of the Walshes' efforts -- almost three years in the making -- will be signed into law by President Bush.

The Adam Walsh Child Protection and Safety Act will create a national sex offender registry, authorize grants to help local law enforcement agencies beef up registry systems, assign more FBI agents to Internet sex crimes and require DNA samples of sex offenders.

"This bill will make a uniform sex offender registry in every state [and] add 500 new U.S. marshals, who will be assigned to fugitive task forces," John Walsh, host of Fox's America's Most Wanted, said Tuesday to TV critics gathered for a press tour in Pasadena, Calif., according to a transcript obtained by The Miami Herald.

The laws and protections the Walshes helped put in place did not exist 25 years ago. Theirs remains one of the county's most famous cold cases.

"The two weeks that I searched for Adam, the two weeks I searched for that little boy, were the worst two weeks of my life, except for the day we found him," Walsh said at the conference.

On July 27, 1981, Adam Walsh -- a boy who loved baseball and Star Wars -- went with his mother to Sears in the former Hollywood Mall, along Hollywood Boulevard west of Interstate 95. Adam asked to play video games in the toy department and Reve Walsh left him there, telling him she was three aisles away.

When she returned after a short time, he was gone.

Hollywood police and hundreds of volunteers searched the mall parking lot. In the ensuing days, they would expand their searches to golf courses, fields, wooded lots and gravel pits.

Posters were plastered across South Florida. The reward grew to $100,000.

John Walsh went to the media, pleading for the public's help.

And two weeks later, a horrible discovery: a head, believed to be a child's, found by fishermen in a canal in Vero Beach.

It was a big break.

"We were lucky that we found the head," said former Broward County Medical Examiner Ronald Wright.

The skull -- which remains in the Broward County medical examiner's office -- is one of the few remaining, and most important, pieces of evidence in the case.

"If those fishermen hadn't come along, no one would ever have known what happened to Adam," Wright said.

The case, which remains open and active, has never been forgotten by Hollywood police -- even though they've been criticized for mishandling the case.

Two of the original detectives on the case have since died, a third is in Colorado and a fourth is elsewhere in Florida. The Miami Herald was unsuccessful in reaching the two living detectives.

When Richard Witt arrived in Hollywood in 1994 to assume the chief's position, the murder was still being actively investigated.

Plenty of mistakes were made, Witt recalls. The main suspect in Adam's slaying, a drifter named Ottis Toole, died in prison. Witt said Toole, who confessed twice to the killing but recanted, should have been worked harder by detectives.

At the time, the department was small and had a largely inexperienced force, but detectives did not ask the FBI for help.

The crime scene, 100 miles north of Hollywood, was handled by the Indian River County Sheriff's Office, which didn't secure the scene or perform the kinds of forensics that law enforcement does today. Discarded bottles and cigarette butts were left to lie in the swale.

"We left Toole's car with the Jacksonville police and allowed them to get rid of it," Witt said. ``And the patch of carpet from the car that had blood on it disappeared."

Witt still felt the case was solvable. He assigned then-detective Mark Smith to jump-start the investigation.

But as Smith dug deeper, the case only grew colder.

"I reworked the case like it was brand new," Smith said.

Smith said he prefers to call it an unsolved case rather than a cold case.

"I still hold out hope that someone will come forward one day with information that will allow us to close this case," he said.

A new witness could come forward. A relative of the killer who knows about the crime may want to finally unburden himself, said Vernon Geberth, one of the country's foremost experts on homicides.

The DNA collections required under the Adam Walsh Child Protection and Safety Act may help solve cold cases, Walsh said.

"We'll probably solve thousands of old cold cases and get innocent people out of jail," Walsh said.

But whether any resolution to Walsh's tragedy will ever be achieved is another story.

"The Walshes -- and all families of missing children -- never get closure," said Bill Fleisher, commissioner of the Vidocq Society, a group of forensic specialists in Philadelphia who work on long-unsolved crimes.

"Cold case investigations have become more sophisticated over the years due to technological advances and the legal resources the Walshes continue help put into place," Fleisher said.

``They are likely the most important advocates that the country has ever had for preventing and solving crimes against children."

John Walsh is realistic when it comes to Adam's case and others.

'The first thing I say to parents, `What you see on TV is not real life. They don't swoop in. The harsh reality is that you'll probably never get justice.' "

Inmates Kill Guard At Prison In Maryland (WP)

By Eric Rich, Hamil R. Harris And Nelson Hernandez

The Washington Post, July 27, 2006

Two inmates escaped from their cells and stabbed a guard to death at a maximum-security state prison in Jessup, authorities said yesterday as Maryland State Police arrived in force to help quell a recent run of violence at the facility.

The inmates attacked guard David McGuinn, 42, late Tuesday, stabbing him repeatedly in the upper torso before returning to their cells, state police said. The prison was locked down at the time, and corrections officials said McGuinn's assailants may have jammed the locks to their cell doors.

Late last night, state police obtained warrants charging inmates Lamar C. Harris, 26, and Lee E. Stephens, 27, with murder. McGuinn was the second Maryland corrections officer to be killed this year, and the first to be killed inside a prison since 1984.

McGuinn's slaying marked a further escalation in violence at the House of Correction, a facility that was built in 1878 and houses 1,100 inmates. Two corrections officers were stabbed and seriously wounded in March, and three inmates have been killed in as many months.

Investigators are examining the possibility that McGuinn may have been specifically targeted by inmates. Because he had been threatened, he was transferred for a time to an area of the prison where contact with inmates was more limited, a prisons spokeswoman said.

Frank C. Sizer Jr., commissioner of the Division of Correction, said at a morning news briefing that officials had "received intelligence that the inmates might be up to something." He said the prison in Anne Arundel County has been locked down several times because of the recent violence.

McGuinn, a corrections officer for two years, lived alone in an apartment in Baltimore, according to Sandra Rose, an employee at the brick apartment complex. Rose, who said she and McGuinn were close, gasped when she was told that he had been killed.

"He said something like this would happen," Rose said. McGuinn had been "threatened," she said, declining to elaborate. He had told her that inmates referred to him as "Homeland," after the federal agency, because of his strict adherence to rules, she said.

Rose said McGuinn told her he had broken up with a girlfriend recently and was planning to visit family in Canada in a few weeks. He was quiet, she said, adding that "there was something special about him" and that he "really wanted to get bad guys off the street."

Frank S. Weathersbee, state's attorney for Anne Arundel County, said McGuinn's killers could be eligible for the death penalty on at least two grounds: that they killed a corrections officer, and that the killing occurred in a state prison.

No charges have been filed in connection with the other three recent slayings at the prison. On May 12, an inmate was found dead in his cell with puncture wounds and tape wrapped loosely around his neck. Ten days later, another inmate was fatally stabbed.

Most recently, Julius Pratt, a popular Sunni Muslim inmate leader, was fatally stabbed July 11, allegedly by a member of a rival religious group.

As part of a strategy to combat violence at the prison, Sizer on Monday announced the appointment of a new warden, Wendell M. France. But Maj. Priscilla Doggett, the prisons spokeswoman, said yesterday that the situation was dire enough that the facility will be operated for the time being by James V. Peguese, an assistant commissioner with the Division of Correction.

"Our hearts and prayers go to the family, and our thanks go to the people who put the uniform on every day," Gov. Robert L. Ehrlich Jr. (R) said.

Ehrlich, speaking during a meeting of the Board of Public Works in Annapolis, said the killing "reminds you of how dangerous that job is. You have people who could make a lot more money in less dangerous jobs. They put their lives at risk every day."

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The other guard killed this year, Jeffery A. Wroten, 44, died Jan. 27, a day after he was shot with his own gun, allegedly by an inmate at a hospital in Hagerstown.

At the news briefing, Sizer said the inmates attacked McGuinn about 10 p.m. as he conducted a routine head count alone on the prison's south wing. He said McGuinn, who was wearing a vest as protection from stab wounds, called for assistance. He was taken to Baltimore Washington Medical Center in Anne Arundel County, where he died at 11:03 p.m.

"We have been told that they [the inmates] found a way to jam the locks," Sizer said.

"It's a cat-and-mouse game," he said of the relationship between officers and inmates at the aging prison. "They're constantly finding ways to beat us. That's what inmates do."

State police later said that they recovered several shanks, or homemade knives, but have not identified the murder weapon. No additional inmates were expected to be charged "at this time," they said.

More than 100 law enforcement vehicles, including armored personnel carriers, mobile command centers and police cruisers, converged on the facility after the briefing. Sizer said earlier that special response teams from other prisons across Maryland would assist with searches and to help maintain operations at the facility.

Ron Bailey, executive director of the American Federation of State, County and Municipal Employees union, which represents correction officers, said guards check the cells regularly during a lockdown.

"I would think that the locks would have been checked throughout the day prior to a count being conducted," he said.

Bailey said that the facility has a staffing shortage and that the experience and training of staff has also been a problem.

Although 47 positions are unfilled on a staff of almost 400, Sizer said the vacancies did not contribute to the killing. "In the area where the officer was stabbed, we were staffed," he said. "Prisons are dangerous environments."

Bailey said: "When we get a chance to ask our officers what the staffing was like and ask them if it was adequate, we might get a different version."

According to the Department of Public Safety and Correctional Services, the rate of assaults on corrections officers in the state's maximum security prisons almost doubled from 2004 to 2005. A chart accompanying a state budget analysis shows that the number of assaults increased from about 3.5 to about 6.5 per 100 inmates.

Another union, the Maryland Classified Employees Association, warned in a letter to the warden last month that officers at the prison had received death threats.

Weathersbee said yesterday that his office has noticed no increase in the number of assault cases being referred from the prison.

Democratic Party strategists suggested that the spate of prison violence will become an issue in this year's governor's race. But a spokesman for Baltimore Mayor Martin O'Malley, the party's presumptive nominee, declined to comment yesterday.

In Annapolis, Ehrlich told reporters after the meeting that "any procedural issues that need to be addressed obviously will be addressed." Ehrlich said that the secretary of public safety and correctional services, Mary Ann Saar, "has my full faith and confidence."

Staff writers Daniela Deane, John Wagner and Steve Vogel and researcher Rena Kirsch contributed to this report.

Prisons Called For Correction (BSUN)

By Greg Garland

The Baltimore Sun, July 27, 2006

The stabbing death of a Maryland correctional officer -- the second killed this year -- is sending shock waves through the state's troubled and violence-plagued prison system and is prompting calls to replace its top managers.

How, union officials and others are asking, was it possible for three inmates at the maximum-security House of Correction in Jessup to get out of their cells and kill David McGuinn, a by-the-book correctional officer who was on an inmate "hit list"?

And how, they ask, could this have happened even though the prison has been on high alert after a rash of violence that included the non-fatal stabbing of two officers in March and the killing of three inmates since May?

In a system that in some senses has become inured to violence, McGuinn's killing has caused outrage -- and led to fears that there could be worse to come.

"Heads need to roll from the top down," said Robert Stephens, who heads the Maryland Classified Employees Association, a group that represents some corrections officers.

Union officials have demanded that Gov. Robert L. Ehrlich Jr. meet with them to discuss what they describe as a prison system in crisis.

Ehrlich said he would be "glad to meet with anybody at any time" but said he doesn't think the incident was related to the union's complaints.

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"I've been briefed this morning on the facts," Ehrlich said Wednesday. "This shouldn't have anything to do with union politics. This was not a function of the lack of supervision. It was not a function of a post being closed down. This was not a function of procedures not being followed. To the extent a procedure does not work or fails or needs to be revised, we will look at it."

By all accounts, the House of Correction, which houses 1,100 inmates, many of them serving lengthy sentences for violent offenses, is a difficult prison to manage. Built in 1878, it is poorly designed to handle such inmates, administrators acknowledge.

The age and poor design proved deadly for McGuinn, 41, Tuesday night after he was stabbed in the neck and back by three inmates apparently armed with homemade knives. Prison officials had little personal information Wednesday about McGuinn, who had worked in the system for two years.

Division of Correction Commis sioner Frank C. Sizer, Jr. said McGuinn was killed as he was taking head counts on the prison's west wing. Three inmates who had jammed old, faulty locks to their cell doors got out and attacked McGuinn, Sizer said.

Wednesday night, state police obtained warrants charging two inmates with McGuinn's slaying. They were identified as Lamar C. Harris, 26, and Lee E. Stephens, 27 -- both charged with first- and second-degree murder.

Correctional officers familiar with the Jessup prison say inmates can use chewing gum or pieces of cardboard or paper to jam the locks. The cell doors appear closed, they say, but don't fully catch.

Sizer said the House of Correction had been on lockdown status since the weekend -- meaning prisoners were confined mostly to their cells -- because administrators had heard rumors inmates were planning to attack an officer.

The corrections chief said those reports led officials to cancel an inmate family picnic planned for last Saturday and to place the facility on lockdown.

Two sources, who spoke on condition that their names not be used because of policies that prohibit corrections officers from talking to reporters, said McGuinn had been on an inmate "hit list." McGuinn was assigned for a time to work outside the housing units and away from contact with inmates because of the threats, they said.

"Officer McGuinn was a target, we do know that," said Janet Anderson, an MCEA spokeswoman. "These hit lists circulate on a regular basis."

Maj. Priscilla Doggett, public in formation officer for the prison system, said she wasn't aware of a "hit list." But she said administrators are looking into allegations about inmates making threats against McGuinn.

"The allegations did come to the attention of his supervisor, and in response [McGuinn] was initially assigned to a post outside of the housing units," Doggett said.

It wasn't clear Wednesday why McGuinn was back working inside the housing units, but the prison has been short-staffed for months and employee turnover rates have been high. Sizer said there are currently 47 vacant positions that prison officials have had trouble filling.

While serious problems occur in prisons around the state, the House of Correction stands in a class of its own. Records show that contraband such as drugs, tobacco and cell phones have flowed freely there.

Violence is more prevalent and prisoners have had freer rein than in other prisons. The prison's reputation is such that it is known informally among correctional staff as the "House of Corruption."

Ironically, McGuinn was killed the same day Sizer announced he was bringing in a new warden, Wendell M. "Pete" France, with a mandate to reduce violence at the prison. France is to take over the position Monday.

The MCEA's Anderson said inmates and prison staff nicknamed McGuinn "Homeland Security" because he was "uncompromising about following the rules."

Stephens, the MCEA's interim executive director, said Ehrlich needs to replace Sizer and his boss, Department of Public Safety and Correctional Services Secretary Mary Ann Saar. MCEA issued a similar call after another officer, Jeffery A. Wroten, was killed in the line of duty in Hagerstown in January.

"No more empty talk. No more tragedies. We need action," Stephens said.

Ron Bailey, executive director of the American Federation of State, County and Municipal Employees Council 92, said McGuinn's killing is a stunning indictment of how the prison system is being run.

He said he was stunned when Sizer related that administrators had advance knowledge of possible plans by inmates to attack an officer, and that three had managed to jam their cell locks and get out.

"I was floored," Bailey said. "I was speechless."

Ron Angelone, a former director of corrections in Virginia and Nevada who heads a correctional consulting company, said inmates at the House of Correction are sending a message with the recent wave of violence

"The inmates have said, 'We have control. They have thrown down the gauntlet. Now it's time for the staff, not to retaliate, but to take back control of that institution," Angelone said.

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Corrections officers from around the state and dozens of state police were working to regain that control Wednesday, shaking down cells for weapons and contraband and putting dozens of difficult inmates on buses bound for other state prisons. Administrators also were bringing in lock smiths to check and repair locks on the prison's cell doors.

But even as inmates were being removed from the House Wednesday, other state prisons were dealing with their own problems. In Hagerstown, a fight at the Maryland Correctional Training Center erupted Wednesday among 20-25 inmates who were being returned to their housing units after lunch, prison officials said. It was broken up within minutes, and no staff or inmates suffered injuries requiring hospital treatment, officials said.

The ongoing turmoil in the prison system could have repercussions in the coming gubernatorial election. Some correctional officers in Ehrlich strongholds such as Western Maryland and the Eastern Shore have been demanding that the governor replace Sizer and Saar, whose policies they consider too inmate-friendly.

Del. Christopher B. Shank, a Western Maryland Republican who is active on corrections issues, said McGuinn's killing and other incidents in the last several months are evidence that the state needs to put more resources into the prison system to combat increasing violence behind bars.

Norton Family, Friends Praise Police Work (SLT)

By Lisa Rosetta, The Salt Lake Tribune

Salt Lake Tribune, July 27, 2006

The weary, heartbroken parents of 5-year-old Destiny Norton on Wednesday thanked the community and the police officers who helped find their daughter's body.

"I want to thank the FBI and the police. The simple fact of the matter is they're the ones who brought my baby home to me," a trembling Rickey Norton told reporters, gathered on the west steps of the City-County Building.

Two of the couple's closest friends, whom the Nortons consider family, apologized to police and federal agents for prompting a near riot after Chief Chris Burbank announced Destiny's body had been found in the basement of a neighbor, 20-year-old Craig Gregerson.

"I would like the community to keep in mind they did bring Destiny home and that was the goal in all this," said Peter Brooks. "They brought the suspect, we know who did it, we know where she is and they did their job." Jeannie Hill, a family friend who said she spit on a cop Monday night, apologized for her behavior.

"I want to apologize to Chief Burbank for causing a scene," she said. "All of our emotions were high. We just loved Destiny so much and we love her family." Salt Lake City Mayor Rocky Anderson - who initiated the press conference with Burbank, the Nortons and their friends - once again praised the police department for its hard work.

"We're very pleased," he said. "There are some answers .... They [the Nortons] have those answers today because of truly exceptional, tenacious detailed police work by officers who were just not going to give up." Burbank, meanwhile, said Gregerson was being cooperative, but declined to say much else about the case.

"This is a crucial part in our investigation, in any investigation, when our officers go before the district attorney in order to screen charges against somebody," he said.

Robert Stott, a spokesman for the Salt Lake County District Attorney's Office, said those charges were expected to be filed by 11 a.m. Thursday. Prosecutors are also expected to announce at that time whether or not they'll seek capital punishment for Gregerson.

Burbank said he was confident his officers did everything right in the investigation.

"I have reviewed the circumstances around this and it is my opinion, my sincere opinion, that everything was done in this matter" to ensure the safety of Destiny - police operated on the assumption she was alive - and to find her and her abductor, he said.

"Our investigation turned very quickly from one of a rescue mission, searching again for a healthy little

Advertisement

girl, to one of a homicide investigation," he said.

The police chief was vague about the circumstances surrounding officers' discovery of Destiny's body in Gregerson's basement cellar.

"Officers were in the house. Because of the circumstances and where she was located, officers were not able to find her and a lot of that has to do with the level of search we were able to conduct," he said.

One search volunteer said Tuesday that police and federal agents had walked through Gregerson's apartment multiple times, but he refused to allow them in his basement without a search warrant.

Troy Cox, Gregerson's neighbor, told The Tribune that Gregerson was grilled by police for three hours Saturday, after which they asked him to take a polygraph test on Monday. Gregerson never returned home from the polygraph test, Cox said.

By Monday night, police had obtained a search warrant, taped off Gregerson's apartment and discovered Destiny's body in the basement cellar.

According to a probable cause statement filed at the Salt Lake County jail, where Gregerson was still being held Wednesday night on suspicion of kidnapping and murder, he lured Destiny to his apartment. When the girl started to scream, he cupped his hand over her mouth and began to squeeze. Destiny went limp and Gregerson laid her body on the floor.

Burbank said Gregerson was not a suspect early on in the investigation. Every individual and every lead was assigned to a detective team consisting of one FBI agent and one Salt Lake City police officer.

"It was their responsibility to determine whether or not this person had any involvement - basically to find out if there was an alibi - and [Gregerson] was an individual who repeatedly came forward and we could not ever come to a conclusion and say, 'Nope, we're going to cross this individual off the list," he said.

More than 250 people were interviewed by the FBI and police, he said, and of those, 76 percent were cleared. Of those who were not cleared, "we could not account for their whereabouts or there was some reason we continued looking at them." lrosetta@sltrib.com

Prosecutors Considering Charges In Norton Case (AP)

By Brock Vergakis, Associated Press

AP, July 27, 2006

The mother and father of the 5-year-old girl who was missing for more than a week before her body was found in the basement of a home two doors away from her own apologized to investigators Wednesday for publicly berating police for not finding their child sooner.

The apologies from Rachael and Ricky Norton, as well as those of two of their close friends, came as Salt Lake County prosecutors reviewed evidence to decide which charges to formally file against Craig Roger Gregerson, whose home Destiny Norton's body was found in.

"The FBI and police ... I know they got our child back," Rachael Norton said.

Gregerson, 20, remained in the Salt Lake County Jail on Wednesday on charges of kidnapping and homicide.

Gregerson lured the barefooted girl from her backyard into his house, where he covered her mouth to muffle her screams, according to a probable cause statement used to arrest him.

Gregerson's arrest Monday ended more than a week of widespread searches that involved hundreds of people throughout the Salt Lake valley.

Mayor Rocky Anderson said Gregerson's home was searched early in the investigation, although he couldn't say why police failed to find the girl's body then. But he said Norton died within an hour of her disappearance July 16.

Prosecutors said Wednesday they will not release an autopsy report that details how Destiny Norton died.

Salt Lake City Police Chief Chris Burbank said detectives searched as much of Gregerson's home as they could without a warrant. It was after a warrant was received Monday that Norton's body was found in Gregerson's basement.

Burbank said Wednesday "tenacious detective work" is what allowed police to crack the case and find Norton's body. Burbank and the friends of the Norton family said widespread community support and aggressive police work kept Gregerson from leaving the area and being eliminated as a suspect.

"They did what they had to do to bring her home," said Peter Brooks, a friend of the family who yelled at police the night Norton's body was found.

About midnight Tuesday, Burbank came to the Norton home to try to quiet an angry crowd that grew so large police shut down traffic in the area as family and friends questioned police tactics.

That group included Jeannie Hill, who has served as a family spokeswoman. On Wednesday, Hill apologized for spitting on a police officer.

"All of our emotions were running high," she said. "We want to thank everyone for bringing this little girl home. She's home in heaven."

Norton Family, Friends Reconcile With Police (KCPW-TV)

By Julie Rose

KCPW-TV, July 27, 2006

"I wanna thank the FBI and the police. The simple fact of the matter is they're the ones that brought my baby home to me," said a tearful Ricky Norton.

Flanked by friends and family, the parents of Destiny Norton offered thanks and apologies for any harsh words shared in the pain of discovering their young daughter had been murdered.

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Emotions ran high on Monday night when the girl's body was found - many in the crowd of searchers blaming the police for not doing a thorough investigation. This afternoon, Salt Lake City Mayor Rocky Anderson gathered the key players for a public reconciliation.

"They're basically decent people who were just very upset the other night. Without any hesitation they said they'd be more than happy to apologize to the police and the FBI," said Anderson.

The Nortons asked the public to focus on remembering Destiny, rather than the community's divisive response. Police Chief Chris Burbank reiterated his confidence in the work his detectives did to solve the case. Family spokesperson Jeannie Hill apologized for quote "causing a scene" and spitting on an officer.

Chief Burbank says Destiny's accused killer Craig Roger Gregerson is cooperating with police. Salt Lake County attorneys are expected to file charges soon.

Family, Friends Apologize To Police In Destiny Case (KSL-TV)

KSL-TV, July 27, 2006

This afternoon, the parents of Destiny Norton thanked the community for their help in the search for their daughter and also apologized to police. That apology stems from heated criticism of the Salt Lake City police department after the announcement Monday night of the discovery of Destiny's body.

Rachael Norton

Rachael Norton

The apologies came at a press conference this afternoon. It was certainly a moment of reconciliation to see the Nortons standing side by side with the police.

This was the first public appearance the Nortons have made since the police announced they'd found Destiny's body, on Monday night. Rachael Norton, who is eight months pregnant, has been very strong throughout this ordeal, often talking to the media. Destiny's father, Rick Norton is visibly heartbroken. He was very emotional today.

Both thanked the community for the support and said the police did their job, which was to bring their daughter home, and they want the community to remember that.

Peter Brooks

On Monday night, friends of the family started a near-riot outside the Norton home, hurling insults and accusations at police, saying police and the FBI didn't do their job. Today, two close family friends apologized to police, saying emotions ran high.

Jeanie Hill, Family Friend: "All of our emotions were high and we just love Destiny so much and we love her family so much. I want to personally apologize to Alda Montez because I believe he is the officer that I did spit on and I am so sorry."

Rachael Norton, Destiny's Mother: "I just want everyone to know we really appreciate everything that has been done for our family and in finding our little girl."

Peter Brook and Jeanie Hill, who acted as family spokespersons throughout the search, seemed to have initiated the rally against police Monday night. Hopefully, their speaking out today will help reconcile those feelings.

This afternoon, four detectives with the Salt Lake City police department went to meet with prosecutors from the District Attorneys office to discuss the case against the suspect Craig Gregerson. Once they go over all the evidence, it will be in the hands of the District Attorney's office. That's when prosecutors will decide if and what charges to file.

Bob Stott: "This is an important case. And like all homicide cases, we take our time. This is the first time we've been able to sit down with police."

Charging documents are expected to reveal more details about the case.

A probable cause statement says Gregerson put his hand over Destiny's mouth and squeezed, when the girl began to scream. It says her body went limp, suggesting Destiny was suffocated.

Chief Chris Burbank, Salt Lake City Police Dept.: "We spent many many hours, countless hours, looking for a healthy girl. This is not the result that we wanted, the detectives wanted."

Chief Burbank wouldn't say much about the investigation, but confirmed, police had searched Gregerson's home, last week.

Chris Burbank: "Because of the circumstances and where she was located, officers were unable to find her, and a lot of it has to do with the level of search that we were able to conduct."

Burbank says his detectives fell in love with Destiny. So did strangers.

Rick Norton

Rick Norton

At the press conference, Mayor Rocky Anderson read a quote included in a card sent to Destiny's father.

Rocky Anderson, Mayor of Salt Lake City: : "The Lord takes many away, even in infancy, that they may escape the evils of man and the sorrows and evils of this present world. They were too pure, too lovely, to live on earth."

Also today, Governor Huntsman expressed his condolences to the Norton family.

In a written statement the Governor said, "Mary Kaye and I are deeply saddened by the news of little Destiny Norton's death. We wish to express our deepest sympathies and condolences to the family during this extremely difficult period. We ask everyone for their continued love and support for the Norton family during the weeks and months ahead."

Prosecutors say they'll file charges against Gregerson tomorrow morning. They will talk to reporters at 11 o'clock.

They're also expected to announce whether they'll seek the death penalty.

Tearful Thanks (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, July 27, 2006

Gratitude, apologies expressed to police; charges are likely today

Criminal charges will be filed today against Craig Roger Gregerson, accused of kidnapping and killing 5-year-old Destiny Norton.

Assistant Salt Lake County District Attorney Bob Stott said the announcement would be made by midmorning. Prosecutors would not say what the charges will be, but it is expected to include murder and child kidnapping.

"We're still screening the case," said Stott, who will prosecute the case. Police detectives met with prosecutors Wednesday afternoon to go over evidence.

Anticipation of the charges came as Destiny's parents gave a tearful and heartfelt thank-you to law enforcement and the community that helped search for their little girl.

"I want to say thanks to everybody for showing their support," Destiny's father, Ricky Norton, said. "I want to thank the FBI and the police. The simple fact of the matter is, they're the ones who brought my baby home."

Destiny's father buried his head in his wife's lap as he sobbed. Rachael Norton is 8 1/2 months pregnant with their third child, whom Destiny had named "Fate."

"We greatly appreciate everything that has been done for our family and in finding our little girl," she said. "We got our child back."

Outside Destiny's home, a shrine continued to grow for the little girl with the streaks of green in her blond hair and a cheery smile of silver-capped teeth. Flowers, balloons, cards, poems and stuffed animals were placed around two trees in the front yard. One card addressed Destiny simply as "Salt Lake City's Sweetheart."

Dozens of candles burned in front of a flier memorializing Destiny.

"God bless you all!" a woman said as she walked away from the shrine. Many of the people who live in Destiny's home sat on the front porch, consoling each other.

Family friends say Ricky and Rachael Norton will not be coming back to the house. They are too grief-stricken to return to the place where their daughter disappeared, only to be found dead two doors away.

"They're not going to ever come back to this," said Jody Emery, another of Destiny's uncles.

Michael Brandy, Deseret Morning News

Ricky Norton hugs friend Leslie Borchardt during the press conference.Lake City Wednesday. Over the coming weeks, their belongings will be moved out of the house they shared with several others who lived on the streets for a time. They shared the house to save on rent and to bring themselves up in the world forming their own "family."

In the back yard

Salt Lake City police said the barefoot little girl was lured behind Gregerson's apartment and into his back door when she stepped outside her home July 16.

Destiny's uncle, Peter Brooks, led a Deseret Morning News reporter into the back yard behind Gregerson's apartment, showing how the suspect may have lured the girl into his home. It is a small dirt area, enclosed by fences. A barbecue and small table are nearby.

In a probable cause statement filed when Gregerson was booked into jail, police said that once Destiny was in Gregerson's apartment she began to scream. "Suspect Gregerson put his hand over the juvenile's mouth and began to squeeze. The juvenile female went limp and suspect Gregerson laid her body on the floor."

Police found Destiny's body in the small, crawl space-like basement of Gregerson's apartment Monday night.

Brooks got on his hands and knees behind Gregerson's apartment to peer inside. Dirt and a rock had been pushed up against a broken window. Inside, the basement is dark.

Jeffrey D. Allred, Deseret Morning News

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Sarah Wood hugs her husband, Dylan, near a memorial for Destiny Norton outside her home in Salt Lake City Wednesday. "There was no innocence about this at all," Brooks said. "There was no innocence about this crime."

Getting Gregerson

Salt Lake City Police Chief Chris Burbank revealed new details Wednesday about how police came to focus on Gregerson. More than 250 people were questioned about Destiny's disappearance.

"This was an individual that just repeatedly came forward, and we could not ever come to a conclusion and say, 'Nope, we're going to cross this individual off the list,' " Burbank said. "Tenacious detective work did not allow this individual to go away."

Burbank confirmed that Gregerson has cooperated with police. The suspect's wife, Catherine Gregerson, said he had taken a polygraph test on Monday, the day he was arrested.

Questions continue to swarm around the investigation and how police could have missed finding Destiny. Burbank would not reveal much information but did say officers were in Gregerson's apartment. Police and FBI agents were seen around Gregerson's place in the days after Destiny's disappearance.

"Because of the circumstances and where she was located, officers were unable to find her, and a lot of that has to do with the level of search that we're able to conduct," he said.

Salt Lake City Mayor Rocky Anderson said police did look in Gregerson's basement. He declined to say if Destiny had been concealed.

"You can draw your own conclusions," Anderson said.

'I want to apologize'

Many people are still angry over how Salt Lake City police and the FBI could have missed Destiny for so long.

Jeffrey D. Allred, Deseret Morning News

Charlie Willner, 9, looks over stuffed animals and flowers left in memory of Destiny. But apologies came Wednesday from people close to the Nortons who led an angry mob that confronted authorities the night Destiny's body was discovered. After meeting with Anderson and Burbank, Brooks and family friend Jeannie Hill offered an apology at a news conference outside City Hall.

"I want to apologize to Chief Burbank for causing a scene," Hill said. "All our emotions were high, and we just love Destiny so much and we love her family so much."

Hill also apologized to a police officer whom she says she spit on during the confrontation. She told the Deseret Morning News she will wait to raise questions about the police's actions.

"We're going to back off of them. They have been tied up by policy," Hill said. "I am thanking SLPD, and I'm apologizing to them. It was out of anger."

The mayor was forgiving.

"It shows a lot of character for people to be able to stand up and say they're sorry," Anderson said.

If police had fouled up the case, the mayor said he would not be shy about holding the department accountable. He was critical about how the Salt Lake City Police Department handled the Elizabeth Smart kidnapping in 2002.

"In this case, our police officers, the FBI from the top down . . . they did an absolutely outstanding job. That's why we have answers today," he said.

Burbank said his officers did everything they could to find Destiny.

"Our detectives fell in love with Destiny," he said. "They worked tirelessly."

D.C. Mayor Wants Study Of Need For More Police (WP)

By Lori Montgomery And Allison Klein

The Washington Post, July 27, 2006

Calling for a review of police staff levels and deployment, D.C. Mayor Anthony A. Williams said yesterday that the District may need to hire hundreds of officers to meet the twin demands of a growing population and a rising crime rate.

"We may have to go up to some higher number," Williams said, adding that restoring the department to its past peak of 5,100 officers may be a possibility.

Williams (D), who is retiring in January, said he has spoken with Police Chief Charles H. Ramsey and other top officials about designing "a really good, comprehensive review of deployment" so the city can determine "what we need and what citizens want."

"It took a lot of work to get up to 3,800" officers, the size of the current force, Williams said. "But I think looking at trends over the last four or five months," he said, deployment "is an important question, especially for the next mayor."

Williams said that a comprehensive study might indicate that "we need additional troops out there in order to get 911 and citizen response to where it should be."

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Williams's comments, made yesterday during a news conference at the John A. Wilson Building and first reported by WRC (Channel 4), come when the District is enduring a spike in street crime, with some criminals targeting the Mall and other areas frequented by tourists. A surge in killings, robberies and armed assaults prompted Ramsey to declare a crime emergency July 11.

Last week, the D.C. Council approved emergency legislation to give police $8 million in extra funds so Ramsey can implement a six-day workweek. That will put the equivalent of 300 additional officers on the streets immediately, according to the mayor's office.

In addition, council members voted this year to permanently increase the force by 450 officers. Even without those reinforcements, the District already has more police per capita than any other large U.S. city, primarily because the city is home to more than 30 law enforcement agencies.

At its peak in the 1970s, the District's force had nearly 5,100 officers. The number fell to about 4,000 in the late 1980s and declined further during the city's financial crisis in the early 1990s.

In 2003, Williams and Ramsey pushed to boost the force back up to 3,800 -- at the time, an increase of 175 officers. It took more than a year to reach that goal due to attrition and difficulties attracting qualified recruits.

Yesterday, Ramsey agreed with Williams that the department needs more officers, but he said he isn't sure how many.

"If our goal is to continue to drive crime down to the lowest possible level, we need to have more officers," Ramsey said. "You also have to make the same investment in social services: drug treatment, mental health services, programs for kids. You need to look at all those things that drive crime."

Reaction among council members was mixed.

Chairman Linda W. Cropp (D), who is seeking the Democratic nomination to replace Williams, said the city should hire the extra officers already approved by the council before adding more.

"I know we need more presence in the community," Cropp said. "We have added 450 police officers in addition to what we have now. We need to have an evaluation process to see if the presence is being felt in our neighborhoods."

Adrian M. Fenty (D-Ward 4) and Vincent B. Orange Sr. (D-Ward 5), who are also running for mayor, applauded Williams's call for more officers, as did Phil Mendelson (D-At Large), the Judiciary Committee chairman, who is running for reelection.

"If the mayor's saying we're going to look at what the right size of the force is with the potential of increasing it, I support that," Fenty said.

Kathy Patterson (D-Ward 3), a candidate to replace Cropp as chairman, sounded a note of caution.

"There are several ways to improve policing in the short term without hiring more officers," she said, noting that the department can hire only about 100 officers a year. "We need better policing, better supervision, better allocation of resources. We can do that today. Bringing on more people would take us a huge amount of time."

Yates Headed To Hospital, Not Prison (USAT)

By Laura Parker

USA Today, July 27, 2006

Andrea Yates, the Houston woman who drowned her five children in a bathtub in June 2001, will be confined to a Texas mental hospital after a jury acquitted her by reason of insanity on Wednesday.

It was a dramatic outcome to a wrenching case that focused attention on mental illness. If convicted, she would have gotten life in prison.

Yates, 42, had been serving a life sentence after a jury convicted her in 2002 of murdering three of the children. That conviction was overturned last year.

Under Texas law, Yates will be under the jurisdiction of Harris County state District Judge Belinda Hill, who oversaw both trials, for the rest of her life. She could be released only if Hill finds that Yates is mentally competent and no longer a danger to herself or others.

“She will forever be mentally ill,” said Yates' lawyer George Parnham.

While hospitalized, Yates will be supervised 24 hours a day and treated by a psychiatrist, Parnham said. In prison, he said, she was living in a cell as a regular inmate and was treated for her mental illness.

Yates is likely to be sent to the state's sole maximum-security mental hospital. Parnham said he wants her transferred to another state hospital where she has been getting treatment since her conviction was overturned.

Russell Yates, who divorced Andrea and has since remarried, expressed relief. He recalled prosecutors' efforts in the first trial to have Yates executed. “It's a travesty they proceeded against her,” he said. “This all could have been avoided. If the state proceeded honestly and had done a real evaluation of Andrea's mental health, we never would have had a trial.”

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Under Texas law, insanity is the inability to distinguish right from wrong. Prosecutors never disputed Yates' mental illness but said she knew what she did was wrong.

The defense said Yates, who had been hospitalized repeatedly and was psychotic, believed that her children, ages 6 months to 7 years, were doomed and that by killing them she was saving them from eternal damnation.

Jury Finds Yates Not Guilty By Reason Of Insanity (LAT)

By Miguel Bustillo

The Los Angeles Times, July 27, 2006

HOUSTON — Andrea Yates, who said she drowned her five children in the bathtub because she believed she was saving them from Satan, was found not guilty by reason of insanity today.

The fact that Yates was mentally ill — she believed she was possessed by the devil and that the media had planted bugs in her house to record her poor parenting — was never in doubt during the four-week trial. Neither was the fact that she had committed the crimes: She called 911 minutes after killing the children and confessed.

But experts for the defense and prosecution disputed whether Yates was legally insane on the day of the murders. Under Texas law, defendants can be found not guilty by reason of insanity only if the defense proves that they did not know right from wrong.

The jury, which deliberated here over three days, found that the former high school valedictorian and nurse was not sane the day five years ago that she waited until her husband went to work and then drowned her children, one by one. It was a crime that had stunned the nation, and raised awareness of the most extreme forms of post-partum depression.

Yates appeared shocked when the verdicts were read and her supporters and family members began to weep behind her. Defense attorneys bowed their heads and tried to contain their emotion, while prosecutors stared straight ahead.

"I look at this and think, this all could have been avoided," Russell Yates, her ex-husband, said today. "Andrea was ordinarily a loving mother, who was crippled by disease Yes, she was psychotic on the day this happened."

Yates had a well-chronicled history of mental problems, which had led to several hospitalizations and at least two suicide attempts. A deeply religious woman, she believed she was failing to properly home-school her children in the Houston suburb of Clear Lake and was haunted by visions that one of her sons would become a gay prostitute.

In 2002, a jury deliberated less than four hours before finding her guilty of murdering her children. But the convictions were thrown out on appeal last year because an expert witness for the prosecution who served as a consultant to the television drama "Law & Order" had testified that Yates may have gotten the idea to drown her children and plead insanity from an episode of the show. No such episode existed. The appeals court concluded that the testimony might have prejudiced the jury.

However, the jury's decision to spare Yates the death penalty stood. So the only options available to jurors in the just-concluded trial were life in prison or treatment in a state mental hospital.

Prosecutors had charged Yates in only three of her children's deaths: Noah, 7, John, 5 and Mary, 6 months -- leaving open the possibility that she could face further legal action for the deaths of Paul, 3, and Luke, 2.

"The right thing was done," defense attorney George Parnham said after the verdicts. "This case is almost a watershed for mental illness in the criminal justice system."

Prosecutor Joseph Owmby said today that he was deeply disappointed by the verdict. While Yates was mentally ill, Owmby said, she understood that murdering her children was legally wrong.

During closing arguments Monday, defense attorneys argued that while jurors might feel a primitive urge to punish Yates, they should pity a woman who was so tormented by mental illness that she murdered her children out of a sense of "Mother knows best."

"My Daddy taught me that you don't hit animals for no reason, and you don't punish crazy people for something they don't understand," attorney Wendell Odom Jr. said, his voice quivering.

Prosecutors detailed the final moments of Yates' children, describing how they fought for their lives as their mother held them underwater. At one point, prosecutors said, Noah struggled to the surface and tried to blurt out an apology for whatever he had done.

Jurors were shown the pajamas the children were wearing when they died, and prosecutors presided over three minutes of silence in the courtroom to demonstrate how long the children likely suffered before losing consciousness.

During most of the trial, Andrea Yates sat ashen, her bangs hanging over her eyes. But when the prosecution on Monday described her deliberate acts of murder, she cried forcefully, wiping her tears with a red bandana.

"There are things we could have done differently," Russell Yates said outside the courtroom after the verdict was read. He walked away from the television cameras and stepped into a driving rain.

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Yates Is Not Guilty By Reason Of Insanity (WP)

By Carol Rust

The Washington Post, July 27, 2006

HOUSTON, July 26 -- With her first conviction for murder thrown out, a jury in the second trial of Andrea Yates on Wednesday found her not guilty by reason of insanity in the drownings of her five children in her bathtub five years ago.

Yates had said that Satan had told her she was a bad mother, and she had told authorities she killed her children so they could go to heaven. Now 42, she will be sent to a state mental hospital until experts deem her no longer a threat to anyone.

In 2002, a jury had convicted Yates of murder and she was sentenced to life in prison. That conviction was overturned because a prosecution witness gave erroneous testimony, prompting her retrial.

The latest verdict "is a landmark decision that shows the public's dramatically increased understanding of mental illness and particularly postpartum depression," said Betsy Schwartz, executive director of the Mental Health Association of Greater Houston.

But prosecutors were disappointed. They said Yates understood her actions were wrong and so did not meet the standard of insanity needed for acquittal. "For five years, we've tried to seek justice for these children," Assistant District Attorney Kaylynn Williford told reporters.

On June 20, 2001, Yates drowned her children -- Mary, 6 months; Luke, 2; Paul, 3; John, 5; and Noah, 7 -- in her Houston home.

Yates called police to her home after the killings. A former nurse, she had a history of psychiatric hospitalizations and suicide attempts.

At her first trial, Yates pleaded insanity, and five mental health experts testifying for the defense said she did not know right from wrong. The prosecution's only mental health expert, psychiatrist Park Dietz, testified that Yates did know right from wrong.

He also testified that the NBC series "Law & Order" had run an episode before the drownings about a woman who was acquitted by reason of insanity after drowning her children. Yates was convicted.

In January 2005, the Texas Court of Appeals for the 1st District overturned the conviction because Dietz's testimony about the program was wrong. There never was such a show.

Prosecutors presented much of the same evidence against Yates in the second trial. During final arguments on Monday, Williford invoked three minutes of silence in the courtroom and then said that that was the same amount of time each of the children struggled before dying underwater.

The jury deliberated about 12 hours before reaching its decision.

Jury foreman Todd Frank said after the verdict that jurors struggled with their deliberations.

"The items of evidence in question made it emotionally difficult to make decisions," he said, "and points of religion and spirituality made reaching decisions difficult."

Release, Publication Of Women's Photos Draw Many Tips (LAT)

By Richard Winton And Andrew Blankstein, Times Staff Writers

The Los Angeles Times, July 27, 2006

When Los Angeles County Sheriff's Department deputies released photographs of some 50 women taken two decades ago by murderer Bill Bradford, they weren't sure what they would find.

Then the tips started flooding in -- more than 1,000 in the 24 hours after they sought the public's help Tuesday in identifying the women.

One woman called to say she was the person in photos 16 and 17-- and is very much alive.

Then Bradford's own daughter called in, saying that photo 48 was of his ex-wife and that she, too, is alive.

By Wednesday evening, detectives said they had tentatively confirmed that 24 of the women are alive and believe they had talked to about a dozen of them personally.

Most murder investigations begin with a victim and end with the arrest of a suspect. But sheriff's officials said Wednesday that the Bradford case is an investigation like no other.

"This is a totally different case that what we are used to," said Capt. Ray Peavy, head of homicide for the Sheriff's Department. "Here, we think we know who the killer is, and we are trying to find the potential victim."

The case has another twist: Peavy said the goal isn't to bring more charges against Bradford, who is already on Death Row after being convicted of killing two aspiring models in the 1984.

The 54 photographs were contained in Bradford's original case file and sat untouched for years, until a cold-case detective decided to take a second look.

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"Most of these women maybe are alive but maybe we'll find (other victims) and bring closure to one more family who lost a loved one," he said.

Detectives so far have confirmed that only one of the women, Donalee Campbell Duhamel, was killed. Duhamel, an aspiring model who is photo No. 28, was found decapitated in 1978 after being seen at a west-side bar with Bradford. Her case is now under investigation.

To deal with the flood of tips, investigators set up an elaborate information-gathering system.

One group of detectives sat at a phone bank, taking calls and typing the information into a database.

In a nearby room, another group of detectives -- some of whom are retired and volunteering their time -- began running down clues. Photos of all 50 women are numbered and displayed on a giant board, withinformation posted alongside the images.

The first step in the process is to identify each one. Then detectives plan to interview the women about their dealings with Bradford.

"Maybe they had a friend that also knew Bradford and they never her saw again," Peavy said. "A victim may not be among these photos."

The telephone calls starting coming minutes after the Sheriff's Department released the photos on Tuesday.

Some callers have been anonymous, and detectives said they believe they were talking to some of the women themselves.

Peavy said he could understand how some of the womenwould not want friends and loved ones to know more than 20 years after the fact that they had been photographed by Bradford. He said many photos were of scantily clad women.

Though the department released only head shots, Peavy said some of the full photos had "pornographic" content.

The photos were found at Bradford's Mar Vista apartment when was arrested. Authorities long suspected that Bradford killed some of the women, but the case was pushed aside after he was sentenced to death in 1984.

Peavy said detectives at the time thought it was more productive to investigate other suspected killers.

"The fact that he was off the street, he was in custody and he was convicted of two homicides -- they knew he wasn't going to be a threat any longer," he said. "They may have felt there was no need to pursue these."

He said attitudes at the Sheriff's Department have since changed, and detectives are more willing to examine possible homicides if for no other reason to give some type of resolution to families.

"Obviously we all agreed that it should have been looked at -- probably looked at before now," he said.

Bradford frequented popular Westside bars and offered to take photos of female models and actresses.

That is how he met Shari Miller, a 21-year-old barmaid. At his trial, prosecutors said Bradford took photos for her portfolio as a way of gaining her trust. Then he drove her to the Mojave Desert for a photo shoot. Sometime after the photos were taken, authorities said, Bradford strangled Miller. Six days later, on July 12, 1984, Tracey Campbell disappeared. Authorities claimed Bradford killed the 15-year-old after another "fashion shoot."

During sentencing, Bradford told jurors: "Think of how many you don't even know about."

In addition to Miller, Campbell and Duhamel, Bradford is a suspect in the slayings of a man and another woman during that period.

Peavy said detectives had yet to speak to Bradford, but would welcome any information he can provide.

Bradford's Los Angeles attorney said her client insists he never killed anyone.

"He maintains his innocence," Darlene Ricker said in an interview. "He has always told me he never killed anyone."

CIVIL LAW:

Boeing Reports Loss Despite Highflying Sales (USAT)

By Marilyn Adams, Usa Today

USA Today, July 27, 2006

Despite booming airplane sales, Boeing (BA) on Wednesday reported a $160 million second-quarter loss because of $1.1 billion in charges for defense-contract misconduct and delays.

Most charges stem from a $615 million Justice Department settlement of investigations into the improper hiring of a former Air Force official and the misuse of data from competitor Lockheed Martin to win Pentagon contracts. Boeing said it will not claim a federal income tax deduction for the federal penalty.

Those scandals prompted former Boeing CEO Phil Condit to resign, and Boeing's former CFO and the Air Force official were sentenced to prison. In return for the record fine, the government didn't indict Boeing.

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Boeing also took a $496 million charge in the quarter for delays in an airborne surveillance project it is building for Australia and Turkey.

"We've had more things to deal with than I would have liked," CEO Jim McNerney told Wall Street analysts Wednesday. He said Boeing, the world's largest aerospace company, must uphold "the highest levels of integrity."

Boeing's profit for the first half of 2006 was off more than 50% from a year ago. Its second-quarter loss contrasted with a $566 million profit in the second-quarter of 2005. However, McNerney said the company's financial outlook is strengthening. Boeing's second-quarter revenue grew 2% to $15 billion, and year-to-date revenue is up 7%.

The Chicago-based company lowered its 2006 earnings forecast to between $2.40 and $2.55 per share, but raised its 2007 earnings forecast to between $4.25 and $4.45 per share.

Boeing's order backlog has climbed to a record $220 billion, mainly because of strong demand for commercial planes. McNerney said "unprecedented" airline demand for Boeing's new 787 Dreamliner is so strong that the company is considering opening another production line for that jet.

The 787 is a new wide-body jet whose fuselage will be built entirely of manmade composite material, making it lighter and more fuel-efficient. It also carries new engines for faster flight. The 787 is sold out for deliveries through most of 2011.

Boeing's net loss was 21 cents a share, down from a profit of 70 cents a year ago. Boeing's shares closed at $79.90, down 4.6%.

Boeing Posts Loss On Costs Of Settling Ethics Inquiry (NYT)

By Leslie Wayne

The New York Times, July 27, 2006

The Boeing Company reported yesterday a $160 million loss in the second quarter resulting, in large part, from a $615 million settlement with the government over ethics charges. And to head off Congressional criticism, Boeing also announced that it would not take the settlement as a tax deduction.

The decision not to seek the tax deduction — even though the company maintained that it could — comes as Boeing is trying to improve its standing in Washington and as the company's chief executive, W. James McNerney Jr., is to appear on Tuesday before the Senate Armed Services Committee to face questions about the company's behavior.

The company's $160 million loss, or 21 cents a share, came on revenue of $14.99 billion. In the second quarter of 2005, Boeing had earnings of $566 million, or 70 cents a share, on revenues of $14.68 billion. The quarterly loss for 2006 reflects a $1.1 billion charge for the ethics settlement as well as $496 million for delays in a military surveillance program. Boeing's shares fell by 4.60 percent, or $3.85, to close at $79.90 yesterday.

Since becoming chief executive last year, Mr. McNerney has made ethics and integrity a top priority. Two previous chief executives resigned amid ethics scandals.

Boeing agreed in May to pay $615 million to end a three-year investigation and avoid criminal charges over allegations that it had improperly acquired proprietary documents from its rival, Lockheed Martin, and illegally recruiting a top Air Force weapons buyer who was overseeing Boeing contracts.

Shortly after the government settlement was announced, it ran into sharp criticism from some prominent senators, who wrote to the Justice Department expressing concern that Boeing could use the settlement to reduce its tax bill. These senators included Charles E. Grassley, an Iowa Republican and chairman of the Senate Finance Committee; John Warner, Republican of Virginia and chairman of the Senate Armed Services Committee; and John McCain, an Arizona Republican and a longtime Boeing critic who is also leading new investigations into weapons spending.

Mr. McNerney, in a conference call yesterday, said that while the decision not to deduct the $615 million would be costly in the short run, it was an important long-term move to improve Boeing's reputation and move the company in a new direction.

"Without question, the short-term impact of the tax issue is significant,'' Mr. McNerney said. "However, the long term value of Boeing's reputation is even more significant. I feel strongly that the right thing for Boeing to do is not to seek tax deductibility for the settlement charges."

Mr. McNerney added, "Simply speaking, my intent is to focus on the future and put this behind us."

Boeing's decision was immediately hailed by Senator Grassley, who said that "it's good'' but who continued to criticize Justice Department lawyers who negotiated the Boeing settlement for being "asleep at the switch."

"We can't depend on having klieg lights from Congress for the right thing to happen,'' Mr. Grassley said. In a letter sent this month to Attorney General Alberto R. Gonzales, Mr. Grassley and the other two senators wrote that allowing Boeing to claim the settlement as a tax deduction would result in "leaving the American taxpayer to effectively subsidize its misconduct."

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Loren Thompson, an industry analyst at the Lexington Institute, a research organization in Arlington, Va., that promotes free-market economics, said Boeing could afford to pass up the tax break because of a corporate turnaround that has strengthened the company's finances.

"Boeing's strategy is to keep its nose to the grindstone and avoid anything that looks controversial and hope that the anger of Senator McCain will move on to other companies,'' Mr. Thompson said.

Besides the government settlement payment, the other charge came because of delays in a $4 billion military surveillance aircraft program for Australia and Turkey. Known as Wedgetail in Australia and Peace Eagle in Turkey, the program outfits Boeing 737-700's with advanced radar systems.

The $1.1 billion write-off was somewhat offset by a strong performance by Boeing's commercial aviation division, where profits rose by 51 percent, to $719 million on revenue of $7.11 billion. Boeing reported a record $142 billion backlog in orders, which represents 487 planes.

One big hit is the company's coming 787 Dreamliner, a midsize fuel-efficient craft. So far it, has 364 orders from 25 air carriers, and is sold out until 2011. Orders have been so strong that Mr. McNerney said the company was even considering expanding its production plants. First deliveries of the plane are expected in the fall of 2008.

On the military side, where Boeing is the No. 2 contractor after Lockheed Martin, revenues remained flat at $7.8 billion for the quarter, compared with the same quarter in 2005. Profits were $309 million, compared with $821 million in the second quarter of last year, as a result of the charges.

In response to questions about the new Airbus A350 "Extra Wide Body" plane that was introduced at the Farnborough International Air Show last week to compete with Boeing's 787 and 777, Mr. McNerney said, "They seem to be trying to cover two of our planes with one plane, which is a tough putt. We don't see it has a plane that can compete with our 777, and it's a little big and a little heavy to do the mission the 787 can do. So, in summary, they've got a single plane trying to cover two of the most successful planes we have."

Boeing Chief Isn't Happy With Defense Operations (SLPD)

By Tim McLaughlin, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, July 27, 2006

Boeing Co. Chairman Jim McNerney on Wednesday expressed dissatisfaction with the company's St. Louis-based defense unit, calling for more accountability after fumbled military contracts triggered Boeing's first quarterly loss in three years.

Boeing's defense revenue in the second quarter remained about flat at $7.8 billion, but operating profit plunged 62 percent to $309 million. Boeing employs about 16,000 workers in St. Louis, where it makes F-15 Eagles, F/A-18 Super Hornets, missiles and satellite-guided bombs.

By using better risk management, McNerney told Wall Street analysts, he's trying to head off problems before they get too big. Previous Boeing leaders allowed major scandals to develop on their watch, harming the company's reputation.

When Phil Condit ran the company, he talked infrequently to top executives at Boeing defense, insiders say. Condit's successor, Harry Stonecipher, was ousted last year after someone blew the whistle on his extramarital affair with a subordinate.

McNerney, at the helm for a year, has made it clear the defense business needs to be better. Meanwhile, Boeing's commercial airplane business is experiencing what McNerney described as unprecedented demand.

Still, Boeing lost $160 million in the quarter that ended June 30, compared to net income of $566 million in the year-earlier period, because of charges related to its defense business. The aerospace and defense giant's stock slid 4.6 percent, or $3.85, to $79.90.

The good news was that Boeing boosted next year's profit and revenue forecast, largely because of demand for the company's new passenger jet. The 787 Dreamliner is sold out through the end of the decade.

As previously announced, Boeing took a $615 million charge against profits for a settlement with the Justice Department over the theft of rocket-launch documents from a competitor and the illegal hiring of a defense procurement official while she still oversaw Boeing contracts. Most of the settlement is tax deductible, but McNerney said it wasn't appropriate to get a benefit from wrongdoing.

"Without question, the short-term financial impact of the taxability issue is significant. However, the long-term value of Boeing's reputation is even more significant," he said.

Boeing's other charge, pegged at $496 million and disclosed last month, stemmed from problems with a $4 billion contract to build surveillance planes for Australia and Turkey. The defense business used flawed assumptions for packing early-warning radar into a Boeing-made 737, causing delays in the program. The disruption also earned a rebuke from Australia's defense minister.

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"We've had more things to deal with than I would have liked," McNerney said during a conference call with analysts and reporters. "There are a couple of things we're not proud of."

In assuring analysts that he was heading off problems before they grow, McNerney said there's an increased focus on accountability and execution inside Boeing's defense business. He conceded there's plenty of work left in those departments.

"No, I'm not totally satisfied. None of us are," McNerney said. "I'm not satisfied with where we are. I probably never will be. It's the nature of the business. But we are going to improve."

Boeing defense chief Jim Albaugh recently relayed that message to his executive team, using an off-site meeting to add gravity to the situation.

Boeing Reports 2Q Loss Of $160M (AP)

By Dave Carpenter

AP, July 27, 2006

CHICAGO — Steep costs to settle a government investigation and pay for delays to an airborne surveillance system sent Boeing Co. to its first quarterly loss in three years.

Boeing strengthened the outlook for its resurgent commercial airplane business at the same time it announced the $160 million second-quarter deficit Wednesday. But also reduced its 2006 earnings guidance, and its stock fell.

While the $1.07 billion in charges were expected, Wall Street showed disappointment that the aerospace company chose not to write off any of its Justice Department settlement and increased its 2007 outlook less than many anticipated.

Boeing shares closed down $3.85, or 4.6 percent, to $79.90 on the New York Stock Exchange after sinking as much as 5 percent in the wake of the report. The stock has traded in a 52-week range of $62.01 to $89.58.

With the new 787 deemed its most successful commercial airplane launch before it is even built, analysts' expectations for Boeing were high.

"Boeing has won more orders than most would have expected so far this year, and the backlog keeps climbing," said Edward Jones analyst Matt Collins. "But investors are obviously a bit nervous about the potential for additional delays, like we saw with the surveillance aircraft."

The loss was Boeing's first since the second quarter of 2003 and came in a year in which its commercial aircraft business has outperformed rival Airbus SAS.

Chairman and CEO Jim McNerney said the commercial airplanes business remains the company's growth catalyst, thanks to both an expanding market and strong sales of Boeing planes. He said the charges "overshadowed solid fundamentals" during the quarter.

Some analysts agreed.

"Although the charge has created 'noise' for this quarter, the underlying performance for (Boeing Commercial Airplanes) remains the key attraction," Bank of America Equity Research analyst Robert Stallard wrote in a research note. "Although the successful launch of the 787 is a key risk to watch, we think that Boeing is still well placed to enjoy the fruits of this aerospace up-cycle."

The net loss for the April-June period amounted to 21 cents per share and compared with net earnings a year earlier of $566 million, or 70 cents per share. It was a penny better than the consensus estimate of analysts surveyed by Thomson Financial but fell short of several forecasts that anticipated Boeing would deduct at least some of the settlement charge.

By not seeking a tax write-off, Boeing avoided further controversy in Washington.

"Without question, the short-term financial impact of the taxability issue is significant," McNerney said on a conference call. "However, the long-term value of Boeing's reputation is even more significant."

The charges included $571 million, after reserves, for the $615 million settlement with the Justice Department relating to the hiring of former Air Force official Darleen Druyun and the alleged use of secret documents obtained from rival Lockheed Martin Corp. to win contracts. A separate charge for $496 million was to cover delays of up to 18 months in an international airborne surveillance system for Australia and Turkey.

Revenue increased 2 percent to $15 billion from $14.7 billion.

The Seattle-based commercial airplane division produced a 10 percent revenue jump that helped its operating earnings rise 51 percent to $719 million. It generated $7.1 billion in sales, or 47 percent of the company's total.

Boeing delivered 97 commercial planes in the quarter, its highest second-quarter total since 2002 and out-booked Airbus in aircraft orders in the first half by 496 to 117. The company also said it has 364 firm orders from 25 customers for the 787, which the company has begun manufacturing and assembling and intends to test-fly in 2007.

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Growth at the airplane unit, along with higher productivity, prompted Boeing to increase its 2007 earnings per-share guidance by 15 cents to a range of $4.25 to $4.45 and its 2007 revenue guidance by $1 billion to between $64.5 billion and $65.5 billion. Analysts already were anticipating $4.49 per share on revenue of $65.4 billion.

The defense business saw operating earnings decline 62 percent to $309 million, reflecting the Airborne Early Warning & Control program charge. Its revenues were flat at $7.8 billion.

Because of the charges, Boeing reduced its outlook for 2006 earnings per share to between $2.40 and $2.55, down from $3.25 to $3.45. But it raised its outlook for 2006 revenue to $60.5 billion from $60 billion, with the boost coming from commercial airplanes.

Boeing also warned that earnings could be affected by a decision to divest or shut down its Connexion broadband Internet venture, which it said last month it was considering doing. It said such a move would involve a charge to 2006 earnings of $350 million before taxes.

The company reiterated its expectation to deliver 395 planes in 2006, up 36 percent from last year, and 440 to 445 in 2007.

Big Companies Cash In On Fed Contracts (FINDLAW/AP)

By Frank Bass, Associated Press Writer

AP, July 27, 2006

(AP) - WASHINGTON-At least $12 billion in contracts the government claimed it gave to small companies last year wound up instead in the coffers of corporate giants like Microsoft and Rolls Royce, greatly inflating the Bush administration's record of help to small businesses, Democratic congressional investigators say.

When small business contracts with large companies are excluded, the government missed for a sixth straight year a requirement that 23 percent of its $314 billion in annual contracts go to small businesses, House Democrats conclude in a report to be released Wednesday.

There were two basic problems, the investigators said: Federal agencies miscoded thousands of contracts to big companies as small business awards. And many other companies that started small grew large or were purchased by corporate giants but continued to get small business contracts.

"It's just unbelievable," said Rep. Nydia Velazquez of New York, the top Democrat on the House Small Business Committee. "We have just got to start holding agencies accountable."

Velazquez is asking the Government Accountability Office and internal watchdogs for the State, Treasury, Defense and Transportation departments to investigate their contracting procedures and see if criminal activity is involved.

Under federal law, representatives of large companies that falsely claim to be small firms can be punished with 10 years in prison, $500,000 in fines, and a permanent ban from doing government business.

Generally, the government defines a small business as one with fewer than 500 employees, though that limit can vary among industries. In general, retail firms can only have maximum average annual receipts of $6.5 million.

The Small Business Administration last month issued a report saying the government gave 25.4 percent of its contract dollars in 2005 to small firms. SBA said it relied on contracting figures provided by each federal agency. The Democrats' report said the accurate figure was 21.6 percent.

When asked about corporate giants appearing in the tally, SBA spokesman Raul Cisneros said, "That's the official information that agencies give us."

The House Democrats' report, however, said the administration's tally of small business contracts in 2005 included some of the world's largest companies:

-Computer giant Microsoft Corp. won eight small business contracts worth $1.5 million. Five contracts, worth $475,000, came from the Pentagon. The others came from the Drug Enforcement Administration and the Bureau of Prisons.

-Rolls-Royce plc received $2.2 million in 63 separate contract actions. The bulk came from the Navy, which spent $2 million on 53 Rolls contracts.

-Wal-Mart, whose more than 1.5 million workers make it the nation's largest private employer, received three small business contracts totaling $14,232 from the Department of the Army.

-Exxon Mobil Corp., with $370 billion in annual revenues in 2005, won a $63,855 contract from the Pentagon's Defense Logistics Agency and a $50,000 award from the Interior Department's Minerals Management Service.

-Google Inc., the Internet search giant, won separate contracts from the U.S. Coast Guard ($41,800), the Peace Corps ($15,000) and the Federal Highway Administration ($2,995).

Tom Greer, a spokesman for Lockheed Martin, said it's a common problem. The Bethesda-based aeronautics giant has 135,000 employees and reported $37 billion in sales last year. The House panel, however, found that government agencies

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classified $8 million in Lockheed contracts as small business awards. Greer said the company has often had to ask federal agencies to correct records showing Lockheed as a small business.

"We don't compete with small businesses for federal contracts," he said.

Velazquez said she plans to write roughly 2,500 big companies, asking them to remove their names from a government list of approved small business firms, and also will seek legislation to punish agencies that cheat.

House Republicans said much of the controversy can be attributed to small businesses that have prospered under the Bush administration, either adding enough employees to become a large company or being acquired by large businesses.

"Should the firm be penalized for success?" asked Rich Carter, a GOP spokesman for the House Small Business Committee. "Should the agency not be given credit for taking a risk by placing their initial confidence in this small business to perform this type of work? Maybe (Democrats) believe this company should have never received the contract in the first place to satisfy some accounting standard."

But Art Munn, a California, Md.-based contractor who said he lost several contracts to larger firms, said it's not just an accounting issue.

Munn said earlier this year he had to lodge a formal protest with the SBA to save a Marine Corps contract he'd been awarded for a radar dome installation in Bahrain. Munn said he was competing with a large company that had bought out a much smaller competitor.

"It gets ugly," he said. "This time, everything worked like it was supposed to work, and I got the contract. But it gets frustrating. I waste a lot of time and money."

The issue of big businesses getting more than their fair share of federal contract dollars is not new.

Lloyd Chapman, head of the Petaluma, Calif.-based American Small Business League, noted that government investigators have released more than a dozen reports on the issue over the last decade, but nothing has changed.

"It's fraud," Chapman said. "This is by design. It hasn't happened by miscoding. It's become an ongoing problem, and it's getting worse and worse. I feel like I'm on this mission alone."

On the Net:

Small Business Administration: http://www.sba.gov

American Small Business League: http://www.asbl.com

House Small Business Committee: http://wwwc.house.gov/smbiz/

Watchdog, Lawmakers Eye Better Information Flow (NJTD)

By Andrew Noyes, National Journal's Technology Daily

National Journal's Technology Daily, July 27, 2006

Some federal agencies have taken proactive steps to boost the processing efficiency for document requests under the Freedom of Information Act, but future agency plans for action a decade after Congress updated the law for the Internet age dismay at least one watchdog.

The 1996 changes to the 40-year-old law sought to improve public access to government information, particularly electronic records, and reduce lag time in responses to FOIA requests. Many government entities have promised more streamlined FOIA processes by mid-2007.

But Patrice McDermott, the director of OpenTheGovernment.org, told a House Government Reform subcommittee on Wednesday that two agencies that should set the standard -- the Justice Department and White House Office of Management and Budget -- are not yet serious about reform. "There is no enforcement mechanism provided and no repercussions for ignoring these requirements," she said in written testimony.

The Government Management, Finance and Accountability Subcommittee first looked at FOIA in May 2005. Since then, President Bush has issued an executive order requiring agencies to review FOIA compliance and develop specific enhancement plans.

The administration directed agencies to designate a chief FOIA officer, establish an information-requester service center and provide blueprints for FOIA improvements to the attorney general and OMB by June 14. The White House expects a full report on FOIA progress in October.

Twenty-four agencies received a combined 2.6 million FOIA requests in 2005 -- an increase of 27 percent since 2002, according to Linda Koontz, director of information management issues at the Government Accountability Office. But departments are having trouble satisfying data requests.

DOJ_NMG_0043777

The number of pending cases carried over annually rose to about 200,000 in fiscal 2005, a 43 percent increase over fiscal 2002, Koontz said in written testimony. Difficulties in coordinating responses within large, decentralized agencies and limitations in systems that track FOIA processing are to blame, she said.

Congress should approve funds geared toward promoting prompt public disclosure, McDermott said. She urged lawmakers to pass pending FOIA bills, H.R. 867, H.R. 1620 and S. 589.

The sponsors of those measures -- Reps. Lamar Smith, R-Texas, and Brad Sherman, D-Calif., and Sen. John Cornyn, R-Texas -- were slated to testify at the House hearing. "Exemptions [to FOIA] are too broad, and there is a complete lack of any meaningful penalties, either for individuals or agencies that violate the law," Sherman said in his prepared remarks.

CIVIL RIGHTS:

City Moves Ahead With Compliance (CINE)

By Dan Klepal, Enquirer Staff Writer

The Cincinnati Enquirer, July 27, 2006

The city of Cincinnati was notified today by the Justice Department that it has been in compliance for at least two years with 55 of the 81 items the federal government wanted monitored after the 2001 riots.

Those items include matters such as increasing police accountability, decreasing incidents of force being used against citizens, and creating a better way of tracking and dealing with citizen complaints against officers.

The federal recommendations will now go to monitor Saul Green, who will review the city's progress and write a report in September confirming that the city is in compliance with the 55 items.

Green said the city is actually in compliance with more than 90 percent of the 81 items, but it must maintain that compliance for more than two years before the federal government stops monitoring.

"This is the outcome we all hoped for," Cincinnati Mayor Mark Mallory said.

E-mail dklepal@enquirer.com

Tallahassee Prison Guards Plead Not Guilty To New Charges (AP)

AP, July 27, 2006

TALLAHASSEE, Fla. — Five federal prison guards facing charges in a sex scandal that ended in a deadly shootout have pleaded not guilty to additional counts and are set for trial Oct. 30.

They initially had been charged with a single conspiracy count, but a federal grand jury last week added substantive charges, including witness tampering. They entered their pleas to the new charges Tuesday in U.S. District Court.

A sixth guard and a Justice Department special agent died during a June 21 gunfight that erupted when authorities went to the Tallahassee Federal Correctional Institution to make the arrests. Another agent was wounded.

The dead guard, Ralph Hill, pulled out a gun and began shooting, investigators said. None of the surviving guards have been charged in connection with the shooting.

They continue to face the initial charge of conspiring to trade cash and unidentified contraband for sex with female inmates.

The new indictment also charges each of the guards, Alfred Barnes, Gregory Dixon, Vincent Johnson, Allen Moore and E. Lavon Spence, with witness tampering. All except Johnson also are charged with bribery. Barnes alone is charged with mail fraud.

All five are on supervised release and under orders not to have contact with prison employees or inmates.

Washington Court Upholds Ban On Gay Marriage (NYT)

By Adam Liptak And Timothy Egan

The New York Times, July 27, 2006

In an angrily divided 5-to-4 decision, the Washington Supreme Court yesterday upheld a state law banning same-sex marriages.

The justices issued six opinions in the case, with some in the majority emphasizing that the Legislature remained free to extend the right to marry to gay and lesbian couples.

The four dissenting justices said the majority relied on speculation and circular reasoning to endorse discrimination.

Massachusetts remains the only state that sanctions same-sex marriages. New York's highest court, by a vote of 4 to 2 earlier this month, upheld state laws limiting marriage to opposite-sex couples. The New Jersey Supreme Court is expected to rule soon on the legality of same-sex marriages there.

DOJ_NMG_0043778

Legal scholars said the closeness of the Washington and New York decisions suggested that the legal status of same-sex marriages would remain unsettled and controversial. That alone, they said, represents a significant change in public and judicial attitudes.

When the Washington courts last addressed the question of same-sex marriage in 1974, by contrast, an appeals court unanimously voted against the plaintiffs and the State Supreme Court refused to hear the case.

"You've gone in 32 years from something that was more or less a slam dunk to where the court is almost evenly and very bitterly divided," said William B. Rubenstein, a law professor at the University of California, Los Angeles, and author of "Sexual Orientation and the Law." "The issue is in play."

Opponents of same-sex marriage said yesterday's decision demonstrated that the public and the courts remained opposed to altering the traditional definition of marriage.

"Today is a great day for marriage and the family," said Mathew D. Staver, the chairman of Liberty Counsel, a group that opposes the legal recognition of same-sex marriages. "We are pleased that this latest attempt by the homosexual agenda to radically redefine our culture has been stopped dead in its tracks."

The decision consolidated two cases in which state trial courts had struck down a 1998 state law prohibiting same-sex marriages. The cases were brought by 19 gay and lesbian couples seeking the right to marry or to have their marriages from other jurisdictions recognized. State and local laws in Washington protect people there from discrimination based on sexual orientation and provide some benefits to same-sex couples, but the state has no civil-union law.

Beth Reis, one of the plaintiffs, said the decision was a setback for her, her partner, Barbara Steele, and their four children.

"We are saddened that the court has said that my 28-year committed relationship and my children, grandchildren and great-grandchildren aren't entitled to the same legal protections and obligations as other Washington families," Ms. Reis said.

The controlling opinion in yesterday's decision, signed by three justices, reversed the lower court's, holding that the 1998 law, the Washington Defense of Marriage Act, was supported by rational reasons.

"Limiting marriage to opposite-sex couples," Justice Barbara A. Madsen wrote in that opinion, "furthers procreation, essential to the survival of the human race, and furthers the well-being of children by encouraging families where children are reared in homes headed by the children's biological parents."

In a dissent signed by three other justices, Justice Mary E. Fairhurst questioned the logic of that assertion. "Would giving same-sex couples the same right that opposite-sex couples enjoy injure the state's interest in procreation and healthy child rearing?" Justice Fairhurst asked.

Justice Bobbe J. Bridge, also dissenting, equated the majority's position with the endorsement of racial discrimination. The majority, Justice Bridge wrote, contended "that it is not our place to require equality for Washington's gay and lesbian citizens." Under that reasoning, she said, "there would have been no Brown v. Board of Education," the 1954 United States Supreme Court school desegregation case.

Justice Madsen repeatedly emphasized the limited nature of the court's ruling. All that was required for the 1998 law to pass constitutional muster, she wrote, was some rational basis.

"We see no reason, however," Justice Madsen added, "why the Legislature or the people acting through the initiative process would be foreclosed from enacting the right to marry to gay and lesbian couples in Washington."

The justices who signed the controlling opinion said they were sympathetic to the fact that "many day-to-day decisions that are routine for married couples," including ones involving children, health care and death, "are more complex, more agonizing and more costly for same-sex couples."

The decision seemed to invite targeted constitutional challenges to the denial of equal treatment to homosexual couples.

Jane Schacter, a law professor at Stanford, said the reaction to the 2003 decision of the Massachusetts Supreme Judicial Court legalizing same-sex marriage there might have left other courts gun-shy about making sweeping rulings.

"There is a real self-consciousness in this decision and the New York decision about the role of the courts," Professor Schacter said. "We've traditionally looked to the courts to buck public opinion to defend liberty and equality, but we're not seeing that here."

Gary Randall, the president of the Faith and Freedom Network and Foundation, a Washington religious group, took the opposite view, saying the decision was "a decisive victory that upholds the values of the faith community."

Two justices in the majority, James M. Johnson and Richard B. Sanders, took a harder line in opposing same-sex marriage in a concurring opinion. There is, Justice Johnson wrote, "a compelling governmental interest in preserving the institution of marriage."

"This conclusion," he continued, "may not be changed by mere passage of time or currents of public favor and surely not changed by courts."

DOJ_NMG_0043779

Washington State Upholds Ban On Same-Sex Marriage (WP)

By Blaine Harden

The Washington Post, July 27, 2006

SEATTLE, July 26 -- Deferring to state lawmakers and agreeing with most other U.S. courts, the highest court in Washington state on Wednesday upheld a state law that bans same-sex marriage.

The Washington Supreme Court, though, was bitterly divided in its 5 to 4 decision, producing six separate opinions in rejecting the claim of 19 gay couples that they are victims of state-sanctioned discrimination that harms their children and their financial security.

In its lead opinion, the Washington court insisted repeatedly that elected lawmakers have wide discretion to define marriage -- while judges do not.

"At the risk of sounding monotonous," the lead opinion said, "legislative bodies, not courts, hold the power to make public policy determinations." It added that where "no fundamental right is at stake, that power is nearly limitless."

The court ruled that gay couples challenging Washington's 1998 Defense of Marriage Act had failed to show that it denies them either a "fundamental right" or equal protection under the law.

"Although marriage has evolved, it has not included a history and tradition of same-sex marriage in this nation or in Washington State," the opinion said. It added that because state law prevents both sexes from entering into a same-sex marriage, it does not discriminate on the basis of sex.

The opinion dismissed a lower-court ruling, which had found a fundamental right to same-sex marriage, as "astonishing, given the lack of any authority supporting it."

Only one state, Massachusetts, allows same-sex marriage, and then only for its own residents. If the Washington court had overturned the ban, state law here would have allowed nonresident gay couples to come here and get married. Earlier this month, the high courts in New York and Georgia also ruled against same-sex marriage. At least a half-dozen other states have legal challenges about same-sex marriage pending.

Wednesday's decision here shows the continued difficulty that proponents of same-sex marriage have in their legal challenges.

The Washington court's lead opinion suggested several times that the majority of justices may disagree with the state's ban on same-sex marriage but that they had ruled narrowly on its constitutionality. The decision "is not based on an independent determination of what we believe the law should be," the opinion said.

A sharply worded dissent, written by Justice Mary E. Fairhurst and signed by three other justices, said the court was using "the excuse of deference to the legislature to perpetuate the existence of an unconstitutional and unjust law."

The majority ruling condoned "blatant discrimination against Washington's gay and lesbian citizens in the name of encouraging procreation" and raising children in homes with opposite-sex parents, Fairhurst wrote. She argued that the court ignored "the fact that denying same-sex couples the right to marry has no prospect of furthering any of those interests."

Senior political leaders in Washington state, where Democrats control most top offices, were critical of the much-anticipated ruling on a case that was heard by the state's high court more than 15 months ago.

Arguing that marriage "is not the business of the state," Gov. Christine Gregoire said she does not believe government should discriminate against any citizen. But she urged respect for the ruling "whether we agree with it or not."

At a news conference in downtown Seattle, King County Executive Ron Sims, who two years ago had encouraged gay couples to sue him to overturn the state ban on same-sex marriage, stood with dozens of disappointed plaintiffs and compared Wednesday's decision to the U.S. Supreme Court's ruling in Plessy v. Ferguson , which affirmed the principle of separate but equal in race relations.

"This is an unwise decision," said Sims, who is black and who said that gays must continue to fight for change, just as blacks did. "Sometimes it takes longer than we might like to bring about needed social change."

As for the plaintiffs, they said they were surprised and angry, and determined to press the state legislature to overturn the marriage law.

"We are reeling today," said Elizabeth Reis, a Seattle health teacher who has been together with her partner, Barbara Steele, a retired researcher in communicable diseases, for 29 years. They raised four children together and have 14 grandchildren and two great-grandchildren.

"Courts have said you can get married if you have been married six times before," Reis said. "Courts have said you can get married if you owe your children entire childhoods of back child support. But this court says I cannot marry a woman I have loved nearly my entire adult life."

DOJ_NMG_0043780

Court Refuses To Define Marriage (WT)

By Cheryl Wetzstein

The Washington Times, July 27, 2006

The Washington Supreme Court yesterday narrowly upheld a state law banning same-sex "marriage," saying both the Legislature and the people have the authority to withhold from or grant marital rights to homosexual couples.

Justice Barbara A. Madsen, writing for Chief Justice Gerry L. Alexander and Charles W. Johnson in the 5-4 decision, said, "The solid body of constitutional law disfavors the conclusion that there is a right to marry a person of the same sex.

"Same-sex marriage may be the law at a future time," she wrote, "but it will be because the people declare it to be, not because five members of this court have dictated it."

Yesterday's decision, which comes three weeks after New York's highest court ruled against same-sex "marriage," declared constitutional a 1998 law passed by Washington's legislature that defines marriage as the union of one man and one woman.

The ruling against 19 same-sex couples seeking the right to "marry" is the seventh court decision this month -- the fourth in a liberal "blue" state -- to go in favor of traditional-marriage supporters. Massachusetts is the only state to allow same-sex "marriage."

"We've been holding our breath waiting for this one, and now we can celebrate another win for marriage, democracy and judicial restraint," said Jan LaRue, chief counsel for Concerned Women for America, which filed a pro-marriage brief in Andersen v. King County.

The Washington high court "recognized that the proper role of the judiciary is to apply the law, not create the law," said Seattle attorney Steve O'Ban, who represented clergy and lawmakers in the lawsuit.

Homosexual rights supporters said the decision would not stop their efforts.

"We are disappointed but not discouraged," said attorney Jennifer C. Pizer of Lambda Legal, which represented the plaintiffs along with the Northwest Women's Law Center. Historically, in discrimination cases "of this magnitude," she said, "the opinions of the dissenting justices later became the law of the land."

The Washington decision is "a terrible blow," but it "will not slow or deter efforts to achieve the promise of full equality in California," said Kate Kendell, executive director of the National Center for Lesbian Rights in San Francisco.

California has its own same-sex "marriage" lawsuit under way, as do Connecticut, Iowa, Maryland, New Jersey and Oklahoma. The next same-sex "marriage" decision is likely to come from the New Jersey Supreme Court, which heard arguments on its case this year.

Several justices in the majority invited state lawmakers to review state marriage laws.

"[T]here is nothing in the opinion" that casts doubt on the right of the legislature or the people "to broaden the marriage act or provide other forms of civil union, if that is their will," Washington Chief Justice Alexander said in a separate concurring opinion.

The four dissenting justices said the majority opinions "condone blatant discrimination" against homosexuals because the 1998 Defense of Marriage Act (DOMA) "was motivated solely by animus toward homosexuals."

"I would hold that there is no rational basis for denying same-sex couples the right to marry," wrote Justice Mary E. Fairhurst, who was joined by Justices Tom Chambers, Susan Owens and Bobbe J. Bridge.

The Washington DOMA, passed by a bipartisan supermajority of lawmakers over Gov. Gary Locke's veto, defines marriage as the union of one man and one woman.

Washington Justices James M. Johnson and Richard B. Sanders, in a concurring decision, said the homosexual plaintiffs had argued that "raw judicial power" could "redefine public institutions such as marriage."

"This court does not possess that power -- no court does," they wrote. "Separation of powers is a fundamental constitutional principle ... Our oath requires us to uphold the constitution and laws, not rewrite them."

Earlier this month, courts in six states --Connecticut, Georgia, Nebraska, Massachusetts, New York and Tennessee -- issued rulings upholding the validity of traditional marriage or amendments that support such unions.

Three of the Washington court's members -- Justices Alexander, Chambers and Owens -- are up for re-election in November. Earlier this month, Justice Owens dismissed talk that the court would "hold" its Andersen ruling until after the elections.

"We have never held cases. I resent when people say that," she told an Associated Press reporter.

State Supreme Court Upholds Washington Gay Marriage Ban (AP)

By Curt Woodward, Associated Press Writer

DOJ_NMG_0043781

AP, July 27, 2006

(AP) - OLYMPIA, Washington-The Washington Supreme Court disappointed gay-marriage advocates Wednesday, supporting a ban on same-sex unions and leaving Massachusetts as the only U.S. state granting full marriage rights to gays and lesbians.

The 5-4 ruling, which left any action on the state's 1998 Defense of Marriage Act to the state Legislature, also surprised gay-marriage opponents who had expected to lose the court case in liberal-leaning Washington state.

It was the latest in a series of significant court rulings against gay marriage. New York's high court dealt gay couples a similar blow earlier this month when it ruled that a state law limiting marriage to between a man and a woman was constitutional.

Disappointment in Wednesday's decision was perhaps greatest in Seattle, home of the state's most visible gay community and the source of one of the original lawsuits seeking marriage rights for gay and lesbian couples.

"There aren't words to describe how hurt people in the gay and lesbian community are. There's a lot of tears and a lot of anger right now. Emotion is raw," said state Democratic Rep. Ed Murray of Seattle, the senior of four openly gay state lawmakers.

The state Supreme Court overruled two lower courts that had found the state law, which limits marriage to opposite-sex couples, violated the state constitution.

However, three majority justices invited the state Legislature to take another look at the gay marriage ban's effect on same-sex couples.

"Given the clear hardship faced by same-sex couples evidenced in this lawsuit, the Legislature may want to re-examine the impact of the marriage laws on all citizens of this state," wrote Justice Barbara Madsen, with Justice Charles Johnson and Chief Justice Gerry Alexander concurring.

The two other justices in the majority, James Johnson and Richard Sanders, more actively opposed gay marriage, saying the Legislature had "a compelling governmental interest in preserving the institution of marriage, as well as the healthy families and children it promotes," Johnson wrote.

Leaders in the state House and Senate and Governor Chris Gregoire - all Democrats - did not commit to any course of action.

"The Supreme Court has ruled and we must accept their decision whether we agree with it or not," Gregoire said.

The four-justice minority harshly criticized the ruling.

Nineteen gay and lesbian couples seeking to marry had challenged the constitutionality of Washington's Defense of Marriage Act. Judges in King and Thurston counties overturned it in 2004, citing the state constitution's "privileges and immunities" section.

The state appealed, arguing that it has a legitimate interest in regulating relationships that produce children.

Gay marriage opponents were surprised, but grateful.

Forty-five U.S. states have laws banning gay marriage or limiting marriage to between a man and a woman.

In other recent rulings on the issue, courts reinstated voter-approved bans on gay marriage in Nebraska and Georgia, and Tennessee's Supreme Court ruled that voters there should have a say on allowing gay marriage.

Massachusetts' high court - the same court that issued the historic ruling that has allowed more than 8,000 same-sex couples since 2004 to marry in that state - ruled a proposed state constitutional amendment to ban gay marriage could go on the ballot if approved by the Legislature.

In Connecticut, a judge found gay and lesbian couples had not been harmed by that state's decision to grant them civil unions but not marriage. Vermont also allows civil unions that confer the same legal rights as heterosexual married couples.

Congress recently rebuffed a move to get a constitutional amendment banning same-sex marriage.

Associated Press Writers David Ammons in Olympia and Donna Gordon Blankinship in Seattle contributed to this report.

On the Net:

Supreme Court of Washington: http://www.courts.wa.gov

Bush To Sign Voting Act That He Once Opposed (WT)

By Stephen Dinan

The Washington Times, July 27, 2006

With his signature today, President Bush will renew a key part of the Voting Rights Act that singles out 16 states as still practicing voting discrimination, including his state of Texas, where he was governor for six years, and part of Florida, where his brother is governor.

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Less than a decade ago, Mr. Bush fought that exact part of the Voting Rights Act, with his appointed secretary of state, Antonio O. Garza Jr., calling the provisions a burdensome and unnecessary federal intrusion into Texas' affairs.

"The Bush administration has really done a flip-flop on this," said Edward Blum, a senior fellow at the Center for Equal Opportunity who has studied Texas voting and the Voting Rights Act. "This is not where he was, and this is not the kind of philosophy that then-Governor Bush had when it comes to getting Texas out from under the thumb of the federal government."

He said Mr. Bush has abandoned "the great color-blind ideals that conservatives believe in."

The key provision is Section 5 of the Voting Rights Act of 1965, designed to target six Southern states that had a history of discrimination against black voters. In the early 1970s, Section 5 was broadened to cover nine states -- Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas, and Virginia -- and parts of seven others -- California, Florida, Michigan, New Hampshire, New York, North Carolina and South Dakota.

Those states and localities are deemed so discriminatory that they must get Justice Department approval every time they change voting laws or procedures -- right down to moving a polling location.

With Mr. Bush's signature, that requirement will last through 2032.

Mr. Bush says the Voting Rights Act has been a success, and last week, he told the National Association for the Advancement of Colored People that he wanted it renewed "without amendment."

White House spokeswoman Dana Perino said the law has "been an effective and important tool in assuring all Americans the right to vote," and she said it doesn't target Texas.

"Texas long ago came into compliance with the Voting Rights Act, and the newly reauthorized bill doesn't change that," she said.

Mr. Blum, though, said Section 5 clearly singles Texas out among its neighbors such as Oklahoma, Arkansas and New Mexico, which aren't covered.

"Are Texans so different in their racial attitudes and their behavior toward minorities that Texans require supervision, but not the legislatures of those surrounding states?" he asked.

As governor, Mr. Bush's administration agreed with that position.

"If Washington thinks we should keep putting up with such bureaucratic micromanagement like we have for the past 20 years, it can guess again. They're wrong. We don't need it," Mr. Garza, said in 1997 when he asked to exempt Texas from Section 5 requirements. Texas papers at the time reported that Mr. Bush shared Mr. Garza's view.

During Mr. Bush's time as governor, the Justice Department used Section 5 to object to three voting changes the state made and to six changes by cities, counties and school districts within Texas.

The Senate passed the renewed provisions 98-0. The House passed them 390-33, but only after defeating an amendment designed to update the list of places subject to Section 5.

Rep. Louie Gohmert, Texas Republican, who led an effort in the House this year to change the provisions, said he wants the act to apply wherever it is necessary. But other lawmakers told him that it was easier to vote to renew the bill than to rewrite it.

"As one congressman said to me, 'No matter how badly my state may need the requirements, explain to me again why I should vote for an amendment that subjects my state to all that mess you all have to go through?' I think that's what it comes down to," Mr. Gohmert said.

"I think there is still more to be done with the Voting Rights Act in Texas, to help Texas, but at the same time, it has helped Texas so much we are better than many jurisdictions that are not covered," he said. "So now the 41 states are saying, 'Here Texas, let us help you remove the speck from your eye,' never mind the log in your own."

Mr. Bush isn't the only former governor who finds himself urging passage of a bill that labels his state as discriminatory. Sen. George Allen, who was governor of Virginia from 1994 to 1998, also called for the provisions to be extended without amendment.

Mr. Allen's spokesman, David Snepp, said the senator sees his vote as a statement that the state is committed to minority rights.

"He doesn't think by voting to renew this act he is saying Virginia is one of these bad actors," Mr. Snepp said. "He is looking at it from a different perspective, and that is a commitment to make sure the voting rights of individual citizens is protected now and in the future."

During the House debate, Rep. Steve King, Iowa Republican, also tried but failed to change provisions that require many states and localities to print ballots in foreign languages.

Mr. Bush opposed those changes.

Mrs. Perino said Mr. Bush does think immigrants should learn English but said it can take some time.

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"All Americans should be able to vote, and bilingual ballots help to ensure that even those who are not proficient in English can vote," she said.

But Mr. King said Mr. Bush failed the first test of his own immigration proposal, which urges immigrants to learn English as a key part of assimilation.

"Assimilation lost," Mr. King said. "Any argument that the president makes about the necessity for new immigrants to learn English has been contradicted by his support for the mandate for foreign-language ballots.

"I sit back here and I think America missed a chance to move forward, and we've been frozen in place and frozen in time for another 25 years," Mr. King said. "People who were labeled racist by 1964 standards, the people in those districts will still be labeled racist, by the actions of their grandparents and great-grandparents, in 2032."

Hoarder's Eviction Didn't Violate Rights, Judge Rules (WP)

By Brigid Schulte

The Washington Post, July 27, 2006

Sam Shipkovitz first railed against what he called Arlington's "neatness police" when officers declared his condo a fire hazard because it was crammed with too much of his stuff. They locked him out. So he sued the Arlington County hoarding task force in federal court, saying his civil rights were violated.

Now, a federal judge has dismissed his case.

County officials, stung by the publicity Shipkovitz's hoarding case generated, hailed the decision. "Every count was found to be without merit," Arlington spokeswoman Mary Curtius said.

The case was always a little unusual.

It all started in 1996. That's when Shipkovitz, who has a PhD in electrical engineering as well as a law degree and was working as a patent lawyer, moved into the Crystal City condominium owned by his friend Stephen Crossan. Crossan, who worked as a patent examiner, had just been found not guilty by reason of insanity of an arson charge and was committed to a state mental institution.

He was released in 2004 and came back to the condo to live with Shipkovitz. Mental health workers visited Crossan daily. It was one of those workers who in October became alarmed at the massive amount of junk in the condo -- paper, boxes, bags, newspapers, trash -- and called the fire marshal.

In his lawsuit, Shipkovitz contended that when the fire inspectors showed up Oct. 20, they were trespassing. Shipkovitz wrote that Crossan had opened the door only for the mental health social worker and didn't realize what was happening.

"They didn't have a warrant. My room had 'No Trespassing' signs," Shipkovitz said. "So even if they had permission, which they didn't, they didn't have any permission to go into my bedroom."

The county countered that Crossan willingly opened the door to the inspectors. U.S. District Judge Claude M. Hilton, in his June 22 order, agreed: "There is no evidence that they engaged in any misconduct or violated any law while performing said inspection."

Shipkovitz's case has generated considerable publicity as cities and counties become more densely crowded and local officials see hoarding not as private, eccentric behavior, but as a public nuisance. While taking depositions, Shipkovitz discovered that, including himself, the Arlington hoarding task force had locked 18 people out of their homes in the past year.

Task force officials, who are becoming more aggressive in dealing with hoarders as the area becomes more urbanized, say huge accumulations of junk are a fire hazard. But property rights advocates have declared that enforcement is uneven at best and invasive at worst.

In the past, hoarders were found out only when someone called to complain. Now, task force members -- officials who work in fire prevention, code inspection and mental health and elder care -- are often on the lookout for potential hoarders. To confirm their suspicions, they have to ask for a homeowner's permission to go inside. If they are refused but have sufficient evidence, they can get a search warrant from a magistrate.

In his lawsuit, Shipkovitz also charged county officials with "intentional business interference" for locking him out of the condo and keeping him from his patent attorney business. However, fire marshals allowed Shipkovitz into the condo four or five times for a total of 17 hours, Hilton wrote.

By December, Crossan's family had become involved, asking fire marshals to stop letting Shipkovitz in. In February, the family hired a moving company to relocate Shipkovitz's junk to two storage units.

Hilton ruled that any complaint Shipkovitz may have about his business being hurt should be addressed to Crossan, the owner of the condo, not the county.

In the Washington region, a recent survey by the Metropolitan Washington Council of Governments showed that local officials found about 300 homes of hoarders last year that violated building, fire, animal control or property maintenance codes.

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Since Oct. 20, when the fire marshal ordered the locks changed and the condo condemned, Shipkovitz has been staying at a warehouse he owns in the District or living with a friend who has collecting issues of his own. "He doesn't want anyone to know where he lives," Shipkovitz said. "He's afraid he'll be raided, too, and end up on the street. He knows my life has been destroyed."

For Whites In Prince George's, A Mirror On Race (WP)

By Lonnae O'neal Parker

The Washington Post, July 27, 2006

The swimming pool in Abby Hopper's Bowie development was already crowded when Hopper, her husband, their two toddler girls, her sister-in-law and her two young kids arrived in a cloud of plastic buckets, kickboards and Cinderella floaties. Just settling in was a huge production. Then, sitting in her lounger, Hopper finally looked around. There had to be 75 people at the pool.

They were the only whites.

Hopper, 35, felt that stab -- call it acute self-consciousness. She didn't know the people around her, and they didn't know her. What if Madeline made a splashy mess or Ellie took another child's floatie -- because that's what little kids do. What if the other moms thought her girls were some entitled-feeling white kids, with their entitled-feeling white mother looking on?

Pause.

Okay, what would happen ?

Long pause. "Well, nothing physical," Hopper says slowly. Maybe just a bad scene.

The pang passed as fast as it came. Hopper recognized a mom from the neighborhood toddler play group she helped organize and saw the family from down the street in the baby pool. Everything was back to being all good; just a regular these-are-the-people-in-my-neighborhood kind of thing.

Two years ago, the Hoppers moved from a nearly all-white neighborhood in Baltimore to Prince George's County, where Abby Hopper had grown up around all kinds of people. She says she wants that for her kids. Her husband, Greg, also likes that they got a lot more house for the money.

Whites moving into black neighborhoods often follow the pattern of gentrification: The influx leads to higher property prices, displacement of residents who can't afford to stay and lingering resentment. But the paradigm has shifted in Prince George's, one of the few suburban counties nationally with wide swaths of black wealth.

Some white families are being drawn by the upscale amenities of subdivision life at relatively bargain prices. There's little tension about displacement, because they move into neighborhoods with people of similar economic statuses, and by and large, they say they are being welcomed.

Decisions about where to lay your head and raise your family have been among those most resistant to the integrational ideals of the civil rights movement. But residents say the educated, affluent demographics of Prince George's help make integration calculations, and the conversations around them, a little easier for everybody.Making Adjustments

Inside the Hoppers' kitchen, which still looks model-home new, there's plenty of room for Ellie, 2, to walk around the dinner table passing out bread as Greg and Abby recall their Prince George's stories.

There was the time last month when Abby showed up to a friend's baby shower right on time at 2 p.m. "and I was the only one there for 45 minutes," Hopper said, laughing. Time, says Hopper, can often be more of a suggestion in Prince George's.

My friend "just laughed at me. She was like, 'Oh, Abby, 2 didn't really mean 2,' " Hopper said.

Hopper, who is a child support and divorce lawyer in Greenbelt, grew up in Bowie and University Park and attended Prince George's County public schools until sixth grade. She then switched to the National Cathedral School in Washington, and went on to Dartmouth and the University of Maryland Law School in Baltimore.

She says her parents exposed her and her brother, Justin Ross, now a Democratic state delegate from Greenbelt, to all the diversity the county had to offer -- "the Irish festival, the German festival, the Jamaican heritage festival, we went." The county's racial and ethnic mix helped her appreciate differences. "I feel like I can find some area of commonality with almost anybody. Children, music, food -- there's always something," she says. "That's what you learn when you have to be flexible and find different ways of relating."

Hopper thinks parents who limit their children's exposure put them at a disadvantage; the United States will be majority minority by mid-century. "My goal as a parent is to raise kids who are confident in their skin and essentially around anyone else's skin," she says. "That doesn't just happen by looking at books and videos and talking about it."

Two years ago, they moved to Fairwood, a new thousand-acre planned community about five miles outside the Capital Beltway in Bowie, with a pool, tennis court, clubhouse and park amenities, and $500,000-plus homes. When they were looking,

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real estate agents would always describe the area as "diverse," says Greg Hopper, 33, a former Baltimore prosecutor now in private practice, "but we were the only whites looking at the models."

Politically and in terms of what they want for their families, Hopper says, he has much in common with his neighbors, but has had to make some social adjustments. He's become better at mingling at holiday and Super Bowl parties, but the golf situation is still kind of funny. At the course on Enterprise Road, "There's always a minute where everybody is looking around, and it's like okay, who's got the white guy in the cart?" Hopper, who grew up in southwestern Missouri, is not used to wondering if he'll be accepted, or working to fit in.

"I don't want to say this is a unique experience, because it's not from an African American perspective. But it feels awfully unique to me at the time," he says.

Once a white couple drove through the cul-de-sac, and Jabril, the black 8-year-old boy across the street, told the kids, there's your grandparents . "It was kind of beautiful though," says Hopper, "like it was the most natural thing in the world," that all white people would be related. "It was a funny flip."

The Hoppers say that coming from Baltimore, where Abby was held up twice, they aren't worried about high crime stats, which seem to be isolated to certain parts of the county. But they fret about the schools. They've been looking at a few of the county's magnet programs and private Catholic schools. Greg says there were only two blacks in his school system. He tries to imagine how they must have felt and wonders how his own children will feel when they get to school.

But when his parents visited, he had fun watching them try to contextualize a community day: mostly black neighbors, hip-hop music, a beautifully appointed swimming pool, an enclave of $900,000 homes.

Many black neighbors say they love the neighborhood mix. Although it is majority African American, at times it can look like a mini-United Nations. Michelle Jackson, a part-time consultant and Habitat for Humanity volunteer, says her 10-year-old son "plays with a Caucasian boy, an Asian boy, a boy from the Caribbean and an Indian boy."

She met Abby at a social committee meeting and liked her right away.

"I really don't feel threatened by people of any race moving in here," Jackson said. "I guess it's because we have such a large number of African Americans doing well, we're so fully entrenched here, there's a great deal of wealth in these areas and I don't think you have the concerns like you have in D.C. in terms of gentrification happening."

Kimberly Arnold, a black neighbor and CIA contractor who lives across the street from the Hoppers with her husband, Greg, a Red Cross project manager, and Jabril, their son, says she'd even prefer to have more whites move in, because then maybe the county would get more restaurants and stores.

"I want a mix because we live in a world that's a mix," says Arnold, "and nobody who's been brought up to know better wants to live in an all-one-race neighborhood." Although she sees the new faces as a good sign, both the Arnolds, who spent time in Prince George's growing up, have seen white flight at eye level, having watched white neighbors succumb to distrustful panic. So now Arnold waits and watches. It's great that they're coming in, she says. "Let's see how long they are actually going to stay."

The Hoppers are cool people, the Arnolds say, and when the girls see Jabril outside, they always want to come play. The couples get each other's mail when someone's out of town, and Gregory Arnold says Greg Hopper will often come over and shoot hoops.

For all that, he says he doesn't know that he would let his son go over to their house to play.

Pause.

Why is that?

"I'd just feel uncomfortable," Arnold says.

Maybe, if they had boys, it would be different, but who knows, he says. It'll just be one more conversation to be had on the front lines of integration.More for the Money

Jim Estepp, chief executive of the Greater Prince George's Business Roundtable and former chairman of the Prince George's County Council, has lived in the county almost his entire life. He watched it grapple with rancorous busing debates in the 1970s and decades of seismic population shifts.

For two years, Estepp, who is white, says developers and home builders have been saying that the number of whites signing contracts for new homes "has gone from absolute zero to reliably 10-15 percent of their new contracts."

According to census figures, the population of the county held fairly steady between 2000 and 2004, with non-Hispanic whites making up about 25 percent of the population and African Americans accounting for about 63 percent. There is no reliable up-to-date data, however, on demographic changes in specific neighborhoods.

But some real estate agents agree with Estepp's assessment and cite a variety of reasons for the change. There's the promise of new entertainment and development hubs such as the National Harbor along the Potomac, scheduled to open in

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2008. More prestigious builders are coming to the county. Prince George's is a close-in county with a highly developed road system, with less gridlock than Montgomery County and Northern Virginia.

And "mainly, a half-million-dollar house in Prince George's is almost double the size they could get in Fairfax and Montgomery County," says Greg Bennett, a Prince George's real estate agent.

Bennett, who is black, said crime and poor public schools remain the largest impediment to attracting affluent residents of all races. But whites are "moving into neighborhoods where their black neighbors are very professional, they want the same things in life, they are the same type of people financially."

Mark Dumais, a white physician at Southern Maryland Hospital Center for seven years, lives in Alexandria and is having a home built in Clinton about a mile from the hospital. Dumais, who is single with no kids, says he could buy a million-dollar town home where he lives now, "whereas in Prince George's County, I can get a wooded acre with a much nicer home, far more upgrades and amenities with far less than that price."

Georgetown law professor Sheryll Cashin calls non-gentrifying whites moving into black communities an "interesting wrinkle" on usual integration patterns. In her book "The Failures of Integration: How Race and Class Are Undermining the American Dream," Cashin writes that in surveys where non-blacks are asked to choose between a range of neighborhood types, the neighborhoods least preferred are those with large numbers of black people. "Prince George's County is a rare context" where whites, typically in the majority, must develop the ability to be comfortable with difference.

State Del. Ross, Abby Hopper's brother, says he's lived in Prince George's "every day of my life."

"The impressive part of our legacy is as a majority African American county, but there's a contingent of over 200,000 white folks still here and who are moving into this county and want to be part of this multicultural experience."

Estepp sees the county as "absolutely the model for this grand American experiment. . . . I hope that's not sounding too idealistic."

ANTITRUST:

Realtors Face Probes Over Web Site Listings (LAW)

By Tresa Baldas, The National Law Journal

National Law Journal, July 27, 2006

Federal regulators are cracking down on the real estate industry for alleged anti-competitive practices on the Internet that hurt home buyers and sellers.

At issue are claims that consumers are being denied access to all the homes listed for sale on public Web sites, such as Realtor.com, and that firms trying to offer cheaper services on the Internet are facing restrictions.

Most recently, the Federal Trade Commission filed a complaint on July 13 against the Austin Board of Realtors in Texas for allegedly violating antitrust laws by preventing certain sellers from marketing their listings on public Web sites. The FTC is looking into similar practices in Detroit, Indianapolis, Cleveland and Columbus, Ohio.

Also, a lawsuit against the National Association of Realtors is continuing to unfold in a federal court in Chicago, where the U.S. Department of Justice claims that NAR policies obstruct real estate brokers from offering better services and lower costs to online consumers. U.S. v. National Association of Realtors, No. 05 C 5140 (N.D. Ill.).

"The FTC and Justice Department see a lot of consumer welfare at stake," said attorney Mike Cowie, a former assistant director at the FTC who believes that the recent "protectionist activity" by the real estate industry will trigger lawsuits. "There likely will be litigation by smaller Internet-based retailers ... [who] would say they're being driven from the marketplace," said Cowie, now an antitrust lawyer at Howrey in Washington, D.C. "The FTC and the Justice Department have been out front on this." Ralph Holmen, associate general counsel of the National Association of Realtors in Chicago, defended the real estate industry. "This notion that there is an absence of competition in the real estate business is ludicrous. Look up and down the street and see how many real estate firms there are. And they're all over the Internet," Holmen said.

"The Internet has affected real estate in the way that it's affected a lot of industries. We're just sorting through how to do [virtual listings] and legal rules on how to govern those practices."

Meanwhile, FTC officials are focusing on operators of multiple-listing services, which let brokers share data on homes for sale and list home sales on Webs sites.

In the recent Texas case, the multiple-listings services operator in question was the Austin Board of Realtors (ABOR), which had a rule that prevented certain homes from being made available on public Web sites. Those homes were owned by sellers who entered into nontraditional agreements with brokers who offered cheaper a la carte services, rather than the

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traditional full-service deal. Such agreements, known as exclusive agency listings, offer sellers the option of selling their home themselves.

According to Patrick Roach, deputy assistant director in the FTC's Bureau of Competition, under ABOR's rules, sellers using a la carte services were prohibited from having their listings appear on the group's Web site. ABOR, he said, favored the traditional, full-service broker listing agreement, wherein the broker does everything from putting up a sign to showing the house to closing the deal.

"If you go a la carte, your listing will be visible to other realtors but it won't be fed to general Web sites, which is what consumers look to," Roach said. "So if you get someone who goes on the Internet and is looking for houses in Austin, they think they're looking at all the houses that the real estate brokers have, and they're not."

TACTICS DEFENDED

ABOR defended its tactics, noting that the rule preventing certain homes from being featured on the group's consumer Web site is no longer in effect. It was rescinded last August, three months after it was established.

"The rule was initially established to ensure that our consumer Web site was used to promote listings to benefit members. We realized, however, that the rule was confusing and did not work as well as we'd intended, which was why it was rescinded so quickly.

We are disappointed that the FTC's press release implies that we are guilty of wrongdoing," David M. Foster, president and CEO of the Austin Board of Realtors, said in a statement.

So far, a voluntary agreement has been reached between the FTC and ABOR regarding the recent FTC complaint. In settling the charges, ABOR is prohibited from adopting or enforcing any rule that treats one type of real estate listing agreement more advantageously than another, and from interfering with the ability of its members to enter into any kind of lawful listing agreement with home sellers.

The order is open to public comment until Aug. 11.

$1.1 Billion Microsoft Antitrust Settlement To Be Distributed (BCN)

By Anna Molin, Bay City News Service

Bay City News, July 27, 2006

California businesses and consumers who two years ago settled a $1.1 billion antitrust class action lawsuit against Microsoft will finally receive their shares starting next month, Townsend and Townsend and Crew LLP, the law firm representing the plaintiffs, announced today.

Hundreds of millions of dollars await some 720,000 Californians including more than 4,500 businesses that bought overpriced Microsoft software between 1995 and 2001 and filed claims before January 2005. The bulk of the $1.1 billion, nearly 80 percent, will go to businesses that purchased mass quantities of Microsoft computers with Windows operating systems and other Microsoft applications installed.

Many of those businesses have, however, agreed to donate two-thirds of their settlements to California public schools.

Townsend and Townsend and Crew LLP partner Richard Grossman said today schools could receive between $400 million to $600 million from the settlement "at a time when they definitely need it."

The vouchers, which range from less than $100 to hundreds of thousands of dollars, can be redeemed for cash when buying computer hardware and software products during the next four years.

"We filed this case in 1999 because we saw an opportunity to use our expertise in technology and antitrust law to obtain justice for the millions of California consumers and businesses that were overcharged for their software as a result of Microsoft's illegal monopoly," Grossman said.

"We are delighted that our seven-year legal battle is finally paying off for California's businesses, consumers and schools."

Proceeds from the settlement were withheld during years of appeals battles involving a single class member who declined to make a claim for his share but objected to the donation of any portion of his unclaimed benefits to the public schools, according to the law firm.

After having his appeal rejected by both the state Court of Appeals and the state Supreme Court, the class member failed to meet the appeal deadline to the U.S. Supreme Court last week, which cleared the way for the distribution of settlement proceeds.

Individuals nationwide began suing the Redmond, Wash.-based, computer software giant in 1999 after a U.S. District Court judge in Washington ruled that Microsoft's monopoly hurt consumers and stifled competition in an antitrust lawsuit filed by the U.S. Justice Department and 20 other states, including California.

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Local governments, including the Bay Area counties of Santa Clara, San Francisco, San Mateo and Contra Costa, also jumped on the class action bandwagon in 2004 hoping to recover financial compensation akin to the $2 billion awarded to Sun Microsystems earlier that year.

The state and local governments settled for $70 million last summer and could expect to see money coming in early 2007 unless the case is appealed, said Grossman, whose firm handled that suit as well.

A Microsoft spokesperson could not immediately be reached for comment.

Newspapers Seek To Rebut Lawsuit Over Sale Of MN (MERCN)

By Pete Carey

The San Jose Mercury News, July 27, 2006

Three newspaper companies on Tuesday mounted an attack against a San Francisco investor's antitrust lawsuit to block McClatchy from selling four former Knight Ridder newspapers, and MediaNews from acquiring them.

The four papers are the Mercury News, the Contra Costa Times, the Monterey County Herald and the St. Paul Pioneer Press, which are being acquired by the Denver newspaper company in a complex $1 billion deal.

Clint Reilly, a real estate investor, former campaign consultant and mayoral candidate, is seeking a court order to block the deal, contending that it is structured to give MediaNews, Hearst and MediaNews' California Newspapers Partnership ``market power, if not monopoly power, over the newspaper business in the entire Bay Area" in violation of federal antitrust statutes.

The newspaper companies portrayed the harm to Reilly as a subscriber and advertiser in the Bay Area papers as ``trivial" compared with the damage to them if Reilly succeeds in delaying the deal.

``Simply put, the newspapers will languish under temporary ownership," the Denver-based newspaper company said.

MediaNews said a delay could force it to reprice a $350 million loan commitment at a cost of $12 million, and may even jeopardize the company's ability to complete financing for the acquisition of the four papers.

McClatchy said it is paying $163,000 a day on loans it took out to complete its purchase of Knight Ridder, and needs the $1 billion from the sale of the four papers to help pay down $3.08 billion in loans.

It also expressed concern over the possibility of having to negotiate labor agreements at the Mercury News on behalf of MediaNews while the deal is in legal limbo.

MediaNews and McClatchy denied in court filings that the deal could cause the increases in advertising rates and subscription costs or a decline in news quality in the Bay Area that Reilly claims. Prices for newspapers and advertising in them are locally determined, the filings said, and there is little overlap between the circulation footprints of the nine newspapers that MediaNews would own in the Bay Area.

Hearst filed papers deriding Reilly's claim that its investment in MediaNews will allow Hearst and MediaNews and its partners to control newspaper prices and news content in the Bay Area.

Hearst said its agreement with MediaNews will give it a ``tracking stock" in non-Bay Area MediaNews properties. The stock is structured so that it is unaffected by MediaNews' Bay Area papers, said Hearst Vice President James M. Asher.

The Justice Department will conduct a separate antitrust review of Hearst's involvement in the deal.

MediaNews, McClatchy and Hearst are all parties to a deal in which MediaNews will acquire the four newspapers. Two other companies, Gannett and Stephens, are minority partners in MediaNews' California Newspapers Partnership.

Though McClatchy is not a defendant, U.S. District Court Judge Susan Illston granted McClatchy permission to intervene Tuesday.

The first hearing in the case will be Thursday at 2 p.m. Joseph M. Alioto, one of Reilly's lawyers, said he'll ask Illston to speed the case so that a trial could begin in 60 days.

The deal calls for MediaNews to buy the Mercury News and the Contra Costa Times for $736.8 million. Hearst, which owns the San Francisco Chronicle, will buy the St. Paul Pioneer Press and the Monterey County Herald for $263.2 million and give them to MediaNews in exchange for equity in non-Bay Area MediaNews holdings.

The agreement is ``cross-conditioned," meaning that if either MediaNews or Hearst are blocked, the other doesn't have to buy its two papers.

MediaNews will add the two dailies to the California Newspapers Partnership, which owns seven Bay Area dailies. After Hearst gives the Monterey County Herald to MediaNews, it will be put into a new partnership between MediaNews and Stephens.

Microsoft To Acquire Technology To Speed Patient Data To Doctors (WSJ)

By Michael Paige

The Wall Street Journal, July 27, 2006

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Microsoft Corp. said it would purchase health-care software technology called Azyxxi, which was developed by three physicians to gather patient information from numerous sources and make it instantly available to caregivers.

Azyxxi was rolled out in the emergency department at MedStar Health's Washington Hospital Center in 1996. It gives physicians instant access to patient data, including things like X-rays and other diagnostic scans, along with routine clinical information. MedStar, based in Columbia, Md., is the largest health-care provider in the Baltimore and Washington region.

"Instant access to patient information is key to life-saving care, especially in the emergency room and intensive-care unit, where delays may mean the difference between life and death," said Mark Smith, one of the program's creators.

"The reality is that most hospitals have islands of data that can't easily be shared with other systems because of disparate data types," added Craig Feied, another of the software's creators. "We developed Azyxxi to address this challenge."

Microsoft will hire Dr. Feied and Fidrik Iskandar, who also helped create the software, along with about 40 workers from its development team under the agreement, for which financial terms weren't disclosed. Dr. Smith will serve as chief clinical liaison to the Redmond, Wash., software company, and remain chairman of Washington Hospital Center's emergency medicine department.

Additionally, Microsoft said it formed an alliance with MedStar, to deliver collaborative applications as the technology becomes commercially available.

Write to Michael Paige at michael.paige@dowjones.com1

Microsoft To Offer Software For Health Care Industry (NYT)

By Steve Lohr

The New York Times, July 27, 2006

Microsoft plans to offer software tailored for the health care industry, a change from its usual strategy of encouraging others to create industry-specific products using its operating system and programming tools.

The company's first step, announced yesterday, is to purchase clinical health care software developed by doctors and researchers at a nonprofit hospital in Washington, D.C. Microsoft is also hiring two of the three doctors who created the software system, and 40 members of the development team at Washington Hospital Center.

The purchase price, which was not disclosed, was most likely small by Microsoft's standards. But the company has larger ambitions in the fast-growing market for health care information technology. Hospitals, doctors and policy makers worldwide have high hopes for saving money and improving the quality of care by moving health care into the digital age, handling patient records and tracking treatments electronically.

"This represents a change in our strategy," said Peter Neupert, Microsoft's vice president for health strategy. "This is the start for Microsoft. We're just getting started."

The Microsoft model in the past has been to supply operating systems, database software and programming tools that outside companies use to make software packages for specific industries. The idea is that Microsoft provides the underlying technology platform, but then partners build programs for industries like health care and banking.

Mr. Neupert, 50, is leading Microsoft's new strategy in health care. In 1998, after 11 years at Microsoft, he left to become chief executive of Drugstore.com, an online retailer of pharmacy and health products. From 2003 to 2005, Mr. Neupert served on President Bush's Information Technology Advisory Committee and helped run a subcommittee focused on technology in health care.

Mr. Neupert returned to Microsoft last September, after convincing Steven A. Ballmer, the chief executive, and Craig Mundie, a senior strategy executive, that Microsoft should be doing more in health care.

"I've had an opportunity to see how messed up the health care system was," Mr. Neupert said. "And to really have an impact, you need a footprint like Microsoft's."

The software system Microsoft is buying, Azyxxi (pronounced ah-zik-see), is designed to retrieve and quickly display patient information from many sources, including scanned documents, E.K.G.'s, X-rays, M.R.I. scans, angiograms and ultrasound images. It was first used in Washington Hospital Center's emergency department in 1996, and has since been adopted at six other hospitals, including the Georgetown University Hospital, that are part of the MedStar Health group, a nonprofit network in the Baltimore-Washington region.

The Azyxxi software, Mr. Neupert said, will be "our foundation," adding, "You'll find us expanding to a suite of health care solutions."

The Microsoft plan, analysts say, could be risky. The software it is buying is a homegrown system that has not been used outside of a few hospitals. It has no installed base of customers, and there are already several established suppliers of clinical information technology systems, including Cerner, Epic Systems, GE Healthcare, Eclipsys and others.

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Most of the big health care software suppliers, analysts point out, are also big customers for Microsoft operating systems, databases and programming tools. “This puts Microsoft in the uncomfortable position of potentially competing against its major customers,” said Dr. Thomas J. Handler, a health technology analyst at Gartner.

Dr. Craig F. Feied, a principal designer of the software, describes Azyxxi as mainly a “data exploration engine” that typically works with existing clinical systems rather than replacing them.

Analysts and health care experts who have seen the software work in the Washington hospitals say it is impressive technology. Many hospitals and clinics, they say, have various kinds of patient information in electronic form, but the different computer systems and software programs cannot share the data. That is the principal problem the Azyxxi system addresses, analysts say.

The need to quickly collect, sort and display health information from many sources, they say, is a vital requirement in developing regional and national health information networks — a policy goal in the United States and dozens of other countries.

At Washington Hospital Center, the system has done its job, Dr. Feied said. In 1995, before the system was introduced, the emergency ward handled 37,000 patients a year, waits stretched up to nine hours, and there seemed to be an urgent need for more doctors and rooms, he recalled. Today, the emergency department handles nearly 80,000 patients a year and 70 percent of them get a diagnosis, are treated or are admitted in three hours or less. The staff has increased only 5 percent, and few rooms were added.

The problem, Dr. Feied said, was mostly that patients were waiting in rooms because doctors could not quickly find the patient records, treatment history and other information to treat them.

“We weren’t doctor-poor or bed-poor,” he said. “We were information-poor.”

Whether that experience can be widely repeated and be made commercially successful under Microsoft, however, is uncertain.

“This is extremely interesting as a signal of Microsoft’s intentions in health care, but we’ll have to see what comes next and how this plays out,” said Dr. Blackford Middleton, an assistant professor at the Harvard Medical School and a health technology expert at Partners Healthcare, a nonprofit medical group that includes Massachusetts General Hospital in Boston.

Microsoft To Buy Medical Software (WP)

By Kim Hart

The Washington Post, July 27, 2006

Microsoft Corp. made its first foray into the health-care industry yesterday by announcing plans to buy clinical health-care software developed by doctors at Washington Hospital Center.

The purchase marks a strategy shift for Microsoft, which usually supports niche systems that use its legacy programs instead of seeking out an established product. Terms of the transaction were not released.

Azyxxi, the software that collects and displays patient records from hundreds of sources, is a "milestone" for an industry that has been slow to adopt such technology in its day-to-day operations, said Peter Neupert, who heads Microsoft's newly formed health solutions group. The software made its debut 10 years ago at Washington Hospital Center and has since been used by Georgetown University Hospital and National Rehabilitation Hospital in Washington as well as four Baltimore hospitals, all part of MedStar Health, the largest hospital system in the region.

Neupert said it was too early to tell how quickly other hospitals would adopt the technology, but analysts expect the software to be a valuable investment for health-care institutions.

Most medical offices have patient data stored on different systems and programs, and cannot share charts, X-rays or laboratory results. Working with the separate networks, Azyxxi pulls the records into a central database, sorts them and instantly displays a patient's entire medical history.

"The quicker you can get that snapshot of everything that's wrong [with the patient], you can do a much better job treating them right away," said Bradford J. Holmes, research manager at Forrester Research Inc. "It can actually change the trajectory of a doctor's decision process."

Craig Feied, one of the software's developers at Washington Hospital Center, said the program also tracks long-term trends in medication use, drug-resistance patterns and guideline compliance within the hospital.

Over the past 10 years, the software has helped decrease the overall mortality rate, shortened patients' waiting time and increased staff efficiency at Washington Hospital Center, Feied said.

Although Microsoft does not have much experience going into specific markets, the high growth potential within health care could prove it a winning move, analysts said. "This could be a meaningful proof point that Microsoft is serious in distinguishing itself in the health-care market," Holmes said. "Commercializing what is already a proven application is important for that sector."

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Microsoft Acquiring Medical Software Company (SEATBIZ)

Seattle Business Journal, July 27, 2006

Microsoft Corp. said it's buying Azyxxi, which makes software for doctors to use in hospitals, for an undisclosed sum.

The Redmond software maker (NASDAQ: MSFT) said the software was "designed by doctors for doctors" in the emergency department at Washington Hospital Center in Washington, D.C.

The software, Microsoft said, gives doctors information about a patient, including EKGs, X-rays, CT scans, MRI scans, PET scans and ultrasound images. The doctors who created the software, as well as about 40 employees from the development team at Washington Hospital Center, will join Microsoft to work on research and future modifications of Azyxxi, which the company said rhymes with "Trixie."

"Azyxxi has demonstrated strong and clear benefits to physicians and other clinicians," said Peter Neupert, corporate vice president of the health solutions group at Microsoft, in a statement.

Orthopedics Firm Says U.S. Probe Is Linked To Competitor's Email (WSJ)

By Jon Kamp

The Wall Street Journal, July 27, 2006

The Justice Department's antitrust probe of the orthopedics sector was prompted by a company representative's attempt to coordinate an industry response to a hospital pricing request, according to Zimmer Holdings Inc.

Five orthopedics companies, including Zimmer, announced last month they had received a Justice Department subpoena for several years worth of documents regarding possible federal criminal and antitrust-law violations. The Justice Department has confirmed it is probing "the possibility of anticompetitive practices in the implant-device industry," but has declined to confirm subpoenas or other facts concerning the investigation.

According to Zimmer, which released second-quarter results after the closing bell yesterday, a string of events appears to have touched off the probe.

In the fall of 2005, a representative at a hospital sent an email to orthopedics companies with a bid proposal regarding orthopedic-implant pricing, Zimmer said in its earnings release, which also detailed the antitrust investigation.

"Upon receipt of that email, a representative of one of Zimmer's competitors sent an unsolicited message to the same group of competitors that received the hospital's original message," Zimmer said. "The competitor's email proposed that the orthopedic companies adopt a uniform pricing strategy in responding to this hospital." Zimmer didn't name the competitor company in question.

Zimmer and its local independent distributor rejected the proposal.

Write to Jon Kamp at jon.kamp@dowjones.com1

Lawyer Is Upping The Ante In Claims Of Idea Theft In Hollywood (NYT)

By Allison Hope Weiner

The New York Times, July 27, 2006

LOS ANGELES, July 26 — In December the screenwriters Aaron and Matthew Benay filed a lawsuit here accusing Warner Brothers and others of stealing the idea for “The Last Samurai” from their screenplay of the same name. Three months later, another writer, Reed Martin, sued Focus Features and the director Jim Jarmusch, among others, saying they lifted “Broken Flowers” from his work. Shortly before that, yet another aggrieved writer, Maurice Fraser, filed suit against NBC Universal, saying it had taken the concept for its upcoming reality show “World Vision: An American Anthem” from his pitch “Battle of the States.”

What the three legal actions share — other than the writers’ not uncommon belief that someone in Hollywood has robbed them — is a connection to John A. Marder, a lawyer who has been quietly upping the ante when it comes to messy accusations of idea theft.

The latest in a long line of gadflies who contend that it’s their job to keep the studios honest, Mr. Marder has spent the last two years capitalizing on having won a federal appeals court decision that makes it easier for writers who pitch an idea or circulate a script to make a claim of theft stick.

The decision, in a case in 2004 called Jeff Grosso v. Miramax Film Corporation, held that studios, producers and anyone else who considers an idea offered for sale can’t rely on the federal Copyright Act in fighting claims that they have entered under an implied contract to buy it for fair value if it’s found acceptable. That ruling, by the United States Court of Appeals for the Ninth Circuit in California, gave writers a way to sidestep the difficulties of a copyright claim — and opened the door to a growing stack of suits that are keeping Hollywood’s legal machinery even busier than usual.

“It’s made things incrementally worse, but things were bad to begin with,” said George Hedges, a lawyer who represents Warner in the “Last Samurai” case.

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As Mr. Hedges sees it, the Grosso ruling did not so much revolutionize entertainment law as give unfortunate encouragement to those who come out of the woodwork claiming theft after any major film release. “There’s nothing more bitter than a scorned writer,” he said. “They are so frustrated with the environment and their inability to get projects sold, and they have this desperate quality to them.”

For Mr. Marder and his colleagues at the Manning & Marder, Kass, Ellrod, Ramirez firm, however, the pursuit of claims based on the Grosso ruling is shaping up as something of a crusade on behalf of the perennially oppressed.

“I’ll fight to the death for writers, and I know this part of the law better than anybody,” Mr. Marder said during an interview at his firm’s Art Deco offices in downtown Los Angeles. About the bitterness, at least, he agreed with Mr. Hedges.

“The people I deal with are emotionally scarred by the fact that something was stolen from them,” Mr. Marder said. “It means a piece of yourself was stolen.”

Oddly enough, Miramax appears to have won the Grosso case when a state court judge earlier this month threw out a claim that a pair of writers had stolen the idea for the movie “Rounders” from the writer Jeff Grosso’s 1995 screenplay “The Shell Game.” But Mr. Marder said he expected to appeal that decision. And his earlier victory in the appeals court laid down a principle that has complicated an already tense relationship between those who write for the screen and those who buy their wares.

In an unsuccessful brief opposing the 2004 appellate decision, one lawyer went so far as to predict that studios might close the door to all but well-known insiders. “Companies engaged in the development of entertainment programs may well find it necessary to refuse all contact or submissions from unknown writers — chilling the exchange of ideas, limiting the career prospects of many aspiring authors and potentially depriving the public of the production of new programs,” wrote Kelly Sager on behalf of Viacom Inc., parent to Paramount Pictures and other entertainment operations.

“To say these lawsuits are somehow a cancer on creativity is hogwash,” countered Pierce O’Donnell, another gadfly lawyer who made his mark by successfully suing Paramount for having lifted the idea for its 1988 movie “Coming to America” from the columnist Art Buchwald. “I don’t know a single writer driving a Mercedes because he or she unfairly held up a studio for stealing their intellectual property.”

Mr. O’Donnell eventually wound up adding MGM and other studios to his client list — something Mr. Marder, who relishes his role as an industry outsider, said he would never do. “I don’t socialize with them, and I can’t be bought,” he said. “All these guys are saying that I’m not in their club, and they’re right.”

Mr. Marder, 46, was born in Massachusetts but grew up in Athens after his father was appointed the military attaché to the United States Embassy. “My dad’s predecessor had been assassinated by Greek terrorists, so we always had bodyguards in front of our house growing up,” Mr. Marder recalled of the 18 years he spent in Athens. Mr. Marder, who speaks fluent Greek, attended the American Community School, where he became lifelong friends with the actor Greg Kinnear.

Sixteen years ago, Mr. Marder began carving a niche among unhappy writers by representing Mr. Kinnear in his lawsuit against the American Broadcasting Company, alleging that the network had stolen the idea for the hit television show “America’s Funniest Home Videos” from him. “Greg is a very level guy, but I have never seen him more emotionally upset than by what happened with ‘America’s Funniest Home Videos,’ ” Mr. Marder said. “We eventually won on appeal. The case was similar to Grosso, but there wasn’t the same effect because it was never published.”

Some industry lawyers have recently tried to minimize the impact of what has become Mr. Marder’s signature case — and, indeed, the lawyer is almost certainly facing a long fight in the “Last Samurai,” “Broken Flowers” and “World Vision” suits, all of which are being vigorously opposed.

“I haven’t seen that it makes any practical difference,” said Lou Petrich, the lawyer for Miramax who got the Grosso case dismissed this month. “I acknowledge that after the Ninth Circuit decision there was a lot of talk that the sky was falling, but it hasn’t so far.”

But Mr. Marder believes otherwise, saying the number of claims speaks for itself. “There’s a problem with the system when every time the studios release a movie, they get a bunch of claims,” he said. “There can’t be that many crazy people in the country.”

Friendster Patent On Linking Web Friends Could Hurt Rivals (WSJ)

By Vauhini Vara

The Wall Street Journal, July 27, 2006

Friendster Inc., known for bringing people together, could wind up making enemies among its peers.

Last month, the Web company was awarded a patent related to searching for people online based on their relationships, and it expects another patent to come through soon.

Now, company executives are weighing their options, including whether to sue rivals. "We want to protect our intellectual property," says Kent Lindstrom, Friendster's president. "We're evaluating what we should do."

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Patent controversies have become a familiar hazard on the Web as companies seek protection for emulating real-world concepts in virtual environments. For Friendster, patents could be an important new asset as it tries to reinvent itself. Many Web users have ditched it in favor of trendier rivals like Facebook Inc. and News Corp.'s MySpace. In June, the number of monthly U.S. visitors at MySpace tripled from a year earlier to 45.8 million, and visitors at Facebook doubled to 7.9 million, according to Nielsen/NetRatings, which tracks Web traffic. The number of visitors to Friendster is still under one million.

Back in 2002, Friendster pioneered social networking via Web sites. Founded by entrepreneur Jonathan Abrams, it struck a nerve among the young and Web savvy, who flocked to the site to track down old friends and meet new people.

Early on, while Friendster was grappling with competition and other issues, it filed about a dozen patent applications covering various aspects of social networking. The patent Friendster was granted last month covers "a method and apparatus for calculating, displaying and acting upon relationships in a social network" -- in short, acting as a hub to connect Web users with common acquaintances. "The attorneys we've talked to say the patent is very strong," Mr. Lindstrom says.

The company says it also received a "notice of allowance" from the U.S. Patent and Trademark Office this week indicating that the company is likely to soon be granted a patent that covers technology that lets users upload their own content, like photos, onto a friend's page.

Mr. Lindstrom says the company's lawyers are encouraging him to consider "taking people out from a litigation standpoint." But he says he is also weighing less extreme approaches, like asking for patent-licensing fees or not taking any legal action at all.

Friendster won't say which rivals it would potentially target, though MySpace and Facebook, as well as a spate of smaller upstarts, offer services similar to Friendster's. A MySpace spokesman declined to comment, as did a spokeswoman for Facebook.

As with other high-profile Web patents -- like Amazon.com's patent on "one-click" shopping -- Friendster's patents are likely to be closely studied. One issue is whether they cover fundamental inventions or features that competitors could easily avoid using.

"The claims seem pretty broad, like they might cover a lot of other social-networking situations," says Bill Heinze, an intellectual-property attorney at Thomas, Kayden, Horstemeyer & Risley LLP in Atlanta, Ga.

If others can show that their activities don't infringe on Friendster's claims or can point to similar technology that precedes Friendster, they could escape litigation, Mr. Heinze says. Indeed, New York-based Six Degrees Inc., a now-defunct Web company, was granted a patent for a form of database that could relate to social networking.

Some are skeptical of Friendster's claims. "People have been stalking each other on the Internet for years -- from Google vanity searches to lurking on somebody's blog reading what your ex is doing these days," says Jason Schultz, an attorney at the Electronic Frontier Foundation.

The San Francisco nonprofit is running a "patent-busting" campaign to combat patents that it sees as illegitimate. "I don't think they've really come up with an innovation for finding people you know," he says.

But Mr. Lindstrom argues that Friendster's founder, Mr. Abrams, who left the company and is preparing to launch a startup called Socializr, invented something original. "Two and a half years ago, you'd never heard of a social network," he says. "Jonathan Abrams did something, and suddenly this new thing existed. Maybe it doesn't seem new now, but it certainly did at the time."

Meanwhile, four years after its founding, Friendster is struggling to make itself over. "We went through a lot of ups and downs," Mr. Lindstrom says. "Strategically we weren't sure where we were going."

Mr. Lindstrom describes the company's growth problems as two-fold: People got fed up with performance issues, like pages taking several seconds to load, and the company made some missteps as it tried to add splashy features like a Web phone service. Users wanted some simpler improvements, such as being able to keep track of changes to their friends' pages.

After News Corp. acquired MySpace last year, Friendster tried to put itself up for sale. Mr. Lindstrom calls that effort "poorly timed," and nothing came of it.

Earlier this year, the company's investors infused it with $3.1 million in additional funding and put pressure on executives to improve performance, Mr. Lindstrom says. Now, the company is overhauling its management team and has modified its strategy.

Its new tack: Sell itself as a grown-up service, targeting adults in their 20s and 30s rather than trying to compete for MySpace's teenage audience or Facebook's college-aged users.

To address performance issues, Friendster hired a former Siebel Systems Inc. executive and engineering whiz, Chander Sarna, as vice president of engineering. With his help, the company has worked to speed up the Web site. It has also redesigned its front page so that users can more easily keep track of changes to their friends' personal pages.

EMI Shelves Warner Music Bid (FT)

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By Emiko Terazono And Andrew Edgecliffe-johnson In London

Financial Times, July 27, 2006

EMI has shelved its pursuit of Warner Music two weeks after a European court judgment cast doubt on whether regulators would allow further consolidation in the music industry.

The UK group is expected to confirm its decision to the London Stock Exchange on Thursday. This may prompt a statement from Warner, which had attempted a counter-offer after EMI's approach. EMI is likely to leave open the prospect of reopening merger talks if the regulatory climate improves.

EMI is understood to have had meetings this week and decided that the court's ruling that Sony BMG's 2004 merger would have to be reviewed threatened six to 12 months of regulatory uncertainty, during which any deal would be unacceptably risky.

"Nothing can happen here until this antitrust case is redetermined and reassessed. It's pretty hard to do anything with the Sony BMG situation going on," a person familiar with the decision said. "Quite frankly there is a timing issue."

People close to Sony BMG fear the group could be tied up for a year while the European Commission revisits the 2004 ruling, which allowed Sony of Japan and Bertelsmann of Germany to combine their music interests.

Warner's shares closed down 2.4 per cent at $25.210 on Wednesday, well below the $31-a-share proposal from EMI, which it had rebuffed a month ago. EMI, which had rejected a 320p-a-share proposal from Warner, was trading up 1.06 per cent at 261¾p.

The decision represents the third time Eric Nicoli, EMI's executive chairman, has failed to pull off a deal with his US rival. Mr Nicoli is thought to have support from his board to pursue an independent future, but Thursday's statement may revive shareholder questions about corporate governance.

The formal breakdown of talks which had already stalled will also put pressure on Warner's management, led by Edgar Bronfman, to demonstrate that it can continue its run of strong results. Warner is expected to release third-quarter results on August 3.

The development came as Bertelsmann began presentations in New York on Wednesday to would-be buyers of its music publishing business.

Six groups are understood to have made it through to the second round, including Warner Music and Universal Music. KKR, which had been working with EMI, is among those still in the auction but EMI's role is said to be fluid.

Other bidders are understood to include Goldman Sachs and Strauss Zelnick, a former BMG executive. Any successful bidder with existing music publishing assets could also face a review by the European Commission.

EMI Won't Pursue Its $4.6 Billion Bid For Warner Music (WSJ)

By Ethan Smith

The Wall Street Journal, July 27, 2006

EMI Group PLC is expected to say today that it is no longer pursuing a $4.6 billion proposal to buy Warner Music Group Corp., according to people familiar with the matter, marking the latest failure in a years-long effort to link the two music giants.

EMI and Warner, the world's third- and fourth-largest music companies by market share, had been locked in a battle to buy each other since May. Each company has floated two proposals to buy the other, but all four proposals have been rejected. Even after the last rejection by Warner, EMI had continued to insist that its offer was beneficial.

The effective withdrawal comes on the heels of a ruling by a European Court that called into question the viability of another big music merger, that of Sony Corp.'s Sony Music and Bertelsmann AG's BMG, which in 2004 were joined to create Sony BMG Music Entertainment.

That ruling, issued nearly two weeks ago by a European Union court in Luxembourg, clouded the already-murky regulatory prospects for an EMI-Warner deal. It could take as long as a year for European antitrust regulators to re-review the Sony-BMG merger. Their new verdict in that matter is viewed as a likely bellwether for the prospects of an EMI-Warner tie-up.

Amid depressed overall music sales and other problems, EMI and Warner have felt increasing pressure to merge, but each company's management has insisted on staying in the driver's seat in a combined company, helping drive up the value of the bids.

Also contributing to the ratcheting up of bids was the regulatory climate, which even before the recent court ruling was considered by some involved to be less than conducive to a deal. Even though EMI's offer was nearly double the price paid by a group of investors just three years ago, Warner's board was reluctant to accept it because of the risk that the deal wouldn't be approved.

For its part, EMI insisted that Warner's most recent counteroffer of £2.52 billion ($4.67 billion) wasn't big enough to be taken seriously. That offer was valued at 320 pence per EMI share; EMI's bid was valued at $31 a Warner share. At 4 p.m. in

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New York Stock Exchange composite trading, Warner shares were at $25.21, down 62 cents, or 2.4%. In London, EMI shares were at 261.75 pence, up 2.75 pence, or 1.1%.

Absent a deal with each other, there aren't many obvious strategic options open for either company to try to attain a size comparable to that of Sony BMG, the world's second-biggest music company, or Vivendi Universal SA's Universal Music Group, the biggest. It is also unclear what exit options are available to the private-equity interests that control 80% of Warner Music.

Throughout the recent process, top executives at both EMI and Warner have insisted that while a merger would be desirable, they are able to function without the cost savings that would be associated with a merger. People close to the deal have said the combined companies could save as much as $400 million a year by merging operations.

EMI Said To End Talks With Warner Music (NYT)

By Jeff Leeds

The New York Times, July 27, 2006

The EMI Group, the British music giant, has decided to call off, for now, its efforts to merge with a rival, the Warner Music Group, executives briefed on the two companies' negotiations said yesterday.

The decision by EMI comes after the two companies rejected each other's escalating takeover offers and after a European court ruling that raised doubts about regulatory approval of such a deal.

EMI is expected to make a formal announcement today, ending the latest round of deal-making efforts between the corporations, which have circled each other for several years.

Last month, Warner's board rejected EMI's offer of $31 a share, which valued the company at about $4.6 billion, after a series of bids and counterbids that started in May.

EMI's move comes two weeks after the European Court of First Instance in Luxembourg overturned regulators' approval in 2004 of a merger of the music units of Sony and Bertelsmann, plunging the industry into confusion. The ruling means regulators will re-examine the Sony-Bertelsmann venture, Sony BMG Music Entertainment, a process that could take as long as a year. Analysts, however, do not expect the venture to be unwound.

Still, the court issued a sharp critique of the review process of the regulators, prompting speculation that any new mergers could face significantly tougher scrutiny.

EMI said on the heels of the ruling that it focused on the "particular evidence" of the Sony BMG case and that its offer for Warner remained sound.

The two companies had a formal merger proposal in 2000, but pulled the plug amid objections from European Union regulators. Then, EMI tried to buy Warner Music from its former parent, Time Warner, in 2003, but lost out to a consortium of private investors led by Edgar Bronfman Jr., the former Seagram chief executive. Mr. Bronfman's team purchased the music unit for $2.6 billion and later took it public.

Many analysts continue to believe the two companies will eventually combine, a deal that would create the world's second-biggest music company and yield hundreds of millions of dollars in cost savings after overlapping functions and jobs are cut.

But the end of the most recent negotiations solidifies the industry's lineup of four major music companies. EMI and Warner rank as the third- and fourth-largest music companies by market share, and both trail their bigger rivals, Sony BMG, and the Universal Music Group of Vivendi, the industry's biggest player.

ENVIRONMENT:

Senate Passage Of Energy Bill Appears Assured (NYT)

By Michael Janofsky

The New York Times, July 27, 2006

WASHINGTON, July 26 — The Senate moved closer on Wednesday to passing a bill that would expand energy production in the Gulf of Mexico.

A procedural vote of 86 to 12 allowing the debate to begin signaled wide support for opening up large new tracts for drilling. Thirty-one Democrats and one independent joined all but one Republican, Olympia J. Snowe of Maine, in the early test vote, usually a strong indicator of a bill's potential to pass with bipartisan support.

But the consensus may be fragile, and the bill, if approved in a final vote that is expected next week, would still have to be reconciled with a very different drilling bill approved by the House.

The bill identifies 8.3 million acres for new energy development in the gulf, four times the area sought by the Bush administration through its lease program for 2007-12. It would also create protections for Florida's western coastline and

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establish a program that gives other gulf states — Texas, Louisiana, Mississippi and Alabama — 37.5 percent of royalties from energy production that now accrue to the federal government, potentially a shift of billions of dollars in revenues.

Republicans as well as some Democrats from energy-rich states have long sought efforts to increase domestic supplies of oil and natural gas as a way to reduce the high costs of gasoline and home heating fuel and to reducing the nation's dependence on foreign oil.

Democrats generally favor conservation and the development of alternative fuels as part of any major energy legislation. But many of them followed Senator Harry Reid of Nevada, the minority leader, in voting for the bill as a way to support Senator Mary L. Landrieu of Louisiana, one of just a few Democratic senators from the South, whose re-election prospects in 2008 would be enhanced by the revenue-sharing provisions for a state still recovering from last year's hurricanes.

"I think the vote reflects the Senate's recognition that this focused, bipartisan energy bill is the most important thing we can do in the near term to ease our energy supplies and stabilize energy prices," said Senator Pete V. Domenici, Republican of New Mexico, who is chairman of the energy committee and chief sponsor of the bill.

In remarks on the Senate floor before the vote, Ms. Landrieu called the bill "balanced, smart, necessary and needed."

Pointing to a photograph taken after Hurricane Katrina that showed a submerged federal highway leading to Louisiana's main oil and gas port, she said the percentage that states would receive was fair. "We're not trying to be hogs, but we're drowning down here," she said.

Despite the one-sided nature of the vote, the measure still faces uncertainties. Senate support, especially among Democrats, is likely to erode after an expected decision by Senator Bill Frist of Tennessee, the majority leader, not to accept major amendments.

"The goal is to keep the bill clean," said Carolyn Weyforth, a spokeswoman for Mr. Frist.

That prospect angered several Democrats, including Senator Jeff Bingaman of New Mexico, the ranking member of the energy committee, who voted for the motion to proceed but said he would vote against final passage. Mr. Bingaman called the bill "seriously flawed" for including coastal protections limited to Florida and for its revenue-sharing arrangement.

"We need good, long-term energy and fiscal policy for the country," Mr. Bingaman said. "Our energy problems cry out for thoughtful solutions."

Senator Ron Wyden of Oregon, a Democrat who voted against the motion to proceed, said Republicans were carrying out "business as usual" in keeping the Senate's only major energy bill this year narrow in scope.

Mr. Wyden called on Mr. Frist to consider amendments that would address fuel efficiency standards for cars, price-gouging measures directed toward oil companies, development of renewable energy sources and elimination of tax credits for oil companies that are reporting record profits.

"This subject is too important to ban the Senate from offering meaningful amendments," Mr. Wyden said.

Other problems loom in negotiations with the House, which last month passed a much broader measure for drilling in coastal waters. The House bill would end 25-year-old federal bans on drilling off the Atlantic and Pacific coasts and give all coastal states new controls over drilling.

Senate leaders say they doubt that any drilling legislation beyond the narrow scope of the gulf measure could pass in the time remaining for legislation this year while House leaders say they are eager to negotiate a final bill that looks more like their approach.

Representative Richard W. Pombo, the California Republican who heads the Resources Committee, said in an interview that he would be open to changes, including the kind the Senate leadership is resisting, like new fuel efficiency standards for cars, if they would help achieve compromise legislation that could pass both houses.

"At this point, just about everything is on the table to consider," Mr. Pombo said.

Ms. Landrieu said in an interview that she recognized that the Senate bill was only "half the solution."

"But it's an important half," she added, describing herself as cautiously optimistic that enough Senate Democrats would sustain their support to get the bill passed.

"Normally, I don't support limiting amendments," Ms. Landrieu said, "but we're very limited on time in the session and in this Congress. I support Frist's decision. Debating the pros and cons of additional elements only get us off track."

Gulf Coast Drilling Bill Nears Passage In Senate (WSJ)

By John J. Fialka

The Wall Street Journal, July 27, 2006

WASHINGTON -- The Senate appears headed toward passage of a bill opening 8.3 million acres in the Gulf of Mexico to oil and natural-gas exploration. Passage would come as part of a compromise that shares the expected royalties with four Gulf Coast states and promises Florida a buffer zone protecting its coastline by restricting drilling for 16 years.

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Senate leaders hope to pass the bill next week, using a procedure that will limit changes in the package.

As the Senate began debate, the White House issued a statement supporting the bill, while expressing some concern about the royalty-sharing provisions. Senate leaders hope the White House will press House Republican leaders to accept the Senate proposal, rather than push for a more ambitious House-passed plan to open both the Atlantic and Pacific coasts to offshore exploration.

"This is an American solution to an American problem," said Sen. Pete Domenici (R., N.M.), chairman of the Senate Energy Committee. He predicted that the passage of the bill will bring natural-gas futures prices down almost immediately because it is adjacent to proven gas-rich producing areas of the Gulf.

Supporters of the measure showed their muscle with a 86-12 procedural vote that suggests they have the 60 votes needed to close off filibusters.

The compromise was hammered out during the past month among senators from Florida and from Louisiana, Mississippi, Texas and Alabama, which would share some of the federal revenue. It is also supported by Senate Minority Leader Harry Reid (D., Nev.), who said the money would be used to help Gulf states replace wetlands that will give them protections against future hurricanes.

"What happened today is historic," said Jack Gerard, president of the American Chemistry Council, a leader of an industry coalition pushing to shrink federal moratoriums that prevent exploration for more domestic natural gas on the outer continental shelf. "We are changing a 25-year-old policy that doesn't make any sense."

Several Republican senators said they supported the House measure, which would open 356 million acres to exploration, as opposed to the eight-million-acre area involved in the Senate compromise. But there are concerns that opening the bill to that amendment, and another planned amendment that would force auto makers to build more fuel-efficient cars, could trigger weeks of debate and invite filibusters.

Sen. Jeff Bingaman of New Mexico, a ranking Democrat on the Senate Energy Committee, opposed the measure, complaining that it will share federal royalty payments with four Gulf Coast states that rightfully should belong to all 50 states.

Over the next 10 years, according to the Energy Committee, the measure would generate $1.5 billion in federal revenue. The states would share $540 million of that with 37.5% going to the Gulf Coast states and 12.5% going to land and water conservation funds in all 50 states.

Senate Set To Take Up Gulf Coast Oil Drilling (WT)

By Christina Bellantoni

The Washington Times, July 27, 2006

The Senate cleared a legislative hurdle yesterday to begin consideration and debate of a measure that would open the Gulf Coast to oil and natural-gas exploration.

Drilling off the coast -- and leaving in place protections for Florida's coastline -- has wide support in the Senate. The measure becoming law is more of a long shot because of the House's position on the matter.

Senators voted 86-12 to move forward on the bill, which would open 8 million acres in the eastern Gulf of Mexico in an area known as Lease Sale 181. The bill also would allow Gulf states to share in the revenue created from capturing new oil and natural gas. Supporters say it could yield more than 1 billion barrels of oil and immediately lower the price of natural gas.

Several steps will follow, including a maneuver to limit amendments and at least one day of debate. Senators said they expect a final vote early next week.

Sen. Mel Martinez, Florida Republican, who helped craft the bill, called it a "very fragile compromise."

He supports the measure only because it protects from drilling 125 miles of the Florida coast through 2022 and deals with a "very specific surgical strip." He said no other position would be acceptable in the full Senate.

"It would be hard for Florida to get this good a deal down the road," he said. "If it doesn't happen this way, then, no, it's not going to be open for bidding."

But the House last month voted 232-187 for a bill allowing drilling within 50 miles of the shore.

Sen. Pete V. Domenici, New Mexico Republican and chairman of the Energy and Natural Resources Committee, said the measure will decrease American dependence on foreign sources of oil.

The bill would open up "America's property," Mr. Domenici said.

He also alluded to the concerns of many legislators from both coasts who worry that opening the Gulf region could lead to oil rigs in all coastal waters.

"We ought to get on with changing 25 years of what started in California of a fear that was irrational and get on with reasonable, rational, safe deep-water drilling," Mr. Domenici said.

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Senate Minority Leader Harry Reid of Nevada scolded Republicans for not adopting Democratic energy proposals this year.

"This bill will do little or nothing to fix America's energy crisis or the failed Bush-Cheney energy policies," Mr. Reid said. "This country needs a crash course to develop alternative and renewable energy."

When asked whether the Senate bill would clear the House untouched, House Majority Leader John A. Boehner, Ohio Republican, said, "I think we would prefer our version of the bill ... our members feel pretty strongly about the House bill."

Rep. Richard W. Pombo, California Republican and chairman of the House Resources Committee, said Tuesday that he saw no way that the House would accept the limited Senate legislation as a substitute for its bill.

No action can be taken until September at the earliest, because the House will be in recess if and when the Senate passes the measure.

Drilling Bits (WSJ)

The Wall Street Journal, July 27, 2006

Gasoline prices reached an all-time high last week, and, lo, the Senate seems finally to have noticed. Against all odds, that body may at last allow a limited expansion of offshore oil-and-gas drilling to increase U.S. energy supplies.

This being the Senate, naturally there's a catch. Drilling opponent Mel Martinez (R., Florida) brokered the deal to allow drilling in some eight million acres in the eastern Gulf of Mexico, which boasts at least 1.25 billion barrels of oil and five trillion cubic feet of natural gas. But his price was a moratorium on any other projects within 125 miles of Florida's coastline, as well as sending 37.5% of certain new federal leasing royalties to the four Gulf states of Louisiana, Texas, Mississippi and Alabama. The oil and gas industry is understandably underwhelmed.

The bill is still worth passing, however, if only to get to a conference with the House, which last month gave the states authority over offshore drilling up to 100 miles out. The House bill provides for a permanent ban (versus today's limited federal bans) on drilling for the first 50 miles offshore, which could only be lifted if a state legislature explicitly voted to do so. From 50 to 100 miles, states would be responsible for defining what drilling could occur. Anything beyond 100 miles would be the federal government's mandate.

In short, the House bill offers greater protections to anti-drilling states, which would no longer be at the mercy of federal policy whims. Yet this is precisely what seems to worry environmentalists, who hold disproportionate sway in Washington and fret that state voters might actually support more drilling if it were safe and profitable.

Profitable it would be, too. The House bill would share royalty revenue with all coastal states (not just the Senate four), and provide 63% of royalties to states with projects within 12 miles of their coastlines (the feds currently keep all revenues beyond three miles). All of this would be a windfall for state treasuries, even before the new jobs and business income from more drilling.

The political somersaults this all inspires are amazing to behold. New Mexico Democrat Jeff Bingaman opposes the Senate bill because he says Treasury can't afford to share money with the states. But this is the same Senator Bingaman who brags incessantly about all the federal spending he brings home. (Recent lead headline on his Web site: "Bingaman Secures Millions for N.M. Health and Education Initiatives.")

The Bush Administration is also whining about lost federal revenues. But Lease Area 181 (the subject of the Senate bill) in the Gulf would already be operational -- thanks to a deal worked out by Bill Clinton -- if Mr. Bush hadn't agreed to give Florida Governor Jeb Bush a political hand in 2001 by delaying the leasing contracts. President Bush could also have forced the offshore drilling issue long ago had he used his executive power to end the current federal moratorium.

Federal royalty sharing with the states -- which also share some of the (admittedly small) environmental risks -- seems a small price to pay to get more domestic oil and gas supplies. And White House support for this new state windfall might even increase pressure on coastal-state Senators to vote for a more sweeping House-Senate compromise coming out of conference. If even $3 gasoline and expensive natural gas don't cause Congress to allow more U.S. drilling, the politicians deserve whatever retribution voters deliver in November.

Stiffing Fuel Economy (WP)

The Washington Post, July 27, 2006

THE SENATE is considering a bill this week to allow drilling for oil and gas on more of the country's Outer Continental Shelf. The bill has problems, but the basic concept of increasing offshore production is sound. What is not sound, however, is the apparent refusal by the Senate leadership to allow consideration of an amendment to increase auto fuel economy standards. With energy prices high, the temptation to deal only with supply shortages is perhaps understandable. But it makes no sense to think about America's energy problem without serious attention to how to cut energy consumption.

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The bipartisan proposal by Sens. Barack Obama (D-Ill.) and Richard G. Lugar (R-Ind.) is not radical. Unlike some other ideas for jacking up average fuel economy, it would not set an arbitrary miles per gallon figure. Rather, it would change existing law to create a presumption of increasing fuel economy each year. Currently, no such presumption exists, so fuel economy standards tend to stagnate for long periods and then rise anemically. Under this proposal, if federal regulators do nothing, average fuel economy targets would rise 4 percent annually -- a rate studies have suggested is achievable. If federal regulators wish to stop or slow the rise, they would have to justify a finding that such an increase was not technologically achievable, inconsistent with a safe auto fleet or harmful to the economy. The proposal, in other words, would flip the consequences of regulatory inertia from stagnating miles per gallon to ever-increasing fuel efficiency.

Unfortunately, Senate Majority Leader Bill Frist (R-Tenn.) is not allowing amendments -- so for now, the proposal seems to be going nowhere. The result is that once again, Congress may enact a major piece of energy legislation that does nothing to encourage responsible energy use. That's a foolish strategy.

Gas At $3 A Gallon Is Likely To Persist Until Labor Day (WSJ)

By Beth Heinsohn

The Wall Street Journal, July 27, 2006

Retail gasoline prices can be expected to hold near $3 a gallon until the beginning of September, the federal Energy Information Administration said.

No significant price declines are seen before Labor Day, when demand typically drops, the EIA said in its weekly analysis of petroleum data.

The average price of retail gasoline has risen 4.7% since the end of May, the traditional start of the high-demand gasoline season when people begin to take summer vacations, many of them road trips.

Price increases above the $3.003-a-gallon average national price seen for the week ended July 21 are possible, said the agency, the statistical and analytical arm of the Department of Energy.

"It remains to be seen whether prices during one or more of the remaining weeks of summer will exceed the previous record level of $3.07 per gallon, set on Sept. 5, 2005," the report said.

The 2006 Atlantic hurricane season has yet to produce a significant tropical storm, but three months remain. The National Hurricane Center has forecast 17 named storms -- fewer than the record 27 in 2005, but above the 50-year average of 9.6. The hurricanes that devastated the Gulf Coast heart of the U.S. petroleum industry in 2004 and 2005 didn't occur until August and September.

In addition, the chance of severe weather disrupting refinery operations rises in the summer. In June, oil spills from refineries followed torrential rains and flooding in both Corpus Christi, Texas, and Lake Charles, La. Severe thunderstorms knocked out power in the St. Louis area last week and forced the shutdown of ConocoPhillips's Roxana, Ill., refinery. Acting to forestall any supply shortages, state and federal environmental agencies Tuesday granted a 10-day waiver of clean-fuel regulations in three Illinois counties primarily supplied by the refinery.

As high as gasoline prices have risen on a nominal basis, they haven't reached their inflation-adjusted high of $3.20 a gallon (in 2006 dollars) set in March 1981, the EIA wrote.

In addition, the improved fuel economy of today's vehicles compared with those that were on the road 25 years ago means the average real fuel cost per mile of travel is below its 1981 level, according to the EIA.

Spent Nuclear Fuel Edges Closer To Yucca (CSM)

By Matt Bradley

Christian Science Monitor, July 27, 2006

What weighs a total of about 50,000 tons, is scattered among 31 states, and scares the daylights out of almost everybody?

For the congressional delegation of Nevada - home to the much-debated, much-delayed Yucca Mountain nuclear-waste site - the answer could be headed their way a little too soon. It was over their protests that the Department of Energy (DOE) announced last week that Yucca will begin accepting the nation's spent nuclear fuel by 2017.

True, this is about 19 years later than the department originally promised. But these days, nuclear power is on an upswing, thanks to climbing gas prices, concerns about climate change, and an increasing desire to diminish America's dependency on foreign oil.

Despite the shifting economic and political winds, however, policymakers and others are still wrestling with questions about spent nuclear fuel.

For its part, the DOE says its new dumping date is still a best-case scenario.

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But the new timetable, and a new political will for the project, have hardly swayed the senators of Nevada from their opposition. The timeline "is a wish list by the people who are trying to turn the state of Nevada into the nation's nuclear dumping ground," says Jon Summers, a spokesman for Sen. Harry Reid (D) of Nevada.

The new date comes as several pieces of legislation seek to address the decades-old issue of handling spent nuclear fuel. One such proposal, tacked onto an appropriations bill by Sen. Pete Domenici (R) of New Mexico, would empower the Energy Department to designate "interim" waste sites for up to 25 years, or until Yucca is complete. Most likely, the sites would designate existing or decommissioned power plants, where radioactive materials are already stored. However, the DOE has already acknowledged major bureaucratic challenges to granting speedy, temporary storage licenses for some 31 facilities.

For supporters of Yucca Mountain, the proposal for interim sites smacks of diversionary tactics.

"Senator Reid wants to make sure that the nuclear waste doesn't come to his state," says Charles Pray, a nuclear safety adviser for the state of Maine. "Even though the licensing is [for] 25 years, we're afraid that once it's there, it will be a long time before it moves out of the state."

Many states, including Maine, are suing the department for failing to remove their spent fuel by 1998 as originally promised. Maine expects a decision on its case later this year, and total damages against the federal government are expected to climb into the tens of billions of dollars. The DOE has so far doled out about $150 million in damages to commercial nuclear utilities.

The DOE has thrown its support behind legislation that would speed Yucca's progress by "streamlining" some remaining regulatory hurdles. "People on both sides of the aisle are seeing the need for an expansion of nuclear energy," says Craig Stevens, a spokesman for the department. "We're just looking at [the political dialogue] as a positive development in the discussion as we're moving ahead with the nuclear renaissance in this country."

After all, Yucca is widely touted as the world's most studied piece of real estate. The Nevada laboratory facility currently employs about 2,000 scientists and staff - a research effort that has already cost the government about $8 billion. Energy officials are convinced of the facility's safety.

But opponents of Yucca, particularly Nevada's powerful congressional delegation, blame the DOE for what they call politically motivated science. Some environmental groups say the proposed Yucca facility, as well as its location about 90 miles from Las Vegas, is unsafe. The office of Sen. John Ensign (R) of Nevada cites the threat of terrorism as a primary argument against a centralized waste site.

"There's a larger problem with putting [nuclear waste] on trucks and trains and shipping it all over the country to Nevada," says Jack Finn, communications director for Senator Ensign. "What's done in other countries is reprocessing on site, where waste is produced. That's an option Senator Ensign thinks we should pursue more vigorously."

Nuclear reprocessing, which is essentially a form of recycling for spent nuclear fuel, also forms the centerpiece of President Bush's Global Nuclear Energy Partnership project. Mr. Bush's proposal would fund an expansion of nuclear energy facilities in the United States and abroad. The project would also reclaim spent fuel for reprocessing in order to reduce waste and prevent the still-radioactive materials from falling into the hands of militant groups.

"If you were to take fuel rods, you could put them back, theoretically, into a nuclear reactor and burn that down even more," says Mr. Stevens.

But even if scientists perfect reprocessing for widespread use - so far, it has only been shown to work in a lab - Yucca Mountain remains the closest thing to a long-term waste solution, Stevens says. "We see nuclear power as the single environmentally clean, base-load source of electricity. Period. Yucca Mountain is the place, by science and by law."

Ohio Supreme Court Rejects Taking Of Homes For Project (NYT)

By Ian Urbina

The New York Times, July 27, 2006

The Ohio Supreme Court ruled unanimously yesterday that a Cincinnati suburb cannot take private property by eminent domain for a $125 million redevelopment project.

The property rights case was the first of its kind to reach a state's highest court since the United States Supreme Court ruled last year that municipalities could seize property for private development that public officials argue would benefit the community.

The Ohio decision rejected that view, and is part of a broader backlash. Since the ruling last year, 28 state legislatures have passed new protections against the use of eminent domain.

"This is the final word in Ohio, and it says something that I think all Americans feel," said Dana Berliner, a lawyer with the Institute for Justice, a public-interest law firm in Arlington, Va., who argued on behalf of the homeowners before the Ohio court. "Ownership of a home is a basic right, regardless of what the U.S. Supreme Court may have decided."

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Since the Ohio case was argued based on the state's Constitution, yesterday's decision cannot be appealed to the United States Supreme Court, which decides matters involving federal law.

The United States Supreme Court decision last year made it clear that state constitutions could set different standards for property rights.

"The Ohio decision takes the loophole that was left by the U.S. Supreme Court decision and drives a Mack truck right through it," said Richard A. Epstein, a law professor at the University of Chicago.

Mr. Epstein said the decision was especially surprising coming from the Ohio Supreme Court, which he said had rarely reached unanimous decisions and had often sided with developers. "But this decision indicates that the justices were entirely distrustful of planning officials and developers working under nebulous criteria."

The Ohio decision involves the city of Norwood, which moved in 2002 to seize about 70 houses for a project to build offices, shops and restaurants in a neighborhood widely viewed to be deteriorating. Virtually all the property owners sold their land voluntarily, often at prices greatly above their audited value, state officials said. All but three of the houses at the site have been bulldozed.

"We're just grateful that this is still a constitutional republic," said Joy Gamble, one of the plaintiffs in the lawsuit against the state. "We raised our children in that home, we lived there for 35 years, and we planned to live out our retirement there."

Mrs. Gamble said that after being evicted in February 2005, she and her husband, Carl, moved in with their daughter across the Ohio River in Independence, Ky.

"We were nervous because we knew that the same developer who built the mall across from us with help from the city and eminent domain was the one who wanted our land," said Mrs. Gamble, whose house is one of the three still standing on the contested site. "But in the end, the city and developer took it away and the courts gave it back, which makes you feel like there is real justice."

In a 5-to-4 decision last year in a Connecticut case, Kelo v. City of New London, the United States Supreme Court ruled that economic development is an appropriate use of the government's power of eminent domain. That decision gave New London the authority to condemn houses in an aging neighborhood to make way for private development.

The legal debate over eminent domain has not been whether governments could condemn private property to build a public amenity like a park or a highway. That power was established by the Fifth Amendment, provided that property owners are given "just compensation."

The conflict has been over government attempts to take private homes or businesses for redevelopment projects that at least partly benefit private entities.

Two months after the ruling in June 2005, Justice John Paul Stevens, who wrote the majority opinion, said he was bound by the law and legal precedent. But in responding to criticism, he called the outcome "unwise," and said that had he been a legislator he would have opposed it.

Ms. Berliner of the Institute for Justice said the Ohio decision was a reaction to the growing use of eminent domain by developers and local officials. Since the Kelo decision, more than 5,700 properties nationwide have been threatened with seizure or have been seized through eminent domain, a threefold increase from the numbers before that decision, she said.

The Ohio decision was a blow to Norwood officials, who hoped to gain $2 million a year in tax revenue through the seven-acre project.

"The city is running one hell of a deficit," said Mayor Thomas Williams, who predicted that the city would run out of money for its operating budget in October. "We're just trying to generate enough income to keep our doors open."

The developer, Jeffrey R. Anderson Real Estate, could not be reached for comment on whether the project would go forward.

The 58-page Ohio decision said that while economic factors may be considered in determining whether governments can take private property, the economic benefit to the government and community cannot be the only justification used for seizure.

"For the individual property owner, the appropriation is not simply the seizure of a house," Justice Maureen O'Connor wrote. "It is the taking of a home, the place where ancestors toiled, where families were raised, where memories were made."

The decision said that justifying the seizure by claiming that the area is deteriorating was unconstitutional because the term is too vague.

Court Ruling Says City Can't Take Property (USAT)

USA Today, July 27, 2006

NORWOOD, Ohio — The city of Norwood cannot take property by eminent domain to give to a private developer, the Ohio Supreme Court ruled Wednesday.

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In holding parts of Ohio's eminent domain law unconstitutional, the state's highest court set a different course than the U.S. Supreme Court did in its Kelo v. New London decision last year.

There, the Supreme Court ruled that a Connecticut city's taking of property for economic development was constitutional — but made clear that state constitutions could set different standards.

The Norwood case is the first major eminent domain case to reach a state supreme court since Kelo.

The case was brought by Joseph Horney, Carl and Joy Gamble and Matthew Burton, who argued that the city should not be able to take their properties and deed them over to Rookwood Exchange Partners for a $125 million shopping and office complex.

"The Ohio decision is a total victory for home and business owners in Ohio and across the country," said Dana Berliner, an attorney for the Institute of Justice, a Washington-based libertarian organization that represented the homeowners. "It will set an example for courts across the country to reject the Supreme Court's disgusting decision in the Kelo case."

The holdouts, unlike the dozens of other property owners who sold their houses to the developer for two or three times the appraisal value, refused to sell and took the case to the state Supreme Court.

The decision was a blow to the city of Norwood, which had counted on $2 million a year in additional tax revenue to help balance its budget.

Richard Tranter, a lawyer for Jeffrey R. Anderson Real Estate, one of the Rookwood partners, declined to say what the developer's next step would be.

"This is a sad day for Norwood and other Ohio cities desperately trying to revitalize their communities," Tranter said.

The houses of the plaintiffs are still standing, under a Supreme Court injunction blocking their demolition. They're the only houses left in what used to be a neighborhood of about 70 middle-class homes. They've been fenced off, salvaged for parts and neglected for more than a year.

Joy and Carl Gamble — who moved to Independence, Ky. — say they plan to move back to the old neighborhood. "At last, at long last," Joy Gamble said. "The Ohio Supreme Court has just made this a constitutional republic, the way it should be."

The court decision comes days before a task force is scheduled to recommend sweeping changes in eminent domain law to the Ohio General Assembly.

Six legislatures have put constitutional amendments on the ballot this fall to let voters restrict eminent domain — Louisiana, Florida, Michigan, South Carolina, Georgia and New Hampshire.

In addition, 29 state legislatures have passed laws limiting eminent domain since the Kelo decision last June, according to the National Conference of State Legislatures. Laws are in effect in 26 of the states.

Cold, Hard Facts (NYT)

By Peter Doran

The New York Times, July 27, 2006

Chicago

IN the debate on global warming, the data on the climate of Antarctica has been distorted, at different times, by both sides. As a polar researcher caught in the middle, I'd like to set the record straight.

In January 2002, a research paper about Antarctic temperatures, of which I was the lead author, appeared in the journal Nature. At the time, the Antarctic Peninsula was warming, and many people assumed that meant the climate on the entire continent was heating up, as the Arctic was. But the Antarctic Peninsula represents only about 15 percent of the continent's land mass, so it could not tell the whole story of Antarctic climate. Our paper made the continental picture more clear.

My research colleagues and I found that from 1996 to 2000, one small, ice-free area of the Antarctic mainland had actually cooled. Our report also analyzed temperatures for the mainland in such a way as to remove the influence of the peninsula warming and found that, from 1966 to 2000, more of the continent had cooled than had warmed. Our summary statement pointed out how the cooling trend posed challenges to models of Antarctic climate and ecosystem change.

Newspaper and television reports focused on this part of the paper. And many news and opinion writers linked our study with another bit of polar research published that month, in Science, showing that part of Antarctica's ice sheet had been thickening — and erroneously concluded that the earth was not warming at all. "Scientific findings run counter to theory of global warming," said a headline on an editorial in The San Diego Union-Tribune. One conservative commentator wrote, "It's ironic that two studies suggesting that a new Ice Age may be under way may end the global warming debate."

In a rebuttal in The Providence Journal, in Rhode Island, the lead author of the Science paper and I explained that our studies offered no evidence that the earth was cooling. But the misinterpretation had already become legend, and in the four and half years since, it has only grown.

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Our results have been misused as “evidence” against global warming by Michael Crichton in his novel “State of Fear” and by Ann Coulter in her latest book, “Godless: The Church of Liberalism.” Search my name on the Web, and you will find pages of links to everything from climate discussion groups to Senate policy committee documents — all citing my 2002 study as reason to doubt that the earth is warming. One recent Web column even put words in my mouth. I have never said that “the unexpected colder climate in Antarctica may possibly be signaling a lessening of the current global warming cycle.” I have never thought such a thing either.

Our study did find that 58 percent of Antarctica cooled from 1966 to 2000. But during that period, the rest of the continent was warming. And climate models created since our paper was published have suggested a link between the lack of significant warming in Antarctica and the ozone hole over that continent. These models, conspicuously missing from the warming-skeptic literature, suggest that as the ozone hole heals — thanks to worldwide bans on ozone-destroying chemicals — all of Antarctica is likely to warm with the rest of the planet. An inconvenient truth?

Also missing from the skeptics’ arguments is the debate over our conclusions. Another group of researchers who took a different approach found no clear cooling trend in Antarctica. We still stand by our results for the period we analyzed, but unbiased reporting would acknowledge differences of scientific opinion.

The disappointing thing is that we are even debating the direction of climate change on this globally important continent. And it may not end until we have more weather stations on Antarctica and longer-term data that demonstrate a clear trend.

In the meantime, I would like to remove my name from the list of scientists who dispute global warming. I know my coauthors would as well.

FBI/DEA/ATF/USMS:

New FBI Division To Probe Weapons Terrorists May Use (WP)

By Dan Eggen

The Washington Post, July 27, 2006

The FBI yesterday announced the creation of an investigative division focused on weapons of mass destruction, part of Director Robert S. Mueller III's latest reorganization plan aimed at gathering intelligence and preventing terrorist attacks.

In addition to the new WMD Directorate, Mueller told reporters he has hired an associate deputy to oversee finances and other administrative duties, and is adding or reshuffling several other senior positions.

The plan also includes a new science and technology branch encompassing the FBI Laboratory and other technical support services.

Mueller, who has overseen a series of realignments since the Sept. 11, 2001, attacks, characterized the latest moves as the third phase of a process aimed at making the FBI into an agile and modern domestic intelligence agency. Previous changes included a dramatic increase in the number of counterterrorism agents and the creation of a directorate focused on intelligence gathering and analysis.

"We have grown as an organization substantially since September 11," Mueller said. "It made sense in my mind to evolve the organization to what you see today."

Mueller's new associate deputy director -- FBI veteran Joseph L. Ford -- will be the No. 3 official and will oversee branches including human resources, information technology and finance. Ford, a special agent since 1981, worked on the Enron corporate fraud investigation and was head of the FBI's San Francisco office.

The WMD Directorate will be headed by Vahid Majidi, a former manager and scientist at Los Alamos National Laboratory who served as chief science adviser to the Justice Department.

Mueller said that the FBI and other intelligence agencies need to pay special attention to the catastrophic threat posed by weapons of mass destruction, particularly if they get into the hands of terrorist groups. "This is a reflection of the necessity of focusing our efforts on preventing weapons of mass destruction from being utilized in the United States," Mueller said.

The FBI has exploded in size over the last five years, especially in counterterrorism and counterintelligence. But Mueller has acknowledged difficulties in several areas -- including a failed effort to overhaul the FBI's antiquated case-management system -- and the bureau has been criticized by lawmakers and outside analysts for being slow to modernize itself.

The transformation has been complicated by turnover as dozens of high-ranking FBI executives have been lured to the private sector by fat salaries and generous benefits. Mueller said that while he is "not asking anyone to sign a blood oath," he hopes the reorganization will help with retention. "My expectation is that we'll be stable for the foreseeable future," he said.

FBI Creates Executive Position To Track WMDs (MCT)

DOJ_NMG_0043804

By Andrew Zajac, Chicago Tribune
McClatchy News Service, July 27, 2006

WASHINGTON - As part of an ongoing reorganization triggered by the Sept. 11 attacks, the FBI has put senior managers from outside the bureau in charge of three of five branches and created an executive position to track weapons of mass destruction.

The establishment of a directorate for mass destruction weaponry reflects a desire to coordinate information about the possibility of attacks, which Director Robert Mueller characterized as "a substantial concern."

"It is fair to say that anyone who is concerned about the safety of this country and the future, the concern is weapons of mass destruction and particularly weapons of mass destruction in the hands of terrorists," Mueller said Wednesday as the personnel changes were unveiled.

Vahid Majidi, the head of the new directorate, said his responsibilities include "any use of WMD," ranging from a so-called "white powder hoax" involving the mailing of harmless substances to efforts to set off a nuclear bomb in the United States.

Majidi, 44, a former chemistry professor at the University of Kentucky, was recruited from the Los Alamos National Laboratory, where he was the leader of its chemistry division, overseeing such programs as nuclear weapons research and homeland security. He also served as the Justice Department's chief science adviser.

He declined to comment on where the U.S. might be at risk of an attack. "We have vulnerabilities and we are aware of them," Majidi said.

Mueller said al-Qaida has been weakened by deaths and arrests, but remains capable of an attack.

As worrisome are a growing number of al-Qaida sympathizers who have no direct link to the terrorist network but may be inspired by it to launch an attack, said Philip Mudd, the bureau's No. 2 national security official.

Mueller also announced the appointment of Donald Packham, a retired BP executive, as executive assistant director for human resources. Two other branches, information technology and science and technology, also are headed by bureau outsiders, leaving national security and criminal branches in the hands of career FBI employees.

But Mueller said he didn't think the newcomers would have difficulty meshing in a bureaucracy that has traditionally promoted from within and that at times even has had difficulty working with other government agencies.

"In this day and age, I don't think it's an issue. ... I think we all recognize that there are areas of expertise out there," he said. "You cannot always look to within."

The stage for the latest reorganization was set by a wave of retirements of top managers caused in part by uneven hiring patterns stretching back decades, and by private industry's willingness to pay top dollar for federal law-enforcement experience.

Mueller said he thinks the revolving door has slowed for a while.

"My expectation is that we'll be stable for the foreseeable future," the director said.

A Redeployment At A Realigned FBI (LAT)

By Richard B. Schmitt, Times Staff Writer
The Los Angeles Times, July 27, 2006

Former officials of BP, Los Alamos and the CIA are named to lead branches as the bureau shifts its focus from crime to terrorism.

WASHINGTON — The FBI broke with one of its most storied traditions Wednesday, announcing changes in its top management that, rather than elevating onetime agents, tapped officials with extensive experience outside of the bureau for several key positions.

The realignment, unveiled by Director Robert S. Mueller III, put nonagents — including one who is a former oil company executive and another who rose through the ranks of the CIA — at the helms of three of the bureau's five major branches.

The moves were a tacit acknowledgment of troubles the FBI has had keeping up with advancements in areas such as science, computer technology and human resources.

The changes also reflect the FBI's rapid growth since the Sept. 11, 2001, terrorist attacks: The bureau's workforce has increased by thousands, and its mission has changed from focusing on law enforcement to gathering intelligence and rooting out terrorists.

The personnel shuffle, Mueller said, was aimed at "areas where we need expertise from the outside … to enable us to do the investigative and intelligence functions that are at the heart of what we do."

He added: "If you come into the FBI as an agent, … you come in wanting to be an investigator. So bringing in people with [different] expertise is important."

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The changes leave FBI careerists in charge of the bureau's criminal and intelligence branches. Mueller also named a longtime agent to fill a new position of associate deputy director. But he created three positions that he filled with bureau employees who made their mark elsewhere.

Donald E. Packham, a former BP senior executive, will oversee human resources and training. Kerry E. Haynes, a former CIA director of technical collection, was picked to run a new science and technology branch.

Chief Information Officer Zalmai Azmi, whose resume includes a stint as a project manager at the U.S. Patent and Trademark Office, was given expanded duties in his role overseeing the bureau's computer operations.

Mueller also established a unit to study threats from weapons of mass destruction and named Vahid Majidi, a scientist formerly at the Los Alamos National Laboratory, as its director.

Since the days of J. Edgar Hoover, the bureau has been famously hidebound, promoting from within for its key positions. The longtime director had a vision of agents as renaissance men capable of handling any challenge thrown their way. But as the bureau has grown, many say that concept has lost viability.

Mueller's moves won praise from those pushing for the bureau to chart a new course.

"It is a welcome change," said Athan Theoharis, a professor emeritus of history at Marquette University in Wisconsin, who has written several books about the history of the FBI. "It reflects a sense that the bureau is not the center of knowledge and that you really can improve the bureau by bringing in people from the outside who have specialized knowledge. It has been a very insular agency."

The changes follow other steps Mueller has taken to rejigger the bureau's workings since Sept. 11.

He has redeployed thousands of agents from crime-fighting to terrorism prevention and reached into agencies such as the National Security Agency for help in running the bureau's intelligence unit. He has overseen the hiring of hundreds of analysts to look over the shoulders of agents and advise them about potential threats. And under his guidance, the bureau has attempted to create a separate career track that puts the analysts on a par with agents.

Whether those moves will be embraced by the rank and file is far from clear. Some critics of the bureau say the recalibration is destined to fail because the bureau's culture perpetuates a focus on fighting crime rather than sniffing out terrorist threats.

Problems with technology and personnel have been behind some of the bureau's biggest headaches in recent years. The FBI is still recovering from an ill-fated computer upgrade that was ultimately scrapped at a cost of more than $100 million. A bungled fingerprint analysis at its Virginia crime laboratory resulted in a Muslim lawyer in Oregon being falsely accused of having a hand in the 2004 Madrid train bombings.

Mueller, the FBI director since 2001, on Wednesday acknowledged mistakes on his part. "I did not do the things that I should have done" to prevent the computer system foul-up, he said. "I don't expect to make those same mistakes again."

The bureau also is coping with chronic turnover among top managers who are leaving for better-paying jobs in the private sector as corporations improve their security. For instance, the bureau's top national security official departed in June for a security job with a major cruise line operator.

Mueller said that Packham, the new personnel chief, would have broad-ranging responsibility throughout the FBI, "from recruitment to hiring to training to executive development," as part of the effort to respond to the turnover.

Mueller said he hoped that as the bureau's new managers settled into their posts, they would help restore stability to the bureau. "I'm not asking anybody here to sign a blood oath," he said. "But my expectation is we'll be stable for the foreseeable future."

New FBI Unit Focuses On WMDs (LAT/AP)

By Associated Press

The Los Angeles Times, July 27, 2006

WASHINGTON — A new unit at the FBI is focusing on preventing an attack on the United States with chemical, biological or nuclear weapons, FBI Director Robert Mueller said Wednesday.

The FBI has hired Vahid Majidi, a chemist from the Los Alamos National Laboratory in New Mexico, to run the new weapons of mass destruction directorate, Mueller said at a briefing for reporters at FBI headquarters.

"I think it is fair to say that anyone who is concerned about the safety of this country and the future, their concern is weapons of mass destruction and particularly weapons of mass destruction in the hands of terrorists," Mueller said.

The WMD office is part of the latest reorganization at the FBI since the Sept. 11, 2001 terrorist attacks.

Al Qaida's leadership has been damaged by U.S. anti-terror efforts over the past five years, but the group retains the capacity to launch a future attack on the United States, Mueller said.

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And a growing number of people in the United States who have no affiliation with al Qaida nevertheless share its view that "the killing of innocents to meet an end is acceptable," said Philip Mudd, the No. 2 official in the FBI's new national security branch.

U.S. authorities last month arrested seven men in a plot to attack Chicago's Sears Tower and government buildings. Prosecutors say the plot was in the preliminary stages and that the suspects had no ties to al Qaida.

Majidi said his office looks at the range of possible attacks from the individual who mails an envelope filled with white powder to efforts to detonate a nuclear weapon on U.S. soil.

Mueller: FBI Restructuring Will Improve 'Business Side' (FOX)

FOXNews.com, July 27, 2006

WASHINGTON — FBI Director Robert Mueller on Wednesday detailed the next steps of his organization's restructuring — ongoing since the days after the Sept. 11, 2001, terrorist attacks — including a new business-side position and a weapons of mass destruction division.

Mueller said the new changes will be good for both the function of the agency and its finances.

"We are better able to have leadership from the top down. ... We can align our personnel and our budget," Mueller told reporters during a briefing at Justice Department headquarters.

The changes are the latest in a series that began with the immediate restructuring after Sept. 11 of the domestic intelligence bureau to respond to terror threats and the founding of the bureau's intelligence-gathering program.

Part of the so-called "Phase 3" changes will include a new position that Mueller said is aimed at maintaining the "business side of the house" of the agency. That position will be filled by new Associate Deputy Director John Ford, who will be in charge of personnel, budget, administration and infrastructure capabilities. Mueller appointed Ford, a career FBI employee, to the position on Tuesday.

The new post is meant to give Mueller and Deputy Director John Pistole more time to deal with "programmatic" issues. Mueller said that terror is still a problem for this country. While the command structure of Al Qaeda, the terror network that was operating inside the United States before the 2001 attacks, has been damaged by domestic efforts since the initial reorganization, it is still capable of attacking within U.S. borders, he said.

Part of the reorganization calls for the FBI to be split into five branches, the leaders of which have the title of executive assistant director. The five branches are under the headings of national security, criminal investigations, human resources, science and technology and the Office of the Chief Information Officer.

The National Security Branch is hosting a new FBI function in its weapons of mass destruction directorate. Vahid Majidi, a former official at the Justice Department and chemistry division leader at the Energy Department's Los Alamos National Laboratory, will be in charge of the directorate, which will prepare against domestic WMD attacks.

Majidi said his office seeks to prevent biological attacks by U.S. mail and nuclear detonations, among other threats. Federal authorities have been long thwarted in its efforts to identify the source of the anthrax mail attacks in 2001 that killed five people.

One of the more frightening possibilities of nuclear attack on U.S. soil is a "dirty bomb," or a simple explosive device that could be detonated to spread radioactive material. Terror suspect and former Chicago gang member Jose Padilla was initially implicated in a dirty bomb plot, but a Miami-based federal indictment only mentions alleged terrorist training activities.

"I think it is fair to say that anyone who is concerned about the safety of this country and the future, their concern is weapons of mass destruction and particularly weapons of mass destruction in the hands of terrorists," Mueller said.

"This is a reflection of focusing our efforts on preventing a weapon of mass destruction being used in the United States," he said.

He said, however, that he was not aware of any specific threats of such an attack.

Though no such threats are imminent, Philip Mudd, the No. 2 official in the FBI's new national security branch — one of five new branches — said a growing number of U.S. residents share Al Qaeda's view that "killing of innocents to meet an end is acceptable."

He said he doesn't believe those people are actually affiliated with Al Qaeda, but they are definitely willing to use their modus operandi. For instance, last month authorities broke up an alleged plot to attack the Sears Tower in Chicago and other prominent buildings throughout the country.

Seven men were arrested but prosecutors have said they have no apparent ties to the terror group behind the Sept. 11 attacks.

FOX News' Ian McCaleb and The Associated Press contributed to this report.

DOJ_NMG_0043807

FBI Adds New Leadership Position (FCW)

By Michael Hardy

Federal Computer Week, July 27, 2006

The FBI has added a new position to its leadership structure: associate deputy director. Joseph Ford, the first to hold the job, will oversee management of the bureau's employees, budget, administration and infrastructure, including technology.

FBI Director Robert Mueller, in announcing the position and other internal realignments, said the position will be similar to that of a chief operating officer at a company and will be third on the agency's chain of command.

The FBI got final approval July 24 to pursue its realignment plans, Mueller said. In addition to Ford's appointment, several other new leaders have been brought to the Washington, D.C., headquarters office and the organizational chart has been redrawn.

Mueller said he resisted using the word reorganization.

"People call it a reorganization, but really it's a realignment of responsibilities," he said. "We as an organization have to change in response to threats we see."

The new structure includes five branches, each led by an executive assistant director. One of the new branches, Science and Technology, combines the agency's computer crime efforts into one organization. Executive Assistant Director Kerry Haynes, formerly with the CIA's Directorate of Science and Technology, heads that branch.

In addition, the Office of the Chief Information Officer is now its own branch, a change intended to coordinate the bureau's information technology efforts more tightly with strategic planning, finance, security and facilities management.

The FBI began planning changes immediately after the 2001 terrorist attacks to fight the emerging threat more effectively, Mueller said.

"This has taken a tremendous amount of time to come to fruition," he said.

Threats Up Against Federal Judges (USAT)

By Donna Leinwand

USA Today, July 27, 2006

Threats against federal judges and other court employees have reached record numbers, the U.S. Marshals Service says.

The number of threats in fiscal year 2005 increased 63% from 2003. Marshals investigated 953 threats and inappropriate communications in 2005. Threats this fiscal year, which began Oct. 1, are outpacing last year: Marshals have investigated 822 incidents.

“It seems like every few months there's some type of major threat to a judge,” says U.S. Marshals Service Director John Clark. “It's very clear to me that we need to continue to be vigilant.”

The Marshals Service, charged with protecting federal judges, prosecutors, jurors and other court employees, has tripled its number of threat investigators and analysts from eight to 25 to respond to the threats, says Donald Horton, chief inspector for the Marshals' Office of Protective Intelligence. A 24-hour threat analysis and intelligence center with new technology becomes fully operational in October, Clark says. “We're striving for faster, real-time analysis,” he says.

“All threats can be evaluated within a 24-hour period if not instantly,” Horton says.

He attributes the increase in threats to more litigation, more aggressive communication from people with complaints against judges, easier access to judges' information and improved reporting of threats.

Recent high-profile shootings have drawn national attention to judicial security and underscored weaknesses in judicial protection.

In February 2005, a man with a history of threatening letters and angry court filings broke into U.S. District Judge Joan Lefkow's house in Chicago and killed her husband and mother. The man killed himself nine days later during a traffic stop in Wisconsin.

A year before the killings, a U.S. Justice Department inspector general's report criticized the marshals' threat assessment process as “untimely and of questionable validity.”

The inspector general found that the marshals failed to meet their own time standards in more than 73% of the threat assessment cases.

Congress responded to the Lefkow murders by approving nearly $12 million to install security systems at judges' homes. Congress also is considering other security proposals, including tougher criminal penalties for people convicted of threatening judges.

State judges, who are not under the marshals' protection, also are vulnerable. In June, Washoe, Nev., family court Judge Chuck Weller was shot in court chambers.

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30 Held On Charges Of Smuggling East African Stimulant To U.S. (NYT)

By Kareem Fahim

The New York Times, July 27, 2006

The narcotic shrub is widely known as khat, and a kilogram of the highest quality crop costs about $10 in Ethiopia. But here, where the stimulant is illegal, the markup is considerable: It brings as much as $900 a kilo.

Yesterday, law enforcement authorities arrested 30 members of what officials called the largest khat distribution network in the United States, an organization that they say smuggled up to 25 tons of the plant, earning up to $10 million a year by selling the drug in cities like San Diego, Minneapolis and New York.

Bringing the plant — which must be kept fresh — to the United States was no small feat for the traffickers, the authorities said. They transported it from East Africa in suitcases with couriers or sent it in express-mail pouches and sold it in the United States to immigrants who were used to buying it in places like Yemen and Somalia for pennies.

The buyers were mostly from countries where khat is legal and a central part of social life, the authorities said. And while officials said that they had seen few new users trying the drug, they stressed that acting against the traffickers would forestall an increase in popularity here.

"We hope that khat never becomes a mainstream drug of choice," said John P. Gilbride, the special agent in charge of the federal Drug Enforcement Agency's New York office. He said the traffickers often shipped the drug through European countries where it is legal, including England.

Khat, a word whose pronunciation varies by country, contains cathinone, an addictive stimulant that health officials say is associated with side effects like depression, heart disease and hallucinations.

Users of the drug often chew its softest leaves or the stalks, which produces a mild euphoria but also a bitter taste that is usually washed down with a beverage. Or the leaves can be dried and added to tea or sprinkled on food.

In Yemen, daily commerce pauses for hours in the afternoon, when bundles of the plant arrive in the markets.

The 30 suspects arrested yesterday were among 44 indicted in the case, according to the United States attorney's office in Manhattan. The others are still at large.

New York was the distribution hub, Mr. Gilbride said. One of the traffickers, Osman Osman, worked in the mailroom at the United Nations and twice smuggled the plants in a diplomatic pouch, officials said.

Dozens Arrested In Distribution Of African Stimulant (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, July 27, 2006

NEW YORK -- Federal agents rounded up 30 people around the country early Wednesday in a series of raids that officials said broke up a large international smuggling ring that imported tons of the narcotic plant khat into New York from eastern Africa.

The smuggling ring allegedly used couriers flying into Kennedy and Newark Liberty airports, Express Mail packages and diplomatic pouches sent to the United Nations in Manhattan to bring in about 25 tons of khat in what is believed to be the largest such trafficking operation in U.S. history, federal officials said.

Officials said they also broke up an informal banking system known as "hawalah," allegedly used to ship khat proceeds back to Africa.

Fresh leaves of the khat plant, known as "bushman's tea" and "African salad," are classified as controlled substances under U.S. law. The plant, which is native to northeast Africa and parts of the Arabian peninsula, must be harvested and brought to consumers in about 48 hours or it chemically breaks down, investigators said.

The rapid decomposition means that smugglers must move quickly. Officials said the plant is chewed to produce a euphoric effect and is popular among emigrants in the United States from Somalia, Yemen and neighboring countries. According to federal investigators, about 150 tons of khat are exported each week from Kenya to supply worldwide demand. The plant is transhipped to Europe and then to New York. Khat is legal in Britain but banned in most other Western countries, according to published studies.

According to a five-count federal racketeering indictment unsealed Wednesday, the smuggling ring shipped an estimated 25 tons of khat into the United States between December 2004 and this month. Five tons were seized during the investigation. Investigators said luggage and boxes filled with khat were taken to northern Manhattan and the Bronx where other couriers shipped the plants by land to Ohio, Minnesota, Washington, Illinois, the District of Columbia and other states.

Apart from the 30 people arrested Wednesday, federal officials were seeking 14 others considered fugitives. One of the suspected organizers of the ring who was arrested was Osman Osman, identified as a Somali national who had been working at

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the UN in New York. Manhattan U.S. Attorney Michael Garcia said at a news conference that Osman allegedly received khat shipments through diplomatic pouches. But prosecutors wouldn't say from which nation the pouches were sent.

John P. Gilbride, head of the Drug Enforcement Administration office in New York, said that while there is "limited intelligence" khat is being used by native-born Americans, it hasn't taken off as a mainstream drug of choice outside of some immigrant communities.

Dozens Arrested In U.S. Crackdown On Khat Smuggling (MCT)

By Marisa Taylor

McClatchy Newspapers, July 26, 2006

WASHINGTON - Federal prosecutors charged 62 people Wednesday with smuggling more than 25 tons of the African plant khat into the United States, where it's used as an illegal stimulant.

The group is accused of smuggling bundles of the plant from Africa through Europe into immigrant communities in Minnesota, Washington state, Illinois, Ohio, Maine, Massachusetts, Utah and Washington, D.C., from December 2004 to July 2006.

Federal agents are investigating allegations that the group may have links to warlords in the Horn of Africa region, which covers Somalia and Ethiopia.

"It is suspected that there are ties to some type of terrorist organization," said a federal agent, who spoke on condition of anonymity because the investigation is ongoing.

The indictments don't allege any terrorism activities, but they allege that the group laundered drug proceeds in Minnesota and New York through hawalas, an informal network of money remitters commonly used by some immigrants, and wired money to bank accounts in Dubai.

FBI assistant director Mark Mershon told a news conference in New York that the investigation continues in pursuit of "the ultimate destiny of the funds," which intelligence suggests is based in "countries in East Africa which are a hotbed for Sunni (Muslim) extremism and a wellspring for terrorists associated with al-Qaida."

By late Wednesday afternoon, agents from the Drug Enforcement Administration and the FBI had arrested 45 people, including 10 in Minneapolis and 12 in Seattle. Agents describe the 18-month khat investigation as the largest ever of its kind.

The defendants, predominately of East African origin, are charged with shipping the plant to New York in express-mail packages or through couriers on commercial airlines.

One of the suspected ringleaders, Osman Osman, was employed at the United Nations and used the U.N.'s diplomatic pouch to smuggle the plant into the United States, authorities allege.

Other couriers then rushed the drug to the streets because khat is most potent when it's used within days of cultivation, DEA spokesman Steve Robertson said.

Exporters harvest the plant daily in Kenya and Ethiopia, authorities said. To maintain freshness, the plants are wrapped in banana leaves. Users chew the plant, experiencing euphoria and side effects that can include hallucinations and outbursts of violence, according to the DEA.

Tsehaye Teferra, the president of the Ethiopian Community Development Council in Arlington, Va., said khat could be bought and sold legally in many African countries. When immigrants come to the United States, they often don't realize that the plant is illegal, he said.

"It is regarded by some as similar to chewing tobacco," said Teferra, whose organization helps African immigrants with social services. "Certain segments of society use it widely."

The DEA regards khat as dangerous.

"We're not comparing it to methamphetamine," Robertson said. "However, it's a highly addictive drug and can destroy lives just like any other drug."

The accused leaders bragged that they wanted to become the "kings of khat" in the United States, Robertson said.

According to the DEA, the group often threatened violence against its members and customers to keep them in line. The indictment alleges that suspect Bashi Muse threatened to kill a customer whom he suspected of stealing from the group.

If convicted, Osman and Muse could face life in prison. The other defendants face up to 20 years in prison on drug trafficking charges.

Three Roxbury Men Arrested In Stimulant-smuggling Sting (BOS)

By Adrienne P. Samuels, Globe Staff

The Boston Globe, July 27, 2006

DOJ_NMG_0043810

A late-night drug raid on a Roxbury apartment building, part of a multicity bust federal authorities said dismantled an international smuggling ring, has sparked debate about the use of khat, an herbal stimulant that is widely used in Africa but is illegal in the United States, where some say it is gaining popularity.

Agents from the US Drug Enforcement Administration, the FBI, and the US attorney's office arrested 42 people in cities from New York and Boston to Minneapolis and Seattle after an 18-month investigation dubbed Operation Somali Express. Authorities stormed an apartment building on Walnut Avenue in Roxbury Tuesday night, arresting three men on narcotics charges and detaining 15 others. Investigators said they seized 5 tons of khat in the multistate investigation, worth about $2 million.

Khat, also called qaat, is a plant that grows primarily in East Africa. When its leaves or stalks are chewed, it creates a feeling of alertness and increased brain power. It has been used for centuries in some cultures as a stimulant or appetite suppressant.

The plant contains cathinone , a potent stimulant that is illegal in the United States. The chemical degrades after several days, turning into a milder stimulant, cathine , which officials said can have the effects of a mild medicine.

In announcing the arrests yesterday, authorities said prolonged use of the drug can cause problems from mild depression and insomnia to irrational violence and psychosis.

Because it has been a part of some Middle Eastern and North African cultures for centuries, as widely used as coffee or cigarettes, some immigrants apparently have become confused about its status in the United States.

``There needs to be a standard across the states, because in some places they throw it away at the airport and in other places they take you to jail," said Abdirahman Yusuf , executive director of the Somali Development Center in Jamaica Plain. ``And ironically, in places like England, it's legal . . . Somalia, Ethiopia, and Yemen are three other countries where people regularly use it, and it's acceptable and it's legal.

``A good analogous thing would be how alcohol is legal in this country," Yusuf said .

The local street value is about $300 a pound because of the unique harvesting and transport methods used , said officials. In eastern and northern Africa, it sells for $1 (in US dollars) a bunch and is traditionally used by men.

The DEA said the suspects used a complex international system to smuggle about $10 million in khat, some of it through Logan International Airport. Carriers were often found in London pubs, according to federal and state affidavits.

Referring to Operation Somali Express, the DEA said it needed to take down the drug ring before the stimulant gained broad usage in this country.

``We didn't want khat to become the new drug of choice for Americans," said Steve Robertson , a DEA special agent based in Washington, D.C. ``The people we're arresting are of national origins from the Horn of Africa . . . but it doesn't take long for it to be shared."

The men arrested in Boston were Hassan Sadiq Mohamed , Abdulahi Hussein, and Ismaciil Geelle . Two others, Younas Haji and Saeed Bajuun, are being sought. Another man, Liban Abdulle , was arrested previously and is out on bond. The men are Somali nationals, and some will be removed to New York, where the indictment was filed. Abdulle and Geelle will face charges in Massachusetts, authorities said.

The other men detained were to be released, said Samantha Martin, spokeswoman for the US attorney's office. Officials said these men are either US citizens or legal permanent residents.

Neighbors said the men arrested in Roxbury were Somali and that many of them worked as taxi drivers. The neighbors declined to be identified for fear of retribution.

The sting had many in the immigrant African and Arab community discussing the merits and problems of khat.

The plant came into high usage during the civil wars that ravaged Somalia in the early 1990s. Many poor people who could not afford food turned to khat as a way to stave off hunger.

But, when combined with other drugs, it becomes problematic, contended Yusuf, who said he used the plant in his native Somalia.

``Like too much beer, it can cause serious problems," he said. ``It affects their health and economic well-being if they overuse it."

Binyam Tamene , executive director of the Ethiopian Mutual Assistance Association in Cambridge, said he wishes he had done a better job of informing his countrymen of the illegal status of the plant.

``It actually makes you kind of calm and more into the deep discussions," said Tamene, who is from Ethiopia. ``In some ways, I feel responsible for not addressing this in the community. People come direct from Ethiopia and may not be very much aware of what plants are prohibited here, and they think it's normal because that's how it is in Somalia or Ethiopia."

Jennifer Leaning , a Harvard professor who traveled extensively in Somalia in 1992, said health workers at the time would often stay away from young men seen chewing the substance.

``Food was extremely short in Mogadishu at this time, so they were chewing the khat to ease the hunger pains and to deal with the fear and high energy of this very bloody war," said Leaning, a professor of international health at Harvard's School of Public Health.

DEA officials said it was easier to break down this drug cartel because, unlike cocaine and heroine imports, khat came in through limited channels.

``We've taken out their whole command-and-control structure," said Robertson, the special agent.

``It is our job to track drug trends, predict new trends, and try and dismantle these trafficking organizations."

Four Mass. Men Named In Indictments Of African Stimulant Ring (AP)

By David B. Caruso, Associated Press Writer

AP, July 26, 2006

NEW YORK --Federal agents say they have broken up a smuggling ring responsible for most U.S. distribution of a leafy stimulant called khat, which is illegal here but commonly used in East Africa and parts of the Arabian peninsula.

Prosecutors announced the indictment of 44 people in New York on Wednesday on charges that they helped bring 25 tons of the plant into the U.S. in recent years.

All but 14 of the suspects were under arrest after a series of sweeps in several states. Some 5 tons of the drug, worth $2 million, have been seized by agents during the 18-month investigation, authorities said.

Hassan Sadiq Mohamed and Abdulahi Hussein of Boston were arrested on Tuesday night. Authorities are still seeking Boston residents Saeed Bajuun and Younas Haji. Two other Boston men -- Ismaciil Geelle and Liban Abdulle -- were charged last week in a separate criminal complaint in connection with the case.

Simultaneously, a federal grand jury in Seattle indicted 18 more people on khat importing charges. Fourteen were under arrest. The six-month spin-off of the New York probe led to the seizure of 1,000 pounds of khat.

The U.S. Attorney in Manhattan, Michael Garcia, said the cases signal that law enforcement agents are taking the drug seriously, even if it remains unknown to most Americans.

John Gilbride, the special agent in charge of the Drug Enforcement Administration's New York office, called it "highly addictive and devastating" to the people who use it.

That assessment is not universal.

Khat is a common and socially accepted drug in Yemen, Somalia, Kenya and Ethiopia.

Users chew it, like loose tobacco, and generally experience a mild buzz that lasts for anywhere between 90 minutes to a few hours. It can also cause an elevated heart rate and blood pressure and create a feeling of euphoria.

Overseas, it is seen as a social ill but an acceptable one, like alcohol. England considered a ban on khat this year but decided against it.

It is illegal in the U.S. because it can contain two controlled substances: cathonine, which is found in very fresh khat leaves, or cathine, a less potent chemical that turns up once the plant dries.

The wave of arrests Wednesday bothered Omar Jamal, the executive director of the Somali Justice Advocacy Center in St. Paul, Minn. He said the drug is routinely used among immigrant Somalis in the U.S.

"I think it is very sad because khat is linked to Somali culture," he said. "It's part of the social system."

Investigators said the defendants arrested Wednesday mailed khat to the United States in packages or sent it with couriers aboard commercial airlines. From New York, it made its way to Ohio, Minnesota, Maine, Massachusetts, Utah, Washington, Illinois and Washington, D.C.

Some amounts of the drug were also smuggled into the U.S. inside United Nations diplomatic pouches, which are not subject to inspection by customs agents.

One of the suspects under arrest worked in a mailroom at the U.N., officials said.

Several of the defendants also face charges that they laundered money from the operation by passing it back to Africa and the Middle East through a series of banks and informal currency transmitting networks.

FBI agent Mark Mershon, the assistant director in charge of the bureau's New York office, said the next phase of the investigation will be to "follow the money" back to the East African nations where the drug originated.

Mershon said some of the areas involved have attracted attention as "a hotbed for Sunni extremism," and there have been reports that terror groups and regional warlords have financed their campaigns through khat sales.

Authorities said none of the 44 charged in New York on Wednesday had any known link to terrorism.

People have been getting arrested for khat possession in the U.S. for years, but the busts have increased in frequency as the Arab and East African immigrant communities have grown.

In recent months, police have made arrests from Wichita, Kan., to Sioux Falls, S.D., to Wilkes-Barre, Pa.

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Medical studies have yet to conclude how bad khat can be to someone's health, but some research has linked it to depression, hyperactivity or hallucinations among longtime users.

Associated Press Staff Writer Gregg Aamot contributed to this report from Minneapolis.

Feds Charge Dozens With Smuggling African Stimulant (AP)

AP, July 26, 2006

SMUGGLING ARRESTS: Federal agents say they have broken two international smuggling rings that distributed tons of khat, an organic stimulant illegal in the U.S. but widely used in parts of East Africa and the Arabian peninsula.

THE DRUG: Users chew khat leaves to generate feelings of alertness and euphoria. In some countries, it is used as a social lubricant instead of alcohol. The World Health Organization classifies it as an abusive drug that can be moderately psychologically addictive.

AMERICAN USE: Khat is little-known outside immigrant communities from Somalia, Ethiopia, Yemen and Kenya, but imports have increased substantially over the past decade.

14 Area Residents Arrested In Big Khat-smuggling Bust (SEATIMES)

The Seattle Times, July 27, 2006

Fourteen Seattle-area residents were arrested today during early morning raids aimed at breaking up an international smuggling operation that allegedly brought into the U.S. up to 25 tons of khat, a highly-addictive drug cultivated in eastern Africa.

Today's raids on 17 King County locations were part of a larger federal investigation begun 18 months ago by the New York office of the Drug Enforcement Administration (DEA), according to the U.S. Department of Justice.

DEA agents five months ago linked Seattle suspects to their international inquiry, which allegedly involved the use of Federal Express and other courier services to deliver shipments of frozen khat, also spelled qat, and fresh khat leaves wrapped in banana leaves.

The drugs were sent by plane from Kenya and Ethiopia to western Europe, according to investigators. Shipments from several European locations arrived daily at stash houses throughout King County.

Khat (pronounced "cot") is a stimulant most often chewed liked tobacco. Because it loses potency as the leaves dry, traffickers look for ways to deliver the drugs quickly.

An indictment returned by a federal grand jury was unsealed today in Seattle. It charges 18 people with conspiracy to import and distribute khat.

Another indictment in New York said the scheme involved 44 people in seven states and the District of Columbia.

Law enforcement authorities have scheduled a 3 p.m. news conference in Seattle today to provide further details on the investigation.

14 Somalis Accused Of Dealing Drug Khat (SEAPI)

Seattle Post-Intelligencer, July 27, 2006

In Seattle and the United States, the stimulant called khat is a vegetable considered by the law to be a dangerous narcotic.

But to the Somali Americans who live in King County, khat (pronounced "cot") is more like a strong cup of coffee, enmeshed in the social fabric of East Africa and the Arabian Peninsula.

Wednesday, DEA agents arrested 14 members of greater Seattle's Somali community, each on two felony counts of conspiracy to import and distribute the drug that is commonly chewed like tobacco in countries such as Somalia, Yemen, Kenya and Ethiopia. If found guilty, they could face up to 20 years in prison and a $1 million fine. All 14 pleaded not guilty and were held pending further court appearances.

Drug Enforcement Administration Special Agent in Charge Rodney Benson said the investigation began in New York 18 months ago when couriers were found to be bringing the leafy drug into the country. Federal prosecutors there obtained indictments against 44 people. Agents in Western Washington began their inquiry about five months ago when a Seattle cell was uncovered, Benson said.

Benson's agents, with the help of police departments such as Tukwila, Seattle and the King County Sheriff's Office, raided 17 locations in King County early Wednesday. More than 1,000 pounds of khat has been seized in the course of the investigation in the Seattle area. Benson said the local cell -- believed to be led by Mahamoud Omar Jama, 36, of Kent -- moved about a ton of khat a month. Asked how much money was involved, Benson said: "Millions."

"These people charged are the ones that were making the millions and have a complete disregard for their community," said Benson, who asserts that khat has a "high tendency for abuse and no medical use."

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A DEA press release says "the primary effects of chewing khat are euphoria and stimulation."

But members of the Somali community -- who watched with dismay Wednesday as friends and relatives faced a federal magistrate -- say arresting people for dealing in khat would be like criminalizing consumption of tobacco or coffee.

"It's not a crime, it's a cultural use," said Saleh Ismil, a Somali American living in Seattle. "You can invite somebody to your house and it is a social grace to offer khat. We use it here. No question about it. Just to socialize -- just like coffee."

Attorney Terry Kellogg, who represents one of those charged, asserted Wednesday: "We've got a cultural defense. It's like caffeine. If these guys go to prison, so should (Starbucks chairman) Howard Schultz."

Abdi Said, a Seattle cab driver from Somalia who is now a U.S. citizen, watched from the gallery Wednesday as friends and fellow cab drivers were ordered held.

"In East Africa, you could say that 60 percent of the men use khat. Here, maybe 5 percent use it.

"We don't think of it as a drug. Just something you have at a gathering, talking together."

Ali Ali, who has been in the United States for seven years and is a U.S. citizen, said khat use is not that common here and agreed with Said's 5 percent figure.

Khat, he said, "is sometimes hard to find and sometimes you can get it."

According to Benson, the Seattle street price for khat is about $700 per kilo (2.2 pounds). In East Africa, it can be bought for about $1 per kilo. That huge markup generates huge profits, he said. Benson said money has been shipped back to Africa and the Middle East.

Asked whether agents believe the money is being used to fund terrorism, Benson was careful to say that the indictments make no such allegation. But he said:

"When you talk about that region of the world, when you look at Somalia and Yemen and that region of East Africa where terrorism is a concern for law enforcement, we just have to thoroughly investigate the matter.

"That money is going back to that region of the world. We're talking about millions of dollars."

Asked about the potency of the drug, Benson said that it is most potent if used immediately after harvest and that it loses much of its potency over time. Nevertheless, even khat leafs that are not fresh contain a less potent, illegal substance.

Many of the Somali people present Wednesday said that by the time the khat is consumed, it has lost most of its potency and provides a buzz not unlike a strong cup of coffee.

Defendants charged in New York are accused of mailing the khat or sending it with couriers aboard commercial airliners to Washington, Ohio, Minnesota, Maine, Massachusetts, Utah, Illinois and Washington, D.C.

WHAT IS KHAT?

Khat is a vegetable stimulant chewed like tobacco that can create a euphoric buzz. It comes from fresh leaves, shoots and twigs of an evergreen shrub or small tree found in eastern Africa and the southern Arabian Peninsula.

The Seattle street price for khat is about $700 per kilo (2.2 pounds)

World Health Organization experts have reported psychosis in people addicted to khat and that it can result in low birth weight of infants born to addicted mothers.

Khat's active ingredients, cathinone and cathine, are classified as controlled substances by the United Nations.

Experts are divided over whether khat should be called a narcotic, with some saying it is only mildly addictive.

The Associated Press contributed to this report.

Dozens Indicted In Massive Drug Ring (ABC)

By RICHARD ESPOSITO And CHRIS CUOMO

ABC News, July 26, 2006

July 26, 2006 — A series of overnight raids in eight states capped a 2½-year investigation into a drug ring that controlled the sale of a dangerous drug called Khat.

The use of Khat, whose sale has ties to terrorists, has had devastating effects in East African immigrant communities.

Related: Read the Indictment

Khat is a leafy vegetable resembling lettuce, but it has the stimulant effect of a methamphetamine. A money trail from its sale leads back to terror strongholds in Yemen, Somalia and Kenya.

ABC News' chief law and justice correspondent Chris Cuomo spent eight weeks with a handpicked team of New York Police Department officers, Drug Enforcement Administration, FBI, Customs and IRS agents and state police officers as they seized shipments, entered money exchanges, conducted surveillance, and finally indicted 44 individuals.

Cuomo will tell the inside story of the investigation on "Nightline" at 11:35 ET tonight.

FBI officials noted that while no one had been charged with a terror offense, the task force was "eager" to embark on a second phase of the investigation — "tracking the illicit proceeds."

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"Nightline" has learned that an investigation into several terror lords appears to clearly link them to the drug ring, which has sold 25 tons of Khat and sent tens of millions of dollars to East Africa through the informal "Hawala" banking system and commercial banks in the Middle East.

Law enforcement and counterterrorism experts in at least four countries have been working on the investigation.

Chris Giovino, the special agent in charge of the Organized Crime Drug Enforcement Task Force, said to ABC News that his concern was that Khat, which can appear innocuous, would spread to a broader market of U.S. youths seduced into chewing Khat by its organic nature.

"Of course we are concerned about following the money," Giovino said, "but right now a key concern is stopping the spread of this drug."

DEA Takes Down Record 'Khat' Drug Trafficking Ring (KTVT)

KTVT-TV, July 26, 2006

(CBS 11 News) LONDON On the streets of Muslim communities in Great Britain, local grocery markets legally sell a narcotic stimulant called khat (pronounced "cot"). Green bundles of the leafy plant wrapped in banana leaves sit inside beverage coolers next to Snapple and Coca-Cola.

Khat is chewed like tobacco to produce a euphoric state that can turn into an outburst of irrational violence according to the Drug Enforcement Administration.

It is imported from places like Yemen, Kenya and Somalia into Great Britain at the rate of some 30 tons per month. It is sold legally throughout Great Britain, mostly in neighborhoods densely populated by North African Muslim immigrants to whom khat chewing at home is as common as coffee drinking in America.

For the past year concern among counter-terrorism analysts has been rising. They have warned that huge, largely ignored, increases in khat smuggling from Great Britain into major U.S. cities, including Dallas, may be funding international terrorist groups. Khat is as illegal in the United States as cocaine and heroin but until today smuggling cases had been rarely prosecuted.

The DEA announced a record large seizure of 25 tons of Khat worth more than ten million dollars and the arrests of a forty-four member international narcotics trafficking organization. An 18-month investigation resulted in the indictment of a United Nations' employee who is accused of using a secure diplomatic pouch to smuggle khat. The organization also allegedly smuggled khat using human mules on international flights and shipments by overnight express packages.

The investigation found that khat was then distributed from New York by land to the District of Columbia, Illinois, Ohio, Minnesota, Maine, Massachusetts, Utah, and Washington where it was sold on the streets.

According to the indictment, money was laundered through "hawalas" which are informal networks of money remitters commonly used in Africa and the Middle East to transfer money. Tentacles of the organization stretched from the United States to co-conspirators in Europe, Africa, Dubai, and the United Arab Emirates.

In January 2005, Harvey Kushner, director of the criminal justice department at Long Island University, dedicated a full chapter of a new book to raise alarm that American law enforcement was virtually ignoring a booming illegal khat industry almost entirely controlled by Middle Easterners from countries identified as terrorist safe havens.

In his book, "Holy War on the Home Front," Kushner called for a congressional investigation into why America's homeland security bureaucracy had not given top priority to an estimated $1.5 billion khat smuggling industry into the U.S., which produces an illegal cash flow back to Great Britain, Somalia, Kenya and Yemen.

British counter-terrorism experts say their country has in recent years become a hotbed for Islamic extremist groups that advocate killing Americans, recruit suicide bombers and raise money for terror operations. U.S. intelligence agencies have identified Yemen, Kenya and Somalia as havens for terrorist networks, particularly for Al-Qaida.

Sajjan Gohel, Director of International Security for the Asia-Pacific Foundation told CBS 11 News, "organized crime and terrorism are very common bed fellows. They work hand-in-hand. They are able to communicate their activities and assist each other. And that is a tragic irony in that you will find in the illegal drug trade that terrorism in not too far behind."

In 2000, for instance, Al Qaida operatives blew up the USS Cole after it docked at a Yemeni port, killing 17 American servicemen. In 2002, the CIA piloted an armed drone into Yemen and blew up a car full of suspected terrorists. Kenya, also a major khat producing country, is where Al Qaida operatives in 1998 blew up the American embassy and in 2002 aimed shoulder-fired missiles at a departing Israeli passenger jet and also attacked an Israeli resort in Mombassa. In 2003, an Al Qaida plot was foiled to re-bomb the new American embassy in Kenya using a planeload of khat ostensibly headed for Somalia.

"You don't have to make a quantum leap to link drug smuggling from the Middle East, to Middle Eastern communities and …the great possibility of that funding terrorist conspiracies, both here and abroad," Kushner told CBS 11News in a January 2005 interview in New York City. "It's certainly known worldwide that Osama bin Ladin was dealing with the (heroin) trade in Afghanistan … coming into this country. It's great cash flow. It's hard to trace and it's quick money to support terrorist activities."

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CBS 11 News found that most police labs don't have the capability to test khat and Kushner complained that awareness was so low that street-level cops most often think they've come across some kind of salad when they accidentally discover khat during searches.

The latest enforcement action dubbed "Operation Somalia Express" indicates that there is a new concerted crackdown on khat flowing into the United States.

In London last year, Officials of Her Royal Majesty's Customs and Excise Department told CBS 11 News that most of the seven tons per week legally imported into Great Britain comes from Somalia, Kenya and Yemen.

But interdicting khat smuggling aboard U.S.-bound flights was not a priority because khat is considered a legal vegetable, even being classified as a bean in some countries.

Few outside the insular transplanted immigrant communities from the Horn of Africa and parts of the Arab Middle East even know what khat is. The leaf is probably best known in the U.S. as the ingredient that fueled the deadly true-life events portrayed in the movie "Blackhawk Down." The movie depicted a 1993 battle between American troops and khat-fueled Somali insurgents, their teeth blackened from the drug. Drug experts, as well as those who use khat, say the leaf does not impair motor skills but rather creates a mild, amphetamine-like euphoria that heightens senses and self-esteem.

The U.S. Drug Enforcement Administration warns that khat can be psychologically addictive and has been known to cause aggressive behavior and feelings of paranoia among chronic users.

Federal authorities with jurisdiction over the Dallas/Fort Worth International Airport and North Texas acknowledge making regular discoveries of khat - by happenstance. In fact, more than 2,800 pounds of khat has been seized at D/FW since 2000. Applying a commonly used rule of thumb that most commodity seizures represent only 10-percent of what actually gets through, an estimated 14 tons of khat could have made its way through D/FW Airport. Drug dogs are not trained to ferret out khat.

CBS 11 News has learned that North Texas customs enforcement investigators broke up a sophisticated khat-smuggling ring at D/FW Airport in 2003. The operation involved a local airline employee, conspirators in Great Britain and North Texas-based distributors. As a major refugee resettlement city, Dallas is home to thousands of Somali, Ethiopian and North African immigrants.

Abdulkadir Araru, a Kenyan journalist based in London, has written extensively about khat. He said he has chewed it for 25 years and once was employed as a "clearing agent" who helped transport the drug into Canada before that country criminalized it in the late 1990s. Araru said his group would fly students in to Great Britain, where they would pick up large suitcases packed with khat then fly it home to Canada for about $1,000 round trip.

Araru said young white British mules are used now to haul loads into the U.S. and probably get paid about $2,000 on average to make the trip. Such smugglers are considered not as likely to draw attention as would someone of Middle Eastern descent.

"There is lots of money in it," he said, adding that the price goes up once it crosses into illegal American territory. "Compared to other serious drugs, it's very, very marginal, but of course for anyone who is carrying it or selling it, you'll make good money. There are quite a number of chewers in the United States: the Arabs and Somali refugees and more refugees from Ethiopia."

In the U.S. khat use is most prevalent among immigrants from Somalia, Ethiopia, and Yemen according to the DEA. Kushner warns that khat has the potential to become the new crack epidemic in those communities.

Lawyers: Bonds' Trainer To Remain Silent (AP)

By Paul Elias And David Kravets

AP, July 27, 2006

SAN FRANCISCO — Lawyers for Barry Bonds' personal trainer say he'd rather go back to prison for a third time than take part in the grand jury investigation of his childhood friend for tax evasion and perjury.

Fresh off a 15-day jail term for refusing to cooperate in an earlier phase of the probe, Greg Anderson is expected to be called Thursday before a new grand jury investigating the San Francisco Giants slugger. But the trainer is expected to renew his vow of silence.

"He's resigned to do whatever it takes to maintain his integrity," said Paula Canny, an attorney and close friend of Anderson.

Anderson was released from prison last week on the same day prosecutors announced a grand jury investigating Bonds had expired without issuing an indictment. The new grand jury quickly was assembled, and Anderson received what was believed to be the first subpoena — ordering him to appear before the panel on Thursday.

If he again refuses to testify, he'll be hauled in front of a federal judge who will demand to know why he should be excused from testifying to a grand jury, a requirement even the president of the United States has to honor.

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Since Anderson's legal arguments remain largely the same, the judge likely will send the trainer back to prison. It would be his third trip to a federal lockup in less than a year; Anderson served three months after pleading guilty to steroid distribution and money laundering stemming from the government's investigation of the Bay Area lab that allegedly supplied Bonds and other elite athletes with performance-enhancing drugs.

Authorities are investigating whether Bonds lied under oath when he told an earlier grand jury he didn't know whether the substances given to him by Anderson were steroids. The probe also reportedly is focused on whether Bonds paid taxes on the sale of hundreds of thousands of dollars worth of sports memorabilia.

Bonds' attorney, Michael Rains, says his client is guilty of nothing more than being famous.

"They're harassing Greg Anderson to get to Barry," Rains said.

Some legal experts see Anderson as the key to proving the perjury allegations, since Bonds reportedly testified the trainer gave him two substances that fit the description of "the cream" and "the clear" — two performance-enhancing drugs linked to the Bay Area Laboratory Co-Operative.

In 2003, Bonds reportedly testified to the grand jury investigating BALCO that he believed the substances were flaxseed oil and arthritis balm, not steroids.

Anderson also could offer insight into the doping calendars bearing Bonds' name that were seized when federal agents raided Anderson's house, according to court papers connected to the steroids probe.

But Anderson's lawyers say he shouldn't have to testify because of the numerous leaks of secret grand jury testimony to the San Francisco Chronicle over the course of the four-year investigation. Chronicle reporters Lance Williams and Mark Fainaru-Wada have written a book based largely on leaked testimony.

"The gross, callous and destructive breaches of grand jury secrecy in this case create ample just cause for Mr. Anderson's refusal to testify," said one of Anderson's attorneys, Mark Geragos.

His lawyers also say the agreement he made with prosecutors to plead guilty last year in the BALCO case stipulated he wouldn't have to cooperate in the investigation.

"The government is violating the terms of the plea bargain," Canny said.

Anderson also claims he should not have to testify because he was the target of an illegal wiretap.

The new grand jury ordering Anderson's testimony can stay in session for as long as 18 months. By law, an intransigent Anderson can be locked up for the grand jury's full term, though a judge can free him sooner if convinced Anderson never will talk.

Ex - Hells Angels Leader Gets 9 Years (AP)

AP, July 26, 2006

PEORIA, Ill. (AP) -- A former Chicago Hells Angels leader was sentenced to more than nine years in prison for his part in a decade-long racketeering and narcotics ring.

Melvin Chancey, 38, pleaded guilty in January to federal racketeering and drug charges, admitting that he dealt cocaine and methamphetamine in the 1990s while conspiring with fellow bikers to threaten and intimidate other motorcycle gangs.

Chancey acknowledged that he took part in the 1994 shooting of a rival club member in Cook County, along with a 1995 scheme where threats were made to blow up a rival gang's clubhouse in Kankakee. His plea deal shaved about 10 years off his potential sentence Monday.

Two other former Hells Angels chapter leaders caught in the federal investigation were sentenced last month.

David Ohlendorf, 40, a leader of the Spring Valley chapter, was sentenced to just under four years in prison. Richard Abrams, 41, of Rockford was sentenced to three years.

James White, 50, a president of the Rockford chapter, withdrew his guilty plea and is expected to stand trial later this year.

Prosecutors allege the men were behind shootings, beatings and threats against rival gang members and others to clear the way for drug deals in northern Illinois. The conspiracy protected sales of cocaine and methamphetamine with a street value of $624,000 from 1993 through 2002, according to prosecutors.

Bolivian Cocaine Rises With Morales (WT)

By Martin Arostegui, The Washington Times

The Washington Times, July 27, 2006

SANTA CRUZ, Bolivia -- Counternarcotics officials say the number of cocaine laboratories in Bolivia has almost doubled in the seven months since Evo Morales, a former coca grower and organizer of coca-farming syndicates, was elected president.

Mr. Morales, whose country faces sharp economic penalties if the United States does not recertify it as a fully cooperating partner in the war on drugs next year, insists Bolivia is committed to battling the international traffic in narcotics.

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Critics say new programs allowing farmers to cultivate small plots of coca are contributing to the rise in cocaine production. Coca production is a traditional way of life for Bolivia's Indian peasantry, who chew the raw leaves as a mild stimulant.

Legal analysts say the government has violated international agreements with decrees that allow the free sale of coca and the auction of confiscated leaf shipments.

"Evo has democratized narco-traffic," said Omar Barrientos, a Bolivian lawyer and consultant to the U.S. State Department on drug policy. "He has taken it from the big mafias and placed it with small producers, which makes it more difficult to control."

The CIA's counternarcotics center estimates that Bolivian coca plantations have grown 8 percent in the past year. More disturbing are reports from Bolivia's U.S.-sponsored counternarcotics force that cocaine laboratory activity has almost doubled since Mr. Morales took office.

The Special Force to Fight Crime and Narcotraffic (FELCN) said more than 2,000 cocaine laboratories making paste or refined powder were uncovered during the first half of this year. A total of 2,575 laboratories were discovered during all of last year.

Bolivian authorities downplay the figures. More than 100,000 Bolivians could lose their jobs if Washington decertifies Bolivia as a partner in the war on drugs, meaning its textile industry no longer would be able to export to the United States. Certification is renewed on March 1 every year.

Vice President Alvaro Garcia Linera visited Washington last week to tell legislators and administration officials that his government hopes to reduce the acreage under cocaine cultivation by about 15 percent in the coming months.

The government also argues that the FELCN figures reflect stepped-up interdiction efforts. But agency officers point to a spread of makeshift labs, which generally are set up near coca plantations, into areas of the country where drug production had largely disappeared.

"Cocaine production is moving to six new areas between the central Chapare Valley and eastern lowlands in Santa Cruz and Beni, where it had been largely eliminated during the 1990s," said a counternarcotics analyst who spoke on the condition he not be identified.

Sources also point to a rise of cocaine production in the Andean high plain around La Paz, where coca leaves flow in from Peru.

Mr. Morales presided in March over a congress of coca-farming syndicates in Cochabamba, which called for the expulsion of U.S. counternarcotics agencies. Although units remain in Bolivia, the U.S. Drug Enforcement Administration is "taking a lower profile," said law-enforcement officials, who also describe a "scaling back" of U.S.-sponsored military and police operations.

Upon leaving for Washington last week, Mr. Garcia said he hoped to open a "new era in the relations between Bolivia and the U.S.," but his trip got off to a bad start. American Airlines would not let him on the flight because he appeared on an FBI watch list, U.S. diplomatic officials said.

The U.S. ambassador to Bolivia, David N. Greenlee, personally intervened in order to allow Mr. Garcia to travel and apologized for a "problem in the system."

The problem is thought to involve Mr. Garcia's role in the Tupac Katari Guerrilla Army, which carried out a series of terrorist actions during the 1990s.

Trooper Pleads Guilty In Gun Case (SLPD)

By Greg Jonsson, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, July 27, 2006

One of three Illinois State Police officers charged this year with illegally possessing submachine guns pleaded guilty Tuesday, authorities said.

Senior Master Trooper Greg Mugge, 52, of Jerseyville, pleaded guilty to one charge of possession of an unregistered machine gun, according to federal prosecutors. Mugge, a 21-year veteran of the department who was assigned to District 18 in Litchfield, faces a maximum penalty of 10 years in prison and a fine of up to $250,000. His sentencing is scheduled for Oct. 27.

Mugge could not be reached Tuesday, and an attorney representing the trooper declined to comment on the plea, made in the federal district court in East St. Louis.

Mugge and two Illinois State Police officers from District 11 in Collinsville were placed on paid leave after they were charged earlier this year with having submachine guns at their homes. As Illinois State Police officers, they are allowed to handle submachine guns legally for their jobs, but they could not have them at home, according to prosecutors. Submachine guns fire a steady stream of bullets with a single squeeze of the trigger.

Mugge and the others, Sgt. James V. Vest of O'Fallon and Special Agent John Yard of Collinsville, had pleaded not guilty earlier this year. Another man, Dr. Harold Griffiths, 69, of Spaulding, Ill., was charged with lending one of the weapons to Yard, who said he fired it and gave it back to Griffiths, who then lived in Glen Carbon.

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The case was investigated by the Bureau of Alcohol, Tobacco, Firearms and Explosives. The ATF interviewed the officers in late December. At that time, according to court documents, Mugge admitted on videotape to possessing a Colt rifle that had been converted to function in a fully automatic mode. Mugge told the ATF that he had obtained the submachine gun in the late 1970s or early 1980s from a licensed dealer who is now dead, according to the court documents.

Mugge and the others voluntarily turned guns over to the ATF.

Mugge's gun was not registered, and the Illinois State Police had not authorized Mugge to possess the gun, the ATF said in court filings. The guns are legal for those who pass a background check, pay a fee and submit the proper forms.

In an unusual move, 10 Metro East police chiefs issued a letter in February urging leniency for the accused officers. Two state senators and two county sheriffs also signed the letter. They said 10 years in prison would be excessive punishment for law enforcement officers who had worked to make citizens safer.

Belleville Police Chief David Ruebhausen drafted the letter and said Tuesday he stands by what the letter says.

"I did not nor do I now condone illegal activity," he said. "My point is that sentencing these guys to prison does not protect the public nor does it serve the public. It would serve no purpose."

Gun Dealers Attracted By Maine Laws (BANGDN)

Bangor Daily News (Maine), July 27, 2006

Out-of-state weapons found at Boston crimes

BANGOR - The Brady Gang came to Maine in the fall of 1937 for the same reasons 21st century criminals venture north of Boston - fall foliage, seafood and guns.

Not much appears to have changed since the FBI gunned down Public Enemy No. 1 Al Brady and his cohorts on Oct. 12, 1937, on Central Street in Bangor

Easy access by Interstate 95 and the state's gun laws have lured illegal gun dealers from eastern Massachusetts to rural Maine to buy guns for resale in Boston, a law enforcement official in the Hub said last year.

Two cases pending in federal courts in Boston and Bangor show that over the past four years more than 40 guns have been purchased legally in Maine for illegal resale in Massachusetts. About one-third of them have been recovered from crime scenes and traced to their previous owners in Maine.

The issue drew media attention outside the Bay State in March when Boston officials and the nonprofit group Stop Handgun Violence unveiled a big billboard on the Massachusetts Turnpike that criticized gun laws in other states. The billboard, which since has been removed, singled out Maine, New Hampshire, Vermont and Georgia as states, along with 29 others, that allow private owners to sell guns without criminal background checks of potential buyers.

"The proximity of New England states with less restrictive [gun laws] makes firearms more accessible to people here in Massachusetts," Sgt. Thomas Sexton, a Boston Police Department spokesman, told The Boston Globe last year.

Sexton's comments angered Thomas Colantuono, the U.S. attorney for New Hampshire, who in December said the accusation that lax gun control laws in northern New England were partly responsible for a rise in gun crimes in Boston was "an urban myth."

Maine's U.S. Attorney Paula Silsby said Tuesday that guns have been traced to Maine from crime scenes in Boston, but she did not call for stricter gun laws. Her office consistently is in the top three U.S. Attorney's Offices in the nation for the number of gun cases it prosecutes.

Whether the number of guns flowing from northern New England to Massachusetts is a trickle or a flood seems to depend on where the official is sitting.

Less than 10 percent of guns used in Boston crimes come from Maine, according to records from the Bureau of Alcohol, Tobacco, Firearms and Explosives obtained earlier this year by Boston Magazine. The publication reported in March that in 2005, Maine and New Hampshire each accounted for about 7 percent of the total number of illegal guns recovered in Massachusetts, making the states the top two sources for Massachusetts-bound illegal guns.

Colantuono of New Hampshire disputed that figure last year. He said statistics showed that Georgia was the top source of out-of-state guns in Massachusetts.

Regardless of the guns' source, Boston police reported in November that there are more guns on their city streets now than at any time in the previous six years.

That reverses the trend of the 1990s when many of the illegal guns recovered in Boston were traced to Southern states in the I-95 corridor such as Georgia, according to the magazine.

Federal law requires a five-day waiting period in every state for anyone seeking to buy a handgun from a federally licensed dealer to allow for a criminal background check. Potential buyers also must fill out an application form that asks, among other things, whether they are purchasing the gun on behalf of another person, which is illegal. Lying on the form is a federal crime.

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In Massachusetts, in addition to passing the background check, a resident who wants a handgun must buy a state-issued permit for $100.

Such permits are not required in New Hampshire, Vermont or Maine. People buying handguns in those states must show identification that proves they are state residents when purchasing firearms. They can skip the background check and the required waiting period when they buy guns at a show or from an individual.

Two cases

Michael Fowler, 36, of Lynn, Mass., admitted earlier this year to using a fake Maine driver's license when he purchased at least 18 guns in Maine and six in New Hampshire. Fowler, who used the name Michael Smith for the purchases in Maine, bought the guns from residents who had advertised in 2002 and 2003 in Uncle Henry's Weekly Swap or Sell It Guide.

The sellers did not commit any crime, Silsby said Monday.

After he purchased the guns, Fowler took them to his home in Lynn, a northern suburb of Boston, where he obliterated the serial numbers, then sold them. Many of the guns were found at crime scenes by law enforcement officials in the Boston area. Police were able to recover the serial numbers and trace the guns to previous owners, according to court documents.

A federal grand jury in Bangor indicted Fowler on gun charges in January 2004. His case was transferred last year to Boston where it was combined with pending charges in Massachusetts where he sold the guns he purchased in Maine.

Silsby said that was one way her office was cooperating with prosecutors in Boston.

People who are prohibited from purchasing firearms legally sometimes enlist Maine residents to buy guns for them.

Stephen Donald Brown, 54, of Pittsfield last week admitted that between November 2002 and March 2004 he bought about 30 guns, primarily in Penobscot and Oxford counties, for a black male he knew onlyas Jay.

Three days after Brown waived indictment and pleaded guilty July 17 in U.S. District Court in Bangor, he died of an undisclosed illness. The charges of making false statements in acquisition of a firearm are expected to be dismissed because of his death.

Brown told ATF agents that he met the man for whom he purchased the guns through the sister of Jay's wife, who lives in Pittsfield, according to court documents. ATF agents stated in an affidavit filed in federal court in Bangor that Brown identified a photograph of Michael Marsh, also known as Michael Turner, of Fall River, Mass., as the man he knew as Jay.

Between April 2003 and January 2006, seven handguns and boxes from three additional handguns that Brown admitted selling to Jay were recovered from crime scenes in Boston, according to court documents.

Brown, who was scheduled to be sentenced this fall, faced up to 10 years in prison and a fine of up to $250,000 on each count.

Marsh has not been charged in federal court in Maine or Massachusetts.

Fowler is scheduled to be sentenced on Aug. 9 in U.S. District Court in Boston. He pleaded guilty in May to four counts - dealing in firearms without a license, being a felon in possession of a firearm, making an unregistered firearm, and the misuse of a Social Security number. In exchange for his guilty plea agreement, prosecutors agreed to drop four other charges including transportation of a firearm into a state of residence.

The U.S. attorney for Massachusetts, Michael Sullivan, and national gun control activists have called on Congress to enact stricter and more uniform federal laws to help stem the illegal flow from states with less-restrictive gun laws, such as Maine, to states with stricter gun control laws, such as Massachusetts.

Silsby said Tuesday that Maine is opting for a program to educate gun sellers that will be unveiled this fall.

IMMIGRATION:

U.S. Seeks Employers' Aid On Immigration (NYT)

By Julia Preston

The New York Times, July 27, 2006

Federal immigration authorities unveiled a program yesterday that is designed to induce employers to stop hiring illegal immigrants and to report those they find on their payrolls.

In return, employers would be certified by the Immigration and Customs Enforcement agency as having a clean bill of health on hiring.

Immigration officials in Washington announced the effort in response to growing alarm among employers about the agency's recent crackdown on companies that employ illegal immigrants. Federal immigration agents have brought federal criminal charges against some employers who were repeat violators, putting some of them in jail.

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Under the new program, which is voluntary, employers must pass a series of hurdles to demonstrate that no illegal immigrants are among their employees and will then be certified as clean. They would have to submit to an audit of their employee records by immigration agents and join the Basic Pilot Employment Verification Program, a federal database that companies can use to confirm that employees' identification documents are not fraudulent.

Companies would also be expected to name a compliance officer to monitor the status of immigrant workers and to train their staff to verify documents.

Julie L. Myers, the homeland security assistant secretary who is the head of Immigration and Customs Enforcement, said that worried companies had come forward seeking a way to avoid problems with the agency. Under current law, employers are not required to scrutinize their employees' documents extensively.

Randel K. Johnson, a vice president at the United States Chamber of Commerce, said he doubted that many companies would join the new program.

"I don't think a lot of employers will sign up because there are a lot of hurdles, and no real carrot at the end of the process," Mr. Johnson said.

Program To Help Employers Spot Illegals, Avoid Penalty (WT)

By Audrey Hudson

The Washington Times, July 27, 2006

Companies can verify whether a prospective employee is working in the U.S. legally and avoid hefty fines and jail sentences through a program announced yesterday by the Department of Homeland Security.

Julie L. Myers, assistant secretary of U.S. Immigration and Customs Enforcement (ICE), told the House Ways and Means Committee that the program will change "the culture of tolerance for those who employ illegal workers."

"We also need to ensure that employers cannot use contract arrangements to separate themselves from complicity in the illegal hiring of their contractors," Mrs. Myers told the panel after the program was announced.

Homeland Security officials say business owners have inundated the department with requests on how to prevent illegal hiring.

"There has been a real cry for help from employers who want to do the right thing," ICE spokesman Dean Boyd said.

"Every day, they are faced with people looking for employment using sophisticated fraudulent documents, and they are not trained to be document detectives," Mr. Boyd said.

The ICE Mutual Agreement between Government and Employers (IMAGE) verifies work-authorization permits. The agency will provide training and education on hiring practices and detection of fraudulent documents. The federal government also will update business owners on schemes designed to circumvent legal hiring practices.

To qualify, businesses must adhere to several "best practices," such as audits by third parties, and agree to establish protocols for responding to Social Security Administration alerts about discrepancies in employee numbers.

Elizabeth Gaudio of the National Federation of Independent Businesses says the program "seems like a good idea in theory" but questioned some requirements.

"We're concerned about added paperwork and the cost burden on smaller businesses for training and audits. But certainly, any program that helps employers better understand the laws and requirements is a good thing," she said.

Immigration officials have switched strategy. They had been issuing fines or threats of fines for paperwork violations, but now are bringing criminal charges against corporate directors and seizing property.

ICE officials made 25 criminal arrests in 2003, compared with more than 400 this year, Mr. Boyd said.

On Tuesday, a federal grand jury in Cincinnati returned a 40-count criminal indictment against two companies and its corporate officers for supplying more than 1,000 illegal aliens as contract workers to sort air freight.

Last week, two Kentucky corporations pleaded guilty to harboring illegal aliens and money laundering and agreed to pay $1.5 million, and a Chinese restaurant owner in Ohio was arrested and charged with harboring 10 illegal aliens and faces a 10-year prison sentence.

Green Cards Would Mean Fingerprinting At Airports (NYT)

By Eric Lipton

The New York Times, July 27, 2006

WASHINGTON, July 26 — The nation's estimated 12 million legal permanent residents would be subject to fingerprinting every time they re-entered the United States, under a plan the Homeland Security Department intends to announce Thursday.

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The new security checks would be used at all international airports, seaports and land borders. Even before the proposal was officially announced, it drew strong opposition from some immigrant advocates who said it would send the wrong signal to people who were legally trying to become citizens.

The new security checks would expand a program called US-Visit that now covers most foreign visitors to the United States from countries except Canada and Mexico.

Since January 2004, 61 million people have been fingerprinted and digitally photographed to confirm that the visas they hold are valid and to check whether visitors have criminal records or are terrorism suspects.

The proposal to expand the program comes at a time when the Homeland Security Department has integrated computer systems operated by its Citizenship and Immigration Services unit, which maintains records including fingerprints on all legal permanent residents.

Anna Hinken, a US-Visit spokeswoman, said that requiring legal permanent residents to undergo such a check would make it possible to intercept people who were using a stolen or fraudulent legal permanent resident card, or green card, to enter the United States illegally.

It will also comply with a legal requirement that the Homeland Security Department use biometrics to confirm the validity of government-issued travel documents at the border, she said.

“This will make people safer,” Ms. Hinken said, “because no one can steal their permanent resident card and pretend to be them.”

The new review system, which would not be put into effect for several months, would affect an estimated one million people a year, Ms. Hinken said; that represents the approximate number of times that legal permanent residents re-enter the United States after having traveled abroad.

But some immigrant advocates said the plan was reminiscent of the effort, started after the 2001 terrorist attacks, to require Middle Eastern and South Asian men on temporary visas in the United States to register with federal authorities.

“The security measures required to become legal permanent residents in the first place are sufficient to guarantee our homeland security,” said Shirley Lin, a spokeswoman for the Asian American Legal Defense and Education Fund in New York. “This is an unnecessary measure that sends a wrong signal to those expressing their desire to become a full part of United States society.”

The announcement on Thursday will involve just a proposed rule, meaning there will be a 30-day comment period before the changes could become final, Ms. Hinken said.

Besides extending the requirements to legal permanent residents, officials want to start doing the reviews for some Canadian visitors, Ms. Hinken said.

The proposed system would not affect most Canadians who visit the United States as tourists or Mexicans entering the United States with a government-issued border crossing card. The requirement would just apply to some Canadians entering the United States with work visas.

Agency Can't Handle Guest Workers (WT)

By Stephen Dinan

The Washington Times, July 27, 2006

U.S. Citizenship and Immigration Services (USCIS) still isn't ready to handle a massive guest-worker program, even though President Bush and the Senate are pushing for one to be part of any immigration-enforcement bill, a former agency official will tell lawmakers today.

"An administrative and national-security nightmare already exists at USCIS," Michael Maxwell, who until this year ran the agency's internal affairs division, will testify, according to a copy of his prepared statement obtained by The Washington Times. "Implementation of the Senate bill would codify the nightmare and ensure that the criminals, terrorists and foreign intelligence operatives who have already gamed our immigration system are issued legal immigration documents and allowed to stay permanently."

Mr. Maxwell will appear before the House Judiciary Committee's immigration subcommittee, which is examining whether terrorists would be able to exploit a guest-worker program run by USCIS.

House Republican leaders are using committee hearings to poke holes in the Senate's immigration bill, and today will announce 19 more hearings for August and early September, staged throughout the country. The hearings are designed to examine the problems with current enforcement and look at whether the Senate bill would overload health care systems in the Southwest, cause state and local budgets to balloon and repeat mistakes that everyone agrees were made in the 1986 amnesty.

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House leaders hope the hearings boost chamber Republicans' preferred approach, which says the borders should be secured and interior enforcement stepped up before a guest-worker program can be considered and illegal aliens granted citizenship.

"Border security is an issue of national security," said House Speaker J. Dennis Hastert, Illinois Republican. "The Democrats support a plan for open borders and amnesty. Their plan is just plain unacceptable."

Today's hearing before the immigration subcommittee will also look at whether USCIS can handle the additional workload that the Senate bill would place on it. The subcommittee says the Senate bill would force the agency to process 10 million applications from illegal aliens seeking legal status within 90 days.

Mr. Maxwell will testify that USCIS also is subject to rampant corruption and puts customer service at a higher priority than national security.

USCIS Director Emilio T. Gonzalez, who was sworn in at the beginning of this year, has disputed Mr. Maxwell's charges, saying he has put a new emphasis on national security at the agency. He also says the agency is working to evaluate the rate of fraud and to correct problems.

Mr. Gonzalez has acknowledged that the Senate bill's 90-day period for registering illegal aliens for legal status doesn't give his agency enough time to get ready.

Homeland Security Secretary Michael Chertoff will also testify before the House Appropriations Committee today on border security.

c Charles Hurt contributed to this report.

Security Breach Raises New Doubt Son CIS Capability (WT)

By Charles Hurt

The Washington Times, July 27, 2006

An employee of U.S. Citizenship and Immigration Services distributed the personal and private employment information of thousands of her fellow workers last week, raising concerns that those responsible for granting visas and other immigration benefits could be exposed to outside influence.

Top officials at CIS and the Department of Homeland Security, of which CIS is a part, spent last weekend and this week evaluating the extent of the security breach for the 8,700 employees of CIS.

"The posting of this information was inadvertent, but was nonetheless a violation of DHS policy," CIS Director Emilio T. Gonzalez wrote yesterday in an internal agency memo obtained by The Washington Times.

An investigation continues, and officials are not certain how long the information was posted or whether it had been downloaded. However, Mr. Gonzalez said there is no evidence that the information was compromised.

The incident is the latest in a string of embarrassments for the agency. A House Judiciary subcommittee will hold a hearing today to investigate whether "the already overburdened" CIS is capable of implementing the "guest-worker" program that many lawmakers and President Bush want.

Homeland Security officials, union officers and others familiar with the situation said an employee in the CIS budget office accidentally posted the information of all agency employees -- including Social Security numbers and compensation levels -- on the Intranet that is accessible to anyone in the 184,000-employee Homeland Security Department.

When officials learned late Friday that the information had been posted, they had the link removed from the site. By then, the information had been accessed more than a dozen times. In addition, a spreadsheet containing the private information of employees was sent in an e-mail to 135 persons in CIS.

"Clearly the agency is not in compliance with federal information laws," said Numbers USA's Rosemary Jenks, whose organization supports stricter immigration laws and is critical of the government's handling of immigration. "For a component agency of the Department of Homeland Security, that's pretty scary."

Last year, Homeland Security's inspector general criticized CIS in numerous reports for weaknesses in data security.

Earlier this year, union representatives from CIS filed a complaint that a manager at the agency's Nebraska service center had distributed via e-mail a listing of about 170 adjudications, which included personal information such as Social Security numbers. CIS officials acknowledged the error in a letter last month.

Homeland Security Department spokesman Russ Knocke yesterday defended CIS.

"This is an agency with extremely dedicated employees who adjudicate millions of immigration benefits each year with true efficiency," Mr. Knocke said. "We have every confidence in the agency and its ability to manage a temporary worker program."

New Troops At US Border, But The Task Is Vast (CSM)

By Daniel B. Wood

DOJ_NMG_0043823

The Christian Science Monitor, July 27, 2006

SAN DIEGO AND ALTAR, MEXICO

Spc. Anthony Maielli of the National Guard is posted in the back of a pickup truck, parked on a San Diego hill called Arnie's Point. He points the lens of a giant infrared scope, which will allow him to see when darkness falls, south over the US-Mexican border.

"We're here to be another set of eyes and ears for the border patrol," says the guardsman. He is one of 4,500 reinforcements who have arrived since mid-May to help seal the 1,920-mile swath of the land stretching from the Pacific Ocean to the Gulf of Mexico. His role: Spot illegal border-crossers and alert the border patrol.

Four hundred miles east and 150 miles south into Mexico, the former mayor of Altar - a dusty nexus for northern-bound migrants from Mexico, Central America, and South America - sums up his view of the US buildup with a shrug.

"If they stood shoulder to shoulder, we would fight our way through the gap between them," says Francisco Garcia Arten, now a migrant activist, his tone more matter-of-fact than defiant. "And if they built a wall 50-feet high, we would bring ladders that were 51 feet."

Both sides in the long controversy over illegal immigration know the drill. US determination to prevent unauthorized entry by building walls and adding agents is met by an equal determination to get around them.

Since the advent of Operation Gatekeeper in San Diego in 1994, America has seen Operation Rio Grande (1998) in south Texas and Operation Safeguard (2002) in Arizona. With President Bush's Operation Jump Start, which aims to deploy as many as 6,000 National Guard troops to the four border states, the total number of US enforcement personnel on the southern border will be at least 15,000 - four times what it was in 1994.

The question now is, will this latest US crackdown be enough?

In more than two dozen interviews along the border from San Diego to Altar, a common sentiment emerges: Twelve years of stepped-up border enforcement has not stopped illegal immigration from Mexico, and this latest effort seems poised to repeat the familiar pattern of action and reaction.

Even eager enforcers - like National Guard Sgt. Miguel Mendoza of California, who volunteered to serve on the border after seeing Mr. Bush announce Operation Jump Start in May - are awed by the enormity of the challenge. "You don't really understand what the border patrol is up against until you get out here and see this terrain," he says.

* * *

The view from the border differs markedly from the view in Washington, where border patrol Chief David Aguilar on Tuesday offered his first assessment of the impact of the National Guard's contribution. His summation: It's helping - a lot.

Comparing the 69 days since Bush unveiled Operation Jump Start with the 69 days that preceded it, Mr. Aguilar said "our apprehensions are down by 45 percent." The border patrol sees that drop-off as a good thing - as an indication that fewer crossings are being attempted. Some of the decrease can be attributed to summertime, when sun and burning deserts act as natural deterrents to border-crossers, he acknowledged, but not all of it. "The downward trend is, in fact, positive, it's real, and it's impacting."

Since October, overall apprehensions are down 2 percent, Aguilar reported.

Quantifying the Guard's impact is difficult, because the soldiers and airmen are not permitted to apprehend illegal immigrants. They play a supporting role - manning computers and checkpoints, building roads, lighting, and fences. But the border patrol offers this evidence:

· The Guard presence has allowed 250 border patrol agents to move from "nondirect enforcement duty" to the border, Aguilar said.

· National Guard personnel have spotted 1,557 border-crossers, resulting in apprehensions by border agents, says Xavier Rios, a border patrol spokesman in Washington.

· They have played a part in seizing 50 vehicles, 13,278 pounds of marijuana, and 201 pounds of cocaine, says Mr. Rios.

Those who have watched the immigration debate for years take the statistics with a certain grain of salt. They note that the border patrol plays it both ways, claiming to be an effective deterrent when apprehensions are down and an effective law enforcer when apprehensions are up.

"This buildup is not decreasing migration at all," adds Katherine Rodriguez of Derechos Humanos. "Claims by the US border patrol that this increased manpower does have an effect fits a pattern in which they implement some new strategy or idea when there is already a natural lull in migrant activity and then claim credit for it."

The one thing that can be said of the long US effort to curtail illegal immigration, they say, is that it has made crossing the border more dangerous.

* * *

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"Migrants used to be pouring through this area," says Robert Wilkins, a 20-year resident of Jacumba, Calif., a few miles inland from San Diego. "Now it's pretty much shut off."

The shut-off came with 1994's Operation Gatekeeper, when the Border Patrol built a single wall about 15 miles inland, dramatically slowing the daily traffic of hundreds of migrants through San Diego's backyards and streets.

In the past few weeks, 900 California National Guard troops have been deployed here for a range of support tasks - including finishing a second wall, parallel to the first one, and grading the road that runs between them. The number of National Guard in California will peak at about 1,100 in the next week, officials say.

Elsewhere, other projects in Arizona, New Mexico, and Texas helped to seal off the more-populated border areas.

But as migrant numbers dropped in urban locales, they increased in rural regions on either side. As a result, the vast Tucson sector in Arizona is the most porous stretch of the US border.

In this sector, migrant apprehensions are up for the year, from 338,000 last year to 369,500 this year, say National Guard and border patrol spokesmen. Interdictions of illegal drugs are up from 409,000 pounds last year to 569,400 pounds this year, they add.

They cite the additional manpower of the guard. "These added apprehensions have come with the help of the National Guard, which has helped build infrastructure and free up the number of border patrol agents from other office and work duties to be able to spend more time on patrol, where they can have a bigger effect," Jesus Rodriquez, spokesman for the border patrol's Tucson sector, said last week.

But human rights activists and some residents say history shows that increases in some sectors mean decreases in others, as those who try to enter the US shift their travel corridors to evade law-enforcement officers. Apprehension numbers do not tell how many migrants got through, they say, and the larger picture is that migration continues unabated.

"This is basically a game of funneling migrants to different, more dangerous areas," says Erica Dahl-Bedine, spokeswoman for Catholic Relief Services in Tucson, which monitors migrant activity.

Residents in rural areas from Yuma, Ariz., to the New Mexico border echo those views.

"This area used to be relatively free of migrant crossings ... now we see backpacks, clothes, bottles left everywhere," says Eric Schuster, a 16-year resident of Gila Bend, Ariz. "[Migrants] are really overrunning this area. It has definitely escalated in recent years and gotten out of hand."

"We have not seen any change in the activity of migrants crossing our farm because of the National Guard buildup," says Dawn Garner, a rancher who lives in Naco, Ariz., near the New Mexico border. She reports a steady flow of between 20 and 80 immigrants a day across her property over the past two years. "This has had no discernible effect on slowing illegal immigration here."

As illegal immigrants have channeled into rural areas, one result has been rising numbers of deaths in the desert. Arizona saw a record 473 deaths last year - and human rights groups say that statistic is probably a fraction of the actual number, because many deaths go unreported.

"It is not a stretch to conclude that the real number could be twice that," says Erica Dahl-Bedine of Catholic Relief Services. "More and more migrants are reporting to us they have encountered dead bodies or skeletons - the evidence of migrants being left behind because they could go no further."

In Pima County, 80 corpses have been recovered this year compared with 60 by this time last year. Nearly 100 lie unclaimed in refrigeration units that officials have had to rent because regular facilities have been overwhelmed.

The larger picture shows a slightly improving trend line. In his report Tuesday, the border patrol's Aguilar said deaths so far this year are down nationally about 7 percent over last year. The Tucson sector, where the numbers are highest, has seen a 29 percent decrease in fatalities, he said - 120 versus last year's 169.

The arduous crossing, some say, has led more illegal immigrants to stay in the United States once they've reached it - rather than return to their home countries. It's a key reason, they assert, for the fact that between 1l.5 million and 12.5 million undocumented migrants now live in the US - up from between 3.5 million and 5.5 million in 1986.

* * *

South of the border, in Altar, Mexico, Mr. Garcia, the former mayor, steps to a map of Mexico on the wall of Centro Communitario de Attencion al Migrante y Necesitado, a community center that counsels migrants headed north.

Altar was a nearly empty crossroads just five ago, but has now become a daily hive of overloaded vans, buses, coyotes (guides), and supplies - from boots and walking shoes to water and backpacks - that migrants will need when they try to cross the US border. He points to dozens of departure locations 90 miles further north. According to migrant activist groups on both sides of the border, Altar is the Grand Central Station of migrants from every part of Mexico and Latin America, headed north by the thousands.

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Garcia points to areas of Chihuahua to the east, saying clones of Altar will pop up south of whatever US border areas are perceived as the toughest to guard, regardless of how foreboding the territory is for migrants to cross.

A counselor, adviser, and observer for this swell of humanity for the past five years, Garcia has kept close watch on the US debates over immigration, noting the contrary approaches of bills in the US Senate and House, massive demonstrations by immigrants' rights supporters in major US cities, and summer hearings by Congress. A morning check of the Internet tells him that 700 of 900 National Guard troops have been deployed in California.

"Your president is basically playing with both sides during an election year, giving a little to the anti-immigrant movement and a little to those who are in favor of immigration," he says. "We know America is divided over this issue and that no legislation will happen before the election."

A short walk away, in the small town square where migrants arrive from the south in buses and vans to meet their guides for border crossings, migrants show either a vague awareness of the American border buildup, or none at all. In either case, there seems to be little consideration of changes of plan.

In groups of five to 10, migrants from ages 17 to 50, mostly men, sit on the edge of giant planters in the town square. Their stories are similar. Coming from poorer areas in southern Mexico such as Chiapas, Guatemala, and further south, many have spent between $500 and $1000 - and several days of travel - to make it 90 kilometers from the US border. Next, they will meet their guides, who have charged them another $500 to $2,000 to lead them across the desert into the US.

"I can make about $7 a week in Chiapas but maybe a $100 or more in a day in America," says a young man who gives his name as Elfemio, as he sits with a group of four fellow travelers outside the cream- colored Catholic church. Many have saved for months or years for the journey, and sold homes or all their belongings. Most of them have vague plans for how long they will stay, but a common dream is to work for one or two years, saving enough money to return to Mexico and start their own business.

"If you talk to migrants that are making the trek north, you find that their motives are economic - not a wish to colonize America," says Joe Nevins, a political scientist at Vassar College in Poughkeepsie, N.Y.

Most say they will send money back to their families. Two men report having wives and six children each living in Chiapas. Samuel Vasquez says he's trying to get to his family in Selma, Calif., and plans to pick fruit.

Garcia and Ms. Rodriguez note that, if anything, the border buildup will allow the coyotes who lead migrants north to charge more for the privilege, because of alleged complications and danger of apprehension.

It will also produce complications for migrants, many of whom are already diverted by groups of armed drug smugglers who want to protect their drug routes, they say.

Most migrants are not told ahead of time about the extended hardship of crossing the desert. They have given up so much to get this far that they move ahead undeterred - and many keep trying until they succeed because they have no alternative of going back.

After meeting their guides in Altar, Elfemio and his group will stand in the back of an open-topped pickup truck for 50 miles up a rutted, dirt road to a second disembarkation point just south of the border town Sasabe.

From there, they will meet their coyote and fan out left or right from Sasabe for a three- to four-day trek over desert terrain through the Buenos Aires National Forest to the east or the Tohono O'Odham Nation Indian Reservation.

* * *

At about 3:30 p.m., at a place just four miles south of the border called "la ladrillera" (the brickyard), groups of young men are huddled under old car hoods for shade, waiting for the cool of nightfall and the beginning of their journeys.

"Yes, I am afraid, but my need is greater than my fear," says Raul Gutierrez, 24, from Chiapas. Dogs bark, a radio plays Mexican music, a gust of wind turns a nearby dump of plastic water bottles into a cyclone of airborne refuse before settling back into the dirt.

It is 120 degrees in the shade.

The need, says Mr. Gutierrez, is "to make enough to eat well, and make a home."

Pence-Hutchison Bill Creates Hope On Immigration (RC)

By Morton M. Kondracke

Roll Call, July 27, 2006

A chance encounter in the lobby of the National Press Club suggests that it's possible — not likely, but possible — that immigration reform could pass this year.

Prospects are grim because House Republicans seem dug in on their plan to fight illegal immigration, period, while the Senate wants to combine border and workplace enforcement with work permits and an opportunity for illegal immigrants to become legal residents and citizens.

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The two sides seem to be a chasm apart. House conservatives are convinced that a hard line on immigration is necessary to turn out Republicans in the November elections and keep Congress in the GOP's control. And the Bush White House, GOP moderates and most Democrats — whether on principle or a desire to court the fast-growing Latino vote — insist on "comprehensive" reform that gives qualified illegal immigrants a chance to legalize their status. Conservatives denounce this as "amnesty" for lawbreakers.

Informal talks between the chambers are under way, with major input from the White House, but House conservatives are holding field hearings instead of conferencing with the Senate, and only five weeks remain on the legislative calendar between the end of the August recess and the time in October when Members leave town to campaign.

Despite all this, there's a glimmer of hope. Leaving a press club event Tuesday on a nonimmigration matter — his proposal for a shield law for journalists — conservative Rep. Mike Pence (R-Ind.) ran into two leading advocates of comprehensive reform, Frank Sharry of the National Immigration Forum and Tamar Jacoby of the Manhattan Institute.

Trading opinions, they seemed to narrow at least one gap, and Pence indicated that he thinks more convergence is possible.

Earlier in the day, Pence and Sen. Kay Bailey Hutchison (R-Texas) unveiled their new proposal designed to unify House and Senate Republicans. Their idea is to toughen border security and employer sanctions for a two-year period before other measures kick in. Then, illegal immigrant adults from Latin American countries would return home for a brief period, undergo background checks, obtain legal work visas at privately run "Ellis Island Centers" and be eligible to return to the United States for up to six two-year employment periods.

After 12 years, they and family members would be eligible for a new visa, but not be eligible for social service benefits. Five years after that, they could stay in the U.S. on the "X-Change" visa, return home (and collect payroll taxes they'd paid) or apply for permanent residency (a "green card") and be eligible for eventual citizenship.

Sharry and Jacoby, who favor the Bush/Senate approach, were at the National Press Club for their own event, releasing a new poll showing that 71 percent of likely voters support such a measure, including 73 percent of Republicans.

By 55 percent to 33 percent, according to the bipartisan Tarrance Group/Lake Research survey, voters prefer passing a bill this year that includes what critics deride as "amnesty" to passing no legislation at all.

At their event, Sharry and Jacoby declared the Pence-Hutchison proposal "a welcome initiative" and "an important opening gesture" that "could breathe new life into the debate."

But Sharry added, "We don't think it will work and it won't pass. For us, it's not good policy. It does not provide a path to citizenship for people who are here and those who will be coming."

The "deal-breaker" for Jacoby was Pence-Hutchison's failure to increase the number of green cards available at the end of the road. Currently, U.S. law provides for only 1,500 green cards per year for low-skill immigrants, whereas an estimated 700,000 cross the border to work and 500,000 stay in the U.S.

But during the conversation in the press club lobby, Pence said he favors a green card expansion and indicated that he thought House GOP leaders and most rank-and-file Republicans would follow their leaders in supporting a phased-in comprehensive bill.

Even though conservative hard-liners have referred to his bill as offering "amnesty," Pence said that "if you leave the country and get right with the law — if you, in effect, reboot — it's not amnesty if, 17 years later, you apply to be here permanently."

He said he thought that, even though Republicans voted 203-17 in December for an enforcement-only immigration bill (one of which made being illegal a felony), only 20 to 30 of his colleagues would resist a properly constructed comprehensive bill.

And he indicated that a leading supposed hard-liner, House Judiciary Chairman Jim Sensenbrenner (R-Wis.), might well support such a bill. As evidence, he cited Sensenbrenner's decision to lead opposition this month to an amendment by Rep. Steve King (R-Iowa) that would have lifted a Voting Rights Act requirement that election ballots be printed in languages other than English.

Pence quoted Sensenbrenner as telling him that "the Republican Party is against illegal immigration and not against legal immigration," and inferred that Sensenbrenner might support green cards for "rebooted" illegal immigrants.

After listening to Pence, Sharry told me he thinks that Pence is "earnest and gutsy, but perhaps too optimistic," especially in his prediction that hard-line opposition can be held to 20 to 30 Republicans.

"The prevailing consensus among House [Republicans] is that being tough on illegal immigration is a great base-turnout issue for the midterms and might just save them," Sharry said. He also said that such a stance would be "a historic blunder in the long run" by alienating Latinos, a growing demographic group.

Moreover, he said, while "backroom discussions" are under way among Republicans, there are none yet involving Democrats, whose support would be necessary to pass a comprehensive bill, especially in the Senate.

Among Democrats, Sens. Edward Kennedy (Mass.) and Ken Salazar (Colo.) are eager for a deal — though Kennedy said he opposes Pence's bill — but other Democrats may prefer to see Republicans fail to deliver results on an issue they've elevated to the top of the nation's agenda.

"I'd say Pence's move and the White House commitment to a result ups the chances from about 10 percent to maybe 25 percent," Sharry told me. "So, it's a big deal, but a big mountain to climb."

As I said, there's a glimmer.

Bring Back The Braceros (WSJ)

By John Fund

The Wall Street Journal, July 27, 2006

SAN DIEGO -- Conservatives who say we must "beef up" border security seem to disregard the enormous expansion of government authority that would entail -- or that it would be limited by the same ineffectiveness and bureaucracy that constrains the rest of the government. Thus, according to law-enforcement experts, we have tripled the size of the Border Patrol in the last decade and still done little to stem the flow of illegal aliens into the country.

Then there is the issue of corruption. Despite vigorous screening that accepts only one out of 30 applicants, more and more Border Patrol agents are accepting payoffs from smugglers of drugs or people. A federal multi-agency Border Corruption Task Force in San Diego notes that someone working the border can make his salary in a couple of nights.

One police officer told me a suggestive story about two colleagues who raided a smugglers' den in Arizona. They were just about to arrest the ringleader when he quickly opened a desk drawer and took out large wads of cash, telling the officers, "You can have everything in this house, except for me." The officers took him to jail. But their superior admits the two "had been partners for only a week, if they'd been together for 90 days I don't think I'd be telling you this story."

Many agents believe we need a new approach. "Create a guest-worker program to take in those who want to work," one top Border Patrol official told me. "Then the minority of illegals still trying to cross are likely to be the gang members and terrorists you really need to stop."

Old hands along the U.S.-Mexican border recall that once before the country faced a similar crisis and did just that. In the early 1950s, the country had a massive breakdown in law enforcement. Arrests of illegal aliens totaled 885,000 in 1953, abetted by massive graft and corruption in the Border Patrol. But a border enforcement bill was blocked in Congress that year with the opposition led by Sen. Lyndon Johnson of Texas. "Johnson opposed bills that would have increased criminal penalties for hiring illegal aliens," notes his biographer Robert Caro.

President Eisenhower responded with a two-fold approach. He cracked down on the hiring of illegal aliens and convinced hundreds of thousands it was time to return to Mexico. Corrupt officials were transferred away from the border. At the same time he worked with Congress to replace the largely illegal labor hired by Johnson's financial backers with an expansion of the Bracero program that had started in 1942 to address wartime labor shortages. The legal workers were given contracts that specified their pay and living conditions.

Under the new program, some 300,000 Mexican workers entered the U.S. legally every year. As the nonpartisan Congressional Research Service noted in 1980, "Without question, the Bracero program was . . . instrumental in ending the illegal alien problem of the mid-1940s and 1950s." By 1959, arrests of illegal aliens had fallen to 45,000 a year; they remained under 100,000 until 1964.

But in that year, Johnson, running for president, cut a deal with labor unions to end the Bracero program they felt was unfairly competing with their members. Soon the illegal laborers Johnson had winked at in the 1950s flooded back. By 1976, apprehensions were back up to 876,000 -- the old level reached in 1953. They have increased most years since then, reaching 1.2 million annual arrests today.

There were certainly abuses in the Bracero program. Dolores Huerta of the United Farm Workers Union insists it "was a terrible program." But Bracero Jose Delgado notes that "life was very difficult" in Mexico. "You could make between four to five pesos working from dusk until dawn. Coming here and making 72 cents an hour, that was a big difference."

Xóchitl Arellano, the host of a new PBS special on Braceros, told me many were incredibly proud of the work they did. Her father worked in a railroad yard and eventually married a U.S. citizen. In his mind, the biggest abuse of the program was that the 10% of wages withheld from Braceros by Mexico was often never seen by the worker when he returned home.

Any new guest-worker program must avoid such shortcomings. But the striking success of the Bracero program ought to stand as an historical signpost in considering our own immigration situation. With only five weeks to go to reconcile vastly different Senate and House bills on immigration reform, Sen. Kay Bailey Hutchison of Texas and Rep. Mike Pence of Indiana, both Republicans, are proposing a compromise to tighten border security and then offer temporary work visas to illegal immigrants if they first leave the country -- along the lines of the Bracero program.

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"It would encourage illegal aliens to self-deport and come back legally," says Mr. Pence. "They would benefit from no longer living in fear and could return home for visits. Employers who hired anyone without such a visa would face stiff fines, so it would be increasingly difficult for those who weren't legal guest workers to get jobs." The plan would balance the country's need for labor -- there are only 67,000 H2B visas for the entire country per year -- with respect for the rule of law. Even Rep. Tom Tancredo, an anti-immigration firebrand, has previously introduced two guest-worker bills similar to the Pence-Hutchison bill.

Many Republicans oppose passing any immigration bill this year. That could be a tragic political mistake. In 1994, Democrats spent the whole year talking up health care as a major issue only to bicker and fail to even vote on a reform bill. "Voters punished us in part for not being competent enough to finish the job," the late Democratic Sen. Daniel Patrick Moynihan told me in recalling that year's GOP electoral tsunami. Mr. Pence is convinced a similar failure to legislate on immigration this year "could cost Republicans our majority."

Besides facing the wrath of frustrated voters in November, Republicans would do well to remember that there's a sensible, prudent compromise on the table, and one that's been tested by experience. Congress got the mix right once before during a prior immigration crisis. There's no reason they can't do it this time.

TAX:

Statements Made To U.S. Are Barred From Tax Case (NYT)

By Lynnley Browning

The New York Times, July 27, 2006

The federal judge overseeing a big tax shelter trial ruled yesterday that two former partners at the accounting firm KPMG had been coerced into talking to prosecutors before their indictment and that their statements could not be used as evidence.

The ruling, by Judge Lewis A. Kaplan of Federal District Court in Manhattan, was his second major challenge to the tactics used by federal prosecutors in white-collar cases. It is also the latest blow to what the government says is its largest criminal tax case ever.

Sixteen former employees of KPMG and two outside professionals are accused of making and selling abusive tax shelters to wealthy investors that cost the Treasury billions of dollars in unpaid taxes. The 18 were indicted last fall, after KPMG reached a $456 million deferred-prosecution agreement with the Justice Department in August. Under its deal, KPMG admitted criminal wrongdoing and agreed to cooperate with the widening investigation.

In his ruling, Judge Kaplan wrote that statements made in 2004 by two of the defendants — Richard H. Smith Jr., KPMG's former vice chairman in charge of tax services, and Mark Watson, a former partner in charge of KPMG's Washington national tax unit, which reviews tax shelters — had been coerced by the firm under pressure by prosecutors and thus could not be used as evidence.

According to a ruling by the judge last month, the coercion and pressure included KPMG's cutting off legal fees to the defendants to curry favor with prosecutors. The firm's actions violated the two men's Fifth Amendment right against self-incrimination, Judge Kaplan wrote yesterday.

The pressure on the defendants, the judge wrote, "was a product of intentional government action."

"The government brandished a big stick — it threatened to indict KPMG," he wrote. "And it held out a very large carrot. It offered KPMG the hope of avoiding the fate of Arthur Andersen if KPMG could deliver" to prosecutors "employees who would talk, notwithstanding their constitutional right to remain silent, and strip those employees of economic means of defending themselves."

It is not known what the KPMG defendants said in their statements to prosecutors, known as proffers, but such comments often provide ammunition to prosecutors.

Judge Kaplan ruled that statements made by the other 14 KPMG defendants could be used, because they had not made a strong enough case of coercion. The trial is scheduled to begin in January.

In his ruling yesterday, Judge Kaplan cited several letters written in 2004 by prosecutors in the United States attorney's office in Manhattan and lawyers for KPMG at Skadden, Arps, Slate, Meagher & Flom to lawyers for the defendants. The letters, the judge said, detailed how the firm, under pressure from the prosecutors, had threatened to cut off the employees' legal fees and, in the case of Mr. Smith, fire them if they did not talk to prosecutors. At the time of some of the letters, Mr. Smith and the other defendants were suspects in the investigation.

Both the prosecution and KPMG have denied improperly pressuring the defendants. Prosecutors have also denied improperly pressuring KPMG. The accounting firm declined to comment yesterday.

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A representative for the United States attorney's office in Manhattan said, "We are reviewing the ruling and weighing our options."

Federal guidelines written in 2003 and known as the Thompson memorandum lay out factors that prosecutors can weigh when deciding whether to seek the indictment of a company. One guideline urges the company under investigation to persuade employees to talk to investigators.

In his ruling, Judge Kaplan wrote that "the Thompson memorandum makes clear that the failure of a business organization facing possible indictment to induce its personnel to submit to interviews by the government and to disclose whatever they know may be a factor weighing in favor of indictment of the entity."

Last month, Judge Kaplan ruled in the shelter case that another guideline in the Thompson memorandum, one that pressures companies under investigation to cut off legal fees to employees, violated the constitutional rights of those employees.

Last year, as it worked to avert its own indictment, KPMG first capped legal fees at $400,000 each for employees caught up in the inquiry and then cut them off, reversing its traditional practice.

Judge Blasts Government Coercion In KPMG Tax Shelter Case (FINDLAW/AP)

By David B. Caruso, Associated Press Writer

AP, July 27, 2006

(AP) - NEW YORK-Federal prosecutors used excessive economic pressure to coerce two partners at the KPMG accounting firm into cooperating in an investigation of illegal tax shelters, a judge ruled Wednesday.

U.S. District Judge Lewis A. Kaplan said he wouldn't allow statements made by the two men to be used at their upcoming trial.

The decision was the judge's second targeting what he said were improper efforts by the government to get KPMG to force employees to cooperate in the probe, which led to charges against 18 people.

In June, Kaplan ruled that the government improperly pressured KMPG to stop paying the legal bills of any workers accused of wrongdoing. He said the withdrawal of that financial support unfairly crippled the employees' ability to defend themselves.

In Wednesday's ruling, the judge said that financial pressure also led KPMG Vice Chairman Richard Smith and a former partner, Mark Watson, to waive their Fifth Amendment rights and agree to speak with prosecutors, even if it meant exposing themselves to legal risk.

KPMG also threatened to fire workers who didn't cooperate. Kaplan said prosecutors had made it clear in policy documents that white-collar firms that didn't take such steps risked being indicted, an often-fatal blow.

"The government brandished a big stick - it threatened to indict KPMG. And it held out a very large carrot," Kaplan wrote. It offered KPMG the hope of avoiding indictment if it could deliver "employees who would talk, notwithstanding their constitutional right to remain silent."

A spokeswoman for U.S. Attorney Michael J. Garcia declined to immediately comment on the ruling.

Previously, Garcia has said he believed that prosecutors acted "ethically and properly" throughout the case.

Kaplan declined to toss out statements made by other defendants in the case, including former partner Carol Warley, saying other factors had influenced their decisions to speak with prosecutors.

The trial in the case has been postponed until at least January.

The defendants, all former KPMG employees, are accused of developing illegal tax shelters that allowed rich clients to dodge taxes.

KPMG LLP avoided criminal prosecution by acknowledging its role in the tax shelter scheme and agreeing to pay a $456 million penalty.

The accounting, tax and consulting firm, based in New York, is the U.S. member of KPMG International, which has operations in 144 countries and more than 100,000 partners and employees.

Judge Bars Some Statements In The KPMG Tax-Shelter Case (WSJ)

By Paul Davies

The Wall Street Journal, July 27, 2006

A federal judge in New York tossed out statements made to prosecutors by two former KPMG LLP partners after finding they were pressured to meet with investigators before they were indicted for tax fraud.

U.S. District Judge Lewis A. Kaplan found the federal government "deliberately coerced" and "significantly encouraged" KPMG to pressure employees to meet with prosecutors in violation of their Fifth Amendment right to remain silent.

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Judge Kaplan ruled that the government can't use at trial statements by Richard Smith, KPMG's former vice chairman in charge of tax, and Mark Watson, a former KPMG partner, given to prosecutors before their indictment. It is unclear what was in the statements.

Judge Kaplan denied similar relief sought by seven other defendants. In all, 16 former KPMG partners and two others face trial in January on criminal charges related to the design and sale of allegedly fraudulent tax shelters to wealthy individuals.

Judge Kaplan's ruling yesterday is the second time he has ruled that prosecutors in the U.S. attorney's office in the Southern District of New York, which is overseeing the KPMG matter, violated the constitutional rights of defendants while investigating the case.

Last month Judge Kaplan ruled that prosecutors pressured KPMG to cut off payment of legal fees to the former employees in violation of their constitutional rights. The ruling was a blow to tactics adopted by prosecutors in recent years to combat corporate fraud. Those tactics -- outlined in a Justice Department document known as the Thompson memorandum -- recommend cutting off legal fees to employees under criminal investigation.

In his ruling yesterday, Judge Kaplan said the Thompson memo isn't a valid defense for the government's pressure tactics. He said corporate criminals should be prosecuted and, if convicted, punished. "But the end does not justify the means," Judge Kaplan wrote.

Prosecutors have denied pressuring KPMG and said other factors played a role in the employees' decisions to meet with the government. Yesterday, a spokeswoman for the U.S. attorney in Manhattan said "we are reviewing the opinion and considering our options." A spokesman for KPMG declined to comment.

IRS Workers Could Get Unofficial Access To Data (USAT)

By Kevin Mccoy

USA Today, July 27, 2006

IRS employees could be gaining unauthorized access to confidential taxpayer information because many of their supervisors aren't checking on them, a new government audit reported Wednesday.

On average, 42% of IRS supervisors sampled in the audit certified that they had reviewed security reports showing whether their staffers gained access to taxpayer information without authorization.

The certification rate ranged from a low of 15% for IRS supervisors in Austin to a high of 75% for their Brookhaven, N.Y., counterparts, according to the audit by the Treasury Inspector General for Tax Administration.

“As a result, employees may be browsing their spouses' or other employees' tax information with little chance of detection,” the audit concluded.

Underscoring the potential danger, auditors reported that they found “a clear violation” of data safeguards designed to prevent unauthorized access to taxpayer information during a site visit to one unidentified IRS location.

Auditors also said the IRS paid a government contractor $2.4 million for the data security system in 2002, even though it did not completely meet the agency's requirements. The IRS did not renew the contract last year because the contractor was unable to develop an anticipated upgrade.

Auditors recommended that the IRS emphasize the importance of reviewing data security reports and hold managers accountable. They also recommended that the agency hire a new contractor quickly to upgrade the security system. The IRS agreed with most of the recommendations.

Nonetheless, the audit results prompted criticism from Sen. Max Baucus, D-Mont., the ranking minority member on the Senate Finance Committee.

“With recent reports of security breaches at the VA (Veterans Affairs) and the Social Security Administration, it's unbelievable that IRS isn't doing what it takes to keep information safe in-house,” Baucus said.

Republicans Mount New Push To Cut Estate Tax (WSJ)

By David Rogers

The Wall Street Journal, July 27, 2006

WASHINGTON -- Republicans announced another run at pushing estate-tax relief through Congress, but the pre-election gamble complicated already tangled efforts to complete agreement on a long-sought pension bill.

Working late into last night, House-Senate pension negotiators had narrowed their differences over a last remaining issue: how much latitude to give the financial-services industry to both manage retirement accounts and give advice to individuals on their portfolio. But House Majority Leader John Boehner (R., Ohio) conceded that getting a final agreement was being delayed by the fallout from the new Republican estate-tax strategy.

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To win over reluctant Democrats, the leadership is proposing to combine the estate-tax provisions, which have repeatedly failed in the past in the Senate, with a set of popular but expiring federal tax breaks that would be extended for one or two years. But the same tax cuts have long been seen as an integral part of the pension package, and pulling them out at this stage has roiled top senators in both parties.

Business interests are angry as well because the strategy puts at risk a tax provision that would both renew the already expired corporate-research tax credit and enrich the tax benefit in the future.

Mr. Boehner said last night that the leadership would not reverse itself and include the extenders; a second House Republican said Senate threats to stall the pension bill "weren't credible" given the importance to ailing airlines. But the talks grew so heated, both sides opted for a break and Senate negotiators, who met with Senate Majority Leader Bill Frist (R., Tenn.) later, said no agreement had been reached on the tax provisions.

"It makes total sense for extenders to be on the pension bill...That was the operating assumption for a couple of months," said Montana Sen. Max Baucus, the ranking Democrat on the Senate Finance Committee. While Mr. Baucus supports repealing the estate tax, he said the resistance in his party won't be changed now by simply repackaging the issue with more popular provisions. "Democrats have told me they are going to vote for or against estate tax based on its merits. Whether it's on another bill is irrelevant," he said. "They will not be swayed because it is on the extenders."

The Bush administration itself is skeptical that the estate-tax strategy will work, and the greater political goal may be to embarrass Democrats up for election. Meanwhile, the change in course surprised and upset Senate Finance Committee Chairman Charles Grassley (R., Iowa).

"Republicans are going to end up getting blamed for putting all this stuff in one package, thinking you can cram it down the throats of everybody," he told Iowa reporters in a weekly conference call. And this unhappiness threatened efforts to finalize investment advice provisions in the pension bill.

Mr. Boehner has taken the lead in urging that current restrictions be relaxed to permit Wall Street investment houses to both administer an individual's IRA and advise on investments. New disclosure and auditing requirements would be imposed to guard against abuse, but Mr. Grassley has also suggested that advisers would have to be paid at a flat rate, such as a percentage of assets in the IRA, not according to sales.

Both sides said progress has been made in reaching a conceptual agreement and Mr. Baucus has sought to bring the two sides together. "Without too much difficulty it can be done tonight," he said. But it is also a pressure point to get the leadership to reconsider its decision to remove the tax extenders.

Congress enacted a temporary phase-out of the estate tax when President Bush took office in 2001, but tax rates will snap back to as high as 55% when the bill expires in 2011. Under current law, $2 million of an estate is exempted from estate taxes for an individual, $4 million for a couple. The tax rate is now as high as 47%.

About 12,600 estates will be subject to estate taxes for the 2006 filing season, according to the Tax Policy Center. While the final language of the new House package hasn't been disclosed, it is expected to phase in the relief over a longer period and therefore reduce the 10-year costs below the $280 billion price tag contained in the last House attempt at a deal in June.

More Hope For The Truly Rich (NYT)

The New York Times, July 27, 2006

For the past five years, Congress has passed every tax cut championed by President Bush — except one. A handful of Senate Republicans and most Senate Democrats have, to their credit, blocked four attempts since 2001 to repeal the estate tax on America's wealthiest families.

But the heirs to America's mightiest fortunes may be shielded from taxes anyway. This week, David Cay Johnston reported in The Times that the government is on the verge of eliminating the jobs of nearly half of the Internal Revenue Service lawyers who audit estate-tax returns — 157 of the agency's 345 estate-tax auditors. The I.R.S. says the layoffs are warranted because the Bush tax cuts mean fewer people are obliged to pay estate taxes.

That's not very reassuring. Fewer smaller estates — currently, those worth up to $2 million are exempt — are subject to the tax today than when Mr. Bush first took office. But large estates are still taxed, and with inequalities in income and wealth producing ever more billionaires and millionaires, there's ever more gold in those hills for auditors to mine.

The I.R.S. also says that it's confident it is catching estate-tax cheats because a mere 10 percent of estate audits brings in 80 percent of the additional taxes. The logic is that auditing a greater percentage would yield diminishing results.

Maybe. But six years ago, the I.R.S. said that most of the taxable gifts it audited had shortchanged the government, and it pledged to hire more lawyers to audit big gifts.

The underlying fact of the matter is that the I.R.S. hasn't released the data that would allow researchers — and the public — to verify whether cutting back on estate-tax audits represents sound tax enforcement. A research organization at Syracuse

University, called Trac, used to routinely request and receive comprehensive I.R.S. audit figures — by size of the estate, the number of hours spent and the amount of extra recommended tax.

Researchers analyzed the data and posted it on the organization's Web site, so the public had a continuing sense of the I.R.S's fairness, efficiency and effectiveness. But in 2004, the I.R.S. stopped giving Trac the data. In 2006, a federal court ordered the agency to provide the requested records. But the information released since then has not been comprehensive. If the I.R.S. wants to avoid suspicion that its actions are politically motivated, it should release all the data that researchers need to evaluate its actions.

CONGRESS-ADMINISTRATION:

The Bolton Nomination, Act II (WP)

By Colum Lynch

The Washington Post, July 27, 2006

UNITED NATIONS, July 26 -- U.N. Ambassador John R. Bolton's blunt diplomatic style has made him a political rock star among conservative Republicans who relish his routine exposure of U.N. foibles and criticism of its bureaucrats.

But international diplomats, including several from countries closely allied with the United States, complain that he has furthered U.S. isolation here and undercut U.S.-backed efforts to reform the sprawling bureaucracy of the United Nations.

"He sometimes makes it very difficult to build bridges because he is a very honest and blunt person," said South Africa's U.N. ambassador, Dumisani Shadrack Kumalo, chairman of a coalition of developed nations. He said there is a perception among many developed countries in the coalition, known as the Group of 77, that it appears "Ambassador Bolton wants to prove nothing works at the United Nations."

The Senate Foreign Relations Committee begins hearings Thursday on whether to make Bolton's temporary appointment, which will expire in January, permanent. His appearance in Washington, where Democratic leaders have vowed to oppose Bolton, is expected to be as polarizing as his presence at U.N. headquarters.

Sen. Joseph R. Biden Jr. (D-Del.) said, "Mr. Bolton's performance at the U.N. only confirms my conviction that he's the wrong person for this job." He suggested that Democrats may filibuster a Senate vote unless the Bush administration releases documents Biden believes detail Bolton's use of National Security Agency intercepts involving U.S. citizens.

President Bush installed Bolton at the United Nations in August 2004, during a congressional recess, sidestepping opposition from Democrats and three Republican moderates, who voiced concern over Bolton's confrontational style.

But the White House is now pressing for speedy confirmation. The Foreign Relations Committee scheduled a hearing after Sen. George V. Voinovich (Ohio), a Republican who joined Democrats in blocking the nomination last year, said he now supports Bolton.

Bolton's defenders say he has rightfully upended the status quo at the United Nations, which has been plagued by financial and sexual misconduct scandals in Iraq and Congo. They say his aggressive pursuit of U.S. interests has irritated foreign delegations, including European allies who see the world body as a means of constraining U.S. power.

"Bolton is not loved at Turtle Bay," the Manhattan neighborhood that is home to the United Nations, "but he is well-respected and he is regarded as a force to be reckoned with," said Nile Gardiner of the Heritage Foundation, a conservative Washington think tank. "He has done a very successful job in terms of highlighting the huge, myriad failures within the United Nations."

Sen. Norm Coleman (Minn.) and other Republican Bolton supporters maintain it is vital to show that the ambassador has Congress's full support when he is grappling with multiple crises in the Middle East and North Korea. Bolton, they insist, has demonstrated effectiveness by helping to guide a tough U.N. Security Council condemnation of North Korea and is working to impose sanctions on Iran for flouting international demands to halt its enrichment and reprocessing of uranium.

Bolton maintains that he has successfully built alliances on a range of issues, but that the effort to streamline the U.N. bureaucracy has been thwarted by entrenched diplomats who fear change will imperil their privileges. He said in an interview that he has avoided needless confrontation that "would raise the level of acrimony in an unproductive way."

Bolton's initial foray into diplomacy at the United Nations began with the negotiation of a joint statement outlining a range of U.N. changes in September that was endorsed by Bush and other world leaders. He rankled delegates by reopening talks on a painstakingly negotiated statement and pressed for more than 700 modifications. Still, many diplomats voiced grudging admiration for Bolton's tough style.

Today, many of those same envoys say Bolton has had a more destructive impact on efforts to scale back scores of outdated U.N. programs, create a new human rights council and overhaul the U.N. bureaucracy.

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"There is currently a perception among many otherwise quite moderate countries that anything the U.S. supports must have a secret agenda aimed at either subordinating multilateral processes to Washington's ends or weakening the institutions, and therefore, put crudely, should be opposed without any real discussion of whether they make sense or not," U.N. Deputy Secretary General Mark Malloch Brown said in June 6 speech.

Bolton reacted furiously, insisting that Malloch Brown's remarks constituted an insult to the American people and that as an international civil servant he had no right to criticize a U.N. member state.

Gunter Pleuger, who retired last month as Germany's U.N. ambassador, said Bolton has repeatedly maneuvered the United States into isolated positions on key issues.

"The first thing you learn in diplomatic school is never move yourself into a position of isolation, because even the biggest power will not sustain that position," Pleuger said in a telephone interview from Berlin.

Pleuger said the United States suffered a "bitter defeat" in its effort to press for the replacement of the troubled Human Rights Commission, which had become a haven for nations with dismal human rights records seeking to block international condemnation of their governments.

Israel's U.N. envoy, Dan Gillerman, said Bolton's arrival has been a "breath of fresh air at Turtle Bay precisely because he's not your typical diplomat."

"I'm certainly not going to tell the Senate or House of Representatives how to vote, but if John Bolton were to be confirmed by the Israeli Knesset, he would get all 120 votes," Gillerman said.

John Bolton, Multilateralist? (WP)

The Washington Post, July 27, 2006

LAST YEAR we expressed reservations about President Bush's nomination of John R. Bolton to the post of ambassador to the United Nations. Mr. Bolton's intellect and competence were not in doubt, and attempts to paint him as an office bully were underwhelming. But the nominee's tendency to press ideological principle irrespective of pragmatic considerations seemed likely to undermine his ability to build coalitions at the United Nations and thereby advance U.S. interests. Although we deferred to the president's right to the nominee of his choice -- a deference that is even more important in the case of executive-branch positions than in judicial ones -- Sen. George V. Voinovich (R-Ohio) went further than us. Calling Mr. Bolton "the poster child of what someone in the diplomatic corps should not be," Mr. Voinovich broke with his party and withheld his support. Largely as a result, Mr. Bolton never got confirmed and arrived at the United Nations only by virtue of a recess appointment.

One year later, Mr. Voinovich has reversed his position, emboldening the Senate leadership to schedule a hearing today on Mr. Bolton's confirmation. Writing on the opposite page on July 20, Mr. Voinovich asserted that Mr. Bolton "has demonstrated his ability, especially in recent months, to work with others and follow the president's lead by working multilaterally." We are surprised by this statement, since Mr. Bolton's conduct at the United Nations has in fact demonstrated the opposite.

Mr. Bolton began his tenure with an argument over the preparations for a gathering of heads of state. He demanded that the summit document omit, among other things, references to the anti-poverty Millennium Development Goals, on the ground that these had been interpreted by U.N. officials to include a commitment to more foreign aid. Mr. Bolton's action alienated other U.N. ambassadors with no obvious gain; such commitments, even if accepted, are non-binding.

Mr. Bolton's handling of the new U.N. Human Rights Council was equally clumsy. He failed to show up at nearly all of the 30 or so negotiating sessions leading up to the council's creation, then waded in at the eleventh hour with a bizarre proposal that the State Department quickly repudiated. Mr. Bolton's spokesman says that the ambassador engaged in good faith throughout the process. But U.S. allies felt that Mr. Bolton did not do so.

Mr. Bolton has embarrassed himself most recently by his mishandling of U.N. management reform, a cause supported by U.N. officials and the richer member states. Mr. Bolton came up with the idea of threatening to cut U.N. funding unless the management reforms were adopted, and his spokesman insists that this brinkmanship was helpful. But South Africa's U.N. envoy called it "poison"; Germany's ambassador called it "wrong"; his British counterpart said it was a mistake to hold the budget hostage. After six months the budget threat was dropped.

We see little evidence here that Mr. Bolton is good at "working multilaterally." Rather than building support at the United Nations, Mr. Bolton has more often solidified the anti-American coalition. We continue to believe that the president is entitled to the ambassador of his choosing, provided that the nominee is competent and honest. But we can't explain Mr. Voinovich's change of mind, nor why Mr. Bush supposes that this polarizing envoy advances U.S. interests.

Rejecting Bolton's Sledgehammer Diplomacy (LAT)

The Los Angeles Times, July 27, 2006

DOJ_NMG_0043834

LOCK UP YOUR TREATIES AND secure your summits. Just when you thought it was safe for international diplomacy again, John Bolton is back.

Bolton, the U.S. ambassador to the United Nations who seemed destined for a desk job at some neoconservative think tank for the duration of the Bush administration, is now poised to retain his U.N. post. The turnabout comes courtesy of Sen. George V. Voinovich (R-Ohio), a member of the Foreign Relations Committee who played a critical role last year in torpedoing Bolton's confirmation, prompting President Bush to install the ambassador with a recess appointment that expires this fall. Voinovich, who a year ago called Bolton the "poster child for what someone in the diplomatic corps should not be," now feels the ambassador has been "tempered" by the job.

It's mystifying what changed Voinovich's mind. Was it the way Bolton, soon after taking his seat, sabotaged a year and a half of careful negotiations on U.N. organizational reforms by introducing hundreds of last-minute amendments to a draft agreement, rendering the final version nearly meaningless? Was it his refusal to budge on talks over the creation of a new Human Rights Council, which didn't improve the eventual agreement one iota but nearly made it worse? Given the monster Bolton was portrayed to be at last year's confirmation hearings, perhaps Voinovich is simply impressed that he hasn't reached across the table to throttle the French ambassador.

It's true that Bolton has not been a total disaster. Under his tenure, the U.S. signed on to an important agreement asserting the principle that states have the responsibility to protect their citizens from mass slaughter and could face U.N. action if they don't. His stands on human rights and organizational reform have for the most part been highly principled. The problem is that he doesn't know when to compromise, without which progress in an international body is impossible.

Bolton's sledgehammer diplomacy has poisoned an already tense relationship between the U.S. and other countries, including our most important allies. U.N. members see American reform proposals not as ways to improve the organization but as hidden attempts to enhance U.S. power. This helps explain why Bolton has largely failed to achieve his stated goals — or much of anything else.

The Foreign Relations Committee is slated to hold a hearing on Bolton today. It should turn him down, but given Voinovich's about-face, it probably won't. That will tempt Democrats to filibuster when it comes time for a Senate vote, as they did twice last year to block his confirmation. They should resist the temptation.

For all his faults, Bolton is the president's nominee and, if supported by the majority of the Senate, deserves to keep his seat. He should be rejected because he's the wrong person for the job, not as a result of the fundamentally unfair and undemocratic instrument of the filibuster.

Bolton Revisited (WSJ)

The Wall Street Journal, July 27, 2006

Today's Senate hearing on John Bolton's nomination as Ambassador to the U.N. was made possible by Ohio Republican George Voinovich's very public reversal on the appointment last week. But it also gives Democrats a chance to show they care as much about multilateral diplomacy as they claim to.

Thanks to a recess appointment by President Bush last August, Mr. Bolton has been proving himself in the job that critics said he was too intemperate to handle. Among his diplomatic credits are the first Security Council resolution against North Korean weapons proliferation since 1993. He has also fought hard, and with some success, to make U.N. reform more than a token exercise. Given that the U.S. is the largest contributor to the U.N.'s budget, its management is an issue that affects U.S. taxpayers directly, as well as being critical to reviving the U.N.'s credibility after the Oil for Food disaster.

Mr. Bolton's pressure for reform has caused some heartburn at the U.N. Secretariat, and some officials are fighting back by leaking (anonymously) to reporters that the Ambassador doesn't play nice with other diplomats. Kofi Annan and his inside enforcer, Mark Malloch Brown, are especially unhappy with Mr. Bolton for saying that reform is essential if the U.N. is going to win back support on Capitol Hill. Never mind that Mr. Bolton is the U.S. Ambassador to the U.N. and is supposed to represent American interests. If Democrats filibuster him once again, they'll be putting partisanship above an effective and credible U.N.

Republicans Inexplicably Losing Momentum On Judicial Choices (NHUL)

By Robert D. Novak

New Hampshire Union Leader, July 27, 2006

BOTH THE SENATE and White House have risen from an all-year slumber that ignored their issue of judicial confirmations until now.

Last Thursday night, the Senate unexpectedly confirmed four judges, on a voice vote after no debate. On Tuesday, another appeals judge was confirmed, 67 to 30, after token debate. Without fanfare, the White House suddenly poured out 13 judicial nominations. But, from the Republican standpoint in 2006 midterm elections, it looks like too little, too late.

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On June 16, six conservative Republican members of the Senate Judiciary Committee had sent President Bush a private letter protesting the slow pace of judicial confirmations. They noted an unusually high number of judicial vacancies for the sixth year of a Presidency, including nine on the circuit courts, with no nominations made over a two-month span early this year.

Pleading with the President, the senators said "the fast-approaching November elections make it imperative that the Senate confirms as many strong nominees as possible in the limited time remaining in the 109th Congress."

Bush did not answer the senators. Coincidentally or not, however, the President sent up the 13 nominations — including six circuit judges — between June 28 and July 13. Still, the President has not submitted a name for five vacancies on circuit seats and 14 empty district seats. This failure is inexplicable considering how the collapse of the Democratic obstruction campaign contributed to 2004 GOP election victories. Holding a weak hand in 2006, the Republicans are discarding a rare trump card.

Justice Department officials have quietly passed word that Senate Majority Leader Bill Frist advised it was too late in the year for new nominees. When I checked, Frist unequivocally denied that. Perhaps the Justice officials misunderstood Frist aides who have argued that if the White House dawdled, there would be no time for confirmation.

Nevertheless, Frist indisputably put judicial confirmation on the back burner. Although the number of judges confirmed in this Congress is extraordinarily low, Frist has sounded like Democratic predecessor Tom Daschle in issuing statements boasting of the number of judges confirmed under his watch. The party leadership has scheduled no floor debate time on judges between now and the November elections. No debate, no campaign issue.

While not happy with Frist, conservatives view Senate Judiciary Committee Chairman Arlen Specter as a bigger problem. Specter, never attuned to national Republican concerns, has shown less interest in confirming conservative judges than in intelligence controversies, asbestos law reform and voting rights extension.

But one Judiciary Committee conservative (who asked that his name not be used) rated Specter and Frist as 10 percent of the problem and the White House 90 percent — especially Harriet Miers, Bush's pal from Texas and failed first choice to be the last Supreme Court nominee.

As White House counsel, Miers has been criticized on Capitol Hill for the caliber of some recent nominees and the lethargic pace of appointments. She wanted her friend, Columbia Law School professor Debra Livingston, named to the prestigious District of Columbia Circuit Court of Appeals.

Conservatives blocked Livingston as undependable. Instead, Bush on June 29 nominated conservative Assistant Attorney General Peter Keisler for the D.C. circuit.

However, Miers maneuvered Livingston to a seat on the New York-based 2nd Circuit. Beyond the White House, Republicans are in disarray on judges.

Sen. Lindsey Graham, one of the conservative signers of the June 16 letter, is under fierce attack from the right for opposing Bush's nomination of Pentagon General Counsel William J. Haynes to the 4th Circuit in Richmond, Va., because of his role in handling terrorist detainees. In response, Graham has contended Haynes and two other embattled nominees (whom he supports) are "wounded" and asked for new, better-qualified choices.

Despite recent nominations and confirmations, it seems too late for a Senate battle to impact the midterm campaign. Sen. Edward M. Kennedy must sigh in relief. His grand design to block Bush's judicial nominees was a fiasco, handing Republicans a major 2004 campaign issue and leading to confirmation of two conservative Supreme Court justices. It is the last issue Kennedy wants to engage before the 2006 campaign, and Republicans are granting his desires.

Robert D. Novak is a syndicated columnist and a commentator for the FOX network.

Dubai Port Uproar Spurs Passage Of Bill (AP)

By The Associated Press

AP, July 27, 2006

WASHINGTON, July 26 (AP) — The House and the Senate voted on Wednesday to make it easier for Congress to watch over the federal panel that had been criticized for deciding that a company owned by Dubai could manage parts of some American ports.

The deal with the company, DP World, fell apart this year after an uproar over whether the Bush administration ignored national security concerns in signing off on the transaction. It had been approved by the Committee on Foreign Investment in the United States, whose members, drawn from different government agencies, review foreign investments that could have an impact on national security.

The House and the Senate have approved versions of the legislation, which now will go to a conference committee.

The Senate majority leader, Bill Frist, Republican of Tennessee, said the Senate bill strengthened the review process by "explicitly establishing a system of Congressional notification that had previously been lacking."

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The House bill establishes the committee in statute and adds the secretaries of homeland security and commerce as vice chairmen, under the Treasury secretary. The signatures of all three would be needed for an review to be considered final.

Overhaul Cleared For Review Panel (WT)

By Amy Fagan, The Washington Times

The Washington Times, July 27, 2006

Nearly six months after public outrage thwarted a Dubai-owned company's bid to purchase some U.S. port operations, the House and Senate yesterday quietly approved bills to overhaul the panel that approved the deal.

The House approved a bill on a 424-0 vote that members from both parties said balanced U.S. security with foreign investment. "We improve our security in the right way," said Majority Whip Roy Blunt, Missouri Republican and lead sponsor of the bill.

The Senate approved its version by unanimous consent yesterday afternoon. Senate Majority Leader Bill Frist, Tennessee Republican, said the measure "strengthens the [panel] review process in a number of ways."

Notable differences between the bills remain.

Both versions include changes to the Committee on Foreign Investment in the United States (CFIUS). The interagency panel, headed by the Treasury Department, is charged with reviewing security implications of foreign acquisitions or mergers affecting U.S. assets.

Earlier this year, the panel approved a $6.8 billion bid by DP World to purchase terminal operations at six U.S. ports. Members of Congress, top administration officials and President Bush were unaware of the approval until the firestorm of security concerns had begun. The Dubai company ultimately backed down from the deal.

The House bill requires a 45-day CFIUS investigation for any deals involving companies controlled by foreign governments, as well as deals that could impair national security, are opposed by any member of the panel or are flagged by the national intelligence director. CFIUS conducted an initial review of the DP World deal but did not opt for the 45-day investigation until the public outcry.

The Senate bill triggers the 45-day investigation when a deal could impair national security, or involves a foreign government or critical infrastructure.

The House bill would add the Energy Department as a panel member and place Homeland Security and Commerce Department officials as the vice chairmen. The Senate bill would add the national intelligence director as a panel member and place the secretary of defense as vice chairman.

Republicans and Democrats in the House said they crafted the bill to ensure it would not discourage job-producing foreign investment in the United States.

Rep. Michael G. Oxley, Ohio Republican and chairman of the Financial Services Committee, said the DP World deal created an overreaction but highlighted "some very deep concerns" about the CFIUS.

Rep. Barney Frank of Massachusetts, the top Democrat on Mr. Oxley's panel, said the bill "improves the situation without any sort of drastic change" that would hurt foreign investment.

U.S. Stem-cell Researchers Sense A Chill (USAT)

By Dan Vergano

USA Today, July 27, 2006

Political sparring, congressional votes and a presidential veto have left embryonic stem-cell researchers right back where they started.

But that doesn't mean things haven't changed — they're worse, proponents of the research say. Scientists say President Bush's adherence to his stem-cell policy has cast a pall over the future of their work and dashed hopes that the divide will be closed anytime soon.

“The reality of the veto is that it changes things right now and influences therapies down the road,” says researcher Douglas Kerr of Johns Hopkins Hospital in Baltimore. In June, Kerr reported partially restoring movement in paralyzed rats treated with nerve cells derived from embryonic stem cells.

“I have all these human embryonic stem-cell experiments set. Now I'm not sure when they will ever go.”

Last week, Bush vetoed the Stem Cell Research Enhancement Act, which would have expanded federal research spending to cover all embryonic stem cells. Only 21 cell lines, all of them five years old or older, are now available.

In August 2001, the president limited National Institutes of Health (NIH) spending to research on embryonic stem-cell lines in existence at that time. Research on new lines created after that date would not be paid for, according to his ruling.

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Human embryonic stem cells are the early cells developed in the first six days or so of an embryo's development. They act as blank slates, capable of growing into almost every tissue found in the body.

Researchers such as Kerr see them as a potentially revolutionary source of information about how tissues develop and as a potential source of transplant tissues for patients suffering diseases such as paralysis, diabetes and Parkinson's.

However, to gather the cells, researchers have to pull them from the hollow interior of an embryo, destroying it. Bush sees this as "a destruction of human life," says his press secretary, Tony Snow. The position is shared by many opponents of the research.

"At this juncture, we are stymied by the veto," says the University of Minnesota's Leo Furcht, head of the Federation of American Societies for Experimental Biology. But it would be a mistake, Furcht and others say, to conclude that embryonic stem-cell research has remained frozen in time.

"Yes, we are progressing," says Thomas Okarma, president of Geron Corp. in Menlo Park, Calif., which hopes to start human trials of embryonic stem-cell paralysis treatments next year, using cells from the NIH-approved lines.

But the entire research field has suffered from a lack of support proportionate to its promise, Okarma says. Cancer research started at the same time by his company benefited from work with "hundreds" of cancer researchers, many NIH-funded, and is already being tested on patients. The stem-cell work had fewer than a dozen such collaborators.

"There's the difference right there," Okarma says.

Federal grants from the $28.5 billion NIH are the primary funding of basic biomedical research in the USA, Kerr and others say.

At Harvard University, where stem-cell researcher Doug Melton has produced 28 stem-cell lines since 2004 that are not eligible for NIH funding, researchers can't use equipment bought in the past with NIH funds to study the new lines. Kerr and other researchers say those new lines are hardier, grow faster and are more useful than the NIH lines.

Patchy state laws, both supportive and prohibitory, have created further uncertainty, says Kirstin Matthews of Rice University in Houston. And more than half of all states have no policy on embryonic stem-cell research.

"I wouldn't be surprised to see scientists move to more supportive states and universities," she says by e-mail.

A report in April by University of Michigan sociologist Jason Owen-Smith and Stanford University biologist Jennifer McCormick in Nature Biotechnology found that U.S. embryonic stem-cell research papers dropped from 36% of all such publications in 2001 to 26% in 2004. "We probably can expect this veto to make closing the gap we documented in our study more of a challenge to U.S. researchers," McCormick says. "It wouldn't be surprising if we see more U.S. human embryonic stem-cell researchers, including some of the top researchers, moving abroad."

They're getting offers. Another Nature Biotechnology report this month found that about 15% of stem-cell "principal investigators" had received job offers overseas, a rate more than five times higher than for other biologists.

"The veto really does suggest that the uncertainty on the field is going to persist," says study author Aaron Levine of Princeton University. "It's very clear (that) you're taking a big risk if you are a young investigator moving into embryonic stem cells in the U.S. right now."

Education Department Expands Tutoring (AP-Y)

By Ben Feller

AP2, July 27, 2006

The Bush administration says it again will bend the rules of the No Child Left Behind law, intending to get thousands more poor children into tutoring.

The Education Department said Wednesday it would expand two experiments that early signs indicate have helped more children get into tutoring. The step is an attempt to address a major snag under the 2002 law.

Only 10 percent to 20 percent of the more than 1 million poor children eligible for tutoring have signed up. That is considered a dismal rate of participation.

The policy changes are part of a pattern of enforcement by Education Secretary Margaret Spellings. She wants to show she can adapt — waiving rules to get more kids in tutoring — and yet be tough on states that do not comply, by threatening to pull their money.

The law requires schools that get federal poverty aid and fall short of their yearly progress goals for two straight years to offer transfers to students. After three years of failure, schools must offer low-income parents a choice of tutors.

The new policy will let 23 school districts flip that order, offering transfers second.

That is significant because parents prefer tutoring to moving their child to a new school. Six times as many students took part in tutoring compared with school choice in 2003-04.

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The districts are in Alaska, Delaware, Indiana, North Carolina and Virginia. Just four Virginia districts were involved when the experiment began last year. Spellings opted to expand it nationwide after seeing signs that it boosted interest in tutoring.

Most states did not bother applying for the flexibility because they did not meet the criteria. The five states that won the department's blessing were the only ones to apply.

They must report on the progress of the students and show increases in enrollment.

The department bent the rules in a second area, too.

Typically, school districts themselves cannot provide tutoring when they have failed to meet their yearly progress goals. Districts say that penalty ends up reducing help for kids.

So Spellings agreed last year to let Boston and Chicago provide tutoring even though they had fallen short of academic standards. The department renewed that offer and extended it to two more districts: Anchorage, Alaska, and Memphis, Tenn.

"More children will have access to quality tutoring," Deputy Education Secretary Ray Simon said. He said the programs will provide key data on what works and what doesn't.

As a matter of fairness, extending flexibility to more schools makes sense, said Michele McLaughlin, assistant director of educational issues for the American Federation of Teachers.

But the bigger goal is to turn around struggling schools in high-poverty areas. Transfers and tutoring have never been established as ways to do that, McLaughlin said.

House Leaders May Impose Earmarks Rule (AP-Y)

By Jim Abrams

AP2, July 27, 2006

House GOP leaders pledged Wednesday to impose their own new rules on money earmarked for special projects if the House and Senate cannot come to terms on stalled lobbying and ethics legislation.

The leadership statement said the House would move immediately to implement earmark reform "independent of the ongoing lobbying and ethics reform discussions" after Labor Day, when Congress returns from its August recess.

"The American people want meaningful change in the way in which Congress spends their money," said the statement from Speaker Dennis Hastert, R-Ill., Majority Leader John Boehner, R-Ohio, and Rules Committee Chairman David Dreier, R-Calif.

Lobbying reform was a top legislative priority early in the year after disgraced lobbyist Jack Abramoff pleaded guilty to influence-peddling charges implicating several members of Congress and further diminishing the public's opinion of Congress.

The Senate passed a bill in March and the House in May that required lobbyists to report more on their activities and limited gifts, meals and travel paid for or involving lobbyists.

But the two chambers have made little progress in finding common ground on their bills.

A major sticking point has been House insistence on limiting contributions to independent political groups known as 527s, for the section of the tax code that covers them. Senate Democrats say that would be a bill-killer: While both parties took advantage of help from these groups in the 2004 election, Democrats had greater success in raising money through them.

The bills also proposed changes to House and Senate rules concerning earmarks, the special projects slipped into larger bills that are often cited as examples of wasteful or unnecessary spending.

The House version requires all appropriations, or spending, bills to carry a list of earmarks and their sponsors. It also stipulates that lawmakers can raise points of order against spending bills emerging from House-Senate conferences that do not include a list of earmarks.

Leaders Vow Earmark Rules (RC)

By Jennifer Yachnin And Tory Newmyer

Roll Call, July 27, 2006

With negotiations over lobby reform stagnant, House Republican leaders announced Wednesday that if talks with the Senate continue to stall they will seek to implement a sweeping rules change that would apply earmark reform measures to all of the chamber's committees when it returns in September.

"The House-passed lobbying and ethics reform bill includes a series of significant reforms meant to bring greater transparency and accountability to the congressional earmarking practice," Speaker Dennis Hastert (R-Ill.), Majority Leader John Boehner (Ohio) and Rules Chairman David Dreier (Calif.) said in a joint statement.

"House Republicans are committed to extending these reforms to all committees and implementing them during the current session of Congress, before any spending or tax bill for the upcoming fiscal year goes to the President's desk," the statement read.

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Although GOP negotiators in both chambers had hoped to reach agreement on the measure — the standoff has centered on House leaders' insistence on legislation targeting 527 political committees — and vote on a conference report this week, a deal appears unlikely before House lawmakers recess Friday for the entire month of August. The House still has yet to name conferees on the bill.

With those uncertain prospects in mind, conservative House Republican lawmakers began lobbying the chamber's leadership late last week to implement the earmark reform measures independent of the overall reform package.

Republican leadership agreed to the demand Wednesday, setting a September deadline for reaching a consensus on the conference agreement.

"If the House and Senate have not produced a final lobbying and ethics reform conference report by the time we return from our August district work period in September," Republican leaders said in the statement, "the House will move to immediately adopt and implement a comprehensive earmark reform rules change independent of the ongoing lobbying and ethics reform discussions to ensure these new rules apply to all spending and tax measures that will go to the President's desk this fall."

While House Appropriations Chairman Jerry Lewis (R-Calif.) said he had not seen the leadership agreement Wednesday afternoon — "I'll have to examine the whole picture," Lewis said, declining to comment further — several of his committee's members welcomed the reform proposal.

"I've always favored the idea of identifying who makes requests for what," said Rep. Jim Kolbe (R-Ariz.), who chairs the Appropriations subcommittee on foreign operations, export financing and related programs.

But several Appropriations members, including Rep. Joe Knollenberg (R-Mich.), asserted that the move won't mean significant changes, since the panel now applies significant legislative "sunshine" to the spending bills.

"We're already doing that," said Knollenberg, who chairs the Appropriations subcommittee on the Transportation Department, Treasury Department, and Housing and Urban Development, the Judiciary and the District of Columbia. "The transparency and the sunshine is already there."

The Michigan lawmaker pointed to Rep. Jeff Flake's (R-Ariz.) attempts to defeat numerous earmarks on the House floor earlier this year, noting that the efforts largely failed.

"They were glad to go before the floor," Knollenberg said of those lawmakers who defended their requests in House debate.

Appropriators also won demands for the inclusion of all legislation under the temporary reform, mirroring a vow Lewis won from Republican leadership in exchange for his support of the lobbying overhaul package.

Both Education and the Workforce Chairman Howard McKeon (R-Calif.) and Science Chairman Sherwood Boehlert (R-N.Y.) also welcomed the stop-gap reform measure.

"It's a good thing to do," McKeon said, while Boehlert, also a senior member on the Transportation and Infrastructure Committee said: "It's moving the in the right direction."

Rep. Jim McCrery (R-La.), who serves on the Ways and Means Committee and widely is viewed as the frontrunner for the panel's gavel in the 110th Congress, said he had no problem with the earmark changes. "Looks good to me," he said

Despite that apparent support, it remains unclear how much of an impact the move will have without a similar manuever by Senate lawmakers.

"It's certainly of less value" without Senate action, said Rep. John Sweeney (R-N.Y.), who sits on the Appropriations panel.

Rep. Bill Young (R-Fla.), the former Appropriations chairman who now heads the subcommittee on Defense, took a loftier approach: "The House has to do a lot of things on its own," he said, then added. "We do tend to be pretty aggressive in the House."

At least one conservative Republican, Flake, a thorn in his leadership's side for his advocacy of earmark reform, remained critical, saying the announcement was "better late than never."

But he cautioned he is reserving final judgment until he sees details of the leaders' plan and learns whether the new transparency rules will apply to conference reports on spending bills his chamber already has approved.

He noted the House has green-lighted "thousands" of earmarks this year in passing ten of its 11 appropriations bills. The Arizona Republican, by his own estimate, has challenged "a couple dozen" of them, but even within that batch, Flake said he was unsure of all the sponsors.

Flake said if House leaders do not go far enough with their promised reforms, he still plans to challenge earmarks in the Labor-HHS spending bill and is in the process of drafting a privileged resolution to implement his version of a crackdown.

Pork Reform Via Rules (HILL)

By Alexander Bolton

The Hill, July 27, 2006

House Republican leaders plan to reform earmarks by changing internal House rules in September, should they fail to strike a deal with Senate negotiators on a broader reform bill over the August recess.

Senate Majority Leader Bill Frist (R-Tenn.) has also told colleagues that he would be open to reforming lobbying and earmarks by changing Senate rules if the chambers fail to agree.

This suggests that Republican leaders are increasingly pessimistic about passing lobbying-reform legislation and may have even decided against it.

Changing the rules would allow them to sidestep the controversial issue of whether to impose stricter rules for the soft-money groups known as 527s. It would also reduce the political pressure to pass a lobbying-reform bill during the height of the campaign season.

But it also means that several proposals, such as fining lobbyists for violating the gift ban, placing restrictions on lawmakers' job negotiations and prohibiting lawmakers and staffers from flying on lobbyist-owned airplanes, could fall by the wayside.

"After Labor Day, the House is likely to consider, among other items, a number of important appropriations conference reports for the upcoming fiscal year," Speaker Dennis Hastert (R-Ill.), Majority Leader John Boehner (R-Ohio) and Rules Committee Chairman David Dreier (R-Calif.) wrote in a joint statement.

"If the House and Senate have not produced a final lobbying and ethics reform conference report by the time we return from our August district work period in September, the House will move to immediately adopt and implement a comprehensive earmark reform rules change independent of the ongoing lobbying and ethics reform discussions to ensure these new rules apply to all spending and tax measures that will go to the President's desk this fall."

Boehner told colleagues at yesterday morning's meeting of the House Republican Conference that the new earmark rules would apply to the final versions of spending bills that Senate and House lawmakers negotiate this autumn.

But fiscal conservatives who have called loudest for earmark reform say it should also apply to the labor-health and human services spending bill that has not yet passed the House. Rep. Jeff Flake (R-Ariz.), who led the push for reform, said that bill contains more than 1,700 earmarks.

Flake applauded his leaders' decision to move earmark reform separately from the stalled lobbying reform bill.

"That's what we've been bugging them to do for a long time," he said.

The leaders of authorizing committees have agreed for the most part to extend new earmarking rules to their panels. Appropriations Committee Chairman Jerry Lewis (R-Calif.) demanded earlier this year that other committees follow new rules in exchange for giving members of his panel the green light to vote for the lobbying-reform bill that narrowly passed the House floor.

Rep. Jim McCrery (R-La.), who is expected to succeed Rep. Bill Thomas (R-Calif.) as chairman of the Ways and Means Committee, said it was his understanding that an agreement had been reached on earmark reform.

"Our staff has worked with leadership staff to come up with language that is acceptable," he said, explaining that the reform would require the committee to disclose the sponsors of special itemized tax provisions — named rifle-shots because of their precision — in legislation.

The Ways and Means Committee and the Transportation Committee are the two authorizing panels that would be most affected because they routinely pass legislation containing earmarks worth hundreds of millions of dollars.

For weeks, House Republican leaders have said they were close to agreement on including authorizing committees in earmark reform.

Craig Holman, a lobbyist for Public Citizen, said that good-government groups would criticize Republicans for not passing lobbying-reform legislation this year.

"Republicans in the House and Senate are going to come under very sharp attack for not addressing the lobbying and ethics scandals that have swept over Capitol Hill," he said. "We're not going to let them off the hook."

But he admitted that the Republican decision was shrewd because it would allow them to claim progress in addressing lobbying scandals.

"They're going to be able to approach voters and say we've done something," he said. "I do applaud them for doing that."

If House Republicans take that path, their Senate colleagues are likely to follow suit.

A GOP aide said that Frist would be willing to address earmark and lobbying reform by changing Senate rules.

Failure to pass legislation would likely draw criticism from Democrats.

But Sen. Barack Obama (D-Ill.), whom Democratic leaders tapped this year to spearhead talks on reform, has himself suggested reform via a rules change. In June, he and Sen. Russ Feingold (D-Wis.) proposed changing Senate rules to ban gifts and meals from lobbyists, require prior certification of privately funded travel and extend the cooling-off period during which former lawmakers and staffers may not lobby Congress.

The GOP aide said Republicans would not sign on to Obama's proposal and would propose their own rules changes.

New Senate rules would affect lawmakers and congressional aides, and lobbyists indirectly. The Senate could prohibit gifts from lobbyists and ban them from organizing political fundraisers. But an internal rules change could not police lobbyists directly. Legislation would be needed to increase the number of times a lobbyist must file disclosure reports or to impose fines on lobbyists who break gift limits.

"This Republican do-nothing Congress doesn't know or doesn't care about the need for change in Washington," said Jim Manley, spokesman for Democratic Leader Harry Reid (Nev.), in response to GOP plans. "Reform is more than just word; it's a commitment."

GOP Looks Seriously At Packaging Minimum Wage (RC)

By Tory Newmyer

Roll Call, July 27, 2006

Congressional Republicans are giving increasing attention to a proposal that would marry a minimum-wage hike and a bill creating small-business health plans — a gambit that would grab an election-year trump card from Democrats while also handing a win to the party's allies in big business.

The plan to combine the two separate — and long contentious — policy goals has a potentially far-ranging political impact as Republicans look to keep their grip on Congress.

While aides stress that it is far from a done deal, it would, if successful, strip Democrats and their labor union supporters of an important rallying cry while giving vulnerable Republicans a major victory they could tout as a pocketbook issue on the campaign trail.

Talks toward a final agreement on a package were continuing Wednesday, with no official action expected until after the August recess.

Rep. Jack Kingston (R-Ga.), vice chairman of the House Republican Conference, said there is "a possibility of it," while a senior GOP aide said that so far, there is "no consensus around minimum wage, and it's not clear which direction we're going to go." The issue is in the mix this week with other unfinished big-ticket items, including a pension overhaul, a series of tax breaks and an estate tax repeal.

Still, aides and lobbyists close to the issue said the concept is gaining traction, in part because GOP-friendly trade associations that have lobbied heavily on both issues — mostly in favor of small-business health plans and against a wage hike — are keen to do it.

Most officials with those groups are keeping mum publicly about the plan, pending more concrete details. But some senior lobbyists with the groups signaled that they would be willing to swallow an increase in the federal pay standard if it was coupled with the sweetener of association health plans.

"I'd like to see it on paper before I commit to endorsing or opposing anything," said Bruce Josten, top lobbyist for the U.S. Chamber of Commerce. But he added that if lawmakers are going to pursue a minimum wage increase, "this would be a preferred way to do it."

Another senior GOP lobbyist said while there might be some heartburn on K Street about the minimum-wage hike, most big business groups would embrace the compromise. For Republicans on Capitol Hill, he said, the plan is sure to pay political dividends.

"It may be a really good thing for Republicans to get out of their caricature [on workers' issues] between now and November," the lobbyist said.

Lobbyists for the National Federation of Independent Business, which has long led a coalition backing small-business health plans, and the National Restaurant Association, which leads a group opposing a minimum-wage hike, did not respond to several requests for comment.

Other industry heavies that stand to be affected by the deal — including the International Franchise Association, the National Association of Realtors, and the National Association of Manufacturers — declined to comment.

For now, House Republicans are leading the talks over a deal. In that chamber, GOP leaders are under pressure from party moderates to act on the wage issue, with many fearing that a failure to pass a wage hike could help the party lose control of Congress in November. Forty-eight Republican moderates wrote House Majority Leader John Boehner (R-Ohio) this week asking for the matter to be put to a vote.

And while Boehner himself recently has softened his traditionally rigid opposition to a wage hike, a vote looks unlikely before the August break. Earlier Wednesday, Speaker Dennis Hastert (R-Ill.) said leaders are "still talking to people. ... I don't think we'll see it this week."

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Senate Republicans have engaged in talks of their own about whether and how to bring up a vote on the minimum wage this year.

Several Senate GOP aides said top Republicans are talking about a plan by which they would hold a prospective vote, but will take a cue from the House side before acting. Senate Republicans have no intention of pushing the issue forward unless the House moves first, aides said.

"We're going through the normal machinations" for bringing a bill to the floor, said one GOP aide. "We're always prepared for everything over here. We'll be following the lead of the lower chamber."

The calculus for the plan is trickier in the Senate, where Democrats barely sustained a filibuster against a small-business health plan bill offered by Sen. Mike Enzi (R-Wyo.) earlier this year. Aides said that with the right tweaks to that plan, they might be able to peel off enough Democrats who strongly favor a minimum wage hike.

Sen. Olympia Snowe (R-Maine) has been discussing the proposal with Senate GOP leaders. "The question is how do you get to 60 votes?" Snowe spokeswoman Antonia Ferrier asked.

Senate Minority Leader Harry Reid (D-Nev.) said Wednesday that Democrats "are pretty well set on what we want" when it comes to the minimum wage. But Reid didn't slam the door on any forthcoming ideas from the GOP.

"We'll look at anything they've got," Reid said. "They haven't done anything for years."

Meanwhile, Sen. Edward Kennedy (D-Mass.) — a leading advocate for a minimum wage increase and an opponent of the GOP health plan proposal from his perch as the ranking member on the Health, Education, Labor and Pensions Committee — said the issues should not be intertwined.

"The working families that have been waiting nine long years for a raise deserve better," he said in a statement. "They deserve nothing less than a straight up-or-down vote on a fair increase in the minimum wage."

Senate Democrats have put forth a stern ultimatum to Republicans on the wage issue, threatening to hold up the scheduled 2 percent Congressional pay raise until they get a boost in the federal pay standard.

Democrats in both chambers are pushing to increase the minimum wage from $5.25 an hour to $7.15 an hour.

The small-business health plan proposal is based on the idea that associations — which currently are barred from offering national health coverage — could become health insurers, thus increasing Americans' access to health care.

Chicago Orders 'Big Box' Stores To Raise Wage (NYT)

By Erik Eckholm

The New York Times, July 27, 2006

After months of fevered lobbying and bitter debate, the Chicago City Council passed a groundbreaking ordinance yesterday requiring "big box" stores, like Wal-Mart and Home Depot, to pay a minimum wage of $10 an hour by 2010, along with at least $3 an hour worth of benefits.

The ordinance, imposing the requirement on stores that occupy more than 90,000 square feet and are part of companies grossing more than $1 billion annually, would be the first in the country to single out large retailers for wage rules.

A gallery packed with supporters of the bill broke into cheers as the measure passed, by a vote of 35 to 14, after four hours of intense speeches and debate.

"This is a great day for the working men and women of Chicago," said Alderman Joseph A. Moore, the measure's chief sponsor. Mr. Moore said he had had inquiries about the ordinance from officials in several other cities.

An Illinois retailers' group said it would challenge the measure in court, and Mayor Richard M. Daley, who opposed the measure, has not said whether he will veto it.

Wal-Mart's response to the Council's action was swift and blunt.

"It's sad — this puts politics ahead of working men and women," John Simley, a Wal-Mart spokesman, said in a telephone interview. "It means that Chicago is closed to business."

Wal-Mart will still open its nearly completed branch on Chicago's West Side in September — the company's first store in the city — but any future plans "will likely change," Mr. Simley said.

In arguing that Wal-Mart and other companies can easily afford to meet the new standards, proponents of the measure pointed to Costco, which says it already pays at least $10 an hour plus benefits to starting workers around the country.

In existing stores in the Chicago area, Wal-Mart pays entry-level wages of about $7.25 an hour but its average pay is $11 an hour, a company spokesman told The Chicago Tribune. The company has not revealed details of its benefits.

With this ordinance, Chicago has opened a contentious front in the growing national movement, led by labor and poverty groups, to raise the incomes of bottom-rung workers through local minimum wage and "living wage" legislation. Some economists say such measures will stifle development and deprive consumers of access to cheap goods, but many poverty

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experts say that local efforts elsewhere to raise wages have not choked off growth and that the expanding, low-paying retail sector can be safely pressed to raise pay.

"We're very confident that retailers want and need to be in Chicago, and the question for the city is what kinds of jobs they will bring," said Annette Bernhardt of the Brennan Center for Justice at the New York University Law School, which helped draft the Chicago bill and has done economic studies of its likely impact.

The Illinois Retail Merchants Association condemned the measure as likely to hamper job creation and a form of illegal discrimination, and said it would challenge it in court.

Mayor Daley said earlier that the ordinance could impede growth and tax revenues. He did not say yesterday whether he would veto it, but he would have to persuade two aldermen to switch their votes to avoid an override.

Some politicians and residents in neighborhoods where new Wal-Mart, Target or Home Depot stores are planned also spoke out against the measure, fearing a loss of jobs, and leaders of black churches dueled over the benefits and risks.

The bill was the object of a fierce lobbying battle over recent months, with unions and community groups flooding aldermen with petitions, post cards and telephone calls and retailers doing the same.

In a meeting with several black aldermen, Target officials warned that passage of the measure could cause the company to cancel or delay three stores planned for the city's South Side, the aldermen told reporters.

Yet the proposal had strong appeal, especially in the city's lower-income black and Hispanic wards.

"The working people were overwhelmingly in favor of this law, and this was conveyed to the aldermen," said Madeline Talbott, chief organizer for Acorn, a community group that campaigned for the bill.

Alderman George Cardenas, who voted for the ordinance, said: "We had to make a stand. This is good for people and good for the country."

The bill comes at a time when many large retailers are increasing their presence in large cities.

The drive to raise state and city minimum wages has grown out of frustration with Congress, which has left the federal minimum wage at $5.15 an hour since 1997. At least 22 states have enacted somewhat higher minimum wage laws.

San Francisco; Albuquerque; Santa Fe, N.M.; and Washington have across-the-board minimum wage ordinances for all but the smallest businesses. Those in San Francisco and Santa Fe have set levels near that in the Chicago bill without driving out retailers, Ms. Bernhardt said.

Ms. Bernhardt said large retailers had saturated suburban markets and had powerful incentives to move into urban areas.

Under the bill, minimum wages in the covered stores would rise to $9.25 in 2007 and to $10 in 2010, and be indexed to inflation after that. Benefits would have to total $1.50 an hour in 2007 and $3 in 2010.

Smaller retailers would remain subject to the state minimum wage of $6.50 an hour.

A legal brief prepared recently for the Illinois Retail Merchants Association said the bill would violate equal protection guarantees in the Constitution, but a legal analysis by the Brennan Center at New York University said there was ample precedent for selective imposition of minimum wages by size of business.

The bill would affect 35 stores already in Chicago, including branches of Kmart, Target, Toys "R" Us and stores like Sears and Lowes. Support for the idea started taking off two years ago when Wal-Mart said it would open its first store in the city in 2006, in the poor Austin ward on the West Side.

Hastert Pledges To Stay If GOP Keeps House (RC)

By Ben Pershing

Roll Call, July 27, 2006

With competitive elections looming and more races coming into play by the day, it is not clear what the House will look like when the 110th Congress is gaveled into session. But if the Speaker's chair still belongs to the GOP in January, Dennis Hastert (R-Ill.) plans to be in it.

Hastert's guarded nature has long lent itself to speculation about his future plans.

This year in particular, upheaval in the Republican leadership ranks, near-constant assaults on the GOP's standing in the polls and more questions about Hastert's health have combined to make many Republican lawmakers question whether the Speaker — who is on the ballot for re-election in Illinois — might be planning a November resignation, despite his previous pledge to serve through the remainder of President Bush's term.

But to Hastert, it's really not a question.

"When I put my name on the line and said I'm going to run again, I made a commitment," Hastert said in an interview Wednesday. "I made a commitment to my district, I made a commitment to this Congress, I made a commitment to the president. Of course I'm going to run again."

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As for whether he will serve again as Speaker, Hastert said: "If I can be effective, if I can do the job for my Members, I'll do that. If they decide they want somebody else, they'll do that. I've been very blessed over the last eight years that they've allowed me to do this. It's been a great honor to do it. I hope to do it for another term."

Of course, as Democrats are happy to point out, Republicans may not have the option of choosing the next Speaker. So would Hastert be willing to serve as Minority Leader?

"I don't think we're going to lose the majority, so I think that's a moot question," he said.

Hastert may not want to face that possibility, but it is widely believed among senior lawmakers and staff that if the GOP loses the majority, Hastert will be gone.

Several Members said privately there is no way Hastert would want to serve as Minority Leader, and it also seemed highly unlikely the Conference would pick him for that job, given that it usually calls for a partisan battler, rather than the conciliatory "listener" Hastert has been as Speaker.

Just as Hastert won't entertain questions about being in the minority, he also is disinclined to say how he will handle the decision when he does retire.

"I haven't really analyzed that yet or decided anything," he said.

The question matters because Illinois' filing deadline is in December of the off-year, the earliest in the nation. So if Hastert announced his retirement plans in December 2007, he would face the prospect of a full year as a lame duck and the possibility of a year-long race to replace him as Speaker.

Rather than announcing his plans at the filing deadline, Hastert could also run for re-election in November 2008 and then almost immediately resign, although that would fly in the face of his comments this week.

As recently as this spring, some veteran GOP lawmakers said privately they thought the 64-year-old Hastert might quit this November. He looked tired, the theory went, and the stress of internal conflicts within the Conference and the downfall of ex-Rep. Tom DeLay (R-Texas) were wearing on him.

But based on conversations with roughly a dozen senior Members and leadership aides, conventional wisdom has shifted in recent weeks toward a belief that Hastert will — as he said — be back in January if he still has the majority.

"I think he'll stay two more years if we win," said a Member who is close to Hastert.

And despite the bumps of this election cycle so far, there appears to be little sentiment for a change at the top.

"I hope the Speaker will stay for as long as it may be, or at least that he will continue to serve for one more term," said National Republican Congressional Committee Chairman Tom Reynolds (N.Y.).

The confidence that Hastert will stay comes despite his most recent health difficulties. Two weeks ago, the Speaker was admitted to Bethesda Naval Hospital after developing cellulitis on his leg, a skin infection related to his diabetes. He spent four days in the hospital and then returned immediately to work.

In April 2005, Hastert spent several days in the hospital suffering from kidney stones. After that scare, Hastert said he changed his diet "a little bit" and started drinking more water and cutting back on coffee.

Following this month's hospitalization, Hastert said his doctor told him, "Keep your foot up when you can."

But beyond that, Hastert won't be changing much, and certainly is not altering his grueling travel schedule.

"I guess in coaching and politics, you have to constantly make an assessment if you can be effective," Hastert said.

"If I can't be effective, I'm not going to do this job. The president asked me to do this again. I feel good and have vigor. I like to campaign. I'll be in 42 districts over the district work period. Just [last weekend] at the border, I spent a 22-hour day on Friday, a 14-hour day on Saturday and came back and did a TV program on Sunday and was back here Monday. I feel good. I'm ready to go."

In addition to the 42 districts in August, Hastert told the GOP Conference meeting Wednesday that he plans to visit a similar number in September and do the same again in October. In the previous four years Hastert averaged roughly 200 districts per cycle.

"Since he became Speaker, he has maintained an incredible pace of travel," said ex-Rep. Bill Paxon (R-N.Y.), a longtime Hastert friend. "I think he genuinely enjoys the campaign trail ... I'm not going to say that's easy on anybody at this point in their life, but he does it."

So if Hastert stays in the House two more years, what comes next? Retirement to an Illinois farm? A nomination to be ambassador to Japan — a position in which he has expressed interest in the past?

"Lookit, I'm pretty much focused on the job I have now," Hastert said. "That's how I always run my business. You do the best job you can at the job that you do. This is a great job, and I'm not looking forward to doing anything else."

Cost Of Living Said To Be Driving Out L.A. And San Fran Federal Workers (WP)

By Stephen Barr

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The Washington Post, July 27, 2006

A steady climb in housing and other living costs in Los Angeles and San Francisco is making it difficult for federal agencies to recruit and retain employees in those areas, according to a report prepared by federal executives in California.

"We simply cannot find and keep enough good people. The foundation is crumbling," the report warns.

The report was prepared by the Federal Executive Boards for Los Angeles and San Francisco. It is based on survey data of federal employees and agencies with offices in the two metropolitan areas.

Surveys have found that 55 percent of federal employees in Los Angeles believe their high living costs and lengthy commutes create stress that keeps them from performing their jobs "at optimal levels," said Kathrene Hansen , executive director of the Los Angeles area board.

The data also showed that 56 percent of federal employees in the Los Angeles area say they are planning to leave California for federal jobs in other states, with 81 percent of those employees saying that high housing and living costs were reasons for their decision.

George Dutile , an executive with the Department of Homeland Security in Laguna Niguel, Calif., said "my fear, personally" is that some agencies could be weakened by staff turnover at a time when fighting terrorism requires expertise and experienced hands.

To some extent, problems with competitive pay and entry-level hiring in big cities are not new. Federal law enforcement officers, for example, have testified before Congress that they have trouble making ends meet in such high-cost cities as New York and San Francisco. Young employees hired into entry-level jobs often say they have trouble finding affordable housing close to where they work.

This week, Hansen, Dutile and Dianna Louie , executive director of the San Francisco area board, spent time in Washington advocating for a possible solution for compensation problems in California, where they estimate 12 percent of the civil service works.

Their solution is bold: Eliminate the locality pay provided to federal employees in about 30 metropolitan areas and replace it with a tax-free housing allowance, similar to the housing allowances provided to military personnel.

Under the proposal, the minimum locality adjustment would become part of a new base pay scale for employees. Housing allowances would be based on annual surveys, and not all employees would qualify for the subsidy.

Much of the proposal is modeled on a Defense Department system, which has provided housing allowances for many years to help military personnel transferred to high-cost areas.

For example, the report said, a first lieutenant stationed in Los Angeles earning $3,541.20 a month also receives a housing allowance of $2,010, providing monthly compensation of $5,551.20. In contrast, a GS-9, Step 3 federal employee -- the average pay grade in Los Angeles -- receives a slightly higher paycheck, $4,043, but no housing allowance.

Over the course of a year, the military officer takes home about $18,000 more than the federal employee, according to the report.

Hansen acknowledged that shifting from locality pay to housing allowances would increase costs at some agencies. She also said that many employees would object to the idea because locality pay counts toward retirement credits while housing allowances do not.

But Hansen said employees would be better off over the long term with housing allowances because locality pay was not designed and not implemented in a way to keep pace with soaring housing and living costs, especially in California.

Locality adjustments reflect local wage increases and, over time, were supposed to narrow the gap between federal pay and private-sector salaries for comparable occupations. The adjustments, based on the Employment Cost Index prepared by the Labor Department, have not been implemented as envisioned, in part because of questions about methodology.

Hansen said the California executive boards hope the housing allowance proposal will become part of the debate on federal compensation, especially before the departments of Defense and Homeland Security begin new performance-based pay systems that take into account local labor conditions and wages.

Dynamics Of Deficit Debate Foster Paralysis (WSJ)

By David Wessel

The Wall Street Journal, July 27, 2006

If you listen to President Bush, fixing the U.S. budget deficit is nearly "mission accomplished."

Tax cuts have fueled economic growth and produced a surge in tax revenues, he says. "Because of these new revenues," he argues, "we'll meet our goal of cutting the federal deficit in half by 2008, a full year ahead of schedule."

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All that's left, he says, is to cut wasteful spending (give me a line-item veto) and to "address the unsustainable growth of entitlement spending so that we can save Social Security, Medicare and Medicaid" (I'll "continue to work with Congress" on that), and we're done.

If you listen to Boston University economist Laurence Kotlikoff, things look bleaker.

CAPITAL EXCHANGE

Send comments on this week's column to capital@wsj.com1. David responds to readers' letters about last week's column2 on derivatives and hedge funds below in Capital Exchange. DIG DEEPER

· Read economist Laurence Kotlikoff's "Is the United States Bankrupt?" at http://research.stlouisfed.org/ publications/review/06/07/Kotlikoff.pdf3.

· Read David Walker's "A Call for Modern-Day Patriots" at http://www.gao.gov/cghome/d06990cg.pdf4.

"The U.S. government is... bankrupt insofar as it will be unable to pay its creditors," current and future generations to whom it has promised $65.9 trillion in benefits of various kinds, he writes in the Federal Reserve Bank of St. Louis Review.

So which is it? Skip dessert a few nights? Or commit suicide because the disease is so painful and fatal?

The president makes the problem seem easier to solve than it is; it's tough for him to say that we're lost in the fiscal forest, and he hasn't found a way out. The economist makes the problem seem so big it isn't worth trying to fix; he would like to shock us into considering unpopular options for taxes and benefits.

The cacophony contributes to political paralysis and provides an excuse for procrastination. The handful of thoughtful members of Congress -- those who don't see jostling for partisan advantage as their only goal -- are frustrated.

"I feel rather intensely that we're not facing up to our fiscal crisis," says Sen. Judd Gregg, the New Hampshire Republican who chairs the Senate Budget Committee and who has bored his peers with pleas to change the budget process. "There's a lack of will -- political will, mainly -- to confront the [demographic] tsunami coming toward us," though Mr. Gregg claims to see "a latent desire to do something." Well, it certainly is latent.

Because the economy is doing OK and interest rates and inflation remain low by historical standards, it's impossible to get politicians or the populace agitated about the fact that the government has made promises to pay health and retirement benefits it cannot keep with today's tax rates -- or that, unless something is done, Social Security, Medicare and Medicaid spending will grow over the next 40 years to roughly the size of the current U.S. federal budget.

Scary numbers don't do it. Sermonizing doesn't either. Ask David Walker, who heads the congressional Government Accountability Office. "While the economy is strong today," he told the Sons of the American Revolution a few weeks ago, "it's clear that unless our elected officials get serious soon, we're headed for very rough seas in the years ahead -- seas that could threaten to swamp our ship of state." Counting on a crisis is hardly prudent.

Douglas Holtz-Eakin, freed of the constraints of heading the Congressional Budget Office and now offering budget predictions for a fee at forecasting firm Macroeconomic Advisers, takes another approach: a guess at what Congress will do.

He expects Congress to make Mr. Bush's tax cuts permanent, and assumes that Republicans will, at the very least, have enough seats to prevent increases in tax rates from today's levels. (That may not be realistic, but it's an illuminating assumption, because it shows what would have to be done to spending.) He figures something will be done to keep budget deficits below 2% of gross domestic product, a tad beneath this year's level, because that's what usually happens.

And then he guesses what that would mean for spending; it isn't easy. Don't look to Social Security to save money. "There are lots of good reasons to reform Social Security, but no evidence that it will happen soon," he says. Count on a sharp downturn in defense spending after 2009 as troops come home from Iraq. (Who said economists are pessimists?) Restrain annually appropriated domestic spending so it grows slower than the economy. (That will be tougher than bickering over earmarks for hometown highway projects.)

That won't be enough. So he predicts Congress will turn to Medicare and Medicaid for the big money. The programs' costs are projected to rise 9.3% a year under current law. Given less-appealing budget options, he predicts Congress and the president will somehow alter the programs, or raise premiums levied on more affluent beneficiaries, to slow growth to 7.8% a year over the next decade. That sounds small; it isn't. It means changing the programs or raising premiums to the tune of $6 billion to $10 billion a year every year.

That isn't a map out of the fiscal woods. Mr. Holtz-Eakin isn't specific about substance or political tactics. But it is a compass. And we could use a compass.

· Send comments to capital@wsj.com5 and see a Q&A next Thursday at WSJ.com/Capital6.

CAPITAL EXCHANGE: Hedge Funds

Here are some of the reader comments on the July 20 Capital column7 on derivatives and hedge funds. Some of them have been edited. Thanks to all who wrote. You can reach me at capital@wsj.com8.

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Herbert Kay writes: Your article in today's WSJ reminds me of the hand wringing about steroids in baseball. Those comments make it seem as if the Republic will fall if baseball doesn't get its drug policy in order. Do you think the Republic would have fallen if Long Term Capital was left to its own devices and went under? The Bank for International Settlements has put the daily global derivatives turnover at almost $6 trillion. This does not include credit derivatives. You seem to imply that, in this huge market, there would be no buyers if various hedge funds wanted to exit certain securities. It makes just as much sense to believe that there will always be opportunists waiting in the wings to pick up what they believe to be cheap assets.

David Wessel responds: Well, I do think the world would be a better place if baseball would get its drug policy in order. But, look, we know that people get hurt when there is a financial crisis, and it would seem wise to do what can be done to minimize their frequency, reduce their severity and limit the collateral damage without preventing financial markets from doing what they do well and without unnecessarily restraining innovation. It seems to me the world economy is a better place if we can avoid, say, another Great Depression or Japanese-style deflation, or a 1987 stock market crash, or the sort of widespread bond-market paralysis that accompanied the collapse of Long Term Capital Management. And if we can't avoid them, and maybe we can't, then it would seem prudent to prepare for them by, for instance, making sure that all credit derivative trades are documented so they can be resolved in a crisis. Being prepared is prudent; pretending that there will always be a buyer is not.

Tim Mullin writes: Maybe it's the latent libertarian in me -- but why is it you think a "global regulatory apparatus" will help some potential (i.e., in the future) problems. Isn't the regulatory apparatus, global or not, about 0-for-lifetime? Kind of a faith trade I suppose -- if we only had agency X "overseeing" these folks we would all be better off. It's unclear how, without historical support, etc. -- yet one always hears it. Weird. There was a FSLIC, an SEC, OTS, a federal government with a couple million workers, etc. over the course of the last couple decades, no?

David Wessel responds: I grade the global regulatory apparatus a little better than you do, though there are plenty of examples of regulatory disasters. But bank failures are largely a thing of the past; surely that has something to do with regulation and prudential supervision. But I'm not suggested a global bank-style regulator here. I am suggesting there need to be some rules of the road and some disclosure standards, though. And I'm questioning whether the energy regulating, supervising and inspecting banks makes sense as the their role in the global financial system shrinks, and other institutions pop up.

Franklin Bird writes: Lost in the impassioned defense of hedge funds is just who would be hurt by a meltdown. Apologists insinuate that it is only wealthy individuals who are just sprinkling around a little "play money." But much of the recent inflows have been from pension funds and endowments. Who will bail them out? (Hint: look at the S&L crisis and the PGC.)

Barry Allan writes: The "side effect" of derivatives is that they are also very efficient at allowing those who wish to assume risk to take highly leveraged positions as small amounts of capital can control large exposures or, in the case of many hedge funds -- such as LTCM, very large capital pools can take enormous and very dangerous exposures. Derivatives are not the issue, leverage is.

When we have had prolonged periods of good economic growth and therefore low default risk, investors always take leveraged default or credit risk. As we get later in the cycle, interest rates rise and yield curves flatten (as we are now seeing), leverage tends to increase because, as the cost of leverage increases, you must take more to achieve the same returns.

The unique thing about credit derivatives is that there are fewer limits to the amount of leverage you can achieve than any other derivatives market. For a company with $1 billion of debt outstanding it is easily possible to have $10 or even $20 billion of CDS written. This is generally not true of other markets. As we move deeper into economic cycles we look to see which markets have the most leverage employed. It appears to us that the most leverage now is employed in commodities and structured credit products. When economic fundamentals weaken, the most leveraged areas are the most vulnerable. The leverage providers withdraw, creating forced selling and, when there is no bid while leverage is withdrawn, bad things happen. When default rates begin to rise, which is likely with a slowing economy, it is very likely that there will be highly leveraged credit derivative hedge funds liquidated. This potentially has consequences for overall credit markets, which in turn exacerbates an already weakening economy.

The Relationship Blend (NYT)

By David Brooks

The New York Times, July 27, 2006

In the world of public policy, there are ecologists and engineers. The ecologists believe human beings are formed amid a web of relationships. Behavior is shaped by the weave of expectations and motivations that we pick up from the people around us every day.

The engineers believe all this relationship talk is so much mush. They believe behavior is shaped by incentives. You give people the resources they need and socially productive, rational behavior will usually follow.

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Most politicians are ecologists who turn into engineers once in office. They know how much relationships mattered to their own success. But in government, the major tool they have is a budget appropriation. So suddenly every problem turns into a question of resources.

This transition, unfortunately, leads to a misleading view of human nature and often, policy failure.

A case in point: Over the past three decades there has been a gigantic effort to increase the share of Americans who graduate from college. The federal government has spent roughly $750 billion on financial aid. Yet the percentage of Americans who graduate has barely budged. The number of Americans who drop out of college leaps from year to year.

The reasons for dropping out are as numerous as the people who do it. Many students are academically unprepared for college work. Many suffer personal or family crises. Many are bored in the classroom and disengaged on campus. Many suffer from a strange cognitive dissonance. They have high aspirations. They know what they have to do to succeed. Yet when it comes time to, say, show up for a math test, they blow it off. And yet they still seem confident they will achieve their goals.

Some students, a relatively small slice, drop out because they can't afford college. Perhaps 8 percent are driven away purely for financial reasons, according to a growing pile of research. William G. Bowen, Martin Kurzweil and Eugene Tobin summarized what we know in their book "Equity and Excellence": "It seems that family finances have a fairly minor direct impact on a student's ability to attend a college," though family background has a large impact on whether students are academically and socially prepared.

Yet when politicians address this problem, they inevitably ignore the core issues — lack of preparedness, personal crises, disengagement, cognitive dissonance. They flee to the issue of tuition costs. They think like engineers.

Recent administrations have increased tax credits and grants to help make college affordable. This week, Hillary Clinton and the folks at the Democratic Leadership Council unveiled the centerpiece of a plan to restore the American Dream. They called for creating performance-based higher-education block grants worth $150 billion over 10 years and $3,000 tuition tax credits. They believe the programs will lead to one million more college graduates by 2015.

These are some of the smartest and best people in politics today. And yet their proposals won't work. Tuition tax credits and grants have not produced more graduates in the past and they will not do so in the future. Bridget Terry Long of Harvard meticulously studied the Clinton administration's education tax credits and concluded that they did not increase enrollment. Sarah E. Turner of the University of Virginia concludes, "Very broad-based programs such as tuition subsidies or across-the-board grants to low-income students are likely to have minimal effects on college completion while imposing large costs."

It's easy to see why politicians would want to propose tax credits as a way to bribe middle-class parents into voting for them. But if you actually want to increase the share of college graduates, you have to get into the ecology of relationships.

You have to promote two-parent stable homes so children can develop the self-control they need for school success. You have to fundamentally reform schools. You have to expand church- and university-sponsored mentoring programs and support groups. As Caroline Hoxby of Harvard notes, you have to surround students with people who will help them make informed decisions so they can attend a college they find useful.

None of these programs pack the policy wallop of a great big appropriation. But the fact is, when it comes to helping people flourish, the ecologists are usually right.

Hillary Clinton has forgotten more about early childhood development than most of us will ever know. Why she needs to be reminded about the importance of relationships is beyond me.

Parental Notification (NYT)

The New York Times, July 27, 2006

The anti-abortion bill approved by the Senate this week, which makes it a federal crime to help an under-age girl cross state lines to avoid parental notification laws, is a mean piece of legislation, which takes a politically popular concept and applies it to a range of cases that could include particularly desperate young women.

No one knows how many under-age girls seek out the help of a friend or a relative to get them out of a state that requires parental consent for an abortion and into one of the two dozen states that don't. The number may not be very large. The underlying intent of the bill's sponsors was to score pre-election points with social conservatives who are looking for reassurance that the Republican majority still cares about the abortion issue, and to do it in a way that would not alarm moderate voters who believe that parents should know if their child is pregnant and considering an abortion.

That point is unarguable, and most girls caught in that traumatic situation instinctively turn to a parent for support and counsel. But we also know that some young women are caught in situations in which that is impossible, including those in which the father or stepfather has caused the pregnancy.

Supporters of the bill conjured up images of lascivious older men ferrying off their sexual prey to out-of-state abortion clinics. Opponents envisioned a concerned grandmother or aunt, trying to help a child-victim of incest or parental abuse. But the

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bottom line is that the sexual predator would already be subject to prosecution for statutory rape, while the grandmother should not be the target of legal harassment at all.

President Bush has vowed to sign the bill if the Senate can agree on a final version with the House, which passed a more expansive and punitive measure. We hope opponents can find a way to head them off.

OTHER NEWS:

Fed Report Finds Economic Growth Is Starting To Slow (WSJ)

By Greg Ip

The Wall Street Journal, July 27, 2006

WASHINGTON -- A Federal Reserve report found that economic growth slowed around the country in the past six weeks, while price pressures for the most part remained in check.

The "beige book" report on regional economic activity may give the Fed an added reason to stop raising interest rates soon, though not necessarily at its Aug. 8 meeting. Futures markets currently put even odds on the Fed either raising its short-term rate target to 5.5% at that meeting, or leaving it at 5.25%.

The report, a roundup of anecdotal information collected by the Fed's 12 regional reserve banks, found "continued economic growth...with numerous individual reports pointing to evidence that the pace of growth has slowed." Six districts "highlighted a decline in the overall rate of economic growth."

As for inflation, "increases in wages and in prices of final goods and services remained modest on net" but "scattered reports...indicated an increase in manufacturers' and retailers' ability to pass" higher energy costs "on to final prices."

The beige book is just one of many factors Fed officials consider in their rate decision, and in recent years it has had little influence because the economic data were relatively clear. However, the economy seems to have reached a turning point. Growth has begun to slow but by how much and for how long is unclear. Inflation rose unexpectedly earlier this year, and while Fed officials expect that increase to be temporary, they are more uncertain than usual in that view. At such times, anecdotal evidence such as the beige book can have added importance.

On balance, the latest beige book paints a benign picture. Consumer spending appeared to ease throughout the country, with increasing signs that consumers are tightening their belts. The New York district reported "attendance at state parks has been buoyed by people vacationing closer to home." But strong factory activity suggested business spending and exports may be picking up the slack. Manufacturing showed "significant gains across most Districts." One Chicago-district contact called commercial-lending activity "crazy competitive."

While wage pressures in general were muted, the beige book found evidence of the widening gap between the highest- and lowest-paid workers -- a rising political issue. One contact in the Boston district said that "people are seeing low- to mid-single-digit [wage] increases on average, but their 'stars,' who have an increasing number of outside offers, are asking for -- and getting -- low-double-digit raises." Meanwhile, a food retailer in the Dallas district "noted increased sales, which he attributes to lower-income customers cooking at home instead of eating at restaurants."

On prices, the Atlanta district "noted rising prices charged by various service providers," but in the Dallas district, "weaker demand of late reduced firms' ability to raise prices in some industries." Fed Chairman Ben Bernanke recently said he expects moderating growth to push inflation down in the coming 18 months.

Growth Slowing Across The Country, Fed Regional Reports Say (NYT)

By Jeremy W. Peters

The New York Times, July 27, 2006

Demand for personal loans is declining near Cleveland, while more low-income families are facing foreclosures around Kansas City. And in New York, tourism has weakened slightly.

The economic picture varies from region to region, but one trend is becoming increasingly clear: growth is slowing across the country.

The regional reports from the 12 Federal Reserve districts, many of which used words like “solid” and “strong” to describe economic activity a few months ago, are now saying growth is “modest” or “mixed.”

Reports from each district “generally indicated continued economic growth during June through mid-July, with numerous individual reports pointing to evidence that the pace of growth has slowed,” the central bank said in its monthly beige book report on the economy.

Weaker growth in consumer spending and housing punctuated the slowing of growth.

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The Fed noted that consumers were spending less in stores and auto showrooms in part because of high gasoline prices. With the exception of luxury retailers, many stores reported weak or flat sales. Car dealers, the report said, had "undesirably high" inventories of sport utility vehicles.

And residential real estate activity declined "with only scattered exceptions." The report confirmed what recent housing data has shown — that homes are taking longer to find a buyer and more of them are sitting on the market unsold.

In the New York region, a disproportionate number of unsold homes is on the high end of the market, which includes residences priced at $500,000 and up. In Florida, the Fed said home builders were increasingly turning to incentives to sell houses. In some cases there were reports of Florida developers converting residences into rental units after they encountered difficulty finding buyers.

The only two regions not to see a general slowdown in housing were St. Louis, which said the pace of home sales was largely unchanged, and Dallas, which reported strong demand and robust construction.

The general exception to the real estate slowdown was the commercial sector, where demand continues to be strong.

The report described a noticeable but slight decline in the overall growth of consumer spending, but not as deep as the slowdown in the housing market. In the Philadelphia region, for example, retailers expect sales to be slow until the back-to-school shopping season begins, but they reported no reason to think overall sales growth would slip. In the Minneapolis district, overall consumer spending increased slightly, but growth was held down by falling auto sales.

Wage and price increases, meanwhile, were modest although rising gasoline prices were adding to inflationary pressure nationwide, the report said.

"Scattered reports from various districts indicated an increase in manufacturers' and retailers' ability to pass such cost increases on to final prices."

The strong tourism activity reported by the New York region during the first half of the year is showing signs of slowing, the Fed said. Manhattan hotels reported strong business in May and June, but occupancy rates were edging down from their near-record levels of a year earlier.

The Fed's observations are significant because they help shed light on what the central bank's policy setting committee might do when it meets next month to consider another interest rate increase. With growth in many regions beginning to cool, many economists think the Fed will soon stop raising rates."The bottom line is that the Fed is not far away from the long-awaited pause in interest rates," Brian Bethune, an economist with Global Insight, wrote in a report yesterday.

The Global Interest Rate Dance, With Bernanke Leading (NYT)

By Hal R. Varian

The New York Times, July 27, 2006

NOW that the World Cup and the Tour de France are behind us, the most exciting global spectator sport is watching Ben S. Bernanke: Will he raise interest rates in August or not? And what does his decision mean for world financial markets?

When the Fed raises interest rates, global investors find dollar-denominated investments more attractive. This increased demand for American assets tends to raise the value of the dollar.

But the higher the value of the dollar, the more expensive American goods become for foreigners and the cheaper foreign goods become for Americans, worsening the balance of trade. Eventually, a highly valued dollar can lead to a drop in production in industries that are sensitive to imports or depend on exports.

International financial markets respond to interest rate changes almost instantaneously, while the real side of the economy — production, employment, imports and exports — adjusts over many months or even years.

If the dollar continues to strengthen this summer, we could see weaker demand for exports and increased demand for imports by next spring and summer, worsening the balance of trade.

But that's not the whole story. The demand for dollars depends not just on interest rates in the United States, but also on interest rates on assets in other currencies, and they are moving up as well.

On July 14, the Bank of Japan raised overnight interest to 0.25 percent, ending six years of zero interest rates. Euro interest rates are also rising, mostly in response to inflationary pressures in Europe, but they are also responding to the higher rates in the United States. These higher interest rates on euro and yen assets will tend to reduce the demand for American assets, counteracting the effects of the higher interest rates in the United States.

The international financial system is like a 19th-century ballroom dance. The central bankers lead with an interest rate adjustment. Their partners, the global investors, watch them closely, trying to anticipate their every move. In the background, the waiters carry their trays of imports and exports slowly back and forth, taking their cues from the pace set by the dancers in the center of the ballroom.

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But how will the dance end? It looks as if the United States interest rate increases will soon stop, if not in August then in September. The euro and yen rates will probably continue to rise for several months after that.

Given the direction of foreign rates, it is also possible that the dollar will become relatively less attractive to foreign investors over the next several months. A weaker dollar would stimulate demand for American exports, which would partly counteract the impact of the higher interest rates here. At least that's the rosy outlook. But there are lots of things that could happen between now and then.

Disruption in the Middle East could push oil prices even higher, setting off a ripple effect on employment. Central bankers would probably pause or reverse their rate increases to cushion such a blow.

Another worry is a natural or man-made disaster: a hurricane or a major terrorist attack could rattle the markets.

China is a wild card as well. It might change its exchange rate policy, allowing the yuan to appreciate more against the dollar to cool its own economy. Or it might change its investment policy to favor euro-denominated bonds rather than investing primarily in United States Treasury bonds. Neither of these things is necessarily bad for the United States, but such changes may have a big impact on exchange rates and global markets.

There is a palpable sense of anxiety in financial markets these days, as investors contemplate these and other possibilities. Low interest rates lulled financial markets into complacency. As rates move up, volatility in stock prices has returned with a vengeance.

This is all taking place against the backdrop of continued deficit spending by households and the federal government. If we can't balance our private and public budgets, we will have to continue to borrow from the rest of the world to make up the difference. But will they continue to lend?

The current interest rate increases are an attempt to slow the economy to avoid inflation. But over the next decade, we may be forced to raise interest rates simply to attract foreign lending to finance our budget deficit.

Such high rates would damp economic growth, putting more pressure on the Fed to return to the low-interest, easy-money policy we have seen in the past few years.

Such a policy runs the risk of stimulating inflation. The easy-money policies in the past few years have had a surprisingly small impact on wages, in part because of the threat of jobs moving to countries with lower labor costs. But if the dollar fell far enough, foreign labor would no longer be a bargain, giving domestic workers more leverage in wage negotiations.

In this chain of events, an inflationary spiral would become a real possibility, making the cost of a stumble on policy higher. Let us hope central bankers can keep dancing in step as they move interest rates back to normal levels.

Stocks End Day Below The Flat Line, As Investors Sour On Mixed Profit News (WSJ)

By Peter A. Mckay

The Wall Street Journal, July 27, 2006

Stocks edged lower after a so-so batch of corporate earnings reports set the day's tone.

The prior evening, online retailer Amazon.com reported second-quarter profit that fell short of analysts' expectations. And Boeing, one of the 30 members of the Dow Jones Industrial Average, reported a $160 million loss due to a costly legal settlement with the federal government.

Troubled General Motors provided its shareholders with some pleasant surprises amid its latest spurt of red ink: The auto maker reported a net loss of $3.18 billion, or $5.62 a share, for the latest quarter, more than triple the year-ago loss. But the latest shortfall was exacerbated by costs associated with the company's restructuring, and Wall Street analysts instead chose to focus on a 12% rise in revenue and GM's better-than-expected profit excluding one-time charges.

Treasury bonds rose, while the dollar broke a two-day winning streak against both the euro and yen.

After spending much of the session in positive territory, the DJIA suffered a last-minute round of selling. At the closing bell the blue-chip index was off 1.20 points at 11102.51, but still up 3.6% on the year.

The Standard & Poor's 500-stock index shed 0.48 point, to end at 1268.40, up 1.6% on the year. Both those indexes were off less than 0.1% on the day. The Nasdaq Composite Index fared a bit worse, losing 0.2%, or 3.44 points, to end at 2070.46, down 6.1% on the year.

The Federal Reserve released its "beige book," an update from the Fed's 12 member banks on the state of their regional economies over the past six weeks. Six of the banks cited slower growth -- the sort of downbeat signal that many investors have welcomed lately because it may prompt the central bank to stop raising its key interest-rate targets.

Investors already are anxious about the next big economic news release: Friday's report of gross-domestic-product growth in the second quarter. That broad measure of economic output -- a preliminary figure that will be revised later -- is expected to show growth of 3.2% in the period, down from a robust 5.6% in the first quarter.

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"At this point, an economic moderation would be healthy for us," said Citigroup economist Steve Wieting. "You're already seeing the market respond to that," including a sag in so-called cyclical stocks that tend to do well when the economy is on an upswing.

A drawdown in U.S. gasoline inventories pushed crude-oil futures higher. Oil for September delivery rose 0.3%, or 19 cents, to $73.94 a barrel, up 21.1% this year, on the New York Mercantile Exchange.

Gold futures rose for the second straight day to $621.60 per troy ounce, up $4.00. Gold is now up $198.20, or nearly 47%, from this time last year and is up 20% for the year to date.

Outside the U.S., stocks were little changed in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, rose 0.03%, or 0.06 point, to 208.66.

In U.S. market action:

Stocks fell. Total trading volume for stocks listed on the New York Stock Exchange was 2.71 billion shares, as 1,823 stocks advanced and 1,498 fell.

Bond prices rose. The 10-year note gained 8/32 point, or $2.50 for each $1,000 invested, pushing the yield down to 5.036%. The 30-year bond rose 13/32 to yield 5.097%.

The dollar weakened. Against the Japanese currency, the dollar fell to 116.33 yen, compared with 117.22. The euro rose to $1.2703, from $1.2579.

Judge OKs More Northwest Labor Deals, Along With Attorney Fees (LAW/AP)

By Vinnee Tong, The Associated Press

AP, July 27, 2006

A bankruptcy judge on Wednesday approved two more concession agreements from Northwest Airlines employee unions, deals that could clear the way for nearly $750 million in cost savings from the carrier's new labor pacts.

The flight attendants and flight simulator technicians were the last remaining groups that had not reached a deal to cut costs. Judge Allan Gropper's acceptance of the motions is needed for the carrier to implement other concession deals with pilots, baggage handlers, and ground and clerical workers.

Before the plans are implemented, though, flight attendants must approve the deal. They are scheduled to finish voting on the deal by Monday. It was announced at Wednesday's hearing that the technicians union, which represents 42 employees, had ratified its agreement.

All the labor agreements include a clause that required all new deals to be implemented simultaneously. Worth about $550 million, the deals with pilots and baggage handlers were approved by the court last month.

Gropper also approved payment of 80 percent of about $20 million in fees to attorneys and financial advisers. The law firm of Cadwalader, Wickersham and Taft had filed the largest claim, of about $6.5 million in compensation and expenses for its work in the case.

"Enormous amounts of hardship are being imposed on many parties," Gropper said. "And I don't look at a holdback to be even a serious hardship on a firm that is earning a great deal of fees on the case, and properly so."

The U.S. Trustee's Office had objected to certain charges but reached an agreement over the objections before the hearing.

Under the deal with flight attendants, the company will enact wage cuts and work rule changes that were agreed upon in last-minute negotiations on July 17. The company had threatened to use court authorization to impose the wage and work rule changes, while the flight attendants had threatened to strike. The latest agreement followed intense negotiations that began July 6, when flight attendants abandoned their old union to join the Association of Flight Attendants. The AFA had promised to fight for a better contract than the one 80 percent of flight attendants had rejected in June.

The plan is estimated to cut about $195 million in costs, which was what Northwest had originally sought.

The company also reached concession deals worth $358 million from pilots and another $190 million annually from 12,200 baggage, ground and clerical workers.

Northwest Airlines Corp., the nation's fifth-largest carrier, filed for Chapter 11 bankruptcy protection in September.

As Mrs. Astor Slips, The Grandson Blames The Son (NYT)

By James Barron And Anemona Hartocollis

The New York Times, July 27, 2006

Once, she and her pearls and her designer dresses were everywhere that was anywhere in New York society: this benefit, that party, this lunch, that dedication. At her 90th birthday party, she danced the first dance with the mayor. At her 100th, 100 well-connected friends toasted her with Champagne.

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Then Brooke Russell Kuser Marshall Astor, doyenne of capital-S society by night, philanthropist by day, faded from view. Already, she had closed down her charity, having given away not quite $195 million. Her explanation was a single word: "Age."

No longer was she seen on the black-tie circuit, seated to the right of an attentive host. One neighbor has seen her only once in the last two years, asleep in a wheelchair outside her apartment building on Park Avenue.

Now Mrs. Astor, 104, is at the center of a bitter intergenerational dispute that has become public. In a lawsuit, one of her grandsons has accused her son of mistreating her and turning her final years into a grim shadow of the glittery decades that went before.

The grandson, Philip Marshall, accuses his father, Anthony Marshall — a Broadway producer and former C.I.A. employee who is 82 — of failing to fill Mrs. Astor's prescriptions, stripping her apartment of artwork, confining the dogs she doted on to the pantry, reducing the number of staff members looking after her, and forcing her to sleep in chilly misery on a couch that smells of urine.

In court papers, Philip Marshall says that his father "has turned a blind eye to her, intentionally and repeatedly ignoring her health, safety, personal and household needs, while enriching himself with millions of dollars."

Philip Marshall asks that Anthony Marshall be removed as Mrs. Astor's legal guardian and replaced by Annette de la Renta, a friend of Mrs. Astor's who is married to the designer Oscar de la Renta, and JPMorgan Chase Bank, according to an article yesterday in The Daily News that quoted the court papers. Yesterday morning, Justice John E. H. Stackhouse of State Supreme Court in Manhattan ordered that the papers be sealed.

The allegations shocked the circles in which Mrs. Astor once moved, simply because they involved Mrs. Astor, who, though she was one of the most public figures in New York, always guarded her privacy carefully. Her name alone denoted power and old wealth. She is said to have thrown a would-be mugger off balance by saying, "Excuse me, we've not been introduced properly. I'm Mrs. Astor."

She became Mrs. Astor with her third husband. She had divorced the first, and the second had died. The third, Vincent Astor, was the son and heir of John Jacob Astor, who died on the Titanic, and whose fortune had begun in fur trading and real estate. Vincent Astor bequeathed Mrs. Astor $60 million for herself and an equal amount for a foundation "for the alleviation of human suffering."

But it is her suffering that Philip Marshall describes in the court papers quoted by The News. There are allegations that her son vetoed purchases of a new outfit when she turned 104, of cosmetics, of hats and socks. There are allegations that he had curbed her physical therapy sessions and stopped her injections for anemia.

Included with Philip Marshall's allegations were affidavits from David Rockefeller, who planned her 100th birthday party, and former Secretary of State Henry A. Kissinger.

Philip Marshall could not be reached yesterday, despite many attempts. His lawyer, Ira Salzman, said the fight was being waged over concern for Mrs. Astor's care. He said others might suggest it is a dispute over who would be Mrs. Astor's heir. "The short answer," Mr. Salzman said, "is it's not."

Anthony Marshall, reached last night by telephone, said he would not comment.

David Richenthal, who produced three Broadway plays with Anthony Marshall, defended him and disputed the allegations as "the most fabricated bunch of nonsense I've ever read."

Mr. Richenthal said that he had worked in an office in Mrs. Astor's duplex apartment for the last couple of years — an apartment he said was as beautiful as when Mrs. Astor was still regularly in the spotlight. He said that her doctors had diagnosed Alzheimer's disease several years ago and that Mr. Marshall "spends a good deal of his energy taking beautiful care of his mother."

Mr. Richenthal said that Mrs. Astor's health had declined in the last 18 months or so, and that she was in an all but vegetative state. "She has no idea where she is," he said, adding that when Mr. Marshall and his wife, Charlene, visit her, "she doesn't know they're in the room."

He called Anthony Marshall "a completely dutiful son."

"One can only guess that his own son has his own emotional agenda," Mr. Richenthal said. "I've never seen him there."

He said that Mrs. Astor had round-the-clock nurses. "It may be that the number of personnel doing the nursing is reduced, but her needs are reduced," he said. "You know, that generation of socialites, when that kind of person needed a huge staff, that moment is no longer, sadly, with her. She has her social secretary, around-the-clock nurses, and lives in great luxury in her Park Avenue apartment."

But those who know Mrs. Astor said that in the last year or so, they had become somewhat concerned about how she was being cared for. One neighbor said the doormen in the building reported a couple of months ago that Mrs. Astor was no longer being taken outdoors.

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That neighbor also expressed concern that Mr. Marshall seemed to be reordering his mother's life in ways that might make her less comfortable than she could have been. The neighbor said a nurse who looked after Mrs. Astor had quit, complaining that she could not stand the pressure.

That neighbor also said that Mr. Marshall had called a veterinarian to ask about removing Boysie and Girlsie, the dogs that were a fixture in Mrs. Astor's life. Mr. Marshall had said he did not want the dogs to scratch Mrs. Astor.

"He was looking for a way to get rid of the dogs," the neighbor said.

David Rockefeller's spokesman, Fraser Seitel, said that Mr. Rockefeller had become involved because he was concerned about Mrs. Astor.

"His involvement is purely out of friendship and out of trying to make certain she's getting the best treatment she can get," Mr. Seitel said. "He's a very close friend of Brooke Astor's and thinks she's a remarkable woman who deserves nothing but the best, particularly now."

In the street outside the apartment building yesterday, a spectacle that Mrs. Astor might have disdained occurred, a particular kind of New York street theater with reporters shouting questions. In midafternoon, a woman leaving the building said she was Mrs. Astor's cook, but would not give her name. The reporters surrounded her.

"I think it's great that the truth has finally come out," she said. Then she walked away.

Mrs. Astor was famous for channeling millions of dollars to the New York Public Library and to such major cultural organizations as the New York Zoological Society, the Metropolitan Museum of Art and the Pierpont Morgan Library. She made a point of visiting the institutions that received the Astor Foundation's money, from nursing homes to vest-pocket parks.

But she put aside her "job" as a philanthropist when she closed the foundation, and as she passed 100, she was seen less and less often in public. Mayor Michael R. Bloomberg, learning of the dispute yesterday, said he had met her only once, and could offer little insight.

Vartan Gregorian, a former president of the New York Public Library who is now the president of the Carnegie Foundation, said the last time he visited her, last year, was an unexpected emotional experience.

"When she was told it was I, she opened one eye," he said. "She kissed me. She said, 'I love you.' I said, 'I love you, too.' I kissed her hand, and broke down. I'd never seen her in that weak position. I'd always seen her triumphant. She was, will always be, the first lady of New York society."

More Patients Fall Into A Hole In Drug Benefit (USAT)

By Richard Wolf

USA Today, July 27, 2006

WASHINGTON — Seniors and disabled people who have chronic health problems are increasingly entering a gap in Medicare's prescription-drug coverage and finding that they could have to pay thousands of dollars out of pocket. That's already creating a political issue for the fall elections.

An estimated 3.4 million people will have drug expenses that push them into the coverage gap, when they must pay the full cost of prescriptions. The gap, which Congress calls the "doughnut hole," begins when drug expenses total $2,250, including the amount paid by insurance. It continues until a beneficiary has spent $3,600, an amount that will increase in future years.

David Madison, 67, of Lakewood, Colo., was diagnosed with pancreatic cancer in May and fell into the coverage gap this month. One prescription eats up 20% of his $34,000 annual income. "I really don't know where the money's going to come from," he told a Democratic Senate panel last week.

Democrats, aiming to capitalize on the coverage gap, calculate that Medicare beneficiaries with average drug costs will reach it Sept. 22. Their "Doughnut Hole Day" is six weeks before fall elections, when control of Congress is at stake.

"People with diabetes, heart conditions, hypertension and mental disorders may all be hitting the doughnut hole starting now and heading into the election season," says Lindsey Spindle of Avalere Health, a consulting firm.

The U.S. Chamber of Commerce is betting that despite the gap, the prescription-drug law is a winning political issue. It is running TV and radio ads starting today praising senators and House members, mostly Republicans, who voted for the law in 2003.

After a rough start caused by the chaotic transfer of 5.8 million low-income people from Medicaid to Medicare drug coverage, the program has rebounded. By May 15, the enrollment deadline for most people, more than 38 million people on Medicare had drug coverage through the program, employers or other government insurance.

Now Republicans who heralded the program risk bad publicity in the months before the November elections. Democrats have made proposals to eliminate the gap or alleviate its impact. "Some like to say that under the Medicare prescription plan, the pharmaceutical companies got the doughnut and seniors got the hole," says Democratic Sen. Byron Dorgan of North Dakota.

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A USA TODAY/Gallup Poll in April, however, found voters by 2-to-1 were more likely to back members of Congress who voted for the prescription-drug law. “If that's what they're running on, it's going to fizzle on them,” says Republican Rep. E. Clay Shaw of Florida. Most seniors, he says, “are very satisfied and saving a lot of money.”

Mark McClellan, head of the Centers for Medicare and Medicaid Services, says the program is a big gain for most seniors, who had little or no drug coverage in the past. “The typical beneficiary is not going to have any doughnut hole” because typical drug costs aren't high enough, he says. Those who do will have received at least $1,500 in government assistance first.

The coverage gap is hardest on people not poor enough to qualify for extra financial help under the program but who still cannot afford $3,600 or more for their drugs.

Drug manufacturers donated 35 million prescriptions worth $5.1 billion last year, but many companies stopped offering free drugs when the Medicare benefit became available. Medicare officials are trying to get those programs going again. In those cases, however, the value of the free drugs doesn't count toward the $3,600 that beneficiaries must pay before Medicare offers 95% coverage.

The coverage gap was written into the law as a way to hold down costs to taxpayers. Because the prescription-drug program is complicated, many beneficiaries didn't know about the gap.

A study by PricewaterhouseCoopers estimated that 3.4 million people would reach the gap this year. About 2.4 million people paid higher premiums for plans that offer coverage in the gap.

Many people with expensive medical conditions such as AIDS, cancer and multiple sclerosis have reached the gap already. Others, such as those with diabetes and mental illness, are entering it now or will soon. People who take several medications also are at risk.

Ray Brown, a 51-year-old Milwaukee resident who relies on expensive drugs because of a ruptured disc in his spine, was surprised last week when a Wal-Mart pharmacist said his bill was more than $400. Brown left with only his pain medicine, leaving behind a muscle relaxant and arthritis medication. “That was the only one I could afford,” he says.

The gap is particularly hard on people with costly conditions:

·Many cancer patients who take expensive drugs such as Gleevec and Tarceva, which cost about $2,500 a month, didn't understand the doughnut hole when they signed up, says Sarah Barber of the American Cancer Society. “People were overwhelmed with finding a plan that covered the drugs that they needed,” she says.

·Some people with multiple sclerosis, whose drugs cost $1,300 to $2,000 a month, began reaching the gap in February. Many had received their drugs free from manufacturers and were “very shocked” when drug companies stopped or restricted those programs, says Kim Calder of the National Multiple Sclerosis Society.

·People with HIV/AIDS, who often take 20 or more drugs a day, began hitting the gap several months ago. Most are struggling with the cost, says Nancy Ordover of Gay Men's Health Crisis in New York City. Some are interrupting their drug regimens, at great risk, she says. “It's starting to have a deterrent effect.”

Chamber Of Commerce Launches Ad Campaign (ap)

By Will Lester

AP Chamber of Comm. Ads, GOP Candidates, July 27, 2006

Anticipating a fight over votes from seniors, the U.S. Chamber of Commerce is launching a $10 million television and radio ad campaign thanking mostly Republican lawmakers who backed the Medicare prescription drug program.

The business federation plans to air the ads in Connecticut, Ohio, Pennsylvania and Nebraska as well as other states. The money would be divided almost evenly between House and Senate races.

In one ad, Republican Sen. Mike DeWine of Ohio, who is facing a tough re-election campaign, is praised for supporting the prescription drug plan. The narrative in the ad notes that 1.5 million people in Ohio signed up and says they are saving an average of $1,100 a year.

The chamber's effort will also include direct mail, spots on Internet sites and a get-out-the-vote effort.

The prescription drug program, approved by Congress in December 2003 has been a source of political debate. The program provides subsidized benefits through private companies and got strong backing from President Bush, most Republicans and the business community.

Overall, about 43 million elderly and disabled Americans are eligible to participate in the Medicare benefit. About 22 million people are getting coverage under Medicare's prescription drug plan and another 7 million get coverage from employers whose are partially financed by Medicare, according to government estimates.

People were frustrated when the program began earlier this year because of confusion about coverage, improper denials of coverage and an inadequate system for helping people understand how to use it.

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The ad comes as many seniors are experiencing the "doughnut hole" in the federal prescription drug plan. After drug costs reach $2,250, the subsidy stops until a beneficiary has paid out $3,600 of his or her own money. Then, the government will start picking up 95 percent of each purchase.

Miller acknowledged the ads are a pre-emptive strike to protect those who supported the measure.

"There's been so much demagoguery," said Bill Miller, the chamber's political director. "There is confusion whenever you start up a program this complex."

The chamber is sending a bus to 15 states encouraging voters who support business issues to turn out. Those states are Maryland, Pennsylvania, Connecticut, New York, Ohio, Kentucky, Illinois, Indiana, Wisconsin, Minnesota, Nebraska, Iowa, Missouri, Tennessee and Virginia. Miller would not say if those were states that will air the ads that start Thursday and Friday.

Bush Welcomed At W.Va. Fundraiser (AP-Y)

By Deb Riechmann

AP2, July 27, 2006

Some GOP candidates in this fall's midterm elections are staying an arm's length from President Bush and his low poll ratings, but he was welcomed here Wednesday to help raise money for the state's lone Republican in Congress.

After spending time in Washington with Iraqi Prime Minister Nouri al-Maliki, Bush flew about an hour west to attend a private fundraiser for Rep. Shelley Moore Capito.

Republican officials said about 275 people attended the event that raised an estimated $500,000 for Capito. She is seeking a fourth two-year term in a race against Democrat Mike Callaghan.

A red U.S. Coast Guard boat sped up the Kanawha River alongside Bush's motorcade as it made its way through the city to the home of former Charleston Treasurer Drew Payne and his wife, Mary.

The president's limousine passed a demonstration by local anti-war protesters who held signs filled with the names of some of the 2,500 U.S. troops who have died in Iraq.

His motorcade also passed children at a lemonade stand and residents waving American flags and signs that said "We love W." When he left the fundraiser, he stopped at that lemonade stand, manned by youngsters holding signs that said "Lemonade Fifty Cents. Cool, refreshing, yum."

"Anybody thirsty?" he said as he bought some cups and handed them to the entourage. He also gave the kids five dollars to pay for the lemonade.

GOP Candidate Says Criticism Was A Joke (AP-Y)

By Kristen Wyatt

AP2, July 27, 2006

Republican Senate candidate Michael Steele on Wednesday called President Bush his "homeboy," reversed course on having the president campaign for him and said he was joking when he described his Republican affiliation as a scarlet letter.

The Maryland lieutenant governor, under fire for his comments, told WBAL radio that his remarks were supposed to be off the record with a handful of reporters. Instead, Steele's campaign confirmed Tuesday that he was the unnamed Senate candidate who had assailed the Bush administration and Republican-controlled Congress in a story in The Washington Post.

"I've been quoted as calling the president my homeboy, you know. And that's how I feel. ... It's a term of affection and respect for his leadership of our country in a difficult time," Steele, who is black, said in the radio interview.

The Post quoted the unnamed candidate as saying the GOP-controlled Congress should "just shut up and get something done," that the Iraq war "didn't work" and "we didn't prepare for the peace," that the response to Hurricane Katrina was "a monumental failure of government," and that "there's a palpable frustration right now in the country."

Steele also said he probably wouldn't want Bush campaigning for him in Maryland and that he considers his party affiliation a scarlet letter. The White House said Wednesday that Bush still is backing Steele in his Senate race.

Steele said Wednesday: "If the president wanted to come and help me in Maryland, he is more than welcome, because I'm not going to turn my back on a friend. I'm not gonna do that."

In the radio interview, Steele said he has been campaigning and traveling, and in the process getting a different perspective.

"We want to be very, very clear that I'm not trying to 'dis' the president. I'm not trying to distance myself from the president. I'm trying to show those lines where, you know what, I have a different perspective," he said.

Asked about the scarlet letter remark, Steele said: "So I was making a joke about the fact that in this political climate, in Maryland, being a Republican is like wearing a scarlet letter. That's all it is."

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At the White House, Bush spokesman Tony Snow said the president understands what politics is about, "and he wants Michael Steele to be elected as senator."

Snow declined to say how the president responded when told what Steele had said. "I could, but I won't," Snow said. But he remarked dryly, "I think the comments have come to his attention."

Steele also told the listeners of "The Chip Franklin Show" that he made positive comments about Bush during the meeting that weren't reported, noting that unemployment among blacks is down and black homeownership is up.

He also said his independence makes him best suited for the job.

"The president doesn't want a sycophant in the United States Senate. He wants an honest broker for the people of Maryland. He doesn't want a 'yes' man. He wants someone who's going to be genuine in his approach to solving the problems. And that's me," Steele said.

In Maryland, Republican Gov. Robert Ehrlich said Wednesday that Steele's independent streak makes him a good candidate.

"He speaks his mind. He's always going to speak his mind, which is why we have such a strong friendship," said Ehrlich, who faces a tough re-election this November. He added, "He's running a great campaign."

Asked whether he agreed with Steele, Ehrlich said, "I'm not going to get into any of that."

Snow noted that the president, the first lady, the vice president, the president's father and top White House political adviser Karl Rove have all campaigned for Steele.

"It's pretty clear that there's a commitment at this end to making sure that Michael Steele becomes the next U.S. senator from Maryland," Snow said. "And we look forward to working with him."

Steele Says He Wasn't Trying To 'Dis' President (WT)

By Jon Ward

The Washington Times, July 27, 2006

ANNAPOLIS -- Lt. Gov. Michael S. Steele said yesterday that his criticism of President Bush during an off-the-record talk with reporters was taken out of context and that the president is a friend who is welcome to campaign for him during his U.S. Senate run.

"I'm not trying to dis the president," said Mr. Steele, a Republican. "I'm not trying to distance myself from the president. I'm trying to show those lines where ... I have a different perspective."

Mr. Steele made the comments on WBAL Radio to explain what he said Monday on Capitol Hill to nine national reporters, under an agreement that his statements would be off the record.

But Tuesday, the Steele campaign confirmed that Mr. Steele was the mystery candidate at the center of a column in The Washington Post that did not name him but quoted him as saying that his affiliation to the Republican Party was "an impediment" and a "scarlet letter."

Mr. Steele also was quoted as saying that the war in Iraq "didn't work," and that the administration's response to Hurricane Katrina was "a monumental failure of government."

White House press secretary Tony Snow said he understood that Mr. Steele's comments had been "mischaracterized," and that the president still supports his candidacy.

"The president, the first lady, the president's father ... the vice president, Karl Rove, this administration has been in Maryland campaigning for Michael Steele," Mr. Snow said. "We want him to become the next U.S. senator."

A National Republican Senatorial Committee (NRSC) spokesman said Mr. Steele's comments won't stop the flow of money from national donors.

"Don't think a political hit piece based on out-of-context quotes by a liberal critic from The Washington Post is going to hold too much sway over Republican donors," said NRSC spokesman Dan Ronayne.

Mr. Steele said he also praised Mr. Bush during the lunch with the reporters, but only his critical comments were reported.

"I'm proud to be a Republican," he said. Mr. Steele also said unemployment among blacks has decreased under the Bush administration and that homeownership has increased. He also called the president "my homeboy."

"It's a term of affection and respect for his leadership of our country in a difficult time, for his commitment to providing jobs and security, which he has done, and everyone in this country has benefited." he said.

The Washington Post's Dana Milbank said he has a tape of the lunch and that "there were one or possibly two positive remarks about the president."

"Probably half of the lunch was just not talking about the president at all," he said. "His remarks about the president were significantly and largely negative."

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Mr. Steele said he thought it was important to "share an honest assessment of where we are today" and that he wasn't "afraid of George Bush."

"The president doesn't want a sycophant in the United States Senate," he said.

A spokesman for Rep. Benjamin L. Cardin, one of the two leading Democratic candidates to replace retiring Sen. Paul S. Sarbanes, said Mr. Steele's comments were "politically calculated."

Gov. Robert L. Ehrlich Jr. said Mr. Steele "is always going to speak his mind."

"I love his streak of independence," he said. "I value it."

Mark Clack, spokesman for Kweisi Mfume, the other Democratic front-runner for the Senate seat, said Mr. Steele has "got himself in a little bit of a mess, which is characterized by his desire to have it both ways."

"You can't troll for money in the base of the Republican Party, the party of the president, then turn around and act like you're trying to distance yourself," he said.

Steele Addresses Negative Comments On Bush (WP)

By John Wagner

The Washington Post, July 27, 2006

On Monday, he didn't want President Bush campaigning for him. Yesterday, he called the president "my homeboy" and more than welcomed Bush to Maryland.

Lt. Gov. Michael S. Steele's awkward dance with the media and the White House continued after the publication of quotes in which the U.S. Senate hopeful, speaking anonymously, had distanced himself from the president and his party.

Steele (R) was greeted at a morning event in Prince George's County by four television stations eager to hear more about the Monday luncheon, which was billed as a "background" briefing for reporters who could identify him only as a Republican Senate candidate.

But Steele -- who acknowledged Tuesday that the quotes were his -- clearly was not interested in rehashing the luncheon. He apologized for his early departure from a news conference yesterday, which was held to announce festivities related to a late-September college football game in Prince George's, and then he slipped out the back door.

"The press is, as you can tell, anxious to talk to me," Steele said to no one in particular. "But I'm not going to interrupt these proceedings."

"Why did you say being a Republican is like wearing a scarlet letter, sir?" a television reporter shouted as Steele disappeared. "Why did you say being a Republican is like wearing a scarlet letter?"

Just a few hours later, in the confines of conservative talk radio, Steele said he welcomed the chance to clarify his comments, which were critical of the Iraq war and Bush's response to Hurricane Katrina. But he backed away from his suggestion at the luncheon Monday that he would "probably not" want Bush to come to Maryland to campaign for him.

"I've been quoted before as calling the president my homeboy, you know, and that's how I feel," Steele said on WBAL (1090 AM) radio in Baltimore. "I'm not afraid of George Bush. If the president wants to come and help me in Maryland, he is more than welcome. I'm not going to turn my back on a friend. I'm not going to do that. I want to make that very clear."

For Democrats, it was another day to relish the pitfalls that Republicans face in a state where they are outnumbered nearly 2 to 1 and their president is not so popular.

Maryland Democratic Party Chairman Terry Lierman said Steele seemed to have a "fatal attraction" to Bush -- eager for his fundraising help but wary of his political baggage.

"Steele should know that if there's one thing that Marylanders like less than Bush, it's politicians like Michael Steele who try to have it both ways," Lierman said.

White House press secretary Tony Snow suggested that Bush was just fine with the relationship. Snow said Steele's comments had come to Bush's attention, but he declined to share the president's reaction.

"I could, but I won't," Snow said with a laugh. "The president understands what politics are about, and he wants Michael Steele to be elected United States senator."

Gov. Robert L. Ehrlich Jr. (R), who picked Steele as his running mate in 2002, touted Steele's "independent streak" yesterday while distancing himself from his lieutenant governor's comments.

"He's always going to speak his mind," Ehrlich told reporters after a meeting in Annapolis. "Those are his views. They're not my views."

During the radio interview, Steele suggested that he was surprised to see his unattributed comments in print Tuesday in an article by Washington Post reporter Dana Milbank. Steele said they represented only a portion of what he said at the luncheon -- leaving out, he said, comments favorable to Bush.

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And Steele said he was surprised by all the attention, given that he has made similar statements in the past. "There was nothing new said," Steele said.

"I'm not trying to dis the president," he added. "I'm not trying to distance myself from the president. I'm trying to show those lines where I have a different perspective and a different point of view. If I'm not free to share that as a candidate for the U.S. Senate, how can people expect me to share that and express that as a United States senator?"

Steele Tries To Patch Up His Ties To President (BSUN)

By Jennifer Skalka

The Baltimore Sun, July 27, 2006

Lt. Gov. Michael S. Steele, describing President Bush as his "homeboy," said Wednesday that "if the president wants to come and help me in Maryland he is more than welcome."

"I'm not going to turn my back on a friend," he said on WBAL radio Wednesday. "I'm not going to do that."

His hospitable remarks contrasted with his sharp, anonymous criticism of the Bush administration published in The Washington Post on Tuesday and his assertion that he would "probably not" want the president to stump for his Senate campaign.

During the radio interview, Steele played down his earlier contention that running as a Republican candidate this year was akin to wearing "a scarlet letter," maintaining that he had been joking.

As Steele worked Wednesday to mend fences with the White House, which has raised big money for his Senate bid, the Bush administration sought to shake the whole thing off, calling it politics, plain and simple.

"It's pretty clear that there's a commitment at this end to making sure that Michael Steele becomes the next U.S. senator from Maryland," White House press secretary Tony Snow said, adding that Bush had been apprised of Steele's remarks but that he was unwilling to repeat the president's response.

To be elected, Steele will have to appeal to Democrats, who outnumber Republicans 2-to-1 in the state, and lure independent voters. Recent polls show Steele trailing both of the leading Democratic challengers.

During the radio interview, Steele said he wants to "have an honest conversation" with Maryland voters and that he has always been an independent thinker.

His published remarks -- which included stern criticism of Bush's Iraq policy ("It didn't work") and his sluggish response to Hurricane Katrina ("A monumental failure of government") -- led to a frenzied but short-lived guessing game in political circles about their source, a Republican senatorial candidate who initially was not identified.

When the Steele campaign confirmed Tuesday that he was the one who had bashed his party's leader, Democrats and some pundits suggested that the episode was a shrewd, calculated attempt to put distance between the candidate and an unpopular president. <

That was not his intention, Steele said Wednesday. He thought his conversation with a group of reporters at a Capitol Hill steakhouse was private, he said, accusing the Post of violating his confidence.

At the same time, he sought to portray his comments as unremarkable, maintaining that he was repeating statements he had made publicly and frequently.

A check of the public record shows he has had little to say about Hurricane Katrina and Iraq in the past.

Steele did tell The Washington Times in March that Katrina relief was "an incredible failure of the government to recognize and execute its responsibility on all levels."

In September, in the immediate aftermath of the hurricane Steele focused on Baltimore Mayor Martin O'Malley, who he said "jumped the gun" in sending rescue personnel to Louisiana without full approval of emergency officials. O'Malley, a Democrat, is running against Gov. Robert L. Ehrlich Jr.

On Iraq, Steele has said he advocates accelerating bringing U.S. troops home. He also has argued -- in line with Bush -- that the United States should not pull out until Iraqis can police and govern themselves. In the interview published this week, however, Steele stopped just short of calling the war a failure.

"People want an honest assessment from the administration, and they want to hear the administration admit we thought this, and it didn't happen than way, and -- guess what -- it didn't work, so we're going to try a Plan B," Steele said.

He also stressed his party allegiance during Wednesday's radio interview.

"Everyone in the country knows that the party has been taking some hits and that people have some concerns here and there," Steele said. "That's the environment in Maryland. It's reflected in the polls. ... But it doesn't change who I am. It doesn't change the fact that I'm going to be running as a Republican. I'm proud to be a Republican."

As a former head of the Maryland GOP, Steele has been a staunch advocate for Bush. He delivered a rousing speech supporting the president at the 2004 Republican National Convention in New York.

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In turn, Bush raised $500,000 for the lieutenant governor last fall. Vice President Dick Cheney, former President George H.W. Bush and former first lady Barbara Bush, former White House chief of staff Andrew Card and presidential adviser Karl Rove are among the Bush loyalists who have headlined fundraisers for Steele's campaign.

"The Steele-Bush relationship is a fatal attraction, and Michael Steele knows it," said Maryland Democratic Party Chairman Terry Lierman. "Steele can't say no to Bush when it comes to Iraq, stem cells or millions in campaign cash. Steele should know that if there's one thing that Marylanders like less than Bush, it's politicians like Michael Steele who try to have it both ways."

Jennifer Duffy, editor and political analyst for The Cook Political Report, said she is not surprised that the Bush administration is willing to let bygones be bygones.

Voters will have to decide for themselves whether they think Steele's latest critique of the president's policies is sincere or contrived, she said.

"The White House has invested a lot in this campaign, and they're not going to walk away now," she said.

Ehrlich said his State House partner has "an independent streak."

"That's why we we're drawn to each other," the governor said.

Bush Backs Steele (AP)

AP, July 27, 2006

WASHINGTON - As the old saying goes, all is fair in love and war. And politics, too.

Even though Republican Michael Steele says he probably wouldn't want President Bush campaigning for him in Maryland and that he considers his party affiliation a scarlet letter, the White House said Wednesday that Bush still is backing Steele in his Senate race.

"Look," said Bush spokesman Tony Snow, "the president understands what politics are about. And he wants Michael Steele to be elected as senator."

Steele spoke critically of his party and the president during an interview with reporters Monday, under the condition that he not be quoted by name. The Washington Post reported the comments Tuesday without attribution, creating a guessing game about the source among political observers.

The Post quoted the unnamed candidate as saying the GOP-controlled Congress should "just shut up and get something done," that the Iraq war "didn't work" and "we didn't prepare for the peace," that the response to Hurricane Katrina was "a monumental failure of government," and that "there's a palpable frustration right now in the country."

The Steele campaign on Tuesday confirmed to The Associated Press, which did not attend the interview, that he was the source.

Snow declined to say how the president responded when told what Steele had said. "I could, but I won't," Snow said. But he remarked dryly, "I think the comments have come to his attention."

In Maryland, Republican Gov. Robert Ehrlich said Wednesday that Steele's independent streak makes him a good candidate.

"He speaks his mind. He's always going to speak his mind, which is why we have such a strong friendship," said Ehrlich, who faces a tough re-election this November. He added, "He's running a great campaign."

Asked whether he agreed with Steele, Ehrlich said, "I'm not going to get into any of that."

Snow said he understands that Steele's opinion of Bush wasn't all bad and that he had some favorable things to say that were not reported. Snow said he's been trying to get through to Steele to get the full story.

He noted that the president, the first lady, the vice president, the president's father and top White House political adviser Karl Rove have all campaigned for Steele.

"It's pretty clear that there's a commitment at this end to making sure that Michael Steele becomes the next U.S. senator from Maryland," Snow said. "And we look forward to working with him."

GOP Candidates Wonder How Far From Bush Is Best (HILL)

By Jonathan Allen

The Hill, July 27, 2006

Senate Republicans are divided over the questions of whether and by how much GOP candidates should distance themselves from President Bush and the Iraq war on the campaign trail this year.

Bush's approval rating remains stuck in the 30s, and at least two elected Republican officials have suggested recently that the president may be an albatross in the upcoming midterm elections.

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While some Republican senators are staking claims to independence in their home states, others are quicker to embrace the president. They must weigh the advantages of Bush's imprimatur in Republican circles against his poor ratings among Democrats and independents.

The dangers of running alongside Bush were underscored by the release yesterday of a poll of Washington state voters in which Republican Mike McGavick trailed Democratic Sen. Maria Cantwell by just four percentage points, 48 to 44 percent. The same poll, conducted by the GOP firm Strategic Vision, showed Bush with a paltry 30 percent approval rating in the state.

Maryland Lt. Gov. Michael Steele, a Republican who is running for the Senate seat being vacated by Democrat Paul Sarbanes, told reporters Monday — initially under the condition of anonymity — that he probably would not want Bush to campaign for him, that his party affiliation is a "scarlet letter" and that the Iraq war "didn't work." The comments were published Tuesday in Dana Milbank's column in The Washington Post.

Two of the top Democratic targets this year, Sens. Rick Santorum (R-Pa.) and Mike DeWine (R-Ohio), sought to portray themselves as independent yesterday without pushing away from Bush.

"When I agree with the president, I say so. When I disagree, I say so," said Santorum, who supported 100 percent of Bush's stated positions in 2004 and routinely scores in the high 90s in such tallies, according to Congressional Quarterly.

"The race for the United States Senate in Ohio is between Mike DeWine and [Democratic Rep.] Sherrod Brown. It's not a referendum on anyone else," DeWine said.

But two other Republicans running in competitive reelection races, Sens. Conrad Burns (R-Mont.) and Jon Kyl (R-Ariz.), indicated that they won't part with the president.

"You don't distance yourself from your leader," Burns said. "This guy's tough, and that's what I like about him."

There is a "certain degree of deference, a certain degree of consideration that should be given to the president," Kyl said. "He's welcome in Arizona for me anytime."

Sen. George Allen (R-Va.), who is up for reelection this year and may run for president in 2008, recently said he refrains from criticizing Bush.

"I won't kick a friend when he's down," Allen said.

Last week, the leading candidate to head Senate Republicans' campaign arm in the next election cycle said that the Iraq war has taken a toll on Bush's popularity and that GOP candidates should identify aspects of Bush's Iraq policy with which they disagree.

"I would point those out and highlight them," Sen. John Thune (R-S.D.) told reporters at the National Press Club.

Sen. John Cornyn (R-Texas), a close Bush ally, said there is room for candidates to abide by the "moral commitment" the United States has made to the Iraq war and still create distance between themselves and the president on the issue.

Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.) said Republican candidates will not benefit from seeking distance from Bush.

"They can run, but they can't hide," he said.

White House Chief of Staff Joshua Bolten tried to tamp down talk of Republican candidates' creating daylight between themselves and the president during an appearance Sunday on NBC's "Meet the Press."

"The president is out there campaigning, fundraising at a pace that's even faster than he did in the last midterm cycle four years ago," Bolten said.

Steele's remarks do not appear to have undermined support for him at the White House or on Capitol Hill.

"We want him to become the next U.S. senator," White House spokesman Tony Snow said.

"We're happy to have him as a Republican," said Sen. Jim DeMint (R-S.C.). "We're proud of him."

Steele told a Maryland radio station yesterday that his scarlet-letter comment was a joke, according to the Associated Press. Thune told Bolten and others that his remarks had been mischaracterized.

Simmering Rage Within The GOP (WP)

By David S. Broder

The Washington Post, July 27, 2006

My weekend visitor was one of the founders of the postwar Republican Party in the South, one of those stubborn men who challenged the Democratic rule in his one-party state. He was conservative enough that in the great struggle for the 1952 nomination, his sympathies were with Sen. Robert Taft of Ohio, not Dwight D. Eisenhower.

He has lived long enough to see Republicans elected as senator and governor of his state and to see a Republican from the Sun Belt behemoth of Texas capture the White House. His profession won't let him speak with his name attached, but he is sadly disillusioned.

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"My wife was thrilled by the veto" Bush administered last week to the bill expanding federal funding for embryonic stem cell research, because she shares the president's belief that those clumps of cells destroyed in the research process represent human life. "I thought it was stupid," he said. "I know too many people who are like this" -- and he shook his hands like a victim of Parkinson's disease -- "and their only hope of a cure is in stem cells. Now Bush is forcing that science to move overseas."

He went on: "How the hell long can they refuse to raise the minimum wage?" He was furious, he said, with the Republican leaders of Congress who keep blocking bills to raise the minimum wage, which has been stuck at $5.15 an hour for years. "I'm a conservative," he said, "but they make me sound like a damned liberal the way they act. They spend like fools, they run up the deficits and they refuse to give a raise to the working people who are struggling. How the hell are you supposed to live on $5.15 an hour these days?"

"If it wasn't for Pelosi," he said, "I'd just as soon the Democrats take over this fall. Get some checks and balances and teach these guys a lesson."

In the end, his dislike of the House minority leader, Nancy Pelosi of California, and his ingrained disdain for the Democrats may keep my friend voting Republican. But the complaints that I heard from him -- echoed by many of his contemporaries in the Taft-Goldwater-Reagan wing of the GOP -- are a significant factor in the dynamics of the midterm election. They could spell trouble for Republicans in mobilizing their vote this fall.

I first became aware of the spreading discontent on the right in visiting with people in the church social hall after the funeral this spring for Lyn Nofziger, Ronald Reagan's longtime press spokesman and adviser. The comments about the Bush White House people -- who were notable by their absence at the service -- startled me.

But since then I have heard the refrain over and over: They never reached out to us. They never thought they needed our help. Now they're in trouble. To hell with them.

Whether or not the complaints are justified, they are epidemic. They are often accompanied, as they were in the case of my weekend visitor, by the comment that everything the White House does seems to be aimed at pleasing only one section of the Republican coalition -- the religious right.

That is why there was so much high-fiving on e-mails and phone calls among other Republicans over the defeat last week of Ralph Reed, the one-time driving force of Pat Robertson's religious-political movement who lost the nomination for lieutenant governor of Georgia because of his links to disgraced lobbyist Jack Abramoff.

Reed, a major operative in Bush's presidential campaigns, is a symbol to many others of the influence of the religious right, though in fact he was much more political operative than preacher.

But the dissent threatens Republican chances of avoiding a major defeat in the midterm elections. Andrew Kohut's survey for the respected Pew Research Center last month found Democrats far more motivated to vote this year than Republicans. The Democrats held a 16-point advantage over the GOP on the question Kohut uses to gauge the level of interest in voting, exactly the reverse of the situation in 1994, the year the Republicans took over Congress.

In the past two elections -- 2002 and 2004 -- Karl Rove, Ken Mehlman and the rest of the Republican leaders demonstrated a superior ability to locate and turn out their voters. But in neither of those years did they face the formidable barriers in place this year, starting with the weariness with the war in Iraq. The last thing they need is the disaffection now being displayed in their own ranks. This looms as the supreme test of their political skills.

Governor Praises Faith-based Efforts (DMN)

By Wayne Slater

The Dallas Morning News, July 27, 2006

AUSTIN – Gov. Rick Perry assured advocates of faith-based programs Tuesday that he's on their side and wants to "tear down barriers" that limit the flow of government money to religious groups.

Appealing to religious conservatives targeted by his re-election campaign, Mr. Perry praised the work of faith-based initiatives that help administer social service programs.

He touted his office's involvement in distributing $500,000 in federal grants to 25 Texas faith-based and community organizations.

"Government needs partners to share the mission," the Republican governor told several hundred delegates to a conference on faith-based initiatives organized by the White House.

"Texas aims to be a national leader in leveling the playing field for faith-based and community organizations so that all organizations can compete equally for public dollars," he said.

A recent congressional report found that the Bush administration's effort to make federal money available to such groups lacks both adequate safeguards against religious discrimination and procedures to measure program performance.

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Speaking to reporters after his conference appearance, Mr. Perry dismissed the concerns in the Government Accountability Office report.

"I am very comfortable with the accountability of these programs," Mr. Perry said.

Dan Quinn of the Texas Freedom Network, a nonprofit group that monitors church-state issues, accused the Republican governor of using the conference to bolster his re-election.

"It doesn't surprise us that the governor would be standing in front of this crowd today trying to take credit for steering tax dollars to religious groups and churches whose political support he's been cultivating for a long time," said Mr. Quinn.

The governor's office of faith-based initiatives, which is handled by a private foundation he created, helped promote the White House conference.

Mr. Perry took an active role in a network of Christian pastors called the Texas Restoration Project, which spearheaded a voter-registration effort aimed at religious conservative voters.

Mr. Perry rebuffed the charge that he's cultivating his political base, calling it "so much white noise."

"Critics would criticize me if I were speaking to the Busy Bee Quilting Club," he said.

Perry Preaches Public Funds For Faith-based Service Groups (HC)

By Peggy Fikac

Houston Chronicle, July 26, 2006

AUSTIN — At the intersection of government and religion, Gov. Rick Perry sounded something like a preacher Tuesday as he touted public funds for faith-based and community groups helping the poor, the addicted and refugees.

"There are a great many who have heard a calling of service and have answered with the words of Isaiah, 'Here am I. Send me,' " he told the White House Conference on Faith-Based and Community Initiatives, as some in the crowd estimated at more than 1,000 murmured the words with him.

The conference is one of a series designed to help social services groups get public grant money and, when they get the funds, to stay within the law regarding religious activities and to measure their programs' effectiveness.

Hint: If you are running Bible study and job training, keep them in different rooms and make sure you keep careful account of how you spend the federal dollars.

"You can't preach on Uncle Sam's dime," said Dominique Ludvigson, of the White House Office of Faith-Based and Community Initiatives under President Bush.

Perry, who followed Bush into Texas' top office and in reaching out to faith-based organizations, said Texas aims to be "a national leader in leveling the playing field" for faith-based and community groups to compete for public funds to provide public services.

Among other efforts, he commended such groups' work in helping people who took refuge here from Hurricane Katrina. He echoed a favorite phrase of his predecessor, praising those attending the conference as "foot soldiers in the armies of compassion."

Critics say Perry, a Republican running for re-election, and Bush have used the religious issue for political gain and contend there's not enough accountability in funding to faith-based groups.

At the same time, their administrations aren't the first under which groups with religious ties have received government funds. And politically, Democrats are working to reassert their own religious faith in the public eye.

Dan Quinn of the Texas Freedom Network, which describes itself as "a mainstream voice to counter the religious right," said a U.S. Government Accountability Office study last month found a lack of accountability in federal faith-based programs and that his network found similar problems in state programs in 2002.

"The governor would love to be seen steering tax dollars to religious groups and churches whose political support he has spent a lot of time and effort trying to gain," Quinn said. "But given the lack of accountability with these programs, it's not even clear that they would be helping anyone except the governor's re-election campaign."

Perry said, "First and foremost, critics would criticize me if I were speaking to the Busy Bee Quilting Club. We're 100 days out from an election, so that's just so much white noise.

"I am very comfortable with the accountability in these programs. I can assure you that we are scrutinized" by lawmakers and outside groups, he said. "I don't have a problem with scrutiny. It's what makes the world go 'round, and we try to be as open and transparent as we can be with these funds."

Democratic candidate for governor Chris Bell, a former Houston congressman and City Council member, said qualified faith-based programs should get public funding, but at the same time the line between church and state must be maintained.

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He noted that Democrats recognize "we need to be fully engaged in the discussion about morals and values. ... Many people in the Democratic Party have come to recognize that one of the biggest mistakes we made in the last 20 years was forfeiting the debate about morals and values to the Republicans.

"The misconception on the part of a lot of people is we haven't had faith-based initiatives until George Bush came along," he said, adding that there have long been "very productive" programs, such as the SEARCH project helping Houston's homeless.

Mark Sanders, spokesman for independent candidate for governor Carole Keeton Strayhorn, the state comptroller, said she supports funding for faith-based programs.

"These are good people doing good work," he said, adding, "It is worth pointing out that while this governor points to support for faith-based organizations doing good deeds, he as the state's top official is overseeing programs that are abandoning and neglecting our children and elderly."

Independent candidate Kinky Friedman's campaign didn't immediately provide a comment.

Perry has touted his record, including passage of additional funding last year for protective services. He has been supported by religious conservatives but brushed aside a question about the importance of faith-based groups to his re-election.

Perry Touts Public Money For Faith-based Groups (AAS)

By Corrie MacLaggan

Austin American Statesman, July 26, 2006

The government should tear down barriers that limit faith-based and community organizations' access to public funds, Gov. Rick Perry said Tuesday at a White House-sponsored conference in Austin.

Supporting faith-based organizations has been a pet project of President Bush, who created a White House office on the topic in 2001. But the issue has not gained traction in the Texas gubernatorial race.

'I have long believed that government can't solve every social ill and certainly can't give meaning to the human heart,' Gov. Rick Perry said Tuesday during a conference on faith-based organizations.

Perry's three main opponents said that they support faith-based initiatives but that they think voters are more concerned about issues such as transportation and property taxes.

Perry said Texas' faith- and community-based organizations were crucial in the aftermath of Hurricane Katrina.

"I have long believed that government can't solve every social ill and certainly can't give meaning to the human heart or replace strong families and vibrant communities," Perry told an audience of about 1,500 at the downtown Hilton Austin Hotel.

At the White House Conference on Faith-Based and Community Initiatives, one of several similar regional events, attendees such as Ruthalyn Anderson, administrator of All Nations Christian Center Church of God in Christ in Round Rock, learned strategies for writing grants and working with the federal government.

The church wants to tap into federal funding to expand service programs such as one for at-risk boys, Anderson said.

White House officials said the general guideline is "Don't preach on Uncle Sam's dollar," but they told attendees that it's OK to have, for example, both a meal program that receives public funds and a Bible study that does not, as long as the two are in a different room or at a different time.

But in a report released this month, the federal Government Accountability Office found that some faith-based organizations receiving federal funds did not properly separate such activities and that the White House is not assessing the progress of grant recipients.

The Texas Freedom Network reported similar problems in 2002, said Dan Quinn, a spokesman for the Austin-based watchdog group.

"It doesn't surprise us that the governor was over there today trying to take credit for steering tax dollars to religious groups and churches he's been courting for political support for quite awhile," Quinn said. "The question is, given the lack of accountability, it's not even clear that the programs are helping anyone except the governor's re-election campaign."

Nationally, faith-based organizations received more than $2.15 billion in federal funds in the 2005 budget year.

State officials did not have an estimate for money received by Texas organizations. But Perry said that the OneStar Foundation, which he created by executive order in 2004, awarded $500,000 in federal grants this year to 25 faith- and community-based organizations in Travis, Harris, Tarrant and Bexar counties.

Comptroller Carole Keeton Strayhorn, an independent gubernatorial candidate, supports faith-based organizations, spokesman Mark Sanders said.

"These are good people involved in good programs," Sanders said. "It's important to point out that while Governor Perry may give this lip service, as the state's chief officer, he is overseeing state programs that are neglecting our foster children and our elderly."

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"Faith-based can help," said fellow independent gubernatorial candidate Kinky Friedman, who supports prayer in school. "But to rely on it to save Texas is like throwing the teachers a court-ordered crumb and saying, 'Look what I've done for education.' "

Democratic candidate Chris Bell said he hasn't been asked once about faith-based initiatives on the campaign trail.

"I certainly don't oppose faith-based initiatives from a general standpoint, but I do think there need to be guidelines, just like there ought to be for any organizations receiving public funding," Bell said.

Texas GOPers Have Faith In DeLay (RC)

By David M. Drucker

Roll Call, July 27, 2006

While former Rep. Tom DeLay (R-Texas) stays mum on his political future, Texas Republicans say they fully expect him to run for his old seat should a court ruling force him to remain on the November ballot.

Republicans remain confident that the 5th Circuit Court of Appeals will overturn a U.S. District Court decision preventing the Texas Republican Party from declaring DeLay ineligible to run for office and replacing him with a candidate free of his ethical and legal baggage. But if Republicans lose their appeal, being heard Monday, they believe the former Majority Leader will reignite his campaign and wage a vigorous battle to defeat the Democratic nominee, former Rep. Nick Lampson.

“If the Congressman is on the ballot, in my opinion, he will campaign and will be successful,” said Jared Woodfill, Harris County Republican Party chairman . “I think now his chances are greater [than before] because the lawsuit has stirred up our base.”

Texas Democrats last month successfully sued to force DeLay to remain on the November ballot.

Oral arguments on the GOP’s appeal are scheduled for 10 a.m. Monday in New Orleans.

DeLay’s daughter and spokeswoman, Dani DeLay Ferro, declined to comment on her father’s thinking and said no discussions have occurred regarding what he might do if ordered to remain the Republican nominee for the Houston-area 22nd district.

DeLay held the seat for more than two decades before resigning June 9 and moving his official residence to Alexandria, Va., in a purposeful and joint effort with the Texas GOP to have himself declared ineligible for the ballot, per Texas election law mandating Congressional candidates be state residents.

“Any thoughts or decisions beyond the appellate court decision are pure speculation. There haven’t been any discussions or decisions made,” Ferro wrote in an e-mail. “We’re not getting into the speculation game. All discussions will begin in earnest after the 5th Circuit decision.”

No Republican interviewed for this story claimed firsthand knowledge of DeLay’s plans. But almost unanimously, Republicans agreed DeLay would not leave them without a candidate to pit against the well-funded Lampson, if the appeal filed by the Texas Republican Party is denied.

Houston City Councilwoman Shelley Sekula-Gibbs (R) and Sugar Land Mayor David Wallace (R), both vying to be appointed by party leaders to replace DeLay on the ballot if the appeal is successful, are prepared to campaign on behalf of the former Congressman if the Texas Democratic Party’s successful lawsuit to block the replacement process is upheld on appeal.

“Tom has openly indicated that if his name remains on ballot, he will run an aggressive campaign. And for the benefit of the Republican Party, he’s going to need to do that,” Wallace said. “I think you’ll see a great deal of support fall in behind him, not just from the citizenry of district 22, but all the individuals who have wanted their name on ballot” to replace him.

State Rep. Charlie Howard (R), another possible substitute candidate, said the Texas Democratic Party’s lawsuit to block the replacement process has backfired, overriding any disillusionment Republican voters feel concerning DeLay. It now has reached the point, he said, where Republicans will vote for DeLay if he remains on the ballot — even though some might not have, had he not resigned and abandoned his re-election bid.

Howard expressed no doubt about DeLay running a strong campaign to win if Republicans lose their appeal, predicting he would be victorious and then resign so that a special election could be held for the seat in which a Republican would be favored because of the GOP makeup of the district.

“I think he really doesn’t have a desire to serve,” Howard said.

DeLay won the March 7 Republican primary with more than 60 percent of the vote while defeating three challengers, but he abandoned his re-election bid after determining victory would be difficult given his ties to disgraced GOP lobbyist Jack Abramoff and the indictment for allegedly breaking Texas election law hanging over his head.

In a ruling earlier this month that DeLay must stay on the ballot, U.S. District Court Judge Sam Sparks — a GOP appointee — found Texas’ residency requirement unconstitutional, while also ordering 22nd district Republicans to refrain from deciding on who the former Congressman’s replacement would be.

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That has left the potential Republican candidates in wait-and-see mode while Lampson campaigns unopposed and rakes in the cash. The Democrat closed the second quarter fundraising period with slightly less than $2.2 million in the bank. Some of the potential Republican candidates also are raising money.

"It's definitely more difficult when you're in a holding pattern," Sekula-Gibbs said. "But I've been continuing to campaign and work hard on the issues to make sure I'm in a strong position to get the nomination."

Republicans in the 22nd district aren't waiting for the appellate court to render a decision before deciding how they're going to handle the potential outcomes — even if the DeLay camp is.

At the county party level, the GOP is working to counter Lampson and inform voters about his record during his previous stint in Congress, party leaders said.

The 22nd district is overwhelmingly Republican, and the strategy is to highlight a Congressional voting record that earned Lampson a 63 percent "liberal" rating by National Journal on economic policy, 61 percent liberal rating on social policy and 68 percent liberal rating on foreign policy in 2002 when he served in the old 9th district.

Woodfill, the GOP chairman in Harris County, said 30,000 automated calls have been made in the district, with targeted mailings and plans to hit the radio and television airwaves pending.

Because any potential replacement candidate is likely to have three months, at most, to campaign against Lampson and raise the funds necessary to do so effectively, much of that burden is going to fall to the four county parties encompassed in part by the boundaries of the 22nd district — and possibly the National Republican Congressional Committee.

Harris County likely will bear the brunt of that responsibility, by virtue of it being the largest county in the district, Woodfill said.

"I think anyone who doesn't make contingency plans is being shortsighted," Wallace said.

Hillary's Brother Barred From Bank Account (WT)

By Jim Mcelhatton

The Washington Times, July 27, 2006

Sen. Hillary Rodham Clinton's brother Anthony D. Rodham has been barred from accessing his bank account while a bankruptcy trustee demands that he repay more than $100,000 in loans from a carnival company whose founder was pardoned by President Clinton, filings in federal bankruptcy court in Alexandria show.

Mr. Rodham, one of Mrs. Clinton's two brothers, received $107,000 in loans from United Shows of America Inc. after its owners obtained the presidential pardon over the objections of the Justice Department.

United Shows went bankrupt in 2002, and control of its finances was placed in the hands of court-appointed trustee Michael E. Collins, who has sought to garnish Mr. Rodham's wages.

A consent order filed Tuesday in U.S. Bankruptcy Court for the Eastern District of Virginia said Mr. Rodham is barred from taking money out of a bank account containing about $142,000, pending a hearing next month.

Last year, Mr. Collins won a default judgment against Mr. Rodham in a complaint filed in bankruptcy court in Nashville, Tenn. The trustee sought repayment of the loans, plus more than $40,000 in interest.

Mr. Rodham "received the benefit of the loans without making any repayment," said a document filed last year in Nashville.

Mr. Rodham, known as Tony, declined to comment yesterday on the United Shows matter. The Vienna, Va., resident questioned the relevance of the case as a news story.

"I just happen to be the brother-in-law of a person who became president," he said. "I'm not a public figure."

His naming in the bankruptcy case is the latest distraction to Mrs. Clinton's political aspirations caused by her two younger brothers. Mrs. Clinton, a Democrat, is seeking re-election in November to her Senate seat from New York and is weighing a presidential bid in 2008.

In August 2001, Mr. Rodham became involved in a brawl at the Rodham family's summer cottage in Pennsylvania with a man who said he caught Mr. Rodham having sex with the man's girlfriend.

Mrs. Clinton's other brother, Hugh E. Rodham Jr., intervened in that fight.

Hugh Rodham, 56, also came under scrutiny for his role in Mr. Clinton's pardons. A lawyer, he returned about $400,000 he received for lobbying for a presidential pardon and prison commutation for two clients.

Both brothers were criticized in 1993 when they sought corporate contributions to pay for festivities surrounding their brother-in-law's first inauguration.

United Shows' owners -- Edgar Gregory Jr. and his wife, Vonna Jo Gregory -- won a pardon from Mr. Clinton in March 2000. They were convicted of bank fraud in 1982 for illegally giving loans to friends. Mr. Gregory died in 2004.

Legal filings show Mr. Rodham received $107,000 in loans from United Shows in 16 checks issued by the company from May 2000 to February 2002, about six months before United Shows filed for bankruptcy protection.

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To collect the money, Mr. Collins last month filed a writ of garnishment in bankruptcy court in Alexandria against Mr. Rodham. He also filed a judgment lien against Mr. Rodham in D.C. Superior Court.

Todd J. Zywicki, a bankruptcy specialist and law professor at George Mason University, said the consent order isn't unusual in cases in which a bankruptcy trustee is trying collect on a judgment.

"It's standard debt collection to be able to freeze a bank account to protect the garnishment rights," he said. "Basically, the bankruptcy can reach out and grab the assets wherever they are."

Mr. Rodham did not respond to the complaint filed last year in Nashville, but papers filed Monday by his attorney in Alexandria say he plans to fight the judgment.

The filing raises questions about whether Mr. Rodham knew of the proceedings against him.

A summons in the Nashville case was sent to a D.C. address at which "Mr. Rodham had not resided for a considerable period of time," said the filing by Rodham attorney Steven B. Ramsdell, who declined to comment yesterday.

Mr. Ramsdell's motion asks U.S. Bankruptcy Judge Robert G. Mayer to quash the garnishment summons filed against his client.

McCaskill Hit With GOP Ethics Complaint (HILL)

By Jackie Kucinich

The Hill, July 27, 2006

The Missouri Republican State Committee filed a complaint with the Senate Ethics Committee yesterday against Democratic Senate candidate Claire McCaskill, Missouri's state auditor, accusing her of breaking personal-finance disclosure laws.

The complaint charges that McCaskill failed to provide even the "bare minimum" of information requested by the Senate.

Sen. Jim Talent (R-Mo.) faces a tough race against McCaskill in November. For several months, polls have shown them in a statistical tie. Talent's predicament is prompting Republicans to come out forcefully against his opponent.

"The complexities of Ms. McCaskill's family holdings are more pronounced than usual because of the deliberately complicated manner in which her family's business holdings are constructed," the complaint said.

The National Republican Senatorial Committee (NRSC) briefed reporters on the complaint yesterday, but the state party insisted that the filing was a local move. The NRSC referred all comments on the ethics complaint to the state organization.

"The state party sought out assistance after it became aware of the fact that Claire McCaskill received two different requests from the Senate Ethics Committee," said Jared Craighead, executive director of the Missouri Republican Party.

The complaint also accuses McCaskill of filing her initial disclosures late and includes two letters from McCaskill counsel Rebecca H. Gordon, apparently responding to requests made by the Senate Ethics Committee for additional materials relating to the disclosures.

McCaskill's campaign fired back that the Ethics Committee has told the campaign it was satisfied with the amount of information given by the campaign.

McCaskill spokeswoman Adrienne Marsh said that although she had not fully reviewed the complaint she questions its validity.

"This is a sad and predictable attempt to distract voters from the issues that matter," Marsh said. "We have been fully compliant with the rules. … If the Ethics Committee wants any more information, we are happy to provide it."

"The fact that the partisan political operatives at the Missouri Republican Party want to create the suggestion of an issue doesn't mean there is one," said Marc Elias, McCaskill's attorney and partner at Perkins Coie.

"This report is a piece of partisan fiction" riddled with factual inaccuracies.

The Ethics Committee does not comment on committee-related documents.

While the panel cannot punish candidates who violate disclosure laws because they are not under the purview of Senate rules, a case of fraudulent filing can be referred to the attorney general of the United States, according to the Ethics in Government Act.

The Department of Justice can then "seek a civil penalty of up to $11,000 against an individual who knowingly and willfully falsifies or fails to file or to report any required information."

An offending candidate could also be subject to additional fines and criminal prosecution for knowingly filing false reports or concealing "any material fact in a statement to the Government," according to the rules of the 108th Congress.

The Missouri Republican State Committee detailed five areas in which it alleges McCaskill is not compliant and demanded that she file additional materials.

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The complaint says McCaskill should disclose each parcel of real estate that the family owns, including the use and the gross actual income of the properties; all government-issued tax credits; "the proper valuation of the real estate aspects" owned by McCaskill and her spouse; and the liabilities of legally required nonpublic traded assets.

"Filing reams of paper does not substitute for compliance with the law," the complaint says. "At present, the filing of many pages of documents, whether or not the information is accurate or legally compliant, seems to be the method preferred by Ms. McCaskill as her approach to federal law."

A spokesman for the Democratic Senatorial Campaign Committee did not return calls for comment.

Pay Cut Let Lewis Aide Dodge Ban (RC)

By Paul Kane

Roll Call, July 27, 2006

Rep. Jerry Lewis (R-Calif.) dramatically slashed the salary of a top aide in 2002, dropping the aide's pay low enough for her to evade federal conflict-of-interest laws when she became a lobbyist in 2003.

Letitia White, who was then overseeing earmarks for the Appropriations subcommittee on Defense, had been earning well above the threshold of 75 percent of what a Member of Congress earned in 1999, 2000 and 2001 — a level that would have prohibited her from lobbying Lewis or the subcommittee, which he then chaired, for a year after her departure from Capitol Hill.

House records show White saw her income drop by more than $11,000 in 2002, her final year on Capitol Hill, putting her below the ceiling for the post-employment lobbying ban by a mere $80 in her final 11 months on staff. That drop in White's pay came from the portion of her salary that she received from Lewis' personal office, which is directly overseen by Arlene Willis, Lewis' wife and chief of staff.

When she joined a lobbying firm with close ties to Lewis in early January 2003, White already had a pair of defense contractor clients under her belt on her first day of work — and seven more signed inside of two months.

Escaping the cooling-off period most top staffers face because of her pay cut, White immediately began lobbying Lewis and his Defense subcommittee. By the end of 2003 she had raked in $670,000 in lobbying fees from the predominantly defense industry clients she had brought into Copeland, Lowery, Jacquez, Denton and Shockey, as the firm was then known. And by 2004, White was earning in excess of $1 million a year at the firm, with her clients paying almost $1.5 million in fees, records show.

The salary move by Lewis — now the chairman of the full Appropriations Committee — also raises questions about the lengths Lewis went to accomodate White and former Rep. Bill Lowery (R-Calif.).

Lowery, his firm and its clients are at the center of an investigation involving their relationship with Lewis, a sprawling federal probe into the practice of lobbying for earmarks. Lewis and the firm have contended they acted ethically, saying that the tens of millions of dollars in earmarks to Lowery's clients were procured under the normal ways in which business is conducted on Capitol Hill.

Lewis, in a statement given to Roll Call on Wednesday, reiterated he has acted within ethical bounds. "I have always made every effort to carefully follow the rules of the House of Representatives in all aspects of my Congressional work. I am confident that any review will confirm this," Lewis said.

Patrick Dorton, a spokesman retained by the firm speaking on behalf of White, said that her pay cut in 2002 was "pretty insignificant" and said she received permission from the House ethics committee to begin lobbying immediately after leaving Lewis.

Neither Lewis' office, his legal team, nor Dorton or anyone connected to Copeland Lowery would comment on the motivation behind White's sudden pay cut in early 2002 and whether it was an intentional manipulation of her salary to allow her to lobby Lewis in 2003.

Federal laws governing conflicts-of-interest for legislative branch staffers set a clear threshold for who will be affected by the one-year ban on lobbying, placing the prohibition on any Congressional staffer who earns salary equal to or above 75 percent of a Member's salary. In 2002, Members earned $150,000, making the 75 percent mark $112,500 for those facing the cooling-off period.

White had made more than that level in both 2000 and 2001, nearly $118,000 and $125,000, respectively, collecting the lion's share of her salary from the Appropriations Committee and a chunk from the personal office. But her total salary in 2002 plunged to slightly more than $113,000 in total.

While her yearly total was above the $112,500 mark, Dorton explained that White's salary drop took place in February 2002. The previous month she had been earning a monthly rate that would have yielded $125,078 and prohibited her from immediately lobbying Lewis and the entire Appropriations Committee.

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But in February 2002, and for her remaining months on staff, White was paid at a monthly rate that would have resulted in $112,420 in yearly salaries from Appropriations and the personal office, Dorton said.

Federal laws require a staffer to be paid above that 75 percent mark for 60 days or more in the year before they leave Capitol, and White was above the cooling-off level for just one month. That made it legal for White to lobby Lewis and the entire Appropriations Committee immediately because she was paid $80 less than that yearly rate over her final 11 months.

White took advantage of the manuever and immediately became a big-time lobbyist for defense contractors who needed the help of Lewis and his subcommittee.

She left Capitol Hill on Jan. 8, 2003, according to her last financial disclosure form, and, on the very next day, joined Copeland Lowery as a lobbyist. According to lobbying registration forms, she signed on two contractors, General Atomics and an aeronautical subsidiary of GA, on her first day of work.

On March 29, 2002, White and her husband went on a nearly $9,000, nine-day trip to Italy paid for by General Atomics. House travel records show that one of the purposes of the visit was to examine the contractor's equipment manufacturing site in Italy.

And in her final year on Lewis' staff, General Atomics was also a big winner of earmarks from the Defense subcommittee: The contractor took in $6.1 million in two separate earmarks from the fiscal 2003 appropriation, according to a review of the Defense bill by Keith Ashdown of Taxpayers for Common Sense, a watchdog group.

One of the earmarks, for $3.5 million, was for a program to help protect the Statue of Liberty from terrorist threats. In the spring of 2003, when White was lobbying for General Atomics, the company paid for Lewis and his wife to visit Liberty Island in the Hudson River.

Another one of her earliest clients, Trident Systems, also received a big line-item in White's final year overseeing earmarks for the subcommittee, $8 million for technology to survey battlefields, according to Ashdown.

Dorton said that at some unspecified point in 2002, White asked the ethics committee how she should proceed in her search for outside employment, receiving a letter explaining the procedures. "She recused herself from any official activity that involved a prospective employer or client," he said.

Dorton said White, before leaving the Hill, received oral and written communication from ethics giving her clearance to lobby immediately upon her departure.

White's lawyers declined to release that letter or the letter regarding her negotiations with prospective clients. The '03 Defense spending bill cleared Congress by mid-October 2002.

They declined to comment on when she began negotiating to represent General Atomics, Trident and the other seven companies she signed up soon after leaving Lewis' staff.

For all of 2003, White signed up 16 new clients for Copeland Lowery, predominantly relying on defense contractors, and by the end of 2004 her client roster had grown to 22. She brought in at least $670,000 in fees from her new clients in 2003, and more than doubled that total in 2004, according to lobbying disclosure records.

And White's clients got large payouts from the subcommittee then overseen by her former boss.

In her first year lobbying, White's clients received at least $22 million in earmarks from the Defense appropriations measure covering fiscal year 2004. General Atomics received another $3 million for anti-terror work at the Statue of Liberty and and $15.3 million for its aeronautical subsidiary to work on making un-manned aircraft, according to Taxpayers for Common Sense.

It's unclear if any of White's defense industry clients have been subpoenaed. At least nine municipal-based clients of Jeff Shockey — who left Copeland Lowery in January 2005 to return to the Appropriations Committee for Lewis — have received federal grand jury subpoenas.

White was a long-standing employee of Lewis', whose husband, Richard White, shifted his lobbying practice into defense work in 1999. She's been described in various media reports as a close ally to the chairman.

As a lobbyist, White and her clients poured donations into Lewis, both to his political action committee and his re-election campaign committee. All told, Copeland Lowery lobbyists, their family members and their clients accounted for 25 percent of the more than $800,000 Lewis raised in 2003 and 2004 for his Future Leaders PAC, which he used to dole out to GOP candidates and committees in his successful campaign to become the full chairman of the Appropriations Committee.

A key factor in the pay cut that allowed White to begin immediately lobbying was payments from Lewis' personal office, which was overseen by Willis, Lewis' wife and chief of staff.

White's pay from Appropriations alone never put her above the 75 percent mark of a Member's pay, growing at a steady rate from $99,000 in 1999 to almost $109,000 in 2002, records show. But her payments from the personal office put her into the territory that would have required her to observe the one-year lobbying ban.

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That salary from the personal office generally included a large fourth-quarter payout, which appears to have been a bonus. For example, in 2001 White received more than $19,000 from the personal office, with more than $8,600 of that coming in the final three months of the year.

In 2002, those payments from the personal office dropped to just $4,700, a decrease that made it possible for her final 11 months on staff to come in at a pay level that allowed her to lobby Lewis in 2003.

She received just $875 from the personal office in her final three months on staff.

Dorton said the drop in pay in 2002 was partly due to an unusually large payment she received in 2001, what he called “the year of 9/11” when she “regularly worked 120-hour weeks.”

Both Parties Post Low Approval Ratings In Poll (WSJ)

By John Harwood

The Wall Street Journal, July 27, 2006

WASHINGTON -- Republicans haven't persuaded a dissatisfied American public that their stewardship is succeeding. But the latest Wall Street Journal/NBC News poll suggests how they might survive midterm elections anyway: attack Democratic foes and separate themselves from President Bush's struggles.

The survey shows Americans persist in their bleak assessment of events in Iraq, the state of the U.S. economy and the job performances of Mr. Bush and Congress. The poll results augur an election season in which candidates early on attempt to discredit the other side.

"If you wait until October to try to define your opponents and increase his or her negatives, you are rolling the wrong dice," observes Republican pollster Bill McInturff, who conducts the Journal/NBC survey with Democratic counterpart Peter Hart. Just like Democrats running amid the sour mood of 1994, he adds, Republicans in 2006 have little choice but to "try to pretend there is no national party."

Mr. Hart notes the target audience for those messages: the 14% of voters who are undecided about which party to support but are currently inclined to back a fresh face over the incumbent. An attack strategy holds promise because Democrats, like Republicans, are saddled with an unfavorable national image.

IN THE POLLS

1 · Wall Street Journal/NBC News poll2

· Bush's approval ratings3

Republican candidates in several states already are taking such advice to heart. In Maryland, Republican Senate candidate Michael Steele told a group of journalists this week that the Republican "R" represented "a scarlet letter" in his campaign and said he wouldn't want Mr. Bush to campaign for him. In Connecticut, vulnerable Republican Rep. Nancy Johnson is running a rare midsummer TV ad pegging Democratic opponent Chris Murphy with a "a tax-hiking" and "job-killing" record.

In the Journal/NBC poll, approval of Mr. Bush's job performance inched up to 39% from 37% last month, but a 56% majority disapproves of the president's job performance. Congress fares even worse, with 25% approval and 60% disapproval. The telephone survey of 1,010 adults, conducted July 21 to 24, has a margin for error of plus or minus 3.1 percentage points.

More threatening to Congress's Republican majority is the public's desire for a change in direction. By 48% to 38%, voters say they prefer that Democrats win control of Congress this fall; by identical proportions, voters say it is time to "give a new person a chance" in Congress. By 38% to 21%, they say their vote will register opposition to Mr. Bush rather than support.

Underlying those sentiments is a public mood that Mr. Hart labels "as...depressing as I can remember" in more than three decades of polling. By 60% to 27%, Americans say their nation is headed "off on the wrong track" rather than "in the right direction."

That stems largely from the Iraq war. Amid sectarian violence that in recent days has caused American and Iraqi officials to shift security strategy, 58% of Americans call themselves "less confident" that the war will end successfully; 32% say they are "more confident." Though Americans say stabilizing Iraq should be Mr. Bush's top foreign-policy priority, just 34% approve of his handling of the matter.

Another problem for Republicans is that they are getting no dividends from a U.S. economy that continues growing, with low unemployment and modest inflation. The White House recently launched a communications offensive on the economy as Treasury Secretary Henry Paulson Jr. assumed his post.

Approval of Mr. Bush's handling of the economy edged up to 41% from 38% in June. Yet by 38% to 14%, Americans expect the economy to get worse rather than better in the next year; 45% say it will stay the same. More than seven in 10 Americans across all income groups say they are "uneasy" about the economy, with 65% predicting "life for our children's generation" won't be better than today.

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"We're in a period of unusual and sustained economic pessimism," Mr. McInturff observes. Topping the list of concerns is gasoline prices and energy costs, named by 40% as the nation's most important economic issue.

In some election seasons, that might signal an easy victory for the party out of power. But the Journal/NBC poll shows that Democrats have made little progress in improving their party's standing. The party's favorability rating, 32% positive and 39% negative, is as unflattering as the Journal/NBC survey has ever recorded. The Republicans' standing, now 33% positive and 46% negative, is near the party's record low.

Republicans particularly hope to separate themselves from national trends by emphasizing their records on local issues. The poll indicates a market for that argument; 36% of voters say their lawmaker's performance in the district will be the most important factor in their vote, compared with 40% who cite national issues.

Mr. Hart notes that the 14% of voters who remain undecided in congressional races are especially interested in local issues. By 41% to 25%, those undecided voters say performance in the district will be most important to their vote.

Some Republican moderates, including Ms. Johnson in Connecticut, have broken with the White House on expanding funding for embryonic stem-cell research. The Journal/NBC survey shows that Mr. Bush's recent veto of such expanded funding is unpopular, with 63% of Americans opposed and 31% in favor.

The president is on stronger political ground in his stance on recent violence in the Mideast. By 45% to 39%, Americans say they approve of his handling of clashes between Israel and Hezbollah.

The White House has declined to press for an immediate cease-fire, with Mr. Bush arguing that the world needs to deal with the "root cause" of instability caused by Hezbollah attacks. Americans embrace Mr. Bush's solidarity with Israel, even though a majority believes a wider war in the region is likely.

In the current conflict, 57% say their sympathies lie "more with Israel." By 50% to 40%, Americans back U.S. military involvement supporting Israel should Israel face a war against several countries.

Welfare Check (WSJ)

By Ron Haskins

The Wall Street Journal, July 27, 2006

Ten years ago next month, a bipartisan majority in Congress and a Democratic president launched America's welfare policy in a new and largely uncharted direction.

It would be difficult to exaggerate the predictions of doom hurled against the Republican welfare reform bill signed by President Bill Clinton on Aug. 22, 1996. Mr. Clinton had previously vetoed two versions of welfare reform when, with skill, daring and persistence, Republicans in the House and Senate pushed it through Congress a third time and put it again on the president's desk. In an act of remarkable political courage, Mr. Clinton defied senior members of his own party and most of the American left and signed the radical bill into law.

The left, led by senior Democrats in Congress, the editorial pages of many of the nation's leading newspapers, the Catholic bishops, child advocates in Washington and the professoriate, had assaulted the bill in terms that are rare, even by today's coarse standards. Democrats speaking on the floor of the House labeled the bill "harsh," "cruel" and "mean-spirited." They claimed that it "attacked," "punished" and "lashed out at" children. Columnist Bob Herbert said the bill conducted a "jihad" against the poor, made "war on kids" and "deliberately inflict[ed] harm" on children and the poor. Sen. Frank Lautenberg said poor children would be reduced to "begging for money, begging for food, and . . . engaging in prostitution."

Many Democrats and pundits shouted that the bill would throw a million children into poverty. Marion Wright Edelman of the Children's Defense Fund said that no one who believed in the Judeo-Christian tradition could support the bill. Even God, it seemed, opposed the evil Republican bill.

The major reform that evoked this onslaught was the proposal to end the entitlement, or legal guarantee of cash benefits, promised by the Aid to Families with Dependent Children program. Kate O'Beirne, now of National Review, perfectly captured the philosophy of entitlement in 1995 testimony before the House Ways and Means Committee, saying that the nation's welfare system operated on the principle of "spend more, demand less." Republicans wanted to demand more by breaking the entitlement and making the cash contingent on serious attempts to find work and achieve self-support.

After three decades of failed federal "work" programs, Republicans had spent years behind the scenes -- under the leadership of Newt Gingrich, Clay Shaw, Rick Santorum, Jim Talent and others -- developing ideas about how to encourage, cajole or, when necessary, force mothers on welfare to work. Specifically, Republicans proposed to end the entitlement to cash, impose a five-year time limit on benefits, require mothers to prepare for and search for work or have their cash benefit reduced or terminated, and require states to place half their welfare caseload in programs that lead to employment.

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Granted, this new system would subject poor mothers to greater risk than the entitlement system it replaced. But in this regard welfare mothers would be no different from millions of other low-income Americans who rely on personal effort rather than government largesse.

Besides, Republicans argued, Congress had created a series of programs that provided substantial support to poor and low-income working families. A typical mother leaving welfare for work earns only around $10,000 per year laboring in an $8 per hour job -- the only kind of job for which most poor mothers are qualified. But the Earned Income Tax Credit gives them up to an additional $4,500 (in today's dollars), they qualify for food stamps worth around $2,000, their children are covered by Medicaid, and most who need help paying for child care receive it. On earnings of $10,000, then, mothers leaving welfare have total income of well over $16,000 in cash or near cash -- more than twice as much as they would have had on welfare -- and their health insurance and child care are usually covered.

In the decade that has passed since the 1996 reforms, the welfare rolls have plummeted by nearly 60%, the first sustained decline since the program was enacted in 1935. Equally important, the employment of single mothers heading families reached the highest level ever. As a group, mothers heading families with incomes of less than about $21,000 per year increased their earnings every year between 1994 and 2000 while simultaneously receiving less money from welfare payments. In inflation-adjusted dollars, they were about 25% better off in 2000 than in 1994, despite the fall in their welfare income.

Over the same period, the child-poverty level enjoyed its most sustained decline since the early 1970s; and both black-child poverty and poverty among female-headed families reached their lowest level ever. Even after four years of increases following the recession of 2001, the child poverty level is still 20% lower than it was before the decline began. Similarly, measures of consumption and hunger show that the material conditions of low-income, female-headed families have improved. Although welfare reform was not without problems, none of the disasters predicted by the left materialized. Indeed, national surveys show that almost every measure of child well-being -- except obesity -- has improved since the mid-1990s.

The 1996 law, in perhaps the most direct legislative clash of liberal and conservative welfare principles since the New Deal, was a victory for conservative principles. Poor mothers scored a victory for themselves and their children, showing that given adequate motivation and support from work-based government programs, they can join the American mainstream, set an example for their children and communities, and pull themselves and their children out of poverty.

But there's a rub for conservatives: Now and for the foreseeable future, the nation will have millions of poorly educated and unmarried young mothers who are capable of producing labor value of around $8 per hour when they first enter the labor market. They face a Hobson's choice of living in poverty on welfare or living in poverty while working -- unless government subsidizes their income. These work-based subsidies -- the Earned Income Tax Credit, Medicaid, child care, and so forth -- were already in place in 1996 and have been improved since. In effect, welfare reform made government benefits contingent on work, poor mothers responded appropriately, and the combination of earnings and government benefits brought them and their children out of poverty.

Still, there's a lot here for everybody to like -- work for conservatives and work-contingent government benefits for the left. The irony of welfare reform is that it firmly implanted the conservative principle of self-sufficiency in federal policy which, in turn, brought the liberal principle of government support for the poor into its most effective form -- namely, encouraging work.

Above all, welfare reform showed that work -- even low-wage work -- provides a more durable foundation for social policy than handouts.

Mr. Haskins is a senior fellow at the Brookings Institution and author of "Work Over Welfare: The Inside Story of the 1996 Welfare Reform Law," forthcoming from Brookings.

Buckeye Blues (NSWK)

By Richard Wolffe And Holly Bailey, Newsweek

Newsweek, July 27, 2006

Republican candidates in Ohio are facing a very tough fall. Plus, the international semantics over a Lebanon ceasefire. WEB-EXCLUSIVE COMMENTARY

With just over three months until Election Day, White House political adviser Karl Rove hit the campaign trail Tuesday in Ohio, hoping to rev up voters in a state where polls show President George W. Bush and the GOP is in real trouble. Bush's top political aide was the guest of honor at a $100-a-plate luncheon in Columbus to benefit county parties in central Ohio, a state that is viewed as ground zero in the GOP's attempts to maintain control of Congress.

A poll released over the weekend showed that Sen. Mike DeWine, a moderate Republican who has notably distanced himself from Bush on the campaign trail, is running 8 percentage points behind his Democratic opponent, Rep. Sherrod Brown. Other Ohio Republicans are in trouble as well, including GOP gubernatorial candidate Ken Blackwell, who is running 20 points

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behind Democrat Ted Strickland. Bush, whose approval ratings linger in the low 30s in the state, is scheduled to campaign for Blackwell in Ohio next week.

Yet Rove insisted Tuesday he wasn't worried, telling supporters that he believes the midterm matchups there and throughout the country are still winnable for the GOP. His talking points were the same: Republicans will win on what will be the two determining issues this fall, the economy and national security. "My message to you is, you did it in '04," Rove told the crowd of about 350. "You've got the tools, you've got the enthusiasm, you've got the intensity. Now it's time to bring it back and do it again in 2006."

There's only one problem with Rove's argument: polls show a majority of Americans still don't give Bush or his party credit for the economy, while the president's ratings on his handling of terrorism and national security have dipped in recent weeks. The latest Gallup poll released Tuesday shows that only 39 percent of those surveyed approve of Bush's handling of the economy—no improvement over poll numbers posted earlier this year. When asked in a recent Gallup survey which party would better handle economic issues, 53 percent of those polled indicated the Democrats.

Bush has also taken a hit when it comes to how Americans view his handling of terrorism and national security. The Gallup poll found his approval rating on his handling of terrorism dropped four points since June, to 47 percent. Americans who approve of the administration's handling of Iraq remained virtually unchanged at 35 percent. On a related note, the survey found that 37 percent of those surveyed approve of how Bush is handling the situation in the Middle East—though more than two thirds of those polled said they believe the administration "does not" have a "clear and well-thought-out policy."

A bright spot for the White House: Bush's overall approval rating seems to have leveled out, currently ranked at about 37 percent, according to Gallup. That number is down from Bush's high of 43 percent last January, but up from the dismal 31 percent approval rating recorded in early May.

'Frank' Talk With Iraq's P.M.

Sometimes the official White House transcript doesn't fully express what has transpired between President Bush and a foreign counterpart. Sometimes you have to compare and contrast the leaders' words to get a full picture, even though the leaders are standing side by side.

That was certainly the case when Iraqi Prime Minister Nuri al-Maliki visited the White House on Tuesday, and most probably will be true again when Britain's Tony Blair visits Friday. This is a week for divining meanings at the White House, as the world's leaders continue to talk around the subject of the Middle East crisis.

First, the exchange with the Iraqi prime minister: in Tuesday's press conference, President Bush tersely described his private conversation with Maliki as "a frank exchange of views." Translation of "frank": this used to be a tactful phrase, but it has become such a cliché that it means the kind of exchange that friends don't usually have.

Bush's account goes like this: "I listened closely to the prime minister, and I valued a chance to hear his perspective." Translation of "listened closely": his lips were moving but I didn't agree with him.

Bush agreed with Maliki about what he called "the seriousness of the humanitarian crisis in Lebanon," and he told him about his plans for $30 million in humanitarian aid to the Lebanese. Then Bush let rip with his own priorities. "I told him I support a sustainable ceasefire that will bring about an end to violence," he said, "and I talked about the importance of strengthening the Lebanese government and supporting the Lebanese people." Translation of "sustainable ceasefire": the defeat or disarmament of Hizbullah.

The Iraqi prime minister confirmed that he talked first about Lebanese civilians. But he went on to clarify the reason for the frank exchange: "I also emphasized the importance of immediate ceasefire." Translation of "immediate ceasefire": Israel must stop its military operations now.

This is not a mere semantic debate. The timing of a ceasefire is precisely what annoyed President Bush so deeply during his open mic moment at the G8 summit in St. Petersburg. Bush believes that peace is only possible once Hizbullah is neutralized. He considers calls for a ceasefire, like those of United Nations Secretary-General Kofi Annan, as exercises in self-delusion.

Yet the ceasefire question impacts other allies—not just the U.N. and some Arab nations. France, which has worked closely with the United States on Lebanon for the last year, agreed to the G8 summit's sequence of events to end the crisis: first an end to Hizbullah's attacks, then finally a halt to Israel's military operations. Many diplomats believe that France will be a big contributor to any international peacekeeping force that enters Lebanon to secure the southern region that is now under Hizbullah's control.

But here again, the ceasefire question is critical. The official spokesman for the French foreign ministry said this week that France would only want to see a peacekeeping force once there was both a ceasefire and a "political agreement" that included the disarming of Hizbullah. Translation: the French will only send troops once the war is over and Hizbullah is committed to peace.

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This is the thorniest question for the diplomats gathering in Rome on Wednesday, among them Secretary of State Condoleezza Rice. She has already said she thinks the force needs to be "robust" and "capable of helping the Lebanese forces" stop Hizbullah from attacking Israel from its base in southern Lebanon. That's a very different mission from the one the French have in mind.

That kind of dispute over conditions on the ground does not bode well for the rapid creation of an international force. And it does not bode well for Blair, who arrives at the White House on Friday for his second face-to-face session with Bush in less than two weeks. Blair is an enthusiastic advocate for the peacekeeping force, and he has not called for an immediate ceasefire. Instead, speaking alongside Prince Saud al-Faisal, the Saudi foreign minister, he simply said he wanted "the killing to stop on both sides."

Blair is also under considerable political pressure to look like he's taking some action to push President Bush toward the role of peacemaker in this crisis. At St. Petersburg, Blair offered to smooth the way for Rice to visit the region. He also calmed down an impatient Bush to resolve the final disputes in the leaders' joint statement on the crisis.

One recent poll in the U.K. suggests that almost two thirds of British public opinion believes Blair has tied his country too closely to the United States. A similar number thinks that Israel has overreacted to Hizbullah with its military strikes in Lebanon.

To date, Blair's government has taken the position that the ceasefire needs to be durable and needs to start with Hizbullah ending its rocket attacks on Israel—just like Bush's position. But if Blair wants to see a peacekeeping force any time soon, he'll need to go beyond the usual cozy agreement with his friend in the White House. After all, unlike the situation in Iraq (or maybe because of Iraq), both Bush and Blair have ruled out sending their own troops to Lebanon. Can the two allies convince anyone else to commit their soldiers?

For Some Jews, Israel And Iraq Cloud View On Lieberman (NYT)

By Jennifer Medina

The New York Times, July 27, 2006

HARTFORD, July 26 — Lesley Korzennik walked into a diner in Norwalk recently hoping to vent her frustrations with Senator Joseph I. Lieberman — over his continued support for the war, among a litany of other things. "I'm furious at him," she said.

But when she was asked about how she would vote in the Democratic primary next month, Ms. Korzennik, 46, who says she strongly supports Israel, sighed. "Given all that's going on in Israel right now," she said, "I am not going to let Lieberman go."

Ms. Korzennik expresses the mixed sentiments a significant number of Jewish Democrats feel about Mr. Lieberman, who is facing the toughest race in his three-term Senate career, just six years after he was Al Gore's running mate.

There is little question that Mr. Lieberman enjoys strong support in the national Jewish community, and several pro-Israel groups and prominent Jewish donors are rallying to funnel money and manpower to defend his seat. Many of the senator's Jewish allies also assert that concern about his political fate, as well as about Israel, is likely to increase Jewish turnout for Mr. Lieberman in the primary.

But Mr. Lieberman's supporters also acknowledge that his challenger, Ned Lamont, is receiving substantial support from Jewish voters, as well as some prominent Jewish Democrats.

"There's no appreciable difference between the two of them on Israel," said David B. Pudlin, the former Democratic majority leader in the Connecticut House, and one of Mr. Lamont's more prominent Jewish advisers. "It is about Iraq, affirmative action, health care — these are things Jewish voters are going to care about."

Just what Jewish Democrats will do is a matter of great speculation among analysts and concern for Democratic strategists, because turnout in the Aug. 8 primary is expected to be low.

While Jews make up roughly 6 percent of the electorate in Connecticut, they are overwhelmingly Democratic and tend to vote at a disproportionably high rate, according to the National Jewish Democratic Council.

One of the great questions of the race is whether Jewish Democrats who are dismayed with Mr. Lieberman's continued support for the war will nevertheless vote for him out of either religious solidarity or because of his strong support for Israel, particularly now that it is engaged in a fierce conflict in Lebanon.

"On the one hand, there is understanding that people are upset with his pro-Iraq stance and some feeling that he has gotten into bed more than once with President Bush," said Rabbi Robert J. Orkand, of Temple Israel in Westport, who says he is undecided in the race. "But Senator Lieberman is a known quantity who has a long history of clearly articulated support for Israel. If it becomes an issue of anti-Iraq versus pro-Israel, there will be no question."

Many Democratic strategists say the race also has important implications for the Democratic Party nationwide. Exit polls show that the Republican Party made inroads among Jewish voters in 2004, when President Bush received 25 percent of the Jewish vote, compared with 17 percent for Bob Dole in 1996.

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Some Democrats worry that centrist Jewish Democrats will become alienated from the Democratic Party if Mr. Lieberman loses the primary. A loss of Jewish support could hurt the party's chances of regaining control of Congress in November, those Democrats say. Mr. Lieberman has said he will run as an independent if Mr. Lamont wins.

Polls show Mr. Lieberman leading both Mr. Lamont and the Republican candidate, Alan Schlesinger, in the general election.

But Mr. Lamont, and some independent Democrats, dismiss that notion, saying most Jewish Democrats will remain loyal to the party even if Mr. Lamont wins. "We're now at a time when you can vote for or against a Jew without thinking it has a whole lot to do with him being a Jewish candidate," Mr. Pudlin said.

In some ways the talk of religion and ethnicity is a distraction that Mr. Lieberman's campaign seems to be trying to avoid. They have spent much of their time promoting Mr. Lieberman's accomplishments in Congress and his support for Democratic policies, while attacking Mr. Lamont as a wealthy interloper.

In general, the senator has avoided speaking about foreign policy on the campaign trail. His campaign did not make him available for an interview for this article.

But after a campaign stop on Sunday, he reaffirmed his strong support for Israel. "When there are groups attacking innocent civilians, it is the right of Israel and all peace loving people to protect themselves," he said. "We should be there helping to help disarm Hamas."

The intensifying conflict in Lebanon has also put pressure on Mr. Lamont to walk a careful line on Middle East politics. Some on the antiwar left have been sharply critical of Israel's bombardment of Lebanon in recent weeks, but Mr. Lamont has generally supported Israel's right to defend itself. At the same time, however, he has argued that the war in Iraq has destabilized the region, contributing to the violence that has gone on along Israel's borders.

"It is the law of unintended consequences," Mr. Lamont said in an interview. "This cascade of democracy that was supposed to happen after Iraq hasn't happened and instead we've emboldened Iran.

"At best it was a terrible distraction that took our eye off the ball in and around Israel and done nothing for its security."

Some of Mr. Lieberman's supporters say there is a strain of anti-Semitism in the antiwar left that could make Jewish voters uneasy about supporting Mr. Lamont.

"There's a small but vocal pro-Palestinian, anti-Israel and perhaps anti-Semitic faction of the Democratic Party,'' said Dan Gerstein, a former Lieberman aide and informal adviser to the campaign. "It is a small minority but it is getting bolder, and even worse. There is a growing tolerance of it in the progressive community."

Mr. Lamont has tried to distance itself from the more strident anti-Israel positions of some his supporters. "To me, that has nothing to do with the campaign," he said. "But we decry it whenever we hear it."

Even some Jewish supporters of Mr. Lieberman acknowledge that anger with him runs deep among Jewish Democrats. But in the end, they say, it may not matter.

"Jews generally vote for the more liberal of any two candidates, regardless of religion or ethnicity," said Steve Rabinowitz, a Washington-based consultant and supporter of Mr. Lieberman. "The only exception, possibly, is Lieberman. The average Connecticut Jewish voter, as frustrated as she is on a host of issues, when it comes to pulling a lever, she's going to hold her nose and vote for Lieberman."

Lamont's TV Ads Widely Praised, Lieberman's So-so (HILL)

By The Air War

The Hill, July 27, 2006

In his bid to dethrone Sen. Joe Lieberman (Conn.), fellow Democrat Ned Lamont has created a quirky ad with the potential to create a high level of buzz with advertisements while Lieberman's more traditional spot appears to have fallen flat, according to a poll conducted for The Hill by Wilson Research Strategies.

Lamont's ad, "Changing Minds," features people replacing Lieberman yard signs and bumper stickers with Lamont campaign materials. In a calm voiceover, a female narrator tells viewers that it is "time for a change" because of Lieberman's support for the Iraq war, his unwillingness to challenge President Bush and his support for subsidies for oil companies.

By comparison, Lieberman's ad is dripping with sarcasm. It starts with a Lamont bumper sticker that reads "No More Joe" followed by a male narrator asking, "What else does Ned Lamont have to say?"

The narrator praises Lieberman's career as a civil-rights activist, attorney general and environment-friendly senator and concludes with a bumper-sticker slogan of his own: "Experience. Principles. Results. Not a bad bumper sticker."

But in Wilson's survey, 60 percent of the politicos polled said Lamont's ad was more effective; only 28 percent favored Lieberman's ad. The respondents also said that the Aug. 8 primary election is too close to call: 27 percent said they think Lamont will win, 38 percent said they think Lieberman will hang on and 36 percent said they do not know.

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Perhaps most important in a Democratic primary, Democrats rated the Lamont ad a 7 on a 10-point scale as an ad they would talk about. The average score for previous ads has been 4.8. Reporters and political consultants also loved the ad, giving it a score of 8.5 and 7.9 on effectiveness, respectively.

Lieberman's ad was a bit of a dud with self-described Democrats and independents. Republicans preferred it a bit more. Political consultants tended to rate the ad better than other groups, including reporters.

"Lamont's ads are some of the highest-rated that we have tested. … Lieberman has a lot of ground to make up, and his current ad is not going to get it done," said Chris Wilson of Wilson Strategies, a GOP polling firm.

Lamont's ad-man, Bill Hillsman, has worked for several unorthodox politicians, including former Minn. Gov. Jesse Ventura (I), late Sen. Paul Wellstone (D-Minn.) and Ralph Nader.

Wilson Research Strategies works in partnership with The Hill to produce the Air War feature, e-mailing campaign ads to subscribers to measure their effectiveness among different groups.

Raise Cash, Win Seats, Says Rahm (HILL)

By Josephine Hearn

The Hill, July 27, 2006

During a closed-door meeting yesterday, Rep. Rahm Emanuel (D-Ill.) singled out four Republican seats as major pickup opportunities — if Democrats match Republican fundraising efforts — Democratic sources said.

Speaking before a Democratic Caucus meeting, the chairman of the Democratic Congressional Campaign Committee (DCCC) asked his colleagues to give to candidates Mike Arcuri, Bruce Braley and Joe Donnelly and the as-yet-undecided Democratic nominee in Colorado's seventh district. He said those candidates would be extremely competitive if they could turn in strong fundraising numbers by Sept 1.

The entreaty was part of a DCCC effort to squeeze members for contributions to individual races. Members also make regular dues payments to the DCCC.

"This cycle, it isn't just about contributing dues, it's about doing other things in competitive districts," said Rep. Artur Davis (D-Ala.), who is one of Emanuel's lieutenants at the DCCC.

Rep. Bill Pascrell (D-N.J.) said the effort is designed to avoid past mistakes.

"We don't want to fall into the same traps we have in past cycles where we didn't raise money early enough and couldn't sustain the momentum in the fall," he said.

Arcuri's campaign funds are only slightly behind those of his Republican rival, Ray Meier, in New York's 24th District, a seat being vacated by retiring moderate Rep. Sherwood Boehlert (R). Arcuri had $346,000 on hand as of June 30, compared to Meier's $434,000.

Braley trailed Republican Mike Whalen $131,000 to $215,000. Both are vying for the open seat in Iowa's 1st District, where Rep. Jim Nussle (R) decided to run for governor rather than reelection.

Donnelly is challenging Rep. Chris Chocola (R) in Indiana's 2nd District. Chocola has amassed a war chest of $1.5 million. Donnelly has $435,000 in the bank.

In Colorado, Democratic challengers Peggy Lamm and Ed Perlmutter are vying to replace Rep. Bob Beauprez (R), who is running for governor.

Arcuri, Braley and Donnelly are among the 13 challengers in the second phase of the DCCC's Red to Blue program, a fundraising effort for promising candidates in GOP districts.

Emanuel made a plea for his Democratic House colleagues to support the candidates. He also noted that 87 of the 205 House Democrats had yet to pay 50 percent of their DCCC dues. Emanuel has called on House Democrats to contribute more than $30 million to the DCCC this cycle in quarterly installments.

Since the passage of the landmark campaign finance reform act, both parties have relied more on contributions from their members.

Emanuel and House Democratic Leader Nancy Pelosi (Calif.) have sounded a steady drumbeat for dues payments stretching back over a year, at times threatening punishments if members fail to comply.

As of July 12, several members of the House Democratic leadership had yet to meet the halfway threshold, according to a DCCC summary of dues payments.

Rep. Rosa DeLauro (D-Conn.), chairwoman of the Democratic Steering Committee, had coughed up $175,000 of her $400,000 obligation.

Senior Deputy Whips Maxine Waters (D-Calif.), Ron Kind (D-Wis.), John Tanner (D-Tenn.) and Ed Pastor (D-Ariz.) had also failed to meet the 50 percent mark.

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Some Democratic sources faulted the fundraising of Rep. John Larson (D-Conn.) during his first six months as caucus vice chairman, criticizing him for not using his newfound clout to step up fundraising. Many House Democrats expect their leaders to be exemplars of robust fundraising.

Larson's leadership political action committee, Synergy PAC, did step up its contributions shortly after the Jan. 31 election, making 20 contributions in March totaling $42,500. But in April, activity tapered off. In the entire second quarter, Synergy made only $7,000 in donations.

On May 31, Synergy paid the Mohegan Indian tribe in Uncasville, Conn., $17,175 for "PAC fundraiser, catering and entertainment."

Larson is among a handful of House Democrats who have contributed to the legal defense fund of Rep. William Jefferson (D), which was set up to help the Louisianan pay his legal fees as he faces a Justice Department corruption investigation. Reps. Donald Payne (D-N.J.) and Kendrick Meek (D-Fla.) have also contributed.

Larson's campaign committee fared even worse than his leadership PAC. Aside from DCCC dues, the committee made only two contributions in the first half of the year, $2,000 each to Reps. Jim Marshall (D-Ga.) and Dan Lipinski (D-Ill.), according to campaign-finance disclosures.

On dues, however, Larson has kept ahead of his colleagues. He has donated $325,000 of the $400,000 he owes, putting him well ahead of the 50 percent threshold.

The DCCC also indicates that he has been active raising money. He raised $316,000 so far this cycle for the committee.

Larson was the weakest fundraiser among the candidates for vice chairman, but he prevailed on other strengths. Many members cited his popularity as a key factor. He also received a pivotal behind-the-scenes endorsement from Pelosi, multiple Democratic sources said.

Joint Caucus To Kick Off Democratic Blitz (RC)

By John Stanton

Roll Call, July 27, 2006

In a rare show of bicameral unity, House and Senate Democrats today will hold their first joint caucus since the 2004 election as part of a highly coordinated final push by the party to nationalize this fall's Congressional elections, Democratic strategists said.

Senate Minority Leader Harry Reid (Nev.), House Minority Leader Nancy Pelosi (Calif.), Democratic National Committee Chairman Howard Dean and the two campaign committees have planned a nationwide blitz for August, ranging from local organizing drives by the DNC to more than 200 local, state and national events involving lawmakers.

While many GOP incumbents have tried to keep the campaign focus on local issues, such as touting the amount of federal spending they have brought home, Democrats have worked to frame both House and Senate races as part of a broader referendum on the Republican Party and on President Bush.

While Democrats so far have found success at nationalizing the elections, the approach entails risks, nevertheless. Republicans are girding for an expected battle over national security in September, as the country marks the fifth anniversary of the Sept. 11, 2001, terrorist attacks. In addition, the Senate is scheduled to take up legislation on how to handle suspected terrorists held at Guantanamo Bay, Cuba, as well as the nomination of John Bolton to continue as ambassador to the United Nations.

Senate GOP aides said they will use those debates to not only tout successes in the war on terrorism, but also to highlight the divisions within the Democratic Party over the war in Iraq, in an effort to paint Democrats as weak on national security.

"We welcome that fight," one aide said.

But Democrats argue they have been successful at bringing a national focus to the elections, and as a result, weakening Republicans by tying them to a president whose public support has fallen. Democratic leaders hope to cement those impressions with voters during the next month.

The strategy is designed to allow Democrats to "make [their] closing arguments" during the next several months, a Senate aide said.

Today's joint caucus, in addition to marking the launch of the 100-day program and serving as a briefing for rank-and-file Members, also is designed to be an explicit show of unity, the aide said. Since the 1994 GOP takeover of Congress, Democrats have been plagued by a reputation for internal dissension. That lack of unity has been fueled in part by the often bitter fighting between the party's left wing and moderates, and in part by the tendency of vulnerable lawmakers to quickly distance themselves from party figures who come under fire from Bush's well-oiled political machine.

Most of the subsequent Democratic events will focus on specific aspects of the party's message strategy and will be targeted toward specific states or districts, a House aide said.

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However, Reid, Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.) and Sen. Bob Menendez (N.J.) will hold an event in New Jersey on Aug. 5 focusing on the economy. Senate Democratic leaders also will mark Labor Day with a national event focused on their calls for an increase in the minimum wage.

All told, House and Senate members are planning to hold more than 200 similar events during August, focused on Democrats' "Six for '06" platform: health care, energy independence, corruption, national security, the economy and "retirement dignity," which includes Social Security. In addition, Pelosi is planning an 11-state, 20-city tour in August.

The DNC, for its part, has organized more than 800 "Democratic Reunion" events across the country for this weekend as part of its organizing push.

A DNC spokeswoman said candidates for state and local offices will participate in the events and Dean will attend a Pennsylvania barbeque, where organizers expect to draw as many as 700 people.

Reynolds Airs His Ads Early (HILL)

By Jonathan E. Kaplan

The Hill, July 27, 2006

Rep. Tom Reynolds (R-N.Y.), who is in charge of keeping Congress in GOP hands this fall, surprised the political establishment yesterday by airing an early television advertisement that made no mention of his party affiliation.

Democrats suggested that the timing and content of the advertisement indicate that Reynolds, chairman of the National Republican Congressional Committee (NRCC), faces a tough reelection race against multimillionaire businessman Jack Davis (D), who lost to Reynolds in 2004.

"The ad shows that he knows where he is vulnerable," Davis said in a statement.

"New Yorkers won't be fooled by a new TV spot after years of job losses and Reynolds's record against working families," said Bill Burton, the Democratic Congressional Campaign Committee's communications director. "It's time for a new direction."

Not surprisingly, Reynolds defended the advertisement as a way to "begin a discussion to share his vision for western New York" before the August recess, said L.D. Platt, Reynolds's spokesman. It's an opportunity "to share his accomplished record of lower taxes, more jobs and delivering millions of dollars of investments for western New York," Platt added.

Reynolds ran advertisements during the 2004 campaign, although Platt would not say if they ran this early before the fall, when serious campaigning traditionally begins in earnest.

Reynolds's 30-second spot focuses on his support for lower taxes and less government regulation, something he argues will help create jobs in western New York, an area hit hard by manufacturing-job losses during the past quarter-century.

"I think every couple of years it's important to remind voters of what they stand for," said former Rep. Jack Quinn (R-N.Y.), who represented a district adjacent to Reynolds's before retiring in 2004. "I have every belief that he will win."

In addition, Reynolds, a 30-year veteran of upstate New York politics and a former GOP minority leader in the state Assembly, is one of several House GOP leaders who do not mention their party affiliation on their campaign websites. In ads posted on their sites, Majority Whip Roy Blunt (R-Mo.) and Republican Conference Chairwoman Deborah Pryce (R-Ohio) also do not state their Republican credentials.

Republican leaders have said they face a "headwind" in the sixth year of President Bush's term because voters are frustrated by the war in Iraq and ever-rising gasoline prices. Because voters cannot direct their anger at Bush, many GOP congressional incumbents fear that voters might direct their frustration at them.

And in New York, GOP incumbents might have even more reason to worry because the state has trended more Democratic in recent years and many Democrats expect that Sen. Hillary Rodham Clinton (D-N.Y.), who is running for reelection, and Attorney General Eliot Spitzer (D-N.Y.), the gubernatorial candidate, will give state and local Democrats a boost in the general election.

Democratic strategists are aiming to defeat upstate New York congressional Republicans John Sweeney, Randy Kuhl, James Walsh and Reynolds and to win the open seat held by retiring GOP Rep. Sherwood Boehlert.

If Democrats beat Reynolds, it would be an enormous psychological coup, akin to Republicans' defeating then-Speaker Tom Foley (D-Wash.), then-Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.), and then-Judiciary Committee Chairman Jack Brooks (D-Texas) in 1994.

But Reynolds, who represents a heavily Republican area of Buffalo and its suburbs, is perhaps the least likely of the New York GOP incumbents to lose in November. His vote tally has fluctuated after winning 57 percent in his first race, in 1998; in 2000 and 2002 he won with more than 70 percent of the vote against weak Democratic opponents.

In 2004, his vote tally reverted to its 1998 level; he beat Davis by 56 to 44 percent. That year, President Bush defeated Sen. John Kerry (D-Mass.) in the district 55 to 43 percent.

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Davis, whose campaign is based on his opposition to free-trade agreements, has said he would spend $2 million to defeat Reynolds.

While Reynolds reported $3 million on hand, NRCC chairmen are not expected to face tough faces.

Joe Gaylord, who played a key role in the successful 1994 strategy to take over the House as a political adviser to former Speaker Newt Gingrich (R-Ga.), said, "Reynolds is setting the example for all incumbents: Do not take this election lightly."

Democratic sources agree that it would be tough to defeat Reynolds but a well-run, well-funded campaign could be successful. Moreover, if Democrats can appeal to blue-collar, Catholic men — the swing voters in western New York — such a strategy could be replicated in 2008 in the Midwest, where presidential elections are won.

But it appears that Davis's momentum may have stalled. He recently had a falling out with his top political strategist, Hank Sheinkopf, according to Democratic sources, and that, along with Reynolds's TV spots, may have hindered the campaign.

Davis's spokesman denied that Sheinkopf and Davis had broken off their relationship. "We are working with Hank Sheinkopf," the spokesman said.

No Consensus In Lebanon Cease-fire Talks (AP)

By Victor L. Simpson, Associated Press Writer

AP, July 27, 2006

Top U.S. and European officials agreed Wednesday on the need for urgent action to halt the fighting in Lebanon and on the creation of a multinational force to keep the peace. But the two sides had starkly divergent views of what that means.

Most Europeans want Israel to stop its offensive against Hezbollah now — which would leave Hezbollah battered but defiant. The United States wants to give Israel more time to pound the militia into submission as part of the wider war on terror.

The foreign ministers and other senior officials from 15 nations, as well as U.N. Secretary-General Kofi Annan and representatives from the European Union and the World Bank, agreed in Rome on a declaration that expressed "deep concern" for the high number of civilian casualties in Lebanon, where government officials say hundreds of people have been killed. Israel, Iran and Syria did not attend the meeting.

Deep differences in an approach to the crisis were abundantly clear.

In the presence of Secretary of State Condoleezza Rice, Italian Foreign Minister Massimo D'Alema alluded to the discord in post-conference comments. He said many participants appealed for an immediate and unconditional truce "to reach, with utmost urgency, a cease-fire that puts an end to the current violence and hostilities."

Rice, for her part, deflected pressure to lean on Israel to end its 2-week-old offensive, insisting that any cease-fire must be "sustainable" and there could be "no return to the status quo ante."

Later, Rice briefed reporters, saying she told the conference: "The fields of the Middle East are littered with broken cease-fires. ... And every time there is a broken cease-fire, people die, there is destruction and there is misery."

She added that Lebanese Prime Minister Fuad Saniora issued an impassioned appeal for peace, asking if the Lebanese people were "children of a lesser God."

At the conference, Saniora had difficultly containing his disappointment, saying the conference made "some progress" but pleading with world leaders to keep working toward a cease-fire.

Saniora said the violence has brought his country, still rebuilding from its 1975-1990 civil war, "to its knees."

The Lebanese leader recognized that Israel's offensive had been sparked by Hezbollah's incursion across the "blue line" — the border recognized by the United Nations — when it killed eight soldiers and kidnapped two, but added that the military campaign was "disproportionate."

The Western-leaning moderate also appealed to Israel to enter a peace process with all its Arab neighbors — striking a markedly different tone from many previous Lebanese leaders.

The Rome conference did clinch a consensus on establishing a new multinational force for southern Lebanon — one far tougher than the existing, three-decade-old UNIFIL operation which has lacked a mandate to prevent hostilities.

"What we agreed upon is that there should be an international force under a U.N. mandate that will have a strong and robust capability to help bring about peace, to help provide the ability for humanitarian efforts to go forward and to bring an end to the violence," Rice told reporters.

"We all committed to dedicated and urgent action to try to bring about an end to violence that would be sustainable" and leave the Lebanese government in full control of its territory, she said.

She also pointed a finger at Iran and Syria, which she accused of stoking the violence. Rice said she expected both countries not to undermine any agreement reached between Israel and Lebanon and welcomed Annan's offer to use his office "to try to make sure that Syria and Iran behave responsibly."

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Syria's U.N. ambassador Bashar Ja'afari said Damascus felt snubbed because it and other countries in the Middle East were not consulted at the Rome meeting.

Italian Premier Romano Prodi put a positive spin on the conference, saying in an interview with The Associated Press that "what could be achieved was achieved."

Prodi insisted Washington wasn't fully isolated with its insistence that a cease-fire should accompany a durable peace, including disarming of the Hezbollah militias. He said the United States received support from Britain and acceptance from Germany that an immediate truce wasn't in the works.

Ultimately, Washington's position seemed sustainable largely because the others — despite shock at the scale of destruction and hundreds of civilians killed — largely supported the goal of disarming Hezbollah and extending the control of the Lebanese government to the south, which the militia has in effect controlled for years.

D'Alema urged Hezbollah to release the Israeli soldiers whose capture helped ignite the latest hostilities.

"It's a gesture that could be done while asking Israel to make the same step, but it could be a way to bring the end of hostilities closer," D'Alema told Italian state TV Wednesday evening.

Prodi said the force must be "sizable" and drawn from a number of countries. He pledged that Italy would commit troops if it has a U.N. mandate.

Israel, which did not attend, said it expected those at the Rome conference to follow up and take action to support Lebanon's army and turn it into a force capable of disarming Hezbollah.

"Israel is forced to continue to defend its citizens, because of the failure to implement these resolutions so far," said a statement released by Israel's Foreign Ministry.

Israeli officials have expressed support in principle for the deployment of an international force, recognizing that the weak Lebanese government could not likely subdue the Iranian- and Syrian-backed Hezbollah without assistance.

Rice said the force's mandate would be discussed over the next several days. "We also have asked that those meetings be held urgently so that force can be put together."

She said she did not anticipate American combat troops being used in the force.

In Brussels, EU officials said a meeting of European foreign ministers would be held next Tuesday to discuss the violence.

Annan said the emerging force would help Lebanon assert its authority and implement existing U.N. resolutions, which would ultimately leave Hezbollah disarmed.

Associated Press Washington correspondent Katherine Shrader, who is traveling with Rice, contributed to this report.

Rome Meeting Fails To Produce Plan To End Lebanon Crisis (WT)

By Nicholas Kralev

The Washington Times, July 27, 2006

ROME -- Foreign ministers from the United States, Europe and the Middle East agreed yesterday on the need for a beefed-up international security force under a U.N. mandate on the Israeli-Lebanese border, but they failed to agree on a plan to halt fighting between Israel and the Hezbollah militia.

During an emergency conference that included top diplomats from 16 nations and three international organizations, the United States resisted calls for an "immediate" cease-fire, saying it would only perpetuate an unstable status quo.

"The cease-fire must be lasting, permanent and sustainable," the diplomats said in a closing statement, using language sought by Secretary of State Condoleezza Rice, who appeared visibly exhausted as the conference ended.

The statement also pledged that participants would "work immediately" and "with the utmost urgency" toward ending the hostilities.

U.N. Secretary-General Kofi Annan called separately for an "urgent effort to help bring peace and stability to that region" and for a "temporary cessation of hostilities" to carry out "essential humanitarian tasks."

"It is important that we get a political framework that will buttress whatever understanding that we reach eventually through the Security Council and through discussions with countries involved," he said.

Several participants in the conference said they expected the Security Council to begin discussing a resolution on an international force in the next few days.

Miss Rice flew to a conference in Malaysia yesterday but could return to the Middle East this weekend, U.S. officials said. She visited Lebanon, Israel and the Palestinian territories earlier in the week.

"What we've agreed upon is that there should be an international force under a U.N. mandate that will have a strong and robust capability to help bring about peace, to help provide the ability for humanitarian efforts to go forward and to bring an end to the violence," Miss Rice said.

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Javier Solana, foreign policy chief of the European Union, told the gathering that his organization would make a "substantial contribution" to the security force once there is a political agreement between Israel and Hezbollah, although he did not name the countries that would send troops, a European official said.

Diplomats said France, Italy and Spain had offered to take part in the force. In addition, Turkey, Sweden, Greece and Finland have said they would consider joining.

The force would be separate from a U.N. observer force that has operated in the region for nearly three decades. Four of its members died during an Israeli air strike Tuesday.

France and Germany rejected an Israeli idea that NATO lead the security force. The alliance works by consensus, and no decision can be taken if a single member is opposed.

"Like it or not, NATO is perceived as the armed wing of the West in this region, so in terms of its image, NATO is not right for the job," French President Jacques Chirac told the newspaper Le Monde.

A German government spokesman ruled out sending the alliance's newly created reaction force, saying NATO "does not have priority for a possible stabilization force."

NATO Secretary-General Jaap de Hoop Scheffer said he did not exclude a future role for the 26-nation organization, but he added, "This is not the moment."

Israel and Hezbollah were not invited to the Rome conference, which was co-hosted by Miss Rice, Mr. Annan and Italian Foreign Minister Massimo D'Alema. Nor were Hezbollah supporters Syria and Iran.

Mr. Annan said, "It is important that we work with the countries of the region to find a solution, and that should also include Iran and Syria."

Lebanese Prime Minister Fuad Siniora said his country's "barbaric destruction" by Israel has brought it "to its knees."

The conference, whose participants also included Egypt, Saudi Arabia and Jordan, began with a minute of silence for the about 450 victims of the 15-day-old conflict.

Cease-fire Talks Stall As Fighting Rages On 2 Fronts (NYT)

By Craig S. Smith And Helene Cooper

The New York Times, July 27, 2006

AVIVIM, Israel, July 26 — Israel's two-front conflict saw its heaviest day of fighting on Wednesday, killing 9 Israeli soldiers, dozens of Hezbollah fighters and at least 23 Palestinians in Gaza. As the battles raged, a meeting of the United States and European and Arab countries in Rome failed to reach agreement on a plan to end the fighting between Israel and Hezbollah as the United States resisted calls for an immediate cease-fire.

Hezbollah kept up its sustained fire on northern Israel, with 130 rockets hitting the region, wounding more than 10 Israelis.

...

The death toll on Wednesday was Israel's highest since fighting began on July 12 after Hezbollah captured two Israeli soldiers during a raid into Israel.

The most intense ground combat came around the hilltop town of Bint Jbail, a Hezbollah stronghold just a few miles from the Israeli border. At the meeting in Rome, while the other nations pressed for an immediate cease-fire, the United States argued for a "sustainable cease-fire," with the Lebanese government regaining sovereignty over southern Lebanon, and militias like Hezbollah being disbanded.

The lack of action prompted Prime Minister Fouad Siniora of Lebanon to lash out with a cry of despair.

"Is the value of human life less in Lebanon than that of citizens elsewhere?" he asked. "Are we children of a lesser god? Is an Israeli teardrop worth more than a drop of Lebanese blood?"

Accusing Israel of "barbaric destruction," he vowed to seek justice, announcing that Lebanon would begin legal proceedings for war reparations.

European and Arab governments, as well as Kofi Annan, the United Nations secretary general, and Javier Solana, the European Union foreign policy chief, lined up behind him and pushed hard for an immediate cessation of hostilities or even a truce on humanitarian grounds, several participants said.

But in a tense, sometimes stormy debate that went on for nearly an hour, Secretary of State Condoleezza Rice dug in, and prevailed.

Later, she defended the United States' refusal to call for an immediate ceasefire, saying: "It doesn't do anyone any good to raise false hopes about something that's not going to happen. It's not going to happen. I did say to the group, 'When will we learn?' The fields of the Middle East are littered with broken cease-fires."

She said she expected that the issue would end up being resolved by the United Nations Security Council.

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In a news conference after the talks, the normally placid Mr. Annan made no effort to control his rage at Israel for what he had called an "apparently deliberate targeting" of a United Nations observer post in southern Lebanon by Israel on Tuesday. Four observers were killed.

"Mr. Olmert definitely believes it was a mistake," said Mr. Annan, referring to Israel's prime minister, Ehud Olmert. But despite at least 10 calls from United Nations personnel to Israel that their positions were being shelled, Mr. Annan added, "The shelling of the U.N. positions began early in the morning and carried on all day."

He pledged a formal investigation.

Ms. Rice and Mr. Annan disagreed at the news conference on whether Syria and Iran should be brought into the effort to end the violence. Mr. Annan called for working "with the countries of the region to find a solution," naming Iran and Syria as players; Ms. Rice, by contrast, said she was concerned about Iran's role and calling on Syria to live up to its responsibilities, a reference to previous United Nations resolutions.

While the world has focused on the fighting in Lebanon, Israel has continued to shell Gaza. Most of those killed in Gaza on Wednesday were militants, but a mother and her two young daughters died when an artillery shell hit their home, the Palestinian Health Ministry said. A third young girl was also killed, and dozens of Palestinians were wounded.

In its campaign, which began as an effort to halt rocket attacks and intensified after Palestinian militants captured an Israeli soldier last month, Israel has hit homes in residential areas where it believes weapons are stored, causing civilian casualties in some cases.

Israel says it has dropped leaflets, and even made phone calls to families in the area, warning them that they should leave because militants are operating in the area and that the Israeli military could carry out operations.

In southern Lebanon, Israel's initial talk of breaking Hezbollah's back has slowly given way to more limited goals as Israeli ground troops have bogged down just a few miles into the country. The latest talk is of creating a buffer zone just two kilometers, or about 1.2 miles, wide, which Israel said it could police from its side of the border.

"You can create a buffer zone, not only by being there, but by going in and out," said Maj. Gen. Benny Gantz, who is in charge the Israeli military's ground forces.

Prime Minister Olmert briefed an Israeli parliamentary committee Wednesday on plans for the zone, according to participants in the closed session.

A senior Israeli official who spoke about the plan Tuesday said ground troops would be used in the zone. But Mr. Olmert suggested that Israel would try to keep order from its side of the border with artillery and airstrikes.

The plan is already coming under criticism, as has the slow military progress on the ground. Yuval Steinitz, a member of the committee on defense and foreign affairs, which met with Mr. Olmert, described the government's plan as half-baked.

"We already have troops in Lebanon, but the government is very reluctant to use ground forces in a major way," said Mr. Steinitz, a member of the right-wing Likud party.

"If we want to achieve something with this operation, then we need to conduct massive ground operations and clear out all of southern Lebanon," he said.

Two days ago, Israeli military officials on the border confidently announced that first the village of Marun al-Ras and then the larger town of Bint Jbail had been subdued. But renewed fighting erupted in the region around daybreak Wednesday, and by afternoon military officers were being more circumspect about their progress.

In the village of Marun al-Ras, one Israeli soldier was killed and three more were wounded Wednesday, the Israeli military said. Hezbollah fighters fired an anti-tank rocket that hit the soldiers in a building, it said.

When asked what the Israeli military had achieved after two weeks of fighting, General Gantz replied: "I would suggest asking what Hezbollah has achieved. They came as defenders of Lebanon but basically have destroyed the country."

General Gantz, a lean, graying man who is famous for having been the last Israeli to leave southern Lebanon in the pullout six years ago after the country's 18-year presence there, insisted that the fight, though long, would ultimately go Israel's way. Yet he showed glimmers of frustration with the political pressures that are shaping the battle plan.

When asked if he thought Israel's response to the initial Hezbollah raid was disproportionate, as many critics have charged, he minced no words. "I don't think it was disproportionate," he said. "It should have been much stronger, and that's what we're going to do."

He added, "We have a long way to go and a lot to achieve," though he would not talk about how many villages needed to be cleared of Hezbollah fighters. Israeli Army officers are saying that it is probably unrealistic to expect that the military can wipe out Hezbollah's well-hidden and widespread arsenal, which was believed to have contained more than 10,000 missiles when the fighting began.

General Gantz conceded that it would be difficult to stop the rockets that have menaced northern Israel with purely military means, noting that the launchers are mobile and easily hidden and can be fired remotely or with timers.

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Another officer, who asked not to be named because he was not authorized to speak to the press, noted that even if Israel managed to destroy 50 or 60 percent of those rockets, there would still be enough left to keep up the current pace of roughly 100 rockets a day for weeks.

"All Hezbollah has to do to win, is not lose," another officer said.

Meanwhile, Israel responded to sharp international criticism over the airstrike that killed the four United Nations observers on Tuesday in the southeastern Lebanese town of Khiyam. They were from Canada, Finland, Austria and China.

"It was a tragic mistake," said General Gantz, adding that there was no reason Israel would take aim at international observers. Other Israeli officers dismissed the suggestions that Israel would have chosen the post as a target, saying such an action would make no sense at a time when the country is trying to attract a multinational peacekeeping force from an already reluctant international community.

In another matter that has drawn criticism, the general acknowledged that Israel had used cluster munitions in the conflict. The munitions disperse bomblets over a wide area and have been banned by some countries because of the high number of civilian casualties they cause.

Human Rights Watch charged earlier this week that Israel had used cluster munitions on the Lebanese village of Blida on July 19, killing one woman and wounding at least 12 other civilians, including seven children. But Israel says the weapons it uses are allowed under international law.

"We try to minimize their use," said General Gantz. "We only use them in designated areas that have been closed even by Hezbollah itself."

In another development, Jordanian military cargo planes landed at Beirut's airport loaded with relief aid. The flights came a day after Mr. Olmert told Ms. Rice that Israel would allow corridors of safe passage for aid to reach Lebanese civilians. Relief supplies are also expected to begin arriving by sea at the ports of Beirut, Sidon and Tyre.

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In the Gaza fighting, Israeli armored forces moved toward the edge of Gaza City and clashed repeatedly with militants. The Israelis flattened orchards and greenhouses in the area to remove cover used by militants to fire rockets.

The Israeli military said it had carried out a series of airstrikes and fired artillery rounds at gunmen in the area.

Palestinian militants fired at least 13 rockets into southern Israel, slightly wounding one person in the town of Sderot.

Rice Says US Not Alone Over Mideast Ceasefire, Hails Rome Talks (AFP)

By Stephen Collinson

AFP, July 27, 2006

US Secretary of State Condoleezza Rice denied that Washington had been isolated at the Middle East crisis talks in Rome in its rejection of an immediate ceasefire between Israel and Lebanese Shiite militia Hezbollah.

"Yes, there were a lot of countries calling for an immediate ceasefire. There were several that did not," Rice told journalists on board a plane taking her from Rome to a meeting with southeast Asian leaders in Malaysia.

"It was not all countries calling for an immediate ceasefire," she said.

The 15-nation crisis talks in Rome on Wednesday failed to produce a call for an immediate ceasefire, adding support to the US position that there must first be a sustainable solution.

Rice said on Thursday that failure to work towards a ceasefire that was sustainable would only cause future bloodshed.

"The fields of the Middle East are littered with broken ceasefires," she said. "Every time there is a broken ceasefire, people die and there is destruction and misery."

"Yes, we want to see a ceasefire urgently in this region. Let's create the conditions this time that will make this an end of violence."

Rice insisted the Rome meeting had not been a failure.

"It was a success because it identified the elements that would eventually make up a sustainable ceasefire," she said.

She said there had been agreement that full implementation of United Nations resolution 1559 and the Taif Agreement that ended Lebanon's civil war in 1990 were the basis for a solution.

Both the resolution and the agreement call for the extension of the Lebanese government's sovereignty to the whole of the country and the disbanding of private militias such as Hezbollah.

Rice said there had also been agreement in Rome on the need for a multinational UN-mandated force for Lebanon. "The UN plans to hold a troop contribution meeting at the end of this week or next week," she added.

The US secretary of state had travelled to the Rome crisis meeting after a flying trip to the Middle East for separate talks with Lebanese Prime Minister Fuad Siniora, his Israeli counterpart Ehud Olmert and Palestinian Authority president Mahmud Abbas.

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"I want a ceasefire as much as anyone," she told reporters on her plane to Malaysia.

"I looked in Prime Minister Siniora's eyes ... and I know what this must be like for him.

"I talked to Prime Minster Olmert. They (the Israelis) have got a million people in bomb shelters."

More than 400 Lebanese have been killed in Israel's bombing campaign to eradicate Hezbollah, while the number of refugees has reached 600,000 and continues rising, according to UN humanitarian affairs chief Jan Egeland.

Israel said on Wednesday 33 of its soldiers and 18 civilians had been killed since the start of fighting just over two weeks ago.

Siniora on Monday told Rice: "Israeli aggression is not only targeting Hezbollah but Lebanon itself, sending it back 50 years with its bombardment."

Speaking of the Lebanese leader on Thursday, Rice said: "I have to say that Prime Minister Siniora was eloquent. He is a man of great dignity. He cares deeply about his people.

"He is also the future of the Middle East," she added, putting Siniora in this respect in the same category as Palestinian leader Abbas.

Asked whether she would return turn to the Middle East after her trip to Asia, Rice said: "I am flexible about what I should do."

She said she had left US Assistant Secretary of State David Welch and US Assistant National Security Advisor Elliot Abrams in the Middle East to talk to the Israeli and Lebanese governments.

Diplomats In Dispute Over Mideast Cease-fire (USAT)

By Andrea Stone

USA Today, July 27, 2006

ROME — World diplomats attending an emergency conference on the crisis in Lebanon failed Wednesday to agree on when or how to implement a cease-fire.

Violence between Israel and Hezbollah guerrillas continued to rage. Israel suffered its heaviest losses in 15 days of fighting. Nine soldiers died during a battle over a Hezbollah stronghold of Bint Jbeil and other fighting.

An Israeli military official speaking on condition of anonymity because he was not authorized to release the information told the Associated Press at least 30 Hezbollah militants were killed Wednesday.

At least 423 people have been killed in Lebanon in the two-week conflict. At least 51 Israelis have been killed.

At the hastily convened conference attended by representatives from 15 nations, diplomats called for an end to the violence and the establishment of a United Nations peacekeeping force.

The United States differed with European and Arab countries, however, on when to impose a cease-fire.

Secretary of State Condoleezza Rice continued to insist that any cease-fire must be “sustainable” — meaning Hezbollah first must be removed as a threat.

French Foreign Minister Philippe Douste-Blazy said France and other nations backed a statement calling for an immediate cease-fire but Rice pushed successfully for language calling for parties to “work immediately for the cessation of hostilities.”

“We agreed upon what we could agree,” Finnish Foreign Minister Erkki Tuomioja said.

Lebanese Prime Minister Fuad Saniora pleaded with diplomats to keep working. “The more we delay the cease-fire, the more we are going to witness more being killed, more destruction and more aggression against the civilians,” he said.

Rice rejected suggestions that the meeting had been a failure or that the United States had been isolated.

Briefing reporters on her plane en route to a meeting of Asian foreign ministers in Malaysia, Rice said the United States “believes very strongly that it doesn't do any good to raise false hopes about something that is not going to happen. … An immediate cease-fire isn't going to happen.”

She made clear that hostilities will have to end before peacekeepers are deployed. “One does not expect an international force to enter under hostile fire,” she said.

Asked whether she might return to the Middle East after the Malaysia meeting, Rice said, “I'm flexible. Stay tuned.”

In Washington, some foreign policy analysts were split over the implications of the standoff.

“It's hard to imagine this was the planned outcome,” said Jon Alterman, a Mideast analyst at the Center for Strategic and International Studies. “The failure to even give an illusion of a global consensus highlights how little the United States is able to lead world opinion.”

Kenneth Katzman, a Middle East specialist at the Congressional Research Service, said that although the U.S. policy is proving controversial, it appears to be accomplishing its aim — to give Israel time to deal Hezbollah a mortal blow.

“The outcome of the meeting reflected U.S. policy, which is to allow Israel time to reduce Hezbollah's military infrastructure,” Katzman said. “This is proving difficult, but Israel appears to be making military progress toward that goal.”

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Other developments:

·Hezbollah fired 151 rockets into Haifa and surrounding areas — wounding 31 people.

·Israeli Prime Minister Ehud Olmert called U.N. Secretary-General Kofi Annan to express "deep regret" for the deaths of four U.N. observers from an Israeli airstrike. Olmert rejected Annan's charge that the deaths were the result of "apparently deliberate targeting" by Israel.

Jane Holl Lute, deputy head of U.N. peacekeeping operations, told the U.N. Security Council that Israeli forces continued bombing near the observers' post "despite repeated requests" to stop.

An Irish army officer serving with the U.N. force told the Israelis six times that the artillery strikes threatened the lives of the four observers, Ireland's Foreign Ministry said in a statement.

Rome Talks Fail To Yield Lebanon Ceasefire (FT)

By Roula Khalaf And Sharmila Devi

Financial Times, July 27, 2006

An international crisis meeting on Lebanon on Wednesday failed to agree on a call for an immediate ceasefire in the two-week conflict between Israel and Hizbollah fighters, pledging only quick humanitarian relief and support for Lebanon's reconstruction.

Nearly all the participants at a Rome conference called for an immediate ceasefire, leaving the US isolated, according to Arab officials.

Foreign ministers from the US, Europe and the Arab world ended the talks with a stated determination to work towards the end of the conflict with "utmost urgency". Condoleezza Rice, US secretary of state, said: "We all agreed we want most urgently to end violence on a basis that is sustainable."

The meeting came as the Israeli army suffered its highest casualties for years in the fighting in southern Lebanon. On Wednesday night it said nine soldiers had been killed and 22 wounded in an assault on the town of Bint Jbail.

Israeli air strikes hit more than 50 targets across Lebanon on Wednesday, while Hizbollah, the Shia Islamist group, fired 125 rockets into Israel. Major-General Udi Adam, Israel's head of the northern command, said: "Given the progress over the last two weeks, I reckon it [the offensive] will continue for several more weeks."

Participants at the Rome talks agreed conditions for a lasting peace required the Lebanese government to deploy its forces throughout its territory and disarm all militias, a reference to Hizbollah, which sparked the conflict with the capture of two Israeli soldiers. The meeting also agreed that an international force should be authorised under a United Nations mandate to support the Lebanese army.

The mandate of the international force will be discussed over the next few days as the debate on Lebanon moves to the UN Security Council. Diplomats said the US appeared to be suggesting the force should deploy to assist the truce, while France said it should follow a political agreement that settles all disputes between Lebanon and Israel.

Fouad Siniora, Lebanon's prime minister, said his country was being "cut to pieces". Lebanon needed humanitarian assistance, he said, but it needed an immediate ceasefire more.

Israel's campaign has killed 418 people, mostly civilians, devastated Lebanon's infrastructure and displaced more than half a million people. In Israel at least 42 people have been killed.

Hassan Nasrallah, Hizbollah's leader, told al-Arabiya television on Wednesday: "We fight a guerrilla warfare . . . the important thing is what losses we inflict on the Israeli enemy." His group, which is backed by Syria and Iran, has vowed it would not accept "humiliating" terms in a truce.

Kofi Annan, UN secretary-general, told the Rome meeting the crisis remained "horrendous".

China called on the Security Council to condemn the "co-ordinated artillery and aerial attack" by Israel on a UN observer post in Lebanon that killed as many as four people, but the US rejected any suggestion of deliberate targeting.

Additional reporting by Mark Turner at the United Nations

World Powers Fail To Agree On Plan To End Fighting, Underscoring U.S. Influence On Israel (NYT)

By Elaine Sciolino And Helene Cooper

The New York Times, July 27, 2006

ROME, July 26 — World powers failed to agree Wednesday on a plan to end the fighting between Israel and Hezbollah, underscoring the power of the United States to prevail when it comes to dealing with Israel.

In their formal statement, the United States, the Europeans, and Egypt, Jordan and Saudi Arabia expressed a vague "determination to work immediately to reach with the utmost urgency a cease-fire that puts an end to the current violence and hostilities."

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They also agreed on the need for aid and for an international force to be deployed in southern Lebanon.

Secretary of State Condoleezza Rice said at a news conference that no cease-fire could be called until conditions were right to guarantee it would hold. "We have to have a plan that will actually create conditions in which we can have a cease-fire that will be sustainable," she said.

But most of the other governments were seeking, at the very least, a phrase pledging that they would "work towards an immediate cease-fire," said a diplomat, who like others, spoke on the condition of anonymity under normal diplomatic rules. But Ms. Rice refused.

[Ms. Rice said Wednesday night that American officials would return to Israel and Lebanon on Thursday to try to hash out details for an eventual "sustainable cease-fire." Speaking during her flight to Malaysia, for a regional meeting, she said she expected the issue to end up in the hands of the United Nations Security Council.]

The talks in Rome also tried to address the thorny issue of creating an international force in southern Lebanon as a buffer with Israel.

The United States, which already has said it will not contribute troops to a force, earlier this week said it favored its creation under NATO authority, several European officials said.

But the Europeans, who are expected to make up the bulk of any force, as well as the United Nations secretary general, Kofi Annan, said that it would be impossible politically to send the world's most powerful military alliance, which is so closely identified with the West, to police a conflict between Israelis and Arabs.

In this case, the Americans were forced to back down, said a number of senior European officials.

The ministers here did not make progress in defining the composition, size, mandate, deployment or exit strategy of an international force, but they did agree that it would fall under United Nations auspices. "An international force in Lebanon should urgently be authorized under a U.N. mandate to support the Lebanese Armed Forces in providing a secure environment," the conference statement said.

The anti-NATO view was laid out by President Jacques Chirac of France in an interview for publication Thursday in Le Monde.

"For technical reasons but also political reasons, NATO is not designed for this type of intervention," he said. "NATO is perceived, whether we like it or not, as the armed wing of the West in these regions and consequently in terms of its image, NATO is not the right organization here."

Mr. Chirac, who did not rule out French participation or even command of a force, said it could only be deployed after a cease-fire and a solid political agreement was in place. In the absence of a political agreement, he added, an international force would not "have the capacity or the mandate to disarm Hezbollah," which he said had to be done by the Lebanese authorities.

The position of France, which is similar to that of Lebanon, is crucial. Because of its history as the onetime protector of Lebanon, its current close relationship with the country, and the flexibility of its military, it will be called on to provide a large portion of the troops in an international force and perhaps to lead it.

But the major sticking point here on Wednesday was the cease-fire.

"We demanded an immediate cessation of hostilities, and the majority of the other parties insisted on our line," the French foreign minister, Philippe Douste-Blazy, said in a telephone interview from Rome, but the Americans disagreed.

Spain's foreign minister, Miguel Ángel Moratinos, told reporters, "It is true some of us would have wanted an immediate cease-fire." Still, he called the meeting "positive" because the nations had recognized the seriousness of the situation and had started on the road to peacemaking.

Mr. Moratinos said it was premature to say whether Spain would contribute peacekeepers.

Even Britain's patience with the United States is wearing thin. The British foreign secretary, Margaret Beckett, told reporters that Britain would make a formal complaint after British media reports that American aircraft carrying "bunker busting" bombs from the United States to Israel refueled at a Scottish base last weekend.

But Ms. Beckett agreed with the Americans on delaying a cease-fire, saying "it might break down'' and "what we all want is something out of this that will last in this case not just weeks but years so that is crucial."

Prime Minister Fouad Siniora of Lebanon repeatedly reminded his counterparts of the loss of civilian life in his country. He quoted the Roman historian Tacitus from more than 2,000 years ago to describe what Israel was doing to Lebanon today. "They created a desolation," Mr. Siniora said, "and call it peace."

Talks Fail On Mideast Truce (WP)

By Robin Wright

The Washington Post, July 27, 2006

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ROME, July 26 -- International talks on Lebanon here failed Wednesday to agree on an immediate cease-fire in the conflict between Israel and Hezbollah but called for a new multinational force in south Lebanon and opened the way for Secretary of State Condoleezza Rice to return to the Middle East soon for further discussions, U.S. and U.N. officials said.

The Rome conference did not bridge the gap between a tough U.S. position, opposing a cease-fire except as part of a broader arrangement that can endure for years, and European and Arab calls for an immediate halt to the fighting. The meeting went 90 minutes longer than expected, largely because of stiff debate over the cease-fire issue, U.S. diplomats said.

"We are all agreed that we want most urgently to end the violence on a basis that this time will be sustainable, because unfortunately, this is a region that has had too many broken cease-fires, too many spasms of violence, followed then by other spasms of violence," Rice said at a joint news conference with U.N. Secretary General Kofi Annan, Lebanese Prime Minister Fouad Siniora and the conference host, Italian Foreign Minister Massimo D'Alema.

Despite an impassioned appeal for an immediate end to hostilities by Siniora, who said Israeli airstrikes had brought his country "to its knees," the United States pushed through language urging countries to "work immediately to reach with utmost urgency a cease-fire that will put an end to the current violence and hostilities." Most of the 18 parties called instead for "urgent work on an immediate cease-fire."

As an alternative, Annan suggested a temporary "pause" in hostilities to let in humanitarian assistance and allow deployment of an international force to distribute relief and eventually help strengthen the Lebanese government, an idea that other delegates said was blocked by intense U.S. pressure.

The U.S.-backed formulation would allow fighting to continue until a wide-ranging agreement can be worked out, diplomats here said.

Terge Roed-Larsen, a U.N. special envoy for Lebanon, called the conference a "steppingstone," rather than a failure. "No one can wave a magic wand. We need time. This is the real world," he said.

Rice told reporters traveling with her that talks will begin later this week or early next week among countries interested in contributing troops to the proposed multinational force. Plans are also underway for one or two new U.N. Security Council resolutions, which U.S. officials said could be drafted as early as next week.

The conference did not define the terms or timing of the proposed force, although Rice said it would not be expected to deploy under hostile fire. The conference declaration said the force should receive "a U.N. mandate to support" Lebanon's army in securing the country's south.

Italian Prime Minister Romano Prodi said Wednesday that he would commit troops to a military force for Lebanon if it had a U.N. mandate, and Turkey, NATO's only Muslim member, said Tuesday that it might join such a force as well. Spain, Germany and Ukraine have also said they are weighing participation, the Associated Press reported.

Philip Zelikow, a senior Rice aide, remained in Europe for follow-on talks with European Union officials about future meetings and the proposed multinational force. A U.N. source said its peacekeeping office was exploring different models for a Lebanon mission after the failure of earlier international forces there, including the current observer mission, known as UNIFIL, four of whose members were killed Tuesday in an Israeli airstrike.

Conference participants also announced plans for an international donors' conference to mobilize aid to reconstruct battered Lebanon, with a particular focus on the Shiite-dominated south that has long been a stronghold for Hezbollah.

The conference's declaration urged Israel "to exercise its utmost restraint" and pledged "to provide immediate humanitarian relief to the people of Lebanon."

A large international force -- with most estimates beginning at about 10,000 troops -- will take significant time to organize, the United Nations' Roed-Larsen said.

The strategy Rice is trying to orchestrate to stop Hezbollah's attacks on Israel centers on strengthening the Lebanese government with international political and military support that might enable it to deal with Hezbollah, U.S. officials said. While earlier governments in Beirut have been unwilling and unable to disarm Hezbollah ever since the radical Shiite militia's founding in 1982, diplomats traveling with Rice said that Hezbollah will eventually recognize that it is in its self-interest to disarm and become just a Lebanese political party.

"This is not a Hezbollah-centered approach. It is based on a government-of-Lebanon approach," State Department spokesman J. Adam Ereli said. "We think Hezbollah will see that it's in its interests to do it. We want to create a reality that makes maintaining an independent armed force in Lebanon unsustainable."

As part of this strategy, the United States does not rule out a role for Hezbollah in Lebanese politics. "We don't dispute Hezbollah's political role," Ereli said. "They were elected to parliament on the basis of free and fair elections, so we don't contest that. We say you can't have it both ways."

One idea being considered is incorporating Hezbollah fighters as reserve units in the Lebanese army and putting their arms in a depot under army auspices, Roed-Larsen said.

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Conference participants were also divided on how to handle Syria and Iran. Annan called for "constructive engagement" with the governments in Damascus and Tehran, the chief benefactors of Hezbollah.

Rice said she was "very pleased" that the U.N. chief wants to "use his good offices to try and make sure that Syria and Iran behave responsibly," but expressed doubt that his efforts would succeed.

After the conference, Rice flew to Malaysia for a conference of the Association of Southeast Asian Nations, where she is scheduled to stay until Saturday.

Timing Remains Obstacle To Mideast Cease-Fire (WSJ)

By Neil King Jr.

The Wall Street Journal, July 27, 2006

ROME -- The U.S., European and Arab countries pledged to hammer out a complex plan to persuade Israel and Hezbollah militants to put down their guns, but the deal fell short of the immediate cease-fire many had sought.

As fighting continued along the Israel-Lebanon border, diplomats here for an 18-country summit on the crisis said the overwhelming obstacle was one of timing: how to put together a proposal where all the necessary ingredients either happen at once or fall in place in just the right order.

The sometimes-divisive gathering came on one of the worst days of fighting in the two-week-old conflict, further clouding hopes for a quick end to the bloodshed. Since Israel started targeting Hezbollah following the Islamist militia's capture of two Israeli soldiers on July 12 in a cross-border raid, the conflict has killed at least 423 people in Lebanon and 51 Israelis.

Eight soldiers were killed and more than 22 wounded yesterday when they were caught in an ambush in Bint Jbail, a Hezbollah stronghold in southern Lebanon about 1.5 miles north of the Israeli border. Meanwhile, Hezbollah fired more than 150 rockets into Israel, while Israeli aircraft continued their bombardment of targets in Lebanon. News reports said an Israeli missile blew up a 10-story apartment block in the Lebanese coastal town of Tyre, killing many civilians.

Israeli Prime Minister Ehud Olmert told United Nations Secretary General Kofi Annan that he has ordered a thorough investigation into an Israeli air-force strike on a U.N. base in southern Lebanon on Tuesday in which four peacekeepers were killed. He expressed "deep regrets" over the deaths but denied Mr. Annan's suggestion that the U.N. position was deliberately targeted. 5

For many of the European nations and all four Arab countries represented at the Rome summit, the continued violence underscored their belief that an immediate cease-fire had to come first, followed by a diplomatic solution that would include an international peacekeeping force. The U.S. and Britain argued that approach was both impractical and counterproductive to reaching a lasting solution. In the end, the U.S.-British view prevailed.

After several hours of negotiation and an emotional appeal by Lebanese Prime Minister Fuad Siniora, the countries vowed "to reach with the utmost urgency a cease-fire" that is "lasting, permanent and sustainable" -- language the U.S. has been using for more than a week.

Secretary of State Condoleezza Rice said after the talks that the international community now must craft "a plan that will actually create conditions" for such a cease-fire. Exactly how that will come about is far from clear.

The Bush administration continues to back Israel's efforts to cripple Hezbollah, with the short-term aim of carving out a buffer zone just inside Lebanon. U.S. officials suggest a comprehensive deal to end the fighting and open the way for Lebanese and international forces to move into southern Lebanon can happen only after Hezbollah's military power is sufficiently weakened.

U.S. officials traveling with Ms. Rice insisted that most countries involved in the talks generally agreed with the U.S. position that a comprehensive plan must precede a cease-fire. "There was broad agreement in that room," one official said. "We all walked out of that room with the same sense of urgency and immediacy."

There are clearly divisions within Europe over the proper timing of a solution. In Paris, French President Jacques Chirac told reporters a cease-fire had to come first and without delay. Italy openly resisted the call for an immediate cease-fire, while Britain supported the U.S. position in the talks. In remarks to the other ministers in Rome, Mr. Annan said countries "must avoid falling into the sequencing trap, in which each side establishes its own fixed notion of what must happen, in what order."

Lebanon's Mr. Siniora, in outlining a position similar to that of other Arab countries, said in Rome that Israel first must stop its bombardment and then agree to return the many Lebanese it holds in Israeli prisons and give back disputed territory along the border. Those steps, he suggested, would persuade Hezbollah to put down its arms, thus allowing the weak Lebanese army to move into the south, along with the aid of an enhanced U.N. force.

There is wide agreement on the eventual need for an international force. Far less certain are questions of timing, as well as its makeup, mandate and precise chain of command. Various European countries, including Italy and France, say they are

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prepared to contribute to such a force, though many are backing away from earlier suggestions that the North Atlantic Treaty Organization will be called upon to organize it.

Poll Shows Skepticism In U.S. Over Peace In Mideast (NYT)

By Jim Rutenberg And Megan C. Thee

The New York Times, July 27, 2006

Americans are overwhelmingly pessimistic about the state of affairs in the Middle East, with majorities doubtful there will ever be peace between Israel and its neighbors, or that American troops will be able to leave Iraq anytime soon, according to the latest New York Times/CBS News poll.

A majority said the war between Israel and Hezbollah will lead to a wider war. And while almost half of those polled approved of President Bush's handling of the crisis, a majority said they preferred the United States leave it to others to resolve.

Over all, the poll found a strong isolationist streak in a nation clearly rattled by more than four years of war, underscoring the challenge for Mr. Bush as he tries to maintain public support for his effort to stabilize Iraq and spread democracy through the Middle East.

The concerns expressed over the direction of foreign policy also highlight some of the pitfalls facing Republicans as they head toward the November elections with national security front and center.

A majority of respondents, 56 percent, said they supported a timetable for a reduction in United States forces in Iraq, a question the two parties have been sparring over, with the White House and most Republicans in Congress taking the position that setting a timetable would send the wrong message. More than half of that group said they supported a withdrawal even if it meant Iraq would fall into the hands of insurgents.

Americans support the idea of putting an international peacekeeping force on the border between Israel and Lebanon to calm tensions there, the poll found, but most do not want United States troops to be a part of it.

By a wide margin, the poll found, Americans did not believe the United States should take the lead in solving international conflicts in general, with 59 percent saying it should not, and 31 percent saying it should. That is a significant shift from a CBS News poll in September 2002 — one year after the Sept. 11 terrorist attacks — when the public was far more evenly split on the issue.

Yet, in the latest poll, 47 percent gave Mr. Bush good marks for handling the situation in Israel, with 27 percent disapproving and 26 percent saying they did not know. That was the highest registration of approval for the president in any of the poll's performance measures.

Mr. Bush has experienced a slight increase in his overall job approval rating since the last New York Times/CBS News poll, in May, indicating that the steady erosion in his support over the last year has leveled off and even improved by a few percentage points. Thirty-six percent of those surveyed said they approved of the way he was doing his job, up from 31 percent in May.

But with 55 percent saying they disapproved of his performance, the numbers remain far below the comfort zone for a sitting president during a tough midterm election season. In what could be another warning sign for incumbents, more than twice as many people believe the country is heading in the wrong direction than believe it is heading in the right direction. Only 35 percent of respondents said they approved of Mr. Bush's handling of foreign policy in general, though that was up from the 27 percent in May, and a majority expressed doubt about whether the president had the respect of foreign leaders.

Support for the president's staunch backing of Israel goes only so far: 39 percent indicated they approved of it, but 40 percent said the United States should avoid saying anything at all about the conflict (Only 7 percent said the United States should criticize Israel, though many respondents cast blame for the conflict on both sides).

The poll was based on telephone interviews conducted July 21 through July 25 with 1,127 adults. It has a margin of sampling error of plus or minus three percentage points. The poll was taken as the war between Israel and Hezbollah raged, and during a particularly bloody period in Baghdad, events that have received heavy television news coverage.

In a common refrain among respondents regarding the Israel-Hezbollah war, Sharon Schierloh, 62, a retired factory worker from Ottawa, Ohio, said: "Let the Israelis take care of the problems in their area. We need to stay out of that because our troops are spread too thin." She spoke in a follow-up interview after participating in the poll.

If Mr. Bush and the Republicans could not find much good news in the poll, they could at least pinpoint some signs of abatement in what had been a decidedly downward trend for them, starting with Mr. Bush's slightly improved approval ratings.

Congressional Republicans are facing what seems to be one of the worst environments for a majority party since 1994 — when they swept control of both chambers from the Democrats — and, following the general rule, the president's fortunes could heavily affect theirs.

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Forty-three percent of those surveyed said they had a favorable opinion of the Republican Party, up from 37 percent in May. But when asked their view of how Congress was handling its job as a whole — a question whose answer tends to reflect prospects for incumbents — 28 percent said they approved, up from 23 percent in May. But 58 percent said they disapproved.

Democrats fared better, with 52 percent of those polled saying they had a positive view of the party and 41 percent saying they had a negative one. And 45 percent of registered voters polled said they would vote for the Democrat running in their district this fall as opposed to the 35 percent who favored the Republican.

Democrats also seemed to have public support on several major issues. Their push for a higher minimum wage has wide public support, according to the poll. Over all, 85 percent of respondents supported a Democratic proposal raising the minimum wage over the next two years to $7.25 an hour from $5.15 an hour, including majorities of Republicans and independents. House moderates who support a raise in the minimum wage are prevailing upon more conservative House leaders — who have been opposed to one — to allow a vote on the issue.

And 59 percent of those polled said they approved of medical research using embryonic stem cells. Mr. Bush used his veto power for the first time in his presidency last week to reject a Congressional bill expanding federal financing for such research. Democrats received higher marks on handling the economy, while Republicans received higher marks on handling terrorism. And more respondents approve of the president's handling of terrorism than disapprove, a change from the last Times/CBS poll when opinion was split.

But there was agreement that perceptions about war and peace could have major resonance in the fall. More than twice as many respondents — 63 percent versus 30 percent — said the Iraq war had not been worth the American lives and dollars lost. Only a quarter of respondents said they thought the American presence in Iraq had been a stabilizing force in the region, with 41 percent saying it had made the Middle East less stable.

But respondents were essentially split over whether the invasion was the right thing to do.

Overseas Tensions Force Bush To Change Direction (WP)

By Peter Baker

The Washington Post, July 27, 2006

The latest crisis in the Middle East has disrupted President Bush's plans domestically and internationally at a sensitive juncture, reopening divisions with allies abroad and jeopardizing attempts to restore public confidence at home, according to officials, analysts and diplomats.

The discord at a conference in Rome yesterday over a proposed cease-fire in Israel and Lebanon underscored the widening gap between the United States and Europe over how to stop the fighting. And the images of mayhem from the two-week-old war, combined with the rising death toll in Iraq, have further rattled a domestic audience that polls show was already uncertain about Bush's leadership.

For the president, the timing could not be much worse. In a second term marked by one setback after another, the White House was in the midst of a rebuilding effort aimed at a political comeback before November's critical midterm elections. Now the president faces the challenge of responding to events that seem to be spinning out of control again, all but sidelining his domestic agenda for the moment and complicating his effort to rally the world to stop nuclear programs in Iran and North Korea.

The crisis imperils one of Bush's signature ambitions. This is a president who eschewed Middle East peacemaking of the past as futile, embarking instead on a grand plan to remake the region into a more democratic, peaceful place. A year ago, a wave of reform seemed to take hold. Yet today radicalism is on the rise, Iran is believed to be closer to nuclear weapons and Bush is sending thousands more troops to Baghdad to quell spiraling violence.

"You've got Lebanon, Israel and the Palestinian territories aflame, you've got Iraq still aflame, and you've got the Iran issue now unresolved," said Carlos Pascual, a senior State Department official until this year. "It has hurt the U.S. internationally because it has only reinforced in everyone's mind that the U.S. was not being strategic, it was not looking ahead to how to handle the whole panoply of issues in a way that's both realistic and effective."

Bush advisers who have been buffeted in the past year by a catastrophic hurricane, rising gasoline prices, a failed Social Security initiative, Republican revolts, criminal investigations and a relentless overseas war said they have grown accustomed to constant crisis. "This is a new normal for our administration in the last couple years," said one senior official. "You begin to expect the unexpected."

The priority for Bush will be turning short-term predicament into long-term opportunity. "Right now, with the images coming out of Lebanon, the situation with people trying to get out, I'm sure that's unsettling for people," said the official, who spoke on the condition of anonymity to discuss strategy. "But as this thing unfolds over the next few weeks, and they see the international response, it could provide a moment when the public sees the stakes as well and why we're doing what we're doing in the broader Middle East."

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For now, at least, Bush's strong defense of Israel's right to respond to Hezbollah attacks has generated bipartisan support in Congress, which gives him some room to maneuver. If anything, some Democrats are trying to position themselves as even more pro-Israel than he is, attacking the president because Iraqi Prime Minister Nouri al-Maliki has condemned Israel's military strikes in southern Lebanon.

But the stark difference between the pro-Israel stance in Washington and the criticism of Israel in many European and Arab capitals underlines the impact on Bush's foreign policy. Bush has labored since his reelection to mend the tattered relations with European allies following the Iraq invasion and, in the view of many analysts, had succeeded to a large extent.

He was ready to reap the benefit of this diplomacy when he left for Europe and the Group of Eight summit in St. Petersburg earlier this month, confident that he had a broad consensus with Britain, France, Germany, Russia and China to take stronger measures against Iran for defying them on its nuclear program.

By the time Bush arrived in St. Petersburg, however, the latest conflict had broken out and Iran was shoved onto the back burner. Although European leaders agreed that Hezbollah was to blame for the fighting, they condemned what they called Israel's disproportionate response and insisted on an immediate cease-fire, while Bush resisted any instant cessation of hostilities and effectively gave Israel leeway to destroy as much of Hezbollah as it could.

Moreover, the administration appeared uncertain at first how to respond, some analysts said. When the G-8 countries adopted a statement calling for consideration of an international force in southern Lebanon after hostilities end, some U.S. officials all but rejected the idea. But now it is a centerpiece of what Secretary of State Condoleezza Rice is trying to accomplish.

"It's starting to overstrain the system," said Pascual, now vice president of the Brookings Institution. "You've got a very small team who are really at the core of dealing with all of these issues. In my view, you can start to see some mistakes being made."

With the Middle East at the forefront, the Iran issue has bogged down again at the U.N. Security Council as Russia resists a tough resolution threatening sanctions, even though in the view of U.S. officials it had agreed to that approach at a meeting in Paris shortly before the Middle East conflict erupted. Likewise, North Korea has vanished from the radar screen, just weeks after its provocative missile tests.

Instead of leading the coalition, then, Bush is explaining his position to allies, reviving memories of his first-term doctrinal differences. "When it looks like we're the odd man out, it tends to cement certain images," said Dennis Ross, a Middle East negotiator under Presidents George H.W. Bush and Bill Clinton. "The U.S. is actually doing the right thing. But are we seen as being active enough in terms of putting together a constructive plan?"

Ross said Bush could use the situation to bolster his case about the threat of a nuclear Iran, given its ties to Hezbollah. "Iran acts pretty reckless when they don't have a nuclear shield. How would they act if they did have a nuclear shield?" he said.

At home, political strategists said, Bush faces the perception that he is presiding over one brushfire after another, hindered in his efforts to advance a positive agenda at a time when Republican control of Congress appears at risk. His most prominent domestic priority of the year, a comprehensive immigration plan, already seemed stalled until after the elections. The escalation of killing in Iraq may have unraveled any chance of major U.S. troop withdrawals before the elections. And the conversation is now dominated by rockets flying in and out of southern Lebanon.

"It significantly contributes to the general sense that they don't have a formula for governing and for leading," said Steve Ricchetti, who was deputy White House chief of staff under Clinton. "There's nothing more important to a president than the public sensing that he has a vision and the ability to lead. And I think that has diminished dramatically for them and it presents an enormous political problem."

Republican candidates who are already nervous about a commander in chief with approval ratings stuck in the 30s have grown wary of the impact of the latest fighting.

"It may not only intrude in the midterm elections, it could envelop them," said V. Lance Tarrance Jr., a prominent Republican consultant. On the one hand, he said, it could give Bush a chance "to demonstrate presidential leadership," and voters are often reluctant to shift leadership in a moment of crisis. On the other hand, he said, "it could force a large-scale regional conflict that increases" the vote against incumbents "to such an extent that people worry about the country."

The White House sees the risk but is banking, in part, on the Democrats' history of not capitalizing on such moments. Bush advisers point to 2004, when the situation in Iraq appeared particularly dire, and yet the president won reelection and Republicans retained both houses of Congress.

Moreover, they note, Bush has three months to paint the Middle East conflict in terms of his vision of the fight against terrorism.

"It may take a while to settle out," said the senior Bush official. "Whether it happens before the election or not, I don't know."

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Holy War A Texas Preacher Leads Campaign To Let Israel Fight (WSJ)

By Andrew Higgins

The Wall Street Journal, July 27, 2006

WASHINGTON -- After Israel sent warplanes into Iraq in 1981 to bomb a nuclear reactor, Texas televangelist John Hagee sent letters to 150 fellow Christian preachers to rally support for the Jewish state.

He got just one positive response. When Mr. Hagee pressed ahead with plans for a pro-Israel gathering in a San Antonio theater, he says he got a death threat on the phone and someone shot out all the windows of his station wagon parked in his driveway.

Last week, as Israel's armed forces pounded Lebanon and worries of a wider conflagration mounted, Mr. Hagee presided over what he called a "miracle of God": a gathering of 3,500 evangelical Christians packed into a Washington hotel to cheer Israel and its current military campaign.

Standing on a stage bedecked with a huge Israeli flag, Mr. Hagee drew rapturous applause and shouts of "amen" as he hailed Israel for doing God's work in a "war of good versus evil." Calls for Israel to show restraint violate "God's foreign-policy statement" toward Jews, he said, citing a verse from the Old Testament that promises to "bless those who bless you" and curse "the one who curses you."

The gathering was sponsored by Christians United for Israel, a national organization the 66-year-old preacher set up this year. The group lobbies politicians in Washington, rallies grassroots support for Israel and aims to educate Christians on what it calls the "biblical imperative" of supporting the Jewish state.

Mr. Hagee is a leading figure in the so-called Christian-Zionist movement. This evangelical political philosophy is rooted in biblical prophecies and a belief that Israel's struggles signal a prelude to Armageddon. Its followers staunchly support the Bush administration's unequivocal backing of Israel in its current battle with Hezbollah in Lebanon.

President Bush sent a message to the gathering praising Mr. Hagee and his supporters for "spreading the hope of God's love and the universal gift of freedom." The Israeli prime minister also sent words of thanks. Israel's ambassador, its former military chief and a host of U.S. political heavyweights, mostly Republican, attended.

At a time when Islamist groups are displacing secular nationalists as the main vehicle for political revolt across the Middle East, Mr. Hagee and like-minded evangelicals are injecting greater religious fervor into American attitudes and policy toward the region. They see, and even sometimes seem to embrace, the notion of a global conflict between Islam and the Judeo-Christian West, just as do many zealous Muslims.

"This is a religious war that Islam cannot -- and must not -- win," Mr. Hagee wrote in a recent book, "Jerusalem Countdown," which focuses on what he says is a coming nuclear showdown with Iran. "The end of the world as we know it is rapidly approaching.... Rejoice and be exceeding glad -- the best is yet to be." The book has sold nearly 700,000 copies since it was released in January, according to his Florida-based religious publisher, Strang Communications.

Christian Zionism has been around for years but is now gaining greater prominence as it gets turbocharged by the marketing flair of Mr. Hagee and other religious entrepreneurs. Mr. Hagee has deployed massive resources to galvanize support for Israel. He heads a San Antonio megachurch, which claims 19,000 members, runs a television company and has close ties to Republican Party power brokers. His Washington banquet last week cost about $500,000, according to an organizer. A big Christian broadcasting network, Daystar, carried the event live.

The following day, he mobilized evangelicals representing all 50 states in a lobbying blitz through the Capitol. Armed with talking points scripted by Mr. Hagee and his staff, they peppered senators and congressmen with arguments for Israel and against its enemies, particularly Iran.

While Mr. Bush is clearly close to evangelicals, he has never fully embraced their agenda or rhetoric. But their views are generally in sync with the aims of his national-security strategists, who reach similar conclusions through a different logic. They have long blasted what they've termed the "false stability" of a region mostly ruled by autocrats and that has tolerated terrorist organizations committed to Israel's destruction. The influential "neo-conservative" school of foreign-policy advisers has also buttressed this line, arguing that the U.S. must push more aggressively for democracy in the Middle East.

Bedrock for Bush

Christian evangelicals, who first found political traction under President Reagan in the 1980s, now number about 50 million and form a bedrock constituency for President Bush. Best known for their lobbying against abortion, same-sex marriage and on other domestic issues, they have also taken a keen interest in foreign policy, especially since the attacks of 9/11.

"Leave Israel alone. Let them do the job," Mr. Hagee told his supporters last week at the banquet. Israel's enemies, said New York Congressman Eliot Engel, one of the few Democratic speakers, "do the work of Satan."

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This melding of realpolitik and religion, say former and current U.S. officials, has produced a potent force. Israel's evangelical supporters "were out there before, but didn't really appear on the radar screen," says Dennis Ross, a Middle East envoy in the administrations of both George H.W. Bush and Bill Clinton. "Now they are an important part of the landscape." More than any prior White House, the Bush administration has established formal, regular contacts with American evangelical leaders.

The White House says it isn't overly influenced by any one group. "The president makes decisions about policies for our country based on what is right for our citizens," says Dana Perino, deputy press secretary. "The United States has been an ally of Israel since its founding, and President Bush has worked to strengthen that alliance."

The main vehicle for Mr. Hagee's pro-Israel activities over the years has been San Antonio's Cornerstone Church, which he first joined as pastor back in 1975 when it was called Church of Castle Hill, a moribund parish with only a few dozen worshippers and heavy debts. He had quit his previous church the same year during a messy divorce that was quickly followed by his remarriage to a young churchgoer. Attracted by Mr. Hagee's mix of thundering oratory and folksy humor, the congregation mushroomed.

The son of a puritanical preacher, Mr. Hagee first visited Israel in 1978. He says he went there "as a tourist and came back home a Zionist." While in Israel, Mr. Hagee visited Jerusalem's Western Wall and says he felt a "nearness to God like no other place on Earth." At that moment, he recalls, "The Lord required of me to do everything I could to bring Christians and Jews together."

After returning to Texas, Mr. Hagee says he plunged into a "three-year study binge to discover the Jewish roots of Christianity." This coincided with a surge of contacts between American evangelicals and the then Israeli government of Menachem Begin, a devout biblical scholar and hardline defender of Israel's right to territories won in 1967. Mr. Begin worked hard to cultivate American evangelicals, with whom he shared a belief that Israel's birth in 1948 and subsequent struggles were a fulfillment of biblical prophecy.

Mr. Hagee says he met with Mr. Begin three times.

When Mr. Begin ordered Israel's air force to bomb Saddam Hussein's Osirak nuclear reactor in 1981, Mr. Hagee was horrified by widespread criticism that followed. After reading a San Antonio newspaper that described the attack as an act of "gunboat diplomacy," he decided to organize a pro-Israel gathering.

Local Christians initially showed little enthusiasm for the idea. San Antonio's Jewish community was even more wary. "There was a lot of skepticism," recalls Aryeh Scheinberg, an Orthodox rabbi who took part in meetings among Jewish leaders to decide how to respond to Mr. Hagee's proposal. "Everyone wanted to know: 'What does he really want?' I said, 'Let's give the man a chance and take the risk.' "

The pro-Israel gathering went ahead with both Jews and Christians present. As Mr. Scheinberg mounted the podium to deliver a final prayer, security told Mr. Hagee of a bomb threat. Mr. Hagee, a stocky man who got to college on a football scholarship, says he asked God to make the rabbi pray "not like Moses but like a Presbyterian late for lunch." The threat was a hoax.

The event has been held every year since, though some Jewish leaders refuse to attend and reject any alliance with Mr. Hagee. "Many of his views are hateful," says Barry Block, a prominent reform rabbi in San Antonio, who accuses Mr. Hagee of demonizing Muslims and propounding a divisive right-wing agenda that erodes the barrier between church and state.

When addressing Jewish audiences, Mr. Hagee generally avoids talking about Armageddon. But his books, whose titles include "Beginning of the End" and "From Daniel to Doomsday," are filled with death and mayhem. "The battlefield will cover the nation of Israel!" he writes in "Jerusalem Countdown," his recent work, describing a "sea of human blood drained from the veins of those who have followed Satan."

Some fellow evangelicals accuse Mr. Hagee of ignoring Arab Christians. Donald Wagner of North Park University, an evangelical Christian college in Chicago, first traveled to Israel at around the same time as Mr. Hagee but reached the opposite conclusion. "I was very pro-Israel until I went there," says Mr. Wagner, who heads a research group that challenges the theology of Christian Zionists.

A Turn to Television

Little known outside of Texas when he first embraced Zionism, Mr. Hagee turned to television to promote Jesus, Israel and his own name. His main platform for this was Global Evangelism Television Inc., a nonprofit organization. First set up in 1978, GETV initially relayed the programming of others to local cable operators. In the 1980s it began pumping out its own shows featuring Mr. Hagee for broadcast on national Christian networks. His sermons and chat shows now appear on 120 stations and, he says, reach more than 90 million homes.

By the mid-1980s his flock had outgrown his church in central San Antonio. In 1987, Cornerstone moved to a 35-acre suburban campus with a 5,000-person assembly hall and a new television and radio studio.

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As his exposure grew, so did controversy. He ran into flak for inviting former White House aide Oliver North, a pardoned felon, and disgraced televangelist Jimmy Swaggart to speak at Cornerstone. He also feuded with the U.S. Postal Service over nonprofit rates for church mailings that contained ads for his books and videos. (He sued and, he says, got a refund of around $40,000.)

Mr. Hagee also upset black leaders. To help students seeking odd jobs, his church newsletter, The Cluster, advertised a "slave" sale. "Slavery in America is returning to Cornerstone," it said. "Make plans to come and go home with a slave." Mr. Hagee apologized but, in a radio interview, protested about pressure to be "politically correct" and joked that perhaps his pet dog should be called a "canine American."

The quarrels didn't stop the steady growth of his congregation, which is multiracial. His "nights to honor Israel" got bigger, too, as did his clout as a fund-raiser for Israeli causes. He says he has raised over $12 million so far.

Increasingly prominent, the preacher attracted the eye and, initially, the ire of Jerry Falwell, the dean of the Christian right and another enthusiastic supporter of Israel.

In 1994, The National Liberty Journal, a conservative monthly run by Mr. Falwell, labeled Mr. Hagee a "heretic" for championing so-called dual-covenant theory -- a belief that Jews and Christians have separate deals with God that allow each to get into heaven. The traditional Christian view is that Jews and other non-Christians must convert -- or end up on the wrong side of the battle of Armageddon.

Soon after the article appeared, Mr. Falwell arranged to meet the Texan at a Christian pow-wow in Memphis. Mr. Hagee, says Mr. Falwell, convinced him that he didn't believe in the "dual covenant." Mr. Falwell now sits on the board of Christians United for Israel.

Mr. Hagee, citing a New Testament verse, says a "remnant of Jewish people...have favor with God right now" but he is vague on which Jews will get to heaven without conversion, saying that only God knows this. He dismisses the dual-covenant issue as "something to start coffee-table debate."

Closer to Power

Mr. Bush's 2000 election victory and the Republican Party's control of both houses of Congress brought evangelical Christians closer to power than ever before. Mr. Hagee had met Mr. Bush several times while he was Texas governor and solidly supported his push for the White House. Mr. Hagee was closer, though, to another powerful Texan, Congressman Tom DeLay. Soon after becoming majority leader in the House of Representatives, Mr. DeLay gave the keynote speech at Mr. Hagee's 2002 pro-Israel gathering in San Antonio. Mr. DeLay, since embroiled in a corruption scandal, also spoke last week in Washington.

In 2003, The San Antonio Express-News dug into Mr. Hagee's filings with the Internal Revenue Service. The article alleged no wrongdoing, but reported that Mr. Hagee received more than $1.25 million in 2001 for his church and TV work and had a trust that includes a nearly 8,000-acre $2.1 million Texas ranch.

Mr. Hagee says that the bulk of his earnings comes from royalty payments from his 21 books, not from churchgoers' donations. He says he'll earn much the same this year if book sales hold up.

His finances under the spotlight, Mr. Hagee reorganized his holdings in a way that allowed him to avoid having to make public filings. In September 2004, Global Evangelism Television re-registered as a church under the name Grace Church of San Antonio. Churches, unlike religious TV companies and other nonprofit outfits, are exempt from filing detailed returns with the IRS. A further reorganization in recent weeks moved all assets into Cornerstone Church. None of the Church's financial records are publicly available. Mr. Hagee said his lawyers had recommended the changes for "greater clarity."

President Bush abandoned President Clinton's efforts to secure a big-bang peace settlement to the Israel-Palestine conflict but, under prodding from Britain and others, did back a slow-paced plan known as the Roadmap for Peace.

In May 2003, Mr. Hagee and other evangelical leaders sent a letter to President Bush applauding the invasion of Iraq but complaining about the Israel-Palestine peace plan. They said it would be "morally reprehensible" for the U.S. to be "evenhanded" between Israel and "the terrorist-infested Palestinian infrastructure."

Last fall, he took his annual "night to honor Israel," to Israel, holding the event in the hangar of an Israeli air-force base. He spoke at the Israeli Parliament and organized a visit for his U.S. followers to Megiddo, an Israeli hilltop that he believes will be the site of the battle of Armageddon.

Mr. Hagee also started laying plans for Christians United for Israel, hoping to meld a plethora of mostly small pro-Israel Christian groups into a national network. He contacted Mr. Falwell, who says he immediately offered support. He hired David Brog, a lawyer who had worked in both Israel and on Capitol Hill and who is a distant cousin of former Israeli Prime Minister Ehud Barak, as the new organization's executive director.

As Mr. Hagee's plans took shape last fall, American Israel Public Affairs Committee, the pro-Israel lobby, set up an "outreach" unit to work with Christians and others. Appointed to head the unit was a San Antonio native who had previously worshipped at the synagogue of Mr. Scheinberg, the Orthodox rabbi who has been one of Mr. Hagee's keenest supporters.

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Christians United for Israel held its first meeting in San Antonio in February and immediately began organizing last week's Washington event. To galvanize support and allay suspicions in some quarters of his motives, Mr. Hagee traveled around the country, meeting with Christian and Jewish leaders. Some Jews worry that Christian-Zionists want to convert Jews to Christianity, something Mr. Hagee has always denied.

The current eruption of violence, says Mr. Hagee, shows that Israel should not surrender land in search of peace and that Christians and Jews are on the same side.

"If God opposes giving away the land, if it has never worked, let's come up with another plan," he thundered last week. "Do not give the land away. It belongs to you. It is God's heritage to you."

Endgame In Lebanon (WP)

The Washington Post, July 27, 2006

AS A CONFERENCE in Rome yesterday demonstrated, the Bush administration and European and Arab governments nominally agree on what should be the outcome of the fighting in Lebanon: a "lasting, permanent and sustainable" cease-fire, the disarmament of Hezbollah, and the creation of a new international force that would deploy to southern Lebanon along with the Lebanese army. That would be a good outcome for all who favor consolidating Lebanon's democracy and a Middle East peace settlement. It would be a defeat for the Hezbollah movement and its backers in Syria and Iran.

There are two big problems, however, with this endgame. One is that the goals laid out in Rome will be extremely difficult to achieve on the ground, where they will be strongly resisted by Hezbollah. By its own account Hezbollah maintains its militia for the sole purpose of threatening Israel -- and it will fight to preserve that threat. It's not clear that Israel's attempt to destroy Hezbollah's military capability will succeed; so far the cost in civilian casualties has been disturbingly high. If the offensive fails or is checked by international intervention, then some other force will have to be brought to bear.

That brings us to the other problem, which is the unwillingness of many of the European and Arab participants in Rome to support means that might achieve the ends they endorsed. The governments say they want to create "lasting security" along the border, but they also demand an immediate cease-fire, which would leave Hezbollah and its arsenal of rockets in place in southern Lebanon. Germany, among other European governments, has said an international force should not forcibly disarm Hezbollah and should deploy only with its agreement. But how, then, would the militia be disarmed? U.N. Secretary General Kofi Annan argues that Iran and Syria should be part of the settlement. But the goals of those two nations -- which include reversing Lebanon's Cedar Revolution -- are utterly incompatible with those of the Rome group.

The truth is that there is no reasonable compromise to be made with the extremists who began this war: Either they will retain an extra-governmental military force that can attack Israel whenever it suits the interests of the Iranian or Syrian regimes, or they will lose that capacity. If they are to lose it, then the Rome conference governments must be prepared to support realistic measures to achieve that result. These need not be only military; just as important will be the effort to bolster the Lebanese government so that it attains the political strength and will to assert its authority.

Israel can contribute to that process by supporting humanitarian relief and reconstruction now and by being ready to negotiate with Lebanon in the future about outstanding issues. But Israel should not be asked to meet the terms of Hezbollah or its sponsors, or to accept a continuing military threat from Lebanon. That would be a defeat not just for Israel but for all the countries that met yesterday in Rome.

Failure Upon Failure (NYT)

By Bob Herbert

The New York Times, July 27, 2006

Imagine a surgeon who is completely clueless, who has no idea what he or she is doing.

Imagine a pilot who is equally incompetent.

Now imagine a president.

The Middle East is in flames. Iraq has become a charnel house, a crucible of horror with no end to the agony in sight. Lebanon is in danger of going down for the count. And the crazies in Iran, empowered by the actions of their enemies, are salivating like vultures. They can't wait to feast on the remains of U.S. policies and tactics spawned by a sophomoric neoconservative fantasy — that democracy imposed at gunpoint in Iraq would spread peace and freedom, like the flowers of spring, throughout the Middle East.

If a Democratic president had pursued exactly the same policies, and achieved exactly the same tragic results as George W. Bush, that president would have been the target of a ferocious drive for impeachment by the G.O.P.

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Mr. Bush spent a fair amount of time this week with the Iraqi prime minister, Nuri Kamal al-Maliki. There was plenty to talk about, nearly all of it hideous. Over the past couple of months Iraqi civilians have been getting blown away at the stunning rate of four or five an hour. Even Karl Rove had a tough time drawing a smiley face on that picture.

"Obviously the violence in Baghdad is still terrible," said Mr. Bush, "and therefore there needs to be more troops."

One did not get the sense, listening to this assessment from the commander in chief, that things would soon be well in hand. There was, instead, a disturbing sense of déjà vu. A sense of the president at a complete loss, not really knowing what to do. I recalled the image of Mr. Bush sitting in a Sarasota, Fla., classroom after being informed of the Sept. 11 attacks. Instead of reacting instantly, commandingly, he just sat there for long wasted moments, with a bewildered look on his face, holding a second-grade story called "The Pet Goat."

And then there was the famous picture of Mr. Bush, on his way back from a monthlong vacation, looking out the window of Air Force One as it flew low over the destruction wrought by Hurricane Katrina. "It's devastating," Mr. Bush was quoted as saying. "It's got to be doubly devastating on the ground."

I'll tell you what's devastating. The monumental and mind-numbing toll of Mr. Bush's war in Iraq, which is being documented in a series of important books, the latest being Thomas Ricks's "Fiasco." Mr. Ricks gives us more disturbing details about the administration's "flawed plan for war" and "worse approach to occupation."

Near the end of his book, he writes:

"In January 2005, the C.I.A.'s internal think tank, the National Intelligence Council, concluded that Iraq had replaced Afghanistan as the training ground for a new generation of jihadist terrorists. The country had become 'a magnet for international terrorist activity,' said the council's chairman, Robert Hutchings."

Saddled with one failure after another, the administration seems paralyzed, completely unable to shape the big issues facing the U.S. and the world today. Condoleezza Rice is in charge of the diplomatic effort regarding Lebanon. She's been about as effective at that as the president was in his response to Katrina.

But Dr. Rice is still quick with the scary imagery. Her comment, "I have no doubt there are those who wish to strangle a democratic and sovereign Lebanon in its crib," recalls her famous, "We don't want the smoking gun to be a mushroom cloud."

It might help if she spent less time giving us provocative metaphors and more time on the very difficult nuts and bolts of trying to maintain or bring about peace.

It may be that a hamstrung Bush administration is a better bet than the same crew being free to act as it pleases. Imagine how much better off we'd have been if Congress had found the wisdom and the courage to prevent the president from invading Iraq.

In two years and a few months Americans will vote again for president. I hope the long list of tragic failures by Bush & Co. prompts people to take that election more seriously than some in the past. If you were about to be lifted onto an operating table, you'd be more interested in the competence of the surgeon than in his or her personality.

Mr. Bush's record reminds us that similarly careful consideration should be given to those who would be president.

The Tribes Of War (NYT)

By Abbas El-Zein

The New York Times, July 27, 2006

Sydney, Australia

MY grandmother was killed in southern Lebanon by an Israeli "precision" air raid as she fled the Israeli Army in March 1978. My uncle searched for her desperately amid the invasion. News kept coming from different quarters, some confirming she had died, others maintaining she was alive in a hospital in Lebanon or Israel.

My uncle finally found her in the village of Abbasiyeh, on the hills overlooking the orchards of the city of Tyre. He recognized her body from the clothes she had been wearing, gathered her remains and buried her. My mother, who had been worn down by the contradictory reports, collapsed upon hearing the news. She had had a trivial dispute with her mother a couple of weeks earlier, and never forgave herself for not making up.

I was 15 at the time and what I remember most was my mother's shriek coming to a sudden end, her body abruptly surrendering to pain. It was as if she had to share some of her grief with us, draping it on the walls of our house, then keep the rest inside her, in a private pact with her mother.

When the civil war in Lebanon ended, in 1990, we took a while to believe it. It could restart at any time, an inner voice told us. A few years later, peace became the norm. Everyone believed in it and belief made it more real. We never suspected that, years later, our original skepticism would be cruelly validated, and the fragility of collective sanity in the Middle East would be exposed once again.

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The estimated death toll from the 1982 Israeli invasion of Lebanon was 18,000, about 0.5 percent of the population. Twenty-four years later, I have yet to hear any sign of remorse emanating from Israeli society. Nor were there any reparations for the carnage wrought by the Israeli Army. When the Israeli press, politicians and intellectuals speak with regret about the "Lebanon War," it is usually to say the cost to Israel was too high or to point out that the invasion failed to achieve its objectives. The Lebanese fatalities are rarely discussed.

A joke went around during the civil war that it was safer to be a target of the Israeli warplanes than to be exposed to the ineffectual anti-aircraft fire directed against them. Lebanese bullets seemed certain to hit you if you fled, whereas if you stayed put, the Israeli missiles would probably land in your neighbor's house, not yours.

Since then, air strikes have grown more precise and the Israeli Air Force appears to have expanded its range: planes now target your neighbor's house and your own. Recent images from Lebanon are chillingly familiar — fathers watching their children die, mothers expiring in children's laps. Dozens of stories like my grandmother's are being re-enacted. Dozens of new graves are being dug.

An ancient city and a sovereign nation are being destroyed. The people of Haifa are suffering, too, and Hezbollah unquestionably bears responsibility for its raid on an Israeli military patrol, which began the latest violence. But the scale of suffering is imbalanced, and so is the apportionment of blame. It was the Israeli government, not Hezbollah, let alone the Lebanese government or people, that chose to start this all-out war.

More is at stake now than the fate of Lebanon. If the West does not persuade Israel to stop its attacks, that failure will add to a creeping sense that, in its fight with Islamic fundamentalism, the West has abandoned its claim to moral superiority based on respect for human rights and international law, and is pursuing instead a war based increasingly on tribal solidarity. What a tragedy this would be, especially for those of us who crave a modern, peaceful Middle East. And what a triumph for the varied strains of bin Ladenism — Muslim, Christian and Jewish alike.

Try Talking With Syria (WP)

By David W. Lesch

The Washington Post, July 27, 2006

Assad Isn't Going Away

Syrian President Bashar al-Assad has been a lonely man in international circles of late. Indeed, one of the few Americans with whom he has had contact in the past few years has been a professor (me) who wrote a book about him -- not exactly high-powered diplomacy.

Assad was a tremendous disappointment to many U.S. officials after a promising beginning when he came to power in 2000. Considering the dilapidated, broken-down country he inherited, however, the expectations were misplaced. And because they were so high, so was the level of disappointment.

Along with accusations of Syrian support for the insurgency in Iraq, Washington began to view Assad as being on the wrong side of the war on terrorism. Indeed, with Syria's neo-patrimonial structure staring down the Bush administration's attempt to spread democracy in the region, the regime was seen as being on the wrong side of history.

Thus the long-held disdain among American neoconservatives for the Assads (Bashar and his late father, Hafez) became Bush administration policy, along with the strategic goal of weakening Syria. The young Syrian leader was dismissed as an inept buffoon who wasn't really in control. Regime change in Damascus became U.S. policy in all but name, especially after the assassination of former Lebanese prime minister Rafiq Hariri in early 2005, in which Syria was seen as the culprit. The Syrian president couldn't even obtain a visa to attend a U.N. General Assembly summit meeting.

Assad has confounded the critics, though. He has survived, despite a few glaring missteps. And it has to be acknowledged by now that one doesn't last six years as president of Syria without being at least somewhat clever, politically skilled and strong-willed.

In fact, Assad is more securely in power and more confident in his leadership today than he has ever been -- although perhaps, as recent events have shown, maybe a bit overconfident. He has weeded out most of the "old guard" from his father's reign, and he funneled the international pressure related to the Hariri assassination and subsequent withdrawal of Syrian troops from Lebanon into a nationalistic response that has coalesced in support of the regime.

From Assad's point of view, the United States is stuck in a quagmire in Iraq. It is also deeply concerned about Iran. Meanwhile, President Bush's democracy promotion has hit a brick wall. But Assad continues to talk to practically no one from a Western government.

There are many reasons for the current crisis in the Middle East. It is largely the result of American weakness and perceived illegitimacy, stemming from U.S. folly in Iraq, which has allowed state and sub-state actors to assert themselves.

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From Syria's perspective, the crisis is seen as a search for relevance. Damascus needs at least a few arrows in what has been an empty quiver of diplomatic leverage. Assad wants to be taken seriously. He believes the sincere overtures he made to the United States and even Israel in his first few years in power were categorically rebuffed -- and in fact they were. After all, he was seen as being on the wrong side of history.

Once before, an Arab leader felt rebuffed in much the same way. That was in 1973, and the leader was Egyptian President Anwar Sadat. He launched an Arab-Israeli war to reactivate diplomacy and improve his bargaining position with regard to return of the Sinai Peninsula. The United States was smart enough to recognize these motives at the time, and it engaged in a diplomatic process that led to the 1979 Egyptian-Israeli peace treaty.

Leaders reach out in interesting, and occasionally lethal, ways. The Bush administration should not, however, react to the current situation by continuing to isolate and threaten Syria. Recognize the situation for what it is, because, like it or not, Bashar al-Assad is sticking around. Just because diplomacy is what he is ultimately searching for should not obviate the possibility of diplomacy.

In coming weeks, one hopes, the Syrian president will be talking with someone from the United States other than a professor who wrote a book about him.

The writer is professor of Middle East history at Trinity University in San Antonio and author of "The New Lion of Damascus: Bashar al-Assad and Modern Syria."

A Middle East Chess Match (WT)

By Thomas Lipscomb

The Washington Times, July 27, 2006

The Israeli military has already been surprised by the carefully prepared defenses of Hezbollah, just across the Lebanese border. Their leader, Sheikh Hassan Nasrallah, and his Iranian sponsors have clearly not been wasting their time over the past six years. Israel's military has been facing first-rate defenses that are breaking up the effectiveness of invading Israeli armor with both fixed defenses like mines and IEDs and well-employed flexible defenses like anti-tank missiles. Israeli armor is already responding with a quick fix, like installing belly armor to save their highly trained crews if they can't keep their tanks from being knocked out.

But a key element in understanding the underlying Hezbollah strategy may be paying attention to the kind of missiles being used up to this point in the engagement. They are almost all short-range area weapons like obsolete Katuysha rockets. Doesn't that seem very strange indeed, as Israeli forces freely pound Hezbollah targets in the Bekaa Valley and southern Beirut with the most sophisticated laser-guided munitions?

For now, as Israel attacks north, it has to pay a high price for eliminating the least effective missiles in the Hezbollah arsenal. Even assuming Israel captures all of them, there are still an estimated 2,000 missiles out of reach that are far more dangerous.

Has Hezbollah prepared a very clever defense in depth? Will a battered Israeli military move northward, only to find it thought it left things safe behind them -- paying a higher and higher price as more modern missiles start reaching out at far longer ranges than the antique Katuyshas? Their range is no longer 25 miles but 155 miles, with missiles that can reach key points in Tel Aviv and elsewhere. And won't this create intolerable political pressures on the government of Israel?

The United States has already suffered from the propaganda and strategic effect of directed weapons on September 11. What if the first Hezbollah long-range missile attack lands on the Knesset in session?

Mr. Nasrallah has already stated he has a "surprise" waiting for the Israelis. And he isn't the sort of leader who postures impotently for photo-ops, like Yasser Arafat, while totally lacking the military capability for anything besides harassment. His calm announcement that he had informed the Lebanese government in advance that he intended to kidnap Israeli soldiers had to throw a shock into those still wishing to dismiss him as some out-of-control warlord whose host state would welcome his removal.

It is time to admit that, if this is Mr. Nasrallah's strategy, it is far too late to interdict his supply lines. He has already installed and hidden all the weapons he needs to carry out this attack. The Israeli military is using its considerable skills to locate them in Lebanon. But if only 5 percent -- or even 50 sophisticated weapons -- survive to land on effective targets in Israel, what real "negotiated peace" is possible?

Under these circumstances, the Middle East may well be facing another of those interim truces being pressed by the usual clueless international entities that have solved nothing and only ramp up the next level of confrontation. Even if a NATO force moves in to occupy the area south of the Litani River the Lebanese Army couldn't, or wouldn't, occupy according to U.N. Resolution 1559 and Israeli forces declare victory and go home, in reality Hezbollah and Iran become more empowered and Israel becomes the most vulnerable it has ever been.

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That kind of "solution" may eliminate any useful Katuysha sites, but it also leaves Mr. Nasrallah's Hezbollah firmly emplaced with its most effective standoff weapon arsenal and the trained forces to employ them no matter what kind of idiotic "demilitarization" clause they agree to and ignore in the negotiated truce. And Lebanon will have made a giant step in undoing its "Cedar Revolution."

Freed from direct Syrian control, Lebanon will have only moved from the host of a stateless terror group to another failed state politically now under Hezbollah's direct control. And Iran becomes the real beneficiary of this proxy war against Israel, gaining a stunning victory in its real battle for the leadership of the Middle Eastern Muslim world -- without a direct confrontation with either Israel or the United States -- that will significantly alter the balance of power in the Persian Gulf.

There has been a controversy for centuries over who invented chess. The leading contenders remain India and Persia, which today is called Iran. As this engagement unfolds, the odds have to be increasing that it was Persia.

But chess depends upon harnessing a limited number of inexorable probabilities, which is why the IBM computer Deep Blue finally was able to beat a chess master. Iran has to be concerned that human beings play other games as well. Israel knows who it is really confronting. Faced with the "solution" above, which for the first time threatens its very existence in a conventional engagement, Israel may well change the name of the game.

Thomas Lipscomb is an investigative reporter and a fellow of the Annenberg Center for the Digital Future.

Middle East War: Made In Europe (LAT)

By Timothy Garton Ash

The Los Angeles Times, July 27, 2006

WHEN AND WHERE did this war begin? Shortly after 9 a.m. local time on Wednesday, July 12, when Hezbollah militants seized Ehud Goldwasser and Eldad Regev — Israeli reservists on the last day of their tour of duty — in a cross-border raid into northern Israel? Friday, June 9, when Israeli shells killed at least seven Palestinian civilians on a beach in the Gaza Strip? In January, when Hamas won the Palestinian legislative elections in a backhanded triumph for an American policy of supporting democratization? In 1982, when Israel invaded Lebanon? In 1979, with the Islamic revolution in Iran? In 1948, with the creation of the state of Israel? Or how about Russia in the spring of 1881?

Simple questions require such complicated answers. Even if the basic facts are agreed on, every term is disputed: Militants, soldiers or terrorists? Seized, captured or kidnapped? Every selection of facts implies an interpretation. And in tortured histories like this, every horror will be explained or justified by reference to some antecedent horror, as poet James Fenton wrote in his "Ballad of the Imam and the Shah."

From tyranny to tyranny to war
From dynasty to dynasty to hate
From villainy to villainy to death
From policy to policy to grave
… The song is yours. Arrange it as you will.

Yet observing European responses to the current conflict, I want to insist on Europe's own strong claim to be among the earliest causes. The Russian pogroms of 1881; the French mob chanting "à bas les juifs" as Capt. Alfred Dreyfus was stripped of his epaulets at the Ecole Militaire; the festering anti-Semitism of Austria about 1900, shaping the young Adolf Hitler; all the way to the Holocaust of European Jewry and the waves of anti-Semitism that convulsed parts of Europe in its immediate aftermath. It was that history of increasingly radical European rejection, from the 1880s to the 1940s, that produced the driving force for political Zionism, Jewish emigration to Palestine and eventually the creation of the state of Israel.

"What made me a Zionist was the Dreyfus trial," said Theodor Herzl, the father of modern Zionism. If Europe decided that each nation should have its own state, would not accept even emancipated Jews as full members of the French or German nation and eventually became the scene of the attempted extermination of all Jewry, then the Jews must have their own national home somewhere else.

And never again would Jews go as lambs to the slaughter. As Israelis, they would fight for the life of every single fellow Jew. The 19th century stereotypes of German Helden and Jewish Händler have been reversed. The Germans, and most of today's bourgeois Europeans, have become the eternal traders; the Jews, in Israel, the eternal warriors.

Of course, this is only one thread in perhaps the world's most complicated political tapestry, but it's a very important one. I don't think any European should speak or write about today's conflict in the Middle East without displaying some consciousness of our own historical responsibility. I'm afraid that some Europeans today do so speak and write; and I don't just mean the German right-wing extremists who marched through the town of Verden in Lower Saxony on Saturday, waving Iranian flags and chanting "Israel — international genocide center." I also mean thinking people on the left.

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Even as we criticize the way the Israeli military is killing Lebanese civilians and U.N. monitors in the name of recovering Goldwasser (and destroying the military infrastructure of Hezbollah), we must remember that all of this almost certainly would not be happening if some Europeans had not attempted, a few decades back, to remove everyone named Goldwasser from the face of Europe — if not the Earth.

Let me be very clear what I mean. It does not follow from this terrible European history that Europeans must display uncritical solidarity with whatever the current government of Israel chooses to do. On the contrary, the true friend is the one who speaks up when you're making a mistake.

It does not follow that every European who criticizes Israel is a covert anti-Semite, as some commentators in the U.S. tend to imply. And it does not follow that we should be any less alert to the suffering of the Arabs, including the Palestinian Arabs who fled or were driven out of their homes at the founding of the state of Israel, and their descendants who grew up in camps. The life of every Lebanese killed or wounded by Israeli bombing is worth exactly as much as that of every Israeli killed or wounded by Hezbollah rocket attacks.

Does it follow that Europeans have a special obligation to get involved in trying to secure a peace settlement in which the state of Israel can live in secure frontiers next to a viable Palestinian state? I think it does. Even if you don't accept this argument from historical and moral responsibility, Europe's vital interests are plainly at stake: oil, nuclear proliferation and the potential reaction among our alienated Muslim minorities, to name but three.

It's less clear what that involvement should be. One proposal is for European forces to participate in a multinational peacekeeping force in southern Lebanon, but that only makes sense if realistic parameters are established for a clear, feasible and finite mission. Those are not yet in sight. Even a cease-fire is not yet in sight.

The truth is that, now more than ever, the diplomatic key lies in the full engagement of the U.S., using its influence with Israel and negotiating as directly as possible with all partners to the conflict, however unsavory. Until that happens, Europe alone can do little.

Yet the issue here is not just changing the realities on the ground in the Middle East. How Europeans speak and write about the position of the Jews in the region to which Europeans drove them is also a matter of our own self-definition. We should weigh every word.

Hezbollah Fighters Kill 9 Israeli Soldiers (AP-Y)

By Sam F. Ghattas

AP2, July 27, 2006

Hezbollah dealt Israel its heaviest losses in the Lebanon campaign Wednesday, killing nine soldiers in fierce firefights. With key Mideast players failing to agree on a formula for a cease-fire, an Israeli general said the operation could last weeks.

Israel said it intends to damage Hezbollah and establish a "security zone" that would be free of the guerrillas and extend 1.2 miles into Lebanon from the Israeli border. Such a zone would prevent Hezbollah from carrying out cross-border raids such as the one two weeks ago which triggered the Israeli military response.

Israel said it would maintain such a zone, with firepower or other means, until the arrival of an international force with muscle to be deployed in a wider swath of southern Lebanon — as opposed to the U.N. force already there that has failed to prevent the violence.

In Rome, Secretary of State Condoleezza Rice said participants at a daylong conference on the Mideast crisis agreed Wednesday on the need for a strong international force under a U.N. mandate. Italy, Turkey and Spain all said they might send troops.

Rice said more work was needed to define the force and its mission. U.N. Secretary-General Kofi Annan, Lebanese Prime Minister Fuad Saniora and diplomats from European and moderate Arab countries also attended the meeting; Israel, Iran and Syria did not.

The Israeli bombardment has failed to stop guerrilla rocket fire, even while killing hundreds, driving up to 750,000 people from their homes and causing billion of dollars in damage. Hezbollah fired another large barrage into northern Israel on Wednesday — 151 rockets that wounded at least 31 people and damaged property from the suburbs of the port on Haifa on the Mediterranean Sea to the Hula Valley above the Sea of Galilee. Over the past two weeks, the guerrillas have fired 1,436 rockets into Israel.

Pushing Hezbollah back with ground troops was proving to be bloody. Several thousand troops are in Lebanon, Israeli military officials said — mainly in a roughly 6-square-mile pocket around the town of Bint Jbail, a Hezbollah stronghold just over two miles from the border.

The Hezbollah fighters are heavily outnumbered, with some 100 in Bint Jbail and several hundred more in surrounding fields, bunkers and cave, according to the officials. But they use classic guerrilla tactics, choosing when to strike in the hilly

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territory they know well. They are dug in with extensive tunnel networks and stockpiling weapons, including rockets with which they pelted Israeli forces Wednesday.

Violence was also increasing on the other front of Israel's fight on Islamic militants: Gaza, where Hamas-linked militants are holding an Israeli soldier seized a month ago. A force of 50 tanks and bulldozers entered the northern Gaza Strip to battle Hamas gunmen. Israeli air and artillery attacks killed 23 Palestinians, including at least 16 militants and three young girls.

Israel was feeling pressure on the international front — and anger over a bombing Tuesday night that directly hit a U.N. observation post on the border, killing four U.N. observers.

At the Rome talks, Rice resisted pressure from allies for Washington to change its stance and call for an immediate halt to the violence.

Rice insisted any cease-fire must be "sustainable" and that there could be "no return to the status quo" — a reference to the U.S. and Israeli position that Hezbollah must first be pushed back from the border and the Lebanese army backed by international forces deployed in the south.

The chief of Israel's northern command warned that the fight would drag on.

"I assume it will continue for several more weeks, and in a number of weeks we will be able to (declare) a victory," Maj. Gen. Udi Adam told a news conference.

While the ground battle was intensifying, the bombardment in rest of Lebanon appeared to be easing. Israeli jets were heard repeatedly over Beirut in the evening, but the capital saw no strikes.

About 24 airstrikes were reported outside the immediate border region Wednesday, down from nearly 30 a day recently. One strike in the center of the southern port of Tyre collapsed the top floor and ripped the facade off an empty seven-story building where Hezbollah's top commander in the south has offices. The strike wounded 13 people, including six children, nearby.

Warplanes continued to target trucks at a time when aid groups are worried about moving aid to the south by truck. Three trucks carrying vegetables were hit in the Bekaa Valley and another on a road between Syria and Beirut.

The eight deaths in Bint Jbail, which Israel has been trying to take for four days, were the heaviest Israeli casualties in a single battle during the Lebanon campaign.

Israeli troops had thought they secured the area around the town, but the guerrillas ambushed a patrol before dawn, said Capt. Jacob Dallal, an Israeli army spokesman. A rescue force went in, and fighting escalated. Hezbollah said its guerrillas ambushed an Israeli unit from three sides as it tried to advance from a ridge on the outskirts of the town.

Eight soldiers were killed and 22 wounded in the fighting, the army said. It later reported a ninth soldier killed and several other casualties in the nearby village of Maroun al-Ras.

At least 30 guerrillas were killed Wednesday, an Israeli military official said, speaking on condition of anonymity because he was not authorized to release the information. Hezbollah announced no casualties; it has acknowledged 19 dead in four days of fighting around Bint Jbail.

The area features dense growth of underbrush and trees, with hills and narrow, winding roads — ideal for guerrilla emplacements and ambushes. Israeli media reported that some of the casualties resulted from direct hits by anti-tank rockets and others from roadside bombs.

So far, Israeli troops have gone house to house taking positions on the outskirts of the town, without going far inside Bint Jbail, the Israeli official said.

Bint Jbail has great symbolic importance for the Hezbollah guerrillas, who are Shiite Muslims. It has the largest Shiite community in the border area and was known as the "capital of the resistance" during Israel's 1982-1990 occupation because of its vehement support for Hezbollah.

An Israeli seizure of the town would rob Hezbollah of a significant refuge overlooking northern Israel and force its fighters to operate from smaller, more vulnerable villages in the south.

Wednesday's deaths brought to 51 the number of Israelis killed in the campaign, including 32 members of the military, according to the military.

In Lebanon, at least 423 people have been killed — including 376 civilians reported by the Health Ministry and security officials, 20 Lebanese soldiers and 27 fighters Hezbollah has acknowledged were killed. Israel says more than 100 guerrillas have been killed.

About 100 foreigners who had been visiting family homes in Yaroun — a few miles from Bint Jbail — fled to Tyre and said their village had been ravaged by bombardment. Most of the foreigners were Americans of Lebanese descent.

"It was worse than a nightmare. I saw dogs and cats on bodies that couldn't be taken from bombed-out houses. We ran from one building to another trying to escape the bombing," said Ali Abbas Tehfi of Los Angeles.

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"It didn't stop. It didn't stop even for a day. Everything is finished," he said. He said an unknown number of Americans were still trapped in Yaroun.

West Fears Hezbollah's Organized Fighting Style (WT)

By Rowan Scarborough

The Washington Times, July 27, 2006

Hezbollah's display of coordinated attacks and small-unit action is surprising the world community and making Western nations think twice about agreeing to put peacekeeping troops between the militant Lebanese Shi'ite group and aggressive Israeli forces, military analysts say.

"It's not that they are fanatical," said retired Army Maj. Gen. Robert H. Scales Jr., a decorated Vietnam combat veteran. "But in many ways, they are quite deliberate. It shows reasonable command and control and training in small-unit action. ... In terms of enemy combatants, the most military competent enemy combatant is Hezbollah."

He said that persuading Western nations to send troops to southern Lebanon would be a "hard sell."

"Few nations want to confront Hezbollah because the terrorist group has an unquenchable lust for martyrdom fueled by a radical Islamic ideology," said retired Army Lt. Col. Robert Maginnis, a military analyst. "I'm not optimistic about the so-called peacekeeping effort. NATO could do the mission, but the French will veto, and besides they already have their hands full in Afghanistan and the Balkans. The European Union is a good candidate, but because members have cut rather than increased their military budgets for more than a decade, they are unlikely to jump on the alternative."

A defense source said yesterday that the Israeli army is somewhat surprised by Hezbollah's fighting tactics and ability to keep launching scores of rockets into Israeli cities despite relentless aerial bombing.

Secretary of State Condoleezza Rice said at a crisis conference in Rome yesterday that European nations agreed on the need for a United Nations-backed peace force for Lebanon. But volunteer nations have been slow to raise their hands.

Israel started waves of air strikes July 12 against hundreds of Hezbollah targets throughout Lebanon. It claimed last week that the air war had destroyed half of Hezbollah's arsenal. But in the war's third week, U.S. intelligence sources told The Washington Times that the damage is less than a third.

Hezbollah has been modernizing its militia of about 1,000 combatants since it was formed in 1982 and has accelerated its expansion since Israel's withdrawal from southern Lebanon in 2000. Iran and Syria stepped up shipments of arms, particularly rockets, while Hezbollah dug in, creating bunkers and underground tunnels within Lebanon's tiny villages.

"Villages have become natural fortifications, and all roads go through these villages," said Gen. Scales.

Hezbollah has accumulated more than 13,000 rockets, some capable of reaching 200 miles inside Israel, according to reported estimates.

Couple Hezbollah's willingness to attack at any time with Israel's aggressive drive to destroy the terror group and it becomes an uninviting scenario for any country contributing peacekeeping troops. There is still the memory of Hezbollah suicide bombers blowing up a Marine barracks in Beirut in 1983, killing 241 American service members.

For any force to enter the 45-mile-by-15-mile hilly, forested area, there must be a cease-fire. That too is proving allusive. Some in the Pentagon doubt Hezbollah would ever cede its territory to foreigners or live by any agreement that prevented it from attacking Israel. The White House has downplayed the chance that any U.S. troops would return to Lebanon as peacekeepers.

Any force likely would have to number in the thousands to successfully discourage more fighting. The Times reported in 2002 on a confidential study at the Army's School of Advanced Military Studies. It said 20,000 troops would be needed to enforce a Israeli-Palestinian peace accord.

Gen. Scales said other militant Arab nations or groups may be looking at the Hezbollah model as a way to fight Israel: not with large armies and tanks, but with small, well-trained guerrilla groups.

Still, Israel owns superior firepower and intelligence, and in the end can defeat Hezbollah if given enough time.

"At the end of the day, they are still a guerrilla force and relatively small," Gen. Scales said.

Israel Redefines Expectations Of What Success Means (LAT)

By Laura King

The Los Angeles Times, July 27, 2006

JERUSALEM — Even before Wednesday's bruising day on the battlefields of south Lebanon, Israel's leaders had begun scaling back public expectations of a decisive — or a quick — victory over the guerrillas of Hezbollah.

Heading into the confrontation, senior Israeli officials had declared that the Shiite Muslim militia would be dealt a blow from which it could not recover. Its arsenal would be destroyed and its fighters driven out of south Lebanon, the officials said.

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Some spoke openly of killing Hezbollah's leader, Sheik Hassan Nasrallah, who triggered the confrontation two weeks ago by sending guerrillas on a deadly cross-border raid that led to the capture of two Israeli soldiers.

"We intend to break this organization," Defense Minister Amir Peretz said of Hezbollah during the war's first days.

The army's chief of staff, Lt. Gen. Dan Halutz, declared that Israel wanted to make clear to the Lebanese "that they've swallowed a cancer and have to vomit it up."

With the fighting in its third week, however, Israelis are being told that Hezbollah can be weakened but not eradicated, that Israeli forces will not be able to police the border zone themselves, and that Hezbollah's rockets continue to pose a threat to Israeli towns.

"The target is not to totally dismantle Hezbollah," said Public Security Minister Avi Dichter, a former head of Shin Bet, Israel's domestic security service. "What we are doing now is to try to send a message to Hezbollah."

Yaron Ezrahi, a political analyst at Hebrew University, said that "the rhetoric from the political establishment was extremely overheated in the early days" of the confrontation.

"Now they are trying to calibrate people's expectations, bring them more in line with what might actually be achieved," he said.

The difficulty of the fight Israel faces was obvious on Wednesday, when nine of its soldiers were killed in southern Lebanon.

Days into the campaign, there was already widespread acknowledgment among Israeli policymakers and commanders that Israel could not achieve its goals by air power alone.

On the ground, in their first major forays into the border zone, Israeli troops this week encountered tougher-than-expected resistance — and suffered heavy casualties.

Elite forces discovered an elaborate maze of fortified caves and tunnels from which Hezbollah fighters, armed with sophisticated weapons, were able to strike at will.

Israeli military intelligence officials believe about 150 Hezbollah fighters have been killed in the offensive. Hezbollah has not acknowledged such losses, which would be a substantial number, considering that the force's hard core is thought to consist of only several thousand fighters.

Yet Hezbollah has maintained its ability to fight. A week ago, Israeli officials confidently said that they had destroyed large numbers of Hezbollah missiles and noted that the number of rockets fired into northern Israel was declining.

Instead, after a brief lull, the number of rockets launched at Israeli towns rebounded and the attacks have continued unabated, virtually shutting down a swath of the country that is home to nearly 1 million people.

Nineteen Israeli civilians have been killed by rocket fire; the latest was a 15-year-old girl killed Tuesday. Thirty-three soldiers have died in the fighting — Israel's largest combat losses in years over such a short span.

The Israeli public still has bitter memories of a steady drumbeat of deaths during the nation's occupation of southern Lebanon in the 1980s and '90s. Returning to ground combat there remains a notion that many dread.

Now, with the ground campaign going slowly, influential military analysts have begun to criticize the choice of tactics used by Israeli commanders, notably the decision to use a relatively small force to try to take the Hezbollah stronghold of Bint Jbeil, only two miles from Israel's border.

In Tuesday's editions of the Maariv newspaper, Amir Rappaport wrote of the "enormous gap between the military challenge posed by Hezbollah, a shadowy guerrilla organization equipped with the best Iranian and Syrian weaponry, and the relatively smaller number of troops" that took part in the incursion.

"In the end, the size of the operation that was decided on — neither several armored divisions that would surge in, nor an aerial operation alone — is liable to claim many casualties without bringing about any dramatic military accomplishment," Rappaport wrote.

A similar critique came from another influential military correspondent, Alex Fishman of the Yediot Aharonot newspaper.

"The public does not quite understand the ground offensive and has the feeling that something about this machine is not working — that it is too slow, too limited, too many accidents, that it should look different," he wrote Tuesday.

So far, Israel's leadership has maintained public support for its war efforts. But some analysts predict that a drawn-out conflict could produce a backlash, even if the outcome eventually brings some long-term strategic benefits to the Jewish state.

"The government still generally has the public's support, but we are seeing the start of some slippage now," said Tamar Hermann of Tel Aviv University, who tracks changes in public attitudes.

"The growing number of casualties, the longer time frame, the fact that everything is getting messier.... What it all adds up to is an erosion in confidence about information given to the public by the authorities," she said.

Israeli analysts acknowledge that Israel's definition of victory is different from Hezbollah's. In order to present itself as victorious, Hezbollah need only survive.

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The group appeared to reap a propaganda bonanza when Nasrallah surfaced unscathed after Israel dropped 23 tons of explosives on what it claimed was an underground bunker in south Beirut last week. It was unknown whether he was there at the time.

By contrast, for Israel, claiming victory will require concrete achievements.

Yuval Steinitz, a member of the parliamentary Foreign Affairs and Defense Committee, argued this week that the offensive already had underscored Israel's capability to deter attacks, fostering a sense in the region that the Jewish state would respond with overwhelming force to any assault on its territory.

But other observers said that any perception that the Israeli military had been bloodied by Hezbollah could be extremely dangerous, because it would embolden the Shiite group's patrons — Iran and Syria — and perhaps others.

"We have to come out of this in a situation where Hezbollah is not able to claim any significant achievement," said Yossi Alpher, a former intelligence official who co-edits the website .

"We have to make sure that the perception is that they didn't achieve anything and brought destruction down on their country."

For Israeli Unit, Hezbollah Lair Is Ambush Site (NYT)

By Craig S. Smith

The New York Times, July 27, 2006

AVIVIM, Israel, July 26 — Two days ago, Israeli officers along the border were saying that they were in control of Bint Jbail, the biggest Hezbollah stronghold within easy striking distance across the border and an important symbolic target. Hezbollah's leader, Sheik Hassan Nasrallah, celebrated Israel's withdrawal from southern Lebanon with a parade there six years ago.

But when Israel sent in its elite Golani Infantry Brigade to secure the town before dawn on Wednesday, hundreds of soldiers were quickly pinned down by a Hezbollah ambush. Eight soldiers were killed almost immediately, and it took until early afternoon to move the dead and wounded two miles under heavy fire to a safe spot where they were picked up by helicopter and flown to a hospital in Haifa.

"It was a tough day," said Maj. Gen. Udi Adam, who heads Israel's Northern Command and is leading operations in Lebanon along with Maj. Gen. Benny Gantz, chief of the ground offensive. General Adam, who met reporters in a pine forest at dusk, acknowledged that after two days of bitter combat that had left 10 soldiers dead, Bint Jbail was still not under Israeli control.

The details of the battle, drawn from discussions with several officers who had knowledge of the fight, show how far Israel has to go in driving Hezbollah from the hills and valleys of southern Lebanon, and why the country's goals have so quickly changed from fully dismantling Hezbollah to securing a narrow strip, less than two miles long, north of Israel's border.

Given the difficulties encountered in Bint Jbail, clearing all the many villages that dot southern Lebanon of Hezbollah's elaborate bunker networks, weapons caches and fighters now seems a gargantuan task without occupying the territory again, which Israel has vowed not to do.

Bint Jbail, which means "daughter of the mountain" in Arabic, had already been softened up with artillery and two days of fighting by the Seventh Armored Brigade on Monday and Tuesday. An engineering brigade had cleared away bunkers and mines and other explosive devices, and a brigade of paratroopers had already killed many Hezbollah fighters in the town. The infantry was meant to secure the territory and expand the offensive, officers said.

"The Golani Brigade's mission was to go in and hold those areas," explained a major, who was not authorized to be quoted by name. He said the army expected it to take time because the planned mission involved a house-to-house hunt for Hezbollah fighters through the mostly deserted town, which normally holds a population of 20,000.

According to the intelligence that the troops were operating on, they expected to encounter about 30 or 40 Hezbollah fighters, the officers said. But apparently, Hezbollah had reinforced its fighters overnight.

"They doubled or tripled their numbers," said a lieutenant, who spoke anonymously because of Israeli military rules. By late Wednesday, Israeli radio, citing military officials, was reporting that there were 200 Hezbollah fighters in the town.

About 100 of those fighters were waiting when the Israeli infantry, hundreds strong, walked into town before dawn on Wednesday, the officers said.

"They were just getting into the town when they received fire from buildings all around them," the major said. He said the attack included small-arms fire, rocket-propelled grenades, antitank missiles and mortar rounds. The foot soldiers took cover and were quickly pinned down. The eight killed included a deputy regional commander whose name was not released.

General Adam said his troops eventually killed at least 20 Hezbollah fighters in the fighting. The major and lieutenant who recounted the story in greater detail said it took nearly an hour for the trapped soldiers in Bint Jbail to return fire because they had trouble identifying where the shooting was coming from in the buildings around them.

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Reinforcing the men and retrieving the dead and wounded took up much of Wednesday. The closest a helicopter could land without being in Hezbollah's line of fire was about two miles away between Bint Jbail and the village of Marun al-Ras.

Soldiers had to carry their fallen comrades two miles under fire and over rough terrain to reach the helicopters, which landed under cover of smoke grenades. No soldiers were killed during the recovery operation, the officers said.

"The evacuation was intensely difficult under very heavy fire," said General Adam, whose father was killed during Israel's 1982 invasion of Lebanon. "We risked the lives of our pilots to get those men out."

Soldiers involved in the battle said that Hezbollah was dug in deeply and its fighters showed a willingness to die. One Israeli Army major, who gave his first name as Sahar, said he led armored bulldozers over the border early on Wednesday to extricate a tank.

"The fighting was very, very heavy and it took a long time," he said. The tank had been disabled Monday during an ambush in which a battalion commander was wounded. It had been left in Bint Jbail because retrieving it in the daylight was considered too dangerous.

Several officers said the military's losses must be considered against those suffered during Israel's invasion of Lebanon in 1982, when about 100 Israeli soldiers died in the first days of the war. Tens of thousands of soldiers went across the border in that invasion, bypassing major towns and villages until they reached the Litani River, more than 20 miles inland in some places.

Before noon on Wednesday, an Israeli road that runs parallel to the Lebanese border, known as the Avivim line, was crowded with tanks and soldiers of the Golani Brigade, which built its reputation during the 1973 Arab-Israeli war and the war of 1967. Some, sweat-stained and exhausted, were coming out of the Bint Jbail battle. Others, their faces freshly painted with olive drab and black grease paint, looked preoccupied and anxious as they prepared to go across the border.

By late afternoon, the road was largely empty, some of the forces having pulled back while the others had moved forward into Lebanon.

"I think this will continue for several more weeks," General Adam said.

Haifa, Suddenly Vulnerable, By Turns Is Stoic And Fearful, Stir-Crazy And Looking To Fight (NYT)

By Steven Erlanger

The New York Times, July 27, 2006

HAIFA, Israel, July 26 — Haifa, a city of 250,000 people, beautifully rising along a mountain, on Wednesday looked like a Hollywood set during an actors' strike. The streets were almost empty, the shops shuttered, the gas stations closed, the street lights blinking their cycle of stop and go for no particular reason.

There have been periods of threat before, especially farther north in Nahariya and smaller towns, but missiles had never reached Haifa. Now, with Hezbollah employing more sophisticated and longer-range Syrian and Iranian missiles, this multiethnic city, one of Israel's jewels, is suddenly vulnerable.

Dozens of missiles have struck Haifa in recent days, completely paralyzing it. They have driven residents into shelters or out of the city, and many who have stayed have sent their children farther south, where the missiles have not yet reached.

The people here are intermittently anxious and combative, troubled and proud at this new challenge that history has thrown at them.

Meirav Ben Simchon, 30, has spent 13 days here, and she is in a combative mood. "We can live like this for 10 years if we have to,'' she said. "We're a nation of power and belief" — and then she bent down to touch the cracked earth. "No one will take this land away from us," she said. "No one."

This part of town, a poor section called Kiryat Eleazer, is full of immigrants from northern Africa and Russia living in inexpensive apartments that share a dank underground shelter built in the 1950's. A Katyusha landed a half-block away two days ago, breaking windows and lightly injuring two people. When the sirens go off, residents run, eyes wide, for the shelter door.

For Sarah Schlossberg, sitting downstairs in the shelter, this conflict is "unpleasant, but I'm used to worse." She arranged her skirt on a plastic chair and brushed her gray hair behind her ears.

"It's not my first war," she said. When was that? "In 1939, in Poland," she said.

Marina Abayev, 40, came to Israel 10 years ago from Baku, Azerbaijan, with her husband and her parents. "After two weeks, I can't control the kids anymore," she said, pointing to Sabrina, 7, and Eyal, 5, racing around the dirt courtyard near the shelter door. Last night, she let the children sleep at home, but a siren frightened them and they came down to the shelter.

It is not the Israel she expected, she said, but her children, born here, are Israeli. Then her eyes grew moist, and she said: "If there was another place for them I'd leave. Really, there's no tomorrow for this country, only today. I have to say it: it's too dangerous here."

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Georgette Gaon, 40, stirred on the mattress on the shelter floor. “Israel is always vulnerable with all this terror,” she said. “We can be on a bus, and boom! Now with this war, we hope it’s a good step, and we’ll finish with these crazy Hezbollah.”

She goes home to cook for the people here, and has sent her two children, 10 and 8, south to relatives in Hadera. Is Hadera safe? She laughed. “No, Nasrallah’s crazy,” she said, referring to the Hezbollah leader, Sheik Hassan Nasrallah. “He talks about hitting Tel Aviv.”

Mrs. Gaon is a hawk. “The army is doing pretty well,” she said, adding, “They should have started with Syria. We have to teach some lessons.”

At the Rambam Medical Center in Haifa, right by the closed and shipless port, helicopters came bearing Israeli soldiers wounded in Lebanon, more than 20 of them. At least eight Israeli soldiers died on Wednesday, the highest total since this conflict in the north began on July 12.

Doctors at Rambam, one of northern Israel’s most advanced hospitals, described the cumulative stress on the city and themselves. The hospital has set up a “shock room” in a former cafeteria where residents who have been near a rocket attack can sit and talk to therapists, get some medication and cool down.

Dr. Karl Skorecki, a kidney specialist, described trying to save lives while under missile attacks, with one landing 30 yards from his office. “Our families are in missile-vulnerable areas, so part of my brain worries about my family,” he said. “But the rest responds by focusing on our mission.”

Dr. Skorecki reached into his pocket and pulled out an envelope with some shrapnel and a small handful of round metal pellets, taken from the bodies of people wounded by missiles with antipersonnel warheads.

“These are meant not to disrupt a country’s infrastructure, but to kill as many as possible,” he said, angrily. Told that Israel had been accused of using antipersonnel weapons in Lebanon, he said, “These are not lobbed at infantry, but at civilians.”

The neonatal intensive care unit, a beautiful building, was high up in a north-facing building, so the hospital moved it to the basement. Dr. Gad Bar-Joseph, chief of the unit, said that Tuesday was particularly frightening, with numerous alarms and rocket hits. “A lot of people moved out yesterday,” he said. “My daughter and her husband moved.”

In Nahariya, farther up the coast, as many as two-thirds of the city’s 56,000 people have left. The rest are in shelters. Gila Podolsky, 39, an accountant, said that the last time she was in a shelter she was 15, during the 1982 war with Lebanon, before she and her family were evacuated south by the government.

In previous brushes with Hezbollah, few people went to shelters. “It’s the first time I remember seeing Nahariya as a ghost city,” she said. Ella Sofer, 40, said she remembered being evacuated to Tel Aviv in 1982. She has five children, ages 3 to 17. “It’s really tough on the kids,” she said, adding, “I can see on their faces how scared they are.”

Mrs. Sofer and her children have not left their shelter for two weeks, and usually 20 or more people sleep there, she said. They have a television, which is unusual, and it is tuned to the news most of the day. There is also an air-conditioner.

Wearing a white head scarf and a long white skirt, Mrs. Sofer sat reading a prayer book. “I don’t know about the future,” she said. “I believe in God, and I want to see my children grow up in a normal way. But nothing can be predicted in this country.”

Hezbollah Proves A Formidable Foe (WP)

By Scott Wilson And Edward Cody

The Washington Post, July 27, 2006

JERUSALEM, July 26 -- After weeks of aerial bombardment and artillery fire, Israel's army finds itself in a bruising ground war just across its border against an opponent employing the classic tactics of guerrilla warfare. And so far, say soldiers, commanders and military analysts, Hezbollah has proved a more formidable force by orders of magnitude than the armed Palestinian groups in the territories.

Hezbollah gunmen killed nine Israeli soldiers and wounded 27 others Wednesday in clashes in a pair of towns two miles into southern Lebanon, the highest daily death toll for Israel's army in the 15-day war. The Hezbollah ambush inside Bint Jbeil, a town Israeli military officials said the previous day that they had seized, was at times so intense that Israeli soldiers were pinned down and could not return fire.

But Israeli military officials say they have not been surprised by Hezbollah's prowess in the cramped towns and hilly, forested terrain that the Shiite Muslim militia has controlled since Israel left southern Lebanon six years ago. Instead, many of them say, losses such as these expose the limits of a modern national army pitted against a well-schooled guerrilla force fighting amid a civilian population that largely supports its goals.

"When it comes to this kind of urban warfare, it has been like this throughout history," said Brig. Gen. Ido Nehushtan, a member of Israel's general staff. "It is the most difficult kind of warfare ever."

"Are we surprised?" Nehushtan continued. "Well, I wouldn't say that. But they are certainly fighting."

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In ordering Israel's largest military operation in Lebanon since the 1982 invasion, Prime Minister Ehud Olmert hoped to rely on air power and avoid the grueling war of attrition that marked Israel's 18-year occupation of southern Lebanon. He told troops during a visit to Hatzor air force base in southern Israel earlier this week that "in every combat situation, the preference is to act from the air and not on the ground."

The air campaign, however, has failed to reduce Hezbollah rocket fire into northern Israel and drawn international criticism for exacting a high death toll among Lebanese civilians, roughly 400 of whom have been killed so far.

Military analysts, former senior Israeli officers and soldiers say the mounting casualties in a still-small ground war are rooted in Israel's scant battlefield intelligence, the challenge of operating in civilian areas and the skill of Hezbollah fighters armed with weapons far more advanced than anything many young soldiers here have seen. For example, they said, Hezbollah has been using laser-guided antitank missiles.

Thirty-three Israeli soldiers have been killed since the conflict began, nearly all of them in ground combat focused in a roughly 15-square-mile border region.

"Obviously it's more difficult than what was anticipated," said Yossi Alpher, a former official of Mossad, the Israeli intelligence service, who once ran the Jaffe Center for Strategic Studies at Tel Aviv University. "I dare say, based on what we've seen so far, these may be the best Arab troops we've ever faced."

Olmert told his security cabinet Wednesday that he intends to clear Hezbollah positions from a strip of southern Lebanon, then hold it until a multinational peacekeeping force can be deployed. Hezbollah fighters staged the July 12 cross-border raid and kidnapping that triggered the war from bunkers along the border.

It remains unclear how deep Israeli troops intend to go into Lebanon and whether the distance would protect Israeli cities from Hezbollah's increasingly long-range rockets, more than 150 of which fell inside Israel on Wednesday. The army is moving slowly with a relatively small ground force, numbering in the low thousands at most.

"You can do this in a very short time, but you are going to kill many more innocent civilians and cause many more casualties among our troops. We have no intention of doing either," Avi Dichter, Israel's public security minister, said earlier this week.

Moving in tanks and on foot in the town of Bint Jbeil, troops walked into an ambush by scores of Hezbollah fighters, who appeared from tunnels, bunkers and houses. There were reports of hand-to-hand combat and gunfire exchanged at point-blank range.

"Here, instead of making the decision to destroy, we are fighting in the streets," said Yaakov Amidror, a retired major general who served as head of the assessment and evaluation division of Israel's military intelligence. "It is very costly, and the result may lead to another kind of decision in the future at the tactical level. If we have to rely on our overwhelming advantage in firepower to protect the infantry, it will be very devastating for Lebanese civilians."

Israeli commanders said they expected to encounter roughly half the number of Hezbollah fighters that they actually found in the town when they entered after encircling it the previous day. Armed with rifles, grenades and laser-guided antitank missiles, the gunmen fired from houses, alleys and tunnels laced through their border strongholds.

"Whether this declaration of control created false expectation just within the public or inside the IDF itself, I don't know," said Alpher, the former Mossad official, referring to the Israel Defense Forces. "But if this is the assessment that came down from south Lebanon, it indicates that these troops did not have a clear idea of what controlling the town meant, which gets back to the problem of intelligence."

On the other side of the border, Hezbollah officials also described an ambush in which their fighters used antitank weapons.

"The Israelis took some bad losses," said Mahmoud Qomati, a member of Hezbollah's political bureau, adding that Israeli tanks penetrated Bint Jbeil but were quickly enveloped by Hezbollah fighters lying in ambush and armed with the antitank weapons.

Qomati said 15 days of fighting have proved that Hezbollah militia troops can hold their own against Israeli soldiers on the ground. Even with Israeli control of the air, he said, the group has the munitions, equipment and morale to continue fighting "for months."

"That's war," Qomati said. "We take losses, but so do the Israelis."

The Hezbollah guerrilla fighters are mostly local Shiite youths who know the terrain and, in ordinary times, work and live among the population. The Shiite theocracy in Iran is the group's chief financial sponsor, and Israeli officials say much of its arsenal arrives with Syria's blessing. In recent years, its members have rarely carried arms or worn uniforms, except when called on to participate in an operation. They are trained to retreat back among their civilian neighbors when the firing dies down.

"They will fight, and they will disappear," said Timur Goksel, who watched Hezbollah grow into a potent force during 25 years as a senior adviser to the U.N. observer force along the Israeli-Lebanese border.

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Their number is a closely guarded figure, according to Goksel and other analysts in Lebanon. A core of about 700 full-time and highly trained fighters forms the backbone of the organization's militia, they said, backed by part-time villagers variously estimated to number between 8,000 and 20,000.

The core group has received the most training, particularly in the operation of missiles and rockets. Its members are highly motivated, having received guarantees that their families will be looked after and their children educated at Hezbollah's expense if they die in combat.

Most of the resistance to Israeli incursions into Lebanon over the past two weeks has involved the use of assault rifles, rocket-propelled grenades and antitank missiles, including what Israeli officials say are versions or copies of powerful and accurate Russian- and U.S.-made weapons.

The Iranian advisers and volunteers who were once involved in Hezbollah's military branch have been largely eliminated since Hasan Nasrallah took over as Hezbollah leader in 1992, Goksel said, and Iranians are rarely, if ever, seen in southern Lebanon despite Tehran's political and financial support.

Nasrallah, who was only 32 when he assumed command, gave the southern militia forces more autonomy from the headquarters in Beirut's southern suburbs, Goksel said. Southern Lebanon was broken into three regional commands, with the leader of each reporting directly to Nasrallah.

The loose structure has helped prevent Israel's intensive bombing over the last two weeks from disrupting communications or lines of command and control. With guerrillas fighting in their home villages and arms cached in tunnels and underground shelters, there are few vital command lines to attack.

Israel Faces Fierce Resistance From Hezbollah (LAT)

By Ken Ellingwood And Laura King

The Los Angeles Times, July 27, 2006

AVIVIM, Israel — At least eight Israeli soldiers were killed and nearly two dozen wounded as Israeli troops today battled Hezbollah guerrillas for control of a strategic Lebanese border town and its environs.

The number of casualties in close-quarter ground fighting with Hezbollah was the highest daily toll in years, and fueled the ongoing debate in Israel about the army's tactics against a determined, heavily armed and deeply entrenched guerrilla force in southern Lebanon.

At nightfall, the Israeli army confirmed the eight deaths and reported four other casualties, using language that suggested there might be at least one additional death. Arab-language media had earlier reported 14 Israelis killed in two engagements.

Amid the intensifying ground combat, Hezbollah fired more than 120 rockets into Israel before nightfall, injuring more than 30 Israelis.

Prime Minister Ehud Olmert, meanwhile, expressed "deep regret" over the deaths of four United Nations peacekeepers in an airstrike on a border outpost. He strongly rejected as "inconceivable" U.N. Secretary General Kofi Annan's accusation Tuesday that the bombardment was deliberate.

Today's fierce daylong battles centered on the village of Maroun al-Ras and the town of Bint Jbeil, a longtime Hezbollah stronghold. The Israeli army had earlier asserted that its troops were in control of both hilltop enclaves.

Army officials described house-to-house fighting between Israeli infantry and Hezbollah fighters entrenched in bunkers and holed up inside reinforced hideouts.

"Village by village, house by house, we are trying to take out Hezbollah," army Maj. Zvika Golan told reporters on the Israeli side of the border, near the now-deserted community of Avivim, which has become a staging area for the Israeli military push.

He and other Israeli military officials insisted that the degree of resistance mounted by Hezbollah had not been a surprise.

"We have walked into a wasps' nest, and we knew it would be a wasps' nest," Golan said.

As in past days, the heavy fighting made it difficult for the army to evacuate the wounded. At one point, two Israeli warplanes screamed low over the rocky landscape to provide cover for medevac helicopters. Plumes of smoke drifted overhead as the steady boom of artillery fire echoed off the hills.

"Victory comes from God almighty," said a statement read on Hezbollah's al-Manar television.

The Israeli military does not release death tolls until the bodies have been identified and families notified. In the past several days, it has taken the army up to 24 hours to extricate the remains of soldiers killed in the battle zone, which lies less than two miles inside Lebanon.

Some of the army's most seasoned paratroopers and infantry forces took part in the fighting in and around Bint Jbeil, which the army says is a center for Hezbollah's efforts to launch Katyusha rockets at Israel. Troops were in control of the town of 20,000, whose residents have largely fled the fighting.

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Golan said concern over the presence of antitank mines meant that at least some of the soldiers were approaching on foot. But the infantry troops came under withering fire from fighters who popped up from hiding places.

The fighting made it clear just how difficult it will be for Israel to establish a mile-wide no-go zone along the frontier that is free of Hezbollah fighters. Olmert today outlined such a plan to lawmakers.

That frontier strip would be a much smaller area than the security zone Israel established north of its border in the 1980s and 1990s.

Ellingwood reported from Avivim, Israel and King from Jerusalem. Staff writer Rone Tempest in Beirut contributed to this report.

Israelis Die In Lebanon (WT)

By Joshua Mitnick

The Washington Times, July 27, 2006

TEL AVIV -- The Israeli forces yesterday suffered their highest number of casualties in the two-week-old war against Hezbollah while Israeli officials signaled that the hostilities would continue several weeks.

At least nine Israeli soldiers died in a campaign to wrest control of the southern Lebanese village of Bint Jbeil from the Iranian-backed militia and 23 soldiers were wounded.

While the fighting raged, 16 foreign ministers and other officials from the United States, Europe and the Middle East agreed in Rome on the need for a new international force on the Israel-Lebanon border. Unlike the U.N. observer force now in southern Lebanon, the new group would be a peacekeeping force.

Details were vague, but France, Spain and Italy reportedly offered to send troops for the new mission, which would operate under a U.N. mandate but would not be part of the U.N. force that has been in the region since the late 1970s.

The foreign ministers stopped short of calling for an "immediate" cease-fire at the insistence of the United States, with Secretary of State Condoleezza Rice saying there could be "no return to the status quo."

The Israeli army signaled a key objective of the war -- to set up a 1.2-mile-wide buffer zone north of the international border to prevent Hezbollah from reaching a fence separating the two nations.

Such a buffer would make it more difficult for Hezbollah to carry out raids such as the one two weeks ago in which three Israeli soldiers died and two were kidnapped.

The heavy losses for Israel are yet more evidence that its ground war against Hezbollah has been more difficult than expected.

"I never said this would be a luxurious operation. There will be more difficult days," Israeli Prime Minister Ehud Olmert said.

Hezbollah spiritual leader Sheik Hassan Nasrallah said his goal is to inflict maximum casualties on Israel.

Just hours before the attack on Bint Jbeil, Israeli generals had declared that guerrilla resistance had been eliminated and that Israel controlled the village -- which is considered a Hezbollah stronghold that is used to fire artillery and rockets into Israel.

An Israeli army detachment was ambushed in one neighborhood and quickly became surrounded by enemy gunfire, making the rescue of the wounded soldiers difficult. The fighting, often face to face, lasted most of the day.

"This was a difficult day, but if we measure it up against the last four days, there are dozens of terrorists killed in the field and dozens of infrastructure targets destroyed," said Israeli army northern commander Gen. Udi Adam. "I assume that this will take another several weeks."

The general said Israeli forces had captured strategic locations around the village rather than capturing the entire village.

In Israel, more than 140 rockets rained down on Haifa and other cities in the north, leaving one person in critical condition.

In the past two weeks, the guerrillas have fired 1,436 rockets into Israel, according to the Associated Press.

The heavily outnumbered Hezbollah forces have proved themselves adept at using classic guerrilla tactics, striking in terrain they know well and protecting themselves and weapons caches in bunkers and networks of tunnels.

Fighting was fierce yesterday on a second front, the Gaza Strip, where Hamas militants are holding an Israeli soldier seized last month.

A force of 50 tanks and bulldozers entered northern Gaza, where 23 Palestinians died in heavy fighting, including a 9-month-old and a 5-year-old.

Israeli officers said they encountered stiff resistance in Gaza and speculated that the war in Lebanon was emboldening Palestinian militants.

Palestinian Authority President Mahmoud Abbas told reporters yesterday on a visit to Algiers, "What is happening in Palestine is a complete destruction, and it is happening in both Palestine and Lebanon."

"And at the same time, there is a refusal to reach a cease-fire that has been supported by European countries as well as Arab countries. But until now there is nothing."

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Israel also faced international anger over the killing of four U.N. observers in southern Lebanon on Tuesday.

Mr. Olmert apologized in a telephone call to U.N. Secretary-General Kofi Annan yesterday and announced an investigation of the incident. Mr. Annan had called it an "apparently deliberate strike."

The AP, quoting a preliminary report by the United Nations, said the U.N. contingent contacted Israeli army officers 10 times and was assured that its compound would not be targeted. It was hit with a precision-guided missile.

Israeli Losses Mount In Lebanon (CHIT)

By Joel Greenberg

Chicago Tribune, July 27, 2006

JERUSALEM -- On a day of heavy Israeli casualties and failed international talks to end more than two weeks of fighting, Prime Minister Ehud Olmert faced growing domestic doubts Wednesday about the army's tactics and the overall wisdom of Israel's offensive in Lebanon.

As televised images of wounded soldiers raised haunting memories of Israel's 18-year occupation of southern Lebanon, Olmert told lawmakers of plans for a new 1.2-mile-deep buffer zone there as critics began raising questions about the army's performance and credibility in the face of determined resistance by Hezbollah.

Putting up a stronger fight than expected, Hezbollah' guerrillas inflicted heavy losses on Israeli troops in the hill town of Bint Jbeil, killing nine soldiers and wounding 25 in the worst single-day toll for the Israelis since the start of the campaign.

In Rome, world leaders disbanded a meeting on the crisis without agreeing on how to end the fighting, which has claimed more than 460 lives. While the United Nations, European Union and others wanted an immediate cease-fire, U.S. Secretary of State Condoleezza Rice insisted on the U.S. position that any truce be accompanied by a wider agreement that includes Hezbollah's disarmament.

Pleading for "an immediate and comprehensive cease-fire," Lebanese Prime Minister Fuad Siniora warned the diplomats that only despair and fanaticism would emerge from Lebanon's rubble and accused Israel of war crimes.

"Is the value of human life less in Lebanon than that of citizens elsewhere? Are we children of a lesser God?" Siniora said, according to a copy of his remarks. "Is an Israeli tear-drop worth more than a drop of Lebanese blood?"

The leaders signed a final statement pledging to "work immediately" toward a cease-fire, and Rice said it would be used to help draft a UN Security Council resolution in the coming days on the need for an international force to separate the warring sides. She said a separate meeting would be convened among nations interested in sending troops for such a force.

In Washington, White House spokesman Tony Snow said two ranking U.S. diplomats would remain in the region to consult "with partners and allies on how to move forward … to make conditions proper for a cease-fire."

In addition to the intense ground fighting Wednesday, Hezbollah fired more than 150 rockets into northern Israel despite the army's continuing offensive to stop such launches, the army said. The rockets wounded more than 30 people and damaged property.

Bint Jbeil, the town where the army suffered its heavy losses, is a key stronghold of Hezbollah some 2 miles from the border with Israel. It has been the focus of an Israeli ground push into Lebanon that the army says is meant to kill the group's fighters and destroy its bunkers and rocket stocks in villages near the frontier.

Most of Bint Jbeil's 30,000 residents have fled, but several hundred are believed to remain in the town, along with an unknown number of Hezbollah guerrillas dug in among the homes.

Maj. Gen. Udi Adam, chief of the army's northern command, said several dozen Hezbollah fighters ambushed troops from the crack Golani brigade as they advanced into the town. The guerrillas set off explosives and opened fire at the soldiers, killing eight and wounding 22, an army spokeswoman said.

The soldiers killed most of the attackers, and the Israeli casualties were evacuated under fire to helicopters, Adam said

The military said that an additional soldier was killed and three others were wounded when guerrillas fired an anti-tank rocket at a house occupied by troops in the neighboring village of Maroun al-Ras, which the army said previously that it had taken.

"I assume there will be more days like this, regretfully, and these days can happen," Adam said.

The general said troops would carry out raids in Bint Jbeil and neighboring villages but would not occupy them.

"The definition of the operation was to seize high ground in the Bint Jbeil area and not capture the entire town; it is too big a town, and we decided that there is no reason right now to occupy it," Adam said. "We are free to act in the whole area, and that is the mode of operation, that is, we go in and out of all kinds of places, not only Bint Jbeil."

But the high number of casualties in Wednesday's fighting, coming after losses in similar clashes in recent days, led some critics to question the army's tactics.

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"When [the army] falls into ambushes time after time, and is surprised each time anew, this series of events has to be stopped," Rafi Noy, a retired general and former chief of staff in the army's northern command, told Channel Two television. "It's not good when this happens to an army that is so trained and so professional."

The losses in Bint Jbeil also were a blow to the army's credibility after some senior officers announced in media interviews Tuesday that resistance in the town had been broken and that it was under the control of Israeli forces.

"The war is leading us by the nose to sink deeper in the Lebanese mud. … The moment the army will be in Lebanon for an extended period, it will be hell for us in there," said Ran Cohen, a dovish lawmaker and reserve army colonel, The Associated Press reported. "The deeper we get drawn in, the worse it will be."

The leader of Hezbollah, Sheik Hassan Nasrallah, said in a televised speech early Wednesday that his group would wage a guerrilla war against the Israelis in southern Lebanon. "What's important in the ground battle is the degree to which we inflict casualties on the Israeli enemy," Nasrallah said.

Olmert told a parliamentary committee Wednesday that Israel wanted to establish a 1.2-mile-deep buffer zone in southern Lebanon that would be free of Hezbollah guerrillas and prevent rocket attacks on Israeli soldiers and civilians.

However, Olmert indicated that Israel would not go back to an occupation similar to the "security zone" it maintained in southern Lebanon in the '80s and '90s. Defense Minister Amir Peretz spoke Tuesday of controlling the area with firepower to prevent the entry of guerrillas.

In the southern Lebanese city of Tyre on Sunday, an Israeli bombing hit an empty building where Hezbollah's top commander in the south has offices, wounding 13 people nearby, AP reported.

A total of 51 Israelis have been killed since the start of the military campaign, 33 of them soldiers. More than 400 Lebanese, most of them civilians, have been killed in Israeli attacks.

Tyre Reels From Attacks That Never Fail To Shock (NYT)

By Sabrina Tavernise

The New York Times, July 27, 2006

TYRE, Lebanon, July 26 — The earsplitting crack hit just a few blocks from the mayor's office, where Ghassan Farran, a doctor and member of the city council, was sitting Tuesday night. He dropped to the floor. Pieces of debris flew through an open window.

An Israeli bomb had pulverized a seven-story building a short distance away. Mr. Farran stood up and walked to the window. The lights were out. A giant cloud of black smoke filled the sky.

"This is the new Middle East," he said, his voice shaking with anger.

Airstrikes like this have been smashing buildings all over southern Lebanon. This port city, the gateway to the war zone, has had its share: residents in the area that was hit said Tuesday night's strike, which wounded 12 people, had been the third in that part of the city alone. Still, the attacks never cease to shock.

Men with frantic faces, some without shirts, climbed onto the burning wreckage. It was a mountain of incongruous items: giant slabs of concrete, burning mattresses, books splayed open, a headless rubber duck, a gold pillow with a ruffle, a sheared-off room. A shirtless young man, his body smudged with soot, was carried out over a rescuer's shoulder. "Does anyone have anything to put the fire out?" said a man with a tattoo of the sun on his shoulder, shouting into the gathering crowed of onlookers and journalists.

The building was empty when it was destroyed, and the casualty total from surrounding buildings was not nearly what it might have been. The mayor, Abed al-Husseini, 70, said the building was residential, without any offices. It was unclear why it was empty when others were occupied.

Whatever the target, the result was an emotional outpouring in support of Hezbollah. Standing near a cluster of dangling electrical wires, a group of men began to chant. "By our blood and our soul, we'll fight for you, Nasrallah!" they said, referring to Hezbollah's leader, Sheik Hassan Nasrallah. In a foggy double image, another small group chanted the same thing, as if answering, on the other side of the smoke.

Mr. Farran said he had had an apartment on the third floor of the destroyed building. His wife and four children were staying with the children's grandmother a few houses away, and were unhurt. A young man handed him a small photo album smeared with dirt. Inside were pictures of himself as a younger man and of his two daughters as babies.

So why was the building hit? Mr. Farran brushed off the idea that it might have been a Hezbollah office.

"Every place in southern Lebanon, Hezbollah is there," he said, standing on a pile of rubble, with smoke from the mattresses rising behind him. "Hezbollah is coming from the people. If they want to destroy all of Hezbollah, they have to destroy all of Lebanon."

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The situation feels increasingly desperate for families in the south. Just outside of Tyre, cars packed with refugee families snaked north away from town in a seemingly endless line along a narrow dirt road in the midafternoon. A United Nations convoy — 10 large trucks piled high with flour and medicine — moved slowly into town.

Many of the families had come from Ramesh, a small village less than a mile from the Israeli border. Refugees in the line of cars said villagers from other areas along the border had initially fled to Ramesh, assuming it would be safer because it was Christian, not Muslim. But that was not the case, and the refugees described scenes of desperation in the village, with thousands of people packed into basements of churches and schools.

"No food, no water!" shouted Yusuf al-Alam, a father of three, who was sitting in an old green Mercedes, his exhausted children leaning out the windows. "Tell people!"

But the United Nations aid convoy, carrying about 90 tons of food, would not make it that far south, to the people who need it the most, according to United Nations personnel. The roads that way are simply too dangerous. "Lebanon has enough food, the issue is the roads," said Khaled Mansour, a United Nations spokesman who arrived with the shipment.

The line of refugees stretched along the dusty, hot road. White flags made out of T-shirts and sheets drooped in the heat. Fuel was also in short supply, and the road was littered with abandoned cars. At shortly after two, a group of men were trying to untangle a terrible snarl of dead vehicles that included an abandoned Honda sedan. "We don't know, maybe the driver is dead," said Hatem Aridi, a worker with Doctors Without Borders who was helping to push the vehicle out of the way.

The refugees said they had fled on the coattails of foreign citizens, Americans and Canadians, who had been stuck in southern towns and were evacuated Tuesday. A State Department official at the Tyre port said 100 to 200 Americans had been taken out. "When the foreigners leave, there will be no road back," said Bassam al-Kurdi, a driver in the United Nations convoy on Tuesday. He said refugees from Ramesh had asked him for food as they waited in the line of cars.

Mr. Husseini, the mayor, who presides over 67 villages in the Tyre region, said that in the worst-hit areas, bodies were still buried under the rubble, and he appealed to the Israelis to allow government authorities time to pull them out. Dogs were even eating them, he said.

"Who can accept this?" he said. "If we send ambulances, they bomb them."

As for the food delivery, he tried to be optimistic. "When there will be roads, we'll bring it to the people."

Sharon In Intensive Care After Condition Worsens (WT/AP)

By Ramit Plushnick-masti

The Washington Times, July 27, 2006

JERUSALEM -- Former Israeli Prime Minister Ariel Sharon was rushed to the intensive care unit of a Tel Aviv hospital yesterday to undergo a form of kidney dialysis, a hospital spokeswoman said.

Mr. Sharon's condition deteriorated significantly earlier in the week, when officials at the Sheba Medical Center said that his kidneys were failing and that they had noticed changes in his brain membrane.

Mr. Sharon, 78, has been in a coma since suffering a massive stroke on Jan. 4.

His blood will be filtered to remove the excess fluids accumulating in his body as a result of the kidney failure, the hospital said. He also is receiving antibiotics intravenously to treat a bacterial infection in his blood.

Dr. John Martin, a professor of cardiovascular medicine at London's University College, said that the infection in Mr. Sharon's blood indicates his immune system is weak, and that the problem could damage other vital organs, such as the liver.

Normally, doctors do not treat patients in Mr. Sharon's condition, Dr. Martin said. However, the dialysis and antibiotics could keep Mr. Sharon alive for weeks or even months, he said.

"The best thing might be to allow Ariel Sharon to die by not doing this kidney dialysis, and that is considered ethical throughout the world," Dr. Martin said.

Dr. Philip Stieg, director of the neurosurgery department at the Weill Medical College of Cornell University in New York, said the combined kidney failure and blood infection increase the chance that Mr. Sharon will contract pneumonia, a common killer of people his age and in his condition.

At the moment, Dr. Stieg said, Mr. Sharon is suffering "multisystem failure" and "it just becomes a snowball that just keeps getting bigger."

Mr. Sharon, Israel's most popular politician, had a small stroke in December and was put on blood thinners before suffering the severe brain hemorrhage in January. The Israeli leader underwent several, extensive brain surgeries to stop the bleeding.

The last surgery, in April, reattached a part of Mr. Sharon's skull that was removed to reduce pressure on his brain. The reattachment was described as a necessary step before transferring Mr. Sharon to the long-term care facility at Sheba hospital.

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The stroke occurred after Mr. Sharon saw through his contentious plan to withdraw Israel from the Gaza Strip after 38 years. Just two months before, Mr. Sharon shook up the Israeli political map by bolting his hard-line Likud Party to form the centrist Kadima faction.

After the stroke, Mr. Sharon's successor as party leader, Ehud Olmert, led Kadima to victory in a March 28 vote and became prime minister.

Report: U.N. Observers' Calls Unheeded (AP-Y)

By Ravi Nessman

AP2, July 27, 2006

U.N. observers in Lebanon telephoned the Israeli military 10 times in six hours to ask it to stop shelling near their position before an attack killed four observers and sparked international anger with Israel, U.N. officials said Wednesday.

The U.N. observation post near Khiam came under close Israeli fire 21 times Tuesday — including 12 hits within 100 yards and five direct hits from 1:20 p.m. until the peacekeepers' post was destroyed at 7:30 p.m., Jane Lute, assistant secretary-general for peacekeeping, told the U.N. Security Council in New York.

U.N. officials said Hezbollah militants had been operating in the area of the post near the eastern end of the border with Israel, a routine tactic to prevent Israel from attacking them.

"We did repeatedly in recent days say (to Israel) that this was an exposed position, that Hezbollah militants were 500 meters (yards) away shielding themselves near U.N. workers and civilians," U.N. humanitarian chief Jan Egeland said. "That's why it is so inexplicable that what happened happened."

Israeli officials had told the United Nations that the bombing around the base was part of an "an aerial preparation for a ground operation," said the senior official, who spoke on condition of anonymity.

Officials in the outpost called the Israeli army 10 times during those six hours, and each time an army official promised to have the bombing stopped, according to a preliminary U.N. report on the incident, which was shown to an Associated Press reporter on Wednesday.

Once it became clear those pleas were being ignored, the force's commander sought the involvement of top officials in New York, a senior U.N. official in New York said, speaking on condition of anonymity because the investigation of the incident was not yet complete.

U.N. Deputy Secretary-General Mark Malloch Brown and Lute herself then made several calls to Israel's U.N. mission "reiterating these protests and calling for an abatement of the shelling," Lute said.

The bombing put Israel on the defensive two weeks into its campaign against Hezbollah guerrillas in southern Lebanon.

Israeli Prime Minister Ehud Olmert expressed "deep regret" for the deaths and dismay over U.N. Secretary-General Kofi Annan's accusation that the attack was "apparently deliberate."

Olmert told Annan in a phone call Wednesday that the attack was inadvertent and he promised a "thorough investigation," his office said in a statement.

"It's inconceivable for the U.N. to define an error as an apparently deliberate action," Olmert said.

China called for an Israeli apology and asked the U.N. Security Council to condemn the bombing — which killed one of its citizens — and demand Israel stop attacking U.N. positions and personnel.

"For China and for others, we condemn this because I think any attack on the United Nations positions and the United Nations personnel is inexcusable and unacceptable," China's U.N. Ambassador Wang Guangya said.

Austria and Finland, both of which also lost citizens in the attack, condemned the bombing, with Finnish Foreign Minister Erkki Tuomioja calling it "truly tragic." The fourth victim was Canadian.

"These so-called precision attacks seem to be mainly targeting everyone else except the Hezbollah," Tuomioja said. "The longer this continues, the more likely it is that there will be more similar victims."

White House spokesman Tony Snow described the strike as a "horrible thing," but said Israel was behaving responsibly in its aftermath.

"They'll be completely transparent in the way they conduct the investigation," Snow said. "And I think that's the appropriate way to proceed."

U.N. officials said the observation position was well marked. A picture the world body released Wednesday showed the three-story building was painted white with the letters "U.N." emblazoned in large black letters on all sides, and a light blue U.N. flag hung from a nearby flagpole that was roughly 50 feet high. Witnesses said the building, which was surrounded by concrete blast walls and barbed wire, also had the letters U.N. painted on the roof and it was illuminated by floodlights at night.

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During the shelling, the observers took refuge in a bomb shelter designed to withstand a strike by a 155mm artillery shell, U.N. officials said. The bunker collapsed in the attack, and the extent of the damage suggests it was hit with a large bomb, said Brig. Gen. J.P. Nehra, the deputy force commander for the U.N. peacekeeping force in Lebanon known as UNIFIL.

"We can only say the destruction of the bunker was quite devastating, of the kind that aerial bombs can achieve. The ones of the very heavy variety," he said.

After the blast, Israel agreed to give UNIFIL safe passage for two armored personnel carriers to evacuate the position, Lute said. They arrived at 9:30 p.m. "and found the shelter collapsed and major damage to the rest of the position," she said.

Despite negotiating safe passage, those APCs also came under Israeli attack, she said, adding that the attacks continued Wednesday when an artillery round hit about 10 yards from UNIFIL headquarters in the town of Naqoura.

Since fighting between Israel and Hezbollah militants began two weeks ago, there have been several dozen incidents of firing close to U.N. peacekeepers and observers, including direct hits on nine positions, some of them repeatedly, a U.N. official said. As a result of these attacks, 12 U.N. personnel have been killed or injured, U.N. officials said.

During an Israeli offensive against Lebanon in 1996, artillery blasted a U.N. base at Qana in southern Lebanon, killing more than 100 civilians taking refuge with the peacekeepers.

The U.N. mission, which has nearly 2,000 military personnel and more than 300 civilians, is to patrol the border line, known as the Blue Line, drawn by the United Nations after Israel withdrew troops from south Lebanon in 2000 and ended an 18-year occupation.

On Wednesday, dovish lawmaker Ran Cohen, a colonel in the Israeli army reserves, said that from his experience in Lebanon, it was quite possible to make such a mistake.

"I have not even the slightest doubt that we're talking here about a mistake, technical or otherwise. The army, as long as I've known it and I'm fairly critical, never wants to hit UNIFIL forces," Cohen said.

U.N. Says It Protested To Israel For 6 Hours During Attack That Killed 4 Observers In Lebanon (NYT)

By Warren Hoge

The New York Times, July 27, 2006

UNITED NATIONS, July 26 — The United Nations said Wednesday that its top officials in New York and its officers on the ground in Lebanon made numerous calls on Tuesday to the Israeli mission and the Israeli military to protest repeated firing on its outpost in Lebanon where four unarmed observers ended up being killed.

Jane Holl Lute, the assistant secretary general for peacekeeping operations, said at an emergency meeting of the Security Council that over the six-hour period in which the United Nations' warnings were being conveyed to the Israelis, the observation post at Khiam, in southern Lebanon, continued to come under fire.

The firings persisted even after rescuers reached the hilltop site, she said, and in all it was subjected to 21 strikes, 11 of them aerial bombardments and at least 6 artillery rounds.

She described the observation post as "well known and clearly marked" and added that no Hezbollah activity was reported in the area.

The four dead observers were from China, Finland, Canada and Austria.

Ms. Lute said the United Nations became so alarmed by the continuing attacks that she enlisted Mark Malloch Brown, the deputy secretary general, to join her in placing the calls.

In Lebanon, Khaled Mansour, the United Nations spokesman, said that he and Maj. Gen. Alain Pellegrini, the commander of the United Nations force there, known as Unifil, had contacted Israeli military commanders repeatedly during the same period.

When the United Nations lost contact with the outpost on Tuesday evening, it secured safe passage from Israel to send in a rescue party of Indian troops. They found the shelter collapsed and the remains of three of the four observers. The fourth is presumed dead, Ms. Lute said.

"Firing continued during the rescue operation despite repeated requests to the I.D.F. for an abatement," she said, speaking of the Israeli Defense Forces.

She said that Unifil had reported 145 incidents of "close firings" in recent days with several patrol bases taking direct hits and sustaining damage to buildings, equipment and vehicles.

Ms. Lute said Secretary General Kofi Annan, who in a statement on Tuesday night issued in Rome had called the attacks "apparently deliberate," now accepted Israel's assurance that they were not.

She said the United Nations welcomed Israel's promise to conduct an immediate investigation and added that the United Nations would make a formal request that the inquiry be carried out jointly by the United Nations and Israel.

A formal statement on the incident that the Security Council was working on Wednesday evening originally incorporated language from China also calling the strikes “apparently deliberate.” But Wang Guangya, the Chinese ambassador, agreed to drop the reference after a morning meeting with John R. Bolton, the American ambassador.

The working draft of the statement said that attacks against United Nations personnel were “unacceptable.” And it stressed that “any hostile action against peacekeepers must not occur.’’

Mr. Bolton warned that the statement should not be exploited by those countries seeking an immediate end to hostilities.

“We should not make this statement a backdoor way of getting into cease-fire or other larger political and military questions,” he said. “That’s not appropriate here.”

Mr. Bolton noted that the Israelis had called the killings “an operational mistake,” and he said he had seen “no evidence to the contrary.”

The French ambassador, Jean-Marc de la Sablière, said: “When you have four blue helmets hit, the whole international community is hit. We think it should be condemned.”

Vitaly V. Churkin, the ambassador from Russia, said the initial reaction of United Nations officials on Tuesday was understandable, given the circumstances.

“I think I can sympathize very strongly with the people in the Secretariat who were trying for hours to prevent the tragic consequences of the shelling, and I can easily understand their feelings when they realized that the people they were trying to help for a very long time, for hours, were killed,” Mr. Churkin said. “I am certainly not blaming the Secretariat.”

He added, “One would expect to see more respect for peacekeepers if one wants to rely on them in the future.”

The Security Council this week is considering the renewal of the mandate of Unifil, which ends next Monday. France, which is the president of the council this month, has suggested a one-month extension to give time for planning the expanded new force being widely called for.

Annan Accepts Israel's Apology (WT)

By Betsy Pisik

The Washington Times, July 27, 2006

BEIRUT -- U.N. Secretary-General Kofi Annan said yesterday that he accepted Israel's apology for the bombing of a United Nations' base in southern Lebanon, but he continued to make clear in public remarks that he does not quite believe that Tuesday's deadly attack was an accident.

Mr. Annan said he received a telephone call in which Israeli Prime Minister Ehud Olmert "expressed his deep sorrow at what happened."

"We accept that," the secretary-general told reporters yesterday in Rome. He added that an investigation pledged by Israel should be conducted jointly with the United Nations.

Israel Defense Forces shelled the U.N. Interim Force in Lebanon (UNIFIL) on Tuesday, killing four members and destroying at least one office and residence at the long-established base.

Mr. Annan said late Tuesday that the sustained attack was "apparently deliberate" but yesterday softened his position after strong criticism from Washington.

The Security Council convened an emergency meeting yesterday to hear a preliminary U.N. report on the shelling, which apparently lasted most of Tuesday.

For six frantic hours Tuesday night, U.N. officials in New York and southern Lebanon repeatedly asked Israeli political and military contacts to halt shelling in the vicinity of the U.N. observer mission on the Lebanese border, a peacekeeping official said.

Nonetheless, the operations base took 21 strikes from Israeli artillery, Jane Holl Lute, assistant secretary-general for peacekeeping operations, told council members yesterday. The four members of the force who were killed in the attacks were from China, Finland, Canada and Austria.

"Firing continued during the rescue operation despite repeated requests to the [Israel Defense Forces] for an abatement," she told the council.

"To our knowledge, unlike in the vicinity of some of our other patrol bases, Hezbollah firing was not taking place within the immediate vicinity of the patrol base," she said.

Ms. Lute noted that despite these urgent calls, Israel continued to fire on U.N. positions into yesterday afternoon, local time. Mr. Annan showed his impatience yesterday during an international conference aimed at finding a political and military solution to the conflict.

"Our general and troops -- people on the ground -- were in touch with the Israeli army, warning them, 'Please be careful. We have positions here. Don't harm our people.' And many calls went out until this happened," he said.

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"The shelling of [UNIFIL], which is long-established and clearly marked, started early in the morning and went on till after 7 p.m., when we lost contact," the diplomat added.

Mr. Olmert yesterday promised an immediate investigation and phoned Mr. Annan to apologize.

The Security Council met about the time that 16 nations and three organizations were gathering in Rome to discuss a settlement of the two-week-old war that has killed about 450 people.

In New York yesterday, the U.N. Security Council was expected to issue a low-level but unanimous press statement expressing regret at the strike. China's initial attempt to call it a "deliberate" attack was rebuffed by the United States.

"Any attack on the U.N. position and U.N. personnel is inexcusable and unacceptable," said Chinese Ambassador Wang Guangya, adding that Beijing condemns the attack.

UNIFIL has patrolled the lushly planted hillsides and valleys on the Israel-Lebanon border since 1978, but it always has been a tense and deadly mission.

The mission was put in place after the Lebanese civil war and was conceived to keep Islamic militias from harassing Israeli troops and Israel from taking more Lebanese land for its buffer zone.

But with a weak mandate, UNIFIL's 2,000 blue helmets have never been very effective.

Islamic militias, primarily Hezbollah and Amal, have long fired on Israeli positions from behind UNIFIL installations. When the Israelis fired back, it was often UNIFIL troops who took the hit. And, as the events of the past two weeks have illustrated, the mission is incapable of putting up a meaningful defense. Lebanese and Israeli citizens have long dismissed the blue helmets as something of a half-hearted international effort.

In Gaza, 23 Palestinians Killed (LAT)

By Ashraf Khalil

The Los Angeles Times, July 27, 2006

GAZA CITY — Dozens of Israeli tanks and bulldozers backed by missile-firing drone aircraft pushed into the northern Gaza Strip on Wednesday, touching off a daylong battle that killed 23 Palestinians and wounded at least 70.

At least half of the Palestinian dead were fighters from Hamas, Islamic Jihad, the Al Aqsa Martyrs Brigade and other groups. But Palestinian medical sources said that at least three children were killed, including two sisters.

Throughout the day, in neighborhoods along the shifting urban front line, masked Palestinian fighters rushed toward the confrontation, many carrying grenade launchers and spools of wire for laying booby traps in the path of oncoming tanks. A large crowd of boys gathered to watch them, seemingly oblivious to the danger. In one case, a group of children helped hide the wiring of an explosive device.

Screaming ambulances rushed through the streets of Gaza City, and militant groups held emotional funeral marches, ferrying slain fighters to the cemetery for rapid burial according to Islamic custom.

The deaths pushed the toll to about 140 in fighting that began June 25, when militants from the Gaza Strip crossed into Israel, killing two Israeli soldiers and capturing a third. Wednesday's death toll was the highest in the last two weeks. Last week, Israeli tanks drove to the heart of the Maghazi refugee camp in a two-day incursion that left at least 15 Palestinians dead.

The clashes took place as global attention and diplomatic efforts largely were focused on Lebanon, where at least nine Israeli soldiers were killed Wednesday in battles with Hezbollah.

The day's violence ended talk of a cease-fire.

"There's no talk at all about a truce anymore," said Abu Ahmed, a spokesman for Islamic Jihad. "No way."

Another Islamic Jihad political leader, Khader Habib, pledged to take the fight deep into Israel. He called on militants to "carry out martyrdom operations in the heart of Israeli cities." He said they would spare civilians as much as possible and focus on military targets.

The Israeli army said the operation, dubbed Samson's Pillars, was meant to "stop the launching of rockets into Israel and destroy terror infrastructure in the area." In a statement, it said Wednesday's incursion targeted orchards used as sites for launching rockets at the nearby Israeli city of Ashkelon, and at several buildings used as weapons factories or rocket warehouses.

Palestinian militants fired 11 Kassam rockets Wednesday into Israel, an army spokesman said. One of the rockets hit the industrial zone of the nearby city of Sderot, injuring one person and damaging a building.

The Israeli army said it would continue to "act with determination and employ all means at its disposal" to end the rocket attacks and rescue the captured soldier, Cpl. Gilad Shalit.

The Israel Defense Forces' tanks and bulldozers held positions overnight in the orchards bordering the Shaaf district, northeast of Gaza City.

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The sudden escalation in Gaza could indicate a rising Israeli frustration with the daily rocket attacks launched by Palestinian militants and possibly with the continuing fighting farther to the north, commentators said.

"The Palestinians in Gaza are … suffering the IDF's wrath at Hezbollah," wrote Zeev Schiff in the Israeli newspaper Haaretz.

The severity of the Israeli attack Wednesday, which used about 50 tanks and bulldozers, surprised some militant leaders, whose weaponry is primitive compared with the rockets Hezbollah fighters in Lebanon are firing at northern Israel.

"We launch them and the rest is up to God," said Abu Mujahid, a spokesman for the Popular Revolutionary Committees, a Palestinian militant group. "Sometimes they hit something. Sometimes they go backward."

Dozens of masked Palestinian fighters lined the streets of the Jabal Hassanein district in Shaaf, a suburb of Gaza City. Israeli tanks, they said, were just out of sight, perhaps one-third of a mile away.

Amid the steady thump of shells and the buzz of unseen drones overhead, the mood among the fighters was businesslike, almost routine. The masked men casually carried grenade launchers, bell-shaped explosive charges and spools of black wire through the streets. And they waited.

A trio of cell leaders directed the action through hand signals and by walkie-talkies.

"If they come from this direction, we'll lay them over here," a leader told one of his men.

Amid the preparations, a large crowd of young boys mingled and chatted, lingering in the shade. Asked why they weren't hiding, a teenager in a Yankees cap shrugged as if he didn't quite understand the question.

"We're not scared," he said. "We're used to the idea of death."

But the tension level rose as a new sound cut through the buzz of drones, a high-pitched whine that all recognized as an Israeli tank, very close and in motion.

Activity among the fighters increased. One of the cell leaders, a slightly chubby young man in a gray shirt and a black stocking mask with crooked eye and mouth holes, rousted the idling youth, barking: "Get out of here before they fire a rocket."

He then snapped a word to a group of children, who began tending to one of the explosive wires, laying it flush against a building, pinning it down with rocks and kicking dirt over it.

Footage on Al Jazeera TV showed bloodied bodies being unloaded from ambulances, including that of Palestinian state TV cameraman Ibrahim Atla, who suffered shrapnel wounds to the chest. He was listed in serious condition.

Ambulances crisscrossed the city throughout the day, sirens wailing, back and forth between the front lines and Gaza City's Shifa hospital.

Many of the dead were overmatched militant fighters, who attempted to take on Israeli tanks with armor-piercing rockets or assault rifles. But there were reports of civilian casualties. Medical sources said sisters Maria Okal, 8, and Shahed, 8 months, were killed when their home in Gaza City's Jabaliya district was hit by a shell. Several other family members were wounded, the sources said

By midafternoon, militant groups had begun to bury their dead. About 1,000 people joined a funeral procession for two Islamic Jihad fighters, wrapped in the group's banners and carried overhead on makeshift planks down the center of Shaaf Street.

24 Killed As Israel Moves Into N. Gaza (WP)

By John Ward Anderson

The Washington Post, July 27, 2006

JERUSALEM, July Israeli troops pushed into the northern Gaza Strip early Wednesday, sparking intense street clashes with local fighters that left 24 Palestinians dead and at least 57 wounded, Palestinian security and hospital officials said. They said most of the victims were struck by Israeli tank shells or missiles launched from Israeli drones flying overhead.

The fighting made Wednesday the deadliest day in Gaza since Israel pulled out of the strip last year.

At least 30 Israeli tanks joined the operation, which began about 3 a.m. and continued throughout the day in the al-Tofah neighborhood east of Gaza City, witnesses said. They described pitched battles in which Palestinian gunmen fired AK-47 assault rifles and rocket-propelled grenades at Israeli forces, which responded with tank fire and missiles.

An Israeli military spokeswoman said the incursion was part of Israel's continuing campaign to stop Palestinian groups from launching homemade Qassam rockets into Israel and to secure the release of an Israeli soldier captured by Palestinian fighters on June 25.

She said Israeli forces launched "aerial attacks" on nine separate cells of Palestinian gunmen, which were attempting to fire antitank rockets at Israeli forces or to plant crude bombs in routes that Israeli forces might use. "We hit all of them," she said of the cells.

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The fighting continued in al-Tofah Wednesday night, hospital officials said. A woman, 42, and two of her children, ages 1 and 9, were killed in an Israeli missile attack about 9 p.m., hospital officials added.

Palestinian security sources, hospital officials and statements from radical groups indicated that 12 of the people killed Wednesday were militants -- seven from Hamas, which runs the Palestinian government, and five from another radical Palestinian group, Islamic Jihad. Twelve of the dead were civilians, hospital officials said, including a 3-year-old girl and four teenage boys.

"We warned residents to clear the area before the attack," the Israeli military spokeswoman said, adding that Israel had issued numerous warnings in recent days that Palestinian civilians in Gaza should stay away from buildings that house militants and their weapons. "We have dropped leaflets, we have warned them through the media, and it has been done through recorded phone calls" placed to Palestinian homes, she said.

The Israeli army, in a statement Tuesday, indicated that it would not be deterred from attacking civilian targets if they were being used by terrorists.

"Terrorist organizations operate from within civilian populations, while cynically exploiting uninvolved civilians and using them as human shields," the statement said. "From now on, the IDF [Israel Defense Forces] intends to attack weapon storage facilities, including those located in houses, and the sites from which rockets are being launched and terror attacks are dispatched against the citizens of Israel."

The Palestinian Health Ministry said Wednesday that since hostilities flared in Gaza with the capture of the Israeli soldier last month, 155 Palestinians have been killed, including 45 children, and 623 have been wounded.

India Nuke Deal Heads For House Vote (AP-Y)

By Foster Klug

AP2, July 27, 2006

The House headed toward a vote Wednesday to allow the United States to supply India with civilian nuclear fuel and technology, a proposal that would reverse decades of U.S. anti-proliferation policy.

A leading supporter, Rep. Tom Lantos, D-Calif., portrayed the proposal as "a tidal shift in relations between India and the United States."

"We are at a hinge of history as we seek to build a fundamentally new relationship based on our common values and interests," said Lantos, the top Democrat on the House International Relations Committee.

President Bush is asking legislators to exempt India from U.S. laws that bar nuclear trade with countries that have not submitted to full international inspections.

Congressional action is required because India built its nuclear weapons program outside the international Nuclear Non-Proliferation Treaty, which provides civil nuclear trade in exchange for a pledge from nations not to pursue nuclear weapons.

The full Senate also must vote on the measure, and any differences with the House would have to be reconciled into a single bill.

A plan agreed to by Bush and Indian Prime Minister Manmohan Singh would allow civil nuclear trade with India in return for safeguards and inspections at India's 14 civilian nuclear plants; eight plants designated as military by the Indians would be off-limits.

Supporters portrayed the plan as a way to strengthen a strategic relationship with a friendly country that has long maintained a responsible nuclear program.

Democratic Rep. Joe Crowley of New York said India "has never once proliferated beyond her borders, which can't be said for some of her neighbors." That referred to Pakistan, where a prominent nuclear scientist admitted having run a nuclear smuggling ring for years.

Critics argued that the deal shreds the world's nonproliferation regime. The extra nuclear fuel that the deal would provide, they say, could free India's domestic uranium for use in its weapons program. Pakistan and China could respond by increasing their nuclear stockpiles.

"We're going in the wrong direction here," said Rep. Dennis Kucinich, D-Ohio. "At this time of great crisis in the world, we should be looking for nuclear disarmament, nuclear abolition — saving the world, not ramping up for Armageddon by nuclear proliferation."

While the initiative enjoys broad support from lawmakers in both political parties, several hurdles remain.

The Nuclear Suppliers Group, an assembly of nations that export nuclear material, must make an exception for India; and India and officials from the U.N. nuclear watchdog organization must negotiate a safeguard agreement. Once technical negotiations on an overall cooperation agreement are settled between India and the United States, Congress would then take another, expedited vote.

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House Approves Nuclear Deal With India (NYT)

By David E. Sanger

The New York Times, July 27, 2006

WASHINGTON, July 26 — The House of Representatives voted overwhelmingly on Wednesday night to approve a nuclear deal with India that would for the first time allow the United States to ship nuclear fuel and technology to a country that has refused to sign the Nuclear Nonproliferation Treaty.

The accord's passage, by a vote of 359 to 68, is a quick, major victory for the Bush administration, which argued that nurturing India as an ally outweighed concerns that the agreement would free more nuclear material for India to use for the manufacture of nuclear weapons.

The Senate is expected to approve the deal later this year, but before it goes into effect both houses will have to approve the specifics of an nuclear cooperation accord with India. Similarly, India will have to reach agreements with the International Atomic Energy Agency and the Nuclear Suppliers Group, the loose collection of nations that regulate the sale of nuclear-related technology.

Until the vote on Wednesday evening, American law had prohibited nuclear cooperation with any of the three states that have refused to sign the nonproliferation treaty: India, Pakistan and Israel.

Eight years ago, India and Pakistan took American intelligence agencies by surprise when they conducted nuclear tests, and the Clinton administration's response was to impose economic sanctions on both countries.

The last of those sanctions were lifted after the Sept. 11 attacks, when the Bush administration needed Pakistan's help in rooting out Al Qaeda.

Critics of the agreement have argued that it is hypocritical to carve out an exception for India at a time when the United States is trying to force Iran, which is a signer of the nonproliferation treaty, to give up any production of nuclear material.

"What kind of signal are we sending to the world when Iran is on trial in the Security Council for its nuclear program, and we are turning a blind eye to India?" asked Representative Edward J. Markey, the Massachusetts Democrat who led the opposition to the accord. "We will make a mockery of the nonproliferation system."

But he was unable to convince many members of his own party, much less the Republicans, that the accord would fuel an arms race in South Asia and eliminate the incentive for nations to abide by the treaty.

Several leading Democrats, including Representative Nancy Pelosi, the House minority leader, argued in favor of the deal, which was supported by both the India-American lobby and the nuclear industry. If the restrictions are lifted, American companies would be free to sell reactors and other equipment and services to generate electricity in India from nuclear sources.

India now mines a relatively small amount of uranium, which it divides between its weapons program and its fledgling nuclear power program.

If completed, the new accord with the United States would free up all the uranium that India mines for weapons purposes, and international inspectors will have no access to the military facilities. An amendment offered by several Democrats that would require India to agree to limit its production of nuclear weapons fuel was defeated on the floor on Wednesday evening, with supporters of the deal saying it would be rejected by the Indians.

"India already possesses nuclear weapons, and is very unlikely to dispose of them," Representative Henry J. Hyde, the Republican from Illinois who is chairman of the House International Relations Committee. "This is the proverbial deal killer."

The supporters of the agreement offered several reasons for supporting passage, including economic benefits for the American nuclear industry and encouragement to India to promote American strategic interests. Mr. Hyde spoke of the benefits of countering "the rising power of China," though administration officials insisted, in testimony earlier this year, that they did not intend for the deal to bolster India against China, a longtime rival.

Opponents accused the administration of playing down the potential problems, including the possible reaction of Pakistan, which has spent decades building a nuclear arsenal to counter India's. Mr. Markey pointed to recent news reports about Pakistan's efforts to increase its own production of plutonium through construction of a new reactor.

Bush Eager To Revive Failed Doha Talks (FT)

By Caroline Daniel, Krishna Guha And Edward Luce

Financial Times, July 27, 2006

"Neither dead nor alive" is the Bush administration's verdict on the collapsed Doha round. But senior US officials say that President George W. Bush will do what he can to revive a round that he was instrumental in launching in the aftermath of the September 11 terrorist attacks.

"We have not given up on the Doha round," said a senior official in Washington on Wednesday.

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Officials said they believed last weekend's collapse in Geneva had been inevitable since French voters rejected the European constitution in last year's referendum. Some point to fears of globalisation, with which Doha is closely associated, as a factor behind the French 'No' vote. "Maybe this round had to get worse before it gets better," said another senior official. "We do not think this is the end of Doha."

However, the Bush administration has yet to arrive at a clear strategy for keeping the Doha round alive without handing ammunition to the opposition Democrats in the build-up to mid-term elections in November.

Democrats have become increasingly hostile to further trade liberalisation in the past two years. Mr Bush also has to tread carefully with Republican lawmakers from farming states, who have shed few tears over the apparent demise of the round. There is more support among Republicans than Democrats for the administration's pursuit of bilateral trade deals with South Korea, Malaysia and possibly Japan. "The next step is to continue bilateral deals that we are negotiating with several countries," said Charles Grassley, the Republican chairman of the Senate finance committee. "We will continue to fill the gap in a slower way."

Bush officials concede that prospects for reviving and then concluding Doha before the expiry of the president's fast-track trade promotion authority (TPA) next June is highly unlikely. In the mean time, Washington plans to push ahead with US bilateral trade negotiations – particularly with China's east Asian competitors. However, many economists say such bilateral accords do more to undermine the multilateral trade system than extend it.

Washington has concluded 12 bilateral deals since Mr Bush came to office. Future deals could be used to persuade Congress to extend the TPA next year, they say. "The question is how to approach the renewal of TPA from a political standpoint," said another official. "We do need to have it extended, or at least applied on a case-by-case basis."

Jagdish Bhagwati, a senior fellow at the Council on Foreign Relations, said: "There is no doubt that Mr Bush remains deeply committed to trade liberalisation and to Doha – it is one of his signature objectives," he said. "But he cannot afford to make himself hostage to the Democrats before the midterm elections. There can be little doubt he will try to revive Doha after that." In trying to resuscitate Doha, Mr Bush will be able to draw on support from business lobby groups. They also support the Bush administration's tactic of using bilateral deals as a lever to press Congress to renew his fast-track negotiating authority.

On Wednesday Pascal Lamy, director-general of the World Trade Organisation, said: ". . . The odds that TPA will be extended are very low, but by that time we may be in a new situation".

Meanwhile, top trade negotiators of Brazil and the US will meet on Saturday in Brazil in a bid to bridge differences following the collapse of the Doha talks.

US Refuses To Give Up After 5 Years Of Failed Trade Talks (USAT)

By David J. Lynch

USA Today, July 27, 2006

WASHINGTON — Susan Schwab, the U.S. trade representative, said Wednesday that the Bush administration is pursuing a new global trade agreement despite the collapse of negotiations earlier this week.

Efforts to reach a deal in the Doha trade round, named for the Qatari capital where the talks began, stalled Monday after five years of talks. Officials from the United States, European Union, Japan, Australia, Brazil and India — the so-called G6 — proved unable to bridge major gaps on rewriting the rules for agricultural commerce.

"The Doha round is in serious trouble, but it isn't dead yet," Schwab told reporters. "The U.S. for its part has no intention of abandoning the Doha round."

Officials from the EU, Brazil and India this week all blamed the U.S. for scuttling the talks.

But Schwab said that the U.S. had indicated in Geneva that it would be willing to make deeper cuts in farm subsidies, which distort global trade by encouraging excess production, while allowing its trading partners to protect more of their domestic markets in return for a deal.

The response, she said, was disappointing. "The EU and India came back with exactly what they had been saying (for months) … and the Japanese had nothing to put on the table," she said.

The U.S. consistently has ruled out seeking a limited "Doha Lite" agreement, which is favored by some European officials, instead insisting upon a comprehensive accord that would provide expanded access to foreign markets for farmers, manufacturers and service providers.

But in the press conference, Schwab indicated a willingness to explore a step-by-step approach to that ultimate objective, beginning with an undefined "Doha down payment," if there were a "sequencing exercise" that pointed the way.

"It is crazy to abandon the work that we've done," she said.

Still, any new accord faces a tough political calendar. In July 2007, President Bush's authority to negotiate trade deals expires. The administration could seek an extension, but congressional approval would not be assured.

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For now, negotiators are simply trying to identify a path forward. On Saturday, Schwab will meet with Brazilian Foreign Minister Celso Amorim in Rio de Janeiro.

"We're 48 hours from the crisis. … Feelings are a little raw," she said. "A number of countries are trying to think about 'what next?' "

Schwab Tries To Revive Global Trade Talks (WT)

By Jeffrey Sparshott

The Washington Times, July 27, 2006

U.S. Trade Representative Susan Schwab will travel to Brazil today for the first of a series of meetings meant to pick up the pieces of global trade talks that broke up early this week.

World Trade Organization (WTO) negotiations to spur commerce and help lift developing countries out of poverty collapsed as the United States faced off with Europe, India and other countries over farm subsidies and tariffs.

"The Doha round obviously is in serious trouble but it isn't dead yet," Mrs. Schwab said yesterday, referring to the city in Qatar where negotiations began in 2001.

"We fully intend ... to do everything possible to see it to a successful conclusion," she added.

But President Bush's trade envoy acknowledged that it could take years for the WTO's 149 members to reach a consensus on new trade rules, or that they may never finalize a deal.

"We don't know whether we're even going to be able to ... get to yes on Doha, or will we get to yes on Doha in three months, in six months or three years," Mrs. Schwab said.

Mrs. Schwab and Brazilian Foreign Minister Celso Amorim this week will discuss ways to move the talks forward.

Mrs. Schwab also noted upcoming meetings that will focus on WTO talks, including gatherings with trade ministers from the Association of Southeast Asian Nations in August, with Australia and other major agricultural exporters in September, and with trade ministers at an Asia-Pacific Economic Cooperation group summit in November.

The collapse of negotiations Monday in Geneva quickly led to recriminations among the six parties -- the United States, European Union, Japan, India, Brazil and Australia -- trying to craft a compromise that would be acceptable to all WTO members.

Those countries now are trying to figure out what to do next.

"Doha will remain a central priority of European trade policy. We will work to bring it back to life and to success," Peter Mandelson, the EU trade commissioner, said Tuesday.

But it is not clear how the countries will bridge their differences and reach the final goal of alleviating poverty.

"The writing is on the wall. The WTO trade model has no future," said Lori Wallach, director of Public Citizen's Global Trade Watch, part of a consumer group founded by Ralph Nader that is skeptical of free trade.

Another observer was less dire about the outlook.

"The negotiations will continue, because ultimately reduction of agricultural protectionism and subsidies is in the interest of most countries, industrialized and developing alike," said Antoine Bouet, senior research fellow at the International Food Policy Research Institute, a research group funded in part by the World Bank.

Collapse Of Trade Talks May Yield Legal Battles (WSJ)

By Juliane Von Reppert-Bismarck

The Wall Street Journal, July 27, 2006

BRUSSELS -- Panama launched a trade dispute with neighboring Colombia this week and Brazilian officials considered asking for $1 billion in sanctions over U.S. cotton exports, signaling that the collapse of global trade talks could foment a frenzy of international legal fights.

World Trade Organization members had planned a deal during the so-called Doha round of trade talks that would remove U.S. and European Union export subsidies on cotton, rice, vegetables and dairy products by 2013, among other issues.

But the Doha talks, which had been in the works for almost five years, faltered Monday after ministers from the EU, U.S., Brazil, India, Japan and Australia failed to remove government financial supports in the politically sensitive farm sector.

U.S. Trade Representative Susan Schwab plans high-level meetings in coming weeks to "keep the momentum going." Australian Trade Minister Mark Vaile this week called for a meeting with his European and U.S. counterparts in Australia in September to "get the round back on track."

Fear of expensive fines and litigation may send members back to the table, but few observers expect a revival of diplomacy within the coming months or even years.

"Legislation is slower than it should be, and there is a risk that litigation will fill the gap," WTO chief Pascal Lamy said Monday after talks broke down in acrimony. "We have to prepare for that if the round fails definitively."

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A top Brazilian trade official said the country will decide next week whether to ask the WTO for permission to impose $1 billion in punitive duties on U.S. imports, arguing that Washington hasn't adequately reformed its cotton subsidies since the WTO ruled them illegal last year. Such a request would dissolve the armistice the two countries kept as they focused on the Doha round.

"There wasn't much point in litigating on the eve of a change of global trade rules," said Roberto Azevedo, head of economic affairs at Brazil's Foreign Ministry and chief litigator in Brazil's previous successful cases against U.S. cotton subsidies and Europe's sugar payments. "But when you are no longer on the eve of a change of rules, that changes the picture radically," Mr. Azevedo said.

Panama this week started a fight with Colombia over its limits of import passes along the two countries' border and its calculation of tariff rates, a fight Panama's ambassador in Geneva warns China may also take up against Colombia.

U.S. Agriculture Secretary Mike Johanns and European trade chief Peter Mandelson both acknowledged they face court action over their payments to farmers.

The U.S. may be most vulnerable to legal attacks. Congress wants to extend by five years a farm bill that would entrench subsidies open to challenge at the WTO. The U.S. subsidizes farmers who are in direct competition with Brazilian exporters, whose government is a seasoned WTO litigant, and in the most recent breakdown of talks the U.S. came in for a big share of the blame from Brazil, the EU and other trading partners.

The U.S. soon may have to fight off Brazilian claims against subsidies for cotton and possibly rice and soybeans. Development group Oxfam charges that illegal U.S. rice subsidies valued at about $1.2 billion a year damage rice farmers in more than a dozen countries. Trade officials and legal experts agree with Oxfam's assessment.

The EU may be able to ward off the worst of the litigation. EU trade officials hope planned overhauls of fruit, vegetable and wine sectors will discourage complaints.

Still, subsidies to dairy and tobacco farmers valued at more than €2 billion, or $2.52 billion, a year are vulnerable to attack: Oxfam estimates their removal could hand developing-country exporters hundreds of millions of extra dollars a year.

Failure Of Global Trade Talks Is Traced To The Power Of Farmers (NYT)

By Steven R. Weisman And Alexei Barrionuevo

The New York Times, July 27, 2006

WASHINGTON, July 26 — For months, the Bush administration had tirelessly warned farmers to prepare for the possibility of a global trade deal. At the Indiana State Fair last year, Charles F. Conner, the deputy agriculture secretary, told listeners not to expect “anything close” to the subsidies they had been used to for decades.

But the collapse of world trade talks this week has again proved that a small number of farmers in the United States — as well as Europe, Japan, India and other trading partners — have the power to resist lower agricultural tariffs and subsidies, even though a global trade deal might ultimately benefit most of them.

In Congress and among farm lobbyists, though, the breakdown of the trade talks was viewed as a dodged missile.

“We are proud that the U.S. stood up and held the line,” said Bob Stallman, president of the American Farm Bureau Federation. “No deal is better than a bad deal.”

Trade officials now fear that in the wake of the failure this week, there will be a proliferation of nasty disputes in the World Trade Organization and that the momentum for growth of trade might slow from its period of recent growth, expanding to $9.12 trillion in 2004 from $6.45 trillion in 2000.

At the same time, many experts say, the big multinational corporations that have gained the most from globalization did not push all that hard for a deal, apparently convinced that they would continue to prosper even if further progress toward an open trading system faltered.

American and European officials say the real cost of the failure will be borne by the poorest countries, in whose name the failed round of trade talks was begun in Doha, the capital of the Persian Gulf emirate of Qatar, after the attacks of Sept. 11, 2001.

The central idea behind the trade round was ostensibly to help poor farmers in Asia, Africa and Latin America export their products to richer countries, while also opening developing countries to more goods and services from the advanced economies.

Last October, the United States proposed a cut of more than 60 percent in tariffs and subsidies by Europe and the United States, and something less for poor countries. American officials say that their farm tariffs are already half the levels of those in Europe and that American trade-distorting farm subsidies are $12.5 billion compared with $33 billion in Europe.

But led by Peter Mandelson, chief negotiator for the European Union, many foreign trade officials asserted that the American offer was deceptive. The real cuts, Mr. Mandelson said, were far less.

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A senior British political figure close to Prime Minister Tony Blair, Mr. Mandelson suggested that the Bush administration was loath to make a trade deal in an election year with farmers' votes crucial to Republicans. By doing so, he angered American officials, who accused him of hypocrisy.

"I understand the politics of this situation," Mr. Mandelson said in an interview after the collapse of the talks. "Coming from Europe, I understand agricultural politics quite well."

In response, Susan C. Schwab, the United States trade representative, and Agriculture Secretary Mike Johanns asserted that Mr. Mandelson and the Europeans were themselves proposing cuts that contained loopholes and exceptions for "sensitive" commodities like dairy and beef because of their political role.

"The catch is it takes two to tango and 149 to reach a consensus," Ms. Schwab said. "Unfortunately, several key developed countries and developing countries have not bellied up to the bar to play their role." She said she could not have gone along with further concessions, even though the United States stood to gain more than most countries, without more flexibility from Europe.

At a time when the United States and the Europeans have come together on diplomatic issues like Iran, this trans-Atlantic rift and the charges on both sides of deliberate distortions of their proposals threaten to become increasingly bitter.

The seeming paradox is that in Europe, the United States and Japan, farmers now account for only 1 or 2 percent of the work force and little more of the overall economy. But they have become the pivot of global trade talks because farmers everywhere exercise power beyond their numbers.

And among large developing nations like India, Brazil and Indonesia — which have benefited from integration into the global economy — farmers are such a large voting bloc that they can insist on being exempt from trade rules that benefit manufacturers and outsourcing services in their countries.

"Agriculture has always had enormous influence in trade talks because of a central truth," said Stuart E. Eizenstat, a former under secretary of state for economic affairs under President Bill Clinton. "Constituents who feel disadvantaged by trade deals can always outmaneuver those constituents, or the general public, that benefits from them."

Another factor affecting the usual trade-offs on trade this year is that American manufacturers of machinery, computer parts and the like, and the banking and insurance industries that have spread throughout the world, stood back from the Doha round, many experts say.

In the 1990's, trade deals that stirred opposition in the American textile industry and other areas hurt by imports were countered by those benefiting from trade. But since big banks, insurers and manufacturers are already enjoying the benefits of globalization, there are signs that they have become complacent.

"The dynamics of trade have changed," said Mickey Kantor, a top trade envoy under President Clinton. "The least developed countries like India are asserting themselves like never before. Second, if industrial and service don't have as much a stake, they're not going to put the pressure on to counter agriculture or textiles."

Though the Europeans say that the United States had to improve on its offer of last October to keep the talks going, there was no political support for doing so.

Indeed, last month 57 Republican and Democratic senators urged President Bush not to make further concessions in agriculture to the Europeans until they showed flexibility in return. In private meetings over the last two weeks, the message was delivered bluntly to Ms. Schwab and Mr. Johanns, trade officials say.

Indeed, the political situation is so fraught that some experts wonder why the Bush administration scheduled a make-or-break session on the trade talks knowing it could not make a major compromise at a time when Mr. Bush and the Republicans are fighting an uphill battle to avoid heavy losses in November's elections.

"This has been badly handled," Mr. Kantor said. "To have a trade negotiation at this point, and try to get the Bush administration to make very difficult choices before an election doesn't make sense."

For all their diminished role in the economy, farmers in the pivotal battleground states of the Midwest still have a strong appeal to the American conscience. But that same appeal also works in Europe, where politicians see farmers as the backbone of their societies.

"Agricultural is so emotional and so cultural for many nations, including ours," said John Engler, president of the National Association of Manufacturers and former Republican governor of Michigan. "We were all agrarian societies once upon a time."

By all accounts, the biggest supporter of farmers in Europe is France, where even the offer by Mr. Mandelson drew criticism as "unacceptable." Ms. Schwab, who took office only in June, tried to orchestrate European opposition to French intransigence, and to orchestrate global opposition to the European stance on farm supports.

Asked what happened to that strategy, an American trade official shrugged and said: "If it's a toss-up between French farmers and the rest of the world, apparently it's French farmers who will win."

How Farms Stymied Doha (CSM)

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By Mark Trumbull

The Christian Science Monitor, July 27, 2006

In the end, negotiators learned, all trade politics is local - and agricultural.

The collapse of global trade talks this week shows that, despite decades of pulling down trade barriers for other goods and services, rolling back farm subsidies remains as difficult as ever.

No one ever imagined that reconciling local syndicates with national interests was going to be easy. But this round of trade negotiations, launched in 2001 in Doha, Qatar, was supposed to be the one that finally tackled agriculture - and the one that focused more than ever before on making trade a force for progress in developing nations from Africa to Latin America.

The goals of the so-called Doha Round, while noble in the view of many analysts, were flummoxed by farming politics that went beyond traditional arguments about national culture and "food security."

"It was arguably ... the big agricultural traders" who sank hopes for a Doha deal, says Chad Hart, an agricultural economist at Iowa State University in Ames, Iowa. In a few key nations, he says, farm interests "see that they could be on the short end of the agreement."

The United States, Japan, and members of the European Union - all of them rich nations that are food importers or exporters - were willing to cut some of their farm-support spending as a concession to developing nations. But the deal collapsed, analysts say, in part because the rich nations didn't win enough concessions in return to counterbalance the weight of opposition from their own local farm lobbies.

The breakdown doesn't mean a new global trade accord won't happen. But it could take months or years to jump-start the dead talks.

"We have seen stoppages like this in the past," Dr. Hart says. "Eventually there was a breakthrough, and an agreement was reached."

Those past agreements have cut trade barriers worldwide. The result, economists say, has been new commercial activity that has added several trillion dollars to the world economy in the past few decades.

But throughout it all, agriculture has remained highly protected, with tariffs, import duties, and subsidies restraining the free flow of cotton, sugar, and other crops.

With so many areas of trade already liberalized, the Doha Round could hardly avoid putting farm goods at the forefront when talks began in 2001.

But despite years of serious work, the effort fell apart like a comedy of errors. The US and European Union are now trading jabs at each other for not offering deep enough cuts in farm protections. India refused to stop shielding its farmers from global competition. And the agriculture minister for Japan, which has long protected its rice farming industry - complained that "I was not given the opportunity to show all of my cards" in negotiations.

How did it get to this?

The short answer is that agricultural lobbies enjoy a political clout that far outweighs their economic weight, economists say. Their influence is often felt in every region of nations such as France and the US, with corresponding influence in legislatures. So once farmers have won government entitlement benefits, they're often very hard to remove.

"You take that cotton land down in Mississippi.... That land would probably drop in value by half" without subsidies, says Gary Hufbauer, a trade specialist at the Institute for International Economics in Washington.

Thus, it takes a formidable argument on the part of free-traders to overcome the opponents to big cutbacks in farm supports.

Similarly, developing nations such as India and China often have their own political resistance to free trade in farm goods. The concern, Dr. Hufbauer says, is that "if the liberalization is too fast, too many rural people will leave the farm life too quickly ... and disrupt the political system."

For the Doha Round, these obstacles proved too great, dashing for now the hopes of nations from Brazil to West Africa that foresee significant gains from freer farm trade.

More broadly, though, most economists say that all nations stand to benefit from more open trade.

A World Bank study eight months ago estimated that the abolition of tariffs, subsidies, and domestic support programs would add $300 billion a year to the global economy by 2015. Nearly two-thirds of the gains would come from farm reforms, since that's the sector most distorted by current government policies.

But the more limited the scope of reform, the smaller the gains. It matters a lot, for example, whether a deal removes tariffs on imports as well as subsidies for exports. "Deep reductions in agricultural tariffs would deliver 12 times the gains that would be achieved by abolishing export subsidies and trade- distorting domestic support to agriculture," Will Martin, a World Bank economist, said when the study was released.

In the Doha Round, the niggling over details blocked substantial changes.

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Antoine Bouet, an economist at the International Food Policy Research Institute in Washington, says that if the talks restart, one answer could be a three-way compromise. The goal would be for the US to cut more domestic supports, the EU to cut more import duties, and the G20 nations (which include China and India) to cut more industrial tariffs.

All would benefit together, he says, but the costs for some sectors would be significant. American sugar producers and fruit growers, for example, would no longer be as competitive against imported goods. For those within any nation who lose from free-trade deals, the change can be hard.

And while trade promises significant gains, it is not a simple recipe for development in Africa or elsewhere, Bouet says.

Trade can help transform economies, by fostering new industry and the transfer of technology. But he says the most important development policies for any nation are domestic, starting with basic elements such as the rule of law and secure property rights. "The decisive reform," Dr. Bouet says, is "political stability and creation of good institutions."

Shrugging Off Trade Promises (NYT)

The New York Times, July 27, 2006

It's easy to shrug off this week's collapse of global trade talks. Amid the killing in Iraq and Lebanon, a war of words over "de minimis subsidies" and "amber box" payments seems esoteric at best. But the damage to the world's poorest countries, which will now be denied their promised access to global markets and a chance to compete, will be enormous.

So will be — and should be — the resentment toward the world's richest countries. Much of that blame ought to be directed at Europe and the United States, which again decided that the political clout of their farm lobbies outweighed their leaders' repeated promises to do more to end global poverty.

This round of trade talks, started soon after the 2001 terrorist attacks, was supposed to redress decades of unfairness in the global trading system while showing that the civilized world could pull together in the face of barbarity.

Since World War II, global agreements have dismantled barriers against trade in industrial goods and services, the areas in which the rich countries have a huge comparative advantage. But they have done little to break down barriers against agricultural goods and textiles, areas in which poor countries can compete, if given a chance.

That was supposed to change this time around, with the Americans and Europeans promising to make deep cuts in agricultural subsidies and tariffs. Rich countries pour nearly $1 billion a day into propping up their farmers. That fuels overproduction, drives down prices, and makes it impossible for poor farmers to sell their unsubsidized products abroad or even at home.

The market, to which the developed world swears such fealty, isn't allowed to work.

It's hard to say who is more to blame for the talks' failure, the United States or Europe. But with the White House nervously eyeing this fall's Congressional elections and President Jacques Chirac of France — whose farmers are among the most cosseted in the world — nervously watching his polls, the agricultural lobbies on both sides of the Atlantic again carried the day. Brazil and India, which claim to be champions of the poorest, didn't help by refusing to pry open their growing markets.

Nothing good will come of this. The developed countries won't benefit from a further liberalization of trade in services and manufactured goods. The poor countries won't get to compete with their agricultural goods. And the world economy, which grows faster as free trade expands, may falter — especially if governments choose trade wars rather than adjudication to settle their grievances.

As for the promises made in 2001 to do more to help the world's poor climb out of poverty, those have been shrugged off.

Doha Stall Leaves Lawmakers To Focus On A New Farm Bill (HILL)

By Elana Schor

The Hill, July 27, 2006

This week's collapse of the Doha world-trade talks could give new momentum to lawmakers hunkering down for a hard-fought farm-bill rewrite, despite support for extending existing farm-subsidy rates until a Doha deal can be reached.

World Trade Organization (WTO) nations spent five years working for an agreement to expand market access for U.S. agriculture in exchange for curbs on U.S. and European Union (EU) farm subsidies, among other trade expansions. Capitol Hill was bracing for new farm-subsidy rules to be set during debate over reauthorizing the 2002 farm bill, which expires in fall 2007.

But the WTO indefinitely suspended talks Monday after the EU failed to match proposed U.S. subsidy cuts. The best efforts from U.S. Trade Representative Susan Schwab and other Bush administration negotiators are unlikely to take Doha off life support until after a new farm bill is passed.

The American Farm Bureau Federation (AFBF) will announce a policy shift triggered by the Doha stalemate this morning. Both the AFBF and the National Farmers Union (NFU) have supported House and Senate proposals to extend the 2002 farm bill

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until Congress approves legislation to implement new world-trade rules, but this week's developments could shift momentum away from those efforts.

"Right now, the farm economy is in a shaky financial situation" because of high energy prices, NFU President Tom Buis said. "With that scenario, the shaky political divisions in Congress in an election year … federal budget issues because of the deficit, and you throw in the trade issues, a lot of people think an extension is the best bet."

Two House bills, sponsored by Reps. Collin Peterson (D-Minn.) and Mac Thornberry (R-Texas), would have put off a contentious farm-bill debate to bolster the Doha round's chances. Sen. Jim Talent (R-Mo.) offered a Senate version.

"Given the fact that we were unable to create additional market access through Doha, we have a very deep concern regarding the types of support programs farmers are going to need to compete in world trade," AFBF spokesman Mace Thornton said.

Yet House Agriculture Chairman Bob Goodlatte (R-Va.) did not support extending 2002 subsidy rates. He still favors moving forward with a new farm bill regardless of Doha, Goodlatte spokeswoman Alise Kowalski said.

If a one-year stopgap were approved, Kowalski asked, "what cycle would we be getting into? We would keep extending it until they were done."

If Doha had hurtled toward a deal, Goodlatte would have been open to holding off on a new farm bill, but now the committee is picking up its pace, she said.

The committee has held 11 farm-bill field hearings in members' districts this year and plans to hear from consumer and industry groups in Washington after the August recess.

The Senate Agriculture Committee, where chairman Saxby Chambliss (R-Ga.) has not fully endorsed of an outright extension, is also holding field hearings.

Tight federal finances, rather than WTO uncertainty, could prove crucial as lawmakers grapple with less subsidy funding than was available in 2002. The recent budget-reconciliation bill required agriculture committees to find $2.7 billion in cuts over the next five years.

"We're running a deficit on a national basis that will make it more difficult to have a lucrative farm bill," said Rep. Randy Kuhl (R-N.Y.), the only Northeasterner on the Agriculture Committee and a strong backer of the MILC dairy support system. Kuhl said he would be open to general subsidy cuts as the reauthorization debate proceeds.

Despite Doha's derailment, WTO rules remain an obstacle to remodeling the farm bill. Brazil's challenge to U.S. cotton subsidies left Congress wary of inviting future WTO disputes over sudsides.

"Many legislators had been saying they wanted to have some more certainty about the content of trade rules before they went to all the trouble of writing a farm bill," said Jason Hafemeister, Schwab's director for WTO agriculture negotiations. "Some were hoping [for] a deal that would have defined what was permissible in terms of subsidies."

If Doha is revived, Hafemeister noted, lawmakers can change farm subsidies and other support programs after a new farm bill is passed.

One senior Bush administration official called the convergence of Doha and the farm bill "a very tricky issue, timing-wise" as Schwab and U.S. negotiators continue to position themselves as more flexible on agricultural support than the Europeans.

"If we went ahead and extended the farm bill as it is, other countries will say, 'Aha, the U.S. is not willing to reform. It doesn't have the political will to do what the negotiators said they would do,'" the official said.

At a press conference just after the Doha suspension, EU trade chief Peter Mandelson said he wants President Bush to pledge a veto of "any move to extend or roll over the existing U.S. farm bill."

Secretary of Agriculture Mike Johanns also urged lawmakers to start reauthorizing the farm bill regardless of the state of Doha talks. "It's important … to draft farm policy that is equitable, that is predictable and that is beyond challenge," he told reporters on a conference call earlier this week.

U.S. Tariff-Bill Authors Threaten Vote If China Doesn't Loosen Yuan (WSJ)

By Elizabeth Price

The Wall Street Journal, July 27, 2006

WASHINGTON -- The authors of a U.S. Senate bill that would impose steep tariffs on Chinese imports said Beijing must show more progress on foreign-exchange reform or they would call for a vote on the legislation by Sept. 30.

Sens. Charles Schumer and Lindsey Graham said after meeting with U.S. Treasury Secretary Henry Paulson that they told him they are disappointed with the Chinese yuan's failure to strengthen against the dollar.

For more than a year, Sen. Schumer, a New York Democrat, and Sen. Graham, a South Carolina Republican, have agreed to delay a vote on legislation that would slap a 27.5% tariff on Chinese imports in retaliation for currency manipulation by

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Beijing. Under their bill, tariffs would be imposed if a 180-day period of negotiations between the U.S. and China failed to resolve the currency dispute.

They agreed to put off a vote in March after they said a visit to China had persuaded them that Beijing was committed to eventually moving to a floating currency.

"We have done the minuet for quite a while and it's time to see progress," Sen. Schumer said.

Japan: Ban On U.S. Beef Ends (NYT)

The New York Times, July 27, 2006

The Japanese government said on Thursday that it had formally decided to allow American beef imports, suspended for the last six months, to restart immediately from all but one of 35 beef processing plants authorized to sell beef to Japan. Japan suspended American beef imports on Jan. 20, just a month after it had lifted a two-year-old ban on beef imposed because of concerns about mad cow disease, when Japanese inspectors found banned cattle parts in a veal shipment from a New York City company. Japan will keep a ban on imports from one plant, now changing its operations manual, until the government confirms the final contents of the manual.

N. Korea Says It Will Bolster Nuke Program (AP)

By Kwang-tae Kim

AP, July 27, 2006

North Korea's defense minister said his country will strengthen its nuclear weapons program in response to U.N. sanctions and American hostility, the North's official news agency reported Wednesday.

North Korea will upgrade its arsenal "in every way by employing all possible means and methods" and will greet any aggressors with "all-out do-or-die resistance and unprecedented devastating strikes," Kim Il Chol said, according to the Korean Central News Agency.

Kim said such a move is necessary to counter the United States' "extremely hostile act and the irresponsibility of the U.N. Security Council."

Kim spoke at a gathering to mark the 53rd anniversary of the armistice agreement that ended the Korean War.

North Korea fired seven missiles in early July, including at least one believed capable of reaching the U.S. mainland. International condemnation prompted the Security Council to adopt a resolution sanctioning North Korea and banning member states from missile-related dealings with the communist country.

The defense minister warned that the U.N. resolution will not force Pyongyang to give up its nuclear program. North Korea "can survive without sweets, but not without bullets," he said.

Separately, a South Korean civic group said the North is readying its forces for conflict.

Artillery units have been armed and civilian forces, composed of laborers and farmers, have been outfitted with uniforms, the Seoul-based Good Friends group said in a statement Wednesday.

Drills are being held for both active duty and civilian forces, and civilians have been issued vehicles covered with camouflage netting, Good Friends said without citing sources for its information.

Previous reports by the South Korean group of activities in the isolated North later were confirmed. But a spokesman for South Korea's Unification Ministry dismissed the report.

Rice In A Serious Mood (NYT)

The New York Times, July 27, 2006

It is an open secret that American diplomats have often scratched their heads at one of the weird customs of the annual meeting of the Association of South East Asian Nations: the skits the delegations perform at the gala dinner ever year.

Last year, Robert B. Zoellick, then deputy secretary of state — filling in for his boss, Condoleezza Rice — sang “Oh My Darling, Clementine.” The Russian foreign minister, Sergey V. Lavrov, portrayed Darth Vader, light saber and all.

This year’s dinner, in Malaysia, is today, but Ms. Rice said she would not be doing a skit because the fighting in the Middle East called for seriousness, not levity. But she said she would play the piano. “I’m going to do a serious piece,” she said. “A reflective piece. Brahms is always good for that.”

N. Korea-Iran Ties Seem To Be Growing Stronger (LAT)

By Barbara Demick

The Los Angeles Times, July 27, 2006

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SEOUL — North Korea and Iran, two fiercely anti-American regimes, appear to be bolstering their military and diplomatic cooperation, including the possible sale of missiles to the Tehran government, intelligence sources said.

An Iranian parliamentary delegation visiting Pyongyang was given a VIP welcome with a reception Monday at the North Korean Supreme People's Assembly to celebrate, as the North Korean news service put it, the "friendly and cooperative relations growing strong in various fields" between the two countries.

Israeli intelligence believes North Korea recently sold 18 intermediate-range missiles to Tehran. Some accounts also place Iranian observers in North Korea when the Pyongyang regime test-fired seven missiles over the Sea of Japan this month.

"The Iranians are looking to North Korea for their new designs," said Uzi Rubin, a former head of the Israeli missile defense program. "Of course, we are worried. Whatever North Korea makes eventually ends up in the Middle East."

Rubin says Iran is particularly interested in North Korea's multistage missile, the Taepodong, because it can be used to launch a satellite. The missile was one of the seven test-fired recently, but it failed after 42 seconds, splashing into the sea not far from the test site.

Another missile that Rubin believes might have been among those tested was an intermediate-range missile based on an old Soviet design for a submarine-launched nuclear missile. These newly manufactured missiles are estimated to have a range of 1,550 miles, which would enable them to reach Israel and much of southern Europe from Iran.

Israeli intelligence chief Amos Yadlin said in April that Israel had evidence that the North Koreans had shipped 18 of these missiles — known alternately as the SS-N-6 or the BM-25 — to an Iranian missile base at the port city of Bandar Abbas.

"What the Iranians bought was a missile in a box. It is an unproven missile," said Israeli defense analyst Alon Ben-David, who said there was great curiosity about whether the new missile was among those tested.

A Japanese newspaper reported recently that 10 Iranians were invited to North Korea to observe the missile tests. A South Korean military expert, who asked not to be quoted by name, said he heard that Iranians were stationed at two launch sites along North Korea's east coast and on a boat in the Sea of Japan.

Testifying before a Senate committee last week, Assistant Secretary of State Christopher Hill confirmed that Iranians were present for the tests. At a news conference the following day, however, he retracted his remarks, saying he was unsure.

North Korea "has had a great interest in commercializing their missile production," and "one of the customers is Iran," Hill said.

Iranians are believed to have observed a 1998 test flight of the Taepodong, and many South Korean analysts are convinced that their fingerprints eventually will be found on these latest tests.

Kim Tae-woo, a South Korean analyst with the governmental Korea Institute for Defense Analyses in Seoul, said, "There is a high probability of Iranian involvement in these missile tests, but we don't have hard evidence."

There is a natural affinity between North Korea and Iran today, as they are the two remaining members of President Bush's "axis of evil," which once included Saddam Hussein's Iraq. Both have strained relations with the rest of the international community — North Korea over its claim of having nuclear weapons and Iran because of suspicions that it is developing weapons-grade uranium.

"There are strong incentives for cooperation between the two in terms of weapons of mass destruction," said Daniel Pinkston, a North Korea specialist with Center for Nonproliferation Studies in Monterey, Calif. "They are both insecure countries that don't have a lot of friends and have many enemies. They have a shortage of weapons suppliers so it makes sense for them to share data and set up a division of labor for research and development."

The relationship dates to the 1980s, when North Korea sold missiles and launchers to Tehran for use in the war against Iraq. Later, they cooperated on the joint development of Iran's Shahab missiles. Iranian cargo planes were frequently seen at Pyongyang's Sunan Airport.

On at least one occasion, U.S. intelligence believed that Iran conducted a missile test on North Korea's behalf, taking advantage of its vast expanses of desert.

Iran is thought to be North Korea's best customer since pressure from the Bush administration has forced others — mostly notably Pakistan, Libya, Yemen and Nigeria — to sever most ties with Pyongyang. Syria also remains a customer. South Korean analysts say that military equipment often is shipped to Iran via Damascus, the Syrian capital.

Military analysts say that North Korean missiles have not been detected in the latest conflagration between Israel and Hezbollah guerrillas fighting in Lebanon, but that there is evidence that small arms and mobile rocket launchers from North Korea have been used.

The North Koreans have made clear their views on the conflict. In a statement Tuesday carried by the official news agency KCNA, an unnamed North Korean Foreign Ministry spokesman demanded that the U.S. and Israel "halt their reckless military aggression" in Lebanon.

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Chavez Brushes Aside U.S. On Arms Deals (AP)

By Henry Meyer

AP, July 27, 2006

Venezuelan President Hugo Chavez said Wednesday that his oil-rich nation will sign major arms deals in Moscow to acquire Russian fighter jets and produce Kalashnikov assault rifles, and he slammed U.S. criticism of the weapons sales.

On a visit to the city of Izhevsk, where Kalashnikovs are made, Chavez said contracts to buy Su-30 jets and set up Kalashnikov rifle and ammunition plants in Venezuela would be signed in Moscow on Thursday, the Interfax news agency reported.

Arriving hours later in Moscow, Chavez thanked Russian President Vladimir Putin for resisting pressure from Washington to call off the deals, which Russia's defense minister stressed would go ahead despite U.S. opposition.

"I want to thank President Putin for his firmness in cooperating with increasing Venezuela's defense and security," Chavez said on the tarmac at Moscow's Vnukovo airport. "We have thwarted the goal of the empire of the United States to disarm Venezuela."

"Those who are launching bombs against entire cities in Iraq this very day, they criticize us because Venezuela is buying defensive weaponry. They have no moral right to criticize," he said.

Chavez, who has become a thorn in Washington's side with his anti-U.S. policies, is to sign a more than $1 billion deal for about 30 Su-30 fighter jets and 30 helicopters, Russian Defense Minister Sergei Ivanov said last week.

The United States underlined its opposition to the sale Tuesday and urged Moscow to reconsider the contracts. U.S. State Department spokesman Tom Casey said the arms purchases exceeded Venezuela's defensive needs and "are not helpful in terms of regional stability."

Ivanov tersely dismissed the U.S. demands that Moscow annul the contracts, saying that "re-examining the contracts is absolutely excluded," news agencies reported. The Foreign Ministry had said Monday that Russia's military cooperation with Venezuela was "in strict compliance" with its international obligations.

Chavez, a leftist former army lieutenant colonel who has frequently warned that the United States could invade to seize control of his country's rich oil and natural gas reserves, arrived in Russia Tuesday for a three-day visit in which the highlight will be the signature of the arms deals.

He has used surging oil revenues to modernize Venezuela's military, signing multibillion defense deals with Russia and Spain. Venezuela earlier agreed to buy 100,000 Kalashnikov assault rifles and wants to set up factories to produce them under license.

Chavez has courted foes and critics of Washington in what he calls an effort to create a global counterbalance to U.S. domination. He has crafted a socialist trade block with Cuba and Bolivia, signed a series of deals with Iran and supported North Korea's right to test-fire missiles

"This century is the century of the end of Washington's empire," Chavez said at the Moscow airport.

"We came to strengthen our alliance — Venezuela and Russia," he said.

On his way to Russia the Venezuelan leader visited neighboring Belarus, where he met with authoritarian President Alexander Lukashenko, a leader — dubbed "Europe's last dictator" in Washington and European capitals — who shares his strong anti-U.S. views.

Chavez, who is on a major international tour that will later take him to visit Qatar, Iran and Mali, is also seeking support for a non-permanent U.N. Security Council seat.

The U.S. government is lobbying to block Venezuela's bid for a seat, backing Guatemala instead. The General Assembly will decide the issue in a secret ballot in October.

Chavez had planned to travel to North Korea, but later took it off his itinerary.

Russia Reaches Out To Venezuela (WSJ)

By Alan Cullison

The Wall Street Journal, July 27, 2006

MOSCOW -- Riding high after a testy Group of Eight summit at which Moscow asserted its independence from Washington, Russian President Vladimir Putin today is expected to sign a deal valued at more than $1 billion to provide Venezuela with advanced fighter aircraft and Kalashnikov assault rifles despite U.S. objections.

Venezuelan President Hugo Chávez has been a thorn in the side of the Bush administration, and the high-level meetings he has secured in Russia and Belarus are being closely watched in Washington for signs of how far the Kremlin plans to stray from the West as relations between them grow chillier. Mr. Chávez's visit is part of a world tour to gather allies for a geopolitical

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counterbalance to the U.S. and to rally support for his bid to secure a nonpermanent seat for Caracas on the United Nations Security Council.

The arms deal appears to be a move by Mr. Chávez to keep his military commanders fat and happy as he vies for regional leadership in Latin America. During his presidency, the Venezuelan navy and air force in particular have been starved for new equipment because Mr. Chávez doesn't trust the officers in those services.

Russia's expanding ties with Venezuela are the latest example of a new assertiveness in Kremlin foreign policy, driven by growing frustration with what Moscow sees as U.S. high-handedness around the world and by Russia's oil-fueled economic recovery. Moscow has cultivated ties with China and sought to forge its own line in the Middle East, restoring Soviet-era relations to regimes at odds with the U.S. such as Syria.

Moscow sees little prospect for a military or strategic alliance with Mr. Chávez, but the timing of his visit was meant to send a message to Washington, said Vyacheslav Nikonov, head of the Moscow-based Fond Politika think tank whose views often conform to the Kremlin's. "Russia is not interested in some kind of anti-American alliance," he said.

The Kremlin feels the U.S. is propping up governments of former Soviet states close to its borders that are now hostile to Moscow. Shortly before Russia hosted the G-8 conference of leading nations in St. Petersburg, the Bush administration invited Georgian President Mikheil Saakashvili to Washington, which the Kremlin took as a slap because of Mr. Saakashvili's pro-West views. Mr. Nikonov said the Venezuelan president, a strident leftist populist, was invited to Moscow as a response.

"It was quid pro quo," Mr. Nikonov said. "The Americans may not like Chávez, but Russia feels exactly the same as the Americans do about Saakashvili."

State television followed Mr. Chávez closely as he toured Russia's industrial heartland and praised its munitions industry. He observed local customs by drinking a shot of vodka balanced on a Cossack's sword and visited a factory making Kalashnikov rifles, which he called "the standard for the armed forces of Venezuela."

In Belarus, he praised the authoritarian government of President Alexander Lukashenko, and pledged to find ways to increase trade between the countries.

While the Kremlin hasn't responded to calls by Mr. Chávez for a geopolitical alliance, it has shown interest in his appetite for weaponry. Before Mr. Chávez's arrival, Russia's Foreign Ministry stressed that talks would focus on economic and trade relations, though a spokesman noted that the two countries did largely agree on international issues, and that Russia did favor "well balanced reforms" at the U.N.

Rising antagonism toward Washington in both countries was a catalyst for the arms deal. The U.S. in May slapped a weapons ban on Venezuela, with which many countries have been obligated to fall in line. Mr. Chávez responded by saying he would restock his air force with Russian planes and sell Venezuela's aging inventory of U.S.-built fighter aircraft to Iran.

The contract to be signed includes the sale of 30 helicopters and 30 Sukhoi Su-30 fighter aircraft. Mr. Chávez said he also acquired a license to make Kalashnikov assault rifles and ammunition in Venezuela.

"We are breaking the U.S. blockade that was aimed at disarming Venezuela," Mr. Chávez said in comments broadcast on state-run television in Venezuela. "We are not going to attack anyone, but nobody should make a mistake with us."

The Kremlin brushed off U.S. objections to the sale of 100,000 Kalashnikovs to Caracas last year. Though the U.S. argued this week that Venezuela's purchase of Su-30s -- advanced fighter jets that costs $30 million to $45 million each -- will destabilize the region, Russia's defense minister responded that a cancellation is out of the question. Its Foreign Ministry said military cooperation with Venezuela is "in strict compliance" with Moscow's international obligations.

The aircraft purchases wouldn't affect the region in the near term because the Russian jets require enormous amounts of maintenance and training -- and the Venezuelan military is notoriously lax at upkeep, said John Cope, an expert on Latin American militaries at the Institute for National Strategic Studies in Washington.

The Kalashnikovs could pose a bigger problem. Officials in neighboring Colombia worry the weapons and ammunition Venezuela will be licensed to make will find their way to guerrillas in the 16,000-strong Revolutionary Armed Forces of Colombia, worsening that country's decades-long civil war.

The Kremlin's worsening relations with Washington may have helped Mr. Chávez acquire higher-quality merchandise. The Venezuelan leader had long hoped to buy Sukhoi fighter aircraft from Russia, but Moscow had refrained in recent years because they were deemed to be too advanced and objectionable to the U.S.

"Two or three years ago it wasn't possible to even talk about a sale of this kind," said Ruslan Pukhov, director of the Center for Analysis of Strategies and Technologies, an independent Moscow-based think tank that monitors the defense industry. "The atmosphere has changed."

Bolivian Cocaine Rises With Morales (WT)

By Martin Arostegui

DOJ_NMG_0043931

The Washington Times, July 27, 2006

SANTA CRUZ, Bolivia -- Counternarcotics officials say the number of cocaine laboratories in Bolivia has almost doubled in the seven months since Evo Morales, a former coca grower and organizer of coca-farming syndicates, was elected president.

Mr. Morales, whose country faces sharp economic penalties if the United States does not recertify it as a fully cooperating partner in the war on drugs next year, insists Bolivia is committed to battling the international traffic in narcotics.

Critics say new programs allowing farmers to cultivate small plots of coca are contributing to the rise in cocaine production. Coca production is a traditional way of life for Bolivia's Indian peasantry, who chew the raw leaves as a mild stimulant.

Legal analysts say the government has violated international agreements with decrees that allow the free sale of coca and the auction of confiscated leaf shipments.

"Evo has democratized narco-traffic," said Omar Barrientos, a Bolivian lawyer and consultant to the U.S. State Department on drug policy. "He has taken it from the big mafias and placed it with small producers, which makes it more difficult to control."

The CIA's counternarcotics center estimates that Bolivian coca plantations have grown 8 percent in the past year. More disturbing are reports from Bolivia's U.S.-sponsored counternarcotics force that cocaine laboratory activity has almost doubled since Mr. Morales took office.

The Special Force to Fight Crime and Narcotraffic (FELCN) said more than 2,000 cocaine laboratories making paste or refined powder were uncovered during the first half of this year. A total of 2,575 laboratories were discovered during all of last year.

Bolivian authorities downplay the figures. More than 100,000 Bolivians could lose their jobs if Washington decertifies Bolivia as a partner in the war on drugs, meaning its textile industry no longer would be able to export to the United States. Certification is renewed on March 1 every year.

Vice President Alvaro Garcia Linera visited Washington last week to tell legislators and administration officials that his government hopes to reduce the acreage under cocaine cultivation by about 15 percent in the coming months.

The government also argues that the FELCN figures reflect stepped-up interdiction efforts. But agency officers point to a spread of makeshift labs, which generally are set up near coca plantations, into areas of the country where drug production had largely disappeared.

"Cocaine production is moving to six new areas between the central Chapare Valley and eastern lowlands in Santa Cruz and Beni, where it had been largely eliminated during the 1990s," said a counternarcotics analyst who spoke on the condition he not be identified.

Sources also point to a rise of cocaine production in the Andean high plain around La Paz, where coca leaves flow in from Peru.

Mr. Morales presided in March over a congress of coca-farming syndicates in Cochabamba, which called for the expulsion of U.S. counternarcotics agencies. Although units remain in Bolivia, the U.S. Drug Enforcement Administration is "taking a lower profile," said law-enforcement officials, who also describe a "scaling back" of U.S.-sponsored military and police operations.

Upon leaving for Washington last week, Mr. Garcia said he hoped to open a "new era in the relations between Bolivia and the U.S.," but his trip got off to a bad start. American Airlines would not let him on the flight because he appeared on an FBI watch list, U.S. diplomatic officials said.

The U.S. ambassador to Bolivia, David N. Greenlee, personally intervened in order to allow Mr. Garcia to travel and apologized for a "problem in the system."

The problem is thought to involve Mr. Garcia's role in the Tupac Katari Guerrilla Army, which carried out a series of terrorist actions during the 1990s.

Experts See Proxy War Under Way In Somalia (AP)

By Mohamed Sheikh Nor

AP, July 27, 2006

A mysterious Russian-built cargo plane believed to be loaded with weapons landed in this capital Wednesday, setting off a fresh round of allegations that Somalia has become a proxy battleground for its neighbors Eritrea and Ethiopia.

The United States and other Western powers have cautioned outsiders against meddling in Somalia, which has no single ruling authority and can be manipulated by anyone with money and guns. But there's little sign the warning has been heeded.

Somalia's virtually powerless government charged on Wednesday that the Ilyushin-76, only the second flight to land at Mogadishu International Airport in a decade, was packed with land mines, bombs and guns. It said the shipment had come from Eritrea, which supports the Islamic militia that has seized the capital along with most of southern Somalia.

Just hours later, a U.N. envoy confirmed that troops from Ethiopia, Eritrea's foe, were in Somalia to protect the defenseless government from the advancing Islamic forces.

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Somali government leaders and Ethiopia's Foreign Ministry previously have denied Ethiopian soldiers were in the county. However, many witnesses have confirmed their presence.

Ethiopia and Eritrea fought a bloody border war from 1998-2000, and have since backed rebel groups to destabilize each other. Somalia could become a new front in their conflict.

"Ethiopia and Eritrea are competing throughout the region, opening up new fronts in their Cold War whenever the opportunity arises," said John Prendergast, a senior adviser with the International Crisis Group, which monitors conflict zones.

The United States also has been involved in Somalia. It secretly backed nonreligious militias that were driven out of Mogadishu by the Islamists, and now supports the government.

The United States has accused the Islamic militia of ties to al-Qaida, whose leader, Osama bin Laden, called for support of the militia in a recent recording. The Associated Press also recently obtained videotape of Arab Islamic fighters alongside Somali militiamen.

"There are external parties involved on all sides," said Jendayi Frazer, the U.S. State Department's top Africa official. "This is a problem."

The new proxy fight between Ethiopia and Eritrea is officially denied by both countries, despite witness accounts and reports by the United Nations describing Somalia's plight.

A U.N. committee monitoring the arms embargo on Somalia named Ethiopia, Eritrea and Yemen as countries backing different factions fighting inside the country. Another country went unnamed in the report, but was widely believed to be the United States.

"Eritrea is only in there because of Ethiopia," said Omar Jamal, executive director of the Somalia Justice Advocacy Center in St. Paul, Minn. "The U.S. is simply extending its war on terrorism."

Eritrea's information minister, Ali Abdu, told the AP on Wednesday that his country was not sending arms to the Islamic militia, and charged that Ethiopia was "exploiting the current situation in order to solve their historical dispute with Somalia."

Ethiopia and Somalia fought a war in the 1970s. Ethiopia's foreign minister was not immediately available for comment Wednesday.

Wednesday, an AP reporter watched the Ilyushin-76 land, but was quickly ordered to leave by Islamic militiamen. The plane's tail carried a flag from Kazakhstan, a former Soviet republic that often makes its planes available for charter.

The U.N. special envoy to Somalia, Francois Lonseny Fall, said Wednesday a small number of Ethiopian troops are in Somalia. On Tuesday, he traveled to the only town controlled by the government, Baidoa, which is 155 miles from Mogadishu.

"During my discussions with the government, I got the clear impression that Ethiopian troops were around Baidoa, but not in the city," Fall said from his office in neighboring Kenya.

Somalia has been without an effective central government since warlords toppled dictator Mohamed Siad Barre in 1991 and then turned on each other, carving much of the country into armed camps ruled by violence and clan law.

The government was established nearly two years ago with the support of the U.N. to serve as a transitional body to help Somalia emerge from anarchy. But the leadership, which includes some warlords linked to the violence of the past, has failed to establish any power.

Associated Press writers Mohamed Olad Hassan in Baidoa and Chris Tomlinson and Elizabeth A. Kennedy in Nairobi, Kenya, contributed to this report.

Georgian Forces Persist In Attacks On Militia (NYT)

By C. J. Chivers

The New York Times, July 27, 2006

MOSCOW, July 26 — Georgian special forces pressed their attacks through the mountainous Kodori Gorge on Wednesday, trying to put down a rebellious militia whose leader had said he would no longer recognize the central government.

It was the second day of fighting in the remote gorge near the Russian border, amid concern that the violence could rekindle hostilities between pro-Western Georgia and the nearby self-declared republic of Abkhazia, which is a de facto Russian protectorate.

Hundreds of fresh Georgian troops flowed into the region in convoys, as senior Abkhaz and Russian officials warned of consequences if the fighting spilled over into territory under Abkhaz control.

“The situation in Kodori Gorge has changed drastically for the worse,” Sergei B. Ivanov, Russia’s deputy prime minister and defense minister, said on national television.

Abkhazia and Georgia fought a war in the early 1990’s that ended in a tense cease-fire.

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Since coming to office in 2004, President Mikheil Saakashvili of Georgia has vowed to reunite the country, and tensions between the sides have risen. But Georgian officials framed the latest fighting as a strictly internal matter and said they had no designs on Abkhaz territory with the operations under way.

They also expressed confidence that their forces were routing the militia, a paramilitary unit known as the Hunter battalion, and said that the sweeps, which they described as a special police operation that involved no military forces, would end quickly.

Many of the armed men they faced surrendered or fled, the officials said. "In a few hours the operation will be completed," George Arveladze, the chief of staff in the presidential administration, said by telephone in the afternoon.

The operation, being fought high in the Caucasus, pitted Mr. Saakashvili's young government against Emzar Kvitsiani, the leader of the Hunter battalion, which was formed in the 1990's under Eduard A. Shevardnadze, who was president at the time, and has defied orders from the Saakashvili administration to disband.

Rustavi-2, a Georgian television station, reported that the Interior Ministry had given an ultimatum to Mr. Kvitsiani, demanding that he and his forces surrender. He refused, the station later reported, and more fighting broke out in the villages of Azhara and Omarishi.

The Georgian police sealed off the entrance to the gorge to independent journalists, and Mr. Arveladze said there was no telephone service to the region. Reports of casualties, and official accounts of the operation, were conflicting and impossible to confirm.

Georgian officials said two to four police officers had been injured, none seriously. Helicopters and ambulances were seen leaving the gorge in the evening, and Georgian and Russian news media reported that as many as 18 captured rebels were being treated for injuries in Kutaisi, in western Georgia. Unconfirmed reports in the evening said Mr. Kvitsiani had also been injured.

Mr. Arveladze and Gela Bezhuashvili, Georgia's foreign minister, said in telephone interviews that they did not know the extent of the rebel casualties.

As the operation continued, the de facto Abkhaz government said it had placed its military units on alert and recalled some of its reserves.

Artur A. Mikvabiya, an adviser to the Abkhaz president, Sergei Bagapsh, said the Abkhaz government was deeply suspicious of the Georgian operation.

"There is the impression that under the guise of an operation against a group of criminals, they are trying to bring in troops and start a large-scale operation there," Mr. Mikvabiya said by telephone. "In this situation we are concerned that all of our agreements are under threat, including the agreement on a cease-fire."

Mr. Bezhuashvili insisted that no actions would be taken against Abkhazia and that Georgia was making this clear to Russia and the Abkhaz government. "This is not at all against the de facto government in Abkhazia," he said. "This is a limited operation against this criminal guy."

Envera Selimovic, spokeswoman for the United Nations military observers who monitor the cease-fire, said the international observers were watching the situation and urging the Georgians and the Abkhaz not to escalate the fighting. The observers were not present in the gorge, however, having suspended their patrols there after one of their teams was kidnapped and briefly held in the gorge in 2003.

"We are asking both sides not to give any reason to each other for hostile measures," she said by telephone.

Aid Groups Are Criticized Over Tsunami Reconstruction (NYT)

By Jane Perlez

The New York Times, July 27, 2006

MASJID, Indonesia — For a moment, the villagers in this seaside community glimpsed a vision of a splendid future: houses with shady verandas, a new elementary school and an end to the squalid barracks that had been their world since the Asian tsunami swept all before it 19 months ago.

But the houses, built with untreated, rickety wood by the aid agency Save the Children, turned out to be uninhabitable — some of them were thrown together in three days and nights, the villagers said. The foundations of the school remain abandoned, overgrown with weeds.

"People are mad," said Innu A. Barkar, the village head, as he walked around the empty houses, some of them relegated for use as chicken yards. "The aid workers gave promises, but they don't turn out to be reality."

Life in Aceh, the northernmost province of Indonesia where 170,000 people perished in the December 2004 tsunami, has resumed a semblance of normality.

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For the most part, children are in school, roads are being rebuilt, outdoor markets are packed with local produce, employment is not too hard to find, and even the peace accord between the national government and separatist guerrillas is sticking. Almost everyone has been moved out of muddy tents, though many families still live in dilapidated barracks.

But beneath the activity, a veil of disenchantment with international aid agencies pervades, a feeling that extravagant promises backed by unprecedented donations, large and small, from the around the world have yet to materialize.

To many, the $8.5 billion that humanitarian agencies, foreign governments and Indonesia say they will spend on the rebuilding of Aceh seems a mirage. In some ways, they are right. So far, the World Bank says only $1.5 billion of the $8.5 billion dedicated to the disaster has yet been disbursed.

More than that, much of what has been spent has not been spent well. A scathing report issued in mid-July by experts from governments, the United Nations and international aid agencies, and endorsed by former President Bill Clinton, makes clear that the villagers are not just grumbling.

Many of the hundreds of aid agencies that poured into Aceh in the aftermath of the tsunami displayed "arrogance and ignorance" and were often staffed by "incompetent workers" who came and went quickly, the report said.

Although the billions of dollars in donations translated into a record $7,100 for each affected person — compared with $3 for each survivor of the 2004 floods in Bangladesh — the people of Aceh have not seen the fruits of the generosity, the report added.

The assessment, which Mr. Clinton noted in a foreword contained "uncomfortable reading," rapped the aid agencies for paying more attention to advertising their "brands" and releasing self-laudatory reports than accounting for their expenditures.

The agencies performed relatively well during the first three months after the tsunami when they delivered food and water, and kept diseases at bay. Much of that success was "thanks largely to local inputs," the report said.

For the longer term reconstruction, the report said that lack of expertise by the agencies had led to "shoddy results."

House building is in fact the main source of complaint. In some areas, clusters of new houses, their corrugated iron roofs glinting in the tropical sun, have sprouted in the barren landscape. In others, row upon row of dilapidated barracks, swollen with families squatting in tiny rooms, attest to the slow going in building new family dwellings.

In all, about 25,000 houses, constructed by a wide variety of agencies, have been completed out of a projected 120,000 that are needed, according to the United Nations agency Habitat.

There were many reasons the rebuilding has fallen short, said Kuntoro Mangkusubroto, director of the Indonesian rehabilitation and reconstruction agency.

Flush with donations from the public as never before, the aid agencies felt compelled to press ahead with building houses even though they lacked experience.

"They said, 'Let's build,' " Mr. Kuntoro explained. "They don't talk about contracts; there are no agreements with contractors. It's build houses, boom, boom, boom."

He said he had warned the agencies. "I kept telling them that the type of people they had, the way they managed, had to change," he said. "It took until the end of last December to convince them to change."

As for the disappointments in Masjid, Save the Children said it would demolish 371 unusable houses it had built here and elsewhere, and would repair 200 others.

The agency, which suspended its construction programs in order to investigate what went wrong, has ordered prefabricated houses from Canada. Starting in September, it plans to train villagers on how to assemble them, said Mike Kiernan, the group's director of communications.

Three housing inspectors have been fired from the agency for failing to do their jobs, Mr. Kiernan said.

Similarly, Oxfam dismissed 10 staff members on grounds of gross misconduct after uncovering collusion between them and Indonesian contractors that resulted in shoddy houses, said Ian Small, the director of Oxfam in Aceh.

There were other problems as well, some peculiar to Aceh. One of the big stumbling blocks, for instance, has been the supply of wood, the most common material in local housing.

The province of Aceh, a great storehouse of timber with some of the most valuable forests in Indonesia, is also one of the most over-logged places in the nation. In a move to preserve the endangered forests, the Indonesian rehabilitation and reconstruction agency, which is overseeing the rebuilding, issued a ruling that basically prohibited the use of wood from Aceh.

The scramble for enough wood for 20,000 one-room temporary houses became an enduring quest for Kevin Duignan, a building contractor from New Zealand who came to Aceh to head up the housing efforts of the International Federation of the Red Cross.

To build the houses, he issued families do-it-yourself kits with tools and steel frames bought in Bangkok. But to get the wood planks for the walls, the Red Cross signed on with a British timber company, which supplied Baltic pine bought in Scandinavia.

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Concerned about potential health problems associated with the wood's antitermite treatment, the Red Cross headquarters in Geneva took two months to approve the contract.

Finally, the wood was milled in Britain, and then shipped via Singapore to Medan, the Indonesian port just south of Aceh, Mr. Duignan said.

But often the journey by ship from Britain to Singapore took much longer than the three weeks it was supposed to take, and delivering the wood over Aceh's rotten roads ate up still more time.

By mid-July, just 8,900 of the planned 20,000 temporary houses that were supposed to be up months ago were finished, Mr. Duignan said.

One of the occupants of the tiny new homes, Cut Darnita, decorated her interior with vases of fabric roses and orchids, a cheery red rug and a coffee table draped with a white linen cloth. The five-member family lay down mats on the floor to sleep at night.

"It's small but nice," she said of the room, about 226 square feet. When would she get a permanent home? Ms. Darnita shrugged.

Not all the news is bad. Work on a highway down the devastated west coast of the province, financed by the United States government, is under way, and a new port has opened in Meulaboh, the seaside town that was smashed to smithereens.

Of the lucky ones with a roof over their heads, those with houses built by the Turkish Red Crescent Society are the most pleased.

"They've given us good quality," said Khairuman, 45, a building laborer, and his wife, Suginah, 43, as they showed off their blue-tiled bathroom replete with bath and shower in the beachside community of Lampuuk. Like many Indonesians, they use one name.

The Red Crescent Society paid $10,000 for each brick house, about double the cost of houses built by other agencies. And it sent a team of engineers with experience from the 1999 earthquake in Turkey.

"The people of Aceh suffered; they need to stay in good houses," said an engineer, Ali Pekoz. From the sunproof window glass to imported hinges on the doors, the Turks chose the best fittings, he said.

The harsh analysis by Mr. Clinton's evaluation group has prompted some introspection among the major aid agencies. The criticisms come as some argue here in Aceh, and in Washington, that more experienced private contractors or national armies should take on future reconstruction efforts in disaster areas.

But the humanitarian agencies reject that idea, saying they bring a special dimension to the work that is implied in their very name.

"I suppose we all could have given the billions raised for the effort to the Halliburtons of this world, and perhaps the job would be done by now," Mr. Small of Oxfam said in a recent speech. "But would that build a fairer, more accountable and equitable society where the poor are not left behind for the lack of a voice and where women are empowered to effect change, and society as a whole has built up the capacity to go forward on its own?"

One New Light In Liberia, An Inch Back From Abyss (NYT)

By Lydia Polgreen

The New York Times, July 27, 2006

MONROVIA, Liberia, July 26 — The way Karpah Toe runs his snack stand, much of the 20th century might as well never have happened. He sells soft drinks on the side of the road from a lean-to shack, but he does not own a fridge. Instead, he keeps the bottles cold with blocks of ice he buys every morning for about 50 cents and hauls to his shop in a wheelbarrow.

"If you don't have light, you don't have fridge," he said, pointing up to the dead-end electricity poles that tower over Tubman Boulevard, one of this broken-down city's main thoroughfares. A tangle of wires hung from them, limp and leading nowhere.

For more than 14 years, Liberia has lived in darkness, literally and figuratively. Monrovia, Liberia's capital, was ravaged repeatedly during the country's 14-year civil war, and one of the first casualties was its electricity system. In the warlords' battle to control swaths of the country, they deliberately attacked its infrastructure, blowing up generators and transformers, machine gunning poles into Swiss cheese.

But on Wednesday, Liberia's 159th independence day, electric lights once again shone on Tubman Boulevard. Or at least a few of them did, anyway.

Fulfilling in spirit, if not to the letter, a campaign promise to bring electricity back to Monrovia by independence day, Liberia's new president, Ellen Johnson Sirleaf, turned on an emergency power system to carry electricity to hospitals and streetlights on a handful of streets in one neighborhood here in the capital.

It is one of the first halting steps on the road back to normalcy in a country where war has drained the economy, stripped the infrastructure and exhausted the population of three million.

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At a ceremony organized to commemorate the occasion, Ms. Johnson Sirleaf said she might have bitten off more than she could chew. “When I made this commitment during the campaign period,” she told a crowd assembled at a local hospital, “I was an outsider looking in.”

But once she took office, “I had to scramble,” she said. “We have not met our entire goals. We had hoped to have electricity to more parts of our city by today. But we have kept part of the promise, as we turn on these lights.”

The effort to get the lights back on was much tougher than anyone had expected.

After years of war that drove most of the country’s best minds into exile, few qualified engineers were available to help plan the work. Shipping supplies was expensive and took a long time because the port had not been dredged in years, making it impossible for regular ships to stop here.

And the Ghanaian engineers who came to help get the lights back on were taken aback by the state of the country’s infrastructure.

“We found utter destruction,” said Kweku Arkerst of the Volta River Authority, the Ghanaian power company that won the contract to build the new generation plant. “It was worse than nothing. A total mess.”

It was a surprising reversal, Ghana helping Liberia.

In the 1970’s, Liberia, a nation settled by freed slaves from America, was the jewel of the region. It had become a wealthy bastion of progress spurred by corporate American investment in its iron, rubber and timber industries, while Ghana suffered through bloody military rule and economic chaos.

Now Ghana is considered one of the most stable and peaceful nations in the region, and Liberia needs a helping hand.

With scant running water and no electricity beyond scattered individual generators, with almost nonexistent health and education systems and a broken government just beginning to repair itself, much of Liberia, like Mr. Toe’s shop, makes do with technology from another time.

Wheelbarrows, candles and charcoal stoves are the stuff of everyday life.

Half the nation’s children are out of school; unemployment in some places reaches 80 percent.

“This is a country that needs everything, and needs everything at once,” Paul D. Wolfowitz, the president of the World Bank, said on a visit here last week.

The Executive Mansion, a dilapidated seaside building that serves as the president’s office, is so run down that most of its toilets do not flush automatically — their tanks must be filled from a barrel of water next to the bowl.

As if to underscore its decrepitude, the building caught fire on independence day, billowing smoke and flame and forcing the president and her guests — including the presidents of Ghana, Ivory Coast and Sierra Leone — to evacuate from a planned party.

There were no major injuries, and it was too soon to say what caused the fire, officials at the mansion said. But the damage to the building was extensive.

In an interview, Ms. Johnson Sirleaf decided to emphasize electricity because even beyond its economic importance, it has deep symbolic value.

“Even though we have a long way to go, at least we have reinforced hope,” Ms. Johnson Sirleaf said. “We have brought back what we call finally the light at the end of the tunnel. Finally light has taken over from darkness. And that for us is a great thing, even though right now it is quite limited.”

The small emergency power plant will supply two hospitals and run some streetlights. It cost more than $6 million, with most of the money coming from the United States and the European Union.

Ms. Johnson Sirleaf said restoring power was just one of a long list of things the country needed to do. It has $3.7 billion in debt that it has no hope of paying. This debt should be forgiven as soon as possible, said Alan Doss, chief of the United Nations mission in Liberia. Some of the country’s main industries, like iron ore mining, are moribund, while others, like diamond mining, are still under embargoes dating from the war.

There has been progress, though. The old army has been dissolved and a new one is being trained. It has been drawn from all across the country to avoid ethnic splits and is well versed in human rights.

Other problems bedevil the Johnson Sirleaf administration: not having enough qualified judges and lawyers has left the justice system in tatters. And of course, for all the excitement about the new streetlights, they cover just a tiny portion of the city, never mind the whole country.

But the rest is coming, Ms. Johnson Sirleaf said.

“Small light today, big light tomorrow,” she said, then flipped the switch to turn on Liberia’s first new streetlight.

Recount Or Riots, Leftist Voters Warn (WT)

By Katie Stuhldreher

DOJ_NMG_0043937

The Washington Times, July 27, 2006

A top political adviser for Mexico's leftist presidential candidate said questions regarding the election could destabilize Mexico and lead to violence if there is no recount of the 41 million votes cast earlier this month.

"We think that destabilization of the country will be the outcome if there is not a full recount. The country is divided now, and we are looking for a way out of this crisis," said Manuel Camacho, a leader in the political commission backing leftist presidential candidate Andres Manuel Lopez Obrador, in an interview in Washington Tuesday.

The Federal Electoral Institute reported that Mr. Lopez Obrador of the Democratic Revolutionary Party received 35.34 percent of the votes cast on July 2, while Felipe Calderon of the National Action Party won 36.38 percent of the votes. Mr. Calderon, a conservative Harvard-educated businessman, is widely considered to be the legitimate winner.

Mr. Lopez Obrador, a self-declared man of the poor, said the elections were fraudulent. His supporters have taken to the streets in recent weeks to protest and block business interests in pursuit of a recount. On Tuesday, Mr. Lopez Obrador announced that he would sue the electoral institute to force a recount.

Mr. Camacho said that if the votes are recounted, Mr. Lopez Obrador will "tell the people to demobilize and go home" and accept the results, regardless of the outcome.

"Six days for a recount could bring six years of peace," Mr. Camacho said.

Mr. Calderon rejected the demand.

"What Mr. Lopez Obrador is doing is blackmail," Arturo Sarukhan, international affairs coordinator for Mr. Calderon, said in a telephone interview from Mexico City yesterday.

"He is trying to use the streets to get what the ballot box did not give him," he said.

Mr. Camacho accused Mr. Calderon of overspending his campaign limit and running illegal TV advertisements attacking Mr. Lopez Obrador.

Mr. Sarukhan, however, said that the election was "squeaky clean" and that Mr. Lopez Obrador's "antics" could damage the reputation of the electoral institute, which he said was internationally credible.

"We do not want to do anything outside the law and we have only called for peaceful demonstrations," said Mr. Camacho, who added that if a recount is denied, "violence is always a risk."

When asked whether Mr. Calderon's party feared violence and unrest if the courts block a recount, Mr. Sarukhan said, "We are confident that Mexican society can withstand attempts to undermine the rule of law in our young but stable democracy."

Christopher Sabatini of the Council of the Americas said, "There's a lot of heated rhetoric, but the process is playing out as it should. One candidate raised a concern and lodged a complaint with the tribunal, which will decide this. This is all within the law and candidates have a right to do this."

Marifeli Perez-Stable of the Inter-American Dialogue said, "What the candidates say about each other is not what really matters here, but the voters who think the election was illegal do matter. Any new president needs to address them."

The courts have until Aug. 31 to reach a decision to order a full or partial recount, nullify the election or declare Mr. Calderon president-elect.

Recount The Votes -- And Be Patient (WP)

By Jorge De Los Santos

The Washington Post, July 27, 2006

The 2000 U.S. presidential election was a bitter episode in American history. It was one of the closest elections ever, with 537 votes in the state of Florida separating the candidates. It took a month of court challenges and recounts before the election was finally certified.

After Election Day, several weeks of legal maneuvering by the Bush and Gore teams followed. Neither side was satisfied with the vote counts, and both crafted plans of action and created their own "recount commissions." At the end, after hearing all the arguments, the courts ultimately ruled, clearing the way for a Bush presidency.

Independent studies by universities and news organizations concluded that the different methods of counting the votes yielded different results. For example, a lenient standard of counting the hanging chads gave the victory to George W. Bush, while a strict standard gave it to Al Gore. But the courts played the final part in the episode. They brought certainty and finality to the dispute.

Now Mexico has its own soap opera version of an election. After a nerve-racking election night, contradictory exit polls and preliminary recounts that went up and down like a roller coaster, the conservative candidate, Felipe CalderÃ³n, is holding a razor-thin lead over the left-leaning candidate, AndrÃ©s Manuel LÃ³pez Obrador. With a margin of 200,000 votes separating the candidates, and allegations of serious irregularities, Mexico is still waiting for its new president.

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This was a highly polarized campaign. Below-the-belt attacks and challenges were widespread. Companies, nonprofits and even local governments interfered and swayed public opinion. It was a take-no-prisoners battle for the presidency. In some cases, flat-out lies and off-color comparisons were so far from reality that the Mexican Electoral Institute resorted to outlawing some TV ads.

The problems in the election are ubiquitous. Charges of ballot stuffing, vote buying, misreported vote tallies and blatant support from elected officials raise serious concerns about the quality and, most important, the equality in this election. The good news for Mexico is that, as in the United States, there are courts that will bring closure to the election.

The Federal Electoral Tribunal in Mexico will decide on the validity of any allegations or irregularities. This court is the single institution with the authority to announce the winner of the election. It has experience with high-profile elections and difficult decisions and has even overturned the elections in two Mexican states. It will be up to the court to officially declare the winner.

A truly democratic electoral process is still a challenge in Mexico. LÃ³pez Obrador is leading peaceful civil resistance to appease the frustrations of the millions of people dissatisfied with the electoral process. These frustrations can also be alleviated by the court, through a new recount.

A full recount of the votes, and transparent legal proceedings, would be good for Mexico for several reasons. First, it would strengthen Mexico's young democracy. Mexico has a long history of electoral fraud, and there are still sour memories of the 1988 election, in which left-leaning CuauhtÃ©moc CÃ¡rdenas was allegedly robbed of victory. A vote-by-vote count would ease these worries and bring credibility.

Second, it would make government more effective. Either CalderÃ³n or LÃ³pez Obrador will need to negotiate with Mexico's deeply divided Congress to approve critical reforms. A genuine and lawfully recognized winner will be able to negotiate across party lines. Since none of the parties will be holding a majority in Congress, it will be impossible to govern without full authority.

Third, it will bring legitimacy to the winner of the election. Each one of the front-runners received only about one-third of the votes, and regardless of who wins the election, the victor will win with less than one percentage point difference. Approximately 65 percent of Mexicans will not have voted for the new president, whether it is CalderÃ³n or LÃ³pez Obrador. That is why the president will need as much clout as possible.

LÃ³pez Obrador has said that if he loses the recount, he will accept the results, though under protest, and will call off any demonstrations. He has also said that he will work over the next few years to create a civil organization that will promote a national democracy project.

But Mexicans still have a month and a half before they know the outcome of their election. In 2000 the United States also waited to find out who the winner was. Thankfully, Mexico has an advantage over the United States in its electoral process: enough time for legal challenges.

On Sept. 6, the Federal Electoral Tribunal will declare the winner. The winner takes office on Dec. 1, which means that he will have ample time to create a transition team, come up with a cabinet and get ready to tackle the business of running a nation. Mexico just needs a little bit of patience.

The writer is currently U.S.-Mexico affairs adviser to AndrÃ©s Manuel LÃ³pez Obrador. He is also director of the Pan-American initiative office at Arizona State University and special adviser to the university president.

Kidnapping Mexican Democracy (WP)

By Enrique Krauze

The Washington Post, July 27, 2006

MEXICO CITY -- To illustrate the "ad terrorem" method by which truth was imposed in totalitarian societies, Polish philosopher Leszek Kolakowski told a story: Two girls race each other in a park, the one who is behind repeatedly proclaiming at the top of her lungs, "I'm winning! I'm winning!," until the one in the lead gives up and runs crying to her mother, saying: "I can't beat her, she always wins."

Minus the ending, something similar is happening in Mexico. After a model Election Day (free, orderly, peaceful) during which 41,791,322 Mexicans voted, their votes tabulated in 130,477 polling places by 909,575 citizens, the PRD (Democratic Revolutionary Party) candidate for president, AndrÃ©s Manuel LÃ³pez Obrador, lost by a margin of 0.57 percentage point to Felipe CalderÃ³n, candidate of the National Action Party (PAN).

A preliminary electronic tally sponsored by the Universidad Nacional AutÃ³noma of MÃ©xico matched the final count taken in the 300 electoral districts where the official results from the polling places were collected. That negative outcome in the presidential vote aside, on the very same Election Day, the PRD became the second most powerful force in the legislature,

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considerably increasing its presence in both chambers, while its candidate for head of government for the Mexico City district won with 47 percent of the vote and the PRD swept nearly all the executive and legislative positions in the city.

This was the reality testified to by 1,800 district advisers, 970,000 representatives from all the parties, 24,769 national observers and 639 international observers. Nevertheless, LÃ³pez Obrador is unwilling to accept his personal defeat (although, of course, he considers the elections that produced unprecedented victories for his party to be valid).

Given the narrow margin of the presidential election, the PRD chose to exercise its legitimate right to challenge the results before the Federal Election Tribunal. The court's final and unappealable ruling will decide no later than Sept. 6 whether the irregularities claimed by the PRD are valid, in which polling places they occurred, whether a recount should take place and, ultimately, the result of the presidential election.

If the PRD candidate had simply implemented this legal strategy, his behavior would not have unforgivably sullied the process or undermined Mexico's fragile democracy. But as might have been predicted, LÃ³pez Obrador wasn't satisfied with legal action. Just as he's always done, he had to go for broke -- resorting to "ad terrorem" methods.

Aware from the night of July 2 that the outlook wasn't good, LÃ³pez Obrador behaved like the girl in the story above. He went to the ZÃ³calo (that theological-political spot in the historical center of Mexico City) to declare: "We've won the presidency." Days later, after release of the official tally by the Federal Electoral Institute (the independent citizen body that since 1996 has been successfully organizing fair elections at every federal level, reversing a long history of fraud), LÃ³pez Obrador summoned the "people" to an "assembly" at which he called President Vicente Fox a "traitor to democracy" and used the most ominous word in the Mexican political dictionary: "fraud."

This denigration of the respected Mexican electoral system (which had just announced the triumph of hundreds of PRD candidates), and the incendiary speeches that have followed seriously threaten the peace in Mexico.

Besides proclaiming his own victory, insulting the president, personally threatening CalderÃ³n and his family, calling the officials of the Federal Electoral Institute "criminals," and anticipating the verdict of the judiciary's Federal Electoral Tribunal, LÃ³pez Obrador has employed tactics worthy of an Orwell novel. Arithmetical irregularities that are isolated, that are only presumed and not confirmed by the tribunal, are presented to the public as clear proof that the whole process was tainted. And if, as occurred on July 11, his own polling-place representatives deny a purported irregularity, LÃ³pez Obrador argues that they were "bought" or corrupted.

Most troubling of all is that LÃ³pez Obrador has called for demonstrations all over the country "in support of democracy" -- the same democracy whose institutions he has impugned. Even though he insists that the marches will be "peaceful" and "won't get out of hand," he knows very well that in the atmosphere he has created, violent actions might be initiated by either side. It isn't hard to gauge his intentions. He's made them very plain, and since he's a man of his word, he must be believed: "I'll go as far as the people want me to go."

Apparently, however, "the people" are not the 27,034,972 Mexicans of all classes who didn't vote for him; they're not even the 14,756,350 citizens who supported him at the polls. "The people," or "the nation," will be those sectors of the population that LÃ³pez Obrador is able to get out into the country's streets and plazas in coming days and weeks -- those who see him as he sees himself, as the Mexican messiah. And who will interpret the wishes of this "people," a repository of natural and divine law rather than of the petty laws written by men? The charismatic leader who incarnates Truth, Reason, History and Virtue, the leader who will save Mexico from oppression, inequality, injustice and poverty, who will "purify national life": AndrÃ©s Manuel LÃ³pez Obrador.

This is a film the world has seen many times. The seed of dictatorship has been planted. Impermeable to objective truth, a messiah who has proclaimed himself "indestructible" and publicly (and seriously) compared himself to Jesus, seeks to kidnap Mexican democracy. If the ransom he demands (strict obedience by the Federal Electoral Tribunal to his will) is not paid, he is prepared to set the country aflame.

But in a democracy (and Mexico today is a democracy, although its long history does much to contradict that) it isn't blazing torches, insurrectional assemblies or enlightened leaders who decide: It's the vote of the people, the rule of law and institutions.

Enrique Krauze is the author of "Mexico: Biography of Power" and editor of Letras Libres magazine. This article was translated from Spanish by Natasha Wimmer.

DOJ_NMG_0043940

Shaw, Aloma A

Subject:	Updated: Cobell
Location:	5710
Start:	Thursday, July 27, 2006 2:00 PM
End:	Thursday, July 27, 2006 3:00 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Shaw, Aloma A
Required Attendees:	Gorsuch, Neil M; Katsas, Gregory (CIV); Elwood, Courtney; Senger, Jeffrey M; Wooldridge, Sue Ellen (ENRD); Bucholtz, Jeffrey (CIV); Schiffer, Stuart (CIV)

When: Thursday, July 27, 2006 2:00 PM-3:00 PM (GMT-05:00) Eastern Time (US & Canada).
Where: 5710

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This meeting was previously scheduled 7/28 at 2:00.

Elwood, Courtney

From: Elwood, Courtney
Sent: Thursday, July 27, 2006 10:42 AM
To: Gorsuch, Neil M
Cc: Shaw, Aloma A
Subject: Any chance the Cobell mtg can be moved to 1?

Shaw, Aloma A

Subject:	Updated: Cobell
Location:	5710
Start:	Thursday, July 27, 2006 1:00 PM
End:	Thursday, July 27, 2006 2:00 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Shaw, Aloma A
Required Attendees:	Gorsuch, Neil M; Katsas, Gregory (CIV); Elwood, Courtney; Senger, Jeffrey M; Wooldridge, Sue Ellen (ENRD); Bucholtz, Jeffrey (CIV); Schiffer, Stuart (CIV)

When: Thursday, July 27, 2006 1:00 PM-2:00 PM (GMT-05:00) Eastern Time (US & Canada).
Where: 5710

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Meeting rescheduled to 1:00.

Shaw, Aloma A

Subject:	Updated: Cobell
Location:	5710
Start:	Thursday, July 27, 2006 1:00 PM
End:	Thursday, July 27, 2006 2:00 PM
Recurrence:	(none)
Meeting Status:	Accepted
Organizer:	Shaw, Aloma A
Required Attendees:	Gorsuch, Neil M; Katsas, Gregory (CIV); Elwood, Courtney; Senger, Jeffrey M; Wooldridge, Sue Ellen (ENRD); Bucholtz, Jeffrey (CIV); Schiffer, Stuart (CIV)

Meeting rescheduled to 1:00.

Otus2005, Ag

Subject:	Cobell
Start:	Friday, July 28, 2006 11:00 AM
End:	Friday, July 28, 2006 11:30 AM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Otus2005, Ag
Required Attendees:	Elwood, Courtney; Wooldridge, Sue Ellen (ENRD); Gorsuch, Neil M; Senger, Jeffrey M; Bucholtz, Jeffrey (CIV); Katsas, Gregory (CIV)

When: Friday, July 28, 2006 11:00 AM-11:30 AM (GMT-05:00) Eastern Time (US & Canada).

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AG's Conference Room
AO: Courtney Elwood DOJ: Sue Ellen Wooldridge, Neil Gorsuch, Jeff Senger, Jeff Bucholtz, Greg Katsas

Otus2005, Ag

Subject:	Updated: Cobell
Start:	Friday, July 28, 2006 10:00 AM
End:	Friday, July 28, 2006 10:30 AM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Otus2005, Ag
Required Attendees:	Elwood, Courtney; Wooldridge, Sue Ellen (ENRD); Gorsuch, Neil M; Senger, Jeffrey M; Bucholtz, Jeffrey (CIV); Katsas, Gregory (CIV)

When: Friday, July 28, 2006 10:00 AM-10:30 AM (GMT-05:00) Eastern Time (US & Canada).

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AG's Conference Room
AO: Courtney Elwood DOJ: Sue Ellen Wooldridge, Neil Gorsuch, Jeff Senger, Jeff Bucholtz, Greg Katsas

Otus2005, Ag

Subject:	Updated: PREP: Cobell
Start:	Friday, July 28, 2006 7:15 AM
End:	Friday, July 28, 2006 8:00 AM
Recurrence:	(none)
Meeting Status:	Accepted
Organizer:	Otus2005, Ag
Required Attendees:	Elwood, Courtney; Wooldridge, Sue Ellen (ENRD); Gorsuch, Neil M; Senger, Jeffrey M; Bucholtz, Jeffrey (CIV); Katsas, Gregory (CIV)
Importance:	High

AG's Conference Room
AO: Courtney Elwood DOJ: Sue Ellen Wooldridge, Neil Gorsuch, Jeff Senger, Jeff Bucholtz, Greg Katsas

USDOJ- Office of Public Affairs

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Sent: Thursday, July 27, 2006 6:55 PM
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PUBLIC AFFAIRS DAILY NEWS WRAP
July 27, 2006

Contact: Brian Roehrkasse, Deputy Director, Office of Public Affairs (202) 514-2007

TOMORROW'S EXPECTED NEWS STORIES:

Voting Rights Act and Child Protection Act Signed (OPA)
The Attorney General appeared at the White House today for separate signing ceremonies for the reauthorization of the Fannie Lou Hamer, Rosa Parks, and Coretta Scott King Voting Rights Act, and the Adam Walsh Child Protection Act. Wan Kim, Assistant Attorney General for the Civil Rights Division, issued the following statement on the signing of the Voting Rights Act.

"This morning, the President signed the Fannie Lou Hamer, Rosa Parks, and Coretta Scott King Voting Rights Act Reauthorization and Amendments Act of 2006 into law, reauthorizing a statute that has been an integral tool in ensuring that the civil rights of Americans have been protected for more than four decades. The Civil Rights Division has been committed to the vigorous enforcement of this law, and with its reauthorization, we renew our commitment to the continued enforcement of its valuable protections."

Talking Points:

The Administration has aggressively enforced the Voting Rights Act and will continue to do so. The Administration has, since 2001:

- Filed a majority of all cases ever filed under the Minority Language provisions of the Voting Rights Act
- Filed three-fourths of all cases ever filed under Section 208;
- Filed a majority of all cases ever filed under the substantive provisions of the Voting Rights Act to protect Latino voters;
- Filed a majority of all cases ever filed under the substantive provisions of the Voting Rights Act to protect Asian voters;
- Filed the first cases ever to protect Haitian, Filipino and Vietnamese voters;

- Deployed a record number of federal observers and election monitors.

Appeals Court Allows Additional Arguments on Hamdan Verdict (OPA)
A federal appeals court granted a government request to make more legal arguments over the fate of hundreds of lawsuits filed by detainees held at Guantanamo. A three-judge panel set a schedule for lawyers for the government and the detainees to provide their views in writing over the next few weeks about the impact of the Supreme Court's ruling in Hamdan.

Two Men Sentenced to Federal Prison on Obscentiy Conviction (Criminal)
Clarence Thomas Gartman, 35, and his brother-in-law, former Houston Police Officer Brent Alan McDowell, 37, were sentenced today in Dallas. The Honorable U.S. Senior District Judge Barefoot Sanders sentenced Gartman to 34 months in prison and McDowell to 30 months in prison. Both Gartman and McDowell were ordered to surrender to the Bureau of Prisons on August 24, 2006. Following a five-day jury trial in Dallas in March 2006, Gartman and McDowell were each found guilty of one count of Mailing Obscene Material and Aiding and Abetting. Gartman was found guilty of an additional count of Conspiracy to Mail Obscene Material.

Investigation into E-Mail Threat (FBI)
An e-mail message was sent yesterday across the LEO network advising of planning underway for an "imminent attack." The author also speculated that this may include possible Hizbollah attacks against U.S. and/or Jewish targets somewhere in the world. The FBI currently has no information to corroborate this statement beyond the minimal details provided.

Talking Points:

- The FBI along with DHS and our intelligence community partners are continuously evaluating the information we receive on the potential for terrorist activity on US soil or against US targets abroad.

- At this time we have no information, from any credible source that contains specific reporting about a time, place, or mode of attack.

- We continue to task the FBI's field offices to take additional steps to investigate and gather intelligence.

FRIDAY'S EXPECTED EVENTS/RELEASES:

No events scheduled.

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, July 28, 2006 8:13 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, July 28, 2006
Attachments:	agnb060728.pdf; agnb060728.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JULY 28, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Administration Seeks Shield Against War Crimes Charges.....4
Administration Drafts New Rules For Trying Detainees.....4
Former NSA Officer Called To Testify In Leak Probe.....5
45% Worry Terrorist Tracking Will "Go Too Far." 5
In New Video, Zawahri Calls For Holy War Against Israel, Supporters 5
Georgia College Student Pleads Not Guilty To Terrorism Charges.....5
Judge Orders Islamic Charity Fundraiser Released Pending Deportation Appeal 6

Homeland Response:

Colorado Lawyer Sues FBI Over Terrorism Watch List Detentions.....6
US-VISIT To Begin Fingerprinting Legal Permanent Residents.....7
House Panel Criticizes Administration Implementation Of Intelligence Reforms 7
House Lawmakers Call For DHS Management Reforms 8
Taylor Responds To Brown Criticism.....8

War News:

Democrats Say Bush Not Spending Enough To Repair, Replace Military Equipment.....8
Baghdad Security Effort Puts Withdrawal Of US Troops In Doubt 9
Sergeant Provides Testimony On Plot To Kill Iraqi Prisoners 10
Bechtel Taken Off Basra Children's Hospital Construction ... 10
Saddam Trial Ends..... 10
Sixteen Dead In Helicopter Crash In Afghanistan..... 10
Santorum Says US At War With "Islamic Fascism." 11

Corporate Scandals:

Former WorldCom Officer Will Not Pay Fine..... 11

Criminal Law:

US Charges Three In Phone Stock Scam 11
Judge Dismisses Appeal By Former Hockey Player.....11
Bush Signs Measure To Create National Database Of Convicted Sex Offenders 12
Chat Rooms Face School, Library Ban Under House Bill 12
Ralphs Grocery Chain Pleads Guilty To Illegal Hiring.....12
FBI Subpoenas More Contracting Records From New Jersey Township 12
Ohio Bridge Inspector Sentenced To Probation For Taking Bribes.....13
Jeffs' Nephew Jailed On Contempt Charges.....13
Cities, States Take Measures To Keep Tabs On Sex Offenders.....13
Virginia Executes Man For Killing Fellow Inmate 13
Fatal Stabbing Of Maryland Corrections Officer Described ...14
Colorado Man Claims 49 Murders Over 25 Years.....14
FBI Statistics Show Increase In Violent Crime.....15
Series Of Killings Stuns Seattle 15
Virginia Student Who Stabbed Officers Sentenced To Five Years 15
USA Today Says Yates Verdict Reflects Healthy Legal Evolution 15

Civil Rights:

FBI Investigating Allegations Of Excessive Force By Massachusetts Police 16
Son Of Fugitive Immigrant Smuggler Pleads Guilty To Sex Slavery Charges.....16
Civil Rights Advocates Wary Of Bush Promise To Enforce Voting Rights Act.....16
ACLU Says Some California Police Spy On Antiwar Protestors 17

Pro-Life Groups Outraged Democrats Blocking Recently-Passed Abortion Bill 17
Community Relations Service Official Headlines Tennessee Meeting 17
Recent Rulings Called "Major Setbacks" For Same Sex Marriage Backers 18
"Don't Ask, Don't Tell" Policy Called "Weapon Of Vengeance." 18
Cummings-Kerry Bill Encourages Minority Entrepreneurship 18

Antitrust:

DOJ Probing Plavix Deal 18
DOJ Targets Foreign Cartel Operators 19
Judge Urged To Block McClatchy Deal 20
EMI Drops Merger Plans With Warner Music 20
Kazaa Settles Copyright Disputes With Record, Movie Industries 20
Microsoft Shifts Focus From Desktop To Tap Emerging Markets 21

Environment:

Asarco Deal Allows Sale Of Washington Superfund Property 22
Report Finds US Lax On Clean Air Requirements 22
Senate Leaders Promise Nelson To Resist Compromise With House On Energy Bill 22
Utilities Funding Scientist Who Questions Global Warming .. 23
Gulf Coast's "Dead Zone" Expected To Grow This Year 23
NYTimes Criticizes Cuts In NASA Programs That Examine Climate Change 24
WSJournal Says Kelo Decision Among Supreme Court's Worst 24

FBI/DEA/ATF/USMS:

FBI, California Officials Launch First Joint Regional Intelligence Center 24
Trainer Again Appears Before Federal Grand Jury In Bonds Investigation 24
Tour de France Winner Suspended By Cycling Team For Positive Doping Test 25
Washington State Man Cited As Regional Leader Of Khat Smuggling Ring 26
Panel Rules ATF Not Required To Pay Teleworkers' Broadband Costs 26
Marshals Say Threats Against Judges On The Rise 26

Immigration:

Chertoff Says US To Have Operational Control Of Southwest Border In 2008 27

Tax:

Judge Says US Coerced KPMG Employees 28
US Seeks Injunction Against Texas Tax Preparer 28

Congress-Administration:

Bush Touts Hybrid Technology, Manufacturing Expansion In NAM Speech 29
Debate On Bolton Confirmation Once Again Breaking Along Partisan Lines 30
Bush's Casual Style Said To Show Lack Of Gravitas 30
House, Senate Split On Pension Reform Bill 31
Congress Expected To Pass Only Watered-Down Ethics Reform Bills 31
Davis Friend's Consulting Firm Profits From Contracts Under His Jurisdiction 32
Bush To Welcome "American Idol" Contestants To White House 32
Krugman Says Bush "Propaganda Machine" Rewriting History 32
WPost Criticizes Bush Use Of Signing Statements 33
LATimes Says Court Brought Sensenbrenner's Scrutiny On Itself 33

Other News:

Conservatives Support Initiatives To Limit State Government Spending 33
Democrats Roll Out Election Battle Plan 33
Dole Says Republicans Will Keep Majority In Senate 34
Lieberman, Lamont Intensify Ad Campaigns 34
Minnesota Senate Contest One Of Closest 2006 Races 34
Harris Demands Apology From Dean For Comparing Her To Stalin 34
WPost Questions Steele's Readiness For Limelight 35
Democrats Hope Stem Cell Research Issue Will Tip Balance In Key Races 35
Sheehan Buys Land In Crawford To Facilitate Protests 35
Card Joins Union Pacific Board 35
Bill Clinton, Bono Among Speakers At Conference Of News Corp. Executives 35
Professor Says Charities Should Offer Money-Back Guarantees 35
Bush Declines To Criticize Israel For Lebanon Offensive, Denounces Iran's Role 36
Current State Of US Diplomacy Called "Dreary," Rice Said To Have Lost PR War 38
Bush, Blair To Discuss Mideast Crisis At White House Today39

DOJ_NMG_0043952

Israeli Minister Suggests US, Allies Gave Green Light To Lebanon Offensive 39
Israeli Ambassador Rules Out UN Role In International Force 40
Israel Calls Up 50,000 Reservists 41
In New Video, Zawahri Calls For Holy War Against Israel, Supporters 42
Cheney Calls US Commitment To Peace On Korean Peninsula "Unbreakable." 42
Bush, Basescu Discuss Visas, War Support 43
Islamists Take Over Somalia's Presidential Palace 43
Russia, Venezuela Announce Deal On Jet Fighters, Helicopters 44
Libya Has Returned Uranium To Russia 44
Schwab Says Fears Over China Helped Derail Trade Talks 44
London Residents Complain About US Embassy 44
Pre-Election Violence Flares In Congo 45
Peru's Garcia Expected To Emerge As Anti-Chavez Force ... 45
Number Of Indigent Seniors In Japan Skyrocketing 45
NYTimes Criticizes Nuclear Deal With India 45

The Big Picture:

Headlines From Today's Front Pages 46

Washington's Schedule:

Today's Events In Washington 46

DOJ_NMG_0043953

TERRORISM NEWS:

Administration Seeks Shield Against War Crimes Charges. The Washington Post (7/28, A1, Smith) reports, "An obscure law approved by a Republican-controlled Congress a decade ago has made the Bush administration nervous that officials and troops involved in handling detainee matters might be accused of committing war crimes, and prosecuted at some point in U.S. courts." The Post continues, "Senior officials have responded by drafting legislation that would grant U.S. personnel involved in the terrorism fight new protections against prosecution for past violations of the War Crimes Act of 1996. That law criminalizes violations of the Geneva Conventions governing conduct in war and threatens the death penalty if U.S.-held detainees die in custody from abusive treatment. … In light of a recent Supreme Court ruling that the international Conventions apply to the treatment of detainees in the terrorism fight, Attorney General Alberto R. Gonzales has spoken privately with Republican lawmakers about the need for such 'protections,' according to someone who heard his remarks last week." The Post adds, 'Gonzales told the lawmakers that a shield is needed for actions taken by U.S. personnel under a 2002 presidential order, which the Supreme Court declared illegal, and under Justice Department legal opinions that have been withdrawn under fire, the source said. A spokeswoman for Gonzales, Tasia Scolinos, declined to comment on Gonzales's remarks. …. The Justice Department's top legal adviser, Steven G. Bradbury, separately testified two weeks ago that Congress must give new "definition and certainty" to captors' risk of prosecution for coercive interrogations that fall short of outright torture."

Administration Drafts New Rules For Trying Detainees. The Washington Post (7/28, A23, Smith, 748K) reports, "The Bush administration likes to keep its work under wraps until it's finished, but that proved impossible with a draft bill detailing procedures the administration is considering for bringing to trial those it captures in the war on terrorism, including some stark diversions from regular trial procedures." Uniformed military lawyers' "views are being solicited only now," and "the trial procedures still must pass a gantlet of senators from both parties who have criticized the administration for mistreating detainees." The military commissions "could impose a penalty of life imprisonment or death based on evidence never disclosed to the accused. Military judges could also exclude defendants from their trials whenever 'necessary to protect the national security.'" Also, "speedy trials are not required" and "hearsay information is admissible." Notably, a phrase restricting the commissions from trying US citizens "is crossed off in the text of" the copy the Post obtained.

Guantánamo Suit To See Fourth Round Of Filings. The New York Times/AP (7/28) reports, "A federal appeals court granted a Bush administration request to make more legal arguments over the fate of hundreds of lawsuits filed by detainees held at Guantánamo Bay." Both sides will "provide their views in writing… about the impact of the Supreme Court's ruling in June in the case of a driver for Osama bin Laden, Salim Ahmed Hamdan," in "a rare fourth round of legal filings to determine the fate of lawsuits that detainees filed challenging their detentions."

More Commentary. In a column distributed by Scripps Howard (7/27), Dale McFeatters writes, "The Bush administration has a gift for not learning from its mistakes. After having its plan for military tribunals slapped down by the Supreme Court, it went back to the drawing board and came up with basically the same plan. … The new plan for trying terror detainees was drawn up by a close circle of civilian political appointees at the White House, Pentagon and Justice Department. Just like the last plan, this one was drawn up, according to The Washington Post, 'without substantial input from the military's corps of uniformed lawyers.' The military judge advocates general were given copies of the plan this week only after it had been largely decided on." McFeatters continues, "The military lawyers were outraged at the administration's original plan for tribunals that would have made them party to kangaroo courts whose final verdict was in the hands of the president and secretary of defense. … Despite the Supreme Court's enjoinder that the detainee trials have 'all the judicial guarantees which are recognized as indispensable by all civilized peoples,' the new plan would allow defendants to be excluded from their own trials, and admit hearsay evidence. While it would ban evidence obtained by torture, it would admit evidence obtained by coercion. … The Geneva

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Convention on the treatment of enemy prisoners calls for them to be tried under the same system that a nation's own soldiers are tried; in the case of the United States, courts-martial conducted under the Uniform Code of Military Justice." McFeatters concludes, "Why doesn't the White House turn to the JAGs -- the military judges, prosecutors and defense lawyers who have to make these proceedings work -- and ask them how the detainees should be tried? After all, the military will still have the problem of the detainees to deal with after -- maybe long after -- the Bush administration leaves office."

Former NSA Officer Called To Testify In Leak Probe. The Washington Times (7/28, Gertz, Scarborough, 88K) reports in its "Inside The Ring" column, "Former National Security Agency (NSA) intelligence officer Russ Tice was subpoenaed by a federal grand jury this week to testify in the investigation into who provided the New York Times with details of the agency's counterterrorism eavesdropping program. A grand jury in Alexandria is looking into potential violations of Section 793 of the espionage code, which deals with unauthorized gathering, transmission or loss of secret defense information."

45% Worry Terrorist Tracking Will "Go Too Far." The Wall Street Journal (7/28, Harwood, 2.03M) reports in its "Washington Wire" column that "a new Wall Street Journal/NBC News poll found that a "45% plurality frets terrorist-tracking will 'go too far' and trample privacy, up from 31% three months after 9/11."

In New Video, Zawahri Calls For Holy War Against Israel, Supporters. NBC Nightly News (7/27, lead story, 2:45, Williams, 9.87M) reported, "Al Qaeda has now weighed in as well" on the Israeli action against Hezbollah. "The number two man Ayman al-Zawahri in a tape called on all Muslims to rise up on holy war against Israel and any nation that supports the Israeli war on Hezbollah." ABC World News Tonight (7/27, story 3, 0:15, Gibson, 8.78M) noted that al Qaeda is "taking note of what is happening in Lebanon," as Zawahri "urged Muslims to wage a Holy War against Israel and join the fighting in Lebanon and Gaza. He said, 'Rise, seek martyrdom, wreak havoc on the crusaders and the Zionists.'" The CBS Evening News (7/27, story 2, 3:40, Logan, 7.66M) added that "al Qaeda's number two promised to make this cross-border war between Israel and Hezbollah felt all over the world by calling on Muslims everywhere not to stand by watching bombs raining on our people."

The AP (7/28) reports Zawahri "said that al Qaeda now views 'all the world as a battlefield open in front of us.' … Kamal Habib, a former member of Egypt's Islamic Jihad militant group who was jailed from 1981 to 1991 along with al-Zawahri, said the al Qaeda No. 2's outreach to Shi'ites and non-Muslims was unprecedented and reflected a major change in tactics." The AP notes, "There was little reaction from the Arab world to the broadcast. One exception was Lebanon, whose finance minister said yesterday that Israel's incursion into southern Lebanon has encouraged al Qaeda to come to the region."

Video Spurs FBI Concern About 9/11 Pilot's Former Roommate. The CBS Evening News (7/27, story 8, 3:20, Schieffer, 7.66M) reported that in Ayman al-Zawahri's video, "one thing did get the FBI's attention -- pictures on the tape that add to worries a known terror suspect may be hatching a new 9/11-style plot." CBS (Stewart) noted Muhammad Atta's photo appears behind Zawahri and added, "One of the enduring questions facing the FBI is whether Atta and his accomplices had any help in the US. … Well, an old face from that investigation has resurfaced, and he's raising eyebrows at the FBI." Rayed Abdullah "studied flying in the US and was roommates with Hani Hanjour, the terrorist who piloted the plane that crashed into the Pentagon. While the two lived in Phoenix, Abdullah reportedly gave extremist speeches at a local mosque. That caught the attention of FBI agent Ken Williams, who listed Abdullah when he wrote the infamous 'Phoenix memo' two months before 9/11, warning that al Qaeda terrorists might be taking flying lessons in America. Only no one at FBI headquarters, it turned out, ever acted on that memo." CBS notes that Abdullah earlier this year tried to obtain flight training in New Zealand under an alias and was deported to Saudi Arabia, "but he was recently released and now we're told he's dropped from sight." FBI agents "really don't know what he's up to, but no one that I've talked to here is happy that this man is trying to fly airplanes again."

Georgia College Student Pleads Not Guilty To Terrorism Charges. In a widely-distributed story, the AP (7/28, Weber) reports, "A college student accused of discussing terror targets with Islamic extremists and training for 'violent jihad' pleaded not guilty Thursday in a case his

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lawyer said amounts to nothing more than 'imprudent talk.'" After the arraignment, Syed Ahmed's lawyer, Jack Martin, said, "There's no allegation that he's committed any terrorist act." The AP notes that Ahmed and codefendant Ehsanul Islam Sadequee "were charged with providing material support to terrorists," and "Sadequee is scheduled to be arraigned Aug. 18." The Atlanta Journal-Constitution (7/28, Reid, 399K) adds, "The U.S. attorney's Atlanta office tacked on three additional counts having to do with conspiracy to provide material support to terrorists and foreign terrorist organizations. … Ahmed originally was indicted in March on one count of providing material support to terrorist."

Columnist Derides "Aspirational Terrorism." In a Christian Science Monitor (7/28, 58K) column, Ruth Walker writes, "Have you noticed? There's a new front in the global war on terror: 'aspirational terrorism.'" Walker notes that a US official called the recent New York City plot aspirational, and when announcing the arrest of the alleged Sears Tower plotters, FBI Deputy Director John Pistole "described the state of that plot as more 'aspirational than operational.' Pistole's words made for a good quote -- its almost-rhyme made it catchy, but not as kitschy as an exact rhyme could so easily be." Walker speculates on the etymology of the word and adds, "no wonder it's catching on. After all, 'aspirational' is a dignified-sounding five-syllable word, which, if you're a government official trying to buy yourself time to think on your feet under hot TV lights, must seem like a godsend. If I were, say, an FBI spokeswoman trying to talk about alleged plotters under arrest who may not be the real deal, I'd rather be able to call them aspirational terrorists than have to call them wannabes. Wouldn't you?"

Judge Orders Islamic Charity Fundraiser Released Pending Deportation Appeal. The AP (7/28, Marquez) reports US District Judge Terry Hatter "has ordered that a top fundraiser for an Islamic charity the government says has ties to terrorism be released from detention, his attorney said Thursday." Holy Land Foundation fundraiser Abdel-Jabbar Hamdan, "who has been held for two years, was ordered released without bond, according to his attorney, Ranjana Natarajan of the American Civil Liberties Union of Southern California." The AP notes that "Hamdan was ordered deported on the immigration charges. His requests to be released on bond while he fights the charges had been denied repeatedly until this week." The Los Angeles Times (7/28, Reza, 918K) adds, "The Hamdan case has become a symbol among those who maintain that the Bush administration has wrongly used terrorism allegations to jail Muslims, sometimes holding them for months without bond. In cases such as Hamdan's, suspects are charged with immigration law violations."

The New York Sun (7/28, Gerstein) reports, "Mr. Hamdan, who is of Palestinian Arab descent, fought his deportation by arguing that the claims that he had ties to Hamas would make him likely to be tortured if he was returned to Jordan. He said he believed Holy Land Foundation supported charitable relief for Palestinian Arabs and had no connection to Hamas or terrorism."

HOMELAND RESPONSE:

Colorado Lawyer Sues FBI Over Terrorism Watch List Detentions. The Denver Post (7/28, Finley, 256K) reports, "A Colorado lawyer stopped by local police in three states because his name appears on a federal terrorist watch list is challenging the government's ability to detain him." In a lawsuit filed yesterday in US District Court in Santa Fe, Francisco "Kiko" Martinez "alleges federal and state officials violated his constitutional rights during traffic stops. … The lawsuit names FBI Director Robert Mueller and local police and seeks unspecified compensation and punitive damages." The Post notes, "He and his attorneys contend that he wrongfully was placed on a federal Violent Gang and Terrorist Organization list after he was charged with sending letter bombs in 1973," and fled the US. "Border guards caught him in 1980 trying to re-enter from Mexico. Courts cleared him of all charges." The Post adds, "Information used to place people on the watch list system 'has been vetted,' FBI spokeswoman Monique Kelso said, declining to comment on the Martinez case. The system's protocol, she said, 'does not permit local law enforcement to hold people indefinitely.'"

The AP (7/28, Baker) reports, "In three incidents since 2000, he says police held him without any probable cause or reasonable suspicion that he had committed a crime or was a terrorist. 'The government thinks it can detain and handcuff innocent people any time it wants to in the name of national security,' Martinez said in a statement released by his lawyers. The defendants in the lawsuit include FBI Director Robert Mueller and former New Mexico Police Chief Carlos Maldonado."

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US-VISIT To Begin Fingerprinting Legal Permanent Residents. The Washington Post (7/28, A14, Hsu, 748K) reports that in "a significant expansion of a long-stalled border security program," US-VISIT, "millions of legal permanent residents will soon have to be fingerprinted and photographed before reentering the United States by sea or air…officials announced yesterday. Those requirements…will be applied around the end of the year to the more than 11 million holders of green cards, as well as all immigrants, refugees, asylum seekers, people paroled to the United States and travelers under the Guam Visa Waiver Program, said Robert A. Mocny, acting director of US-VISIT." The Post notes, "The Homeland Security system now collects two fingerprints from each person, but officials hope to pilot a 10-print system next year and deploy it in 2008 or 2009. The smaller system cannot tap into an FBI fingerprint database or include enough data to accurately identify individuals in the entire population, Mocny said."

House Panel Criticizes Administration Implementation Of Intelligence Reforms. The New York Times (7/28, Mazzetti, 1.21M) reports, "In a blunt assessment of the efforts to overhaul the United States' spying apparatus, a bipartisan group of lawmakers criticized the director of national intelligence on Thursday for a 'lack of urgency' in addressing failures that led to the Sept. 11 terrorist attacks and the faulty assessments about Iraq's banned weapons programs." The House Intelligence Subcommittee on Oversight "report also criticized continued lack of communication between spy agencies and a cumbersome bureaucracy that governed security clearances." DNI John Negroponte said in a statement "Thursday that the report 'helps us take stock of our progress and chart the way ahead.'" The Times adds that Negroponte "also issued a progress report, citing the achievements of his office in carrying out recommendations of a 2005 White House commission that studied the failures in assessing Iraq's weapons." Negroponte "cited improvements in intelligence sharing between the United States and its allies," as well as "new 'structural changes,' like creation of the National Security Branch at the F.B.I."

The AP (7/28, Jordan) notes, "The House report credited intelligence agencies with better communication through videoconference calls. It found that intelligence reports to the president and Congress were improved with the inclusion of information from secondary intelligence agencies. But it noted that information sharing among the agencies remains a top concern, citing an interview with a National Counterterror Center official who said that his office was analyzing much of the same intelligence as the CIA and Pentagon. … The report also rapped Negroponte's leadership ability, saying he needs to develop performance plans with the leaders of the disparate intelligence agencies and be more responsive to Congress."

CQ (7/28, Starks) reports Subcommittee Chairman William M. Thornberry "said the panel was open to legislative fixes if the administration convinces lawmakers that aspects of the overhaul law…are unworkable. But he said they have no plans to push any changes in Congress this year." Ranking Democrat Robert E. Cramer said of yesterday's report, "This is the first of what we consider to be many reports we plan to issue. It was a bipartisan effort, a tough effort, to hold the administration's feet to the fire."

House Democrats Oppose Proposed Surveillance Changes. CNET News (7/28, Broache) reports, "Republican-backed legislation designed to broaden a 1978 eavesdropping law came under renewed attack on Thursday by Democrats who have been briefed about the details of the Bush administration's warrantless telephone and Internet monitoring program." CNET continues, "Meanwhile, the handful of Republicans present at a U.S. House of Representatives Intelligence Committee hearing here, including Chairman Peter Hoekstra of Michigan, touted a new proposal called the Electronic Surveillance Modernization Act. Supporters say its provisions would speed initiation of terrorist investigations and account for use of communications technologies unforeseen by the 28-year-old Foreign Intelligence Surveillance Act (FISA). … 'It should be clear that the intelligence community requires additional tools,' Hoekstra said at the second open meeting he has convened in the past week. He went on to argue that the Bush administration launched its terrorist surveillance program in the way it did 'because of the deficiencies in FISA and the process used to implement it--not in spite of FISA.'" CNET notes, "FISA requires investigators to obtain a warrant from a secret court before conducting wiretapping on international communications when at least one end is located in the United States. The controversial National Security Agency terrorist surveillance program, confirmed by President Bush after a December New York Times report, did not receive the FISA court's approval prior to its start, even though officials, such as Attorney General Alberto Gonzales, have

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acknowledged that ordinary Americans may inadvertently be under surveillance. … The purpose of Thursday's hearing was to hear testimony from the sponsors of three FISA-related bills pending on the House side. It occurred one day after the heads of the Central Intelligence Agency and NSA urged a U.S. Senate committee to update FISA for the 21st century. The officials said it's impractical to use such warrants when tracking technologically savvy, ever-shifting terrorist targets and endorsed a controversial 'compromise' bill negotiated by Sen. Arlen Specter, a Pennsylvania Republican, and the White House."

House Lawmakers Call For DHS Management Reforms. The New York Times (7/28, Lipton, 1.21M) reports members of the House Government Reform Committee, commenting Thursday on a report bipartisan report that identified 32 DHS contracts said to "have experienced significant overcharges, wasteful spending or mismanagement," demanded "that the department act immediately to eliminate management problems." The Times notes that the majority of "troubled contracts had been publicly identified before, and several were let by agencies now within Homeland Security that existed before the department…began operations." DHS Chief Procurement Officer Elaine C. Duke "said she was hiring more staff members, improving training and taking other steps to address the shortcomings."

The AP (7/27, Jordan) reported, "The House report was a comprehensive study of more than 350 earlier-reported government audits and investigations of Homeland Security contracts between 2003, when the department was created, and 2005. Still, the broad look found that Homeland Security's procurement spending ballooned from $3.5 billion, on 14,000 contracts, to $10 billion for 63,000 contracts during the two-year period." Duke said "that part of the problem stemmed from a lack of department officers to oversee the contracts."

Taylor Responds To Brown Criticism. The AP (7/27, Jordan) reported in response to comments made by Michael Brown that he was a "little twerp," Rep. Gene Taylor released a statement Thursday calling the former FEMA director "an incompetent fool." Taylor said that if he had known before a House inquiry into the federal response to Hurricane Katrina that Brown "was up in Baton Rouge ordering steaks on his government credit card at the same time the people of South Mississippi were resorting to police-sanctioned looting to feed themselves, I would have done more than just verbally kick his butt." Brown's comments about Taylor came in a Playboy interview, in which he questioned "Homeland Security Secretary Michael Chertoff's ability to run that department."

WAR NEWS:

Democrats Say Bush Not Spending Enough To Repair, Replace Military Equipment. The Los Angeles Times (7/28, Havemann, Levey, 918K) reports, "congressional Democrats, supported by top Army brass, complain that the Bush administration is not spending enough to repair or replace weapons systems used in combat," and "top Democrats on the House Armed Services and Appropriations committees have held news conferences in the last two days, urging the administration to submit an emergency request for $17 billion for this year alone -- an amount suggested by Gen. Peter J. Schoomaker, the Army chief of staff." Rep. David R. Obey" said the administration was trying to cover up the effects on the federal deficit of its campaign to cut taxes while it was fighting a war." While "Democrats have made no secret that they want to use military readiness to help turn the issue in their favor" for midterm elections, "Republicans scoff at the Democrats' strategy."

The AP (7/28, Jelinek, Lenz) adds that Defense Secretary Rumsfeld "met privately with lawmakers on Capitol Hill throughout the day Thursday to discuss funding needed for troops and the replacement or repair of equipment damaged in combat." He said, "There is no question that resetting the force after the heavy usage that's occurred costs money and will have to be funded in supplementals for a period of time."

Rumsfeld Warns Congress Not To Cut Missile Defense Budget. The Washington Times (7/28, Gertz, Scarborough, 88K) reports in its "Inside The Ring" column, "Defense Secretary Donald H. Rumsfeld is warning Congress not to cut his missile defense budget, citing 'current world events,' an apparent reference to North Korea's and Hezbollah's missile firings and Iran's fiery rhetoric. Mr. Rumsfeld made his objections known in a letter to Senate Armed Services Committee Chairman John W. Warner, Virginia Republican, and House Armed Services Committee Chairman Duncan Hunter, California Republican. The two

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committees are meeting in conference to hash out a defense authorization bill for the fiscal year beginning Oct. 1."

Baghdad Security Effort Puts Withdrawal Of US Troops In Doubt. ABC World News Tonight (7/27, story 5, 0:10, Gibson, 8.78M) reported, "The US effort to secure Baghdad means an army unit that was supposed to be doing home won't. Today defense secretary Donald Rumsfeld ordered 3,500 soldiers and the 172nd Stryker Brigade to stay for up to four months longer."

The Los Angeles Times (7/28, Spiegel, Barnes, 918K) reports, "President Bush's decision to increase the number of U.S. troops in violence-plagued Baghdad, Iraq, has forced commanders to extend the tours of 3,500 soldiers and appears to eliminate prospects for significant withdrawals of U.S. forces this year," and "even Defense Department officials who talked of reductions are discounting the prospects of near-term cuts." Defense Department Secretary Donald H. Rumsfeld "addressed the altered plans during a brief public appearance Thursday at the Pentagon." The Times mentions the 172nd Stryker Brigade and notes that the deployment "could have political repercussions. Republican candidates facing antiwar sentiment had been hoping to be able to point to troops coming home in significant numbers before the November elections."

The AP (7/28, Jelinek, Lenz) mentions the 172nd, and ads, "the Pentagon signaled plans to maintain or possibly increase the current level of about 130,000 troops in Iraq, by announcing that roughly 21,000 Army soldiers and Marines have been told they are scheduled to go to Iraq during the current 2006-2008 rotation. Combined with two previous announcements of about 113,000 U.S. service members scheduled for the rotation period, this could bring the number of U.S. troops there to 134,000, if all are deployed," and "calls into question whether the Pentagon could significantly reduce troop levels in Iraq by year's end as commanders had hoped." The AFP (7/28, Mannion) characterizes, "The move indicated that US commanders have effectively given up hopes for even a gradual reduction in the US force this year on account of a bitter insurgency and spiraling sectarian violence."

Military Said To Be Discouraged From Requesting More Troops. McClatchy (7/28, Lasseter) reports that the additional troop deployment "underscores a problem that's hindered the American effort to rebuild Iraq from the beginning: There aren't enough troops to do the job. Many U.S. officials in Baghdad and in Washington privately concede the point. An "American defense official in Iraq said officers were discouraged from making such requests, and officers in Washington and at the military's Central Command confirmed that," saying, "if you ask for more you're going to get hammered." High-ranking, active-duty U.S. officers are reluctant "to discuss their concerns about troop levels publicly, for fear of being reprimanded or having their careers cut short. There's an unwritten understanding, they said, that the Bush administration doesn't want to hear about the need for more troops."

Violence Continues In Baghdad. ABC World News Tonight (7/27, story 4, 2:05, Gibson, 8.78M) reported, "And next, we turn to Iraq. It was just two days ago, that Iraq's Prime Minister stood at the White House, as President Bush announced the redeployment of thousands of American troops to Baghdad. A horrific attack today underscored just how difficult it is to make the capital city secure. ABC's Terry McCarthy is in Baghdad." ABC (McCarthy) added, "The battle for Baghdad is on. A series of rockets and mortars, lands in a busy shopping district. Minutes later, a car bomb goes off outside a gas station, a couple of blocks away, shooting fire balls across the street. An apartment building collapses. 31 dead, over 150 injured. And another neighborhood in the city plunged into the sectarian conflict. Karada has a mix of Shiite Muslims and Christians. Police say the rockets came from a Sunni Muslim suburb to the south."

NBC Nightly News (7/27, story 4, 2:40, Colt, 9.87M) reported, "In 10 minutes, more than two dozen dead, 100 injured. A precisely timed attack, a car bomb and at least three mortar shells for the first time hitting the heart of the Shiite Karada district. The blasts so powerful, it sheered the side off this apartment building, trapping some inside. With more than 100 people dying every day here now, across Iraq, anger and desperation are boiling over. Across Baghdad today, 19 more tortured bodies were discovered."

The Los Angeles Times (7/28, Daragahi, 918K) reports, "The 10 a.m. attack bore the signature of Sunni Arab insurgents possibly allied with foreign extremists, such as Al Qaeda in Iraq. Police said four of the five blasts were caused by rockets or mortars." But "officials have often attributed such explosions to indirect fire, hoping to stave off blame for allowing drivers to maneuver explosives-packed vehicles past checkpoints that dot the city." The Washington Post (7/28, A16, Partlow, Nouri, 748K) and Los Angeles Times (7/28, Daragahi, 918K), among other sources, also report on the violence.

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Insurgent Snipers Trained In "Sophisticated" Techniques. USA Today (7/28, Diamond, 2.27M) reports that an insurgent sniper training manual posted on the Internet contains "sophisticated sniper techniques for targeting U.S. troops that include singling out engineers, medics and chaplains." Even as more troops enter Baghdad, the "threat of sniper fire is greatest in urban areas because shooters have more hiding places." Previously, the Army's intelligence branch at the Training and Doctrine Command at Fort Leavenworth in Kansas studied the sniper problem…out of concern that it wasn't getting enough attention. Three reports were distributed to officers in charge of training troops for duty in Iraq."

Ignatius Argues Death Squads Must Fear Capture. David Ignatius writes in his column in the Washington Post (7/28, A25, 748K) that Prime Minister Maliki "has endorsed an aggressive strategy to retake Baghdad from the Shiite death squads roaming the streets," under the premise "that unless Maliki's Shiite-dominated government can stop the death squads from his own sect, he will have no chance of co-opting Sunni insurgent groups." Called Operation Together Forward, it is "at the center of the new strategy for securing Baghdad" that also includes "beefing up the 52,000 U.S. and Iraqi troops in the city by about 20 percent." Still, "at this late stage of the Iraq story, skepticism is in order whenever officials talk of grand new strategies. … What would change the equation would be if death squad leaders became afraid that they themselves would be captured or killed. That's the brutal logic of America's war in Iraq as it begins its decisive final chapters."

Sergeant Provides Testimony On Plot To Kill Iraqi Prisoners. The New York Times (7/28, Worth, 1.21M) reports that Sgt. Lemuel Lemus, on June 15 "offered a new and much darker account" of "how members of his unit shot and killed three Iraqi prisoners." Instead of them trying to escape, he "said he had witnessed a deliberate plot by his fellow soldiers to kill the three handcuffed Iraqis and a cover-up in which one soldier cut another to bolster their story. The squad leader threatened to kill anyone who talked." The case "has raised questions about the rules under which American troops operate and the possible culpability of commanders. Four soldiers have been charged with premeditated murder in the case. Lawyers for two of them, who dispute Sergeant Lemus's account, say the soldiers were given an order by a decorated colonel on the day in question to 'kill all military-age men' they encountered." The Times calls Lemus's statement "an extraordinary window into the pressures American soldiers face in Iraq."

Bechtel Taken Off Basra Children's Hospital Construction. The New York Times (7/28, Glanz, 1.21M) reports, "The United States is dropping Bechtel, the American construction giant, from" the Basra Children's Hospital project "after the project fell nearly a year behind schedule and exceeded its expected cost by as much as 150 percent." The Times calls it "the latest in a series of American taxpayer-financed health projects in Iraq to face overruns, delays and cancellations." The Army Corps of Engineers will take over, as "abandoning the project could be tricky politically because of the high-profile support from" first lady Laura Bush and Secretary of State Condoleezza Rice. A senior Bechtel official said they "in essence volunteered to leave the project because the security problems had become intolerable." However, "while Bechtel pointed to security problems in delaying the project and increasing its cost, the Iraqis generally rejected that view."

Saddam Trial Ends. The New York Times (7/28, Von Zielbauer, 1.21M) reports, "The trial of Saddam Hussein and seven other former officials on charges of crimes against humanity ended after nine months on Thursday with closing arguments from the final two defendants. The chief judge, Raouf Abdel-Rahman, said he and four other judges would announce their verdict, which could carry the possibility of death by hanging for Mr. Hussein, on Oct. 16." Saddam "was not in the courtroom on Thursday, having made his final arguments on Wednesday through court-appointed lawyers whom he has repudiated. His own lawyers have boycotted the trial since July 10 to protest his treatment and the legitimacy of the entire proceeding."

Sixteen Dead In Helicopter Crash In Afghanistan. The New York Times (7/28, Munadi, 1.21M) reports, "A helicopter headed for the headquarters of a provincial civilian aid group crashed Wednesday in Afghanistan, killing as many as 16 people, including 2 Dutch soldiers and possibly 2 or more American civilians, Afghan and American officials said Thursday." Col. Tom Collins, a spokesman for the American-led coalition forces, "said 16 people of various nationalities had been onboard and no one had survived. Twelve bodies were recovered, he said,

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adding, 'There is no indication yet as to what caused the crash.'"

Santorum Says US At War With "Islamic Fascism." Sen. Rick Santorum said on Fox News' The O'Reilly Factor (7/27) that if President Bush has "done anything wrong on this war it's to define it as a war on terror. Terror is a tactic. It's like saying that World War II was a war on blitzkrieg. We fought the Nazis in World War II, the communists in the Cold War. We're fighting Islamic fascists, both states like Iran, as well as terror organizations that are connected to Iran."

CORPORATE SCANDALS:

Former WorldCom Officer Will Not Pay Fine. The Wall Street Journal (7/28) reports, "Scott Sullivan, the former WorldCom Inc. chief financial officer who helped perpetrate an $11 billion accounting fraud at the telecommunications company, won't have to pay a fine because his fortune has already been given up, securities regulators said." The Journal continues, "Mr. Sullivan, who is serving a five-year prison term, had agreed in a settlement that he owed nearly $13.6 million in penalties for his role in the scandal at WorldCom, The telecom titan collapsed into bankruptcy and re-emerged as MCI Inc., which later was purchased by Verizon Communications Inc." The Journal adds, "The Securities and Exchange Commission said in a Manhattan federal court that Mr. Sullivan wouldn't be forced to pay because he is out of money. The former executive previously surrendered his $11 million mansion in Boca Raton, Fla., to settle a class-action lawsuit filed by WorldCom investors. He also gave up his depleted WorldCom retirement account, leaving him with nothing for regulatory fines."

CRIMINAL LAW:

US Charges Three In Phone Stock Scam. The Washington Post (7/28, D3, Johnson) reports, "Federal prosecutors yesterday filed criminal charges against three people who allegedly preyed on unsuspecting investors with voice mail messages disguised as confidential stock tips left on the wrong answering machine." The Post continues, "At the same time, the Securities and Exchange Commission lodged civil fraud charges against the trio, who authorities say stood at the center of a plot to drum up interest in six thinly traded stocks by using a previously unknown method known as 'vice mail.'" The Post adds, "The phone messages, which reached hundreds of thousands of households from July 25, 2004, to Aug. 18, 2004, apparently had the desired effect, securities officials said. The trading volume of the six stocks at issue rose by 1,500 percent and their market capitalization grew by $179 million, according to the SEC complaint. In all, more than 1,700 people from 43 states and the District called regulators with concerns about the phone messages when they were broadcast two years ago. … Authorities say many of the breezy calls were recorded by Anna A. Boling of Altamonte Springs, Fla., while her former husband, Roderick L. Boling III, prodded a telemarketer to disseminate them. Along with stock promoter Jeffrey S. Mills and his company, Direct Results of Sweetwater LLC, the Bolings face multiple wire fraud, conspiracy and securities fraud charges, according to a statement by U.S. Attorney Kenneth L. Wainstein." The Post notes, "The lawsuits, filed in federal court in Washington yesterday, include claims that Mills and Roderick Boling traveled in August 2004 to a casino in Gulfport, Miss. There, Mills allegedly gave a blue duffel bag filled with cash to Boling, who passed along $40,000 of the funds to telemarketer Michael J. O'Grady. O'Grady, of Augusta, Ga., pleaded guilty in May 2005 to obstructing justice and agreed to assist prosecutors with the investigation. … Roderick Boling instructed telemarketers to leave messages only on answering machines or voice mail systems and told them to never call the same number twice, the SEC lawsuit says."

Judge Dismisses Appeal By Former Hockey Player. The AP (7/28, Press) reports, "A federal judge (in East St. Louis, IL) has refused to revisit the prison sentence he handed Mike Danton for the former St. Louis Blues player's failed bid to have his agent killed, again foiling the inmate's push to be transferred to his native Canada to serve his time." The AP continues, "In throwing out Danton's appeal, U.S. District Judge William Stiehl found that Danton knowingly and voluntarily waived his right to challenge the 7 1/2-year sentence he got in November 2004 after accepting a deal with prosecutors and pleading guilty to murder conspiracy charges. … The ruling assures that Danton remains inmate No. 10096-111 at a prison in Fort Dix, N.J." The AP adds, "One of Danton's attorneys, Howard Kieffer of Santa Ana, Calif., said Thursday a decision on subsequent appeals would be made 'within an appropriate time period.' … With Danton's July 2004 plea, prosecutors agreed not to oppose

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Danton's deportation to Canada, where he said he wanted to get behind-bars surgical treatment for a shoulder injury and therapy for what his sentencing request called his 'grave mental disorders.' … Danton sued the U.S. government last November, contending that he unfairly has not been transferred to Canada and arguing that 'similarly situated applicants have been approved for removal to their home nations, which include Canada.' Danton asked to be resentenced."

Bush Signs Measure To Create National Database Of Convicted Sex Offenders. The AP (7/28, Raum) reports President Bush, "joined by 'America's Most Wanted' host John Walsh, signed a new law Thursday that requires convicted child molesters to be listed on a national Internet database and face a felony charge for failing to update their whereabouts." In the Rose Garden ceremony, Bush said, "Our nation grieves with every family that's suffered the unbearable pain of a child whose been abducted or abused. This law takes an important step forward in this country's efforts to protect those who cannot protect themselves." The AP adds the measure "was named for Walsh's 6-year-old son, Adam, who was abducted exactly 25 years ago Thursday, and subsequently murdered. It aims to help police find more than 100,000 sex offenders by creating the first national online listing available to the public and searchable by ZIP code. It also called for harsh federal punishment for sexually assaulting children, including the possibility of the death penalty when a victim is murdered."

The Washington Times (7/28, Hoover, 88K) reports Walsh "praised the Congress members who supported the measure, calling the group a 'SWAT team for kids.'"

Chat Rooms Face School, Library Ban Under House Bill. CNET News (7/28, McCullagh) reports, "Web sites like Amazon.com and MySpace.com may soon be inaccessible for many people using public terminals at American schools and libraries, thanks to the U.S. House of Representatives." CNET continues, "By a 410-15 vote on Thursday, politicians approved a bill that would effectively require that 'chat rooms' and 'social networking sites' be rendered inaccessible to minors, an age group that includes some of the Internet's most ardent users. Adults can ask for permission to access the sites. … Even though politicians apparently meant to restrict access to MySpace, the definition of off-limits Web sites is so broad the bill would probably sweep in thousands of commercial Web sites. Tech lobbying groups and libraries are protesting the measure." CNET notes, "Even though politicians apparently meant to restrict access to MySpace, the definition of off-limits Web sites is so broad the bill would probably sweep in thousands of commercial Web sites that allow people to post profiles, include personal information and allow 'communication among users.' Details will be left up to the Federal Communications Commission. … The list could include Slashdot, which permits public profiles; Amazon, which allows author profiles and personal lists; and blogs like RedState.com that show public profiles. In addition, many media companies, such as News.com publisher CNET Networks, permit users to create profiles of favorite games and music."

Ralphs Grocery Chain Pleads Guilty To Illegal Hiring. The AP (7/28, Veiga) reports, "Ralphs Grocery Co. formally entered guilty pleas in federal court to several charges stemming from the grocery chain's hiring of hundreds of workers under fake names during a 2003 strike and lockout in the Southern California supermarket industry." The AP continues, "U.S. District Judge Percy Anderson, however, did not immediately accept the pleas, which the grocer last month revealed it would enter under an agreement with federal prosecutors." The AP adds, "The court on Wednesday referred the case to the federal probation office, which will prepare a pre-sentencing report with guidelines the judge will consider prior to ruling on the proposed plea, Assistant U.S. Attorney Jeremy Matz said. Anderson's decision could be made in late September or in October. … The chain pleaded guilty to five of 53 counts in an indictment returned by a federal grand jury last year, covering allegations of conspiracy, identity fraud, false representation of Social Security government idenfication numbers, concealing facts relating to employee benefit plans and causing employees to falsely represent information to government agencies. … Anderson set sentencing for Oct. 16, but he scheduled a status conference for the last week of September during which he may inform the parties whether he will approve the plea deal or not."

FBI Subpoenas More Contracting Records From New Jersey Township. In a front-page story, the Brick Township (NJ) Bulletin (7/28, Lutolf) reports, "Federal authorities sought additional records documenting

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Brick Township's dealings with International Trucks last week, officials said." Municipal Clerk Virginia Lampman said that "federal investigators requested…all correspondence Brick has had with the Howell truck company and its affiliates, Air Brake & Equipment and Air Brake Exchange, between 1996 and 1999. … FBI investigators picked up the documents July 21, Lampman said." The Bulletin notes, "International Trucks has accrued a storied past since former co-owner Stephen Appolonia was arrested last year for allegedly laundering $350,000 through his business."

Ohio Bridge Inspector Sentenced To Probation For Taking Bribes. The Youngstown (OH) Vindicator (7/28) reports former Ohio contract bridge inspector Steven J. Koulianos yesterday was "sentenced to three years' probation for accepting bribes from painting contractors." US District Judge Christopher A. Boyko "ordered Koulianos to spend the first six months of his sentence on electronically monitored house arrest. He must also make restitution of $400,000 to the Ohio Department of Transportation." The Vindicator notes that the Koulianos case "was investigated by the FBI and the U.S. Department of Transportation office of the inspector general."

Jeffs' Nephew Jailed On Contempt Charges. In a widely-distributed story, the AP (7/28, Dobner) reports, "A nephew of fugitive Warren Jeffs has been jailed on contempt charges in Arizona -- the sixth person connected to the exiled polygamist church leader to refuse to answer questions before a federal grand jury. Officials at the Central Arizona Detention Facility in Florence said Thursday that Benjamin Jeffs Nielsen, 25, was booked there July 14." The AP notes, "Since May, Jeffs has been on the FBI's Ten Most Wanted list, with a $100,000 reward offered for information leading to his capture."

Cities, States Take Measures To Keep Tabs On Sex Offenders. The Christian Science Monitor (7/28, Axtman) reports from Houston, "Hundreds of cities and 15 states have laws that restrict where sex offenders can live. Now, private businesses are getting into the act of protecting residents from this group, too." The Monitor continues, "A Texas developer, for instance, is building 'sex offender free subdivisions' here and in Kansas, and a new national website, started by a Texan, lists homes for sale that have no registered sex offenders living within a half-mile radius. … It's all part of a wide-ranging effort to address Americans' concerns about sex offenders living next door." The Monitor adds, "Just Thursday, President Bush signed into law what child advocates are calling the most sweeping sex-offender legislation in 25 years: the Adam Walsh Child Protection and Safety Act, named for the murdered son of 'America's Most Wanted[host, John Walsh. … By creating a national database that links the already federally mandated state registries, the new law - among other things - will make it harder for sex offenders to take advantage of varying state laws to avoid detection. It creates a new federal felony charge, punishable by 10 years in prison for failing to update their contact information, and categorizes them by tiers so that resources can be targeted at the most dangerous offenders, says Ernie Allen, president of the National Center for Missing & Exploited Children, which pushed the measure. … More than 563,000 people in the US have been convicted of sexual offenses - and 100,000 are noncompliant, meaning they have failed to keep up with registry laws, says Mr. Allen."

Virginia Executes Man For Killing Fellow Inmate. The Washington Post (7/28, B8, Rondeaux) reports, "Convicted killer Michael Lenz was executed by injection last night in Virginia's death chamber for fatally stabbing another inmate during a pagan religious gathering six years ago. … Lenz, 42, was pronounced dead at 9:07 p.m. at the Greensville Correctional Center in Jarratt." The Post continues, "Lenz is the third person to be put to death in the state since Gov. Timothy M. Kaine (D) took office this year. Kaine, who has said he opposes capital punishment but has promised to uphold the state's death penalty laws, rejected a plea yesterday from Lenz's attorneys to spare his life. … 'Having carefully reviewed the petition for clemency and judicial opinions regarding this case, I find no reason to set aside the sentence that was recommended by the jury and then imposed and affirmed by the courts,' Kaine said in a written statement. 'Accordingly, I decline to intervene.'"

The Washington Times/AP (7/28, Gelineau) reports, "Lenz and another inmate, Jeffrey Remington, were sentenced to death in 2000 for stabbing Parker a combined 68 times at the foot of a makeshift altar in the Augusta Correctional Center. … Lenz had been serving a 29-year sentence after being convicted in Prince William County of burglary and weapon possession." The AP adds, "The three inmates were followers of the Nordic pagan religion Asatru and belonged to a group known as the Ironwood Kindred. The group was gathered for a ceremony when Lenz and

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Remington attacked Parker. … Lenz testified that Parker had not been taking the religion seriously, and to protect the honor of the gods, Parker had to be punished. Lenz also testified he felt threatened by Parker, who was serving a 50-year sentence for murder."

Fatal Stabbing Of Maryland Corrections Officer Described. The Washington Post (7/28, B5, Rich) reports, "In the final hour of his life, alone on a tier of cells in a maximum-security state prison, Maryland corrections officer David W. McGuinn pitched his body forward, shielding his face with his hands as the inmate behind him stabbed him at least three times, a witness told police." The Post continues, "Charging documents made public yesterday provided a raft of new details, including the witness's account, about the deadly assault Tuesday night at the House of Correction in Jessup in Anne Arundel County. … According to other court records, the two inmates charged in McGuinn's slaying were serving life sentences after being convicted of murder, one in Baltimore and the other in Wicomico County on the Eastern Shore. One of the two, Lamarr C. Harris, has been convicted in at least one assault case against a guard." The Post adds, "The witness identified Harris, 35, as one of McGuinn's assailants, picking him from an array of 13 photographs of inmates on the tier, the documents say. The witness is not quoted as saying anything about Lee E. Stephens, 27, the other inmate charged. … The inmates escaped from their cells despite a prisonwide lockdown, apparently by jamming the locks on their cell doors, and then returned to their cells after the attack, authorities have said. According to the documents, 'a device commonly used by inmates to prevent their cell doors from locking' was found on the ground outside Harris's cell."

Lawmakers Address Maryland Prison Woes. The Baltimore Sun (7/28, Reddy, Garland) reports, "Maryland lawmakers called Thursday for an emergency hearing next month to air concerns about the escalation of violence at the Maryland House of Correction -- culminating in the fatal attack on an officer this week." The Sun continues, "Though the joint House and Senate subcommittee hearing will examine safety issues at all of the state's correctional facilities, the spotlight will be on the Jessup prison, where a 41-year-old corrections office was killed Tuesday night. That followed the killings of three inmates and two nonfatal attacks on officers at the prison this year." The Sun adds, "Lawmakers pointed to staffing levels at the prison as their main concern. … 'Something's not working,' said Sen. James E. DeGrange Sr., an Anne Arundel County Democrat who is chairman of the Subcommittee on Public Safety, Transportation and the Environment. 'These are issues that we've been talking about for a long time ... and it's not getting any better; it's getting worse.'" The Sun adds, "Two inmates have been charged in Tuesday's fatal stabbing of David McGuinn, a correctional officer at the maximum-security Jessup prison. Prison system officials had reported earlier that three suspects were involved, but they revised their account Thursday. … The attack occurred while the 1,100-inmate prison was on high alert and lockdown status -- leaving prisoners confined mostly to their cells -- because of rumors that inmates were planning to attack an officer."

Colorado Man Claims 49 Murders Over 25 Years. The New York Times (7/28, Kelley) reports from Colorado Springs, CO, "A man serving a life sentence in a state prison for a 1991 murder says he is responsible for 49 other murders, and investigators say they believe his claims are credible, law enforcement authorities revealed Thursday." The Times continues, "A four-year investigation has linked the man, Robert C. Browne, 53, to murders in Colorado, Texas, Louisiana and Arkansas, Sheriff Terry Maketa of El Paso County said at a news conference on Thursday. Mr. Browne has also claimed responsibility for murders in California, Mississippi, New Mexico, Oklahoma and Washington, as well as one in South Korea." The Times adds, "The murders occurred from 1970 until Mr. Brown's conviction in 1995 for the murder of 13-year-old Heather Dawn Church, who was abducted from her home in the Black Forest area in September 1991 while she baby-sat for a younger brother. Her remains were found in 1993. … Mr. Browne contacted investigators from prison in 2002 with claims of the other killings. Since then, seven killings have been linked to him, including that of a 15-year-old girl, Rocio Delpilar Sperry, who was found dead at a Colorado Springs apartment in late 1987. Mr. Browne pleaded guilty on Thursday to her murder, the sheriff said."

USA Today (7/28, Kasindorf) reports, "Browne, 53, was convicted in 1995 of kidnapping and murdering Heather Dawn Church, 13, in Black Forest, Colo., in 1991. Since 2002, Browne has been giving a cold-case investigator details of killings in nine states and South Korea, according to El Paso County, Colo., Sheriff Terry Maketa. … 'It's possible he's exaggerating, but I don't think you can conduct business

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assuming he's exaggerating,' Maketa said at a Colorado Springs news conference. 'We'll continue to pursue leads.'" USA adds, "After following up on Browne's accounts, Colorado Springs prosecutors charged him with first-degree murder in the 1987 death of Rocio Sperry, 15, the married mother of a 3-month-old daughter. 'We were in my apartment, and I strangled her,' Browne told a judge Thursday in pleading guilty. … Authorities so far have found evidence corroborating Brown's claims in seven slayings — three in Louisiana, two in Texas, one in Arkansas and the Colorado Springs case, Maketa said."

FBI Statistics Show Increase In Violent Crime. USA Today (7/28, Hampson, 2.27M) reports, "Crime peaked in the early 1990s. Last month, however, the FBI's preliminary national report for 2005 showed the first increase in violent crime (2.4%) in 15 years. Murders were up 4.8% -- 12.5% in cities containing 50,000 to 250,000 residents. … Criminologists cite many factors — more gangs in more places, more juvenile offenders, more released prisoners and more guns. Washington also has given local police more responsibility for homeland security and less support for conventional crime fighting." David Kennedy of the John Jay College of Criminal Justice in New York City "cautions against predicting a national resurgence in crime," but says the FBI statistics are "a dramatic statement of what's been going on for awhile."

Series Of Killings Stuns Seattle. USA Today (7/28, Ritter, Parker) reports, "The love affair residents here have with the Cascade Mountains that rise ruggedly and invitingly to the east is as deeply imbued in this region's culture as Microsoft and Starbucks coffee. … So the slayings of two female hikers found shot dead on a well-traveled trail 95 miles northeast of here have stunned people." USA continues, "The bodies of Mary Cooper, 56, a Seattle librarian, and her daughter, Susanna Stodden, 27, were found July 11 on the 2-mile trail to Pinnacle Lake. There has been no arrest, although the Snohomish County Sheriff's Department announced it is pursuing "persons of interest" based on more than 200 tips. … Six days after the hikers' deaths, four members of the family of National Guard Sgt. Leonid Milkin, who was serving in Iraq, were found in a burned-out home in Kirkland, a suburb across Lake Washington from Seattle. A neighbor, Conner Schierman, 24, was charged with four counts of aggravated murder on Monday." USA adds, "Then on July 20, there was another multiple homicide, this time just south of the city limits in Skyway. Three people were killed after a dispute outside a home where police later found a marijuana-growing operation. Dimitri Sidorchuk, 23, was charged Tuesday with two counts of second-degree murder, one count of first-degree manslaughter and three counts of first-degree assault. … The rash of slayings in nine days was especially distressing to law enforcement given the region's historically low crime rate."

Virginia Student Who Stabbed Officers Sentenced To Five Years. The Washington Post (7/28, B1, Stockwell) reports, "Keegan Zacharie earned straight A's, worked on science projects and tutored his peers as he graduated in June near the top of his class at T.C. Williams High School. … All that from a cell at the Juvenile Detention Center in Alexandria." The Post continues, Yesterday, as a judge sentenced the 17-year-old to five years in prison for stabbing and seriously wounding three city police officers with a pocketknife, those in the Alexandria courtroom were left to wonder what happened to Zacharie. … One thing they know: It started with his fears." The Post adds, "Zacharie slept with the lights on and never failed to check the door locks. He owned shin guards, fighting gloves and the folding knife. He felt he also needed a gun, although he could not explain why he felt the need for protection, as he had no enemies and no intention of using it on anyone. Still, he had an overwhelming urge to add a gun to his self-defense collection. … So he set out to get one. … But at some point early in the morning of Sept. 2, Zacharie changed his mind. On his way back home, city police officers thought he looked suspicious and stopped him. As they combed through his duffel bag, which contained burglary tools, Zacharie panicked -- and slashed and seriously wounded three officers with the pocketknife he always carried. … Without delay, Circuit Court Judge Donald M. Haddock ordered the honor student to serve five years in prison, the first two to be served in a juvenile facility. In January, Haddock convicted Zacharie on three counts of maliciously wounding a police officer. But yesterday, he revised the verdict, ruling that Zacharie was instead guilty of unlawful wounding, a lesser offense."

USA Today Says Yates Verdict Reflects Healthy Legal Evolution. USA Today (7/28) editorializes, "When John Hinckley was found not guilty by

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reason of insanity in 1982 for the attempted assassination of President Reagan, the verdict set off a public furor. Outraged senators summoned jurors to Capitol Hill for an explanation. A few states abolished the insanity defense, wiping away what had been a principle of Anglo-American law for centuries — that people shouldn't be harshly punished for actions over which they have no control." USA continues, "This week, the public reacted with restraint and compassion to the acquittal by reason of insanity of Andrea Yates, a suburban Houston housewife who, on June 20, 2001, methodically drowned her five children in a bathtub." USA adds, "The comparatively muted response in this horrifying case signals a healthy shift in attitudes toward mental illness and an evolution in the law. In the 1980s, new restrictions ended the most blatant abuses of the insanity defense. Most states found a middle ground that allowed defendants like Yates who are truly sick to use the defense, while blocking sane criminals from trying to getting off the hook by claiming 'temporary insanity.' … Many states, however, are still wrestling with how to balance protection for society with treatment for the insane who commit crimes. These states fail to guarantee a specific period of treatment, protect the public from a precipitous release, or properly monitor people who are released." USA adds, "Yates is the very type of defendant for whom insanity laws were written. She was clearly sick in 2001. She had attempted suicide twice. She battled depression, heard voices and was on and off psychotic drugs. Just as surely, she is guilty of a heinous crime. … In such cases, the law has two duties: to show compassion and protect the public. … Society has come a long way since the acquittal of Hinckley, who said he shot Reagan to impress the actress Jodie Foster and who remains in a Washington mental hospital. The law needs to come a bit further."

CIVIL RIGHTS:

FBI Investigating Allegations Of Excessive Force By Massachusetts Police. The Quincy (MA) Patriot-Ledger (7/28, Conkey) reports, "More than 100 protesters packed Quincy District Court and picketed outside city hall yesterday to support four young Asian-Americans who say Quincy police wrongly arrested them and used excessive force. Mayor William Phelan met with more than 50 of the protesters in his office, and told them a complaint of police brutality is being investigated by the FBI." The Patriot-Ledger notes police said that suspect Quan Manh Thin "tried to fight with State Trooper Chuck McGrail who had stopped to check on what looked like an empty car in the market's lot with its lights on and engine running. … The other three suspects then came to Thin's aid. Quincy police who responded to the trooper's call for help used pepper spray on all four, police said." The (Quincy) Bridge (7/27) adds on its Web site, "One resident said, in translation, that she was 'not comfortable with the FBI doing the investigation.' The mayor replied that he was sure they were competent and that only government could carry out such an investigation. There was no indication how long the FBI would be in town, or when they would make their report. The scope of the FBI investigation is also secret."

Son Of Fugitive Immigrant Smuggler Pleads Guilty To Sex Slavery Charges. The Houston Chronicle (7/26, Rice, 535K) reported, "A son of the accused leader of a human-trafficking organization pleaded guilty Tuesday and another son was sentenced to five years in prison for their roles in forcing Mexican women and girls to work as prostitutes in Houston bars. The guilty plea by Ivan Salazar, 19, marked the fifth conviction since six people in the organization were indicted last year. The man accused of being the leader, Gerardo 'El Gallo' Salazar, 40, remains a fugitive. U.S. District Judge Vanessa Gilmore sentenced Ivan Salazar's brother, Juan Carlos Salazar, 21, to the maximum of five years in prison following his earlier guilty plea to a charge of sex-trafficking conspiracy."

Civil Rights Advocates Wary Of Bush Promise To Enforce Voting Rights Act. The AP (7/28, Riechmann) reports civil rights leaders "said Thursday that President Bush's signature to extend the 1960s civil rights law against racist voting practices will be just a footnote in history if the government fails to enforce it." At a bill signing ceremony "at the White House to extend provisions of the 1965 Voting Rights Act, Bush pledged to stand behind the law that opened polls to millions of black Americans." Bush said, "My administration will vigorously enforce the provisions of this law, and we will defend it in court." The AP adds Al Sharpton "called on Bush to meet immediately with civil rights leaders to talk over how the Justice Department will monitor the enforcement of the act." Civil rights activists "accuse the Bush administration of politicizing the Justice Department's civil rights division, and say it has turned a blind eye to voter

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suppression tactics, such as photo identification provisions and citizenship requirements, in states across the nation."

The Washington Post (7/28, A3, Harris, Abramowitz, 748K) reports, "Under the legislation, the Justice Department will maintain the authority to review changes in ballot procedures, legislative districts and other electoral rules in several states, mainly in the South, to ensure that African Americans and other minorities maintain influence in elections." GOP leaders "have been eager to renew the act before the fall elections, but the measure had faced trouble in the House over concern from some Republicans that it unfairly targeted certain Southern states."

The Washington Times (7/28, Curl, 88K) reports at "a packed ceremony on the White House South Lawn attended by members of Congress, civil rights leaders and family members of deceased civil rights leaders, the president said the landmark legislation had broken the 'segregationist lock on the ballot box.'" Senate Minority Leader Harry Reid and House Minority Leader Nancy Pelosi "used the occasion to criticize Mr. Bush, saying his administration had failed to enforce key provisions of the Voting Rights Act."

Bush Seen As Capitalizing On Bill Signing Ceremonies. The AP (7/28, Loven) reports President Bush is "using all the trappings of his office to showcase popular legislation this election season. Just Thursday, Bush's aides added pizazz to his signing of the Voting Rights Act extension by setting his desk and pen before hundreds on the White House South Lawn and arranging a Rose Garden ceremony for a bill creating a national online database of child molesters." Bush also "appeared before the administration-friendly National Association of Manufacturers to speak highly of economic gains on his watch — which he credited to tax cuts passed and extended." It's "nothing new for presidents to look to wring as much political benefit as possible out of signing ceremonies and other White House events."

ACLU Says Some California Police Spy On Antiwar Protestors. The New York Times (7/28, Mckinley) reports, "A new report from American Civil Liberties Union asserts that some police departments in Central and Northern California are conducting undercover investigations of antiwar protests, political rallies and other constitutionally protected gatherings." The Times continues, "The report said that dozens of organizations had been monitored by the authorities since the Sept. 11 terrorist attacks, often in violation of the California Constitution." The Times adds, "Mark Schlosberg, who wrote the report, said Attorney General Bill Lockyer had warned police departments about overstepping their bounds, but had failed to assure that legal demonstrations were not being singled out. Tom Dresslar, a spokesman for Mr. Lockyer, said he had not read the report but looked forward to working with the A.C.L.U. to address its concerns."

Pro-Life Groups Outraged Democrats Blocking Recently-Passed Abortion Bill. The Washington Times (7/28, Fagan, 88K) reports, "Republicans and pro-life groups are outraged that Senate Democrats are, at least for now, blocking a newly approved bipartisan Senate bill aimed at protecting parents' right to be involved in an underage daughter's abortion decision. 'It is underhanded and disingenuous, and it needs to stop now,' said Sen. John Ensign, the Nevada Republican who sponsored the bill." The Senate "approved the bill Tuesday, but Senate Democrats used procedural objections to prevent it from being sent this week to final negotiations with the House, which has approved a different version." Democrats "fear the final bill will contain tough provisions of the House version. 'If they're truly interested in getting this done, the House should simply take up the Senate-passed bill,' said Jim Manley, spokesman for Senate Minority Leader Harry Reid, a Nevada Democrat and one of 14 Democrats who voted for the Senate bill."

Community Relations Service Official Headlines Tennessee Meeting. The Clarksville (TN) Leaf Chronicle (7/27, Ritchard) reports, "About 100 men, women and youth gathered at the Clarksville-Montgomery County Public Library Wednesday with questions for a group of state and federal civil rights officials. On the anniversary of the signing of the Americans with Disabilities Act, and with alternating anger and humor, people with diverse concerns participated in a more than two-hour forum posing questions about how to file complaints with state and federal agencies and how to make positive changes in Clarksville." The meeting "was inspired by and in memory of HOPE founder Juan Vasquez and son Thomas, who were shot to death in June. Juan Vasquez's vision for HOPE included support for Hispanics and others who wanted to solve problems they faced in their communities." The Leaf Chronicle adds, "The meeting's keynote visitor was Walter Atkinson, a representative from the U.S. Department of Justice Community Relations Service, who contacted Vallejos

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following Vasquez's slaying. Atkinson presented an overview of the functions and duties of his office and fielded questions, along with members of the Tennessee Human Rights Commission and other federal departments"

Recent Rulings Called "Major Setbacks" For Same Sex Marriage Backers. The Christian Science Monitor (7/28, Richey, 58K) calls rulings by state courts in New York and Washington State that marriage is between one man and one woman "major setbacks to those seeking the protections of marriage for same-sex couples. … Although there are significant differences, both the New York and Washington State decisions share a common theme. The majority of justices point to the legislature rather than the courts as the proper forum to decide the issue." The Monitor notes, "A body of law is emerging from the rulings that suggests the issue be resolved by lawmakers, not judges. Such decisions will make it somewhat harder for other courts in the future to embrace the aggressive judicial approach of the Massachusetts high court."

Maryland High Court To Hear Gay Marriage Case. Maryland's highest court has agreed to hear a case that seeks to overturn a state law defining marriage as an institution between a man and a woman. The Baltimore Sun (7/28, Brewington, 262K) reports that "attorneys will file briefs this fall, and the Court of Appeals plans to hear arguments in the case in late November or early December. In January, Baltimore Circuit Court Judge M. Brooke Murdock sided with 19 gay and lesbian plaintiffs in ruling that Maryland's marriage law is discriminatory and unconstitutional, setting off a firestorm of debate in the General Assembly. Some lawmakers hoped to circumvent the legal process altogether and unsuccessfully pushed for a state constitutional amendment to ban gay marriage."

"Don't Ask, Don't Tell" Policy Called "Weapon Of Vengeance." The New York Times/AP (7/28) reports that the so-called "don't ask, don't tell" policy, which prohibits the US military from inquiring about the sex lives of servicemembers is being used as a "weapon of vengeance in the armed forces," according to the Servicemembers Legal Defense Network. Despite the policy, a gay sergeant whose sexual orientation "was revealed to his superiors by anonymous e-mail messages was discharged from the Army." The sergeant Bleu Copas "said that he was never open about his sexuality and that he suspected his accuser was someone he had slighted. … Mr. Copas said he never told his superiors he was gay. He said he was 'outed' by a stream of anonymous e-mail messages to his superiors in the 82nd Airborne Division at Fort Bragg, N.C."

Cummings-Kerry Bill Encourages Minority Entrepreneurship. The Washington Times (7/28, DeBose, 88K) reports, "Rep. Elijah E. Cummings and Sen. John Kerry are pushing legislation to increase business training for minority college students, saying it's needed to bolster minority business ownership." Cummings "said the goal of the program is to train minority students -- blacks, Hispanics and American Indians -- with skills in engineering, math and science to open businesses. The legislation would set up a $24 million, two-year pilot program for colleges that cater to minorities to create curriculum geared to promote small-business development. The schools then would provide capital for graduating students to start businesses."

ANTITRUST:

DOJ Probing Plavix Deal. The Financial Times (7/28, Kirchgaessner, Bowe) reports, "Bristol-Myers Squibb and Sanofi-Aventis face a justice department investigation into allegations of false statements over their deal to end a generic drugmaker's patent challenge to Plavix, their biggest drug." The Times continues, "Prosecutors are examining whether lies were told about the terms of the deal after discrepancies emerged between the companies' accounts, according to a person familiar with the situation. It was unclear which party or parties were the target of the probe." The Times adds, "Bristol of the US and Sanofi of France – which jointly market Plavix – are negotiating with the Federal Trade Commission and state authorities for approval of their deal with Apotex, a generic drugmaker in Canada. But the criminal probe and the FTC's aversion to similar settlements mean the deal is unlikely to be approved. … State antitrust authorities are separately expected to rule on the matter on Friday, according to Meredyth Andrus, assistant attorney-general in Maryland. The likely rejection of the proposed settlement would represent a second significant blow to the companies."

The Wall Street Journal (7/28, Carreyrou, Martinez, Wilke) reports, "Federal Bureau of Investigation agents raided the office of Bristol-Myers Squibb Co. Chief Executive Peter Dolan as part of a criminal investigation into an agreement

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the pharmaceutical company struck to delay the launch of a generic version of its best-selling drug." The Journal continues, "Bristol-Myers yesterday disclosed the criminal probe, which also is focused on Paris-based Sanofi-Aventis SA. The investigation concerns a deal struck by Bristol-Myers and Sanofi with Apotex Inc. of Canada in March. Under the agreement, which was struck to settle litigation, the two companies proposed to pay Apotex a minimum of $40 million to hold off launching a generic version of the blood thinner Plavix until 2011, the year the main patent protecting Plavix expires." The Journal adds, "FBI agents, working on behalf of the antitrust division of the Justice Department, showed up at Bristol-Myers's Manhattan headquarters on Wednesday and left with batches of documents, a person familiar with the matter said. The investigators searched the office of Mr. Dolan, among others. Mr. Dolan was not available for comment, a Bristol-Myers spokesman said. .. . It isn't clear what conduct the government is investigating. The criminal probe arose from a referral to the Justice Department by the Federal Trade Commission. The FTC and state attorneys general have been conducting a civil review of Bristol-Myers's and Sanofi's settlement with Apotex. Under a consent agreement, Bristol-Myers and Sanofi need approval from the FTC and the states to consummate the settlement."

The New York Times (7/28, Saul) reports, "The criminal investigation is a setback for Bristol and its chief, Mr. Dolan, who was hoping that resolving the Plavix patent dispute would end a five-year period in which the company was sued by its shareholders and was investigated for its inventory practices. .. . A trial in the patent dispute had been scheduled for June in Manhattan, and some analysts put the chances that Bristol and Sanofi would lose their exclusive right to market the drug as high as 40 percent."

Bloomberg (7/28, Rowley) reports, "The Justice Department opened its investigation after receiving a referral of possible criminal wrongdoing from the FTC, said people familiar with the investigation. Justice Department spokeswoman Gina Talamona declined to comment. … Plavix is Bristol-Myers's biggest product and Sanofi's second-largest, generating $6.3 billion in revenue last year. The product's sales were second only to those of Pfizer Inc.'s cholesterol pill Lipitor, at $12.2 billion. The companies spent $121.4 million advertising Plavix last year in the U.S., according to Nielsen Medial Research."

The AP (7/28, Agovino, Witkowski) reports, "Analysts said the justice department inquiry casts further doubt over the future of Bristol-Myers best-selling drug just when the market is awaiting the outcome, as early as Friday, of an investigation by states' attorneys general into the same deal. … The states' attorneys general and Federal Trade Commission can reject deals that Bristol-Myers reaches with generic companies over patents as a result of an agreement reached with the company regarding earlier settlements."

The Financial Times (7/28, Bowe, Kirchgaessner) reports, "There has never been anything easy with Bristol-Myers Squibb and Sanofi-Aventis' deal with Apotex to settle patent litigation over Plavix. On Thursday the challenging road to remove a threat to Bristol and Sanofi's biggest, most crucial drug took another strange, unexpected turn. … However uncomfortable, Bristol and Sanofi had braced for the uncertainty of a necessary US Federal Trade Commission civil antitrust review for the deal that delays generic competition for Plavix. But a criminal investigation by the Justice Department into potential false statements has turned the rough road into a minefield." The Times adds, "Bristol, the US drugmaker, and Sanofi of France acknowledged upon announcing the deal with Apotex, a Canadian generic drugmaker, that approval was an uphill battle. … The FTC has long taken a dim view on patent settlements involving payments, regarding them as anti-competitive. The deal with Apotex includes a minimum $40m payment for ending a legal challenge to the Plavix patent. … But the Bristol and Sanofi's previous bouts with the FTC over delaying generic competition, resorting in legal settlements called consent decrees, further darkened the picture."

DOJ Targets Foreign Cartel Operators. The Financial Times (7/28, Kirchgaessner, Peel) reports, "Executives accused of price-fixing are increasingly vulnerable to US extradition requests as Washington steps up its prosecution of cartel cases. Legal experts are now predicting a surge in US extradition requests on cartel activity." Thomas Barnett, who heads the US Department of Justice's antitrust division, told the Financial Times "the world is becoming less safe for cartel participants. That's a good thing." The Department of Justice's "aggressive pursuit of international collusion – coupled with the criminalisation of anti-trust offences in Britain and elsewhere – has opened business people up to much greater risks, leading lawyers say. The DoJ has encouraged other countries to make price-fixing a criminal offence – a move making extradition easier.

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Japan, Canada, Korea, France and Britain have laws that provide for criminal sanctions, the DoJ said."

Judge Urged To Block McClatchy Deal. The San Diego Union-Tribune/AP (7/28, Norton) reports, "An attorney for a California real estate investor urged a federal judge Thursday to temporarily block publisher McClatchy Co. from selling three Northern California newspapers to MediaNews Group Inc., arguing that the deal would create a media monopoly in the region." The AP continues, "Attorney Joseph A. Alioto, who is representing plaintiff Clinton Reilly, told U.S. District Judge Susan Illston that allowing the deal to proceed could lead to eventual price hikes for newspaper subscribers and advertisers, quash potential competition from other media companies and dilute reporting and newsgathering. … 'What is the irreparable harm for 10 days or two months – so the court can see what the evidence is?' Alioto asked Illston in requesting a temporary injunction that would block the deal for a short time. Alioto said the deal required more investigation." The AP adds, "Illston did not immediately issue a ruling Thursday but appeared skeptical of the request, saying she could not see how the deal would cause Reilly "irreparable harm." … Reilly has filed an antitrust lawsuit to prevent MediaNews from taking over the San Jose Mercury News, Contra Costa Times and Monterey Herald, arguing the proposed sale would hurt readers and advertising by ceding too much control over local information and newspaper prices to Denver-based MediaNews and New York-based Hearst Corp."

The Contra Costa Times (7/28, Avalos) reports, "Through a complex transaction and with several partners, MediaNews is seeking to buy the Times, San Jose Mercury News and the Monterey County Herald, as well as the St. Paul Pioneer Press in Minnesota. The four papers are among a group of newspapers that McClatchy decided to dump following its purchase of Knight Ridder Inc. … Denver-based MediaNews already owns several other papers in the Bay Area. After the deal, MediaNews would control newspapers in seven of the nine Bay Area counties, with a combined paid daily circulation of 703,000. The San Francisco Chronicle would be the primary remaining rival for MediaNews. … Reilly claimed in the federal lawsuit that the resulting combine would harm a variety of parties. These include readers, advertisers and employees, the suit claims."

EMI Drops Merger Plans With Warner Music. USA Today/AP (7/28) reports, "Record company EMI announced Thursday it has abandoned plans to merge with Warner Music, following a recent antitrust ruling annulling authorization of another music industry merger." The AP continues, "If the deal had been completed it would have created the world's second-largest music company after Universal Music. … 'The board of EMI has decided not to pursue a combination with Warner Music for the time being,' the company said in a statement. 'The board will review this position in the light of future developments.'" The AP adds, "In its own statement, Warner said it will continue to monitor the antitrust ruling through the appeals process and confirmed that a deal with EMI would not be pursued in the interim. … UK EMI and U.S. Warner had been locked in a series of offers and counteroffers for one another in the past two months, sparked by an initial $4.2 billion offer for Warner by EMI. … Four proposals were made over the next several weeks, all of which were rejected. … But a ruling from the European Court of First Instance two weeks ago threw doubt over whether a merger between EMI and Warner would obtain regulatory clearance. The court said evidence couldn't rule out that a 2004 merger between the music units of Sony (SNE) and Bertelsmann violated antitrust rules."

Kazaa Settles Copyright Disputes With Record, Movie Industries. The Wall Street Journal (7/28, Mcbride) reports, "Sharman Networks Ltd.'s Kazaa, a file-sharing service that helped introduce millions to online music theft, has agreed to settle litigation with the entertainment industry for more than $115 million. The settlement represents the waning of the era of Internet businesses facilitating unauthorized music downloading." The Journal continues, "The practice of file-sharing itself, however, will likely continue as users turn to grass-roots services like FrostWire that are created by fun-seekers who don't rely on advertising or other commercial support. … But when profit is removed from the equation, it's 'a real win' for the entertainment business, said Eric Garland, president of BigChampagne LLC, a service that tracks file-sharing." The Journal adds, "Napster, created in 1999, was the first file-sharing service that became popular for illegally downloading music. After it was shut down, Kazaa, StreamCast Networks Inc.'s Morpheus, and Grokster took off. After lawsuits from the record industry, Napster shut down and the name now belongs to a legitimate music download service. Grokster was purchased last year by Mashboxx, which expects to launch a legitimate file-sharing music service later this year."

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The New York Times (7/28, Pfanner) reports, "Sharman Networks said the agreement, which follows a court ruling against Kazaa in Australia last year and a United States Supreme Court decision against other file-sharing services, cleared the way for it to offer 'the broadest range of licensed content over Kazaa.' … The chief executive of Sharman, Nikki Hemming, said, 'All the parties involved now recognize the time is right to work together, and we are looking forward to collaborating with the music and motion picture companies to make P2P an integral part of the future of online digital entertainment.'" The Times adds, "Peer-to-peer network technology, or P2P, allows users to share computer files over the Internet, including music and movies stored in digital form. Kazaa was a pioneer of peer-to-peer network software. … Under the settlement, Sharman will pay the major record companies 'in excess of $100 million,' said John Kennedy, chief executive of the International Federation of the Phonographic Industry in London."

USA Today (7/28, Graham) reports, "The deal follows a U.S. Supreme Court decision in June 2005, ruling that swap software companies Grokster and StreamCast, which owns the Morpheus site, knowingly encouraged users to trade copyrighted files. … Since the Supreme Court decision, most of the major file-sharing companies have shut down or said they would switch to a paid model — a list including Grokster, eDonkey, BitTorrent and WinMX. With Kazaa's switch, only Morpheus remains among the big players. It vows to continue fighting the studios and labels in court."

The Washington Post (7/28, D5, Bridis) reports, "The settlement included payment of $115 million to music companies and a lesser amount to the movie industry, said people familiar with those provisions. They agreed to speak on condition of anonymity because some provisions were included in secret agreements not disclosed in the court papers made public. Sharman Networks has already paid nearly all the money, these people said. … Sharman Networks indicated that it would negotiate licenses with entertainment companies to distribute music and movies lawfully over its Kazaa service. The settlement does not prohibit Sharman Networks from legally distributing copyrighted files."

The Los Angeles Times (7/28, Chmielewski, Duhigg) reports, "As pirate networks try to turn themselves into legitimate businesses, the entertainment industry continues to crack down on individual consumers of pirated goods. The recording industry alone has filed 18,000 copyright-infringement lawsuits since 2003. … Online piracy, meanwhile, continues. … 'I don't think anything has been accomplished here,' said Michael Goodman, a senior analyst with the Yankee Group in Boston. 'From a legal perspective, this is a yawner. They won the battle, but the battlefront moved on about three years ago. That's the problem with court systems. Technology and markets move way faster than courts can typically keep up with them. By the time you win that battle, who cares?'"

Microsoft Shifts Focus From Desktop To Tap Emerging Markets. USA Today (7/28, Acohido) reports, "Microsoft's top executives on Thursday outlined how a shift in products and services should help the software giant bore deeply into the emerging markets for online services and digital entertainment." USA continues, "The audience: about 300 Wall Street analysts who traveled to the company's campus to hear what Microsoft is doing about its stock — which has been stuck in the $21 to $28 range for three years despite steady revenue and profit growth." USA adds, "CEO Steve Ballmer predicted Microsoft will evolve into a major player in online services and digital entertainment over the next decade, from its position as a dominant supplier of desktop PC and corporate server software. … Executives covered Microsoft's would-be iPod killer, called Zune, expected in stores this fall; a nascent search advertising business; and the launch of the oft-delayed Windows Vista operating system next year. … Microsoft's flagship Windows operating system and Office suite of programs command 90%-plus market shares and drive most profits. But those products are mature. The company has begun a push to popularize new online services and paid digital entertainment downloads."

The Washington Post (7/28, D1, Goo) reports, "Ballmer pointed out that Bill Gates, the company founder who normally plays a central role in the annual analyst meeting on Microsoft's sprawling suburban campus, was notably absent while traveling in Africa. Gates is detaching himself from daily operations, and Ballmer said he sees himself as having 'a new job . . . I have to become the full-time champion of innovation.'" The Post adds, "Along with Ray Ozzie, who is assuming Gates's title of chief software architect, Ballmer described a vision for the company that marries its software with services on the Internet built around a product under development called Windows Live. They also talked of making a big leap into the online advertising business to

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challenge search giant Google Inc. and of exploring ways to incorporate advertising in games and online video."

ENVIRONMENT:

Asarco Deal Allows Sale Of Washington Superfund Property. The AP (7/28, Gillespie) reports, "The U.S. Justice Department and Environmental Protection Agency announced a deal Thursday that would allow Asarco LLC to sell contaminated land on a Tacoma (WA)-area shoreline to a developer that plans to build houses, condominiums and businesses there." The AP continues, "Officials said the agreement would expedite roughly $28 million in cleanup work that remains at the site of the former copper smelter in Ruston. … 'This agreement is a giant step in transforming this site from a highly contaminated former smelting facility to a residential development,' Granta Y. Nakayama, the EPA's assistant administrator for enforcement and compliance assurance, said in a statement announcing the deal. 'The cleanup and redevelopment of this land is a win all around. It enhances the environment, improves the local community, and promotes economic development.'" The AP adds, "Point Ruston LLC, a development firm based in Lacey, has agreed to clean up about 97 acres of contaminated land in the sprawling Superfund site north of Tacoma. … The land, which offers stunning views of Mount Rainier and Commencement Bay, is contaminated with arsenic, a cancer-causing byproduct of copper smelting, and lead, which can slow brain development in children. … Cleanup hit a snag last summer, when Phoenix-based Asarco, a subsidiary of Mexican mining company Grupo Mexico SA, filed for Chapter 11 bankruptcy protection."

Report Finds US Lax On Clean Air Requirements. The AP (7/28, Heilprin) reports, "The government is failing to reduce health risks from toxic air pollution as required by law, congressional investigators said." The AP continues, "The Environmental Protection Agency has not met 30 percent of the Clean Air Act's requirements and regularly misses deadlines, they said Wednesday. … EPA scientists issued their own report, saying the agency should consider tightening its national health-based standards for smog-forming ozone to a level similar to the state of California's, though not as restrictive as what the Swiss-based World Health Organization recommends. They said the risks of asthma and other respiratory ailments are greater than previously believed. EPA is under court order to propose a decision on this by next March." The AP adds, "The Government Accountability Office, the investigative arm of Congress, said the EPA largely has failed to regulate air pollutants from small sources, including dry cleaners and trucks. The GAO report said the EPA has not yet met 239 of the law's requirements; of those the agency did fulfill, only 12 were met on time. … 'EPA has not reduced human health risks from air toxics to the extent and in the time frames envisioned in the Act,' according to the report by the investigative arm of Congress. … The report was requested by nine senators - six Democrats, two Republicans and one independent - and six Democratic members of the House. … Separately, a panel set up by the U.S., Canada and Mexico reported Wednesday that pollution in North America fell by 15 percent from 1998 to 2003."

Senate Leaders Promise Nelson To Resist Compromise With House On Energy Bill. The New York Times (7/28, Janofsky, 1.21M) reports the "prospects for legislation that would expand energy production in the nation's coastal waters grew more uncertain on Thursday as Senate leaders said they would resist compromises in negotiations with the House." In "separate messages to Senator Bill Nelson," whose "support for the Senate bill is based on provisions that bar drilling along the western coast of his state, Senator Bill Frist of Tennessee, the majority leader, and his Democratic counterpart, Senator Harry Reid of Nevada, said they would oppose the weaker protections for Florida included in the drilling bill that the House passed last month." Frist, who "has already blocked efforts to amend the bill on the Senate floor, told Mr. Nelson in an e-mail message that he 'would not bring back a bill before the Senate that does not provide adequate protections' for Florida." Reid "went further" in a letter, "saying that if the House did not accept the Senate bill without modification, he would join Mr. Nelson and other senators 'and produce the votes to sustain a filibuster to prevent the passage of the bill' after negotiations with the House."

CQ (7/27, Tollefson) reported Senate Minority Leader Harry Reid "issued House Republicans an ultimatum Thursday on offshore drilling legislation, ratcheting up a power struggle between the two chambers that could bring down the biggest energy bill of the year." Reid, "who has endorsed the Senate bill as a way to fund Gulf coastal restoration efforts and bolster Democrat Mary L. Landrieu

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politically in Louisiana, vowed to lead a filibuster to block enactment of the legislation if the House does not accept the Senate bill 'without amending it and without modifying it in a conference committee.'" CQ added Reid's "threat — along with a promise by Majority Leader Bill Frist, R-Tenn., to oppose any bill that 'does not provide adequate protections to the state of Florida' — persuaded Bill Nelson, D-Fla., to announce support for the measure."

Energy Department Expects Gasoline To Remain At $3 Per Gallon. The CBS Evening News (7/27, story 5, 0:15, Schieffer, 7.66M) reported, "Also close to a record is the price of gasoline which is now averaging $3 a gallon nationwide that's seven cents short of the all-time high. And the Energy Department said today that it expects the price to remain right about there for the rest of the summer."

Bush Hometown In Renewed Oil Boom. The CBS Evening News (7/27, story 6, 2:05, Cobiella, 7.66M) reported, "In working-class Midland, Texas, high gas prices aren't hurting Tony Farmer's sales, they're actually helping them. He can't keep luxury gas guzzlers in stock." Tony Farmer, car salesman: "If gas is $4 a gallon, I think everybody around here will be buying two or threes Escalades." Cobiella: "That's because President Bush's hometown is a big oil producer and with crude at nearly $75 a barrel, good times are back in West Texas. Neighborhoods and banks are sprouting up, downtown streets are getting a facelift and there are more jobs than people to fill them. In the last year, car sales have jumped 23%. Permits for new homes shot up 50%, pushing the overall economic growth in the Midland area up 11%." But "There's a saying here in Midland that every oil boom is followed by another four-letter word – bust -- and you don't have to look far to find signs of the last big one."

Working Poor Hard Hit By Higher Gasoline Prices. The CBS Evening News (7/27, story 7, 2:05, Schieffer, 7.66M) reported, "Of course, just about everywhere else in America, high gasoline prices are a problem, especially for the poor. They're feeling an ever-tightening financial squeeze." CBS (Hughes) added economists say the working poor consist of "about 20% of the workforce. Their wages aren't keeping up with rising gas prices." Nobody's "happy that gas prices nationwide have shot up 72 cents a gallon in a year, but for the working poor, that takes a bigger bite out of their budget."

Oil Industry Profits Draw Political Pressure. The Christian Science Monitor (7/28, Trumbull, 58K) reports the big profits are "an industrywide earnings bonanza built on the very thing - rising oil prices - that have been a source of growing consumer anxiety during a summer of $3-a-gallon gasoline." The report "puts oil companies in an embarrassment-of-riches quandary. The profit surge, coupled with fears that high oil prices may be here to stay, adds political pressure to an industry that rarely wins popularity contests." Some "critics have resurrected calls for a windfall profits tax to tap some of the industry's new bounty for the public good. Other policy analysts, meanwhile, say the companies should plow the profits into drilling new wells to boost the world's tight supplies of petroleum." Many "major US-based oil companies are doing just that, to some degree. But the public scrutiny comes as oil companies face a more difficult environment for boosting output. New oil supplies will increasingly need to come from hard-to-tap reserves, or from hostile or politically volatile countries such as Venezuela, Nigeria, and Iran."

Utilities Funding Scientist Who Questions Global Warming. The New York Times/AP (7/28) reports, "Coal-burning utilities are contributing money to one of the few remaining climate scientists openly critical of the broad consensus that fossil fuel emissions are intensifying global warming. The critic, Patrick J. Michaels, is a professor of environmental sciences at the University of Virginia, a senior fellow at the libertarian Cato Institute and Virginia's state climatologist. Dr. Michaels told Western business leaders last year that he was running out of money for his analyses of other scientists' global warming research. So a Colorado utility organized a collection campaign for him last week and has raised at least $150,000 in donations and pledges. The utility, the Intermountain Rural Electric Association, based in Sedalia, Colo., has given Dr. Michaels $100,000 of its own, said Stanley R. Lewandowski Jr., its general manager. Mr. Lewandowski said that one company planned to give $50,000 and that a third planned to contribute to Dr. Michaels next year."

Gulf Coast's "Dead Zone" Expected To Grow This Year. The Christian Science Monitor (7/28, Spotts) reports from New Orleans, "The Gulf Coast's notorious 'dead zone' - a summertime phenomenon in which coastal waters become so oxygen-deprived that marine life cannot survive there - is expected to be substantially larger than average this year, covering a patch of ocean about half the size of Maryland." The Monitor continues, "The culprit is 2006's heavy spring rains, which sent more river runoff than

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usual pouring into the Gulf - laced with fertilizers and other pollutants that trigger the annual reappearance of the dead zone. … For most of a decade, government-backed researchers have studied the causes and effects of this seasonal occurrence, which threatens some of the most productive commercial fisheries in America. Now they are fielding pilot projects that aim to cut the amount of nutrients flowing down the Mississippi River. … In addition, scientists are working to perfect their annual forecasts. They hope to develop tools that will help fishermen find the more-productive waters, as well as help government officials weigh the costs and benefits of different approaches to reducing nutrients in the river."

NYTimes Criticizes Cuts In NASA Programs That Examine Climate Change. The New York Times (7/28, 1.21M) editorializes, "At a time when global warming has become an overriding issue, NASA has been delaying or canceling programs that could shed light on how the climate changes. The shortsighted cutbacks appear to result from sharply limiting NASA's budget while giving it hugely expensive tasks like repairing the stricken shuttle fleet, finishing construction of the space station, and preparing to explore the Moon and Mars. Something had to give, and NASA's choices included research into how the planet's climate is responding to greenhouse gas emissions."

WSJournal Says Kelo Decision Among Supreme Court's Worst. The Wall Street Journal (7/28, 2.03M) editorializes, "The Supreme Court has written some despised rulings over the years, but last year's Kelo case is fast rising up the list of the worst. That 5-4 ruling gave local governments more or less unlimited authority to take private property, and the good news is that the political system is repudiating Kelo just about everywhere."

FBI/DEA/ATF/USMS:

FBI, California Officials Launch First Joint Regional Intelligence Center. In a widely-distributed story, the AP (7/28, Marquez) reports, "Hoping to better secure Southern California against attacks, the FBI, local police and other law enforcement agencies have banded together to create a first-of-its-kind command center to better share intelligence on terrorist threats. The Joint Regional Intelligence Center will track terrorist activity with help from officials who specialize in fields such as epidemiology and chemical attacks, while analyzing real-time threat information to the region. 'It's really unique that we have so many players coming together,' Willie T. Hulon, FBI executive assistant director, said at the center's opening Thursday. 'This will be a model for the rest of the country.'" The AP adds, "There are other such 'fusion centers' in California and around the country," but "what's different with the new center…is its responsibility and scale." FBI Supervisory Special Agent Steven Oda noted, "There's nothing like being in one place. There's no technology solution, no amount of e-mail or phone calls that's going to replace that."

The Los Angeles Times (7/28, Surdin, 918K) reports LAPD Chief William Bratton observed, "No place in America is going to be better prepared to fight external and internal terrorist threats." The "center is groundbreaking because it is the first to house multiple agencies in one facility, said Willie T. Hulon, executive assistant director of the FBI. That makes it a national model for terrorism prevention, he said." The Times notes, "Federal officials have long praised what they have described as a seamless relationship between the Department of Homeland Security and local law enforcement. But Los Angeles officials have told a different story. … Such frustrations gave way Thursday to a new sense of confidence, as displayed by Los Angeles County Dist. Atty. Steve Cooley," who said, "9/11 could have been prevented if we had had something like this in place."

The Long Beach Press-Telegram (7/28, Gonzaga) reports that this "first regional center of its kind in the nation" has "one goal in mind -- to prevent another 9/11. … 'We have a true intelligence fusion center,' said J. Stephen Tidwell, assistant director in charge of the FBI's Los Angeles field office. … The $6 million JRIC has an estimated annual budget of $1 million, according to…Oda," and "the JRIC's services are also available to law enforcement agencies not represented there. Communicating with law enforcement agencies at the front lines is vital, Tidwell said, especially with a port city like Long Beach. Handling traditional crime was perfected in the 1990s, and the 21st century's challenge would be to do the same with terrorist crime, Tidwell said."

Trainer Again Appears Before Federal Grand Jury In Bonds Investigation. The Los Angeles Times (7/28, Bonk) reports Greg Anderson "appeared before a federal grand jury on two occasions Thursday and twice

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more in closed-door sessions with a U.S. judge, then left the federal courthouse accompanied by his attorney. … There was speculation that Anderson would be charged with contempt of court and be sent to prison for a third time as a result of Thursday's proceedings if he did not answer the grand jury's questions concerning Bonds' possible perjury and tax evasion charges growing out of the BALCO doping investigation. Anderson may appear before the grand jury next Thursday when it meets again."

The New York Times (7/28, Mckinley) reports it "was not clear if he agreed to testify. … The federal grand jury is investigating whether Bonds lied under oath when he testified in December 2003 that he had not knowingly taken steroids, which were allegedly given to him by Anderson. The investigation is also believed to be looking into whether Bonds paid adequate taxes on sales of baseball memorabilia and other items."

USA Today (7/28, Nightengale) reports Anderson "left federal court Thursday with no indication he testified to a federal grand jury investigating the San Francisco Giants slugger on suspicion of perjury and tax evasion. Anderson, considered a key witness by the prosecution, vowed he wouldn't testify when served a subpoena last week. His lawyers said he was prepared for a third prison stay to maintain his silence."

The AP (7/28, Elias, Kravets) reports his two appearances before U.S. District Judge Jeffrey White "suggested that Anderson followed through on his vow of silence, and that White postponed his imprisonment pending a legal fight. A similar scenario played out in June, leading up to Anderson's July 5 incarceration for two weeks after he declined to testify before a different grand jury investigating Bonds."

Tour de France Winner Suspended By Cycling Team For Positive Doping Test. The positive doping test of Tour de France winner Floyd Landis has received wide coverage. There are more than 1,700 media references covering various angles of the story. For example, the AP (7/28) reports the "amazing ride of Floyd Landis took a troubling detour yesterday. A positive doping test has cast doubt on one of the most stirring Tour de France comeback wins in history. … Landis denied cheating and said he has no idea what may have caused his positive test for high testosterone following the Tour's 17th stage, where he made his comeback charge last week. … Now the cycling world will wait for results from a backup sample which, if negative, will clear Landis."

In a separate story, the AP (7/28) writes that a leading doping expert said Thursday, "Landis' results on a urine test that spots elevated levels of performance-enhancing testosterone are a mystery and 'don't add up.' … If Landis had been a user, earlier urine tests during the Tour would have been affected, too," said Dr. Gary Wadler, a member of the World Anti-Doping Agency and a spokesman for the American College of Sports Medicine.

McClatchy Newspapers (7/27, Goldstein) reports local medical experts "said it remains unclear whether the Lancaster County, Pa., cyclist used performance-enhancing drugs. Testosterone is a naturally occurring hormone that is also used as a steroid to enhance muscle growth, strength and endurance. Epitestosterone is a precursor also produced by the body. In most people, the ratio between testosterone and epitestosterone is 1-1 and up to 2-1. The World Anti-Doping Agency considers a ratio of greater than 4-1 to be improper."

The AP (7/27) also cites a doping expert who said athletes who "use performance-enhancing anabolic steroids often also take synthetic epitestosterone to equalize the ratio."

The New York Times (7/28, Macur) reports Landis "said a 'disastrous feeling' swept over him when he heard about his positive test. He said he had never used performance-enhancing drugs and was mystified by the abnormality of his testosterone level."

The Washington Post (7/28, Shipley) reports the test result "is considered unofficial until the second half of the original sample is examined to confirm the first finding, and follow-up testing might also be required to support doping charges in this case, depending on the method of analysis used by the French lab that did the testing, according to World Anti-Doping Agency rules."

USA Today (7/28, Ruibal) reports Landis "still could be cleared. The first half of the urine sample he gave last week after the 17th stage of the…race — called an 'A' sample — was positive, but he can't be sanctioned unless the remaining sample also tests positive. Landis' team has suspended him pending the results; if the second test is positive, he can appeal to an arbitration court."

Newsday (7/28) writes that Landis "denied he had cheated and said he 'would like to be presumed innocent until proven guilty, since that's the way we do things in

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America. As to what actually caused (the positive test) on that particular day, I can only speculate.'"

The Financial Times (7/28,Thornhill) reports Landis's victory by just 57 seconds "had helped restore interest in and prestige to a sporting event that has long been tarnished by drugs scandals. Just before this year's race, two of the favorites...were caught up in a doping investigation in Spain and forced to withdraw. Following raids in May, Spanish police discovered a stash of anabolic steroids and 100 bags of frozen blood allegedly used for doping cyclists."

ABC News (7/27) reports on its Web site that Landis "was suspended from his cycling team after he tested positive for an unusually high amount of testosterone/epitestosterone in his urine. Both are natural sex hormones that can be made into a synthetic form to boost performance."

On its Web site, the BBC (7/27) reports Landis "has been suspended pending results of his B sample analysis. The International Cycling Union (UCI) announced on Wednesday that a rider had failed a doping test but would not reveal his name. The rider will not race anymore until this problem is totally clear."

Network TV Coverage. ABC's World News Tonight (7/27, story 6, 2:10, Gibson) reported, "Over the weekend, American Floyd Landis pulled off an amazing victory, highlighted by an incredible one-day ride in the mountains. Now, it seems a drug test administered that day has turned up positive." ABC added, "If a second test confirms that finding, Landis will be stripped of the title he won in Paris on Sunday. … Could the remarkable Landis comeback have been fueled by steroids? Experts say no. Steroids such as testosterone take weeks rather than hours to take full effect."

The CBS Evening News (7/27, lead story, 2:40, Schieffer) reported, "It was after that stunning effort on his way to that podium in Paris that Landis' testosterone ratio was tested and found to be above the permissible limit. The question is -- would it help his...performance?" Dr. Gary Wadler, World Anti-Doping Agency: "I cannot imagine that a doctor would have given him testosterone for the treatment of his hip disease, the athlete knowing the rules and regulations of doping in this sport."

NBC Nightly News (7/27, story 5, 2:50, Williams) reported, "After his breathtaking win in the Tour De France, American Floyd Landis has tested positive for unusually high levels of testosterone, and tonight at a news conference he said all he wants is a chance to prove that he is innocent."

Washington State Man Cited As Regional Leader Of Khat Smuggling Ring. The King County (WA) Journal (7/27) reports a Kent man "was arrested Wednesday and named in a federal grand jury indictment as the regional leader of an international organization that allegedly smuggled more than 25 tons of the East African-grown stimulant known as khat into the United States. Mahamoud Omar Jama, 36, of Kent was among 18 people, including another man from Kent, who were arrested Wednesday in a series of raids at 17 different locations throughout King County in an investigation known as 'Operation Somalia Express.' … 'This drug has the same dangerous and damaging effects as other drugs and some of the huge profits from the khat trade were being returned overseas,'" said DEA Special Agent In Charge Rodney Benson.

Panel Rules ATF Not Required To Pay Teleworkers' Broadband Costs. Federal Computer Week (7/28, Chan) reports, "The Bureau of Alcohol, Tobacco, Firearms and Explosives will not be required to pay for half the broadband costs for its teleworkers following a Federal Services Impasses Panel (FSIP) decision." FCW continues, "FSIP rejected National Treasury Employees Union (NTEU) arguments that the costs for teleworkers' broadband could be offset by potential savings in office space. … 'Given ATF's unique circumstances, the expense cannot be offset through "office space cost avoidance,"' according to the decision, which H. Joseph Schimansky, executive director of FSIP, wrote." FCW adds, "NTEU asked the panel for assistance with this issue, noting that it and ATF had reached an impasse in deciding which organization would pay for telework costs. The union said that the annual cost of bandwidth for the agency would be $225,000, and cited ATF's $923.6 million fiscal 2006 budget to indicate that the amount was not unreasonable. … ATF said its teleworkers would 'spend approximately 70 percent of their time in the field at licensees'/permittees' premises performing inspections' and would not make use of an Internet connection for much of their work. … NTEU President Colleen Kelley said she strongly disagreed with the panel's decision, and cited apparent inequities in ATF's telework policy."

Marshals Say Threats Against Judges On The Rise. The AP (7/28, Sherman) reports, "Threats

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against federal judges are on a record-setting pace this year, nearly 18 months after the family of a federal judge was killed in Chicago." The AP continues, "U.S. Marshals, who protect the nation's 2,200 federal judges, believe they averted another potential tragedy in the Midwest last year when they helped block the release of a prison inmate who told a judge in a series of sexually charged letters that he was going to take her away." The AP adds, "Threats and inappropriate communications have quadrupled over 10 years ago. There were 201 reported such incidents in the 1996 government spending year and 943 in the year that ended Sept. 30, the Marshals Service said. … This year alone, the Marshals Service has had 822 reports of inappropriate communications and threats, a pace that would top 1,000 for the year." The AP notes, "A threat typically includes a direct reference to harm, a weapon or a violent act. Inappropriate communications range from rambling letters to accusations of bias to envelopes that contain feces. … Marshals say a portion of the increase can be attributed to a heightened focus by judges and their staffs since the February 2005 incident in which unemployed electrician Bart Ross broke into the home of U.S. District Judge Joan Lefkow and shot to death her husband and mother."

IMMIGRATION:

Chertoff Says US To Have Operational Control Of Southwest Border In 2008. The Dallas Morning News (7/28, Mittelstadt, 500K) reports Homeland Security Secretary Michael Chertoff told a House subcommittee Thursday that the federal government "will gain operational control of the Southwest border in 2008, two years ahead of schedule, thanks to $1.9 billion in extra money for enforcement and the deployment of National Guard troops to the region." The Morning News adds that Chertoff warned of "unpredictable elements," but "sketched a rosy view of immigration enforcement developments at the border and inside the country." However, "skeptical" House appropriators "grumbled about a lack of strategic planning, inadequate contractor oversight and delays in completing the US-VISIT program to track foreigners' entry and departure from the country."

The Washington Times (7/28, Dinan, 88K) reports Chertoff said, "With respect to every population, except for one, we have achieved essentially 100 percent catch-and-remove." Chertoff said "a recent infusion of money, President Bush's decision to have the National Guard aid the U.S. Border Patrol and a commitment to better turnaround times for deporting illegal aliens has allowed the department to detain almost all non-Mexican illegal aliens they catch. He also said it has deterred some illegal aliens from trying to cross."

Legal Permanent Residents To Be Fingerprinted Upon Reentering US. In a move that the Washington Post (7/28, A14, Hsu, 748K) calls a "significant expansion of a long-stalled border security program," officials announced yesterday that millions of legal permanent residents will soon have to be fingerprinted before reentering the US by sea or air. According to the Post, "Those requirements of the US-VISIT program will be applied around the end of the year to the more than 11 million holders of green cards, as well as all immigrants, refugees, asylum seekers, people paroled to the United States and travelers under the Guam Visa Waiver Program, said Robert A. Mocny, acting director of US-VISIT. … The changes will apply to more than 1.4 million travelers a year, he said. The changes will be open to public comment until Aug. 28."

House GOP Plans Immigration Hearings During August Recess. House Republican leaders announced yesterday that they plan to hold 21 immigration hearings during the August recess before they meet with senators to work on compromise legislation. The New York Times (7/28, Swarns, 1.21M) reports, "House Majority Leader John A. Boehner "said the hearings, which will take place in 13 states, would expose what he described as 'troubling provisions' in the Senate's immigration bill, which would tighten border security and put most illegal immigrants on a path to citizenship. He said House Republicans, who passed legislation that focuses solely on border security, would concentrate on border fencing and involving the local police in the enforcement of immigration laws." House Republicans "said they still hoped to finalize immigration legislation this year."

CQ (7/27, Sandler) reported that the schedule of recess hearings "looks very much like a campaign flier." The list "includes a few states greatly affected by illegal immigration. But also on the list are such far-flung locales as Hamilton, Mont., Concord, N.H., and Dubuque, Iowa, which may lack the intensity of the border towns but share the common theme of facing competitive elections this fall." CQ added, "The tone of the hearings, along with the timing and location of some of them, also suggests that Republicans see an

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opportunity to make up ground at a time when they are unpopular on many other issues -- including the war in Iraq, the federal government's response to Hurricane Katrina, high gas prices and congressional scandals."

Immigrant Rights Groups Split Over Senate Bill. As lawmakers seek a compromise on immigration legislation, pro-immigrant rights groups are split over whether to back the Senate measure. The Washington Post (7/28, A14, Asthana, 748K) reports, "A number of the larger and more well-known organizations, such as the National Immigration Forum and the National Council of La Raza, back the Senate bill, albeit reluctantly. But a growing number of other liberal immigrant rights advocates, dismayed at what they say are onerous provisions of the Senate measure, are now saying they would prefer that Congress not enact an immigration law this year."

Illegal Immigrant Family Struggles To Provide For 10 Children In South Los Angeles. The Los Angeles Times (7/28, Quinones, 918K) profiles a South Los Angeles family of illegal immigrants who were struggling to provide for two teenage daughters and triplets still in diapers when the mother, Angela Magdaleno, gave birth to two boys and two girls. Now, "she and her husband, Alfredo Anzaldo, 44, must figure out how to provide for everyone on Anzaldo's maximum pay of $400 a week as a carpet installer." The Times adds, "Neither Magdaleno nor her husband speaks English, though she has been in the United States 22 years and he 28. Even her teenage daughters speak mostly Spanish; their English vocabulary is limited. Yet all of Magdaleno's 10 children are U.S. citizens. The triplets receive subsidized school lunches. All the youngsters have had their healthcare bills covered by Medi-Cal, the state and federal healthcare program for the poor."

Professor Decries "Knee Jerk" State, City Immigration Reform Measures. Annette Fuentes, an adjunct professor at the Columbia University Graduate School of Journalism, writes in USA Today (7/28, 2.27M) that the ripple effects of immigration reform being felt around the country are "more backlash and knee-jerk than thoughtful and measured." Fuentes adds, "Nativism and its anti-immigrant philosophy spawned the Know-Nothing movement in the 1850s, when Irish immigrants were blamed for taking jobs from native-born Americans and for a host of social problems. … The anti-immigrant laws taking shape in Congress give oxygen to a latter-day Know-Nothing movement by playing on people's fears."

TAX:

Judge Says US Coerced KPMG Employees.

The New York Law Journal (7/28, Bar) reports, "Southern District of New York Judge Lewis A. Kaplan took another swipe Wednesday at the government's conduct in its prosecution of 16 former employees of accounting firm KPMG who allegedly developed illegal tax shelters for wealthy clients." The Journal continues, "Kaplan, in United States v. Jeffrey Stein, S105 Crim. 0888, ruled that federal prosecutors coerced two ex-employees into giving statements at proffer sessions, and he refused to allow the government to use those statements at a trial scheduled for January." The Journal adds, "Former KPMG Vice Chairman Richard Smith and ex-partner Mark Watson testified at a suppression hearing last week that the company told them they would be fired unless they cooperated with the government's probe. They argued that this economic pressure compelled them to waive their Fifth Amendment right against self-incrimination and to speak with prosecutors. … 'The Court is persuaded that the government is responsible for the pressure that KPMG put on its employees,' Kaplan wrote. 'KPMG took the only course open to it . . . It exerted substantial pressure on its employees to waive their constitutional rights.' … Wednesday's ruling came on the heels of a June opinion in which Kaplan held that prosecutors violated the U.S. Constitution by using the Justice Department's so-called Thompson Memorandum to pressure KPMG into capping its reimbursement of legal fees for employees accused of wrongdoing."

US Seeks Injunction Against Texas Tax Preparer.

The Fort Worth Star-Telegram (7/28, Fuquay) reports, "A tax preparer who acknowledges filing clients' federal income tax returns showing zero income is the target of a federal lawsuit that seeks an injunction against the man, Phillip M. Ballard, and his company, Asset & IRS Shield Inc. in Arlington." The Star-Telegram continues, "The suit, filed Friday in Dallas, alleges that Ballard fraudulently filed so-called zero returns for customers with taxable income while asserting what the government called 'frivolous arguments' for avoiding tax liabilities. It also alleges that Ballard sells 'a phony "insurance policy"' that falsely promises protection against resulting claims by the Internal Revenue Service. … The suit asks that Ballard be permanently barred from acting as a tax preparer, and that he stop selling the insurance

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policy and provide the government with a list of his clients since Jan. 1, 2001. It also seeks to shut down his Web site, www.noirs.us, or require the site to remove 'all tax scheme promotional materials' and prominently post on the site a copy of any permanent injunction the government obtains against Ballard and his company. … The Justice Department said that since 2001, it has obtained injunctions against more than 190 'tax-fraud promoters and fraudulent return preparers.' The zero return, which the IRS says federal courts have repeatedly held to be 'false or fraudulent,' is among the agency's 2006 'Dirty Dozen' list of tax scams."

CONGRESS-ADMINISTRATION:

Bush Touts Hybrid Technology, Manufacturing Expansion In NAM Speech. The Detroit News (7/28, Shepardson) reports President Bush said the US is "making good progress on plug-in hybrid battery technology that would allow drivers to travel 40 miles without using any gasoline." Speaking to the National Association of Manufacturers, Bush said, "We're working on battery technologies. They say we're pretty close to a breakthrough in a battery where you can drive the first 40 miles on a battery, and your car doesn't look like a golf cart." The News adds, "But don't get the checkbook out to buy that plug-in hybrid yet. The big unknowns are cost and battery life."

The AP (7/28) reports, "Orders to factories for big-ticket durable goods jumped by a stronger-than-expected 3.1 percent in June, helped by a rebound in demand for commercial aircraft. Analysts said business investment would help bolster manufacturing production in coming months as demand by consumers slows." President Bush "noted the figure in a speech to the National Association of Manufacturers," saying, "The manufacturing sector is expanding. The economic policies we have pursued are working."

The Wall Street Journal reports on its Website (7/27, Pulizzi) that Bush, "battling public unease over the economy, said Thursday that maintaining U.S. economic might requires a mixture of low taxes, fiscal discipline, and sound energy policies." Bush "laid out his economic agenda in an address to the National Association of Manufacturers. But at a time when polls suggest continuing pessimism over the direction of the economy, the speech contained no new initiatives, sticking with the White House's long-held economic game plan."

New Home Sales Fall As Durable Good Orders Rise. The AP (7/28) reports, "Sales of new homes fell in June for the first time in four months, and the government also lowered figures for May, providing further evidence the high-flying housing market is losing altitude." The Commerce Department "reported Thursday that new home sales dropped by 3 percent last month to a seasonally adjusted annual sales pace of 1.131 million units. It was the first decline since an 11.5 percent drop in February." Meanwhile, "orders to factories for big-ticket durable goods jumped by a stronger-than-expected 3.1 percent in June, helped by a rebound in demand for commercial aircraft. Analysts said business investment would help bolster manufacturing production in coming months as demand by consumers slows." President Bush "noted the figure in a speech to the National Association of Manufacturers. ''The manufacturing sector is expanding,' he said. ''The economic policies we have pursued are working.'"

The Wall Street Journal (7/28, Corkery, Park, 2.03M) reports that "separately, the Labor Department said the number of Americans filing claims for unemployment benefits fell by 7,000 to 298,000 in the week that ended July 22."

The Washington Times (7/28, Hill, 88K) titles its report on the economic news "Housing Prices At A Standstill," while USA Today (7/28, Knox, 2.27M) says that "the proportion of home builders who are dangling goodies to buyers -- from free swimming pools to granite kitchen counters to vacations -- is the highest in at least seven years. The reason was made vividly clear Thursday, when the Commerce Department said new-home sales fell a sharp 3% from May to June."

Stocks Down Yesterday On Signs Of "Strength In US Economy." The Wall Street Journal (7/28, Mckay, 2.03M) reports, "An early rally crumbled, and stocks finished just a tad lower than where they started. The culprit: surprising signs of strength in the US economy." The Dow Jones Industrial Average, "up more than 85 points at one point during the day, closed down 2.08 points to 11100.43. The industrials are up 3.6% on the year." The Standard & Poor's 500-stock index "shed 5.20 points, or 0.4%, to end at 1263.20, up 1.2% on the year. The Nasdaq Composite Index fell 15.99 points, or 0.8%, to 2054.47, off 6.8% on the year." The Journal adds, "The economic-growth picture should become clearer today, with the release of the government's preliminary

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estimate of second-quarter gross domestic product. Wall Street expects GDP to grow at a 3.2% rate, compared with 5.6% in the first quarter."

Debate On Bolton Confirmation Once Again Breaking Along Partisan Lines. The AP (7/28, Flaherty) reports, "The Bush administration and GOP leaders on Thursday renewed their push for Senate approval of John Bolton as U.N. ambassador. Democrats maintained he is too brash and ineffective to be confirmed." The "sharp division all but guaranteed that lawmakers were headed toward another partisan showdown in the full Senate," although "Democrats would not say whether their opposition would amount to a filibuster, as it did last year."

The New York Times (7/28, Shanker, 1.21M) says the confirmation hearings "played out Thursday like a summertime movie sequel. The plot was familiar, although one major character switched sides. T here was a little snappy dialogue, a fresh conflict to debate, but not that much action." And "it ended, after three and a half hours, without any resolution of the central question: Will Mr. Bolton receive formal confirmation from the Senate this time? So the audience must return yet again to see how it all turns out." Bolton "came under attack from Democratic senators -- led by Joseph R. Biden Jr. of Delaware, Christopher J. Dodd of Connecticut and Russell D. Feingold of Wisconsin — who accused the ambassador of being ineffective at the United Nations, of having bullied an intelligence analyst and of abusing his authority by seeking names of Americans whose conversations were captured in eavesdropping operations." He "was defended by Republican senators, this time including George V. Voinovich of Ohio, who has withdrawn his previous objection to the nomination. That switch creates a fresh political dynamic that could clear the way for a full Senate vote on Mr. Bolton."

The Washington Post (7/28, A5, Babington, 748K) reports Senate Democrats "unleashed a sharp volley of criticism of President Bush's foreign policy yesterday, arguing that…Bolton has done more harm than good." Dodd said, "My objection isn't that he's a bully, but that he's been an ineffective bully and can't win the day when it comes, when it really counts." Biden remarked, "At the moment of the greatest need for diplomacy in recent history, we are not particularly effective at it." The Washington Times (7/28, Hurt, 88K) also reports the story under the headline "Democrats Still Against Bolton For UN."

Meanwhile, the Los Angeles Times (7/28, Marshall, 918K) says that "though Republicans and Democrats appeared as divided as ever over Bolton, Thursday's hearing lacked the tension and animosity of last year's sessions. The only real drama came when two members of the public shouted anti-Bolton remarks. They were escorted from the room."

CNN's The Situation Room (7/27, Blitzer) reported Bolton "told senators he has had made what he calls modest progress toward reforming the UN bureaucracy and in demanding a stronger response to North Korea's missile tests."

Fox News' Special Report (7/27, Hume) reported, "Staffers on the Senate Foreign Relations Committee tell Fox News this evening when the committee meets next week, the committee will ask that the vote be delayed until the next business meeting which would put the floor vote on Bolton off until at least September."

Water Leak Interrupts Hearing. NBC Nightly News (7/27, story 8, 0:15, Williams, 9.87M) reported, "Funny thing happen today during a hearing in the US Senate. The witness was the US Ambassador to the UN, John Bolton." John Bolton: "We looked at a whole range of things when we went in…" Williams: "You don't see that often. It's water coming from above in the hearing room. After a brief rain delay and a trashcan in place, the business of the people plowed on. It was blamed on a leak. One of the few out in the open in Washington." Dana Milbank writes about the leak in the Washington Post (7/28, A2, 748K), saying, "It would be no exaggeration to say that yesterday's confirmation hearing for...Bolton as US ambassador to the United Nations was a washout. … As it happens, the cascade provided a fitting coda for a hearing in which both sides seemed to be suggesting that the administration's foreign policy -- at least the one unveiled during…Bush's first term -- was all washed up. Neoconservatives dreamed that the flexing of American muscle in Iraq would cause the world to fall in line behind U.S. leadership; instead, the administration is struggling to build consensus at the United Nations on Iran and North Korea and discouraging any whisper of unilateralism or preemptive military strikes."

Bush's Casual Style Said To Show Lack Of Gravitas. USA Today (7/28, Jackson, 2.27M) reports amid "tensions in Iraq and the Middle East, President Bush meets today with a special delegation: Taylor Hicks and the

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American Idol finalists." The photo op is "the latest example of Bush being a regular guy, exuding a down-home style that has been both a blessing and curse to the president. His aides say Bush likes to show a lighter side, taking the edge off weighty matters that come with his job. Some critics, though, say some of these moments demonstrate a lack of seriousness." White House spokesman Tony Snow "said the president believes in 'putting people at ease, so that you can have a candid conversation.'"

House, Senate Split On Pension Reform Bill. USA Today/AP (7/28) reports, "A deal on major pension overhaul legislation was endangered early today by an angry split between the House and Senate over popular tax credits." House Republicans, "demanding the tax measures be excluded from the bill, boycotted a meeting called by the chairman of the House-Senate conference, Sen. Mike Enzi, R-Wyo. Enzi had hoped to win approval of a compromise plan, months in the making, that would allow passage of the pension bill before Congress departs for the August recess." The Wall Street Journal (7/28, Rogers, 2.03M) says "the pension bill has been put in jeopardy, because popular tax breaks -- which had been destined to be part of the measure -- will instead be packaged with the new estate-tax bill in the House. At the same time, the Republican focus on estate taxes has fed into a Democratic campaign demanding that Congress first help the working poor by raising the minimum wage, frozen at $5.15 an hour since 1997."

House GOP Plans Vote On Minimum Wage. The AP (7/28, Taylor) reports, "House Republican leaders, giving in to political reality, plan a vote to raise the $5.15 minimum wage before leaving Washington this weekend for a five-week recess. … The No. 3 House GOP leader, Majority Whip Roy Blunt of Missouri, said the plan was to have a vote before week's end." But "Majority Leader John Boehner, R-Ohio, said Republicans leaders were working to pass the increase but that 'no decisions have been made.'"

The Washington Post (7/28, A4, Weisman, 748K) says leaders are "bowing to pressure from their politically embattled moderates," though "a minimum-wage deal was far from certain, and pension legislation was near collapse. Last night's struggles underscored the divisions in Republican ranks that leaders had hoped to paper over before the August recess. 'We're getting close,' insisted Republican Conference Chairman Deborah Pryce (R-Ohio). But, she added, 'we want to have something that could actually become law.'" The New York Times (7/28, Hulse, 1.21M) also reports the story under the headline "Republicans Near A Vote To Increase US Wage," remarking that "the willingness of the leadership to relent on a wage vote after months of reluctance illustrates Republican nervousness about the November elections, and a desire to break for the August recess on a politically positive note. Although many states now require higher wage levels, the federal minimum wage has remained at $5.15 an hour since 1997."

NYTimes Weighs In On Chicago Wages Ordinance. The New York Times (7/28, 1.21M) editorializes, "The anti-Wal-Mart movement collided with the growing national debate about minimum wages in Chicago this week." The city council "passed an ordinance requiring big retailers to pay higher wages and benefits than other businesses must. Legal challenges are bound to follow, but the council's action should be taken as another sign that while Washington ignores the problem of living wages for workers, the rest of the country is growing very concerned. We sympathize with the frustration of local officials, whether in Chicago or Maryland, where state efforts to compel better health benefits from Wal-Mart were recently struck down by a federal judge." However, "laws should not be tailored selectively for individual companies, and most of the working poor will not be helped by simply targeting big retailers. An approach fragmented among many localities is also inefficient and in some instances illegal. The courts will decide that question. But the Chicago ordinance is a powerful expression of public dismay. The lot of the most disadvantaged will only improve if the issue is forced, as it was in the Windy City."

Congress Expected To Pass Only Watered-Down Ethics Reform Bills. The Washington Post (7/28, A8, Birnbaum, 748K) reports, "Unable to agree on major lobbying and ethics legislation, Senate and House leaders have made plans to adopt vastly scaled-back versions of the measures as part of their rules so that lawmakers can claim that they responded to recent congressional scandals." Congress "promised fast action on lobbying reforms in January, but the two chambers cannot agree over a number of provisions, including one in the House bill that would rein in independent organizations that have spent millions of dollars, mostly on behalf of Democrats, to sway federal elections." House Republicans are "insisting that the groups, nicknamed 527s, be curtailed, but Democratic senators and a handful of

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Senate Republicans have vowed to oppose the change as part of the lobbying bill." As a result, "Congress may adjourn this year without agreeing on legislation to tighten restrictions on lobbyists' dealings with lawmakers." The legislation's "potential demise is surprising, given the urgency that lawmakers of both parties placed on its passage seven months ago" in the wake of the Abramoff scandal.

WPost Calls Proposed Loophole In Campaign Finance Rules "Terrible Idea." The Washington Post (7/28, A24, 748K) editorializes, "Congress has so disgraced itself with its handling of legislation on lobbying reform this year that it's hard to imagine the situation could get much worse. … In the latest brazen twist, lawmakers are considering using the sham lobbying reform bill as a vehicle to open up a loophole in campaign finance laws that would tilt the playing field even more in favor of incumbents." Under current rules, "leadership PACs, like ordinary political action committees, can't give more than $15,000 annually to the national political parties. The provision would remove that limit, letting lawmakers transfer unlimited sums from their PACs to their parties. … It's a terrible idea. Doing it under the guise of lobbying reform would be the ultimate in congressional chutzpah."

Davis Friend's Consulting Firm Profits From Contracts Under His Jurisdiction. In an approximately 4,300 word story, the Washington Post (7/28, A1, O'Harrow, Higham, 748K) reports on its front page that two months before Rep. Thomas M. Davis III (R-Va.) "became chairman of the powerful House Government Reform Committee in January 2003, one of his close friends formed ICG Government, a consulting company for technology firms seeking government contracts." The friend, Donald W. Upson, "had risen with Davis through the burgeoning Northern Virginia technology community, where they worked side by side as executives at a company that sold computer systems to the government." From "the beginning, Upson worked with Davis and his staff as he built his consulting business, which holds seminars on procurement and advises clients on winning government technology contracts worth billions of dollars. Those contracts often came under the oversight of Davis's committee. One of Upson's first hires was Jeannemarie Devolites, a Virginia politician who later married the congressman." ICG has "a record of satisfied clients, who say the firm has provided them with access to the congressman and his staff."

Procurement Experts Critical Of Davis Legislation. In a second story, the Washington Post (7/28, A13, 748K) reports Rep. Davis "and his staff have worked closely with corporations and their lobbyists to help write federal procurement legislation. Davis said the effort is intended to streamline contracting and make it more efficient. But some procurement experts and federal investigators said the legislation, called the Services Acquisition Reform Act, contains provisions that would loosen federal oversight on contracts and allow practices that are susceptible to abuse and fraud." Among those "opposed was the Bush administration's top procurement official, Angela B. Styles, the former chief of the Office of Federal Procurement Policy at the Office of Management and Budget. Styles, a politically connected corporate lawyer and Bush loyalist from Texas, thought Davis's proposals would be costly and overly favorable to businesses."

Bush To Welcome "American Idol" Contestants To White House. The Los Angeles Times (7/28, Puzzanghera, 918K) reports that President Bush today will welcome "American Idol" winner Taylor Hicks and the show's nine runners-up to the White House. The Times notes, "It's the first time 'American Idol' stars -- or those from any reality TV show -- have earned a White House meeting. Hicks, along with Katharine McPhee, Elliott Yamin and the show's other finalists, will visit Bush in the Oval Office this afternoon, give him a gift and pose for pictures."

Krugman Says Bush "Propaganda Machine" Rewriting History. Paul Krugman writes in the New York Times (7/28, 1.21M) that a recent Harris Poll found that "50 percent of Americans now believe that Iraq had weapons of mass destruction when we invaded, up from 36 percent in February 2005. Meanwhile, 64 percent still believe that Saddam had strong links with Al Qaeda." Krugman adds that the "people now running America never accept inconvenient truths. Long after facts they don't like have been established…the propaganda machine that supports the current administration is still at work, seeking to flush those facts down the memory hole. But it's dismaying to realize that the machine remains so effective. … Who would have imagined that history would prove so easy to rewrite in a democratic nation with a free press?"

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WPost Criticizes Bush Use Of Signing Statements. An editorial in the Washington Post (7/28, A24, 748K) says President Bush "has asserted a grandiose vision of presidential power, one to which Congress has largely acquiesced." Bush "has used signing statements…far more frequently than other presidents." The Post adds that it is "important not to let Mr. Bush's ugly signing statements bring the presidential practice into disrepute. Signing statements are actually a useful device for transparent and open government. … The problem is not that Mr. Bush reserves the right to state his views; it is the dangerous substance of the views he sometimes states."

LATimes Says Court Brought Sensenbrenner's Scrutiny On Itself. An editorial in the Los Angeles Times (7/28, 918K) discusses the "ongoing controversy over US District Judge Manuel L. Real of Los Angeles. Real, a veteran of four decades on the bench, was charged in 2003 by a litigious local attorney with misconduct for seizing control of a bankruptcy case from another judge to make sure the defendant, whose criminal probation Real was supervising, wouldn't be evicted from her house. … Now Rep. F. James Sensenbrenner Jr. (R-Wis.), chairman of the House Judiciary Committee and a partisan critic of unelected judges, is exploring impeachment against Real for misconduct. On Wednesday, Sensenbrenner ordered a congressional subcommittee to begin an investigation. … Real's conduct probably doesn't rise to the level of a high crime or misdemeanor. But the court's initial investigation did not rise to any kind of serious level either. Sensenbrenner's challenge is one the court brought on itself."

OTHER NEWS:

Conservatives Support Initiatives To Limit State Government Spending. The Wall Street Journal (7/28, Cooper, 2.03M) reports that while "economic conservatives have failed to curb government expansion in Washington, they're ramping up a campaign to impose spending limits on state legislatures around the country." At least six states will have "ballot initiatives that would set strict formulas limiting the growth of public programs. Two legislatures this year have already passed such measures, often labeled a 'taxpayer bill of rights.'" The measures "generally say that state spending can grow by only a certain percentage each year -- usually by either the rate of inflation or by the rate of population growth." Beyond Maine, "the states likely to face such votes in the fall are Michigan, Montana, Nebraska, Nevada and Oregon. Legislatures in Ohio and Rhode Island passed laws on the issue, but those are weaker than the ballot initiatives."

WSJournal Says Two Obstacles Block Senate Passage Of Line Item Veto. The Wall Street Journal (7/28, 2.03M) says in an editorial that it "has been 10 years since a line-item veto was passed by Congress -- and eight years since the Supreme Court struck it down. But now the Senate has a chance to try again. Congressman Paul Ryan's line-item-veto bill passed the House last month in a bipartisan vote. Can the Senate duplicate the feat?" A "look at the voting histories of Senators from both parties reveals that, by our count, 65 members of the world's greatest deliberative body have voted for a line-item veto in some form in the past -- more than enough to defeat a filibuster. That number includes 15 Republicans who sit on the big-spending Appropriations Committee and 15 Democrats." But "at least two obstacles stand in the way of a Senate success this year. The first is Budget Chairman Judd Gregg (R., New Hampshire), who has wrapped the line-item veto into a broader budget reform that is disliked by most Democrats, even some who might support a stand-alone item-veto bill." The second obstacle is "Democrats who don't want to give Republicans any policy victory before November, no matter the merits."

Democrats Roll Out Election Battle Plan. Democratic leaders yesterday rolled out an election battle plan that calls for hitting Republicans on national security, prescription drug costs and gas prices. McClatchy (7/28, Mondics) reports, "Democrats said they would focus on six issues in the fall campaign: strengthening national security, raising the minimum wage, making college tuition tax-deductible, promoting initiatives to lower gas prices and other energy costs, making health care more affordable, and shoring up the private pension system. They said they would seek to begin withdrawing troops from Iraq this year. They also said they would lower health-care costs by ensuring that the secretary of Health and Human Services had the authority to negotiate lower prices from pharmaceutical companies for the Medicare prescription program."

CNN.com (7/28) reports that Senate Majority Leader Harry Reid dismissed Republicans' 1994 "Contract with

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America," as an "urban myth" as he and other Democrats "were promoting their own election-year document of six broad legislative goals, called 'Six for '06.' Democrats insist most of this year's campaigns -- 75 percent -- will be a referendum on President Bush. … The document, which carries the title 'A New Direction for America,' is a brief compilation of six themes Democrats have been pushing in various ways all year:"

Democratic Ad Links Republicans To Bush. Democrats said yesterday they will attempt to link Republicans with President Bush as often as possible in the 100 days leading up to the November election. The Washington Times (7/28, Bellantoni, 88K) reports that Democratic leaders "previewed a political ad they say will show that the Nov. 7 election will be decided on national issues such as Mr. Bush's insistence that the United States 'stay the course' in Iraq. The new Web ad shows several clips of Mr. Bush using the phrase 'stay the course,' contrasted with statistics on the national debt, record-high gas prices and increased health care and college costs for middle-class families. 'His message: Stay the course,' the ad states. 'Our message: A new direction. Now. Vote Democrats...for a change.'" The new ad "went live on the Democratic Congressional Campaign Committee (DCCC) Web site yesterday, just before the House adjourns for more than five weeks so members can return to their districts and campaign for re-election."

Dole Says Republicans Will Keep Majority In Senate. NRSC Chairwoman Elizabeth Dole said on MSNBC's Hardball (7/27), "We're going to keep the Republican majority in the Senate. We're going to keep the Republican majority. We've got a great group of challengers as well and you know, I'm just very, very pleased with our recruiting and it's going to be, we're going to keep the majority."

Lieberman, Lamont Intensify Ad Campaigns. Sen. Joe Lieberman and his Democratic primary opponent Ned Lamont have been stepping up their advertising campaigns as the August 8 primary election nears. The New York Times (7/28, Medina, 1.21M) reports that both candidates have been producing "new spots and buying additional broadcasting time for the climactic final week of the race. Already, both campaigns are running multiple ads across the state." The Times adds that in their latest commercials, the candidates "try to parry the attacks from their opponents. Mr. Lieberman, criticized by Mr. Lamont's supporters as too conservative, too close to President Bush and too supportive of the war in Iraq, is trying to present himself as a loyal Democrat, the kind of senator the last Democratic president would support. Mr. Lamont, attacked by Mr. Lieberman's camp as a wealthy, one-issue opportunist who is trying to buy his way into office, is trying to tell voters that he is more than just a millionaire who opposes the war in Iraq."

Minnesota Senate Contest One Of Closest 2006 Races. The race for Minnesota's open US Senate seat is one of the closest of this election season, the Washington Times (7/28, Lambro, 88K) reports. With just over than three months until Election Day, "independent voter polls show Republican Rep. Mark Kennedy trailing Democratic Hennepin County Attorney Amy Klobuchar by five percentage points in a contest for the seat held by retiring Sen. Mark Dayton, a Democrat. … A SurveyUSA election poll of 700 Minnesotans showed Ms. Klobuchar leading Mr. Kennedy 47 percent to 42 percent. Independence Party candidate Robert Fitzgerald, who could be the spoiler in the race, drew 8 percent. The poll, conducted last week for several statewide television stations, has a margin of error of four percentage points. Earlier this month, the Minneapolis Star Tribune published its Minnesota Poll showing Ms. Klobuchar with a 19-point lead."

Harris Demands Apology From Dean For Comparing Her To Stalin. Florida US Senate candidate Rep. Katherine Harris yesterday demanded that DNC Chairman Howard Dean apologize for a speech in which he likened her to former Soviet ruler Joseph Stalin. The AP (7/28) reports, "Dean, in a speech to Democratic business leaders in West Palm Beach, made the remark in reference to Harris' handling of the 2000 presidential election recount when she was Florida secretary of state and an honorary chairwoman of George W. Bush's Florida campaign. … Dean said in Wednesday's speech that Democratic incumbent Bill Nelson is 'going to beat the pants off Katherine Harris, who didn't understand that it is ethically improper to be the chairman of a campaign and count the votes at the same time. This is not Russia and she is not Stalin.'" Harris' campaign said in a statement that Dean's

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comments "reflect a lack of understanding and basic decency."

WPost Questions Steele's Readiness For Limelight. An editorial in the Washington Post (7/28, A24, 748K) says Maryland Lt. Gov. Michael S. Steele "told the truth but he didn't actually mean to -- at least not with his name attached." Quoted by columnist Dana Milbank, Steele "cuffed around the president and his party," calling his party affiliation "a scarlet letter." The Post adds, "The ensuing kerfuffle" may "say more about Mr. Steele and his readiness for the limelight of an intense Senate campaign than it does about Washington." Although Steele says Milbank "disregarded his praise for the president while trying to 'stick his finger in my eye and in the eye of the president,'" Milbank "went out of his way to protect Mr. Steele from himself."

Democrats Hope Stem Cell Research Issue Will Tip Balance In Key Races. In the wake of President bush's veto of legislation supporting embryonic stem cell research last week, Democrats are hoping the issue will make the difference in some key races. The Christian Science Monitor (7/28, Feldmann, 58K) reports, "The thinking is that just about everyone knows someone with a medical condition that scientists say could be helped someday through such research." The Monitor adds, "The list of races where embryonic stem-cell research is playing a role continues to grow," but "the state with the most focused attention is Missouri, where a ballot initiative supporting research has stoked the embryonic stem-cell issue in races up and down the ballot. It plays prominently in the battle between first-term Sen. Jim Talent and his opponent, Democratic state auditor Claire McCaskill."

Sheehan Buys Land In Crawford To Facilitate Protests. The New York Times/AP (7/28) reports war protesters "will have a new and bigger gathering place when they return in August to President Bush's adopted hometown: a 5-acre lot bought with insurance money Cindy Sheehan received after her son was killed in Iraq." Gerry Fonseca, "a fellow war protester who acted as Sheehan's agent, said he recently bought the vacant lot about a mile from downtown Crawford — and about 7 miles from Bush's ranch — for $52,500. About half the land is pasture, and the other half is woods, he said." Sheehan "told the AP in an e-mail Thursday that the group wanted more space. 'We decided to buy property in Crawford to use until George's resignation or impeachment, which we all hope is soon for the sake of the world.'"

Card Joins Union Pacific Board. Former White House Chief of Staff Andrew Card has joined the board of the US' largest rail operator, Union Pacific. The Financial Times (7/28, Ward) says the move reinforces "the close relationship between the Bush administration and big business." Card's recruitment by Union Pacific "comes at a time when rail operators are lobbying Congress for tax breaks and fighting calls from customers for tougher regulation of the industry. Mr Card is following in the footsteps of Vice President Dick Cheney, who served on the Union Pacific board until the 2000 election, underlining the Nebraska-based company's stellar political connections."

Bill Clinton, Bono Among Speakers At Conference Of News Corp. Executives. The Los Angeles Times (7/28, Hofmeister, 918K) reports that 250 News Corp. executives will gather this weekend for a management retreat at a California seaside resort. The Times reports, "Speakers at the Pebble Beach event will include such political powers as British Prime Minister Tony Blair, former President Clinton and Israeli Vice Premier Shimon Peres. Los Angeles Police Chief William J. Bratton will opine on remaking complex organizations, former Vice President Al Gore will riff on climate change, and U2's Bono will deliver a keynote address titled 'The Power of One.'" Chairman Rupert Murdoch "personally invited many of the luminaries who will make the five-day retreat an unusually high-powered blend of politics and business. Not only did they say yes, but at least one -- Clinton -- waived his usual $100,000 speaking fee."

Professor Says Charities Should Offer Money-Back Guarantees. Arthur Brooks, a professor at Syracuse University's Maxwell School of Public Affairs, writes in the Wall Street Journal (7/28, 2.03M), "Disposable income among American professionals is higher than it has ever been, and scholars estimate that more than $50 trillion will be bequeathed by mid-century. The confidence we have in the way our money is used will determine how much of it we will give away to charities, as opposed to spending it on our own consumption or leaving it to our heirs. Charities can give us this confidence by doing what retail firms have done for decades: offering money-back guarantees. For donations

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that are spent outright by nonprofits, these guarantees should hold for a reasonable but limited time; for gifts that go towards endowments, there should be periodic donor review and an option to redirect the money toward other causes."

Bush Declines To Criticize Israel For Lebanon Offensive, Denounces Iran's Role.

The AP (7/27, Loven) reports Bush "declined Thursday to criticize Israel's tactics in its continuing offensive against Hezbollah guerrillas in southern Lebanon, and gave a sharp condemnation of Iran's role in the bloody fighting. 'Hezbollah attacked Israel. I know Hezbollah is connected to Iran,' Bush said tersely at the end of Oval Office meetings with Romanian President Traian Basescu. 'Now is the time for the world to confront this danger,' Bush said." Bush said he "hoped to see the violence end 'as quickly as possible' and repeated his call for Israel to try to limit the impact on civilians. But he suggested that the Israeli campaign has his support for as long as it takes to eliminate Hezbollah's influence in Lebanon and its ability to attack neighbor Israel."

Fox News' Special Report (7/27, Humer) also reported, "Bush insisted today that any fighting in Lebanon must be lasting as he again refused to criticize Israel for its offensive into Lebanon." And the Washington Times (7/28, Mitnick, 88K) says "Bush suggested he would support the offensive for as long as it takes to cripple Hezbollah."

USA Today (7/28, Stone, 2.27M) notes Bush "reiterated [Secretary of State Condoleezza] Rice's opposition to an immediate cease-fire -- a position that drew criticism during an emergency meeting on the Lebanon crisis in Rome on Wednesday. Rice, in the face of opposition from European and Arab nations, said the United States would support a cease-fire only after the Islamist Hezbollah militia has been eliminated as a threat to Israel." Said Bush, "Now is the time to address the root cause of the problem, and the… problem is terrorist groups. Our objective is to make sure that those who use terrorist tactics are not rewarded." White House spokesman Tony Snow "said US diplomats in the region are working toward a United Nations resolution, US diplomats in Europe are discussing a multinational force for Lebanon, and the United States is helping to organize humanitarian aid."

Nasrallah May Be Hiding In Iranian Embassy, May Have Visited Syria. The Washington Times (7/28, Gertz, 88K) reports, "Intelligence reports indicate the leader of Hezbollah is hiding in a foreign mission in Beirut, possibly the Iranian Embassy, according to US and Israeli officials." Israeli "military and intelligence forces are continuing to hunt for Sheik Hassan Nasrallah, Hezbollah's secretary-general, who fled his headquarters in Beirut shortly before Israeli jets bombed the building last week. 'We think he is in an embassy,' said one US official with access to the intelligence reports, while Israeli intelligence speculates Sheik Nasrallah is hiding in the Iranian Embassy." The Times adds, "If confirmed, the reports could lead to an Israeli air strike on the embassy, possibly leading to a widening of the conflict, said officials who spoke on the condition of anonymity. Foreign embassies are sovereign territory and an attack on an embassy could be considered an act of war." But "other reports from the region indicate Sheik Nasrallah may be in Damascus."

The CBS Evening News (7/27, story 3, 1:45, Roth, 7.66M) reported there was a report that "Nasrallah was helped by Syrian intelligence, disguised by dressing without his turban or clerical garb, and briefly smuggled out of Lebanon yesterday to Damascus, which would have put the man Israel wants to kill on the same route Israeli jets have been bombing almost daily." But a senior Syrian government official "insisted the guerrilla leader's reported visit here was fantasy." Still, Syrians "say they still have influence they can exercise over Hezbollah and they'd be willing to use it. For more than a week now, President Assad has been seeing envoys sent here by Hezbollah's other sponsor -- Iranian President Ahmadinejad. And while the US says both those countries have leading roles in the Lebanon conflict, Washington's not talking to either of them face-to-face." Syria is "convinced" the US will change course, and "as one senior government official here told me tonight, if America wants to end the war between Hezbollah and Israel, at some point it has to come knock on our door and say let's talk."

CBS/NYTimes Poll Finds 47% Approve Of Bush's Handling Of Middle East Crisis. CNN's The Situation Room (7/27, Blitzer) reported, "There's a new poll that shows Americans are generally supportive of President Bush's handling of this crisis in the Middle East. Forty-seven percent approve, 27 percent disapprove. The new CBS/New York Times poll also asked if the United States has a responsibility to resolve the conflict? 37 percent said yes, 58 percent said no."

58% Says Bush's Attempts To Promote Democracy Worldwide Have Failed. The Wall Street Journal (7/28, Harwood, 2.03M) reports in its "Washington Wire" column, "In new Wall Street Journal/NBC News poll,

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58% call president's attempts to promote democracy around the world unsuccessful so far. A 55% majority says administration has relied too much on military action. But Americans split on using force to stop nuclear proliferation. A 48% plurality says that is appropriate to keep Iran from developing a nuclear weapon; a 46% plurality opposes similar action against North Korea. The error margin is plus or minus 3.1 percentage points."

Bush Refusal To Negotiate With Syria Questioned. Editorial opinion and commentary on the Israeli-Hezbollah conflict continues to be varied, but the Bush Administration's refusal to negotiate directly with Syria to secure an immediate ceasefire is emerging as a prominent theme. In a Wall Street Journal op-ed (7/28), Leslie Gelb, president emeritus of the Council on Foreign Relations, says "the only interesting and promising twist" in the Bush Administration's policy on the Middle East conflict "seems to be a new U.S. desire to split Sunni Syria away from Shiite Iran, and thereby deny Tehran its conduit for arms and money to fellow Shiite Hezbollah. But Mr. Bush spoils this good possibility by asking the weak Saudis and Egyptians to play this Damascus card, rather than tasking Ms. Rice directly. In 1996, Secretary of State Warren Christopher tapped the table vigorously in Damascus to arrange the cease-fire that endured until last month." Bush "needs to use the present crisis to justify new and wide-ranging talks with Syria and Iran, and, if necessary, indirectly with Hamas and Hezbollah. These rank at the top of the world's nastiest and most untrustworthy negotiating partners, but they also happen to be the ones causing most of the trouble -- and are, therefore, the ones we have to deal with."

In a Washington Post op-ed (7/28, A25), former Secretary of State Warren Christopher says, "My own experience in the region underlies my belief that in the short term we should focus our efforts on stopping the killing. Twice during my four years as secretary of state we faced situations similar to the one that confronts us today. Twice, at the request of the Israelis, we helped bring the bloodshed to an end." As "in 1996, an immediate cease-fire must take priority, with negotiations on longer-term arrangements to follow. Achieving a cease-fire will be difficult enough without overloading the initial negotiations with a search for permanent solutions." Second, "if a cease-fire is the goal, the United States has an indispensable role to play." Finally, Syria "may well be a critical participant in any cease-fire arrangement, just as it was in 1993 and 1996."

In his Wall Street Journal column (7/28), Daniel Henninger says Israel's population, "with Katyushas raining down on them by the thousands, is a metaphor for the world ahead of commoditized missile weaponry. Not thinking about how to survive in that world is foolhardy. Hezbollah's Katyusha barrage, coming so soon after North Korea's aggressive, highly publicized Taepodong test, elevates all this as a political issue. Historically the Democratic Party has committed itself to suppressing the development of anti-missile technologies." We are "heading toward two election cycles amid a world unsettled by missile threats -- in the air or on the brink. To the specter of North Korea and Iran delivering WMD by long-range missiles, now add Katyusha-like strikes from very small rockets and missiles. Come 2008, we may see a Republican candidate who understands these issues running against a militarily ambivalent Democrat who has to learn them, like an unguided rocket, on the fly."

In his New York Times column (7/28), Thomas Friedman says, "America should be galvanizing the forces of order — Europe, Russia, China and India — into a coalition against these trends" of religious and ethnic violence in the Middle East. But "we can't. Why? In part, it's because our president and secretary of state, although they speak with great moral clarity, have no moral authority. That's been shattered by their performance in Iraq."

In a Washington Times op-ed (7/28), Nir Boms, vice president of the Center for Freedom in the Middle East, says, "A well-known and respected Sufi scholar from Syria, Sheikh Abdullah Algharib Alhamad Altamimee, stepped off a plane in Washington and publicly called for Mr. Assad's ouster. While the development may not appear significant on the surface, the sheikh has broken the thousand-year-old Sufi tradition of refraining from politics."

Democrats Accused Of Pandering On Israel. In a Washington Post op-ed (7/28, A25), New Republic editor-at-large Peter Beinart says, "After years of struggling to define their own approach to post-Sept. 11 foreign policy, Democrats seem finally to have hit on one. It's called pandering. In those rare cases when George W. Bush shows genuine sensitivity to America's allies and propounds a broader, more enlightened view of the national interest, Democrats will make him pay. It's jingoism with a liberal face." The "latest example came this week when Democratic senators and House members demanded that Iraqi Prime Minister Nouri al-Maliki either retract his criticisms of Israel or forfeit his chance to address Congress. Great idea. Maliki --

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who runs a government propped up by U.S. troops -- is desperate to show Iraqis that he is not Washington's puppet. And the United States desperately needs him to succeed because, unless he gains political credibility at home, his government will have no hope of surviving on its own."

Current State Of US Diplomacy Called "Dreary," Rice Said To Have Lost PR War. In an analysis piece, the AP (7/28, Raum) reports, "These are dreary days for US diplomacy. A string of disappointments in recent weeks has left Washington's role as a global power broker diminished. The unalloyed U.S. support for Israel during two weeks of fighting with Hezbollah insurgents in Lebanon and American refusal to agree to a quick cease-fire are leaving the Bush administration ever more isolated internationally." As two "signs" that "strains are growing," the AP says Secretary Rice "failed to agree in Rome with European and Arab allies on terms for a cease-fire" in Lebanon, and President Bush and Iraqi Prime Minister Iraqi Prime Minister Nouri al-Maliki "had to concede a six-week-old plan for quelling violence in Baghdad had failed." Also noted is the "stalled" effort to "restrict" Tehran and Pyongyang's nuclear programs, and the "collapse" of WTO talks.

In related reporting entitled, "Two Steps Back," the New York Times (7/28, Cooper, 1.21M) says, "For the past year," Rice "has worked assiduously to resurrect the importance of traditional diplomacy and building consensus among world leaders after America's go-it-alone approach to Iraq," and "has managed to hold together a fragile coalition" on Tehran and Pyongyang. However, "in the space of one hour in Rome on Wednesday, the public rewards of that hard work — the view around the world that the United States may now be more willing to play nice with others — may have been undone. Once again, it seemed, the United States had reverted to its my-way-or-the-highway approach, and Ms. Rice was on the defensive." While Rice "won the diplomatic battle in Rome," she "lost the public relations war. Reports of the Rome meeting uniformly painted her as isolated in one corner, refusing to yield to impassioned calls for an immediate cease-fire" in Lebanon.

In a front-page story, the New York Times (7/28, MacFarquhar, 1.21M) reports, "At the onset of the Lebanese crisis, Arab governments, starting with Saudi Arabia, slammed Hezbollah for recklessly provoking a war, providing what the United States and Israel took as a wink and a nod to continue the fight. Now, with hundreds of Lebanese dead and Hezbollah holding out against the vaunted Israeli military for more than two weeks, the tide of public opinion across the Arab world is surging behind the organization, transforming the Shiite group's leader, Sheik Hassan Nasrallah, into a folk hero and forcing a change in official statements." The Times adds, "The Saudi royal family and King Abdullah II of Jordan, who were initially more worried about the rising power of Shiite Iran, Hezbollah's main sponsor, are scrambling to distance themselves from Washington." And "an outpouring of newspaper columns, cartoons, blogs and public poetry readings have showered praise on Hezbollah while attacking the United States and Secretary of State Condoleezza Rice for trumpeting American plans for a 'new Middle East' that they say has led only to violence and repression."

The Washington Times (7/28, Sands, 88K) reports Rice "has called events from Somalia to Afghanistan the 'birth pangs of a new Middle East,'" but "recent events across the region and a stark warning from a top terrorist leader yesterday indicate the labor will be long, painful and beset by unexpected complications. … The outbreak of regional violence this month is proving only the latest obstacle to President Bush's vision of a transformed Middle East and a post-September 11 political revolution in the crescent of Muslim states from Central Asia to North Africa. Instead of a new cadre of democratic governments friendly to the West and at peace with Israel, the region now features at least four countries -- Iraq, Afghanistan, Somalia and Lebanon -- in which the government is struggling to establish control and carry out the basic functions of a sovereign state."

As Activists Swing Into Action, Divisions Noted Within Arab-American Community. The Wall Street Journal (7/28, Dreazen, 2.03M) reports on the "growing tensions roiling the Arab-American community as the conflict in the Mideast grinds on. Although often seen as homogeneous, the Arab-American community of 1.2 million is deeply divided by nationality -- and by fierce arguments over how it should flex its political muscle. Arab-American groups lack the resources of pro-Israel organizations like the American Israel Public Affairs Committee, and have traditionally contributed far less to political campaigns and parties." The divisions are "preventing the advocacy groups from presenting a united front at a moment when Arab-Americans are trying to find a strategy to respond to explosions of violence in Iraq, Lebanon and the Palestinian territories."

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The New York Times (7/28, Goodstein, 1.21M) reports, "With Israel at war again, American Jewish groups immediately swung into action, sending lobbyists to Washington, solidarity delegations to Jerusalem and millions of dollars for ambulances and trauma counseling, just as they always have. But this time there is a parallel mobilization going on in this country by Arab-Americans and Muslim Americans in support of Lebanese and Palestinian victims of the war." Both sides "are worried about friends and relatives under bombardment or driven from their homes. Both are moved to act by the scenes on television of their suffering kin."

Rice May Return To Middle East. The AP (7/27, Nessman) reports Israel "decided Thursday not to expand its battle with Hezbollah in southern Lebanon for now, but authorized the army to call up 30,000 reserve soldiers in case the fighting intensifies. Lebanese officials estimated a civilian death toll as high as 600." Secretary of State Rice said she "was 'willing and ready' to return to the region to work for a sustainable peace agreement," but President Bush "suggested he would support the offensive for as long as it takes to cripple Hezbollah." In another story, the AP (7/27, Shrader) reports Rice "repeated her position that the United States wants to work for a sustainable peace plan and smooth the delivery of humanitarian supplies to the Lebanese."

Meanwhile, AFP (7/27, Collinson) reports Rice "is expected to resume her Middle East crisis mission, as the United States warned against a 'fake peace' to end fighting between Israel and Hezbollah. Rice returned to her Kuala Lumpur hotel after giving a piano recital at the normally riotous annual gala of East Asian ministers and dialogue partners to discuss her travel plans with aides working on the Middle East, sources said. She will leave Malaysia, a day earlier than first thought, on Friday, after a string of one-on-one talks" with ASEAN ministers.

Robinson Blames Rice For Not Pushing Ceasefire. In his Washington Post column (7/28, A25), tiled, "A War Of Her Own," Eugene Robinson says, "Lebanon has now become Condi's war." The "one thing that's clear so far is that Rice believes that allowing Israel to decimate Hezbollah and drive what's left of the group out of southern Lebanon is such a valuable step toward her 'new' Middle East that it's worth crippling a nascent Arab democracy with hundreds of civilian casualties and billions of dollars worth of infrastructure damage. At least that's what she believed before her trip. If at this point she isn't rethinking the whole thing, given the trouble Israeli forces are having with Hezbollah, then we're really in trouble."

Bush, Blair To Discuss Mideast Crisis At White House Today. CNN's The Situation Room (7/27, Blitzer) reported, "In the midst of the crisis here in the Middle East, President Bush will host the British Prime Minister, Tony Blair, at the White House tomorrow. It's yet another challenge for two allies who have endured war and controversy on their watches." CNN (Quijano) added that Blair's visit "was scheduled well before this latest Middle East crisis broke out. But now, of course, plotting Mideast strategy will be the central focus, with both leaders under pressure to change their approach."

Reporting from London, the New York Times (7/28, Cowell, 1.21M) reports that when Blair "visits Washington on Friday, he will find himself in a familiar position -- a statesman abroad, and assailed at home as what his harshest critics call America's 'poodle.'" His "unequivocal support for the White House has left him open to growing criticism. In an opinion survey in The Guardian on Tuesday, a majority of Britons polled said he should show more independence from the United States -- mimicking the 'Love Actually' moment from the movie of that name starring Hugh Grant as a British prime minister who breaks publicly with an American president."

UK Likely To Approve US Request To Send Bombs To Israel Via Scottish Airport. AFP (7/27) reports US requests to "send two more planes carrying bombs and missiles to Israel via Britain in the next fortnight are likely to be approved," according to the Times of London. In addition, the Daily Telegraph "said two chartered Airbus A310 cargo planes laden with GBU-28 bombs landed at Scotland's Prestwick airport over the weekend for refuelling and a crew rest on the way to Israel."

Israeli Minister Suggests US, Allies Gave Green Light To Lebanon Offensive. The CBS Evening News (7/27, story 2, 3:40, Logan, 7.66M) reported, "One of the members of the Israeli cabinet suggested today that Israel had more or less been given a green light by the United States and some of the European allies to press on here." CBS (Logan) added, "That drew huge international criticism, and was immediately seized upon by Germany's foreign minister, the head of the EU. They called it a gross misrepresentation of what was decided and said it was the opposite, every country there was very eager to see an

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immediate end to the fighting. Israel's prime minister, when the issue was raised with him, said that was not the impression they meant to give and they also want to see an end to the fighting." Meanwhile, Fox News' Special Report (7/27, Goler) reported that "neither the President nor his aides publicly disputed Israel's claim that it's been given a green light to destroy Hezbollah."

The Los Angeles Times (7/28, King, Kennedy, 918K) reports Justice Minister Haim Ramon told Israel's Army Radio, "We received yesterday at the Rome conference permission from the world... to continue this operation, this war, until Hezbollah isn't present in Lebanon, and until it is disarmed. … Everyone understands that a victory for Hezbollah is a victory for world terror." At the White House, President Bush "was asked if he agreed with Ramon's comments. 'I believe this. I believe that...the Middle East is littered with agreements that just didn't work. And now is the time to address the root cause of the problem. And the root cause of the problem is terrorist groups trying to stop the advance of democracies.'"

The Financial Times (7/28, Devi, Khalaf) reports the European Union "said it did not give Israel the green light to continue its offensive against Hizbollah in Lebanon as air strikes were stepped up across the country on Thursday." Erkki Tuomioja, "Finland's foreign minister, whose country holds the EU's rotating presidency, said Israel's interpretation was 'totally wrong'. Romano Prodi, Italy's prime minister, said: 'The position expressed by the conference cannot be interpreted as an authorisation.'"

Israeli Ambassador Rules Out UN Role In International Force. The AP (7/27, Wadhams) reports Israel's UN Ambassador Dan Gillerman "ruled out major UN involvement in any potential international force in Lebanon, saying more professional and better-trained troops were needed for such a volatile situation." He also said Israel would not permit the UN "to join in an investigation of an Israeli airstrike that demolished a post belonging to the current U.N. peacekeeping mission in Lebanon."

Meanwhile, the Financial Times (7/28, Turner) reports the UN Security Council said it was "'deeply shocked and distressed' by Israel's firing on a UN post in Lebanon, which killed four observers on Tuesday, but acrimony over the negotiations led China to warn of a 'negative impact' on separate talks over Iran's nuclear programme. The final statement failed to condemn the attack and followed more than a day of rancorous discussions between China and the US." The AP (7/27, Lederer) adds that the US "insisted on dropping any condemnation or allusion to the possibility that Israel deliberately targeted the U.N. post.:

Bush, Rice Don't Want US Troops Involved In International Peacekeeping Force. CNN's The Situation Room (7/27, King) reported that while the US is pushing for an international peacekeeping force, Bush and Secretary of State Condoleezza Rice "don't want US troops involved. They say the US military is stretched too thin. There are some who say if you get to loggerheads over this, and you can't get a few deal, the United States might have to offer a few hundred troops symbolically to move the process along, but so far so good is what most officials say on the issue of the force, but you need a cease-fire, first. That's why Secretary Rice is coming back as early as Saturday night."

Germans Divided On Providing Troops. The Washington Times (7/28, Kralev, 88K) reports, "Memories of the Holocaust and the need to help resolve the raging conflict between Israel and Hezbollah are tearing at many Germans and even causing divisions in the ruling coalition over the prospect of sending German troops as part of a UN security force on the Israeli-Lebanese border." Chancellor Angela Merkel's Christian Democrats "are warming up to the idea after initially rejecting it, but the Social Democrats are putting up a stiff resistance." Meanwhile, the country's "largest Jewish organization warned the government, which was formed in the fall as a 'grand coalition' after neither party managed to secure a clear majority in parliament, not to put Germans in a position to possibly point a gun at an Israeli."

UN Troops In Lebanon Seen As Trapped "In Somebody Else's War." The Los Angeles Times (7/28, Stack, 918K) reports from Lebanon, "Trapped between a sea full of Israeli gunships and hills crawling with Hezbollah guerrillas, UN troops hunkered down in bomb shelters Thursday while somebody else's war raged outside. … Their toothless, and ultimately futile, mission to oversee the pacification of southern Lebanon offers a telling glimpse into the fate that could await Israel in its efforts to crush Hezbollah -- and a cautionary tale for a US-backed notion that international troops might fare any better than the Israelis against the Shiite guerrillas." The Times adds, "Being trapped literally and figuratively between the two sides has put the UN troops on edge. Nobody here ventures through the gates to the outside world without phoning the Israeli army with a painstaking description of the vehicles and their routes

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-- and a plea to be spared attack. Israel often takes hours to approve even routine trips, officials here said ruefully."

Israel Calls Up 50,000 Reservists. Israel continued its offensive in Lebanon as Hezbollah continued to fire missiles into northern Israel. Israel's cabinet said it would not expand its military foray into Lebanon, but at the same time, called up as many as 50,000 reservists. The Mideast crisis still topped the news agenda for the major media outlets. The networks devoted about 17 minutes to the story in a total of eight segments, and coverage of the Israeli offensive was the lead on both ABC and NBC. ABC World News Tonight (7/27, lead story, 2:55, Gibson, 8.78M) reported, "Israel's response has been unwavering, applying escalating pressure and returning Hezbollah's rocket attacks with air strikes of its own. 51 people have been killed in Israel. In Lebanon, 420 have died. And up to 200 more are missing. The number of casualties is rising and the stakes are being raised, as well, by Israel." ABC (Sciutto) added, "A contradictory message from the Israeli Cabinet today. No expansion of the mission now; but also a massive call up of tens of thousands of reservist." 17 days "into the fighting, Israeli officials claim the offensive is accomplishing its goals. And Hezbollah rockets keep falling. A record 151 struck yesterday."

The CBS Evening News (7/27, story 2, 3:40, Logan, 7.66M) says that "mindful that already jittery neighbors like Syria may see this as a sign Israel intends to widen this conflict, the Israeli defense minister went out of his way to publicly reassure Damascus, saying 'Israel does not have the slightest intention of opening a war against Syria.'"

NBC Nightly News (7/27, lead story, 2:45, Fletcher, 9.87M) reported, "Israel's Defense Minister today said Israel has inflicted enormous strategic damage on Hezbollah. But Israel is paying a high price, too. Today Israel began to bury eight soldiers killed in an ambush yesterday by Hezbollah. Amid growing concern that the Israeli army has made big mistakes in Lebanon, some Israeli newspapers today, called for more force, as Israeli military analysts accused the army of lacking vital intelligence, not knowing enough about Hezbollah positions and strength, also of invading with not enough troops."

The New York Times (7/28, Myre, 1.21M) reports Israel's defense minister, Amir Peretz, "said the reservists would undergo training, but were not slated to be deployed in Lebanon at this time. 'We are recruiting reserve troops so that, if need be, we will be able to exercise the necessary force,' he said."

The Financial Times (7/28) reports, "Israeli armoured personnel carriers headed on Thursday towards the Lebanese town of Bint Jbail, where the army said it was still fighting 'terrorists' two days after declaring Hizbollah's self-styled 'capital of the resistance' was under its control. Those who were hoping for a swift and – from Israel's perspective – bloodless war have been disabused." On Wednesday, "day 15, the Israeli Defence Forces (IDF) suffered their heaviest daily losses with nine killed and more than 20 wounded, all but one of the dead in Bint Jbail. The losses did little in the short term to dilute the belligerent national mood surrounding what one defence analyst called Israel's 'must-win' war, at least to judge by its newspapers." The Christian Science Monitor (7/28, Prusher, 58K) runs a similar story titled "Israelis Resolve To Use More Force," in which it said there is, in Israel, "a widespread attitude that the Israeli military should "take the gloves off" in dealing with Hizbullah militants."

The Washington Post (7/28, A1, Cody, Wilson, 748K) says that "undeterred after 16 days of attacks, Hezbollah militiamen again fired volleys of rockets into northern Israel, igniting a detergent factory and lightly wounding seven people. More than 110 Hezbollah rockets landed across the north on Thursday, following the launch of more than 150 rockets on Wednesday. More than 1,400 rockets have landed in Israel since the conflict began." USA Today (7/28, Frank, Katz, 2.27M) runs a similar story titled "Hezbollah Maintains Its Rocket Barrage."

US, Israel Call Lebanese TV Network Terrorist Organization. The Wall Street Journal (7/28, Solomon, Fam, 2.03M) reports on Al-Manar Television, the satellite news channel run by the militant group Hezbollah. Al-Manar "is a crucial arm of the Hezbollah organization, a militia and political party that encompasses people ranging from teachers and social-service providers to hard-core fighters and suicide bombers." The Journal adds, "Both the U.S. and Israel have branded Al-Manar a terrorist organization. The station's resourcefulness in staying on the air helps to explain why debilitating Hezbollah may prove difficult, say Lebanese analysts." Al-Manar's editorial directors "make no secret of their news agenda: to rally support for Hezbollah and to highlight Israeli military actions it considers atrocities."

Reports Soldier Captured By Hamas To Be Freed Prove Untrue. The CBS Evening News (7/27, story 2, 3:40, Logan, 7.66M) reported, "There were reports today that the

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Israeli soldier captured by Palestinian militants more than a month ago was about to be released. Those reports turned out not to be true. But CBS News was told by Israeli sources they'd been close to freeing him twice now and at the last minute Hamas militants pulled out."

200,000 Lebanese Said To Have Fled Tyre. NBC Nightly News (7/27, story 2, 2:00, Engel, 9.87M) reported, "Today the Mayor of Tyre said of the 275,000 people who normally live in this city, 200,000 of them have escaped." ABC World News Tonight (7/27, story 2, 2:05, Gibson, 8.78M) reported on the fate of a Lebanese family separated in the evacuation of refugees from Tyre.

The Washington Post (7/28, A18, Boustany, 748K), meanwhile, runs a lengthy human interest story on the effects of Israeli airstrikes on a Beirut lighthouse.

Christian Refugees Blast Hezbollah. The New York Times (7/28, Tavernise, 1.21M) reports, "The refugees from southern Lebanon spilled out of packed cars into the dark street here Thursday evening, gulping bottles of water and squinting in the glare of the headlights to find family members and friends." But "for some of the Christians who had made it out in this convoy, it was not just privations they wanted to talk about, but their ordeal at the hands of Hezbollah -- a contrast to the Shiites, who make up a vast majority of the population in southern Lebanon and broadly support the militia. … In past wars, Christian militias were close to Israelis, and animosity between Christians and Shiites lingers."

Israeli Children Take Refuge In Haifa Bomb Shelters. NBC Nightly News (7/27, story 3, 1:40, Potter, 9.87M) reported, "The children of Haifa have gone underground. In one neighborhood, daycare -- three stories below in a bomb shelter. It is stark and hot but safe, a semblance of normalcy. Very important for families living on edge for whom even the smallest sound can be frightening."

Meanwhile, a front page story in the Washington Post (7/28, A1, Anderson, 748K) reports, "In the past two weeks, the radical Shiite militia Hezbollah has fired more than 60 rockets from southern Lebanon at Haifa, Israel's third-largest city and largest port, killing nine people and seriously injuring 13, according to Mickey Rosenfeld, a spokesman for Israel's national police. Since then, about half of Haifa's 270,000 residents have fled south, hoping to get out of range, Rosenfeld said. … That has left Haifa with a core of people who seem resigned to their fate."

Bloggers Communicate Across Front Lines Of Israel-Hezbollah Conflict. A front page story in the Wall Street Journal (7/28, Ellison, 2.03M) reports that bloggers on both sides of the conflict between Israel and Hezbollah forces in Lebanon "are providing live updates of their experiences, commenting on each other's writing and sometimes linking to blogs across the border. The dialogue is all the more unusual since the populations of the two countries had few ways to interact even before the fighting began. Lebanese law prohibits Israelis from entering the country, and there are no phone connections between the two states." The Journal adds, "Most of the bloggers in this small group are Western-educated. Some attended the same universities but communicated for the first time in a comment thread on one another's blogs. … The future of this odd new cross-border community is being tested by the current conflict."

In New Video, Zawahri Calls For Holy War Against Israel, Supporters. Al Qaeda number two Ayman al Zawahiri called for a holy war against Israel, but his call for jihad was largely a side note in the day's media coverage of the Middle East crisis. ABC World News Tonight (7/27, story 3, 0:15, Gibson, 8.78M) reported al Qaeda is "taking note of what is happening in Lebanon," and al Zawahri "urged Muslims to wage a Holy War against Israel and join the fighting in Lebanon and Gaza. He said, 'Rise, seek martyrdom, wreak havoc on the crusaders and the Zionists.'"

NBC Nightly News (7/27, lead story, 2:45, Williams, 9.87M) reported, "Al Qaeda has now weighed in as well. The number two man Ayman al-Zawahri in a tape called on all Muslims to rise up on holy war against Israel and any nation that supports the Israeli war on Hezbollah."

The CBS Evening News (7/27, story 2, 3:40, Logan, 7.66M) reported, "There was a new threat from an old enemy, al Qaeda's number two promised to make this cross-border war between Israel and Hezbollah felt all over the world by calling on Muslims everywhere not to stand by watching bombs raining on our people." The Washington Times/AP (7/28), among other sources, also reports the story.

Cheney Calls US Commitment To Peace On Korean Peninsula "Unbreakable." Fox News' Special Report (7/27, Hume) reported, "Vice President Cheney said today that US troops will remain on the Korean peninsula until peace and stability spread to the North. The Vice President was observing the 53rd anniversary of the Korean War armistice in Washington." Cheney "said

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America's commitment to the peace in the region is 'unbreakable.'"

The AP (7/28, Pickler) reports Cheney "recalled that the United States lost more than 36,000 troops in just three years of fighting, from 1950 to 1953, and that South Korea suffered horrible losses among both its military and civilians. He said the suffering continues in North Korea today." Said Cheney, "North Korea is a scene of merciless repression, chronic scarcity and mass starvation, with political prisoners kept in camps the size of major cities."

Eight Nations To Hold North Korea Talks Without Pyongyang. AFP (7/28) reports the US, Australia, Canada, China, Japan, Malaysia, Russia, and South Korea "are preparing to hold talks on security concerns as North Korea repeated its vow to shun negotiations on its nuclear programme." The talks "on the sidelines" of the ASEAN meeting "here were scheduled after Pyongyang refused to rejoin a six-nation dialogue it walked out of in November in protest at US financial sanctions."

However, the Christian Science Monitor (7/28, Kirk, 58K) reports "it's conceivable that Secretary of State Condoleezza Rice, arriving after bruising sessions on the Middle East, will shake hands with North Korea's foreign minister, Paek Nam Sun," even as "the North is spurning pleas to join in 'informal' six-party talks." Christopher Hill, "point man for the US, told reporters the North 'is very clear they don't want any multilateral talks right now.'"

Meanwhile, the AP (7/28, Torchia) reports North Korea "spurned appeals to join talks on its nuclear and missile programs, saying the United States should drop financial sanctions before any negotiations occur. A US envoy said the communist nation was sinking deeper into isolation."

Rice To Play Piano At ASEAN Dinner. The AP (7/28, Shrader) reports, "Colin Powell danced to 'YMCA,' and Madeleine Albright did an Eva Peron impersonation. But Condoleezza Rice decided to play a classical piano piece." The annual ASEAN dinner, "which is closed to the news media, has traditionally given world figures a chance to show a more playful side. But the current secretary of state said that given world events, a lighthearted skit wouldn't be appropriate. Instead, Rice, an accomplished pianist who has performed with cellist Yo-Yo Ma, said she'll play a Brahms piece to fit her 'serious mood' at the dinner Thursday."

WSJournal Celebrates China's Crackdown On North Korean Finances. The Wall Street Journal (7/28, 2.03M) editorializes, "Money isn't everything, but it comes in handy when you're running a dictatorship. So it's both welcome and notable that China may finally be cracking down on the financial assets of its North Korean client state. We're told that, last September, Beijing instructed its Bank of China branch in Macau to freeze North Korea's accounts. … China has far more leverage than any other nation with Pyongyang, accounting for some 40% of its foreign trade last year. So how Beijing behaves may well determine whether the world does anything at all about Kim Jong Il's reckless nuclear buildup. The financial crackdown is a step in the right direction."

Bush, Basescu Discuss Visas, War Support.

The AP (7/27) reports Romanian President Traian Basescu "told President Bush on Thursday to count on his government as a good U.S. ally in Iraq and Afghanistan. Bush thanked the Romanian leader for the support and said Washington was working to resolve differences between the two countries over visas for Romanians." Bush said, "I told the president we're dealing with an immigration debate here in the United States and that I'm hopeful that we'll get a comprehensive immigration bill that will accommodate people who want to work here."

Islamists Take Over Somalia's Presidential Palace.

USA Today (7/28, 2.27M) reports, "Somalia's United Nations-backed interim government was unraveling Thursday as nearly a fifth of its Cabinet resigned and Islamist militants took over the presidential palace in Mogadishu, the capital."

The New York Times (7/28, Gettleman, 1.21M) says that "one thing is clear: the two powers to reckon with in Somalia -- the Islamic clerics who rule Mogadishu and the internationally-recognized transitional government confined to Baidoa -- are headed on a collision course toward a full-scale war. And this time the crisis may spill far beyond Somalia's borders." Ethiopia and Eritrea, "bitter enemies, are apparently already arming the two different sides and threatening to ignite ethnic and religious tensions across the Horn of Africa. Many people fear that if a major war breaks out in Somalia, Muslim tribes in Ethiopia's deserts will rise up and challenge the Christian leadership; Islamists in Mogadishu will storm down the coast toward Kenya; Ethiopia and Eritrea will resume their costly battles; and countries like Sudan and Egypt, which have weighed in before, will weigh in again."

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LATimes Says Somalia Becoming Africa's Afghanistan. The Los Angeles Times (7/28, 918K) editorializes that "while news cameras dwell on the latest carnage in Israel and Lebanon, Somalia may be collapsing into a terrorist haven comparable to Afghanistan under the Taliban." The Times adds, "Ethiopia, which is making a bad situation worse, should be pressured to withdraw immediately. The Baidoa government, meanwhile, is on the verge of collapse; on Thursday, one-fifth of its cabinet resigned. It has no power outside the city and no real reason to exist. The U.N. and other groups, such as the African Union, should work with the more moderate elements of the Islamist camp and try to start over."

Russia, Venezuela Announce Deal On Jet Fighters, Helicopters. The New York Times/AFP (7/28) reports, "Venezuela and Russia announced a final agreement on a $3 billion deal that would send dozens of advanced jet fighters and helicopters to Venezuela, despite pressure from the United States." The agreement "was announced after a meeting here between President Hugo Chávez of Venezuela and President Vladimir V. Putin in which the two leaders focused on Russian energy investment in Venezuela, as well as closer military ties."

Libya Has Returned Uranium To Russia. The New York Times/AP (7/28) reports," "International experts have shipped more than 40 pounds of weapons-grade uranium from Libya to a secure facility in Russia in previously unannounced operations since Col. Muammar el-Qaddafi, the Libyan leader, decided in 2003 to end his quest for unconventional weapons, said the United States' National Nuclear Security Administration." The uranium "was of Russian origin."

Schwab Says Fears Over China Helped Derail Trade Talks. The Wall Street Journal (7/28, A4, Hitt, 2.03M) reports US Trade Representative Susan Schwab "added another reason to the array of explanations why world trade talks collapsed: China." In an interview with the Journal, Schwab said the divisions that derailed the Doha round of talks this week were "far broader" than disagreement over farm supports. "The role of China in this equation," she said, "concerned poor countries that fear China could crowd out rivals" in a more open world trade environment. Meanwhile, President Bush told the told the National Association of Manufacturers yesterday that he directed Schwab "to be flexible" on the politically sensitive issue of reducing agriculture subsides. However, the president cautioned, "We'll reduce them, just so long as our folks have got access to markets."

In an interview with Bloomberg's Money & Politics (7/27 9:09 PM), Schwab said, "The Doha round is in serious trouble, but I would not say it is dead." Asked about criticism of US farm subsidies, she noted that the US "put on the table last October which is the biggest, most ambitious offer any country put on the table in terms of market access and agriculture." Regarding possible negative repercussions from the collapse, Schwab said the US must be concerned about "additional litigation…against the United States." Moving forward, she said the Bush administration will focus on "a series of bilateral and regional agreements," with nations like South Korea and Malaysia.

London Residents Complain About US Embassy. The AP (7/28, Lawless) reports, "People who live near the US Embassy accused British authorities Thursday of leaving them vulnerable to a terrorist attack by failing to close two streets alongside the fortified building." The AP adds, "An alliance calling itself the Grosvenor Square Safety Group took out a two-page ad in The Times of London and The Washington Post accusing the government and police of 'moral failure.'"

USA Today (7/28, Soriano, 2.27M) reports, "It's the latest controversy concerning the embassy, which also is involved in a dispute with London Mayor Ken Livingstone for refusing to pay vehicle levies and fines. … 'This is the No. 1 security issue in London that has not been resolved,' says the residents association's chairman, Peter Castenfelt. He's a financier who lives in the area, one of London's wealthiest residential neighborhoods. … Some homes on adjacent Upper Brook Street and Upper Grosvenor Street are less than 20 feet from the embassy's front door. Castenfelt says they would likely collapse in the event of a car bombing." US Ambassador Robert Tuttle "says that after 9/11, the embassy sought permission to close the roads, but local officials and the London borough of Westminster balked. 'The Metropolitan Police and the Westminster City Council made it quite clear that is not what they wanted,' Tuttle said Thursday. 'You don't always get in life what you want, and so we went for the next best thing.'"

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Pre-Election Violence Flares In Congo. The Washington Post (7/28, A16, Timberg, 748K) reports from Congo, "At least two police officers were killed Thursday by a crowd outside a rally for a leading opposition candidate, witnesses said, as the buildup to Congo's first multiparty election in more than 40 years turned violent. Several civilians were injured when police fired bullets and canisters of tear gas." The incident "came on a day filled with rising drama in advance of Sunday's vote. A top militia leader in eastern Congo agreed to disarm. Catholic officials dropped their threat to boycott the election. And at least three children were killed in a fire at a makeshift barracks for troops affiliated with Jean-Pierre Bemba, one of the presidential candidates."

UN Role In Eastern Congo Criticized. Aidan Hartley, who has covered wars in Africa for two decades for television and newspapers, writes in the New York Times (7/28, 1.21M), "The Democratic Republic of the Congo will hold its first legitimate elections in four decades on Sunday. The United Nations peacekeeping mission there has played the role of electoral midwife, so if the vote is free and fair it will be among the global body's greatest successes on the continent." But "in eastern Congo, many people will be unable to vote because the fighting that has killed millions in the past decade continues unabated, despite peace overtures by rebels in recent days. And in this, the United Nations is largely at fault. Not only has it failed to stop the killing, its troops have even been party to some of the violence against civilians whom they were to deployed to protect."

Peru's Garcia Expected To Emerge As Anti-Chavez Force. The AP (7/27, Hayes) reports that Alan Garcia, who left Peru's presidency "in disgrace 16 years ago after driving Peru's economy into ruin amid a guerrilla war, will have a chance at redemption when he is sworn into a second term Friday." Garcia "must act quickly to improve life in rural areas, where Quechua-speaking Indians and mestizos voted overwhelmingly against him." He is also expected to "to take a prominent leadership role in South America as a counterpoint to anti-U.S. crusader Hugo Chavez" of Venezuela.

Argentina Seen As Aligning Itself With Cuba, Venezuela. Mary Anastasia O'Grady writes in the Wall Street Journal (7/28, 2.03M) that last week Fidel "surfaced in Córdoba, Argentina -- at a summit of Southern Cone leaders -- pushing his half-century-old revolutionary agenda. … Castro's decision to take the long trip to Argentina despite his frailties is instructive. After Venezuela and Bolivia, the land of the gauchos is the South American country with the best prospects of yielding a payoff on the investment he has made toward repression for more than 50 years." O'Grady adds, "Argentine President Néstor Kirchner and his government, which includes former left-wing terrorists from the 1970s, have been consolidating power and fomenting societal hatreds in the best Castro tradition for the past three years. Castro's oil-rich ally, Venezuela, is now underwriting the effort. The region's democrats are right to be worried." This "is not about left-right politics. Brazil and Chile have left-of-center presidents but also have the institutional checks and balances that limit the power of the executive and preserve pluralism. In Argentina, those restraints have been removed thanks to a power grab by Mr. Kirchner on the back of the 2002 economic collapse."

Number Of Indigent Seniors In Japan Skyrocketing. The Washington Post (7/28, A1, Faiola, 748K) reports from Japan on "a series of deep cuts in welfare assistance for destitute seniors, a group whose swelling numbers are aging the face of poverty in Japan. … As the world's most rapidly graying nation struggles to cope with the exploding costs of its aging population, it is cutting back its famed safety net of universal health care, generous pensions and welfare benefits for seniors of all social classes. But those already living on the margins are being hit the hardest." The Post adds, "Over the past decade, the number of indigent seniors nationwide skyrocketed by 183 percent to about half a million people, Welfare Ministry statistics show."

NYTimes Criticizes Nuclear Deal With India. The New York Times (7/28, 1.21M) editorializes, "Many on Capitol Hill complained last year that the Bush administration got taken to the cleaners when it negotiated a nuclear cooperation deal with India." But "with so much pro-India lobbying money sloshing around up there, hopes are fast fading that Congress will do anything to fix it. … An army of lobbyists earned their keep this week when the House overwhelmingly approved the Indian deal with minimal restrictions. Lawmakers insisted that they get to vote again after the administration gets a formal agreement." But "that has more to do with political prerogatives than nonproliferation. And the outcome is likely to be the same." Meanwhile, "Prime Minister Manmohan Singh of India is getting beaten up at home at the slightest hint that Congress

DOJ_NMG_0043995

might constrain any part of India's nuclear program. That suggests that Washington and New Delhi could have done far better building their new partnership on something other than a bad nuclear deal."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Israel Begins To Mobilize Reservists."
"6 + 4 = 1 Tenuous Existence."
"Unarmed In The Crossfire."
"For Really Cool People, Central Air Is A Must."
"Tour De France Winner In Limbo After Drug Test."
"Media Mogul Summons The Powerful To Expound."
"U.S. Hopes Of Cutting Iraq Troop Levels Dim."

USA Today:
"Home Sellers Sweeten Deals."
"U.S. Cyclist Thrust From Spotlight To Suspicion."
"Insurgent Snipers Sent After Troops."

New York Times:
"Tide Of Arab Opinion Turns To Support For Hezbollah."
"Series Of Woes Mar Iraq Project Hailed As Model."
"In California, Heat Is Blamed For 100 Deaths."
"Tour Champ Is Suspended After Testing Positive."
"Drug Makers Pay For Lunch As They Pitch."
"Las Vegas Makes It Illegal To Feed Homeless In Parks."
"Mrs. Astor's Son Denies Claims Of Neglect."
"Night Out in City Ends In Slaying Of Woman, 18."

Washington Post:
"Israelis, Hezbollah Keep Up Attacks."
"Detainee Abuse Charges Feared."
"Wife, Friend Tie Congressman To Consulting Firm."
"The Face of Poverty Ages In Rapidly Graying Japan."
"For Those Who Remain, A Cycle Of Siren and Shelter."
"Ad Clicks Add Up To Real Money.'

Washington Times:
"Tour Winner Landis Fails Doping Test."
"Chertoff Hails End Of Let-Go Policy."
"Israel Calls Up Reservists."
"Housing Prices At A Standstill."
"Pols Plum-Crazy For Candid TV."

Atlanta Journal-Constitution:
"Are The Braves Really Alive."
"Afghan Air Crash Kills Three Atlantans."
"Slaying Suspect Has 26 Year Criminal Past."
"Cycling Champ Thrown Off Course."

Houston Chronicle:
""Katrina Parolees On Lam In Texas."
"Israel Declines To Widen Offensive."
"Colorado Killer Claims Slaying Here -- 47 Others."
"He Couldn't Walk Away."
"Landis' Route: Innocence Or Humiliation."

Story Lineup From Last Night's Network News:
ABC: Israeli Offensive; Lebanon-Refugee Family; Al Qaeda Message; Iraq Violence; Iraq-US Brigade; Landis-Doping Allegation; Senior Abuse; Oil Profits; Suspected Serial Killer; Organ Transplants.
CBS: Landis-Doping Allegation; Israeli Offensive; Syria-Hezbollah; Exxon Mobil-Record Profits; Gas Prices; Texas Oil Town; Gas Prices-Working Poor; FBI-Terror Suspect; Video Game Theme Music.
NBC: Israeli Offensive; Lebanese Refugees; Children-Wartime; Iraq Violence; Landis-Doping Allegation; Stock Markets; Exxon Mobil-Record Profits; GOP-Midterm Elections; Senate-Water Leak; Annoying Commercial.

Story Lineup From This Morning's Radio News Broadcasts:
CBS: Landis-Drug Test Failure; Lebanon-US Citizen Evacuations; Israel-Lebanon Attacks; CA-Heat Wave; CO-Serial Killer; Wal-Mart Closing German Stores; Wall Street.
NPR: Israel-Lebanon Attacks; Rice-Asia Trip; CA-Heat Wave; WI-Heavy Rain Storms; Foreign Stock Markets; Taiwan-Earthquake; India-Train Bombing Arrests; TX-Yates Verdict; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with UK Prime Minister, Oval Office; holds joint press availability with UK Prime Minister, East Room; participates in photo opportunity with top 10 ``American Idol" finalists, Oval Office; participates in photo op with the 2006 Boys and Girls Nation delegates, East Room.

VICE PRESIDENT CHENEY — No public schedule.

DOJ_NMG_0043996

US Senate: 9:30 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Subcommittee on Federal Financial Management and International Security. Hearing on ``Cyber Security: Recovery and Reconstitution of Critical Networks." Testimony from George Foresman, DHS Under Secretary for Preparedness; Richard Schaeffer, Director of Information Assurance, NSA; Karen Evans, OMB; David Powner, GAO; Tom Noonan, chairman, ISS; Roberta Bienfait, senior vice president, AT&T Global Network Operations; Michael Aisenberg, VeriSign and IT Sector Coordinating Council; Karl Brondell, State Farm (representing Business Roundtable). Location: Room 342, Dirksen.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for legislative business.

Other: BRITSH PRIME MINISTER TONY BLAIR _ Highlights: Meets with President Bush.

OIL, SECURITY, CLIMATE CHANGE _ 12 p.m. - 6 p.m. Americans for Informed Democracy and the Elliott School of International Affairs sponsoring summit on ``Oil, Climate Change, and Security: A Bipartisan Approach." Event is a Young Global Leaders Summit for US college students. Location: Room 113, Elliott School of International Affairs, GWU, 1957 E St. NW.

CASPIAN ENERGY-ROMANIA _ 9 a.m. Jamestown Foundation holds briefing on ``Caspian Energy Exports & the Black Sea Corridor." Participants include Romanian President Traian Basescu; and Steven Mann, principal deputy assistant secretary for South & Central Asian Affairs, State Department. Location: Willard Hotel.

PENTAGON-IRAQ SECURITY _ 9 a.m. Army Col. John Tully, commander of 2nd Brigade Combat Team, 4th Infantry Division, will brief live from Iraq to give an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

GOP-MIDTERM ELECTIONS _ 10 a.m. Rep. Tom Reynolds, chairman of the National Republican Congressional Committee, holds pen and pad briefing to discuss the 2006 midterm elections. Location: first floor, 320 First St. SE.

CONGO ELECTIONS _ 10:30 a.m. Woodrow Wilson Center and the Kinshasa-based IFES hold discussion of upcoming elections in the Democratic Republic of Congo. Location: 5th floor conference room, Woodrow Wilson Center, Reagan Bldg.

PELOSI BRIEFING _ 10:45 a.m. House Democratic Leader Nancy Pelosi holds weekly briefing. Location: H-206, US Capitol. Notes: Pool coverage.

DEMOCRATS-IRAQ _ 11 a.m. US Senate Democratic Policy Committee holds oversight hearing on cronyism and mismanagement in Iraqi hospital reconstruction. At issue: a $243 million contract to rebuild 150 Iraqi health-care facilities. Witnesses include Iraqi doctor Ali Fadhi and Hala al-Sarraf, Iraqi Fulbright scholar. Location: Room 192, Dirksen.

CRISIS IN LEBANON _ 12 p.m. Arab American Institute holds briefing on the Mideast conflict and the role of the United States. Participants: Joseph Cicippio, held for five years as a hostage during Lebanon's civil war; Paul Salem, Carnegie's Middle East Center, Beirut; AAI President James Zogby; and representatives of World Vision, Catholic Relief Services and Mercy Corps. Location: SC-207, US Capitol.

IRAQ BOOK _ 1 p.m. New America Foundation holds forum with Thomas Ricks, author of ``Fiasco: The American Military Adventure in Iraq." Participants also include Col. Lawrence Wilkerson, ret., former chief of staff to Colin Powell. Location: 1630 Connecticut Ave. NW.

IRAQI MILITARY _ 2 p.m. - 4 p.m. The United States Institute of Peace hosts a discussion, ``When Will Iraq Stand Up?," with Lt. Gen. Nasier Abadi, deputy commander, Iraq Joint Forces, who will give an update on the progress of Iraqi military as it stands up and assumes its burden of the ``Clear, Hold, Build" effort in Iraq. The event will be moderated by Paul Hughes, U.S. Institute of Peace. Location: United States Institute of Peace, 2nd floor conference room, 1200 17th St. NW.

ARMENIA-TRADE _ 6:30 p.m. - 8:30 p.m. The Association of Women in International Trade holds its 2006 Summer Social, at which Armenian Economic Counselor George Kocharian will discuss the new trade and business environment of Armenia, the bilateral relation with the United States, as well as the role Armenian women have played in the economic and business development of the nation. Location: Embassy of the Republic of Armenia, 2225 R St. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JULY 28, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Administration Seeks Shield Against War Crimes Charges 3
Administration Drafts New Rules For Trying Detainees 3
Former NSA Officer Called To Testify In Leak Probe..... 4
45% Worry Terrorist Tracking Will "Go Too Far." 4
In New Video, Zawahri Calls For Holy War Against Israel, Supporters 4
Georgia College Student Pleads Not Guilty To Terrorism Charges 4
Judge Orders Islamic Charity Fundraiser Released Pending Deportation Appeal 5

Homeland Response:

Colorado Lawyer Sues FBI Over Terrorism Watch List Detentions..... 5
US-VISIT To Begin Fingerprinting Legal Permanent Residents ... 5
House Panel Criticizes Administration Implementation Of Intelligence Reforms 5
House Lawmakers Call For DHS Management Reforms..... 6
Taylor Responds To Brown Criticism 6

War News:

Democrats Say Bush Not Spending Enough To Repair, Replace Military Equipment 7
Baghdad Security Effort Puts Withdrawal Of US Troops In Doubt 7
Sergeant Provides Testimony On Plot To Kill Iraqi Prisoners 8
Bechtel Taken Off Basra Children's Hospital Construction 8
Saddam Trial Ends..... 8
Sixteen Dead In Helicopter Crash In Afghanistan 9
Santorum Says US At War With "Islamic Fascism."..... 9

Corporate Scandals:

Former WorldCom Officer Will Not Pay Fine..... 9

Criminal Law:

US Charges Three In Phone Stock Scam..... 9
Judge Dismisses Appeal By Former Hockey Player 9
Bush Signs Measure To Create National Database Of Convicted Sex Offenders..... 10
Chat Rooms Face School, Library Ban Under House Bill 10
Ralphs Grocery Chain Pleads Guilty To Illegal Hiring 10
FBI Subpoenas More Contracting Records From New Jersey Township..... 10
Ohio Bridge Inspector Sentenced To Probation For Taking Bribes..... 11
Jeffs' Nephew Jailed On Contempt Charges..... 11
Cities, States Take Measures To Keep Tabs On Sex Offenders 11
Virginia Executes Man For Killing Fellow Inmate..... 11
Fatal Stabbing Of Maryland Corrections Officer Described..... 11
Colorado Man Claims 49 Murders Over 25 Years..... 12
FBI Statistics Show Increase In Violent Crime 12
Series Of Killings Stuns Seattle 12
Virginia Student Who Stabbed Officers Sentenced To Five Years..... 13
USA Today Says Yates Verdict Reflects Healthy Legal Evolution13

Civil Rights:

FBI Investigating Allegations Of Excessive Force By Massachusetts Police..... 13
Son Of Fugitive Immigrant Smuggler Pleads Guilty To Sex Slavery Charges 14
Civil Rights Advocates Wary Of Bush Promise To Enforce Voting Rights Act 14
ACLU Says Some California Police Spy On Antiwar Protestors . 14
Pro-Life Groups Outraged Democrats Blocking Recently-Passed Abortion Bill..... 15
Community Relations Service Official Headlines Tennessee Meeting 15
Recent Rulings Called "Major Setbacks" For Same Sex Marriage Backers 15
"Don't Ask, Don't Tell" Policy Called "Weapon Of Vengeance." .. 15
Cummings-Kerry Bill Encourages Minority Entrepreneurship 15

Antitrust:

DOJ Probing Plavix Deal 16
DOJ Targets Foreign Cartel Operators..... 17
Judge Urged To Block McClatchy Deal..... 17
EMI Drops Merger Plans With Warner Music..... 17
Kazaa Settles Copyright Disputes With Record, Movie Industries17
Microsoft Shifts Focus From Desktop To Tap Emerging Markets18

Environment:

Asarco Deal Allows Sale Of Washington Superfund Property 18
Report Finds US Lax On Clean Air Requirements 19
Senate Leaders Promise Nelson To Resist Compromise With House On Energy Bill 19

Utilities Funding Scientist Who Questions Global Warming 20
Gulf Coast's "Dead Zone" Expected To Grow This Year..... 20
NYTimes Criticizes Cuts In NASA Programs That Examine Climate Change 20
WSJournal Says Kelo Decision Among Supreme Court's Worst 20

FBI/DEA/ATF/USMS:

FBI, California Officials Launch First Joint Regional Intelligence Center 21
Trainer Again Appears Before Federal Grand Jury In Bonds Investigation 21
Tour de France Winner Suspended By Cycling Team For Positive Doping Test 21
Washington State Man Cited As Regional Leader Of Khat Smuggling Ring 22
Panel Rules ATF Not Required To Pay Teleworkers' Broadband Costs 23
Marshals Say Threats Against Judges On The Rise 23

Immigration:

Chertoff Says US To Have Operational Control Of Southwest Border In 2008 23

Tax:

Judge Says US Coerced KPMG Employees 24
US Seeks Injunction Against Texas Tax Preparer 24

Congress-Administration:

Bush Touts Hybrid Technology, Manufacturing Expansion In NAM Speech 25
Debate On Bolton Confirmation Once Again Breaking Along Partisan Lines 25
Bush's Casual Style Said To Show Lack Of Gravitas 26
House, Senate Split On Pension Reform Bill 26
Congress Expected To Pass Only Watered-Down Ethics Reform Bills 27
Davis Friend's Consulting Firm Profits From Contracts Under His Jurisdiction 27
Bush To Welcome "American Idol" Contestants To White House28
Krugman Says Bush "Propaganda Machine" Rewriting History.. 28
WPost Criticizes Bush Use Of Signing Statements 28
LATimes Says Court Brought Sensenbrenner's Scrutiny On Itself 28

Other News:

Conservatives Support Initiatives To Limit State Government Spending 28
Democrats Roll Out Election Battle Plan 29
Dole Says Republicans Will Keep Majority In Senate 29
Lieberman, Lamont Intensify Ad Campaigns 29
Minnesota Senate Contest One Of Closest 2006 Races 30
Harris Demands Apology From Dean For Comparing Her To Stalin 30
WPost Questions Steele's Readiness For Limelight 30
Democrats Hope Stem Cell Research Issue Will Tip Balance In Key Races 30
Sheehan Buys Land In Crawford To Facilitate Protests 30
Card Joins Union Pacific Board 30
Bill Clinton, Bono Among Speakers At Conference Of News Corp. Executives 30
Professor Says Charities Should Offer Money-Back Guarantees31
Bush Declines To Criticize Israel For Lebanon Offensive, Denounces Iran's Role 31
Current State Of US Diplomacy Called "Dreary," Rice Said To Have Lost PR War 33
Bush, Blair To Discuss Mideast Crisis At White House Today.... 34
Israeli Minister Suggests US, Allies Gave Green Light To Lebanon Offensive 34
Israeli Ambassador Rules Out UN Role In International Force ... 35
Israel Calls Up 50,000 Reservists 35
In New Video, Zawahri Calls For Holy War Against Israel, Supporters 37
Cheney Calls US Commitment To Peace On Korean Peninsula "Unbreakable." 37
Bush, Basescu Discuss Visas, War Support 37
Islamists Take Over Somalia's Presidential Palace 38
Russia, Venezuela Announce Deal On Jet Fighters, Helicopters 38
Libya Has Returned Uranium To Russia 38
Schwab Says Fears Over China Helped Derail Trade Talks 38
London Residents Complain About US Embassy 38
Pre-Election Violence Flares In Congo 39
Peru's Garcia Expected To Emerge As Anti-Chavez Force 39
Number Of Indigent Seniors In Japan Skyrocketing 39
NYTimes Criticizes Nuclear Deal With India 39

The Big Picture:

Headlines From Today's Front Pages 40

Washington's Schedule:

Today's Events In Washington 40

DOJ_NMG_0044000

TERRORISM NEWS:

Administration Seeks Shield Against War Crimes Charges. The Washington Post (7/28, A1, Smith) reports, "An obscure law approved by a Republican-controlled Congress a decade ago has made the Bush administration nervous that officials and troops involved in handling detainee matters might be accused of committing war crimes, and prosecuted at some point in U.S. courts." The Post continues, "Senior officials have responded by drafting legislation that would grant U.S. personnel involved in the terrorism fight new protections against prosecution for past violations of the War Crimes Act of 1996. That law criminalizes violations of the Geneva Conventions governing conduct in war and threatens the death penalty if U.S.-held detainees die in custody from abusive treatment. … In light of a recent Supreme Court ruling that the international Conventions apply to the treatment of detainees in the terrorism fight, Attorney General Alberto R. Gonzales has spoken privately with Republican lawmakers about the need for such 'protections,' according to someone who heard his remarks last week." The Post adds, 'Gonzales told the lawmakers that a shield is needed for actions taken by U.S. personnel under a 2002 presidential order, which the Supreme Court declared illegal, and under Justice Department legal opinions that have been withdrawn under fire, the source said. A spokeswoman for Gonzales, Tasia Scolinos, declined to comment on Gonzales's remarks. …. The Justice Department's top legal adviser, Steven G. Bradbury, separately testified two weeks ago that Congress must give new "definition and certainty" to captors' risk of prosecution for coercive interrogations that fall short of outright torture."

Administration Drafts New Rules For Trying Detainees. The Washington Post (7/28, A23, Smith, 748K) reports, "The Bush administration likes to keep its work under wraps until it's finished, but that proved impossible with a draft bill detailing procedures the administration is considering for bringing to trial those it captures in the war on terrorism, including some stark diversions from regular trial procedures." Uniformed military lawyers' "views are being solicited only now," and "the trial procedures still must pass a gantlet of senators from both parties who have criticized the administration for mistreating detainees." The military commissions "could impose a penalty of life imprisonment or death based on evidence never disclosed to the accused. Military judges could also exclude defendants from their trials whenever 'necessary to protect the national security.'" Also, "speedy trials are not required" and "hearsay information is admissible." Notably, a phrase restricting the commissions from trying US citizens "is crossed off in the text of" the copy the Post obtained.

Guantánamo Suit To See Fourth Round Of Filings. The New York Times/AP (7/28) reports, "A federal appeals court granted a Bush administration request to make more legal arguments over the fate of hundreds of lawsuits filed by detainees held at Guantánamo Bay." Both sides will "provide their views in writing… about the impact of the Supreme Court's ruling in June in the case of a driver for Osama bin Laden, Salim Ahmed Hamdan," in "a rare fourth round of legal filings to determine the fate of lawsuits that detainees filed challenging their detentions."

More Commentary. In a column distributed by Scripps Howard (7/27), Dale McFeatters writes, "The Bush administration has a gift for not learning from its mistakes. After having its plan for military tribunals slapped down by the Supreme Court, it went back to the drawing board and came up with basically the same plan. … The new plan for trying terror detainees was drawn up by a close circle of civilian political appointees at the White House, Pentagon and Justice Department. Just like the last plan, this one was drawn up, according to The Washington Post, 'without substantial input from the military's corps of uniformed lawyers.' The military judge advocates general were given copies of the plan this week only after it had been largely decided on." McFeatters continues, "The military lawyers were outraged at the administration's original plan for tribunals that would have made them party to kangaroo courts whose final verdict was in the hands of the president and secretary of defense. … Despite the Supreme Court's enjoinder that the detainee trials have 'all the judicial guarantees which are recognized as indispensable by all civilized peoples,' the new plan would allow defendants to be excluded from their own trials, and admit hearsay evidence. While it would ban evidence obtained by torture, it would admit evidence obtained by coercion. … The Geneva Convention on the treatment of enemy prisoners calls for them to be tried under the same system that a nation's own soldiers are tried; in the case of the United States, courts-martial conducted under the Uniform Code of Military Justice." McFeatters concludes, "Why doesn't the White House turn to the JAGs -- the military judges, prosecutors and defense lawyers who have to make these proceedings work -- and ask them how the detainees should be tried? After all, the military will still have the problem of the detainees to deal with after -- maybe long after -- the Bush administration leaves office."

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Former NSA Officer Called To Testify In Leak Probe. The Washington Times (7/28, Gertz, Scarborough, 88K) reports in its "Inside The Ring" column, "Former National Security Agency (NSA) intelligence officer Russ Tice was subpoenaed by a federal grand jury this week to testify in the investigation into who provided the New York Times with details of the agency's counterterrorism eavesdropping program. A grand jury in Alexandria is looking into potential violations of Section 793 of the espionage code, which deals with unauthorized gathering, transmission or loss of secret defense information."

45% Worry Terrorist Tracking Will "Go Too Far." The Wall Street Journal (7/28, Harwood, 2.03M) reports in its "Washington Wire" column that "a new Wall Street Journal/NBC News poll found that a "45% plurality frets terrorist-tracking will 'go too far' and trample privacy, up from 31% three months after 9/11."

In New Video, Zawahri Calls For Holy War Against Israel, Supporters. NBC Nightly News (7/27, lead story, 2:45, Williams, 9.87M) reported, "Al Qaeda has now weighed in as well" on the Israeli action against Hezbollah. "The number two man Ayman al-Zawahri in a tape called on all Muslims to rise up on holy war against Israel and any nation that supports the Israeli war on Hezbollah." ABC World News Tonight (7/27, story 3, 0:15, Gibson, 8.78M) noted that al Qaeda is "taking note of what is happening in Lebanon," as Zawahri "urged Muslims to wage a Holy War against Israel and join the fighting in Lebanon and Gaza. He said, 'Rise, seek martyrdom, wreak havoc on the crusaders and the Zionists.'" The CBS Evening News (7/27, story 2, 3:40, Logan, 7.66M) added that "al Qaeda's number two promised to make this cross-border war between Israel and Hezbollah felt all over the world by calling on Muslims everywhere not to stand by watching bombs raining on our people."

The AP (7/28) reports Zawahri "said that al Qaeda now views 'all the world as a battlefield open in front of us.' … Kamal Habib, a former member of Egypt's Islamic Jihad militant group who was jailed from 1981 to 1991 along with al-Zawahri, said the al Qaeda No. 2's outreach to Shi'ites and non-Muslims was unprecedented and reflected a major change in tactics." The AP notes, "There was little reaction from the Arab world to the broadcast. One exception was Lebanon, whose finance minister said yesterday that Israel's incursion into southern Lebanon has encouraged al Qaeda to come to the region."

Video Spurs FBI Concern About 9/11 Pilot's Former Roommate. The CBS Evening News (7/27, story 8, 3:20, Schieffer, 7.66M) reported that in Ayman al-Zawahri's video, "one thing did get the FBI's attention -- pictures on the tape that add to worries a known terror suspect may be hatching a new 9/11-style plot." CBS (Stewart) noted Muhammad Atta's photo appears behind Zawahri and added, "One of the enduring questions facing the FBI is whether Atta and his accomplices had any help in the US. … Well, an old face from that investigation has resurfaced, and he's raising eyebrows at the FBI." Rayed Abdullah "studied flying in the US and was roommates with Hani Hanjour, the terrorist who piloted the plane that crashed into the Pentagon. While the two lived in Phoenix, Abdullah reportedly gave extremist speeches at a local mosque. That caught the attention of FBI agent Ken Williams, who listed Abdullah when he wrote the infamous 'Phoenix memo' two months before 9/11, warning that al Qaeda terrorists might be taking flying lessons in America. Only no one at FBI headquarters, it turned out, ever acted on that memo." CBS notes that Abdullah earlier this year tried to obtain flight training in New Zealand under an alias and was deported to Saudi Arabia, "but he was recently released and now we're told he's dropped from sight." FBI agents "really don't know what he's up to, but no one that I've talked to here is happy that this man is trying to fly airplanes again."

Georgia College Student Pleads Not Guilty To Terrorism Charges. In a widely-distributed story, the AP (7/28, Weber) reports, "A college student accused of discussing terror targets with Islamic extremists and training for 'violent jihad' pleaded not guilty Thursday in a case his lawyer said amounts to nothing more than 'imprudent talk.'" After the arraignment, Syed Ahmed's lawyer, Jack Martin, said, "There's no allegation that he's committed any terrorist act." The AP notes that Ahmed and codefendant Ehsanul Islam Sadequee "were charged with providing material support to terrorists," and "Sadequee is scheduled to be arraigned Aug. 18." The Atlanta Journal-Constitution (7/28, Reid, 399K) adds, "The U.S. attorney's Atlanta office tacked on three additional counts having to do with conspiracy to provide material support to terrorists and foreign terrorist organizations. … Ahmed originally was indicted in March on one count of providing material support to terrorist."

Columnist Derides "Aspirational Terrorism." In a Christian Science Monitor (7/28, 58K) column, Ruth Walker writes, "Have you noticed? There's a new front in the global war on terror: 'aspirational terrorism.'" Walker notes that a US official called the recent New York City plot aspirational, and when announcing the arrest of the alleged Sears Tower plotters, FBI Deputy Director John Pistole "described the state of that plot as more 'aspirational than operational.' Pistole's words made for a good quote -- its almost-rhyme made it catchy, but not as kitschy as an exact rhyme could so easily be." Walker speculates on the etymology of the word and adds, "no wonder it's catching on. After all, 'aspirational'

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is a dignified-sounding five-syllable word, which, if you're a government official trying to buy yourself time to think on your feet under hot TV lights, must seem like a godsend. If I were, say, an FBI spokeswoman trying to talk about alleged plotters under arrest who may not be the real deal, I'd rather be able to call them aspirational terrorists than have to call them wannabes. Wouldn't you?"

Judge Orders Islamic Charity Fundraiser Released Pending Deportation Appeal. The AP (7/28, Marquez) reports US District Judge Terry Hatter "has ordered that a top fundraiser for an Islamic charity the government says has ties to terrorism be released from detention, his attorney said Thursday." Holy Land Foundation fundraiser Abdel-Jabbar Hamdan, "who has been held for two years, was ordered released without bond, according to his attorney, Ranjana Natarajan of the American Civil Liberties Union of Southern California." The AP notes that "Hamdan was ordered deported on the immigration charges. His requests to be released on bond while he fights the charges had been denied repeatedly until this week." The Los Angeles Times (7/28, Reza, 918K) adds, "The Hamdan case has become a symbol among those who maintain that the Bush administration has wrongly used terrorism allegations to jail Muslims, sometimes holding them for months without bond. In cases such as Hamdan's, suspects are charged with immigration law violations."

The New York Sun (7/28, Gerstein) reports, "Mr. Hamdan, who is of Palestinian Arab descent, fought his deportation by arguing that the claims that he had ties to Hamas would make him likely to be tortured if he was returned to Jordan. He said he believed Holy Land Foundation supported charitable relief for Palestinian Arabs and had no connection to Hamas or terrorism."

HOMELAND RESPONSE:

Colorado Lawyer Sues FBI Over Terrorism Watch List Detentions. The Denver Post (7/28, Finley, 256K) reports, "A Colorado lawyer stopped by local police in three states because his name appears on a federal terrorist watch list is challenging the government's ability to detain him." In a lawsuit filed yesterday in US District Court in Santa Fe, Francisco "Kiko" Martinez "alleges federal and state officials violated his constitutional rights during traffic stops. … The lawsuit names FBI Director Robert Mueller and local police and seeks unspecified compensation and punitive damages." The Post notes, "He and his attorneys contend that he wrongfully was placed on a federal Violent Gang and Terrorist Organization list after he was charged with sending letter bombs in 1973," and fled the US. "Border guards caught him in 1980 trying to re-enter from Mexico. Courts cleared him of all charges." The Post adds, "Information used to place people on the watch list system 'has been vetted,' FBI spokeswoman Monique Kelso said, declining to comment on the Martinez case. The system's protocol, she said, 'does not permit local law enforcement to hold people indefinitely.'"

The AP (7/28, Baker) reports, "In three incidents since 2000, he says police held him without any probable cause or reasonable suspicion that he had committed a crime or was a terrorist. 'The government thinks it can detain and handcuff innocent people any time it wants to in the name of national security,' Martinez said in a statement released by his lawyers. The defendants in the lawsuit include FBI Director Robert Mueller and former New Mexico Police Chief Carlos Maldonado."

US-VISIT To Begin Fingerprinting Legal Permanent Residents. The Washington Post (7/28, A14, Hsu, 748K) reports that in "a significant expansion of a long-stalled border security program," US-VISIT, "millions of legal permanent residents will soon have to be fingerprinted and photographed before reentering the United States by sea or air…officials announced yesterday. Those requirements…will be applied around the end of the year to the more than 11 million holders of green cards, as well as all immigrants, refugees, asylum seekers, people paroled to the United States and travelers under the Guam Visa Waiver Program, said Robert A. Mocny, acting director of US-VISIT." The Post notes, "The Homeland Security system now collects two fingerprints from each person, but officials hope to pilot a 10-print system next year and deploy it in 2008 or 2009. The smaller system cannot tap into an FBI fingerprint database or include enough data to accurately identify individuals in the entire population, Mocny said."

House Panel Criticizes Administration Implementation Of Intelligence Reforms. The New York Times (7/28, Mazzetti, 1.21M) reports, "In a blunt assessment of the efforts to overhaul the United States' spying apparatus, a bipartisan group of lawmakers criticized the director of national intelligence on Thursday for a 'lack of urgency' in addressing failures that led to the Sept. 11 terrorist attacks and the faulty assessments about Iraq's banned weapons programs." The House Intelligence Subcommittee on Oversight "report also criticized continued lack of communication between spy agencies and a cumbersome bureaucracy that governed security clearances." DNI John Negroponte said in a statement "Thursday that the report 'helps us take stock of our progress and chart the way ahead.'" The Times adds that Negroponte "also issued a progress report, citing the achievements of his office in carrying out recommendations of a 2005 White House commission that studied the failures in assessing

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Iraq's weapons." Negroponte "cited improvements in intelligence sharing between the United States and its allies," as well as "new 'structural changes,' like creation of the National Security Branch at the F.B.I."

The AP (7/28, Jordan) notes, "The House report credited intelligence agencies with better communication through videoconference calls. It found that intelligence reports to the president and Congress were improved with the inclusion of information from secondary intelligence agencies. But it noted that information sharing among the agencies remains a top concern, citing an interview with a National Counterterror Center official who said that his office was analyzing much of the same intelligence as the CIA and Pentagon. … The report also rapped Negroponte's leadership ability, saying he needs to develop performance plans with the leaders of the disparate intelligence agencies and be more responsive to Congress."

CQ (7/28, Starks) reports Subcommittee Chairman William M. Thornberry "said the panel was open to legislative fixes if the administration convinces lawmakers that aspects of the overhaul law…are unworkable. But he said they have no plans to push any changes in Congress this year." Ranking Democrat Robert E. Cramer said of yesterday's report, "This is the first of what we consider to be many reports we plan to issue. It was a bipartisan effort, a tough effort, to hold the administration's feet to the fire."

House Democrats Oppose Proposed Surveillance Changes. CNET News (7/28, Broache) reports, "Republican-backed legislation designed to broaden a 1978 eavesdropping law came under renewed attack on Thursday by Democrats who have been briefed about the details of the Bush administration's warrantless telephone and Internet monitoring program." CNET continues, "Meanwhile, the handful of Republicans present at a U.S. House of Representatives Intelligence Committee hearing here, including Chairman Peter Hoekstra of Michigan, touted a new proposal called the Electronic Surveillance Modernization Act. Supporters say its provisions would speed initiation of terrorist investigations and account for use of communications technologies unforeseen by the 28-year-old Foreign Intelligence Surveillance Act (FISA). … 'It should be clear that the intelligence community requires additional tools,' Hoekstra said at the second open meeting he has convened in the past week. He went on to argue that the Bush administration launched its terrorist surveillance program in the way it did 'because of the deficiencies in FISA and the process used to implement it--not in spite of FISA.'" CNET notes, "FISA requires investigators to obtain a warrant from a secret court before conducting wiretapping on international communications when at least one end is located in the United States. The controversial National Security Agency terrorist surveillance program, confirmed by President Bush after a December New York Times report, did not receive the FISA court's approval prior to its start, even though officials, such as Attorney General Alberto Gonzales, have acknowledged that ordinary Americans may inadvertently be under surveillance. … The purpose of Thursday's hearing was to hear testimony from the sponsors of three FISA-related bills pending on the House side. It occurred one day after the heads of the Central Intelligence Agency and NSA urged a U.S. Senate committee to update FISA for the 21st century. The officials said it's impractical to use such warrants when tracking technologically savvy, ever-shifting terrorist targets and endorsed a controversial 'compromise' bill negotiated by Sen. Arlen Specter, a Pennsylvania Republican, and the White House."

House Lawmakers Call For DHS Management Reforms. The New York Times (7/28, Lipton, 1.21M) reports members of the House Government Reform Committee, commenting Thursday on a report bipartisan report that identified 32 DHS contracts said to "have experienced significant overcharges, wasteful spending or mismanagement," demanded "that the department act immediately to eliminate management problems." The Times notes that the majority of "troubled contracts had been publicly identified before, and several were let by agencies now within Homeland Security that existed before the department…began operations." DHS Chief Procurement Officer Elaine C. Duke "said she was hiring more staff members, improving training and taking other steps to address the shortcomings."

The AP (7/27, Jordan) reported, "The House report was a comprehensive study of more than 350 earlier-reported government audits and investigations of Homeland Security contracts between 2003, when the department was created, and 2005. Still, the broad look found that Homeland Security's procurement spending ballooned from $3.5 billion, on 14,000 contracts, to $10 billion for 63,000 contracts during the two-year period." Duke said "that part of the problem stemmed from a lack of department officers to oversee the contracts."

Taylor Responds To Brown Criticism. The AP (7/27, Jordan) reported in response to comments made by Michael Brown that he was a "little twerp," Rep. Gene Taylor released a statement Thursday calling the former FEMA director "an incompetent fool." Taylor said that if he had known before a House inquiry into the federal response to Hurricane Katrina that Brown "was up in Baton Rouge ordering steaks on his government credit card at the same time the people of South Mississippi were resorting to police-sanctioned looting to feed themselves, I would have done more than just verbally kick his butt." Brown's comments about Taylor came in a Playboy interview, in which he

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questioned "Homeland Security Secretary Michael Chertoff's ability to run that department."

WAR NEWS:

Democrats Say Bush Not Spending Enough To Repair, Replace Military Equipment. The Los Angeles Times (7/28, Havemann, Levey, 918K) reports, "congressional Democrats, supported by top Army brass, complain that the Bush administration is not spending enough to repair or replace weapons systems used in combat," and "top Democrats on the House Armed Services and Appropriations committees have held news conferences in the last two days, urging the administration to submit an emergency request for $17 billion for this year alone -- an amount suggested by Gen. Peter J. Schoomaker, the Army chief of staff." Rep. David R. Obey" said the administration was trying to cover up the effects on the federal deficit of its campaign to cut taxes while it was fighting a war." While "Democrats have made no secret that they want to use military readiness to help turn the issue in their favor" for midterm elections, "Republicans scoff at the Democrats' strategy."

The AP (7/28, Jelinek, Lenz) adds that Defense Secretary Rumsfeld "met privately with lawmakers on Capitol Hill throughout the day Thursday to discuss funding needed for troops and the replacement or repair of equipment damaged in combat." He said, "There is no question that resetting the force after the heavy usage that's occurred costs money and will have to be funded in supplementals for a period of time."

Rumsfeld Warns Congress Not To Cut Missile Defense Budget. The Washington Times (7/28, Gertz, Scarborough, 88K) reports in its "Inside The Ring" column, "Defense Secretary Donald H. Rumsfeld is warning Congress not to cut his missile defense budget, citing 'current world events,' an apparent reference to North Korea's and Hezbollah's missile firings and Iran's fiery rhetoric. Mr. Rumsfeld made his objections known in a letter to Senate Armed Services Committee Chairman John W. Warner, Virginia Republican, and House Armed Services Committee Chairman Duncan Hunter, California Republican. The two committees are meeting in conference to hash out a defense authorization bill for the fiscal year beginning Oct. 1."

Baghdad Security Effort Puts Withdrawal Of US Troops In Doubt. ABC World News Tonight (7/27, story 5, 0:10, Gibson, 8.78M) reported, "The US effort to secure Baghdad means an army unit that was supposed to be doing home won't. Today defense secretary Donald Rumsfeld ordered 3,500 soldiers and the 172nd Stryker Brigade to stay for up to four months longer."

The Los Angeles Times (7/28, Spiegel, Barnes, 918K) reports, "President Bush's decision to increase the number of U.S. troops in violence-plagued Baghdad, Iraq, has forced commanders to extend the tours of 3,500 soldiers and appears to eliminate prospects for significant withdrawals of U.S. forces this year," and "even Defense Department officials who talked of reductions are discounting the prospects of near-term cuts." Defense Department Secretary Donald H. Rumsfeld "addressed the altered plans during a brief public appearance Thursday at the Pentagon." The Times mentions the 172nd Stryker Brigade and notes that the deployment "could have political repercussions. Republican candidates facing antiwar sentiment had been hoping to be able to point to troops coming home in significant numbers before the November elections."

The AP (7/28, Jelinek, Lenz) mentions the 172nd, and ads, "the Pentagon signaled plans to maintain or possibly increase the current level of about 130,000 troops in Iraq, by announcing that roughly 21,000 Army soldiers and Marines have been told they are scheduled to go to Iraq during the current 2006-2008 rotation. Combined with two previous announcements of about 113,000 U.S. service members scheduled for the rotation period, this could bring the number of U.S. troops there to 134,000, if all are deployed," and "calls into question whether the Pentagon could significantly reduce troop levels in Iraq by year's end as commanders had hoped." The AFP (7/28, Mannion) characterizes, "The move indicated that US commanders have effectively given up hopes for even a gradual reduction in the US force this year on account of a bitter insurgency and spiraling sectarian violence."

Military Said To Be Discouraged From Requesting More Troops. McClatchy (7/28, Lasseter) reports that the additional troop deployment "underscores a problem that's hindered the American effort to rebuild Iraq from the beginning: There aren't enough troops to do the job. Many U.S. officials in Baghdad and in Washington privately concede the point. An "American defense official in Iraq said officers were discouraged from making such requests, and officers in Washington and at the military's Central Command confirmed that," saying, "if you ask for more you're going to get hammered." High-ranking, active-duty U.S. officers are reluctant "to discuss their concerns about troop levels publicly, for fear of being reprimanded or having their careers cut short. There's an unwritten understanding, they said, that the Bush administration doesn't want to hear about the need for more troops."

Violence Continues In Baghdad. ABC World News Tonight (7/27, story 4, 2:05, Gibson, 8.78M) reported, "And next, we turn to Iraq. It was just two days ago, that Iraq's Prime Minister stood at the White House, as President Bush announced the redeployment of thousands of American troops to Baghdad. A horrific attack today underscored just

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how difficult it is to make the capital city secure. ABC's Terry McCarthy is in Baghdad." ABC (McCarthy) added, "The battle for Baghdad is on. A series of rockets and mortars, lands in a busy shopping district. Minutes later, a car bomb goes off outside a gas station, a couple of blocks away, shooting fire balls across the street. An apartment building collapses. 31 dead, over 150 injured. And another neighborhood in the city plunged into the sectarian conflict. Karada has a mix of Shiite Muslims and Christians. Police say the rockets came from a Sunni Muslim suburb to the south."

NBC Nightly News (7/27, story 4, 2:40, Colt, 9.87M) reported, "In 10 minutes, more than two dozen dead, 100 injured. A precisely timed attack, a car bomb and at least three mortar shells for the first time hitting the heart of the Shiite Karada district. The blasts so powerful, it sheered the side off this apartment building, trapping some inside. With more than 100 people dying every day here now, across Iraq, anger and desperation are boiling over. Across Baghdad today, 19 more tortured bodies were discovered."

The Los Angeles Times (7/28, Daragahi, 918K) reports, "The 10 a.m. attack bore the signature of Sunni Arab insurgents possibly allied with foreign extremists, such as Al Qaeda in Iraq. Police said four of the five blasts were caused by rockets or mortars." But "officials have often attributed such explosions to indirect fire, hoping to stave off blame for allowing drivers to maneuver explosives-packed vehicles past checkpoints that dot the city." The Washington Post (7/28, A16, Partlow, Nouri, 748K) and Los Angeles Times (7/28, Daragahi, 918K), among other sources, also report on the violence.

Insurgent Snipers Trained In "Sophisticated" Techniques. USA Today (7/28, Diamond, 2.27M) reports that an insurgent sniper training manual posted on the Internet contains "sophisticated sniper techniques for targeting U.S. troops that include singling out engineers, medics and chaplains." Even as more troops enter Baghdad, the "threat of sniper fire is greatest in urban areas because shooters have more hiding places." Previously, the Army's intelligence branch at the Training and Doctrine Command at Fort Leavenworth in Kansas studied the sniper problem…out of concern that it wasn't getting enough attention. Three reports were distributed to officers in charge of training troops for duty in Iraq."

Ignatius Argues Death Squads Must Fear Capture. David Ignatius writes in his column in the Washington Post (7/28, A25, 748K) that Prime Minister Maliki "has endorsed an aggressive strategy to retake Baghdad from the Shiite death squads roaming the streets," under the premise "that unless Maliki's Shiite-dominated government can stop the death squads from his own sect, he will have no chance of co-opting Sunni insurgent groups." Called Operation Together Forward, it is "at the center of the new strategy for securing Baghdad" that also includes "beefing up the 52,000 U.S. and Iraqi troops in the city by about 20 percent." Still, "at this late stage of the Iraq story, skepticism is in order whenever officials talk of grand new strategies. … What would change the equation would be if death squad leaders became afraid that they themselves would be captured or killed. That's the brutal logic of America's war in Iraq as it begins its decisive final chapters."

Sergeant Provides Testimony On Plot To Kill Iraqi Prisoners. The New York Times (7/28, Worth, 1.21M) reports that Sgt. Lemuel Lemus, on June 15 "offered a new and much darker account" of "how members of his unit shot and killed three Iraqi prisoners." Instead of them trying to escape, he "said he had witnessed a deliberate plot by his fellow soldiers to kill the three handcuffed Iraqis and a cover-up in which one soldier cut another to bolster their story. The squad leader threatened to kill anyone who talked." The case "has raised questions about the rules under which American troops operate and the possible culpability of commanders. Four soldiers have been charged with premeditated murder in the case. Lawyers for two of them, who dispute Sergeant Lemus's account, say the soldiers were given an order by a decorated colonel on the day in question to 'kill all military-age men' they encountered." The Times calls Lemus's statement "an extraordinary window into the pressures American soldiers face in Iraq."

Bechtel Taken Off Basra Children's Hospital Construction. The New York Times (7/28, Glanz, 1.21M) reports, "The United States is dropping Bechtel, the American construction giant, from" the Basra Children's Hospital project "after the project fell nearly a year behind schedule and exceeded its expected cost by as much as 150 percent." The Times calls it "the latest in a series of American taxpayer-financed health projects in Iraq to face overruns, delays and cancellations." The Army Corps of Engineers will take over, as "abandoning the project could be tricky politically because of the high-profile support from" first lady Laura Bush and Secretary of State Condoleezza Rice. A senior Bechtel official said they "in essence volunteered to leave the project because the security problems had become intolerable." However, "while Bechtel pointed to security problems in delaying the project and increasing its cost, the Iraqis generally rejected that view."

Saddam Trial Ends. The New York Times (7/28, Von Zielbauer, 1.21M) reports, "The trial of Saddam Hussein and seven other former officials on charges of crimes against humanity ended after nine months on Thursday with closing arguments from the final two defendants. The chief judge, Raouf Abdel-Rahman, said he and four other judges would announce their verdict, which could carry the possibility of

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death by hanging for Mr. Hussein, on Oct. 16." Saddam "was not in the courtroom on Thursday, having made his final arguments on Wednesday through court-appointed lawyers whom he has repudiated. His own lawyers have boycotted the trial since July 10 to protest his treatment and the legitimacy of the entire proceeding."

Sixteen Dead In Helicopter Crash In Afghanistan. The New York Times (7/28, Munadi, 1.21M) reports, "A helicopter headed for the headquarters of a provincial civilian aid group crashed Wednesday in Afghanistan, killing as many as 16 people, including 2 Dutch soldiers and possibly 2 or more American civilians, Afghan and American officials said Thursday." Col. Tom Collins, a spokesman for the American-led coalition forces, "said 16 people of various nationalities had been onboard and no one had survived. Twelve bodies were recovered, he said, adding, 'There is no indication yet as to what caused the crash.'"

Santorum Says US At War With "Islamic Fascism." Sen. Rick Santorum said on Fox News' The O'Reilly Factor (7/27) that if President Bush has "done anything wrong on this war it's to define it as a war on terror. Terror is a tactic. It's like saying that World War II was a war on blitzkrieg. We fought the Nazis in World War II, the communists in the Cold War. We're fighting Islamic fascists, both states like Iran, as well as terror organizations that are connected to Iran."

CORPORATE SCANDALS:

Former WorldCom Officer Will Not Pay Fine. The Wall Street Journal (7/28) reports, "Scott Sullivan, the former WorldCom Inc. chief financial officer who helped perpetrate an $11 billion accounting fraud at the telecommunications company, won't have to pay a fine because his fortune has already been given up, securities regulators said." The Journal continues, "Mr. Sullivan, who is serving a five-year prison term, had agreed in a settlement that he owed nearly $13.6 million in penalties for his role in the scandal at WorldCom, The telecom titan collapsed into bankruptcy and re-emerged as MCI Inc., which later was purchased by Verizon Communications Inc." The Journal adds, "The Securities and Exchange Commission said in a Manhattan federal court that Mr. Sullivan wouldn't be forced to pay because he is out of money. The former executive previously surrendered his $11 million mansion in Boca Raton, Fla., to settle a class-action lawsuit filed by WorldCom investors. He also gave up his depleted WorldCom retirement account, leaving him with nothing for regulatory fines."

CRIMINAL LAW:

US Charges Three In Phone Stock Scam. The Washington Post (7/28, D3, Johnson) reports, "Federal prosecutors yesterday filed criminal charges against three people who allegedly preyed on unsuspecting investors with voice mail messages disguised as confidential stock tips left on the wrong answering machine." The Post continues, "At the same time, the Securities and Exchange Commission lodged civil fraud charges against the trio, who authorities say stood at the center of a plot to drum up interest in six thinly traded stocks by using a previously unknown method known as 'vice mail.'" The Post adds, "The phone messages, which reached hundreds of thousands of households from July 25, 2004, to Aug. 18, 2004, apparently had the desired effect, securities officials said. The trading volume of the six stocks at issue rose by 1,500 percent and their market capitalization grew by $179 million, according to the SEC complaint. In all, more than 1,700 people from 43 states and the District called regulators with concerns about the phone messages when they were broadcast two years ago. … Authorities say many of the breezy calls were recorded by Anna A. Boling of Altamonte Springs, Fla., while her former husband, Roderick L. Boling III, prodded a telemarketer to disseminate them. Along with stock promoter Jeffrey S. Mills and his company, Direct Results of Sweetwater LLC, the Bolings face multiple wire fraud, conspiracy and securities fraud charges, according to a statement by U.S. Attorney Kenneth L. Wainstein." The Post notes, "The lawsuits, filed in federal court in Washington yesterday, include claims that Mills and Roderick Boling traveled in August 2004 to a casino in Gulfport, Miss. There, Mills allegedly gave a blue duffel bag filled with cash to Boling, who passed along $40,000 of the funds to telemarketer Michael J. O'Grady. O'Grady, of Augusta, Ga., pleaded guilty in May 2005 to obstructing justice and agreed to assist prosecutors with the investigation. … Roderick Boling instructed telemarketers to leave messages only on answering machines or voice mail systems and told them to never call the same number twice, the SEC lawsuit says."

Judge Dismisses Appeal By Former Hockey Player. The AP (7/28, Press) reports, "A federal judge (in East St. Louis, IL) has refused to revisit the prison sentence he handed Mike Danton for the former St. Louis Blues player's failed bid to have his agent killed, again foiling the inmate's push to be transferred to his native Canada to serve his time." The AP continues, "In throwing out Danton's appeal, U.S. District Judge William Stiehl found that Danton knowingly and voluntarily waived his right to challenge the 7 1/2-year sentence he got in November 2004 after accepting a

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deal with prosecutors and pleading guilty to murder conspiracy charges. … The ruling assures that Danton remains inmate No. 10096-111 at a prison in Fort Dix, N.J." The AP adds, "One of Danton's attorneys, Howard Kieffer of Santa Ana, Calif., said Thursday a decision on subsequent appeals would be made 'within an appropriate time period.' … With Danton's July 2004 plea, prosecutors agreed not to oppose Danton's deportation to Canada, where he said he wanted to get behind-bars surgical treatment for a shoulder injury and therapy for what his sentencing request called his 'grave mental disorders.' … Danton sued the U.S. government last November, contending that he unfairly has not been transferred to Canada and arguing that 'similarly situated applicants have been approved for removal to their home nations, which include Canada.' Danton asked to be resentenced."

Bush Signs Measure To Create National Database Of Convicted Sex Offenders. The AP (7/28, Raum) reports President Bush, "joined by 'America's Most Wanted' host John Walsh, signed a new law Thursday that requires convicted child molesters to be listed on a national Internet database and face a felony charge for failing to update their whereabouts." In the Rose Garden ceremony, Bush said, "Our nation grieves with every family that's suffered the unbearable pain of a child whose been abducted or abused. This law takes an important step forward in this country's efforts to protect those who cannot protect themselves." The AP adds the measure "was named for Walsh's 6-year-old son, Adam, who was abducted exactly 25 years ago Thursday, and subsequently murdered. It aims to help police find more than 100,000 sex offenders by creating the first national online listing available to the public and searchable by ZIP code. It also called for harsh federal punishment for sexually assaulting children, including the possibility of the death penalty when a victim is murdered."

The Washington Times (7/28, Hoover, 88K) reports Walsh "praised the Congress members who supported the measure, calling the group a 'SWAT team for kids.'"

Chat Rooms Face School, Library Ban Under House Bill. CNET News (7/28, McCullagh) reports, "Web sites like Amazon.com and MySpace.com may soon be inaccessible for many people using public terminals at American schools and libraries, thanks to the U.S. House of Representatives." CNET continues, "By a 410-15 vote on Thursday, politicians approved a bill that would effectively require that 'chat rooms' and 'social networking sites' be rendered inaccessible to minors, an age group that includes some of the Internet's most ardent users. Adults can ask for permission to access the sites. … Even though politicians apparently meant to restrict access to MySpace, the definition of off-limits Web sites is so broad the bill would probably sweep in thousands of commercial Web sites. Tech lobbying groups and libraries are protesting the measure." CNET notes, "Even though politicians apparently meant to restrict access to MySpace, the definition of off-limits Web sites is so broad the bill would probably sweep in thousands of commercial Web sites that allow people to post profiles, include personal information and allow 'communication among users.' Details will be left up to the Federal Communications Commission. … The list could include Slashdot, which permits public profiles; Amazon, which allows author profiles and personal lists; and blogs like RedState.com that show public profiles. In addition, many media companies, such as News.com publisher CNET Networks, permit users to create profiles of favorite games and music."

Ralphs Grocery Chain Pleads Guilty To Illegal Hiring. The AP (7/28, Veiga) reports, "Ralphs Grocery Co. formally entered guilty pleas in federal court to several charges stemming from the grocery chain's hiring of hundreds of workers under fake names during a 2003 strike and lockout in the Southern California supermarket industry." The AP continues, "U.S. District Judge Percy Anderson, however, did not immediately accept the pleas, which the grocer last month revealed it would enter under an agreement with federal prosecutors." The AP adds, "The court on Wednesday referred the case to the federal probation office, which will prepare a pre-sentencing report with guidelines the judge will consider prior to ruling on the proposed plea, Assistant U.S. Attorney Jeremy Matz said. Anderson's decision could be made in late September or in October. … The chain pleaded guilty to five of 53 counts in an indictment returned by a federal grand jury last year, covering allegations of conspiracy, identity fraud, false representation of Social Security government idenfication numbers, concealing facts relating to employee benefit plans and causing employees to falsely represent information to government agencies. … Anderson set sentencing for Oct. 16, but he scheduled a status conference for the last week of September during which he may inform the parties whether he will approve the plea deal or not."

FBI Subpoenas More Contracting Records From New Jersey Township. In a front-page story, the Brick Township (NJ) Bulletin (7/28, Lutolf) reports, "Federal authorities sought additional records documenting Brick Township's dealings with International Trucks last week, officials said." Municipal Clerk Virginia Lampman said that "federal investigators requested…all correspondence Brick has had with the Howell truck company and its affiliates, Air Brake & Equipment and Air Brake Exchange, between 1996

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and 1999. … FBI investigators picked up the documents July 21, Lampman said." The Bulletin notes, "International Trucks has accrued a storied past since former co-owner Stephen Appolonia was arrested last year for allegedly laundering $350,000 through his business."

Ohio Bridge Inspector Sentenced To Probation For Taking Bribes. The Youngstown (OH) Vindicator (7/28) reports former Ohio contract bridge inspector Steven J. Koulianos yesterday was "sentenced to three years' probation for accepting bribes from painting contractors." US District Judge Christopher A. Boyko "ordered Koulianos to spend the first six months of his sentence on electronically monitored house arrest. He must also make restitution of $400,000 to the Ohio Department of Transportation." The Vindicator notes that the Koulianos case "was investigated by the FBI and the U.S. Department of Transportation office of the inspector general."

Jeffs' Nephew Jailed On Contempt Charges. In a widely-distributed story, the AP (7/28, Dobner) reports, "A nephew of fugitive Warren Jeffs has been jailed on contempt charges in Arizona -- the sixth person connected to the exiled polygamist church leader to refuse to answer questions before a federal grand jury. Officials at the Central Arizona Detention Facility in Florence said Thursday that Benjamin Jeffs Nielsen, 25, was booked there July 14." The AP notes, "Since May, Jeffs has been on the FBI's Ten Most Wanted list, with a $100,000 reward offered for information leading to his capture."

Cities, States Take Measures To Keep Tabs On Sex Offenders. The Christian Science Monitor (7/28, Axtman) reports from Houston, "Hundreds of cities and 15 states have laws that restrict where sex offenders can live. Now, private businesses are getting into the act of protecting residents from this group, too." The Monitor continues, "A Texas developer, for instance, is building 'sex offender free subdivisions' here and in Kansas, and a new national website, started by a Texan, lists homes for sale that have no registered sex offenders living within a half-mile radius. … It's all part of a wide-ranging effort to address Americans' concerns about sex offenders living next door." The Monitor adds, "Just Thursday, President Bush signed into law what child advocates are calling the most sweeping sex-offender legislation in 25 years: the Adam Walsh Child Protection and Safety Act, named for the murdered son of 'America's Most Wanted[host, John Walsh. … By creating a national database that links the already federally mandated state registries, the new law - among other things - will make it harder for sex offenders to take advantage of varying state laws to avoid detection. It creates a new federal felony charge, punishable by 10 years in prison for failing to update their contact information, and categorizes them by tiers so that resources can be targeted at the most dangerous offenders, says Ernie Allen, president of the National Center for Missing & Exploited Children, which pushed the measure. … More than 563,000 people in the US have been convicted of sexual offenses - and 100,000 are noncompliant, meaning they have failed to keep up with registry laws, says Mr. Allen."

Virginia Executes Man For Killing Fellow Inmate. The Washington Post (7/28, B8, Rondeaux) reports, "Convicted killer Michael Lenz was executed by injection last night in Virginia's death chamber for fatally stabbing another inmate during a pagan religious gathering six years ago. … Lenz, 42, was pronounced dead at 9:07 p.m. at the Greensville Correctional Center in Jarratt." The Post continues, "Lenz is the third person to be put to death in the state since Gov. Timothy M. Kaine (D) took office this year. Kaine, who has said he opposes capital punishment but has promised to uphold the state's death penalty laws, rejected a plea yesterday from Lenz's attorneys to spare his life. … 'Having carefully reviewed the petition for clemency and judicial opinions regarding this case, I find no reason to set aside the sentence that was recommended by the jury and then imposed and affirmed by the courts,' Kaine said in a written statement. 'Accordingly, I decline to intervene.'"

The Washington Times/AP (7/28, Gelineau) reports, "Lenz and another inmate, Jeffrey Remington, were sentenced to death in 2000 for stabbing Parker a combined 68 times at the foot of a makeshift altar in the Augusta Correctional Center. … Lenz had been serving a 29-year sentence after being convicted in Prince William County of burglary and weapon possession." The AP adds, "The three inmates were followers of the Nordic pagan religion Asatru and belonged to a group known as the Ironwood Kindred. The group was gathered for a ceremony when Lenz and Remington attacked Parker. … Lenz testified that Parker had not been taking the religion seriously, and to protect the honor of the gods, Parker had to be punished. Lenz also testified he felt threatened by Parker, who was serving a 50-year sentence for murder."

Fatal Stabbing Of Maryland Corrections Officer Described. The Washington Post (7/28, B5, Rich) reports, "In the final hour of his life, alone on a tier of cells in a maximum-security state prison, Maryland corrections officer David W. McGuinn pitched his body forward, shielding his face with his hands as the inmate behind him stabbed him at least three times, a witness told police." The Post continues, "Charging documents made public yesterday provided a raft of new details, including the witness's account, about the deadly assault Tuesday night at the House of Correction in Jessup in Anne Arundel County. … According to other court

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records, the two inmates charged in McGuinn's slaying were serving life sentences after being convicted of murder, one in Baltimore and the other in Wicomico County on the Eastern Shore. One of the two, Lamarr C. Harris, has been convicted in at least one assault case against a guard." The Post adds, "The witness identified Harris, 35, as one of McGuinn's assailants, picking him from an array of 13 photographs of inmates on the tier, the documents say. The witness is not quoted as saying anything about Lee E. Stephens, 27, the other inmate charged. … The inmates escaped from their cells despite a prisonwide lockdown, apparently by jamming the locks on their cell doors, and then returned to their cells after the attack, authorities have said. According to the documents, 'a device commonly used by inmates to prevent their cell doors from locking' was found on the ground outside Harris's cell."

Lawmakers Address Maryland Prison Woes. The Baltimore Sun (7/28, Reddy, Garland) reports, "Maryland lawmakers called Thursday for an emergency hearing next month to air concerns about the escalation of violence at the Maryland House of Correction -- culminating in the fatal attack on an officer this week." The Sun continues, "Though the joint House and Senate subcommittee hearing will examine safety issues at all of the state's correctional facilities, the spotlight will be on the Jessup prison, where a 41-year-old corrections office was killed Tuesday night. That followed the killings of three inmates and two nonfatal attacks on officers at the prison this year." The Sun adds, "Lawmakers pointed to staffing levels at the prison as their main concern. … 'Something's not working,' said Sen. James E. DeGrange Sr., an Anne Arundel County Democrat who is chairman of the Subcommittee on Public Safety, Transportation and the Environment. 'These are issues that we've been talking about for a long time ... and it's not getting any better; it's getting worse.'" The Sun adds, "Two inmates have been charged in Tuesday's fatal stabbing of David McGuinn, a correctional officer at the maximum-security Jessup prison. Prison system officials had reported earlier that three suspects were involved, but they revised their account Thursday. … The attack occurred while the 1,100-inmate prison was on high alert and lockdown status -- leaving prisoners confined mostly to their cells -- because of rumors that inmates were planning to attack an officer."

Colorado Man Claims 49 Murders Over 25 Years. The New York Times (7/28, Kelley) reports from Colorado Springs, CO, "A man serving a life sentence in a state prison for a 1991 murder says he is responsible for 49 other murders, and investigators say they believe his claims are credible, law enforcement authorities revealed Thursday." The Times continues, "A four-year investigation has linked the man, Robert C. Browne, 53, to murders in Colorado, Texas, Louisiana and Arkansas, Sheriff Terry Maketa of El Paso County said at a news conference on Thursday. Mr. Browne has also claimed responsibility for murders in California, Mississippi, New Mexico, Oklahoma and Washington, as well as one in South Korea." The Times adds, "The murders occurred from 1970 until Mr. Brown's conviction in 1995 for the murder of 13-year-old Heather Dawn Church, who was abducted from her home in the Black Forest area in September 1991 while she baby-sat for a younger brother. Her remains were found in 1993. … Mr. Browne contacted investigators from prison in 2002 with claims of the other killings. Since then, seven killings have been linked to him, including that of a 15-year-old girl, Rocio Delpilar Sperry, who was found dead at a Colorado Springs apartment in late 1987. Mr. Browne pleaded guilty on Thursday to her murder, the sheriff said."

USA Today (7/28, Kasindorf) reports, "Browne, 53, was convicted in 1995 of kidnapping and murdering Heather Dawn Church, 13, in Black Forest, Colo., in 1991. Since 2002, Browne has been giving a cold-case investigator details of killings in nine states and South Korea, according to El Paso County, Colo., Sheriff Terry Maketa. … 'It's possible he's exaggerating, but I don't think you can conduct business assuming he's exaggerating,' Maketa said at a Colorado Springs news conference. 'We'll continue to pursue leads.'" USA adds, "After following up on Browne's accounts, Colorado Springs prosecutors charged him with first-degree murder in the 1987 death of Rocio Sperry, 15, the married mother of a 3-month-old daughter. 'We were in my apartment, and I strangled her,' Browne told a judge Thursday in pleading guilty. … Authorities so far have found evidence corroborating Brown's claims in seven slayings — three in Louisiana, two in Texas, one in Arkansas and the Colorado Springs case, Maketa said."

FBI Statistics Show Increase In Violent Crime. USA Today (7/28, Hampson, 2.27M) reports, "Crime peaked in the early 1990s. Last month, however, the FBI's preliminary national report for 2005 showed the first increase in violent crime (2.4%) in 15 years. Murders were up 4.8% -- 12.5% in cities containing 50,000 to 250,000 residents. … Criminologists cite many factors — more gangs in more places, more juvenile offenders, more released prisoners and more guns. Washington also has given local police more responsibility for homeland security and less support for conventional crime fighting." David Kennedy of the John Jay College of Criminal Justice in New York City "cautions against predicting a national resurgence in crime," but says the FBI statistics are "a dramatic statement of what's been going on for awhile."

Series Of Killings Stuns Seattle. USA Today (7/28, Ritter, Parker) reports, "The love affair residents here have

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with the Cascade Mountains that rise ruggedly and invitingly to the east is as deeply imbued in this region's culture as Microsoft and Starbucks coffee. … So the slayings of two female hikers found shot dead on a well-traveled trail 95 miles northeast of here have stunned people." USA continues, "The bodies of Mary Cooper, 56, a Seattle librarian, and her daughter, Susanna Stodden, 27, were found July 11 on the 2-mile trail to Pinnacle Lake. There has been no arrest, although the Snohomish County Sheriff's Department announced it is pursuing "persons of interest" based on more than 200 tips. … Six days after the hikers' deaths, four members of the family of National Guard Sgt. Leonid Milkin, who was serving in Iraq, were found in a burned-out home in Kirkland, a suburb across Lake Washington from Seattle. A neighbor, Conner Schierman, 24, was charged with four counts of aggravated murder on Monday." USA adds, "Then on July 20, there was another multiple homicide, this time just south of the city limits in Skyway. Three people were killed after a dispute outside a home where police later found a marijuana-growing operation. Dimitri Sidorchuk, 23, was charged Tuesday with two counts of second-degree murder, one count of first-degree manslaughter and three counts of first-degree assault. … The rash of slayings in nine days was especially distressing to law enforcement given the region's historically low crime rate."

Virginia Student Who Stabbed Officers Sentenced To Five Years. The Washington Post (7/28, B1, Stockwell) reports, "Keegan Zacharie earned straight A's, worked on science projects and tutored his peers as he graduated in June near the top of his class at T.C. Williams High School. … All that from a cell at the Juvenile Detention Center in Alexandria." The Post continues, Yesterday, as a judge sentenced the 17-year-old to five years in prison for stabbing and seriously wounding three city police officers with a pocketknife, those in the Alexandria courtroom were left to wonder what happened to Zacharie. … One thing they know: It started with his fears." The Post adds, "Zacharie slept with the lights on and never failed to check the door locks. He owned shin guards, fighting gloves and the folding knife. He felt he also needed a gun, although he could not explain why he felt the need for protection, as he had no enemies and no intention of using it on anyone. Still, he had an overwhelming urge to add a gun to his self-defense collection. … So he set out to get one. … But at some point early in the morning of Sept. 2, Zacharie changed his mind. On his way back home, city police officers thought he looked suspicious and stopped him. As they combed through his duffel bag, which contained burglary tools, Zacharie panicked -- and slashed and seriously wounded three officers with the pocketknife he always carried. … Without delay, Circuit Court Judge Donald M. Haddock ordered the honor student to serve five years in prison, the first two to be served in a juvenile facility. In January, Haddock convicted Zacharie on three counts of maliciously wounding a police officer. But yesterday, he revised the verdict, ruling that Zacharie was instead guilty of unlawful wounding, a lesser offense."

USA Today Says Yates Verdict Reflects Healthy Legal Evolution. USA Today (7/28) editorializes, "When John Hinckley was found not guilty by reason of insanity in 1982 for the attempted assassination of President Reagan, the verdict set off a public furor. Outraged senators summoned jurors to Capitol Hill for an explanation. A few states abolished the insanity defense, wiping away what had been a principle of Anglo-American law for centuries — that people shouldn't be harshly punished for actions over which they have no control." USA continues, "This week, the public reacted with restraint and compassion to the acquittal by reason of insanity of Andrea Yates, a suburban Houston housewife who, on June 20, 2001, methodically drowned her five children in a bathtub." USA adds, "The comparatively muted response in this horrifying case signals a healthy shift in attitudes toward mental illness and an evolution in the law. In the 1980s, new restrictions ended the most blatant abuses of the insanity defense. Most states found a middle ground that allowed defendants like Yates who are truly sick to use the defense, while blocking sane criminals from trying to getting off the hook by claiming 'temporary insanity.' … Many states, however, are still wrestling with how to balance protection for society with treatment for the insane who commit crimes. These states fail to guarantee a specific period of treatment, protect the public from a precipitous release, or properly monitor people who are released." USA adds, "Yates is the very type of defendant for whom insanity laws were written. She was clearly sick in 2001. She had attempted suicide twice. She battled depression, heard voices and was on and off psychotic drugs. Just as surely, she is guilty of a heinous crime. … In such cases, the law has two duties: to show compassion and protect the public. … Society has come a long way since the acquittal of Hinckley, who said he shot Reagan to impress the actress Jodie Foster and who remains in a Washington mental hospital. The law needs to come a bit further."

CIVIL RIGHTS:

FBI Investigating Allegations Of Excessive Force By Massachusetts Police. The Quincy (MA) Patriot-Ledger (7/28, Conkey) reports, "More than 100 protesters packed Quincy District Court and picketed outside city hall yesterday to support four young Asian-Americans who say Quincy police wrongly arrested them and used

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excessive force. Mayor William Phelan met with more than 50 of the protesters in his office, and told them a complaint of police brutality is being investigated by the FBI." The Patriot-Ledger notes police said that suspect Quan Manh Thin "tried to fight with State Trooper Chuck McGrail who had stopped to check on what looked like an empty car in the market's lot with its lights on and engine running. … The other three suspects then came to Thin's aid. Quincy police who responded to the trooper's call for help used pepper spray on all four, police said." The (Quincy) Bridge (7/27) adds on its Web site, "One resident said, in translation, that she was 'not comfortable with the FBI doing the investigation.' The mayor replied that he was sure they were competent and that only government could carry out such an investigation. There was no indication how long the FBI would be in town, or when they would make their report. The scope of the FBI investigation is also secret."

Son Of Fugitive Immigrant Smuggler Pleads Guilty To Sex Slavery Charges. The Houston Chronicle (7/26, Rice, 535K) reported, "A son of the accused leader of a human-trafficking organization pleaded guilty Tuesday and another son was sentenced to five years in prison for their roles in forcing Mexican women and girls to work as prostitutes in Houston bars. The guilty plea by Ivan Salazar, 19, marked the fifth conviction since six people in the organization were indicted last year. The man accused of being the leader, Gerardo 'El Gallo' Salazar, 40, remains a fugitive. U.S. District Judge Vanessa Gilmore sentenced Ivan Salazar's brother, Juan Carlos Salazar, 21, to the maximum of five years in prison following his earlier guilty plea to a charge of sex-trafficking conspiracy."

Civil Rights Advocates Wary Of Bush Promise To Enforce Voting Rights Act. The AP (7/28, Riechmann) reports civil rights leaders "said Thursday that President Bush's signature to extend the 1960s civil rights law against racist voting practices will be just a footnote in history if the government fails to enforce it." At a bill signing ceremony "at the White House to extend provisions of the 1965 Voting Rights Act, Bush pledged to stand behind the law that opened polls to millions of black Americans." Bush said, "My administration will vigorously enforce the provisions of this law, and we will defend it in court." The AP adds Al Sharpton "called on Bush to meet immediately with civil rights leaders to talk over how the Justice Department will monitor the enforcement of the act." Civil rights activists "accuse the Bush administration of politicizing the Justice Department's civil rights division, and say it has turned a blind eye to voter suppression tactics, such as photo identification provisions and citizenship requirements, in states across the nation."

The Washington Post (7/28, A3, Harris, Abramowitz, 748K) reports, "Under the legislation, the Justice Department will maintain the authority to review changes in ballot procedures, legislative districts and other electoral rules in several states, mainly in the South, to ensure that African Americans and other minorities maintain influence in elections." GOP leaders "have been eager to renew the act before the fall elections, but the measure had faced trouble in the House over concern from some Republicans that it unfairly targeted certain Southern states."

The Washington Times (7/28, Curl, 88K) reports at "a packed ceremony on the White House South Lawn attended by members of Congress, civil rights leaders and family members of deceased civil rights leaders, the president said the landmark legislation had broken the 'segregationist lock on the ballot box.'" Senate Minority Leader Harry Reid and House Minority Leader Nancy Pelosi "used the occasion to criticize Mr. Bush, saying his administration had failed to enforce key provisions of the Voting Rights Act."

Bush Seen As Capitalizing On Bill Signing Ceremonies. The AP (7/28, Loven) reports President Bush is "using all the trappings of his office to showcase popular legislation this election season. Just Thursday, Bush's aides added pizazz to his signing of the Voting Rights Act extension by setting his desk and pen before hundreds on the White House South Lawn and arranging a Rose Garden ceremony for a bill creating a national online database of child molesters." Bush also "appeared before the administration-friendly National Association of Manufacturers to speak highly of economic gains on his watch — which he credited to tax cuts passed and extended." It's "nothing new for presidents to look to wring as much political benefit as possible out of signing ceremonies and other White House events."

ACLU Says Some California Police Spy On Antiwar Protestors. The New York Times (7/28, Mckinley) reports, "A new report from American Civil Liberties Union asserts that some police departments in Central and Northern California are conducting undercover investigations of antiwar protests, political rallies and other constitutionally protected gatherings." The Times continues, "The report said that dozens of organizations had been monitored by the authorities since the Sept. 11 terrorist attacks, often in violation of the California Constitution." The Times adds, "Mark Schlosberg, who wrote the report, said Attorney General Bill Lockyer had warned police departments about overstepping their bounds, but had failed to assure that legal demonstrations were not being singled out. Tom Dresslar, a spokesman for Mr. Lockyer, said he had not read the report but looked forward to working with the A.C.L.U. to address its concerns."

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Pro-Life Groups Outraged Democrats Blocking Recently-Passed Abortion Bill. The Washington Times (7/28, Fagan, 88K) reports, "Republicans and pro-life groups are outraged that Senate Democrats are, at least for now, blocking a newly approved bipartisan Senate bill aimed at protecting parents' right to be involved in an underage daughter's abortion decision. 'It is underhanded and disingenuous, and it needs to stop now,' said Sen. John Ensign, the Nevada Republican who sponsored the bill." The Senate "approved the bill Tuesday, but Senate Democrats used procedural objections to prevent it from being sent this week to final negotiations with the House, which has approved a different version." Democrats "fear the final bill will contain tough provisions of the House version. 'If they're truly interested in getting this done, the House should simply take up the Senate-passed bill,' said Jim Manley, spokesman for Senate Minority Leader Harry Reid, a Nevada Democrat and one of 14 Democrats who voted for the Senate bill."

Community Relations Service Official Headlines Tennessee Meeting. The Clarksville (TN) Leaf Chronicle (7/27, Ritchard) reports, "About 100 men, women and youth gathered at the Clarksville-Montgomery County Public Library Wednesday with questions for a group of state and federal civil rights officials. On the anniversary of the signing of the Americans with Disabilities Act, and with alternating anger and humor, people with diverse concerns participated in a more than two-hour forum posing questions about how to file complaints with state and federal agencies and how to make positive changes in Clarksville." The meeting "was inspired by and in memory of HOPE founder Juan Vasquez and son Thomas, who were shot to death in June. Juan Vasquez's vision for HOPE included support for Hispanics and others who wanted to solve problems they faced in their communities." The Leaf Chronicle adds, "The meeting's keynote visitor was Walter Atkinson, a representative from the U.S. Department of Justice Community Relations Service, who contacted Vallejos following Vasquez's slaying. Atkinson presented an overview of the functions and duties of his office and fielded questions, along with members of the Tennessee Human Rights Commission and other federal departments"

Recent Rulings Called "Major Setbacks" For Same Sex Marriage Backers. The Christian Science Monitor (7/28, Richey, 58K) calls rulings by state courts in New York and Washington State that marriage is between one man and one woman "major setbacks to those seeking the protections of marriage for same-sex couples. … Although there are significant differences, both the New York and Washington State decisions share a common theme. The majority of justices point to the legislature rather than the courts as the proper forum to decide the issue." The Monitor notes, "A body of law is emerging from the rulings that suggests the issue be resolved by lawmakers, not judges. Such decisions will make it somewhat harder for other courts in the future to embrace the aggressive judicial approach of the Massachusetts high court."

Maryland High Court To Hear Gay Marriage Case. Maryland's highest court has agreed to hear a case that seeks to overturn a state law defining marriage as an institution between a man and a woman. The Baltimore Sun (7/28, Brewington, 262K) reports that "attorneys will file briefs this fall, and the Court of Appeals plans to hear arguments in the case in late November or early December. In January, Baltimore Circuit Court Judge M. Brooke Murdock sided with 19 gay and lesbian plaintiffs in ruling that Maryland's marriage law is discriminatory and unconstitutional, setting off a firestorm of debate in the General Assembly. Some lawmakers hoped to circumvent the legal process altogether and unsuccessfully pushed for a state constitutional amendment to ban gay marriage."

"Don't Ask, Don't Tell" Policy Called "Weapon Of Vengeance." The New York Times/AP (7/28) reports that the so-called "don't ask, don't tell" policy, which prohibits the US military from inquiring about the sex lives of servicemembers is being used as a "weapon of vengeance in the armed forces," according to the Servicemembers Legal Defense Network. Despite the policy, a gay sergeant whose sexual orientation "was revealed to his superiors by anonymous e-mail messages was discharged from the Army." The sergeant Bleu Copas "said that he was never open about his sexuality and that he suspected his accuser was someone he had slighted. … Mr. Copas said he never told his superiors he was gay. He said he was 'outed' by a stream of anonymous e-mail messages to his superiors in the 82nd Airborne Division at Fort Bragg, N.C."

Cummings-Kerry Bill Encourages Minority Entrepreneurship. The Washington Times (7/28, DeBose, 88K) reports, "Rep. Elijah E. Cummings and Sen. John Kerry are pushing legislation to increase business training for minority college students, saying it's needed to bolster minority business ownership." Cummings "said the goal of the program is to train minority students -- blacks, Hispanics and American Indians -- with skills in engineering, math and science to open businesses. The legislation would set up a $24 million, two-year pilot program for colleges that cater to minorities to create curriculum geared to promote small-business development. The schools then would provide capital for graduating students to start businesses."

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ANTITRUST:

DOJ Probing Plavix Deal. The Financial Times (7/28, Kirchgaessner, Bowe) reports, "Bristol-Myers Squibb and Sanofi-Aventis face a justice department investigation into allegations of false statements over their deal to end a generic drugmaker's patent challenge to Plavix, their biggest drug." The Times continues, "Prosecutors are examining whether lies were told about the terms of the deal after discrepancies emerged between the companies' accounts, according to a person familiar with the situation. It was unclear which party or parties were the target of the probe." The Times adds, "Bristol of the US and Sanofi of France – which jointly market Plavix – are negotiating with the Federal Trade Commission and state authorities for approval of their deal with Apotex, a generic drugmaker in Canada. But the criminal probe and the FTC's aversion to similar settlements mean the deal is unlikely to be approved. … State antitrust authorities are separately expected to rule on the matter on Friday, according to Meredyth Andrus, assistant attorney-general in Maryland. The likely rejection of the proposed settlement would represent a second significant blow to the companies."

The Wall Street Journal (7/28, Carreyrou, Martinez, Wilke) reports, "Federal Bureau of Investigation agents raided the office of Bristol-Myers Squibb Co. Chief Executive Peter Dolan as part of a criminal investigation into an agreement the pharmaceutical company struck to delay the launch of a generic version of its best-selling drug." The Journal continues, "Bristol-Myers yesterday disclosed the criminal probe, which also is focused on Paris-based Sanofi-Aventis SA. The investigation concerns a deal struck by Bristol-Myers and Sanofi with Apotex Inc. of Canada in March. Under the agreement, which was struck to settle litigation, the two companies proposed to pay Apotex a minimum of $40 million to hold off launching a generic version of the blood thinner Plavix until 2011, the year the main patent protecting Plavix expires." The Journal adds, "FBI agents, working on behalf of the antitrust division of the Justice Department, showed up at Bristol-Myers's Manhattan headquarters on Wednesday and left with batches of documents, a person familiar with the matter said. The investigators searched the office of Mr. Dolan, among others. Mr. Dolan was not available for comment, a Bristol-Myers spokesman said. .. . It isn't clear what conduct the government is investigating. The criminal probe arose from a referral to the Justice Department by the Federal Trade Commission. The FTC and state attorneys general have been conducting a civil review of Bristol-Myers's and Sanofi's settlement with Apotex. Under a consent agreement, Bristol-Myers and Sanofi need approval from the FTC and the states to consummate the settlement."

The New York Times (7/28, Saul) reports, "The criminal investigation is a setback for Bristol and its chief, Mr. Dolan, who was hoping that resolving the Plavix patent dispute would end a five-year period in which the company was sued by its shareholders and was investigated for its inventory practices. .. . A trial in the patent dispute had been scheduled for June in Manhattan, and some analysts put the chances that Bristol and Sanofi would lose their exclusive right to market the drug as high as 40 percent."

Bloomberg (7/28, Rowley) reports, "The Justice Department opened its investigation after receiving a referral of possible criminal wrongdoing from the FTC, said people familiar with the investigation. Justice Department spokeswoman Gina Talamona declined to comment. … Plavix is Bristol-Myers's biggest product and Sanofi's second-largest, generating $6.3 billion in revenue last year. The product's sales were second only to those of Pfizer Inc.'s cholesterol pill Lipitor, at $12.2 billion. The companies spent $121.4 million advertising Plavix last year in the U.S., according to Nielsen Medial Research."

The AP (7/28, Agovino, Witkowski) reports, "Analysts said the justice department inquiry casts further doubt over the future of Bristol-Myers best-selling drug just when the market is awaiting the outcome, as early as Friday, of an investigation by states' attorneys general into the same deal. … The states' attorneys general and Federal Trade Commission can reject deals that Bristol-Myers reaches with generic companies over patents as a result of an agreement reached with the company regarding earlier settlements."

The Financial Times (7/28, Bowe, Kirchgaessner) reports, "There has never been anything easy with Bristol-Myers Squibb and Sanofi-Aventis' deal with Apotex to settle patent litigation over Plavix. On Thursday the challenging road to remove a threat to Bristol and Sanofi's biggest, most crucial drug took another strange, unexpected turn. … However uncomfortable, Bristol and Sanofi had braced for the uncertainty of a necessary US Federal Trade Commission civil antitrust review for the deal that delays generic competition for Plavix. But a criminal investigation by the Justice Department into potential false statements has turned the rough road into a minefield." The Times adds, "Bristol, the US drugmaker, and Sanofi of France acknowledged upon announcing the deal with Apotex, a Canadian generic drugmaker, that approval was an uphill battle. … The FTC has long taken a dim view on patent settlements involving payments, regarding them as anti-competitive. The deal with Apotex includes a minimum $40m payment for ending a legal challenge to the Plavix patent. … But the Bristol and Sanofi's previous bouts with the FTC over delaying generic competition, resorting in legal settlements called consent decrees, further darkened the picture."

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DOJ Targets Foreign Cartel Operators. The Financial Times (7/28, Kirchgaessner, Peel) reports, "Executives accused of price-fixing are increasingly vulnerable to US extradition requests as Washington steps up its prosecution of cartel cases. Legal experts are now predicting a surge in US extradition requests on cartel activity." Thomas Barnett, who heads the US Department of Justice's antitrust division, told the Financial Times "the world is becoming less safe for cartel participants. That's a good thing." The Department of Justice's "aggressive pursuit of international collusion – coupled with the criminalisation of anti-trust offences in Britain and elsewhere – has opened business people up to much greater risks, leading lawyers say. The DoJ has encouraged other countries to make price-fixing a criminal offence – a move making extradition easier. Japan, Canada, Korea, France and Britain have laws that provide for criminal sanctions, the DoJ said."

Judge Urged To Block McClatchy Deal. The San Diego Union-Tribune/AP (7/28, Norton) reports, "An attorney for a California real estate investor urged a federal judge Thursday to temporarily block publisher McClatchy Co. from selling three Northern California newspapers to MediaNews Group Inc., arguing that the deal would create a media monopoly in the region." The AP continues, "Attorney Joseph A. Alioto, who is representing plaintiff Clinton Reilly, told U.S. District Judge Susan Illston that allowing the deal to proceed could lead to eventual price hikes for newspaper subscribers and advertisers, quash potential competition from other media companies and dilute reporting and newsgathering. … 'What is the irreparable harm for 10 days or two months – so the court can see what the evidence is?' Alioto asked Illston in requesting a temporary injunction that would block the deal for a short time. Alioto said the deal required more investigation." The AP adds, "Illston did not immediately issue a ruling Thursday but appeared skeptical of the request, saying she could not see how the deal would cause Reilly "irreparable harm." … Reilly has filed an antitrust lawsuit to prevent MediaNews from taking over the San Jose Mercury News, Contra Costa Times and Monterey Herald, arguing the proposed sale would hurt readers and advertising by ceding too much control over local information and newspaper prices to Denver-based MediaNews and New York-based Hearst Corp."

The Contra Costa Times (7/28, Avalos) reports, "Through a complex transaction and with several partners, MediaNews is seeking to buy the Times, San Jose Mercury News and the Monterey County Herald, as well as the St. Paul Pioneer Press in Minnesota. The four papers are among a group of newspapers that McClatchy decided to dump following its purchase of Knight Ridder Inc. … Denver-based MediaNews already owns several other papers in the Bay Area. After the deal, MediaNews would control newspapers in seven of the nine Bay Area counties, with a combined paid daily circulation of 703,000. The San Francisco Chronicle would be the primary remaining rival for MediaNews. … Reilly claimed in the federal lawsuit that the resulting combine would harm a variety of parties. These include readers, advertisers and employees, the suit claims."

EMI Drops Merger Plans With Warner Music. USA Today/AP (7/28) reports, "Record company EMI announced Thursday it has abandoned plans to merge with Warner Music, following a recent antitrust ruling annulling authorization of another music industry merger." The AP continues, "If the deal had been completed it would have created the world's second-largest music company after Universal Music. … 'The board of EMI has decided not to pursue a combination with Warner Music for the time being,' the company said in a statement. 'The board will review this position in the light of future developments.'" The AP adds, "In its own statement, Warner said it will continue to monitor the antitrust ruling through the appeals process and confirmed that a deal with EMI would not be pursued in the interim. … UK EMI and U.S. Warner had been locked in a series of offers and counteroffers for one another in the past two months, sparked by an initial $4.2 billion offer for Warner by EMI. … Four proposals were made over the next several weeks, all of which were rejected. … But a ruling from the European Court of First Instance two weeks ago threw doubt over whether a merger between EMI and Warner would obtain regulatory clearance. The court said evidence couldn't rule out that a 2004 merger between the music units of Sony (SNE) and Bertelsmann violated antitrust rules."

Kazaa Settles Copyright Disputes With Record, Movie Industries. The Wall Street Journal (7/28, Mcbride) reports, "Sharman Networks Ltd.'s Kazaa, a file-sharing service that helped introduce millions to online music theft, has agreed to settle litigation with the entertainment industry for more than $115 million. The settlement represents the waning of the era of Internet businesses facilitating unauthorized music downloading." The Journal continues, "The practice of file-sharing itself, however, will likely continue as users turn to grass-roots services like FrostWire that are created by fun-seekers who don't rely on advertising or other commercial support. … But when profit is removed from the equation, it's 'a real win' for the entertainment business, said Eric Garland, president of BigChampagne LLC, a service that tracks file-sharing." The Journal adds, "Napster, created in 1999, was the first file-sharing service that became popular for illegally downloading music. After it was shut down, Kazaa, StreamCast Networks Inc.'s Morpheus, and Grokster took off. After lawsuits from the record industry, Napster shut down and the name now

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belongs to a legitimate music download service. Grokster was purchased last year by Mashboxx, which expects to launch a legitimate file-sharing music service later this year."

The New York Times (7/28, Pfanner) reports, "Sharman Networks said the agreement, which follows a court ruling against Kazaa in Australia last year and a United States Supreme Court decision against other file-sharing services, cleared the way for it to offer 'the broadest range of licensed content over Kazaa.' … The chief executive of Sharman, Nikki Hemming, said, 'All the parties involved now recognize the time is right to work together, and we are looking forward to collaborating with the music and motion picture companies to make P2P an integral part of the future of online digital entertainment.'" The Times adds, "Peer-to-peer network technology, or P2P, allows users to share computer files over the Internet, including music and movies stored in digital form. Kazaa was a pioneer of peer-to-peer network software. … Under the settlement, Sharman will pay the major record companies 'in excess of $100 million,' said John Kennedy, chief executive of the International Federation of the Phonographic Industry in London."

USA Today (7/28, Graham) reports, "The deal follows a U.S. Supreme Court decision in June 2005, ruling that swap software companies Grokster and StreamCast, which owns the Morpheus site, knowingly encouraged users to trade copyrighted files. … Since the Supreme Court decision, most of the major file-sharing companies have shut down or said they would switch to a paid model — a list including Grokster, eDonkey, BitTorrent and WinMX. With Kazaa's switch, only Morpheus remains among the big players. It vows to continue fighting the studios and labels in court."

The Washington Post (7/28, D5, Bridis) reports, "The settlement included payment of $115 million to music companies and a lesser amount to the movie industry, said people familiar with those provisions. They agreed to speak on condition of anonymity because some provisions were included in secret agreements not disclosed in the court papers made public. Sharman Networks has already paid nearly all the money, these people said. … Sharman Networks indicated that it would negotiate licenses with entertainment companies to distribute music and movies lawfully over its Kazaa service. The settlement does not prohibit Sharman Networks from legally distributing copyrighted files."

The Los Angeles Times (7/28, Chmielewski, Duhigg) reports, "As pirate networks try to turn themselves into legitimate businesses, the entertainment industry continues to crack down on individual consumers of pirated goods. The recording industry alone has filed 18,000 copyright-infringement lawsuits since 2003. … Online piracy, meanwhile, continues. … 'I don't think anything has been accomplished here,' said Michael Goodman, a senior analyst with the Yankee Group in Boston. 'From a legal perspective, this is a yawner. They won the battle, but the battlefront moved on about three years ago. That's the problem with court systems. Technology and markets move way faster than courts can typically keep up with them. By the time you win that battle, who cares?'"

Microsoft Shifts Focus From Desktop To Tap Emerging Markets. USA Today (7/28, Acohido) reports, "Microsoft's top executives on Thursday outlined how a shift in products and services should help the software giant bore deeply into the emerging markets for online services and digital entertainment." USA continues, "The audience: about 300 Wall Street analysts who traveled to the company's campus to hear what Microsoft is doing about its stock — which has been stuck in the $21 to $28 range for three years despite steady revenue and profit growth." USA adds, "CEO Steve Ballmer predicted Microsoft will evolve into a major player in online services and digital entertainment over the next decade, from its position as a dominant supplier of desktop PC and corporate server software. … Executives covered Microsoft's would-be iPod killer, called Zune, expected in stores this fall; a nascent search advertising business; and the launch of the oft-delayed Windows Vista operating system next year. … Microsoft's flagship Windows operating system and Office suite of programs command 90%-plus market shares and drive most profits. But those products are mature. The company has begun a push to popularize new online services and paid digital entertainment downloads."

The Washington Post (7/28, D1, Goo) reports, "Ballmer pointed out that Bill Gates, the company founder who normally plays a central role in the annual analyst meeting on Microsoft's sprawling suburban campus, was notably absent while traveling in Africa. Gates is detaching himself from daily operations, and Ballmer said he sees himself as having 'a new job . . . I have to become the full-time champion of innovation.'" The Post adds, "Along with Ray Ozzie, who is assuming Gates's title of chief software architect, Ballmer described a vision for the company that marries its software with services on the Internet built around a product under development called Windows Live. They also talked of making a big leap into the online advertising business to challenge search giant Google Inc. and of exploring ways to incorporate advertising in games and online video."

ENVIRONMENT:

Asarco Deal Allows Sale Of Washington Superfund Property. The AP (7/28, Gillespie) reports, "The U.S. Justice Department and Environmental Protection Agency announced a deal Thursday that would allow Asarco LLC to sell contaminated land on a Tacoma (WA)-area

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shoreline to a developer that plans to build houses, condominiums and businesses there." The AP continues, "Officials said the agreement would expedite roughly $28 million in cleanup work that remains at the site of the former copper smelter in Ruston. … 'This agreement is a giant step in transforming this site from a highly contaminated former smelting facility to a residential development,' Granta Y. Nakayama, the EPA's assistant administrator for enforcement and compliance assurance, said in a statement announcing the deal. 'The cleanup and redevelopment of this land is a win all around. It enhances the environment, improves the local community, and promotes economic development.'" The AP adds, "Point Ruston LLC, a development firm based in Lacey, has agreed to clean up about 97 acres of contaminated land in the sprawling Superfund site north of Tacoma. … The land, which offers stunning views of Mount Rainier and Commencement Bay, is contaminated with arsenic, a cancer-causing byproduct of copper smelting, and lead, which can slow brain development in children. … Cleanup hit a snag last summer, when Phoenix-based Asarco, a subsidiary of Mexican mining company Grupo Mexico SA, filed for Chapter 11 bankruptcy protection."

Report Finds US Lax On Clean Air Requirements. The AP (7/28, Heilprin) reports, "The government is failing to reduce health risks from toxic air pollution as required by law, congressional investigators said." The AP continues, "The Environmental Protection Agency has not met 30 percent of the Clean Air Act's requirements and regularly misses deadlines, they said Wednesday. … EPA scientists issued their own report, saying the agency should consider tightening its national health-based standards for smog-forming ozone to a level similar to the state of California's, though not as restrictive as what the Swiss-based World Health Organization recommends. They said the risks of asthma and other respiratory ailments are greater than previously believed. EPA is under court order to propose a decision on this by next March." The AP adds, "The Government Accountability Office, the investigative arm of Congress, said the EPA largely has failed to regulate air pollutants from small sources, including dry cleaners and trucks. The GAO report said the EPA has not yet met 239 of the law's requirements; of those the agency did fulfill, only 12 were met on time. … 'EPA has not reduced human health risks from air toxics to the extent and in the time frames envisioned in the Act,' according to the report by the investigative arm of Congress. … The report was requested by nine senators - six Democrats, two Republicans and one independent - and six Democratic members of the House. … Separately, a panel set up by the U.S., Canada and Mexico reported Wednesday that pollution in North America fell by 15 percent from 1998 to 2003."

Senate Leaders Promise Nelson To Resist Compromise With House On Energy Bill. The New York Times (7/28, Janofsky, 1.21M) reports the "prospects for legislation that would expand energy production in the nation's coastal waters grew more uncertain on Thursday as Senate leaders said they would resist compromises in negotiations with the House." In "separate messages to Senator Bill Nelson," whose "support for the Senate bill is based on provisions that bar drilling along the western coast of his state, Senator Bill Frist of Tennessee, the majority leader, and his Democratic counterpart, Senator Harry Reid of Nevada, said they would oppose the weaker protections for Florida included in the drilling bill that the House passed last month." Frist, who "has already blocked efforts to amend the bill on the Senate floor, told Mr. Nelson in an e-mail message that he 'would not bring back a bill before the Senate that does not provide adequate protections' for Florida." Reid "went further" in a letter, "saying that if the House did not accept the Senate bill without modification, he would join Mr. Nelson and other senators 'and produce the votes to sustain a filibuster to prevent the passage of the bill' after negotiations with the House."

CQ (7/27, Tollefson) reported Senate Minority Leader Harry Reid "issued House Republicans an ultimatum Thursday on offshore drilling legislation, ratcheting up a power struggle between the two chambers that could bring down the biggest energy bill of the year." Reid, "who has endorsed the Senate bill as a way to fund Gulf coastal restoration efforts and bolster Democrat Mary L. Landrieu politically in Louisiana, vowed to lead a filibuster to block enactment of the legislation if the House does not accept the Senate bill 'without amending it and without modifying it in a conference committee.'" CQ added Reid's "threat — along with a promise by Majority Leader Bill Frist, R-Tenn., to oppose any bill that 'does not provide adequate protections to the state of Florida' — persuaded Bill Nelson, D-Fla., to announce support for the measure."

Energy Department Expects Gasoline To Remain At $3 Per Gallon. The CBS Evening News (7/27, story 5, 0:15, Schieffer, 7.66M) reported, "Also close to a record is the price of gasoline which is now averaging $3 a gallon nationwide that's seven cents short of the all-time high. And the Energy Department said today that it expects the price to remain right about there for the rest of the summer."

Bush Hometown In Renewed Oil Boom. The CBS Evening News (7/27, story 6, 2:05, Cobiella, 7.66M) reported, "In working-class Midland, Texas, high gas prices aren't hurting Tony Farmer's sales, they're actually helping them. He can't keep luxury gas guzzlers in stock." Tony Farmer, car salesman: "If gas is $4 a gallon, I think everybody around here will be buying two or threes Escalades." Cobiella: "That's because President Bush's hometown is a big oil

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producer and with crude at nearly $75 a barrel, good times are back in West Texas. Neighborhoods and banks are sprouting up, downtown streets are getting a facelift and there are more jobs than people to fill them. In the last year, car sales have jumped 23%. Permits for new homes shot up 50%, pushing the overall economic growth in the Midland area up 11%." But "There's a saying here in Midland that every oil boom is followed by another four-letter word – bust -- and you don't have to look far to find signs of the last big one."

Working Poor Hard Hit By Higher Gasoline Prices. The CBS Evening News (7/27, story 7, 2:05, Schieffer, 7.66M) reported, "Of course, just about everywhere else in America, high gasoline prices are a problem, especially for the poor. They're feeling an ever-tightening financial squeeze." CBS (Hughes) added economists say the working poor consist of "about 20% of the workforce. Their wages aren't keeping up with rising gas prices." Nobody's "happy that gas prices nationwide have shot up 72 cents a gallon in a year, but for the working poor, that takes a bigger bite out of their budget."

Oil Industry Profits Draw Political Pressure. The Christian Science Monitor (7/28, Trumbull, 58K) reports the big profits are "an industrywide earnings bonanza built on the very thing - rising oil prices - that have been a source of growing consumer anxiety during a summer of $3-a-gallon gasoline." The report "puts oil companies in an embarrassment-of-riches quandary. The profit surge, coupled with fears that high oil prices may be here to stay, adds political pressure to an industry that rarely wins popularity contests." Some "critics have resurrected calls for a windfall profits tax to tap some of the industry's new bounty for the public good. Other policy analysts, meanwhile, say the companies should plow the profits into drilling new wells to boost the world's tight supplies of petroleum." Many "major US-based oil companies are doing just that, to some degree. But the public scrutiny comes as oil companies face a more difficult environment for boosting output. New oil supplies will increasingly need to come from hard-to-tap reserves, or from hostile or politically volatile countries such as Venezuela, Nigeria, and Iran."

Utilities Funding Scientist Who Questions Global Warming. The New York Times/AP (7/28) reports, "Coal-burning utilities are contributing money to one of the few remaining climate scientists openly critical of the broad consensus that fossil fuel emissions are intensifying global warming. The critic, Patrick J. Michaels, is a professor of environmental sciences at the University of Virginia, a senior fellow at the libertarian Cato Institute and Virginia's state climatologist. Dr. Michaels told Western business leaders last year that he was running out of money for his analyses of other scientists' global warming research. So a Colorado utility organized a collection campaign for him last week and has raised at least $150,000 in donations and pledges. The utility, the Intermountain Rural Electric Association, based in Sedalia, Colo., has given Dr. Michaels $100,000 of its own, said Stanley R. Lewandowski Jr., its general manager. Mr. Lewandowski said that one company planned to give $50,000 and that a third planned to contribute to Dr. Michaels next year."

Gulf Coast's "Dead Zone" Expected To Grow This Year. The Christian Science Monitor (7/28, Spotts) reports from New Orleans, "The Gulf Coast's notorious 'dead zone' - a summertime phenomenon in which coastal waters become so oxygen-deprived that marine life cannot survive there - is expected to be substantially larger than average this year, covering a patch of ocean about half the size of Maryland." The Monitor continues, "The culprit is 2006's heavy spring rains, which sent more river runoff than usual pouring into the Gulf - laced with fertilizers and other pollutants that trigger the annual reappearance of the dead zone. … For most of a decade, government-backed researchers have studied the causes and effects of this seasonal occurrence, which threatens some of the most productive commercial fisheries in America. Now they are fielding pilot projects that aim to cut the amount of nutrients flowing down the Mississippi River. … In addition, scientists are working to perfect their annual forecasts. They hope to develop tools that will help fishermen find the more-productive waters, as well as help government officials weigh the costs and benefits of different approaches to reducing nutrients in the river."

NYTimes Criticizes Cuts In NASA Programs That Examine Climate Change. The New York Times (7/28, 1.21M) editorializes, "At a time when global warming has become an overriding issue, NASA has been delaying or canceling programs that could shed light on how the climate changes. The shortsighted cutbacks appear to result from sharply limiting NASA's budget while giving it hugely expensive tasks like repairing the stricken shuttle fleet, finishing construction of the space station, and preparing to explore the Moon and Mars. Something had to give, and NASA's choices included research into how the planet's climate is responding to greenhouse gas emissions."

WSJournal Says Kelo Decision Among Supreme Court's Worst. The Wall Street Journal (7/28, 2.03M) editorializes, "The Supreme Court has written some despised rulings over the years, but last year's Kelo case is fast rising up the list of the worst. That 5-4 ruling gave local governments more or less unlimited authority to take

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private property, and the good news is that the political system is repudiating Kelo just about everywhere."

FBI/DEA/ATF/USMS:

FBI, California Officials Launch First Joint Regional Intelligence Center. In a widely-distributed story, the AP (7/28, Marquez) reports, "Hoping to better secure Southern California against attacks, the FBI, local police and other law enforcement agencies have banded together to create a first-of-its-kind command center to better share intelligence on terrorist threats. The Joint Regional Intelligence Center will track terrorist activity with help from officials who specialize in fields such as epidemiology and chemical attacks, while analyzing real-time threat information to the region. 'It's really unique that we have so many players coming together,' Willie T. Hulon, FBI executive assistant director, said at the center's opening Thursday. 'This will be a model for the rest of the country.'" The AP adds, "There are other such 'fusion centers' in California and around the country," but "what's different with the new center…is its responsibility and scale." FBI Supervisory Special Agent Steven Oda noted, "There's nothing like being in one place. There's no technology solution, no amount of e-mail or phone calls that's going to replace that."

The Los Angeles Times (7/28, Surdin, 918K) reports LAPD Chief William Bratton observed, "No place in America is going to be better prepared to fight external and internal terrorist threats." The "center is groundbreaking because it is the first to house multiple agencies in one facility, said Willie T. Hulon, executive assistant director of the FBI. That makes it a national model for terrorism prevention, he said." The Times notes, "Federal officials have long praised what they have described as a seamless relationship between the Department of Homeland Security and local law enforcement. But Los Angeles officials have told a different story. … Such frustrations gave way Thursday to a new sense of confidence, as displayed by Los Angeles County Dist. Atty. Steve Cooley," who said, "9/11 could have been prevented if we had had something like this in place."

The Long Beach Press-Telegram (7/28, Gonzaga) reports that this "first regional center of its kind in the nation" has "one goal in mind -- to prevent another 9/11. … 'We have a true intelligence fusion center,' said J. Stephen Tidwell, assistant director in charge of the FBI's Los Angeles field office. … The $6 million JRIC has an estimated annual budget of $1 million, according to…Oda," and "the JRIC's services are also available to law enforcement agencies not represented there. Communicating with law enforcement agencies at the front lines is vital, Tidwell said, especially with a port city like Long Beach. Handling traditional crime was perfected in the 1990s, and the 21st century's challenge would be to do the same with terrorist crime, Tidwell said."

Trainer Again Appears Before Federal Grand Jury In Bonds Investigation. The Los Angeles Times (7/28, Bonk) reports Greg Anderson "appeared before a federal grand jury on two occasions Thursday and twice more in closed-door sessions with a U.S. judge, then left the federal courthouse accompanied by his attorney. … There was speculation that Anderson would be charged with contempt of court and be sent to prison for a third time as a result of Thursday's proceedings if he did not answer the grand jury's questions concerning Bonds' possible perjury and tax evasion charges growing out of the BALCO doping investigation. Anderson may appear before the grand jury next Thursday when it meets again."

The New York Times (7/28, Mckinley) reports it "was not clear if he agreed to testify. … The federal grand jury is investigating whether Bonds lied under oath when he testified in December 2003 that he had not knowingly taken steroids, which were allegedly given to him by Anderson. The investigation is also believed to be looking into whether Bonds paid adequate taxes on sales of baseball memorabilia and other items."

USA Today (7/28, Nightengale) reports Anderson "left federal court Thursday with no indication he testified to a federal grand jury investigating the San Francisco Giants slugger on suspicion of perjury and tax evasion. Anderson, considered a key witness by the prosecution, vowed he wouldn't testify when served a subpoena last week. His lawyers said he was prepared for a third prison stay to maintain his silence."

The AP (7/28, Elias, Kravets) reports his two appearances before U.S. District Judge Jeffrey White "suggested that Anderson followed through on his vow of silence, and that White postponed his imprisonment pending a legal fight. A similar scenario played out in June, leading up to Anderson's July 5 incarceration for two weeks after he declined to testify before a different grand jury investigating Bonds."

Tour de France Winner Suspended By Cycling Team For Positive Doping Test. The positive doping test of Tour de France winner Floyd Landis has received wide coverage. There are more than 1,700 media references covering various angles of the story. For example, the AP (7/28) reports the "amazing ride of Floyd Landis took a troubling detour yesterday. A positive doping test has cast doubt on one of the most stirring Tour de France comeback wins in history. … Landis denied cheating and said he has no idea what may have caused his positive test for high testosterone following the Tour's 17th stage, where he made

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his comeback charge last week. … Now the cycling world will wait for results from a backup sample which, if negative, will clear Landis."

In a separate story, the AP (7/28) writes that a leading doping expert said Thursday, "Landis' results on a urine test that spots elevated levels of performance-enhancing testosterone are a mystery and 'don't add up.' … If Landis had been a user, earlier urine tests during the Tour would have been affected, too," said Dr. Gary Wadler, a member of the World Anti-Doping Agency and a spokesman for the American College of Sports Medicine.

McClatchy Newspapers (7/27, Goldstein) reports local medical experts "said it remains unclear whether the Lancaster County, Pa., cyclist used performance-enhancing drugs. Testosterone is a naturally occurring hormone that is also used as a steroid to enhance muscle growth, strength and endurance. Epitestosterone is a precursor also produced by the body. In most people, the ratio between testosterone and epitestosterone is 1-1 and up to 2-1. The World Anti-Doping Agency considers a ratio of greater than 4-1 to be improper."

The AP (7/27) also cites a doping expert who said athletes who "use performance-enhancing anabolic steroids often also take synthetic epitestosterone to equalize the ratio."

The New York Times (7/28, Macur) reports Landis "said a 'disastrous feeling' swept over him when he heard about his positive test. He said he had never used performance-enhancing drugs and was mystified by the abnormality of his testosterone level."

The Washington Post (7/28, Shipley) reports the test result "is considered unofficial until the second half of the original sample is examined to confirm the first finding, and follow-up testing might also be required to support doping charges in this case, depending on the method of analysis used by the French lab that did the testing, according to World Anti-Doping Agency rules."

USA Today (7/28, Ruibal) reports Landis "still could be cleared. The first half of the urine sample he gave last week after the 17th stage of the…race — called an 'A' sample — was positive, but he can't be sanctioned unless the remaining sample also tests positive. Landis' team has suspended him pending the results; if the second test is positive, he can appeal to an arbitration court."

Newsday (7/28) writes that Landis "denied he had cheated and said he 'would like to be presumed innocent until proven guilty, since that's the way we do things in America. As to what actually caused (the positive test) on that particular day, I can only speculate.'"

The Financial Times (7/28,Thornhill) reports Landis's victory by just 57 seconds "had helped restore interest in and prestige to a sporting event that has long been tarnished by drugs scandals. Just before this year's race, two of the favorites...were caught up in a doping investigation in Spain and forced to withdraw. Following raids in May, Spanish police discovered a stash of anabolic steroids and 100 bags of frozen blood allegedly used for doping cyclists."

ABC News (7/27) reports on its Web site that Landis "was suspended from his cycling team after he tested positive for an unusually high amount of testosterone/epitestosterone in his urine. Both are natural sex hormones that can be made into a synthetic form to boost performance."

On its Web site, the BBC (7/27) reports Landis "has been suspended pending results of his B sample analysis. The International Cycling Union (UCI) announced on Wednesday that a rider had failed a doping test but would not reveal his name. The rider will not race anymore until this problem is totally clear."

Network TV Coverage. ABC's World News Tonight (7/27, story 6, 2:10, Gibson) reported, "Over the weekend, American Floyd Landis pulled off an amazing victory, highlighted by an incredible one-day ride in the mountains. Now, it seems a drug test administered that day has turned up positive." ABC added, "If a second test confirms that finding, Landis will be stripped of the title he won in Paris on Sunday. … Could the remarkable Landis comeback have been fueled by steroids? Experts say no. Steroids such as testosterone take weeks rather than hours to take full effect."

The CBS Evening News (7/27, lead story, 2:40, Schieffer) reported, "It was after that stunning effort on his way to that podium in Paris that Landis' testosterone ratio was tested and found to be above the permissible limit. The question is -- would it help his...performance?" Dr. Gary Wadler, World Anti-Doping Agency: "I cannot imagine that a doctor would have given him testosterone for the treatment of his hip disease, the athlete knowing the rules and regulations of doping in this sport."

NBC Nightly News (7/27, story 5, 2:50, Williams) reported, "After his breathtaking win in the Tour De France, American Floyd Landis has tested positive for unusually high levels of testosterone, and tonight at a news conference he said all he wants is a chance to prove that he is innocent."

Washington State Man Cited As Regional Leader Of Khat Smuggling Ring. The King County (WA) Journal (7/27) reports a Kent man "was arrested Wednesday and named in a federal grand jury indictment as the regional leader of an international organization that allegedly smuggled more than 25 tons of the East African-grown stimulant known as khat into the United States. Mahamoud Omar Jama, 36, of Kent was among 18 people, including another man from Kent, who were arrested Wednesday in a series of raids at 17 different locations throughout King County in an investigation known as 'Operation Somalia Express.' … 'This drug has the same

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dangerous and damaging effects as other drugs and some of the huge profits from the khat trade were being returned overseas,'" said DEA Special Agent In Charge Rodney Benson.

Panel Rules ATF Not Required To Pay Teleworkers' Broadband Costs. Federal Computer Week (7/28, Chan) reports, "The Bureau of Alcohol, Tobacco, Firearms and Explosives will not be required to pay for half the broadband costs for its teleworkers following a Federal Services Impasses Panel (FSIP) decision." FCW continues, "FSIP rejected National Treasury Employees Union (NTEU) arguments that the costs for teleworkers' broadband could be offset by potential savings in office space. … 'Given ATF's unique circumstances, the expense cannot be offset through "office space cost avoidance,"' according to the decision, which H. Joseph Schimansky, executive director of FSIP, wrote." FCW adds, "NTEU asked the panel for assistance with this issue, noting that it and ATF had reached an impasse in deciding which organization would pay for telework costs. The union said that the annual cost of bandwidth for the agency would be $225,000, and cited ATF's $923.6 million fiscal 2006 budget to indicate that the amount was not unreasonable. … ATF said its teleworkers would 'spend approximately 70 percent of their time in the field at licensees'/permittees' premises performing inspections' and would not make use of an Internet connection for much of their work. … NTEU President Colleen Kelley said she strongly disagreed with the panel's decision, and cited apparent inequities in ATF's telework policy."

Marshals Say Threats Against Judges On The Rise. The AP (7/28, Sherman) reports, "Threats against federal judges are on a record-setting pace this year, nearly 18 months after the family of a federal judge was killed in Chicago." The AP continues, "U.S. Marshals, who protect the nation's 2,200 federal judges, believe they averted another potential tragedy in the Midwest last year when they helped block the release of a prison inmate who told a judge in a series of sexually charged letters that he was going to take her away." The AP adds, "Threats and inappropriate communications have quadrupled over 10 years ago. There were 201 reported such incidents in the 1996 government spending year and 943 in the year that ended Sept. 30, the Marshals Service said. … This year alone, the Marshals Service has had 822 reports of inappropriate communications and threats, a pace that would top 1,000 for the year." The AP notes, "A threat typically includes a direct reference to harm, a weapon or a violent act. Inappropriate communications range from rambling letters to accusations of bias to envelopes that contain feces. … Marshals say a portion of the increase can be attributed to a heightened focus by judges and their staffs since the February 2005 incident in which unemployed electrician Bart Ross broke into the home of U.S. District Judge Joan Lefkow and shot to death her husband and mother."

IMMIGRATION:

Chertoff Says US To Have Operational Control Of Southwest Border In 2008. The Dallas Morning News (7/28, Mittelstadt, 500K) reports Homeland Security Secretary Michael Chertoff told a House subcommittee Thursday that the federal government "will gain operational control of the Southwest border in 2008, two years ahead of schedule, thanks to $1.9 billion in extra money for enforcement and the deployment of National Guard troops to the region." The Morning News adds that Chertoff warned of "unpredictable elements," but "sketched a rosy view of immigration enforcement developments at the border and inside the country." However, "skeptical" House appropriators "grumbled about a lack of strategic planning, inadequate contractor oversight and delays in completing the US-VISIT program to track foreigners' entry and departure from the country."

The Washington Times (7/28, Dinan, 88K) reports Chertoff said, "With respect to every population, except for one, we have achieved essentially 100 percent catch-and-remove." Chertoff said "a recent infusion of money, President Bush's decision to have the National Guard aid the U.S. Border Patrol and a commitment to better turnaround times for deporting illegal aliens has allowed the department to detain almost all non-Mexican illegal aliens they catch. He also said it has deterred some illegal aliens from trying to cross."

Legal Permanent Residents To Be Fingerprinted Upon Reentering US. In a move that the Washington Post (7/28, A14, Hsu, 748K) calls a "significant expansion of a long-stalled border security program," officials announced yesterday that millions of legal permanent residents will soon have to be fingerprinted before reentering the US by sea or air. According to the Post, "Those requirements of the US-VISIT program will be applied around the end of the year to the more than 11 million holders of green cards, as well as all immigrants, refugees, asylum seekers, people paroled to the United States and travelers under the Guam Visa Waiver Program, said Robert A. Mocny, acting director of US-VISIT. … The changes will apply to more than 1.4 million travelers a year, he said. The changes will be open to public comment until Aug. 28."

House GOP Plans Immigration Hearings During August Recess. House Republican leaders announced yesterday that they plan to hold 21 immigration hearings

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during the August recess before they meet with senators to work on compromise legislation. The New York Times (7/28, Swarns, 1.21M) reports, "House Majority Leader John A. Boehner "said the hearings, which will take place in 13 states, would expose what he described as 'troubling provisions' in the Senate's immigration bill, which would tighten border security and put most illegal immigrants on a path to citizenship. He said House Republicans, who passed legislation that focuses solely on border security, would concentrate on border fencing and involving the local police in the enforcement of immigration laws." House Republicans "said they still hoped to finalize immigration legislation this year."

CQ (7/27, Sandler) reported that the schedule of recess hearings "looks very much like a campaign flier." The list "includes a few states greatly affected by illegal immigration. But also on the list are such far-flung locales as Hamilton, Mont., Concord, N.H., and Dubuque, Iowa, which may lack the intensity of the border towns but share the common theme of facing competitive elections this fall." CQ added, "The tone of the hearings, along with the timing and location of some of them, also suggests that Republicans see an opportunity to make up ground at a time when they are unpopular on many other issues -- including the war in Iraq, the federal government's response to Hurricane Katrina, high gas prices and congressional scandals."

Immigrant Rights Groups Split Over Senate Bill. As lawmakers seek a compromise on immigration legislation, pro-immigrant rights groups are split over whether to back the Senate measure. The Washington Post (7/28, A14, Asthana, 748K) reports, "A number of the larger and more well-known organizations, such as the National Immigration Forum and the National Council of La Raza, back the Senate bill, albeit reluctantly. But a growing number of other liberal immigrant rights advocates, dismayed at what they say are onerous provisions of the Senate measure, are now saying they would prefer that Congress not enact an immigration law this year."

Illegal Immigrant Family Struggles To Provide For 10 Children In South Los Angeles. The Los Angeles Times (7/28, Quinones, 918K) profiles a South Los Angeles family of illegal immigrants who were struggling to provide for two teenage daughters and triplets still in diapers when the mother, Angela Magdaleno, gave birth to two boys and two girls. Now, "she and her husband, Alfredo Anzaldo, 44, must figure out how to provide for everyone on Anzaldo's maximum pay of $400 a week as a carpet installer." The Times adds, "Neither Magdaleno nor her husband speaks English, though she has been in the United States 22 years and he 28. Even her teenage daughters speak mostly Spanish; their English vocabulary is limited. Yet all of Magdaleno's 10 children are U.S. citizens. The triplets receive subsidized school lunches. All the youngsters have had their healthcare bills covered by Medi-Cal, the state and federal healthcare program for the poor."

Professor Decries "Knee Jerk" State, City Immigration Reform Measures. Annette Fuentes, an adjunct professor at the Columbia University Graduate School of Journalism, writes in USA Today (7/28, 2.27M) that the ripple effects of immigration reform being felt around the country are "more backlash and knee-jerk than thoughtful and measured." Fuentes adds, "Nativism and its anti-immigrant philosophy spawned the Know-Nothing movement in the 1850s, when Irish immigrants were blamed for taking jobs from native-born Americans and for a host of social problems. … The anti-immigrant laws taking shape in Congress give oxygen to a latter-day Know-Nothing movement by playing on people's fears."

TAX:

Judge Says US Coerced KPMG Employees. The New York Law Journal (7/28, Bar) reports, "Southern District of New York Judge Lewis A. Kaplan took another swipe Wednesday at the government's conduct in its prosecution of 16 former employees of accounting firm KPMG who allegedly developed illegal tax shelters for wealthy clients." The Journal continues, "Kaplan, in United States v. Jeffrey Stein, S105 Crim. 0888, ruled that federal prosecutors coerced two ex-employees into giving statements at proffer sessions, and he refused to allow the government to use those statements at a trial scheduled for January." The Journal adds, "Former KPMG Vice Chairman Richard Smith and ex-partner Mark Watson testified at a suppression hearing last week that the company told them they would be fired unless they cooperated with the government's probe. They argued that this economic pressure compelled them to waive their Fifth Amendment right against self-incrimination and to speak with prosecutors. … 'The Court is persuaded that the government is responsible for the pressure that KPMG put on its employees,' Kaplan wrote. 'KPMG took the only course open to it . . . It exerted substantial pressure on its employees to waive their constitutional rights.' … Wednesday's ruling came on the heels of a June opinion in which Kaplan held that prosecutors violated the U.S. Constitution by using the Justice Department's so-called Thompson Memorandum to pressure KPMG into capping its reimbursement of legal fees for employees accused of wrongdoing."

US Seeks Injunction Against Texas Tax Preparer. The Fort Worth Star-Telegram (7/28, Fuquay) reports, "A tax preparer who acknowledges filing clients' federal income tax returns showing zero income is the target of a federal lawsuit that seeks an injunction against the man, Phillip M. Ballard, and his company, Asset & IRS Shield Inc.

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in Arlington." The Star-Telegram continues, "The suit, filed Friday in Dallas, alleges that Ballard fraudulently filed so-called zero returns for customers with taxable income while asserting what the government called 'frivolous arguments' for avoiding tax liabilities. It also alleges that Ballard sells 'a phony "insurance policy"' that falsely promises protection against resulting claims by the Internal Revenue Service. … The suit asks that Ballard be permanently barred from acting as a tax preparer, and that he stop selling the insurance policy and provide the government with a list of his clients since Jan. 1, 2001. It also seeks to shut down his Web site, www.noirs.us, or require the site to remove 'all tax scheme promotional materials' and prominently post on the site a copy of any permanent injunction the government obtains against Ballard and his company. … The Justice Department said that since 2001, it has obtained injunctions against more than 190 'tax-fraud promoters and fraudulent return preparers.' The zero return, which the IRS says federal courts have repeatedly held to be 'false or fraudulent,' is among the agency's 2006 'Dirty Dozen' list of tax scams."

CONGRESS-ADMINISTRATION:

Bush Touts Hybrid Technology, Manufacturing Expansion In NAM Speech. The Detroit News (7/28, Shepardson) reports President Bush said the US is "making good progress on plug-in hybrid battery technology that would allow drivers to travel 40 miles without using any gasoline." Speaking to the National Association of Manufacturers, Bush said, "We're working on battery technologies. They say we're pretty close to a breakthrough in a battery where you can drive the first 40 miles on a battery, and your car doesn't look like a golf cart." The News adds, "But don't get the checkbook out to buy that plug-in hybrid yet. The big unknowns are cost and battery life."

The AP (7/28) reports, "Orders to factories for big-ticket durable goods jumped by a stronger-than-expected 3.1 percent in June, helped by a rebound in demand for commercial aircraft. Analysts said business investment would help bolster manufacturing production in coming months as demand by consumers slows." President Bush "noted the figure in a speech to the National Association of Manufacturers," saying, "The manufacturing sector is expanding. The economic policies we have pursued are working."

The Wall Street Journal reports on its Website (7/27, Pulizzi) that Bush, "battling public unease over the economy, said Thursday that maintaining U.S. economic might requires a mixture of low taxes, fiscal discipline, and sound energy policies." Bush "laid out his economic agenda in an address to the National Association of Manufacturers. But at a time when polls suggest continuing pessimism over the direction of the economy, the speech contained no new initiatives, sticking with the White House's long-held economic game plan."

New Home Sales Fall As Durable Good Orders Rise. The AP (7/28) reports, "Sales of new homes fell in June for the first time in four months, and the government also lowered figures for May, providing further evidence the high-flying housing market is losing altitude." The Commerce Department "reported Thursday that new home sales dropped by 3 percent last month to a seasonally adjusted annual sales pace of 1.131 million units. It was the first decline since an 11.5 percent drop in February." Meanwhile, "orders to factories for big-ticket durable goods jumped by a stronger-than-expected 3.1 percent in June, helped by a rebound in demand for commercial aircraft. Analysts said business investment would help bolster manufacturing production in coming months as demand by consumers slows." President Bush "noted the figure in a speech to the National Association of Manufacturers. ''The manufacturing sector is expanding,' he said. ''The economic policies we have pursued are working.'"

The Wall Street Journal (7/28, Corkery, Park, 2.03M) reports that "separately, the Labor Department said the number of Americans filing claims for unemployment benefits fell by 7,000 to 298,000 in the week that ended July 22."

The Washington Times (7/28, Hill, 88K) titles its report on the economic news "Housing Prices At A Standstill," while USA Today (7/28, Knox, 2.27M) says that "the proportion of home builders who are dangling goodies to buyers -- from free swimming pools to granite kitchen counters to vacations -- is the highest in at least seven years. The reason was made vividly clear Thursday, when the Commerce Department said new-home sales fell a sharp 3% from May to June."

Stocks Down Yesterday On Signs Of "Strength In US Economy." The Wall Street Journal (7/28, Mckay, 2.03M) reports, "An early rally crumbled, and stocks finished just a tad lower than where they started. The culprit: surprising signs of strength in the US economy." The Dow Jones Industrial Average, "up more than 85 points at one point during the day, closed down 2.08 points to 11100.43. The industrials are up 3.6% on the year." The Standard & Poor's 500-stock index "shed 5.20 points, or 0.4%, to end at 1263.20, up 1.2% on the year. The Nasdaq Composite Index fell 15.99 points, or 0.8%, to 2054.47, off 6.8% on the year." The Journal adds, "The economic-growth picture should become clearer today, with the release of the government's preliminary estimate of second-quarter gross domestic product. Wall Street expects GDP to grow at a 3.2% rate, compared with 5.6% in the first quarter."

Debate On Bolton Confirmation Once Again Breaking Along Partisan Lines. The AP (7/28,

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Flaherty) reports, "The Bush administration and GOP leaders on Thursday renewed their push for Senate approval of John Bolton as U.N. ambassador. Democrats maintained he is too brash and ineffective to be confirmed." The "sharp division all but guaranteed that lawmakers were headed toward another partisan showdown in the full Senate," although "Democrats would not say whether their opposition would amount to a filibuster, as it did last year."

The New York Times (7/28, Shanker, 1.21M) says the confirmation hearings "played out Thursday like a summertime movie sequel. The plot was familiar, although one major character switched sides. T here was a little snappy dialogue, a fresh conflict to debate, but not that much action." And "it ended, after three and a half hours, without any resolution of the central question: Will Mr. Bolton receive formal confirmation from the Senate this time? So the audience must return yet again to see how it all turns out." Bolton "came under attack from Democratic senators -- led by Joseph R. Biden Jr. of Delaware, Christopher J. Dodd of Connecticut and Russell D. Feingold of Wisconsin — who accused the ambassador of being ineffective at the United Nations, of having bullied an intelligence analyst and of abusing his authority by seeking names of Americans whose conversations were captured in eavesdropping operations." He "was defended by Republican senators, this time including George V. Voinovich of Ohio, who has withdrawn his previous objection to the nomination. That switch creates a fresh political dynamic that could clear the way for a full Senate vote on Mr. Bolton."

The Washington Post (7/28, A5, Babington, 748K) reports Senate Democrats "unleashed a sharp volley of criticism of President Bush's foreign policy yesterday, arguing that…Bolton has done more harm than good." Dodd said, "My objection isn't that he's a bully, but that he's been an ineffective bully and can't win the day when it comes, when it really counts." Biden remarked, "At the moment of the greatest need for diplomacy in recent history, we are not particularly effective at it." The Washington Times (7/28, Hurt, 88K) also reports the story under the headline "Democrats Still Against Bolton For UN."

Meanwhile, the Los Angeles Times (7/28, Marshall, 918K) says that "though Republicans and Democrats appeared as divided as ever over Bolton, Thursday's hearing lacked the tension and animosity of last year's sessions. The only real drama came when two members of the public shouted anti-Bolton remarks. They were escorted from the room."

CNN's The Situation Room (7/27, Blitzer) reported Bolton "told senators he has had made what he calls modest progress toward reforming the UN bureaucracy and in demanding a stronger response to North Korea's missile tests."

Fox News' Special Report (7/27, Hume) reported, "Staffers on the Senate Foreign Relations Committee tell Fox News this evening when the committee meets next week, the committee will ask that the vote be delayed until the next business meeting which would put the floor vote on Bolton off until at least September."

Water Leak Interrupts Hearing. NBC Nightly News (7/27, story 8, 0:15, Williams, 9.87M) reported, "Funny thing happen today during a hearing in the US Senate. The witness was the US Ambassador to the UN, John Bolton." John Bolton: "We looked at a whole range of things when we went in…" Williams: "You don't see that often. It's water coming from above in the hearing room. After a brief rain delay and a trashcan in place, the business of the people plowed on. It was blamed on a leak. One of the few out in the open in Washington." Dana Milbank writes about the leak in the Washington Post (7/28, A2, 748K), saying, "It would be no exaggeration to say that yesterday's confirmation hearing for...Bolton as US ambassador to the United Nations was a washout. … As it happens, the cascade provided a fitting coda for a hearing in which both sides seemed to be suggesting that the administration's foreign policy -- at least the one unveiled during…Bush's first term -- was all washed up. Neoconservatives dreamed that the flexing of American muscle in Iraq would cause the world to fall in line behind U.S. leadership; instead, the administration is struggling to build consensus at the United Nations on Iran and North Korea and discouraging any whisper of unilateralism or preemptive military strikes."

Bush's Casual Style Said To Show Lack Of Gravitas. USA Today (7/28, Jackson, 2.27M) reports amid "tensions in Iraq and the Middle East, President Bush meets today with a special delegation: Taylor Hicks and the American Idol finalists." The photo op is "the latest example of Bush being a regular guy, exuding a down-home style that has been both a blessing and curse to the president. His aides say Bush likes to show a lighter side, taking the edge off weighty matters that come with his job. Some critics, though, say some of these moments demonstrate a lack of seriousness." White House spokesman Tony Snow "said the president believes in 'putting people at ease, so that you can have a candid conversation.'"

House, Senate Split On Pension Reform Bill. USA Today/AP (7/28) reports, "A deal on major pension overhaul legislation was endangered early today by an angry split between the House and Senate over popular tax credits." House Republicans, "demanding the tax measures be excluded from the bill, boycotted a meeting called by the chairman of the House-Senate conference, Sen. Mike Enzi, R-Wyo. Enzi had hoped to win approval of a compromise plan, months in the making, that would allow passage of the

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pension bill before Congress departs for the August recess." The Wall Street Journal (7/28, Rogers, 2.03M) says "the pension bill has been put in jeopardy, because popular tax breaks -- which had been destined to be part of the measure -- will instead be packaged with the new estate-tax bill in the House. At the same time, the Republican focus on estate taxes has fed into a Democratic campaign demanding that Congress first help the working poor by raising the minimum wage, frozen at $5.15 an hour since 1997."

House GOP Plans Vote On Minimum Wage. The AP (7/28, Taylor) reports, "House Republican leaders, giving in to political reality, plan a vote to raise the $5.15 minimum wage before leaving Washington this weekend for a five-week recess. … The No. 3 House GOP leader, Majority Whip Roy Blunt of Missouri, said the plan was to have a vote before week's end." But "Majority Leader John Boehner, R-Ohio, said Republicans leaders were working to pass the increase but that 'no decisions have been made.'"

The Washington Post (7/28, A4, Weisman, 748K) says leaders are "bowing to pressure from their politically embattled moderates," though "a minimum-wage deal was far from certain, and pension legislation was near collapse. Last night's struggles underscored the divisions in Republican ranks that leaders had hoped to paper over before the August recess. 'We're getting close,' insisted Republican Conference Chairman Deborah Pryce (R-Ohio). But, she added, 'we want to have something that could actually become law.'" The New York Times (7/28, Hulse, 1.21M) also reports the story under the headline "Republicans Near A Vote To Increase US Wage," remarking that "the willingness of the leadership to relent on a wage vote after months of reluctance illustrates Republican nervousness about the November elections, and a desire to break for the August recess on a politically positive note. Although many states now require higher wage levels, the federal minimum wage has remained at $5.15 an hour since 1997."

NYTimes Weighs In On Chicago Wages Ordinance. The New York Times (7/28, 1.21M) editorializes, "The anti-Wal-Mart movement collided with the growing national debate about minimum wages in Chicago this week." The city council "passed an ordinance requiring big retailers to pay higher wages and benefits than other businesses must. Legal challenges are bound to follow, but the council's action should be taken as another sign that while Washington ignores the problem of living wages for workers, the rest of the country is growing very concerned. We sympathize with the frustration of local officials, whether in Chicago or Maryland, where state efforts to compel better health benefits from Wal-Mart were recently struck down by a federal judge." However, "laws should not be tailored selectively for individual companies, and most of the working poor will not be helped by simply targeting big retailers. An approach fragmented among many localities is also inefficient and in some instances illegal. The courts will decide that question. But the Chicago ordinance is a powerful expression of public dismay. The lot of the most disadvantaged will only improve if the issue is forced, as it was in the Windy City."

Congress Expected To Pass Only Watered-Down Ethics Reform Bills. The Washington Post (7/28, A8, Birnbaum, 748K) reports, "Unable to agree on major lobbying and ethics legislation, Senate and House leaders have made plans to adopt vastly scaled-back versions of the measures as part of their rules so that lawmakers can claim that they responded to recent congressional scandals." Congress "promised fast action on lobbying reforms in January, but the two chambers cannot agree over a number of provisions, including one in the House bill that would rein in independent organizations that have spent millions of dollars, mostly on behalf of Democrats, to sway federal elections." House Republicans are "insisting that the groups, nicknamed 527s, be curtailed, but Democratic senators and a handful of Senate Republicans have vowed to oppose the change as part of the lobbying bill." As a result, "Congress may adjourn this year without agreeing on legislation to tighten restrictions on lobbyists' dealings with lawmakers." The legislation's "potential demise is surprising, given the urgency that lawmakers of both parties placed on its passage seven months ago" in the wake of the Abramoff scandal.

WPost Calls Proposed Loophole In Campaign Finance Rules "Terrible Idea." The Washington Post (7/28, A24, 748K) editorializes, "Congress has so disgraced itself with its handling of legislation on lobbying reform this year that it's hard to imagine the situation could get much worse. … In the latest brazen twist, lawmakers are considering using the sham lobbying reform bill as a vehicle to open up a loophole in campaign finance laws that would tilt the playing field even more in favor of incumbents." Under current rules, "leadership PACs, like ordinary political action committees, can't give more than $15,000 annually to the national political parties. The provision would remove that limit, letting lawmakers transfer unlimited sums from their PACs to their parties. … It's a terrible idea. Doing it under the guise of lobbying reform would be the ultimate in congressional chutzpah."

Davis Friend's Consulting Firm Profits From Contracts Under His Jurisdiction. In an approximately 4,300 word story, the Washington Post (7/28, A1, O'Harrow, Higham, 748K) reports on its front page that two months before Rep. Thomas M. Davis III (R-Va.) "became chairman of the powerful House Government Reform Committee in January 2003, one of his close friends formed ICG Government, a consulting company for

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technology firms seeking government contracts." The friend, Donald W. Upson, "had risen with Davis through the burgeoning Northern Virginia technology community, where they worked side by side as executives at a company that sold computer systems to the government." From "the beginning, Upson worked with Davis and his staff as he built his consulting business, which holds seminars on procurement and advises clients on winning government technology contracts worth billions of dollars. Those contracts often came under the oversight of Davis's committee. One of Upson's first hires was Jeannemarie Devolites, a Virginia politician who later married the congressman." ICG has "a record of satisfied clients, who say the firm has provided them with access to the congressman and his staff."

Procurement Experts Critical Of Davis Legislation. In a second story, the Washington Post (7/28, A13, 748K) reports Rep. Davis "and his staff have worked closely with corporations and their lobbyists to help write federal procurement legislation. Davis said the effort is intended to streamline contracting and make it more efficient. But some procurement experts and federal investigators said the legislation, called the Services Acquisition Reform Act, contains provisions that would loosen federal oversight on contracts and allow practices that are susceptible to abuse and fraud." Among those "opposed was the Bush administration's top procurement official, Angela B. Styles, the former chief of the Office of Federal Procurement Policy at the Office of Management and Budget. Styles, a politically connected corporate lawyer and Bush loyalist from Texas, thought Davis's proposals would be costly and overly favorable to businesses."

Bush To Welcome "American Idol" Contestants To White House. The Los Angeles Times (7/28, Puzzanghera, 918K) reports that President Bush today will welcome "American Idol" winner Taylor Hicks and the show's nine runners-up to the White House. The Times notes, "It's the first time 'American Idol' stars -- or those from any reality TV show -- have earned a White House meeting. Hicks, along with Katharine McPhee, Elliott Yamin and the show's other finalists, will visit Bush in the Oval Office this afternoon, give him a gift and pose for pictures."

Krugman Says Bush "Propaganda Machine" Rewriting History. Paul Krugman writes in the New York Times (7/28, 1.21M) that a recent Harris Poll found that "50 percent of Americans now believe that Iraq had weapons of mass destruction when we invaded, up from 36 percent in February 2005. Meanwhile, 64 percent still believe that Saddam had strong links with Al Qaeda." Krugman adds that the "people now running America never accept inconvenient truths. Long after facts they don't like have been established…the propaganda machine that supports the current administration is still at work, seeking to flush those facts down the memory hole. But it's dismaying to realize that the machine remains so effective. … Who would have imagined that history would prove so easy to rewrite in a democratic nation with a free press?"

WPost Criticizes Bush Use Of Signing Statements. An editorial in the Washington Post (7/28, A24, 748K) says President Bush "has asserted a grandiose vision of presidential power, one to which Congress has largely acquiesced." Bush "has used signing statements…far more frequently than other presidents." The Post adds that it is "important not to let Mr. Bush's ugly signing statements bring the presidential practice into disrepute. Signing statements are actually a useful device for transparent and open government. … The problem is not that Mr. Bush reserves the right to state his views; it is the dangerous substance of the views he sometimes states."

LATimes Says Court Brought Sensenbrenner's Scrutiny On Itself. An editorial in the Los Angeles Times (7/28, 918K) discusses the "ongoing controversy over US District Judge Manuel L. Real of Los Angeles. Real, a veteran of four decades on the bench, was charged in 2003 by a litigious local attorney with misconduct for seizing control of a bankruptcy case from another judge to make sure the defendant, whose criminal probation Real was supervising, wouldn't be evicted from her house. … Now Rep. F. James Sensenbrenner Jr. (R-Wis.), chairman of the House Judiciary Committee and a partisan critic of unelected judges, is exploring impeachment against Real for misconduct. On Wednesday, Sensenbrenner ordered a congressional subcommittee to begin an investigation. … Real's conduct probably doesn't rise to the level of a high crime or misdemeanor. But the court's initial investigation did not rise to any kind of serious level either. Sensenbrenner's challenge is one the court brought on itself."

OTHER NEWS:

Conservatives Support Initiatives To Limit State Government Spending. The Wall Street Journal (7/28, Cooper, 2.03M) reports that while "economic conservatives have failed to curb government expansion in Washington, they're ramping up a campaign to impose spending limits on state legislatures around the country." At least six states will have "ballot initiatives that would set strict formulas limiting the growth of public programs. Two legislatures this year have already passed such measures, often labeled a

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'taxpayer bill of rights.'" The measures "generally say that state spending can grow by only a certain percentage each year -- usually by either the rate of inflation or by the rate of population growth." Beyond Maine, "the states likely to face such votes in the fall are Michigan, Montana, Nebraska, Nevada and Oregon. Legislatures in Ohio and Rhode Island passed laws on the issue, but those are weaker than the ballot initiatives."

WSJournal Says Two Obstacles Block Senate Passage Of Line Item Veto. The Wall Street Journal (7/28, 2.03M) says in an editorial that it "has been 10 years since a line-item veto was passed by Congress -- and eight years since the Supreme Court struck it down. But now the Senate has a chance to try again. Congressman Paul Ryan's line-item-veto bill passed the House last month in a bipartisan vote. Can the Senate duplicate the feat?" A "look at the voting histories of Senators from both parties reveals that, by our count, 65 members of the world's greatest deliberative body have voted for a line-item veto in some form in the past -- more than enough to defeat a filibuster. That number includes 15 Republicans who sit on the big-spending Appropriations Committee and 15 Democrats." But "at least two obstacles stand in the way of a Senate success this year. The first is Budget Chairman Judd Gregg (R., New Hampshire), who has wrapped the line-item veto into a broader budget reform that is disliked by most Democrats, even some who might support a stand-alone item-veto bill." The second obstacle is "Democrats who don't want to give Republicans any policy victory before November, no matter the merits."

Democrats Roll Out Election Battle Plan. Democratic leaders yesterday rolled out an election battle plan that calls for hitting Republicans on national security, prescription drug costs and gas prices. McClatchy (7/28, Mondics) reports, "Democrats said they would focus on six issues in the fall campaign: strengthening national security, raising the minimum wage, making college tuition tax-deductible, promoting initiatives to lower gas prices and other energy costs, making health care more affordable, and shoring up the private pension system. They said they would seek to begin withdrawing troops from Iraq this year. They also said they would lower health-care costs by ensuring that the secretary of Health and Human Services had the authority to negotiate lower prices from pharmaceutical companies for the Medicare prescription program."

CNN.com (7/28) reports that Senate Majority Leader Harry Reid dismissed Republicans' 1994 "Contract with America," as an "urban myth" as he and other Democrats "were promoting their own election-year document of six broad legislative goals, called 'Six for '06.' Democrats insist most of this year's campaigns -- 75 percent -- will be a referendum on President Bush. … The document, which carries the title 'A New Direction for America,' is a brief compilation of six themes Democrats have been pushing in various ways all year:"

Democratic Ad Links Republicans To Bush. Democrats said yesterday they will attempt to link Republicans with President Bush as often as possible in the 100 days leading up to the November election. The Washington Times (7/28, Bellantoni, 88K) reports that Democratic leaders "previewed a political ad they say will show that the Nov. 7 election will be decided on national issues such as Mr. Bush's insistence that the United States 'stay the course' in Iraq. The new Web ad shows several clips of Mr. Bush using the phrase 'stay the course,' contrasted with statistics on the national debt, record-high gas prices and increased health care and college costs for middle-class families. 'His message: Stay the course,' the ad states. 'Our message: A new direction. Now. Vote Democrats...for a change.'" The new ad "went live on the Democratic Congressional Campaign Committee (DCCC) Web site yesterday, just before the House adjourns for more than five weeks so members can return to their districts and campaign for re-election."

Dole Says Republicans Will Keep Majority In Senate. NRSC Chairwoman Elizabeth Dole said on MSNBC's Hardball (7/27), "We're going to keep the Republican majority in the Senate. We're going to keep the Republican majority. We've got a great group of challengers as well and you know, I'm just very, very pleased with our recruiting and it's going to be, we're going to keep the majority."

Lieberman, Lamont Intensify Ad Campaigns. Sen. Joe Lieberman and his Democratic primary opponent Ned Lamont have been stepping up their advertising campaigns as the August 8 primary election nears. The New York Times (7/28, Medina, 1.21M) reports that both candidates have been producing "new spots and buying additional broadcasting time for the climactic final week of the race. Already, both campaigns are running multiple ads across the state." The Times adds that in their latest commercials, the candidates "try to parry the attacks from their opponents. Mr. Lieberman, criticized by Mr. Lamont's supporters as too conservative, too close to President Bush and too supportive of the war in Iraq, is trying to present himself as a loyal Democrat, the kind of senator the last Democratic president would support. Mr. Lamont, attacked by Mr. Lieberman's camp as a wealthy, one-issue opportunist who is trying to buy his way into office, is trying to tell voters that he is more than just a millionaire who opposes the war in Iraq."

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Minnesota Senate Contest One Of Closest 2006 Races. The race for Minnesota's open US Senate seat is one of the closest of this election season, the Washington Times (7/28, Lambro, 88K) reports. With just over than three months until Election Day, "independent voter polls show Republican Rep. Mark Kennedy trailing Democratic Hennepin County Attorney Amy Klobuchar by five percentage points in a contest for the seat held by retiring Sen. Mark Dayton, a Democrat. … A SurveyUSA election poll of 700 Minnesotans showed Ms. Klobuchar leading Mr. Kennedy 47 percent to 42 percent. Independence Party candidate Robert Fitzgerald, who could be the spoiler in the race, drew 8 percent. The poll, conducted last week for several statewide television stations, has a margin of error of four percentage points. Earlier this month, the Minneapolis Star Tribune published its Minnesota Poll showing Ms. Klobuchar with a 19-point lead."

Harris Demands Apology From Dean For Comparing Her To Stalin. Florida US Senate candidate Rep. Katherine Harris yesterday demanded that DNC Chairman Howard Dean apologize for a speech in which he likened her to former Soviet ruler Joseph Stalin. The AP (7/28) reports, "Dean, in a speech to Democratic business leaders in West Palm Beach, made the remark in reference to Harris' handling of the 2000 presidential election recount when she was Florida secretary of state and an honorary chairwoman of George W. Bush's Florida campaign. … Dean said in Wednesday's speech that Democratic incumbent Bill Nelson is 'going to beat the pants off Katherine Harris, who didn't understand that it is ethically improper to be the chairman of a campaign and count the votes at the same time. This is not Russia and she is not Stalin.'" Harris' campaign said in a statement that Dean's comments "reflect a lack of understanding and basic decency."

WPost Questions Steele's Readiness For Limelight. An editorial in the Washington Post (7/28, A24, 748K) says Maryland Lt. Gov. Michael S. Steele "told the truth but he didn't actually mean to -- at least not with his name attached." Quoted by columnist Dana Milbank, Steele "cuffed around the president and his party," calling his party affiliation "a scarlet letter." The Post adds, "The ensuing kerfuffle" may "say more about Mr. Steele and his readiness for the limelight of an intense Senate campaign than it does about Washington." Although Steele says Milbank "disregarded his praise for the president while trying to 'stick his finger in my eye and in the eye of the president,'" Milbank "went out of his way to protect Mr. Steele from himself."

Democrats Hope Stem Cell Research Issue Will Tip Balance In Key Races. In the wake of President bush's veto of legislation supporting embryonic stem cell research last week, Democrats are hoping the issue will make the difference in some key races. The Christian Science Monitor (7/28, Feldmann, 58K) reports, "The thinking is that just about everyone knows someone with a medical condition that scientists say could be helped someday through such research." The Monitor adds, "The list of races where embryonic stem-cell research is playing a role continues to grow," but "the state with the most focused attention is Missouri, where a ballot initiative supporting research has stoked the embryonic stem-cell issue in races up and down the ballot. It plays prominently in the battle between first-term Sen. Jim Talent and his opponent, Democratic state auditor Claire McCaskill."

Sheehan Buys Land In Crawford To Facilitate Protests. The New York Times/AP (7/28) reports war protesters "will have a new and bigger gathering place when they return in August to President Bush's adopted hometown: a 5-acre lot bought with insurance money Cindy Sheehan received after her son was killed in Iraq." Gerry Fonseca, "a fellow war protester who acted as Sheehan's agent, said he recently bought the vacant lot about a mile from downtown Crawford — and about 7 miles from Bush's ranch — for $52,500. About half the land is pasture, and the other half is woods, he said." Sheehan "told the AP in an e-mail Thursday that the group wanted more space. 'We decided to buy property in Crawford to use until George's resignation or impeachment, which we all hope is soon for the sake of the world.'"

Card Joins Union Pacific Board. Former White House Chief of Staff Andrew Card has joined the board of the US' largest rail operator, Union Pacific. The Financial Times (7/28, Ward) says the move reinforces "the close relationship between the Bush administration and big business." Card's recruitment by Union Pacific "comes at a time when rail operators are lobbying Congress for tax breaks and fighting calls from customers for tougher regulation of the industry. Mr Card is following in the footsteps of Vice President Dick Cheney, who served on the Union Pacific board until the 2000 election, underlining the Nebraska-based company's stellar political connections."

Bill Clinton, Bono Among Speakers At Conference Of News Corp. Executives. The Los Angeles Times (7/28, Hofmeister, 918K) reports that 250 News Corp. executives will gather this weekend for a management retreat at a California seaside resort. The Times reports, "Speakers at the Pebble Beach event will include such political powers as British Prime Minister Tony Blair, former President Clinton and Israeli Vice Premier Shimon Peres. Los Angeles Police Chief William J. Bratton will opine on remaking complex organizations, former Vice

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President Al Gore will riff on climate change, and U2's Bono will deliver a keynote address titled 'The Power of One.'" Chairman Rupert Murdoch "personally invited many of the luminaries who will make the five-day retreat an unusually high-powered blend of politics and business. Not only did they say yes, but at least one -- Clinton -- waived his usual $100,000 speaking fee."

Professor Says Charities Should Offer Money-Back Guarantees. Arthur Brooks, a professor at Syracuse University's Maxwell School of Public Affairs, writes in the Wall Street Journal (7/28, 2.03M), "Disposable income among American professionals is higher than it has ever been, and scholars estimate that more than $50 trillion will be bequeathed by mid-century. The confidence we have in the way our money is used will determine how much of it we will give away to charities, as opposed to spending it on our own consumption or leaving it to our heirs. Charities can give us this confidence by doing what retail firms have done for decades: offering money-back guarantees. For donations that are spent outright by nonprofits, these guarantees should hold for a reasonable but limited time; for gifts that go towards endowments, there should be periodic donor review and an option to redirect the money toward other causes."

Bush Declines To Criticize Israel For Lebanon Offensive, Denounces Iran's Role. The AP (7/27, Loven) reports Bush "declined Thursday to criticize Israel's tactics in its continuing offensive against Hezbollah guerrillas in southern Lebanon, and gave a sharp condemnation of Iran's role in the bloody fighting. 'Hezbollah attacked Israel. I know Hezbollah is connected to Iran,' Bush said tersely at the end of Oval Office meetings with Romanian President Traian Basescu. 'Now is the time for the world to confront this danger,' Bush said." Bush said he "hoped to see the violence end 'as quickly as possible' and repeated his call for Israel to try to limit the impact on civilians. But he suggested that the Israeli campaign has his support for as long as it takes to eliminate Hezbollah's influence in Lebanon and its ability to attack neighbor Israel."

Fox News' Special Report (7/27, Humer) also reported, "Bush insisted today that any fighting in Lebanon must be lasting as he again refused to criticize Israel for its offensive into Lebanon." And the Washington Times (7/28, Mitnick, 88K) says "Bush suggested he would support the offensive for as long as it takes to cripple Hezbollah."

USA Today (7/28, Stone, 2.27M) notes Bush "reiterated [Secretary of State Condoleezza] Rice's opposition to an immediate cease-fire -- a position that drew criticism during an emergency meeting on the Lebanon crisis in Rome on Wednesday. Rice, in the face of opposition from European and Arab nations, said the United States would support a cease-fire only after the Islamist Hezbollah militia has been eliminated as a threat to Israel." Said Bush, "Now is the time to address the root cause of the problem, and the… problem is terrorist groups. Our objective is to make sure that those who use terrorist tactics are not rewarded." White House spokesman Tony Snow "said US diplomats in the region are working toward a United Nations resolution, US diplomats in Europe are discussing a multinational force for Lebanon, and the United States is helping to organize humanitarian aid."

Nasrallah May Be Hiding In Iranian Embassy, May Have Visited Syria. The Washington Times (7/28, Gertz, 88K) reports, "Intelligence reports indicate the leader of Hezbollah is hiding in a foreign mission in Beirut, possibly the Iranian Embassy, according to US and Israeli officials." Israeli "military and intelligence forces are continuing to hunt for Sheik Hassan Nasrallah, Hezbollah's secretary-general, who fled his headquarters in Beirut shortly before Israeli jets bombed the building last week. 'We think he is in an embassy,' said one US official with access to the intelligence reports, while Israeli intelligence speculates Sheik Nasrallah is hiding in the Iranian Embassy." The Times adds, "If confirmed, the reports could lead to an Israeli air strike on the embassy, possibly leading to a widening of the conflict, said officials who spoke on the condition of anonymity. Foreign embassies are sovereign territory and an attack on an embassy could be considered an act of war." But "other reports from the region indicate Sheik Nasrallah may be in Damascus."

The CBS Evening News (7/27, story 3, 1:45, Roth, 7.66M) reported there was a report that "Nasrallah was helped by Syrian intelligence, disguised by dressing without his turban or clerical garb, and briefly smuggled out of Lebanon yesterday to Damascus, which would have put the man Israel wants to kill on the same route Israeli jets have been bombing almost daily." But a senior Syrian government official "insisted the guerrilla leader's reported visit here was fantasy." Still, Syrians "say they still have influence they can exercise over Hezbollah and they'd be willing to use it. For more than a week now, President Assad has been seeing envoys sent here by Hezbollah's other sponsor -- Iranian President Ahmadinejad. And while the US says both those countries have leading roles in the Lebanon conflict, Washington's not talking to either of them face-to-face." Syria is "convinced" the US will change course, and "as one senior government official here told me tonight, if America wants to end the war between Hezbollah and Israel, at some point it has to come knock on our door and say let's talk."

CBS/NYTimes Poll Finds 47% Approve Of Bush's Handling Of Middle East Crisis. CNN's The Situation Room (7/27, Blitzer) reported, "There's a new poll that shows Americans are generally supportive of President Bush's handling of this crisis in the Middle East. Forty-seven percent

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approve, 27 percent disapprove. The new CBS/New York Times poll also asked if the United States has a responsibility to resolve the conflict? 37 percent said yes, 58 percent said no."

58% Says Bush's Attempts To Promote Democracy Worldwide Have Failed. The Wall Street Journal (7/28, Harwood, 2.03M) reports in its "Washington Wire" column, "In new Wall Street Journal/NBC News poll, 58% call president's attempts to promote democracy around the world unsuccessful so far. A 55% majority says administration has relied too much on military action. But Americans split on using force to stop nuclear proliferation. A 48% plurality says that is appropriate to keep Iran from developing a nuclear weapon; a 46% plurality opposes similar action against North Korea. The error margin is plus or minus 3.1 percentage points."

Bush Refusal To Negotiate With Syria Questioned. Editorial opinion and commentary on the Israeli-Hezbollah conflict continues to be varied, but the Bush Administration's refusal to negotiate directly with Syria to secure an immediate ceasefire is emerging as a prominent theme. In a Wall Street Journal op-ed (7/28), Leslie Gelb, president emeritus of the Council on Foreign Relations, says "the only interesting and promising twist" in the Bush Administration's policy on the Middle East conflict "seems to be a new U.S. desire to split Sunni Syria away from Shiite Iran, and thereby deny Tehran its conduit for arms and money to fellow Shiite Hezbollah. But Mr. Bush spoils this good possibility by asking the weak Saudis and Egyptians to play this Damascus card, rather than tasking Ms. Rice directly. In 1996, Secretary of State Warren Christopher tapped the table vigorously in Damascus to arrange the cease-fire that endured until last month." Bush "needs to use the present crisis to justify new and wide-ranging talks with Syria and Iran, and, if necessary, indirectly with Hamas and Hezbollah. These rank at the top of the world's nastiest and most untrustworthy negotiating partners, but they also happen to be the ones causing most of the trouble -- and are, therefore, the ones we have to deal with."

In a Washington Post op-ed (7/28, A25), former Secretary of State Warren Christopher says, "My own experience in the region underlies my belief that in the short term we should focus our efforts on stopping the killing. Twice during my four years as secretary of state we faced situations similar to the one that confronts us today. Twice, at the request of the Israelis, we helped bring the bloodshed to an end." As "in 1996, an immediate cease-fire must take priority, with negotiations on longer-term arrangements to follow. Achieving a cease-fire will be difficult enough without overloading the initial negotiations with a search for permanent solutions." Second, "if a cease-fire is the goal, the United States has an indispensable role to play." Finally, Syria "may well be a critical participant in any cease-fire arrangement, just as it was in 1993 and 1996."

In his Wall Street Journal column (7/28), Daniel Henninger says Israel's population, "with Katyushas raining down on them by the thousands, is a metaphor for the world ahead of commoditized missile weaponry. Not thinking about how to survive in that world is foolhardy. Hezbollah's Katyusha barrage, coming so soon after North Korea's aggressive, highly publicized Taepodong test, elevates all this as a political issue. Historically the Democratic Party has committed itself to suppressing the development of anti-missile technologies." We are "heading toward two election cycles amid a world unsettled by missile threats -- in the air or on the brink. To the specter of North Korea and Iran delivering WMD by long-range missiles, now add Katyusha-like strikes from very small rockets and missiles. Come 2008, we may see a Republican candidate who understands these issues running against a militarily ambivalent Democrat who has to learn them, like an unguided rocket, on the fly."

In his New York Times column (7/28), Thomas Friedman says, "America should be galvanizing the forces of order — Europe, Russia, China and India — into a coalition against these trends" of religious and ethnic violence in the Middle East. But "we can't. Why? In part, it's because our president and secretary of state, although they speak with great moral clarity, have no moral authority. That's been shattered by their performance in Iraq."

In a Washington Times op-ed (7/28), Nir Boms, vice president of the Center for Freedom in the Middle East, says, "A well-known and respected Sufi scholar from Syria, Sheikh Abdullah Algharib Alhamad Altamimee, stepped off a plane in Washington and publicly called for Mr. Assad's ouster. While the development may not appear significant on the surface, the sheikh has broken the thousand-year-old Sufi tradition of refraining from politics."

Democrats Accused Of Pandering On Israel. In a Washington Post op-ed (7/28, A25), New Republic editor-at-large Peter Beinart says, "After years of struggling to define their own approach to post-Sept. 11 foreign policy, Democrats seem finally to have hit on one. It's called pandering. In those rare cases when George W. Bush shows genuine sensitivity to America's allies and propounds a broader, more enlightened view of the national interest, Democrats will make him pay. It's jingoism with a liberal face." The "latest example came this week when Democratic senators and House members demanded that Iraqi Prime Minister Nouri al-Maliki either retract his criticisms of Israel or forfeit his chance to address Congress. Great idea. Maliki -- who runs a government propped up by U.S. troops -- is desperate to show Iraqis that he is not Washington's puppet. And the United States desperately needs him to succeed because, unless he gains political credibility at home, his government will have no hope of surviving on its own."

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Current State Of US Diplomacy Called "Dreary," Rice Said To Have Lost PR War. In an analysis piece, the AP (7/28, Raum) reports, "These are dreary days for US diplomacy. A string of disappointments in recent weeks has left Washington's role as a global power broker diminished. The unalloyed U.S. support for Israel during two weeks of fighting with Hezbollah insurgents in Lebanon and American refusal to agree to a quick cease-fire are leaving the Bush administration ever more isolated internationally." As two "signs" that "strains are growing," the AP says Secretary Rice "failed to agree in Rome with European and Arab allies on terms for a cease-fire" in Lebanon, and President Bush and Iraqi Prime Minister Iraqi Prime Minister Nouri al-Maliki "had to concede a six-week-old plan for quelling violence in Baghdad had failed." Also noted is the "stalled" effort to "restrict" Tehran and Pyongyang's nuclear programs, and the "collapse" of WTO talks.

In related reporting entitled, "Two Steps Back," the New York Times (7/28, Cooper, 1.21M) says, "For the past year," Rice "has worked assiduously to resurrect the importance of traditional diplomacy and building consensus among world leaders after America's go-it-alone approach to Iraq," and "has managed to hold together a fragile coalition" on Tehran and Pyongyang. However, "in the space of one hour in Rome on Wednesday, the public rewards of that hard work — the view around the world that the United States may now be more willing to play nice with others — may have been undone. Once again, it seemed, the United States had reverted to its my-way-or-the-highway approach, and Ms. Rice was on the defensive." While Rice "won the diplomatic battle in Rome," she "lost the public relations war. Reports of the Rome meeting uniformly painted her as isolated in one corner, refusing to yield to impassioned calls for an immediate cease-fire" in Lebanon.

In a front-page story, the New York Times (7/28, MacFarquhar, 1.21M) reports, "At the onset of the Lebanese crisis, Arab governments, starting with Saudi Arabia, slammed Hezbollah for recklessly provoking a war, providing what the United States and Israel took as a wink and a nod to continue the fight. Now, with hundreds of Lebanese dead and Hezbollah holding out against the vaunted Israeli military for more than two weeks, the tide of public opinion across the Arab world is surging behind the organization, transforming the Shiite group's leader, Sheik Hassan Nasrallah, into a folk hero and forcing a change in official statements." The Times adds, "The Saudi royal family and King Abdullah II of Jordan, who were initially more worried about the rising power of Shiite Iran, Hezbollah's main sponsor, are scrambling to distance themselves from Washington." And "an outpouring of newspaper columns, cartoons, blogs and public poetry readings have showered praise on Hezbollah while attacking the United States and Secretary of State Condoleezza Rice for trumpeting American plans for a 'new Middle East' that they say has led only to violence and repression."

The Washington Times (7/28, Sands, 88K) reports Rice "has called events from Somalia to Afghanistan the 'birth pangs of a new Middle East,'" but "recent events across the region and a stark warning from a top terrorist leader yesterday indicate the labor will be long, painful and beset by unexpected complications. … The outbreak of regional violence this month is proving only the latest obstacle to President Bush's vision of a transformed Middle East and a post-September 11 political revolution in the crescent of Muslim states from Central Asia to North Africa. Instead of a new cadre of democratic governments friendly to the West and at peace with Israel, the region now features at least four countries -- Iraq, Afghanistan, Somalia and Lebanon -- in which the government is struggling to establish control and carry out the basic functions of a sovereign state."

As Activists Swing Into Action, Divisions Noted Within Arab-American Community. The Wall Street Journal (7/28, Dreazen, 2.03M) reports on the "growing tensions roiling the Arab-American community as the conflict in the Mideast grinds on. Although often seen as homogeneous, the Arab-American community of 1.2 million is deeply divided by nationality -- and by fierce arguments over how it should flex its political muscle. Arab-American groups lack the resources of pro-Israel organizations like the American Israel Public Affairs Committee, and have traditionally contributed far less to political campaigns and parties." The divisions are "preventing the advocacy groups from presenting a united front at a moment when Arab-Americans are trying to find a strategy to respond to explosions of violence in Iraq, Lebanon and the Palestinian territories."

The New York Times (7/28, Goodstein, 1.21M) reports, "With Israel at war again, American Jewish groups immediately swung into action, sending lobbyists to Washington, solidarity delegations to Jerusalem and millions of dollars for ambulances and trauma counseling, just as they always have. But this time there is a parallel mobilization going on in this country by Arab-Americans and Muslim Americans in support of Lebanese and Palestinian victims of the war." Both sides "are worried about friends and relatives under bombardment or driven from their homes. Both are moved to act by the scenes on television of their suffering kin."

Rice May Return To Middle East. The AP (7/27, Nessman) reports Israel "decided Thursday not to expand its battle with Hezbollah in southern Lebanon for now, but authorized the army to call up 30,000 reserve soldiers in case the fighting intensifies. Lebanese officials estimated a civilian death toll as high as 600." Secretary of State Rice said she "was 'willing and ready' to return to the region to work for a sustainable peace agreement," but President Bush

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"suggested he would support the offensive for as long as it takes to cripple Hezbollah." In another story, the AP (7/27, Shrader) reports Rice "repeated her position that the United States wants to work for a sustainable peace plan and smooth the delivery of humanitarian supplies to the Lebanese."

Meanwhile, AFP (7/27, Collinson) reports Rice "is expected to resume her Middle East crisis mission, as the United States warned against a 'fake peace' to end fighting between Israel and Hezbollah. Rice returned to her Kuala Lumpur hotel after giving a piano recital at the normally riotous annual gala of East Asian ministers and dialogue partners to discuss her travel plans with aides working on the Middle East, sources said. She will leave Malaysia, a day earlier than first thought, on Friday, after a string of one-on-one talks" with ASEAN ministers.

Robinson Blames Rice For Not Pushing Ceasefire. In his Washington Post column (7/28, A25), tiled, "A War Of Her Own," Eugene Robinson says, "Lebanon has now become Condi's war." The "one thing that's clear so far is that Rice believes that allowing Israel to decimate Hezbollah and drive what's left of the group out of southern Lebanon is such a valuable step toward her 'new' Middle East that it's worth crippling a nascent Arab democracy with hundreds of civilian casualties and billions of dollars worth of infrastructure damage. At least that's what she believed before her trip. If at this point she isn't rethinking the whole thing, given the trouble Israeli forces are having with Hezbollah, then we're really in trouble."

Bush, Blair To Discuss Mideast Crisis At White House Today. CNN's The Situation Room (7/27, Blitzer) reported, "In the midst of the crisis here in the Middle East, President Bush will host the British Prime Minister, Tony Blair, at the White House tomorrow. It's yet another challenge for two allies who have endured war and controversy on their watches." CNN (Quijano) added that Blair's visit "was scheduled well before this latest Middle East crisis broke out. But now, of course, plotting Mideast strategy will be the central focus, with both leaders under pressure to change their approach."

Reporting from London, the New York Times (7/28, Cowell, 1.21M) reports that when Blair "visits Washington on Friday, he will find himself in a familiar position -- a statesman abroad, and assailed at home as what his harshest critics call America's 'poodle.'" His "unequivocal support for the White House has left him open to growing criticism. In an opinion survey in The Guardian on Tuesday, a majority of Britons polled said he should show more independence from the United States -- mimicking the 'Love Actually' moment from the movie of that name starring Hugh Grant as a British prime minister who breaks publicly with an American president."

UK Likely To Approve US Request To Send Bombs To Israel Via Scottish Airport. AFP (7/27) reports US requests to "send two more planes carrying bombs and missiles to Israel via Britain in the next fortnight are likely to be approved," according to the Times of London. In addition, the Daily Telegraph "said two chartered Airbus A310 cargo planes laden with GBU-28 bombs landed at Scotland's Prestwick airport over the weekend for refuelling and a crew rest on the way to Israel."

Israeli Minister Suggests US, Allies Gave Green Light To Lebanon Offensive. The CBS Evening News (7/27, story 2, 3:40, Logan, 7.66M) reported, "One of the members of the Israeli cabinet suggested today that Israel had more or less been given a green light by the United States and some of the European allies to press on here." CBS (Logan) added, "That drew huge international criticism, and was immediately seized upon by Germany's foreign minister, the head of the EU. They called it a gross misrepresentation of what was decided and said it was the opposite, every country there was very eager to see an immediate end to the fighting. Israel's prime minister, when the issue was raised with him, said that was not the impression they meant to give and they also want to see an end to the fighting." Meanwhile, Fox News' Special Report (7/27, Goler) reported that "neither the President nor his aides publicly disputed Israel's claim that it's been given a green light to destroy Hezbollah."

The Los Angeles Times (7/28, King, Kennedy, 918K) reports Justice Minister Haim Ramon told Israel's Army Radio, "We received yesterday at the Rome conference permission from the world... to continue this operation, this war, until Hezbollah isn't present in Lebanon, and until it is disarmed. … Everyone understands that a victory for Hezbollah is a victory for world terror." At the White House, President Bush "was asked if he agreed with Ramon's comments. 'I believe this. I believe that...the Middle East is littered with agreements that just didn't work. And now is the time to address the root cause of the problem. And the root cause of the problem is terrorist groups trying to stop the advance of democracies.'"

The Financial Times (7/28, Devi, Khalaf) reports the European Union "said it did not give Israel the green light to continue its offensive against Hizbollah in Lebanon as air strikes were stepped up across the country on Thursday." Erkki Tuomioja, "Finland's foreign minister, whose country holds the EU's rotating presidency, said Israel's interpretation was 'totally wrong'. Romano Prodi, Italy's prime minister, said: 'The position expressed by the conference cannot be interpreted as an authorisation.'"

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Israeli Ambassador Rules Out UN Role In International Force. The AP (7/27, Wadhams) reports Israel's UN Ambassador Dan Gillerman "ruled out major UN involvement in any potential international force in Lebanon, saying more professional and better-trained troops were needed for such a volatile situation." He also said Israel would not permit the UN "to join in an investigation of an Israeli airstrike that demolished a post belonging to the current U.N. peacekeeping mission in Lebanon."

Meanwhile, the Financial Times (7/28, Turner) reports the UN Security Council said it was "'deeply shocked and distressed' by Israel's firing on a UN post in Lebanon, which killed four observers on Tuesday, but acrimony over the negotiations led China to warn of a 'negative impact' on separate talks over Iran's nuclear programme. The final statement failed to condemn the attack and followed more than a day of rancorous discussions between China and the US." The AP (7/27, Lederer) adds that the US "insisted on dropping any condemnation or allusion to the possibility that Israel deliberately targeted the U.N. post.:

Bush, Rice Don't Want US Troops Involved In International Peacekeeping Force. CNN's The Situation Room (7/27, King) reported that while the US is pushing for an international peacekeeping force, Bush and Secretary of State Condoleezza Rice "don't want US troops involved. They say the US military is stretched too thin. There are some who say if you get to loggerheads over this, and you can't get a few deal, the United States might have to offer a few hundred troops symbolically to move the process along, but so far so good is what most officials say on the issue of the force, but you need a cease-fire, first. That's why Secretary Rice is coming back as early as Saturday night."

Germans Divided On Providing Troops. The Washington Times (7/28, Kralev, 88K) reports, "Memories of the Holocaust and the need to help resolve the raging conflict between Israel and Hezbollah are tearing at many Germans and even causing divisions in the ruling coalition over the prospect of sending German troops as part of a UN security force on the Israeli-Lebanese border." Chancellor Angela Merkel's Christian Democrats "are warming up to the idea after initially rejecting it, but the Social Democrats are putting up a stiff resistance." Meanwhile, the country's "largest Jewish organization warned the government, which was formed in the fall as a 'grand coalition' after neither party managed to secure a clear majority in parliament, not to put Germans in a position to possibly point a gun at an Israeli."

UN Troops In Lebanon Seen As Trapped "In Somebody Else's War." The Los Angeles Times (7/28, Stack, 918K) reports from Lebanon, "Trapped between a sea full of Israeli gunships and hills crawling with Hezbollah guerrillas, UN troops hunkered down in bomb shelters Thursday while somebody else's war raged outside. … Their toothless, and ultimately futile, mission to oversee the pacification of southern Lebanon offers a telling glimpse into the fate that could await Israel in its efforts to crush Hezbollah -- and a cautionary tale for a US-backed notion that international troops might fare any better than the Israelis against the Shiite guerrillas." The Times adds, "Being trapped literally and figuratively between the two sides has put the UN troops on edge. Nobody here ventures through the gates to the outside world without phoning the Israeli army with a painstaking description of the vehicles and their routes -- and a plea to be spared attack. Israel often takes hours to approve even routine trips, officials here said ruefully."

Israel Calls Up 50,000 Reservists. Israel continued its offensive in Lebanon as Hezbollah continued to fire missiles into northern Israel. Israel's cabinet said it would not expand its military foray into Lebanon, but at the same time, called up as many as 50,000 reservists. The Mideast crisis still topped the news agenda for the major media outlets. The networks devoted about 17 minutes to the story in a total of eight segments, and coverage of the Israeli offensive was the lead on both ABC and NBC. ABC World News Tonight (7/27, lead story, 2:55, Gibson, 8.78M) reported, "Israel's response has been unwavering, applying escalating pressure and returning Hezbollah's rocket attacks with air strikes of its own. 51 people have been killed in Israel. In Lebanon, 420 have died. And up to 200 more are missing. The number of casualties is rising and the stakes are being raised, as well, by Israel." ABC (Sciutto) added, "A contradictory message from the Israeli Cabinet today. No expansion of the mission now; but also a massive call up of tens of thousands of reservist." 17 days "into the fighting, Israeli officials claim the offensive is accomplishing its goals. And Hezbollah rockets keep falling. A record 151 struck yesterday."

The CBS Evening News (7/27, story 2, 3:40, Logan, 7.66M) says that "mindful that already jittery neighbors like Syria may see this as a sign Israel intends to widen this conflict, the Israeli defense minister went out of his way to publicly reassure Damascus, saying 'Israel does not have the slightest intention of opening a war against Syria.'"

NBC Nightly News (7/27, lead story, 2:45, Fletcher, 9.87M) reported, "Israel's Defense Minister today said Israel has inflicted enormous strategic damage on Hezbollah. But Israel is paying a high price, too. Today Israel began to bury eight soldiers killed in an ambush yesterday by Hezbollah. Amid growing concern that the Israeli army has made big mistakes in Lebanon, some Israeli newspapers today, called for more force, as Israeli military analysts accused the army of lacking vital intelligence, not knowing enough about Hezbollah positions and strength, also of invading with not enough troops."

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The New York Times (7/28, Myre, 1.21M) reports Israel's defense minister, Amir Peretz, "said the reservists would undergo training, but were not slated to be deployed in Lebanon at this time. 'We are recruiting reserve troops so that, if need be, we will be able to exercise the necessary force,' he said."

The Financial Times (7/28) reports, "Israeli armoured personnel carriers headed on Thursday towards the Lebanese town of Bint Jbail, where the army said it was still fighting 'terrorists' two days after declaring Hizbollah's self-styled 'capital of the resistance' was under its control. Those who were hoping for a swift and – from Israel's perspective – bloodless war have been disabused." On Wednesday, "day 15, the Israeli Defence Forces (IDF) suffered their heaviest daily losses with nine killed and more than 20 wounded, all but one of the dead in Bint Jbail. The losses did little in the short term to dilute the belligerent national mood surrounding what one defence analyst called Israel's 'must-win' war, at least to judge by its newspapers." The Christian Science Monitor (7/28, Prusher, 58K) runs a similar story titled "Israelis Resolve To Use More Force," in which it said there is, in Israel, "a widespread attitude that the Israeli military should "take the gloves off" in dealing with Hizbullah militants."

The Washington Post (7/28, A1, Cody, Wilson, 748K) says that "undeterred after 16 days of attacks, Hezbollah militiamen again fired volleys of rockets into northern Israel, igniting a detergent factory and lightly wounding seven people. More than 110 Hezbollah rockets landed across the north on Thursday, following the launch of more than 150 rockets on Wednesday. More than 1,400 rockets have landed in Israel since the conflict began." USA Today (7/28, Frank, Katz, 2.27M) runs a similar story titled "Hezbollah Maintains Its Rocket Barrage."

US, Israel Call Lebanese TV Network Terrorist Organization. The Wall Street Journal (7/28, Solomon, Fam, 2.03M) reports on Al-Manar Television, the satellite news channel run by the militant group Hezbollah. Al-Manar "is a crucial arm of the Hezbollah organization, a militia and political party that encompasses people ranging from teachers and social-service providers to hard-core fighters and suicide bombers." The Journal adds, "Both the U.S. and Israel have branded Al-Manar a terrorist organization. The station's resourcefulness in staying on the air helps to explain why debilitating Hezbollah may prove difficult, say Lebanese analysts." Al-Manar's editorial directors "make no secret of their news agenda: to rally support for Hezbollah and to highlight Israeli military actions it considers atrocities."

Reports Soldier Captured By Hamas To Be Freed Prove Untrue. The CBS Evening News (7/27, story 2, 3:40, Logan, 7.66M) reported, "There were reports today that the Israeli soldier captured by Palestinian militants more than a month ago was about to be released. Those reports turned out not to be true. But CBS News was told by Israeli sources they'd been close to freeing him twice now and at the last minute Hamas militants pulled out."

200,000 Lebanese Said To Have Fled Tyre. NBC Nightly News (7/27, story 2, 2:00, Engel, 9.87M) reported, "Today the Mayor of Tyre said of the 275,000 people who normally live in this city, 200,000 of them have escaped." ABC World News Tonight (7/27, story 2, 2:05, Gibson, 8.78M) reported on the fate of a Lebanese family separated in the evacuation of refugees from Tyre.

The Washington Post (7/28, A18, Boustany, 748K), meanwhile, runs a lengthy human interest story on the effects of Israeli airstrikes on a Beirut lighthouse.

Christian Refugees Blast Hezbollah. The New York Times (7/28, Tavernise, 1.21M) reports, "The refugees from southern Lebanon spilled out of packed cars into the dark street here Thursday evening, gulping bottles of water and squinting in the glare of the headlights to find family members and friends." But "for some of the Christians who had made it out in this convoy, it was not just privations they wanted to talk about, but their ordeal at the hands of Hezbollah -- a contrast to the Shiites, who make up a vast majority of the population in southern Lebanon and broadly support the militia. … In past wars, Christian militias were close to Israelis, and animosity between Christians and Shiites lingers."

Israeli Children Take Refuge In Haifa Bomb Shelters. NBC Nightly News (7/27, story 3, 1:40, Potter, 9.87M) reported, "The children of Haifa have gone underground. In one neighborhood, daycare -- three stories below in a bomb shelter. It is stark and hot but safe, a semblance of normalcy. Very important for families living on edge for whom even the smallest sound can be frightening."

Meanwhile, a front page story in the Washington Post (7/28, A1, Anderson, 748K) reports, "In the past two weeks, the radical Shiite militia Hezbollah has fired more than 60 rockets from southern Lebanon at Haifa, Israel's third-largest city and largest port, killing nine people and seriously injuring 13, according to Mickey Rosenfeld, a spokesman for Israel's national police. Since then, about half of Haifa's 270,000 residents have fled south, hoping to get out of range, Rosenfeld said. … That has left Haifa with a core of people who seem resigned to their fate."

Bloggers Communicate Across Front Lines Of Israel-Hezbollah Conflict. A front page story in the Wall Street Journal (7/28, Ellison, 2.03M) reports that bloggers on both sides of the conflict between Israel and Hezbollah forces in Lebanon "are providing live updates of their experiences, commenting on each other's writing and sometimes linking to blogs across the border. The dialogue is all the more unusual since the populations of the two countries had few ways to interact even before the fighting began. Lebanese law prohibits Israelis from entering the country, and there are no

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phone connections between the two states." The Journal adds, "Most of the bloggers in this small group are Western-educated. Some attended the same universities but communicated for the first time in a comment thread on one another's blogs. … The future of this odd new cross-border community is being tested by the current conflict."

In New Video, Zawahri Calls For Holy War Against Israel, Supporters. Al Qaeda number two Ayman al Zawahiri called for a holy war against Israel, but his call for jihad was largely a side note in the day's media coverage of the Middle East crisis. ABC World News Tonight (7/27, story 3, 0:15, Gibson, 8.78M) reported al Qaeda is "taking note of what is happening in Lebanon," and al Zawahri "urged Muslims to wage a Holy War against Israel and join the fighting in Lebanon and Gaza. He said, 'Rise, seek martyrdom, wreak havoc on the crusaders and the Zionists.'"

NBC Nightly News (7/27, lead story, 2:45, Williams, 9.87M) reported, "Al Qaeda has now weighed in as well. The number two man Ayman al-Zawahri in a tape called on all Muslims to rise up on holy war against Israel and any nation that supports the Israeli war on Hezbollah."

The CBS Evening News (7/27, story 2, 3:40, Logan, 7.66M) reported, "There was a new threat from an old enemy, al Qaeda's number two promised to make this cross-border war between Israel and Hezbollah felt all over the world by calling on Muslims everywhere not to stand by watching bombs raining on our people." The Washington Times/AP (7/28), among other sources, also reports the story.

Cheney Calls US Commitment To Peace On Korean Peninsula "Unbreakable." Fox News' Special Report (7/27, Hume) reported, "Vice President Cheney said today that US troops will remain on the Korean peninsula until peace and stability spread to the North. The Vice President was observing the 53rd anniversary of the Korean War armistice in Washington." Cheney "said America's commitment to the peace in the region is 'unbreakable.'"

The AP (7/28, Pickler) reports Cheney "recalled that the United States lost more than 36,000 troops in just three years of fighting, from 1950 to 1953, and that South Korea suffered horrible losses among both its military and civilians. He said the suffering continues in North Korea today." Said Cheney, "North Korea is a scene of merciless repression, chronic scarcity and mass starvation, with political prisoners kept in camps the size of major cities."

Eight Nations To Hold North Korea Talks Without Pyongyang. AFP (7/28) reports the US, Australia, Canada, China, Japan, Malaysia, Russia, and South Korea "are preparing to hold talks on security concerns as North Korea repeated its vow to shun negotiations on its nuclear programme." The talks "on the sidelines" of the ASEAN meeting "here were scheduled after Pyongyang refused to rejoin a six-nation dialogue it walked out of in November in protest at US financial sanctions."

However, the Christian Science Monitor (7/28, Kirk, 58K) reports "it's conceivable that Secretary of State Condoleezza Rice, arriving after bruising sessions on the Middle East, will shake hands with North Korea's foreign minister, Paek Nam Sun," even as "the North is spurning pleas to join in 'informal' six-party talks." Christopher Hill, "point man for the US, told reporters the North 'is very clear they don't want any multilateral talks right now.'"

Meanwhile, the AP (7/28, Torchia) reports North Korea "spurned appeals to join talks on its nuclear and missile programs, saying the United States should drop financial sanctions before any negotiations occur. A US envoy said the communist nation was sinking deeper into isolation."

Rice To Play Piano At ASEAN Dinner. The AP (7/28, Shrader) reports, "Colin Powell danced to 'YMCA,' and Madeleine Albright did an Eva Peron impersonation. But Condoleezza Rice decided to play a classical piano piece." The annual ASEAN dinner, "which is closed to the news media, has traditionally given world figures a chance to show a more playful side. But the current secretary of state said that given world events, a lighthearted skit wouldn't be appropriate. Instead, Rice, an accomplished pianist who has performed with cellist Yo-Yo Ma, said she'll play a Brahms piece to fit her 'serious mood' at the dinner Thursday."

WSJournal Celebrates China's Crackdown On North Korean Finances. The Wall Street Journal (7/28, 2.03M) editorializes, "Money isn't everything, but it comes in handy when you're running a dictatorship. So it's both welcome and notable that China may finally be cracking down on the financial assets of its North Korean client state. We're told that, last September, Beijing instructed its Bank of China branch in Macau to freeze North Korea's accounts. … China has far more leverage than any other nation with Pyongyang, accounting for some 40% of its foreign trade last year. So how Beijing behaves may well determine whether the world does anything at all about Kim Jong Il's reckless nuclear buildup. The financial crackdown is a step in the right direction."

Bush, Basescu Discuss Visas, War Support. The AP (7/27) reports Romanian President Traian Basescu "told President Bush on Thursday to count on his government as a good U.S. ally in Iraq and Afghanistan. Bush thanked the Romanian leader for the support and said Washington was working to resolve differences between the two countries over visas for Romanians." Bush said, "I told the president we're dealing with an immigration debate here in the United States and that I'm hopeful that we'll get a comprehensive

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immigration bill that will accommodate people who want to work here."

Islamists Take Over Somalia's Presidential Palace. USA Today (7/28, 2.27M) reports, "Somalia's United Nations-backed interim government was unraveling Thursday as nearly a fifth of its Cabinet resigned and Islamist militants took over the presidential palace in Mogadishu, the capital."

The New York Times (7/28, Gettleman, 1.21M) says that "one thing is clear: the two powers to reckon with in Somalia -- the Islamic clerics who rule Mogadishu and the internationally-recognized transitional government confined to Baidoa -- are headed on a collision course toward a full-scale war. And this time the crisis may spill far beyond Somalia's borders." Ethiopia and Eritrea, "bitter enemies, are apparently already arming the two different sides and threatening to ignite ethnic and religious tensions across the Horn of Africa. Many people fear that if a major war breaks out in Somalia, Muslim tribes in Ethiopia's deserts will rise up and challenge the Christian leadership; Islamists in Mogadishu will storm down the coast toward Kenya; Ethiopia and Eritrea will resume their costly battles; and countries like Sudan and Egypt, which have weighed in before, will weigh in again."

LATimes Says Somalia Becoming Africa's Afghanistan. The Los Angeles Times (7/28, 918K) editorializes that "while news cameras dwell on the latest carnage in Israel and Lebanon, Somalia may be collapsing into a terrorist haven comparable to Afghanistan under the Taliban." The Times adds, "Ethiopia, which is making a bad situation worse, should be pressured to withdraw immediately. The Baidoa government, meanwhile, is on the verge of collapse; on Thursday, one-fifth of its cabinet resigned. It has no power outside the city and no real reason to exist. The U.N. and other groups, such as the African Union, should work with the more moderate elements of the Islamist camp and try to start over."

Russia, Venezuela Announce Deal On Jet Fighters, Helicopters. The New York Times/AFP (7/28) reports, "Venezuela and Russia announced a final agreement on a $3 billion deal that would send dozens of advanced jet fighters and helicopters to Venezuela, despite pressure from the United States." The agreement "was announced after a meeting here between President Hugo Chávez of Venezuela and President Vladimir V. Putin in which the two leaders focused on Russian energy investment in Venezuela, as well as closer military ties."

Libya Has Returned Uranium To Russia. The New York Times/AP (7/28) reports," "International experts have shipped more than 40 pounds of weapons-grade uranium from Libya to a secure facility in Russia in previously unannounced operations since Col. Muammar el-Qaddafi, the Libyan leader, decided in 2003 to end his quest for unconventional weapons, said the United States' National Nuclear Security Administration." The uranium "was of Russian origin."

Schwab Says Fears Over China Helped Derail Trade Talks. The Wall Street Journal (7/28, A4, Hitt, 2.03M) reports US Trade Representative Susan Schwab "added another reason to the array of explanations why world trade talks collapsed: China." In an interview with the Journal, Schwab said the divisions that derailed the Doha round of talks this week were "far broader" than disagreement over farm supports. "The role of China in this equation," she said, "concerned poor countries that fear China could crowd out rivals" in a more open world trade environment. Meanwhile, President Bush told the told the National Association of Manufacturers yesterday that he directed Schwab "to be flexible" on the politically sensitive issue of reducing agriculture subsides. However, the president cautioned, "We'll reduce them, just so long as our folks have got access to markets."

In an interview with Bloomberg's Money & Politics (7/27 9:09 PM), Schwab said, "The Doha round is in serious trouble, but I would not say it is dead." Asked about criticism of US farm subsidies, she noted that the US "put on the table last October which is the biggest, most ambitious offer any country put on the table in terms of market access and agriculture." Regarding possible negative repercussions from the collapse, Schwab said the US must be concerned about "additional litigation…against the United States." Moving forward, she said the Bush administration will focus on "a series of bilateral and regional agreements," with nations like South Korea and Malaysia.

London Residents Complain About US Embassy. The AP (7/28, Lawless) reports, "People who live near the US Embassy accused British authorities Thursday of leaving them vulnerable to a terrorist attack by failing to close two streets alongside the fortified building." The AP adds, "An alliance calling itself the Grosvenor Square Safety Group took out a two-page ad in The Times of London and The Washington Post accusing the government and police of 'moral failure.'"

USA Today (7/28, Soriano, 2.27M) reports, "It's the latest controversy concerning the embassy, which also is involved in a dispute with London Mayor Ken Livingstone for refusing to pay vehicle levies and fines. … 'This is the No. 1 security issue in London that has not been resolved,' says the residents association's chairman, Peter Castenfelt. He's a financier who lives in the area, one of London's wealthiest

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residential neighborhoods. … Some homes on adjacent Upper Brook Street and Upper Grosvenor Street are less than 20 feet from the embassy's front door. Castenfelt says they would likely collapse in the event of a car bombing." US Ambassador Robert Tuttle "says that after 9/11, the embassy sought permission to close the roads, but local officials and the London borough of Westminster balked. 'The Metropolitan Police and the Westminster City Council made it quite clear that is not what they wanted,' Tuttle said Thursday. 'You don't always get in life what you want, and so we went for the next best thing.'"

Pre-Election Violence Flares In Congo. The Washington Post (7/28, A16, Timberg, 748K) reports from Congo, "At least two police officers were killed Thursday by a crowd outside a rally for a leading opposition candidate, witnesses said, as the buildup to Congo's first multiparty election in more than 40 years turned violent. Several civilians were injured when police fired bullets and canisters of tear gas." The incident "came on a day filled with rising drama in advance of Sunday's vote. A top militia leader in eastern Congo agreed to disarm. Catholic officials dropped their threat to boycott the election. And at least three children were killed in a fire at a makeshift barracks for troops affiliated with Jean-Pierre Bemba, one of the presidential candidates."

UN Role In Eastern Congo Criticized. Aidan Hartley, who has covered wars in Africa for two decades for television and newspapers, writes in the New York Times (7/28, 1.21M), "The Democratic Republic of the Congo will hold its first legitimate elections in four decades on Sunday. The United Nations peacekeeping mission there has played the role of electoral midwife, so if the vote is free and fair it will be among the global body's greatest successes on the continent." But "in eastern Congo, many people will be unable to vote because the fighting that has killed millions in the past decade continues unabated, despite peace overtures by rebels in recent days. And in this, the United Nations is largely at fault. Not only has it failed to stop the killing, its troops have even been party to some of the violence against civilians whom they were to deployed to protect."

Peru's Garcia Expected To Emerge As Anti-Chavez Force. The AP (7/27, Hayes) reports that Alan Garcia, who left Peru's presidency "in disgrace 16 years ago after driving Peru's economy into ruin amid a guerrilla war, will have a chance at redemption when he is sworn into a second term Friday." Garcia "must act quickly to improve life in rural areas, where Quechua-speaking Indians and mestizos voted overwhelmingly against him." He is also expected to "to take a prominent leadership role in South America as a counterpoint to anti-U.S. crusader Hugo Chavez" of Venezuela.

Argentina Seen As Aligning Itself With Cuba, Venezuela. Mary Anastasia O'Grady writes in the Wall Street Journal (7/28, 2.03M) that last week Fidel "surfaced in Córdoba, Argentina -- at a summit of Southern Cone leaders -- pushing his half-century-old revolutionary agenda. … Castro's decision to take the long trip to Argentina despite his frailties is instructive. After Venezuela and Bolivia, the land of the gauchos is the South American country with the best prospects of yielding a payoff on the investment he has made toward repression for more than 50 years." O'Grady adds, "Argentine President Néstor Kirchner and his government, which includes former left-wing terrorists from the 1970s, have been consolidating power and fomenting societal hatreds in the best Castro tradition for the past three years. Castro's oil-rich ally, Venezuela, is now underwriting the effort. The region's democrats are right to be worried." This "is not about left-right politics. Brazil and Chile have left-of-center presidents but also have the institutional checks and balances that limit the power of the executive and preserve pluralism. In Argentina, those restraints have been removed thanks to a power grab by Mr. Kirchner on the back of the 2002 economic collapse."

Number Of Indigent Seniors In Japan Skyrocketing. The Washington Post (7/28, A1, Faiola, 748K) reports from Japan on "a series of deep cuts in welfare assistance for destitute seniors, a group whose swelling numbers are aging the face of poverty in Japan. … As the world's most rapidly graying nation struggles to cope with the exploding costs of its aging population, it is cutting back its famed safety net of universal health care, generous pensions and welfare benefits for seniors of all social classes. But those already living on the margins are being hit the hardest." The Post adds, "Over the past decade, the number of indigent seniors nationwide skyrocketed by 183 percent to about half a million people, Welfare Ministry statistics show."

NYTimes Criticizes Nuclear Deal With India. The New York Times (7/28, 1.21M) editorializes, "Many on Capitol Hill complained last year that the Bush administration got taken to the cleaners when it negotiated a nuclear cooperation deal with India." But "with so much pro-India lobbying money sloshing around up there, hopes are fast fading that Congress will do anything to fix it. … An army of lobbyists earned their keep this week when the House overwhelmingly approved the Indian deal with minimal restrictions. Lawmakers insisted that they get to vote again after the administration gets a formal agreement." But "that has more to do with political prerogatives than nonproliferation. And the outcome is likely to be the same." Meanwhile, "Prime Minister Manmohan Singh of India is getting beaten up at home at the slightest hint that Congress might constrain any part of India's nuclear program. That

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suggests that Washington and New Delhi could have done far better building their new partnership on something other than a bad nuclear deal."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Israel Begins To Mobilize Reservists."
"6 + 4 = 1 Tenuous Existence."
"Unarmed In The Crossfire."
"For Really Cool People, Central Air Is A Must."
"Tour De France Winner In Limbo After Drug Test."
"Media Mogul Summons The Powerful To Expound."
"U.S. Hopes Of Cutting Iraq Troop Levels Dim."

USA Today:
"Home Sellers Sweeten Deals."
"U.S. Cyclist Thrust From Spotlight To Suspicion."
"Insurgent Snipers Sent After Troops."

New York Times:
"Tide Of Arab Opinion Turns To Support For Hezbollah."
"Series Of Woes Mar Iraq Project Hailed As Model."
"In California, Heat Is Blamed For 100 Deaths."
"Tour Champ Is Suspended After Testing Positive."
"Drug Makers Pay For Lunch As They Pitch."
"Las Vegas Makes It Illegal To Feed Homeless In Parks."
"Mrs. Astor's Son Denies Claims Of Neglect."
"Night Out in City Ends In Slaying Of Woman, 18."

Washington Post:
"Israelis, Hezbollah Keep Up Attacks."
"Detainee Abuse Charges Feared."
"Wife, Friend Tie Congressman To Consulting Firm."
"The Face of Poverty Ages In Rapidly Graying Japan."
"For Those Who Remain, A Cycle Of Siren and Shelter."
"Ad Clicks Add Up To Real Money.'

Washington Times:
"Tour Winner Landis Fails Doping Test."
"Chertoff Hails End Of Let-Go Policy."
"Israel Calls Up Reservists."
"Housing Prices At A Standstill."
"Pols Plum-Crazy For Candid TV."

Atlanta Journal-Constitution:
"Are The Braves Really Alive."
"Afghan Air Crash Kills Three Atlantans."
"Slaying Suspect Has 26 Year Criminal Past."
"Cycling Champ Thrown Off Course."

Houston Chronicle:
""Katrina Parolees On Lam In Texas."
"Israel Declines To Widen Offensive."
"Colorado Killer Claims Slaying Here -- 47 Others."
"He Couldn't Walk Away."
"Landis' Route: Innocence Or Humiliation."

Story Lineup From Last Night's Network News:
ABC: Israeli Offensive; Lebanon-Refugee Family; Al Qaeda Message; Iraq Violence; Iraq-US Brigade; Landis-Doping Allegation; Senior Abuse; Oil Profits; Suspected Serial Killer; Organ Transplants.
CBS: Landis-Doping Allegation; Israeli Offensive; Syria-Hezbollah; Exxon Mobil-Record Profits; Gas Prices; Texas Oil Town; Gas Prices-Working Poor; FBI-Terror Suspect; Video Game Theme Music.
NBC: Israeli Offensive; Lebanese Refugees; Children-Wartime; Iraq Violence; Landis-Doping Allegation; Stock Markets; Exxon Mobil-Record Profits; GOP-Midterm Elections; Senate-Water Leak; Annoying Commercial.

Story Lineup From This Morning's Radio News Broadcasts:
CBS: Landis-Drug Test Failure; Lebanon-US Citizen Evacuations; Israel-Lebanon Attacks; CA-Heat Wave; CO-Serial Killer; Wal-Mart Closing German Stores; Wall Street.
NPR: Israel-Lebanon Attacks; Rice-Asia Trip; CA-Heat Wave; WI-Heavy Rain Storms; Foreign Stock Markets; Taiwan-Earthquake; India-Train Bombing Arrests; TX-Yates Verdict; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with UK Prime Minister, Oval Office; holds joint press availability with UK Prime Minister, East Room; participates in photo opportunity with top 10 ``American Idol'' finalists, Oval Office; participates in photo op with the 2006 Boys and Girls Nation delegates, East Room.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Subcommittee on Federal Financial Management and International Security. Hearing on ``Cyber Security: Recovery and Reconstitution of Critical Networks.'' Testimony from George Foresman, DHS Under Secretary for Preparedness; Richard Schaeffer, Director of Information Assurance, NSA; Karen Evans, OMB; David Powner, GAO; Tom Noonan, chairman, ISS; Roberta Bienfait, senior vice president, AT&T Global Network Operations; Michael Aisenberg, VeriSign and IT Sector Coordinating Council; Karl Brondell, State Farm (representing Business Roundtable). Location: Room 342, Dirksen.

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US House: FLOOR SCHEDULE _ 9 a.m. Meets for legislative business.

Other: BRITSH PRIME MINISTER TONY BLAIR _ Highlights: Meets with President Bush.

OIL, SECURITY, CLIMATE CHANGE _ 12 p.m. - 6 p.m. Americans for Informed Democracy and the Elliott School of International Affairs sponsoring summit on ``Oil, Climate Change, and Security: A Bipartisan Approach.'' Event is a Young Global Leaders Summit for US college students. Location: Room 113, Elliott School of International Affairs, GWU, 1957 E St. NW.

CASPIAN ENERGY-ROMANIA _ 9 a.m. Jamestown Foundation holds briefing on ``Caspian Energy Exports & the Black Sea Corridor.'' Participants include Romanian President Traian Basescu; and Steven Mann, principal deputy assistant secretary for South & Central Asian Affairs, State Department. Location: Willard Hotel.

PENTAGON-IRAQ SECURITY _ 9 a.m. Army Col. John Tully, commander of 2nd Brigade Combat Team, 4th Infantry Division, will brief live from Iraq to give an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

GOP-MIDTERM ELECTIONS _ 10 a.m. Rep. Tom Reynolds, chairman of the National Republican Congressional Committee, holds pen and pad briefing to discuss the 2006 midterm elections. Location: first floor, 320 First St. SE.

CONGO ELECTIONS _ 10:30 a.m. Woodrow Wilson Center and the Kinshasa-based IFES hold discussion of upcoming elections in the Democratic Republic of Congo. Location: 5th floor conference room, Woodrow Wilson Center, Reagan Bldg.

PELOSI BRIEFING _ 10:45 a.m. House Democratic Leader Nancy Pelosi holds weekly briefing. Location: H-206, US Capitol. Notes: Pool coverage.

DEMOCRATS-IRAQ _ 11 a.m. US Senate Democratic Policy Committee holds oversight hearing on cronyism and mismanagement in Iraqi hospital reconstruction. At issue: a $243 million contract to rebuild 150 Iraqi health-care facilities. Witnesses include Iraqi doctor Ali Fadhi and Hala al-Sarraf, Iraqi Fulbright scholar. Location: Room 192, Dirksen.

CRISIS IN LEBANON _ 12 p.m. Arab American Institute holds briefing on the Mideast conflict and the role of the United States. Participants: Joseph Cicippio, held for five years as a hostage during Lebanon's civil war; Paul Salem, Carnegie's Middle East Center, Beirut; AAI President James Zogby; and representatives of World Vision, Catholic Relief Services and Mercy Corps. Location: SC-207, US Capitol.

IRAQ BOOK _ 1 p.m. New America Foundation holds forum with Thomas Ricks, author of ``Fiasco: The American Military Adventure in Iraq.'' Participants also include Col. Lawrence Wilkerson, ret., former chief of staff to Colin Powell. Location: 1630 Connecticut Ave. NW.

IRAQI MILITARY _ 2 p.m. - 4 p.m. The United States Institute of Peace hosts a discussion, ``When Will Iraq Stand Up?,'' with Lt. Gen. Nasier Abadi, deputy commander, Iraq Joint Forces, who will give an update on the progress of Iraqi military as it stands up and assumes its burden of the ``Clear, Hold, Build'' effort in Iraq. The event will be moderated by Paul Hughes, U.S. Institute of Peace. Location: United States Institute of Peace, 2nd floor conference room, 1200 17th St. NW.

ARMENIA-TRADE _ 6:30 p.m. - 8:30 p.m. The Association of Women in International Trade holds its 2006 Summer Social, at which Armenian Economic Counselor George Kocharian will discuss the new trade and business environment of Armenia, the bilateral relation with the United States, as well as the role Armenian women have played in the economic and business development of the nation. Location: Embassy of the Republic of Armenia, 2225 R St. NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JULY 31, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Iraqi Officials Ask For International Aid To Fight Terror 3

Homeland Response:
Artificial Germ Weapons Seen As Increasing Threat 3
Lack Of Volunteers Leave Rural Communities Without First Responders 3
Many In New Orleans Opt Not To Elevate Homes 3
Weather Conditions Prompt Fears Of Major Northeast Hurricane This Year 3

War News:
Iraqi Officials Ask For International Aid To Fight Terror 3
Four Marines Die In Combat In Iraq As Violence Continues 4
Iraqi Lawmakers Demand Replacement Of Interior Minister 4
Bremer Describes Situation In Baghdad As "Discouraging." 4
NATO Takes Charge In Southern Afghanistan Today 4
Army Diverting Funds To War 4
Green Case Sparks Examination Of Army Recruitment, Training 5

Corporate Scandals:
Fraud Victims May Speak At Enron Sentencings 5
2nd Circuit Upholds Ebbers Conviction, Sentence 5
Judge Rejects 85-Year Guideline Sentence For Former Impath President 5

Criminal Law:
US Says BetOnSports Has Mob Ties 6
DC Crime Measures Disputed 6
Study Finds Prison Sex Crimes Underreported 7
DNA Backlogs, Submissions Grow In Wisconsin 7
Abramoff-Linked Law Firm Greenberg Traurig In Settlement Talks With Tribe 7
Libraries Question Thoroughness Of FBI Investigation Of Map Thief 7
24 Indicted In Six Philadelphia-Area ID Theft Schemes 8
Local Law Enforcement To Hold National Summit On Rising Violent Crime 8

Civil Rights:
Opponents Question Language Of Proposed Virginia Gay Marriage Amendment 8
Texas Town Seeks To Stop Church Growth 9
NYTimes Decries Treatment Of Ex-Felons In US 9

Antitrust:
Success Of US Airways Leads To More Talk Of Mergers 9
SansDisk To Purchase Israeli Data-Storage Supplier 9
Live Nation Set To Acquire Stake In Musictoday 9

Environment/Indian Affairs:
Administration Skips California Global Warming Meeting 10
Bills Would Increase Territory For Offshore Drilling 10
Utilities, Regulators Unite On Energy Conservation Effort 10
LATimes Blasts BLM Plan For Profits From Land Auctions 10

FBI/DEA/ATF/USMS:
Olympic Sprinter Denies Using Banned Drugs 11
In Mississippi, More Than 200 Arrested In "Operation Byrne Drugs." 12
Khat Chewing's Potential Link To Terrorism Raises Concerns .. 12
Alabama Judge Sets Bond In British Man's Drug Case 12
Grand Jury In Tennessee Indicts 14 In Cocaine-Ring Investigation 12
Marijuana Gumballs Seen As Possible New Form Of Drug Use 12
Florida Felons Arrested In Two-Day Sweep 12

Immigration:
Report Finds Disparities In Judicial Rulings On Asylum Cases . 13
Border Patrol Aims To Hire 6,000 New Agents Over Next Two Years 13
Boehner Opposed Enforcement-Only Immigration Bill Last Year13

Tax:
KPMG Challenges Judge's Jurisdiction In Fee Dispute 14
Senate Hearing To Examine Offshore Tax Shelters 15
Everson Says IRS Stepping Up Audits Of Rich 15

Congress-Administration:
No Senate Action Expected On Judicial Nominees 15
Specter Bill Seeks To Rein In Bush Use Of Signing Statements 16

Bush Highlights Domestic Agenda In Florida 16
Bush Mistook Menendez For Martinez At White House Meeting 17
House GOP Seeks To Cut Deals On Estate Tax, Pension Reform Bills 17
Senate Panel Approves Coburn Bill To Create Federal Spending Web Site 18
Grassley Demands Probe Into FDA Conduct On Vioxx Findings 18
Agencies Seek To Keep Experienced Hands In Workforce 18
Cheney Efforts On Alaska Natural Gas Pipeline Raise Eyebrows 18
Tenet Allies Say He Was Not Source For Suskind Book 19
FDA Anthem Draws Fire 19
White House Press Room To Close For Renovations 19
White House Aides Call Bush Texas Trip "Working Vacation." .. 19
WPost Criticizes "Disturbing" Activities In House Appropriations Panel 19

Other News:

Economy Grew At Slower Pace In Second Quarter 19
Health Insurers Could See Decline In Profits 20
Surrogates Sweep State In Connecticut Senate Primary 20
Mason-Dixon Poll Shows Allen Leading Webb By 16 Points 20
Rothenberg Says Steele Had No Reason To Sit Down With National Reporters 20
Reynolds Identifies 14 Vulnerable House Republicans 20
Spitzer Said To Have His Eyes On White House 21
Iowa State Fair Expected To Attract 2008 Presidential Hopefuls 21
Democrats To Push Domestic Issues In August 21
5th Circuit Court To Hear DeLay Ballot Case Today 21
Gang Of 14 Members Struggling To Keep Their Seats 21
Ethics Watchdogs Cry Foul Over Lobbyists Acting As Campaign Treasurers 21
Gingrich Has Regained High Profile Among Conservatives 21
Democrats Hope To Leverage Stem Cell Issue In November 22
Psychology Said To Explain Partisans' Behavior 22
McCain's Youngest Son To Report For Marine Training In September 22
WSJournal Says Chicago Minimum Wage Law Will Cost Jobs . 22
Bush Offers Condolences To Families Of Qana Attack Dead 22
Rice Cancels Beirut Stop, Heads Home Following Israeli Air Strike 25
Bush's Hopes For Peace In Middle East Lie With Rice 26
Israel Declares 48-Hour Halt To Aerial Bombings 27
Burns Says Peacekeeping Force Necessary For Durable Cease-Fire 28
US Ponders Reimposing Bilateral Sanctions On North Korea ... 29
Taiwan May Be Preparing Missile Test 30
In Iran, Chavez Rails Against "US Empire." 30
Bush, Blair Hope For New WTO Talks 30
Australia's Howard Eyes Fifth Term 31
Lopez Obrador Urges Civil Disobedience 31
Congo Voter Turnout High, Incidents Of Violence Low 31
Novak Says Judge's Ruling Could Threaten US-Colombia Relations 31
Kasparov Says Putin Turning Russia Into "Oil-And-Gas Empire." 32
Herbert Warns Pakistan Could Start Subcontinent Nuclear Race 32
Debate Over Iraq Said To Be "Divorced From Reality." 32

The Big Picture:

Headlines From Today's Front Pages 32

Washington's Schedule:

Today's Events In Washington 33

DOJ_NMG_0044042

TERRORISM NEWS:

Iraqi Officials Ask For International Aid To Fight Terror. The New York Times (7/31, Von Zielbauer, 1.21M) reports, "Two high-ranking Iraqi government officials said Sunday that their country was fighting international terrorists on its own soil on behalf of other countries and should, as a result, be compensated with economic and military assistance." Their comments "suggested an emerging strategy from the fragile coalition government to portray Iraq as the global front line against terrorism and make a case for international aid. … The comments by the two Iraqi officials, the national security adviser and a deputy prime minister, echo the argument adopted by the Bush administration after the invasion in 2003 to justify its actions after its original contention that Saddam Hussein possessed unconventional weapons proved unfounded. 'We are fighting terrorism in Iraq, not only for Iraqis but also on behalf of the international community,' said Barham Salih, a deputy prime minister, during a news conference that covered a wide range of economic, security and anticorruption initiatives." The national security adviser, Mowaffak al-Rubaie, "made a statement of his own later using remarkably similar language. 'Iraq is now defending not only Iraqis but is also defending the region and the world,' he said. 'So what is the world giving us in return?'"

HOMELAND RESPONSE:

Artificial Germ Weapons Seen As Increasing Threat. In an article that is part of its "Five Years Later" series, the Washington Post (7/31, A1, Warrick, 748K) reports Eckard Wimmer, the scientist who created a version of polio virus in a State University of New York lab in 2002, says that the future, in which "made-from-scratch germ weapons" are feasible, "has already come." The Post adds, "While government scientists press their search for new drugs for old foes such as classic anthrax, a revolution in biology has ushered in an age of engineered microbes and novel ways to make them. … The Bush administration has acknowledged the evolving threat," having appointed a scientific panel to study the problem and started construction on a new bioterrorism lab in Frederick, Maryland. However, "overall, specific responses have been few and slow."

Lack Of Volunteers Leave Rural Communities Without First Responders. NBC Nightly News (7/30, story 12, 2:30, Hadlock, 9.87M) reported that many "small towns in America" are running out of volunteer first responders. "Shifting demographics mean rural America is getting older, with even fewer volunteers."

Many In New Orleans Opt Not To Elevate Homes. The Washington Post (7/31, A3, Whoriskey, 748K) reports that in New Orleans, "the issue of home elevations arouses" strong fears among residents about how safe their home would be in a hurricane. FEMA "has recommended that people rebuild to the elevation requirements in effect before the storm, or three feet above ground level, whichever is higher. But officials acknowledge those levels won't ensure safety -- they certainly didn't in Katrina, when many homes took on 10 feet or more of water. Meanwhile, the Army Corps of Engineers, which is repairing the city's levees and flood walls, isn't guaranteeing protection when a hurricane of Category 3 strength or higher strikes." The Post adds that with the high cost of elevation and a belief that another Katrina-level storm will not come for years, many "are simply rebuilding their homes without elevating."

Weather Conditions Prompt Fears Of Major Northeast Hurricane This Year. The CBS Evening News (7/30, story 7, 2:45, Miller, 7.66M) reported "the nation's best hurricane experts" met this month "with nervous insurance industry reps about a storm lurking beyond the horizon. … That storm, a long overdue northeast hurricane, which the latest computer models now predict could devastate the region and cripple the US economy." CBS (Miller) continued, "A major Northeast hurricane is nearly three times more likely this year thanks to favorable weather conditions including the position of the Bermuda High," which "is set to steer hurricanes up the East Coast."

WAR NEWS:

Iraqi Officials Ask For International Aid To Fight Terror. The New York Times (7/31, Von Zielbauer, 1.21M) reports, "Two high-ranking Iraqi government officials said Sunday that their country was fighting international terrorists on its own soil on behalf of other countries and should, as a result, be compensated with economic and military assistance." Their comments "suggested an emerging strategy from the fragile coalition government to portray Iraq as the global front line against terrorism and make a case for international aid. … The comments by the two Iraqi officials, the national security adviser and a deputy prime minister, echo the argument adopted by the Bush

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administration after the invasion in 2003 to justify its actions after its original contention that Saddam Hussein possessed unconventional weapons proved unfounded. 'We are fighting terrorism in Iraq, not only for Iraqis but also on behalf of the international community,' said Barham Salih, a deputy prime minister, during a news conference that covered a wide range of economic, security and anticorruption initiatives." The national security adviser, Mowaffak al-Rubaie, "made a statement of his own later using remarkably similar language. 'Iraq is now defending not only Iraqis but is also defending the region and the world,' he said. 'So what is the world giving us in return?'"

Four Marines Die In Combat In Iraq As Violence Continues. The CBS Evening News (7/30, story 4, 0:15, Mitchell, 7.66M) reported, "In the battle for Iraq, the US announced the death of four Marines in combat yesterday in Iraq."

The Washington Post (7/31, A11, Mosher, Al-Izzi, 748K) says "gunmen killed at least 23 Iraqis on Sunday on a highway south of Baghdad, commandeering three minibuses and herding their occupants into nearby palm groves, where they were lined up and shot, according to police and a witness. The ambush occurred about 10 miles south of Baghdad where two major highways intersect near the town of al-Rasheed."

The AP (7/31, Abdul-Zahra) reports that also yesterday, "a US F-16 jet dropped two precision-guided bombs on a building near Baghdad used by militants affiliated with a group believed responsible a mortar-and-rocket attack in Baghdad's mostly Shiite district of Karradah last week that killed at least 31 people, US officials said. Two militants and a child were killed in the airstrike, and four suspects were arrested, the United States said."

Iraqi Lawmakers Demand Replacement Of Interior Minister. USA Today/AP (7/31, Abdul-zahra) reports "pressure mounted in the Iraqi parliament Sunday to replace the country's interior minister because of the security crisis in the capital. … As violence increases, several Iraqi parliament members are pressing for the replacement of Interior Minister Jawad al-Bolani, who is responsible for police and paramilitary commandos leading the fight against extremists in the capital."

Bremer Describes Situation In Baghdad As "Discouraging." Asked on Fox News Sunday (7/30, Wallace) to asses the current situation in Baghdad, former CPA administrator Paul Bremer said, "it's pretty discouraging, I think. The new prime minister…made an announcement, I guess, five or six weeks ago about putting a priority on securing Baghdad. … Not much happened until he came here this week. I gather now that as a result of the conversations with President Bush, we're going to deploy a Striker brigade. … That's going to add another brigade to Baghdad. It's very important."

NATO Takes Charge In Southern Afghanistan Today. The AP (7/31, Abrashi) reports, "Thirty suspected Taliban were killed on the eve of NATO taking charge of multinational forces in southern Afghanistan in what will be the first time the alliance has conducted land combat operations, officials said Sunday. A NATO-led force, made up mostly of British, Canadian and Dutch troops, will take over in the south Monday from a US-led anti-terror coalition that was first deployed nearly five years ago to unseat the hardline Taliban regime for harboring Osama bin Laden." The mission "is considered the most dangerous and challenging in the Western alliance's 57-year history."

The Washington Times (7/31, Rashid, 88K) says "a British general will command US troops for the first time since World War II when NATO takes charge of the mission to pacify southern Afghanistan today." Lt. Gen. David Richards, "Britain's most experienced officer in Third World arenas, assumes control of a merged NATO and US force that will grow from 9,000 to 18,000 troops."

Army Diverting Funds To War. The Washington Times (7/31, Scarborough, 88K) reports, "The Army is showing the wear and tear of constant battle after nearly five years of war, cutting resources to nondeployed forces to make sure front-line troops stay at the highest combat readiness." A lack of money has hindered the Army's ability to "reset," and its equipment is under "tremendous stress." While there is no "crisis" for troops doing the fighting, the readiness of those in the US has fallen because of cutbacks forced by expenses in Iraq and Afghanistan. The Times quotes contentions by war critic Rep. John Murtha (D-PA) that both the Army and the Marines lack money and equipment. However, it also quotes Gen. John Keane (ret.), who "says that the Army overall is in good shape and can recover when more money hits the pipeline."

Biden Explains Opposition To Missile Defense Spending. In a letter to the Wall Street Journal (7/31, 2.03M) , Sen. Joe Biden (D-DE) says that a July 21 WSJournal editorial "misses the point on both missile defense and North Korea." He defends the Democratic stance, saying, "The ground-based missile defense hasn't intercepted anything in years, and even the president was hard put to voice much confidence in it. Besides, just about the least likely threat we face is from a North Korean nuclear ICBM with a return address that invites that country's destruction. That's why many Democrats support more testing, but oppose spending

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billions on more missiles before we know whether the ones we have will even work."

Green Case Sparks Examination Of Army Recruitment, Training. Newsweek (8/7, Childress, Hirsh, 3.12M) reports on Steven Green, a former US soldier, who was arrested last month for raping an Iraqi girl in Al Mahmudiyah and murdering her and her family. Five other soldiers "have also been charged with complicity in the crime." Green's case "has helped to spur a closer look at the Army's standards for recruitment and training. Green enlisted and passed basic training at a time when the Army was under terrific pressure to bring in new soldiers and had relaxed its entry requirements." Newsweek adds, "In truth, it's not clear whether a candidate like Green would have washed out even if his superiors had known about his alleged personality problems sooner. He had posted adequate scores on his General Equivalency Degree test, or GED, a substitute for a high-school diploma. And his troubles with the law were minor: two prior misdemeanor convictions for possession of drug paraphernalia and tobacco as a minor, and being a minor in possession of alcohol."

CORPORATE SCANDALS:

Fraud Victims May Speak At Enron Sentencings. The Minneapolis Star Tribune/AP (7/31, Hays) reports, "Two of the most notorious felons to emerge from Enron Corp.'s rubble - Jeffrey Skilling and Andrew Fastow - could hear firsthand at their sentencing hearings how their crimes affected the people who lost money and jobs when the company crashed." The AP continues, "A federal judge ruled recently that victims who show up at Fastow's Sept. 26 hearing can sign in and speak. Such statements, U.S. District Judge Kenneth Hoyt ruled, 'will continue until completed' and Fastow must be there to listen." The AP adds, "Skilling's lawyers said in court filings that they also expect Enron victims to speak about their financial hardships at the former CEO's Oct. 23 sentencing hearing. Skilling was convicted May 25 of 19 counts of fraud, conspiracy and other charges for lying to investors and employees about the company's financial health. … Diana Peters, a former Enron worker left jobless after Enron collapsed, said she would participate and has been spreading the word among other ex-Enron workers that they could likely speak at Skilling's sentencing as well. … 'I am going to start writing my three minutes. I can say the most powerful stuff in three minutes,' she said, though Hoyt hasn't specified a time limit for victim statements. … The right to be heard stems from a two-year-old federal law that enhances the rights of victims of federal crimes - even sprawling white-collar cases with too many victims to count."

2nd Circuit Upholds Ebbers Conviction, Sentence. The New York Law Journal (7/31, Perrotta) reports, "The 2nd U.S. Circuit Court of Appeals on Friday affirmed the conviction and 25-year prison sentence of Bernard J. Ebbers, the former CEO of WorldCom whose reputation and business were destroyed by an $11 billion accounting fraud." The Journal continues, "Judge Ralph K. Winter, writing for a unanimous panel in U.S. v. Ebbers, 05-CR-4059, rejected Ebbers' arguments that federal prosecutors were allowed to manipulate the trial because Southern District of New York Judge Barbara Jones would not order them to grant immunity to three defense witnesses who were under investigation." The Journal adds, "The witnesses, all former WorldCom executives, invoked their Fifth Amendment rights and declined to testify. But Winter said their testimony would not have helped Ebbers' cause. … As for his 25-year sentence, Winter noted that although it was 'harsh' – 'longer than the sentences routinely imposed by many states for violent crimes, including murder, or other serious crimes such as serial child molestation' -- it was 'not unreasonable' considering Ebbers' primary responsibility in the fraud. … 'The securities fraud here was not puffery or cheerleading or even a misguided effort to protect the company, its employees, and its shareholders from the capital-impairing effects of what was believed to be a temporary downturn in business,' the judge wrote in the court's 47-page opinion. 'The methods used were specifically intended to create a false picture of profitability even for professional analysts that, in Ebbers' case, was motivated by his personal financial circumstances.'"

Judge Rejects 85-Year Guideline Sentence For Former Impath President. The New York Law Journal (7/31, Perrotta) reports, "A federal judge in New York has defended a non-guideline prison sentence for a former business executive convicted of conspiracy and securities fraud, saying to rule otherwise would be a 'travesty of justice.'" The Journal continues, "In May, Southern District Judge Jed S. Rakoff sentenced Richard P. Adelson, the former president of cancer diagnosis company Impath Inc., to 42 months in prison, rather than 85 years as federal prosecutors had suggested in papers. He also ordered $50 million in restitution. … The government filed a notice of appeal, and the judge this month issued a sentencing memorandum explaining his decision. … 'This is one of those cases in which calculations under the Sentencing Guidelines lead to a result so patently unreasonable as to require the Court to place greater emphasis on other sentencing factors to derive a sentence that comports with federal law,' the judge began in

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United States v. Adelson, 02-CR-325. … He added: 'What this exposed, more broadly, was the utter travesty of justice that sometimes results from the guidelines' fetish with abstract arithmetic, as well as the harm that guideline calculations can visit on human beings if not cabined by common sense.'" The Journal notes, "The conspiracy at Impath was likely concocted by various accounting executives and employees who were under pressure from the company's CEO, Anuradha Saad, to maintain its financial results and high stock price, according to the judge's opinion. … The conspiracy fooled the company's outside auditors and Saad. She was originally charged with complicity in the fraud, but prosecutors eventually accepted a plea to misappropriating company funds for personal expenses. They did not appeal her prison sentence of three months."

CRIMINAL LAW:

US Says BetOnSports Has Mob Ties. The Financial Times (7/31, Odell) reports, "BetonSports, the internet gaming company at the centre of a US investigation, shared offices in Costa Rica as recently as last year with a company that US authorities claim is linked to the Bonannos, one of New York's five notorious mob families." The Times continues, "The link emerged just ahead of an expected bail hearing in St Louis, Missouri, today for David Carruthers, the sacked chief executive of BetonSports, who was arrested in the US this month on charges of racketeering, conspiracy and fraud." The Times adds, "Safe Deposit Sports, which US prosecutors allege is part of a multi-million-dollar illegal gambling ring controlled by one of America's best-known organised crime families, was a sub-tenant of BetonSports at its operations centre in Costa Rica until just over a year ago. … Clive Parritt, BetonSports' chairman, told the Financial Times that SDS was evicted from the leased premises in spring 2005 after it was named in an indictment by US authorities against 36 individuals, charged with running an illegal gambling ring that took in $360m (£193m) in just over two years. .. . The indictment names Anthony Urso, also known as Tony Green, the reputed acting boss of the Bonanno family, as the recipient of a 'monthly tribute' from the gambling operation in return for protection."

DC Crime Measures Disputed. The Washington Post (7/31, B1, Pierre, Dvorak) reports, "The teenagers, both shot several times, had been dumped on Suitland Parkway in Southeast Washington for all to see. … They were the city's 11th and 12th young homicide victims in 13 days -- alarming statistics that one grass-roots group said amounted to a crime emergency. Few took notice." The Post continues, "This was in October. Nine months later, after 14 killings in two weeks, including the deaths of a fledgling candidate for mayor near downtown and a British activist in Georgetown, D.C. Police Chief Charles H. Ramsey declared a highly publicized crime emergency. … 'Nobody was listening to us back then, and we saw what was happening,' said Tyrone C. Parker, executive director of the Alliance of Concerned Men, a nonprofit group that counsels ex-offenders and troubled youths and that issued last fall's urgent call for help." The Post adds, "Public perception, it seems, has caught up with Parker and others who work with young people at detention centers and curfew halls and on the streets. As part of the announced emergency, $8 million has been set aside for police overtime. Surveillance cameras will soon be installed in neighborhoods, and teenagers 16 and younger will have less time to hang out at night because of a 10 p.m. curfew, which begins tonight. … Instead of galvanizing residents, however, the measures have exacerbated race and class rifts. Youth advocates argue that juvenile responsibility for crime has been exaggerated because adults account for 82 percent of violent crime and more than 90 percent of arrests. Many dismiss the emergency efforts as bluster that will have little impact."

DC Officer Apologizes For Racial Remark. The Washington Post (7/31, B1, Stewart) reports, "D.C. police Inspector Andy Solberg was contrite, humble and genial as he stood at a church pulpit yesterday with a mental list of points he wanted to make. … 'The first is that I was wrong. Flat out. No excuses,' the acting commander of the 2nd Police District said. 'Next, I'm sorry. I don't think that one needs an explanation. I'm sorry.'" The Post continues, "For Solberg, it was yet another public apology for a racially insensitive remark he made July 10 at a community meeting in Georgetown. After a rare homicide in the neighborhood, while urging people to report suspicious activity, Solberg had said, 'This is not a racial thing to say that black people are unusual in Georgetown. This is a fact of life.' … He has been trying to repair the damage ever since. Yesterday, dressed in uniform, he spoke after services to about 60 parishioners at First Baptist Church, Georgetown, one of the District's oldest black churches." The Post adds, "Solberg's appearance was prompted by a phone conversation with Charles White, 52, a member of the church. In an interview, White said he could not allow Solberg's comments to slide. … 'At any given time, we can be here for prayer service, choir rehearsal. We could be on the corner. Are people going to call the police on us?' said White, who has been attending the church all his life but lives in Capitol Hill."

The Washington Times (7/31, Wagner) reports, "Police Chief Charles H. Ramsey reassigned Cmdr. Solberg to the department's school-security division after his remarks during a community meeting about the July 9 killing of Alan Senitt, 27. Cmdr. Solberg was returned last Monday to his post in Northwest."

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Study Finds Prison Sex Crimes Underreported. The AP (7/31, Miller) reports, "Fewer than three prisoners in every 1,000 report they were sexually abused or harassed, but that probably is not the whole story, a government study says." The AP continues, "There may be far more sexual violence in prisons than is reported, the study's authors said, because inmates fear reprisal, adhere to a code of silence, do not trust the staff or are embarrassed. … 'Administrative records alone cannot provide reliable estimates of sexual violence,' wrote Allen J. Beck and Paige M. Harrison of the Bureau of Justice Statistics. … 'It's a real and serious problem,' said Malcolm Feeley, professor of law at the University of California, Berkeley. 'It may be the single largest shame of the American criminal justice system, and that's saying a lot.'" The AP adds, "The study released Sunday by the Justice Department agency is based on reports to corrections officials in 2005. … The bureau looked at more than 1,800 correctional facilities holding some 1.7 million inmates — 78 percent of the adult prison population. … The report is the second one required by the Prison Rape Elimination Act of 2003, which was an attempt to solve a problem believed to be widespread."

DNA Backlogs, Submissions Grow In Wisconsin. The AP (7/31, Richmond) reports from Madison, WI, "The number of criminal cases waiting for DNA tests in Wisconsin more than doubled from 2003 to 2005 as prosecutors submitted more and more evidence to the state crime labs, hunting for the surefire identifier that could seal a conviction, an Associated Press review found." The AP continues, "Television programs such as 'CSI' have created a perception that DNA tests are quick and easy to obtain, so district attorneys want as much DNA evidence as they can get when they try a case, state Justice Department officials say. … 'Prosecutors and law enforcement out there would rather have DNA than anything else,' said Mike Roberts, administrator of the state Justice Department's Law Enforcement Services Division, which runs the state's crime labs. 'The public has an expectation, jurors have an expectation these days that if you don't have scientific proof this person committed the crime, they probably didn't.'" The AP notes, "DNA tests have become the premier identifier in the criminal justice world. But delays in testing can prolong investigations and keep innocent people in prison longer. … Crime labs nationwide have struggled to clear DNA evidence from their shelves. President Bush in 2004 signed into law a program that provides $775 million in grants through 2009 to help clear the backlogs."

Abramoff-Linked Law Firm Greenberg Traurig In Settlement Talks With Tribe. The Miami Daily Business Review (7/31, Kay) reports, "Miami-based law firm Greenberg Traurig is not a named defendant in the Alabama-Coushatta tribe's federal racketeering lawsuit against Greenberg's convicted former Washington lobbyist Jack Abramoff and his cohorts. But that could change in the future." The Review continues, "The tribe, which is deep into settlement talks with Greenberg, has a tolling agreement with the law firm. Such an agreement stipulates that if a settlement is not reached, the tribe still may sue the firm, regardless of whether the statute of limitations has passed, according to Frederick R. Petti, a Phoenix lawyer who represents the Alabama-Coushatta tribe." The Review adds, "Although the suit does not name Greenberg Traurig, it accuses the firm of allowing Abramoff associate Michael Scanlon to bill hours through the firm, and of allowing checks sent by the tribe to a bogus Abramoff-linked think tank to be funneled and cashed through Greenberg Traurig. … 'There was a nexus between Greenberg, the enterprise and the pattern of racketeering,' the suit states. … 'Jack Abramoff was an employee of Greenberg Traurig and, at the end of the day, law firms are like other employers,' Petti said in an interview. 'They are responsible for the actions of their employees.' … The lawsuit, which was filed in U.S. District Court in Austin, Texas, on July 12, names as defendants Abramoff, two other former Greenberg Traurig lobbyists, Jon Van Horne and Neil Volz, Abramoff's former close associate Scanlon, and former Christian Coalition leader Ralph Reed, who just lost the Georgia Republican primary for governor. … The lawsuit also provides fresh evidence of a closer connection between Greenberg Traurig and Michael Scanlon than the law firm has ever acknowledged. Scanlon was Abramoff's close partner in many widely criticized lobbying practices. He pleaded guilty last year to bribing a congressman."

Libraries Question Thoroughness Of FBI Investigation Of Map Thief. The Hartford Courant (7/30, Martineau, 195K) reported, "There is growing doubt among the elite libraries hit by E. Forbes Smiley III, the Martha's Vineyard map thief, that the FBI was thorough in its investigation. … The British Library suspects Smiley of taking three additional maps and has hired a high-powered Philadelphia lawyer to push its case." British Library collections director Clive Field recently wrote to the FBI, "We continue to entertain serious doubts about the completeness of the investigation and the extent of Mr. Smiley's cooperation with the authorities." The Courant added, "Harvard released the names of five additional maps missing from its collection Friday, following the lead of Yale and the British Library in making its thefts public. The lost maps will undoubtedly be discussed when librarians meet in New Haven on Aug. 7 in a closed-door conference with the FBI to sort out loose ends before sentencing." The Courant noted, "The feds have

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defended their work and invited the libraries to produce additional evidence."

In a widely-distributed story based largely on the Courant report, the AP (7/30) notes, "Poor record-keeping by the libraries limited the FBI's investigation. Investigators also had difficulty tracing maps, which were printed in multiple copies, to a single owner. Investigators say that without Smiley's cooperation they would have recovered only a fraction of the maps they ultimately obtained."

24 Indicted In Six Philadelphia-Area ID Theft Schemes. The Philadelphia Inquirer (7/27, Lipka, 399K) reported, "Six separate Philadelphia-area fraud schemes -- most part of large-scale identity-theft operations -- have been shut down, federal authorities said yesterday. The indictment of two dozen people from across the region said to be part of the schemes was announced. Hundreds of people were victimized, and losses went well beyond $14 million. U.S. Attorney Patrick Meehan, calling identity theft 'the fastest-growing crime we are seeing in America,' described a variety of alleged frauds that he said reflect highly evolved schemes that have gone far beyond getting someone's personal information from the trash." The Philadelphia Daily News (7/27, Hinkelman, 109K) noted, "In one case, 10 suspects were charged with using the personal information of hundreds of bank customers to cash bogus checks and withdraw money from customer accounts. Prosecutors said that hundreds of bank customers at Commerce, Wachovia, M&T and PNC banks had been victimized and that the scam allegedly netted at least $1 million." The Philadelphia Business Journal (7/26, Blumenthal) also reported on the indictments.

Local Law Enforcement To Hold National Summit On Rising Violent Crime. USA Today (7/31, Johnson, 2.27M) reports, "Citing increasing concerns about violent crime, law enforcement authorities are convening a national summit…next month to deal with sudden spikes in homicides, robberies and assaults. Local police officials and municipal authorities from more than a dozen cities, including Minneapolis, Milwaukee, Louisville, Charlotte and Boston will meet Aug. 30 in Washington, where the mayor and police chief recently declared a 'crime emergency.'" USA notes, "Violent crime then declined for nearly a decade until last month, when the FBI reported increases in almost all categories of major crime during 2005. FBI Director Robert Mueller said the bureau was analyzing possible causes of the increased crime, which has been concentrated in the Midwest but also stretches to other regions of the country. 'I'm not certain that anybody has an idea of what is triggering this,' Mueller said. In many cities, however, police are linking the recent trouble to increasing numbers of juveniles involved in robberies and assaults."

ABC World News Tonight (7/28, story 6, 2:10, Gibson, 8.78M) reported, "Across the nation, violence has been surging. In the Seattle area, nine people have been murdered in nine days. In Phoenix, two serial killers have left residents terrified. In Newark, New Jersey, through mid-July, murders jumped 9% compared to last year," and "in the nation's capital, a crime emergency has been declared after a murder a day for 15 days." ABC added that a "common thread" in the violence is "teenagers with easy access to guns. … Funds for after-school programs have been systemically cut. Gangs are flourishing. More violent offenders are getting out of prison. All this as the number of police on the nation's streets has declined by 8% since 2000."

CIVIL RIGHTS:

Opponents Question Language Of Proposed Virginia Gay Marriage Amendment. The Washington Post (7/31, B2, Jenkins, 748K) reports that opponents of a constitutional amendment to ban same sex marriage in Virginia argue that the "wording of the amendment is so vague that it might affect a broad range of Virginians by potentially voiding contracts between unwed heterosexual couples as well, they say. … Because the amendment reads in part that the Virginia Constitution should not recognize 'a legal status for relationships of unmarried individuals,' opponents have consistently raised the specter that the amendment could interfere with any unmarried couple trying to make a health-care decision or pass along property ownership. … Since the beginning of the campaign, however, supporters of the amendment have said that the accusations are merely distractions from the essence of what the amendment hopes to do: ensure that Virginia does not have to recognize civil unions made in other states and codify a traditional definition of marriage."

Washington Court's Ruling On Gay Marriage Was Unexpected. Newsweek (8/7, Rosenberg, Breslau, 3.12M) reports that the Washington State Supreme Court's 5-4 ruling upholding the state's ban on gay marriage was unexpected. The court "had been widely expected to legalize same-sex marriage. … But last week's ruling, which stated that 'limiting marriage to opposite-sex couples furthers procreation, essential to the survival of the human race, and furthers the well-being of children,' left both sides retooling their strategies." For gay rights advocates, the ruling was "the latest in a wrenching string of legal defeats."

Time (8/7, 4.03M) reports in its "Notebook" column that gay marriage opponents "are on a judicial winning streak," but gay marriage advocates "remain hopeful. Judicial decisions

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on legal challenges in four states are expected shortly. New Jersey's Supreme Court may rule as soon as this week."

Texas Town Seeks To Stop Church Growth. The Los Angeles Times (7/31, Hart, 918K) reports on the town of Stafford, Texas which has 51 churches and other religious institutions packed into its 7 square miles. According to the Times, "With some 300 undeveloped, potentially revenue-producing acres left in Stafford, officials are scrambling to find a legal way to keep more tax-exempt churches from building here." Stafford "is the largest city in Texas without a property tax, and it depends on sales taxes and business fees for revenue. Nonprofits have been attracted by its rapid growth and minimal deed restrictions. … Lawyers researching ways to stop church growth here will report back to city leaders in about six weeks."

NYTimes Decries Treatment Of Ex-Felons In US. An editorial in the New York Times (7/31, 1.21M) says, "The United States has the worst record in the free world when it comes to stripping convicted felons of the right to vote. In contrast, most European countries hold that right so dear that they bring ballot boxes into prisons. This point was underscored last week in a scalding report from the United Nations Human Rights Committee, which held hearings earlier this month to determine how well the United States was complying with the International Covenant on Civil and Political Rights, which this country ratified in 1992." The committee's report said the "blanket disenfranchisement" served no rehabilitative purpose and urged the US "to restore voting rights to citizens who have served their sentences or who are released on parole." The Times adds, " The report is not legally binding. But it reminds us how poorly we treat ex-offenders compared with democracies abroad."

ANTITRUST:

Success Of US Airways Leads To More Talk Of Mergers. The New York Times (7/31, Bailey) reports, "The surprising early success of US Airways Group, the result of a merger last year, has led to some behind-the-scenes talks among investors and airline executives that could lead to more industry consolidation in the months ahead." The Times continues, "As Northwest Airlines and Delta Air Lines move through bankruptcy, which both entered last September, pressure may mount on almost all the major airlines to explore mergers. The bankruptcy process — allowing reductions in labor costs and the shedding of airplanes and other assets — can help otherwise incompatible partners realign their operations for a merger." The Times adds, "US Airways shares have more than doubled since its merger with America West was completed last September. And last week, the carrier reported a second-quarter profit of $305 million, second only to Southwest Airlines, which dominates the industry. … US Airways narrowly out-earned American Airlines, which is nearly twice as big and had second-quarter profit of $291 million. And its profits were more than two-and-a-half times larger than the $119 million management expects to report at United Airlines, a far larger carrier that also emerged from bankruptcy but without the benefits of a merger partner."

SansDisk To Purchase Israeli Data-Storage Supplier. The Wall Street Journal (7/31, Clark) reports, "SanDisk Corp. agreed to buy msystems Ltd., another supplier of data-storage technology, for stock currently valued at about $1.55 billion." The Journal continues, "The deal is the latest sign of consolidation among companies associated with flash memory, a chip technology that is popular for storing data in digital cameras, phones and music players. Micron Technology Inc. in June purchased Lexar Media Inc., another specialist in the technology, in a stock deal then valued at $850 million." The Journal adds, "SanDisk, based in Milpitas, Calif., is the largest maker of removable flash storage cartridges. Msystems, based in Kfar Saba, Israel, is known for flash devices that aren't removable, though it also makes portable storage accessories called USB drives. … Msystems, which recently shortened its name from M-Systems Flash Disk Pioneers, has had a turbulent time lately. The company in late May canceled a stock offering, citing an internal review of its stock-option grants. In mid-July, the company said it was restating six years of financial results after a special board committee found irregularities related to stock-option grants from 1999 to 2003."

Live Nation Set To Acquire Stake In Musictoday. The Wall Street Journal (7/31, Smith) reports, "Live Nation Inc., the world's largest concert-promotion company by revenue, is set to announce today it is acquiring a majority stake in Musictoday LLC, which runs fan clubs, Web sites, online stores and other services for hundreds of acts, including the Rolling Stones, Kenny Chesney and Eminem. … Terms of the deal weren't disclosed. The two companies said Musictoday, Charlottesville, Va., last year had gross sales of more than $100 million." The Journal adds, "The move is part of Live Nation's broader strategy to position itself as a critical middleman in the relationship between fans and the artists who perform in the company's 153 major concert venues. In the same vein, Live Nation recently announced the acquisition of the high-end rock T-shirt company Trunk Ltd."

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ENVIRONMENT/INDIAN AFFAIRS:

Administration Skips California Global Warming Meeting. The Wall Street Journal (7/31, Carlton, 2.03M) reports one of "the higher-profile meetings on climate change is set to bring together this week British Prime Minister Tony Blair, California Gov. Arnold Schwarzenegger and about 25 chief executive officers of major corporations around the world. But the Bush administration will be a conspicuous no-show." Blair and Schwarzenegger are "scheduled to exchange views with the CEOs in a round-table discussion today in Long Beach, Calif., on how to work together to accelerate the deployment of clean-energy technologies." But President Bush's "top environmental adviser, James Connaughton, won't attend, because of a scheduling conflict, said White House spokeswoman Kristen Hellmer."

White House Accused Of Censoring, Diluting Climate Change Reports. CBS 60 Minutes (7/30, 7:19 p.m. ET, Pelley) reported in an eleven-minute piece that NASA climatologist James Hansen "says the Bush Administration is restricting who he can talk to and editing what he can say." Hansen was shown saying, "They're censoring whether or not I can say it." CBS added, "Politically, Hansen calls himself an independent, and he's had trouble with both parties. He says from time to time the Clinton Administration wanted to hear that warming was worse than it was, but Hansen refused to spin the science that way." CBS interviews Rick Piltz, who co-wrote scientific draft reports that went to the White House for clearance. He worked for the Clinton and Bush Administrations, the story said. Piltz is quoted as saying that one report about climate change, "It comes back with a large number of edits, handwritten on the hard copy by the chief-of-staff of the council on environmental quality." Piltz said in answer to questions that his name was Phil Cooney and that he was not a scientist, but a lawyer and former oil industry lobbyist. Piltz: "He was obviously passing it through a political screen. He would put in the word 'potential' or 'may' or weaken or delete text that had to do with the likely consequences of climate change."

WPost Says Administration Shortchanging NASA Global Warming Research. The Washington Post (7/31, A14, 748K) says in an editorial, "Instead of just being an embarrassment for the president, Mr. Bush's astronautical ambitions are cutting deeply into NASA's budget to, among other things, monitor global climate change. NASA is facing a real fiscal crisis. Even though the White House is demanding more, it hasn't given the space agency the funding it needs to build a launcher for the moon mission, pay an unexpectedly large bill for repairing the space shuttle and do everything else it committed to before Mr. Bush's Mars announcement. According to the space agency, NASA is diverting a little over $3 billion from its science research budget over five years. Though it's not clear how much of that will come from earth science, NASA admits that the climate-monitoring funding has steadily decreased since fiscal year 2004."

Bills Would Increase Territory For Offshore Drilling. The Christian Science Monitor (7/31, Knickerbocker, 58K) reports with war "raging in an oil-rich part of the world, interest in tapping domestic sources of the precious resource is becoming more acute. And as Congress heads off on its August break this week, that interest centers on the waters off the US coast." The issue concerns the "moratorium - renewed annually by Congress since 1981 - that protects much of the Atlantic and Pacific outer continental shelf (OCS) from oil and gas drilling. Now lawmakers are moving to open more coastal areas to energy development. The House passed a bill favoring this, and the Senate is poised to do so as well." As with "the debate over oil drilling in Alaska's Arctic National Wildlife Refuge, the OCS is largely a partisan issue. But it's also a regional one," with California state officials and lawmakers opposing any provisions that would increase offshore exploration and drilling off their coast. The House-passed measure "allows states to lift the moratorium and gives large royalties to states that provide for oil and gas development off their coasts. The Senate bill, now expected to be voted on Monday or Tuesday, extends the federal moratorium in some areas, including the coast of California, and also offers lucrative state royalties for drilling in other areas off the East Coast and in the Gulf of Mexico."

Utilities, Regulators Unite On Energy Conservation Effort. A coalition of government regulators and consumer advocates today will announce a plan which could result in "more robust" conservation prams for consumers, the Wall Street Journal (7/31, Smith, 2.03M) reports. The coalition, "along with various federal agencies, has produced a National Action Plan for Energy Efficiency, which seeks to put regulations in place to reward utilities for promoting conservation. Currently, utilities in most states lose revenue when they sell less power." James E. Rogers, president and chief executive of Duke Energy Corp., Charlotte, N.C. said that in the future, "utilities will push rate structures that reward them for conservation programs and they will install equipment to make it easier for consumers to monitor and reduce power consumption."

LATimes Blasts BLM Plan For Profits From Land Auctions. An editorial in the Los Angeles Times (7/31, 918K) says, "The federal government owns about two-thirds of the land in Utah and more than 80% of Nevada." Some isolated communities, "surrounded by these protected

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swaths of unused land, cannot respond to the pressures of growth because they have nowhere left to grow. Selling off chunks of fenced-off land makes sense. But new proposals to auction BLM property near these towns come with a troubling twist: The money, which could easily run into the billions, wouldn't go to the Treasury to pay down the deficit or otherwise benefit U.S. taxpayers. Instead, a hefty portion would be directed to the communities to build local projects, such as water lines, roads and schools." The Times adds that "converting federal resources into local windfalls, at the expense of taxpayers nationwide, is a way to squander money while carving up protected land."

FBI/DEA/ATF/USMS:

Olympic Sprinter Denies Using Banned Drugs.

There are more than 700 media references covering some angle of sprinter Justin Gatlin testing positive for a performance-enhancing drug. For example, the New York Times (7/30, Zinser) reports Justin Gatlin, who "shares the current world record and is the reigning Olympic champion in the 100 meters, admitted...that he had tested positive for a performance-enhancing drug and faces a possible lifetime ban from track and field. Gatlin's admission came only days after the revelation that Floyd Landis, the Tour de France winner, tested positive for a testosterone imbalance during the race. … Gatlin released a statement through a publicist, saying a test at the Kansas Relays on April 22 came back positive for 'testosterone or its precursors.' He denied taking any banned drugs."

The New York Times (7/31, Zinser, Robinson) also writes, "While the sport's establishment was quick to point out that drug testing is successful in catching cheats, it is still reeling from the fact that high-profile athletes are still being caught in its net, showing that the incentive to use performance-enhancing drugs is still a powerful force despite the testing."

The USA Today (7/31, Patrick) reports Gatlin "says he's innocent. If his test is confirmed, he faces a lifetime ban. … U.S. Olympic Committee chairman Peter Ueberroth said Saturday that progress has been made against dopers, but 'we are not yet winning the battle.' The battle is changing, experts say. Cheaters are using testosterone because it's harder to get caught — since testosterone is a naturally occurring hormone — and test results can be inconclusive."

The Los Angeles Times (7/30, Elliott) reports Gatlin "said he couldn't account for the result and hadn't 'knowingly' taken a banned substance or authorized anyone to give him such a substance. He said he'd learned his lesson in 2001 when he was competing for the University of Tennessee and tested positive for an amphetamine contained in medication prescribed for attention deficit disorder."

The AP (7/30) reports Gatlin "said Saturday he has been informed that he tested positive for testosterone or its precursors. Gatlin, who positioned himself as a leader in trying to prove track and field is a clean sport, said in a statement released through his publicist that the United States Anti–Doping Agency informed him of the test taken after a relay race in Kansas in April."

For the AP (7/31), Stephen Wilson writes, "There's a sense now that no matter how hard administrators, drug-testers and anti-doping bodies fight it, the doping crisis is undermining any legitimacy that sports still holds."

The UK's Guardian (7/31) reports, "Because Gatlin also failed a drug test five years ago for a stimulant found in medication he had been taking since childhood for attention deficit disorder, he faces a lifetime ban if found guilty. His chances of escaping punishment are remote because it has been established that the testosterone he tested positive for was artificially administered."

However, AFP (7/30) reports, "It was the second positive test of his career. The 24-year-old Gatlin also tested positive for the amphetamine Aderall at the 2001 US junior championships at the University of Tennessee. A subsequent ban was overturned after it was discovered the substances were part of the medication he had been taking to combat attention deficit disorder."

WADA Chairman Said To Be Seeking Lifetime Ban For Gatlin. The Uk's Western Mail (7/31) reports, "Anti-doping chief Dick Pound has called for Justin Gatlin to be banned for life after confirming the sprinter's 'B' sample had tested positive for the banned drug testosterone. The Olympic and world 100m champion announced on Saturday he had failed a drug test...and Gatlin's lawyer Cameron Myler and Pound, have confirmed the second sample was also positive. … Pound told BBC Radio Five Live, 'The B sample is positive.'"

Coach Blames Massage Therapist. According to the Washington Post (7/31, Shipley), Gatlin "unwittingly had testosterone cream rubbed into his legs by a massage therapist who carried a grudge against him before the April race at which he tested positive for steroids, Gatlin's coach, Trevor Graham, said by phone yesterday."

Network TV Coverage. ABC World News Tonight (7/29, story 7, 0:10, Avila) reported, "A sports note tonight. One of the fastest men in the world, American sprinter Justin Gatlin announced today he has failed a drug test. Gatlin won gold in the 100 meters at Athens and is tide for the world record. He says he has never knowingly used banned substances."

The CBS Evening News (7/29, story 8, 0:10, Mitchell) reported, "Another top American athlete admitted failing a

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drug test. Justin Gatlin said he tested positive for elevated levels of testosterone after a relay race in April. Like Floyd Landis who won the tour de France but then failed the same test, Gatlin says he does not know how it happened."

NBC Nightly News (7/30, story 10, 0:30, Seigenthaler) reported, "Another American athlete is on the spot after failing a drug test for testosterone. The International Association of Athletics Federation said today that the athlete known as the fastest man in the world, US Olympic and world 100 meter champion Justin Gatlin, faces a life ban from the sport if the test is confirmed. Officials are also waiting for new test results from Tour de France winner Floyd Landis. A positive second sample this week would strip him of his championship."

In Mississippi, More Than 200 Arrested In "Operation Byrne Drugs." The Jackson (MS) Clarion Ledger (7/29) reports authorities "have arrested more than 200 people on various drug charges and seized more than 100 pounds of cocaine and $150,000 cash over a two-day period from separate operations in Mississippi. Mississippi Bureau of Narcotics Director Marshall Fisher said the MBN was rounding up suspected drug offenders as part of a coordinated national drug enforcement initiative called 'Operation Byrne Drugs.'" The Clarion Ledger adds, "Earlier this week, Drug Enforcement Administration and MBN announced the culmination of a two-year investigation, which ended a drug ring in Yazoo City."

Khat Chewing's Potential Link To Terrorism Raises Concerns. The New York Times (7/31, Fahim) reports that last week 30 people who authorities "said were members of the country's largest khat distribution network were arrested in New York and elsewhere. The suspects were charged not only with smuggling, distributing and selling khat but also with laundering money, through the use of informal money remitters. That charge has raised fears that khat-chewing, a practice that in parts of East Africa and the Arabian Peninsula is considered as normal as sipping a cup of coffee, will be associated with terrorism. … A spokesman for the federal Drug Enforcement Administration, John P. Gilbride, said the suspects had not been connected to terrorism or violence, though the investigation continued."

Alabama Judge Sets Bond In British Man's Drug Case. The AP (7/30) reports a judge set bond at $464,000 for a British man extradited to Mobile for trial. Giles Richard Carlyle-Clarke "fought extradition for seven years. He was returned to Mobile to face the charges on July 12. … The charges facing Carlyle-Clarke stem from an investigation springing from the seizure of a sailboat in Baldwin County in March 1988. Drug Enforcement Administration agents said they found 6,500 pounds of marijuana and 246 gallons of hashish oil inside a hidden compartment. A grand jury indicted Carlyle-Clarke in 1992, accusing him of sailing the drug-laden vessel."

Grand Jury In Tennessee Indicts 14 In Cocaine-Ring Investigation. The Greeneville Sun (7/28) reports a 14-count indictment, returned by a federal grand jury in Greeneville on June 13, was unsealed Thursday following the arrest of several of the defendants. Fourteen persons, a number of them residents of East Tennessee, have been charged with engaging in a conspiracy to distribute and to possess with the intent to distribute more than five kilograms of cocaine and more than 50 grams of cocaine base, or crack cocaine." The Sun notes the DEA's involvement in the investigation.

Marijuana Gumballs Seen As Possible New Form Of Drug Use. The Baltimore Sun (7/29) reports that when a bag of smiley-faced gumballs "hollowed out and stuffed like mushrooms with marijuana were confiscated early this year at a Howard County high school and last week in Northern Virginia, it took authorities by surprise. 'This is very unique,' said Edward Marcinko, special agent and public information officer for the Baltimore District Office of the Drug Enforcement Administration. … The case in Howard County was so unusual that Marcinko's office sent out a nationwide alert to inform other law enforcement agencies of what may be a new, smokeless way to consume marijuana that is especially appealing to young users."

UPI (7/30) cites the Baltimore Sun story on the gumballs.

Florida Felons Arrested In Two-Day Sweep. The Miami Herald (7/29, DeMarzo, 310K) reported, "Adult and teen felons with outstanding warrants found themselves behind bars Friday after dozens of law enforcement officers hit the streets and rounded them up. It was the second day officers swept across Broward, targeting suspected felons. On Thursday, Fort Lauderdale police, along with several specialized units within the agency and the Department of Juvenile Justice, focused their attention on 40 teens wanted for serious offenses." The Herald noted, "Deputies were joined by police from Coral Springs, Davie, Fort Lauderdale, Hallandale Beach, Lauderhill, Margate, Miramar, Plantation, Sunrise and the Seminole tribal police. Federal agents from the FBI, U.S. Marshal's Service and the State Department of Probation also assisted."

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IMMIGRATION:

Report Finds Disparities In Judicial Rulings On Asylum Cases. The New York Times (7/31, Swarns, 1.21M) reports that an examination of immigration cases by Transactional Records Access Clearinghouse has found "wide disparities in the rate at which judges grant asylum to people seeking haven in the United States." The report "examined 297,240 immigration cases from fiscal year 1994 through the first few months of fiscal year 2005. … The study found wide variations in how different nationalities were treated. It reported that more than 80 percent of asylum seekers from Haiti and El Salvador were denied asylum for the period beginning in 2000, while fewer than 30 percent of asylum seekers from Afghanistan or Myanmar, formerly Burma, were denied."

The Atlanta Journal-Constitution (7/31, Moscoso) reports, "The report also found that immigrants from certain countries fare better than others. For example, 80 percent of asylum seekers from El Salvador, Mexico and Haiti were denied, while only 30 percent from Afghanistan and Myanmar were rejected. … The report analyzed data from nearly 300,000 cases from 1994 to early 2005. The median rate of denial was 65 percent. The most stringent judge was Mahlon Hanson in Miami, who turned down 97 percent of the 1,118 asylum cases in his court." The AJC adds, "At the other end of the spectrum, Judge Margaret McManus in New York rejected only about 10 percent of the 1,638 asylum requests in her court. … The clearinghouse says its findings 'directly challenge' the mission statement of the Executive Office of Immigration Review, a branch of the Justice Department, which operates the immigration courts. That statement says the government is 'committed to providing fair, expeditious, and uniform application of the nation's immigration laws.' … The report says the case-by-case analysis 'appears to document long-standing, widespread, and systematic weaknesses in both the operation and management of the court.' … Elaine Komis, a spokeswoman for the Executive Office of Immigration Review, said judges decide asylum requests on a case-by-case basis and applicants must prove they suffered past persecution or have a well-founded fear of future persecution because of race, religion, nationality, membership in a particular social group or political opinion. 'The immigration judge cannot use discretion to grant asylum simply because the respondent is a good person,' she said."

Border Patrol Aims To Hire 6,000 New Agents Over Next Two Years. The Washington Times (7/31, Seper, 88K) reports on an "unprecedented recruitment effort" by US Customs and Border Protection to hire 6,000 more Border Patrol agents. The effort "is aimed at recruiting, training and deploying the new agents during the next two years."

China Refuses To Take Deportees From US. China is refusing to take back 40,000 deportable immigrants from the US. The Wall Street Journal (7/31, Kronholz, 2.03M) reports that China is demanding "that asylum-seekers such as Falun Gong members and other political opponents of Beijing be returned as well." China's "refusal to accept returnees by not issuing travel documents undercuts U.S. attempts to discourage illegal entrants. … Worse, though, it shows what few options the US has in enforcing its deportation policy when other countries won't cooperate."

Administration Cracks Down On Employers Who Hire Illegal Immigrants. The New York Times (7/31, Preston, 1.21M) reports on a new nationwide strategy by immigration officials to crack down on employers of illegal immigrant laborers. The Times reports, "In April, with President Bush under fire from both Democrats and Republicans who accused him of being lax on employers of illegal immigrants, Homeland Security Secretary Michael Chertoff announced the new campaign. It focuses on those suspected of violations with felony charges that could lead to huge financial penalties and the seizing of assets. The White House is hoping the increased enforcement will strengthen Mr. Bush's hand in the battle over immigration reform, Homeland Security Department officials said, by pre-empting House Republicans who are pressing a bill they passed in December that centers on enforcement and border security but does not provide a way for illegal immigrants to become legal."

Ohio Sheriff Speaks Out On Illegal Immigration. The New York Times (7/31, Preston, 1.21M) reports on Hamilton, Ohio Sheriff Richard K. Jones, who has "posted six billboards by roadways in this proudly conservative blue-collar county. 'Hire an illegal -- break the law!' the signs warn, with a photograph of the sheriff. He also took out half-page advertisements in local newspapers to convey his message, and he set up a blog to promote a boycott of local businesses that employ illegal immigrants. The sheriff then opened a tip line so citizens could report any employers they suspected." Jones "says that he does not try to enforce federal immigration laws, but that he can apply state labor and tax laws to combat what he calls 'the underground economy.'"

Boehner Opposed Enforcement-Only Immigration Bill Last Year. The Washington Times (7/31, Hurt, 88K) reports that while House Majority Leader John Boehner is "one of the most energetic supporters of the House immigration bill," last year, "he was one of 17 Republicans to vote against the enforcement-only bill." Boehner told the Times, "I thought the Judiciary Committee work was haphazard, and I thought the employer provisions

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were nothing but unfunded mandates," adding, "Requiring them to look at all workers -- all their workers, not new hires, all their existing employees -- there's no system to verify that, and we're talking about a huge database run by the federal government. Scares me to death." The Times adds, " In any event, he doesn't shy away from the toughness of the House bill, which many Democrats say is overly hostile toward illegal aliens who have come here to work and raise a family."

Boehner Says Odds Off Immigration Bill Passing This Year Are 2-To-1. In a lengthy interview published in the Washington Times (7/31, Hurt, 88K) Boehner was asked about the likelihood of an immigration bill passing this year. The Majority Leader said, "I'd say the chances are 2-to-1 before the end of the year." Boehner noted, "There's a big debate about whether it's better to do a bill before the election or do one after. Nobody knows the answer to that question."

Thomas Threatened To "Blue Slip" Senate Immigration Bill. Don Wolfensberger, director of the Congress Project at the Woodrow Wilson International Center for Scholars, and former staff director of the House Rules Committee, writes in Roll Call (7/31), "It seems someone found a revenue-related provision in the Senate [immigration] bill requiring illegal immigrants to pay back taxes as one of the conditions for obtaining documentation and eventual citizenship." However, if the Senate "originates a revenue-raising bill, any Member of the House has the option of calling up a 'blue-slip resolution' (named after the color of paper it is printed on after passage) to send the measure back to the Senate. … After the revenue provision in the Senate immigration bill was discovered, Ways and Means Chairman Bill Thomas (R-Calif.) vowed he would 'blue slip' the bill (yes, it's a verb, too) back to the Senate rather than agree to a conference committee. To counter this threat, Senate Majority Leader Bill Frist (R-Tenn.) said he would move to substitute the Senate's immigration language for a House-passed revenue bill (alternative minimum tax relief) now pending in the Senate. This in turn caused Senate Minority Leader Harry Reid (D-Nev.) to balk because he did not want to open the immigration bill to possible tax cuts. … Had Reid succeeded in forcing the issue with the House, Thomas clearly held the winning hand."

Pence, Hutchison Efforts To Broker Compromise Have Failed So Far. Roll Call (7/31, Stanton) reports, "Efforts by Rep. Mike Pence and Sen. Kay Bailey Hutchison to kick-start talks over immigration legislation by floating a compromise plan have failed so far to improve prospects for passage of a bill this year, Congressional sources said late last week. … But one GOP aide also cautioned that much of the compromise already has been discussed in the Senate, and that while it has attracted some support, the level of backing is not yet sufficient to become a catalyst for passage. The source added it should be clear by the end of August whether Congress will be able to move reform legislation this year."

Democrats See House Immigration Hearings As Political Theater. The Los Angeles Times (7/31, Gaouette, 918K) reports that critics see House Republican leaders' decision to hold immigration hearings nationwide as "GOP-produced political theater -- a diversion from hunkering down for talks with the Senate on rewriting immigration policy. … But if this is theater, it has a clear plot line. House Republicans continue to bet that their push for enforcement-only legislation is more appealing to voters than the Senate formula." Reflecting that belief, "the upcoming House hearings are scheduled not only in states struggling with illegal immigration, such as California, but in states such as Indiana, where several Republican House members are struggling to get reelected."

Stewart Praises Schwarzenegger's "Third Way" On Illegal Immigration. Columnist Jill Stewart writes in the New York Times (7/31, 1.21M) that California Gov. Arnold Schwarzenegger "has managed to find a clever third way" on the issue of illegal immigration. Schwarzenegger "is shaping a policy that audaciously sticks a foot in both the anti-illegal immigrant and pro-illegal immigrant camps. His dizzyingly mixed viewpoints, which generate headlines in California, make the recent Congressional hearings on illegal immigration…look even more contrived by comparison." Schwarzenegger "said he backed the basic idea of a guest worker plan and a pathway to citizenship, but took a dim view of letting millions of illegal immigrants go to the front of the line while law-abiding foreigners in desperately poor countries spend years awaiting entry." Stewart adds, "In pursuing a mixed ideology based on pragmatism and an underlying commonality, Arnold Schwarzenegger may be showing Congress, the White House and the nation a way out of the current morass."

TAX:

KPMG Challenges Judge's Jurisdiction In Fee Dispute. The New York Law Journal (7/31, Bar) reports, "Embattled accounting firm KPMG has charged in court papers that the federal judge at the helm of the civil case filed against it does not have jurisdiction to preside over the matter. … And even if Southern District Judge Lewis A. Kaplan does, in fact, have jurisdiction, KPMG argued in a motion to dismiss filed late July 25 that the plaintiffs should be compelled to arbitrate their claims that the company improperly capped the advancement of legal fees and is responsible for paying their defense costs. … 'All of the [ex-employees] voluntarily signed the KPMG Partnership Agreement and/or Senior Management Agreement, thereby

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expressly agreeing to arbitrate any claims between themselves and KPMG,' the company claims in Stein v. KPMG, S106 Civ. 5007. 'In light of the clear agreement to arbitrate ... the Federal Arbitration Act compels the Court to dismiss the action for subject matter jurisdiction or, alternatively, to compel arbitration and stay the subject civil claims during the pendency of the arbitration.'" The Journal adds, "The Southern District U.S. Attorney's Office has charged the former employees with designing illegal tax shelters for wealthy clients. The government agreed not to indict KPMG after it promised to cooperate with the investigation and to pay a $450 million fine. .. . The ex-employees filed their suit against KPMG on July 10, after a June 26 ruling in which Kaplan found that the company had improperly capped advancement of bills and would have paid their defense costs but for coercion applied by federal prosecutors."

Senate Hearing To Examine Offshore Tax Shelters. The Wall Street Journal (7/31, Simpson) reports, "In 2001, Dallas billionaire Sam Wyly picked from a Christie's catalog a pocket watch once owned by Franklin D. Roosevelt. But Mr. Wyly, who keeps the watch at his home, doesn't own it. .. . Instead, it is owned by a tax-exempt company in the Isle of Man called Audubon Limited -- which Mr. Wyly says he neither owns nor controls. Audubon paid $41,125 for the watch at Mr. Wyly's suggestion, a lawyer for the businessman says, and then lent it to him." The Journal continues, "Audubon is part of a network of companies and trusts established on the Isle of Man to park large parts of the Wyly family wealth, a move that shields the money from U.S. taxes and lawsuits. To critics, the ability of the Wylys to enjoy benefits from assets that they don't own illustrates what's wrong with the huge offshore tax-avoidance industry. … Representatives of the Wyly family say the Wylys believed their financial arrangements were entirely legal. A family lawyer, William Brewer, says all the Wylys' offshore structures either are detailed as accepted practices in the American Bar Association's manual on 'asset-protection strategies' or were explicitly deemed legal by Congress. … Isle of Man entities connected with Sam Wyly and his brother, Charles, also own expensive jewelry worn by family members and property in an exclusive enclave near Aspen, Colo., called Little Woody Creek. The entities have made loans to Wyly family members, according to documents and Mr. Brewer, and in some cases they pay the brothers stipends known as annuities. … The Isle of Man is a misty, quasi-independent republic of 75,000 people in the sea between England and Ireland. … The Wyly trusts will be examined tomorrow at a hearing by a U.S. Senate panel called the Permanent Subcommittee on Investigations. The panel's senior Democrat, Sen. Carl Levin of Michigan, has been probing offshore tax evasion and money laundering for several years. The panel is also looking into how the elite New York law firm Cravath, Swaine & Moore LLP provided legal advice on offshore tax shelters to wealthy individuals, people familiar with the probe say. … U.S. prosecutors and regulators already are targeting people who promote offshore tax-avoidance plans. One former lawyer for the Wyly family is now in prison on tax and fraud charges involving work for other clients, while another is under investigation by the Internal Revenue Service. The Wyly family's affairs are now the subject of a federal grand-jury investigation in Dallas."

Everson Says IRS Stepping Up Audits Of Rich. Mark Everson, Commissioner of the Internal Revenue Service, writes in USA Today (7/31, 2.27M), "The IRS is increasing its audits of the rich. Somehow that fact keeps getting lost, obscured by an off-the-mark assertion that the IRS is giving a backdoor tax break to the wealthy because we plan to draw down our auditors of estate tax returns. … Since 2003, the centerpiece of our enforcement efforts has been to increase audits of high-income individuals and corporations. Our audits of high-income individuals have more than doubled since 2000." Everson adds, "The resources we'll generate by drawing down our estate tax workforce will be used to audit more income tax returns of the super rich."

Meanwhile, an accompanying editorial in USA Today (7/31, 2.27M) says, "The auditors who comb through estate tax returns for the nation's wealthiest dead are among the most productive at the IRS. … Now, though, the IRS plans to end the jobs of 157 of the 345 lawyers who check estate and gift tax returns, along with 17 support personnel." USA adds, "The IRS says that by reducing its estate tax workforce, it will be able to audit more income tax returns of the wealthy. Here's an idea: Instead of linking the minimum wage and the estate tax, why doesn't Congress give the IRS enough resources to ensure that the ultra-rich and wealthy heirs are paying their fair share?"

CONGRESS-ADMINISTRATION:

No Senate Action Expected On Judicial Nominees. Roll Call (7/31, Billings) reports Senate Republicans, "facing a major political battle and a tight legislative calendar, said last week that there's little chance they can move any of the remaining controversial judicial nominations before the November elections." Both GOP Senators and aides "said the four weeks remaining on the pre-election schedule provides them with little opportunity to engage in a potentially brutal floor fight over a polarizing court nominee." At least "four particularly incendiary judicial appointments currently are awaiting Senate approval: circuit

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court nominees Terrence Boyle, William Haynes, William Myers and Michael Wallace." Each of those nominees "comes with his own set of Senate obstacles, even from some Republicans. But all of them could trigger a Democratic filibuster that ignites into another Senate showdown over nominations."

ABA President Criticizes WSJournal For "Mischaracterizing" ABA Ranking System. In a Wall Street Journal letter to the editor (7/31), American Bar Association President Michael Greco says the Journal's 7/26 editorial, "An ABA Hit Job," is "irresponsible and widely misses the mark. It mischaracterizes the work of the ABA Standing Committee on Federal Judiciary, and terribly misleads the public with respect to the evaluation of Mr. Wallace." The ABA's peer review of judicial nominees "examines only three factors in its evaluations: professional competence, integrity and judicial temperament. It explicitly does not consider a nominee's ideology or philosophy."

WSJournal Criticizes ABA For Denying It Has Liberal Agenda. The Wall Street Journal (7/31, 2.03M) says in an editorial that while American Bar Association President Michael Greco "objects to our calling his outfit a liberal interest group that should lose its special role in vetting federal judicial nominees," what "are we to make of the ABA's report last week accusing President Bush of abusing his power by explaining how he interprets the bills he signs into law?" The ABA "'study'…claims that Presidential 'signing statements' are 'contrary to the rule of law and our constitutional system' and urges Congress to pass a law giving itself the power to challenge them in court." The "political agenda of the ABA report is apparent from page one," and its report "is a transparent political exercise, and the lawyers should at least have the nerve to defend it as such, rather than pretend they are some neutral body."

Specter Bill Seeks To Rein In Bush Use Of Signing Statements. U.S. News and World Report (8/7, Green, 2.03M) reports that President Bush has used signing statements "more aggressively than other chief executives in pushing executive power and effectively challenging parts of laws he considers unconstitutional." Now, "the President's tactics are facing some heat. … A constitutional confrontation remains a long way off, but the President's free rein on signing statements seems to be over." A bill by Senate Judiciary Committee Chairman Arlen Specter "would instruct courts not to rely on presidential signing statements in interpreting laws, and it would further permit Congress to seek a binding 'declaratory judgment' from a court on the legality of any presidential signing statement. Finally, the bill would allow Congress to intervene in any Supreme Court case questioning the constitutionality of legislation that had elicited a presidential signing statement."

Dellinger Calls Bush Constitutional Views "Fundamentally Wrong." Duke University law professor Walter Dellinger, who was the head of the Justice Department's Office of Legal Counsel from 1993 to 1996, writes in the New York Times (7/31, 1.21M) that the recent ABA report on President Bush's use of signing statements "studiously avoids addressing the real problem, which is not the President's right to act on his constitutional views, but that some of this President's constitutional views are fundamentally wrong." Dellinger adds, "The Bush administration's frequent and seemingly cavalier refusal to enforce laws, which is aggravated by its avoidance of judicial review and even public disclosure of its actions, places it at odds with these principles and with predecessors of both parties. It is a mistake, however, to respond to these abuses by denying to this and future presidents the essential authority, in appropriate and limited circumstances, to decline to execute unconstitutional laws."

Bush Highlights Domestic Agenda In Florida. The Washington Post (7/31, A4, Baker, 748K) reports that with the "crucial midterm congressional elections just three months away, President Bush tried Sunday to return to his domestic agenda even while the latest eruption in the Middle East continued to dominate his administration's attention." Bush flew to Florida "to have dinner with Miami community leaders," and he "plans "a day of activities Monday in the Miami area, visiting the National Hurricane Center, delivering an economic speech, touring the Port of Miami and headlining a Republican fundraiser." But the "studied appearance of political normalcy, however, could not compete with the pictures of destruction from southern Lebanon." Bush's "visit here to the home state of his brother, Gov. Jeb Bush, suggested the depth of White House concern over his political standing as Republicans head into the campaign with a leader whose approval ratings remain stuck in the 30s."

The Miami Herald (7/31, Clark, 310K) reports Bush "swooped into Miami late Sunday, startling bikini-clad beachgoers along Collins Avenue as his motorcade revved to dinner at Joe's Stone Crab in Miami Beach -- part of a White House strategy to get the commander in chief out of the Beltway bubble and amid regular folks." The visit "comes as Bush's tepid popularity ratings cause anxiety among Republicans up for reelection in November. But he arrived to a warm reception at Miami International Airport about 6:30 p.m. Sunday, greeted by his brother, Gov. Jeb Bush, and some of his staunchest supporters in Washington, Miami Republican Reps. Lincoln and Mario Díaz-Balart and Ileana Ros-Lehtinen." Among other events today, Bush "and the governor will headline a fundraising luncheon for the Republican National Committee at Miami developer Armando Codina's Coral Gables home."

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The South Florida Sun-Sentinel (7/31, Holland, 265K) reports Bush's visit "is part of a new effort to travel around the country and speak directly to voters." Gov. Jeb Bush "and local dignitaries greeted the president at Miami International Airport before his motorcade sped off to trendy Joe's Stone Crab in Miami Beach for dinner with community leaders. President Bush did not answer questions or discuss the ongoing conflict in the Middle East, which late Sunday resulted in a temporary Israeli suspension of air strikes in southern Lebanon."

Bush Mistook Menendez For Martinez At White House Meeting. The Washington Post (7/31, A13, Kamen, 748K) reports in its "In the Loop" column, "Sen. Robert Menendez (D-N.J.), at the White House this spring for a meeting with other senators to discuss immigration with President Bush, was surprised when Bush approached him as the meeting broke up and observed: 'Senator Martinez, you've been very quiet.' 'That's Martinez,' Menendez said, pointing to Mel Martinez -- Florida's junior senator and Bush's former secretary of housing and urban development. … Bush turned bright red, we're told. … The White House could not confirm the comment."

House GOP Seeks To Cut Deals On Estate Tax, Pension Reform Bills. The Christian Science Monitor (7/31, Chaddock, 58K) reports that the House Republican agenda's "big-ticket items - immigration, lobbying rules, Social Security, detainee rights, port security, a response to secret domestic surveillance, and a budget for this year's spending bills - had either derailed or were in dispute." So, as "the August recess loomed, the GOP made an 11th-hour gambit. To pass the most significant changes to pension laws in 30 years, Republicans offered Democrats a shotgun marriage - a $2.10 hike in the minimum wage coupled with a roll-back of the estate tax. They also agreed to a divorce, removing a host of popular tax breaks from the pension bill and adding it to the minimum wage/estate-tax deal as a sweetener." The tactic "paid off in the House, where both bills passed in midnight votes. But all the maneuvering may not cement agreement in the Senate, where even Republican votes are not assured." For the pension bill, "the big question is whether GOP leaders can move the controversial bill across the finish line without the tax breaks." But for "many Republicans, the pairing of estate-tax relief with a hike in the minimum wage is an even higher hurdle."

The Wall Street Journal (7/31, Rogers, 2.03M) reports Congress is "poised to adopt landmark pension legislation but faces a partisan fight over federal estate taxes and the minimum wage that threatens to delay Senate passage and disrupt other parts of the Republican agenda." The "tax-and-wage struggle is expected to dominate this last week before the August recess and already threatens hopes of finishing Senate debate on a wartime Pentagon budget. It underscores the Republican determination to reduce estate taxes, which affect some of the wealthiest Americans, before the November election, in which the majority party risks losing seats to the Democrats."

Pension Bill Could Face Challenge Over Differing Treatment Of Airline Pension Plans. The Wall Street Journal (7/31, Solomon, Perez, 2.03M) reports a provision "aimed at aiding struggling airlines has complicated action on a sweeping package designed to pump more money into poorly funded private pension plans." Congressional aides "say most of the major sticking points have been resolved, but a challenge could emerge because it would provide Northwest Airlines and Delta Air Lines more-favorable terms than it does competitors American Airlines and Continental Airlines." The bill "requires most companies fully fund their pension obligations within seven years. An exception for airlines would allow any carrier that agrees to freeze its pension benefits and close its plan to new entrants to get 17 years to fund their obligations and use a more-favorable interest rate to calculate what they owe." The exception "is intended to benefit Delta, Atlanta, and Northwest, Eagan, Minn., which threaten to dump their plans on the federal government's pension insurer if Congress doesn't approve relief soon." American and Continental "would fall under a different and less-favorable rule because they haven't frozen their pension plans."

Pozen Says Pension Bill Will Be End Of Defined Benefit Plans. Robert Pozen, chairman of MFS Investment Management, writes in the Wall Street Journal (7/31, 2.03M), "In the coming days, Congress is expected to pass a pension bill that will effectively put the nail in the coffin of defined benefit plans for corporate America. … As a result, American workers will have to take even more personal responsibility for their retirement income through defined contribution plans and other savings vehicles. This will be a tremendous challenge, especially for younger and lower income workers. According to the Employee Benefit Research Institute, more than half of all American workers have less than $25,000 in savings (excluding their primary residence). Similarly, the Center for Retirement Research at Boston College recently showed that 49% of the Generation Xers (born between 1965 and 1972), and 53% of low-income families will probably not have enough funds to maintain their standard of living in retirement."

NYTimes Criticizes House GOP Pension Overhaul, Estate Tax Strategy. The New York Times (7/31, 1.21M) says in an editorial that the House GOP estate tax cut, research tax credit, and minimum wage bill offers "a few more dollars for 6.6 million working Americans; billions more for

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some 8,000 of the wealthiest families. It is cynical in the extreme. Extending the research tax credit is noncontroversial, yet pressing. A minimum wage increase is compelling — morally, politically and financially — but Republicans generally oppose it. And the estate-tax cut has already failed to pass the Senate twice this summer. So House Republicans linked it to the research credit and the minimum wage, hoping to flip a handful of senators from both parties who have voted against estate-tax cuts in the past. Democrats who vote against the estate tax, Republicans think, can be painted as voting against a higher minimum wage. This is an attempt at extortion." As for "the House's pension bill, it is not the overhaul that Congress has long been promising."

Congress Leaves For Recess With Much Work Undone. USA Today (7/31, Kiely, 2.27M) reports Congress is "leaving for a month-long recess with so much unfinished business that it's planning a fifth consecutive post-election session, the most since 1935." Another lame-duck session "raises the prospect that important business could be completed by lawmakers who have been rejected by voters. If Republicans lose control of Congress, they'd still direct the agenda until January, when lawmakers are sworn in." Political analysts "say lame-duck sessions aren't efficient." Democrats "plan to make a campaign issue of what Rep. Steny Hoyer of Maryland, the No. 2 Democratic leader, calls 'the do-less-than-do-nothing Congress.' Republicans blame Democrats for blocking some initiatives but say they're proud of their work to fund the war on terrorism."

USA Today (7/31, 2.27M) reports on several legislative items Congress has not finished. A "split in the Republican Party has stalled" immigration reform legislation, and Speaker Dennis Hastert and Senate Majority Leader Bill Frist "have not named negotiators to resolve the differences in the two bills" passed by their respective Houses. The House "passed a bill designed to stop corporations from underfunding employee retirement plans, but its fate in the Senate is uncertain." The House has "approved all but one of the 11 spending bills required to fund federal agencies for the fiscal year that begins Oct. 1. The Senate has approved only one: Homeland Security." Other issues cited by USA include the minimum wage, lobbying reform, identity theft, energy, and asbestos.

Senate Panel Approves Coburn Bill To Create Federal Spending Web Site. The Senate Homeland Security and Governmental Affairs Committee last week approved a measure by Sen. Tom Coburn that would require the OMB to create a searchable Web site containing data on all types of federal spending. The Washington Post (7/31, D4, Thormeyer, 748K) reports, "The bill says the database would have to be searchable by agency, geography, industry, congressional district and types of federal funding." The Post notes that the bill "could run into problems, as many large companies with federal contracts might not want certain information made easily accessible."

Grassley Demands Probe Into FDA Conduct On Vioxx Findings. The CBS Evening News (7/30, story 5, 2:40, Mitchell, 7.66M) reported that "there is more controversy tonight surrounding the drug Vioxx and the relationship between Merck, the drug's maker, and the FDA." Sen. Charles Grassley "is calling for an investigation and an FDA staffer is once again blasting his bosses." CBS' Sheryl Attkisson added, "Well before Vioxx was pulled from the market, an FDA senior scientist, Dr. David Graham, had flagged its heart issue." But as Graham noted: "The [FDA managers] didn't want me to present my work…but they wanted to be sure that Merck had a copy of my scientific presentation. So it is good enough for Merck but not good enough for the American people." Attkisson: "Not only that," Grassley "says the FDA and Merck went so far as to conspire together to undercut Dr. Graham's findings." Attkisson: "Grassley has asked the inspector general to investigate the FDA's conduct."

Agencies Seek To Keep Experienced Hands In Workforce. The Washington Post (7/31, D4, Barr, 748K) reports in its "Federal Diary" column, "With substantial numbers of baby boomers likely to leave government for retirement in the next 10 years, the Bush administration and Congress are looking for ways to keep experienced hands. Most federal agencies have plans to ensure that critical jobs are filled as employees retire, but some officials are concerned that staff shortfalls could develop and hamper the government's response to a national crisis. … Rep. Jon C. Porter (R-Nev.), chairman of the House Committee on Government Reform's federal workforce subcommittee, and Bush administration officials signaled at a hearing last week that they are open to modifying the 'retire rehire' rules. … The administration also is interested in changing how federal pensions are calculated to avoid penalizing employees who choose to work part time in the government at the end of their careers."

Cheney Efforts On Alaska Natural Gas Pipeline Raise Eyebrows. Newsweek (8/7, 3.12M) reports in its "Periscope" column, "An effort by Dick Cheney to prod Alaska lawmakers to approve a controversial $20 billion natural-gas pipeline project has misfired amid charges from some legislators that the veep was seeking to benefit major energy-company interests. In a highly unusual intervention in a state dispute, Cheney recently wrote Alaskan legislative leaders urging them to 'promptly' enact a bill that would allow three

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giant oil companies -- British Petroleum (BP), ConocoPhillips and ExxonMobil -- to build a massive pipeline from Prudhoe Bay on the state's North Slope through Canada to the upper Midwest. … Cheney contended the 'needs of the nation' dictate that the pipeline be built, noting the project was endorsed by the Bush administration in May 2001 -- a reference to the proposals of the secret energy task force he headed."

Tenet Allies Say He Was Not Source For Suskind Book. U.S. News and World Report (8/7, Bedard, 2.03M) reports in its "Washington Whispers" column, "You can imagine why George Tenet is mad at the 9/11 book The One Percent Doctrine and reviewers who finger the ex-CIA director as the key leaker in the tale of how the administration flopped into war. 'It's not true that he was a cooperating source for [author Ron] Suskind,' says an ally. Suskind agrees, E-mailing us: 'Reviewers who've suggested that Tenet was the primary source [of over 100] are simply incorrect.'"

FDA Anthem Draws Fire. The Washington Post/Bloomberg (7/31, A13, Blum) reports, "Workers at the Food and Drug Administration are singing a new 126-word ode at awards ceremonies, picnics and commemorative events to mark the regulatory agency's centennial. … Not everyone is singing along. The anthem might be true to the FDA's roots in the Progressive Era of Theodore Roosevelt, but nowhere in its four stanzas of lofty sentiment does it acknowledge FDA setbacks, such as the handling of Vioxx, a drug pulled from the market after it was linked to heart attacks. … One of the agency's sharpest critics, Sidney M. Wolfe, director of the Public Citizen Health Research Group, described the lyrics as 'ridiculous.'"

White House Press Room To Close For Renovations. Newsweek (8/7, 3.12M) reports in its "Periscope" column that the White House this week will kick reporters out of the West Wing "for a long-overdue rehab of the press briefing room and workspace. Immortalized on TV and in movies as the glamorous place to be, the briefing room is, in reality, a dump with broken chairs, torn carpeting, dangling wires and a musty smell that's especially pungent in the summertime. … Engineers for the General Services Administration, which is overseeing the renovation, found asbestos in the press room and have called the area a 'firetrap.' When President George W. Bush returns to D.C. from his Texas vacation, Press Secretary Tony Snow will brief reporters at Jackson Place, across the street from the White House, where the press corps will work until the rehab is complete. But like many dealings between the administration and the press, the move has been eyed with suspicion by reporters, who worry the renovation is a ruse to get them out of the White House for good."

White House Aides Call Bush Texas Trip "Working Vacation." U.S. News and World Report (8/7, Bedard, 2.03M) reports in its "Washington Whispers" column that the White House is calling the President's summer trip to his Texas ranch "a 'working vacation.' Clearly sensitive to claims he is standing by while the Mideast and Iraq burn, Bush plans several trips and even a weeklong return to the real White House in the middle of his August break."

WPost Criticizes "Disturbing" Activities In House Appropriations Panel. An editorial in the Washington Post (7/31, A14, 748K) says, "As one of the top appropriations staffers to Rep. Jerry Lewis (R-Calif.), Letitia White made a nice salary. Ms. White, who oversaw the dispensation of earmarks for Mr. Lewis, earned almost $118,000 in 2000 and nearly $125,000 in 2001. But the following year, Ms. White took a hefty pay cut: Her pay dropped to slightly over $113,000." The rules requiring congressional aides to wait a single year before lobbying their former committees apply only to those who earn a certain amount. By taking the pay cut, White was a below the cap and able "to join a lobbying firm and rake in $670,000 in lobbying fees during her first year in business." The Times adds, "This is just a piece of the increasingly disturbing picture emerging about the goings-on at the appropriations panel, which lobbyist Jack Abramoff memorably dubbed the 'favor factory.' … Whether crimes were committed remains to be determined, but this much is clear: There's quite an odor emanating from the favor factory."

OTHER NEWS:

Economy Grew At Slower Pace In Second Quarter. The Christian Science Monitor (7/31, Trumbull, 58K) reports, "The US economy grew at a cooler pace in this year's second quarter, the Commerce Department reported Friday, and one reason was slower-than-expected investment by businesses. … The economy grew at a 2.5 percent annualized rate in the April-to-June quarter. That's down from the 3.2 percent growth the economy reached in 2005, and slower than forecasters were expecting."

Stock Market Volatility Expected To Continue For Several Weeks. The Wall Street Journal (7/31, McKay, 2.03M) reports that the stock market has been taking investors "for a bumpy ride that has been getting nowhere fast. Some of the only traders to profit lately are professionals who made short-term bets that stock prices would register big

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ups and big downs, a phenomenon Wall Street calls increased volatility." The Journal adds, "Strategists say this market state -- volatile on a day-to-day basis but directionless overall -- could persist for at least several more weeks, as investors continue to revise their expectations for the Federal Reserve's inflation-fighting tactics."

Millions Said To Be Choosing Not To Work. The New York Times (7/31, Uchitelle, Leonhardt, 1.21M) reports that millions of men between the ages of 30 and 55 "have dropped out of regular work. They are turning down jobs they think beneath them or are unable to find work for which they are qualified, even as an expanding economy offers opportunities to work. About 13 percent of American men in this age group are not working, up from 5 percent in the late 1960's. The difference represents 4 million men who would be working today if the employment rate had remained where it was in the 1950's and 60's."

Health Insurers Could See Decline In Profits. A front page story in the Wall Street Journal (7/31, Fuhrmans, 2.03M) reports, "Last year, the top seven U.S. health insurers earned a combined $10 billion -- nearly triple their profits of five years earlier. The windfall came as insurers raised their prices faster than underlying health costs. Now the good times may be rolling to a halt. Health insurance has become so expensive that many smaller employers are dumping insurance altogether. If insurers don't do something, they may find their business shriveling. Yet if they restrain price increases, or appear to, they get hammered by Wall Street."

Surrogates Sweep State In Connecticut Senate Primary. The New York Times (7/31, Kornblut, 1.21M) reports that with just over a week left in Connecticut's Democratic Senate primary, surrogates for Sen. Joe Lieberman and challenger Ned Lamont swept though the state yesterday, "as both candidates turned their focus almost exclusively to winning minority votes. In a blow to Mr. Lieberman, the Rev. Al Sharpton said he would come to Connecticut this week to appear on behalf of Mr. Lamont, adding more star power to his outsider campaign. But Mr. Lieberman brought in his own Democratic Party stalwarts, including Senator Daniel K. Inouye of Hawaii, a decorated war veteran, who tried to defuse the central issue that has left the three-term senator struggling to win his party's nomination: the war in Iraq." Lieberman "has been criticized as a lukewarm defender of affirmative action in recent years, and his vice-presidential candidacy was questioned by prominent black officials like Representative Maxine Waters of California."

Zogby Says Lieberman-Lamont Contest Is For "Heart And Soul Of The Democratic Party." U.S. News and World Report (8/7, Gilgoff, 2.03M) reports that national Democrats are concerned about the primary battle between Sen. Joe Lieberman and challenger Ned Lamont. The Lieberman-Lamont primary "has shaped up as a head-on collision between the Democrats' staunchly antiwar base and party leaders worried about the security and political implications of an immediate troop withdrawal from Iraq, not only in the fall but also in 2008. Says pollster John Zogby: 'The Connecticut race is for the heart and soul of the Democratic Party.'"

Mason-Dixon Poll Shows Allen Leading Webb By 16 Points. The Washington Times (7/31, Pierce, 88K) reports in its "Inside Politics" column, "Sen. George Allen, Virginia Republican, has a 16-point lead over Democratic challenger James H. Webb Jr. in the latest independent statewide poll, published yesterday, but a fifth of the electorate is still undecided. Forty-eight percent backed Mr. Allen and 32 percent supported Mr. Webb in the Mason-Dixon Polling & Research Inc. survey of registered voters likely to vote in the Nov. 7 election. However, 20 percent of the 625 respondents surveyed statewide by telephone Tuesday through Thursday said they had not decided between Mr. Allen, a former governor seeking a second Senate term, and Mr. Webb, a former Republican who was President Reagan's Navy secretary. The poll's margin of error was four percentage points."

Rothenberg Says Steele Had No Reason To Sit Down With National Reporters. Stuart Rothenberg writes in Roll Call (7/31) that when Maryland Senatorial candidate Michael Steele spoke to political reporters recently, he told them "the truth. Being a Republican is a problem in Maryland, Steele confided. And George W. Bush isn't very popular in the state, said the Senate hopeful, so he wouldn't want to be linked too closely in voters' minds with the president." Rothenberg adds, "Tactically, Steele made a mistake when he backtracked after the story broke. But more than that, he had no reason to sit down with national reporters, some of whom obviously were hostile and looking to embarrass him. I suspect it was vanity that led him to do it. And that vanity, and mistake, has generated the kind of publicity he didn't need."

Reynolds Identifies 14 Vulnerable House Republicans. At a news conference Friday, NRCC Chairman Tom Reynolds identified the 14 Republican House members he believes could have a tough time getting reelected. Roll Call (7/31, Drucker) reports, "While the races on Reynolds' list hardly will surprise any political observer, it was the first time he publicly acknowledged to this extent which of his colleagues he believes are vulnerable. In Connecticut, Ohio and Pennsylvania, Reynolds sees difficult

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political environments statewide and a total of nine seats in play — as well as two competitive Indiana races, but emphasized he is pleased with the campaign performance of the incumbents thus far."

Spitzer Said To Have His Eyes On White House. U.S. News and World Report (8/7, Bedard, 2.03M) reports in its "Washington Whispers" column, "Publicly, New York Attorney General Eliot Spitzer promises he doesn't want to be president. But that's not what the front-running New York gubernatorial candidate says in private. The real message: He wants the top job. Our former colleague, Margaret Menge, now the editor of a Hudson Valley weekly, tells us that Spitzer revealed this to St. Luke's Cornwall Hospital CEO Allan Atzrott."

Iowa State Fair Expected To Attract 2008 Presidential Hopefuls. Time (8/7, Bacon, 4.03M) reports in its "Notebook" column that this year's Iowa State Fair is attracting possible 2008 White House contenders. According to Time, "Democratic Senators Evan Bayh of Indiana and Joe Biden of Delaware and the Republican former House Speaker Newt Gingrich are all expected to swoop in to smile, shake hands and maybe taste the fair's famed fried Twinkies. Also planning to visit Iowa in August: 2004 Democratic running mates John Kerry of Massachusetts and John Edwards of North Carolina, Republican Senators John McCain of Arizona and Sam Brownback of Kansas, New York Governor George Pataki and Massachusetts Governor Mitt Romney."

Democrats To Push Domestic Issues In August. The Washington Times (7/31, Bellantoni, 88K) reports, "Democrats will spend August stumping on issues they say matter most to voters -- such as raising the minimum wage and funding stem-cell research -- as they scramble to try to regain control of the House or the Senate. … By contrast, Republicans next month plan to highlight a need to strengthen the porous borders and to keep the conversation either on local issues or security matters, such as terrorism. Democrats say domestic topics give them the edge as they try to appeal to voters who are disenchanted with the way the majority is running the country."

5th Circuit Court To Hear DeLay Ballot Case Today. The AP (7/31, Gamboa) reports that the 5th US Circuit Court of Appeals in New Orleans today will hear arguments in the Democratic effort to keep former Rep. Tom DeLay on the November ballot in his former home district. DeLay "has hinted that if he is required to be on the ballot, he might not be an absentee candidate. Democrats 'may get exactly what they want,' DeLay said at a recent tribute to him in Sugar Land."

Gang Of 14 Members Struggling To Keep Their Seats. Newsweek (8/7, Darman, Bailey, 3.12M) reports, "With control of Congress on the line this November," moderate lawmakers "are struggling to simply stay in the game. Nowhere is the struggle more desperate than inside the Gang of 14, whose alliances across the aisle could cost three senators their jobs." Newsweek adds, "Inside the halls of the Senate, the Gang of 14 still offers its embattled members shelter from the storm. 'The doors close and suddenly Democrats and Republicans are talking to each other without fear it's going to be used against us somewhere,' [Sen. Lincoln] Chafee says. Last month the Gang met in Arkansas Sen. Mark Pryor's office to discuss the nomination of William Haynes II, an architect of the Bush administration's detainee policy and Bush's pick for a seat on the U.S. Court of Appeals for the Fourth Circuit. Most of the Democrats and at least three GOP senators – [Sen. John] McCain, Maine's Susan Collins and South Carolina's Lindsey Graham -- raised doubts about Haynes's nomination. As they counted heads, they must have wondered how the fall election will affect their numbers."

Ethics Watchdogs Cry Foul Over Lobbyists Acting As Campaign Treasurers. U.S. News and World Report (8/7, Knight, 2.03M) reports that ethics watchdogs are "outraged about the dozens of lobbyists…who play dual roles as both lobbyists and treasurers of campaign committees. These arrangements, which have only recently drawn attention, are completely legal but unethically cozy, according to critics, because the same person potentially trying to influence lawmakers on legislation is also overseeing the donations that bankroll their campaigns." US News adds, "The head of one DC lobbying firm told US News that he doesn't encourage the practice, calling it a 'risky arrangement' that could ruin the relationship if the lobbyist makes a mistake that results in a fine." US News also reports, "None of the lobbying reform proposals being considered by Congress address this arrangement, though Common Cause tried to get lawmakers to prohibit the practice."

Gingrich Has Regained High Profile Among Conservatives. The Washington Times (7/31, Pfeiffer, 88K) reports that former House Speaker Newt Gingrich "has again become a high-profile figure among conservatives as he considers a run for the Republican presidential nomination in 2008. A recent Gallup Poll placed Mr. Gingrich third in a field of Republicans who are viewed as potential presidential candidates." The Times adds, "Over the past year, Mr. Gingrich has embarked on a flurry of political activity. His

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most recent book, 'Winning the Future: A 21st Century Contract With America,' quickly became a best-seller and received added attention when Mr. Gingrich announced his possible interest in a White House run. It has been a remarkable turnaround for a political figure who was driven from power in the wake of the 1998 Clinton impeachment scandal after House Republicans lost seats in that year's congressional elections."

Democrats Hope To Leverage Stem Cell Issue In November. As part of its cover package, Time (8/7, Gibbs, 4.03M) reports that President Bush's 2001 speech in which he announced that no new stem cell lines could be created using federal funds "gave Democrats that rare gift: a wedge issue that split Republicans and united Democrats, who declared themselves the party of progress. Five years later, with midterms looming, they hope to leverage the issue as evidence that they represent the reality-based community, running against the theocrats."

A separate story in Time's (8/7, Tumulty) cover package reports that the issue "has put Republicans in an uncomfortable spot. … But so far at least, stem-cell research hasn't rewritten the electoral equation the way many Democrats had hoped it would." A week after President Bush veto the stem cell bill, "campaign strategists in both parties said they didn't know of a single state or congressional district where a candidate was running an ad on the issue." Democrats "say it is still early and promise that their candidates will be talking more about the stem-cell issue -- and pouring money into it -- in the fall, especially in a handful of crucial suburban races outside Philadelphia, Chicago and Denver."

Stem Cell Proponents Hope State Governments Will Fund Research. In another story in its cover package, Time (8/7, Steptoe, 4.03M) reports, "Stem-cell proponents consoled themselves after President Bush's veto with the hope that friendly state governments would pick up the funding slack, and indeed California's and five others' are trying to do just that. But the Golden State's initiative…is proving that stem-cell politics outside the Beltway is no less nasty than inside." California Gov. Arnold Schwarzenegger pledged a $150 million state loan to sponsor the California Institute for Regenerative Medicine, which is the state agency responsible for funding stem-cell research. Supporters said the law "would be a fiscal and scientific jackpot, wooing top researchers and private investors to California. But the new law was immediately met by a series of legal challenges from religious and taxpayer groups opposed to stem-cell research."

Psychology Said To Explain Partisans' Behavior. The Washington Post (7/31, A2, Vedantam, 748K) reports President Bush "came to Washington promising to be a uniter, but public opinion polls show that apart from a burst of camaraderie after Sept. 11, 2001, America is more bitterly divided and partisan than ever." Rather than focusing on the politics, a "more interesting phenomenon" is that "people who see the world in black and white rarely seem to take in information that could undermine their positions." Psychological experiments "in recent years have shown that people are not evenhanded when they process information, even though they believe they are." Unvaryingly, partisans "also believe that partisans on the other side are far more ideologically extreme than they actually are, said Stanford University psychologist Mark Lepper, who has studied how people watch presidential debates."

McCain's Youngest Son To Report For Marine Training In September. In an exclusive, Time (8/7, Calabresi, 4.03M) reports, "This September, Senator John McCain's youngest son, Jimmy, 18, will report to a U.S. Marine Corps depot near Camp Pendleton in San Diego. After three months of boot camp and a month of specialized training, he will be ready to deploy. Depending on the unit he joins, he could be in Iraq as early as this time next year, and his chances of seeing combat at some point are high. … "I'm obviously very proud of my son," says the elder McCain, "but also understandably a little nervous." Time adds, "Jimmy McCain's deployment will affect more than his family. His father is a leading contender for the White House in 2008. If Jimmy deploys to combat, it appears that McCain will join Franklin Roosevelt to become one of the very few American presidential candidates to have had a son at war."

WSJournal Says Chicago Minimum Wage Law Will Cost Jobs. The Wall Street Journal (7/31, 2.03M) editorializes, "Last week the [Chicago] City Council voted 35-14 to impose a hyper-minimum wage on 'big-box' retail stores with more than $1 billion of sales. … The only issue is how many jobs Chicago will lose." The Journal adds, "Liberals who dominate big-city politics talk endlessly about economic justice and fairness, but what is just or fair about a law that punishes the least affluent? Some lucky few workers earn more from super-minimum wage laws, but the price is paid by those with low incomes and skills who are the first to be priced out of the job market."

Bush Offers Condolences To Families Of Qana Attack Dead. Reports say an Israeli airstrike in the southern Lebanese village of Qana killed about 60 people, including 37 children. Last night, the bombing was the lead story on each of the networks, which showed some of the graphic images from the bombing site. The bombing and other Middle East stories accounted for a total of 32 minutes

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on last nights newscasts. ABC World News Tonight (7/30, story 2, 0:15, Muir, 8.78M) reported, "In Washington, late today President Bush offered sympathies for the families of the dead. But the White House stopped short of condemning the Israeli government." Bush was shown saying, "America mourns the loss of innocent life. Tragic occasion when innocent people are killed. And so, our sympathies go out to those who have lost their lives today." NBC Nightly News (7/30, story 3, 0:40, Seigenthaler, 9.87M) showed the same Bush quote.

The AP (7/31, Riechmann) reports Bush said before the start of a T-ball game at the White House, "Our hope for peace for boys and girls everywhere extends across the world, especially in the Middle East. … Today's actions in the Middle East remind us that friends and allies must work together for a sustainable peace particularly for the sake of children." Meanwhile, White House press secretary Tony Snow told reporters, "The key here is that we want a cease-fire that will work," adding, "An event like today is the sort that makes everyone grieve. There's just no way around it." Another AP story (7/31, Hunt) on Bush's remarks before the T-ball game says "the usually upbeat occasion was sobered by news of an Israeli airstrike that killed at least 34 children in Lebanon early Sunday." The AP runs Bush's comments on the Mideast crisis, then adds, Bush "placed a ball on the tee, and said, 'Play Ball!'"

Attack Seen As PR Disaster For Israel, US. Media reports describe the Qana attack as a PR disaster for Israel, suggesting it may have pushed international opinion into Hezbollah's camp. NBC Nightly News (7/30, story 2, 2:45, Sanders, 9.87M) reported, "The bombing in Qana did what Hezbollah could not do on its own. It's rallied support in its war with Israel." NBC Nightly News (7/30, lead story, 3:40, Seigenthaler, 9.87M) also reported, "Israel now says the bombing was a mistake, but it sparked outrage in the Arab world and prompted an emergency session of the United Nation's Security Council in New York." NBC (Engel) added, "There is a sense here that this conflict may have reached a turning point with this single deadly attack." Likewise, USA Today (7/31, Page, Stone, Stinson, 2.27M) reports the attack "upended the diplomatic mission to the region by…Rice, intensified international criticism of Israel and bolstered support in Lebanon for the Hezbollah forces Israel has vowed to oust."

A similar report appears in today's Christian Science Monitor (7/31, Prusher, Blanford, 58K), which reports the mounting civilian death toll has forced Washington and Tel Aviv to reassess what had been the conventional wisdom until a few days ago: that Israel should be given time to degrade Hizbullah's military capabilities." The New York Times (7/31, Myre, 1.21M) also says that "as in 1996, Sunday's strike in Qana puts enormous pressure on Israel to scale back its bombardment of Lebanon. … Then and now, a significant number of Lebanese political leaders and ordinary citizens did not support Hezbollah's attacks against Israel, which ignited the conflicts. But both times, the deaths in Qana served to unite the Lebanese."

The CBS Evening News (7/30, lead story, 2:45, Mitchell, 7.66M) reported, "Those who survived attack accused Israel of murder, even genocide. Israel expressed its sorrow." Within "hours of the news getting out thousands came to Beirut's main square in the first public show of support for Hezbollah since the war begun. At first it was peaceful. But then the crowd turned on the headquarters of the United Nations just a short distance away trashing offices, even trying to set the building on fire, slightly injuring three UN workers in the process."

Meanwhile, under the headline "Inaction Could Undercut Bush's Long-Term Goals," the Washington Post (7/31, A1, Baker, 748K) says the "Israeli bombs…struck at the core of US foreign policy in the region and illustrated in heart-breaking images the enormous risks for Washington in the current Middle East crisis."

Adding to Israel's woes, Iran is said to be gaining clout in the region as a result of the current crisis. The Christian Science Monitor (7/31, LaFranchi, 58K) reports, "In Syria and across southern Lebanon, Iran's President Mahmoud Ahmadinejad smiles broadly from posters that feature the fiery leader alongside Syrian President Bashar al-Assad and Hizbullah's Sheikh Hassan Nasrallah. To judge by Iran's expanding influence across an increasingly turbulent Middle East, Mr. Ahmadinejad has good reason to smile." The Monitor adds, "Not only are the political winds blowing his way in former arch-enemy Iraq, but now the war touched off by Hizbullah, the Iranian- created and supplied organization in Lebanon, has embroiled Iran's nemesis Israel in a bloody conflict - and diverted attention from Iran's nuclear program. Topping it all off, Iran specialists say, the diminutive but rhetorically explosive leader sees Iran's existential enemy, the United States, so weakened by its Iraq involvement that he and the regime's powerful mullahs are feeling less constrained by fears of America. … What Tehran seeks to accomplish with its regional rise can be reduced to two words, many analysts agree: influence and deterrence.

A number of newspaper stories describe the gruesome scene in Qana, and the international reaction to the attack. The Los Angeles Times (7/31, Stack, 918K) headlines its report "In Qana, A Gruesome Scene," and says "the few who survived: the Israeli strike "sat in hospital cots with haunted eyes Sunday. They spoke of the long hours trapped beneath heavy heaps of rubble and recalled the dying groans of their loved ones that faded through the night to silence." The New York Times (7/31, MacFarquhar, 1.21M), under the headline "Child Victims Incite Anger In Lebanon And Beyond," reports

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from Syria, "The images of the dead children in southern Lebanon played across the television screens on Sunday over and over again — small and caked in dirt and as lifeless as rag dolls as rescuers hauled them from the wreckage of several residential buildings pulverized hours earlier by the Israeli Air Force." The images "were broadcast on all of the Arab-language satellite channels, but it was the most popular station, Al Jazeera, that made the starkest point. For several hours after rescuers reached Qana, Lebanon, the station took its anchors off the air and just continuously played images of the little bodies there." Additional stories in the Washington Times (7/31, Pisik, 88K), Washington Post (7/31, A1, Shadid, 748K) and New York Times (7/31, Tavernise, 1.21M) also describe the scenes of suffering in Qana.

Schumer Backs Bush On Mideast Crisis, Advocates Continued Israeli Attacks. Asked on CNN's Late Edition (7/30, Blitzer) if he is satisfied with the Bush administration's performance in dealing with the situation in Lebanon, Sen. Charles Schumer replied, "I have no criticism of the President on this issue because I think he is doing the right thing. … I know some in the world have called for an immediate cease-fire. But that says Hezbollah has a gun to Israel's head; let's let them continue to keep the gun there which they can use at will. It's just not fair to Israel."

Kristol, Barnes Predict Victory For Hezbollah, Iran. The Weekly Standard's Bill Kristol, on Fox News Sunday (7/30, Wallace), said it was his opinion that Hezbollah "will end up winning this battle, if you want to put it this way, psychologically and politically. In the global war on terror, Iran will end up as a winner over this last month or six weeks, and that's extremely unfortunate." Kristol added, "This war will resume. Hezbollah is committed to the destruction of the state of Israel. Iran, its sponsor, is committed to the destruction of the state of Israel. And the Syrian government is a willing accomplice with Iran and Hezbollah. And until we, the United States, deal more forcefully with Syria and Iran, and frankly until Israel deals more forcefully with Hezbollah, there will be no lasting peace.

The Weekly Standard's Fred Barnes, also on Fox News Sunday (7/30, Wallace) commented that "this is going to be a victory for Hezbollah and the Iranians who sponsor them, because Hezbollah will be left as an armed force. For one thing, it will totally compromise the newly democratically elected government of Lebanon, which will not be able to do what it wants to do because of Hezbollah. And Hezbollah will remain a threat to Israel."

Newspaper Commentary Increasingly Critical Of Bush Approach To Lebanon. The assessment of the Lebanon crisis by newspaper editorial writers and columnists continues to question the Administration's foreign policy generally and its approach to the Israeli-Hezbollah conflict in particular. In his Washington Post column (7/31, A15), Sebastian Mallaby says if the Bush Administration's diplomatic approach to the crisis in Lebanon fails, it "will have to face the dilemma that it's now avoiding: whether to support an indefinite cease-fire that goes beyond the 48-hour suspension of airstrikes announced yesterday but does not neutralize Hezbollah. To support such an outcome would be to retreat publicly. It would boost the prestige of extremists in the Middle East and encourage Iran to defy the West over its nuclear program. Yet refusing to support an imperfect cease-fire would be a greater error."

In a Washington Post column (7/31, A15), Jackson Diehl says a year ago, "the jewels of President Bush's democracy policy were the Cedar and Orange revolutions of Lebanon and Ukraine, which had ousted autocratic regimes backed by Russia and Syria and seemingly ushered in pro-Western democracies. Last week their unforeseen and unpleasant consequences presented Bush with a critical pair of choices. He could abandon his faith in a new democratic order -- or double his bet on it." Though "most people don't perceive" the crisis in Lebanon "as a test of Bush's democracy agenda, that is how the administration sees it. Oddly, Hezbollah's astute leader, Hasan Nasrallah, also gets it." The "parallel crisis in Ukraine -- yes, there is one -- is far from American television screens. The fight there is being waged in smoke-filled rooms, and is as obscure as Lebanon is dramatic. But the essential problem for Bush is similar: The new democratic system he so strongly supported has been skillfully exploited by the revolution's erstwhile losers."

In his New York Times column (7/31), Paul Krugman says, "For Americans who care deeply about Israel, one of the truly nightmarish things about the war in Lebanon has been watching Israel repeat the same mistakes the United States made in Iraq. It's as if Prime Minister Ehud Olmert has been possessed by the deranged spirit of Donald Rumsfeld." Although "unlike America in Iraq, Israel is clearly acting in self-defense," it is a "terrible mistake to start a major military operation, regardless of the moral justification, unless you have very good reason to believe that the action will improve matters." The "actual course Israel has chosen — a bombing campaign that clearly isn't crippling Hezbollah, but is destroying Lebanon's infrastructure and killing lots of civilians — achieves the worst of both worlds. Presumably there were people in the Israeli government who assured the political leadership that a rain of smart bombs would smash and/or intimidate Hezbollah into submission. Those people should be fired."

In a Washington Times op-ed (7/31), Dr. Mitchell Bard, director of the Jewish Virtual Library, says that if Hezbollah has been "eliminated" in 2002, "the current conflict would never have happened. Besides the broader strategic goals of increasing stability, defeating Islamic fundamentalism and weakening the influence of Iran and Syria, the United States

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also had another reason to take on Hezbollah -- that is, to eliminate a terrorist group that had kidnapped and murdered hundreds of Americans." Now that Israel "has taken military action, the United States does not have to mount an Afghan-type operation to root out Hezbollah; we need only give Israel the time to do the job for us. In addition to supporting Israel, the United States should rally the international community to use sanctions and any other measures necessary to prevent Syria and Iran from providing any funding or weapons to Hezbollah."

Rice Cancels Beirut Stop, Heads Home Following Israeli Air Strike. NBC Nightly News (7/30, story 4, 3:10, Mitchell, 9.87M) reported on the "political fallout from today's Israeli strike" in Qana, saying it "has rocked relations between the US and its closest Mideast ally. Shortly before the Secretary of State was to leave for Beirut, a State Department official learned of the Qana disaster and rushed in to tell Rice while she was meeting with Israel's defense minister. It had happened eight hours earlier, but the Israelis had not informed her. Clearly shaken, Rice told the Israelis she was distressed and then called Lebanon's prime minister." Rice was shown saying, "In the wake of the tragedy that the people and the government of Lebanon are dealing with today, I've decided to postpone my discussions in Beirut. In any case, my work today is here." NBC (Mitchell) added, "But Lebanon's leader made it clear the American Secretary of State was no longer welcome in Beirut, not today."

The Washington Post (7/31, A8, Wright, 748K) reports "the bad news for…Rice started Saturday night -- the beginning of one of the worst 24-hour periods since she took office 18 months ago." She "found out via e-mail. It came from the US Embassy in Beirut. Assistant Secretary of State C. David Welch got the message and interrupted the meeting to tell her, U.S. officials said. Rice was 'sickened' by the report, a close aide said."

The CBS Evening News (7/30, story 2, 2:30; Alfonsi, 7.66M) showed Lebanese Prime Minister Fouad Siniora saying, "The persistence of Israel in its heinous crimes against our civilians will not break the will of the Lebanese people." Alfonsi: "It was not a coincidence that his harshest words were delivered in plain English. He said he would not hold talks with US Secretary of state Condoleezza Rice until the fighting stops." With that, "Rice's planned trip to Beirut was off, and hopes that the US could broker a peace deal dashed. In Jerusalem, Rice appeared somber, saying she was the one who called off the talks." Condoleezza Rice: "I have decided to postpone my discussions in Beirut. In any case, my work today is here."

Asked on CBS' Face the Nation (7/30, Schieffer) if Secretary Rice would be "unwelcome" in Beirut, Lebanese Prime Minister Siniora replied, "What I have said to Secretary Rice, that we have been all the past days working in trying to find out a way to really bring an immediate cease-fire. What we have really been witnessing is something beyond description. And this is something that is unacceptable, and that's why we are asking for an immediate and unconditional cease-fire. We cannot continue discussing under the sort of blood that is being put on our necks. This is the thing that we are asking from the international community. I would like to seize this opportunity of addressing the American people. And the American mothers. Can they tolerate this type of crimes that are being committed? These crimes are against humanity that are being committed by the Israelis. It is high time to really ask the American people to stand for peace and to ask for an immediate cease-fire . It is not possible for this small country to be subjected to this war machine, the most sophisticated war machine." Siniora added, "The Israelis are committing really, state-sponsored terrorism."

During his appearance on CBS' Face the Nation (7/30, Schieffer) Siniora listed several longstanding grievances the Lebanese people hold against Israel. According to Siniora, "Israel has been occupying the Shebaa Farms for years and years, and they have not withdrawn. Israel has been keeping certain Lebanese detainees in its prisons for the past 28 years and doesn't want to release them. Israel has been denying Lebanon even one little thing of providing Lebanon with the maps for the landmines that they have planted in Lebanon, and they are not really yielding to our requests of providing us with the maps, that is killing every month a number of Lebanese."

Mohamad Chatah, Senior Adviser to the prime minister of Lebanon, on ABC's This Week (7/30, Stephanopoulos), said Secretary Rice "spoke to [Prime Minister Siniora], and they agreed, both of them, that it's not a time to talk politics, it's not the time to talk anything." And Charles Rizk, Lebanon's Justice Minister, on CNN's Late Edition (7/30, Blitzer), said, "Unfortunately, this horrendous massacre occurred. And Ms. Rice and the prime minister decided, after having consulted each other, that, maybe, it would be preferable now to postpone this trip because the tension was so high and emotions were so high that it was deemed preferable to postpone this trip." Rizk added, "All I can tell you is that, on a personal basis and on the personal plan, Ms. Rice is very well respected in Lebanon. … And we count very much on Ms. Rice, who everybody here respects very, very much."

Meanwhile, the New York Times (7/31, Fattah, 1.21M) reports that in Lebanon, "rather than rallying behind Mr. Siniora's anger, many singled out his government for blame, saying that officials had tried to absolve themselves of responsibility for Hezbollah's capture of two Israeli soldiers in an attack on July 12 that set off the fighting." A crowd "chased after Ahmed Fatfat, Lebanon's interior minister, after

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he inspected the damage done to the United Nations building and walked back toward the Saray. 'You Zionist dog!' shouted one young man as a group rushed after Mr. Fatfat and his security detail. 'He's the bigger devil.'"

USA Today (7/31, Stinson, 2.27M) reports "Lebanese security forces moved in within about an hour to disperse protesters, who waved Lebanese flags and carried posters of Hassan Nasrallah, leader of the radical Shiite movement Hezbollah." A "handful of people" also "protested at the US Embassy compound north of Beirut. Lebanese soldiers outside the embassy kept them back."

Burns Disputes Reports Rice Was Unwelcome In Beirut. Commenting on reports that Lebanese officials refused to meet with Secretary of State Rice, Undersecretary of State Nicholas Burns, on Fox News Sunday (7/30, Wallace), said, "I don't think that story is accurate. I talked with Secretary Rice. It was her decision and she communicated to Prime Minister Siniora not to visit Beirut today under these very tragic circumstances where so many people were killed, and she felt that her work today should be in Israel. And we didn't have any indication from the Lebanese side that they wouldn't talk to us. of course they're going to talk to us. In fact, I expect a conversation later today. … Our ambassador is seeing Prime Minister Siniora today."

Responding to CNN's Wolf Blitzer's assertion that Prime Minister Siniora "basically told Secretary Rice today, don't bother showing up in Beirut," Undersecretary Burns, on CNN's Late Edition (7/30) said, "I'm not sure that's the full story. I know that Secretary Rice talked to Prime Minister Siniora. She told him that she felt, out of respect for him and the people of Lebanon, that this would not be the day for her to come to Beirut. … Secretary Rice will be talking to Prime Minister Siniora on the phone. We very much respect him. We support his government."

Lebanese Envoy Says Hezbollah "Committed To The National Interest Of Lebanon." Lebanese special envoy Nouhad Mahmoud was asked on NBC's Meet the Press (7/30, Russert) if he thinks Hezbollah has been strengthened by Israel's military campaign, Mahmoud replied, "The Israeli aggression for all this time put all the Lebanese under heavy fire. So we don't feel that there is any distinction. We are all subject to their aggression, and that's why the war is rallying people around Hezbollah. That's very normal. … There will be peace because Hezbollah are committed to the national interest of Lebanon. And we believe that, and they have shown that lately in the last few days, and that's the way to do it."

Assad Calls Qana Bombing "A Massacre." NBC Nightly News (7/30, story 7, 2:25, Maceda, 9.87M) reported, "Outrage in the streets of Damascus today, with Syrian and Lebanese protesting the Israeli strike in Qana outside the UN's offices here, calling on Hezbollah leader Sheikh Hassan Nasrallah to attack Tel Aviv in revenge. There were similar protests in Cairo and other Muslim capitals, the anger reflected in a statement by Syrian President Bashar al-Assad, the first public comments by the Arab leader since the conflict in Lebanon began. Assad called the Qana incident 'a massacre' and that it 'constitutes state terrorism committed in front of the eyes and ears of the world.' Assad's hard line seen by political analysts here as a setback to those who had hoped Assad could be persuaded to squeeze off the supply of weapons from Iran to Hezbollah."

Arab Language TV Portrays Bombing As Atrocity. NBC Nightly News (7/30, story 2, 2:45, Sanders, 9.87M) reported, "Intensifying passions today, Arab language television stations showing graphic video of the Qana attack and dead children being pulled from the debris." Ibrahim Mousawi, Foreign Editor, Al-Manar, Hezbollah TV station: "It's a mass murder. It's a genocide. It's a holocaust for the Lebanese. They are only targeting the civilians."

ABC World News Tonight (7/30, story 4, 2:00, Wright, 8.78M) reported, "All day long, Arabic networks broadcast images of children's bodies crushed in the rubble. And then, that image of Secretary Rice, smiling with the Israeli Prime Minister." Jordan's king, "a moderate, called the attack on Qana, an ugly crime. The Arab league called it a massacre. The words Qana and massacre resonate strongly here because it has happened before. In 1996, Israeli artillery killed more than 100 refugees in a compound there."

The CBS Evening News (7/30, story 3, 1:45, Pinkston, 7.66M) reported, "On the TV screens around the world the Qana bombing was everyone's top story. While the images were similar, they were not the same. For viewers in Arab communities it was a distinction with a substantial difference." Abdel Bari Atwan, Al Quds editor: "In Arab satellite channels the rules are different. For example, in the Arab channels they show the dead bodies. They show the disfigured faces of those victims." Pinkston: "Critics argue those images fuel anger and violence."

Bush's Hopes For Peace In Middle East Lie With Rice. Time (8/7, Allen, 4.03M) reports that the President's hopes for becoming a Middle East peacemaker lie with the imperturbable and at times inflexible" Secretary of State Condoleezza Rice. Time notes that Rice's goal "is grander than the instant results demanded by her critics. She says she is after nothing less than a changed Middle East, which requires more than a cease-fire that could quickly be breached."

Meanwhile, Newsweek (8/7, Hirsh, 3.12M) reports, "At the United Nations this week, Rice must at once orchestrate a swift UN Security Council resolution and quickly pull together an international force from countries reluctant to expose their soldiers to Hizbullah or Israeli munitions. In the Mideast, she

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must find a diplomatic solution that satisfies the Israelis and Hizbullah enough to get them to stop shooting, while measuring up to Bush's vision of a politically reformed Mideast."

Some Bush Aides Critical Of "Condi Rice Show." Time (8/7, Allen, 4.03M) reports that some Bush aides "were miffed that she embarked on what they sarcastically called the 'Condi Rice Show' without a clearly attainable goal. Her initial round of diplomacy in the Israel-Hizballah hostilities was mostly portrayed as a failure, and she looked drained as she emerged from a meeting of world powers in Rome, where many allies had pushed to call for an immediate cease-fire."

Newsweek (8/7, Hirsh, 3.12M) reports, "After a year and a half in which she has been lauded for her diplomacy, Rice found herself criticized last week, even by allies, for seeming to avoid diplomacy. … Rice had a particularly tough time at a Rome meeting of the 'Lebanon core group' countries just before she left for Malaysia. She had to listen, grim-faced, while Lebanese Prime Minister Fouad Siniora passionately called for a ceasefire to help his besieged people -- with everyone in the audience knowing that she was the main obstacle. … She was stunned and hurt, says a European official who asked not to be identified, when she was perceived as coldhearted in the face of Siniora's plea."

U.S. News and World Report (8/7, Omestad, 2.03M) reports that the US "refusal to countenance an immediate 'cessation of hostilities' left Rice facing heated argument in Rome. Still, she was able to characterize the week's diplomacy (including a snap visit to Beirut and stops in Jerusalem and Ramallah on the West Bank) as producing a good start: agreement on creating a new UN-mandated peacekeeping force with the presumed right to resist any Hezbollah infiltration. Israel also agreed to open humanitarian corridors through the Beirut airport and three ports, and several countries committed to help pay for rebuilding Lebanon. Rice heads back to the region this week."

Administration Worried Hezbollah Could "Win Simply By Losing." Newsweek (8/7, Dickey, Nordland, 3.12M) reports that as long as Hezbollah keeps firing, "they shatter the myth of Israeli invincibility and win friends and admirers in a radicalized Muslim world." Newsweek adds, "Underlying the Bush administration's concern about Lebanon was a realization that Hizbullah could win simply by losing. … In Beirut a member of Hizbullah's politburo smiled when asked what it would take for Hizbullah to win. 'To hang on,' he told NEWSWEEK. 'When we can stand in the face of the forces supported by the United States, that is a great victory.'"

Newsweek (8/7, Dickey, Nordland, 3.12M) reports, "US officials say the Israelis have been stunned to discover the extent to which Hizbullah has dug in, and the sophistication of their communications as well as the camouflage of their installations."

Time (8/7, McAllister, 4.03M) reports, "If Israel can't bring Hizballah down, could foreign forces help squeeze it into better behavior? Potential donors to a multinational force will be trying to hash out a plan this week. But its composition, mission and rules of engagement are acutely tricky. … The harder question is what the force would do after deployment."

Syria Said To Be "Desperately Reaching Out" To US. Time (8/7, McAllister, 4.03M) reports, "According to TIME sources in the Middle East and Washington, Syria's envoys have been desperately reaching out to re-establish a dialogue with the Bush Administration, even offering help in reining in Hizballah."

Mubarak Says Military Action Will Not Solve Israel's Hezbollah Problem. Time (8/7, MacLeod, 4.03M) interviews Egyptian President Hosni Mubarak. Asked what should be done about Israel's clash with Hezbollah, Mubarak said, "Military operations will not solve Israel's problems with Hizballah. An immediate cease-fire is the utmost priority. Cessation of hostilities would create the environment conducive to addressing such problems in a candid manner." Asked about Syria's role, Mubarak said, "Syria is an important Arab country whose stability contributes to the stability of the whole region. Attempts to isolate Syria are counterproductive. Syrian aspirations to free the occupied Golan Heights must be accommodated and fulfilled."

Israel Declares 48-Hour Halt To Aerial Bombings. USA Today (7/31, Stone, Kiely, 2.27M) reports from Jerusalem, "Israel agreed Sunday to suspend aerial bombing runs over southern Lebanon for 48 hours. The move followed a global outcry over an airstrike in which 56 civilians were confirmed dead, most of them children." Adam Ereli, "a US State Department spokesman here with Secretary of State Condoleezza Rice, announced the suspension after a day of intense efforts by the Bush administration to defuse the crisis." The halt "in airstrikes does not prevent Israel from continuing to hit Hezbollah targets with artillery, naval guns and ground forces." The Financial Times (7/31, Reporters) says "Israeli defence officials did not immediately confirm the US statements, but Sunday's bloodshed in the southern village of Qana – in which 37 children were killed – raised the pressure on Israel to agree to a ceasefire." Meanwhile, the AP (7/31, Shrader, Gannon) notes "Israeli officials confirmed Prime Minister Ehud Olmert agreed to an immediate 48-hour halt in the airstrikes beginning at 2 a.m. Monday while the military concludes its inquiry into the attack on the south Lebanese village of Qana. The officials spoke on condition of anonymity because they were not authorized to talk to reporters."

ABC World News Tonight (7/30, story 3, 2:40, Muir, 8.78M) reported, "Israel called the bombing a mistake today, but insists Qana was a legitimate target." On ABC World

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News Tonight (7/30, story 6, 0:45, Muir, 8.78M), Vice Premier Shimon Peres said, "Israel didn't have the slightest intention, not only to kill children, for us is a tragedy. We hate the idea, to touch a single child, and take life. But a war is a terrible thing. And I would trust the judgment of the air force, was far away from the place where the children were." And NBC Nightly News (7/30, story 6, 2:10, Fletcher, 9.87M) reported, "This is Israel's defense. The air force released these pictures they say shows Hezbollah firing rockets at Israel from the shelter of civilian homes, just like the building destroyed in Qana. Proof, says Israel, that Hezbollah is using civilians as human shields and Hezbollah should bear responsibility for the Qana killings. Israeli leaders say they regret the killings and will stop bombing from the air but that does not mean that they will stop artillery fire from the ground."

Meanwhile, Israel's ambassador to the UN, Dan Gillerman, on NBC's Meet the Press (7/30, Russert) said, "We grieve the deaths of those civilians and children. But it is very, very important to stress that they may have been hit by an Israeli bomb, but they are victims of the Hezbollah. … And I wouldn't put it beyond that vicious, brutal, cynical terrorist organization to have held those people there against their will after we'd repeatedly asked them to leave, so that they would actually be used as human shields, and maybe even, as farfetched as this may sound, for this to happen because this serves nobody's purpose except Hezbollah and Iran."

The Los Angeles Times (7/31, Richter, King, 918K), New York Times (7/31, Erlanger, Fattah, 1.21M), Washington Post (7/31, A1, Cody, Finer, 748K) and Washington Times (7/31, Mitnick, 88K), among other newspapers, also report the Israeli decision to halt aerial bombings for 48 hours. In addition, says the Wall Street Journal (7/31, Champion, 2.03M), "Bowing to complaints about a mounting humanitarian crisis, the Israeli government also agreed to coordinate with the United Nations to provide a 24-hour window for residents to leave southern Lebanon, and to speed the flow of humanitarian aid."

Halt Seen As Israeli Concession To US Pressure. The New York Times (7/31, Cooper, 1.21M) reports, "Taken aback by the carnage from the Israeli bombing of Qana, Lebanon, Secretary of State Condoleezza Rice wrung the first significant concession from Israel late on Sunday in its nearly three-week-old war against the Hezbollah militia: an immediate 48-hour suspension of aerial strikes." The Times adds, "Especially notable about the suspension was that Ms. Rice's deputy, Adam Ereli, and not the Israelis, announced it after she held intensive talks with both Prime Minister Ehud Olmert and the Israeli foreign minister, Tzipi Livni."

Burns Says Peacekeeping Force Necessary For Durable Cease-Fire. Undersecretary of State Nicholas Burns was asked on ABC's This Week (7/30, Stephanopoulos) if the US is prepared to call for an immediate cease-fire, Burns responded, "We've all got to work very, very quickly to put in place a durable cease-fire, one that can be sustained so that these type of incidents are not repeated in the future. … We're close, we think, to a political agreement between Israel and Lebanon, to end this fighting. We want there to be an international force that the United Nations would bless, that would go into southern Lebanon to stand between these forces that are fighting." Burns went on to say an agreement on the international peacekeeping force is "an essential factor because, if you just stop the fighting in place, you have Hezbollah in place with its rockets, to hold a million Israelis hostage in the northern part of the country. You have the Israeli army in southern Lebanon. …. I'll be going to a conference at the U.N. early this week to try to push that idea forward. A number of countries have come to us and said they'd be willing in principle to participate in that force. … We've got to decide what type of force it is. The prevailing view these days tends to be it should be a multi- national force, so it would be put together by a variety of nations. It wouldn't be a blue-helmeted U.N. force, but it certainly has to have the authorization of the security council."

Undersecretary Burns, on CNN's Late Edition (7/30) added, "We'd like to see the international community commit to an international force that will go into southern Lebanon to police that area and to prevent the kind of rocket attacks and trans-border aggressions that Hezbollah has committed over the last 2 1/2 weeks. And we certainly also want to see the provisions made to bring in a considerable amount of humanitarian assistance to the people of Lebanon, especially the people of South Lebanon, who have suffered so much over these last 2 1/2 weeks."

US Tones Down Security Council Statement On Bombing. The New York Times (7/31, Hoge, 1.21M) reports the UNSC "issued a statement Sunday evening expressing 'extreme shock and distress' at the killing of Lebanese civilians in the bombing of Qana after daylong negotiations in which the United States succeeded in blocking a call from Secretary General Kofi Annan for an immediate cessation of hostilities." Ambassador Bolton "said that what the United States had objected to was 'conclusionary language about the nature of the incident and language that attempted to foreshadow the political solution,' which he said was being pursued by" Rice. The Times says the UNSC "has been unable to take a stand on the fighting because of objections by the United States to actions that would be critical of Israel. Last week, in a reaction that openly frustrated some Council members, it was able to produce only a statement expressing shock and distress at the Israeli bombing of a" UNIFIL outpost.

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The AP (7/31, Burkhardt) reports "attempts by Qatar, the only Arab nation on the council, to strengthen the statement prolonged discussions late into the evening." But "during the final negotiations, language 'calling for a cessation of the current violence,' was dropped." The statement also "called for the council to 'work without further delay to adopt a resolution for a lasting settlement of the crisis.'" The Washington Post (7/31, A9, Lynch, 748K) and Financial Times (7/31, Turner, Grant) run similar reports.

Blair, Merkel Call For Ceasefire As French Foreign Minister Heads To Region. The AFP (7/31, Hazlewood) notes British Prime Minister Tony Blair and German Chancellor Angela Merkel "said that" the Qana air strike "proved a ceasefire had to be reached 'as soon as possible.' Blair's office said the British prime minister also notified" President Bush "of the joint position."

The New York Times (7/31, Sciolino, 1.21M) reports, "With events in the Middle East moving too quickly for predictions, President Jacques Chirac of France has moved to lead the diplomatic campaign to end the crisis in Lebanon." Yesterday, "just hours after Secretary of State Condoleezza Rice canceled her trip to Lebanon, Mr. Chirac ordered his foreign minister, Philippe Douste-Blazy, to head there immediately." Douste-Blazy, "speaking Sunday in a telephone interview before his departure, said he was going to Beirut to meet with Prime Minister Fouad Siniora and others 'to find the conditions for both an immediate suspension of offensive operations and a political agreement that can last.'"

Shebaa Farms Area May Be Key To Diplomatic Agreement. The Washington Times (7/31, Rabinovich, 88K) reports, "Shebaa Farms, a disputed rural area embracing a dozen abandoned farms now under Israeli occupation, may hold the key to any diplomatic resolution of the confrontation between Hezbollah and Israel. In recent days, would-be peacemakers and a Hezbollah official have suggested Hezbollah could agree to substantial concessions if Israel withdrew from the area at the junction of the Lebanese, Syrian and Israeli borders." The Times adds, "The fertile 8½-square-mile area was farmed by residents of the nearby Lebanese village of Kafr Shuba but under effective Syrian control when it was captured by Israel in the Six-Day War together with the adjacent Golan Heights. Caught in a no-man's-land between Syrian and Israeli forces, it has since fallen into disuse. No formal agreement between Lebanon and Syria ever clearly defined the border in the area." The status of the farm area "became an international issue when Israel pulled out of Lebanon in 2000 to a line designated by the United Nations on the basis of old maps and treaties as the international boundary between Israel and Lebanon."

McConnell Backs Installation Of International Force In Southern Lebanon. Sen. Mitch McConnell, on CNN's Late Edition (7/30, Blitzer), said, "I think this is what the administration is trying to achieve is some kind of international force along the southern Lebanon border that will give the Lebanese government, the democratic government that is just now, in recent months, gotten rid of the Syrians, an opportunity to control their own territory and not have an armed terrorist organization, in effect, a de facto ,country along southern Lebanon."

Aoun Says Only Political Negotiations Will End Crisis. In a Wall Street Journal op-ed (7/31), Lebanese MP Michael Aoun, a former prime minister and commander of its armed forces, says, "Considering that this crisis could have been avoided, and considering that there is -- and has been -- a solution almost begging to be made, one cannot but conclude that all of this death, destruction and human agony will, in retrospect, be adjudged as having been in vain." Political negotiations "will be the endgame. The solution that will present itself a week, a month or a year from now will be, in essence, the same solution as the one available today, and which, tragically, was available before a single shot was fired or a single child killed. Given this reality, a more concerted effort is required sooner rather than later to stop the death and destruction on both sides of the border."

Peres Says Lebanese Government Is Of No Value If It Cannot Restrain Hezbollah. Asked on CBS' Face the Nation (7/30, Schieffer) if he thinks the Lebanese government has the power to compel Hezbollah to halt its attacks on Israel, Israeli Vice Premier Shimon Peres said, "If they don't, if they don't, they don't have a state. They have 80,000 soldiers. The soldiers didn't try to stop the Hezbollah. … Hezbollah is maybe six or 8,000 people. They could have stopped them. They could try to stop them." Peres added, "I wish that they would have a government that governs. But a government that doesn't govern is not of a great value. We wish they would govern. I do believe that the Prime Minister Siniora would like to have peace, but alas, he doesn't have influence upon his own land."

US Ponders Reimposing Bilateral Sanctions On North Korea. The Financial Times (7/31, Guha) reports the US "is considering reimposing bilateral economic sanctions on North Korea after its recent missile tests, a top US official said. The sanctions – including a travel ban, a broad trade ban and restrictions on investment and remittances – were lifted in 2000 after Pyongyang agreed to a missile test moratorium." Stuart Levey, under-secretary for terrorism and financial intelligence at the US Treasury, "told the Financial Times: 'We are thinking about what measures we should impose in response to the missile tests.' Reintroduction of the sanctions lifted six years ago is 'one of the things being considered,' he said."

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Meanwhile, the AFP (7/31) reports, "The United States is ready to isolate North Korea internationally over its nuclear weapons program, the top US State Department envoy on the country said. Assistant Secretary of State Christopher Hill said the North Koreans 'seem to like to isolate themselves.'" North Korea "refused to rejoin negotiations on its nuclear program on the sidelines of the ASEAN Regional forum on security issues in Malaysia last week." This "prompted its previous nuclear negotiating partners South Korea, China, Japan, the United States and Russia -- along with Australia, Canada, Indonesia, Malaysia and New Zealand -- to hold talks without the regime."

Taiwan May Be Preparing Missile Test. The Christian Science Monitor (7/31, Montlake, 58K) reports, "As Asia grapples with the fallout from North Korea's projectile posturing, another military flashpoint in the region -- the Taiwan Strait -- is in the midst of missile tensions as well. A private TV station reported earlier this month that Taiwan's military was preparing to test-fire a tactical missile in September capable of striking targets in China." The Monitor adds, "While the details were sketchy and the claim was swiftly denied by the Ministry of National Defense, they struck a chord with analysts who have heeded the frustration among hawks in Taiwan over the island's vulnerability in the face of China's military might, including its expanding missile arsenal."

In Iran, Chavez Rails Against "US Empire." USA Today (7/31, 2.27M) reports, "Venezuelan President Hugo Chávez gave his Iranian counterpart, Mahmoud Ahmadinejad, a bear hug Sunday as the two met in Tehran to underscore their shared anti-U.S. rhetoric with a series of investment deals. 'If the U.S. empire succeeds in establishing its dominance, there will be no future for humanity. Therefore, we should save humanity and end the American empire,' Chávez told a crowd at the University of Tehran." Ahmadinejad "presented Chávez with his nation's highest state honor, the High Medallion of the Islamic Republic of Iran, to thank him for supporting Iran in the international dispute over its nuclear program."

Kristol Says State Department Is "In Denial" About Iran. The Weekly Standard's Bill Kristol, commenting on the UN's efforts to persuade Iran to abandon its nuclear program on Fox News Sunday (7/30, Wallace), said, "I think they know that at the end of the day, there won't be serious sanctions. I told Nick Burns out there -- he's an old friend, and maybe he won't be after I say this, but I told him that I would buy him a nice dinner if there were ever serious sanctions imposed on Iran by the Security Council, or by Russia and China, or even really by the Europeans. I just don't believe it. … We've had a very bad two months, in my view, in the global war on terror. The diplomatic ploy for Iran is not working. Iran is riding high. … Now, it's a long war, you have some setbacks, and we need to recoup. … What worries me, and I'm an old friend of Nick Burns, but they're in denial, I think, in the Bush State Department. Everything's fine, Iran's in a corner. I mean, I don't really think that's the case."

Kissinger Says US, Allies Must Force Iran To Choose Between Cause, National Interests. In a Washington Post op-ed (7/31, A15), Henry Kissinger says, "The world's attention is focused on the fighting in Lebanon and the Gaza Strip, but the context leads inevitably back to Iran. Unfortunately, the diplomacy dealing with that issue is constantly outstripped by events. While explosives are raining on Lebanese and Israeli towns and Israel reclaims portions of Gaza, the proposal to Iran in May by the so-called Six (the United States, Great Britain, France, Germany, Russia and China) for negotiations on its nuclear weapons program still awaits an answer. It's possible that Tehran reads the almost pleading tone of some communications addressed to it as a sign of weakness and irresolution. Or perhaps the violence in Lebanon has produced second thoughts among the mullahs about the risks of courting and triggering crisis." But if "the permanent members of the Security Council plus Germany are unable jointly to achieve goals to which they have publicly committed themselves, every country, especially those composing the Six, will face growing threats, be they increased domestic pressure from radical Islamic groups, terrorist acts or the nearly inevitable conflagrations sparked by the proliferation of weapons of mass destruction." A "modern, strong, peaceful Iran could become a pillar of stability and progress in the region. This cannot happen unless Iran's leaders decide whether they are representing a cause or a nation -- whether their basic motivation is crusading or international cooperation. The goal of the diplomacy of the Six should be to oblige Iran to confront this choice."

Bush, Blair Hope For New WTO Talks. The AP (7/31, Quinn) reports British Prime Minister Tony Blair and President Bush hope to revive the deadlocked World Trade Organization talks "sometime in the next few weeks," Blair said Sunday during an address delivered to Rupert Murdoch's News Corp. At meetings Friday with President Bush in Washington, Blair said, "We both agreed that we needed to make one final effort to re-energize the negotiation, and I hope we can do so within the next few weeks." Meanwhile, the Financial Times (7/31, Williams) reports after holding talks this weekend, US Trade Representative Susan Schwab and Brazilian Foreign Minister Celso Amorim said a deal "could still be struck within five to eight months." Schwab said the meeting signaled "the beginning of a process that we hope our colleagues from other countries will also support."

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The Wall Street Journal (7/31, A2, Hitt, 2.03M) says the collapse of talks "forces the world's big economies to seek new ways to pursue their quest for lower barriers to trade" and it is "far from clear that the World Trade Organization…is up to the task." The Journal also observes that the collapse of talks "probably means the WTO is heading for trouble as it approaches more difficult issues, including some touchy disputes that had been kept out of its dispute-resolution mechanism in the hopes that Doha Round diplomacy would solve them."

Poll Shows Blair Approval Ratings At Record Low. The Financial Times (7/31, Adams) reports, "Public support for Tony Blair, British prime minister, has plunged to its lowest since he became premier, according to a new poll that shows growing disapproval over how he has handled the Middle East crisis." The survey by Ipsos MORI, "carried out this month as the US and Britain blocked international calls for an immediate ceasefire between Israel and Lebanon, found Mr Blair's personal popularity at an all-time low." Blair "is facing unease in the British cabinet over his closeness to George W. Bush," and "appears to have lost more public support for his backing of the US president's strategy than he did over Britain's involvement in the Iraq war three years ago." Ipsos MORI "found 67 per cent of respondents were dissatisfied with the way Mr Blair was doing his job, while only 23 per cent were satisfied. The negative balance of 44 was his lowest recorded rating and sharply down on June."

Australia's Howard Eyes Fifth Term. The AFP (7/31) reports ten-year Australian Prime Minister John Howard "has decided against retiring and will lead his Liberal Party into elections next year in a bid for a fifth term." Howard is reported to have told fellow Liberal MPs "of his decision in a letter faxed Monday and was expected to make the announcement publicly later in the day." The AP says the decision "will disappoint ambitious Treasurer Peter Costello, who sparked a row early in July by accusing Howard of reneging on an agreement to hand over the leadership to him after one-and-a-half terms in power." Howard "and Costello have overseen one of Australia's longest continuous periods of economic growth."

Lopez Obrador Urges Civil Disobedience. The New York Times (7/31, McKinley, 1.21M) reports, "Four weeks after a very close election plunged this country into political crisis, the leftist candidate escalated his campaign to undo the official results, telling a mass rally of his supporters on Sunday that they must engage in civil disobedience to 'defend democracy' and force the recognition of 'my triumph as president.'"

The Wall Street Journal (7/31, Luhnow, 2.03M) reports López Obrador "said his backers should stay in the city, occupying its historic Zocalo square and its main Reforma boulevard, a move that could paralyze one of the world's biggest cities if the protesters decide to block traffic. Afterward, his backers fanned out across the square and adjoining streets, setting up tents and appearing to prepare for a long blockade." The Washington Post (7/31, A11, Barrera, 748K) and Los Angeles Times (7/31, Enriquez, 918K), among other newspapers, also report the story.

ABC World News Tonight (7/30, story 9, 0:15 , Muir, 8.78M) also reported "hundreds of thousands of people jammed the streets of Mexico City today, demanding a vote by vote recount of this month's election." T

Congo Voter Turnout High, Incidents Of Violence Low. The Washington Post (7/31, A12, Timberg, 748K) reports, "Voters eager for peace but fearing new violence trekked to nearly 50,000 polling stations across this sprawling country Sunday to cast ballots for Congo's first democratically elected government since the dawn of independence 46 years ago." Results are not expected for several weeks, "but initial reports suggested that turnout was heavy." The Post says voting proceeded "with few serious incidents amid the heavy presence of U.N. troops and Congolese police." The Post notes, "The greatest test of Congo's fragile order likely will come when results are announced. The country has experienced two major wars in the past decade that drew in many of its neighbors and left an estimated 4 million people dead, mostly civilians killed by hunger and easily preventable diseases."

NBC Nightly News (7/30, story 8, 0:20, Seigenthaler, 9.87M) reported, "In the Congo, millions turned out at polling polls for the first democratic election in 40 years. Voters braved threats from rebels to cast ballots as Congo police and UN forces guarded schools, churches and tents. It is the largest peacekeeping effort in the world and the most complex ever attempted by the UN." The New York Times (7/31, Gettleman, 1.21M), Los Angeles Times (7/31, Sanders, 918K) and Washington Times/AP (7/31, Harris) run similar reports.

Novak Says Judge's Ruling Could Threaten US-Colombia Relations. Syndicated columnist Robert Novak (7/31) writes, "An obscure Colombian judge has delivered a stunning decision that will threaten U.S. relations with its best ally in South America unless reversed. On July 19 in Cali, Judge Oscar Hurtado turned over to the military courts an Army colonel and 14 officers and men under his command accused of slaughtering 10 anti-narcotics policemen earlier this year. That points to acquittal by the Colombian band of brothers. Hurtado's ruling shatters President Alvaro Uribe's intent, expressed to U.S. officials during his visit to Washington last month, to bring to justice

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through civilian courts Col. Bayron Carvajal, leader of the troops who killed the police officers. … It is an ominous sign that U.S. aid has not broken the sinister Colombian link between the military, the judiciary and drug dealers." Novak relates that "this is a boon to left-wing congressmen led by" MA3 Rep. Jim McGovern (D), "who campaign against the U.S.-financed Plan Colombia battling narco-terrorism." Novak says that if those charged are acquitted, the "pending U.S.-Colombian free-trade agreement may be dealt a deathblow. McGovern and his allies in Congress will ignore Uribe's monumental efforts and renew their campaign for reductions in military aid, which would be disastrous for Colombia."

Kasparov Says Putin Turning Russia Into "Oil-And-Gas Empire." Garry Kasparov, chairman of the United Civil Front of Russia and co-chairman of the All-Russia Civil Congress, writes in the Wall Street Journal (7/31, 2.03M), "Hugo Chávez was in Russia to seal an arms deal with the Kremlin. The bombastic Mr. Chávez and the stealthy Vladimir Putin share a fondness for autocracy and for leveraging their natural resources as political weapons. The arms Mr. Chávez is buying are destined to be used against his own people and by terrorist guerillas in Colombia tacitly supported by Venezuela. Mr. Putin isn't the only one who understands that instability leads to higher oil prices." He adds, "I am horrified as I watch my country turn into an oil-and-gas empire. … It should not be our destiny to become another Saudi Arabia or Venezuela, to quite literally fuel the achievements of other nations while we lose ground." Kasparov also says, "The West is making a terrible mistake by mixing realpolitik with a battle of values. Drawing and defending moral lines is the first and most essential step in combating extremism and there is no room for double standards. If the West is keeping track of its friends, it's time to take Mr. Putin off the list."

Herbert Warns Pakistan Could Start Subcontinent Nuclear Race. In his New York Times column (7/31), Bob Herbert says, "Over the past few years, Pakistan has been hard at work building a powerful new plutonium reactor that when completed will be able to produce enough fuel to make 40 to 50 nuclear weapons a year. This is happening at the same time that the Bush administration is pushing hard for final Congressional approval of a nonmilitary nuclear cooperation deal with Pakistan's rival, India, that would in fact enhance India's bomb-making capacity. The deal would enable India to free up its own stocks of nuclear fuel to the extent that it could expand its nuclear weapons production from about seven warheads a year to perhaps 50. Yes, Virginia, the world is going mad." There is "no way to overstate the potential danger of an accelerated nuclear arms race in South Asia."

Debate Over Iraq Said To Be "Divorced From Reality." U.S. News and World Report (8/7, Whitelaw, Mulrine, 2.03M) that the political debate in Washington over Iraq "seems strangely divorced from reality. Several Democrats call for a withdrawal timetable, as if victory can simply be scheduled. Republicans, led by the Bush administration, pledge that America will stay until the job is done, without making clear what, exactly, that means or how long it may take." The Bush Administration "has been gradually defining down success. 'The standard is not going to be 'no violence," Stephen Hadley, Bush's national security adviser, tells US News. 'What you can hope for is an Iraq where there are effective security forces that are controlling and taking responsibility for security throughout Iraq and where the marriage of political leadership and security forces is sufficient to deal with insurgents and terrorists so that it does not interfere with the operations of government.' But even this more tempered definition of victory might not be achievable -- leading some to say the United States should just back off."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Sentinels Under Attack."
"Israel to Halt Bombing For 48 Hours."
"LAPD Renews Search For Rapper's Killer."
"Israel to Halt Bombings For 48 Hours."
"Badminton World Isn't Smiling For These Birdies."

USA Today:
"Israel Suspends Bomb Runs."
"Village Attack Halts Diplomacy."
"California Gets A Break As Sweltering Heat Heads East."

New York Times:
"Israel Halts Air Raids After Dozens Die."
"From Carnage, U.S. Gains A Concession."
"A Night Of Death And Terror For Lebanese Villagers."
"U.S. Puts Onus On Employers Of Immigrants."
"A Small Charity Takes The Reins In Fighting A Neglected Disease."
"Men Not Working, And Not Wanting, Just Any Job."

Washington Post:
"Israel Moves To Suspend Air Attacks For 2 Days After Strike In Lebanese Village Kills 57 Civilians."
"Custom-Built Pathogens Raise Bioterror Fears."
"Inaction Could Undercut Bush's Long-Term Goals."

DOJ_NMG_0044072

Washington Times:
"Israeli bombs Kill 56 In Village."
"Army Diverts Funds To War."
"Courts cater To Spanish Speakers."
"Child Soldiers Wake Up From A Nightmare."
"Democrats See Minimum Wage, Stem Cell As Hot Issues."
"A One-Month Ghost Town."

Detroit Free Press:
""Amid Carnage, Outrage, Israel To Pause Air Strikes."
"Car Makers Of Detroit Try Getting Personal."
"Metro Detroiters Ties To Lebanese Town Deep."

Atlanta Journal-Constitution:
"Donors Line Up For McKinney Challenger."
"Annex Bid Down To Wire."
"Israel Halts Airstrikes."

Houston Chronicle:
"In Resolution, Rice To Seek Cease-Fire."
"Country To Limit Access To ERs."
"Now That's What You Call High Speed Internet."
"Lopez Obrador Calls For Extended Protest."
"In A Word, It's Elston's 'Dream'."

Story Lineup From Last Night's Network News:
ABC: Lebanon-Qana Bombing; Qana-Bush; Qana-Israel; Qana-Lebanon; Israel-Hezbollah Rockets; Qana-Peres; Heat Wave; Catholic Church-Female Priests; Mexican Election-Protests; Baseball Hall Of Fame.
CBS: Lebanon-Qana Bombing; Qana-International Response; Qana-Arab TV; Iraq Violence; Vioxx Controversy; Mel Gibson-DUI Arrest; Heat Wave; Northeast-Hurricane Risk; Chesapeake Bay-Oyster Comeback.
NBC: Lebanon-Qana Bombing; Qana-Lebanon; Qana-Bush; Qana-Rice; Qana-Palestine; Qana-Israel; Qana-Syria; Congo-Democratic Election; Heat Wave; US Athletes-Doping Allegations; Baseball Hall Of Fame; First Responder Shortage.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Rice-Middle East Cease-Fire; Israel-Air Strike Pause; Heat Wave; Foreign Stock Markets.
CBS: Rice-Middle East Cease-Fire; Israel-Air Strike Pause; UN Security Council-Mideast War; Heat Wave; Pew Survey-Online News Usage.
NPR: UN Security Council-Mideast War; Bush-Mideast War; Israel-Air Strike Pause; Afghanistan-NATO Takeover; Mexico Election; UN Report-US Human Rights Record; NV-Wildfire; Baseball Hall Of Fame Inductions.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends breakfast with business leaders, TBA Location, Miami, Fla.; visits National Hurricane Center, Miami, Fla.; makes remarks on the economy, US Coast Guard Integrated Command, Miami, Fla.; participates in tour of Port of Miami, Fla.; attends Republican National Committee reception, private residence, Coral Gables, Fla. Closed press.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 3 p.m. FOREIGN RELATIONS _ Full committee. Confirmation hearing on the nomination of Mark R. Dybul to be coordinator of U.S. activities to become HIV/AIDS coordinator. Location: Room 419, Dirksen.

US House: No Scheduled Events.

Other: CONSERVATIVE STUDENTS CONFERENCE _ Young Americas Foundation will host its 28th annual National Conservative Student Conference. More than 400 participants from 39 states and 179 colleges and universities will convene in the nation's capital to learn about conservative ideas and how to advance them. Highlights: 1 p.m. Address by former House Speaker Newt Gingrich. 7 p.m. Dinner Banquet featuring John Stossel, co-anchor of 20/20 and author of ``Myths, Lies, and Downright Stupidity: Get Out the Shovel--Why Everything You Know is Wrong." Location: George Washington University, Marvin Center, 800 21st St. NW.

FOREIGN AID _ 12 p.m. The Heritage Foundation hosts a panel discussion, ``Foreign Aid Challenges and Opportunities." Participants are: Paul Wolfowitz President, The World Bank Group; and Kim R. Holmes, Vice President, Foreign and Defense Policy Studies, and Director, Kathryn and Shelby Cullom Davis Institute for International Studies, The Heritage Foundation; Location: Heritage Foundation's Allison Auditorium, 214 Massachusetts Ave. NE.

GULF-ENERGY _ 1 p.m. Senate Energy & Natural Resources Chairman Pete V. Domenici will join Sen. Mary Landrieu, D-La., and leaders of industrial natural gas users to discuss the nations urgent need for the natural gas and oil in the eastern Gulf of Mexico. Location: Room S-207, Capitol.

IRAQ-REED _ 6 p.m. Rhode Island Sen. Jack Reed addresses Nitze School of Advanced International Studies on ``Iraq: The Road Ahead." Location: Kenney Audit., Nitze Bldg., 1740 Massachusetts Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JULY 31, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Iraqi Officials Ask For International Aid To Fight Terror 3

Homeland Response:
Artificial Germ Weapons Seen As Increasing Threat 3
Lack Of Volunteers Leave Rural Communities Without First Responders 3
Many In New Orleans Opt Not To Elevate Homes 3
Weather Conditions Prompt Fears Of Major Northeast Hurricane This Year 3

War News:
Iraqi Officials Ask For International Aid To Fight Terror 3
Four Marines Die In Combat In Iraq As Violence Continues 4
Iraqi Lawmakers Demand Replacement Of Interior Minister 4
Bremer Describes Situation In Baghdad As "Discouraging." 4
NATO Takes Charge In Southern Afghanistan Today 4
Army Diverting Funds To War 4
Green Case Sparks Examination Of Army Recruitment, Training 5

Corporate Scandals:
Fraud Victims May Speak At Enron Sentencings 5
2nd Circuit Upholds Ebbers Conviction, Sentence 5
Judge Rejects 85-Year Guideline Sentence For Former Impath President 5

Criminal Law:
US Says BetOnSports Has Mob Ties 6
DC Crime Measures Disputed 6
Study Finds Prison Sex Crimes Underreported 6
DNA Backlogs, Submissions Grow In Wisconsin 7
Abramoff-Linked Law Firm Greenberg Traurig In Settlement Talks With Tribe 7
Libraries Question Thoroughness Of FBI Investigation Of Map Thief 7
24 Indicted In Six Philadelphia-Area ID Theft Schemes 8
Local Law Enforcement To Hold National Summit On Rising Violent Crime 8

Civil Rights:
Opponents Question Language Of Proposed Virginia Gay Marriage Amendment 8
Texas Town Seeks To Stop Church Growth 9
NYTimes Decries Treatment Of Ex-Felons In US 9

Antitrust:
Success Of US Airways Leads To More Talk Of Mergers 9
SansDisk To Purchase Israeli Data-Storage Supplier 9
Live Nation Set To Acquire Stake In Musictoday 9

Environment/Indian Affairs:
Administration Skips California Global Warming Meeting 10
Bills Would Increase Territory For Offshore Drilling 10
Utilities, Regulators Unite On Energy Conservation Effort 10
LATimes Blasts BLM Plan For Profits From Land Auctions 10

FBI/DEA/ATF/USMS:
Olympic Sprinter Denies Using Banned Drugs 11
In Mississippi, More Than 200 Arrested In "Operation Byrne Drugs." 12
Khat Chewing's Potential Link To Terrorism Raises Concerns ... 12
Alabama Judge Sets Bond In British Man's Drug Case 12
Grand Jury In Tennessee Indicts 14 In Cocaine-Ring Investigation 12
Marijuana Gumballs Seen As Possible New Form Of Drug Use 12
Florida Felons Arrested In Two-Day Sweep 12

Immigration:
Report Finds Disparities In Judicial Rulings On Asylum Cases .. 12
Border Patrol Aims To Hire 6,000 New Agents Over Next Two Years 13
Boehner Opposed Enforcement-Only Immigration Bill Last Year 13

Tax:
KPMG Challenges Judge's Jurisdiction In Fee Dispute 14
Senate Hearing To Examine Offshore Tax Shelters 15
Everson Says IRS Stepping Up Audits Of Rich 15

Congress-Administration:
No Senate Action Expected On Judicial Nominees 15
Specter Bill Seeks To Rein In Bush Use Of Signing Statements 16
Bush Highlights Domestic Agenda In Florida 16
Bush Mistook Menendez For Martinez At White House Meeting 17
House GOP Seeks To Cut Deals On Estate Tax, Pension Reform Bills 17
Senate Panel Approves Coburn Bill To Create Federal Spending Web Site 18

Grassley Demands Probe Into FDA Conduct On Vioxx Findings 18
Agencies Seek To Keep Experienced Hands In Workforce 18
Cheney Efforts On Alaska Natural Gas Pipeline Raise Eyebrows 18
Tenet Allies Say He Was Not Source For Suskind Book 19
FDA Anthem Draws Fire 19
White House Press Room To Close For Renovations 19
White House Aides Call Bush Texas Trip "Working Vacation." ... 19
WPost Criticizes "Disturbing" Activities In House Appropriations Panel 19

Other News:

Economy Grew At Slower Pace In Second Quarter 19
Health Insurers Could See Decline In Profits 20
Surrogates Sweep State In Connecticut Senate Primary 20
Mason-Dixon Poll Shows Allen Leading Webb By 16 Points 20
Rothenberg Says Steele Had No Reason To Sit Down With National Reporters 20
Reynolds Identifies 14 Vulnerable House Republicans 20
Spitzer Said To Have His Eyes On White House 20
Iowa State Fair Expected To Attract 2008 Presidential Hopefuls 21
Democrats To Push Domestic Issues In August 21
5th Circuit Court To Hear DeLay Ballot Case Today 21
Gang Of 14 Members Struggling To Keep Their Seats 21
Ethics Watchdogs Cry Foul Over Lobbyists Acting As Campaign Treasurers 21
Gingrich Has Regained High Profile Among Conservatives 21
Democrats Hope To Leverage Stem Cell Issue In November 21
Psychology Said To Explain Partisans' Behavior 22
McCain's Youngest Son To Report For Marine Training In September 22
WSJournal Says Chicago Minimum Wage Law Will Cost Jobs .. 22
Bush Offers Condolences To Families Of Qana Attack Dead..... 22
Rice Cancels Beirut Stop, Heads Home Following Israeli Air Strike 24
Bush's Hopes For Peace In Middle East Lie With Rice 26
Israel Declares 48-Hour Halt To Aerial Bombings 27
Burns Says Peacekeeping Force Necessary For Durable Cease-Fire 28
US Ponders Reimposing Bilateral Sanctions On North Korea 29
Taiwan May Be Preparing Missile Test 29
In Iran, Chavez Rails Against "US Empire." 30
Bush, Blair Hope For New WTO Talks 30
Australia's Howard Eyes Fifth Term 31
Lopez Obrador Urges Civil Disobedience 31
Congo Voter Turnout High, Incidents Of Violence Low 31
Novak Says Judge's Ruling Could Threaten US-Colombia Relations 31
Kasparov Says Putin Turning Russia Into "Oil-And-Gas Empire." 31
Herbert Warns Pakistan Could Start Subcontinent Nuclear Race 32
Debate Over Iraq Said To Be "Divorced From Reality." 32

The Big Picture:

Headlines From Today's Front Pages 32

Washington's Schedule:

Today's Events In Washington 33

DOJ_NMG_0044076

TERRORISM NEWS:

Iraqi Officials Ask For International Aid To Fight Terror. The New York Times (7/31, Von Zielbauer, 1.21M) reports, "Two high-ranking Iraqi government officials said Sunday that their country was fighting international terrorists on its own soil on behalf of other countries and should, as a result, be compensated with economic and military assistance." Their comments "suggested an emerging strategy from the fragile coalition government to portray Iraq as the global front line against terrorism and make a case for international aid. … The comments by the two Iraqi officials, the national security adviser and a deputy prime minister, echo the argument adopted by the Bush administration after the invasion in 2003 to justify its actions after its original contention that Saddam Hussein possessed unconventional weapons proved unfounded. 'We are fighting terrorism in Iraq, not only for Iraqis but also on behalf of the international community,' said Barham Salih, a deputy prime minister, during a news conference that covered a wide range of economic, security and anticorruption initiatives." The national security adviser, Mowaffak al-Rubaie, "made a statement of his own later using remarkably similar language. 'Iraq is now defending not only Iraqis but is also defending the region and the world,' he said. 'So what is the world giving us in return?'"

HOMELAND RESPONSE:

Artificial Germ Weapons Seen As Increasing Threat. In an article that is part of its "Five Years Later" series, the Washington Post (7/31, A1, Warrick, 748K) reports Eckard Wimmer, the scientist who created a version of polio virus in a State University of New York lab in 2002, says that the future, in which "made-from-scratch germ weapons" are feasible, "has already come." The Post adds, "While government scientists press their search for new drugs for old foes such as classic anthrax, a revolution in biology has ushered in an age of engineered microbes and novel ways to make them. … The Bush administration has acknowledged the evolving threat," having appointed a scientific panel to study the problem and started construction on a new bioterrorism lab in Frederick, Maryland. However, "overall, specific responses have been few and slow."

Lack Of Volunteers Leave Rural Communities Without First Responders. NBC Nightly News (7/30, story 12, 2:30, Hadlock, 9.87M) reported that many "small towns in America" are running out of volunteer first responders. "Shifting demographics mean rural America is getting older, with even fewer volunteers."

Many In New Orleans Opt Not To Elevate Homes. The Washington Post (7/31, A3, Whoriskey, 748K) reports that in New Orleans, "the issue of home elevations arouses" strong fears among residents about how safe their home would be in a hurricane. FEMA "has recommended that people rebuild to the elevation requirements in effect before the storm, or three feet above ground level, whichever is higher. But officials acknowledge those levels won't ensure safety -- they certainly didn't in Katrina, when many homes took on 10 feet or more of water. Meanwhile, the Army Corps of Engineers, which is repairing the city's levees and flood walls, isn't guaranteeing protection when a hurricane of Category 3 strength or higher strikes." The Post adds that with the high cost of elevation and a belief that another Katrina-level storm will not come for years, many "are simply rebuilding their homes without elevating."

Weather Conditions Prompt Fears Of Major Northeast Hurricane This Year. The CBS Evening News (7/30, story 7, 2:45, Miller, 7.66M) reported "the nation's best hurricane experts" met this month "with nervous insurance industry reps about a storm lurking beyond the horizon. … That storm, a long overdue northeast hurricane, which the latest computer models now predict could devastate the region and cripple the US economy." CBS (Miller) continued, "A major Northeast hurricane is nearly three times more likely this year thanks to favorable weather conditions including the position of the Bermuda High," which "is set to steer hurricanes up the East Coast."

WAR NEWS:

Iraqi Officials Ask For International Aid To Fight Terror. The New York Times (7/31, Von Zielbauer, 1.21M) reports, "Two high-ranking Iraqi government officials said Sunday that their country was fighting international terrorists on its own soil on behalf of other countries and should, as a result, be compensated with economic and military assistance." Their comments "suggested an emerging strategy from the fragile coalition government to portray Iraq as the global front line against terrorism and make a case for international aid. … The comments by the two Iraqi officials, the national security adviser and a deputy prime minister, echo the argument adopted by the Bush administration after the invasion in 2003 to justify its actions after its original contention that Saddam Hussein possessed unconventional

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weapons proved unfounded. 'We are fighting terrorism in Iraq, not only for Iraqis but also on behalf of the international community,' said Barham Salih, a deputy prime minister, during a news conference that covered a wide range of economic, security and anticorruption initiatives." The national security adviser, Mowaffak al-Rubaie, "made a statement of his own later using remarkably similar language. 'Iraq is now defending not only Iraqis but is also defending the region and the world,' he said. 'So what is the world giving us in return?'"

Four Marines Die In Combat In Iraq As Violence Continues. The CBS Evening News (7/30, story 4, 0:15, Mitchell, 7.66M) reported, "In the battle for Iraq, the US announced the death of four Marines in combat yesterday in Iraq."

The Washington Post (7/31, A11, Mosher, Al-Izzi, 748K) says "gunmen killed at least 23 Iraqis on Sunday on a highway south of Baghdad, commandeering three minibuses and herding their occupants into nearby palm groves, where they were lined up and shot, according to police and a witness. The ambush occurred about 10 miles south of Baghdad where two major highways intersect near the town of al-Rasheed."

The AP (7/31, Abdul-Zahra) reports that also yesterday, "a US F-16 jet dropped two precision-guided bombs on a building near Baghdad used by militants affiliated with a group believed responsible a mortar-and-rocket attack in Baghdad's mostly Shiite district of Karradah last week that killed at least 31 people, US officials said. Two militants and a child were killed in the airstrike, and four suspects were arrested, the United States said."

Iraqi Lawmakers Demand Replacement Of Interior Minister. USA Today/AP (7/31, Abdul-zahra) reports "pressure mounted in the Iraqi parliament Sunday to replace the country's interior minister because of the security crisis in the capital. … As violence increases, several Iraqi parliament members are pressing for the replacement of Interior Minister Jawad al-Bolani, who is responsible for police and paramilitary commandos leading the fight against extremists in the capital."

Bremer Describes Situation In Baghdad As "Discouraging." Asked on Fox News Sunday (7/30, Wallace) to asses the current situation in Baghdad, former CPA administrator Paul Bremer said, "it's pretty discouraging, I think. The new prime minister…made an announcement, I guess, five or six weeks ago about putting a priority on securing Baghdad. … Not much happened until he came here this week. I gather now that as a result of the conversations with President Bush, we're going to deploy a Striker brigade. … That's going to add another brigade to Baghdad. It's very important."

NATO Takes Charge In Southern Afghanistan Today. The AP (7/31, Abrashi) reports, "Thirty suspected Taliban were killed on the eve of NATO taking charge of multinational forces in southern Afghanistan in what will be the first time the alliance has conducted land combat operations, officials said Sunday. A NATO-led force, made up mostly of British, Canadian and Dutch troops, will take over in the south Monday from a US-led anti-terror coalition that was first deployed nearly five years ago to unseat the hardline Taliban regime for harboring Osama bin Laden." The mission "is considered the most dangerous and challenging in the Western alliance's 57-year history."

The Washington Times (7/31, Rashid, 88K) says "a British general will command US troops for the first time since World War II when NATO takes charge of the mission to pacify southern Afghanistan today." Lt. Gen. David Richards, "Britain's most experienced officer in Third World arenas, assumes control of a merged NATO and US force that will grow from 9,000 to 18,000 troops."

Army Diverting Funds To War. The Washington Times (7/31, Scarborough, 88K) reports, "The Army is showing the wear and tear of constant battle after nearly five years of war, cutting resources to nondeployed forces to make sure front-line troops stay at the highest combat readiness." A lack of money has hindered the Army's ability to "reset," and its equipment is under "tremendous stress." While there is no "crisis" for troops doing the fighting, the readiness of those in the US has fallen because of cutbacks forced by expenses in Iraq and Afghanistan. The Times quotes contentions by war critic Rep. John Murtha (D-PA) that both the Army and the Marines lack money and equipment. However, it also quotes Gen. John Keane (ret.), who "says that the Army overall is in good shape and can recover when more money hits the pipeline."

Biden Explains Opposition To Missile Defense Spending. In a letter to the Wall Street Journal (7/31, 2.03M) , Sen. Joe Biden (D-DE) says that a July 21 WSJournal editorial "misses the point on both missile defense and North Korea." He defends the Democratic stance, saying, "The ground-based missile defense hasn't intercepted anything in years, and even the president was hard put to voice much confidence in it. Besides, just about the least likely threat we face is from a North Korean nuclear ICBM with a return address that invites that country's destruction. That's why many Democrats support more testing, but oppose spending billions on more missiles before we know whether the ones we have will even work."

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Green Case Sparks Examination Of Army Recruitment, Training. Newsweek (8/7, Childress, Hirsh, 3.12M) reports on Steven Green, a former US soldier, who was arrested last month for raping an Iraqi girl in Al Mahmudiyah and murdering her and her family. Five other soldiers "have also been charged with complicity in the crime." Green's case "has helped to spur a closer look at the Army's standards for recruitment and training. Green enlisted and passed basic training at a time when the Army was under terrific pressure to bring in new soldiers and had relaxed its entry requirements." Newsweek adds, "In truth, it's not clear whether a candidate like Green would have washed out even if his superiors had known about his alleged personality problems sooner. He had posted adequate scores on his General Equivalency Degree test, or GED, a substitute for a high-school diploma. And his troubles with the law were minor: two prior misdemeanor convictions for possession of drug paraphernalia and tobacco as a minor, and being a minor in possession of alcohol."

CORPORATE SCANDALS:

Fraud Victims May Speak At Enron Sentencings. The Minneapolis Star Tribune/AP (7/31, Hays) reports, "Two of the most notorious felons to emerge from Enron Corp.'s rubble - Jeffrey Skilling and Andrew Fastow - could hear firsthand at their sentencing hearings how their crimes affected the people who lost money and jobs when the company crashed." The AP continues, "A federal judge ruled recently that victims who show up at Fastow's Sept. 26 hearing can sign in and speak. Such statements, U.S. District Judge Kenneth Hoyt ruled, 'will continue until completed' and Fastow must be there to listen." The AP adds, "Skilling's lawyers said in court filings that they also expect Enron victims to speak about their financial hardships at the former CEO's Oct. 23 sentencing hearing. Skilling was convicted May 25 of 19 counts of fraud, conspiracy and other charges for lying to investors and employees about the company's financial health. … Diana Peters, a former Enron worker left jobless after Enron collapsed, said she would participate and has been spreading the word among other ex-Enron workers that they could likely speak at Skilling's sentencing as well. … 'I am going to start writing my three minutes. I can say the most powerful stuff in three minutes,' she said, though Hoyt hasn't specified a time limit for victim statements. … The right to be heard stems from a two-year-old federal law that enhances the rights of victims of federal crimes - even sprawling white-collar cases with too many victims to count."

2nd Circuit Upholds Ebbers Conviction, Sentence. The New York Law Journal (7/31, Perrotta) reports, "The 2nd U.S. Circuit Court of Appeals on Friday affirmed the conviction and 25-year prison sentence of Bernard J. Ebbers, the former CEO of WorldCom whose reputation and business were destroyed by an $11 billion accounting fraud." The Journal continues, "Judge Ralph K. Winter, writing for a unanimous panel in U.S. v. Ebbers, 05-CR-4059, rejected Ebbers' arguments that federal prosecutors were allowed to manipulate the trial because Southern District of New York Judge Barbara Jones would not order them to grant immunity to three defense witnesses who were under investigation." The Journal adds, "The witnesses, all former WorldCom executives, invoked their Fifth Amendment rights and declined to testify. But Winter said their testimony would not have helped Ebbers' cause. … As for his 25-year sentence, Winter noted that although it was 'harsh' – 'longer than the sentences routinely imposed by many states for violent crimes, including murder, or other serious crimes such as serial child molestation' -- it was 'not unreasonable' considering Ebbers' primary responsibility in the fraud. … 'The securities fraud here was not puffery or cheerleading or even a misguided effort to protect the company, its employees, and its shareholders from the capital-impairing effects of what was believed to be a temporary downturn in business,' the judge wrote in the court's 47-page opinion. 'The methods used were specifically intended to create a false picture of profitability even for professional analysts that, in Ebbers' case, was motivated by his personal financial circumstances.'"

Judge Rejects 85-Year Guideline Sentence For Former Impath President. The New York Law Journal (7/31, Perrotta) reports, "A federal judge in New York has defended a non-guideline prison sentence for a former business executive convicted of conspiracy and securities fraud, saying to rule otherwise would be a 'travesty of justice.'" The Journal continues, "In May, Southern District Judge Jed S. Rakoff sentenced Richard P. Adelson, the former president of cancer diagnosis company Impath Inc., to 42 months in prison, rather than 85 years as federal prosecutors had suggested in papers. He also ordered $50 million in restitution. … The government filed a notice of appeal, and the judge this month issued a sentencing memorandum explaining his decision. … 'This is one of those cases in which calculations under the Sentencing Guidelines lead to a result so patently unreasonable as to require the Court to place greater emphasis on other sentencing factors to derive a sentence that comports with federal law,' the judge began in United States v. Adelson, 02-CR-325. … He added: 'What this exposed, more broadly, was the utter travesty of justice that sometimes results from

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the guidelines' fetish with abstract arithmetic, as well as the harm that guideline calculations can visit on human beings if not cabined by common sense.'" The Journal notes, "The conspiracy at Impath was likely concocted by various accounting executives and employees who were under pressure from the company's CEO, Anuradha Saad, to maintain its financial results and high stock price, according to the judge's opinion. … The conspiracy fooled the company's outside auditors and Saad. She was originally charged with complicity in the fraud, but prosecutors eventually accepted a plea to misappropriating company funds for personal expenses. They did not appeal her prison sentence of three months."

CRIMINAL LAW:

US Says BetOnSports Has Mob Ties. The Financial Times (7/31, Odell) reports, "BetonSports, the internet gaming company at the centre of a US investigation, shared offices in Costa Rica as recently as last year with a company that US authorities claim is linked to the Bonannos, one of New York's five notorious mob families." The Times continues, "The link emerged just ahead of an expected bail hearing in St Louis, Missouri, today for David Carruthers, the sacked chief executive of BetonSports, who was arrested in the US this month on charges of racketeering, conspiracy and fraud." The Times adds, "Safe Deposit Sports, which US prosecutors allege is part of a multi-million-dollar illegal gambling ring controlled by one of America's best-known organised crime families, was a sub-tenant of BetonSports at its operations centre in Costa Rica until just over a year ago. … Clive Parritt, BetonSports' chairman, told the Financial Times that SDS was evicted from the leased premises in spring 2005 after it was named in an indictment by US authorities against 36 individuals, charged with running an illegal gambling ring that took in $360m (£193m) in just over two years. .. . The indictment names Anthony Urso, also known as Tony Green, the reputed acting boss of the Bonanno family, as the recipient of a 'monthly tribute' from the gambling operation in return for protection."

DC Crime Measures Disputed. The Washington Post (7/31, B1, Pierre, Dvorak) reports, "The teenagers, both shot several times, had been dumped on Suitland Parkway in Southeast Washington for all to see. … They were the city's 11th and 12th young homicide victims in 13 days -- alarming statistics that one grass-roots group said amounted to a crime emergency. Few took notice." The Post continues, "This was in October. Nine months later, after 14 killings in two weeks, including the deaths of a fledgling candidate for mayor near downtown and a British activist in Georgetown, D.C. Police Chief Charles H. Ramsey declared a highly publicized crime emergency. … 'Nobody was listening to us back then, and we saw what was happening,' said Tyrone C. Parker, executive director of the Alliance of Concerned Men, a nonprofit group that counsels ex-offenders and troubled youths and that issued last fall's urgent call for help." The Post adds, "Public perception, it seems, has caught up with Parker and others who work with young people at detention centers and curfew halls and on the streets. As part of the announced emergency, $8 million has been set aside for police overtime. Surveillance cameras will soon be installed in neighborhoods, and teenagers 16 and younger will have less time to hang out at night because of a 10 p.m. curfew, which begins tonight. … Instead of galvanizing residents, however, the measures have exacerbated race and class rifts. Youth advocates argue that juvenile responsibility for crime has been exaggerated because adults account for 82 percent of violent crime and more than 90 percent of arrests. Many dismiss the emergency efforts as bluster that will have little impact."

DC Officer Apologizes For Racial Remark. The Washington Post (7/31, B1, Stewart) reports, "D.C. police Inspector Andy Solberg was contrite, humble and genial as he stood at a church pulpit yesterday with a mental list of points he wanted to make. … 'The first is that I was wrong. Flat out. No excuses,' the acting commander of the 2nd Police District said. 'Next, I'm sorry. I don't think that one needs an explanation. I'm sorry.'" The Post continues, "For Solberg, it was yet another public apology for a racially insensitive remark he made July 10 at a community meeting in Georgetown. After a rare homicide in the neighborhood, while urging people to report suspicious activity, Solberg had said, 'This is not a racial thing to say that black people are unusual in Georgetown. This is a fact of life.' … He has been trying to repair the damage ever since. Yesterday, dressed in uniform, he spoke after services to about 60 parishioners at First Baptist Church, Georgetown, one of the District's oldest black churches." The Post adds, "Solberg's appearance was prompted by a phone conversation with Charles White, 52, a member of the church. In an interview, White said he could not allow Solberg's comments to slide. … 'At any given time, we can be here for prayer service, choir rehearsal. We could be on the corner. Are people going to call the police on us?' said White, who has been attending the church all his life but lives in Capitol Hill."

The Washington Times (7/31, Wagner) reports, "Police Chief Charles H. Ramsey reassigned Cmdr. Solberg to the department's school-security division after his remarks during a community meeting about the July 9 killing of Alan Senitt, 27. Cmdr. Solberg was returned last Monday to his post in Northwest."

Study Finds Prison Sex Crimes Underreported. The AP (7/31, Miller) reports, "Fewer than three prisoners in

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every 1,000 report they were sexually abused or harassed, but that probably is not the whole story, a government study says." The AP continues, "There may be far more sexual violence in prisons than is reported, the study's authors said, because inmates fear reprisal, adhere to a code of silence, do not trust the staff or are embarrassed. … 'Administrative records alone cannot provide reliable estimates of sexual violence,' wrote Allen J. Beck and Paige M. Harrison of the Bureau of Justice Statistics. … 'It's a real and serious problem,' said Malcolm Feeley, professor of law at the University of California, Berkeley. 'It may be the single largest shame of the American criminal justice system, and that's saying a lot.'" The AP adds, "The study released Sunday by the Justice Department agency is based on reports to corrections officials in 2005. … The bureau looked at more than 1,800 correctional facilities holding some 1.7 million inmates — 78 percent of the adult prison population. … The report is the second one required by the Prison Rape Elimination Act of 2003, which was an attempt to solve a problem believed to be widespread."

DNA Backlogs, Submissions Grow In Wisconsin. The AP (7/31, Richmond) reports from Madison, WI, "The number of criminal cases waiting for DNA tests in Wisconsin more than doubled from 2003 to 2005 as prosecutors submitted more and more evidence to the state crime labs, hunting for the surefire identifier that could seal a conviction, an Associated Press review found." The AP continues, "Television programs such as 'CSI' have created a perception that DNA tests are quick and easy to obtain, so district attorneys want as much DNA evidence as they can get when they try a case, state Justice Department officials say. … 'Prosecutors and law enforcement out there would rather have DNA than anything else,' said Mike Roberts, administrator of the state Justice Department's Law Enforcement Services Division, which runs the state's crime labs. 'The public has an expectation, jurors have an expectation these days that if you don't have scientific proof this person committed the crime, they probably didn't.'" The AP notes, "DNA tests have become the premier identifier in the criminal justice world. But delays in testing can prolong investigations and keep innocent people in prison longer. … Crime labs nationwide have struggled to clear DNA evidence from their shelves. President Bush in 2004 signed into law a program that provides $775 million in grants through 2009 to help clear the backlogs."

Abramoff-Linked Law Firm Greenberg Traurig In Settlement Talks With Tribe. The Miami Daily Business Review (7/31, Kay) reports, "Miami-based law firm Greenberg Traurig is not a named defendant in the Alabama-Coushatta tribe's federal racketeering lawsuit against Greenberg's convicted former Washington lobbyist Jack Abramoff and his cohorts. But that could change in the future." The Review continues, "The tribe, which is deep into settlement talks with Greenberg, has a tolling agreement with the law firm. Such an agreement stipulates that if a settlement is not reached, the tribe still may sue the firm, regardless of whether the statute of limitations has passed, according to Frederick R. Petti, a Phoenix lawyer who represents the Alabama-Coushatta tribe." The Review adds, "Although the suit does not name Greenberg Traurig, it accuses the firm of allowing Abramoff associate Michael Scanlon to bill hours through the firm, and of allowing checks sent by the tribe to a bogus Abramoff-linked think tank to be funneled and cashed through Greenberg Traurig. … 'There was a nexus between Greenberg, the enterprise and the pattern of racketeering,' the suit states. … 'Jack Abramoff was an employee of Greenberg Traurig and, at the end of the day, law firms are like other employers,' Petti said in an interview. 'They are responsible for the actions of their employees.' … The lawsuit, which was filed in U.S. District Court in Austin, Texas, on July 12, names as defendants Abramoff, two other former Greenberg Traurig lobbyists, Jon Van Horne and Neil Volz, Abramoff's former close associate Scanlon, and former Christian Coalition leader Ralph Reed, who just lost the Georgia Republican primary for governor. … The lawsuit also provides fresh evidence of a closer connection between Greenberg Traurig and Michael Scanlon than the law firm has ever acknowledged. Scanlon was Abramoff's close partner in many widely criticized lobbying practices. He pleaded guilty last year to bribing a congressman."

Libraries Question Thoroughness Of FBI Investigation Of Map Thief. The Hartford Courant (7/30, Martineau, 195K) reported, "There is growing doubt among the elite libraries hit by E. Forbes Smiley III, the Martha's Vineyard map thief, that the FBI was thorough in its investigation. … The British Library suspects Smiley of taking three additional maps and has hired a high-powered Philadelphia lawyer to push its case." British Library collections director Clive Field recently wrote to the FBI, "We continue to entertain serious doubts about the completeness of the investigation and the extent of Mr. Smiley's cooperation with the authorities." The Courant added, "Harvard released the names of five additional maps missing from its collection Friday, following the lead of Yale and the British Library in making its thefts public. The lost maps will undoubtedly be discussed when librarians meet in New Haven on Aug. 7 in a closed-door conference with the FBI to sort out loose ends before sentencing." The Courant noted, "The feds have defended their work and invited the libraries to produce additional evidence."

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In a widely-distributed story based largely on the Courant report, the AP (7/30) notes, "Poor record-keeping by the libraries limited the FBI's investigation. Investigators also had difficulty tracing maps, which were printed in multiple copies, to a single owner. Investigators say that without Smiley's cooperation they would have recovered only a fraction of the maps they ultimately obtained."

24 Indicted In Six Philadelphia-Area ID Theft Schemes. The Philadelphia Inquirer (7/27, Lipka, 399K) reported, "Six separate Philadelphia-area fraud schemes -- most part of large-scale identity-theft operations -- have been shut down, federal authorities said yesterday. The indictment of two dozen people from across the region said to be part of the schemes was announced. Hundreds of people were victimized, and losses went well beyond $14 million. U.S. Attorney Patrick Meehan, calling identity theft 'the fastest-growing crime we are seeing in America,' described a variety of alleged frauds that he said reflect highly evolved schemes that have gone far beyond getting someone's personal information from the trash." The Philadelphia Daily News (7/27, Hinkelman, 109K) noted, "In one case, 10 suspects were charged with using the personal information of hundreds of bank customers to cash bogus checks and withdraw money from customer accounts. Prosecutors said that hundreds of bank customers at Commerce, Wachovia, M&T and PNC banks had been victimized and that the scam allegedly netted at least $1 million." The Philadelphia Business Journal (7/26, Blumenthal) also reported on the indictments.

Local Law Enforcement To Hold National Summit On Rising Violent Crime. USA Today (7/31, Johnson, 2.27M) reports, "Citing increasing concerns about violent crime, law enforcement authorities are convening a national summit…next month to deal with sudden spikes in homicides, robberies and assaults. Local police officials and municipal authorities from more than a dozen cities, including Minneapolis, Milwaukee, Louisville, Charlotte and Boston will meet Aug. 30 in Washington, where the mayor and police chief recently declared a 'crime emergency.'" USA notes, "Violent crime then declined for nearly a decade until last month, when the FBI reported increases in almost all categories of major crime during 2005. FBI Director Robert Mueller said the bureau was analyzing possible causes of the increased crime, which has been concentrated in the Midwest but also stretches to other regions of the country. 'I'm not certain that anybody has an idea of what is triggering this,' Mueller said. In many cities, however, police are linking the recent trouble to increasing numbers of juveniles involved in robberies and assaults."

ABC World News Tonight (7/28, story 6, 2:10, Gibson, 8.78M) reported, "Across the nation, violence has been surging. In the Seattle area, nine people have been murdered in nine days. In Phoenix, two serial killers have left residents terrified. In Newark, New Jersey, through mid-July, murders jumped 9% compared to last year," and "in the nation's capital, a crime emergency has been declared after a murder a day for 15 days." ABC added that a "common thread" in the violence is "teenagers with easy access to guns. … Funds for after-school programs have been systemically cut. Gangs are flourishing. More violent offenders are getting out of prison. All this as the number of police on the nation's streets has declined by 8% since 2000."

CIVIL RIGHTS:

Opponents Question Language Of Proposed Virginia Gay Marriage Amendment. The Washington Post (7/31, B2, Jenkins, 748K) reports that opponents of a constitutional amendment to ban same sex marriage in Virginia argue that the "wording of the amendment is so vague that it might affect a broad range of Virginians by potentially voiding contracts between unwed heterosexual couples as well, they say. … Because the amendment reads in part that the Virginia Constitution should not recognize 'a legal status for relationships of unmarried individuals,' opponents have consistently raised the specter that the amendment could interfere with any unmarried couple trying to make a health-care decision or pass along property ownership. … Since the beginning of the campaign, however, supporters of the amendment have said that the accusations are merely distractions from the essence of what the amendment hopes to do: ensure that Virginia does not have to recognize civil unions made in other states and codify a traditional definition of marriage."

Washington Court's Ruling On Gay Marriage Was Unexpected. Newsweek (8/7, Rosenberg, Breslau, 3.12M) reports that the Washington State Supreme Court's 5-4 ruling upholding the state's ban on gay marriage was unexpected. The court "had been widely expected to legalize same-sex marriage. … But last week's ruling, which stated that 'limiting marriage to opposite-sex couples furthers procreation, essential to the survival of the human race, and furthers the well-being of children,' left both sides retooling their strategies." For gay rights advocates, the ruling was "the latest in a wrenching string of legal defeats."

Time (8/7, 4.03M) reports in its "Notebook" column that gay marriage opponents "are on a judicial winning streak," but gay marriage advocates "remain hopeful. Judicial decisions on legal challenges in four states are expected shortly. New Jersey's Supreme Court may rule as soon as this week."

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Texas Town Seeks To Stop Church Growth. The Los Angeles Times (7/31, Hart, 918K) reports on the town of Stafford, Texas which has 51 churches and other religious institutions packed into its 7 square miles. According to the Times, "With some 300 undeveloped, potentially revenue-producing acres left in Stafford, officials are scrambling to find a legal way to keep more tax-exempt churches from building here." Stafford "is the largest city in Texas without a property tax, and it depends on sales taxes and business fees for revenue. Nonprofits have been attracted by its rapid growth and minimal deed restrictions. … Lawyers researching ways to stop church growth here will report back to city leaders in about six weeks."

NYTimes Decries Treatment Of Ex-Felons In US. An editorial in the New York Times (7/31, 1.21M) says, "The United States has the worst record in the free world when it comes to stripping convicted felons of the right to vote. In contrast, most European countries hold that right so dear that they bring ballot boxes into prisons. This point was underscored last week in a scalding report from the United Nations Human Rights Committee, which held hearings earlier this month to determine how well the United States was complying with the International Covenant on Civil and Political Rights, which this country ratified in 1992." The committee's report said the "blanket disenfranchisement" served no rehabilitative purpose and urged the US "to restore voting rights to citizens who have served their sentences or who are released on parole." The Times adds, " The report is not legally binding. But it reminds us how poorly we treat ex-offenders compared with democracies abroad."

ANTITRUST:

Success Of US Airways Leads To More Talk Of Mergers. The New York Times (7/31, Bailey) reports, "The surprising early success of US Airways Group, the result of a merger last year, has led to some behind-the-scenes talks among investors and airline executives that could lead to more industry consolidation in the months ahead." The Times continues, "As Northwest Airlines and Delta Air Lines move through bankruptcy, which both entered last September, pressure may mount on almost all the major airlines to explore mergers. The bankruptcy process — allowing reductions in labor costs and the shedding of airplanes and other assets — can help otherwise incompatible partners realign their operations for a merger." The Times adds, "US Airways shares have more than doubled since its merger with America West was completed last September. And last week, the carrier reported a second-quarter profit of $305 million, second only to Southwest Airlines, which dominates the industry. … US Airways narrowly out-earned American Airlines, which is nearly twice as big and had second-quarter profit of $291 million. And its profits were more than two-and-a-half times larger than the $119 million management expects to report at United Airlines, a far larger carrier that also emerged from bankruptcy but without the benefits of a merger partner."

SansDisk To Purchase Israeli Data-Storage Supplier. The Wall Street Journal (7/31, Clark) reports, "SanDisk Corp. agreed to buy msystems Ltd., another supplier of data-storage technology, for stock currently valued at about $1.55 billion." The Journal continues, "The deal is the latest sign of consolidation among companies associated with flash memory, a chip technology that is popular for storing data in digital cameras, phones and music players. Micron Technology Inc. in June purchased Lexar Media Inc., another specialist in the technology, in a stock deal then valued at $850 million." The Journal adds, "SanDisk, based in Milpitas, Calif., is the largest maker of removable flash storage cartridges. Msystems, based in Kfar Saba, Israel, is known for flash devices that aren't removable, though it also makes portable storage accessories called USB drives. … Msystems, which recently shortened its name from M-Systems Flash Disk Pioneers, has had a turbulent time lately. The company in late May canceled a stock offering, citing an internal review of its stock-option grants. In mid-July, the company said it was restating six years of financial results after a special board committee found irregularities related to stock-option grants from 1999 to 2003."

Live Nation Set To Acquire Stake In Musictoday. The Wall Street Journal (7/31, Smith) reports, "Live Nation Inc., the world's largest concert-promotion company by revenue, is set to announce today it is acquiring a majority stake in Musictoday LLC, which runs fan clubs, Web sites, online stores and other services for hundreds of acts, including the Rolling Stones, Kenny Chesney and Eminem. … Terms of the deal weren't disclosed. The two companies said Musictoday, Charlottesville, Va., last year had gross sales of more than $100 million." The Journal adds, "The move is part of Live Nation's broader strategy to position itself as a critical middleman in the relationship between fans and the artists who perform in the company's 153 major concert venues. In the same vein, Live Nation recently announced the acquisition of the high-end rock T-shirt company Trunk Ltd."

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ENVIRONMENT/INDIAN AFFAIRS:

Administration Skips California Global Warming Meeting. The Wall Street Journal (7/31, Carlton, 2.03M) reports one of "the higher-profile meetings on climate change is set to bring together this week British Prime Minister Tony Blair, California Gov. Arnold Schwarzenegger and about 25 chief executive officers of major corporations around the world. But the Bush administration will be a conspicuous no-show." Blair and Schwarzenegger are "scheduled to exchange views with the CEOs in a round-table discussion today in Long Beach, Calif., on how to work together to accelerate the deployment of clean-energy technologies." But President Bush's "top environmental adviser, James Connaughton, won't attend, because of a scheduling conflict, said White House spokeswoman Kristen Hellmer."

White House Accused Of Censoring, Diluting Climate Change Reports. CBS 60 Minutes (7/30, 7:19 p.m. ET, Pelley) reported in an eleven-minute piece that NASA climatologist James Hansen "says the Bush Administration is restricting who he can talk to and editing what he can say." Hansen was shown saying, "They're censoring whether or not I can say it." CBS added, "Politically, Hansen calls himself an independent, and he's had trouble with both parties. He says from time to time the Clinton Administration wanted to hear that warming was worse than it was, but Hansen refused to spin the science that way." CBS interviews Rick Piltz, who co-wrote scientific draft reports that went to the White House for clearance. He worked for the Clinton and Bush Administrations, the story said. Piltz is quoted as saying that one report about climate change, "It comes back with a large number of edits, handwritten on the hard copy by the chief-of-staff of the council on environmental quality." Piltz said in answer to questions that his name was Phil Cooney and that he was not a scientist, but a lawyer and former oil industry lobbyist. Piltz: "He was obviously passing it through a political screen. He would put in the word 'potential' or 'may' or weaken or delete text that had to do with the likely consequences of climate change."

WPost Says Administration Shortchanging NASA Global Warming Research. The Washington Post (7/31, A14, 748K) says in an editorial, "Instead of just being an embarrassment for the president, Mr. Bush's astronautical ambitions are cutting deeply into NASA's budget to, among other things, monitor global climate change. NASA is facing a real fiscal crisis. Even though the White House is demanding more, it hasn't given the space agency the funding it needs to build a launcher for the moon mission, pay an unexpectedly large bill for repairing the space shuttle and do everything else it committed to before Mr. Bush's Mars announcement. According to the space agency, NASA is diverting a little over $3 billion from its science research budget over five years. Though it's not clear how much of that will come from earth science, NASA admits that the climate-monitoring funding has steadily decreased since fiscal year 2004."

Bills Would Increase Territory For Offshore Drilling. The Christian Science Monitor (7/31, Knickerbocker, 58K) reports with war "raging in an oil-rich part of the world, interest in tapping domestic sources of the precious resource is becoming more acute. And as Congress heads off on its August break this week, that interest centers on the waters off the US coast." The issue concerns the "moratorium - renewed annually by Congress since 1981 - that protects much of the Atlantic and Pacific outer continental shelf (OCS) from oil and gas drilling. Now lawmakers are moving to open more coastal areas to energy development. The House passed a bill favoring this, and the Senate is poised to do so as well." As with "the debate over oil drilling in Alaska's Arctic National Wildlife Refuge, the OCS is largely a partisan issue. But it's also a regional one," with California state officials and lawmakers opposing any provisions that would increase offshore exploration and drilling off their coast. The House-passed measure "allows states to lift the moratorium and gives large royalties to states that provide for oil and gas development off their coasts. The Senate bill, now expected to be voted on Monday or Tuesday, extends the federal moratorium in some areas, including the coast of California, and also offers lucrative state royalties for drilling in other areas off the East Coast and in the Gulf of Mexico."

Utilities, Regulators Unite On Energy Conservation Effort. A coalition of government regulators and consumer advocates today will announce a plan which could result in "more robust" conservation prams for consumers, the Wall Street Journal (7/31, Smith, 2.03M) reports. The coalition, "along with various federal agencies, has produced a National Action Plan for Energy Efficiency, which seeks to put regulations in place to reward utilities for promoting conservation. Currently, utilities in most states lose revenue when they sell less power." James E. Rogers, president and chief executive of Duke Energy Corp., Charlotte, N.C. said that in the future, "utilities will push rate structures that reward them for conservation programs and they will install equipment to make it easier for consumers to monitor and reduce power consumption."

LATimes Blasts BLM Plan For Profits From Land Auctions. An editorial in the Los Angeles Times (7/31, 918K) says, "The federal government owns about two-

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thirds of the land in Utah and more than 80% of Nevada." Some isolated communities, "surrounded by these protected swaths of unused land, cannot respond to the pressures of growth because they have nowhere left to grow. Selling off chunks of fenced-off land makes sense. But new proposals to auction BLM property near these towns come with a troubling twist: The money, which could easily run into the billions, wouldn't go to the Treasury to pay down the deficit or otherwise benefit U.S. taxpayers. Instead, a hefty portion would be directed to the communities to build local projects, such as water lines, roads and schools." The Times adds that "converting federal resources into local windfalls, at the expense of taxpayers nationwide, is a way to squander money while carving up protected land."

FBI/DEA/ATF/USMS:

Olympic Sprinter Denies Using Banned Drugs.

There are more than 700 media references covering some angle of sprinter Justin Gatlin testing positive for a performance-enhancing drug. For example, the New York Times (7/30, Zinser) reports Justin Gatlin, who "shares the current world record and is the reigning Olympic champion in the 100 meters, admitted...that he had tested positive for a performance-enhancing drug and faces a possible lifetime ban from track and field. Gatlin's admission came only days after the revelation that Floyd Landis, the Tour de France winner, tested positive for a testosterone imbalance during the race. … Gatlin released a statement through a publicist, saying a test at the Kansas Relays on April 22 came back positive for 'testosterone or its precursors.' He denied taking any banned drugs."

The New York Times (7/31, Zinser, Robinson) also writes, "While the sport's establishment was quick to point out that drug testing is successful in catching cheats, it is still reeling from the fact that high-profile athletes are still being caught in its net, showing that the incentive to use performance-enhancing drugs is still a powerful force despite the testing."

The USA Today (7/31, Patrick) reports Gatlin "says he's innocent. If his test is confirmed, he faces a lifetime ban. … U.S. Olympic Committee chairman Peter Ueberroth said Saturday that progress has been made against dopers, but 'we are not yet winning the battle.' The battle is changing, experts say. Cheaters are using testosterone because it's harder to get caught — since testosterone is a naturally occurring hormone — and test results can be inconclusive."

The Los Angeles Times (7/30, Elliott) reports Gatlin "said he couldn't account for the result and hadn't 'knowingly' taken a banned substance or authorized anyone to give him such a substance. He said he'd learned his lesson in 2001 when he was competing for the University of Tennessee and tested positive for an amphetamine contained in medication prescribed for attention deficit disorder."

The AP (7/30) reports Gatlin "said Saturday he has been informed that he tested positive for testosterone or its precursors. Gatlin, who positioned himself as a leader in trying to prove track and field is a clean sport, said in a statement released through his publicist that the United States Anti–Doping Agency informed him of the test taken after a relay race in Kansas in April."

For the AP (7/31), Stephen Wilson writes, "There's a sense now that no matter how hard administrators, drug-testers and anti-doping bodies fight it, the doping crisis is undermining any legitimacy that sports still holds."

The UK's Guardian (7/31) reports, "Because Gatlin also failed a drug test five years ago for a stimulant found in medication he had been taking since childhood for attention deficit disorder, he faces a lifetime ban if found guilty. His chances of escaping punishment are remote because it has been established that the testosterone he tested positive for was artificially administered."

However, AFP (7/30) reports, "It was the second positive test of his career. The 24-year-old Gatlin also tested positive for the amphetamine Aderall at the 2001 US junior championships at the University of Tennessee. A subsequent ban was overturned after it was discovered the substances were part of the medication he had been taking to combat attention deficit disorder."

WADA Chairman Said To Be Seeking Lifetime Ban For Gatlin. The Uk's Western Mail (7/31) reports, "Anti-doping chief Dick Pound has called for Justin Gatlin to be banned for life after confirming the sprinter's 'B' sample had tested positive for the banned drug testosterone. The Olympic and world 100m champion announced on Saturday he had failed a drug test...and Gatlin's lawyer Cameron Myler and Pound, have confirmed the second sample was also positive. … Pound told BBC Radio Five Live, 'The B sample is positive.'"

Coach Blames Massage Therapist. According to the Washington Post (7/31, Shipley), Gatlin "unwittingly had testosterone cream rubbed into his legs by a massage therapist who carried a grudge against him before the April race at which he tested positive for steroids, Gatlin's coach, Trevor Graham, said by phone yesterday."

Network TV Coverage. ABC World News Tonight (7/29, story 7, 0:10, Avila) reported, "A sports note tonight. One of the fastest men in the world, American sprinter Justin Gatlin announced today he has failed a drug test. Gatlin won gold in the 100 meters at Athens and is tide for the world record. He says he has never knowingly used banned substances."

The CBS Evening News (7/29, story 8, 0:10, Mitchell) reported, "Another top American athlete admitted failing a drug test. Justin Gatlin said he tested positive for elevated

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levels of testosterone after a relay race in April. Like Floyd Landis who won the tour de France but then failed the same test, Gatlin says he does not know how it happened."

NBC Nightly News (7/30, story 10, 0:30, Seigenthaler) reported, "Another American athlete is on the spot after failing a drug test for testosterone. The International Association of Athletics Federation said today that the athlete known as the fastest man in the world, US Olympic and world 100 meter champion Justin Gatlin, faces a life ban from the sport if the test is confirmed. Officials are also waiting for new test results from Tour de France winner Floyd Landis. A positive second sample this week would strip him of his championship."

In Mississippi, More Than 200 Arrested In "Operation Byrne Drugs." The Jackson (MS) Clarion Ledger (7/29) reports authorities "have arrested more than 200 people on various drug charges and seized more than 100 pounds of cocaine and $150,000 cash over a two-day period from separate operations in Mississippi. Mississippi Bureau of Narcotics Director Marshall Fisher said the MBN was rounding up suspected drug offenders as part of a coordinated national drug enforcement initiative called 'Operation Byrne Drugs.'" The Clarion Ledger adds, "Earlier this week, Drug Enforcement Administration and MBN announced the culmination of a two-year investigation, which ended a drug ring in Yazoo City."

Khat Chewing's Potential Link To Terrorism Raises Concerns. The New York Times (7/31, Fahim) reports that last week 30 people who authorities "said were members of the country's largest khat distribution network were arrested in New York and elsewhere. The suspects were charged not only with smuggling, distributing and selling khat but also with laundering money, through the use of informal money remitters. That charge has raised fears that khat-chewing, a practice that in parts of East Africa and the Arabian Peninsula is considered as normal as sipping a cup of coffee, will be associated with terrorism. … A spokesman for the federal Drug Enforcement Administration, John P. Gilbride, said the suspects had not been connected to terrorism or violence, though the investigation continued."

Alabama Judge Sets Bond In British Man's Drug Case. The AP (7/30) reports a judge set bond at $464,000 for a British man extradited to Mobile for trial. Giles Richard Carlyle-Clarke "fought extradition for seven years. He was returned to Mobile to face the charges on July 12. … The charges facing Carlyle-Clarke stem from an investigation springing from the seizure of a sailboat in Baldwin County in March 1988. Drug Enforcement Administration agents said they found 6,500 pounds of marijuana and 246 gallons of hashish oil inside a hidden compartment. A grand jury indicted Carlyle-Clarke in 1992, accusing him of sailing the drug-laden vessel."

Grand Jury In Tennessee Indicts 14 In Cocaine-Ring Investigation. The Greeneville Sun (7/28) reports a 14-count indictment, returned by a federal grand jury in Greeneville on June 13, was unsealed Thursday following the arrest of several of the defendants. Fourteen persons, a number of them residents of East Tennessee, have been charged with engaging in a conspiracy to distribute and to possess with the intent to distribute more than five kilograms of cocaine and more than 50 grams of cocaine base, or crack cocaine." The Sun notes the DEA's involvement in the investigation.

Marijuana Gumballs Seen As Possible New Form Of Drug Use. The Baltimore Sun (7/29) reports that when a bag of smiley-faced gumballs "hollowed out and stuffed like mushrooms with marijuana were confiscated early this year at a Howard County high school and last week in Northern Virginia, it took authorities by surprise. 'This is very unique,' said Edward Marcinko, special agent and public information officer for the Baltimore District Office of the Drug Enforcement Administration. … The case in Howard County was so unusual that Marcinko's office sent out a nationwide alert to inform other law enforcement agencies of what may be a new, smokeless way to consume marijuana that is especially appealing to young users."

UPI (7/30) cites the Baltimore Sun story on the gumballs.

Florida Felons Arrested In Two-Day Sweep. The Miami Herald (7/29, DeMarzo, 310K) reported, "Adult and teen felons with outstanding warrants found themselves behind bars Friday after dozens of law enforcement officers hit the streets and rounded them up. It was the second day officers swept across Broward, targeting suspected felons. On Thursday, Fort Lauderdale police, along with several specialized units within the agency and the Department of Juvenile Justice, focused their attention on 40 teens wanted for serious offenses." The Herald noted, "Deputies were joined by police from Coral Springs, Davie, Fort Lauderdale, Hallandale Beach, Lauderhill, Margate, Miramar, Plantation, Sunrise and the Seminole tribal police. Federal agents from the FBI, U.S. Marshal's Service and the State Department of Probation also assisted."

IMMIGRATION:

Report Finds Disparities In Judicial Rulings On Asylum Cases. The New York Times (7/31, Swarns,

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1.21M) reports that an examination of immigration cases by Transactional Records Access Clearinghouse has found "wide disparities in the rate at which judges grant asylum to people seeking haven in the United States." The report "examined 297,240 immigration cases from fiscal year 1994 through the first few months of fiscal year 2005. … The study found wide variations in how different nationalities were treated. It reported that more than 80 percent of asylum seekers from Haiti and El Salvador were denied asylum for the period beginning in 2000, while fewer than 30 percent of asylum seekers from Afghanistan or Myanmar, formerly Burma, were denied."

The Atlanta Journal-Constitution (7/31, Moscoso) reports, "The report also found that immigrants from certain countries fare better than others. For example, 80 percent of asylum seekers from El Salvador, Mexico and Haiti were denied, while only 30 percent from Afghanistan and Myanmar were rejected. … The report analyzed data from nearly 300,000 cases from 1994 to early 2005. The median rate of denial was 65 percent. The most stringent judge was Mahlon Hanson in Miami, who turned down 97 percent of the 1,118 asylum cases in his court." The AJC adds, "At the other end of the spectrum, Judge Margaret McManus in New York rejected only about 10 percent of the 1,638 asylum requests in her court. … The clearinghouse says its findings 'directly challenge' the mission statement of the Executive Office of Immigration Review, a branch of the Justice Department, which operates the immigration courts. That statement says the government is 'committed to providing fair, expeditious, and uniform application of the nation's immigration laws.' … The report says the case-by-case analysis 'appears to document long-standing, widespread, and systematic weaknesses in both the operation and management of the court.' … Elaine Komis, a spokeswoman for the Executive Office of Immigration Review, said judges decide asylum requests on a case-by-case basis and applicants must prove they suffered past persecution or have a well-founded fear of future persecution because of race, religion, nationality, membership in a particular social group or political opinion. 'The immigration judge cannot use discretion to grant asylum simply because the respondent is a good person,' she said."

Border Patrol Aims To Hire 6,000 New Agents Over Next Two Years. The Washington Times (7/31, Seper, 88K) reports on an "unprecedented recruitment effort" by US Customs and Border Protection to hire 6,000 more Border Patrol agents. The effort "is aimed at recruiting, training and deploying the new agents during the next two years."

China Refuses To Take Deportees From US. China is refusing to take back 40,000 deportable immigrants from the US. The Wall Street Journal (7/31, Kronholz, 2.03M) reports that China is demanding "that asylum-seekers such as Falun Gong members and other political opponents of Beijing be returned as well." China's "refusal to accept returnees by not issuing travel documents undercuts U.S. attempts to discourage illegal entrants. … Worse, though, it shows what few options the US has in enforcing its deportation policy when other countries won't cooperate."

Administration Cracks Down On Employers Who Hire Illegal Immigrants. The New York Times (7/31, Preston, 1.21M) reports on a new nationwide strategy by immigration officials to crack down on employers of illegal immigrant laborers. The Times reports, "In April, with President Bush under fire from both Democrats and Republicans who accused him of being lax on employers of illegal immigrants, Homeland Security Secretary Michael Chertoff announced the new campaign. It focuses on those suspected of violations with felony charges that could lead to huge financial penalties and the seizing of assets. The White House is hoping the increased enforcement will strengthen Mr. Bush's hand in the battle over immigration reform, Homeland Security Department officials said, by pre-empting House Republicans who are pressing a bill they passed in December that centers on enforcement and border security but does not provide a way for illegal immigrants to become legal."

Ohio Sheriff Speaks Out On Illegal Immigration. The New York Times (7/31, Preston, 1.21M) reports on Hamilton, Ohio Sheriff Richard K. Jones, who has "posted six billboards by roadways in this proudly conservative blue-collar county. 'Hire an illegal -- break the law!' the signs warn, with a photograph of the sheriff. He also took out half-page advertisements in local newspapers to convey his message, and he set up a blog to promote a boycott of local businesses that employ illegal immigrants. The sheriff then opened a tip line so citizens could report any employers they suspected." Jones "says that he does not try to enforce federal immigration laws, but that he can apply state labor and tax laws to combat what he calls 'the underground economy.'"

Boehner Opposed Enforcement-Only Immigration Bill Last Year. The Washington Times (7/31, Hurt, 88K) reports that while House Majority Leader John Boehner is "one of the most energetic supporters of the House immigration bill," last year, "he was one of 17 Republicans to vote against the enforcement-only bill." Boehner told the Times, "I thought the Judiciary Committee work was haphazard, and I thought the employer provisions were nothing but unfunded mandates," adding, "Requiring them to look at all workers -- all their workers, not new hires, all their existing employees -- there's no system to verify that, and we're talking about a huge database run by the federal government. Scares me to death." The Times adds, " In any event, he doesn't shy away from the toughness of the House

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bill, which many Democrats say is overly hostile toward illegal aliens who have come here to work and raise a family."

Boehner Says Odds Off Immigration Bill Passing This Year Are 2-To-1. In a lengthy interview published in the Washington Times (7/31, Hurt, 88K) Boehner was asked about the likelihood of an immigration bill passing this year. The Majority Leader said, "I'd say the chances are 2-to-1 before the end of the year." Boehner noted, "There's a big debate about whether it's better to do a bill before the election or do one after. Nobody knows the answer to that question."

Thomas Threatened To "Blue Slip" Senate Immigration Bill. Don Wolfensberger, director of the Congress Project at the Woodrow Wilson International Center for Scholars, and former staff director of the House Rules Committee, writes in Roll Call (7/31), "It seems someone found a revenue-related provision in the Senate [immigration] bill requiring illegal immigrants to pay back taxes as one of the conditions for obtaining documentation and eventual citizenship." However, if the Senate "originates a revenue-raising bill, any Member of the House has the option of calling up a 'blue-slip resolution' (named after the color of paper it is printed on after passage) to send the measure back to the Senate. … After the revenue provision in the Senate immigration bill was discovered, Ways and Means Chairman Bill Thomas (R-Calif.) vowed he would 'blue slip' the bill (yes, it's a verb, too) back to the Senate rather than agree to a conference committee. To counter this threat, Senate Majority Leader Bill Frist (R-Tenn.) said he would move to substitute the Senate's immigration language for a House-passed revenue bill (alternative minimum tax relief) now pending in the Senate. This in turn caused Senate Minority Leader Harry Reid (D-Nev.) to balk because he did not want to open the immigration bill to possible tax cuts. … Had Reid succeeded in forcing the issue with the House, Thomas clearly held the winning hand."

Pence, Hutchison Efforts To Broker Compromise Have Failed So Far. Roll Call (7/31, Stanton) reports, "Efforts by Rep. Mike Pence and Sen. Kay Bailey Hutchison to kick-start talks over immigration legislation by floating a compromise plan have failed so far to improve prospects for passage of a bill this year, Congressional sources said late last week. … But one GOP aide also cautioned that much of the compromise already has been discussed in the Senate, and that while it has attracted some support, the level of backing is not yet sufficient to become a catalyst for passage. The source added it should be clear by the end of August whether Congress will be able to move reform legislation this year."

Democrats See House Immigration Hearings As Political Theater. The Los Angeles Times (7/31, Gaouette, 918K) reports that critics see House Republican leaders' decision to hold immigration hearings nationwide as "GOP-produced political theater -- a diversion from hunkering down for talks with the Senate on rewriting immigration policy. … But if this is theater, it has a clear plot line. House Republicans continue to bet that their push for enforcement-only legislation is more appealing to voters than the Senate formula." Reflecting that belief, "the upcoming House hearings are scheduled not only in states struggling with illegal immigration, such as California, but in states such as Indiana, where several Republican House members are struggling to get reelected."

Stewart Praises Schwarzenegger's "Third Way" On Illegal Immigration. Columnist Jill Stewart writes in the New York Times (7/31, 1.21M) that California Gov. Arnold Schwarzenegger "has managed to find a clever third way" on the issue of illegal immigration. Schwarzenegger "is shaping a policy that audaciously sticks a foot in both the anti-illegal immigrant and pro-illegal immigrant camps. His dizzyingly mixed viewpoints, which generate headlines in California, make the recent Congressional hearings on illegal immigration…look even more contrived by comparison." Schwarzenegger "said he backed the basic idea of a guest worker plan and a pathway to citizenship, but took a dim view of letting millions of illegal immigrants go to the front of the line while law-abiding foreigners in desperately poor countries spend years awaiting entry." Stewart adds, "In pursuing a mixed ideology based on pragmatism and an underlying commonality, Arnold Schwarzenegger may be showing Congress, the White House and the nation a way out of the current morass."

TAX:

KPMG Challenges Judge's Jurisdiction In Fee Dispute. The New York Law Journal (7/31, Bar) reports, "Embattled accounting firm KPMG has charged in court papers that the federal judge at the helm of the civil case filed against it does not have jurisdiction to preside over the matter. … And even if Southern District Judge Lewis A. Kaplan does, in fact, have jurisdiction, KPMG argued in a motion to dismiss filed late July 25 that the plaintiffs should be compelled to arbitrate their claims that the company improperly capped the advancement of legal fees and is responsible for paying their defense costs. … 'All of the [ex-employees] voluntarily signed the KPMG Partnership Agreement and/or Senior Management Agreement, thereby expressly agreeing to arbitrate any claims between themselves and KPMG,' the company claims in Stein v. KPMG, S106 Civ. 5007. 'In light of the clear agreement to arbitrate ... the Federal Arbitration Act compels the Court to dismiss the action for subject matter jurisdiction or, alternatively, to compel arbitration and stay the subject civil claims during the pendency of the arbitration.'" The Journal adds, "The Southern District U.S. Attorney's Office has

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charged the former employees with designing illegal tax shelters for wealthy clients. The government agreed not to indict KPMG after it promised to cooperate with the investigation and to pay a $450 million fine. .. . The ex-employees filed their suit against KPMG on July 10, after a June 26 ruling in which Kaplan found that the company had improperly capped advancement of bills and would have paid their defense costs but for coercion applied by federal prosecutors."

Senate Hearing To Examine Offshore Tax Shelters. The Wall Street Journal (7/31, Simpson) reports, "In 2001, Dallas billionaire Sam Wyly picked from a Christie's catalog a pocket watch once owned by Franklin D. Roosevelt. But Mr. Wyly, who keeps the watch at his home, doesn't own it. .. . Instead, it is owned by a tax-exempt company in the Isle of Man called Audubon Limited -- which Mr. Wyly says he neither owns nor controls. Audubon paid $41,125 for the watch at Mr. Wyly's suggestion, a lawyer for the businessman says, and then lent it to him." The Journal continues, "Audubon is part of a network of companies and trusts established on the Isle of Man to park large parts of the Wyly family wealth, a move that shields the money from U.S. taxes and lawsuits. To critics, the ability of the Wylys to enjoy benefits from assets that they don't own illustrates what's wrong with the huge offshore tax-avoidance industry. … Representatives of the Wyly family say the Wylys believed their financial arrangements were entirely legal. A family lawyer, William Brewer, says all the Wylys' offshore structures either are detailed as accepted practices in the American Bar Association's manual on 'asset-protection strategies' or were explicitly deemed legal by Congress. … Isle of Man entities connected with Sam Wyly and his brother, Charles, also own expensive jewelry worn by family members and property in an exclusive enclave near Aspen, Colo., called Little Woody Creek. The entities have made loans to Wyly family members, according to documents and Mr. Brewer, and in some cases they pay the brothers stipends known as annuities. … The Isle of Man is a misty, quasi-independent republic of 75,000 people in the sea between England and Ireland. … The Wyly trusts will be examined tomorrow at a hearing by a U.S. Senate panel called the Permanent Subcommittee on Investigations. The panel's senior Democrat, Sen. Carl Levin of Michigan, has been probing offshore tax evasion and money laundering for several years. The panel is also looking into how the elite New York law firm Cravath, Swaine & Moore LLP provided legal advice on offshore tax shelters to wealthy individuals, people familiar with the probe say. … U.S. prosecutors and regulators already are targeting people who promote offshore tax-avoidance plans. One former lawyer for the Wyly family is now in prison on tax and fraud charges involving work for other clients, while another is under investigation by the Internal Revenue Service. The Wyly family's affairs are now the subject of a federal grand-jury investigation in Dallas."

Everson Says IRS Stepping Up Audits Of Rich. Mark Everson, Commissioner of the Internal Revenue Service, writes in USA Today (7/31, 2.27M), "The IRS is increasing its audits of the rich. Somehow that fact keeps getting lost, obscured by an off-the-mark assertion that the IRS is giving a backdoor tax break to the wealthy because we plan to draw down our auditors of estate tax returns. … Since 2003, the centerpiece of our enforcement efforts has been to increase audits of high-income individuals and corporations. Our audits of high-income individuals have more than doubled since 2000." Everson adds, "The resources we'll generate by drawing down our estate tax workforce will be used to audit more income tax returns of the super rich."

Meanwhile, an accompanying editorial in USA Today (7/31, 2.27M) says, "The auditors who comb through estate tax returns for the nation's wealthiest dead are among the most productive at the IRS. … Now, though, the IRS plans to end the jobs of 157 of the 345 lawyers who check estate and gift tax returns, along with 17 support personnel." USA adds, "The IRS says that by reducing its estate tax workforce, it will be able to audit more income tax returns of the wealthy. Here's an idea: Instead of linking the minimum wage and the estate tax, why doesn't Congress give the IRS enough resources to ensure that the ultra-rich and wealthy heirs are paying their fair share?"

CONGRESS-ADMINISTRATION:

No Senate Action Expected On Judicial Nominees. Roll Call (7/31, Billings) reports Senate Republicans, "facing a major political battle and a tight legislative calendar, said last week that there's little chance they can move any of the remaining controversial judicial nominations before the November elections." Both GOP Senators and aides "said the four weeks remaining on the pre-election schedule provides them with little opportunity to engage in a potentially brutal floor fight over a polarizing court nominee." At least "four particularly incendiary judicial appointments currently are awaiting Senate approval: circuit court nominees Terrence Boyle, William Haynes, William Myers and Michael Wallace." Each of those nominees "comes with his own set of Senate obstacles, even from some Republicans. But all of them could trigger a Democratic filibuster that ignites into another Senate showdown over nominations."

ABA President Criticizes WSJournal For "Mischaracterizing" ABA Ranking System. In a Wall

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Street Journal letter to the editor (7/31), American Bar Association President Michael Greco says the Journal's 7/26 editorial, "An ABA Hit Job," is "irresponsible and widely misses the mark. It mischaracterizes the work of the ABA Standing Committee on Federal Judiciary, and terribly misleads the public with respect to the evaluation of Mr. Wallace." The ABA's peer review of judicial nominees "examines only three factors in its evaluations: professional competence, integrity and judicial temperament. It explicitly does not consider a nominee's ideology or philosophy."

WSJournal Criticizes ABA For Denying It Has Liberal Agenda. The Wall Street Journal (7/31, 2.03M) says in an editorial that while American Bar Association President Michael Greco "objects to our calling his outfit a liberal interest group that should lose its special role in vetting federal judicial nominees," what "are we to make of the ABA's report last week accusing President Bush of abusing his power by explaining how he interprets the bills he signs into law?" The ABA "'study'…claims that Presidential 'signing statements' are 'contrary to the rule of law and our constitutional system' and urges Congress to pass a law giving itself the power to challenge them in court." The "political agenda of the ABA report is apparent from page one," and its report "is a transparent political exercise, and the lawyers should at least have the nerve to defend it as such, rather than pretend they are some neutral body."

Specter Bill Seeks To Rein In Bush Use Of Signing Statements. U.S. News and World Report (8/7, Green, 2.03M) reports that President Bush has used signing statements "more aggressively than other chief executives in pushing executive power and effectively challenging parts of laws he considers unconstitutional." Now, "the President's tactics are facing some heat. … A constitutional confrontation remains a long way off, but the President's free rein on signing statements seems to be over." A bill by Senate Judiciary Committee Chairman Arlen Specter "would instruct courts not to rely on presidential signing statements in interpreting laws, and it would further permit Congress to seek a binding 'declaratory judgment' from a court on the legality of any presidential signing statement. Finally, the bill would allow Congress to intervene in any Supreme Court case questioning the constitutionality of legislation that had elicited a presidential signing statement."

Dellinger Calls Bush Constitutional Views "Fundamentally Wrong." Duke University law professor Walter Dellinger, who was the head of the Justice Department's Office of Legal Counsel from 1993 to 1996, writes in the New York Times (7/31, 1.21M) that the recent ABA report on President Bush's use of signing statements "studiously avoids addressing the real problem, which is not the President's right to act on his constitutional views, but that some of this President's constitutional views are fundamentally wrong." Dellinger adds, "The Bush administration's frequent and seemingly cavalier refusal to enforce laws, which is aggravated by its avoidance of judicial review and even public disclosure of its actions, places it at odds with these principles and with predecessors of both parties. It is a mistake, however, to respond to these abuses by denying to this and future presidents the essential authority, in appropriate and limited circumstances, to decline to execute unconstitutional laws."

Bush Highlights Domestic Agenda In Florida. The Washington Post (7/31, A4, Baker, 748K) reports that with the "crucial midterm congressional elections just three months away, President Bush tried Sunday to return to his domestic agenda even while the latest eruption in the Middle East continued to dominate his administration's attention." Bush flew to Florida "to have dinner with Miami community leaders," and he "plans "a day of activities Monday in the Miami area, visiting the National Hurricane Center, delivering an economic speech, touring the Port of Miami and headlining a Republican fundraiser." But the "studied appearance of political normalcy, however, could not compete with the pictures of destruction from southern Lebanon." Bush's "visit here to the home state of his brother, Gov. Jeb Bush, suggested the depth of White House concern over his political standing as Republicans head into the campaign with a leader whose approval ratings remain stuck in the 30s."

The Miami Herald (7/31, Clark, 310K) reports Bush "swooped into Miami late Sunday, startling bikini-clad beachgoers along Collins Avenue as his motorcade revved to dinner at Joe's Stone Crab in Miami Beach -- part of a White House strategy to get the commander in chief out of the Beltway bubble and amid regular folks." The visit "comes as Bush's tepid popularity ratings cause anxiety among Republicans up for reelection in November. But he arrived to a warm reception at Miami International Airport about 6:30 p.m. Sunday, greeted by his brother, Gov. Jeb Bush, and some of his staunchest supporters in Washington, Miami Republican Reps. Lincoln and Mario Díaz-Balart and Ileana Ros-Lehtinen." Among other events today, Bush "and the governor will headline a fundraising luncheon for the Republican National Committee at Miami developer Armando Codina's Coral Gables home."

The South Florida Sun-Sentinel (7/31, Holland, 265K) reports Bush's visit "is part of a new effort to travel around the country and speak directly to voters." Gov. Jeb Bush "and local dignitaries greeted the president at Miami International Airport before his motorcade sped off to trendy Joe's Stone Crab in Miami Beach for dinner with community leaders. President Bush did not answer questions or discuss the ongoing conflict in the Middle East, which late Sunday

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resulted in a temporary Israeli suspension of air strikes in southern Lebanon."

Bush Mistook Menendez For Martinez At White House Meeting. The Washington Post (7/31, A13, Kamen, 748K) reports in its "In the Loop" column, "Sen. Robert Menendez (D-N.J.), at the White House this spring for a meeting with other senators to discuss immigration with President Bush, was surprised when Bush approached him as the meeting broke up and observed: 'Senator Martinez, you've been very quiet.' 'That's Martinez,' Menendez said, pointing to Mel Martinez -- Florida's junior senator and Bush's former secretary of housing and urban development. … Bush turned bright red, we're told. … The White House could not confirm the comment."

House GOP Seeks To Cut Deals On Estate Tax, Pension Reform Bills. The Christian Science Monitor (7/31, Chaddock, 58K) reports that the House Republican agenda's "big-ticket items - immigration, lobbying rules, Social Security, detainee rights, port security, a response to secret domestic surveillance, and a budget for this year's spending bills - had either derailed or were in dispute." So, as "the August recess loomed, the GOP made an 11th-hour gambit. To pass the most significant changes to pension laws in 30 years, Republicans offered Democrats a shotgun marriage - a $2.10 hike in the minimum wage coupled with a roll-back of the estate tax. They also agreed to a divorce, removing a host of popular tax breaks from the pension bill and adding it to the minimum wage/estate-tax deal as a sweetener." The tactic "paid off in the House, where both bills passed in midnight votes. But all the maneuvering may not cement agreement in the Senate, where even Republican votes are not assured." For the pension bill, "the big question is whether GOP leaders can move the controversial bill across the finish line without the tax breaks." But for "many Republicans, the pairing of estate-tax relief with a hike in the minimum wage is an even higher hurdle."

The Wall Street Journal (7/31, Rogers, 2.03M) reports Congress is "poised to adopt landmark pension legislation but faces a partisan fight over federal estate taxes and the minimum wage that threatens to delay Senate passage and disrupt other parts of the Republican agenda." The "tax-and-wage struggle is expected to dominate this last week before the August recess and already threatens hopes of finishing Senate debate on a wartime Pentagon budget. It underscores the Republican determination to reduce estate taxes, which affect some of the wealthiest Americans, before the November election, in which the majority party risks losing seats to the Democrats."

Pension Bill Could Face Challenge Over Differing Treatment Of Airline Pension Plans. The Wall Street Journal (7/31, Solomon, Perez, 2.03M) reports a provision "aimed at aiding struggling airlines has complicated action on a sweeping package designed to pump more money into poorly funded private pension plans." Congressional aides "say most of the major sticking points have been resolved, but a challenge could emerge because it would provide Northwest Airlines and Delta Air Lines more-favorable terms than it does competitors American Airlines and Continental Airlines." The bill "requires most companies fully fund their pension obligations within seven years. An exception for airlines would allow any carrier that agrees to freeze its pension benefits and close its plan to new entrants to get 17 years to fund their obligations and use a more-favorable interest rate to calculate what they owe." The exception "is intended to benefit Delta, Atlanta, and Northwest, Eagan, Minn., which threaten to dump their plans on the federal government's pension insurer if Congress doesn't approve relief soon." American and Continental "would fall under a different and less-favorable rule because they haven't frozen their pension plans."

Pozen Says Pension Bill Will Be End Of Defined Benefit Plans. Robert Pozen, chairman of MFS Investment Management, writes in the Wall Street Journal (7/31, 2.03M), "In the coming days, Congress is expected to pass a pension bill that will effectively put the nail in the coffin of defined benefit plans for corporate America. … As a result, American workers will have to take even more personal responsibility for their retirement income through defined contribution plans and other savings vehicles. This will be a tremendous challenge, especially for younger and lower income workers. According to the Employee Benefit Research Institute, more than half of all American workers have less than $25,000 in savings (excluding their primary residence). Similarly, the Center for Retirement Research at Boston College recently showed that 49% of the Generation Xers (born between 1965 and 1972), and 53% of low-income families will probably not have enough funds to maintain their standard of living in retirement."

NYTimes Criticizes House GOP Pension Overhaul, Estate Tax Strategy. The New York Times (7/31, 1.21M) says in an editorial that the House GOP estate tax cut, research tax credit, and minimum wage bill offers "a few more dollars for 6.6 million working Americans; billions more for some 8,000 of the wealthiest families. It is cynical in the extreme. Extending the research tax credit is noncontroversial, yet pressing. A minimum wage increase is compelling — morally, politically and financially — but Republicans generally oppose it. And the estate-tax cut has already failed to pass the Senate twice this summer. So House Republicans linked it to the research credit and the minimum wage, hoping to flip a handful of senators from both parties who have voted against estate-tax cuts in the past. Democrats who vote against the estate tax, Republicans

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think, can be painted as voting against a higher minimum wage. This is an attempt at extortion." As for "the House's pension bill, it is not the overhaul that Congress has long been promising."

Congress Leaves For Recess With Much Work Undone. USA Today (7/31, Kiely, 2.27M) reports Congress is "leaving for a month-long recess with so much unfinished business that it's planning a fifth consecutive post-election session, the most since 1935." Another lame-duck session "raises the prospect that important business could be completed by lawmakers who have been rejected by voters. If Republicans lose control of Congress, they'd still direct the agenda until January, when lawmakers are sworn in." Political analysts "say lame-duck sessions aren't efficient." Democrats "plan to make a campaign issue of what Rep. Steny Hoyer of Maryland, the No. 2 Democratic leader, calls 'the do-less-than-do-nothing Congress.' Republicans blame Democrats for blocking some initiatives but say they're proud of their work to fund the war on terrorism."

USA Today (7/31, 2.27M) reports on several legislative items Congress has not finished. A "split in the Republican Party has stalled" immigration reform legislation, and Speaker Dennis Hastert and Senate Majority Leader Bill Frist "have not named negotiators to resolve the differences in the two bills" passed by their respective Houses. The House "passed a bill designed to stop corporations from underfunding employee retirement plans, but its fate in the Senate is uncertain." The House has "approved all but one of the 11 spending bills required to fund federal agencies for the fiscal year that begins Oct. 1. The Senate has approved only one: Homeland Security." Other issues cited by USA include the minimum wage, lobbying reform, identity theft, energy, and asbestos.

Senate Panel Approves Coburn Bill To Create Federal Spending Web Site. The Senate Homeland Security and Governmental Affairs Committee last week approved a measure by Sen. Tom Coburn that would require the OMB to create a searchable Web site containing data on all types of federal spending. The Washington Post (7/31, D4, Thormeyer, 748K) reports, "The bill says the database would have to be searchable by agency, geography, industry, congressional district and types of federal funding." The Post notes that the bill "could run into problems, as many large companies with federal contracts might not want certain information made easily accessible."

Grassley Demands Probe Into FDA Conduct On Vioxx Findings. The CBS Evening News (7/30, story 5, 2:40, Mitchell, 7.66M) reported that "there is more controversy tonight surrounding the drug Vioxx and the relationship between Merck, the drug's maker, and the FDA." Sen. Charles Grassley "is calling for an investigation and an FDA staffer is once again blasting his bosses." CBS' Sheryl Attkisson added, "Well before Vioxx was pulled from the market, an FDA senior scientist, Dr. David Graham, had flagged its heart issue." But as Graham noted: "The [FDA managers] didn't want me to present my work…but they wanted to be sure that Merck had a copy of my scientific presentation. So it is good enough for Merck but not good enough for the American people." Attkisson: "Not only that," Grassley "says the FDA and Merck went so far as to conspire together to undercut Dr. Graham's findings." Attkisson: "Grassley has asked the inspector general to investigate the FDA's conduct."

Agencies Seek To Keep Experienced Hands In Workforce. The Washington Post (7/31, D4, Barr, 748K) reports in its "Federal Diary" column, "With substantial numbers of baby boomers likely to leave government for retirement in the next 10 years, the Bush administration and Congress are looking for ways to keep experienced hands. Most federal agencies have plans to ensure that critical jobs are filled as employees retire, but some officials are concerned that staff shortfalls could develop and hamper the government's response to a national crisis. … Rep. Jon C. Porter (R-Nev.), chairman of the House Committee on Government Reform's federal workforce subcommittee, and Bush administration officials signaled at a hearing last week that they are open to modifying the 'retire rehire' rules. … The administration also is interested in changing how federal pensions are calculated to avoid penalizing employees who choose to work part time in the government at the end of their careers."

Cheney Efforts On Alaska Natural Gas Pipeline Raise Eyebrows. Newsweek (8/7, 3.12M) reports in its "Periscope" column, "An effort by Dick Cheney to prod Alaska lawmakers to approve a controversial $20 billion natural-gas pipeline project has misfired amid charges from some legislators that the veep was seeking to benefit major energy-company interests. In a highly unusual intervention in a state dispute, Cheney recently wrote Alaskan legislative leaders urging them to 'promptly' enact a bill that would allow three giant oil companies -- British Petroleum (BP), ConocoPhillips and ExxonMobil -- to build a massive pipeline from Prudhoe Bay on the state's North Slope through Canada to the upper Midwest. … Cheney contended the 'needs of the nation' dictate that the pipeline be built, noting the project was endorsed by the Bush administration in May 2001 -- a reference to the proposals of the secret energy task force he headed."

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Tenet Allies Say He Was Not Source For Suskind Book. U.S. News and World Report (8/7, Bedard, 2.03M) reports in its "Washington Whispers" column, "You can imagine why George Tenet is mad at the 9/11 book The One Percent Doctrine and reviewers who finger the ex-CIA director as the key leaker in the tale of how the administration flopped into war. 'It's not true that he was a cooperating source for [author Ron] Suskind,' says an ally. Suskind agrees, E-mailing us: 'Reviewers who've suggested that Tenet was the primary source [of over 100] are simply incorrect.'"

FDA Anthem Draws Fire. The Washington Post/Bloomberg (7/31, A13, Blum) reports, "Workers at the Food and Drug Administration are singing a new 126-word ode at awards ceremonies, picnics and commemorative events to mark the regulatory agency's centennial. … Not everyone is singing along. The anthem might be true to the FDA's roots in the Progressive Era of Theodore Roosevelt, but nowhere in its four stanzas of lofty sentiment does it acknowledge FDA setbacks, such as the handling of Vioxx, a drug pulled from the market after it was linked to heart attacks. … One of the agency's sharpest critics, Sidney M. Wolfe, director of the Public Citizen Health Research Group, described the lyrics as 'ridiculous.'"

White House Press Room To Close For Renovations. Newsweek (8/7, 3.12M) reports in its "Periscope" column that the White House this week will kick reporters out of the West Wing "for a long-overdue rehab of the press briefing room and workspace. Immortalized on TV and in movies as the glamorous place to be, the briefing room is, in reality, a dump with broken chairs, torn carpeting, dangling wires and a musty smell that's especially pungent in the summertime. … Engineers for the General Services Administration, which is overseeing the renovation, found asbestos in the press room and have called the area a 'firetrap.' When President George W. Bush returns to D.C. from his Texas vacation, Press Secretary Tony Snow will brief reporters at Jackson Place, across the street from the White House, where the press corps will work until the rehab is complete. But like many dealings between the administration and the press, the move has been eyed with suspicion by reporters, who worry the renovation is a ruse to get them out of the White House for good."

White House Aides Call Bush Texas Trip "Working Vacation." U.S. News and World Report (8/7, Bedard, 2.03M) reports in its "Washington Whispers" column that the White House is calling the President's summer trip to his Texas ranch "a 'working vacation.' Clearly sensitive to claims he is standing by while the Mideast and Iraq burn, Bush plans several trips and even a weeklong return to the real White House in the middle of his August break."

WPost Criticizes "Disturbing" Activities In House Appropriations Panel. An editorial in the Washington Post (7/31, A14, 748K) says, "As one of the top appropriations staffers to Rep. Jerry Lewis (R-Calif.), Letitia White made a nice salary. Ms. White, who oversaw the dispensation of earmarks for Mr. Lewis, earned almost $118,000 in 2000 and nearly $125,000 in 2001. But the following year, Ms. White took a hefty pay cut: Her pay dropped to slightly over $113,000." The rules requiring congressional aides to wait a single year before lobbying their former committees apply only to those who earn a certain amount. By taking the pay cut, White was a below the cap and able "to join a lobbying firm and rake in $670,000 in lobbying fees during her first year in business." The Times adds, "This is just a piece of the increasingly disturbing picture emerging about the goings-on at the appropriations panel, which lobbyist Jack Abramoff memorably dubbed the 'favor factory.' … Whether crimes were committed remains to be determined, but this much is clear: There's quite an odor emanating from the favor factory."

OTHER NEWS:

Economy Grew At Slower Pace In Second Quarter. The Christian Science Monitor (7/31, Trumbull, 58K) reports, "The US economy grew at a cooler pace in this year's second quarter, the Commerce Department reported Friday, and one reason was slower-than-expected investment by businesses. … The economy grew at a 2.5 percent annualized rate in the April-to-June quarter. That's down from the 3.2 percent growth the economy reached in 2005, and slower than forecasters were expecting."

Stock Market Volatility Expected To Continue For Several Weeks. The Wall Street Journal (7/31, McKay, 2.03M) reports that the stock market has been taking investors "for a bumpy ride that has been getting nowhere fast. Some of the only traders to profit lately are professionals who made short-term bets that stock prices would register big ups and big downs, a phenomenon Wall Street calls increased volatility." The Journal adds, "Strategists say this market state -- volatile on a day-to-day basis but directionless overall -- could persist for at least several more weeks, as investors continue to revise their expectations for the Federal Reserve's inflation-fighting tactics."

Millions Said To Be Choosing Not To Work. The New York Times (7/31, Uchitelle, Leonhardt, 1.21M) reports that millions of men between the ages of 30 and 55 "have dropped out of regular work. They are turning down jobs they

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think beneath them or are unable to find work for which they are qualified, even as an expanding economy offers opportunities to work. About 13 percent of American men in this age group are not working, up from 5 percent in the late 1960's. The difference represents 4 million men who would be working today if the employment rate had remained where it was in the 1950's and 60's."

Health Insurers Could See Decline In Profits. A front page story in the Wall Street Journal (7/31, Fuhrmans, 2.03M) reports, "Last year, the top seven U.S. health insurers earned a combined $10 billion -- nearly triple their profits of five years earlier. The windfall came as insurers raised their prices faster than underlying health costs. Now the good times may be rolling to a halt. Health insurance has become so expensive that many smaller employers are dumping insurance altogether. If insurers don't do something, they may find their business shriveling. Yet if they restrain price increases, or appear to, they get hammered by Wall Street."

Surrogates Sweep State In Connecticut Senate Primary. The New York Times (7/31, Kornblut, 1.21M) reports that with just over a week left in Connecticut's Democratic Senate primary, surrogates for Sen. Joe Lieberman and challenger Ned Lamont swept though the state yesterday, "as both candidates turned their focus almost exclusively to winning minority votes. In a blow to Mr. Lieberman, the Rev. Al Sharpton said he would come to Connecticut this week to appear on behalf of Mr. Lamont, adding more star power to his outsider campaign. But Mr. Lieberman brought in his own Democratic Party stalwarts, including Senator Daniel K. Inouye of Hawaii, a decorated war veteran, who tried to defuse the central issue that has left the three-term senator struggling to win his party's nomination: the war in Iraq." Lieberman "has been criticized as a lukewarm defender of affirmative action in recent years, and his vice-presidential candidacy was questioned by prominent black officials like Representative Maxine Waters of California."

Zogby Says Lieberman-Lamont Contest Is For "Heart And Soul Of The Democratic Party." U.S. News and World Report (8/7, Gilgoff, 2.03M) reports that national Democrats are concerned about the primary battle between Sen. Joe Lieberman and challenger Ned Lamont. The Lieberman-Lamont primary "has shaped up as a head-on collision between the Democrats' staunchly antiwar base and party leaders worried about the security and political implications of an immediate troop withdrawal from Iraq, not only in the fall but also in 2008. Says pollster John Zogby: 'The Connecticut race is for the heart and soul of the Democratic Party.'"

Mason-Dixon Poll Shows Allen Leading Webb By 16 Points. The Washington Times (7/31, Pierce, 88K) reports in its "Inside Politics" column, "Sen. George Allen, Virginia Republican, has a 16-point lead over Democratic challenger James H. Webb Jr. in the latest independent statewide poll, published yesterday, but a fifth of the electorate is still undecided. Forty-eight percent backed Mr. Allen and 32 percent supported Mr. Webb in the Mason-Dixon Polling & Research Inc. survey of registered voters likely to vote in the Nov. 7 election. However, 20 percent of the 625 respondents surveyed statewide by telephone Tuesday through Thursday said they had not decided between Mr. Allen, a former governor seeking a second Senate term, and Mr. Webb, a former Republican who was President Reagan's Navy secretary. The poll's margin of error was four percentage points."

Rothenberg Says Steele Had No Reason To Sit Down With National Reporters. Stuart Rothenberg writes in Roll Call (7/31) that when Maryland Senatorial candidate Michael Steele spoke to political reporters recently, he told them "the truth. Being a Republican is a problem in Maryland, Steele confided. And George W. Bush isn't very popular in the state, said the Senate hopeful, so he wouldn't want to be linked too closely in voters' minds with the president." Rothenberg adds, "Tactically, Steele made a mistake when he backtracked after the story broke. But more than that, he had no reason to sit down with national reporters, some of whom obviously were hostile and looking to embarrass him. I suspect it was vanity that led him to do it. And that vanity, and mistake, has generated the kind of publicity he didn't need."

Reynolds Identifies 14 Vulnerable House Republicans. At a news conference Friday, NRCC Chairman Tom Reynolds identified the 14 Republican House members he believes could have a tough time getting reelected. Roll Call (7/31, Drucker) reports, "While the races on Reynolds' list hardly will surprise any political observer, it was the first time he publicly acknowledged to this extent which of his colleagues he believes are vulnerable. In Connecticut, Ohio and Pennsylvania, Reynolds sees difficult political environments statewide and a total of nine seats in play — as well as two competitive Indiana races, but emphasized he is pleased with the campaign performance of the incumbents thus far."

Spitzer Said To Have His Eyes On White House. U.S. News and World Report (8/7, Bedard, 2.03M) reports in its "Washington Whispers" column, "Publicly, New York Attorney General Eliot Spitzer promises he doesn't want to be president. But that's not what the front-running New York

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gubernatorial candidate says in private. The real message: He wants the top job. Our former colleague, Margaret Menge, now the editor of a Hudson Valley weekly, tells us that Spitzer revealed this to St. Luke's Cornwall Hospital CEO Allan Atzrott."

Iowa State Fair Expected To Attract 2008 Presidential Hopefuls. Time (8/7, Bacon, 4.03M) reports in its "Notebook" column that this year's Iowa State Fair is attracting possible 2008 White House contenders. According to Time, "Democratic Senators Evan Bayh of Indiana and Joe Biden of Delaware and the Republican former House Speaker Newt Gingrich are all expected to swoop in to smile, shake hands and maybe taste the fair's famed fried Twinkies. Also planning to visit Iowa in August: 2004 Democratic running mates John Kerry of Massachusetts and John Edwards of North Carolina, Republican Senators John McCain of Arizona and Sam Brownback of Kansas, New York Governor George Pataki and Massachusetts Governor Mitt Romney."

Democrats To Push Domestic Issues In August. The Washington Times (7/31, Bellantoni, 88K) reports, "Democrats will spend August stumping on issues they say matter most to voters -- such as raising the minimum wage and funding stem-cell research -- as they scramble to try to regain control of the House or the Senate. … By contrast, Republicans next month plan to highlight a need to strengthen the porous borders and to keep the conversation either on local issues or security matters, such as terrorism. Democrats say domestic topics give them the edge as they try to appeal to voters who are disenchanted with the way the majority is running the country."

5th Circuit Court To Hear DeLay Ballot Case Today. The AP (7/31, Gamboa) reports that the 5th US Circuit Court of Appeals in New Orleans today will hear arguments in the Democratic effort to keep former Rep. Tom DeLay on the November ballot in his former home district. DeLay "has hinted that if he is required to be on the ballot, he might not be an absentee candidate. Democrats 'may get exactly what they want,' DeLay said at a recent tribute to him in Sugar Land."

Gang Of 14 Members Struggling To Keep Their Seats. Newsweek (8/7, Darman, Bailey, 3.12M) reports, "With control of Congress on the line this November," moderate lawmakers "are struggling to simply stay in the game. Nowhere is the struggle more desperate than inside the Gang of 14, whose alliances across the aisle could cost three senators their jobs." Newsweek adds, "Inside the halls of the Senate, the Gang of 14 still offers its embattled members shelter from the storm. 'The doors close and suddenly Democrats and Republicans are talking to each other without fear it's going to be used against us somewhere,' [Sen. Lincoln] Chafee says. Last month the Gang met in Arkansas Sen. Mark Pryor's office to discuss the nomination of William Haynes II, an architect of the Bush administration's detainee policy and Bush's pick for a seat on the U.S. Court of Appeals for the Fourth Circuit. Most of the Democrats and at least three GOP senators – [Sen. John] McCain, Maine's Susan Collins and South Carolina's Lindsey Graham -- raised doubts about Haynes's nomination. As they counted heads, they must have wondered how the fall election will affect their numbers."

Ethics Watchdogs Cry Foul Over Lobbyists Acting As Campaign Treasurers. U.S. News and World Report (8/7, Knight, 2.03M) reports that ethics watchdogs are "outraged about the dozens of lobbyists…who play dual roles as both lobbyists and treasurers of campaign committees. These arrangements, which have only recently drawn attention, are completely legal but unethically cozy, according to critics, because the same person potentially trying to influence lawmakers on legislation is also overseeing the donations that bankroll their campaigns." US News adds, "The head of one DC lobbying firm told US News that he doesn't encourage the practice, calling it a 'risky arrangement' that could ruin the relationship if the lobbyist makes a mistake that results in a fine." US News also reports, "None of the lobbying reform proposals being considered by Congress address this arrangement, though Common Cause tried to get lawmakers to prohibit the practice."

Gingrich Has Regained High Profile Among Conservatives. The Washington Times (7/31, Pfeiffer, 88K) reports that former House Speaker Newt Gingrich "has again become a high-profile figure among conservatives as he considers a run for the Republican presidential nomination in 2008. A recent Gallup Poll placed Mr. Gingrich third in a field of Republicans who are viewed as potential presidential candidates." The Times adds, "Over the past year, Mr. Gingrich has embarked on a flurry of political activity. His most recent book, 'Winning the Future: A 21st Century Contract With America,' quickly became a best-seller and received added attention when Mr. Gingrich announced his possible interest in a White House run. It has been a remarkable turnaround for a political figure who was driven from power in the wake of the 1998 Clinton impeachment scandal after House Republicans lost seats in that year's congressional elections."

Democrats Hope To Leverage Stem Cell Issue In November. As part of its cover package, Time (8/7,

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Gibbs, 4.03M) reports that President Bush's 2001 speech in which he announced that no new stem cell lines could be created using federal funds "gave Democrats that rare gift: a wedge issue that split Republicans and united Democrats, who declared themselves the party of progress. Five years later, with midterms looming, they hope to leverage the issue as evidence that they represent the reality-based community, running against the theocrats."

A separate story in Time's (8/7, Tumulty) cover package reports that the issue "has put Republicans in an uncomfortable spot. … But so far at least, stem-cell research hasn't rewritten the electoral equation the way many Democrats had hoped it would." A week after President Bush veto the stem cell bill, "campaign strategists in both parties said they didn't know of a single state or congressional district where a candidate was running an ad on the issue." Democrats "say it is still early and promise that their candidates will be talking more about the stem-cell issue -- and pouring money into it -- in the fall, especially in a handful of crucial suburban races outside Philadelphia, Chicago and Denver."

Stem Cell Proponents Hope State Governments Will Fund Research. In another story in its cover package, Time (8/7, Steptoe, 4.03M) reports, "Stem-cell proponents consoled themselves after President Bush's veto with the hope that friendly state governments would pick up the funding slack, and indeed California's and five others' are trying to do just that. But the Golden State's initiative…is proving that stem-cell politics outside the Beltway is no less nasty than inside." California Gov. Arnold Schwarzenegger pledged a $150 million state loan to sponsor the California Institute for Regenerative Medicine, which is the state agency responsible for funding stem-cell research. Supporters said the law "would be a fiscal and scientific jackpot, wooing top researchers and private investors to California. But the new law was immediately met by a series of legal challenges from religious and taxpayer groups opposed to stem-cell research."

Psychology Said To Explain Partisans' Behavior. The Washington Post (7/31, A2, Vedantam, 748K) reports President Bush "came to Washington promising to be a uniter, but public opinion polls show that apart from a burst of camaraderie after Sept. 11, 2001, America is more bitterly divided and partisan than ever." Rather than focusing on the politics, a "more interesting phenomenon" is that "people who see the world in black and white rarely seem to take in information that could undermine their positions." Psychological experiments "in recent years have shown that people are not evenhanded when they process information, even though they believe they are." Unvaryingly, partisans "also believe that partisans on the other side are far more ideologically extreme than they actually are, said Stanford University psychologist Mark Lepper, who has studied how people watch presidential debates."

McCain's Youngest Son To Report For Marine Training In September. In an exclusive, Time (8/7, Calabresi, 4.03M) reports, "This September, Senator John McCain's youngest son, Jimmy, 18, will report to a U.S. Marine Corps depot near Camp Pendleton in San Diego. After three months of boot camp and a month of specialized training, he will be ready to deploy. Depending on the unit he joins, he could be in Iraq as early as this time next year, and his chances of seeing combat at some point are high. … "I'm obviously very proud of my son," says the elder McCain, "but also understandably a little nervous." Time adds, "Jimmy McCain's deployment will affect more than his family. His father is a leading contender for the White House in 2008. If Jimmy deploys to combat, it appears that McCain will join Franklin Roosevelt to become one of the very few American presidential candidates to have had a son at war."

WSJournal Says Chicago Minimum Wage Law Will Cost Jobs. The Wall Street Journal (7/31, 2.03M) editorializes, "Last week the [Chicago] City Council voted 35-14 to impose a hyper-minimum wage on 'big-box' retail stores with more than $1 billion of sales. … The only issue is how many jobs Chicago will lose." The Journal adds, "Liberals who dominate big-city politics talk endlessly about economic justice and fairness, but what is just or fair about a law that punishes the least affluent? Some lucky few workers earn more from super-minimum wage laws, but the price is paid by those with low incomes and skills who are the first to be priced out of the job market."

Bush Offers Condolences To Families Of Qana Attack Dead. Reports say an Israeli airstrike in the southern Lebanese village of Qana killed about 60 people, including 37 children. Last night, the bombing was the lead story on each of the networks, which showed some of the graphic images from the bombing site. The bombing and other Middle East stories accounted for a total of 32 minutes on last nights newscasts. ABC World News Tonight (7/30, story 2, 0:15, Muir, 8.78M) reported, "In Washington, late today President Bush offered sympathies for the families of the dead. But the White House stopped short of condemning the Israeli government." Bush was shown saying, "America mourns the loss of innocent life. Tragic occasion when innocent people are killed. And so, our sympathies go out to those who have lost their lives today." NBC Nightly News (7/30, story 3, 0:40, Seigenthaler, 9.87M) showed the same Bush quote.

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The AP (7/31, Riechmann) reports Bush said before the start of a T-ball game at the White House, "Our hope for peace for boys and girls everywhere extends across the world, especially in the Middle East. … Today's actions in the Middle East remind us that friends and allies must work together for a sustainable peace particularly for the sake of children." Meanwhile, White House press secretary Tony Snow told reporters, "The key here is that we want a cease-fire that will work," adding, "An event like today is the sort that makes everyone grieve. There's just no way around it." Another AP story (7/31, Hunt) on Bush's remarks before the T-ball game says "the usually upbeat occasion was sobered by news of an Israeli airstrike that killed at least 34 children in Lebanon early Sunday." The AP runs Bush's comments on the Mideast crisis, then adds, Bush "placed a ball on the tee, and said, 'Play Ball!'"

Attack Seen As PR Disaster For Israel, US. Media reports describe the Qana attack as a PR disaster for Israel, suggesting it may have pushed international opinion into Hezbollah's camp. NBC Nightly News (7/30, story 2, 2:45, Sanders, 9.87M) reported, "The bombing in Qana did what Hezbollah could not do on its own. It's rallied support in its war with Israel." NBC Nightly News (7/30, lead story, 3:40, Seigenthaler, 9.87M) also reported, "Israel now says the bombing was a mistake, but it sparked outrage in the Arab world and prompted an emergency session of the United Nation's Security Council in New York." NBC (Engel) added, "There is a sense here that this conflict may have reached a turning point with this single deadly attack." Likewise, USA Today (7/31, Page, Stone, Stinson, 2.27M) reports the attack "upended the diplomatic mission to the region by…Rice, intensified international criticism of Israel and bolstered support in Lebanon for the Hezbollah forces Israel has vowed to oust."

A similar report appears in today's Christian Science Monitor (7/31, Prusher, Blanford, 58K), which reports the mounting civilian death toll has forced Washington and Tel Aviv to reassess what had been the conventional wisdom until a few days ago: that Israel should be given time to degrade Hizbullah's military capabilities." The New York Times (7/31, Myre, 1.21M) also says that "as in 1996, Sunday's strike in Qana puts enormous pressure on Israel to scale back its bombardment of Lebanon. … Then and now, a significant number of Lebanese political leaders and ordinary citizens did not support Hezbollah's attacks against Israel, which ignited the conflicts. But both times, the deaths in Qana served to unite the Lebanese."

The CBS Evening News (7/30, lead story, 2:45, Mitchell, 7.66M) reported, "Those who survived attack accused Israel of murder, even genocide. Israel expressed its sorrow." Within "hours of the news getting out thousands came to Beirut's main square in the first public show of support for Hezbollah since the war begun. At first it was peaceful. But then the crowd turned on the headquarters of the United Nations just a short distance away trashing offices, even trying to set the building on fire, slightly injuring three UN workers in the process."

Meanwhile, under the headline "Inaction Could Undercut Bush's Long-Term Goals," the Washington Post (7/31, A1, Baker, 748K) says the "Israeli bombs…struck at the core of US foreign policy in the region and illustrated in heart-breaking images the enormous risks for Washington in the current Middle East crisis."

Adding to Israel's woes, Iran is said to be gaining clout in the region as a result of the current crisis. The Christian Science Monitor (7/31, LaFranchi, 58K) reports, "In Syria and across southern Lebanon, Iran's President Mahmoud Ahmadinejad smiles broadly from posters that feature the fiery leader alongside Syrian President Bashar al-Assad and Hizbullah's Sheikh Hassan Nasrallah. To judge by Iran's expanding influence across an increasingly turbulent Middle East, Mr. Ahmadinejad has good reason to smile." The Monitor adds, "Not only are the political winds blowing his way in former arch-enemy Iraq, but now the war touched off by Hizbullah, the Iranian- created and supplied organization in Lebanon, has embroiled Iran's nemesis Israel in a bloody conflict - and diverted attention from Iran's nuclear program. Topping it all off, Iran specialists say, the diminutive but rhetorically explosive leader sees Iran's existential enemy, the United States, so weakened by its Iraq involvement that he and the regime's powerful mullahs are feeling less constrained by fears of America. … What Tehran seeks to accomplish with its regional rise can be reduced to two words, many analysts agree: influence and deterrence.

A number of newspaper stories describe the gruesome scene in Qana, and the international reaction to the attack. The Los Angeles Times (7/31, Stack, 918K) headlines its report "In Qana, A Gruesome Scene," and says "the few who survived: the Israeli strike "sat in hospital cots with haunted eyes Sunday. They spoke of the long hours trapped beneath heavy heaps of rubble and recalled the dying groans of their loved ones that faded through the night to silence." The New York Times (7/31, MacFarquhar, 1.21M), under the headline "Child Victims Incite Anger In Lebanon And Beyond," reports from Syria, "The images of the dead children in southern Lebanon played across the television screens on Sunday over and over again — small and caked in dirt and as lifeless as rag dolls as rescuers hauled them from the wreckage of several residential buildings pulverized hours earlier by the Israeli Air Force." The images "were broadcast on all of the Arab-language satellite channels, but it was the most popular station, Al Jazeera, that made the starkest point. For several hours after rescuers reached Qana, Lebanon, the station took its anchors off the air and just continuously played images of the little bodies there." Additional stories in the Washington Times (7/31, Pisik, 88K), Washington Post (7/31, A1, Shadid,

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748K) and New York Times (7/31, Tavernise, 1.21M) also describe the scenes of suffering in Qana.

Schumer Backs Bush On Mideast Crisis, Advocates Continued Israeli Attacks. Asked on CNN's Late Edition (7/30, Blitzer) if he is satisfied with the Bush administration's performance in dealing with the situation in Lebanon, Sen. Charles Schumer replied, "I have no criticism of the President on this issue because I think he is doing the right thing. … I know some in the world have called for an immediate cease-fire. But that says Hezbollah has a gun to Israel's head; let's let them continue to keep the gun there which they can use at will. It's just not fair to Israel."

Kristol, Barnes Predict Victory For Hezbollah, Iran. The Weekly Standard's Bill Kristol, on Fox News Sunday (7/30, Wallace), said it was his opinion that Hezbollah "will end up winning this battle, if you want to put it this way, psychologically and politically. In the global war on terror, Iran will end up as a winner over this last month or six weeks, and that's extremely unfortunate." Kristol added, "This war will resume. Hezbollah is committed to the destruction of the state of Israel. Iran, its sponsor, is committed to the destruction of the state of Israel. And the Syrian government is a willing accomplice with Iran and Hezbollah. And until we, the United States, deal more forcefully with Syria and Iran, and frankly until Israel deals more forcefully with Hezbollah, there will be no lasting peace.

The Weekly Standard's Fred Barnes, also on Fox News Sunday (7/30, Wallace) commented that "this is going to be a victory for Hezbollah and the Iranians who sponsor them, because Hezbollah will be left as an armed force. For one thing, it will totally compromise the newly democratically elected government of Lebanon, which will not be able to do what it wants to do because of Hezbollah. And Hezbollah will remain a threat to Israel."

Newspaper Commentary Increasingly Critical Of Bush Approach To Lebanon. The assessment of the Lebanon crisis by newspaper editorial writers and columnists continues to question the Administration's foreign policy generally and its approach to the Israeli-Hezbollah conflict in particular. In his Washington Post column (7/31, A15), Sebastian Mallaby says if the Bush Administration's diplomatic approach to the crisis in Lebanon fails, it "will have to face the dilemma that it's now avoiding: whether to support an indefinite cease-fire that goes beyond the 48-hour suspension of airstrikes announced yesterday but does not neutralize Hezbollah. To support such an outcome would be to retreat publicly. It would boost the prestige of extremists in the Middle East and encourage Iran to defy the West over its nuclear program. Yet refusing to support an imperfect cease-fire would be a greater error."

In a Washington Post column (7/31, A15), Jackson Diehl says a year ago, "the jewels of President Bush's democracy policy were the Cedar and Orange revolutions of Lebanon and Ukraine, which had ousted autocratic regimes backed by Russia and Syria and seemingly ushered in pro-Western democracies. Last week their unforeseen and unpleasant consequences presented Bush with a critical pair of choices. He could abandon his faith in a new democratic order -- or double his bet on it." Though "most people don't perceive" the crisis in Lebanon "as a test of Bush's democracy agenda, that is how the administration sees it. Oddly, Hezbollah's astute leader, Hasan Nasrallah, also gets it." The "parallel crisis in Ukraine -- yes, there is one -- is far from American television screens. The fight there is being waged in smoke-filled rooms, and is as obscure as Lebanon is dramatic. But the essential problem for Bush is similar: The new democratic system he so strongly supported has been skillfully exploited by the revolution's erstwhile losers."

In his New York Times column (7/31), Paul Krugman says, "For Americans who care deeply about Israel, one of the truly nightmarish things about the war in Lebanon has been watching Israel repeat the same mistakes the United States made in Iraq. It's as if Prime Minister Ehud Olmert has been possessed by the deranged spirit of Donald Rumsfeld." Although "unlike America in Iraq, Israel is clearly acting in self-defense," it is a "terrible mistake to start a major military operation, regardless of the moral justification, unless you have very good reason to believe that the action will improve matters." The "actual course Israel has chosen — a bombing campaign that clearly isn't crippling Hezbollah, but is destroying Lebanon's infrastructure and killing lots of civilians — achieves the worst of both worlds. Presumably there were people in the Israeli government who assured the political leadership that a rain of smart bombs would smash and/or intimidate Hezbollah into submission. Those people should be fired."

In a Washington Times op-ed (7/31), Dr. Mitchell Bard, director of the Jewish Virtual Library, says that if Hezbollah has been "eliminated" in 2002, "the current conflict would never have happened. Besides the broader strategic goals of increasing stability, defeating Islamic fundamentalism and weakening the influence of Iran and Syria, the United States also had another reason to take on Hezbollah -- that is, to eliminate a terrorist group that had kidnapped and murdered hundreds of Americans." Now that Israel "has taken military action, the United States does not have to mount an Afghan-type operation to root out Hezbollah; we need only give Israel the time to do the job for us. In addition to supporting Israel, the United States should rally the international community to use sanctions and any other measures necessary to prevent Syria and Iran from providing any funding or weapons to Hezbollah."

Rice Cancels Beirut Stop, Heads Home Following Israeli Air Strike. NBC Nightly News (7/30,

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story 4, 3:10, Mitchell, 9.87M) reported on the "political fallout from today's Israeli strike" in Qana, saying it "has rocked relations between the US and its closest Mideast ally. Shortly before the Secretary of State was to leave for Beirut, a State Department official learned of the Qana disaster and rushed in to tell Rice while she was meeting with Israel's defense minister. It had happened eight hours earlier, but the Israelis had not informed her. Clearly shaken, Rice told the Israelis she was distressed and then called Lebanon's prime minister." Rice was shown saying, "In the wake of the tragedy that the people and the government of Lebanon are dealing with today, I've decided to postpone my discussions in Beirut. In any case, my work today is here." NBC (Mitchell) added, "But Lebanon's leader made it clear the American Secretary of State was no longer welcome in Beirut, not today."

The Washington Post (7/31, A8, Wright, 748K) reports "the bad news for…Rice started Saturday night -- the beginning of one of the worst 24-hour periods since she took office 18 months ago." She "found out via e-mail. It came from the US Embassy in Beirut. Assistant Secretary of State C. David Welch got the message and interrupted the meeting to tell her, U.S. officials said. Rice was 'sickened' by the report, a close aide said."

The CBS Evening News (7/30, story 2, 2:30; Alfonsi, 7.66M) showed Lebanese Prime Minister Fouad Siniora saying, "The persistence of Israel in its heinous crimes against our civilians will not break the will of the Lebanese people." Alfonsi: "It was not a coincidence that his harshest words were delivered in plain English. He said he would not hold talks with US Secretary of state Condoleezza Rice until the fighting stops." With that, "Rice's planned trip to Beirut was off, and hopes that the US could broker a peace deal dashed. In Jerusalem, Rice appeared somber, saying she was the one who called off the talks." Condoleezza Rice: "I have decided to postpone my discussions in Beirut. In any case, my work today is here."

Asked on CBS' Face the Nation (7/30, Schieffer) if Secretary Rice would be "unwelcome" in Beirut, Lebanese Prime Minister Siniora replied, "What I have said to Secretary Rice, that we have been all the past days working in trying to find out a way to really bring an immediate cease-fire. What we have really been witnessing is something beyond description. And this is something that is unacceptable, and that's why we are asking for an immediate and unconditional cease-fire. We cannot continue discussing under the sort of blood that is being put on our necks. This is the thing that we are asking from the international community. I would like to seize this opportunity of addressing the American people. And the American mothers. Can they tolerate this type of crimes that are being committed? These crimes are against humanity that are being committed by the Israelis. It is high time to really ask the American people to stand for peace and to ask for an immediate cease-fire . It is not possible for this small country to be subjected to this war machine, the most sophisticated war machine." Siniora added, "The Israelis are committing really, state-sponsored terrorism."

During his appearance on CBS' Face the Nation (7/30, Schieffer) Siniora listed several longstanding grievances the Lebanese people hold against Israel. According to Siniora, "Israel has been occupying the Shebaa Farms for years and years, and they have not withdrawn. Israel has been keeping certain Lebanese detainees in its prisons for the past 28 years and doesn't want to release them. Israel has been denying Lebanon even one little thing of providing Lebanon with the maps for the landmines that they have planted in Lebanon, and they are not really yielding to our requests of providing us with the maps, that is killing every month a number of Lebanese."

Mohamad Chatah, Senior Adviser to the prime minister of Lebanon, on ABC's This Week (7/30, Stephanopoulos), said Secretary Rice "spoke to [Prime Minister Siniora], and they agreed, both of them, that it's not a time to talk politics, it's not the time to talk anything." And Charles Rizk, Lebanon's Justice Minister, on CNN's Late Edition (7/30, Blitzer), said, "Unfortunately, this horrendous massacre occurred. And Ms. Rice and the prime minister decided, after having consulted each other, that, maybe, it would be preferable now to postpone this trip because the tension was so high and emotions were so high that it was deemed preferable to postpone this trip." Rizk added, "All I can tell you is that, on a personal basis and on the personal plan, Ms. Rice is very well respected in Lebanon. … And we count very much on Ms. Rice, who everybody here respects very, very much."

Meanwhile, the New York Times (7/31, Fattah, 1.21M) reports that in Lebanon, "rather than rallying behind Mr. Siniora's anger, many singled out his government for blame, saying that officials had tried to absolve themselves of responsibility for Hezbollah's capture of two Israeli soldiers in an attack on July 12 that set off the fighting." A crowd "chased after Ahmed Fatfat, Lebanon's interior minister, after he inspected the damage done to the United Nations building and walked back toward the Saray. 'You Zionist dog!' shouted one young man as a group rushed after Mr. Fatfat and his security detail. 'He's the bigger devil.'"

USA Today (7/31, Stinson, 2.27M) reports "Lebanese security forces moved in within about an hour to disperse protesters, who waved Lebanese flags and carried posters of Hassan Nasrallah, leader of the radical Shiite movement Hezbollah." A "handful of people" also "protested at the US Embassy compound north of Beirut. Lebanese soldiers outside the embassy kept them back."

Burns Disputes Reports Rice Was Unwelcome In Beirut. Commenting on reports that Lebanese officials refused to meet with Secretary of State Rice, Undersecretary

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of State Nicholas Burns, on Fox News Sunday (7/30, Wallace), said, "I don't think that story is accurate. I talked with Secretary Rice. It was her decision and she communicated to Prime Minister Siniora not to visit Beirut today under these very tragic circumstances where so many people were killed, and she felt that her work today should be in Israel. And we didn't have any indication from the Lebanese side that they wouldn't talk to us. of course they're going to talk to us. In fact, I expect a conversation later today. … Our ambassador is seeing Prime Minister Siniora today."

Responding to CNN's Wolf Blitzer's assertion that Prime Minister Siniora "basically told Secretary Rice today, don't bother showing up in Beirut," Undersecretary Burns, on CNN's Late Edition (7/30) said, "I'm not sure that's the full story. I know that Secretary Rice talked to Prime Minister Siniora. She told him that she felt, out of respect for him and the people of Lebanon, that this would not be the day for her to come to Beirut. … Secretary Rice will be talking to Prime Minister Siniora on the phone. We very much respect him. We support his government."

Lebanese Envoy Says Hezbollah "Committed To The National Interest Of Lebanon." Lebanese special envoy Nouhad Mahmoud was asked on NBC's Meet the Press (7/30, Russert) if he thinks Hezbollah has been strengthened by Israel's military campaign, Mahmoud replied, "The Israeli aggression for all this time put all the Lebanese under heavy fire. So we don't feel that there is any distinction. We are all subject to their aggression, and that's why the war is rallying people around Hezbollah. That's very normal. … There will be peace because Hezbollah are committed to the national interest of Lebanon. And we believe that, and they have shown that lately in the last few days, and that's the way to do it."

Assad Calls Qana Bombing "A Massacre." NBC Nightly News (7/30, story 7, 2:25, Maceda, 9.87M) reported, "Outrage in the streets of Damascus today, with Syrian and Lebanese protesting the Israeli strike in Qana outside the UN's offices here, calling on Hezbollah leader Sheikh Hassan Nasrallah to attack Tel Aviv in revenge. There were similar protests in Cairo and other Muslim capitals, the anger reflected in a statement by Syrian President Bashar al-Assad, the first public comments by the Arab leader since the conflict in Lebanon began. Assad called the Qana incident 'a massacre' and that it 'constitutes state terrorism committed in front of the eyes and ears of the world.' Assad's hard line seen by political analysts here as a setback to those who had hoped Assad could be persuaded to squeeze off the supply of weapons from Iran to Hezbollah."

Arab Language TV Portrays Bombing As Atrocity. NBC Nightly News (7/30, story 2, 2:45, Sanders, 9.87M) reported, "Intensifying passions today, Arab language television stations showing graphic video of the Qana attack and dead children being pulled from the debris." Ibrahim Mousawi, Foreign Editor, Al-Manar, Hezbollah TV station: "It's a mass murder. It's a genocide. It's a holocaust for the Lebanese. They are only targeting the civilians."

ABC World News Tonight (7/30, story 4, 2:00, Wright, 8.78M) reported, "All day long, Arabic networks broadcast images of children's bodies crushed in the rubble. And then, that image of Secretary Rice, smiling with the Israeli Prime Minister." Jordan's king, "a moderate, called the attack on Qana, an ugly crime. The Arab league called it a massacre. The words Qana and massacre resonate strongly here because it has happened before. In 1996, Israeli artillery killed more than 100 refugees in a compound there."

The CBS Evening News (7/30, story 3, 1:45, Pinkston, 7.66M) reported, "On the TV screens around the world the Qana bombing was everyone's top story. While the images were similar, they were not the same. For viewers in Arab communities it was a distinction with a substantial difference." Abdel Bari Atwan, Al Quds editor: "In Arab satellite channels the rules are different. For example, in the Arab channels they show the dead bodies. They show the disfigured faces of those victims." Pinkston: "Critics argue those images fuel anger and violence."

Bush's Hopes For Peace In Middle East Lie With Rice. Time (8/7, Allen, 4.03M) reports that the President's hopes for becoming a Middle East peacemaker lie with the imperturbable and at times inflexible" Secretary of State Condoleezza Rice. Time notes that Rice's goal "is grander than the instant results demanded by her critics. She says she is after nothing less than a changed Middle East, which requires more than a cease-fire that could quickly be breached."

Meanwhile, Newsweek (8/7, Hirsh, 3.12M) reports, "At the United Nations this week, Rice must at once orchestrate a swift UN Security Council resolution and quickly pull together an international force from countries reluctant to expose their soldiers to Hizbullah or Israeli munitions. In the Mideast, she must find a diplomatic solution that satisfies the Israelis and Hizbullah enough to get them to stop shooting, while measuring up to Bush's vision of a politically reformed Mideast."

Some Bush Aides Critical Of "Condi Rice Show." Time (8/7, Allen, 4.03M) reports that some Bush aides "were miffed that she embarked on what they sarcastically called the 'Condi Rice Show' without a clearly attainable goal. Her initial round of diplomacy in the Israel-Hizballah hostilities was mostly portrayed as a failure, and she looked drained as she emerged from a meeting of world powers in Rome, where many allies had pushed to call for an immediate cease-fire."

Newsweek (8/7, Hirsh, 3.12M) reports, "After a year and a half in which she has been lauded for her diplomacy,

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Rice found herself criticized last week, even by allies, for seeming to avoid diplomacy. … Rice had a particularly tough time at a Rome meeting of the 'Lebanon core group' countries just before she left for Malaysia. She had to listen, grim-faced, while Lebanese Prime Minister Fouad Siniora passionately called for a ceasefire to help his besieged people -- with everyone in the audience knowing that she was the main obstacle. … She was stunned and hurt, says a European official who asked not to be identified, when she was perceived as coldhearted in the face of Siniora's plea."

U.S. News and World Report (8/7, Omestad, 2.03M) reports that the US "refusal to countenance an immediate 'cessation of hostilities' left Rice facing heated argument in Rome. Still, she was able to characterize the week's diplomacy (including a snap visit to Beirut and stops in Jerusalem and Ramallah on the West Bank) as producing a good start: agreement on creating a new UN-mandated peacekeeping force with the presumed right to resist any Hezbollah infiltration. Israel also agreed to open humanitarian corridors through the Beirut airport and three ports, and several countries committed to help pay for rebuilding Lebanon. Rice heads back to the region this week."

Administration Worried Hezbollah Could "Win Simply By Losing." Newsweek (8/7, Dickey, Nordland, 3.12M) reports that as long as Hezbollah keeps firing, "they shatter the myth of Israeli invincibility and win friends and admirers in a radicalized Muslim world." Newsweek adds, "Underlying the Bush administration's concern about Lebanon was a realization that Hizbullah could win simply by losing. … In Beirut a member of Hizbullah's politburo smiled when asked what it would take for Hizbullah to win. 'To hang on,' he told NEWSWEEK. 'When we can stand in the face of the forces supported by the United States, that is a great victory.'"

Newsweek (8/7, Dickey, Nordland, 3.12M) reports, "US officials say the Israelis have been stunned to discover the extent to which Hizbullah has dug in, and the sophistication of their communications as well as the camouflage of their installations."

Time (8/7, McAllister, 4.03M) reports, "If Israel can't bring Hizballah down, could foreign forces help squeeze it into better behavior? Potential donors to a multinational force will be trying to hash out a plan this week. But its composition, mission and rules of engagement are acutely tricky. … The harder question is what the force would do after deployment."

Syria Said To Be "Desperately Reaching Out" To US. Time (8/7, McAllister, 4.03M) reports, "According to TIME sources in the Middle East and Washington, Syria's envoys have been desperately reaching out to re-establish a dialogue with the Bush Administration, even offering help in reining in Hizballah."

Mubarak Says Military Action Will Not Solve Israel's Hezbollah Problem. Time (8/7, MacLeod, 4.03M) interviews Egyptian President Hosni Mubarak. Asked what should be done about Israel's clash with Hezbollah, Mubarak said, "Military operations will not solve Israel's problems with Hizballah. An immediate cease-fire is the utmost priority. Cessation of hostilities would create the environment conducive to addressing such problems in a candid manner." Asked about Syria's role, Mubarak said, "Syria is an important Arab country whose stability contributes to the stability of the whole region. Attempts to isolate Syria are counterproductive. Syrian aspirations to free the occupied Golan Heights must be accommodated and fulfilled."

Israel Declares 48-Hour Halt To Aerial Bombings. USA Today (7/31, Stone, Kiely, 2.27M) reports from Jerusalem, "Israel agreed Sunday to suspend aerial bombing runs over southern Lebanon for 48 hours. The move followed a global outcry over an airstrike in which 56 civilians were confirmed dead, most of them children." Adam Ereli, "a US State Department spokesman here with Secretary of State Condoleezza Rice, announced the suspension after a day of intense efforts by the Bush administration to defuse the crisis." The halt "in airstrikes does not prevent Israel from continuing to hit Hezbollah targets with artillery, naval guns and ground forces." The Financial Times (7/31, Reporters) says "Israeli defence officials did not immediately confirm the US statements, but Sunday's bloodshed in the southern village of Qana – in which 37 children were killed – raised the pressure on Israel to agree to a ceasefire." Meanwhile, the AP (7/31, Shrader, Gannon) notes "Israeli officials confirmed Prime Minister Ehud Olmert agreed to an immediate 48-hour halt in the airstrikes beginning at 2 a.m. Monday while the military concludes its inquiry into the attack on the south Lebanese village of Qana. The officials spoke on condition of anonymity because they were not authorized to talk to reporters."

ABC World News Tonight (7/30, story 3, 2:40, Muir, 8.78M) reported, "Israel called the bombing a mistake today, but insists Qana was a legitimate target." On ABC World News Tonight (7/30, story 6, 0:45, Muir, 8.78M), Vice Premier Shimon Peres said, "Israel didn't have the slightest intention, not only to kill children, for us is a tragedy. We hate the idea, to touch a single child, and take life. But a war is a terrible thing. And I would trust the judgment of the air force, was far away from the place where the children were." And NBC Nightly News (7/30, story 6, 2:10, Fletcher, 9.87M) reported, "This is Israel's defense. The air force released these pictures they say shows Hezbollah firing rockets at Israel from the shelter of civilian homes, just like the building destroyed in Qana. Proof, says Israel, that Hezbollah is using civilians as human shields and Hezbollah should bear responsibility for the Qana killings. Israeli leaders say they

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regret the killings and will stop bombing from the air but that does not mean that they will stop artillery fire from the ground."

Meanwhile, Israel's ambassador to the UN, Dan Gillerman, on NBC's Meet the Press (7/30, Russert) said, "We grieve the deaths of those civilians and children. But it is very, very important to stress that they may have been hit by an Israeli bomb, but they are victims of the Hezbollah. … And I wouldn't put it beyond that vicious, brutal, cynical terrorist organization to have held those people there against their will after we'd repeatedly asked them to leave, so that they would actually be used as human shields, and maybe even, as farfetched as this may sound, for this to happen because this serves nobody's purpose except Hezbollah and Iran."

The Los Angeles Times (7/31, Richter, King, 918K), New York Times (7/31, Erlanger, Fattah, 1.21M), Washington Post (7/31, A1, Cody, Finer, 748K) and Washington Times (7/31, Mitnick, 88K), among other newspapers, also report the Israeli decision to halt aerial bombings for 48 hours. In addition, says the Wall Street Journal (7/31, Champion, 2.03M), "Bowing to complaints about a mounting humanitarian crisis, the Israeli government also agreed to coordinate with the United Nations to provide a 24-hour window for residents to leave southern Lebanon, and to speed the flow of humanitarian aid."

Halt Seen As Israeli Concession To US Pressure. The New York Times (7/31, Cooper, 1.21M) reports, "Taken aback by the carnage from the Israeli bombing of Qana, Lebanon, Secretary of State Condoleezza Rice wrung the first significant concession from Israel late on Sunday in its nearly three-week-old war against the Hezbollah militia: an immediate 48-hour suspension of aerial strikes." The Times adds, "Especially notable about the suspension was that Ms. Rice's deputy, Adam Ereli, and not the Israelis, announced it after she held intensive talks with both Prime Minister Ehud Olmert and the Israeli foreign minister, Tzipi Livni."

Burns Says Peacekeeping Force Necessary For Durable Cease-Fire. Undersecretary of State Nicholas Burns was asked on ABC's This Week (7/30, Stephanopoulos) if the US is prepared to call for an immediate cease-fire, Burns responded, "We've all got to work very, very quickly to put in place a durable cease-fire, one that can be sustained so that these type of incidents are not repeated in the future. … We're close, we think, to a political agreement between Israel and Lebanon, to end this fighting. We want there to be an international force that the United Nations would bless, that would go into southern Lebanon to stand between these forces that are fighting." Burns went on to say an agreement on the international peacekeeping force is "an essential factor because, if you just stop the fighting in place, you have Hezbollah in place with its rockets, to hold a million Israelis hostage in the northern part of the country. You have the Israeli army in southern Lebanon. …. I'll be going to a conference at the U.N. early this week to try to push that idea forward. A number of countries have come to us and said they'd be willing in principle to participate in that force. … We've got to decide what type of force it is. The prevailing view these days tends to be it should be a multi- national force, so it would be put together by a variety of nations. It wouldn't be a blue-helmeted U.N. force, but it certainly has to have the authorization of the security council."

Undersecretary Burns, on CNN's Late Edition (7/30) added, "We'd like to see the international community commit to an international force that will go into southern Lebanon to police that area and to prevent the kind of rocket attacks and trans-border aggressions that Hezbollah has committed over the last 2 1/2 weeks. And we certainly also want to see the provisions made to bring in a considerable amount of humanitarian assistance to the people of Lebanon, especially the people of South Lebanon, who have suffered so much over these last 2 1/2 weeks."

US Tones Down Security Council Statement On Bombing. The New York Times (7/31, Hoge, 1.21M) reports the UNSC "issued a statement Sunday evening expressing 'extreme shock and distress' at the killing of Lebanese civilians in the bombing of Qana after daylong negotiations in which the United States succeeded in blocking a call from Secretary General Kofi Annan for an immediate cessation of hostilities." Ambassador Bolton "said that what the United States had objected to was 'conclusionary language about the nature of the incident and language that attempted to foreshadow the political solution,' which he said was being pursued by" Rice. The Times says the UNSC "has been unable to take a stand on the fighting because of objections by the United States to actions that would be critical of Israel. Last week, in a reaction that openly frustrated some Council members, it was able to produce only a statement expressing shock and distress at the Israeli bombing of a" UNIFIL outpost.

The AP (7/31, Burkhardt) reports "attempts by Qatar, the only Arab nation on the council, to strengthen the statement prolonged discussions late into the evening." But "during the final negotiations, language 'calling for a cessation of the current violence,' was dropped." The statement also "called for the council to 'work without further delay to adopt a resolution for a lasting settlement of the crisis.'" The Washington Post (7/31, A9, Lynch, 748K) and Financial Times (7/31, Turner, Grant) run similar reports.

Blair, Merkel Call For Ceasefire As French Foreign Minister Heads To Region. The AFP (7/31, Hazlewood) notes British Prime Minister Tony Blair and German Chancellor Angela Merkel "said that" the Qana air strike

DOJ_NMG_0044102

"proved a ceasefire had to be reached 'as soon as possible.' Blair's office said the British prime minister also notified" President Bush "of the joint position."

The New York Times (7/31, Sciolino, 1.21M) reports, "With events in the Middle East moving too quickly for predictions, President Jacques Chirac of France has moved to lead the diplomatic campaign to end the crisis in Lebanon." Yesterday, "just hours after Secretary of State Condoleezza Rice canceled her trip to Lebanon, Mr. Chirac ordered his foreign minister, Philippe Douste-Blazy, to head there immediately." Douste-Blazy, "speaking Sunday in a telephone interview before his departure, said he was going to Beirut to meet with Prime Minister Fouad Siniora and others 'to find the conditions for both an immediate suspension of offensive operations and a political agreement that can last.'"

Shebaa Farms Area May Be Key To Diplomatic Agreement. The Washington Times (7/31, Rabinovich, 88K) reports, "Shebaa Farms, a disputed rural area embracing a dozen abandoned farms now under Israeli occupation, may hold the key to any diplomatic resolution of the confrontation between Hezbollah and Israel. In recent days, would-be peacemakers and a Hezbollah official have suggested Hezbollah could agree to substantial concessions if Israel withdrew from the area at the junction of the Lebanese, Syrian and Israeli borders." The Times adds, "The fertile 8½-square-mile area was farmed by residents of the nearby Lebanese village of Kafr Shuba but under effective Syrian control when it was captured by Israel in the Six-Day War together with the adjacent Golan Heights. Caught in a no-man's-land between Syrian and Israeli forces, it has since fallen into disuse. No formal agreement between Lebanon and Syria ever clearly defined the border in the area." The status of the farm area "became an international issue when Israel pulled out of Lebanon in 2000 to a line designated by the United Nations on the basis of old maps and treaties as the international boundary between Israel and Lebanon."

McConnell Backs Installation Of International Force In Southern Lebanon. Sen. Mitch McConnell, on CNN's Late Edition (7/30, Blitzer), said, "I think this is what the administration is trying to achieve is some kind of international force along the southern Lebanon border that will give the Lebanese government, the democratic government that is just now, in recent months, gotten rid of the Syrians, an opportunity to control their own territory and not have an armed terrorist organization, in effect, a de facto ,country along southern Lebanon."

Aoun Says Only Political Negotiations Will End Crisis. In a Wall Street Journal op-ed (7/31), Lebanese MP Michael Aoun, a former prime minister and commander of its armed forces, says, "Considering that this crisis could have been avoided, and considering that there is -- and has been -- a solution almost begging to be made, one cannot but conclude that all of this death, destruction and human agony will, in retrospect, be adjudged as having been in vain." Political negotiations "will be the endgame. The solution that will present itself a week, a month or a year from now will be, in essence, the same solution as the one available today, and which, tragically, was available before a single shot was fired or a single child killed. Given this reality, a more concerted effort is required sooner rather than later to stop the death and destruction on both sides of the border."

Peres Says Lebanese Government Is Of No Value If It Cannot Restrain Hezbollah. Asked on CBS' Face the Nation (7/30, Schieffer) if he thinks the Lebanese government has the power to compel Hezbollah to halt its attacks on Israel, Israeli Vice Premier Shimon Peres said, "If they don't, if they don't, they don't have a state. They have 80,000 soldiers. The soldiers didn't try to stop the Hezbollah. … Hezbollah is maybe six or 8,000 people. They could have stopped them. They could try to stop them." Peres added, "I wish that they would have a government that governs. But a government that doesn't govern is not of a great value. We wish they would govern. I do believe that the Prime Minister Siniora would like to have peace, but alas, he doesn't have influence upon his own land."

US Ponders Reimposing Bilateral Sanctions On North Korea. The Financial Times (7/31, Guha) reports the US "is considering reimposing bilateral economic sanctions on North Korea after its recent missile tests, a top US official said. The sanctions – including a travel ban, a broad trade ban and restrictions on investment and remittances – were lifted in 2000 after Pyongyang agreed to a missile test moratorium." Stuart Levey, under-secretary for terrorism and financial intelligence at the US Treasury, "told the Financial Times: 'We are thinking about what measures we should impose in response to the missile tests.' Reintroduction of the sanctions lifted six years ago is 'one of the things being considered,' he said."

Meanwhile, the AFP (7/31) reports, "The United States is ready to isolate North Korea internationally over its nuclear weapons program, the top US State Department envoy on the country said. Assistant Secretary of State Christopher Hill said the North Koreans 'seem to like to isolate themselves.'" North Korea "refused to rejoin negotiations on its nuclear program on the sidelines of the ASEAN Regional forum on security issues in Malaysia last week." This "prompted its previous nuclear negotiating partners South Korea, China, Japan, the United States and Russia -- along with Australia, Canada, Indonesia, Malaysia and New Zealand -- to hold talks without the regime."

Taiwan May Be Preparing Missile Test. The Christian Science Monitor (7/31, Montlake, 58K) reports, "As Asia grapples with the fallout from North Korea's projectile

DOJ_NMG_0044103

posturing, another military flashpoint in the region -- the Taiwan Strait -- is in the midst of missile tensions as well. A private TV station reported earlier this month that Taiwan's military was preparing to test-fire a tactical missile in September capable of striking targets in China." The Monitor adds, "While the details were sketchy and the claim was swiftly denied by the Ministry of National Defense, they struck a chord with analysts who have heeded the frustration among hawks in Taiwan over the island's vulnerability in the face of China's military might, including its expanding missile arsenal."

In Iran, Chavez Rails Against "US Empire." USA Today (7/31, 2.27M) reports, "Venezuelan President Hugo Chávez gave his Iranian counterpart, Mahmoud Ahmadinejad, a bear hug Sunday as the two met in Tehran to underscore their shared anti-U.S. rhetoric with a series of investment deals. 'If the U.S. empire succeeds in establishing its dominance, there will be no future for humanity. Therefore, we should save humanity and end the American empire,' Chávez told a crowd at the University of Tehran." Ahmadinejad "presented Chávez with his nation's highest state honor, the High Medallion of the Islamic Republic of Iran, to thank him for supporting Iran in the international dispute over its nuclear program."

Kristol Says State Department Is "In Denial" About Iran. The Weekly Standard's Bill Kristol, commenting on the UN's efforts to persuade Iran to abandon its nuclear program on Fox News Sunday (7/30, Wallace), said, "I think they know that at the end of the day, there won't be serious sanctions. I told Nick Burns out there -- he's an old friend, and maybe he won't be after I say this, but I told him that I would buy him a nice dinner if there were ever serious sanctions imposed on Iran by the Security Council, or by Russia and China, or even really by the Europeans. I just don't believe it. … We've had a very bad two months, in my view, in the global war on terror. The diplomatic ploy for Iran is not working. Iran is riding high. … Now, it's a long war, you have some setbacks, and we need to recoup. … What worries me, and I'm an old friend of Nick Burns, but they're in denial, I think, in the Bush State Department. Everything's fine, Iran's in a corner. I mean, I don't really think that's the case."

Kissinger Says US, Allies Must Force Iran To Choose Between Cause, National Interests. In a Washington Post op-ed (7/31, A15), Henry Kissinger says, "The world's attention is focused on the fighting in Lebanon and the Gaza Strip, but the context leads inevitably back to Iran. Unfortunately, the diplomacy dealing with that issue is constantly outstripped by events. While explosives are raining on Lebanese and Israeli towns and Israel reclaims portions of Gaza, the proposal to Iran in May by the so-called Six (the United States, Great Britain, France, Germany, Russia and China) for negotiations on its nuclear weapons program still awaits an answer. It's possible that Tehran reads the almost pleading tone of some communications addressed to it as a sign of weakness and irresolution. Or perhaps the violence in Lebanon has produced second thoughts among the mullahs about the risks of courting and triggering crisis." But if "the permanent members of the Security Council plus Germany are unable jointly to achieve goals to which they have publicly committed themselves, every country, especially those composing the Six, will face growing threats, be they increased domestic pressure from radical Islamic groups, terrorist acts or the nearly inevitable conflagrations sparked by the proliferation of weapons of mass destruction." A "modern, strong, peaceful Iran could become a pillar of stability and progress in the region. This cannot happen unless Iran's leaders decide whether they are representing a cause or a nation -- whether their basic motivation is crusading or international cooperation. The goal of the diplomacy of the Six should be to oblige Iran to confront this choice."

Bush, Blair Hope For New WTO Talks. The AP (7/31, Quinn) reports British Prime Minister Tony Blair and President Bush hope to revive the deadlocked World Trade Organization talks "sometime in the next few weeks," Blair said Sunday during an address delivered to Rupert Murdoch's News Corp. At meetings Friday with President Bush in Washington, Blair said, "We both agreed that we needed to make one final effort to re-energize the negotiation, and I hope we can do so within the next few weeks." Meanwhile, the Financial Times (7/31, Williams) reports after holding talks this weekend, US Trade Representative Susan Schwab and Brazilian Foreign Minister Celso Amorim said a deal "could still be struck within five to eight months." Schwab said the meeting signaled "the beginning of a process that we hope our colleagues from other countries will also support."

The Wall Street Journal (7/31, A2, Hitt, 2.03M) says the collapse of talks "forces the world's big economies to seek new ways to pursue their quest for lower barriers to trade" and it is "far from clear that the World Trade Organization…is up to the task." The Journal also observes that the collapse of talks "probably means the WTO is heading for trouble as it approaches more difficult issues, including some touchy disputes that had been kept out of its dispute-resolution mechanism in the hopes that Doha Round diplomacy would solve them."

Poll Shows Blair Approval Ratings At Record Low. The Financial Times (7/31, Adams) reports, "Public support for Tony Blair, British prime minister, has plunged to its lowest since he became premier, according to a new poll that shows growing disapproval over how he has handled the Middle East crisis." The survey by Ipsos MORI, "carried out this month as the US and Britain blocked international calls for an

DOJ_NMG_0044104

immediate ceasefire between Israel and Lebanon, found Mr Blair's personal popularity at an all-time low." Blair "is facing unease in the British cabinet over his closeness to George W. Bush," and "appears to have lost more public support for his backing of the US president's strategy than he did over Britain's involvement in the Iraq war three years ago." Ipsos MORI "found 67 per cent of respondents were dissatisfied with the way Mr Blair was doing his job, while only 23 per cent were satisfied. The negative balance of 44 was his lowest recorded rating and sharply down on June."

Australia's Howard Eyes Fifth Term. The AFP (7/31) reports ten-year Australian Prime Minister John Howard "has decided against retiring and will lead his Liberal Party into elections next year in a bid for a fifth term." Howard is reported to have told fellow Liberal MPs "of his decision in a letter faxed Monday and was expected to make the announcement publicly later in the day." The AP says the decision "will disappoint ambitious Treasurer Peter Costello, who sparked a row early in July by accusing Howard of reneging on an agreement to hand over the leadership to him after one-and-a-half terms in power." Howard "and Costello have overseen one of Australia's longest continuous periods of economic growth."

Lopez Obrador Urges Civil Disobedience. The New York Times (7/31, McKinley, 1.21M) reports, "Four weeks after a very close election plunged this country into political crisis, the leftist candidate escalated his campaign to undo the official results, telling a mass rally of his supporters on Sunday that they must engage in civil disobedience to 'defend democracy' and force the recognition of 'my triumph as president.'"

The Wall Street Journal (7/31, Luhnow, 2.03M) reports López Obrador "said his backers should stay in the city, occupying its historic Zocalo square and its main Reforma boulevard, a move that could paralyze one of the world's biggest cities if the protesters decide to block traffic. Afterward, his backers fanned out across the square and adjoining streets, setting up tents and appearing to prepare for a long blockade." The Washington Post (7/31, A11, Barrera, 748K) and Los Angeles Times (7/31, Enriquez, 918K), among other newspapers, also report the story.

ABC World News Tonight (7/30, story 9, 0:15 , Muir, 8.78M) also reported "hundreds of thousands of people jammed the streets of Mexico City today, demanding a vote by vote recount of this month's election." T

Congo Voter Turnout High, Incidents Of Violence Low. The Washington Post (7/31, A12, Timberg, 748K) reports, "Voters eager for peace but fearing new violence trekked to nearly 50,000 polling stations across this sprawling country Sunday to cast ballots for Congo's first democratically elected government since the dawn of independence 46 years ago." Results are not expected for several weeks, "but initial reports suggested that turnout was heavy." The Post says voting proceeded "with few serious incidents amid the heavy presence of U.N. troops and Congolese police." The Post notes, "The greatest test of Congo's fragile order likely will come when results are announced. The country has experienced two major wars in the past decade that drew in many of its neighbors and left an estimated 4 million people dead, mostly civilians killed by hunger and easily preventable diseases."

NBC Nightly News (7/30, story 8, 0:20, Seigenthaler, 9.87M) reported, "In the Congo, millions turned out at polling polls for the first democratic election in 40 years. Voters braved threats from rebels to cast ballots as Congo police and UN forces guarded schools, churches and tents. It is the largest peacekeeping effort in the world and the most complex ever attempted by the UN." The New York Times (7/31, Gettleman, 1.21M), Los Angeles Times (7/31, Sanders, 918K) and Washington Times/AP (7/31, Harris) run similar reports.

Novak Says Judge's Ruling Could Threaten US-Colombia Relations. Syndicated columnist Robert Novak (7/31) writes, "An obscure Colombian judge has delivered a stunning decision that will threaten U.S. relations with its best ally in South America unless reversed. On July 19 in Cali, Judge Oscar Hurtado turned over to the military courts an Army colonel and 14 officers and men under his command accused of slaughtering 10 anti-narcotics policemen earlier this year. That points to acquittal by the Colombian band of brothers. Hurtado's ruling shatters President Alvaro Uribe's intent, expressed to U.S. officials during his visit to Washington last month, to bring to justice through civilian courts Col. Bayron Carvajal, leader of the troops who killed the police officers. … It is an ominous sign that U.S. aid has not broken the sinister Colombian link between the military, the judiciary and drug dealers." Novak relates that "this is a boon to left-wing congressmen led by" MA3 Rep. Jim McGovern (D), "who campaign against the U.S.-financed Plan Colombia battling narco-terrorism." Novak says that if those charged are acquitted, the "pending U.S.-Colombian free-trade agreement may be dealt a deathblow. McGovern and his allies in Congress will ignore Uribe's monumental efforts and renew their campaign for reductions in military aid, which would be disastrous for Colombia."

Kasparov Says Putin Turning Russia Into "Oil-And-Gas Empire." Garry Kasparov, chairman of the United Civil Front of Russia and co-chairman of the All-Russia Civil Congress, writes in the Wall Street Journal (7/31,

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2.03M), "Hugo Chávez was in Russia to seal an arms deal with the Kremlin. The bombastic Mr. Chávez and the stealthy Vladimir Putin share a fondness for autocracy and for leveraging their natural resources as political weapons. The arms Mr. Chávez is buying are destined to be used against his own people and by terrorist guerillas in Colombia tacitly supported by Venezuela. Mr. Putin isn't the only one who understands that instability leads to higher oil prices." He adds, "I am horrified as I watch my country turn into an oil-and-gas empire. … It should not be our destiny to become another Saudi Arabia or Venezuela, to quite literally fuel the achievements of other nations while we lose ground." Kasparov also says, "The West is making a terrible mistake by mixing realpolitik with a battle of values. Drawing and defending moral lines is the first and most essential step in combating extremism and there is no room for double standards. If the West is keeping track of its friends, it's time to take Mr. Putin off the list."

Herbert Warns Pakistan Could Start Subcontinent Nuclear Race. In his New York Times column (7/31), Bob Herbert says, "Over the past few years, Pakistan has been hard at work building a powerful new plutonium reactor that when completed will be able to produce enough fuel to make 40 to 50 nuclear weapons a year. This is happening at the same time that the Bush administration is pushing hard for final Congressional approval of a nonmilitary nuclear cooperation deal with Pakistan's rival, India, that would in fact enhance India's bomb-making capacity. The deal would enable India to free up its own stocks of nuclear fuel to the extent that it could expand its nuclear weapons production from about seven warheads a year to perhaps 50. Yes, Virginia, the world is going mad." There is "no way to overstate the potential danger of an accelerated nuclear arms race in South Asia."

Debate Over Iraq Said To Be "Divorced From Reality." U.S. News and World Report (8/7, Whitelaw, Mulrine, 2.03M) that the political debate in Washington over Iraq "seems strangely divorced from reality. Several Democrats call for a withdrawal timetable, as if victory can simply be scheduled. Republicans, led by the Bush administration, pledge that America will stay until the job is done, without making clear what, exactly, that means or how long it may take." The Bush Administration "has been gradually defining down success. 'The standard is not going to be 'no violence,'' Stephen Hadley, Bush's national security adviser, tells US News. 'What you can hope for is an Iraq where there are effective security forces that are controlling and taking responsibility for security throughout Iraq and where the marriage of political leadership and security forces is sufficient to deal with insurgents and terrorists so that it does not interfere with the operations of government.' But even this more tempered definition of victory might not be achievable -- leading some to say the United States should just back off."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Sentinels Under Attack."
"Israel to Halt Bombing For 48 Hours."
"LAPD Renews Search For Rapper's Killer."
"Israel to Halt Bombings For 48 Hours."
"Badminton World Isn't Smiling For These Birdies."

USA Today:
"Israel Suspends Bomb Runs."
"Village Attack Halts Diplomacy."
"California Gets A Break As Sweltering Heat Heads East."

New York Times:
"Israel Halts Air Raids After Dozens Die."
"From Carnage, U.S. Gains A Concession."
"A Night Of Death And Terror For Lebanese Villagers."
"U.S. Puts Onus On Employers Of Immigrants."
"A Small Charity Takes The Reins In Fighting A Neglected Disease."
"Men Not Working, And Not Wanting, Just Any Job."

Washington Post:
"Israel Moves To Suspend Air Attacks For 2 Days After Strike In Lebanese Village Kills 57 Civilians."
"Custom-Built Pathogens Raise Bioterror Fears."
"Inaction Could Undercut Bush's Long-Term Goals."

Washington Times:
"Israeli bombs Kill 56 In Village."
"Army Diverts Funds To War."
"Courts cater To Spanish Speakers."
"Child Soldiers Wake Up From A Nightmare."
"Democrats See Minimum Wage, Stem Cell As Hot Issues."
"A One-Month Ghost Town."

Detroit Free Press:
""Amid Carnage, Outrage, Israel To Pause Air Strikes."
"Car Makers Of Detroit Try Getting Personal."
"Metro Detroiters Ties To Lebanese Town Deep."

Atlanta Journal-Constitution:
"Donors Line Up For McKinney Challenger."
"Annex Bid Down To Wire."
"Israel Halts Airstrikes."

Houston Chronicle:
"In Resolution, Rice To Seek Cease-Fire."

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"Country To Limit Access To ERs."
"Now That's What You Call High Speed Internet."
"Lopez Obrador Calls For Extended Protest."
"In A Word, It's Elston's 'Dream'."

Story Lineup From Last Night's Network News:

ABC: Lebanon-Qana Bombing; Qana-Bush; Qana-Israel; Qana-Lebanon; Israel-Hezbollah Rockets; Qana-Peres; Heat Wave; Catholic Church-Female Priests; Mexican Election-Protests; Baseball Hall Of Fame.

CBS: Lebanon-Qana Bombing; Qana-International Response; Qana-Arab TV; Iraq Violence; Vioxx Controversy; Mel Gibson-DUI Arrest; Heat Wave; Northeast-Hurricane Risk; Chesapeake Bay-Oyster Comeback.

NBC: Lebanon-Qana Bombing; Qana-Lebanon; Qana-Bush; Qana-Rice; Qana-Palestine; Qana-Israel; Qana-Syria; Congo-Democratic Election; Heat Wave; US Athletes-Doping Allegations; Baseball Hall Of Fame; First Responder Shortage.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Rice-Middle East Cease-Fire; Israel-Air Strike Pause; Heat Wave; Foreign Stock Markets.

CBS: Rice-Middle East Cease-Fire; Israel-Air Strike Pause; UN Security Council-Mideast War; Heat Wave; Pew Survey-Online News Usage.

NPR: UN Security Council-Mideast War; Bush-Mideast War; Israel-Air Strike Pause; Afghanistan-NATO Takeover; Mexico Election; UN Report-US Human Rights Record; NV-Wildfire; Baseball Hall Of Fame Inductions.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends breakfast with business leaders, TBA Location, Miami, Fla.; visits National Hurricane Center, Miami, Fla.; makes remarks on the economy, US Coast Guard Integrated Command, Miami, Fla.; participates in tour of Port of Miami, Fla.; attends Republican National Committee reception, private residence, Coral Gables, Fla. Closed press.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 3 p.m. FOREIGN RELATIONS _ Full committee. Confirmation hearing on the nomination of Mark R. Dybul to be coordinator of U.S. activities to become HIV/AIDS coordinator. Location: Room 419, Dirksen.

US House: No Scheduled Events.

Other: CONSERVATIVE STUDENTS CONFERENCE _ Young Americas Foundation will host its 28th annual National Conservative Student Conference. More than 400 participants from 39 states and 179 colleges and universities will convene in the nation's capital to learn about conservative ideas and how to advance them. Highlights: 1 p.m. Address by former House Speaker Newt Gingrich. 7 p.m. Dinner Banquet featuring John Stossel, co-anchor of 20/20 and author of ``Myths, Lies, and Downright Stupidity: Get Out the Shovel--Why Everything You Know is Wrong." Location: George Washington University, Marvin Center, 800 21st St. NW.

FOREIGN AID _ 12 p.m. The Heritage Foundation hosts a panel discussion, ``Foreign Aid Challenges and Opportunities." Participants are: Paul Wolfowitz President, The World Bank Group; and Kim R. Holmes, Vice President, Foreign and Defense Policy Studies, and Director, Kathryn and Shelby Cullom Davis Institute for International Studies, The Heritage Foundation; Location: Heritage Foundation's Allison Auditorium, 214 Massachusetts Ave. NE.

GULF-ENERGY _ 1 p.m. Senate Energy & Natural Resources Chairman Pete V. Domenici will join Sen. Mary Landrieu, D-La., and leaders of industrial natural gas users to discuss the nations urgent need for the natural gas and oil in the eastern Gulf of Mexico. Location: Room S-207, Capitol.

IRAQ-REED _ 6 p.m. Rhode Island Sen. Jack Reed addresses Nitze School of Advanced International Studies on ``Iraq: The Road Ahead." Location: Kenney Audit., Nitze Bldg., 1740 Massachusetts Ave. NW.

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Miller, Charles S

From: Miller, Charles S
Sent: Monday, July 31, 2006 10:26 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 7/31/2006 Civil Division News

Federal judge denied government motion to keep Islamic charity fundraiser behind bars

Judge Reiterates: Free Jailed Man; He again orders freedom for a Buena Park resident the U.S. insists has ties to terrorism.

Terror suspect must be freed, judge rules

Ex-Homeland Security officer fights for job; Acquitted in beating, an unemployed Rhodes sues government for $25 million

Federal court lets LDS couple remain in U.S.

Big Dig accident stalls cost recovery efforts

Veteran declares war against proselytizing in the military / Former Air Force officer forms group to help eradicate `religious favoritism'

On Track rejected for passport contract

AP

July 29, 2006

Federal judge denied government motion to keep Islamic charity fundraiser behind bars

By PETER PRENGAMAN

Associated Press Writer

LOS ANGELES_A federal judge has denied a government appeal to keep incarcerated a top fundraiser for an Islamic charity the government says has ties to terrorism.

The motion came a day after U.S. District Judge Terry Hatter ordered the release without bond of Abdel-Jabbar Hamdan, 45, who is being held at the Terminal Island federal detention facility.

Hatter denied the motion without comment, according to court documents filed late Friday.

"The judge clearly said the government has no business detaining him," said Hamdan's attorney, Ranjana Natarajan of the American Civil Liberties Union of Southern California.

It was unclear when Hamdan could be released, or whether the government would appeal to the U.S. 9th Circuit Court of Appeals.

Virginia Kice, spokeswoman for Immigration and Customs Enforcement, said the department was aware of the judge's decision and was reviewing its legal options.

Contacted at her home late Friday, Hamdan's wife, Entesar Hamdan, said she was unaware of the ruling but hoped the government wouldn't take the case any further.

"I didn't expect they would take it one last step," she said. "It's sad. It's already been two years of his life, of our lives."

Hamdan, who founded a mosque in Anaheim, was arrested on immigration charges in July 2004 as federal authorities unsealed an indictment against the Holy Land Foundation for Relief and Development. The government charged that the Texas-based charity funneled millions to the Palestinian militant group Hamas.

The following month, Hamdan was ordered deported on the immigration charges. His requests to be released on bond while he fights the charges had been denied until this week.

Hamdan, who was born in a Palestinian refugee camp in the West Bank, was accused of having ties to terrorism but was never charged. Instead, he was convicted of overstaying a student visa he got 27 years ago.

The Holy Land Foundation's president, chairman and director of endowments have been charged with terrorism-related crimes.

END

Los Angeles Times

July 29, 2006

Judge Reiterates: Free Jailed Man; He again orders freedom for a Buena Park resident the U.S. insists has ties to terrorism.

H.G. Reza

Times Staff Writer

A federal judge in Los Angeles late Friday struck down a last-ditch effort by the U.S. government to continue jailing a Buena Park man detained for two years because of his alleged ties to terrorism.

The after-hours ruling ended a day of roller-coaster emotions for Abdel Jabbar Hamdan and his family.

Hamdan, 45, had been ordered freed Thursday by U.S. District Court Judge Terry J. Hatter Jr. and was looking forward to going home. But Department of Justice lawyers asked for time to seek an emergency stay, and filed a motion at 3 p.m. Friday asking Hatter\l "l" to consider Hamdan's\l "l" alleged danger to the public and the possibility that he might flee.

Hatter denied the request and, for the second time in two days, said Hamdan could go home to his wife and six U.S.-born children.

"I can't believe it's finally happening," said daughter Yaman Hamdan\l "l", 22, who will soon begin law school. "It's been two years [that he's been gone]. But I won't really believe it until we have him home, because you don't know what card the government is going to play next."

It was uncertain Friday evening when Hamdan would be allowed to leave the immigration detention facility at Terminal Island, where he has been held since his arrest on July 28, 2004. His attorney, Ranjana Natarajan of the American Civil Liberties Union, said U.S. Bureau of Immigration and Customs Enforcement officials in Los Angeles were supposed to draw up conditions of a supervised release.

Friday was a day of dueling legal motions, filed both by the government and Hamdan's attorneys, either seeking to persuade Hatter to free Hamdan or keep him locked up. Natarajan, who works in Los Angeles, said the day was marked by "confusion and uncertainty and anticipation."

"The judge clearly said the government has no business detaining him," she said.

Though Hamdan was accused of having ties to terrorism, the government prosecuted him for being in the U.S. illegally after overstaying a student visa issued 27 years ago. He is a USC graduate and failed to leave after finishing his studies in 1986.

Before his arrest, Hamdan worked as a fundraiser for the Dallas-based Holy Land Foundation, an Islamic charity shut down by the U.S. government in December 2001 for allegedly raising money for Hamas, a Palestinian group designated as a terrorist organization by the State Department.

Hamdan and three officials of the charity were arrested almost three years after the FBI began investigating the group. The three officials -- the president, chairman and director of endowments -- are charged with terrorism-related crimes and await trial.

Hamdan, a Palestinian, was ordered deported to Jordan, where he grew up. Department of Homeland Security officials insist he is a threat to national security.

San Francisco attorney Stacey Tolchin, who also represents Hamdan, noted in a motion filed Friday that if the government believed he was a terrorist and a threat to national security, officials could have charged him under the terrorism provisions in the Patriot Act enacted after the Sept. 11, 2001, attacks.

"The government has not found [Hamdan's] involvement with the Holy Land Foundation so significant as to warrant a criminal indictment," Tolchin said in her motion arguing for his release.

The government countered that Hamdan could secure his freedom "simply by agreeing to leave" the country.

Hamdan has appealed the effort to deport him, and the case is pending in the U.S. 9th Circuit Court of Appeals. In arguing for Hamdan's continued incarceration, Justice Department lawyers said he had "no right to be at large in this country while that review proceeds."

Yaman Hamdan said her family was afraid that the government could still find a way to keep her father

locked up.

"Everyone knows the government can find a way to get what they want," she said. "But it's hard not to be excited."

Late Friday about 200 supporters, cheered by news of Hamdan's imminent release, gathered in a sweltering auditorium at the South Coast Chinese Cultural Center in Irvine to hear a dozen Muslim American community leaders decry his legal plight.

Among them was his wife, Entisar Hamdan, who stood on the stage flanked by two young sons. Trying not to cry, she said, "I cannot describe how I feel tonight. It's been a long two years and, hopefully, it's coming to an end soon." She added that her husband also "believes very strongly that this case, insha Allah [God willing] is coming to an end. Nobody deserves to suffer this long for doing nothing."

Shortly before 9 p.m., Hamdan telephoned the gathering from prison. His supporters bowed their heads. Hamdan said his attorneys "are looking for this to be a winner" referring to his case. The government, he said, "doesn't know what is right or not right. They only want to win at any cost."

He thanked his family who, he said, "has made me very proud. They did not miss one visit. My wife and kids have always been there for me."

He also thanked the judge. "The judge believes in what is just for this country," he said. "I thank him from the bottom of my heart and on behalf of all Muslims."

END

UPI

July 29, 2006

Terror suspect must be freed, judge rules

A federal judge in Los Angeles has ordered the release of a Palestinian jailed for two years for alleged ties to terrorism, but never charged with a crime.

U.S. District Judge Terry J. Hatter late Friday struck down a last-ditch effort by the U.S. Justice Department to keep Abdel Jabbar Hamdan, 45, in custody at the Terminal Island federal detention facility, the Los Angeles Times reported. Federal officials unsuccessfully argued the Buena Park, Calif., father of six posed a danger to the public and was a flight risk.

Hamdan was arrested July 28, 2004 and accused of having ties to terrorism but was never charged. The government later prosecuted the 1986 University of Southern California graduate for overstaying a student visa issued 27 years earlier and his appeal to try and stop his deportation to Jordan is pending in federal court.

Before his arrest, Hamdan worked as a fundraiser for the Dallas-based Holy Land Foundation, an Islamic charity shut down by the U.S. government in December 2001 for allegedly raising money for the Palestinian group Hamas, designated as a terrorist\l "l" organization by the U.S. State Department.

Although Hatter ordered Hamdan released, it was unclear when that would happen or if government would take its case to the U.S. 9th Circuit Court of Appeals, the Times said.

END

Buffalo News (NY)

July 29, 2006

Ex-Homeland Security officer fights for job; Acquitted in beating, an unemployed Rhodes sues government for $25 million

Dan Herbeck - NEWS STAFF REPORTER

Last summer, a federal court jury acquitted former Homeland Security Officer Robert S. Rhodes III of beating up a female tourist from China.

But his government has not exonerated Rhodes.

The former Rainbow Bridge inspector recently filed a $25 million claim against the Homeland Security Department, informing the government of his plans to sue for false arrest and wrongful dismissal from his job.

Rhodes, 45, of North Tonawanda, said he is unemployed and has been turned down in repeated attempts to return to his position. He said he had to sell his house and withdraw money from his retirement fund to pay his legal bills from last year's criminal trial.

"He's so poor that he now qualifies for food stamps and other public assistance," said Rhodes' attorney, Steven M. Cohen. "The man is an American hero, and the government treats him like dirt."

Two years ago, a confrontation at the bridge between Rhodes and Chinese tourist Zhao Yan, 38, became an international incident, touching off discussions between top Chinese officials and then-Secretary of State Colin L. Powell.

Zhao claimed she was pepper-sprayed and beaten in an unprovoked attack by Rhodes and other bridge inspectors. Rhodes claimed he was trying to bring Zhao under control while attempting to determine if she was involved in a drug-smuggling incident.

Rhodes was indicted on felony charges that he violated Zhao's civil rights, but a jury acquitted him last September, following an emotional three-week trial.

Since the verdict, Rhodes said, he has been trying -- without success -- to be reinstated to his job. "The jury heard all the evidence and clearly believed I was doing my job, but the politics of the situation with China caused me to to lose my job," he said. "It's frightening. I'm a loyal American citizen who is being sacrificed as a bargaining chip for China."

Homeland Security officials would disclose nothing about Rhodes' situation, even declining to discuss whether he is still considered an employee of the agency.

"It's a subject of ongoing litigation, and the agency does not make comments on matters of ongoing litigation," said Kevin Corsaro, a spokesman for the Customs and Border Protection division of Homeland Security.

U.S. Attorney Terrance P. Flynn disagrees with Rhodes' contention that he was wrongfully indicted and prosecuted.

"We fully dispute and disagree with all the allegations made by [Rhodes]," Flynn said. "The U.S. Attorney's office will fully defend against this lawsuit."

Meanwhile, a $10 million personal injury lawsuit that Zhao filed against Rhodes and Homeland Security is pending. Zhao claims she was pepper-sprayed, knocked to the ground and kneed in the face by Rhodes. She also claims two other officers brutalized her without provocation while she was sightseeing on the bridge.

Authorities believe that Rhodes mistakenly thought Zhao was involved with a man who had just been arrested for smuggling marijuana over the bridge.

In a claim filed against Homeland Security on July 21, Rhodes accused several officials of the agency with conspiring to wrongfully arrest, prosecute and fire him. The claim put the government on notice that Rhodes plans to sue.

In an interview, Rhodes said Powell and Homeland Security officials rushed to judgment without examining all the facts about what happened between him and Zhao.

"Colin Powell said I would be prosecuted to the fullest extent of the law before anyone checked the facts," Rhodes said.

Over the past two years, Rhodes has repeatedly accused the federal government of singling him out for harsh punishment because he is openly gay. Government attorneys have denied that he was singled out for any reason.

END

Deseret Morning News

July 29, 2006

Federal court lets LDS couple remain in U.S.

Associated Press

A federal appeals court has reversed a decision that would have sent a Mormon couple back home to Colombia, where they say they were threatened because of their religious and political activity.

The 10th U.S. Circuit Court of Appeals ordered the Board of Immigration Appeals to reconsider the case of Herbert Douglas Moscoso-Morales and his wife, Nancy, citing a written death threat delivered in 2002 to the couple's home.

"We know of all your political and informant activities for your Mormon cult," the letter stated, and told them to be gone within 24 hours or be "eliminated."

The couple fled to Salt Lake City and began their battle to gain political asylum.

In its July 14 ruling, the Denver-based appeals court said the letter was evidence that the couple had "a well-founded fear of future persecution" should they return home.

According to court records, Moscoso-Morales was raised in The Church of Jesus Christ of Latter-day

Saints and was active in church work, and for the past few years had worked as a teacher at a high school in Ibague, about 100 miles west of Bogota.

He said he joined the political campaign of a fellow church member and also worked with a group dedicated to rooting out corruption in city government.

A few years ago, he said a man told him that he should be instructing his students to become part of FARC, a revolutionary group in Colombia, but he instead denounced the group. As a result, Moscoso-Morales said he was beaten up and received threatening phone calls over several months, in addition to the threatening letter.

While in the United States, the couple said a member of their political organization had been assassinated. An immigration\l "l" judge\l "l" had previously ruled that Moscoso-Morales had failed to establish a well-founded fear of persecution.

END

AP

July 29, 2006

Big Dig accident stalls cost recovery efforts

By ANDREW MIGA

Associated Press Writer

WASHINGTON_It may take years to sort out who will foot the bill for all the various problems with the Big Dig highway project that drove up costs by billions of dollars over the 15 years it's been in the works.

And the fatal collapse of 12 tons of ceiling panels that crushed a passing car, killing its passenger, earlier this month only complicates those efforts.

"We're going to see legal battles for years to come," said Scott Amey, of the Project on Government Oversight, a Washington, D.C.-based government watchdog group. "It's a real mess and it will take a lot of time to sort out."

The crash has left cost-recovery efforts by state officials for the project in limbo.

For one, the project's manager and the construction firms are heavy hitters who are fighting efforts to fork over money to pay for the extra costs. For another, the fatal collapse is now the subject of criminal investigations and massive inspections.

Massachusetts Attorney General Tom Reilly, who had been working on recouping money from Big Dig contractors, put those efforts on hold while his office investigates whether the accident that killed a 39-year-old Boston woman on July 10 amounts to criminal charges of involuntary manslaughter.

"That process is on hold until we investigate what happened in the accident," said David Guarino, a spokesman for Reilly. "But there's no doubt that taxpayers shouldn't have to pay for what happened in the tunnel."

The Big Dig highway project, which tore down the old Central Artery that used to run through the heart of the city, created a series of traffic tunnels. The most expensive highway project in U.S. history also has

also been plagued by leaks, falling debris, cost overruns, delays and other problems linked to faulty construction.

The initial price tag for the project was $2.6 billion and it was supposed to be completed in seven years. Instead, it took nearly 15 years and repeated cost overruns until it had ballooned to $14.6 billion.

The U.S. government's share has been capped at $8.5 billion. The final $81 million payment has been held up while federal officials review the project's finances following the discovery of hundreds of tunnel leaks in 2004.

The project has been swamped by new costs for repair work, safety inspections and investigations in the wake of the leaks and the tunnel collapse. No price tag has been set. Gov. Mitt Romney has already sought $20 million to cover initial costs.

Efforts by the state to seek compensation from contractors for problems with the Big Dig have been mired in controversy, including recent finger-pointing between Reilly, a Democratic candidate for governor, and U.S. Attorney Michael J. Sullivan, a Republican.

Reilly has been leading state's cost recovery push with project manager Bechtel/Parsons Brinckerhoff since February 2005. Sullivan has also been involved because the federal government provided more than half of the project's funding.

Hundreds of leaks were discovered in a Big Dig tunnel in 2004, ratcheting up public pressure on the state to recoup more money for repair costs.

Reilly drew criticism for pursuing a $108 million settlement with Bechtel/Parsons Brinckerhoff for management and design blunders on the project.

Critics, including Romney and independent gubernatorial candidate Christy Mihos, a former member of the Massachusetts Turnpike Authority board which oversees the Big Dig, complained the sum was woefully short of what the state was owed.

A flap between Sullivan and Reilly flared as settlement talks with Bechtel/Parsons Brinckerhoff appeared to be moving close to an agreement earlier this year.

Reilly took credit for scuttling a deal to release Bechtel/Parsons Brinckerhoff from most future claims for shoddy work. Sullivan publicly disputed that claim, saying Reilly was actually pushing the deal and only agreed to back off following Sullivan's objections.

Project liability agreements between Bechtel/Parsons Brinckerhoff and state officials are also expected to hamper cost-recovery efforts. One such agreement limited the firm's liability to $150 million, which some critics have said won't come close to covering the state's costs with the problem-plagued project.

"There's no doubt that liability agreement makes our job more difficult," said Guarino, who criticized the "coziness" between Bechtel/Parsons Brinckerhoff and past gubernatorial administrations.

Bechtel/Parsons Brinckerhoff, which has defended its work on the project, declined to comment for this article.

However, state officials stressed that there are clauses in the liability pacts that say damages can still be recovered for "willful misconduct, gross negligence ... fraud or active concealment" through lawsuits.

Though that sets a higher legal threshold, officials said it might provide an avenue for the state to recover additional damages in the fatal tunnel collapse.

Federal prosecutors could also seek damages, depending on what investigators uncover in the ceiling

panel collapse.

"The question is, will the government go back and find the smoking gun needed ... to prosecute a contractor that tried to defraud the government?" said Amey.

There is also the possibility that a whistleblower could emerge.

Under the federal **False Claims Act**, whistleblowers may file suits on behalf of the government and collect a portion of awarded damages.

END

Houston Chronicle

July 29, 2006

Veteran declares war against proselytizing in the military / Former Air Force officer forms group to help eradicate `religious favoritism'

ALAN COOPERMAN

WASHINGTON WASHINGTON - Porcelain figurines are perched on the mantel behind Mikey Weinstein. Guests are seated on chintz couches in front of him. It's a nice crowd at a polite suburban fundraiser.

But Mikey - his friends, his enemies, even complete strangers call him "Mikey" - has had it with nice.

He's done with polite.

"We've created this foundation to be a weapon. We're going to lay down a withering field of fire and leave sucking chest wounds," he says.

Weinstein, 51, was once a White House lawyer who defended the Reagan administration during the Iran-contra investigation. Three generations of his family - he, his father, both his sons and a daughter-in-law - have gone to U.S. military academies.

Now he's declaring war against what, for him, is an improbable enemy: the defense establishment.

He is suing the Air Force in federal court, demanding a permanent injunction against alleged religious favoritism and proselytizing in the service. He has also formed the nonprofit Military Religious Freedom Foundation to combat what he sees as a concerted effort by evangelical Christian organizations to treat the armed forces as a mission field, ripe for conversions.

Weinstein's head is big and bald, like a cannonball mounted on his short, powerful frame. At home in Albuquerque, N.M., he listens to heavy metal at full volume. The incongruity of his sheepish first name is exceeded only by the incongruity of a middle-aged corporate lawyer quoting Meat Loaf and Marilyn Manson.

Yet one of his favorite lines these days - right up there with "sucking chest wounds" - comes from the Officers' Christian Fellowship, a private organization with 14,000 active-duty members on more than 200 U.S. military bases worldwide.

In its mission statement, the OCF says its goal is "a spiritually transformed military, with ambassadors for

Christ in uniform, empowered by the Holy Spirit."

Ambassadors for Christ in uniform. According to the OCF's executive director, retired Air Force Lt. Gen. Bruce L. Fister, it means that "the people around a military leader ought to see the characteristics of Christ in that leader." It is a national tradition reflected in "hundreds of writings and proclamations issued down through the ages by American leaders who claim divine protection for our nation, place our nation's trust in God and claim God as our source of strength."

To Weinstein, a Jew and a member of a military family, it is an abomination. It "evokes the Crusades."

He says he can't believe generals talk like this when the U.S. is fighting a global war on terror and trying to win hearts and minds in Muslim countries.

He starts to get riled up, saying that "the Christian right wants people to think that separation of church and state is a myth, like Bigfoot."

And then he pauses, something he does not do often.

"Let me make it clear. I would shed my last drop of blood to defend their right to hold that biblical worldview. They are absolutely entitled to believe that Anne Frank is burning in hell along with Dr. Seuss, Gandhi and Einstein," he says.

"But I will not accept my government telling me who are the children of the greater God and who are the children of the lesser God.

"That's the difference," he said. "I will not defend - I will fight them tooth and nail and lay down a withering field of fire and leave sucking chest wounds - if they engage the machinery of the state, which is what they're doing."

...

On July 29, 2004, Weinstein was visiting the U.S. Air Force Academy in Colorado Springs, Colo., as the proud parent of son Curtis, who had just finished three weeks of combat-survival training. Weinstein spotted him across a room and knew instantly that something was wrong. They drove off campus, in stormy silence.

"All right, Curtis, I can't take any more of this. What the hell have you done?" Weinstein remembers asking.

"It's not what I've done, Dad. It's what I'm going to do," Curtis answered, according to his father. "I'm going to beat the (expletive) out of the next person that calls me a (expletive) Jew or accuses me or our people of killing Jesus Christ."

At that moment, Weinstein says, "everything kind of telescoped. I could hear my heart in my ears. For a guy who talks a lot, I was speechless."

Weinstein says Curtis recounted eight or nine separate incidents in which cadets and officers had made anti-Semitic remarks. One came in the heat of athletic competition, when an upperclassman taunted, "How does it make you feel to know that you killed Jesus Christ?"

"What hurt me the most," Weinstein says, "was, you know, he's a tough kid; he was the city wrestling champ of Albuquerque as a sophomore in high school, (but) he said, `Dad, I don't really know what to do when they say that,' " Weinstein recalls.

Weinstein says he has since talked with hundreds of present and former cadets and staff at the academy, and has become convinced that the conflict is not between Christians and Jews but between aggressively

evangelical Christians and everybody else.

Weinstein's passion already has shaken the Pentagon. His complaints about the Air Force Academy led last year to congressional hearings, an internal Air Force investigation and new Air Force guidelines on religious tolerance.

The internal inquiry substantiated virtually all of his specific allegations. It found, for example, that Brig. Gen. Johnny A. Weida, the commandant of cadets, taught the entire incoming class a "J for Jesus" hand signal; that football coach Fisher DeBerry hung a "Team Jesus" banner in the locker room; and that more than 250 faculty members and senior officers signed a campus newspaper advertisement saying, "We believe that Jesus Christ is the only real hope for the world."

But the report concluded there was "no overt religious discrimination," merely a "lack of awareness over where the line is drawn between permissible and impermissible expression of beliefs." In its motion to dismiss Weinstein's lawsuit, the Air Force maintains that it has already remedied the academy's religious climate and that Weinstein's complaint cites no specific incidents in the Air Force at large.

The pushback from evangelicals has been intense. Focus on the Family and like-minded groups, many of which have headquarters near the academy, succeeded early this year in persuading the Air Force to soften its guidelines, so the latest rules explicitly allow commanders to share their faith with subordinates.

More than 70 members of Congress have urged President Bush to issue an executive order guaranteeing the right of military chaplains to pray "in the name of Jesus" at mandatory ceremonies attended by service members of all faiths.

The National Association of Evangelicals and the Alliance Defense Fund, a conservative legal group, also have filed motions to intervene\l "I" in the suit\l "I" on behalf of Christian chaplains and service members. They argue that the injunction Weinstein seeks would infringe on their rights to free speech and free exercise of religion.

Judge James A. Parker, who is hearing the case, has not yet ruled on the preliminary motions, so the Air Force has not yet had to respond to the substance of Weinstein's allegation that it has a pervasive, unconstitutional bias for evangelical Christianity.

Weinstein has amended his lawsuit, filed last October in U.S. District Court in New Mexico, to add several active-duty officers (including his older son, 1st Lt. Casey Weinstein) as co-plaintiffs. Girding for a long legal battle, Weinstein formed a foundation with 501(c)(3) tax-exempt status.

When the Air Force allows superior officers to evangelize their subordinates, Weinstein contends, it is doing something no private company would allow.

"Imagine if your boss were constantly coming by your desk to talk about his faith and invite you to his church," he says. "When it's your superior officer, it's much worse."

END

AFX

July 31, 2006

On Track rejected for passport contract

FORT LEE, N.J. (AFX) - On Track Innovations Ltd. is out of the running in its bid to supply the U.S. government's electronic passport program, the company said Monday.

The Government Printing Office eliminated the company from the group of vendors being evaluated as supplier for the program. The company did not indicate if it was given a reason for the rejection.

On Track, an Israeli maker of microprocessor-based smart cards used in contactless electronic card systems, said it intends to appeal the decision.

In December, On Track appealed an earlier elimination from the bidding and a federal claims court ordered that the company be reinstated in the competition.

END

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Monday, July 31, 2006 10:55 AM
To: Katsas, Gregory (CIV); Senger, Jeffrey M; Bottner, Andrea; Bucholtz, Jeffrey (CIV); Comisac, Rena (CRT); McKeown, Matt (ENRD); Barnett, Thomas O.
Subject: Outstanding OASG Issues.doc
Attachments: Outstanding OASG Issues.doc

For the new Associate and PDASG I thought I'd type out a list of the most significant open items here in OASG to supplement the more detailed lists the components have created. Please could you review this and let me know this morning if you're aware of any missing major items? Thanks.

Outstanding OASG Issues: August 2005

CRT
Operation Home Sweet Home (housing)
First Freedom project (religious liberties)
Project Civic Access (disabilities)
Affirmative action cases in SCOTUS this fall

ENRD
Cobell
Everglades
Post-Rapanos coordination of DOJ positions
Mt. Soledad

TAX
NAACP subpoena
KPMG litigation

ATR
Weyerhauser case in SCOTUS
Twombly case in SCOTUS

CIV
TVA
Omar
Ali
El Masri
Deficit Reduction Act litigation
TSP cases
Al Odah & habeas litigation
Partial birth abortion case in SCOTUS

OIP
Management issues
Transfer of personnel to CIV
Reprogramming/renaming
FOIA officer for DOJ

OJP
OVC management issues
Tort Reform legislation and civil justice statistics research reprogramming

OVW
Family justice center initiative

Other
Immigration review
EOIR move to OASG?
Representation of judges (disagreement btwn CIV and PRAO)
Attorney-Client Waiver Issue/Attorney Fee Reimbursement under Thompson/McCallum
Hamdan legislation
TSP legislation
Trade working group issues
OMB monthly meetings
Hiring for OASG

Comisac, Rena (CRT)

From: Comisac, Rena (CRT)
Sent: Monday, July 31, 2006 11:09 AM
To: Gorsuch, Neil M
Subject: RE: Outstanding OASG Issues.doc

Looks fine. One possible addition, as we discussed at our meeting last week, is determining how we will interpret and enforce the new language in VRA reauth and LULAC v. Perry.

From: Gorsuch, Neil M
Sent: Monday, July 31, 2006 10:55 AM
To: Katsas, Gregory (CIV); Senger, Jeffrey M; Bottner, Andrea; Bucholtz, Jeffrey (CIV); Comisac, Rena (CRT); McKeown, Matt (ENRD); Barnett, Thomas O.
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<< File: Outstanding OASG Issues.doc >>

Bucholtz, Jeffrey (CIV)

From: Bucholtz, Jeffrey (CIV)
Sent: Monday, July 31, 2006 11:35 AM
To: Gorsuch, Neil M; Katsas, Gregory (CIV)
Subject: Re: Outstanding OASG Issues.doc

Looks good.

-----Original Message-----
From: Gorsuch, Neil M <Neil.Gorsuch@SMOJMD.USDOJ.gov>
To: Katsas, Gregory (CIV) <GKatsas@CIV.USDOJ.GOV>; Senger, Jeffrey M <Jeffrey.M.Senger@SMOJMD .USDOJ.gov>; Bottner, Andrea <Andrea.Bottner@usdoj.gov>; Bucholtz, Jeffrey (CIV) <JBucholt@CIV.USDOJ.GOV>; Comisac, Rena (CRT) <Rena.Comisac@crt.usdoj.gov>; McKeown, Matt (ENRD) <MMcKeown2@ENRD.USDOJ.GOV>; Barnett, Thomas O. <Thomas.Barnett@ATR.USDOJ.gov>
Sent: Mon Jul 31 10:54:48 2006
Subject: Outstanding OASG Issues.doc

For the new Associate and PDASG I thought I'd type out a list of the most significant open items here in OASG to supplement the more detailed lists the components have created. Please could you review this and let me know this morning if you're aware of any missing major items? Thanks.

<<Outstanding OASG Issues.doc>>

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Monday, July 31, 2006 12:23 PM
To: Comisac, Rena (CRT)
Subject: Re: Outstanding OASG Issues.doc

Good add. Thanks.

-----Original Message-----
From: Comisac, Rena (CRT)
To: Gorsuch, Neil M
Sent: Mon Jul 31 11:09:03 2006
Subject: RE: Outstanding OASG Issues.doc

Looks fine. One possible addition, as we discussed at our meeting last week, is determining how we will interpret and enforce the new language in VRA reauth and LULAC v. Perry.

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Sent: Monday, July 31, 2006 10:55 AM
To: Katsas, Gregory (CIV); Senger, Jeffrey M; Bottner, Andrea; Bucholtz, Jeffrey (CIV); Comisac, Rena (CRT); McKeown, Matt (ENRD); Barnett, Thomas O.
Subject: Outstanding OASG Issues.doc

For the new Associate and PDASG I thought I'd type out a list of the most significant open items here in OASG to supplement the more detailed lists the components have created. Please could you review this and let me know this morning if you're aware of any missing major items? Thanks.

<< File: Outstanding OASG Issues.doc >>

McKeown, Matt (ENRD)

From: McKeown, Matt (ENRD)
Sent: Monday, July 31, 2006 1:25 PM
To: Gorsuch, Neil M
Subject: RE: Outstanding OASG Issues.doc

Neil: This supplemental list looks good. Except, Sue Ellen is adamant that the Cobell item should go on Civil's list. But seriously, it might make sense to break Cobell into "settlement" (ENRD) and "litigation" (Civil).

Matt

From: Gorsuch, Neil M
Sent: Monday, July 31, 2006 10:55 AM
To: Katsas, Gregory (CIV); Senger, Jeffrey M; Bottner, Andrea; Bucholtz, Jeffrey (CIV); Comisac, Rena (CRT); McKeown, Matt (ENRD); Barnett, Thomas O.
Subject: Outstanding OASG Issues.doc

For the new Associate and PDASG I thought I'd type out a list of the most significant open items here in OASG to supplement the more detailed lists the components have created. Please could you review this and let me know this morning if you're aware of any missing major items? Thanks.

<< File: Outstanding OASG Issues.doc >>

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, August 01, 2006 8:02 AM
Subject:	Attorney General's News Briefing for Tuesday, August 01, 2006
Attachments:	agnb060801.pdf; agnb060801.doc

This morning's Attorney General's News Briefing is attached.

Website: You can also read today's briefing, including searchable archive of past editions, at http://www.BulletinNews.com/justice.

Full-text Links: Clicking the hypertext links in our write-ups will take you to the newspapers' original full-text articles.

Interactive Table of Contents: Clicking a page number on the table of contents page will take you directly to that story.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, AUGUST 1, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

DOJ Appeals NSA Wiretap Ruling 4
Michigan Man Charged With Lying To FBI In Toledo Terrorism Probe 4
Guantanamo Commander Retires 4
Reports Detail Detainees' Assaults On Guantanamo Guards ..4
Federal Court Releases Most Evidence From Moussaoui Trial 5

Homeland Response:

Jeweler Arrested For Reporting Bogus NYC Subway Bombing Plot 5
Hundreds Mourn Seattle Jewish Center Victim 5
FBI Background Checks Said To Contribute To Naturalization Delays 6
Report Says Anti-Missile Systems For All US Passenger Planes Could Be 20 Years Away 6
Wisconsin GOP Legislators Denounce Professor's 9/11 Revisionism 6
Obtrusive Security Barricades Being Replaced With More Aesthetic Structures 7
Study Finds WTC Work May Have Aged Rescuers' Lungs By 12 Years 7
White House Says It Has Learned The Lessons Of Katrina 7

War News:

Democratic Leaders Ask Bush To Pull Troops Out Of Iraq 8
US Oversight Agency Criticizes Iraq Reconstruction Effort 8
Administration Optimistic About Increased International Backing For Iraq 9
Gunmen Abduct 26 People In Baghdad 9
NATO Takes Over Command Of Forces In Southern Afghanistan 9

Corporate Scandals:

Former Qwest CEO Seeks To Move Trial 9
Computer Associates Admits Officials Backdated Stock Options 10
Writer Urges SEC Adoption Of Shareholder Complaint Arbitration 10
WSJournal Says CEO's Are Not Immune From Market Discipline 11

Criminal Law:

Seven Plead Not Guilty In Online Betting Case 11
Libby Seeks Testimony From Memory Expert In CIA Leak Case 11
Marshals Lead Sex Offender Crackdown In Alabama 12
Fiancee Of Key Ryan Trial Witness Sentenced To Four Months In Prison For Perjury 12
Lawyer Says Alleged Coca-Cola Theft Plot Leader Depressed, Malnourished 12
Judge Grants Delay In Tennessee Waltz Trial 12
FBI Subpoenas Dallas School District Credit Card Records .12
Illinois Man Sentenced To Prison For Threatening To Kill Judge, Bush 13
FBI Suspects Sabotage In Florida Freight Train Derailment .13
New Orleans Residents On Edge After Six Weekend Slayings 13
Registered Sex Offender Charged In Baltimore Boy's Death .13
Teen Fight Clubs Face Police Crackdown 14
WPost Urges Report On DC Curfew 14

Civil Rights:

Fox News Settles Sex Discrimination Suit 14

Antitrust:

DOJ OKs McClatchy Newspapers Deal 14
Sanofi-Aventis Subpoenaed In Plavix Probe 15
UK Medical Supply Company Believes US Employee Focus Of FBI Antitrust Probe 15
Exelon Chafes At Delay Of New Jersey Utility Takeover 16

Smithfield To Purchase ConAgra Brands 16
Taiwan Launches Antitrust Probe Of Yahoo 16
EU Undecided On Microsoft Fine 17
Arcelor-Mittal Deal Faces Brazilian Hurdle 17
Teck Boosts Bid For Inco 17
FCC Finds Possible Comcast Bias Against MASN 18

Environment/Indian Affairs:

Senate Nears Passage Of Offshore Drilling Bill 18
Journal Debates Bush Administration's Logging Policies 18
Schwarzenegger, Blair To Unveil Joint Effort On Global Warming 18
Bird Flu Pandemic May Be Less Likely Than Feared 19
Indians Protest Biker Rally Near Sacred Site 19

FBI/DEA/ATF/USMS:

National Guard Troops Help Seize Drugs In Border States ... 20
Intersecting Highways Make Kansas Major Drug Trafficking Center 20
Philadelphia Police, FBI Bust Drug Traffickers In Ongoing Investigation 20
Coach Could Be Suspended If Olympic Sprinter Is Found Guilty Of Doping 20
Guns, Ammunition Seized In Illinois, Kentucky Raids 21
ATF Revokes Pennsylvania Gun Dealer's License 21

Immigration:

DOJ To Hire More Immigration Prosecutors For Border Areas 21
Bush Renews Call For Comprehensive Immigration Reform 22
SENTRI Program Arriving At Busy US-Mexico Bridge Crossings 22
Study Finds Asylum Denial Rates Vary By Judge 22
Colorado Governor Signs Tough Immigration Laws 23

Tax:

Senate To Examine Use Of Offshore Accounts To Avoid Taxes 23
Phone-Tax Refunds Difficult For Firms To Claim 23

Congress-Administration:

Democrats Stall Keisler's Nomination To DC Circuit 24
Bush Touts Importance Of Trade In Visit To Miami Port 24
White House Taps Dudley For OMB Regulatory Review Post 25
Carmona Stepping Down As Surgeon General 25
Senate Hopes To Speed Through Pending Legislation This Week 25
Burns Blocks Civilian Pentagon Nominations Until Overseas Military Voting Simplified 27
Insiders Say Bartlett, Snow Are Working Well Together 27
Polls Find Most Seniors Happy With Medicare Drug Plans 28
FDA To Allow Morning-After Pill To Be Sold Over-The-Counter 28
GOP Moderates Seen As Gaining Influence In House 29
GOP Leaders Will Try To Save Lobbying Reform 29
Pentagon Won't Renew Contract With Company Involved In Cunningham Scandal 29
Bush Presents Award To Miami Volunteer 29
Survey Finds Navy Civilians Give Supervisors High Marks 29
Nicholson Touts VA's Prescription Accuracy 29
Author Says Veto Won't Impede Progress Of Stem Cell Research 30

Other News:

Bush Expresses Confidence In Bernanke 30
ABA To Consider Tort Reform Plan 31
DSCC Reserves $18 Million In TV Ad Time In Ohio, Missouri And Pennsylvania 31
Frist Has Failed To Disclose His Role As Foundation Trustee 31
Iraq War Continues To Be The Focus Of Lieberman-Lamont Primary 31
Top Florida GOP Officials Told Harris They Would Revoke Support For Her 32
Federal Appeals Court Hears Arguments Over DeLay's Spot On Ballot 32
Clinton Calls For Increased Investment In Rural Communities 32
Romney Apologizes For Using The Term "Tar Baby" 33
Kansas Board Of Education Primaries Seen As Referendum On Evolution 33
Pew Poll Finds Americans' News Preferences Split Along Party, Ideological Lines 33
Bush Reiterates Opposition To Immediate Ceasefire In Lebanon 33
Rice Returns To White House "Scrambling" To Find Lebanon Peace Plan 36
Israeli Cabinet Approves New Ground Offensive 38
UN Security Council Sets Deadline For Iran To Stop Nuclear Activities 40
Bush Says Chavez Is Not A Military Threat To US 41
Castro Temporarily Hands Over Power To His Brother 41
Lopez Obrador Supporters Paralyze Mexico City's Financial District 41
Assassination Sparks Increased Tensions Over South Ossetia 41

DOJ_NMG_0044129

Tsunami Battered Indonesian Province Institutes Sharia Law42
Congo Vote Expected To Result In Runoff 42
Violence In Sri Lanka Now "Close To Open War." 42
Chinese Government Works To Establish More Credible
Stock Markets 42
Japan's Carmakers Now Produce More Cars Overseas
Than Domestically..... 43
British Court Rules Against Bid To Recognize Gay Marriages43
Brazilian President Faces Challenge From Senator He
Expelled From Party 43
US Ambassador To Cambodia Urges Prosecution Of
Remaining Khmer Rouge 43
Spain's Approach To Immigration Seen As Model For
Europe 43

The Big Picture:

Headlines From Today's Front Pages..... 44

Washington's Schedule:

Today's Events In Washington 44

DOJ_NMG_0044130

TERRORISM NEWS:

DOJ Appeals NSA Wiretap Ruling. CNET News (8/1, McCullagh) reports, "The Bush administration has asked a federal appeals court to halt a lawsuit alleging AT&T illegally opened its communication networks to surveillance by the National Security Agency." CNET continues, "Permitting the lawsuit to proceed would endanger national security and possibly expose classified information, the U.S. Department of Justice said in a legal brief filed on Monday. … It also nominated Laurence Silberman, a federal appeals court judge in Washington, D.C., to serve as an expert in this case. A former deputy attorney general, Silberman was appointed by President Reagan and serves on the secretive Foreign Intelligence Surveillance Court of Review." CNET adds, "The brief is a response to a July 20 ruling by U.S. District Judge Vaughn Walker in San Francisco, who surprised lawsuit watchers by saying there are 'sufficient' grounds to let the lawsuit continue. … 'Because of the public disclosures by the government and AT&T, the court cannot conclude that merely maintaining this action creates a "reasonable danger" of harming national security,' Walker wrote. … In a 24-page brief filed on Monday, the Justice Department asked the 9th Circuit Court of Appeals to review the case because of the 'serious risk' of disclosing sensitive information. 'The district court has, in a highly unusual action, overruled the government's assertion of the state secrets privilege, and has thereby placed at risk particularly sensitive national security interests,' the brief says."

Michigan Man Charged With Lying To FBI In Toledo Terrorism Probe. The AP (8/1) reports, "A man has been charged with lying to officials investigating what the U.S. government says was a plot to recruit and train terrorists to attack U.S. and allied troops overseas." Jihad Hekmat Dahabi of Dearborn, Mich., "was charged Thursday in U.S. District Court with making 'false, fictitious and fraudulent material statements' in the course of an investigation of Marwan Othman El-Hindi" and two others in Toledo, Ohio. The AP adds, "FBI and Treasury Department agents interviewed Dahabi in February in Dearborn, according to the Detroit Free Press. In a second interview in June, Dahabi 'admitted providing false statements' about a meeting with El-Hindi in April 2005, according to the complaint filed Thursday."

Guantanamo Commander Retires. The retirement of Guantanamo's commander drew coverage from the major newspapers and wire services. The Washington Post (8/1, White, 748K) reports, "Maj. Gen. Geoffrey D. Miller, a central figure in the debate over the treatment of detainees in Iraq and at Guantanamo Bay, Cuba, retired from the Army yesterday amid ongoing congressional concern about his role in policies that allegedly led to abuse by U.S. service members." Miller retired "without seeking...a third star," having had a "legacy tarnished by allegations of abuse." He "was allowed to retire only after he assured members of the Senate [Armed Services Committee] in writing that he would make himself available to testify if called." A "Pentagon official" called him "a casualty of the Abu Ghraib abuse," like Lt. Gen. Ricardo Sanchez. Miller "implemented and oversaw ... harsh interrogation tactics" while commanding Guantanamo in 2002 and 2003. Such tactics appeared later in Iraq, "shortly after" he and a team of experts visited.

The AFP (7/31, Mannion) reports that he "retired with accolades from army leaders." However, he "cited his right against self-incrimination in refusing to testify in the military trial of an Abu Ghraib dog handler, Sergeant Michael Smith."

The New York Times (8/1, Shanker, 1.21M) reports his retirement, quoting a Human Rights Watch lawyer who calls a medal given to Miller "not just a disappointment, it's an outrage."

The AP (8/1, Burns) reports that Miller "said he recommended that dogs be used for detainee custody and control but not for interrogations. Lower-level soldiers, however, have asserted that Miller told them dogs had been useful at Guantanamo in setting the atmosphere for interrogations."

Reports Detail Detainees' Assaults On Guantanamo Guards. The AP (8/1, Solomon) reports that prisoners at Guantanamo Bay "have attacked their military guards hundreds of times, turning broken toilet parts, utensils, radios and even a bloody lizard tail into makeshift weapons. Pentagon incident reports…show Military Police guards are routinely head-butted, spat upon and doused by

DOJ_NMG_0044131

'cocktails' of feces, urine, vomit and sperm collected in meal cups by the prisoners. … Entire wings of prisoners were reported to become riotous after complaints emerged that guards mishandled a Quran or mistreated prisoners." The AP notes that "nearly a quarter of incidents involved female guards." The Landmark Legal Foundation, "a conservative legal group that fought to force the Pentagon to release the reports under the Freedom of Information Act, said it hopes the information brings balance to the Guantanamo debate." Sen. John McCain "said the treatment of the guards has been overshadowed by the legal and political debates surrounding the detainees, but he has been impressed with the guards' professionalism."

Federal Court Releases Most Evidence From Moussaoui Trial. The Washington Post (8/1, A7, Markon, 748K) reports, "Officials at the federal court in Alexandria posted on the Web yesterday nearly all the evidence presented during the sentencing trial of Sept. 11, 2001, conspirator Zacarias Moussaoui, marking the first time a federal court has provided such extensive online access in a criminal case. … With a series of clicks, Web users can hear recordings of frantic 911 calls from people trapped inside the burning trade center towers and see videos of the towers collapsing. The court's Web site for the evidence is http://www.vaed.uscourts.gov/notablecases/moussaoui/exhibits."

HOMELAND RESPONSE:

Jeweler Arrested For Reporting Bogus NYC Subway Bombing Plot. The AP (8/1, Milton) reports Brooklyn jeweler Rimon Alkatri, "apparently bent on revenge against his former business associates, was arrested Monday for reporting a bogus plot to bomb the New York subways last Fourth of July, authorities said." Alkatri allegedly called the NYPD terrorism tip hotline and "told investigators that the plot involved five 'Arab people,' all Syrians working in the jewelry business, according to Patrick Dugan, chief of the DA's Rackets Bureau. The names turned out to be those of five jewelry business associates with whom he'd had a falling out." The AP adds, "The detectives were joined by the FBI/NYPD Joint Terrorism task force and Israeli law enforcement in tracing leads and providing information as they raced against the clock to thwart the purported plot." The New York Post (8/1, Italiano, 608K) notes, "The allegedly bogus bomb plot mobilized more than 40 NYPD personnel, Manhattan prosecutors, customs officials and members of the FBI-NYPD Joint Terrorism Task Force, at a cost of more than $100,000."

The New York Times (8/1, Hartocollis, 1.21M) reports that when Alkatri called the tip line in May, "the post-Sept. 11 antiterrorist law enforcement apparatus sprang into action, with city, federal and even Israeli officers following leads, conducting 24-hour surveillance and searching homes and businesses with bomb-sniffing dogs. A New York detective stationed in Jerusalem tried to track down the man called Jose Rodriguez," as Alkatri called himself. "The arrest offered what investigators said was a disturbing account of how law enforcement officers could be manipulated by a malicious prankster, especially in these times, when the specter of a terrorist attack seems possible and almost no threat seems too outlandish to ignore. This caller seemed credible because of the specific names and details that he offered, officials said." The New York Daily News (8/1, Ross, Fenner, Goldiner, 729K) and Newsday (8/1, DeStephano) also report on the arrest.

Hundreds Mourn Seattle Jewish Center Victim. In a widely-distributed story, the AP (8/1, Johnson) reports, "Hundreds of people attended a funeral Monday" for Pamela Waechter, killed in Naveed Afzal Haq's shooting rampage at Seattle's Jewish Federation of Greater Seattle on Friday. "A simultaneous funeral took place in Minneapolis, where Waechter was raised as a Lutheran." The AP adds, "U.S. Attorney John McKay said Monday that an FBI investigation continues, and that federal hate crime charges could accompany state murder charges." The Seattle Times (8/1, Bartley, 217K) reports, "More than 1,000 mourners…crowded into the Bellevue temple where Waechter had been president and had touched the lives of many with her kindness, generosity and dedication to her faith. … Rabbi James Mirel pointed out that Waechter's funeral brought together Orthodox, Conservative and Reform Jews, as well as Muslims and Christians and even those without faith." The Seattle Post-Intelligencer (8/1, Iwasaki, 129K) adds, "Tributes to Waechter flowed for an hour…with family and friends describing her as non-judgmental, warm and loving, a go-getter who attracted people by her genuine interest in them."

Federal Charges Would Require Proof Of "Hate-Plus." The Seattle Times (8/1, Carter, 217K) reports, "Odd

DOJ_NMG_0044132

as it may seem, hate alone is not enough to warrant federal hate-crime charges. … King County prosecutors are moving toward filing aggravated-murder and attempted-murder charges against Haq, perhaps as early as Wednesday, said Dan Donohoe, a spokesman for the King County Prosecutor's Office," and "Assistant U.S. Attorney Mike Lang said Monday federal prosecutors have not ruled out federal charges, as they monitor the state's investigation and wait for the FBI to complete a probe of its own." However, Assistant US Attorney Bruce Miyake said, "Hate by itself is not enough. It's sort of hate-'plus.'" The Times notes, "The 'plus,' Miyake explained, requires the government to prove that more than race, religious preference or national origin was a factor in the crime."

Haq Parents Offer Apology To Jewish Groups. The New York Times (8/1, Yardley, 1.21M) reports Naveed Afzal Haq's parents "wrote letters to Jewish groups on Monday saying 'they don't want this to be seen as anything but the act of an ill person,' a lawyer for the family said. 'It's basically telling the people that they're very sorry for the tragedy that happened, that they're praying for them,' said the lawyer, Larry C. Stephenson. 'They don't want this to be seen as creating any hatred between Jewish and Muslim people. The Haqs are very religious people.'" The Times notes, "The F.B.I. is also investigating to determine if he committed a hate crime, said Frederick Gutt, a special agent in the bureau's Seattle office."

FBI Background Checks Said To Contribute To Naturalization Delays. McClatchy Newspapers (8/1, Taylor) reports Army Reserve Sgt. Kendell Frederick's citizenship application "process dragged on for months because of paperwork mix-ups and misfiled fingerprints. In the meantime," Frederick was deployed to Iraq and "killed in a roadside bombing. Frederick's death…highlights the plight of the more than 23,600 noncitizens serving in the U.S. military. Although they're expected to fight and possibly die for the United States, they can encounter a daunting bureaucracy when they attempt to naturalize." McClatchy notes, "The FBI runs two types of checks on prospective citizens - a routine check of police and court records to look for criminal convictions and a broader 'name check,' which sifts through the agency's investigative files. … The division responsible for the checks receives more than 27,000 requests from immigration authorities. FBI officials said the checks were important in ensuring the right people became citizens. 'It's conceivable that a subject involved in a terrorism investigation may not have a criminal history,' said FBI spokesman Paul Bresson."

ACLU, CAIR Filing Lawsuit Over Delays. The Los Angeles Times (8/1, Reza, 918K) reports that the ACLU and the Southern California chapter of the Council on American-Islamic Relations plan to file a lawsuit "today on behalf of 10 Southern California immigrants who have been waiting two years or more for their citizenship. The lawsuit, to be filed in U.S. District Court in Los Angeles, accuses government officials of illegally delaying their background checks and allowing applications to linger indefinitely." San Francisco ICE spokeswoman Sharon Rummery "said about 1% of citizenship applicants wait longer than six months for the standard background checks to be completed. 'I have no idea why they take longer, but we are required to send these names to the FBI. … Kenny Smith, FBI spokesman in Los Angeles, said background checks were done by agents in Washington. He said he could not find out Monday why some background checks take longer to complete."

Report Says Anti-Missile Systems For All US Passenger Planes Could Be 20 Years Away. The AP (8/1, Miller) reports "a government report obtained Monday by The Associated Press" indicates that full deployment of a system to protect US passenger airplanes from shoulder-fired missiles "could be 20 years" away. "Under a test program, BAE Systems and Northrop Grumman developed laser-based systems over the past two years that still don't meet the reliability standards set by the Homeland Security Department, the report said." The AP adds, "Congress agreed to pay for the development of the systems to protect the planes from such weapons, but balked at proposals to spend the billions needed to protect all 6,800 commercial US airliners." DHS spokesman William Knocke said, "Ultimately, Congress is going to determine whether it wants to support a wide-scale deployment of Manpads countermeasures to the aviation industry."

Wisconsin GOP Legislators Denounce Professor's 9/11 Revisionism. The New York Times (8/1, Ruethling, 1.21M) profiles Kevin Barrett, a "teacher's assistant or lecturer on Islam, African literature and other subjects at the University of Wisconsin, Madison, since 1996" who questions the generally accepted version of the events of September 11, 2001 as described in the official 9/11

DOJ_NMG_0044133

Report. Barrett considers the attacks "an inside job." According to the Times, "Barrett's views, which he described on a conservative radio talk show in June, have outraged some Wisconsin legislators and generated a fierce debate about academic freedom." 61 state legislators, "all but one of them Republican, sent a resolution to Gov. James E. Doyle "condemning Mr. Barrett's 'academically dishonest views' and demanding that his one-semester contract to teach the class for a salary of $8,247 be terminated."

Obtrusive Security Barricades Being Replaced With More Aesthetic Structures. USA Today (8/1, Moore, 2.27M) reports that bollards and concrete highway barriers put in place "to protect public buildings after Sept. 11, 2001" are "slowly" being replaced by "barricades designed to blend with the appearance of streets and buildings." Nancy Somerville of the American Society of Landscape Architects says that the "terraced, walled embankments" that now surround the Washington Monument are "the poster child for good security design." Meanwhile, "Obvious blockades, such as the highway barriers and concrete planters that followed 9/11, create unfriendly spaces that are difficult to navigate and where people don't want to linger, says Mark Rios, a Los Angeles landscape architect who is writing a guide for government agencies on good security design." A separate USA Today (8/1, Moore, 2.27M) report focuses on security features in New York City that go "a step beyond bollards and barricades." Architect Rob Rogers of Rogers Marvel says that with bollards, "All you get is security," whereas "reinforced benches, fountains and terraced lawns can be amenities for people" as well.

Study Finds WTC Work May Have Aged Rescuers' Lungs By 12 Years. USA Today (8/1, Szabo, 2.27M) reports a study published today in the American Journal of Respiratory and Critical Care Medicine shows that working on the World Trade Center following 9/11 "may have aged the lungs of firefighters and rescue workers by an average of 12 years." The report's authors "say they don't know whether lung function will continue to deteriorate or whether rescuers' lungs will heal some of the damage." The study shows that those "present during the Twin Towers' collapse lost the most lung capacity" and that firefighters "lost more lung function than emergency medical service workers."

White House Says It Has Learned The Lessons Of Katrina. The New York Times (8/1, Stolberg, 1.21M) reports as "the peak of the tropical storm season approaches, President Bush sought to assure the nation on Monday that his administration had learned the lessons of Hurricane Katrina and was ready to handle another epic natural disaster. But Mr. Bush sent the message with pictures, not words." Bush "visited the National Hurricane Center, chatting in front of the cameras with scientists who track tropical storms but not taking any questions." In remarks "to reporters and in a separate speech at the Port of Miami, the president made no formal mention of storm preparations, leaving it to the new director of the Federal Emergency Management Agency, R. David Paulison, and the White House press secretary, Tony Snow, to convey the readiness message." Snow said, "People have learned a lot from Katrina in time to draw the lessons." The Times adds the White House "says it has vastly improved its communications capabilities and has fortified its stockpile of supplies since Hurricane Katrina. The number of disaster assistance employees has doubled to 8,000 from 4,000, and the supply of ready-to-eat meals has increased by 300 percent, to 770 truckloads from 180 before the storm — enough food, Mr. Paulison said, to feed a million people for a week."

Decision To Prosecute Doctor, Nurse For Katrina Deaths Garners Criticism. The New York Times (8/1, Drew, 1.21M) reports Louisiana Attorney General Charles C. Foti Jr. has become engulfed in "a firestorm, as many people question his decision to order the arrests of a doctor and two nurses, whom he accused of killing four hospital patients with drug injections in the desperate days after Hurricane Katrina." Angry doctors "say Mr. Foti's accusations have trampled delicate issues about end-of-life care and have made the doctor, Anna M. Pou, a scapegoat for the delays in evacuating a flooded hospital." More than "200 local residents and evacuees have rallied to her defense on a community Web site, calling her a hero for working through the storm and accusing Mr. Foti of grandstanding. Even some of his former law enforcement colleagues criticize Mr. Foti's handling of the case and question whether his accusations will hold up." But Foti "is standing firm that the case is about murder, not mercy killing or accidental overdoses."

DOJ_NMG_0044134

WAR NEWS:

Democratic Leaders Ask Bush To Pull Troops Out Of Iraq. The Washington Times/AP (8/1, Flaherty) reports, "Key Democratic leaders in the House and Senate have united to call on President Bush to begin pulling U.S. troops out of Iraq by the end of the year, citing an overtaxed military, billions of dollars spent and ongoing sectarian violence. In a letter to Bush released Monday, the Democrats backed a plan for the 'phased redeployment' of troops." The Democrats wrote, "US forces in Iraq should transition to a more limited mission focused on counterterrorism, training and logistical support of Iraqi security forces and force protection of US personnel." Republicans "said the letter amounted to Democratic leadership surrendering to terrorists." The "recent letter, dated July 30, is significant because -- signed by every top Democrat on committees with oversight of military, intelligence and international affairs -- it solidifies the Democrats' position and presents a unified front as members head into election season." The letter also was signed by Senate Majority Leader Harry Reid and Rep. Nancy Pelosi, his House counterpart.

The Washington Post (8/1, A1, Babington, VandeHei, 748K) says "the 12 Democrats…include liberals and centrists who have differed over Iraq in the past. … Their action puts party leaders on the same page, and it helps clarify the Nov. 7 election as a choice between a party seeking a timeline for withdrawing troops from an unpopular war and a party resisting any such timetable." However, "for all its passion, the letter has more significance as a political statement than as a policy alternative. Most Democrats previously have embraced the general idea of beginning a troop drawdown this year, and the letter adds no specifics about how many troops should be withdrawn or how rapidly."

The New York Times (8/1, Nagourney, 1.21M) reports, "As a matter of policy, the proposals by the Democrats did not, for the most part, break new ground, Democratic aides said." But "the fact that most of the Democratic leadership had unified around a position -- and presented it so forcefully-—— strongly suggests that the politics surrounding the war are changing."

22 Democrats Seek Repeal Of 2002 Iraq Resolution. Meanwhile, Roll Call (8/1, Kornacki) reports, "With bills aimed at imposing a phased withdrawal of US troops from Iraq, or even reopening the Congressional debate on US involvement in Iraq, languishing in the House, some war opponents are now trying a blunter approach: revoking the 2002 Congressional war resolution. So far, 22 House Members -- all of them Democrats who have been leading figures in the out-of-Iraq movement -- have signed on to the Iraq War Powers Repeal Act of 2006, introduced July 25 by Rep. Lynn Woolsey (Calif.)." However, "Woolsey's bill isn't expected to do much beyond collecting a few more signatures and a lot of dust. About 70 of the 205 House Democrats have joined the Out of Iraq Caucus, but party leaders have favored a more incremental public approach to the Iraq issue, perhaps mindful that the road to a House majority in this fall's elections runs through numerous Republican-leaning districts."

US Oversight Agency Criticizes Iraq Reconstruction Effort. The New York Times (8/1, Glanz, 1.21M) reports, "A United States federal oversight agency has raised serious new questions about the security, financial support and staffing for the teams that the United States is creating to lead the next phase of its reconstruction program in Iraq." During "recent visits to four of the five teams that were in operation, auditors from the oversight agency noted that the teams suffered from problems that included security threats that seriously hampered their ability to meet with local Iraqis, difficulties in obtaining supplies as basic as pens and paper, and major challenges in recruiting qualified civilians to work in Iraq's far-flung provinces." The agency, the Special Inspector General for Iraq Reconstruction, in a quarterly report to be officially released Tuesday, said, "The deteriorating security situation has had a particularly deleterious effect on the establishment of the US provincial reconstruction teams." The agency "is independent and reports directly to Congress, the State Department and the Pentagon."

Meanwhile, The Washington Post (8/1, A12, Witte, 748K) reports, "A project to build a critical oil pipeline in northern Iraq has fallen more than two years behind schedule, costing the Iraqi government $14.8 billion in revenue and jeopardizing the safety of local water supplies, according to a report by U.S. government auditors released yesterday." The "31-mile pipeline, designed to connect Iraq's northern oil fields with a major refinery," is "intended to replace an old, decrepit line that has been leaking oil for years. But because contractors were unable to finish

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construction of the new pipeline by March 2004 as scheduled, oil is pooling in the open air rather than being sped to market, auditors with the Special Inspector General for Iraq Reconstruction say."

Administration Optimistic About Increased International Backing For Iraq. The AP (8/1, Crutsinger) reports, "A number of nations have expressed a willingness to help boost international economic support for Iraq, the Bush administration said Monday." Deputy Treasury Secretary Robert Kimmitt, "Bush's special envoy on the issue, said he was optimistic the necessary work will be completed in coming months so that an international conference to collect pledges of financial support can be held by the end of the November." He "said France and Germany, two countries that opposed the US-led Iraq war, are participating in meetings chaired by the government of Iraq and the United Nations over development of an International Compact for Iraq."

Gunmen Abduct 26 People In Baghdad. USA Today/AP (8/1, Reid) reports, "Gunmen dressed in military fatigues seized 26 people in raids Monday on the offices of the Iraqi-American Chamber of Commerce and a nearby mobile phone company in Baghdad. The kidnappings, involving 15 four-wheel-drive vehicles, occurred around noon in the shopping area of Karradah."

NBC Nightly News (7/31, story 4, 0:20, Williams, 9.87M) reported the gunmen "seized their victims in broad daylight in a mostly Shiite area of Baghdad."

The Washington Post (8/1, A12, Partlow, Al-Izzi, 748K) says that "whether these attackers are criminals wearing fake uniforms or are corrupt security forces, infiltrated by violent militiamen, remains publicly unknown." The Los Angeles Times (8/1, Daragahi, 918K) runs a similar report.

US Death Toll Down In July. ABC World News Tonight (7/31, story 5, 0:15, Gibson, 8.78M) reported, "The US military death toll in Iraq fell in July, for the third-straight month. Despite the rising sectarian violence, as of yesterday, 44 US forces had been killed in July. That's the third-lowest monthly death toll in two years."

NATO Takes Over Command Of Forces In Southern Afghanistan. NBC Nightly News (7/31, story 6, 0:15, Williams, 9.87M) reported, "In southern Afghanistan tonight, there's been a historic handover of command from the United States to NATO. And there was instant proof of the challenge ahead in that part of the world during the handover ceremony itself in Kandahar. A car bomb exploded a few miles away. It killed eight people and wounded 16."

The New York Times (8/1, Gall, 1.21M) says "the transfer will allow the United States to shift more of its 22,000 troops in Afghanistan toward the border with Pakistan, where leaders of the Taliban and Al Qaeda are believed to have taken refuge and continue to operate across a porous frontier." It will also mean "a far larger military role for the 18,000 NATO troops here, which will be embarking on one of the most difficult tasks of its 57-year history."

Meanwhile, the Washington Times/AP (8/1, Abrashi) reports "the top" NATO general "warned that he will 'strike ruthlessly' against Taliban rebels when necessary." British Lt. Gen. David Richards, the new commander, "indicated NATO would continue to use the heavy firepower that has been employed by the coalition in recent months in response to an escalation in militant attacks."

CORPORATE SCANDALS:

Former Qwest CEO Seeks To Move Trial. The Rocky Mountain News (8/1) reports, "Joseph Nacchio, the former chief executive officer of Qwest Communications International Inc., asked a federal judge to move his trial on insider-trading charges from Denver, where Qwest is based, to New Jersey. … 'Nacchio has become among the most reviled figures in recent Denver history and, therefore, there are great obstacles to Mr. Nacchio receiving a fair and impartial trial,' Nacchio's lawyer, Herbert Stern, wrote in a court document filed in federal court in Denver today." The News continues, "The Justice Department on Dec. 20 charged Nacchio, 56, in a criminal complaint for selling $101 million in Qwest shares in 2001 while knowing revenue targets were unattainable. Nacchio, who served as Qwest CEO from 1997 to 2002, denied wrongdoing." The News adds, "The U.S. Securities and Exchange Commission claimed in a related civil lawsuit that Nacchio directed a fraud that led Qwest to erase $2.5 billion in revenue. … In his motion, Stern repeatedly cited newspaper articles containing 'highly prejudicial' comments from former Qwest employees and a local member of Congress. Qwest, the No. 4 U.S. local telephone company, agreed to pay $250 million to settle fraud allegations by the SEC and $400 million to settle some investor lawsuits."

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Computer Associates Admits Officials Backdated Stock Options. The Financial Times (8/1, Waters) reports, "Executives at Computer Associates set stock options aside for up to two years before issuing them to employees in a way that produced large windfall gains, the US software company disclosed on Monday." The Times continues, "News of the compensation practices came as the software company joined the growing band of US technology and other concerns to admit to "backdating" employee stock options. … The practice, which involves giving out options with exercise prices that were set at earlier, more favourable levels, has drawn the attention of the Securities and Exchange Commission and prompted a full-scale investigation by Federal prosecutors in San Francisco." The Times adds, "Computer Associates on Monday also slashed $342m from its reported pre-tax profits for the period 1996-2006 to reflect the fact that the implicit gains in the employee options should have been treated as an expense. … Other tech companies to have already reported big retroactive options charges in recent weeks include Mercury Interactive, which set aside $525m, and Broadcom, which took a charge of more than $750m. … The latest disclosure of accounting failure at Computer Associates follows a series of earlier irregularities, some of which led to the replacement of the company's entire senior management team and the prosecution of Sanjay Kumar, former chief executive officer."

Brooks Automation Filing Cites "False" Options Document. The Wall Street Journal (8/1, Forelle, Bandler) reports, "Brooks Automation Inc. said two former outside directors and its former chief executive signed a 'false' document permitting the executive to exercise an expired stock option for millions of dollars in profit." The Journal continues, "The disclosure came as the Chelmsford, Mass., maker of semiconductor equipment restated several years of earnings to account for options-related accounting problems." The Journal adds, "The two directors who signed the document, Roger D. Emerick and Amin J. Khoury, stepped down from the board in May. Robert Therrien, the former chairman and chief executive officer, left the CEO position in 2004 and retired as chairman earlier this year. … The option in question was set to expire in August 1999, and filings from the time record Mr. Therrien's exercising it just in the nick of time -- two days before the deadline. … But in yesterday's filing discussing the restatement, Brooks said the transaction actually occurred months later. The exercise was permitted because a document signed by Messrs. Emerick, Khoury and Therrien in November described a loan, which they had purportedly discussed in June, to Mr. Therrien so that he could exercise the options before they expired. 'Pursuant' to the document, 'Mr. Therrien was deemed to have been granted a loan as of August 1999,' Brooks said in yesterday's filing. … But a probe by a special committee of directors found that the document 'was false as there were no discussions concerning a loan in June 1999,' and determined that 'Mr. Therrien misrepresented the facts of the loan.'"

Writer Urges SEC Adoption Of Shareholder Complaint Arbitration. The Washington Post (8/1, A17), Joseph W. Bartlett, who is of counsel at the New York office of Fish & Richardson PC and is founder and chairman of VC Experts.com Inc., which works with venture capital and private equity firms, writes, "The power supply of venture capital activity, the initial public offering of a company's stock, is shifting offshore, principally to London. Inexorably, the critical mass of corporate finance activity will follow, dragging along the IPO issuers as well. Serious consequences will ensue if we lose our edge in global capital markets, particularly in our efforts to keep the Ciscos and Intels of this world at home." Bartlett continues, "The emigration of IPOs is frequently ascribed to overregulation, specifically to the Sarbanes-Oxley Act of 2002. But while that regulatory legislation is a factor, the key driver is the cost imposed by breakdowns in our justice system, which result in a crippling 'tax' on our public companies, with the proceeds going to resourceful class-action lawyers. All it takes is an earnings hiccup and a stock downturn for the plaintiffs' bar to mount a lawsuit that, regardless of merit, cannot be prudently defended. … The Securities and Exchange Commission can fix the Sarbanes-Oxley problems so that the benefits of that legislation balance the burdens. But the tribute resulting from extortionate class actions cannot be dealt with so easily. Congressional attempts to level the playing field have been thwarted. Trial lawyers give political money till it hurts, and that money hurts U.S. competitiveness." Bartlett argues that "there is, in this case, a simple and right solution that can be immediately implemented by the SEC. It can simply accept provisions in a corporation's charter that mandate compulsory arbitration for shareholder complaints based on violations of securities law. … To do this, the SEC need only reverse a policy adopted informally and announced in a 1990 paper by a staff lawyer. That policy ordered a flat ban on compulsory

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arbitration. The commission could end this ban and adopt instead a nuanced, conditional policy in favor of arbitration for companies electing to use it. This would entail continued public oversight and a fair, efficient system for adjudicating legitimate shareholder complaints."

WSJournal Says CEO's Are Not Immune From Market Discipline. An editorial in the Wall Street Journal (8/1, 2.03M) says that Hank McKinnell's "surprise ouster as CEO by Pfizer's board last week illustrates the flip side of the executive-pay coin: Top executives in the US are paid for performance, and today's corporate directors are not shy about pushing out those whose performance doesn't measure up for shareholders." The Journal adds that "Pfizer's ouster of Mr. McKinnell shows that even high-profile CEOs at our largest companies aren't immune from market discipline. Mr. McKinnell will land on his feet. But think of him next time someone tells you corporate boards are rubber stamps for all-powerful CEOs."

CRIMINAL LAW:

Seven Plead Not Guilty In Online Betting Case. The AP (8/1, Douglas) reports, "Seven defendants named in a federal indictment of one of the world's largest online gambling companies, BetOnSports, pleaded not guilty Monday (in St. Louis) to federal racketeering and mail and wire fraud charges." The AP continues, "Neil Kaplan and Lori Kaplan Multz, the brother and sister of BetOnSports founder Gary Kaplan, were among those pleading not guilty to a 22-count indictment. … The government claims BetOnSports and its employees fraudulently took billions of dollars in wagers from U.S. residents by phone and over the Internet without paying excise taxes. … No one appeared on behalf of the BetOnSports corporation." The AP adds, "Gary Kaplan is a former New York-area bookie now living in Costa Rica, authorities said. He remained at large despite the indictment. … David Carruthers, chief executive of BetOnSports PLC, was expected to appear in court Monday afternoon and enter a not guilty plea. … Carruthers was being transported to St. Louis from Dallas, according to court officials. He was arrested July 16 by federal agents at Dallas-Fort Worth International Airport en route to Costa Rica, where the company has an office. … The Justice Department is seeking the forfeiture of $4.5 billion, cars and computers from the defendants."

The St. Louis Post-Dispatch (8/1, Patrick) reports, "BetOnSports, one of the largest online betting and gambling companies in the world, will ignore a federal criminal prosecution and civil case aimed at shutting its billion-dollar U.S. operation, a federal prosecutor said in court Monday." The Post-Dispatch continues, "BetOnSports lawyers failed to show up Monday morning for arraignment of the company on criminal charges that include mail fraud, wire fraud and racketeering. … They also did not attend a civil hearing in the afternoon. There, federal prosecutors asked a judge to make permanent a temporary order that bans the company from doing business with U.S. customers and seeks the forfeiture of more than $4.5 billion and other property." The Post-Dispatch adds, "Marty Woelfle, of the Justice Department's organized crime and racketeering section, in Washington, said Steve Cohen, a New York lawyer hired to advise the company, told her Bet-OnSports would not answer the charges. … Reached later by phone, Cohen said, 'I can't comment on what position, if any, the company intends to take in the litigation.' He said he was advising the company 'on certain issues,' including jurisdiction." The Post-Dispatch notes, "The case represents the largest prosecution of an Internet gambling company ever, said U.S. Attorney Catherine Hanaway. She noted the huge amount of money flowing overseas and officials' fears it could be used for criminal enterprises or terrorism."

Libby Seeks Testimony From Memory Expert In CIA Leak Case. The AP (8/1, Locy) reports Vice President Cheney's former chief of staff, I. Lewis 'Scooter' Libby, "wants a memory expert to explain how he — and prosecution witnesses — may have different recollections of their conversations about a CIA officer's identity." In a court filing Monday, defense lawyers "said Libby has a right to present testimony from Robert A. Bjork, chairman of the psychology department at the University of California at Los Angeles, to correct misperceptions that jurors may have about the reliability of memory." The "crux of Libby's defense will be that he was too preoccupied with national security 'matters of life and death' and that he could have easily confused 'snippets of conversations' he had with reporters from Time magazine, NBC and the New York Times."

The New York Times (8/1, 1.21M) reports Libby's attorneys said the memory expert "could also explain why the

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three principal witnesses for the prosecution, all journalists, may have had faulty recollections."

Marshals Lead Sex Offender Crackdown In Alabama. The Birmingham News (AL) (8/1, Walton) reports, "Birmingham-based federal marshals have tracked and arrested nine sex offenders since July 7. The search continues for a dozen more in Jefferson County, many who are not registering their place of residence." The News continues, "The U.S. Marshals Service's Gulf Coast Regional Fugitive Task Force teamed with other agencies, including the Jefferson County Sheriffs Department, to find offenders who failed to comply with the registration law, said Marty Keely, U.S. marshal for northern Alabama. … 'Protecting America's children from sexual predators is a top priority for the deputies in the northern district of Alabama,' Keely said." The News adds, "During the crackdown, authorities also determined the whereabouts of two other men who were wanted out of Jefferson County on failure to register charges. Fugitive Jaime Arvizu had been deported from the country on Aug. 5, 2005, while another man, Timothy Collins, is serving time in a Florida prison. … A Birmingham News investigation in June 2005 revealed that many sex offenders in Alabama don't live at the addresses they have registered and law enforcement officials have trouble keeping track of some sex offenders." The News notes, "President Bush signed a law Thursday that makes it a federal felony for convicted sex offenders to fail to register with their local authorities. The law creates a national sex-offender DNA database and designates the U.S. Marshals Service as the main agency to lead the national effort to track down and arrest the fugitive felons. … John Clark, director of the Marshals Service, said the agency has been working with state and local officials for some time to go after sexual predators. He said when the new law is fully in place, unregistered sex offenders will be considered federal fugitives."

Fiancee Of Key Ryan Trial Witness Sentenced To Four Months In Prison For Perjury. The Chicago Tribune (8/1, Coen, 623K) reports, "A federal judge sentenced Alexandra 'Andrea' Coutretsis to 4 months in prison Monday, a lighter sentence than prosecutors had recommended under a deal they made with her fiance, Scott Fawell," in the federal corruption trial of former Gov. George Ryan. "But U.S. District Judge James Holderman said he could not allow the mother of two to avoid prison altogether for lying to a grand jury about Fawell's misconduct as chief executive of the Metropolitan Pier and Exposition Authority, or McPier." The Tribune notes, "Initially, she was granted immunity during the federal investigation of Fawell…but she lied to a grand jury anyway to protect him." The Chicago Daily Herald (8/1, Olmstead) adds, "Judge James Holderman said he would have liked to give Coutretsis probation, and might have had it just been one or two instances of lying. 'But six times before the grand jury, … it is really necessary the public understand that that type of conduct cannot be encouraged,' he said."

Lawyer Says Alleged Coca-Cola Theft Plot Leader Depressed, Malnourished. The AP (8/1, Weber) reports, "A former Coca-Cola secretary charged with stealing new product samples from her employer and trying to sell the materials to rival Pepsi is so despondent she considered returning to jail to be sure of getting food, medicine and shelter, her lawyer said Monday." Joya Williams "appeared depressed and as though she hadn't eaten in a while during a visit last week with the court-appointed lawyer, Janice Singer." The AP notes, "Singer said it's too early in the case for her to decide whether she will recommend that Williams consider a plea deal. She said she needs to first go through the evidence — computer disks containing thousands of pages of materials were recently turned over to her by the government."

Judge Grants Delay In Tennessee Waltz Trial. The Memphis Commercial Appeal (8/1, Buser, 172K) reports, "The public corruption trial for former state senator John Ford was moved Monday to Feb. 5 to allow the defense more time to prepare. … The trial, which could take up to five weeks, had been set for Oct. 2 and would have run up to the Nov. 7 election in which Ford's nephew, Harold Ford Jr., is seeking a seat in the U.S. Senate." However, Ford lawyer Michael Scholl said, "My concern is not the election. My sole concern is John Ford." The Commercial Appeal notes that Ford "is accused of taking $55,000 from agents of E-Cycle Management, an FBI front, to support legislation favorable to the fictitious company." The AP (8/1) also reports on the trial delay.

FBI Subpoenas Dallas School District Credit Card Records. The Dallas Morning News (8/1, Fischer, Hobbs, 500K) reports, "The FBI has subpoenaed credit-card

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records from the Dallas Independent School District, signifying that agents are expanding their corruption investigation of the district. … The subpoena does not name specific individuals but instead asks for all records and documents relating to credit-card use." The Morning News notes, "The FBI has been investigating DISD for more than a year. The inquiry began last summer after The Dallas Morning News reported on relationships between administrators and district vendors, including a former associate superintendent who was given the free use of a fishing boat by DISD's largest computer supplier."

Illinois Man Sentenced To Prison For Threatening To Kill Judge, Bush. The AP (8/1) reports, "An Illinois man convicted of threatening to kill a federal judge and President Bush was sentenced Monday to six years and five months in prison." Michael Disch "was incarcerated in Georgia on traffic offenses in 2004 when he made a series of calls to the federal courthouse in Chicago and threatened to kill a judge there who previously had sentenced him in an unrelated case, authorities say." The AP notes, "Prosecutors say there was no evidence Disch had prepared to carry through on his threats."

FBI Suspects Sabotage In Florida Freight Train Derailment. The AP (8/1) reports that in Tampa Sunday night, "a CSX freight train flipped off the tracks after hitting a piece of railroad equipment deliberately left on the tracks, the FBI said. 'Its become a criminal investigation,' FBI spokeswoman Carol Michalik said Monday. 'Something was left on the tracks.'" The AP notes, "No one was hurt," but "about 200 gallons of diesel fuel spilled from the engine and a major Tampa road was closed all day Monday as workers cleaned up the mess." The Tampa Tribune (8/1, Shopes, Silvestrini) adds, "Michalik said someone apparently pulled a railroad coupling device called a knuckler onto the tracks, causing the train to derail. She said there is no reason to think terrorism was involved. The FBI is seeking the public's help."

New Orleans Residents On Edge After Six Weekend Slayings. USA Today (8/1, Konigsmark) reports, "A month after the National Guard and Louisiana state police arrived in this half-empty city to help police battle violence, six weekend killings have reminded residents that crime is back. … 'I live in Houston now, and I'm scared to come home,' said Fharen Richardson, who stopped by the Daiquiri Place Cafe on St. Charles Avenue on Monday. A 31-year-old man was fatally shot there Saturday night." USA continues, "Before dawn Saturday morning, police found an unidentified man shot to death on a deserted street in the Gentilly neighborhood, which flooded badly during Hurricane Katrina almost a year ago. The weekend began with a quadruple homicide on the streets of the Treme neighborhood, near the French Quarter. No one has been arrested in any of the slayings. … Police spokesman John Bryson said that despite the violent weekend, the National Guard and state police are helping police better protect the city." USA adds, "State police arrived at the end of June after five teenagers were found shot to death in a sport-utility vehicle. Guard members now patrol the neighborhoods that saw the most flooding during Katrina, freeing up police to focus on crime-ridden areas such as Central City, where the five teens died. Police are making more arrests since the help arrived, Bryson said. … He said inundating crime hot spots with officers doesn't always cut crime. 'They are taking their trade somewhere else,' Bryson said. 'And then that causes turf wars.' … There have been 78 slayings since January, Bryson said, among a current population just over 200,000. Last year, when the population was about 450,000, there were 162 slayings in the same period."

Registered Sex Offender Charged In Baltimore Boy's Death. The Baltimore Sun (8/1, Bykowicz, Scharper) reports, "A registered sex offender with a decades-long history of abusing children was arrested and charged Monday with first-degree murder in the death of an 11-year-old Northeast Baltimore boy whose family he had befriended." The Sun continues, "The accused, Melvin L. Jones Jr., 52, had been on supervised probation since being released from prison in September 2002, after a third-degree sex offense conviction earlier that year. Unbeknownst to his parole and probation agents, Jones soon began baby-sitting Irvin J. Harris and his siblings -- a violation of the terms of his probation." The Sun adds, "Irvin, a bright boy with a big smile who loved to dance and sing, disappeared Friday afternoon as he headed to Belair Food Market to buy a snowball, his family said. His body was found overnight Sunday across the street from Clifton Park Golf Course, in the woods behind a church a block from his home on Lawnview Avenue. … A police source close to the investigation said the boy had been stabbed several times, and detectives have found what they

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believe to be the weapon. … Time and again, Baltimore court records show, Jones -- who told police during an interview in August 2001 that he was 'a pedophile who needed help' -- escaped serious prison time in cases of sexual abuse."

Teen Fight Clubs Face Police Crackdown. USA Today (8/1, Mccarthy) reports, "The video shows two bare-knuckle brawlers brutally punching each other until one slumps, beaten, to the ground. The fight doesn't end there: The victor straddles the chest of his fallen opponent, firing rights and lefts into his face. … This is not a scene from the Brad Pitt movie Fight Club. Instead, it involves real teenagers in an underground video called Agg Townz Fights 2. Their ring: the grassy schoolyard of Seguin High School here. They're engaged in a disturbing extreme sport that has popped up across the nation: teen fight clubs." USA continues, "This year, authorities in Texas, New Jersey, Washington state and Alaska have discovered more than a half-dozen teen fight rings operating for fun — or profit. These illegal, violent, often bloody bouts pit boys and girls, some as young as 12, in hand-to-hand combat. Some ringleaders capture these staged fights with video or cellphone cameras, set them to rap music, then peddle homemade DVDs on the Internet. Other fight videos are posted on popular teen websites such as MySpace.com and YouTube.com." USA adds, "Some bouts are more like bare-knuckle boxing matches, with the opponents shaking hands before and after they fight. Others are gang assaults out of ultra-violent films such as A Clockwork Orange, with packs of youths stomping helpless victims who clearly don't want to fight. … Many fight-club brawlers are suburban high school kids, not gang members or juvenile criminals. Chase Leavitt, son of U.S. Health and Human Services Secretary Mike Leavitt, was arrested for participating in a fight club at a Mormon church gym in Salt Lake City in December 2001, when his father was Utah's governor. … The younger Leavitt, then 18, pleaded guilty to disturbing the peace and trespassing in September 2002 and was sentenced to 40 hours of community service, says Sim Gill, the chief prosecutor of Salt Lake City who handled the case."

WPost Urges Report On DC Curfew. The Washington Post (8/1, A16) editorializes, "It's too soon to say how effectively the District's new curfew has worked. It is not too soon, however, to ask that the city look beyond the number of youths caught violating the 10 p.m. curfew or the number carted off to curfew centers. This is a time in which the authorities can and should use this revised curfew to learn more and perhaps devise a better response to the problem of unsupervised youth out on the streets late at night." The Post adds, "It's interesting to note that in the week ending July 22, well before the new rules went into effect, 292 curfew violators were caught by D.C. police. As of July 20, the number of violators this year had already run into the thousands. Who are these youths? Are they repeat violators, and if so, have penalties been applied? What about the parents or guardians who don't respond or show up to pick up their children? What has been the disposition of those cases? … At the end of this 30-day measure, the mayor owes the city a report on lessons learned and steps that city agencies and the community should take to prevent the behavior that gave rise to the curfew in the first place."

CIVIL RIGHTS:

Fox News Settles Sex Discrimination Suit. Bloomberg (8/1) reports, "Fox News Network, a unit of Rupert Murdoch's News Corp., has agreed to pay $225,000 to settle a U.S. Equal Employment Opportunity Commission sex discrimination suit." Bloomberg continues, "The resolution of the suit claiming harassment at Fox News headquarters in New York is before U.S. District Judge William H. Pauley III for approval, the EEOC said yesterday in a statement. … The accord, if approved, will end a November 2005 lawsuit claiming Fox News Vice President Joe Chillemi used obscene terms to describe women and their body parts. The money will be divided among four women in the advertising and promotion department, and the company will train workers on discrimination law, the EEOC said. Fox denies any wrongdoing." Bloomberg adds, "The EEOC complaint said Fox News failed to enforce the 1964 Civil Rights Act by retaliating against one of the four employees, Kim Weiler, who complained that women were assigned to freelance positions with fewer benefits, less advancement potential and lower job security than others."

ANTITRUST:

DOJ OKs McClatchy Newspapers Deal. The San Jose Mercury News (8/1, Carey) reports, "The U.S. Department of Justice on Monday approved the sale of the

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Mercury News and Contra Costa Times to MediaNews, and before the end of the week the two papers are expected to become part of a Bay Area publishing powerhouse led by the Denver company." The News continues, 'Federal antitrust officials found the $736.8 million purchase of the two papers from Sacramento-based McClatchy 'is not likely to reduce competition substantially.'" The News adds, "In a separate deal, MediaNews will eventually acquire two other former Knight Ridder papers -- the Monterey County Herald and St. Paul Pioneer Press -- from Hearst, owner of the San Francisco Chronicle. Hearst is buying the papers from McClatchy, but MediaNews will begin managing them immediately, under an agreement with Hearst. … MediaNews will add the Mercury News, Contra Costa Times and Monterey County Herald to its broad portfolio of Bay Area daily newspapers, with a circulation of more than 700,000, compared to that of the San Francisco Chronicle's 398,247."

The AP (8/1, Liedtke) reports, "The Justice Department's decision will enable the sale to be completed later this week, MediaNews Chief Executive W. Dean Singleton said Monday. … A separate inquiry into the deal by California Attorney General Bill Lockyer remains open, said his spokesman Tom Dresslar." The AP adds, "San Francisco businessman Clinton Reilly also has sued to block the sale, but a federal judge last week refused to issue a temporary restraining order to prevent McClatchy from turning over the papers to MediaNews. … McClatchy took control of the papers a month ago when the Sacramento, Calif.-based company bought their former owner, Knight Ridder Inc., for $4 billion. … A deal to turn over the papers to MediaNews was reached in April, but the handoff couldn't be couldn't be completed until the Justice Department was satisfied the sale wouldn't harm Bay Area readers and advertisers."

The Sacramento Business Journal (8/1) reports, "Antitrust regulators were reviewing the proposed sale of the San Jose Mercury News and Contra Costa Times to MediaNews, which already owns the Oakland Tribune and other newspapers in the region. Both newspapers are among the 12 Knight Ridder Inc. newspapers that Sacramento-based McClatchy said it would sell off as part of its acquisition of that chain. The multibillion-dollar acquisition closed last month and several of the papers have been sold. … Among the most complicated and the biggest of the divestiture deals includes the Bay area papers. MediaNews would buy the San Jose and Contra Costa papers, while Hearst Corp. would by the Monterey Herald and St. Paul (Minn.) Pioneer Press, then swap assets with MediaNews to turn them over to the Denver company."

Sanofi-Aventis Subpoenaed In Plavix Probe. The AP (8/1) reports, "French drug maker Sanofi-Aventis SA said Monday it received grand jury subpoenas related to a federal antitrust probe into the company's settlement with Bristol-Myers Squibb Co. and Canadian generic drug maker Apotex Inc. over best-selling blood thinner Plavix." The AP continues, "FBI agents showed up at the Manhattan headquarters of Bristol-Myers Squibb on Wednesday and produced court-authorized search warrants to confiscate documents. Sanofi-Aventis, which sells Plavix outside the United States, learned of the probe on Wednesday when it was served with a complaint from the Justice Department notifying it of the criminal investigation. … Sanofi-Aventis said in an SEC filing Monday it intends to provide all required information to investigators." The AP adds, "On Friday, the companies announced that the settlement failed to receive required antitrust clearance from the state attorneys general. The companies also needed approval from the Federal Trade Commission, which had not issued a decision, but both clearances were required for the settlement to take effect. … The probe centers on an out-of-court settlement in which Bristol-Myers Squibb and Sanofi-Aventis agreed to pay Apotex a reported minimum of $40 million not to begin selling its Food and Drug Administration-approved generic version of Plavix until June 2011, the year the primary patent protecting Plavix expires. Plavix has more than $5 billion in annual sales."

UK Medical Supply Company Believes US Employee Focus Of FBI Antitrust Probe. The (UK) Guardian (8/1, Bowers) reports, "Smith & Nephew, the replacement hip and bandages group, believes one of its 500 sales representatives in the US is at the heart of an abandoned cartel plot being investigated by the department of justice. The FBI is conducting an anti-trust investigation into activities involving S&N and four US competitors -- Zimmer, Biomet, Stryker and Johnson & Johnson subsidiary DePuy. Together they control 80% of the American market for hip, knee and shoulder implants." The Guardian notes, "Last week Zimmer confirmed one of its independent salesmen had received an 'unsolicited' message proposing 'a uniform pricing strategy,'" but "all companies said they did not believe the email had been acted upon."

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MarketWatch (8/1, Britt) reports, "Medical products maker Smith & Nephew on Monday revealed an attempt by one of its independent contractors to initiate a collusion scheme on an orthopedics implant contract." MarketWatch continues, "London-based Smith & Nephew said one of its independent sales representatives sent an e-mail to competitors suggesting that all participants in bidding for a hospital contract join forces in response to the facility's request for proposals. … 'The e-mail proposed to the company's competitors that they join in a coordinated response to the hospital's request,' Smith & Nephew said in a press release. Smith & Nephew officials went on to say the e-mail was not authorized by management. … 'To the best of the company's knowledge, the Oct. 28, 2005, e-mail was never acted upon by the company or any of its competitors in responding to the hospital or any customer and resulted in no anti-competitive agreement,' the press release said." MarketWatch adds, "Smith & Nephew revealed the collusion attempt after receiving a subpoena from the U.S. Department of Justice. The company said it disclosed that subpoena on June 30. It then instituted its own internal prove into the matter. … The company said it has severed its relationship with the sales representative and continues to cooperate with the Justice Department."

Exelon Chafes At Delay Of New Jersey Utility Takeover. The Philadelphia Inquirer (8/1, Fernandez) reports, "The chairman of Exelon Corp. said yesterday that his company's takeover of New Jersey's biggest utility might not proceed if state regulators didn't approve the deal in the 'next week or so.'" The Inquirer continues, "Exelon, which already owns Peco Energy Co. of Philadelphia, also reported a 25 percent jump in second-quarter profit on strong sales in the wholesale electricity market and solid performance by its nuclear power plants. … The Chicago company's proposed purchase of Public Service Enterprise Group Inc. of New Jersey would create one of the largest utilities in the United States, with almost nine million electric and gas customers. The deal was first proposed in December 2004." The Inquirer adds, "In June, Exelon and PSEG announced a settlement securing approval for the merger from the Antitrust Division of the Justice Department. Now, just one regulatory approval is required - from the New Jersey Board of Public Utilities. … In a conference call yesterday with analysts, Exelon chief executive officer John W. Rowe said that the company had gone as far as it could with a financial offer to the state utility board and that it had to reach a preliminary agreement in the "next week or so" for the merger to proceed. … Exelon has offered New Jersey $600 million that could be used for such things as customer rate reductions or economic development, as well as a freeze on electric rates, Rowe said in the call. The company did not say how long the rate freeze would last."

Smithfield To Purchase ConAgra Brands. The Virginian-Pilot (8/1, Mcwilliams) reports, "After pursuing a deal for months, Smithfield Foods Inc. - the world's largest hog farming and slaughtering operation - announced Monday that it has signed a definitive agreement to buy the refrigerated meats division of ConAgra Foods Inc. for $575 million. The purchase includes packaged meats and turkey products sold under the Butterball, Armour, LunchMakers and several other brands, which Smithfield said produce $1.8 billion in combined annual sales. … 'This acquisition furthers our strategy of growing the packaged meats side of our business with higher-value, further-processed and pre-cooked products,' said C. Larry Pope, Smithfield's president and chief operation officer, in a statement. 'These brands will allow us to capture sales and marketing opportunities.'" The Virginian-Pilot adds, "Smithfield has agreed to pay $475 million in cash and $100 million in stock. The deal must still clear antitrust hurdles in the United States. … In recent months, Smithfield encountered a volatile market for hogs and pork - its specialities. The company's net income fell 41.7 percent to $172.7 million in the past fiscal year, which ended April 30. In the last quarter of the year, profits fell by nearly 99 percent. … But Smithfield has continued on an expansion kick, targeting other companies that have fallen on rough times. Based in Omaha, Neb., ConAgra - the third-largest U.S. food company - plans to divest units with $2.8 billion in annual sales in order to focus on its core brands such as Chef Boyardee, Slim Jim and Hebrew National."

Taiwan Launches Antitrust Probe Of Yahoo. CNET News (8/1, Lin) reports, "Taiwan's Fair Trade Commission is investigating Yahoo for possible antitrust violations after some users complained about the company's new fee policy for its auction service." CNET continues, "Yahoo, Taiwan's largest Web portal, announced Tuesday that starting on Aug. 10 it will charge users a 3 percent transaction fee on most of the items auctioned on the site, in addition to current fixed fees for listing and various functions. … The move comes one month after archrival eBay threw in

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the towel in a losing battle against Yahoo, and instead formed a joint venture with PCHome, the country's third-largest portal." CNET adds, "Reacting to user complaints, the FTC said that it would look into the case and determine whether Yahoo is monopolizing the market and if it has manipulated prices. … According to local law, a company with annual revenue of $31 million or more and at least a third of a specific market qualifies as a monopoly."

EU Undecided On Microsoft Fine. The AP (8/1, White) reports, "Microsoft Corp. has given the European Union more documents in response to a 2004 antitrust order, but regulators said they do not know yet whether the company will avoid additional fines." The AP continues, "The EU had threatened new penalties of $3.82 million a day beginning Monday, on top of $357 million levied July 12. … Regulators have said the Redmond, Wash.-based software maker has yet to hand over "complete and accurate technical specifications" to help rivals write software that can communicate better with computers running Microsoft's flagship Windows operating system." The AP adds, "EU spokesman Michael Mann said regulators and an independent monitor were analyzing the new technical documents before deciding whether there would be new fines and, if so, how much they would be. … 'We've received information from Microsoft and we're looking at it,' Mann said. 'There is no decision as of yet whether it is what we want or not.'"

Dow Jones (8/1) reports, "It is 'too early' to decide whether to increase the antitrust fine against Microsoft Corp. (MSFT), the European Commission said Monday. … Earlier this month, the commission fined Microsoft EUR280.5 million for failing to comply with a 2004 antitrust ruling, and threatened to increase the daily fine to EUR3 million a day from EUR2 million if the software giant didn't comply. … Since then, the commission has received extensive information from Microsoft which it is now studying, said commission spokesman Michael Mann. An increase of the fine at this time is therefore inappropriate, he said." Dow Jones adds, "Microsoft said it had submitted 2,600 documents of technical documentation to the commission about its server code. It is the eighth batch of documents given to the commission in this part of the case, the company said. … 'This last installment represented and further demonstrates our ongoing commitment to reaching full compliance with the commission's decision of March 2004,' a company spokesman said. 'We look forward to working with the trustee and the commission to complete our compliance effort.'"

Arcelor-Mittal Deal Faces Brazilian Hurdle. The Wall Street Journal (8/1, Samor, Glader) reports, "Activist shareholders and Brazilian market regulators could make the Arcelor-Mittal steel-industry merger more expensive for London billionaire Lakshmi Mittal, as an 11th-hour hurdle could add as much as €5 billion ($6.38 billion) to the €27 billion transaction price." The Journal continues, "The squabble is over the Brazilian assets Arcelor SA owns, which are some of the most profitable in the Luxembourg company's portfolio, generating about one-third of the company's cash and which trade as a separate company in Brazil." The Journal adds, "Minority shareholders in Arcelor's Brazilian unit, Arcelor Brasil SA, say company bylaws require any suitor taking over Arcelor to make a mandatory offer for Arcelor Brasil. … The 'tag-along rights' mean Mittal would have to offer the same premium to Arcelor Brasil that it agreed to pay for shares of Arcelor SA. … But Mittal and Arcelor have said the companies are going through a 'merger of equals' rather than a change in control, and Arcelor Brasil shareholders are, therefore, entitled to nothing. … The Brazilian securities commission has been studying whether the Mittal-Arcelor deal constitutes a change in control of Arcelor Brasil, which would trigger a public offer for the subsidiary's shares outstanding. Regulators are planning to issue a ruling on the matter in the coming days, a commission spokeswoman said. Activist shareholders said they are confidant regulators will rule in their favor."

Teck Boosts Bid For Inco. The Wall Street Journal (8/1, Heinzl) reports, "Teck Cominco Ltd. raised its cash-and-stock bid for Inco Ltd. to value the company at 18.8 billion Canadian dollars (US$16.61 billion), in the latest development in a merger wave gripping the mining industry." The Journal continues, "Teck, a Vancouver, British Columbia, mining concern, is seeking to lure Inco shareholders away from a friendly takeover offer by copper producer Phelps Dodge Corp., of Phoenix. The increase comes in the wake of Inco's failure to acquire another Canadian miner, Falconbridge Ltd." The Journal adds, "Teck's offer worked out to about C$83.60 an Inco share at the end of stock trading Monday. Shares of Inco traded at about C$50 at the start of this year, but have since soared in step with nickel prices and takeover bids. Inco shares were

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up 88 Canadian cents, or 1%, to C$87.45, on the Toronto Stock Exchange Monday as investors gambled the bidding war could continue. … Teck owns about 8.9 million Inco shares, or about 4% of the total outstanding. Teck made its original offer for Inco in May, seeking to thwart Inco's plans to combine with fellow Toronto miner Falconbridge. Later that month, Swiss miner Xstrata PLC launched a takeover bid for Falconbridge. In June, copper producer Phelps Dodge offered to acquire both Inco and Falconbridge in a two-step deal."

FCC Finds Possible Comcast Bias Against MASN. The Washington Post (8/1, D1, Mohammed) reports, "Federal regulators said yesterday that Comcast Corp. may have discriminated against a regional sports television network by refusing to carry the network's broadcasts of Nationals games." The Post continues, "The Federal Communications Commission voted 5 to 0 to allow the Mid-Atlantic Sports Network to choose between an administrative law judge or an arbitrator to settle its conflict with Comcast over airing the baseball games. Comcast's refusal to add the sports network to its stable of channels has kept Comcast's 1.3 million Washington area subscribers from receiving most Nationals games." The Post adds, "The network has until Friday to decide between an arbitrator and a judge, each of whom would have to make a decision within 45 days. The FCC would then have up to 120 days to review the decision. The situation is unlikely to be resolved before the end of this baseball season but could be sorted out in time for next season. … In a 10-page opinion, the FCC said it found that MASN had made a 'prima facie showing' that Comcast had discriminated against the network and had 'indirectly and improperly demanded a financial interest' in the network in exchange for carrying it. The FCC also said, however, that there were factual disputes on both points that would have to be decided by a judge. … Media lawyers said the FCC's finding shifted the burden to Comcast to prove that it has not broken any of the agency's rules. The lawyers said it was possible that the judge could find Comcast had played by the rules and was justified in declining to carry the network."

ENVIRONMENT/INDIAN AFFAIRS:

Senate Nears Passage Of Offshore Drilling Bill. The Wall Street Journal (8/1, 2.03M) reports, "The Senate has voted 72 to 23 to close off debate on a bill that would open 8.3 million acres of federal land in the Gulf of Mexico to oil and gas exploration." The move "virtually assures passage of the measure, which would lift drilling bans covering the area, share federal royalties on production with Louisiana, Alabama, Mississippi and Texas and provide a 125-mile no-drilling zone for Florida's Gulf coast until 2022."

The New York Times (8/1, Janofsky, 1.21M) reports the vote means the bill has "enough support to move it into negotiations with the House. But that may be the only thing that is clear about the measure's future." The House "has passed a drilling bill that would open the nation's entire coastline to drilling, a prospect that sponsors of the Senate bill regard as too ambitious." President Bush "has expressed eagerness to sign a new drilling bill into law, and a failure by the House and the Senate to agree on a compromise would probably doom all prospects for major energy legislation this year. Yet for now, the chief sponsors of the bills do not sound as if a compromise is imminent."

Natural Gas Prices Rising. USA Today (8/1, Hagenbaugh, 2.27M) reports, "Natural gas prices jumped to their highest in nearly six months Monday as hot weather across much of the USA led to increased demand for natural-gas-generated electricity." Natural gas "trading for future delivery rose $1.027, or 14%, to $8.211 per thousand cubic feet as investors fretted about natural gas supplies. That was the biggest increase since December and the highest close since Feb. 3."

Journal Debates Bush Administration's Logging Policies. The New York Times (8/1, Dean, 1.21M) reports a fire "that destroyed 500,000 acres in southern Oregon and northern California in the summer of 2002 burns on in the pages of the journal Science, where researchers argue whether the blaze, called the Biscuit fire, has produced lessons on the wisdom of Bush administration policies encouraging logging in national forests." The articles focus "on postfire or 'salvage' logging. In a January report in the journal, researchers at Oregon State University said such operations had reduced seedling survival and produced debris that left logged areas prone to new fire damage. Two of the new commentaries, by other Oregon State researchers and others, say the original findings were based on few data and questionable analysis."

Schwarzenegger, Blair To Unveil Joint Effort On Global Warming. The Los Angeles Times (8/1,

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Sanchez, Schoch, 918K) reports, "Gov. Arnold Schwarzenegger and British Prime Minister Tony Blair were scheduled to announce the agreement today following a round table meeting with business as the British leader visits Southern California." The agreement "commits California and Great Britain to explore the 'potential for linkages' between economic programs designed to encourage the reduction of carbon emissions; share information on the economic impact of climate change and collaborate on research to advance clean and renewable energy technologies." Blair is also "scheduled to visit the Port of Long Beach this afternoon to highlight a cutting-edge program that experts say will sharply reduce greenhouse gas emissions from BP tankers delivering oil at the port." In Washington, "a spokeswoman for the White Council for Environmental Quality said that its chairman, James L. Connaughton, will not be attending today's event in Long Beach because of a scheduling conflict, and that no council representative will be present. Connaughton is Bush's chief environmental adviser."

The Financial Times (8/1, Harvey) says "the accord…contrasts sharply with the refusal of President George W. Bush to commit the US to limits on carbon dioxide production." Blair "has had numerous conversations with Mr Bush on the issue, but in recent months the attention of UK diplomats has turned to encouraging action on the problem at a state and local level."

The Wall Street Journal (8/1, Carlton, 2.03M) says that yesterday, "Schwarzenegger didn't conceal his distaste for the administration's stance on climate change and other environmental policies. 'We think there is not great leadership from the federal government when it comes to the environment,' the governor said in a news conference with a BP oil tanker in the background." Blair "declined to criticize President Bush, with whom he is generally allied on foreign-policy issues."

In a brief story, the New York Times/AP (8/1) also noted the agreement.

More Commentary. The New York Times (8/1, 1.21M) editorializes, "Virtually all climate experts agree that it is impossible to attribute any single weather event -- a heat wave, drought or hurricane -- to global warming given the myriad factors that influence weather. The most one can say is that, in a gradually warming world, heat waves are likely to become more intense, frequent and longer lasting." The Times adds, "Experts disagree on whether we have entered that realm already. The only certainty is that this hot spell will remind a lot of people that global warming is something to avoid."

Bird Flu Pandemic May Be Less Likely Than Feared. The Wall Street Journal (8/1, A2, McKay, 2.03M) reports a new study from the Centers for Disease Control and Prevention suggests that it "might be more difficult for the deadly avian-flu virus to spark a pandemic than originally feared." Conducted in a high-security laboratory at the CDC's Atlanta headquarters, experiments combining bird flu with a common human strain "didn't create a lethal superbug that could jump from one human to another," but researchers "cautioned that the avian flu virus could still evolve into a pandemic bug in other ways."

USA Today (8/1, D6, Manning, 2.27M) notes CDC director Julie Gerberding warned other gene combinations or mutations could turn H5N1 into a pandemic strain. "We are far from out of the woods in H5N1 on a global scale," Gerberding said in a briefing on the study. The Los Angeles Times (8/1, Chong, 918K) notes CDC officials said they were planning to do more work with different versions of the avian and human influenza viruses. The New York Times (8/1, Grady, 1.21M) also reports on the study.

Indians Protest Biker Rally Near Sacred Site. USA Today (8/1, Whitney) reports, "Once a year, amid the hammering August heat, this Black Hills hamlet becomes a bikers' paradise by hosting the Sturgis Motorcycle Rally — a weeklong celebration of leather, bikes and beer that draws as many as 500,000 riders. That's in a town of 6,400 in a state of only 776,000 people. … It's also a tradition for local critics to decry the increasing size and commercialism of the 66-year-old event, which once again will congest highways and hotels (and jails) when rally week starts Monday." USA continues, "This summer's clamor is louder and more emotional, however, mainly because of a clash that pits Native American heritage against chrome-and-steel capitalism. … The battle is being waged over Bear Butte, a mountain 6 miles outside Sturgis that the Plains Indians have long considered sacred. Indians from across the USA are gathering today for a four-day summit, and protests — including efforts to deflect biker traffic from the site — are planned." USA adds, "With a trend toward open-air biker bars and concert venues, the rally has crept closer to the butte. This summer, construction began about 2 miles north of the mountain on a 600-acre

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campground billed as the 'world's biggest biker bar.' The camp is within sight of where Native Americans gather to fast and pray. … Tempers flared last August, when Arizona entrepreneur Jay Allen announced plans to build the giant biker bar and entertainment complex on state Highway 79." Native Americans "have gathered on tribal land north of the butte to protest the granting of beer and liquor licenses to Allen and other property owners. They claim that rally-related noise disturbs the sanctity of a spiritual place whose past visitors included Red Cloud, Crazy Horse and Sitting Bull."

FBI/DEA/ATF/USMS:

National Guard Troops Help Seize Drugs In Border States. The AP (8/1) reports more than 6,000 National Guard troops "have been assigned to southwestern border states by the government's Aug. 1 deadline -- though only about half of them are on duty along the border, the Guard said Monday. … The Border Patrol credits the Guard with helping arrest 2,296 illegal immigrants, and seizing 14,496 pounds of marijuana and 200 pounds of cocaine, said patrol spokesman Mario Martinez. Last week, Border Patrol Chief David Aguilar said that in the 69 days after Bush's announcement the agency registered a 45 percent drop in arrests along the U.S.-Mexican border, compared with the 69 days before."

Intersecting Highways Make Kansas Major Drug Trafficking Center. The AP (8/1) reports on the rising drug traffic through Kansas, given that the state "sits at the intersection of Interstates 70 and 135 -- known by law enforcement as two of the nation's busiest drug corridors." The AP notes, "An extensive network in southeast Kansas recently was broken up, and several people arrested as part of a crack cocaine ring in Parsons, Emporia and Coffeyville, said Rich Nitsch, special agent in the FBI's Field Intelligence Group based in Kansas City, Mo. … 'It's a significant pull on local resources,' Nitsch said. 'There's a lot of manpower put forth on those kinds of cases that really could be used elsewhere.' But Nitsch said it is still important to stem the tide of drugs entering the country through rural areas," and "to combat the escalating cost of waging the drug war in Kansas, the I-135/I-70 Drug Task Force was formed."

Philadelphia Police, FBI Bust Drug Traffickers In Ongoing Investigation. The Philadelphia Daily News (8/1, Weichselbaum, 109K) reports, "Two men steered a rental truck along Girard Avenue Friday, unaware that cops were watching their every movement. Police said the pair were transporting 10 54-pound bundles of marijuana, worth $2.4 million," which "they had picked up…under the watchful eyes of a task force of city cops and FBI agents who had been investigating the ring for months. At about noon, the officers swarmed on the truck at Frankford Avenue and arrested the two men." Philadelphia Police Narcotics Capt. Chris Werner "credited Officer Betsy McCreey, Lt. Bob Muldoon along with FBI agents John Cataldi and Jamie Millican for the multi- million dollar bust," and "he said coordinated investigations into the bi-coastal drug cartel are continuing."

Coach Could Be Suspended If Olympic Sprinter Is Found Guilty Of Doping. The AP (8/1) reports, "With Justin Gatlin preparing to defend himself on doping violations, the spotlight turned squarely on Trevor Graham, the track coach associated with at least a half-dozen athletes who have received drug suspensions. The sport's international governing body said Monday that Graham could face a two-year ban if Gatlin, the Olympic and world champion sprinter, is found guilty of a second doping infraction. … The IAAF said it gave little credence to Graham's claim that Gatlin was the victim of a massage therapist who rubbed testosterone cream on his legs without his knowledge."

The New York Times (8/1, Zinser) reports some in track and field "have begun to call for sanctions against athletes' coaches or agents, and many are wondering why such penalties were not meted out after the Bay Area Laboratory Co-Operative scandal cast suspicion on several coaches in 2004."

Advanced Analysis Used To Test Gatlin Sample. The McClatchy Newspapers (7/31, Hersh) reports the urine sample analysis that "found reigning Olympic 100-meter champion Justin Gatlin positive for the steroid testosterone did not follow the traditional path but went directly to the more sophisticated method of testing used in such cases. That procedure is becoming more common, even though the more advanced analysis costs up to $500 per test and is much more labor-intensive. … In Gatlin's case, the lab testing the urine sample taken from him April 22 at the Kansas Relays was asked to go immediately to CIR analysis. The lab was unaware of whose urine it was analyzing, and

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samples taken from other athletes at the Kansas Relays likely were treated the same way."

Sports Columnist Says Doping Scandals May Be Widespread. For the AP (8/1), sports columnist Jim Litke writes, "The head of the international cycling federation acknowledged Sunday that he was considering calling in real cops to help police the doping in his sport. … The head of the U.S. Olympic Committee wondered aloud whether the army would be manpower enough. … If those gloomy assessments reflect the current state of doping in cycling and track and field, just imagine what's going on in the games that pay top dollar."

Guns, Ammunition Seized In Illinois, Kentucky Raids. The AP (8/1) reports, "A weekend raid of a home in southern Illinois uncovered a high-powered rifle, more than 45,000 rounds of ammunition and maps and photographs relating to 'vital structures,' authorities said Monday." The AP continues, "Police (in Brookport, IL) declined to identify the 'structures,' saying only that federal agencies including the Department of Homeland Security, the Bureau of Alcohol, Tobacco, Firearms and Explosives and the Coast Guard were notified after the Friday night raid. … Investigators said they also confiscated materials used to make pipe bombs, gunpowder, communications equipment, underwater equipment, several rifle scopes, auto and video information on Communism, and a Tennessee law enforcement badge." The AP adds, "Across the Ohio River in neighboring Kentucky's Crittenden County in a related search Saturday, law enforcers found an additional 37 weapons, including several assault and sniper rifles, in a barn near Marion, police said. … A police statement offered details about items confiscated in the raids but did not specify whether any charges or arrests resulted from them."

ATF Revokes Pennsylvania Gun Dealer's License. The AP (8/1, Walters) reports, "The federal government on Monday revoked the license of a (Pennsylvania) gun shop that has been accused of making illegal gun sales and having its guns end up in the hands of criminals, including a person involved in the 1993 World Trade Center bombing." The AP continues, "The Bureau of Alcohol, Tobacco, Firearms and Explosives revoked the license of Lou's Loans of Upper Darby (PA), which means it can no longer sell guns, ATF spokesman John Hageman said. … The agency declined to cite specific reasons for the action." The AP adds, "Last year, the family of a 14-year-old boy who was fatally shot with a handgun sued Lou's Loans, alleging that the dealer sold the .25-caliber gun to a 'straw buyer,' a person buying a weapon for someone else who is not allowed to have one. … The lawsuit, which is pending, was initiated by the Washington-based Brady Center to Prevent Gun Violence on behalf of the family. It alleges that Lou's Loans was linked to at least 441 guns used in crimes between 1996 and 2000, and 178 guns linked to crime in 2003. The suit also alleges that Lou's Loans sold a gun supplied to a co-conspirator of the World Trade Center bombing."

IMMIGRATION:

DOJ To Hire More Immigration Prosecutors For Border Areas. The San Diego Union-Tribune/AP (8/1, Korte) reports, "Attorney General Alberto Gonzales outlined plans Monday to add 20 new federal prosecutors to handle immigration related offenses and five others who will target drug trafficking in states along the border with Mexico. … 'We've heard the cries of our U.S. attorneys, who tell us they need additional resources,' Gonzales said during a news conference at the U.S. attorney's office in Albuquerque." The AP continues, "Gonzales also challenged Congress to keep the money coming, saying comprehensive immigration reform will require more judges, marshals and bed space to fully secure the border. … 'We need to ensure that as we increase our efforts on the front end of the process that we also have the ability at the back end to prosecute these folks,' he said." The AP adds, "The $2 million supplemental funding will help federal authorities assign prosecutors for border areas of California, Arizona, New Mexico and Texas to address human smuggling, illegal entry into the United States and document fraud. They also will target employers who hire undocumented immigrants. … Five additional prosecutors – one in each of the five federal law enforcement districts along the border – will be assigned under the Justice Department's Organized Crime Drug Enforcement Task Force. They will target drug trafficking organizations. … 'There is some correlation,' Gonzales said. 'Obviously, smuggling occurs in connection with illegal immigration. Also, there is a serious drug trafficking problem on our southern border.' … Additionally, the Department of Homeland Security will identify lawyers who will be designated as special assistant U.S. attorneys, responsible for prosecuting immigration offenses."

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CNN's Lou Dobbs Tonight (7/31, Dobbs) reports, "The Justice Department and the Department of Homeland Security announced that they're sending 25 additional federal prosecutors to US-Mexican border. They will deal exclusively with illegal immigration cases as our nation's border security crisis intensifies. Just one catch in today's announcement, you knew there would be a catch, didn't you? These federal prosecutors have not yet been hired. The Homeland Security Department promised that this hiring process will begin immediately."

Bush Renews Call For Comprehensive Immigration Reform. The Miami Herald (8/1, 310K) reports President Bush, "speaking this morning at the U.S. Coast Guard Integrated Support Command in Miami Beach, renewed his push for comprehensive immigration reform, saying 'Miami understands the importance of the contribution that the newly arrived can make to a society.'" But Bush "also stressed the need for border enforcement," saying, "The Coast Guard works hard to enforce our borders. We got hardworking people on the Mexican border working hard to enforce our borders. And we'll provide more Border Patrol agents. And we'll provide new technologies to help those working hard." Bush also "said neither amnesty nor mass deportation for 10 million or 11 million illegal immigrants will work."

Bush said on Fox News' Your World with Neil Cavuto (7/31) that the illegal immigration problem "screams for a comprehensive plan, which is, enforce the border -- which we're spending a lot of money on. And, you know, we're increasing Border Patrol, and we have got the Guard down there to help, until the Border Patrol comes online, new technologies on the border to -- and along the ports -- to help prevent people from sneaking in here. But you can't have a border security program without recognizing that people are coming here to do jobs Americans aren't doing. And there ought to be a way for them to come temporarily on a legal basis. That way, they don't have to sneak in." Asked about some lawmakers' concerns that the "path to citizenship is akin to amnesty," Bush said, "This is a lot of, you know, just screaming over words. Amnesty, to me, means that, you have been here illegally, you're an automatic citizen. And I'm against that. I think that would be -- send the wrong signal. On the other hand, I don't believe it's feasible to kick people out who have been here. And, so, my -- my position is, is that, if you have been here, and you pay a penalty for being here illegally, which is a fine, and you have learned English, and you have been a good citizen, that you ought to be able to apply for citizenship, and get at the back of the line, not the front of the line."

Tierney Said There Is "A Deal To Be Made" On Immigration. John Tierney writes in the New York Times (8/1, 1.21M), "The good news for immigration reform is that both liberal Democrats and conservative Republicans are denouncing a plan put forward last week" by Rep. Mike Pence. Pence "figures that of the more than 110 members in the caucus, a third are dead set against his proposal. But he estimates that a third are undecided, and a third are leaning in favor. Getting them and the rest of Congress to pass this proposal in time for the election won't be easy — certainly not as simple as railing at illegal immigrants, as Republicans have been doing in their interminable hearings around the country. But if they want to show voters they can do something besides complain, there's a deal to be made."

SENTRI Program Arriving At Busy US-Mexico Bridge Crossings. The Washington Post (8/1, A15, Moreno, 748K) reports low-risk commuter lanes "for vetted travelers and their specially inspected vehicles: are coming this summer to "the three busiest bridge crossings on the southernmost end of the 2,000-mile US-Mexico border." The Secure Electronic Network for Travelers Rapid Inspection program, or SENTRI, which allows participants to use the lanes, is intended "to give frequent travelers -- the thousands who live in the United States and work in Mexico, or who live in Mexico and drive their children to US schools, or who visit family on either side of the border -- an easier commute. At the same time, Customs and Border Protection agents get detailed information on who is entering the country before they drive across the border."

Study Finds Asylum Denial Rates Vary By Judge. The Washington Post/AP (8/1, A15) carries a widely distributed AP report that immigration judges denial rates range "from 10 percent to more than 98 percent, according to a review of federal figures." The study, based on data from the Justice Department's Executive Office for Immigration Review, said the data "document that this problem has existed for at least a decade and that it persists even when the applicants being compared appear to be quite similar."

DOJ_NMG_0044149

Colorado Governor Signs Tough Immigration Laws. Colorado Gov. Bill Owens signed a package of immigration laws Monday that could force 1 million people receiving benefits from the state and federal government to prove they are legal US residents. The New York Times/AP (8/1) reports, "The law requires government agencies to verify that adults older than 18 are entitled to the benefits. Other bills included measures passed during a special session this month requiring employers to verify that they do not employ illegal immigrants before they can receive grants from the state Economic Development Commission."

TAX:

Senate To Examine Use Of Offshore Accounts To Avoid Taxes. The Wall Street Journal (8/1, Matthews, 2.03M) reports, "After a yearlong investigation into abusive tax shelters, a Senate panel will examine several schemes that lawmakers say used offshore accounts to let wealthy individuals avoid paying taxes." In documents released before today's hearing, "the Senate Permanent Subcommittee on Investigations detailed how lawyers, accountants, bankers and trust administrators worked together to hide shelters from tax officials and profit from them. Among those scheduled to testify are Haim Saban, a media magnate and founder of the Fox Family network, and Robert Wood Johnson IV, a philanthropist and heir to the Johnson & Johnson pharmaceuticals fortune." The panel's investigation "found that Messrs. Saban, Johnson and three other individuals participated in an offshore plan called Point, for Personally Optimized Investment Transaction. The arrangement generated billions of dollars of transactions involving fake securities that in turn were used to generate billions of dollars of fake capital losses to offset real taxable gains in order to avoid paying taxes."

USA Today (8/1, Smith, 2.27M) reports "wealthy Americans avoid paying $40 billion a year in U.S. taxes through illegal offshore havens that could be tamed with mandatory financial reporting and stronger penalties, according to a Senate investigative report to be issued today." The report "proposes to change US law to presume that offshore trusts and shell corporations employed by Americans are under the individuals' control, and subject to US taxation, rather than make the IRS prove the link."

The Washington Post (8/1, A4, Birnbaum, 748K) reports, "The panel is scheduled to release a 370-page report, which it provided to The Washington Post, that details how these wealthy, politically connected people ducked hundreds of millions of dollars in tax payments by using secretive corporations and trusts on the Isle of Man. The billionaires who took advantage of this tax haven included Robert Wood Johnson IV, owner of the New York Jets football team; Sam Wyly and Charles J. Wyly Jr., longtime Republican donors and backers of President Bush; and Haim Saban, a Democratic Party fundraiser who made his first fortune promoting Mighty Morphin Power Rangers." The New York Times (8/1, Johnston, 1.21M) also reports the story under the headline "Tax Cheats Called Out Of Control."

Senate Report Cites Bank Of America Ties To Offshore Tax Havens. The Charlotte Observer (8/1, Rothacker, Funk) reports, "Bank of America Corp. and two other banks allowed offshore trusts designed to shield taxes to open accounts without providing information required by anti-money laundering laws, a U.S. Senate investigation has found." The Observer continues, "The Permanent Subcommittee on Investigations released a 401-page report Monday detailing how attorneys, accountants, bankers and others promote offshore jurisdictions as a way to evade U.S. taxes. Americans have more than $1 trillion in assets offshore, helping them avoid as much as $70 billion in taxes, the subcommittee said. … The panel will hold a hearing today on its findings. Among the 14 witnesses will be a Bank of America private banking executive and a former broker who worked with a Texas family tied to the trusts." The Observer adds, "The report and today's hearing 'will blow the lid off schemes that use sham trusts and shell corporations and fake transactions to avoid paying taxes that are owed Uncle Sam,' Sen. Carl Levin, D-Mich., the ranking minority member on the subcommittee, told reporters at a Monday briefing. … The biggest dodges, Levin said, involved taxes owed on capital gains and the exercising of stock options. The report calls for the tightening of laws and regulations related to offshore trusts. … In the report, the subcommittee looks at six case studies of U.S. citizens it says used offshore entities to hide assets or income from the U.S. government."

Phone-Tax Refunds Difficult For Firms To Claim. The Wall Street Journal (8/1, Matthews) reports, "First, the good news: The Internal Revenue Service plans to refund $13 billion in phone taxes to businesses and

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consumers following court rulings that the taxes were illegal. The bad news: Getting more than a nominal refund could cost a bundle." The Journal continues, "Lee Mayer, managing partner of Quality Staffing LLC, a Belmont, Calif., agency that provides drivers to businesses, figures the IRS owes his company $25,000 in refunds for taxes levied on long-distance calls over the past three years. But to prove that to the IRS, he says, he'll have to spend a couple of thousand dollars to buy the old monthly bills from his wireless carrier, Sprint Nextel Corp., and have an outside firm sift through the mountain of data to calculate the refund." The Journal adds, "Mr. Mayer says he is annoyed to have to furnish such detailed proof, considering that the courts have ruled the IRS shouldn't have imposed the tax in the first place. 'What can you say?' he says. 'You are dealing with a government entity.' … Sean Kevelighan, spokesman for economic and tax policy for the Treasury Department, says the government recognizes that recovering old bills is a tedious process but that it is necessary to prevent fraud."

CONGRESS-ADMINISTRATION:

Democrats Stall Keisler's Nomination To DC Circuit. The Legal Times (7/31, McLure) reports, "Republican efforts to fast-track Peter Keisler's nomination to the U.S. Court of Appeals for the D.C. Circuit are generating election-season squabbling in the Senate." The Times continues, "Last week all eight Democrats on the Senate Judiciary Committee wrote to Chairman Arlen Specter (R-Pa.) asking to postpone a proposed hearing, slated for this week, on Keisler's nomination. … Sen. Jon Kyl (R-Ariz.), speaking on conservative talk radio on July 27, promised Keisler a hearing before the August recess, with the goal of winning confirmation from the full Senate during its four-week session in September. Keisler, currently assistant attorney general of the Justice Department's Civil Division, was nominated June 29. … But Democrats say the nomination is moving too fast for a post on the country's second-highest court, citing the fact that the American Bar Association has yet to complete its review of Keisler. Additionally, they say, more time is needed to pick through files of Keisler's from his time in the Reagan White House. Those files are stored at the Ronald Reagan Presidential Library in California." The Times adds, "Keisler reportedly turned down the opportunity to succeed Robert McCallum as associate attorney general to seek an appellate post. And unless his old Reagan-era files turn up some surprises, the former Sidley Austin partner looks to be a difficult target for Democrats. … As a co-founder of the Federalist Society and a former clerk to Judge Robert Bork and Justice Anthony Kennedy, Keisler has impeccable conservative credentials. But at the Civil Division, he seems to have stayed far enough away from the administration's most controversial terror policies to avoid widespread opposition. … Rather than attacking Keisler head-on, Democrats are arguing for holding a separate hearing on the question of whether an 11th judge on the D.C. Circuit is even needed."

Bush Touts Importance Of Trade In Visit To Miami Port. The AP (8/1, Sainz) reports President Bush's "visit to the Port of Miami on Monday highlighted its importance in the arena of international trade and drew criticism from Democrats who claim Republicans have not done enough to strengthen port security." Bush, who "toured the port's cargo operations on a U.S. Coast Guard cutter used for migrant interdiction and drug enforcement, touted the facility's status as a key cog in trade with Latin America while also calling it the world's largest cruise port." Bush said, "The port is known as `The Gateway of the Americas' for a reason, because international trade is one of the key reasons why Miami prospers. I don't know if the folks realize that because of trade - in other words, the ability to move products overseas - 120,000 jobs here in this part of the world are supported by trade." With "his brother, Florida Gov. Jeb Bush, sitting nearby, the president noted that Florida' imports to Mexico have increased dramatically since NAFTA was passed, and the state's trade with Chile was up since trade agreements was signed with the South American nation."

The Los Angeles Times (8/1, Levey, 918K) reports even as he "continued to grapple with ongoing Middle East violence, President Bush on Monday used a visit to South Florida to focus attention on his domestic agenda, touting free trade, low taxes and his vision for new immigration laws as cornerstones of a strong economy." Bush "did not mention the elections — but as he spoke in front of a mammoth cargo ship about free trade creating jobs, he sounded every bit the political campaigner."

The Wall Street Journal (8/1, Pulizzi, 2.03M) reports on its Web site Bush said Monday the US will "do everything we can" to revive global trade talks, calling the World Trade Organization's dormant Doha Round a "once-in-a-lifetime" chance to boost world trade. There are "important negotiations taking place, and our government is strongly

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committed to a successful outcome of the Doha Round. The problem is that some others aren't committed," Bush said in a speech in Miami.

Dolphins Coach Snubbed White House Offer Of Dinner With Bush. The Houston Chronicle/AP (8/1, Wine) reports when the White House "extended an invitation to dine with President Bush, Dan Marino accepted, but Miami Dolphins coach Nick Saban said no." Saban said "his obligations at training camp took priority over the chance to spend an evening with the president. Politics weren't a factor, he said." Saban said, "It was really a tough decision. I feel like my first responsibility is our team. That in no way disrespects the importance of the opportunity I would have loved to have had to spend dinner with the president." The Chronicle adds the dinner "took place at Joe's Stone Crabs, a landmark Miami Beach restaurant. Among those joining President Bush were Marino, a former Dolphins quarterback and an NFL Hall of Famer, and Nick Buoniconti, Jim Mandich and Jim Kiick, members of the 1972 Dolphins team that achieved the only perfect season in league history."

The Bradenton Herald (8/1, Salguero, 52K) reports Saban "doesn't consider himself an aficionado of politics, but he understands that when the president asks you over for dinner, you oblige. Unless of course if that request comes during training camp. That's the reason Saban had to politely decline an invitation to dine with President George Bush Sunday evening while the President was in South Florida."

White House Taps Dudley For OMB Regulatory Review Post. The Wall Street Journal (8/1, Davis, 2.03M) reports the White House "named Susan Dudley, a conservative regulatory scholar, to oversee regulatory review, a little known but powerful post at the Office of Management and Budget." Dudley has "headed regulatory studies at the Mercatus Institute, a regulatory think tank that is part of George Mason University and has been funded by officials at Koch Industries Inc., Wichita, Kan., which contributes to Republican causes and candidates."

Carmona Stepping Down As Surgeon General. The Washington Post (8/1, A6, 748K) reports US Surgeon General Richard H. Carmona "let it be known yesterday that he is stepping down, saying in a letter that he would judge himself successful if he had persuaded one student to make good health choices or one mother to stop smoking." Carmona's "departure comes little more than a month after Carmona issued a report highlighting the health dangers of secondhand smoke, a hallmark of his tenure as the nation's 17th surgeon general."

Senate Hopes To Speed Through Pending Legislation This Week. The AP (8/1, Kellman) reports the Senate is "hoping to rush out bills this week bolstering pensions, raising the minimum wage and cutting taxes before departing the Capitol and shifting their re-election campaigns into high gear." Which of those measures "advance this week will determine how much Republicans can boast about as they seek re-election, and to what degree Democrats can portray them as a do-nothing Congress undeserving of continued control." The House "adjourned in the wee hours of Saturday morning for a five-week vacation, passing pension reform and a bill combining a $2.10 hourly raise in the minimum wage over two years with a large cut in inheritance taxes next decade for multimillionaire families."

Roll Call (8/1, Stanton) reports despite a "near-unanimous desire to join their House counterparts on the barbecue and state-fair circuit as soon as possible, Senators likely will find themselves in Washington, D.C., through Friday, as Majority Leader Bill Frist (R-Tenn.) has planned a series of high-profile votes that will run through the week's end, starting with the expected passage of off-shore drilling legislation as early as today, Senate aides said." The House's passage Friday "of long-stalled pension legislation and a bill that packages a partial estate tax repeal, a group of tax-break extensions and a minimum-wage increase means that the chamber will now be grappling with a crammed floor schedule this week. The revamped schedule also means the Defense appropriations package will be punted until September." A GOP leadership aide "said the exact timing for the floor was still being worked out at press time, but that Frist is committed to holding votes on the pension bill and the 'trifecta' tax-and-minimum-wage package by Friday. A second aide also said the votes are expected for Friday — a rarity in the Senate."

CQ (7/31, Van Dongen) reports Senate Majority Leader Bill Frist "outlined his plan Monday for clearing two major bills this week — even though he has yet to secure the votes of several members of his party." After "a GOP conference meeting Monday evening, Frist, R-Tenn., sounded confident he would have the 60 votes necessary to clear a bill (HR 5970) combining a permanent estate tax cut and an increase

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in the minimum wage, along with numerous other provisions." The Republican plan "calls for clearing that bill first before moving on to the pension bill. But Senate Minority Leader Harry Reid, D-Nev., will use every weapon in his arsenal to prevent the estate tax bill from being called up on the floor for debate."

The Washington Post (8/1, A15, Babington, 748K) reports leaders "in both parties were busily taking temperatures and counting votes yesterday, saying the outcome is too close to call" on the estate tax-minimum wage bill. The "wage-tax showdown, likely to occur Friday, will boil down to this: Do enough Democrats sufficiently detest the estate tax cut -- which would benefit the wealthiest Americans -- to reject a chance to increase the federal minimum wage, which would benefit the working poor?" Majority Leader Bill Frist (R-Tenn.) "is gambling that the answer is no, and his reputation as a legislative strategist is partly on the line." Minority Leader Harry M. Reid "virulently opposes the coupling of the minimum-wage hike and the estate tax cut, which he called 'a cynical, cheap political trick' in a speech yesterday."

Bush Calls For Elimination Of Estate Tax. President George W. Bush said on Fox News' Your World with Neil Cavuto (7/31), "I strongly believe we need to get rid of the death tax. And the reason why is because it's unfair to tax somebody's assets twice."

Minimum Wage, Estate Tax Fights Could Disrupt Other GOP Agenda Items. In its "Washington Wire" column on its web site, the Wall Street Journal (7/31, 2.03M) reported, "Congress is poised to adopt landmark pension legislation but faces a partisan fight over federal estate taxes and the minimum wage that threatens to delay Senate passage and disrupt other parts of the Republican agenda. The tax-and-wage struggle is expected to dominate this last week before the August recess and already threatens hopes of finishing Senate debate on a wartime Pentagon budget."

Reid Says Linking Estate Tax, Minimum Wage Is "Political Blackmail." The Washington Times (8/1, Hurt, Bellantoni, 88K) reports congressional Democrats "say Republicans have 'hijacked' one of their signature issues in an effort to ram through a repeal of the estate tax this week." Regarding the House deal "that links passage of the 'death tax' with a minimum-wage increase," Senate Minority Leader Harry Reid said, "It's political blackmail, and it reeks of desperation. Republicans can't pass a partial repeal of the estate tax on its own merits so they're holding the minimum wage hostage to do it." The Times adds Republicans "say it's all in the spirit of political compromise."

Lobbyists Quick To Court Senators On "Trifecta" Tax Cut Bill. Roll Call (8/1, Ackley) reports business lobbyists "who spent the past week hustling to save a much-cherished package of tax credits saw last week end on something of a high note when the House passed their measure. This week, they've turned their forces on the Senate." But "will support from companies of all sizes and sectors be enough to move the popular measure by the Senate's August recess, even though it's now been roped into a bill that also includes more controversial cuts on estate taxes and a boost to the federal minimum wage?" Lobbyists and Senate leaders "alike are working from a similar list of targeted Members, including such Democratic Sens. as Mary Landrieu (La.), Mark Pryor (Ark.), Maria Cantwell (Wash.) and Tim Johnson (S.D.) and Republican Sens. Olympia Snowe (Maine) and Lincoln Chafee (R.I.). But one lobbyist said the coordination between K Street and the Senate leadership is nowhere as sophisticated an operation as it is on the House side, where lobbyists routinely have been included in key strategy meetings."

Thomas Broke Down Before Addressing GOP Conference Friday. Roll Call (8/1, Akers) reports in its "Heard on the Hill" column that House Ways and Means Committee Chairman Bill Thomas broke down in tears as he began to address the GOP Conference following Friday's final House votes until September. According to Roll Call, "When Thomas got up to the microphone to speak to his GOP colleagues…he started crying. One Republican source in the room said he 'nearly wept. ... It was more than just choking back tears.'"

Increase In Minimum Wage Seen As Likely To Eliminate Jobs. In a Wall Street Journal op-ed (8/1), David Henderson of the Hoover Institution says, "Most people see the issue as a no-brainer. Wouldn't it be nice to raise the wages of the lowest-earning people? Even if they understand that this will cause them to pay higher prices on goods and services, they see that as a worthwhile price to pay. But economists of various political stripes tend to oppose the minimum wage. We understand that it will help only a subset of the people it is thought to help, and will help them only a little -- while hurting some of them a lot." In "raising the minimum wage, the government doesn't guarantee jobs. It guarantees only that those who get jobs will be paid at least that minimum. But precisely by requiring this, the government

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destroys jobs. Someone to whom an employer was willing to pay only the current minimum wage of $5.15 might not produce enough to be worth paying, say, $7.25."

WPost Says Senate Should Not Approve "Trifecta Bill." The Washington Post (8/1, A16, 748K) says in an editorial, "The House GOP win-win political calculation here is obvious: Marrying a tax break for the rich with a wage hike for the poor dares senators in an election year to cast a vote against increasing the minimum wage. That, combined with some extra goodies, might be enough to get the estate tax cut over the 60-vote Senate hurdle that has so far, fortunately, blocked congressional action. If not, Republican leaders wager, they've at least given nervous House members cover to assert (however insincerely) that they backed a minimum wage increase, only to be stymied by Democrats. But this is a bad bargain -- unaffordable, unnecessary and, as usual, dishonestly presented. Senators shouldn't be snookered, or intimidated, into going along with it."

NYTimes Says "Trifecta," Pension Overhaul Bills Are Bad Legislation. The New York Times (8/1, 1.21M) editorializes that the "idea of tying modest wage increases for the lowest-paid workers to an enormous reduction on taxes that fall on the nation's richest heirs is, of course, obscene. Beyond that, Mr. Frist is said to be toying with the idea of blocking any attempts by fellow senators to amend the pension bill, in that way playing the enabler in the House's plan to force its unilateral version of the pension bill on the Senate. The end result is a two-for-one bad deal for America: poor policy poorly produced and the legislative process undermined."

Burns Blocks Civilian Pentagon Nominations Until Overseas Military Voting Simplified. The AP (7/31, Jalonick) reports that "Sen. Conrad Burns, R-Mont., is blocking all civilian Pentagon nominations until the Defense Department makes it easier for members of the military serving overseas to vote." Burns is running for reelection. "Several" lawmakers have stated that "the overseas voting process for troops is so complex and time consuming their ballots will arrive too late. Seventeen senators -- 11 Republicans and six Democrats -- wrote Defense Secretary Donald H. Rumsfeld earlier this year asking him to ease voting for the military." The proposed system would allow military absentees to "download and print the ballots and return them by mail." Civilians whose nominations are affected "include Anita Blair, to be assistant secretary of the Air Force for manpower and reserve affairs; Benedict S. Cohen, to be general counsel of the Department of the Army; Frank R. Jimenez, to be general counsel of the Department of the Navy; David H. Laufman, to be Inspector General for the Department of Defense and Robert L. Wilkie, to be assistant secretary of defense for legislative affairs." About 40 sites carried the story.

Insiders Say Bartlett, Snow Are Working Well Together. The White House Bulletin/US News (7/31) reports, "As advertised, new White House Spokesman Tony Snow is moving to rebuild the Bush press and communications operation without threatening the turf of Dan Bartlett, the President's policy and communications advisor. Despite some earlier concerns that the two might fight over their territory, insiders say that the transition has been extremely smooth with both sides working together to beef up the press and media affairs operation." A GOP communications official said, "Dan and Tony have a somewhat symbiotic relationship, rather than a competitive one. Dan's stature as the President's closest adviser will never be challenged, and Tony's portfolio has also grown because he recognizes that dynamic and likes and respects Dan." The Bulletin adds that on the "heels of Bartlett hiring new communications director Kevin Sullivan, insiders say that Snow is on the verge of revamping his press shop, with plans to hire possibly two new deputies. Officials initially said that he planned to hire one, to replace Ken Lisaius, whose last day is today. But others say that Snow wants to staff up his operation and will hire a third deputy to work with Dana Perino and whoever replaces Lisaius. An administration official said that Snow has decided who will replace Lisaius as his chief deputy, but that Snow hasn't let on whom he picked yet."

White House Briefing Room Renovations To Include Video Wall. The Wall Street Journal (8/1, McKinnon, 2.03M) reports the White House plans "a renovation of the briefing room, likely with a video wall that could display everything from 'flags waving in the breeze [to] detailed charts and graphs,' according to a senior White House official working on the project. For TV viewers, the video feed could be the sole on-screen image, or could share the space with the speaker." White House officials "say they are weighing how -- and how often -- to use the video capability. But the new technology could help transform White House briefings -- midday exchanges with reporters in a utilitarian setting -- into more interesting viewing." Both the

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"planned video capabilities and" White House press secretary Tony Snow's "hiring appear to be part of a subtle but sweeping effort by administration officials to deliver their message directly to the public, particularly through video." Snow said, "It's simply a necessary response to a news environment where you have players in all quarters 24 hours a day. If you're in government ... your key challenge [is] to make sure you get your message out." The Journal adds that even "before the technical upgrade, the weekday White House briefing has gotten livelier and drawn more attention with Mr. Snow."

Polls Find Most Seniors Happy With Medicare Drug Plans. The Washington Post (8/1, A5, Lee, 748K) reports, "Most senior citizens who signed up for Medicare's new prescription drug coverage say they are happy with their plans, but some report that they are not saving money and many say the overall program could be better designed, two new independent studies show." The surveys – "one published today on the Web site of the journal Health Affairs, the other released last week by the Kaiser Family Foundation -- are the latest attempts to gauge the progress of the biggest expansion of Medicare since the creation of the federal health program for the elderly and disabled in 1965." The Kaiser survey "found that more than 80 percent of people in Medicare drug plans were satisfied with their particular plan. McFadden's survey found that 58 percent of respondents thought the new coverage was a 'major benefit.'" But the Kaiser survey "found that nearly two in 10 enrollees had encountered a major problem in using the benefit, including having to pay unexpected costs and leaving the pharmacy without being able to fill a prescription."

FDA To Allow Morning-After Pill To Be Sold Over-The-Counter. The Los Angeles Times (8/1, Alonso-Zaldivar, 918K) reports, "The Food and Drug Administration, in a surprise move that could anger religious conservatives, offered today to allow the 'morning after' birth control pill to be sold without a prescription to women 18 and older." The proposal "by acting FDA commissioner Andrew von Eschenbach followed a long stalemate that had led many in the medical community to criticize the administration for ignoring scientific evidence that the drug is safe." But "it was not immediately clear whether regulators would ultimately approve broader access to Plan B, as the drug is known. The FDA said it wanted to decide in a matter of weeks." Conservatives "continue to oppose over-the-counter sales, warning that easy access would encourage promiscuity."

USA Today (8/1, Rubin, 2.27M) says "the FDA's announcement came just a day before a Senate confirmation hearing on the nomination of acting FDA commissioner Andrew von Eschenbach, who had been silent on the subject since taking the FDA's helm in September." He "told Barr Pharmaceuticals, Plan B's maker, that the FDA wants to meet with company officials within a week to work out a plan to sell the pills over-the-counter to women 18 and older. 'The agency is fully committed to devoting the necessary resources to resolving these final issues with the sponsor'" FDA spokeswoman Susan Bro said. 'We believe this can be done, potentially, in a matter of weeks, not months.'" The New York Times (8/1, Saul, 1.21M) reports Bro also said "the move was intended 'to bring this particular issue to a conclusion,' and a federal health official said the agency was committed to making the drug available over the counter."

The Baltimore Sun (8/1, Rockoff, 262K) notes Barr "first asked the FDA for permission to sell the drug over the counter in 2003. Two years later, Democratic Sens. Patty Murray of Washington and Hillary Rodham Clinton of New York held up the confirmation of Lester M. Crawford as FDA commissioner until receiving a promise that the agency would take action." After his confirmation, Crawford "announced the agency needed more time to study. Then he left the FDA and was replaced by von Eschenbach, whom Bush formally nominated in March."

The story was reported by all three network newscasts. ABC World News Tonight (7/31, story 6, 2:10, Stark, 8.78M) reported, "Supporters of the morning-after pill point out the FDA's own scientist determined it is safe. They accused the agency of putting politics over science. Now, the FDA insists it is finally ready to make a final decision on Plan B. If they do approve over-the-counter sales, the Plan-B will still technically be behind the pharmacy counter. Women will still have to ask for it. And of course those under 18 will still need a prescription to buy the drug." The CBS Evening News (7/31, story 6, 0:30, Schieffer, 7.66M) called the story "a surprise move," while NBC Nightly News (7/31, story 8, 2:20, Williams, 9.87M) reported on the "clash of science, medicine and politics." NBC (Costello) added, "With the FDA's own scientists recommending approval, Senators Clinton and Murray vow to continue blocking the nomination of Von Eschenbach until the FDA acts."

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The Wall Street Journal (8/1, Mathews, 2.03M), Washington Times/AP (8/1) and Washington Post (8/1, A3, Weiss, 748K) run similar reports.

More Commentary. The Los Angeles Times (8/1, 918K) editorializes that the FDA announcement "was awfully convenient. The agency expressed newfound interest in meeting with the maker of the morning-after contraceptive drug, known as Plan B, just one day before Senate confirmation hearings are set to begin for the Bush administration's nominee to be FDA commissioner. … If the FDA is truly ready to give Plan B its approval, then Von Eschenbach surely will not mind a short delay in his confirmation while the agency and the drug maker work out the details. And maybe Monday's announcement is a sign that the FDA is less interested in acting as the judge of women's morals than as the protector of their health."

GOP Moderates Seen As Gaining Influence In House. House Republican moderates have been gaining in influence in recent months, seeing several of their key proposals. Roll Call (8/1, Yachnin) reports, "While moderate Republicans said it is difficult to determine what measure should top the list of accomplishments in this election year…many cited the passage of legislation to expand embryonic stem-cell research, as well as concessions from leadership on the fiscal 2007 budget blueprint. In addition, House lawmakers approved measures late last week to increase the minimum-wage rate and to reduce the estate tax, as well as a measure to promote the use of information technology in health care, such as the creation of standards for medical data storage."

GOP Leaders Will Try To Save Lobbying Reform. Over the August recess, House and Senate GOP leaders will try to save an agreement on overhauling lobbying and ethics rules. Roll Call (8/1, Newmyer) reports, "The collapse of their once-touted overhaul package has been widely derided by critics, and, as recently as last week, Republicans in both chambers were signaling that they would go their own way, scaling back the already bare-bones packages and adopting instead a handful of reforms as rules changes. … But this week, Republican leadership aides said negotiators would press ahead with the so-far fruitless talks to resolve the impasse that's holding up the broader package."

Pentagon Won't Renew Contract With Company Involved In Cunningham Scandal. The Pentagon will not renew a contract with a company caught up in the scandal surrounding former Rep. Duke Cunningham. The Washington Post (8/1, A4, Pincus, 748K) reports that the decision not to renew the contract will force "the closure of an intelligence center in Virginia that grew out of a 2003 'earmark' in legislation by Rep. Virgil H. Goode Jr. (R-Va.). The Defense Department decided in early June to terminate the Foreign Supplier Assessment Center (FSAC) in Martinsville, Va., according to a statement from the Pentagon yesterday."

Bush Presents Award To Miami Volunteer. The Miami Herald (7/30, McGrory, 310K) reported that President Bush was scheduled to present a presidential service award to Dorcas Piegari, who "coordinates two projects for underprivileged children through Hands On Miami and volunteers as a child advocate through the state's guardian ad litem program. She typically devotes six to eight hours of her week to community service, she said."

Survey Finds Navy Civilians Give Supervisors High Marks. The Washington Post (8/1, D4, Barr, 748K) reports in its "Federal Diary" column that in a recent survey of Navy civilian employees, "Navy civilians gave their supervisors good marks in areas that are crucial to establishing the new National Security Personnel System, a program to change how Defense Department civil service employees are paid, promoted and disciplined. In the survey, Navy civilians said their supervisors provided fair and accurate feedback on an informal basis, reflecting a good grasp of their work and job performance, and said their supervisors emphasized the job strengths of employees during formal evaluations. The employees also said the Navy provided them with significant responsibilities, was open to new ideas and supported risk-taking to obtain high returns."

Nicholson Touts VA's Prescription Accuracy. Veterans Affairs Secretary James Nicholson writes in USA Today (8/1, 2.27M), "The Department of Veterans Affairs remains a world leader in patient safety and the use of technology in preventing errors associated with prescription drugs. … VA prescribes medication to patients with an accuracy rate of 99.993%, a standard that simply does not exist anywhere else in American health care. And

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we maintained this standard of excellence while filling 231 million prescriptions in 2005." Nicholson adds, "VA is bringing 21st century medicine to America's veterans, and I look forward to the day when all health care can offer the same measure of safety and efficiency."

Author Says Veto Won't Impede Progress Of Stem Cell Research. Author Deborah Blum writes in the New York Times (8/1, 1.21M) that President Bush's veto of a measure that would have supported research using embryonic stem cells "appears to create an intractable problem for stem cell researchers and their advocates." Blum notes that while proponents of stem cell research argue that the veto "has the potential to keep American science locked in the past," history "seems to encourage a more optimistic outlook. Medical progress has stirred religious and moral objections throughout history." Blum adds, "The fact is that stem cells -- especially the amazingly versatile cells evident in early human development -- have the potential to hold off our own ministers of death. And history suggests that's a proposition too powerful to remain shackled by the moral strictures of the moment."

OTHER NEWS:

Bush Expresses Confidence In Bernanke. President George W. Bush was asked on Fox News' Your World with Neil Cavuto (7/31) if he is worried that the Fed risks killing the housing market if it continues to raise interest rates. Bush said, "What I'm worried about is talking about the Fed. What you're trying to do is to get me to violate a principle of the presidency, which is to, you know, encroach upon the independence of the Fed." Bush added, "I have got confidence in Ben Bernanke and his team, to be able to balance inflation with growth."

Bush Attributes Economy's Strength To US' Entrepreneurial Spirit. Bush was asked on Fox News' Your World with Neil Cavuto (7/31) if he is surprised that the economy is doing well given "the turbulence in the Middle East, the ongoing Iraq war, threats from Iran, threats from Syria, threats from Hugo Chavez." Bush said, "Yes," adding, "I think the entrepreneurial spirit is strong. I mean, America is a land of entrepreneurs and small businesses. And people have responded. Particularly, they have been encouraged by tax cuts. If you take money out of the pockets of the entrepreneurs and small businesses, there's less money to invest in jobs and new products and new ideas. And these -- these tax cuts are working. But the main reason we're doing well is because of -- the spirit of America is strong. People want to take risk. And people feel like they will be rewarded for their risk."

Fed's Next Move Said To Be Difficult To Predict. USA Today (8/1, Kessler, Hagenbaugh, 2.27M) reports, "The outcome of the Aug. 8 Fed meeting has become the most complicated to predict in years." This is "an especially hazy time for those trying to predict the Fed's next actions. … The Fed has raised interest rates 17 times since June 2004 in a bid to remove stimulus put in place when the economy slowed earlier this decade and to stem a recent increase in inflation. While in the past few years it has generally been clear to Fed observers that US central bankers were poised to raise rates gradually at every meeting, the economy 'appears to be in a period of transition,' as Chairman Ben Bernanke said last month."

Stocks Declined Monday. Stocks ended August with a decline yesterday. The Wall Street Journal (8/1, Browning, 2.03M) reports that the Dow Jones Industrial Average fell 34.02 points to 11185.68. The Nasdaq Composite Index declined 2.67 points to 2091.47. The Standard & Poor's 500-stock index fell 1.89 points, to 1276.66.

US Savings Rate Has Been In Negative Numbers Since June. The CBS Evening News (7/31, story 5, 2:25, Schieffer, 7.66M) reported, "In a CBS News/'New York Times' poll out tonight, more than half who were questioned say they make just enough to meet expenses -- 12% say their bills are greater than their income. So is it any wonder that at a time when saving for retirement is more critical than ever, we are saving less than at almost any time in our history?" CBS (Regan) added, "Our personal savings rate has been steadily falling from almost 10% in the 1970s down to about 5% in the '90s. Since June of last year, our savings rate has been in the negative numbers, meaning simply that month after month we keep spending more money than we take in."

WSJournal Says Economy's "Animal Spirits Aren't Dead Yet." The Wall Street Journal (8/1, 2.03M) editorializes, "The imminent death of the current economic expansion has been predicted with regularity, most recently after Friday's news that second-quarter growth slipped to an annual rate of 2.5% from 5.6% in the first. But then yesterday, like a rebuttal, came the Chicago purchasing managers' index for July showing robust growth in Midwest manufacturing. Will the real economy please stand up?" The

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Journal adds, "Looking ahead, the biggest question continues to be how well the economy can withstand the Federal Reserve's necessary effort to break inflation expectations after its easy-money mistakes of 2004 and 2005. But the good news is that the economy's animal spirits aren't dead yet."

ABA To Consider Tort Reform Plan. The National Law Journal (8/1, Jones) reports, "The American Bar Association House of Delegates is expected to take up some contentious issues at the ABA's annual meeting held this year in Honolulu. But before anyone will have set foot in the sand, some behind-the-scenes controversy has served as a prelude to the events that begin this week." The Journal continues, "Infighting among the 36,000-member Tort Trial and Insurance Practice Section of the ABA, commonly referred to as TIPS, resulted in the group last week pulling a proposal that was slated for a vote by the House of Delegates, which will hold sessions on Aug. 7 and 8 at the ABA meeting." The Journal adds, "Proposition 103, a tort-reform measure, created a sharp divide among group members and, at least in one case, between a huge corporate client and its outside law firms. … But plenty remains for the House of Delegates to consider during the two-day session, which is just one component of the ABA's 129th annual meeting. With an expected 8,000 lawyers, judges and legal scholars staying in 18 hotels across the Waikiki area, the five-day event will include 53 vendors, dozens of educational programs and presentations by some top legal minds. … Each year, the House of Delegates considers measures that deal with the ABA's governing rules in addition to more politically charged matters. This year, for instance, it will consider measures to increase law school diversity, appeals of courts-martial and disclosure of law firm pro bono work, among others. The resolutions, representing the official voice of the 400,000-member organization, carry no formal legal weight but can influence the decision-making processes of lawmakers and the judiciary."

DSCC Reserves $18 Million In TV Ad Time In Ohio, Missouri And Pennsylvania. The AP (8/1, Espo) reports the Democratic Senatorial Campaign Committee "has reserved more than $25 million worth of television advertising time for the fall, the bulk of it aimed at toppling Republican incumbents in Ohio, Missouri and Pennsylvania. Additional Democratic targets also include" Montana and Tennessee. The DSCC "has reserved time for advertising in New Jersey and Washington, states that Republicans hope to add to their column to offset any losses elsewhere." The DSCC "plans call for spending $7 million on advertising from mid-August through Election Day in Ohio, where GOP Sen. Mike DeWine faces a tough challenge from Rep. Sherrod Brown; and $6 million from late August through Nov. 7 in Missouri, where Republican Sen. Jim Talent is in a close contest with State Auditor Claire McCaskill. Democrats have reserved more than $5 million for advertising over the campaign's final four weeks in Pennsylvania, where Republican Sen. Rick Santorum has consistently trailed his Democratic challenger, state Treasurer Bob Casey, by double-digit margins."

Frist Has Failed To Disclose His Role As Foundation Trustee. The AP (8/1, Zuckerbrod) reports Majority Leader Bill Frist "hasn't been following all the Senate's rules when it comes to disclosing details about his finances. Frist and his wife are the sole trustees in charge of a family foundation bearing the senator's name, according to Internal Revenue Service forms. However, he has not been listing that position on his Senate disclosure forms, which are made public every year. … When asked about the discrepancy by The Associated Press, Frist spokesman Bob Stevenson said the senator's office was unaware of the omission. 'It was recently discovered that Senator Frist's Senate financial disclosure forms may contain some inadvertent errors which are under review and will be promptly corrected by amending his financial disclosure,' Stevenson said.

Iraq War Continues To Be The Focus Of Lieberman-Lamont Primary. The CBS Evening News (7/31, story 7, 2:35, Borger, 7.66M) reported Sen. Joe Lieberman is "in real danger of losing a Democratic primary to a political unknown. There's really only one reason -- he supports the war in Iraq. … Despite the fact that Lieberman has voted with the party 90% of the time. But this Senate race is about much more than political history, it's about a simple question: What do the Democrats stand for? Enter Ned Lamont -- a rebel, Connecticut-style. He may be a wealthy businessman in a blue button-down shirt, but make no mistake -- Lamont is tapping into those mad as hell, anti-war Democrats who've had enough of Lieberman."

Unaffiliated Voters Switching To Democratic Party Ahead Of Senate Primary. The New York Times (8/1,

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Medina, Confessore, 1.21M) reports, "In the last three months, 6,715 voters have changed their registration from unaffiliated to Democrat, the secretary of state said on Monday, noting that the number was unusually large. Nearly 5,000 voters changed affiliation in July alone, nearly 10 times the number in May. Unaffiliated voters can continue changing their registration until noon on the day before the primary. Unaffiliated voters are nearly 45 percent of the electorate, making them a larger group than either the Democrats or Republicans, according to the secretary of the state, Susan Bysiewicz." The Times notes, "both campaigns say they believe the newly registered Democrats are a good sign for them."

Lieberman's Perceived Lack Of Partisanship Undermines His Democratic Support. The Los Angeles Times (8/1, Brownstein, 918K) reports, "Overwhelming discontent in the state about the Iraq war created the opening for" Lamont, but Lieberman "is also being battered by a widespread belief among critics that his long-standing commitment to working with Republicans has become counterproductive at a time when President Bush and the GOP congressional majority pursue an aggressive conservative agenda."

Primary Tests MoveOn's Influence Over Democratic Party. The Wall Street Journal (8/1, A1, Cummings, 2.03M) reports, "The clash in Connecticut is the most visible battle yet between the Democratic establishment and the increasingly aggressive and influential online group's political arm, MoveOn Political Action. … With a $25 million budget and 3.2 million members -- a six-fold increase from five years ago -- the group could make a big difference in close contests around the country." The Journal adds, "For all its momentum, MoveOn hasn't scored a major victory, despite its rapid mobilization of people and money around the world. … A Lamont loss would take the edge off threats by MoveOn and online activists to punish candidates who defy the party's so-called 'netroots.' But a successful challenge to Mr. Lieberman could embolden an energetic and left-leaning wing of the Democratic party, which for the first time this year is weighing into congressional primary races."

Top Florida GOP Officials Told Harris They Would Revoke Support For Her. The Washington Post (8/1, A4, Goldfarb, 748K) reports that a May 7 "confidential letter" from Florida GOP chairman Carole Jean Jordan, and national committee members Sharon Day and Paul Senft "told Senate candidate Katherine Harris she wouldn't win the election and the party wouldn't support her." According to the Post, the letter stated: "Katherine, though it causes us much anguish, we have determined that your campaign faces irreparable damage. … We feel that we have no other choice but to revoke our support." The Harris campaign "called the letter 'old news' and said that Jordan had never expressed concerns about her campaign. In her own statement yesterday, Jordan said 'our concerns about the race and the nominee's ability to knock off Bill Nelson still exist.'"

Federal Appeals Court Hears Arguments Over DeLay's Spot On Ballot. The AP (8/1, Shannon) reports Texas Republicans "asked a federal appeals court on Monday to let them replace" former Rep. Tom DeLay "on the November congressional ballot, but Democrats argued that Texas state law requires keeping DeLay as the GOP candidate. … Barring catastrophic illness or other extreme circumstance, there is no legal way to replace Delay, Democratic Party attorney Chadd Dunn told a three-judge panel of the 5th U.S. Circuit Court of Appeals." James Bopp, "arguing for Texas Republican officials, said the party should choose the candidate. 'The Democratic Party does not represent the voters in the Republican primary,' Bopp said." Texas Republican Party chairwoman Tina Benkiser "says she should be permitted to declare DeLay 'ineligible' as a candidate because he moved to Virginia, allowing the party to pick a new candidate."

Clinton Calls For Increased Investment In Rural Communities. The New York Times (8/1, Hernandez, 1.21M) reports Sen. Hillary Clinton, "reaching out to rural voters in New York and elsewhere in the nation…called on Monday for increasing federal support for struggling farm communities to revitalize rural America. In a speech delivered on a 152-year-old family farm, Mrs. Clinton called for major federal investments to expand broadband Internet access in rural communities, promote the development of alternative fuel sources like corn-based ethanol and encourage medical school graduates to practice in agricultural areas." According to the Times, "The speech…underscored efforts the senator has made to address the economic concerns in the traditional Republican strongholds of upstate New York. In the speech, for example, Mrs. Clinton reminded her audience of the work she had

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done on behalf of the region, including the creation of an advisory panel that has helped her devise agricultural policy."

Romney Apologizes For Using The Term "Tar Baby". The New York Times (8/1, Zezima, 1.21M) reports Gov. Mitt Romney "apologized for calling the Big Dig a 'tar baby' at a Republican fund-raiser in Iowa, saying he did not know that the term could be construed as a racial epithet. Black leaders criticized Mr. Romney, a Republican, for using the remark Saturday in Ames, Iowa, saying it was inappropriate and showed he was disconnected." CNN's The Situation Room (7/31, Blitzer) also noted Romney's apology.

Kansas Board Of Education Primaries Seen As Referendum On Evolution. The Washington Post (8/1, A3, Slevin, 748K) reports, "Evolution's defenders, working to defeat Kansas Board of Education members who oppose modern Darwinian theory, are challenging three incumbent Republican conservatives and the political heir to a fourth in Tuesday's primary. A shift of two seats to moderate Republicans -- or to Democrats -- in November almost certainly would lead to a reversal of state science standards celebrated by many religious conservatives and reviled by the scientific establishment."

The New York Times (8/1, Blumenthal, 1.21M) reports, "The Kansas election is being watched closely by both sides in the national debate over the teaching of evolution. … A defeat for the conservative majority in Kansas on Tuesday could be further evidence of the fading fortunes of the intelligent design movement, while a victory would preserve an important stronghold in Kansas."

Pew Poll Finds Americans' News Preferences Split Along Party, Ideological Lines. A survey of the nation's news preferences found that news audiences are divided by ideology and political party. The Washington Times (8/1, Harper, 88K) reports, "Conservative Republicans are less likely than any other demographic group to favor news from a neutral source, the survey found. Sixty-eight percent of the general public said they preferred news from a source with no particular point of view, compared with 56 percent among conservative Republicans and 71 percent among liberal Democrats." The Times adds, "Seventy-eight percent of conservative respondents regularly listen to radio host Rush Limbaugh; the figure was 3 percent among liberals. Almost two-thirds of conservatives favored Fox News' Bill O'Reilly, compared with 10 percent of liberals. … The poll of 4,705 adults was released yesterday and conducted April 27 to May 2 and June 14 to 19. It has a margin of error of three percentage points."

Bush Reiterates Opposition To Immediate Ceasefire In Lebanon. President George W. Bush was interviewed on Fox News' Your World with Neil Cavuto yesterday (7/31). Addressing the Mideast crisis, Bush reiterated his view that an immediate cease fire would be "stopping for the sake of stopping," and would not "address the root cause of the problem. And the root cause of the problem is armed militias firing rockets from a sovereign nation into another sovereign nation. And we want to work with the Lebanese government and other nations around the world to help deal with that issue." He also asserted that Iran sponsors Hezbollah, and "therefore, I wouldn't be surprised if they're very much involved in the activities of Hezbollah." In addition, Bush outlined the diplomatic course he's advocating, speaking of an "opportunity to work with our partners and allies to put a Security Council resolution in place that obviously reduces violence, but also addresses the root causes of the problems, which were, you know, terrorist attacks from Lebanon into Israel. One of the things we have got to work on in order to address the root causes is strengthen the Siniora government. We want that young democracy in Lebanon to succeed. And one way to help it succeed is to help the Lebanese army move to the south, and then, with help from, you know, forces from elsewhere, begin to bring some security to the region, for the sake of the Lebanese people and the Israelis."

The CBS Evening News (7/31, story 3, 2:05, Axelrod, 7.66M), which referred to the President's "unyielding hard line," ran several excerpts of Bush's interview on Fox. The President was shown saying, "Look, it's a terrible situation when innocent people lose their lives and yesterday's situation was awful. I understand that. But it's also awful that a million Israelis are worried about rockets being fired from their neighbor to the north." CBS also showed Bush's comment about "stopping for the sake of stopping," and his call for "a multinational force" that "must be dispatched to Lebanon quickly." USA Today (8/1, Nichols, Stone, 2.27M) notes that in the Fox interview, Bush said that "the United States would 'probably not' be part of any multinational force sent to Lebanon." NBC Nightly News (7/31, story 3, 3:10,

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Gregory, 9.87M) showed the President saying, "It is important to remember this crisis began with Hezbollah's unprovoked terrorist attacks against Israel. Israel is exercising its right to defend itself."

The AP (8/1, Pickler) sums up Bush's statements yesterday by noting he "made it clear that the U.S. position in firm support of Israel had not changed, despite the strike that heightened criticism from other nations." Speaking to members of the Coast Guard in Florida, Bush "said the world must remember that the Islamic group Hezbollah started the fight and that Israel is exercising its right to defend itself." During his speech "he made no direct reference to the Qana deaths. But he said, 'We mourn the loss of innocent life, both in Lebanon and in Israel.'"

The New York Times (8/1, Broder, 1.21M) notes that in Florida, Bush "used the word 'awful' to describe the lethal Israeli air attack on an apartment building in Qana." But he "described the current Middle East crisis as part of a larger struggle between the forces of freedom and the forces of terror. He said the United States remained steadfast in its support of Israel's right to defend itself against cross-border attacks by Hezbollah militants." The President "sought to broaden the context of the current fighting, saying that Iran and Syria must end their support of terrorism in the Middle East and beyond." The Times also reports Bush "has not spoken directly with Ehud Olmert, the Israeli prime minister, about the Qana bombing and did not plan to do so, a White House spokesman said Monday."

Bush's "Unnuanced" Backing For Israel Criticized. In an analysis piece, the AP (8/1, Raum) reports, "The Bush administration may have badly miscalculated in insisting that any Mideast cease-fire be tied to long-term objectives. As the toll on Lebanese civilians has soared, even moderate Arab governments have turned into US critics, and Hezbollah's support has climbed across the region." Bush's "unnuanced support for Israel -- backed by unusual allies, some congressional Democrats -- is becoming an increasingly tough sell for the United States as it presses for a comprehensive package before the UN Security Council." Meanwhile, "Hezbollah 'is becoming a regional icon,' eclipsing even al-Qaida, suggests Mideast scholar Shibley Telhami, a professor at the University of Maryland."

Americans' Sympathy For Israel Said To Remain Strong. The Washington Times (8/1, Price, 88K) reports, "Spot checks across the country found that sympathy for Israel is still strong" three weeks into the current crisis. Those sentiments "are consistent with the results of a New York Times/CBS News poll released late last week, before the Qana incident, that found that 48 percent of respondents characterized Israel's response as 'about right," while 9 percent felt it had not gone far enough. Twenty-six percent said they think Israel has gone too far."

Hagel Calls For Immediate Ceasefire. CNN's The Situation Room (7/31, Blitzer) reported that Republican Sen. Chuck Hagel "is now urging President Bush to call for an immediate cease-fire in the Middle East." CNN (Bash) noted that Hagel "is the most high profile challenge to date of the president's approach on this Middle East crisis from either party here on the Hill." Hagel "is an influential Republican when it comes to all things foreign policy. And he went to the Senate floor this afternoon and he essentially said that the US should remain a staunch ally of Israel, remain committed to defending Israel but he said it should not be at the expense of Arab and Muslim relationships. Therefore he said President Bush should call for an immediate cease-fire."

The CBS Evening News (7/31, story 3, 2:05, Axelrod, 7.66M) showed GOP Sen. Chuck Hagel saying: "President Bush must call for an immediate cease-fire. This madness must stop. The Middle East today is more combustible and complex than it has ever been."

Opinion Pages Call For US To Pressure Israel For Ceasefire. The editorial commentary in the major dailies today ranges from strong support for the Israeli offensive to calls for an immediate ceasefire. Editorial opinion is tending to be weighted towards calling on the US to support, or more strongly advocate, a quick ceasefire. In a Washington Post op-ed (8/1, A17), former President Jimmy Carter says, "A major impediment to progress is Washington's strange policy that dialogue on controversial issues will be extended only as a reward for subservient behavior and will be withheld from those who reject U.S. assertions. Direct engagement with the Palestine Liberation Organization or the Palestinian Authority and the government in Damascus will be necessary if secure negotiated settlements are to be achieved. Failure to address the issues and leaders involved risks the creation of an arc of even greater instability running from Jerusalem through Beirut, Damascus, Baghdad and Tehran."

The Washington Post (8/1, A16, 748K) says in an editorial that despite the "terrible bloodshed in Lebanon and Israel over the weekend, including the tragic death of scores of women and children in the village of Qana, the United States, Israel and the Lebanese government continue to seek

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the same outcome to the war. That is the removal of Hezbollah's militia from the Lebanese-Israeli border as well as steps toward its disarmament; the deployment of the Lebanese army in the south; and the extension of the Lebanese government's sovereignty to all of the country's territory. Despite all the rhetoric about an immediate cease-fire and the predictable focus by media outlets around the world on Israel's mistakes and excesses, every party in the Middle East other than Hezbollah and its Syrian and Iranian sponsors believes that a resolution to the crisis that fails to achieve those conditions would be a catastrophe."

The New York Times (8/1, 1.21M) says in an editorial, "With the two-day bombing pause set to expire early Wednesday, Israel is already rolling out plans for an expanded ground offensive, which Washington has done nothing to discourage. Before that happens, the temporary lull in Israeli attacks needs to be broadened into a full cease-fire and extended indefinitely while the United Nations Security Council works to create an international armed force to secure Lebanon's border."

The Los Angeles Times (8/1, 918K) says in an editorial, "The horrific Israeli airstrike that killed nearly 60 civilians in the town of Qana on Sunday ratcheted up the outrage over the scale of the Israelis' 3-week-old retaliatory attack on Hezbollah, the Lebanese Islamist terrorist group." The "challenge for Rice and the U.N. Security Council is to craft a cease-fire and mobilize a multinational force in a manner that does not constitute a victory for Hezbollah."

In a Wall Street Journal column (8/1), Bret Stephens says, "Israel is losing this war. This is not to say that it will lose the war, or that the war was unwinnable to start with. But if it keeps going as it is, Israel is headed for the greatest military humiliation in its history." The "conflict with Hezbollah -- a 15,000-man militia chiefly armed with World War II-era Katyusha rockets -- is now in its 21st day. So far, Israel has nothing to show for its efforts: no enemy territory gained, no enemy leaders killed, no abatement in the missile barrage that has sent a million Israelis from their homes and workplaces."

In a Los Angeles Times op-ed (8/1), Adam Schatz, literary editor of the Nation, says, "History repeated itself Sunday with grisly precision when Israel, in the midst of another war with Hezbollah, bombed a residential apartment building in Qana, killing as many as 56 civilians, 37 of them children. Once again, Israel insisted that it had made a 'mistake' for which Hezbollah was ultimately responsible because it was launching rockets toward Israel from the village of Qana." When Israel "targets densely populated areas in hopes of killing one or a handful of militants, knowing that it may end up killing dozens of civilians, it can hardly claim to be showing concern for humanitarian law or civilian life. And by asking that we judge it by its professed intentions, rather than by its actions, Israel is asking too much of us and far too little of itself."

Meanwhile, the Wall Street Journal (8/1, 2.03M) urges Israel to stay the course. In an editorial, the Journal says, "We hope that, while Ms. Rice pursues diplomatic options, privately Mr. Bush is telling Mr. Olmert that Israel must finish the job he started against Hezbollah -- including a ground invasion of southern Lebanon if that's what it takes. American support for Israel's strategy is far from cost-free for Mr. Bush, and Mr. Olmert has to understand that it won't continue if he lacks the will to prevail as rapidly as militarily possible. There are certainly risks to this strategy, in the loss of more Israeli and Lebanese lives and further global criticism of both the Jewish state and the U.S. But now that the war has been joined, and Israel has pledged not to stop without disarming Hezbollah, a defeat for Israel will mean more danger and far more casualties down the road."

And in a Washington Times op-ed (8/1), Maj. Gen. Robert H. Scales, ret., a former commander of the Army War College, says, "Terrorist groups understand that Western technology can be defeated with creativity and determination. The perception of success against the Israeli military will have a lasting effect on the ability of the United States to fight the long war against terrorism using our high tech military. The battle for control of southern Lebanon has become the key laboratory for radical Islamic groups to sample and apply elsewhere... like Iraq."

"Legendary Foreign-Policy Minds" Weigh In On Mideast Crisis. The Wall Street Journal (8/1, Kempe, 2.03M) interviews "two legendary foreign-policy minds: Zbigniew Brzezinski and Henry Kissinger," about the crisis in the Mideast. Brzezinski, who was national-security adviser under former President Jimmy Carter, "bristles at a US policy that has accepted mounting Lebanese civilian casualties…while the fighting breeds 'an even more radical, extreme and hostile Middle East.' Dr. Brzezinski considers the notion that Israel, even with the U.S.'s blessing or assistance, can make the region safer through 'pulverizing' Hezbollah to be 'illusory.'" Kissinger, who served Presidents Richard Nixon and Gerald Ford, "advises patience and strategic vision. He

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worries the administration will 'cave' and accept 'an essentially unconditional cease-fire' that will only further encourage the region's extremists."

Rice Returns To White House "Scrambling" To Find Lebanon Peace Plan. The CBS Evening News (7/31, story 3, 2:05, Axelrod, 7.66M) reported, "Qana has changed everything. Secretary Rice is now here at the White House and she came directly from her plane to brief the President with new urgency about crafting a cease-fire proposal." ABC World News Tonight (7/31, story 4, 1:05, Raddatz, 8.78M) said, "You'll see a public face of calm by the President and diplomats. But they are scrambling to come up with a solution here because the United States and Israel are getting further and further isolated from the rest of the world."

USA Today (8/1, Nichols, Stone, 2.27M) reports that following the Bush-Rice meeting, White House spokesman Peter Watkins said, "The next step is to pursue a United Nations Security Council resolution that will establish a sustainable cease-fire on an urgent basis."

The Washington Times (8/1, Curl, 88K) reports Rice said before leaving Israel, "As I head back to Washington, I take with me an emerging consensus on what is necessary for both an urgent cease-fire and a lasting settlement. … I am convinced we can achieve both this week."

But some media reports on Rice's performance in the Mideast crisis are rather negative. For example, the Los Angeles Times (8/1, Marshall, 918K) reports, "Reeling from a week of diplomatic setbacks in the Middle East…Rice limped home Monday insisting that the United States would back a cease-fire agreement to end the war in Lebanon only if it contained the seeds of a long-term settlement to the crisis." The Times adds that "fallout from the [Qana] bombing seemed to leave US diplomacy in worse shape than when Rice left Washington a week ago, with little visible progress toward a cease-fire, a weakened democratic government in Lebanon, a diminished number of allies in America's corner and its leverage to shape events shrinking." However, CNN's The Situation Room (7/31, King) reported Rice "says she kept focus on what she was doing not what people were saying about her and that she heads home optimistic."

Another negative piece on Rice, on McClatchy Newspapers (8/1, Strobel), says Rice "has won largely good reviews as President Bush's second-term secretary of state," but "whether her reputation will continue intact is likely to depend on how she handles the Lebanon crisis, which, more than any other challenge she has faced over the last year and a half, has her name on it." The "chaos in Lebanon challenges the core of Rice and Bush's second-term foreign policy - spreading democracy across the Muslim world." McClatchy adds that "by last week, as she jetted from the Middle East to Asia and back, Rice seemed knocked off her game, reacting to events rather than shaping them."

White House Denies Rift Between Bush, Rice. ABC World News Tonight (7/31, story 4, 1:05, Gibson, 8.78M) reported, "The Secretary of State comes home. She has dinner with the President tonight. She goes to the UN on Wednesday. How does this play out?" Raddatz: "Well, the White House is downplaying this dinner with Secretary Rice. There were rumors earlier this week that there was a rift between President Bush and Secretary Rice. The White House says that is absolutely not true. They are on the same page here. But they have to come up with a plan. Nobody planned on Qana yesterday. And this has really thrown a wrench into the diplomatic process. She'll go to the UN, she'll try to seek support. But most people there are calling for an immediate cease-fire."

US, Israeli Positions Seen As "Diverging." A number of reports this morning suggest the US position on the Lebanon conflict may be starting to deviate from Israel's. The Wall Street Journal (8/1, Dreazen, Champion, 2.03M) devotes an entire piece to that possibility. The Journal, under the headline "US, Israel Start To Diverge As Casualties Mount," reports, "Tensions are emerging between the U.S. and Israel over the fighting in Lebanon as the Bush administration begins to pressure Israel to wind down its campaign amid surging civilian casualties and military setbacks. After presenting a united front against international calls for an immediate cease-fire in the three weeks since fighting began," the US and Israel are "diverging some on how much longer Israel should continue its offensive against Hezbollah. While Israel continues to say its campaign will take weeks, the US is shifting its diplomatic focus from trying to buy Israel more time for its campaign against Hezbollah to pushing for a cease-fire package that would end the bloodshed." The Journal adds, "Speaking to reporters on a Mideast swing clouded by the deaths of dozens of Lebanese civilians in an Israeli strike Sunday on the city of Qana, Secretary of State Condoleezza Rice said she hoped a United Nations Security Council resolution that included a cease-fire agreement could be in place this week." But Israeli Vice Premier Shimon Peres "said Israel's effort had several more weeks to run, and

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predicted mounting pressure from the US to pull back. 'The pressure is growing, and it will continue to grow,' Mr. Peres said in an interview in New York. 'But you cannot have a unilateral cease-fire.'"

The CBS Evening News (7/31, lead story, 3:25, Alfonsi, 7.66M) reported that "despite American pleas and outrage from the international community after the Qana attack, Israel is not changing its course. If anyone needed any more proof of that today, Israeli Prime Minister Ehud Olmert delivered it, saying today there would be no cease-fire."

The Financial Times (8/1, Morris) says Israeli officials "acknowledged that the" Qana killings "had increased the level of European pressure on the US to secure a United Nations resolution to halt the conflict," while the New York Times (8/1, Smith, Erlanger, 1.21M), under the headline "Israel Pushes On Despite Agreeing To Airstrike Lull," says Israel "promised Secretary of State Condoleezza Rice on Sunday that it would halt air operations for two days, except to respond to 'imminent threats,' like rocket-launching teams, and to support ground forces." Rice "said she had accepted Israel's explanation for resuming airstrikes barely 12 hours after the suspension was announced."

UN Meeting On Border Force Cancelled. The AP (8/1, Wadhams) reports the UN "scrapped a meeting of nations that might contribute troops to help stabilize south Lebanon, a decision that reflected the deep divisions among key nations on how to end the" Lebanon conflict. "Diplomats have stepped up efforts to resolve the crisis, but have been unable to resolve differences over the timing of a cease-fire and troop deployment." Washington "was expected to put forward its own proposal in the coming days." While Secretary Rice "said earlier Monday she expected the U.N. resolution within a week," she later "struck a more pessimistic tone." The Washington Post (8/1, A9, Baker, Wright, 748K) adds that, while Rice returned home, "the fissures between the United States and its allies widened at the United Nations, where a meeting to craft plans for the international force was postponed after France declared it pointless without a political settlement between Israel and Lebanon."

Iran, France Said To Fill Diplomatic "Vacuum." The New York Times (8/1, Fattah, Hauser, 1.21M) notes Paris and Tehran "stepped into the diplomatic vacuum in Lebanon on Monday with visits to Beirut by their foreign ministers after" Secretary Rice "canceled her trip there." French Foreign Minister Philippe Douste-Blazy "reiterated his calls for an immediate cease-fire between Israel and Hezbollah," and "said Iran could play an important role in resolving the crisis." Iranian Foreign Minister Manouchehr Mottaki "had been scheduled to arrive in Beirut on Monday afternoon, coinciding with Mr. Douste-Blazy's visit, but officials said the Iranian minister was delayed in Damascus and was expected to arrive after the French minister left." The Times notes, "While Mr. Douste-Blazy denied that he was going to Lebanon because Ms. Rice was not, the French government is worried that Israel's deadly air raid on Qana has so weakened the government of Lebanon that it may not survive."

Outlines Of Possible Deal Noted. The Christian Science Monitor (8/1, LaFranchi, 58K) reports, "Broad outlines began to emerge Monday of an international plan to end hostilities between Israel and Hizbullah by this weekend. … In addition to creation of the international force, a plan beginning to take shape would include: Deployment of the Lebanese Army in areas until now controlled by Hizbullah An international embargo on rearming Hizbullah. Exchange of prisoners and Israel's willingness to discuss the status of disputed lands along the Israeli-Lebanese border - actions predicated on Hizbullah's release of Israeli soldiers being held hostage."

Iranian Democrats Said To Suffer Due To Lebanon Conflict. In an 1,167-word analysis piece, the New York Times (8/1, Slackman, 1.21M) reports, "The Israeli onslaught in Lebanon and Hezbollah's daily victories in the regional public relations war over the conflict threaten to claim a victim in Iran: whatever hope remained of resurrecting the political reform movement." Pro-democracy opposition figures "say they find themselves in the awkward position of opposing Israel and sympathizing with the Lebanese people, yet fear what might happen should Hezbollah prevail." There "is a feeling among some political analysts that the events in Lebanon will, at least for now, strengthen the hand of those who, like Iran's president, have equated democracy with tyranny and international integration with surrender."

Iraqi Leaders Condemn Israeli Attacks On Lebanon. Several prominent Iraqi clerics and officials yesterday condemned Israel for the civilian casualties caused by airstrikes on Lebanon. The New York Times (8/1, Cave, 1.21M) reports, "Vice President Adel Abdul-Mahdi, a Shiite, described the Israeli bombing that killed dozens of civilians in Qana, Lebanon, on Sunday as a massacre. Echoing earlier statements made by Prime Minister Nuri Kamal al-Maliki, he said Iraqis of all sects were united against the carnage and eager for a cease-fire." Others who spoke at a memorial for

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Ayatollah Muhammad Bakr alHakim "offered similar condemnations of Israel to a crowd of more than 1,000."

The AP (8/1, Abdul-Zahra) reports that the comment "are likely to heighten Iraqi public anger against the United States and create political problems for the Iraqi government, which depends on the Americans for its security and survival."

US Planes Thought To Be Carrying Bombs Diverted From Scotland After Protests. AFP (8/1) reports, "Two US cargo planes believed to be carrying bombs bound for Israel were kept from stopping over in Scotland because of protests in the British cabinet, the BBC said. According to the BBC, the Scottish Secretary Douglas Alexander told Foreign Secretary Margaret Beckett in a telephone conversation that he did not want a political fall-out from the cargo planes going through Scotland. At that point, Defence Secretary Des Browne offered a transit point through England, the BBC said." AFP adds, "News of the diversion came as about 150 people demonstrated outside Prestwick on Sunday following news that two previous US cargo flights stopped at the airport carrying bombs to Israel from the United States."

Israeli Cabinet Approves New Ground Offensive. The Chicago Tribune (8/1, Greenberg, Sly, 623K) reports, "After meeting late into the night, the Israel security Cabinet voted to approve further ground incursions into southern Lebanese villages that Israel says have served as bases for Hezbollah, a government official said." The Israeli Defense Forces "already have called up thousands of reserve soldiers for such an operation, and military planners have said they want to establish a 1.2-mile buffer zone north of the border that would be free of Hezbollah fighters."

The Washington Post (8/1, Finer, Wright, Branigin, 748K) notes the Israeli cabinet "rejected any cease-fire until an international force was deployed in southern Lebanon." Prime Minister Ehud Olmert "said restraint would have led to future rocket and missile attacks, resulting in 'irreparable damage,'" and later "reminded Israelis that he had predicted the campaign would not be easy." The Washington Post (8/1, A1, Finer, Cody, 748K) also quotes Olmert saying there "will be no cease-fire in the coming days."

The Mideast crisis was the lead on the networks, which devoted ten segments and approximately 22 minutes to the conflict. ABC World News Tonight (7/31, lead story, 2:50, Gibson, 8.78M) reported, "A day after an Israeli air strike killed nearly 60 Lebanese civilians, most of them children, Israeli prime minister, Ehud Olmert, apologized." But "he was not apologetic about the war itself. Olmert says 'there is no cease-fire and there will not be any cease-fire in the coming days.' The bombing pause now in effect, is designed to open the way for humanitarian aid to come into south Lebanon, or to permit civilians caught in the midst of the fighting to come out." In fact, NBC Nightly News (7/31, lead story, 2:35, Fletcher, 9.87M) reported, "The Israeli security cabinet approved widening the ground operation but Israel is honoring its promise to stop most attacks from the air for the next 48 hours. They've averaged 173 attacks a day. Today just two, both against Hezbollah targets. International pressure is growing on Israel to stop the war, but the prime minister today was defiant."

The CBS Evening News (7/31, lead story, 3:25, Schieffer, 7.66M) reported, "By noon today, all bets were off. Hezbollah guerrillas hit an Israeli tank. Israel struck back by land and air. And if the war had ever stopped, it was on again." CBS (Alfonsi) added, "Israel's cabinet just approved a measure to expand its military operation. They are hoping that by Thursday they have destroyed all the Hezbollah positions in southern Lebanon." The AP (8/1, Nessman, Hendawi) and Los Angeles Times (8/1, King, Tempest, 918K) run similar stories.

Thousands of Lebanese took advantage of a pause in Israeli bombing to flee their homes yesterday. The Washington Times (8/1, Pisik, 88K) reports, "They walked or drove…to escape three weeks of shelling and fierce combat between Israeli troops, who focused their fire on suspected missile sites the Hezbollah terrorists have planted in Lebanese villages."

The New York Times (8/1, Tavernise, 1.21M) reports, "Similar scenes unfolded across southern Lebanon on Monday, as people took advantage of the relative calm to move, seeking safety farther north. They piled onto tractors, packed into cars, crowded children into open trunks, and even walked, lugging belongings on their backs. They traveled despite Israeli shelling along the border that popped and boomed." Another story in the New York Times (8/1, Mouawad, 1.21M) reports on the town of Kafr Kila, which lies a few hundred yards from the Israeli border. The Times notes that Kafr Kila's residents "have fled mostly to neighboring villages in the north, including Merj 'Uyun and Qlaia."

The Washington Post (8/1, A1, Shadid, 748K) reports, "Hours after a promised suspension of Israeli air attacks, the civilian survivors of some of the most intense fighting in the

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war clambered from the wreckage. … Bint Jbeil once numbered 30,000 people and was known in Lebanon as the 'capital of resistance,' a reputation won for its role in Hezbollah's fight against the Israeli occupation that ended in 2000. Today, after nearly three weeks of bombing and days of combat that pinned down Israeli troops and inflicted their heaviest losses of the war, its center is a forsaken panorama of destruction and devastation, nothing untouched."

Airstrike On Power Plant Dumps 15,000 Tons Of Fuel Oil Into Mediterranean. The Washington Post (8/1, A10, Boustany, 748K) reports, "The fires continued to burn Monday at a seaside power plant, the source of 15,000 tons of heavy fuel oil that spilled into pristine Mediterranean waters after an Israeli attack two weeks ago. The resulting slick has fouled close to 50 miles of beaches and rocky coastline, and threatens aquatic life and the fishing industry. Emergency teams at the Jiyah plant on the southern Lebanon coast are allowing oil to burn, sending up towering plumes of black smoke, in an effort to prevent further spills into the sea. But it is too late for the coastline from Damour in the south to the prime beach district of Amchit and Byblos north of the capital."

The Washington Post (8/1, A10, Finer, 748K) reports, "Because of Israel's small population and frequent conflicts, war is an experience common to every generation." Thousands of soldiers "have made their way to Israel's front lines in recent days, including young conscripts serving compulsory three-year tours and the more seasoned reservists called up last week for the conflict with the radical Shiite Muslim group Hezbollah."

71% Of Israelis Support Using More Force Against Hezbollah. The Wall Street Journal (8/1, Chazan, 2.03M) reports that "inside Israel, the national mood is increasingly belligerent. Frustration is building at the government's failure to stop Hezbollah's missile barrage against Israeli cities. That has led to calls for a full-scale ground offensive -- even as Israel announced a 48-hour halt of the bombing campaign in the south of Lebanon. A poll in the daily Yediot Aharonot Saturday found 71% of Israelis wanted the army to use more force in Lebanon, while 48% said Hezbollah should be destroyed, not just pushed back from the border."

Israel Concerned Hezbollah Will Use Lull In Fighting To Rearm. CNN's The Situation Room (7/31, Chance) reported that "this lull in fighting as it's being scene, at least from the Israeli side may be used by Hezbollah as an opportunity to rearm, to regroup and to re-gather their forces in preparation for other battles ahead. Certainly from the Israeli side, they believe the time is not now for a cease-fire and they are preparing, they say, for more battles in the day ahead with Hezbollah."

Gillerman Rejects Calls For An Immediate Cease Fire. Israel's Ambassador to the UN, Dan Gillerman said on CNN's The Situation Room (7/31), "An immediate cease-fire will bring us back to square one. It will bring us back to the status quo ante, where the Hezbollah remains with its arms cache, with its huge arsenal of arms which they have amassed over six years, and with the capability to terrorize both Lebanon and Israel. The aim of this operation is to make it impossible for the Hezbollah to ever terrorize Israel again, to ever shell our cities and our homes, and to kill our children and our women. And just having a cease-fire now would be a false pretense. It would be an illusion, and it would be the wrong thing, both for the Lebanese people, who I'm sure yearn to be free of that stranglehold of the Hezbollah, and for the Israeli people, who want to be free."

US Intel Officers Say Hezbollah Remains Intact After Three Weeks Of Israeli Attacks. US intelligence officers say Hezbollah fighters were well prepared for Israeli military actions in southern Lebanon, and are still well-armed after three weeks of Israeli attacks. The Washington Times (8/1, Gertz, 88K) reports that US intelligence agencies "have been closely monitoring Hezbollah, the Iranian-backed Shi'ite organization, to see how it stands up to the conflict that began after the group attacked Israeli soldiers earlier this month. The view is generally that Hezbollah remains intact."

NBC Nightly News (7/31, story 3, 3:10, Gregory, 9.87M) reported, "The death toll of Lebanese civilians' mounts and the outrage of the Arab world and beyond, once muted, grows. Hezbollah was at first condemned by moderate Arab governments, but now it's Israel being cast as the aggressor, not the victim. Did Israel miscalculate? Military experts say the Israeli defense force misjudged the enemy -- thousands of entrenched guerrilla fighters still capable of launching rockets." With "each day of survival, Hezbollah's support grows. Its leader Sheik Hassan Nasrallah now celebrated as the man who stood up to Israel." But its "missteps to date raise a troubling question -- has Israel, the seemingly invincible power of the region, lost its ability to deter its enemies from attacking? Indeed that threat is one of the primary motivators for Israel now as it presses for more time to achieve that still illusive goal of routing Hezbollah."

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Former Rival Has Emerged As Hezbollah's Public Face During Conflict. USA Today (8/1, Stinson, 2.27M) reports that since the crisis in the Middle East began, 68-year old Lebanese politician Nabih Berri has taken on a new role, acting as "the public face of Hezbollah." As Israel retaliated for the capture of two of its soldiers, Lebanon's Christian president and Sunni prime minister "signaled that Berri, the top-ranking Shiite in a delicately balanced political system, was their pipeline to Hezbollah." USA notes, "Berri is an odd partner for Hezbollah." As Amal chief during the civil war in 1975-91, "his forces attacked Hezbollah fighters in southern Lebanon and Beirut's suburbs but failed to drive them out. The rival Shiite groups waged a two-year campaign of kidnappings and assassinations."

Lebanese Prime Minister Calls Qana Bombing A Crime Against Humanity. ABC World News Tonight (7/31, story 2, 1:40, Wright, 8.78M) interviewed Lebanese Prime Minister Foaud Siniora. Asked if he accepted "Israel's apology and its explanation," Siniora said, "No. I think this is a crime, a crime against human decency against humanity. What they have done is unacceptable. I want to address all the American people, the American mothers. Whether they would accept such crimes to be committed against small children, what have they done to be killed in such a man center no such an apology?" Asked if he was "satisfied with the diplomatic efforts of the Bush Administration thus far," Siniora said, "I don't think what has been done has been enough yet. Something more has to be done."

The New York Times (8/1, Hoge, 1.21M) reports, "Lebanon asked the Security Council on Monday to press for an immediate cease-fire in the border war with Israel and to order an international inquiry into the Israeli bombing of the southern Lebanese village of Qana on Sunday that killed dozens of civilians, many of them children."

UN Security Council Sets Deadline For Iran To Stop Nuclear Activities. NBC Nightly News (7/31, story 5, 0:15, Williams, 9.87M) reported, "The UN Security Council took its first strong action today against Iran's nuclear program. It passed a resolution demanding that Tehran stop its nuclear activities by the end of August or face possible sanctions. The Iranian ambassador called the UN's action illegal.

USA Today/AP (8/1, Wadhams) says the Security Council "passed a weakened resolution" after "Russia and China demanded that the text be watered down from earlier drafts, which would have made the threat of sanctions immediate. The draft now essentially requires the council to hold more discussions before it considers sanctions." The draft "passed by a vote of 14-1. Qatar, which represents Arab states on the council, cast the lone dissenting vote."

The Washington Post (8/1, A11, Lynch, 748K) reports "several US policymakers suggested privately that the main advantage of the resolution at this point was to 'put the focus back on Iran,' as one official said. 'The fighting in Lebanon had taken pressure off Iran's nuclear program, and they were benefiting,' the official said, speaking on the condition of anonymity to discuss private deliberations."

The Financial Times (8/1, Turner) reports John Bolton, US ambassador, "insisted that 'the pursuit of nuclear weapons by Iran constitutes a direct threat to international peace and security', and that the resolution sent "an unequivocal and unambiguous message' that it had to comply."

The New York Times (8/1, Hoge, 1.21M) reports Javad Zarif, the Iranian ambassador, "mocked the ambassadors for not acting forcefully in the current war in Lebanon, saying: 'You be the judge of how much credibility this leaves for the Security Council. Millions of people around the world have already passed their judgment.'" The Los Angeles Times (8/1, Williams, 918K) also reports the story.

More Commentary On Iran. Akbar Ganji, an investigative journalist and author of a forthcoming collection of writings on Iran's democratic movement, writes in the New York Times (8/1, 1.21M), "In February, Secretary of State Condoleezza Rice asked Congress for $75 million to help Iran's democratic opposition. In Iran, her request was widely discussed in the news media and in opposition circles. It became particularly controversial after an article in The New Yorker on March 6 suggested that this money might be used in an attempt to change the regime in Tehran with the help of Iranian democrats, particularly those living abroad. … While the pledge of American money may have added to the regime's anxieties about its future, it has done nothing to help the democratic movement. The battle between freedom and despotism in Iran remains unresolved for deeply internal reasons. It is, I am convinced, a problem with profound historical and cultural roots." He adds, "What we need in our fight for freedom is not foreign aid but conditions that would allow us to focus all of our energies on the domestic struggle and to rest assured that no one is encouraging the regime's oppression. We need to know that no one is providing the

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regime with new technologies for filtering the Internet, and that no one is making deals with the regime that give it financial support or psychological succor."

Bush Says Chavez Is Not A Military Threat To US. President George W. Bush was asked on Fox News' Your World with Neil Cavuto (7/31) about Venezuelan President Hugo Chavez's meeting with Iranian President Mahmoud Ahmadinejad. Bush said, "What I care about is the Venezuelan people. And you, know, we have good relations with Venezuela for years. And I'm deeply concerned about a government that would undermine the basic fundamentals of democracy." Asked what Chavez is doing with all the weapons he is buying, Bush said, "I have no idea. But, you know, the biggest threat he faces is under -- the biggest face we threat -- the biggest threat we face in the neighborhood is undermining democratic values and institutions. And it's just -- we will continue to speak out on behalf of -- of democracy." Bush was also asked if Chavez is a military threat to the US. Bush said, "No. He's not a military threat. We have got a very strong military. And if we can deal with any threat to the homeland there is, and will, if we have to. But, no, I don't view him as a threat."

Chavez Said To Have Badly Mismanaged Venezuela's State Oil Company. The Wall Street Journal (8/1, A1, Luhnow, Millard, 2.03M) reports that since Chávez came to power he has served as "de facto CEO" of Petroleos de Venezuela SA, the "state-run oil giant." Chávez has been "steering the oil company into political, economic and philanthropic ventures that have distracted it from its core business of finding and producing more oil. The consequences for PDVSA are stark: Output has fallen to an estimated 1.6 million barrels a day from nearly 3 million barrels in 1998. The oil company, the world's third-biggest by most measures, is run along social and political guidelines as much as business tenets. As a result, much of the decision-making involves figuring out new ways to fund Mr. Chávez's pet projects. One of the latest ventures was paying to televise soccer's World Cup for free in Bolivia, a Chávez ally. … This weekend, during a visit to Tehran by Mr. Chávez, Iran pledged to invest $4 billion in two Venezuelan oil fields."

Castro Temporarily Hands Over Power To His Brother. The Wall Street Journal (8/1, De Córdoba, Luhnow, Lyons, 2.03M) reports, "Cuban dictator Fidel Castro temporarily handed over power to his younger brother Raúl yesterday in order to undergo surgery for intestinal bleeding, according to officials in Havana. The aging leader's secretary, Carlos Valenciaga, read a statement from the leader on television that said he was suffering from 'a sharp intestinal crisis with sustained bleeding that obligates me to undergo a complicated surgical procedure.'" He added that "he would need 'several weeks' of rest. Mexico's Cuban embassy confirmed the statement." Castro "turns 80 on Aug. 13."

The Washington Times/AP (8/1, Snow) reports White House spokesman Peter Watkins said, "'We are monitoring the situation. We can't speculate on Castro's health, but we continue to work for the day of Cuba's freedom." The State Department "declined to comment." The Los Angeles Times (8/1, Williams, 918K) also reports the story.

Lopez Obrador Supporters Paralyze Mexico City's Financial District. The AP (8/1, Stevenson) reports Andres Manuel Lopez Obrador's supporters "brought rush-hour traffic to a crawl Monday, causing the stock market to drop and forcing office workers dressed in business suits and high heels to hike for miles to work. The sprawling tent cities in the financial heart of the Mexican capital were another sign that…Obrador and his supporters won't accept anything less than victory from the top electoral court. The tribunal is weighing allegations that fraud gave ruling party candidate Felipe Calderon a slight advantage in the July 2 election. It has until Sept. 6 to declare a president-elect or annul the elections. Lopez Obrador is demanding a vote-for-vote recount, and has vowed to block the city center until the Federal Electoral Tribunal rules on his request."

Assassination Sparks Increased Tensions Over South Ossetia. The Christian Science Monitor (8/1, Vaisman, 58K) reports South Ossetia "is caught in a heated tug of war between Georgia and Russia. At issue is South Ossetia's renewed push for autonomy with Russia's help. But Georgians say it amounts to a land grab by Russia as it reasserts its power in the region. The debate over South Ossetia's status has erupted in recent weeks following the first signs of renewed conflict between Georgia and Russia. One high-level Ossetian leader was assassinated and another was targeted in a series of attacks both the Georgians and Russians blamed one another. A day after Georgian State Minister for Conflict Resolution Giorgi Khaindrava - the only member of Georgian leadership whom the Ossetian

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government says it trusted - was fired, Georgia's parliament issued a resolution calling for the removal of 1,000 Russian peacekeepers in South Ossetia. The move enraged Moscow, which issued a statement calling the resolution 'a provocative step aimed at fomenting tensions.'"

Tsunami Battered Indonesian Province Institutes Sharia Law. The New York Times (8/1, Perlez, 1.21M) reports, "Across [Aceh] this most religious of Indonesia's provinces, brown uniformed policemen in black wagons enforce Shariah, or Islamic law. They haul unmarried couples into precincts and arrest people for drinking or gambling. Increasingly, many of the cases are pushed to the ultimate conclusion, public canings at mosques in front of pumped-up crowds. … Battered by the Asian tsunami 19 months ago, Aceh is undergoing a profound transformation that is likely to have considerable impact on the nature of Islam in Indonesia, the most populous Muslim country. For centuries Indonesia has been known for the open-minded, sometimes freewheeling, interpretation of its dominant religion. That is changing as moderate Muslims find themselves under siege from more orthodox proponents, and as the moderates are hesitant to push back. Aceh, where Islam has always been more rigorously observed, is the first of Indonesia's 33 provinces to put Shariah law onto the books." According to the Times, "Now, some of Indonesia's other provincial governments are looking to Aceh as a model for how they might more formalize Shariah laws already on the books."

Congo Vote Expected To Result In Runoff. The Washington Post (8/1, A14, Timberg, 748K) reports Congolese voters "appeared to be deeply divided in Sunday's historic election, casting ballots along geographic lines and possibly sending the presidential contest into a runoff, according to analysts studying partial returns. Congo's Independent Electoral Commission has declined to release any official results until every ballot is counted across the sprawling, underdeveloped nation." Initial tallies show incumbent President Joseph Kabila "winning in Congo's densely populated east" and Jean-Pierre Bemba, "a former rebel leader and one of four vice presidents, winning in the capital, Kinshasa, and other western areas."

Candidate Boosted By Kabila's Allegations. The Los Angeles Times (8/1, Sanders, 918K) reports, "It's not easy to stand out when you're running against 32 other candidates. But Oscar Kashala, a Massachusetts doctor with dreams of being the Democratic Republic of Congo's next president, got some help from an unlikely source: current President Joseph Kabila. In May, Kabila accused Kashala's private security guards of plotting a coup. But most viewed the allegations as a desperate attack against a challenger who appeared to be gaining in popularity. Rather than tarnish Kashala, it seemed to cement his reputation as an outsider."

Violence In Sri Lanka Now "Close To Open War." The AP (8/1, Mallawarachi) reports, "A roadside bomb exploded near a military truck Monday night in northeastern Sri Lanka, killing 18 soldiers, security officials said as a senior rebel leader declared the country's cease-fire 'null and void.' Tamil Tiger rebels and government soldiers also traded artillery shells and gunfire as the air force struck insurgent positions, killing at least 46 fighters, the army said. The clashes in the northeastern district of Trincomalee and Jaffna, a port on Sri Lanka's northern tip, were among the fiercest since a 2002 cease-fire and as close to open war as the two sides have come in months of back-and-forth attacks."

Chinese Government Works To Establish More Credible Stock Markets. The Washington Post (8/1, D1, Goodman, 748K) reports, "China's leaders have long portrayed the two stock markets…as crucial pieces of the nation's economic refashioning. In place of Communist Party functionaries and political calculations, the markets would dispassionately steer capital to the most efficient firms. But until recently, the markets have mostly been symbols of the enduring power of the party and the corrupt ways of China's version of capitalism: The state held roughly two-thirds of all shares, making managers beholden to China's leaders and not to minority shareholders. Only the best-connected firms could get permission to sell shares to the public. … But China's policymakers have in recent years sought to boost the credibility of the markets." The Post adds, "Last year, China's State Council, the equivalent of a cabinet, ordered market regulators to ensure that all bogus loans and improperly transferred assets be returned to listed companies by the end of 2006."

Manufacturing Sector Producing High Quality Auto-Parts. The Wall Street Journal (8/1, Batson, 2.03M) reports, "Raising the bar for competitors around the world, China is shifting its manufacturing resources to increasingly

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sophisticated goods, as shown by its rapid emergence as a global powerhouse in the auto-parts industry. Just a few years ago, Chinese-made automotive components were plagued by a reputation for poor quality, and often cost more than U.S. or German parts. … Last year, however, China for the first time exported more parts than its fast-growing auto industry purchased from abroad. Quality has improved so much that major Western auto makers like Volkswagen AG and DaimlerChrysler AG say they plan in coming years to buy billions of dollars of Chinese-made components -- such as brakes, fuel pumps, wheels and steering systems. Those gains show how China continues to evolve as a manufacturer, posing new challenges for rivals in the U.S., Europe and Japan."

Chinese Economic Progress Seen As Mainly Limited To Cities. The Washington Post (8/1, A1, Fan, 748K) reports on "the cost of China's blistering economic growth. While cities are booming, drawing migrant workers from the countryside and demonstrably improving life in some rural towns, other communities are shrinking. … Cities hold promise for Chinese today, as home to the new wealth that is far removed from the rural poor. In the last 25 years, China has lifted about 400 million people out of poverty, according to a World Bank report, but efforts to reduce poverty have slowed significantly since the late 1990s and have declined since 2001. Millions of people still eke out a living in conditions that barely support life."

Japan's Carmakers Now Produce More Cars Overseas Than Domestically. The New York Times (8/1, Fackler, 1.21M) reports, "Hitting a milestone, Japanese carmakers produced more vehicles abroad than at home for the first time last fiscal year, an industry group announced Monday. The 12 car and truck makers in Japan, which include Toyota, Honda and Nissan, built 10.93 million vehicles at their overseas factories in the year ended March 31, according to a report by the Japan Automobile Manufacturers Association. That compares with 10.89 million vehicles that they produced in Japan, the group said."

British Court Rules Against Bid To Recognize Gay Marriages. USA Today (8/1, 2.27M) reports, "A London judge ruled Monday that marriage is a union between a man and woman, and that two lesbian professors are not entitled to have their Canadian marriage recognized in Britain. 'The belief that this form of (heterosexual) relationship is the one which best encourages stability in a well-regulated society is not a disreputable or outmoded notion,' said Mark Potter, president of the High Court's Family Division."

Brazilian President Faces Challenge From Senator He Expelled From Party. The Wall Street Journal (8/1, Samor, 2.03M) reports, "In late 2003, Brazilian President Luiz Inácio Lula da Silva's allies kicked Sen. Heloisa Helena out of the ruling Workers Party for being a doctrinaire leftist. Among her sins: she called Mr. da Silva's government 'reactionary' for allegedly cozying up to international investors. … Now, she may get a measure of revenge. Running for president in Brazil's Oct. 1 election as an 'ethical alternative' to Mr. da Silva's scandal-plagued party, Ms. Helena has been garnering enough support that she may deprive Mr. da Silva of the majority he needs to win outright in the first round and avoid a runoff."

US Ambassador To Cambodia Urges Prosecution Of Remaining Khmer Rouge. In an op-ed for the Wall Street Journal (8/1, 2.03M) Joseph A. Mussomeli, US ambassador to Cambodia, writes, "One of the greatest crimes of the 20th century has gone unpunished for 30 years. Between 1975 and 1979, the Khmer Rouge systematically tortured, starved and 'smashed' approximately 2.2 million fellow Cambodians, or between one-fourth and one-third of the entire population. … Some would argue that expending scarce funding for a 30-year-old crime is absurd, when Cambodia suffers from many other, more immediate problems." However, Mussomeli argues, "The culture of impunity that we see throughout Cambodia today is rooted in Cambodians' belief that conventional crimes pale beside the crimes of the Khmer Rouge, and that few crimes are so great that they must be punished. After all, the thinking goes, even the Khmer Rouge leaders got off scot-free."

Spain's Approach To Immigration Seen As Model For Europe. In an "Editorial Observer" piece for the New York Times (8/1, 1.21M) Lawrence Downes writes, "In Spain, long a gateway to immigrants from Europe's former colonies, people have grown accustomed to bad news on immigration. More than 11,000 Africans have crossed to the Canary Islands this year, more than double the total for 2005, and hundreds more have died trying. … A succession of amnesties has given hundreds of thousands of immigrants at

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least a theoretical path to legal status, though with bureaucratic hurdles that leave many unable to escape the status quo." Downes notes, "Spain's strategy — undermining the shadow economy by smoothing legal pathways for migration and work — has pointed a direction for the rest of Europe. But the immigrant tide is swelling."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"After The Lull, Israel Plans To Stay On Attack."
"Sheriff's Office Debated Gibson's Arrest Report."
"Castro Steps Aside -- For Now."
"Israel Warns, Gazans Panic."

USA Today:
"'Morning After' Pill Closer To Wider Sales."
"Immediate Escalation Reportedly In Works."
"Illegal, Violent Teen Fight Clubs Face Police Crackdown."

New York Times:
"Israel Suspending Lebanon Air Raids After Dozens Die."
"From Carnage In Lebanon, A Concession."
"A Night of Death And Terror For Lebanese Villagers."
"U.S. Puts Onus On Employers Of Immigrants."
"A Small Charity Takes The Reins In Fighting A Neglected Disease."
"Men Not Working, And Not Wanting Just Any Job."

Washington Post:
"No Cease-Fire Soon, Israeli Leader Says."
"Paralyzed Roads Envisioned Near Belvoir."
"Hill Democrats Unite To Urge Bush To Begin Iraq Pullout."
"Two Chinese Villages, Two Views Of Rural Poverty."
"Could It Be Any Hotter?"
"Survivors Rise From Rubble Of Battered Lebanese Village."

Washington Times:
"Redskins' Initial Foe Brings The Heat."
"Lebanese Seek Shelter."
"Ailing Castro Gives Up Power.'
"District Suspends EMT Refresher."
"Gitmo Guards Endure Attacks From Inmate."
"Nitrogen A Gas For Better Mileage."

Detroit Free Press:
"NWA Slashes Wages, Benefits"
"Steamer Metro Detroiters Cope In Relentless Heat And Brace For Another Day."
"Suburban Bus Service Rides On Privacy Vote."

Atlanta Journal-Constitution:
"Morning-After Pill Could Land Over-Counter."
"McKinney, Johnson Trade Jobs In Debate."
"Recipe For High Cost Of Gas In Georgia: Blend Taxes, Smog."
"Can You Dig It? 12 Mighty Morticians."

Houston Chronicle:
"Israel Says No To Early Cease-Fire."
"FDA May Relax Access To Morning After Pill."
"A Really Big deal."
"After Rampage, 'You Never Felt The Same'."
"Cycling Official: Landis Had Synthetic Testosterone."

Story Lineup From Last Night's Network News:
ABC: Lebanese Refugees; Qana-Lebanese PM; Qana-Israel; Qana-White House; Iraq Violence; Morning After Pill; Heat Wave; Natural Gas Prices; Gibson-DUI Arrest; Mount St. Helens-Access.
CBS: Israeli Offensive; Qana-Arab Outrage; Bush-Cease-Fire; Heat Wave-Global Warming; US Savings Rate; FDA-Plan B; Lieberman-Primary Race; Virtual Reality.
NBC: Israeli Offensive; Lebanese Refugees; Israel's Hezbollah Strategy; Iraq Violence; UN-Iranian Nukes; NATO-Afghanistan; Heat Wave; FDA-Plan B; New Orleans Shooting; Gibson-DUI Arrest; Stock Markets; Gas Prices.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Cuba-Castro Surgery; Israel-Air Strike Pause; Heat Wave.
CBS: Cuba-Castro Surgery; Israel-Air Strike Pause; Mideast War-Humanitarian Aid Deliveries; Gibson-Drunk Driving Arrest; Heat Wave; Landis-Drug Test.
NPR: Bush-Mideast War; UN Security Council-Iran resolution; Heat Wave; Wall Street; Northwest Airlines-Flight Attendants Refuse Wage Concessions; Fed-Interest Rates.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Gets annual physical, National Naval Medical Center, Bethesda, Md.

VICE PRESIDENT CHENEY — No public schedule.

DOJ_NMG_0044171

US Senate: 9 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Permanent Investigations Subcommittee. Hearing on tax havens and offshore tax abuses. Testimony from: IRS Commissioner Mark Everson; Robert Wood Johnson IV, New York; University of Michigan School of Law; Baker, Donelson, Bearman, Caldwell & Berkowitz, Nashville, Tenn.; Saban Capital Group, Los Angeles; Michael French, former Wyly Trust Protector, Dallas; Bank of America, San Francisco; others. Location: Room 342, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full committee. Confirmation hearing on the pending nomination of John C. Rood to be assistant secretary of state for international security and non-proliferation. Location: Room 419, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full committee. Meets to consider and vote on pending nominations. Andrew von Eschenbach to be commissioner, Food and Drug Administration, Department of Health and Human Services; and Paul DeCamp to be administrator, Wage and Hour Division, Department of Labor. Location: Room 430, Dirksen.

11 a.m. ARMED SERVICES _ Full Committee. News conference may follow today's closed briefing on IEDs from the Joint Improvised Explosive Device Defeat Organization. Location: Room 222, Russell.

2 p.m. JUDICIARY _ Full committee. Hearing on pending judicial nominations: Peter Keisler, U.S. Circuit judge for the District of Columbia Circuit; Valerie Baker, U.S. District judge for the Central District of California; Francisco Augusto Besosa, U.S. District judge for the District of Puerto Rico; Philip Gutierrez, U.S. District judge for the Central District of California. Location: Room 226, Dirksen.

2:15 p.m. FOREIGN RELATIONS _ Full committee. Consideration of pending treaties and vote on pending nominations. Treaty Doc 109-9, Investment Treaty with Uruguay; Treaty Doc 109-6, U.N. Convention Against Corruption; Richard E. Hoagland to be ambassador to the Republic of Armenia; Christina B. Rocca for the rank of ambassador during her tenure of service as U. S. Representative to the Conference on Disarmament; and pending promotions in the Foreign Service. Location: Room S-116, U.S. Capitol.

2:30 p.m. ARMED SERVICES _ Full committee. Hearing on the Boeing company global settlement agreement. With Paul J. McNulty, deputy attorney general, Department of Justice; and W. James NcNerney Jr., chairman, president and CEO, Boeing Co. Location: Room 216, Hart.

2:30 p.m. ENVIRONMENT AND PUBLIC WORKS _ Fisheries, Wildlife and Water Subcommittee. Hearing on recent Supreme Court decisions dealing with the Clean Water Act. Location: Room 406, Dirksen.

2:30 p.m. SELECT INTELLIGENCE COMMITTEE _ Full committee. Business meeting to consider pending intelligence matters. Location: Room 219, Hart. Notes: Closed.

US House: No Scheduled Events.

Other: CONSERVATIVE STUDENTS CONFERENCE _ Young Americas Foundation will host its 28th annual National Conservative Student Conference. More than 400 participants from 39 states and 179 colleges and universities will convene in the nations capital to learn about conservative ideas and how to advance them. Highlights: 2:30 p.m. David Brooks, New York Times. 3:30 p.m. Brent Bozell, President, Media Research Center. 7:30 p.m. Ronald Reagan Banquet featuring Alexander Haig, Secretary of State under Ronald Reagan. Emcee: T. Kenneth Cribb of Intercollegiate Studies Institute. Location: George Washington University, Marvin Center, 800 21st St. NW.

SUPPLY CHAIN SECURITY _ 10 a.m. There will be a news briefing to release a new study by Stanford University that quantifies and confirms for the first time the substantial collateral benefits experienced by 14 major manufacturers and logistics providers that are considered innovators in supply chain security. The study was conducted for The Manufacturing Institute, the research and education arm of the National Association of Manufacturers, for its ``Manufacturing Innovation series of ground-breaking reports. Briefers are: Jerry Jasinowski, president, The Manufacturing Institute; Theo Fletcher, Vice President, Import Compliance and Supply Chain Security,IBM Corporation; Dr. Lesley Sept, Assistant Director, Global Supply Chain Management Forum, Stanford University; and Arnold Allemang, Senior Advisor & Member, Board of Directors, The Dow Chemical Company. Location: NAM Headquarters, Suite 600, 1331 Pennsylvania Ave. NW.

CHAMBER-BUSINESS _ 10:45 a.m. - 11:30 a.m. The US Chamber of Commerce holds a news conference to unveil the ``Vote for Business Bandwagon," a component of its 2006 election outreach efforts. With Chamber vice president Bill Miller. Location: 1615 H St. NW.

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FOSTER KIDS-PORTRAITS _ 11 a.m. Housing and Urban Development Secretary Alphonso Jackson speaks at kick-off event for display of professional portraits of 48 foster children in need of adoptive homes. Also attending wll be Freddie Mac Senior Vice President Dwight Robinson. Location: HUD auditorium, 451 7th St. SW.

HISPANICS-REPRESENTATION _ 11 a.m. News conference on the NHLA Latino Leadership Report, which concludes that Congress must take action to resolve growing federal Hispanic under representation, and that OPM has failed to achieve measurable progress. Briefers are: Ron Blackburn, Chairman, National Hispanic Leadership Agenda; Manuel Mirabal, President, National Puerto Rican Coalition; Janet Murguia, President and CEO, National Council of La Raza (NCLR); Brent Wilkes, League of United Latin American Citizens (LULAC); Jose Oseguedo, President, National Association of Hispanic Federal Executives (NAHFE); and Gilbert Sandate, Chairman, Coalition for Fairness for Hispanics in Government. Location: National Council for La Raza Headquarters, Raul Yzaguirre Building, 1126 16th St. NW.

SUDAN _ 11 a.m. Congressman Chris Smith, R-NJ, Frank Wolf, R-Va., and others hold a media availability to discuss appointing a special envoy to the Sudan. Location: Cannon Terrace.

IMMIGRATION REFORM _ 12 p.m. The Cato Institute hosts a presentation, ``Comprehensive Immigration Reform for a Growing Economy," with Commerce Secretary Carlos Gutierrez. Location: Cato Institute, 1000 Massachusetts Ave. NW.

PUTIN'S FUTURE _ 3:30 p.m. Radio Free Europe/Radio Liberty brifing on ``A Third Term for President Putin?" Participants: Peter Reddaway, George Washington Univ.; Donald Jensen, RFE/RL. Location: 1201 Connecticut Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, AUGUST 1, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
DOJ Appeals NSA Wiretap Ruling ... 3
Michigan Man Charged With Lying To FBI In Toledo Terrorism Probe ... 3
Guantanamo Commander Retires ... 3
Reports Detail Detainees' Assaults On Guantanamo Guards ... 3
Federal Court Releases Most Evidence From Moussaoui Trial ... 4

Homeland Response:
Jeweler Arrested For Reporting Bogus NYC Subway Bombing Plot ... 4
Hundreds Mourn Seattle Jewish Center Victim ... 4
FBI Background Checks Said To Contribute To Naturalization Delays ... 5
Report Says Anti-Missile Systems For All US Passenger Planes Could Be 20 Years Away ... 5
Wisconsin GOP Legislators Denounce Professor's 9/11 Revisionism ... 5
Obtrusive Security Barricades Being Replaced With More Aesthetic Structures ... 5
Study Finds WTC Work May Have Aged Rescuers' Lungs By 12 Years ... 5
White House Says It Has Learned The Lessons Of Katrina ... 6

War News:
Democratic Leaders Ask Bush To Pull Troops Out Of Iraq ... 6
US Oversight Agency Criticizes Iraq Reconstruction Effort ... 7
Administration Optimistic About Increased International Backing For Iraq ... 7
Gunmen Abduct 26 People In Baghdad ... 7
NATO Takes Over Command Of Forces In Southern Afghanistan ... 7

Corporate Scandals:
Former Qwest CEO Seeks To Move Trial ... 8
Computer Associates Admits Officials Backdated Stock Options ... 8
Writer Urges SEC Adoption Of Shareholder Complaint Arbitration ... 8
WSJournal Says CEO's Are Not Immune From Market Discipline ... 9

Criminal Law:
Seven Plead Not Guilty In Online Betting Case ... 9
Libby Seeks Testimony From Memory Expert In CIA Leak Case ... 9
Marshals Lead Sex Offender Crackdown In Alabama ... 10
Fiancee Of Key Ryan Trial Witness Sentenced To Four Months In Prison For Perjury ... 10
Lawyer Says Alleged Coca-Cola Theft Plot Leader Depressed, Malnourished ... 10
Judge Grants Delay In Tennessee Waltz Trial ... 10
FBI Subpoenas Dallas School District Credit Card Records ... 10
Illinois Man Sentenced To Prison For Threatening To Kill Judge, Bush ... 11
FBI Suspects Sabotage In Florida Freight Train Derailment ... 11
New Orleans Residents On Edge After Six Weekend Slayings ... 11
Registered Sex Offender Charged In Baltimore Boy's Death ... 11
Teen Fight Clubs Face Police Crackdown ... 11
WPost Urges Report On DC Curfew ... 12

Civil Rights:
Fox News Settles Sex Discrimination Suit ... 12

Antitrust:
DOJ OKs McClatchy Newspapers Deal ... 12
Sanofi-Aventis Subpoenaed In Plavix Probe ... 13
UK Medical Supply Company Believes US Employee Focus Of FBI Antitrust Probe ... 13
Exelon Chafes At Delay Of New Jersey Utility Takeover ... 13
Smithfield To Purchase ConAgra Brands ... 14
Taiwan Launches Antitrust Probe Of Yahoo ... 14
EU Undecided On Microsoft Fine ... 14
Arcelor-Mittal Deal Faces Brazilian Hurdle ... 14
Teck Boosts Bid For Inco ... 15
FCC Finds Possible Comcast Bias Against MASN ... 15

Environment/Indian Affairs:
Senate Nears Passage Of Offshore Drilling Bill ... 15
Journal Debates Bush Administration's Logging Policies ... 16
Schwarzenegger, Blair To Unveil Joint Effort On Global Warming ... 16
Bird Flu Pandemic May Be Less Likely Than Feared ... 16
Indians Protest Biker Rally Near Sacred Site ... 16

FBI/DEA/ATF/USMS:
National Guard Troops Help Seize Drugs In Border States ... 17

Intersecting Highways Make Kansas Major Drug Trafficking Center ... 17
Philadelphia Police, FBI Bust Drug Traffickers In Ongoing Investigation ... 17
Coach Could Be Suspended If Olympic Sprinter Is Found Guilty Of Doping ... 17
Guns, Ammunition Seized In Illinois, Kentucky Raids ... 18
ATF Revokes Pennsylvania Gun Dealer's License ... 18

Immigration:

DOJ To Hire More Immigration Prosecutors For Border Areas ... 18
Bush Renews Call For Comprehensive Immigration Reform ... 18
SENTRI Program Arriving At Busy US-Mexico Bridge Crossings 19
Study Finds Asylum Denial Rates Vary By Judge ... 19
Colorado Governor Signs Tough Immigration Laws ... 19

Tax:

Senate To Examine Use Of Offshore Accounts To Avoid Taxes 19
Phone-Tax Refunds Difficult For Firms To Claim ... 20

Congress-Administration:

Democrats Stall Keisler's Nomination To DC Circuit ... 20
Bush Touts Importance Of Trade In Visit To Miami Port ... 21
White House Taps Dudley For OMB Regulatory Review Post ... 21
Carmona Stepping Down As Surgeon General ... 21
Senate Hopes To Speed Through Pending Legislation This Week ... 21
Burns Blocks Civilian Pentagon Nominations Until Overseas Military Voting Simplified ... 23
Insiders Say Bartlett, Snow Are Working Well Together ... 23
Polls Find Most Seniors Happy With Medicare Drug Plans ... 24
FDA To Allow Morning-After Pill To Be Sold Over-The-Counter. 24
GOP Moderates Seen As Gaining Influence In House ... 25
GOP Leaders Will Try To Save Lobbying Reform ... 25
Pentagon Won't Renew Contract With Company Involved In Cunningham Scandal ... 25
Bush Presents Award To Miami Volunteer ... 25
Survey Finds Navy Civilians Give Supervisors High Marks ... 25
Nicholson Touts VA's Prescription Accuracy ... 25
Author Says Veto Won't Impede Progress Of Stem Cell Research ... 25

Other News:

Bush Expresses Confidence In Bernanke ... 26
ABA To Consider Tort Reform Plan ... 26
DSCC Reserves $18 Million In TV Ad Time In Ohio, Missouri And Pennsylvania ... 27
Frist Has Failed To Disclose His Role As Foundation Trustee ... 27
Iraq War Continues To Be The Focus Of Lieberman-Lamont Primary ... 27
Top Florida GOP Officials Told Harris They Would Revoke Support For Her ... 28
Federal Appeals Court Hears Arguments Over DeLay's Spot On Ballot ... 28
Clinton Calls For Increased Investment In Rural Communities ... 28
Romney Apologizes For Using The Term "Tar Baby" ... 28
Kansas Board Of Education Primaries Seen As Referendum On Evolution ... 28
Pew Poll Finds Americans' News Preferences Split Along Party, Ideological Lines ... 28
Bush Reiterates Opposition To Immediate Ceasefire In Lebanon 29
Rice Returns To White House "Scrambling" To Find Lebanon Peace Plan ... 31
Israeli Cabinet Approves New Ground Offensive ... 33
UN Security Council Sets Deadline For Iran To Stop Nuclear Activities ... 34
Bush Says Chavez Is Not A Military Threat To US ... 35
Castro Temporarily Hands Over Power To His Brother ... 35
Lopez Obrador Supporters Paralyze Mexico City's Financial District ... 36
Assassination Sparks Increased Tensions Over South Ossetia . 36
Tsunami Battered Indonesian Province Institutes Sharia Law ... 36
Congo Vote Expected To Result In Runoff ... 36
Violence In Sri Lanka Now "Close To Open War." ... 36
Chinese Government Works To Establish More Credible Stock Markets ... 37
Japan's Carmakers Now Produce More Cars Overseas Than Domestically ... 37
British Court Rules Against Bid To Recognize Gay Marriages ... 37
Brazilian President Faces Challenge From Senator He Expelled From Party ... 37
US Ambassador To Cambodia Urges Prosecution Of Remaining Khmer Rouge ... 37
Spain's Approach To Immigration Seen As Model For Europe ... 38

The Big Picture:

Headlines From Today's Front Pages ... 38

Washington's Schedule:

Today's Events In Washington ... 39

DOJ_NMG_0044175

TERRORISM NEWS:

DOJ Appeals NSA Wiretap Ruling. CNET News (8/1, McCullagh) reports, "The Bush administration has asked a federal appeals court to halt a lawsuit alleging AT&T illegally opened its communication networks to surveillance by the National Security Agency." CNET continues, "Permitting the lawsuit to proceed would endanger national security and possibly expose classified information, the U.S. Department of Justice said in a legal brief filed on Monday. … It also nominated Laurence Silberman, a federal appeals court judge in Washington, D.C., to serve as an expert in this case. A former deputy attorney general, Silberman was appointed by President Reagan and serves on the secretive Foreign Intelligence Surveillance Court of Review." CNET adds, "The brief is a response to a July 20 ruling by U.S. District Judge Vaughn Walker in San Francisco, who surprised lawsuit watchers by saying there are 'sufficient' grounds to let the lawsuit continue. … 'Because of the public disclosures by the government and AT&T, the court cannot conclude that merely maintaining this action creates a "reasonable danger" of harming national security,' Walker wrote. … In a 24-page brief filed on Monday, the Justice Department asked the 9th Circuit Court of Appeals to review the case because of the 'serious risk' of disclosing sensitive information. 'The district court has, in a highly unusual action, overruled the government's assertion of the state secrets privilege, and has thereby placed at risk particularly sensitive national security interests,' the brief says."

Michigan Man Charged With Lying To FBI In Toledo Terrorism Probe. The AP (8/1) reports, "A man has been charged with lying to officials investigating what the U.S. government says was a plot to recruit and train terrorists to attack U.S. and allied troops overseas." Jihad Hekmat Dahabi of Dearborn, Mich., "was charged Thursday in U.S. District Court with making 'false, fictitious and fraudulent material statements' in the course of an investigation of Marwan Othman El-Hindi" and two others in Toledo, Ohio. The AP adds, "FBI and Treasury Department agents interviewed Dahabi in February in Dearborn, according to the Detroit Free Press. In a second interview in June, Dahabi 'admitted providing false statements' about a meeting with El-Hindi in April 2005, according to the complaint filed Thursday."

Guantanamo Commander Retires. The retirement of Guantanamo's commander drew coverage from the major newspapers and wire services. The Washington Post (8/1, White, 748K) reports, "Maj. Gen. Geoffrey D. Miller, a central figure in the debate over the treatment of detainees in Iraq and at Guantanamo Bay, Cuba, retired from the Army yesterday amid ongoing congressional concern about his role in policies that allegedly led to abuse by U.S. service members." Miller retired "without seeking...a third star," having had a "legacy tarnished by allegations of abuse." He "was allowed to retire only after he assured members of the Senate [Armed Services Committee] in writing that he would make himself available to testify if called." A "Pentagon official" called him "a casualty of the Abu Ghraib abuse," like Lt. Gen. Ricardo Sanchez. Miller "implemented and oversaw ... harsh interrogation tactics" while commanding Guantanamo in 2002 and 2003. Such tactics appeared later in Iraq, "shortly after" he and a team of experts visited.

The AFP (7/31, Mannion) reports that he "retired with accolades from army leaders." However, he "cited his right against self-incrimination in refusing to testify in the military trial of an Abu Ghraib dog handler, Sergeant Michael Smith."

The New York Times (8/1, Shanker, 1.21M) reports his retirement, quoting a Human Rights Watch lawyer who calls a medal given to Miller "not just a disappointment, it's an outrage."

The AP (8/1, Burns) reports that Miller "said he recommended that dogs be used for detainee custody and control but not for interrogations. Lower-level soldiers, however, have asserted that Miller told them dogs had been useful at Guantanamo in setting the atmosphere for interrogations."

Reports Detail Detainees' Assaults On Guantanamo Guards. The AP (8/1, Solomon) reports that prisoners at Guantanamo Bay "have attacked their military guards hundreds of times, turning broken toilet parts, utensils, radios and even a bloody lizard tail into makeshift weapons. Pentagon incident reports…show Military Police guards are routinely head-butted, spat upon and doused by 'cocktails' of feces, urine, vomit and sperm collected in meal cups by the prisoners. … Entire wings of prisoners were reported to become riotous after complaints emerged that guards mishandled a Quran or mistreated prisoners." The AP notes that "nearly a quarter of incidents involved female guards." The Landmark Legal Foundation, "a conservative legal group that fought to force the Pentagon to release the reports under the Freedom of Information Act, said it hopes the information brings balance to the Guantanamo debate." Sen. John McCain "said the treatment of the guards has been overshadowed by the legal and political debates surrounding the detainees, but he has been impressed with the guards' professionalism."

DOJ_NMG_0044176

Federal Court Releases Most Evidence From Moussaoui Trial. The Washington Post (8/1, A7, Markon, 748K) reports, "Officials at the federal court in Alexandria posted on the Web yesterday nearly all the evidence presented during the sentencing trial of Sept. 11, 2001, conspirator Zacarias Moussaoui, marking the first time a federal court has provided such extensive online access in a criminal case. … With a series of clicks, Web users can hear recordings of frantic 911 calls from people trapped inside the burning trade center towers and see videos of the towers collapsing. The court's Web site for the evidence is http://www.vaed.uscourts.gov/notablecases/moussaoui/exhibits."

HOMELAND RESPONSE:

Jeweler Arrested For Reporting Bogus NYC Subway Bombing Plot. The AP (8/1, Milton) reports Brooklyn jeweler Rimon Alkatri, "apparently bent on revenge against his former business associates, was arrested Monday for reporting a bogus plot to bomb the New York subways last Fourth of July, authorities said." Alkatri allegedly called the NYPD terrorism tip hotline and "told investigators that the plot involved five 'Arab people,' all Syrians working in the jewelry business, according to Patrick Dugan, chief of the DA's Rackets Bureau. The names turned out to be those of five jewelry business associates with whom he'd had a falling out." The AP adds, "The detectives were joined by the FBI/NYPD Joint Terrorism task force and Israeli law enforcement in tracing leads and providing information as they raced against the clock to thwart the purported plot." The New York Post (8/1, Italiano, 608K) notes, "The allegedly bogus bomb plot mobilized more than 40 NYPD personnel, Manhattan prosecutors, customs officials and members of the FBI-NYPD Joint Terrorism Task Force, at a cost of more than $100,000."

The New York Times (8/1, Hartocollis, 1.21M) reports that when Alkatri called the tip line in May, "the post-Sept. 11 antiterrorist law enforcement apparatus sprang into action, with city, federal and even Israeli officers following leads, conducting 24-hour surveillance and searching homes and businesses with bomb-sniffing dogs. A New York detective stationed in Jerusalem tried to track down the man called Jose Rodriguez," as Alkatri called himself. "The arrest offered what investigators said was a disturbing account of how law enforcement officers could be manipulated by a malicious prankster, especially in these times, when the specter of a terrorist attack seems possible and almost no threat seems too outlandish to ignore. This caller seemed credible because of the specific names and details that he offered, officials said." The New York Daily News (8/1, Ross, Fenner, Goldiner, 729K) and Newsday (8/1, DeStephano) also report on the arrest.

Hundreds Mourn Seattle Jewish Center Victim. In a widely-distributed story, the AP (8/1, Johnson) reports, "Hundreds of people attended a funeral Monday" for Pamela Waechter, killed in Naveed Afzal Haq's shooting rampage at Seattle's Jewish Federation of Greater Seattle on Friday. "A simultaneous funeral took place in Minneapolis, where Waechter was raised as a Lutheran." The AP adds, "U.S. Attorney John McKay said Monday that an FBI investigation continues, and that federal hate crime charges could accompany state murder charges." The Seattle Times (8/1, Bartley, 217K) reports, "More than 1,000 mourners…crowded into the Bellevue temple where Waechter had been president and had touched the lives of many with her kindness, generosity and dedication to her faith. … Rabbi James Mirel pointed out that Waechter's funeral brought together Orthodox, Conservative and Reform Jews, as well as Muslims and Christians and even those without faith." The Seattle Post-Intelligencer (8/1, Iwasaki, 129K) adds, "Tributes to Waechter flowed for an hour…with family and friends describing her as non-judgmental, warm and loving, a go-getter who attracted people by her genuine interest in them."

Federal Charges Would Require Proof Of "Hate-Plus." The Seattle Times (8/1, Carter, 217K) reports, "Odd as it may seem, hate alone is not enough to warrant federal hate-crime charges. … King County prosecutors are moving toward filing aggravated-murder and attempted-murder charges against Haq, perhaps as early as Wednesday, said Dan Donohoe, a spokesman for the King County Prosecutor's Office," and "Assistant U.S. Attorney Mike Lang said Monday federal prosecutors have not ruled out federal charges, as they monitor the state's investigation and wait for the FBI to complete a probe of its own." However, Assistant US Attorney Bruce Miyake said, "Hate by itself is not enough. It's sort of hate-'plus.'" The Times notes, "The 'plus,' Miyake explained, requires the government to prove that more than race, religious preference or national origin was a factor in the crime."

Haq Parents Offer Apology To Jewish Groups. The New York Times (8/1, Yardley, 1.21M) reports Naveed Afzal Haq's parents "wrote letters to Jewish groups on Monday saying 'they don't want this to be seen as anything but the act of an ill person,' a lawyer for the family said. 'It's basically telling the people that they're very sorry for the tragedy that happened, that they're praying for them,' said the lawyer, Larry C. Stephenson. 'They don't want this to be seen as creating any hatred between Jewish and Muslim people. The Haqs are very religious people.'" The Times notes, "The F.B.I. is also investigating to determine if he committed a hate crime, said Frederick Gutt, a special agent in the bureau's Seattle office."

DOJ_NMG_0044177

FBI Background Checks Said To Contribute To Naturalization Delays. McClatchy Newspapers (8/1, Taylor) reports Army Reserve Sgt. Kendell Frederick's citizenship application "process dragged on for months because of paperwork mix-ups and misfiled fingerprints. In the meantime," Frederick was deployed to Iraq and "killed in a roadside bombing. Frederick's death…highlights the plight of the more than 23,600 noncitizens serving in the U.S. military. Although they're expected to fight and possibly die for the United States, they can encounter a daunting bureaucracy when they attempt to naturalize." McClatchy notes, "The FBI runs two types of checks on prospective citizens - a routine check of police and court records to look for criminal convictions and a broader 'name check,' which sifts through the agency's investigative files. … The division responsible for the checks receives more than 27,000 requests from immigration authorities. FBI officials said the checks were important in ensuring the right people became citizens. 'It's conceivable that a subject involved in a terrorism investigation may not have a criminal history,' said FBI spokesman Paul Bresson."

ACLU, CAIR Filing Lawsuit Over Delays. The Los Angeles Times (8/1, Reza, 918K) reports that the ACLU and the Southern California chapter of the Council on American-Islamic Relations plan to file a lawsuit "today on behalf of 10 Southern California immigrants who have been waiting two years or more for their citizenship. The lawsuit, to be filed in U.S. District Court in Los Angeles, accuses government officials of illegally delaying their background checks and allowing applications to linger indefinitely." San Francisco ICE spokeswoman Sharon Rummery "said about 1% of citizenship applicants wait longer than six months for the standard background checks to be completed. 'I have no idea why they take longer, but we are required to send these names to the FBI. … Kenny Smith, FBI spokesman in Los Angeles, said background checks were done by agents in Washington. He said he could not find out Monday why some background checks take longer to complete."

Report Says Anti-Missile Systems For All US Passenger Planes Could Be 20 Years Away. The AP (8/1, Miller) reports "a government report obtained Monday by The Associated Press" indicates that full deployment of a system to protect US passenger airplanes from shoulder-fired missiles "could be 20 years" away. "Under a test program, BAE Systems and Northrop Grumman developed laser-based systems over the past two years that still don't meet the reliability standards set by the Homeland Security Department, the report said." The AP adds, "Congress agreed to pay for the development of the systems to protect the planes from such weapons, but balked at proposals to spend the billions needed to protect all 6,800 commercial US airliners." DHS spokesman William Knocke said, "Ultimately, Congress is going to determine whether it wants to support a wide-scale deployment of Manpads countermeasures to the aviation industry."

Wisconsin GOP Legislators Denounce Professor's 9/11 Revisionism. The New York Times (8/1, Ruethling, 1.21M) profiles Kevin Barrett, a "teacher's assistant or lecturer on Islam, African literature and other subjects at the University of Wisconsin, Madison, since 1996" who questions the generally accepted version of the events of September 11, 2001 as described in the official 9/11 Report. Barrett considers the attacks "an inside job." According to the Times, "Barrett's views, which he described on a conservative radio talk show in June, have outraged some Wisconsin legislators and generated a fierce debate about academic freedom." 61 state legislators, "all but one of them Republican, sent a resolution to Gov. James E. Doyle "condemning Mr. Barrett's 'academically dishonest views' and demanding that his one-semester contract to teach the class for a salary of $8,247 be terminated."

Obtrusive Security Barricades Being Replaced With More Aesthetic Structures. USA Today (8/1, Moore, 2.27M) reports that bollards and concrete highway barriers put in place "to protect public buildings after Sept. 11, 2001" are "slowly" being replaced by "barricades designed to blend with the appearance of streets and buildings." Nancy Somerville of the American Society of Landscape Architects says that the "terraced, walled embankments" that now surround the Washington Monument are "the poster child for good security design." Meanwhile, "Obvious blockades, such as the highway barriers and concrete planters that followed 9/11, create unfriendly spaces that are difficult to navigate and where people don't want to linger, says Mark Rios, a Los Angeles landscape architect who is writing a guide for government agencies on good security design." A separate USA Today (8/1, Moore, 2.27M) report focuses on security features in New York City that go "a step beyond bollards and barricades." Architect Rob Rogers of Rogers Marvel says that with bollards, "All you get is security," whereas "reinforced benches, fountains and terraced lawns can be amenities for people" as well.

Study Finds WTC Work May Have Aged Rescuers' Lungs By 12 Years. USA Today (8/1, Szabo, 2.27M) reports a study published today in the American Journal of Respiratory and Critical Care Medicine shows that working on the World Trade Center following 9/11 "may have aged the lungs of firefighters and rescue workers by an average of 12 years." The report's authors "say they don't know whether lung function will continue to deteriorate

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or whether rescuers' lungs will heal some of the damage." The study shows that those "present during the Twin Towers' collapse lost the most lung capacity" and that firefighters "lost more lung function than emergency medical service workers."

White House Says It Has Learned The Lessons Of Katrina. The New York Times (8/1, Stolberg, 1.21M) reports as "the peak of the tropical storm season approaches, President Bush sought to assure the nation on Monday that his administration had learned the lessons of Hurricane Katrina and was ready to handle another epic natural disaster. But Mr. Bush sent the message with pictures, not words." Bush "visited the National Hurricane Center, chatting in front of the cameras with scientists who track tropical storms but not taking any questions." In remarks "to reporters and in a separate speech at the Port of Miami, the president made no formal mention of storm preparations, leaving it to the new director of the Federal Emergency Management Agency, R. David Paulison, and the White House press secretary, Tony Snow, to convey the readiness message." Snow said, "People have learned a lot from Katrina in time to draw the lessons." The Times adds the White House "says it has vastly improved its communications capabilities and has fortified its stockpile of supplies since Hurricane Katrina. The number of disaster assistance employees has doubled to 8,000 from 4,000, and the supply of ready-to-eat meals has increased by 300 percent, to 770 truckloads from 180 before the storm — enough food, Mr. Paulison said, to feed a million people for a week."

Decision To Prosecute Doctor, Nurse For Katrina Deaths Garners Criticism. The New York Times (8/1, Drew, 1.21M) reports Louisiana Attorney General Charles C. Foti Jr. has become engulfed in "a firestorm, as many people question his decision to order the arrests of a doctor and two nurses, whom he accused of killing four hospital patients with drug injections in the desperate days after Hurricane Katrina." Angry doctors "say Mr. Foti's accusations have trampled delicate issues about end-of-life care and have made the doctor, Anna M. Pou, a scapegoat for the delays in evacuating a flooded hospital." More than "200 local residents and evacuees have rallied to her defense on a community Web site, calling her a hero for working through the storm and accusing Mr. Foti of grandstanding. Even some of his former law enforcement colleagues criticize Mr. Foti's handling of the case and question whether his accusations will hold up." But Foti "is standing firm that the case is about murder, not mercy killing or accidental overdoses."

WAR NEWS:

Democratic Leaders Ask Bush To Pull Troops Out Of Iraq. The Washington Times/AP (8/1, Flaherty) reports, "Key Democratic leaders in the House and Senate have united to call on President Bush to begin pulling U.S. troops out of Iraq by the end of the year, citing an overtaxed military, billions of dollars spent and ongoing sectarian violence. In a letter to Bush released Monday, the Democrats backed a plan for the 'phased redeployment' of troops." The Democrats wrote, "US forces in Iraq should transition to a more limited mission focused on counterterrorism, training and logistical support of Iraqi security forces and force protection of US personnel." Republicans "said the letter amounted to Democratic leadership surrendering to terrorists." The "recent letter, dated July 30, is significant because -- signed by every top Democrat on committees with oversight of military, intelligence and international affairs -- it solidifies the Democrats' position and presents a unified front as members head into election season." The letter also was signed by Senate Majority Leader Harry Reid and Rep. Nancy Pelosi, his House counterpart.

The Washington Post (8/1, A1, Babington, VandeHei, 748K) says "the 12 Democrats…include liberals and centrists who have differed over Iraq in the past. … Their action puts party leaders on the same page, and it helps clarify the Nov. 7 election as a choice between a party seeking a timeline for withdrawing troops from an unpopular war and a party resisting any such timetable." However, "for all its passion, the letter has more significance as a political statement than as a policy alternative. Most Democrats previously have embraced the general idea of beginning a troop drawdown this year, and the letter adds no specifics about how many troops should be withdrawn or how rapidly."

The New York Times (8/1, Nagourney, 1.21M) reports, "As a matter of policy, the proposals by the Democrats did not, for the most part, break new ground, Democratic aides said." But "the fact that most of the Democratic leadership had unified around a position -- and presented it so forcefully-— strongly suggests that the politics surrounding the war are changing."

22 Democrats Seek Repeal Of 2002 Iraq Resolution. Meanwhile, Roll Call (8/1, Kornacki) reports, "With bills aimed at imposing a phased withdrawal of US troops from Iraq, or even reopening the Congressional debate on US involvement in Iraq, languishing in the House, some war opponents are now trying a blunter approach: revoking the 2002 Congressional war resolution. So far, 22 House Members -- all of them Democrats who have been leading figures in the out-of-Iraq movement -- have signed on to the Iraq War Powers Repeal Act of 2006, introduced July 25 by Rep. Lynn

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Woolsey (Calif.)." However, "Woolsey's bill isn't expected to do much beyond collecting a few more signatures and a lot of dust. About 70 of the 205 House Democrats have joined the Out of Iraq Caucus, but party leaders have favored a more incremental public approach to the Iraq issue, perhaps mindful that the road to a House majority in this fall's elections runs through numerous Republican-leaning districts."

US Oversight Agency Criticizes Iraq Reconstruction Effort. The New York Times (8/1, Glanz, 1.21M) reports, "A United States federal oversight agency has raised serious new questions about the security, financial support and staffing for the teams that the United States is creating to lead the next phase of its reconstruction program in Iraq." During "recent visits to four of the five teams that were in operation, auditors from the oversight agency noted that the teams suffered from problems that included security threats that seriously hampered their ability to meet with local Iraqis, difficulties in obtaining supplies as basic as pens and paper, and major challenges in recruiting qualified civilians to work in Iraq's far-flung provinces." The agency, the Special Inspector General for Iraq Reconstruction, in a quarterly report to be officially released Tuesday, said, "The deteriorating security situation has had a particularly deleterious effect on the establishment of the US provincial reconstruction teams." The agency "is independent and reports directly to Congress, the State Department and the Pentagon."

Meanwhile, The Washington Post (8/1, A12, Witte, 748K) reports, "A project to build a critical oil pipeline in northern Iraq has fallen more than two years behind schedule, costing the Iraqi government $14.8 billion in revenue and jeopardizing the safety of local water supplies, according to a report by U.S. government auditors released yesterday." The "31-mile pipeline, designed to connect Iraq's northern oil fields with a major refinery," is "intended to replace an old, decrepit line that has been leaking oil for years. But because contractors were unable to finish construction of the new pipeline by March 2004 as scheduled, oil is pooling in the open air rather than being sped to market, auditors with the Special Inspector General for Iraq Reconstruction say."

Administration Optimistic About Increased International Backing For Iraq. The AP (8/1, Crutsinger) reports, "A number of nations have expressed a willingness to help boost international economic support for Iraq, the Bush administration said Monday." Deputy Treasury Secretary Robert Kimmitt, "Bush's special envoy on the issue, said he was optimistic the necessary work will be completed in coming months so that an international conference to collect pledges of financial support can be held by the end of the November." He "said France and Germany, two countries that opposed the US-led Iraq war, are participating in meetings chaired by the government of Iraq and the United Nations over development of an International Compact for Iraq."

Gunmen Abduct 26 People In Baghdad. USA Today/AP (8/1, Reid) reports, "Gunmen dressed in military fatigues seized 26 people in raids Monday on the offices of the Iraqi-American Chamber of Commerce and a nearby mobile phone company in Baghdad. The kidnappings, involving 15 four-wheel-drive vehicles, occurred around noon in the shopping area of Karradah."

NBC Nightly News (7/31, story 4, 0:20, Williams, 9.87M) reported the gunmen "seized their victims in broad daylight in a mostly Shiite area of Baghdad."

The Washington Post (8/1, A12, Partlow, Al-Izzi, 748K) says that "whether these attackers are criminals wearing fake uniforms or are corrupt security forces, infiltrated by violent militiamen, remains publicly unknown." The Los Angeles Times (8/1, Daragahi, 918K) runs a similar report.

US Death Toll Down In July. ABC World News Tonight (7/31, story 5, 0:15, Gibson, 8.78M) reported, "The US military death toll in Iraq fell in July, for the third-straight month. Despite the rising sectarian violence, as of yesterday, 44 US forces had been killed in July. That's the third-lowest monthly death toll in two years."

NATO Takes Over Command Of Forces In Southern Afghanistan. NBC Nightly News (7/31, story 6, 0:15, Williams, 9.87M) reported, "In southern Afghanistan tonight, there's been a historic handover of command from the United States to NATO. And there was instant proof of the challenge ahead in that part of the world during the handover ceremony itself in Kandahar. A car bomb exploded a few miles away. It killed eight people and wounded 16."

The New York Times (8/1, Gall, 1.21M) says "the transfer will allow the United States to shift more of its 22,000 troops in Afghanistan toward the border with Pakistan, where leaders of the Taliban and Al Qaeda are believed to have taken refuge and continue to operate across a porous frontier." It will also mean "a far larger military role for the 18,000 NATO troops here, which will be embarking on one of the most difficult tasks of its 57-year history."

Meanwhile, the Washington Times/AP (8/1, Abrashi) reports "the top" NATO general "warned that he will 'strike ruthlessly' against Taliban rebels when necessary." British Lt. Gen. David Richards, the new commander, "indicated NATO would continue to use the heavy firepower that has been employed by the coalition in recent months in response to an escalation in militant attacks."

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CORPORATE SCANDALS:

Former Qwest CEO Seeks To Move Trial. The Rocky Mountain News (8/1) reports, "Joseph Nacchio, the former chief executive officer of Qwest Communications International Inc., asked a federal judge to move his trial on insider-trading charges from Denver, where Qwest is based, to New Jersey. … 'Nacchio has become among the most reviled figures in recent Denver history and, therefore, there are great obstacles to Mr. Nacchio receiving a fair and impartial trial,' Nacchio's lawyer, Herbert Stern, wrote in a court document filed in federal court in Denver today." The News continues, "The Justice Department on Dec. 20 charged Nacchio, 56, in a criminal complaint for selling $101 million in Qwest shares in 2001 while knowing revenue targets were unattainable. Nacchio, who served as Qwest CEO from 1997 to 2002, denied wrongdoing." The News adds, "The U.S. Securities and Exchange Commission claimed in a related civil lawsuit that Nacchio directed a fraud that led Qwest to erase $2.5 billion in revenue. … In his motion, Stern repeatedly cited newspaper articles containing 'highly prejudicial' comments from former Qwest employees and a local member of Congress. Qwest, the No. 4 U.S. local telephone company, agreed to pay $250 million to settle fraud allegations by the SEC and $400 million to settle some investor lawsuits."

Computer Associates Admits Officials Backdated Stock Options. The Financial Times (8/1, Waters) reports, "Executives at Computer Associates set stock options aside for up to two years before issuing them to employees in a way that produced large windfall gains, the US software company disclosed on Monday." The Times continues, "News of the compensation practices came as the software company joined the growing band of US technology and other concerns to admit to "backdating" employee stock options. … The practice, which involves giving out options with exercise prices that were set at earlier, more favourable levels, has drawn the attention of the Securities and Exchange Commission and prompted a full-scale investigation by Federal prosecutors in San Francisco." The Times adds, "Computer Associates on Monday also slashed $342m from its reported pre-tax profits for the period 1996-2006 to reflect the fact that the implicit gains in the employee options should have been treated as an expense. … Other tech companies to have already reported big retroactive options charges in recent weeks include Mercury Interactive, which set aside $525m, and Broadcom, which took a charge of more than $750m. … The latest disclosure of accounting failure at Computer Associates follows a series of earlier irregularities, some of which led to the replacement of the company's entire senior management team and the prosecution of Sanjay Kumar, former chief executive officer."

Brooks Automation Filing Cites "False" Options Document. The Wall Street Journal (8/1, Forelle, Bandler) reports, "Brooks Automation Inc. said two former outside directors and its former chief executive signed a 'false' document permitting the executive to exercise an expired stock option for millions of dollars in profit." The Journal continues, "The disclosure came as the Chelmsford, Mass., maker of semiconductor equipment restated several years of earnings to account for options-related accounting problems." The Journal adds, "The two directors who signed the document, Roger D. Emerick and Amin J. Khoury, stepped down from the board in May. Robert Therrien, the former chairman and chief executive officer, left the CEO position in 2004 and retired as chairman earlier this year. … The option in question was set to expire in August 1999, and filings from the time record Mr. Therrien's exercising it just in the nick of time -- two days before the deadline. … But in yesterday's filing discussing the restatement, Brooks said the transaction actually occurred months later. The exercise was permitted because a document signed by Messrs. Emerick, Khoury and Therrien in November described a loan, which they had purportedly discussed in June, to Mr. Therrien so that he could exercise the options before they expired. 'Pursuant' to the document, 'Mr. Therrien was deemed to have been granted a loan as of August 1999,' Brooks said in yesterday's filing. … But a probe by a special committee of directors found that the document 'was false as there were no discussions concerning a loan in June 1999,' and determined that 'Mr. Therrien misrepresented the facts of the loan.'"

Writer Urges SEC Adoption Of Shareholder Complaint Arbitration. The Washington Post (8/1, A17), Joseph W. Bartlett, who is of counsel at the New York office of Fish & Richardson PC and is founder and chairman of VC Experts.com Inc., which works with venture capital and private equity firms, writes, "The power supply of venture capital activity, the initial public offering of a company's stock, is shifting offshore, principally to London. Inexorably, the critical mass of corporate finance activity will follow, dragging along the IPO issuers as well. Serious consequences will ensue if we lose our edge in global capital markets, particularly in our efforts to keep the Ciscos and Intels of this world at home." Bartlett continues, "The emigration of IPOs is frequently ascribed to overregulation, specifically to the Sarbanes-Oxley Act of 2002. But while that regulatory legislation is a factor, the key driver is the cost imposed by breakdowns in our justice system, which result in a crippling 'tax' on our public companies, with the proceeds going to resourceful class-action lawyers. All it takes is an earnings hiccup and a stock downturn for the plaintiffs' bar to

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mount a lawsuit that, regardless of merit, cannot be prudently defended. … The Securities and Exchange Commission can fix the Sarbanes-Oxley problems so that the benefits of that legislation balance the burdens. But the tribute resulting from extortionate class actions cannot be dealt with so easily. Congressional attempts to level the playing field have been thwarted. Trial lawyers give political money till it hurts, and that money hurts U.S. competitiveness." Bartlett argues that "there is, in this case, a simple and right solution that can be immediately implemented by the SEC. It can simply accept provisions in a corporation's charter that mandate compulsory arbitration for shareholder complaints based on violations of securities law. … To do this, the SEC need only reverse a policy adopted informally and announced in a 1990 paper by a staff lawyer. That policy ordered a flat ban on compulsory arbitration. The commission could end this ban and adopt instead a nuanced, conditional policy in favor of arbitration for companies electing to use it. This would entail continued public oversight and a fair, efficient system for adjudicating legitimate shareholder complaints."

WSJournal Says CEO's Are Not Immune From Market Discipline. An editorial in the Wall Street Journal (8/1, 2.03M) says that Hank McKinnell's "surprise ouster as CEO by Pfizer's board last week illustrates the flip side of the executive-pay coin: Top executives in the US are paid for performance, and today's corporate directors are not shy about pushing out those whose performance doesn't measure up for shareholders." The Journal adds that "Pfizer's ouster of Mr. McKinnell shows that even high-profile CEOs at our largest companies aren't immune from market discipline. Mr. McKinnell will land on his feet. But think of him next time someone tells you corporate boards are rubber stamps for all-powerful CEOs."

CRIMINAL LAW:

Seven Plead Not Guilty In Online Betting Case. The AP (8/1, Douglas) reports, "Seven defendants named in a federal indictment of one of the world's largest online gambling companies, BetOnSports, pleaded not guilty Monday (in St. Louis) to federal racketeering and mail and wire fraud charges." The AP continues, "Neil Kaplan and Lori Kaplan Multz, the brother and sister of BetOnSports founder Gary Kaplan, were among those pleading not guilty to a 22-count indictment. … The government claims BetOnSports and its employees fraudulently took billions of dollars in wagers from U.S. residents by phone and over the Internet without paying excise taxes. … No one appeared on behalf of the BetOnSports corporation." The AP adds, "Gary Kaplan is a former New York-area bookie now living in Costa Rica, authorities said. He remained at large despite the indictment. … David Carruthers, chief executive of BetOnSports PLC, was expected to appear in court Monday afternoon and enter a not guilty plea. … Carruthers was being transported to St. Louis from Dallas, according to court officials. He was arrested July 16 by federal agents at Dallas-Fort Worth International Airport en route to Costa Rica, where the company has an office. … The Justice Department is seeking the forfeiture of $4.5 billion, cars and computers from the defendants."

The St. Louis Post-Dispatch (8/1, Patrick) reports, "BetOnSports, one of the largest online betting and gambling companies in the world, will ignore a federal criminal prosecution and civil case aimed at shutting its billion-dollar U.S. operation, a federal prosecutor said in court Monday." The Post-Dispatch continues, "BetOnSports lawyers failed to show up Monday morning for arraignment of the company on criminal charges that include mail fraud, wire fraud and racketeering. … They also did not attend a civil hearing in the afternoon. There, federal prosecutors asked a judge to make permanent a temporary order that bans the company from doing business with U.S. customers and seeks the forfeiture of more than $4.5 billion and other property." The Post-Dispatch adds, "Marty Woelfle, of the Justice Department's organized crime and racketeering section, in Washington, said Steve Cohen, a New York lawyer hired to advise the company, told her Bet-OnSports would not answer the charges. … Reached later by phone, Cohen said, 'I can't comment on what position, if any, the company intends to take in the litigation.' He said he was advising the company 'on certain issues,' including jurisdiction." The Post-Dispatch notes, "The case represents the largest prosecution of an Internet gambling company ever, said U.S. Attorney Catherine Hanaway. She noted the huge amount of money flowing overseas and officials' fears it could be used for criminal enterprises or terrorism."

Libby Seeks Testimony From Memory Expert In CIA Leak Case. The AP (8/1, Locy) reports Vice President Cheney's former chief of staff, I. Lewis 'Scooter' Libby, "wants a memory expert to explain how he — and prosecution witnesses — may have different recollections of their conversations about a CIA officer's identity." In a court filing Monday, defense lawyers "said Libby has a right to present testimony from Robert A. Bjork, chairman of the psychology department at the University of California at Los Angeles, to correct misperceptions that jurors may have about the reliability of memory." The "crux of Libby's defense will be that he was too preoccupied with national security 'matters of life and death' and that he could have easily confused 'snippets of conversations' he had with reporters from Time magazine, NBC and the New York Times."

DOJ_NMG_0044182

The New York Times (8/1, 1.21M) reports Libby's attorneys said the memory expert "could also explain why the three principal witnesses for the prosecution, all journalists, may have had faulty recollections."

Marshals Lead Sex Offender Crackdown In Alabama. The Birmingham News (AL) (8/1, Walton) reports, "Birmingham-based federal marshals have tracked and arrested nine sex offenders since July 7. The search continues for a dozen more in Jefferson County, many who are not registering their place of residence." The News continues, "The U.S. Marshals Service's Gulf Coast Regional Fugitive Task Force teamed with other agencies, including the Jefferson County Sheriffs Department, to find offenders who failed to comply with the registration law, said Marty Keely, U.S. marshal for northern Alabama. … 'Protecting America's children from sexual predators is a top priority for the deputies in the northern district of Alabama,' Keely said." The News adds, "During the crackdown, authorities also determined the whereabouts of two other men who were wanted out of Jefferson County on failure to register charges. Fugitive Jaime Arvizu had been deported from the country on Aug. 5, 2005, while another man, Timothy Collins, is serving time in a Florida prison. … A Birmingham News investigation in June 2005 revealed that many sex offenders in Alabama don't live at the addresses they have registered and law enforcement officials have trouble keeping track of some sex offenders." The News notes, "President Bush signed a law Thursday that makes it a federal felony for convicted sex offenders to fail to register with their local authorities. The law creates a national sex-offender DNA database and designates the U.S. Marshals Service as the main agency to lead the national effort to track down and arrest the fugitive felons. … John Clark, director of the Marshals Service, said the agency has been working with state and local officials for some time to go after sexual predators. He said when the new law is fully in place, unregistered sex offenders will be considered federal fugitives."

Fiancee Of Key Ryan Trial Witness Sentenced To Four Months In Prison For Perjury. The Chicago Tribune (8/1, Coen, 623K) reports, "A federal judge sentenced Alexandra 'Andrea' Coutretsis to 4 months in prison Monday, a lighter sentence than prosecutors had recommended under a deal they made with her fiance, Scott Fawell," in the federal corruption trial of former Gov. George Ryan. "But U.S. District Judge James Holderman said he could not allow the mother of two to avoid prison altogether for lying to a grand jury about Fawell's misconduct as chief executive of the Metropolitan Pier and Exposition Authority, or McPier." The Tribune notes, "Initially, she was granted immunity during the federal investigation of Fawell…but she lied to a grand jury anyway to protect him." The Chicago Daily Herald (8/1, Olmstead) adds, "Judge James Holderman said he would have liked to give Coutretsis probation, and might have had it just been one or two instances of lying. 'But six times before the grand jury, … it is really necessary the public understand that that type of conduct cannot be encouraged,' he said."

Lawyer Says Alleged Coca-Cola Theft Plot Leader Depressed, Malnourished. The AP (8/1, Weber) reports, "A former Coca-Cola secretary charged with stealing new product samples from her employer and trying to sell the materials to rival Pepsi is so despondent she considered returning to jail to be sure of getting food, medicine and shelter, her lawyer said Monday." Joya Williams "appeared depressed and as though she hadn't eaten in a while during a visit last week with the court-appointed lawyer, Janice Singer." The AP notes, "Singer said it's too early in the case for her to decide whether she will recommend that Williams consider a plea deal. She said she needs to first go through the evidence — computer disks containing thousands of pages of materials were recently turned over to her by the government."

Judge Grants Delay In Tennessee Waltz Trial. The Memphis Commercial Appeal (8/1, Buser, 172K) reports, "The public corruption trial for former state senator John Ford was moved Monday to Feb. 5 to allow the defense more time to prepare. … The trial, which could take up to five weeks, had been set for Oct. 2 and would have run up to the Nov. 7 election in which Ford's nephew, Harold Ford Jr., is seeking a seat in the U.S. Senate." However, Ford lawyer Michael Scholl said, "My concern is not the election. My sole concern is John Ford." The Commercial Appeal notes that Ford "is accused of taking $55,000 from agents of E-Cycle Management, an FBI front, to support legislation favorable to the fictitious company." The AP (8/1) also reports on the trial delay.

FBI Subpoenas Dallas School District Credit Card Records. The Dallas Morning News (8/1, Fischer, Hobbs, 500K) reports, "The FBI has subpoenaed credit-card records from the Dallas Independent School District, signifying that agents are expanding their corruption investigation of the district. … The subpoena does not name specific individuals but instead asks for all records and documents relating to credit-card use." The Morning News notes, "The FBI has been investigating DISD for more than a year. The inquiry began last summer after The Dallas Morning News reported on relationships between administrators and district vendors, including a former associate superintendent who was given the free use of a fishing boat by DISD's largest computer supplier."

DOJ_NMG_0044183

Illinois Man Sentenced To Prison For Threatening To Kill Judge, Bush. The AP (8/1) reports, "An Illinois man convicted of threatening to kill a federal judge and President Bush was sentenced Monday to six years and five months in prison." Michael Disch "was incarcerated in Georgia on traffic offenses in 2004 when he made a series of calls to the federal courthouse in Chicago and threatened to kill a judge there who previously had sentenced him in an unrelated case, authorities say." The AP notes, "Prosecutors say there was no evidence Disch had prepared to carry through on his threats."

FBI Suspects Sabotage In Florida Freight Train Derailment. The AP (8/1) reports that in Tampa Sunday night, "a CSX freight train flipped off the tracks after hitting a piece of railroad equipment deliberately left on the tracks, the FBI said. 'Its become a criminal investigation,' FBI spokeswoman Carol Michalik said Monday. 'Something was left on the tracks.'" The AP notes, "No one was hurt," but "about 200 gallons of diesel fuel spilled from the engine and a major Tampa road was closed all day Monday as workers cleaned up the mess." The Tampa Tribune (8/1, Shopes, Silvestrini) adds, "Michalik said someone apparently pulled a railroad coupling device called a knuckler onto the tracks, causing the train to derail. She said there is no reason to think terrorism was involved. The FBI is seeking the public's help."

New Orleans Residents On Edge After Six Weekend Slayings. USA Today (8/1, Konigsmark) reports, "A month after the National Guard and Louisiana state police arrived in this half-empty city to help police battle violence, six weekend killings have reminded residents that crime is back. … 'I live in Houston now, and I'm scared to come home,' said Fharen Richardson, who stopped by the Daiquiri Place Cafe on St. Charles Avenue on Monday. A 31-year-old man was fatally shot there Saturday night." USA continues, "Before dawn Saturday morning, police found an unidentified man shot to death on a deserted street in the Gentilly neighborhood, which flooded badly during Hurricane Katrina almost a year ago. The weekend began with a quadruple homicide on the streets of the Treme neighborhood, near the French Quarter. No one has been arrested in any of the slayings. … Police spokesman John Bryson said that despite the violent weekend, the National Guard and state police are helping police better protect the city." USA adds, "State police arrived at the end of June after five teenagers were found shot to death in a sport-utility vehicle. Guard members now patrol the neighborhoods that saw the most flooding during Katrina, freeing up police to focus on crime-ridden areas such as Central City, where the five teens died. Police are making more arrests since the help arrived, Bryson said. … He said inundating crime hot spots with officers doesn't always cut crime. 'They are taking their trade somewhere else,' Bryson said. 'And then that causes turf wars.' … There have been 78 slayings since January, Bryson said, among a current population just over 200,000. Last year, when the population was about 450,000, there were 162 slayings in the same period."

Registered Sex Offender Charged In Baltimore Boy's Death. The Baltimore Sun (8/1, Bykowicz, Scharper) reports, "A registered sex offender with a decades-long history of abusing children was arrested and charged Monday with first-degree murder in the death of an 11-year-old Northeast Baltimore boy whose family he had befriended." The Sun continues, "The accused, Melvin L. Jones Jr., 52, had been on supervised probation since being released from prison in September 2002, after a third-degree sex offense conviction earlier that year. Unbeknownst to his parole and probation agents, Jones soon began baby-sitting Irvin J. Harris and his siblings -- a violation of the terms of his probation." The Sun adds, "Irvin, a bright boy with a big smile who loved to dance and sing, disappeared Friday afternoon as he headed to Belair Food Market to buy a snowball, his family said. His body was found overnight Sunday across the street from Clifton Park Golf Course, in the woods behind a church a block from his home on Lawnview Avenue. … A police source close to the investigation said the boy had been stabbed several times, and detectives have found what they believe to be the weapon. … Time and again, Baltimore court records show, Jones -- who told police during an interview in August 2001 that he was 'a pedophile who needed help' -- escaped serious prison time in cases of sexual abuse."

Teen Fight Clubs Face Police Crackdown. USA Today (8/1, Mccarthy) reports, "The video shows two bare-knuckle brawlers brutally punching each other until one slumps, beaten, to the ground. The fight doesn't end there: The victor straddles the chest of his fallen opponent, firing rights and lefts into his face. … This is not a scene from the Brad Pitt movie Fight Club. Instead, it involves real teenagers in an underground video called Agg Townz Fights 2. Their ring: the grassy schoolyard of Seguin High School here. They're engaged in a disturbing extreme sport that has popped up across the nation: teen fight clubs." USA continues, "This year, authorities in Texas, New Jersey, Washington state and Alaska have discovered more than a half-dozen teen fight rings operating for fun — or profit. These illegal, violent, often bloody bouts pit boys and girls, some as young as 12, in hand-to-hand combat. Some ringleaders capture these staged fights with video or cellphone cameras, set them to rap music, then peddle homemade DVDs on the Internet. Other fight videos are posted on popular teen

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websites such as MySpace.com and YouTube.com." USA adds, "Some bouts are more like bare-knuckle boxing matches, with the opponents shaking hands before and after they fight. Others are gang assaults out of ultra-violent films such as A Clockwork Orange, with packs of youths stomping helpless victims who clearly don't want to fight. … Many fight-club brawlers are suburban high school kids, not gang members or juvenile criminals. Chase Leavitt, son of U.S. Health and Human Services Secretary Mike Leavitt, was arrested for participating in a fight club at a Mormon church gym in Salt Lake City in December 2001, when his father was Utah's governor. … The younger Leavitt, then 18, pleaded guilty to disturbing the peace and trespassing in September 2002 and was sentenced to 40 hours of community service, says Sim Gill, the chief prosecutor of Salt Lake City who handled the case."

WPost Urges Report On DC Curfew. The Washington Post (8/1, A16) editorializes, "It's too soon to say how effectively the District's new curfew has worked. It is not too soon, however, to ask that the city look beyond the number of youths caught violating the 10 p.m. curfew or the number carted off to curfew centers. This is a time in which the authorities can and should use this revised curfew to learn more and perhaps devise a better response to the problem of unsupervised youth out on the streets late at night." The Post adds, "It's interesting to note that in the week ending July 22, well before the new rules went into effect, 292 curfew violators were caught by D.C. police. As of July 20, the number of violators this year had already run into the thousands. Who are these youths? Are they repeat violators, and if so, have penalties been applied? What about the parents or guardians who don't respond or show up to pick up their children? What has been the disposition of those cases? … At the end of this 30-day measure, the mayor owes the city a report on lessons learned and steps that city agencies and the community should take to prevent the behavior that gave rise to the curfew in the first place."

CIVIL RIGHTS:

Fox News Settles Sex Discrimination Suit. Bloomberg (8/1) reports, "Fox News Network, a unit of Rupert Murdoch's News Corp., has agreed to pay $225,000 to settle a U.S. Equal Employment Opportunity Commission sex discrimination suit." Bloomberg continues, "The resolution of the suit claiming harassment at Fox News headquarters in New York is before U.S. District Judge William H. Pauley III for approval, the EEOC said yesterday in a statement. … The accord, if approved, will end a November 2005 lawsuit claiming Fox News Vice President Joe Chillemi used obscene terms to describe women and their body parts. The money will be divided among four women in the advertising and promotion department, and the company will train workers on discrimination law, the EEOC said. Fox denies any wrongdoing." Bloomberg adds, "The EEOC complaint said Fox News failed to enforce the 1964 Civil Rights Act by retaliating against one of the four employees, Kim Weiler, who complained that women were assigned to freelance positions with fewer benefits, less advancement potential and lower job security than others."

ANTITRUST:

DOJ OKs McClatchy Newspapers Deal. The San Jose Mercury News (8/1, Carey) reports, "The U.S. Department of Justice on Monday approved the sale of the Mercury News and Contra Costa Times to MediaNews, and before the end of the week the two papers are expected to become part of a Bay Area publishing powerhouse led by the Denver company." The News continues, 'Federal antitrust officials found the $736.8 million purchase of the two papers from Sacramento-based McClatchy 'is not likely to reduce competition substantially.'" The News adds, "In a separate deal, MediaNews will eventually acquire two other former Knight Ridder papers -- the Monterey County Herald and St. Paul Pioneer Press -- from Hearst, owner of the San Francisco Chronicle. Hearst is buying the papers from McClatchy, but MediaNews will begin managing them immediately, under an agreement with Hearst. … MediaNews will add the Mercury News, Contra Costa Times and Monterey County Herald to its broad portfolio of Bay Area daily newspapers, with a circulation of more than 700,000, compared to that of the San Francisco Chronicle's 398,247."

The AP (8/1, Liedtke) reports, "The Justice Department's decision will enable the sale to be completed later this week, MediaNews Chief Executive W. Dean Singleton said Monday. … A separate inquiry into the deal by California Attorney General Bill Lockyer remains open, said his spokesman Tom Dresslar." The AP adds, "San Francisco businessman Clinton Reilly also has sued to block the sale, but a federal judge last week refused to issue a temporary restraining order to prevent McClatchy from turning over the papers to MediaNews. … McClatchy took control of the papers a month ago when the Sacramento, Calif.-based company bought their former owner, Knight Ridder Inc., for $4 billion. … A deal to turn over the papers to MediaNews was reached in April, but the handoff couldn't be couldn't be completed until the Justice Department was satisfied the sale wouldn't harm Bay Area readers and advertisers."

The Sacramento Business Journal (8/1) reports, "Antitrust regulators were reviewing the proposed sale of the San Jose Mercury News and Contra Costa Times to MediaNews, which already owns the Oakland Tribune and

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other newspapers in the region. Both newspapers are among the 12 Knight Ridder Inc. newspapers that Sacramento-based McClatchy said it would sell off as part of its acquisition of that chain. The multibillion-dollar acquisition closed last month and several of the papers have been sold. … Among the most complicated and the biggest of the divestiture deals includes the Bay area papers. MediaNews would buy the San Jose and Contra Costa papers, while Hearst Corp. would by the Monterey Herald and St. Paul (Minn.) Pioneer Press, then swap assets with MediaNews to turn them over to the Denver company."

Sanofi-Aventis Subpoenaed In Plavix Probe. The AP (8/1) reports, "French drug maker Sanofi-Aventis SA said Monday it received grand jury subpoenas related to a federal antitrust probe into the company's settlement with Bristol-Myers Squibb Co. and Canadian generic drug maker Apotex Inc. over best-selling blood thinner Plavix." The AP continues, "FBI agents showed up at the Manhattan headquarters of Bristol-Myers Squibb on Wednesday and produced court-authorized search warrants to confiscate documents. Sanofi-Aventis, which sells Plavix outside the United States, learned of the probe on Wednesday when it was served with a complaint from the Justice Department notifying it of the criminal investigation. … Sanofi-Aventis said in an SEC filing Monday it intends to provide all required information to investigators." The AP adds, "On Friday, the companies announced that the settlement failed to receive required antitrust clearance from the state attorneys general. The companies also needed approval from the Federal Trade Commission, which had not issued a decision, but both clearances were required for the settlement to take effect. … The probe centers on an out-of-court settlement in which Bristol-Myers Squibb and Sanofi-Aventis agreed to pay Apotex a reported minimum of $40 million not to begin selling its Food and Drug Administration-approved generic version of Plavix until June 2011, the year the primary patent protecting Plavix expires. Plavix has more than $5 billion in annual sales."

UK Medical Supply Company Believes US Employee Focus Of FBI Antitrust Probe. The (UK) Guardian (8/1, Bowers) reports, "Smith & Nephew, the replacement hip and bandages group, believes one of its 500 sales representatives in the US is at the heart of an abandoned cartel plot being investigated by the department of justice. The FBI is conducting an anti-trust investigation into activities involving S&N and four US competitors -- Zimmer, Biomet, Stryker and Johnson & Johnson subsidiary DePuy. Together they control 80% of the American market for hip, knee and shoulder implants." The Guardian notes, "Last week Zimmer confirmed one of its independent salesmen had received an 'unsolicited' message proposing 'a uniform pricing strategy,'" but "all companies said they did not believe the email had been acted upon."

MarketWatch (8/1, Britt) reports, "Medical products maker Smith & Nephew on Monday revealed an attempt by one of its independent contractors to initiate a collusion scheme on an orthopedics implant contract." MarketWatch continues, "London-based Smith & Nephew said one of its independent sales representatives sent an e-mail to competitors suggesting that all participants in bidding for a hospital contract join forces in response to the facility's request for proposals. … 'The e-mail proposed to the company's competitors that they join in a coordinated response to the hospital's request,' Smith & Nephew said in a press release. Smith & Nephew officials went on to say the e-mail was not authorized by management. … 'To the best of the company's knowledge, the Oct. 28, 2005, e-mail was never acted upon by the company or any of its competitors in responding to the hospital or any customer and resulted in no anti-competitive agreement,' the press release said." MarketWatch adds, "Smith & Nephew revealed the collusion attempt after receiving a subpoena from the U.S. Department of Justice. The company said it disclosed that subpoena on June 30. It then instituted its own internal prove into the matter. … The company said it has severed its relationship with the sales representative and continues to cooperate with the Justice Department."

Exelon Chafes At Delay Of New Jersey Utility Takeover. The Philadelphia Inquirer (8/1, Fernandez) reports, "The chairman of Exelon Corp. said yesterday that his company's takeover of New Jersey's biggest utility might not proceed if state regulators didn't approve the deal in the 'next week or so.'" The Inquirer continues, "Exelon, which already owns Peco Energy Co. of Philadelphia, also reported a 25 percent jump in second-quarter profit on strong sales in the wholesale electricity market and solid performance by its nuclear power plants. … The Chicago company's proposed purchase of Public Service Enterprise Group Inc. of New Jersey would create one of the largest utilities in the United States, with almost nine million electric and gas customers. The deal was first proposed in December 2004." The Inquirer adds, "In June, Exelon and PSEG announced a settlement securing approval for the merger from the Antitrust Division of the Justice Department. Now, just one regulatory approval is required - from the New Jersey Board of Public Utilities. … In a conference call yesterday with analysts, Exelon chief executive officer John W. Rowe said that the company had gone as far as it could with a financial offer to the state utility board and that it had to reach a preliminary agreement in the "next week or so" for the merger to proceed. … Exelon has offered New Jersey $600 million that could be used for such things as customer rate reductions or economic development,

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as well as a freeze on electric rates, Rowe said in the call. The company did not say how long the rate freeze would last."

Smithfield To Purchase ConAgra Brands. The Virginian-Pilot (8/1, Mcwilliams) reports, "After pursuing a deal for months, Smithfield Foods Inc. - the world's largest hog farming and slaughtering operation - announced Monday that it has signed a definitive agreement to buy the refrigerated meats division of ConAgra Foods Inc. for $575 million. The purchase includes packaged meats and turkey products sold under the Butterball, Armour, LunchMakers and several other brands, which Smithfield said produce $1.8 billion in combined annual sales. … 'This acquisition furthers our strategy of growing the packaged meats side of our business with higher-value, further-processed and pre-cooked products,' said C. Larry Pope, Smithfield's president and chief operation officer, in a statement. 'These brands will allow us to capture sales and marketing opportunities.'" The Virginian-Pilot adds, "Smithfield has agreed to pay $475 million in cash and $100 million in stock. The deal must still clear antitrust hurdles in the United States. … In recent months, Smithfield encountered a volatile market for hogs and pork - its specialities. The company's net income fell 41.7 percent to $172.7 million in the past fiscal year, which ended April 30. In the last quarter of the year, profits fell by nearly 99 percent. … But Smithfield has continued on an expansion kick, targeting other companies that have fallen on rough times. Based in Omaha, Neb., ConAgra - the third-largest U.S. food company - plans to divest units with $2.8 billion in annual sales in order to focus on its core brands such as Chef Boyardee, Slim Jim and Hebrew National."

Taiwan Launches Antitrust Probe Of Yahoo. CNET News (8/1, Lin) reports, "Taiwan's Fair Trade Commission is investigating Yahoo for possible antitrust violations after some users complained about the company's new fee policy for its auction service." CNET continues, "Yahoo, Taiwan's largest Web portal, announced Tuesday that starting on Aug. 10 it will charge users a 3 percent transaction fee on most of the items auctioned on the site, in addition to current fixed fees for listing and various functions. … The move comes one month after archrival eBay threw in the towel in a losing battle against Yahoo, and instead formed a joint venture with PCHome, the country's third-largest portal." CNET adds, "Reacting to user complaints, the FTC said that it would look into the case and determine whether Yahoo is monopolizing the market and if it has manipulated prices. … According to local law, a company with annual revenue of $31 million or more and at least a third of a specific market qualifies as a monopoly."

EU Undecided On Microsoft Fine. The AP (8/1, White) reports, "Microsoft Corp. has given the European Union more documents in response to a 2004 antitrust order, but regulators said they do not know yet whether the company will avoid additional fines." The AP continues, "The EU had threatened new penalties of $3.82 million a day beginning Monday, on top of $357 million levied July 12. … Regulators have said the Redmond, Wash.-based software maker has yet to hand over "complete and accurate technical specifications" to help rivals write software that can communicate better with computers running Microsoft's flagship Windows operating system." The AP adds, "EU spokesman Michael Mann said regulators and an independent monitor were analyzing the new technical documents before deciding whether there would be new fines and, if so, how much they would be. … 'We've received information from Microsoft and we're looking at it,' Mann said. 'There is no decision as of yet whether it is what we want or not.'"

Dow Jones (8/1) reports, "It is 'too early' to decide whether to increase the antitrust fine against Microsoft Corp. (MSFT), the European Commission said Monday. … Earlier this month, the commission fined Microsoft EUR280.5 million for failing to comply with a 2004 antitrust ruling, and threatened to increase the daily fine to EUR3 million a day from EUR2 million if the software giant didn't comply. … Since then, the commission has received extensive information from Microsoft which it is now studying, said commission spokesman Michael Mann. An increase of the fine at this time is therefore inappropriate, he said." Dow Jones adds, "Microsoft said it had submitted 2,600 documents of technical documentation to the commission about its server code. It is the eighth batch of documents given to the commission in this part of the case, the company said. … 'This last installment represented and further demonstrates our ongoing commitment to reaching full compliance with the commission's decision of March 2004,' a company spokesman said. 'We look forward to working with the trustee and the commission to complete our compliance effort.'"

Arcelor-Mittal Deal Faces Brazilian Hurdle. The Wall Street Journal (8/1, Samor, Glader) reports, "Activist shareholders and Brazilian market regulators could make the Arcelor-Mittal steel-industry merger more expensive for London billionaire Lakshmi Mittal, as an 11th-hour hurdle could add as much as €5 billion ($6.38 billion) to the €27 billion transaction price." The Journal continues, "The squabble is over the Brazilian assets Arcelor SA owns, which are some of the most profitable in the Luxembourg company's portfolio, generating about one-third of the company's cash and which trade as a separate company in

DOJ_NMG_0044187

Brazil." The Journal adds, "Minority shareholders in Arcelor's Brazilian unit, Arcelor Brasil SA, say company bylaws require any suitor taking over Arcelor to make a mandatory offer for Arcelor Brasil. … The 'tag-along rights' mean Mittal would have to offer the same premium to Arcelor Brasil that it agreed to pay for shares of Arcelor SA. … But Mittal and Arcelor have said the companies are going through a 'merger of equals' rather than a change in control, and Arcelor Brasil shareholders are, therefore, entitled to nothing. … The Brazilian securities commission has been studying whether the Mittal-Arcelor deal constitutes a change in control of Arcelor Brasil, which would trigger a public offer for the subsidiary's shares outstanding. Regulators are planning to issue a ruling on the matter in the coming days, a commission spokeswoman said. Activist shareholders said they are confidant regulators will rule in their favor."

Teck Boosts Bid For Inco. The Wall Street Journal (8/1, Heinzl) reports, "Teck Cominco Ltd. raised its cash-and-stock bid for Inco Ltd. to value the company at 18.8 billion Canadian dollars (US$16.61 billion), in the latest development in a merger wave gripping the mining industry." The Journal continues, "Teck, a Vancouver, British Columbia, mining concern, is seeking to lure Inco shareholders away from a friendly takeover offer by copper producer Phelps Dodge Corp., of Phoenix. The increase comes in the wake of Inco's failure to acquire another Canadian miner, Falconbridge Ltd." The Journal adds, "Teck's offer worked out to about C$83.60 an Inco share at the end of stock trading Monday. Shares of Inco traded at about C$50 at the start of this year, but have since soared in step with nickel prices and takeover bids. Inco shares were up 88 Canadian cents, or 1%, to C$87.45, on the Toronto Stock Exchange Monday as investors gambled the bidding war could continue. … Teck owns about 8.9 million Inco shares, or about 4% of the total outstanding. Teck made its original offer for Inco in May, seeking to thwart Inco's plans to combine with fellow Toronto miner Falconbridge. Later that month, Swiss miner Xstrata PLC launched a takeover bid for Falconbridge. In June, copper producer Phelps Dodge offered to acquire both Inco and Falconbridge in a two-step deal."

FCC Finds Possible Comcast Bias Against MASN. The Washington Post (8/1, D1, Mohammed) reports, "Federal regulators said yesterday that Comcast Corp. may have discriminated against a regional sports television network by refusing to carry the network's broadcasts of Nationals games." The Post continues, "The Federal Communications Commission voted 5 to 0 to allow the Mid-Atlantic Sports Network to choose between an administrative law judge or an arbitrator to settle its conflict with Comcast over airing the baseball games. Comcast's refusal to add the sports network to its stable of channels has kept Comcast's 1.3 million Washington area subscribers from receiving most Nationals games." The Post adds, "The network has until Friday to decide between an arbitrator and a judge, each of whom would have to make a decision within 45 days. The FCC would then have up to 120 days to review the decision. The situation is unlikely to be resolved before the end of this baseball season but could be sorted out in time for next season. … In a 10-page opinion, the FCC said it found that MASN had made a 'prima facie showing' that Comcast had discriminated against the network and had 'indirectly and improperly demanded a financial interest' in the network in exchange for carrying it. The FCC also said, however, that there were factual disputes on both points that would have to be decided by a judge. … Media lawyers said the FCC's finding shifted the burden to Comcast to prove that it has not broken any of the agency's rules. The lawyers said it was possible that the judge could find Comcast had played by the rules and was justified in declining to carry the network."

ENVIRONMENT/INDIAN AFFAIRS:

Senate Nears Passage Of Offshore Drilling Bill. The Wall Street Journal (8/1, 2.03M) reports, "The Senate has voted 72 to 23 to close off debate on a bill that would open 8.3 million acres of federal land in the Gulf of Mexico to oil and gas exploration." The move "virtually assures passage of the measure, which would lift drilling bans covering the area, share federal royalties on production with Louisiana, Alabama, Mississippi and Texas and provide a 125-mile no-drilling zone for Florida's Gulf coast until 2022."

The New York Times (8/1, Janofsky, 1.21M) reports the vote means the bill has "enough support to move it into negotiations with the House. But that may be the only thing that is clear about the measure's future." The House "has passed a drilling bill that would open the nation's entire coastline to drilling, a prospect that sponsors of the Senate bill regard as too ambitious." President Bush "has expressed eagerness to sign a new drilling bill into law, and a failure by the House and the Senate to agree on a compromise would probably doom all prospects for major energy legislation this year. Yet for now, the chief sponsors of the bills do not sound as if a compromise is imminent."

Natural Gas Prices Rising. USA Today (8/1, Hagenbaugh, 2.27M) reports, "Natural gas prices jumped to their highest in nearly six months Monday as hot weather across much of the USA led to increased demand for natural-gas-generated electricity." Natural gas "trading for future delivery rose $1.027, or 14%, to $8.211 per thousand cubic feet as investors fretted about natural gas supplies. That was the biggest increase since December and the highest close since Feb. 3."

DOJ_NMG_0044188

Journal Debates Bush Administration's Logging Policies. The New York Times (8/1, Dean, 1.21M) reports a fire "that destroyed 500,000 acres in southern Oregon and northern California in the summer of 2002 burns on in the pages of the journal Science, where researchers argue whether the blaze, called the Biscuit fire, has produced lessons on the wisdom of Bush administration policies encouraging logging in national forests." The articles focus "on postfire or 'salvage' logging. In a January report in the journal, researchers at Oregon State University said such operations had reduced seedling survival and produced debris that left logged areas prone to new fire damage. Two of the new commentaries, by other Oregon State researchers and others, say the original findings were based on few data and questionable analysis."

Schwarzenegger, Blair To Unveil Joint Effort On Global Warming. The Los Angeles Times (8/1, Sanchez, Schoch, 918K) reports, "Gov. Arnold Schwarzenegger and British Prime Minister Tony Blair were scheduled to announce the agreement today following a round table meeting with business as the British leader visits Southern California." The agreement "commits California and Great Britain to explore the 'potential for linkages' between economic programs designed to encourage the reduction of carbon emissions; share information on the economic impact of climate change and collaborate on research to advance clean and renewable energy technologies." Blair is also "scheduled to visit the Port of Long Beach this afternoon to highlight a cutting-edge program that experts say will sharply reduce greenhouse gas emissions from BP tankers delivering oil at the port." In Washington, "a spokeswoman for the White Council for Environmental Quality said that its chairman, James L. Connaughton, will not be attending today's event in Long Beach because of a scheduling conflict, and that no council representative will be present. Connaughton is Bush's chief environmental adviser."

The Financial Times (8/1, Harvey) says "the accord…contrasts sharply with the refusal of President George W. Bush to commit the US to limits on carbon dioxide production." Blair "has had numerous conversations with Mr Bush on the issue, but in recent months the attention of UK diplomats has turned to encouraging action on the problem at a state and local level."

The Wall Street Journal (8/1, Carlton, 2.03M) says that yesterday, "Schwarzenegger didn't conceal his distaste for the administration's stance on climate change and other environmental policies. 'We think there is not great leadership from the federal government when it comes to the environment,' the governor said in a news conference with a BP oil tanker in the background." Blair "declined to criticize President Bush, with whom he is generally allied on foreign-policy issues."

In a brief story, the New York Times/AP (8/1) also noted the agreement.

More Commentary. The New York Times (8/1, 1.21M) editorializes, "Virtually all climate experts agree that it is impossible to attribute any single weather event -- a heat wave, drought or hurricane -- to global warming given the myriad factors that influence weather. The most one can say is that, in a gradually warming world, heat waves are likely to become more intense, frequent and longer lasting." The Times adds, "Experts disagree on whether we have entered that realm already. The only certainty is that this hot spell will remind a lot of people that global warming is something to avoid."

Bird Flu Pandemic May Be Less Likely Than Feared. The Wall Street Journal (8/1, A2, McKay, 2.03M) reports a new study from the Centers for Disease Control and Prevention suggests that it "might be more difficult for the deadly avian-flu virus to spark a pandemic than originally feared." Conducted in a high-security laboratory at the CDC's Atlanta headquarters, experiments combining bird flu with a common human strain "didn't create a lethal superbug that could jump from one human to another," but researchers "cautioned that the avian flu virus could still evolve into a pandemic bug in other ways."

USA Today (8/1, D6, Manning, 2.27M) notes CDC director Julie Gerberding warned other gene combinations or mutations could turn H5N1 into a pandemic strain. "We are far from out of the woods in H5N1 on a global scale," Gerberding said in a briefing on the study. The Los Angeles Times (8/1, Chong, 918K) notes CDC officials said they were planning to do more work with different versions of the avian and human influenza viruses. The New York Times (8/1, Grady, 1.21M) also reports on the study.

Indians Protest Biker Rally Near Sacred Site. USA Today (8/1, Whitney) reports, "Once a year, amid the hammering August heat, this Black Hills hamlet becomes a bikers' paradise by hosting the Sturgis Motorcycle Rally — a weeklong celebration of leather, bikes and beer that draws as many as 500,000 riders. That's in a town of 6,400 in a state of only 776,000 people. … It's also a tradition for local critics to decry the increasing size and commercialism of the 66-year-old event, which once again will congest highways and hotels (and jails) when rally week starts Monday." USA continues, "This summer's clamor is louder and more emotional, however, mainly because of a clash that pits Native American heritage against chrome-and-steel capitalism. … The battle is being waged over Bear Butte, a mountain 6 miles outside Sturgis that the Plains Indians have long considered sacred. Indians from across the USA are gathering today for a four-

DOJ_NMG_0044189

day summit, and protests — including efforts to deflect biker traffic from the site — are planned." USA adds, "With a trend toward open-air biker bars and concert venues, the rally has crept closer to the butte. This summer, construction began about 2 miles north of the mountain on a 600-acre campground billed as the 'world's biggest biker bar.' The camp is within sight of where Native Americans gather to fast and pray. … Tempers flared last August, when Arizona entrepreneur Jay Allen announced plans to build the giant biker bar and entertainment complex on state Highway 79." Native Americans "have gathered on tribal land north of the butte to protest the granting of beer and liquor licenses to Allen and other property owners. They claim that rally-related noise disturbs the sanctity of a spiritual place whose past visitors included Red Cloud, Crazy Horse and Sitting Bull."

FBI/DEA/ATF/USMS:

National Guard Troops Help Seize Drugs In Border States. The AP (8/1) reports more than 6,000 National Guard troops "have been assigned to southwestern border states by the government's Aug. 1 deadline -- though only about half of them are on duty along the border, the Guard said Monday. … The Border Patrol credits the Guard with helping arrest 2,296 illegal immigrants, and seizing 14,496 pounds of marijuana and 200 pounds of cocaine, said patrol spokesman Mario Martinez. Last week, Border Patrol Chief David Aguilar said that in the 69 days after Bush's announcement the agency registered a 45 percent drop in arrests along the U.S.-Mexican border, compared with the 69 days before."

Intersecting Highways Make Kansas Major Drug Trafficking Center. The AP (8/1) reports on the rising drug traffic through Kansas, given that the state "sits at the intersection of Interstates 70 and 135 -- known by law enforcement as two of the nation's busiest drug corridors." The AP notes, "An extensive network in southeast Kansas recently was broken up, and several people arrested as part of a crack cocaine ring in Parsons, Emporia and Coffeyville, said Rich Nitsch, special agent in the FBI's Field Intelligence Group based in Kansas City, Mo. … 'It's a significant pull on local resources,' Nitsch said. 'There's a lot of manpower put forth on those kinds of cases that really could be used elsewhere.' But Nitsch said it is still important to stem the tide of drugs entering the country through rural areas," and "to combat the escalating cost of waging the drug war in Kansas, the I-135/I-70 Drug Task Force was formed."

Philadelphia Police, FBI Bust Drug Traffickers In Ongoing Investigation. The Philadelphia Daily News (8/1, Weichselbaum, 109K) reports, "Two men steered a rental truck along Girard Avenue Friday, unaware that cops were watching their every movement. Police said the pair were transporting 10 54-pound bundles of marijuana, worth $2.4 million," which "they had picked up…under the watchful eyes of a task force of city cops and FBI agents who had been investigating the ring for months. At about noon, the officers swarmed on the truck at Frankford Avenue and arrested the two men." Philadelphia Police Narcotics Capt. Chris Werner "credited Officer Betsy McCreey, Lt. Bob Muldoon along with FBI agents John Cataldi and Jamie Millican for the multi- million dollar bust," and "he said coordinated investigations into the bi-coastal drug cartel are continuing."

Coach Could Be Suspended If Olympic Sprinter Is Found Guilty Of Doping. The AP (8/1) reports, "With Justin Gatlin preparing to defend himself on doping violations, the spotlight turned squarely on Trevor Graham, the track coach associated with at least a half-dozen athletes who have received drug suspensions. The sport's international governing body said Monday that Graham could face a two-year ban if Gatlin, the Olympic and world champion sprinter, is found guilty of a second doping infraction. … The IAAF said it gave little credence to Graham's claim that Gatlin was the victim of a massage therapist who rubbed testosterone cream on his legs without his knowledge."

The New York Times (8/1, Zinser) reports some in track and field "have begun to call for sanctions against athletes' coaches or agents, and many are wondering why such penalties were not meted out after the Bay Area Laboratory Co-Operative scandal cast suspicion on several coaches in 2004."

Advanced Analysis Used To Test Gatlin Sample. The McClatchy Newspapers (7/31, Hersh) reports the urine sample analysis that "found reigning Olympic 100-meter champion Justin Gatlin positive for the steroid testosterone did not follow the traditional path but went directly to the more sophisticated method of testing used in such cases. That procedure is becoming more common, even though the more advanced analysis costs up to $500 per test and is much more labor-intensive. … In Gatlin's case, the lab testing the urine sample taken from him April 22 at the Kansas Relays was asked to go immediately to CIR analysis. The lab was unaware of whose urine it was analyzing, and samples taken from other athletes at the Kansas Relays likely were treated the same way."

Sports Columnist Says Doping Scandals May Be Widespread. For the AP (8/1), sports columnist Jim Litke writes, "The head of the international cycling federation acknowledged Sunday that he was considering calling in real cops to help police the doping in his sport. … The head of

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the U.S. Olympic Committee wondered aloud whether the army would be manpower enough. … If those gloomy assessments reflect the current state of doping in cycling and track and field, just imagine what's going on in the games that pay top dollar."

Guns, Ammunition Seized In Illinois, Kentucky Raids. The AP (8/1) reports, "A weekend raid of a home in southern Illinois uncovered a high-powered rifle, more than 45,000 rounds of ammunition and maps and photographs relating to 'vital structures,' authorities said Monday." The AP continues, "Police (in Brookport, IL) declined to identify the 'structures,' saying only that federal agencies including the Department of Homeland Security, the Bureau of Alcohol, Tobacco, Firearms and Explosives and the Coast Guard were notified after the Friday night raid. … Investigators said they also confiscated materials used to make pipe bombs, gunpowder, communications equipment, underwater equipment, several rifle scopes, auto and video information on Communism, and a Tennessee law enforcement badge." The AP adds, "Across the Ohio River in neighboring Kentucky's Crittenden County in a related search Saturday, law enforcers found an additional 37 weapons, including several assault and sniper rifles, in a barn near Marion, police said. … A police statement offered details about items confiscated in the raids but did not specify whether any charges or arrests resulted from them."

ATF Revokes Pennsylvania Gun Dealer's License. The AP (8/1, Walters) reports, "The federal government on Monday revoked the license of a (Pennsylvania) gun shop that has been accused of making illegal gun sales and having its guns end up in the hands of criminals, including a person involved in the 1993 World Trade Center bombing." The AP continues, "The Bureau of Alcohol, Tobacco, Firearms and Explosives revoked the license of Lou's Loans of Upper Darby (PA), which means it can no longer sell guns, ATF spokesman John Hageman said. … The agency declined to cite specific reasons for the action." The AP adds, "Last year, the family of a 14-year-old boy who was fatally shot with a handgun sued Lou's Loans, alleging that the dealer sold the .25-caliber gun to a 'straw buyer,' a person buying a weapon for someone else who is not allowed to have one. … The lawsuit, which is pending, was initiated by the Washington-based Brady Center to Prevent Gun Violence on behalf of the family. It alleges that Lou's Loans was linked to at least 441 guns used in crimes between 1996 and 2000, and 178 guns linked to crime in 2003. The suit also alleges that Lou's Loans sold a gun supplied to a co-conspirator of the World Trade Center bombing."

IMMIGRATION:

DOJ To Hire More Immigration Prosecutors For Border Areas. The San Diego Union-Tribune/AP (8/1, Korte) reports, "Attorney General Alberto Gonzales outlined plans Monday to add 20 new federal prosecutors to handle immigration related offenses and five others who will target drug trafficking in states along the border with Mexico. … 'We've heard the cries of our U.S. attorneys, who tell us they need additional resources,' Gonzales said during a news conference at the U.S. attorney's office in Albuquerque." The AP continues, "Gonzales also challenged Congress to keep the money coming, saying comprehensive immigration reform will require more judges, marshals and bed space to fully secure the border. … 'We need to ensure that as we increase our efforts on the front end of the process that we also have the ability at the back end to prosecute these folks,' he said." The AP adds, "The $2 million supplemental funding will help federal authorities assign prosecutors for border areas of California, Arizona, New Mexico and Texas to address human smuggling, illegal entry into the United States and document fraud. They also will target employers who hire undocumented immigrants. … Five additional prosecutors – one in each of the five federal law enforcement districts along the border – will be assigned under the Justice Department's Organized Crime Drug Enforcement Task Force. They will target drug trafficking organizations. … 'There is some correlation,' Gonzales said. 'Obviously, smuggling occurs in connection with illegal immigration. Also, there is a serious drug trafficking problem on our southern border.' … Additionally, the Department of Homeland Security will identify lawyers who will be designated as special assistant U.S. attorneys, responsible for prosecuting immigration offenses."

CNN's Lou Dobbs Tonight (7/31, Dobbs) reports, "The Justice Department and the Department of Homeland Security announced that they're sending 25 additional federal prosecutors to US-Mexican border. They will deal exclusively with illegal immigration cases as our nation's border security crisis intensifies. Just one catch in today's announcement, you knew there would be a catch, didn't you? These federal prosecutors have not yet been hired. The Homeland Security Department promised that this hiring process will begin immediately."

Bush Renews Call For Comprehensive Immigration Reform. The Miami Herald (8/1, 310K) reports President Bush, "speaking this morning at the U.S. Coast Guard Integrated Support Command in Miami Beach, renewed his push for comprehensive immigration reform, saying 'Miami understands the importance of the contribution

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that the newly arrived can make to a society.'" But Bush "also stressed the need for border enforcement," saying, "The Coast Guard works hard to enforce our borders. We got hardworking people on the Mexican border working hard to enforce our borders. And we'll provide more Border Patrol agents. And we'll provide new technologies to help those working hard." Bush also "said neither amnesty nor mass deportation for 10 million or 11 million illegal immigrants will work."

Bush said on Fox News' Your World with Neil Cavuto (7/31) that the illegal immigration problem "screams for a comprehensive plan, which is, enforce the border -- which we're spending a lot of money on. And, you know, we're increasing Border Patrol, and we have got the Guard down there to help, until the Border Patrol comes online, new technologies on the border to -- and along the ports -- to help prevent people from sneaking in here. But you can't have a border security program without recognizing that people are coming here to do jobs Americans aren't doing. And there ought to be a way for them to come temporarily on a legal basis. That way, they don't have to sneak in." Asked about some lawmakers' concerns that the "path to citizenship is akin to amnesty," Bush said, "This is a lot of, you know, just screaming over words. Amnesty, to me, means that, you have been here illegally, you're an automatic citizen. And I'm against that. I think that would be -- send the wrong signal. On the other hand, I don't believe it's feasible to kick people out who have been here. And, so, my -- my position is, is that, if you have been here, and you pay a penalty for being here illegally, which is a fine, and you have learned English, and you have been a good citizen, that you ought to be able to apply for citizenship, and get at the back of the line, not the front of the line."

Tierney Said There Is "A Deal To Be Made" On Immigration. John Tierney writes in the New York Times (8/1, 1.21M), "The good news for immigration reform is that both liberal Democrats and conservative Republicans are denouncing a plan put forward last week" by Rep. Mike Pence. Pence "figures that of the more than 110 members in the caucus, a third are dead set against his proposal. But he estimates that a third are undecided, and a third are leaning in favor. Getting them and the rest of Congress to pass this proposal in time for the election won't be easy — certainly not as simple as railing at illegal immigrants, as Republicans have been doing in their interminable hearings around the country. But if they want to show voters they can do something besides complain, there's a deal to be made."

SENTRI Program Arriving At Busy US-Mexico Bridge Crossings. The Washington Post (8/1, A15, Moreno, 748K) reports low-risk commuter lanes "for vetted travelers and their specially inspected vehicles: are coming this summer to "the three busiest bridge crossings on the southernmost end of the 2,000-mile US-Mexico border." The Secure Electronic Network for Travelers Rapid Inspection program, or SENTRI, which allows participants to use the lanes, is intended "to give frequent travelers -- the thousands who live in the United States and work in Mexico, or who live in Mexico and drive their children to US schools, or who visit family on either side of the border -- an easier commute. At the same time, Customs and Border Protection agents get detailed information on who is entering the country before they drive across the border."

Study Finds Asylum Denial Rates Vary By Judge. The Washington Post/AP (8/1, A15) carries a widely distributed AP report that immigration judges denial rates range "from 10 percent to more than 98 percent, according to a review of federal figures." The study, based on data from the Justice Department's Executive Office for Immigration Review, said the data "document that this problem has existed for at least a decade and that it persists even when the applicants being compared appear to be quite similar."

Colorado Governor Signs Tough Immigration Laws. Colorado Gov. Bill Owens signed a package of immigration laws Monday that could force 1 million people receiving benefits from the state and federal government to prove they are legal US residents. The New York Times/AP (8/1) reports, "The law requires government agencies to verify that adults older than 18 are entitled to the benefits. Other bills included measures passed during a special session this month requiring employers to verify that they do not employ illegal immigrants before they can receive grants from the state Economic Development Commission."

TAX:

Senate To Examine Use Of Offshore Accounts To Avoid Taxes. The Wall Street Journal (8/1, Matthews, 2.03M) reports, "After a yearlong investigation into abusive tax shelters, a Senate panel will examine several schemes that lawmakers say used offshore accounts to let wealthy individuals avoid paying taxes." In documents released before today's hearing, "the Senate Permanent Subcommittee on Investigations detailed how lawyers, accountants, bankers and trust administrators worked together to hide shelters from tax officials and profit from them. Among those scheduled to testify are Haim Saban, a media magnate and founder of the Fox Family network, and Robert Wood Johnson IV, a philanthropist and heir to the Johnson & Johnson pharmaceuticals fortune." The panel's

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investigation "found that Messrs. Saban, Johnson and three other individuals participated in an offshore plan called Point, for Personally Optimized Investment Transaction. The arrangement generated billions of dollars of transactions involving fake securities that in turn were used to generate billions of dollars of fake capital losses to offset real taxable gains in order to avoid paying taxes."

USA Today (8/1, Smith, 2.27M) reports "wealthy Americans avoid paying $40 billion a year in U.S. taxes through illegal offshore havens that could be tamed with mandatory financial reporting and stronger penalties, according to a Senate investigative report to be issued today." The report "proposes to change US law to presume that offshore trusts and shell corporations employed by Americans are under the individuals' control, and subject to US taxation, rather than make the IRS prove the link."

The Washington Post (8/1, A4, Birnbaum, 748K) reports, "The panel is scheduled to release a 370-page report, which it provided to The Washington Post, that details how these wealthy, politically connected people ducked hundreds of millions of dollars in tax payments by using secretive corporations and trusts on the Isle of Man. The billionaires who took advantage of this tax haven included Robert Wood Johnson IV, owner of the New York Jets football team; Sam Wyly and Charles J. Wyly Jr., longtime Republican donors and backers of President Bush; and Haim Saban, a Democratic Party fundraiser who made his first fortune promoting Mighty Morphin Power Rangers." The New York Times (8/1, Johnston, 1.21M) also reports the story under the headline "Tax Cheats Called Out Of Control."

Senate Report Cites Bank Of America Ties To Offshore Tax Havens. The Charlotte Observer (8/1, Rothacker, Funk) reports, "Bank of America Corp. and two other banks allowed offshore trusts designed to shield taxes to open accounts without providing information required by anti-money laundering laws, a U.S. Senate investigation has found." The Observer continues, "The Permanent Subcommittee on Investigations released a 401-page report Monday detailing how attorneys, accountants, bankers and others promote offshore jurisdictions as a way to evade U.S. taxes. Americans have more than $1 trillion in assets offshore, helping them avoid as much as $70 billion in taxes, the subcommittee said. … The panel will hold a hearing today on its findings. Among the 14 witnesses will be a Bank of America private banking executive and a former broker who worked with a Texas family tied to the trusts." The Observer adds, "The report and today's hearing 'will blow the lid off schemes that use sham trusts and shell corporations and fake transactions to avoid paying taxes that are owed Uncle Sam,' Sen. Carl Levin, D-Mich., the ranking minority member on the subcommittee, told reporters at a Monday briefing. … The biggest dodges, Levin said, involved taxes owed on capital gains and the exercising of stock options. The report calls for the tightening of laws and regulations related to offshore trusts. … In the report, the subcommittee looks at six case studies of U.S. citizens it says used offshore entities to hide assets or income from the U.S. government."

Phone-Tax Refunds Difficult For Firms To Claim. The Wall Street Journal (8/1, Matthews) reports, "First, the good news: The Internal Revenue Service plans to refund $13 billion in phone taxes to businesses and consumers following court rulings that the taxes were illegal. The bad news: Getting more than a nominal refund could cost a bundle." The Journal continues, "Lee Mayer, managing partner of Quality Staffing LLC, a Belmont, Calif., agency that provides drivers to businesses, figures the IRS owes his company $25,000 in refunds for taxes levied on long-distance calls over the past three years. But to prove that to the IRS, he says, he'll have to spend a couple of thousand dollars to buy the old monthly bills from his wireless carrier, Sprint Nextel Corp., and have an outside firm sift through the mountain of data to calculate the refund." The Journal adds, "Mr. Mayer says he is annoyed to have to furnish such detailed proof, considering that the courts have ruled the IRS shouldn't have imposed the tax in the first place. 'What can you say?' he says. 'You are dealing with a government entity.' … Sean Kevelighan, spokesman for economic and tax policy for the Treasury Department, says the government recognizes that recovering old bills is a tedious process but that it is necessary to prevent fraud."

CONGRESS-ADMINISTRATION:

Democrats Stall Keisler's Nomination To DC Circuit. The Legal Times (7/31, McLure) reports, "Republican efforts to fast-track Peter Keisler's nomination to the U.S. Court of Appeals for the D.C. Circuit are generating election-season squabbling in the Senate." The Times continues, "Last week all eight Democrats on the Senate Judiciary Committee wrote to Chairman Arlen Specter (R-Pa.) asking to postpone a proposed hearing, slated for this week, on Keisler's nomination. … Sen. Jon Kyl (R-Ariz.), speaking on conservative talk radio on July 27, promised Keisler a hearing before the August recess, with the goal of winning confirmation from the full Senate during its four-week session in September. Keisler, currently assistant attorney general of the Justice Department's Civil Division, was nominated June 29. … But Democrats say the nomination is moving too fast for a post on the country's second-highest court, citing the fact that the American Bar Association has yet to complete its review of Keisler. Additionally, they say, more time is needed to pick through files of Keisler's from his time in the Reagan White House. Those files are stored at the Ronald Reagan Presidential Library in California." The Times adds, "Keisler

DOJ_NMG_0044193

reportedly turned down the opportunity to succeed Robert McCallum as associate attorney general to seek an appellate post. And unless his old Reagan-era files turn up some surprises, the former Sidley Austin partner looks to be a difficult target for Democrats. … As a co-founder of the Federalist Society and a former clerk to Judge Robert Bork and Justice Anthony Kennedy, Keisler has impeccable conservative credentials. But at the Civil Division, he seems to have stayed far enough away from the administration's most controversial terror policies to avoid widespread opposition. … Rather than attacking Keisler head-on, Democrats are arguing for holding a separate hearing on the question of whether an 11th judge on the D.C. Circuit is even needed."

Bush Touts Importance Of Trade In Visit To Miami Port. The AP (8/1, Sainz) reports President Bush's "visit to the Port of Miami on Monday highlighted its importance in the arena of international trade and drew criticism from Democrats who claim Republicans have not done enough to strengthen port security." Bush, who "toured the port's cargo operations on a U.S. Coast Guard cutter used for migrant interdiction and drug enforcement, touted the facility's status as a key cog in trade with Latin America while also calling it the world's largest cruise port." Bush said, "The port is known as `The Gateway of the Americas' for a reason, because international trade is one of the key reasons why Miami prospers. I don't know if the folks realize that because of trade - in other words, the ability to move products overseas - 120,000 jobs here in this part of the world are supported by trade." With "his brother, Florida Gov. Jeb Bush, sitting nearby, the president noted that Florida' imports to Mexico have increased dramatically since NAFTA was passed, and the state's trade with Chile was up since trade agreements was signed with the South American nation."

The Los Angeles Times (8/1, Levey, 918K) reports even as he "continued to grapple with ongoing Middle East violence, President Bush on Monday used a visit to South Florida to focus attention on his domestic agenda, touting free trade, low taxes and his vision for new immigration laws as cornerstones of a strong economy." Bush "did not mention the elections — but as he spoke in front of a mammoth cargo ship about free trade creating jobs, he sounded every bit the political campaigner."

The Wall Street Journal (8/1, Pulizzi, 2.03M) reports on its Web site Bush said Monday the US will "do everything we can" to revive global trade talks, calling the World Trade Organization's dormant Doha Round a "once-in-a-lifetime" chance to boost world trade. There are "important negotiations taking place, and our government is strongly committed to a successful outcome of the Doha Round. The problem is that some others aren't committed," Bush said in a speech in Miami.

Dolphins Coach Snubbed White House Offer Of Dinner With Bush. The Houston Chronicle/AP (8/1, Wine) reports when the White House "extended an invitation to dine with President Bush, Dan Marino accepted, but Miami Dolphins coach Nick Saban said no." Saban said "his obligations at training camp took priority over the chance to spend an evening with the president. Politics weren't a factor, he said." Saban said, "It was really a tough decision. I feel like my first responsibility is our team. That in no way disrespects the importance of the opportunity I would have loved to have had to spend dinner with the president." The Chronicle adds the dinner "took place at Joe's Stone Crabs, a landmark Miami Beach restaurant. Among those joining President Bush were Marino, a former Dolphins quarterback and an NFL Hall of Famer, and Nick Buoniconti, Jim Mandich and Jim Kiick, members of the 1972 Dolphins team that achieved the only perfect season in league history."

The Bradenton Herald (8/1, Salguero, 52K) reports Saban "doesn't consider himself an aficionado of politics, but he understands that when the president asks you over for dinner, you oblige. Unless of course if that request comes during training camp. That's the reason Saban had to politely decline an invitation to dine with President George Bush Sunday evening while the President was in South Florida."

White House Taps Dudley For OMB Regulatory Review Post. The Wall Street Journal (8/1, Davis, 2.03M) reports the White House "named Susan Dudley, a conservative regulatory scholar, to oversee regulatory review, a little known but powerful post at the Office of Management and Budget." Dudley has "headed regulatory studies at the Mercatus Institute, a regulatory think tank that is part of George Mason University and has been funded by officials at Koch Industries Inc., Wichita, Kan., which contributes to Republican causes and candidates."

Carmona Stepping Down As Surgeon General. The Washington Post (8/1, A6, 748K) reports US Surgeon General Richard H. Carmona "let it be known yesterday that he is stepping down, saying in a letter that he would judge himself successful if he had persuaded one student to make good health choices or one mother to stop smoking." Carmona's "departure comes little more than a month after Carmona issued a report highlighting the health dangers of secondhand smoke, a hallmark of his tenure as the nation's 17th surgeon general."

Senate Hopes To Speed Through Pending Legislation This Week. The AP (8/1, Kellman) reports the Senate is "hoping to rush out bills this week bolstering pensions, raising the minimum wage and cutting taxes before

DOJ_NMG_0044194

departing the Capitol and shifting their re-election campaigns into high gear." Which of those measures "advance this week will determine how much Republicans can boast about as they seek re-election, and to what degree Democrats can portray them as a do-nothing Congress undeserving of continued control." The House "adjourned in the wee hours of Saturday morning for a five-week vacation, passing pension reform and a bill combining a $2.10 hourly raise in the minimum wage over two years with a large cut in inheritance taxes next decade for multimillionaire families."

Roll Call (8/1, Stanton) reports despite a "near-unanimous desire to join their House counterparts on the barbecue and state-fair circuit as soon as possible, Senators likely will find themselves in Washington, D.C., through Friday, as Majority Leader Bill Frist (R-Tenn.) has planned a series of high-profile votes that will run through the week's end, starting with the expected passage of off-shore drilling legislation as early as today, Senate aides said." The House's passage Friday "of long-stalled pension legislation and a bill that packages a partial estate tax repeal, a group of tax-break extensions and a minimum-wage increase means that the chamber will now be grappling with a crammed floor schedule this week. The revamped schedule also means the Defense appropriations package will be punted until September." A GOP leadership aide "said the exact timing for the floor was still being worked out at press time, but that Frist is committed to holding votes on the pension bill and the 'trifecta' tax-and-minimum-wage package by Friday. A second aide also said the votes are expected for Friday — a rarity in the Senate."

CQ (7/31, Van Dongen) reports Senate Majority Leader Bill Frist "outlined his plan Monday for clearing two major bills this week — even though he has yet to secure the votes of several members of his party." After "a GOP conference meeting Monday evening, Frist, R-Tenn., sounded confident he would have the 60 votes necessary to clear a bill (HR 5970) combining a permanent estate tax cut and an increase in the minimum wage, along with numerous other provisions." The Republican plan "calls for clearing that bill first before moving on to the pension bill. But Senate Minority Leader Harry Reid, D-Nev., will use every weapon in his arsenal to prevent the estate tax bill from being called up on the floor for debate."

The Washington Post (8/1, A15, Babington, 748K) reports leaders "in both parties were busily taking temperatures and counting votes yesterday, saying the outcome is too close to call" on the estate tax-minimum wage bill. The "wage-tax showdown, likely to occur Friday, will boil down to this: Do enough Democrats sufficiently detest the estate tax cut -- which would benefit the wealthiest Americans -- to reject a chance to increase the federal minimum wage, which would benefit the working poor?" Majority Leader Bill Frist (R-Tenn.) "is gambling that the answer is no, and his reputation as a legislative strategist is partly on the line." Minority Leader Harry M. Reid "virulently opposes the coupling of the minimum-wage hike and the estate tax cut, which he called 'a cynical, cheap political trick' in a speech yesterday."

Bush Calls For Elimination Of Estate Tax. President George W. Bush said on Fox News' Your World with Neil Cavuto (7/31), "I strongly believe we need to get rid of the death tax. And the reason why is because it's unfair to tax somebody's assets twice."

Minimum Wage, Estate Tax Fights Could Disrupt Other GOP Agenda Items. In its "Washington Wire" column on its web site, the Wall Street Journal (7/31, 2.03M) reported, "Congress is poised to adopt landmark pension legislation but faces a partisan fight over federal estate taxes and the minimum wage that threatens to delay Senate passage and disrupt other parts of the Republican agenda. The tax-and-wage struggle is expected to dominate this last week before the August recess and already threatens hopes of finishing Senate debate on a wartime Pentagon budget."

Reid Says Linking Estate Tax, Minimum Wage Is "Political Blackmail." The Washington Times (8/1, Hurt, Bellantoni, 88K) reports congressional Democrats "say Republicans have 'hijacked' one of their signature issues in an effort to ram through a repeal of the estate tax this week." Regarding the House deal "that links passage of the 'death tax' with a minimum-wage increase," Senate Minority Leader Harry Reid said, "It's political blackmail, and it reeks of desperation. Republicans can't pass a partial repeal of the estate tax on its own merits so they're holding the minimum wage hostage to do it." The Times adds Republicans "say it's all in the spirit of political compromise."

Lobbyists Quick To Court Senators On "Trifecta" Tax Cut Bill. Roll Call (8/1, Ackley) reports business lobbyists "who spent the past week hustling to save a much-cherished package of tax credits saw last week end on something of a high note when the House passed their measure. This week, they've turned their forces on the Senate." But "will support from companies of all sizes and sectors be enough to move the popular measure by the Senate's August recess, even though it's now been roped into a bill that also includes more controversial cuts on estate taxes and a boost to the federal minimum wage?" Lobbyists and Senate leaders "alike are working from a similar list of targeted Members, including such Democratic Sens. as Mary Landrieu (La.), Mark Pryor (Ark.), Maria Cantwell (Wash.) and Tim Johnson (S.D.) and Republican Sens. Olympia Snowe (Maine) and Lincoln Chafee (R.I.). But one lobbyist said the coordination between K Street and the Senate leadership is nowhere as sophisticated an operation as it is on the House side, where lobbyists routinely have been included in key strategy meetings."

DOJ_NMG_0044195

Thomas Broke Down Before Addressing GOP Conference Friday. Roll Call (8/1, Akers) reports in its "Heard on the Hill" column that House Ways and Means Committee Chairman Bill Thomas broke down in tears as he began to address the GOP Conference following Friday's final House votes until September. According to Roll Call, "When Thomas got up to the microphone to speak to his GOP colleagues…he started crying. One Republican source in the room said he 'nearly wept. ... It was more than just choking back tears.'"

Increase In Minimum Wage Seen As Likely To Eliminate Jobs. In a Wall Street Journal op-ed (8/1), David Henderson of the Hoover Institution says, "Most people see the issue as a no-brainer. Wouldn't it be nice to raise the wages of the lowest-earning people? Even if they understand that this will cause them to pay higher prices on goods and services, they see that as a worthwhile price to pay. But economists of various political stripes tend to oppose the minimum wage. We understand that it will help only a subset of the people it is thought to help, and will help them only a little -- while hurting some of them a lot." In "raising the minimum wage, the government doesn't guarantee jobs. It guarantees only that those who get jobs will be paid at least that minimum. But precisely by requiring this, the government destroys jobs. Someone to whom an employer was willing to pay only the current minimum wage of $5.15 might not produce enough to be worth paying, say, $7.25."

WPost Says Senate Should Not Approve "Trifecta Bill." The Washington Post (8/1, A16, 748K) says in an editorial, "The House GOP win-win political calculation here is obvious: Marrying a tax break for the rich with a wage hike for the poor dares senators in an election year to cast a vote against increasing the minimum wage. That, combined with some extra goodies, might be enough to get the estate tax cut over the 60-vote Senate hurdle that has so far, fortunately, blocked congressional action. If not, Republican leaders wager, they've at least given nervous House members cover to assert (however insincerely) that they backed a minimum wage increase, only to be stymied by Democrats. But this is a bad bargain -- unaffordable, unnecessary and, as usual, dishonestly presented. Senators shouldn't be snookered, or intimidated, into going along with it."

NYTimes Says "Trifecta," Pension Overhaul Bills Are Bad Legislation. The New York Times (8/1, 1.21M) editorializes that the "idea of tying modest wage increases for the lowest-paid workers to an enormous reduction on taxes that fall on the nation's richest heirs is, of course, obscene. Beyond that, Mr. Frist is said to be toying with the idea of blocking any attempts by fellow senators to amend the pension bill, in that way playing the enabler in the House's plan to force its unilateral version of the pension bill on the Senate. The end result is a two-for-one bad deal for America: poor policy poorly produced and the legislative process undermined."

Burns Blocks Civilian Pentagon Nominations Until Overseas Military Voting Simplified. The AP (7/31, Jalonick) reports that "Sen. Conrad Burns, R-Mont., is blocking all civilian Pentagon nominations until the Defense Department makes it easier for members of the military serving overseas to vote." Burns is running for reelection. "Several" lawmakers have stated that "the overseas voting process for troops is so complex and time consuming their ballots will arrive too late. Seventeen senators -- 11 Republicans and six Democrats -- wrote Defense Secretary Donald H. Rumsfeld earlier this year asking him to ease voting for the military." The proposed system would allow military absentees to "download and print the ballots and return them by mail." Civilians whose nominations are affected "include Anita Blair, to be assistant secretary of the Air Force for manpower and reserve affairs; Benedict S. Cohen, to be general counsel of the Department of the Army; Frank R. Jimenez, to be general counsel of the Department of the Navy; David H. Laufman, to be Inspector General for the Department of Defense and Robert L. Wilkie, to be assistant secretary of defense for legislative affairs." About 40 sites carried the story.

Insiders Say Bartlett, Snow Are Working Well Together. The White House Bulletin/US News (7/31) reports, "As advertised, new White House Spokesman Tony Snow is moving to rebuild the Bush press and communications operation without threatening the turf of Dan Bartlett, the President's policy and communications advisor. Despite some earlier concerns that the two might fight over their territory, insiders say that the transition has been extremely smooth with both sides working together to beef up the press and media affairs operation." A GOP communications official said, "Dan and Tony have a somewhat symbiotic relationship, rather than a competitive one. Dan's stature as the President's closest adviser will never be challenged, and Tony's portfolio has also grown because he recognizes that dynamic and likes and respects Dan." The Bulletin adds that on the "heels of Bartlett hiring new communications director Kevin Sullivan, insiders say that Snow is on the verge of revamping his press shop, with plans to hire possibly two new deputies. Officials initially said that he planned to hire one, to replace Ken Lisaius, whose last day is today. But others say that Snow wants to staff up his operation and will hire a third deputy to work with Dana Perino and whoever replaces Lisaius. An administration official said that Snow has decided who will replace Lisaius

DOJ_NMG_0044196

as his chief deputy, but that Snow hasn't let on whom he picked yet."

White House Briefing Room Renovations To Include Video Wall. The Wall Street Journal (8/1, McKinnon, 2.03M) reports the White House plans "a renovation of the briefing room, likely with a video wall that could display everything from 'flags waving in the breeze [to] detailed charts and graphs,' according to a senior White House official working on the project. For TV viewers, the video feed could be the sole on-screen image, or could share the space with the speaker." White House officials "say they are weighing how -- and how often -- to use the video capability. But the new technology could help transform White House briefings -- midday exchanges with reporters in a utilitarian setting -- into more interesting viewing." Both the "planned video capabilities and" White House press secretary Tony Snow's "hiring appear to be part of a subtle but sweeping effort by administration officials to deliver their message directly to the public, particularly through video." Snow said, "It's simply a necessary response to a news environment where you have players in all quarters 24 hours a day. If you're in government ... your key challenge [is] to make sure you get your message out." The Journal adds that even "before the technical upgrade, the weekday White House briefing has gotten livelier and drawn more attention with Mr. Snow."

Polls Find Most Seniors Happy With Medicare Drug Plans. The Washington Post (8/1, A5, Lee, 748K) reports, "Most senior citizens who signed up for Medicare's new prescription drug coverage say they are happy with their plans, but some report that they are not saving money and many say the overall program could be better designed, two new independent studies show." The surveys – "one published today on the Web site of the journal Health Affairs, the other released last week by the Kaiser Family Foundation -- are the latest attempts to gauge the progress of the biggest expansion of Medicare since the creation of the federal health program for the elderly and disabled in 1965." The Kaiser survey "found that more than 80 percent of people in Medicare drug plans were satisfied with their particular plan. McFadden's survey found that 58 percent of respondents thought the new coverage was a 'major benefit.'" But the Kaiser survey "found that nearly two in 10 enrollees had encountered a major problem in using the benefit, including having to pay unexpected costs and leaving the pharmacy without being able to fill a prescription."

FDA To Allow Morning-After Pill To Be Sold Over-The-Counter. The Los Angeles Times (8/1, Alonso-Zaldivar, 918K) reports, "The Food and Drug Administration, in a surprise move that could anger religious conservatives, offered today to allow the 'morning after' birth control pill to be sold without a prescription to women 18 and older." The proposal "by acting FDA commissioner Andrew von Eschenbach followed a long stalemate that had led many in the medical community to criticize the administration for ignoring scientific evidence that the drug is safe." But "it was not immediately clear whether regulators would ultimately approve broader access to Plan B, as the drug is known. The FDA said it wanted to decide in a matter of weeks." Conservatives "continue to oppose over-the-counter sales, warning that easy access would encourage promiscuity."

USA Today (8/1, Rubin, 2.27M) says "the FDA's announcement came just a day before a Senate confirmation hearing on the nomination of acting FDA commissioner Andrew von Eschenbach, who had been silent on the subject since taking the FDA's helm in September." He "told Barr Pharmaceuticals, Plan B's maker, that the FDA wants to meet with company officials within a week to work out a plan to sell the pills over-the-counter to women 18 and older. 'The agency is fully committed to devoting the necessary resources to resolving these final issues with the sponsor'" FDA spokeswoman Susan Bro said. 'We believe this can be done, potentially, in a matter of weeks, not months.'" The New York Times (8/1, Saul, 1.21M) reports Bro also said "the move was intended 'to bring this particular issue to a conclusion,' and a federal health official said the agency was committed to making the drug available over the counter."

The Baltimore Sun (8/1, Rockoff, 262K) notes Barr "first asked the FDA for permission to sell the drug over the counter in 2003. Two years later, Democratic Sens. Patty Murray of Washington and Hillary Rodham Clinton of New York held up the confirmation of Lester M. Crawford as FDA commissioner until receiving a promise that the agency would take action." After his confirmation, Crawford "announced the agency needed more time to study. Then he left the FDA and was replaced by von Eschenbach, whom Bush formally nominated in March."

The story was reported by all three network newscasts. ABC World News Tonight (7/31, story 6, 2:10, Stark, 8.78M) reported, "Supporters of the morning-after pill point out the FDA's own scientist determined it is safe. They accused the agency of putting politics over science. Now, the FDA insists it is finally ready to make a final decision on Plan B. If they do approve over-the-counter sales, the Plan-B will still technically be behind the pharmacy counter. Women will still have to ask for it. And of course those under 18 will still need a prescription to buy the drug." The CBS Evening News (7/31, story 6, 0:30, Schieffer, 7.66M) called the story "a surprise move," while NBC Nightly News (7/31, story 8, 2:20, Williams, 9.87M) reported on the "clash of science, medicine and politics." NBC (Costello) added, "With the FDA's own scientists recommending approval, Senators Clinton and

DOJ_NMG_0044197

Murray vow to continue blocking the nomination of Von Eschenbach until the FDA acts."

The Wall Street Journal (8/1, Mathews, 2.03M), Washington Times/AP (8/1) and Washington Post (8/1, A3, Weiss, 748K) run similar reports.

More Commentary. The Los Angeles Times (8/1, 918K) editorializes that the FDA announcement "was awfully convenient. The agency expressed newfound interest in meeting with the maker of the morning-after contraceptive drug, known as Plan B, just one day before Senate confirmation hearings are set to begin for the Bush administration's nominee to be FDA commissioner. … If the FDA is truly ready to give Plan B its approval, then Von Eschenbach surely will not mind a short delay in his confirmation while the agency and the drug maker work out the details. And maybe Monday's announcement is a sign that the FDA is less interested in acting as the judge of women's morals than as the protector of their health."

GOP Moderates Seen As Gaining Influence In House. House Republican moderates have been gaining in influence in recent months, seeing several of their key proposals. Roll Call (8/1, Yachnin) reports, "While moderate Republicans said it is difficult to determine what measure should top the list of accomplishments in this election year…many cited the passage of legislation to expand embryonic stem-cell research, as well as concessions from leadership on the fiscal 2007 budget blueprint. In addition, House lawmakers approved measures late last week to increase the minimum-wage rate and to reduce the estate tax, as well as a measure to promote the use of information technology in health care, such as the creation of standards for medical data storage."

GOP Leaders Will Try To Save Lobbying Reform. Over the August recess, House and Senate GOP leaders will try to save an agreement on overhauling lobbying and ethics rules. Roll Call (8/1, Newmyer) reports, "The collapse of their once-touted overhaul package has been widely derided by critics, and, as recently as last week, Republicans in both chambers were signaling that they would go their own way, scaling back the already bare-bones packages and adopting instead a handful of reforms as rules changes. … But this week, Republican leadership aides said negotiators would press ahead with the so-far fruitless talks to resolve the impasse that's holding up the broader package."

Pentagon Won't Renew Contract With Company Involved In Cunningham Scandal. The Pentagon will not renew a contract with a company caught up in the scandal surrounding former Rep. Duke Cunningham. The Washington Post (8/1, A4, Pincus, 748K) reports that the decision not to renew the contract will force "the closure of an intelligence center in Virginia that grew out of a 2003 'earmark' in legislation by Rep. Virgil H. Goode Jr. (R-Va.). The Defense Department decided in early June to terminate the Foreign Supplier Assessment Center (FSAC) in Martinsville, Va., according to a statement from the Pentagon yesterday."

Bush Presents Award To Miami Volunteer. The Miami Herald (7/30, McGrory, 310K) reported that President Bush was scheduled to present a presidential service award to Dorcas Piegari, who "coordinates two projects for underprivileged children through Hands On Miami and volunteers as a child advocate through the state's guardian ad litem program. She typically devotes six to eight hours of her week to community service, she said."

Survey Finds Navy Civilians Give Supervisors High Marks. The Washington Post (8/1, D4, Barr, 748K) reports in its "Federal Diary" column that in a recent survey of Navy civilian employees, "Navy civilians gave their supervisors good marks in areas that are crucial to establishing the new National Security Personnel System, a program to change how Defense Department civil service employees are paid, promoted and disciplined. In the survey, Navy civilians said their supervisors provided fair and accurate feedback on an informal basis, reflecting a good grasp of their work and job performance, and said their supervisors emphasized the job strengths of employees during formal evaluations. The employees also said the Navy provided them with significant responsibilities, was open to new ideas and supported risk-taking to obtain high returns."

Nicholson Touts VA's Prescription Accuracy. Veterans Affairs Secretary James Nicholson writes in USA Today (8/1, 2.27M), "The Department of Veterans Affairs remains a world leader in patient safety and the use of technology in preventing errors associated with prescription drugs. … VA prescribes medication to patients with an accuracy rate of 99.993%, a standard that simply does not exist anywhere else in American health care. And we maintained this standard of excellence while filling 231 million prescriptions in 2005." Nicholson adds, "VA is bringing 21st century medicine to America's veterans, and I look forward to the day when all health care can offer the same measure of safety and efficiency."

Author Says Veto Won't Impede Progress Of Stem Cell Research. Author Deborah Blum writes in the New York Times (8/1, 1.21M) that President Bush's veto of a measure that would have supported research using embryonic stem cells "appears to create an intractable problem for stem cell researchers and their advocates." Blum

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notes that while proponents of stem cell research argue that the veto "has the potential to keep American science locked in the past," history "seems to encourage a more optimistic outlook. Medical progress has stirred religious and moral objections throughout history." Blum adds, "The fact is that stem cells -- especially the amazingly versatile cells evident in early human development -- have the potential to hold off our own ministers of death. And history suggests that's a proposition too powerful to remain shackled by the moral strictures of the moment."

OTHER NEWS:

Bush Expresses Confidence In Bernanke. President George W. Bush was asked on Fox News' Your World with Neil Cavuto (7/31) if he is worried that the Fed risks killing the housing market if it continues to raise interest rates. Bush said, "What I'm worried about is talking about the Fed. What you're trying to do is to get me to violate a principle of the presidency, which is to, you know, encroach upon the independence of the Fed." Bush added, "I have got confidence in Ben Bernanke and his team, to be able to balance inflation with growth."

Bush Attributes Economy's Strength To US' Entrepreneurial Spirit. Bush was asked on Fox News' Your World with Neil Cavuto (7/31) if he is surprised that the economy is doing well given "the turbulence in the Middle East, the ongoing Iraq war, threats from Iran, threats from Syria, threats from Hugo Chavez." Bush said, "Yes," adding, "I think the entrepreneurial spirit is strong. I mean, America is a land of entrepreneurs and small businesses. And people have responded. Particularly, they have been encouraged by tax cuts. If you take money out of the pockets of the entrepreneurs and small businesses, there's less money to invest in jobs and new products and new ideas. And these -- these tax cuts are working. But the main reason we're doing well is because of -- the spirit of America is strong. People want to take risk. And people feel like they will be rewarded for their risk."

Fed's Next Move Said To Be Difficult To Predict. USA Today (8/1, Kessler, Hagenbaugh, 2.27M) reports, "The outcome of the Aug. 8 Fed meeting has become the most complicated to predict in years." This is "an especially hazy time for those trying to predict the Fed's next actions. … The Fed has raised interest rates 17 times since June 2004 in a bid to remove stimulus put in place when the economy slowed earlier this decade and to stem a recent increase in inflation. While in the past few years it has generally been clear to Fed observers that US central bankers were poised to raise rates gradually at every meeting, the economy 'appears to be in a period of transition,' as Chairman Ben Bernanke said last month."

Stocks Declined Monday. Stocks ended August with a decline yesterday. The Wall Street Journal (8/1, Browning, 2.03M) reports that the Dow Jones Industrial Average fell 34.02 points to 11185.68. The Nasdaq Composite Index declined 2.67 points to 2091.47. The Standard & Poor's 500-stock index fell 1.89 points, to 1276.66.

US Savings Rate Has Been In Negative Numbers Since June. The CBS Evening News (7/31, story 5, 2:25, Schieffer, 7.66M) reported, "In a CBS News/'New York Times' poll out tonight, more than half who were questioned say they make just enough to meet expenses -- 12% say their bills are greater than their income. So is it any wonder that at a time when saving for retirement is more critical than ever, we are saving less than at almost any time in our history?" CBS (Regan) added, "Our personal savings rate has been steadily falling from almost 10% in the 1970s down to about 5% in the '90s. Since June of last year, our savings rate has been in the negative numbers, meaning simply that month after month we keep spending more money than we take in."

WSJournal Says Economy's "Animal Spirits Aren't Dead Yet." The Wall Street Journal (8/1, 2.03M) editorializes, "The imminent death of the current economic expansion has been predicted with regularity, most recently after Friday's news that second-quarter growth slipped to an annual rate of 2.5% from 5.6% in the first. But then yesterday, like a rebuttal, came the Chicago purchasing managers' index for July showing robust growth in Midwest manufacturing. Will the real economy please stand up?" The Journal adds, "Looking ahead, the biggest question continues to be how well the economy can withstand the Federal Reserve's necessary effort to break inflation expectations after its easy-money mistakes of 2004 and 2005. But the good news is that the economy's animal spirits aren't dead yet."

ABA To Consider Tort Reform Plan. The National Law Journal (8/1, Jones) reports, "The American Bar Association House of Delegates is expected to take up some contentious issues at the ABA's annual meeting held this year in Honolulu. But before anyone will have set foot in the sand, some behind-the-scenes controversy has served as a prelude to the events that begin this week." The Journal continues, "Infighting among the 36,000-member Tort Trial and Insurance Practice Section of the ABA, commonly referred to as TIPS, resulted in the group last week pulling a proposal that was slated for a vote by the House of Delegates, which will hold sessions on Aug. 7 and 8 at the ABA meeting." The Journal adds, "Proposition 103, a tort-reform measure, created a sharp divide among group members and, at least in one case, between a huge corporate client and its outside law firms. … But plenty remains for the House of Delegates to consider during the two-day session, which is just one component of the ABA's 129th annual meeting. With an expected 8,000 lawyers,

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judges and legal scholars staying in 18 hotels across the Waikiki area, the five-day event will include 53 vendors, dozens of educational programs and presentations by some top legal minds. … Each year, the House of Delegates considers measures that deal with the ABA's governing rules in addition to more politically charged matters. This year, for instance, it will consider measures to increase law school diversity, appeals of courts-martial and disclosure of law firm pro bono work, among others. The resolutions, representing the official voice of the 400,000-member organization, carry no formal legal weight but can influence the decision-making processes of lawmakers and the judiciary."

DSCC Reserves $18 Million In TV Ad Time In Ohio, Missouri And Pennsylvania. The AP (8/1, Espo) reports the Democratic Senatorial Campaign Committee "has reserved more than $25 million worth of television advertising time for the fall, the bulk of it aimed at toppling Republican incumbents in Ohio, Missouri and Pennsylvania. Additional Democratic targets also include" Montana and Tennessee. The DSCC "has reserved time for advertising in New Jersey and Washington, states that Republicans hope to add to their column to offset any losses elsewhere." The DSCC "plans call for spending $7 million on advertising from mid-August through Election Day in Ohio, where GOP Sen. Mike DeWine faces a tough challenge from Rep. Sherrod Brown; and $6 million from late August through Nov. 7 in Missouri, where Republican Sen. Jim Talent is in a close contest with State Auditor Claire McCaskill. Democrats have reserved more than $5 million for advertising over the campaign's final four weeks in Pennsylvania, where Republican Sen. Rick Santorum has consistently trailed his Democratic challenger, state Treasurer Bob Casey, by double-digit margins."

Frist Has Failed To Disclose His Role As Foundation Trustee. The AP (8/1, Zuckerbrod) reports Majority Leader Bill Frist "hasn't been following all the Senate's rules when it comes to disclosing details about his finances. Frist and his wife are the sole trustees in charge of a family foundation bearing the senator's name, according to Internal Revenue Service forms. However, he has not been listing that position on his Senate disclosure forms, which are made public every year. … When asked about the discrepancy by The Associated Press, Frist spokesman Bob Stevenson said the senator's office was unaware of the omission. 'It was recently discovered that Senator Frist's Senate financial disclosure forms may contain some inadvertent errors which are under review and will be promptly corrected by amending his financial disclosure,' Stevenson said.

Iraq War Continues To Be The Focus Of Lieberman-Lamont Primary. The CBS Evening News (7/31, story 7, 2:35, Borger, 7.66M) reported Sen. Joe Lieberman is "in real danger of losing a Democratic primary to a political unknown. There's really only one reason -- he supports the war in Iraq. … Despite the fact that Lieberman has voted with the party 90% of the time. But this Senate race is about much more than political history, it's about a simple question: What do the Democrats stand for? Enter Ned Lamont -- a rebel, Connecticut-style. He may be a wealthy businessman in a blue button-down shirt, but make no mistake -- Lamont is tapping into those mad as hell, anti-war Democrats who've had enough of Lieberman."

Unaffiliated Voters Switching To Democratic Party Ahead Of Senate Primary. The New York Times (8/1, Medina, Confessore, 1.21M) reports, "In the last three months, 6,715 voters have changed their registration from unaffiliated to Democrat, the secretary of state said on Monday, noting that the number was unusually large. Nearly 5,000 voters changed affiliation in July alone, nearly 10 times the number in May. Unaffiliated voters can continue changing their registration until noon on the day before the primary. Unaffiliated voters are nearly 45 percent of the electorate, making them a larger group than either the Democrats or Republicans, according to the secretary of the state, Susan Bysiewicz." The Times notes, "both campaigns say they believe the newly registered Democrats are a good sign for them."

Lieberman's Perceived Lack Of Partisanship Undermines His Democratic Support. The Los Angeles Times (8/1, Brownstein, 918K) reports, "Overwhelming discontent in the state about the Iraq war created the opening for" Lamont, but Lieberman "is also being battered by a widespread belief among critics that his long-standing commitment to working with Republicans has become counterproductive at a time when President Bush and the GOP congressional majority pursue an aggressive conservative agenda."

Primary Tests MoveOn's Influence Over Democratic Party. The Wall Street Journal (8/1, A1, Cummings, 2.03M) reports, "The clash in Connecticut is the most visible battle yet between the Democratic establishment and the increasingly aggressive and influential online group's political arm, MoveOn Political Action. … With a $25 million budget and 3.2 million members -- a six-fold increase from five years ago -- the group could make a big difference in close contests around the country." The Journal adds, "For all its momentum, MoveOn hasn't scored a major victory, despite its rapid mobilization of people and money around the world. … A Lamont loss would take the edge off threats by MoveOn and online activists to punish candidates who defy the party's so-called 'netroots.' But a successful challenge to Mr.

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Lieberman could embolden an energetic and left-leaning wing of the Democratic party, which for the first time this year is weighing into congressional primary races."

Top Florida GOP Officials Told Harris They Would Revoke Support For Her. The Washington Post (8/1, A4, Goldfarb, 748K) reports that a May 7 "confidential letter" from Florida GOP chairman Carole Jean Jordan, and national committee members Sharon Day and Paul Senft "told Senate candidate Katherine Harris she wouldn't win the election and the party wouldn't support her." According to the Post, the letter stated: "Katherine, though it causes us much anguish, we have determined that your campaign faces irreparable damage. … We feel that we have no other choice but to revoke our support." The Harris campaign "called the letter 'old news' and said that Jordan had never expressed concerns about her campaign. In her own statement yesterday, Jordan said 'our concerns about the race and the nominee's ability to knock off Bill Nelson still exist.'"

Federal Appeals Court Hears Arguments Over DeLay's Spot On Ballot. The AP (8/1, Shannon) reports Texas Republicans "asked a federal appeals court on Monday to let them replace" former Rep. Tom DeLay "on the November congressional ballot, but Democrats argued that Texas state law requires keeping DeLay as the GOP candidate. … Barring catastrophic illness or other extreme circumstance, there is no legal way to replace Delay, Democratic Party attorney Chadd Dunn told a three-judge panel of the 5th U.S. Circuit Court of Appeals." James Bopp, "arguing for Texas Republican officials, said the party should choose the candidate. 'The Democratic Party does not represent the voters in the Republican primary,' Bopp said." Texas Republican Party chairwoman Tina Benkiser "says she should be permitted to declare DeLay 'ineligible' as a candidate because he moved to Virginia, allowing the party to pick a new candidate."

Clinton Calls For Increased Investment In Rural Communities. The New York Times (8/1, Hernandez, 1.21M) reports Sen. Hillary Clinton, "reaching out to rural voters in New York and elsewhere in the nation…called on Monday for increasing federal support for struggling farm communities to revitalize rural America. In a speech delivered on a 152-year-old family farm, Mrs. Clinton called for major federal investments to expand broadband Internet access in rural communities, promote the development of alternative fuel sources like corn-based ethanol and encourage medical school graduates to practice in agricultural areas." According to the Times, "The speech…underscored efforts the senator has made to address the economic concerns in the traditional Republican strongholds of upstate New York. In the speech, for example, Mrs. Clinton reminded her audience of the work she had done on behalf of the region, including the creation of an advisory panel that has helped her devise agricultural policy."

Romney Apologizes For Using The Term "Tar Baby". The New York Times (8/1, Zezima, 1.21M) reports Gov. Mitt Romney "apologized for calling the Big Dig a 'tar baby' at a Republican fund-raiser in Iowa, saying he did not know that the term could be construed as a racial epithet. Black leaders criticized Mr. Romney, a Republican, for using the remark Saturday in Ames, Iowa, saying it was inappropriate and showed he was disconnected." CNN's The Situation Room (7/31, Blitzer) also noted Romney's apology.

Kansas Board Of Education Primaries Seen As Referendum On Evolution. The Washington Post (8/1, A3, Slevin, 748K) reports, "Evolution's defenders, working to defeat Kansas Board of Education members who oppose modern Darwinian theory, are challenging three incumbent Republican conservatives and the political heir to a fourth in Tuesday's primary. A shift of two seats to moderate Republicans -- or to Democrats -- in November almost certainly would lead to a reversal of state science standards celebrated by many religious conservatives and reviled by the scientific establishment."

The New York Times (8/1, Blumenthal, 1.21M) reports, "The Kansas election is being watched closely by both sides in the national debate over the teaching of evolution. … A defeat for the conservative majority in Kansas on Tuesday could be further evidence of the fading fortunes of the intelligent design movement, while a victory would preserve an important stronghold in Kansas."

Pew Poll Finds Americans' News Preferences Split Along Party, Ideological Lines. A survey of the nation's news preferences found that news audiences are divided by ideology and political party. The Washington Times (8/1, Harper, 88K) reports, "Conservative Republicans are less likely than any other demographic group to favor news from a neutral source, the survey found. Sixty-eight percent of the general public said they preferred news from a source with no particular point of view, compared with 56 percent among conservative Republicans and 71 percent among liberal Democrats." The Times adds, "Seventy-eight percent of conservative respondents regularly listen to radio host Rush Limbaugh; the figure was 3 percent among liberals. Almost two-thirds of conservatives favored Fox News' Bill O'Reilly, compared with 10 percent of liberals. … The poll of 4,705 adults was released yesterday and

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conducted April 27 to May 2 and June 14 to 19. It has a margin of error of three percentage points."

Bush Reiterates Opposition To Immediate Ceasefire In Lebanon. President George W. Bush was interviewed on Fox News' Your World with Neil Cavuto yesterday (7/31). Addressing the Mideast crisis, Bush reiterated his view that an immediate cease fire would be "stopping for the sake of stopping," and would not "address the root cause of the problem. And the root cause of the problem is armed militias firing rockets from a sovereign nation into another sovereign nation. And we want to work with the Lebanese government and other nations around the world to help deal with that issue." He also asserted that Iran sponsors Hezbollah, and "therefore, I wouldn't be surprised if they're very much involved in the activities of Hezbollah." In addition, Bush outlined the diplomatic course he's advocating, speaking of an "opportunity to work with our partners and allies to put a Security Council resolution in place that obviously reduces violence, but also addresses the root causes of the problems, which were, you know, terrorist attacks from Lebanon into Israel. One of the things we have got to work on in order to address the root causes is strengthen the Siniora government. We want that young democracy in Lebanon to succeed. And one way to help it succeed is to help the Lebanese army move to the south, and then, with help from, you know, forces from elsewhere, begin to bring some security to the region, for the sake of the Lebanese people and the Israelis."

The CBS Evening News (7/31, story 3, 2:05, Axelrod, 7.66M), which referred to the President's "unyielding hard line," ran several excerpts of Bush's interview on Fox. The President was shown saying, "Look, it's a terrible situation when innocent people lose their lives and yesterday's situation was awful. I understand that. But it's also awful that a million Israelis are worried about rockets being fired from their neighbor to the north." CBS also showed Bush's comment about "stopping for the sake of stopping," and his call for "a multinational force" that "must be dispatched to Lebanon quickly." USA Today (8/1, Nichols, Stone, 2.27M) notes that in the Fox interview, Bush said that "the United States would 'probably not' be part of any multinational force sent to Lebanon." NBC Nightly News (7/31, story 3, 3:10, Gregory, 9.87M) showed the President saying, "It is important to remember this crisis began with Hezbollah's unprovoked terrorist attacks against Israel. Israel is exercising its right to defend itself."

The AP (8/1, Pickler) sums up Bush's statements yesterday by noting he "made it clear that the U.S. position in firm support of Israel had not changed, despite the strike that heightened criticism from other nations." Speaking to members of the Coast Guard in Florida, Bush "said the world must remember that the Islamic group Hezbollah started the fight and that Israel is exercising its right to defend itself." During his speech "he made no direct reference to the Qana deaths. But he said, 'We mourn the loss of innocent life, both in Lebanon and in Israel.'"

The New York Times (8/1, Broder, 1.21M) notes that in Florida, Bush "used the word 'awful' to describe the lethal Israeli air attack on an apartment building in Qana." But he "described the current Middle East crisis as part of a larger struggle between the forces of freedom and the forces of terror. He said the United States remained steadfast in its support of Israel's right to defend itself against cross-border attacks by Hezbollah militants." The President "sought to broaden the context of the current fighting, saying that Iran and Syria must end their support of terrorism in the Middle East and beyond." The Times also reports Bush "has not spoken directly with Ehud Olmert, the Israeli prime minister, about the Qana bombing and did not plan to do so, a White House spokesman said Monday."

Bush's "Unnuanced" Backing For Israel Criticized. In an analysis piece, the AP (8/1, Raum) reports, "The Bush administration may have badly miscalculated in insisting that any Mideast cease-fire be tied to long-term objectives. As the toll on Lebanese civilians has soared, even moderate Arab governments have turned into US critics, and Hezbollah's support has climbed across the region." Bush's "unnuanced support for Israel -- backed by unusual allies, some congressional Democrats -- is becoming an increasingly tough sell for the United States as it presses for a comprehensive package before the UN Security Council." Meanwhile, "Hezbollah 'is becoming a regional icon,' eclipsing even al-Qaida, suggests Mideast scholar Shibley Telhami, a professor at the University of Maryland."

Americans' Sympathy For Israel Said To Remain Strong. The Washington Times (8/1, Price, 88K) reports, "Spot checks across the country found that sympathy for Israel is still strong" three weeks into the current crisis. Those sentiments "are consistent with the results of a New York Times/CBS News poll released late last week, before the Qana incident, that found that 48 percent of respondents characterized Israel's response as 'about right," while 9 percent felt it had not gone far enough. Twenty-six percent said they think Israel has gone too far."

Hagel Calls For Immediate Ceasefire. CNN's The Situation Room (7/31, Blitzer) reported that Republican Sen. Chuck Hagel "is now urging President Bush to call for an immediate cease-fire in the Middle East." CNN (Bash) noted that Hagel "is the most high profile challenge to date of the president's approach on this Middle East crisis from either party here on the Hill." Hagel "is an influential Republican when it comes to all things foreign policy. And he went to the Senate floor this afternoon and he essentially said that the US should remain a staunch ally of Israel, remain committed

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to defending Israel but he said it should not be at the expense of Arab and Muslim relationships. Therefore he said President Bush should call for an immediate cease-fire."

The CBS Evening News (7/31, story 3, 2:05, Axelrod, 7.66M) showed GOP Sen. Chuck Hagel saying: "President Bush must call for an immediate cease-fire. This madness must stop. The Middle East today is more combustible and complex than it has ever been."

Opinion Pages Call For US To Pressure Israel For Ceasefire. The editorial commentary in the major dailies today ranges from strong support for the Israeli offensive to calls for an immediate ceasefire. Editorial opinion is tending to be weighted towards calling on the US to support, or more strongly advocate, a quick ceasefire. In a Washington Post op-ed (8/1, A17), former President Jimmy Carter says, "A major impediment to progress is Washington's strange policy that dialogue on controversial issues will be extended only as a reward for subservient behavior and will be withheld from those who reject U.S. assertions. Direct engagement with the Palestine Liberation Organization or the Palestinian Authority and the government in Damascus will be necessary if secure negotiated settlements are to be achieved. Failure to address the issues and leaders involved risks the creation of an arc of even greater instability running from Jerusalem through Beirut, Damascus, Baghdad and Tehran."

The Washington Post (8/1, A16, 748K) says in an editorial that despite the "terrible bloodshed in Lebanon and Israel over the weekend, including the tragic death of scores of women and children in the village of Qana, the United States, Israel and the Lebanese government continue to seek the same outcome to the war. That is the removal of Hezbollah's militia from the Lebanese-Israeli border as well as steps toward its disarmament; the deployment of the Lebanese army in the south; and the extension of the Lebanese government's sovereignty to all of the country's territory. Despite all the rhetoric about an immediate cease-fire and the predictable focus by media outlets around the world on Israel's mistakes and excesses, every party in the Middle East other than Hezbollah and its Syrian and Iranian sponsors believes that a resolution to the crisis that fails to achieve those conditions would be a catastrophe."

The New York Times (8/1, 1.21M) says in an editorial, "With the two-day bombing pause set to expire early Wednesday, Israel is already rolling out plans for an expanded ground offensive, which Washington has done nothing to discourage. Before that happens, the temporary lull in Israeli attacks needs to be broadened into a full cease-fire and extended indefinitely while the United Nations Security Council works to create an international armed force to secure Lebanon's border."

The Los Angeles Times (8/1, 918K) says in an editorial, "The horrific Israeli airstrike that killed nearly 60 civilians in the town of Qana on Sunday ratcheted up the outrage over the scale of the Israelis' 3-week-old retaliatory attack on Hezbollah, the Lebanese Islamist terrorist group." The "challenge for Rice and the U.N. Security Council is to craft a cease-fire and mobilize a multinational force in a manner that does not constitute a victory for Hezbollah."

In a Wall Street Journal column (8/1), Bret Stephens says, "Israel is losing this war. This is not to say that it will lose the war, or that the war was unwinnable to start with. But if it keeps going as it is, Israel is headed for the greatest military humiliation in its history." The "conflict with Hezbollah -- a 15,000-man militia chiefly armed with World War II-era Katyusha rockets -- is now in its 21st day. So far, Israel has nothing to show for its efforts: no enemy territory gained, no enemy leaders killed, no abatement in the missile barrage that has sent a million Israelis from their homes and workplaces."

In a Los Angeles Times op-ed (8/1), Adam Schatz, literary editor of the Nation, says, "History repeated itself Sunday with grisly precision when Israel, in the midst of another war with Hezbollah, bombed a residential apartment building in Qana, killing as many as 56 civilians, 37 of them children. Once again, Israel insisted that it had made a 'mistake' for which Hezbollah was ultimately responsible because it was launching rockets toward Israel from the village of Qana." When Israel "targets densely populated areas in hopes of killing one or a handful of militants, knowing that it may end up killing dozens of civilians, it can hardly claim to be showing concern for humanitarian law or civilian life. And by asking that we judge it by its professed intentions, rather than by its actions, Israel is asking too much of us and far too little of itself."

Meanwhile, the Wall Street Journal (8/1, 2.03M) urges Israel to stay the course. In an editorial, the Journal says, "We hope that, while Ms. Rice pursues diplomatic options, privately Mr. Bush is telling Mr. Olmert that Israel must finish the job he started against Hezbollah -- including a ground invasion of southern Lebanon if that's what it takes. American support for Israel's strategy is far from cost-free for Mr. Bush, and Mr. Olmert has to understand that it won't continue if he lacks the will to prevail as rapidly as militarily possible. There are certainly risks to this strategy, in the loss of more Israeli and Lebanese lives and further global criticism of both the Jewish state and the U.S. But now that the war has been joined, and Israel has pledged not to stop without disarming Hezbollah, a defeat for Israel will mean more danger and far more casualties down the road."

And in a Washington Times op-ed (8/1), Maj. Gen. Robert H. Scales, ret., a former commander of the Army War College, says, "Terrorist groups understand that Western technology can be defeated with creativity and determination. The perception of success against the Israeli military will have a lasting effect on the ability of the United States to fight the long war against terrorism using our high tech military. The

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battle for control of southern Lebanon has become the key laboratory for radical Islamic groups to sample and apply elsewhere... like Iraq."

"Legendary Foreign-Policy Minds" Weigh In On Mideast Crisis. The Wall Street Journal (8/1, Kempe, 2.03M) interviews "two legendary foreign-policy minds: Zbigniew Brzezinski and Henry Kissinger," about the crisis in the Mideast. Brzezinski, who was national-security adviser under former President Jimmy Carter, "bristles at a US policy that has accepted mounting Lebanese civilian casualties…while the fighting breeds 'an even more radical, extreme and hostile Middle East.' Dr. Brzezinski considers the notion that Israel, even with the U.S.'s blessing or assistance, can make the region safer through 'pulverizing' Hezbollah to be 'illusory.'" Kissinger, who served Presidents Richard Nixon and Gerald Ford, "advises patience and strategic vision. He worries the administration will 'cave' and accept 'an essentially unconditional cease-fire' that will only further encourage the region's extremists."

Rice Returns To White House "Scrambling" To Find Lebanon Peace Plan. The CBS Evening News (7/31, story 3, 2:05, Axelrod, 7.66M) reported, "Qana has changed everything. Secretary Rice is now here at the White House and she came directly from her plane to brief the President with new urgency about crafting a cease-fire proposal." ABC World News Tonight (7/31, story 4, 1:05, Raddatz, 8.78M) said, "You'll see a public face of calm by the President and diplomats. But they are scrambling to come up with a solution here because the United States and Israel are getting further and further isolated from the rest of the world."

USA Today (8/1, Nichols, Stone, 2.27M) reports that following the Bush-Rice meeting, White House spokesman Peter Watkins said, "The next step is to pursue a United Nations Security Council resolution that will establish a sustainable cease-fire on an urgent basis."

The Washington Times (8/1, Curl, 88K) reports Rice said before leaving Israel, "As I head back to Washington, I take with me an emerging consensus on what is necessary for both an urgent cease-fire and a lasting settlement. … I am convinced we can achieve both this week."

But some media reports on Rice's performance in the Mideast crisis are rather negative. For example, the Los Angeles Times (8/1, Marshall, 918K) reports, "Reeling from a week of diplomatic setbacks in the Middle East…Rice limped home Monday insisting that the United States would back a cease-fire agreement to end the war in Lebanon only if it contained the seeds of a long-term settlement to the crisis." The Times adds that "fallout from the [Qana] bombing seemed to leave US diplomacy in worse shape than when Rice left Washington a week ago, with little visible progress toward a cease-fire, a weakened democratic government in Lebanon, a diminished number of allies in America's corner and its leverage to shape events shrinking." However, CNN's The Situation Room (7/31, King) reported Rice "says she kept focus on what she was doing not what people were saying about her and that she heads home optimistic."

Another negative piece on Rice, on McClatchy Newspapers (8/1, Strobel), says Rice "has won largely good reviews as President Bush's second-term secretary of state," but "whether her reputation will continue intact is likely to depend on how she handles the Lebanon crisis, which, more than any other challenge she has faced over the last year and a half, has her name on it." The "chaos in Lebanon challenges the core of Rice and Bush's second-term foreign policy - spreading democracy across the Muslim world." McClatchy adds that "by last week, as she jetted from the Middle East to Asia and back, Rice seemed knocked off her game, reacting to events rather than shaping them."

White House Denies Rift Between Bush, Rice. ABC World News Tonight (7/31, story 4, 1:05, Gibson, 8.78M) reported, "The Secretary of State comes home. She has dinner with the President tonight. She goes to the UN on Wednesday. How does this play out?" Raddatz: "Well, the White House is downplaying this dinner with Secretary Rice. There were rumors earlier this week that there was a rift between President Bush and Secretary Rice. The White House says that is absolutely not true. They are on the same page here. But they have to come up with a plan. Nobody planned on Qana yesterday. And this has really thrown a wrench into the diplomatic process. She'll go to the UN, she'll try to seek support. But most people there are calling for an immediate cease-fire."

US, Israeli Positions Seen As "Diverging." A number of reports this morning suggest the US position on the Lebanon conflict may be starting to deviate from Israel's. The Wall Street Journal (8/1, Dreazen, Champion, 2.03M) devotes an entire piece to that possibility. The Journal, under the headline "US, Israel Start To Diverge As Casualties Mount," reports, "Tensions are emerging between the U.S. and Israel over the fighting in Lebanon as the Bush administration begins to pressure Israel to wind down its campaign amid surging civilian casualties and military setbacks. After presenting a united front against international calls for an immediate cease-fire in the three weeks since fighting began," the US and Israel are "diverging some on how much longer Israel should continue its offensive against Hezbollah. While Israel continues to say its campaign will take weeks, the US is shifting its diplomatic focus from trying to buy Israel more time for its campaign against Hezbollah to pushing for a cease-fire package that would end the bloodshed." The Journal adds, "Speaking to reporters on a Mideast swing clouded by the deaths of dozens of Lebanese civilians in an Israeli strike Sunday on the city of Qana, Secretary of State Condoleezza Rice said she hoped a

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United Nations Security Council resolution that included a cease-fire agreement could be in place this week." But Israeli Vice Premier Shimon Peres "said Israel's effort had several more weeks to run, and predicted mounting pressure from the US to pull back. 'The pressure is growing, and it will continue to grow,' Mr. Peres said in an interview in New York. 'But you cannot have a unilateral cease-fire.'"

The CBS Evening News (7/31, lead story, 3:25, Alfonsi, 7.66M) reported that "despite American pleas and outrage from the international community after the Qana attack, Israel is not changing its course. If anyone needed any more proof of that today, Israeli Prime Minister Ehud Olmert delivered it, saying today there would be no cease-fire."

The Financial Times (8/1, Morris) says Israeli officials "acknowledged that the" Qana killings "had increased the level of European pressure on the US to secure a United Nations resolution to halt the conflict," while the New York Times (8/1, Smith, Erlanger, 1.21M), under the headline "Israel Pushes On Despite Agreeing To Airstrike Lull," says Israel "promised Secretary of State Condoleezza Rice on Sunday that it would halt air operations for two days, except to respond to 'imminent threats,' like rocket-launching teams, and to support ground forces." Rice "said she had accepted Israel's explanation for resuming airstrikes barely 12 hours after the suspension was announced."

UN Meeting On Border Force Cancelled. The AP (8/1, Wadhams) reports the UN "scrapped a meeting of nations that might contribute troops to help stabilize south Lebanon, a decision that reflected the deep divisions among key nations on how to end the" Lebanon conflict. "Diplomats have stepped up efforts to resolve the crisis, but have been unable to resolve differences over the timing of a cease-fire and troop deployment." Washington "was expected to put forward its own proposal in the coming days." While Secretary Rice "said earlier Monday she expected the U.N. resolution within a week," she later "struck a more pessimistic tone." The Washington Post (8/1, A9, Baker, Wright, 748K) adds that, while Rice returned home, "the fissures between the United States and its allies widened at the United Nations, where a meeting to craft plans for the international force was postponed after France declared it pointless without a political settlement between Israel and Lebanon."

Iran, France Said To Fill Diplomatic "Vacuum." The New York Times (8/1, Fattah, Hauser, 1.21M) notes Paris and Tehran "stepped into the diplomatic vacuum in Lebanon on Monday with visits to Beirut by their foreign ministers after" Secretary Rice "canceled her trip there." French Foreign Minister Philippe Douste-Blazy "reiterated his calls for an immediate cease-fire between Israel and Hezbollah," and "said Iran could play an important role in resolving the crisis." Iranian Foreign Minister Manouchehr Mottaki "had been scheduled to arrive in Beirut on Monday afternoon, coinciding with Mr. Douste-Blazy's visit, but officials said the Iranian minister was delayed in Damascus and was expected to arrive after the French minister left." The Times notes, "While Mr. Douste-Blazy denied that he was going to Lebanon because Ms. Rice was not, the French government is worried that Israel's deadly air raid on Qana has so weakened the government of Lebanon that it may not survive."

Outlines Of Possible Deal Noted. The Christian Science Monitor (8/1, LaFranchi, 58K) reports, "Broad outlines began to emerge Monday of an international plan to end hostilities between Israel and Hizbullah by this weekend. … In addition to creation of the international force, a plan beginning to take shape would include: Deployment of the Lebanese Army in areas until now controlled by Hizbullah An international embargo on rearming Hizbullah. Exchange of prisoners and Israel's willingness to discuss the status of disputed lands along the Israeli-Lebanese border - actions predicated on Hizbullah's release of Israeli soldiers being held hostage."

Iranian Democrats Said To Suffer Due To Lebanon Conflict. In an 1,167-word analysis piece, the New York Times (8/1, Slackman, 1.21M) reports, "The Israeli onslaught in Lebanon and Hezbollah's daily victories in the regional public relations war over the conflict threaten to claim a victim in Iran: whatever hope remained of resurrecting the political reform movement." Pro-democracy opposition figures "say they find themselves in the awkward position of opposing Israel and sympathizing with the Lebanese people, yet fear what might happen should Hezbollah prevail." There "is a feeling among some political analysts that the events in Lebanon will, at least for now, strengthen the hand of those who, like Iran's president, have equated democracy with tyranny and international integration with surrender."

Iraqi Leaders Condemn Israeli Attacks On Lebanon. Several prominent Iraqi clerics and officials yesterday condemned Israel for the civilian casualties caused by airstrikes on Lebanon. The New York Times (8/1, Cave, 1.21M) reports, "Vice President Adel Abdul-Mahdi, a Shiite, described the Israeli bombing that killed dozens of civilians in Qana, Lebanon, on Sunday as a massacre. Echoing earlier statements made by Prime Minister Nuri Kamal al-Maliki, he said Iraqis of all sects were united against the carnage and eager for a cease-fire." Others who spoke at a memorial for Ayatollah Muhammad Bakr alHakim "offered similar condemnations of Israel to a crowd of more than 1,000."

The AP (8/1, Abdul-Zahra) reports that the comment "are likely to heighten Iraqi public anger against the United States and create political problems for the Iraqi government, which depends on the Americans for its security and survival."

US Planes Thought To Be Carrying Bombs Diverted From Scotland After Protests. AFP (8/1) reports, "Two US cargo planes believed to be carrying bombs bound for Israel were kept from stopping over in Scotland because of protests

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in the British cabinet, the BBC said. According to the BBC, the Scottish Secretary Douglas Alexander told Foreign Secretary Margaret Beckett in a telephone conversation that he did not want a political fall-out from the cargo planes going through Scotland. At that point, Defence Secretary Des Browne offered a transit point through England, the BBC said." AFP adds, "News of the diversion came as about 150 people demonstrated outside Prestwick on Sunday following news that two previous US cargo flights stopped at the airport carrying bombs to Israel from the United States."

Israeli Cabinet Approves New Ground Offensive. The Chicago Tribune (8/1, Greenberg, Sly, 623K) reports, "After meeting late into the night, the Israel security Cabinet voted to approve further ground incursions into southern Lebanese villages that Israel says have served as bases for Hezbollah, a government official said." The Israeli Defense Forces "already have called up thousands of reserve soldiers for such an operation, and military planners have said they want to establish a 1.2-mile buffer zone north of the border that would be free of Hezbollah fighters."

The Washington Post (8/1, Finer, Wright, Branigin, 748K) notes the Israeli cabinet "rejected any cease-fire until an international force was deployed in southern Lebanon." Prime Minister Ehud Olmert "said restraint would have led to future rocket and missile attacks, resulting in 'irreparable damage,'" and later "reminded Israelis that he had predicted the campaign would not be easy." The Washington Post (8/1, A1, Finer, Cody, 748K) also quotes Olmert saying there "will be no cease-fire in the coming days."

The Mideast crisis was the lead on the networks, which devoted ten segments and approximately 22 minutes to the conflict. ABC World News Tonight (7/31, lead story, 2:50, Gibson, 8.78M) reported, "A day after an Israeli air strike killed nearly 60 Lebanese civilians, most of them children, Israeli prime minister, Ehud Olmert, apologized." But "he was not apologetic about the war itself. Olmert says 'there is no cease-fire and there will not be any cease-fire in the coming days.' The bombing pause now in effect, is designed to open the way for humanitarian aid to come into south Lebanon, or to permit civilians caught in the midst of the fighting to come out." In fact, NBC Nightly News (7/31, lead story, 2:35, Fletcher, 9.87M) reported, "The Israeli security cabinet approved widening the ground operation but Israel is honoring its promise to stop most attacks from the air for the next 48 hours. They've averaged 173 attacks a day. Today just two, both against Hezbollah targets. International pressure is growing on Israel to stop the war, but the prime minister today was defiant."

The CBS Evening News (7/31, lead story, 3:25, Schieffer, 7.66M) reported, "By noon today, all bets were off. Hezbollah guerrillas hit an Israeli tank. Israel struck back by land and air. And if the war had ever stopped, it was on again." CBS (Alfonsi) added, "Israel's cabinet just approved a measure to expand its military operation. They are hoping that by Thursday they have destroyed all the Hezbollah positions in southern Lebanon." The AP (8/1, Nessman, Hendawi) and Los Angeles Times (8/1, King, Tempest, 918K) run similar stories.

Thousands of Lebanese took advantage of a pause in Israeli bombing to flee their homes yesterday. The Washington Times (8/1, Pisik, 88K) reports, "They walked or drove…to escape three weeks of shelling and fierce combat between Israeli troops, who focused their fire on suspected missile sites the Hezbollah terrorists have planted in Lebanese villages."

The New York Times (8/1, Tavernise, 1.21M) reports, "Similar scenes unfolded across southern Lebanon on Monday, as people took advantage of the relative calm to move, seeking safety farther north. They piled onto tractors, packed into cars, crowded children into open trunks, and even walked, lugging belongings on their backs. They traveled despite Israeli shelling along the border that popped and boomed." Another story in the New York Times (8/1, Mouawad, 1.21M) reports on the town of Kafr Kila, which lies a few hundred yards from the Israeli border. The Times notes that Kafr Kila's residents "have fled mostly to neighboring villages in the north, including Merj 'Uyun and Qlaia."

The Washington Post (8/1, A1, Shadid, 748K) reports, "Hours after a promised suspension of Israeli air attacks, the civilian survivors of some of the most intense fighting in the war clambered from the wreckage. … Bint Jbeil once numbered 30,000 people and was known in Lebanon as the 'capital of resistance,' a reputation won for its role in Hezbollah's fight against the Israeli occupation that ended in 2000. Today, after nearly three weeks of bombing and days of combat that pinned down Israeli troops and inflicted their heaviest losses of the war, its center is a forsaken panorama of destruction and devastation, nothing untouched."

Airstrike On Power Plant Dumps 15,000 Tons Of Fuel Oil Into Mediterranean. The Washington Post (8/1, A10, Boustany, 748K) reports, "The fires continued to burn Monday at a seaside power plant, the source of 15,000 tons of heavy fuel oil that spilled into pristine Mediterranean waters after an Israeli attack two weeks ago. The resulting slick has fouled close to 50 miles of beaches and rocky coastline, and threatens aquatic life and the fishing industry. Emergency teams at the Jiyah plant on the southern Lebanon coast are allowing oil to burn, sending up towering plumes of black smoke, in an effort to prevent further spills into the sea. But it is too late for the coastline from Damour in the south to the prime beach district of Amchit and Byblos north of the capital."

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The Washington Post (8/1, A10, Finer, 748K) reports, "Because of Israel's small population and frequent conflicts, war is an experience common to every generation." Thousands of soldiers "have made their way to Israel's front lines in recent days, including young conscripts serving compulsory three-year tours and the more seasoned reservists called up last week for the conflict with the radical Shiite Muslim group Hezbollah."

71% Of Israelis Support Using More Force Against Hezbollah. The Wall Street Journal (8/1, Chazan, 2.03M) reports that "inside Israel, the national mood is increasingly belligerent. Frustration is building at the government's failure to stop Hezbollah's missile barrage against Israeli cities. That has led to calls for a full-scale ground offensive -- even as Israel announced a 48-hour halt of the bombing campaign in the south of Lebanon. A poll in the daily Yediot Aharonot Saturday found 71% of Israelis wanted the army to use more force in Lebanon, while 48% said Hezbollah should be destroyed, not just pushed back from the border."

Israel Concerned Hezbollah Will Use Lull In Fighting To Rearm. CNN's The Situation Room (7/31, Chance) reported that "this lull in fighting as it's being scene, at least from the Israeli side may be used by Hezbollah as an opportunity to rearm, to regroup and to re-gather their forces in preparation for other battles ahead. Certainly from the Israeli side, they believe the time is not now for a cease-fire and they are preparing, they say, for more battles in the day ahead with Hezbollah."

Gillerman Rejects Calls For An Immediate Cease Fire. Israel's Ambassador to the UN, Dan Gillerman said on CNN's The Situation Room (7/31), "An immediate cease-fire will bring us back to square one. It will bring us back to the status quo ante, where the Hezbollah remains with its arms cache, with its huge arsenal of arms which they have amassed over six years, and with the capability to terrorize both Lebanon and Israel. The aim of this operation is to make it impossible for the Hezbollah to ever terrorize Israel again, to ever shell our cities and our homes, and to kill our children and our women. And just having a cease-fire now would be a false pretense. It would be an illusion, and it would be the wrong thing, both for the Lebanese people, who I'm sure yearn to be free of that stranglehold of the Hezbollah, and for the Israeli people, who want to be free."

US Intel Officers Say Hezbollah Remains Intact After Three Weeks Of Israeli Attacks. US intelligence officers say Hezbollah fighters were well prepared for Israeli military actions in southern Lebanon, and are still well-armed after three weeks of Israeli attacks. The Washington Times (8/1, Gertz, 88K) reports that US intelligence agencies "have been closely monitoring Hezbollah, the Iranian-backed Shi'ite organization, to see how it stands up to the conflict that began after the group attacked Israeli soldiers earlier this month. The view is generally that Hezbollah remains intact."

NBC Nightly News (7/31, story 3, 3:10, Gregory, 9.87M) reported, "The death toll of Lebanese civilians' mounts and the outrage of the Arab world and beyond, once muted, grows. Hezbollah was at first condemned by moderate Arab governments, but now it's Israel being cast as the aggressor, not the victim. Did Israel miscalculate? Military experts say the Israeli defense force misjudged the enemy -- thousands of entrenched guerrilla fighters still capable of launching rockets." With "each day of survival, Hezbollah's support grows. Its leader Sheik Hassan Nasrallah now celebrated as the man who stood up to Israel." But its "missteps to date raise a troubling question -- has Israel, the seemingly invincible power of the region, lost its ability to deter its enemies from attacking? Indeed that threat is one of the primary motivators for Israel now as it presses for more time to achieve that still illusive goal of routing Hezbollah."

Former Rival Has Emerged As Hezbollah's Public Face During Conflict. USA Today (8/1, Stinson, 2.27M) reports that since the crisis in the Middle East began, 68-year old Lebanese politician Nabih Berri has taken on a new role, acting as "the public face of Hezbollah." As Israel retaliated for the capture of two of its soldiers, Lebanon's Christian president and Sunni prime minister "signaled that Berri, the top-ranking Shiite in a delicately balanced political system, was their pipeline to Hezbollah." USA notes, "Berri is an odd partner for Hezbollah." As Amal chief during the civil war in 1975-91, "his forces attacked Hezbollah fighters in southern Lebanon and Beirut's suburbs but failed to drive them out. The rival Shiite groups waged a two-year campaign of kidnappings and assassinations."

Lebanese Prime Minister Calls Qana Bombing A Crime Against Humanity. ABC World News Tonight (7/31, story 2, 1:40, Wright, 8.78M) interviewed Lebanese Prime Minister Foaud Siniora. Asked if he accepted "Israel's apology and its explanation," Siniora said, "No. I think this is a crime, a crime against human decency against humanity. What they have done is unacceptable. I want to address all the American people, the American mothers. Whether they would accept such crimes to be committed against small children, what have they done to be killed in such a man center no such an apology?" Asked if he was "satisfied with the diplomatic efforts of the Bush Administration thus far," Siniora said, "I don't think what has been done has been enough yet. Something more has to be done."

The New York Times (8/1, Hoge, 1.21M) reports, "Lebanon asked the Security Council on Monday to press for an immediate cease-fire in the border war with Israel and to order an international inquiry into the Israeli bombing of the southern Lebanese village of Qana on Sunday that killed dozens of civilians, many of them children."

UN Security Council Sets Deadline For Iran To Stop Nuclear Activities. NBC Nightly News (7/31,

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story 5, 0:15, Williams, 9.87M) reported, "The UN Security Council took its first strong action today against Iran's nuclear program. It passed a resolution demanding that Tehran stop its nuclear activities by the end of August or face possible sanctions. The Iranian ambassador called the UN's action illegal.

USA Today/AP (8/1, Wadhams) says the Security Council "passed a weakened resolution" after "Russia and China demanded that the text be watered down from earlier drafts, which would have made the threat of sanctions immediate. The draft now essentially requires the council to hold more discussions before it considers sanctions." The draft "passed by a vote of 14-1. Qatar, which represents Arab states on the council, cast the lone dissenting vote."

The Washington Post (8/1, A11, Lynch, 748K) reports "several US policymakers suggested privately that the main advantage of the resolution at this point was to 'put the focus back on Iran,' as one official said. 'The fighting in Lebanon had taken pressure off Iran's nuclear program, and they were benefiting,' the official said, speaking on the condition of anonymity to discuss private deliberations."

The Financial Times (8/1, Turner) reports John Bolton, US ambassador, "insisted that 'the pursuit of nuclear weapons by Iran constitutes a direct threat to international peace and security', and that the resolution sent "an unequivocal and unambiguous message' that it had to comply."

The New York Times (8/1, Hoge, 1.21M) reports Javad Zarif, the Iranian ambassador, "mocked the ambassadors for not acting forcefully in the current war in Lebanon, saying: 'You be the judge of how much credibility this leaves for the Security Council. Millions of people around the world have already passed their judgment.'" The Los Angeles Times (8/1, Williams, 918K) also reports the story.

More Commentary On Iran. Akbar Ganji, an investigative journalist and author of a forthcoming collection of writings on Iran's democratic movement, writes in the New York Times (8/1, 1.21M), "In February, Secretary of State Condoleezza Rice asked Congress for $75 million to help Iran's democratic opposition. In Iran, her request was widely discussed in the news media and in opposition circles. It became particularly controversial after an article in The New Yorker on March 6 suggested that this money might be used in an attempt to change the regime in Tehran with the help of Iranian democrats, particularly those living abroad. … While the pledge of American money may have added to the regime's anxieties about its future, it has done nothing to help the democratic movement. The battle between freedom and despotism in Iran remains unresolved for deeply internal reasons. It is, I am convinced, a problem with profound historical and cultural roots." He adds, "What we need in our fight for freedom is not foreign aid but conditions that would allow us to focus all of our energies on the domestic struggle and to rest assured that no one is encouraging the regime's oppression. We need to know that no one is providing the regime with new technologies for filtering the Internet, and that no one is making deals with the regime that give it financial support or psychological succor."

Bush Says Chavez Is Not A Military Threat To US. President George W. Bush was asked on Fox News' Your World with Neil Cavuto (7/31) about Venezuelan President Hugo Chavez's meeting with Iranian President Mahmoud Ahmadinejad. Bush said, "What I care about is the Venezuelan people. And you, know, we have good relations with Venezuela for years. And I'm deeply concerned about a government that would undermine the basic fundamentals of democracy." Asked what Chavez is doing with all the weapons he is buying, Bush said, "I have no idea. But, you know, the biggest threat he faces is under -- the biggest face we threat -- the biggest threat we face in the neighborhood is undermining democratic values and institutions. And it's just -- we will continue to speak out on behalf of -- of democracy." Bush was also asked if Chavez is a military threat to the US. Bush said, "No. He's not a military threat. We have got a very strong military. And if we can deal with any threat to the homeland there is, and will, if we have to. But, no, I don't view him as a threat."

Chavez Said To Have Badly Mismanaged Venezuela's State Oil Company. The Wall Street Journal (8/1, A1, Luhnow, Millard, 2.03M) reports that since Chávez came to power he has served as "de facto CEO" of Petroleos de Venezuela SA, the "state-run oil giant." Chávez has been "steering the oil company into political, economic and philanthropic ventures that have distracted it from its core business of finding and producing more oil. The consequences for PDVSA are stark: Output has fallen to an estimated 1.6 million barrels a day from nearly 3 million barrels in 1998. The oil company, the world's third-biggest by most measures, is run along social and political guidelines as much as business tenets. As a result, much of the decision-making involves figuring out new ways to fund Mr. Chávez's pet projects. One of the latest ventures was paying to televise soccer's World Cup for free in Bolivia, a Chávez ally. … This weekend, during a visit to Tehran by Mr. Chávez, Iran pledged to invest $4 billion in two Venezuelan oil fields."

Castro Temporarily Hands Over Power To His Brother. The Wall Street Journal (8/1, De Córdoba, Luhnow, Lyons, 2.03M) reports, "Cuban dictator Fidel Castro temporarily handed over power to his younger brother Raúl yesterday in order to undergo surgery for intestinal bleeding, according to officials in Havana. The aging leader's secretary, Carlos Valenciaga, read a statement from the leader on television that said he was suffering from 'a sharp

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intestinal crisis with sustained bleeding that obligates me to undergo a complicated surgical procedure.'" He added that "he would need 'several weeks' of rest. Mexico's Cuban embassy confirmed the statement." Castro "turns 80 on Aug. 13."

The Washington Times/AP (8/1, Snow) reports White House spokesman Peter Watkins said, "'We are monitoring the situation. We can't speculate on Castro's health, but we continue to work for the day of Cuba's freedom." The State Department "declined to comment." The Los Angeles Times (8/1, Williams, 918K) also reports the story.

Lopez Obrador Supporters Paralyze Mexico City's Financial District. The AP (8/1, Stevenson) reports Andres Manuel Lopez Obrador's supporters "brought rush-hour traffic to a crawl Monday, causing the stock market to drop and forcing office workers dressed in business suits and high heels to hike for miles to work. The sprawling tent cities in the financial heart of the Mexican capital were another sign that…Obrador and his supporters won't accept anything less than victory from the top electoral court. The tribunal is weighing allegations that fraud gave ruling party candidate Felipe Calderon a slight advantage in the July 2 election. It has until Sept. 6 to declare a president-elect or annul the elections. Lopez Obrador is demanding a vote-for-vote recount, and has vowed to block the city center until the Federal Electoral Tribunal rules on his request."

Assassination Sparks Increased Tensions Over South Ossetia. The Christian Science Monitor (8/1, Vaisman, 58K) reports South Ossetia "is caught in a heated tug of war between Georgia and Russia. At issue is South Ossetia's renewed push for autonomy with Russia's help. But Georgians say it amounts to a land grab by Russia as it reasserts its power in the region. The debate over South Ossetia's status has erupted in recent weeks following the first signs of renewed conflict between Georgia and Russia. One high-level Ossetian leader was assassinated and another was targeted in a series of attacks both the Georgians and Russians blamed one another. A day after Georgian State Minister for Conflict Resolution Giorgi Khaindrava - the only member of Georgian leadership whom the Ossetian government says it trusted - was fired, Georgia's parliament issued a resolution calling for the removal of 1,000 Russian peacekeepers in South Ossetia. The move enraged Moscow, which issued a statement calling the resolution 'a provocative step aimed at fomenting tensions.'"

Tsunami Battered Indonesian Province Institutes Sharia Law. The New York Times (8/1, Perlez, 1.21M) reports, "Across [Aceh] this most religious of Indonesia's provinces, brown uniformed policemen in black wagons enforce Shariah, or Islamic law. They haul unmarried couples into precincts and arrest people for drinking or gambling. Increasingly, many of the cases are pushed to the ultimate conclusion, public canings at mosques in front of pumped-up crowds. … Battered by the Asian tsunami 19 months ago, Aceh is undergoing a profound transformation that is likely to have considerable impact on the nature of Islam in Indonesia, the most populous Muslim country. For centuries Indonesia has been known for the open-minded, sometimes freewheeling, interpretation of its dominant religion. That is changing as moderate Muslims find themselves under siege from more orthodox proponents, and as the moderates are hesitant to push back. Aceh, where Islam has always been more rigorously observed, is the first of Indonesia's 33 provinces to put Shariah law onto the books." According to the Times, "Now, some of Indonesia's other provincial governments are looking to Aceh as a model for how they might more formalize Shariah laws already on the books."

Congo Vote Expected To Result In Runoff. The Washington Post (8/1, A14, Timberg, 748K) reports Congolese voters "appeared to be deeply divided in Sunday's historic election, casting ballots along geographic lines and possibly sending the presidential contest into a runoff, according to analysts studying partial returns. Congo's Independent Electoral Commission has declined to release any official results until every ballot is counted across the sprawling, underdeveloped nation." Initial tallies show incumbent President Joseph Kabila "winning in Congo's densely populated east" and Jean-Pierre Bemba, "a former rebel leader and one of four vice presidents, winning in the capital, Kinshasa, and other western areas."

Candidate Boosted By Kabila's Allegations. The Los Angeles Times (8/1, Sanders, 918K) reports, "It's not easy to stand out when you're running against 32 other candidates. But Oscar Kashala, a Massachusetts doctor with dreams of being the Democratic Republic of Congo's next president, got some help from an unlikely source: current President Joseph Kabila. In May, Kabila accused Kashala's private security guards of plotting a coup. But most viewed the allegations as a desperate attack against a challenger who appeared to be gaining in popularity. Rather than tarnish Kashala, it seemed to cement his reputation as an outsider."

Violence In Sri Lanka Now "Close To Open War." The AP (8/1, Mallawarachi) reports, "A roadside bomb exploded near a military truck Monday night in northeastern Sri Lanka, killing 18 soldiers, security officials said as a senior rebel leader declared the country's cease-fire 'null and void.' Tamil Tiger rebels and government soldiers also traded artillery shells and gunfire as the air force struck insurgent positions, killing at least 46 fighters, the army said.

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The clashes in the northeastern district of Trincomalee and Jaffna, a port on Sri Lanka's northern tip, were among the fiercest since a 2002 cease-fire and as close to open war as the two sides have come in months of back-and-forth attacks."

Chinese Government Works To Establish More Credible Stock Markets. The Washington Post (8/1, D1, Goodman, 748K) reports, "China's leaders have long portrayed the two stock markets…as crucial pieces of the nation's economic refashioning. In place of Communist Party functionaries and political calculations, the markets would dispassionately steer capital to the most efficient firms. But until recently, the markets have mostly been symbols of the enduring power of the party and the corrupt ways of China's version of capitalism: The state held roughly two-thirds of all shares, making managers beholden to China's leaders and not to minority shareholders. Only the best-connected firms could get permission to sell shares to the public. … But China's policymakers have in recent years sought to boost the credibility of the markets." The Post adds, "Last year, China's State Council, the equivalent of a cabinet, ordered market regulators to ensure that all bogus loans and improperly transferred assets be returned to listed companies by the end of 2006."

Manufacturing Sector Producing High Quality Auto-Parts. The Wall Street Journal (8/1, Batson, 2.03M) reports, "Raising the bar for competitors around the world, China is shifting its manufacturing resources to increasingly sophisticated goods, as shown by its rapid emergence as a global powerhouse in the auto-parts industry. Just a few years ago, Chinese-made automotive components were plagued by a reputation for poor quality, and often cost more than U.S. or German parts. … Last year, however, China for the first time exported more parts than its fast-growing auto industry purchased from abroad. Quality has improved so much that major Western auto makers like Volkswagen AG and DaimlerChrysler AG say they plan in coming years to buy billions of dollars of Chinese-made components -- such as brakes, fuel pumps, wheels and steering systems. Those gains show how China continues to evolve as a manufacturer, posing new challenges for rivals in the U.S., Europe and Japan."

Chinese Economic Progress Seen As Mainly Limited To Cities. The Washington Post (8/1, A1, Fan, 748K) reports on "the cost of China's blistering economic growth. While cities are booming, drawing migrant workers from the countryside and demonstrably improving life in some rural towns, other communities are shrinking. … Cities hold promise for Chinese today, as home to the new wealth that is far removed from the rural poor. In the last 25 years, China has lifted about 400 million people out of poverty, according to a World Bank report, but efforts to reduce poverty have slowed significantly since the late 1990s and have declined since 2001. Millions of people still eke out a living in conditions that barely support life."

Japan's Carmakers Now Produce More Cars Overseas Than Domestically. The New York Times (8/1, Fackler, 1.21M) reports, "Hitting a milestone, Japanese carmakers produced more vehicles abroad than at home for the first time last fiscal year, an industry group announced Monday. The 12 car and truck makers in Japan, which include Toyota, Honda and Nissan, built 10.93 million vehicles at their overseas factories in the year ended March 31, according to a report by the Japan Automobile Manufacturers Association. That compares with 10.89 million vehicles that they produced in Japan, the group said."

British Court Rules Against Bid To Recognize Gay Marriages. USA Today (8/1, 2.27M) reports, "A London judge ruled Monday that marriage is a union between a man and woman, and that two lesbian professors are not entitled to have their Canadian marriage recognized in Britain. 'The belief that this form of (heterosexual) relationship is the one which best encourages stability in a well-regulated society is not a disreputable or outmoded notion,' said Mark Potter, president of the High Court's Family Division."

Brazilian President Faces Challenge From Senator He Expelled From Party. The Wall Street Journal (8/1, Samor, 2.03M) reports, "In late 2003, Brazilian President Luiz Inácio Lula da Silva's allies kicked Sen. Heloisa Helena out of the ruling Workers Party for being a doctrinaire leftist. Among her sins: she called Mr. da Silva's government 'reactionary' for allegedly cozying up to international investors. … Now, she may get a measure of revenge. Running for president in Brazil's Oct. 1 election as an 'ethical alternative' to Mr. da Silva's scandal-plagued party, Ms. Helena has been garnering enough support that she may deprive Mr. da Silva of the majority he needs to win outright in the first round and avoid a runoff."

US Ambassador To Cambodia Urges Prosecution Of Remaining Khmer Rouge. In an op-ed for the Wall Street Journal (8/1, 2.03M) Joseph A. Mussomeli, US ambassador to Cambodia, writes, "One of the greatest crimes of the 20th century has gone unpunished for 30 years. Between 1975 and 1979, the Khmer Rouge systematically tortured, starved and 'smashed' approximately 2.2 million fellow Cambodians, or between one-fourth and one-third of the entire population. … Some would argue that expending scarce funding for a 30-year-old crime is absurd, when Cambodia suffers from many other, more immediate

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problems." However, Mussomeli argues, "The culture of impunity that we see throughout Cambodia today is rooted in Cambodians' belief that conventional crimes pale beside the crimes of the Khmer Rouge, and that few crimes are so great that they must be punished. After all, the thinking goes, even the Khmer Rouge leaders got off scot-free."

Spain's Approach To Immigration Seen As Model For Europe. In an "Editorial Observer" piece for the New York Times (8/1, 1.21M) Lawrence Downes writes, "In Spain, long a gateway to immigrants from Europe's former colonies, people have grown accustomed to bad news on immigration. More than 11,000 Africans have crossed to the Canary Islands this year, more than double the total for 2005, and hundreds more have died trying. … A succession of amnesties has given hundreds of thousands of immigrants at least a theoretical path to legal status, though with bureaucratic hurdles that leave many unable to escape the status quo." Downes notes, "Spain's strategy — undermining the shadow economy by smoothing legal pathways for migration and work — has pointed a direction for the rest of Europe. But the immigrant tide is swelling."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"After The Lull, Israel Plans To Stay On Attack."
"Sheriff's Office Debated Gibson's Arrest Report."
"Castro Steps Aside -- For Now."
"Israel Warns, Gazans Panic."

USA Today:
"'Morning After' Pill Closer To Wider Sales."
"Immediate Escalation Reportedly In Works."
"Illegal, Violent Teen Fight Clubs Face Police Crackdown."

New York Times:
"Israel Suspending Lebanon Air Raids After Dozens Die."
"From Carnage In Lebanon, A Concession."
"A Night of Death And Terror For Lebanese Villagers."
"U.S. Puts Onus On Employers Of Immigrants."
"A Small Charity Takes The Reins In Fighting A Neglected Disease."
"Men Not Working, And Not Wanting Just Any Job."

Washington Post:
"No Cease-Fire Soon, Israeli Leader Says."
"Paralyzed Roads Envisioned Near Belvoir."
"Hill Democrats Unite To Urge Bush To Begin Iraq Pullout."
"Two Chinese Villages, Two Views Of Rural Poverty."
"Could It Be Any Hotter?"
"Survivors Rise From Rubble Of Battered Lebanese Village."

Washington Times:
"Redskins' Initial Foe Brings The Heat."
"Lebanese Seek Shelter."
"Ailing Castro Gives Up Power.'
"District Suspends EMT Refresher."
"Gitmo Guards Endure Attacks From Inmate."
"Nitrogen A Gas For Better Mileage."

Detroit Free Press:
"NWA Slashes Wages, Benefits"
"Steamer Metro Detroiters Cope In Relentless Heat And Brace For Another Day."
"Suburban Bus Service Rides On Privacy Vote."

Atlanta Journal-Constitution:
"Morning-After Pill Could Land Over-Counter."
"McKinney, Johnson Trade Jobs In Debate."
"Recipe For High Cost Of Gas In Georgia: Blend Taxes, Smog."
"Can You Dig It? 12 Mighty Morticians."

Houston Chronicle:
"Israel Says No To Early Cease-Fire."
"FDA May Relax Access To Morning After Pill."
"A Really Big deal."
"After Rampage, 'You Never Felt The Same'."
"Cycling Official: Landis Had Synthetic Testosterone."

Story Lineup From Last Night's Network News:
ABC: Lebanese Refugees; Qana-Lebanese PM; Qana-Israel; Qana-White House; Iraq Violence; Morning After Pill; Heat Wave; Natural Gas Prices; Gibson-DUI Arrest; Mount St. Helens-Access.
CBS: Israeli Offensive; Qana-Arab Outrage; Bush-Cease-Fire; Heat Wave-Global Warming; US Savings Rate; FDA-Plan B; Lieberman-Primary Race; Virtual Reality.
NBC: Israeli Offensive; Lebanese Refugees; Israel's Hezbollah Strategy; Iraq Violence; UN-Iranian Nukes; NATO-Afghanistan; Heat Wave; FDA-Plan B; New Orleans Shooting; Gibson-DUI Arrest; Stock Markets; Gas Prices.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Cuba-Castro Surgery; Israel-Air Strike Pause; Heat Wave.
CBS: Cuba-Castro Surgery; Israel-Air Strike Pause; Mideast War-Humanitarian Aid Deliveries; Gibson-Drunk Driving Arrest; Heat Wave; Landis-Drug Test.
NPR: Bush-Mideast War; UN Security Council-Iran resolution; Heat Wave; Wall Street; Northwest Airlines-Flight Attendants Refuse Wage Concessions; Fed-Interest Rates.

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WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Gets annual physical, National Naval Medical Center, Bethesda, Md.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Permanent Investigations Subcommittee. Hearing on tax havens and offshore tax abuses. Testimony from: IRS Commissioner Mark Everson; Robert Wood Johnson IV, New York; University of Michigan School of Law; Baker, Donelson, Bearman, Caldwell & Berkowitz, Nashville, Tenn.; Saban Capital Group, Los Angeles; Michael French, former Wyly Trust Protector, Dallas; Bank of America, San Francisco; others. Location: Room 342, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full committee. Confirmation hearing on the pending nomination of John C. Rood to be assistant secretary of state for international security and non-proliferation. Location: Room 419, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full committee. Meets to consider and vote on pending nominations. Andrew von Eschenbach to be commissioner, Food and Drug Administration, Department of Health and Human Services; and Paul DeCamp to be administrator, Wage and Hour Division, Department of Labor. Location: Room 430, Dirksen.

11 a.m. ARMED SERVICES _ Full Committee. News conference may follow today's closed briefing on IEDs from the Joint Improvised Explosive Device Defeat Organization. Location: Room 222, Russell.

2 p.m. JUDICIARY _ Full committee. Hearing on pending judicial nominations: Peter Keisler, U.S. Circuit judge for the District of Columbia Circuit; Valerie Baker, U.S. District judge for the Central District of California; Francisco Augusto Besosa, U.S. District judge for the District of Puerto Rico; Philip Gutierrez, U.S. District judge for the Central District of California. Location: Room 226, Dirksen.

2:15 p.m. FOREIGN RELATIONS _ Full committee. Consideration of pending treaties and vote on pending nominations. Treaty Doc 109-9, Investment Treaty with Uruguay; Treaty Doc 109-6, U.N. Convention Against Corruption; Richard E. Hoagland to be ambassador to the Republic of Armenia; Christina B. Rocca for the rank of ambassador during her tenure of service as U. S. Representative to the Conference on Disarmament; and pending promotions in the Foreign Service. Location: Room S-116, U.S. Capitol.

2:30 p.m. ARMED SERVICES _ Full committee. Hearing on the Boeing company global settlement agreement. With Paul J. McNulty, deputy attorney general, Department of Justice; and W. James NcNerney Jr., chairman, president and CEO, Boeing Co. Location: Room 216, Hart.

2:30 p.m. ENVIRONMENT AND PUBLIC WORKS _ Fisheries, Wildlife and Water Subcommittee. Hearing on recent Supreme Court decisions dealing with the Clean Water Act. Location: Room 406, Dirksen.

2:30 p.m. SELECT INTELLIGENCE COMMITTEE _ Full committee. Business meeting to consider pending intelligence matters. Location: Room 219, Hart. Notes: Closed.

US House: No Scheduled Events.

Other: CONSERVATIVE STUDENTS CONFERENCE _ Young Americas Foundation will host its 28th annual National Conservative Student Conference. More than 400 participants from 39 states and 179 colleges and universities will convene in the nations capital to learn about conservative ideas and how to advance them. Highlights: 2:30 p.m. David Brooks, New York Times. 3:30 p.m. Brent Bozell, President, Media Research Center. 7:30 p.m. Ronald Reagan Banquet featuring Alexander Haig, Secretary of State under Ronald Reagan. Emcee: T. Kenneth Cribb of Intercollegiate Studies Institute. Location: George Washington University, Marvin Center, 800 21st St. NW.

SUPPLY CHAIN SECURITY _ 10 a.m. There will be a news briefing to release a new study by Stanford University that quantifies and confirms for the first time the substantial collateral benefits experienced by 14 major manufacturers and logistics providers that are considered innovators in supply chain security. The study was conducted for The Manufacturing Institute, the research and education arm of the National Association of Manufacturers, for its ``Manufacturing Innovation series of ground-breaking reports. Briefers are: Jerry Jasinowski, president, The Manufacturing Institute; Theo Fletcher, Vice President, Import Compliance and Supply Chain Security,IBM Corporation; Dr. Lesley Sept, Assistant Director, Global Supply Chain Management Forum, Stanford University; and Arnold Allemang, Senior Advisor & Member, Board of Directors, The Dow Chemical Company. Location: NAM Headquarters, Suite 600, 1331 Pennsylvania Ave. NW.

CHAMBER-BUSINESS _ 10:45 a.m. - 11:30 a.m. The US Chamber of Commerce holds a news conference to unveil the ``Vote for Business Bandwagon," a component of its 2006 election outreach efforts. With Chamber vice president Bill Miller. Location: 1615 H St. NW.

FOSTER KIDS-PORTRAITS _ 11 a.m. Housing and Urban Development Secretary Alphonso Jackson speaks at kick-off event for display of professional portraits of 48 foster children in need of adoptive homes. Also attending wll be

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Freddie Mac Senior Vice President Dwight Robinson. Location: HUD auditorium, 451 7th St. SW.

HISPANICS-REPRESENTATION _ 11 a.m. News conference on the NHLA Latino Leadership Report, which concludes that Congress must take action to resolve growing federal Hispanic under representation, and that OPM has failed to achieve measurable progress. Briefers are: Ron Blackburn, Chairman, National Hispanic Leadership Agenda; Manuel Mirabal, President, National Puerto Rican Coalition; Janet Murguia, President and CEO, National Council of La Raza (NCLR); Brent Wilkes, League of United Latin American Citizens (LULAC); Jose Oseguedo, President, National Association of Hispanic Federal Executives (NAHFE); and Gilbert Sandate, Chairman, Coalition for Fairness for Hispanics in Government. Location: National Council for La Raza Headquarters, Raul Yzaguirre Building, 1126 16th St. NW.

SUDAN _ 11 a.m. Congressman Chris Smith, R-NJ, Frank Wolf, R-Va., and others hold a media availability to discuss appointing a special envoy to the Sudan. Location: Cannon Terrace.

IMMIGRATION REFORM _ 12 p.m. The Cato Institute hosts a presentation, ``Comprehensive Immigration Reform for a Growing Economy," with Commerce Secretary Carlos Gutierrez. Location: Cato Institute, 1000 Massachusetts Ave. NW.

PUTIN'S FUTURE _ 3:30 p.m. Radio Free Europe/Radio Liberty brifing on ``A Third Term for President Putin?" Participants: Peter Reddaway, George Washington Univ.; Donald Jensen, RFE/RL. Location: 1201 Connecticut Ave. NW.

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Miller, Charles S

From: Miller, Charles S
Sent: Tuesday, August 1, 2006 11:03 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 7/1/06 Civil Division News

Long-Jailed Buena Park Man Freed; The U.S., still insisting Islamic charity worker has terror ties, fails to get court to block a judge's order to let him go

after two years of detention

Federal appeals court backs release of Islamic charity fundraiser

Administration Appeals Spy Suit Ruling

Settlement by Medtronic Is Challenged in U.S. Court

For Citizenship Delayed, 10 Taking U.S. to Court; The ACLU and a Muslim group say plaintiffs have waited two years-plus. They say an up-or-down decision in 120 days is required

Softwood lumber deal back in limbo

Los Angeles Times

August 1, 2006

Long-Jailed Buena Park Man Freed; The U.S., still insisting Islamic charity worker has terror ties, fails to get court to block a judge's order to let him go after two years of detention.

By H.G. Reza
Times Staff Writer

In another setback for the U.S. government, a Buena Park man was released Monday from an immigration detention facility after being held more than two years for allegedly having ties to terrorism.

"No words can describe how I'm feeling right now," Abdel Jabbar Hamdan said shortly after 9:30 p.m. as he left the Terminal Island federal detention facility in San Pedro with his wife and five children. "I'm ecstatic."

It was the third time since Thursday that a court has blocked legal maneuvers by Justice Department officials to keep Hamdan locked up while he appeals a deportation order.

ACLU attorney Ranjana Natarajan said she was assured by government lawyers that they planned no further appeals.

"Mr. Hamdan is elated and grateful that this is over," Natarajan said. "He wants to go home to his family." Hamdan is the father of six U.S.-born children.

The 9th U.S. Circuit Court of Appeals rejected an eleventh-hour attempt to block a ruling by a federal judge who ordered Hamdan released "forthwith" on Friday.

The appellate court's denial of the government's request to overrule U.S. District Judge Terry J. Hatter Jr. was issued in three sentences, also concluding that Hamdan should be released "forthwith."

Justice Department officials could not be reached for comment. U.S. Immigration and Customs Enforcement, however, released a statement indicating that Hamdan would be required to comply with an electronic monitoring program requiring him to be at home from 10 p.m. to 6 a.m. daily and stay within a 50-mile radius of his home. The Homeland Security and Justice departments, the statement said, "will continue the vigorous effort to remove" him from the United States.

"Both the immigration courts and the Board of Immigration Appeals have previously held that Mr. Hamdan is deportable and subject to mandatory detention," the statement said.

The 9th Circuit Court's ruling ended a day of legal maneuvering by the government to keep Hamdan locked up.

Earlier, a frustrated Hatter, who had seen his previous order ignored, threatened to hold Department of Homeland Security Secretary Michael Chertoff in contempt.

The agency runs the jail at Terminal Island where Hamdan was locked up.

Hatter had ordered Chertoff to release Hamdan by 5 p.m. Monday or appear in his Los Angeles courtroom at 11 a.m. today "to show cause, if you have any, why you should not be held in contempt." Last week Hatter twice ordered Hamdan released, most recently Friday after denying a government request to reconsider.

Homeland Security officials had defended their decision not to release Hamdan on the grounds that government lawyers in Washington planned to file an emergency request to block Hatter's order.

The government's brief asking for the stay was filed late Monday and quickly rejected.

Hamdan, 45, was accused of having ties to terrorism but charged with overstaying a tourist visa he received 27 years ago. An immigration judge ordered him deported to Jordan.

He has appealed, and the case is pending.

The government alleged, in its 10-page brief filed Monday, that releasing Hamdan while he contested deportation would have foreign policy repercussions for the United States.

Before his arrest July 28, 2004, Hamdan worked for the Holy Land Foundation, an Islamic charity shut

down by U.S. officials in December 2001 for allegedly raising money for Hamas, a Palestinian organization the U.S. has designated as terrorist.

The charity's top officers were charged with terrorism-related crimes and freed on their own recognizance by a Texas federal judge who said the government had failed to prove they were security threats or flight risks.

Hamdan was charged with violating immigration law and had been held without bond as a national security threat.

On Monday, the government again insisted that Hamdan had "engaged in terrorist activity."

"His release would run counter to continuous … concerns about and action concerning terrorist funding interdiction and would signal to our allies in those interdiction efforts that the U.S. permits its terrorist fundraisers to remain at large," the government brief said. "Adverse foreign policy ramifications could flow from the perception that the U.S. cannot keep alien fundraisers detained pending removal."

Hamdan's lawyers had anticipated the government's move and filed a response before seeing its brief. The attorneys noted that U.S. officials never alleged that the Holy Land officials charged with terrorism-related crimes were dangers to national security.

END

AP

August 1, 2006

Federal appeals court backs release of Islamic charity fundraiser

By JEREMIAH MARQUEZ

Associated Press Writer

LOS ANGELES_A federal appeals court on Monday rejected a government request to deny the release of a top fundraiser for an Islamic charity that authorities say has ties to terrorism, his attorneys said.

The move by the 9th U.S. Circuit Court of Appeals in San Francisco came days after a federal district judge ordered the release of Abdel-Jabbar Hamdan, 45.

Hamdan was to be released Monday evening, said Ranjana Natajaran of the American Civil Liberties Union of Southern California.

Hamdan has been held at the Terminal Island federal detention facility in San Pedro for more than two years. It was unclear whether the government would appeal to the U.S. Supreme Court.

"We're aware of the court's ruling and we're reviewing our options," said Virginia Kice, spokeswoman for U.S. Immigration and Customs Enforcement.

Hamdan, who founded a mosque in Anaheim, was arrested on immigration charges in July 2004 as federal authorities unsealed an indictment against the Holy Land Foundation for Relief and Development. The government charged that the Texas-based charity funneled millions to the Palestinian militant group Hamas.

The following month, Hamdan was ordered deported on the immigration charges. His requests to be released on bond while he fought the charges had been denied until last week.

Hamdan, born in a Palestinian refugee camp in the West Bank, was accused of having ties to terrorism but was never charged. Instead, he was convicted of overstaying a student visa he got 27 years ago.

The Holy Land Foundation's president, chairman and director of endowments have been charged with terrorism-related crimes.

END

AP

August 1, 2006

Administration Appeals Spy Suit Ruling

SAN FRANCISCO_The Bush administration appealed a court decision Monday that allowed a lawsuit to go forward challenging the president's warrantless domestic spying program.

In rejecting government claims that the suit could expose state secrets and jeopardize the war on terror, U.S. District Judge Vaughn Walker ruled July 20 that the eavesdropping was so widely reported there appears to be no danger of spilling secrets. Walker also said he did not see how allowing the lawsuit to continue could threaten national security.

The case, which names AT&T Inc. as a defendant, is among three dozen lawsuits alleging telecommunications companies and the government are illegally intercepting communications without warrants. Walker is the only judge to rule against the government's claim of a "state secrets privilege."

A federal judge in Chicago dismissed a similar case last week, agreeing the government could invoke the privilege the U.S. Supreme Court first recognized in the McCarthy era.

The San Francisco lawsuit filed by the Electronic Frontier Foundation privacy group challenges President Bush's assertion that he can use his wartime powers to eavesdrop on Americans without a warrant. It accuses AT&T of illegally making communications on its networks available to the National Security Agency.

The government argued in court papers filed with the 9th U.S. Circuit Court of Appeals that Walker's ruling "placed at risk particularly sensitive national security interests."

Bush confirmed in December that the NSA has been conducting warrantless surveillance of calls and e-mails thought to involve al-Qaida terrorists if at least one of the parties is outside the United States. The White House contends the program is legal and necessary.

END

New York Times

August 1, 2006

Settlement by Medtronic Is Challenged in U.S. Court

By REED ABELSON

The medical device giant Medtronic's recent $40 million federal settlement of accusations that it paid doctors illegal kickbacks came under a new legal challenge yesterday from the lawyer of a whistle-blower who was excluded from the deal.

In an objection filed yesterday in Federal District Court in Memphis, the lawyer, Andrew R. Carr Jr., said the case "has not been adequately investigated" and described the settlement as "woefully inadequate."

He also asserted that one of the lawyers for the Justice Department who was involved in the case had a potential conflict because of an undisclosed relationship with a lawyer employed by one of the defendants.

Medtronic, which is based in Minneapolis, agreed last month to pay the money to settle accusations made in lawsuits by two whistle-blowers that the company's spinal-implant division, Medtronic Sofamor Danek, paid kickbacks to doctors to induce them to use its products. But the company, which denied wrongdoing, and the government made the settlement contingent on the dismissal of both whistle-blowers' lawsuits.

Yesterday's motion by Mr. Carr, who represents the second whistle-blower, objected to the dismissal. His client, a former Medtronic employee named Jacqueline Kay Poteet, filed suit in late 2003.

Taking up the lawsuit of the first whistle-blower, who has not been identified because the case is under seal, the Justice Department accused the company of paying the kickbacks through what federal officials described as "sham consulting agreements, sham royalty agreements and lavish trips to desirable locations" offered to doctors from 1998 to 2003.

While Medtronic said it had no specific comment on yesterday's filing, a company spokesman asserted in a statement that it supported the government's motion to dismiss the case.

"Medtronic believes that the law against copycat complaints should finally resolve the Poteet case," the statement said.

A spokesman for the Justice Department said the government declined to comment.

Ms. Poteet has also accused the company of continuing to make improper payments to doctors in 2004 and 2005 as a way of inducing them to use Medtronic's devices in their back operations.

The government did not appear to follow up on these accusations, which Ms. Poteet made in a supplemental complaint of continuing wrongdoing, Mr. Carr said in yesterday's filing.

Mr. Carr, a lawyer at Bateman Gibson in Memphis, also said government lawyers told him in March 2004 that the first proceeding was legally tainted, although yesterday's filing offered little additional detail.

After federal officials told Ms. Poteet last October that the government was likely to reach a $40 million settlement, she and her lawyer objected, according to yesterday's filing.

When her lawyer discussed filing an objection to the proposed settlement, the government lawyers indicated that her status in the case "might be challenged," according to the objection. "This is precisely what is now happening."

At the time the settlement was announced last month, federal officials said they would seek the dismissal

of Ms. Poteet's suit because it essentially made the same accusations as the first whistle-blower's.

END

Los Angeles Times

August 1, 2006

For Citizenship Delayed, 10 Taking U.S. to Court; The ACLU and a Muslim group say plaintiffs have waited two years-plus. They say an up-or-down decision in 120 days is required.

H.G. Reza

Times Staff Writer

Serving in the military has been the fast track for U.S. citizenship for many immigrants since the 2001 terrorist attacks. But not for Mustafa Aziz, an Afghan and Irvine resident who served a four-year hitch in the Air Force.

While on duty in 2003, he applied for citizenship and passed the naturalization exam the following year. More than two years later, Aziz is still waiting to pledge allegiance to the country he served, and he is turning to the courts for help.

Aziz is the lead plaintiff in a lawsuit the American Civil Liberties Union and a Muslim civil rights group plan to file today on behalf of 10 Southern California immigrants who have been waiting two years or more for their citizenship. The lawsuit, to be filed in U.S. District Court in Los Angeles, accuses government officials of illegally delaying their background checks and allowing applications to linger indefinitely.

The lawsuit says federal law requires government officials to approve or deny a citizenship application 120 days after an immigrant passes the naturalization exam. The suit asks that a federal judge review the files and administer the oath of citizenship. It also asks the court to certify it as a class action and include all immigrants who have been waiting six months or more for naturalization after filing applications at the Los Angeles office of the U.S. Citizenship and Immigration Service.

Aziz, 25, said he was angered after watching President Bush last week attend a ceremony at Walter Reed Army Medical Center where three wounded soldiers were granted U.S. citizenship. White House officials said more than 26,000 active-duty members of the military have become citizens since the Sept. 11, 2001, attacks under an executive order Bush signed in July 2002, which makes them eligible for immediate naturalization.

Foreign nationals can enlist in the U.S. military if they have a green card, meaning they have received permanent resident status.

Aziz, who served as a supply specialist from 2000 to 2004, said it hurt to watch Bush congratulate the soldiers.

"These guys went to Iraq and were injured, and they deserved to be awarded citizenship. I've been going to [the citizenship] office for three years, and my case hasn't gotten any attention," he said.

ACLU attorney Ranjana Natarajan said Aziz could have become a U.S. citizen before he turned 18 if his parents had petitioned for him when they were naturalized. His three younger siblings were born in this country.

Aziz came to the U.S. when he was 18 months old. He has a degree in aeronautics and holds a private

pilot's license. He wants to be a commercial pilot.

Sharon Rummery, spokeswoman in San Francisco for the Citizenship and Immigration Service, said about 1% of citizenship applicants wait longer than six months for the standard background checks to be completed.

"I have no idea why they take longer, but we are required to send these names to the FBI. When [the completed background check] comes back to us, we move the file forward," Rummery said.

Kenny Smith, FBI spokesman in Los Angeles, said background checks were done by agents in Washington. He said he could not find out Monday why some background checks take longer to complete.

According to the lawsuit, some applicants have received conflicting information about the background checks. Yousuf Bhaghani, a Pakistani, said the FBI told him that his background check was completed in December 2002, but immigration officials told him it was still pending.

Hussam Ayloush, executive director of the Southern California chapter of the Council on American-Islamic Relations, said the lengthy delays were due to "either incompetence or discrimination." The council, the ACLU's partner in the lawsuit, referred the 10 plaintiffs to the organization.

"Whether incompetence or discrimination, the process needs to be fixed. Either way, Muslims will not accept any longer being treated as second-class citizens by this administration," Ayloush said.

Rummery, the immigration service spokeswoman, denied that the government was discriminating against Islamic applicants or purposely delaying their paperwork.

Smith said the FBI office in Los Angeles had also received calls from non-Muslims complaining about delays.

Aziz said he had wondered if his application had been singled out for extra scrutiny because he is Muslim.

"I pray that's not the case. I understand there is a process, and I want the government to follow it. I ask for no special consideration. I just want the government to follow the laws they have made," he said.

END

Hamilton Spectator

August 1, 2006

Softwood lumber deal back in limbo

OTTAWA
The Canadian Press
Business

Trade Minister David Emerson says the beleaguered Canada-U.S. softwood deal might never make it to the House of Commons, a departure from earlier warnings that the government was prepared to fight an election on the issue.

"It is fair to say that if we do not have sufficient buy-in from industry there really isn't an agreement to

bring before Parliament," he said yesterday.

A few weeks ago, Prime Minister Stephen Harper declared the treaty the best deal Canada was going to get, and said the legislation to implement it would constitute a confidence motion for the minority Tory government.

But persistent criticism from provincial governments and the lumber industry have raised the possibility the deal will wither away before the scheduled fall vote. The document signed by the Canadian and U.S. governments requires that 95 per cent of the Canadian industry support the agreement, a threshold that at the moment seems unlikely to be met.

Even Canfor, a major lumber firm backing the deal, said yesterday the pact is unlikely to survive without changes.

"Unfortunately, you know everyone is going to be held to the wishes of a few or many depending on just how real these needs are ...," said Canfor CEO Jim Shepherd. "If there are no changes to the deal, it is highly problematic that this deal will go ahead and we will just continue with the litigation to its final conclusion."

Emerson told told a special meeting of the Commons Trade committee "negotiations are over," and there would be no new-and-improved deal. He acknowledged that there's a clause in the treaty that allows the countries to make amendments - but that's only possible once the deal is in force.

Rather than entertain any notions of further negotiations, Emerson has been aggressively trying to persuade provinces and industry players that the deal signed July 1 is the best overall solution to the decades-old dispute.

Emerson's message is that there are only two options: sign-on to the new treaty, or continue with drawn out, costly litigation and escalating tariffs from south of the border.

"There is no doubt that if we walked away from the agreement, the industry in the U.S. would start another (trade) action against Canada," he said.

"Think about a world where (housing) markets are going into the ditch ... consumer confidence is plummeting, and if you think the U.S. industry isn't going to take the opportunity to go after Canada again, think again."

While Emerson went into detailed predictions about what would happen if the deal isn't supported, he would not address the "hypothetical" scenario of the deal collapsing because a single Canadian company refused to drop its lawsuit against the U.S.

Abandoning litigation is a central requirement of the treaty, and one that rubs many industry players the wrong way, since Canada has been successful in nearly all its cases against the U.S.

Ten days ago, Canada won a key case at the U.S. Court of International Trade. Washington has not said if it will appeal the ruling.

The agreement would return roughly 80 per cent or $4.3 billion in penalties to the Canadian softwood industry. Businesses would be bound by rules and quotas designed to prevent too much less expensive Canadian lumber from going into the United States in any given month.

The deal would last for seven years, but the U.S. could declare it's withdrawing within two years. Emerson noted that most major trade agreements, including NAFTA, have six-month termination clauses.

END

McKenzie, Peggy (CIV)

From:	McKenzie, Peggy (CIV)
Sent:	Tuesday, August 1, 2006 12:34 PM
To:	Agarwal, Asheesh (CRT); Bahr, Dorothy (CIV); Baxter, Felix (CIV); Beckner, Rick (CIV); Bordeaux, JoAnn (CIV); Bucholtz, Jeffrey (CIV); Calvert, Chris (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fishback, David (CIV); Flentje, August (CIV); Fowler, Liane (SMO); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Goldberg, Arthur (CIV); Gorsuch, Neil M; Gray, Towanda (CIV); Hertz, Michael (CIV); Hollis, Robert (CIV); Hudson, Lewis (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jennings, Geraldine (CIV); Katsas, Gregory (CIV); Keener, Donald (CIV); Kent, Alexander (CIV); Kohl, Christine (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Liner, Linda (CIV); Lloyd, Shirley (CIV); Lucas, Regina E. (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Schiffer, Stuart (CIV); Shannen Coffin; Shaw, Aloma A; Swenson, Lily F; Thirolf, Eugene; Williams, Angela (CIV); Williams, Toni (CIV); Willis, Kerry (CIV); Zwick, Ken (CIV)
Subject:	8/1 CIV Weekly Report to the AG
Attachments:	CivDivWkly0801.wpd

U.S. Department of Justice

Civil Division

Assistant Attorney General *Washington, D.C. 20530*

August 1, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Peter D. Keisler
Assistant Attorney General

SUBJECT: Civil Division Weekly Report to the Attorney General

A. NEXT WEEK

- No items to discuss.

B. THIS WEEK

- No items to discuss.

C. LAST WEEK

- ***Court of Federal Claims Holds that Privately-Employed Pilot Who Died During Firefighting Mission for State Agency Was "Public Safety Officer," Entitling Survivors to Federal Death Benefit***
  Groff v. United States, No. 05-1049C (Fed. Cl.). On June 27, the Court of Federal Claims held that a pilot who was employed by a company contracted by the State of California to fly fire suppression missions was a "public safety officer" within the meaning of the Public Safety Officers' Benefits Act (PSOBA), qualifying his spouse and son for a $250,000 death benefit as a result of the pilot's death in a 2001 airtanker crash. The court held that, in denying the survivors' administrative claim, the Bureau of Justice Assistance (BJA) did not correctly apply its test that to be a public safety officer "an individual must

be officially recognized or designated as functionally within or a part of [a] public agency." The court held that the BJA erroneously focused upon language in the contract between the contractor and the state that the contractor's employees "shall act in an independent capacity and not as officers or employees or agents of the State of California," as well as upon legislative history indicating that the PSOBA would not cover "privately employed safety or security officers." The court held that the BJA gave insufficient weight to evidence of the control that the state agency possessed over the pilot's activities and to statements of the state agency that the pilot was "officially recognized and a designated member of the California Department of Forestry and Fire Protection and a State firefighter."

- ***Third Circuit Holds that Armed Forces Code does not Permit Discharge in Bankruptcy***
  Udell v. United States [Third Circuit]. On July 10, the Third Circuit (Fisher, Aldisert, and Lourie, Federal Circuit Judge sitting by designation), held that a former Air Force cadet could not discharge his federal educational debt in this Chapter 7 bankruptcy case, absent a showing of undue hardship. The cadet argued that the Armed Forces Code, which states that "[a] discharge in bankruptcy . . . *shall not release* a person from an obligation to reimburse the United States" for the first five years after he leaves the military, 10 U.S.C. § 2005(d) (emphasis added), affirmatively *authorized* discharge after those first five years. The court rejected that contention and held that, after that five–year period, the Bankruptcy Code applied and prohibited the cadet from discharging his debt, absent a showing of undue hardship.

- ***Defense Contract Management Agency Recognizes Commercial Litigation Branch Attorneys***
  At a ceremony on July 17, Nicholas P. Retson, Acting General Counsel of the Defense Contract Management Agency (DCMA), presented letters of appreciation from Keith D. Ernst, Acting DCMA Director, for the work of two Commercial Litigation Branch attorneys on major cost accounting issues. David B. Stinson, Trial Attorney, was recognized for his work on several cases, including *Information Sys. & Networks Corp. v. United States*, 437 F.3d 1173 (Fed. Cir. 2006), which addressed the allowability for government contract purposes of state income tax payments made by the shareholder of a Subchapter S Corporation. C. Coleman Bird, Senior Trial Counsel, was recognized for his work on a series of complex cases relating to pension cost adjustments required when a government contractor sells a business segment.

- ***Fifth Circuit Holds that Post-Petition Events are Relevant to "Substantial Abuse" Determination in Bankruptcy Cases***
  United States Trustee v. Cortez [Fifth Circuit]. On July 20, the Fifth Circuit (King, Stewart, and Dennis), held that a bankruptcy court should consider post-petition events in determining whether to dismiss a Chapter 7 bankruptcy petition for "substantial abuse" under 11 U.S.C. § 707(b). The United States Trustee filed a motion to dismiss this case for "substantial abuse," upon learning that the debtor (four days after filing for bankruptcy) obtained a job with a $95,000 annual salary. The bankruptcy court denied the U.S. Trustee's motion, holding that it could not consider such post-petition events, but the district court and the court of appeals both found that a bankruptcy court must consider such events in determining whether it would appropriate to grant a debtor a Chapter 7 discharge.

· ***District Court Rejects Assertion of State Secrets Privilege in Surveillance Case***
Hepting v. AT&T Corporation [Northern District of California]. On July 20, Judge Vaughn Walker denied the government's motion to dismiss a purported class action in which the plaintiffs allege that AT&T is collaborating with the National Security Agency (NSA) in a massive warrantless surveillance program that tracks the domestic and international communications and communication records of millions of Americans. The United States moved to intervene in the case and sought dismissal based on the Director of National Intelligence's assertion of the state secrets privilege. The government argued, inter alia, that the plaintiffs' claims and standing could not be adjudicated without revealing highly sensitive classified information, the disclosure of which would cause exceptionally grave damage to the national security. AT&T also moved to dismiss the case for lack of standing or, alternatively, for the plaintiff's failure to allege the absence of immunity under statutory and common law. The court certified its order for immediate appellate review under 28 U.S.C. § 1292(b), but indicated that it may not necessarily stay proceedings pending any such appeal.

With respect to the government's motion to dismiss, the court held that dismissal is not required under the doctrine of Totten v. United States, 92 U.S. 105 (1876) and Tenet v. Doe, 544 U.S. 1 (2005), because those cases were limited to the proposition that former spies cannot enforce a secret agreement with the government. The court also found that the state secrets privilege did not require dismissal at this stage. Among other things, the court found that AT&T and the government have "for all practical purposes" already disclosed that AT&T assists the government with intelligence-gathering, and that it is inconceivable that the NSA program acknowledged by the President in December 2005 — the Terrorist Surveillance Program (TSP) — could exist without the cooperation of some telecommunications providers. The court reserved judgment on whether classified national security information would be necessary to decide the case on the merits and, thus, whether dismissal would ultimately be required to protect such information. The court ruled that some discovery could proceed before that determination is made, but declined to permit discovery on the allegations that the government has collected call record information because those allegations have not been confirmed or denied by the government.

In addition to its ruling on the state secrets privilege, the court found that two statutory provisions, which preclude the disclosure of information about NSA activities and provide for the protection of intelligence sources and methods, see 50 U.S.C. § 402 note; 50 U.S.C. § 403-1(i)(1), likewise do not require dismissal. As with the state secrets privilege, the court found that neither of the statutory privileges "block[s] AT&T from producing any certification that it received to assist the government in monitoring communication content" at a level of generality consistent with the government's public disclosures about the TSP.

The court also denied AT&T's separate motion to dismiss. The court rejected AT&T's arguments that plaintiffs did not allege sufficient facts on the face of the complaint to support their standing, primarily on the ground that allegations that the government engaged in a "dragnet" of surveillance activities were sufficient to encompass the plaintiffs. The court also rejected the argument that state secrets would be necessary to establish plaintiffs' standing as a factual matter, on the ground that at least some non-

privileged evidence as to AT&T's actions contained in affidavits submitted by the plaintiffs supported their standing.

- ***Challenge to Defense of Marriage Act Dismissed in Part***
Bishop v. Oklahoma [Northern District of Oklahoma]. On July 20, Judge Terence Kern granted in part, and denied in part, the United States' motion to dismiss. Plaintiffs, two same-sex couples, challenged the federal Defense of Marriage Act (DOMA) and an Oklahoma constitutional amendment providing that marriage is a relationship between a man and a woman. Section 2 of DOMA provides that no State shall be required to give effect to a same-sex marriage performed under the laws of any other State, and Section 3 defines "marriage," for purposes of federal statutes, as a legal union between a man and a woman. In this last remaining DOMA case in the district courts, the court agreed with the United States' assertion that one of the plaintiff couples lacks standing to challenge Section 2, in that they have not been married under the laws of any State. The court also considered, sua sponte, whether the other couple, who were married in Canada and joined in a civil union in Vermont, have standing to challenge Section 2. Finding that a Vermont civil union is not treated as a marriage and that a foreign marriage does not implicate the Full Faith and Credit Clause, under which DOMA was enacted, the court held that the second couple also did not have standing to challenge Section 2. Also sua sponte, the court considered the plaintiffs' standing to challenge Section 3 of DOMA. The court held that the couple who were not married lack standing to challenge Section 3, but deferred decision on whether the second couple has standing, finding that their allegations are "sufficient to survive a motion to dismiss" on that issue. On the merits, the court agreed with the United States' assertion that Section 3 does not violate the Full Faith and Credit Clause or the Privileges and Immunities Clause. The court deferred decision, however, on whether Section 3 violates the Due Process Clause or the Equal Protection Clause, finding, in a three-sentence discussion, that "specific factual findings related to the purpose and justifications of the law" would be needed.

- ***Court of International Trade Holds that United States Trade Representative Lacked Authority to Issue Second Affirmative Injury Determination in Order to Comply with WTO Obligations***
Tembec, Inc. v. United States (Ct. Int'l Trade) [Restani, Eaton, Barzilay]. On July 21, the Court of International Trade held that the United States Trade Representative (USTR) was not authorized to direct the issuance of an affirmative injury determination issued in response to a partially adverse World Trade Organization (WTO) appellate body report. After holding that it possessed jurisdiction, the court concluded that, while Congress has authorized USTR to vacate an injury determination in order to comply with WTO obligations, Congress has not authorized USTR to replace an original affirmative injury determination with a second affirmative injury determination in order to comply with a WTO report. This case involves the antidumping and countervailing duty orders covering softwood lumber from Canada. Because the original affirmative injury determination was invalidated by a NAFTA panel, the second affirmative injury determination was necessary in order to sustain the antidumping and countervailing duty orders. The court reserved its decision concerning the remedy, if any, available to the plaintiffs.

- ***Ninth Circuit Holds That Unpublished Board Decision Does Not Merit Full <u>Chevron</u> Deference and Rejects Board's Interpretation of Cancellation of Removal Statute***

Garcia-Quintero v. Gonzales [9th Cir.]. On July 24, the Ninth Circuit determined that the Board did not merit *Chevron* deference to its interpretation that the alien's beneficiary status under the family unity program rendered him "admitted in any status" for purposes of cancellation of removal. The Board ruled that he was removable for alien smuggling and ineligible for cancellation of removal. The Court held that *Chevron* deference applies only when it appears that Congress delegated authority to the agency generally to make rules carrying the force of law and the agency interpretation claiming deference was promulgated in the exercise of such authority. Because the Board's unpublished disposition that did not bind third parties and did not carry the force of law, it was not entitled to *Chevron* deference on judicial review.

- ***En Banc Ninth Circuit Directs Government to Serve Copy of Its Mandamus Petition on District Court Judge***
  Morales-Izquierdo v. Ashcroft [9th Cir.]. On July 24, an *en banc* panel of the Ninth Circuit ordered the government to serve the district court judge with the petition for writ of mandamus that it had previously filed in the Ninth Circuit asking that Court to compel the district court judge to transfer a pending habeas petition to the Ninth Circuit pursuant to section 106(c) of the REAL ID Act of 2005.

- ***State Law Regulating Maritime Traffic Held Preempted by Federal Law***
  United States v. Massachusetts [D. Mass.]. On July 24, the court granted in full our motion for judgment on the pleadings. The litigation concerns a Massachusetts statute regulating maritime traffic in Massachusetts waters, passed in response to an April 2003 oil spill in Buzzards Bay, and designed to reduce the risk of, and improve the response to, oil spills in Massachusetts waters. The court agreed with our arguments that certain provisions of that act are preempted by federal law under the Supremacy Clause. In particular, it held that the Ports and Waterways Safety Act of 1972, as amended, preempts any and all state regulation of tank vessel design, operation, equipping, reporting and personnel, including the Massachusetts provisions that purported to establish maritime personnel, manning, drug and alcohol testing, and tank vessel design requirements for vessels in the Commonwealth's waters. For the same reasons, the court agreed with our argument that Massachusetts cannot condition the placement or removal of a $1 billion financial assurance bond requirement on criteria of vessel design, operation, equipping, and reporting, because such a condition amounts to indirect regulation of subjects committed to sole federal discretion. The court also held that the Massachusetts requirements that certain vessels traverse certain waters only with a tug escort, and that vessels must follow a route that the Coast Guard recommends, but has decided not to mandate, cannot stand because they conflict with Coast Guard regulations or affirmative decisions not to regulate. Finally, the court agreed that the Massachusetts requirement that American flag vessels sailing between American ports take on a Massachusetts-licensed pilot is expressly preempted by federal law. Accordingly, the court permanently enjoined Massachusetts from enforcing all of the provisions that we challenged.

- ***Court Upholds Withholding of Contractors' Identies from Reports of Hostile Interaction with Iraqi Insurgents***
  Los Angeles Times Communications, LLC v. Department of the Army [C.D. Cal.]. On July 24, the court granted defendants' motion for summary judgment. In this Freedom of Information Act (FOIA) case, plaintiff sought a database of Serious Incident Reports,

reports voluntarily submitted by private security contractors in Iraq to the Army's Reconstruction Operations Center whenever a security contractor witnesses or is involved in a hostile interaction with insurgents and other enemy forces, or a friendly-fire incident. Defendants furnished these reports to plaintiff, but redacted, inter alia, the identities of the security contractors named in the reports. The court agreed with defendants that the contractors' identities are shielded from disclosure under FOIA Exemption 7F and Exemption High 2. Regarding Exemption 7F, the court found that the reports had been compiled for the law enforcement purpose of maintaining law and order, and that disclosing the identities of the security contractors in connection with the remaining sensitive information in the reports would be reasonably likely to endanger the lives of military personnel, contractor employees, and civilians in Iraq by allowing insurgents to target and attack vulnerable contractors. With respect to Exemption High 2, the court determined that the reports are predominantly internal, even though they are shared beyond the agency with the contractors who furnished the reports, and that release of the contractors' identities would reasonably risk circumvention of the law by enabling insurgents to conduct unlawful activities and avoid detection by focusing attacks on vulnerable contractors. In addition, the court found, the reports constitute law enforcement materials.

- ***Fourth Circuit Affirms Conviction of Internet Physician***
  United States v. Thompson [Fourth Circuit] (Wilkins, Williams, Shedd). On July 25, the Fourth Circuit upheld the conviction and 37-month sentence of Daniel Thompson, a physician who in 1998, with his partner Vincent Chhabra, started websites that allowed individuals to order controlled substances and other prescription drugs over the Internet with no prior prescription. The Fourth Circuit did not substantively address Thompson's challenge to the applicability of the Controlled Substances Act and its implementing regulations to Internet "prescribing," but instead found that his arguments on the issue "lack[ed] merit." The Court found that Thompson, who proceeded to trial *pro se*, knowingly, intelligently, and voluntarily waived his right to counsel. Thompson was one of thirteen defendants who pled guilty or were found guilty in this Internet pharmacy case.

- ***Court of Federal Claims Sustains Assertion of Deliberative Process Privilege by Transportation Security Administration Administrator***
  Huntleigh USA Corp. v. United States (Judge Margolis). In a published order dated July 25, the United States Court of Federal Claims denied a motion to compel production of 18 internal agency documents which were withheld upon the basis of deliberative process (also known as executive or governmental) privilege. They include drafts of congressional testimony and a draft report of the Department of Transportation Office of the Inspector General. Pursuant to an order issued in January 2006, before the motion was filed, we provided an affidavit of the agency head, setting forth grounds for invoking the privilege for each document. The court ordinarily requires such an affidavit only in response to a motion to compel. The court rejected plaintiffs' arguments that the affidavit was untimely and vague.

- ***District Court Upholds Assertion of State Secrets Privilege and Dismisses Second Surveillance Case***
  Terkel v. AT&T Corporation [Northern District of Illinois]. On July 25, Judge Matthew F.

Kennelly granted the United States' motion to dismiss on state secrets grounds. Like Hepting v. AT&T, Terkel is one of a number of suits filed around the country in which the plaintiffs contend that AT&T or other telecommunications providers have illegally provided non-content information about customer telephone calls to the National Security Agency (NSA). Specifically, the Terkel plaintiffs sought to bring a class action on behalf of all current and future AT&T customers residing in Illinois in order to enjoin AT&T from providing their telephone records to the NSA without statutory authorization and to declare any such activity unlawful. The United States moved to intervene and to dismiss the case on the basis of the state secrets and related statutory privileges, arguing that the plaintiffs could not establish their standing or prove their claims, and AT&T could not present a defense, in the absence of privileged information. AT&T also moved to dismiss the action on the grounds that the plaintiffs had not adequately alleged standing on the face of their complaint.

In its decision, the district court first denied AT&T's motion to dismiss, concluding that the plaintiffs had adequately alleged, on the face of their complaint, that they are suffering a particularized injury for which they can seek relief against AT&T. The court, however, granted the government's motion to dismiss, upholding the assertion by the Director of National Intelligence (DNI) assertion of the state secrets privilege. Having been "persuaded that requiring AT&T to confirm or deny whether it has disclosed large quantities of telephone records to the federal government could give adversaries of this country valuable insight into the government's intelligence activities," the court held that "such disclosures are barred by the state secrets privilege." The court added that, at the very least, it is satisfied, after carefully reviewing the government's public submission, that "requiring AT&T to admit or deny the core allegations necessary for the plaintiffs to prove standing — whether their information is being disclosed — implicates matters whose public discussion, be it an admission or a denial, could impair national security." Accordingly, because the plaintiffs' claims of injury could not be evaluated on their particular facts, the court found that their contentions were simply a request for an advisory opinion that could not be entertained.

In so holding, the court rejected plaintiffs' arguments that media reports, public statements by various telecommunications providers, or even alleged confidential statements made by executive officials to members of Congress, rendered their allegations matters of public knowledge. The court further rejected a series of alternative proposals offered by plaintiffs for proceeding with the case — such as conducting an in camera trial, entering strict protective orders, granting security clearances to plaintiffs' counsel, altering the burden of proof, requiring AT&T to answer generalized questions in discovery, or appointing a special master — holding instead that the privileged information is unavailable in its entirety and, as a result, the alternative procedures cannot be utilized. As for other arguments presented by the government, the Court (1) declined to decide the scope of the NSA's statutory privilege, see 50 U.S.C. § 402 note § 6, (2) held that the DNI's statutory privilege, 50 U.S.C. § 403-1(i)(1), did not by itself bar prosecution of the case because discovery was not sought against the DNI and because the statute only instructs the DNI to take measures, such as asserting the state secrets privilege, to prevent disclosures regarding intelligence sources and methods, and (3) found it inappropriate to dismiss the case under the categorical bar of Totten v. United States, 92 U.S. 105 (1876). The court also distinguished the decision in Hepting on the

basis that Hepting, unlike Terkel, involves allegations about the interception of the contents of communications and includes claims for damages for past violations.

The court stated that its publicly-issued decision is based "entirely on the public record" and "is not premised in any way, shape, or form on the classified materials or their contents." The court did, however, issue a classified opinion that is available to the government and in the event of appellate review. With respect to the classified submissions, the court noted that while it has "rejected some of the claims made by the government in those submissions and [has] expressed skepticism about others," the classified submissions "provide support for the conclusions the Court has reached based on the government's public findings."

Finally, the court granted the plaintiffs leave to amend their complaint on or before August 1, if they wish to do so, and set the case, along with two other related cases pending before Judge Kennelly, for a status hearing on August 3, at 9:30 a.m.

- ***Fifth Circuit Upholds Dismissal of Pro Se Plaintiff's Complaint for Failure to Comply with Rule 8 of the Federal Rules of Civil Procedure***
Aric Hall v. Civil Air Patrol, et al. [Fifth Circuit]. On July 26, in an unpublished *per curiam* decision, the Fifth Circuit (Judges Reavley, Barksdale, and Owen) held that the district court did not abuse its discretion in dismissing plaintiff's Second Amended Complaint -- which named 177 defendants including the President and Secretary of Defense -- with prejudice under Rule 41(b) of the Federal Rules of Civil Procedure. The panel held that plaintiffs' persistent failure to obey the district court's order that he conform his filings to applicable pleading requirements justified dismissal. The court of appeals also accepted the government's argument that plaintiff was not entitled to default judgment against non-appearing defendants who were named in the same defective pleading; those defendants were likewise entitled to dismissal.

- ***Dismissal Recommended in Case Claiming Failure to Provide Needed Hurricane Relief***
Armstead v. Nagin [Eastern District of Louisiana]. On July 26, Magistrate Judge Joseph C. Wilkinson, Jr., recommended that the government's motion to dismiss be granted. Plaintiffs, a husband and wife who evacuated New Orleans in the aftermath of Hurricane Katrina, allege that the Federal Emergency Management Agency (FEMA) has not given them the rental assistance to which they are entitled under the Stafford Act, that the President provided insufficient notice of the need to evacuate and failed to "render prompt and necessary aid" after the hurricane, and that FEMA discriminates among Katrina victims by giving more support to some applicants than to others. Naming President Bush and FEMA as federal defendants, plaintiffs sought declaratory relief and "damages" totaling approximately $100,000. The magistrate judge agreed with the government's contention that the Stafford Act's provision precluding liability "for any claim based upon the exercise or performance of or the failure to exercise or perform a discretionary function or duty . . . in carrying out the provisions of [the Act]" applies to all of plaintiffs' claims. He distinguished the Court's earlier holding in *McWaters v. FEMA*, noting that plaintiffs had "fail[ed] to identify . . . any mandatory duties that President Bush and/or FEMA failed to [perform]." The magistrate judge also recommended finding that plaintiffs had failed to state a claim for declaratory relief, observing that their complaints about governmental assistance after the hurricane did not allege "any ongoing

or continuous harm or threat of future harm" as necessary to present a case or controversy under the Declaratory Judgment Act. In the same report and recommendation, the magistrate judge recommended denial of plaintiffs' second motion for preliminary injunction, on the grounds that plaintiffs had not established a substantial threat of irreparable injury.

- ***Constitutional Challenges to "Don't Ask, Don't Tell" Policy Rejected***
Witt v. United States Department of the Air Force [Western District of Washington]. On July 26, Judge Ronald Leighton denied plaintiff's preliminary injunction motion and granted the Air Force's motion to dismiss. Plaintiff, Margaret Witt, is a highly decorated Air Force Reservist who was suspended from the Reserves under the Air Force's "Don't Ask, Don't Tell" ("DADT") policy. Plaintiff admitted to having engaged in homosexual conduct in violation of the DADT policy, but challenged the constitutionality of that policy on substantive due process, equal protection, First Amendment, and procedural due process grounds, seeking to return to service in the Air Force Reserves. As to her substantive due process challenge, the Court reviewed the Supreme Court's 2003 decision in *Lawrence v. Texas*, which declared Texas's criminal anti-sodomy law to be unconstitutional, and then determined that *Lawrence* did not require any form of heightened scrutiny and thus rational basis review applied. The Court next held that, consistent with Ninth Circuit precedent, the DADT policy survives rational basis review. The Court also followed Ninth Circuit precedent in rejecting plaintiff's equal protection and First Amendment challenges. Finally, the Court dismissed plaintiff's procedural due process challenges because plaintiff had not been deprived of a liberty interest in her reputation (the only interest plaintiff asserted) because her discharge had not yet taken place and it was likely that she would receive an honorable discharge.

- ***First Amendment Challenge to 2005 Bankruptcy Reform Act Rejected in Part***
Hersh v. United States [Northern District of Texas]. On July 26, Judge David C. Godbey granted defendant's motion to dismiss plaintiff's challenge to the "debt relief agency" provisions of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, on all but one claim. The court rejected plaintiff's claim that the term "debt relief agency," defined as any person who provides bankruptcy assistance to a consumer debtor for a fee, does not include attorneys. The court also found that the requirement that a debt relief agency provide consumer debtors with written disclosures explaining their rights and obligations in bankruptcy proceedings did not violate the First Amendment. The court, however, denied defendant's motion to dismiss with respect to a provision prohibiting a debt relief agency from advising a consumer debtor to incur more debt in contemplation of filing for bankruptcy. The court found that this restriction was not sufficiently narrow because there may be incidents when incurring such debt is permissible under the Bankruptcy Code. The court invited plaintiff to file a motion for summary judgment on that issue. Defendants plan to file a motion for reconsideration and/or cross-motion for summary judgment on that issue. This decision is the first substantive decision issued regarding the debt relief provisions. Challenges to the debt relief provisions are pending in four other district court cases.

- ***Plaintiff Voluntarily Dismisses Challenge to Telephone Anti-Harassment Statute***
Suggestion Box, Inc. v. Gonzales [District of Arizona]. On July 26, the parties filed a joint stipulation of dismissal. Suggestion Box had sought preliminary and permanent

injunctive relief to prevent the Department of Justice from enforcing the telephone anti-harassment statute, a provision of the Federal Communications Act which makes it a crime for any person to "make[] a telephone call or utilize[] a telecommunications device, whether or not conversation or communication ensues, without disclosing his identity and with intent to annoy, abuse, threaten, or harass any person at the called number or who receives the communications." Suggestion Box had argued that the statute violated the First Amendment by criminalizing protected speech. However, after the Department moved to dismiss on the ground that the statute, properly construed, prohibits only communications made with a specific intent to harass, that Suggestion Box, consequently, faced no genuine threat of prosecution, and that the statute, so construed, does not violate the First Amendment, Suggestion Box agreed with the government's interpretation of the statute, concluded that it faced no likelihood of prosecution, and agreed to dismissal of its claims.

- ***Sentence in Miami DVD Business Opportunity Fraud Prosecution***
  United States v. Thomas R. Kling [Southern District of Florida] (Judge Martinez). On July 27, Thomas R. Kling was sentenced to 33 months in prison for his role as a salesman at American Entertainment Distributors, Inc. (AED), a Florida-based company which defrauded consumers across the United States of approximately $20 million. AED sold a DVD vending machine "business opportunity," but the machines never were delivered, never worked, or never made money. Kling is the first defendant in the case to be sentenced. Seven other defendants are scheduled to stand trial in October.

- ***Reply Filed in Support of Motion to Permit Review of Communications Between Guantanamo Detainees and Their Counsel***
  I*n re Guantanamo Bay Detainee Cases* [District of Columbia]. On July 28, the government filed a reply in support of its July 7 motion seeking court authorization for review of Guantanamo Bay detainee written materials to include any attorney-client communications in such materials. As part of an ongoing Naval Criminal Investigative Service investigation into the recent Guantanamo detainee suicides and any planning with respect to other past or future suicide attempts, all detainees' written materials were impounded for review. This action was based on evidence of coordination of the suicides among various detainees. Under an applicable protective order, communications between detainees and their *habeas* counsel are privileged and not subject to substantive review by Guantanamo authorities. However, in light of the fact that the ongoing investigation uncovered various suicide-related communications between detainees that were written on stationery marked as attorney-client confidential communications, the government in its motion is seeking court authorization for review of attorney-client communications in the impounded detainee documents. Such review would be conducted by a team of Department of Defense personnel who could not disclose privileged information without court permission, unless the information concerned a threat of imminent violence or danger to national security. Petitioners' counsel have claimed that the impoundment of documents is illegal and that the government must make a detainee-specific showing in order to justify any review of detainee legal materials.

- ***Briefing Scheduled on Motion to Enjoin Medicaid Proof-of-Citizenship Rules***
  Bell, et al. v. Leavitt [Northern District of Illinois]. On July 28, Judge Ronald A. Guzman set a briefing schedule on plaintiffs' amended motion for a temporary restraining order.

Judge Guzman also granted an oral motion by the State of Illinois to participate as *amicus curiae* in support of plaintiffs. Counsel for Illinois represented that additional States may join its brief. This putative class action concerns section 6036 of the Deficit Reduction Act of 2005, which requires Medicaid beneficiaries or applicants who claim United States citizenship to produce documentation of their citizenship, such as, *inter alia*, a passport or birth certificate. Section 6036 became effective on July 1; previously, Medicaid applicants and beneficiaries could establish their citizenship for Medicaid purposes in most States by signing a declaration under penalty of perjury. Plaintiffs have asked the court to enjoin enforcement of a July 6 interim final rule implementing section 6036 because, they argue, the rule violates the Administrative Procedure Act as well as their Due Process and Equal Protection rights under the Fifth Amendment. In the alternative, plaintiffs argue the section 6036 itself violates their Due Process and Equal Protection rights. Under the schedule ordered by Judge Guzman, Illinois' *amicus* brief, as well as any additional *amicus* briefs in support of emergency relief, must be filed by August 11. Our opposition is due August 21, and plaintiffs' reply is due August 28.

- ***United States Recovers $5.55 Million as Implied Insured on Health Facility Insurance Policy***

  United States v. CNA Financial, et al. [District of Alaska] (Judge Sedwick). The United States has agreed to accept $5,550,033.41 to settle a suit involving an insurance coverage dispute brought against Continental Insurance Company and Continental Casualty Company eight years ago. The suit sought recovery under a policy Continental had issued to a tribal hospital that was sued for an accident that occurred at the hospital. The hospital was operated pursuant to an Indian Self-Determination Act contract and, by law, its employees were deemed federal employees when sued in tort and the suit proceeded against the United States under the Federal Tort Claims Act . Continental rejected the tender of defense and the United States subsequently paid $2.8 million to settle the suit. The district court ultimately held that the government was an additional implied insured on the $1 million policy limits; that Continental had acted in bad faith by, among other things, rejecting the United States' tender of defense; and that, because of that bad faith, the United States' recovery from Continental was not subject to the $1 million policy limit. Prior to settlement, the case had been set for trial on the punitive damage question, but had been postponed because of the voluminous pretrial motions filed by both sides. In addition to the $2.8 million, the settlement amount included interest and about $650,000 in attorney's fees and costs. This case demonstrates that the United States may be covered as an insured under a health facility contractor's policy by implication under state law even when the United States is not specifically named as an insured in the policy and is not identified as an insured under the policy.

- ***Hurricane Katrina Suit Dismissed***

  Maureen O'Dwyer, et al., v. United States, et al., No. 05-4181 [Eastern District of Louisiana] (Judge Duval). The court dismissed this far-reaching class action, which was the first to be filed in the aftermath of Hurricane Katrina for lack of subject matter jurisdiction because plaintiffs failed to exhaust their administrative remedies before filing suit. The suit alleged common law tort claims against the United States for damages arising from the hurricane, allegedly due to the acts and/or omissions of the Army Corps of Engineers in designing, constructing, and maintaining the levees and FEMA for its role in the days and months after the hurricane.

Contact: August Flentje, Counsel, 514.3309

Senger, Jeffrey M

From: Senger, Jeffrey M
Sent: Tuesday, August 1, 2006 1:45 PM
To: Gorsuch, Neil M
Subject: Read: What's status on cobell?

Barnett, Thomas O.

From: Barnett, Thomas O.
Sent: Wednesday, August 02, 2006 8:33 AM
To: Gorsuch, Neil M
Subject: RE: Outstanding OASG Issues.doc

Neil,

My apologies for not geting back to you sooner. For ATR, I would add the following:

1. S.Ct. request for views in the Credit Suisse (IPO) cert petition.

2. Stolt criminal case (currently at cert. petition stage).

3. Microsoft

Obviously, we'll brief Greg on these issues.

Tom

-----Original Message-----
From: Gorsuch, Neil M
Sent: Monday, July 31, 2006 10:55 AM
To: Katsas, Gregory (CIV); Senger, Jeffrey M; Bottner, Andrea; Bucholtz, Jeffrey (CIV); Comisac, Rena (CRT); McKeown, Matt (ENRD); Barnett, Thomas O.
Subject: Outstanding OASG Issues.doc

For the new Associate and PDASG I thought I'd type out a list of the most significant open items here in OASG to supplement the more detailed lists the components have created. Please could you review this and let me know this morning if you're aware of any missing major items? Thanks.

<< File: Outstanding OASG Issues.doc >>

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, August 02, 2006 9:50 AM
To: Barnett, Thomas O.
Subject: RE: Outstanding OASG Issues.doc

Thanks much

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<< File: Outstanding OASG Issues.doc >>

Miller, Charles S

From: Miller, Charles S
Sent: Wednesday, August 02, 2006 10:59 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Riley, Sharon (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 8/2/06 Civil Division News

Ex-Boeing lobbyist still subject of probe; U.S. examining role in tanker-plane deal

Islamic charity fundraiser says he was victim of terror paranoia

N.Y. Times Must Surrender Reporters' Phone Data; Appellate Panel Rejects First Amendment Claim in Federal Grand Jury Probe

Medtronic's Medical Device Legal Troubles Far From Over

Cobell settlement bill pulled from Senate consideration

Immigrants sue government over citizenship application delays

Chicago Tribune

July 2, 2006

Ex-Boeing lobbyist still subject of probe; U.S. examining role in tanker-plane deal

By Ameet Sachdev

Tribune staff reporter

WASHINGTON -- A former Boeing consultant is still under federal investigation for his role in lobbying for a now-defunct Air Force plan to lease refueling planes from the company, a top Justice Department official said Tuesday.

Deputy Atty. Gen. Paul McNulty declined to name the individual during a Senate Armed Services

Committee hearing. But sources familiar with the matter said it was a former Air Force general who had worked for Chicago-based Boeing as a lobbyist.

The news about the investigation provided the only bit of fireworks in an otherwise benign two-hour hearing that put Boeing's chairman and chief executive, James McNerney, in the spotlight for ethical violations that occurred under previous management teams.

McNerney appeared before the committee Tuesday, apologized for the company's previous ethical lapses and promised to build "one of the most robust" corporate ethics programs in the country.

Sen. John McCain (R-Ariz.), a longtime Boeing critic, and other senators had called for the hearing to know how the settlement with the Justice Department was negotiated.

The company agreed to pay $565 million in compensatory damages and a $50 million criminal fine to resolve claims that it improperly acquired Lockheed Martin Corp. documents relating to rocket programs and recruited an Air Force weapons buyer, Darleen Druyun, while she was supervising billions of dollars in Boeing contracts, including the tanker deal.

McNerney used the hearing to help restore Boeing's reputation by emphasizing his focus on integrity and ethics since becoming CEO last year.

"This introspection set us on a course of building one of the most robust ethics and compliance programs in corporate America," he told lawmakers. "That is the lasting legacy--and silver lining--of this dark cloud in our history."

McNerney earned praise from lawmakers by forgoing a legal tax deduction on the settlement payment that could have saved the company about $200 million. Boeing reported a second-quarter loss last week, in part for taking a charge related to the settlement.

Senators had criticized the Justice Department for not investigating the deductibility issue before reaching a settlement with Boeing. McCain and Sen. Jeff Sessions (R-Ala.) discussed during the hearing the possibility of proposing legislation that would not allow companies to deduct government fines in the future.

While McCain credited McNerney for trying to instill a new culture of openness at Boeing, he also scrutinized a relatively little-known portion of the criminal settlement that involves the former general.

McCain and other committee leaders, in a letter last year, had asked the Pentagon to investigate whether the former general failed to observe a one-year, federally mandated "cooling off" period before lobbying the officials and agency he worked for. He went to work for Boeing in May 2002, lobbying to support the $23 billion tanker lease deal. The deal was nixed after conflict-of-interest charges were brought, resulting in jail terms for Druyun and Boeing's former chief financial officer.

The matter involving the former general was included in the settlement. McCain also said Boeing's lawyers had informed his staff the Justice Department had found that the former general had not violated any ethics laws. McCain said he was under the impression that the former general had been cleared of violating federal ethics laws for accepting a job lobbying on behalf of Boeing only three months after retiring from the military.

But the matter is not closed, McNulty said, adding that the department can still look at any matter as it pertains to the settlement.

A Boeing spokesman declined to comment on the probe.

END

AP

August 2, 2006

Islamic charity fundraiser says he was victim of terror paranoia

BUENA PARK, Calif._An Islamic charity fundraiser detained for two years on suspicion of ties to terrorism says he had no connections to terrorists\l "I".

Abdel-Jabbar Hamdan worked as a fundraiser for the suburban Dallas-based Holy Land Foundation for Relief and Development. He accuses the U-S government of sidestepping justice in its efforts to prevent another September eleventh attack.

Hamdan, who has never been charged with terrorism, was released from federal detention in Southern California Monday on a federal court order.

He says he was a victim of paranoia that swept the United States after the terrorist attacks of September eleventh, 2001. The fear that followed them, he said, has made it a "hard time" to be a Muslim in America.

Hamdan, who spoke outside his Los Angeles-area home, said -- quote -- "The government is trying to win at any cost."

Federal authorities say they will continue to work for the deportation of Hamdan, who was born in a Palestinian refugee camp in the West Bank.

END

Washington Post

July 2, 2006

N.Y. Times Must Surrender Reporters' Phone Data; Appellate Panel Rejects First Amendment Claim in Federal Grand Jury Probe

By Charles Lane
Washington Post Staff Writer

The New York Times may not withhold reporters' phone records from a federal grand jury investigating an alleged leak of a pending government raid on two Islamic charities suspected of supporting terrorism, a federal appeals court ruled yesterday.

A three-judge panel of the New York-based U.S. Court of Appeals for the 2nd Circuit ruled 2 to 1 that the Times has no First Amendment or other legal right to refuse a demand for the records from the grand jury in Chicago, which was empaneled by U.S. Attorney Patrick J. Fitzgerald.

The government's interest in rooting out a possible crime outweighs the newspaper's interest in protecting reporters' sources, the court concluded.

"The government has a compelling interest in maintaining the secrecy of imminent asset freezes or searches lest the targets be informed and spirit away those assets or incriminating evidence," Judge Ralph K. Winter Jr. wrote. "At stake in the present investigation, therefore, is not only the important

principle of secrecy regarding imminent law enforcement actions but also a set of facts -- informing the targets of those impending actions -- that may constitute a serious obstruction of justice."

The ruling, which was joined by Judge Amalya L. Kearse, threw out a 2005 decision by a U.S. district judge in New York, who had agreed with the Times that it had a right to protect confidential sources. Judge Robert D. Sack dissented.

The 2nd Circuit decision was the latest in a string of court defeats for media organizations seeking to protect confidential sources.

Last year, the U.S. Court of Appeals for the District of Columbia Circuit ordered Judith Miller and other reporters to supply a grand jury empaneled by Fitzgerald, acting as a Justice Department special counsel, with names of sources in the Valerie Plame CIA leak investigation.

Though the legal issues and the cast of characters are similar, this case is separate from the case of the Plame leak.

It arises from Fitzgerald's post-Sept. 11, 2001, investigation of possible links between al-Qaeda and two U.S.-based Islamic charities, the Holy Land Foundation and the Global Relief Fund.

In December 2001, Times reporters Miller and Philip Shenon learned of a pending government move to freeze the two groups' assets. They called the charities for comment shortly before FBI agents raided their offices.

Fitzgerald argued that the Miller and Shenon calls tipped off the charities, increasing the risk to agents and encouraging destruction of evidence. The Times denied this. Fitzgerald is trying to find out if any government officials illegally leaked information to the reporters.

A Times lawyer, George Freeman, said the newspaper is "disappointed" in the ruling and is considering its options. The Times could ask the full 2nd Circuit to reconsider the case, or it could appeal to the Supreme Court.

END

OPEDNews.com

August 2, 2006 at 06:34:47

Medtronic's Medical Device Legal Troubles Far From Over

by Evelyn Pringle

Minneapolis based Medtronic, Inc is one of the nation's largest medical device makers. In mid-July 2006, the company agreed to pay a $40 million fine to settle charges that its Sofamor Danek division paid kickbacks to doctors to get them to use the company's spinal products, which accounted for 20% of the company's $11.3 billion in sales in 2005.

On July 19, 2006 the US Department of Justice issued a press release announcing the settlement. The DOJ alleged that, between 1998 and 2003, Medtronic paid kickbacks in a number of ways, including sham consulting agreements, sham royalty agreements and lavish trips to desirable locations and that these kickbacks violated the Anti-Kickback Statute and the False Claims Act.

"Kickbacks to physicians are incompatible with a properly functioning health care system," said Peter Keisler, Assistant Attorney General for the DOJ's Civil Division. "They corrupt physicians' medical

judgment and they cause overutilization and misallocation of vital health care resources."

"Today's settlement," he added, "reflects the progress we are making in the ongoing fight against abusive and illegal practices in the healthcare industry."

The DOJ's investigation was triggered by whistleblower qui tam lawsuits filed under the False Claims Act. The FCA allows private parties to file lawsuits on behalf of the US government and collect a share of any money recovered. The FCA prohibits any corporation or citizen from defrauding the government and the allegations against Medtronic in this instance involve the Medicare program.

"The settlement," said David Kustoff, the US Attorney for the Western District of Tennessee in the press release, "demonstrates that schemes involving submissions of false or fraudulent claims by health care companies and health care providers to federal health care programs will be vigorously and energetically pursued."

"This agreement," he noted, "should serve as a deterrent to those entities that attempt to defraud or deceive the taxpayers."

In addition to the fine, Medtronic entered into a 5-year corporate integrity agreement with the Office of the Inspector General of the US Department of Health and Human Services. The agreement requires the company to file regular reports with the Inspector General and track all non-sales related customer transactions.

The company must also set up an outside review organization, improve training and employee screening practices, and make a compliance officer a member of senior management, who reports directly to the chief executive and has access to the company's board of directors

The two whistleblower lawsuits filed by former employees claim Medtronic paid millions of dollars in kickbacks. For instance, Dr Thomas Zdeblick, a Wisconsin surgeon who is listed as a defendant in one of the lawsuits, signed a 10-year consulting contract with the company in 1998, that only required him to consult with Medtronic for eight days a year for $400,000.

A Virginia physician received close to $700,000 in consulting fees for the first 9 months of 2005, and received $1.39 million between 2001 and May 2005, according to the lawsuit.

Internal Medtronic documents filed as part of the lawsuit in the US District Court in Memphis, reveal the details of the rigorous campaigns that Medtronic set up to influence doctors. The documents show the company made payments of at least $50 million to doctors over a four years period through June 2005.

In the lawsuit unsealed in January 2006, the plaintiff, Jacqueline Poteet, a former senior manager of travel services for Medtronic until 2003, says she handled the travel arrangements for doctors to attend medical conferences and is familiar with the company's efforts to win the doctors' favor.

She alleges that the company gave spine surgeons "excessive remuneration, unlawful perquisites and bribes in other forms for purchasing goods and medical devices."

Spinal implants are used in a procedure known as spinal fusion, to make a patient's spine more stable. The cost of a devices used in this type of surgery is about $13,000, according to Orthopedic Network News, an industry newsletter.

In a subsequent amended complaint, Ms Poteet, accuses the company of continuing the improper payments to doctors in 2004 and 2005, leading them to perform unnecessary spinal surgeries.

With billions of dollars up for grabs, in addition to consultant fees, Medtronic used other creative methods to induce physicians to use its products. According to the lawsuit, Medtronic hosted medical conferences where the "principal objective" was to "induce the physician, through any financial means necessary" to

use its devices.

Company spreadsheets show that after a conference, Medtronic went to great lengths to track the use of its devices by each doctor who attended. A spreadsheet for a June 2003 conference in California, lists over 200 doctors and includes an estimate of the dollar amount of the devices each doctor uses in surgery. One surgeon is described as "a 100 percent compliant M.S.D. customer" (Medtronic Sofamor Danek), and other doctors are marked as needing "special attention."

According to Ms Poteet, Medtronic zeroed in on surgeons while they were still in training, and the company paid for doctors to attend any of 200 professional meetings a year. If the doctors wanted to play golf or go snorkeling, she alleges, Medtronic paid for the outings. When doctors visited Memphis, she says, company employees would take them to the "Platinum Plus" strip club, and then write off the expense as an evening at the ballet.

In 2003, a company document reveals that Medtronic attorney, Todd Sheldon, questioned whether the company should be paying for all the excursions. "When we are sending scores of doctors to a nice resort like this under the guise of training and education on our products," Mr Sheldon wrote in an email, "I think we need to be more careful and stick to the limits of our rules as best we can."

Medtronic claims the company has scaled back payments to doctors, but not so, says Ms Poteet. Her amended complaint alleges that any changes made by Medtronic were merely temporary. Its "bribery program," she alleges, "has not only failed to cease, but continues unabated with increased payments made to many physicians."

She points out that while payments to some doctors were lowered in 2004, when the company first came under investigation, the payments went back up last year. For instance, Dr Hallett Mathews, of Virginia, was paid $300,000 in consulting fees in 2003, but only $75,000 in 2004. But then in 2005, he was paid nearly $700,000 in consulting fees in the first 9 months.

Had Medtronic not entered into a settlement agreement with the DOJ, the company could have been hit with a triple damages award if it lost in court, under a key provision of the FCA. As it is, the $40 million fine is the second financial penalty for Medtronic's spinal division in a year. In 2005 the company paid $1.35 billion to settle a patent infringement lawsuit and cover the costs of additional patents from Los Angeles surgeon and inventor, Dr Gary Michelson.

Over the past couple years, the financial relationships between device makers and doctors have caught the attention of several law enforcement agencies. In 2005, US attorneys in Boston and Newark issued subpoenas to Medtronic, along with just about every other major medical device maker, as part of a far reaching investigation into the financial entanglements between physicians and the industry as a whole.

Therefore, legal experts say Medtronic is probably not breathing much easier these days. Three of the subpoenas issued last fall went to the top cardiac-rhythm-management companies, Medtronic, Guidant and St Jude Medical, and seek information on their marketing practices related to pacemakers and defibrillators.

And Medtronic already had plenty of legal problems with its defibrillator division. In February 2005, the company told 87,000 patients that their defibrillators might fail.

However, company documents filed in the California lawsuit, Randall v Medtronic, No C-05-3707-JW, in the US District Court for the North District of California, show the company knew about the flaw back in 2003, and continued to sell the faulty devices for two more years.

"Medtronic has been taking products they know are not quite right and putting them into people rather than take the loss," according to Hunter Shkolnik, a New York attorney, who said in a February 13, 2006, interview with Bloomberg News, that he represents more than 200 people whose Medtronic devices were recalled.

"If you know there's a problem with a component," he said, "you don't put it out and sell it to people."

Since the recall, 19,000 people have had replacement surgery, Medtronic spokesman, Rob Clark, told Bloomberg News.

Critics say Medtronic refuses to acknowledge that undergoing replacement surgery is risky and constitutes an injury in itself. According to Bloomberg, based on Medtronic's estimate of a 2 to 5% post-implantation infection rate, 380 to 950 patients may have developed infections after replacement of their devices.

Spokesman Clark told Bloomberg that Medtronic does not keep track of deaths, disabilities or extra medical costs resulting from such complications.

When announcing the recall last year, Medtronic said it would provide a new defibrillator to patients and up to $2,500 for out of pocket expenses. But the company expects taxpayers, through programs like Medicare, and insurance companies, to pick up the tab for the hospital and doctor bills incurred during the replacement surgery.

However, the company is now facing scores of lawsuits claiming that patients should not be expected to bear any of the costs for having the devices replaced. About 200 lawsuits from states all over the country are seeking class-action status and have been consolidated in US District Court in Minneapolis before Judge James Rosenbaum.

Last month, Medtronic asked the Judge to dismiss the lawsuits, arguing that FDA regulations for medical devices preempt lawsuits in state courts and that the FDA has special authority over lifesaving or life-sustaining medical devices, such as defibrillators. "Any warning has to be regulated by the FDA," Medtronic attorney, Michael Brown, said.

But attorneys for the plaintiffs said Medtronic "glossed over" the problem in an October 2003, filing with the FDA that sought approval of a new defibrillator model, according to a July 11, 2006, article by the Associated Press.

Judge Rosenbaum is expected to issue a decision on Medtronic's motion in early fall.

Six months after the first recall in 2005, the company was in hot water with the FDA again over another group of devices. In a June 9, 2005 letter, the FDA said that Medtronic failed to correct manufacturing problems and investigate its LifePak 12 external defibrillators and cited damaged cable connectors and failures to follow through with preventive action after inspections of the company's Redmond, Washington plant.

The LifePak 12 external defibrillators, used in hospitals to shock the heart back to a normal rhythm, are similar to the LifePak 500 devices the company recalled. Medtronic's cardiac rhythm management business, which also includes pacemakers and implantable defibrillators, accounted for 46% of its $2.78 billion in sales in its latest quarter, according to Bloomberg News on June 22, 2005.

At the time, about 60,000 LifePak 12 external defibrillators were in use worldwide, Mr Clark said.

In the warning letter, the FDA said Medtronic did not investigate all complaints about defibrillator malfunctions, including one involving a patient's death. Problems were linked to broken or bent pins in the cable connectors, possibly because the company did not have adequate inspection procedures, the agency said. Failure to correct the problems may result in legal and civil penalties, the FDA warned.

Finally, in another turn of events that could have a negative impact on the financial future of the company, Medtronic is awaiting the final word on a Medicare proposal that would decrease reimbursement for procedures that are considered excessively profitable such as implanting heart devices.

Under the pending proposal, the Medicare reimbursement for implants would be cut from $31,833 to $23,755, or a loss of $8,078 for each procedure.

END

Indianz.Com

July 2, 2006

Cobell settlement bill pulled from Senate consideration

Update: At the business meeting this morning, Sen. John McCain (R-Arizona) decided to pull the bill after he and Sen. Byron Dorgan (D-North Dakota) met with Interior Secretary Dirk Kempthorne and Attorney General Alberto Gonzales on Tuesday. He said Kempthorne and Gonzales pledged to work with the Senate Indian Affairs Committee to resolve the Cobell case. He said the committee will work over the August recess with the administration, the Cobell plaintiffs and Indian Country to draft a bill that would provide a comprehensive settlement to Indian trust claims.

An attorney for the Cobell trust fund lawsuit feared a $8 billion settlement to the case was "dead" after Sen. John McCain (R-Arizona) pulled the bill from consideration on Tuesday.

The Senate Indian Affairs Committee, which McCain chairs, was due to take up S.1439, the Indian Trust Reform Act, at a business meeting this morning. But it was abruptly removed from the agenda yesterday afternoon.

Keith Harper, a member of the Cherokee Nation, said the delay -- the second in the last two weeks -- has effectively put an end to efforts to settle the 10-year-old case. Lawmakers are about to go on a one-month break later this week and will be consumed by the upcoming elections and other urgent matters once they return.

"There's no time left in the legislative calendar," Harper said in an interview. "The bill, from our end, is dead."

McCain had told the Cobell plaintiffs and the Bush administration last month that his trust reform package would resolve the case for $8 billion. A provision in the bill was expected to allow individual Indians to continue to pursue their claims if they desire.

But lukewarm reception from the Bush administration prompted McCain to step back, Harper and two other Capitol Hill sources said. "It's the administration that has the problem with it, it's not the plaintiffs," said one Washington, D.C., lawyer.

Harper said it was a mistake for McCain to wait for any sort of response from the Interior Department "If the administration's sign off is a necessary precondition for the committee to go forward on the bill," he said, "then we're going to be waiting a long time."

New Interior Secretary Dirk Kempthorne has told tribal leaders across the nation that he wanted to settle. But senior officials, many of whom have remained on board even after the departure of former secretary Gale Norton, have openly balked at a large dollar figure for the case.

The officials include Jim Cason, the associate deputy secretary; David Bernhardt, the deputy solicitor; and Ross Swimmer, the Special Trustee for American Indians. In Congressional testimony and public statements, officials have said Indian beneficiaries are owed a very small amount, possibly in the low millions.

McCain had indicated he was going to go forward whether or not the Cobell plaintiffs of Interior agreed. When he took over the Senate committee in early 2005, he pledged to give the issue "one good shot."

"If it looks like we're not getting anywhere," he said back in March 2005, "then I will leave that task to future Congresses and the courts."

It's not clear why McCain may have changed his mind. But he will address the delay when the committee meets this morning, The Arizona Republic reported.

Another bill to recognize six Virginia tribes was also taken off the agenda. Three other measures, including one to recognize the Lumbee Tribe of North Carolina, will be considered as originally scheduled.

McCain is stepping down as chairman of the committee at the end of the year. He has drawn some criticism for focusing most of his energies on the Jack Abramoff scandal and Indian gaming. About half of the hearings he called focused or were related to those topics.

END

AP

August 2, 2006

Immigrants sue government over citizenship application delays

LOS ANGELES_Ten Middle Eastern and Asian immigrants have sued the government for allegedly letting their U-S citizenship applications linger indefinitely by delaying background checks.

The suit, filed in Los Angeles, asks that a federal" judge review the files and administer the oath of citizenship.

It also seeks class-action status to include all immigrants who have been waiting at least six months for naturalization after filing applications at the U-S Citizenship and Immigration Service in Los Angeles.

Since the September eleventh terrorist attacks, Muslims and immigrants from the Middle East and Asia have often complained of unexplained delays in the processing of immigration applications. The Southern California suit follows a handful of others across the country in recent years.

END

Senger, Jeffrey M

From: Senger, Jeffrey M
Sent: Wednesday, August 2, 2006 11:37 AM
To: Gorsuch, Neil M; Katsas, Gregory (CIV); Elwood, Courtney; Wooldridge, Sue Ellen (ENRD)
Subject: McCain statement on Cobell

FYI, McCain just made a statement at the Senate Indian Affairs business meeting this morning about yesterday's meeting with the AG and Kempthorne . Dorgan did as well. Here is a summary of their comments:

Senator McCain announced at the opening of the Committee's business meeting he would like to make a brief statement on one item not on the agenda, S1439, the Indian Trust Reform Act of 2005. Senator McCain reiterated his stated goal from the first meeting regarding this legislation -- that it had to be a comprehensive bill resolving all issues involved in the litigation. He and the ranking member, Sen. Dorgan, agreed to pull the bill for consideration and mark-up and continue negotiations with all parties. Yesterday he and Sen. Dogan had a meeting with AG Gonzales and Secretary Kempthorne on the bill and both committed themselves and their staffs to working with the committee to find a resolution to the litigation all can live with. Later in the day the Committee received a letter from Secretary Kempthorne confirming his commitment to finding a resolution to the problem. Senator McCain read from the letter saying the time and atmosphere was right to reach the goal of finding a resolution to the problem. He then asked that the letter be included in the record. Senator McCain continued that his goal was to seek a comprehensive resolution to all issues, including fractionation, which is the cause of many of these problems. The bill he wants to bring forward must be a comprehensive bill that will resolve all litigation so we can move forward to other issues. He was glad the Secretary and Attorney General had committed to working with his staff, plaintiffs, tribes and other parties over the August recess to come up with a bill to mark up in September.

Senator Dorgan thanked Senator McCain for his efforts and said that his statement hit the nail right on the head. There was much still to do but it needs to be done. Otherwise this litigation could exist for over 10 more years and have a degrading impact on Indian country. He wants to resolve these problems to address the injustices that Indians have suffered over the last 100 years. It will not be easy, but he agreed the bill needed to be comprehensive. He does not want to find out there are pieces missing that could have been dealt with and were not, and that we still have more Cobell-type suits (McCain nodded at this point). The legislation needs to be a comprehensive settlement of all matters.

Elwood, Courtney

From: Elwood, Courtney
Sent: Wednesday, August 2, 2006 11:38 AM
To: Senger, Jeffrey M; Gorsuch, Neil M; Katsas, Gregory (CIV); Wooldridge, Sue Ellen (ENRD)
Subject: RE: McCain statement on Cobell

Thanks for this report. I'll pass along to AG.

Now the work begins . . . .

Courtney Simmons Elwood
Deputy Chief of Staff and
Counselor to the Attorney General
U.S. Department of Justice
(w) 202.514.2267
(c) 202.532.5202
(fax) 202.305.9687

From: Senger, Jeffrey M
Sent: Wednesday, August 02, 2006 11:37 AM
To: Gorsuch, Neil M; Katsas, Gregory (CIV); Elwood, Courtney; Wooldridge, Sue Ellen (ENRD)
Subject: McCain statement on Cobell

FYI, McCain just made a statement at the Senate Indian Affairs business meeting this morning about yesterday's meeting with the AG and Kempthorne . Dorgan did as well. Here is a summary of their comments:

Senator McCain announced at the opening of the Committee's business meeting he would like to make a brief statement on one item not on the agenda, S1439, the Indian Trust Reform Act of 2005. Senator McCain reiterated his stated goal from the first meeting regarding this legislation -- that it had to be a comprehensive bill resolving all issues involved in the litigation. He and the ranking member, Sen. Dorgan, agreed to pull the bill for consideration and mark-up and continue negotiations with all parties. Yesterday he and Sen. Dogan had a meeting with AG Gonzales and Secretary Kempthorne on the bill and both committed themselves and their staffs to working with the committee to find a resolution to the litigation all can live with. Later in the day the Committee received a letter from Secretary Kempthorne confirming his commitment to finding a resolution to the problem. Senator McCain read from the letter saying the time and atmosphere was right to reach the goal of finding a resolution to the problem. He then asked that the letter be included in the record. Senator McCain continued that his goal was to seek a comprehensive resolution to all issues, including fractionation, which is the cause of many of these problems. The bill he wants to bring forward must be a comprehensive bill that will resolve all litigation so we can move forward to other issues. He was glad the Secretary and Attorney General had committed to working with his staff, plaintiffs, tribes and other parties over the August recess to come up with a bill to mark up in September.

Senator Dorgan thanked Senator McCain for his efforts and said that his statement hit the nail right on the head. There was much still to do but it needs to be done. Otherwise this litigation could exist for over 10 more years and have a degrading impact on Indian country. He wants to resolve these problems to address the injustices that Indians have suffered over the last 100 years. It will not be easy, but he agreed

the bill needed to be comprehensive. He does not want to find out there are pieces missing that could have been dealt with and were not, and that we still have more Cobell-type suits (McCain nodded at this point). The legislation needs to be a comprehensive settlement of all matters.

From: USDOJ- Office of Public Affairs
Sent: Wednesday, August 02, 2006 3:42 PM
To: USDOJ- Office of Public Affairs
Subject: PREPARED STATEMENT OF ATTORNEY GENERAL ALBERTO R. GONZALES BEFORE THE SENATE COMMITTEE ON ARMED SERVICES CONCERNING LEGISLATION IN RESPONSE TO HAMDAN V. RUMSFELD

Department of Justice

FOR IMMEDIATE RELEASE
WEDNESDAY, AUGUST 2, 2006
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PREPARED STATEMENT OF ATTORNEY GENERAL ALBERTO R. GONZALES BEFORE THE SENATE COMMITTEE ON ARMED SERVICES CONCERNING LEGISLATION IN RESPONSE TO HAMDAN V. RUMSFELD

WASHINGTON, D.C.

Thank you, Mr. Chairman, Senator Levin, and Members of the Committee.

I am pleased to appear here today on behalf of the Administration to discuss the elements of legislation that we believe Congress should put in place to respond to the Supreme Court's decision in *Hamdan v. Rumsfeld*.

Before I get into the details of the legislation, let me say a word about process. As this Committee knows, the Administration has been working hard on a legislative proposal that we are developing through extensive inter-agency deliberations, as well as numerous consultations with Members of Congress. Our deliberations have included detailed discussion with and input from the military lawyers in all branches of the Armed Services, including the members of the JAG corps. I have personally met with the Judge Advocates General on two occasions to discuss the elements of the legislative proposal. They and their staffs have provided multiple rounds of comments on all aspects of the proposed legislative language, and they have been active participants in our deliberations and discussions. Their comments have been heard, and many will be reflected in the legislative package that we plan to offer for Congress's consideration.

Military Commission Procedures

Mr. Chairman, first and foremost, the Administration believes that Congress should respond to the Supreme Court's decision in *Hamdan* by providing statutory authorization for military commissions to try captured terrorists for violations of the laws of war. Fundamentally, any legislation needs to preserve flexibility in the procedures for military commissions while ensuring that detainees receive a full and fair trial.

We believe that Congress should enact a new Code of Military Commissions, modeled on the court-martial procedures of the Uniform Code of Military Justice, or "UCMJ," but adapted for use in the special

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context of military commission trials of terrorist combatants. To this end, we would propose that Congress create a new chapter for military commission procedures in title 10 of the U.S. Code, which would follow immediately after the UCMJ. We have carefully reviewed the procedures of the UCMJ, and we believe that dozens of articles of the UCMJ have relevance for military commissions and should be used as the starting point for developing the new Code of Military Commissions.

At the same time, we believe it is important that the military commission process for unlawful terrorist combatants be separate from the court-martial process which is used to try our own service members, both because military necessity would not permit the strict application of all court-martial procedures, and because there are relevant differences between the procedures appropriate for trying our service members and those appropriate for trying the terrorists who seek to destroy us.

Still, in most respects, the new Code of Military Commissions can and should track closely the procedures and structure of the UCMJ. We would propose that Congress establish a system of military commissions, presided over by a military judge, with commission members drawn from the Armed Forces. The prosecution and defense counsel would be appointed from the JAG corps, with an opportunity for the appointment of Justice Department prosecutors and with the ability of the accused to retain a civilian counsel, in addition to assigned military defense counsel. Trial procedures, sentencing, and appellate review would largely track those currently provided under the UCMJ (albeit with federal court review in the D.C. Circuit, as provided for under the Detainee Treatment Act of 2005, or "DTA").

Because of the specific concerns raised by the Supreme Court in *Hamdan*, and because of comments from the Hill and within the Pentagon, we would propose that the new Code of Military Commissions depart in significant respects from the existing military commission procedures established by the President in 2001 and 2002.

In particular, we propose that the presiding officer would be a certified military judge with the traditional authority of a judge to make final rulings at trial on law and evidence, just as in courts-martial. And as with courts-martial, the military judge would not be a voting member of the commission.

We would also propose to increase the minimum number of commission members to five, from three, and to require twelve members of the commission for any case in which the death penalty is sought. As is the case under the current military commission procedures, and just as in courts-martial, the Government would bear the burden of proving the accused's guilt beyond a reasonable doubt, and a conviction would require a vote of two-thirds of the commission members in a non-death penalty case. As under the UCMJ, the death penalty would require a unanimous vote of all 12 commission members.

In addition, we would propose to create a formal military appellate process that parallels the appellate process under the UCMJ. We propose that Congress establish a Court of Military Commission Review within DoD to hear appeals on questions of law. We would retain the judicial review of final military commission judgments in the same Article III court, the D.C. Circuit, that currently would hear those judgments under the Detainee Treatment Act. We would propose, however, to give all convicted detainees an appeal as of right to the D.C. Circuit, regardless of the length of their sentence, as opposed to the current system under the DTA of discretionary review for sentences under 10 years. The Supreme Court could review the decisions of the D.C. Circuit through petitions for certiorari.

While military commissions will track the UCMJ in many ways, we also believe that the military commission procedures should depart from the court-martial procedures in those instances where applying the UCMJ's provisions would be inappropriate or impractical for use in the trial of unlawful terrorist combatants.

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The UCMJ provides *Miranda*-type protections for U.S. military personnel that are broader than the civilian rule and that could impede or limit evidence obtained during the interrogation of terrorist detainees. I am not aware of anyone who contends that terrorist combatants must be given *Miranda* warnings before interrogations. The Code of Military Commissions therefore would not include such *Miranda* requirements, but at the same time it does provide a military defense counsel to each accused as soon as charges are brought and recognizes the accused's privilege against self-incrimination during the actual commission proceeding.

The military commission procedures also should not include the UCMJ's Article 32 investigation, which is a pre-charging proceeding that is akin to, but considerably more protective than, the civilian grand jury. Such a proceeding is appropriate when applied to U.S. military personnel, but is unnecessary and inappropriate for the trial of captured terrorists, who are already subject to detention under the laws of war.

Because military commissions must try crimes based on evidence collected everywhere from the battlefields in Afghanistan to foreign terrorist safe houses, we believe that the Code of Military Commissions should provide for the introduction of all probative evidence, including hearsay evidence where such evidence is reliable. Like a civilian judge, the military judge may exclude such evidence if the probative value is substantially outweighed by unfair prejudice. But we believe it is important that the Code of Military Commissions provide a standard of admissibility that is broader than that applied in court-martial proceedings.

Court-martial rules of evidence track those in civilian courts, reflecting the fact that the overwhelming majority of court-martial prosecutions concern not battlefield conduct, but every day violations of the military code of conduct. By contrast, military commissions must permit the introduction of a broader range of evidence, including hearsay statements, because many witnesses are likely to be foreign nationals who are not amenable to process, and other witnesses may be unavailable because of military necessity, incarceration, injury, or death.

The UCMJ rules of evidence also provide for circumstances where classified evidence must be shared with the accused. I believe there is broad agreement that in the midst of the current conflict, we must not share with captured terrorists the highly sensitive intelligence that may be relevant to military commission proceedings. A more difficult question is posed, however, as to what is to be done when that classified evidence constitutes an essential part of the prosecution's case.

In the court-martial context, our rules force the prosecution to choose between disclosing the evidence to the accused or allowing the guilty to evade prosecution. It is my understanding that other countries, such as Australia, have established procedures that allow for the court, under tightly defined circumstances, to consider evidence outside the presence of the accused. Neither those procedures, nor any procedure under consideration, would permit "secret trials" outside the presence of the accused. Nonetheless, it may be possible to ensure fair and accurate commissions proceedings, while protecting our Nation's most sensitive information from its enemies. The Administration and Congress must give careful thought as to how the balance should be struck for the use of classified information in the prosecution of terrorists before military commissions.

Common Article 3 of the Geneva Conventions

Mr. Chairman, the Administration also believes that Congress needs to address the Supreme Court's ruling in *Hamdan* that Common Article 3 of the Geneva Conventions applies to our armed conflict with al Qaeda. It is fair to say that the United States military has never before been in a conflict in which it applied Common Article 3 as the governing detention standard. The military has been trained to apply the special protections that the Geneva Convention applies to regular and lawful combatants who are captured as prisoners of war. But we do not train specifically and separately to Common Article 3, and the United States has never before applied Common Article 3 in the context of an armed conflict with international terrorists.

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Yet because of the Court's decision in *Hamdan*, we are now faced with the task of determining the best way to do just that. Although many of the provisions of Common Article 3 prohibit actions that are universally condemned, such as "murder," "mutilation," "torture," and the "taking of hostages," it is undeniable that some of the terms in Common Article 3 are inherently vague, as this Committee already discussed in its recent hearing on the subject.

For example, Common Article 3 prohibits "[o]utrages upon personal dignity, in particular, humiliating and degrading treatment," a phrase that is susceptible of uncertain and unpredictable application. If left undefined by statute, the application of Common Article 3 will create an unacceptable degree of uncertainty for those who fight to defend us from terrorist attack, particularly because any violation of Common Article 3 constitutes a federal crime under the War Crimes Act.

Furthermore, the Supreme Court has said that in interpreting a treaty provision such as Common Article 3, the meaning given to the treaty language by international tribunals must be accorded "respectful consideration," and the interpretations adopted by other state parties to the treaty are due "considerable weight." Accordingly, the meaning of Common Article 3—the baseline standard that now applies to the conduct of U.S. personnel in the War on Terror—would be informed by the evolving interpretations of tribunals and governments outside the United States.

We believe that the standards governing the treatment of detainees by United States personnel in the War on Terror should be certain, and that those standards should be defined clearly by U.S. law, consistent with our international obligations.

One straightforward step that Congress can take to achieve that result is to define our obligations under Common Article 3 by reference to the U.S. constitutional standard already adopted by Congress in the McCain Amendment. Last year, after a significant public debate on the standard that should govern the treatment of captured al Qaeda terrorists, Congress adopted the McCain Amendment as part of the Detainee Treatment Act. That Amendment prohibits "cruel, inhuman, or degrading treatment or punishment," as defined by reference to the established meaning of our Constitution, for all detainees held by the United States, regardless of nationality or geographic location. Indeed, the same provision was used to clarify similarly vague provisions in another treaty—the Convention Against Torture. Congress rightly assumed that the enactment of the Detainee Treatment Act settled questions about the baseline standard that would govern the treatment of detainees by the United States in the War on Terror.

The meaning and application of the vague terms in Common Article 3, however, are not merely questions of treaty obligations, because the War Crimes Act, 18 U.S.C. § 2441, makes any violation of Common Article 3 a felony offense.

The Administration believes that we owe it to those called upon to handle detainees in the War on Terror to ensure that any legislation addressing the Common Article 3 issues created by the *Hamdan* decision will bring clarity and certainty to the War Crimes Act. The surest way to achieve that clarity and certainty, in our view, is for Congress to set forth a definite and clear list of offenses serious enough to be considered "war crimes," punishable as violations of Common Article 3 under 18 U.S.C. § 2441.

The difficult issues raised by the Court's pronouncement on Common Article 3 are ones that the political Branches need to consider carefully as they chart a way forward after *Hamdan*.

Judicial Review of Detainee Claims

Finally, Mr. Chairman, the Administration believes that any legislation in this area should also clarify how the judicial review provisions of the Detainee Treatment Act apply. Some have argued that *Hamdan* makes the DTA inapplicable to the hundreds of habeas petitions brought by the Guantanamo detainees to

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challenge their detention as enemy combatants. While we disagree with that reading, we think that the legislation should make clear that the detainees may not challenge their detention or trial before a final judgment of a military commission or a final order of a Combatant Status Review Tribunal. Moreover, we think that, once such a final judgment or order is in place, the detainees should be able to raise challenges only as provided for in the DTA itself.

We believe that that was Congress's original intent under the DTA. We also believe that it makes sense, as in the civilian justice system, to restrict the accused's ability to pursue appellate remedies until after the trial has been completed and after the commission has returned a guilty verdict on one or more charges.

* * *

I look forward to discussing these subjects with the Committee this morning.

Thank you, Mr. Chairman.

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Image not available for this document, ID: 0.7.10316.40750-000002

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, August 02, 2006 6:25 PM
To: Katsas, Gregory (CIV)
Subject: OASG Assignments.doc
Attachments: OASG Assignments.doc

As discussed

Office of the Associate Attorney General
Portfolios - 4/1/2006

Lily Fu Swenson

ATR
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Executive Office of US Trustees

Gordon Todd

CRT
CRS
TAX
OJP
OVC
OVW
OVC

Jeff Senger

ENRD
Office of Dispute Resolution
Foreign Claims Settlement Commission
CIV (Consumer Litig., Cobell and Tobacco)
Legislative/Interagency Clearance
Weekly & Monthly Reports

Charles.Schott@do.treas.gov

From: Charles.Schott@do.treas.gov
Sent: Thursday, August 3, 2006 9:48 AM
To: Gorsuch, Neil M
Subject: RE: Contact Information

Neil:

I look forward to joining you for lunch tomorrow on your last day at DOJ.

Charlie

Charles G. Schott
Deputy Assistant Secretary
International Trade & Investment Policy
Department of the Treasury
1500 Pennsylvania Avenue, NW, Suite 3205
Washington, D.C. 20220

Tel. 202-622-0237
Fax 202-622-9212

-----Original Message-----
From: Neil.Gorsuch@usdoj.gov [mailto:Neil.Gorsuch@usdoj.gov]
Sent: Thursday, August 03, 2006 9:32 AM
To: Neil.Gorsuch@usdoj.gov
Subject: Contact Information

Dear Friends,

As many of you know, tomorrow is my last day in the office at DOJ. Though I expect to visit DC from time to time in coming weeks to facilitate The Move, I am headed to Colorado Saturday morning. Louise and I will miss those of you here and very much hope you will keep in touch. Please do be sure to look us up whenever you're headed to God's Country. You are always welcome in our home. My contact information follows --

For the balance of the month, I am perhaps best reachable by cell (202) 532-5384. My DOJ email will also remain operational until the end of August (neil.gorsuch@usdoj.gov).

My new contact information at the court house will be:

U.S. Court of Appeals for the Tenth Circuit
Byron White Court House
1823 Stout Street

1823 Stout Street
Denver, CO 80257

chambers phone: (303) 335-2896
chambers email: Judge_Neil_Gorsuch@ca10.uscourts.gov
Home email: ngorsuch@hotmail.com

Louise and I thank each of you for your continuing friendship and support.

Warm wishes,

Neil Gorsuch

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, August 4, 2006 8:04 AM
Subject:	Attorney General's News Briefing for Friday, August 04, 2006
Attachments:	agnb060804.pdf; agnb060804.doc

This morning's Attorney General's News Briefing is attached.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, AUGUST 4, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

DOJ Threatens Suit Over Maine Probe Of Verizon's Data Sharing 4
Treasury Department Freezes Assets Of Saudi-Based Islamic Charity 4
Judge Denies Passaro Access To Classified Documents 4
Democrats Block Committee Vote On Specter's NSA Plan 4
Judge Rejects Defense Motion To Change Venue In 9/11 Perjury Retrial 5
Law Professors Say Terror Suspects Should Be Detained, Not Tried 5

Patriot Act:

ACLU Claims DOJ "Overcensoring" In Connecticut Library Case 5

Homeland Response:

Pentagon, DOT Investigating Inaccuracies In 9/11 Response Reports 6
ACLU Says US Barring International Scholars Over Political Beliefs 6
FDA Developing Quicker, Cheaper Test To Identify Bioterror Hoaxes 6
Louisiana Is Only State Still Negotiating Hurricane Plans With DHS 6
Grand Jury To Investigate Reports Louisiana Police Officers Blocked Katrina Evacuees 7

War News:

Top US Generals Warn Iraqi Instability Could Lead To Civil War 7
Baker Book Criticizes Bush Iraq Policy 9
Roberts Criticizes White House Efforts To Keep Iraqi Intelligence Report Secret 9
US Troops Fire On Shiite Protesters In Baghdad Who Shot At Base 9
Violence Continues In Iraq 9
Al Qaeda In Iraq Vows To Retake Fallujah 9
US Cutting Back Forces From Smaller Anbar Towns 10
Suicide Bomber Kills 21 Civilians In Afghanistan 10
Care For Wounded Soldier At VA Hospital Comes Under Fire .. 10

DOJ:

Bush Nominates Paulose At Minnesota US Attorney 10

Corporate Scandals:

US Expected To Charge Comverse Over Options Dating 11
Apple May Revise Profit Statements Pending Options Probe 11

Criminal Law:

Two Arrested In New Orleans Slaying As Landrieu Asks DOJ For Help 12
Judge Appoints Magistrate To Supervise Copying Of Jefferson Files 12
Prosecutors Grapple With Election Calendar Amid Corruption Probes 12
FBI Investigating Kerik Over Missing $1 Million At Charity 13
Former LA Deputy Sentenced To 30 Years For Sexual Assault 13
Prosecutors See Challenges in Taking On Internet Gambling ... 13
Antigua Bests US In WTO Internet Gambling Case 14
BetOnSports Head Remains Out Of US Reach 14
Big Dig Worker Admits Mailing Disputed Memo, But Maintains Veracity Of Claim 14
US Charges Two Gadsden, AL, Officials, Businessman With Conspiracy 14
Alabama Woman Pleads Not Guilty To $277,000 In Katrina Relief Fraud 14
Alabama School Bus Driver Ruled Competent To Be Tried On Child Porn Charges 15
FBI Allowing Crime Labs To Use CODIS To Identify Relatives Of Suspects 15
Texas Executes Former Jailer For 1997 Murder Of Child 15
DC Attorney Stabbed To Death 15
Northern Virginia Inmate Jailed Two Months After Case Closed 15
Federal Judge Rejects Request For Return Of $150,000 Seized In DC Traffic Stop 15
California Inmate Disciplined For Painting Sales 16

Civil Law:

Insurance Company Settles Complaints That It Deceived US Soldiers 16
3rd Circuit Will Not Revive Holocaust Survivor's Suit Against German Firms 16

Civil Rights:

Springfield, MA, Mayor Objects To DOJ Voting Rights Suit 17
Senate Judiciary Committee Approves Creation Of Civil Rights Cold-Case Offices 17
Missouri Voter ID Law Faces Legal Challenge 17
Jackson, MS, Mayor Accused Of Racial Profiling..... 17
Many Cities Participating In Diversity Campaign 18

Antitrust:

Merging Utilities Give New Jersey Regulators Deadline For Approval..... 18
E-Mail In DOJ Price-Fixing Probe Sent From London 18
Fate Of WV Steel Mill Tied Up In Arcelor-Mittal Merger 18
Groups To Seek Review Of Seattle Newspapers' Finances 19
Molex Purchase Of Woodhead Industries Gets German Antitrust Approval 19
EU Presses Spain On Conditions Placed On Endesa Bid 19
SL Green Realty To Purchase Reckson 19
IBM To Buy MRO Software For $740 Million 20
Easy Merger Financing May Be Coming To End..... 20
Writer Blasts EU Action Against Microsoft 20

Environment/Indian Affairs:

Scientists Say Global Warming Causing More Frequent Heat Waves 20
Nonprofit Receiving $9 Million In DuPont Lead Paint Settlement Has Ties To Company..... 21
EPA Recommends Limits On Pesticide Use 21
Poll Finds High Disapproval Of Bush Environmental Policies 22
Report Finds Beach Closings, Advisories On The Rise 22
USA Today Criticizes USDA Mad Cow Testing Rules..... 22
Seven Tribal Police Departments To Receive DOJ Grants..... 22
Cycle Rally Near Sacred Indian Site Sparks Concerns 22

FBI/DEA/ATF/USMS:

SF Chronicle Reporters May Face Contempt Charges Today In BALCO Case 23
Man Gets 19-Year Sentence In Meth Case 23
Drug Gang Targeted In Alabama Raid..... 23
Thousands Of Marijuana Plants Found In Arizona's Tonto National Forest 23
Four Accused Of Selling Marijuana-Laced Gumballs In DC Area24
In Kentucky, Authorities Crack Down On Rogue Internet Pharmacies..... 24
Colombia To Begin Aerial Spraying Of Coca Where Six Workers Were Killed..... 24
Prosecutor In Mexico Seeks US Help To Stem Drug-Related Violence 24
Anti-Doping Expert Rejects Lawyer's Dehydration Theory In Landis Case..... 24

Immigration:

Bush Touts Border Enforcement At Start Of Texas Vacation..... 24

Tax:

DOJ Sues Chumash Tribe's Accountants Over Alleged Tax Scam..... 26
IRS, Canada Uncover Suspect Tax Shelter..... 26

Congress-Administration:

Senate Democrats Block Final Vote On Minimum Wage-Estate Tax Bill 26
Senate Sends Pension Reform Bill To Bush..... 27
Senate Leaves Pentagon Spending Bill Unfinished 27
Bush Names Former SEC Commissioner To Commerce Post.. 27
Burns Drops Hold On Pentagon Nominees 28
4th Circuit Nominee Takes Heat For Stance On Gauntanamo Interrogation Policy..... 28
WPost Says Paulson Needs To Reconcile Economic, Tax Policies..... 28
WPost Calls Pelosi Response On Entitlements Cynical..... 28
WSJournal Criticizes Democrats Hold On FDA Nominee Over Plan B 28
NYTimes Praises House Decision To Drop "Freedom Fries."..... 29

Other News:

Fed Says Inflation Rise Temporary 29
Appeals Panel Rules DeLay Must Stay On Ballot 29
Quinnipiac Poll Shows Lieberman Trailing Lamont By 13 Points30
Corker, Ford Win Tennessee US Senate Primaries 30
Martinez Declares Harris Victory "No. 1 Goal." 31
West Virginia GOP Candidate Admits Embellishing Resume 31
South Carolina GOP To Hold Presidential Debate May 15, 200731
McCain Hires Former Bush Aide Handy 31
Bloomberg May Be Eyeing Presidential Bid..... 31
Gore Favorability Rating Below 50% 31
After Kroc Gift, Salvation Army Seeks To Keep Mission Clear .. 32
Dionne Says Conservatism Has Reached "Point Of Collapse." . 32
Krugman Says Liberal Groups Should Emulate Partisanship Of Conservatives 32
NYTimes Says Doctors "Deluded" That Free Lunches Not Influencing Judgment 32
Rice Backs Immediate Ceasefire, Sees Security Council Resolution "Within Days." 32
Bush "Attachment To Israel" Said To Stem From Trip To Holy Land 35
Twelve Israelis Killed In Lebanon Conflict..... 35
Bush Exhorts Cubans To Seek Democratic Change..... 37
Pakistani Ambassador Downplays Khushab Reactor's Military Potential 38
US To Maintain Troop Level In South Korea 38
Resignations Push Somali Government To Brink..... 38
Yushchenko Names Yanukovich Ukrainian PM In Bid For Unity 38
Author Says Killing Fields Tribunal Must Move Forward 38
NYTimes Says China, US Should Support Robust UN Force In Darfur 39
WPost Says OAS Must Ensure Fair Nicaraguan Election..... 39

DOJ_NMG_0044263

WSJournal Chides France For Public Support Of Private Internet Firms 39

The Big Picture:
Headlines From Today's Front Pages 39

Washington's Schedule:
Today's Events In Washington 40

DOJ_NMG_0044264

TERRORISM NEWS:

DOJ Threatens Suit Over Maine Probe Of Verizon's Data Sharing. The Morning Sentinel (ME) (8/4, Wack) reports, "The Bush administration is threatening to sue Maine regulators should they decide to investigate whether Verizon Communications illegally turned over customer information to the National Security Agency." The Sentinel continues, "Verizon customers in Maine have asked the state's Public Utilities Commission to investigate whether the telecom giant violated privacy laws by cooperating with a domestic surveillance program. The PUC is expected to decide Monday whether to open such a probe." The Sentinel adds, "In a July 28 letter to the PUC, the U.S. Department of Justice cites national security as a key reason for its opposition to a state investigation. The seven-page letter suggests that a lawsuit is likely if Maine regulators decide to investigate. … 'We sincerely hope that, in light of governing law and the national security concerns implicated by the requests for information, you will decline to open an investigation and close these proceedings, thereby avoiding litigation over the matter,' the letter reads." The Sentinel notes, "The Justice Department's stance drew criticism from Maine groups that favor an investigation. They believe that if state secrets are at risk, precautions can be taken to ensure they aren't revealed. … 'The federal Department of Justice is trying to kill the proceeding even before it begins, and I don't think that's proper,' said Wayne Jortner, senior counsel in the Maine Public Advocate's office, which represents citizens in cases involving public utilities. … 'Verizon may have broken the law, and the Department of Justice is overstepping its bounds in trying to intimidate the state PUC from investigating the potential violation,' said Shenna Bellows, executive director of the Maine Civil Liberties Union."

Treasury Department Freezes Assets Of Saudi-Based Islamic Charity. The AP (8/4, Aversa) reports, "The Bush administration took steps Thursday to financially incapacitate" the Philippine and Indonesian branches of the Saudi-based Islamic charity, the International Islamic Relief Organization, and "Abd Al Hamid Sulaiman Al-Mujil, who is the executive director of the charity's Eastern Province branch in Saudi Arabia." The Treasury Department has frozen the US assets of the branches and Al-Mujil, and "Americans also are forbidden from sending money or otherwise doing business with them." Treasury Department Undersecretary for Terrorism and Financial Intelligence said, "It is particularly shameful when groups that hold themselves out as charitable or religious organizations defraud their donors or divert funds in support of violent terrorist groups."

Judge Denies Passaro Access To Classified Documents. The AP (8/4) reports from Raleigh, NC, "A former CIA contractor charged with beating an Afghan detainee who later died can't use several classified memos and e-mails when his trial starts next week, a federal judge ruled in an order released Thursday." The AP continues, "David Passaro, 39, of Lillington, is charged with two counts of assault with a dangerous weapon and two counts of assault resulting in serious injury. Prosecutors have accused the former Special Forces medic with beating Abdul Wali during an interrogation in 2003; Wali died three days later in his cell. … U.S. District Court Judge Terrence Boyle said before Passaro can have the documents, he must show who approved of his actions in Wali's interrogation. Until he does so, they remain off-limits to his defense team." The AP adds, "Boyle's ruling said Passaro sought access to 'classified memoranda allegedly exchanged between the CIA and the Department of Justice in August 2002.' In a footnote, Boyle said that Passaro claimed the CIA asked for an opinion in 'techniques permissible during interrogations,' and that the Justice Department provided the CIA with a memo detailing what techniques were allowed. … Passaro's trial is scheduled to start Monday. He was the first U.S. civilian charged with prisoner abuse during the wars in Afghanistan and Iraq, and faces 40 years in prison if convicted."

Democrats Block Committee Vote On Specter's NSA Plan. The Washington Post (8/4, A15, Eggen) reports, "A White House-endorsed plan to formally legalize the National Security Agency's warrantless surveillance program ran into more political problems yesterday in the Senate, as Democrats successfully maneuvered to block a committee vote on the proposal." The Post continues, "In addition, three of the committee's leading Democrats announced that they would block the confirmation of a senior Justice Department official in protest of a recent move by President Bush. The president effectively stopped a probe into the NSA program by denying security clearances to Justice Department investigators." The Post adds, "The developments spell further difficulties for Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), whose surveillance proposal has earned the endorsement of Bush and Vice President Cheney but has run into fierce opposition from Senate Democrats and a competing proposal from House Republicans. … Specter said in an interview late yesterday that, while he will continue to seek compromise with critics, he is confident the bill will proceed with or without

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Democratic support. … Specter also said that he believes much of the Democratic opposition to his proposal stems in part from Bush's faltering popularity." The Post notes, "In a related matter, Democratic Sens. Richard J. Durbin (Ill.), Russell Feingold (Wis.) and Edward M. Kennedy (Mass.) wrote a letter to Bush promising to block the confirmation of Steven G. Bradbury, who serves as the acting head of the Justice Department's office of legal counsel. Bush blocked an investigation that would have focused on the role played by that office in approving the NSA spying program. … The senators argued that it would be 'inappropriate' to confirm Bradbury as head of that office until he is 'cleared of wrongdoing,' and they demanded that Bush grant the security clearances necessary to resume the investigation. … Justice Department spokesman Brian Roehrkasse said it is unfair to target Bradbury because he was not at the department when the NSA program began, and he added that Levin is obstructing efforts 'to ensure the safety and security of the country.'"

Judge Rejects Defense Motion To Change Venue In 9/11 Perjury Retrial. The AP (8/4, Caruso) reports, "U.S. District Judge Shira A. Scheindlin on Thursday turned down a request to move the perjury retrial of one-time material witness Osama Awadallah out of" New York City, "saying a jury elsewhere wouldn't necessarily be more impartial." The AP notes that after Awadallah's first trial ended in a hung jury, "members of the panel revealed that as many as four jurors had tearfully recalled personal stories of the Sept. 11 attacks, despite instructions from the judge to avoid the topic."

Law Professors Say Terror Suspects Should Be Detained, Not Tried. In a Washington Post (8/4, 748K) op-ed, Harvard law professor Jack Goldsmith and University of Chicago law professor Eric A. Posner write, "Everyone involved in the contentious negotiations between the White House and Congress over the proper form for military commissions seems to agree on at least one thing: that al-Qaeda and Taliban terrorists ought to be prosecuted. We think this assumption is wrong: Terrorist trials are both unnecessary and unwise. … The Supreme Court has made clear that the conflicts with al-Qaeda and the Taliban are governed by the laws of war, and the laws of war permit detention of enemy soldiers without charge or trial until hostilities end." Therefore, Goldsmith and Posner say, rather than "wasting political energy designing a trial system that will satisfy few and convict even fewer," the administration and Congress "should…focus on improving the military detention process."

LATimes Says Administration Still "Playing Word Games" Over Coercion. The Los Angeles Times (8/4, 918K) editorializes, "Thanks to pressure from military lawyers and Republican lawmakers with experience in the armed forces, the Bush administration seems to have abandoned its position that Congress should simply rubber-stamp whatever procedures the president deems sufficient to try suspected terrorists at Guantanamo. … The bad news is that on some issues…the administration still clings to the notion that the end justifies the means." The Times adds that on the issue of coercive interrogation, "the administration persists in playing word games." Asked by Sen. John McCain "whether statements elicited by 'illegal, inhumane treatment' should be admissible, Atty. Gen. Alberto R. Gonzales paused 15 seconds and then replied: 'I can foresee a situation where, depending on the definition, I would say no, but depending on your definition of something as degrading, such as insults or something like that, I would say that information should still come in.'"

PATRIOT ACT:

ACLU Claims DOJ "Overcensoring" In Connecticut Library Case. The AP (8/4, Yost) reports, "The Bush administration is often accused of an obsession with secrecy, and critics say the case of the Justice Department versus Connecticut librarians proves their point." The AP continues, "Documents once kept secret in a now closed terrorism inquiry reveal that government lawyers kept secret a newspaper article and several references to Supreme Court opinions that undercut government arguments for secrecy. … The documents were placed on the public record Thursday on orders from Supreme Court Justice Ruth Bader Ginsburg." The AP adds, "American Civil Liberties Union lawyer Ann Beeson says the documents show the government engaging in 'a clear case of overcensoring' during the yearlong dispute on the FBI's request for subscriber and billing information from a library computer used in a 45-minute span on Feb. 15, 2005." The AP notes, "Four librarians resisted the FBI directive. They were put under a gag order that prohibited them from even acknowledging the existence of the demand for information, which came in the form of a national security letter rather than a subpoena signed by a judge. Such a letter allows the executive branch of government to obtain records about people in terrorism and espionage investigations without a judge's approval or a grand jury subpoena. … The FBI said the government had sound legal reasons for the secrecy and that under other circumstances the librarians' refusal to cooperate could have increased the danger of terrorists succeeding."

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HOMELAND RESPONSE:

Pentagon, DOT Investigating Inaccuracies In 9/11 Response Reports. The AP (8/4) reports, "Five years after the Sept. 11 attacks, investigators are still looking into the government's response to the hijackings, specifically to determine why aviation and military officials inaccurately reported their performance on that day. The Defense Department inspector general will soon release a report into whether the military's testimony to the Sept. 11 commission was 'knowingly false,' Pentagon spokesman Lt. Col. Brian Maka said Thursday." Meanwhile, the Transportation Department IG "has completed and is writing a report on whether Federal Aviation Administration officials misspoke in their testimony, said David Barnes, the inspector general's spokesman."

Wisconsin Provost Privately Cautioned Instructor About Controversial 9/11 Views. The Chicago Tribune (8/4, Cohen, 623K) reports, "As University of Wisconsin administrators defended their decision to employ instructor Kevin Barrett, a top university official suggested in a letter to Barrett last month that he should be less outspoken about his personal views." Barrett "believes the U.S. government orchestrated" 9/11 "to create support for a larger military budget and a long-term Middle East war." Responding to criticism by GOP lawmakers, University Provost Patrick Farrell "said he was satisfied that Barrett could keep his activism out of the classroom," but "in a letter dated July 20, Farrell expressed concerns about Barrett continuing to publicize his opinions and touting his university position when voicing his views." The Tribune adds, "Barrett said Thursday that he has not sought publicity and has only responded to media requests, including an interview with the Tribune last week."

ACLU Says US Barring International Scholars Over Political Beliefs. The Washington Post (8/4, A7, Asthana, 748K) reports, "When Waskar Ari traveled to Bolivia last year, after completing a doctorate at Georgetown University, he meant to stay there for 10 days," but "a year later, he is still waiting to return. Ari, an Aymara Indian, is one of a growing number of foreign scholars whose visas have been revoked or whose applications have been denied -- barred, according to civil rights and academic groups, for their ideological or political views." The ACLU "is tracking up to 15 cases, including Ari's, in which it thinks people have been banned for their beliefs," but DHS spokesman Jarrod Agen said, "There are a host of reasons why an individual may be denied a visa, but their ideological or political beliefs are not reasons for denying entry."

FDA Developing Quicker, Cheaper Test To Identify Bioterror Hoaxes. UPI (8/4) reports the FDA "said Thursday it is developing a test to quickly identify substances used in bioterror hoaxes. The technology is known as mass spectrometry," and it "might eventually be used to distinguish between actual anthrax and harmless flour. The technology in essence mimics 'the FBI's fingerprint library for criminals,' FDA said, because it will be able to discern a lethal substance's 'fingerprints' by identifying the structure and chemical properties of its molecules." UPI adds, "The FDA noted the test cannot distinguish between living and dead microorganisms but can process a large number of samples rapidly for as little as $2 a pop, compared to DNA sampling, which costs $15 to $50 per test."

Louisiana Is Only State Still Negotiating Hurricane Plans With DHS. The Washington Times (8/4, Hudson, 88K) reports on a continuing dispute between Louisiana and Department of Homeland Security officials "over who is in charge of evacuations and shelters" during a hurricane. DHS Secretary Michael Chertoff "has said state officials need to shelter 150,000 residents during a hurricane," which Louisiana Gov. Kathleen Blanco says is "about 65,000 more than…can be accommodated." The Times notes that "Louisiana is the only state still negotiating plans with Homeland Security and the Federal Emergency Management Agency." The Times quotes Chad Rogers, publisher of TheDeadPelican.com, who said Blanco's argument is "all about politics," adding that the governor "makes Homeland Security look competent."

Hurricane Season May Be Less Severe Than Predicted. USA Today (8/4, Ritter, 2.27M) reports that "the 2006 hurricane season has been quiet, but forecasters warn there's still plenty of time for devastating storms to develop heading into the peak months of August, September and October." USA Today adds that "the waning Chris" is the most recent of three tropical storms this year that "have failed to become hurricanes." Hurricane researcher William Gray at Colorado State University and his forecast team have "reduced the number of expected hurricanes from nine to seven and said a monster storm like Katrina is unlikely."

TS Chris "Fizzling Out." The CBS Evening News (8/3, story 6, 0:30, Schieffer, 7.66M) reported that "Chris is crumbling. The third named storm of the season is losing power and forecasters no longer expect it to become a hurricane. S o a third of the way through the season, we have yet to see a hurricane, and today forecaster William Gray put out a revised and scaled back forecast that calls for seven hurricanes this year, down from the nine that he originally predicted." NBC Nightly News (8/3, story 7, 0:40, Williams, 9.87M) reported that the storm "is fizzling out." Researchers "say colder temperatures in the Atlantic Ocean

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waters may contribute to a gentler hurricane season than first thought."

Grand Jury To Investigate Reports Louisiana Police Officers Blocked Katrina Evacuees. The Los Angeles Times (8/4, Simmons, 918K) reports a grand jury investigation into reports that police officers in Gretna, Louisiana prevented evacuees from Hurricane Katrina, "most of them black, from crossing a Mississippi River bridge into the predominantly white suburb" was announced yesterday. "The Sept. 1 incident on a nonpedestrian toll crossing sparked charges of racism against the Gretna Police Department and City Council, and exacerbated already strained relations between the two cities." Gretna Mayor Ronnie C. Harris told the Times in November that "the city stood by its decision to block the bridge."

WAR NEWS:

Top US Generals Warn Iraqi Instability Could Lead To Civil War. The AP (8/4, Flaherty) reports, "Two top Pentagon commanders said Thursday that spiraling violence in Baghdad could propel Iraq into outright civil war, using a politically loaded term that the Bush administration has long avoided." The generals, Gen. Peter Pace Chairman of the Joint Chiefs of Staff, and John Abizaid of the US Central Command, said "they believe a full-scale civil war is unlikely. Even so, their comments to Congress cast the war in more somber hues than the administration usually uses, and further dampened lawmakers' hopes that troops would begin returning home in substantial numbers from the widely unpopular war in time for this fall's elections."

The story received extensive media coverage on both print and television. Last night, it led two out of three network newscasts, where adjectives such as "stunning" were used to describe the generals' comments. ABC World News Tonight (8/3, lead story, 3:15, Sawyer, 8.78M) reported on a "stunning admission today from the American generals running the war in Iraq. They told Congress and the nation the fighting among Iraqis is worse than ever. And the next stop could be all-out civil war. You could see the strain in their faces, hear it in their words. And nobody was talking about American troop withdraws anymore." ABC (Raddatz) added, "It was a new and startling assessment from top commanders. It came in response to a simple question -- is Iraq sliding towards civil war?" Gen. John Abizaid, Commander, US Central Command: "I believe that the sectarian violence is probably as bad as I've seen it in Baghdad in particular. And that if not stopped, it is possible that Iraq could move toward civil war." Raddatz: "The Chairman of the Joint Chiefs echoed the comments, saying civil war was indeed a possibility." Gen. Peter Pace, Chairman, Joint Chiefs of Staff: "We do have a possibility of that evolving to a civil war."

The CBS Evening News (8/3, lead story, 2:55, Schieffer, 7.66M) said the comments were "a pointed reminder" the Iraq war "is still there, still there and getting worse." CBS (Axelrod) added, "It was actually stunning to watch two top US generals describing the situation in Iraq." CBS showed Sen. John McCain saying, "General pace, you said there's the possibility of the situation in Iraq evolving into civil war. Is that correct?" General Peter Pace: "I did say that, yes, sir." McCain: "Did you anticipate this situation a year ago?" Pace: "No, sir." McCain: "Did you, General Abazaid?" General John Abazaid: "I believe that a year ago it was clear to see that sectarian tensions were increasing, that they would be this high? No." McCain: "What I worry about is we're playing a game of 'whack a mole' here. We move troops it flares up, we move troops there."

NBC Nightly News (8/3, story 2, 1:105, Gregory, 9.87M) also called the comments from the US generals "quite significant, especially from a group that trying to steal American resolve for a conflict that is increasingly opposed by the American public and his party in an election year. Clearly a few things motivating this. A desire by the White House to acknowledge reality if they are going to get traction with the public they have to tell it like it is and say how difficult it is going to be. Part of that is managing expectations. A lot of Americans are expecting American troops will come back in a sizeable number by the end of the year. Now we see the opposite happening -- where more troops are going into Baghdad to shore up that city first before they get to other parts of the country."

The Washington Post (8/4, A1, Priest, Jordan, 748K) calls the generals' comments "the military's most dire assessment of conditions in Iraq since the war began 40 months ago." Their "assessment about the possible slide into civil war is something the administration has avoided acknowledging before." GOP Sen. John W. Warner, chairman of the Armed Services Committee, "said the administration may need to seek new authorization from Congress to allow U.S. troops to fight in a civil war. Originally, the forces were authorized to topple Saddam Hussein and his Baath Party. Senators from both parties questioned whether troops were adequately trained to fight in a civil war." The Post also remarks on the hearing's "somber mood."

The New York Times (8/4, Shanker, 1.21M) reports "the tone of the testimony" was "strikingly grimmer than the Pentagon's previous assessments." The Times adds, "The security situation in Iraq was described in even starker terms by a senior British diplomat in Baghdad, according to British news reports. He contradicted the official stance in London and Washington by concluding that Iraq was closer to civil war and partition than to democracy. In a confidential

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telegram seen by a BBC correspondent in Baghdad, the diplomat, William Patey, who finished his tour in Iraq last week, told Prime Minister Tony Blair that 'the prospect of a low intensity civil war and a de facto division of Iraq is probably more likely at this stage than a successful and substantial transition to a stable democracy.'" The Washington Times/AP (8/4, Stringer) also reports on Patey's warning.

USA Today (8/4, Diamond, 2.27M) says that "less than a year ago, US military commanders were briefing Congress on the likelihood of troop withdrawals by the end of this year. Now, as the Iraq war remains a prominent issue in the November elections, the trend is in the opposite direction."

McClatchy (8/4, Youssef) notes Abizaid's comments that the violence in Baghdad "is probably as bad as I've seen it," and his assertion that "the country could be headed toward civil war. Nearly all of the dozen Iraqis who work for McClatchy Newspapers' Baghdad bureau -- evenly split between Shiite and Sunni Muslims -- reached that conclusion long ago."

The Washington Times (8/4, Scarborough, 88K) reports the generals' comments "added to the perception on Capitol Hill that military commanders remain one step behind extremists who are trying to bring down the new Shi'ite-dominated government."

The Financial Times (8/4, Sevastopulo) reports "some Republican senators joined Democrats in questioning whether the US military had expected a year ago that violence would be at the current levels, with an estimated daily death toll of a hundred in Baghdad." The Los Angeles Times (8/4, Barnes, 918K) runs a similar report.

Rumsfeld, Clinton Have Heated Exchange. ABC World News Tonight (8/3, lead story, 3:15, Raddatz, 8.78M) reported the generals' comments "eclipsed comments by Secretary Donald Rumsfeld. But his expression of confidence in the outcome in Iraq, prompted a withering attack from Democratic Senator Hillary Clinton." Clinton: "Because of the Administration's strategic blunders, and frankly, the record of incompetence in executing, you are presiding over a failed policy." Donald Rumsfeld, Secretary of Defense: "My goodness. First of all, it's true, there is sectarian conflict in Iraq and there is loss of life. Are there setbacks? Yes. Is this problem going to get solved in the near term, against the long struggle against violent extremism? No. I don't think it is. It is going to take some time." The CBS Evening News (8/3, lead story, 2:55, Axelrod, 7.66M) also noted Rumsfeld "got into it with Senator Hillary Clinton who said he's heed been painting too rosy a picture of the situation in Iraq."

NBC Nightly News (8/3, lead story, 3:30, Miklaszewski, 9.87M) reported Clinton "provided the political fireworks." The senator, added NBC, "called on Secretary Rumsfeld to resign and on President Bush to accept the resignation. Asked for a response a Pentagon spokesman said 'we don't do politics.'" On ABC World News Tonight (8/3, story 3, 0:50, Sawyer, 8.78M), George Stephanopoulos said, "The chances of President Bush accepting that advice [on Rumsfeld's resignation] is about zero. But it's a sign how much the support for this war effort is slipping on Capitol Hill."

The AP (8/4, Barrett) reports on the exchange, saying Clinton "called on…Rumsfeld to resign, hours after excoriating him at a public hearing." Clinton, adds the AP, "has come under attack from some in her own party for voting for the war in 2002 and her current opposition to a deadline for US troop withdrawal."

Newsday (8/4, Thrush) writes that, "like a prizefighter, Clinton smiled and shook hands with Rumsfeld before attacking his policies."

The Washington Post (8/4, A1, Priest, Jordan, 748K) reports that "several times during the hearing, Rumsfeld expressed concern that the committee's back-and-forth would aid the enemy. 'They're waging a psychological war of attrition,' he said at one point. 'They want us pointing fingers at each other rather than pointing fingers at them.'"

Another Democratic senator last night called for Rumsfeld's departure. Sen. Jack Reed said on MSNBC's Hardball (8/3) "the Department of Defense would be better served with a new secretary of Defense."

Hagel Calls For Starting Iraq Pullout Within Six Months. The Lincoln Journal Star (8/4, Walton) reports, "The United States needs to begin withdrawing troops from Iraq within the next six months, Sen. Chuck Hagel said Thursday, rather than ratcheting up its military commitment now. With Iraq exploding in sectarian violence and 'moving closer and closer to a straight-out civil war,' Hagel said," the Bush Administration's "decision to transfer nearly 5,000 additional U.S. troops into Baghdad is 'only going to make it worse for us.'"

Rumsfeld Criticized On Opinion Pages. The New York Times (8/4, 1.21M) editorializes, "It's been obvious for years that Donald Rumsfeld is in denial of reality, but the defense secretary now also seems stuck in a time warp. You could practically hear the dominoes falling as he told the Senate Armed Services Committee yesterday that it was dangerous for Americans to even talk about how to end the war in Iraq. … By contrast, the generals flanking him were pillars of candor and practicality."

USA Today (8/4, 2.27M) writes in an editorial, "A frank assessment about what is happening in Iraq, and just what it is US troops are fighting and dying for, isn't what the armed services panel got Thursday from Defense Secretary Donald Rumsfeld." Rumsfeld "stuck to well-worn platitudes about Iraq's importance in the broader war on terror. … Most comparisons between Vietnam and Iraq are faulty. But one

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lesson applies: Americans deserve a strategy based on the reality of a changing situation, not political rhetoric that costs lives and prolongs an illusion."

Thomas Friedman writes in the New York Times (8/4, 1.21M), "Since the Bush team never gave us a Plan A for Iraq, it at least owes us a Plan B." He adds that "the best way to contain Iran would have been to produce a real Shiite-led democracy in Iraq, exposing the phony one in Tehran. But second best is leaving Iraq. Because the worst option — the one Iran loves — is for us to stay in Iraq, bleeding, and in easy range to be hit by Iran if we strike its nukes."

In a New York Times op-ed (8/4), Billy Shore, the founder of Share Our Strength, an antihunger organization, recounts a recent flight on a plane carrying the remains of a Marine killed in action. As the Marine honor guard removed his casket in Washington, Shore said, "Except for a handful of us standing frozen at a respectful distance from the window, the war and its carnage might as well have been on another planet. The disconnect between those who serve and those of us who are beneficiaries of their service has always felt great to me, but never greater than at that moment."

Baker Book Criticizes Bush Iraq Policy. In the Washington Post's "In The Loop" column (8/4), Al Kamen says, "The Bush administration, loath to admit mistakes, has never listed what it thinks its biggest mistakes were in the Iraq campaign. But former secretary of state James A. Baker III is stepping into the void in his soon-to-be-published book 'Work Hard, Study . . . and Keep Out Of Politics!'" In an analysis "that closely tracks that of our colleague Thomas E. Ricks in 'Fiasco: The American Military Adventure in Iraq,' his new best-seller," Baker says, "And after fighting successfully [against the State Department] to secure the lead role in winning the peace and reconstructing Iraq, the Defense Department made a number of costly mistakes, including disbanding the Iraqi army, outlawing the Baath Party, failing to secure weapons depots, and perhaps never committing enough troops to successfully pacify the country." Baker says Iraqis, "especially those still alive, 'are clearly better off now than under their murderous dictator. But the costs to our nation -- primarily in terms of sacrifice by brave young Americans and their families, but also economically, diplomatically, politically and militarily -- are very real and cannot be ignored.'"

Roberts Criticizes White House Efforts To Keep Iraqi Intelligence Report Secret. The New York Times (8/4, Mazzetti, 1.21M) reports, "The Republican chairman of the Senate Intelligence Committee lashed out at the White House on Thursday, criticizing attempts by the Bush administration to keep secret parts of a report on the role Iraqi exiles played in building the case for war against Iraq." The chairman, GOP Sen. Pat Roberts, "said his committee had completed the first two parts of its investigation of prewar intelligence." But "he chastised the White House for efforts to classify most of the part that examines intelligence provided to the Bush administration by the Iraqi National Congress, an exile group." The Times adds, "Congressional officials said Thursday that they were puzzled by White House efforts to keep large portions of that section classified. Mr. Roberts pledged in his statement to maintain the pressure to declassify all of the Senate's conclusions."

US Troops Fire On Shiite Protesters In Baghdad Who Shot At Base. The New York Times (8/4, Semple, 1.21M) reports, "American troops opened fire Thursday on a vehicle carrying armed Shiites to an anti-Israel demonstration in Baghdad, killing as many as two occupants and wounding others, officials said. While details of the incident remained murky late Thursday, the American military command said in a statement that the occupants of the van had first fired at the watchtower of an American military base near the town of Mahmudiya." American troops "returned fire, the statement said, and more than an hour later, Iraqi troops at a checkpoint captured the van and found two dead men in the back with AK-47 and PKC assault rifles." USA Today/AP (8/4) runs a similar report.

Violence Continues In Iraq. NBC Nightly News (8/3, story 4, 0:15, Williams, 9.87M) reported, "In Iraq today by the way the violence went on. A bomb strapped to a motorcycle exploded today in the center of Baghdad. At least 12 people were killed in the explosion. The bomb went off near a vegetable market during the daytime. Two Marines were killed west of the city of Baghdad."

Dozier Leaves Hospital. The CBS Evening News (8/3, story 9, 1:50, Schieffer, 7.66M) reported, "Finally tonight, some truly wonderful news. It was just a little over two months ago, Memorial Day, that we got word that two members of our CBS news team in Iraq, cameraman Paul Douglas and sound man James Brolan had been killed by a roadside bomb. And that correspondent Kimberly Dozier was badly wounded and near death. Well, Kimberly told us today that after undergoing 12 surgeries, one lasted 11 hours, she has recovered to the point that the doctors have allowed her to leave the hospital and go home to an apartment in Baltimore." NBC Nightly News (8/3, story 11, 0:15, Williams, 9.87M) also reported the story.

Al Qaeda In Iraq Vows To Retake Fallujah. The Washington Post (8/4, A10, Mosher, 748K) reports, "Posting proclamations in mosques and schools, the insurgent group al-Qaeda in Iraq vowed Thursday to take back the volatile

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western city of Fallujah, declaring that it had united local armed factions into a cohesive force to fight the U.S. and Iraqi troops who now control its streets." In Fallujah, "police said they were taking the al-Qaeda warning seriously. It followed the recent killings of several religious and tribal leaders whom insurgents had accused of collaborating with US forces and the Iraqi government."

US Cutting Back Forces From Smaller Anbar Towns. The Washington Post (8/4, A10, Tyson, 748K) reports from Hit, Iraq, located in "western Iraq's Anbar province, a center of Sunni resistance. In Hit, US forces and their Iraqi counterparts are the target of most of the two dozen attacks -- road bombs, shootings and mortar fire -- each week." The Post adds, "Residents are quick to argue that the American presence incites those attacks, and they blame the US military rather than insurgents for turning their town into a combat zone. The Americans should pull out, they say, and let them solve their own problems. Increasingly, the US military seems eager to oblige." The Post also reports, "While senior US commanders have indicated that troops will be required to stay longer in Anbar than elsewhere in Iraq, they have already begun cutting back forces in some smaller, less strategic towns along the Euphrates."

Suicide Bomber Kills 21 Civilians In Afghanistan. The CBS Evening News (8/3, story 3, 0:20, Schieffer, 7.66M) reported, "The war in Afghanistan has suddenly become more intense, and NATO forces there have suffered a new wave of casualties. This week, seven NATO soldiers have died, including four Canadians, who were killed today by Taliban guerillas. Also today, a suicide car bomber targeting a NATO convoy missed the soldiers but killed at least 21 Afghan civilians." USA Today (8/4, 2.27M), New York Times (8/4, Gall, 1.21M), Los Angeles Times (8/4, Watson, 918K) and Washington Post (8/4, A10, Constable, 748K), among other sources, also report the story.

Afghanistan To Deport South Korean Christians. The Washington Times (8/4, 88K) reports, "Afghanistan plans to deport hundreds of visiting South Korean Christians over security fears after Islamic clerics demanded their expulsion, accusing them of trying to spread Christianity. There was no official comment from the Afghan government, but a member of the visiting Korean team in Kabul confirmed the deportation order."

Care For Wounded Soldier At VA Hospital Comes Under Fire. CBS Evening News (8/3, story 8, 3:20, Schieffer, 7.66M) reported, "For many of the wounded" in Iraq and Afghanistan, the "return home is just beginning of a new battle to get the care they need." CBS then introduced part one of a series called "The Longest Battle." CBS Evening News (Martin, 7.66M) profiled Cory Briest, an injured Iraq veteran, and his wife Jenny. CBS Evening News reports, "Briest was transferred to the Veterans Administration hospital in Minneapolis, which has one of four trauma centers created specifically for the most severely wounded soldiers in this war." Jenny Briest: "I got told, you know, You are coming to the top -- top place for brain rehab. There are four top places in the country, and you're going to the top one.'" However, Cory Briest's mother, Diane, describes medical care the first night there as "horrendous." Diana Briest: "His gown was half off. He had coughed his trach mask off." CBS Evening News adds, "Doctors at the hospital insist his life was never in danger, but that was the beginning of a perhaps inevitable struggle between the family and a medical staff dealing with the multiple complications of caring for a grievously wounded soldier." Additionally, CBS Evening News says the family's main complaint is that Cory "was not getting all the therapy he needed. … Therapy increased to two and a half hours a day after the South Dakota National Guard, where Briest served, met with hospital officials."

CBS Evening News adds, "The VA, which agreed to discuss the details of Briest's care after his wife signed a privacy waiver, insists he did not miss therapy sessions because of a shortage of staff. He was a grievously wounded soldier whose complex medical needs had to come first. Jenny remains unconvinced." The report concludes, "After six months in the VA System, the Briest family moved Cory to a private hospital where they believe he will get the care he deserves."

On its Web site, CBS News has a copy of the report. Additionally, CBS teased the story on its Web site earlier in a piece called "The Inside Scoops." In that entry, CBS News (8/3, Schieffer) wrote, "While some of our VA medical hospitals are considered top notch, there are often multiple complications in caring for grievously wounded soldiers. And, sometimes a struggle between the patient's family and medical staff dealing with those care issues is inevitable. Are our wounded soldiers getting the care they need? National Security Correspondent David Martin joins us tonight for the first in his two part series, 'The Longest Battle.'"

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Bush Nominates Paulose At Minnesota US Attorney. The AP (8/4) reports, "President Bush has nominated Rachel Paulose for a four-year term to succeed Tom Heffelfinger as U-S Attorney for the District of Minnesota." The AP continues, "Paulose of Eagan has been serving as interim U-S Attorney since February 28th, following Heffelfinger's resignation. … When appointed to the interim position, Paulose was senior counsel to Acting Deputy

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Attorney General Paul McNulty and the Justice Department's special counsel for health care fraud." The AP adds, "Paulose was a prosecutor as an assistant U-S attorney for Minnesota from 1999 to 2002 and then worked in private practice for the Dorsey and Whitney law firm in Minneapolis. … Before 1999, she worked in the Justice Department as an attorney general's honors program trial attorney for the Civil Rights Division."

CORPORATE SCANDALS:

US Expected To Charge Comverse Over Options Dating. The New York Times (8/4, Creswell, Dash) reports, "In December, Jacob Alexander, the chief executive of Comverse Technology, a New York-based communications software company, stepped before a crowd of politicians and diplomats at the New York Hilton to accept an award from the America-Israel Friendship League." The Times continues, "The award highlighted Mr. Alexander's achievement in transforming Comverse over two decades from a teetering penny stock to a market leader with more than $1 billion in annual revenue. In recent months, however, the accolades have turned into accusations as an investigation into how the company granted stock options accelerates. … Now, federal prosecutors in Brooklyn are preparing to bring charges against former Comverse executives, including possibly Mr. Alexander, in the next two weeks or so, a person close to the investigation says. Prosecutors are likely to build a case on whether the executives made misleading statements to the board and to its auditors, another person briefed on the investigation said." The Times notes, "A case against Comverse could show how the stakes are rising for everyone in the executive suite, particularly if prosecutors press charges against the former chief financial officer, David Kreinberg, as well as the company's former in-house lawyer and longtime corporate secretary, William F. Sorin. Both executives and Mr. Alexander resigned three months ago. … A case against the former Comverse executives would also show that prosecutors are picking up the pace in their investigation into charges that options were manipulated at a number of companies."

Apple May Revise Profit Statements Pending Options Probe. The AP (8/4, Liedtke) reports, "Apple Computer Inc. warned Thursday that it may have to revise its profits dating back to 2002 in a worsening stock option scandal that has cast a harsh light on Silicon Valley's compensation practices." The AP continues, "Without providing specifics, the Cupertino, Calif.-based maker of Macintosh computer and iPod music players said it had uncovered enough evidence of mishandled stock options to raise doubts about the accuracy of financial statements dating back to Sept. 29, 2002." The AP adds, "During this stretch, Apple has enjoyed one of the most prosperous periods in its 30-year history. Fueled largely by steadily rising sales of its ubiquitous iPod, Apple has reported $3.1 billion in profit during the past four years. … Apple first raised a red flag about the way it accounted for stock options in late June when it announced an internal investigation into a series of 'irregularities.' … Some of the nettlesome stock options were given to Steve Jobs, Apple's renowned chief executive, but he voluntarily canceled those in 2003 before cashing them in. … After digging deeper, Apple uncovered enough new problems to prompt the company to hire an outside lawyer to take over the investigation and notify the Securities and Exchange Commission about its findings."

The Wall Street Journal (8/4, Forelle, Wingfield) reports, "The disclosure, made late yesterday, marked a noticeable shift in Apple's posture over its options problems. Two weeks ago, the Cupertino, Calif., company said it didn't believe it would need a 'material adjustment' to its financials unless its investigation turned up something else. … Apple gave scant information in a news release issued yesterday, saying only that its anticipated restatement contemplates charges for compensation expense related to past options. Apple said it would delay filing its quarterly results. A company spokesman wouldn't detail the new findings, or even confirm that they directly related to option grants. … Also not clear is just what the 'irregularities' are. Other companies reporting option-grant problems have commonly said they found that grant dates they used 'differed' from what they should have been. 'Irregularities' bears a more serious tone; Apple also used the word a month ago when it first disclosed problems with option grants. It said then it had found problems with grants between 1997-2001."

VeriSign Directors Resign Amid Options Probe. The AP (8/4) reports, "Shares of VeriSign Inc., which offers network and security products and manages the sale of .com and .net domain names, fell Thursday on signs that the Securities and Exchange Commission's inquiry into the timing of VeriSign's stock options grants is becoming more serious." The AP continues, "The Mountain View, Calif.-based company announced the resignation of two of the three board members who served on its compensation committee, Len J. Lauer and Gregory L. Reyes, in a filing Wednesday. … The move could 'indicate an escalation with the informal SEC inquiry and grand jury subpoena into stock options practices,' Jefferies analyst Katherine Egbert wrote in a note to investors." The AP notes, "VeriSign is the target of stock options backdating investigations by the Securities and Exchange Commission and the Department of Justice. … Reyes' resignation comes as no surprise. In July, the SEC

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charged the former chairman and chief executive of Silicon Valley computer-equipment maker Brocade Communications Systems Inc. with fraud related to stock options grant practices."

CRIMINAL LAW:

Two Arrested In New Orleans Slaying As Landrieu Asks DOJ For Help. The AP (8/4, Burdeau) reports, "Police on Thursday named two brothers as the suspects in an attack six days ago that killed three brothers and their friend. One of the brothers was arrested in New Orleans while the other one was believed to be hiding in Alabama." The AP continues, "Raymond Amison, 18, was booked with four counts of first-degree murder while Kevin Amison, 21, had been in contact with investigators and it was hoped he would turn himself in, police said. … The two set of brothers had been involved in a dispute that possibly predated Hurricane Katrina which hit on Aug. 29, said police Superintendent Warren Riley." The AP adds, "The quadruple killing reinforced fears that crime is making a strong comeback in this city struggling to recover from Katrina. July saw 21 murders, which is just under the monthly average of homicides before Katrina hit and dispersed the city's population. There are still far fewer people living here than before Katrina." The AP notes, "Thursday's arrest came hours after U.S. Sen. Mary Landrieu asked the Justice Department to send in more federal agents and prosecutors to cope with the rising violence. … 'The criminal justice infrastructure in Orleans Parish is broken,' Landrieu, D-La., said in a letter to Attorney General Alberto Gonzales. 'It needs to be immediately fixed.' … Landrieu cited a police department without a functioning training academy, a backup of thousands of criminal cases in state court in Orleans Parish and inadequate detention facilities. She asked for Gonzales to provide more FBI and Drug Enforcement Administration agents for the city, probation officers and juvenile crime specialists."

The New Orleans Times-Picayune (8/4, Alpert) reports, "Worried that a recent rash of murders and youth-related crime threaten the safety of New Orleans residents and could derail the city's recovery efforts, Sen. Mary Landrieu, D-La., Thursday asked U.S. Attorney General Alberto Gonzales for federal assistance, including additional agents from the FBI and Drug Enforcement Administration, DEA. … 'Our job must be to put the fear of justice back into the gangs and drug-distribution network now reemerging in New Orleans,' Landrieu said at a Capitol Hill news conference. … She said there is some evidence that the gangs are aware of the limitations of the criminal justice system, and are trying to take advantage in their criminal pursuits." The Times-Picayune notes, "Landrieu said that a 'sustained and unprecedented effort' is needed to restore order before crime spirals out of control and that the federal government must play a key role. … In addition to more FBI and DEA agents, Landrieu suggested that the attorney general increase staffing at the U.S. attorney's office in New Orleans, and consider using federal racketing statutes to dismantle gangs and drug distribution networks. … She also said that the federal government has a well-respected witness protection program that could be very helpful in a city where some witnesses are clearly afraid to come forward for fear of retribution." The Times-Picayune adds, "Kathleen Blomquist, spokeswoman for Gonzales, said the attorney general shares with Landrieu a 'desire to assist law enforcement in New Orleans' and that he looks forward to discuss ways to 'enhance our ongoing efforts' since Hurricane Katrina. … According to the Justice Department, U.S. Attorney Jim Letten, who was praised by Landrieu, has headed up a Southeast Louisiana Criminal Justice Recovery Task Force to develop a regional approach to rebuilding the Greater New Orleans criminal justice system and has sponsored efforts, most notably by the FBI, to monitor crime trends and return criminals who left New Orleans during Katrina."

Judge Appoints Magistrate To Supervise Copying Of Jefferson Files. The New Orleans Times-Picayune (8/4) reports, "Chief Washington U.S. District Court Judge Thomas Hogan appointed a magistrate Thursday to oversee the copying of evidence -- physical and electronic -- taken in the May 20-21 raid of Rep. William Jefferson's congressional office." The Times-Picayune continues, "The New Orleans Democrat is challenging the constitutionality of the raid, the first in U.S. history of a sitting congressman's office, and is asking for the documents to be returned. Jefferson and other House officials say the search violated the separation of powers and a constitutional clause meant to protect members of Congress from harassment by the executive branch. … Jefferson, the target of a 16-month federal bribery probe, has not been charged and has denied any wrongdoing." The Times-Picayune adds, "A three-judge appeals panel ordered the Justice Department to copy the materials taken during the raid so that Jefferson can argue which specific items should be off limits to government investigators. … Hogan will decide whether his arguments should be upheld."

Prosecutors Grapple With Election Calendar Amid Corruption Probes. The Wall Street Journal (8/4, Cummings, 2.03M) reports, "With election season kicking into high gear, federal prosecutors investigating a handful of lawmakers may face a tough call on whether to secure indictments that could throw their congressional races

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into disarray." While "several lawmakers face continued scrutiny, two have publicly confirmed they are targets of criminal investigations: Ohio Republican Rep. Bob Ney, who has been mentioned in guilty pleas by former lobbyist Jack Abramoff and his associates; and Louisiana Democratic Rep. William Jefferson, who is being investigated for taking bribes." Investigators "remain mum, but the uncertainty has raised worries among some Republicans that the wave of public-corruption cases could take on new life late this summer, hurting their chances of retaining control of the House. Others cling to the hope that prosecutors will sit tight rather than risk accusations of acting for partisan reasons." Justice Department spokeswoman Jackie Lesch says "there is no deadline on indicting incumbents or anyone else in an election year. Our view is, we can ask a grand jury to indict whenever the evidence allows." However, "former federal prosecutors say investigators are mindful of the election calendar."

FBI Investigating Kerik Over Missing $1 Million At Charity. The New York Daily News (8/4, Smith, Buettner, 729K) reports, "The FBI is investigating former top cop Bernard Kerik's involvement in a charity that was secretly run out of the city Correction Department when Kerik served as its commissioner, the Daily News has learned. Agents are looking into what happened to some $1 million in rebates -- from cigarettes bought for sale to inmates -- that was diverted to the accounts of the Correction Foundation, said a federal law enforcement source familiar with the matter." The Daily News notes that when the paper "asked Kerik in early 2003 about irregularities in the foundation's financial records, he claimed to know nothing about its finances and directed questions to his treasurer, Frederick Patrick," who "eventually pleaded guilty to pilfering $137,733 from the foundation and was sentenced to a year and a day in prison."

Former LA Deputy Sentenced To 30 Years For Sexual Assault. The Los Angeles Times (8/4, Clark) reports, "After the deeply emotional testimony of two victims, a former Los Angeles County sheriff's deputy was sentenced Thursday to 30 years in federal prison for sexually assaulting three women while on early-morning patrol in Compton and surrounding cities." The Times continues, "Gabriel Gonzalez, 38, faced up to life in prison after being convicted in February by a federal jury. The sentence is one of the longest ever for a law enforcement officer convicted of sexual assault, said a spokesman for the U.S. Justice Department. … Gonzalez's attorneys plan to appeal the conviction and the sentence." The Times adds, "Gonzalez, a Chino Hills resident who worked in the Compton area in 2002 and 2003, stopped the three women and accused them of traffic or jaywalking offenses before raping or assaulting them in isolated areas, prosecutors said. … Several other women testified of being victimized by Gonzalez, but no charges were filed in their cases." The Times notes, "Prosecutors had pushed for a sentence of 34 years under the federal sentencing guidelines, saying his pattern of sexual assaults — which included ordering his victims to undress and shining a flashlight on their private parts — abuse of power and the possibility of repeat behavior made him a danger to the public. … Defense attorneys argued for a sentence of 27 years, highlighting Gonzalez's upstanding record before the convictions. They also mentioned the devastating effect his time behind bars would have on his 4-year-old daughter, who is suffering from a serious medical problem and will soon have her spleen removed."

Prosecutors See Challenges in Taking On Internet Gambling. The AP (8/4) reports, "When federal prosecutor Marty Woelfle went before a judge this week to lay out her case against an online gambling firm, she faced a daunting legal challenge from the company. No one bothered to show up." The AP continues, "There would seem to be good reason for BetOnSports PLC to send attorneys to Missouri. The firm is facing a 22-count indictment on fraud and racketeering charges filed in St. Louis. The chief executive is in jail, and the company faces a restraining order barring it from operating in the United States. … But with headquarters in Costa Rica and other offices in Antigua, BetOnSports was advised it didn't have to respond to charges filed in a U.S. court, Woelfle told U.S. District Judge Carol Jackson." The AP adds, "Industry executives and legal experts are closely watching the prosecution in St. Louis as a key test case in the U.S. government's effort to crack down on Internet gambling, which collects roughly $6 billion domestically every year -- about half of the worldwide take. … 'This may very well signal that the (U.S.) Justice Department is going to allow the U.S. attorneys to take this issue much more seriously than they have in the past,' said William Eadington, director of the Institute for the Study of Gambling and Commercial Gaming at the University of Nevada, Reno. … If the BetOnSports prosecution is successful, it could change the industry landscape, he said. … But the BetOnSports case also reflects the difficulties prosecutors face in going after a business that shuttles money from private computers to offshore bank accounts. If the prosecution stumbles, it could encourage online gambling firms based in countries like England, where the industry is legal. … 'What has made it difficult is that these businesses have been structured to avoid prosecution,' said U.S. Attorney Catherine Hanaway, who is leading the case against BetOnSports."

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Antigua Bests US In WTO Internet Gambling Case. The Washington Post (8/4, D1, Blustein) reports, "Locked in a federal prison in the Nevada desert, tortured by the distant lights of the Las Vegas strip, Jay Cohen couldn't stop thinking about getting even with the government that had put him away -- and his revenge fantasy had a unique twist." The Post continues, "U.S. prosecutors put Cohen behind bars in 2002 for running an Internet gambling site in the Caribbean country of Antigua and Barbuda. Not long before the prison gates clanged shut, he had learned that the federal crackdown on online betting might violate global trade rules. … So he got Antigua and Barbuda to instigate a complaint at the World Trade Organization. 'It kind of helped keep my spirits up,' he said." The Post adds, "Fast forward: Antigua and Barbuda, population 69,000, is winning. The case has become an embarrassment to Washington, one that could result in economic pain. It isn't quite over, but the world's only superpower may have to capitulate to a country whose entire population could easily fit into the Rose Bowl. … Never has such a tiny nation brought a WTO complaint against the United States, which is one reason the dispute has implications well beyond the issue of gambling."

BetOnSports Head Remains Out Of US Reach. The New York Post (8/4, Whitman) reports, "Indicted online gambling kingpin Gary Kaplan remains out of the reach of U.S. law enforcement and getting Costa Rican authorities to hand him over is far from a sure thing." The Post continues, "Kaplan, who moved his sports-betting operation to Costa Rica in 1997, is wanted by federal authorities on 20 charges - involving racketeering, conspiracy, tax evasion and moving gambling paraphernalia across state lines. … But the feds will have to show that the former New York bookie broke Costa Rican law to persuade the government there that he should be extradited." The Post adds, "The gambling charges are off the table. Betting over the Internet and through toll-free numbers - as the Kaplan's company BetonSports.com does - is a legitimate business in Costa Rica. … 'The only charge that he could be incriminated on is tax evasion,' Moises Vinzenzi, one of Costa Rica's top criminal defense attorneys, told The Post. 'But they're working here and paying taxes here.' … Vinzenzi, who fought the extradition of phony plastic surgeon Dean Faiello in 2004, said yesterday that he has spoken with an associate of Kaplan and may be taking up the case if the feds seek an extradition order. … The Justice Department in St. Louis, Missouri, which brought the charges against him and BetonSports in mid-July, may not know of his whereabouts."

Big Dig Worker Admits Mailing Disputed Memo, But Maintains Veracity Of Claim. The Boston Globe (8/4, Saltzman, Murphy, 425K) reports, "A former safety official for a Big Dig contractor who has said he wrote a memo in 1999 warning that the Interstate 90 connector ceiling was unsafe acknowledged last night that he mailed the document to the Globe with another man's name and address on the envelope as the sender." Former Modern Continental Construction safety official John J. Keaveney "said last night that he sent it to the Globe with a current Modern Continental employee's name and office address on the envelope because he feared the consequences if it were known that he provided the newspaper with the memo." Globe editor Martin Baron "said in a statement yesterday that the admission raised serious questions about Keaveney's credibility," but "in the interview last night, Keaveney insisted his memo is genuine and said efforts by Modern Continental to raise questions about it amount to a campaign to discredit him."

US Charges Two Gadsden, AL, Officials, Businessman With Conspiracy. The Birmingham News (8/4, Walton) reports, "The U.S. Justice Department charged two Gadsden City Council members and a businessman Thursday with criminal wrongdoing involving a multimillion-dollar development near the Coosa River." The News continues, "Court records in Birmingham's federal court show Jimmy L. Armstrong and Fred L. Huff, both city councilmen, and Larry R. Thompson are charged with conspiracy involving the project known as Lafferty's Landing. … A Justice spokesman declined to comment on the public corruption investigation being handled by Washington-based prosecutors." The News adds, "The men are accused of being part of a conspiracy to get members of the council to support the project, which was submitted by the development company Rainbow I LLC. Court documents said a Rainbow I principal was a witness who cooperated with the FBI. … Armstrong and Huff are accused of accepting money in exchange for voting to award an additional $750,000 in tax incentives in connection with Lafferty's Landing, a shopping project valued at $9 million planned for the old Rainbow Cinemas site. … Thompson, along with an unnamed person, is accused of giving cash to City Council members with the intent to influence or reward them for supporting the interests of Rainbow I in connection with the project."

Alabama Woman Pleads Not Guilty To $277,000 In Katrina Relief Fraud. The Mobile Press-Register (8/3, Kirby) reported, "A Jackson woman accused of stealing more than $277,000 from the federal government with bogus disaster claims after Hurricane Katrina pleaded not guilty in federal court Wednesday." Lawanda Trena Williams "is charged with 20 counts of making false claims against the government, each of which carry a maximum penalty of five years in prison upon

DOJ_NMG_0044275

conviction. She also faces six counts of mail fraud and 22 counts of wire fraud," as well as "18 counts of aggravated identity theft." The Press-Register notes, "Federal authorities in southwest Alabama have brought fraud charges stemming from Hurricane Katrina against 11 people. But Williams, by far, has the most charges and largest amount of money allegedly bilked."

Alabama School Bus Driver Ruled Competent To Be Tried On Child Porn Charges. The AP (8/4) reports, "A federal judge in Mobile has declared a former Baldwin County elementary school principal mentally fit to stand trial on child pornography charges. Chief U.S. District Judge Ginny Granade based her ruling regarding 57-year-old Steve Dennis Thomas of Bay Minette on a psychiatric evaluation and she set the trial for September, although a defense lawyer indicated he may ask for a delay." The AP notes, "Authorities have described graphic computer chat room conversations Thomas had in April and May with Benjamin Charles Boone, a Mobile man who pleaded guilty last year to child pornography charges. … The FBI said the electronic conversations included Thomas discussing a desire to rape, torture and kill two young girls."

FBI Allowing Crime Labs To Use CODIS To Identify Relatives Of Suspects. US News & World Report (8/3, Michels) reports on its Web site, responding to incidents when "FBI rules on interstate cases" have stalled police investigations into violent crimes, "the FBI is making it easier for police to use DNA databases to investigate the relatives of the 3.3 million known criminals whose genetic profiles are being kept by the government. In limited situations, crime labs may now release the name of a person in the database who is not actually a suspect but whose DNA is similar to DNA recovered from a crime scene -- leading police to then investigate that person's family." US News notes, "The bureau's scientific advisory board will review the plan…before any final policy is set. Lab director Joseph DiZinno says the FBI does not condone a technique used in Britain in which police search the database for a list of people most genetically similar to crime scene DNA and then pursue their relatives." But Harvard geneticist Frederick Bieber calls the new police "a step in that direction."

Texas Executes Former Jailer For 1997 Murder Of Child. The AP (8/4, Graczyk) reports, "Proclaiming his innocence, a former county jail officer was executed Thursday for raping and smothering his girlfriend's 3-year-old son. … William Wyatt Jr., 41, was pronounced dead at 6:20 p.m." The AP continues, "In a brief final statement, Wyatt thanked relatives for their support and addressed his victim's father and grandmother, who watched through a window a few feet from him. … 'I did not murder your son,' Wyatt said. He then asked for forgiveness." The AP adds, "Wyatt said he may have been irresponsible in leaving Damien Willis alone to drown in the bathtub of his Texarkana home 9 1/2 years ago, but didn't kill the toddler. … Evidence, however, showed the boy did not drown and Wyatt's confession after the child's 1997 death tied him to the slaying. … Wyatt contended his statements to police were coerced. His appeals to the U.S. Supreme Court and the Texas Board of Pardons and Paroles were rejected."

DC Attorney Stabbed To Death. The Washington Post (8/4, B1, Klein) reports, "A lawyer known for being active in the Asian American community was stabbed to death Wednesday night at a townhouse in Northwest Washington, police said." The Post continues, "Robert Wone, 32, who lived in Oakton, was discovered about 11:45 p.m. in the 1500 block of Swann Street NW, on the eastern edge of the Dupont Circle neighborhood. Police have made no arrests." The Post adds, "Detectives are looking into the possibility that Wone was killed by an intruder who broke into the home, which sits in the middle of the block on a narrow, tree-lined street. Wone was stabbed in the chest three times with a butcher knife, police said. … For the past month, Wone had been general counsel for Radio Free Asia, a nonprofit group that broadcasts news in Asian countries that do not have free media. Before that, he had worked for six years as an associate at the law firm Covington & Burling in Washington."

Northern Virginia Inmate Jailed Two Months After Case Closed. The Washington Post (8/4, A1, Vargas) reports on the case of Fernando Antonio Cruz, who was jailed in the Prince William, VA, county jail for two months after his case had been dismissed. Kerry Kaiser, a clerk at the county courthouse, "alerted the clerk's office, which faxed a release order to the jail. Court records show that it was dated 3:01 p.m. Feb. 15, with the handwritten words 'was dismissed 12-12-05!' … Through human error complicated by language and cultural differences, Cruz had been forgotten. Like many immigrants, he had become as invisible inside the criminal justice system as he was outside. As the number of Hispanics has swelled to more than 16 percent of Prince William's 348,588 residents, Cruz's case shows how one immigrant can find himself lost in the judicial system."

Federal Judge Rejects Request For Return Of $150,000 Seized In DC Traffic Stop. The Washington Times (8/4, McElhatton) reports, "A federal judge has rejected a request by the president of a District-based nonprofit that federal authorities immediately return more than $150,000 in cash seized from his BMW during a traffic stop last year." The Times continues, "Duane McKinney, president

DOJ_NMG_0044276

of the Brotherhood of Men Inc., has said the money was obtained lawfully and that it belonged to the nonprofit. He said the group raises money for youth job training by fixing up and selling old properties. … However, federal authorities said Mr. McKinney is the subject of an ongoing criminal investigation." The Times adds, "The probe focuses on whether he has engaged in fraudulent real estate deals, including two transactions in which the Brotherhood of Men purportedly purchased property in the District from persons who were deceased at the time of the sale. … In a nine-page decision released Tuesday, U.S. District Court Judge Reggie B. Walton wrote that Mr. McKinney 'is unable to offer any proof that the organization is not simply a shell for the unlawful activities alleged by the government.' … The opinion denies Mr. McKinney's request for authorities to return the money pending the completion of the investigation. … Judge Walton also cited a failure by Mr. McKinney to establish that he is not a flight risk and has sufficient ties to the community."

California Inmate Disciplined For Painting Sales. The New York Times (8/4, Liptak) reports, "A prison artist in California who uses the dye from M&M's for paint has been disciplined for what a prison official yesterday called 'unauthorized business dealings' in the sale of his paintings. The prison has also barred the prisoner, Donny Johnson, from sending his paintings through the mail." The Times continues, "Mr. Johnson's work has been on display for the last several weeks at a gallery in San Miguel de Allende, Mexico. Twenty of his paintings have been sold, for $500 each. … Mr. Johnson had donated the paintings to the Pelican Bay Prison Project, a charity which says it will honor Mr. Johnson's wish that it use the proceeds from the show to help the children of prisoners." The Times adds, "According to a 'serious rules violation report' issued by the prison last month, Mr. Johnson ran afoul of a corrections department regulation that prohibits engaging in a business or profession without the warden's permission. The regulation defines a business as 'any revenue-generating or profit-making activity.' … Francisco Jacquez, the chief deputy warden at Pelican Bay State Prison, in Crescent City, Calif., said the violation could extend Mr. Johnson's sentence or restrict his privileges."

CIVIL LAW:

Insurance Company Settles Complaints That It Deceived US Soldiers. The New York Times (8/4, Henriques) reports, "The American Amicable Life Insurance Company has agreed to pay up to $70 million to settle state and federal complaints that it used deceptive sales practices to sell unsuitable insurance products to thousands of American service members across the country and on bases overseas." The company "will pay $10 million in cash refunds to 57,000 current and former service members who bought its products after Dec. 31, 1999. The rest of the money represents the potential cost of raising the future cash value of policies sold to 13,000 other military customers and 22,000 civilians, although the final price tag will depend on how many of those policies are held to maturity."

The Washington Post (8/4, D2, Caterinicchia) reports SEC Chairman Christopher Cox "said the service members, who already were provided access to low-cost insurance sponsored by the government, were 'scammed intentionally through a deceptive marketing pitch tailored exclusively to prey upon the armed services.'" The company "neither acknowledged nor denied the SEC allegations."

The Air Force Times (8/4, Jowers) reports, "The agreement — worked out by the Justice Department, Securities and Exchange Commission and insurance commissioners from 42 states, Washington, D.C. and Guam — comes in the wake of allegations of improper sales and marketing of insurance and investment products to military personnel. … American Amicable will send out letters to affected policy holders. Copies of the settlement agreements are online. … In addition to the monetary penalty, American Amicable also is banned from doing business on any U.S. military installation for five years, the longest such ban ever imposed."

3rd Circuit Will Not Revive Holocaust Survivor's Suit Against German Firms. The Legal Intelligencer (8/4, Duffy) reports, "A Holocaust survivor who was left sterile after being subjected to medical experiments at the Auschwitz-Birkenau concentration camps has lost his bid to revive a lawsuit against two German companies that he claims cooperated with the Nazi regime." The Intelligencer continues, "In its 21-page opinion in Rozenkier v. Schering, the 3rd U.S. Circuit Court of Appeals ruled that such claims must be submitted to a German foundation that was established in 2000 after extensive negotiations between the German and U.S. governments." The Intelligencer adds, "The Remembrance, Responsibility and the Future Foundation was established with a fund worth about $5 billion to compensate all victims of Nazi atrocities. … At the time, numerous class action lawsuits were pending in U.S. courts. But lawyers for the plaintiffs agreed to dismiss the suits after successful negotiations between President Bill Clinton and former German Chancellor Gerhard Schroeder led to creation of the foundation. … Now the 3rd Circuit has ruled that the foundation's existence bars any lawsuits in U.S. courts over Nazi atrocities. … As a result, the court said that plaintiff Simon Rozenkier's claims against AG Schering and Bayer AG present 'a non-justiciable political question.'"

DOJ_NMG_0044277

CIVIL RIGHTS:

Springfield, MA, Mayor Objects To DOJ Voting Rights Suit. The Springfield (MA) Union-News (8/4, Moriarty, Muñoz) reports, "Springfield Mayor Charles V. Ryan yesterday denounced as rash a voting rights lawsuit filed by the U.S. Department of Justice against the city." The Union-News continues, "The Justice Department announced on Wednesday that it had filed a suit stating that the city violated the Voting Rights Act regarding Spanish-speaking voters. … Ryan said yesterday that neither he nor anyone in City Hall had ever received complaints about voting rights issues. Furthermore, he said, the Justice Department gave officials who had not seen the complaint virtually 48 hours to sign a consent decree in which the city would have been placed under federal oversight or face a lawsuit." The Union-News adds, "Ryan said he chose to settle the matter in court where the federal department will have to present evidence. … 'I would fight on behalf of anyone to make sure that the polls are open to them,' said Ryan, but regarding the lawsuit, 'We have no basis to even begin to think that this is a problem.' … City Solicitor Edward M. Pikula agreed that Springfield could do a better job assisting Spanish-speaking residents vote in elections, but accused the Justice Department of using 'heavy-handed tactics' against the city in its decision to file a federal case so quickly." The Union-News notes, "Springfield is among four cities where the Justice Department has become involved in election matters. The other cities are Boston, Lawrence and Lowell. All have large Hispanic populations. … The federal complaint states that poll workers were hostile to Hispanic and Spanish-speaking voters and denied them the right to be assisted by the person of their choice."

Senate Judiciary Committee Approves Creation Of Civil Rights Cold-Case Offices. CQ Today (August 3, Carter) reports, "The Senate Judiciary Committee approved legislation Thursday that would create two new offices in the Justice Department to investigate and prosecute unsolved civil rights-era murders." CQ Today continues, "Sponsored by Jim Talent, R-Mo., the bill (S 2679) would authorize $10 million annually beginning in fiscal 2007 and running through fiscal 2016 for an Unsolved Civil Rights Crime Investigative Office within the FBI to investigate and prosecute civil rights murders that occurred before 1970. … The second office would be in the Justice Department's Criminal Section of the Civil Rights Division." CQ Today adds, "Both offices would be charged with investigating and prosecuting, in coordination with state and local law enforcement officials, unsolved homicide cases. … The bill also would require the deputy of the Unsolved Civil Rights Era Crime Unit to conduct an annual study of the cases and report on the findings to Congress. … Under the bill, both offices would terminate at the end of fiscal 2016."

The Jackson (MS) Clarion-Ledger (8/4, Mitchell) reports, "Since 1989, authorities in Mississippi and six other states have reexamined 29 killings and made 27 arrests, leading to 22 convictions, including Edgar Ray Killen, convicted last summer of orchestrated the Ku Klux Klan's 1964 killings of three civil rights workers - James Chaney, Michael Schwerner and Andrew Goodman. … Chaney's mother, Fannie Chaney, called the legislation 'perhaps the most important piece of civil rights legislation since the 1960s.' … The bill has been nicknamed the 'Till bill' after the 1955 killing of Chicago teenager Emmett Till, whose killing helped to galvanize the civil rights movement. … The Justice Department reopened that case in 2004, and the FBI has since completed its investigation. District Attorney Joyce Chiles of Greenville is now poring through more than 8,000 pages of documents, trying to decide if enough evidence exists to bring a prosecution."

Missouri Voter ID Law Faces Legal Challenge. The AP (8/4, Wiese) reports, "Opponents of a new state law requiring voters to show government-issued photo identification filed a second lawsuit Thursday, claiming it could discourage or prevent people from voting in November." The AP continues, "The challenge filed in Cole County Circuit Court seeks a preliminary injunction to block the law from taking effect Aug. 28 and wants the law declared unconstitutional." The AP adds, "Plaintiffs include several voters who say they lack an acceptable ID under the new law and therefore could not cast a regular ballot in the November general election. … Last month, Democrats in St. Louis and Kansas City filed a lawsuit claiming the law unconstitutionally imposes costs on local governments without providing state funding. No hearing has been set. … The challenge filed Thursday said the photo ID requirement infringes on the fundamental right to vote under the Missouri Constitution, and claims it disproportionately harms black and female voters, along with the poor, elderly or disabled who may not drive and have no license."

Jackson, MS, Mayor Accused Of Racial Profiling. The Christian Science Monitor (8/4, Jonsson) reports, "Wielding a badge of dubious origin and a loaded gun, mayoral candidate Frank Melton vowed to clean up crime in Jackson, Miss., with a slick slogan: 'Help is on the way!' … So when the mayoral candidate won, he took an unusual step of assisting police with drug stops or standing by at roadblocks." The Monitor continues, "Mr. Melton's even engaged in racial profiling, critics say. The American Civil Liberties Union cites complaints that people have been pulled

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over based on their race and searched without cause. The twist: Melton is black. … 'The mayor as a black man clearly does not fit the profile of a racial profiler, but what's even more confusing is that he's not a law enforcement officer - and we usually don't think of racial profiling being done by someone outside the law enforcement community,' says Richard Forgette, a political science professor at the University of Mississippi." The Monitor adds, "Gun shots, murders, and robberies have become common in Jackson, a city of 184,000 residents, 70 percent of whom are black. The key reason why Melton beat his opponent with 88 percent of the vote last summer was because he campaigned on cutting the crime rate. … In the first six months of 2006, crime has increased by 26 percent, prompting the mayor to institute a state of emergency in June. He's implemented a strict curfew for teenagers and homeless people."

Many Cities Participating In Diversity Campaign. USA Today (8/4, El Nasser, 2.27M) reports, "Sixty-eight cities in 28 states have decided that a plain old welcome sign is no longer enough in a nation growing increasingly diverse." In a "symbolic plea for greater tolerance, communities from West Virginia to California are posting signs that say: 'Welcome. We are building an inclusive community.'" Clarksburg, West Virginia city councilman James Hunt said, "We are not claiming to be an inclusive community. What we're saying is that we recognize the value of that, and we're working toward it." USA adds that is the "message behind the National League of Cities' new initiative. Hunt, president of the association this year, launched the Partnership for Working Toward Inclusive Communities to promote equal opportunity and fairness." The push "comes at a time when many states are banning same-sex marriages and some cities are cracking down on illegal immigrants."

ANTITRUST:

Merging Utilities Give New Jersey Regulators Deadline For Approval. The New York Times (8/4, Chen) reports, "Two utility companies planning a merger to create the largest utility company in the United States have vowed to pull out of the deal if New Jersey regulators do not agree to their terms by Friday." The Times continues, "In a letter dated Wednesday, officials of the Chicago-based Exelon Corporation and the Newark-based Public Service Enterprise Group, the parent company of P.S.E.&G., expressed frustration that the state's Board of Public Utilities — the only agency remaining that could block the deal — had taken almost two years to act and said that they had made their "last and best offer" for a merger. P.S.E.&G. is the state's largest utility. … 'This is not a threat,' the letter said. 'It is just a factual statement of where both companies are in terms of financial capability 20 months after entering into their merger agreement.'" The Times adds, "Threat or not, the letter intensifies the stakes over a long-simmering deal that opponents — including members of Gov. Jon S. Corzine's cabinet, and a bipartisan coalition of legislators, consumer advocates and business groups — say would discourage competition. Though the federal Department of Justice approved the merger in June, critics contend that the typical residential bill could increase by about $45 a month should the merger go through."

E-Mail In DOJ Price-Fixing Probe Sent From London. The Journal Gazette (IN) (8/4, Schroeder) reports, "An e-mail seeking cooperation in a price-fixing scheme brought to light last week by two Warsaw-based orthopedic manufacturers is the handiwork of a London-based competitor's contracted sales representative. … The revelation comes amidst an ongoing U.S. Department of Justice antitrust investigation." The Gazette continues, "An independent orthopedic sales representative contracted by Smith & Nephew sent an e-mail on Oct. 28, 2005, proposing that the company's competitors 'join in a coordinated response' to a U.S. hospital's request for pricing proposals on implant products, the company said in a statement this week." The Gazette adds, "In June, Smith & Nephew, Biomet, Zimmer, DePuy Inc. – another Warsaw-based company – and Michigan-based Stryker disclosed that they had received subpoenas from the Justice Department in connection with an antitrust investigation. … Jonathan Birt, a spokesman for Smith & Nephew, confirmed that the company believes it was the same e-mail Warsaw-based Biomet and Zimmer Holdings Inc. said their independent distributors received. Neither Biomet nor Zimmer would comment on the latest development, and none of the companies named the hospital, which was not implicated in any wrongdoing. … Smith & Nephew said in the statement released Monday that it did not authorize the e-mail, which it said went against its policies. The company added that to the best of its knowledge, the e-mail 'was never acted upon by the company or any of its competitors in responding to the hospital or any customer and resulted in no anti-competitive agreement.' … Last week, Biomet and Zimmer said the same."

Fate Of WV Steel Mill Tied Up In Arcelor-Mittal Merger. The Steubenville (OH) Herald-Star (8/4, Giannamore) reports, "A decision on the potential fate of the steel mill in Weirton (WV) should come by the end of the year, according to officials for Arcelor and Mittal Steel, which are in the process of merging." The Herald-Star continues, "The local mill's future is tied up in U.S. antitrust action. The Justice

DOJ_NMG_0044279

Department has filed suit and a consent decree in U.S. District Court in Washington. The consent decree calls for Mittal Steel to use its best efforts to sell Canada's Dofasco, a property of Arcelor, or to divest itself of either the Weirton or Sparrows Point steel plants to ease antitrust concerns regarding the tin market in the eastern United States. Failure to comply with the decree will mean the suit will be instituted to block the $33 billion merger of the two steel giants." The Herald-Star adds, "Arcelor had fought a hostile takeover attempt by Mittal before reaching an agreement that saw 92 percent of Arcelor shareholders so far approve the merger. As part of the fight, the company placed its acquisition of Dofasco into a Dutch trust. Complex laws make selling the company difficult, if not impossible."

Groups To Seek Review Of Seattle Newspapers' Finances. The Seattle Post-Intelligencer (8/4, Richman) reports, "A citizens group pressing both of Seattle's daily newspapers to keep publishing said it will make sure they can really afford to do so before continuing its lawsuit against their publishers." The Post-Intelligencer continues, "Anne Bremner, chairwoman of the Committee for a Two-Newspaper Town, said the group Wednesday night chose four new attorneys, two new board members and a fundraiser, all with a view toward continuing efforts to preserve both The Seattle P-I and The Seattle Times. … But, she added, the committee won't proceed with its antitrust claim until an expert the group plans to hire can determine whether the joint operating agreement, or JOA, now binding the publishers is workable. … 'A condition precedent to our arguments prevailing in court would be a showing that indeed the newspapers could survive' if the JOA continued, said Bremner, an attorney herself." The Post-Intelligencer notes, "The Seattle Times Co. says the JOA, in place since 1983, is ruining it financially. The Hearst Corp. maintains it can't publish the Seattle P-I without the JOA, under which The Times Co. handles key business aspects for the P-I in exchange for a larger share of the joint profits. … The Times Co. since April 2003 has been trying to escape the JOA in the state's courts, with Hearst resisting. In May, the publishers moved their fight into confidential binding arbitration, with a non-appealable decision due by next May 31."

Molex Purchase Of Woodhead Industries Gets German Antitrust Approval. The AP (8/4) reports, "Molex Inc., a maker of plugs and other electrical connectors for companies like Sony Corp. and Ford Motor Co., on Thursday said its planned acquisition of Woodhead Industries Inc. received clearance from German regulators." The AP continues, "The company said the deal was cleared under the German Act Against Restraints of Competition, two days after it passed the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act in the U.S. … Molex last month agreed to purchase Deerfield, Ill.-based Woodhead for $19.25 per share in cash, or about $256 million. … The deal has already been approved by the directors of both companies."

EU Presses Spain On Conditions Placed On Endesa Bid. The AP (8/4, White) reports, "European Union antitrust regulators on Thursday asked Spain to explain why it attached conditions to German energy company E.On AG's $34 billion bid for the Spanish utility Endesa SA." The AP continues, "Spain's National Energy Commission said last week that it would permit the 26.9 billion euro deal only if E.On sells about a third of Endesa's power generation assets." The AP adds, "The European Commission -- which oversees large European mergers -- already cleared the bid in April without conditions, saying it would not create competition problems in Spain. … EU spokesman Stefaan De Rynck said regulators wanted Spain to explain how its decision was in line with EU competition law. He refused to say what 'clarifications' the EU was looking for. … EU approval for the deal is also under attack from Spanish electricity company Iberdrola SA which has appealed to the EU's highest courts to overturn it, claiming regulators did not take into account complaints about how the deal would affect the Spanish electricity market. It backs Gas Natural and stands to acquire Endesa assets worth between $8.9 billion and $11.5 billion if that bid succeeds."

SL Green Realty To Purchase Reckson. The Wall Street Journal (8/4, Forsyth, Haughney) reports, "SL Green Realty Corp. is buying Reckson Associates Realty Corp. for about $4 billion in cash and stock, in a deal that will make SL Green the largest office-property landlord in the hot Manhattan market." The Journal continues, "The announcement yesterday by the two publicly traded real estate investment trusts comes at a time of frenzied REIT mergers and acquisitions, fueled by unprecedented flows of capital into real estate. Ten such deals have been announced since February." The Journal adds, "Reckson has been considered a potential target because of its concentration of assets in New York -- a market that has attracted significant capital flows and is experiencing strong recovery. However, some analysts questioned whether Reckson got a good price. … In addition, some Reckson assets will be sold to an investment group led by existing Reckson management and Marathon Asset Management LLC, a New York-based private-equity company, for $2.1 billion. That group will acquire all of Reckson's Long Island properties, 15 of its properties in Westchester County, N.Y., its properties in New Jersey and Reckson's interest in an Australian-listed property trust."

DOJ_NMG_0044280

IBM To Buy MRO Software For $740 Million. The Wall Street Journal (8/4, Bulkeley) reports, "International Business Machines Corp., continuing a string of software acquisitions, agreed to buy MRO Software Inc. for $740 million, or $25.80 a share." The Journal continues, "MRO, of Bedford, Mass., makes software that manages corporate assets such as machine tools, scheduling maintenance and repairs and keeping track of spare parts." The Journal adds, "IBM has been steadily expanding its highly profitable software business by acquiring companies, and MRO marks its 37th software takeover since 2001. Although IBM is known best for its computers and services, its back-office software business accounts for about a third of its profit and 19% of its revenue. Its software revenue was $16.53 billion for the past four quarters. … IBM, which specializes in infrastructure software that underlies other programs, avoids buying applications-software companies. Rival Hewlett-Packard Co. recently signaled its own major expansion into software by agreeing to acquire Mercury Interactive Corp. for $4.5 billion."

Easy Merger Financing May Be Coming To End. The Wall Street Journal (8/4. Sender) reports, "The recent debt issuance to help fund a private-equity takeover of Dutch media company VNU NV didn't go as smoothly as expected, raising the prospect that the favorable financing environment for leveraged takeovers may be eroding." The Journal continues, "On Tuesday, private-equity firms finalized the bond portion of the financing for the €7.7 billion ($9.85 billion) takeover of VNU at interest rates about 1.5 percentage points higher than bankers had expected. With other big deals in the pipeline, notably the private-equity $21 billion takeover of hospital operator HCA Inc., the VNU financing is being closely watched." The Journal adds, "For several years, thanks to the amount of money sloshing throughout the world and a generous debt market, private-equity firms have received highly favorable financing for their deals. In turn, these funds have raised more cash and set their sights on ever bigger deals. … These giant investment funds now face a modestly changing market, with borrowing costs starting to rise, as the VNU financing indicates. If the choppiness in the debt market continues, it could diminish the appetite of private-equity firms to do large deals, and it could lessen the eagerness of companies to put themselves up for sale."

Writer Blasts EU Action Against Microsoft. In an op-ed in the Washington Times (8/4), Matt Kibbe, president and CEO of FreedomWorks, writes, "In the latest regulatory broadside against American firms, the European Commission (EC) recently fined Microsoft $357 million despite the fact that the underlying case has yet to be resolved. When faced with world-class competition from American firms, the Europeans have made it clear that they will use their regulatory apparatus as a tool to shield weaker companies. Instead of competing the old-fashioned way -- by providing consumers what they want at the best price -- companies are turning to apparatchiks in the EU bureaucracy." Kibbe continues, "While some lagging companies may gain from the recent decision in Brussels, the consumer bears the burden of the decision, as investment and innovation decline for fear of falling victim to European regulators. Innovative firms that establish themselves as leaders in the market by providing consumers with new and more useful products can face charges of 'abuse,' and stiff fines as well." Kibbe adds, "The Microsoft case may be just one instance of regulatory zeal, but the decision sends a clear warning to any American firm hoping to do business in Europe: In America, success breeds success, but in Europe, success breeds regulation. … These concerns have been reinforced by recent comments from the European Commissioner of Competition, Neelie Kroes. Just days before fines were levied against Microsoft, Miss Kroes delivered a speech where she emphasized the importance of the Microsoft case because it will establish a 'precedent for future cases of abuse in the IT industry.' But Miss Kroes and the EC may be jumping the gun. The case is far from over, as it is on appeal before the European Court of First Instance. Indeed, the presiding judge noted that Microsoft's appeal does have merits; at the same time, however, the company was ordered to comply with the EC's sanctions because they would not impose 'irreparable harm' to Microsoft. … European mandates that force companies to share products with rivals reduce incentives to innovate and invest in risky new ventures. In a sense, such actions are simply a transfer of wealth from successful firms to others by government fiat. Such transfers do nothing to help consumers, but go far to prop up weaker companies that find it difficult to attract customers in the marketplace."

ENVIRONMENT/INDIAN AFFAIRS:

Scientists Say Global Warming Causing More Frequent Heat Waves. The Washington Post (8/4, A3, Eilperin, 748K) reports, "Heat waves like those that have scorched Europe and the United States in recent weeks are becoming more frequent because of global warming, say scientists who have studied decades of weather records and computer models of past, present and future climate." While "it is impossible to attribute any one weather event to climate change, several recent studies suggest that human-generated emissions of heat-trapping gases have produced both higher overall temperatures and greater weather variability, which raise the odds of longer, more intense heat waves."

DOJ_NMG_0044281

The current heat wave blanketing much of the nation was reported by each of the networks last night. In a brief segment, ABC World News Tonight (8/3, story 7, 0:15, Sawyer, 8.78M) reported, "The record heat wave is still making life miserable and dangerous for millions of people. More suffering across much of the east and Midwest today, as temperatures soared toward triple-digits for the fourth-straight day. This week's extreme heat is blamed for at least 15 deaths as of tonight. But it is expected to break overnight."

In a longer story on the economic impact of the heat wave, NBC Nightly News (8/3, story 6, 2:10, Costello, 9.87M) reported, "What's been selling? Bottled water sales up 8% and anything in a shopping mall." Some of "the biggest department stores reporting stronger than expected sales during one of the hottest Julys on record." But for "farmers and ranchers a different story: Already reeling from a 7-year drought stretching from North Dakota to Texas, the heat has been devastating. Dairy cows not producing enough milk. The wheat harvest off 15% in June, expected to be hurt worse in the fall. And the same with cotton, soybeans and corn." By "some estimates, $5-$10billion in losses."

The CBS Evening News (8/3, story 5, 3:00, Regan, 7.66M) reported on how the electric grid is holding during the current wave. CBS reported the head "has stressed not only tens of millions of Americans but the country's power lines. Sporadic blackouts across the nation." From "California to Illinois to New Hampshire, leaving hundreds of thousands without electricity. Blackouts have increased dramatically in the last five years. The problem isn't a shortage of power but getting that electricity into homes and businesses. Aging distribution lines are breaking down." Economist Lester Lave "has studied the industry for nearly three decades. He says power companies haven't spent enough money to upgrade their equipment." Lave: "This case you then get a heat wave and things break down, and everybody points the finger at everybody else, but the problem is that the investment simply wasn't made." Regan: "On average, Americans lose power for 214 minutes per year, compared to 70 minutes in Great Britain, and only six minutes a year in Japan. Yet, electric bills are soaring. This year, rates jumped an average 35% in New England. Washington, DC saw a 37% increase just last month. In Baltimore, the local utility wants a 72% increase. The industry defends its hike, saying prices were artificially low for decades because of government regulation." Bill Brier, Edison Electric Company: "It's important to understand that some of these rate increases are as a result of caps that were put on electricity prices, and so you've seen electricity prices go up far less than the rate of inflation." Regan: "The utility companies say they plan to use these rate hikes to upgrade their distribution systems. They say they plan to spend $17 billion a year over the next decade to make these improvements."

Nonprofit Receiving $9 Million In DuPont Lead Paint Settlement Has Ties To Company. The AP (8/4, Smith) reports, "When the state of Rhode Island dropped DuPont Co. from its lawsuit against former makers of lead paint last year, DuPont had agreed to donate $9 million to a group for cleanup and education efforts. … At the time, Attorney General Patrick Lynch described the Children's Health Forum as a nonprofit organization focused on preventing childhood exposure to lead. … But no one mentioned the ties between DuPont and the Washington-based group: It was founded by a lawyer hired by DuPont to work on lead poisoning issues; it received most of its funding from the Wilmington, Del.-based company and most of its board members have ties to DuPont." The AP adds, "Watchdogs say the previously unreported relationship casts a cloud over the deal, which let DuPont out of a case that could cost other lead paint companies billions of dollars. Three were found responsible in February of creating a public nuisance, and a judge is considering how much they will be forced to pay for cleanup. … The June 2005 deal allowed DuPont to give $12.5 million to charity, including $9 million to Children's Health Forum. … The deal is unusual because when states have previously sued an industry, such as lawsuits against tobacco companies, settlement money has gone directly to the state or been put into a foundation not controlled by the industry. It's also unusual because Lynch and DuPont say the deal was not a legal settlement but simply an agreement."

EPA Recommends Limits On Pesticide Use. The New York Times (8/4, Janofsky) reports, "The Environmental Protection Agency said on Thursday that it was recommending new restrictions on thousands of uses of pesticides because of their adverse effects on public health. … 'Whether planting crops, de-bugging a home, working in the garden or just sitting down at the dinner table, Americans can now be assured the pesticides used in the U.S. meet the highest health standards in the world,' Stephen L. Johnson, the agency administrator, said in a statement announcing the completion of a 10-year review, ordered by Congress, of pesticide chemicals." The Times adds, "The study, which focused on more than 230 chemicals known as organophosphates and carbamates, could lead to the elimination of 3,200 uses and the modification in use of 1,200 others, like chlorpyrifos, diazinon and methyl parathion, which have been long been controversial for their role in causing illnesses. … Environmental groups applauded the recommendation to cancel most uses of carbofuran, a common insecticide used on corn, rice, tobacco and other crops that has had particularly deadly effects on birds. … Others complained that the agency had not gone far enough, especially in agricultural settings where children might be

DOJ_NMG_0044282

exposed at home. Margaret Reeves, a scientist with the Pesticide Action Network, an advocacy group, said the agency studied the effects of many agricultural pesticides in food and water but ignored them in residential settings."

Poll Finds High Disapproval Of Bush Environmental Policies. The Los Angeles Times (8/4, Boxall, 918K) reports, "More Americans than ever disapprove of President Bush's handling of the environment, according to a Los Angeles Times/Bloomberg poll, which also found that spiraling fuel costs are altering household spending habits. A majority, 56 percent, of those questioned in a national poll said the Bush administration is doing too little to protect the environment. The negative rating was up sharply from a Times survey taken in 2001 in which 41 percent said he wasn't doing enough." The Times adds, "The survey of 1,478 adults, conducted over a five-day period ending Tuesday, revealed a growing awareness of global warming. More than seven in 10 said it was a problem and 58 percent said the Bush administration is doing too little to reduce it."

Report Finds Beach Closings, Advisories On The Rise. The New York Times (8/4, Yardley) reports, "The number of closings and health advisory days at beaches across the United States increased by about 5 percent in 2005 from 2004, according to a report released Thursday by the Natural Resources Defense Council." The Times continues, "The change was partly caused by improved monitoring of water quality in 29 coastal states but also by pollution from continuing coastal development. … The council, an environmental watchdog group based in New York, which examined data collected by the Environmental Protection Agency, said that 8 percent of all water samples taken at beaches nationwide exceeded what the report called 'the national daily bacterial standard.'" The Times adds, "The council also filed a lawsuit against the E.P.A. on Thursday, in conjunction with its annual report on beaches, saying the current clean water standards were outdated. The council said the agency had failed to devise new standards as required by Congress in the Beaches Environmental Assessment and Coastal Health Act, passed in 2000. The law included instructions for the agency to update public health standards and the way it tests for pollution in coastal areas by October 2005."

USA Today Criticizes USDA Mad Cow Testing Rules. In an editorial USA Today (8/4, 2.27M) notes that US beef producers want to "reassure customers that its cattle are safe to eat by testing them all for mad cow disease," but the US Department of Agriculture—"invoking an obscure 1913 law intended to thwart con artists from peddling bogus hog cholera serum to pig farmers—is blocking companies from selling the testing kits" to producers. USA Today says the USDA is "doing the bidding of large cattle barons afraid" that such marketing "will force them to do the same tests to stay competitive." At the same time, the USDA announced last month that it's reducing its mad cow testing program by 90%. However, the newspaper says "it's hard to justify cutbacks on US testing at the same time we demand other nations provide greater assurances."

In response, W. Ron DeHaven, administrator of the Animal and Plant Health Inspection Service for the US Department of Agriculture, writes in a USA Today (8/4, 2.27M) op-ed that "there's an unfortunate misperception about the value and purpose" of mad cow, or BSE, testing. DeHaven notes that testing "cannot detect BSE until shortly before a cow develops symptoms." He also argues that testing "confirms what we already knew—there is no significant BSE problem in the USA, and there never was."

Seven Tribal Police Departments To Receive DOJ Grants. The AP (8/4) reports, "Seven tribal police departments around New Mexico will share more than $1.1 million in grant money from the U.S. Justice Department." The AP continues, "The pueblos of Isleta, Jemez, Laguna, Nambe, Sandia, Pojoaque and the Navajo Chapter of Ramah can use the funding for salaries, training, new equipment and crime fighting technology." The AP adds, "Sen. Jeff Bingaman and Rep. Tom Udall, both New Mexico Democrats, announced the grants Wednesday. They said the money will help provide the resources Indian communities need to adequately staff and equip their police departments."

Cycle Rally Near Sacred Indian Site Sparks Concerns. The New York Times (8/4) reports from Sturgis, SD, "Bear Butte, which dozens of tribes hold as one of the most sacred sites in North America, is getting a new neighbor: a giant biker bar and campground are under construction about two and a half miles away. They are scheduled to open this weekend, in time for the annual Sturgis Motorcycle Rally, one of the country's largest biker events, which officially starts Monday. " The Times continues, "The potential for rock music, roaring motorcycles and thousands of people drinking near the striking volcanic Bear Butte formation has brought American Indians from around the country to an encampment on the treeless plains near here. They plan to march into downtown Sturgis on Friday to demonstrate their concerns to the bikers already gathering for the rally." The Times notes, "Organizers said that about 2,000 Indians and their supporters were expected to take part. Nearby Pine Ridge Indian Reservation was the site of the Wounded Knee standoff in 1973, and some participants are veterans of that protest. Some religious groups, including the

DOJ_NMG_0044283

Mennonite Central Committee at Pine Ridge, have also become involved."

FBI/DEA/ATF/USMS:

SF Chronicle Reporters May Face Contempt Charges Today In BALCO Case. The San Francisco Chronicle (8/4, Egelko) reports, "A dispute between the Justice Department and The Chronicle over the use of grand jury testimony in stories about athletes' steroid use will come to a showdown today in a San Francisco federal courtroom." The Chronicle continues, "Federal prosecutors will ask a judge to order reporters Mark Fainaru-Wada and Lance Williams to reveal who leaked star players' admissions that they had taken illegal performance-enhancing drugs. The reporters and the newspaper have also been served with subpoenas for grand jury transcripts and any documents that would reveal the source or sources. … If the judge refuses to dismiss the subpoenas and orders the reporters to testify -- and if they ultimately refuse -- they could be held in contempt and jailed until they agree to talk, or until the grand jury term expires. The newspaper could be fined for withholding documents that are covered by the subpoena, though its lawyers deny that the paper has any such material." The Chronicle adds, "Such an outcome, if it occurs, is probably at least several weeks away, after further proceedings before U.S. District Judge Jeffrey White and review of his decisions by higher courts. But if there was any doubt about the risks journalists face in confrontations with the government, it was dispelled in another San Francisco federal courtroom earlier this week. … On Tuesday, freelance reporter Josh Wolf was found in contempt and sent to prison by U.S. District Judge William Alsup for refusing to turn over to a grand jury the videos he took of an anarchist protest in the Mission District last year. Prosecutors say the grand jury is investigating the alleged attempted arson of a police car. Wolf could remain in prison until next July. … His case differs from the case of the Chronicle reporters in one major respect, as he is not protecting any confidential sources. But Wolf's central argument, which Alsup brushed aside, is the same position taken by the Chronicle reporters: that journalists have at least some degree of constitutional protection from government intrusion that would disrupt newsgathering."

Jailing Of Journalists Sends Powerful Signal. The AP (8/4, Lindlaw) reports, "The jailing of a video journalist this week is turning up the heat on the growing list of reporters ordered to cough up information to federal grand juries: Cooperate or face prison time." The AP continues, "Trying to compel journalists to testify is an increasingly popular tactic among federal investigators trying to extract all manner of information from resistant reporters. And even the occasional incarceration of reporters is enough to put the squeeze on the news media. … 'The federal government is seizing upon a weakness in the law,' said Duffy Carolan, a media attorney at the law firm Davis Wright Tremaine. Prosecutors are exploiting the absence of a federal shield law protecting journalists from prosecutors who seek their sources or material, she said. … 'We've certainly seen an increase by the government in aggressiveness in going after reporters in the grand jury context,' said Carolan, who has represented The Associated Press in the past." The AP notes, "Joshua Wolf, a freelance video journalist and blogger, was jailed Tuesday for refusing to hand over footage that never aired of a July 2005 protest. … The case demonstrates that the federal government is willing to cast a wider net in seeking information from the media, said Lucy A. Dalglish, executive director of the Reporters Committee for Freedom of the Press."

Man Gets 19-Year Sentence In Meth Case. The Pensacola (FL) News Journal (8/3) reports U.S. Attorney Greg Miller "announced Thursday that a Fort Walton Beach man was sentenced in Pensacola to 19 years and two months in prison on charges of armed trafficking of methamphetamine. Jeffrey Glen Smith, 43, also will have five years of supervised release following imprisonment and court costs." The News Journal says the charges stem from a joint investigation that involved the DEA and others.

Drug Gang Targeted In Alabama Raid. The Selma (AL) Times-Journal (8/3) reports, "The St. Phillips Street Boys, whose alleged drug gang reportedly held an entire community hostage, were brought down Wednesday during an early morning raid in which five houses were simultaneously shelled with percussion and flash bombs. … 150 agents teamed with local law enforcement to serve arrest warrants and conduct searches of the residences. There were 10 of the 12 taken into custody. … Selma Police Chief Jimmy Martin and Dallas County Sheriff Harris Huffman were joined by members of the U.S. Attorney's Office, DEA, FBI…in making the announcement following the raid."

Thousands Of Marijuana Plants Found In Arizona's Tonto National Forest. The Arizona Republic (8/3) reports authorities say a woman "scattering her mother's ashes in Tonto National Forest stumbled upon what could be the largest marijuana farm ever found in Arizona. More than 30,000 marijuana plants cover the slopes of a canyon about 20 miles east of Payson. The crop was growing on what investigators said was a two-year-old operation hidden beneath a canopy of thorny locust trees. … A team of Drug Enforcement Administration agents spent most of Thursday plucking plants from the earth."

DOJ_NMG_0044284

Four Accused Of Selling Marijuana-Laced Gumballs In DC Area. The Washington Post (8/3, Stockwell) reports four people in the Washington area "have been charged in recent months with selling marijuana-laced gumballs, including an Arlington man who was arrested last month after police said they found more than two dozen of the altered candies at his apartment. To the unsuspecting eye, the individually packaged gumballs look like regular bubble gum. … But upon closer inspection, a small, crudely drilled hole in the gumballs marks where they have been altered." The Post adds, "The DEA and drug education officials said the gumballs found in Maryland and Virginia appear to be the first of their kind in the region."

In Kentucky, Authorities Crack Down On Rogue Internet Pharmacies. The Richmond (KY) Register (8/3) reports Madison County "was one of 15 counties in the state that were the destination for thousands of illegal Internet drugs seized in the past week by the Kentucky Bureau of Investigation. The drug packages, which were shipped to Kentucky residents from six unlicensed pharmacies in Florida, were seized from shipping hubs in the Lexington area and Eastern Kentucky," according to Attorney General Greg Stumbo. The Register says KBI agents are working in cooperation with the DEA and others to "crack down on rogue Internet pharmacies shipping drugs into Kentucky."

Colombia To Begin Aerial Spraying Of Coca Where Six Workers Were Killed. The AP (8/3) reports Colombia will "begin aerial spraying over coca crops in a major national park where a bomb killed six workers engaged in manual eradication, the president said Thursday. The government had previously only allowed manual eradication of coca…in the Sierra Macarena national park, 170 kilometers (105 miles) south of Bogota. But President Alvaro Uribe said the program has become too dangerous."

Prosecutor In Mexico Seeks US Help To Stem Drug-Related Violence. The AP (8/4) reports Mexico's top organized crime prosecutor "called on U.S. officials Thursday to do more to halt illegal weapons trafficking to help Mexico stem a wave of bloody, drug-fueled violence. Jose Luis Santiago Vasconcelos said the rising brutality of recent drug executions was due to hit men taking over cartels after their bosses were arrested. … The Gulf and Tijuana gangs have formed an alliance, and are fighting a group led by Joaquin Guzman and Ismael Zambada -- Mexico's two most-wanted drug lords -- and several others."

Anti-Doping Expert Rejects Lawyer's Dehydration Theory In Landis Case. In Paris, the AP (8/4, Pugmire) reports dehydration "is the latest possible reason offered for Tour de France winner Floyd Landis' elevated testosterone levels. 'Maybe a combination of dehydration, maximum effort,' Jose Maria Buxeda, the cyclist's lawyer, said Thursday after testing began on his backup sample. That theory was flatly rejected by one of the world's top anti-doping officials. 'In 25 years of experience of testing…such a huge increase in the level of testosterone cannot be accepted to come from any natural factors,' said Prof. Christiane Ayotte, director of Montreal's anti-doping laboratory."

IMMIGRATION:

Bush Touts Border Enforcement At Start Of Texas Vacation. President Bush arrived in Texas for the beginning of a 10 day stay at his Crawford ranch, stopping off first at the border with Mexico to tout the enhanced immigration enforcement proposals that he supports. There was no network coverage of the story, which was picked up only by the wires and some major newspapers. The AP (8/4, Pickler) reports President Bush "got a tour of border patrol efforts in his home state — a 'look-see, as he called it — before settling down on his ranch Thursday for a 10-day summer vacation." Bush is "forgoing his typical monthlong break from the White House. Instead, he planned to spend 10 days in Crawford, Texas, before returning to work in Washington — his shortest summer vacation since taking office." The White House "was taking pains to make sure it didn't appear that the president was tuned out from the world's problems, even temporarily. Bush's national security adviser and secretary of state were to arrive at the ranch Saturday to discuss a diplomatic resolution to the fighting between Israel and Hezbollah militants in Lebanon." Bush also "planned a brief interruption to his stay Aug. 10, when he was to fly to Wisconsin to tout his economic record and campaign for Republican congressional candidate John Gard." On the "way to Texas from Washington on Thursday, Bush detoured briefly to the U.S.-Mexico border to push his immigration plan, emphasizing the tough enforcement measures that conservatives support."

USA Today (8/4, 2.27M) reports President Bush "left Washington for a vacation on his ranch near Crawford, Texas. First lady Laura Bush will join him tonight. En route to the ranch, Bush stopped in the border town of Mission, Texas, for a speech on his immigration plan." It will be "the president's shortest summer vacation since he took office in 2001," and he "has a heavy August travel schedule, much of it focused on helping his party maintain its majorities in Congress." And "anti-war activist Cindy Sheehan, who

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camped outside Bush's ranch with thousands of her supporters last summer, plans to return this year."

The Washington Times (8/4, Dinan, 88K) reports Bush "squarely countered his legislative critics on immigration yesterday, telling the Congress to 'do its duty' by passing a bill that includes a guest-worker program and a path to citizenship for illegal aliens." Standing "just yards from the U.S.-Mexico border at Anzalduas County Park," Bush said, "I understand this border." The Times adds Bush "proclaimed success on his pledge to dispatch 6,000 National Guard troops to the border states by Tuesday to help the U.S. Border Patrol and said it is making a dent in illegal entry. But he also said that enforcement alone isn't enough to stem the flow and that a program for future temporary workers is needed." Although not "breaking much new ground, Mr. Bush's speech signals that he is not backing down amid harsh criticism from House Republicans over his immigration policy."

The McAllen (TX) Monitor (8/4, Bell) reports Bush "used his two-hour stopover in the Rio Grande Valley on Thursday to make a final appeal before his August vacation in Crawford that Congress 'do its duty' and soon pass comprehensive immigration legislation." The "rest of Bush's remarks, made at Anzalduas County Park along the Rio Grande in Mission, closely mirrored the language he has used since May, when he unveiled a five-point 'comprehensive immigration plan' that aims to both increase border security and realistically deal with illegal immigrants already here." Several hundred audience members — "most of them local officials, area Republican Party notaries and family of Border Patrol agents — fanned themselves with the green tickets that admitted them into the cordoned area in the park where Bush spoke." The audience "laughed at Bush's characteristic asides and loudly applauded, especially when he spoke about the hard, important work Border Patrols agents carry out each day in the name of homeland security."

The Houston Chronicle (8/4, Mason, 535K) reports with "prospects for passing immigration reform still uncertain, President Bush was in the Rio Grande Valley on Thursday touting the effort of more than 6,000 National Guard troops assisting in border control." Bush said, "The plan is working, it makes sense." The Chronicle adds

The San Antonio Express-News (8/4, Bogan, Martin) reports that with a "well-armed flotilla of boats on the Rio Grande as a backdrop, President Bush on Thursday touted federal efforts to crack down on illegal immigration at the U.S.-Mexico border and urged Congress to pass a comprehensive reform bill with a guest worker plan." The President's "remarks on immigration reform were designed to shore up political support for sweeping immigration reform from a divided Republican Party where opposition threatens to doom passage of a bill during an election year. Bush was met at the McAllen airport by Texas Gov. Rick Perry, a fellow Republican who in the past has criticized the federal government for failing to secure the Southwest border."

The Washington Post (8/4, Fletcher, 748K) reports Bush's "scheduled week and a half in Texas is a far cry from last year's working vacation, which was shaping up as the longest presidential retreat in more than three decades before it was rudely cut short by Hurricane Katrina after nearly a month." The "image of Bush on an extended stay away from the White House while Katrina flattened much of the Gulf Coast and left New Orleans engulfed by floodwater proved to be a defining moment of his presidency." This year, with "the crisis in the Middle East at a fever pitch, the carnage in Iraq continuing and even the first hurricane of the year brewing in the Caribbean, the president's schedulers left less room for this year's vacation to cause such political damage." White House press secretary Tony Snow "said that 'while everybody recognizes what happened with Katrina' the president's vacation schedule this year is 'driven by sheer necessity.'" Snow said that with "a large number of GOP congressional seats in play and his party's ability to set the agenda in Congress in jeopardy," Bush "wants to be sure to be on the road to help raise money and get his message out in hopes of improving his approval ratings, which have been abysmal for much of the past year."

Senate Bill Supporters "Guardedly" Optimistic On Agreement Before End Of Session. CQ (8/3, Crowley, Retter) reports, "Backers of Senate-passed immigration overhaul legislation said Thursday they were 'guardedly optimistic' that House and Senate negotiators will reach an agreement before the end of the 109th Congress." Sens. Lindsey Graham, R-S.C., and John McCain, R-Ariz., "said meetings over the past few weeks have yielded indications that a compromise can be struck with House leaders, including Judiciary Chairman F. James Sensenbrenner Jr., R-Wis., sponsor of the enforcement-focused bill (HR 4437) the House passed in December." The meetings "also have included Judiciary Chairman Arlen Specter, R-Pa., Sens. Edward M. Kennedy, D-Mass., Minority Whip Richard J. Durbin, D-Ill., Jon Kyl, R-Ariz., Sam Brownback, R-Kan., as well as key House members and White House officials." Graham said, "I think [Sensenbrenner] has a view of immigration that's not a whole lot different than ours." He ""described one meeting with House leaders as beginning 'with tension,' but ending well."

Taxpayers Pay For Undocumented Immigrant Hospital Care. NBC Nightly News (8/3, story 8, 2:45, Williams, 9.87M) reported on the Parkland Memorial Hospital in Dallas, which is "at the forefront of the national debate over health care and immigration." NBC (Teague) added Parkland is "where tens of thousands of illegal immigrants receive taxpayer subsidized care." The "most common patients here,

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expectant mothers. Each year about 16,000 babies are born here at Parkland. The hospital estimates about 70% of them are delivered by undocumented mothers." Dr. Ron Anderson, Parkland's president, "says the cost of treating undocumented immigrants millions of dollars each year is unsustainable. Still, he says, his hospital will never turn away patients." Anderson: "You are going to make some awful mistakes when you decide that one person is worthy and one person isn't worthy." Teague: "But 30 miles away a Fort Worth Public Hospital is making those decisions. Requiring patients to prove they're here legally before picking up the tab for non-emergency treatment."

Effect Of Mexican Immigrants On Small Georgia Town Examined. The New York Times (8/4, Swarns, 1.21M) reports on the impact of Mexican immigrants on the town of Pearson, Georgia: "Lured in the 1990's by abundant agricultural work and new manufacturing jobs, the newcomers landed in a town with one traffic light, no tortillas in the supermarket and residents who stared openly at foreigners in a county that saw its last wave of immigrants in the 1850's." Today, "hundreds of Mexican immigrants, both illegal and legal, work in factories, fields and stores; study in public schools; and live in neighborhoods that were once mostly white or black." Over the "past decade, hundreds of thousands of immigrants, mostly from Mexico, have poured into the South, bypassing traditional settlement states like New York, California and Florida in favor of far-flung towns with thriving industries." The "surge of newcomers has helped drive the fierce debate in Congress over immigration as well as the budding activism that burst into view this spring when millions of people took to the streets to demand rights for immigrants."

TAX:

DOJ Sues Chumash Tribe's Accountants Over Alleged Tax Scam. The Los Angeles Times (8/4, Bunting) reports, "Federal prosecutors are suing two accountants for allegedly running a fraudulent scheme that has enabled nearly three dozen Chumash Indians in Santa Barbara County to claim bogus tax deductions on millions of dollars in casino gambling profits." The Times continues, "The accountants — Kenneth Sorenson of Buellton and Stephen Drake of Arizona — received more than $2 million in fees from members of the Santa Ynez Band of Chumash Indians who participated in the alleged scam, according to a lawsuit filed Wednesday in U.S. District Court in Los Angeles. … 'We do not believe there is any truth to the allegations being made by the government,' Drake said in an e-mail." The Times adds, "The Chumash Casino Resort in Santa Ynez is one of the most profitable gambling operations in the state. Court documents in the case show that each of the 152 enrolled members of the Chumash tribe was paid $428,969 in casino profits last year, a 26% increase over the $340,704 they received in 2004. … In California, Native American tribal members who live on a reservation are exempt from state income taxes and some sales and property taxes. But they are required to pay federal income taxes." The Times notes, "The complaint, filed by the U.S. Department of Justice, said that 32 Chumash Indians saved millions of dollars in tax obligations by claiming deductions for 'sham' management fees. … The lawsuit seeks a permanent order to halt Drake and Sorenson from continuing to execute their tax plan. Since 2001, the Justice Department has obtained injunctions against more than 195 tax preparers."

IRS, Canada Uncover Suspect Tax Shelter. The Wall Street Journal (8/4, Matthews) reports, "The Internal Revenue Service and Canadian tax authorities said they uncovered a cross-border scheme involving upper-income investors who withdraw money from their retirement accounts, then invest in bogus offshore companies to generate huge tax losses." The Journal continues, "The tax shelter, hawked on the Internet and in seminars by promoters in the U.S. and Canada, involved hundreds of taxpayers who logged tens of millions of dollars in improper deductions and unreported income from retirement-account withdrawals." The Journal adds, "The yearlong investigation continues, said Jacqueline Couture, spokeswoman for the Canada Revenue Agency. More taxpayers and promoters are likely to be ensnared, she said. … The IRS has been stepping up efforts against abusive and illegal tax shelters seen contributing to the growing $290 billion annual tax gap -- the amount of tax assessed but not paid to the U.S. Treasury."

CONGRESS-ADMINISTRATION:

Senate Democrats Block Final Vote On Minimum Wage-Estate Tax Bill. The New York Times (8/4, Hulse, 1.21M) reports "Senate Democrats on Thursday blocked legislation tying the first minimum wage increase in almost a decade to a decrease in the federal estate tax, denying Republicans a legislative victory as lawmakers head into a crucial month of campaigning before the November elections." Republican backers of the measure, "dubbed the trifecta for its three chief elements, fell 4 votes short of the 60 needed to cut off debate. Democrats had argued that it was a bad bargain to exchange a $2.10 wage increase for struggling workers for a costly tax cut for the country's wealthiest families.

The Washington Post (8/4, A1, Babington, 748K) says "GOP leaders fell three votes short of the 60 needed to cut off

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debate and bring the package to the Senate floor, where it was considered certain to pass on a simple-majority vote." Republicans "said Democrats will pay a price in November, contending that most Americans support the bill's call for an increase in the minimum wage and deep cuts in the estate tax." The Chicago Tribune (8/4, Neikirk, 623K), meanwhile, reports Democrats, "backed by labor unions, had opposed the minimum-wage legislation as a 'sham' aimed at helping wealthy Americans and said the estate tax cut and minimum wage increase should never have been linked together."

The Washington Times (8/4, Fagan, 88K) notes three Republicans joined "38 Democrats and independent James M. Jeffords of Vermont to vote against it. Fifty-two Republicans and four Democrats voted for the bill." The Wall Street Journal (8/4, Rogers, 2.03M) reports "three Democrats heavily targeted by Republicans -- Sens. Maria Cantwell of Washington, Mark Pryor of Arkansas and Daniel Akaka of Hawaii -- stood with Mr. Reid despite strong pressure from business interests and the favors promised under the bill. The single notable changed vote was Sen. Robert Byrd (D., W. Va.), up for re-election this year and attracted by provisions in the bill to help the coal industry and miners in his state."

USA Today (8/4, 2.27M) reports that "for Republicans, the combination offered the possibility of neutralizing a Democratic campaign issue while also advancing an estate tax cut, a high priority for the GOP that may have an uncertain future if Republicans lose seats in Congress in November's elections. 'This is a cynical ploy on the part of the Republican leadership in an election year,' Sen. Maria Cantwell, D-Wash., said in a statement."

Senate Sends Pension Reform Bill To Bush. The Washington Post (8/4, A4, Goldstein, 748K) reports, "The Senate last night overwhelmingly approved the most significant changes to the private pension system since Congress created comprehensive rules covering employee retirement plans three decades ago." The bill, "which goes to President Bush for his signature, is intended to bolster the system for more than 44 million workers and retirees who receive traditional pensions that provide defined benefits". It "would require employers that operate such plans to fund them more completely and would put on sturdier financial footing the federal insurance agency that gives Americans some protection if their pension plans collapse." The legislation passed the Senate 93 to 5.

The AP (8/4, Abrams) reports AARP chief executive officer Bill Novelli "said in a statement Thursday the retirees' group is pleased with many aspects of the bill, noting the automatic enrollment of 401(k) plans and requirements for greater employer contributions into defined-benefit plans." But "he said it does not provide the needed additional transition assistance for workers hurt by conversions to cash balance plans."

More Commentary. The Wall Street Journal (8/4, 2.03M) editorializes, "The one bright piece of news for old-line companies is that the legislation will create a legal framework to convert traditional pensions into 'cash-balance' plans. Companies had been rushing to these hybrids, which combine a traditional pension and a 401(k), to get their retirement liabilities under control. Yet after a federal court ruled in 2003 that IBM's cash-balance plan discriminated against older workers, businesses have been hesitant to proceed." The Journal adds, "Considering this is Congress, all of this could be a lot worse."

Senate Leaves Pentagon Spending Bill Unfinished. The AP (8/4, Taylor) reports, "Rushing to leave the Capitol for a monthlong vacation, the Senate Thursday debated but left unfinished a huge Pentagon spending bill. After debate spanning three days, the measure's $453.5 billion price tag had ballooned by $15 billion, reflecting concerns about Army combat readiness and security along the Mexican border." The AP adds, "The bill's authors reluctantly agreed to postpone final action on it until the first week of September after Democrats made it clear they weren't willing to pass it Thursday night." GOP Sen. Ted Stevens said, "I think we're going to be criticized, every one of us, for deciding to go home rather than finish this bill."

Amendment Would Cap Pentagon Spending On Conferences At $70 Million. The Federal Diary (8/4, D4, Barr) reports in its "Federal Diary" column, "The Senate yesterday approved an amendment sponsored by Sen. Tom Coburn (R-Okla.), who scours the federal budget for waste and mismanagement, that would cap spending on conferences by the Defense Department at $70 million in fiscal 2007. Coburn said the Pentagon sent 36,000 military and civil service employees to 6,600 conferences worldwide last year at an average cost of $2,200 per person."

Bush Names Former SEC Commissioner To Commerce Post. The Wall Street Journal (8/4, 2.03M) reports, "President Bush will nominate former Securities and Exchange Commissioner Cynthia Glassman to be undersecretary of commerce for economic affairs, the White House said." Glassman "announced in May that she intended to leave the SEC at the end of her term as commissioner, which expired June 5. Before joining the SEC, Ms. Glassman was an economist at the Federal Reserve and a principal at Ernst & Young LLP." In addition, Bush "will nominate John K. Veroneau to be deputy US trade representative." Veroneau "currently is a partner at DLA Piper Rudnick Gray Cary LLP. Previously, he was general

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counsel at the USTR and an assistant secretary of defense for legislative affairs at the Pentagon."

Burns Drops Hold On Pentagon Nominees. The AP (8/4, Jalonick) reports, "Sen. Conrad Burns, R-Mont., dropped his opposition to civilian Pentagon nominees Thursday after military officials promised to smooth the voting process for troops overseas." Burns "had blocked action on the nominees over concerns that the voting process for overseas troops is too complex and time-consuming for ballots to arrive on time." Burns spokesman Derek Hunter "said Thursday the senator lifted his holds because the Pentagon pledged to "do whatever is necessary" to put a new voting system in place by November." A Pentagon spokesman, Lt. Col. Jeremy Martin, "said the department is committed to creating the new voting system in time for local governments to transmit ballots electronically to military serving abroad so that their votes can be counted."

4th Circuit Nominee Takes Heat For Stance On Gauntanamo Interrogation Policy. Corporate Counsel (8/4, Eviatar) reports, "Things aren't looking so good for Pentagon general counsel William Haynes II in his quest for a seat on the 4th U.S. Circuit Court of Appeals. For more than a year he's drawn scattered attacks, mostly from Democrats, for his 2003 decision to sanction the use of aggressive methods in military interrogations. But in July, Haynes started taking fire from a new front. Twenty retired military leaders came out against his nomination, arguing that he ignored the views of other Pentagon lawyers in approving the interrogation procedures." Corporate Counsel continues, "In a letter to the Senate Judiciary Committee that was sent just days before the panel heard from Haynes, the retired leaders expressed their 'profound concern' about Haynes' role in establishing policies that 'led not only to the abuse of detainees in U.S. custody, but to a dangerous abrogation of the military's long-standing commitment to the rule of law.' … The letter has taken a toll on Haynes' prospects. Previously he only faced serious grilling from the Democratic senators on the Judiciary Committee. But now some of the committee's Republican members -- most notably Lindsey Graham of South Carolina, himself a former military lawyer -- have said they have more questions for the nominee."

WPost Says Paulson Needs To Reconcile Economic, Tax Policies. The Washington Post (8/4, A16, 748K) says in an editorial, "Treasury Secretary Henry M. Paulson Jr. delivered his first major speech on Tuesday, and it was a powerful performance. He emphasized the right policy challenges, including the stagnation of wages and the unevenness of income distribution, issues that the administration has been shy about acknowledging. He was forthright about the budget crisis that will occur if the nation does not reform entitlements: 'Demographics don't lie and demographics aren't partisan,' he observed. But if Mr. Paulson is to deliver on his promise of working pragmatically with Democrats, he will need to be equally blunt about tax policy. For although he is right that tax cuts helped to fuel the current economic expansion, it is equally true that they have contributed to the budget deficit that he says he is concerned about."

WPost Calls Pelosi Response On Entitlements Cynical. The Washington Post (8/4, A16, 748K) says in a second editorial that you "might think that a call from the new Treasury secretary for reform of entitlements would get a respectful hearing from Democrats. If entitlement programs are not reformed, they will squeeze out other spending programs that Democrats care about; they will create a budget crunch that no responsible party could want. But some Democrats do not appear to understand this. Yesterday an e-mail sent out on behalf of Nancy Pelosi, the House minority leader, dismissed Henry M. Paulson Jr.'s comments on 'privatizing' Social Security, adding that this policy has been 'soundly rejected by the American people.'" In his speech, "Paulson did not say that he wanted to reintroduce last year's administration proposal. Instead, he said that his approach would be bipartisan and that he aimed to address entitlements because 'when there is a big problem that needs fixing, you should run toward it, rather than away from it.' He even said that it was this philosophy that led him to give up a top Wall Street job to come to Washington. Now Ms. Pelosi's office is saying what it thinks of these sentiments: Forget bipartisanship, forget problem-solving. We hope other Democrats will be less cynical."

WSJournal Criticizes Democrats Hold On FDA Nominee Over Plan B. The Wall Street Journal (8/4, 2.03M) says in an editorial, "The Food and Drug Administration regulates many life-saving and life-improving products that together account for about a quarter of the U.S. economy. So you'd think Senators might have had a few interesting questions for Andrew von Eschenbach at his hearing to become FDA chief on Tuesday. But then you're too smart to be a Senator. Led by Hillary Clinton, the politicians focused almost entirely on the agency's failure to move swiftly to allow over-the-counter sales of the Plan B contraceptive -- the so-called 'morning after' pill." It "sure takes chutzpah to accuse the Bush Administration of 'politicizing the FDA,' as Mrs. Clinton and Washington Democrat Patty Murray did, and at the same time threaten to filibuster Dr. von Eschenbach's nomination because of the FDA's actions on one product."

DOJ_NMG_0044289

NYTimes Praises House Decision To Drop "Freedom Fries." The New York Times (8/4, 1.21M) reports, "When Congress renamed the French fries sold in its cafeterias 'freedom fries' before the Iraq war, Bob Ney, whose position as House Administration Committee chairman put him in charge of the cafeterias, said the change registered 'the strong displeasure of many on Capitol Hill with the actions of our so-called ally, France.' In the real world, it mainly allowed people to register their strong displeasure at how juvenile Congress was being." Harassing "the French is probably not the wisest course now that America may need their help negotiating a ceasefire in Lebanon. We would like to think that such sound policy reasons — or just that 'freedom fries' was so incredibly stupid — account for the change. But the real reason appears to be that Mr. Ney was forced to give up his chairmanship of the committee because of his extensive ties to the disgraced lobbyist Jack Abramoff. The current chairman, Vernon Ehlers of Michigan, seems more sensible about both intergovernmental affairs and cafeteria management."

OTHER NEWS:

Fed Says Inflation Rise Temporary. The Wall Street Journal (8/4, lp, 2.03M) reports, "Federal Reserve officials see the recent rise in underlying inflation as mostly a temporary response to rising energy prices, not an overheating economy. That assumption underpins their view, laid out in speeches and testimony, that inflation ought to fall back over the next year and a half without the Fed having to engineer a jarring economic slowdown with sharply higher interest rates." And it is "central to the argument that the Fed should pause soon in its two-year campaign of interest-rate increases."

Retail Sales Up In July. The Wall Street Journal (8/4, Merrick, 2.03M) reports, "Retail sales at major chains generally held up in July, temporarily easing -- but not erasing -- concerns about an impending drop-off in consumer spending." The Journal adds, "Overall, the middling sales gains for the month generally matched analysts' expectations. A Goldman Sachs same-store sales index of 28 retailers rose 3.1% in July, above a forecast of a 2.8% increase and compared with a 3.4% gain in July 2006. Same-store sales are sales at stores open at least a year."

Stocks Gained Yesterday. The Wall Street Journal (8/4, Mckay, 2.03M) reports, "The stock market rallied to a two-month high, helped by a falling oil price and economic data that traders interpreted as motivation for Federal Reserve policymakers to leave their key interest-rate target unchanged at their meeting next week." The Dow Jones Industrial Average "rose 42.66 points, or 0.4%, to 11242.59, up 4.9% so far this year. The Standard & Poor's 500-stock index inched up 0.1%, or 1.72 points, to 1280.27, up 2.6% on the year. And the Nasdaq Composite Index rose 0.7%, or 13.53 points, to 2092.34, off 5.1% on the year."

Appeals Panel Rules DeLay Must Stay On Ballot. NBC Nightly News (8/3, story 9, 0:20, Williams, 9.87M) reported, "Tonight it looks as if Tom DeLay's name will stay on the ballot in Texas, at least for now. A Federal Appeals Court ruled Republicans cannot replace him. Delay won the primary but resigned from Congress in June and moved to Virginia. He is awaiting trial on money laundering."

The Houston Chronicle (8/4, Ratcliffe, 535K) reports "the Republican Party said it will quickly file an appeal to the US Supreme Court, but if it loses, DeLay will have to decide whether to actively campaign for office. He has hinted that he might."

The New York Times (8/4, Blumenthal, 1.21M) reports, "In a brief statement Thursday, Mr. DeLay seemed to hold out the possibility of running, though he has made a point of insisting he is no longer a resident of the district, in the Houston area, and is not a candidate. 'Today's decision is just another step in the process to allow the voters of the 22nd District a choice on the ballot in November,' the statement said. 'It's our understanding that the Texas Republican Party is looking at all of their available legal options, including appealing to the Supreme Court. Mr. DeLay continues to reside and work in the Washington, D.C., area. He is exploring his options and has not made any decisions.'"

The Washington Post (8/4, A6, Moreno, 748K) reports DeLay's daughter Dani DeLay Ferro, "acting as her father's spokeswoman, said no decision had been made. In a statement issued Thursday, Ferro said 'Mr. DeLay continues to reside and work in the Washington, DC, area. He is exploring his options and has not made any decisions.'"

Fox News' Special Report (8/3, Wallace) said "today's ruling is a victory for Democrats who want to keep Delay's legal troubles, he's been charged with campaign finance violations, before the voters." The Dallas Morning News (8/4, Slater, 500K) also calls the ruling "a major victory for Democrats, who believe Mr. DeLay's ethics problems make him vulnerable in the fall."

The Washington Times/AP (8/4) quotes Cris Feldman, a lawyer for the Texas Democratic Party, saying, "This was a victory for fair and ethical elections protecting the integrity of the democratic process. Both parties have nominees for the general election, and it's time to move forward." Republican Party's attorney Jim Bopp said, "What's happening here is the Democrat Party is trying to control the Republican nominee. I think that's fundamentally incompatible with a viable two-party system and a democratic process."

DOJ_NMG_0044290

USA Today (8/4, Kiely, 2.27M) reports, "In its opinion, a three-judge panel said that because there is no guarantee DeLay won't be living in Texas on Election Day, there is no proof he would not be eligible to serve in Congress. The panel of one Republican and two Democratic appointees said state Republican Party Chairwoman Tina Benkiser 'did not act reasonably and with political neutrality when she declared DeLay ineligible.'"

Quinnipiac Poll Shows Lieberman Trailing Lamont By 13 Points. CNN's The Situation Room (8/3, Blitzer) reported, "A new poll shows Senator Joe Lieberman has lost considerably more ground to a Democratic primary rival in Connecticut. The Quinnipiac survey of likely Democratic primary voters shows businessman Ned Lamont now has a 13-point lead over Senator Lieberman."

The AP (8/4, Haigh) reports that in the poll Lamont, "a political novice, had support from 54 percent of likely Democratic voters in the Quinnipiac University poll, while Lieberman had support from 41 percent of voters. … A similar survey July 20 showed Lamont with a slight advantage for the first time in the campaign."

The Washington Post (8/4, A5, Balz, 748K) notes "the three-term incumbent and 2000 Democratic vice presidential nominee announced earlier that he will run as an independent in November if he loses" the primary. But "a landslide loss to Lamont could complicate Lieberman's hopes of winning a fourth term in a three-way general election contest."

The Los Angeles Times (8/4, Barry, 918K) reports, "The Connecticut Senate race has emerged as a bellwether in a nation whose politics increasingly are being driven by U.S. involvement in Iraq. A Los Angeles Times/Bloomberg poll released this week found that more than 3 in 5 liberal Democratic voters -- 63% -- said they would be less likely to back a candidate who supported the war."

Lieberman GOTV Effort Focuses On Elderly. The Wall Street Journal (8/4, A4, Harwood, 2.03M) reports in its "Washington Whispers" column that Sen. Joe Lieberman is focusing on "the elderly, who tend to vote heavily in off-year elections. Connecticut AFL-CIO seeks Joe-mentum by contacting more than 200,000 union members."

Lieberman's Wife Appeals To Republicans. The Washington Times (8/4, McCaslin, 88K) reports in its "Inside the Beltway" column that Sen. Joe Lieberman's wife, Hadassah, is "now appealing, in writing, to registered Republicans" on behalf of her husband's Senate campaign. Mrs. Lieberman "while it is too late to change party affiliation and vote as Democrats next Tuesday, Republicans can still be of assistance by contacting their left-leaning friends and urging them to the polls."

Bloggers Rallying To Lamont's Cause. The New York Times (8/4, McIntire, Medina, 1.21M) reports, "Lieberman was on a roll, skewering Ned Lamont, his wealthy antiwar opponent in Tuesday's Democratic primary in Connecticut, for owning stock in the military contractor Halliburton." But "within days, Mr. Lieberman was having to explain his own investments. An online blog called Firedoglake revealed that Mr. Lieberman owned shares in mutual funds that held Halliburton stock. Other blogs latched onto the July 20 item, Lamont aides alerted reporters and soon it had found its way into local newspapers, tempering Mr. Lieberman's attack." This was "one example of how the Lamont campaign tried to harness the energy, anger and muckraking zeal of an expanding network of blogs in its effort to unseat Mr. Lieberman, the three-term senator." The Times adds, "Dozens of liberal and antiwar bloggers, some of them from across the country but many others in Connecticut, have rallied to Mr. Lamont's cause."

The Washington Times (8/4, Hurt, 88K), meanwhile, reports that Lamont, "who sharply criticized the employment practices of Wal-Mart this week in his campaign to unseat Sen. Joe Lieberman in the Democrat primary, owns stock in the company, Senate records reveal."

US Chamber Seeks To Shore Up Candidates In Connecticut. The Wall Street Journal (8/4, A4, Harwood, 2.03M) reports in its "Washington Whispers" column, "US Chamber of Commerce election drive -- dogged by controversy over accuracy of TV ads -- visits Connecticut this weekend to shore up vulnerable Republican Reps. Simmons, Shays and Johnson. Democrats fret a Lieberman defeat in next week's Senate primary there could imperil House races, since his possible independent candidacy could lift November turnout by moderate Republicans."

Corker, Ford Win Tennessee US Senate Primaries. Ex-Chattanooga Mayor Bob Corker (R) and TN9 Rep. Harold Ford Jr. (D) on Thursday won their respective primary contests in Tennessee's US Senate race. Corker defeated ex-Reps. Ed Bryant (R) and Van Hilleary (R). Ford faced no serious opposition. Corker and Ford will now square off in the general election, with the winner filling the seat of Senate Majority Leader Bill Frist (R), who is retiring. The AP (8/4, Ricker) reports, "With 82 percent of precincts reporting, Corker had 190,490, or 48 percent of the vote, to Bryant's 136,993, or 35 percent. Hilleary had 64,758, or 16 percent." Ford, "who hosted a Nashville fundraiser Thursday night with former President Clinton, would be the first black U.S. senator elected in the South since Reconstruction." USA Today (8/4, A7, 2.27M) ran an earlier version of the AP story.

The Nashville City Paper (8/4, Rodgers) notes that the Corker-Ford contest "promises to be a campaign watched

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nationwide. It could determine if the Republicans retain control of the US Senate." Corker "overcame a barrage of attacks from both Bryant and Hilleary concerning what they considered questionable conservative credentials to win the GOP nomination. Bryant and Hilleary have long double-teamed Corker for raising property taxes as Chattanooga mayor and for being pro-choice in 1994 when he first ran for U.S. Senate. Bryant and Hilleary also capitalized on a 1988 incident when a subcontractor for Corker's former company got caught employing four illegal immigrants. But Corker raised more money, out-spent and out-organized both Bryant and Hilleary to win the nomination despite the two former congressmen's bevy of attacks."

Martinez Declares Harris Victory "No. 1 Goal." The Miami Herald (8/4, Clark, 310K) reports, "Rep. Katherine Harris' U.S. Senate campaign staff may be deserting her, but she's still got a friend in Sen. Mel Martinez. In a letter addressed to 'fellow conservatives,' the Republican senator implores donors to pony up for Harris' campaign, telling them her victory is his 'No. 1 goal for Florida in 2006.' 'Katherine has always been there for the Republican Party, and now it's high time [for] the Republican Party to be there for her,' the letter on Martinez's personal Senate stationery states." The Herald notes that the Martinez letter "comes as she has burned through three campaign managers amid questions -- now from the FBI -- about her ties to a defense contractor convicted of illegally steering money to elected officials, including Harris, who said she unknowingly accepted $32,000 in illegal campaign contributions."

West Virginia GOP Candidate Admits Embellishing Resume. The Washington Post (8/4, A2, Birnbaum, Goldfarb, 748K) reports Republicans are "excited about several House races in which they say they have a chance to knock off an incumbent Democrat. One is in West Virginia, where Democratic representative Alan B. Mollohan faces Chris Wakim, a GOP state legislator who has promoted himself as a Persian Gulf War veteran with a master's degree in public policy from Harvard University." But Wakim's "background doesn't exactly live up to his official biography. In a telephone news conference Tuesday, Wakim responded to his opponent's allegations of résumé-padding by admitting that he never served in the Persian Gulf during the war against Iraq in the 1990s. He also conceded that he received his master's degree at night and weekends from Harvard's extension studies program, and got it not in public policy but in liberal arts with a concentration in government." In fact, Wakim "said he was studying for his night-school degree while he served as an Army captain in Massachusetts during the Persian Gulf War."

South Carolina GOP To Hold Presidential Debate May 15, 2007. The Washington Post (8/4, Pierce, 748K) reports in its "Inside Politics" column, "The South Carolina Republican Party announced yesterday that it will hold a presidential primary debate on May 15, 2007, at the University of South Carolina in Columbia."

McCain Hires Former Bush Aide Handy. The Washington Times (8/4, McCaslin, 88K) reports in its "Inside the Beltway" column, "F. Philip Handy, the state chairman of Florida Gov. Jeb Bush's three gubernatorial campaigns, will become a senior campaign adviser to Sen. John McCain of Arizona as he weighs a repeat bid for the White House in 2008. Besides advising the Republican on education policy, Mr. Handy will become co-chairman of the senator's Straight Talk America PAC."

Bloomberg May Be Eyeing Presidential Bid. The New York Times (8/4, Cardwell, 1.21M) reports that New York City Mayor Michael Bloomberg dines Wednesday evening with Al From, a guru of centrist Democratic politics and one of the chief policy minds behind Bill Clinton's 1992 victory. The dinner took place at the home of Michael Steinhardt, a longtime friend of Mr. Bloomberg's and a former chairman of the Democratic Leadership Council. Also there was Mr. Bloomberg's chief political adviser, Kevin Sheekey, who several months ago gave the mayor a blueprint for running for president as a self-financed independent and has been working ever since to bring Mr. Bloomberg and the rest of the world around to that idea." While none of the dinner guests would discuss what was said at the dinner, the "fact that it happened suggests that Mr. Bloomberg has not shut down the idea of running."

Gore Favorability Rating Below 50%. The Washington Times (8/4, Harper, 88K) reports Al Gore "may be experiencing a little global cooling these days. Less than half of Americans see him favorably, according to a Gallup poll released yesterday." Gallup analyst Joseph Carroll said, "The American public's basic views of him are no more positive than they were four years ago, and remain below where they were when he was vice president." The Times adds the survey "found that 48 percent of the respondents had a positive opinion of Mr. Gore, 45 percent a negative one." Gore has "endlessly promoted his environmental documentary 'An Inconvenient Truth' since its release in May. But a spoof of the film -- titled 'Al Gore's Penguin Army' -- is now featured on YouTube.com, a popular Internet video site. The Wall Street Journal yesterday reported that the video was produced by the DCI Group, a District-based ad agency that works for Mobil Exxon Corp."

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After Kroc Gift, Salvation Army Seeks To Keep Mission Clear. The New York Times (8/4, Strom, 1.21M) reports a Salvation Army center "is an unlikely home for a $2.5 million Henry Moore sculpture, but here it stood, all but buried under summer campers using it as a jungle gym. The sculpture and the center, an $87 million complex featuring three swimming pools, indoor ice skating and skateboarding, playing fields and a 600-seat theater, were gifts from Joan Kroc, wife of the McDonald's Corporation founder, Ray Kroc." Mrs. Kroc, "who died in 2003, also left the Salvation Army $1.5 billion to build 30 to 40 more Kroc centers now planned around the country, providing low-income neighborhoods the kind of facilities that even well-to-do communities can rarely afford. But this new wealth and the glittering centers it is buying have posed a challenge for the Salvation Army and caused soul-searching about its core purpose." Many Salvation Army officers "continue to fear that the centers will confuse donors about its mission, leaving the impression that it is a flush charity that operates sleek recreation complexes rather than a frugal church that devotes itself to serving the needy."

Dionne Says Conservatism Has Reached "Point Of Collapse." In his Washington Post column (8/4, A17), E.J. Dionne says, "Is conservatism finished? What might have seemed an absurd question less than two years ago is now one of the most important issues in American politics. The question is being asked -- mostly quietly but occasionally publicly -- by conservatives themselves as they survey the wreckage of their hopes, and as their champions in the Republican Party use any means necessary to survive this fall's elections." Conservatism was "always a delicate balancing act between small-government economic libertarians and social traditionalists who revered family, faith and old values." President Bush, "his defenders say, has pioneered a new philosophical approach, sometimes known as 'big-government conservatism.'" Fred Barnes says "Bush's strategy…'is to use government as a means to achieve conservative ends.' Kudos to Barnes for trying bravely to make sense of what to so many others -- including some in conservative ranks -- seems an incoherent enterprise. But I would argue that this is the week in which conservatism, Hamiltonian or not, reached the point of collapse. The most obvious, outrageous and unprincipled spasm occurred last night when the Senate voted on a bill that would have simultaneously raised the minimum wage and slashed taxes on inherited wealth."

Krugman Says Liberal Groups Should Emulate Partisanship Of Conservatives. In his New York Times column (8/4), Paul Krugman compares "the political strategies of conservative business advocacy groups like the U.S. Chamber of Commerce and those of more or less liberal advocacy groups like the Sierra Club." The chamber "recently got into trouble because of ads it ran praising Republican members of Congress who, it said, voted for the Medicare prescription drug program. It turned out that one of the congressmen praised in the ads actually voted against the program, while two others weren't even in Congress when the vote took place." But "the bigger question is, aren't business groups supposed to favor fiscal responsibility and reducing the size of government? So why is the chamber praising a program that substantially increases the size of government and has no visible means of financial support?" The "answer is obvious: the Bush administration hopes to win some votes in the midterm elections from older Americans now receiving drug benefits, and the chamber, like many conservative organizations these days, believes that its interests are best served by helping Republicans win elections." Compare this "with the behavior of advocacy groups like the Sierra Club, the environmental organization, and Naral, the abortion-rights group, both of which have endorsed Senator Lincoln Chafee, Republican of Rhode Island, for re-election." Given "both the radicalism of the majority party's leadership and the ruthlessness with which it exercises its control of the Senate, Mr. Chafee's personal environmentalism is nearly irrelevant when it comes to actual policy outcomes; the only thing that really matters for the issues the Sierra Club cares about is the 'R' after his name."

NYTimes Says Doctors "Deluded" That Free Lunches Not Influencing Judgment. The New York Times (8/4, 1.21M) says in an editorial, "Doctors are deluding themselves when they say their medical judgment can't be influenced by something as trivial as a deli sandwich. When the sandwiches are delivered en masse for the entire medical staff, courtesy of drug companies that are touting their wares while the doctors eat, the physicians are swallowing a lot more than ham-and-cheese on rye. Otherwise, the drug companies would not be offering their lunchtime spreads." The doctors "always insist that they can't be bought. But a former sales representative for two drug companies said the lunches were 'incredibly effective' in lifting the number of prescriptions from practices that got the free food, and a medical school doctor who is examining the issue believes the lunches do influence prescribing. Some doctors seem to rely on free lunches as a fringe benefit for their staffs."

Rice Backs Immediate Ceasefire, Sees Security Council Resolution "Within Days." Media reports last night and this morning indicate a diplomatic breakthrough may be near in Israel-Lebanon crisis. USA Today (8/4, Nichols, 2.27M), for example, reports "a United

DOJ_NMG_0044293

Nations resolution intended to stop the fighting between Israel and Hezbollah could be agreed on in the next few days, the United States and Britain said Thursday," while Fox News' Special Report (8/3, Baier) said "senior Bush Administration officials remain confident a diplomatic end to the current fighting along the Israeli-Lebanese border could be stopped by a United Nations resolution this weekend."

The AP (8/4, Schweid) reports that last night, Secretary of State Rice "expressed support Thursday for an immediate cease-fire in Lebanon as the first phase in ending the conflict between Israel and Hezbollah. It was the most concrete signal yet that the US may be willing to compromise on the stalemate over how to end the fighting." The AP adds that "asked if US policy had shifted, State Department spokesman Sean McCormack declined to comment." Rice said on CNN's Larry King Live (8/3) that a deal on a resolution to end the fighting is close. Rice noted, "We're working with the French very closely. We're working with others. We've wanted very much to see an end to this conflict. We need to end the hostilities in a way, though, that points forward a direction for a sustainable peace. And we are working -- we have worked with the parties when I was in the region to come up with those principles, with those elements. We're now working on a Security Council resolution and hopefully we can get that passed and I think it certainly will be within days."

Along similar lines, the AP (8/4, Lederer) reports "France and the United States stepped up negotiations Thursday on a resolution that calls for an immediate cessation of hostilities and sets conditions for a lasting peace." Rice "said the United States would be willing to consider a phased approach, by halting the violence immediately and committing the sides to a set of principles to bring a permanent peace." An analysis piece in today's Wall Street Journal (8/4, Champion, 2.03M) says Washington and Paris are near agreement because "France's role is radically different" than it was in the run-up to the 2003 invasion of Iraq. Diplomats "on both sides of the French-American divide are confident they can agree on a UN resolution quickly."

CNN's The Situation Room (8/3, Blitzer) reported, "CNN has obtained a copy of a draft United Nations resolution on the crisis. It calls for an immediate cease-fire and addressing the root cause of the crisis. But a Hezbollah spokesman says a cease-fire wouldn't stop militants from fighting Israeli soldiers on land Hezbollah considers its own." Likewise, the Washington Post (8/4, A13, Cody, 748K) reports Hezbollah "said Thursday that the movement would not accept a cease-fire as long as Israeli forces remain on Lebanese territory."

US Regional Policy Seen As "Unravelling." Under the headline, "US Hopes For Middle East In Disarray," the Financial Times (8/4, Khalaf, Luce) says the "Cedar Revolution" in Lebanon last year was "held up as evidence of a changing Middle East, as a blow to radicalism and as vindication of America's push for freedom. There were stirrings of democracy elsewhere in the region," including in Riyadh, Cairo, and Palestine. "That image of the Middle East has now been dramatically transformed. As Israel pounds Lebanon and its troops push deeper into the south, the US vision of the Middle East is in disarray." The Times calls the fighting in Lebanon "the latest sign of a broader unravelling of US policy. … Israel's onslaught, supported by the US, has intensified anti-American sentiment in the region, and raised domestic pressure on US-friendly regimes." The "radicalizing of public opinion" brought about by Israel's actions "risks complicating US efforts to contain Iraq's civil strife." More ominously, the Times says, the fighting "has underlined the rising power of Iran, Hizbollah's most important backer."

Bush, Merkel Discuss Middle East. AFP (8/4) reports President Bush and German Chancellor Angela Merkel "discussed efforts at the United Nations to get a Middle East truce and a multinational force for Lebanon, the White House said. 'She offered her help and support in dealing with interested parties,' and the two leaders also discussed Iran and Syria, spokesman Tony Snow said."

US Plans To Train, Equip Lebanese Army. The AP (8/4, Schweid) reports Washington "plans to help train and equip the Lebanese army so it can take control of all of the nation's territory when warfare between Israel and Hezbollah eases, the State Department said Thursday." Secretaries Rice and Rumsfeld approved the initiative "to take effect 'once we have conditions on the ground permitting,' spokesman Sean McCormack said. McCormack provided no details on what equipment the United States might provide, the training that would be conducted, how many U.S. personnel would be involved, or possible costs." The AP adds the State Department sent a Congressional Notification last week for an additional $10 million in aid to the Lebanese military. The Washington Times (8/4, Kralev, 88K) runs a similar report.

Muslim Leaders Warn Of Mideast Moderates' Decline, Rise In Terrorism. The AP (8/4, Halaby) reports King Abdullah II of Jordan "warned the United States and Israel Thursday that the fighting in Lebanon has weakened moderates across the Mideast." Abdullah told a newspaper that "even if Hezbollah is destroyed, the hostility toward Israel is so high that another such group could pop up in Syria, Egypt, Iraq — or even his own country." The AP says the fighting in Lebanon "has sharply raised tensions across the Mideast, and leaders like Abdullah, a key U.S. ally who initially blamed Hezbollah for sparking the conflict by capturing two Israeli soldiers, have become increasingly critical of the United States and Israel." The New York Times (8/4, Fuller, 1.21M) adds, "Muslim leaders meeting for the first time since the start of the crisis in Lebanon warned Thursday that the fighting could spawn further acts of terrorism." Indonesian President Susilo Bambang Yudhoyono is quoted

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saying, "This war must stop or it will radicalize the Muslim world, even those of us who are moderate today. From there, it will be just one step away to that ultimate nightmare: a clash of civilizations." Separate New York Times (8/4, McFarquhar, 1.21M) reporting is headlined, "Hezbollah's Prominence Has Many Arabs Worried."

Shiite Ascendance Seen As New Reality In Middle East. The Wall Street Journal (8/4, Waldman, 2.03M) reports that from "the violence in the Mideast, new realities are emerging -- and a new generation of experts to interpret them. Shiite Muslims are asserting themselves as never before. Followers of this branch of Islam, generally backbenchers in the region's power game, are central players in Lebanon, Iran and Iraq -- often acting out against traditional powers such as Israel, the U.S., and Sunni Arab states." Vali Nasr, "a professor at the Naval Postgraduate School in Monterey, Calif., calls this a historic 'Shiite revival' and has gone further than most in identifying it as a central force in Mideast politics. He also frames a possible U.S. response: Engage Iran, especially over the issue of reducing violence in Iraq, and try to manage Tehran's rise as a regional power rather than isolating it." Nasr has "laid out his views in a series of speeches and articles, as well as a new book. He is gaining a wide hearing in Washington." Nasr's analysis "begins with the idea that the removal of Saddam Hussein in Iraq has transformed the Mideast, but not in the ways promised by President Bush. By replacing Iraq's Sunni-led dictatorship with an elected government dominated by the country's Shiite majority, the U.S. destroyed the Sunni wall that had contained the restless Shiite power to the east, Iran. The clerical regime in Tehran was immeasurably strengthened." This "power shift, Mr. Nasr argues, has reopened an ancient fault line between Shiites and Sunnis that crosses the entire region."

Chavez Recalls Ambassador To Israel. The AP (8/4) notes Venezuelan President Hugo Chavez "said Thursday he has withdrawn his country's ambassador from Israel to show his 'indignation' over the military offensive in Lebanon." Chavez is quoted calling Israel actions in Lebanon "genocide." The AP adds, "The leftist leader has repeatedly criticized Israel's offensive" in Lebanon.

Syrian Ambassador Accuses Bush Administration Of Lack Of Communication. In a Los Angeles Times op-ed (8/4), Syrian Ambassador to the US Imad Moustapha says that in a meeting with US congressmen, "the very first question they had for me was to clarify the confusion about whether the White House is talking to Syria or not. Although the media have reported that no contacts have been made between the two countries over the last three weeks, administration officials have sent vague signals that this might be happening through back channels. But no communication whatsoever has taken place. U.S. policy remains to ignore the Syrian government. And it remains fundamentally wrong." After Sept. 11, "we cooperated with the U.S. in fighting terrorism," but this "effective cooperation ended when Syria and the U.S. found themselves at odds over how to address the Iraqi problem." Administration officials then "devised a new 'policy' toward my country: Don't talk to Syria at all, and maybe its regime will collapse."

More Commentary. In his Washington Post column (8/4, A17), Charles Krauthammer says, "Israel's war with Hezbollah is a war to secure its northern border, to defeat a terrorist militia bent on Israel's destruction, to restore Israeli deterrence in the age of the missile. But even more is at stake. Israel's leaders do not seem to understand how ruinous a military failure in Lebanon would be to its relationship with America, Israel's most vital lifeline." There is "fierce debate in the United States about whether, in the post-Sept. 11 world, Israel is a net asset or liability. Hezbollah's unprovoked attack on July 12 provided Israel the extraordinary opportunity to demonstrate its utility by making a major contribution to America's war on terrorism." America's "green light for Israel to defend itself is seen as a favor to Israel. But that is a tendentious, misleadingly partial analysis. The green light -- indeed, the encouragement -- is also an act of clear self-interest. America wants, America needs, a decisive Hezbollah defeat." Israeli Prime Minister Ehud Olmert's "search for victory on the cheap has jeopardized not just the Lebanon operation but America's confidence in Israel as well. That confidence -- and the relationship it reinforces -- is as important to Israel's survival as its own army. The tremulous Olmert seems not to have a clue."

The Los Angeles Times (8/4, 918K) says in an editorial, "In the last few years, the secular Muslim state has practiced a diplomatic balancing act, intensifying its overtures to the liberal West while sending contrary signals domestically to its own illiberal nationalists." With elections "coming up next year, Turkish politicians are beating the nationalist drum. But a promising opportunity might open with Turkey's proposed involvement in a peacekeeping force in Lebanon after a cease-fire with Israel is established. Turkey is an ideal candidate because of its historic role as mediator (or, sometimes, bulwark) between Europe and the Middle East. Having well-trained armed forces, good relationships with Syria and Iran, and a Muslim population doesn't hurt. Turkey would get a chance to boost its regional profile and pursue a more assertive — and popular — foreign policy while bolstering its ties to the West. Better to maintain a shaky balance than to lose the only secular Muslim ally the U.S. has."

In a Wall Street Journal op-ed (8/4), Jonathan Tepperman, deputy managing editor of Foreign Affairs, says the UN Interim Force in Lebanon (Unifil) "achieved painfully

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little in its 28 years of operation. Yet before the smoke had even cleared at Khiyam," where four peacekeepers were killed in an Israeli airstrike, "world leaders -- including Lebanon's Fuad Siniora, most European Union heads of government, and even some Israelis -- began calling for a new U.N. force to intervene. George W. Bush joined this chorus last Friday." But the "politicians should be careful what they wish for. Unifil was only the U.N.'s most recent star-crossed foray into Middle East peacemaking. Since 1948, the U.N. has stepped into the Arab-Israeli maelstrom five times. But few of these efforts have paid off. Unless it takes a radically different shape, a new intervention could well make matters worse, not just for the parties on the ground, but for the U.N. itself."

In his Wall Street Journal column (8/4), Daniel Henninger says, "Images of war serve diverse purposes today. At Qana, the images' intent is to elicit a moral indictment of Israel's tactics and of war generally; at Abu Ghraib, to refute President Bush's stated nobleness of purpose in Iraq. Zarqawi's camcorder inside his house abattoir was meant to dispirit his American opposition 'in the safety of their living rooms.' But whatever the purpose, a world in which people get fed streams of awful images to drive political conclusions produces a familiar effect: They eventually become inured to the images. Human wells of moral outrage are deep, but not bottomless. If emotional outrage is the basis on which they are expected to make judgments about politically complicated events like Lebanon, many will turn away, rather than subject themselves to a gratuitous, confusing numbing of their sensibilities. This is not progress."

Bush "Attachment To Israel" Said To Stem From Trip To Holy Land. McClatchy (8/4, Hutcheson) reports, "If there's a starting point for George W. Bush's attachment to Israel, it's the day in late 1998 when he stood on the hilltop where Jesus delivered the Sermon on the Mount, and, eyes brimming with tears, read aloud from his favorite hymn, 'Amazing Grace.'" Matthew Brooks, "a prominent Jewish Republican who escorted Bush, then governor of Texas, and three other GOP governors on the Middle East visit," said, "He was very emotional. It was a tear-filled experience. … He brought Israel back home with him in his heart. I think he came away profoundly moved." McClatchy adds, "Eight years later, Bush is living up to his reputation as the most pro-Israel president ever. … His stance has alienated European allies and fueled anti-American sentiment in the Arab world, but Brooks and other pro-Israel activists couldn't be more pleased."

ABC World News Tonight (8/3, story 10, 2:15, Sawyer, 8.78M), meanwhile last night examined the issue of Evangelical Christian support for Israel. ABC World News Tonight (8/3, story 10, 2:15, Sawyer, 8.78M) reported, "With all the fighting raging in the Middle East, we keep hearing that some of Israel's staunchest support in America comes from evangelical Christians. Why is their support of the Jewish state so steadfast?" ABC (Tapper) added many evangelical Christians "are excited about the current conflict. They see it as the 'end of days' when evil forces unite against Israel, bring about the battle of Armageddon and the second coming of Jesus." But "how do the Israelis feel about this? After all, the prophesies generally end with the Jews converted or killed. We asked the Israeli ambassador." Daniel Ayalon, Israeli Ambassador to US: "When the messiah comes, we will ask him if he is coming or returning. And that would establish if we would all be Jews or Christians. Until he comes, I don't worry myself about this." Tapper: "Until that day, the ambassador is happy for the support."

Twelve Israelis Killed In Lebanon Conflict. The AP (8/4, Nessman) reports that earlier this morning Israel "unleashed airstrikes on the southern Beirut suburb of Dahieh…saying its targets were Hezbollah facilities and an office of Hamas, the militant group which runs the Palestinian government. Israeli artillery shells earlier soared into the hills of southern Lebanon, sometimes as many as 15 per minute." The AP adds, "In the second front of its offensive against Islamic militants, Israel sent dozens of tanks into the Gaza Strip as aircraft fired at clusters of militants."

McClatchy (8/4, Nissenbaum, Schofield) reports, "The Israeli military began preparing to reoccupy southern Lebanon on Thursday, and Israeli officials conceded that their three-week bombing campaign has had no significant impact on Hezbollah's ability to fire short-range rockets into northern Israel." The "dispatch of thousands of Israeli soldiers to retake as much as one-fifth of Lebanon…would mark a major expansion in Israel's Lebanon campaign and would reverse Israel's withdrawal from Lebanon six years ago after a troubled 18-year occupation." It also "would complicate efforts in the United Nations to arrange a cease-fire and the creation of an international peacekeeping force to police southern Lebanon." However, "senior military officials suggest that Israel may have little choice." Yesterday, "one official admitted that the air war had failed to cripple Hezbollah's ability to fire the short-range Katyusha rockets, which form the bulk of the militant Islamic group's aerial arsenal."

The Washington Post (8/4, A1, Finer, Moore, 748K) says "Israeli forces appeared to be struggling in efforts to control villages and towns across the Lebanese border and push deeper into the country, according to UN observers in Lebanon." The Post adds, "Hezbollah said its guerrillas destroyed four armored vehicles with antitank missiles during combat in the Aita al-Shaab region, about 15 miles inland

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from the Mediterranean, and in the hills around Taibe, about 20 miles to the northeast. In that town, a missile slammed into a house, killing a married couple and their daughter, Lebanese officials said."

Yesterday, eight Israeli civilians were killed in the deadliest day of Hezbollah rocket attacks yet, while four Israeli soldiers were killed in the ongoing offensive in southern Lebanon. As NBC Nightly News (8/3, story 5, 2:15, Fletcher, 9.87M) reported, Hezbollah leader Sheikh Nasrallah "went on TV with a warning of his own that if Israel" bombed Beirut, "he'll bomb Tel Aviv." CNN's The Situation Room (8/3, Blitzer) said Israel "is vowing to unleash a major retaliation if Hezbollah fighters actually go ahead and attack Tel Aviv. Hezbollah's leader threatened today to strike the Israeli commercial capital if Israel keeps pounding Beirut. In a taped address Hassan Nasrallah also offered to stop rocket attacks if Israel ends its military campaign." The Los Angeles Times (8/4, King, Murphy, 918K) reports that in his remarks, Nasrallah "described the Israeli offensive as coming at the behest of the Bush administration. 'Israel is doing... this with American orders, American arms and American rockets,' he said."

The Israel-Hezbollah conflict again slipped into the second tier of coverage on the networks, which led their broadcasts yesterday with top the US generals' assessment of the sectarian strife in Iraq. ABC, CBS, and NBC devoted a total of five segments to covering the story totaling nearly 11 minutes, and it played no earlier than the fourth story in their lineups. ABC World News Tonight (8/3, story 4, 2:05, Sawyer, 8.78M) reported it was "the deadliest day yet for Israel in the 3-week-old crisis." ABC (Muir) added "As the Israelis pounded southern Lebanon, Hezbollah answered back. Today, their Katyusha rockets were deadlier than ever. At least eight Israeli civilians were killed." The New York Times (8/4, Oppel, Erlanger, 1.21M), Washington Times (8/4, Mitnick, 88K) and Financial Times (8/4, Morris, Wallis) run similar accounts of yesterday fighting.

The CBS Evening News (8/3, story 4, 2:05, Pizzey, 7.66M) reported Israelis "expected their massive firepower would quickly carry the day. Instead, they've had to grant their foes a measure of grudging respect." The New York Times (8/4, Hauser, 1.21M) says "the message from the sheikh appeared to be aimed at convincing Israel and the outside world that Hezbollah fighters were still a force 23 days into the battle, and to make clear that he was alive and apparently unharmed." It also "seemed to be intended to show that Hezbollah's command structure remained intact, by referring to recent events like the 48 hours earlier this week during which Israel said it had halted its air bombardment in Lebanon."

Secretary of State Rice was asked on CNN's Larry King Live (8/3) if she has been surprised by Hezbollah's strength in the conflict. Rice said, "I don't think there's any doubt that over the last several years since the last ceasefire in this area that Hezbollah has improved its capabilities greatly. … But since we've had the terrible and tragic and unfortunate circumstances of war over the last several weeks, it's our obligation now to make sure that we have a process going forward that will not allow Hezbollah to recoup those capabilities and to be able to threaten this kind of war again." Asked if the US wants Hezbollah destroyed, Rice said, "The United States wants terrorism to stop and Hezbollah is a terrorist organization."

The Washington Post (8/4, A1, Finer, 748K) also carries a story from Kiryat Shemona, Israel, about the plight of civilians facing Hezbollah rockets.

Israelis Look For Tunnels Linking Gaza, Egypt. The New York Times (8/4, Myre, 1.21M) reports, "Israeli tanks pushed deeper into the southern Gaza Strip on Thursday in a search for smuggling tunnels linked to neighboring Egypt. Eight Palestinians were killed, most of them militants, but one was a 12-year-old boy." The Israeli forces "in southeastern Gaza had remained in largely stationary positions in and around Gaza's disused airport for more than a month."

Death Toll In Qana Was Inflated. The Los Angeles Times (8/4, Murphy, 918K) reports, "Five days after massive Israeli airstrikes demolished a building housing dozens of villagers in the town of Qana, human rights investigators and medical authorities have confirmed only 28 deaths, well below the official death toll of 54." The numbers "are important because the deaths sparked a world outcry against Israel's bombing campaign, which has been criticized for the high number of civilian casualties resulting from its campaign against Hezbollah guerrillas." The Washington Times (8/4, Pisik, 88K) reports Human Rights Watch concluded the number "had been inflated by chaos and confusion." USA Today (8/4, 2.27M) runs a similar brief report.

The Christian Science Monitor (8/4, Peterson, 58K) says, "In the battle of perceptions, Hizbullah is riding a wave of popular regional support, especially after an Israeli strike in Qana left at least 28 civilians dead." That "even quieted critics in Lebanon who have long wanted the group disarmed."

Despite Report, Hezbollah Terrorist Was Not Killed In July 14 Attack. The Washington Times (8/4, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, "US intelligence officials tell us that one of the most notorious Hezbollah terrorists was not killed during a July 14 Israeli air strike on the group's Beirut headquarters. The officials commented on the status of Imad Mugniyah after one press report said he was killed during the attack that included at least five bombs on the Hezbollah headquarters."

Prisoner Issue Said To Be At Core Of Hezbollah's Motivation. The New York Times (8/4, Smith, 1.21M)

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reports, "When Hezbollah guerrillas sneaked into Israel last month, killing and capturing Israeli soldiers and setting off the current crisis, their goal was to trade them for a Lebanese man held by Israel." The prisoners "now number about 9,700, about 100 of them women, according to a spokeswoman for the Israeli Prison Authority. About 300 are younger than 18, including two girls and a boy of 14, being held in juvenile detention facilities for acts against Israel." The Israelis "say many of them are terrorists…and some clearly are. But the Palestinians say that others are wrongfully accused and that many have never committed a violent act."

US Citizen Slain In Israeli Military Service Buried In Jerusalem. The Washington Post (8/4, A13, Moore, 748K) reports three weeks ago, "21-year-old Staff Sgt. Michael Levin was back with his family in the Philadelphia suburbs, hanging out with his twin sister and making plans to study medicine after he finished his tour with the Israeli military this fall." But when "war erupted between Israel and Hezbollah fighters in southern Lebanon, Levin cut short his home leave and joined his paratroop unit on Israel's northern border." Levin was "killed Tuesday, the 21st day of the war, when Hezbollah fighters fired an artillery shell into the house his unit had commandeered as an observation post in the southern Lebanon town of Aita al-Shaab. Another Israeli soldier and an officer also died." In life, Levin "was considered a 'lone soldier' -- the melancholy moniker Israel gives foreign-born soldiers who come to the country without their families, often with the sole purpose of serving in the military." In death, "his adopted Israeli families pressed tight around his grave at Mount Herzl military cemetery in Jerusalem under a searing afternoon sun, attempting to console the American family he'd left behind to pursue his ambition of fighting for the Jewish state."

Plight Of Retired Detroit Auto Worker In Lebanon Noted. ABC World News Tonight (8/3, story 5, 2:10, Wright, 8.78M) profiled the plight of former Detroit auto worker, Nabil Beydoun, who retired to Bint Jubayl, "never dreaming his retirement community would become a war zone. Beydoun spent the past five days trapped in the rubble of his basement, with no food or water, until a neighbor finally dug him out."

Bush Exhorts Cubans To Seek Democratic Change. With Cuban President Fidel Castro's health in question, President Bush yesterday released a statement encouraging the Cuban people to seek democratic change. The story was not covered by the networks, but was picked up by the wires and some newspapers.

The AP (8/4) reports President Bush "on Thursday urged the people of Cuba to work for democratic change and warned that the U.S. would watch for Cuban officials who stand in the way." In a statement, Bush said, "We will support you in your effort to build a transitional government in Cuba committed to democracy, and we will take note of those, in the current Cuban regime, who obstruct your desire for a free Cuba." The AP adds Secretary of State Condoleezza Rice "said on CNN's 'Larry King Live' that a transition in one way or another 'appears to be under way' in Cuba." Bush, "who left Washington Thursday for his ranch in Texas, said the United States was actively monitoring the situation in Cuba." In the "event of a change in the Cuban government, Bush said the United States would provide humanitarian assistance as needed." The Los Angeles Times (8/4, 918K) also reports the AP story.

The Washington Times (8/4, Behn, Dinan, 88K) reports Bush "turned up the heat on the Cuban regime yesterday, saying Washington would 'take note' of any leaders who tried to block a push for freedom by the Cuban people." The statement was "released as the president was flying aboard Air Force One to his ranch in Crawford, Texas, and timed to take advantage of continued uncertainty about Fidel Castro's condition." Cuba watchers "yesterday exhorted the United States to take advantage of the political transition in Cuba before Raul Castro, minister of the armed forces and now acting president, has a chance to reassert the communist apparatus of power on the people."

The Financial Times (8/4, Sevastopulo) reports President Bush "waded into the debate over the future of Cuba for the first time since Fidel Castro, the Cuban leader, temporarily handed power to his brother, by urging the Cuban people to work for 'democratic change.'" Last month, Bush "approved a 'Compact with the People of Cuba' aimed at providing support to the Cuban people in an attempt to promote regime change on the island."

Cuban Dissidents Not Taking Advantage Of Castro's Public Absence. The Washington Post (8/4, A14, Roig-Franzia, 748K) reports Cuba's "tiny, fragmented dissident movement has fought for decades to end political imprisonments and restrictions on free speech under Fidel Castro. But Castro's ever-more mysterious illness and temporary handover of power to his brother, Raul Castro, have not led to a surge in dissident activity. There have been no big speeches. No rallies. No fiery calls for change." Instead, "prominent dissidents seem just as confused as many of their countrymen about what is happening and what it means for them."

Venezuelan Support Propping Up Cuban Economy. The New York Times (8/4, Forero, 1.21M) reports as Raúl Castro "takes up the task of leading Cuba in place of his brother Fidel, there is, surprisingly, one less thing he may have to worry about: the state of Cuba's economy." The credit "goes, in large part, to the economic lifeline thrown to Cuba by the Venezuelan president, Hugo Chávez, who is using his country's tremendous oil reserves to prop up the

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Castro government and counter Bush administration policy in Latin America." To the "exasperation of American officials, long determined to force a change of government by choking off the Cuban economy with an embargo, Venezuela's patronage may take some pressure off Raúl Castro at what is otherwise a time of great uncertainty."

Estranged Sister Says Castro Recovering From Surgery. USA Today (8/4, Parker, 2.27M) reports Juanita Castro Ruz, "the estranged younger sister of ailing Fidel Castro, said Thursday she has been told the longtime dictator is recovering from surgery and "doing well."" Juanita Castro, 73, "spoke from her elegantly furnished home in suburban Miami. She said she had been on the phone to family and friends in Havana since the Cuban government's announcement late Monday that her brother had emergency intestinal surgery." Juanita, "a pharmacy owner who fled Cuba four decades ago, would not reveal how she learned of her brother's condition, but said: 'The surgery was a major surgery. He's doing OK. He's out of intensive care, and he's in his own room.'"

Pakistani Ambassador Downplays Khushab Reactor's Military Potential. The Washington Times (8/4, Sands, 88K) reports remarks by Pakistani Ambassador to the US Mahmud Ali Durrani that "a major new Pakistani plutonium nuclear reactor could be used for 'military purposes' as well as for civilian power needs but will not lead to a massive increase in the country's nuclear arsenal." Durrani "dismissed a" report by the Institute for Science and International Security "on the reactor under construction at the Khushab nuclear complex as 'grossly exaggerated,' and denied the new plant could produce enough weapons-grade plutonium to boost the country's production from an estimated two bombs a year to as many as 50." However, Durrani's comments were "the first official acknowledgment that the heavy-water reactor will bring at least some increase in Pakistan's military nuclear capability at a time of heightened fears of a South Asia arms race with rival India."

US To Maintain Troop Level In South Korea. The Washington Times (8/4, Gertz, 88K) reports Pentagon planning designed "to give South Korea wartime operational control over US troops within three years and will keep U.S. troop levels at more than 20,000 over the next several years." The Times adds, "Following the latest round of U.S.-South Korea talks July 13 and 14, the Pentagon and South Korean military and defense officials agreed to draw up the command transfer plan that will shift combat authority from the U.S.-led combined forces command to a new structure led by South Korean military commanders and supported by U.S. forces. The goal is to complete the transfer of authority by 2009, but some changes could take five years." The Pentagon is said to be adjusting to "new realities" on the Korean peninsula including enhanced South Korean capabilities, outreach to Pyongyang, and anti-American feelings in the South Korean government.

Resignations Push Somali Government To Brink. The Christian Science Monitor (8/4, Crilly, 58K) reports the Transitional Federal Government of Somalia, which was based in Kenya until February, "is facing complete collapse after 38 ministers and assistant ministers have quit in the past nine days." Since June, "the TFG has seen its influence limited to the city of Baidoa, about 150 miles northwest of Mogadishu." One TFG official is quoted insisting the TFG negotiate with moderates inside the Supreme Islamic Council of Somalia, which now controls nearly all of the country and whose "emergence…as a political force in Somalia sent shockwaves through Western governments earlier this year, raising fears that they could turn this country into a haven for Al Qaeda." While "only 16 full ministers out of 42 have resigned," the Monitor notes, "even six more full ministers resign - something observers say could be imminent - the TFG would likely crumble."

Yushchenko Names Yanukovich Ukrainian PM In Bid For Unity. The New York Times (8/4, Myers, 1.21M) reports Ukrainian President Viktor Yushchenko "allied himself on Thursday with a parliamentary coalition led by his critics and rivals after negotiating a nonbinding agreement that he said would preserve his main policy goals, including integrating the country into Europe and NATO." While Yushchenko said the deal was "an effort to bridge Ukraine's ethnic, social and economic divisions after months of political chaos and stalemate," the Times says it also put him in the position of supporting as prime minister a man he once denounced as a bandit," Moscow ally Viktor Yanukovich. The Times says Yanukovich "is now poised to complete a remarkable comeback" only two years after the disputed 2004 presidential election. His Party of Regions won a plurality of seats in the March parliamentary elections.

Author Says Killing Fields Tribunal Must Move Forward. In an op-ed in today's Washington Post (8/4, A17, 748K), Professor Alex Hinton says the death of Ta Mok, "like that of Pol Pot in 1998, deprives Cambodians of yet another chance to see a key architect of the Cambodian genocide held accountable for the campaign of mass murder unleashed from 1975 to 1979." Mok had been "expected to be one of the first and most important defendants to be tried" in the Extraordinary Chambers in the Courts of Cambodia. Mok's death "underscores the urgency of pressing forward with the tribunal as quickly as possible. Other likely candidates for prosecution, including "Brother Number Two"

DOJ_NMG_0044299

Nuon Chea (79), former state presidium chief Khieu Samphan (77), and Ieng Sary (76), the former deputy prime minister of foreign affairs, could, like Ta Mok and Pol Pot, die as free men, unjudged." Hinton says the tribunal needs to do a better job reaching out to ordinary Cambodians, and the United State "needs to get involved" to ensure its success. Lastly, "there is an urgent need to enhance Cambodia's mental health programs." Hinton concludes, "To date not a single high-ranking Khmer Rouge leader has been held accountable or has taken responsibility for the death of as many as 2 million Cambodians. … The international community must act to ensure this happens in a swift and meaningful manner -- before it's too late."

NYTimes Says China, US Should Support Robust UN Force In Darfur. A New York Times (8/4, 1.21M) editorial this morning says "a strong United Nations force is needed to halt the genocide in Sudan's Darfur region. If it is not sent soon, it may be too late for many thousands of potential victims." Such a force remains delayed because, the Times says, Beijing continues to support the Sudanese government's opposition. "One reason" for that support "is oil. China is trying to diversify its oil sources beyond the crisis-prone Middle East, and Africa is one obvious alternative." Also, Beijing has an "extreme sensitivity to any U.N. encroachments on national sovereignty." However, "genocide is different, and Beijing knows it. China is already embarrassed by its support for" Khartoum. The Times concludes, "Washington, for its part, needs to build up its own pressure on" Sudan's leaders. With the recent departure from government of Robert Zoellick, the administration's highest-ranking diplomat working on Darfur, there is a real danger that crucial momentum will be lost. President Bush needs to appoint an envoy to Sudan right away, before the genocide's toll — already more than 200,000 deaths — grows still larger."

WPost Says OAS Must Ensure Fair Nicaraguan Election. In an editorial, the Washington Post (8/4, A16, 748K) says former Nicaraguan "Marxist dictator" Daniel Ortega has key advantages in this year's presidential election. "Through a patient strategy of corrupt manipulation, he has gained control over much of Nicaragua's fledgling democratic political system and is steadily twisting it to his advantage. Knowing that a majority of voters would never choose him, Mr. Ortega has managed to alter the electoral rules so that he could win election as president with as little as 35 percent of the vote." The Post adds, "The story of how Central America's poorest country reached this point provides a lesson in the vulnerability of new democracies to cynical and ruthless opportunists." With Ortega appearing politically strong, "the best chance of thwarting a ballot-box coup probably lies with the OAS and its member governments, which between now and November must insist on a free and fair election. If Nicaragua remains a genuine democracy, Mr. Ortega will lose."

WSJournal Chides France For Public Support Of Private Internet Firms. A Wall Street Journal (8/4, 2.03M) editorial this morning criticizes French President Jacques Chirac's public support of a European internet search engine. The French government's "appetite for venturing into business knows no bounds," and Chirac's support of Quaero "is one battle in Mr. Chirac's war against what he calls the 'omnipresence' of 'Anglo-Saxon' culture on the Web." The creation of Quaero "is the latest in a string of French and European political vanity projects." The Journal concludes, "If European leaders really want to foster the next Google, they might consider cutting the high taxes and red tape that send students and entrepreneurs the world over running for the United States. Then again, that would make sense -- and wouldn't cost taxpayers a centime."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Generals Give Grim Report On Iraqi Strife."
"They Didn't See This In Gibson's Script."
"Bush's Grade On Environment Falls."
"Day To Day Among The Viet Cong."
"Political Insiders Get Special Treatment From L.A. Building And Safety Department."
"8 Israeli Civilians Killed By Rockets."
"Black Politicians See New Landscape In L.A. Politics."

USA Today:
"Cities Make Quiet Plea For Tolerance."
"Ready For Some Football? More Than Ever On Way."
"Civil War Risk Up, So No Cut In Troops."

New York Times:
"12 Israelis Die; Sheik Threatens To Bomb Tel Aviv."
"U.S. General Says Iraq Could Slide Into A Civil War."
"Wage Bill Dies; Senate Backs Pension Shift."
"Cuba Perks Up As Venezuelan Foils Embargo."
"In Georgia, Immigrants Unsettle Old Sense of Place."
"New Wealth, and Worries, For The Salvation Army."
"Albany Strategy Lets Rich Evade Donation Limits."

Washington Post:
"Israel Suffers Highest Toll Yet."
"Countless Rockets, Limited Options."
"Generals Cite Risk Of Iraqi Civil War.?"

DOJ_NMG_0044300

"Vietnam Wall Visitor Center Approved."
"N.Va. Prisoner Lost In Translation."
"Lamont Leads Lieberman By 13 Points In New Poll."

Washington Times:
"Bush Wages Freedom For Cubans."
"Generals Warn Of Civil War In Iraq."
"No Pakistan Nukes Buildups, Envoy Says."
"100 Rockets descend On Northern Israel."
"Louisiana Questions Hurricane Policies."
"Poker Plays A Hot Hand."
"Apple Slips iPod Into Many US Cars."

Detroit Free Press:
"Cities To Ask Voters To Chip In For Services."
"iPod's Going On The Road."
"Metro Detroit Jews Fear Hatred."
"Visitors Soars; Recall At Ford New GM Plant."

Atlanta Journal-Constitution:
"Blue Cross, Hospital Settle."
"Political Gamble Backfires In Gwinnett."
"Russian Orphan Finds A Spot In Georgia Family's Heart."
"Cousins Bet On Downtown, Will Move From Cobb."

Houston Chronicle:
"General Assessment: Iraq Civil War Possible."
"GOP To Fight Delay Ruling."
"School First In Area Rated 'Dangerous' By The State."
"Hezbollah Rockets Kill 8 Civilians."
"Hurricane Forecasts Cooling Off."

Story Lineup From Last Night's Network News:
ABC: Iraq Violence; Iraq Civil War; Iraq's Future; Lebanon Border; Lebanese Destruction; Ford Sales Loss; Heat Wave; Dirty Beaches; Girls ADHD; Christians-Israeli Support.
CBS: Iraq Civil War; New Troops Iraq; Taliban Attack NATO Troops; Israeli Offensive; Utility Prices Up; Tropical Storm Chris; New AOL; VA Bad Medical Care; Kimberly Dozier Recovering.
NBC: Iraq Civil War; Iraq-Political Analysis; Iraq-Military Analysis; Iraq Violence; Israeli Offensive; Heat Wave-Economic Impact; Tropical Storm Chris; Healthcare-Illegal Immigrants; Tom Delay On Ballot; Ford Sales Loss; Kimberly Dozier Recovering; TX-Butterfly Migration.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Israel-Lebanon Attacks; Rice-Mideast Peace Efforts; Iraq-Mosul Police Chief Killed; Bush-Cuba;
CBS: Israel-Lebanon Attacks; Senate-Pension Bill; Senate-Minimum Wage/Estate Tax; TX-Flooding;
NPR: Israel-Lebanon Attacks; Iraq-US KIA; Chavez-Missile Defense System; Congo-Election; Foreign Stock Markets; Senate-Minimum Wage; Tropical Storm Chris; Canada-Priest Sex Abuse Case; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Delivers remarks at a Steve Chabot for Congress Breakfast. Cincinnati Museum Center at Union Terminal, Cincinnati, Ohio; delivers remarks at The Helping America's Youth Second Regional Conference, and observes discussion panels. Robert & Judi Newman Center, Denver University, Denver, Colo.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: CONSERVATIVE STUDENTS CONFERENCE _ Young Americas Foundation will host its 28th annual National Conservative Student Conference. More than 400 participants from 39 states and 179 colleges and universities will convene in the nations capital to learn about conservative ideas and how to advance them. Highlights: 10 a.m. Military Issues Panel. Participants are: Lt. Col. Scott Rutter, Iraq veteran; Major John Krenson, Afghanistan veteran; Colonel John Reitzell, distinguished veteran; and Captain Flagg Youngblood, moderator. 3:30 p.m. Robert Spencer speaks on ``The Politically Incorrect Guide to Islam." Location: George Washington University, Marvin Center, 800 21st St. NW.

US-CHINA _ U.S.-China Economic and Security Review Commission holds hearing on ``Chinas Role in the World: Is China a Responsible Stakeholder?" The hearing will assess Chinas role in the world by examining its external and diplomatic activities in several regions and in international organizations and will evaluate the impact those actions have on U.S. interests and security. It also will consider Chinas domestic energy policies and strategies for acquiring energy resources and will explore what opportunities exist for cooperation between the United States and China to improve energy use and efficiency and decrease competition for oil. Highlights: 8:30 a.m. Katharine Ann Fredriksen, principal Deputy Assistant Secretary of Energy in the Office of Policy and International Affairs. Location: Room 385, Russell Senate Office Building.

SPELLINGS-DRISCOLL _ 8:30 a.m. Education Secretary Margaret Spellings attends swearing-in of David Driscoll to the National Assessment Governing Board. Location: TBA.

PENTAGON BRIEFING _ 9 a.m. Brian D. Jones, commander of the 3rd Heavy Brigade Combat Team, 4th Infantry, holds briefing from Iraq. Location: DOD Briefing studio.

DOJ_NMG_0044301

MIDEAST-POLL _ 10:30 a.m. The Council on American-Islamic Relations (CAIR) holds a news conference to release the results of a survey gauging American attitudes toward the current round of fighting in the Middle East. The random telephone survey asked more than 1,000 Americans about their views on US policy in the Middle East and whether the United States should call for an immediate cease-fire. CAIR alos will announce the launch of an online petition drive, called ``Not in America's Name,'' urging elected officials to support a cease-fire in the Middle East. Location: CAIR headquarters, 453 New Jersey Ave. SE.

GOP-DOLE _ 12 p.m. National Republican Senatorial Committee Chair Sen. Elizabeth Dole holds press conference call to discuss the Tennessee Senate race. Contacts: Dan Ronayne, 202-675-6004. Notes: Call 888-632-5950. Password: Tennessee.

JACKSON _ 2 p.m. Scheduled sentencing before U.S. District Judge T.S. Ellis III for Vernon Jackson, a technology executive who pleaded guilty to paying more than $400,000 in bribes in connection with a congressional corruption case. Location: Courtroom 900, U.S. District Court, Alexandria.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, AUGUST 4, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

DOJ Threatens Suit Over Maine Probe Of Verizon's Data Sharing ... 3
Treasury Department Freezes Assets Of Saudi-Based Islamic Charity ... 3
Judge Denies Passaro Access To Classified Documents ... 3
Democrats Block Committee Vote On Specter's NSA Plan ... 3
Judge Rejects Defense Motion To Change Venue In 9/11 Perjury Retrial ... 4
Law Professors Say Terror Suspects Should Be Detained, Not Tried ... 4

Patriot Act:

ACLU Claims DOJ "Overcensoring" In Connecticut Library Case 4

Homeland Response:

Pentagon, DOT Investigating Inaccuracies In 9/11 Response Reports ... 5
ACLU Says US Barring International Scholars Over Political Beliefs ... 5
FDA Developing Quicker, Cheaper Test To Identify Bioterror Hoaxes ... 5
Louisiana Is Only State Still Negotiating Hurricane Plans With DHS ... 5
Grand Jury To Investigate Reports Louisiana Police Officers Blocked Katrina Evacuees ... 6

War News:

Top US Generals Warn Iraqi Instability Could Lead To Civil War . 6
Baker Book Criticizes Bush Iraq Policy ... 8
Roberts Criticizes White House Efforts To Keep Iraqi Intelligence Report Secret ... 8
US Troops Fire On Shiite Protesters In Baghdad Who Shot At Base ... 8
Violence Continues In Iraq ... 8
Al Qaeda In Iraq Vows To Retake Fallujah ... 8
US Cutting Back Forces From Smaller Anbar Towns ... 9
Suicide Bomber Kills 21 Civilians In Afghanistan ... 9
Care For Wounded Soldier At VA Hospital Comes Under Fire ... 9

DOJ:

Bush Nominates Paulose At Minnesota US Attorney ... 9

Corporate Scandals:

US Expected To Charge Comverse Over Options Dating ... 10
Apple May Revise Profit Statements Pending Options Probe ... 10

Criminal Law:

Two Arrested In New Orleans Slaying As Landrieu Asks DOJ For Help ... 11
Judge Appoints Magistrate To Supervise Copying Of Jefferson Files ... 11
Prosecutors Grapple With Election Calendar Amid Corruption Probes ... 11
FBI Investigating Kerik Over Missing $1 Million At Charity ... 12
Former LA Deputy Sentenced To 30 Years For Sexual Assault . 12
Prosecutors See Challenges in Taking On Internet Gambling ... 12
Antigua Bests US In WTO Internet Gambling Case ... 12
BetOnSports Head Remains Out Of US Reach ... 13
Big Dig Worker Admits Mailing Disputed Memo, But Maintains Veracity Of Claim ... 13
US Charges Two Gadsden, AL, Officials, Businessman With Conspiracy ... 13
Alabama Woman Pleads Not Guilty To $277,000 In Katrina Relief Fraud ... 13
Alabama School Bus Driver Ruled Competent To Be Tried On Child Porn Charges ... 14
FBI Allowing Crime Labs To Use CODIS To Identify Relatives Of Suspects ... 14
Texas Executes Former Jailer For 1997 Murder Of Child ... 14
DC Attorney Stabbed To Death ... 14
Northern Virginia Inmate Jailed Two Months After Case Closed 14
Federal Judge Rejects Request For Return Of $150,000 Seized In DC Traffic Stop ... 14
California Inmate Disciplined For Painting Sales ... 15

Civil Law:

Insurance Company Settles Complaints That It Deceived US Soldiers ... 15
3rd Circuit Will Not Revive Holocaust Survivor's Suit Against German Firms ... 15

Civil Rights:

Springfield, MA, Mayor Objects To DOJ Voting Rights Suit ... 15

Senate Judiciary Committee Approves Creation Of Civil Rights Cold-Case Offices ... 16
Missouri Voter ID Law Faces Legal Challenge ... 16
Jackson, MS, Mayor Accused Of Racial Profiling ... 16
Many Cities Participating In Diversity Campaign ... 17

Antitrust:

Merging Utilities Give New Jersey Regulators Deadline For Approval ... 17
E-Mail In DOJ Price-Fixing Probe Sent From London ... 17
Fate Of WV Steel Mill Tied Up In Arcelor-Mittal Merger ... 17
Groups To Seek Review Of Seattle Newspapers' Finances ... 18
Molex Purchase Of Woodhead Industries Gets German Antitrust Approval ... 18
EU Presses Spain On Conditions Placed On Endesa Bid ... 18
SL Green Realty To Purchase Reckson ... 18
IBM To Buy MRO Software For $740 Million ... 18
Easy Merger Financing May Be Coming To End ... 19
Writer Blasts EU Action Against Microsoft ... 19

Environment/Indian Affairs:

Scientists Say Global Warming Causing More Frequent Heat Waves ... 19
Nonprofit Receiving $9 Million In DuPont Lead Paint Settlement Has Ties To Company ... 20
EPA Recommends Limits On Pesticide Use ... 20
Poll Finds High Disapproval Of Bush Environmental Policies ... 20
Report Finds Beach Closings, Advisories On The Rise ... 21
USA Today Criticizes USDA Mad Cow Testing Rules ... 21
Seven Tribal Police Departments To Receive DOJ Grants ... 21
Cycle Rally Near Sacred Indian Site Sparks Concerns ... 21

FBI/DEA/ATF/USMS:

SF Chronicle Reporters May Face Contempt Charges Today In BALCO Case ... 21
Man Gets 19-Year Sentence In Meth Case ... 22
Drug Gang Targeted In Alabama Raid ... 22
Thousands Of Marijuana Plants Found In Arizona's Tonto National Forest ... 22
Four Accused Of Selling Marijuana-Laced Gumballs In DC Area22
In Kentucky, Authorities Crack Down On Rogue Internet Pharmacies ... 23
Colombia To Begin Aerial Spraying Of Coca Where Six Workers Were Killed ... 23
Prosecutor In Mexico Seeks US Help To Stem Drug-Related Violence ... 23
Anti-Doping Expert Rejects Lawyer's Dehydration Theory In Landis Case ... 23

Immigration:

Bush Touts Border Enforcement At Start Of Texas Vacation ... 23

Tax:

DOJ Sues Chumash Tribe's Accountants Over Alleged Tax Scam ... 25
IRS, Canada Uncover Suspect Tax Shelter ... 25

Congress-Administration:

Senate Democrats Block Final Vote On Minimum Wage-Estate Tax Bill ... 25
Senate Sends Pension Reform Bill To Bush ... 26
Senate Leaves Pentagon Spending Bill Unfinished ... 26
Bush Names Former SEC Commissioner To Commerce Post .. 26
Burns Drops Hold On Pentagon Nominees ... 26
4th Circuit Nominee Takes Heat For Stance On Gauntanamo Interrogation Policy ... 27
WPost Says Paulson Needs To Reconcile Economic, Tax Policies ... 27
WPost Calls Pelosi Response On Entitlements Cynical ... 27
WSJournal Criticizes Democrats Hold On FDA Nominee Over Plan B ... 27
NYTimes Praises House Decision To Drop "Freedom Fries." ... 27

Other News:

Fed Says Inflation Rise Temporary ... 28
Appeals Panel Rules DeLay Must Stay On Ballot ... 28
Quinnipiac Poll Shows Lieberman Trailing Lamont By 13 Points 28
Corker, Ford Win Tennessee US Senate Primaries ... 29
Martinez Declares Harris Victory "No. 1 Goal." ... 29
West Virginia GOP Candidate Admits Embellishing Resume ... 30
South Carolina GOP To Hold Presidential Debate May 15, 2007 30
McCain Hires Former Bush Aide Handy ... 30
Bloomberg May Be Eyeing Presidential Bid ... 30
Gore Favorability Rating Below 50% ... 30
After Kroc Gift, Salvation Army Seeks To Keep Mission Clear ... 30
Dionne Says Conservatism Has Reached "Point Of Collapse." .. 30
Krugman Says Liberal Groups Should Emulate Partisanship Of Conservatives ... 31
NYTimes Says Doctors "Deluded" That Free Lunches Not Influencing Judgment ... 31
Rice Backs Immediate Ceasefire, Sees Security Council Resolution "Within Days." ... 31
Bush "Attachment To Israel" Said To Stem From Trip To Holy Land ... 34
Twelve Israelis Killed In Lebanon Conflict ... 34
Bush Exhorts Cubans To Seek Democratic Change ... 36
Pakistani Ambassador Downplays Khushab Reactor's Military Potential ... 36
US To Maintain Troop Level In South Korea ... 37
Resignations Push Somali Government To Brink ... 37
Yushchenko Names Yanukovich Ukrainian PM In Bid For Unity 37
Author Says Killing Fields Tribunal Must Move Forward ... 37
NYTimes Says China, US Should Support Robust UN Force In Darfur ... 37
WPost Says OAS Must Ensure Fair Nicaraguan Election ... 38
WSJournal Chides France For Public Support Of Private Internet Firms ... 38

The Big Picture:

Headlines From Today's Front Pages ... 38

Washington's Schedule:

Today's Events In Washington ... 39

DOJ_NMG_0044304

TERRORISM NEWS:

DOJ Threatens Suit Over Maine Probe Of Verizon's Data Sharing. The Morning Sentinel (ME) (8/4, Wack) reports, "The Bush administration is threatening to sue Maine regulators should they decide to investigate whether Verizon Communications illegally turned over customer information to the National Security Agency." The Sentinel continues, "Verizon customers in Maine have asked the state's Public Utilities Commission to investigate whether the telecom giant violated privacy laws by cooperating with a domestic surveillance program. The PUC is expected to decide Monday whether to open such a probe." The Sentinel adds, "In a July 28 letter to the PUC, the U.S. Department of Justice cites national security as a key reason for its opposition to a state investigation. The seven-page letter suggests that a lawsuit is likely if Maine regulators decide to investigate. … 'We sincerely hope that, in light of governing law and the national security concerns implicated by the requests for information, you will decline to open an investigation and close these proceedings, thereby avoiding litigation over the matter,' the letter reads." The Sentinel notes, "The Justice Department's stance drew criticism from Maine groups that favor an investigation. They believe that if state secrets are at risk, precautions can be taken to ensure they aren't revealed. … 'The federal Department of Justice is trying to kill the proceeding even before it begins, and I don't think that's proper,' said Wayne Jortner, senior counsel in the Maine Public Advocate's office, which represents citizens in cases involving public utilities. … 'Verizon may have broken the law, and the Department of Justice is overstepping its bounds in trying to intimidate the state PUC from investigating the potential violation,' said Shenna Bellows, executive director of the Maine Civil Liberties Union."

Treasury Department Freezes Assets Of Saudi-Based Islamic Charity. The AP (8/4, Aversa) reports, "The Bush administration took steps Thursday to financially incapacitate" the Philippine and Indonesian branches of the Saudi-based Islamic charity, the International Islamic Relief Organization, and "Abd Al Hamid Sulaiman Al-Mujil, who is the executive director of the charity's Eastern Province branch in Saudi Arabia." The Treasury Department has frozen the US assets of the branches and Al-Mujil, and "Americans also are forbidden from sending money or otherwise doing business with them." Treasury Department Undersecretary for Terrorism and Financial Intelligence said, "It is particularly shameful when groups that hold themselves out as charitable or religious organizations defraud their donors or divert funds in support of violent terrorist groups."

Judge Denies Passaro Access To Classified Documents. The AP (8/4) reports from Raleigh, NC, "A former CIA contractor charged with beating an Afghan detainee who later died can't use several classified memos and e-mails when his trial starts next week, a federal judge ruled in an order released Thursday." The AP continues, "David Passaro, 39, of Lillington, is charged with two counts of assault with a dangerous weapon and two counts of assault resulting in serious injury. Prosecutors have accused the former Special Forces medic with beating Abdul Wali during an interrogation in 2003; Wali died three days later in his cell. … U.S. District Court Judge Terrence Boyle said before Passaro can have the documents, he must show who approved of his actions in Wali's interrogation. Until he does so, they remain off-limits to his defense team." The AP adds, "Boyle's ruling said Passaro sought access to 'classified memoranda allegedly exchanged between the CIA and the Department of Justice in August 2002.' In a footnote, Boyle said that Passaro claimed the CIA asked for an opinion in 'techniques permissible during interrogations,' and that the Justice Department provided the CIA with a memo detailing what techniques were allowed. … Passaro's trial is scheduled to start Monday. He was the first U.S. civilian charged with prisoner abuse during the wars in Afghanistan and Iraq, and faces 40 years in prison if convicted."

Democrats Block Committee Vote On Specter's NSA Plan. The Washington Post (8/4, A15, Eggen) reports, "A White House-endorsed plan to formally legalize the National Security Agency's warrantless surveillance program ran into more political problems yesterday in the Senate, as Democrats successfully maneuvered to block a committee vote on the proposal." The Post continues, "In addition, three of the committee's leading Democrats announced that they would block the confirmation of a senior Justice Department official in protest of a recent move by President Bush. The president effectively stopped a probe into the NSA program by denying security clearances to Justice Department investigators." The Post adds, "The developments spell further difficulties for Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), whose surveillance proposal has earned the endorsement of Bush and Vice President Cheney but has run into fierce opposition from Senate Democrats and a competing proposal from House Republicans. … Specter said in an interview late yesterday that, while he will continue to seek compromise with critics, he is confident the bill will proceed with or without Democratic support. … Specter also said that he believes

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much of the Democratic opposition to his proposal stems in part from Bush's faltering popularity." The Post notes, "In a related matter, Democratic Sens. Richard J. Durbin (Ill.), Russell Feingold (Wis.) and Edward M. Kennedy (Mass.) wrote a letter to Bush promising to block the confirmation of Steven G. Bradbury, who serves as the acting head of the Justice Department's office of legal counsel. Bush blocked an investigation that would have focused on the role played by that office in approving the NSA spying program. … The senators argued that it would be 'inappropriate' to confirm Bradbury as head of that office until he is 'cleared of wrongdoing,' and they demanded that Bush grant the security clearances necessary to resume the investigation. … Justice Department spokesman Brian Roehrkasse said it is unfair to target Bradbury because he was not at the department when the NSA program began, and he added that Levin is obstructing efforts 'to ensure the safety and security of the country.'"

Judge Rejects Defense Motion To Change Venue In 9/11 Perjury Retrial. The AP (8/4, Caruso) reports, "U.S. District Judge Shira A. Scheindlin on Thursday turned down a request to move the perjury retrial of one-time material witness Osama Awadallah out of" New York City, "saying a jury elsewhere wouldn't necessarily be more impartial." The AP notes that after Awadallah's first trial ended in a hung jury, "members of the panel revealed that as many as four jurors had tearfully recalled personal stories of the Sept. 11 attacks, despite instructions from the judge to avoid the topic."

Law Professors Say Terror Suspects Should Be Detained, Not Tried. In a Washington Post (8/4, 748K) op-ed, Harvard law professor Jack Goldsmith and University of Chicago law professor Eric A. Posner write, "Everyone involved in the contentious negotiations between the White House and Congress over the proper form for military commissions seems to agree on at least one thing: that al-Qaeda and Taliban terrorists ought to be prosecuted. We think this assumption is wrong: Terrorist trials are both unnecessary and unwise. … The Supreme Court has made clear that the conflicts with al-Qaeda and the Taliban are governed by the laws of war, and the laws of war permit detention of enemy soldiers without charge or trial until hostilities end." Therefore, Goldsmith and Posner say, rather than "wasting political energy designing a trial system that will satisfy few and convict even fewer," the administration and Congress "should…focus on improving the military detention process."

LATimes Says Administration Still "Playing Word Games" Over Coercion. The Los Angeles Times (8/4, 918K) editorializes, "Thanks to pressure from military lawyers and Republican lawmakers with experience in the armed forces, the Bush administration seems to have abandoned its position that Congress should simply rubber-stamp whatever procedures the president deems sufficient to try suspected terrorists at Guantanamo. … The bad news is that on some issues…the administration still clings to the notion that the end justifies the means." The Times adds that on the issue of coercive interrogation, "the administration persists in playing word games." Asked by Sen. John McCain "whether statements elicited by 'illegal, inhumane treatment' should be admissible, Atty. Gen. Alberto R. Gonzales paused 15 seconds and then replied: 'I can foresee a situation where, depending on the definition, I would say no, but depending on your definition of something as degrading, such as insults or something like that, I would say that information should still come in.'"

PATRIOT ACT:

ACLU Claims DOJ "Overcensoring" In Connecticut Library Case. The AP (8/4, Yost) reports, "The Bush administration is often accused of an obsession with secrecy, and critics say the case of the Justice Department versus Connecticut librarians proves their point." The AP continues, "Documents once kept secret in a now closed terrorism inquiry reveal that government lawyers kept secret a newspaper article and several references to Supreme Court opinions that undercut government arguments for secrecy. … The documents were placed on the public record Thursday on orders from Supreme Court Justice Ruth Bader Ginsburg." The AP adds, "American Civil Liberties Union lawyer Ann Beeson says the documents show the government engaging in 'a clear case of overcensoring' during the yearlong dispute on the FBI's request for subscriber and billing information from a library computer used in a 45-minute span on Feb. 15, 2005." The AP notes, "Four librarians resisted the FBI directive. They were put under a gag order that prohibited them from even acknowledging the existence of the demand for information, which came in the form of a national security letter rather than a subpoena signed by a judge. Such a letter allows the executive branch of government to obtain records about people in terrorism and espionage investigations without a judge's approval or a grand jury subpoena. … The FBI said the government had sound legal reasons for the secrecy and that under other circumstances the librarians' refusal to cooperate could have increased the danger of terrorists succeeding."

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HOMELAND RESPONSE:

Pentagon, DOT Investigating Inaccuracies In 9/11 Response Reports. The AP (8/4) reports, "Five years after the Sept. 11 attacks, investigators are still looking into the government's response to the hijackings, specifically to determine why aviation and military officials inaccurately reported their performance on that day. The Defense Department inspector general will soon release a report into whether the military's testimony to the Sept. 11 commission was 'knowingly false,' Pentagon spokesman Lt. Col. Brian Maka said Thursday." Meanwhile, the Transportation Department IG "has completed and is writing a report on whether Federal Aviation Administration officials misspoke in their testimony, said David Barnes, the inspector general's spokesman."

Wisconsin Provost Privately Cautioned Instructor About Controversial 9/11 Views. The Chicago Tribune (8/4, Cohen, 623K) reports, "As University of Wisconsin administrators defended their decision to employ instructor Kevin Barrett, a top university official suggested in a letter to Barrett last month that he should be less outspoken about his personal views." Barrett "believes the U.S. government orchestrated" 9/11 "to create support for a larger military budget and a long-term Middle East war." Responding to criticism by GOP lawmakers, University Provost Patrick Farrell "said he was satisfied that Barrett could keep his activism out of the classroom," but "in a letter dated July 20, Farrell expressed concerns about Barrett continuing to publicize his opinions and touting his university position when voicing his views." The Tribune adds, "Barrett said Thursday that he has not sought publicity and has only responded to media requests, including an interview with the Tribune last week."

ACLU Says US Barring International Scholars Over Political Beliefs. The Washington Post (8/4, A7, Asthana, 748K) reports, "When Waskar Ari traveled to Bolivia last year, after completing a doctorate at Georgetown University, he meant to stay there for 10 days," but "a year later, he is still waiting to return. Ari, an Aymara Indian, is one of a growing number of foreign scholars whose visas have been revoked or whose applications have been denied -- barred, according to civil rights and academic groups, for their ideological or political views." The ACLU "is tracking up to 15 cases, including Ari's, in which it thinks people have been banned for their beliefs," but DHS spokesman Jarrod Agen said, "There are a host of reasons why an individual may be denied a visa, but their ideological or political beliefs are not reasons for denying entry."

FDA Developing Quicker, Cheaper Test To Identify Bioterror Hoaxes. UPI (8/4) reports the FDA "said Thursday it is developing a test to quickly identify substances used in bioterror hoaxes. The technology is known as mass spectrometry," and it "might eventually be used to distinguish between actual anthrax and harmless flour. The technology in essence mimics 'the FBI's fingerprint library for criminals,' FDA said, because it will be able to discern a lethal substance's 'fingerprints' by identifying the structure and chemical properties of its molecules." UPI adds, "The FDA noted the test cannot distinguish between living and dead microorganisms but can process a large number of samples rapidly for as little as $2 a pop, compared to DNA sampling, which costs $15 to $50 per test."

Louisiana Is Only State Still Negotiating Hurricane Plans With DHS. The Washington Times (8/4, Hudson, 88K) reports on a continuing dispute between Louisiana and Department of Homeland Security officials "over who is in charge of evacuations and shelters" during a hurricane. DHS Secretary Michael Chertoff "has said state officials need to shelter 150,000 residents during a hurricane," which Louisiana Gov. Kathleen Blanco says is "about 65,000 more than…can be accommodated." The Times notes that "Louisiana is the only state still negotiating plans with Homeland Security and the Federal Emergency Management Agency." The Times quotes Chad Rogers, publisher of TheDeadPelican.com, who said Blanco's argument is "all about politics," adding that the governor "makes Homeland Security look competent."

Hurricane Season May Be Less Severe Than Predicted. USA Today (8/4, Ritter, 2.27M) reports that "the 2006 hurricane season has been quiet, but forecasters warn there's still plenty of time for devastating storms to develop heading into the peak months of August, September and October." USA Today adds that "the waning Chris" is the most recent of three tropical storms this year that "have failed to become hurricanes." Hurricane researcher William Gray at Colorado State University and his forecast team have "reduced the number of expected hurricanes from nine to seven and said a monster storm like Katrina is unlikely."

TS Chris "Fizzling Out." The CBS Evening News (8/3, story 6, 0:30, Schieffer, 7.66M) reported that "Chris is crumbling. The third named storm of the season is losing power and forecasters no longer expect it to become a hurricane. S o a third of the way through the season, we have yet to see a hurricane, and today forecaster William Gray put out a revised and scaled back forecast that calls for seven hurricanes this year, down from the nine that he originally predicted." NBC Nightly News (8/3, story 7, 0:40, Williams, 9.87M) reported that the storm "is fizzling out." Researchers "say colder temperatures in the Atlantic Ocean

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waters may contribute to a gentler hurricane season than first thought."

Grand Jury To Investigate Reports Louisiana Police Officers Blocked Katrina Evacuees. The Los Angeles Times (8/4, Simmons, 918K) reports a grand jury investigation into reports that police officers in Gretna, Louisiana prevented evacuees from Hurricane Katrina, "most of them black, from crossing a Mississippi River bridge into the predominantly white suburb" was announced yesterday. "The Sept. 1 incident on a nonpedestrian toll crossing sparked charges of racism against the Gretna Police Department and City Council, and exacerbated already strained relations between the two cities." Gretna Mayor Ronnie C. Harris told the Times in November that "the city stood by its decision to block the bridge."

WAR NEWS:

Top US Generals Warn Iraqi Instability Could Lead To Civil War. The AP (8/4, Flaherty) reports, "Two top Pentagon commanders said Thursday that spiraling violence in Baghdad could propel Iraq into outright civil war, using a politically loaded term that the Bush administration has long avoided." The generals, Gen. Peter Pace Chairman of the Joint Chiefs of Staff, and John Abizaid of the US Central Command, said "they believe a full-scale civil war is unlikely. Even so, their comments to Congress cast the war in more somber hues than the administration usually uses, and further dampened lawmakers' hopes that troops would begin returning home in substantial numbers from the widely unpopular war in time for this fall's elections."

The story received extensive media coverage on both print and television. Last night, it led two out of three network newscasts, where adjectives such as "stunning" were used to describe the generals' comments. ABC World News Tonight (8/3, lead story, 3:15, Sawyer, 8.78M) reported on a "stunning admission today from the American generals running the war in Iraq. They told Congress and the nation the fighting among Iraqis is worse than ever. And the next stop could be all-out civil war. You could see the strain in their faces, hear it in their words. And nobody was talking about American troop withdraws anymore." ABC (Raddatz) added, "It was a new and startling assessment from top commanders. It came in response to a simple question -- is Iraq sliding towards civil war?" Gen. John Abizaid, Commander, US Central Command: "I believe that the sectarian violence is probably as bad as I've seen it in Baghdad in particular. And that if not stopped, it is possible that Iraq could move toward civil war." Raddatz: "The Chairman of the Joint Chiefs echoed the comments, saying civil war was indeed a possibility." Gen. Peter Pace, Chairman, Joint Chiefs of Staff: "We do have a possibility of that evolving to a civil war."

The CBS Evening News (8/3, lead story, 2:55, Schieffer, 7.66M) said the comments were "a pointed reminder" the Iraq war "is still there, still there and getting worse." CBS (Axelrod) added, "It was actually stunning to watch two top US generals describing the situation in Iraq." CBS showed Sen. John McCain saying, "General pace, you said there's the possibility of the situation in Iraq evolving into civil war. Is that correct?" General Peter Pace: "I did say that, yes, sir." McCain: "Did you anticipate this situation a year ago?" Pace: "No, sir." McCain: "Did you, General Abazaid?" General John Abazaid: "I believe that a year ago it was clear to see that sectarian tensions were increasing, that they would be this high? No." McCain: "What I worry about is we're playing a game of 'whack a mole' here. We move troops it flares up, we move troops there."

NBC Nightly News (8/3, story 2, 1:105, Gregory, 9.87M) also called the comments from the US generals "quite significant, especially from a group that trying to steal American resolve for a conflict that is increasingly opposed by the American public and his party in an election year. Clearly a few things motivating this. A desire by the White House to acknowledge reality if they are going to get traction with the public they have to tell it like it is and say how difficult it is going to be. Part of that is managing expectations. A lot of Americans are expecting American troops will come back in a sizeable number by the end of the year. Now we see the opposite happening -- where more troops are going into Baghdad to shore up that city first before they get to other parts of the country."

The Washington Post (8/4, A1, Priest, Jordan, 748K) calls the generals' comments "the military's most dire assessment of conditions in Iraq since the war began 40 months ago." Their "assessment about the possible slide into civil war is something the administration has avoided acknowledging before." GOP Sen. John W. Warner, chairman of the Armed Services Committee, "said the administration may need to seek new authorization from Congress to allow U.S. troops to fight in a civil war. Originally, the forces were authorized to topple Saddam Hussein and his Baath Party. Senators from both parties questioned whether troops were adequately trained to fight in a civil war." The Post also remarks on the hearing's "somber mood."

The New York Times (8/4, Shanker, 1.21M) reports "the tone of the testimony" was "strikingly grimmer than the Pentagon's previous assessments." The Times adds, "The security situation in Iraq was described in even starker terms by a senior British diplomat in Baghdad, according to British news reports. He contradicted the official stance in London and Washington by concluding that Iraq was closer to civil war and partition than to democracy. In a confidential telegram seen by a BBC correspondent in Baghdad, the

DOJ_NMG_0044308

diplomat, William Patey, who finished his tour in Iraq last week, told Prime Minister Tony Blair that 'the prospect of a low intensity civil war and a de facto division of Iraq is probably more likely at this stage than a successful and substantial transition to a stable democracy.'" The Washington Times/AP (8/4, Stringer) also reports on Patey's warning.

USA Today (8/4, Diamond, 2.27M) says that "less than a year ago, US military commanders were briefing Congress on the likelihood of troop withdrawals by the end of this year. Now, as the Iraq war remains a prominent issue in the November elections, the trend is in the opposite direction."

McClatchy (8/4, Youssef) notes Abizaid's comments that the violence in Baghdad "is probably as bad as I've seen it," and his assertion that "the country could be headed toward civil war. Nearly all of the dozen Iraqis who work for McClatchy Newspapers' Baghdad bureau -- evenly split between Shiite and Sunni Muslims -- reached that conclusion long ago."

The Washington Times (8/4, Scarborough, 88K) reports the generals' comments "added to the perception on Capitol Hill that military commanders remain one step behind extremists who are trying to bring down the new Shi'ite-dominated government."

The Financial Times (8/4, Sevastopulo) reports "some Republican senators joined Democrats in questioning whether the US military had expected a year ago that violence would be at the current levels, with an estimated daily death toll of a hundred in Baghdad." The Los Angeles Times (8/4, Barnes, 918K) runs a similar report.

Rumsfeld, Clinton Have Heated Exchange. ABC World News Tonight (8/3, lead story, 3:15, Raddatz, 8.78M) reported the generals' comments "eclipsed comments by Secretary Donald Rumsfeld. But his expression of confidence in the outcome in Iraq, prompted a withering attack from Democratic Senator Hillary Clinton." Clinton: "Because of the Administration's strategic blunders, and frankly, the record of incompetence in executing, you are presiding over a failed policy." Donald Rumsfeld, Secretary of Defense: "My goodness. First of all, it's true, there is sectarian conflict in Iraq and there is loss of life. Are there setbacks? Yes. Is this problem going to get solved in the near term, against the long struggle against violent extremism? No. I don't think it is. It is going to take some time." The CBS Evening News (8/3, lead story, 2:55, Axelrod, 7.66M) also noted Rumsfeld "got into it with Senator Hillary Clinton who said he's heed been painting too rosy a picture of the situation in Iraq."

NBC Nightly News (8/3, lead story, 3:30, Miklaszewski, 9.87M) reported Clinton "provided the political fireworks." The senator, added NBC, "called on Secretary Rumsfeld to resign and on President Bush to accept the resignation. Asked for a response a Pentagon spokesman said 'we don't do politics.'" On ABC World News Tonight (8/3, story 3, 0:50, Sawyer, 8.78M), George Stephanopoulos said, "The chances of President Bush accepting that advice [on Rumsfeld's resignation] is about zero. But it's a sign how much the support for this war effort is slipping on Capitol Hill."

The AP (8/4, Barrett) reports on the exchange, saying Clinton "called on…Rumsfeld to resign, hours after excoriating him at a public hearing." Clinton, adds the AP, "has come under attack from some in her own party for voting for the war in 2002 and her current opposition to a deadline for US troop withdrawal."

Newsday (8/4, Thrush) writes that, "like a prizefighter, Clinton smiled and shook hands with Rumsfeld before attacking his policies."

The Washington Post (8/4, A1, Priest, Jordan, 748K) reports that "several times during the hearing, Rumsfeld expressed concern that the committee's back-and-forth would aid the enemy. 'They're waging a psychological war of attrition,' he said at one point. 'They want us pointing fingers at each other rather than pointing fingers at them.'"

Another Democratic senator last night called for Rumsfeld's departure. Sen. Jack Reed said on MSNBC's Hardball (8/3) "the Department of Defense would be better served with a new secretary of Defense."

Hagel Calls For Starting Iraq Pullout Within Six Months. The Lincoln Journal Star (8/4, Walton) reports, "The United States needs to begin withdrawing troops from Iraq within the next six months, Sen. Chuck Hagel said Thursday, rather than ratcheting up its military commitment now. With Iraq exploding in sectarian violence and 'moving closer and closer to a straight-out civil war,' Hagel said," the Bush Administration's "decision to transfer nearly 5,000 additional U.S. troops into Baghdad is 'only going to make it worse for us.'"

Rumsfeld Criticized On Opinion Pages. The New York Times (8/4, 1.21M) editorializes, "It's been obvious for years that Donald Rumsfeld is in denial of reality, but the defense secretary now also seems stuck in a time warp. You could practically hear the dominoes falling as he told the Senate Armed Services Committee yesterday that it was dangerous for Americans to even talk about how to end the war in Iraq. … By contrast, the generals flanking him were pillars of candor and practicality."

USA Today (8/4, 2.27M) writes in an editorial, "A frank assessment about what is happening in Iraq, and just what it is US troops are fighting and dying for, isn't what the armed services panel got Thursday from Defense Secretary Donald Rumsfeld." Rumsfeld "stuck to well-worn platitudes about Iraq's importance in the broader war on terror. … Most comparisons between Vietnam and Iraq are faulty. But one lesson applies: Americans deserve a strategy based on the reality of a changing situation, not political rhetoric that costs lives and prolongs an illusion."

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Thomas Friedman writes in the New York Times (8/4, 1.21M), "Since the Bush team never gave us a Plan A for Iraq, it at least owes us a Plan B." He adds that "the best way to contain Iran would have been to produce a real Shiite-led democracy in Iraq, exposing the phony one in Tehran. But second best is leaving Iraq. Because the worst option — the one Iran loves — is for us to stay in Iraq, bleeding, and in easy range to be hit by Iran if we strike its nukes."

In a New York Times op-ed (8/4), Billy Shore, the founder of Share Our Strength, an antihunger organization, recounts a recent flight on a plane carrying the remains of a Marine killed in action. As the Marine honor guard removed his casket in Washington, Shore said, "Except for a handful of us standing frozen at a respectful distance from the window, the war and its carnage might as well have been on another planet. The disconnect between those who serve and those of us who are beneficiaries of their service has always felt great to me, but never greater than at that moment."

Baker Book Criticizes Bush Iraq Policy. In the Washington Post's "In The Loop" column (8/4), Al Kamen says, "The Bush administration, loath to admit mistakes, has never listed what it thinks its biggest mistakes were in the Iraq campaign. But former secretary of state James A. Baker III is stepping into the void in his soon-to-be-published book 'Work Hard, Study . . . and Keep Out Of Politics!'" In an analysis "that closely tracks that of our colleague Thomas E. Ricks in 'Fiasco: The American Military Adventure in Iraq,' his new best-seller," Baker says, "And after fighting successfully [against the State Department] to secure the lead role in winning the peace and reconstructing Iraq, the Defense Department made a number of costly mistakes, including disbanding the Iraqi army, outlawing the Baath Party, failing to secure weapons depots, and perhaps never committing enough troops to successfully pacify the country." Baker says Iraqis, "especially those still alive, 'are clearly better off now than under their murderous dictator. But the costs to our nation -- primarily in terms of sacrifice by brave young Americans and their families, but also economically, diplomatically, politically and militarily -- are very real and cannot be ignored.'"

Roberts Criticizes White House Efforts To Keep Iraqi Intelligence Report Secret. The New York Times (8/4, Mazzetti, 1.21M) reports, "The Republican chairman of the Senate Intelligence Committee lashed out at the White House on Thursday, criticizing attempts by the Bush administration to keep secret parts of a report on the role Iraqi exiles played in building the case for war against Iraq." The chairman, GOP Sen. Pat Roberts, "said his committee had completed the first two parts of its investigation of prewar intelligence." But "he chastised the White House for efforts to classify most of the part that examines intelligence provided to the Bush administration by the Iraqi National Congress, an exile group." The Times adds, "Congressional officials said Thursday that they were puzzled by White House efforts to keep large portions of that section classified. Mr. Roberts pledged in his statement to maintain the pressure to declassify all of the Senate's conclusions."

US Troops Fire On Shiite Protesters In Baghdad Who Shot At Base. The New York Times (8/4, Semple, 1.21M) reports, "American troops opened fire Thursday on a vehicle carrying armed Shiites to an anti-Israel demonstration in Baghdad, killing as many as two occupants and wounding others, officials said. While details of the incident remained murky late Thursday, the American military command said in a statement that the occupants of the van had first fired at the watchtower of an American military base near the town of Mahmudiya." American troops "returned fire, the statement said, and more than an hour later, Iraqi troops at a checkpoint captured the van and found two dead men in the back with AK-47 and PKC assault rifles." USA Today/AP (8/4) runs a similar report.

Violence Continues In Iraq. NBC Nightly News (8/3, story 4, 0:15, Williams, 9.87M) reported, "In Iraq today by the way the violence went on. A bomb strapped to a motorcycle exploded today in the center of Baghdad. At least 12 people were killed in the explosion. The bomb went off near a vegetable market during the daytime. Two Marines were killed west of the city of Baghdad."

Dozier Leaves Hospital. The CBS Evening News (8/3, story 9, 1:50, Schieffer, 7.66M) reported, "Finally tonight, some truly wonderful news. It was just a little over two months ago, Memorial Day, that we got word that two members of our CBS news team in Iraq, cameraman Paul Douglas and sound man James Brolan had been killed by a roadside bomb. And that correspondent Kimberly Dozier was badly wounded and near death. Well, Kimberly told us today that after undergoing 12 surgeries, one lasted 11 hours, she has recovered to the point that the doctors have allowed her to leave the hospital and go home to an apartment in Baltimore." NBC Nightly News (8/3, story 11, 0:15, Williams, 9.87M) also reported the story.

Al Qaeda In Iraq Vows To Retake Fallujah. The Washington Post (8/4, A10, Mosher, 748K) reports, "Posting proclamations in mosques and schools, the insurgent group al-Qaeda in Iraq vowed Thursday to take back the volatile western city of Fallujah, declaring that it had united local armed factions into a cohesive force to fight the U.S. and Iraqi troops who now control its streets." In Fallujah, "police said they were taking the al-Qaeda warning seriously. It followed the recent killings of several religious and tribal leaders whom

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insurgents had accused of collaborating with US forces and the Iraqi government."

US Cutting Back Forces From Smaller Anbar Towns. The Washington Post (8/4, A10, Tyson, 748K) reports from Hit, Iraq, located in "western Iraq's Anbar province, a center of Sunni resistance. In Hit, US forces and their Iraqi counterparts are the target of most of the two dozen attacks -- road bombs, shootings and mortar fire -- each week." The Post adds, "Residents are quick to argue that the American presence incites those attacks, and they blame the US military rather than insurgents for turning their town into a combat zone. The Americans should pull out, they say, and let them solve their own problems. Increasingly, the US military seems eager to oblige." The Post also reports, "While senior US commanders have indicated that troops will be required to stay longer in Anbar than elsewhere in Iraq, they have already begun cutting back forces in some smaller, less strategic towns along the Euphrates."

Suicide Bomber Kills 21 Civilians In Afghanistan. The CBS Evening News (8/3, story 3, 0:20, Schieffer, 7.66M) reported, "The war in Afghanistan has suddenly become more intense, and NATO forces there have suffered a new wave of casualties. This week, seven NATO soldiers have died, including four Canadians, who were killed today by Taliban guerillas. Also today, a suicide car bomber targeting a NATO convoy missed the soldiers but killed at least 21 Afghan civilians." USA Today (8/4, 2.27M), New York Times (8/4, Gall, 1.21M), Los Angeles Times (8/4, Watson, 918K) and Washington Post (8/4, A10, Constable, 748K), among other sources, also report the story.

Afghanistan To Deport South Korean Christians. The Washington Times (8/4, 88K) reports, "Afghanistan plans to deport hundreds of visiting South Korean Christians over security fears after Islamic clerics demanded their expulsion, accusing them of trying to spread Christianity. There was no official comment from the Afghan government, but a member of the visiting Korean team in Kabul confirmed the deportation order."

Care For Wounded Soldier At VA Hospital Comes Under Fire. CBS Evening News (8/3, story 8, 3:20, Schieffer, 7.66M) reported, "For many of the wounded" in Iraq and Afghanistan, the "return home is just beginning of a new battle to get the care they need." CBS then introduced part one of a series called "The Longest Battle." CBS Evening News (Martin, 7.66M) profiled Cory Briest, an injured Iraq veteran, and his wife Jenny. CBS Evening News reports, "Briest was transferred to the Veterans Administration hospital in Minneapolis, which has one of four trauma centers created specifically for the most severely wounded soldiers in this war." Jenny Briest: "I got told, you know, You are coming to the top -- top place for brain rehab. There are four top places in the country, and you're going to the top one.'" However, Cory Briest's mother, Diane, describes medical care the first night there as "horrendous." Diana Briest: "His gown was half off. He had coughed his trach mask off." CBS Evening News adds, "Doctors at the hospital insist his life was never in danger, but that was the beginning of a perhaps inevitable struggle between the family and a medical staff dealing with the multiple complications of caring for a grievously wounded soldier." Additionally, CBS Evening News says the family's main complaint is that Cory "was not getting all the therapy he needed. … Therapy increased to two and a half hours a day after the South Dakota National Guard, where Briest served, met with hospital officials."

CBS Evening News adds, "The VA, which agreed to discuss the details of Briest's care after his wife signed a privacy waiver, insists he did not miss therapy sessions because of a shortage of staff. He was a grievously wounded soldier whose complex medical needs had to come first. Jenny remains unconvinced." The report concludes, "After six months in the VA System, the Briest family moved Cory to a private hospital where they believe he will get the care he deserves."

On its Web site, CBS News has a copy of the report. Additionally, CBS teased the story on its Web site earlier in a piece called "The Inside Scoops." In that entry, CBS News (8/3, Schieffer) wrote, "While some of our VA medical hospitals are considered top notch, there are often multiple complications in caring for grievously wounded soldiers. And, sometimes a struggle between the patient's family and medical staff dealing with those care issues is inevitable. Are our wounded soldiers getting the care they need? National Security Correspondent David Martin joins us tonight for the first in his two part series, 'The Longest Battle.'"

DOJ:

Bush Nominates Paulose At Minnesota US Attorney. The AP (8/4) reports, "President Bush has nominated Rachel Paulose for a four-year term to succeed Tom Heffelfinger as U-S Attorney for the District of Minnesota." The AP continues, "Paulose of Eagan has been serving as interim U-S Attorney since February 28th, following Heffelfinger's resignation. … When appointed to the interim position, Paulose was senior counsel to Acting Deputy Attorney General Paul McNulty and the Justice Department's special counsel for health care fraud." The AP adds, "Paulose was a prosecutor as an assistant U-S attorney for Minnesota from 1999 to 2002 and then worked in private practice for the

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Dorsey and Whitney law firm in Minneapolis. … Before 1999, she worked in the Justice Department as an attorney general's honors program trial attorney for the Civil Rights Division."

CORPORATE SCANDALS:

US Expected To Charge Comverse Over Options Dating. The New York Times (8/4, Creswell, Dash) reports, "In December, Jacob Alexander, the chief executive of Comverse Technology, a New York-based communications software company, stepped before a crowd of politicians and diplomats at the New York Hilton to accept an award from the America-Israel Friendship League." The Times continues, "The award highlighted Mr. Alexander's achievement in transforming Comverse over two decades from a teetering penny stock to a market leader with more than $1 billion in annual revenue. In recent months, however, the accolades have turned into accusations as an investigation into how the company granted stock options accelerates. … Now, federal prosecutors in Brooklyn are preparing to bring charges against former Comverse executives, including possibly Mr. Alexander, in the next two weeks or so, a person close to the investigation says. Prosecutors are likely to build a case on whether the executives made misleading statements to the board and to its auditors, another person briefed on the investigation said." The Times notes, "A case against Comverse could show how the stakes are rising for everyone in the executive suite, particularly if prosecutors press charges against the former chief financial officer, David Kreinberg, as well as the company's former in-house lawyer and longtime corporate secretary, William F. Sorin. Both executives and Mr. Alexander resigned three months ago. … A case against the former Comverse executives would also show that prosecutors are picking up the pace in their investigation into charges that options were manipulated at a number of companies."

Apple May Revise Profit Statements Pending Options Probe. The AP (8/4, Liedtke) reports, "Apple Computer Inc. warned Thursday that it may have to revise its profits dating back to 2002 in a worsening stock option scandal that has cast a harsh light on Silicon Valley's compensation practices." The AP continues, "Without providing specifics, the Cupertino, Calif.-based maker of Macintosh computer and iPod music players said it had uncovered enough evidence of mishandled stock options to raise doubts about the accuracy of financial statements dating back to Sept. 29, 2002." The AP adds, "During this stretch, Apple has enjoyed one of the most prosperous periods in its 30-year history. Fueled largely by steadily rising sales of its ubiquitous iPod, Apple has reported $3.1 billion in profit during the past four years. … Apple first raised a red flag about the way it accounted for stock options in late June when it announced an internal investigation into a series of 'irregularities.' … Some of the nettlesome stock options were given to Steve Jobs, Apple's renowned chief executive, but he voluntarily canceled those in 2003 before cashing them in. … After digging deeper, Apple uncovered enough new problems to prompt the company to hire an outside lawyer to take over the investigation and notify the Securities and Exchange Commission about its findings."

The Wall Street Journal (8/4, Forelle, Wingfield) reports, "The disclosure, made late yesterday, marked a noticeable shift in Apple's posture over its options problems. Two weeks ago, the Cupertino, Calif., company said it didn't believe it would need a 'material adjustment' to its financials unless its investigation turned up something else. … Apple gave scant information in a news release issued yesterday, saying only that its anticipated restatement contemplates charges for compensation expense related to past options. Apple said it would delay filing its quarterly results. A company spokesman wouldn't detail the new findings, or even confirm that they directly related to option grants. … Also not clear is just what the 'irregularities' are. Other companies reporting option-grant problems have commonly said they found that grant dates they used 'differed' from what they should have been. 'Irregularities' bears a more serious tone; Apple also used the word a month ago when it first disclosed problems with option grants. It said then it had found problems with grants between 1997-2001."

VeriSign Directors Resign Amid Options Probe. The AP (8/4) reports, "Shares of VeriSign Inc., which offers network and security products and manages the sale of .com and .net domain names, fell Thursday on signs that the Securities and Exchange Commission's inquiry into the timing of VeriSign's stock options grants is becoming more serious." The AP continues, "The Mountain View, Calif.-based company announced the resignation of two of the three board members who served on its compensation committee, Len J. Lauer and Gregory L. Reyes, in a filing Wednesday. … The move could 'indicate an escalation with the informal SEC inquiry and grand jury subpoena into stock options practices,' Jefferies analyst Katherine Egbert wrote in a note to investors." The AP notes, "VeriSign is the target of stock options backdating investigations by the Securities and Exchange Commission and the Department of Justice. … Reyes' resignation comes as no surprise. In July, the SEC charged the former chairman and chief executive of Silicon Valley computer-equipment maker Brocade Communications Systems Inc. with fraud related to stock options grant practices."

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CRIMINAL LAW:

Two Arrested In New Orleans Slaying As Landrieu Asks DOJ For Help. The AP (8/4, Burdeau) reports, "Police on Thursday named two brothers as the suspects in an attack six days ago that killed three brothers and their friend. One of the brothers was arrested in New Orleans while the other one was believed to be hiding in Alabama." The AP continues, "Raymond Amison, 18, was booked with four counts of first-degree murder while Kevin Amison, 21, had been in contact with investigators and it was hoped he would turn himself in, police said. … The two set of brothers had been involved in a dispute that possibly predated Hurricane Katrina which hit on Aug. 29, said police Superintendent Warren Riley." The AP adds, "The quadruple killing reinforced fears that crime is making a strong comeback in this city struggling to recover from Katrina. July saw 21 murders, which is just under the monthly average of homicides before Katrina hit and dispersed the city's population. There are still far fewer people living here than before Katrina." The AP notes, "Thursday's arrest came hours after U.S. Sen. Mary Landrieu asked the Justice Department to send in more federal agents and prosecutors to cope with the rising violence. … 'The criminal justice infrastructure in Orleans Parish is broken,' Landrieu, D-La., said in a letter to Attorney General Alberto Gonzales. 'It needs to be immediately fixed.' … Landrieu cited a police department without a functioning training academy, a backup of thousands of criminal cases in state court in Orleans Parish and inadequate detention facilities. She asked for Gonzales to provide more FBI and Drug Enforcement Administration agents for the city, probation officers and juvenile crime specialists."

The New Orleans Times-Picayune (8/4, Alpert) reports, "Worried that a recent rash of murders and youth-related crime threaten the safety of New Orleans residents and could derail the city's recovery efforts, Sen. Mary Landrieu, D-La., Thursday asked U.S. Attorney General Alberto Gonzales for federal assistance, including additional agents from the FBI and Drug Enforcement Administration, DEA. … 'Our job must be to put the fear of justice back into the gangs and drug-distribution network now reemerging in New Orleans,' Landrieu said at a Capitol Hill news conference. … She said there is some evidence that the gangs are aware of the limitations of the criminal justice system, and are trying to take advantage in their criminal pursuits." The Times-Picayune notes, "Landrieu said that a 'sustained and unprecedented effort' is needed to restore order before crime spirals out of control and that the federal government must play a key role. … In addition to more FBI and DEA agents, Landrieu suggested that the attorney general increase staffing at the U.S. attorney's office in New Orleans, and consider using federal racketing statutes to dismantle gangs and drug distribution networks. … She also said that the federal government has a well-respected witness protection program that could be very helpful in a city where some witnesses are clearly afraid to come forward for fear of retribution." The Times-Picayune adds, "Kathleen Blomquist, spokeswoman for Gonzales, said the attorney general shares with Landrieu a 'desire to assist law enforcement in New Orleans' and that he looks forward to discuss ways to 'enhance our ongoing efforts' since Hurricane Katrina. … According to the Justice Department, U.S. Attorney Jim Letten, who was praised by Landrieu, has headed up a Southeast Louisiana Criminal Justice Recovery Task Force to develop a regional approach to rebuilding the Greater New Orleans criminal justice system and has sponsored efforts, most notably by the FBI, to monitor crime trends and return criminals who left New Orleans during Katrina."

Judge Appoints Magistrate To Supervise Copying Of Jefferson Files. The New Orleans Times-Picayune (8/4) reports, "Chief Washington U.S. District Court Judge Thomas Hogan appointed a magistrate Thursday to oversee the copying of evidence -- physical and electronic -- taken in the May 20-21 raid of Rep. William Jefferson's congressional office." The Times-Picayune continues, "The New Orleans Democrat is challenging the constitutionality of the raid, the first in U.S. history of a sitting congressman's office, and is asking for the documents to be returned. Jefferson and other House officials say the search violated the separation of powers and a constitutional clause meant to protect members of Congress from harassment by the executive branch. … Jefferson, the target of a 16-month federal bribery probe, has not been charged and has denied any wrongdoing." The Times-Picayune adds, "A three-judge appeals panel ordered the Justice Department to copy the materials taken during the raid so that Jefferson can argue which specific items should be off limits to government investigators. … Hogan will decide whether his arguments should be upheld."

Prosecutors Grapple With Election Calendar Amid Corruption Probes. The Wall Street Journal (8/4, Cummings, 2.03M) reports, "With election season kicking into high gear, federal prosecutors investigating a handful of lawmakers may face a tough call on whether to secure indictments that could throw their congressional races into disarray." While "several lawmakers face continued scrutiny, two have publicly confirmed they are targets of criminal investigations: Ohio Republican Rep. Bob Ney, who has been mentioned in guilty pleas by former lobbyist Jack Abramoff and his associates; and Louisiana Democratic Rep.

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William Jefferson, who is being investigated for taking bribes." Investigators "remain mum, but the uncertainty has raised worries among some Republicans that the wave of public-corruption cases could take on new life late this summer, hurting their chances of retaining control of the House. Others cling to the hope that prosecutors will sit tight rather than risk accusations of acting for partisan reasons." Justice Department spokeswoman Jackie Lesch says "there is no deadline on indicting incumbents or anyone else in an election year. Our view is, we can ask a grand jury to indict whenever the evidence allows." However, "former federal prosecutors say investigators are mindful of the election calendar."

FBI Investigating Kerik Over Missing $1 Million At Charity. The New York Daily News (8/4, Smith, Buettner, 729K) reports, "The FBI is investigating former top cop Bernard Kerik's involvement in a charity that was secretly run out of the city Correction Department when Kerik served as its commissioner, the Daily News has learned. Agents are looking into what happened to some $1 million in rebates -- from cigarettes bought for sale to inmates -- that was diverted to the accounts of the Correction Foundation, said a federal law enforcement source familiar with the matter." The Daily News notes that when the paper "asked Kerik in early 2003 about irregularities in the foundation's financial records, he claimed to know nothing about its finances and directed questions to his treasurer, Frederick Patrick," who "eventually pleaded guilty to pilfering $137,733 from the foundation and was sentenced to a year and a day in prison."

Former LA Deputy Sentenced To 30 Years For Sexual Assault. The Los Angeles Times (8/4, Clark) reports, "After the deeply emotional testimony of two victims, a former Los Angeles County sheriff's deputy was sentenced Thursday to 30 years in federal prison for sexually assaulting three women while on early-morning patrol in Compton and surrounding cities." The Times continues, "Gabriel Gonzalez, 38, faced up to life in prison after being convicted in February by a federal jury. The sentence is one of the longest ever for a law enforcement officer convicted of sexual assault, said a spokesman for the U.S. Justice Department. … Gonzalez's attorneys plan to appeal the conviction and the sentence." The Times adds, "Gonzalez, a Chino Hills resident who worked in the Compton area in 2002 and 2003, stopped the three women and accused them of traffic or jaywalking offenses before raping or assaulting them in isolated areas, prosecutors said. … Several other women testified of being victimized by Gonzalez, but no charges were filed in their cases." The Times notes, "Prosecutors had pushed for a sentence of 34 years under the federal sentencing guidelines, saying his pattern of sexual assaults — which included ordering his victims to undress and shining a flashlight on their private parts — abuse of power and the possibility of repeat behavior made him a danger to the public. … Defense attorneys argued for a sentence of 27 years, highlighting Gonzalez's upstanding record before the convictions. They also mentioned the devastating effect his time behind bars would have on his 4-year-old daughter, who is suffering from a serious medical problem and will soon have her spleen removed."

Prosecutors See Challenges in Taking On Internet Gambling. The AP (8/4) reports, "When federal prosecutor Marty Woelfle went before a judge this week to lay out her case against an online gambling firm, she faced a daunting legal challenge from the company. No one bothered to show up." The AP continues, "There would seem to be good reason for BetOnSports PLC to send attorneys to Missouri. The firm is facing a 22-count indictment on fraud and racketeering charges filed in St. Louis. The chief executive is in jail, and the company faces a restraining order barring it from operating in the United States. … But with headquarters in Costa Rica and other offices in Antigua, BetOnSports was advised it didn't have to respond to charges filed in a U.S. court, Woelfle told U.S. District Judge Carol Jackson." The AP adds, "Industry executives and legal experts are closely watching the prosecution in St. Louis as a key test case in the U.S. government's effort to crack down on Internet gambling, which collects roughly $6 billion domestically every year -- about half of the worldwide take. … 'This may very well signal that the (U.S.) Justice Department is going to allow the U.S. attorneys to take this issue much more seriously than they have in the past,' said William Eadington, director of the Institute for the Study of Gambling and Commercial Gaming at the University of Nevada, Reno. … If the BetOnSports prosecution is successful, it could change the industry landscape, he said. … But the BetOnSports case also reflects the difficulties prosecutors face in going after a business that shuttles money from private computers to offshore bank accounts. If the prosecution stumbles, it could encourage online gambling firms based in countries like England, where the industry is legal. … 'What has made it difficult is that these businesses have been structured to avoid prosecution,' said U.S. Attorney Catherine Hanaway, who is leading the case against BetOnSports."

Antigua Bests US In WTO Internet Gambling Case. The Washington Post (8/4, D1, Blustein) reports, "Locked in a federal prison in the Nevada desert, tortured by the distant lights of the Las Vegas strip, Jay Cohen couldn't stop thinking about getting even with the government that had put him away -- and his revenge fantasy had a unique twist."

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The Post continues, "U.S. prosecutors put Cohen behind bars in 2002 for running an Internet gambling site in the Caribbean country of Antigua and Barbuda. Not long before the prison gates clanged shut, he had learned that the federal crackdown on online betting might violate global trade rules. … So he got Antigua and Barbuda to instigate a complaint at the World Trade Organization. 'It kind of helped keep my spirits up,' he said." The Post adds, "Fast forward: Antigua and Barbuda, population 69,000, is winning. The case has become an embarrassment to Washington, one that could result in economic pain. It isn't quite over, but the world's only superpower may have to capitulate to a country whose entire population could easily fit into the Rose Bowl. … Never has such a tiny nation brought a WTO complaint against the United States, which is one reason the dispute has implications well beyond the issue of gambling."

BetOnSports Head Remains Out Of US Reach. The New York Post (8/4, Whitman) reports, "Indicted online gambling kingpin Gary Kaplan remains out of the reach of U.S. law enforcement and getting Costa Rican authorities to hand him over is far from a sure thing." The Post continues, "Kaplan, who moved his sports-betting operation to Costa Rica in 1997, is wanted by federal authorities on 20 charges - involving racketeering, conspiracy, tax evasion and moving gambling paraphernalia across state lines. … But the feds will have to show that the former New York bookie broke Costa Rican law to persuade the government there that he should be extradited." The Post adds, "The gambling charges are off the table. Betting over the Internet and through toll-free numbers - as the Kaplan's company BetonSports.com does - is a legitimate business in Costa Rica. … 'The only charge that he could be incriminated on is tax evasion,' Moises Vinzenzi, one of Costa Rica's top criminal defense attorneys, told The Post. 'But they're working here and paying taxes here.' … Vinzenzi, who fought the extradition of phony plastic surgeon Dean Faiello in 2004, said yesterday that he has spoken with an associate of Kaplan and may be taking up the case if the feds seek an extradition order. … The Justice Department in St. Louis, Missouri, which brought the charges against him and BetonSports in mid-July, may not know of his whereabouts."

Big Dig Worker Admits Mailing Disputed Memo, But Maintains Veracity Of Claim. The Boston Globe (8/4, Saltzman, Murphy, 425K) reports, "A former safety official for a Big Dig contractor who has said he wrote a memo in 1999 warning that the Interstate 90 connector ceiling was unsafe acknowledged last night that he mailed the document to the Globe with another man's name and address on the envelope as the sender." Former Modern Continental Construction safety official John J. Keaveney "said last night that he sent it to the Globe with a current Modern Continental employee's name and office address on the envelope because he feared the consequences if it were known that he provided the newspaper with the memo." Globe editor Martin Baron "said in a statement yesterday that the admission raised serious questions about Keaveney's credibility," but "in the interview last night, Keaveney insisted his memo is genuine and said efforts by Modern Continental to raise questions about it amount to a campaign to discredit him."

US Charges Two Gadsden, AL, Officials, Businessman With Conspiracy. The Birmingham News (8/4, Walton) reports, "The U.S. Justice Department charged two Gadsden City Council members and a businessman Thursday with criminal wrongdoing involving a multimillion-dollar development near the Coosa River." The News continues, "Court records in Birmingham's federal court show Jimmy L. Armstrong and Fred L. Huff, both city councilmen, and Larry R. Thompson are charged with conspiracy involving the project known as Lafferty's Landing. … A Justice spokesman declined to comment on the public corruption investigation being handled by Washington-based prosecutors." The News adds, "The men are accused of being part of a conspiracy to get members of the council to support the project, which was submitted by the development company Rainbow I LLC. Court documents said a Rainbow I principal was a witness who cooperated with the FBI. … Armstrong and Huff are accused of accepting money in exchange for voting to award an additional $750,000 in tax incentives in connection with Lafferty's Landing, a shopping project valued at $9 million planned for the old Rainbow Cinemas site. … Thompson, along with an unnamed person, is accused of giving cash to City Council members with the intent to influence or reward them for supporting the interests of Rainbow I in connection with the project."

Alabama Woman Pleads Not Guilty To $277,000 In Katrina Relief Fraud. The Mobile Press-Register (8/3, Kirby) reported, "A Jackson woman accused of stealing more than $277,000 from the federal government with bogus disaster claims after Hurricane Katrina pleaded not guilty in federal court Wednesday." Lawanda Trena Williams "is charged with 20 counts of making false claims against the government, each of which carry a maximum penalty of five years in prison upon conviction. She also faces six counts of mail fraud and 22 counts of wire fraud," as well as "18 counts of aggravated identity theft." The Press-Register notes, "Federal authorities in southwest Alabama have brought fraud charges stemming from Hurricane Katrina against 11 people. But Williams, by far, has the most charges and largest amount of money allegedly bilked."

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Alabama School Bus Driver Ruled Competent To Be Tried On Child Porn Charges. The AP (8/4) reports, "A federal judge in Mobile has declared a former Baldwin County elementary school principal mentally fit to stand trial on child pornography charges. Chief U.S. District Judge Ginny Granade based her ruling regarding 57-year-old Steve Dennis Thomas of Bay Minette on a psychiatric evaluation and she set the trial for September, although a defense lawyer indicated he may ask for a delay." The AP notes, "Authorities have described graphic computer chat room conversations Thomas had in April and May with Benjamin Charles Boone, a Mobile man who pleaded guilty last year to child pornography charges. … The FBI said the electronic conversations included Thomas discussing a desire to rape, torture and kill two young girls."

FBI Allowing Crime Labs To Use CODIS To Identify Relatives Of Suspects. US News & World Report (8/3, Michels) reports on its Web site, responding to incidents when "FBI rules on interstate cases" have stalled police investigations into violent crimes, "the FBI is making it easier for police to use DNA databases to investigate the relatives of the 3.3 million known criminals whose genetic profiles are being kept by the government. In limited situations, crime labs may now release the name of a person in the database who is not actually a suspect but whose DNA is similar to DNA recovered from a crime scene -- leading police to then investigate that person's family." US News notes, "The bureau's scientific advisory board will review the plan…before any final policy is set. Lab director Joseph DiZinno says the FBI does not condone a technique used in Britain in which police search the database for a list of people most genetically similar to crime scene DNA and then pursue their relatives." But Harvard geneticist Frederick Bieber calls the new police "a step in that direction."

Texas Executes Former Jailer For 1997 Murder Of Child. The AP (8/4, Graczyk) reports, "Proclaiming his innocence, a former county jail officer was executed Thursday for raping and smothering his girlfriend's 3-year-old son. … William Wyatt Jr., 41, was pronounced dead at 6:20 p.m." The AP continues, "In a brief final statement, Wyatt thanked relatives for their support and addressed his victim's father and grandmother, who watched through a window a few feet from him. … 'I did not murder your son,' Wyatt said. He then asked for forgiveness." The AP adds, "Wyatt said he may have been irresponsible in leaving Damien Willis alone to drown in the bathtub of his Texarkana home 9 1/2 years ago, but didn't kill the toddler. … Evidence, however, showed the boy did not drown and Wyatt's confession after the child's 1997 death tied him to the slaying. … Wyatt contended his statements to police were coerced. His appeals to the U.S. Supreme Court and the Texas Board of Pardons and Paroles were rejected."

DC Attorney Stabbed To Death. The Washington Post (8/4, B1, Klein) reports, "A lawyer known for being active in the Asian American community was stabbed to death Wednesday night at a townhouse in Northwest Washington, police said." The Post continues, "Robert Wone, 32, who lived in Oakton, was discovered about 11:45 p.m. in the 1500 block of Swann Street NW, on the eastern edge of the Dupont Circle neighborhood. Police have made no arrests." The Post adds, "Detectives are looking into the possibility that Wone was killed by an intruder who broke into the home, which sits in the middle of the block on a narrow, tree-lined street. Wone was stabbed in the chest three times with a butcher knife, police said. … For the past month, Wone had been general counsel for Radio Free Asia, a nonprofit group that broadcasts news in Asian countries that do not have free media. Before that, he had worked for six years as an associate at the law firm Covington & Burling in Washington."

Northern Virginia Inmate Jailed Two Months After Case Closed. The Washington Post (8/4, A1, Vargas) reports on the case of Fernando Antonio Cruz, who was jailed in the Prince William, VA, county jail for two months after his case had been dismissed. Kerry Kaiser, a clerk at the county courthouse, "alerted the clerk's office, which faxed a release order to the jail. Court records show that it was dated 3:01 p.m. Feb. 15, with the handwritten words 'was dismissed 12-12-05!' … Through human error complicated by language and cultural differences, Cruz had been forgotten. Like many immigrants, he had become as invisible inside the criminal justice system as he was outside. As the number of Hispanics has swelled to more than 16 percent of Prince William's 348,588 residents, Cruz's case shows how one immigrant can find himself lost in the judicial system."

Federal Judge Rejects Request For Return Of $150,000 Seized In DC Traffic Stop. The Washington Times (8/4, McElhatton) reports, "A federal judge has rejected a request by the president of a District-based nonprofit that federal authorities immediately return more than $150,000 in cash seized from his BMW during a traffic stop last year." The Times continues, "Duane McKinney, president of the Brotherhood of Men Inc., has said the money was obtained lawfully and that it belonged to the nonprofit. He said the group raises money for youth job training by fixing up and selling old properties. … However, federal authorities said Mr. McKinney is the subject of an ongoing criminal investigation." The Times adds, "The probe focuses on whether he has engaged in fraudulent real estate deals, including two transactions in which the Brotherhood of Men

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purportedly purchased property in the District from persons who were deceased at the time of the sale. … In a nine-page decision released Tuesday, U.S. District Court Judge Reggie B. Walton wrote that Mr. McKinney 'is unable to offer any proof that the organization is not simply a shell for the unlawful activities alleged by the government.' … The opinion denies Mr. McKinney's request for authorities to return the money pending the completion of the investigation. … Judge Walton also cited a failure by Mr. McKinney to establish that he is not a flight risk and has sufficient ties to the community."

California Inmate Disciplined For Painting Sales. The New York Times (8/4, Liptak) reports, "A prison artist in California who uses the dye from M&M's for paint has been disciplined for what a prison official yesterday called 'unauthorized business dealings' in the sale of his paintings. The prison has also barred the prisoner, Donny Johnson, from sending his paintings through the mail." The Times continues, "Mr. Johnson's work has been on display for the last several weeks at a gallery in San Miguel de Allende, Mexico. Twenty of his paintings have been sold, for $500 each. … Mr. Johnson had donated the paintings to the Pelican Bay Prison Project, a charity which says it will honor Mr. Johnson's wish that it use the proceeds from the show to help the children of prisoners." The Times adds, "According to a 'serious rules violation report' issued by the prison last month, Mr. Johnson ran afoul of a corrections department regulation that prohibits engaging in a business or profession without the warden's permission. The regulation defines a business as 'any revenue-generating or profit-making activity.' … Francisco Jacquez, the chief deputy warden at Pelican Bay State Prison, in Crescent City, Calif., said the violation could extend Mr. Johnson's sentence or restrict his privileges."

CIVIL LAW:

Insurance Company Settles Complaints That It Deceived US Soldiers. The New York Times (8/4, Henriques) reports, "The American Amicable Life Insurance Company has agreed to pay up to $70 million to settle state and federal complaints that it used deceptive sales practices to sell unsuitable insurance products to thousands of American service members across the country and on bases overseas." The company "will pay $10 million in cash refunds to 57,000 current and former service members who bought its products after Dec. 31, 1999. The rest of the money represents the potential cost of raising the future cash value of policies sold to 13,000 other military customers and 22,000 civilians, although the final price tag will depend on how many of those policies are held to maturity."

The Washington Post (8/4, D2, Caterinicchia) reports SEC Chairman Christopher Cox "said the service members, who already were provided access to low-cost insurance sponsored by the government, were 'scammed intentionally through a deceptive marketing pitch tailored exclusively to prey upon the armed services.'" The company "neither acknowledged nor denied the SEC allegations."

The Air Force Times (8/4, Jowers) reports, "The agreement — worked out by the Justice Department, Securities and Exchange Commission and insurance commissioners from 42 states, Washington, D.C. and Guam — comes in the wake of allegations of improper sales and marketing of insurance and investment products to military personnel. … American Amicable will send out letters to affected policy holders. Copies of the settlement agreements are online. … In addition to the monetary penalty, American Amicable also is banned from doing business on any U.S. military installation for five years, the longest such ban ever imposed."

3rd Circuit Will Not Revive Holocaust Survivor's Suit Against German Firms. The Legal Intelligencer (8/4, Duffy) reports, "A Holocaust survivor who was left sterile after being subjected to medical experiments at the Auschwitz-Birkenau concentration camps has lost his bid to revive a lawsuit against two German companies that he claims cooperated with the Nazi regime." The Intelligencer continues, "In its 21-page opinion in Rozenkier v. Schering, the 3rd U.S. Circuit Court of Appeals ruled that such claims must be submitted to a German foundation that was established in 2000 after extensive negotiations between the German and U.S. governments." The Intelligencer adds, "The Remembrance, Responsibility and the Future Foundation was established with a fund worth about $5 billion to compensate all victims of Nazi atrocities. … At the time, numerous class action lawsuits were pending in U.S. courts. But lawyers for the plaintiffs agreed to dismiss the suits after successful negotiations between President Bill Clinton and former German Chancellor Gerhard Schroeder led to creation of the foundation. … Now the 3rd Circuit has ruled that the foundation's existence bars any lawsuits in U.S. courts over Nazi atrocities. … As a result, the court said that plaintiff Simon Rozenkier's claims against AG Schering and Bayer AG present 'a non-justiciable political question.'"

CIVIL RIGHTS:

Springfield, MA, Mayor Objects To DOJ Voting Rights Suit. The Springfield (MA) Union-News (8/4, Moriarty, Muñoz) reports, "Springfield Mayor Charles V. Ryan yesterday denounced as rash a voting rights lawsuit filed by the U.S. Department of Justice against the city." The Union-

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News continues, "The Justice Department announced on Wednesday that it had filed a suit stating that the city violated the Voting Rights Act regarding Spanish-speaking voters. … Ryan said yesterday that neither he nor anyone in City Hall had ever received complaints about voting rights issues. Furthermore, he said, the Justice Department gave officials who had not seen the complaint virtually 48 hours to sign a consent decree in which the city would have been placed under federal oversight or face a lawsuit." The Union-News adds, "Ryan said he chose to settle the matter in court where the federal department will have to present evidence. … 'I would fight on behalf of anyone to make sure that the polls are open to them,' said Ryan, but regarding the lawsuit, 'We have no basis to even begin to think that this is a problem.' … City Solicitor Edward M. Pikula agreed that Springfield could do a better job assisting Spanish-speaking residents vote in elections, but accused the Justice Department of using 'heavy-handed tactics' against the city in its decision to file a federal case so quickly." The Union-News notes, "Springfield is among four cities where the Justice Department has become involved in election matters. The other cities are Boston, Lawrence and Lowell. All have large Hispanic populations. … The federal complaint states that poll workers were hostile to Hispanic and Spanish-speaking voters and denied them the right to be assisted by the person of their choice."

Senate Judiciary Committee Approves Creation Of Civil Rights Cold-Case Offices. CQ Today (August 3, Carter) reports, "The Senate Judiciary Committee approved legislation Thursday that would create two new offices in the Justice Department to investigate and prosecute unsolved civil rights-era murders." CQ Today continues, "Sponsored by Jim Talent, R-Mo., the bill (S 2679) would authorize $10 million annually beginning in fiscal 2007 and running through fiscal 2016 for an Unsolved Civil Rights Crime Investigative Office within the FBI to investigate and prosecute civil rights murders that occurred before 1970. … The second office would be in the Justice Department's Criminal Section of the Civil Rights Division." CQ Today adds, "Both offices would be charged with investigating and prosecuting, in coordination with state and local law enforcement officials, unsolved homicide cases. … The bill also would require the deputy of the Unsolved Civil Rights Era Crime Unit to conduct an annual study of the cases and report on the findings to Congress. … Under the bill, both offices would terminate at the end of fiscal 2016."

The Jackson (MS) Clarion-Ledger (8/4, Mitchell) reports, "Since 1989, authorities in Mississippi and six other states have reexamined 29 killings and made 27 arrests, leading to 22 convictions, including Edgar Ray Killen, convicted last summer of orchestrated the Ku Klux Klan's 1964 killings of three civil rights workers - James Chaney, Michael Schwerner and Andrew Goodman. … Chaney's mother, Fannie Chaney, called the legislation 'perhaps the most important piece of civil rights legislation since the 1960s.' … The bill has been nicknamed the 'Till bill' after the 1955 killing of Chicago teenager Emmett Till, whose killing helped to galvanize the civil rights movement. … The Justice Department reopened that case in 2004, and the FBI has since completed its investigation. District Attorney Joyce Chiles of Greenville is now poring through more than 8,000 pages of documents, trying to decide if enough evidence exists to bring a prosecution."

Missouri Voter ID Law Faces Legal Challenge. The AP (8/4, Wiese) reports, "Opponents of a new state law requiring voters to show government-issued photo identification filed a second lawsuit Thursday, claiming it could discourage or prevent people from voting in November." The AP continues, "The challenge filed in Cole County Circuit Court seeks a preliminary injunction to block the law from taking effect Aug. 28 and wants the law declared unconstitutional." The AP adds, "Plaintiffs include several voters who say they lack an acceptable ID under the new law and therefore could not cast a regular ballot in the November general election. … Last month, Democrats in St. Louis and Kansas City filed a lawsuit claiming the law unconstitutionally imposes costs on local governments without providing state funding. No hearing has been set. … The challenge filed Thursday said the photo ID requirement infringes on the fundamental right to vote under the Missouri Constitution, and claims it disproportionately harms black and female voters, along with the poor, elderly or disabled who may not drive and have no license."

Jackson, MS, Mayor Accused Of Racial Profiling. The Christian Science Monitor (8/4, Jonsson) reports, "Wielding a badge of dubious origin and a loaded gun, mayoral candidate Frank Melton vowed to clean up crime in Jackson, Miss., with a slick slogan: 'Help is on the way!' … So when the mayoral candidate won, he took an unusual step of assisting police with drug stops or standing by at roadblocks." The Monitor continues, "Mr. Melton's even engaged in racial profiling, critics say. The American Civil Liberties Union cites complaints that people have been pulled over based on their race and searched without cause. The twist: Melton is black. … 'The mayor as a black man clearly does not fit the profile of a racial profiler, but what's even more confusing is that he's not a law enforcement officer - and we usually don't think of racial profiling being done by someone outside the law enforcement community,' says Richard Forgette, a political science professor at the University of Mississippi." The Monitor adds, "Gun shots, murders, and robberies have become common in Jackson, a

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city of 184,000 residents, 70 percent of whom are black. The key reason why Melton beat his opponent with 88 percent of the vote last summer was because he campaigned on cutting the crime rate. … In the first six months of 2006, crime has increased by 26 percent, prompting the mayor to institute a state of emergency in June. He's implemented a strict curfew for teenagers and homeless people."

Many Cities Participating In Diversity Campaign. USA Today (8/4, El Nasser, 2.27M) reports, "Sixty-eight cities in 28 states have decided that a plain old welcome sign is no longer enough in a nation growing increasingly diverse." In a "symbolic plea for greater tolerance, communities from West Virginia to California are posting signs that say: 'Welcome. We are building an inclusive community.'" Clarksburg, West Virginia city councilman James Hunt said, "We are not claiming to be an inclusive community. What we're saying is that we recognize the value of that, and we're working toward it." USA adds that is the "message behind the National League of Cities' new initiative. Hunt, president of the association this year, launched the Partnership for Working Toward Inclusive Communities to promote equal opportunity and fairness." The push "comes at a time when many states are banning same-sex marriages and some cities are cracking down on illegal immigrants."

ANTITRUST:

Merging Utilities Give New Jersey Regulators Deadline For Approval. The New York Times (8/4, Chen) reports, "Two utility companies planning a merger to create the largest utility company in the United States have vowed to pull out of the deal if New Jersey regulators do not agree to their terms by Friday." The Times continues, "In a letter dated Wednesday, officials of the Chicago-based Exelon Corporation and the Newark-based Public Service Enterprise Group, the parent company of P.S.E.&G., expressed frustration that the state's Board of Public Utilities — the only agency remaining that could block the deal — had taken almost two years to act and said that they had made their "last and best offer" for a merger. P.S.E.&G. is the state's largest utility. … 'This is not a threat,' the letter said. 'It is just a factual statement of where both companies are in terms of financial capability 20 months after entering into their merger agreement.'" The Times adds, "Threat or not, the letter intensifies the stakes over a long-simmering deal that opponents — including members of Gov. Jon S. Corzine's cabinet, and a bipartisan coalition of legislators, consumer advocates and business groups — say would discourage competition. Though the federal Department of Justice approved the merger in June, critics contend that the typical residential bill could increase by about $45 a month should the merger go through."

E-Mail In DOJ Price-Fixing Probe Sent From London. The Journal Gazette (IN) (8/4, Schroeder) reports, "An e-mail seeking cooperation in a price-fixing scheme brought to light last week by two Warsaw-based orthopedic manufacturers is the handiwork of a London-based competitor's contracted sales representative. … The revelation comes amidst an ongoing U.S. Department of Justice antitrust investigation." The Gazette continues, "An independent orthopedic sales representative contracted by Smith & Nephew sent an e-mail on Oct. 28, 2005, proposing that the company's competitors 'join in a coordinated response' to a U.S. hospital's request for pricing proposals on implant products, the company said in a statement this week." The Gazette adds, "In June, Smith & Nephew, Biomet, Zimmer, DePuy Inc. – another Warsaw-based company – and Michigan-based Stryker disclosed that they had received subpoenas from the Justice Department in connection with an antitrust investigation. … Jonathan Birt, a spokesman for Smith & Nephew, confirmed that the company believes it was the same e-mail Warsaw-based Biomet and Zimmer Holdings Inc. said their independent distributors received. Neither Biomet nor Zimmer would comment on the latest development, and none of the companies named the hospital, which was not implicated in any wrongdoing. … Smith & Nephew said in the statement released Monday that it did not authorize the e-mail, which it said went against its policies. The company added that to the best of its knowledge, the e-mail 'was never acted upon by the company or any of its competitors in responding to the hospital or any customer and resulted in no anti-competitive agreement.' … Last week, Biomet and Zimmer said the same."

Fate Of WV Steel Mill Tied Up In Arcelor-Mittal Merger. The Steubenville (OH) Herald-Star (8/4, Giannamore) reports, "A decision on the potential fate of the steel mill in Weirton (WV) should come by the end of the year, according to officials for Arcelor and Mittal Steel, which are in the process of merging." The Herald-Star continues, "The local mill's future is tied up in U.S. antitrust action. The Justice Department has filed suit and a consent decree in U.S. District Court in Washington. The consent decree calls for Mittal Steel to use its best efforts to sell Canada's Dofasco, a property of Arcelor, or to divest itself of either the Weirton or Sparrows Point steel plants to ease antitrust concerns regarding the tin market in the eastern United States. Failure to comply with the decree will mean the suit will be instituted to block the $33 billion merger of the two steel giants." The Herald-Star adds, "Arcelor had fought a

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hostile takeover attempt by Mittal before reaching an agreement that saw 92 percent of Arcelor shareholders so far approve the merger. As part of the fight, the company placed its acquisition of Dofasco into a Dutch trust. Complex laws make selling the company difficult, if not impossible."

Groups To Seek Review Of Seattle Newspapers' Finances. The Seattle Post-Intelligencer (8/4, Richman) reports, "A citizens group pressing both of Seattle's daily newspapers to keep publishing said it will make sure they can really afford to do so before continuing its lawsuit against their publishers." The Post-Intelligencer continues, "Anne Bremner, chairwoman of the Committee for a Two-Newspaper Town, said the group Wednesday night chose four new attorneys, two new board members and a fundraiser, all with a view toward continuing efforts to preserve both The Seattle P-I and The Seattle Times. … But, she added, the committee won't proceed with its antitrust claim until an expert the group plans to hire can determine whether the joint operating agreement, or JOA, now binding the publishers is workable. … 'A condition precedent to our arguments prevailing in court would be a showing that indeed the newspapers could survive' if the JOA continued, said Bremner, an attorney herself." The Post-Intelligencer notes, "The Seattle Times Co. says the JOA, in place since 1983, is ruining it financially. The Hearst Corp. maintains it can't publish the Seattle P-I without the JOA, under which The Times Co. handles key business aspects for the P-I in exchange for a larger share of the joint profits. … The Times Co. since April 2003 has been trying to escape the JOA in the state's courts, with Hearst resisting. In May, the publishers moved their fight into confidential binding arbitration, with a non-appealable decision due by next May 31."

Molex Purchase Of Woodhead Industries Gets German Antitrust Approval. The AP (8/4) reports, "Molex Inc., a maker of plugs and other electrical connectors for companies like Sony Corp. and Ford Motor Co., on Thursday said its planned acquisition of Woodhead Industries Inc. received clearance from German regulators." The AP continues, "The company said the deal was cleared under the German Act Against Restraints of Competition, two days after it passed the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act in the U.S. … Molex last month agreed to purchase Deerfield, Ill.-based Woodhead for $19.25 per share in cash, or about $256 million. … The deal has already been approved by the directors of both companies."

EU Presses Spain On Conditions Placed On Endesa Bid. The AP (8/4, White) reports, "European Union antitrust regulators on Thursday asked Spain to explain why it attached conditions to German energy company E.On AG's $34 billion bid for the Spanish utility Endesa SA." The AP continues, "Spain's National Energy Commission said last week that it would permit the 26.9 billion euro deal only if E.On sells about a third of Endesa's power generation assets." The AP adds, "The European Commission -- which oversees large European mergers -- already cleared the bid in April without conditions, saying it would not create competition problems in Spain. … EU spokesman Stefaan De Rynck said regulators wanted Spain to explain how its decision was in line with EU competition law. He refused to say what 'clarifications' the EU was looking for. … EU approval for the deal is also under attack from Spanish electricity company Iberdrola SA which has appealed to the EU's highest courts to overturn it, claiming regulators did not take into account complaints about how the deal would affect the Spanish electricity market. It backs Gas Natural and stands to acquire Endesa assets worth between $8.9 billion and $11.5 billion if that bid succeeds."

SL Green Realty To Purchase Reckson. The Wall Street Journal (8/4, Forsyth, Haughney) reports, "SL Green Realty Corp. is buying Reckson Associates Realty Corp. for about $4 billion in cash and stock, in a deal that will make SL Green the largest office-property landlord in the hot Manhattan market." The Journal continues, "The announcement yesterday by the two publicly traded real estate investment trusts comes at a time of frenzied REIT mergers and acquisitions, fueled by unprecedented flows of capital into real estate. Ten such deals have been announced since February." The Journal adds, "Reckson has been considered a potential target because of its concentration of assets in New York -- a market that has attracted significant capital flows and is experiencing strong recovery. However, some analysts questioned whether Reckson got a good price. … In addition, some Reckson assets will be sold to an investment group led by existing Reckson management and Marathon Asset Management LLC, a New York-based private-equity company, for $2.1 billion. That group will acquire all of Reckson's Long Island properties, 15 of its properties in Westchester County, N.Y., its properties in New Jersey and Reckson's interest in an Australian-listed property trust."

IBM To Buy MRO Software For $740 Million. The Wall Street Journal (8/4, Bulkeley) reports, "International Business Machines Corp., continuing a string of software acquisitions, agreed to buy MRO Software Inc. for $740 million, or $25.80 a share." The Journal continues, "MRO, of Bedford, Mass., makes software that manages corporate assets such as machine tools, scheduling maintenance and repairs and keeping track of spare parts." The Journal adds, "IBM has been steadily expanding its highly profitable

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software business by acquiring companies, and MRO marks its 37th software takeover since 2001. Although IBM is known best for its computers and services, its back-office software business accounts for about a third of its profit and 19% of its revenue. Its software revenue was $16.53 billion for the past four quarters. … IBM, which specializes in infrastructure software that underlies other programs, avoids buying applications-software companies. Rival Hewlett-Packard Co. recently signaled its own major expansion into software by agreeing to acquire Mercury Interactive Corp. for $4.5 billion."

Easy Merger Financing May Be Coming To End. The Wall Street Journal (8/4. Sender) reports, "The recent debt issuance to help fund a private-equity takeover of Dutch media company VNU NV didn't go as smoothly as expected, raising the prospect that the favorable financing environment for leveraged takeovers may be eroding." The Journal continues, "On Tuesday, private-equity firms finalized the bond portion of the financing for the €7.7 billion ($9.85 billion) takeover of VNU at interest rates about 1.5 percentage points higher than bankers had expected. With other big deals in the pipeline, notably the private-equity $21 billion takeover of hospital operator HCA Inc., the VNU financing is being closely watched." The Journal adds, "For several years, thanks to the amount of money sloshing throughout the world and a generous debt market, private-equity firms have received highly favorable financing for their deals. In turn, these funds have raised more cash and set their sights on ever bigger deals. … These giant investment funds now face a modestly changing market, with borrowing costs starting to rise, as the VNU financing indicates. If the choppiness in the debt market continues, it could diminish the appetite of private-equity firms to do large deals, and it could lessen the eagerness of companies to put themselves up for sale."

Writer Blasts EU Action Against Microsoft. In an op-ed in the Washington Times (8/4), Matt Kibbe, president and CEO of FreedomWorks, writes, "In the latest regulatory broadside against American firms, the European Commission (EC) recently fined Microsoft $357 million despite the fact that the underlying case has yet to be resolved. When faced with world-class competition from American firms, the Europeans have made it clear that they will use their regulatory apparatus as a tool to shield weaker companies. Instead of competing the old-fashioned way -- by providing consumers what they want at the best price -- companies are turning to apparatchiks in the EU bureaucracy." Kibbe continues, "While some lagging companies may gain from the recent decision in Brussels, the consumer bears the burden of the decision, as investment and innovation decline for fear of falling victim to European regulators. Innovative firms that establish themselves as leaders in the market by providing consumers with new and more useful products can face charges of 'abuse,' and stiff fines as well." Kibbe adds, "The Microsoft case may be just one instance of regulatory zeal, but the decision sends a clear warning to any American firm hoping to do business in Europe: In America, success breeds success, but in Europe, success breeds regulation. … These concerns have been reinforced by recent comments from the European Commissioner of Competition, Neelie Kroes. Just days before fines were levied against Microsoft, Miss Kroes delivered a speech where she emphasized the importance of the Microsoft case because it will establish a 'precedent for future cases of abuse in the IT industry.' But Miss Kroes and the EC may be jumping the gun. The case is far from over, as it is on appeal before the European Court of First Instance. Indeed, the presiding judge noted that Microsoft's appeal does have merits; at the same time, however, the company was ordered to comply with the EC's sanctions because they would not impose 'irreparable harm' to Microsoft. … European mandates that force companies to share products with rivals reduce incentives to innovate and invest in risky new ventures. In a sense, such actions are simply a transfer of wealth from successful firms to others by government fiat. Such transfers do nothing to help consumers, but go far to prop up weaker companies that find it difficult to attract customers in the marketplace."

ENVIRONMENT/INDIAN AFFAIRS:

Scientists Say Global Warming Causing More Frequent Heat Waves. The Washington Post (8/4, A3, Eilperin, 748K) reports, "Heat waves like those that have scorched Europe and the United States in recent weeks are becoming more frequent because of global warming, say scientists who have studied decades of weather records and computer models of past, present and future climate." While "it is impossible to attribute any one weather event to climate change, several recent studies suggest that human-generated emissions of heat-trapping gases have produced both higher overall temperatures and greater weather variability, which raise the odds of longer, more intense heat waves."

The current heat wave blanketing much of the nation was reported by each of the networks last night. In a brief segment, ABC World News Tonight (8/3, story 7, 0:15, Sawyer, 8.78M) reported, "The record heat wave is still making life miserable and dangerous for millions of people. More suffering across much of the east and Midwest today, as temperatures soared toward triple-digits for the fourth-straight day. This week's extreme heat is blamed for at least 15 deaths as of tonight. But it is expected to break overnight."

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In a longer story on the economic impact of the heat wave, NBC Nightly News (8/3, story 6, 2:10, Costello, 9.87M) reported, "What's been selling? Bottled water sales up 8% and anything in a shopping mall." Some of "the biggest department stores reporting stronger than expected sales during one of the hottest Julys on record." But for "farmers and ranchers a different story: Already reeling from a 7-year drought stretching from North Dakota to Texas, the heat has been devastating. Dairy cows not producing enough milk. The wheat harvest off 15% in June, expected to be hurt worse in the fall. And the same with cotton, soybeans and corn." By "some estimates, $5-$10billion in losses."

The CBS Evening News (8/3, story 5, 3:00, Regan, 7.66M) reported on how the electric grid is holding during the current wave. CBS reported the head "has stressed not only tens of millions of Americans but the country's power lines. Sporadic blackouts across the nation." From "California to Illinois to New Hampshire, leaving hundreds of thousands without electricity. Blackouts have increased dramatically in the last five years. The problem isn't a shortage of power but getting that electricity into homes and businesses. Aging distribution lines are breaking down." Economist Lester Lave "has studied the industry for nearly three decades. He says power companies haven't spent enough money to upgrade their equipment." Lave: "This case you then get a heat wave and things break down, and everybody points the finger at everybody else, but the problem is that the investment simply wasn't made." Regan: "On average, Americans lose power for 214 minutes per year, compared to 70 minutes in Great Britain, and only six minutes a year in Japan. Yet, electric bills are soaring. This year, rates jumped an average 35% in New England. Washington, DC saw a 37% increase just last month. In Baltimore, the local utility wants a 72% increase. The industry defends its hike, saying prices were artificially low for decades because of government regulation." Bill Brier, Edison Electric Company: "It's important to understand that some of these rate increases are as a result of caps that were put on electricity prices, and so you've seen electricity prices go up far less than the rate of inflation." Regan: "The utility companies say they plan to use these rate hikes to upgrade their distribution systems. They say they plan to spend $17 billion a year over the next decade to make these improvements."

Nonprofit Receiving $9 Million In DuPont Lead Paint Settlement Has Ties To Company. The AP (8/4, Smith) reports, "When the state of Rhode Island dropped DuPont Co. from its lawsuit against former makers of lead paint last year, DuPont had agreed to donate $9 million to a group for cleanup and education efforts. … At the time, Attorney General Patrick Lynch described the Children's Health Forum as a nonprofit organization focused on preventing childhood exposure to lead. … But no one mentioned the ties between DuPont and the Washington-based group: It was founded by a lawyer hired by DuPont to work on lead poisoning issues; it received most of its funding from the Wilmington, Del.-based company and most of its board members have ties to DuPont." The AP adds, "Watchdogs say the previously unreported relationship casts a cloud over the deal, which let DuPont out of a case that could cost other lead paint companies billions of dollars. Three were found responsible in February of creating a public nuisance, and a judge is considering how much they will be forced to pay for cleanup. … The June 2005 deal allowed DuPont to give $12.5 million to charity, including $9 million to Children's Health Forum. … The deal is unusual because when states have previously sued an industry, such as lawsuits against tobacco companies, settlement money has gone directly to the state or been put into a foundation not controlled by the industry. It's also unusual because Lynch and DuPont say the deal was not a legal settlement but simply an agreement."

EPA Recommends Limits On Pesticide Use. The New York Times (8/4, Janofsky) reports, "The Environmental Protection Agency said on Thursday that it was recommending new restrictions on thousands of uses of pesticides because of their adverse effects on public health. … 'Whether planting crops, de-bugging a home, working in the garden or just sitting down at the dinner table, Americans can now be assured the pesticides used in the U.S. meet the highest health standards in the world,' Stephen L. Johnson, the agency administrator, said in a statement announcing the completion of a 10-year review, ordered by Congress, of pesticide chemicals." The Times adds, "The study, which focused on more than 230 chemicals known as organophosphates and carbamates, could lead to the elimination of 3,200 uses and the modification in use of 1,200 others, like chlorpyrifos, diazinon and methyl parathion, which have been long been controversial for their role in causing illnesses. … Environmental groups applauded the recommendation to cancel most uses of carbofuran, a common insecticide used on corn, rice, tobacco and other crops that has had particularly deadly effects on birds. … Others complained that the agency had not gone far enough, especially in agricultural settings where children might be exposed at home. Margaret Reeves, a scientist with the Pesticide Action Network, an advocacy group, said the agency studied the effects of many agricultural pesticides in food and water but ignored them in residential settings."

Poll Finds High Disapproval Of Bush Environmental Policies. The Los Angeles Times (8/4, Boxall, 918K) reports, "More Americans than ever disapprove of President Bush's handling of the environment, according to

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a Los Angeles Times/Bloomberg poll, which also found that spiraling fuel costs are altering household spending habits. A majority, 56 percent, of those questioned in a national poll said the Bush administration is doing too little to protect the environment. The negative rating was up sharply from a Times survey taken in 2001 in which 41 percent said he wasn't doing enough." The Times adds, "The survey of 1,478 adults, conducted over a five-day period ending Tuesday, revealed a growing awareness of global warming. More than seven in 10 said it was a problem and 58 percent said the Bush administration is doing too little to reduce it."

Report Finds Beach Closings, Advisories On The Rise. The New York Times (8/4, Yardley) reports, "The number of closings and health advisory days at beaches across the United States increased by about 5 percent in 2005 from 2004, according to a report released Thursday by the Natural Resources Defense Council." The Times continues, "The change was partly caused by improved monitoring of water quality in 29 coastal states but also by pollution from continuing coastal development. … The council, an environmental watchdog group based in New York, which examined data collected by the Environmental Protection Agency, said that 8 percent of all water samples taken at beaches nationwide exceeded what the report called 'the national daily bacterial standard.'" The Times adds, "The council also filed a lawsuit against the E.P.A. on Thursday, in conjunction with its annual report on beaches, saying the current clean water standards were outdated. The council said the agency had failed to devise new standards as required by Congress in the Beaches Environmental Assessment and Coastal Health Act, passed in 2000. The law included instructions for the agency to update public health standards and the way it tests for pollution in coastal areas by October 2005."

USA Today Criticizes USDA Mad Cow Testing Rules. In an editorial USA Today (8/4, 2.27M) notes that US beef producers want to "reassure customers that its cattle are safe to eat by testing them all for mad cow disease," but the US Department of Agriculture—"invoking an obscure 1913 law intended to thwart con artists from peddling bogus hog cholera serum to pig farmers—is blocking companies from selling the testing kits" to producers. USA Today says the USDA is "doing the bidding of large cattle barons afraid" that such marketing "will force them to do the same tests to stay competitive." At the same time, the USDA announced last month that it's reducing its mad cow testing program by 90%. However, the newspaper says "it's hard to justify cutbacks on US testing at the same time we demand other nations provide greater assurances."

In response, W. Ron DeHaven, administrator of the Animal and Plant Health Inspection Service for the US Department of Agriculture, writes in a USA Today (8/4, 2.27M) op-ed that "there's an unfortunate misperception about the value and purpose" of mad cow, or BSE, testing. DeHaven notes that testing "cannot detect BSE until shortly before a cow develops symptoms." He also argues that testing "confirms what we already knew—there is no significant BSE problem in the USA, and there never was."

Seven Tribal Police Departments To Receive DOJ Grants. The AP (8/4) reports, "Seven tribal police departments around New Mexico will share more than $1.1 million in grant money from the U.S. Justice Department." The AP continues, "The pueblos of Isleta, Jemez, Laguna, Nambe, Sandia, Pojoaque and the Navajo Chapter of Ramah can use the funding for salaries, training, new equipment and crime fighting technology." The AP adds, "Sen. Jeff Bingaman and Rep. Tom Udall, both New Mexico Democrats, announced the grants Wednesday. They said the money will help provide the resources Indian communities need to adequately staff and equip their police departments."

Cycle Rally Near Sacred Indian Site Sparks Concerns. The New York Times (8/4) reports from Sturgis, SD, "Bear Butte, which dozens of tribes hold as one of the most sacred sites in North America, is getting a new neighbor: a giant biker bar and campground are under construction about two and a half miles away. They are scheduled to open this weekend, in time for the annual Sturgis Motorcycle Rally, one of the country's largest biker events, which officially starts Monday. " The Times continues, "The potential for rock music, roaring motorcycles and thousands of people drinking near the striking volcanic Bear Butte formation has brought American Indians from around the country to an encampment on the treeless plains near here. They plan to march into downtown Sturgis on Friday to demonstrate their concerns to the bikers already gathering for the rally." The Times notes, "Organizers said that about 2,000 Indians and their supporters were expected to take part. Nearby Pine Ridge Indian Reservation was the site of the Wounded Knee standoff in 1973, and some participants are veterans of that protest. Some religious groups, including the Mennonite Central Committee at Pine Ridge, have also become involved."

FBI/DEA/ATF/USMS:

SF Chronicle Reporters May Face Contempt Charges Today In BALCO Case. The San Francisco Chronicle (8/4, Egelko) reports, "A dispute between

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the Justice Department and The Chronicle over the use of grand jury testimony in stories about athletes' steroid use will come to a showdown today in a San Francisco federal courtroom." The Chronicle continues, "Federal prosecutors will ask a judge to order reporters Mark Fainaru-Wada and Lance Williams to reveal who leaked star players' admissions that they had taken illegal performance-enhancing drugs. The reporters and the newspaper have also been served with subpoenas for grand jury transcripts and any documents that would reveal the source or sources. … If the judge refuses to dismiss the subpoenas and orders the reporters to testify -- and if they ultimately refuse -- they could be held in contempt and jailed until they agree to talk, or until the grand jury term expires. The newspaper could be fined for withholding documents that are covered by the subpoena, though its lawyers deny that the paper has any such material." The Chronicle adds, "Such an outcome, if it occurs, is probably at least several weeks away, after further proceedings before U.S. District Judge Jeffrey White and review of his decisions by higher courts. But if there was any doubt about the risks journalists face in confrontations with the government, it was dispelled in another San Francisco federal courtroom earlier this week. … On Tuesday, freelance reporter Josh Wolf was found in contempt and sent to prison by U.S. District Judge William Alsup for refusing to turn over to a grand jury the videos he took of an anarchist protest in the Mission District last year. Prosecutors say the grand jury is investigating the alleged attempted arson of a police car. Wolf could remain in prison until next July. … His case differs from the case of the Chronicle reporters in one major respect, as he is not protecting any confidential sources. But Wolf's central argument, which Alsup brushed aside, is the same position taken by the Chronicle reporters: that journalists have at least some degree of constitutional protection from government intrusion that would disrupt newsgathering."

Jailing Of Journalists Sends Powerful Signal. The AP (8/4, Lindlaw) reports, "The jailing of a video journalist this week is turning up the heat on the growing list of reporters ordered to cough up information to federal grand juries: Cooperate or face prison time." The AP continues, "Trying to compel journalists to testify is an increasingly popular tactic among federal investigators trying to extract all manner of information from resistant reporters. And even the occasional incarceration of reporters is enough to put the squeeze on the news media. … 'The federal government is seizing upon a weakness in the law,' said Duffy Carolan, a media attorney at the law firm Davis Wright Tremaine. Prosecutors are exploiting the absence of a federal shield law protecting journalists from prosecutors who seek their sources or material, she said. … 'We've certainly seen an increase by the government in aggressiveness in going after reporters in the grand jury context,' said Carolan, who has represented The Associated Press in the past." The AP notes, "Joshua Wolf, a freelance video journalist and blogger, was jailed Tuesday for refusing to hand over footage that never aired of a July 2005 protest. … The case demonstrates that the federal government is willing to cast a wider net in seeking information from the media, said Lucy A. Dalglish, executive director of the Reporters Committee for Freedom of the Press."

Man Gets 19-Year Sentence In Meth Case. The Pensacola (FL) News Journal (8/3) reports U.S. Attorney Greg Miller "announced Thursday that a Fort Walton Beach man was sentenced in Pensacola to 19 years and two months in prison on charges of armed trafficking of methamphetamine. Jeffrey Glen Smith, 43, also will have five years of supervised release following imprisonment and court costs." The News Journal says the charges stem from a joint investigation that involved the DEA and others.

Drug Gang Targeted In Alabama Raid. The Selma (AL) Times-Journal (8/3) reports, "The St. Phillips Street Boys, whose alleged drug gang reportedly held an entire community hostage, were brought down Wednesday during an early morning raid in which five houses were simultaneously shelled with percussion and flash bombs. … 150 agents teamed with local law enforcement to serve arrest warrants and conduct searches of the residences. There were 10 of the 12 taken into custody. … Selma Police Chief Jimmy Martin and Dallas County Sheriff Harris Huffman were joined by members of the U.S. Attorney's Office, DEA, FBI…in making the announcement following the raid."

Thousands Of Marijuana Plants Found In Arizona's Tonto National Forest. The Arizona Republic (8/3) reports authorities say a woman "scattering her mother's ashes in Tonto National Forest stumbled upon what could be the largest marijuana farm ever found in Arizona. More than 30,000 marijuana plants cover the slopes of a canyon about 20 miles east of Payson. The crop was growing on what investigators said was a two-year-old operation hidden beneath a canopy of thorny locust trees. … A team of Drug Enforcement Administration agents spent most of Thursday plucking plants from the earth."

Four Accused Of Selling Marijuana-Laced Gumballs In DC Area. The Washington Post (8/3, Stockwell) reports four people in the Washington area "have been charged in recent months with selling marijuana-laced gumballs, including an Arlington man who was arrested last month after police said they found more than two dozen of the altered candies at his apartment. To the unsuspecting eye, the individually packaged gumballs look like regular bubble gum. … But upon closer inspection, a small, crudely drilled hole in the gumballs marks where they have been

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altered." The Post adds, "The DEA and drug education officials said the gumballs found in Maryland and Virginia appear to be the first of their kind in the region."

In Kentucky, Authorities Crack Down On Rogue Internet Pharmacies. The Richmond (KY) Register (8/3) reports Madison County "was one of 15 counties in the state that were the destination for thousands of illegal Internet drugs seized in the past week by the Kentucky Bureau of Investigation. The drug packages, which were shipped to Kentucky residents from six unlicensed pharmacies in Florida, were seized from shipping hubs in the Lexington area and Eastern Kentucky," according to Attorney General Greg Stumbo. The Register says KBI agents are working in cooperation with the DEA and others to "crack down on rogue Internet pharmacies shipping drugs into Kentucky."

Colombia To Begin Aerial Spraying Of Coca Where Six Workers Were Killed. The AP (8/3) reports Colombia will "begin aerial spraying over coca crops in a major national park where a bomb killed six workers engaged in manual eradication, the president said Thursday. The government had previously only allowed manual eradication of coca…in the Sierra Macarena national park, 170 kilometers (105 miles) south of Bogota. But President Alvaro Uribe said the program has become too dangerous."

Prosecutor In Mexico Seeks US Help To Stem Drug-Related Violence. The AP (8/4) reports Mexico's top organized crime prosecutor "called on U.S. officials Thursday to do more to halt illegal weapons trafficking to help Mexico stem a wave of bloody, drug-fueled violence. Jose Luis Santiago Vasconcelos said the rising brutality of recent drug executions was due to hit men taking over cartels after their bosses were arrested. … The Gulf and Tijuana gangs have formed an alliance, and are fighting a group led by Joaquin Guzman and Ismael Zambada -- Mexico's two most-wanted drug lords -- and several others."

Anti-Doping Expert Rejects Lawyer's Dehydration Theory In Landis Case. In Paris, the AP (8/4, Pugmire) reports dehydration "is the latest possible reason offered for Tour de France winner Floyd Landis' elevated testosterone levels. 'Maybe a combination of dehydration, maximum effort,' Jose Maria Buxeda, the cyclist's lawyer, said Thursday after testing began on his backup sample. That theory was flatly rejected by one of the world's top anti-doping officials. 'In 25 years of experience of testing…such a huge increase in the level of testosterone cannot be accepted to come from any natural factors,' said Prof. Christiane Ayotte, director of Montreal's anti-doping laboratory."

IMMIGRATION:

Bush Touts Border Enforcement At Start Of Texas Vacation. President Bush arrived in Texas for the beginning of a 10 day stay at his Crawford ranch, stopping off first at the border with Mexico to tout the enhanced immigration enforcement proposals that he supports. There was no network coverage of the story, which was picked up only by the wires and some major newspapers. The AP (8/4, Pickler) reports President Bush "got a tour of border patrol efforts in his home state — a 'look-see, as he called it — before settling down on his ranch Thursday for a 10-day summer vacation." Bush is "forgoing his typical monthlong break from the White House. Instead, he planned to spend 10 days in Crawford, Texas, before returning to work in Washington — his shortest summer vacation since taking office." The White House "was taking pains to make sure it didn't appear that the president was tuned out from the world's problems, even temporarily. Bush's national security adviser and secretary of state were to arrive at the ranch Saturday to discuss a diplomatic resolution to the fighting between Israel and Hezbollah militants in Lebanon." Bush also "planned a brief interruption to his stay Aug. 10, when he was to fly to Wisconsin to tout his economic record and campaign for Republican congressional candidate John Gard." On the "way to Texas from Washington on Thursday, Bush detoured briefly to the U.S.-Mexico border to push his immigration plan, emphasizing the tough enforcement measures that conservatives support."

USA Today (8/4, 2.27M) reports President Bush "left Washington for a vacation on his ranch near Crawford, Texas. First lady Laura Bush will join him tonight. En route to the ranch, Bush stopped in the border town of Mission, Texas, for a speech on his immigration plan." It will be "the president's shortest summer vacation since he took office in 2001," and he "has a heavy August travel schedule, much of it focused on helping his party maintain its majorities in Congress." And "anti-war activist Cindy Sheehan, who camped outside Bush's ranch with thousands of her supporters last summer, plans to return this year."

The Washington Times (8/4, Dinan, 88K) reports Bush "squarely countered his legislative critics on immigration yesterday, telling the Congress to 'do its duty' by passing a bill that includes a guest-worker program and a path to citizenship for illegal aliens." Standing "just yards from the U.S.-Mexico border at Anzalduas County Park," Bush said, "I understand this border." The Times adds Bush "proclaimed success on his pledge to dispatch 6,000 National Guard troops to the border states by Tuesday to help the U.S. Border Patrol and said it is making a dent in illegal entry. But he also said that enforcement alone isn't enough to stem the

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flow and that a program for future temporary workers is needed." Although not "breaking much new ground, Mr. Bush's speech signals that he is not backing down amid harsh criticism from House Republicans over his immigration policy."

The McAllen (TX) Monitor (8/4, Bell) reports Bush "used his two-hour stopover in the Rio Grande Valley on Thursday to make a final appeal before his August vacation in Crawford that Congress 'do its duty' and soon pass comprehensive immigration legislation." The "rest of Bush's remarks, made at Anzalduas County Park along the Rio Grande in Mission, closely mirrored the language he has used since May, when he unveiled a five-point 'comprehensive immigration plan' that aims to both increase border security and realistically deal with illegal immigrants already here." Several hundred audience members — "most of them local officials, area Republican Party notaries and family of Border Patrol agents — fanned themselves with the green tickets that admitted them into the cordoned area in the park where Bush spoke." The audience "laughed at Bush's characteristic asides and loudly applauded, especially when he spoke about the hard, important work Border Patrols agents carry out each day in the name of homeland security."

The Houston Chronicle (8/4, Mason, 535K) reports with "prospects for passing immigration reform still uncertain, President Bush was in the Rio Grande Valley on Thursday touting the effort of more than 6,000 National Guard troops assisting in border control." Bush said, "The plan is working, it makes sense." The Chronicle adds

The San Antonio Express-News (8/4, Bogan, Martin) reports that with a "well-armed flotilla of boats on the Rio Grande as a backdrop, President Bush on Thursday touted federal efforts to crack down on illegal immigration at the U.S.-Mexico border and urged Congress to pass a comprehensive reform bill with a guest worker plan." The President's "remarks on immigration reform were designed to shore up political support for sweeping immigration reform from a divided Republican Party where opposition threatens to doom passage of a bill during an election year. Bush was met at the McAllen airport by Texas Gov. Rick Perry, a fellow Republican who in the past has criticized the federal government for failing to secure the Southwest border."

The Washington Post (8/4, Fletcher, 748K) reports Bush's "scheduled week and a half in Texas is a far cry from last year's working vacation, which was shaping up as the longest presidential retreat in more than three decades before it was rudely cut short by Hurricane Katrina after nearly a month." The "image of Bush on an extended stay away from the White House while Katrina flattened much of the Gulf Coast and left New Orleans engulfed by floodwater proved to be a defining moment of his presidency." This year, with "the crisis in the Middle East at a fever pitch, the carnage in Iraq continuing and even the first hurricane of the year brewing in the Caribbean, the president's schedulers left less room for this year's vacation to cause such political damage." White House press secretary Tony Snow "said that 'while everybody recognizes what happened with Katrina' the president's vacation schedule this year is 'driven by sheer necessity.'" Snow said that with "a large number of GOP congressional seats in play and his party's ability to set the agenda in Congress in jeopardy," Bush "wants to be sure to be on the road to help raise money and get his message out in hopes of improving his approval ratings, which have been abysmal for much of the past year."

Senate Bill Supporters "Guardedly" Optimistic On Agreement Before End Of Session. CQ (8/3, Crowley, Retter) reports, "Backers of Senate-passed immigration overhaul legislation said Thursday they were 'guardedly optimistic' that House and Senate negotiators will reach an agreement before the end of the 109th Congress." Sens. Lindsey Graham, R-S.C., and John McCain, R-Ariz., "said meetings over the past few weeks have yielded indications that a compromise can be struck with House leaders, including Judiciary Chairman F. James Sensenbrenner Jr., R-Wis., sponsor of the enforcement-focused bill (HR 4437) the House passed in December." The meetings "also have included Judiciary Chairman Arlen Specter, R-Pa., Sens. Edward M. Kennedy, D-Mass., Minority Whip Richard J. Durbin, D-Ill., Jon Kyl, R-Ariz., Sam Brownback, R-Kan., as well as key House members and White House officials." Graham said, "I think [Sensenbrenner] has a view of immigration that's not a whole lot different than ours." He ""described one meeting with House leaders as beginning 'with tension,' but ending well."

Taxpayers Pay For Undocumented Immigrant Hospital Care. NBC Nightly News (8/3, story 8, 2:45, Williams, 9.87M) reported on the Parkland Memorial Hospital in Dallas, which is "at the forefront of the national debate over health care and immigration." NBC (Teague) added Parkland is "where tens of thousands of illegal immigrants receive taxpayer subsidized care." The "most common patients here, expectant mothers. Each year about 16,000 babies are born here at Parkland. The hospital estimates about 70% of them are delivered by undocumented mothers." Dr. Ron Anderson, Parkland's president, "says the cost of treating undocumented immigrants millions of dollars each year is unsustainable. Still, he says, his hospital will never turn away patients." Anderson: "You are going to make some awful mistakes when you decide that one person is worthy and one person isn't worthy." Teague: "But 30 miles away a Fort Worth Public Hospital is making those decisions. Requiring patients to prove they're here legally before picking up the tab for non-emergency treatment."

Effect Of Mexican Immigrants On Small Georgia Town Examined. The New York Times (8/4, Swarns, 1.21M) reports on the impact of Mexican immigrants on the

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town of Pearson, Georgia: "Lured in the 1990's by abundant agricultural work and new manufacturing jobs, the newcomers landed in a town with one traffic light, no tortillas in the supermarket and residents who stared openly at foreigners in a county that saw its last wave of immigrants in the 1850's." Today, "hundreds of Mexican immigrants, both illegal and legal, work in factories, fields and stores; study in public schools; and live in neighborhoods that were once mostly white or black." Over the "past decade, hundreds of thousands of immigrants, mostly from Mexico, have poured into the South, bypassing traditional settlement states like New York, California and Florida in favor of far-flung towns with thriving industries." The "surge of newcomers has helped drive the fierce debate in Congress over immigration as well as the budding activism that burst into view this spring when millions of people took to the streets to demand rights for immigrants."

TAX:

DOJ Sues Chumash Tribe's Accountants Over Alleged Tax Scam. The Los Angeles Times (8/4, Bunting) reports, "Federal prosecutors are suing two accountants for allegedly running a fraudulent scheme that has enabled nearly three dozen Chumash Indians in Santa Barbara County to claim bogus tax deductions on millions of dollars in casino gambling profits." The Times continues, "The accountants — Kenneth Sorenson of Buellton and Stephen Drake of Arizona — received more than $2 million in fees from members of the Santa Ynez Band of Chumash Indians who participated in the alleged scam, according to a lawsuit filed Wednesday in U.S. District Court in Los Angeles. … 'We do not believe there is any truth to the allegations being made by the government,' Drake said in an e-mail." The Times adds, "The Chumash Casino Resort in Santa Ynez is one of the most profitable gambling operations in the state. Court documents in the case show that each of the 152 enrolled members of the Chumash tribe was paid $428,969 in casino profits last year, a 26% increase over the $340,704 they received in 2004. … In California, Native American tribal members who live on a reservation are exempt from state income taxes and some sales and property taxes. But they are required to pay federal income taxes." The Times notes, "The complaint, filed by the U.S. Department of Justice, said that 32 Chumash Indians saved millions of dollars in tax obligations by claiming deductions for 'sham' management fees. … The lawsuit seeks a permanent order to halt Drake and Sorenson from continuing to execute their tax plan. Since 2001, the Justice Department has obtained injunctions against more than 195 tax preparers."

IRS, Canada Uncover Suspect Tax Shelter. The Wall Street Journal (8/4, Matthews) reports, "The Internal Revenue Service and Canadian tax authorities said they uncovered a cross-border scheme involving upper-income investors who withdraw money from their retirement accounts, then invest in bogus offshore companies to generate huge tax losses." The Journal continues, "The tax shelter, hawked on the Internet and in seminars by promoters in the U.S. and Canada, involved hundreds of taxpayers who logged tens of millions of dollars in improper deductions and unreported income from retirement-account withdrawals." The Journal adds, "The yearlong investigation continues, said Jacqueline Couture, spokeswoman for the Canada Revenue Agency. More taxpayers and promoters are likely to be ensnared, she said. … The IRS has been stepping up efforts against abusive and illegal tax shelters seen contributing to the growing $290 billion annual tax gap -- the amount of tax assessed but not paid to the U.S. Treasury."

CONGRESS-ADMINISTRATION:

Senate Democrats Block Final Vote On Minimum Wage-Estate Tax Bill. The New York Times (8/4, Hulse, 1.21M) reports "Senate Democrats on Thursday blocked legislation tying the first minimum wage increase in almost a decade to a decrease in the federal estate tax, denying Republicans a legislative victory as lawmakers head into a crucial month of campaigning before the November elections." Republican backers of the measure, "dubbed the trifecta for its three chief elements, fell 4 votes short of the 60 needed to cut off debate. Democrats had argued that it was a bad bargain to exchange a $2.10 wage increase for struggling workers for a costly tax cut for the country's wealthiest families.

The Washington Post (8/4, A1, Babington, 748K) says "GOP leaders fell three votes short of the 60 needed to cut off debate and bring the package to the Senate floor, where it was considered certain to pass on a simple-majority vote." Republicans "said Democrats will pay a price in November, contending that most Americans support the bill's call for an increase in the minimum wage and deep cuts in the estate tax." The Chicago Tribune (8/4, Neikirk, 623K), meanwhile, reports Democrats, "backed by labor unions, had opposed the minimum-wage legislation as a 'sham' aimed at helping wealthy Americans and said the estate tax cut and minimum wage increase should never have been linked together."

The Washington Times (8/4, Fagan, 88K) notes three Republicans joined "38 Democrats and independent James M. Jeffords of Vermont to vote against it. Fifty-two Republicans and four Democrats voted for the bill." The Wall Street Journal (8/4, Rogers, 2.03M) reports "three Democrats

DOJ_NMG_0044327

heavily targeted by Republicans -- Sens. Maria Cantwell of Washington, Mark Pryor of Arkansas and Daniel Akaka of Hawaii -- stood with Mr. Reid despite strong pressure from business interests and the favors promised under the bill. The single notable changed vote was Sen. Robert Byrd (D., W. Va.), up for re-election this year and attracted by provisions in the bill to help the coal industry and miners in his state."

USA Today (8/4, 2.27M) reports that "for Republicans, the combination offered the possibility of neutralizing a Democratic campaign issue while also advancing an estate tax cut, a high priority for the GOP that may have an uncertain future if Republicans lose seats in Congress in November's elections. 'This is a cynical ploy on the part of the Republican leadership in an election year,' Sen. Maria Cantwell, D-Wash., said in a statement."

Senate Sends Pension Reform Bill To Bush. The Washington Post (8/4, A4, Goldstein, 748K) reports, "The Senate last night overwhelmingly approved the most significant changes to the private pension system since Congress created comprehensive rules covering employee retirement plans three decades ago." The bill, "which goes to President Bush for his signature, is intended to bolster the system for more than 44 million workers and retirees who receive traditional pensions that provide defined benefits". It "would require employers that operate such plans to fund them more completely and would put on sturdier financial footing the federal insurance agency that gives Americans some protection if their pension plans collapse." The legislation passed the Senate 93 to 5.

The AP (8/4, Abrams) reports AARP chief executive officer Bill Novelli "said in a statement Thursday the retirees' group is pleased with many aspects of the bill, noting the automatic enrollment of 401(k) plans and requirements for greater employer contributions into defined-benefit plans." But "he said it does not provide the needed additional transition assistance for workers hurt by conversions to cash balance plans."

More Commentary. The Wall Street Journal (8/4, 2.03M) editorializes, "The one bright piece of news for old-line companies is that the legislation will create a legal framework to convert traditional pensions into 'cash-balance' plans. Companies had been rushing to these hybrids, which combine a traditional pension and a 401(k), to get their retirement liabilities under control. Yet after a federal court ruled in 2003 that IBM's cash-balance plan discriminated against older workers, businesses have been hesitant to proceed." The Journal adds, "Considering this is Congress, all of this could be a lot worse."

Senate Leaves Pentagon Spending Bill Unfinished. The AP (8/4, Taylor) reports, "Rushing to leave the Capitol for a monthlong vacation, the Senate Thursday debated but left unfinished a huge Pentagon spending bill. After debate spanning three days, the measure's $453.5 billion price tag had ballooned by $15 billion, reflecting concerns about Army combat readiness and security along the Mexican border." The AP adds, "The bill's authors reluctantly agreed to postpone final action on it until the first week of September after Democrats made it clear they weren't willing to pass it Thursday night." GOP Sen. Ted Stevens said, "I think we're going to be criticized, every one of us, for deciding to go home rather than finish this bill."

Amendment Would Cap Pentagon Spending On Conferences At $70 Million. The Federal Diary (8/4, D4, Barr) reports in its "Federal Diary" column, "The Senate yesterday approved an amendment sponsored by Sen. Tom Coburn (R-Okla.), who scours the federal budget for waste and mismanagement, that would cap spending on conferences by the Defense Department at $70 million in fiscal 2007. Coburn said the Pentagon sent 36,000 military and civil service employees to 6,600 conferences worldwide last year at an average cost of $2,200 per person."

Bush Names Former SEC Commissioner To Commerce Post. The Wall Street Journal (8/4, 2.03M) reports, "President Bush will nominate former Securities and Exchange Commissioner Cynthia Glassman to be undersecretary of commerce for economic affairs, the White House said." Glassman "announced in May that she intended to leave the SEC at the end of her term as commissioner, which expired June 5. Before joining the SEC, Ms. Glassman was an economist at the Federal Reserve and a principal at Ernst & Young LLP." In addition, Bush "will nominate John K. Veroneau to be deputy US trade representative." Veroneau "currently is a partner at DLA Piper Rudnick Gray Cary LLP. Previously, he was general counsel at the USTR and an assistant secretary of defense for legislative affairs at the Pentagon."

Burns Drops Hold On Pentagon Nominees. The AP (8/4, Jalonick) reports, "Sen. Conrad Burns, R-Mont., dropped his opposition to civilian Pentagon nominees Thursday after military officials promised to smooth the voting process for troops overseas." Burns "had blocked action on the nominees over concerns that the voting process for overseas troops is too complex and time-consuming for ballots to arrive on time." Burns spokesman Derek Hunter "said Thursday the senator lifted his holds because the Pentagon pledged to "do whatever is necessary" to put a new voting system in place by November." A Pentagon spokesman, Lt. Col. Jeremy Martin, "said the department is committed to creating the new voting system in time for local governments to transmit ballots electronically to military serving abroad so that their votes can be counted."

DOJ_NMG_0044328

4th Circuit Nominee Takes Heat For Stance On Gauntanamo Interrogation Policy. Corporate Counsel (8/4, Eviatar) reports, "Things aren't looking so good for Pentagon general counsel William Haynes II in his quest for a seat on the 4th U.S. Circuit Court of Appeals. For more than a year he's drawn scattered attacks, mostly from Democrats, for his 2003 decision to sanction the use of aggressive methods in military interrogations. But in July, Haynes started taking fire from a new front. Twenty retired military leaders came out against his nomination, arguing that he ignored the views of other Pentagon lawyers in approving the interrogation procedures." Corporate Counsel continues, "In a letter to the Senate Judiciary Committee that was sent just days before the panel heard from Haynes, the retired leaders expressed their 'profound concern' about Haynes' role in establishing policies that 'led not only to the abuse of detainees in U.S. custody, but to a dangerous abrogation of the military's long-standing commitment to the rule of law.' … The letter has taken a toll on Haynes' prospects. Previously he only faced serious grilling from the Democratic senators on the Judiciary Committee. But now some of the committee's Republican members -- most notably Lindsey Graham of South Carolina, himself a former military lawyer -- have said they have more questions for the nominee."

WPost Says Paulson Needs To Reconcile Economic, Tax Policies. The Washington Post (8/4, A16, 748K) says in an editorial, "Treasury Secretary Henry M. Paulson Jr. delivered his first major speech on Tuesday, and it was a powerful performance. He emphasized the right policy challenges, including the stagnation of wages and the unevenness of income distribution, issues that the administration has been shy about acknowledging. He was forthright about the budget crisis that will occur if the nation does not reform entitlements: 'Demographics don't lie and demographics aren't partisan,' he observed. But if Mr. Paulson is to deliver on his promise of working pragmatically with Democrats, he will need to be equally blunt about tax policy. For although he is right that tax cuts helped to fuel the current economic expansion, it is equally true that they have contributed to the budget deficit that he says he is concerned about."

WPost Calls Pelosi Response On Entitlements Cynical. The Washington Post (8/4, A16, 748K) says in a second editorial that you "might think that a call from the new Treasury secretary for reform of entitlements would get a respectful hearing from Democrats. If entitlement programs are not reformed, they will squeeze out other spending programs that Democrats care about; they will create a budget crunch that no responsible party could want. But some Democrats do not appear to understand this. Yesterday an e-mail sent out on behalf of Nancy Pelosi, the House minority leader, dismissed Henry M. Paulson Jr.'s comments on 'privatizing' Social Security, adding that this policy has been 'soundly rejected by the American people.'" In his speech, "Paulson did not say that he wanted to reintroduce last year's administration proposal. Instead, he said that his approach would be bipartisan and that he aimed to address entitlements because 'when there is a big problem that needs fixing, you should run toward it, rather than away from it.' He even said that it was this philosophy that led him to give up a top Wall Street job to come to Washington. Now Ms. Pelosi's office is saying what it thinks of these sentiments: Forget bipartisanship, forget problem-solving. We hope other Democrats will be less cynical."

WSJournal Criticizes Democrats Hold On FDA Nominee Over Plan B. The Wall Street Journal (8/4, 2.03M) says in an editorial, "The Food and Drug Administration regulates many life-saving and life-improving products that together account for about a quarter of the U.S. economy. So you'd think Senators might have had a few interesting questions for Andrew von Eschenbach at his hearing to become FDA chief on Tuesday. But then you're too smart to be a Senator. Led by Hillary Clinton, the politicians focused almost entirely on the agency's failure to move swiftly to allow over-the-counter sales of the Plan B contraceptive -- the so-called 'morning after' pill." It "sure takes chutzpah to accuse the Bush Administration of 'politicizing the FDA,' as Mrs. Clinton and Washington Democrat Patty Murray did, and at the same time threaten to filibuster Dr. von Eschenbach's nomination because of the FDA's actions on one product."

NYTimes Praises House Decision To Drop "Freedom Fries." The New York Times (8/4, 1.21M) reports, "When Congress renamed the French fries sold in its cafeterias 'freedom fries' before the Iraq war, Bob Ney, whose position as House Administration Committee chairman put him in charge of the cafeterias, said the change registered 'the strong displeasure of many on Capitol Hill with the actions of our so-called ally, France.' In the real world, it mainly allowed people to register their strong displeasure at how juvenile Congress was being." Harassing "the French is probably not the wisest course now that America may need their help negotiating a ceasefire in Lebanon. We would like to think that such sound policy reasons — or just that 'freedom fries' was so incredibly stupid — account for the change. But the real reason appears to be that Mr. Ney was forced to give up his chairmanship of the committee because of his extensive ties to the disgraced lobbyist Jack Abramoff. The current chairman, Vernon Ehlers of Michigan, seems

DOJ_NMG_0044329

more sensible about both intergovernmental affairs and cafeteria management."

OTHER NEWS:

Fed Says Inflation Rise Temporary. The Wall Street Journal (8/4, Ip, 2.03M) reports, "Federal Reserve officials see the recent rise in underlying inflation as mostly a temporary response to rising energy prices, not an overheating economy. That assumption underpins their view, laid out in speeches and testimony, that inflation ought to fall back over the next year and a half without the Fed having to engineer a jarring economic slowdown with sharply higher interest rates." And it is "central to the argument that the Fed should pause soon in its two-year campaign of interest-rate increases."

Retail Sales Up In July. The Wall Street Journal (8/4, Merrick, 2.03M) reports, "Retail sales at major chains generally held up in July, temporarily easing -- but not erasing -- concerns about an impending drop-off in consumer spending." The Journal adds, "Overall, the middling sales gains for the month generally matched analysts' expectations. A Goldman Sachs same-store sales index of 28 retailers rose 3.1% in July, above a forecast of a 2.8% increase and compared with a 3.4% gain in July 2005. Same-store sales are sales at stores open at least a year."

Stocks Gained Yesterday. The Wall Street Journal (8/4, Mckay, 2.03M) reports, "The stock market rallied to a two-month high, helped by a falling oil price and economic data that traders interpreted as motivation for Federal Reserve policymakers to leave their key interest-rate target unchanged at their meeting next week." The Dow Jones Industrial Average "rose 42.66 points, or 0.4%, to 11242.59, up 4.9% so far this year. The Standard & Poor's 500-stock index inched up 0.1%, or 1.72 points, to 1280.27, up 2.6% on the year. And the Nasdaq Composite Index rose 0.7%, or 13.53 points, to 2092.34, off 5.1% on the year."

Appeals Panel Rules DeLay Must Stay On Ballot. NBC Nightly News (8/3, story 9, 0:20, Williams, 9.87M) reported, "Tonight it looks as if Tom DeLay's name will stay on the ballot in Texas, at least for now. A Federal Appeals Court ruled Republicans cannot replace him. Delay won the primary but resigned from Congress in June and moved to Virginia. He is awaiting trial on money laundering."

The Houston Chronicle (8/4, Ratcliffe, 535K) reports "the Republican Party said it will quickly file an appeal to the US Supreme Court, but if it loses, DeLay will have to decide whether to actively campaign for office. He has hinted that he might."

The New York Times (8/4, Blumenthal, 1.21M) reports, "In a brief statement Thursday, Mr. DeLay seemed to hold out the possibility of running, though he has made a point of insisting he is no longer a resident of the district, in the Houston area, and is not a candidate. 'Today's decision is just another step in the process to allow the voters of the 22nd District a choice on the ballot in November,' the statement said. 'It's our understanding that the Texas Republican Party is looking at all of their available legal options, including appealing to the Supreme Court. Mr. DeLay continues to reside and work in the Washington, D.C., area. He is exploring his options and has not made any decisions.'"

The Washington Post (8/4, A6, Moreno, 748K) reports DeLay's daughter Dani DeLay Ferro, "acting as her father's spokeswoman, said no decision had been made. In a statement issued Thursday, Ferro said 'Mr. DeLay continues to reside and work in the Washington, DC, area. He is exploring his options and has not made any decisions.'"

Fox News' Special Report (8/3, Wallace) said "today's ruling is a victory for Democrats who want to keep Delay's legal troubles, he's been charged with campaign finance violations, before the voters." The Dallas Morning News (8/4, Slater, 500K) also calls the ruling "a major victory for Democrats, who believe Mr. DeLay's ethics problems make him vulnerable in the fall."

The Washington Times/AP (8/4) quotes Cris Feldman, a lawyer for the Texas Democratic Party, saying, "This was a victory for fair and ethical elections protecting the integrity of the democratic process. Both parties have nominees for the general election, and it's time to move forward." Republican Party's attorney Jim Bopp said, "What's happening here is the Democrat Party is trying to control the Republican nominee. I think that's fundamentally incompatible with a viable two-party system and a democratic process."

USA Today (8/4, Kiely, 2.27M) reports, "In its opinion, a three-judge panel said that because there is no guarantee DeLay won't be living in Texas on Election Day, there is no proof he would not be eligible to serve in Congress. The panel of one Republican and two Democratic appointees said state Republican Party Chairwoman Tina Benkiser 'did not act reasonably and with political neutrality when she declared DeLay ineligible.'"

Quinnipiac Poll Shows Lieberman Trailing Lamont By 13 Points. CNN's The Situation Room (8/3, Blitzer) reported, "A new poll shows Senator Joe Lieberman has lost considerably more ground to a Democratic primary rival in Connecticut. The Quinnipiac survey of likely Democratic primary voters shows businessman Ned Lamont now has a 13-point lead over Senator Lieberman."

The AP (8/4, Haigh) reports that in the poll Lamont, "a political novice, had support from 54 percent of likely Democratic voters in the Quinnipiac University poll, while

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Lieberman had support from 41 percent of voters. … A similar survey July 20 showed Lamont with a slight advantage for the first time in the campaign."

The Washington Post (8/4, A5, Balz, 748K) notes "the three-term incumbent and 2000 Democratic vice presidential nominee announced earlier that he will run as an independent in November if he loses" the primary. But "a landslide loss to Lamont could complicate Lieberman's hopes of winning a fourth term in a three-way general election contest."

The Los Angeles Times (8/4, Barry, 918K) reports, "The Connecticut Senate race has emerged as a bellwether in a nation whose politics increasingly are being driven by U.S. involvement in Iraq. A Los Angeles Times/Bloomberg poll released this week found that more than 3 in 5 liberal Democratic voters -- 63% -- said they would be less likely to back a candidate who supported the war."

Lieberman GOTV Effort Focuses On Elderly. The Wall Street Journal (8/4, A4, Harwood, 2.03M) reports in its "Washington Whispers" column that Sen. Joe Lieberman is focusing on "the elderly, who tend to vote heavily in off-year elections. Connecticut AFL-CIO seeks Joe-mentum by contacting more than 200,000 union members."

Lieberman's Wife Appeals To Republicans. The Washington Times (8/4, McCaslin, 88K) reports in its "Inside the Beltway" column that Sen. Joe Lieberman's wife, Hadassah, is "now appealing, in writing, to registered Republicans" on behalf of her husband's Senate campaign. Mrs. Lieberman "while it is too late to change party affiliation and vote as Democrats next Tuesday, Republicans can still be of assistance by contacting their left-leaning friends and urging them to the polls."

Bloggers Rallying To Lamont's Cause. The New York Times (8/4, McIntire, Medina, 1.21M) reports, "Lieberman was on a roll, skewering Ned Lamont, his wealthy antiwar opponent in Tuesday's Democratic primary in Connecticut, for owning stock in the military contractor Halliburton." But "within days, Mr. Lieberman was having to explain his own investments. An online blog called Firedoglake revealed that Mr. Lieberman owned shares in mutual funds that held Halliburton stock. Other blogs latched onto the July 20 item, Lamont aides alerted reporters and soon it had found its way into local newspapers, tempering Mr. Lieberman's attack." This was "one example of how the Lamont campaign tried to harness the energy, anger and muckraking zeal of an expanding network of blogs in its effort to unseat Mr. Lieberman, the three-term senator." The Times adds, "Dozens of liberal and antiwar bloggers, some of them from across the country but many others in Connecticut, have rallied to Mr. Lamont's cause."

The Washington Times (8/4, Hurt, 88K), meanwhile, reports that Lamont, "who sharply criticized the employment practices of Wal-Mart this week in his campaign to unseat Sen. Joe Lieberman in the Democrat primary, owns stock in the company, Senate records reveal."

US Chamber Seeks To Shore Up Candidates In Connecticut. The Wall Street Journal (8/4, A4, Harwood, 2.03M) reports in its "Washington Whispers" column, "US Chamber of Commerce election drive -- dogged by controversy over accuracy of TV ads -- visits Connecticut this weekend to shore up vulnerable Republican Reps. Simmons, Shays and Johnson. Democrats fret a Lieberman defeat in next week's Senate primary there could imperil House races, since his possible independent candidacy could lift November turnout by moderate Republicans."

Corker, Ford Win Tennessee US Senate Primaries. Ex-Chattanooga Mayor Bob Corker (R) and TN9 Rep. Harold Ford Jr. (D) on Thursday won their respective primary contests in Tennessee's US Senate race. Corker defeated ex-Reps. Ed Bryant (R) and Van Hilleary (R). Ford faced no serious opposition. Corker and Ford will now square off in the general election, with the winner filling the seat of Senate Majority Leader Bill Frist (R), who is retiring. The AP (8/4, Ricker) reports, "With 82 percent of precincts reporting, Corker had 190,490, or 48 percent of the vote, to Bryant's 136,993, or 35 percent. Hilleary had 64,758, or 16 percent." Ford, "who hosted a Nashville fundraiser Thursday night with former President Clinton, would be the first black U.S. senator elected in the South since Reconstruction." USA Today (8/4, A7, 2.27M) ran an earlier version of the AP story.

The Nashville City Paper (8/4, Rodgers) notes that the Corker-Ford contest "promises to be a campaign watched nationwide. It could determine if the Republicans retain control of the US Senate." Corker "overcame a barrage of attacks from both Bryant and Hilleary concerning what they considered questionable conservative credentials to win the GOP nomination. Bryant and Hilleary have long double-teamed Corker for raising property taxes as Chattanooga mayor and for being pro-choice in 1994 when he first ran for U.S. Senate. Bryant and Hilleary also capitalized on a 1988 incident when a subcontractor for Corker's former company got caught employing four illegal immigrants. But Corker raised more money, out-spent and out-organized both Bryant and Hilleary to win the nomination despite the two former congressmen's bevy of attacks."

Martinez Declares Harris Victory "No. 1 Goal." The Miami Herald (8/4, Clark, 310K) reports, "Rep. Katherine Harris' U.S. Senate campaign staff may be deserting her, but she's still got a friend in Sen. Mel Martinez. In a letter addressed to 'fellow conservatives,' the Republican senator implores donors to pony up for Harris' campaign, telling them her victory is his 'No. 1 goal for Florida in 2006.' 'Katherine has always been there for the Republican Party, and now it's

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high time [for] the Republican Party to be there for her,' the letter on Martinez's personal Senate stationery states." The Herald notes that the Martinez letter "comes as she has burned through three campaign managers amid questions -- now from the FBI -- about her ties to a defense contractor convicted of illegally steering money to elected officials, including Harris, who said she unknowingly accepted $32,000 in illegal campaign contributions."

West Virginia GOP Candidate Admits Embellishing Resume. The Washington Post (8/4, A2, Birnbaum, Goldfarb, 748K) reports Republicans are "excited about several House races in which they say they have a chance to knock off an incumbent Democrat. One is in West Virginia, where Democratic representative Alan B. Mollohan faces Chris Wakim, a GOP state legislator who has promoted himself as a Persian Gulf War veteran with a master's degree in public policy from Harvard University." But Wakim's "background doesn't exactly live up to his official biography. In a telephone news conference Tuesday, Wakim responded to his opponent's allegations of résumé-padding by admitting that he never served in the Persian Gulf during the war against Iraq in the 1990s. He also conceded that he received his master's degree at night and weekends from Harvard's extension studies program, and got it not in public policy but in liberal arts with a concentration in government." In fact, Wakim "said he was studying for his night-school degree while he served as an Army captain in Massachusetts during the Persian Gulf War."

South Carolina GOP To Hold Presidential Debate May 15, 2007. The Washington Post (8/4, Pierce, 748K) reports in its "Inside Politics" column, "The South Carolina Republican Party announced yesterday that it will hold a presidential primary debate on May 15, 2007, at the University of South Carolina in Columbia."

McCain Hires Former Bush Aide Handy. The Washington Times (8/4, McCaslin, 88K) reports in its "Inside the Beltway" column, "F. Philip Handy, the state chairman of Florida Gov. Jeb Bush's three gubernatorial campaigns, will become a senior campaign adviser to Sen. John McCain of Arizona as he weighs a repeat bid for the White House in 2008. Besides advising the Republican on education policy, Mr. Handy will become co-chairman of the senator's Straight Talk America PAC."

Bloomberg May Be Eyeing Presidential Bid. The New York Times (8/4, Cardwell, 1.21M) reports that New York City Mayor Michael Bloomberg dines Wednesday evening with Al From, a guru of centrist Democratic politics and one of the chief policy minds behind Bill Clinton's 1992 victory. The dinner took place at the home of Michael Steinhardt, a longtime friend of Mr. Bloomberg's and a former chairman of the Democratic Leadership Council. Also there was Mr. Bloomberg's chief political adviser, Kevin Sheekey, who several months ago gave the mayor a blueprint for running for president as a self-financed independent and has been working ever since to bring Mr. Bloomberg and the rest of the world around to that idea." While none of the dinner guests would discuss what was said at the dinner, the "fact that it happened suggests that Mr. Bloomberg has not shut down the idea of running."

Gore Favorability Rating Below 50%. The Washington Times (8/4, Harper, 88K) reports Al Gore "may be experiencing a little global cooling these days. Less than half of Americans see him favorably, according to a Gallup poll released yesterday." Gallup analyst Joseph Carroll said, "The American public's basic views of him are no more positive than they were four years ago, and remain below where they were when he was vice president." The Times adds the survey "found that 48 percent of the respondents had a positive opinion of Mr. Gore, 45 percent a negative one." Gore has "endlessly promoted his environmental documentary 'An Inconvenient Truth' since its release in May. But a spoof of the film -- titled 'Al Gore's Penguin Army' -- is now featured on YouTube.com, a popular Internet video site. The Wall Street Journal yesterday reported that the video was produced by the DCI Group, a District-based ad agency that works for Mobil Exxon Corp."

After Kroc Gift, Salvation Army Seeks To Keep Mission Clear. The New York Times (8/4, Strom, 1.21M) reports a Salvation Army center "is an unlikely home for a $2.5 million Henry Moore sculpture, but here it stood, all but buried under summer campers using it as a jungle gym. The sculpture and the center, an $87 million complex featuring three swimming pools, indoor ice skating and skateboarding, playing fields and a 600-seat theater, were gifts from Joan Kroc, wife of the McDonald's Corporation founder, Ray Kroc." Mrs. Kroc, "who died in 2003, also left the Salvation Army $1.5 billion to build 30 to 40 more Kroc centers now planned around the country, providing low-income neighborhoods the kind of facilities that even well-to-do communities can rarely afford. But this new wealth and the glittering centers it is buying have posed a challenge for the Salvation Army and caused soul-searching about its core purpose." Many Salvation Army officers "continue to fear that the centers will confuse donors about its mission, leaving the impression that it is a flush charity that operates sleek recreation complexes rather than a frugal church that devotes itself to serving the needy."

Dionne Says Conservatism Has Reached "Point Of Collapse." In his Washington Post column

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(8/4, A17), E.J. Dionne says, "Is conservatism finished? What might have seemed an absurd question less than two years ago is now one of the most important issues in American politics. The question is being asked -- mostly quietly but occasionally publicly -- by conservatives themselves as they survey the wreckage of their hopes, and as their champions in the Republican Party use any means necessary to survive this fall's elections." Conservatism was "always a delicate balancing act between small-government economic libertarians and social traditionalists who revered family, faith and old values." President Bush, "his defenders say, has pioneered a new philosophical approach, sometimes known as 'big-government conservatism.'" Fred Barnes says "Bush's strategy…'is to use government as a means to achieve conservative ends.' Kudos to Barnes for trying bravely to make sense of what to so many others -- including some in conservative ranks -- seems an incoherent enterprise. But I would argue that this is the week in which conservatism, Hamiltonian or not, reached the point of collapse. The most obvious, outrageous and unprincipled spasm occurred last night when the Senate voted on a bill that would have simultaneously raised the minimum wage and slashed taxes on inherited wealth."

Krugman Says Liberal Groups Should Emulate Partisanship Of Conservatives. In his New York Times column (8/4), Paul Krugman compares "the political strategies of conservative business advocacy groups like the U.S. Chamber of Commerce and those of more or less liberal advocacy groups like the Sierra Club." The chamber "recently got into trouble because of ads it ran praising Republican members of Congress who, it said, voted for the Medicare prescription drug program. It turned out that one of the congressmen praised in the ads actually voted against the program, while two others weren't even in Congress when the vote took place." But "the bigger question is, aren't business groups supposed to favor fiscal responsibility and reducing the size of government? So why is the chamber praising a program that substantially increases the size of government and has no visible means of financial support?" The "answer is obvious: the Bush administration hopes to win some votes in the midterm elections from older Americans now receiving drug benefits, and the chamber, like many conservative organizations these days, believes that its interests are best served by helping Republicans win elections." Compare this "with the behavior of advocacy groups like the Sierra Club, the environmental organization, and Naral, the abortion-rights group, both of which have endorsed Senator Lincoln Chafee, Republican of Rhode Island, for re-election." Given "both the radicalism of the majority party's leadership and the ruthlessness with which it exercises its control of the Senate, Mr. Chafee's personal environmentalism is nearly irrelevant when it comes to actual policy outcomes; the only thing that really matters for the issues the Sierra Club cares about is the 'R' after his name."

NYTimes Says Doctors "Deluded" That Free Lunches Not Influencing Judgment. The New York Times (8/4, 1.21M) says in an editorial, "Doctors are deluding themselves when they say their medical judgment can't be influenced by something as trivial as a deli sandwich. When the sandwiches are delivered en masse for the entire medical staff, courtesy of drug companies that are touting their wares while the doctors eat, the physicians are swallowing a lot more than ham-and-cheese on rye. Otherwise, the drug companies would not be offering their lunchtime spreads." The doctors "always insist that they can't be bought. But a former sales representative for two drug companies said the lunches were 'incredibly effective' in lifting the number of prescriptions from practices that got the free food, and a medical school doctor who is examining the issue believes the lunches do influence prescribing. Some doctors seem to rely on free lunches as a fringe benefit for their staffs."

Rice Backs Immediate Ceasefire, Sees Security Council Resolution "Within Days." Media reports last night and this morning indicate a diplomatic breakthrough may be near in Israel-Lebanon crisis. USA Today (8/4, Nichols, 2.27M), for example, reports "a United Nations resolution intended to stop the fighting between Israel and Hezbollah could be agreed on in the next few days, the United States and Britain said Thursday," while Fox News' Special Report (8/3, Baier) said "senior Bush Administration officials remain confident a diplomatic end to the current fighting along the Israeli-Lebanese border could be stopped by a United Nations resolution this weekend."

The AP (8/4, Schweid) reports that last night, Secretary of State Rice "expressed support Thursday for an immediate cease-fire in Lebanon as the first phase in ending the conflict between Israel and Hezbollah. It was the most concrete signal yet that the US may be willing to compromise on the stalemate over how to end the fighting." The AP adds that "asked if US policy had shifted, State Department spokesman Sean McCormack declined to comment." Rice said on CNN's Larry King Live (8/3) that a deal on a resolution to end the fighting is close. Rice noted, "We're working with the French very closely. We're working with others. We've wanted very much to see an end to this conflict. We need to end the hostilities in a way, though, that points forward a direction for a sustainable peace. And we are working -- we have worked with the parties when I was in the region to come up with those principles, with those elements. We're now working on

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a Security Council resolution and hopefully we can get that passed and I think it certainly will be within days."

Along similar lines, the AP (8/4, Lederer) reports "France and the United States stepped up negotiations Thursday on a resolution that calls for an immediate cessation of hostilities and sets conditions for a lasting peace." Rice "said the United States would be willing to consider a phased approach, by halting the violence immediately and committing the sides to a set of principles to bring a permanent peace." An analysis piece in today's Wall Street Journal (8/4, Champion, 2.03M) says Washington and Paris are near agreement because "France's role is radically different" than it was in the run-up to the 2003 invasion of Iraq. Diplomats "on both sides of the French-American divide are confident they can agree on a UN resolution quickly."

CNN's The Situation Room (8/3, Blitzer) reported, "CNN has obtained a copy of a draft United Nations resolution on the crisis. It calls for an immediate cease-fire and addressing the root cause of the crisis. But a Hezbollah spokesman says a cease-fire wouldn't stop militants from fighting Israeli soldiers on land Hezbollah considers its own." Likewise, the Washington Post (8/4, A13, Cody, 748K) reports Hezbollah "said Thursday that the movement would not accept a cease-fire as long as Israeli forces remain on Lebanese territory."

US Regional Policy Seen As "Unravelling." Under the headline, "US Hopes For Middle East In Disarray," the Financial Times (8/4, Khalaf, Luce) says the "Cedar Revolution" in Lebanon last year was "held up as evidence of a changing Middle East, as a blow to radicalism and as vindication of America's push for freedom. There were stirrings of democracy elsewhere in the region," including in Riyadh, Cairo, and Palestine. "That image of the Middle East has now been dramatically transformed. As Israel pounds Lebanon and its troops push deeper into the south, the US vision of the Middle East is in disarray." The Times calls the fighting in Lebanon "the latest sign of a broader unravelling of US policy. … Israel's onslaught, supported by the US, has intensified anti-American sentiment in the region, and raised domestic pressure on US-friendly regimes." The "radicalizing of public opinion" brought about by Israel's actions "risks complicating US efforts to contain Iraq's civil strife." More ominously, the Times says, the fighting "has underlined the rising power of Iran, Hizbollah's most important backer."

Bush, Merkel Discuss Middle East. AFP (8/4) reports President Bush and German Chancellor Angela Merkel "discussed efforts at the United Nations to get a Middle East truce and a multinational force for Lebanon, the White House said. 'She offered her help and support in dealing with interested parties,' and the two leaders also discussed Iran and Syria, spokesman Tony Snow said."

US Plans To Train, Equip Lebanese Army. The AP (8/4, Schweid) reports Washington "plans to help train and equip the Lebanese army so it can take control of all of the nation's territory when warfare between Israel and Hezbollah eases, the State Department said Thursday." Secretaries Rice and Rumsfeld approved the initiative "to take effect 'once we have conditions on the ground permitting,' spokesman Sean McCormack said. McCormack provided no details on what equipment the United States might provide, the training that would be conducted, how many U.S. personnel would be involved, or possible costs." The AP adds the State Department sent a Congressional Notification last week for an additional $10 million in aid to the Lebanese military. The Washington Times (8/4, Kralev, 88K) runs a similar report.

Muslim Leaders Warn Of Mideast Moderates' Decline, Rise In Terrorism. The AP (8/4, Halaby) reports King Abdullah II of Jordan "warned the United States and Israel Thursday that the fighting in Lebanon has weakened moderates across the Mideast." Abdullah told a newspaper that "even if Hezbollah is destroyed, the hostility toward Israel is so high that another such group could pop up in Syria, Egypt, Iraq — or even his own country." The AP says the fighting in Lebanon "has sharply raised tensions across the Mideast, and leaders like Abdullah, a key U.S. ally who initially blamed Hezbollah for sparking the conflict by capturing two Israeli soldiers, have become increasingly critical of the United States and Israel." The New York Times (8/4, Fuller, 1.21M) adds, "Muslim leaders meeting for the first time since the start of the crisis in Lebanon warned Thursday that the fighting could spawn further acts of terrorism." Indonesian President Susilo Bambang Yudhoyono is quoted saying, "This war must stop or it will radicalize the Muslim world, even those of us who are moderate today. From there, it will be just one step away to that ultimate nightmare: a clash of civilizations." Separate New York Times (8/4, McFarquhar, 1.21M) reporting is headlined, "Hezbollah's Prominence Has Many Arabs Worried."

Shiite Ascendance Seen As New Reality In Middle East. The Wall Street Journal (8/4, Waldman, 2.03M) reports that from "the violence in the Mideast, new realities are emerging -- and a new generation of experts to interpret them. Shiite Muslims are asserting themselves as never before. Followers of this branch of Islam, generally backbenchers in the region's power game, are central players in Lebanon, Iran and Iraq -- often acting out against traditional powers such as Israel, the U.S., and Sunni Arab states." Vali Nasr, "a professor at the Naval Postgraduate School in Monterey, Calif., calls this a historic 'Shiite revival' and has gone further than most in identifying it as a central force in Mideast politics. He also frames a possible U.S. response: Engage Iran, especially over the issue of reducing violence in Iraq, and try to manage Tehran's rise as a regional power rather than isolating it." Nasr has "laid out his views in a series of speeches and articles, as well as a new book. He is gaining a wide hearing in Washington." Nasr's analysis

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"begins with the idea that the removal of Saddam Hussein in Iraq has transformed the Mideast, but not in the ways promised by President Bush. By replacing Iraq's Sunni-led dictatorship with an elected government dominated by the country's Shiite majority, the U.S. destroyed the Sunni wall that had contained the restless Shiite power to the east, Iran. The clerical regime in Tehran was immeasurably strengthened." This "power shift, Mr. Nasr argues, has reopened an ancient fault line between Shiites and Sunnis that crosses the entire region."

Chavez Recalls Ambassador To Israel. The AP (8/4) notes Venezuelan President Hugo Chavez "said Thursday he has withdrawn his country's ambassador from Israel to show his 'indignation' over the military offensive in Lebanon." Chavez is quoted calling Israel actions in Lebanon "genocide." The AP adds, "The leftist leader has repeatedly criticized Israel's offensive" in Lebanon.

Syrian Ambassador Accuses Bush Administration Of Lack Of Communication. In a Los Angeles Times op-ed (8/4), Syrian Ambassador to the US Imad Moustapha says that in a meeting with US congressmen, "the very first question they had for me was to clarify the confusion about whether the White House is talking to Syria or not. Although the media have reported that no contacts have been made between the two countries over the last three weeks, administration officials have sent vague signals that this might be happening through back channels. But no communication whatsoever has taken place. U.S. policy remains to ignore the Syrian government. And it remains fundamentally wrong." After Sept. 11, "we cooperated with the U.S. in fighting terrorism," but this "effective cooperation ended when Syria and the U.S. found themselves at odds over how to address the Iraqi problem." Administration officials then "devised a new 'policy' toward my country: Don't talk to Syria at all, and maybe its regime will collapse."

More Commentary. In his Washington Post column (8/4, A17), Charles Krauthammer says, "Israel's war with Hezbollah is a war to secure its northern border, to defeat a terrorist militia bent on Israel's destruction, to restore Israeli deterrence in the age of the missile. But even more is at stake. Israel's leaders do not seem to understand how ruinous a military failure in Lebanon would be to its relationship with America, Israel's most vital lifeline." There is "fierce debate in the United States about whether, in the post-Sept. 11 world, Israel is a net asset or liability. Hezbollah's unprovoked attack on July 12 provided Israel the extraordinary opportunity to demonstrate its utility by making a major contribution to America's war on terrorism." America's "green light for Israel to defend itself is seen as a favor to Israel. But that is a tendentious, misleadingly partial analysis. The green light -- indeed, the encouragement -- is also an act of clear self-interest. America wants, America needs, a decisive Hezbollah defeat." Israeli Prime Minister Ehud Olmert's "search for victory on the cheap has jeopardized not just the Lebanon operation but America's confidence in Israel as well. That confidence -- and the relationship it reinforces -- is as important to Israel's survival as its own army. The tremulous Olmert seems not to have a clue."

The Los Angeles Times (8/4, 918K) says in an editorial, "In the last few years, the secular Muslim state has practiced a diplomatic balancing act, intensifying its overtures to the liberal West while sending contrary signals domestically to its own illiberal nationalists." With elections "coming up next year, Turkish politicians are beating the nationalist drum. But a promising opportunity might open with Turkey's proposed involvement in a peacekeeping force in Lebanon after a cease-fire with Israel is established. Turkey is an ideal candidate because of its historic role as mediator (or, sometimes, bulwark) between Europe and the Middle East. Having well-trained armed forces, good relationships with Syria and Iran, and a Muslim population doesn't hurt. Turkey would get a chance to boost its regional profile and pursue a more assertive — and popular — foreign policy while bolstering its ties to the West. Better to maintain a shaky balance than to lose the only secular Muslim ally the U.S. has."

In a Wall Street Journal op-ed (8/4), Jonathan Tepperman, deputy managing editor of Foreign Affairs, says the UN Interim Force in Lebanon (Unifil) "achieved painfully little in its 28 years of operation. Yet before the smoke had even cleared at Khiyam," where four peacekeepers were killed in an Israeli airstrike, "world leaders -- including Lebanon's Fuad Siniora, most European Union heads of government, and even some Israelis -- began calling for a new U.N. force to intervene. George W. Bush joined this chorus last Friday." But the "politicians should be careful what they wish for. Unifil was only the U.N.'s most recent star-crossed foray into Middle East peacemaking. Since 1948, the U.N. has stepped into the Arab-Israeli maelstrom five times. But few of these efforts have paid off. Unless it takes a radically different shape, a new intervention could well make matters worse, not just for the parties on the ground, but for the U.N. itself."

In his Wall Street Journal column (8/4), Daniel Henninger says, "Images of war serve diverse purposes today. At Qana, the images' intent is to elicit a moral indictment of Israel's tactics and of war generally; at Abu Ghraib, to refute President Bush's stated nobleness of purpose in Iraq. Zarqawi's camcorder inside his house abattoir was meant to dispirit his American opposition 'in the safety of their living rooms.' But whatever the purpose, a world in which people get fed streams of awful images to drive political conclusions produces a familiar effect: They eventually become inured to the images. Human wells of moral outrage are deep, but not bottomless. If emotional

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outrage is the basis on which they are expected to make judgments about politically complicated events like Lebanon, many will turn away, rather than subject themselves to a gratuitous, confusing numbing of their sensibilities. This is not progress."

Bush "Attachment To Israel" Said To Stem From Trip To Holy Land. McClatchy (8/4, Hutcheson) reports, "If there's a starting point for George W. Bush's attachment to Israel, it's the day in late 1998 when he stood on the hilltop where Jesus delivered the Sermon on the Mount, and, eyes brimming with tears, read aloud from his favorite hymn, 'Amazing Grace.'" Matthew Brooks, "a prominent Jewish Republican who escorted Bush, then governor of Texas, and three other GOP governors on the Middle East visit," said, "He was very emotional. It was a tear-filled experience. … He brought Israel back home with him in his heart. I think he came away profoundly moved." McClatchy adds, "Eight years later, Bush is living up to his reputation as the most pro-Israel president ever. … His stance has alienated European allies and fueled anti-American sentiment in the Arab world, but Brooks and other pro-Israel activists couldn't be more pleased."

ABC World News Tonight (8/3, story 10, 2:15, Sawyer, 8.78M), meanwhile last night examined the issue of Evangelical Christian support for Israel. ABC World News Tonight (8/3, story 10, 2:15, Sawyer, 8.78M) reported, "With all the fighting raging in the Middle East, we keep hearing that some of Israel's staunchest support in America comes from evangelical Christians. Why is their support of the Jewish state so steadfast?" ABC (Tapper) added many evangelical Christians "are excited about the current conflict. They see it as the 'end of days' when evil forces unite against Israel, bring about the battle of Armageddon and the second coming of Jesus." But "how do the Israelis feel about this? After all, the prophesies generally end with the Jews converted or killed. We asked the Israeli ambassador." Daniel Ayalon, Israeli Ambassador to US: "When the messiah comes, we will ask him if he is coming or returning. And that would establish if we would all be Jews or Christians. Until he comes, I don't worry myself about this." Tapper: "Until that day, the ambassador is happy for the support."

Twelve Israelis Killed In Lebanon Conflict. The AP (8/4, Nessman) reports that earlier this morning Israel "unleashed airstrikes on the southern Beirut suburb of Dahieh…saying its targets were Hezbollah facilities and an office of Hamas, the militant group which runs the Palestinian government. Israeli artillery shells earlier soared into the hills of southern Lebanon, sometimes as many as 15 per minute." The AP adds, "In the second front of its offensive against Islamic militants, Israel sent dozens of tanks into the Gaza Strip as aircraft fired at clusters of militants."

McClatchy (8/4, Nissenbaum, Schofield) reports, "The Israeli military began preparing to reoccupy southern Lebanon on Thursday, and Israeli officials conceded that their three-week bombing campaign has had no significant impact on Hezbollah's ability to fire short-range rockets into northern Israel." The "dispatch of thousands of Israeli soldiers to retake as much as one-fifth of Lebanon…would mark a major expansion in Israel's Lebanon campaign and would reverse Israel's withdrawal from Lebanon six years ago after a troubled 18-year occupation." It also "would complicate efforts in the United Nations to arrange a cease-fire and the creation of an international peacekeeping force to police southern Lebanon." However, "senior military officials suggest that Israel may have little choice." Yesterday, "one official admitted that the air war had failed to cripple Hezbollah's ability to fire the short-range Katyusha rockets, which form the bulk of the militant Islamic group's aerial arsenal."

The Washington Post (8/4, A1, Finer, Moore, 748K) says "Israeli forces appeared to be struggling in efforts to control villages and towns across the Lebanese border and push deeper into the country, according to UN observers in Lebanon." The Post adds, "Hezbollah said its guerrillas destroyed four armored vehicles with antitank missiles during combat in the Aita al-Shaab region, about 15 miles inland from the Mediterranean, and in the hills around Taibe, about 20 miles to the northeast. In that town, a missile slammed into a house, killing a married couple and their daughter, Lebanese officials said."

Yesterday, eight Israeli civilians were killed in the deadliest day of Hezbollah rocket attacks yet, while four Israeli soldiers were killed in the ongoing offensive in southern Lebanon. As NBC Nightly News (8/3, story 5, 2:15, Fletcher, 9.87M) reported, Hezbollah leader Sheikh Nasrallah "went on TV with a warning of his own that if Israel" bombed Beirut, "he'll bomb Tel Aviv." CNN's The Situation Room (8/3, Blitzer) said Israel "is vowing to unleash a major retaliation if Hezbollah fighters actually go ahead and attack Tel Aviv. Hezbollah's leader threatened today to strike the Israeli commercial capital if Israel keeps pounding Beirut. In a taped address Hassan Nasrallah also offered to stop rocket attacks if Israel ends its military campaign." The Los Angeles Times (8/4, King, Murphy, 918K) reports that in his remarks, Nasrallah "described the Israeli offensive as coming at the behest of the Bush administration. 'Israel is doing... this with American orders, American arms and American rockets,' he said."

The Israel-Hezbollah conflict again slipped into the second tier of coverage on the networks, which led their broadcasts yesterday with top the US generals' assessment of the sectarian strife in Iraq. ABC, CBS, and NBC devoted a total of five segments to covering the story totaling nearly 11 minutes, and it played no earlier than the fourth story in their

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lineups. ABC World News Tonight (8/3, story 4, 2:05, Sawyer, 8.78M) reported it was "the deadliest day yet for Israel in the 3-week-old crisis." ABC (Muir) added "As the Israelis pounded southern Lebanon, Hezbollah answered back. Today, their Katyusha rockets were deadlier than ever. At least eight Israeli civilians were killed." The New York Times (8/4, Oppel, Erlanger, 1.21M), Washington Times (8/4, Mitnick, 88K) and Financial Times (8/4, Morris, Wallis) run similar accounts of yesterday fighting.

The CBS Evening News (8/3, story 4, 2:05, Pizzey, 7.66M) reported Israelis "expected their massive firepower would quickly carry the day. Instead, they've had to grant their foes a measure of grudging respect." The New York Times (8/4, Hauser, 1.21M) says "the message from the sheikh appeared to be aimed at convincing Israel and the outside world that Hezbollah fighters were still a force 23 days into the battle, and to make clear that he was alive and apparently unharmed." It also "seemed to be intended to show that Hezbollah's command structure remained intact, by referring to recent events like the 48 hours earlier this week during which Israel said it had halted its air bombardment in Lebanon."

Secretary of State Rice was asked on CNN's Larry King Live (8/3) if she has been surprised by Hezbollah's strength in the conflict. Rice said, "I don't think there's any doubt that over the last several years since the last ceasefire in this area that Hezbollah has improved its capabilities greatly. … But since we've had the terrible and tragic and unfortunate circumstances of war over the last several weeks, it's our obligation now to make sure that we have a process going forward that will not allow Hezbollah to recoup those capabilities and to be able to threaten this kind of war again." Asked if the US wants Hezbollah destroyed, Rice said, "The United States wants terrorism to stop and Hezbollah is a terrorist organization."

The Washington Post (8/4, A1, Finer, 748K) also carries a story from Kiryat Shemona, Israel, about the plight of civilians facing Hezbollah rockets.

Israelis Look For Tunnels Linking Gaza, Egypt. The New York Times (8/4, Myre, 1.21M) reports, "Israeli tanks pushed deeper into the southern Gaza Strip on Thursday in a search for smuggling tunnels linked to neighboring Egypt. Eight Palestinians were killed, most of them militants, but one was a 12-year-old boy." The Israeli forces "in southeastern Gaza had remained in largely stationary positions in and around Gaza's disused airport for more than a month."

Death Toll In Qana Was Inflated. The Los Angeles Times (8/4, Murphy, 918K) reports, "Five days after massive Israeli airstrikes demolished a building housing dozens of villagers in the town of Qana, human rights investigators and medical authorities have confirmed only 28 deaths, well below the official death toll of 54." The numbers "are important because the deaths sparked a world outcry against Israel's bombing campaign, which has been criticized for the high number of civilian casualties resulting from its campaign against Hezbollah guerrillas." The Washington Times (8/4, Pisik, 88K) reports Human Rights Watch concluded the number "had been inflated by chaos and confusion." USA Today (8/4, 2.27M) runs a similar brief report.

The Christian Science Monitor (8/4, Peterson, 58K) says, "In the battle of perceptions, Hizbullah is riding a wave of popular regional support, especially after an Israeli strike in Qana left at least 28 civilians dead." That "even quieted critics in Lebanon who have long wanted the group disarmed."

Despite Report, Hezbollah Terrorist Was Not Killed In July 14 Attack. The Washington Times (8/4, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, "US intelligence officials tell us that one of the most notorious Hezbollah terrorists was not killed during a July 14 Israeli air strike on the group's Beirut headquarters. The officials commented on the status of Imad Mugniyah after one press report said he was killed during the attack that included at least five bombs on the Hezbollah headquarters."

Prisoner Issue Said To Be At Core Of Hezbollah's Motivation. The New York Times (8/4, Smith, 1.21M) reports, "When Hezbollah guerrillas sneaked into Israel last month, killing and capturing Israeli soldiers and setting off the current crisis, their goal was to trade them for a Lebanese man held by Israel." The prisoners "now number about 9,700, about 100 of them women, according to a spokeswoman for the Israeli Prison Authority. About 300 are younger than 18, including two girls and a boy of 14, being held in juvenile detention facilities for acts against Israel." The Israelis "say many of them are terrorists…and some clearly are. But the Palestinians say that others are wrongfully accused and that many have never committed a violent act."

US Citizen Slain In Israeli Military Service Buried In Jerusalem. The Washington Post (8/4, A13, Moore, 748K) reports three weeks ago, "21-year-old Staff Sgt. Michael Levin was back with his family in the Philadelphia suburbs, hanging out with his twin sister and making plans to study medicine after he finished his tour with the Israeli military this fall." But when "war erupted between Israel and Hezbollah fighters in southern Lebanon, Levin cut short his home leave and joined his paratroop unit on Israel's northern border." Levin was "killed Tuesday, the 21st day of the war, when Hezbollah fighters fired an artillery shell into the house his unit had commandeered as an observation post in the southern Lebanon town of Aita al-Shaab. Another Israeli soldier and an officer also died." In life, Levin "was considered a 'lone soldier' -- the melancholy moniker Israel gives foreign-born soldiers who come to the country without their families, often with the sole purpose of serving in the military." In death, "his adopted Israeli families pressed tight

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around his grave at Mount Herzl military cemetery in Jerusalem under a searing afternoon sun, attempting to console the American family he'd left behind to pursue his ambition of fighting for the Jewish state."

Plight Of Retired Detroit Auto Worker In Lebanon Noted. ABC World News Tonight (8/3, story 5, 2:10, Wright, 8.78M) profiled the plight of former Detroit auto worker, Nabil Beydoun, who retired to Bint Jubayl, "never dreaming his retirement community would become a war zone. Beydoun spent the past five days trapped in the rubble of his basement, with no food or water, until a neighbor finally dug him out."

Bush Exhorts Cubans To Seek Democratic Change. With Cuban President Fidel Castro's health in question, President Bush yesterday released a statement encouraging the Cuban people to seek democratic change. The story was not covered by the networks, but was picked up by the wires and some newspapers.

The AP (8/4) reports President Bush "on Thursday urged the people of Cuba to work for democratic change and warned that the U.S. would watch for Cuban officials who stand in the way." In a statement, Bush said, "We will support you in your effort to build a transitional government in Cuba committed to democracy, and we will take note of those, in the current Cuban regime, who obstruct your desire for a free Cuba." The AP adds Secretary of State Condoleezza Rice "said on CNN's 'Larry King Live' that a transition in one way or another 'appears to be under way' in Cuba." Bush, "who left Washington Thursday for his ranch in Texas, said the United States was actively monitoring the situation in Cuba." In the "event of a change in the Cuban government, Bush said the United States would provide humanitarian assistance as needed." The Los Angeles Times (8/4, 918K) also reports the AP story.

The Washington Times (8/4, Behn, Dinan, 88K) reports Bush "turned up the heat on the Cuban regime yesterday, saying Washington would 'take note' of any leaders who tried to block a push for freedom by the Cuban people." The statement was "released as the president was flying aboard Air Force One to his ranch in Crawford, Texas, and timed to take advantage of continued uncertainty about Fidel Castro's condition." Cuba watchers "yesterday exhorted the United States to take advantage of the political transition in Cuba before Raul Castro, minister of the armed forces and now acting president, has a chance to reassert the communist apparatus of power on the people."

The Financial Times (8/4, Sevastopulo) reports President Bush "waded into the debate over the future of Cuba for the first time since Fidel Castro, the Cuban leader, temporarily handed power to his brother, by urging the Cuban people to work for 'democratic change.'" Last month, Bush "approved a 'Compact with the People of Cuba' aimed at providing support to the Cuban people in an attempt to promote regime change on the island."

Cuban Dissidents Not Taking Advantage Of Castro's Public Absence. The Washington Post (8/4, A14, Roig-Franzia, 748K) reports Cuba's "tiny, fragmented dissident movement has fought for decades to end political imprisonments and restrictions on free speech under Fidel Castro. But Castro's ever-more mysterious illness and temporary handover of power to his brother, Raul Castro, have not led to a surge in dissident activity. There have been no big speeches. No rallies. No fiery calls for change." Instead, "prominent dissidents seem just as confused as many of their countrymen about what is happening and what it means for them."

Venezuelan Support Propping Up Cuban Economy. The New York Times (8/4, Forero, 1.21M) reports as Raúl Castro "takes up the task of leading Cuba in place of his brother Fidel, there is, surprisingly, one less thing he may have to worry about: the state of Cuba's economy." The credit "goes, in large part, to the economic lifeline thrown to Cuba by the Venezuelan president, Hugo Chávez, who is using his country's tremendous oil reserves to prop up the Castro government and counter Bush administration policy in Latin America." To the "exasperation of American officials, long determined to force a change of government by choking off the Cuban economy with an embargo, Venezuela's patronage may take some pressure off Raúl Castro at what is otherwise a time of great uncertainty."

Estranged Sister Says Castro Recovering From Surgery. USA Today (8/4, Parker, 2.27M) reports Juanita Castro Ruz, "the estranged younger sister of ailing Fidel Castro, said Thursday she has been told the longtime dictator is recovering from surgery and "doing well."" Juanita Castro, 73, "spoke from her elegantly furnished home in suburban Miami. She said she had been on the phone to family and friends in Havana since the Cuban government's announcement late Monday that her brother had emergency intestinal surgery." Juanita, "a pharmacy owner who fled Cuba four decades ago, would not reveal how she learned of her brother's condition, but said: 'The surgery was a major surgery. He's doing OK. He's out of intensive care, and he's in his own room.'"

Pakistani Ambassador Downplays Khushab Reactor's Military Potential. The Washington Times (8/4, Sands, 88K) reports remarks by Pakistani Ambassador to the US Mahmud Ali Durrani that "a major new Pakistani plutonium nuclear reactor could be used for 'military purposes' as well as for civilian power needs but will not lead to a massive increase in the country's nuclear arsenal." Durrani "dismissed a" report by the Institute for Science and International Security "on the reactor under construction at

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the Khushab nuclear complex as 'grossly exaggerated,' and denied the new plant could produce enough weapons-grade plutonium to boost the country's production from an estimated two bombs a year to as many as 50." However, Durrani's comments were "the first official acknowledgment that the heavy-water reactor will bring at least some increase in Pakistan's military nuclear capability at a time of heightened fears of a South Asia arms race with rival India."

US To Maintain Troop Level In South Korea. The Washington Times (8/4, Gertz, 88K) reports Pentagon planning designed "to give South Korea wartime operational control over US troops within three years and will keep U.S. troop levels at more than 20,000 over the next several years." The Times adds, "Following the latest round of U.S.-South Korea talks July 13 and 14, the Pentagon and South Korean military and defense officials agreed to draw up the command transfer plan that will shift combat authority from the U.S.-led combined forces command to a new structure led by South Korean military commanders and supported by U.S. forces. The goal is to complete the transfer of authority by 2009, but some changes could take five years." The Pentagon is said to be adjusting to "new realities" on the Korean peninsula including enhanced South Korean capabilities, outreach to Pyongyang, and anti-American feelings in the South Korean government.

Resignations Push Somali Government To Brink. The Christian Science Monitor (8/4, Crilly, 58K) reports the Transitional Federal Government of Somalia, which was based in Kenya until February, "is facing complete collapse after 38 ministers and assistant ministers have quit in the past nine days." Since June, "the TFG has seen its influence limited to the city of Baidoa, about 150 miles northwest of Mogadishu." One TFG official is quoted insisting the TFG negotiate with moderates inside the Supreme Islamic Council of Somalia, which now controls nearly all of the country and whose "emergence…as a political force in Somalia sent shockwaves through Western governments earlier this year, raising fears that they could turn this country into a haven for Al Qaeda." While "only 16 full ministers out of 42 have resigned," the Monitor notes, "even six more full ministers resign - something observers say could be imminent - the TFG would likely crumble."

Yushchenko Names Yanukovich Ukrainian PM In Bid For Unity. The New York Times (8/4, Myers, 1.21M) reports Ukrainian President Viktor Yushchenko "allied himself on Thursday with a parliamentary coalition led by his critics and rivals after negotiating a nonbinding agreement that he said would preserve his main policy goals, including integrating the country into Europe and NATO." While Yushchenko said the deal was "an effort to bridge Ukraine's ethnic, social and economic divisions after months of political chaos and stalemate," the Times says it also put him in the position of supporting as prime minister a man he once denounced as a bandit," Moscow ally Viktor Yanukovich. The Times says Yanukovich "is now poised to complete a remarkable comeback" only two years after the disputed 2004 presidential election. His Party of Regions won a plurality of seats in the March parliamentary elections.

Author Says Killing Fields Tribunal Must Move Forward. In an op-ed in today's Washington Post (8/4, A17, 748K), Professor Alex Hinton says the death of Ta Mok, "like that of Pol Pot in 1998, deprives Cambodians of yet another chance to see a key architect of the Cambodian genocide held accountable for the campaign of mass murder unleashed from 1975 to 1979." Mok had been "expected to be one of the first and most important defendants to be tried" in the Extraordinary Chambers in the Courts of Cambodia. Mok's death "underscores the urgency of pressing forward with the tribunal as quickly as possible. Other likely candidates for prosecution, including "Brother Number Two" Nuon Chea (79), former state presidium chief Khieu Samphan (77), and Ieng Sary (76), the former deputy prime minister of foreign affairs, could, like Ta Mok and Pol Pot, die as free men, unjudged." Hinton says the tribunal needs to do a better job reaching out to ordinary Cambodians, and the United State "needs to get involved" to ensure its success. Lastly, "there is an urgent need to enhance Cambodia's mental health programs." Hinton concludes, "To date not a single high-ranking Khmer Rouge leader has been held accountable or has taken responsibility for the death of as many as 2 million Cambodians. … The international community must act to ensure this happens in a swift and meaningful manner -- before it's too late."

NYTimes Says China, US Should Support Robust UN Force In Darfur. A New York Times (8/4, 1.21M) editorial this morning says "a strong United Nations force is needed to halt the genocide in Sudan's Darfur region. If it is not sent soon, it may be too late for many thousands of potential victims." Such a force remains delayed because, the Times says, Beijing continues to support the Sudanese government's opposition. "One reason" for that support "is oil. China is trying to diversify its oil sources beyond the crisis-prone Middle East, and Africa is one obvious alternative." Also, Beijing has an "extreme sensitivity to any U.N. encroachments on national sovereignty." However, "genocide is different, and Beijing knows it. China is already embarrassed by its support for" Khartoum. The Times concludes, "Washington, for its part, needs to build up its own pressure on" Sudan's leaders. With the recent departure from government of Robert Zoellick, the administration's

DOJ_NMG_0044339

highest-ranking diplomat working on Darfur, there is a real danger that crucial momentum will be lost. President Bush needs to appoint an envoy to Sudan right away, before the genocide's toll — already more than 200,000 deaths — grows still larger."

WPost Says OAS Must Ensure Fair Nicaraguan Election. In an editorial, the Washington Post (8/4, A16, 748K) says former Nicaraguan "Marxist dictator" Daniel Ortega has key advantages in this year's presidential election. "Through a patient strategy of corrupt manipulation, he has gained control over much of Nicaragua's fledgling democratic political system and is steadily twisting it to his advantage. Knowing that a majority of voters would never choose him, Mr. Ortega has managed to alter the electoral rules so that he could win election as president with as little as 35 percent of the vote." The Post adds, "The story of how Central America's poorest country reached this point provides a lesson in the vulnerability of new democracies to cynical and ruthless opportunists." With Ortega appearing politically strong, "the best chance of thwarting a ballot-box coup probably lies with the OAS and its member governments, which between now and November must insist on a free and fair election. If Nicaragua remains a genuine democracy, Mr. Ortega will lose."

WSJournal Chides France For Public Support Of Private Internet Firms. A Wall Street Journal (8/4, 2.03M) editorial this morning criticizes French President Jacques Chirac's public support of a European internet search engine. The French government's "appetite for venturing into business knows no bounds," and Chirac's support of Quaero "is one battle in Mr. Chirac's war against what he calls the 'omnipresence' of 'Anglo-Saxon' culture on the Web." The creation of Quaero "is the latest in a string of French and European political vanity projects." The Journal concludes, "If European leaders really want to foster the next Google, they might consider cutting the high taxes and red tape that send students and entrepreneurs the world over running for the United States. Then again, that would make sense -- and wouldn't cost taxpayers a centime."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Generals Give Grim Report On Iraqi Strife."
"They Didn't See This In Gibson's Script."
"Bush's Grade On Environment Falls."
"Day To Day Among The Viet Cong."
"Political Insiders Get Special Treatment From L.A. Building And Safety Department."
"8 Israeli Civilians Killed By Rockets."
"Black Politicians See New Landscape In L.A. Politics."

USA Today:
"Cities Make Quiet Plea For Tolerance."
"Ready For Some Football? More Than Ever On Way."
"Civil War Risk Up, So No Cut In Troops."

New York Times:
"12 Israelis Die; Sheik Threatens To Bomb Tel Aviv."
"U.S. General Says Iraq Could Slide Into A Civil War."
"Wage Bill Dies; Senate Backs Pension Shift."
"Cuba Perks Up As Venezuelan Foils Embargo."
"In Georgia, Immigrants Unsettle Old Sense of Place."
"New Wealth, and Worries, For The Salvation Army."
"Albany Strategy Lets Rich Evade Donation Limits."

Washington Post:
"Israel Suffers Highest Toll Yet."
"Countless Rockets, Limited Options."
"Generals Cite Risk Of Iraqi Civil War.?"
"Vietnam Wall Visitor Center Approved."
"N.Va. Prisoner Lost In Translation."
"Lamont Leads Lieberman By 13 Points In New Poll."

Washington Times:
"Bush Wages Freedom For Cubans."
"Generals Warn Of Civil War In Iraq."
"No Pakistan Nukes Buildups, Envoy Says."
"100 Rockets descend On Northern Israel."
"Louisiana Questions Hurricane Policies."
"Poker Plays A Hot Hand."
"Apple Slips iPod Into Many US Cars."

Detroit Free Press:
"Cities To Ask Voters To Chip In For Services."
"iPod's Going On The Road."
"Metro Detroit Jews Fear Hatred."
"Visitors Soars; Recall At Ford New GM Plant."

Atlanta Journal-Constitution:
"Blue Cross, Hospital Settle."
"Political Gamble Backfires In Gwinnett."
"Russian Orphan Finds A Spot In Georgia Family's Heart."
"Cousins Bet On Downtown, Will Move From Cobb."

Houston Chronicle:
"General Assessment: Iraq Civil War Possible."
"GOP To Fight Delay Ruling."
"School First In Area Rated 'Dangerous' By The State."
"Hezbollah Rockets Kill 8 Civilians."
"Hurricane Forecasts Cooling Off."

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Story Lineup From Last Night's Network News:
ABC: Iraq Violence; Iraq Civil War; Iraq's Future; Lebanon Border; Lebanese Destruction; Ford Sales Loss; Heat Wave; Dirty Beaches; Girls ADHD; Christians-Israeli Support.
CBS: Iraq Civil War; New Troops Iraq; Taliban Attack NATO Troops; Israeli Offensive; Utility Prices Up; Tropical Storm Chris; New AOL; VA Bad Medical Care; Kimberly Dozier Recovering.
NBC: Iraq Civil War; Iraq-Political Analysis; Iraq-Military Analysis; Iraq Violence; Israeli Offensive; Heat Wave-Economic Impact; Tropical Storm Chris; Healthcare-Illegal Immigrants; Tom Delay On Ballot; Ford Sales Loss; Kimberly Dozier Recovering; TX-Butterfly Migration.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Israel-Lebanon Attacks; Rice-Mideast Peace Efforts; Iraq-Mosul Police Chief Killed; Bush-Cuba;
CBS: Israel-Lebanon Attacks; Senate-Pension Bill; Senate-Minimum Wage/Estate Tax; TX-Flooding;
NPR: Israel-Lebanon Attacks; Iraq-US KIA; Chavez-Missile Defense System; Congo-Election; Foreign Stock Markets; Senate-Minimum Wage; Tropical Storm Chris; Canada-Priest Sex Abuse Case; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Delivers remarks at a Steve Chabot for Congress Breakfast. Cincinnati Museum Center at Union Terminal, Cincinnati, Ohio; delivers remarks at The Helping America's Youth Second Regional Conference, and observes discussion panels. Robert & Judi Newman Center, Denver University, Denver, Colo.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: CONSERVATIVE STUDENTS CONFERENCE _ Young Americas Foundation will host its 28th annual National Conservative Student Conference. More than 400 participants from 39 states and 179 colleges and universities will convene in the nations capital to learn about conservative ideas and how to advance them. Highlights: 10 a.m. Military Issues Panel. Participants are: Lt. Col. Scott Rutter, Iraq veteran; Major John Krenson, Afghanistan veteran; Colonel John Reitzell, distinguished veteran; and Captain Flagg Youngblood, moderator. 3:30 p.m. Robert Spencer speaks on ``The Politically Incorrect Guide to Islam." Location: George Washington University, Marvin Center, 800 21st St. NW.

US-CHINA _ U.S.-China Economic and Security Review Commission holds hearing on ``Chinas Role in the World: Is China a Responsible Stakeholder?" The hearing will assess Chinas role in the world by examining its external and diplomatic activities in several regions and in international organizations and will evaluate the impact those actions have on U.S. interests and security. It also will consider Chinas domestic energy policies and strategies for acquiring energy resources and will explore what opportunities exist for cooperation between the United States and China to improve energy use and efficiency and decrease competition for oil. Highlights: 8:30 a.m. Katharine Ann Fredriksen, principal Deputy Assistant Secretary of Energy in the Office of Policy and International Affairs. Location: Room 385, Russell Senate Office Building.

SPELLINGS-DRISCOLL _ 8:30 a.m. Education Secretary Margaret Spellings attends swearing-in of David Driscoll to the National Assessment Governing Board. Location: TBA.

PENTAGON BRIEFING _ 9 a.m. Brian D. Jones, commander of the 3rd Heavy Brigade Combat Team, 4th Infantry, holds briefing from Iraq. Location: DOD Briefing studio.

MIDEAST-POLL _ 10:30 a.m. The Council on American-Islamic Relations (CAIR) holds a news conference to release the results of a survey gauging American attitudes toward the current round of fighting in the Middle East. The random telephone survey asked more than 1,000 Americans about their views on US policy in the Middle East and whether the United States should call for an immediate cease-fire. CAIR alos will announce the launch of an online petition drive, called ``Not in America's Name," urging elected officials to support a cease-fire in the Middle East. Location: CAIR headquarters, 453 New Jersey Ave. SE.

GOP-DOLE _ 12 p.m. National Republican Senatorial Committee Chair Sen. Elizabeth Dole holds press conference call to discuss the Tennessee Senate race. Contacts: Dan Ronayne, 202-675-6004. Notes: Call 888-632-5950. Password: Tennessee.

JACKSON _ 2 p.m. Scheduled sentencing before U.S. District Judge T.S. Ellis III for Vernon Jackson, a technology executive who pleaded guilty to paying more than $400,000 in bribes in connection with a congressional corruption case. Location: Courtroom 900, U.S. District Court, Alexandria.

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USDOJ- Office of Public Affairs

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, AUGUST 7, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
FBI Accused Of Using Coercion To Recruit Muslim Informants.... 2
Administration Pushing For Admission Of Hearsay At Detainee Tribunals 2

Patriot Act:
Trial Begins Today For CIA Contractor Charged Under Patriot Act Over Detainee Abuse 2

War News:
Rice Says Iraq Will Not Become "Another Iran." 3
Rice Believes Israel Does Not Wish To Widen War 3
Rice Says Civil War In Iraq Can Be Avoided 4
Bush Said To Plan Iraq Troop Pullout If Civil War Erupts 5
US Troops Try To Quell Baghdad Sectarian Violence 5
Half Of US Believes Iraq Had WMD 6
Pressure Mounts For Turkish Attack On Kurdish Bases In Iraq.... 6
Iraqi Medic Describes Finding Murder Victim's Corpse 6
Story Of Steele's Raid "Gone Wrong" Recounted 6
Baucus Nephew Buried 6
Herbert Blasts Democratic "Iraq War Enablers." 6
NATO Confident It Can Control Southern Afghanistan 7
Scholars Question Pentagon's Manual On Counterinsurgency 7
Air Force Undertakes "Force Shaping" Initiative 7
Muslim-American Troops Deal With Difficulties 7

DOJ:
Senators Vow To Block Bradbury Nomination Over NSA Program "Investigation." 8

Corporate Scandals:
Merrill Appeal Ruling Tarnishes Corporate Scandal Prosecution Record 8
Siegelman, Scrushy Appeal Bribery Convictions 8

Criminal Law:
Ney Drops Reelection Bid Amid Ongoing Federal Probe 8
DOJ Finds More Than 50% Recidivism Rate Among Violent Felons 9
Drug Trade In New Orleans Said To Be Thriving 9
US Capitol Police Sergeant Charged For Sex With Minor 9
Maryland Child Molestation Case Fuels Debate Over Juvenile Sentencing 9
DC Assistant USA Commits Career To Prosecuting Murderers Of Children 10
Decade-Old Tennessee Murder Trial Begins Today 10
Heinous Crimes Taint Houses Where They Occurred 10
WPost Denounces Virginia County Over Jailing Due To Clerical Error 10

Civil Rights:
Talent Civil Rights Cold-Case Bill Clears Senate Committee..... 10
Racial Violence Roiling New Mexico Reservation 11
Few Blacks Employed As Lobbyists In Washington 11

Antitrust:
New York State Official Disputes WSJournal Criticism Of Spitzer Antitrust Action 11

Environment:
Virginia Fisherman Challenging Fishing Restrictions Aimed At Protecting Sea Turtles 11
BP Shuts Down Alaska Oil Field For Safety Reasons 11

FBI/DEA/ATF/USMS:
Journalists Face Jail Time For Refusal To Reveal Source In BALCO Probe 12
Report: Sprinter Insisted On Running Despite Positive Drug Test12
Landis Gets Second Positive Result In Second Doping Test..... 13
Border Officials Say Drone Helped In Seizure Of 4 Tons Of Marijuana 13
Maryland Mothers' Convictions Overturned In Drug Cases 13
ATF Assisting Investigation Of Indiana Pipe Bombs 13

Congress-Administration:
White House Holding Out For Senate Confirmation Of Von Eschenbach 14
Experts Say Chances For Immigration Bill Compromised Dimmed By Politics 13
Reid's Lobbying Said To Have Killed "Trifecta" Bill 14
Pension Overhaul Bill Said To Not Resolve Financing Problems 15
Administration To Set Standards For Healthcare 15
Denett Confirmed As Head Of Federal Procurement Policy At OMB 15
State Officials Unhappy With Welfare Reform's "Controversial Second Phase." 15

FEMA Changes Said To Have Improved Response Capabilities 15
Supreme Court Eminent Domain Decision Generates State-Level Backlash ... 16
WPost Says Appeals Court Ruling On Student Free Speech Is Troubling ... 16
WPost Criticizes Payout For Lewis Aide ... 16
Personnel News ... 16

Other News:

Suburban Communities Increasingly Forming Own Police Departments ... 17
Lebanon Objects To Draft Of UN Ceasefire Resolution ... 17
Israel Bombs Beirut Suburbs As Hezbollah Rockets Pound Northern Israel ... 19
Ignoring UN Resolution, Tehran Says It Will Ramp Up Enrichment ... 21
Rice Denies Invasion Rumor As Castro Recovers ... 21
After Court Loss, López Obrador Calls For Further Protests ... 22
Chavez's Shrill Rhetoric Noted ... 22
LATimes Calls On Congress To Normalize Trade With Vietnam 22
WSJournal Notes Conviction Of Chinese Activist ... 22

Washington's Schedule:

Today's Events In Washington ... 22

The Big Picture:

Headlines From Today's Front Pages ... 23

TERRORISM NEWS:

FBI Accused Of Using Coercion To Recruit Muslim Informants. The Los Angeles Times (8/7, Romney, 918K) reports, "The document that federal agents handed to Yassine Ouassif to justify his deportation contained startling language: 'The United States government has reason to believe that you are likely to engage in terrorist activity.'" When "federal officials took him into custody in December, they told" him "that he would be taken to a detention facility in Arizona. He could fight deportation from there, but it would take at least two years, they said. And they assured him he would fail." Previously, "an FBI agent had laid out a stark choice in a furtive meeting near an East Bay commuter rail station: If Ouassif signed on as an informant in the government's war to root out terrorism, all his problems would disappear. If he declined, Ouassif would almost certainly be deported." Ouassif's "case reveals a lesser-known aspect of the war on terror: the federal government's high-stakes -- some say coercive -- tactics to recruit Muslim collaborators." But "San Francisco FBI spokeswoman LaRae Quy said the known facts -- that Ouassif did not become an informant and was not deported - prove that he was treated fairly." Quy said, "It's clear that there wasn't any coercion here or he would have been thrown out of the country for not cooperating." Yet "lawyers and local Islamic leaders in California cite at least a dozen recent cases of clients who were aggressively encouraged to become informants after they were detained for minor visa violations."

Administration Pushing For Admission Of Hearsay At Detainee Tribunals. The Christian Science Monitor (8/7, Richey, 58K) reports, "When he struck down the military commission process at the US-run Guantánamo prison camp in June, Supreme Court Justice John Paul Stevens reached back into history to cite the kind of unfair trial that might result under the Bush administration's plan to use a sharply streamlined system of justice to prosecute suspected Al Qaeda terrorists as war criminals. His example: the 1945 trial of Japanese Gen. Tomoyuki Yamashita by a special US military commission in the Philippines," who "was subsequently hanged. That outcome was made possible, in part, through liberal use of hearsay evidence." Then-Supreme Court Justice Wiley Rutledge "saw the Yamashita trial as a kangaroo court with a few cosmetic legal embellishments but no real fair-trial protections." The Monitor notes that "the Bush administration is asking Congress to create a blanket authorization at Guantánamo to allow hearsay when a military judge deems it probative and reliable. … Attorney General Alberto Gonzales reinforced the point during a recent appearance before the Senate Armed Services Committee. 'It is imperative that hearsay evidence be considered,' Mr. Gonzales said. 'Military commissions must try crimes based on evidence collected everywhere from the battlefields in Afghanistan to foreign terrorist safehouses,' he said."

PATRIOT ACT:

Trial Begins Today For CIA Contractor Charged Under Patriot Act Over Detainee Abuse. The AP (8/7, Thompson) reports, "In the weeks after the Abu Ghraib prison scandal stunned Iraq, a story emerged from Afghanistan about a CIA contractor accused of beating a detainee so severely that he later died. More than three years later, after several soldiers working at Abu Ghraib have been sentenced to military prison, the contractor, David Passaro, will finally stand trial when jury selection begins today — in a civilian court in his home state of North Carolina." The AP notes, "To bring charges against Mr. Passaro, who isn't subject to military justice, prosecutors turned to the USA Patriot Act, arguing the law passed after

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the September 11, 2001, terrorist attacks allows the government to charge American nationals with crimes committed on land or facilities designated for use by the American government." Duke University law professor Scott Silliman "said the law represents a dramatic expansion of the reach of federal prosecutors, whose jurisdiction most experts believed was limited to places like embassies and consulates, and not locations like the remote American base in Afghanistan where the detainee, Abdul Wali, turned himself in to American forces.

The Raleigh (NC) News & Observer (8/7) reports, "Raleigh's federal courthouse will become the stage today for a trial unlike any seen there before." Passaro's "trial is expected to be closely watched in the United States and abroad by human-rights activists, legal experts and those in military and intelligence services." The News & Observer notes, "The trial occurs as the Bush administration is coming under increasing criticism for its handling of the war. 'This [case] is one that potentially reaches into the decision-makers' offices in Washington,' said Richard E. Myers II, a former federal prosecutor who is now an assistant professor at UNC's law school." The News & Observer adds, "To build a defense, Passaro sought at one time to subpoena U.S. Attorney General Alberto Gonzales, former CIA directors Porter Goss and George Tenet and other officials. It was unclear Friday whether Passaro would be able to subpoena such witnesses because the judge refused last week to let the defense subpoena current and former government officials at the prosecutors' request."

The Fayette (NC) Observer (8/7, Maurer) reports, "When he was indicted in June 2004, then Attorney General John Ashcroft said the Patriot Act was the only way to prosecute him," and "legal experts are troubled by the use of the law." The Observer notes, "Passaro told the Fayetteville Observer in February 2005 — his first interview after his arrest — that the Bush administration is making him a scapegoat," but "Assistant U.S. Attorney Jim Candelmo said the government has four witnesses, including three paratroopers from the 82nd Airborne Division, who saw the abuse. Two witnesses will testify that Passaro beat Wali with a flashlight 10 to 30 times during two interrogation sessions. Another saw Passaro kick Wali so hard that the force of the blow lifted the Afghan man off the ground, Candelmo said. The prosecutor said witnesses will testify that Wali pleaded with the military guards to shoot him because he did not want to face Passaro again."

WAR NEWS:

Rice Says Iraq Will Not Become "Another Iran."

The AP (8/6, Freking) reports Secretary Rice said yesterday that "Iraq is not on track to become another Iran despite the disconcerting images last week of Iraqis burning U.S. flags and chanting 'Death to America.'" She is quoted saying, "I have no doubt that this is an Iraqi government and an Iraq that is going to be a fierce fighter in the war against terrorism, because they themselves are experiencing the effects of terror on their population. I have no doubt that this is going to be a government that is on the right side in the war on terror." The AP notes, "While Rice gave her positive view on the eventual outcome, Republican Sen. Chuck Hagel of Nebraska questioned whether the U.S. should keep sending more troops to Iraq. Hagel said this country cannot 'ask them to do the things that we're asking them to do in the middle of a civil war, and that's where it's headed.'"

On NBC's Meet The Press (8/6), Rice "was asked whether the United States has helped create another fundamentalist Islamic regime in Iraq, such as the one in Iran. Rice said she did not like what the protesters said, but she believes that Iraq today is better off than when sectarian differences were oppressed through the iron rule of Saddam Hussein." Rice "said she thinks that as Iraq becomes more stable and democratic 'you won't have demonstrations of that kind,'" and "also disputed suggestions that civil war is more likely than democracy."

Rice Responds To Critics. AFP (8/7, Collinson) notes Rice "hit back at former colleagues who poured scorn on US Middle East policy, arguing that regional violence and instability were signs of a political awakening. Rice dismissed the idea that Iraq was sliding towards civil war, defended the US refusal to hold high-level talks with Syria over Lebanon and argued that raging regional crises were the symptoms of an emerging 'new Middle East.'" On NBC's Meet The Press (8/6), Rice "cut down comments in the Washington Post by Richard Haass…ridiculing President George W. Bush's Middle East policy," and she "also took aim Sunday at former deputy secretary of state Richard Armitage." She "also disagreed with an assessment, in a leaked memo by Britain's outgoing ambassador to Iraq William Patey, that civil war was 'more likely' in Iraq than a transition to stable democracy."

Rice Believes Israel Does Not Wish To Widen War.

Time (8/14, Carney, Shannon, 4.03M) interviews Secretary of State Condoleezza Rice. Asked if she has a commitment from Israel that it will not expand the war into Syria or Iran, Rice said, "The Israelis have said publicly that they do not want to widen this war. And I take them at their word."

US News and World Report (8/14, Omestad) reports that last week, the pace of the war between Israel and Hezbollah seemed to quicken. As Israel sent some 10,000 soldiers rolled into southern Lebanon, Hezbollah fighters "did what they're trained to do, resist fiercely, then melt back into

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the towns and countryside, where civilians bear the brunt of the Israeli ground assault."

Time (8/14, Butters, 4.03M) reports in its "Notebook" column that Israel and Hezbollah "have, somewhat surprisingly, certain understandings. 'They don't bomb Lebanon's power stations, and we don't bomb Haifa's petrochemical factories,' a Hizballah official told TIME late last week. But the status quo could be shaken up if Israeli troops…continue to occupy southern Lebanon until an international peacekeeping force can be formed. 'If the Israelis don't lift the siege and they allow Lebanon to run out of energy,' the official warns, 'it will be tit for tat.'"

Rice Says Hezbollah's Capabilities Were More Extensive Than People Realized. Time (8/14, Carney, Shannon, 4.03M) interviews Rice. Asked if US and Israeli surprise at Hezbollah's capabilities suggests an intelligence failure. Rice said, "The capabilities of Hizballah were more extensive than people realized because they have used the last 10 years since the cease-fire to build those capabilities. And the enhanced relationship that they have had with Iran and Syria for financing and for technology, clearly, has improved their capabilities." Asked if Lebanon will be able to disarm Hezbollah after the cessation of fighting, Rice said, "I am confident that the Lebanese government understands its obligation to do that. I know that the Lebanese government doesn't want a circumstance again where you have militias running around that can bring this kind of destruction on the country. Now it's up to the international community to help them achieve that. And that means creating a stable environment."

Newsweek (8/14, Peraino, Dehghanpisheh, Dickey, 3.12M) reports that Hizbullah "is proving to be something altogether new, an Arab guerrilla army with sophisticated weaponry and remarkable discipline. … NEWSWEEK has learned from a source briefed in recent weeks by Israel's top leaders and military brass that Hizbullah even managed to eavesdrop successfully on Israel's military communications as its Lebanese incursion began." Newsweek adds, "How did Hizbullah morph from its terrorist roots 20 years ago to the formidably organized force of today? The short answer is: experience, leadership and Iran."

Emerging UN Deal Would Have Two Parts. US News and World Report (8/14, Omestad) reports that last week, "The emerging deal at the UN has two parts. A first Security Council resolution would sketch out a future political arrangement and demand a 'cessation of hostilities.' A second would send a new international force into a buffer zone in southern Lebanon. It would also specify the features of a settlement: disarming Hezbollah, stopping weapons shipments into Lebanon, fixing a border dispute with Israel, and readying Lebanon's Army to control the southern border area. It seems far-fetched, though, that Hezbollah would agree to drop all its military activities and function solely as a political movement."

Peres Notes "Strangeness" Of Hezbollah's Operation. Newsweek (8/14, Weymouth, 3.12M) interviews Israel's vice prime minister Shimon Peres. Asked if he has been surprised by the strength and tenacity of Hezbollah, Peres said, "Not their strength but the strangeness of this operation. Nobody understands why they started to attack, what the purpose of the attack was and why they are using so many rockets and missiles. We knew they had them but were surprised they used them." Asked how long it will take to get a cease fire, Peres said, "If the ceasefire is just a declaration, it will remain a piece of paper. Somebody must make sure that Hizbullah does not return to the south of Lebanon." Peres was also asked how much longer the operation will go on. He said, "I think this is a matter of weeks and not months. I think that Hizbullah is beginning to feel the Israeli action. They've lost two of their six senior commanders. They have paid heavily."

Cost Of Evacuating Americans From Lebanon Pegged At $67 Million. US News and World Report (8/14, Bedard) reports in its "Washington Whispers" column, "Getting all those stranded Americans out of war-torn Lebanon will top $67 million, but it's not the Pentagon that's whining. We hear that the State Department will cover the military's evacuation costs. … Administration insiders say money tucked away to deal with he pending flu pandemic will be tapped."

Hezbollah Has Small Web Of Fundraisers In US. Newsweek (8/14, Ephron, Isikoff, 3.12M) reports that according to a federal indictment, Imad Hammoud "and his ring of Lebanese Americans from the Detroit area would buy boxes of cigarettes in North Carolina, where the state tax on smokes is among the lowest in the country, allegedly truck the goods back to Michigan and sell them at a profit of more than $10 a carton." According to the indictment, Hammoud would then wire a portion of the earnings to Hezbollah in Lebanon. Newsweek adds, "The Hammoud case is among a handful of money scams uncovered across the country in recent years bearing Hizbullah's fingerprints. Though the revenues are not huge, the cases together underscore a daunting reality: one of the most proficient terrorist groups in the world has at least a small web of operatives in America who, prosecutors believe, are loyal to Hassan Nasrallah."

Rice Says Civil War In Iraq Can Be Avoided. In reference to Gen. John Abizaid's testimony to congress regarding the potential for an outbreak of civil war in Iraq, Secretary of State Condoleezza Rice was asked on ABC's This Week (8/6, Stephanopoulos) if President Bush will "pull troops out of Iraq" in the event of a civil war. Rice replied, "I'm not going to deal with a hypothetical. And that's what this is. This is a hypothetical because I think what General

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Abizaid was saying -- and the tense is very important here. He said -- he didn't say 'they're sliding to civil war.' He said that, yes, the sectarian violence is as bad as he's ever seen it. But he made very clear that we have the forces and, he believes, the plan to prevent any slide to civil war. Now, the Iraqi people and the Iraqi government have not made a choice for civil war. They've made a choice for a unity government. They've made a choice to live in a single, unified Iraq." Secretary Rice offered an almost identical analysis of the situation in Iraq and Gen. Abizaid's testimony before Congress on NBC's Meet the Press.

Hagel, Dodd Suggest US Withdrawal In Case Of Civil War. The Washington Times (8/7, Pfeiffer, 88K) reports that Sen. Christopher Dodd (D-CT) and Sen. Chuck Hagel (R-NE) "said an escalation of sectarian violence in Iraq could require a new congressional mandate, leading to the potential withdrawal of American forces from the country." Appearing on CBS's Face the Nation, Sen. Dodd said, "I...don't believe that U.S. military people can necessarily play referee" in a civil war. Senator Hagel added, "It is very wrong to put American troops in a hopeless, winless situation, just keep feeding them into what's going on." The Los Angeles Times (8/7, Levey, 918K) reports more remarks from the same program by Sen. Hagel, who said, "This will be a slaughter of immense proportions." It characterizes Hagel as a "Vietnam War veteran, [who] has been a frequent critic of President Bush's policies in Iraq and has broken with his party in the past to suggest that American troops be withdrawn."

On CBS's Face the Nation (8/6, Schieffer), Hagel said, "You're looking at 100 deaths a day, violent deaths a day, in Iraq. You've had, now, some 10,000 people who have lost their lives in Iraq in the last four months. … This is a civil war. I think the generals, the other day, were cautious in their language. But I think they were telling us something loud and clear to anyone who wanted to listen. This is a civil war. And I, frankly, don't believe that U.S. military people can necessarily play referee in that kind of a situation. I think we're being asked to do something that is impossible for us to achieve under these circumstances." Hagel went on to say, "To pour more American troops into Baghdad, reversing a policy of five years or five weeks ago is wrong. This isn't going to stop it. … Iraq is not going to turn out the way that we were promised it was. And that's a fact."

Sen. Chris Dodd, also on CBS's Face the Nation (8/6, Schieffer), added, "I'd say amen to what Chuck Hagel has said here, and this is again where presidential leadership is absolutely essential here. … I can't in good conscience…face a family in Connecticut and say to them, send your sons and daughters there because they're going to be a referee in a civil war. It just doesn't make any sense."

Bush Said To Plan Iraq Troop Pullout If Civil War Erupts. Newsweek (8/14, 3.12M) reports in its "Periscope" column that contingency planning has begun inside the White House and Pentagon for a civil war in Iraq. President Bush "will move US troops out of Iraq if the country descends into civil war, according to one senior Bush aide who declined to be named while talking about internal strategy." Newsweek adds, "Bush's position on a pullout of US troops emerged in response to Newsweek's questions about Sen. John Warner, chairman of the Armed Services Committee," who warned last week that the President "might require a new vote from Congress to allow troops to stay in Iraq in what he called 'all-out civil war.' But the senior Bush aide said the White House would need no prompting from Congress to get troops out 'if the Iraqi government broke down completely along sectarian lines.'"

Sunni, Shiite Hostility In Iraq Is Undiminished. Time (8/14, Ghosh, 4.03M) reports in its cover story that US officials "are finding it hard to keep up the optimistic spin. Shi'ite and Sunni politicians may now sit together, but their mutual hostility is undiminished, undermining the government." Prime Minister Nuri Kamal al-Maliki "doesn't have the clout to bash heads, much less deliver on his promises to pursue insurgents with 'no mercy' and crush the militias 'with an iron fist.' As the politicians continue to bicker, the big tent is looking shaky; there were calls last week for several ministers -- including the Interior chief -- to be replaced."

US Troops Try To Quell Baghdad Sectarian Violence. The fears of sectarian violence bursting out of control were covered by ABC and CBS. ABC World News Tonight (8/6, story 3, 2:35, Harris, 8.78M) reported, "Now, we go to another war zone, Iraq. And a major, new wave of American troops being sent into Baghdad to try to stop a descent into all-out civil war. Hundreds of US troops are arriving in the Iraqi capital from other parts of the country." ABC (Raddatz) added, "What they want to do is cordon off certain areas of Baghdad. They go in on raids where they have intelligence. But basically, to secure areas of Baghdad, so the sectarian violence ceases. There are no guarantees of that. Everyone here is very, very worried about this sliding into civil war. ... One of the things they're trying to do here so prevent that, is quick reconstruction projects. They're putting $50 million into Baghdad immediately. Trying to get more electricity on. Trying to suck up more raw sewage, to make the residents happier." Harris: "Isn't this big push by US forces right now, an admission that one of the central pillars of the Administration's approach in Iraq has failed? Which is building up Iraqi police and army forces so that they can do the job and we can go home?" Raddatz: "It is an admission

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that the Iraqi forces moving into Baghdad ... did not work. ... And the sectarian violence has gotten markedly worse."

The CBS Evening News (8/6, story 4, 2:10, Mitchell, 7.66M) reported, "In the battle for Iraq, US Stryker teams reinforced patrols in Baghdad today, Mark Strassman has a look at a city that has become a killing field." CBS (Strassman) added. "They are the Mahdi army, Iraq's most powerful militia, protectors and heroes to most Shi'a Muslims in Baghdad. But to most Sunni Muslims here, killers and cowards. Blame for scores of Sunni murders. But much of Baghdad's bloodbath is religious cleansing on both sides. Death squads in mixed neighborhoods driving out the minority. And it's working. Almost 200,000 people have fled their homes, many now live in squalor, all left in fear." Gen. Peter Pace, Chairman, Joint Chiefs of Staff: "Shi'a and Sunni are going to have to love their children more than they hate each other." Strassman: "The Tigris River behind me is becoming Baghdad's major dividing line. That side east Baghdad Shi'a, this side, west Baghdad, Sunni. Both sects had lived together peacefully for generations, in neighborhoods that are now killing fields." Peter Galbraith, author, 'The End of Iraq': "There is no force that is prepared to put this country back together again."

Three US Soldiers Killed. ABC World News Tonight (8/6, story 4, 0:10, Harris, 8.78M) reported on "another reminder of the dangers that US troops are facing in Iraq. The Pentagon announced three American soldiers have been killed by a roadside bomb, southwest of Baghdad." NBC Nightly News (8/6, story 4, 0:05, Seigenthaler, 9.87M) also reported, "In Iraq, three US soldiers were killed late today in a roadside bombing southwest of Baghdad." USA Today (8/7, 2.27M) also reports the story.

Half Of US Believes Iraq Had WMD. The AP (8/6, Hanley) reports, in a 1,088-word article, that "a Harris Poll released July 21 found that a full 50 percent of U.S. respondents — up from 36 percent last year — said they believe Iraq did have the forbidden arms when U.S. troops invaded in March 2003." The article quotes some caustic critics of that belief, including Steven Kull, who says that respondents become "independent of reality" because of the forces at work: "a drumbeat of voices from talk radio to die-hard bloggers to the Oval Office, a surprise headline here or there, a rallying around a partisan flag, and a growing need for people, in their own minds, to justify the war in Iraq." More than 160 sites carried this story.

Pressure Mounts For Turkish Attack On Kurdish Bases In Iraq. The Washington Times (8/7, Borowiec, 88K) reports, "Intensified attacks by Kurdish separatists are putting increased pressure on the Turkish government to strike at rebel bases in Iraq ... Some diplomats say that sooner or later, Turkey will enter Iraq in hot pursuit, whether Washington likes it or not." Analysts believe "the situation is creating new strains in the relationship between the United States and Turkey, despite the 'shared vision document' signed during a recent Washington visit by Turkish Foreign Minister Abdullah Gul."

Iraqi Medic Describes Finding Murder Victim's Corpse. The hearing on the alleged rape and murders by Pvt. Steven Green and comrades was reported by ABC, NBC, and the print media. ABC World News Tonight (8/6, story 5, Harris, 8.78M) reported, "Also in Baghdad today, the US military opened a hearing in the case of American soldiers accused of raping and murdering an Iraqi teenager. And then killing her family, in the town of Mahamudiyah. And an Army medic testified he was sick for two weeks after seeing that crime scene. Five soldiers could stand trial in that case."

USA Today/AP (8/7) reports that an Iraqi army medic testified to a US military hearing how "he found the naked and burned body of a 14-year-old girl allegedly raped and murdered by American soldiers." The medic described the "horrific" scene; the defendants' CO also testified, saying that he had heard Pvt. Steven Green say "all Iraqis are bad people." AP adds, "The case already has increased demands for changes in an agreement that exempts U.S. soldiers from prosecution in Iraqi courts. And Prime Minister Nouri al-Maliki has demanded an independent investigation." More than 215 sites carried this story.

Story Of Steele's Raid "Gone Wrong" Recounted. The New York Times (8/7, Von Zielbauer, 1.21M) reports on a hearing about three Iraqis who were shot on May 9, allegedly by four members of Company C, Third Brigade, 187th Infantry of the 101st Airborne Division. Having obtained "more than a dozen sworn statements made to Army investigators," the Times reports that they reveal "an Army unit caught between their superiors' prediction of a fierce battle and the scant resistance of the Iraqis they found during the three-hour assault." It also repeats the assertion by the suspects that Col. Michael Steele commanded them to kill "any military aged male," which Steele has denied.

Baucus Nephew Buried. USA Today (8/7, Florio, 2.27M) reports on the funeral of Marine Cpl. Phillip Baucus, who was killed on July 29 in Anbar province. The funeral "drew more than 500 people from across Montana and neighboring states. It also drew the attention of the Topeka-based Westboro Baptist Church, whose members picket military funerals across the country."

Herbert Blasts Democratic "Iraq War Enablers." In a New York Times (8/7, 1.21M) column titled "The Iraq War Enablers," Bob Herbert writes Sen. Hillary Clinton "is just one of the many supporters of the war who should have known

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better from the beginning, and who are now (with the wheels falling off the Iraqi cart and public support for the war plummeting) engaged in the tricky ritual of rationalization." He adds, "This was a war that never should have happened. ... Many of the Democrats in Congress supported the war only because they remembered the price paid by party members who stood against the first gulf war."

NATO Confident It Can Control Southern Afghanistan. AFP (8/7, Vogt) reports, "NATO's chief in southern Afghanistan has said the force still has a winning strategy despite the killing of nine of its soldiers [four British and five Canadian] since it took over the region six days ago." General David Richards said that the Taliban had sustained considerable losses of its own and that the Canadians who died "were there at the request of local people." The strategy of "development zones" will take "until November" to deliver "positive signs," according to Richards. AFP observes, "An opinion poll in Canada last month showed declining support for the mission, with only 39 percent backing the deployment against 55 percent in March."

Contractor Faces Trial For Beating Afghan Detainee Fatally. The AP (8/7, Thompson) reports on the upcoming trial of David Passaro, who allegedly beat "a detainee so severely that he later died." Passaro, a CIA contractor at the time and a "former Special Forces medic," "is the first, and so far only, civilian charged with mistreating a detainee during the U.S. wars in Iraq and Afghanistan." Authorities used the USA Patriot Act to prosecute him since he was not subject to military law. Duke law professor Scott Silliman calls such extension of US jurisdiction "a dramatic expansion of the reach of federal prosecutors, whose jurisdiction most experts believed was limited to places like embassies and consulates, and not locations like the remote U.S. base in Afghanistan" where the alleged beating occurred. He also characterizes it as "Congress moving to ensure there is criminal accountability for civilians accompanying the forces." Passaro has called the charges a "knee-jerk" reaction to Abu Ghraib.

Afghanistan Cracks Down On "Imported Vices." The Washington Post (8/7, A1, Constable, 748K) reports that Afghanistan is now a "confused, newly democratic Muslim society grappling with a five-year influx of foreign troops and visitors, who have provided aid and protection but have also brought alcohol, prostitution and other tempting taboos." In response, the Karzai government "has moved aggressively to crack down on what Afghans call imported vices. He is acting partly in response to pressure from domestic religious leaders and partly to upstage Islamic Taliban insurgents who are stepping up attacks across the south." Actions include arrests and deportations of alleged foreign prostitutes and seizure of alcohol allegedly sold to Afghans and the controversial revival of "the Department for the Promotion of Virtue and the Discouragement of Vice, a body that Afghan governments have maintained through much of the country's history. It became notoriously punitive under Taliban rule."

Scholars Question Pentagon's Manual On Counterinsurgency. In an op-ed for the New York Times (8/7, 1.21M), Fletcher School scholars Richard Schultz and Andrea Dew question the Pentagon's adjustment to "irregular and unconventional ways of fighting." They recommend three "improvements" to the "FM 3-24/FMFM 3-24": (1) the manual should "spell out ... ways of intuiting the organizational and operational differences that can exist between and within insurgent armies, terrorist outfits, militias, and criminal groups. It should also give a better history of how such organizations have collaborated and factionalized over the years in Iraq, Afghanistan, Colombia and elsewhere. (2) It "must provide our troops with a systematic way of 'profiling' each specific armed group." Better-prepared forces can practice "exploitation of the rifts between" terrorist factions. (3) It should provide an "organizational blueprint for collecting" intelligence; at present, it "actually overstresses winning 'hearts and minds.'"

Air Force Undertakes "Force Shaping" Initiative. The Washington Post (8/7, D4, Barr, 748K) reports in its "Federal Diary" column that the Air Force is undertaking "force shaping" for fiscal 2007. The plan "does not mandate civil service cuts but leaves it to each major command to look at its budget projection and decide on appropriate staffing levels." The Air Force "is cutting personnel to achieve cost savings that can be used to purchase new aircraft -- with hopes that the service can also reshape itself to address new threats, including terrorism. The force-shaping initiative calls for cutting about 8,000 officers in 2007 through attrition, retirements and forced-retirements, an Air Force spokesman said."

Muslim-American Troops Deal With Difficulties. The New York Times (8/7, Elliott, 1.21M) reports on the lives of Muslims serving in the US armed forces. The 3,624-word article profiles some individual veterans, noting that Muslims "were called upon to fight a Muslim enemy, alongside comrades who sometimes questioned their loyalty. They returned home to neighborhoods where the occupation is commonly dismissed as an imperialist crusade, and where Muslims who serve in Iraq are often disparaged as traitors." Seven Muslim troops have been killed in Iraq and Afghanistan and 212 have won Combat Action Ribbons, out of 3,500 who have served in those countries.

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Senators Vow To Block Bradbury Nomination Over NSA Program "Investigation." The Washington Times/UPI (8/7, Waterman) reports, "Three Democratic senators have said they will block the confirmation of a senior Justice Department official until the administration agrees to let proceed an investigation into its surveillance program." Democratic Sens. Richard Durbin, Russ Feingold and Edward Kennedy "wrote to President Bush last week, saying it would be 'inappropriate' to confirm Steven G. Bradbury until the 'investigation is completed and Mr. Bradbury is cleared of any wrongdoing.' Mr. Bradbury has been nominated to take over the department's Office of Legal Counsel." UPI notes Bradbury "has been running the office in an acting capacity since last summer, and under his leadership, it has mounted an aggressive campaign to defend the legality and constitutionality of the administration's program of warrantless wiretaps on calls into and out of the United States by people suspected of being connected with al Qaeda or other terror groups." UPI adds, "Justice Department spokesman Brian Roehrkasse said yesterday that it was 'unfair' to call Mr. Bradbury a target of the investigation because 'the [wiretapping] program began in 2001, before he was even a government employee.'"

CORPORATE SCANDALS:

Merrill Appeal Ruling Tarnishes Corporate Scandal Prosecution Record. The AP (8/7, 5:32 PM, Hays) reports, "More than two months after winning convictions against Enron Corp. founder Kenneth Lay and former CEO Jeffrey Skilling, the Justice Department's Enron Task Force is smarting from a blow to its trial record dealt by the 5th U.S. Circuit Court of Appeals. In a 2-1 decision last week, a panel from the court overturned fraud and conspiracy convictions against four former Merrill Lynch & Co. executives who participated in a sham 1999 deal that allowed Enron to book bogus profits. Viewed alongside other Enron setbacks, some experts say the Merrill decision highlights some questionable government strategies. But they say bagging the Lay and Skilling convictions likely will define the Justice Department's success in ferreting out Enron crimes." Former federal prosecutor Robert Mintz said, "In the end, the government got their men in the form of Skilling and Lay. That will likely be what everyone remembers when they think of Enron." The AP adds, "Mintz said that when the government stuck to basics…prosecutors were successful. But earlier cases show spotty success. Last year, a flawed jury instruction promoted by prosecutors prompted the U.S. Supreme Court to reverse former Enron auditor Arthur Andersen LLP's 2002 conviction of obstruction of justice." However, the AP notes, "the reversal in the Merrill case isn't necessarily the last word there. Justice Department spokesman Bryan Sierra said prosecutors are considering their options."

Siegelman, Scrushy Appeal Bribery Convictions. The AP (8/7) reports, "Attorneys for former Alabama Gov. Don Siegelman and former HealthSouth Corp. Chief Executive Richard Scrushy sought to have their government-corruption convictions thrown out on Friday, saying that the jury's verdict threatens the ability of candidates to raise campaign money through private donations." The AP notes, "Federal prosecutors said Mr. Siegelman had appointed Mr. Scrushy to a hospital-regulatory board that had oversight of some HealthSouth business in exchange for Mr. Scrushy arranging $500,000 in donations to Mr. Siegelman's campaign for a state lottery. 'If this conviction is upheld, it means in Alabama, anytime you make a contribution politically and later are appointed to any position by the person receiving the contribution, it will be up to prosecutors to decide if they want to indict you,' said Terry Butts, one of Mr. Scrushy's attorneys."

CRIMINAL LAW:

Ney Drops Reelection Bid Amid Ongoing Federal Probe. The Pittsburgh Tribune-Review (8/7, Heyl) reports, "Entangled in the scandals involving former Republican lobbyist Jack Abramoff, embattled U.S. Rep. Robert Ney is ending his re-election bid. … He said he has informed House Majority Leader John Boehner…of the decision. 'I'm doing this for one reason: my family,' Ney said in an exclusive interview with the Pittsburgh Tribune-Review. 'My wife and two children have been through enough. I really believe this is the best decision.'" The Tribune-Review adds, "The rigors of facing the ongoing investigations proved frustrating to Ney, who said, 'The (congressional) work I am doing is being totally obscured.' Another potential factor: Contributions to Ney's legal-defense fund dried up over the summer," and "the only assets listed on his most recent financial disclosure statement were a checking account containing less than $1,000 and a rental home in Greece." The Tribune-Review notes, "Ney is widely acknowledged as being 'Representative No. 1 in court documents that detail spending by Abramoff, including a golfing trip to Scotland, a trip to the Super Bowl and campaign contributions. Ney, who called Abramoff 'dishonest and duplicitous,' said he was misled by the lobbyist and his business partners."

DOJ Reviewing Ney Interview With Senate Investigators. The Roll Call (8/7, Kane) reports, "The Justice

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Department is reviewing documents related to an interview Rep. Bob Ney…gave to Senate investigators nearly two years ago regarding his relationship with admitted felon Jack Abramoff, according to sources familiar with the case." Roll Call adds that "the review of his statements to the Indian Affairs Committee could form the basis for a charge of lying to Congress against the Ohio Republican, according to a handful of sources familiar with the transfer of documents to federal prosecutors. In releasing its report on the Abramoff investigation June 22, the Indian Affairs Committee cited several instances in which Ney's statements to panel investigators conflicted with the testimony and e-mails of several other figures involved in the case." Roll Call notes, "The examination of whether Ney intentionally gave false statements to Indian Affairs was prompted by the Justice Department, not something the committee requested, according to Senators and aides."

DOJ Finds More Than 50% Recidivism Rate Among Violent Felons. The AP (8/7, Superville) reports, "More than half of those convicted of violent felonies in large urban areas between 1990 and 2002 had previous convictions, the U.S. Justice Department reported Sunday. Nearly four in 10, or 38 percent, had some type prior felony conviction, while an additional 18 percent had a prior misdemeanor conviction, the Bureau of Justice Statistics said. Fifteen percent were guilty of a prior violent felony — murder, rape, robbery or assault. Rapists were least likely to have a prior conviction." The AP adds, "The study found that 70 percent of violent felons convicted during the period had a prior arrest record, though not necessarily a conviction, and that 57 percent had at least one prior arrest for a felony. … Majorities of the convicted robbers and murderers were below age 25 — 56 percent and 50 percent, respectively. Forty percent of those convicted of assault and one-third of the rapists were under 25."

Drug Trade In New Orleans Said To Be Thriving. The New York Times (8/5, Drew, 1.21M) writes that the drug trade in New Orleans "is flourishing again, after its dealers, who evacuated to the regional drug hub of Houston, forged closer ties to major suppliers from the Mexican and Colombian cartels. They have since brought back drugs to New Orleans in far larger shipments than before...essentially creating violent distribution gangs now spread over a much bigger area. … The volume of drugs headed for New Orleans has probably not declined as sharply as the city's population, law enforcement authorities say, given the need to replenish stockpiles that were destroyed when the safe houses were ruined in the floods. 'There was probably a lot of dope washed out into Lake Pontchartrain during the flood,' said James D. Craig, the D.E.A.'s special agent in charge in Houston."

US Capitol Police Sergeant Charged For Sex With Minor. The Washington Post (8/7, B1, Anderson, 748K) reports, "A U.S. Capitol Police sergeant has been charged with child sexual abuse after allegedly having videotaped sex at his home with a 15-year-old girl that authorities believe was arranged by a former Bowie High School assistant football coach," Arron J. Burroughs. "Sgt. Michael Malloy, 34, of the Bryans Road community in Charles County surrendered to D.C. police and the FBI on Friday and faces a bond hearing scheduled today in D.C. Superior Court, prosecutors' spokesman Channing Phillips said." The Post notes, "Burrough was jailed last week on a sexual abuse charge after Takoma Park police found the teenage girl having oral sex with an adult man in a parked car. The girl said she acted as a prostitute under the direction of Burroughs several times starting in September 2005, according to the charging document." The Post adds, "Malloy told investigators that he had known Burroughs since seventh grade, and he acknowledged having sex with the teenager in his house, according to the charging document. But Malloy denied the allegation that he had oral sex with the girl in the District."

Maryland Child Molestation Case Fuels Debate Over Juvenile Sentencing. The Washington Post (8/7, B4, Londoão, 748K) reports, "The night before the Bethesda couple learned that their babysitter had been molesting their 5-year-old son, they had been 'singing his praises' to the 15-year-old boy's parents at a cocktail party. … In the months that followed, as a clearer picture of the abuse emerged -- authorities say the teenager also molested one of the 5-year-old's siblings and another boy he sat for -- the families of the 5-year-old and the teenager, next-door neighbors in the Locust Hill Estates area, found themselves at opposite ends of a juvenile courtroom. They are also on conflicting sides of a national debate about how juvenile sex offenders should be treated by the justice system." The Post notes that the babysitter "will be sent to a secured facility for delinquent juveniles, where he will receive counseling and treatment for several months. If he stays out of trouble, his juvenile criminal record will remain sealed, even though the crimes he committed would have branded him a felon in the adult system and could have carried a lengthy sentence. The teenager's mother and his attorney, Neil Jacobs, say he is remorseful, aware of the severity of his problem and eager to receive treatment." However, "the victim's parents say the juvenile justice system in Maryland affords too many safeguards to offenders at the expense of public safety."

DOJ_NMG_0044352

DC Assistant USA Commits Career To Prosecuting Murderers Of Children. The Washington Post (8/7, D1, Tucker, 748K) reports, "The life of June Marie Jeffries bears endless and final witness to nihilism, violence and despair. She prosecutes people who kill children, the darkest form of murder. She has prosecuted them for more than two decades. She is an assistant U.S. attorney in the District of Columbia, the specialized cases unit. She could do anything she wants. She chooses child slayings, the thing nobody else wants to touch." The Post notes, "She took her first child murder case in the mid-1980s. Baby Gregory, killed by his mother, Winda Cannon. Cannon got probation. Jeffries, who thought people went to prison for killing defenseless people, was stunned. She kept the infant's picture on her windowsill for years. 'I felt very protective of that child.' … 'It's often as if these kids had no one for them in life. Often, I'm the only one for them in death. That's the difference in [prosecuting] these cases and a lot of homicides, you got no family behind you.'"

Decade-Old Tennessee Murder Trial Begins Today. The New York Times (8/7, Emery, 1.21M) reports, "It was a warm September day in 1996 when the police arrived at the dead-end street where Perry and Janet March had built their home. … A decade later, Mr. March, 45, goes on trial this week, accused of murdering his wife, whose remains have not been found. What began as a missing person report eventually sprawled to Mexico from Tennessee in a tangled skein of cases that riveted Nashville, and included an admission by Mr. March's father that he helped dispose of the body and a murder-for-hire plot to kill Mr. March's in-laws." The Times adds, "Mr. March has been charged in four cases — three in state court and one in federal court. He was convicted in June in state court of conspiring to kill his wife's parents, and in April of stealing from his father-in-law's law firm. He is scheduled to go on trial in October on federal charges related to the murder-for-hire scheme." The Times notes, "Jury selection will begin Monday in Chattanooga; the rest of the trial will be held in Nashville."

Heinous Crimes Taint Houses Where They Occurred. USA Today (8/7, 1A, Rampell, 2.27M) reports, "Almost 10 years after the body of 6-year-old JonBenét Ramsey was found in the basement of her Boulder, Colo., home, the Tudor-style house…is on the market again. 'It's stigmatized. It's always been stigmatized,' says Joel Ripmaster, president of Colorado Landmark Realtors. Ripmaster has represented the last four owners of the property, all who purchased or sold the house at below-market value since JonBenét's slaying in 1996." USA adds, "For certain places, history, history, history can turn a dream house into a nightmare. These houses are the sites of notorious and often grisly crimes — houses that, with the help of the evening news, become as much a character in the crime as the victims and their killers. Whether the Ramsey house or the condominium in Los Angeles where Nicole Brown Simpson and Ronald Goldman were killed, the home remains long after evidence of the crime is gone."

WPost Denounces Virginia County Over Jailing Due To Clerical Error. The Washington Post (8/7, A14, 748K) editorializes, "Fernando Antonio Cruz was arrested following a fight last October. He was charged in Prince William County with public intoxication and assault. The other man involved, who suffered a gash on his head, did not show up for a court hearing," and "prosecutors dismissed charges. Mr. Cruz was free to go -- only he was held in jail for two additional months" because "the jail and the court had Mr. Cruz listed by different names." The Post notes, "According to a defense lawyer present that day, Mark Voss, the Prince William court system has struggled with how to standardize Hispanic names over the years; many Hispanics use both their mother's and father's family names. But the court's clerk, Tawny G. Hays, denies that the incident was simply the result of administrative error on the court's part." The Post adds, "Such errors appear to be extremely rare. But they are intolerable whenever they happen. … Keeping someone in jail for two months with no charge has no place in Virginia's criminal justice system."

CIVIL RIGHTS:

Talent Civil Rights Cold-Case Bill Clears Senate Committee. The St. Louis Post-Dispatch (8/7, Gillers, 300K) reports, "Wheeler Parker Jr. was glad when the Justice Department dug up his cousin's body last year after reopening an investigation into his death. An autopsy confirmed the identity of Parker's cousin, Emmett Till," and "Parker is rooting for the Till bill, a proposal in Congress by Sen. Jim Talent, R-Mo., to put more resources into solving civil rights murders. Talent's legislation would establish two new government offices in the Justice Department - one in the FBI and the other in the Civil Rights Division - to investigate and prosecute unsolved, racially motivated murders before 1970. The measure passed a key hurdle last week when it was advanced by the Senate Judiciary Committee. Talent hopes for a full Senate vote in early fall." The Post-Dispatch notes, "Chip Burrus, assistant director of the FBI's criminal division, suggested that not much would change if the proposal passes. … 'We've already got investigators and agents and supervisors working on this,' he said. 'The cold case initiative will go forward whether the legislation passes or not.' Attorney General Alberto Gonzales

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supports the bill. But John Dunne, who was the assistant attorney general for civil rights from 1990 to 1993, said in an interview that the proposal would create an unnecessary level of bureaucracy."

Racial Violence Roiling New Mexico Reservation. The AP (8/7, Baker) reports that in Farmington, N.M., "the summer of 2006…has brought longstanding tensions bubbling to the surface again. In June, a 46-year-old Navajo man was kidnapped and beaten, allegedly by three young Anglo men. Just six days later, a 21-year-old Navajo man was shot to death in a Wal-Mart parking lot by a Farmington police officer responding to a domestic violence call. The incidents, particularly coming so close together, have inflamed some in the Navajo community, said Duane 'Chili' Yazzie, president of the Navajo Nation's Shiprock chapter." The AP adds, "Navajo leaders plan a memorial march on Sept. 2 in Farmington to honor 'those of our relatives who have died or have been victims of racial violence,' Yazzie said. Navajo President Joe Shirley Jr. has called for an independent investigation of the fatal shooting, and the tribe has set aside $300,000 to help the family file a wrongful death lawsuit against the city and to fund a study of racism in reservation border towns." The AP notes that in the police shooting death, "The U.S. Justice Department's Civil Rights Division has determined there is no basis for a civil rights investigation," but "Navajo officials question the department's version of events, citing what they say are inconsistencies in statements from witnesses."

Few Blacks Employed As Lobbyists In Washington. The Washington Post (8/7, D1, Birnbaum, 748K) reports "the number of African American lobbyists" has "remained remarkably small." The Washington Government Relations Group (WGRG), "a trade association of black lobbyists," has "about 100 members and a database of black federal lobbyists that tops 200." The database "probably doesn't capture every African American registered to lobby in the District. But even if it includes only half of the real total -- or even a quarter -- the number is still minuscule. According to the nonpartisan PoliticalMoneyLine.com, the total number of currently registered federal lobbyists is 29,702."

ANTITRUST:

New York State Official Disputes WSJournal Criticism Of Spitzer Antitrust Action. In a Wall Street Journal (8/7, Himes, 2.03M) letter to the editor, New York State Antitrust Bureau Chief Jay L. Himes writes, "Your July 18 editorial 'When the Chips Are Down' unfairly criticizes Attorney General Eliot Spitzer's decision to bring a civil antitrust action to recover damages for New York's governmental entities and consumers who were victimized by price-fixing by computer memory chip manufacturers. … In fact, without this office's lawsuit, the chances of recovering the very substantial overcharges that conspirators imposed on New York taxpayers and consumers would be virtually nil." Himes adds, "The attorney general's involvement also significantly increases the chances of recovery by New York consumers. Unfortunately, some courts have interpreted New York law -- mistakenly in our view -- to prohibit consumers from bringing antitrust class actions against price-fixers in state or federal court. In an appeal expected to be heard later this year by the New York Court of Appeals, our state's highest court, the attorney general's office will argue to overrule those decisions."

ENVIRONMENT:

Virginia Fisherman Challenging Fishing Restrictions Aimed At Protecting Sea Turtles. The Hampton Roads Virginian-Pilot (8/7, Harper) reports on Edward Bender of Cheriton, on Virginia's Eastern Shore, and his "lawsuit against the National Marine Fisheries Service, an agency he describes as 'a scary bunch of people.' … Ongoing for three years, the suit says federal rules designed to keep sea turtles from entangling and dying in pound nets in the Chesapeake Bay are illegal, scientifically unproven and unfairly damaging to his fishing business. Furthermore, he said, 'they're pretty stupid.'" The Virginian-Pilot notes that "Bender is one of a handful of watermen left in Virginia who fish with a pound net," which "snare thousands of pounds of fish at a time- - and, federal officials say, a few sea turtles, too. Because the reptiles are protected by the Endangered Species Act, and because hundreds have been washing ashore dead on Virginia's beaches in recent years, the government took action." The Virginian-Pilot adds, "Justice Department attorneys parrying Bender's claims could not recall a fisherman, by himself, taking on a such a challenge as this. They seem slightly amused, if not annoyed, by the case, which has swelled to 30 volumes of motions, memos and transcripts. 'It's been interesting, I'll say that,' said George M. Kelley III, an assistant U.S. attorney in Norfolk."

BP Shuts Down Alaska Oil Field For Safety Reasons. The Financial Times (8/7, McNulty) reports BP "on Sunday night said it was shutting down its Alaska oil field after tests mandated by regulators found 'severe corrosion' in a pipeline, a move which would take 400,000 barrels per day from the market." The "shutdown is embarrassing for the UK oil giant, which has been attempting to portray a March spill – the largest ever at Prudhoe Bay – as a one-off and not indicative of the state of the Alaska field." While BP "has,

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until now, defended its operations as safe, whistleblowers from within have complained through Chuck Hamel, their advocate, that BP's US operations – particularly those in Alaska — are poorly maintained."

The Wall Street Journal (8/7, Carlton, 2.03M) reports the "shutdown by the London energy titan comes as it seeks to patch up its image in North America, which has been marred by safety and environmental concerns in Alaska and elsewhere." While the amount of oil taken off the market "is relatively small compared with the 20.7 million barrels of oil a day consumed in the U.S. last year, the shutdown could affect oil markets because the thin margin between supply and demand has led to volatility."

The Washington Times/AP (8/7, Pemberton) reports the closure of the oil field would be "a sudden blow to the nation's oil supply." Once the field "is shut down, in a process expected to take days, BP said oil production will be reduced by 400,000 barrels a day. That's nearly 8 percent of U.S. oil production as of May or about 2.6 percent of U.S. supply including imports, according to data from the U.S. Energy Information Administration."

FBI/DEA/ATF/USMS:

Journalists Face Jail Time For Refusal To Reveal Source In BALCO Probe. The Los Angeles Times (8/5, Mozingo, 918K) reports attorneys for two reporters, who "face jail if they refuse to reveal who gave them secret testimony on the use of steroids by star athletes, argued Friday that hamstringing the press' ability to gather news would harm the public interest more than the leak did. The San Francisco Chronicle reporters, Mark Fainaru-Wada, 41, and Lance Williams, 56, were subpoenaed to a federal grand jury in May to reveal who provided the testimony of baseball stars Barry Bonds, Jason Giambi and Gary Sheffield in the federal probe of the Bay Area Laboratory Co-Operative (BALCO)."

The AP (8/4, Lindlaw) writes that Duffy Carolan, a media attorney at the law firm Davis Wright Tremaine, "said prosecutors are exploiting the absence of a federal shield law protecting journalists from prosecutors who seek their sources or material. 'The federal government is seizing upon a weakness in the law,' she said."

In a separate story, the AP (8/6) reports journalism groups on Saturday "decried the jailing of a video journalist and other recent court rulings pressuring media workers to divulge information to the government. The news media becomes an information-gathering arm of law enforcement when journalists are ordered to give up confidential sources or unpublished material, said Tony Overman, president of the National Press Photographers Association."

Chemist Sentenced In BALCO Case. The AP (8/4, Elias) reports the chemist who "created 'the clear,' a previously undetectable steroid, was sentenced Friday to three months in prison and three months' home confinement for his role in the BALCO drug scandal. Patrick Arnold was the last of five defendants convicted of steroid-distribution charges connected to the Bay Area Laboratory Co-Operative, a nutritional supplement company federal authorities exposed as a steroid distribution ring for top athletes."

Report: Sprinter Insisted On Running Despite Positive Drug Test. The Los Angeles Times/AP (8/5) reports Justin Gatlin "insisted on running at the national championships in June even after USA Track and Field officials asked him to withdraw over his positive drug test, a person with knowledge of the meeting told the Associated Press on Friday. … Gatlin professed his innocence to USA Track and Field officials when they suggested that he drop out of the meet, said the source, who asked not to be identified because of the sensitive nature of the information. He went on to win the national 100-meter title. Gatlin, who tied Jamaican Asafa Powell's world-record mark of 9.77 seconds three weeks after his fateful drug test, has not raced since."

Coach Says Gatlin Was Repeatedly Tested. The AP (8/6) also reports that Justin Gatlin's coach, Trevor Graham, "said the United States Anti-Doping Agency was alerted to repeatedly test Gatlin until 'you find whatever they had put in his body.' Graham told ESPN.com that doping-control officers were waiting for Gatlin when he returned to Raleigh, N.C., on April 24, two days after the Kansas Relays, where he tested positive for testosterone or other steroids after a relay race."

IAAF Seeks Longer Suspensions For Doping Offenders. Track and field's governing body is seeking to reintroduce four-year suspensions for first-time, serious doping offenders. The AP (8/7, Starcevic) reports International Association of Athletics Federation chief Lamine Diack "said his group was prepared to go alone in imposing four-year bans. … The IAAF had reduced its four-year bans to two years to be in line with the doping policies of other sports. The proposal on longer suspensions will be put before the next congress of the IAAF, in Osaka, Japan, in August 2007."

Anti-Drug Efforts Said To Be Failing. In the New York Times (8/7, 1.21M) sports section, Harvey Araton writes, "Pay attention, Bud Selig, to this latest round of sporting drug scandal, to these distasteful tales from track and cycling. Before making another one of those grand commissioner's pronouncements about how baseball has cleaned up its act with a stricter steroid plan, remember that so-called

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deterrence appears to have had no effect in the continuing cases of Justin Gatlin and Floyd Landis."

Drugs Seen As "Part Of The Game." In the Wall Street Journal (8/7, 2.03M) Cynthia Crossen writes, "For centuries, elite athletes have used special diets and potions to give them an edge beyond their physical training. Ancient Greek athletes apparently prepared themselves with high-protein diets and hallucinogenic mushrooms. Roman gladiators may have used stimulants. But starting in the late 19th century, advances in science and the emergence of a new class of professional athletes combined to make drugs an increasingly common competitive strategy."

Teen Sprinter Severs Ties With Gatlin, Graham. In London, the AP (8/4) reports a promising British sprinter has severed ties with track coach Trevor Graham and fellow sprinter Justin Gatlin following the U.S. runner's positive doping test. Harry Aikines-Aryeetey, a 17-year-old world youth champion at 100 and 200 meters, and his coach spent 10 days with Gatlin and Graham earlier this year at their base in Raleigh, N.C."

Landis Gets Second Positive Result In Second Doping Test. The Washington Post (8/6, Steinberg, 748K) reports Floyd Landis's second test result "also was positive, meaning Landis could be the first cyclist to forfeit a Tour title because of doping. He maintains his innocence, and prolonged legal wrangling is expected."

The Washington Post (8/6, Kaufman, 748K) also reports Landis has been "fired by his team and, pending an appeals process, he risks being stripped of his Tour win and potentially banned from racing for up to four years -- two years from cycling, and two years from competing in the ProTour events, cycling's major races. At that point he'd be at least 34 and nearing retirement age."

Border Officials Say Drone Helped In Seizure Of 4 Tons Of Marijuana. The Wall Street Journal (8/7, Karp, Pasztor, 2.03M) reports After Hurricane Katrina tore through the Gulf Coast last year, military and local officials urgently requested unmanned surveillance planes for search and rescue missions. The drones were delivered, but aviation authorities kept them on the ground out of concern about mixing drones with manned aircraft in the crowded skies over New Orleans. … General Atomics Aeronautical Systems Inc., is due to deliver a…drone to the U.S. Customs and Border Protection agency this month so it can resume flights along the Mexico frontier. In more than six months of service, the Predator's surveillance aided in the arrest of nearly 2,000 illegal immigrants and the seizure of four tons of marijuana, border officials say."

Maryland Mothers' Convictions Overturned In Drug Cases. The Washington Post (8/4, Kinzie, 748K) reports, "Maryland's reckless endangerment law cannot be used to prosecute women who give birth to babies exposed to illegal drugs, the state's high court ruled…overturning the convictions of two Eastern Shore mothers. Prosecutors said such charges were needed to protect children, but some advocates for pregnant women welcomed the decision by the Maryland Court of Appeals as an affirmation that such cases could make pregnant women vulnerable to prosecution for an array of potentially dangerous behaviors -- such as smoking cigarettes and driving without a seatbelt -- and that drug-using mothers need treatment, not punishment."

ATF Assisting Investigation Of Indiana Pipe Bombs. The WSBT-TV South Bend, IN (8/7) reports, "The bomb squad was called to a home Sunday night after what police suspect are pipe bombs were found in the basement. … The bombs, as well as some guns and knives, were found after the 84-year-old woman who lives in the house returned home after being gone for some time. Police say they found approximately 16 suspected pipes bombs in the basement. The bomb squad removed the suspected explosives without incident." WSBT adds, "Police say they want to question the homeowner's 48-year-old son, who had been living in the basement. He left two weeks ago for South Dakota. The St. Joseph County Police, the ATF and the South Bend Bomb Squad are investigating the case."

CONGRESS-ADMINISTRATION:

Experts Say Chances For Immigration Bill Compromised Dimmed By Politics. US News and World Report (8/14, Marek) reported that it was hoped that the issues separating the House and Senate immigration bills would have been worked out by now. But "contentious legislation rarely goes according to plan. So the House, during its August recess, will hold 19 hearings on immigration, one as far afield from the border crisis as Concord, N.H. Meanwhile, the president last week took his third trip to the southern border since April. Cynics would say it's mostly about politics. And experts say the politics are obscuring the important differences between the two bills -- and the implementation obstacles that either one would face." DHS and the Bush Administration "endorse the Senate's path-to-legalization approach but worry that the Senate bill won't work. … DHS wants tools neither bill offers -- like the right to put a lien on property of employers that won't cough up fines for hiring illegal workers -- to make sanctions stick."

House Leaders' Planned Immigration Hearings Said To Be Political. The New York Times (8/7, Swarns, 1.21M)

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reports when House leaders "announced their plan to hold 21 immigration hearings in 13 states during the August recess, they said it demonstrated a commitment to battling illegal immigration and securing the border." But "some Democratic and Republican lawmakers said the schedule of the hearings had only heightened their concerns that the Republican leadership was using immigration as a weapon in the battle over fiercely contested House and Senate seats around the country." Several immigration hearings "are being held far from the border with Mexico, in districts where Republican lawmakers are engaged in competitive races for the House, including Evansville, Ind.; Concord, N.H.; and Glens Falls, N.Y. Hearings are also being held in Dubuque, Iowa, where Republicans are fighting to hold on to the seat being vacated by Representative Jim Nussle, and in Hamilton, Mont., where Senator Conrad Burns faces a tough challenge." Lawmakers "and political analysts say the hearings may help vulnerable Republicans by rallying conservatives, who view Democrats as being weak on border security, and by drawing attention away from other issues like the war in Iraq and President Bush's diminished approval ratings."

Border Patrol Says National Guard Aid Making A Difference. The New York Times (8/7, Archibold, 1.21M) reports for "the National Guard troops sent" to Nogales, Arizona, "many of the tasks in the border mission may seem humdrum, but the Border Patrol, eager for any help it can get, has claimed some early success as the operation moves into full swing." Critics "still question whether the Guard troops, who do not make arrests because they are not trained to do so and to avoid domestic and international political squabbles, are making a big difference. But Border Patrol officials say the soldiers, whether in an office or on a hilltop, have freed more than 250 agents for regular patrolling, which, combined with the presence of the Guard, has acted as a deterrent to crossers." The "number of arrests in July, when large numbers of soldiers took up positions, declined 37 percent to 59,613 along the 2,000-mile-long Southwest border compared with July last year, officials said. Guard troops have also participated in several rescues of crossers stranded in the desert, they said."

Pence Praised For Seeking Immigration Compromise. The Wall Street Journal (8/7, 2.03M) says in an editorial, "Convinced that a hard line on border security spells victory in November, Republicans in Congress are traipsing the country this summer stoking fears of an illegal alien invasion. In such an environment, we're happy to see at least a few conservative Members trying to talk the party down from the ledge." Rep. Mike Pence "has been pushing an immigration compromise that he hopes will end the stand-off between the House, which has passed a bill focusing entirely on enforcement, and the Senate, whose bill combines more security with a guest-worker program."

White House Holding Out For Senate Confirmation Of Von Eschenbach. Newsweek (8/14, 3.12M) reports in its "Periscope" column, "The idea to make Plan B, an emergency contraceptive, available without a prescription to women 18 and older was supposed to smooth Food and Drug Administration Acting Commissioner Andrew von Eschenbach's way to becoming the permanent chief. But the proposed compromise (the original plan was to make the drug available to all ages) may have had the opposite effect." Critics "say politics should have no place in the FDA, which regulates a quarter of all products purchased by Americans. The confirmation is now on hold: [Sen. Patty] Murray and Sen. Hillary Clinton are blocking a vote. Although Bush could appoint von Eschenbach during the Senate recess, the White House said last week it is holding out for Senate confirmation."

Reid's Lobbying Said To Have Killed "Trifecta" Bill. Roll Call (8/7, Stanton) reports leadership aides said that when "word first came down in late July that House and Senate GOP leaders were planning to link estate tax legislation not only to minimum-wage legislation but a package of carefully crafted tax cuts close to the hearts of a handful of moderate Senate Democrats," Senate Minority Leader Harry Reid "wasted little time launching an aggressive lobbying push within his own Caucus." The "successful blockade of the bill late Thursday night was the first major test of Reid's ability to maintain party loyalty since last winter's fight over President Bush's nomination of Samuel Alito to the Supreme Court." One aide said "'Reid started calling Members personally' the day the GOP announced its intention to push the 'trifecta' package of popular tax cut extensions, partial estate tax repeal and a minimum-wage increase," noting "that by last Tuesday the votes of at least six Democrats in the chamber appeared to be in play." Democratic aides "acknowledged that as late as Tuesday afternoon it appeared that Majority Leader Bill Frist (R-Tenn.) had successfully peeled off enough Democrats to push the bill through."

USA Criticizes Congress For Lack Of Accomplishment. USA Today (8/7, 2.27M) editorializes, "As Congress settles into its month-long August break, it's hard to shake the feeling that the House and Senate haven't earned their time off." Instead of "tending to basics and working out differences on divisive but vital issues such as immigration, members have spent much of the past several months in political posturing and time-wasting debates over non-essential issues." The Senate has "produced just one of the 11 appropriations bills. Instead, Senate Majority Leader Bill Frist, R-Tenn., has found it more important to fritter away scarce time on an obsessive quest to repeal the estate tax and on blatant pandering to social conservatives with

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proposed constitutional amendments on flag-burning and gay marriage. Even those who think those issues are crucial would have an easier time defending debate time for them if the Senate had done its mandatory work first." Republicans "shoulder most of the blame for this do-little record, since they're in charge. But Democrats have too often shown they'd rather criticize than compromise, particularly when it comes to shoring up Social Security and Medicare for the long term."

Pension Overhaul Bill Said To Not Resolve Financing Problems. USA Today (8/7, Kirchhoff, 2.27M) reports the pension overhaul bill passed by Congress "makes much-needed reforms but doesn't resolve financing problems and is not likely to halt companies' steady march away from traditional pensions." The act, "which President Bush said he will sign into law soon, requires the 30,000 companies offering traditional pensions to bring their programs into balance more quickly. It's designed to protect the 44 million Americans covered by private pensions and prevent a taxpayer bailout of the Pension Benefit Guaranty Corp. (PBGC), the federal agency that insures pension plans."

Mutual Fund Companies Could Reap Windfall From Pension Bill. The Wall Street Journal (8/7, Anand, Gullapalli, 2.03M) reports, "Mutual-fund companies stand to reap a huge financial windfall from the pension-reform bill nearing approval in Washington, D.C." The bill "is designed to encourage wider participation in defined-contribution plans such as 401(k) retirement-savings programs" and "contains provisions that are likely to sharply increase the number of people pouring their savings into these investments. By one estimate, the new rules would result in an additional 5.5 million people saving through a 401(k) plan in the next five years who otherwise might not have participated, according to Vanguard Center for Retirement Research, a unit of mutual-fund giant Vanguard Group Inc."

Administration To Set Standards For Healthcare. The Washington Post (8/7, A4, Broder, 748K) reports Health and Human Services Secretary Mike Leavitt said the Bush Administration "will soon launch an ambitious effort to require that all providers of federally financed health care adopt quality-measurement tools and uniform standards for their information technology." Leavitt "told a session of the National Governors Association's annual meeting that 'in a matter of weeks,' President Bush will sign an executive order setting the new requirements. He promised that by year's end, a majority of the 100 largest private employers will sign similar contracts with the hospitals and doctors they use to care for their workers." Leavitt "urged the governors to follow suit by signing up the groups that take care of state employees and Medicaid recipients." Leavitt said the "goal of the initiative" is "to reduce health-care cost inflation while increasing the quality of medical services individuals receive."

Denett Confirmed As Head Of Federal Procurement Policy At OMB. The Washington Post (8/7, D4, Barr, 748K) reports in its "Federal Diary" column, "The Senate has confirmed Paul A. Denett to head federal procurement policy at the Office of Management and Budget. … The OMB's Office of Federal Procurement Policy has been without a permanent administrator since the abrupt resignation of David H. Safavian almost a year ago."

State Officials Unhappy With Welfare Reform's "Controversial Second Phase." The Washington Post (8/7, A1, Goldstein, 748K) reports on "a controversial second phase of welfare reform that is beginning to ripple across the country. The new rules, written by Congress and the Bush administration, require states to focus intensely on making more poor people work, while discouraging other activities that might help untangle their lives. By Oct. 1, state and local welfare offices must figure out how to steer hundreds of thousands of low-income adults into jobs or longer work hours. They also must adjust to limits on the length of time people on welfare can devote to trying to shed drug addictions, recover from mental illnesses or get an education." The Post adds, "Based on interviews with welfare officials in 10 states, including in the Washington area, the new requirements conflict in significant ways with the eclectic approaches to welfare that states have chosen. States are struggling to decide how to comply."

FEMA Changes Said To Have Improved Response Capabilities. The Wall Street Journal (8/7, A1, Block, 2.03M) reports on its front page, "Since Hurricane Katrina left the Gulf Coast in tatters and the federal government's disaster response in disarray, the Federal Emergency Management Agency has spent billions of dollars on everything from satellite technology to telephone operators to better weather this year's storm season." Though many of the agency's efforts are seen "as significant strides" by emergency experts, "serious doubts remain inside and outside FEMA about what impact those changes will have on the nation's premier response agency's ability to handle another major disaster." The Journal adds that a letter from DHS Secretary Michael Chertoff to Louisiana Gov. Kathleen Blanco Friday, the latest in a series of exchanges regarding the emergency shelter situation in the state, "underscores how far from settled the Louisiana situation remains in the current hurricane season, with unresolved issues such as how many hurricane shelters would be opened in the state this season."

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Cars Flooded During Katrina Being Sold To Unsuspecting Consumers. ABC World News Tonight (8/6, story 7, 2:25, Harris, 8.78M) reported that some of the "more than 500,000" cars that were badly damaged during Hurricane Katrina are now "turning up at used car dealerships across the country." ABC (Stone) added that "consumers have no consistent way of finding out the car's complete history. Congress is considering legislation that would require insurance companies to make public information about any car they have declared a total loss."

NASA, NOAA Researchers Will Attempt To Learn What Makes A Hurricane. The Washington Post (8/7, A6, Kaufman, 748K) reports that as the conditions that promote the creation of a hurricane becomes "increasingly important information to have, …a team of researchers from NASA and the National Oceanic and Atmospheric Administration will spend the next two months off the African coast trying to find the answer." Based in the Cape Verde Islands and in Dakar, Senegal, researchers "will track, measure and analyze some of the 60 waves that every year come off West Africa in the late summer and head toward the Caribbean and North America, carried by trade winds." They will focus on the aspect of hurricane forecasting that scientists say remains most challenging -- how and why a tropical storm develops the intensity to become a hurricane."

Supreme Court Eminent Domain Decision Generates State-Level Backlash. The Wall Street Journal (8/7, Cooper, 2.03M) reports last year's Supreme Court ruling "validating a Connecticut city's authority to seize private property for economic development has sparked a backlash. In several states, conservative groups are pushing ballot initiatives to curb local governments' abilities to exercise not only eminent domain, but also land use and environmental controls." The court ruling in Kelo v. New London "that private landowners had no constitutional grounds to resist eminent-domain property seizures, it effectively kicked regulation of government condemnation suits back to the states." But in "the fast-growing West, where building and environmental concerns often pit government against developers, a different kind of property-rights movement is under way. Call it Kelo with a twist: Tapping antieminent-domain sentiment that conservatives say runs high among voters, some groups are pushing to limit how governments regulate private property."

WPost Says Appeals Court Ruling On Student Free Speech Is Troubling. The Washington Post (8/7, A14, 748K) says in an editorial, "Last week a sharply divided U.S. Court of Appeals for the 9th Circuit let stand an earlier decision holding that a public school may prevent a student from wearing an anti-gay T-shirt on campus. The case is hard -- pitting important First Amendment values against the ability of a public school system to create an environment in which all students feel welcome and comfortable. In our view, the court's answer presents serious problems." The "trouble here is that the school encouraged speech on the other side of a politically charged issue. And as the dissenters point out, it's a dicey business for schools to be favoring one side of a matter of great and ongoing religious and political controversy. Public schools should not be at once assisting an advocacy group in drawing attention to the plight of gay and lesbian students and forbidding those with deep religious objections from wearing a shirt expressing their feelings."

WPost Criticizes Payout For Lewis Aide. The Washington Post (8/7, A14, 748K) says in an editorial that Jeffrey S. Shockey "wasn't a particularly well-known lobbyist when he was in the private sector. But he was a particularly well-paid one -- and for good reason. His former boss, Rep. Jerry Lewis (R-Calif.), headed the defense appropriations subcommittee, responsible for doling out billions in federal largess. So Mr. Shockey earned $2 million in 2004 and was on track to get an astonishing $3 million in 2005. But public service called Mr. Shockey when Mr. Lewis ascended to -- purchased might be a better verb, given the behind-the-scenes fundraising frenzy by those vying for the job -- the panel's chairmanship." Shockey "returned to Capitol Hill" but "he didn't depart empty-handed from his lobbying firm: He received a buyout package that totaled an eye-popping $1.96 million. Part of this was money due him for client bills that hadn't yet been paid; by far the largest part was for his 'share' of the firm -- calculated, for reasons that haven't been fully explained, on the basis of six months' worth of anticipated billings." This "entire arrangement is part of the odor that, as we have said, is emanating from the committee that Jack Abramoff called the 'favor factory.'"

Personnel News. Roll Call (8/7, Weinstein) reports in its "Climbers" column, "Rep. Frank Lucas (R-Okla.) is adding a bevy of young new staffers to his Washington, D.C., office. **Craig Perry**, 25, joins Lucas' staff as a legislative assistant responsible for foreign affairs, judiciary and immigration issues, among others. … Also new to the policy shop is **Jordan Russell**, 22, who begins his professional career as a legislative assistant. … **Tabitha Layman**, 24, will serve as the office's new deputy press secretary and staff assistant. … Finally, **Tonia Stroud**, 21, will be the office's new scheduler and office manager."

Roll Call (8/7, Newmyer) reports in its "K Street Files" column, "The March of Dimes, a nonprofit organization that focuses on preventing birth defects, has beefed up its lobbying shop. **Amanda Molk**, formerly with the National Mental Health Association, has come on as deputy director of

DOJ_NMG_0044359

federal affairs. And **Colleen Sonosky**, who had been deputy executive director for policy at FirstFocus/America's Promise, is the new public policy research director. **Adam Jentleson** is the new manager of Congressional affairs at the Center for American Progress, the left-leaning think tank. … Millennium Pharmaceuticals has a new vice president of government relations. **Michael Eging** joins the outfit from Hoffman-La Roche, where he was a top lobbyist. M+R Strategic Services, the public affairs firm, has snapped up **Melissa Salmanowitz** from the media practice at Burson Marseller."

OTHER NEWS:

Suburban Communities Increasingly Forming Own Police Departments. The New York Times (8/7, Vitello, 1.21M) reports, "Government and police academy officials estimate that perhaps two dozen police departments have been formed in the last few years" in suburban communities across the US. "Some have been motivated by perceived gaps in coverage by large metropolitan departments, some by the lure of new revenues." The Times adds, "The boomlet seems to be driven mainly by a desire to maintain or re-establish control over so-called quality of life indexes, experts said. As urban density spreads through the suburbs, some communities with a small-town character sense police resources draining from their streets, and want police visibility restored. But another incentive, some suggest, is revenue: Along with all its other powers and duties, a local constabulary's ability to write tickets can often produce a positive cash flow for the town. In some communities with new departments, the gratitude of local residents…has been muted by a rain of traffic tickets." The Times notes, "There are no firm statistics on the number of new police departments established in the last decade. But Elaine Deck, program manager of the Justice Department's Smaller Agency Technical Assistance Program, said her agency was involved in helping four small departments begin operating during the past year, in Colorado, Iowa, Michigan and upstate New York."

Lebanon Objects To Draft Of UN Ceasefire Resolution. The UN Security Council meets today to consider a ceasefire resolution for the Israel-Hezbollah conflict. The Wall Street Journal (8/7, King, Solomon, 2.03M) reports the resolution "calls for a 'cessation of hostilities' on both sides but doesn't demand that Israeli forces pull out of southern Lebanon. It leaves the details for a lasting cease-fire, including the introduction of an international peacekeeping force, for another round of UN diplomacy." Meanwhile, the New York Times (8/7, Stolberg, 1.21M) reports "two Bush administration officials involved in the French-American talks said the White House recognized that the agreement represented a significant backing away from its earlier insistence that no cease-fire be declared before there were clear lines on how to enforce it."

Under the headline "Cease-Fire Draft At UN Falters Amid Arab Criticism," the New York Times (8/7, Hoge, MacFarquhar, 1.21M) says the Security Council, "despite enormous pressure to take action…failed to hold an expected meeting to discuss the measure and schedule a vote. France and the United States…plunged into renewed negotiations to meet objections to crucial terms of the proposal offered in amendments by Lebanon and by Qatar, the Arab representative on the Council." The Times says the delay "reflected an outpouring of condemnation across the Middle East, demonstrating a conviction that the proposed resolution spoke to all of Israel's demands, backed by the United States, without addressing those of Hezbollah." Many Arab experts "were skeptical about the resolution having any chance of halting the fighting." The AP (8/6, Lederer) says the council "was scheduled to meet Monday morning when the US and France are likely to present a revised text, taking into account some of the Arab concerns, with a view to a possible Security Council vote on Tuesday, council diplomats said, speaking on condition of anonymity because negotiations have been closed."

Already, Lebanon has raised objections to the possibility that Israeli troops could remain on its territory. Secretary of State Rice yesterday took to the airways to defend the resolution, although, as NBC Nightly News (8/6, story 3, 2:40, Jordan, 9.87M) reported, she "cautioned that the proposed UN plan to stop the conflict between Israel and Hezbollah would not end the violence overnight." On NBC's 'Meet the Press,' Rice "defended the plan which does not require Israel to pull out of southern Lebanon or force Hezbollah to give up its weapons." Rice: "I think once the international community has spoken, you'll see that the parties will need to come into line." At the "western White House today, President Bush held a teleconference with National Security Advisor Steve Hadley and British Prime Minister Tony Blair. Hadley told reporters a UN vote to send international forces to Lebanon could take place in a matter of days."

The Middle East conflict is again atop the networks' news agenda and was the lead on the Sunday evening newscasts. The networks ran a total of ten segments for a total of about 20 minutes, with most of the coverage focusing on the US-led diplomatic effort at the UN. The CBS Evening News (8/6, story 3, 1:55, Chen, 7.66M) said that "with the violence continuing to rage the Administration's [diplomatic] effort could backfire. Analysts warn the apparently doomed effort may only create more questions about the White House's ability to broker peace in the region." On ABC World News Tonight (8/6, story 2, 2:15, Harris, 8.78M) Stephan Hadley, National Security Advisor, was shown saying of the

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UN resolution, "This is a first step. It's not the end of the road by any means. These cease-fires take some time to go into effect, particularly if, unfortunately, Hezbollah were to reject it." Under the headline, "US: Fighting Unlikely To End Soon," the AP (8/6, Pickler) also reports Rice "said that process would take several months, but the important first step is to stop the large-scale military operations between Israel and Hezbollah that have been devastating civilians for more than three weeks." The Washington Post (8/7, A10, Fletcher, 748K) notes that Rice, "acknowledging that passage of the resolution would not immediately end the fighting that has raged for most of the past month," said that it "nonetheless offers a framework that would not only eventually end the hostilities but also stabilize the area going forward."

Beirut Wants Significant Changes To Draft. The Financial Times (8/7, Wallis, Morris) reports Beirut "on Sunday rejected outright the Franco-American draft of a United Nations resolution to end Israel's war with Hizbollah, saying it was fundamentally one-sided and failed to take into account its own proposals for a resolution of the conflict." Lebanese officials believe "the UN draft legitimised Israel's occupation of south Lebanon and in turn allowed Hizbollah to seek its own legitimacy through resistance." Speaker of the Parliament Nabih Berri "said the draft paved the way for internal conflict in Lebanon," and "called on Arab governments, whose foreign ministers are due to meet in Beirut on Monday, to unite behind Lebanon's rejection of the resolution." The Wall Street Journal (8/7, King, Solomon, 2.03M) adds Beirut "said it wasn't rejecting the U.N. resolution per se. Instead, the government stressed that the measure needed to be 'strengthened and improved.'"

The Washington Post (8/7, A10, Boustany, Cody, 748K) notes Lebanese Prime Minister Fouad Siniora "said Sunday he is seeking amendments to" the draft "that would combine the dispatch of United Nations and Lebanese army peacekeepers with the immediate pullout of Israeli troops from southern Lebanon." Siniora told an interviewer that "his suggestions were an attempt to meet the interests of Israel as well as Lebanon and its Hezbollah movement in seeking an end to the fighting," and he said the current draft "is 'impractical' because it would leave Israeli occupation troops and Hezbollah militiamen face to face in the border hills, virtually certain to keep fighting."

The CBS Evening News (8/6, story 2, 2:10, Cowan, 7.66M) reported, "Unlike the quiet but earnest calls for a cease-fire last week today the speaker of Lebanon's parliament was defiant and angry outright rejecting the draft of the UN cease-fire proposal saying as it was written, there was nothing in it for Lebanon. The main sticking point: There is no timetable for the withdrawal of Israeli troops from southern Lebanon." The Financial Times (8/7, Wallis, Morris), McClatchy (8/7, Bengali, Schofield), Christian Science Monitor (8/7, Peterson, 58K) and Washington Post (8/7, A10, Boustany, Cody, 748K) run brief stories summarizing the Lebanese objections.

USA Today (8/7, Stinson, Benedetto, 2.27M) reports Hezbollah also rejected the "draft of a United Nations resolution aimed at getting a cease-fire in the Middle East crisis." Meanwhile, Israeli Justice Minister Haim Ramon "told Israeli army radio that the draft resolution would be good for Israel, but that Israel still has military goals to achieve."

Damascus Says Draft Text Would Prolong Conflict. The AP (8/6, Mroue) reports Syrian Foreign Minister Walid Moallem "declared Sunday that a U.S.-French cease-fire plan was 'a recipe for the continuation of the war,' between Israeli and Hezbollah, which he said the Jewish state cannot win." Moallem "said only a complete Israeli pullout would entice Hezbollah guerrillas to stop fighting," and added that "his nation's armed forces were under orders to respond immediately to an Israeli assault."

Rice Says Syria Won't Be Included In Peace Talks. NBC Nightly News (8/6, story 3, 2:40, Jordan, 9.87M) reported, "Even as negotiations get underway on that second resolution, Secretary Rice said Syria won't be included in long-term peace talks. Why? Because of its many years of occupying Lebanon."

On Fox News Sunday (8/6, Wallace) Sen. Joseph Biden disagreed, saying, "There is no reason why the government in Syria doesn't understand that looking north to Iran is not in their long- term interest. But what do we do? We don't even talk to them. I don't mean talk to them nicely, talk to them about what good guys they are. Figure out what's in our mutual interest. … Seventy-five percent of the people in Iran hate their government. We should be negotiating out loud with Iran so that we have two purposes here. Let the whole world know that we're being reasonable, and let the Iranian people know what they are missing. Build that pressure upon that government." Sen. Chris Dodd, also on CBS's Face the Nation (8/6, Schieffer), said, "I regret deeply that the administration has taken this view that we don't talk to people we have basic disagreements with."

Hadley Among Those Concerned Hezbollah May Not Abide By UN Resolution. National Security Adviser Stephen Hadley, on Fox News Sunday (8/6, Wallace), said, "We hope that resolution will be voted late Monday afternoon or Tuesday morning. And I think what you'll hear is both the Lebanese government and the Israeli government making clear that they don't like everything about this first resolution, but I think you'll find in the end of the day they are prepared to accept it as long as we can move quickly toward a second resolution." Hadley noted, "My concern is really at this point that Hezbollah will not cease its attacks. The Security Council will call on them to do so, and we'll also call on all states with influence with Hezbollah, particularly Iran and Syria, to use that influence to try and see after this first resolution that we can get a cessation of the hostilities and

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then move promptly to the second resolution and the deployment of the international force."

Former House Speaker Newt Gingrich, on Fox News Sunday (8/6, Wallace), said, "I see no evidence, and certainly nothing from Hezbollah or Iran, that indicates this cease-fire will be anything except a defeat for the democracies and a victory for the terrorists and the dictatorships."

The Weekly Standard's Bill Kristol, on Fox News Sunday (8/6, Wallace), claimed, "I think we'll have a lot of talk about cease-fires for the next week or two or three, and we won't have a cease-fire, because there's a war going on between Israel and Hezbollah, and Hezbollah is not going to accept the legitimacy of the state of Israel."

Hagel Urges Bush To Become "Personally Involved" In Brokering Cease-Fire. Commenting on the situation in Lebanon in an appearance on CBS's Face the Nation (8/6, Schieffer), Sen. Chuck Hagel said, "We need to find that cease-fire. … This is the 26th day of this slaughter. What it's doing is driving the hatred in the Middle East deeper and deeper into the fabric of that region. It's going to make it more and more difficult to find that middle ground to start unraveling this and doing the things we need to do to find a cease- fire. We have to stay at it. The president of the United States must be personally involved in this." Hagel went on to say, "you cannot separate what's going on in Lebanon and Israel from Iraq or anywhere else. This is going have to include Iran, Syria. That means engagement. That means direct talks, and put all of it on the table. But we have to stop the slaughter. That's the first thing we have to do."

More Commentary. There was little commentary on the Israeli-Hezbollah conflict in today's opinion pages. Notably, the New York Times called for an immediate truce. The New York Times (8/7, 1.21M) says in an editorial, "Enough. This is the week that the international community must impose a truce, to be followed, in short order, by a political settlement and the dispatch of a robust international force to patrol Lebanon's oft-violated border with Israel."

In the Wall Street Journal's State of the Union column (8/7), David Schwammenthal says, "It should be common knowledge in Europe that Hezbollah is an Islamo-fascist organization bent on the destruction of Israel. But Hezbollah's cynicism in triggering the death of innocents, as seen in the current conflict in Lebanon, is matched by Europe's cynicism in closing its eyes to reality. Instead, as last week's debate in the European Parliament shows, politicians and media are once again turning Israel into a pariah state. The fact that Hezbollah is waging a proxy war for Syria and, especially, Iran, which shares Hezbollah's genocidal intention for the Jewish state, is played down. Pictures showing Hezbollah terrorists practicing the Hitler salute are rarely shown. Similarly, reports on the current conflict seldom mention that Hezbollah is using Lebanon's population as human shields -- presenting Israel with the terrible dilemma of either not protecting its own civilians or hitting back and risking hurting Lebanese civilians. This essential context is missing in much of Europe's public debate of the war."

In a Washington Post op-ed (8/7, A15), John Waterbury, president of American University of Beirut, says, "Unfortunately, it is all connected: Hezbollah, Israel, Palestine, Syria, Iran and, indeed, Iraq. One cannot 'solve' the Hezbollah problem without coming to terms with all the pieces. Anyone who has dealt with the successive Middle East crises over several decades knows there is a kind of infinite regress of cause and effect." It is "far too early to tell whether the ferocious battle between Hezbollah and Israel in Lebanon will lead Israel to question the desirability and viability of the status quo, but surely after 39-plus years of pounding away militarily at the symptoms of the Arab-Israeli conflict, it is time to have a go, once again, at the identifiable causes. It requires U.S. engagement -- bipartisan and involving more than one administration."

Israel Bombs Beirut Suburbs As Hezbollah Rockets Pound Northern Israel. ABC World News Tonight (8/6, lead story, 2:40, Muir, 8.78M) reported, "There were rocket attacks across northern Israel. In Kfar Giladi, the bodies of Israeli soldiers lie under blankets, killed by a single Katyusha. There was little rescuers could do. … Smoke rose from soldiers' boots. And blood now stains the stone wall leading to the town cemetery. 12 soldiers were lost." Across the border, "it was just as ugly. Israeli bombs killed at least 19 Lebanese civilians." NBC Nightly News (8/6, lead story, 3:10, Seigenthaler, 9.87M) also reported, "Hezbollah rockets slammed into Israel in the deadliest strikes yet." The CBS Evening News (8/6, lead story, 2:40, Pizzey, 7.66M) noted "rockets have been hitting Israel at the rate of 200 a day."

The AP (8/6, Heller) reports, "Israel also struck hard, killing at least 14 in Lebanon as both sides tried to take advantage of the days before a U.N. resolution is put to a vote. At daybreak Monday, Israeli warplanes pounded Beirut's southern suburbs with eight airstrikes, stepping up bombardment of the Hezbollah stronghold. It was not immediately clear what was targeted." Israeli warplanes also "struck deep in Lebanon early Monday, targeting the northeastern Bekaa Valley, a symbol of Hezbollah power."

The Los Angeles Times (8/7, King, Stack, 918K) reports that Israeli attacked killed "at least 20 people" and injured "dozens. Near-constant artillery barrages thundered across the border." The continuing violence was described in articles in the New York Times (8/7, Oppel, Myre, 1.21M) and Washington Post (8/7, A1, Cody, Moore, 748K), which headlines its story "Air Attacks Intensify In Lebanon, Israel." The Washington Post (8/7, A9, Finer, 748K) runs a separate report on the Hezbollah rocket attacks.

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The New York Times (8/7, Erlanger, Oppel, 1.21M), in a story titled "A Disciplined Hezbollah Surprises Israel With Its Training, Tactics And Weapons," says Hezbollah "has sharply improved its arsenal and strategies in the six years since Israel abruptly ended its occupation of southern Lebanon. Hezbollah is a militia trained like an army and equipped like a state, and its fighters 'are nothing like Hamas or the Palestinians,' said a soldier who just returned from Lebanon."

Nasrallah Called Key Figure In Conflict, Region. In a nearly 2,000-word analysis piece, the New York Times (8/7, MacFarquhar, 1.21M) says, "The success or failure of any cease-fire in Lebanon will largely hinge on the opinion of one figure: Sheik Hassan Nasrallah, the secretary general of Hezbollah, who has seen his own aura and that of his party enhanced immeasurably by battling the Israeli Army for nearly four weeks." Nasrallah can either "continue fighting on the grounds that he seeks to expel an occupier," or "he can accept a cease-fire — perhaps to try to rearm — and earn the gratitude of Lebanon and much of the world." Either way, the Times says, "the Arab world has a new icon." Nasrallah is about to combine "the scripted logic of a clergyman with the steely resolve of a general to completely rewrite the rules of the Arab-Israeli land feud."

Israeli-Hezbollah Conflict Has Caused Environmental Disasters. ABC World News Tonight (8/6, story 8, 2:10, Wright, 8.78M) reported, "Some of the casualties of this war haven't even been counted yet. Three weeks ago, Israeli bombs struck the Jiyah power plant, sending thick plumes of smoke into the air and thick waves of fuel into the Mediterranean. Three weeks later, the storage tanks are still burning, the fuel, still seeping out. The beaches of Beirut now black." Environmental officials "say the Israeli navy has not allowed them to venture into Lebanon's territorial waters. But satellite imagery shows the extent of the spill. At least 6.5 million gallons of oil, nearly the size of the Exxon Valdez disaster." The "oil slick has already polluted two-thirds of Lebanon's coastline and now extends all the way to Syria."

ABC World News Tonight (8/6, story 9, 0:15, Harris, 8.78M) reported, "Thousands of acres of forests and fields cross northern Israel have been scorched by his Hezbollah rockets. Experts say about 1 million trees have been destroyed there. And it will take at least 50 years for the forests to recover." The Los Angeles Times (8/7, Ellingwood, 918K) runs a similar report.

Administration Officials Believe Hezbollah Attack Is Iranian Diversion. The Washington Times (8/7, Scarborough, 88K) reports, "Hezbollah's July 12 attack on Israel is seen by some Bush administration officials as a bid to break the West's unified focus on forcing Iran to stop enriching uranium for use in nuclear weapons." Hezbollah, "which is financed and trained by Iran's Revolutionary Guards, struck on the very day the six powers -- five permanent members of the U.N. Security Council, plus Germany -- met in Paris to discuss the next move after Iran refused to stop its enrichment program. It came days before the Group of Eight summit in Russia, at which President Bush lobbied for a tough stance against Iran's militant regime, which has threatened to destroy Israel."

Question Remain About Hospital Targeted By Israeli Raid. The Washington Time (8/7, Pisik, 4.03M) reports Hezbollah militants "continue to maintain a tight guard around a hospital they say is empty, days after Israeli commandos stormed it in a dramatic midnight raid into the heart of the militia's territory." The "anxious attitude of two men standing guard in the parking lot when a reporter and photographer visited over the weekend simply added to the mystery surrounding Hezbollah's uses of the building and Israel's purpose in raiding it." Accounts "of last week's fighting also vary, though most agree that it began when nearly a dozen Israeli helicopters and planes roared over Baalbek, dropping bombs and hovering low over its homes." Some residents "say fighters laid down heavy gunfire from buildings surrounding the hospital. But Yussef Ali, owner of a dusty shop near the hospital, said the Israelis dropped bombs on and around the hospital for nearly an hour before he heard Hezbollah's return fire."

Hezbollah TV Station Has Edge In Covering Conflict. USA Today (8/7, Stinson, 2.27M) reports "through 26 days of fighting," TV station Al-Manar, "the broadcast voice of Hezbollah, has been the militant Islamic movement's cheerleader and spinmeister. Along the way, it has managed a couple of journalistic scoops." The broadcaster's "biggest achievement, though, has been its ability to remain on the air. Its studios and offices in the southern suburbs of Beirut were among the first hit by Israeli warplanes when fighting broke out last month. Al-Manar was back on the air within minutes and quickly shifted its transmissions to secret locations." These days, "telecasts are devoted exclusively to coverage of 'Israeli aggression against Lebanon' and Hezbollah's heroic 'resistance.'" The network "frequently airs footage of dead or bloodied victims — shots too gory for most Western broadcasters — of what it describes as Israeli terrorism." Al-Manar's "special relationship with Hezbollah gives it an edge that Lebanon's five other broadcast outlets can't match. The network often has exclusive access to Nasrallah and other Hezbollah leaders, along with an insider's knowledge of what's occurring on the battlefield."

Southern Lebanese Settle In For Long Conflict. The Washington Post (8/7, A9, Shadid, 748K) reports the "weary residents" of southern Lebanon "began settling in for the long wait across a terrain more battered by fighting than at any time in the country's modern history. With a sense that both Israel and Hezbollah have the stamina and endurance to fight on, many in southern Lebanon have started to think of their futures placed within a long-running war: Doctors talk about

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leaving the country for good; some of the hundreds of thousands of displaced within Lebanon have simply come back to their homes in places such as Tyre, fearful the temporary was becoming permanent."

Ignoring UN Resolution, Tehran Says It Will Ramp Up Enrichment. The AP (8/7, Dareini) reports Tehran "vowed Sunday to expand its uranium enrichment, defying a U.N. Security Council deadline for it to suspend its nuclear activities by the end of the month or face the threat of political and economic sanctions." Remarks by nuclear negotiator Ali Larijani were "Tehran's first warning since the resolution passed that it could step up its atomic program. It suggested Iran is feeling emboldened in its main confrontation with the West, over its nuclear program, as Europe and the United States scramble to deal with the escalating violence between Israel and Lebanon-based Hezbollah militants." Larijani "said Iran intends to meet Tehran's previously announced goal of responding by Aug. 22 to" the incentives package, and said the "deadline threat was 'contrary' to the incentives package and blamed the West for damaging efforts for a diplomatic solution."

More Commentary On UN Resolution. The Wall Street Journal (8/7, 2.03M) editorializes, "Secretary of State Condoleezza Rice took a gamble when she persuaded President Bush to agree to direct talks with Iran if it suspended its nuclear enrichment. So far all the effort has earned from Tehran is disdain and a war in Lebanon." The UN resolution "is the world's first serious reply to that disdain, but whether it means anything will depend on Ms. Rice's ability to convince the other powers to enforce it sooner rather than later."

Moscow Blasts Move To Impose Sanctions On Russian Firms. The Financial Times (8/7, Buckley, Kirchgaessner) reports, "Moscow has condemned as groundless and unlawful a US move to impose sanctions on two of Russia's biggest defence groups over arms sales to Iran." The companies, Rosoboronexport, "an arms export agency run by a friend of Vladimir Putin, the president, and the Sukhoi aircraft maker – were among seven groups penalised by Washington for violating a law aimed at preventing the spread of weapons of mass destruction to Iran." On Friday "the US State Department accused the companies, which also included two each from India and North Korea and one from Cuba, of breaching the Iran Nonproliferation Act of 2000. No US company will be able to deal with the banned companies for two years."

Rice Denies Invasion Rumor As Castro Recovers. The AP (8/7, Snow) reports Cuban Vice President Carlos Lage "said Sunday Fidel Castro would return to work in a few weeks after intestinal surgery that forced him to hand over power temporarily to his younger brother." He "had earlier denied reports Castro had stomach cancer and reiterated Sunday the Cuban leader was recovering well." Venezuelan President Hugo Chavez "said Castro was out of bed and talking following his surgery as messages wishing the Cuban leader a quick recovery poured in from Latin America's leading leftists and Elian Gonzalez." Secretary Rice "said Sunday the United States wants to help Cubans prepare for democracy but is not contemplating an invasion of the island in the wake of Castro's illness. 'The notion that somehow the United States is going to invade Cuba, because there are troubles in Cuba, is simply far-fetched,' Rice told NBC television. 'The United States wants to be a partner and a friend to the Cuban people as they move through this period of difficulty and as they move ahead. But what Cuba should not have is the replacement of one dictator by another.'"

AFP (8/7, Collinson) notes Rice's comments, saying Washington "pledged not to stoke political crisis in Cuba as Fidel Castro ails, but warned that the communist icon who has defied Washington for decades must not be replaced by a new dictator." Rice "urged Cubans to stay on the island amid the political tumult but promised Washington would stand by them in a time of political transition."

Meanwhile, says the AP (8/7, Snow), "Cuba's vice president said Sunday Fidel Castro would return to work in a few weeks after intestinal surgery that forced him to hand over power temporarily to his younger brother." Another AP story (8/7, Snow) reports Venezuela's president Hugo Chavez said yesterday Castro "was out of bed and talking following his intestinal surgery." Messages "wishing the Cuban leader a quick recovery poured in from Latin America's leading leftists and Elian Gonzalez."

The New York Times (8/7, Seelye, 1.21M) reports on the US media coverage of Castro's illness, noting "many news organizations in the United States are scrambling to cover the situation in a Communist country that bars most American reporters. The wire services that serve American newspapers…as does CNN -- but they are the exceptions." Reporters "are at the mercy of the Castro government in getting working visas, and most are unsuccessful. At least a dozen reporters have sought to enter the country on tourist visas and been turned away at the airport; a few have slipped through and have been operating in the island nation sub rosa, which hampers their ability to report fully."

Case Of Noted Cuban Dissident Noted. The Wall Street Journal (8/7, A1, Moffett, 2.03M) reports on Roberto Quiñones Jr., whose grandmother, Hilda Molina, "is a neurosurgeon who was once a hero of the Cuban revolution. But in the mid-1990s, disillusioned with Mr. Castro's regime and the decline of the island's once-vaunted health-care system, she renounced the presidency of the neurological-treatment center she founded and her seat in Cuba's

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parliament. Abroad, that has made her one of Cuba's bravest dissidents, but at home, Dr. Molina, 63 years old, has become an official non-person and thorn in the side of Mr. Castro. For 12 years she has been barred from leaving Cuba to visit her son and his Argentine wife, and she's never met her grandsons Roberto Jr. and 5-year-old Juan Pablo." Argentine President Kirchner, "who has championed human-rights causes, ratcheted up the pressure over the Molina case at the meeting of Latin American presidents attended by Fidel Castro last month. He sent a personal letter to Mr. Castro seeking a travel visa for Dr. Molina on humanitarian grounds."

After Court Loss, López Obrador Calls For Further Protests. The Financial Times (8/7, Thomson) reports, "Andrés Manuel López Obrador, Mexico's leftwing presidential candidate, has vowed to step up acts of 'civil resistance' to protest against the results of last month's election, after the country's supreme electoral tribunal ruled that only 9 per cent of the ballot boxes needed to be recounted." López Obrador "is trying to force a full recount. He hinted that his pledge would involve continuing attempts to disrupt daily life in Mexico City, where his followers have blockaded the central avenue for the last week."

The Los Angeles Times (8/6, Enriquez, 918K) reports, "The seven-judge tribunal agreed to recount votes cast at 11,839 polling stations in 26 Mexican states because of apparent arithmetic errors or other irregularities. Recounts must be based on evidence specific to a poll station, said Justice Alfonsina Navarro, not broad suspicion." Chief Magistrate Leonel Castillo, "arguing against a full recount, said Mexicans had already counted the vote in a system that gives ordinary citizens the job of running the national election."

The Christian Science Monitor (8/7, Llana, 58K) says "the Federal Electoral Court's refusal to recount each of the 41 million ballots cast comes as a severe blow to supporters of the leftist leader and raises the possibility of prolonged unrest." But "to many political observers, the court's unanimous ruling to review just 9 percent of the 130,000 polling places in the face of such massive social pressure -- even if the decision leads to more protest in the immediate future -- will, in the long run, help legitimize Mexico's electoral institutions." The Wall Street Journal (8/7, Lyons, Luhnow, De Córdoba, 2.03M) also reports the story under the headline "End Game: After Court Ruling, Calderón Is Closer To Leading Mexico." The Washington Post (8/7, A11, Roig-Franzia, 748K) titles its report "Mexican Runner-Up Remains Defiant." The AP (8/7, Stevenson) and McClatchy (8/7, Hoag) run similar stories.

Chavez's Shrill Rhetoric Noted. Jackson Diehl writes in the Washington Post (8/7, A15, 748K), "Last week Iranian President Mahmoud Ahmadinejad held a news conference at which he launched into a vitriolic denunciation of Israel, 'the usurper Zionist regime,' for its bombing of civilians in Lebanon. For a politician who has repeatedly denied the Holocaust and called for Israel's extinction, it was pretty routine stuff." Then 'the visiting head of state standing next to Ahmadinejad piped up. 'Do they want war because they have the devil inside them?' demanded Venezuelan President Hugo Chavez, speaking of the Jewish state. 'I say to them from here, from Iran, once and a thousand times: Murderers! Cowards! Frankly, their fate has been sealed, from the depths of the people's soul.'" Diehl adds, "No wonder Ahmadinejad had just described Chavez as a 'brother and trench mate.'" Diehl also writes, "It remains to be seen whether Chavez will get his Security Council seat in a vote by the General Assembly in October; thanks to some inept diplomacy by the Bush administration, he just might. But Bush at least managed to win last week's war of words. Asked by a Fox television interviewer if Chavez posed a threat to the United States, Bush responded with the cruelest cut possible for the Bolivarian: 'No, I don't view him as a threat.' Neither, it seems, does anyone else."

LATimes Calls On Congress To Normalize Trade With Vietnam. The Los Angeles Times (8/7, 918K) says in an editorial, "Three decades after the last American helicopter flew into the Saigon sunrise, the final milestone in the U.S. reconciliation with Hanoi is within reach. There is no reason to wait any longer. Congress should expedite the extension of permanent normal trade relations to Vietnam."

WSJournal Notes Conviction Of Chinese Activist. The Wall Street Journal (8/7, 2.03M) editorializes, "A court in China's Guizhou province recently sentenced Li Yuanlong to two years in prison for subversion. A reporter for the Bijie Daily, Mr. Li committed the crime of criticizing Communist Party authorities and expressing admiration of America's freedom and democracy. In one of the essays he posted on the Internet, Mr. Li noted that, during the Cultural Revolution, aspiring Party members who had not yet been accepted sometimes said that they had joined 'in spirit.'" He "declared himself 'an American in Spirit.' Now he is paying the price for his adopted citizenship."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

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US House: No Scheduled Events.

Other: KATRINA-HEALTH CARE LESSONS _ 9:30 a.m. Medical professionals with experience in the storm-ravaged Gulf Coast speak at National Association of Community Health Centers news conference. They'll also discuss new report ``Legacy of a Disaster: Health Centers and Hurricane Katrina, One Year Later," on the role of health care immediately following such multi-state disasters. Location: National Press Club, 14th and F Sts. NW.

NURSING HOMES-REPORT _ 10 a.m. Consumer Reports holds news conference on its Nursing Home Quality Monitor, a national database of facilities to choose -- or avoid. Location: Kaiser Family Foundation, 1330 G St. NW.

SUDAN-TRADE-LAWSUIT _ 10 a.m. National Foreign Trade Council (NFTC) and five boards of Illinois public employee pension funds announce lawsuit against the state of Illinois. They're challenging the constitutionality of the Illinois ``Act to End Terrorism and Atrocities in the Sudan. Location: National Press Club, 14th and F Sts. NW.

ELIOT SPITZER-BOOK _ 2 p.m. American Enterprise Institute holds forum on a Washington Post reporter's book, ``Spoiling for a Fight: The Rise of Eliot Spitzer." Participants include book author Brooke A. Masters and US Court of Appeals Judge William H. Pryor Jr. Location: Wohlstetter Conference Center, 12th floor, AEI, 1150 17th St. NW.

WORKING WOMEN SURVEY _ 2 p.m. AFL-CIO teleconference to release preliminary results of biannual ``Ask a Working Woman" survey of 20,000 women. Participants include Linda Chavez-Thompson, exec-vice president of AFL-CIO, and Meagan Jeronimo, a working mother from Houston. Contacts: Alison Omens, 202-637-5018. Notes: Call 202-637-5018 for teleconference info.

LEBANON-ISRAEL-VIGIL _ 4:30 p.m. - 6:30 p.m. Amnesty International holds vigil calling for immediate ceasefire in the Lebanon/Israel Conflict. Location: State Dept., 2201 C St. NW.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Pressured To Name Names."
"Conflict Rages Before Talks."
"State Lawmakers To Tackle An Ambitious Agenda."
"To Alaska's Big Dreamers, No Bridge Is Too Far."
"Slaughter Under The Cypresses."

USA Today:
"Safety A Concern As Drones Catch On."
"For Sale: Scene Of A Crime."
"Hezbollah Rejects Plan For Cease-Fire."

New York Times:
"Rocket Barrage Kills 15 Israelis Close To Border."
"Gain In Income Is Offset by Rise In Property Tax."
"15 States Expand Right To Shoot In Self-Defense."
"Lieberman Explains His Stance On Iraq."
"Sorting Out Life As Muslims And Marines."

Washington Post:
"Air Attacks Intensify In Lebanon, Israel."
"Lieberman Confronts Criticism Over Iraq."
"Welfare Changes A Burden To States."
"Constructing Lives Off The Soccer Field."
"Md. Democrats Look To Seize Senate Race's New Spotlight."
"In Afghanistan, A Crackdown On Imported Pleasures."

Washington Times:
"Israel Nabs Hezbollah Guerilla."
"Security Flawed In Electronic Passports."
"O'Malley Neglecting Baltimore Critics Say."
"Democrats Mum On 'Corruption.'"
"Afghan Province Looks To Buddhas For Revival."

Detroit Free Press:
"NWA Union For Showdown."
"Judge Could Alter War On Terror."
"With His Demon, Man's A Teen Again."

Atlanta Journal-Constitution:
"Eyes Trained On The Illegals."
"Deaths Rise A U.N. To Act."
"Labs' Skull Work May Make Case For Saints From Georgia."

Houston Chronicle:
"Perry Foes Agree Law Is Flawed."
"Houston Areas Students Find Reason To Stay At UTSA."
"Israel Staggered By Hits As U.N. Actions Looms."
"Cross Plains Makes Quick Recovery From File."

Story Lineup From Last Night's Network News:
ABC: Israeli Offensive; US Opinion-Cease Fire; Sectarian Violence-Iraq; Iraq Violence; US Soldier Case-Mahamudyah; Lieberman Re-election Campaign ; Dangerous Auto Sales; Oil Spill-Lebanon; Forest Fire-Israeli; John Glen Released From Hospital; Susan Butcher Obit.
CBS: Cease Fire Proposal; Deadliest Day-Israel; US Opinion-Cease Fire; Iraq Violence; Using Wind Power; Gene Doping.
NBC: Deadliest Day-Israel; Israeli Offensive; Cease Fire Resolution Proposal; Iraq Violence; US Soldiers Case-Mahmudiya; Lieberman Re-election Campaign; Airline Bumping.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Oil Prices; UN-Mideast War Resolution; Baghdad-US Troops; CT-Democratic US Senate Primary.

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CBS: Israel-Hezbollah Rocket Attack; UN-Mideast War Resolution; Oil Prices; US Soldiers' Rape/Murder Trial.
NPR: Israel-Hezbollah Rocket Attack; UN-Mideast War Resolution; Oil Prices; Mexico-Presidential Election Results; Sri Lanka-Rebel Fighting; CT-Democratic US Senate Primary; Glenn, Wife Released From Hospital.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, AUGUST 7, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Pressured To Name Names (LAT) ... 2
At Detainees' Trials, Will Hearsay Be Heard? (CSM) ... 5

Patriot Act:
Contractor Faces Afghan Murder Charges (AP) ... 7
Raleigh Is Stage As U.S. Prosecutes Detainee Abuse (RNO) ... 7
Passaro Goes On Trial Today (FO) ... 8

War News:
Rice: Iraq Isn't Becoming Another Iran (AP) ... 9
Rice Rejects Storm Of Criticism Of US Mideast Policy (AFP) ... 10
"We Want A Cease-Fire Too" (TIME) ... 11
Carrying Costs (USNEWS) ... 12
Rules Of Engagement (TIME) ... 13
Eye For An Eye (NWS) ... 13
'We Are At War' (NWS) ... 14
Washington Whispers (USNEWS) ... 14
Nasrallah's Men Inside America (NWS) ... 15
Senators Suggest Withdrawal From Iraqi Civil War (WT) ... 16
The Specter Of Iraq Civil War Riles Senator (LAT) ... 17
Exclusive: Iraq—Plans In Case Of A Civil War (NWS) ... 17
Baghdad Diary (TIME) ... 18
Bomber Attacks Funeral In Tikrit (USAT/AP) ... 24
Half Of U.S. Still Believes Iraq Had WMD (SFC/AP) ... 25
Pressure Mounts For Strikes Against Kurds In Iraq (WT) ... 26
Medic Details Finding Iraqi Girl's Body (USAT/AP) ... 27
4 G.I.'s Tell Of How Iraqi Raid Went Wrong (NYT) ... 28
Montana Senator's Nephew Laid To Rest (USAT) ... 30
The Iraq War Enablers (NYT) ... 30
NATO Says It Can Cap Violence In Southern Afghanistan Despite Losses (AFP-Y) ... 31
In Afghanistan, A Crackdown On Imported Pleasures (WP) ... 32
Counterinsurgency, By The Book (NYT) ... 34
Base Tries To Avoid Layoffs (WP) ... 35
Sorting Out Life As Muslims And Marines (NYT) ... 36

DOJ:
Justice Nomination Hinges On Spy Probe (WT) ... 41

Corporate Scandals:
Gov't Enron Trial Record Is Spotty (AP) ... 42
Scrushy, Siegelman Want Verdicts Tossed (AP) ... 43

Criminal Law:
Ney Drops Out Of Fall Race (PTR) ... 43
Senate Testimony May Haunt Ney (RC) ... 44
Report: Most Violent Felons Have Priors (AP) ... 45
Drug Problems Escalate After Hurricane Katrina (NYT) ... 46
Sergeant Charged With Child Sex Abuse (WP) ... 48
Case Of Juvenile Molester Sends Victim's Parents On Legislative Mission (WP) ... 48
The Avenger (WP) ... 49
After 10 Years And Many Turns, Murder Trial Starts In Nashville (NYT) ... 54
For Sale: Scene Of A Crime (USAT) ... 55
In Jail With No Charge (WP) ... 57

Civil Rights:
Talent Touts Measure To Solve Killings (SLPD) ... 57
Racism Fears A 'simmering Pot' At N.M. Rez Border Town (AP) 58
Number Of Black Lobbyists Remains Shockingly Low (WP) ... 60

Antitrust:
The Average Taxpayers' Knight In Legal Armor (WSJ) ... 61

Environment:
Eastern Shore Waterman Fights Rules Designed To Protect Sea Turtles (VP) ... 62
BP Shuts Down Alaska Field To Prevent Spill (FT) ... 64
BP To Shut An Alaska Oil Field Amid Pipeline Flaw, Small Leak (WSJ) ... 65
BP Shuts Down Alaskan Oil Line (WT/AP) ... 66

FBI/DEA/ATF/USMS:
Reporters' Lawyers Cite Press Freedom In Steroid-Use Leak Investigation (LAT) ... 67
Jailing Of Reporters Send Powerful Signal (AP) ... 67
Journalists Decry Pressure Over Sources (AP) ... 68
'Clear' Steroid Creator Is Sentenced (AP) ... 69
U.S. Officials Wanted Gatlin Out Of Event (LAT) ... 70
Coach Says Testers Got Tip On Gatlin (AP) ... 71
Track Body Seeks Longer Bans (AP) ... 72
The Burden Of Failure Puts Athletes At Risk (NYT) ... 73
Using Drugs In Sports Used To Be Considered Just Part Of The Game (WSJ) ... 74

British Sprinter Cuts Ties With Graham, Gatlin (AP) 75
Landis's Second Positive Test Is Latest Incident In Doping 'Epidemic' (WP) 75
Something In The Blood (WP) 76
Drones In Domestic Skies? (WSJ) 78
Charges Rejected For Moms Who Bear Babies Exposed To Illegal Drugs (WP) 79
Bombs Found In Basement Of House (WSBT) 80

Congress-Administration:

Promises, Promises (USNEWS) 80
Critics Say Politics Driving Immigration Hearings (NYT) 81
Tasks Are Workaday For Guard Troops On Border (NYT) 82
An Immigration Compromise? (WSJ) 84
The FDA: Not All Going According To Plan (NWS) 85
Reid Lobbying Sinks 'Trifecta' (RC) 85
So Much To Do, So Little Time ... So Congress Skips Town (USAT) 86
Pension Act: Does It Add To Instability? (USAT) 87
Pension Bill Promises Windfall For Fund Firms (WSJ) 88
Administration Aims To Set Health-Care Standards (WP) 89
Welfare Changes A Burden To States (WP) 90
FEMA Regroups After Katrina, But Some Question Its Readiness (WSJ) 91
Research Team Seeking Clues To A Hurricane's Birth (WP) 93
Court's Eminent-Domain Edict Is A Flashpoint On State Ballots (WSJ) 94
When Students Speak (WP) 95
The $2 Million Man (WP) 96
Frank's Place (RC) 96
Wilson Ends Bid For Permanent Stakeout Spot (RC) 97

Other News:

New Police Forces Can Fill Gaps In Coverage (and Gaps In Municipal Budgets) (NYT) 98
U.S. Defends Resolution To Halt Battle Between Israel, Hezbollah (WSJ) 100
Rice Says Draft U.N. Resolution Is Only 'First Step' (NYT) 101
Cease-Fire Draft At U.N. Falters Amid Arab Criticism (NYT) 102
U.S.: Fighting Unlikely To End Soon (AP) 103
Rice Calls Plan At U.N. Crucial Step To Peace (WP) 104
Lebanon Dismisses UN Draft Resolution (FT) 106
Lebanese Premier Seeking Changes To U.N. Proposal (WP) 106
Lebanon Rejects Proposal To End War; 12 Israeli Soldiers Killed (MCT) 107
Lebanese Reject French-US Plan (CSM) 109
Hezbollah Rejects Plan For Cease-fire (USAT) 111
Syria Rejects Mideast Cease-fire Plan (AP) 112
A Truce For Lebanon (NYT) 112
Europe's Willful Blindness (WSJ) 113
A Bad Status Quo (WP) 114
Israeli Warplanes Pound Beirut Suburbs (AP) 115
Dozen Israeli Reservists Die In Rocket Strike (LAT) 117
Rocket Barrage Kills 15 Israelis Close To Border (NYT) 118
Air Attacks Intensify In Lebanon, Israel (WP) 120
Rocket Assault Kills 12 Israelis In Border Town (WP) 122
A Disciplined Hezbollah Surprises Israel With Its Training, Tactics And Weapons (NYT) 123
Arab World Finds Icon In Leader Of Hezbollah (NYT) 125
Blazes Scorch Israel's Forests (LAT) 127
Hezbollah Attacks Seen As Iran Diversion (WT) 128
Mystery Cloaks Raid On 'Empty' Hospital (WT) 129
Lebanese Network Pushes Definition Of 'reality TV' (USAT) 130
In Southern Lebanon, Weary Resignation (WP) 131
Iran Says Will Expand Nuclear Activities (AP) 133
A Deadline (Of Sorts) For Iran (WSJ) 134
US Sanctions On Russia 'unlawful' (FT) 135
Cuba: Castro To Return 'In A Few Weeks' (AP) 136
US Not Stoking Crisis In Cuba: Rice (AFP) 137
Cuba: Castro To Return 'In A Few Weeks' (AP-Y) 138
Chavez: Castro Out Of Bed And Talking (AP-Y) 139
In Cuba, A Dissident Hopes Change Leads To Family Reunion (WSJ) 139
López Obrador Calls For More Protests (FT) 141
No Full Recount In Mexico (LAT) 142
Ruling On Mexico Vote Fails To End Dispute (CSM) 143
End Game: After Court Ruling, Calderón Is Closer To Leading Mexico (WSJ) 144
Mexican Runner-Up Remains Defiant (WP) 146
Lopez Obrador Orders More Protests After Recount Rejection (MCT) 148
Chavez's War Of Words (WP) 148
Trading With The (Former) Enemy (LAT) 149
An American In Spirit (WSJ) 150

TERRORISM NEWS:

Pressured To Name Names (LAT)

By Lee Romney, Times Staff Writer

The Los Angeles Times, August 7, 2006

A Moroccan says the U.S. gave him a stark choice: Inform on fellow Muslims or be deported as a likely terrorist. It's a routine tactic, some say.

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SAN FRANCISCO — The document that federal agents handed to Yassine Ouassif to justify his deportation contained startling language: "The United States government has reason to believe that you are likely to engage in terrorist activity."

Ouassif was in exclusive company. Since Sept. 11, only five people have faced that ominous charge. Ouassif was about to become the sixth.

The slip of paper offered no details on what was behind the accusation.

As federal officials took him into custody in December, they told the 24-year-old Moroccan — a permanent resident who had moved to California nine months before the terrorist attacks — that he would be taken to a detention facility in Arizona. He could fight deportation from there, but it would take at least two years, they said. And they assured him he would fail.

Ouassif was scared. He cried. But he was not surprised.

Just three weeks earlier, an FBI agent had laid out a stark choice in a furtive meeting near an East Bay commuter rail station: If Ouassif signed on as an informant in the government's war to root out terrorism, all his problems would disappear. If he declined, Ouassif would almost certainly be deported.

"He was gambling on me," said Ouassif, a devout Muslim whose thick, curling eyelashes lend him a childlike demeanor.

Ouassif, saying he is a law-abiding green-card holder, chose to fight back. "Hire people to help you and pay them," he said. "Don't put someone in the field and say, 'You have to help us.' "

The story of the San Francisco resident — a security guard and part-time engineering student — is in some ways unremarkable. He is one of many immigrants investigated, yet not charged or deported, in the post-Sept. 11 era. But his case reveals a lesser-known aspect of the war on terror: the federal government's high-stakes — some say coercive — tactics to recruit Muslim collaborators.

Ouassif treaded water for seven months in a murky administrative netherworld — facing vague accusations of terrorist activity, but granted no court hearing — while he says he was pressed aggressively to become an informant.

The account of Ouassif's ordeal is based largely on interviews with him and his lawyer, as well as his own voluminous written chronicle. Immigration officials declined to comment, since no formal action was taken against Ouassif. FBI officials also declined to discuss the investigation, saying it is classified.

Nevertheless, the basic outlines of Ouassif's tale check out — including evidence that he was told to contact a San Francisco FBI agent who tried to recruit him.

San Francisco FBI spokeswoman LaRae Quy said the known facts — that Ouassif did not become an informant and was not deported — prove that he was treated fairly.

"It's clear that there wasn't any coercion here or he would have been thrown out of the country for not cooperating," she said.

But lawyers and local Islamic leaders in California cite at least a dozen recent cases of clients who were aggressively encouraged to become informants after they were detained for minor visa violations.

"They are trying to cultivate and exploit innocent people, enticing them, bribing them, tricking them in all these ways to snitch and spy," said Shakeel Syed, executive director of the 70-mosque Islamic Shura Council of Southern California.

Most Muslims who have been approached as potential informants are too fearful to talk publicly. Ouassif said he decided to speak to reporters from The Times and the Wall Street Journal because he hoped to encourage the FBI to find "a way of dealing with a situation like this in a non-harmful way."

Ouassif grew up in Casablanca, Morocco, with seven brothers and one sister. He entered the United States in January 2001, at 19, after winning a green card through the federal government's lottery. In 2003, he traveled to Morocco to marry a 17-year-old cousin. When he returned, he enrolled at San Francisco City College and made plans to bring his wife, Khadija El Fahri, to live with him.

Ouassif is now cleanshaven and wears jeans and sneakers. But then, he sported a full beard and, by his own account, embraced an intense religious orthodoxy. He gravitated to the Al-Tawheed mosque, on the edge of San Francisco's gritty Tenderloin neighborhood, across the street from a sex shop. At the mosque, Ouassif sold Moroccan clothing for extra income, worshiped and talked often with friends.

In the post-Sept. 11 environment, some conversations were starkly critical of U.S. policy, he conceded. But Ouassif said he never advocated violence and believes that those who commit terror against nonbelievers are "distorting Islam."

His ordeal began Sept. 26, 2005, after a visit to his wife in Morocco. Three hours into his Paris-to-San Francisco flight, the plane turned back. An Air France spokesman confirmed that the flight was diverted "at the request of the U.S. authorities."

Ouassif was questioned in France and then put on a plane to Casablanca. Moroccan agents took over, warning him that U.S. officials had the dirt on Ouassif and his friends.

"I pleaded with them in the name of God not to take any action without proof," he said.

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For more than five weeks, Ouassif said, he was told to wait while a Moroccan intelligence agent promised to resolve the U.S. Embassy's concerns. When they finally met again, Ouassif recounted, the agent asked him to attend the mosque near his family home in Casablanca and spy on some prominent Islamists.

And then he told him that was just the start.

"We also need your help in America," Ouassif recalled the agent saying.

Ouassif wanted none of it.

Without reporting to U.S. Embassy authorities in Casablanca, as authorities had ordered him to do, Ouassif booked a flight to Montreal. He hoped to escape notice by crossing the border by bus. But he didn't.

At the U.S. Customs and Border Protection facility in Champlain, N.Y., on Nov. 23, 2005, Ouassif said he underwent questioning, his right hand cuffed for a time to a small metal chair. He had not reported to the U.S. Embassy in Morocco, he told the female agent who questioned him, because he was innocent and afraid he might lose his green card.

She asked about his visits to Morocco, religious beliefs and views on jihad.

When she finished, an FBI agent, identified by his business card as Michael Lonergan, told Ouassif that under normal circumstances he would be detained but that a San Francisco FBI agent named "Dan" had just intervened. Ouassif could go home, if he agreed to call Dan when he got there.

Lonergan printed Dan's number on his card.

Reached at his two-man office in Plattsburgh, N.Y., just south of Champlain, Lonergan said he could not comment.

Customs and Border Protection officials revoked Ouassif's green card and instructed him to report to immigration authorities in San Francisco.

Informants have long been key to criminal investigations. But they are usually used merely to turn up leads. Agents then accumulate other evidence or follow through on their own, undercover.

Terrorism cases, in contrast, are increasingly built solely on informants.

Rand Corp. terrorism expert Brian Jenkins said the reasons are varied. The FBI lacks agents with language and ethnic backgrounds to infiltrate potential jihadist groups. Pressure has mounted to intervene before terrorist acts are carried out. And would-be terrorists now favor "local initiatives beneath the radar of international intelligence," he said, making investigation of homegrown groups much more critical.

The recent arrests of seven Miami men who allegedly talked of blowing up Chicago's Sears Tower, for example, stemmed entirely from the work of an undercover FBI informant who posed as an Al Qaeda operative.

Still, problems with informants in high-profile cases have underscored the perils.

The informant, and star witness, in a botched Detroit terrorism prosecution allegedly told his cellmate that he had lied. The case unraveled after an investigation revealed prosecutors had withheld that and other key information from the defense.

Another informant in a high-profile New York terrorism case set himself ablaze in a personal protest against his handlers.

And in the California prosecution of a Lodi father and son, the informant told tales of seeing top Al Qaeda officials in the Central Valley — sightings discounted by terrorism experts as preposterous.

Initially investigated as a suspect, that informant agreed to help in exchange for more than $200,000 — payments that critics contend could lead informants to lie or entrap.

Appealing to an innocent person's concern for potential violence is the best recruiting approach, experts and the FBI's Quy said.

But, Jenkins said, "The most common, easiest way is to use leverage against someone who has actually committed a crime and then to say, 'Look, in exchange for X, we need your help.' "

One way to exert such leverage is through immigration violations. Even when the offense is minor, the consequences are almost always severe.

"For many people, the stakes are whether they get to continue living in the country that is their home," said Georgetown University law professor David Cole, who has represented terrorism defendants. "That is a huge hammer to hold over somebody's head."

When he returned to San Francisco, Ouassif said he called the FBI agent, Dan Fliflet.

For nearly four hours the next day, they walked and talked near a West Oakland train station. "He said, 'I know all about you and your friends at the AlTawheed mosque,' " Ouassif recounted. " 'I also know you have jihadi beliefs — holy war beliefs.' "

Ouassif denied it. But Fliflet insisted he had a detailed report on Ouassif. He proposed a long-term collaboration, Ouassif recalled, first in San Francisco and later in Sacramento. Ouassif could cooperate. He would get his green card back and his wife would be allowed to come live with him. Or he could refuse. And then Fliflet would spearhead efforts to expel him.

"America is like a bus," Ouassif said Fliflet told him. "Either you board the bus or you leave."

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He gave Ouassif one week to think about it. "We shook hands and he left," he said. "It was the most terrible moment I have ever experienced."

The questions tumbled out. "Is it going to harm people? Is it going to hurt me?" Then he swung the other way. "I thought, even if I have to go back and live with my family in Morocco, it's OK. I just want to live a peaceful life."

A friend counseled Ouassif to hold firm. "Nothing will happen to you," he said. "This is their strategy. Be patient. It's a test from God."

Ouassif sought help. At his side at his first immigration appointment, on Dec. 14, was Banafsheh Akhlaghi, an Iranian-born lawyer who has become an advocate for the civil rights of Middle Easterners, Muslims and South Asians.

Fliflet and an agent with U.S. Immigration and Customs Enforcement chided him for not helping his country and promised they had proof he was "a bad guy." Then, Customs and Border Protection agents took him into custody and handed him the charging document, also known as a notice to appear in court.

But within hours, he was released. The region's national security prosecutor for the Department of Homeland Security, Peter Vincent, had relayed to Akhlaghi that there was insufficient evidence to prove the terrorism allegation, she said.

The agents then asked Vincent for more time to gather evidence. They took four more months. At last, on April 18, Ouassif's ordeal ended.

"Finally, they gave me my green card back, with no explanation and not even any apology," Ouassif said.

Reached at the cellphone number that Fliflet gave Ouassif, Fliflet declined to comment.

Vincent also declined to discuss the case and referred a call to ICE spokeswoman Virginia Kice, who said that the agency never began formal immigration proceedings against Ouassif.

But she noted that the decision to present Ouassif with the notice to appear before a prosecutor agreed to press the case was unusual. "I wouldn't think it's common," she said.

Ouassif's story in many ways remains mysterious.

Akhlaghi said she was told the investigation was prompted by a transcript of Ouassif expressing anti-U.S. opinions that, "if he were a citizen, would have been protected speech."

Such a conversation would likely have been recorded by an informant who had already infiltrated Ouassif's Al-Tawheed friends.

Quy, the FBI spokeswoman, said that agents would not place someone on a no-fly list without cause.

"The FBI did not arbitrarily choose Yassine from a group of young Muslim men," she said. "We were in receipt of specific information that indicated he may be either directly involved or have knowledge of terrorist activities."

But Akhlaghi believes agents tried to scare Ouassif into cooperating, threatening him with charges they could not substantiate.

She has handled four other immigration cases since last year in which Bay Area clients were pressed in custody to become informants. Two Pakistani students and an Egyptian imam were picked up for minor violations, including failing to pay student fees and misstating an address on a form. The fourth, a Moroccan, was discovered to have overstayed his visa.

All declined to become informants and are fighting deportation.

"They are being visited when they are in shackles and handcuffs and an orange suit," Akhlaghi said. "There is something that can be really threatening about that."

Syed, of the Islamic Shura Council of Southern California, said he has heard of about 10 attempts to turn Muslims with immigration troubles into informants in the last 18 months.

Even in cases in which federal agents are using leverage, terrorism experts suggest there are lines that should not be crossed.

"If we were going to deport them anyway, and you say, 'You've committed a violation. That's the way it is. But if you help us out, we'll throw you a lifeline,' I think that's fair," said Michael O'Hanlon, a senior fellow at the Brookings Institution and an expert on homeland security. "What I would consider unfair would be deliberately picking on someone for a violation for which they would not normally be punished."

Ouassif has moved to a downtown apartment and, as a state-licensed security guard, now watches over Pacific Gas & Electric Co. power plants. He dropped out of school this spring in the midst of his ordeal, saying the stress was too much.

"My only concern right now is to live a normal life," he said. "I want to bring my wife to this country, as my other friends have. This is all I'm thinking of. It's really personal."

At Detainees' Trials, Will Hearsay Be Heard? (CSM)

By Warren Richey

The Christian Science Monitor, August 7, 2006

When he struck down the military commission process at the US-run Guantánamo prison camp in June, Supreme Court Justice John Paul Stevens reached back into history to cite the kind of unfair trial that might result under the Bush administration's plan to use a sharply streamlined system of justice to prosecute suspected Al Qaeda terrorists as war criminals.

His example: the 1945 trial of Japanese Gen. Tomoyuki Yamashita by a special US military commission in the Philippines. The commission held the general responsible for war crimes committed by forces under his command, although no direct evidence was presented during the month-long trial to show that he had ever ordered, participated in, or condoned the atrocities. He was subsequently hanged.

That outcome was made possible, in part, through liberal use of hearsay evidence. The military commission was told it was free to use as evidence anything that its members felt would be of assistance to a reasonable person in proving or disproving the charge.

"Every conceivable kind of statement, rumor, report, at first, second, third, or further hand, written, printed, or oral, and one 'propaganda' film were allowed to come in" as evidence, wrote then-Supreme Court Justice Wiley Rutledge in a criticism of the proceeding.

The commission, he wrote, allowed "the admission of untrustworthy, unverified, unauthenticated evidence which could not be probed by cross- examination or other means of testing credibility, probative value or authenticity."

Justice Rutledge saw the Yamashita trial as a kangaroo court with a few cosmetic legal embellishments but no real fair-trial protections. "The purpose of battle is to kill. But it does not follow that this would justify killing by trial after capture or surrender, without compliance with laws or treaties made to apply in such cases," he wrote. Today, legal scholars agree with Rutledge's assessment and see the Yamashita trial as egregiously unfair.

Now, in the wake of the Supreme Court's ruling in the Guantánamo case, the Bush administration is working to redraft its rules for military commissions. At issue is how best to fashion a military tribunal system that provides an acceptable balance safeguarding national security and offering fair-trial protections to terrorist suspects.

Administration officials are seeking congressional authorization to conduct trials in which the accused can be barred from seeing secret evidence against him and in which military prosecutors are permitted to use evidence obtained thorough coercive interrogations. In addition, the administration wants to be able to introduce hearsay evidence.

In American courts, hearsay evidence is generally barred from use in a criminal trial, but the law recognizes important exceptions. Rather than relying on those exceptions, the Bush administration is asking Congress to create a blanket authorization at Guantánamo to allow hearsay when a military judge deems it probative and reliable.

"Hearsay statements from ... fellow terrorists are often the only evidence available in this conflict," states a draft administration bill circulating in Washington.

Attorney General Alberto Gonzales reinforced the point during a recent appearance before the Senate Armed Services Committee. "It is imperative that hearsay evidence be considered," Mr. Gonzales said. "Military commissions must try crimes based on evidence collected everywhere from the battlefields in Afghanistan to foreign terrorist safehouses," he said.

"This is a different kind of conflict," the attorney general added, "Oftentimes it's hard to verify or hard to have firsthand access" to witnesses or evidence. Worries about allowing hearsay

Administration critics counter that the same can be said about organized crime leaders, international drug traffickers, spies, mass murderers, and a long list of terrorists, all of whom have been tried and convicted in US courts under existing hearsay rules.

South Carolina Sen. Lindsey Graham (R), an Air Force reserve officer and reserve military judge, has expressed concern about the administration's approach to hearsay.

"It would serve us well as a country to sit down and come up with a hearsay rule that has exceptions for the needs of the war on terror, not just ignore the hearsay rule in general," Senator Graham told Mr. Gonzales in a hearing last week. "There are 27 exceptions to the military hearsay rule," Graham said. "I'm willing to give you more."

But he suggested he is unwilling to write a blanket exemption for military commissions.

"To scrap the whole rule - to do that wholesale - is just asking for trouble," says Muneer Ahmad, a professor at American University's Washington School of Law, who serves as civilian counsel for Guantánamo detainee Omar Ahmed Khadr. "It is inviting unreliable evidence. It is inviting wrongful convictions, and at the end of the day it undermines the legitimacy of the entire system."

Defense lawyers say that, without a hearsay rule, military prosecutors would be able to present much of their case by simply calling federal agents or military intelligence officers to testify about any incriminating details a detainee may have revealed about a defendant during interrogation sessions. In some cases they may seek to rely on a written report. Coerced statements

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The commission rules as currently proposed forbid introduction of evidence obtained under torture. But they do not bar evidence obtained under aggressive and coercive interrogation tactics.

"If you allow statements obtained through coercion and you allow hearsay, then you have invited all sorts of unreliable information in," Mr. Ahmad says.

Such statements would routinely be barred from use as evidence in a federal court or military court martial because it is difficult to know whether aggressive interrogation tactics elicited the truth or merely a false confession to end the coercion. Under the suggested military commission rules, there are no guidelines instructing military judges how to gauge the reliability of such testimony.

Marine Corps Major Michael Mori, the appointed military lawyer for Guantánamo detainee David Hicks, says new rules for detainee trials are not needed. The existing military hearsay rule and other rules of evidence, he says, already strike the proper balance for commission trials.

"The [administration's] goal is to remove decisions from an independent judge because they need to do that to ensure convictions," says Major Mori.

"It doesn't help anyone to use an unfair system," he says. "You either risk convicting an innocent person or you wind up providing a valid appeal for a person who is truly guilty to challenge their conviction."

PATRIOT ACT:

Contractor Faces Afghan Murder Charges (AP)

By Estes Thompson

AP, August 7, 2006

RALEIGH, N.C. — In the weeks after the Abu Ghraib prison scandal stunned Iraq, a story emerged from Afghanistan about a CIA contractor accused of beating a detainee so severely that he later died.

More than three years later, after several soldiers working at Abu Ghraib have been sentenced to military prison, the contractor, David Passaro, will finally stand trial when jury selection begins today — in a civilian court in his home state of North Carolina.

The former Special Forces medic is the first, and so far only, civilian charged with mistreating a detainee during the American wars in Iraq and Afghanistan.

To bring charges against Mr. Passaro, who isn't subject to military justice, prosecutors turned to the USA Patriot Act, arguing the law passed after the September 11, 2001, terrorist attacks allows the government to charge American nationals with crimes committed on land or facilities designated for use by the American government.

When U.S. District Judge Terrence Boyle agreed with them last year, prosecutors essentially received a license to enforce the nation's criminal laws in "any foxhole a soldier builds," a Duke University law professor, Scott Silliman, said.

"What we're seeing is Congress moving to ensure there is criminal accountability for civilians accompanying the forces," Mr. Silliman, who runs Duke's Center on Law, Ethics, and National Security, said.

Mr. Silliman said the law represents a dramatic expansion of the reach of federal prosecutors, whose jurisdiction most experts believed was limited to places like embassies and consulates, and not locations like the remote American base in Afghanistan where the detainee, Abdul Wali, turned himself in to American forces.

Raleigh Is Stage As U.S. Prosecutes Detainee Abuse (RNO)

Raleigh (NC) News & Observer, August 7, 2006

Raleigh's federal courthouse will become the stage today for a trial unlike any seen there before.

The trial of David A. Passaro, a former CIA contractor accused of beating an Afghan detainee, brings the prisoner abuse scandal in Iraq and Afghanistan, to North Carolina's capital city, thousands of miles from the war.

The trial is expected to be closely watched in the United States and abroad by human-rights activists, legal experts and those in military and intelligence services.

Passaro is the first person associated with the CIA to be prosecuted for detainee abuse, even though at least 10 others have been implicated in such incidents, said Priti Patel, an attorney with Human Rights First in New York. Beyond the few enlisted soldiers who have been convicted, Patel says the prosecution of only Passaro raises the question of "whether people who are committing abuses in the name of the United States are being prosecuted."

Passaro wants a North Carolina jury to decide whether his actions were criminal or authorized by the Bush administration's definition of torture during interrogations of terror suspects.

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The trial occurs as the Bush administration is coming under increasing criticism for its handling of the war.

"This [case] is one that potentially reaches into the decision-makers' offices in Washington," said Richard E. Myers II, a former federal prosecutor who is now an assistant professor at UNC's law school.

Amos N. Guiora, director of the Institute for Global Security Law and Policy at Case Western Reserve University, said, "The international community is very interested to see how the American legal system will handle these situations."

In 2003, Passaro, 40, a former Green Beret, was hired under contract by the CIA to track and interrogate terrorists in Afghanistan as part of a paramilitary team. In May of that year, he left his home in Lillington and his civilian job at Fort Bragg's Special Operations Command. By June, he was working at a military outpost in Asadabad, a town in Kunar province near the Pakistani border.

A man named Wali

The post was often a target of rockets, and a man named Abdul Wali was on the U.S. forces' most-wanted list as a suspect in those attacks. On June 18, 2003, Wali surrendered to U.S. custody hoping to clear his name during questioning. During the next two days, prosecutors say, "Passaro beat Wali's arms, wrists, knees and abdomen using a metal flashlight, closed fist and shod foot. Passaro also, on at least one occasion, kicked Wali in the groin."

Wali died the next day in U.S. custody.

Passaro says he was only doing his job. The former Green Beret says he is being made a scapegoat because he was charged only after questions emerged about detainee abuse in the wake of the Abu Ghraib prison scandal in Iraq.

But prosecutors have worked hard to thwart Passaro's efforts to raise a defense that puts the government's war tactics on trial.

To build a defense, Passaro sought at one time to subpoena U.S. Attorney General Alberto Gonzales, former CIA directors Porter Goss and George Tenet and other officials. It was unclear Friday whether Passaro would be able to subpoena such witnesses because the judge refused last week to let the defense subpoena current and former government officials at the prosecutors' request. The court records do not say whom the defense wants to testify.

Among the potential prosecution witnesses is Said Hyder Akbar, who escorted Wali into U.S. custody and was the interpreter in the initial interrogation. Akbar is an American whose father returned to Afghanistan after the terrorist attacks of Sept. 11, 2001, and became governor of Kunar province.

In a book titled "Come Back to Afghanistan: A California teenager's story," Akbar wrote about his experience.

"Even seated, Dave seems enlarged by anger," Akbar wrote. "His demeanor feels put on, as if he is acting the role of a fearsome interrogator. ... Dave fixes Abdul Wali with an unrelenting stare. Abdul Wali returns a nervous smile. 'Translate this to him!' Dave explodes. 'This is not a joking matter. Don't smile.' Wali apologizes, but Akbar wrote that Passaro's anger didn't subside: "But now he seems full of rage. 'If you're lying, your whole family, your kids, they'll all get hurt from this,' he threatens."

Prosecutors also are expected to call three paratroopers from the Army's 82nd Airborne Division who witnessed the assault and two medical witnesses who will testify about Wali's injuries. A fingerprint expert is expected to testify that three fingerprints taken from the batteries contained in a flashlight taken from the Asadabad base match Passaro's.

Key classified data

Passaro's request to use classified information in his defense has necessitated some unusual procedures and arrangements. A special room has been built at the federal courthouse to house the classified material. The 24-by-15-foot room is soundproof and outfitted with a security system, a mulching shredder and black file cabinets that double as safes. Numerous court filings have been heavily censored before being made public.

For months, lawyers on both sides have been wrangling over provisions of the Classified Information Procedures Act. The law requires a judge to decide before a trial whether a defendant may use classified information as part of his defense and in what form. Legal experts say it appears from a recent defense filing that Passaro has persuaded the judge that he should be allowed to use some classified information. However what information is unclear because the judge's order was filed under seal.

"All it really tells us is that Passaro successfully navigated the CIPA process for something, but there's no telling what it was," said Robert M. Chesney, an associate professor of law at Wake Forest University.

And there's no telling how the information may be presented to the jury. Law professors and defense lawyers say unclassified versions could be used, the two sides could submit an unclassified version of a witness' statement to the jury, or the public could be kicked out of the courtroom for part of a witness's testimony. And CIA agents may slip inside the courthouse to testify using pseudonyms and wearing disguises to protect their identities.

"I'm not sure what we're going to see," said Myers, the UNC professor, "but it has some interesting possibilities."

Passaro Goes On Trial Today (FO)

By Kevin Maurer

DOJ_NMG_0044376

Fayette (NC) Observer, August 7, 2006

The trial of a former CIA contractor accused of beating a detainee in Afghanistan begins today with jury selection at the federal courthouse in Raleigh.

David Passaro, 39, is accused of beating Abdul Wali, a suspected terrorist, during two interrogation sessions at a U.S. base in Afghanistan in June 2003.

Wali died in custody.

If convicted, Passaro faces up to 40 years in prison and a $1 million fine.

Passaro is the first civilian charged with mistreating a military detainee and the first American charged under the Patriot Act.

When he was indicted in June 2004, then Attorney General John Ashcroft said the Patriot Act was the only way to prosecute him.

"The act expanded U.S. law enforcement jurisdiction over crimes committed by or against U.S. nationals on land or facilities designated for use by the United States government" Ashcroft said.

Legal experts are troubled by the use of the law.

"What the Patriot Act said was that part of Afghanistan is now part of our ... jurisdiction,?D; Duke University law professor Scott Silliman said. ?C;The charge of assault is as if it had occurred in Raleigh. All you have to show is it's an assault."

Passaro told the Fayetteville Observer in February 2005 — his first interview after his arrest — that the Bush administration is making him a scapegoat.

"It's all smoke and mirrors,?D; Passaro said of the charges. ?C;It's a dog and pony show. After Abu Ghraib, the U.S. was going to take a stand on the issue. There had to be someone on the blame line, and it's not going to be the military.?D;

Assistant U.S. Attorney Jim Candelmo said the government has four witnesses, including three paratroopers from the 82nd Airborne Division, who saw the abuse.

Two witnesses will testify that Passaro beat Wali with a flashlight 10 to 30 times during two interrogation sessions. Another saw Passaro kick Wali so hard that the force of the blow lifted the Afghan man off the ground, Candelmo said.

The prosecutor said witnesses will testify that Wali pleaded with the military guards to shoot him because he did not want to face Passaro again.

Defense lawyers plan to use a ?C;public authority defense,?D; which argues that he cannot be prosecuted for doing his job. The defense is often used when police officers are accused of breaking a law on the job.

Several current and former Bush administration officials, including ex-CIA Director George Tenet, were on a witness list, but the final version is among several court documents under seal.

"This is going to be a very hard sell,"; Eugene Fidell, a Washington lawyer and president of the National Institute of Military Justice, told the Associated Press. "People have tried to suggest in the military cases that an environment was established that there were vague rules of engagement that allowed things to happen that everybody knew were illegal. The difference here is that this is a jury drawn from civilians. The whole 'fog of war' aura is less likely to get any traction."

Memo to CIA

Passaro's defense team was seeking copies of classified documents, including a memo Passaro believes the Justice Department gave the CIA on what kind of interrogation techniques U.S. law allowed.

But U.S. District Court Judge Terrence Boyle ruled last week that the documents are off-limits unless Passaro can show who approved of his actions in Wali's interrogation.

It is unclear how long the trial will last.

Passaro is being held at the Wake County Jail. He has been in and out of jail twice since his arrest in June 2004 for violating the conditions of his bail.

Passaro was out on bail until June 2005 when he got into a "verbal and physical dispute" with his former fiancee Bonnie Heart, according to the Harnett County Sheriff's Office. He was released in March 2006 but returned to jail in April 2006 for violating his curfew and failing to report to his probation officer.

WAR NEWS:

Rice: Iraq Isn't Becoming Another Iran (AP)

By Kevin Freking, Associated Press Writer

AP, August 7, 2006

DOJ_NMG_0044377

Iraq is not on track to become another Iran despite the disconcerting images last week of Iraqis burning U.S. flags and chanting "Death to America," Secretary of State Condoleezza Rice said Sunday.

"I have no doubt that this is an Iraqi government and an Iraq that is going to be a fierce fighter in the war against terrorism, because they themselves are experiencing the effects of terror on their population," Rice said. "I have no doubt that this is going to be a government that is on the right side in the war on terror."

While Rice gave her positive view on the eventual outcome, Republican Sen. Chuck Hagel of Nebraska questioned whether the U.S. should keep sending more troops to Iraq.

Hagel said this country cannot "ask them to do the things that we're asking them to do in the middle of a civil war, and that's where it's headed."

"We're ruining our United States Army. We are decimating our army. We can't continue with the tempo and the commitment that we are on right now," Hagel said on CBS "Face the Nation."

The protests in Baghdad on Friday were organized by anti-American cleric Muqtada al-Sadr in response to fighting in Lebanon between Israel and Hezbollah. Crowds of al-Sadr supporters from across Iraq's Shiite heartland chanted "Death to Israel, Death to America" in the one of the biggest pro-Hezbollah rallies since the conflict began July 12.

Rice, during an appearance on NBC's "Meet the Press," was asked whether the United States has helped create another fundamentalist Islamic regime in Iraq, such as the one in Iran. Rice said she did not like what the protesters said, but she believes that Iraq today is better off than when sectarian differences were oppressed through the iron rule of Saddam Hussein.

"That people would go out and demonstrate and say what they feel is the one sign that perhaps Iraq is one place in the Middle East where people are exercising their right to free speech," she said. "No. I don't like what they said."

She said she thinks that as Iraq becomes more stable and democratic "you won't have demonstrations of that kind."

"The notion that somehow Iraq under Prime Minister (Nouri al-Maliki) and his government is something akin to Iran is just not right. It's just erroneous," Rice said.

Rice also disputed suggestions that civil war is more likely than democracy.

Another senator on CBS's Face the Nation also gave a more pessimistic assessment.

"This is a civil war. I think the generals, the other day, were cautious in their language. But I think they were telling us something loud and clear to anyone who wanted to listen," said Sen. Chris Dodd, D-Conn. "I frankly don't believe that U.S. military people can necessarily play referee in that kind of a situation."

Both Dodd and Hagel encouraged more involvement and discussions with other countries in the Middle East. Hagel said President Bush should get his father and former President Clinton involved in a regional summit. But he also acknowledged that the prospects for success would be unlikely.

"There are no good options here, no good options," said Hagel, a possible presidential candidate in 2008.

Rice Rejects Storm Of Criticism Of US Mideast Policy (AFP)

By Stephen Collinson

AFP, August 7, 2006

Secretary of State Condoleezza Rice hit back at former colleagues who poured scorn on US Middle East policy, arguing that regional violence and instability were signs of a political awakening.

Rice dismissed the idea that Iraq was sliding towards civil war, defended the US refusal to hold high-level talks with Syria over Lebanon and argued that raging regional crises were the symptoms of an emerging "new Middle East."

On NBC's "Meet the Press," Rice cut down comments in the Washington Post by Richard Haass, who served as a top State Department official in the first Bush administration, ridiculing President George W. Bush's Middle East policy.

"It is short-sighted. It is an extremely short-sighted analysis," Rice said.

"Every crisis has within it danger, but every crisis also has within it opportunity. This President is determined to seize the opportunity to bring about a new kind of Middle East."

"The notion that there is not opportunity within crisis is ahistorical."

Haass was quoted by the Post as saying : "An opportunity?" "Lord, spare me. I don't laugh a lot. That's the funniest thing I've heard in a long time. If this is an opportunity, what's Iraq, a once-in-a-lifetime chance?"

Rice also pressed the same theme of change in the Middle East in an interview with Time Magazine published Sunday.

"I would not say that it's become less dangerous. I would just say that it was never stable. And the sense that things were going on just fine when this administration began a new set of possibilities in the Middle East is shortsighted and ahistorical."

Rice also took aim Sunday at former deputy secretary of state Richard Armitage, quoted last week in the Financial Times as criticising Rice's previous statement that the Lebanon conflict represented the "birth pangs of a new Middle East."

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"It is ironic, Rich Armitage was actually the latest administration official to go to Damascus -- he went to say ... 'it's really time for Syria to make a strategic choice.'"

"They didn't do it then. The problem isn't talking to Syria, the problem is that Syria doesn't act when people talk to them."

Armitage was quoted as saying in the Financial Times on August 1 as saying: "This administration has an irrational fear that talking is a sign of weakness. It is the best way of gathering information and influencing events."

Rice also disagreed with an assessment, in a leaked memo by Britain's outgoing ambassador to Iraq William Patey, that civil war was "more likely" in Iraq than a transition to stable democracy.

"Yes, we are going through a period of turbulence and difficulty, but great change doesn't come without turbulence and difficulty," Rice said on NBC.

"It is a far better Iraq today, despite its many difficulties, than an Iraq that relied on repression to resolve differences between various groups."

General John Abizaid, the top US commander in the Middle East warned Thursday that sectarian violence was as bad as it had ever been, and warned if it was not arrested the country could slide into civil war.

Rice pointed out on ABC's "This Week" that Abizaid had not said Iraq was already in such a state.

"The Iraqi people and the Iraqi government have not made a choice for civil war," she said.

"It would be, really, erroneous to say that the Iraqis are somehow making a choice for civil war, or, I think, even sliding into civil war."

"We Want A Cease-Fire Too" (TIME)

By James Carney, Elaine Shannon

Time, August 7, 2006

TIME: DO YOU HAVE A COMMITMENT FROM ISRAEL THAT IT WON'T EXPAND THE WAR INTO SYRIA OR IRAN?

RICE: The Israelis have said publicly that they do not want to widen this war. And I take them at their word.

TIME: IS THERE A PLAN TO PURSUE A COMPROMISE ON EXCHANGING PRISONERS?

RICE: The release of the abducted prisoner [by Hamas] unconditionally has been called for by many international bodies, including the G-8. And everybody recognizes there is an issue with Lebanese prisoners. But in the diplomacy, there isn't contemplation of suggesting a prisoner exchange.

TIME: MANY COMMENTATORS BELIEVE THE U.S. AND ISRAEL WERE SURPRISED AT HIZBALLAH'S CAPABILITIES. DOES THAT SUGGEST AN INTELLIGENCE FAILURE?

RICE: The capabilities of Hizballah were more extensive than people realized because they have used the last 10 years since the cease-fire to build those capabilities. And the enhanced relationship that they have had with Iran and Syria for financing and for technology, clearly, has improved their capabilities. It's very hard to know the capabilities of a terrorist organization when it burrows into a population, when it has free rein and free run of southern Lebanon because there's a vacuum there.

TIME: IT SEEMS AS IF THE GOAL OF DIMINISHING HIZBALLAH'S CAPABILITY MAY BE UNATTAINABLE OR IS NOT WORKING. DO YOU THINK THAT ISRAEL'S OFFENSIVE WILL BE ENOUGH?

RICE: I'm certain that Hizballah has lots of rockets that it can fire. [But] ultimately Hizballah has to be, under several obligations of the Lebanese government, disarmed. And I would think you would want to deal with its heavy weapons, its missiles and so forth, its rockets early on. The Lebanese armed forces have to be the only armed authority in the country.

TIME: ARE YOU CONFIDENT THAT LEBANON WILL BE ABLE TO DISARM HIZBALLAH AFTER THE CESSATION OF FIGHTING?

RICE: I am confident that the Lebanese government understands its obligation to do that. I know that the Lebanese government doesn't want a circumstance again where you have militias running around that can bring this kind of destruction on the country. Now it's up to the international community to help them achieve that. And that means creating a stable environment.

TIME: HAS THE U.S. APPROACH--NOT DEMANDING AN IMMEDIATE CEASE-FIRE--UNDERMINED ITS CREDIBILITY IN THE ARAB WORLD?

RICE: I think what would undermine American credibility is if we said something we didn't believe. We want an immediate cease-fire too. We just want one that isn't going to give way in a few days or weeks or months to more violence.

TIME: YOUR CRITICS SAY U.S. POLICY IS FAILING IN THE PALESTINIAN TERRITORIES, IRAN, LEBANON, IRAQ. WHAT EVIDENCE IS THERE THAT THE MIDDLE EAST IS BECOMING LESS DANGEROUS AS A RESULT OF THIS ADMINISTRATION'S POLICIES?

RICE: Well, I would not say that it's become less dangerous. I would say that it was never stable. And the sense that things were going along just fine when this Administration began a new set of policies in the Middle East is shortsighted and ahistorical ... A failure in Lebanon? Compared to what? The false stability of Syrian troops occupying the country for 30 years?

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I find it a very odd way of looking at things that because it's hard and turbulent, that we should wish for the good old days of the false stability of Saddam Hussein and his 300,000 people in mass graves and his chemical-weapons use and his two wars started in a period of 20 years. Or Yasser Arafat stealing the Palestinian people blind, watching the second intifadeh, the Passover Massacre. What Middle East are we talking about?

We are in transition to a different kind of Middle East. And it is very turbulent. It is even violent. But it has a chance, at least, of being a Middle East in which there is a democratic, multiethnic Iraq where people solve their differences by politics, not by repression. It has a chance of having Israel and Palestine live side by side in peace. It has a chance of having a Lebanon that can control its own territory without Syrian forces.

TIME: BUT IF THE SITUATION IN IRAQ CONTINUES TO GET WORSE, IF THERE IS A RAGING CIVIL WAR FOR YEARS, IS THERE A POINT AT WHICH THIS EFFORT HAS CREATED A WORSE ALTERNATIVE THAN WHAT WE HAD BEFORE?

RICE: Well, I guess I would ask the 300,000 people who ended up in mass graves what they think.

TIME: BUT THERE ARE PEOPLE ENDING UP IN GRAVES NOW.

RICE: I don't think that we are anywhere near able to make those kinds of judgments. I don't think Iraq is going to slide into civil war. They have a problem with sectarian violence. [But] I don't think that you're looking at the breakdown of the institutions; people haven't opted out of a unified Iraq. So on your question of what's better, let's be realistic: Where was the military threat? It was from Saddam Hussein's Iraq. I don't think you're going to see that from this new Iraq.

TIME: THOUSANDS OF SHI'AS TODAY DEMONSTRATED IN BAGHDAD, SHOUTING "DEATH TO ISRAEL! DEATH TO AMERICA!"

RICE: In these new democratic states, people are going to say a lot of things that we don't like. That's the nature of democracy.

TIME: IS THE U.S. GETTING TO THE POINT WHERE ITS PRESENCE IN IRAQ IS PART OF THE PROBLEM AND NOT THE SOLUTION?

RICE: Well, I do think there are some people who take our presence as an excuse to propagate violence or to stir passions. But I've heard no Iraqi leaders calling for us to leave. And I'm told that in many neighborhoods, the most reassuring sign is, in fact, the American or coalition forces.

TIME: ON IRAN, IS IT POSSIBLE TO BYPASS PRESIDENT MAHMOUD AHMADINEJAD AND REACH OUT TO A MORE PRAGMATIC FACTION?

RICE: I don't know how to read internal politics in Iran. And I'm probably more cautious about trying to do this than most people because I used to try to read the politics of a totalitarian state [the U.S.S.R.], and we almost always had it wrong.

We have to treat Iran as a whole. Rather than trying to play to one side or another, which I can assure you we don't understand, I think it's preferable to continue to lay out the strategic choices for Iran as to their nuclear program, support for terrorism, support for democratic change. And if there are indeed voices in Iran who are susceptible to the argument that Iran's deepening isolation is a problem, then they will emerge.

TIME: THIS ADMINISTRATION TALKS TO PEOPLE LIKE THE CHINESE, WHO DO THINGS THE U.S. DOESN'T LIKE. SO WHY NOT TALK TO SYRIA, HAMAS, HIZBALLAH?

RICE: Well, Hamas and Hizballah are terrorist organizations ...

TIME: THEY ALSO HAVE POLITICAL ARMS. I KNOW THIS IS SOMEWHAT APPLES AND ORANGES, BUT THE U.S. SPOKE TO SINN FEIN WHEN THE I.R.A. WAS BLOWING PLACES UP.

RICE: People are asking Hamas to make a choice. You can't have one foot in politics and one foot in terror. If you want to be in politics, then give up the terror, give up the violence. Has Hamas made a commitment to renunciation of violence and to the existence of the state of Israel? No. Have they been given an opportunity to make that commitment? Yes.

We have a Palestinian partner, by the way [President Mahmoud Abbas], who has made those commitments. And I for one am not prepared to undercut him by assuming that the future of the Palestinian people and the Palestinian state rests with Hamas.

When it comes to Syria, it's not as if we haven't talked. We have a chargé [d'affaires] in Syria. Colin Powell went to Syria. Bill Burns went to Syria multiple times. It's not a problem that people don't talk to Syria. It's that Syria doesn't appear to listen or respond. In the case of Lebanon, inviting Syria back into Lebanese affairs--as if Syria is some kind of broker of peace when it occupied the country brutally for 30 years--is grotesque.

Carrying Costs (USNEWS)

By Thomas Omestad

U.S. News and World Report, August 7, 2006

The pace of diplomatic efforts quickened--and, paradoxically, so did the pace of war. With perhaps only days left before international pressure jells into a form that might silence the guns of both Israel and its tormentor to the north, Hezbollah, the bloody, summertime fight along the eastern Mediterranean last week appeared to be nearing a climax.

Israel threw its Army into forward gear as some 10,000 soldiers rolled across southern Lebanon and commandos helicoptered deep into the country--attacking Hezbollah targets in the Bekaa Valley city of Baalbek and taking five prisoners. Hezbollah fighters did what they're trained to do, resist fiercely, then melt back into the towns and countryside, where civilians bear the brunt of the Israeli ground assault. The "Party of God" also demonstrated its staying power by hurling hundreds of rockets into Israel. And Hezbollah's leader, Sheik Hassan Nasrallah, threatened to hit Tel Aviv with what would be a longer-range and deadlier missile supplied by Iran.

The embattled prime minister of Lebanon, Fouad Siniora, said that more than 900 Lebanese had died, most of them noncombatants. On the Israeli side, nearly 80 have died, mainly soldiers. The war's peril for civilians was illuminated in the Lebanese town of Qana, where more than two dozen perished, most of them women and children, in a collapsed building following an airstrike that Israel said targeted a source of rocket fire nearby.

The Bush administration, by and large, has fused its diplomatic strategy to that of Israel, which hopes to draw in a multinational peacekeeping force that can disarm Hezbollah. Israeli officials told Secretary of State Condoleezza Rice that they would need 10 to 14 days to complete their military thrust. Even so, Israel's Army was fighting with one eye on the diplomatic clock.

With anger across the Arab and Islamic worlds mounting against the United States and Israel, President Bush's diplomats were in a mood to compromise on some of the particulars in the United Nations plan. Yet any cease-fire faces major obstacles. The emerging deal at the U.N. has two parts. A first Security Council resolution would sketch out a future political arrangement and demand a "cessation of hostilities." A second would send a new international force into a buffer zone in southern Lebanon. It would also specify the features of a settlement: disarming Hezbollah, stopping weapons shipments into Lebanon, fixing a border dispute with Israel, and readying Lebanon's Army to control the southern border area.

It seems far-fetched, though, that Hezbollah would agree to drop all its military activities and function solely as a political movement. Disarmament, Hezbollah official Ibrahim Moussawi tells U.S. News, "is a question for the Lebanese, not for the U.N." Any U.N.-sanctioned force is unlikely to be strong enough to take on an unwilling Hezbollah. "If Israel can't disarm Hezbollah, why would we think someone else would succeed?" asks James Dobbins, a veteran U.S. diplomatic troubleshooter now at Rand "We can't disarm the insurgents in Iraq, and we have 130,000 troops there."

Hezbollah was founded as a Shiite Muslim movement in 1982 in reaction to the Israeli military invasion then, and it has thrived since as a symbol of resistance to Israel's occupation of the south, which ended six years ago. "Hezbollah will not accept negotiations over disarming," says a senior western diplomat in Beirut, "but both sides see the need for a cease-fire soon."

Rules Of Engagement (TIME)

By Andrew Lee Butters

Time, August 7, 2006

With tempers still hot in the Middle East, U.N. diplomats are trying hard to make headway on a durable Israeli-Hizballah cease-fire. In the meantime, Israel and Hizballah are busy decoding each other's messages, which usually come in the form of a missile or air strike. Into the fourth week of fighting, the two combatants have, somewhat surprisingly, certain understandings. "They don't bomb Lebanon's power stations, and we don't bomb Haifa's petrochemical factories," a Hizballah official told TIME late last week. But the status quo could be shaken up if Israeli troops, above, continue to occupy southern Lebanon until an international peacekeeping force can be formed. "If the Israelis don't lift the siege and they allow Lebanon to run out of energy," the official warns, "it will be tit for tat."

Eye For An Eye (NWS)

By Kevin Peraino, Babak Dehghanpisheh And Christopher Dickey

Newsweek, August 7, 2006

Aug. 14, 2006 issue - Hizbullah's fighters were as elusive last week as they were deadly. Thousands of them were dug in around southern Lebanon, and yet encounters with the hundreds of journalists also in the area were rare, and furtive. Like Hussein, as he chose to call himself, who popped out of the rubble in the blasted town of Bint Jbeil, site of what Hizbullah is calling its Great Victory, to crow a little. He was in civvies, the only way the Hizbullah fighters appear in public, but the walkie-talkie under his loose shirt was a giveaway. The hillside nearby glittered with metal in the bright sun. Here and there lay shell casings, mortar tubes, mangled shrapnel from artillery and bombs. Thousands of cartridges, the gold ones from Israeli M-16s, the duller brown from Hizbullah's AK-47s, all mixed together. This was asymmetrical warfare with a fearful symmetry. Hussein

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picked up a handful of empty brass. "Very close-range fighting," he said, jingling them in his palm. "You can imagine what weapons we have and what weapons they have."

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In an olive grove about five miles away, it wasn't necessary to imagine. Under camo netting, half-covered with the broad-leafed branches of a fig tree, was a GMC truck with a rocket-launching platform, probably for the 122mm Katyusha, fired wildly into Israel. It was untouched, unlike its twin a football field away, which lay mangled in an Israeli counterstrike. There was no sign of Hizbullah fighters, though, and locals spoke of seeing little kids running like mad from the rocket batteries after they fired. In Khiam, a teenager on a motor scooter rolled through town, apparently minding his own business—except that the ear bud of the walkie-talkie hidden under his shirt identified him as one of Hizbullah's many scouts. They were hard to find—until they wanted to be found.

Hizbullah is proving to be something altogether new, an Arab guerrilla army with sophisticated weaponry and remarkable discipline. Its soldiers have the jihadist rhetoric of fighting to the death, but wear body armor and use satcoms to coordinate their attacks. Their tactics may be from Che, but their arms are from Iran, and not just AK-47s and RPGs. They've reportedly destroyed three of Israel's advanced Merkava tanks with wire-guided missiles and powerful mines, crippled an Israeli warship with a surface-to-sea missile, sent up drones on reconnaissance missions, implanted listening devices along the border and set up their ambushes using night-vision goggles.

NEWSWEEK has learned from a source briefed in recent weeks by Israel's top leaders and military brass that Hizbullah even managed to eavesdrop successfully on Israel's military communications as its Lebanese incursion began. When Lt. Eli Kahn, commander of an elite Israeli parachutists outfit, turned a corner in the southern Lebanese village of Maroun al-Ras early in the month-old war, he came face to face with this new enemy. "He had sophisticated equipment like mine and looked more like a commando," he recalled. Lieutenant Kahn ducked back around the corner and reached for a grenade, but before he could pull the pin, the Hizbullah fighter had tossed one around the corner himself. The Israeli picked it up and threw it back, just in time. "They didn't retreat," says Danny Yatom, a former director of the Mossad. "They continued to fight until the death."

'We Are At War' (NWS)

By Lally Weymouth

Newsweek, August 7, 2006

Aug. 14, 2006 issue - Israel's vice prime minister Shimon Peres, the last of his country's founding fathers, has served in every position from prime minister to minister of Defense. Last week, while in the United States to lobby for support for Israel's war against Hizbullah, he spoke with NEWSWEEK's Lally Weymouth. Excerpts:

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WEYMOUTH: Is it true that you were the only person in the Israeli cabinet to raise objections to this operation?

PERES: After two weeks, I forgot everything. We are at war and have to be united. I'm not going to make an account of who was right and who was wrong.

Is the operation going according to the original plan or has it expanded?

We are using more ground forces and have reduced the bombing.

Have you been surprised by the strength and tenacity of Hizbullah?

Not their strength but the strangeness of this operation. Nobody understands why they started to attack, what the purpose of the attack was and why they are using so many rockets and missiles. We knew they had them but were surprised they used them.

How long will it take to get a ceasefire?

If the ceasefire is just a declaration, it will remain a piece of paper. Somebody must make sure that Hizbullah does not return to the south of Lebanon.

Did the Iranians order this?

They are behind it. [Javier] Solana [secretary-general of the European Union] visited Tehran on July 11 and got a totally negative response [on restraining their nuclear program], and Hizbullah struck [Israel] on the 12th of July.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, August 7, 2006

It was the hardest interview to get in TV, and when Frank Sinatra's flack told Larry King Live producer Tammy Haddad back in 1989 that Ol' Blue Eyes would appear, the aide found herself in uncharted waters. "She actually said to me," says Haddad, "'You know, I've actually never said yes to anyone. What do we do now?'" Which may explain why MSNBC just

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elevated Haddad, producer of Hardball With Chris Matthews, to Washington bureau vice president for political coverage: She's without peer in getting "gets." "Tammy's the queen of Washington," says a cable exec. "She knows everyone, worked everywhere, really gives MSNBC a presence in D.C."

Haddad is probably the most influential woman behind the TV news camera in Washington, a product of persistence and an E-mail list of 1,646 contacts. "Oh," she assures Whispers, "they're all real." Besides bringing Larry King Live to cable, she's been a show boss at a variety of networks, becoming something of an inside-the-beltway celeb herself who hosts the biggest (400 guests) pre-White House Correspondents Association dinner cocktail party. One trademark: A shock of white in her black bangs. "It's kind of in vogue," she purrs, though when blogging at this year's Miss America pageant, "none of the contestants were asking me for advice." Since politics is her game, we naturally asked for her 2008 presidential picks. "I like," she deadpans, "whoever comes on our shows."

Paying the Tab for Freedom Flights

Getting all those stranded Americans out of war-torn Lebanon will top $67 million, but it's not the Pentagon that's whining. We hear that the State Department will cover the military's evacuation costs. So where's the cash coming from? Administration insiders say money tucked away to deal with the pending flu pandemic will be tapped.

The Top Dem Finally Dumps Dial-Up

He was heralded in 2004 as the king of Internet politics and fundraising, but get this: Up until just a few weeks ago, former Vermont Gov. Howard Dean had only snail-slow dial-up service wired to his home computer in Burlington. "We finally got him to buy DSL," says a relieved aide. It wasn't the technology that kept the Democratic Party chairman from the light-speed service. Friends say he's just frugal and didn't want to spend more. And he won't expense it to the party. Another old-school sign: Dean doesn't carry a BlackBerry, choosing to phone aides instead.

Mmm, Nice, Warm Bottled Water!

If you ever have a chance to snag President Bush as a featured speaker, here are two little quirks on his list of wants. First, provide a box of Altoids. Yes, he's a fan of those "curiously strong" semisweet breath mints. "He doesn't," says a Bushie, "like sweets much, so these work good as mints." Second: warm water. Actually, room temperature. Preferably bottled. "He doesn't like it cold," adds the insider. "It's kind of weird."

A Look at Life After the White House

Brad Meltzer, a New York Times bestselling author, had this idea for his latest Washington thriller: Mix a sensational murder, a snooping gossip columnist, and the secretive Freemasons. But then former President Bush wrote him in 2002, raving about Meltzer's book The Millionaires while asking for an autographed bookplate. At that point, the whole plot changed. With a look-see at how former presidents live, thanks to help from Bush and former President Clinton, Meltzer spun in a former prez for an even wilder plot for his sixth novel, The Book of Fate, out September 5. Talk about an odds-on bestseller: Meltzer has hit on two hot topics, the Masons and former presidents. Recalling the February day Bush's letter arrived, Meltzer says he first thought it was a joke. "Presidents don't write me letters." Equally amazing: When he offered to deliver a signed copy to Bush's collection if the ex-prez showed him what life was like after the White House, Bush was eager to play ball. "One day you're the most powerful man in the world, and the next day you're just a regular guy stopping at red lights," says Meltzer. "It's fascinating."

Nasrallah's Men Inside America (NWS)

By Dan Ephron And Michael Isikoff

Newsweek, August 7, 2006

Aug. 14, 2006 issue - It began, as the Feds tell the tale, with a run-of-the-mill tax-fraud scheme. Imad Hammoud and his ring of Lebanese Americans from the Detroit area would buy boxes of cigarettes in North Carolina, where the state tax on smokes is among the lowest in the country, allegedly truck the goods back to Michigan and sell them at a profit of more than $10 a carton. Hammoud, an immigrant with ties to Hizbullah, according to an indictment filed with a U.S. district court in Michigan earlier this year, would then wire a portion of the earnings to a member of the group in Lebanon. By 2002, Hammoud and some of his colleagues were believed to be running $500,000 worth of cigarettes a week across state lines and expanding into stolen contraband and counterfeit goods, including Viagra tablets. During a three-month period that year, authorities allege, more than 90,000 Viagra knockoffs were purchased, with a plan to sell them as the real thing. "They're small, they're high in demand and they're easily transportable," says Bob Clifford, a senior FBI agent. "They're the perfect medium."

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The Hammoud case is among a handful of money scams uncovered across the country in recent years bearing Hizbullah's fingerprints. Though the revenues are not huge, the cases together underscore a daunting reality: one of the most proficient terrorist groups in the world has at least a small web of operatives in America who, prosecutors believe, are loyal to Hassan Nasrallah. Hizbullah has not targeted Americans since the 1980s, when attacks on a Marine barracks in Lebanon and on the

U.S. Embassy there killed more than 300 people. Sometime later, the group apparently made a strategic decision not to tweak the world's only superpower. Law enforcers say there's been no sign the fighting between Israel and Hizbullah, with all the Arab anger it stirs against America, will goad the group into action against the United States. Still, security officials worry that if Hizbullah does one day decide to strike, it can exploit an already-existing network in this country. "You often see in these groups that people who deal in finances also have military backgrounds," says Chris Hamilton, who was the FBI's unit chief for Palestinian investigations until last year. "The fact is, they have the ability [to attack] in the United States."

The FBI has made Hizbullah a central target of its counterterrorism efforts, setting up a unit dedicated to tracking the group and assigning agents to develop sources in Lebanese and other Middle Eastern communities across the country. Clifford, who once headed the unit on Hizbullah and Iran, made his biggest Hizbullah bust six years ago, cracking a North Carolina ring that forged credit cards and laundered money, using some of the profits to buy gear for Hizbullah. The ringleader, Mohammed Hammoud (no relation to Imad), was convicted of providing "material support" for terrorism and sentenced to 155 years in prison. Although he and his followers were not linked to actual terror attacks, the FBI found evidence they did engage in "tactical" arms training and would have been ready to strike if told to do so. "If they were given an order to conduct an operation in the United States, they would have found a way to do it," Clifford says.

What might prompt Hizbullah to issue such an order? American screw-tightening on Iran over its nuclear program, for one. Iran is Hizbullah's main political and financial backer. Some analysts believe the group's deadliest terrorist attacks, including bombings at Israel's Argentine Embassy in 1992 and at a Jewish community center in Buenos Aires in 1994, were ordered up by Iranian handlers. "It would be enough for the Iranian leadership to say the word for Hizbullah to launch an attack," says Congressman Ed Royce, a Republican from California who chairs the House subcommittee on international terrorism and nonproliferation.

Senators Suggest Withdrawal From Iraqi Civil War (WT)

By Eric Pfeiffer, The Washington Times

The Washington Times, August 7, 2006

Two U.S. senators said an escalation of sectarian violence in Iraq could require a new congressional mandate, leading to the potential withdrawal of American forces from the country.

"This is a civil war. I think the generals, the other day, were cautious in their language. But I think they were telling us something loud and clear to anyone who wanted to listen," said Sen. Christopher J. Dodd, Connecticut Democrat. "And I, frankly, don't believe that U.S. military people can necessarily play referee in that kind of a situation.

"I think we're being asked to do something that is impossible for us to achieve under these circumstances," Mr. Dodd told CBS' "Face the Nation."

His comments were echoed by Sen. Chuck Hagel, Nebraska Republican, who told CBS, "It is very wrong to put American troops in a hopeless, winless situation, just keep feeding them into what's going on. That's irresponsible, and that is wrong."

On ABC's "This Week," Secretary of State Condoleezza Rice refused to say whether U.S. forces would be forced to withdraw from Iraq in the event of a civil war.

"I'm not going to deal with a hypothetical. And that's what this is," Miss Rice said.

On Friday, Senate Armed Services Committee Chairman John W. Warner said the Iraq war resolution passed by Congress in 2002 may not authorize U.S. forces to be in Iraq if civil war breaks out.

"We have to examine very carefully what the Congress authorized the president to do in the context of a situation if we're faced with an all-out civil war and whether we have to come back to the Congress to get further indication of support," the Virginia Republican said.

During their appearance before Mr. Warner's committee, two top U.S. generals said that the conflict between Sunni and Shi'ite Muslims has escalated but that they do not expect it to evolve into a full-scale civil war.

"I believe that the sectarian violence is probably as bad as I have seen it," said Gen. John Abizaid, the top U.S. commander in the Middle East. "And that if not stopped, it is possible that Iraq could move toward civil war."

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, told the committee, "We do have the possibility of that devolving into civil war."

Sen. Joseph R. Biden Jr. of Delaware, the ranking Democrat on the Senate Foreign Relations Committee, continued to reject his party's growing calls for an immediate withdrawal of U.S. forces from Iraq.

"There is no clever way to surrender and pull out," Mr. Biden told "Fox News Sunday." "We pull out, it's a gigantic loss."

Mr. Hagel said there are "no good options" for U.S. forces in Iraq.

"I think where we go from here, with all the problems and inconsistencies, is a cold, hard assessment that Iraq is not going to turn out the way that we were promised it was," Mr. Hagel said.

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"We might provide some modicum of security for a while. But in the long run, this is an Iraqi issue," Mr. Dodd said. "The Iraqi politicians, the Iraqi police and the people themselves have to assume responsibility for this. They don't seem to be willing to do it. Therefore, I think this is, really, a civil war today, as it exists."

The Specter Of Iraq Civil War Riles Senator (LAT)

By Noam N. Levey

The Los Angeles Times, August 7, 2006

WASHINGTON — On the heels of new warnings from top U.S. generals about the possibility of civil war in Iraq, a senior Republican lawmaker on Sunday publicly questioned the wisdom of moving more American troops into Baghdad to stop the violence.

"Are we going to put our troops in the middle of a civil war?" Sen. Chuck Hagel of Nebraska, a member of the Senate Foreign Relations and Intelligence committees, asked on CBS' "Face the Nation."

"This will be a slaughter of immense proportions," he said. "The American people will not put up with it. The leadership in Congress will not put up with it."

His warnings came on a day in which three American troops were killed in a roadside bombing southwest of Baghdad. The U.S. military offered no further details on the deaths, which occurred Sunday night.

Hagel, a Vietnam War veteran, has been a frequent critic of President Bush's policies in Iraq and has broken with his party in the past to suggest that American troops be withdrawn.

But his statements Sunday amplified questions expressed by two veteran GOP senators just three days earlier, when Army Gen. John P. Abizaid, the senior U.S. commander in the Middle East, told the Senate Armed Services Committee, "Sectarian violence is probably as bad as I've seen it, in Baghdad in particular."

At the hearing Thursday, Sen. John McCain of Arizona, who in the past has pressed for more troops in Iraq, said he worried that moving additional troops to the Iraqi capital would jeopardize security in other parts of the country. McCain is also a Vietnam War veteran.

And Sen. John W. Warner of Virginia, the committee chairman and a loyal ally of the Bush administration, mused publicly about whether Congress would have to reexamine its authorization for the use of force in Iraq if American troops are called upon to stand in the middle of a civil war.

Warner has said that he supports the redeployment of about 3,700 American troops to Baghdad, which was ordered when an initiative by the new Iraqi government to improve security in the capital failed to quell sectarian violence.

U.S. commanders said they hoped the stepped-up American presence would slow the mounting sectarian violence.

On Sunday, Hagel said repeatedly that approach was "wrong," suggesting instead that former presidents George H.W. Bush and Bill Clinton be enlisted to help convene a regional conference to develop a strategy for peace.

"Unless you come at it that way, we're going to be leaving Iraq. And it's not going to be the way we intended to leave Iraq, because that — that is the direction where this is going," Hagel said.

Bush administration officials said Sunday that the situation in Iraq had not yet devolved into full civil war.

"The important point here is that Iraqis haven't made the choice for civil war. Iraqis have made a choice for a unified government that can deliver for all Iraqis," Secretary of State Condoleezza Rice said on NBC's "Meet the Press."

"Yes, there are violent people who want to use sectarianism and sectarian violence to stoke a sense of insecurity. They are going right at Baghdad … [but] there are large parts of the country that are stable and functioning," Rice said.

The violence continued to flare across Iraq on Sunday, claiming the lives of 21 people, according to Iraqi authorities.

A suicide bomber killed 10 people attending a funeral in Tikrit, north of the capital. Among the victims were local politicians, police said.

In the southern city of Basra, gunmen killed two people. Three bodies in Iraqi uniforms and shot in the head were found northeast of the Sunni stronghold of Fallouja. Four more Iraqi soldiers were killed near Kirkuk when militants fired on a checkpoint.

In a separate incident near Ishaqi, north of Baghdad, two truck drivers transporting barbed wire and food to an American base were ambushed and killed. Their bodies were burned with their vehicles.

Exclusive: Iraq—Plans In Case Of A Civil War (NWS)

Newsweek, August 7, 2006

Aug. 14, 2006 issue - The Bush administration insists Iraq is a long way from civil war, but the contingency planning has already begun inside the White House and the Pentagon. President Bush will move U.S. troops out of Iraq if the country descends into civil war, according to one senior Bush aide who declined to be named while talking about internal strategy. "If

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there's a full-blown civil war, the president isn't going to allow our forces to be caught in the crossfire," the aide said. "But institutionally, the government of Iraq isn't breaking down. It's still a unity government." Bush's position on a pullout of U.S. troops emerged in response to news-week's questions about Sen. John Warner, chairman of the Armed Services Committee. Warner warned last week that the president might require a new vote from Congress to allow troops to stay in Iraq in what he called "all-out civil war." But the senior Bush aide said the White House would need no prompting from Congress to get troops out "if the Iraqi government broke down completely along sectarian lines."

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The White House prefers to focus on the more positive aspects of last week's testimony from Gen. John Abizaid, commander of U.S. forces in the Middle East, and Gen. Peter Pace, chairman of the Joint Chiefs of Staff. The generals gave a bleak assessment of the sectarian violence, but added that civil war was only a possibility, not a probability. In fact, the U.S. military in Iraq has completed several elements of contingency planning in case of civil war, based on lessons learned from Bosnia and Kosovo. The military's approach revolves around three principles. The first is to stop massacres by physically separating communities, moving minorities out of harm's way if necessary. The second is to stop the flow of paramilitary gangs across the country. And the third is to halt any incitement to violence on Iraqi TV and radio. Baghdad would pose the biggest problem, requiring a strict curfew and a ban on road traffic. The security measures would include widespread checkpoints and a ban on carrying firearms or explosives.

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The administration hasn't made its definition of full-blown civil war explicit. But in March, when Iraq's former prime minister Ayad Allawi said the country was already fighting a civil war, Bush disagreed, noting the existence of Iraq's nonsectarian Army and government. If the country did someday meet the definition of civil war and the U.S. pulled out, military officials warn, the consequences would be disastrous. "All the neighboring powers would be drawn in," said one senior military official who has examined the scenarios and is not authorized to speak on the record. "It would become a regional war."

Baghdad Diary (TIME)

By Aparisim Ghosh

Time, August 7, 2006

A knot begins to form in my stomach exactly at 8 a.m., when I step into the small Fokker F-28 jet that will take me and 50 other passengers from Amman, Jordan, to Baghdad. I know what lies ahead: an hour's uneventful flying over unchanging desert, followed by the world's scariest landing--a steep, corkscrewing plunge into what used to be Saddam Hussein International Airport. Then an eight-mile drive into the city along what's known as the Highway of Death. I've made this trip more than 20 times since Royal Jordanian's civilian flights started three years ago, and you'd expect it would get easier. But the knot takes hold in my stomach every time.

I scan the cabin for familiar faces. The 50-odd passengers include the usual suspects--Western "security consultants" in faux fatigues, Iraqi officials in dark suits. And some surprises, like the three women in white Indian saris with blue borders. The nuns from the Missionaries of Charity, Mother Teresa's order, are a comforting sight. One of them, Sister Benedetta, kindly gives me a laminated picture of the soon-to-be saint and a genuine relic--a microchip-size piece of Teresa's sari. A lapsed Hindu, I'm nonetheless grateful for any and all gifts that purport to holiness; somewhere in my bags are a tiny sandalwood Ganesha, pages of the New Testament and a string of Islamic prayer beads. In Iraq, you want to have God--anybody's God--within easy reach.

Sister Benedetta smiles politely when I joke that many of our fellow passengers will be calling to their maker when the plane begins its hellish descent. To avoid being shot down by Iraqi insurgents, the pilot must stay at 30,000 ft. until the plane is directly over Baghdad airport, then bank into a spiraling dive, straightening up just yards from the runway. If you're looking out the window, it can feel as if the plane is in a free fall from which it can't possibly pull out. I've learned from experience to ask for an aisle seat.

The only thing worse than the view from the window is being seated next to someone who hasn't taken the flight before. During one especially difficult landing in 2004, a retired American cop wouldn't stop screaming "Oh, God! Oh, God!" I finally had to slap him on the face--on instructions from the flight attendant. Another time the man in the window seat was a muscular, heavily tattooed Polynesian ex-commando who spent an hour telling me of his life as a mercenary in a succession of South Pacific island nations--stories that often ended with his punching, stabbing or shooting somebody. When the Fokker began its steep descent, he began whimpering to Jesus and grabbing my forearm so tight, I felt my palm go cold from lack of circulation.

On this occasion, to my relief, the guy next to me is a fellow journalist and veteran of the nightmare landings. Even so, as we begin the descent, I move my hand away from the armrest. Looking over my shoulder, I see a familiar expression on the faces of my co-passengers: a mixture of fear and resignation. Sister Benedetta is staring up at the ceiling, her lips moving in

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prayer. I reach into my shirt pocket and surreptitiously rub my fingers over that laminated picture. When the Fokker's wheels hit the tarmac, 50 people sigh in unison, 50 stomachs unclench. But the relief is temporary; most of us still have to negotiate the Highway of Death. There have been hundreds of insurgent and terrorist attacks along its length since the U.S. military established its largest Iraqi base, Camp Victory, next to the airport three years ago. Many of the attacks are directed at U.S. patrols, but they have also killed scores of Iraqi noncombatants. Last summer two of my Iraqi colleagues were badly wounded when a roadside bomb went off next to their car on the Highway of Death; twice I've been caught in cross fire between insurgents and U.S. soldiers.

Recently the highway has become less deadly--perhaps the only place in Baghdad that can make such a claim. The once daily attacks along the road have given way to occasional strikes, like the twin suicide bombings in May that killed 14 Iraqis near Checkpoint 1, where arriving travelers meet transport waiting to take them into the city. U.S. officials claim the decline in attacks as a victory for military strategy, attributing it to the greatly increased visibility of Iraqi soldiers along the road. My contacts in the insurgency offer an alternative, equally plausible explanation: there are fewer U.S. patrols and convoys on the road than before, fewer targets to attack.

Although a ride on the Highway of Death once exaggerated the dangers lurking in Baghdad, it now does the opposite, lulling newcomers into a false sense of security. Even as the airport route has got somewhat safer, huge portions of the Iraqi capital have become far more dangerous. I pass one of those on the drive into the city: Amariyah, the mainly Sunni suburb adjacent to Camp Victory and home to Mahmud, one of my Iraqi colleagues. (The names of most of TIME's Iraqi employees have been changed in this article for their protection; working for a foreign company makes them targets for insurgents, and many lie, even to their closest neighbors, about what they do for a living.) A couple of years ago, it was easy to visit with Mahmud's family in their sand-colored two-story home; last year it became too perilous for foreigners after insurgent groups began operating in the area. Now, even Iraqis feel unsafe in Amariyah. Mahmud began to move out his extended family earlier this year when the neighborhood was taken over by a jihadi gang that imposed an extreme interpretation of Islamic law. Women were forbidden to drive, men were ordered not to wear shorts, and shops selling Western goods were firebombed.

As we drive past, I can hear a gun battle somewhere--the deep rumble of U.S. military M-16s and the higher-pitch clatter of AK-47s. The gunfire is a momentary distraction for Wisam, my driver, who is telling me about yesterday's atrocity--66 people killed when a suicide bomber detonated himself in a crowded market in the Shi'ite neighborhood of Sadr City. Last year that giant slum was the safest district in Baghdad. Now I mentally add it to the list of neighborhoods I can enter only at great risk.

Like many Iraqis, Wisam likes to drive pedal to the metal, and while it's a good idea to get away from Amariyah as fast as possible, I am acutely conscious that I'm not wearing my seat belt. Iraqis never wear one, and for me to buckle up would be like sticking a FOREIGNER ON BOARD sign on the windshield, a bad idea in a city where kidnapping gangs are known to cruise for lucrative targets. As an Indian, I can often pass for a local if I keep my mouth shut--my Arabic is rudimentary--but in public places I have to be careful to avoid other obvious signs of foreignness: seat belts, chewing gum, headphones.

To bring me up to date with the news, Wisam rattles off a long list of recent atrocities: a high-profile kidnapping here, a massacre there, a car bombing someplace else. Long before we reach the city, I've heard so many ghastly things that the harrowing flight is already a fading memory. Sensing my sinking spirits, Wisam apologizes for the overdose of grim tidings. "You know how it is in Iraq," he says with a grin. "All news is bad news." Then he tells me about the 10 bodies that were discovered in his neighborhood in the past few days, all of them his fellow Shi'ites. The bodies were decapitated, the heads never found. He tells me how, since a suicide bombing in a nearby neighborhood, his wife has been suffering anxiety attacks when she goes shopping. I feel ashamed that a mere hour's worth of Baghdad's reality has brought me down; Wisam and his family live it all the time.

For Iraqis, reality is not just a suicide bomber in a crowded marketplace or militias running amuck in the streets. It is an accumulation of daily dangers and dilemmas--and the growing certainty that things are about to get worse. American officials and Iraqi politicians who live and work in the fortified bubble of the Green Zone are still reluctant to use the words civil war. At the start of this year, they were dismissing an all-out battle between sects as impossible. In March they were saying it was improbable. Now they cautiously suggest it is not inevitable. And that's the optimistic perspective. A more despairing assessment was on display last week in departing British Ambassador William Patey's final diplomatic memo to London. "The prospect of a low intensity civil war and a de facto division of Iraq is probably more likely at this stage than a successful and substantial transition to a stable democracy," Patey wrote in his message, which was leaked to the British media. For ordinary Iraqis who live on the other side of the Green Zone's tall walls, the time to debate if and when civil war will start is past: it is already under way. It's a view that I share. After three years of dwindling optimism over Iraq's future, I now feel a mounting pessimism.

In the Red Zone (the name given to the rest of Baghdad by Green Zoners too nervous to venture outside the walls), the sporadic spurts of violence between Shi'ites and Sunnis have given way to a steady stream of blood. Partisans on both sides are arming themselves for battle, and ordinary folks are looking for ways to defend themselves. Owing to soaring demand, the price

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of a Chinese-made AK-47 has quadrupled, to $200, since the start of the year; the Russian-made version has doubled, to $600. The U.N. reports that nearly 6,000 Iraqis were killed in May and June, more than in any comparable period since the fall of Saddam. These days, almost all the killing is Iraqi on Iraqi. Many people are abandoning neighborhoods that were harmoniously mixed for centuries, instead seeking the safety of all-Shi'ite or Sunni-only districts. The government says more than 180,000 people have become refugees in their own country; tens of thousands of others are fleeing Iraq altogether. The political leadership, from Prime Minister Nouri al-Maliki on down, lacks both the stature and the will to bridge the chasm between the two communities. Caught in the middle, the U.S. military is unable to halt the bloodshed. Wisam is right: Iraq's news these days is all bad.

As a result, Iraqis have little time for other people's tragedies. The news from Lebanon has dominated Arab channels like al-Jazeera in recent weeks, but it hasn't resonated much with Iraqis. Politicians, especially Shi'ite leaders with ties to Iran, have issued predictable broadsides against Israel; some, like the radical cleric Muqtada al-Sadr, have blamed the U.S. too. He orchestrated a large pro-Hizballah demonstration in his Sadr City stronghold last week--a protest against the bombing in Lebanon but also a piece of political theater designed to showcase the strength of his support (and a response to a muscle-flexing rally organized earlier by a rival Shi'ite leader). For the most part, ordinary Iraqis, although sympathetic to their coreligionists in Lebanon, have shown little interest in a conflict that seems both far away and from another era--a leftover war from the 20th century. Not only are the protagonists familiar, but so too are their tactics and weapons: Israeli artillery, Hizballah rockets.

Those looking for parallels in Iraq will find few. The war in Iraq is about 21st century issues, like terrorism and extremist Islam. The very survival of a nation hangs in the balance. It is a murky battlefield, where combatants are hard to identify and alliances shift constantly, so nothing and nobody are predictable. Even the weapons are postmodern: improvised explosive devices, car bombs, suicide bombers. And the Iraq war is far deadlier; on almost any given day, casualty figures in Baghdad alone dwarf those in Lebanon and Israel combined. At the house TIME uses as its base in Baghdad, our staff of 25 Iraqis snort disdainfully as news broadcasters announce the daily death toll in the Levant. "They count their dead in dozens. We count ours in hundreds," says Ali al-Shaheen, our bureau manager. Only when Israeli bombs killed 28 people in the Lebanese village of Qana did it register on al-Shaheen's radar. Watching the images of the carnage, he declares, "Now they know how Iraqis live."

Every so often, something happens that causes the Iraqi government and the Bush Administration to announce that a turning point has arrived for the beleaguered country. In the month that I was away from Baghdad, there were two such events: the killing of terrorist Abu Mousab al-Zarqawi and the appointment, after weeks of political haggling, of new ministers of Defense and the Interior. The ministers, a Sunni and Shi'ite, respectively, had been touted as independent and nonsectarian--new brooms to brush away the rampant corruption in the two crucial security ministries. Interior, in particular, would be cleansed of the Shi'ite militias that had infiltrated all levels of the police and other security forces and turned them into instruments of Shi'ite vengeance against their former Sunni oppressors.

The ministers were the last bricks on the faÃ§ade that is the all-party national-unity government of Prime Minister al-Maliki. Earlier in the year I had watched from close quarters as U.S. Ambassador Zalmay Khalilzad worked tirelessly to make that government possible, pleading, cajoling until all the political factions--Shi'ite, Sunni, Kurdish and secular--agreed to get in the big tent together. Relieved, the Bush Administration announced that the participation of all groups, especially the recalcitrant Sunnis, would allow al-Maliki's government to succeed where the U.S. military had failed, in bringing to heel both the Sunni insurgency and the rising might of the Shi'ite militias. Never mind that the Prime Minister was himself a Shi'ite partisan until his nomination--whereupon he sought to reinvent himself as a nonsectarian leader--and that his party had stronger ties to Tehran than to Washington. An ornery figure, al-Maliki is a backroom politician plainly ill at ease in public; few Iraqis had even heard of him, and few are convinced that his rancorous all-party government can last the year, much less its full four-year term.

Already, U.S. officials are finding it hard to keep up the optimistic spin. Shi'ite and Sunni politicians may now sit together, but their mutual hostility is undiminished, undermining the government--and al-Maliki can only look on helplessly. A political lightweight and compromise candidate, the Prime Minister doesn't have the clout to bash heads, much less deliver on his promises to pursue insurgents with "no mercy" and crush the militias "with an iron fist." As the politicians continue to bicker, the big tent is looking shaky; there were calls last week for several ministers--including the Interior chief--to be replaced.

The failure of new political nostrums is driving Iraqi and U.S. officials to retry military remedies that have been thoroughly discredited: massive security rings around Baghdad, high-visibility troop presence in the streets and sweeping house-to-house searches. If Iraq has taught us anything in the past three years--and Lebanon in the past three weeks--it is that conventional military tactics don't work in an asymmetrical conflict. Sheer numbers and firepower count for very little. Despite an ongoing 50,000-man, joint U.S.-Iraqi military operation dubbed Operation Forward Together to flush Baghdad clean of nationalist insurgents, jihadist terrorists and sectarian militias, the capital is as dangerous as ever. If anything, the Shi'ite militias are getting more brazen; a few days after my return, they entered the largely Sunni neighborhood of al-Jihad and slaughtered at least 50

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people, including several women and children. Eight days later, Sunni fighters attacked a market in Mahmoudiya, just south of the capital, and mowed down more than 50 Shi'ites. Increasingly, attacks are taking place in broad daylight, leaving Iraqis to wonder how their security forces can overlook large numbers of armed men moving through the streets.

The failure of Forward Together is a blow to the Bush Administration's hopes of quickly scaling down the U.S. military presence. With some 7,200 American and coalition soldiers joining 42,500 Iraqis, the operation was meant to showcase the growing ability of Iraqi security forces to protect their citizens. The experiment was effectively declared a failure two weeks ago when Bush and al-Maliki announced in Washington that more U.S. troops would be sent to protect Baghdad. But will that work? Probably not. When the full might of the U.S. military has been brought to bear in an Iraqi city--think Fallujah, Tall 'Afar, Samarra, al-Qaim--the enemy has simply melted away, taking its terrorist tactics to places that are inadequately defended. And when U.S. forces have eventually stood down, leaving the policing to Iraqis, the enemy has returned to the very places that had supposedly been cleaned up--at the cost of American blood. There is no reason to believe that a re-tinkered Operation Forward Together will be any more successful, especially since insurgents, terrorists and militias have had ample warning that more Americans are coming, giving them time to pack their rocket-propelled grenades and leave.

Nor has there been much progress on other security matters. The government's claims that several Sunni insurgent groups have responded to offers of amnesty have yet to be proved; some Sunni leaders say those who have opened negotiations are fringe figures with little sway over the insurgency. As for the jihadis, they seem unhindered by Forward Together. The Sadr City market explosion proved that the lull following al-Zarqawi's death was temporary. Suicide bombings have again become a daily headline. Many fit into a deadly new pattern: as crowds are drawn to the scene of the first explosion, a second device is detonated, doubling the toll. There was even a double bombing 100 yards from the main entrance of the Green Zone, the highly fortified enclave that houses the seat of the Iraqi government and the headquarters of the U.S. military. The twin blasts--one a car bomb, the other a suicide bomber--killed 16 people near some small shops where journalists emerging from the Green Zone on hot afternoons stop to buy cold sodas. Although the Green Zone is one of the most protected places in Iraq, the entrance known as Checkpoint 3 is one of the most dangerous. Last summer I and several other TIME staff members were fortunate to be just out of harm's way when a suicide bomber struck a kebab stand near the shops. The blast took the bomber's head clear off his body and sent it rolling down the road to Wisam's feet. He kicked it away dismissively.

Powerless to stop the killing, al-Maliki's government has also failed to improve the lot of the living. Crime continues to soar, especially the booming business of kidnapping for ransom. U.S. officials say as many as 40 Iraqis are kidnapped every day. Ransom demands range from thousands of dollars to millions; many victims are never heard from again. Services are a cruel joke. As summer temperatures climb to 120Ëš, there has been no perceptible improvement in electricity or the water supply. And at a time when people desperately need their gasoline-powered generators to operate ceiling fans and air conditioners, fuel has become scarce. The wait in a gas-station line can last all day. Last month the black-market rate for a liter of gas briefly reached $1--exactly 100 times the official price just before the war. My Iraqi colleagues are amused when I read them stories about Americans complaining of high gas prices.

High fuel prices have yielded one bonus: with more and more people keeping their cars at home, the roads are relatively free of traffic snarl-ups. It's typical of Baghdad that when something seems to get better--whether traffic or the ride from the airport--it's usually because something else has got much worse.

Amid this unremitting misery, Iraqis struggle for some semblance of normality. In Baghdad, the 9 p.m. curfew means that the traditional family outings of summer--an evening picnic on the banks of the Tigris, dinner at a kebab restaurant or a late-night drive to an ice cream parlor--are all out of the question. Visiting with friends and family is impossible unless you're prepared to go early and stay overnight. It's an especially frustrating time for children; although it's the summer break, parents are reluctant to let kids out of the house. Danger hides everywhere. Last week several teenagers were among 11 people killed and 14 hurt when two bombs went off at a soccer field in the Shi'ite district of Amil. Al-Shaheen, our bureau manager, has three children going stir-crazy at home. "They feel imprisoned," he says. "For entertainment, they get on my wife's nerves during the day and on mine at night."

The only available escapism is via TV. The one post-Saddam freedom Iraqis can unreservedly enjoy is access to satellite television--Lebanese music videos, Egyptian soaps, the Oprah Winfrey Show (with Arabic subtitles), sports. The soccer World Cup was a welcome distraction. Since Iraq didn't qualify, people invested their emotions in foreign teams, like Brazil and Italy. When the Italians won the tournament, it was our driver Wisam--not our Milanese photographer, Franco Pagetti--who had to be restrained from shooting an AK-47 into the air, the traditional Arab celebration. But even the enjoyment of a faraway sporting event can be poisoned by sectarian suspicions: a Sunni neighbor asked me, with a knowing smirk, whether our Shi'ite staff members had supported the Iranian team. When I said no, he was surprised. Many Sunnis believe that Shi'ite sympathies--and not just in sporting matters--lie with Iraq's ancient enemy to the east. "In Najaf and Basra, the Shi'ites were praying for Iran to

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win," he said disdainfully. "What do you expect from these people?" When I asked him if he had supported the two teams from Sunni-majority countries in the tournament, Saudi Arabia and Tunisia, he changed the subject.

Fear of kidnapping is pervasive. To hide their wealth, many Iraqis choose to live well below their means. While on R. and R. in London, I met Hassan, a Baghdad businessman (he asked that his full name be concealed for his protection) who said he had "made millions" since the fall of Saddam, importing consumer electronics like refrigerators, washing machines and air conditioners. But his modest single-story home in the middle-class Yarmuk neighborhood still looks as it did when he inherited it from his father, an army captain. "I won't even put on a fresh coat of paint because that would arouse suspicions," he said. He drives around Baghdad in a beat-up Japanese car "even though I can afford a top-of-the-line Mercedes." Only when he's abroad does he live large, booking suites in the best hotels, buying expensive suits that he leaves with business associates and renting--yes--a top-of-the-line Mercedes. "If I live like this in Baghdad, there will be a competition among the kidnappers to take me."

Hassan's business interests keep him coming back. Yet for many Baghdad residents, the only hope for a decent life is to escape altogether. Since the school year ended in June, thousands of families have been heading to safer parts of the country, like the Kurdish north, where an economic boom carries the promise of jobs. Those who can afford it are going abroad, mainly to Syria and Jordan. "The middle class is evaporating," says Iyad Allawi, who served as Iraq's interim Prime Minister in 2004 and part of '05. "Every Middle Eastern country I go to, they tell me immigration from Iraq is rising fast."

Mahmud, my Iraqi colleague who fled Amariyah, has sent his wife and four kids to Amman. Whether they will return when schools reopen will depend on the security situation. Mahmud is not optimistic. "I should have made them pack winter clothes," he says.

Sunnis like Mahmud now feel vulnerable in Baghdad, which for centuries was the citadel from which they lorded it over Iraq's Shi'ite majority. For the first three years after Saddam's fall, much of the violence in and around the capital was committed against Shi'ites by Sunni insurgents and jihadis. But since the beginning of this year, Shi'ite death squads--widely believed to emanate from militias like the Mahdi Army and the Iran-trained Badr Organization--have become the main practitioners of terrorist violence. Each side has its signature style of murder. When Iraqis hear news of car bombings or suicide bombers, they don't need to be told that Sunni jihadis were involved; when bodies bearing signs of gruesome torture (like the use of electric drills) turn up in a garbage dump or in the sewers, it's assumed Shi'ite militias were responsible.

What makes the militias especially dangerous is the impunity with which they act. Since many policemen and soldiers are their former comrades-in-arms, militiamen are often allowed to roam unchecked. They are routinely accused of conducting "joint operations"--a euphemism for murderous rampages that police watch or even join. Sometimes police are accused of moonlighting as militiamen, using official vehicles and weapons. A three-car convoy belonging to Sunni M.P. Tayseer al-Mashhadani was stopped last month by 30 gunmen in a Shi'ite suburb. Al-Mashhadani and seven bodyguards were bundled into unmarked cars and driven away. An eighth bodyguard escaped and reported that the abductors had police-issue weapons. Al-Mashhadani hasn't been released. An even more audacious snatch came soon after: men in uniforms grabbed the chief of Iraq's Olympic Committee and 30 other sports officials. (Ten have been released, but the chief remains in captivity.) Men in uniform snatched 26 men last week from two offices less than a mile from TIME's house.

The government's standard response to each new outrage is to deny that police were involved and instead finger "criminal gangs" wearing knockoff uniforms and using stolen weapons and vehicles. Occasionally, blame is directed at the militias but never by name. After all, the political groups that control the militias are key components of the Shi'ite coalition that has the most seats in parliament and that includes al-Maliki's party. The only militia to feel the Prime Minister's "iron fist" was the toothless Mujahedin-e-Khalq, a small, unarmed band of Iranian rebels dedicated to toppling the regime in Tehran; it had been confined to a single base outside Baghdad and was monitored by the U.S. Nobody had accused the Mujahedin-e-Khalq of any atrocities on Iraqi soil, and al-Maliki's decision to evict the group smacked of tokenism. Sunni politicians seized on the eviction as proof that al-Maliki was doing Tehran's bidding.

For Sunnis in Baghdad, the sight of policemen is cause for concern rather than reassurance. Traffic checkpoints are especially perilous. Recently three TIME staff members--brothers, all Sunni--were detained at a police checkpoint for five hours. They began to worry when a Shi'ite friend who had been riding with them was allowed to leave. When the men showed their media badges, issued by the U.S. military, the cops accused them of being American spies. "We'll send you to the Interior Ministry," a cop said, obviously enjoying their discomfort as he bundled them into the back of a pickup truck. "You may be released or jailed, or maybe somebody will use an electric drill on you." In the end, the TIME men were able to talk their way out of captivity after the owner of a shop near the checkpoint vouched for them. "The police realized that if we disappeared, the shopkeeper might be able to identify them as the ones who captured us," says one of the brothers. A few days later, one of the brothers had another close shave when he stopped in a busy neighborhood to buy black-market gas. A car bomb went off 50 yards away, destroying his car. Luckily, he had stepped out of the vehicle to negotiate with the seller; he got away with minor shrapnel wounds. One tiny shard ripped into his shirt pocket in a direct line to his heart. The shrapnel arrowed through a thick

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wad of Iraqi currency and some loose paper and was finally stopped by his plastic ID card. "At last, I can say money saved my life," he jokes.

Almost every Sunni family I meet seems to have a horror story that starts with a policeman at a checkpoint asking for identification. It's profiling, Iraqi style. The harassment ranges from getting insulting, sniggering comments ("Nice car. Where did you steal it?") to being handcuffed, blindfolded and hauled off to prison or, worse, a torture chamber. The most vulnerable are those who have obviously Sunni names, such as Omar. I have interviewed more than a dozen Omars, including two of Mahmud's nephews, who have endured varying degrees of persecution from police or militias. As a precaution, many Sunnis are buying fake ID cards with safe Shi'ite names.

Feeling the heat from the militias and security forces, Baghdad's Sunnis know their best hope for protection lies in the Americans, the very occupying forces they have despised for toppling them from power. My meeting with a high-level commander of a Sunni insurgent group takes an unexpected turn when he angrily demands, "Where are the Americans? Why aren't they protecting our people?" For two years, the man has boasted to me about his fighters' operations against U.S. soldiers. Now he wants them as a shield from the marauding militias. It's clear from his indignation that the irony escapes him.

The Bush Administration seems to be finally coming out of its state of denial about the danger of sectarianism. For months, officials and military brass have doggedly maintained that the Shi'ite-on-Sunni sectarian killings were one-offs, unlikely to spread across the community. That posture began to change when Shi'ite mobs went on a murderous spree in Baghdad's Sunni neighborhoods after the Feb. 22 bombing of the Shi'ite shrine in Samarra. By the time U.S. Defense Secretary Donald Rumsfeld made his latest visit to Baghdad last month, the assessment was more realistic. General George Casey, the U.S. commander in Iraq, told Rumsfeld that Shi'ite death squads were catalyzing a surge in sectarian violence. And General John Abizaid, the top U.S. commander in the Middle East, told a Senate committee in Washington last week that if the sectarian violence continued to spiral, Iraq "could move toward civil war."

But recognizing the problem isn't the same as having a solution. The current military strategy isn't succeeding, as evidenced by the continuing tit-for-tat sectarian killings. U.S. and Iraqi forces last month stormed some buildings in the Mahdi Army's stronghold of Sadr City, killing several fighters and arresting a top commander. But the anticipated knockout punch was never delivered. Al-Maliki, says a senior Iraqi government official, "doesn't want a war against Muqtada al-Sadr because it would open him up to charges of killing his fellow Shi'ites--like what Allawi faced." After Allawi gave the green light for U.S. forces to attack the Mahdi Army in 2004, he became a political pariah to Shi'ites. And al-Maliki is loath to antagonize al-Sadr after working hard to win his endorsement of the national-unity government.

For Sunnis, the failure to smash the Mahdi Army is not so much an indictment of al-Maliki as proof of a U.S. double standard. Salam al-Zaubai, a Sunni and one of al-Maliki's two Deputy Prime Ministers, complains that U.S. forces treat the militias with kid gloves. "When they attacked the Sunni resistance, they flattened entire cities, like Fallujah," he says. "But when it comes to Sadr City, their approach is different. Why?" For their part, residents of Sadr City ask why the U.S. is attacking the militias--seen as Robin Hood figures--when they should be looking for the Sunni terrorists who bombed the market.

Amid all the cursing and complaining, there's an unexpected benefit for the U.S. military: the proliferating investigations into the killing of civilians by American troops are being forgotten. In our previous meeting two months ago, the insurgent leader had been cursing the Marines accused in the massacre of innocent civilians in Haditha. Since then, the accumulation of atrocities by Iraq's militias has altered his perspective. "Haditha was nothing compared to what the militias are doing," he says.

It's hard not to sympathize with Al-Maliki. The Prime Minister has the near impossible task of repairing the damage wrought by three years' worth of poorly considered policies and half-measures, most of them instituted by U.S. officials and generals who have long since gone home. "I'm tempted to get him a coffee mug with the slogan WORLD'S WORST JOB," a Western diplomat told me in May, when al-Maliki was sworn in. "They've just handed him a toothbrush and told him to clean up the mountain of a mess left by [former U.S. administrator] Paul Bremer, Allawi and [former Prime Minister Ibrahim] al-Jaafari."

Al-Maliki is getting very little help from other Iraqi leaders. The national-unity government is anything but unified. Shi'ite and Sunni ministers routinely contradict one another. It's hard to get consensus even among his fellow Shi'ites. His offer of amnesty for Sunni insurgents was compromised when a powerful Shi'ite leader publicly disagreed about who should be pardoned. Abdul Aziz al-Hakim said insurgents who had killed U.S. service personnel should be pardoned, directly contradicting al-Maliki's promise that those with American blood on their hands would not qualify for amnesty. Al-Maliki's plan was also criticized by al-Sadr. It's probably no coincidence that al-Hakim and al-Sadr control the two largest armed Shi'ite militias, the Badr Organization and Mahdi Army, respectively.

While al-Maliki at least tries to present himself as a unifying figure, railing against Sunni insurgents and Shi'ite militias, many of his partners in the government are blatantly sectarian. Political leaders express outrage over the atrocities committed against their own sect but won't acknowledge that the other side, too, is bleeding. They often dismiss those wounds as self-inflicted. After the bombing of the Samarra shrine, many Sunni leaders told me the blast was the work of Shi'ite agents

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provocateurs working in concert with Iranian intelligence operatives. Likewise, Mahdi Army commanders routinely accuse Sunni insurgents of committing atrocities against their own kind and then blaming the Shi'ites.

A typical encounter was my interview with Vice President Tariq al-Hashimi, the seniormost Sunni in the Iraqi government. We met in his chintz-laden Green Zone office on the day of the al-Jihad murders. Many of the victims had been dragged out of their homes and shot dead in the street. As usual, the finger of blame pointed to the Mahdi Army. After al-Hashimi had fulminated about the slaughter of his fellow Sunnis, I asked whether the murdering militiamen might have been seeking revenge for the previous week's bombing of the market in Sadr City. Al-Hashimi's response was to claim that militiamen had planted the bomb, deliberately killing their fellow Shi'ites in order to justify revenge killings of Sunnis. "They were able to attack Sunni mosques within an hour of the market bomb," he said. "This has to have been premeditated."

Such bizarre logic quickly becomes received wisdom in a society in which even the highest officials in the land propagate outlandish conspiracy theories. The speaker of Iraq's parliament, Mahmud al-Mashhadani, a Sunni, announced at a press conference in Bahrain that "an entire Israeli brigade has entered Iraq ... trying to infiltrate various parties." That phantom force, he continued, is "camped at Babylon, whose destruction signifies the survival of the state of Israel in their holy books."

The few secular politicians with any name recognition, like Allawi, have become marginalized, their voices drowned by the sectarian din. In two general elections, Allawi has failed to get more than 14% of the vote, and the flight of middle-class Iraqis is eroding his natural constituency. He bemoans the growing power of sectarian forces but can only watch in despair. In private conversations even politicians with no pretensions of secularism occasionally wish for a unifying leader. Some months ago, Sunni leader Saleh al-Mutlak and I chatted about the kind of leadership it would take to pull Iraq back from the brink. We agreed that there were no giants on the political landscape, and he shook his head dolefully. "Not only that," he said, sighing, "but the political system we have created makes it impossible for such a figure to emerge." Politicians, he said, have discovered that the easiest way to win votes is to appeal to sectarian chauvinism; they have little incentive to take the higher, more difficult road. Al-Mutlak returned to that theme in a recent interview with a local paper, saying the country needed "an Iraqi Mandela."

Alas, statesmen can't be wished into existence. In 31/2 years of covering Iraq, I have not come across a single leader who has seemed able to rise above petty political or sectarian interests. Never mind a Mandela; there's not even an Iraqi Hamid Karzai. The beleaguered Afghan President has more credibility with his people than any Iraqi politician can honestly claim. In the absence of statesmen, I fear the sectarian furies that have been unleashed in Iraq will hack away at the last vestiges of sense and decency and drag the country into a final fight to the death.

Green Zoners are still hoping against hope it doesn't come to that. Pairing familiar words in odd new ways, Ambassador Khalilzad recently told a Washington audience that Americans need to be "tactically patient" and "strategically optimistic" about Iraq's future. On his first official visit to Britain and the U.S. two weeks ago, al-Maliki also told the Blair and Bush administrations what they wanted to hear: that a civil war could be averted.

But at least the Prime Minister has stopped trying to spin his own people. A few days before he left for Britain and the U.S., a desperate al-Maliki gave a televised speech to his parliament, pleading with his fellow politicians to set aside their differences. Looking like a man at his wit's end, he warned that national reconciliation was one "last chance" to avert a civil war: "If it fails, I don't know what the destiny of Iraq will be." For a second, I thought I recognized the expression on his face. It's the one I had seen on the faces of my fellow passengers on the flight into Baghdad--that mixture of fear and resignation, just before the descent into hell.

Bomber Attacks Funeral In Tikrit (USAT/AP)

USA Today, August 7, 2006

BAGHDAD — A suicide bomber blew himself up among mourners at a funeral in Saddam Hussein's hometown Sunday evening, killing at least 10 people and wounding 22, police Capt. Laith Hamid said.

Sixteen other people died in political or sectarian violence elsewhere in Iraq.

Also Sunday, several U.S. Marines were wounded and a few vehicles were destroyed by a suicide car bombing in Anbar province, the U.S. military said. No further details were given.

The attack on the mourners occurred in a hall in Tikrit, 80 miles north of Baghdad. Services were being held for the father of a provincial council member, who was among those killed, Hamid said.

The attacker's vehicle was detonated later as a precaution in case it was rigged as a bomb, police said.

Also Sunday:

·Clashes broke out in Baghdad between Shiite militiamen and Iraqi soldiers near Hamza Square on the edge of the Sadr City neighborhood, police said. Two militiamen were killed.

·Gunmen ambushed a police patrol in south Baghdad, killing two policemen and wounding five others, police said.

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·Gunmen in Samarra, 60 miles north of Baghdad, ambushed a convoy of Iraqi trucks carrying food. Two drivers were killed and their vehicles set on fire, police Capt. Laith Mohammed said.

·A U.S. military statement said coalition forces killed one man during a raid near Beiji, 155 miles north of Baghdad. The raid was against a gang suspected of killing five Iraqi soldiers Saturday.

Half Of U.S. Still Believes Iraq Had WMD (SFC/AP)

By Charles J. Hanley

San Francisco Chronicle/AP, August 7, 2006

(08-06) 18:22 PDT , (AP) --

Do you believe in Iraqi "WMD"? Did Saddam Hussein's government have weapons of mass destruction in 2003?

Half of America apparently still thinks so, a new poll finds, and experts see a raft of reasons why: a drumbeat of voices from talk radio to die-hard bloggers to the Oval Office, a surprise headline here or there, a rallying around a partisan flag, and a growing need for people, in their own minds, to justify the war in Iraq.

People tend to become "independent of reality" in these circumstances, says opinion analyst Steven Kull.

The reality in this case is that after a 16-month, $900-million-plus investigation, the U.S. weapons hunters known as the Iraq Survey Group declared that Iraq had dismantled its chemical, biological and nuclear arms programs in 1991 under U.N. oversight. That finding in 2004 reaffirmed the work of U.N. inspectors who in 2002-03 found no trace of banned arsenals in Iraq.

Despite this, a Harris Poll released July 21 found that a full 50 percent of U.S. respondents — up from 36 percent last year — said they believe Iraq did have the forbidden arms when U.S. troops invaded in March 2003, an attack whose stated purpose was elimination of supposed WMD. Other polls also have found an enduring American faith in the WMD story.

"I'm flabbergasted," said Michael Massing, a media critic whose writings dissected the largely unquestioning U.S. news reporting on the Bush administration's shaky WMD claims in 2002-03.

"This finding just has to cause despair among those of us who hope for an informed public able to draw reasonable conclusions based on evidence," Massing said.

Timing may explain some of the poll result. Two weeks before the survey, two Republican lawmakers, Pennsylvania's Sen. Rick Santorum and Michigan's Rep. Peter Hoekstra, released an intelligence report in Washington saying 500 chemical munitions had been collected in Iraq since the 2003 invasion.

"I think the Harris Poll was measuring people's surprise at hearing this after being told for so long there were no WMD in the country," said Hoekstra spokesman Jamal Ware.

But the Pentagon and outside experts stressed that these abandoned shells, many found in ones and twos, were 15 years old or more, their chemical contents were degraded, and they were unusable as artillery ordnance. Since the 1990s, such "orphan" munitions, from among 160,000 made by Iraq and destroyed, have turned up on old battlefields and elsewhere in Iraq, ex-inspectors say. In other words, this was no surprise.

"These are not stockpiles of weapons of mass destruction," said Scott Ritter, the ex-Marine who was a U.N. inspector in the 1990s. "They weren't deliberately withheld from inspectors by the Iraqis."

Conservative commentator Deroy Murdock, who trumpeted Hoekstra's announcement in his syndicated column, complained in an interview that the press "didn't give the story the play it deserved." But in some quarters it was headlined.

"Our top story tonight, the nation abuzz today ..." was how Fox News led its report on the old, stray shells. Talk-radio hosts and their callers seized on it. Feedback to blogs grew intense. "Americans are waking up from a distorted reality," read one posting.

Other claims about supposed WMD had preceded this, especially speculation since 2003 that Iraq had secretly shipped WMD abroad. A former Iraqi general's book — at best uncorroborated hearsay — claimed "56 flights" by jetliners had borne such material to Syria.

But Kull, Massing and others see an influence on opinion that's more sustained than the odd headline.

"I think the Santorum-Hoekstra thing is the latest 'factoid,' but the basic dynamic is the insistent repetition by the Bush administration of the original argument," said John Prados, author of the 2004 book "Hoodwinked: The Documents That Reveal How Bush Sold Us a War."

Administration statements still describe Saddam's Iraq as a threat. Despite the official findings, Secretary of State Condoleezza Rice has allowed only that "perhaps" WMD weren't in Iraq. And Bush himself, since 2003, has repeatedly insisted on one plainly false point: that Saddam rebuffed the U.N. inspectors in 2002, that "he wouldn't let them in," as he said in 2003, and "he chose to deny inspectors," as he said this March.

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The facts are that Iraq — after a four-year hiatus in cooperating with inspections — acceded to the U.N. Security Council's demand and allowed scores of experts to conduct more than 700 inspections of potential weapons sites from Nov. 27, 2002, to March 16, 2003. The inspectors said they could wrap up their work within months. Instead, the U.S. invasion aborted that work.

As recently as May 27, Bush told West Point graduates, "When the United Nations Security Council gave him one final chance to disclose and disarm, or face serious consequences, he refused to take that final opportunity."

"Which isn't true," observed Kathleen Hall Jamieson, a scholar of presidential rhetoric at the University of Pennsylvania. But "it doesn't surprise me when presidents reconstruct reality to make their policies defensible." This president may even have convinced himself it's true, she said.

Americans have heard it. A poll by Kull's WorldPublicOpinion.org found that seven in 10 Americans perceive the administration as still saying Iraq had a WMD program. Combine that rhetoric with simplistic headlines about WMD "finds," and people "assume the issue is still in play," Kull said.

"For some it almost becomes independent of reality and becomes very partisan." The WMD believers are heavily Republican, polls show.

Beyond partisanship, however, people may also feel a need to believe in WMD, the analysts say.

"As perception grows of worsening conditions in Iraq, it may be that Americans are just hoping for more of a solid basis for being in Iraq to begin with," said the Harris Poll's David Krane.

Charles Duelfer, the lead U.S. inspector who announced the negative WMD findings two years ago, has watched uncertainly as TV sound bites, bloggers and politicians try to chip away at "the best factual account," his group's densely detailed, 1,000-page final report.

"It is easy to see what is accepted as truth rapidly morph from one representation to another," he said in an e-mail. "It would be a shame if one effect of the power of the Internet was to undermine any commonly agreed set of facts."

The creative "morphing" goes on.

As Israeli troops and Hezbollah guerrillas battled in Lebanon on July 21, a Fox News segment suggested, with no evidence, yet another destination for the supposed doomsday arms.

"ARE SADDAM HUSSEIN'S WMDS NOW IN HEZBOLLAH'S HANDS?" asked the headline, lingering for long minutes on TV screens in a million American homes.

Pressure Mounts For Strikes Against Kurds In Iraq (WT)

By Andrew Borowiec

The Washington Times, August 7, 2006

NICOSIA, Cyprus -- Intensified attacks by Kurdish separatists are putting increased pressure on the Turkish government to strike at rebel bases in Iraq.

Washington has warned Turkey to refrain from any cross-border action, but diplomats say Turkish Prime Minister Recep Tayyip Erdogan has replied that Kurdish violence "has gone beyond the limits of tolerance."

The public and the influential Turkish military have been demanding a more effective action against the rebel Kurdistan Workers Party, known by its acronym, PKK. Some diplomats say that sooner or later, Turkey will enter Iraq in hot pursuit, whether Washington likes it or not.

The United States acknowledges Turkish concern about Kurdish guerrilla activities, but officials think military action across the border would further destabilize Iraq. The PKK's major bases are in Iraqi territory.

The conservative Greek daily Kathimerini said Mr. Erdogan "is trapped between a disillusioned public and a superpower with strong links to Kurds in Iraq."

Analysts say the situation is creating new strains in the relationship between the United States and Turkey, despite the "shared vision document" signed during a recent Washington visit by Turkish Foreign Minister Abdullah Gul.

Bowing to his country's mood, Mr. Erdogan pledged a full-scale war on the PKK and dismissed U.S. pressure against a thrust into Iraq by saying his government would judge for itself how to wage that war.

Opposition politicians in Turkey have accused the United States of practicing "double standards" by supporting Israel's war on Hezbollah in Lebanon but opposing any effective Turkish action against the PKK, which Turkey and Washington both consider to be a terrorist organization.

"These are two different cases, they should be judged from different perspectives," said Ross Wilson, the U.S. ambassador in Ankara.

Although Turkey has forged a friendly relationship with Israel, Mr. Erdogan has bowed to popular pressure. He has criticized Israel for "a new culture of violence" and said "it is unthinkable to remain silent in the face of this new manifestation of power."

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Foreign diplomats and the Turkish press see a connection between the hardening mood toward the Kurds and the appointment of a new chief of the general staff.

He is Gen. Yasar Buyukanit, 66, current commander of the land forces. He is known for his blunt statements and calls for counterterrorist measures against PKK militants and their supporters.

Gen. Buyukanit is due to take command at the end of August from Gen. Hilmi Ozkok, whose political influence has been considerably reduced by Turkey's negotiations for membership in the European Union.

Some Turkish analysts think that the strongly secular new chief of staff will be a more difficult partner for a prime minister and a governing party with strongly Islamic roots.

Medic Details Finding Iraqi Girl's Body (USAT/AP)

USA Today/AP, August 7, 2006

BAGHDAD (AP) — An Iraqi army medic on Sunday told a U.S. military hearing of the horrific scene that confronted him in a tiny home south of Baghdad where he found the naked and burned body of a 14-year-old girl allegedly raped and murdered by American soldiers.

The medic testified on the opening day of a hearing to determine whether five U.S. soldiers must stand trial in the March 12 rape-slaying of Abeer Qassim al-Janabi and the killing of her parents and sister in the town of Mahmoudiya.

It is among the worst in a series of cases of alleged killings of civilians and other abuses by U.S. soldiers that have tarnished the American military.

The medic, whose name was withheld for security reasons, testified that he was the first responder to enter the house, arriving between 3 p.m. and 4 p.m. on the day of the killings.

The girl was sprawled naked in the house, her torso and head burned by flames, and she had a single bullet wound under her left eye, he said.

He said he found Abeer's 5-year-old sister, Hadeel, in an adjacent room dead from a bullet wound in the head. The children's father, Qassim, and mother, Fikhriya, suffered similar deaths, he said. The mother's abdomen and chest were riddled with bullets, he added.

"I was feeling very bad," he said. "I was sick for almost two weeks."

He told the hearing that because Mahmoudiya's hospital did not have enough space to store the bodies, they were kept in an air-conditioned ambulance overnight, then buried the following day.

Four soldiers — Sgt. Paul Cortez, Spc. James Barker, Pfc. Jesse Spielman and Pfc. Bryan Howard — have been accused of rape and murder and could face the death penalty if the case is passed for a court-martial. A fifth, Sgt. Anthony Yribe, is accused of failing to report the attack but is not alleged to have been a direct participant.

A former private, Steven Green, was arrested in North Carolina in June on rape and murder charges in the case. Green, who was discharged from the Army for a "personality disorder," has pleaded not guilty in federal court and is being held without bond.

The commander of the soldiers' battalion in the 502nd Infantry Regiment, 101st Airborne Division, Lt. Col. Thomas Kunk, testified Sunday that he recalled hearing Green say "all Iraqis are bad people."

"I told him that that wasn't true and that 90 to 95% of the Iraqi people are good people, and they want the same thing that we have in the United States," Kunk said.

Sunday's proceeding is referred to as an Article 32 hearing and is the military equivalent of a grand jury session. It is expected to last several days, and parts will be held in secret.

During cross-examination, Kunk said Green, Cortez and Spielman were "wallowing in self-pity" amid the violence and loss of comrades in the Mahmoudiya area, known in Iraq as the "Triangle of Death." They sought help for combat stress, Kunk said.

Much of Sunday's testimony focused on whether the accused soldiers were suffering from combat stress and whether such emotional trauma might have led them to commit the crimes.

Kunk estimated that about a quarter of the soldiers in his battalion suffered from some form of combat stress, including sleepless nights, nightmares, perpetual nervousness and chronic nausea.

However, "the majority of the platoon, in my opinion, were able to accept the loss of their brothers in arms," Kunk told defense lawyer Capt. Jimmie Culp. "I believe every soldier wakes up every morning wanting to do the right thing. I don't believe any soldier wakes up thinking 'I want to be screwed up.'"

The medic was among three Iraqi witnesses to testify Sunday. Reporters were not permitted to hear the first two but were allowed back in the hearing room when the medic took the stand.

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The military prosecutor, Capt. William Fischbach, showed him several photographs of the bloody crime scene to confirm the bodies were as he found them when he entered the room. All of the accused watched expressionless as the photos were shown to attorneys.

Defense lawyers contended the bodies were staged for the pictures. They also questioned whether the victims were shot to death, suggesting they may have already been dead when bullets were fired into their bodies.

The medic acknowledged after questioning he could only assume the family was shot to death.

Since the case became public last month, U.S. officials have said they were concerned it could strain relations with Iraq's new government if Iraqis perceive that the soldiers receive lenient treatment.

They have offered assurances that the case will be pursued vigorously and that the soldiers will be punished if convicted.

The case already has increased demands for changes in an agreement that exempts U.S. soldiers from prosecution in Iraqi courts. And Prime Minister Nouri al-Maliki has demanded an independent investigation.

Kunk said he was told on June 19 about possible American involvement in the alleged murders and rape. He said he questioned Barker and Howard the next day, and both denied any coalition soldiers were involved.

The battalion commander described Baker as "very flippant, very confident, and more than willing to answer the questions I had."

U.S. soldiers' conduct has come under the spotlight over a string of similar cases.

Four soldiers from another regiment in the 101st Airborne have been accused of killing three Iraqi detainees in Samarra three months ago. The Article 32 hearing in that case ended Friday in Tikrit but no decision on a trial was announced.

In another case, the Marine Corps and Navy prosecutors are reviewing evidence to determine whether to recommend criminal charges against Marines accused of killing 24 Iraqi civilians in Haditha in November.

4 G.I.'s Tell Of How Iraqi Raid Went Wrong (NYT)

By Paul Von Zielbauer

The New York Times, August 7, 2006

BAGHDAD, Iraq, Aug. 6 — When the burst of machine-gun fire stopped, two of the three Iraqi men were dead, their bodies chewed by bullets sprayed at them by two American soldiers a few yards away. But a third man, brains spattered on his face, was somehow still alive and, with eyes closed, was gasping for air.

Specialists Juston R. Graber and Thomas A. Kemp, surprised to hear gunfire after securing the rural swatch of land northeast of Baghdad, ran over to find the three Iraqis lying in the dirt. Their squad leader, Staff Sgt. Raymond L. Girouard, also arrived and inspected the three bodies. A squad medic came on the scene, quickly examined the man who was still moving and declared him beyond help. Then, according to sworn statements of what Specialists Graber and Kemp later told Army investigators, Sergeant Girouard said, "Put him out of his misery."

What happened in the minutes before and after the three Iraqis were shot on May 9 are at the core of the military's case against Specialist Graber and three other members of the Company C, Third Brigade, 187th Infantry of the 101st Airborne Division. All four soldiers have been charged with murder. All have denied any wrongdoing.

Their case is now the subject of a military hearing to determine if there is enough evidence to recommend that the soldiers go before a court-martial.

In more than a dozen sworn statements made to Army investigators and obtained by The New York Times, the four accused soldiers and several other members of Company C recollected their roles in the assault on a remote island in Tharthar Lake, 60 miles north of Baghdad.

Taken together, their accounts provide the first detailed narrative of their combat experience, one part of a much broader mission against insurgent forces that day known as Operation Iron Triangle.

Specialist Kemp later told the investigators that he did not believe in "mercy killings," and walked quickly away. But Specialist Graber, transfixed, lingered over the dying man, according to his statement.

He lifted his M-4 rifle to his waist, curled his finger around the trigger and fired at the man's head. He missed, he told investigators later, striking the dirt. He raised his rifle again, this time bringing its muzzle within four feet of the man's cheek. The bullet pierced the blindfold the man was still wearing. "I felt that it was the humane thing to do," he wrote in a sworn statement in mid-June. His shot was the last of hundreds fired by two Company C squads during the morning assault.

Several soldiers have said in sworn statements or testimony at the hearing that senior officers, including the Third Brigade commander, Col. Michael Steele, told them in a gathering the night before the raid to kill any military-age male they encountered on the island, where 20 fighters loyal to Al Qaeda were thought to be.

In a statement to investigators, Colonel Steele has denied giving any such order. On Friday, he declined, through his military lawyer, to comment for this article.

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In June, the Army charged Specialist Graber with one count of murder. Three others in his squad were charged with the murders of the three Iraqi men after detaining and handcuffing them. They are Staff Sgt. Girouard, Specialist William B. Hunsaker and Pfc. Corey R. Clagett.

An Army special investigator is weighing what punishment, if any, to recommend to the 101st Airborne commander, Maj. Gen. Thomas R. Turner. If their cases proceed to courts-martial, they could be sentenced to life in prison if convicted.

But a review of more than a dozen statements of several other members of Company C reveals an Army unit caught between their superiors' prediction of a fierce battle and the scant resistance of the Iraqis they found during the three-hour assault.

In the predawn darkness, about 20 soldiers from Company C's Third Platoon boarded Black Hawk helicopters before dawn with orders to raid a group of houses on the southern end of the island in Tharthar Lake. Six Iraqi Army soldiers accompanied them.

"Hit the first house, kill all military-age males, hit any secondary houses, then stand by for follow-on missions," was the way Sergeant Girouard described his squad's mission to investigators in a May 29 statement. But all they found at the first landing zone were two empty homes and a pump house. Around 6:30 a.m., Sergeant Girouard's squad landed about 70 yards southwest of the second house, several miles north of the first. As the squad approached, Sergeant Girouard fired his M-4 rifle at a man in a window. Sgt. Leonel Lemus, Specialist Hunsaker, Specialist Graber and Pfc. Bradley Mason also fired. At the front door, Sergeant Girouard sent an Iraqi Army soldier, Sgt. Hamed Muhammad, into the house first. Pouring in behind him, guns ready, they found three Iraqi men hiding behind two women, a tactic Qaeda fighters were known for, several soldiers said.

The squad moved the women into a separate room and took the three men outside. The man shot by the window was lying on his back, bellowing in pain from gunshot wounds to his midsection and right arm. Soldiers dragged him outside, where the squad medic, Specialist Micah Bivens, performed first aid. Two minutes later, Specialist Bivens pronounced the man dead, Sgt. Kevin Ryan wrote in his May 29 statement.

Sergeant Muhammad testified at the hearing for the accused soldiers last week that the man seemed to be 70 to 75 years old. Soldiers zipped him into a black body bag.

In front of the house, Private Mason searched the three men, two of whom wore what soldiers called a "man dress," a dishdasha. Specialist Thomas Kemp recorded the men's names: Ahmed Farhim Hamid al-Jami, Ziad Jasem Hamid and Nahad Yasim Hamid Gumar.

The tactical search, a core discipline in an infantry soldier's training, would later become a point of contention at the hearing for the four soldiers accused of murder. Private Mason, in testimony last week, said he had thoroughly searched all three. "If there was a dollar bill on them, I would have found it," he said.

Specialist Graber and Private Mason guarded the three detainees, who were now lying outside face down with their hands bound behind their backs. Private Mason was sent into the house to watch the women. As the three men were being bound, Private Clagett, on an earthen berm 50 yards north of the house, saw a mud hut with people inside.

As the squad approached the hut, a man, later identified by soldiers as Shajeed Wayied Shelish, came out holding a 2-year-old girl in front of him. Sergeant Girouard tried to shoot the man but could not. "I could not properly engage him because as I moved my weapon, he moved the baby and put the baby in front," he told investigators on May 29.

Several soldiers detained Mr. Shelish and found "several children and women" in the hut, Sergeant Ryan said. Most of the children were about 7 or 8 years old, Sergeant Muhammad testified. Sergeant Girouard grabbed the girl.

Back at the first house, Specialist Bivens and Corporal Helton photographed the four Iraqi men. Sergeant Girouard radioed First Sgt. Eric Geressy and told him they had killed one man.

Sgt. Armando Acevedo, another member of Company C on that day's mission, later told prosecutors that he heard Sergeant Geressy reply, "We're bringing back these detainees when they should be dead." Sergeant Geressy denied saying that.

About that time, Sergeant Lemus and Private Mason told investigators, Sergeant Girouard appeared to have second thoughts about the four detainees in custody. "He mentioned that First Sergeant Geressy transmitted over the radio that the detainees should have been killed," Sergeant Lemus wrote in a sworn statement in June.

Sergeant Girouard gathered Sergeant Lemus, Specialist Hunsaker and Privates Clagett and Mason around him in a room in the house and, according to Sergeant Lemus, laid out a plan: Specialist Hunsaker and Private Clagett were would kill the detainees after cutting off their wrist ties and ordering them to run away. Sergeant Lemus and Private Mason told investigators they wanted no part of the plan and left.

Several minutes later, Sergeant Girouard dispatched 6 of his squad's 10 soldiers to secure a pickup zone for an incoming Black Hawk, 70 yards southwest of the house. That left Sergeant Girouard, Specialist Hunsaker and Privates Clagett and Mason

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at the house. Specialist Hunsaker and Private Clagett were guarding the three men, who were blindfolded, seated and had their hands restrained with zip ties behind their backs.

Sergeant Girouard walked Mr. Shelish, the man they had taken from the mud hut, toward the pickup zone, handing him to Corporal Helton. Minutes later, Private Mason, inside the house with the two women, heard Specialist Hunsaker shout an expletive. He and soldiers at the landing zone then heard fire from Private Clagett's machine gun and Specialist Hunsaker's M-4.

Sergeant Ryan and Corporal Helton saw the three men sprinting barefoot toward the mud hut. "That was followed by gunshots as the men fell," Sergeant Ryan wrote in a sworn statement.

Private Clagett and Specialist Hunsaker told investigators they had cut the flimsy wrist ties off all three detainees at once — a procedure considered tactically unsound — to replace them with thicker plastic cuffs that would not break. They said one man had suddenly attacked Specialist Hunsaker with a knife as a second man punched Private Clagett.

Sergeant Girouard radioed his report to headquarters, saying he no longer had three detainees but three "K.I.A.'s" — killed in action.

Montana Senator's Nephew Laid To Rest (USAT)

By Gwen Florio

USA Today, August 7, 2006

WOLF CREEK, Mont. - By the time the Chinook helicopter trailing a large American flag passed slowly over the ranch here Sunday, the protesters and their signs were gone, leaving Marine Cpl. Phillip E. Baucus, 28, to be put to rest.

Baucus was killed during a July 29 suicide bombing in Iraq's Anbar province. He was the nephew of U.S. Sen. Max Baucus.

The funeral for Cpl. Baucus drew more than 500 people from across Montana and neighboring states. It also drew the attention of the Topeka-based Westboro Baptist Church, whose members picket military funerals across the country.

Sunday afternoon, four members of the church — including 20-year-old Megan Phelps-Roper, daughter of the church's founder, the Rev. Fred Phelps — held up signs at the turnoff leading to the ranch. Church members say the troops deserve to die because they fight on behalf of a government that does not adequately condemn homosexuality.

"Thank God for dead soldiers," read one sign.

The church's protests spurred a measure, signed into law by President Bush on Memorial Day, that prohibits protests at or near national cemeteries. Sen. Baucus voted for the Respect for America's Fallen Heroes Act; hence, Westboro's presence at his nephew's funeral, according to Westboro attorney Shirley Phelps-Roper, another of Phelps' daughters. About 26 states have enacted similar laws, she said.

"What he got for his trouble … is a dead nephew," said Shirley Phelps-Roper in a telephone interview.

A procession of pickup trucks kicked up clouds of dust as they sped past Sunday's protesters.

"That's right. Don't even look at them," yelled Roy Banks, 54, a disabled veteran from the nearby state capital of Helena. He was among about 15 people, including other veterans and members of church groups, who gathered to form a peaceful counterprotest.

By the time the funeral began, the Westboro protesters had packed up their signs and left. Those at the funeral remembered Baucus' more lighthearted moments, and his fellow Marines spoke of a supremely well-organized recruit.

Two hours after the service began, the pickups began their procession back toward the highway. As they left the ranch, they passed a sign taped to a fence post. It bore a single word:

"Honor."

The Iraq War Enablers (NYT)

By Bob Herbert

The New York Times, August 7, 2006

So there was Hillary Rodham Clinton grandstanding for the television cameras last week, giving Donald Rumsfeld a carefully scripted chewing out for his role in the Bush administration's lunatic war in Iraq.

Casual viewers could have been forgiven for not realizing that Senator Clinton has long been a supporter of this war, and that even now, with the number of pointless American deaths moving toward 2,600, her primary goal apparently is not to find an end game, but to figure out the most expedient political position to adopt — the one that will do the least damage to her presidential ambitions.

Mrs. Clinton is trying to have it both ways. A couple of months ago, she told a gathering in Washington: "I do not think it is a smart strategy either for the president to continue with his open-ended commitment, which I think does not put enough pressure on the new Iraqi government." She then added, "Nor do I think it is smart strategy to set a date certain."

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Slick Willie has morphed into Slick Hilly, as the carnival of death in Iraq goes on.

Mrs. Clinton is just one of the many supporters of the war who should have known better from the beginning, and who are now (with the wheels falling off the Iraqi cart and public support for the war plummeting) engaged in the tricky ritual of rationalization.

The favored "it's not my fault" explanation is that the war was always a grand idea, but the Bush gang was so dopey it fouled up a good thing. If only they'd sent in more troops. If only they hadn't disbanded Saddam's army. If only they'd turned right instead of left, or left instead of right, Iraq would be an oil-rich, free-market, democratic paradise, even as we speak.

I'm not trying to give a pass to Mr. Rumsfeld, President Bush, Dick Cheney or any of the rest of the war-loving, high-strutting, muscle-flexing men and women in this most dreadful of administrations. These are the individuals who drove us into the flames of Iraq that so far have consumed scores of thousands of lives. But they could have — and should have — been stopped by wiser heads.

This was a war that never should have happened. There was a legitimate war for the United States to fight in Afghanistan, but that was not enough for the administration. The Bush gang wanted a war with Iraq, and less-than-courageous politicians like Mrs. Clinton and many others lined up as enablers to help make that war happen.

Many of the Democrats in Congress supported the war only because they remembered the price paid by party members who stood against the first gulf war, a stand that became an embarrassment when the war was easily won and was therefore popular.

Despite the rationalizations now suddenly on the lips of so many, the problem with the current war in Iraq is not the way it was conducted, but the fact of the war itself. It was launched amid blinding, billowing clouds of deceit. There was never any legitimate reason for the war. Iraq had not attacked the U.S. and there was no imminent threat of attack.

The U.S. went in with guns blazing ("shock and awe") like Matt Dillon shooting up the dusty streets of Dodge City. Only this was the real world, and the result has been unending tragedy.

The American occupation of Iraq was guaranteed, sooner or later, to provoke a sustained and bloody resistance, and it was inevitable that terror would be the resistance's most effective tool. It was also certain that if the Shiites were empowered, there would be widespread retaliation for their many years of suffering under Saddam, and then the inevitable counterreaction of the suddenly disempowered Sunnis, and so on.

None of this was a secret. The warnings came from around the world before the first shot was ever fired.

Mrs. Clinton, other Democrats and whatever sensible Republicans may still be out there should be getting together to work out a plan for an orderly withdrawal of American forces from Iraq. This was not a war we were ever going to win. It's time we brought our involvement to an end.

Americans no longer support this war, and there are few things more empty of meaning than dying in a war that one's fellow citizens — safe at home — have already given up on.

We went into Iraq with bombs falling and guns blazing, insisting all the while that we were bringing the Iraqis the gifts of freedom and democracy. Instead, we gave them terror, chaos and civil war — in other words, a whole new generation of misery and mass death.

Shock and awe, indeed.

NATO Says It Can Cap Violence In Southern Afghanistan Despite Losses (AFP-Y)

By Christophe Vogt

AFP, August 7, 2006

NATO's chief in southern Afghanistan has said the force still has a winning strategy despite the killing of nine of its soldiers since it took over the region six days ago.

"We have had a difficult week," acknowledged General David Richards, the head of NATO's International Security Assistance Force (ISAF) Sunday.

But he said it was necessary to put into perspective a week which cost the lives of four British and five Canadian soldiers. One of the Canadians died in a trafic accident. A dozen more soldiers have been wounded.

Richards said NATO would continue assisting the local population "and as far as a change of tactics is concerned, we have many good innovative plans as I said to you before.

"We'll take about a month to get into place and we are very confident that you will see a big change after that," he said.

Richards said there were two encouraging signs during the week.

"Whilst I'm not into Vietnam body counts, a lot of insurgents were also killed, wounded or captured," he said.

He also noted that the Canadians killed Thursday near the village of Pashmul were there at the request of local people. The insurgents had forbidden them to deliver their grapes and they risked losing their harvest.

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"ISAF forces are taking the initiative against the rebels," said Major Toby Jackman, the force's spokesman in Kabul. He cited an operation launched Sunday in Helmand's province's Musa Qala district, the scene of numerous bloody clashes with the rebels.

Officials said the rebels were not only Taliban but also drugs traffickers and other criminals upset by the NATO deployment, which is twice the size of the previous US-led coalition force in the south.

"It is evident through ISAF's actions that ISAF will not be deterred," Jackman said.

The force's main purpose was to ensure sufficient security in the south so that development aid projects could go ahead in a region which previously received little help.

It works on a concept of "development zones", with efforts to improve the lives of local residents after rebels have been chased out of the zone. The aim is to persuade locals to support ISAF and the central government in order to profit from international aid.

Richards said it would take till November to see the first positive signs from this strategy.

An opinion poll in Canada last month showed declining support for the mission, with only 39 percent backing the deployment against 55 percent in March.

"The support that we have throughout NATO is based on a clear understanding of what the mission is and as long as people understand the mission I believe that NATO nations will maintain their support," said Mark Laity, civilian spokesman for NATO in Kabul.

"They understand that this is not fighting for fighting's sake but combat with a clear purpose -- to help the people of Afghanistan."

In Afghanistan, A Crackdown On Imported Pleasures (WP)

By Pamela Constable

The Washington Post, August 7, 2006

KABUL, Afghanistan, Aug. 6 -- Behind an unmarked door on a quiet residential street, half a dozen young Chinese women in miniskirts shimmy to disco tapes or sit entwined with beefy European men. Next to the fully stocked bar, a plastic Christmas tree pulses with tiny lights.

Behind a desk in a spartan government office, a bearded official says he is swamped with job applicants for a proposed department to promote virtue and discourage vice, which would send out religious monitors to uncover and correct un-Islamic behavior in the populace.

Both scenes coexist in a confused, newly democratic Muslim society grappling with a five-year influx of foreign troops and visitors, who have provided aid and protection but have also brought alcohol, prostitution and other tempting taboos to the deeply traditional and long-isolated country.

In recent weeks, the Western-backed government of President Hamid Karzai has moved aggressively to crack down on what Afghans call imported vices. He is acting partly in response to pressure from domestic religious leaders and partly to upstage Islamic Taliban insurgents who are stepping up attacks across the south.

Police in this capital of 4 million, which is also home to several thousand foreigners, have raided about a dozen restaurants and shops suspected of selling alcohol to Afghans and have seized and destroyed thousands of bottles. Officers have detained more than 100 Chinese women as suspected prostitutes, seven of whom were deported at the airport here Wednesday.

The cabinet also approved reviving the Department for the Promotion of Virtue and the Discouragement of Vice, a body that Afghan governments have maintained through much of the country's history. It became notoriously punitive under Taliban rule, from 1996 to 2001, when turbaned enforcers whipped women if their veils slipped and arrested men for wearing too-short beards or playing chess.

The proposal, which must be ratified by parliament, has outraged human rights groups, Western-oriented Afghan leaders and Western diplomats here because of the concept's association with the Taliban, which was ousted by a U.S. military assault in 2001 and replaced by a transitional democracy with U.N. guidance and international military and economic support.

Afghan officials have hastened to reassure their international allies that the reconstituted vice and virtue squads would focus on education.

"We would be as different from the Taliban as earth and sky," said Sulieman Hamid, an official of the Ministry of Hajj and Religious Affairs who would oversee the virtue and vice monitors. "They used Islam for political purposes. We only want to stop people from committing bad acts and help maintain the honor of Islam."

He said the monitors would not replace police enforcement of law, intrude in private homes, operate separate prisons or contradict constitutional rights.

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"No one has any reason to be frightened," said Abdul Jabbar Sabit, an adviser to the Interior Ministry who supervised the recent bar raids and deportations. "We would not beat people or force women to wear scarves. But we have to do something to protect society, to tell people they should not drink alcohol or smoke hashish or kill their Muslim brothers."

If the parliament takes up the issue, it is likely to pit factions led by Islamic clerics and former militia leaders against others composed of professionals, women and Western-educated figures. These groups represent major competing strains in Afghan society as it charts a path between traditional Islamic values and modern democratic norms.

"It is very difficult for people here to say they are against the virtue and vice committee, but I am against a department that could be a way of bringing the extremists back," said Shukria Barakzai, a female legislator. "If they want to do something about corruption and domestic violence, fine, but I don't need a department to decide if I am a bad or a good Muslim."

In the same week that the government sent alleged prostitutes back to China, it faced a different foreign challenge to Islamic culture -- the arrival of about 1,200 evangelical Christians from South Korea. They intended to stage a public rally last weekend, but after diplomatic negotiations, they were sent home because Afghan officials feared they would offend local Muslims by proselytizing and risk being physically attacked.

The depth of Islamic passion here -- and the wide disparity between Afghan and Western views of religious rights -- were also dramatized in March when an Afghan man who converted to Christianity was threatened with capital punishment. Under foreign pressure, the government let him quietly flee to Italy, but the incident shocked many Americans who thought their troops had liberated Afghanistan from Islamic persecution.

Today, Afghan officials are eager to please their foreign benefactors and guests, yet also face pressure from local religious leaders to stem the accompanying flow of imported pleasures -- from French wines to Internet pornography -- that can now easily reach young Afghans.

"Some of the foreign aid groups help us, but others have another agenda to influence us in the wrong direction. They are unwanted guests," said Enayatullah Balegh, a Muslim cleric who teaches Islamic law at Kabul University. "We need the aid and the coalition forces, but we do not want the West interfering in our religion."

The trickiest part for officials is how to treat establishments that cater to both foreigners and Afghans, who increasingly socialize together. Under Afghan law, a business may serve liquor to foreigners but not to Afghans, even if they are at the same table, which can cause embarrassment and discomfort.

Since the police raids two weeks ago, a number of restaurants have shut down, most of them Chinese-owned businesses that allegedly provided prostitutes. Others have hid their liquor, put up placards barring Afghans and reported a sharp drop in customers of all nationalities.

Sabit said U.N. officials and foreign diplomats had complained about the raids, which also affected successful Thai- and Lebanese-owned establishments. But he said that "government enemies" were spreading lies about the crackdown and that it was aimed solely at places that had illegally provided liquor or prostitutes to Afghan Muslims.

For many Afghan Muslims, the issue of foreign vices arouses contradictory emotions. Young men often acknowledge hankering to explore forbidden pleasures, even while saying they disapprove. Until the recent deportations, ogling Chinese women on the streets was a major pastime here, but angry mobs attacked and vandalized several Chinese brothels during an anti-foreign riot May 29. Indian movies featuring sensual dancing women are usually sold out, and online pornography sites are constantly perused at local Internet cafes.

"These movies have a very bad impact on people, and they should be banned," said Reza Mousani, 21, who was in a crowd of young men waiting outside a movie house covered with posters of buxom Indian film stars. "People who have been away in the West came back with the habits of freedom. Those who stayed here want freedom, but only within our religious framework."

Nisar Ahmad, 26, a tinsmith, said he had been beaten by the Taliban police as a teenager for having long hair. "We were prisoners in those days, and I hope they never return," he said. "But that does not mean we want our culture to change. I might wear jeans, but Islam is in my heart."

While human rights activists warn that raids and religious police might reopen the door to fundamentalist persecution, on Thursday night it was business as usual -- loud, licentious and tipsy -- at one nameless bar and brothel, less than two weeks after police had raided the place and confiscated its liquor.

The manager complained about the raid but said he had been able to hide the women in time, and had restocked his bar a few days later. But in several other restaurants, managers said they were losing business because of the crackdown and had suffered under vague and shifting policies on liquor licenses and Islamic law enforcement.

"We are all scared now, and it is not fair," said Hashmat, a supervisor at one Italian restaurant. He said a large group that came for dinner this week left after being told the Afghans could not be served wine or beer. "Our customers are angry," he said. "They should leave us alone. This is not Taliban time, it is a democracy."

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Counterinsurgency, By The Book (NYT)

By Richard H. Schultz Jr. And Andrea J. Dew

The New York Times, August 7, 2006

Boston - AS we all know, war has changed. In the 21st century it is dominated by irregular and unconventional ways of fighting. Al Qaeda demonstrated this on 9/11, and the bloody wars in Afghanistan and Iraq are only further corroboration. War can no longer be waged effectively by conventional combat forces employed by modern militaries.

The Pentagon is just starting to catch up with these changes. It is in the midst of a strategic overhaul aimed at coming up with new ways to fight new wars. This was first signaled in the 2006 Quadrennial Defense Review, which described the "long war" America is now engaged in as "a war that is irregular in its nature" against adversaries that "are not conventional military forces."

More recently, two of the Pentagon's smartest and most experienced generals, David Petraeus of the Army and Jim Mattis of the Marines, have overseen the production of a new counterinsurgency manual — called the FM 3-24/FMFM 3-24 in Pentagon-speak — for fighting these irregular wars. This blueprint declares that it is primarily for "leaders and planners at the battalion level and above" who are "involved in counterinsurgency operations regardless of where these operations may occur."

The current draft of this counterinsurgency manual, which has been shown to civilian experts and been posted on the Internet by the Federation of American Scientists, provides an encyclopedic 241-page review of insurgencies that took place in the 20th century and an alphabetical list of the tools of counterinsurgency. The manual, which is still a work in progress, amounts to an introductory course in the history of insurgency and counterinsurgency.

But to be of practical use to American troops in fierce battles in Iraq, Afghanistan and beyond, the final draft of the handbook must be more than a Counterinsurgency 101 exercise. It must, at a minimum, accurately identify the types of armed groups American troops will have to fight, which include more than traditional insurgents. It must also provide a framework for profiling the organization and operational tendencies of these armed groups, to learn their strengths and weaknesses. And it has to map out an intelligence model that will dig out actionable intelligence that can be used to find and defeat armed groups.

On all these critical requirements, the current draft of the manual comes up short. Based on our research and the lessons learned from centuries of counterinsurgency efforts, we recommend three major revisions for those drafting the final version.

First, you must know your enemy. In today's internal wars several different types of armed groups — not just traditional insurgents bent on changing a national regime — engage in unconventional combat. Iraq is illustrative. Those fighting American forces include a complex mix of Sunni tribal militias, former regime members, foreign and domestic jihadists, Shiite militias and criminal gangs. Each has different motivations and ways of fighting. Tackling them requires customized strategies.

Unfortunately, well into 2005, the American military subsumed all these groups under the rubric "insurgents" and planned its strategy accordingly. It didn't imagine or prepare for the possibility that former regime members had their own "day-after" plan to fight on even if they lost the conventional battle.

It didn't imagine that Iraq would become a magnet for international jihadists, so it failed to seal the borders. It didn't imagine the Sunni tribal militias would react with such violence to the American presence, so it failed to take the pre-emptive economic and political steps to address their grievances. And it failed to understand that there were radical elements within the Shiite community that would use force to try to establish a theocratic system.

These acute miscalculations gave those who seek to defeat us time to marshal their forces, and seriously undercut Washington's overall efforts to stabilize Iraq.

The Pentagon's new counterinsurgency manual suffers from similar flaws. It focuses almost exclusively on combating cohesive groups of insurgents who share the same goals. Yes, there are traditional insurgent groups in Iraq, like cells of former Baathists. But the foreign terrorists, religious militias and criminal organizations operate from very different playbooks. We have to learn to read them the way other nations faced with insurgencies have.

Consider the British experience during the 1980's and 90's in Northern Ireland. By working hand-in-glove with the Special Branch of the local police force, the Royal Ulster Constabulary, British intelligence agents penetrated the ranks of the Irish Republican Army, eventually capturing and incarcerating a legion of its leaders and operatives.

A former top-ranking I.R.A. commander who later became an informer told us that, when he was imprisoned with higher-ranking I.R.A. officials, they lamented over and over that the British strategy was so effective and their ranks were so depleted by the end of the 1980's that "the boys can't move, can't operate, always have to be looking over their shoulders." As a result, Britain was able to negotiate a relatively successful end to hostilities and to contain most of the splinter groups that refused to abide by it.

The Pentagon's amended manual should spell out similar ways of intuiting the organizational and operational differences that can exist between and within insurgent armies, terrorist outfits, militias, and criminal groups. It should also give a better

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history of how such organizations have collaborated and factionalized over the years in Iraq, Afghanistan, Colombia and elsewhere.

Second, the final manual must provide our troops with a systematic way of "profiling" each specific armed group. As it stands, the guide is a laundry list of the generic elements of insurgency movements — leadership, organization and networks, popular support, ideology, activities and foreign support.

Meeting and defeating terrorist groups requires a far deeper understanding of their factions — and the exploitation of the rifts between them. Consider how such profiling led to the demise of the Abu Nidal organization, which 20 years ago was the world's most lethal terrorist group.

As it reached its peak strength, the organization began to experience serious fissures among its leaders. Several key members felt that Abu Nidal himself was siphoning off funds. He in turn accused them of plotting to assassinate him. Eventually he had some 300 hard-core leaders and operatives gunned down or otherwise dispatched. By the early 1990's, the group had been effectively neutered.

How did this come about? In part because American and other Western intelligence agencies — with the help of local Arab intelligence services who were able to get operatives close to key members of the group and spread paranoia and suspicion — successfully grasped and manipulated factional rivalries.

A key for America should have been to get such information about schisms and unhappiness inside the insurgent groups we face, particularly in their formative stages when they were most vulnerable. Many former insurgent and terrorist leaders we have interviewed — hardened veterans of late 20th-century armed groups from Central America, southern Africa and Europe — told us that their vulnerabilities and factional strife were most blatant in their groups' early years and could have been exploited if security agencies had looked for them.

THE third problem with the manual is that it actually overstresses winning "hearts and minds" — the political, economic, civic and other "soft power" tactics aimed at winning popular support. Yes, such steps are keys to victory; they played a central part in counterinsurgency victories in the 1950's by the Philippine government of Ramón Magsaysay and by the British in Malaya. In both places, the government invested heavily in education, local economies, public works and social welfare programs to wean their populations away from the insurgents.

But soft power tactics are not the only keys to victory. An insurgency is still war, and the key is finding and capturing or killing terrorist and militia leaders. It is an intelligence-led struggle. The Pentagon manual rightly insists that "intelligence drives operations" and that "without good intelligence, a counterinsurgent is like a blind boxer." Yet the document provides no organizational blueprint for collecting such intelligence.

We have to take a lesson from other democracies that have figured out how to neutralize and defuse armed groups. The British and the Israelis, among others, have refined an effective intelligence model through bloody trial and error. It involves collecting actionable intelligence at the local level on a continual basis.

Consider the Israeli experience. After the 1967 war it built up a remarkable intelligence-gathering system in the West Bank and Gaza. But after the Oslo accords of 1993 it gave up this advantage and withdrew.

However, when the second intifada erupted in late 2000 and Israeli casualties mounted, the Israelis went back to work. They honeycombed the territories with local intelligence units that infiltrated Palestinian armed groups through agents, electronic surveillance and paid informants. It was not easy, but they did it, and their intelligence successes contributed to the Palestinian Authority's gradual de-emphasis of terrorist acts in favor of political initiatives, and even led Hamas to engage in the cease-fire that held until the current crisis.

The British and the Israelis have the blueprints for successful intelligence architecture. This is a key counterinsurgency tool that must be included in the final version of the Pentagon's counterinsurgency manual. Otherwise, the various anti-American groups in Iraq will continue to own the streets and back alleyways of Ramadi, Falluja and other battlegrounds. And the longer they do, the more likely their dream — to inflict a strategic defeat on America — will seem possible.

Base Tries To Avoid Layoffs (WP)

By Stephen Barr

The Washington Post, August 7, 2006

At Hill Air Force Base in northern Utah, about 1,100 civil service employees have applied for early retirement and cash buyout packages. It's a scene that will play out across the nation this summer as the Air Force undertakes "force shaping" for fiscal 2007.

The force-shaping plan does not mandate civil service cuts but leaves it to each major command to look at its budget projection and decide on appropriate staffing levels.

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The Utah base figures that it will be asked to take a 3 to 5 percent reduction from payroll, starting Oct. 1, and expects that about 10 percent of its 12,000 civilians will signal interest in leaving through an early out or buyout.

But officials estimate that they will allow only 350 employees to leave.

"The idea is to not just take all applications and let people go," said Andy Flowers , the Hill Air Force Base personnel director. "We have to look at what missions we have to accomplish, look at skills that may become obsolete, look at . . . possibly replacing people with others with a different set of skills."

Hill is home to a depot maintenance facility with about 7,000 mechanics who upgrade and repair Air Force jet fighters and cargo planes. The base's staff includes large numbers of electronics engineers, supply chain and inventory managers and program managers.

The average age of the base's civilian employees is 46, down from 51 in 2000. Flowers said the base has made "a concerted effort to hire trainees and younger people coming out of college" for depot work.

The window for applications for early outs and $25,000 buyouts began July 27 and will close Aug. 16. Under early-out programs, agencies offer retirement with reduced pension payments to employees 50 and older with at least 20 years of service or to employees at any age with at least 25 years of service. Most agencies have found that employees are more likely to take early retirement if they are also offered a buyout, in part because it helps offset the loss of reduced pension.

Flowers said he was not surprised at the number of applications, in part because the base had notified employees that incentive packages were under consideration. He said allowing people to volunteer for retirement allows the base to avoid layoffs, which are seen as more disruptive.

The Air Force is cutting personnel to achieve cost savings that can be used to purchase new aircraft -- with hopes that the service can also reshape itself to address new threats, including terrorism.

The force-shaping initiative calls for cutting about 8,000 officers in 2007 through attrition, retirements and forced-retirements, an Air Force spokesman said.

Voluntary separation pay will be offered to about 3,200 officers with more than six years and fewer than 12 years of service, to help achieve a drawdown in this segment of the officer corps. The lump-sum payment varies by rank and length of service, with $160,000 as the maximum amount.

Over several years, the Air Force hopes to cut about 40,000 active-duty or equivalent military positions and bring the service's military force down to 315,000 people, the spokesman said. There is no target for reducing Air Force civilians, which number more than 150,000.Procurement Chief Confirmed

The Senate has confirmed Paul A. Denett to head federal procurement policy at the Office of Management and Budget.

Denett is a retired federal executive with experience in contracting issues and most recently was vice president for contracting programs at ESI International in Arlington. The Senate approved his nomination Friday before its summer recess.

The OMB's Office of Federal Procurement Policy has been without a permanent administrator since the abrupt resignation of David H. Safavian almost a year ago. In June, Safavian was found guilty of making false statements to investigators and for obstruction of justice regarding a golf trip to Scotland that he and others took with former lobbyist Jack Abramoff.

In a statement, OMB Director Rob Portman welcomed Denett's confirmation, praising his "integrity, extensive knowledge . . . and policy expertise."

Stephen Barr's e-mail address isbarrs@washpost.com.

Sorting Out Life As Muslims And Marines (NYT)

By Andrea Elliott

The New York Times, August 7, 2006

Few people ever see Ismile Althaibani's Purple Heart. He keeps the medal tucked away in a dresser. His Marine uniform is stored in a closet. His hair is no longer shaved to the scalp.

It has been 20 months since he returned from Iraq after a roadside explosion shattered his left foot. He never expected a hero's welcome, and it never came — none of the balloons or hand-written signs that greeted another man from his unit who lived blocks away.

Mr. Althaibani, 23, was the last of five young marines to come home to an extended family of Yemeni immigrants in Brooklyn. Like the others, he grew accustomed to the uneasy stares and prying questions. He learned not to talk about his service in the company of Muslim neighbors and relatives.

"I try not to let people know I'm in the military," said Mr. Althaibani, a lance corporal in the Marine Corps Reserve.

The passage home from Iraq has been difficult for many American troops. They have struggled to recover from the shocking intensity of the war. They have faced the country's ambivalence about a conflict in which thousands of their fellow soldiers have been killed or maimed.

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But for Muslim Americans like Mr. Althaibani, the experience has been especially fraught.

They were called upon to fight a Muslim enemy, alongside comrades who sometimes questioned their loyalty. They returned home to neighborhoods where the occupation is commonly dismissed as an imperialist crusade, and where Muslims who serve in Iraq are often disparaged as traitors.

Some 3,500 Muslims have been deployed to Iraq and Afghanistan with the United States armed forces, military figures show. Seven of them have been killed, and 212 have been awarded Combat Action Ribbons.

More than half these troops are African-American. But little else is known about Muslims in the military. There is no count of those who are immigrants or of Middle Eastern descent. There is no full measure of their honors or injuries, their struggle overseas and at home.

A piece of the story is found near Atlantic Avenue in Brooklyn, where two sets of brothers and a young cousin share a singular kinship. They grew up blocks apart, in the cradle of a large Muslim family. They joined the Marines, passing from one fraternity to another. Within the span of a year and a half, they had all gone to Iraq and come home.

Ismile's cousin Ace Montaser sensed a new distance among the men at his mosque on State Street. He described it as "the awkward eye."

Ismile's older brother Abe, a burly New York City police officer, learned to avoid political debates.

Their cousin Abdulbasset Montaser took a different approach. He answered questions about whether he served in Iraq with a feisty, "Yeah, we're going to Yemen next!" He has helped recruit for the Marines and boasts about his cousin's medal to the neighbors.

"I want every Muslim in the military to be recognized," said Mr. Montaser, a corporal. "If not, people will feel they're not doing their part."

Their service bears some resemblance to that of Japanese and German immigrants who fought for the United States in World War II. But for Muslims of Arab descent, the call to serve in Iraq is complicated not only by ethnic ties, but by religion.

Islamic scholars have long debated the circumstances under which it is permissible for Muslims to fight one another. The arguments are intricate, centering on the question of what constitutes a just war.

In Brooklyn, those fine points are easily lost. Here, many immigrants say that killing Muslims is simply wrong, and they cite the Koran as proof. Their opposition to the war is rooted as much in religion, they say, as in Arab solidarity.

The same week that Abe Althaibani headed to Iraq with the 25th Marine Regiment, his wife joined thousands of antiwar protesters in Manhattan, shouting, "No blood for oil!"

"It was my people," said his wife, Esmihan Althaibani, a regal woman with luminous green eyes. "I went because it was Arabs."

Yet the American military desperately needs people like her husband: Arabic speakers with a religious and cultural understanding of the Middle East. They have become crucial figures in Iraq, serving as interpreters, conduits and even buffers between soldiers and civilians.

The Althaibanis and Montasers knew they would be useful. They wanted to help bring change to Iraq. They did not know how much the war would change them.

Brooklyn to Yemen and Back

As boys, the Althaibanis and Montasers lived in two worlds. They took summer trips to the pastoral villages of their Yemeni ancestors, and spent winters shoveling snow off Brooklyn stoops. They attended Koran classes, and rooted passionately for the Knicks.

They saw themselves as both American and Arab, as brash Brooklyn kids in the halls of John Dewey High School, and respectful Yemeni sons at the dinner table.

One by one, they graduated from high school and joined the Marine Corps Reserve. Some of their parents found it odd, even disappointing. The sons of other Yemeni immigrants tended to follow their fathers into commerce, or better yet, studied law and medicine.

But for the young men of this family, the first to be born in America, military service became an honorable rite. It offered discipline and adventure. It also promised a new kind of respect from other Americans. Starting in 1992, eight of the family's young men enlisted, almost all of them before Sept. 11.

The prospect of fighting in a Muslim country unsettled the five cousins who were deployed to Iraq, recalled an uncle, Naji Almontaser.

"It was very heavy on their conscience," said Mr. Almontaser, 47, a banquet captain at the New York Hilton. "I kept pounding on them that when you go there you have to do good."

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It helped that four of them went to Iraq together, with the same two units. Still, they found themselves thrust into a daunting role. Their fluency in Arabic made them invaluable. But it also laid bare the horrors of war. They heard what their comrades could not. A frantic sequence of foreign words was, they knew, a girl crying out that her father was dead.

"It's like you're part of two different worlds," Abe Althaibani said. "You're part of the military thing, yet you totally relate to this country you just invaded. You're not as foreign as everyone else."

He recalled the evening he tried to calm a bleeding woman as her children lay dying several feet away. He crouched next to her, near a bridge in Nasiriya, talking softly in Arabic.

Ismile Althaibani, Abe's younger brother, remembers insisting that a mentally disabled prisoner be allowed to ride in the passenger seat of a truck, without a sandbag over his head, when a group of men were transported from Abu Ghraib to another prison.

Their cousins Abdulbasset Montaser and Khalil Almontaser were stationed in Babylon. There, Mr. Montaser befriended Iraqi workers. "I tried to look out for them a little more, help them a little more than the average soldier," he said.

But at times, such gestures brought unease. One day, as Mr. Montaser walked the young workers to lunch, a gunnery sergeant yelled, "Get away from them," he recalled.

He and his cousins learned to ignore the pejoratives of war, words like "hajji," "camel jockey" and "Johnny Jihad." They understood that their fellow marines had to dehumanize the enemy in order to carry on, Abe Althaibani said.

But for them, the task was far more trying.

"I couldn't distance myself," Mr. Althaibani said. "Sometimes I wanted to."

Thousands of miles away, on Court Street in Brooklyn, his mother met a similar challenge.

She and her husband live in a rambling apartment adorned with Persian rugs and gold-lettered passages from the Koran. In the living room, a giant Sony television holds court.

The television was Sadah Althaibani's tether to her sons. But unlike other military mothers, who might watch CNN or Fox, Mrs. Althaibani followed the war on Arab news channels that showed far more graphic images, and were decidedly more critical of the United States.

Day after day, she and Abe Althaibani's wife, Esmihan, would sit anchored to the plastic-covered couches, watching.

"You see what's going on over there," said Esmihan Althaibani, 26. "The casualties on both sides. Iraqis speaking for themselves, saying, 'We didn't want to get invaded.' They would hold dead babies with their heads blown off."

One afternoon in May, the television filled with the image of a blood-soaked sidewalk in Baghdad.

"Look, look," said Sadah Althaibani, 65, a petite woman with a stubborn frown. "They're cleaning the blood off the ground."

When Mrs. Althaibani talks about the war, she sounds like other American parents upset by their children's service. She laments that her sons had to fight while President Bush "was playing with his dog." She has no doubt that the occupation was driven by a quest for oil.

But among Yemeni immigrants, Mrs. Althaibani found that she could not speak openly about her sons' deployment. Muslim Americans have been vehemently opposed to the war: Of roughly 1,800 surveyed by the pollster John Zogby in 2004, more than 80 percent were against it.

Mrs. Althaibani told people that her sons were working as translators, not as marines in combat. On her television, she had seen reports of Shiites fighting Sunnis, but she clung to the idea that Muslims should not kill each other.

"It's a sin," she said. "Nobody kills other Muslims. They're like brothers."

After Combat, Questions

The question that shadows the Montasers and Althaibanis is whether they killed anyone. The same question haunts any soldier returning from combat. But for Muslims, the reckoning is different.

Abdulbasset Montaser, 23, a slim, soft-spoken man, said he fired his weapon only in self-defense, and never at targets he could distinctly see.

"I never had to kill anyone face to face," he said.

He believed that battling with the insurgents was justified because they were not following the rules of Islam. What disturbed him were the civilians caught in the cross-fire.

"It's not that I feel guilty going out there, but you're fighting your own people in a way," he said.

Of the five cousins, no one saw heavier combat than Ismile (pronounced ish-MY-el) Althaibani, who was stationed in Falluja in the fall of 2004, during the American offensive against the insurgents there. He worked in convoy security with the First Marine Division.

"If you're out there — no matter your culture, your religion — and somebody shoots at you, what do you do?" Mr. Althaibani said. "It's either him or me. That's how I come to terms with it."

Still, he was troubled by his belief that Islam prohibits killing.

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Over dinner at an Italian restaurant one evening last month, Mr. Althaibani sat hunched at the table, spinning his cellphone like a top.

Abdulbasset Montaser sat across from him. They were the only ones in their family to enlist after Sept. 11, when deployment to the Middle East was a clear possibility. They never expected the war that followed.

When asked if he was proud of his service in Iraq, Mr. Althaibani thought for a moment.

"It's mixed feelings, right?" he said, looking at his cousin. Mr. Montaser nodded silently.

Mr. Althaibani was awarded a Combat Action Ribbon, in addition to the Purple Heart. He did not want to talk about whether he killed anyone, or about the violence he witnessed.

"You just try to forget," he said.

A Marine Transformed

The oldest of the group, Abe Althaibani, came home with much of his former character intact. He had the same easy laugh. He still cleaned his plate at dinner.

But there were hints of change. He was more on edge, his mother noticed. He had acquired the habits of his comrades: he smoked Marlboro Reds and took to dipping tobacco.

What struck his wife was something less common among marines: Mr. Althaibani spoke Arabic with a new Iraqi accent.

He told his relatives little about his role in the war. When prodded, he would sometimes say that he served in "civilian affairs."

In fact, Mr. Althaibani had worked on secret missions around Iraq with two counterintelligence teams.

He had been trained as a rifleman. But soon after he arrived at his base in Nasiriya in April 2003, he became a full-time interpreter, going on raids, assisting with interrogations and working undercover to cultivate sources. To fit in, he grew a beard and wore a long, checked scarf popular among Iraqi men.

The irony of Mr. Althaibani's evolution did not escape him: He assumed, by outward appearances, a more traditionally Arab identity with the Marines than he ever had growing up among Yemenis.

The greatest challenge of his service, he said, was "the acting."

"It's like you gotta be somebody you're not sometimes in order to get information," he said. "It's basically like you're a fake, you're a fraud. But you have to think you're doing this in order for good things to happen."

Mr. Althaibani, 28, wanted only to unwind when he came home five months later. Other marines he knew had struggled to readjust to civilian life.

"It's hard," he said. "You're out there giving people orders, and you come here and the lady at the checkout is giving you attitude."

He eventually became a police officer, taking a path that three other marines in his family plan to follow.

One sunny afternoon in June, Mr. Althaibani guided his black Nissan Maxima through the Carroll Gardens section of Brooklyn. Frank Sinatra's "Fly Me to the Moon" floated from the speakers. The playgrounds, schools and cafes of Mr. Althaibani's youth passed in slow sequence.

As he drove, Mr. Althaibani began recounting the crowning achievement of his team in Iraq: the capture of a suspected Baath party official who was believed to have taken part in the deadly ambush of Pfc. Jessica Lynch's convoy.

"I felt like I was doing something," he said.

The Iraqi captive, Nagem Sadoon Hatab, was detained at Camp Whitehorse near Nasiriya in June 2003. During an interrogation, he would accept water only from Mr. Althaibani, the marine recalled.

Two days later, another marine dragged Mr. Hatab, who was covered in his own feces, by the neck outside his cell and left him lying naked in the heat, according to court testimony. He was found dead hours later. An autopsy showed that he had suffered a broken neck bone, broken ribs and blunt trauma to the legs.

A Marine Corps major and a sergeant were charged with assaulting Mr. Hatab. Both were acquitted of the charge, though the major was found guilty of dereliction of duty and maltreatment in the case and the sergeant was convicted of abusing unidentified Iraqi prisoners.

Mr. Althaibani testified at the sergeant's trial. He spoke about the case later with a shrugging detachment, saying he had witnessed no abuse and believes that the prosecutors were intent on "crucifying the Marines."

Looking back on the war, he feels the greatest loyalty toward his fellow marines.

"I wanted to get out there, do what I had to do and get home," he said. "I had no choice. Even if there was a choice — you're going to train with these guys and leave them?"

The Marine Corps is "like a cult," he said. "You went together and you come home together."

No Looking Back

It is difficult to picture Ace Montaser at war. He has a boy's face, with flushed cheeks and aqua eyes that dance about.

When he rolls up his sleeve, the image hardens. Sprawled across his arm is a tattoo of the Grim Reaper. Below it, a ribbon of letters spells “Brooklyn,” and across the top are the words, “Trust no one.”

He got the tattoo when he came home from Iraq. It signaled his entry into another kind of battle, one between him and the traditions of his family.

From the time Mr. Montaser was 12, he remembers his mother telling him he would marry a girl from Yemen. He never liked the idea.

“They say you just build love,” he said.

A bride had also been chosen for his brother, Abdulbasset, and the family began talking of a dual wedding before the two men left for Iraq, with different units, in the spring of 2003.

While he was away, Mr. Montaser, 25, served mostly as a translator in Nasiriya, training the Iraqi police and rebuilding schools.

Iraq felt strangely familiar. He studied the streets, the cars, the way people dressed, and kept thinking of Yemen, where he had spent stretches of his youth.

In young Iraqis, he saw himself. He would look at them and wonder, had his father not moved to Brooklyn, would his life have been so different?

He was most haunted by the children, those who begged in the street and others who lay dead in a hospital he visited.

“I just saw how precious life was,” he said. “To come back alive, I feel I have the right to do whatever I want to do.”

Soon after he returned that September, Mr. Montaser fell in love with a woman from the Bronx. She was Muslim, but did not cover her head. She was of Arab descent, but not Yemeni.

Their relationship was not the first rebellion staged by Mr. Montaser, who prefers the nickname Ace to his birth name, Abdulsamed.

His parents went ahead with the original wedding plan. Nine months later, they persuaded him to fly to Yemen, where they own a house in the capital, Sana.

The night before the wedding, he plotted his escape.

He quietly packed his camouflage Marine bag. At midnight, he slipped out of the house. On a dresser, he left a note saying that he had gotten cold feet and was traveling south to the port city of Aden.

“That’s the good thing about being a marine,” he said. “You plan. You’re made for these situations. That’s how I got out.”

He hailed a cab to the American Embassy, where a Marine staff sergeant ushered him inside. The next day, he flew back to New York.

“What he realized is the Marine Corps is his other family,” said Gunnery Sgt. Jamal Baadani, an Egyptian immigrant and a mentor of Mr. Montaser.

A week later, Mr. Montaser married his girlfriend, Nafeesah, at City Hall. They live in the Bronx with her parents.

Mr. Montaser is now studying to become a radio producer. For a long time, he did not speak to his parents. He is trying to mend the relationship, but has no interest in returning to Yemen.

“I don’t care what I left behind,” he said. “There’s nothing for me there. Everything’s in America.”

A Quiet Return

Ismile Althaibani was the last to come home. He arrived at his parents’ doorstep without warning on Thanksgiving day in 2004, leaning on a pair of crutches.

They answered the bell and embraced him. He knew there would be none of the balloons and signs that welcomed a Puerto Rican marine in the neighborhood.

“It’s just decorations,” Mr. Althaibani said.

Nine days earlier, on Nov. 17, Mr. Althaibani was in Falluja, riding in a predawn convoy to pick up detainees. He had said a prayer before the trip, reciting the Koran’s first verse. If he survived, he promised God, he would become a better Muslim.

Suddenly, a bomb planted by the insurgents exploded under his truck.

Shrapnel flew into his face and dug deep inside his left foot. Blood trickled from his ears. A friend dragged him from the wreckage, and soon he was on a helicopter to Baghdad.

Mr. Althaibani almost never tells the story of his injury. Few of his relatives know what happened. When he was awarded the Purple Heart at a ceremony at Floyd Bennett Field, in Brooklyn, he invited only his brother Abe and a couple of friends.

His mother does not know the name of his medal.

“You can’t say ‘purple heart’ in Arabic,” said Mr. Althaibani.

But word traveled. About six months after he returned, Mr. Althaibani was standing outside Yemen Cafe on Atlantic Avenue, sipping tea. A stranger walked up, shook his hand and asked him, in Arabic, if he had killed Iraqis.

None of the marines in Mr. Althaibani’s family welcomed the attention. But for Ismile, it was especially uncomfortable.

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A lean man with brown, searching eyes, Mr. Althaibani is always standing off to the side. He is quiet by nature, but returned from Iraq even more withdrawn, his relatives observed. He smiled less, and smoked often.

One afternoon in May, he sank into a couch in his family's living room. His father, who is a maintenance foreman at a building in Manhattan, sat across from him.

"Iraq is wrong — 100 percent," his father said, speaking in English to this reporter. "Nobody support the war in Iraq."

Ismile looked away. He had never asked his father what he thought of the war.

Weeks later, the young man stood in a park in Downtown Brooklyn, smoking a cigarette.

"He's proud of me," he said of his father. "He don't express himself a lot."

His foot had finally healed. He had been attending a local mosque, and would soon begin training at the New York City Police Academy.

The physical traces of his time in Iraq were all but gone. His hair fell loosely over his forehead. A soft goatee shaded his face.

The only hint of his service hung from two silver chains that disappeared beneath his shirt. They held the aluminum tags of his military identity: name. Blood type. Social Security number.

Stamped across the bottom, in the same block letters, was the word "Muslim."

DOJ:

Justice Nomination Hinges On Spy Probe (WT)

By Shaun Waterman, United Press International

The Washington Times, August 7, 2006

Three Democratic senators have said they will block the confirmation of a senior Justice Department official until the administration agrees to let proceed an investigation into its surveillance program.

Sens. Richard J. Durbin of Illinois, Russ Feingold of Wisconsin and Edward M. Kennedy of Massachusetts wrote to President Bush last week, saying it would be "inappropriate" to confirm Steven G. Bradbury until the "investigation is completed and Mr. Bradbury is cleared of any wrongdoing."

Mr. Bradbury has been nominated to take over the department's Office of Legal Counsel, which provides binding legal advice to the White House and other federal agencies, drafts the attorney general's legal opinions and adjudicates legal disputes between government departments. The nomination was sent to the Senate in January.

He has been running the office in an acting capacity since last summer, and under his leadership, it has mounted an aggressive campaign to defend the legality and constitutionality of the administration's program of warrantless wiretaps on calls into and out of the United States by people suspected of being connected with al Qaeda or other terror groups.

The Office of Legal Counsel, for instance, produced a Jan. 19 document setting out the administration's case that warrantless surveillance of international electronic communications was legal under the president's inherent powers as commander in chief and Congress' 2001 Authorization for the Use of Military Force in the U.S. war on terror.

The office also was one of those asked to provide information and documents to an internal Justice Department investigation into the wiretapping program. The three senators -- all members of the Senate Judiciary Committee -- say this indicates that the office was a target of the investigation, which was probing whether any department lawyers had engaged in misconduct when they authorized the program.

"Since [the probe] was investigating whether [the Office of Legal Counsel] engaged in misconduct while Mr. Bradbury was acting head, we believe it inappropriate to confirm Mr. Bradbury at this time," they wrote.

Justice Department spokesman Brian Roehrkasse said yesterday that it was "unfair" to call Mr. Bradbury a target of the investigation because "the [wiretapping] program began in 2001, before he was even a government employee."

Senate rules, however, allow a single senator to effectively block any nomination from getting to the floor. Mr. Roehrkasse said it was "surprising and unfortunate" that the senators had chosen to block the nomination.

"We will therefore object to proceeding with Mr. Bradbury's nomination before the ... investigation is completed," the senators conclude.

The probe, conducted by the department's Office of Professional Responsibility, was closed earlier this year after investigators were not granted the security clearances needed to review documents and conduct interviews about the program.

The man leading that investigation, H. Marshall Jarrett, complained that many other department staffers -- both investigating the leak of information about the program and representing the government in civil litigation about it -- had been granted clearances.

CORPORATE SCANDALS:

Gov't Enron Trial Record Is Spotty (AP)

By Kristen Hays, The Associated Press

AP, August 7, 2006

HOUSTON -- The court battle rarely stops when a jury renders a verdict.

More than two months after winning convictions against Enron Corp. founder Kenneth Lay and former CEO Jeffrey Skilling, the Justice Department's Enron Task Force is smarting from a blow to its trial record dealt by the 5th U.S. Circuit Court of Appeals.

In a 2-1 decision last week, a panel from the court overturned fraud and conspiracy convictions against four former Merrill Lynch & Co. executives who participated in a sham 1999 deal that allowed Enron to book bogus profits.

Viewed alongside other Enron setbacks, some experts say the Merrill decision highlights some questionable government strategies. But they say bagging the Lay and Skilling convictions likely will define the Justice Department's success in ferreting out Enron crimes.

"In a sense, this reversal underscores how the government also fell victim to the Byzantine nature of the Enron fraud," said Robert Mintz, a former federal prosecutor. "These were unprecedented crimes to which the government responded with some very aggressive and largely untested theories of prosecution.

"In the end, the government got their men in the form of Skilling and Lay. That will likely be what everyone remembers when they think of Enron," Mintz said.

Enron, once the nation's seventh-largest company, spiraled into bankruptcy proceedings in December 2001 amid revelations of hidden debt and inflated profits. The Justice Department formed the task force to launch a sprawling investigation that produced 16 guilty pleas from ex-Enron executives.

Mintz said that when the government stuck to basics, like testimony in the Lay-Skilling trial from eight of those ex-executives who had pleaded guilty to crimes as well as others who witnessed criminal behavior, prosecutors were successful.

But earlier cases show spotty success. Last year, a flawed jury instruction promoted by prosecutors prompted the U.S. Supreme Court to reverse former Enron auditor Arthur Andersen LLP's 2002 conviction of obstruction of justice. Although an appellate panel called Andersen a member of Enron's "supporting cast" for destroying tons of Enron documents in late 2001 as investigators started probing the energy company, the instruction allowed jurors to convict without finding criminal intent.

The 2004 Merrill case involved the brokerage pretending to buy three power plants on barges off the coast of Nigeria from Enron so the energy company could appear to have made earnings targets. Jurors in that case acquitted an in-house accountant, while convicting the four former Merrill executives, who appealed, and a former midlevel Enron finance executive who did not appeal.

The appellate panel ruled that evidence was insufficient to convict one of the Merrill defendants. Regarding the other three, the panel said prosecutors wrongly pursued a theory that these defendants deprived Enron of its right to their honest services because, although the deal may have been a sham, the energy company and its shareholders weren't robbed of money or property.

Perjury and obstruction convictions of one of those three for lying to a grand jury about the deal were affirmed.

"This opinion should not be read to suggest that no dishonest, fraudulent, wrongful or criminal act has occurred," the ruling said.

The Merrill ruling followed the government's disappointment last year in the first trial of five former Enron broadband executives. The jury ended the complicated, jargon-filled three-month trial with a handful of acquittals but was unable to reach verdicts on dozens of other counts. Prosecutors alleged the defendants either lied about the unit's prospects to inflate Enron's stock price or manufactured earnings.

In the first broadband do-over involving two of those five defendants this year, the division's former finance chief was convicted of fraud and conspiracy while an in-house accountant was acquitted. Retrials of the other three have been indefinitely postponed pending the 5th Circuit's ruling on their appeals to combine the cases.

"You're seeing a pattern of juries and appellate judges rejecting the views of the task force," said Barry Pollack, who represented former broadband unit accountant Michael Krautz in both trials and won his acquittal in the second round.

But Sam Buell, who helped prosecute Andersen and now teaches at the Washington University School of Law, said all the trials and appeals have yet to play out.

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Lay died of heart disease July 5, just six weeks after he was convicted of 10 counts of fraud, conspiracy and lying to banks in two separate cases. His death allows for his convictions to be erased. Skilling, who was convicted of 19 counts of fraud, conspiracy, insider trading and lying to auditors, faces decades in prison upon his Oct. 23 sentencing.

Skilling aims to appeal, and it remains to be seen how appellate courts view his case.

In addition to the retrials of three ex-broadband executives, three British ex-bankers face a yet-unscheduled trial on wire fraud charges for allegedly colluding with Enron to defraud their former employer in 2000.

And the reversal in the Merrill case isn't necessarily the last word there.

Justice Department spokesman Bryan Sierra said prosecutors are considering their options. Buell said the government likely will pursue a hearing before the entire 5th Circuit.

"If this were a football game, a little yellow flag would already be out on the field," Buell said. "I wouldn't see any trends here as the government going too far on white collar crime."

Scrushy, Siegelman Want Verdicts Tossed (AP)

AP, August 7, 2006

Attorneys for former Alabama Gov. Don Siegelman and former HealthSouth Corp. Chief Executive Richard Scrushy sought to have their government-corruption convictions thrown out on Friday, saying that the jury's verdict threatens the ability of candidates to raise campaign money through private donations.

Messrs. Siegelman and Scrushy were convicted in June by a Montgomery, Ala., jury following a two-month trial. Federal prosecutors said Mr. Siegelman had appointed Mr. Scrushy to a hospital-regulatory board that had oversight of some HealthSouth business in exchange for Mr. Scrushy arranging $500,000 in donations to Mr. Siegelman's campaign for a state lottery.

"If this conviction is upheld, it means in Alabama, anytime you make a contribution politically and later are appointed to any position by the person receiving the contribution, it will be up to prosecutors to decide if they want to indict you," said Terry Butts, one of Mr. Scrushy's attorneys.

CRIMINAL LAW:

Ney Drops Out Of Fall Race (PTR)

By Eric Heyl

Pittsburgh Tribune-Review, August 7, 2006

Entangled in the scandals involving former Republican lobbyist Jack Abramoff, embattled U.S. Rep. Robert Ney is ending his re-election bid.

Although Ney had vowed to stay in the race even if he is indicted, the Ohio Republican decided last week to bow out. He said he has informed House Majority Leader John Boehner, R-Ohio, of the decision.

"I'm doing this for one reason: my family," Ney said in an exclusive interview with the Pittsburgh Tribune-Review. "My wife and two children have been through enough. I really believe this is the best decision."

Ney said his family had not asked him to withdraw.

"They said, 'Whatever you want to do, we're behind you.' They would have said that had I went the opposite way," he said. "But I just told them I felt maybe it was best not to continue."

Ney, 52, who represents Ohio's 18th Congressional District in the southeastern part of the state, has served in the House since 1995. He previously was a member of the Ohio House and Senate.

Ney's close ties to Abramoff have spawned federal criminal and congressional investigations into his activities.

The rigors of facing the ongoing investigations proved frustrating to Ney, who said, "The (congressional) work I am doing is being totally obscured."

Another potential factor: Contributions to Ney's legal-defense fund dried up over the summer. He raised no money for the fund over the last three months after picking up $65,000 in the year's first quarter, according to financial disclosure records.

The only assets listed on his most recent financial disclosure statement were a checking account containing less than $1,000 and a rental home in Greece.

Ney has not been charged with a crime, and he insists he did nothing wrong. But his former chief of staff, Neil Volz, who left to join Abramoff's team, pleaded guilty in May to conspiring to use gifts and trips to influence Ney's official activities. Volz said he and other Abramoff associates provided Ney and members of his staff with free or reduced-price trips to England, Scotland and the Fiesta Bowl in Tempe, Ariz.

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According to U.S. Department of Justice court filings, Ney in return met with the secretary of the federal Department of Housing and Urban Development on behalf of an Abramoff client, helped another obtain a Congressional Gold Medal, assisted another's attempt to obtain a visa and provided other assistance.

In May, the House Ethics Committee announced it was investigating Ney and Rep. William Jefferson, D-Louisiana, another lawmaker with Abramoff ties.

Abramoff is serving a 70-month prison sentence after pleading guilty in January to federal fraud and corruption charges related to the 2000 purchase of the SunCruz Casinos gambling fleet.

Ney is widely acknowledged as being "Representative No. 1" in court documents that detail spending by Abramoff, including a golfing trip to Scotland, a trip to the Super Bowl and campaign contributions.

Ney, who called Abramoff "dishonest and duplicitous," said he was misled by the lobbyist and his business partners.

Ney's attorney, Mark Tuohey, has contended Abramoff and his associates have lied in an attempt to reduce their sentences.

Ney said support for him has remained strong in the district where he blossomed into a GOP star.

The former public safety director of Bellaire, Ohio -- about 60 miles southwest of Pittsburgh -- Ney began his political career in 1979, when he was sworn into the Ohio state House at age 26.

Five years later, he moved on to the state Senate and in 1994 captured a seat in the U.S. House, where he soon began ascending the party ranks, fighting steel imports and helping to engineer sweeping election and welfare reforms.

As recently as three weeks ago, Ney had vowed to continue his fight for re-election. He was endorsed by the Ohio Republican Party along with more than 100 state, county and local elected officials, and he handily won the GOP primary in May.

"Frankly, I had constituents calling me (last) week, telling me to hang in there," he said. "But I can't continue to put my family through this."

And he faced a strong challenge from Democrat Zack Space, a Dover lawyer and developer, in the November election.

In a heavily Republican district, Ney reported last month that his own internal polls had him clinging to a 4-percentage point lead; Space said his internal polls showed him up by 11 percentage points. Ney hadn't gotten less than 60 percent of the vote since 1998.

Ney expects state Sen. Joy Padgett's name to surface as his successor in the fall race.

"She is a person of passion and conviction," Ney said. "I can think of no better person to represent this district."

Ney said he would not step down before his term expires in December. "I made a commitment to my constituents, and I intend to do my job until my last day in office," he said.

When he does depart, Ney said, "I will do so without an ounce of bitterness or regret. It's time for my family and I to move on to a regular life."

Ney was vague about his future plans.

"I have some options in the nongovernment sector," he said.

Senate Testimony May Haunt Ney (RC)

By Paul Kane

Roll Call, August 7, 2006

The Justice Department is reviewing documents related to an interview Rep. Bob Ney (R-Ohio) gave to Senate investigators nearly two years ago regarding his relationship with admitted felon Jack Abramoff, according to sources familiar with the case.

With the deadline for removing Ney's name from the Ohio ballot less than two weeks away, the review of his statements to the Indian Affairs Committee could form the basis for a charge of lying to Congress against the Ohio Republican, according to a handful of sources familiar with the transfer of documents to federal prosecutors.

In releasing its report on the Abramoff investigation June 22, the Indian Affairs Committee cited several instances in which Ney's statements to panel investigators conflicted with the testimony and e-mails of several other figures involved in the case.

His statements to the committee regarding his efforts to help Abramoff's clients are just one piece of a larger investigative puzzle that the prosecutors are exploring. Ney has already been identified as "Representative No. 1" in the plea agreements of five different figures in the probe, including Abramoff and Neil Volz, Ney's former chief of staff who went to work for Abramoff in February 2002.

Ney, whose office didn't respond to questions regarding his statements to the committee, has proclaimed his innocence. His lead lawyer, Mark Tuohey, was on vacation last week and unavailable for comment.

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Ney has adamantly insisted that he will stand for re-election on Nov. 7 no matter what his legal situation is at the time. Under Ohio law, within 80 days of an election it becomes almost impossible to remove a candidate from the ballot, leading many political observers to closely watch the prosecutors' decisions regarding a potential Ney indictment prior to the Aug. 19 deadline.

The Justice Department declined comment on all matters relating to its investigation into Ney.

The examination of whether Ney intentionally gave false statements to Indian Affairs was prompted by the Justice Department, not something the committee requested, according to Senators and aides.

The transfer of the documents, both from Indian Affairs and the Rules and Administration Committee related to its negotiations with Ney over a 2002 election reform bill, was not a smooth process and was partially complicated by another federal probe of a Member of Congress. According to a source familiar with the initial request from Justice to Indian Affairs, the federal prosecutors asked for a very large portion of the materials related to the committee's investigation of Abramoff and his swindling of his tribal casino clients.

That request gave pause to some Senate aides, who on the very next day saw the FBI raid Rep. William Jefferson's (D-La.) office in its probe of his financial dealings, the source said. The atmosphere slightly more tense, Senate Legal Counsel and Indian Affairs aides then engaged in a month-long negotiation over what the panel would give to Justice, with the bulk of material focusing on Ney and his statements to the committee as well as other statements that might contradict Ney, sources said.

The Senate passed a resolution forwarding the documents to Justice on June 23. The Hill newspaper first reported that a resolution had passed transferring documents from the two committees to Justice, and Roll Call reported last month that the documents from the Rules Committee dealt with its material related to the 2002 election reform bill, for which Ney served as the lead House negotiator as the House Administration Committee chairman at the time.

Without commenting on the nature of the Indian Affairs portion of the DOJ request, Sen. Trent Lott (R-Miss.) said he was assured that the request for documents related to the Rules Committee dealt with Ney. "There's no question in my mind that what they were after was stuff involving Ney," Lott, the Rules chairman, said.

However, a handful of sources said that the more critical portion of that June 23 resolution was the transfer of documents related to Indian Affairs, legally speaking, since it could lead to a criminal charge against Ney. In addition, that resolution allowed for Senate counsel to represent aides from both committees "in connection with the document production and testimony."

Indian Affairs, in its Abramoff report, focused on the "different recollection of events" as Ney recounted his efforts to insert a provision into the election reform bill that would have helped a pair of Texas tribal clients of Abramoff's open casinos.

The lawmaker was interviewed by committee staffers on Nov. 12, 2004, at which point he told them the only reason he agreed to the provision benefiting the Tigua tribe of El Paso was because Sen. Chris Dodd (D-Conn.) — then the Rules chairman in 2002 — was pushing it. Ney told the committee he believed it was to benefit a Connecticut tribe.

"Congressman Ney said there was never any mention of any tribe in El Paso, Texas, and no reference to any Tigua Indian tribe," the committee wrote in its report. "As of the date of his interview with committee staff, Congressman Ney said he was not at all familiar with the Tigua."

Volz, Ney's former chief of staff, pleaded guilty this spring to breaking federal "cooling-off" laws for immediately lobbying Ney on the Tigua issue in the spring, summer and fall of 2002. This lobbying effort by Abramoff, Volz and others included a 90-minute, face-to-face meeting in Ney's office with the lawmaker and members of the Tigua and another tribal client of Abramoff's, according to testimony given to Indian Affairs by tribal representatives and e-mails from Abramoff.

The other tribal client, the Alabama Coushatta, had recently partially funded a trip that Ney and other friends of Abramoff's took to Scotland that included a round of golf at the esteemed Old Course at the Royal and Ancient Golf Club at St. Andrews.

Four days after interviewing Ney, committee aides interviewed at least two top staffers to Dodd, who contradicted many details of Ney's testimony. The aides testified that no version of the election bill had ever crossed Dodd's desk with the tribal provision, and one Dodd staffer specifically said it was Ney's staff that pushed the issue.

It's unclear whether any of Dodd's staff, or aides to Indian Affairs, have given interviews to the federal prosecutors.

Earlier this year, an Indian Affairs aide testified against David Safavian, the former government procurement officer who was convicted for lying to inspectors general regarding his professional relationship with Abramoff at the time of the August 2002 trip to Scotland.

The Senate approved a similar resolution to the one it passed in June regarding the committee documents, allowing legal counsel to represent the committee aide in his testimony regarding Safavian's interviews with Indian Affairs.

Shortly after that resolution passed, Safavian was indicted, including on one count of giving false statements to Indian Affairs. That was the one count of his indictment that he was cleared on in his June trial.

Report: Most Violent Felons Have Priors (AP)

By Darlene Superville, Associated Press Writer

AP, August 7, 2006

More than half of those convicted of violent felonies in large urban areas between 1990 and 2002 had previous convictions, the U.S. Justice Department reported Sunday.

Nearly four in 10, or 38 percent, had some type prior felony conviction, while an additional 18 percent had a prior misdemeanor conviction, the Bureau of Justice Statistics said.

Fifteen percent were guilty of a prior violent felony — murder, rape, robbery or assault. Rapists were least likely to have a prior conviction.

The study released Sunday by the Justice Department examined crime figures from the nation's 75 most populous counties, ranging from Los Angeles and Pima County, Ariz., to Pinellas County, Fla., and Montgomery County, Md., just outside Washington.

About half of all the violent crimes reported nationwide occur in these areas, the report said.

The study found that 70 percent of violent felons convicted during the period had a prior arrest record, though not necessarily a conviction, and that 57 percent had at least one prior arrest for a felony. Sixty-seven percent of murderers and 73 percent of those convicted of robbery or assault had an arrest record.

Nearly all the violent felons, 91 percent, were male; 41 percent were black.

Majorities of the convicted robbers and murderers were below age 25 — 56 percent and 50 percent, respectively. Forty percent of those convicted of assault and one-third of the rapists were under 25.

Youthful offenders were not a significant percentage of those committing violent acts.

Ten percent of the murderers and 12 percent of robbers were 18 and under. In the categories of assault and rape, 4 percent of each of those crimes were committed by offenders under 18.

A total 180,298 crimes were committed between 1990 and 2002, but the largest category involved drugs. More than 69,000 drug crimes were reported, for 38.3 percent of the total.

Property crimes were next, with more 59,000 offenses or 32.7 percent of the total.

Violent crimes ranked third; more than 32,000 cases accounted for 18.2 percent of the total.

When it came time to judge cases and hand down punishment, most violent felons, 88 percent, were convicted through a guilty plea rather than at trial. Most, 81 percent, also were incarcerated.

At the time of their convictions, 59 percent of violent felons were represented by public defenders and 21 percent had private attorneys.

Drug Problems Escalate After Hurricane Katrina (NYT)

By Christopher Drew

The New York Times, August 5, 2006

SLIDELL, La. — It was just before dawn when the pickup truck arrived at the two-story house in this middle-class suburb, which was hit hard by Hurricane Katrina. But unlike most of the trucks here now, it was not carrying construction supplies.

Federal agents, who were hiding in the bushes, say the truck was bringing 50 kilograms of cocaine, worth $5 million, from Houston to the murderous streets of nearby New Orleans. They also say that the shipment, seized on May 18, was at least five times as large as the typical drug delivery before the storm.

The drug trade in New Orleans is flourishing again, after its dealers, who evacuated to the regional drug hub of Houston, forged closer ties to major suppliers from the Mexican and Colombian cartels. They have since brought back drugs to New Orleans in far larger shipments than before, as the seized truck illustrates, essentially creating violent distribution gangs now spread over a much bigger area.

As a result, law enforcement officials in New Orleans and Houston are struggling to keep up with the changes as the region's drug trade merges to a greater extent than ever before, adding to the murder rates in both cities.

As the drug-dealing returns, its effects are proving deadly for New Orleans, where the police say that fights over turf for distributing the drugs are the main reason for a spike in killings that threatens the city's recovery. Even though its population is less than half of what it was before the storm, New Orleans recorded 22 homicides in July, the same number that it averaged each month in the three years before the hurricane.

Several poor neighborhoods in Houston, which has long been the main supply hub for drugs flowing across the southwest border, have been reeling as well. According to the Houston Police Department, Hurricane Katrina evacuees have been the suspects or victims in 44 homicides there, including many tied to gang-related drug dealing. And 14 percent of Houston's felony narcotics arrests in the first six months of this year involved people displaced by the storm.

Sgt. Brian Harris, a Houston police homicide investigator, said that one evacuee, Ivory Harris, whose street name is B Stupid, was a suspect in three killings in Houston before he was arrested in March with a cache of drugs near New Orleans,

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where he was also wanted on murder charges. Sergeant Harris said several others, including two juveniles, once linked to a New Orleans gang called the Seventh Ward Hardheads, had been tied to 4 homicides and 28 other crimes in Houston.

Some of the crimes involved New Orleans gang members fighting one another over drugs and women during New Orleans music nights at Houston nightclubs, Sergeant Harris said, adding that he and other Houston officers were initially shocked by how many witnesses refused to cooperate.

New Orleans police officials have long complained that fears among witnesses about retaliation have hampered their ability to stop the drug trade. But to the Houston police, persuading witnesses to talk "was like trying to educate foreigners in the ways of the United States," Sergeant Harris said.

Still, the Houston police have made enough arrests for word to get around that it is much harder to get out of jail there than it is in New Orleans, where murder suspects in the city's weak court system have often been released after 60 days when no witnesses spoke up.

So some of the drug dealers have returned to New Orleans along with their customers, while others are now commuting between the two cities, law enforcement officials say.

Federal agents and the police in both cities have stepped up cooperation in tracking these movements, and they are pushing for more intelligence about the changes.

One of their biggest priorities is to try to choke off the supply of cocaine and heroin moving from Houston to New Orleans, usually in concealed compartments in vehicles zipping down Interstate 10.

Law enforcement officials say the vehicles — now often pickup trucks that can blend in with the post-storm construction traffic — are typically escorted by cars with heavily armed lookouts. Investigators say they suspect that a Houston man, who has been charged with killing a suburban New Orleans police captain in June, was one such lookout.

The cocaine truck seized here in May, which involved a mix of New Orleans evacuees and Mexican-Americans from Houston, is "a really good example" of the changes, said William J. Renton Jr., the special agent in charge of the New Orleans office of the federal Drug Enforcement Administration.

Before the storm, he said, "Whenever we'd seize drugs destined for the greater New Orleans area, it was mostly 5 and 10 kilograms." But since then, he added, "even guys who may not have been the biggest dope peddlers in the city went to Houston and met people who were involved in supplying, and new or deeper relationships developed."

Over all, the volume of drugs headed for New Orleans has probably not declined as sharply as the city's population, law enforcement authorities say, given the need to replenish stockpiles that were destroyed when the safe houses were ruined in the floods.

"There was probably a lot of dope washed out into Lake Pontchartrain during the flood," said James D. Craig, the D.E.A.'s special agent in charge in Houston.

And because the New Orleans dealers would still be on the hook for the cost of those drugs, "some of them are in debt" to the Houston suppliers, he said. "And some of them are probably trying to make the money back by saying, 'O.K., let me sell more dope.' "

Mr. Craig said the seizure of the 50 kilograms in Slidell illustrates how displaced New Orleans residents have teamed up with people in Houston to put together bigger deals.

Federal authorities said they believed the shipment originated at the Houston home of Joseph H. Aguirre, 40, a Mexican-American with a record of arrests for marijuana possession.

When the agents raided the house in Slidell, they also seized 3,500 Ecstasy tablets, 5 pounds of high-potency marijuana and $60,000 in cash. And they arrested six people, including three men who had moved from New Orleans to Texas after the storm and who are believed to have driven the truck from Houston.

Records show that one of those men, and the house's owner, who was also arrested, had both been previously convicted on drug distribution charges. In Houston, Mr. Aguirre pleaded guilty last month to state charges involving cocaine and other drugs found in his apartment. The authorities say his connection to the Slidell shipment remains under investigation.

James Bernazzani, the F.B.I.'s special agent in charge in New Orleans, said Asian gang members from Canada had also recently begun distributing large quantities of drugs in the eastern part of the city, though the authorities had been beating them back.

But there has been little relief from the drug wars in the poor neighborhoods in central New Orleans, where the bulk of the homicides has occurred. And even if some of the local dealers are turning to new suppliers in Houston, the police say, they have no intention of giving up any of their own turf to newcomers.

James F. Scott, a deputy New Orleans police superintendent, said a lone Hispanic man had recently showed up on a Central City street corner to sell drugs. His body was later found there, with four bullet holes in his back and four in his chest.

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Sergeant Charged With Child Sex Abuse (WP)

By Nick Anderson

The Washington Post, August 7, 2006

A U.S. Capitol Police sergeant has been charged with child sexual abuse after allegedly having videotaped sex at his home with a 15-year-old girl that authorities believe was arranged by a former Bowie High School assistant football coach.

Sgt. Michael Malloy, 34, of the Bryans Road community in Charles County surrendered to D.C. police and the FBI on Friday and faces a bond hearing scheduled today in D.C. Superior Court, prosecutors' spokesman Channing Phillips said.

The Capitol Police would not comment yesterday on Malloy's arrest or job status.

A charging document laid out the alleged connections among Malloy, the unidentified girl and the man she has accused of acting as her pimp, Arron J. Burroughs.

Burroughs, the former assistant football coach, was jailed last week on a sexual abuse charge after Takoma Park police found the teenage girl having oral sex with an adult man in a parked car.

The girl said she acted as a prostitute under the direction of Burroughs several times starting in September 2005, according to the charging document. On one occasion, she said she had oral sex in a D.C. parking lot near Independence Avenue with a paying customer named Mike. She said the man carried a handgun in a holster and a hand-held communications device that resembled a police radio. Investigators identified the man as Malloy.

Subsequently, the girl said, Burroughs twice took her to a Charles County house for encounters with Malloy, including some sexual acts recorded by a video camera, according to the charging document. Investigators said they found a videotape in Malloy's house that corroborated her account.

Malloy told investigators that he had known Burroughs since seventh grade, and he acknowledged having sex with the teenager in his house, according to the charging document. But Malloy denied the allegation that he had oral sex with the girl in the District.

On Saturday, Malloy pleaded not guilty to the charge of first-degree child sexual abuse.

Malloy's attorney, Steven McCool, said yesterday that the sergeant had served 15 years on the Capitol Police force and had an "unblemished record." McCool would not comment further.

One residential telephone number listed for Malloy was disconnected, and no one answered calls yesterday to another number associated with him.

Burroughs is represented by the public defender's office, which was closed yesterday. Prince George's County schools officials said last week that Burroughs was an unpaid volunteer coach for the Bowie High junior varsity football team and would no longer be welcome at the school.

Case Of Juvenile Molester Sends Victim's Parents On Legislative Mission (WP)

By Ernesto Londoão

The Washington Post, August 7, 2006

The night before the Bethesda couple learned that their babysitter had been molesting their 5-year-old son, they had been "singing his praises" to the 15-year-old boy's parents at a cocktail party.

The victim made the startling revelation about the molestation in December during a casual conversation with his mother. In the months that followed, as a clearer picture of the abuse emerged -- authorities say the teenager also molested one of the 5-year-old's siblings and another boy he sat for -- the families of the 5-year-old and the teenager, next-door neighbors in the Locust Hill Estates area, found themselves at opposite ends of a juvenile courtroom.

They are also on conflicting sides of a national debate about how juvenile sex offenders should be treated by the justice system.

The teenager pleaded guilty in June to sex offense and child abuse in the case of the 5-year-old and will be sent to a secured facility for delinquent juveniles, where he will receive counseling and treatment for several months. If he stays out of trouble, his juvenile criminal record will remain sealed, even though the crimes he committed would have branded him a felon in the adult system and could have carried a lengthy sentence.

The teenager's mother and his attorney, Neil Jacobs, say he is remorseful, aware of the severity of his problem and eager to receive treatment. They argue that he shouldn't be subjected to public scorn for acts that they say don't define who he is.

Although her son "has done monstrous things," his mother recently told a judge in court, "he is not a monster."

The victim's parents say the juvenile justice system in Maryland affords too many safeguards to offenders at the expense of public safety.

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"People need to understand that juvenile sex offenders are protected in the state of Maryland," said the victim's mother, a 42-year-old physical therapist. "There could be a juvenile sex offender living next door." She and her husband were also upset that the teenager was taken into custody only after a plea hearing in June, months after charges were filed.

The Washington Post is not reporting the names of the victim's parents because doing so would identify him. The babysitter's name is not being published because he was charged as a juvenile.

Several states have struggled to find a balance between protecting the privacy of juvenile sex offenders and taking steps to alert and protect the communities in which they live, said Fred S. Berlin, who founded the Johns Hopkins Sexual Disorders Clinic.

"There are very strong feelings in both directions," Berlin said. "It's a very hot issue right now."

Juvenile court records in Maryland are sealed to the public, and police have limited power to canvass neighborhoods in which juvenile sex offenders live to search for other victims and notify the community. Juveniles are not added to the state's sex offender registry.

This made no sense to the parents of the 5-year-old victim. After recovering from an initial stage of shock, they began researching how other states handle juvenile sex offender cases. In recent years, they found, several states have passed bills to give authorities more tools to investigate and adjudicate juvenile sex offender cases.

They believed that Maryland was behind the curve and began calling lawmakers. Their efforts to lobby state and federal legislators for changes in the law have resulted in one victory.

State Sen. Brian E. Frosh (D-Montgomery), who chairs the Judicial Proceedings Committee, has agreed, if he is reelected, to introduce a bill next session that would allow judges in certain cases to add sex offenders who committed crimes while they were juveniles to the registries if they would pose a threat to public safety after they become too old to be in the custody of the juvenile system.

"Existing law does not allow law enforcement agencies to keep track of this person or to give the public notice that this person could be dangerous," said Frosh, who recently met with the victim's mother to discuss a bill. "Everyone agreed with this: We want to give the juvenile justice system the opportunity to rehabilitate them. But there are going to be exceptions."

The initiative is similar to a law Virginia passed last year and mirrors legislative proposals designed to give authorities more flexibility in adjudicating juvenile sex offenders.

Delmas Wood, a supervisor at the state Department of Juvenile Services who oversees the region that includes Montgomery County, said his agency's programs are designed to rehabilitate, rather than punish, delinquent juveniles. He said juvenile sex offenders are far less likely than adults to commit crimes after treatment.

"There's an emphasis on the kid taking responsibility for what he's done," Woods said, describing the agency's philosophy.

The victim's parents say the third boy he allegedly abused might never have been identified if they hadn't taken it upon themselves to share their story with other parents who had hired the sitter. They also say they fear that there could be other victims who don't realize that the well-mannered, seemingly trustworthy teenager -- who would have been a junior at a Montgomery high school this fall -- was sexually attracted to children.

The teenager sat for the couple's three children -- now 5, 7 and 9 years old -- regularly for several years. He repeatedly sodomized the 5-year-old for at least a year, the victim's parents said. Their 7-year-old son also was allegedly abused, but charges filed against the sitter in connection with that were dropped as part of the plea agreement. The teenager has denied abusing him.

Their parents initially told only a handful of trusted friends but gradually became comfortable discussing the case with neighbors and strangers. One of the families they spoke to learned that the teen molested their son in 2003. Assistant State's Attorney Karyn McAuliffe said recently in court that charges in that case are imminent.

The disposition of that case is unlikely to affect the outcome for the teenager, who turned 16 in March, because attorneys on both sides agree that he should be placed in a residential treatment program -- the most serious disposition in a juvenile case.

"The damage to our family has been done," the 5-year-old's mother said. "Now we're trying to heal."

The Avenger (WP)

By Neely Tucker

The Washington Post, August 7, 2006

The life of June Marie Jeffries bears endless and final witness to nihilism, violence and despair. She prosecutes people who kill children, the darkest form of murder. She has prosecuted them for more than two decades.

She is an assistant U.S. attorney in the District of Columbia, the specialized cases unit. She could do anything she wants. She chooses child slayings, the thing nobody else wants to touch.

Mianni Goodine?

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Beaten to death before her second birthday.

Aarius Daniel Cassell?

Seventeen broken ribs. Bleeding optic nerves. Punctured lung. Dead at the age of 53 days.

Glenn Kirschner, chief of the homicide division, a man who looks at dead bodies as part of his trade: "I have a hard time looking at autopsy photos and hearing about the injuries inflicted on children. I'm chief of the division, but I wouldn't want to pick up infant homicides. I'm not the best person for that. June is."

How to believe, how to endure, in such a profession for so long?

One way is, you might believe that now we see through a glass darkly, that we will understand it all better by and by. You might believe that you can walk on through, in sunshine or in shadow, but then you get to this corner of homicide where there is no end to the spiral fractures and subdural hematomas and the calls from the coroner's office saying, you coming down for the autopsy or what? Because you can believe in God or you can be an utter apostate, but they are doing the infant's autopsy in about 15 minutes. That's what you can believe in.

Jeffries, 52, a mother herself, goes to such procedures. For the humanity of it, she says; to see the physical remains of how life was lived, to see how death was caused.

"I don't dream of dead children," she writes in one e-mail. She says she doesn't cry about "my victims."

Jeffries says her real fear is aging to the point where the only thing left in her memory banks will be "reliving autopsies that I attended 50 years earlier." It's a joke. Sort of.

The dead, you know, never quite leave you alone.

A winter morning, early.

Mianni and Aarius are already gone. There will be more.

DeMarcus Simmons, for instance, is 1 month old at the moment and he is still alive. He will join the others by midsummer, another file in Jeffries's office, another little horror story relegated to Page 4 of the local section. People think child homicide is big news, like Adam Walsh or JonBenet Ramsey (or, locally, Brianna Blackmond), but they're wrong. Six or seven infants, toddlers or children under the age of 10 are killed by adults in the District each year, about 1,500 across the country. Most of them, if they make the news at all, are dispatched with paragraphs as short as their lives.

Which is why Jeffries is walking into Superior Court, the bus station of justice in the District, without the bother of any television cameras out front, to handle yet another child murder. She walks past the judges' names lit up on what looks like a scoreboard in the atrium: rapes, robberies, homicides, break-ins.

Courts are life-numbing at this hour. It is gray, rainy, cold. People walk in with dripping umbrellas. Defendants, who would be dressed up in coats and ties if a jury were present, appear in courtrooms in orange jail uniforms, their hair a mess, for two-minute status hearings. Their faces are slack, the expressions stuck between surly and bored.

Jeffries is soon standing at the podium in the courtroom of Judge Erik Christian. She is a brown-skinned woman with a series of light freckles across her nose, under her eyes. Her short hair is straightened, her eyes a deep brown. She is wearing dark green slacks, a pink and yellow and white blouse. Red lipstick. Once, this thug she was prosecuting wrote her 72 love letters so graphic in detail that they cannot be described outside of an abnormal psych class. This guy, who was white, told her she was the most beautiful colored woman he'd ever seen.

"Clearly, he was at least competent ," she says. " We can't say he was wrong about everything ."

She laughs, full-throated. She kept every single letter the guy sent. Reads them aloud to amuse or horrify guests.

She adores "I Love Lucy" reruns. She has stills from the show and a jar full of Tootsie Rolls and Dubble Bubble gum in her office.

Today she's dropping the prosecutorial hammer on Gregory Whitehead, who beat the aforementioned Mianni Goodine to death. He was the boyfriend of Mianni's mother. He told police he got drunk and then angry that the toddler wet her diaper.

"Blunt impact of torso . . . lacerations of liver and right adrenal gland . . . hemorrhages of lung, bowel and pancreas." Jeffries is reading from her proffer to the court, describing Mianni's fatal injuries.

Whitehead, 22, an 11th-grade dropout from Ballou, is listening impassively. He's maybe 6-3, 6-4. Skinny, a foot taller than Jeffries. Soft-spoken, at least in court. Short dreadlocks.

He's pleading guilty to one count of voluntary manslaughter and one count of second-degree cruelty to children.

" . . . a cluster of at least seven curved, linear reddish abrasions on the right lateral chest . . . consistent with having been caused by fingernails."

In the spectators' rows, attorneys wait on cases to be called, reading newspapers or leafing through heavy court files. People come in and wander out a few minutes later. Apparently only one relative of Goodine has bothered to come, a grandmother. The child's mother will come, but be so late that she misses the entire hearing.

Jeffries finishes, her narrative at an end.

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Christian, to Whitehead: "Are the facts related by Ms. Jeffries true?"

"Yes."

Plea accepted. Business of the court rolls forward. Whitehead eventually gets nine years, three fewer than what Jeffries sought. He will be a free man by the time Mianni would have been in fourth grade. Nothing is as it should be, and everything is just the way it is.

Jeffries walks out of the courthouse, back into the freezing rain. Steam rises from the grates. You dream of summer, of a beach, of anything a million miles away from the short life and miserable death of Mianni Goodine.Straight Talk

Ask Jeffries how she's doing. "Cool and mellow," she'll say.

Sometimes she refers to women in an offhand manner as "that babe" or "homegirl," and this includes her mom, Bettie Lue, who moved in with her a few years back. Jeffries herself was a single mom. Her only child, Rudy, is in college in Colorado.

Men: "My defendant," "homeboy," "homeslice."

She was so protective of Rudy -- a tall, strong young man -- that even when he was a teenager she wouldn't let him play football, not even when he, everyone in the family and the school's football coach begged her to.

She would, however, let him play hockey.

"June is tricky, she's complicated, she's got an edge, but she's marvelous," says Carla Diggs Smith, a lawyer and friend for the past decade. Still, Smith says, June is June: When Jeffries came over to visit her and her newborn baby, the first thing Jeffries noted was that there were no cords around the crib, so he probably couldn't hang himself. "In that sense, she can be, for lack of a better term, a little crude. But you have to understand her baby cases are an integral part of her life."

If you say something Jeffries doesn't like or doesn't quite understand, the conversational temperature cools by several degrees. She'll look at you straight on. She'll blink and give a toneless reply, something like, "I don't recall saying that," or just, "Well." Looking you in the eye some more.

Not calling you a liar, exactly. But not backing up from much, either.'I'm the Only One for Them'

She grew up in Detroit, that bare-knuckled city of the American dream. This was in the days before the riots, before Motown, when there were neighborhoods where no one lived in apartments and no one's parents got divorced.

Her mother made it up from a small town in the empty ocean of rural Mississippi. She worked as a cashier at the A&P. Her father, Malcolm, up from West Virginia, worked the loading dock at the U.S. Postal Service. The Great Migration, hardworking black people moving up north, a new set of possibilities.

One time, she remembers, a white defense attorney did not appreciate a hard bargain she was driving on a defendant who, as it happened, was poor and black. This lawyer told Jeffries: "You need to suspend your middle-class values."

She worked her way into Detroit's premier public high school, Cass Tech, then went to Wesleyan University, then Georgetown University Law Center. She married a doctor; they had a baby. The romance lasted for a time; the marriage lasted 11 years.

She signed on with the U.S. attorney's office, a line prosecutor, starting out with misdemeanors. She raised Rudy alone. That, she says, was and remains her "real job." She left homicide each night, went home and she and Rudy did multiplication tables. Then she put him to bed and studied murder some more.

She took her first child murder case in the mid-1980s. Baby Gregory, killed by his mother, Winda Cannon. Cannon got probation.

Jeffries, who thought people went to prison for killing defenseless people, was stunned. She kept the infant's picture on her windowsill for years.

"I felt very protective of that child." She is musing in her office, lit by the weak sunlight outside. "It's often as if these kids had no one for them in life. Often, I'm the only one for them in death. That's the difference in [prosecuting] these cases and a lot of homicides, you got no family behind you. A lot of times, the mother is the defendant and the father's not there. The people who come to the hearings are either there for the mother or the father. None of them talks about the dead kid. Like this child [Aarius Cassell] with 17 rib fractures in six weeks of life? No one submitted one single letter or said anything on behalf of the child."The Imponderables

American murder works this way: Something like 90 percent of all killings are carried out with a gun or a knife.

About 75 percent of the victims have some sort of criminal record themselves, and thus are likely to have enemies who are not happy people.

Investigations can be very straightforward: Six bullet holes in the head. Empty shells, known associates, find the gun, catch the killer.

Child cases, sometimes you don't even know it's a killing until the autopsy.

And kids -- here we're talking about boys and girls under the age of 10 -- are primarily dispatched with some blunt object that's never found. No fingerprints. No murder weapon.

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Try pushing that big bag of nothing "beyond a reasonable doubt," the standard for criminal convictions. One of the worst cases Jeffries had, back in 1989, was a mother and her 8-year-old daughter beaten to death upstairs in their home. Holly and Kristin Kincaide. The killer, Cullen Byrd, rolled up the mom's body in a comforter, shoved her under the bed, dumped the girl's body in a filled bathtub. Turned up the air conditioning, partied downstairs for three days.

And even then, no murder weapon. (When Jeffries got finished with him, Byrd was doing life in a federal pen in South Carolina. Still is. The judge called him "a pig and a crackhead.")

But that kind of thing, the stranger as the killer, is the oddity. About 90 percent of the time, you're dealing with a killer who is a parent or close relative, which goes against what is expected of human nature, turning the search for motive on its head. Also, there are probably only three or four viable suspects, but it can be almost impossible to prove which one of the people did it, because nobody had a motive and everybody had an opportunity.

Forget calling a witness to the stand. There aren't any.

"They don't beat these kids in front of a crowd. It's not like you get Jo-Jo coming down and saying, 'Yeah, she was punching the kid in the head with a hammer.' "

It adds up to make child homicides among the toughest prosecutions in the trade; jurors just don't want to believe that a parent could beat a child to death, torture him, starve him.

Struck by the horror of it, Jeffries began a slow drift toward specializing in this sub-stream of American homicide.

"A lot of people run around, say, 'I couldn't do [this job].' Well, the fact is, somebody has to. The general public has no idea, and I mean no idea , about the messed-up lives these kids lead until they're dead. The public has no idea about the neglect, the foster homes, the violent acting out, the filth, the mother's boyfriend that abuses them -- the public doesn't know. Doesn't want to know."

But then, there's so much that she doesn't know either. In one of her filings, she mused upon the eternal: "Why would a grown man, over six feet tall, have it in him to beat up on a child not yet 2 years old, fully incapable of provoking life-threatening rage, and fully incapable of defending herself from the same? Why would such behavior be in his heart to begin with? The government has no real answer to that question."The Moment of Truth?

"June is deliberate, thoughtful and methodical," says Superior Court Judge Michael L. Rankin, who, while presiding over the court's criminal division, often saw Jeffries at work. "She's the ultimate professional prosecutor. When you get the level of experience she's achieved, she could have a range of things she could choose from to do, and she chooses to do this. Those [child] cases seem to intrigue and motivate her, and she's very, very good at it."

Jeffries went to conferences. She became a member of the city's Child Fatality Review Committee, sipping coffee, looking over photographs, watching children's bodies being pulled apart on the autopsy table.

That's key, because you catch the killers a lot of the time because they're unfamiliar with the dark arts of the coroner's office. The caretakers will tell you the kid fell and broke that leg, yeah, that's it, then hit its head. But the broken bone will be what's known as a spiral fracture, which shows forceful twisting, not blunt impact, and you know they're trying to save their skin.

She's been working that type of angle for four years on just one case, Daniel "Bulldog" Cassell.

A 10th-grade dropout with a prison record, Cassell went to his mother's house and left his infant son, Aarius, there for a few days in May 2002. Aarius was brought back home to the apartment Cassell was sharing with the boy's mother, Laurehn Brunson, and a female cousin. Everybody said the boy looked fine. Everybody went to work. Cassell was left alone at home with his son.

Thirty minutes later, Aarius was dead.

Cassell, facing first-degree murder charges, told police that his mother, who had beaten him as a child, must have beaten the child over the weekend, and little Aarius died only after he came home.

Cassell's mother died soon thereafter, making it impossible for her to refute the claim.

Jeffries, once she got the autopsy report, didn't buy a word of it. The coroner said Aarius had 17 current and former rib fractures, a punctured lung, contusions and abrasions. Kids in that condition would be in such pain they would scarcely able to draw breath. Had the grandmother inflicted such abuse, it would have been immediately obvious.

It finally comes to a head a few weeks ago.

Cassell walks into court, maybe finally ready to plead guilty -- but only, he says, if he can claim he was negligent to leave the child with his mother, "something like a parent who left a child in a car on a hot day," says public defender Renee Raymond.

He still wants to say he didn't do it. There is a legal step that allows the accused, without admitting they actually committed a crime, to acknowledge that the government could convict them of it. This is called an Alford plea, and that's what Cassell wants.

Brunson, the dead child's mother, is here to watch, but not to see justice done for her dead child.

She wants Cassell to be released.

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The pair has had another child while he has been awaiting trial for killing their first baby. He can't really care for this infant, though, because he is under court order not to have unsupervised contact with any children under 12.

Brunson, who believes Cassell rather than the coroner, blames Jeffries.

"Please don't take my love away from me," she writes Judge Christian, referring to Cassell. "We are love buds."

Jeffries is something close to livid.

"Government counsel would say this to Ms. Brunson: If Mr. Cassell did not kill your baby, then you should be able to tell this Court and the government who did," she writes in one motion. "The rib fractures this child had would have been extremely painful to him. The mere act of breathing would have been difficult. Thus, the child's mother (of all people) . . . should have noticed something was wrong."

Finally, Cassell stands before Christian. It's showtime. Cassell seems dazed. He asks the judge to repeat something, saying, "I was in a zone."

Christian looks over at the tall, lanky defendant, handcuffed and in an orange jail jumpsuit. He taps his forehead: "Are you with us today?"

"Yes, sir, I am."

Jeffries starts the case. "The United States of America would prove the following if this matter were to go to trial . . ." She reads the narrative of Aarius's injuries. The few spectators, the lawyers waiting for another trial, stop to listen.

Cassell begins weeping. He turns his head straight up, eyes closed. Tears stain his face. Raymond hands him a tissue.

Finally, Jeffries finishes. Four years since the killing. And now the price to be paid.

Christian asks Cassell if he accepts the deal. It could send him to prison for 15 years.

He's still crying.

"I love my mother. I mean. Yes."

He pauses.

Christian: "You have to do this yourself."

"Yeah. Yes."Life Goes On

Jeffries remarried a few years ago, to a D.C. cop named B.J. Parker. They go to movies, on vacations, grocery shopping, regular life. After years of doing homework with Rudy and taking him to hockey practices, she now talks with him on the phone from college.

She has a little dog, Wizard, whom everyone calls Wizzy.

She has been around enough not to loathe her defendants.

"Most of them could have been like my son or me" had not they been raised in violent circumstances themselves, she has come to think. That doesn't mean she offers them anything like prosecutorial mercy.

Two defense attorneys a couple of years ago were passing time in a court hallway, discussing a new criminal case one of them had gotten.

"So, who's the prosecutor?" one asked the other, as a reporter happened to walk past.

"June Jeffries."

"My God."Once Again

About 3:30 in the morning on June 16, Jeffries's cellphone rang in her home. She recalled a few hours later that she had awoken long enough to decide not to answer it. It rang again an instant later. She picked it up this time, and Carlos V. Hilliard, a homicide detective, told her he had a 5-month-old baby boy, beaten to death.

A few hours later, Jeffries walked into the coroner's office. She put on booties, a mask and an apron. She opened the door to see DeMarcus Malik Simmons, his short life over, already open on the table.

Nice head of hair, the mother in her noted.

The child's great aunt was arrested the next day.

The funeral was hot, muggy and a moment of despair.

The boy's father punches a street sign in front of the church. Th wanga thwanga thwanga, it echoes up and down the empty street.

In front of the altar, the casket is the size and shape of a picnic cooler.

The interment is on a hillside, waves of heat rolling across the grass. The grave waits. There is a breeze, a shadow rolls across those assembled.

Every head bowed, every eye closed. There is no whisper of an answer as to why why why why.A Sustaining Drive

June Jeffries is at her desk, selecting the autopsy pictures to use in the upcoming trial of Gregory Donnel Mobley, a former prison inmate accused of killing his 2-month-old son, Tavonte. The names change, the caseloads do not. Soon DeMarcus's case will fill the folders in her office, the names written on the tabs in felt-tip pen, and then there will be another.

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At 52, in a hard job, you learn things, and one of them is that love is not what we were told when we were young.

Sometimes life reveals it to be tender and sustaining. Sometimes it is the kind of love that sustains lost causes and broken dreams. Swing sets in the rain and the love of children who are no longer here.

She closes Tavonte's file, the pictures inside, and looks out the window. It is quiet.

Perhaps it is a form of love, this seeking justice, perhaps even solace, in demanding an accounting for these briefest of lives, by recognizing the flicker of the eternal that these children possessed.

Perhaps that is what sustains and abides in places like this; perhaps there is nothing else.

After 10 Years And Many Turns, Murder Trial Starts In Nashville (NYT)

By Theo Emery

The New York Times, August 7, 2006

NASHVILLE, Aug. 6 — It was a warm September day in 1996 when the police arrived at the dead-end street where Perry and Janet March had built their home. Detectives fanned out to search the woods and combed nearby properties for the missing Mrs. March.

The search of the secluded neighborhood on the outskirts of the city turned up no sign of her. Neither did a search of Mr. March's law office, nor of a remote park.

A decade later, Mr. March, 45, goes on trial this week, accused of murdering his wife, whose remains have not been found. What began as a missing person report eventually sprawled to Mexico from Tennessee in a tangled skein of cases that riveted Nashville, and included an admission by Mr. March's father that he helped dispose of the body and a murder-for-hire plot to kill Mr. March's in-laws.

Mr. March has been charged in four cases — three in state court and one in federal court. He was convicted in June in state court of conspiring to kill his wife's parents, and in April of stealing from his father-in-law's law firm. He is scheduled to go on trial in October on federal charges related to the murder-for-hire scheme.

Perry and Janet March seemed like a couple bound to make a mark on Nashville. Janet March was an artist and the daughter of a prominent Nashville lawyer, Lawrence Levine. Perry March worked at his father-in-law's firm.

The young couple bought land in Forest Hills, an exclusive enclave in southern Nashville. There, they built Mrs. March's dream home.

Things were not always peaceful between the Marches and their neighbors who lived off the cul-de-sac, said Ashton Lackey Jr., who lived with his mother on nearby Crater Hill Road. Mr. March once got into a shouting match with Mr. Lackey's mother over a minor property dispute, Mr. Lackey said, and would yell at neighbors who ventured up the private road to the house.

"He had a really bad temper," Mr. Lackey said.

On Aug. 15, 1996, Mrs. March disappeared, leaving behind her husband and their two children, ages 5 and 2. Mr. March reported her missing two weeks later, telling the police that she had just packed her bags and left.

Then Mrs. March's car was found at a west Nashville apartment complex. The police began treating Mr. March as a suspect, and in September executed search warrants of the home. Dozens of police officers descended on the neighborhood.

"My mouth was wide open when I saw it on the news," Mr. Lackey said.

The search for Mrs. March dominated the headlines and the nightly news like few other recent cases, and speculation was rampant.

But no body was found. Mr. March moved back to his native Chicago with the children, as his in-laws fought for visitation rights with their grandchildren. In 1999, he moved with the children to Ajijic, Mexico, where his father, Arthur W. March, 78, had a retirement home. Mr. March remarried in 2000.

Over the years, Perry March battled with his in-laws over custody of the children. The Levines, who had filed a wrongful death lawsuit against Mr. March, were awarded $113 million in damages by a jury; the award was later thrown out.

Then, last year, the case blew wide open. The police announced in August that Mr. March had been indicted months before for second-degree murder, abuse of a corpse and evidence tampering. He had been arrested in Mexico and was returned to Nashville.

The case took another turn in October, when Mr. March and his father were charged with trying to hire a hit man to kill the Levines. Arthur March was arrested in January in Mexico, and was returned to Nashville.

In February, the elder March admitted that his son had killed Janet March, and that he and his son had disposed of the body in Kentucky. Under a plea agreement, Arthur March was sentenced to 18 months in federal prison and agreed to cooperate in the case against his son.

Jury selection will begin Monday in Chattanooga; the rest of the trial will be held in Nashville.

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Mr. Levine and a lawyer for Arthur March, Fletcher Long, declined to comment, citing a judge's order prohibiting discussion of the case. William Massey, a lawyer for Perry March, also declined to comment through an assistant.

The Levines have custody of the March children, Samson, 15, and Tzipora, 12.

For Sale: Scene Of A Crime (USAT)

By Catherine Rampell

USA Today, August 7, 2006

Almost 10 years after the body of 6-year-old JonBenét Ramsey was found in the basement of her Boulder, Colo., home, the Tudor-style house at 749 15th St. is on the market again.

"It's stigmatized. It's always been stigmatized," says Joel Ripmaster, president of Colorado Landmark Realtors. Ripmaster has represented the last four owners of the property, all who purchased or sold the house at below-market value since JonBenét's slaying in 1996.

"It's worth a couple million dollars," Ripmaster says, "but now we're asking for only $1.7 million."

That's because some buyers consider more than just location, location, location. For certain places, history, history, history can turn a dream house into a nightmare.

These houses are the sites of notorious and often grisly crimes — houses that, with the help of the evening news, become as much a character in the crime as the victims and their killers. Whether the Ramsey house or the condominium in Los Angeles where Nicole Brown Simpson and Ronald Goldman were killed, the home remains long after evidence of the crime is gone.

Sometimes, the house — and the lot — stay empty for years. That's what happened at serial killer John Wayne Gacy's place in the Norwood Park Township outside of Chicago. The house was razed in 1979, and the lot sat vacant for a decade before a house was built in 1988. Other times, new owners try to change the look of the place, inside or out. Some opt to change the address, ostensibly to fool the gawkers.

Buyers have plenty of reasons to shun such properties, says Park Dietz, a forensic psychiatrist who testified in the trials of serial killers Jeffrey Dahmer and Joel Rifkin. "People are superstitious. They're afraid of bad luck or ghosts, or that the house is cursed," says Dietz, who has visited dozens of crime scenes and investigated hundreds more through videos and photos. "Or they have a more rational concern that the tragedies will be more salient to them. It may be on their consciousness and decrease their joy in living."

Randall Bell, author of an upcoming book on real estate called Bottom Line Results, has a name for what Dietz describes. Bell calls it "crime scene stigma," which he defines as "the reluctance on the part of the real estate market to pay full price for a property associated with a horrific crime."

Bell, who says he's sometimes called "Dr. Disaster" by clients and colleagues, is a real estate consultant who specializes in assessing disaster-damaged properties.

Most of his business focuses on assessing the value of properties damaged by environmental disasters such as the hydrogen bomb testing at Bikini Atoll. He has also consulted with owners of the Ramsey house, the condominium where Brown Simpson and Goldman were killed in 1994, and the compound in Southern California where 39 members of the Heaven's Gate cult committed suicide in 1997.

Based on dozens of cases, Bell says a house in which a murder or other bloody crime took place typically will stay on the market from two to seven years longer than it would otherwise.

About half of the states require sellers to disclose a home's traumatic history to buyers, Bell says, but some regulations mandate disclosure for only a short period of time.

The California Civil Code, for example, decrees that a death on a property need not be disclosed if it occurred three years before a sale. In South Dakota, sellers must disclose a "human death by homicide or suicide" only if it occurred within 12 months of the sale, according to state statutes.

Real estate agents and homeowners consult Bell's company, Bell Anderson & Sanders LLP, on how much to discount properties and ways to reduce the stigma to sell the home faster. Sometimes Bell suggests extensive remodeling. For example, the front of Brown Simpson's condo was redone, so gawkers could no longer identify the facade once plastered across TV screens.

Some of Bell's other clients have changed the street addresses of houses or demolished them, and some of the most notorious may not be redeveloped for years.

The Oxford Apartments, the building in Milwaukee where Dahmer murdered most of his victims in 1990 and 1991, was razed in 1992 and remains a vacant lot. "I've heard that people still walk across the street to avoid walking next to the lot," Bell says.

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At the site of the Heaven's Gate suicides in Rancho Santa Fe, Calif., the street name was changed (from Colina Norte to Paseo Victoria), the house was razed, and “every blade of grass was removed,” he says.

Several years ago, Bell says he was offered the Heaven's Gate mansion “for a reasonable price.” When he suggested it to his wife, he says, “she looked at me like I was the village idiot.”

Even if buyers don't mind a home's stigma, they may find that their kids do. “Some parents I know had trouble getting kids to come over for birthday parties,” Bell says of clients who moved into a house where a teenager had slaughtered his parents.

So who does buy these homes? Sometimes they're purchased by bargain hunters looking for fixer-uppers. Other times, Bell says, police officers or other buyers with strong stomachs might be willing to live there.

Take, for example, Neal Smither.

Smither is the founder and president of Crime Scene Cleaners, which he says cleans up 3,000 to 7,000 crime scenes across the country each year. Some of the jobs are simply meth labs set up in hotel rooms, and others are “just too bizarre for anyone else to touch.”

He founded Crime Scene Cleaners in 1996 while studying to be a mortician. “I was watching Pulp Fiction, the scene where Harvey Keitel is called in to clean up the bloody car. It looked like a pretty good idea to me. I figured, if I can stuff a body, I can clean a mess.”

Smither says he “couldn't care less” about whether his home has a traumatic history.

He won't offer details but says the previous owner of his house, which his company had cleaned, suffered a “very gruesome” death — though one he says was devoid of foul play.

Like Smither's home, the Beverly Hills house where Lyle and Erik Menendez killed their wealthy parents in 1989 has had at least one subsequent owner suited to its sordid past: a murder mystery writer.

William Link, who co-wrote Columbo, Murder, She Wrote and scores of other TV shows and films, moved into the home with his wife, Margery, several years after the Menendez murders. He and his wife lived there for almost a decade.

He says he had a few friends who didn't want to visit because they were “afraid that one of the people killed would still be stalking like a ghost at 3 in the morning.” He never worried about unwanted visits from the supernatural.

“When you're dead,” he says, “you're dead.”

Link says he purchased the mansion at 722 Elm Drive because of its “great beauty” and admits he became more interested in its history only after purchasing it. He rattles off the names of other celebrities who rented the home, including Michael Jackson and members of the band U2 before he mentions the Menendez family.

He says most of his friends thought his choice of residence was a “funny coincidence.”

Tourists seem to agree.

The Menendez house is one of the featured stops on the Dearly Departed Tours, where “Director of Undertakings” Scott Michaels plays a recording of Lyle Menendez's 911 call as his tour bus passes the house. Link recalls hearing his résumé broadcast, too.

The Dearly Departed tour of the Los Angeles area also includes sites of celebrity sex scandals, but the highlights, Michaels says, are the death sites that pepper Hollywood.

“I bring people to the news,” Michaels says. “People say, ‘Oh my God, the killers passed this very street sign, and I grew up hearing about it!' ”

Michaels, who also founded the celebrity death database www.findadeath.com, says tourists have an insatiable appetite for morbid stories about stars, thanks to the “tabloid culture we live in.”

He laments that many of his more popular landmarks are being torn down. The Cielo Drive mansion where Charles Manson and his followers murdered pregnant actress Sharon Tate in 1969 has been bulldozed and replaced with a new Italian-style villa.

Michaels says he is grateful that the tree and telephone pole from which a cult member cut the phone lines still stand.

In Hollywood, residents may be inured to the attention of tour buses, but owners elsewhere still go to great lengths to ward off gawkers and morbid entrepreneurs.

Shortly after JonBenét's death, for instance, friends of the Ramseys got together and bought the property from father John Ramsey's relocation service.

“They didn't want it to get into the hands of speculators who'd start charging admission,” says Ripmaster, who sold the house to the group. “They wanted to wait till things settled down because it was nuts around here back then. They held onto it for a few years and then decided to sell it off.”

Boulder County property records show the address of the house was changed — from 755 15th St. to 749 15th St.

The next two owners of the house — a coach at the University of Colorado, then a family with four children — both decided to sell the home after job transfers, Ripmaster says.

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The murder of the Clutter family in 1959, a horror recounted in Truman Capote's In Cold Blood, still attracts tourists to the home where they were killed in Holcomb, Kan.

The current owners of the house fended off unwanted visitors for years before opening their home — for $5 per person — to tours on Sundays. (They stopped giving the tours several years ago, according to local newspapers.)

Some other homes have also appreciated in value because of the fame and notoriety. The Miami oceanfront mansion where Gianni Versace lived, for example, once held the Miami-Dade County record for highest sale price at $19 million. The property is now a hotel and club. In 1997, Versace was murdered outside the home by Andrew Cunanan.

"It definitely added value to the home that (Versace) lived there and was killed there," says Carlos Justo, the SOL Sotheby's International Realty agent who sold the house.

"We had more people wanting to see it than we could show it to. It was the only home in my whole career where we had a screening process for buyers to get through," Justo says. "It even took two weeks for a Saudi prince to get clearance."

Why did the home's value increase after tragedy while other similar sites depreciated? "I don't know," Justo says. "I think it was because he was killed outside of his house, on the steps, and not inside it."

As for finding a new owner for the 15-room home where JonBenét Ramsey lived and died, real estate agent Ripmaster says he's looking for a big family to move in. Or, perhaps, someone looking for a "great remodeling opportunity."

Ripmaster says he's going through all the "normal" channels to advertise the house. Not that he needs to. As he sees it, "It's hard for this particular house to remain anonymous."

In Jail With No Charge (WP)

The Washington Post, August 7, 2006

FERNANDO ANTONIO Cruz was arrested following a fight last October. He was charged in Prince William County with public intoxication and assault. The other man involved, who suffered a gash on his head, did not show up for a court hearing. So on Dec. 12, prosecutors dismissed charges. Mr. Cruz was free to go -- only he was held in jail for two additional months.

As Post staff writer Theresa Vargas recounted the disturbing tale, officers never brought Mr. Cruz to court for his hearing and -- apparently as the result of a simple oversight -- didn't release him after the charges were dismissed. The problem seems to have been that the jail and the court had Mr. Cruz listed by different names. In court records, his case is filed using the last name "Antonio Cruz" while the jail used only "Cruz." The error got corrected -- and Mr. Cruz freed -- only when his brother approached a clerk in the court in February.

According to a defense lawyer present that day, Mark Voss, the Prince William court system has struggled with how to standardize Hispanic names over the years; many Hispanics use both their mother's and father's family names. But the court's clerk, Tawny G. Hays, denies that the incident was simply the result of administrative error on the court's part. She wonders why Mr. Cruz never spoke up during his two months of wrongful incarceration. (His whereabouts now are unknown.) She also notes that her staff is extremely overworked, and she points out that had Mr. Cruz's lawyer cited a case number when he followed up on the dismissal, "the jail would have found him immediately." In an interview, she said that she "didn't think it was an egregious error on the part of any of my clerks. It was just something that happened -- unfortunate."

But that can't be sufficient. Such errors appear to be extremely rare. But they are intolerable whenever they happen. A review of basic procedures seems necessary now, particularly given the high workload that Ms. Hays cites. There is, after all, no more basic right than not to be locked up for no reason. Keeping someone in jail for two months with no charge has no place in Virginia's criminal justice system.

CIVIL RIGHTS:

Talent Touts Measure To Solve Killings (SLPD)

By Gillian Gillers

St. Louis Post-Dispatch, August 7, 2006

Wheeler Parker Jr. was glad when the Justice Department dug up his cousin's body last year after reopening an investigation into his death. An autopsy confirmed the identity of Parker's cousin, Emmett Till, a black teenager who had been murdered in 1955 for allegedly whistling at a white woman.

"It's like going through all these years without closure," said Parker, a barber in the Chicago suburb of Summit Argo.

Parker is rooting for the Till bill, a proposal in Congress by Sen. Jim Talent, R-Mo., to put more resources into solving civil rights murders.

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Talent's legislation would establish two new government offices in the Justice Department - one in the FBI and the other in the Civil Rights Division - to investigate and prosecute unsolved, racially motivated murders before 1970. The measure passed a key hurdle last week when it was advanced by the Senate Judiciary Committee. Talent hopes for a full Senate vote in early fall.

"If we expect to move forward as a country, we have to try and find out what happened in these cases," he said. "There will be cases where we may not be able to prosecute . . . , but we have to do our best."

Under Talent's legislation, the two offices would receive $10 million annually, plus another $1.5 million to spread awareness of the program. The bill would provide funding for 10 years.

Talent got the idea from Alvin Sykes, a civil rights advocate and president of the Emmett Till Justice Campaign based in Kansas City. Till, from Chicago, was murdered in Mississippi.

"If you want to do something to get beyond symbolism, there were all these unsolved civil rights murders that didn't have the notoriety of the Emmett Till case," Sykes said. "There needed to be a systemic way of investigating these cases."

Sykes said many of the race-based murders committed during the civil rights era were either unreported or misidentified as a death or disappearance. He expects that the new effort will encourage more witnesses and family members to come forward.

Similar legislation stalled last year. This year, Reps. William Lacy Clay Jr., D-St. Louis, Kenny Hulshof, R-Columbia, and Emanuel Cleaver, D-Kansas City, are sponsoring a similar bill in the House.

"If we can get this thing through the Senate, we're going to pressure the House to take this up," Talent said.

Chip Burrus, assistant director of the FBI's criminal division, suggested that not much would change if the proposal passes. He said that last year, the bureau solicited information from local groups around the country and updated a list of 35 to 50 murders committed before 1970.

Burrus said the extra money from Talent's proposal would be nice. But, he added, the current system was working well.

"We've already got investigators and agents and supervisors working on this," he said. "The cold case initiative will go forward whether the legislation passes or not."

Attorney General Alberto Gonzales supports the bill. But John Dunne, who was the assistant attorney general for civil rights from 1990 to 1993, said in an interview that the proposal would create an unnecessary level of bureaucracy.

"Based on my knowledge of how the division operated when I was there, there isn't a need for this sort of legislation," said Dunne, now a lawyer in Albany, N.Y.

Some question whether old cases should be reopened. The Rev. Gill Ford of St. Louis, a regional director of the NAACP, noted that it's hard to solve decades-old crimes because witnesses have died and evidence has been lost.

"If, because of the amount of time that has transpired, they can't find a way to bring some kind of resolution to things, then you're just going to leave people out there hurt again," he said.

But Wheeler Parker said he's glad his cousin's case was reopened, even though prosecutors are still deciding whether to bring charges.

"Some people say don't deal with the past, but you deal with it all the time," he said. "The investigation is going to bring out a lot of things that we want to know."

Racism Fears A 'simmering Pot' At N.M. Rez Border Town (AP)

By Deborah Baker

AP, August 7, 2006

FARMINGTON, N.M. -- It's been more than three decades since this reservation border town was rocked by the grisly murders of three Navajos in Chokecherry Canyon.

The deaths spawned protests, rallies, marches -- and, eventually, change. A civil rights panel just months ago touted the "significant progress" in race relations in the mostly white oil-and-gas town.

The summer of 2006, however, has brought longstanding tensions bubbling to the surface again.

In June, a 46-year-old Navajo man was kidnapped and beaten, allegedly by three young Anglo men. Just six days later, a 21-year-old Navajo man was shot to death in a Wal-Mart parking lot by a Farmington police officer responding to a domestic violence call.

The incidents, particularly coming so close together, have inflamed some in the Navajo community, said Duane "Chili" Yazzie, president of the Navajo Nation's Shiprock chapter.

"It's the white guy hurting the Indian guy. ... It's the same-old, same-old to the majority of our people out there," said Yazzie, sipping coffee in a bookstore on a downtown street where he marched as a young man.

"It's pretty much like a simmering pot. If it's not tended to, it's going to boil over," he said.

Navajo leaders plan a memorial march on Sept. 2 in Farmington to honor "those of our relatives who have died or have been victims of racial violence," Yazzie said.

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Navajo President Joe Shirley Jr. has called for an independent investigation of the fatal shooting, and the tribe has set aside $300,000 to help the family file a wrongful death lawsuit against the city and to fund a study of racism in reservation border towns.

Farmington is the largest city in the Four Corners area, where New Mexico, Arizona, Colorado and Utah meet. It's on the edge of the sprawling Navajo reservation, just south of the reservations of the Ute Mountain Ute and Southern Ute tribes, and near the Jicarilla Apache reservation.

The city has a population of nearly 40,000 -- about 63 percent of them Anglo, while Indians and Hispanics each make up about 17 percent.

But the city swells with workers and shoppers, and City Manager Bob Hudson estimates that Farmington is a service hub for about 250,000 people.

"I think in any border community there is some underlying tension," Hudson said. The recent events have caused those tensions to break through the surface and should be a "wake-up call," he said.

"We're not in a situation where it's broke and can't be fixed, but we're at the point where tempers have flared and we're working through that," Hudson said.

STILL QUESTIONS

A few miles west of Farmington, in the community of Kirtland, Della John sat at her dining room table, pictures of her youngest child, Clint, spread in front of her.

A tiny baby, just hours old; a sweet-faced kid on Christmas Day unwrapping a plaid shirt and admiring his new tennis shoes; at 12 or 13, in a white cowboy hat and oversized rodeo belt buckle; at his high school graduation, looking serious, his arm draped over his mother's shoulders.

In the pile, there's a brochure from his memorial service, with a list of his clans -- Folded Arm, Mud, Bitter Water, Many Goats -- and an Emily Dickinson poem about death, from a school notebook he considered special.

It has been "really, really rough," said John, 48, a reserved, soft-spoken single mother of five who maintains her composure and manages an occasional laugh as she sifts through the family photos.

"This is all we have of him -- the pictures, the memories," she said.

John was shot four times by Officer Shawn Scott, who responded to a call that John was beating his girlfriend in the front seat of his truck.

The San Juan County sheriff's office, which investigated and found the shooting justified, said John refused Scott's orders, tussled with him, took the officer's baton -- after Scott had hit him several times on the leg -- and moved toward the officer, swinging it.

Scott was disciplined -- the department won't say how -- for violating policy by not turning on his in-car camera to record the incident. He is back at work as a patrol and training officer.

The U.S. Justice Department's Civil Rights Division has determined there is no basis for a civil rights investigation into the shooting.

Navajo officials question the department's version of events, citing what they say are inconsistencies in statements from witnesses.

According to a toxicology report, John was intoxicated at the time, with a blood-alcohol content roughly three times the legal limit.

The sheriff's office in its report said John had "a history of violent behavior" that included arrests for domestic violence, aggravated assault and aggravated battery.

Police Chief Mike Burridge said the officer, faced with a dangerous situation, did what he was trained to do. But it's "something that no officer ever wants to be involved with ... something that you will live with every day, that the department lives with as well," he said.

In the June 4 incident, police were called by a bloodied and frightened tire shop employee, William Blackie, who told them he had just been beaten up by three men yelling a racial slur.

Police said Blackie got into a pickup truck with the men -- apparently after they asked him to buy liquor for them -- who took him to the outskirts of town, where they beat him with a stick and fists, and kicked him.

The three Farmington men, ages 18, 19 and 20, are awaiting trial on charges that include kidnapping, armed robbery and aggravated battery.

Burridge has recommended that state prosecutors treat it as a hate crime, subjecting the offenders to longer sentences. He also has asked the U.S. Justice Department to review whether there may have been civil rights violations.

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The low point in Farmington's rocky race relations history occurred in May 1974, when the beaten and burned bodies of three Navajos were found north of town. Three white Farmington High School students, treated by the court as juveniles, were sentenced to brief stints in reform school for the crimes, outraging many Navajos and prompting the protests.

According to Rodney Barker's 1993 book about the Chokecherry Canyon murders and their aftermath, "The Broken Circle," there had been for years in Farmington a tradition among some teenagers of "rolling" Indians, a slang term for abusing inebriates.

When the New Mexico Advisory Committee to the U.S. Commission on Civil Rights returned to Farmington in 2004 to assess the city's progress after 30 years, several speakers at a public forum complained that the harassment of Indians by white youth continues.

Burridge, who has been police chief since 2003, says he can't say to what extent that still occurs, "but that certainly appears to be the history here."

At the same time, he said, 95 percent of violent crimes committed against Indian victims in Farmington are committed by Indians. Farmington has a lot of alcohol-related crime, and inebriates are easy victims, he said.

"The problem of alcoholism looms large over Farmington, as it did 30 years ago," as Indians unable to buy alcohol on the reservation travel to border towns where they often fall victim to abuse and exploitation, the committee said in its 2005 report.

The panel noted the success of the Totah Behavioral Health Authority -- a collaboration of government entities including the city, county and Navajo Nation -- which treats homeless alcoholics with a program that incorporates Navajo philosophy and ideals.

"While, clearly, racist attitudes persist among some of its citizens, there is new leadership in Farmington that is concerned about the future," the committee report said.

Number Of Black Lobbyists Remains Shockingly Low (WP)

By Jeffrey H. Birnbaum

The Washington Post, August 7, 2006

Robert G. Drummer has been a lobbyist for a long time. He represents the American Moving and Storage Association and the City of Atlanta. But one thing has not changed since he first left Capitol Hill as an aide in 1995: the number of African American lobbyists like himself has remained remarkably small.

"The number has risen, but it's been a slow growth," he said. As president of the Washington Government Relations Group (WGRG), a trade association of black lobbyists, Drummer should know. The organization has about 100 members and a database of black federal lobbyists that tops 200.

The database probably doesn't capture every African American registered to lobby in the District. But even if it includes only half of the real total -- or even a quarter -- the number is still minuscule. According to the nonpartisan PoliticalMoneyLine.com, the total number of currently registered federal lobbyists is 29,702.

How is it possible that any profession -- let alone a profession that deals with the government -- has such a tiny representation of African Americans?

Lobbyists suggest a few reasons. One is that blacks are underrepresented in Congress, especially in the Senate, and the result is that relatively few African Americans get the experience they need to become professional lobbyists. Another explanation is that because black lobbyists have been so rare for so long, the network of predominantly white people who do the hiring for lobby groups doesn't routinely reach out to blacks.

And then there's the K Street Project excuse. Pressure on lobbying groups from the Republican Congress over the past decade to hire Republicans only has limited the market for blacks, since very few tend to belong to the GOP.

But none of these analyses account for the basic, embarrassing fact of the shockingly low number of African American lobbyists.

At a recent luncheon meeting of the WGRG, everyone agreed there was a problem. "There's something broken," said Paul N.D. Thornell, the senior lobbyist for United Way of America. "Rarely in a room of other lobbyists do many people look like me."

"Lobbying in health care is a little bit better," said Stefanie J. Reeves of the American Speech-Language-Hearing Association. "But it's not that good."

In an earlier column I wrote that the number of women and minority lobbyists has been growing in recent years, but that was only partly true. Women lobbyists have become commonplace while African American lobbyists remain exceptional. I did a disservice by not pointing that out.

There will be people who will think it's wonderful that blacks have been able to stay away from so tainted a vocation. I disagree. Lobbyists are integral to the process that produces our nation's laws and regulations. When any group is not at the bargaining table, everyone suffers. And like it or not, lobbyists are among the most important folks at that table.

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The pool of black congressional aides -- from which lobbyists are often drawn -- is pretty shallow, especially in the Senate. The June issue of DiversityInc magazine reports that of the approximately 1,000 most senior staff jobs in the Senate, only 2.9 percent are held by blacks.

Nonetheless, African American lobbyists have banded together in both loose and formal ways for 25 years. According to the WGRG's new Web site, http://www.WGRGInc.org , a group of 20 regulars who represented DuPont, Mobil and Westinghouse (among other big companies) began meeting consistently in 1981. In the mid-80s, the lobbyists named themselves the Second Wednesday Group because they tended to gather on the second Wednesday of each month.

In the mid-90s, the group went dormant. But it was revived in its current form in 1997 by John Chambers of the law firm Arent Fox. These days, the nonpartisan WGRG helps lobbyists network with congressional staffers and each other. It also promotes charitable works and educational activities with an eye toward promoting lobbying as a career for African Americans.

There are so few black lobbyists in town that some of them try to take a jocular view of the situation. "Ain't but two of us," joked Fred McClure of Sonnenschein Nath & Rosenthal LLP, when asked how many African American lobbyists there are -- "one Democrat, one Republican." McClure would be the Republican in that formulation, and that can be lonely, he said.

Patrice Webb, a lobbyist for Free Press, a nonprofit media reform organization, has noted with regret that blacks often are directed into social policy rather than corporate-type lobbying roles. Michael J. Frazier, an independent lobbyist and former Transportation Department official, agrees. "I can't figure out why the Fortune 500, which generally has been good on diversity in other areas, isn't as good at having diversity in their government affairs offices," Frazier said.

But Drummer, the WGRG's president, believes that the situation will gradually improve. "That's our hope and expectation," he said. We'll see.BellSouth, Whistle-Blower Part Ways

Last December, Vicki A. Taylor handed a set of documents to The Washington Post that revealed the then-common practice of lawmakers and their staff members of accepting meals and other gifts from lobbyists that exceeded congressional limits. Taylor, a clerical worker, provided proof that lobbyists at her employer, BellSouth Corp., frequently exceeded the limits.

After The Post's story appeared in January, Taylor was placed on administrative leave pending an investigation into her actions. Now, said BellSouth spokesman Bill McCloskey, "She is no longer working for the company." Taylor's attorney, Melanie Sloan, explained in an e-mail, "She settled with BellSouth in a confidential agreement." Neither McCloskey nor Sloan, executive director of Citizens for Responsibility and Ethics in Washington, would elaborate.CQ Buys PoliticalMoneyLine.com

PoliticalMoneyLine.com is one of Washington's indispensable utilities. I used some of its information in today's column.

Now the million-dollar Web site has a new owner, Congressional Quarterly, which is good news for anyone who cares about following political money. PoliticalMoneyLine's indefatigable founders, Kent Cooper and Tony Raymond, both graduates of the Federal Election Commission and the Center for Responsive Politics, have maintained the gold standard of public disclosure for the past 10 years. Now with CQ's help, Cooper wants to go for platinum.

"I'm extremely pleased about this new relationship," Cooper said. "We hope to get even better at what we do."

Jeffrey Birnbaum writes about the intersection of government and business every other Monday. His e-mail address iskstreetconfidential@washpost.com. He will be online to discuss lobbying, lawmaking and diversity on K Street at 1 p.m. today athttp://www.washingtonpost.com.

ANTITRUST:

The Average Taxpayers' Knight In Legal Armor (WSJ)

By Jay L. Himes, Chief, New York State Antitrust Bureau

The Wall Street Journal, August 7, 2006

The Average Taxpayers' Knight in Legal Armor

Your July 18 editorial "When the Chips Are Down" unfairly criticizes Attorney General Eliot Spitzer's decision to bring a civil antitrust action to recover damages for New York's governmental entities and consumers who were victimized by price-fixing by computer memory chip manufacturers.

The editorial acknowledges that "antitrust law permits persons harmed by a price-fixing conspiracy to sue for treble damages." But then it suggests that the attorney general's lawsuit is unnecessary to protect taxpayers because private class actions are already pending. In fact, without this office's lawsuit, the chances of recovering the very substantial overcharges that conspirators imposed on New York taxpayers and consumers would be virtually nil.

That is because private class-action attorneys have not included state government buyers in the class on whose behalf they seek to recover. There would be legal and practical impediments to their doing so. New York state law confers that responsibility on the attorney general. Accordingly, if this office did not take legal action to recover overcharges paid by

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governmental bodies in New York state, taxpayers' dollars probably would not be recovered at all. The same situation exists in many other states.

The attorney general's involvement also significantly increases the chances of recovery by New York consumers. Unfortunately, some courts have interpreted New York law -- mistakenly in our view -- to prohibit consumers from bringing antitrust class actions against price-fixers in state or federal court. In an appeal expected to be heard later this year by the New York Court of Appeals, our state's highest court, the attorney general's office will argue to overrule those decisions. In the meantime, because existing court rulings cloud the ability of consumers to recover in the pending class actions, the attorney general has exercised its independent legal authority to represent consumers, thus strengthening their opportunity to recover for the injuries inflicted by the price-fixers.

You note that fines of $730 million "have been levied" against several of the chip manufacturers. Those fines, however, are criminal penalties, paid to the U.S. Treasury. Not one cent in compensation has been paid by these convicted antitrust felons, or by any of the other conspiracy participants, to the government agencies or the consumers who were victimized by their unlawful cartel.

If successful, the attorney general's case against the computer memory chip manufacturers will benefit New York's taxpayers, consumers and businesses alike.

Jay L. Himes
Chief, Antitrust Bureau
Office of the State Attorney General
New York

ENVIRONMENT:

Eastern Shore Waterman Fights Rules Designed To Protect Sea Turtles (VP)

By Scott Harper
Hampton Roads Virginian-Pilot, August 7, 2006

CHERITON - Edward Bender answered the door in a T-shirt and boxer shorts.

Greeting a visitor to his modest home at midday here on Virginia's Eastern Shore, Bender looked like the rumpled actor Wilford Brimley just after a nap.

Bender explained that he had been upstairs on the computer, typing another court motion in his lawsuit against the National Marine Fisheries Service, an agency he describes as "a scary bunch of people."

"And believe me, I don't scare easy," he said.

Ongoing for three years, the suit says federal rules designed to keep sea turtles from entangling and dying in pound nets in the Chesapeake Bay are illegal, scientifically unproven and unfairly damaging to his fishing business. Furthermore, he said, "they're pretty stupid."

Part rebel, part rogue, Bender is one of a handful of watermen left in Virginia who fish with a pound net.

This centuries-old trap, a maze of mesh and rope and chain, extends some 300 feet from shore. It basically tricks fish, stopping them with a wall-like structure called a leader, which forces them to turn and swim into netted chambers from which they do not escape.

Pound nets snare thousands of pounds of fish at a time - and, federal officials say, a few sea turtles, too.

Because the reptiles are protected by the Endangered Species Act, and because hundreds have been washing ashore dead on Virginia's beaches in recent years, the government took action.

Ricky Stiles shovels a catch from Mark Bender's pound net into a sorter. Mark and his father, Edward Bender, face a $15,000 fine for violating turtle-protection rules two years ago.

AT ISSUE: POUND NETS

What they are: A pound net is a maze of mesh, rope and chain that can stop thousands of fish at a time with a wall-like structure called a leader, which forces them to turn and swim into netted chambers from which they do not escape.

And Bender got busy.

"If the NMFS rule-making staff unintelligently chose to override and ignore the best available scientific advice, then the rule should be found to be arbitrary and capricious and therefore void," he wrote in a 2004 legal brief filed in U.S. District Court in Norfolk, where his case is being heard.

Justice Department attorneys parrying Bender's claims could not recall a fisherma n, by himself, taking on a such a challenge as this.

They seem slightly amused, if not annoyed, by the case, which has swelled to 30 volumes of motions, memos and transcripts.

"It's been interesting, I'll say that," said George M. Kelley III, an assistant U.S. attorney in Norfolk.

Pound netting once was a way of life on the Bay. In 1930, more than 2,200 of the webbed devices stretched into the Bay, capturing almost half of the state's catch back then, about 45.5 million pounds.

Today, Virginia maintains a freeze on netting licenses, at 161. It started doing so in 1994, in response to scientific concerns the traps were threatening populations of gray trout, a coveted species among netters.

Most of the licenses go unused these days, officials said, because they are too expensive and laborious to maintain and there aren't enough fish left to make a good living. The lower Eastern Shore, near the mouth of the Bay along Cape Charles, is where most of the remaining action occurs.

"We're the ones who'll be extinct," Bender said of pound netters. "The turtles will be fine."

In his dispute with the federal government, Bender is both the accuser and the accused. He also is his own attorney, even though he never attended law school or finished college.

Bender and his son Mark face a $15,000 fine for violating the turtle-protection rules two years ago. They are accused of not removing their leader, the wall-like part of their net, on three days in May 2004.

That year, the government banned the use of leaders, which all pound nets utilize, in certain parts of the Bay in the late spring and early summer - when sea turtles are most prevalent in Virginia waters.

Bender is contesting the violation and the fine. He says he never should have been charged under rules that he was fighting in court as illegal. Furthermore, he says he cannot afford the penalty, having taken out loans against his mortgage to stay afloat during the regulatory crackdown.

Bender, 76, said he is worried he might not live to see the end of his case.

At his front door on a recent sultry day, he smiled devilishly at a visiting reporter and put a finger over the air hole in his throat; he suffers from apnea and needs a small, medical device to breathe and speak.

"Come in, come in," Bender said in a wheezy, gravelled chuckle. "I've got so much to tell you, I don't know where to begin."

He could start at the point where he once was jailed for not removing his sunken fishing boat from an Eastern Shore harbor. He said at the time that he did not have enough money. A judge ordered him to raise the boat, it being a navigational hazard. When he did not, he was put in the Northampton County jail for contempt of court until his sons finally extracted the boat.

Or perhaps he could start when he contested higher state fishing fees by say ing they violated the Constitution and were "taxation without representation." He appealed the matter to the Virginia Supreme Court but had to pay the new rates anyway.

Or when the state won a court order in 2003 barring Bender from filing any more legal challenges to Virginia fishing regulations unless he first convinc es a judge that the actions are not frivolous. The state took this extraordinary step because Bender kept filing petitions on behalf of grieving fishermen.

On this day, though, he started off with a brief personal history.

Bender was born and raised - and probably will die, he said - on the Eastern Shore. He once was in the Navy and attributes his hearing loss to too much time inside a ship's engine room.

He farmed for a while, got bored and became a master electrician. He took a job in southern Maryland as a pipe fitter at the Calvert Cliffs nuclear power plant.

Tired of the commute and the time away from his family, Bender eventually came home to Cheriton and started fishing, which he has done, on and off, for 30 years. His two sons are commercial fishermen, too.

"At least he's giving them a battle," the younger son, Peter, said, as he unloaded a catch of menhaden recently in Cape Charles.

Asked whether he thinks the federal rules will help turtles, Peter Bender didn't flinch. "No," he said. "Any turtle that ends up in a fish trap leader is sick or already is dead and just floated there. It's pretty worthless and only hurts us."

The elder Bender, too, said he has never killed a healthy sea turtle.

"They love pound nets," he said, "because they can follow all these fish into the trap and feast all day, then find their way out."

Federal officials say some turtles do not find their way out. Instead, they drown in the nets. Fishery officials point to research in 2004 that showed that eight turtles turned up dead in experimental nets in Virginia.

Pound nets take in croaker, striped bass, gray trout, menhaden and anything else that swims into the maze. Bender said his biggest haul was 200,000 pounds of croaker in one day, in 1978. He has earned as much as $66,000 in 10 days of net fishing, he said.

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That was a long time ago, however, before the National Marine Fisheries Service in 2002 enacted its first rule against pound nets for the sake of sea turtles. Now, Bender said, he and other netters are struggling to survive. Many pound-net fishers support Bender in his fight and are quick to refer questions about the dispute to him, as their spokesman.

Jack Musick, a sea turtle expert at the Virginia Institute of Marine Science, has said the government went too far by virtually banning pound nets in the lower Bay for awhile. He described the initial federal rules as "using a 12-pound ax when a scalpel is needed."

The National Marine Fisheries Service has modified its regulations almost every year since 2002 and now allows pound nets - if they are equipped with a leader that permits turtles to more easily escape.

Bender laughed when asked about the rule.

"Why didn't they start with something like this in the first place?" he asked. "Instead they just shut us down, without really saying why or without notice."

Last month, Bender went to court in Norfolk on the merits of his case. U.S. District Judge James Bradbury presided.

Bender arrived with a leather pouch in hand that held a few papers and was dressed in gray khakis, a golf shirt and deck shoes.

He sat in the back of the courtroom initially, instead of at the attorneys' desk. One of the federal attorneys, Meredith Flax, invited Bender forward. "Come sit here," she said.

"Oh," Bender said. "Nice to meet you finally."

Because he can barely hear, Bender brought a friend from the Eastern Shore, Granville Hogg. Hogg's job was to shout into Bender's right ear whatever the judge and federal attorneys were saying.

At several points the judge corrected Hogg for what he was repeating into Bender's ear. "No, no," Bradbury said. "I didn't mean that."

Bender offered a short opening statement.

"I'm here to show that what they've done is arbitrary and capricious," Bender told the judge. "Are you to rule on the arbitrary and capriciousness?"

One of Bradbury's biggest problems, he said, was that he did not know Bender's suggested remedy. The regulations in question have all changed, the judge said, so what did Bender actually want the court to do now, years after the fact?

Bender said he wanted the rules voided and his name cleared, along with the other fishermen who had been charged. Two netters already have settled federal violations, for $8,500 and $14,000. Two other cases are pending, besides Bender's.

After some technical review of how government officials arrived at and implemented the rules, Bradbury announced his intentions.

"Mr. Bender," he said, "I know you've spent a lot of time on this, and you've been more competent in what you're doing than other lawyers I've known.

"But in fairness to you," the judge continued, "I do not think you have a claim for remedy in this case, and no basis for recovery... and I do not intend to rule in your favor."

Before Bradbury would issue his formal opinion, however, he wanted the National Marine Fisheries Service to reconsider the proposed fine against Bender and his son.

"I don't represent to you that you cannot be fined at all," he told Bender, "but I would not like you tagged with a huge civil penalty."

Since then, the federal agency has sent Bender a letter saying it would lower its proposed fine from $18,000 to $15,000. Bradbury has not issued his final order.

After the hearing, Bender emerged with a smile. He said he appreciated Bradbury's sympathy and respect.

So what was his next move? Was the case over?

"Are you kidding?" Bender said with a grin. "I'm going to appeal."

BP Shuts Down Alaska Field To Prevent Spill (FT)

By Sheila Mcnulty In Houston

Financial Times, August 7, 2006

BP on Sunday night said it was shutting down its Alaska oil field after tests mandated by regulators found ”severe corrosion” in a pipeline, a move which would take 400,000 barrels per day from the market.

The shutdown is embarrassing for the UK oil giant, which has been attempting to portray a March spill – the largest ever at Prudhoe Bay – as a one-off and not indicative of the state of the Alaska field.

The spill followed an explosion at BP’s Texas refinery last year, which killed 15 and injured an estimated 500, prompting government officials to urge BP to review the safety culture across its US operations.

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While BP has, until now, defended its operations as safe, whistleblowers from within have complained through Chuck Hamel, their advocate, that BP's US operations – particularly those in Alaska — are poorly maintained.

"We've been whistling in the dark and not paid attention to," Mr Hamel said. "Now maybe we will be paid attention to."

Both the Texas and Alaska accidents are under grand jury investigation for possible criminal action against the company and its executives.

The March spill also brought heightened scrutiny by regulators, who required BP to use high-tech tests to check its pipelines for corrosion.

BP said on Sunday that test results it received on August 4 "revealed 16 anomalies in 12 locations in an oil transit line," leading to its decision to shut the field.

During follow-up inspections, BP discovered another leak and a spill of about five barrels of oil, which has been contained and is being cleaned up. It began a phased shutdown of the field on Sunday morning, a process which will take days to complete.

"We regret that it is necessary to take this action, and we apologise to the nation and the state of Alaska for the adverse impacts it will cause," said Bob Malone, BP America's chairman and president, who was recently appointed to improve the company's US safety record.

"However, the discovery of this leak and the unexpected results of this most recent [test] have called into question the condition of the oil transit lines at Prudhoe Bay," Mr Malone said. "We will not resume operation of the field until we and government regulators are satisfied that they can be operated safely and pose no threat to the environment."

BP is identifying and mobilising additional resources from across Alaska and North America in order to speed inspection of remaining Prudhoe Bay oil transit lines.

BP To Shut An Alaska Oil Field Amid Pipeline Flaw, Small Leak (WSJ)

By Jim Carlton

The Wall Street Journal, August 7, 2006

BP PLC said it will shut down its Prudhoe Bay oil field in Alaska, taking crude oil off the market in a time of tight supplies and rising demand, following the discovery of a corroded pipeline and small leak there.

The shutdown by the London energy titan comes as it seeks to patch up its image in North America, which has been marred by safety and environmental concerns in Alaska and elsewhere.

The shutdown, disclosed last night and expected to occur over several days, will result in curtailment of an estimated 400,000 barrels a day of oil, almost half the total daily production from fields on Alaska's North Slope. While the amount is relatively small compared with the 20.7 million barrels of oil a day consumed in the U.S. last year, the shutdown could affect oil markets because the thin margin between supply and demand has led to volatility.

BP officials said they wouldn't resume production at Prudhoe Bay until they and government regulators can be assured operations will present no further threat to the environment.

"We regret that it is necessary to take this action, and we apologize to the nation and the state of Alaska for the adverse impacts it will cause," Bob Malone, chairman and president of BP America, the company's North American unit, said in a statement. Crude-oil futures settled at $74.76 Friday on the New York Mercantile Exchange, up 2.1% for the week.

BP officials said the shutdown was begun after inspection tests Friday revealed "unexpectedly severe corrosion" and a small spill from a line on the eastern side of Prudhoe Bay used to carry processed crude to the Trans-Alaska Pipeline. The leak was estimated at about 200 gallons, and a cleanup effort is under way. Tests found a total of 16 anomalies in 12 locations because of corrosion on the line, BP said.

In March, corrosion on a similar line resulted in a spill of about 200,000 gallons of crude -- about 4,800 barrels -- at the same field, in the largest such spill in the history of North Slope oil production. Following the March spill, the Department of Transportation ordered BP to inspect the remaining transit lines to see if there were more signs of serious corrosion. Tests in June on one of those lines also revealed corrosion, prompting BP to close a two-mile stretch pending replacement of that line as well. As a result, BP had already curtailed daily production by about 23,000 barrels a day.

BP officials say they have ramped up their spending on anticorrosion programs over the past few years and say it is now among their top priorities world-wide. Several state and federal investigations have been launched into the corrosion problems, including a criminal probe by the Environmental Protection Agency. BP has said it is cooperating.

BP also faces regulatory probes and a criminal investigation over a March 2005 explosion at a BP refinery in Texas City, Texas, that killed 15 workers. In June, the Commodity Futures Trading Commission and the Justice Department alleged in civil and criminal complaints that BP traders manipulated the propane market in early 2004. BP has said it will fight the price-

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manipulation allegations. Mr. Malone has said one of his top priorities is to convince officials that BP is acting aggressively to correct problems.

BP Shuts Down Alaskan Oil Line (WT/AP)

By Mary Pemberton

The Washington Times, August 7, 2006

ANCHORAGE, Alaska -- In a sudden blow to the nation's oil supply, half the production on Alaska's North Slope was being shut down yesterday after BP Exploration Alaska Inc. discovered severe corrosion in a Prudhoe Bay oil-transit line.

BP officials said they didn't know how long the Prudhoe Bay field would be offline. "I don't even know how long it's going to take to shut it down," said Tom Williams, BP's senior tax and royalty counsel.

Once the field is shut down, in a process expected to take days, BP said oil production will be reduced by 400,000 barrels a day. That's nearly 8 percent of U.S. oil production as of May or about 2.6 percent of U.S. supply including imports, according to data from the U.S. Energy Information Administration.

The shutdown comes at an already worrisome time for the oil industry, with supply concerns stemming both from the hurricane season and instability in the Middle East.

"We regret that it is necessary to take this action, and we apologize to the nation and the state of Alaska for the adverse impacts it will cause," BP America Chairman and President Bob Malone said in a statement.

A 400,000-barrel-per-day reduction in output would have a major effect on oil prices, said Tetsu Emori, chief commodities strategist at Mitsui Bussan Futures in Tokyo.

"Oil prices could increase by as much as $10 per barrel given the current environment," Mr. Emori said. "But we can't really say for sure how big an effect this is going to have until we have more exact figures about how much production is going to be reduced."

Mr. Malone said the field will not resume operating until the company and government regulators are satisfied it can run safely without threatening the environment.

Officials at BP, a unit of the London-based company BP PLC, learned Friday that data from an internal sensing device found 16 anomalies in 12 locations in an oil-transit line on the eastern side of the field. Follow-up inspections found that "corrosion-related wall thinning appeared to exceed BP criteria for continued operation," the company said in a release.

Workers also found a small spill, estimated to be about four to five barrels. A barrel contains 42 gallons of crude oil. The spill has been contained and cleanup efforts are under way, BP said.

"Our production while all this is in place is going to be marginal," said Will Vandergriff, spokesman for Alaska Gov. Frank Murkowski. "That presents some technical problems because it's a high-capacity line, and it's meant to be filled."

Mr. Vandergriff said he did not know exactly what potential problems a sudden drop in oil flow might cause the pipeline. Alyeska Pipeline Co. officials could not immediately be reached for comment.

A prolonged shutdown would be a major blow to domestic oil production, but even a short one could be crippling to Alaska's economy.

According to forecast figures from the Alaska Department of Revenue, a production drop of 400,000 barrels of oil per day would mean approximately $4.6 million per day lost to the state. That is money going to both the state treasury and the state's oil-wealth savings account, the Alaska Permanent Fund.

"That starts adding up to big bucks in a hurry," said Alaska House Finance Committee Co-Chairman Mike Chenault, a Republican. "It could start having a disastrous effect on the state as early as today."

BP said it was sending additional resources from across the state and North America to hasten the inspection of the remaining transit lines. About 40 percent of the lines have been inspected.

BP previously said it would replace a 3-mile-long segment of pipeline following inspections conducted after as much as 267,000 gallons of oil spilled onto the frozen ground about 250 miles above the Arctic Circle in March.

Alaska House Speaker John Harris, Valdez Republican, said it was admirable that BP took immediate action, although it's sure to hurt state coffers.

"This state cannot afford to have another Exxon Valdez," Mr. Harris said.

The Exxon Valdez tanker emptied 11 million gallons of crude oil into Prince William Sound in 1989, killing hundreds of thousands of birds and marine animals and soiling more than 1,200 miles of rocky beach in the nation's largest oil spill.

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FBI/DEA/ATF/USMS:

Reporters' Lawyers Cite Press Freedom In Steroid-Use Leak Investigation (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, August 5, 2006

SAN FRANCISCO — Attorneys for two reporters, who face jail if they refuse to reveal who gave them secret testimony on the use of steroids by star athletes, argued Friday that hamstringing the press' ability to gather news would harm the public interest more than the leak did.

The San Francisco Chronicle reporters, Mark Fainaru-Wada, 41, and Lance Williams, 56, were subpoenaed to a federal grand jury in May to reveal who provided the testimony of baseball stars Barry Bonds, Jason Giambi and Gary Sheffield in the federal probe of the Bay Area Laboratory Co-Operative (BALCO).

The reporters' attorneys immediately sought to quash the subpoenas. U.S. District Judge Jeffrey S. White heard arguments from both sides Friday.

Prosecutors contend that the leak in 2004 seriously breached grand jury secrecy and could hinder their ability to get reliable testimony in future criminal probes.

Greg Anderson, Bonds' personal trainer, has cited the leaks as a reason he has refused to testify to a new grand jury — for which he was jailed last month.

Prosecutors are also investigating perjury and obstruction-of-justice allegations, because all the people known to have had access to the leaked material have signed sworn declarations that they were not the source.

The Chronicle's attorneys downplayed the breach. They urged the judge to balance it against the need of the press to use confidential sources to fulfill its news-gathering role — and specifically the public service that the Chronicle's series on steroid use provided.

The Chronicle's stories on the BALCO probe sparked a national debate, pushed Major League Baseball to impose punishments and earned praise from President Bush, attorneys said.

"This reporting put a name and a face on a very abstract concern," said Chronicle attorney Jonathan Donnellan. "Before these articles came out, Congress was not moving on the issue of steroid abuse in Major League Baseball."

There is no federal law protecting journalists from being compelled to reveal their sources, nor has the U.S. Supreme Court given them such a shield under the 1st Amendment.

The only time the high court addressed the issue specifically was 34 years ago in Branzburg vs. Hayes, when it upheld contempt convictions for reporters who had failed to appear before grand juries.

An appeals panel in Washington, D.C., last year used the Branzburg ruling to uphold contempt charges against New York Times reporter Judith Miller and Time magazine reporter Matthew Cooper. But the Branzburg case left enough latitude that the issue is far from settled.

In his oft-cited concurring opinion in 1972, Justice Lewis Powell wrote there must be a "proper balance between freedom of the press and the obligation of all citizens to give relevant testimony with respect to criminal conduct."

Media attorneys routinely advocate such a balancing. Donnellan argued Friday that appellate court decisions since Branzburg have established a common-law privilege for reporters to protect their sources in all but the most extraordinary circumstances, such as threats to national security.

He cited the Department of Justice's own manual, which calls for subpoenas of the press only "where immediate action is required to avoid the loss of life or compromise of a security interest."

Donnellan said the leak in the BALCO case did not harm the government's probe into the firm's steroid distribution.

But the judge repeatedly questioned how the leak could be insignificant.

"Perjury, breach of the grand jury, obstruction of justice," White said. "How can you say this is not serious?"

White is expected to issue his ruling sometime this month.

"If the court decides this is worthy of sending us to jail, that's what's going to happen," Fainaru-Wada said.

Jailing Of Reporters Send Powerful Signal (AP)

By Scott Lindlaw, The Associated Press

AP, August 4, 2006

SAN FRANCISCO -- The jailing of a video journalist this week is turning up the heat on the growing list of reporters ordered to cough up information to federal grand juries. It also is sending a powerful signal: cooperate or face prison time.

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Trying to compel journalists to testify is an increasingly popular tactic among federal investigators seeking all types of information. Even the occasional incarceration of reporters is enough to put the squeeze on the news media.

Prosecutors are exploiting the absence of a federal shield law protecting journalists from prosecutors who seek their sources or material, said Duffy Carolan, a media attorney at the law firm Davis Wright Tremaine.

"The federal government is seizing upon a weakness in the law," she said.

Carolan, who has represented The Associated Press in the past, said the government is increasingly becoming more aggressive "in going after reporters in the grand jury context."

Freelance video journalist and blogger Joshua Wolf was jailed Tuesday for refusing to hand over his unaired footage from a July 2005 protest.

Wolf does not fit the classic profile of a reporter trying to protect a source. He describes himself as an activist and journalist, a freelance cameraman who also runs a blog.

He videotaped a protest in which anarchists were suspected of vandalizing a city police car. One San Francisco police officer was struck during the rally against the G-8 economic summit last year and sustained a fractured skull.

Wolf refused to turn over complete tapes of the demonstration, which federal authorities said might help them identify people who committed crimes.

Lucy A. Dalglish, executive director of the Reporters Committee for Freedom of the Press, said the case demonstrates that the federal government is willing to cast a wider net in seeking information from the media.

"It means they go after everybody _ mass media and independent," she said. "This is the first time it's been pretty clear to me the federal government is interested in what bloggers do."

Wolf is the first journalist jailed for refusing to cooperate with a federal grand jury since New York Times reporter Judith Miller spent 85 days in jail last year for refusing to testify in the investigation into who leaked CIA agent Valerie Plame's name.

While jailings are infrequent, the number of subpoenas seeking to force reporters to testify has grown, Dalglish said.

Federal authorities are trying to compel the testimony of two San Francisco Chronicle reporters _ Lance Williams and Mark Fainaru-Wada _ who obtained the grand jury testimony of Barry Bonds, Jason Giambi and other participants in the government's steroids investigation.

The reporters have challenged a subpoena ordering them to divulge who leaked them transcripts from the secret grand jury proceedings. They are due to appear in court Friday for a hearing on their bid to quash the subpoena.

California has one of the nation's most protective statutes shielding journalists from prosecutors' inquiries. The law generally allows journalists to decline to divulge unpublished material to state authorities. No such shield exists in federal investigations, however, and the state law does not extend to federal courts.

Some media observers said the Wolf case _ involving the alleged vandalism of city, not federal property _ should never have been in federal court. But prosecutors argued that federal money helped pay for the police cruiser that was allegedly torched in the protest.

"I'd like them to tell me 10 other instances where cop cars were vandalized in the last year where the FBI stepped in to investigate," Dalglish said. "I think it was done here for sole purpose of avoiding the strong state shield law."

Luke T. Macaulay, a spokesman for the U.S. attorney's office here, said his office did not initiate the federal probe to circumvent the California law. Other federal officials said the FBI got involved before it knew Wolf and his tapes existed.

"We have an obligation to the community to investigate and gather relevant and material evidence of serious crimes," Macaulay said.

The San Francisco Police Department asked federal investigators to take over the case, said city and federal law enforcement officials who spoke on condition of anonymity because the investigation remains open.

The police department urgently wanted to investigate the matter because it believed there had been an attempted murder on a police officer, the city official said.

The department believed the city's Board of Supervisors would not support the probe, so they called on federal authorities since the federal government subsidizes the acquisition of police cars, the officials said.

A limited shield law for journalists in federal cases is currently under consideration by Congress.

Journalists Decry Pressure Over Sources (AP)

By Juliana Barbassa, The Associated Press

AP, August 6, 2006

SAN FRANCISCO -- Journalism groups on Saturday decried the jailing of a video journalist and other recent court rulings pressuring media workers to divulge information to the government.

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The news media becomes an information-gathering arm of law enforcement when journalists are ordered to give up confidential sources or unpublished material, said Tony Overman, president of the National Press Photographers Association.

"When news sources believe that statements or actions observed or reported by journalists find their way into the hands of police or prosecutors, those sources will be less willing _ or flat-out afraid _ to cooperate with the media," Overman said at a news conference.

The photographers association and the Society of Professional Journalists announced they would help pay for the legal defense of freelance video journalist Joshua Wolf.

A federal judge in San Francisco ordered Wolf jailed this week for refusing to hand over unaired video shot during a July 2005 protest in which a police car was vandalized and an officer injured.

Judith Miller, the former New York Times reporter who was jailed for 85 days last year, attempted to interview Wolf on Saturday at the federal detention facility in Dublin but was turned away by guards.

Officials prohibited press interviews with Wolf, said Miller, who was visiting family in northern California.

"I was just there to express my personal moral support for him," Miller told The Associated Press. "When I went to jail I had The New York Times behind me and a lot of publicity, and Josh Wolf did not have any of that. Anybody who looks at this trend has got to be worried about the obstacles being thrown in the way of a free and open press."

Wolf's defense lawyer, Jose Luis Fuentes, said jail officials blocked him from seeing his client until Saturday, five days after his incarceration. Wolf remains steadfast in refusing to surrender the footage, Fuentes said.

"It smells and appears to be punishment, which is not what the civil contempt order is about _ it's about coercion," he said. "If he can't make phone calls to his mother or have visits from his mother, and he is denied visits from his attorney, it would seem that's all punishment."

A call to a spokesman for the correctional facility was not returned late Saturday.

The journalists said Saturday that recent court actions have violated First Amendment rights and eroded the news media's ability to serve as a public-interest watchdog.

San Francisco Chronicle reporters Lance Williams and Mark Fainaru-Wada are fighting a federal subpoena that would force them to reveal the source of leaked grand jury testimony in the steroid investigation involving Giants slugger Barry Bonds.

Miller was jailed for refusing to testify in an investigation into the leak of CIA agent Valerie Plame's name.

Journalists were also incarcerated in 2004, 2001, 2000, 1996 and 1994.

"We must stand together as journalists, scholars, educators and American citizens for freedom of the press, on behalf of our country," said Julianne Newton, a professor at the University of Oregon's journalism school.

'Clear' Steroid Creator Is Sentenced (AP)

By Paul Elias, The Associated Press

AP, August 4, 2006

SAN FRANCISCO -- The chemist who created "the clear," a previously undetectable steroid, was sentenced Friday to three months in prison and three months' home confinement for his role in the BALCO drug scandal.

Patrick Arnold was the last of five defendants convicted of steroid-distribution charges connected to the Bay Area Laboratory Co-Operative, a nutritional supplement company federal authorities exposed as a steroid distribution ring for top athletes.

"The behavior reflected here is destructive and damaging to Arnold, damaging to the community and damaging to the nation as a whole," U.S. District Court Judge Susan Illston said. Arnold was ordered to report to prison by Sept. 19.

"I'm very regretful for what I've done and especially since what it has precipitated in sports and society," Arnold said outside court. "I do believe there should be a level playing field, and that this whole things needs to be addressed."

Federal prosecutors declined to comment.

Arnold created the steroid in his Illinois laboratory. But he and his BALCO co-conspirators were tripped up when track coach Trevor Graham anonymously mailed a syringe containing the performance-enhancing drug to the U.S. Anti-Doping Agency in June 2003.

With "the clear" in hand, scientists were able to create a test to detect it.

Arnold was snared after federal agents raided his Champaign, Ill., lab last year.

The scientist is best known for introducing the steroid precursor androstenedione to the United States. Nicknamed "andro," the chemical came to public attention in 1998 when St. Louis Cardinals slugger Mark McGwire said he used it when he broke baseball's single-season home run record.

In April, Arnold pleaded guilty in federal court to one count of conspiracy to distribute steroids.

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He was indicted in November on a charge of conspiring with BALCO founder Victor Conte to distribute tetrahydragestrinone, also known as "the clear," a powerful steroid that helped athletes add muscle mass and recover quickly from intense workouts.

"The defendant bears a heavy burden for his key role in effectively polluting professional sports with drugs which were designed to cheat the system," prosecutors said in court papers urging the prison term.

A new grand jury is investigating whether San Francisco Giants outfielder Barry Bonds lied about using "the clear" to the grand jury that investigated the BALCO lab more than two years ago. Graham also reportedly is a target of the federal steroids investigation, according to the New York Times, and is connected to several athletes who have tested positive or were suspended for using performance-enhancing drugs. Graham has denied any involvement with doping.

The BALCO probe has netted guilty pleas from Conte, Bonds' trainer Greg Anderson, BALCO vice president James Valente and track coach Remi Korchemny.

The indictment against Arnold alleged he trafficked in performance-enhancing drugs that were designed to avoid detection.

According to leaked excerpts of Bonds' testimony reported in the San Francisco Chronicle, Bonds told the BALCO grand jury he used a clear substance and a cream given to him by Anderson. Bonds, the second greatest home run hitter in the major leagues, testified that Anderson informed him the substances were the nutritional supplement flaxseed oil and a rubbing balm for arthritis.

Bonds' surgeon Arthur Ting, Anderson and Giants athletic trainer Stan Conte _ no relation to Victor Conte _ have been summoned to testify in front of the grand jury investigating Bonds for perjury and tax evasion.

U.S. Officials Wanted Gatlin Out Of Event (LAT)

Larry Stewart From Times Staff And Wire Reports

The Los Angeles Times, August 5, 2006

Justin Gatlin insisted on running at the national championships in June even after USA Track and Field officials asked him to withdraw over his positive drug test, a person with knowledge of the meeting told the Associated Press on Friday.

Because only the "A" sample result was available from the April test, USATF had no authority to bar Gatlin from competing. Results of the backup "B" sample are required before a doping test is considered positive.

Gatlin professed his innocence to USA Track and Field officials when they suggested that he drop out of the meet, said the source, who asked not to be identified because of the sensitive nature of the information. He went on to win the national 100-meter title.

Gatlin, who tied Jamaican Asafa Powell's world-record mark of 9.77 seconds three weeks after his fateful drug test, has not raced since. He canceled several European appearances, citing a leg injury.

Gatlin and USATF learned of the positive test just days before the U.S. championships began June 21 in Indianapolis.

By then, it was too late to remove Gatlin's photograph from the meet's posters and the many banners hung around the city. He showed up at the pre-meet news conference offering no hint of what was hanging over him.

A promising British sprinter has severed ties with Gatlin's coach, Trevor Graham, after the American runner's positive doping test.

Harry Aikines-Aryeetey, a 17-year-old world youth champion at 100 and 200 meters, and his coach spent 10 days with Gatlin and Graham earlier this year in Raleigh, N.C.

On Thursday, the U.S. Olympic Committee banned Graham from its training centers and training sites because a number of athletes he has coached have been convicted of doping offenses.

TENNIS

Third-Seeded Hewitt Loses at Legg Mason

Third-seeded Lleyton Hewitt became the latest big-name player to fall out of the Legg Mason Tennis Classic in Washington, losing, 7-6 (1), 6-4, to 11th-seeded Arnaud Clement.

Hewitt's exit left seventh-seeded Dmitry Tursunov as the highest seeded player and lone top-30 player remaining after his 6-3, 6-2 victory over 14th-seeded Tim Henman.

Clement will play in the semifinals against the winner of the match between Wesley Moodie and Marat Safin.

Eighth-seeded Andy Murray defeated the lone remaining American, 16th-seeded Mardy Fish, 6-2, 6-4. Murray will face Tursunov in the semifinals.

Top-seeded Nikolay Davydenko beat Carlos Berlocq, 6-0, 6-4, to advance to the semifinals of the Prokom Open at Sopot, Poland.

He will play seventh-seeded Filippo Volandri, who beat Oliver Marach, 6-2, 6-3.

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In the other semifinal, eighth-seeded Agustin Calleri will play Florian Mayer. Calleri beat Michal Przysiezny, 6-4, 6-2, and Mayer beat fifth-seeded Juan Ignacio Chela, 6-4, 6-0.

Andre Agassi withdrew from next week's Rogers Cup in Toronto. It was to be his final Canadian appearance before the 36-year-old star ends his 20-year pro career at the U.S. Open.

JURISPRUDENCE

Steroid Chemist Is Sentenced to Prison

The chemist who created "the clear," a previously undetectable steroid, was sentenced to three months in prison and three months' home confinement for his role in the BALCO drug scandal.

Patrick Arnold was the last of five defendants convicted of steroid-distribution charges connected to the Bay Area Laboratory Co-Operative, a nutritional supplement company federal authorities exposed as a steroid distribution ring for top athletes.

"The behavior reflected here is destructive and damaging to Arnold, damaging to the community and damaging to the nation as a whole," U.S. District Court Judge Susan Illston said.

Arnold was ordered to report to prison by Sept. 19.

Detroit Pistons center Dale Davis was shocked with a stun gun and charged with assault and disorderly conduct in an altercation with Miami Beach police.

Davis was arrested Tuesday at a Miami Beach hotel and accused of threatening police, security guards and shouting profanities, police said.

MOTOR RACING

Crawford Wins Trucks Race at Indianapolis

Rick Crawford took the lead in his Ford during a four-truck battle with 32 laps remaining, then held on to beat Dennis Setzer by 10 lengths in the NASCAR Craftsman Truck Series' Power Stroke Diesel 200 at O'Reilly Raceway Park in Indianapolis.

PRO BASKETBALL

Suns Sign Barbosa to Five-Year Extension

Leandro Barbosa always wanted to stay in Phoenix. The only question was whether the Suns would make it worth his while. They answered that question by signing the 6-3 guard to a five-year, $33-million contract extension that begins after the 2007-08 season.

The Dallas Mavericks released 7-foot-5 Russian center Pavel Podkolzin, a former first-round pick who played only six games in two seasons. Podkolzin was acquired from Utah after being picked 21st in the 2004 draft. He sat out the first 59 games of last season because of a broken right foot.

SOCCER

Rooney Is Ejected in United's 3-1 Win

Wayne Rooney, Paul Scholes and Ole Gunnar Solskjaer scored to lead Manchester United over FC Porto, 3-1, in a match marred by red cards for both Rooney and Scholes in the LG Tournament at Amsterdam.

Manchester United was dominant in the first half before Rooney was ejected for smashing his arm into Pepe Ferreira's face.

Scholes, who put United ahead in the first half, was dismissed when he collected a second yellow card after the break.

MISCELLANY

Raiders-Eagles Game to Be Broadcast on 790

Radio station 790, which will broadcast Sunday's Hall of Fame game between Philadelphia Eagles and Oakland Raiders, is working out details to carry Sunday night games throughout the NFL season. Station 97.1 had been carrying the Sunday night games.

— Larry Stewart

Rick Mazzuto, athletic director at Longwood College in Virginia since 2002, has been named athletic director at Cal State Northridge.

Coach Says Testers Got Tip On Gatlin (AP)

By The Associated Press

AP, August 6, 2006

Justin Gatlin's coach, Trevor Graham, said the United States Anti-Doping Agency was alerted to repeatedly test Gatlin until "you find whatever they had put in his body."

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Graham told ESPN.com that doping-control officers were waiting for Gatlin when he returned to Raleigh, N.C., on April 24, two days after the Kansas Relays, where he tested positive for testosterone or other steroids after a relay race. Gatlin was tested again at the Penn Relays, April 25-29.

"They just kept on testing him," Graham told ESPN.com. "They tested him three times in one week."

Gatlin, who shares the world record in the 100 meters, has said he did not know how steroids got into his system, and his attorney has distanced Gatlin from Graham's comments.

Graham has been involved with at least a half-dozen athletes who have received drug suspensions. He has accused the massage therapist Chris Whetstine of rubbing a steroid cream on Gatlin to trigger the positive test. Whetstine has denied the allegations.

"Somehow, when we are going to doping control, Chris stopped Justin and is like, 'Let me massage him really quick, Coach,' " Graham told ESPN.com. "I was like, 'No, you ain't got to massage it, man.'

"He kept coming at Justin."

Graham said Whetstine then "pulled a tube out of his pocket, not out of his bag, and then he just squirted a tube on Justin's leg."

Gatlin went straight to a doping test after the application of that cream, Graham said.

"Someone probably called them, like they knew something was going to happen," Graham told ESPN.com. "Telling them to keep testing this guy until you find whatever they had put in his body."

Elizabeth Baker, Whetstine's lawyer, said Whetstine had denied using any illegal substance on Gatlin. "If Mr. Gatlin needed therapy at that time, he got it, but there was nothing administered to him,'' Baker said last week.

Track Body Seeks Longer Bans (AP)

By Nesha Starcevic, Associated Press

AP, August 7, 2006

GOTEBORG, Sweden — Alarmed by the case of Olympic champion Justin Gatlin, track and field's governing body wants to reintroduce four-year bans for first-time serious doping offenders.

Calling the Gatlin case a "disaster for our sport," International Association of Athletics Federation chief Lamine Diack said his group was prepared to go alone in imposing four-year bans.

"We want to move in that direction," Diack said Sunday, a day before the start of the European Championships. "It's not a problem for us to go back to four years. We cannot have doping."

"This is the position of the whole IAAF family," said Diack, adding that the athletes' commission of the federation supports such action.

The IAAF had reduced its four-year bans to two years to be in line with the doping policies of other sports.

The proposal on longer suspensions will be put before the next congress of the IAAF, in Osaka, Japan, in August 2007, Diack said. He wants the World Anti-Doping Agency to lobby governments to the four-year bans.

"We need the support of government and for that we need WADA," he said.

Track and field had four-year bans from 1991-95. The world anti-doping code, signed by most major sports federations, provides for two-year bans for first-time doping offenders.

The four-year bans would be valid for serious offenses, such as performance-boosting steroids and blood doping while penalties for stimulants would remain less severe.

"If other federations go along, they are welcome. If not, we'll go it alone," said Helmut Digel, a German vice president of the IAAF's policy-setting council. "The athletes don't take two years seriously, but four years is much more of a deterrent."

"We are facing a difficult situation," Diack added. "Our sponsors and television have to know that we are serious about this doping problem."

Gatlin, the Olympic and world 100-meter champion, will get a lifetime ban from the sport's international governing body if found guilty of doping.

He disclosed last month he tested positive for testosterone or other prohibited steroids after a relay race in Kansas in April.

If his test is confirmed, it would be Gatlin's second offense, and would mean a lifetime ban from the sport. While in college, the American tested positive for a banned substance contained in Adderall, which he took to calm attention deficit disorder.

He drew a two-year ban in international competition after the first infraction, but it was later reduced to one year.

Gatlin said he will cooperate with the USADA and "hope that when all the facts are revealed it will be determined that I have done nothing wrong."

"I cannot account for these results because I have never knowingly used any banned substance or authorized anyone else to administer such a substance to me," Gatlin said.

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Gatlin tied Jamaica's Asafa Powell in May for the world record in the 100 at 9.77 seconds, but he would lose the record if found guilty of doping.

The Burden Of Failure Puts Athletes At Risk (NYT)

By Harvey Araton

The New York Times, August 7, 2006

PAY attention, Bud Selig, to this latest round of sporting drug scandal, to these distasteful tales from track and cycling. Before making another one of those grand commissioner's pronouncements about how baseball has cleaned up its act with a stricter steroid plan, remember that so-called deterrence appears to have had no effect in the continuing cases of Justin Gatlin and Floyd Landis.

Their sports have upgraded testing, stiffened sanctions using World Anti-Doping Agency protocols. And yet Gatlin, the sprinter, and Landis, the cyclist, stand accused, and not of using some designer drug delicately spawned to beat the system.

Having convinced nobody with possible (and pitiful) explanations for his elevated levels of eminently detectable testosterone after the decisive 17th stage of last month's Tour de France, Landis may want to raise a more plaintive question as he tries to defend his withering honor and a title that he knew would bring scrutiny: "How stupid do you think I am?"

That nine other riders, including a couple of longtime contenders, were barred from this year's Tour after being implicated in a Spanish drug probe suggests that cycling is infected with a succeed-at-all-costs recklessness. But before we consign those who pedal up mountains to the asylum for deranged zealotry, before we differentiate athletes we don't care much about from those of our daily pastime passion, let us acknowledge that cheaters — far from being born or endemic to one sport or another — are more likely products of a twisted development.

Let us remember that obsessive behavior is invariably at the root of the deceit, and on that score, on all fronts, including Selig's, the mountain climb is only becoming steeper and more slippery.

Several weeks ago, in the June issue of The New York Times's Play Magazine, an article appeared under the title, "Baseball for Life," chronicling the state of American youth baseball at its qualitative best and contrived worst. The article portrayed elite travel baseball — a recent phenomenon and the competitively bloated version of the Williamsport, Pa.-based Little League — as a virtual laboratory for the purpose of creating slugging and hurling Frankenstein monsters.

Focusing on a team in Central Florida, it described an adult-driven culture in which preadolescents live and breathe baseball 12 months a year, competing on regional all-star teams that include some players who actually commute by plane.

Depressing as it was to read about an unusually large and powerful boy from Las Vegas who has been recruited by numerous teams nationwide to serve as a roving ringer, the article's saddest passage was a family scene outside the lines, a 12-year-old playfully letting his dog gnaw on his fingers until his mother called out: "Pitching hand! Pitching hand!"

What can happen when child's fancy becomes family fervor, when substantial sums of money and years are spent chasing the pot of gold at the end of the big-league rainbow?

Daniel Gould, who directs the Institute for the Study of Youth Sports at Michigan State, was quoted in the article: "Kids realize the sacrifices their parents are making, and if they don't play well, they feel like they're letting them down. It can be very subtle. They realize, 'Boy, I get the bigger hug when I hit the home run than when I strike out.' "

·Is that what this whole performance-enhancement scourge is coming to? Do future dopers need to be embraced right now, made to understand by their mommies that defeat is gallant compared to the shame of suspension?

After reading the article in Play, I called Gary I. Wadler, an associate professor of medicine at New York University and a steroid expert, and asked if it is a mistake to always focus on the clinical aspects of steroids, and never on the motivational.

Wadler, no psychologist, reminded me that he had spent a dozen years as the official physician at the United States Open tennis tournament, in the stronghold of the controlling sports parent. He agreed that the oppressive values that shaped individual pursuits had invaded baseball and other team sports and created the belief that prodigies could be made if they were nurtured soon after they learned to walk.

It doesn't take Freud to hypothesize that athletes who have a deep-seated fear of failure that is parent-instilled will be more likely to risk an organ or two and try to defy the odds of producing a positive drug test in the ongoing quest for that defining bigger hug.

"We've created a dangerous culture," Wadler said. "These kids are growing up feeling the burden of so much being invested in them."

We lurch from one outrage to another, the answers begetting more questions.

If, for instance, Landis's formerly inspirational 17th stage must now be attributed to the juice, if cycling is to be dismissed as the dirtiest sport we know, doesn't it stretch credulity to think that Lance Armstrong, the man who managed to win the Tour seven consecutive years was clean, especially in light of accusations that cycling people everywhere but France prefer to dismiss?

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· Armstrong never officially failed a test? Neither did Marion Jones — or Barry Bonds, for that matter — but both have been convicted in the world court of public opinion.

Unless Landis and Gatlin can prove themselves not guilty, there will be little doubt about them, among the unlucky to be snared by a testing net that will always have holes. They will be sent away in disgrace, but the temptation will remain for obsessive young athletes we are nurturing with more single-minded intensity than ever.

Deterrence can be only a treatment, not a cure, when the sickness is in the system.

Using Drugs In Sports Used To Be Considered Just Part Of The Game (WSJ)

By Cynthia Crossen

The Wall Street Journal, August 7, 2006

An American weightlifter, Ken Patera, was training for a rematch against a Russian superheavyweight, Vasiliy Alexeev, at the 1972 Olympics. In an earlier competition, Mr. Alexeev had narrowly beat Mr. Patera.

"The only difference between me and him," Mr. Patera explained to reporters, "was that I couldn't afford his pharmacy bill. Now I can. When I hit Munich next year, I'll weigh in about 340, maybe 350. Then we'll see which are better -- his steroids or mine."

For centuries, elite athletes have used special diets and potions to give them an edge beyond their physical training. Ancient Greek athletes apparently prepared themselves with high-protein diets and hallucinogenic mushrooms. Roman gladiators may have used stimulants. But starting in the late 19th century, advances in science and the emergence of a new class of professional athletes combined to make drugs an increasingly common competitive strategy.

"Ethical objections, such as the idea that doping is a violation of 'the spirit of sport,' did not exist at the beginning of the high-performance era," says John Hoberman, a professor at the University of Texas in Austin and a historian of sports doping. "The entire athletic enterprise was regarded as an exploration of human limits and what could be done to extend them. The idea of using drugs to combat fatigue seemed like a perfectly natural strategy, since the primary competition was between human beings and their fatigue symptoms."

So, for example, in the 1904 Olympics in St. Louis, U.S. marathon runner Thomas Hicks finished first, thanks in part to the strychnine (a stimulant at low doses) and brandy his handlers were feeding him along the route. Despite this becoming public knowledge, Mr. Hicks was allowed to keep his medal.

In the decades since, the desire to win has only intensified, as top athletes have become commercial gold mines. Amphetamines were the drugs of choice for many athletes in the 1940s and 1950s. Then, in 1956, Ciba Pharmaceuticals, in collaboration with an American sports doctor, John Ziegler, released Dianabol, the first widely available anabolic (tissue-building) steroid. Although supposedly aimed at burn victims and the elderly, the pills became popular among U.S. bodybuilders. Soon, many competitive athletes were testing the benefits -- and side effects -- of these so-called bulk bombs.

"Over the past century, the quantifiable elite sports, such as weight lifting and track and field, have developed into nothing less than an enormous biomedical experiment on the human organism itself," Mr. Hoberman says.

But as drugs became more prevalent and effective, apprehension about them also increased. At the 1960 Olympics in Rome, a Danish cyclist, Knud Jensen, collapsed while riding in a 100-kilometer team trial, fractured his skull and died. An autopsy revealed amphetamines in his blood. Mr. Jensen's death, the first in Olympic competition since 1912, was a wake-up call to the International Olympic Committee, which had no official policy on doping.

Nor was it only Olympic athletes who were doping themselves. Jacques Anquetil, a French cyclist who won the Tour de France five times beginning in 1957, openly admitted using drugs during competitions and implied that every top cyclist did. "Only a fool would imagine it was possible to win the Tour de France on mineral water," Mr. Anquetil said. On July 13, 1967, British cyclist Tommy Simpson died as he competed in the televised Tour de France; traces of amphetamine and cognac were later found in his blood.

A few months earlier, in May 1967, the Olympic committee officially banned a number of substances, including narcotics and amphetamines, and announced that small-scale drug testing would begin at the 1968 Olympics in Grenoble and Mexico City. (Steroids weren't banned until 1975.) Despite the new rules and enforcement plans, Harold Connolly, who had won the gold medal in the hammer throw at the 1956 Olympics, told a congressional committee in 1973, "I know any number of athletes on the 1968 Olympic team who had so much scar tissue and so many puncture holes in their backsides that it was difficult to find a fresh spot to give them a new shot."

Terry Todd, author of "A History of the Use of Anabolic Steroids in Sports," (1992) believes two cultural phenomena of the 1960s made doping in sports inevitable and intractable. Athletes growing up then were taught that "science could make their lives -- their athletic quests -- easier." And there appeared a "significant subculture in which the use of illegal substances was not only permissible but a badge of honor."

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Since then, many athletes and their doctors have joined a pharmaceutical arms race with the organizations that govern their sports. In 1968, reporters at the Mexico City Olympics asked an American weightlifter about a new ban on amphetamines.

"What ban?" he said. "Everyone used a new one from West Germany. They couldn't pick it up on the test they were using. When they get a test for that one, we'll find something else. It's like cops and robbers."

British Sprinter Cuts Ties With Graham, Gatlin (AP)

AP, August 4, 2006

LONDON (AP) — A promising British sprinter has severed ties with track coach Trevor Graham and fellow sprinter Justin Gatlin following the U.S. runner's positive doping test.

Harry Aikines-Aryeetey, a 17-year-old world youth champion at 100 and 200 meters, and his coach spent 10 days with Gatlin and Graham earlier this year at their base in Raleigh, N.C.

On Thursday, the U.S. Olympic Committee banned Graham from its training centers and training sites because a number of athletes he has coached have been convicted of doping offenses.

"We couldn't justify continuing the relationship. It's not an environment we want our athlete to be a part of," Aikines-Aryeetey's coach, Matt Favier, told The Times of London.

Favier said Gatlin and Graham wanted Aikines-Aryeetey to join the Sprint Capitol group, which also includes Olympic 200 champion Shawn Crawford.

"Until the investigations are over, there are too many reasons why we shouldn't continue the relationship," Favier said.

Gatlin, the Olympic and world champion and coholder of the 100-meter world record, faces a lifetime ban after testing positive for testosterone or other steroids in April following a meet in Kansas.

Landis's Second Positive Test Is Latest Incident In Doping 'Epidemic' (WP)

By Dan Steinberg, Washington Post Staff Writer

The Washington Post, August 6, 2006

Two weeks ago, Floyd Landis was cycling's newest star, hailed by the Tour de France as "a Leader for a New Generation." Yesterday morning, his Tour triumph continued a slide both familiar and troubling to U.S. athletic officials: one more achievement tainted by the specter of doping.

In May, American sprinter Justin Gatlin equaled the world record in the 100 meters; last month, he revealed he had tested positive for testosterone. Later that month, Barry Bonds passed Babe Ruth to move into second place on baseball's career home run list; the event was widely ignored by baseball officials wary of Bonds's involvement in a steroid investigation.

Landis celebrated for three days before learning he had tested positive for suspicious levels of testosterone. Yesterday's second test result also was positive, meaning Landis could be the first cyclist to forfeit a Tour title because of doping. He maintains his innocence, and prolonged legal wrangling is expected.

The run of bad news across athletic disciplines last week prompted U.S. Olympic Committee Chairman and former baseball commissioner Peter Ueberroth to call athletic doping "an epidemic in this country" and USOC CEO Jim Scherr to emphasize the importance of fielding a drug-free team in the 2008 Summer Olympics.

"We're dedicated to that proposition, and if it means we win zero medals, that's fine," Scherr said. Doping "is cheating. It's cheating the American public, it's cheating the other athletes and it's cheating the world out of the legitimacy of sport."

This summer's scandals also have included less prominent names. Arizona Diamondbacks relief pitcher Jason Grimsley admitted to federal agents that he used human growth hormone, a performance enhancer for which baseball does not test. On Friday, American chemist Patrick Arnold was sentenced to three months in prison after pleading guilty to distributing a designer drug used by athletes, a steroid that was only detected after a coach sent a syringe of the drug to authorities.

"It's established beyond the need for attribution: There is a huge loophole in drug testing, and there has been a pandemic of doping at elite athletic levels," said Charles Yesalis, an endocrinologist and professor emeritus at Penn State University. "There's not a few bad apples in the barrel; there's only a few good apples in the barrel in many sports."

After the latest incidents, Ueberroth declared a "national call to action, in capital letters," asking for more research and educational support from the federal government and other athletic organizations.

"If we stand still, we run the very [real] risk of losing an entire generation of sports participants and of sports fans," Ueberroth said in a conference call with reporters. "The federal authorities and the elected officials have . . . chosen to participate in hearings and being on television and those kinds of things; it's now time to help join us in finding solutions."

Allegations of drug use in baseball prompted the 2005 hearings before the House Government Reform Committee, in which several baseball icons dodged congressional questioning. Former Senate majority leader George J. Mitchell continues to investigate steroid use in baseball, an effort that was launched by Commissioner of Baseball Bud Selig in March.

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Two months later, Gatlin equaled the world 100-meter record, earning the traditional title of "World's Fastest Man." After the revelation of his positive test, Gatlin's coach, Trevor Graham, was barred from using USOC training facilities.

Against that backdrop, yesterday's developments in the Landis case felt oddly familiar. As expected, the Swiss-based International Cycling Union (UCI) announced that the second, "B" sample of Landis's urine showed an abnormally high ratio of testosterone to epitestosterone, just as the first sample had nearly two weeks ago. That finding will be sent to USA Cycling, which will then refer the case to the U.S. Anti-Doping Association.

Tour director Christian Prudhomme told the Associated Press that Landis was no longer considered the race's winner, although that ruling will ultimately be made by the UCI after the case is adjudicated. The process likely will last at least several months; second-place finisher Oscar Pereiro yesterday claimed victory in cycling's premier event.

Landis, 30, was immediately fired by his Swiss-based team yesterday morning for violating its internal code of ethics. In a statement, Landis professed his innocence and promised to contest the results.

"I have never taken any banned substance, including testosterone," he said in the statement. "I was the strongest man in the Tour de France, and that is why I am the champion."

If his efforts fail, Landis would be stripped of his first Tour title and likely suspended from the sport for two years, the normal penalty for first-time offenders. If USADA upholds the positive result, Landis could appeal to the American Arbitration Association and the Court of Arbitration for Sport. The initial proceedings likely will begin in several weeks; USADA refuses to comment on active cases.

Landis remained in the San Diego area, where he lives. His spokesman said the rider likely will comment further in coming days.

"He's fiery and he's looking forward to getting the next steps of this process under way and clearing his name," the spokesman, Michael Henson, said. "He's not bummed out. He's absolutely 100 percent motivated to clear his name."

But instead of being feted by the American media, Lance Armstrong's former understudy has grappled with urine tests and testosterone ratios while the Outdoor Life Network, which televised the Tour, canceled its planned recap show, calling it "no longer relevant."

"I guess the disappointment's obvious," said Chris Aronhalt, managing partner with Medalist Sports, which puts on some of America's most prestigious cycling events, including the Tour de Georgia. "Guilty or innocent, you don't want to be on the front page in this manner."

Landis's first trip to the front page was as a hero. After fading late in the race, he catapulted back into contention with a near-miraculous performance in the 17th of 20 stages, despite a debilitating hip injury.

By last Wednesday, UCI had released the positive results of Landis's "A" sample from his Stage 17 drug test, one of several tests Landis took during the Tour. The 'A' test showed a testosterone to epitestosterone ratio of 11-1; the permissible level is 4-1. A carbon-isotope ratio test, which is often used to differentiate between natural and synthetic testosterone, was performed on the "A" sample, Henson confirmed.

Henson said yesterday he had not yet seen the results of the "B" sample test and only knew that the test was positive. Pierre Bordry, who heads the French anti-doping council, told the Associated Press that the "B" test also detected synthetic testosterone.

Landis and his representatives have previously speculated that the result could have stemmed from a naturally high T/E ratio, or from a night of drinking alcohol, or from thyroid medication, or from cortisone shots for his hip injury, or from dehydration. Henson said yesterday that the rider learned of the initial positive result through the media and "was forced into a position to try to explain to the world, if not to himself, why this did happen," leading to the varied explanations.

Such denials, though, have become just as familiar as the charges. Gatlin has insisted that he never knowingly used a banned substance. So has Bonds. Former Baltimore Oriole Rafael Palmeiro famously told the House Government Reform Committee he had never used steroids, a few months before a positive test was revealed.

Now, Landis's name has been added to the list of athletes whose achievements have been sullied by doping allegations.

"I think it certainly reinforces the wake-up call in the United States," Dick Pound, chairman of the World Anti-Doping Agency, said in a phone interview. "I mean, for a long time there was a certain amount of national denial that Americans did this sort of thing. And now America's in the same boat as everybody else."

Something In The Blood (WP)

By Sarah Kaufman, Washington Post Staff Writer
The Washington Post, August 6, 2006
Driven to Win, Floyd Landis May Lose It All

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It's a race you can bet Floyd Landis never wanted to win: The descent from the winner's podium in Paris to accused drug user. And yet he has accomplished it with breathtaking speed. With yesterday's news that Landis's backup "B"-sample drug test confirmed there were elevated levels of testosterone after the July 20 stage of the Tour de France, the man who two weeks ago was credited with a historical feat is now being labeled a cheat.

Landis's rollercoaster ride through the Tour attracted admirers worldwide. Among them were those who saw a poignant and triumphant humanity in his struggles through the baking-hot Alps, as well as once-jaded followers of cycling who felt Landis's very inconsistency signaled that he was racing "clean" in a sport that has been tainted by drug use.

Now he's been fired by his team and, pending an appeals process, he risks being stripped of his Tour win and potentially banned from racing for up to four years -- two years from cycling, and two years from competing in the ProTour events, cycling's major races. At that point he'd be at least 34 and nearing retirement age.

For many, the stunned reaction to Landis's crashout stems from admiration for his personal story. How do we reconcile the endearingly modest former Mennonite with the calculating rule-breaker that his urine samples suggest he could be?

"If Floyd Landis goes down, he will become the Ben Johnson of cycling," said three-time Tour winner Greg LeMond, speaking by phone earlier this week. "I hope he doesn't become that, but it is that shocking of a revelation."

Before the initial test result came out, it would have sounded crazy to suggest that Landis could be a fraud of the magnitude of the disgraced Canadian sprinter who, at the 1988 Olympics, broke the world record in the 100-meter race on steroids and was disqualified. In interviews over the course of two days in May, Landis appeared to me to be a good-natured and driven athlete who struggled with the sometimes cruel demands of the sport.

Yet given the trouble he's in now, the answers he gave then to questions about doping seem suggestively combative. In the past couple of years eight riders on Phonak, the Swiss-based team Landis led, have been implicated in doping scandals, including the American Olympic medalist Tyler Hamilton. (Landis is now the ninth.) But when asked what he thought about drug abuse in his sport, Landis complained about the frequent testing cyclists had to undergo.

"Sure, the people who are getting caught -- there's a lot of them," he said. "But the ones who are getting caught are the ones who are doing it, because it's practically impossible to get away with it." The random tests cyclists undergo are "a complete intrusion of privacy," he continued. "They've been to my house four times in the last four months. If you ask me, that's excessive. It makes my daughter wonder if I'm on drugs."

"We don't have any bigger problem than any other sport does," he said. "We just make it public immediately because we're too stupid to do anything about it."

"I've been tested 18 times already this year. How many do you need?"

Apparently, for him, just one more.

Even before the drug allegations, Landis demonstrated that he keeps secrets. He concealed a degenerative hip condition from his own team doctor. He kept it hidden from the public until the Tour was underway, when he announced it in uncharacteristically splashy style, with a press conference announcing imminent hip-replacement surgery. This coincided with a New York Times Magazine story ascribing agonizing pain and physical impairment to the otherwise normal-seeming athlete. Suddenly, it looked like Landis was trying to fashion an overcoming-adversity story to match Lance Armstrong's cancer battle.

Landis is a puzzle, clearly. He doesn't fit the stereotype of the raging, egotistical American athlete, nor, it seems, has he lived up to the image of the conscientious, rule-abiding champion that so many had wanted to see.

But if Landis's personal narrative exerted a pull on us before, it's even greater now. His fall from grace brings to mind an ancient story: the prodigal son, the biblical parable of the child who returns home to his father's embrace after squandering his wealth. The lesson is that ambition can be intoxicating and ultimately ruinous -- but that after it has cost you every last shred of your dignity, your solace is to seek forgiveness.

The teenage Landis left his tiny home town in rural Pennsylvania to pursue a decidedly un-Mennonite goal: personal victory on his bike. If his ambition did get the better of him, Landis will have squandered more than just the wealth from winning the Tour. (He was promised $2.5 million from his team, and more would have rolled in from sponsorships, appearances and book deals.) He will also have wasted a decade and a half of lonely, grueling toil as he trained to fulfill his dream.

Since the embarrassment of the initial "A" test result, Landis has expressed something of a homeward pull, mentioning in interviews a week ago his mother's distress at the news, and a tearful phone call between them.

"The sad part is he's part of a system," said LeMond, who saw fellow cyclists die from overuse of the performance-enhancing drug EPO. He faults cycling's "code of silence" for covering up the extent of drug abuse in the sport.

"I hope Floyd will have the courage to be truthful about how this came about, assuming that he's guilty," he said.

That would mean revealing his suppliers and co-conspirators and how he avoided detection if he had passed other tests while doping. Let's face it: Who believes that any of the scores of cyclists previously charged with doping -- including the world's

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top riders thrown out on the eve of this year's Tour -- stuck needles in himself while all alone in a hotel room? It's a stretch to think that dopers operate in a vacuum, without team doctors and directors being the wiser.

One who did speak out about doping -- with mixed results -- is Matt DeCanio, a former junior national time-trialing champion and pro racer who became an anti-doping crusader. On teams in Europe as well as here, the Virginia native said he witnessed rampant drug use and was pressured to take part. After several years of racing clean, he broke down in 2003 and began taking EPO and testosterone -- a move he calls "the biggest mistake of my career."

What pushed him over the edge was being beaten by riders he suspected of using drugs. "I was like, I just can't win these races and I have the form of my life," DeCanio said.

But after he started doping, DeCanio says, he grew depressed -- partly from disappointment with himself, partly from drug interactions, he suspects. He wrote about his drug use for a training Web site and was banned from racing for a year.

DeCanio had hoped going public would lead others to do the same. "I thought I was going to spark this whole thing where all these other pros would be with me," he said. Instead, he drew hate mail and was accused of being jealous.

DeCanio says cyclists should be encouraged to come forward, rather than punished for it. But complicating efforts to get others to fess up is that not all of those who turn in drug-fueled performances see their actions as wrong.

As more and more cyclists dope and the average racing speed increases, "you either get dropped or you figure out why everyone else isn't getting dropped," said Matthew A. Masucci, assistant professor of sports studies at San Jose State University. "Then it becomes, 'Why would I knowingly give up an advantage?' It's that group mentality: 'Well, they must not think it's wrong.' "

The point is, moral choices occur in a context. Some may find it unthinkable to take illegal, even life-threatening performance-enhancing drugs -- particularly after the early deaths of football's Lyle Alzado, track star Florence Griffith-Joyner and Baltimore Orioles pitcher Steve Bechler -- but we don't have the prospect of millions of dollars and lasting fame dangling before our noses. We're tempted to believe that what is in an athlete's specimen cup reveals what is in his heart. If he's peeing out dope, he must be a bad guy. Yet it may only mean that he's a human being who made a bad mistake.

Now we'll see what Landis will do next. If his Tour crown rests on chemistry rather than on his own unenhanced efforts, continuing to deny the doping will ensure that the cycle of drug use won't stop here.

Drones In Domestic Skies? (WSJ)

By Jonathan Karp And Andy Pasztor

The Wall Street Journal, August 7, 2006

After Hurricane Katrina tore through the Gulf Coast last year, military and local officials urgently requested unmanned surveillance planes for search and rescue missions. The drones were delivered, but aviation authorities kept them on the ground out of concern about mixing drones with manned aircraft in the crowded skies over New Orleans.

Eventually, some made it aloft, strapped beneath helicopters. One company settled for mounting a camera-equipped drone atop a 53-story building and feeding its video of flooding and vandalism to troops below.

"A lot of lives might have been saved had we been able to use [drones]," says David Vos, whose Athena Technologies Inc. makes navigation systems for unmanned planes. "In Iraq, drones track the enemy, but we weren't able to track our own people in trees or on roofs to save them."

After distinguished service in war zones in recent years, unmanned planes are hitting turbulence as they battle to join airliners and weekend pilots in America's civilian skies. Drones face regulatory, safety and technological hurdles -- even though demand for them is burgeoning. Government agencies want them for disaster relief, border surveillance and wildfire fighting, while private companies hope to one day use drones for a wide variety of tasks, such as inspecting pipelines and spraying pesticides on farms.

But some experts are concerned that drones pose safety hazards to manned flights, and want rules in place to govern their use. "Technology in this area is moving way ahead of regulations," says Richard Healing, a former member of the National Transportation Safety Board.

Unmanned aerial vehicles, popularly known as UAVs, come in many varieties, from micro-drones that fit in a person's hand to models as large as a small airliner. Some can fly as fast as a fighter jet. Their cost ranges from a few thousand dollars to tens of millions. Some are flown remotely by ground-based pilots who steer with joysticks, using live camera views from the plane and flight data from an onboard computer. Others fly autonomously, following programmed flight paths, although humans are able to intervene.

Currently, the Federal Aviation Administration keeps drones confined to relatively small corridors of domestic airspace, segregated from other aircraft, whose pilots have advance warning of their presence. The FAA recently blocked police departments in North Carolina and California from deploying small drones. The Los Angeles County Sheriff's Department had hoped to test them in tracking suspects and providing real-time video of sensitive situations, such as hostage incidents, without

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the noise and intrusion of helicopters. Such police programs have been stymied because there weren't FAA guidelines for the rapid deployment of drones in domestic airspace, or the means to get quick approval for flights.

Critics fear that the proliferation of drones will endanger private and commercial planes, and they want the FAA to keep taking a cautious, go-slow approach. The Aircraft Owners and Pilots Association, which represents recreational fliers of manned aircraft, frets that the FAA already is setting aside too much airspace for drones flown by government agencies, and is concerned about its members' safety should these pilots stray into the growing patches of airspace where drones are allowed.

Before UAVs can freely share the skies with manned planes, the FAA aims to resolve two basic safety issues: drones must be able to see and avoid nearby aircraft, and there must be back-up communications and control systems to cope with emergencies. Drone champions and skeptics agree that these safeguards are necessary before unmanned-plane operators will be able to file a flight plan and take off, just like pilots of conventional planes do today. "We are a long way from there," says Nick Sabatini, the FAA's top safety official. "We recognize the avalanche of demand that is upon us, but we will not compromise safety."

Unmanned planes have proved invaluable in military operations, but their accident rate has added to domestic air-safety concerns. Predators, 27-foot-long propeller-driven planes which are among the biggest and best known drones in the Air Force, are used daily in Iraq and Afghanistan to track enemy targets with high-powered cameras and infrared sensors. Predators feed images to pilots on the ground or troops and are also equipped with missiles for their own attack missions. A recent report by the Congressional Research Service said their accident rate is 100 times that of manned aircraft, and noted that of 135 Predator unmanned surveillance-and-attack planes delivered and used in military operations, 50 have been lost and 34 more have had serious accidents.

To be sure, combat is different from commercial flight, but Air Force officials say that all of the crashes so far were the result of malfunctions or errors by pilots who are often as far away as Nevada and lack the sensation of being in the cockpit.

In April, the Department of Homeland Security's first Predator crashed in the Arizona desert during a border-patrol flight. Critics, led by the private-pilots lobby, seized on the accident to argue that unmanned planes must meet the same safety standards as manned aircraft. A preliminary accident report by the National Transportation Safety Board cited pilot error as the probable cause of the crash of the Predator, which was a newer and more expensive model than those in the Air Force's fleet. Investigators also found that the flight-control system unique to remotely piloted planes was a contributing factor: The pilot cut off the fuel supply by mistake while transferring control of the plane from one console to another.

Predator's manufacturer, closely held General Atomics Aeronautical Systems Inc., is due to deliver a second drone to the U.S. Customs and Border Protection agency this month so it can resume flights along the Mexico frontier. In more than six months of service, the Predator's surveillance aided in the arrest of nearly 2,000 illegal immigrants and the seizure of four tons of marijuana, border officials say.

Working with the Air Force, General Atomics is planning tests that it hopes will make headway in meeting the FAA's requirements. In addition to surveillance sensors that generally are aimed at the ground, Predators currently have a nose camera that gives the pilot operating the drone from the ground a narrow, 30-degree forward view. The tests involve a drone equipped with cameras that broaden the peripheral "cockpit" vision to 220 degrees.

For now, the FAA is sticking to a cautious approach in approving drone flights. Agreeing on rules to open the skies is expected to take the FAA, Pentagon and industry groups at least three years. Even then, industry officials say, only unmanned planes with advanced autopilots and fail-safe systems will likely be allowed near populated areas.

There has been some change in attitude, however. Amid a new hurricane season, the Air Force said last week that the FAA has finally cleared the way for Predator drones to be used in disaster relief. The Air Force said there is now a process to authorize specific flights within hours of a request.

Charges Rejected For Moms Who Bear Babies Exposed To Illegal Drugs (WP)

By Susan Kinzie, Washington Post Staff Writer

The Washington Post, August 5, 2006

Maryland's reckless endangerment law cannot be used to prosecute women who give birth to babies exposed to illegal drugs, the state's high court ruled yesterday, overturning the convictions of two Eastern Shore mothers.

Prosecutors said such charges were needed to protect children, but some advocates for pregnant women welcomed the decision by the Maryland Court of Appeals as an affirmation that such cases could make pregnant women vulnerable to prosecution for an array of potentially dangerous behaviors -- such as smoking cigarettes and driving without a seatbelt -- and that drug-using mothers need treatment, not punishment.

"Imprisonment is not only the most costly thing the state could do," said Lynn Paltrow of the New York-based National Advocates for Pregnant Women. "It's the most family-destructive thing the state could do."

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Kelly Lynn Cruz, seven months pregnant and belligerent, arrived at an Eastern Shore hospital in the middle of the night in January 2005. The three-pound boy she gave birth to tested positive for cocaine. Last August, she was convicted of reckless endangerment.

Regina Kilmon, whose case was similar, was also convicted in 2005 of reckless endangerment. She was sentenced to four years in prison.

The cases were clear-cut for prosecutors. "We're talking about unlawful activity, use of a narcotic substance," Scott Patterson, the longtime state's attorney in Talbot County, said last summer.

But Talbot was the only jurisdiction in Maryland to bring such charges against women for using illegal drugs while pregnant. Elsewhere in the country, such cases have often turned into emotional debates over the rights of the unborn.

The American Civil Liberties Union of Maryland stepped in to defend Cruz, who was the fifth woman to face similar charges in Talbot.

In the 1980s and early '90s, public horror over crack use coincided with early reports of babies damaged by drugs. Arrests followed, and legislators debated how to control the problem. But most cases were struck down, and medical research tempered the earlier fears.

A National Institutes of Health study has found that maternal cocaine use can cause slightly lower birth weights and intellectual and behavior problems later in childhood. Alcohol and tobacco can be just as damaging. An array of public health, drug treatment and medical organizations filed briefs supporting the women, arguing that such prosecutions are more likely to harm than to help mothers and babies.

The court ruled that allowing such prosecutions could open the door to so many potentially dangerous behaviors that "criminal liability would depend almost entirely on how aggressive, inventive, and persuasive any particular prosecutor might be."

Some experts say they believe there have been more such cases in recent years, driven perhaps by the increase in methamphetamine use in some parts of the country and by recent laws that allow prosecutors to treat some crimes against pregnant women as cases with two victims.

This year, a similar case was dismissed in Virginia, and in Hawaii, the state Supreme Court overturned a manslaughter conviction of a woman who smoked methamphetamine while pregnant.

Of the Maryland Court of Appeals ruling, Patterson issued a statement saying his office "fully accepts its decision as a definitive statement of the law of Maryland" and would continue to work with public health and social services employees "toward the common goal of assisting women in their fight to defeat drug addiction and in their efforts to deliver children who will be born without illicit drugs in their systems."

Bombs Found In Basement Of House (WSBT)

WSBT-TV South Bend, IN, August 7, 2006

(WSBT) The bomb squad was called to a home Sunday night after what police suspect are pipe bombs were found in the basement.

The home is in the 19,000 block of Oakmont South Drive in northern South Bend.

The bombs, as well as some guns and knives, were found after the 84-year-old woman who lives in the house returned home after being gone for some time.

Police say they found approximately 16 suspected pipes bombs in the basement.

The bomb squad removed the suspected explosives without incident.

No one was hurt.

Police say they want to question the homeowner's 48-year-old son, who had been living in the basement.

He left two weeks ago for South Dakota.

The St. Joseph County Police, the ATF and the South Bend Bomb Squad are investigating the case.

CONGRESS-ADMINISTRATION:

Promises, Promises (USNEWS)

By Angie C. Marek

U.S. News and World Report, August 7, 2006

To understand the difficulties of getting an immigration bill just right, look no further than the Basic Pilot. To make sure workers are legal, the voluntary electronic program takes information like Social Security numbers, names, and birthdates from employers and checks it against federal records. The get-tough House version of an immigration bill would require that every

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U.S. firm use an enhanced version of the program within two years; the more moderate Senate version aims for compliance in 18 months. But one official from the Department of Homeland Security told U.S. News last week that both timetables may be unrealistic. And DHS policy chief Stewart Baker suggested in a speech that such a program be phased in over six years.

It was hoped that this sort of minutiae--not to mention the big issues separating the House and Senate versions of the bill--would have been worked out by now in a conference committee. But contentious legislation rarely goes according to plan. So the House, during its August recess, will hold 19 hearings on immigration, one as far afield from the border crisis as Concord, N.H. Meanwhile, the president last week took his third trip to the southern border since April. Cynics would say it's mostly about politics. And experts say the politics are obscuring the important differences between the two bills--and the implementation obstacles that either one would face.

The bills are certainly different beasts. The House bill would make it a federal crime to be in the United States illegally; it provides no path for guest workers to come to the states. The Senate measure would build 370 miles of fence at the border but would also allow some 10 million of the estimated 12 million illegal immigrants in the country to eventually legalize their status if they pay back taxes and undergo a background check.

Many say the feasibility of the House proposal depends on how much work the justice system could absorb. If charged as felons, millions of illegal immigrants could wind up with jail time, appeals, and state-funded indigent attorneys provided under law. "It's an unbelievable strain," says Marshall Fitz of the American Immigration Lawyers Association, "on every prison and court in this country."

DHS and the Bush administration endorse the Senate's path-to-legalization approach but worry that the Senate bill won't work. "We may be setting ourselves [up] to repeat the failures of 1986," Baker said last week, referring to that year's Immigration Reform and Control Act. The Simpson-Mazzoli law provided a path to citizenship for those already here but is widely viewed as a failure because its threatened sanctions against employers didn't stop the hiring of illegals or stem their flow from other countries. DHS wants tools neither bill offers--like the right to put a lien on property of employers that won't cough up fines for hiring illegal workers--to make sanctions stick.

Sifting. The biggest potential problem is crucial to the Senate approach: accurately identifying who's already here. The Senate would sift the current population of illegal immigrants into three categories, depending on how long they had lived in the country; only those here more than five years could apply for guest-worker status without leaving U.S. soil. When officials tried to determine who'd been in the country at least five years for the amnesty established by the 1986 law, fraud was rampant. Deborah Meyers of the Migration Policy Institute says it's likely the three-tiered Senate proposal would be "unworkable." U.S. Citizenship and Immigration Services, the DHS agency that would do the sorting, has had a raft of administrative problems of its own, and the more than 15,000-person agency would need to swell by up to 25,000 to handle the new workload.

In July, Rep. Mike Pence and Sen. Kay Bailey Hutchison, Republicans, floated another set of immigration proposals that took cues from both the House and Senate bills. Their proposal would depend on private companies to set up screening centers in other countries, taking some of the burden off DHS. But their approach would require that all 12 million illegal immigrants go home briefly before returning to the United States as guest workers. That might be tough, too. Just as tough as getting the House and the Senate to agree. Or getting any sort of immigration reform to actually work.

Critics Say Politics Driving Immigration Hearings (NYT)

By Rachel L. Swarns

The New York Times, August 7, 2006

WASHINGTON, Aug. 6 — When House leaders announced their plan to hold 21 immigration hearings in 13 states during the August recess, they said it demonstrated a commitment to battling illegal immigration and securing the border.

But some Democratic and Republican lawmakers said the schedule of the hearings had only heightened their concerns that the Republican leadership was using immigration as a weapon in the battle over fiercely contested House and Senate seats around the country.

Several immigration hearings are being held far from the border with Mexico, in districts where Republican lawmakers are engaged in competitive races for the House, including Evansville, Ind.; Concord, N.H.; and Glens Falls, N.Y. Hearings are also being held in Dubuque, Iowa, where Republicans are fighting to hold on to the seat being vacated by Representative Jim Nussle, and in Hamilton, Mont., where Senator Conrad Burns faces a tough challenge.

Jeff Lungren, a spokesman for the House Judiciary Committee, which set hearings in four battleground districts, said more than 60 members of the House had asked for immigration hearings in their hometowns.

Lawmakers and political analysts say the hearings may help vulnerable Republicans by rallying conservatives, who view Democrats as being weak on border security, and by drawing attention away from other issues like the war in Iraq and President Bush's diminished approval ratings.

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"Of course it's not happenstance," said Representative Jim Kolbe, Republican of Arizona, who is not running for re-election. He would rather have House Republicans negotiating with the Senate for a compromise on immigration legislation as opposed to the hearings, like the one set for his district, where Republicans are battling to hold on to his seat.

"They are very deliberately planned," Mr. Kolbe said of the hearings. "A lot of Republicans are listening to a very shrill part of their base who are very loud about this issue, and they believe that this translates into votes in the base."

Carl Forti, a spokesman for the National Republican Congressional Committee, said his committee had nothing to do with the hearings. Kevin Smith, a spokesman for Representative John A. Boehner of Ohio, the majority leader, said the House committee chairmen had decided where the hearings would be held.

Mr. Lungren said many of the hearings were being held in border states where border security and illegal immigration from Mexico were critical concerns among voters. But he did not rule out the possibility that politics had played a role in the scheduling of the hearings.

"Policy is the substance of an issue," said Mr. Lungren, the spokesman for Representative F. James Sensenbrenner Jr., the chairman of the House Judiciary Committee. "Politics is helping to explain the substance of it. The two go hand in hand."

Bruce Braley, a lawyer and the Democratic contender in the Iowa race, dismissed the immigration hearing scheduled for his district as "classical grandstanding."

"There must be some perception that it's going to stir up some voters," Mr. Braley said. "I welcome a discussion on immigration, especially the failures of the Bush administration. They have a very sorry record on border security."

Meanwhile, Congressional Democrats have accused Republicans of playing politics instead of moving an immigration bill to Mr. Bush's desk.

In May, the Senate passed legislation that would tighten border security, create a guest worker program and ultimately grant citizenship to most illegal immigrants after they pay fines and back taxes and enroll in English classes. The president continues to indicate that he supports this approach.

But in December, the House passed a bill that focused solely on toughening border security and immigration enforcement. House Republicans decided to hold hearings to rally support for their approach before working with the Senate on a compromise.

Last week, several Republican state chairmen described the hearings as useful and said they might improve their candidates' prospects.

Murray Clark, chairman of the Indiana Republican Party, said he thought the hearing in Evansville might invigorate conservative voters to support Representative John Hostettler, a Republican who supports tough border security measures.

Ray Hoffmann, chairman of the Iowa Republican Party, said the hearing in Dubuque would put the spotlight on the Republican candidate, Mike Whalen, and his proposal to create a tough employment verification system for immigrant workers.

"It's an issue that continues to be in the news in that district," Mr. Hoffmann said. "As people continue to talk about it, they'll continue to see that Mike has a solution."

Republicans who believe that immigration is a winning issue point to the special election in June in Southern California for the House seat vacated by Randy Cunningham, who pleaded guilty to bribery charges.

In that race, the Republican candidate, Brian P. Bilbray, a former congressman, defeated his Democratic challenger after he attacked her as being weak on illegal immigration.

"The special election in California really got a lot of people, not just Republicans, but also Democrats, to say this is an issue we should be watching out for," said Amy Walter, an analyst with the nonpartisan Cook Political Report.

"What he was able to effectively do is take the race off the issues that are most problematic for Republicans and make it about an issue where he could present himself as more aligned with voters," Ms. Walter said of Mr. Bilbray.

Some Republicans warn, however, that the immigration issue could backfire, particularly if Democrats pound away at what they characterize as the failures of the Bush administration and the Republican-controlled Congress to stem the tide of illegal immigration.

"It's certainly possible that we could have the issue stolen right from under us," said Representative Tom Tancredo, Republican of Colorado, who is a leading advocate of tough immigration laws.

But Scott Tranchemontagne, a campaign spokesman for Representative Charles Bass, Republican of New Hampshire, remains hopeful. He said Mr. Bass had voted in favor of the House border security legislation.

"It can only help," Mr. Tranchemontagne said of the immigration hearing scheduled for his state. "It's an issue we're pretty strong on."

Tasks Are Workaday For Guard Troops On Border (NYT)

By Randal C. Archibold

The New York Times, August 7, 2006

NOGALES, Ariz.— The border may have a reputation for drama, intrigue and danger, but Specialist James Dwiggins of the Wisconsin National Guard has not seen much of that in the reception booth of the Border Patrol station here, where he works answering phones and sliding a clipboard for visitors to sign in.

From a camera room at the station, Specialist Kirsten Schultz of the Wisconsin Guard has seen a lot of people crossing the border. Out in the field, Specialist David Murray of the Virginia National Guard stares out at the loping hills lining the border, waiting and watching.

"I don't see that we are having an impact," said Specialist Murray, camped on a rainy afternoon at an observation point covered in camouflage netting with three other soldiers. "But every time the Border Patrol comes up, they tell us movement of people has almost completely stopped through here."

For the National Guard troops sent here, many of the tasks in the border mission may seem humdrum, but the Border Patrol, eager for any help it can get, has claimed some early success as the operation moves into full swing.

Critics still question whether the Guard troops, who do not make arrests because they are not trained to do so and to avoid domestic and international political squabbles, are making a big difference. But Border Patrol officials say the soldiers, whether in an office or on a hilltop, have freed more than 250 agents for regular patrolling, which, combined with the presence of the Guard, has acted as a deterrent to crossers.

The number of arrests in July, when large numbers of soldiers took up positions, declined 37 percent to 59,613 along the 2,000-mile-long Southwest border compared with July last year, officials said. Guard troops have also participated in several rescues of crossers stranded in the desert, they said.

"Operation Jump Start has been tremendous," the Border Patrol chief, David Aguilar, told reporters last month. Arrest figures fluctuate greatly because of trends in enforcement, weather — July was unusually hot in many border areas — and political and socioeconomic conditions in Mexico and Central America.

Advocates for migrants said they suspected human trafficking had simply shifted away from the more fortified positions into more remote, rugged terrain. Since October, the beginning of the government's fiscal year, arrests over all have declined in Arizona, the current focus of enforcement, but increased in California, suggesting trafficking is returning there after years of declines.

The presence of the Guard, moreover, apparently has not deterred drug smugglers, with the Border Patrol reporting an increase in drug seizures — marijuana is up 20 percent to 1,262,860 pounds and cocaine less than 1 percent to 8,816 pounds — so far this year.

President Bush ordered the Guard to the border as a stopgap while the Border Patrol hires and trains 6,000 agents by the end of 2008, bringing the force to 18,000.

The Guard's duties, which include operating cameras and observation posts, fixing vehicles, and repairing and building fences and roads, have not mollified critics who call the mission window dressing to appease conservative lawmakers demanding more action to stanch the flow of illegal immigrants.

Mr. Bush had set a goal of up to 6,000 troops on the border by Aug. 1. The National Guard said that 6,600 were in the four border states but that only about 3,000 were "forward deployed" near the international boundary, with the rest working as administrative staff or undergoing training. Guard officials said that though Mr. Bush said the troops "will be deployed to our southern border," they never planned to have that many right on the line.

"In normal operational planning, part of the operation is always going to be logistics," said Lt. Col. Michael Mallord, a spokesman for the Guard in Washington.

Thirty of the 54 states and territories with National Guard troops have contributed troops, while several others will not because they are needed for possible home emergencies like wildfires, flooding and hurricanes. In June, California rejected a Guard request for additional soldiers.

"I think it is fair to say it has taken some work to find 6,000 people," said Christine Wormuth, a senior fellow at the Center for Strategic and International Studies in Washington who studies the Guard. Maintaining anything near that level "is going to be a challenge from a management standpoint," she said, though Colonel Mallord said they would "easily" maintain strength at the border.

"There is no question in my mind they are providing added value," Ms. Wormuth added, "but in the grand scheme of border security it is not clear this deployment is going to dramatically enhance the nation's border security."

Nevertheless, the men and women here, from Arizona, Kentucky, Nevada, Virginia, Wisconsin and other states, say participating in the mission, in most cases part of their regular two- to three-week annual training obligation, may lack a certain drama but has brought them a first-hand connection to the headlines.

The majority asked for border duty, and some may stay for several months; unlike normal deployments, the soldiers, at least for now, are largely camped in motels and hotels, ranging from the highly rated Loews Ventana Canyon resort near Tucson to the more modest Americana hotel in this city's gritty downtown.

"You hear about it in the news and then you see it here," said Sgt. Howard Renfro of the Virginia Guard, who on a recent night spotted a small group of people crossing through a low point in the fence and reported them to the Border Patrol. "It takes you off guard for a second."

The Guard deployment has shed light on a shortage of civilian staff that has left agents repairing their own vehicles and taking up welding torches to repair border fences.

In a garage at the Border Patrol station here, a team of Nevada Guard mechanics strives to repair agency trucks and cars, battered mercilessly over the jolting terrain, while a group of Guard engineers from Kentucky drives dump trucks and bulldozers, helping build a road along the border fence here.

"This is real good training for us," said Specialist Robert Owens of Olive Hill, Ky., who had imagined the border fence as a chain-link job but stood stunned to see it as a towering wall of steel plates salvaged from aircraft carriers. Smugglers regularly try to weld and drill through it, necessitating regular repairs, said Sean King, a spokesman for the Border Patrol here.

Staff Sgt. Aric Garza of the Nevada Guard, accustomed to repairing Humvees, now works on sport utility vehicles, vans, all-terrain vehicles and other pieces of the Border Patrol fleet that have seen better days.

"They are really hurting on vehicle maintenance," he said, describing himself as "happy and motivated" to play even a behind-the-scenes part in the border mission.

Likewise, Specialist Dwiggins of Neenah, Wis., the de facto greeter at the Nogales station, smiled when asked if his tasks were what he had in mind in coming to the border. "Right now it has been this, but I am sure I will see more," he said. "Anything they need us to do, we'll do."

An Immigration Compromise? (WSJ)

The Wall Street Journal, August 7, 2006

Convinced that a hard line on border security spells victory in November, Republicans in Congress are traipsing the country this summer stoking fears of an illegal alien invasion. In such an environment, we're happy to see at least a few conservative Members trying to talk the party down from the ledge.

GOP Representative Mike Pence of Indiana has been pushing an immigration compromise that he hopes will end the stand-off between the House, which has passed a bill focusing entirely on enforcement, and the Senate, whose bill combines more security with a guest-worker program.

Last month Mr. Pence announced that Republican Senator Kay Bailey Hutchison of Texas would co-sponsor the proposal, which combines most of the security provisions of the House bill with a more stringent guest worker program than what's currently in the Senate version. Recall that the Senate legislation would allow most of the estimated 11 million or so illegal immigrants in the U.S. to remain as guest workers and pursue permanent residency if they pass criminal background checks, pay fines and back taxes, and learn English.

Despite those requirements, restrictionists have denounced the Senate bill as "amnesty" -- a label that the Pence-Hutchison proposal is eager to duck. To that end, their plan would require illegal aliens in the U.S. to return home first and apply for a guest-worker visa from their country of origin. The applications would be processed at so-called "Ellis Island Centers" located abroad and managed by U.S.-owned private employment agencies.

We like the idea of involving private entities and introducing market incentives to the process. The private sector could hardy do worse than the overburdened and bureaucratic Citizen and Immigration Services (formerly the INS) that currently handles newcomers.

And to its credit, the Pence-Hutchison proposal also includes a realistic path to citizenship, even if the path is too lengthy. Under the plan, a guest-worker visa would be renewable for up to 17 years, at which time the visa holder would have the option of remaining a guest worker indefinitely or becoming a full U.S. citizen. Even better, the number of available visas would be determined by market demand. This is important because a major driver of illegal immigration is the dearth of U.S. visas dispensed each year.

A path to citizenship is also vital. Other proposals allow immigrant workers to remain in the U.S. indefinitely but keep them in a sort of permanent second-tier status while waiting for a green card that will never come. Pence-Hutchison implicitly acknowledges that it's wrong to demand that these mostly Latino immigrants assimilate but then deny them any realistic chance of becoming full-fledged participants in U.S. society.

The Pence-Hutchison requirement that illegal immigrants apply for guest-worker status from their home countries seems overly burdensome, though Mr. Pence surely feels the hurdle is necessary to mollify the "no amnesty" crowd. These foreigners

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play an important role in our economy, and forcing them to return home could cause all manner of labor disruptions. The same background checks and fines could as easily be issued on U.S. soil.

A return-home-first requirement also probably means fewer illegals would participate. Most of the illegal immigrants in the U.S. have been here longer than five years; many are married to U.S. citizens or have American children. And while they might be enticed out of the shadows to normalize their status at a facility in the U.S., they may decide that a trip "home" is too risky and not worth it.

Another problem with Pence-Hutchison is its requirement that "the first two years after enactment . . . be dedicated to border security, and at the two-year point, if all criteria for the certification have been satisfied . . . the temporary worker program will begin." This gets it backwards, given that immigration reform is an integral part of securing the border. Only by first reducing the economic incentive to cross illegally will the flow of migrants fall enough to make the borders more "secure."

These objections aside, we'd consider it progress if the House and Senate ever reached the point of discussing these details. And thanks to Representative Pence and Senator Hutchison, there's still a chance that might happen. First, however, they must convince their GOP colleagues that voters would prefer a solution to divisive rhetoric. That will be a tough sell, especially without the help of Democrats who are only too happy to use the stalemate as a campaign issue in November.

Meanwhile, Republican House leaders have announced that they'll spend the rest of the summer holding more immigration "hearings" like the one last month titled, "Should We Embrace the Senate's Grant of Amnesty to Millions of Illegal Aliens and Repeat the Mistakes of the Immigration Reform and Control Act of 1986?" That sounds more like a Lou Dobbs ratings ploy than a GOP interested in compromise.

The FDA: Not All Going According To Plan (NWS)

Newsweek, August 7, 2006

Aug. 14, 2006 issue - The idea to make Plan B, an emergency contraceptive, available without a prescription to women 18 and older was supposed to smooth Food and Drug Administration Acting Commissioner Andrew von Eschenbach's way to becoming the permanent chief. But the proposed compromise (the original plan was to make the drug available to all ages) may have had the opposite effect. "It made me go whoa," says Sen. Patty Murray of Washington, a member of the committee reviewing von Eschenbach's nomination. "The FDA needs a leader who will make decisions based on scientific evidence. That is still not happening."

Story continues below ? advertisement

Von Eschenbach, a urologist and family friend of President George W. Bush's, has a history of generating controversy. While director of the National Cancer Institute, he reportedly introduced prayer to committee meetings and announced a goal of eliminating death from cancer by 2015—an idea so far beyond the realities of cancer research that many scientists simply dismissed him. "People at the NCI feel like he was a disaster," says an FDA researcher who works closely with NCI and who asked not to be named because he fears repercussions. Supporters of von Eschenbach, a three-time cancer survivor who declined to be interviewed, view his leadership style more favorably. "He's a consensus builder," says Dr. Joseph Corriere Jr., a former colleague of von Eschenbach's at the University of Texas MD Anderson Cancer Center. "Obviously, he has to take politics into consideration to get something done, but he always puts science first."

Critics, however, say politics should have no place in the FDA, which regulates a quarter of all products purchased by Americans. The confirmation is now on hold: Murray and Sen. Hillary Clinton are blocking a vote. Although Bush could appoint von Eschenbach during the Senate recess, the White House said last week it is holding out for Senate confirmation.

Reid Lobbying Sinks 'Trifecta' (RC)

By John Stanton

Roll Call, August 7, 2006

When word first came down in late July that House and Senate GOP leaders were planning to link estate tax legislation not only to minimum-wage legislation but a package of carefully crafted tax cuts close to the hearts of a handful of moderate Senate Democrats, Senate Minority Leader Harry Reid (D-Nev.) wasted little time launching an aggressive lobbying push within his own Caucus, according to leadership aides.

The successful blockade of the bill late Thursday night was the first major test of Reid's ability to maintain party loyalty since last winter's fight over President Bush's nomination of Samuel Alito to the Supreme Court. Following a decision by Reid not to filibuster Alito, a handful of Democrats, led by Sen. John Kerry (Mass.), broke with the Minority Leader and waged a high-profile but ultimately unsuccessful effort to block the conservative jurist.

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Facing another high-profile test of his leadership, "Reid started calling Members personally" the day the GOP announced its intention to push the "trifecta" package of popular tax cut extensions, partial estate tax repeal and a minimum-wage increase, an aide explained, noting that by last Tuesday the votes of at least six Democrats in the chamber appeared to be in play.

According to a Democratic aide, Reid conferred with Finance ranking member Max Baucus (D-Mont.) "about who he needed to talk to" in the Democratic Caucus. Following those discussions, Reid and Minority Whip Dick Durbin (D-Ill.) began whipping the bill, repeatedly meeting with individual Members to lobby them. "Sen. Reid and Sen. Durbin went about buttonholing Members one by one" in phone conversations and on the Senate floor, the source said.

Reid also included at the last minute a critique of the trifecta bill in a speech he gave last Monday at the Center for American Progress, aides said, and used last Tuesday's weekly Caucus luncheon to appeal to his members again.

Democratic aides acknowledged that as late as Tuesday afternoon it appeared that Majority Leader Bill Frist (R-Tenn.) had successfully peeled off enough Democrats to push the bill through. "It is definitely close," a leadership aide said at the time. But by Wednesday morning, GOP and Democratic aides began privately indicating the bill might fall short of the necessary support to break a Democratic filibuster.

Although including minimum-wage language in the bill put broad pressure on the entire Democratic Caucus to either support the bill or at the least avoid a filibuster, aides said a handful of special tax breaks aimed at fence-sitting Democrats — including provisions benefiting the timber industry and a mine cleanup section — was Reid's biggest hurdle. Republicans had hoped to attract Arkansas Democratic Sens. Blanche Lincoln and Mark Pryor, Washington's Patty Murray and Maria Cantwell, Louisiana's Mary Landrieu and West Virginia's Robert Byrd.

Although Lincoln and Byrd — along with Democratic Sens. Bill Nelson (Fla.) and Ben Nelson (Neb.) — ultimately did back the bill, Reid was successful in convincing his other colleagues to hold ranks. Aides said that while much of his success in maintaining loyalty was a result of Reid's lobbying, his case was strengthened by the length of time between House passage and Thursday's vote in the Senate. While the minimum-wage language initially appeared to catch Democrats flat-footed, they were successfully able to use sections of the bill limiting states' abilities to set higher wage levels to paint the bill as anti-labor and as including pay cuts for poor workers.

For his part, Reid said corralling his Caucus "frankly wasn't all that hard" once lawmakers had a chance to review the aspects of the legislation. Reid quipped that Republican Rep. Zach Wamp (Tenn.) really got it wrong when he suggested the GOP had "outfoxed" the Democrats on the trifecta plan.

Reid said Democrats "felt so good" about their unity because they knew that the Republicans were trying to push through bad legislation to score political points. But Reid said in the end, the vote would help Democrats demonstrate the stark differences between the parties.

"What are we, in high school trying to find out who is going to prom with someone else?" Reid asked. "Democrats could see this, the Republican arrogance."

Frist insisted that the failure of the bill to pass was the Democrats' loss, and that he genuinely tried to put up a measure that was good for the American people and one around which both parties could rally.

"We thought by linking the three together, politics aside, we should be able to pass that," he said. "We fashioned it in a bipartisan way. To me, we thought we'd have a good shot."

Frist blamed Reid for the bill's failure to clear the chamber, saying the Minority Leader chose to play politics with three important issues rather than do what's right for the country. He said at this point he doesn't foresee bringing the issue back up, but will use the month of August to gauge public opinion.

"I would rather have won, but today and over the next few weeks we'll see how it will play," he said. "The majority of Republicans were for it, and the majority of Democrats obstructed it."

So Much To Do, So Little Time ... So Congress Skips Town (USAT)

USA Today, August 7, 2006

As Congress settles into its month-long August break, it's hard to shake the feeling that the House and Senate haven't earned their time off.

Instead of tending to basics and working out differences on divisive but vital issues such as immigration, members have spent much of the past several months in political posturing and time-wasting debates over non-essential issues.

One thing Congress must do each year is pass the annual spending bills that fund everything from the space program to border security. So far, the Senate has produced just one of the 11 appropriations bills.

Instead, Senate Majority Leader Bill Frist, R-Tenn., has found it more important to fritter away scarce time on an obsessive quest to repeal the estate tax and on blatant pandering to social conservatives with proposed constitutional amendments on flag-

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burning and gay marriage. Even those who think those issues are crucial would have an easier time defending debate time for them if the Senate had done its mandatory work first.

It's not as if Congress can't act quickly if it wants to. To stop election-year talk that Republicans planned to let the Voting Rights Act expire, the House and Senate moved at lightning speed to renew key provisions of it a year early. Other achievements include a pension reform bill, a mining safety law, changes to the Patriot Act, emergency funding for wars and hurricanes, and an expansion of embryonic stem cell research that President Bush shamefully vetoed.

But that's just a fraction of what a productive Congress should achieve.

When lawmakers return from their recess next month, they will have only about 15 working days before they're scheduled to go home again Oct. 6 to campaign for re-election. Voters who want to judge whether their members of Congress have done their jobs should monitor their progress on issues such as these:

·Immigration. A bipartisan majority backs tightening border security and dealing humanely with the nearly 12 million immigrants here illegally. Yet House Republicans are blocking any compromise with the Senate.

·Lobbying rules. It's inexcusable that in one of the worst years in memory for congressional corruption and money-related scandals, Congress still hasn't tightened rules governing the incestuous relationships between lobbyists and lawmakers.

· Iraq. The mission of many of the 133,000 U.S. troops in Iraq is shifting from fighting insurgents to trying to avert all-out civil war. Sen. John Warner, R-Va., says that might even require a new congressional resolution to replace the one that authorized the 2003 invasion. Yet Congress left Washington trading hoary sound bites rather than engaging in the serious debate warranted by the new situation on the ground.

·Trying detainees in the war on terror. The Supreme Court slapped down the Bush administration's plans to try detainees before special military commissions; it's up to Congress to construct a process consistent with the Constitution and U.S. values.

·Minimum wage. GOP leaders finally offered to back a long overdue minimum wage increase, but only if Democrats agreed to link it to estate tax relief for a handful of the nation's richest families. Fortunately, this cynical coupling failed in the Senate at the end of last week. When Congress returns, it should give America's poorest workers a raise and forget about giving its wealthiest heirs a fat tax break.

· Spending bills. Other Congresses have completed them all on time, before the Oct. 1 start of the new fiscal year. It takes discipline. Will this Congress measure up? Will it do anything to rein in the $300 billion federal deficit, or will it continue irresponsible spending increases and tax cuts?

Republicans shoulder most of the blame for this do-little record, since they're in charge. But Democrats have too often shown they'd rather criticize than compromise, particularly when it comes to shoring up Social Security and Medicare for the long term.

President Bush is taking only a 10-day vacation this August. With a "to do" list this long, it's hard to see why members of Congress need a month.

Pension Act: Does It Add To Instability? (USAT)

By Sue Kirchhoff

USA Today, August 7, 2006

WASHINGTON — The long-awaited pension bill that cleared Congress last week makes much-needed reforms but doesn't resolve financing problems and is not likely to halt companies' steady march away from traditional pensions.

“The trend is clearly going toward more defined-contribution plans. That hasn't stopped yet, and this law change will not end it,” says Kevin Wagner, retirement practice director at Watson Wyatt Worldwide. The 401(k) plan is a common type of defined-contribution plan. Wagner doesn't expect the act to accelerate the move away from pensions, saying companies will benefit from certainty about rules. David Certner of AARP, the largest U.S. seniors group, predicts more companies will freeze pension plans.

The act, which President Bush said he will sign into law soon, requires the 30,000 companies offering traditional pensions to bring their programs into balance more quickly. It's designed to protect the 44 million Americans covered by private pensions and prevent a taxpayer bailout of the Pension Benefit Guaranty Corp. (PBGC), the federal agency that insures pension plans.

The PBGC, funded through corporate premiums, has racked up a $23 billion deficit as it has taken over underfunded steelmaker and airline pensions. U.S. pension plans face a $450 billion funding shortfall, the PBGC says, though the American Benefits Council, which represents employers, calls that inflated.

In general, the act requires company plans be 100% funded within seven years. Currently, some companies have as long as 30 years. Companies with pension plans less than 80% funded can't offer richer benefits to employees unless they are fully funded. Plans less than 60% funded face restrictions on offering lump-sum pension payments. The act also limits some executive compensation at companies with underfunded plans.

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The act doesn't go as far as the White House wanted in some areas. It limits, but still allows, some use of credit balances. Currently, if plans pay more than the minimum one year, they can carry the balance to future years, even if the value of the earlier payment has declined. Credit balances have been used to avoid contributions even when a plan's funding status is eroding. The act limits but allows some smoothing, or averaging of losses and gains over years.

"Certainly, there are going to be a lot of plan sponsors that look at this and say, 'There's still too much uncertainty and year-to-year volatility,' " says Jon Waite, chief actuary for the Global Institutional Group of SEI Investments.

Apart from the act, an independent accounting board is expected to issue tighter pension rules. The measure doesn't address underfunding of public pensions.

Such critics as Rep. George Miller, D-Calif., say companies will contribute tens of billions less in the short term.

The non-partisan Congressional Budget Office estimates the measure will increase net claims against the PBGC by $274 million in the next 10 years because plans would be less well-funded than under current law. But companies will increase payments later in the 10-year period.

The act "is going to inject more unpredictability into companies' funding obligations," says Jim Klein of the American Benefits Council.

Pension Bill Promises Windfall For Fund Firms (WSJ)

By Shefali Anand And Diya Gullapalli

The Wall Street Journal, August 7, 2006

Mutual-fund companies stand to reap a huge financial windfall from the pension-reform bill nearing approval in Washington, D.C.

The legislation, which is designed to encourage wider participation in defined-contribution plans such as 401(k) retirement-savings programs, contains provisions that are likely to sharply increase the number of people pouring their savings into these investments. By one estimate, the new rules would result in an additional 5.5 million people saving through a 401(k) plan in the next five years who otherwise might not have participated, according to Vanguard Center for Retirement Research, a unit of mutual-fund giant Vanguard Group Inc.

For asset-management companies such as Vanguard, Fidelity Investments and T. Rowe Price Group Inc., managing plans such as these is a significant contributor to the bottom line. About half of the $7 trillion or so invested in defined-contribution plans -- which include 401(k) plans and individual retirement accounts -- was invested in mutual funds as of the end of last year, according to trade group Investment Company Institute. At year end, Fidelity, TIAA-CREF and Vanguard alone ran about $1 trillion in defined-contribution assets, according to Cerulli Associates, a Boston research company. By comparison, the total mutual-fund industry manages about $9.3 trillion.

"Anyone in the system who currently manages money is going to see a real increase in flows," said David Wray, president of the Profit Sharing/401(k) Council of America, a Chicago group that principally represents retirement-plan sponsors.

Fund companies and the ICI have lobbied for passage of the bill. Fidelity, which ranks as the largest manager of workplace retirement-savings plans, has spoken openly about their efforts to educate Congress on proposals to encourage savings. At one point, the company posted an article on its Web site titled "Help Congress improve your retirement," urging investors to email members of Congress to support the pension bill.

The bill encourages employers to automatically enroll their employees into the company's 401(k) plan unless the employee specifically chooses to opt out. Currently, the opposite is the case -- employees must specifically opt in. That is expected to be the main factor behind the upsurge in participation.

For instance, T. Rowe Price, which manages 401(k) plans for corporate clients, found when clients imposed automatic enrolment, the employee-participation rate jumped to about 96% of eligible employees, as compared with 75% if enrollment wasn't automatic, said Charlie Vieth, president of T. Rowe's retirement business.

The legislation doesn't make automatic enrollment mandatory, but it does encourage companies to adopt the practice. Some companies put in place automatic enrollment in recent years, despite concerns that doing so would open them to legal liability for taking money out of an employee's paycheck without written consent. The legislation is partly an effort to address those concerns.

A survey by consulting firm Hewitt Associates Inc. shows 19% of 450 large companies had installed automatic enrollment as of last year; the figure is about 25% now. "With the legislation coming out, things will speed up," said Pamela Hess, a senior defined-contribution consultant with Hewitt. "It could be as high as 35% by year end."

The bill makes it easier for companies to use different kinds of mutual funds as a default option for employees who don't make an investment choice, such as life-cycle or target-date funds, which move toward more conservative assets as the

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fundholders near retirement. Nearly 90% of money in life-cycle funds was held in retirement accounts last year, according to the ICI.

Often, more complex funds such as these can levy higher management fees on investors than do plain-vanilla money-market accounts.

Another possible source of additional income for money-management companies: The legislation allows them to provide investment advice to their 401(k) clients. In the past, that was considered a conflict of interest due to the risk they might provide advice designed to maximize their fees and it might not be in the best interest of investors. The bill provides guidelines intended to address that concern. That advice most likely wouldn't be provided free of charge by money-management firms.

The bill also makes permanent a set of rules that temporarily allowed people to contribute more money to IRAs and other plans, further benefiting money managers who expect that to lead to increased inflows. Currently, the higher limits were set to expire after 2010. For instance, if not extended, the IRA contribution limit would drop from $5,000 in 2010 to $2000 in 2011; the 401(k) limit would drop from $16,500 in 2010 to $14,000 in 2011.

Administration Aims To Set Health-Care Standards (WP)

By David S. Broder

The Washington Post, August 7, 2006

CHARLESTON, S.C., Aug. 6 -- The Bush administration will soon launch an ambitious effort to require that all providers of federally financed health care adopt quality-measurement tools and uniform standards for their information technology, Health and Human Services Secretary Mike Leavitt said Sunday.

Leavitt told a session of the National Governors Association's annual meeting that "in a matter of weeks," President Bush will sign an executive order setting the new requirements. He promised that by year's end, a majority of the 100 largest private employers will sign similar contracts with the hospitals and doctors they use to care for their workers.

He urged the governors to follow suit by signing up the groups that take care of state employees and Medicaid recipients.

The goal of the initiative, Leavitt said, is to reduce health-care cost inflation while increasing the quality of medical services individuals receive.

The executive order would affect doctors and hospitals serving the Medicare population of elderly Americans and people served by any other federally financed service.

It would require those health providers to join with the government to standardize the requirements for information technology systems coming into their facilities; set standards for care of specific health problems; and develop uniform methods of measuring and reporting the outcomes of treatments.

Leavitt cautioned that the first standards in all three areas would be "pretty basic," but said they would provide a foundation for a future system in which patients could make "much more informed decisions" about where to go for treatment and what it is likely to cost.

Leavitt said that the demand for such information is large and that tools are becoming available to supply it. He said he had contacted executives of 21 of the 100 largest private employers and "21 of 21" are ready to sign such contracts with their own suppliers. That number will grow rapidly in coming weeks, he said.

Governors expressed interest in using Leavitt's model in their states but voiced some skepticism about the readiness of doctors to have their work evaluated.

Leavitt insisted that the physicians with whom he has met "want the standards" set for care in their specialties, in part because they want to evaluate their own performance against that of their peers, and in part because rewards for quality -- which Leavitt said these measurements would make possible -- might offset the loss of income threatened as budget pressures reduce their reimbursements for Medicare patients.

Leavitt conceded that many of the doctors are "skeptical we can create a system that measures quality accurately," but he said some specialties are already developing such standards and more can be nudged into doing so.

As for the standardization of information technology, now moving in rather haphazard fashion into hospitals and doctors' practices, Leavitt said HHS teams have finished drafting recommended standards for four basic functions: registering patients, reporting lab results, writing prescriptions, and providing secure communication channels between patients and doctors and among health-care providers.

Those standards will also be written into the proposed executive order, he said.

Also on the health-care front, two Democratic governors said in interviews Sunday that they intend to copy the model pioneered this year in Massachusetts by Gov. Mitt Romney (R) and attempt to provide universal health insurance. New Mexico's Bill Richardson and Michigan's Jennifer M. Granholm said they have begun to move in the direction Romney has taken, requiring individuals to buy policies and subsidizing the premiums for those with limited incomes.

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At their closed session at noon, all of the governors present agreed to sign a letter to Congress protesting a provision in the House version of the defense authorization bill that would expand the president's authority to take over the National Guard in case of emergencies.

Welfare Changes A Burden To States (WP)

By Amy Goldstein

The Washington Post, August 7, 2006

Having grown up on welfare, Rochelle Riordan had vowed never to ask for a government handout. That was before her hard-drinking husband kicked her and their young daughter out of their house near Lewiston, Maine, leaving her with a $300 bank account, a bad job market and a 15-year-old car held together in spots with duct tape.

Maine's welfare agency, she heard, was offering help for poor parents to go to college full time. With the state paying for day care and $513 a month in living expenses, Riordan, 37, has been on the dean's list every semester at the University of Southern Maine, expecting to graduate and start a social work career next spring. But this summer, her plans -- and Maine's Parents as Scholars program -- suddenly are on shaky ground; under new federal rules, studying for a bachelor's degree no longer counts by itself as an acceptable way for people on welfare to spend their time.

A decade after the government set out to transform the nation's welfare system, the limits on college are part of a controversial second phase of welfare reform that is beginning to ripple across the country. The new rules, written by Congress and the Bush administration, require states to focus intensely on making more poor people work, while discouraging other activities that might help untangle their lives.

By Oct. 1, state and local welfare offices must figure out how to steer hundreds of thousands of low-income adults into jobs or longer work hours. They also must adjust to limits on the length of time people on welfare can devote to trying to shed drug addictions, recover from mental illnesses or get an education.

This second generation of change reverses a central idea behind the 1996 law that ended six decades of welfare as an unlimited federal entitlement to cash assistance. The law decentralized welfare, handing states a lump sum of money and the freedom to design their own programs of temporary help for poor families. Ten years later, the government is tightening the federal reins.

Many state officials and advocates are furious. "You had fixed block grants in exchange for state flexibility," said Elaine M. Ryan, deputy executive director of the American Public Human Services Association, which represents welfare directors around the country. "Now you have fixed block grants in exchange for federal micromanagement. . . . That was not the deal."

Based on interviews with welfare officials in 10 states, including in the Washington area, the new requirements conflict in significant ways with the eclectic approaches to welfare that states have chosen.

States are struggling to decide how to comply. Some are exploring the idea of walling off certain groups of welfare clients into separate, state-funded programs, avoiding large federal penalties by insulating people from the new rules. Some states are scrambling to change how their welfare clients spend their time. Others are frankly unsure what they will do.

"States are kind of in a low-grade panic," said Ron Haskins, a Brookings Institution senior fellow who helped to write the 1996 law and later worked on welfare in the Bush White House.

In a climate of such flux, most of the nearly 2 million families on welfare nationwide are not yet feeling any change. Many will soon.

Riordan heard about the threat to her last year of college a few weeks ago. "I feel nauseous," she said. "This is my ticket . . . out of poverty."

In August 1996, when Congress passed the Welfare Reform Act, neither supporters nor critics predicted its dramatic effects: The number of families on Temporary Assistance for Needy Families, as welfare became known, has plummeted by 60 percent.

Despite that unexpected success, when the law came up for renewal in 2002, lawmakers deadlocked in a bitter ideological fight over how it should be changed. Democrats argued that the government should give states more money to subsidize child care while parents were at work. Republicans argued that the work requirements were not strict enough.

The law, the GOP pointed out, had envisioned that half the adults on welfare would get jobs. In reality, fewer than one-third were working -- and in some places, many fewer than that -- because the law had given states an inducement: The more people a state moved off its welfare rolls, the smaller the share of those who remained had to work.

Last December, buried in a sprawling bill meant mainly to cut federal spending, Republicans finally got the welfare changes they wanted. They compel states to find jobs for fully half their adult clients, and they increase the required work hours from 20 hours per week to 30. Then, in late June, the Department of Health and Human Services issued strict new rules defining what counts as work -- and who must be counted.

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Wade F. Horn, HHS's assistant secretary for children and families, said the closer federal regulation is necessary because states have been lax. "Some defined as work bed rest, going to a smoking-cessation program, getting a massage, doing an errand with a friend," Horn said. He acknowledged that federal officials do not know how often people have done those things, because states have not had to report such information.

The new rules say states may count toward their work-participation rates no more than six weeks per year that a client spends looking for a job, or receiving help such as drug or mental health treatment. And when reporting who is working, states must take into account extra people, including grandparents who are not on welfare but are raising children who get benefits.

"We expected the [rules] to be bad," said Robin Arnold-Williams, secretary of the Washington State Department of Social and Health Services. "They are worse than that." In that state, one-fourth of the 25,000 adults on welfare are not working while they try to conquer barriers such as addictions or too little education -- a policy in direct conflict with the new rules.

Even states that have emphasized work are facing new hurdles. According to recent federal figures, 50 percent of the adults on welfare in Virginia are employed. But under the expanded definition of who states must take into account in their work-participation rates, the commonwealth needs about 3,000 more people a month to get jobs, costing Virginia about $28 million more a year to help with child care and job searches, said Anthony Conyers Jr., commissioner of the Virginia Department of Social Services.

In the District, about 2,200 more people will need to go to work, said Kate Jesberg, head of the D.C. Department of Human Resources. Most, she said, will need more than the six weeks allotted to find a job, in no small part because two-thirds of the city's adults on welfare read at the fifth-grade level or less. The rules turn her staff into "extraordinary bean counters," Jesberg said. "Who cares if it takes six weeks or eight weeks? The point is, it is time well spent if you keep them in a job."

Maryland began three years ago requiring every adult on welfare to do something productive for 40 hours a week. Most of what they have done, such as getting high school equivalency degrees or counseling for domestic violence, does not meet the federal definition of work. "We are scrounging," said Marshall Cupe, a case manager in Prince George's County's Family Investment Division, who is combing through his 400 cases to try to shift people into subsidized jobs, volunteer work or other activities the government will recognize.

The new rules come with new paperwork. In Utah, temporary-assistance administrator Helen Thatcher said the program has emphasized vocational training to equip people to enter fields, such as health care, with plentiful jobs and opportunities for advancement. The training is still permitted, but her staff now will have to keep track every day of how much time nearly 1,400 clients spend on classes and homework.

A few states have quickly passed laws to adjust. New Hampshire just altered its program to try to navigate people into jobs more swiftly and penalize them more promptly if they miss appointments. Terry R. Smith, director of the Division of Family Assistance, said the state also has decided to move out of welfare 136 two-parent families, a small group for whom the rules say 90 percent must work. They will go into a separate state program that Smith said will cost New Hampshire $880,000 a year -- less than a $4 million federal penalty it risks incurring in a year or two if not enough are employed.

Many states cannot adjust as quickly, because some welfare changes will require approval of legislatures that will not convene until months after the federal rules take effect in October. In Maine, welfare administrators are debating whether to ask lawmakers to preserve Parents as Scholars as a separate state program. Since 1996, it has enabled about 1,000 low-income adults a year to go to college. Virtually no one who has graduated, state figures show, has returned to welfare.

If its participants had to work 20 hours a week in addition to college, as the new rules require, "a lot of people wouldn't even try," said one of Riordan's friends, Emily Wood. Wood had a son at 17, married at 18, divorced at 22, and was working at a laundromat for $6.50 an hour before starting college with help from Parents as Scholars. At 28, she was named outstanding senior when she graduated from the University of Southern Maine in May. She is starting a master's degree and trying to decide between two job offers at social service agencies. They pay $15 an hour.

FEMA Regroups After Katrina, But Some Question Its Readiness (WSJ)

By Robert Block

The Wall Street Journal, August 7, 2006

WASHINGTON -- Since Hurricane Katrina left the Gulf Coast in tatters and the federal government's disaster response in disarray, the Federal Emergency Management Agency has spent billions of dollars on everything from satellite technology to telephone operators to better weather this year's storm season.

Many of its moves have been hailed by emergency experts as significant strides. Yet serious doubts remain inside and outside FEMA about what impact those changes will have on the nation's premier response agency's ability to handle another major disaster.

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Under R. David Paulison, the former Miami fire chief who took over in April as FEMA's director, the agency has streamlined its operations; hired hundreds more employees; outfitted delivery trucks with satellite tracking systems; purchased record amounts of ice and water; and signed more than $4 billion in forward contracts with big engineering firms and the U.S. military for emergency supplies and services that could be activated during a disaster.

FEMA says it now has enough provisions to feed one million disaster victims for a week, and it has made arrangements with the Department of Defense for backup supplies should the need arise. To speed up assistance to victims, the agency also has tripled its daily capacity to inspect homes for damage following a storm.

Though upbeat about the changes they have made, FEMA officials say the arrangements aren't perfect, and that many gaps remain, including a need for more-seamless communications and relief-monitoring systems. "There's still so much for us to do," says Deirdre Lee, FEMA's chief acquisitions officer and deputy director of operations.

"It's a mixed bag," says Leo Bosner, a veteran FEMA relief official and the head of its Washington union. "There are some good things, like a more robust logistics department and more staff. And many of the changes look great on paper, but the truth is they haven't been tested under fire, and there is still a lot of confusion about how it is all supposed to work."

Some state emergency directors agree. "I see FEMA working hard and see some very encouraging changes, but it's not clear yet that all the changes are appropriate, and even FEMA folk don't know for sure if it's all going to work to plan when trouble strikes," says Steve McCraw, homeland-security director for Texas.

Mr. McCraw and other critics worry that FEMA is being micromanaged by its parent, the Department of Homeland Security, question whether the technology that FEMA has deployed to track relief supplies will work as advertised, and say there is confusion over changes in the National Response Plan, the country's blueprint for handling emergencies.

Many FEMA employees share those concerns, but say improvements have been made. The most meaningful change they say, may be that FEMA has met with other federal agencies, such as the departments of Defense, Transportation, Justice and the General Services Administration, and painstakingly worked out their relief roles during a big disaster to avoid repeating the confusion that followed Katrina.

FEMA chief Mr. Paulison says he is particularly proud of the agency's new ability to track trailers loaded with food and ice from the time they leave FEMA's warehouses until they arrive in a disaster zone.

During Katrina, FEMA's lack of a real-time tracking system for its shipments -- a tool commonly used by companies such as FedEx Corp. and Wal-Mart Stores Inc. -- left emergency managers in the dark about whether the ice, water and emergency generators they had requested ever made it out of the warehouse door, let alone whether they had arrived.

"We are light years ahead of where we were," Mr. Paulison recently told a group of reporters during a tour of the agency's revamped operations center here. After a $3 million facelift, the center also can receive live satellite-video feeds from special Homeland Security disaster reporting teams.

FEMA field officials working with the new systems say that their abilities, particularly those of the tracking system, are overblown.

For example, FEMA is equipped to track only the trucks delivering its own pre-positioned supplies. It can't electronically monitor the shipments of private contractors, upon whom the federal government relies heavily during emergencies. There also is some confusion about whether FEMA managers can communicate directly with drivers should they get lost or if FEMA needs to divert them.

FEMA officials in Washington say the system allows them to talk to drivers, but officials on the ground working in its warehouses say that the system's communications ability is so limited as to be almost useless, and that the tracking system as a whole is very basic.

"Without the ability to communicate with a driver, all we have is a dot moving aimlessly around a computer screen. What's the value in that?" says one senior FEMA official in Mississippi.

Of even greater concern is that state and local emergency responders directing relief efforts on the ground won't be able to see or direct deliveries of relief supplies, leaving those workers dependent on officials at FEMA and Homeland Security for information. "It turns the whole central tenet of emergency management on its head. States are supposed to direct the response, not Washington," says Mr. McCraw of Texas.

Since Katrina, Homeland Security Secretary Michael Chertoff has moved to have all disaster-response information funneled through his department's headquarters. Mr. Chertoff blames the bungled Katrina response largely on what he saw as a lack of real-time information flowing from the disaster zone to the Department of Homeland Security. Investigations by two congressional committees into the Katrina response found that information was reported to Washington but wasn't always shared, a finding Homeland Security officials dispute.

Senior officials in FEMA say that while there is better coordination this year between FEMA's operation hub in downtown Washington and Homeland Security's center near Washington's border with Maryland, there is still a lot of duplication of effort.

Homeland Security sometimes sits on FEMA information for hours before passing it on to the White House or other federal agencies, according to FEMA's Mr. Bosner, who works in the agency's operations center.

The agency's deputy director, Coast Guard Adm. Harvey Johnson, says that both operations centers were working on ironing out problems. "We are continuing to solidify standard operating procedures," he says.

Several states are complaining, however, that Homeland Security officials still are too often ignoring state officials when drawing up their response plans. Some emergency experts in California and Washington state have accused the department of pushing a one-size-fits-all approach to disaster response that may be well-suited to hurricanes on the Eastern seaboard but could be irrelevant for Western states facing the possibility of earthquakes and tsunamis. FEMA officials say they can't focus on all the nation's disaster risks at the same time. But even hurricane-prone states have voiced complaints.

Heading into peak hurricane season, Louisiana and Department of Homeland Security officials remain at odds over who is in charge of evacuations and shelters. In a sharply worded letter sent to Mr. Chertoff last month, Louisiana Gov. Kathleen Blanco cataloged what she saw as multiple shortcomings in the Department of Homeland Security's plans for the 2006 hurricane season.

In particular she questioned whether Washington was doing enough to guarantee sufficient shelter space for future hurricane evacuees. She also told Mr. Chertoff that officials from his department were working outside the National Response Plan, introducing untested ideas into emergency plans without consulting the state. These moves, Ms. Blanco said, "will only serve to confuse the response."

Mr. Chertoff on Friday responded in writing to Ms. Blanco's letter by promising that the federal government would help expand shelters in Louisiana for evacuees. But he also said that it wasn't the federal government's responsibility to evacuate and shelter Louisiana's citizens.

Mr. Chertoff's letter underscores how far from settled the Louisiana situation remains in the current hurricane season, with unresolved issues such as how many hurricane shelters would be opened in the state this season. Nor did it address the criticism that the department wasn't coordinating plans with state officials.

Homeland Security spokesman Russ Knocke says that the department is still "looking for any areas where uncertainties remain, and we'll be working with the state to resolve them."

Research Team Seeking Clues To A Hurricane's Birth (WP)

By Marc Kaufman

The Washington Post, August 7, 2006

Twenty-one days before Hurricane Katrina made landfall at New Orleans last summer, a relatively small "wave" of turbulent air emerged from western Africa and headed out to sea.

Over the ocean, that trough of low atmospheric pressure began to shrink, and it was further diminished by a mass of dry and dusty air from a large Saharan dust storm that blew offshore at about the same time. Over the eastern and central Atlantic, the dusty cloud mingled with the tropical wave and helped keep it weak and diffuse.

But somewhere out over the Atlantic, that same atmospheric wave joined up with one or more other tropical depressions coming off Africa. Within days, the relatively small turbulence grew into the tropical cyclone that, as it crossed the ocean, became the hurricane that would devastate the Gulf Coast two weeks later.

Although many hurricanes that reach the United States are born as tropical depressions in the waters off Africa, little is known about why some peter out and others become monster hurricanes on the other side of the ocean. This is increasingly important information to have, and so a team of researchers from NASA and the National Oceanic and Atmospheric Administration will spend the next two months off the African coast trying to find the answer.

"These waves are pretty innocuous -- lines of heavy rain with some thunderstorms," said Jeffrey Halverson, a NASA mission scientist and professor at the University of Maryland in Baltimore County. "But about 10 percent change character as they move to sea and get rotations and start building up power. That's the big mystery: Where does the spin come from?"

From bases in the Cape Verde Islands and in Dakar, Senegal, the researchers will track, measure and analyze some of the 60 waves that every year come off West Africa in the late summer and head toward the Caribbean and North America, carried by trade winds.

Most of the time, these weather patterns -- called African easterly waves because they form over the Darfur region of Sudan or Ethiopia in East Africa -- stretch 1,200 to 1,500 miles and last three to four days before they dissipate, unless they grow into something bigger. They get their initial power and instability from the difference in temperature between the very hot Sahara Desert air and the substantially cooler air along the coast of the Gulf of Guinea.

NASA has outfitted a DC-8 jet with advanced atmospheric-research instruments and will fly it through tropical waves to take a wide range of measurements. Officials said that a NASA team had studied the phenomenon in the mid-1970s but that this

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year's research could be groundbreaking because of newer instruments. Sensors on the aircraft will measure the sizes and shapes of clouds and airborne particles, wind speed and direction, rainfall rates, and atmospheric temperature, pressure and relative humidity. They will also study air patterns before and after the waves move through.

Imaging from NASA's fleet of Earth-observing satellites -- which can capture, for instance, the vertical shape of a brewing storm -- will be used extensively.

The research will focus on the aspect of hurricane forecasting that scientists say remains most challenging -- how and why a tropical storm develops the intensity to become a hurricane. Forecasters often get the movement and direction of a storm right, but its intensity remains much harder to predict.

"We're 15 to 20 years behind when it comes to understanding hurricane intensity compared with hurricane movement," said NOAA's Jason Dunion, a hurricane modeler who will lead his agency's effort. "That's why the main goal here is to study intensity, to learn more about the factors that have to come together to make a big storm."

There is some general understanding of what is needed to create a hurricane -- a particular combination of moisture in the atmosphere, warm ocean temperature and winds. But by going back to the birthplace of about 80 percent of the hurricanes that hit North America, researchers hope to learn much more.

There is considerable interest as well in learning more about how small swirling tropical cyclones merge to become bigger systems -- and sometimes hurricanes.

"There seems to be a real element of chance involved," Halverson said. "To get large areas of rotating air, you need smaller vortices to act as building blocks. We think that they'll merge if they're close together, but it seems this is where chance comes in. If these thunderstorm clouds are far apart, then they won't merge."

Scientists will also focus on the role of the Saharan air layer that forms over the desert during the late spring, summer and early fall, and generally moves out over the tropical Atlantic Ocean. Its very hot and dry air, strong winds and airborne dust are thought to inhibit cyclone development. There is some evidence that the dust makes it more difficult for rain to form, but that factor is currently not considered in hurricane computer models.

One issue the research will not address is whether global warming is leading to the formation of more or fiercer hurricanes. Last year's very intense hurricane season was preceded by above-average temperatures in the usually cool waters off West Africa, but it remains unclear what effect that unusual warmth might have had.

The NASA African Monsoon Multidisciplinary Analyses is an offshoot of a larger international effort to better understand the West African monsoon, which brings heavy rains to the often-parched region. The initiative, funded primarily by the European Union, is designed largely to help West Africans with forecasting and crop planting. But the same July and August easterly waves that bring the monsoon can spawn storms such as Hurricane Katrina, and so NASA is spending $4 million to $5 million for hurricane research as its part of the effort.

NASA and NOAA have collaborated on three other hurricane studies since the mid-1990s. In keeping with their missions and expertise, NASA will focus on the upper reaches of the weather systems and NOAA will focus on the lower altitudes. Dunion said he expects some information from the Africa project, NAMMA, to be available almost immediately and useful in improving hurricane modeling and forecasting, although other data will take months or years to analyze.

"We believe our new knowledge from NAMMA could help protect Americans from hurricanes," he said.

Court's Eminent-Domain Edict Is A Flashpoint On State Ballots (WSJ)

By Christopher Cooper

The Wall Street Journal, August 7, 2006

Last year's Supreme Court ruling validating a Connecticut city's authority to seize private property for economic development has sparked a backlash. In several states, conservative groups are pushing ballot initiatives to curb local governments' abilities to exercise not only eminent domain, but also land use and environmental controls.

When a divided court ruled in Kelo v. New London that private landowners had no constitutional grounds to resist eminent-domain property seizures, it effectively kicked regulation of government condemnation suits back to the states. The reaction has been swift: Several states are considering laws that would limit a local government's ability to exercise eminent domain, or the taking of private property for public purpose. Other measures that voters are likely to consider deal with "takings," or government restrictions on private property, such as zoning and building regulations.

In Ohio last month, the state Supreme Court ruled that cities must have a specific reason to seize private property under eminent domain and can't rely on broad justification like economic development to force unwilling landowners to sell. This fall, voters in several states will decide on property-rights proposals.

In the South, four states are entertaining ballot proposals that would tighten the eminent-domain process. A Florida initiative requires local governments to sell expropriated property back to the owners if the land isn't used for the stated purpose,

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while ballot initiatives in Georgia and South Carolina would crimp government use of eminent domain. In populist-leaning Louisiana, a ballot proposal would prevent local or state government from condemning property and then transferring it to another individual or group, a measure that could affect how the state rebuilds after two devastating hurricanes last year.

But in the fast-growing West, where building and environmental concerns often pit government against developers, a different kind of property-rights movement is under way. Call it Kelo with a twist: Tapping antieminent-domain sentiment that conservatives say runs high among voters, some groups are pushing to limit how governments regulate private property. Measures heading for ballots in a half-dozen states this fall would require governments to compensate landowners if they apply more restrictive zoning retroactively, impose more stringent environmental rules on undeveloped property or apply aesthetic-development regulations on private land as a way to counter urban sprawl.

Some of these measures, called "takings" proposals, began as pure eminent- domain initiatives but have been modified by small-government advocates to make it more difficult to put antisprawl and stricter building-density burdens on current owners. In some cases, the ballot measures would allow a government to waive the requirements for existing landowners; others are tougher, seeking to discourage additional land-use regulations by requiring governments to make cash payments to landowners whenever new rules are imposed.

Versions of these property-rights initiatives are heading for the ballot in Arizona, California, Idaho, Montana, Nevada and Washington.

Some conservatives say it is ironic that the rush to property rights arose from the Kelo case's Supreme Court ruling, which they didn't feel went their way. Grover Norquist, who heads Americans for Tax Reform, a conservative group in Washington, has pushed similar proposals for years but got little traction from national advocates until the Kelo decision. "Two years ago if you walked down the street yelling that the government was taking our property, people would walk around you, they'd think you were a lunatic," he said. "Since Kelo, property rights has become the center of attention."

It is an issue, Mr. Norquist says, that is ripe for citizen balloting, which is allowed in many Western states. Voter propositions, which make it to a ballot through signature collecting, often are employed for issues that state legislators are reluctant to address, such as term limits and budget-growth restrictions. Takings present a similar issue: One that state and local governments are unlikely to embrace on their own.

As with many propositions, such as minimum-wage increases, heading toward voters this fall, pushing the takings issue costs less to advocate than to counter. Mr. Norquist said the issue polls well with voters, which makes it easier to promote than to oppose. Also, some conservative political groups, such as Americans for Limited Government, said it is relatively easy to piggyback the proposal with other ballot measures they are already pushing.

History suggests that supporters of these proposals may have the upper hand, especially in Western states, where governments have moved in recent years to impose restrictive covenants on developers to protect the environment and contain sprawl.

In Oregon, a takings measure that required the state to exempt individual landowners from stricter land-use regulations or pay them damages passed handily. That law, called Measure 37, is serving as a template for takings measures proposed in six states this fall. Property-rights backers are returning to the ballot this year in Oregon, championing a measure that would prevent government from condemning private property if the intent is to turn the land over to a private developer.

Given Oregon's political profile and the reaction signature-gatherers are receiving as they try to place takings measures on the ballot, supporters like their chances this fall. "It's one of those things that will pass everywhere it appears, absent some massive, expensive television campaign against it," Mr. Norquist said. "It passed in liberal, deep blue Oregon already."

Opponents say they are behind in the drive to defeat the measures, in part because conservatives successfully conflated eminent-domain concerns with regulatory takings. "The right is using the reaction to Kelo to slip in these takings measures," says Oliver Griswold, a spokesman for the Ballot Initiative Strategy Center, a liberal group in Washington that tracks state-ballot initiatives. "It totally decimates a municipality's ability to plan for growth in the future. And it has nothing to do with a government taking grandma's house."

When Students Speak (WP)

The Washington Post, August 7, 2006

LAST WEEK a sharply divided U.S. Court of Appeals for the 9th Circuit let stand an earlier decision holding that a public school may prevent a student from wearing an anti-gay T-shirt on campus. The case is hard -- pitting important First Amendment values against the ability of a public school system to create an environment in which all students feel welcome and comfortable. In our view, the court's answer presents serious problems. Identifying a better solution, however, is tricky -- and may be a task for the Supreme Court.

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Back in 2004, Poway High School in Southern California allowed a lesbian and gay student group to hold a "Day of Silence" to protest intolerance toward gays. In response, a student named Tyler Chase Harper wore a T-shirt to school on which he had written on the front: "BE ASHAMED, OUR SCHOOL EMBRACED WHAT GOD HAS CONDEMNED." The back read: "HOMOSEXUALITY IS SHAMEFUL 'Romans 1:27.' " The shirt did not prompt disciplinary problems among the students, but school administrators asked Mr. Harper to remove it, claiming it was inflammatory and fearing altercations over it. The youth refused and was kept in the school office for the day, though not punished. He sued.

Students have free-speech rights, but they are more constrained than those of adults. School districts can limit them in the interests of maintaining a disciplined educational environment. And schools can regulate speech that, as the Supreme Court put it, "intrudes upon . . . the rights of other students."

The 9th Circuit majority regarded Mr. Harper's shirt as doing just that. "Advising a young high school or grade school student while he is in class that he and other gays and lesbians are shameful, and that God disapproves of him," wrote Judge Stephen Reinhardt, "strikes at the very core of the young student's dignity and self-worth." Indeed, however heartfelt, this type of speech is poisonous stuff. And we agree that school administrators must have some latitude to prevent in-school speech intended to vilify minority individuals and groups.

The trouble here is that the school encouraged speech on the other side of a politically charged issue. And as the dissenters point out, it's a dicey business for schools to be favoring one side of a matter of great and ongoing religious and political controversy. Public schools should not be at once assisting an advocacy group in drawing attention to the plight of gay and lesbian students and forbidding those with deep religious objections from wearing a shirt expressing their feelings.

Part of the problem is that the Supreme Court's case law on this area is terribly vague. This case presents an excellent vehicle for clarifying matters. In part because the school seems to have acted in good faith, it presents the question pointedly and with the costs of a ruling on either side well-defined. The justices ought to take a look.

The $2 Million Man (WP)

The Washington Post, August 7, 2006

IT'S WELL KNOWN how lucrative it can be to leave government service for the private sector. Jeffrey S. Shockey managed to make it pay the other way around, too.

Mr. Shockey wasn't a particularly well-known lobbyist when he was in the private sector. But he was a particularly well-paid one -- and for good reason. His former boss, Rep. Jerry Lewis (R-Calif.), headed the defense appropriations subcommittee, responsible for doling out billions in federal largess. So Mr. Shockey earned $2 million in 2004 and was on track to get an astonishing $3 million in 2005. But public service called Mr. Shockey when Mr. Lewis ascended to -- purchased might be a better verb, given the behind-the-scenes fundraising frenzy by those vying for the job -- the panel's chairmanship.

Mr. Shockey returned to Capitol Hill -- this time in the key position of deputy chief of staff on the Appropriations Committee. But he didn't depart empty-handed from his lobbying firm: He received a buyout package that totaled an eye-popping $1.96 million. Part of this was money due him for client bills that hadn't yet been paid; by far the largest part was for his "share" of the firm -- calculated, for reasons that haven't been fully explained, on the basis of six months' worth of anticipated billings.

But as The Post's Jeffrey H. Birnbaum reported, the six-month calculation was out of the ordinary, according to Mr. Birnbaum, "Ten top lobbyists . . . said that departing partners rarely get more than two or three months' worth of retainers-on-the-books because there isn't any guarantee that their clients will continue with the firm." Does anyone really think that Mr. Shockey would have reaped a benefit of this size if he hadn't been heading to the appropriations panel? Yes, the lobbying firm had lots of other good contacts on the committee; yes, Mr. Shockey said he would recuse himself from matters involving the firm. But still -- a lobbying shop that focuses on appropriations doesn't want to end up on the bad side of a key Appropriations Committee staffer.

There is another disturbing wrinkle here. Mr. Shockey's wife, another former aide to Mr. Lewis, has her own lobbying firm, Hillscape Associates, which operates out of her husband's old firm, has a consulting contract with it and serves some of her husband's former clients. Alexandra Shockey doesn't lobby her husband, Mr. Lewis blithely assured the ethics committee when the Shockeys belatedly submitted this arrangement for its review. But of course his position enhances her ability to get the ear of committee staff, and the clients who have hired her know it.

This entire arrangement is part of the odor that, as we have said, is emanating from the committee that Jack Abramoff called the "favor factory."

Frank's Place (RC)

By Jamie Weinstein

Roll Call, August 7, 2006

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Rep. Frank Lucas (R-Okla.) is adding a bevy of young new staffers to his Washington, D.C., office.

Craig Perry, 25, joins Lucas' staff as a legislative assistant responsible for foreign affairs, judiciary and immigration issues, among others. Perry comes to Lucas' office after serving as a staff assistant, legislative correspondent and legislative assistant for Rep. Ric Keller (R-Fla.) from July 2005 until coming to Lucas' office in July.

Perry, who hails from Moore, Okla., finds "working with Oklahomans" to be the best part of his job and plans to return to Oklahoma one day to work in politics. He graduated from Oklahoma State University with a degree in international business in 2005.

Also new to the policy shop is Jordan Russell, 22, who begins his professional career as a legislative assistant. In that role, Russell will be responsible for dealing with environmental, agricultural and labor issues, among others.

The Freedom, Okla., native, who boasts that he once went shopping at Wal-Mart with presidential speechwriter/actor Ben Stein, wrote in an e-mail that he looks forward to working on Capitol Hill because it "has to be the only place where business executives, state leaders, school teachers, and concerned citizens travel to Washington to sit across the table with a recent college graduate and entrust them with their most important concerns."

A May 2006 graduate of Oklahoma State University with a degree in agribusiness, Russell hopes to one day return to the classroom to obtain a law degree.

Tabitha Layman, 24, will serve as the office's new deputy press secretary and staff assistant. She will be responsible for working with Lucas' press secretary in scheduling media interviews and keeping the rest of the staff informed of media on-goings revolving around the Congressman.

Before coming to Washington to work for Lucas, Layman was a marketing and promotions assistant for 1170 KFAQ in Tulsa, Okla. She graduated from Oklahoma State University with a degree in American studies in 2005 and is from Broken Arrow, Okla.

Finally, Tonia Stroud, 21, will be the office's new scheduler and office manager.

Stroud, who proudly proclaims she once won a greased pig contest in her hometown of Clinton, Ky., is a May 2006 graduate of Morehead State University, where she obtained a degree in chemistry.

Speaking of how she never dreamed that a "small town Kentucky girl" like herself would ever be "blessed with the opportunity to work for a Member of Congress," Stroud said she is excited "to actually be here, working in Congress, and seeing firsthand Congressmen and women who are honest and hardworking."

Wilson Ends Bid For Permanent Stakeout Spot (RC)

By Tory Newmyer

Roll Call, August 7, 2006

The campaign that came in with a roar has gone out with a whimper.

Three months ago, radio and television reporters started popping up in Senate hallways sporting pins that read "TV Equity Now," as they launched a rare public drive for greater camera access in the chamber's Ohio Clock corridor.

Led by Fox News Congressional correspondent Brian Wilson, the Radio and Television Correspondents' Association had been trying to convince Senate leaders that the time had come to give TV reporters a permanent stakeout position right off the Senate floor.

Just when television reporters thought they were getting somewhere, CNN reporter Joe Johns aired a story critical of Sen. Ted Stevens (R-Alaska) that used footage gathered from the Ohio Clock area with a handheld camera. The ensuing uproar stopped the broadcast journos' effort dead in its tracks.

That was in May. It wasn't until last week that Wilson acknowledged his dream is dead. "After considerable contemplation (and the licking of a few wounds), I have sadly come to the conclusion that the well is now poisoned and the time to effect change this year has past," he wrote in an e-mail to colleagues. "I will leave it to future RTCA chairfolk to address that issue in coming years."

In an interview, Wilson said, "You don't have any idea how close we were." But now, he said, "I think it will take years to get back to where we were."

Meanwhile, Johns appears to have emerged from the imbroglio unscathed. The executive committee of the RTCA rallied behind him after Stevens filed a complaint with the Senate Rules and Administration Committee. And after receiving a report on the incident from the Senate Sergeant-at-Arms, the Rules panel apparently has decided to let it go. A committee spokeswoman did not return calls for comment.

For now, the radio and television reporters are turning their attention to a separate but related topic: trying to work out an agreement with their daily and weekly print colleagues on how to deal with reporters using small, roving cameras.

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The RTCA has appointed two people to serve on a working group on the matter, and recently wrote to the daily and periodical print committees asking them to name representatives.

The issue was brought into focus last week when a print reporter tried to collect video of a Senator on the second floor, in violation of the chamber's rules. The reporter stopped when informed it was a breach, but the episode set off a fresh back-and-forth among the galleries about the practice.

Wilson said he hopes the working group can meet over August to hash out recommendations. The periodical gallery already has named its envoy, but Susan Milligan, national political correspondent for the Boston Globe and chairwoman of the Daily Press Gallery's Standing Committee of Correspondents, said her panel won't meet again until September.

"We wouldn't even have a chance to talk about it until then," she said. "But we've made ourselves clear about how we feel. We don't want cameras on the second floor because they change the nature of an interview. That's where we do some of our most valuable reporting, and we don't want that to change."

Answer Me This. "Enough about us, what do you think about us?" That's the question the National Federation of Independent Business recently asked Congressional staffers as it appraised attitudes toward the group on Capitol Hill.

The small-business lobby hired BKSH & Associates to conduct the survey earlier this year, said NFIB spokesman Michael Donohue. The findings were delivered to Todd Stottlemyer, the Northern Virginia businessman who recently took over as the organization's president.

And what do Congressional staffers think of the NFIB? "It was along the lines of what we expected," Donohue said. "It reaffirmed that we're an effective lobby for small business."

Records show the firm was paid less than $10,000 for the project, and the firm's work for the group ended after it wrapped the effort.

Crane Construction. Lobbyist Daniel Crane, who recently left Campbell Crane & Associates, has registered several clients for his new venture, the Crane Group. According to lobbying disclosures, Crane is doing work for nine clients, including the California Fire Foundation's Team SAFE-T, the Cayuga Indian Nation of New York, Chubb Corp. and the Gabrielino-Tongva Indian Tribe.

Jeanne Campbell, who owned Campbell-Crane, has renamed her shop the Campbell Group.

K Street Moves. The March of Dimes, a nonprofit organization that focuses on preventing birth defects, has beefed up its lobbying shop. Amanda Molk, formerly with the National Mental Health Association, has come on as deputy director of federal affairs. And Colleen Sonosky, who had been deputy executive director for policy at FirstFocus/America's Promise, is the new public policy research director.

· Adam Jentleson is the new manager of Congressional affairs at the Center for American Progress, the left-leaning think tank. He previously worked for the group's college outreach project, Campus Progress.

· Millennium Pharmaceuticals has a new vice president of government relations. Michael Eging joins the outfit from Hoffman-La Roche, where he was a top lobbyist.

· M+R Strategic Services, the public affairs firm, has snapped up Melissa Salmanowitz from the media practice at Burson Marseller. Salmanowitz will serve as a senior communications consultant at M+R.

OTHER NEWS:

New Police Forces Can Fill Gaps In Coverage (and Gaps In Municipal Budgets) (NYT)

By Paul Vitello

The New York Times, August 7, 2006

MINEOLA, N.Y., Aug. 4 — This suburban village is headquarters to a few thousand Nassau County police officers, scores of detectives, a bomb squad, a SWAT team and hundreds of armed court officers who guard the civil and criminal courts.

But according to their mayor, the people of Mineola feel unsafe.

So, like a cluster of small-town officials around the country of late, the mayor of Mineola is proposing to secede from the county police system and establish a police department that the people here can call their own.

Violent crime in Mineola is almost nonexistent. "But our senior citizens, especially, tell us they feel intimidated by people running stop signs, by a lack of basic stability," said the mayor, Jack M. Martins.

Government and police academy officials estimate that perhaps two dozen police departments have been formed in the last few years — some as small as the one-man department in East Marlborough, Pa., and others with 20 to 100 officers. Some have been motivated by perceived gaps in coverage by large metropolitan departments, some by the lure of new revenues.

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In Truckee, Calif., near Lake Tahoe, the motto of the new police department is "No call too small." In Mint Hill, N.C., a suburb of Charlotte, the police chief says that grateful residents still deliver food to police headquarters to thank his 23-member department for existing. Bowie, Md., on the affluent eastern wing of Prince George's County, is hoping to set up its first police department this fall, said the city manager, David Deutsch, because "we're relatively safe now, and we want to keep it that way."

The boomlet seems to be driven mainly by a desire to maintain or re-establish control over so-called quality of life indexes, experts said. As urban density spreads through the suburbs, some communities with a small-town character sense police resources draining from their streets, and want police visibility restored.

But another incentive, some suggest, is revenue: Along with all its other powers and duties, a local constabulary's ability to write tickets can often produce a positive cash flow for the town.

In some communities with new departments, the gratitude of local residents — who have usually just approved the new agency by referendum — has been muted by a rain of traffic tickets.

"Our ticket revenues probably doubled in the first year," said Andrew E. Neiditz, the city manager of Lakewood, Wash., a suburban community between Tacoma and Seattle, which withdrew from the bailiwick of the Pierce County sheriff several years ago and set up its own force of 100 officers.

With the help of an automated traffic radar and camera system, the city of 60,000 took in $1.4 million in traffic fines last year, he said.

For Jason Dobbs, 26, a waiter, the subject of zealous work by the new police department in his town, Truckee, inspired a letter to the local newspaper, The Sierra Sun.

"I work in downtown Truckee in a job that often lets out near midnight," Mr. Dobbs wrote. "I have been pulled over four times in the past two months on my way home from work, but I have received no tickets. Last month I was pulled over for speeding by 4 miles per hour."

Tony Lashbrook, the town manager, granted that some residents chafe under the eye of the new 25-member police department. But in a town with many second homes, he said, more people were grateful to know they could ask the police to see whether a garage door had been left open or a stove burner on.

There are no firm statistics on the number of new police departments established in the last decade. But Elaine Deck, program manager of the Justice Department's Smaller Agency Technical Assistance Program, said her agency was involved in helping four small departments begin operating during the past year, in Colorado, Iowa, Michigan and upstate New York.

Paul Schultz, the chief of police in Lafayette, Colo., and a visiting instructor in police administration at the Southern Police Institute of the University of Louisville in Kentucky, said his impression was that the trend had accelerated in recent years, paralleling suburban and exurban sprawl.

"I've taught classes for the last 10 years, and I see this happening more and more frequently," Chief Schultz said. "The small communities want more control than they are getting from the large countywide departments. If there is an abandoned car on Main Street, people want to be able to call the chief himself and make sure something gets done. It's about quality of life."

By his count, there have been about 25 new police departments set up in small communities during the last several years, most in metropolitan areas on the country's coasts.

In Mineola, Mayor Martins said, village taxpayers contribute about $6.7 million annually to the Nassau County Police Department for patrols. "And we figured out we're getting about $3 million worth of service," he said.

The mayor and the county's public safety officials have held meetings to discuss this calculation. A spokesman for the Nassau County executive, Thomas R. Suozzi, said that while current patrols in Mineola were adequate, Nassau had undertaken a study of patrols throughout the county and would issue a report this year.

So far, Mayor Martins said, county officials have offered no service improvements that would render unnecessary a village police referendum that is likely to be on the ballot next year.

"We keep getting calls from residents complaining about people speeding through the streets, going through stop signs, about graffiti and unsupervised kids," said Mr. Martins, a lawyer. "Our village parks don't get a lot of coverage. We think we can do better on our own. The village police would be part of our community. We're thinking we would need about eight or nine cars to do the job."

That is, according to a consultant's report commissioned by the village: eight or nine cars, one commissioner, two lieutenants, five sergeants and 20 officers at salaries between $70,000 and $150,000, plus benefits. Five dispatchers, two clerks, two custodians, 10 crossing guards.

Also, a headquarters building estimated to cost about $3 million, outfitted; a backup generator, file cabinets, desks, chairs, lockers, gasoline, telephones, a dozen semiautomatic service revolvers, ammunition, sledgehammers, jumper cables, rubber gloves, traffic cones, defibrillators, barricades, police tape, flares, laptops, oxygen tanks, hazmat kits, satellite phones, a

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communications system, portable radios and four safes — for weapons, ammunition, property and contraband — among about a hundred other things.

Asked if those costs, and a reluctance to raise property taxes, would eventually mean more traffic tickets for people in or passing through Mineola — a major local destination, the site of most county office buildings and courts — Mr. Martins said he did not think so.

"I've tried not to make revenues from fines a factor in our calculations," he said. Then he added: "But the reality is that, as it stands, the county receives any revenues for moving violations within the village. If we have our own department, that money would belong to us."

U.S. Defends Resolution To Halt Battle Between Israel, Hezbollah (WSJ)

By Neil King Jr. And Jay Solomon

The Wall Street Journal, August 7, 2006

The White House defended a United Nations measure meant to halt the 26-day battle between Israel and Hezbollah, despite criticism by Lebanese officials that the proposal was too favorable to Israel and wouldn't ensure an end to the fighting.

Debate over the measure came as the fighting between the two sides intensified, further highlighting how difficult the diplomatic path will be. Hezbollah fired its most lethal rocket barrage so far into Israel, killing at least 15 people.

Hezbollah rockets struck Haifa, Israel, killing at least three people and wounding more than 30, in the heaviest attack on the port city since fighting began. A spokesman for the Haifa fire department said one residential district suffered five or six hits and there were many casualties.

Meanwhile, Israeli artillery and fighter jets continued to pound southern Beirut and much of the country's south, killing at least 14 people.

The draft U.N. resolution, which the U.S. and France crafted over the weekend, calls for a "cessation of hostilities" on both sides but doesn't demand that Israeli forces pull out of southern Lebanon. It leaves the details for a lasting cease-fire, including the introduction of an international peacekeeping force, for another round of U.N. diplomacy. The Security Council is expected to vote on the first measure as early as today. The White House said Mr. Bush will make remarks on the situation in the Mideast this morning. (Read the resolution6.)

Speaking to reporters in Crawford, Texas, where she was meeting with President Bush, Secretary of State Condoleezza Rice said the draft resolution represented "the international community's effort to bring about a reasonable, equitable basis for the cessation of hostilities." Its passage, she said, would clarify "who really did want to stop the violence and who didn't."

President Bush's national-security adviser, Stephen Hadley, said that once a first resolution was adopted, the U.S. and France would push quickly for a second measure to lay out the steps toward a permanent cease-fire and to authorize the dispatching of an international force. But he also cautioned that the fighting could continue even after the passage of the first resolution.

"I don't think you'll see an instantaneous end to the violence," Mr. Hadley told reporters in Crawford. "Historically, these cease-fires take some time to go into effect, particularly if, unfortunately, Hezbollah were to reject it."

In Beirut, the speaker of the Lebanese Parliament, Nabih Berri, blasted the resolution as contrary to a seven-point plan laid out more than a week ago by Lebanese Prime Minister Fuad Siniora. A central plank of that plan was the withdrawal of Israeli forces and resolution of longstanding border issues between Lebanon and Israel. "All of Lebanon rejects any resolution that is outside these seven points," Mr. Berri said in a news conference. Mr. Berri, a Shiite leader who met with Ms. Rice in Beirut almost two weeks ago, has often served as a conduit between Hezbollah and Mr. Siniora.

The Lebanese government, however, said it wasn't rejecting the U.N. resolution per se. Instead, the government stressed that the measure needed to be "strengthened and improved." Officials said that any cease-fire had to include the "immediate" withdrawal of Israel forces to behind the blue line dividing Israel from southern Lebanon, a proposal the U.S. and Israel have resisted. The Lebanese government also said the U.N. resolution should include the immediate dispatching of Lebanese forces to the contested areas in consort with a beefed up U.N. peacekeeping mission.

Israel has sent forces into southern Lebanon to uproot Hezbollah fighters but doesn't want to pull those forces out until a lasting cease-fire deal can be put in place. The Israeli government has declined to comment on the resolution until it passes in the Security Council.

"The establishment of [Lebanese] state authority is key," said an aide to Mr. Siniora, noting that Israel's withdrawal and the dispatching of Lebanese forces should occur within 72 hours of a cease-fire being called. "The current resolution has a long interim period with the Israelis in southern Lebanon, and this could drag on for months," said the official.

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Beirut wants the U.N. resolution to specifically set up steps to resolve the dispute over the Shebaa Farms border region, which has been claimed in recent years by Lebanon, Syria and Israel. Until the status of the territory can be established, said the aide to Mr. Siniora, Shebaa Farms should be put under U.N. custody and the Israelis should withdraw.

Syria's foreign minister, Walid Moallem, described the current resolution yesterday as a recipe for a potential civil war inside Lebanon, which he said could potentially escalate into a wider regional war.

Rice Says Draft U.N. Resolution Is Only 'First Step' (NYT)

By Sheryl Gay Stolberg

The New York Times, August 7, 2006

CRAWFORD, Tex. Aug. 6 — As France and the United States prepared to go to the United Nations with a resolution aimed at ending the conflict in the Middle East, Secretary of State Condoleezza Rice cautioned today that the resolution is simply "a first step,'' and said she did not expect an immediate end to the violence.

"These things take a while to wind down,'' Ms. Rice said, speaking to reporters here, though she said she "would hope that you would see very early on an end to the kind of large-scale violence'' that has been raging between Israel and the militant Lebanese group, Hezbollah.

Ms. Rice and National Security Adviser Stephen J. Hadley arrived here Saturday to brief President Bush, who is taking a 10-day vacation from the White House at his Crawford ranch. Mr. Hadley said he expected the United Nations Security Council to vote as early as Monday afternoon, or perhaps Tuesday morning, on the resolution.

The draft resolution called for a truce, asked the current United Nations peacekeeping force to monitor the border area, and laid out a plan for a permanent cease-fire and political settlement. The text called for immediate cessation of all attacks by Hezbollah, and of offensive military operations by Israel.

But it did not include a prisoner exchange or require Israel to immediately withdraw from Lebanon, which immediately raised dissent among members of the Security Council as they met Saturday afternoon to consider the text.

Mr. Hadley called on Iran and Syria to "send a clear message to Hezbollah'' that the group needed to accept the resolution. "If you have a situation where the international community is calling for a full cessation of hostilities,'' and Hezbollah refuses, he said, "it will tell you something about who wants peace and who does not.''

On Saturday, Nouhad Mahmoud, a Lebanese Foreign Ministry official appearing before the Council, said the resolution "lacks a call for the withdrawal of Israeli forces who are now in Lebanon, and that's a recipe for more confrontation.

Nassir al-Nasser, the Qatari ambassador who is the Arab representative on the Council, said, "What about the Lebanese prisoners? We need more clarification on these points."

On Saturday, Israel mounted a commando raid in Tyre and kept up heavy airstrikes, and Hezbollah unleashed a flurry of deadly rocket fire into northern Israel.

The draft resolution was agreed on after a week of intense meetings between the French ambassador, Jean-Marc de la Sablière and John R. Bolton, the American ambassador.

Despite the negative reactions of some other ambassadors, both said they were encouraged after the Security Council meeting on Saturday.

"My impression," Mr. de la Sablière said, "is that the text was well received and that the reactions were positive."

Mr. Bolton said, "I didn't hear anything that was particularly discouraging."

A senior Bush administration official, asked about the dissenting comments, said that Washington had been in constant and close contact with the Lebanese government throughout the days of talks.

"They should not be surprised by what we produced today," he said, asking not to be identified since he had been a participant in the high-level talks.

In Beirut, the Lebanese cabinet met for more than four hours to discuss the resolution, but there was no statement afterward. Aides to key political figures and Western diplomats based there expressed doubt that Hezbollah or the government, which negotiators relied on to communicate to Hezbollah, would accept the resolution in its present form.

The accord envisaged a second resolution, to create a new international force to patrol a zone to between the Blue Line at the Lebanon-Israel border and the Litani River to keep it free of all military personnel and weapons, except those of the Lebanese Army and United Nations-mandated forces.

That resolution would also set established borders for Lebanon, including in the disputed Shebaa Farms area, lay out the procedure for disarming Hezbollah, order an international embargo on arms shipments into Lebanon, and empower the Lebanese military to extend its authority throughout Lebanon, particularly in areas in the south controlled by Hezbollah.

Mr. de la Sablière estimated it would take two to three weeks to prepare the second resolution.

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Judging by the comments of ambassadors emerging from the Council meeting on Saturday, the resolution is days away from a vote. Nana Effah-Apenteng, the ambassador of Ghana, who is the Council president for August, said the envoys would send the text to their capitals to get instructions, and might gather again on Sunday to discuss it further.

For passage, a resolution needs the support of at least 9 of the Councils 15 members and not be vetoed by any of the five permanent members: Britain, China, France, Russia and the United States.

Two Bush administration officials involved in the French-American talks said the White House recognized that the agreement represented a significant backing away from its earlier insistence that no cease-fire be declared before there were clear lines on how to enforce it.

"There is considerable risk in this two-stage approach," one said, requesting anonymity because of his involvement in confidential negotiations. Among those risks, he said, is that a second resolution might not be adopted or that Hezbollah could use any cessation of hostilities to resupply. That in turn could prompt the Israelis to bomb or seize supply routes, provoking counterstrikes by Hezbollah and reigniting the conflict.

By calling upon Israel to cease only offensive military operations, the measure appeared to meet Israel's demands that it be allowed to leave soldiers in southern Lebanon at the outset.

An Israeli official in Jerusalem said the condition was crucial to Israel's agreeing because it was the only way of ensuring that Hezbollah would not return to the south.

On Saturday, before the text of the draft resolution was made public, a Hezbollah cabinet minister, Mohammed Fneish, reiterated the militias position on any cease-fire. "We will abide by it on condition that no Israeli soldier remains inside Lebanese land," Mr. Fneish said. "If they stay, we will not abide by it."

The Israeli official, who said he could not be identified discussing security matters, said Israel fully expected Hezbollah to attack the Israeli soldiers remaining in southern Lebanon. He argued that such an attack would give Israel the right to retaliate and return to the offensive.

But one disappointment for Israel would be the absence of any order to return its two captured soldiers, an original reason Israel cited for going to war. The only language addressing that is in the preamble to the resolution, which emphasizes the need to release unconditionally the abducted Israeli soldiers.

As for the Hezbollah demand for a prisoner exchange, the resolution encourages the efforts aimed at settling the issue of the Lebanese prisoners detained in Israel.

The resolution says responsibility for monitoring the initial truce would rest with Unifil, the United Nations monitoring force. The Israeli official said Israel believed that French rapid-reaction troops would be sent into the area right away to beef up the 2,000-member Unifil, which has been long faulted for being too weak.

In other sections, the resolution expresses its strong support for giving full respect to the Blue Line border between Lebanon and Israel and called upon Unifil to enable aid workers to get assistance to the area and help the hundreds of thousands of displaced Lebanese to return home. The resolution calls upon the international community to extend aid to the government of Lebanon to help people return and begin the process of reconstruction.

The French president, Jacques Chirac, involved himself personally in the negotiations, and the Élysée Palace Web site on Saturday carried a log of his meetings and phones calls since the crisis began.

A spokeswoman for Mr. Chirac, who by custom could not be identified, said the most difficult part of the French-American talks centered on defining the halt to the fighting.

"The question of a cease-fire was a problem of words, because behind the cease-fire we intended to get a political agreement," she said. "The cease-fire for us is not just words, it's the beginning of a process." The United States, she said, resisted calling for a cease-fire before the political solution had been worked out.

Prime Minister Tony Blair of Britain, who has frustrated some European leaders by his alliance with the United States in support of Israel's security goals, said in a televised statement, "The priority now is to get the resolution adopted as soon as possible and then to work for a permanent cease-fire and achieve the conditions in Lebanon and Israel which will prevent a recurrence.'

Cease-Fire Draft At U.N. Falters Amid Arab Criticism (NYT)

By Warren Hoge And Neil MacFarquhar

The New York Times, August 7, 2006

UNITED NATIONS, Aug. 6 — Efforts to speed adoption of a draft resolution to halt the fighting between Israel and Hezbollah faltered at the United Nations on Sunday while sharp criticism of the measure rang out across the Middle East.

The Security Council, despite enormous pressure to take action in a war that has raged unchecked for 26 days, failed to hold an expected meeting to discuss the measure and schedule a vote. France and the United States, which announced

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agreement on the draft on Saturday, plunged into renewed negotiations to meet objections to crucial terms of the proposal offered in amendments by Lebanon and by Qatar, the Arab representative on the Council.

The stalling of progress at the United Nations reflected an outpouring of condemnation across the Middle East, demonstrating a conviction that the proposed resolution spoke to all of Israel's demands, backed by the United States, without addressing those of Hezbollah.

The resolution, worked out after a week of intensive talks between Paris and Washington, calls for a truce, asks the current United Nations peacekeeping force to monitor the border area and lays out a plan for a permanent cease-fire and political settlement. But while it called for immediate cessations of "all attacks" by Hezbollah and "offensive military operations" by Israel, it did not require Israeli troops to leave southern Lebanon.

In Lebanon, the speaker of the Parliament, Nabih Berri, said his country rejected the resolution because it did not call for the immediate withdrawal of Israeli troops and an exchange of prisoners. "Lebanon, and all the Lebanese people, reject any solution" that does not address issues agreed upon by the Lebanese government and Hezbollah, Mr. Berri said at a news conference.

Arab analysts and diplomats in the Middle East were skeptical about the resolution having any chance of halting the fighting. "They are attempting to gain diplomatically what they failed to achieve militarily," said one diplomat with long experience in the Middle East. "I expect the cease-fire to be rammed through, but it will turn into a war of attrition."

Both Iran and Syria, supporters and suppliers of Hezbollah, rejected the resolution. "This draft is a recipe for the continuation of the war because it is not fair to Lebanon," Walid Moallem, Syria's foreign minister, said in Beirut.

The resolution was being viewed in the region as more a vehicle to calm Western public opinion than one that would actually address the problems on the ground. All Western governments have been facing domestic pressure to halt the alarming deaths of civilians. American allies like Saudi Arabia, Egypt and Jordan found themselves caught in the middle. They do not want to condemn a resolution hammered out by their Washington supporters, but at the same time backing the document threatened to anger a simmering public that has rallied to Hezbollah's cause.

Secretary of State Condoleezza Rice, speaking to reporters in Crawford, Tex., where she was briefing President Bush, cautioned that the resolution was "a first step" and said she did not expect an immediate end to the violence. "These things take a while to wind down," Ms. Rice told reporters, adding that she "would hope that you would see very early on an end to the kind of large-scale violence that has been raging.''

She said she had spoken to Prime Minister Fouad Siniora of Lebanon several times on Saturday. "There are things the Israelis wanted and things the Lebanese wanted, and everybody wasn't going to get everything that they wanted," she said.

In Israel, the normally talkative cabinet was tight-lipped, but the Israeli news media, citing unidentified government officials, said the government was generally pleased with the plan. Israel's justice minister, Haim Ramon, said Israel would press ahead with its attacks and its forces would remain in Lebanon until an international force arrived. Given the complexities of creating that force and putting it in place, that moment is at least a month away.

The makeup of that force will be addressed in a second resolution that would also set established borders for Lebanon and lay out the procedure for disarming Hezbollah. Jean-Marc de la Sablière, the French ambassador to the United Nations, estimated that resolution would take two to three weeks to prepare.

Stephen J. Hadley, the national security adviser, who was in Crawford, mentioned logistical issues about the force that must be resolved. "Who's going to contribute forces," he said, "when will they be ready to move, who's going to lift them to get them into the theater; once they're in the theater, where do they go?''

The French and American ambassadors, Mr. de la Sablière and John R. Bolton, held a meeting on Sunday afternoon with envoys from the other Security Council permanent members, Britain, China and Russia. Afterward, revised language was sent to the various capitals for overnight review and consideration in a Council meeting scheduled for Monday.

"Our concern, of course, is that the Lebanese government seems to be unhappy with the draft resolution which was produced by France and the United States," said Vitaly I. Churkin, the Russian ambassador. "So we are discussing the situation, but unfortunately I don't think there is a magic wand." He said that "some of the amendments which we have seen go pretty far from the text which was negotiated, we were assured, in close consultation with the parties, the Lebanese and Israeli governments."

The principal amendment introduced by Nouhad Mahmoud, a Lebanese Foreign Ministry official, would require Israel to hand over its positions in Lebanon to Unifil, the United Nations peacekeeping force, and withdraw its troops from the country "forthwith." A second amendment asked for an Israeli withdrawal from the Shebaa Farms area that Israel seized in the 1967 war.

U.S.: Fighting Unlikely To End Soon (AP)

By Nedra Pickler, Associated Press Writer

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AP, August 7, 2006

Top Bush administration officials said Sunday they expect the U.N. Security Council to vote on a cease-fire resolution for the Israeli-Hezbollah conflict soon, but warn it's unlikely to end violence immediately.

The U.S. officials who helped negotiate the draft resolution described it as the first step to try to solve a long-standing problem — militant Hezbollah forces operating a sort of "state-within-a-state" in Lebanon.

"We're trying to deal with a problem that has been festering and brewing in Lebanon now for years and years and years," said Secretary of State Condoleezza Rice. "And so it's not going to be solved by one resolution in the Security Council."

Security Council members were working on a second resolution that would form an international force that would move in to Lebanon and help take control of the southern part of the country, where Hezbollah has been operating and based its fight against Israel.

Rice said that process would take several months, but the important first step is to stop the large-scale military operations between Israel and Hezbollah that have been devastating civilians for more than three weeks.

"These things take a while to wind down," she said. "It is certainly not the case that probably all violence is going to stop, but the kind of large-scale violence that is really so hard on the Lebanese and Israeli people — the rocketing into Israel, the major offensive military operations — it's important to get those stopped.

"I can't say that you should rule out that there could be skirmishes of some kind for some time to come," she said.

Rice spoke to reporters near President Bush's ranch, where he was on a 10-day vacation from the White House. With the full United Nations Security Council considering the draft proposal developed by the U.S. and the French, Rice and National Security Adviser Stephen Hadley spent the weekend at the president's side.

The proposal calls for Hezbollah to stop all military operations and for Israel to stop its offensive military drive against Lebanon. The proposal would allow Israel to strike back if Hezbollah were to break a cease-fire.

Hadley said the United States hoped the resolution would be voted on Monday afternoon or Tuesday morning.

Fighting intensified as the diplomatic measure was considered.

Hezbollah unleashed its deadliest barrage of rockets into northern Israel on Sunday, while Israeli jets fired missiles into Beirut's southern suburbs that shook the capital.

The Lebanese parliamentary speaker, a prominent Shiite who has been negotiating on behalf of Hezbollah, rejected the U.S.-French plan because it did not include an immediate cease-fire and withdrawal of Israeli troops.

U.S. officials seemed to acknowledge that they don't expect Hezbollah to comply with the resolution, if it is approved.

Rice said once the resolution passes, "then we'll see who is for peace and who isn't."

Hadley said Hezbollah's response to an approved resolution would be a "clarifying moment."

"I don't think you'll see an instantaneous end to the violence," Hadley said. "As you know, historically, these cease-fires take some time to go into effect, particularly if, unfortunately, Hezbollah were to reject it."

The plan includes an arms embargo that would block any entity in Lebanon except the national government from obtaining weapons from abroad. That's aimed at blocking the sale or supply of arms to Hezbollah from Iran and Syria, which are believed to be the militia's main backers.

Syria's foreign minister said the plan was "a recipe for the continuation of the war" and that only a complete Israeli pullout would entice Hezbollah guerrillas to stop fighting.

Hadley said Syria and Iran risk further isolation from the world if they defy the U.N. resolution.

"Do they want to be in a situation where there are financial measures and, ultimately, international sanctions imposed against them?" Hadley said. "There are sanctions that are available for violations of arms embargo."

Israel says it won't pull its troops out of the south until a significant international military force deploys in the region.

Hadley said the United States would not contribute ground troops to the international force deployed to Lebanon. He said other nations were discussing which ones will participate, when they would move in and other logistical matters. But those nations have been reluctant to move forward without the second resolution. He said he hoped that resolution would be approved "in days, not weeks."

Bush spoke on the phone to British Prime Minister Tony Blair for 47 minutes Sunday about their strategy for the Middle East. Hadley said Bush had not called the prime ministers of Lebanon or Israel, but "if it will advance the diplomacy, the president will do it."

Rice Calls Plan At U.N. Crucial Step To Peace (WP)

By Michael A. Fletcher

The Washington Post, August 7, 2006

DOJ_NMG_0044472

CRAWFORD, Tex., Aug. 6 -- Secretary of State Condoleezza Rice pressed Sunday for approval of a draft U.N. resolution calling for a "cessation of hostilities" between Israel and Hezbollah, saying it is a crucial "first step" toward resolving the conflict.

Acknowledging that passage of the resolution would not immediately end the fighting that has raged for most of the past month, Rice said that it nonetheless offers a framework that would not only eventually end the hostilities but also stabilize the area going forward.

The resolution does not call for Israeli troops to immediately withdraw from Lebanon, a point that has drawn sharp opposition from key players in the conflict. Even as Rice called for the resolution's quick passage in the United Nations, Syria, which is one of Hezbollah's main sponsors, said the proposal is unacceptable.

"This agreement is bad in every sense of the word," Syrian Foreign Minister Walid al-Moallem said as he arrived Sunday in the Lebanese northern port city of Tripoli, Lebanon's national news agency reported.

Senior Lebanese officials also expressed reservations about the terms of the proposal. Mohamad Bahaa Chatah, senior adviser to Lebanese Prime Minister Fouad Siniora, said Lebanon wants Israel to leave Lebanese territory as soon as a cease-fire takes hold.

"We are saying the Lebanese army, right after the cease-fire, right after the first resolution, takes charge of the south, takes over military positions at the same time that Israel withdraws to the border," Chatah said on "Fox News Sunday." "If we adopt a fuzzy plan waiting for some international force to be put together, in the meantime things can escalate -- and they probably will -- and can spill over to other countries in the region, and that's the last thing that anyone wants."

Speaking on the same program, the Israeli ambassador to the United States, Daniel Ayalon, said Israel is concerned about the terms of the release of two soldiers whose abduction ignited the current conflict, in which more than 600 Lebanese and 85 Israelis have been killed.

Israel would abide by the agreement if it allows for return of the kidnapped soldiers, disarms Hezbollah and prevents arms from flowing to Hezbollah, Ayalon said.

In comments to reporters here, Rice brushed aside opposition to the proposed deal, saying that the resolution should go to a quick vote. If it is approved, the international community will have spoken, she said, and "we'll see who's for peace and who isn't."

As Rice urged passage of the resolution, deadly fighting continued on both sides of the Israeli-Lebanese border. A barrage of Hezbollah rockets killed 15 people: 12 reserve soldiers at a kibbutz in northern Israel and three civilians in Haifa.

The rocket that hit the communal farm in Kfar Giladi was one of more than 115 fired into Israel by mid-afternoon Sunday. The attacks came as Israeli airstrikes pounded targets across southern Lebanon, killing 13, according to Lebanese journalists quoting local officials.

Rice, who was in Crawford for weekend meetings with President Bush at his ranch, urged Hezbollah's key foreign backers, Syria and Iran, to embrace the resolution. "We will ask everyone who has any influence with all the parties to talk to them about taking this opportunity," Rice said.

The United States and France agreed on the proposed Security Council resolution Saturday to end the fighting between Israel and the Islamic militant group. The resolution calls for a "full cessation of hostilities," including the immediate end of Hezbollah attacks and "all offensive military operations" by Israel.

The proposal also lays out the framework for a permanent cease-fire that would involve the withdrawal of Israeli troops and Hezbollah fighters from southern Lebanon. The measure would also call for Hezbollah to disarm.

Bush administration officials said they would hope to follow passage of the first resolution "within days" with a second measure authorizing deployment of an international force that would occupy southern Lebanon until the Lebanese military can establish authority in the region, which is now effectively controlled by Hezbollah.

Rice said that the proposal does not give Israel and Lebanon everything they want but that it is a "reasonable, equitable" way to address the crisis.

"There can't be a return to the status quo ante , which is extremely important to all the parties," Rice said. "Because we don't want to create a situation in which we get out of this, and then you create the conditions in which Hezbollah, a state within a state, goes across the line again, abducts soldiers, and we get another war."

Bush administration officials have insisted that the agreement allow the Lebanese government to extend its authority into the south, an area that has been used as a base for attacks against Israel for two decades.

The proposal also calls for Secretary General Kofi Annan to develop proposals to delineate borders on a disputed stretch of land abutting Israel, Syria and Lebanon -- a key issue because Hezbollah has justified keeping weapons there by saying the group is fighting Israeli occupation that began during the 1967 war.

"We're trying to deal with a problem that has been festering and brewing in Lebanon now for years and years and years," Rice said. "And so it's not going to be solved by one resolution in the Security Council."

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At the United Nations, Security Council diplomats said, representatives debated the U.S. and French text in closed-door sessions. The council's lone Arab government, Qatar, introduced amendments on behalf of Lebanon.

The changes address Lebanese concerns that the text would permit Israel to carry out defensive military operations while constraining Hezbollah from engaging in any military action. Lebanon also maintains that the resolution would allow Israel to remain in southern Lebanon indefinitely.

The amendments called for the immediate cessation of hostilities and military operations by both sides, and demanded that the Israeli forces withdraw from southern Lebanon as soon as the truce is approved.

They also called for the simultaneous release of Lebanese and Israeli prisoners and detainees through the Red Cross. Israel and the United States oppose a prisoner exchange because they think it would reward Hezbollah for capturing the two Israeli soldiers and killing six others.

Staff writer Colum Lynch at the United Nations contributed to this report.

Lebanon Dismisses UN Draft Resolution (FT)

By William Wallis And Harvey Morris

Financial Times, August 7, 2006

Lebanon on Sunday rejected outright the Franco-American draft of a United Nations resolution to end Israel's war with Hizbollah, saying it was fundamentally one-sided and failed to take into account its own proposals for a resolution of the conflict.

...

Lebanese government officials said the UN draft legitimised Israel's occupation of south Lebanon and in turn allowed Hizbollah to seek its own legitimacy through resistance.

Nabih Berri, the Lebanese parliamentary speaker and powerful Shia politician who has been negotiating on Hizbollah's behalf during the conflict, said the draft paved the way for internal conflict in Lebanon.

He called on Arab governments, whose foreign ministers are due to meet in Beirut on Monday, to unite behind Lebanon's rejection of the resolution.

The Israeli government did not comment officially on the draft and Ehud Olmert, prime minister, told cabinet colleagues on Sunday to remain silent until the document was finalised. Israeli officials acknowledged privately, however, that the draft met many of Israel's requirements.

The draft resolution does not mention an immediate ceasefire and would permit Israel to continue defensive military operations. It calls for the unconditional release of two Israeli soldiers, whose seizure by Hizbollah on July 12 sparked the conflict. It would also allow Israeli soldiers – of whom there are about 10,000 in south Lebanon – to remain there until an international force is deployed.

Lebanese Premier Seeking Changes To U.N. Proposal (WP)

By Nora Boustany And Edward Cody

The Washington Post, August 7, 2006

BEIRUT, Aug. 6 -- Lebanese Prime Minister Fouad Siniora said Sunday he is seeking amendments to a draft U.N. Security Council resolution that would combine the dispatch of United Nations and Lebanese army peacekeepers with the immediate pullout of Israeli troops from southern Lebanon.

Siniora, in an interview, said his suggestions were an attempt to meet the interests of Israel as well as Lebanon and its Hezbollah movement in seeking an end to the fighting that has engulfed Lebanon and Israel for 26 days. The resolution proposed by the United States and France, he said, is "impractical" because it would leave Israeli occupation troops and Hezbollah militiamen face to face in the border hills, virtually certain to keep fighting.

He said Lebanon stands ready to deploy 15,000 soldiers and accept a 2,000-member international force led by the U.N. Interim Force in Lebanon, or UNIFIL, until a political settlement can be worked out and a more permanent international peacekeeping force can be assembled and deployed to Lebanon.

"And this can be done quickly," he said.

UNIFIL has been stationed in southern Lebanon since the Israeli army invaded a swath of villages in 1978. Having Lebanese soldiers join the UNIFIL force would enable Lebanese government forces to be in charge of the border zone south of the Litani River for the first time since 1978, Siniora noted.

"This is a Lebanese objective and it suits the Israelis' objectives as well," he added.

Hezbollah, a radical Shiite Muslim movement, and other Shiite Lebanese politicians have taken issue with the draft resolution because it makes no mention of an immediate Israeli withdrawal.

"How can you guarantee you are not going to have a confrontation?" Siniora asked.

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Government ministers from Hezbollah insisted that they would abide by the proposed U.N. resolution only if no Israeli soldier remained on Lebanese soil, including the disputed Shebaa Farms area that Israel seized from Syria in the 1967 Middle East war but is claimed in Beirut as Lebanese territory.

"Israelis are interested in having a sort of area that does not have any weapons of Hezbollah and they want an international force," Siniora said. "What the Lebanese expect is a full withdrawal of all the Israelis from occupied Lebanese territory and to leave Shebaa Farms."

Siniora, an economist and banker by training, took over the Lebanese government in June 2005 following the assassination of former prime minister Rafiq Hariri in February and the withdrawal two months later of Syria's 40,000 troops from Lebanon, after mass protests.

He said he had spoken with Secretary of State Condoleezza Rice, British Prime Minister Tony Blair and French officials over the weekend to impart details of the amendments sought by Lebanon. Jeffrey D. Feltman, the U.S. ambassador to Lebanon, met with officials twice Sunday in the Serail, the graceful, Ottoman-style building that houses the prime minister's office, to listen to clarifications of the Lebanese ideas.

"We are trying to put into the resolution terms over which there is already a consensus in Lebanon," Siniora said, referring to his seven-point plan approved by Christian and Muslim leaders and the cabinet, including Hezbollah's ministers.

Siniora insisted that the 75,000-member Lebanese army is up to the task of patrolling the border hills, since it has gradually been confiscating weapons from Palestinian groups and seizing al-Qaeda operatives in the country. It recently captured armed Palestinians who were about to launch rockets, he said.

The prime minister, a moderate Sunni Muslim and a longtime friend of Hariri, finds himself at the helm of the first Lebanese cabinet that has included Hezbollah ministers. The Shiite movement established itself after the 1978 and 1982 Israeli invasions to drive Israeli soldiers out of the country with resistance and guerrilla activity. After Lebanon's civil war ended in 1990, Hezbollah remained intact as the country's only armed militia, at Syria's insistence, so there would be a force to directly confront Israel's occupation in the south.

The Lebanese government had been approaching the issue of disarming Hezbollah through a "national dialogue." But those efforts were disrupted with the outbreak of hostilities on July 12 when Hezbollah carried out a raid into Israel, seizing two Israeli soldiers and killing eight others.

Asked whether he had been in direct contact with Hezbollah officials or the movement's leader, Hasan Nasrallah, Siniora responded, "Not since July 12."

Siniora's government distanced itself from the Hezbollah raid, saying it had "no knowledge of it and disavowed it." But in speeches made since the death toll in Lebanon rose into the hundreds, Siniora has referred to Nasrallah in deferential terms, in an apparent effort not to alienate his massive following in Lebanon's Shiite community, and has saluted Hezbollah fighters for defending their land in the face of invading troops.

Handling such a crisis that was not of his making, Siniora conceded, is an "unpleasant experience."

"Yet we have to live together to preserve this unique experience of diversity," he said. "We are trying to lead inch by inch. We have more Lebanese authority now than we ever had, which makes me patient. Every day since I took over we have been gaining more ground for the Lebanese state. People have come out and said out loud what they did not dare whisper concerning the Syrians, the Palestinians and Hezbollah."

Reminded that the Lebanese state has not really controlled the country since civil war broke out in 1975, he argued: "Have you ever risen early to watch the sunrise? There is nothing called a direct shift from darkness to complete brightness. But I really think we are addressing all the right issues."

Lebanon Rejects Proposal To End War; 12 Israeli Soldiers Killed (MCT)

By Shashank Bengali And Matthew Schofield

McClatchy Newspapers, August 7, 2006

BEIRUT, Lebanon - Hezbollah guerrillas on Sunday launched the deadliest rocket attacks on Israel in 26 days of fighting, killing 12 Israeli soldiers outside a hillside kibbutz and at least three people in a residential area of the port city of Haifa.

The Hezbollah attacks, and pounding airstrikes by Israeli jets, came as top Lebanese officials rejected a U.S.-backed proposal to end the war, saying they wouldn't accept a deal that allowed 10,000 Israeli soldiers inside Lebanon to remain.

Lebanon's parliament speaker, Nabih Berri, a Shiite Muslim who has negotiated on behalf of Hezbollah, said a draft United Nations resolution - a compromise reached Saturday by U.S. and French diplomats - also ignores other Lebanese demands. Among them, he said, are the release of prisoners held by Israel and the resolution of a disputed piece of border territory.

"Lebanon, and all of Lebanon, rejects any resolution that is outside" these demands, Berri said.

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Meanwhile, Secretary of State Condoleezza Rice pushed all sides to ramp back hostilities as the U.N. Security Council prepared to vote on the cease-fire resolution.

"The kind of large-scale violence that is really so hard on the Lebanese and Israeli people, the rocketing into Israel, the major offensive military operations, it's important to get those stopped," she said in Crawford, Texas, where she was meeting with President Bush.

At the same time, Rice was careful not to raise expectations about a cease-fire - especially when many believe the Bush administration is open to Israel inflicting more damage on Hezbollah.

"It is certainly not the case that probably all violence is going to stop," Rice said.

Bush, vacationing at his ranch, is scheduled to issue a statement about the fighting Monday morning.

One Israeli official said that, with or without a cease-fire resolution, Israel may continue the fight against the Shiite militant group for weeks.

Mohamed Shatah, senior adviser to the Lebanese prime minister, said Lebanese officials were engaged in an "around-the-clock" effort to persuade U.N. Security Council members to address their concerns before the council votes on the resolution, which could come Monday or Tuesday.

Shatah said a major concern is that the resolution, which calls for a "full cessation of hostilities," requires Israel to drop all offensive military actions - implicitly permitting actions in its own defense. Throughout the current conflict, Israel has claimed it acted in self-defense after Hezbollah kidnapped two Israeli soldiers on July 12.

"Defensive action appears to be a description of everything that Israel does," Shatah said.

Shatah also said the timeline for a second U.N. resolution authorizing a stronger multinational peacekeeping force in the region was "fuzzy," and that without a force in place immediately the agreement would fall apart.

U.S. State Department officials said that they hoped a second resolution would occur within "days, not weeks."

With diplomats eyeing a cease-fire, the warring parties have escalated their attacks in recent days. Sunday's violence was some of the worst in nearly one month of fighting.

It started before dawn with Israeli airstrikes on Hezbollah targets along Lebanon's southern border, and continued into the afternoon with attacks on Beirut's southern suburbs, where dozens of Hezbollah-affiliated offices as well as civilian buildings have been leveled. Israeli officials also said they'd arrested a Hezbollah member who was allegedly involved in the kidnappings.

During a 12-hour period Sunday, the Lebanese Red Cross said at least three civilians were killed, 31 were wounded and more than 100 required emergency transportation. All told, nearly 1,000 Lebanese and nearly 100 Israelis have been killed in the fighting.

Hezbollah fired another 160 Katyusha rockets into northern Israel, pushing the total past 3,100 since July 12.

The deadliest rocket struck shortly after noon, slamming into a group of Israeli reserve soldiers gathered a few miles south of the Lebanon border.

They were resting outside Kfar Giladi, a kibbutz, or communal farm, that was offering free showers and rooms to those returning from fighting in southern Lebanon. A rocket packed with ball bearings hit the soldiers as they were resting on foam mattresses laid out in a parking lot.

"We've seen a lot of things, but never something like this," said Gideon Giladi, a 61-year-old Kfar Giladi resident who was among the first to reach the scene.

In addition to the three people killed in Haifa, Israel's third-largest city, another 150 were wounded when a barrage of rockets partially collapsed two homes and landed outside a popular hotel.

Israeli ground troops, meanwhile, continued a slow advance on Hezbollah positions along the border, briefly landing six miles into Lebanese territory at the hilltop village of Bayyadah. A spokesman for the U.N. peacekeeping mission in Lebanon said it was the farthest north that Israeli troops have reached, but said both sides continue to operate in the area.

Yossi Alpher, who's advised Israel on past peace accords, said Sunday's Hezbollah attacks showed that the militant group "has not yet been softened to such an extent." Even if the U.N. draft resolution is approved, weeks of fighting could remain, he said.

Still, although Israeli officials have refused to comment on the resolution unless it's approved by the Security Council, many in Israel believe it's a good deal because it puts pressure on Hezbollah to disarm.

Israeli officials have also begun to accept a U.N. peacekeeping force as a short-term solution to keeping Hezbollah in check.

The problem, Alpher said, is "the Lebanese government is not strong enough to control the southern part of its country, and that Hezbollah is a party to it.

"From the Israeli perspective, whatever is passed is not likely to hold unless and until Hezbollah has been weakened to such an extent that it will just fold and accept whatever is put before it."

Lebanese Reject French-US Plan (CSM)

By Scott Peterson

The Christian Science Monitor, August 7, 2006

BEIRUT, LEBANON

Arab leaders are rejecting the US-French draft UN Security Council resolution that would bring a "full cessation of hostilities" but enable Israeli forces to stay in southern Lebanon until deployment of an international peacekeeping force.

The UN is expected to vote on the draft within days, and the US is pressing for a second resolution to establish the international force that would patrol a buffer zone between Lebanon and Israel.

But while the US hails the plan as a necessary first step, initial reaction in Lebanon Sunday was one of disappointment about a deal that few here see as an acceptable path to peace.

"What was agreed is not in Lebanon's interests but against them. This will open the door to never-ending war," said Nabih Berri, the Lebanese parliament speaker and veteran Shiite leader who is the interlocutor with Hizbullah. "There will be operations against this army that is not on its own soil, that is occupying here.

"Their resolution will either drop Lebanon into internal strife or will be impossible to implement," said Mr. Berri.

Israeli airstrikes continued pounding Hizbullah targets for the 26th straight day, killing 11 soldiers and raising the death toll to at least 748. Hizbullah guerrillas also fired more rockets into northern Israel, killing at least 12 soldiers in one attack, and taking the Israeli toll to at least 90.

As night fell Sunday, six explosions rocked Beirut's southern suburbs and a volley of six Hizbullah rockets landed on the northern Israeli city of Haifa, killing at least three people and wounding more than 40.

US Secretary of State Condoleezza Rice said the resolution was a first step toward "ending large scale violence," that is to be followed by a second resolution that she says will shape a "sustainable peace."

"It's a good basis for beginning to flow the authority of the Lebanese government into the south so this can't happen again," said Ms. Rice, speaking at President Bush's ranch at Crawford, Texas.

But the result of weeks of diplomatic negotiations - during which the US has given Israel a tacit green light to pursue its destructive asymmetrical military bombardment of Lebanon, and against Hizbullah - remains far from the Beirut government's own seven-point peace plan.

Besides an immediate cease-fire, complete Israeli withdrawal, and a UN stabilization force, Lebanon's plan calls for a return home of up to 900,000 displaced Lebanese mostly from the south, a prisoner swap, and a return to Lebanon of the disputed Shebaa Farms.

But both plans depend on one crucial ingredient for long-term success: Deployment of the long-weak Lebanese Army to the southern border, for the first time in decades. Underscoring its importance, US officials last week approved plans to train and equip the army.

So how prepared is a force of some 25,000, that has so far not engaged in the Hizbullah-Israel fight, but lost more than at least 34 officers and soldiers to Israeli strikes?

Early Saturday, a Lebanese Army soldier engaged Israeli commandos that landed for a raid in the southern city of Tyre. The soldier and his armored vehicle were destroyed; six more soldiers died Sunday.

"If we have a UN cease-fire, the army is the perfect tool to play the role ... If Hizbullah is disarmed," says a Lebanese general who once held broad intelligence responsibilities, and who asked not to be named. "But if Hizbullah is not disarmed, the army is not capable."

The Lebanese peace plan of Prime Minister Fouad Siniora includes Hizbullah disarmament, though all here recognize that the militarily efficient Hizbullah - which has so far confounded Israeli officials and commanders with the quality of its frontline resistance, in the face of overwhelming Israeli firepower - can't be disarmed by force.

The army reflects Lebanon's own sectarian mosaic and ethnic balance, with roughly one-third each of Shiite, Sunni, and Christian troops. But analysts say the Shiites are close to Hizbullah, and that any enforced effort to disarm the Shiite militia - the last to keep its weapons after Lebanon's 1975-90 civil war - could cause the army to disintegrate.

"Even their movement depends on peace resolution ... they just don't have the means, the capability, or the equipment," says Timur Goksel, a 24-year veteran senior adviser and spokesman for the UN Interim Force in Lebanon, who now teaches conflict resolution at the American University of Beirut.

The Lebanese Army "is a very respectable internal security force ... their capability is very high, [but] we should not test the loyalty or cohesion of that army by putting it in an impossible role," says Mr. Goksel. "It can't take on the Israelis, and can definitely not take on Hizbullah."

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Still, the scale of devastation wrought across Lebanon by Israeli military firepower - sparked when Hizbullah captured two Israeli soldiers in a July 12 cross-border raid - means that Hizbullah will also be making adjustments.

"There is a realization by Hizbullah that they are not anymore going to plant their flags on this side of the border, as they have before," says Goksel. "Hizbullah knows they have to give something to this country, and the minimum you can give is to allow the national army - with all its shortcomings - to represent Lebanon on the border."

Those shortcomings include the need for "significant spare parts," according to a US military visit before the current flare-up, Gen. John Abizaid, head of the US Central Command, told the Senate Armed Services Committee last week.

The army "needs a significant upgrade of equipment and training capability that I believe the Western nations, particularly the United States, can assist with," said General Abizaid. "It will never work for Lebanon if, over time, Hizbullah has a greater military capacity than the Lebanese armed forces."

But such an outcome, experts say, requires Hizbullah to accept the terms of any cease-fire. Sources close to Hizbullah say the militia will accept the presence of an expanded UN force to support the Lebanese Army, but that a newly minted international force would not be acceptable.

Disarming Hizbullah is yet another issue, and one that is not likely to be accepted under current circumstances.

A post-civil war plan 15 years ago to boost army capabilities, to present at least a credible deterrence to any Israeli military incursion - to make the price in casualties high, with 12 mechanized tank brigades - was devised by senior army staff. But that plan was eventually undermined by Syria, whose own forces in Lebanon feared an eventual military push to free Lebanon from Syrian control.

Syrian forces left Lebanon last year, on a wave of popular anger ignited by the assassination of Prime Minister Rafik Hariri, which many Lebanese blame on Syria. But it left behind a neglected national force.

"The army is outstanding to perform such a mission of stabilization and counter-penetration; they could collect all the information and intelligence ... if there is a decision accepted by Hizbullah," says Gen. Nizar Abdel-Kader, a retired Lebanese general who writes a military strategy column for Addyar newspaper in Beirut.

Hizbullah will examine UN resolutions, he says, and assess the state of the battlefield - and the mind-set of both Syrian and Iranian backers - before making final decisions about army deployment, and possible disarmament.

"If Hizbullah is against this [army] deployment, I would go tomorrow to the Chief-of-Staff of the army, and say: 'Don't send your army, because you are sending it into an environment of great risk of dismantling the army,' " says General Abdel-Kader.

"Any force could be successful. The Lebanese Army does not need an international force, unless to tell the Israelis not to violate the airspace, the blue line, or the territory of water of Lebanon," says Abdel-Kader. "The Lebanese Army can do it in one week ... the south of Lebanon could be a peaceful haven, if Hizbullah did not object." UN Resolution

Following are excerpts from the operative parts of a draft UN resolution on the Middle East conflict negotiated by the United States and France, which the 15-member UN Security Council may vote on early next week.

The Security Council ...

- Emphasizing the need for an end of violence, but at the same time emphasizing the need to address urgently the causes that have given rise to the current crisis, including by the unconditional release of the abducted Israeli soldiers,

- Mindful of the sensitivity of the issue of prisoners and encouraging the efforts aimed at settling the issue of the Lebanese prisoners detained in Israel,

· Calls for a full cessation of hostilities based upon, in particular, the immediate cessation by Hizbullah of all attacks and the immediate cessation by Israel of all offensive military operations;

· Reiterates its strong support for full respect for the Blue Line (marking the border between Israel and Lebanon);

· Also reiterates its strong support for the territorial integrity, sovereignty and political independence of Lebanon within its internationally recognized borders ... ;

· Calls on the international community to take immediate steps to extend its financial and humanitarian assistance to the Lebanese people ... and calls on it also to consider further assistance in the future to contribute to the reconstruction and development of Lebanon;

· Emphasizes the importance of the extension of the control of the government of Lebanon over all Lebanese territory ... ;

· Calls for Israel and Lebanon to support a permanent cease-fire and a long-term solution based on the following principles and elements:

- strict respect by all parties for the sovereignty and territorial integrity of Israel and Lebanon;

- full respect for the Blue Line by both parties;

- delineation of the international borders of Lebanon, especially in those areas where the border is disputed or uncertain, including in the Shebaa Farms area;

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- security arrangements to prevent the resumption of hostilities, including the establishment between the Blue Line and the Litani River of an area free of any armed personnel, assets and weapons other than those of the Lebanese armed and security forces and of UN-mandated international forces deployed in this area;

- ... the disarmament of all armed groups in Lebanon, so that ... there will be no weapons or authority in Lebanon other than that of the Lebanese state;

- deployment of an international force in Lebanon ... ;

- establishment of an international embargo on the sale or supply of arms and related material to Lebanon except as authorized by its government;

- elimination of foreign forces in Lebanon without the consent of its government ... ;

· Invites the (UN) Secretary General (Kofi Annan) to support efforts to secure agreements in principle from the government of Lebanon and the government of Israel to the principles and elements for a long-term solution ... ;

· Requests the secretary-general to develop, in liaison with key international actors and the concerned parties, proposals (for) ... disarmament, and for delineation of the international borders of Lebanon, especially in those areas where the border is disputed or uncertain, including by dealing with the Shebaa Farms, and to present those proposals to the Security Council within thirty days; ...

· Expresses its intention ... to authorize in a further resolution under Chapter 7 of the Charter (of the United Nations) the deployment of a UN-mandated international force to support the Lebanese armed forces and government in providing a secure environment and contribute to the implementation of a permanent cease-fire and a long-term solution;

· Requests UNIFIL (the UN Interim Force in Lebanon), upon cessation of hostilities, to monitor its implementation and to extend its assistance to help ensure humanitarian access to civilian populations and the safe return of displaced persons;

· Calls upon the government of Lebanon to ensure arms or related materiel are not imported into Lebanon without its consent and requests UNIFIL, conditions permitting, to assist the government of Lebanon at its request;

· Requests the secretary-general to report to the council within one week on the implementation of this resolution and to provide any relevant information in light of the council's intention to adopt ... a further resolution ...

Hezbollah Rejects Plan For Cease-fire (USAT)

By Jeffrey Stinson And Richard Benedetto

USA Today, August 7, 2006

BEIRUT — Hezbollah hit Israel with its deadliest rocket attacks of the 26-day war on Sunday. The Shiite militia also rejected a draft of a United Nations resolution aimed at getting a cease-fire in the Middle East crisis.

Twelve Israeli soldiers were killed when a Hezbollah rocket struck the village of Kfar Giladi, according to the Magen David Adom rescue service. The village is a meeting point for Israeli reservists.

A barrage of missiles also hit Haifa, Israel's third-largest city. Emergency services director Eli Bein said three people were killed. Police spokesman Mickey Rosenfeld said more than 100 were injured.

The total of 15 Israelis killed was the highest of any single day since the conflict began July 12.

Hours later, Israeli warplanes attacked the Lebanese town of Qana and destroyed launchers that fired rockets on Haifa, Israeli army spokesman Jacob Dallal said.

On the diplomatic front, Nabih Berri, speaker of the Lebanese parliament and Hezbollah's designated negotiator, criticized the draft U.N. resolution for allowing Israel to keep forces inside Lebanon until an international peacekeeping force is in place in a buffer zone in southern Lebanon.

Berri complained that the U.S.-French measure calls for Hezbollah to immediately halt its attacks on Israel but would allow Israel to respond if attacked. “If Israel has not won the war but still gets all this, what would have happened had they won?” he said.

Israeli Justice Minister Haim Ramon told Israeli army radio that the draft resolution would be good for Israel, but that Israel still has military goals to achieve.

U.S. national security adviser Stephen Hadley said he expects a vote on the resolution by the U.N. Security Council today or Tuesday.

Secretary of State Condoleezza Rice, speaking in Crawford, Texas, where President Bush is on vacation, said both sides would be expected to abide by the measure. “We're going to know who really did want to stop the violence and who didn't,” she said.

Rice warned that the resolution probably would not end the fighting: “I can't say that you should rule out that there could be skirmishes of some kind for some time to come.”

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Hadley, also in Texas with Bush, said he expects a second resolution establishing the mandate for an international force to be passed "in days, not weeks." The envisioned force would occupy a roughly 20-mile-deep buffer zone between Israel's northern border and the Litani River in Lebanon.

Fierce fighting continued. More than 180 rockets were fired at Israeli towns, the Israeli military said in a statement. At least 591 people have died in Lebanon; 93 in Israel.

Syria Rejects Mideast Cease-fire Plan (AP)

By Bassem Mroue, Associated Press Writer

AP, August 7, 2006

Syria's foreign minister declared Sunday that a U.S.-French cease-fire plan was "a recipe for the continuation of the war," between Israeli and Hezbollah, which he said the Jewish state cannot win.

As he spoke, Israeli warplanes struck a few miles away in the Beirut's southern suburbs, a Hezbollah stronghold.

Walid Moallem, on his first visit to Lebanon since Damascus ended a 29-year military presence in its smaller neighbor last year, said only a complete Israeli pullout would entice Hezbollah guerrillas to stop fighting.

Arab League Secretary-General Amr Moussa landed in Beirut and told reporters at the airport that he came to consult with the Lebanese government on "ways to stop the Israeli aggression on Lebanon."

Moussa, who met earlier in the day in Syria with its president, Bashar Assad, will take part in an Arab League foreign ministers meeting in Beirut Monday.

Moallem, the former Syrian envoy to Washington, said his nation's armed forces were under orders to respond immediately to an Israeli assault.

"If Israel attacks Syria by any mean, on the ground, by air, our leadership ordered the armed forces to reply immediately," he said after emerging from a meeting with Lebanese President Emile Lahoud.

Israel has issued repeated pledges not to attack Syria.

After meeting the speaker of Lebanon's parliament, Moallem said "whoever believes they can liquidate Hezbollah with their huge military ... is under an illusion."

"The war ends with an immediate and unconditional cease fire, a full Israeli withdrawal to the border and the return of refugees to their homes," he said.

Moallem reached Beirut by road, crossing into Lebanon at a northern border point, the National News Agency reported. He met with his Lebanese counterpart, Fawzi Salloukh, in the northern port city of Tripoli and said during that stop that "Syria is ready for the possibility of a regional war if the Israeli aggression continues."

Moallem said the U.S.-French draft resolution had "adopted Israel's point of view only," and, underlining his support for Hezbollah, said that "as Syria's foreign minister I hope to be a soldier in the resistance."

Moallem's visit comes amid strained relations between Lebanon and Syria resulting from the Feb. 14, 2005, assassination of former Lebanese Prime Minister Rafik Hariri. A U.N. investigation has implicated several Syrian officials in the murder.

Syria denied any involvement in the Hariri assassination, which led to an international isolation of Damascus.

Prompted by the crisis that followed Hariri's assassination, Syria withdrew its troops from Lebanon in April 2005, ending a 29-year military presence.

A Truce For Lebanon (NYT)

The New York Times, August 7, 2006

It is now 26 days since Hezbollah and Israel began their latest combat — a very long time for the world to allow such a deadly conflict to rage in the Middle East powder keg. Yet the fighting still continues. Diplomats still dither over cease-fire details. Innocent people still keep dying.

Enough. This is the week that the international community must impose a truce, to be followed, in short order, by a political settlement and the dispatch of a robust international force to patrol Lebanon's oft-violated border with Israel.

The Security Council now appears within reach of an agreement on how to make this happen. Two successive resolutions will be offered.

The first, based on an agreement over the weekend between the United States and France, would call on both sides to stop fighting, with their forces, at least for now, remaining in place. The resolution would also outline steps for achieving a permanent cease-fire along with a more lasting political settlement. For now, the truce would be monitored by a beefed-up version of the weak United Nations monitoring force already present in south Lebanon.

A second resolution, meant to follow in two to three weeks, would fill in the details of the political settlement, to be worked out in consultation with Israel, Lebanon and Syria, and would authorize the long-term international force.

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Several crucial details remain to be ironed out. The first resolution, as it currently stands, would permit Israeli forces to remain in Lebanon, at least until the second resolution is approved and the new international force put in place. That provision has sparked sharp opposition in the Arab world. The longer Israeli troops remain on Lebanese soil, the more likely they are to become a magnet for renewed Hezbollah attacks. Israel would, of course, respond, and that would be the end of any truce.

Efforts must therefore quickly turn toward negotiating a comprehensive and lasting political settlement. This needs to go beyond immediate issues like returning the kidnapped Israeli soldiers, releasing Lebanese prisoners and determining the size of the zone to be patrolled by the international force.

It also needs to address such festering issues as Hezbollah's refusal to heed U.N. requests to disarm, and Hezbollah's claim, contrary to U.N. findings, that some of the Israeli-occupied Golan Heights is not part of Syria, but really belongs to Lebanon. Anything not resolved now risks setting off new fighting in the future.

Troops must also be lined up for the international security force. The idea is to draw them from NATO countries like France, Italy and Turkey, along with perhaps Australia. None of these countries want to send soldiers if either Israel or Hezbollah is going to keep shooting. Therefore the political settlement has to be packaged so that both sides can claim some sort of victory.

For Israel, that must include some assurance that Hezbollah will no longer be able to cross into Israeli territory and kidnap Israeli soldiers or launch its rockets against Israeli towns and cities. Hezbollah will probably claim victory from the fact of having stood up to a four-week onslaught by the region's mightiest army.

This ugly war has already killed about 700 Lebanese and more than 90 Israelis. Close to one out of every four people in Lebanon have been routed from their homes. With the human price of combat so high, this settlement must be built to last.

Europe's Willful Blindness (WSJ)

By Daniel Schwammenthal

The Wall Street Journal, August 7, 2006

BRUSSELS -- Mounir Herzallah explains how it works. Following Israel's withdrawal from Lebanon in 2000, he writes in a letter published last month in the German daily Der Tagesspiegel, Hezbollah took control of his South Lebanese village, setting up missile depots in bunkers. "The social work of the Party of God consisted of building a school and a residential home on top of these bunkers. A local sheikh explained to me, laughing, that the Jews will lose no matter what -- either because rockets will be fired on them or because the international community will condemn them if they attack the depot."

And so a Lebanese Shiite now living in Berlin sets the record straight on Hezbollah. It should be common knowledge in Europe that Hezbollah is an Islamo-fascist organization bent on the destruction of Israel. But Hezbollah's cynicism in triggering the death of innocents, as seen in the current conflict in Lebanon, is matched by Europe's cynicism in closing its eyes to reality. Instead, as last week's debate in the European Parliament shows, politicians and media are once again turning Israel into a pariah state.

The fact that Hezbollah is waging a proxy war for Syria and, especially, Iran, which shares Hezbollah's genocidal intention for the Jewish state, is played down. Pictures showing Hezbollah terrorists practicing the Hitler salute are rarely shown. Similarly, reports on the current conflict seldom mention that Hezbollah is using Lebanon's population as human shields -- presenting Israel with the terrible dilemma of either not protecting its own civilians or hitting back and risking hurting Lebanese civilians. This essential context is missing in much of Europe's public debate of the war.

The killing of civilians in Qana by an Israeli missile strike is a case in point. As usual, the Israelis had warned the population to leave the village, from where 150 rockets had been launched at Israel. As usual, Hezbollah had been firing from or nearby civilian structures. And as usual, none of this played a role during last week's debate in the European Parliament. As the word "massacre" was repeated in the European press, an uninformed observer of the lawmakers' discussions would have had to conclude that Israel killed the Lebanese civilians intentionally.

For French Communist Francis Wurtz, Israel's attack on Qana was a "war crime." The Parliament President Josep Borrell, a Social Democrat from Spain, stated categorically that "no right of self-defense can justify such an act." The head of the parliament's Social Democratic group drew the only possible conclusion: "We distance ourselves from those who bear responsibility for this and call on everybody else to distance themselves as well," Martin Schulz proclaimed. Mr. Shulz called for the isolation of Israel, not the terror organization morally responsible for the carnage.

Of course, for the European Union, there are no terrorists in Lebanon. Just last week, after 213 members of the U.S. Congress asked the EU to finally add Hezbollah to its terror list, Finnish Foreign Minister Erkki Tuomioja, whose country holds the rotating EU presidency, once again ruled it out, citing the "sensitive situation."

It's that same lack of principles dressed up as responsible policy that turns Hezbollah's terror sponsors, Syria and Iran, into "mediators." External affairs Commissioner Benita Ferrero-Waldner said last week that "whether we like it or not, Syria is an influential player." On Thursday, Spanish Foreign Minister Miguel Ángel Moratinos, a former EU envoy to the Middle East, took

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the road to Damascus, proclaiming a diplomatic breakthrough. The Syrians are "going to exercise all their influence on Hezbollah," he said. "Both Syria and Spain believe there is no military solution." Oh, if only those war-mongering Jews were a little more like that peace-loving dictator in Damascus, one could almost hear Mr. Moratinos sigh. The Spanish newspaper El Economista reported Friday that the Syrians denied having given any such promise of influencing Hezbollah.

Meanwhile, French Foreign Minister Philippe Douste-Blazy chatted up Tehran. Before heading into talks with his Iranian counterpart last week, the Frenchman had this to say about the state that wants to wipe Israel off the map: "In the region there is of course a country such as Iran -- a great country, a great people and a great civilization which is respected and which plays a stabilizing role in the region." Iran's President Mahmoud Ahmedinejad, obviously pleased that his "stabilizing" ideas had found an appreciative audience, immediately reoffered his solution of the Middle East crisis -- the destruction of Israel. "Unacceptable," Mr. Douste-Blazy said. But then what? "Unacceptable" might be an appropriate adjective for lecturing your teenage son who just flunked his math test -- but as condemnation of threatened policide?

While Europe has no problem issuing disproportionate criticism of Israel's actions, it hews to a different standard for Jerusalem's mortal enemies. The idea that flattery might talk Iran or Hezbollah out of their raison d'être -- the destruction of Israel -- is criminally naïve. Such servility only serves to embolden them.

The same goes for calls for an immediate cease-fire. It is particularly perplexing that the French would have pushed for this during negotiations for the United Nations Security Council draft resolution announced over the weekend. After all, Paris will likely lead an international force for South Lebanon after such a truce.

The two positions seem mutually exclusive. If the French really want to send a robust force, one that would go after any Hezbollah cease-fire violations, they must have every interest in seeing the Israelis first finish the job to limit the risks to their own soldiers. This means either their calls for an immediate cease-fire were dishonest or the Israelis shouldn't get their hopes up that the new troops, should they ever arrive, would be much different from the current U.N. forces, which only monitor Hezbollah attacks without stopping them.

Above all, the EU tends to forget that this is not just Israel's war. Iranian missiles, possibly soon tipped with nuclear warheads, can reach parts of the Continent. It's in Europe's vital own interests that the mullahs in Tehran and South Lebanon be defeated in this fight.

Mr. Schwammenthal edits the State of the Union column.

A Bad Status Quo (WP)

By John Waterbury

The Washington Post, August 7, 2006

BEIRUT -- Unfortunately, it is all connected: Hezbollah, Israel, Palestine, Syria, Iran and, indeed, Iraq. One cannot "solve" the Hezbollah problem without coming to terms with all the pieces. Anyone who has dealt with the successive Middle East crises over several decades knows there is a kind of infinite regress of cause and effect. I cut into the process somewhat arbitrarily in 1967.

Next June will be the 40th anniversary of the Six-Day War. Six days and 40 years. I wonder if, at the end of formal combat in 1967, Moshe Dayan declared "mission accomplished."

Out of the Israeli triumph of 1967 there emerged a status quo that has prevailed with some modifications ever since, and no matter how unsatisfactory, the international system prefers the status quo to change.

Israel has had a distinct preference for the status quo, founded on conventional military superiority over all its neighbors and some strategic depth through its retaining the occupied territories.

While the Cold War continued, the United States was not entirely comfortable with the status quo as it offered the Soviet Union a restive back yard in which to meddle, but the situation was manageable until 1973.

In 1973 Egypt's Anwar Sadat resorted to a limited war against Israel to dislodge it from the Suez Canal and to draw the United States into an active role of mediation. It is doubtful that Sadat anticipated even the limited military success his forces attained. He did anticipate an international crisis. Moscow obligingly threatened intervention, and Henry Kissinger began his famous shuttle diplomacy. Israel gave up the occupied Sinai Peninsula but not the essential ingredients of the status quo: military superiority, Gaza, the West Bank, the Golan Heights. This modification of the status quo was embodied in the Camp David accords of 1979.

From then on, and up to 1989, the Arab states, led by Egypt (and with the exception of Iraq), pretty much abandoned the military option against Israel. Even Iraq was more intent on using its military power against Iran and Kuwait than against Israel. Nor, after 1973, did any of the Arab oil producers, with the exception of Iraq, do anything to drive up prices or interdict oil supply.

Arab authoritarians tacitly accepted the status quo in exchange for tacit acceptance of their rule by Washington. Arab governmental, financial and military support for the Palestinians dwindled. Action spoke volumes more than words.

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With the end of the Cold War, Washington's alignment with Israel and the status quo in the Arab-Israeli theater become more solid than ever. If Israel seemed willing to move, as under Yitzhak Rabin and Ehud Barak, Washington moved, too. If Israel was unwilling to move, as under Binyamin Netanyahu and Ariel Sharon, Washington asked few questions. Two intifadas shook but did not break the status quo.

But time has not healed wounds. There has been none of the oft-trumpeted confidence-building. The real issues -- safe and recognized borders, settlements, Jerusalem, the occupied territories including the Golan Heights, refugees, nuclear arms -- all remain unresolved. The balance sheet of death and destruction is longer than ever, bitterness on all sides is deeper than ever, and there is no end in sight.

Under Barak, Israel unilaterally withdrew from Lebanon, and under Sharon it unilaterally withdrew from Gaza. In neither case was any formal understanding negotiated with Lebanon or the Palestinian Authority. This was a modification of the status quo but not a fundamental change.

It is far too early to tell whether the ferocious battle between Hezbollah and Israel in Lebanon will lead Israel to question the desirability and viability of the status quo, but surely after 39-plus years of pounding away militarily at the symptoms of the Arab-Israeli conflict, it is time to have a go, once again, at the identifiable causes. It requires U.S. engagement -- bipartisan and involving more than one administration. The process will be harder than anything Jimmy Carter or Bill Clinton faced, and it cannot be done quickly.

Perhaps because I work and live in the battle zone, I find the status quo unviable. If this is the devil we know, then Satan, get thee behind me.

Israeli Warplanes Pound Beirut Suburbs (AP)

By Aron Heller

AP, August 7, 2006

A defiant Hezbollah pounded northern Israel with rockets Sunday after rejecting a U.S.-French truce proposal, killing at least 15 people. Israel also struck hard, killing at least 14 in Lebanon as both sides tried to take advantage of the days before a U.N. resolution is put to a vote.

At daybreak Monday, Israeli warplanes pounded Beirut's southern suburbs with eight airstrikes, stepping up bombardment of the Hezbollah stronghold. It was not immediately clear what was targeted.

A Hezbollah statement said four Israeli troops, including an officer, were killed in heavy ground fighting when guerrillas attacked a house on the edge of Houla where the Israeli unit was hiding. There was no immediate comment from Israel on the claim.

Israeli warplanes also struck deep in Lebanon early Monday, targeting the northeastern Bekaa Valley, a symbol of Hezbollah power. At least four explosions were heard around the city of Baalbek, witnesses said. There was no immediate word on casualties. Hezbollah has many bases in the Baalbek region, 63 miles north of Israel's border.

In the latest round of attacks, five air raids also hit the southern market town of Nabatiyeh. Two unleashed seven missiles on an empty, seven-story office building behind local government headquarters. One strike destroyed a two-story building housing one of the offices of Shiite Muslim Grand Ayatollah Mohammed Hussein Fadlallah and another struck a house.

In the deadliest attack on Israelis in this war, a rocket landed Sunday among reservists near the entrance to the communal farm of Kfar Giladi on the Lebanese border. It killed 12 soldiers heading for battle in Lebanon and wounded five, hospital officials said.

Hezbollah rockets also hit Haifa, Israel's third-largest city, killing three civilians and wounding dozens. Flames shot from damaged homes as firefighters tried to rescue panicked residents.

In Lebanon, the dead included five members of one family crushed in their home by an Israeli air strike Sunday. Warplanes attacked near Beirut and in the south, where some villages were bombed continually for a half-hour, security officials said.

The Israeli Haaretz daily, quoting an unnamed general, said Monday Israel might hit Lebanese infrastructure and symbols of government in response to the Haifa barrage.

Arab leaders were considering holding an emergency summit on Lebanon in Saudi Arabia later this week, two Lebanese media outlets reported.

The fighting has intensified since the U.S. and France proposed a cease-fire resolution on Saturday which could soon be put to a vote in the U.N. Security Council. Both sides seem intent on inflicting maximum damage on each other before the vote.

Hezbollah and its chief allies, Iran and Syria, rejected the draft resolution because it does not call for an immediate Israeli withdrawal from Lebanon and does not address other Lebanese demands.

Mohammed Fneish, one of two Hezbollah members of the Lebanese Cabinet, said Saturday the militant group would not abide by a cease-fire resolution while Israeli troops remain on Lebanese territory.

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Some 10,000 Israeli soldiers are fighting several hundred Hezbollah gunmen in that area, trying to track and destroy rocket launchers. Israel says it won't leave until a multinational force has been deployed.

Israel has refused to comment on the draft. But Foreign Ministry spokesman Mark Regev told Associated Press Television News, "We have to make sure that what will be negotiated at the United Nations ensures that Hezbollah will not be allowed to be resupplied by Iran or Syria."

The U.S.-French plan envisions a second resolution in a week or two that would authorize an international military force and create a buffer zone in south Lebanon.

In Washington, U.S. Secretary of State Condoleezza Rice called the measure "the first step, not the only step."

The proposed resolution says the two Israeli soldiers held by Hezbollah should be released unconditionally. The soldiers' capture July 12 triggered the war.

Hezbollah has fired more than 3,000 rockets at Israel since the fighting began and dozens hit on Sunday, Israeli officials said. Meanwhile, Israeli warplanes have struck hundreds of targets across Lebanon.

The attack on Kfar Giladi was "a direct hit on a vehicle where there was a crowd. They were all wounded and scattered in every direction, some of them were in very bad condition," said Eli Peretz, a medic. "It was a very, very difficult scene. I have never seen anything like it."

Bloodied army boots were placed on a stone wall. The rocket scorched two parked cars.

Hearing of the slain reservists, Israeli Prime Minister Ehud Olmert told a Cabinet meeting, "Lucky that we are dealing with Hezbollah today, and not in another two or three years," according to a participant.

Later Sunday, a rocket barrage hit the northern port city of Haifa, killing three civilians, injuring more than 40 and bringing down two buildings. A crowded residential district took five or six hits.

Three hours later, Israeli warplanes attacked the Lebanese town of Qana and near the port of Tyre and destroyed the launchers that fired rockets on Haifa, the army said. An Israeli attack on Qana last week had killed 29 civilians. At the time, Israel said the attack was a mistake but accused Hezbollah of shielding launching sites behind civilians.

Also, Israeli ground forces destroyed seven long-range rocket launchers in the area of Tyre, the military said. They encountered Hezbollah guerrillas and killed three. There were no Israeli casualties.

Sunday's deaths brought to 93 the number of Israelis killed, including 45 soldiers, the 12 reservists and 36 civilians. Israel's attacks on Lebanon have killed at least 591 people, including 509 civilians, 29 Lebanese soldiers and at least 53 Hezbollah guerrillas.

Israeli air strikes killed 14 Lebanese on Sunday, including 12 civilians, a Lebanese soldier and a Palestinian militant. In the southern town of Naqoura and several villages near Tyre, residents called rescue officials to report more people trapped under the rubble of crushed buildings, but crews could not retrieve the dead because of continued bombardment.

Explosions rang across Beirut as warplanes fired more than six missiles into Hezbollah strongholds in districts just south of the capital.

Hezbollah announced the deaths of three of its fighters, but did not say when they died. That would bring Hezbollah's total of fighters killed to 53. But Israeli officials said they have confirmed 165 dead guerrillas — and even have their names — and estimated that another 200 had been killed. Israel said some 300 Hezbollah fighters remained in the area Israel was occupying in south Lebanon.

One air strike hit south Beirut just minutes after Arab League Secretary-General Amr Moussa touched down at a nearby airport. Missiles also struck in that area as Syrian Foreign Minister Walid Moallem stood next to his Lebanese counterpart and declared Israel would never defeat the hardened guerrilla force.

Arab League foreign ministers were to meet in Beirut on Monday for a hastily convened session.

Egyptian Foreign Minister Ahmed Aboul Gheit, speaking in Cairo, said the gathering "is a clear message to the world to show the Arab solidarity with the Lebanese people and in support of their demands."

Moallem said the cease-fire draft resolution "adopted Israel's point of view only."

"As Syria's foreign minister I hope to be a soldier in the resistance," said Moallem, the first top Syrian official to visit Lebanon since Damascus ended a 29-year military presence in Lebanon last year.

Lebanon's parliament speaker and Hezbollah's negotiator, Nabih Berri, said the plan was unacceptable because it would leave Israeli troops in Lebanon and does not deal with Beirut's key demands — a release of prisoners held by Israel and moves to resolve a dispute over the Chebaa Farms border area.

"If Israel has not won the war but still gets all this, what would have happened had they won?" Berri said.

The Lebanese government on Sunday asked the U.N. to revise the draft, demanding that Israel pull its forces out immediately with the end of hostilities.

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Dozen Israeli Reservists Die In Rocket Strike (LAT)

By Laura King And Megan K. Stack

The Los Angeles Times, August 7, 2006

JERUSALEM -- Israel on Sunday absorbed the heaviest blow of its nearly month-long war with Hezbollah, with a dozen reservists killed in a rocket strike at a military staging area and at least three people killed and dozens hurt by a volley that exploded in the heart of Haifa.

Amid the growing bloodshed, Israel signaled determination to seize the battlefield advantage while U.N. action is pending on a cease-fire proposal crafted by the U.S. and France.

Israeli warplanes struck targets across Lebanon, killing at least 20 people and injuring dozens. Near-constant artillery barrages thundered across the border. Hezbollah guerrillas fired more than 160 rockets into northern Israel and fought Israeli troops in close-quarters combat in a string of villages close to the frontier.

U.S. Secretary of State Condoleezza Rice cautioned Sunday that the U.N. resolution may not curtail the fighting immediately.

"I would hope that you would see very early on an end to large-scale violence ... the firing of rockets that needs to stop for the next phase," Rice said. But she added, "we can't rule out that there could be skirmishes for some time to come."

Rice said she hoped for a vote on the resolution Monday or Tuesday.

Lebanese officials railed against the draft, saying that unless it is overhauled, it will do nothing to quell the warfare. They complained that the language left the door open for Israel to keep up the crippling attacks and appealed for the international community to order Israel to remove its ground troops from southern Lebanon.

"It is against Lebanese interests and against peace," Parliament speaker Nabih Berri, head of the Shiite Amal party, said of the document. "This draft proposal will keep the doors open for war."

Mohammed Shatah, a senior aide to Lebanese Prime Minister Fouad Siniora, said the proposal lacked "immediate steps to make it stick."

And Foreign Minister Walid Moallem of Syria, one of Hezbollah's main patrons, said on a visit to Beirut, Lebanon, that the plan was "a recipe for the continuation of the war."

Israel maintained official silence on the proposal, which calls for an immediate end to hostilities and seeks to lay groundwork for a second resolution that would establish an international force to support the Lebanese army in the border zone. However, senior officials indicated that the government of Prime Minister Ehud Olmert considered the terms generally favorable.

In the meantime, Israel vowed to press ahead with its offensive, meant to purge Hezbollah from a four-mile-deep strip of southern Lebanon.

"We must continue the fighting, continue to hit whomever we can hit from Hezbollah," Justice Minister Haim Ramon said on Israel's army radio.

Although the Israeli public still broadly supports the government's war aims, Sunday's rocket deaths staggered the country, not only because they represented the highest single-day toll since the start of the conflict, but because the circumstances were particularly painful.

The 12 Israeli soldiers were killed as they congregated at the entrance to Kfar Giladi, a border communal farm being used as a makeshift base by the military. The simultaneous deaths of so many reservists, citizen-soldiers who left jobs and families to rush to the war front, is an enormous blow to national morale, worsened by the fact that the deaths might have been prevented if the soldiers had taken cover when warning sirens sounded.

Haifa suffered a greater one-time loss of life July 16, when eight railway workers were killed in a rocket strike. But Israelis shuddered at televised scenes of chaos and panic in a vibrant city that is considered one of the country's jewels.

Sirens wailed, smoke billowed over the skyline and rescue workers scrambled to clear rubble to check for survivors.

Haifa has long been a city where Jews and Arabs live side by side, and all three of the dead were members of Israel's Arab minority. The dead included an elderly man and woman who were having coffee in the garden outside a building that took a direct hit. Arriving at the scene, the man's daughter wailed in Arabic: "Is father dead?"

While previous strikes on Haifa had been isolated, this one involved a concerted volley that hit one of the city's oldest neighborhoods, raising the specter of more rockets hitting densely populated areas in the city of nearly 300,000 residents.

"This attack in Haifa is precisely what Israel is trying to prevent. This is vivid proof of the necessity of Israel's (military) operation," said David Baker, an official in the prime minister's office. "We will not allow Hezbollah to terrorize our cities."

The day's events stoked fears of a surge in casualties while the Security Council prepares to vote on the proposed resolution as each side seeks to inflict heavy blows on the other and gain a potential edge in negotiations to come.

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Nearly 600 Lebanese and 94 Israelis have died since the conflict erupted July 12 with a cross-border raid by Hezbollah in which two Israeli soldiers were captured.

In Lebanon, Israeli airstrikes ranged from Beirut's southern suburbs to the country's southern fringe. Three Chinese peacekeepers were wounded when the U.N. post they were manning was struck by a Hezbollah rocket, the U.N. peacekeeping forces announced.

The skyline above southern Beirut was a haze of acrid smoke late in the afternoon as nearly two dozen airstrikes and volleys from warships positioned offshore hit the neighborhoods of Bir al-Abed, Mesharafiya and Dahieh, setting at least 14 buildings ablaze.

Roads in and around Lebanon's southern port city of Tyre were nearly empty, and people who tried to navigate the streets risked their lives.

A man driving south toward Tyre, his a van stuffed with bread, was killed on a stretch of road through banana groves. His head was blown apart, and packages of bread, which has all but run out in the south, spilled from the sides of the shattered van.

Another strike on a Lebanese army position south of Tyre killed one soldier, wounded another and left six men missing. And on a main road in Tyre, a man selling tiny cups of coffee to passersby on a main street was killed.

Israel has seized a number of Hezbollah prisoners in the course of the fighting, and on Sunday, the military announced that one guerrilla it is holding was involved in the raid that resulted in the capture of two Israeli soldiers. It did not say when the man was captured.

The proposed Security Council resolution called for the immediate and unconditional release of the two Israeli soldiers, language that pleased Israeli officials, but stopped short of demanding the release of Lebanese prisoners being held in Israel, which drew criticism from Lebanese officials.

Rice, who traveled to President Bush's Texas ranch on Sunday to brief him, said no one should expect the proposed resolution to offer a quick fix.

"There were things Israel wanted and things Lebanon wanted. Everybody wasn't going to get what they wanted," she said.

"We are urging all states in the Security Council to back this resolution as a first step," Rice said. "We heard very favorable remarks about it" on Saturday, she said, and added that she would go to New York to further diplomatic talks if necessary.

Rice and national security adviser Stephen Hadley, who accompanied her to Crawford, Texas, indicated that U.S. officials see efforts to end the violence in Lebanon as an opportunity to promote a broader restructuring of the Middle East. The Bush administration rebuffed appeals for an immediate cease-fire in the early days of the conflict, insisting that the larger issue of Hezbollah's presence in southern Lebanon had to be addressed.

Staff writers Nicole Gaouette in Crawford, Texas, Kim Murphy in Sidon, Lebanon, Carolyn Cole in Tyre, Lebanon, and special correspondent Vita Bekker in Haifa, Israel, contributed to this report.

Rocket Barrage Kills 15 Israelis Close To Border (NYT)

By Richard A. Oppel Jr. And Greg Myre

The New York Times, August 7, 2006

KFAR GILADI, Israel, Aug. 6 — The deadliest barrage of Hezbollah rocket attacks in nearly a month of fighting hit northern Israel on Sunday, killing 12 army reservists resting near the Lebanon border and 3 civilians in a dusk attack in the port of Haifa.

In Lebanon, Israeli airstrikes killed more than a dozen people, according to Lebanese officials, and the damage from Israeli bombs on Lebanon's already shattered road network increasingly cut sections of the country off from one another.

...

The damage inflicted by both sides came as diplomatic efforts at the United Nations to reach a cease-fire proposal and arrange for an international force to move into southern Lebanon appeared to falter. The speaker of Parliament in Lebanon, Nabih Berri, said the current proposal was unacceptable, and Hezbollah's principal foreign backers, Syria and Iran, expressed opposition.

Mr. Berri, authorized by Hezbollah to act as an intermediary, criticized the proposal because it did not call for the immediate withdrawal of Israeli troops from Lebanon or an exchange of prisoners. There were signs that Israel's government was receptive to the proposal, but a Security Council vote was delayed by at least one day.

Israel's justice minister, Haim Ramon, said that Israel would press ahead with its attacks regardless of any diplomatic progress and that its forces would stay in southern Lebanon until an international force arrived. "We must continue the fighting, continue to hit whoever we can hit from Hezbollah," he told army radio.

Despite days of aerial bombardment by Israel and a force of an estimated 10,000 Israeli troops now deployed in southern Lebanon, Hezbollah militants have intensified their daily barrage of rocket attacks into northern Israel and in recent days have launched roughly 200 a day. At least 160 had hit northern Israel by nightfall on Sunday, the Israeli military said.

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The most destructive was a single rocket packed with ball bearings that slammed into a parking lot at Kfar Giladi, a kibbutz in the northeastern panhandle, scoring a direct hit on Israeli reservists who were staying there. All 12 of those killed were preparing to go into Lebanon.

The rocket sprayed the bearings in a deadly cloud up to 60 yards in diameter, leaving a scene that witnesses, including a war-weary ambulance driver, described as the most horrific carnage they had ever seen.

The rocket struck two small cars parked next to each other in front of a cemetery enclosed by a stone wall and tall trees that overlook the long valley that runs from northeastern Israel into Lebanon.

The dead were both inside and outside the two cars, said Maj. Zvika Golan, a military spokesman. The cars were in smoking ruins as emergency workers and soldiers rushed to bring the blanket-covered corpses and the wounded to ambulances that took them down the steep hill to helicopters waiting next to the highway below. The stone wall in front of the cars was covered in blood.

The victims were apparently "just resting," Major Golan said.

Raging brush fires ignited by other rockets enveloped nearby Kiryat Shmona, the largest town in this part of Israel, in dense smoke and haze. Batteries of Israeli Army artillery blasted shells over the ridge above Kfar Giladi into Lebanon.

Gidon Giladi, whose family founded the kibbutz, or communal farm, said he rushed to the site of the attack to extinguish what he first thought was only a fire, and what he saw left him almost speechless. Warning sirens at the kibbutz had gone off several times during the day, and were on when the attack took place, an Israeli military spokesman said.

"This was an awful sight, and what bothers me is that it could have been avoided," Mr. Giladi said, clearly shaken by the aftermath of the blast. "It is nothing that can be described. It's something I'll never speak about publicly."

Hours later, around dusk, Hezbollah rockets hit Haifa, the normally bustling Israeli port that has been largely paralyzed by the daily barrages. Besides the three civilian deaths, dozens were injured. One rocket collapsed a residential building and set it ablaze, as rescue workers and civilians scrambled to help those trapped inside.

The Israeli military said the rockets that hit Haifa were fired from the Lebanese village of Qana, and that the military had hit and destroyed the launcher shortly afterward. Last Sunday, Israel bombed a building in Qana that it said was near the site of a rocket launcher, and 28 Lebanese civilians, including many children, were killed, arousing widespread anger internationally about what critics have called the indiscriminate nature of Israel's attacks on Lebanon.

Hezbollah rarely fires rockets after sunset because they send a streak of fire across the sky, making it much easier for the Israelis to detect the launching site.

While many of Israel's aerial assaults on Lebanon were carried out before daybreak on Sunday, they also included an afternoon barrage of a half-dozen rockets that struck the already battered Shiite neighborhoods on the southern edge of Beirut, which sent the few vehicles on the roads scrambling for safety.

The Israeli strikes killed at least one Lebanese soldier, although the army generally has not been involved in the fighting, as well as eight civilians in two southern villages, Ansar and al-Jibbain, Lebanese officials said.

In the coastal town of Tyre, a missile hit a white Toyota in the morning, killing a man inside. North of the town, a van driving toward a United Nations aid convoy was struck by a missile, killing a passenger and wounding the driver, according to United Nations officials.

In addition, at least one member of a small Palestinian faction, the Popular Front for the Liberation of Palestine-General Command, was killed.

Hezbollah released a statement saying three of its fighters had been killed, but did not provide details.

In another development, Israel said it had captured a Hezbollah militant suspected of involvement in the cross-border raid on July 12, when two Israeli soldiers were seized and taken back to Lebanon, the act that precipitated the war that is now nearly a month old. The suspect was being interrogated in Israel.

With the possibility that a United Nations resolution could win approval in the coming days, there has been speculation that Israel would seek to step up its ground campaign in an attempt to control as much territory in southern Lebanon as possible before a resolution is adopted.

But Brig. Gen. Alon Friedman told Israeli radio that "we are not working against time," adding, "A cease-fire is the business of the diplomats and the general staff" of the army.

"We are involved mainly in completing plans as we have done over the past days," he said.

Israel has said it is pushing to establish a buffer zone free of Hezbollah fighters, though neither the government nor the military has said exactly how large that zone would be.

Israeli forces are about three or four miles inside Lebanon in some places, and have been operating in 10 to 20 Lebanese villages, according to the military and Israeli news media reports.

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Israeli troops have frequently encountered tough combat with Hezbollah, which has built a network of well-guarded posts, underground bunkers and tunnels near the border in the six years since Israel withdrew from Lebanon in 2000, ending nearly two decades of occupation.

General Friedman said that the Israeli incursion was largely preventing Hezbollah from launching short-range rockets from near the border, but that the group was still firing from deeper inside Lebanon.

A senior Israeli military officer, who declined to be identified because he was not authorized to talk publicly about military strategy, said Israel could go five miles or more into Lebanon to "clean" the border area before an international force arrives.

If the international force does not arrive relatively soon, Israel could advance all the way to the Litani River, about 15 miles north of the border, the officer said. That is the only way to ensure that the deluge of short-range Katyusha rockets is largely halted, he said.

Including the casualties on Sunday, 58 Israeli soldiers and at least 36 civilians have been killed. Before Sunday, the deadliest day for Israel was last Thursday, when 12 people were killed.

In Lebanon, about 700 people have been killed, a vast majority of them civilians, according to Lebanese security officials.

Meanwhile, in the West Bank, Israel arrested the speaker of the Palestinian parliament, Aziz Dweik, adding to the growing number of Hamas legislators and cabinet ministers who are being detained.

"While the international media remains transfixed by Israel's devastating attacks on Lebanon, the Israeli military is escalating a forgotten war against the occupied Palestinian people in the Gaza Strip and the West Bank," said Saeb Erekat, the chief Palestinian negotiator.

Israel is now holding about 40 members of the Palestinian legislature and cabinet, most of them from Hamas, according to the Palestinians.

Most were arrested after Palestinian militants seized an Israeli soldier in a cross-border raid from Gaza on June 25, an attack that bore strong similarities to the Hezbollah raid into northern Israel two weeks later that led to the current crisis.

Air Attacks Intensify In Lebanon, Israel (WP)

By Edward Cody And Molly Moore

The Washington Post, August 7, 2006

BEIRUT, Aug. 6 -- Israeli warplanes and artillery intensified their pounding of Hezbollah targets across southern Lebanon on Sunday, killing a dozen civilians and several Lebanese soldiers. Hezbollah fighters fired more than 160 rockets into northern Israel, killing three civilians in Haifa and 12 army reservists just south of the border.

"It was a direct hit," said Maj. Svika Golan, a spokesman for the Israeli army's northern command, adding that the rocket that killed the reservists at Kfar Giladi was packed with ball bearings to inflict more carnage.

Officials in Haifa, a city about 18 miles south of the border, said an early evening barrage sent rockets crashing into a neighborhood, burying residents in the rubble. A woman was killed when a rocket smashed into her house, and two others died after being taken to a hospital. Dozens of people were wounded, the officials said.

The Israeli army later said it had attacked the Lebanese town of Qana, destroying the launchers that fired the six rockets into Haifa.

...

The stepped-up air war was matched by repeated clashes on the ground, as Hezbollah guerrillas attacked Israeli invasion forces backed by battle tanks still moving to control the small villages that dot the hills along Lebanon's southern border. Hezbollah, a militant Shiite Muslim movement, announced it had damaged four tanks and caused an unknown number of Israeli casualties, while three of its own fighters were killed.

With casualties mounting on both sides -- the rocket strikes caused the highest Israeli death toll in a single day since the war began 26 days ago -- the rising spiral of attack and retaliation risked overtaking the still-unsettled diplomatic efforts to arrange a halt to the fighting.

Lebanese Prime Minister Fouad Siniora, in an interview, said a draft U.N. Security Council resolution proposed Saturday by the United States and France is "impractical" because it would leave Israeli forces in southern Lebanon with Hezbollah fighters nearby until an international force can be organized and deployed. That, he said, sounds like a recipe for more bloodshed.

"So what is it in fact doing?" he asked. "It is putting flammable material next to the fire."

Israeli Prime Minister Ehud Olmert convened his cabinet but declined to respond publicly to the proposed resolution. "We won't respond to the draft because the less said the better," he said, according to a senior government official who attended the meeting. "When the decision has been made by the Security Council, then the government will convene and decide if and how we should respond."

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Siniora, who according to aides met twice Sunday with U.S. Ambassador Jeffrey D. Feltman, said he has proposed changes that would include the immediate dispatch of 15,000 Lebanese soldiers to the border area along with a 2,000-member international force under the aegis of the current United Nations Interim Force in Lebanon, known as UNIFIL. Their arrival, to guarantee that no Hezbollah fighters would be allowed south of the Litani River, would be nearly simultaneous with a cease-fire and a withdrawal of all Israeli forces now north of the border, he said.

Siniora said he discussed his ideas in two telephone calls with Secretary of State Condoleezza Rice late Saturday, a telephone conversation with Prime Minister Tony Blair of Britain and diplomatic exchanges Sunday via Feltman in Beirut. So far, however, there has been no response to his proposal, he said.

When the U.S.-France resolution reaches its final stage at the United Nations, Siniora explained, he will take it to his government, including its Hezbollah ministers, and seek their endorsement if the conditions are ripe. In the meantime, he said, Lebanon cannot embrace the resolution as it stands.

Nabih Berri, head of the Amal party and the main conduit for communication with Hezbollah, indicated why. "All Lebanon, all Lebanese, all the communities of Lebanon reject this draft resolution," he said at a news conference.

The cease-fire must be accompanied by a total Israeli withdrawal, a pledge to end Israeli occupation of the disputed Shebaa Farms area and a prisoner exchange between Israel and Lebanon, Berri said. Trying to impose a settlement without these elements, he added, "will either cause internal conflict in Lebanon or it will be impossible to implement."

Hezbollah ministers, repeating earlier statements from the movement's leaders, said the group's militia in southern Lebanon would not lay down its arms or stop firing until all Israeli soldiers are out of Lebanon. Only then, and only when the Shebaa Farms and prisoner exchange demands have been addressed, will the movement enter into discussions about disarmament and restoration of government authority in the embattled border area, they insisted.

Five of the Lebanese civilian deaths occurred within the same extended family when Israeli rockets slammed into two neighboring houses in the village of Ansar, near the market town of Nabatiyeh about eight miles north of the border, according to Lebanese media, citing local police. Three Lebanese were killed near Naqoura, on the border as it reaches the Mediterranean Sea, they said, and three others were killed in bombing raids in the village of al-Jibbain.

Hezbollah statements said the Israeli tanks were hit at Wadi Honeen, Ras al-Biyada and Adassieh, to the northeast near the town of Taibe, where combat has raged off and on almost since the fighting began July 12. Israeli military officers have said most of their casualties have been caused by Hezbollah's laser-guided tank missiles fired against Israeli armored personnel carriers and the Markava main battle tank.

Roads in the coastal city of Tyre and its hinterland were paralyzed after Israeli aircraft killed a Lebanese soldier standing on a road, fired near a motorcycle and struck a car close to a U.N. convoy, witnesses and U.N. officials said. Several more soldiers were killed in other airstrikes, the military reported.

The reason for airstrikes against Lebanese soldiers was unclear. The Lebanese army, with about 75,000 members, has largely stood aside as Hezbollah battles the Israeli military, although Israeli officials have charged that some soldiers were cooperating with the militia.

U.N. officials said the Israeli rocket landed within 40 yards of a U.N. convoy of 15 trucks and two jeeps carrying humanitarian supplies to southern Lebanon from Beirut. It struck a white van headed the other way at 12:20 p.m., apparently killing the driver, said Khaled Mansour, a U.N. spokesman in Lebanon. Other reports said a passenger was also killed.

No one was hurt in the convoy, which arrived in Tyre.

The snarled wreckage was still in the street at dusk, packages of bread spread behind it along the main road north out of Tyre. Mansour said Israeli forces had been alerted about the convoy's time of departure, expected arrival and route. "You're expected to be safe," he said.

Two rockets were fired at the Lebanese soldier, whose right arm was almost cut off, doctors said, and he died after reaching the hospital. Another rocket was fired as journalists arrived at the scene, slightly wounding a photographer for the New York Times magazine and his Lebanese driver, witnesses said.

Warplanes also blasted Beirut's southern suburbs. The explosions rattled windows in the city center and sent up a column of smoke from the already battered neighborhood, which is inhabited principally by Shiite Muslims and controlled by Hezbollah.

Three Chinese peacekeepers on the border were injured by a Hezbollah rocket, according to the official New China News Agency, citing a Chinese officer. The Chinese foreign minister, Li Zhaoxing, had called U.N. Secretary General Kofi Annan only a few hours earlier to urge stronger measures to protect U.N. observers. A Chinese military observer was among the four victims of an Israeli missile attack on an observer post last month.

The Israeli air force carried out 170 aerial attacks across Lebanon during a 24-hour period ending Sunday morning -- more than twice the number of the previous day, according to Israeli military officials.

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The Israeli military intelligence chief, Amos Yadlin, told the Israeli cabinet that the air force had hit 4,400 targets in Lebanon since the war began, according to the senior government official. He said the air force was having difficulty hitting Hezbollah's smaller rocket launchers, however, because they do not leave a trace that can be detected.

The Israeli military said the rocket attacks Sunday brought to 94 the number of Israelis killed in the war -- 58 soldiers and 36 civilians. According to authorities in Beirut, more than 500 Lebanese civilians have been killed, in addition to about 35 soldiers and an unknown number of Hezbollah fighters.

Yadlin also told the cabinet that Israeli military forces are interrogating a Hezbollah fighter taken prisoner who intelligence officials believe was involved in the capture of two Israeli soldiers during a raid on July 12 that set off the conflict.

Moore reported from Jerusalem. Correspondent Nora Boustany and special correspondents Ian Dietch in Jerusalem and Aliya Ibrahim in Beirut contributed to this report.

Rocket Assault Kills 12 Israelis In Border Town (WP)

By Jonathan Finer

The Washington Post, August 7, 2006

KFAR GILADI, Israel, Aug. 6 -- Just before noon Sunday, officials in this hilltop village near the Lebanese border sent out a cellphone text message: "Everybody go down to the shelters immediately." A siren reiterated the warning over loudspeakers.

Residents, who had already suffered one uncomfortably close barrage of rockets that morning, packed their families into two bomb shelters and nervously played card games and listened to the radio to hear where the next volley landed.

But a group of army reservists, gathered in the parking lot beyond the community's yellow metal gate, stayed put. Some sat in cars, some apparently stood nearby or rested on foam mattresses. Recent call-ups, they had received their uniforms a day earlier and been promptly sent to the front.

Within minutes of the alert, more than a dozen rockets slammed into the surrounding hills, setting dry brush ablaze. And one crashed down among the troops, killing 12 and wounding six in the deadliest Hezbollah attack of the war.

"They were scattered in every direction," said Eli Peretz, the local director of Israel's main emergency medical service, who rushed to the scene of the attack. "I haven't seen sights like this one in this conflict, or any other one for that matter. . . . When we arrived, we heard some of them crying for help."

Soon after the attack, almost all that remained at the scene were the blackened shells of two vehicles and the shapes of nine bodies under gray blankets. Blood pooled at one end of a canvas stretcher. Two black leather boots, smoke rising from their soles, were lined up by a stone wall that marked the entrance to a cemetery.

"We heard a low whistle, then a blast and then a shock wave, and you felt the air moving past your face," said Lt. Yaron Nili, who was about 30 yards away when the rocket hit. "It was hell. Two cars were on fire, and there were bodies all around them. The Katyusha struck the worst possible place."

An army spokeswoman said Sunday night that some of the soldiers' bodies were so severely mutilated that forensics experts had not yet identified them. The soldiers were drawn from several reserve units.

Police in green vests and flak helmets quickly cordoned the area with white tape, and soldiers parked large green trucks to shield the dead from view. Religious officials from the army, wearing yarmulkes and olive fatigues, scoured the grounds, picking up pieces of cloth, wood and stone tinged with blood or flesh and placing them in plastic bags. Firefighters hosed the vehicles until smoke was replaced by steam.

Gidon Gilady, a resident of the village and grandson of its founder, said in an interview on Israeli television that if the soldiers "had just ducked behind the cemetery wall, not one of them would have been hurt."

Israeli photographers who arrived at the scene within minutes said Gilady, who had run over to help treat the victims, had berated the remaining soldiers for failing to heed the alarms.

Nili, 22, who was being treated for smoke inhalation at a hospital in Tzfat, said the soldiers "didn't have any proper place to take cover."

"But we aren't going to go to take shelter every time there's an alarm," he added, clad in a hospital gown, his uniform stuffed into a plastic bag on a nightstand. "We would not be doing our jobs. Basically, if it's meant to hit you, it'll hit you."

Founded in 1916 by members of Hashomer, the first Jewish militia in pre-independence Israel, Kfar Giladi is home to about 700 residents, most of whom have remained in the village during the barrage, officials said.

"We don't leave. We don't want to leave. It's a part of our life," said Aharon Valency, mayor of the local kibbutzim. "We don't want to be refugees."

By early evening, residents said, two more volleys of rockets had struck near the village, and fires had spread toward the main access road. Kfar Giladi was blanketed in a cloud of dark smoke and ash.

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"I never go in here, but I did today," Esther Joubert, 50, said in a telephone interview, referring to the shelter where she was waiting with her two daughters. "People were saying, 'If you're here, it must be really bad.' But I kept hearing boom, boom, boom, getting closer."

"Now I've had it," she continued. "You can't sleep at night. You can't sleep during the day. My nerves are starting to give in."

As she spoke, another round of sirens sounded in the background. "I have to go, it's starting again," she said, and hung up. She later called to say that a home in the village had been struck but that no one was inside.

Not tallied in most accounts of the day's heavy toll was the loss suffered by Merav and Ze'ev Brotman. When the midday sirens sounded, they dashed for a bomb shelter near their home. Ze'ev, 33 and seven months pregnant, felt a sharp pain in her side.

When the rockets stopped falling for a while, the couple, who had remained in Kfar Giladi after the war began to help deliver meals to the elderly, drove immediately to the Tzfat hospital. A doctor's examination revealed the baby had no pulse.

"If I knew it would be like that, I'd never have stayed," said Merav, 28, as he chain-smoked cigarettes in a waiting room. "I paid too much personally."

A Disciplined Hezbollah Surprises Israel With Its Training, Tactics And Weapons (NYT)

By Steven Erlanger And Richard A. Oppel Jr.

The New York Times, August 7, 2006

JERUSALEM, Aug. 6 — On Dec. 26, 2003, a powerful earthquake leveled most of Bam, in southeastern Iran, killing 35,000 people. Transport planes carrying aid poured in from everywhere, including Syria.

According to Israeli military intelligence, the planes returned to Syria carrying sophisticated weapons, including long-range Zelzal missiles, which the Syrians passed on to Hezbollah, the Shiite militia group in southern Lebanon that Iran created and sponsors.

As the Israeli Army struggles for a fourth week to defeat Hezbollah before a cease-fire, the shipments are just one indication of how — with the help of its main sponsors, Iran and Syria — the militia has sharply improved its arsenal and strategies in the six years since Israel abruptly ended its occupation of southern Lebanon.

Hezbollah is a militia trained like an army and equipped like a state, and its fighters “are nothing like Hamas or the Palestinians,” said a soldier who just returned from Lebanon. “They are trained and highly qualified,” he said, equipped with flak jackets, night-vision goggles, good communications and sometimes Israeli uniforms and ammunition. “All of us were kind of surprised.”

Much attention has been focused on Hezbollah’s astonishing stockpile of Syrian- and Iranian-made missiles, some 3,000 of which have already fallen on Israel. More than 48 Israelis have been killed in the attacks — including 12 reservist soldiers killed Sunday, who were gathered at a kibbutz at Kfar Giladi, in northern Israel, when rockets packed with antipersonnel ball bearings exploded among them, and 3 killed Sunday evening in another rocket barrage on Haifa.

But Iran and Syria also used those six years to provide satellite communications and some of the world’s best infantry weapons, including modern, Russian-made antitank weapons and Semtex plastic explosives, as well as the training required to use them effectively against Israeli armor.

It is Hezbollah’s skillful use of those weapons — in particular, wire-guided and laser-guided antitank missiles, with double, phased explosive warheads and a range of about two miles — that has caused most of the casualties to Israeli forces.

Hezbollah’s Russian-made antitank missiles, designed to penetrate armor, have damaged or destroyed Israeli vehicles, including its most modern tank, the Merkava, on about 20 percent of their hits, Israeli tank commanders at the front said.

Hezbollah has also used antitank missiles, including the less modern Sagger, to fire from a distance into houses in which Israeli troops are sheltered, with a first explosion cracking the typical concrete block wall and the second going off inside.

“They use them like artillery to hit houses,” said Brig. Gen. Yossi Kuperwasser, until recently the Israeli Army’s director of intelligence analysis. “They can use them accurately up to even three kilometers, and they go through a wall like through the armor of a tank.”

Hezbollah fighters use tunnels to quickly emerge from the ground, fire a shoulder-held antitank missile, and then disappear again, much the way Chechen rebels used the sewer system of Grozny to attack Russian armored columns.

“We know what they have and how they work,” General Kuperwasser said. “But we don’t know where all the tunnels are. So they can achieve tactical surprise.”

The antitank missiles are the “main fear” for Israeli troops, said David Ben-Nun, 24, an enlisted man in the Nahal brigade who just returned from a week in Lebanon. The troops do not linger long in any house because of hidden missile crews. “You can’t even see them,” he said.

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With modern communications and a network of tunnels, storage rooms, barracks and booby traps laid under the hilly landscape, Hezbollah's training, tactics and modern weaponry explain, the Israelis say, why they are moving with caution.

The Israelis say Hezbollah's fighters number from 2,000 to 4,000, a small army that is aided by a larger circle of part-timers who provide logistics and storage of weapons in houses and civilian buildings.

Hezbollah operates like a revolutionary force within a civilian sea, making it hard to fight without occupying or bombing civilian areas. On orders, some fighters emerge to retrieve launchers, fire missiles and then melt away. Still, the numbers are small compared with the Israeli Army and are roughly the size of one Syrian division.

The Iranian Revolutionary Guards have helped teach Hezbollah how to organize itself like an army, with special units for intelligence, antitank warfare, explosives, engineering, communications and rocket launching.

They have also taught Hezbollah how to aim rockets, make shaped "improvised explosive devices" — used to such devastating results against American armor in Iraq — and, the Israelis say, even how to fire the C-802, a ground-to-ship missile that Israel never knew Hezbollah possessed.

Iranian Air Force officers have made repeated trips to Lebanon to train Hezbollah to aim and fire Iranian medium-range missiles, like the Fajr-3 and Fajr-5, according to intelligence officials in Washington. The Americans say they believe that a small number of Iranian operatives remain in Beirut, but say there is no evidence that they are directing Hezbollah's attacks.

But Iran, so far, has not allowed Hezbollah to fire one of the Zelzal missiles, the Israelis say.

The former Syrian president, Hafez al-Assad, was careful to restrict supplies to Hezbollah, but his son, Bashar, who took over in 2000 — the year Israel pulled out of Lebanon — has opened its warehouses.

Syria has given Hezbollah 220-millimeter and 302-millimeter missiles, both equipped with large, anti-personnel warheads. Syria has also given Hezbollah its most sophisticated antitank weapons, sold to the Syrian Army by Russia.

Those, General Kuperwasser said, include the Russian Metis and RPG-29. The RPG-29 has both an antitank round to better penetrate armor and an anti-personnel round. The Metis is more modern yet, wire-guided with a longer range and a higher speed, and can fire up to four rounds a minute.

Some Israelis say they believe that Syria has provided Hezbollah with the Russian-made Kornet, laser-guided, with a range of about three miles, which Hezbollah may be holding back, waiting for Israel to move farther into southern Lebanon and extend its supply lines.

Despite Israeli complaints to Moscow, "Russia just decided to close its eyes," a senior Israeli official said.

In its early years, Hezbollah specialized in suicide bombings and kidnappings. The United States blames it for the suicide attacks on the American Embassy in Beirut and a Marine barracks in 1983. The group became popular in the Shiite south and set up its mini-state there, as well as reserving to itself a section of southern Beirut, known as Security Square.

Until 2003, Timur Goksel was the senior political adviser to Unifil, the United Nations Interim Force in Lebanon, which monitors the border. He says he knows Hezbollah well and speaks with admiration of its commitment and organization.

After fighting the Israelis for 18 years, "they're not afraid of the Israeli Army anymore," he said in a telephone interview from Beirut. Hezbollah's ability to harass the Israelis and study their flaws, like a tendency for regular patrols and for troop convoys on the eve of the Sabbath, gave Hezbollah confidence that the Israeli Army "is a normal human army, with normal vulnerabilities and follies," he added.

Now, however, "Hezbollah has much better weapons than before," he said.

Mr. Goksel describes Hezbollah much as the Israelis do: careful, patient, attuned to gathering intelligence, scholars of guerrilla warfare from the American Revolution to Mao and the Vietcong, and respectful of Israeli firepower and mobility.

"Hezbollah has studied asymmetrical warfare, and they have the advantage of fighting in their own landscape, among their people, where they've prepared for just what the Israelis are doing — entering behind armor on the ground," Mr. Goksel said.

"They have staff work and they do long-term planning, something the Palestinians never do," he said. "They watch for two months to note every detail of their enemy. They review their operations — what they did wrong, how the enemy responded. And they have flexible tactics, without a large hierarchical command structure."

That makes them very different from the Soviet-trained Arab armies the Israelis defeated in 1967 and 1973, which had a command structure that was too regimented.

In 1992, when Sheik Hassan Nasrallah took over, he organized Hezbollah into three regional commands with military autonomy. Beirut and the Hezbollah council made policy, but did not try to run the war. Sheik Nasrallah — said to have been advised by the secretive Imad Mugniyeh, a trained engineer wanted by the United States on terrorism charges — thereby improved Hezbollah's security and limited its communications.

It set up separate and largely autonomous units that live among civilians, with local reserve forces to provide support, supplies and logistics. Hezbollah commanders travel in old cars without bodyguards or escorts and wear no visible insignia, Mr. Goksel said, to keep their identities hidden.

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Hezbollah began by setting up roadside bombs detonated by cables, which the Israelis learned to defeat with wire-cutting attachments to their vehicles. Then Hezbollah used radio detonators, which the Israelis also defeated, and then cellphone detonators, and then a double system of cellphones, and then a photocell detonator — like the beam that opens an automatic door. Now, Mr. Goksel said, Hezbollah is working with pressure detonators dug into the roads, even as the Israelis weld metal plates to the bottom of their tanks.

Hezbollah, Mr. Goksel says, has clear tactics, trying to draw Israeli ground troops farther into Lebanon. "They can't take the Israelis in open battle," he said, "so they want to draw them in to well-prepared battlefields," like Aita al Shaab, where there has been fierce fighting.

He added: "They know the Israelis depend too much on armor, which is a prime target for them. And they want Israeli supply lines to lengthen, so they're easier to hit."

Israeli tanks have been struck by huge roadside bombs planted in expectation that Israeli armor would roll across the border, said one tank lieutenant, who in keeping with military policy would only give his first name, Ohad.

At least two soldiers from his unit have been wounded by snipers who are accurate at 600 yards. The Hezbollah fighters "are not just farmers who have been given weapons to fire," he said. "They are persistent and well trained."

Another tank company commander, a captain who gave his name as Edan, said that about 20 percent of the missiles that have hit Israeli tanks penetrated the Merkava armor or otherwise caused causalities.

Col. Mordechai Kahane, the commander of the Golani brigade's Egoz unit, first set up to fight Hezbollah, told the Israeli newspaper Yediot Aharonot of one of the worst early days, when his unit went into Marun al Ras in daylight, and lost a senior officer and a number of men.

"Hezbollah put us to sleep" building up its fortifications, he said. "There's no certainty that we knew that we were going to encounter what it is that we ultimately encountered. We said, 'There is going to be a bunker here, a cave there,' but the thoroughness surprised us all. A Hezbollah weapons storeroom is not just a natural cave. It's a pit with concrete, ladders, emergency openings, escape routes. We didn't know it was that well organized."

General Kuperwasser, too, respects Hezbollah's ability "to well prepare the battlefield," but says, "We're making progress and killing a lot of them, and more of them are giving up in battle now and becoming prisoners, which is a very important sign."

Arab World Finds Icon In Leader Of Hezbollah (NYT)

By Neil MacFarquhar

The New York Times, August 7, 2006

DAMASCUS, Syria, Aug. 6 — The success or failure of any cease-fire in Lebanon will largely hinge on the opinion of one figure: Sheik Hassan Nasrallah, the secretary general of Hezbollah, who has seen his own aura and that of his party enhanced immeasurably by battling the Israeli Army for nearly four weeks.

With Israeli troops operating in southern Lebanon, Sheik Nasrallah can continue fighting on the grounds that he seeks to expel an occupier, much as he did in the years preceding Israel's withdrawal in 2000.

Or he can accept a cease-fire — perhaps to try to rearm — and earn the gratitude of Lebanon and much of the world.

Analysts expect some kind of middle outcome, with the large-scale rocket attacks stopping but Hezbollah guerrillas still attacking soldiers so that Israel still feels pain.

In any case, the Arab world has a new icon.

Gone are the empty threats made by President Gamal Abdel Nasser's official radio station during the 1967 Arab-Israeli war to push the Jews into the sea even as Israel seized Jerusalem, the Golan Heights and the Sinai Peninsula.

Gone is Saddam Hussein's idle vow to "burn half of Israel," only to launch limited volleys of sputtering Scuds. Gone too are the unfulfilled promises of Yasir Arafat to lead the Palestinians back into Jerusalem.

Now there is Sheik Nasrallah, a 46-year-old Lebanese militia chieftain hiding in a bunker, combining the scripted logic of a clergyman with the steely resolve of a general to completely rewrite the rules of the Arab-Israeli land feud.

"There is the most powerful man in the Middle East," sighed the deputy prime minister of an Arab state, watching one of Sheik Nasrallah's four televised speeches since the war began, during an off-the-record meeting. "He's the only Arab leader who actually does what he says he's going to do."

Days after the current war started, he ended a speech by quietly noting that Hezbollah had just attacked an Israeli warship off Lebanon, a feat considered inconceivable for his group. Those who rushed outside saw a glow visible from the damaged vessel offshore, setting off celebrations around Beirut.

The departure represented by Sheik Nasrallah — his black turban marking him as a sayyid, a cleric who can trace his lineage back to the Prophet Muhammad — has been particularly evident in those speeches. He makes no promises to destroy Israel with its superior military might, but to make it bleed and offer concessions.

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"When he says to the people: I am your voice, I am your will, I am your conscience, I am your resistance, he combines both a sense of humility and of being anointed for the task," said Waddah Sharara, a Lebanese sociology professor and a descendant of Shiite clerics. "He's like the circus magician who pulls the rabbit out of his hat and always knows exactly who is his audience."

Some call it his "Disney touch."

In many ways, this war is the moment that Sheik Nasrallah has been preparing for ever since he was first elected to run Hezbollah at age 32 in 1992, after an Israeli rocket incinerated his predecessor.

In his broadcasts he appears tranquil, assured, sincere and well informed, in command of both the facts and the situation, utterly dedicated to his cause and to his men. He is aloof yet tries to lend his secretive, heavily armed organization an air of transparency by sharing battlefield details.

On Thursday, he offered to stop firing missiles if Israel halted its attacks, saying Hezbollah preferred ground combat. Hezbollah's position on any cease-fire, echoed by the Lebanese government, is that none is possible as long as Israeli soldiers remain inside the country.

"He has all the power; the government has no cards in its hand," said Jad al-Akhaoui, the media adviser to a Lebanese cabinet minister. "He keeps saying that he supports the prime minister, but there has been no translation in the field, nothing has stopped. The decision is still Hezbollah's decision."

It is not even clear how such decisions are formulated. Even though Hezbollah has two cabinet ministers, proposals are passed through Nabih Berri, the head of the Amal Party and Hezbollah's onetime rival as the voice of the Shiite Muslim working class.

Lebanese officials said that once Mr. Berri passed on the proposals, nobody was quite sure what happened. Hezbollah officials are either unreachable or mum.

But Sheik Nasrallah is definitely in touch. He gloats over the evident confusion reflected in the Israeli news media about their military offensive. He is known to have read the autobiographies of Israel's prime ministers. He always calls Israel "the Zionist entity," maintaining that all Jewish immigrants should return to their countries of origin and that there should be one Palestine with equality for Muslims, Jews and Christians.

In the past, when Israel advanced into Lebanon against Palestinian fighters, the Palestinians would defend fixed positions, then retreat toward Beirut as each line fell.

Analysts say Sheik Nasrallah's genius was to train hundreds of grass-roots fighters — school teachers and butchers and truck drivers — then to use religion to inspire them to fight until death, with a guaranteed spot in heaven.

Sheik Nasrallah outlined some tactics in Thursday's speech.

"It is not our policy to hang on to territory; we do not want all our mujahedeen and youths to be killed defending a post, hill or village," he said, sitting in a studio with the flags of Lebanon and Hezbollah behind him. The idea is to lure elite Israeli soldiers into a trap by having them walk into villages before his guerrillas open fire.

In a world where fathers are known by the name of their eldest son, Sheik Nasrallah is known as Abu Hadi or father of Hadi, after his eldest son, who died in September 1997, age 18, in a firefight with the Israelis. The name instantly reminds everyone of his personal credibility and commitment to the fight.

On that September day, Sheik Nasrallah was scheduled to deliver a speech in Haret Hreik, the unkempt southern Beirut suburb dense with apartment houses that Israel has just turned largely to rubble. But he said nothing of his loss until the crowd started chanting for him to speak about the "martyrs." He eulogized Hadi as part of a great victory.

In interviews, he said that he would not give his enemies the satisfaction of seeing him weep publicly but that he mourned privately.

He has a daughter and two surviving sons. The eldest, Jawad, around 26, is believed to be fighting in southern Lebanon.

Sheik Nasrallah takes obvious pride in standing up to Israel on the battlefield. All his wartime speeches have been laced with references to restoring lost Arab virility, a big sell in a region long suffering from a sense of impotence. He called the three southern villages where the fiercest clashes erupted "the triangle of heroism, manhood, courage and gallantry."

He can be by turns avuncular and menacing.

Walid Jumblat, the chieftain of the Druse sect and one of Sheik Nasrallah's more outspoken critics, said he found the combination unsettling. "Sometimes the eyes of people betray them," Mr. Jumblat said in an interview in his mountain castle. "When he's calm, he's laughing. He's very nice. But when he's a little bit squeezed, he looks at you in the eyes fiercely with fiery eyes."

In the hierarchical rankings of Shiite Muslim clergy, Sheik Nasrallah is a rather ordinary hojatolislam, one step below an ayatollah, and far below being a mujtahid, or "source of emulation" to be followed as a guide.

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Yet the Shiite faithful in Lebanon revere him, both as a religious figure and as a leader who gained for them a modicum of respect in the country's sectarian political system long dominated by Christians and Sunni Muslim barons. Families who evacuated their homes in Beirut's southern suburbs seemed invariably to leave behind an open Koran with Sheik Nasrallah's picture propped up nearby, in the hope that the holy verses would protect their homes and their leader.

He is believed to live modestly and rarely socializes outside Hezbollah's ruling circles. He avoids the telephone for safety reasons, but has met thousands of constituents and dispatches personal messengers to congratulate them for weddings and births.

Aside from Hezbollah's secretive military operations, the state within a state that he helped build with Iranian and expatriate financing includes hospitals, schools and other social services.

Sheik Nasrallah is a powerful orator with a robust command of classical Arabic, yet he makes himself widely understood by using some Lebanese dialect in every speech. He has coined numerous popular phrases, like calling Israel "more feeble than a spider's web."

He comes across as far less dour than most Shiite clerics partly due to his roly-poly figure and slight lisp. But he also — very unusually — cracks jokes.

Prof. Nizar Hamzeh, who teaches international relations at the American University of Kuwait and has written a book on Hezbollah, recalled a Nasrallah speech from last year, given while Secretary of State Condoleezza Rice was in the region. A helicopter happened to clatter overhead at some point while he was criticizing United States meddling, and the sheik quipped, "You might be able to catch a glimpse of her now; I hope she sees us as well." The crowd roared.

He has never pushed hard-line Islamic rules like veils for women in the neighborhoods that Hezbollah controls, which analysts attribute to his exposure to many of Lebanon's 17 sects.

Born in 1960 in Beirut, Sheik Nasrallah grew up in the Karanteena district of eastern Beirut, a mixed neighborhood of impoverished Christian Armenians, Druse, Palestinians and Shiites.

His father had a small vegetable stand, but the 1975 eruption of the civil war forced the family to flee to their native southern village.

The oldest of nine children and long entranced by the mosque, he decamped for the most famous Shiite hawza, or seminary, in Najaf, Iraq. He fled in 1978 one step ahead of Saddam Hussein's secret police, returning to Lebanon to join Amal, then a new Shiite militia. He became the Bekaa Valley commander in his early 20's.

But he considered the Islamic Revolution in Iran led by Ayatollah Ruhollah Khomeini in 1979 to be the real model for Shiites to end their traditional second-class status and moved to Hezbollah as it coalesced in the early 1980's. He studied in a seminary in Qum, Iran, briefly in 1989.

How much a religious figure can appeal to Lebanon's generally cosmopolitan population has never been clear, and it is particularly murky now that he has provoked a war. Some Lebanese say he has sold his soul to Damascus and Tehran.

"I used to think of Nasrallah as the smartest politician in Lebanon, but this last operation changed my mind," said Roula Haddad, a 33-year-old administrative secretary, shopping at the upscale ABC mall in the predominantly Christian Ashrafiyeh neighborhood. "It was a huge mistake and he is solely responsible for all the destruction. He proved that he does not care about Lebanese interests; he revealed his true Iranian skin."

Political analysts said that Lebanon should have seen it coming, but that Sheik Nasrallah proved a rather skillful hypnotist. "Lebanese politics, especially since Nasrallah carved out his role, has become his very own circus," said Professor Sharara, the Lebanese sociologist. "He built this circus on a foundation of pageantry, lies, fear, crazy hopes and unreal dreams.

"He sold Lebanese on the certainty that he would not abandon them, he would not undertake anything that would cause them harm or destruction, and at the same time he instilled fear, fear of himself," Professor Sharara said. "He has known this was going to happen for the past 15 years. How can you believe someone who says, 'Don't worry, I won't do anything,' even while he was building this hellish machine? He knew people would be credulous, would be seduced."

Blazes Scorch Israel's Forests (LAT)

By Ken Ellingwood

The Los Angeles Times, August 7, 2006

KIRYAT SHEMONA, Israel — In this country's greenest corner, much of the land is charred black.

More than three weeks of rocket attacks by Hezbollah guerrillas across the border in Lebanon have set off hundreds of fires in the forests and fields of northern Israel, turning a nature lover's getaway into a smoke-veiled battleground for an army of overworked firefighters.

Officials estimate that the fires have destroyed half a million trees in the pine forests that blanket the hills of the northern Galilee. Thousands of acres of grasslands in the Hula Valley have also burned, ruining a key source of feed for cattle.

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Crop-duster airplanes have been converted into firefighting aircraft, buzzing low to spray red-tinted flame retardant in what is often a futile battle against the wind-whipped blazes.

In populated areas such as Kiryat Shemona, the rockets have set some houses on fire and burned a toothpaste factory, although no residents have been seriously injured.

The town's firefighters give priority to residents and homes, and have speeded to strikes in neighborhoods scores of times since the outbreak of fighting July 12.

The relentlessness of the attacks, and that they often come in clusters, means firefighters often have to juggle several calls at a time. No sooner have they raced to one blaze than the radio crackles with a fresh report.

"One day I had 22 fires at the same time," said Danny Hanania, fire chief for northern Israel, a district that covers about 500,000 acres.

Hanania, a craggy-faced former army general who has been a firefighter for 18 years, is red-eyed from fatigue. He has been home just once — for seven minutes, to grab fresh clothes — in more than three weeks. But during a rare break at the Kiryat Shemona station house, Hanania insisted that he was bearing up fine.

The firehouse has adapted for the crisis. The control room, where the fire calls first come in, has been relocated to a basement bunker in case a rocket hits the building. The former control center now serves as sleeping quarters for some of the firefighters shipped in as reinforcements.

Others sleep in the corridors — so tired, they say, that they can drop off despite the thunderous blasts from an Israeli artillery battery across the street.

Hanania's normal force of 40 firefighters has been beefed up to 75 for each 24-hour shift. The extras include members from departments elsewhere in Israel, military reservists and cadets from the national firefighting school.

Even with the extra help, the firefighters are overwhelmed. Since the start of the conflict, Hanania said on a recent day, there have been at least 1,140 fires — an average of about 50 a day.

Many of the blazes are minor, igniting grass next to the highway and then burning out. Others have proved stubborn. Firefighters battled the blaze at the toothpaste plant for an hour, then gave up and let it burn.

In years past, Katyusha rocket attacks mainly targeted Kiryat Shemona, the region's biggest town. But the latest barrages are spread over a wide area, hitting outlying villages and igniting the tinder-dry Mt. Naftali and Birya forests that overlook the region.

Omri Bonneh, director of the northern region for the Jewish National Fund, which oversees Israel's forests and employs its own firefighters, said the blazes had damaged stands of pines 50 to 60 years old. He said about 2,000 acres of woodlands had been burned — an amount that would be normally lost to fire over five years.

"It is severe damage," Bonneh said. "It will take a long time to rehabilitate."

The loss is especially painful for the Galilee region, which is edged with woods and hills and coursed by small rivers that make it a magnet for hikers and ecologically minded tourists.

"This region is defined as the green lands of Israel," Bonneh said. "That's why it's important for us to protect the forest and do our best to rehabilitate the forests that are destroyed."

He said officials were already drawing up plans for restoring the forests through planting, if new trees didn't sprout through natural growth.

For Hanania and his men, rocket strikes in wild areas are preferable to those landing in town, where the odds of injury or death are much greater, even though many residents have fled.

A new alert system sounds a siren over Kiryat Shemona whenever a rocket attack appears imminent.

No matter how accustomed the firefighters have grown to the rockets, they describe a fresh surge of worry with each new call.

"It's a small place and everybody knows everyone," said Doron Maloul, a 10-year veteran who has sent his wife and three children to stay in Tel Aviv. "You worry all the time that you are going to see a friend or family member who had a massive attack on the house. That's why I pray all day that it will land in the open area."

Hezbollah Attacks Seen As Iran Diversion (WT)

By Rowan Scarborough

The Washington Times, August 7, 2006

Hezbollah's July 12 attack on Israel is seen by some Bush administration officials as a bid to break the West's unified focus on forcing Iran to stop enriching uranium for use in nuclear weapons.

Hezbollah, which is financed and trained by Iran's Revolutionary Guards, struck on the very day the six powers -- five permanent members of the U.N. Security Council, plus Germany -- met in Paris to discuss the next move after Iran refused to

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stop its enrichment program. It came days before the Group of Eight summit in Russia, at which President Bush lobbied for a tough stance against Iran's militant regime, which has threatened to destroy Israel.

"It was to try to divert attention from Iran's nuke program," said a senior administration official, when asked why Hezbollah forces based in Lebanon chose that date to launch an attack inside Israel that killed three Israeli soldiers and kidnapped two others. Asked how the U.S. knows this, the official declined to comment.

A second senior official also said the attack appeared to be an attempt to shake Europe's alliance with the U.S. on preventing Iranian nukes. The official said there is no hard evidence that Iran specifically triggered the assault.

A U.S. intelligence official, who asked not to be named, said it is not clear exactly why Hezbollah chose that moment in time to execute such a provocative act. The official said it may have been an attempt to force Israel to exchange Israeli-held Hezbollah fighters for the two Israeli soldiers. The official declined to discuss Iran.

Iran's chief nuclear negotiator is Ali Larijani, a hard-line former Revolutionary Guard leader who now serves as secretary of the country's Supreme National Security Council.

Mr. Larijani met July 11 in Europe with Javier Solana, the European Union's foreign representative. Mr. Larijani rejected Western offers of inducements to end enrichment. A spokesman said Mr. Solana was "disappointed" in the talks.

The next day, Mr. Larijani appeared in Damascus on Syrian TV meeting with President Bashar Assad, another Hezbollah backer. His regime allows shipments of Iranian arms and rockets to pass through its territory into southern Lebanon.

The Iran-Syria-Hezbollah strategy does not appear to be working, administration officials say.

For one, the U.N. Security Council voted last Monday to express "serious concern" and said Iran had until Aug. 31 to stop enrichment or face sanctions.

Secondly, Bush officials say Hezbollah underestimated Israel's response. Rather than a tit-for-tat retaliation, Israel immediately launched a full-scale war on Hezbollah. Using advanced U.S. strike aircraft and precision munitions, it has unleashed relentless round-the-clock attacks against Hezbollah's command centers, homes, communications networks, Al Manar television station and arms caches. On the ground, the Israelis contend they have cleansed over 20 southern Lebanese villages of Hezbollah fighters.

The U.S. intelligence official said Hezbollah "miscalculated and clearly did not anticipate the events it provoked."

In the end, Bush administration officials say Hezbollah will never be able to re-establish itself in southern Lebanon, where it had turned the mountainous terrain into a network of command centers, garrisons and arms caches from which to lob some of its 13,000 rockets into Israeli population centers.

Hezbollah has been on the U.S. target list since al Qaeda's September 11, 2001, attacks. While not directly tied to the Sunni al Qaeda, the Shi'ite-dominated Hezbollah has attacked and killed Americans, vows to destroy Israel and advocates an Iranian-style theocracy established in Beirut.

Now, Israel is doing something Washington has wanted done for years.

"Hezbollah may be the 'A-Team of Terrorists' and maybe al Qaeda is actually the 'B-Team.' And they're on the list, and their time will come," then-Deputy Secretary of State Richard Armitage said in 2003. "There is no question about it. It's all in good time. And we're going to go after these problems just like a high school wrestler goes after a match. We're going to take them down one at a time."

Administration officials have said the Israeli Defense Forces is overstating the damage its attacks have inflicted on Hezbollah's sizable arsenal. Still, they say, the militant group is being damaged.

"They have dealt Hezbollah some significant blows to date; but that said, they have a very large stockpile of rockets and formidable logistics operations, having been in the country for so long," the U.S. intelligence official said.

Mystery Cloaks Raid On 'Empty' Hospital (WT)

By Betsy Pisik

The Washington Times, August 7, 2006

BAALBEK, Lebanon -- Hezbollah militants continue to maintain a tight guard around a hospital they say is empty, days after Israeli commandos stormed it in a dramatic midnight raid into the heart of the militia's territory.

The anxious attitude of two men standing guard in the parking lot when a reporter and photographer visited over the weekend simply added to the mystery surrounding Hezbollah's uses of the building and Israel's purpose in raiding it.

"You must not stay here," said the younger one, who called himself only Ali. "You cannot go inside. You must go."

More Hezbollah guards watched from a distance, making sure the order was obeyed.

Ali insisted the hospital is empty, just as it was before midnight on Tuesday, when the Israelis raided with helicopters and planes.

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"The hospital is still closed, except for emergency cases," he said, adding that there were no patients inside despite the many wounded from Israel's attack and a long-running gunbattle that left as many as 19 Lebanese dead.

The Israeli Defense Forces took five persons away with them after the raid on the Bar Al-Hikmah hospital, but have not said who or what they were looking for. Press reports speculate that they were searching for a senior Hezbollah official, Sheikh Mohammed Yazbeck, or even the two Israeli soldiers abducted on July 12.

Israel and Hezbollah also argue over who was taken away by the Israelis: Israel says they were Hezbollah operatives, while the militia insists they were just local residents, most of them construction workers.

Equally mysterious was the account of Dr. Akram Rifai, the director of health for Baalbek, who told The Washington Times over the weekend that the hospital was empty when the Israelis attacked, apart from four armed male nurses who "resisted the Israeli solders."

When pressed, however, he was unable to explain what medical personnel with weapons were doing inside an empty hospital.

Accounts of last week's fighting also vary, though most agree that it began when nearly a dozen Israeli helicopters and planes roared over Baalbek, dropping bombs and hovering low over its homes.

Some residents say fighters laid down heavy gunfire from buildings surrounding the hospital. But Yussef Ali, owner of a dusty shop near the hospital, said the Israelis dropped bombs on and around the hospital for nearly an hour before he heard Hezbollah's return fire.

At a Tel Aviv briefing for reporters, Israeli army officials said troops were inside the hospital for six hours, and thoroughly searched the four-story building. They said the planes overhead shot at militants approaching the hospital from surrounding buildings.

There is no question there was a fight. The rear of the hospital showed heavy damage, and much of it is pockmarked with bullets and small mortars. There are burned-out cars in the hospital parking lot, and a field just beyond is burned down to scorched grasses.

The Israeli bombs also struck a nearby garden, where a dozen men were gathered while their wives and children hid in the basement of a nearby home. Five were killed, including four members of the same family.

Residents could not say why the Hezbollah-administered hospital nearly 60 miles from the Israeli border would attract such an attack.

But whatever happened on the night of Aug. 2, their sense of shock and anger has left Hezbollah more influential than ever in this quiet farming region where the militia was born and is the dominant political force.

Dr. Rifai said Hezbollah was already the main provider of health care in the city, and since the Israeli assault began has been the only organization to deliver scarce relief supplies over the bomb-cratered roads.

That effort and the militia's willingness to confront the Israeli commandos have won over some residents who claim not to have been sympathetic to Hezbollah before.

"Who can understand this?" asked Mirna Ali, 22, who was pinned in the cellar during the overnight attack. "Who can protect us?"

She wandered slowly through the garden near the hospital, taking in the scraps of bloodied clothing amid the ripening squash, figs, pomegranates and tomatoes.

"We rely on Hezbollah, of course, because they are the only ones."

Lebanese Network Pushes Definition Of ‘reality TV' (USAT)

By Jeffrey Stinson

USA Today, August 7, 2006

BEIRUT — On Lebanon's Al-Manar TV network, the news is all war, all the time.

Through 26 days of fighting, Al-Manar, the broadcast voice of Hezbollah, has been the militant Islamic movement's cheerleader and spinmeister. Along the way, it has managed a couple of journalistic scoops.

The broadcaster's biggest achievement, though, has been its ability to remain on the air. Its studios and offices in the southern suburbs of Beirut were among the first hit by Israeli warplanes when fighting broke out last month. Al-Manar was back on the air within minutes and quickly shifted its transmissions to secret locations.

Before the fighting, programming included soap operas, soccer games, children's shows and other fare, in addition to pro-Hezbollah talk shows and news.

These days, telecasts are devoted exclusively to coverage of “Israeli aggression against Lebanon” and Hezbollah's heroic “resistance.”

On Sunday, one of its top stories told how “Islamic resistance fighters attacked Israeli forces” in southern Lebanon.

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A day earlier, it featured an interview with Mohammed Abou Al Kateh, president of a committee of Islamic preachers, who praised the leadership of Sheik Hassan Nasrallah, the Hezbollah leader. Al Kateh read verses from the Quran to inspire Hezbollah guerrillas on the front lines.

On Friday, Al-Manar accused Israeli warplanes of "another massacre against civilians" in Lebanon.

Founded in 1990, Al-Manar — "the beacon" in Arabic — makes no attempt at balance. Between newscasts and interviews of guests sympathetic to Hezbollah, it airs videos set to martial music.

In them, cymbal-clashing marches play as a backdrop to slow-motion footage of guerrillas loading rocket launchers and moving to engage the enemy, or shots of pro-Hezbollah crowds demonstrating and flags waving.

The network frequently airs footage of dead or bloodied victims — shots too gory for most Western broadcasters — of what it describes as Israeli terrorism.

Al-Manar's special relationship with Hezbollah gives it an edge that Lebanon's five other broadcast outlets can't match. The network often has exclusive access to Nasrallah and other Hezbollah leaders, along with an insider's knowledge of what's occurring on the battlefield.

"I watch them for honest news," says Sadi Assi, 30, a biomedical engineer from Beirut. "They represent the resistance and have fresh news." Assi says he admires Nasrallah, although he doesn't necessarily vote for Hezbollah. But, he says, Al-Manar gives him access to what Nasrallah has to say.

The Times of London credited Al-Manar with two of the biggest scoops of the war so far: Hezbollah's abduction of two Israeli soldiers and its successful missile strike against an Israeli naval ship.

Israel has tried to blunt Hezbollah's ability to use Al-Manar for propaganda, managing a few times to interrupt broadcasts with anti-Nasrallah messages of its own.

The U.S. State Department, which classifies Hezbollah as a terrorist group, says Al-Manar "inspires" terrorism. It put the network on its Terrorist Exclusion List in 2004.

In March, the Treasury Department declared Al-Manar, its sister radio station Al-Nour and their parent company, Lebanon Media Group, terrorist entities for soliciting money for Hezbollah. The declaration prohibits Americans from having financial transactions with them.

Efforts to contact Al-Manar executives were unsuccessful.

Some Lebanese are skeptical of Al-Manar. Makram Rabat, 28, a restaurant worker in Beirut, says he never watches the network.

"I don't watch any channel that transmits propaganda," Rabat says. "I feel that Al-Manar TV is just one-sided. I don't like brainwashing."

Partisanship is nothing new for the Lebanese media. During the 1975-91 civil war, many of the warring religious groups owned TV outlets. Since then, Lebanon's other networks have moved into more mainstream programming and objective news coverage.

Al-Manar has resisted the impulse to go mainstream. On Friday, it dispatched reporters to demonstrations in Iran and Egypt, where protesters came out in support of Hezbollah and called for an immediate cease-fire.

There were no interviews with experts or even ordinary Arabs who questioned Hezbollah's actions. Nor was there any attempt to get an Israeli point of view, as the pan-Arabic satellite channel Al-Jazeera frequently does.

On Saturday, Al-Manar reporter Manar Sabagh told viewers about a meeting that U.S. Assistant Secretary of State David Welch held with Lebanese Prime Minister Fuad Saniora and Parliament Speaker Nabih Berri, the official designated by Hezbollah to negotiate any cease-fire on its behalf.

Sabagh reported the existence of rumors that Welch and Saniora had held what she described as an "underhanded" meeting the night before, without Berri.

Many of Al-Manar's studio interviews have the feel of C-SPAN programs. They're conversational and issue-oriented — the difference being that the guests are uniformly friendly to Hezbollah's cause.

In an interview Saturday on Al-Manar, analyst Michael Awad said "the resistance has terrific minds" because its guerrillas have managed to continue firing rockets across the border. He deplored the "criminal mentality in Israel" that he blamed for the bombing of Lebanon's infrastructure.

The response of the unidentified anchorman: The conflict has indeed "made Israel lose its mind."

In Southern Lebanon, Weary Resignation (WP)

By Anthony Shadid

The Washington Post, August 7, 2006

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SIDON, Lebanon, Aug. 6 -- Physician Ghassan Hammoud leaned into the phone Sunday, one hand to his ear, the other gesturing. As in so much in southern Lebanon these days, there was a tone of desperation, a touch of exasperation, a hint of pleading and a sense of the unprecedented. It was one of 15 calls he would make this day, one of 50 he might receive, all trying to bring order to chaos.

He needed fuel for cars. Then seven cars to go to Beirut to pick up medicine. He needed drivers who would risk roads that Israeli forces have attacked. Then more fuel for the generators to power his hospital, the biggest in Lebanon's third-largest city.

Hammoud, 70, hung up his phone and fell back in his chair. He shook his head, a gesture toward a Sisyphean plight.

"I tell you what, this war might go for a long time," he said, a four-page list of needed medicine before him. "There won't be an end because no one is going to win or lose. Both sides are winning, both sides are losing. The big loser is the Lebanese."

The United States and France have agreed on a draft U.N. resolution calling for a cease-fire in the nearly four-week-old war, but already Sunday, U.S. officials were saying that it was only a first step and that it would take a while to end the fighting. Few appeared to disagree in beleaguered southern Lebanon, where weary residents began settling in for the long wait across a terrain more battered by fighting than at any time in the country's modern history.

With a sense that both Israel and Hezbollah have the stamina and endurance to fight on, many in southern Lebanon have started to think of their futures placed within a long-running war: Doctors talk about leaving the country for good; some of the hundreds of thousands of displaced within Lebanon have simply come back to their homes in places such as Tyre, fearful the temporary was becoming permanent.

"Brother, you try living in a school," said Khodr al-Ruz, 17, who returned two days ago to Tyre after spending three weeks sharing a classroom with 15 other displaced Lebanese in the Christian town of Byblos, north of Beirut.

A day after the war started, Ruz and his extended family got in eight cars -- a ramshackle convoy of old Mercedes, Toyotas, Hondas and a van -- and headed north, a 12-hour drive, between shelling, over often mountainous roads. They decided to leave after an Israeli missile struck a building in Tyre that housed the civil defense agency and leaflets urged southern Lebanese to evacuate.

"No one was reassuring us," he said.

At the government high school in Bint Jbeil, they joined about 400 other people from the poor Shiite Muslim neighborhoods of Beirut, Tyre and the villages of southern Lebanon bearing the brunt of the war.

"How could you breathe?" he asked. "There wasn't any oxygen in there."

By last week, Ruz said, he had had enough. He caught a taxi to the edge of Beirut, another through Beirut, a third taxi to Sidon and then a minibus to Tyre. He borrowed the money to pay for the fare, about $12 in all. On Sunday, a Metallica tattoo on his arm, a pack of cigarettes at his side, he spent the afternoon at his home watching an old Egyptian film, starring comedian Adel Imam.

"My nerves are good now," Ruz said, smiling.

He glanced at the movie. "It's the way it is. It's not going to change. I guess I'll live in my home and die in it."

In cities such as Sidon and Tyre, the longer the war drags on, the longer many feel it will last.

Sidon, relatively unscathed, still maintains a sense of urban life, with shops open and people on crowded sidewalks; the streets of Tyre remain largely deserted. At least two Israeli attacks on cars in the city and on its outskirts Sunday abruptly cleared traffic. Convoys brought food to Tyre, but drivers judged the roads too risky to venture into the hinterland. Gasoline was scarce. Sami Haddad, the economy and trade minister, estimated there was enough fuel for two days in the south, a week elsewhere.

"Is there a solution?" asked Afif Khouri, a 60-year-old barber out of work since the war started. "There's no solution."

Khouri sat with his friend Bassam Baghdadi on Tyre's seafront, spending a boozy afternoon. Two beer bottles, five coffee cups and two packs of cigarettes were spread over the table at a cafe, overlooking boats that, given the Israeli naval blockade, dare not venture to sea. Seven young boys got out of the water, laughing as they strolled past bored fishermen in idle conversation. Fishing nets were piled up on the edge of the harbor, snarled and unused. Fishermen lately have used dynamite thrown from the shore to gather fish.

"The two, Israel and Hezbollah, deserve each other," Khouri said. "Is that not true? It's correct."

Baghdadi nodded. "We're the playing field here," he said.

Khouri beckoned the cafe owner. "Get me another beer," he shouted. Baghdadi brought himself another cup of coffee.

In the war's first days, Baghdadi had taken his wife, 16-year-old son and twin 9-year-old daughters to the mountains above Beirut. He rented an apartment for $10 a day, but was without electricity and had too little water and food. Sixteen days, and he came back to Tyre. He deemed his house, on the city's outskirts, too unsafe, so he moved in with his sister-in-law near the downtown.

"Next I'm going to swim out into the ocean," Baghdadi said.

Khouri smiled, dusk starting to soften the sun on the blue and turquoise waters of the Mediterranean.

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"If we're supposed to die, we'll die," he said. "How many times can someone die?" He lifted his finger, his eyelids heavy. "Just once." Baghdadi laughed. "We'll eat, drink and watch the shells fall," Khouri said. "And maybe we'll end up in heaven."

"Give me a cigarette," he said to Bahgdadi.

Khouri, a Christian, was a friend of the family of Baghdadi, 41, a Shiite Muslim. Khouri visited the cafe every day. Baghdadi dropped by to catch up with Khouri at a place he thought safer than his sister-in-law's.

"For me and my kids, if we had a way to go to Ethiopia and it was safe, that's it. Let's get out of here," Baghdadi said.

"That way," Khouri said, pointing south, "it's all destruction. That's not a pity? Since 2000, for six years, everything was rebuilt. In a month, it's all gone." He held up his finger again. "One month."

Then he let loose with a string of expletives about the war.

"What kind of movie do they think they're making?" Baghdadi asked.

They talked about civilians killed on both sides of the conflict, and they predicted the war would go on and on.

"Do you have a plane here?" Baghdadi asked.

"If you do, take us with you," Khouri said.

"What about Michigan?" Baghdadi asked.

The task Sunday for Hammoud, the owner of the 320-bed hospital in Sidon, was finding 50,000 liters of fuel to supplement the 30,000 he already had. Together, that would power the hospital's five generators for 12 days. It was more crucial than the medicine sent to him, piling up in Cyprus because of the blockade. It was more important than the gauze and plaster he was running out of.

"When electricity is gone, there's no hope for anything," he said.

Hammoud has already cut chemotherapy for cancer patients from once a week to once every two weeks. The 160 dialysis patients now receive half their allotted time. In most cases, his hospital tries to receive only war casualties -- more than 300 so far.

"Here it is, the fourth week, and we still don't know," he said. Pictures of Lebanon in better times were on his walls -- a painting of the Roman ruins at Baalbek and a photograph of the medieval port in Sidon. His phone rang often -- he now uses two cellphones, two private land lines and the hospital's 35 numbers. "There's just no hope now. Ask anyone outside."

Hammoud said this war is worse than the 1982 Israeli invasion, one of the most devastating periods of Lebanon's 1975-90 civil war. Back then, his hospital, founded in 1966, was prepared. This time, it wasn't.

"All those times were much easier, much easier than this, to tell you frankly," he said. "In all other wars, you had hope for change or that you would be helped by others. Now you feel you have a war, but is it going to end? What's going to happen?"

"Stop the war, okay, but what then?" he asked.

Hammoud had slept in the hospital every night since the war started, as had his daughter and son-in-law, helping him manage. He expected to keep sleeping there. Uncertainty underlined his words -- how to make war somehow ordinary.

"You can always stay here and work with what you have," he said. "I'm not going to say that I'm going to leave."

Upstairs was one of his 300 full- and part-time doctors, George Fhaily. "I think it's a war for years," he said. "I'm thinking of emigrating. This time is very different."

"It's not an optimistic country," said his colleague, Khalil Hamad.

Hamad and three other doctors were sharing a patients room, the beds unmade. Next to the TV were movies -- "Anger Management" and "Bad Company." The news was turned to al-Manar, the Hezbollah television channel. One of the doctors, Tareq Hussairi, wore a beard he had grown since the war started. "Tired, depressed and anxious," he called himself. Nearly all of them were ready to emigrate.

"We worry about what's going to come after the war -- our homes, our businesses. Some people, their villages are destroyed," he said. The others nodded, talking about the wounded they had treated, the families who had lost relatives. "They'll never go back to the home they remembered," Hussairi said.

Iran Says Will Expand Nuclear Activities (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, August 7, 2006

Iran vowed Sunday to expand its uranium enrichment, defying a U.N. Security Council deadline for it to suspend its nuclear activities by the end of the month or face the threat of political and economic sanctions.

Top nuclear negotiator Ali Larijani's statement was Tehran's first warning since the resolution passed that it could step up its atomic program. It suggested Iran is feeling emboldened in its main confrontation with the West, over its nuclear program, as Europe and the United States scramble to deal with the escalating violence between Israel and Lebanon-based Hezbollah militants.

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"We will expand nuclear activities where required. It includes all nuclear technology including the string of centrifuges," Larijani said, referring to the equipment Iran uses to enrich uranium, which can be used as fuel for a nuclear reactor or fissile material for an atomic warhead.

Iran also gave its Hezbollah allies a green light to keep fighting in Lebanon, saying that the United States — which put forward a cease-fire plan with France Saturday — can't be a mediator in the crisis because of its support for Israel.

The U.S. has "no right to enter the crisis as a mediator" in the Mideast fighting, hard-line Iranian President Mahmoud Ahmadinejad said in a telephone conversation with his top ally, Syrian President Bashar Assad, according to a report on Ahmadinejad's official Web site.

"They (the U.S.) think that through the U.N and the Security Council they can achieve the goals which they could not achieve militarily," he said.

The outbreak of fighting between Israel and Hezbollah — triggered by a July 12 militant raid into Israel that ended with the capture of two Israeli soldiers — has moved the focus of the Security Council's attention from its efforts to halt Iran's uranium enrichment program.

Many in the U.S., Europe, the Arab world and Israel accuse Iran of fueling the warfare in Lebanon through Hezbollah in a bid to show its regional strength. Iran denies that it is arming the guerrillas and says it wants a cease-fire — but on terms fair to Lebanon.

Meanwhile, the United States and many in Europe also accuse Iran of seeking to develop nuclear weapons, though Iran denies the claim, saying it aims only to generate electricity.

Larijani denounced the July 31 U.N. nuclear vote as "illegal" and said, "We reject this resolution."

Larijani said Iran intends to meet Tehran's previously announced goal of responding by Aug. 22 to a package of incentives put forward in June by the U.S. and Western nations to entice Iran into suspending enrichment.

The United Nations said the sanctions threat in the deadline would be revoked if Iran accepts the package — but the resolution reflected Western impatience over the months Tehran has taken to respond to the offer.

Larijani said the deadline threat was "contrary" to the incentives package and blamed the West for damaging efforts for a diplomatic solution.

"We were expected to hold talks ... to remove ambiguities ... but they issued a resolution (at the U.N. Security Council) and killed it (talks). They should explain why they damaged the path of dialogue," he said.

Larijani insisted the U.N. had no right to require Iran suspend enrichment, saying his country has not violated any of its obligations under the Nuclear Nonproliferation treaty. He said any expansion of enrichment would remain under the supervision of the U.N. nuclear watchdog, the International Atomic Energy Agency.

The U.S. and France agreed last week on a draft U.N. resolution calling for a cease-fire, but Hezbollah has effectively rejected it, saying it doesn't address Lebanese demands and would leave Israeli troops in Lebanon for the time being.

Saeed Laylaz, an Iranian political analyst, said the Mideast fighting has prompted Iran to toughen its line on the nuclear issue and "conclude that the West is intent on confronting Iran. It shows how the situation has exacerbated in the Mideast."

A cease-fire on the terms laid out in the draft resolution could be a setback for Hezbollah, which has won support across the region by the tougher than expected fight it has put up against the Israeli military.

Iran's comments Sunday signaled that it wouldn't back down easily on either front, Lebanon or the nuclear issue.

Iran's state-run radio said in a commentary that Iran was serious in its defiance of the U.N. resolution demanding a suspension of enrichment.

"Iran stands ready to pay the necessary price in defending the rights of the Iranian nation," it said.

A Deadline (Of Sorts) For Iran (WSJ)

The Wall Street Journal, August 7, 2006

The United Nations Security Council last week adopted Resolution 1696, which demands that Iran suspend uranium enrichment by August 31 or face the threat of international sanctions. That's good news -- assuming it doesn't become an excuse for Iran to take many more months or years to comply.

That's the risk the Bush administration now runs as it attempts to go through the Security Council to derail Tehran's nuclear ambitions. U.S. Ambassador John Bolton (he of presumed zero diplomatic skills) deserves credit for getting a resolution that finally puts the world's main powers on record acknowledging Iran's military threat. The U.N.'s own nuclear inspection agency, the International Atomic Energy Agency, has been documenting Iran's disdain for its anti-proliferation treaty commitments for nearly three years. And at least now the Security Council has set a deadline.

The resolution is especially welcome given the war in Lebanon begun by Iran's terrorist client, Hezbollah, just when the G-8 countries were about to focus their meeting in St. Petersburg on Iran's nuclear program last month. Iran wants to intimidate the

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world by showing how much trouble it can create if it imposes sanctions on Iran. So it's good to see that at least in this circumstance, China, Russia and France wouldn't let themselves be embarrassed. Iran's harsh denunciation of the resolution shows that it is far from meaningless.

Yet reading the fine print of 1696 gives us reason to be skeptical. The resolution is structured so that Iran must "suspend" its uranium enrichment before any talks begin. But Iran previously suspended its uranium enrichment in November 2004 as a way of bidding up a European package of incentives, only to break off negotiations and resume enrichment when the mullahs deemed the offer too ungenerous.

Nothing now prevents Iran from running the same play again, thereby avoiding a diplomatic showdown as it negotiates the minute details of the "long-term comprehensive arrangement" that 1696 also offers Iran. Who knows how long that would take, especially since Russia has already said that 1696 includes no automatic move to sanctions? In the meantime, Iran can continue to work in secret on its undeclared nuclear programs.

With Iran, of course, you never know. And it also wouldn't be surprising if the mullahs opted for a more confrontational approach. President Mahmoud Ahmadinejad has already said he will ignore the August 31 deadline, adding darkly that countries that voted for 1696 would "learn the hard way" about the perils of standing up to his regime. On a trip to Malaysia this week, the wacky Iranian declared that troubles in the Middle East could all be solved if Israel ceased to exist. No one should doubt he'd help achieve that goal if he ever did get nuclear weapons.

The Iranians can read the papers, and they realize how reluctant France, Russia and China are to impose sanctions with any bite. In Beirut on Monday, French Foreign Minister Philippe Douste-Blazy met with his Iranian counterpart and praised Iran for playing "a stabilizing role in the region." This was after Hezbollah staged a raid into Israel that has done great harm to the Lebanese government that France sees as one of its own special strategic projects.

Secretary of State Condoleezza Rice took a gamble when she persuaded President Bush to agree to direct talks with Iran if it suspended its nuclear enrichment. So far all the effort has earned from Tehran is disdain and a war in Lebanon. The U.N. resolution is the world's first serious reply to that disdain, but whether it means anything will depend on Ms. Rice's ability to convince the other powers to enforce it sooner rather than later.

US Sanctions On Russia 'unlawful' (FT)

By Neil Buckley And Stephanie Kirchgaessner

Financial Times, August 7, 2006

Moscow has condemned as groundless and unlawful a US move to impose sanctions on two of Russia's biggest defence groups over arms sales to Iran.

The companies – Rosoboronexport, an arms export agency run by a friend of Vladimir Putin, the president, and the Sukhoi aircraft maker – were among seven groups penalised by Washington for violating a law aimed at preventing the spread of weapons of mass destruction to Iran.

On Friday the US State Department accused the companies, which also included two each from India and North Korea and one from Cuba, of breaching the Iran Nonproliferation Act of 2000. No US company will be able to deal with the banned companies for two years.

Russia's foreign ministry called the sanctions unacceptable, saying they threatened future partnership with the US. The defence ministry said they were ungrounded and suggested they were US retaliation for Russia's agreement last month to sell more than $1bn of arms and military aircraft to Hugo Chávez, the Venezuelan president.

The US decision could further worsen relations with Russia, which have cooled as the Bush administration has stepped up its rhetoric over the Putin administration's democratic record.

It could also affect US-Russian commercial relations. Boeing, the US airline group, is working with Sukhoi to develop a regional jet, and is a big customer of Russia's VSMPO-Avisma, one of the world's largest titanium suppliers, which Rosoboronexport is taking over.

Rosoboronexport already controls Avtovaz, maker of the Lada car, which has a joint venture with General Motors of the US. It was unclear whether the US sanctions would affect subsidiaries of the arms export agency.

Sergei Chemezov, Rosoboronexport's general director, told Russian television his agency had shipped only defensive weapons to Iran, in compliance with international law.

"Many foreign companies, including those from Nato member states, have conducted similar supplies," he said.

He warned that the sanctions could have a negative effect on Russian-US co-operation in preventing illegal supplies of counterfeit Russian-designed military hardware reaching Iraq and Afghanistan. Sukhoi said it had not shipped any products to Iran since the 1990s.

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Michael McFaul, a Russia specialist at Stanford University, said: “The fact that they are doing this now is probably in response to the problems in the Middle East. The timing is not coincidental.”

Cuba: Castro To Return 'In A Few Weeks' (AP)

By Anita Snow, Associated Press Writer

AP, August 7, 2006

Cuba's vice president said Sunday Fidel Castro would return to work in a few weeks after intestinal surgery that forced him to hand over power temporarily to his younger brother.

"Fidel's going to be around for another 80 years," Vice President Carlos Lage said. Castro turns 80 next Sunday.

Venezuelan President Hugo Chavez said Castro was out of bed and talking following his surgery as messages wishing the Cuban leader a quick recovery poured in from Latin America's leading leftists and Elian Gonzalez.

Lage, in Bolivia to attend the country's constitutional assembly, was asked by reporters when Castro would be back at work.

"In a few weeks, he'll be recovered and he'll return to his duties," Lage said.

Lage had earlier denied reports Castro had stomach cancer and reiterated Sunday the Cuban leader was recovering well.

"The operation that he underwent was successful and he is recovering favorably," Lage said.

Cuban officials have provided no details and released no pictures of Castro since his surgery was announced last Monday — fueling speculation around the world about his condition. His brother Raul Castro, the defense minister, also has not been seen in public since the announcement.

"How are you, Fidel?" Chavez said during his weekly TV and radio program, suggesting he believed the Cuban leader was watching. "We have reliable information of your quick and notable recuperation."

"Fidel Castro, a hug for you, friend and comrade, and I know you are getting better," Chavez said.

Talking by phone with Bolivian President Evo Morales later during the program, Chavez said that Castro was bouncing back quickly.

"This morning I learned that he's very well, that he is already getting out of bed, he's talking more than he should — because he talks a lot, you know. He has sent us greetings," Chavez said.

Morales said he was glad to learn of Castro's recovery, and "what's left is for him to be incorporated into the battle of his country" again. Saying Castro was like an "older brother," Morales added, "We hope to see our friend Fidel soon."

Chavez replied, "More than an older brother, he is like the pope for all of us, the revolutionaries of this continent." Chavez said he will hold a special edition of his program, "Hello President," next Sunday in honor of Castro's 80th birthday.

Before Castro fell ill, Morales had promised to travel to Havana for Castro's 80th birthday and bring him a cake made from the flour of coca leaves.

Former Nicaraguan President Daniel Ortega arrived in Havana from Nicaragua late Saturday and said: "I am sure that we will soon have Fidel resuming his functions and leading his people."

Elian Gonzalez, the Cuban boy at the center of a dramatic international custody battle six years ago between his relatives in Miami and his father in Cuba, joined the list of people wishing Castro a swift recovery.

"We send you this letter to let you know that we are worried about your health," Elian Gonzalez, now 12, wrote to Castro along with his half-siblings and cousins. The letter was published Sunday in the Communist Youth newspaper Juventud Rebelde.

Morales, a leftist elected in December as Bolivia's first Indian president, said his government would send a high-level mission to Havana in the coming days, according to his spokesman Alex Contreras.

In Washington, Secretary of State Condoleezza Rice said Sunday the United States wants to help Cubans prepare for democracy but is not contemplating an invasion of the island in the wake of Castro's illness.

"The notion that somehow the United States is going to invade Cuba, because there are troubles in Cuba, is simply far-fetched," Rice told NBC television. "The United States wants to be a partner and a friend to the Cuban people as they move through this period of difficulty and as they move ahead. But what Cuba should not have is the replacement of one dictator by another."

Cuban authorities have beefed up security by mobilizing citizen defense militias, increasing street patrols, and ordering decommissioned military officers to check in at posts daily.

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"We pray for the fatherland, for Cuba, and those who are leading it," Ortega told reporters in brief comments after his regular Sunday Mass at the cathedral in Old Havana.

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Outside another church, a group of political prisoners' wives known as the Ladies in White held their weekly silent march after Sunday Mass without interruption by authorities.

US Not Stoking Crisis In Cuba: Rice (AFP)

By Stephen Collinson

AFP, August 7, 2006

The United States pledged not to stoke political crisis in Cuba as Fidel Castro ails, but warned that the communist icon who has defied Washington for decades must not be replaced by a new dictator.

Secretary of State Condoleezza Rice urged Cubans to stay on the island amid the political tumult but promised Washington would stand by them in a time of political transition.

"We are not going to do anything to stoke a sense of crisis or a sense of instability in Cuba," Rice said on NBC's "Meet the Press."

"This is a transition period for the Cuban people, we are going to stand with them for the proposition that there should not simply be the end of one dictatorship and the imposition of another dictatorship," Rice said.

Rice spoke almost a week after Fidel Castro provisionally handed over his presidential powers to his brother, defense minister Raul Castro, as he reportedly recovered from surgery to stem intestinal bleeding.

She also renewed her appeal for Cubans to work for democratic change on the island, rather than leaving en masse for the United States as political uncertainty lingers.

"The United States really feels very strongly that their future is at home and mass exodus is not to be expected nor would it be condoned," Rice said.

On Friday, Rice, on a message to Cubans on US-funded Radio and TV Marti, urged the world to press for multi-party elections amid uncertainty over Castro's fate.

"We will stand with you to secure your rights -- to speak as you choose, to think as you please, to worship as you wish, and to choose your leaders, freely and fairly, in democratic elections," Rice said.

Rice also repeated previous dismissals of the idea that the United States would invade Cuba as "simply far fetched" and "not true" and also said she was unsure how ill Castro actually was.

On Thursday, President George W. Bush urged Cubans to work for democratic change and pledged US support following the temporary handover of power.

Speculation in Washington's over the political turmoil in Cuba has been fanned by the fact that Raul Castro has not so far appeared in public since he was handed the reigns.

But National Assembly speaker Ricardo Alarcon told AFP on Saturday that there was no power void in Havana.

"Who thinks that a person who is ill should appear before the media? ... And the person who takes over for him temporarily, why should he have to appear in the media?" Alarcon said.

Raul Castro "is not some kind of movie star. ... It is his job constitutionally to take over for Fidel in the event of temporary absence, and that is what he is doing," Alarcon said.

The Brazilian daily Folha de Sao Paulo reported Saturday that Cuban sources told Brazil's President Luiz Inacio Lula da Silva that Fidel Castro had cancer and that his condition was more serious than Cuba was admitting.

Alarcon insisted Castro, due to turn 80 next week was "recuperating favorably" from intestinal surgery, and physically and in terms of his spirits, "He's better than I am," said Alarcon, 69.

Venezuelan President Hugo Chavez, a key Castro ally, offered assurances Sunday that his Cuban counterpart was on his way to a full recovery.

Successive US governments have sought unsuccessfully to oust Castro since he since he came to power in 1959, including an ill-fated invasion backed by the CIA in 1961.

However, Cuba's Roman Catholic Cardinal Jaime Ortega said after Sunday mass: "Never would the church in Cuba support, nor even minimally accept, any foreign invasion."

Officials placed Cuba under heightened alert with reservists called to military duty and neighborhood watch groups prepared to defend the country of more than 11 million.

Nicaraguan rebel Daniel Ortega also arrived in Cuba as a show of solidarity.

"I could not pass up this moment as president commander-in-chief Fidel Castro recovers from his surgery," Ortega told the official Juventud Rebelde newspaper on arrival Saturday.

Ortega, 60, led the Sandinista rebels in toppling the Somoza dictatorship in 1985 and was president until 1990, with Cuba's help.

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Cuba: Castro To Return 'In A Few Weeks' (AP-Y)

By Anita Snow, Associated Press Writer

AP, August 7, 2006

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"Fidel's going to be around for another 80 years," Vice President Carlos Lage said. Castro turns 80 next Sunday.

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"Fidel Castro, a hug for you, friend and comrade, and I know you are getting better," Chavez said.

Talking by phone with Bolivian President Evo Morales later during the program, Chavez said that Castro was bouncing back quickly.

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Morales said he was glad to learn of Castro's recovery, and "what's left is for him to be incorporated into the battle of his country" again. Saying Castro was like an "older brother," Morales added, "We hope to see our friend Fidel soon."

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Elian Gonzalez, the Cuban boy at the center of a dramatic international custody battle six years ago between his relatives in Miami and his father in Cuba, joined the list of people wishing Castro a swift recovery.

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"The notion that somehow the United States is going to invade Cuba, because there are troubles in Cuba, is simply far-fetched," Rice told NBC television. "The United States wants to be a partner and a friend to the Cuban people as they move through this period of difficulty and as they move ahead. But what Cuba should not have is the replacement of one dictator by another."

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"We pray for the fatherland, for Cuba, and those who are leading it," Ortega told reporters in brief comments after his regular Sunday Mass at the cathedral in Old Havana.

Outside another church, a group of political prisoners' wives known as the Ladies in White held their weekly silent march after Sunday Mass without interruption by authorities.

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Chavez: Castro Out Of Bed And Talking (AP-Y)

By Anita Snow, Associated Press Writer

AP, August 7, 2006

Fidel Castro was out of bed and talking following his intestinal surgery, Venezuela's president said Sunday as messages wishing the Cuban leader a quick recovery poured in from Latin America's leading leftists and Elian Gonzalez.

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In a message to Castro on Tuesday, Morales referred to the Cuban leader as his "friend and brother" and wished him a speedy recovery "to continue in the trenches in the anti-imperialist struggle."

Cuban Vice President Carlos Lage on Saturday denied reports that Castro had stomach cancer and said the Cuban leader has "been made well by the operation and is recuperating favorably."

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In Cuba, A Dissident Hopes Change Leads To Family Reunion (WSJ)

By Matt Moffett

The Wall Street Journal, August 7, 2006

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BUENOS AIRES -- Eleven-year-old Roberto Quiñones Jr. was sleeping over at a friend's house when the news came from Cuba that Fidel Castro was gravely ill. It was 1 a.m., but the breathless boy called his father with a question: Now that Mr. Castro was ailing, would his Cuban grandmother finally be able to leave the island for a visit?

Roberto's grandmother, Hilda Molina, is a neurosurgeon who was once a hero of the Cuban revolution. But in the mid-1990s, disillusioned with Mr. Castro's regime and the decline of the island's once-vaunted health-care system, she renounced the presidency of the neurological-treatment center she founded and her seat in Cuba's parliament. Abroad, that has made her one of Cuba's bravest dissidents, but at home, Dr. Molina, 63 years old, has become an official non-person and thorn in the side of Mr. Castro. For 12 years she has been barred from leaving Cuba to visit her son and his Argentine wife, and she's never met her grandsons Roberto Jr. and 5-year-old Juan Pablo.

In recent weeks, Argentina's leftist president Nestor Kirchner has become increasingly vocal on behalf of Dr. Molina and her Argentine grandsons, causing strains with the Cuban government and criticism from Castro admirers at home. Now Mr. Castro's move to temporarily relinquish power to his brother Raúl has unleashed new hopes and fears for Dr. Molina and her family.

Dr. Molina says Havana has become more subdued in the days since the fateful announcement. "Usually there is lots of music and racket, but now it's quieter," she says, in a telephone interview. "Everyone has been surprised. What comes next, we are wondering."

Her Argentine daughter-in-law, Veronica Scarpatti, says she wishes Fidel Castro no ill, but hopes sickness makes him more empathetic toward the family's plight. "At times, someone has to suffer himself to become more sensitive to the suffering around them," she says.

Yesterday, Cuban Vice President Carlos Lage said Fidel Castro was recovering satisfactorily from stomach surgery, and had sat up in bed and started to eat. But neither Fidel nor Raúl has been seen since the crisis started.

Dr. Molina says Raúl may turn out to be more pragmatic than his brother. "He's not as apocalyptic as Fidel."

The wondering and worrying going on in Dr. Molina's family is mirrored in tens of thousands of Cuban families torn apart by the island's self-imposed isolation. "There are stories like ours on every street in Havana," says Roberto Quiñones Sr., the 43-year-old son of Dr. Molina.

Yet few cases inspire the intensity of feelings that Dr. Molina's does. Fidel Castro, informed last month on his way to a summit of Latin presidents in Argentina that Mr. Kirchner wanted to discuss her case, talked of turning the plane around and going home, Argentine press reports said. When an émigré Cuban reporter from Miami asked Mr. Castro about the Molina case at a news conference after the summit, the frail-looking Cuban leader quivered with anger. A bodyguard had to steady Mr. Castro, as he assailed the reporter as a "mercenary" and asked, "Who is paying you?"

Because of the high rank she had attained in the regime, Dr. Molina says, "I think they feel compelled to make an example of me." Over the years, she says she has been shadowed by security agents and harassed by thugs who doused the door of her apartment with blood and excrement.

The worst punishment, she says, has been separation from her family. She speaks to her son, her only child, by phone a few times a week. Unlike most Cubans, she has access to the Internet, which embassies of sympathetic democracies make available.

In a culture that places great importance on extended family ties, Dr. Quiñones's children have struggled to come to grips with their grandmother's absence, their parents say. At the pre-school attended by Juan Pablo, classmates' grandmothers turn out for special events, but he can only bring photos of Dr. Molina. When the Quiñones's Paraguayan maid recently went home for vacation, Juan Pablo asked whether she needed permission from the president to leave the country.

Roberto Jr. rarely talks about his grandmother's struggle. "He suffers inside and that worries me even more," says his mother. Sometimes the anger floods out. When he saw Fidel Castro on television during the recent Argentine summit, Roberto Jr. snapped, "How come that guy can come here, but not grandmother?"

In her youth, Dr. Molina was an idealistic supporter of the revolution, going on a three-year medical mission to Algeria on the government's behalf. She and her husband separated when their son Roberto was still a child.

In 1989, Dr. Molina realized a longtime dream by getting the government to establish the International Center for Neurological Restoration. The center conducted research and treated Cubans from all walks of life for maladies such as strokes and epilepsy. Fidel Castro would come for visits, often with foreign dignitaries in tow. "It was a point of pride that Cuba could have such an advanced facility," says Dr. Molina, who was rewarded with a seat in the Cuban Parliament.

She was overjoyed when her son became a neurologist and began working alongside her in the institute. Says Dr. Quiñones: "Her goal was for me to one day take over her work."

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But in the 1990s, the collapse of the Soviet Union, which had bankrolled the Castro regime, began undermining the project to which Dr. Molina had dedicated her life. Dr. Molina says authorities ordered her to begin setting aside more beds for paying foreign patients, rather than ailing Cubans. "It was all about earning hard currency for the government," she says.

When she complained, Cuban officials started turning up the heat on her family. In 1994, her son had a chance to further his studies in Japan. After he and his wife passed through airport security, she was allowed to board the plane, but he was detained by immigration officials. Latin tourists on the plane saw Ms. Scarpatti crying, and insisted they wouldn't allow the plane to take off unless the couple was reunited, Dr. Quiñones says. Finally authorities relented and allowed him to board. He hasn't gone back to Cuba since.

By then, Dr. Molina had rediscovered the Roman Catholic faith she once abandoned and had become disenchanted with the Cuban system. In 1995, she handed foreign news agencies a copy of a letter she had written to the Cuban government, renouncing her positions and official honors.

After that, her phones were tapped and movements tracked. "When I'd go to church, the neighbors would laugh and tell me how the secret police were changing shifts outside," she says.

Argentine President Kirchner, who has championed human-rights causes, ratcheted up the pressure over the Molina case at the meeting of Latin American presidents attended by Fidel Castro last month. He sent a personal letter to Mr. Castro seeking a travel visa for Dr. Molina on humanitarian grounds.

Mr. Kirchner's support for Dr. Molina provoked frosty reaction from Cuban authorities, as well as unusual public sniping within his own government. Some Argentines still idolize Fidel Castro for standing up to the yanquis, as well as for having had an Argentine, Ernesto "Che" Guevara, as one of his closest comrades.

Dr. Molina isn't surprised that some Argentines are unmoved by her cause. "Cuba spends millions and millions of dollars on foreign propaganda," she says. But Dr. Quiñones and Ms. Scarpatti say that at a personal level, Argentines have shown great kindness to their family. "The older generation may still bear some sympathy for Fidel," Ms. Scarpatti says. "But people in their 20s don't know who that old man with the beard is."

López Obrador Calls For More Protests (FT)

By Adam Thomson

Financial Times, August 7, 2006

Andrés Manuel López Obrador, Mexico's leftwing presidential candidate, has vowed to step up acts of "civil resistance" to protest against the results of last month's election, after the country's supreme electoral tribunal ruled that only 9 per cent of the ballot boxes needed to be recounted.

Mr López Obrador is trying to force a full recount. He hinted that his pledge would involve continuing attempts to disrupt daily life in Mexico City, where his followers have blockaded the central avenue for the last week.

The seven magistrates who make up the tribunal, Mexico's highest electoral court, justified their decision on the grounds that Mr López Obrador's Democratic Revolution party (PRD) had failed to provide sufficient evidence of widespread human error and fraud in the July 2 vote.

However, legal experts and representatives from the country's leading political parties said the tribunal could order more ballot boxes to be opened up in the coming days if the partial recount turned up significant discrepancies or evidence of foul play.

The tribunal ordered the partial recount to start on Wednesday and to continue uninterrupted for a maximum of five days. It has until September 6 to name a president-elect, and its ruling is final.

Almost all the country's parties supported the tribunal's decision, including the centre-right ruling National Action party of Felipe Calderón, who won last month's election by the razor-thin margin of 0.58 per cent, or 243,000 votes of 41m cast.

Yesterday, Arturo Sarukhán, a high-ranking member of Mr Calderón's campaign, told the FT: "We said from the beginning that we would respect the tribunal's decision and I think the recount will leave no doubt that Felipe won this election."

But speaking before a rowdy audience in Mexico's main square on Saturday evening, Mr López Obrador described the decision as "feeble", and accused the tribunal of using "narrow and limited" criteria. "The magistrates must rectify their decision because they have the moral obligation to do so," he said.

A recent opinion poll showed about half Mexico's population supported a full recount of the votes, with a further 23 per cent remaining neutral. But Mr López Obrador's recent call for the blockades has gone down particularly badly with the capital's residents, reinforcing the perception that he has scant regard for the law.

Yesterday, Manuel Camacho, one of Mr López Obrador's strategists, said he expected the partial recount to show evidence of foul play in the July 2 vote.

But when asked whether the PRD would accept the tribunal's final ruling even if it favoured Mr Calderón, he said: "It is very hard to convince people that everything is OK when it wasn't."

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No Full Recount In Mexico (LAT)

By Sam Enriquez

The Los Angeles Times, August 6, 2006

MEXICO CITY — The Federal Electoral Tribunal on Saturday unanimously rejected a petition for a full recount in Mexico's presidential election, setting the stage for escalating protests by supporters of losing candidate Andres Manuel Lopez Obrador who last week blockaded the capital's main boulevard.

In an evening address to thousands of followers in Mexico City's central square, the leftist candidate denounced the tribunal's decision to conduct only a partial recount and said he would announce the next step in his campaign of civil disobedience today.

"For us, it's very clear," he said. "If they refuse a full recount, that's proof that we won the presidential election…. They may have the money and the power, but we have what's most important — the people's support."

Lopez Obrador, whose campaign promised help to Mexico's many poor, says errors, fraud and a conspiracy by the elite tainted the July 2 election. He lost by less than a percentage point and has demanded a recount of all 41 million votes cast in an election that was supposed to showcase Mexico's transition to modern democracy. The result has divided the country.

Free-market conservative Felipe Calderon, who finished first by 244,000 votes, says he is the rightfully elected leader of Mexico. He argued against a recount, saying that there were no legal grounds and urging the court not to bow to protesters.

Lopez Obrador waged his recount campaign with the slogan "Vote by Vote." The former Mexico City mayor's strategy centered on this question: "In such a close election, why not erase doubts and count twice?"

The seven-judge tribunal agreed to recount votes cast at 11,839 polling stations in 26 Mexican states because of apparent arithmetic errors or other irregularities. Recounts must be based on evidence specific to a poll station, said Justice Alfonsina Navarro, not broad suspicion.

Chief Magistrate Leonel Castillo, arguing against a full recount, said Mexicans had already counted the vote in a system that gives ordinary citizens the job of running the national election.

Mexican polling stations are operated by trained volunteers, and the votes are counted in front of political party representatives before the results are marked on tally sheets and the ballot boxes sealed.

"They are citizens — not permanent members of state institutions — who are chosen randomly among their own neighbors to count the votes," Castillo said during a nationally televised broadcast of Saturday's session. "They verify, instant by instant, step by step, moment by moment. They're the witnesses."

The polling stations marked for recount — 9% of 130,488 such stations nationwide — represent millions of votes. The partial recount is to begin Wednesday and expected to take five days.

If Calderon did not benefit from any vote manipulation, then his lead would be expected to remain, statisticians say.

"We're confident this partial recount will confirm the transparency of the count by the people who participated in the July 2 election, and the subsequent victory of Felipe Calderon," said German Martinez, a spokesman for Calderon's National Action Party.

But if any evidence of fraud were to emerge in the partial recount, it could dramatically change the tribunal's focus and fuel the question of whether the election was tainted.

"Two things can happen now," said Lorenzo Cordova, a Mexican electoral law expert. "First, the results aren't substantially altered; say, errors are found but not substantial. But if important errors are found, the option for a new recount is opened."

Lopez Obrador's Democratic Revolution Party should consider the tribunal's decision a partial victory, Cordova said, "It will allow checking of a considerable number of polling stations to see if the manipulation of numbers really happened or not."

But thousands of Lopez Obrador supporters huddled under tarps on Paseo de la Reforma jeered the ruling as word spread along the encampments that stretch nearly five miles from Chapultepec Park to the central square, called the Zocalo.

"The tribunal showed they were accomplices to fraud," said Hipolito Bravo, 53, a camp leader and local councilman. "They sold themselves to the right, and now people are very angry. If there is a call for stronger actions, the people will follow."

Debate over a recount was largely academic until Lopez Obrador called on hundreds of thousands of supporters at a rally a week ago to camp out on the Zocalo and Paseo de la Reforma until the tribunal agreed to his demand.

The camps have evolved into festive communities serving hot meals and providing live music, movies, wrestling and other entertainment.

The street camps also have slowed traffic to a standstill and disrupted thousands of businesses, testing the patience of other Lopez Obrador supporters and further aggravating Calderon voters who endured three- and four-hour round-trip commutes.

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President Vicente Fox has so far deferred to local authorities, most of whom used to work for Lopez Obrador when he was mayor of the capital and still back him. Fox last week beefed up federal police forces at the international airport in case that becomes the next target of protesters.

The presidential election drew deep divisions between Mexico's more affluent north, which supported Calderon, and southern and central states that backed Lopez Obrador. Calderon supporters generally say they prospered from the free-market changes under Fox, who by law can serve only a single six-year term.

Lopez Obrador's campaign appealed to left-leaning middle- and upper-class voters, as well as the urban and rural poor who lost ground in Mexico's decade-long transition from a closed economy. He led in opinion polls for most of the last two years.

Shortly after the vote, Lopez Obrador submitted an 836-page appeal to the tribunal, which has the sole authority to certify or annul an election. He has not offered proof of fraud or witnesses to back his allegations of conspiracy.

The tribunal continues to study the allegations and has until Sept. 6 to declare a winner or annul the election.

Ruling On Mexico Vote Fails To End Dispute (CSM)

By Sara Miller Llana

The Christian Science Monitor, August 7, 2006

MEXICO CITY

Over the past month the slogan of Andrés Manuel López Obrador's fight for a recount in Mexico's July 2 presidential election - "vote by vote, polling place by polling place" - has echoed through streets and hung on walls throughout the country.

So the Federal Electoral Court's refusal to recount each of the 41 million ballots cast comes as a severe blow to supporters of the leftist leader and raises the possibility of prolonged unrest.

At a rally after the long-anticipated court ruling Saturday Mr. Obrador promised to uphold his controversial civil resistance campaign. For a week protesters have set up tents along more than five miles of thoroughfare, tying up traffic, hurting businesses, and angering many city residents.

But to many political observers, the court's unanimous ruling to review just 9 percent of the 130,000 polling places in the face of such massive social pressure - even if the decision leads to more protest in the immediate future - will, in the long run, help legitimize Mexico's electoral institutions.

"This ruling does not mean tremendous victory for one side or another. The real victory is for the rule of law in Mexico," says Todd Eisenstadt, an expert on Mexican election law and author of the 2004 book "Courting Democracy in Mexico." "Facing political crisis, they still made a responsible decision per their own established doctrine and case precedent."

Obrador's rival is free-trade advocate Felipe Calderón, who won the election by 0.6 of a percentage point. His team said Saturday that he accepted the court's decision. But Obrador has long maintained that he will settle for nothing less than a full recount. "We insist that the magistrates rectify their decision, because they have the ability and moral obligation to do so," he told a crowd after the ruling. A nation divided

The July election has highlighted class and geographic polarization in the country, with the industrial north going to Mr. Calderón's National Action Party (PAN) and Obrador's Democratic Revolution Party (PRD) garnering much of the vote in the poorer south.

It is a schism that has put pressure on the seven-member electoral court, created in 1996 to deal with electoral fraud that had been rampant in a society governed by 71 years of authoritarian rule. This past week's sit-in in Mexico City has reportedly cost businesses and hotelsmillions of dollars per day. Meanwhile, says Mexico City-based pollster Dan Lund, the PAN has dominated airwaves, dismissing the need for a recount.

"[The judges] were swayed by both and chose the middle ground," he says, by neither certifying Calderón as winner nor choosing a full recount. "It was a good choice."

Indeed, even if the decision appears to diminish Obrador's chances for victory, many experts say the review of 11,800 polling places, set to begin Wednesday, could swing the election in his favor. Arithmetic errors and other irregularities could give Obrador a slight lead. If the local judges who oversee the review find widespread irregularities, the possibility of an annulment also exists.

"This is not a final decision," says Mr. Lund.

The electoral court has until Sept. 6 to certify a winner or invalidate the election. Legal vs. political concerns

While many here say they are satisfied with the court's decision on legal grounds, some say it is less desirable from a political standpoint. In a recent poll by Ipsos-Bimsa, nearly half the population agreed with a full recount, many believing it would restore people's faith in the legitimacy of the vote.

"I think the decision the court made was a legal and correct decision." But Robert Pastor, director of the Center for Democracy and Election Management at American University in Washington says all parties should have supported a full

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recount. "From a political standpoint, to dispel any doubts, the best approach would have been a full recount," he says, adding that the ruling will make it hard to get PRD supporters to trust the process as it moves forward.

"Fraud! Fraud!" Obrador supporters chanted Saturday as Obrador took the stage in the main square to criticize the court ruling. Later, Ramiro Morales Perea explained that he has lost faith in the electoral institutions that Mexico has spent so much money creating. "The court has left us with a big doubt," says the retired history teacher from Acapulco who came to Mexico City last week to join the civil resistance campaign. "A full recount is the only way to make the election legitimate in the eyes of the country."

The court's judges ruled that Obrador could not claim a full recount because he did not challenge results in every polling place. "If he had mentioned each and every precinct or ballot box, it would have broadened their jurisdiction," says Mr. Eisenstadt. "The call for a full recount was a mobilization tactic rather than a legal strategy."

For now, many are focused on how far Obrador and his supporters will take their current protest, even if the court eventually declares that Calderón won the election. Mr. Perea says: "If there is not clarity [on who won the election] we will mobilize, with bigger and bigger demonstrations, until they reverse their decision."

End Game: After Court Ruling, Calderón Is Closer To Leading Mexico (WSJ)

By John Lyons, David Luhnow And José De Córdoba

The Wall Street Journal, August 7, 2006

MEXICO CITY -- Conservative Felipe Calderón is on the verge of winning the Mexican presidency, one month after his narrow victory at the ballot box set off a round of street blockades, demonstrations and legal challenges.

The 43-year-old lawyer still must surmount several more challenges, but Los Pinos, Mexico's White House, seems within his grasp after an electoral tribunal on Saturday turned down his opponent's request for a national recount. Instead, the court ordered a review of just 9% of the 42 million votes cast.

If that hand count, scheduled to begin Wednesday, finds a pattern of fraud, the court may order a larger recount. But that seems unlikely because election observers have said the vote was clean. The tribunal's decision suggests that it isn't sympathetic to Andrés Manuel López Obrador's other request, to simply throw out results from regions where he lost. The tribunal, a special court with absolute authority to decide election disputes, has until Sept. 6 to ratify the presidential winner.

Mr. Calderón, a longtime official at the National Political Action party, or PAN, wasn't even favored to capture his own party's nomination, much less to beat his populist opponent, Mr. López Obrador. But following the July 2 election, Mr. Calderón has been a more adept politician and leader than many expected. He has shown legal smarts and has skillfully exploited many Mexicans' fear of Mr. López Obrador, the 52-year-old former mayor of Mexico City. During Mr. Calderón's brief stints in Congress and as energy minister, he had been seen more as a partisan than an alliance-builder.

Over the past five weeks, Mr. Calderón, who holds a master's degree in public administration from Harvard, has tried various tactics to make his narrow electoral victory stick. He recruited and coordinated a team of about 1,000 lawyers, most working for free, who have anticipated and effectively rebutted legal challenges. He reached out to left-wing intellectuals, union leaders and political opponents, some of whom initially backed Mr. López Obrador. And his camp has sought to portray his opponent as an anti-democratic spoiler who would return Mexico to the days of boss rule.

Mr. López Obrador hasn't helped his own cause since the election. He has antagonized everyone but his hard-core followers, accusing broad swaths of Mexican society, from the Roman Catholic Church to the business class, of preventing him from taking care of Mexico's poor as the nation's president. His massive protests have snarled traffic unmercifully in this sprawling metropolis.

After Saturday's court ruling, an angry crowd of Mr. López Obrador's supporters surrounded the courthouse chanting "Traitors!" and "Rats!" and trapping officials inside for nearly two hours.

In a fiery speech yesterday afternoon to followers gathered in Mexico City's massive central square, Mr. López Obrador said the court ruling left him with no option but to escalate his campaign of civil disobedience. He called on supporters to march today to the electoral court building and to block it once again, in order to get judges to "rectify" their decision not to order a complete recount. "We can't just stand here with our arms crossed," he told the cheering crowd.

Ratcheting Up Pressure

He vowed to use unspecified additional "measures" to ratchet up the pressure this week. Alejandro López, the leader of a radical squatters group backing Mr. López Obrador, says the politician's supporters are considering blocking access to federal government buildings and seizing major highways and the airport. In anticipation, federal police have beefed up their presence at the airport.

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On three other occasions in recent weeks, Mr. López Obrador has filled the central square with hundreds of thousands of flag-waving supporters. One week ago, he ordered them to occupy the city's major boulevard, tying up traffic in a city already known for hours-long traffic jams.

Those tactics played well with the core of Mr. López Obrador's supporters -- the poor and disenfranchised, who feel that the country's government and business elites are conspiring to rob their candidate of the election. But the maneuvers have alienated many would-be allies. In a poll conducted last week by the Reforma newspaper, 70% of respondents from Mexico City -- a cornerstone of Mr. López Obrador's support -- said they opposed the roadblocks.

"This is a just cause, but it shouldn't be converted into an attack on the city by blocking streets and affecting so many people," wrote Carlos Monsiváis, a prominent Mexican writer, in a recent newspaper column. Mr. Monsiváis appeared on stage with Mr. López Obrador during his initial demonstrations, but is now critical of his aggressive tactics.

So far, the PAN-controlled federal government has taken a hands-off approach to the protests. How it responds to a broader campaign of civil disobedience -- if such a campaign materializes -- could prove critical to Mr. Calderón. If the government stays uninvolved, it risks appearing weak-kneed; if it sends in federal police, it risks bloody confrontations that could sway public opinion toward Mr. López Obrador. Violent clashes could force Mr. Calderón to negotiate a settlement with Mr. López Obrador, rather than rely on Mexico's electoral institutions to resolve the vote.

Mr. Calderón has not yet demonstrated an ability to persuade Mr. López Obrador's supporters among the poor that, as president, he would be sympathetic to their plight. He denies being out of touch with the needs of the poor and has pledged to make social welfare programs more effective. Nevertheless, he could take office in a weakened position -- facing the enmity of a large portion of the Mexican population and fighting a continuing battle with Mr. López Obrador, as the chief opposition figure.

"I've told Felipe, through different channels, to act with a lot of prudence," says Natividad González, governor of the northern state of Nuevo León. "One has to recognize that a lot of people voted for Andrés Manuel, and that if Felipe is confirmed as president, he will have to build bridges to all groups within the country." Mr. Calderón got a boost from Mr. González, a member of Institutional Revolutionary Party, or PRI, when he helped organize a joint letter signed by a majority of PRI governors affirming that the election was clean.

Mr. López Obrador shows no sign of conceding defeat. During a recent meeting, top aides at his Party of the Democratic Revolution, or PRD, debated whether the candidate should go on a hunger strike or have the party's new congressmen refuse to take their seats in solidarity, according to several people at the meeting. Mr. López Obrador quieted the room by saying he planned to "go to the end with this, even if I go alone." He has told Mexicans that he believes he is the rightful president.

Buoyed by the courthouse victory, Mr. Calderón's advisers say they will redouble their efforts to win over influential supporters of Mr. López Obrador. Among Mr. Calderón's targets: Michoacán governor Lázaro Cárdenas, the son of revered PRD founder Cuauhtémoc Cárdenas, who is a likely contender for that party's presidential nomination in 2012. Mr. Cárdenas visited Mr. López Obrador at his campaign offices shortly after the election -- and then had to scramble into his car to get away from angry López Obrador supporters, who criticize him for not working hard enough to get out the vote. Last week, Mr. Cárdenas issued a statement calling on Mr. López Obrador to respect the electoral-court rulings and call off his blockades.

Mr. Calderón has also gone after prominent members of the left-wing intellectual establishment, which helps to set public debate in Mexico, as it does in many Latin American nations. Recently, he spent an hour trying to convince the painter José Luis Cuevas that he is serious about reaching out to the left. When they were done talking, Mr. Cuevas signed a lithograph for Mr. Calderón: "De un amigo," meaning "From a friend." The artist then told the press: "I realized he knows a lot about my work. He struck me as a very intelligent person."

Shortly afterward, a group of 135 leading intellectuals signed a letter saying they had found no sign of fraud in the election, and calling for support for the institutions that conducted the election. That is significant because Mr. López Obrador has tried to portray himself as the candidate of the intelligentsia.

In his speech yesterday, Mr. López Obrador urged followers not to be swayed by Mr. Calderón's campaign to reach out to members of the left. "They think they can divide us with so-called dialogue, and so-called agreements to govern in coalition," he said.

Mr. Calderón has assigned the task of wooing opponents to his campaign manager Josefina Vásquez Mota, a former motivational speaker who was in charge of the government poverty assistance program under current president Vincente Fox. Shuttling between meetings in an armored sport-utility vehicle, she has scored some big catches. She helped persuade two powerful unions that supported Mr. López Obrador in the election -- the telephone workers' union and the union for Mexico's biggest public university -- to remain neutral in the post-election battle, draining Mr. López Obrador of a large pool of potential protesters. One union leader even gave Mr. Calderón a bear hug in front of the cameras.

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Another powerful labor ally is Elba Ester Gordillo, head of the country's massive teachers union. She was drummed out of the PRI for supporting Mr. Calderón on Election Day. In a recent speech, she referred twice to Mr. Calderón as "president elect." Because the election tribunal hasn't ratified his apparent win, Mr. Calderón is still officially only a candidate.

Labor support has helped Mr. Calderón on the street. Two weeks ago, as he emerged from a meeting with an independent union, he ran into a clutch of angry supporters of Mr. López Obrador in the street. The leftists' supporters began to shout insults at him, prompting some union members to rush out and chant slogans of support. The showdown was broadcast on television and splashed across the newspapers.

Reaching Out

Ms. Vásquez Mota has also reached out to members of the PRI, which ruled Mexico for 71 years until the PAN's Mr. Fox won the presidency in 2000. In this year's presidential election, the PRI's candidate dropped to third, but the party still has an important bloc of lawmakers. Fifteen of the PRI's 17 governors signed a letter backing the official vote tally, an important sign of support for Mr. Calderón.

Saturday's ruling by the electoral tribunal caps a string of successes by Mr. Calderón in the legal arena. Even before the election, Mr. Calderón's camp anticipated that if Mr. López Obrador lost, he might refuse to accept defeat. Months before the election, César Nava, a 32-year-old PAN lawyer, assembled a group of 10 attorneys to discuss strategy every Tuesday over breakfast. Each time Mr. López Obrador complained about Mr. Calderón's campaign, the group wrote a mock legal brief contesting the complaint, in preparation for a potential legal battle.

When Mr. López Obrador's team formally filed its 850-page brief to the electoral tribunal demanding a complete recount, Mr. Nava and company returned fire with a 450-page rebuttal. "When we finally saw their challenges, we were relieved," says Mr. Nava. "We'd actually anticipated 90%." The heart of Mr. López Obrador's complaint is that pre-election conditions were unfair because President Fox and some businessmen were supporting Mr. Calderón in violation of Mexican election laws, which preclude corporations and government officials from taking sides in elections. Mr. Calderón denies the allegation.

Mr. Calderón's camp has been quick to pounce on Mr. López Obrador's claims of fraud. At a news conference about 10 days after the vote, Mr. López Obrador aired a video that he claimed showed a man stuffing a ballot box on Election Day. Minutes later, PAN headquarters assigned local party officials to check the story.

PAN officials say they discovered that the video showed something harmless -- a polling-station worker transferring ballots for congressional races that had been mistakenly placed into a box for presidential ballots. PAN tracked down the woman who represented Mr. López Obrador's party at the poll station. She told journalists that Mr. López Obrador "lost the election, and now he is inventing things." In response, Mr. López Obrador accused her of having been bought off.

Days later, Mr. López Obrador tried a different tack, saying the vote was altered by a faulty computer "algorithm" in vote-counting machines. His campaign tried to enlist the help of Warren Mitofsky, a prominent U.S. pollster who worked for Mexico's biggest broadcaster. Mr. Mitofsky refused to help.

"I could not work for the election of López Obrador," Mr. Mitofsky wrote to Mr. López Obrador's camp in an email. "Challenging the transparency of the election is a disservice to all those in Mexico who have worked so hard... to earn respect for the results of the elections."

Mexican Runner-Up Remains Defiant (WP)

By Manuel Roig-Franzia

The Washington Post, August 7, 2006

MEXICO CITY, Aug. 6 -- Andres Manuel Lopez Obrador, the runner-up in Mexico's presidential election whose supporters have erected tent cities to protest the results of the July 2 vote, said Sunday that the political crisis would not be resolved by the partial recount ordered by the country's highest electoral court.

Speaking inside the 18-by-9-foot tent where he has lived for the past week, Lopez Obrador was utterly defiant. He will not accept results of the partial recount, he declared during his first interview since a special election court on Saturday rejected his request for a full recount. And he said he would not ask his supporters to disperse even though they have brought gridlock to Mexico City's downtown.

An annulment of the election would also not be acceptable, Lopez Obrador said, declaring that a full recount is the only option that could bring an end to the massive protests he has inspired.

"I could not accept any other outcome," he said, sitting at a plastic, folding camping table with a large Mexican flag and a dangling camping lantern behind him.

However, Lopez Obrador said he would accept the results -- even if he was declared the loser -- of a full recount.

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Lopez Obrador smiled and laughed often during the wide-ranging, hour-long interview, which he conducted inside the tent, steps from the ceremonial National Palace and the balcony where presidents appear each Sept. 15 to commemorate the Mexican Revolution.

Ranchero music blasted so loudly from nearby speakers that Lopez Obrador, his voice raspy from a month of rallies, sometimes had to lean forward to be heard. Outside, tens of thousands of demonstrators mingled on the downtown square, the Zocalo. Dozens napped on blankets thrown atop wooden pallets -- their homes since Lopez Obrador called for a campaign of peaceful civil resistance.

Lopez Obrador's critics have accused him of trampling on Mexico's fragile democracy by lambasting and defying the rulings of the electoral commission and its courts -- cornerstones of Mexico's democratic transition after seven decades of one-party rule. But he said it is his opponent -- Felipe Calderon, a free-trade advocate from outgoing President Vicente Fox's National Action Party -- and his opponent's party that "prefer to take this country into a crisis."

"Why don't they get me out of the way by accepting a full recount?" said Lopez Obrador, who trails Calderon by half a percentage point, or 240,000 out of 41 million votes cast.

Some commentators have fretted that Lopez Obrador's protest movement will turn violent. During the interview, Lopez Obrador said he was not concerned that the protests -- which have been peaceful so far -- would spiral out of control and lead to instability.

"They always think the public is irrational," Lopez Obrador said.

Responding to another question about the possibility of instability, Lopez Obrador waved his arms toward the throngs on the Zocalo.

"This is instability," he said.

Lopez Obrador's request for a full recount was turned down by the Federal Electoral Judicial Tribunal, which on Wednesday will begin overseeing a recount of votes cast in 9 percent of polling places and has until Sept. 6 to certify a winner. Lopez Obrador's campaign estimates that 3.5 million votes will be recounted and believes it is unlikely that the partial recount will shift results in his favor.

"With such a small number recounted, they are not going to resolve this problem," Lopez Obrador said.

A quarter of the polling places to be recounted are in the state of Jalisco, a Calderon stronghold anchored by the business hub of Guadalajara. Another 1,100 polling places will be recounted in Baja California, a region where Calderon drew strong support from business groups drawn to his pledge to expand Mexico's role in the global economy and encourage free trade.

"They think we're going to wear out," Lopez Obrador said. "I can assure we're not going to wear out. When I try to defend my principles, I continue defending them even if I end up standing alone."

As he spoke, a matchbox with the image of the Virgin of Guadalupe, Mexico's most revered saint, lay on the table and an image of Saint Judas Tadeo dangled from the tent frame. Mexico's best-known historian, Enrique Krauze, has dubbed Lopez Obrador "a tropical messiah." But Lopez Obrador mocked the moniker Sunday and declined to discuss his religious beliefs.

Lopez Obrador got his start in politics in the eastern state of Tabasco, a swampy region known for its insularity and its history of colorful demagogic politicians. He takes his nickname -- "El Peje" -- from a water creature that thrives in Tabasco known as a pejelagarto , which has the body of a fish and a head similar to an alligator's.

During the interview, Lopez Obrador -- a former Mexico City mayor -- described Mexico as a "racist" and "classist" country dominated by men who "are not businessmen, but are traffickers in influence." Opinion polling conducted since the election suggests that darker-skinned indigenous peoples supported him and his Democratic Revolutionary Party while lighter-skinned Mexicans supported Calderon, advisers said.

Mexico has a huge gap between the rich and poor -- nowhere more noticeable than in Mexico City, where a large elite class shops at Christofle and Cartier while millions live in grinding poverty. The poor are Lopez Obrador's most ardent followers, but he said he is not a populist. "I am a leftist," he said.

He acknowledged that he makes the upper classes uncomfortable, saying that "they have a profound fear of losing their privileges."

Lopez Obrador scoffed at attempts by the Calderon campaign to paint him as "a danger to Mexico" who would foment policies similar to the authoritarian style of Venezuelan President Hugo Chavez. During the campaign, critics resurrected allegations that he was responsible for the long-ago shooting death of his brother. Lopez Obrador said that "there is not one bit of proof" that he was responsible.

"I'm pained" by the allegations, he said.

Lopez Obrador's week-long vigil has coincided with unseasonably cold temperatures in Mexico City, which has been battered by torrential rain and several bursts of snow so unusual that they spawned front-page headlines. But Lopez Obrador, who lives in a modest apartment, said the conditions were no bother.

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He slept on the ground for much of the six years he worked with indigenous people in Tabasco. By comparison, his Zocalo accommodations are plush. Asked for a glimpse of his bedroom, he pulled aside a tarp and chuckled a bit at the sight of his low-slung cot.

Lopez Obrador Orders More Protests After Recount Rejection (MCT)

By Christina Hoag

McClatchy Newspapers, August 7, 2006

MEXICO CITY - Defeated presidential candidate Andres Manuel Lopez Obrador on Sunday urged supporters not to give up their fight for a full vote recount of the July 2 election, and announced a series of street protests to keep up pressure on authorities.

Among initial actions, Lopez Obrador said he would stage protests wherever President Vicente Fox appears in public and at a rally Monday night in front of the Federal Electoral Tribunal, which voted Saturday to recount ballots in just over 9 percent of the country's polling places.

He stopped short, however, of escalating the protests to block highways, government buildings and other strategic points as had been widely anticipated.

"We're not going to surrender," said the leftist former Mexico City mayor to thousands of cheering supporters gathered in the capital's main square, the Zocalo. "We may get tired physically but we're not going to tire of being who we are."

Lopez Obrador, of the Democratic Revolutionary Party, maintains he lost the presidency to the National Action Party's Felipe Calderon because of widespread fraud and arithmetic errors. He is insisting on a recount of all 41 million votes cast.

Calderon asserts the vote was free and fair. Although he opposed any recount, he said Saturday that he would accept the Tribunal's decision.

Thousands of Lopez Obrador's followers have been camping out in tents in the city's historic downtown and along its toniest street, Paseo de la Reforma, for the past week to urge the total vote recount.

The camps have created traffic havoc, enraging city residents and businesses.

The headaches will continue this week as supporters remain put and possibly expand their camps to other streets. On Sunday afternoon, they linked hands to form a human chain along the five-mile stretch of camps for 30 minutes, blocking traffic at a key intersection.

Lopez Obrador urged supporters to conserve their energy. "This struggle is going to be long," he said.

City Public Safety Director Joel Ortega said Sunday that he was prepared to get tough on protesters if they tried to block more streets. "Without going into detail, we're going to take more drastic measures," he said.

On Sunday, the camps were calm, resembling a typical afternoon in the park except for a heavy police presence. Organizers were holding "people's resistance parties" with music and shows on stages every few blocks along the boulevard as children played soccer and couples strolled arm-in-arm.

Maria Martinez Barrios, a seamstress and mother of eight from Mexico City, said she was prepared to fight for Lopez Obrador because he was the only candidate who would work to better life for the impoverished.

"We are defending our vote," she said. "We know Lopez Obrador won."

Political analyst Armand Peschard-Sverdrup, Mexico expert at the Center for Strategic & International Studies in Washington, D.C., said Lopez Obrador's continuing resistance is "a failed strategy" that he cannot ultimately win.

"I don't see the recount as necessarily opening the door to changing the outcome," the analyst said. "But Lopez Obrador is going to remain a thorn in the side of Felipe Calderon."

Hoag reports for the Miami Herald.

Chavez's War Of Words (WP)

By Jackson Diehl

The Washington Post, August 7, 2006

Last week Iranian President Mahmoud Ahmadinejad held a news conference at which he launched into a vitriolic denunciation of Israel, "the usurper Zionist regime," for its bombing of civilians in Lebanon. For a politician who has repeatedly denied the Holocaust and called for Israel's extinction, it was pretty routine stuff.

Then the visiting head of state standing next to Ahmadinejad piped up. "Do they want war because they have the devil inside them?" demanded Venezuelan President Hugo Chavez, speaking of the Jewish state. "I say to them from here, from Iran, once and a thousand times: Murderers! Cowards! Frankly, their fate has been sealed, from the depths of the people's soul."

No wonder Ahmadinejad had just described Chavez as a "brother and trench mate." But the Venezuelan wasn't finished. Israel's acts, he said, reminded him of a time when Simon Bolivar had invoked the story of Cain and Abel to talk about an enemy.

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"Bolivar said that day: 'God, if you have justice, throw a lightning bolt at the monsters,' " Chavez pronounced. "I would say today: 'God, throw the lightning bolts at the monsters.' Inshallah ."

According to BBC Monitoring, Chavez won a round of applause from his Iranian friends. Curiously, though, his tirade got almost no attention outside Tehran. In a week during which a movie star was pilloried for a somewhat milder anti-Semitic outburst (and Mel Gibson at least could say he was drunk), no one seemed to care about the hate speech of the president of a large South American country and one of the world's biggest oil exporters -- a man who has been conducting a frenetic campaign to win his government a two-year term on the United Nations Security Council.

In fact, Chavez's performance was in keeping with the character of an eight-nation tour that took him from Argentina to Benin. But Israel was not his main concern. At each stop, the self-styled "Bolivarian revolutionary" delivered superheated denunciations of the United States and called for a global coalition to combat "the U.S. imperialist monster."

In Minsk, where he met Belarusan President Alexander Lukashenko, commonly known as "Europe's last dictator," Chavez said the United States is "a senseless, blind, stupid giant that understands nothing about human rights, humaneness, culture, consciousness and awareness."

In Moscow, where he signed a contract for a $1 billion purchase of advanced SU-30 fighter planes, raising Venezuela's arms buys from Russia to $3 billion in the past 18 months, Chavez said that "the biggest threat in the world is the U.S. empire." In Hanoi he discoursed at length on the "pre-animal" depredations of the U.S. military, including the bombing of Japanese cities in World War II. Then he praised the Vietnamese for their defeat of "the monster," while warning it "will never give up its plot to stop and undermine us."

Chavez's next-to-last stop was the poor African country of Mali, where "imperialism" usually means France, the country's former colonial master. Never mind: "We must unite, we countries of the South, against the hegemony of the United States," proclaimed the unlikely visitor to Bamako. "Or we will all die."

What to make of all this? One easy explanation is that Chavez has come unhinged, and his hatred of the United States -- not to mention Jews -- is pathological. But I find another theory more persuasive: Chavez is betting that resentment and anger toward the United States has become so entrenched around the world that by becoming its champion he can make himself a global leader. First, in his reckoning, Venezuela will brush aside Russia and France to lead the opposition to U.S. initiatives at the United Nations. Then, who knows?

This offers an interesting test of just how far other countries are now willing to go in challenging the U.S. global role. The answer is: not too far, if Chavez is the alternative. In Argentina, South American governments swiftly rejected his suggestion of a joint military force. In Belarus, he got a bear hug from Lukashenko, a diplomatic pariah; but Vietnam's top leaders, who are hoping to host President Bush in November, appeared embarrassed by Chavez's rhetoric, which they pointedly did not second.

In Moscow, Chavez's attempt to score a hug was icily evaded by Vladimir Putin, who, as the Russian newspaper Kommersant sarcastically described it, literally held the Venezuelan at arm's length. Having pocketed Chavez's cash and listened to his rant, Putin responded with a single sentence: "The cooperation between Russia and Venezuela isn't aimed against anyone."

It remains to be seen whether Chavez will get his Security Council seat in a vote by the General Assembly in October; thanks to some inept diplomacy by the Bush administration, he just might. But Bush at least managed to win last week's war of words. Asked by a Fox television interviewer if Chavez posed a threat to the United States, Bush responded with the cruelest cut possible for the Bolivarian: "No, I don't view him as a threat."

Neither, it seems, does anyone else.

Trading With The (Former) Enemy (LAT)

The Los Angeles Times, August 7, 2006

THREE DECADES AFTER the last American helicopter flew into the Saigon sunrise, the final milestone in the U.S. reconciliation with Hanoi is within reach. There is no reason to wait any longer. Congress should expedite the extension of permanent normal trade relations to Vietnam.

The last 15 years have seen a welcome thaw in U.S.-Vietnamese relations, highlighted by the normalization of political relations in 1995. With a dynamic and burgeoning economy, Vietnam has also become one of the fastest-growing markets for American exports. Vietnam is on the verge of joining the World Trade Organization. Hanoi has promised to further reduce tariffs and engage the global economy as it continues to adopt market reforms — much like China — that deviate from Marxist orthodoxy and have expanded freedoms for most Vietnamese.

There is, however, a vestige of the Cold War that stands in the way of doing right by Vietnam: a 1974 trade bill that denied communist countries normal trade relations, which guarantee a country the same tariff levels and market access granted to all members of the WTO. President Bush has granted Vietnam temporary normal trade relations since 2001. Yet if Congress

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doesn't grant Vietnam permanent normal trade relations before it becomes an official WTO member in mid-November, the U.S. will be forced to treat Vietnam, for purposes of bilateral trade, as if it remained outside the organization.

Both countries would lose out on trade while other nations gain an edge on the U.S. in the Vietnamese market. Sabotaging Vietnam's attempt to be a full participant in the global economy would also be an unnecessary diplomatic slap in the face on the eve of Bush's planned November trip to Hanoi.

Passing trade legislation in Washington is never easy, but the deal with Vietnam is not terribly controversial. The measure has unanimously cleared a Senate committee and is expected to breeze through that chamber soon. The bottleneck seems to be the House Ways and Means Committee. Chairman Bill Thomas (R-Bakersfield) has insisted that he supports the measure and that it will be passed before Bush's visit, but the Vietnam bill is waiting behind a more controversial trade agreement with Peru. There is speculation that Thomas is holding the Vietnam bill hostage to leverage the Peru bill.

Congress needs to act promptly. Given this nation's history, it has a moral and strategic imperative to pursue reconciliation with Vietnam.

An American In Spirit (WSJ)

The Wall Street Journal, August 7, 2006

A court in China's Guizhou province recently sentenced Li Yuanlong to two years in prison for subversion. A reporter for the Bijie Daily, Mr. Li committed the crime of criticizing Communist Party authorities and expressing admiration of America's freedom and democracy.

In one of the essays he posted on the Internet, Mr. Li noted that, during the Cultural Revolution, aspiring Party members who had not yet been accepted sometimes said that they had joined "in spirit." Disgusted by the tens of millions of senseless deaths caused by the regime, and its propaganda against the U.S., he declared himself "an American in Spirit." Now he is paying the price for his adopted citizenship.

Mr. Li's case reminds us that the placid surface of a society kept under surveillance by the thought police hardly means that resentment of China's one party system has disappeared. It should also reassure Americans that in the world's tyrannies the U.S. remains a beacon of freedom. Mr. Li recalled the case of a Chinese man sentenced to 20 years for accidentally shooting a hole in the nation's flag, and marveled that in America burning the flag is protected speech.

"The day that I can burn the Chinese national flag at Tiananmen Square," he wrote, "will be the day when mainland China becomes an 'America' with democracy and economic wealth -- a beautiful, good and wealthy country." Then he will be a Chinese in spirit again.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, August 07, 2006 8:12 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Saturday, August 05, 2006
Attachments:	agnb060805.pdf

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, AUGUST 5, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Congress Recesses Without New Oversight Rules For Counter-Terrorism Programs ... 2
Mehlman Says Democrats Would "Surrender" Antiterrorism Tools ... 2

Homeland Response:
Book Reveals 9/11 Commission Doubted Pentagon ... 2

War News:
Photos May Become Evidence Against GIs ... 3
Contractor's Wife Allegedly Laundered Millions ... 3
Rice Says Iraq Not In Civil War ... 4
White House Dismisses Criticism Of Rumsfeld ... 4
US Troops Say Civil War Has Already Begun ... 5
CNN Poll Shows 62 Percent Disapprove Of Bush's Handling Of Iraq ... 5
Indian Probe Finds Former Minister Guilty In Oil-For-Food Scandal ... 5
Twenty-Five Taliban Members Are Killed ... 6
Quality Of VA Care Questioned ... 6
Injured Marine Mugged ... 6

DOJ:
Vacationing Gonzales Surprises South Carolina Restaurant With Breakfast Visit ... 6

Corporate Scandals:
Jury Reaches Mixed Verdict In Dynegy Trader Case ... 6
Former SEC Chief Says US Markets Need "New Regulatory Regime." ... 7

Criminal Law:
Senate Ratifies Treaty To Fight Cybercrime ... 7
Two Arrested In Phoenix Sniper Shootings ... 7
Second Suspect Surrenders In New Orleans Quadruple Murder ... 8
Doolittle's Efforts To Assist Marianas Tied To Abramoff ... 8
Primary Opponent Says Harris Should Withdraw From Race ... 8
Former White House Aide Allen Pleads Guilty To Shoplifting Charge ... 8
WPost Says Data Thefts Should Be "Stern Warnings" For Companies, Government ... 9

Civil Rights:
DOJ, Louisiana Grand Jury Investigating Blocked Katrina Evacuation ... 9

Antitrust:
New Jersey Authorities Delay Decision On Exelon Merger ... 9

Environment/Indian Affairs:
DOJ Files Lawsuit Against Arizona CPAs Over Tribal Tax Fraud Scheme ... 10
LATimes Praises Schwarzenegger Coastal Water Management Plan ... 10

FBI/DEA/ATF/USMS:
Truscott Resigns Amid Ongoing Probe Of ATF Headquarters Spending ... 10
ATF, FBI Investigating Molotov Cocktail Incident At Baltimore Hebrew University ... 10

Tax:
Judge Firmly Pressing Prosecutors In KPMG Case ... 11

Congress-Administration:
Senate Confirms Three Judicial Nominees ... 11
Connaughton Confirmed As Head Of Maritime Administration ... 11
Police Officials Say They Are Unlikely To Target Illegals ... 11
Chertoff Tells Blanco States Must Take Responsibility For Residents In FEMA Trailers ... 11
Senate Passes Veterans Bills ... 12
Pension Bill Seen As Unlikely To Arrest Decline Of Defined-Benefit Plans ... 12
Frist May Schedule Second Vote On Minimum Wage/Estate Tax Bill ... 13
GOP House Members From California Lead Six Key Committees ... 13
CBO Says This Year's Deficit Will Be Lowest In Four Years ... 14
CNN Poll Shows Bush Approval Rating Slowly Increasing ... 14
WPost Approves Of Ruling Requiring DeLay To Remain On Ballot ... 14
LA Times Pans Rep. Hunter's Disabled-Veterans Hunting Proposal ... 14

Other News:
Romney Says Big Dig Repairs Complete 14
Filmmaker Loses Defamation Lawsuit Against Kerry 14
US-French Cooperation Brings Optimism Over Ceasefire 14
Goal Of US Policy In Mideast Is To Limit Iran's Influence 16
Mideast Violence Escalates 17
South Korea Says North May No Longer Have Missile Ready For Launch 19
Administration Seeks To Play Down Pakistani Reactor's Significance 19
Administration Advises Cubans Against Fleeing 19
Mexican Court Will Decide On Recount 21
Venezuelan Opposition Leader Withdraws From Presidential Race 21
Belarus Convicts, Sentences Election Observers 21
Rediscovered Files Reportedly Show "Recurrent" War Crimes During Vietnam War 21

Washington's Schedule:
Today's Events In Washington 21
Other21

The Big Picture:
Headlines From Today's Front Pages 22

TERRORISM NEWS:

Congress Recesses Without New Oversight Rules For Counter-Terrorism Programs. The Los Angeles Times (8/5, Savage, Reynolds, 918K) reports, "This was supposed to be the year for Congress to write laws to govern the war on terrorism. But as the summer recess got underway Friday, there were few signs that the Republican-controlled House and Senate were close to setting any ground rules." Committees in both houses are "moving slowly"; civil libertarians and military lawyers, who favor "tighter oversight," now doubt that lawmakers will "put new restrictions on the White House as congressional elections approach." Many lawmakers blame "lack of knowledge" for the inaction, since relatively few lawmakers have been briefed on the warrantless wiretap program.

Canada Arrests 18th Suspected Member Of Disrupted Terror Cell. The New York Times (8/5, Mason, 1.21M) reports that Canadian police have "arrested an 18th man in a suspected terrorist cell that was believed to be plotting to use truck bombs, take hostages and cut off the prime minister's head. The suspect, Ibrahim Alkhalel Aboud, 19, was arrested at his home in a Toronto suburb."

Mehlman Says Democrats Would "Surrender" Antiterrorism Tools. The Washington Post/AP (8/5, A4, Lohn) reports Ken Mehlman, chairman of the Republican National Committee, "denounced Democratic Party leaders Friday, saying they would 'surrender important tools' in the fight against terrorism." The AP notes Mehlman's speech "echoed a theme voiced by White House adviser Karl Rove in January: that Republicans should make terrorism a central campaign issue in the fall campaigns and argue that Democrats hold a pre-Sept. 11 view of the world. Mehlman said that if the Democrats win control of Congress in the Nov. 7 midterm elections, party leaders will stop the National Security Agency from eavesdropping on foreign terrorists and will pursue impeachment of the president."

The Washington Times (8/5, Hallow, 88K) reports Republicans "say their disaffected base can be mobilized for the November elections by emphasizing the security pitfalls of a Democrat-controlled Congress. The question for hard-core Republicans is do they want the House to be led by Rep. Nancy Pelosi, 'who said less than a year after 9/11 'I don't really consider ourselves at war,'…Mehlman yesterday told the annual summer gathering of the Republican National Committee."

HOMELAND RESPONSE:

Book Reveals 9/11 Commission Doubted Pentagon. NBC Nightly News (8/4, story 4, 2:00, Williams, 9.87M) reported, "Now to the September 11th attacks and a new book out written by the chairmen of the 9/11 Commission. Two years after that commission issued its final report its two leaders are revealing they faced frustrating obstacles from the federal government they were investigating." NBC (Williams): "In this book they say one of their hardest chores turned out to be getting a straight answer from the Pentagon on the response to the first hijacking reports. Their book says the military gave conflicting and inaccurate versions of how quickly Air Force jets were scrambled to intercept the planes and whether the jets ever got shoot-down orders. The military claimed it sent jets to pursue two of the hijacked planes when the book says they were told to fly out over the Atlantic Ocean. 'Fog of war' could explain confusion on 9-11 itself, they say, but 'not why the military and FAA continued to advance an account many months later that was not true.' The Pentagon and FAA are still investigating exactly how that happened. Kean and Hamilton also say they regret not pressing Rudolph Giuliani harder about New York's response. They described it as a, quote, 'low point in terms of the commission's questioning at

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public hearings.' But they say they backed off after the intense criticism for 9-11 commissioner John Lehman."

The Washington Post/AP (8/5, Yen) reports, "The Sept. 11 commission was so frustrated with repeated misstatements by the Pentagon and FAA about their response to the 2001 terror attacks that it considered an investigation into possible deception." That sentiment appears in a new book, "Without Precedent," by former commission chairs Thomas Kean and Lee Hamilton. The authors "said the commission found it mind-boggling that authorities had asserted during hearings that their air defenses had reacted quickly and were prepared to shoot down United Airlines Flight 93, which appeared headed toward Washington. In fact, the commission determined -- after it subpoenaed audiotapes and e-mails of the sequence of events -- that the shootdown order did not reach North American Aerospace Command pilots until after all of the hijacked planes had crashed." In addition, they believe that their questioning of former NYC mayor Rudolph Giuliani was "too soft" and recount how they eventually "decided to touch briefly on the Iraq war by concluding there was no "collaborative relationship" between Saddam Hussein and al-Qaida; the administration had asserted there were substantial contacts between the two."

Pentagon Denies Lying To Panel. The New York Times (8/5, Shenon, Dwyer, 1.21M) reports, "The Defense Department's watchdog agency said Friday that it had no evidence that senior Pentagon commanders intentionally provided false testimony to the Sept. 11 commission about the military's actions on the morning of the 2001 terrorist attacks." The DOD inspector general said the "inaccurate accounts could be attributed largely to poor record-keeping." The Times adds, "Newly disclosed audiotapes provided to the commission by Norad demonstrated widespread confusion within the military on the morning of the attacks, with many air-defense commanders uncertain whether the reports of the hijackings were part of an unannounced military exercise."

WAR NEWS:

Photos May Become Evidence Against GIs. The New York Times (8/5, Worth, Marshall, 1.21M) reports that the soldiers suspected of raping and killing an Iraqi girl and killing her family were assigned to photograph the crime scene by unwitting superiors: "Now, those photographs are likely to serve as evidence in the military's prosecution of the case ... a troubling picture is emerging of an Army unit numbed by months of extreme combat stress and left at one of the deadliest security checkpoints in Iraq without experienced leaders — a point that will be central in building a legal defense, lawyers in the case say." In two cases, the murder of the family and the murders later of two soldiers from the same platoon, "soldiers appear to have been left on their own in violation of standard military procedures — a fact that has led to an investigation into possible lapses of supervision in the broader company that the men's platoon is part of: Company B of the First Battalion, 502nd Infantry, with the 101st Airborne Division." Allegedly, in February, "soldiers were ordered to spend up to 30 days at a time at the checkpoint," rather than the usual three to five days.

Prosecutor Calls GI Defendants "War Criminals." The New York Times (8/5, Von Zielbauer, 1.21M) reports, "A military prosecutor called four American infantrymen 'war criminals' on Friday for killing three Iraqi men in a raid in May after handcuffing them, 'cutting them loose, telling them to run and shooting them.'" At the hearing in Tikrit, Iraq, the defendants' lawyer "said the Iraqi detainees used a large knife to cut themselves free and attack the soldiers before being shot dead." The defendants all belong to "Company C, Third Brigade Combat Team, 101st Airborne Division." The AP (8/4, Lenz) also reports the story, saying, "The case is one in a string of alleged abuses that have raised questions about U.S. military operations in Iraq and fed Iraqi anger against the U.S.-led coalition."

Six Marines Face Assault Charges. The New York Times (8/5, Marshall, 1.21M) reports, "Military prosecutors have charged six marines in a new abuse case involving the assault on an Iraqi civilian in Hamdaniya, the city at the heart of an separate murder case that led to charges against eight American servicemen in June. ... According to the charge sheet, the six marines attacked the Iraqi civilian near Patrol Base Bushido in Iraq on April 10, 'striking him on the face, head and torso with a force likely to produce death or grievous bodily harm.' One of the marines is also charged with assaults on two other men." The accused men are "Lance Cpl. Saul H. Lopezromo, Pfc. Derek I. Lewis, Lance Cpl. Henry D. Lever, Sgt. Lawrence G. Hutchins III, Cpl. Trent D. Thomas and Lance Cpl. Jerry E. Shumate Jr. The latter three are confined in the Camp Pendleton brig on the unrelated charges in the April 26 murder in Hamdaniya." One defense attorney "suggested that the case was a strategic legal maneuver by Marine Corps prosecutors, perhaps to gain information about the April 26 murder case."

Contractor's Wife Allegedly Laundered Millions. The AP (8/4, Hastings) reports, "The wife of a disgraced American contractor moved at least $2 million into overseas bank accounts to hide her husband's money, according to a letter from a German prosecutor." The suspect is the wife of Mike Battles, who allegedly swindled "the U.S. government in Iraqi rebuilding projects." Jacqueline Battles, who lives near Darmstadt, Germany, "became the focus of the German money laundering investigation after she opened several bank accounts under her maiden name of Vihernik." About 50 sites carried this story.

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The Washington Post (8/5, Witte, 748K) reports the same story, noting that the ruling against Custer Battles LLC "was the first civil fraud verdict arising from the war effort."

Rice Says Iraq Not In Civil War. NBC Nightly News (8/4, story 3, 3:20, Williams, 9.87M) reported, "As we reported last night the words 'civil war' were mentioned numerous times at a hearing in the Senate yesterday and some are already detecting a different tone surrounding the ongoing war in Iraq. Some openly raised the question 'is it time for some kind of midcourse correction.'" NBC (Gregory): "Speaking of Secretary Rice and other officials there was an effort to tamp down all of that discussion of civil war. She and others also insisted it is not time for 'plan B' in Iraq. On Capitol Hill yesterday America's top commanders painted a bleak picture of the war." But "we heard a different story from Secretary of State Condoleezza Rice during an interview for MSNBC's Hardball. Is it a civil war in Iraq now?" Secretary Rice: "The Iraqis have sectarian differences; there's no doubt about that." Gregory: "A little bit more pronounced than sectarian differences, isn't it?" Rice: "No, they have sectarian differences, and some of those are violent. It's not civil war when 12.5 million people go out and vote for a government that bridges all of the sectarian groups. It's not civil war when the Iraqis are able to then, on the basis of that vote, form a unity government that is now trying to work both toward reconstruction and reconciliation. They have had plenty of opportunity to say 'no we would rather live as Kurds, Shia and Sunni.'" While noting calls from prominent officials for a shift in strategy in Iraq, Gregory added: "During our interview today, Secretary Rice declined to say whether the administration has a Plan B, insisting the priority now to help the Iraqi government try to secure Baghdad."

Sadr Holds Shiite Rally In Baghdad To Support Hezbollah. Thousands of Shiites gathered in Baghdad to rally in support of Hezbollah and condemn Israel and the US. The rally was highlighted by both CBS, ABC and prominent US newspapers as well and characterized as a threat to US goals in Iraq. The CBS Evening News (8/4, story 2, 2:30, Strassman, 7.66M) reported, "In Baghdad, this massive protest by Iraqi Shi'as was peaceful. But look closely: Ominous signs were also there. Hezbollah's yellow flags, white shrouds that meant a willingness to die as martyrs for Hezbollah." And during the rally "protestors today were on the march chanting 'Death to Israel death to America.'"

ABC World News Tonight (8/4, story 3, 1:50, Sawyer, 8.78M) noted, "As soon as next week, thousands of American troops could be arriving as reinforcements in Baghdad to try to gain control over that dangerous city. But a rally that spread through that city today was one more reminder how hard that will be."

The Washington Post (8/5, A15, Mosher, 748K) calls it "the latest sign that the fighting in Lebanon is sparking outrage across the Middle East." The rally was called by radical cleric Moqtada al-Sadr, and "The large turnout, along with the absence of any reported violence, also suggested that Sadr's ability to rally legions of disciplined followers remains strong." He "and Hezbollah share ties to Iran, and Sadr is believed to be modeling his movement after Hezbollah." The New York Times (8/5, Cave, 1.21M) adds, "In an effort to tap into Hezbollah's widening ring of support, Mr. Sadr's deputies sought repeatedly to conflate the Sadr-led uprising against Americans in Najaf two years ago with Hezbollah's current fight against Israel."

The Los Angeles Times (8/5, Roug, 918K) adds, "Organizers said half a million people participated in the march, but American military officials, apparently eager to downplay support for Hezbollah, put the figure at 14,000. An Iraqi working for The Times estimated there were at least 100,000 demonstrators." The Times adds, "Despite vicious sectarian fighting, Iraqis appear to be uniting against what they view as a larger threat." The Washington Times/AP (8/4, Joshi) reports similar details.

Newsweek (8/4, Johnson, 3.12M), in a web exclusive about the pro-Hezbollah rally, writes, "These are tense days in Baghdad, full of anticipation and fear, marked with the faces of men drawing burial wraps around their heads in preparation for an unspecified death." One analyst called the Mahdi Army "the biggest problem in Baghdad." It has drawn inspiration from Hezbollah's fighting with Israel in Lebanon and has benefited from "exasperation with the government"'s inability to provide security. However, some analysts "believe that the Mahdi Army is deeply divided, with lower-level commanders vying for control and influence in an organization that has tripled in size since its inception in 2003."

White House Dismisses Criticism Of Rumsfeld. The AP (8/4) reports, "The White House on Friday brushed aside Sen. Hillary Rodham Clinton's call for the resignation of Defense Secretary Donald Rumsfeld." White House spokesman Tony Snow said that President Bush still believed that Rumsfeld was the "best person" to lead DOD. Clinton aides, rebutting his denials that he had been "excessively optimistic," "offered a list of past statements from Rumsfeld, including a February 2004 statement to the committee in which he said: 'We do not expect to have 115,000 troops permanently deployed in any one campaign.'" About five sites carried this story.

Clift Criticizes Rumsfeld, Cheney. In a Newsweek web exclusive (8/4), left-wing commentator Eleanor Clift scathingly reviews the testimony of Secretary Rumsfeld and Gens. Abizaid and Pace: "The best any of this trio of apologists could come up with is that U.S. forces need to keep doing what they're doing to keep from losing. They offered no strategy for victory, only a holding pattern ... An

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honest reckoning would acknowledge there are no good options in Iraq and that the road to failure began with Rumsfeld's bullheaded determination to keep the number of invading troops to a minimum." Clift also attacks Vice President Cheney, quoting the view of Nixon-era "mole" John Dean that "the poor judgment that prompted Bush to invade Iraq can be laid squarely at the feet of Cheney. Yet the veep continues to operate largely unchecked and beneath the radar, wielding far more power than the president he serves."

US Troops Say Civil War Has Already Begun. McClatchy (8/5, Lasseter) reports, "Many U.S. officers and enlisted men who patrol Baghdad say [the civil war] has already begun." Troops cited the following evidence: "Villages have been abandoned by Sunni and Shiite Muslims; Sunni insurgents have killed thousands of Shiites in car bombings and assassinations; Shiite militia death squads have tortured and killed hundreds, if not thousands, of Sunnis; and when night falls, neighborhoods become open battlegrounds." American hopes that Iraqi security forces will become "more competent" and that political leaders can persuade "armed groups to lay down their weapons" appear to be fruitless. About 50 sites carried this 1,500-word story.

More Violence Hits Iraq. The CBS Evening News (8/4, story 3, 0:10, Schieffer, 7.66M) reported, "And word also came today that two more American soldiers have been killed in Iraq as the violence there continues. Heavily armed insurgents fought American and Iraqi government forces for nearly six hours today, leaving four Iraqis on each side dead and a suicide car bomber drove into a crowd of policemen at a soccer game, ten were killed there and seven wounded."

The AP (8/5, Yacoub) reports, "Two dozen people died in a surge of violence in northern Iraq, including 10 at a soccer game hit by a suicide car bombing, police said Friday, while the country's spiraling sectarian and political bloodshed killed at least 17 others elsewhere." In addition, two American soldiers were killed in violent Anbar province, bringing to "at least 17" the number of American troops killed since July 27. The soccer game bombing in Hadhra "occurred the day after a pair of bombs exploded on a soccer field in Baghdad, killing 11 young players and spectators. No group claimed responsibility for either attack, and it was unclear if they were part of a pattern."

Attacks Against Civilians Increase. The AP (8/5, Baldor) reports, "Up to 80 percent of the attacks in one of Iraq's most troubled provinces [Diyala] are against civilians rather than the U.S. military, a deliberate shift in tactics over the past eight months, a U.S. commander said Friday." "Col. Brian Jones, commander of the 4th Infantry Division's 3rd Brigade Combat Team," said that initially his forces had taken "just about 60 percent of the attacks," but that percentage had fallen to "20 to 25 percent." He said that the attacks on civilians "often are assassinations or kidnappings for extortion" but could not specify whether the culprits were "local militia groups or foreign fighters." Although Jones's description of the situation was grim, he predicted that the Iraqi army would continue to progress and concluded, "I think what you'll see is a peak in the violence, and I think it'll start to drop off."

Iraqis Flee For Jordan. The Washington Post (8/5, A15, Fekeiki, Mousa, 748K) reports, "Long a haven for Iraqis fleeing repression, sanctions and the other deprivations of Saddam Hussein's rule, Jordan's capital has since become a primary destination for those fleeing the unrest of the past three years. With the increase in kidnappings and assassinations in Iraq and the onset of summer holidays, hundreds of Iraqis are arriving daily at the Iraqi-Jordanian border or at Queen Alia Airport, outside Amman." The Post interviews several of the refugees, who express a combination of nostalgia and fear of the consequences if they go back. One complains about serving as "an interpreter for U.S. forces" and then being rejected for a visa to the US.

UPI Analyst Urges Bush, Blair To "Face Iraq Truth." UPI (8/4) analyst Hannah Strange contends, "Admissions by senior British diplomats and U.S. Army generals that Iraq is currently hurtling towards civil war shatters the rosy picture their respective leaders are trying to paint." She quotes remarks by ex-British ambassador to Iraq William Patey, who wrote in his last diplomatic telegram, "The prospect of a low intensity civil war and a de facto division of Iraq is probably more likely at this stage than a successful and substantial transition to a stable democracy." In addition, Gen. John Abizaid is quoted as saying, "Sectarian violence is probably as bad as I have seen it." Strange concludes, "It is possible that by facing up to the mistakes they have made and addressing the situation for what it is, [Bush and Blair] may actually gain public respect."

CNN Poll Shows 62 Percent Disapprove Of Bush's Handling Of Iraq. CNN (8/5) on its web site reports in a poll of 1,047 Americans conducted August 2-3 (+/-3%), "Sixty-two percent of respondents said they disapproved of Bush's handling of the situation in Iraq -- tying poll results in May for the most respondents who disapprove."

Indian Probe Finds Former Minister Guilty In Oil-For-Food Scandal. The New York Times (8/5, Gentleman, 1.21M) reports that Indian news media reported "a nine-month government investigation found a former foreign minister, Natwar Singh, guilty of misconduct related to the United Nations oil-for-food program in Iraq". Also, "according to the Indian news reports of leaks from the new investigation, both" he and his son, Jagat Singh, "abused their ties to the governing party, the Indian National Congress, to secure oil contracts." These "conclusions, and

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the manner in which they emerged, set off a political storm." The Financial Times (8/5, Johnson) adds, "the inquiry has reportedly found no evidence that Mr Singh or his son…benefited financially from contracts others secured with letters of introduction to Iraqi officials written by Mr Singh in 2001."

Twenty-Five Taliban Members Are Killed. The AP (8/4, Khan) reports, "U.S.-led soldiers and Afghan forces killed 25 Taliban insurgents in Afghanistan's volatile south and NATO-led Canadian troops narrowly escaped a suicide bombing Friday near the site of a battle that killed four fellow soldiers a day earlier." The AP reports that "police in southern Helmand province raided an orchard where Taliban fighters were camping and called in airstrikes." In southern Kandahar province, a suicide bomber blew up his car, but a nearby NATO patrol "drove away undamaged." In addition, "about a thousand South Korean Christians" began their journey home, thrown out for allegedly trying to convert Muslims. A briefer version of this AP story appeared in the Los Angeles Times (8/5, 918K).

Kabul Has "Uneasy Summer." Alissa Rubin in a column in the Los Angeles Times (8/5, Rubin, 918K) writes that, while there may be a "busy feel" and "confidence" to Kabul, "an unease haunts the capital as well, a mounting apprehension, a mood similar to what I witnessed in Iraq a few months after the U.S.-led invasion." The "shattered glass and charred metal, the government targets, the multiple bombs in the capital, seemed all too familiar." Rubin argues against a "desire to deny uncomfortable realities," citing members of parliament who believe that "the disillusionment with Afghan President Hamid Karzai, who increasingly is seen as an American puppet, and the sense that the government can neither protect the people nor provide for them are fueling the silent support for the Taliban in the impoverished villages of the south."

Quality Of VA Care Questioned. In the second part of a two-part series on the care that soldiers receive when they return home from Iraq, the CBS Evening News offers neutral to negative coverage of the VA medical system in its profile of Tim Vackoch, a former army chaplain who is now at the Minneapolis VA Medical Center. Vackoch has been deemed to be in a "minimally responsive" state, and VA reduced the amount of therapy provided to him. The majority of the three minute, fifteen-second report focuses on Vackoch's family, with VA's response receiving little air time. The CBS Evening News (8/4, story 9, 3:15, Martin, 7.66M) reported that that "last November, Father Tim, as everybody calls him, was able to maneuver a motorized wheelchair" and "with coaching, he steered around obstacles," but three weeks later "the VA canceled all of Father Tim's therapy." CBS News (Martin) asks Jeff Vackoch, "When you asked 'why did you pull his therapies' the answer is what?" Jaff Vackoch: "He's not making any more progress." His "doctors say after nine months of intensive therapy he isn't get any better so to the time has come to move him out of the VA and into a nursing home." Martin adds, "The VA says it makes no sense to continue a course of treatment that's not producing results."

Injured Marine Mugged. The CBS Evening News (8/4, story 8, 0:10, Schieffer, 7.66M) reported, " A Marine who lost an arm and a leg in Iraq was mugged" near Walter Reed Army Medical Center. Mark Beyers "was out with his wife when five men attacked them. Beyers fought back but the muggers made off with his wife's purse."

DOJ:

Vacationing Gonzales Surprises South Carolina Restaurant With Breakfast Visit. The Greenville (SC) News (8/5, Davis) reports, "Sherri McJunkin said she was 'in shock' when security guards came to her restaurant Friday morning and informed her that a celebrity was coming. 'I was like, "A celebrity? Well, who is it? In our minds we're all celebrities,' said McJunkin, who co-owns The Coffee Pot cafe on U.S. 25, north of State 414. She said she was told by people who identified themselves as FBI agents that U.S. Attorney General Alberto Gonzales was visiting. She said he enjoyed a breakfast of eggs, bacon, home fries and home-grown tomatoes in the restaurant." The News adds, "McJunkin said she was told that Gonzales was vacationing with friends and enjoying golfing in northern Greenville County, and he spent about 45 minutes in her cafe. … McJunkin said Gonzales told her he had heard the restaurant was a famous place to eat in the area. He and his friends tried some of the eatery's country ham, smoked sausage, and grits and gravy 'because they wanted to do it like we do it in the South.'"

CORPORATE SCANDALS:

Jury Reaches Mixed Verdict In Dynegy Trader Case. The AP (8/5, Hays) reports, "Two former Houston energy traders got all the possible outcomes they could get Friday from a jury that struggled over whether they illegally reported fake trade data to industry publications. Jurors convicted ex-Dynegy Inc. trader Michelle Valencia and ex-El Paso Corp. trader Greg Singleton of wire fraud charges, but either acquitted them or couldn't reach a verdict on other wire fraud counts and all conspiracy and false reporting counts. The outcome baffled defense lawyers and the stunned defendants." The AP adds, "Jurors, who had reported

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deadlocks for two days on some counts, declined to explain their decision and quickly left the Houston federal courthouse without comment. Valencia was convicted of seven counts of wire fraud and acquitted of five counts of false reporting and two other counts of wire fraud. Jurors couldn't reach verdicts on a single count of conspiracy and eight other counts of false reporting. Ex-El Paso Corp. trader Greg Singleton was convicted of a single count of wire fraud. Jurors acquitted him of two counts of false reporting and two other counts of wire fraud. The panel couldn't reach verdicts on two other counts of wire fraud and a single count of conspiracy against Singleton." The AP notes, "Prosecutor Belinda Beek said the government was pleased with the verdict, even though it appeared that jurors rejected their false reporting allegations."

Former SEC Chief Says US Markets Need "New Regulatory Regime." In a Wall Street Journal (8/5, A10, 2.03M) op-ed, former SEC Chairman Arthur Levitt Jr. writes, "The big question today isn't whether the New York Stock Exchange's bid for Paris-based Euronext is a reasonable evolution. It's how can we adapt our regulatory structures to catch up with rapid globalization and technological transformation. … As the boundaries between capital markets, and between financial products offered by markets and financial intermediaries, come down, so must our antiquated regulatory structure. In its place, we need a new regulatory regime that is better suited to protect investors in a global marketplace and to keep our capital markets the envy of the world."

CRIMINAL LAW:

Senate Ratifies Treaty To Fight Cybercrime. The AP (8/5) reports, "The Senate has ratified a treaty under which the United States will join more than 40 other countries, mainly from Europe, in fighting crimes committed via the Internet. The Council of Europe's Convention on Cybercrime, ratified late Thursday, is the first international treaty seeking to address Internet crimes by harmonizing national laws, improving investigative techniques and increasing cooperation among nations." The AP adds, "The convention targets hackers, those spreading destructive computer viruses, those using the Internet for the sexual exploitation of children or the distribution of racist material and terrorists attempting to attack infrastructure facilities or financial institutions. 'This treaty provides important tools in the battles against terrorism, attacks on computer networks, and the sexual exploitation of children over the Internet, by strengthening U.S. cooperation with foreign countries in obtaining electronic evidence,' Attorney General Alberto Gonzales said. 'The Convention is in full accord with all U.S. constitutional protections, such as free speech and other civil liberties, and will require no change to U.S. laws.'"

CNET News.com (8/4, McCullagh, Broache) reports, "It requires participating countries to target a broad swath of activities, including unauthorized intrusions into networks, fraud, the release of worms and viruses, child pornography and copyright infringement. 'This treaty provides important tools in the battles against terrorism, attacks on computer networks and the sexual exploitation of children over the Internet, by strengthening U.S. cooperation with foreign countries in obtaining electronic evidence,' U.S. Attorney General Alberto Gonzales said in a statement Friday." CNET adds, "But one portion, which provoked the most controversy, deals with international cooperation. It says Internet providers must cooperate with electronic searches and seizures without reimbursement; the FBI must conduct electronic surveillance 'in real time' on behalf of another government; that U.S. businesses can be slapped with 'expedited preservation' orders preventing them from routinely deleting logs or other data. What's controversial about those requirements is that they don't require 'dual criminality'--in other words, Russian security services investigating democracy activists could ask for the FBI's help in uncovering the contents of their Yahoo Mail or Hotmail accounts, or even conducting live wiretaps."

The 1010 WINS-AM New York (8/4) notes, "Gonzales says will also help fight terrorism, hackers, computer virus attacks and the sexual exploitation of children online. Gonzales says the cybercrime pact strengthens international cooperation in 'obtaining electronic evidence' while still honoring constitutional protections of free speech and privacy." Voice Of America (8/4, Tate) also notes, "Gonzales said the treaty is in full accord with all U.S. constitutional protections, such as free speech and other civil liberties, and will require no change to U.S. laws.

Two Arrested In Phoenix Sniper Shootings. The Arizona Republic (8/5, Ferraresi) reports, "Two men arrested in Mesa are the predators long sought in Scottsdale's 'Serial Shooters' murder of Claudia Gutierrez-Cruz and five others Valley-wide, police said Friday. Dale Hausner, 33, and Samuel Dieteman, 30, were taken into custody late Thursday following tips that led investigators to the men this week. They were charged Friday with two counts of first-degree murder and 13 counts of attempted first-degree murder." Scottsdale Police Chief Alan Rodbell "praised the ongoing 'hard work and partnerships' among police departments and federal law enforcement agencies as the reason the suspects are being investigated. The next step, Rodbell said, is confirming beyond a reasonable doubt that Hausner and Dieteman are responsible for Gutierrez-Cruz's murder." The Republic notes, "Agencies involved in the Serial Shooter investigation include the Phoenix and Mesa police

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departments, the FBI and the Bureau of Alcohol, Tobacco, Firearms and Explosives. … Federal investigators could not comment Friday on details about the weapon used to kill Gutierrez-Cruz. ATF helped Scottsdale and other agencies with ballistics and forensics work, Senior Special Agent Thomas Mangan said."

The East Valley (AZ) Tribune (8/5, Richardson) reports, "A three-page 'probable cause' statement filed by Phoenix police laying out the case said the men used a .410-gauge shotgun in the shooting spree, including the killings of 22-year-old Robin Blasnek on Sunday night in Mesa and…Gutierrez-Cruz," and "the same gauge shotgun pellets were recovered from some shooting victims and a .410-gauge shotgun was seized when police searched the men's Mesa apartment early Friday morning, the statement said." The Tribune notes, "Police allege Hausner, an airport janitor and professional photographer with a violent past, and Dieteman, a convict and deadbeat dad, targeted transients in Phoenix, at least at first. Authorities have linked the men to 36 shootings of humans and animals in the Valley since May 2005, including six murders. Prosecutors said Friday more charges are anticipated. Hausner and Dieteman recounted details of a number of shootings to police and acknowledged they took turns driving and shooting, according to the probable cause statement." The AP (8/5, Kahn) also reports on the arrests.

Second Suspect Surrenders In New Orleans Quadruple Murder. The AP (8/5) reports from New Orleans, "a second suspect in a quadruple shooting that upset this city's struggle to rein in crime after Hurricane Katrina surrendered on Friday, police said. Kevin Amison, 21, turned himself over to detectives a day after police arrested his 18-year-old brother, Raymond Amison, said Sgt. Jeffrey Johnson. Three brothers and a friend were killed in the July 28 attack." The AP adds, "Police had been looking for Kevin Amison in Alabama, where he was believed to be hiding. The two brothers were booked with four counts of first-degree murder. The Amison brothers have denied any involvement in the shootings." The AP notes, "On Thursday, U.S. Sen. Mary Landrieu asked the Justice Department to send in more federal agents and prosecutors to cope with the rising violence. … Mayor Ray Nagin's office said on Friday that additional steps to improve the city's justice system will be announced on Monday."

Doolittle's Efforts To Assist Marianas Tied To Abramoff. McClatchy (8/5, Whitney) report Rep. John Doolittle "helped Jack Abramoff secure a lucrative lobbying contract with the Commonwealth of the Northern Mariana Islands in 1999 and then assisted the now-disgraced lobbyist's efforts to route federal money to the islands and defend its garment industry, newly obtained documents show. The California Republican accepted $14,000 in contributions from Abramoff -- $4,000 to his congressional re-election committee and $10,000 to the congressman's California political action committee. The first contribution came just a few weeks before Doolittle endorsed the election of a key commonwealth politician crucial to Abramoff winning the contract. The last Abramoff contribution came as the Northern Marianas lobbying contract was expiring in December 2001. … In an interview Friday, Doolittle said all of his efforts were to aid the struggling Mariana Islands and had nothing to do with Abramoff."

Primary Opponent Says Harris Should Withdraw From Race. The Southwest Florida Herald Tribune (8/5, Wallace) reports, "LeRoy Collins Jr. walked slowly to the podium and politely praised the tenacity of Katherine Harris, one of his competitors for the GOP nomination for U.S. Senate. Then, in nearly the same breath, Collins let her have it: 'On this occasion, I would like to suggest that she withdraw from the race,' Collins said. … The crowd of 100 people at the Belleair Women's Republican Club fell silent, and a few in the audience chuckled. Collins didn't crack a smile, and it took a few seconds for the audience to realize he was serious." The Herald Tribune notes Harris has "struggled to distance herself from growing controversy surrounding a corrupt defense contractor who admitted in February to giving illegal campaign donations to Harris in 2004. Former campaign workers said last week that a grand jury has issued a subpoena for some of her records. Harris said on Friday that the subpoena was for campaign records and not for congressional records. She said she wouldn't comment further on the subpoena, only saying that she is not a target of the Justice Department's investigation and that she is cooperating with investigators."

Former White House Aide Allen Pleads Guilty To Shoplifting Charge. The New York Times (8/5, Chmela, 1.21M) reports former White House policy adviser Claude A. Allen, "who was arrested in March and charged with multiple counts of shoplifting, pleaded guilty Friday to a single count, in a plea agreement under which he will pay a fine and make partial restitution but will avoid having a criminal record if he completes probation successfully. … By pleading guilty" Allen "avoided the maximum sentence of 18 years in prison. Instead, Judge Eric Johnson ordered that he serve two years of supervised probation, perform 40 hours of community service, pay a $500 fine and make restitution of $850 to the Target Corporation."

McClatchy Newspapers (8/5, Funk) report that "over the prosecution's opposition, the judge also agreed to Allen's request for 'probation before judgment.' That means Allen

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will not have a criminal conviction on his record if he stays out of trouble during his probation period. Without a conviction, lawyer Allen will find it easier to convince bar associations in Virginia, Pennsylvania and the District of Columbia to let him continue practicing law."

The Washington Times/AP (8/5, Manning) reports Allen "could have been sentenced to 18 months in prison on the theft charge."

The Washington Post (8/5, B1, Londono, 748K) reports Allen "wept in court after thanking relatives and friends for standing by him." Allen is quoted as saying, "Stealing is not something that I ever thought that I would ever do, and I did. … I accept full responsibility for my actions and what I did. I am intensely, immensely sorry for that and very remorseful for the harm that I've caused so many. Something did go very wrong. I lost perspective and failed to restrain myself."

WPost Says Data Thefts Should Be "Stern Warnings" For Companies, Government. Declaring this season "the summer of identity theft" in an editorial, the Washington Post (8/5, A18, 748K) says that a recent Agriculture Department data theft and an earlier USDA incident "are only a fraction of the problem." The Post says these thefts "should be stern warnings to government and private-sector managers alike" and "government agencies and private companies have to be more careful with Americans' identities." The Post also calls for Congress to pass the Data Accountability and Trust Act.

CIVIL RIGHTS:

DOJ, Louisiana Grand Jury Investigating Blocked Katrina Evacuation. The New Orleans Times-Picayune (8/5, Brown) reports, "A grand jury is launching a criminal investigation into the blockade of the Crescent City Connection after Hurricane Katrina, when hundreds of people trying to flee New Orleans on foot were turned back by West Bank law enforcement agencies, a spokeswoman for District Attorney Eddie Jordan said. Separately, the U.S. attorney's office is reviewing the racially charged case for possible civil rights violations, a federal official said Friday. Most of those fleeing from the city were African-American. That led to allegations of bias on the part of the law enforcement agencies that enforced the blockade. Louisiana Attorney General Charles Foti turned over the case to Jordan and federal officials Thursday, ending Foti's monthslong probe." The Times-Picayune notes, "The federal investigation of the complaints will be carried out in conjunction with the U.S. Justice Department's Civil Rights Division, said First Assistant U.S. Attorney Jan Mann in New Orleans." The Times-Picayune adds, "The American Civil Liberties Union has pressured Foti in recent weeks to release the results of his investigation. Louisiana ACLU Executive Director Joe Cook said Friday he was disappointed Foti had not made his report public."

The AP (8/5) reports that the federal "investigation will be carried out by the U.S. Attorney's Office in New Orleans, along with the Justice Department's Civil Rights Division, First Assistant U.S. Attorney Jan Mann said Friday. … The case raised widespread allegations of racism and spurred two marches across the bridge by national civil rights organizations in the months after the hurricane."

ANTITRUST:

New Jersey Authorities Delay Decision On Exelon Merger. The Philadelphia Inquirer (8/5, Fernandez, 399K) reports, "Rebuffing a deadline from Exelon Corp., New Jersey regulatory officials said yesterday that they would not be rushed into approving a merger between Exelon and Public Service Enterprise Group Inc. of Newark. Officials of the New Jersey Board of Public Utilities (BPU) said approval of the $17 billion deal needed more negotiations with Exelon, the Chicago parent of Peco Energy Co. In recent negotiations with New Jersey regulators, Exelon has offered concessions of $600 million for customer rebates, economic development and other programs, such as assistance for low-income customers, the utilities have said. But the BPU remains concerned about the 'market power' of the merged utility and the reliability of its service, BPU spokesman Eric Hartsfield said." The Inquirer notes, "As part of a June agreement with the Justice Department, Exelon and PSEG agreed to sell six plants that generate 5,600 megawatts of electric power. … Selling the plants would diminish Exelon's price-setting power in the wholesale electric market, regulators say." However, Philadelphia Gas Works CEO Thomas E. Knudsen, a critic of the merger, "said he did not believe the Justice Department went far enough in attempting to curb Exelon's potential price-setting power in the electric and gas markets."

The Bergen (NJ) Herald News (8/5, Morley) reports, "Buyer Exelon Corp., after a board meeting in Chicago on Friday evening, said it will continue to pursue the $17.8 billion acquisition, which would create the nation's largest utility. Exelon told the state Board of Public Utilities on Wednesday that it might walk away from the deal if the board did not agree 'in principle' Friday to its 'last and best offer' to buy PSEG," but "the BPU stood firm against the threat. After a closed meeting at lunchtime Friday, the board said Exelon's latest proposal 'still lacks clarity.'" The AP notes, "In June, the companies agreed with the U.S. Justice Department to sell six fossil-fuel generating stations, including four in New Jersey, in order to retain competition. After the closed

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session, Commissioner Joseph Fiordaliso criticized the pressure from the companies."

ENVIRONMENT/INDIAN AFFAIRS:

DOJ Files Lawsuit Against Arizona CPAs Over Tribal Tax Fraud Scheme. The Santa Maria (AZ) Times (8/5, Yale) reports, "A certified public accountant based in Buellton and another in Prescott, Ariz., have been named in a U.S. Department of Justice lawsuit, alleging they devised and operated a tax fraud scheme that helped 32 members of the Santa Ynez Band of Chumash Indians claim bogus deductions on federal income tax returns. In exchange, the lawsuit alleges, the CPAs received about $2 million of the money that those tribal members received from the tribe's casino earnings. The suit, filed in U.S. District Court in Los Angeles, aims to bar Kenneth Sorenson of Buellton and Stephen Drake of Arizona from operating the alleged tax scam, according to a written statement released Thursday by the Justice Department." The Times notes, "The government's civil injunction complaint estimates that the alleged scam has cost the federal Treasury about $3.3 million so far with continuing losses each month, according to the Justice Department. Tribal chairman Vincent Armenta said Friday in a written statement that Sorenson's and Drake's tax plan was not sanctioned by the tribe."

LATimes Praises Schwarzenegger Coastal Water Management Plan. The Los Angeles Times (8/5, 918K) editorializes, "Thanks to Gov. Arnold Schwarzenegger, California is on the verge of adopting its first plan to manage coastal waters to restore the ocean's health and bring back depleted fish populations. Before Schwarzenegger took office, efforts to pull together a proposal, as mandated by a marine preservation law passed in 1999, had stumbled for six years while the state drafted maps without consulting fishermen, environmentalists or outside scientists. But the new governor made the project a priority, set up a more inclusive process and got it done. … Future generations of Californians -- including its sports fishermen and the fishing industry -- will be better off for the protection."

FBI/DEA/ATF/USMS:

Truscott Resigns Amid Ongoing Probe Of ATF Headquarters Spending. The Washington Post (8/5, A2, Eggen, 748K) reports, "The director of the Bureau of Alcohol, Tobacco, Firearms and Explosives announced his resignation yesterday, six months after the launch of an internal investigation into questionable spending on a new headquarters and other items during his tenure. Carl J. Truscott, a 22-year veteran of the Secret Service who took over as ATF chief in 2004, was under fire for his spending and management practices at a time when the agency was considering sharp cuts in the number of new cars, bulletproof vests and other basics it provides agents. Officials declined to say yesterday whether the allegations played a role in Truscott's departure. In announcing his resignation, effective Tuesday, Truscott struck a positive note, calling his time at ATF 'fulfilling' and praising agency employees for their 'professionalism and proficiency.'" The Post adds that Justice Department Inspector General Glenn A. Fine "has been investigating allegations that Truscott put through or proposed hundreds of thousands of dollars of unnecessary plan changes and upgrades to ATF's new 438,000-square-foot headquarters. … Sources familiar with the project told The Washington Post earlier this year that Truscott planned to buy, among other things, nearly $300,000 in extras for the new director's suite, including a $65,000 conference table and more than $100,000 worth of hardwood floors, custom trim and other items." The Post notes, "Attorney General Alberto R. Gonzales said in a statement last night that Truscott is a 'leader in the area of law enforcement, with a long and distinguished career in government service.'"

The AP (8/5) also reports Truscott's "tenure was marked by complaints from within the agency that he was spending too much time and money on the agency's new headquarters building, particularly at a time of tight budgets. … Truscott's resignation message to agency employees did not mention the controversy. 'While there is always more to achieve, of course, I am confident that we have laid the groundwork for ATF to continue to realize great progress,' he said in a prepared statement. 'Therefore, I have decided now is the time for me to pursue other challenges and opportunities.'" The AP adds, "In a separate letter to Attorney General Alberto Gonzales, Truscott also praised ATF for its work in firearms, arson and terrorism investigations."

ATF, FBI Investigating Molotov Cocktail Incident At Baltimore Hebrew University. The Washington Examiner (8/5, Hedenberg) reports, "The Bureau of Alcohol, Tobacco and Firearms and Explosives, along with the Federal Bureau of Investigation are still investigating a Molotov cocktail thrown at the Baltimore Hebrew University earlier this week, officials said Friday. Spokesmen from both agencies said agents were searching for witnesses to the crime, which occurred Wednesday afternoon," although "neither agency has classified it as a hate crime." The Examiner adds, "ATF spokesman Mike Campbell said the use of such explosive devices are to be taken seriously, especially after convictions of several Baltimore men who threw Molotov cocktails at a trial witnesses' house on Feb.

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15, 2005. 'You have to treat each case individually,' he said. 'We've had model students make pipe bombs before. It's hard to say what would cause somebody to go to that step, but we'll let the evidence take us to the logical conclusion.'"

TAX:

Judge Firmly Pressing Prosecutors In KPMG Case. The Wall Street Journal (8/5, Davies, 2.03M) reports, "No-nonsense judges who pepper lawyers with tough questions are known as ruling from a 'hot bench.' Nowhere are federal prosecutors feeling the heat more than in the lower Manhattan courtroom of U.S. District Judge Lewis A. Kaplan." The Journal adds, "Known for being gruff and sarcastic, Judge Kaplan has been even more so these days as he takes federal prosecutors to task over their handling of a major tax-fraud case against 16 former partners at KPMG LLP and two others accused of designing and selling of fraudulent shelters to wealthy individuals. He ruled in June that prosecutors violated the constitutional rights of the former KPMG partners by pressuring the firm to cut off payment of their legal fees, finding that the government 'let its zeal get in the way of its judgment.' The ruling could force the Justice Department to re-examine the pressure tactics used to investigate white-collar crime. … Since then, he has stepped up the pressure. … At one recent hearing, Judge Kaplan said the government had turned the case into 'a holy mess for itself.'" The Journal notes, "At times, the young prosecutors handling the KPMG case look like first-year law students getting schooled by a curmudgeonly professor. During a hearing on whether prosecutors coerced statements from some defendants, Judge Kaplan told Assistant U.S. Attorney Kevin Downing that his argument 'is just not getting any traction.' Mr. Downing persisted. … At the same hearing, Judge Kaplan got Assistant U.S. Attorney Margaret Garnett to concede one point, only to counter that argument with an opposing view."

CONGRESS-ADMINISTRATION:

Senate Confirms Three Judicial Nominees. The Washington Post (8/5, B4, Cauvin, 748K) reports the Senate "confirmed two nominees to the D.C. Court of Appeals and one nominee to D.C. Superior Court. Anna Blackburne-Rigsby, a Superior Court judge since 1995, and Phyllis D. Thompson, a partner at Covington & Burling, will sit on the appeals court. Jennifer M. Anderson, a senior prosecutor in the U.S. attorney's office, will be on the Superior Court bench."

Connaughton Confirmed As Head Of Maritime Administration. The Washington Post (8/5, B5, Chandler, 748K) reports the Senate "voted early yesterday to confirm Prince William Board of County Supervisors Chairman Sean T. Connaughton (R) as the head of the U.S. Maritime Administration."

Police Officials Say They Are Unlikely To Target Illegals. The Washington Times (8/5, A1, Summers, 88K) reports, "Area law-enforcement officials say they have no plans to change the way they handle illegal aliens despite a move by the Bush administration to implement the immediate catch-and-removal of non-Mexican illegals nationwide. Currently, local police do not ask the immigration status of persons they pull over during routine traffic stops or arrest unless a felony has been committed. But federal immigration officials said they want to begin detaining and deporting illegal aliens as soon as they are caught -- possibly with the help of local police. … Police in the D.C. area said they do not know how many illegal aliens they encounter on a daily basis because of the current policy. Police in Northern Virginia say they occasionally work with immigration officials to bring to justice those gang members who are in the U.S. illegally."

Chertoff Tells Blanco States Must Take Responsibility For Residents In FEMA Trailers. The New York Times (8/5, Lipton, 1.21M) reports, "State officials must be prepared to help residents evacuate in advance of a major hurricane, even if they live in temporary trailers set up in group sites by the Federal Emergency Management Agency in the aftermath of Hurricane Katrina, Homeland Security Secretary Michael Chertoff told Gov. Kathleen Babineaux Blanco in a letter. The letter, one in a series between Mr. Chertoff and Ms. Blanco, responded to the governor's request that the federal government assume responsibility for caring for the 7,100 families in these group sites."

Landrieu Seeks Federal Help To Reduce New Orleans' Crime Rate. The Baton Rouge Advocate (8/5, Shields) reports, "Calling the New Orleans justice system 'broken,'" Sen. Mary Landrieu "called on the federal government Thursday to dedicate more resources in the form of U.S. attorneys, and FBI and Drug Enforcement Administration agents to the beleaguered city. Landrieu sent a letter to U.S. Attorney Alberto Gonzales seeking the federal help, pointing to a recent spate of killings, which included six over the weekend."

New Orleans Beset By Flourishing Drug Trade. The New York Times (8/5, A1, Drew, 1.21M) reports, "The drug trade in New Orleans is flourishing again, after its dealers, who evacuated to the regional drug hub of Houston, forged

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closer ties to major suppliers from the Mexican and Colombian cartels. They have since brought back drugs to New Orleans in far larger shipments than before, as the seized truck illustrates, essentially creating violent distribution gangs now spread over a much bigger area."

FEMA Trailers Found To Harbor Dangerous Chemicals. NBC Nightly News (8/4, story 7, :30, Williams, 9.87M) reported, "There is news tonight about the FEMA trailers used to house many of the victims of hurricane Katrina. … The Sierra Club tested more than three dozen trailers and found they could be dangerous concentrations of formaldehyde in the air inside them. It is believed because of the combination of the heat and certain adhesives used."

Grand Jury To Investigate Gretna Bridge Blockade. The New York Times/AP (8/5) reports, "A grand jury will investigate the blockade of a New Orleans bridge that occurred when Hurricane Katrina victims trying to cross the Mississippi River were turned back by armed police officers from the city of Gretna. … Several hundred people said the police blocked them last Sept. 1. The police said they barred the New Orleans residents because there were no supplies or services for them on the other side of the river.

Insurers Save Billions Through "Anti-Concurrent Causation" Clauses. The New York Times (8/4, Treaster, 1.21M) reports, "Since at least the mid-1980's, insurers have been putting into their home insurance policies 'anti-concurrent causation' clauses that effectively eliminate coverage that insurers promise to provide when selling their policies. But most people skip over the legalistic language — if they read their policies at all. And until Katrina, there had never been such an outpouring of challenges. … The insurance companies say they expect to pay out $17.6 billion for homes damaged in Katrina and $20.8 billion to businesses — the most insurers have ever paid out in a catastrophe. But lawyers for homeowners say the insurers would have had to pay out perhaps billions more had it not been for the anti-concurrent clause."

New Orleans' Churches Still Lack Parishioners. The Washington Post (8/5, A1, Haygood, 748K) reports on the Good Faith Baptist Church in New Orleans's Lower Ninth Ward whose parishioners remain disbursed.

Senate Passes Veterans Bills. CQ Weekly (8/7, Retter, Yoest) reports, "The Senate passed an omnibus package of veterans bills (S 2694 — S Rept 109-297) by voice vote Aug. 3 that would enhance various benefits and give veterans greater access to an attorney when appealing benefit decisions by the Department of Veterans Affairs." Among them, the bill would "scrap" a rule that says veterans "cannot be represented by a paid attorney in most cases until they have gone through the appeals process with VA's Board of Veterans' Appeals." CQ Weekly adds, "The wide-ranging bill combines provisions from more than a dozen other bills, including authorization for a pilot program to provide caregiver assistance and non-institutional care to veterans, and a measure to improve services to homeless veterans."

Pension Bill Seen As Unlikely To Arrest Decline Of Defined-Benefit Plans. The CBS Evening News (8/4, story 5, 1:40, Schieffer, 7.66M) reported, "Congress has just sent the President a bill designed to protect the pensions that many American workers are counting on, but it may also means fewer workers will be offered pensions in the future." CBS added, "oddly enough, James Klein, who represents hundreds of big businesses like Microsoft, says the pension bill may actually hurt employees at companies with no pension troubles at all. … That's because the tough new pension rules also apply to perfectly healthy companies who may have to inject a lot of cash with little notice. For some it could just be easier to shut down their plants. Any way you look at it, traditional pensions are on the decline and members of Congress say even with the pension bill, workers today are going to have to rely on themselves and not their employers for their retirement."

The AP (8/5, Abrams) reports, "Young workers, Wall Street, a couple of airlines and U.S. taxpayers could come out as winners in the pension changes made by Congress. Some older employees, as well as truck drivers and construction workers hoping to retire early, might not fare as well. The legislation passed by the Senate late Thursday and sent to the president will, if successful, prod companies to fund their pension plans properly and ensure that workers get the retirement benefits they deserve. But the bill also reflects the reality that the traditional defined-benefit pension plan system is in decline, and the transition to new defined-contribution-style savings plans won't be easy."

Pension Reform Bill Championed By Several Airlines. The Minneapolis Star Tribune (8/5, Fedor, 398K) reports, "Airline crises helped push the sweeping pension bill through Congress, and Northwest Airlines management and employees hailed its passage. President Bush said Friday he'll sign a sweeping pension overhaul bill that overwhelmingly passed the U.S. Senate late Thursday. The bill gives Northwest Airlines the time it needs to save its defined-benefit pension plans, which are underfunded by almost $4 billion. Although the legislation was designed to strengthen the security of pension benefits earned by millions of Americans, Sen. Norm Coleman, R-Minn., said Friday that 'without the airline provisions, this bill might still have languished.'" Bush "called the legislation 'the most comprehensive reforms to America's pension system in over 30 years.'"

Pension Reform Part Of 401(k) Regulations' Overhaul. The Wall Street Journal (8/5, Lauricella, 2.03M) reports, "The 401(k) retirement plan, one of the most important savings tools available to Americans, is about to

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get a makeover. Late Thursday night, Congress passed a pension-reform bill that will transform significant aspects of how these plans can operate. …. Most significant, it will become easier for companies to automatically enroll their employees in a plan and will also empower companies to automatically increase the amount of money deducted from employees' paychecks. Meanwhile, the Labor Department, which regulates the plans, is on track to let employers automatically put their employees' money into riskier, but higher-yielding, stock and bond funds rather than low-yielding money-market funds that have long been the default option."

Pension Bill Restricts Tax Loophole Benefiting Big-Game Hunters. The Washington Post (8/5, A4, Goldfarb, 748K) reports, "A provision included in the pension overhaul legislation…will make it much more difficult for big-game hunters to donate their trophy mounts and claim substantial charitable tax deductions. Under a tax loophole, hunters have been allowed to deduct some or all of the cost of their safaris from their taxes if they later donated to a museum animals that they killed and had mounted. … The practice was well-advertised in the hunting community. Under the new law, hunters will be able to deduct only the lesser of two costs: the market value of the trophy, or the cost of taxidermy -- preparing, stuffing and mounting the animal's skin. … Closing that loophole has been a priority of Senate Finance Committee Chairman Charles E. Grassley."

Business Community's Reaction To Bill Portrayed As "Mixed." The Financial Times (8/5, Kirchgaessner, Yeager, Cameron) reports that "business reaction was mixed on the practical implications for companies. Bruce Josten at the Chamber of Commerce said that, while the bill gave companies more certainty over pension funding rules, it had failed to offer retroactive legal clarifications to companies that had established cash balance and hybrid pension plans. James Klein, president of the American Benefits Council, which represents employers, predicted that an 'unprecedented' number of defined benefit pension plans would be closed because the funding rules set out by the bill were too volatile, but praised a separate provision that allowed workers to receive investment advice on their 401k retirement plans."

Frist May Schedule Second Vote On Minimum Wage/Estate Tax Bill. The AP (8/5, Dalrymple) reports, "A bill combining an estate tax cut with a boost in the federal minimum wage, an election-year combination engineered by Republicans, may see another vote this fall." Senate Majority Leader Bill Frist "told senators who voted against the bill to 'rethink long and hard' during the four-week recess that began early Friday. … Frist also reiterated that the GOP will not split the minimum wage apart from the estate tax, and that future votes on the pay increase will be linked to cutting taxes on multimillion-dollar estates."

Parties Blame One Another For Demise Of Minimum Wage Hike. The Washington Times (8/5, Fagan, 88K) reports the National Republican Senatorial Committee "turned up the heat yesterday morning, churning out a series of press releases blasting specific Democrats in re-election bids. … Among the targets were Sens. Robert Menendez of New Jersey, Maria Cantwell of Washington, and Debbie Stabenow of Michigan." Democrats "meanwhile wagered that they'd secure a bigger win by stopping the bill than by giving Republicans the political victory. 'The American people last night, I think, had the opportunity to see the difference between the parties,' Senate Minority Leader Harry Reid told reporters yesterday. The Nevada Democrat said it was clear Democrats wanted to help the poor and middle-class with the tax breaks and minimum-wage increase but Republicans insisted, as usual, on helping the rich with estate-tax relief. Democrats think the bill's demise fits into their campaign message that Republicans run a 'Do-Nothing' Congress, intentionally dooming the popular minimum-wage increase by linking it to the estate-tax relief."

21 States Have Boosted Their Minimum Wage Since Last Federal Increase. NBC Nightly News (8/4, story 6, 3:00, Williams, 9.87M) reported, "Late last night the U.S. Senate voted down the latest attempt to raise the minimum wage in this country after Republicans tied it to a cut in the estate tax that benefits the wealthy, the so-called 'death tax.' Congress has not raised the minimum wage in 10 years. It stands at $5.15 an hour. Congress has raised its own pay though seven times." CBS went on to report on "how states and cities and voters are trying to do what congress hasn't for the working poor. … 21 state legislatures made their own increases."

Popular Tax Credits Languish As "Hostages" To "Trifecta" Bill. The Wall Street Journal (8/5, Rogers, 2.03M) reports, "Congress went home for the summer, leaving behind a stack of unfinished spending bills and the wreckage of a partisan tax fight that has already jeopardized a top business priority: renewal of the research-and-development tax credit. The decades-old R&D credit is the single-largest casualty among a set of popular tax breaks -- including college-tuition deductions -- that were drawn into the fray over Republican efforts to win a permanent cut in federal estate taxes. Democrats blocked passage of the bill Thursday night because they oppose the estate-tax component. But when senators return after Labor Day, there will be renewed pressure to release the 'hostage' elements in the so-called trifecta package."

GOP House Members From California Lead Six Key Committees. The Los Angeles Times (8/5, Hamburger, Roche, Simon, 918K) reports, "Despite the state's predilection for voting Democratic, six of its 20 Republican Congress members are chairmen of major

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committees. Their rise has brought millions of federal dollars and other benefits to parts of the state." Rep. Bill Thomas "snagged about $755 million for his district in last year's highway bill." Rep. Jerry Lewis chairman of the House Appropriations Committee, "tucked $4.25 million for his district into one recent spending bill — more than the individual allocations for 11 states. Some congressional leaders, however, have grown so close to well-connected lobbyists and have been so aggressive in channeling tax dollars to favored interests that their activities have sparked scrutiny and calls for reform. One California chairman, Lewis, is the subject of a federal grand jury investigation. The November elections will decide whether five of California's 'Big Six' chairmen — Thomas is retiring at the end of the year — continue to hold their powerful positions."

CBO Says This Year's Deficit Will Be Lowest In Four Years. The AP (8/4, Taylor) reports the Congressional Budget Office said Friday that the federal deficit "will register $260 billion this year, the lowest in four years, reflecting a strong economy and resulting growth in tax revenue." The estimate "is well below its earlier predictions and also below the $296 billion White House estimate less than a month ago."

CNN Poll Shows Bush Approval Rating Slowly Increasing. CNN (8/5) on its web site reports in a poll of 1,047 Americans conducted August 2-3 (+/-3%), "Overall, Bush's job approval rating continues a slow climb, but the majority of Americans -- 59 percent -- said they disapprove of how Bush is handling his job as president. Forty percent said they approved." CNN notes, "The approval numbers are a jump from previous polls. In April, only 32 percent said they approved of the way Bush was handling his job, and 60 percent disapproved. Since then, his approval numbers have been creeping upward." In addition, "59 percent said they disapproved of Bush's handling of the economy."

WPost Approves Of Ruling Requiring DeLay To Remain On Ballot. The Washington Post (8/5, A18, 748K) in an editorial writes the court ruling that former House Majority Leader Tom DeLay must remain on the ballot is "a delicious irony and -- if Mr. DeLay were to lose -- a fitting coda to a career built on trying to manipulate rules to his political advantage." The court's ruling "seems like not only the correct result but preferable as a matter of policy. Allowing candidates who are the choice of the primary voters to drop off ballots if the going gets tough would open the system to improper manipulation. No one should discount Mr. DeLay's political survival instincts if he is, in essence, forced to make the run. But for the moment it is enough to savor the fact that this time, anyway, Mr. DeLay's efforts to game the system appear to have backfired."

LA Times Pans Rep. Hunter's Disabled-Veterans Hunting Proposal. The Los Angeles Times (8/5, 918K) editorializes that Rep. Duncan Hunter "is not one to let his ignorance get in the way of making major federal legislation. Take, just as one example, Santa Rosa Island. … Because the second-largest of the Channel Islands chain, 40 miles off Oxnard, was already owned by the federal government and populated by herds of deer and elk transplanted there a century ago, why not turn it into a hunting preserve for disabled veterans?" The Times notes that a disabled veterans group "actually visited the island" and "found a rugged hunk of hilly terrain where getting around on a wheelchair is next to impossible." The Times adds, "You'd think that a local legislator would be more serious about stewardship of California's precious natural resources. But Hunter's record is filled with head-scratching antics."

OTHER NEWS:

Romney Says Big Dig Repairs Complete. The AP (8/5, Jewell) reports, "Safety repairs to a portion of the Big Dig tunnel where a motorist was killed by falling ceiling panels have been completed and the section will reopen once federal authorities give the OK, Gov. Mitt Romney said Friday. Romney gave no estimate when federal authorities would finish their review, but said they were aware of the urgency of addressing traffic congestion that would be partially relieved once the so-called 'Ramp A' is reopened, providing a key link to Logan International Airport."

Filmmaker Loses Defamation Lawsuit Against Kerry. The AP (8/5) reports a federal judge "dismissed a filmmaker's defamation lawsuit against Senator John Kerry, Democrat of Massachusetts, saying remarks linked to Mr. Kerry's campaign in the heat of the 2004 presidential race amount to political opinions. The filmmaker, Carlton Sherwood, sued Mr. Kerry and John Podesta, an aide who ran his campaign in Pennsylvania. Mr. Sherwood accused them of blocking the release of his documentary about Mr. Kerry's anti-Vietnam War activities by labeling him a 'disgraced journalist' and a 'Bush hack.' The Sinclair Broadcast Group canceled plans to broadcast the documentary, 'Stolen Honor: Wounds That Never Heal.'"

US-French Cooperation Brings Optimism Over Ceasefire. The AP (8/5, Charlton) reports, "Despite occasional bursts of French anger reminiscent of the rancor between Paris and Washington before the Iraq war, U.S.-

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French cooperation is fueling optimism…that together, they may even find a solution to the latest Middle East quagmire." While it "hasn't been trouble-free," Secretary of State Condoleezza Rice said "We're working with the French very closely" and added, "'We're certainly getting close' to a U.N. resolution." Observers say a "key reason for the U.S.-French cooperation…is that France is expected to contribute to, and possibly lead, a multinational force for Lebanon. And no force will work unless it has full U.S. support."

Secretary of State Condoleezza Rice said on MSNBC's Hardball with Chris Matthews (8/4, 7:00 p.m.) that "we are moving, I think, pretty effectively now with the French and with others if the United Nations toward a cessation of hostilities, toward an end to the fighting."

In a separate article, the AP (8/5, Wadhams) adds, "State Department spokesman Sean McCormack said: 'We are very close to a final draft with the French on a text.'" However, U.S. Ambassador John Bolton "met three times with his French counterpart during the day, trying to reach agreement," but he "and others said disagreements that have prevented a deal for weeks still remain." Meanwhile, "Some diplomats expressed impatience with the Americans and the French."

And in its coverage of the latest violence the AP (8/5, Hurst) adds, "After days of desultory diplomacy, Washington said it was near agreement with France on a U.N. cease-fire resolution, possibly by early next week. But Israel and Hezbollah showed no signs of holding their fire."

AFP (8/5, Witcher) says that "The United States and France faced mounting pressure" to agree on a ceasefire. "UN Secretary General Kofi Annan spoke with the French and US presidents, Jacques Chirac and George W. Bush." According to White House spokesman Tony Snow "Bush and Annan discussed the diplomatic negotiations and 'efforts to create a way forward.'" And Bush "expressed his concern about continued violence in Lebanon and Israel." Asked if "this meant that there had been a breakthrough in talks to craft a resolution, Snow said: 'No, I don't think so.'"

In its coverage of the latest attacks between Israel and Hezbollah the New York Times (8/5, Kifner, Erlanger, 1.21M) notes, "France and the United States remained locked in negotiations over the text of a resolution that would halt the fighting, decide who monitors the truce and lay down plans for a political settlement designed to prevent a recurrence of hostilities." The "necessity of consulting with Israel and Lebanon, and, through the Lebanese government, Hezbollah, to gauge reactions" has led to delays but once a "resolution to halt the fighting is agreed to, a second one is envisaged a week or two later that would set conditions for a permanent cease-fire and authorize an international force to patrol a buffer zone in southern Lebanon."

In contrast to other more positive assessments of the negotiations, Bloomberg (8/5, Zacharia) reports, "Israel's requirements for a cease-fire to end the three-week-old conflict in Lebanon may be more than the United Nations can deliver, dimming hopes for an early end to the fighting." Bloomberg notes, "The UN has been unable to agree on anything so far. If it does, it is far from clear that it will meet Israel's conditions."

Annan Reiterates Call For Ceasefire. AFP (8/5) notes, "United Nations chief Kofi Annan has reiterated his call for a ceasefire in Lebanon and said he had discussed the matter with the leaders of Lebanon, Britain and the United States." While visiting the Dominican Republic Annan said, "I hope that within the coming days there will be a (UN Security Council) resolution that will ask the parties to cease hostilities and that that can be followed shortly afterward by a second resolution so that…the international community can deploy forces."

Blair Postpones Vacation For Mideast Diplomacy. The New York Times (8/5, Cowell, 1.21M) reports that British Prime Minister Tony Blair "delayed a Caribbean vacation on Friday, saying the coming days would be crucial in the diplomatic effort to secure a cease-fire in Lebanon." Blair has been "taunted by accusations from former diplomats that he has frittered away British influence by his close alliance with President Bush," and recently "has made much…of conversations with figures including Prime Minister Fouad Siniora of Lebanon, President Jacques Chirac of France and Mr. Bush himself." Still, Blair "has resisted widespread calls in Britain that he distance himself from the United States by calling unequivocally for an immediate cease-fire — a demand likely to be made on Saturday by antiwar protesters set to gather in London for a march past the American Embassy." Under the headline "Blair in frantic Mideast peace effort," the Financial Times (8/5, Adams) adds that Blair "was engaged in a frantic round of telephone diplomacy on Friday night."

The AP (8/5, Gardiner) notes," President Bush, however, went ahead with his vacation plans despite the turmoil in the Mideast."

Critics Blame Administration For Failing To Nurture Democracy In Lebanon. McClatchy Newspapers (8/5, Strobel) reports, "When Syrian troops left Lebanon in April 2005…the Bush administration was quick to call their departure and the events that followed a victory in its campaign for democracy in the Middle East." In March 2005 President Bush said, "Any who doubt the appeal of freedom in the Middle East can look to Lebanon." But "that assessment, like much of the Bush administration's rhetoric about spreading democracy in the Middle East, appears to have been too rosy." After Syria's withdrawal "the administration paid much less attention to what came next." McClatchy notes, "The criticism that the Bush administration failed to think through its policies is similar to that leveled against it in Iraq…and in the Palestinian territories, where the

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administration pushed for elections that brought the terrorist group Hamas into government." One anonymous State Department official said, "We did nothing, we did absolutely nothing" to strengthen a weak Lebanese government. Secretary of State Condoleezza Rice "defended the administration's performance. But she seemed to acknowledge that more should have been done to bolster the wobbly" Lebanese government. On her recent Mideast trip Rice said, "Perhaps it has needed more energy than it has been given."

Israeli Attacks Seen As Threat To Lebanese Future Stability. The Wall Street Journal (8/5, Fam, 2.03M) reports that "while Israel's pummeling of Lebanon has to some extent unified this country's myriad sectarian and political factions, it also is putting enormous pressure on the delicate relationships that bind them. Before the offensive, various Lebanese groups were engaged in a national dialogue to plot the future of a country experiencing a remarkable rebirth from an anarchic 15-year civil war." The Lebanese public's "starkly contrasting responses to the current violence suggest the fissures that fueled that nightmarish era could resurface if the present conflict continues to degrade Lebanon's economic, political and social infrastructures -- or ends up empowering Hezbollah to the dismay of other factions."

CNN Poll Shows Public Split On Bush Handling Of Mideast Conflict. CNN (8/5) on its web site reports in a poll of 1,047 Americans conducted August 2-3 (+/-3%) respondents "were nearly evenly split on President Bush's handling of the current conflict in the Middle East. Forty-six percent of 1,047 Americans participating in the telephone poll…said they disapproved of Bush's handling of the crisis, while 43 percent said they approved. Ten percent had no opinion." Approximately "half the respondents -- or about 524 people -- were asked about Secretary of State Condoleezza Rice. Sixty-two percent said they approved of her job performance, and 59 percent said they were 'confident' or 'somewhat confident' about her ability to handle the Middle East situation."

Prisoner Exchange May Be Part Of Cease Fire Deal. The Washington Post (8/5, A14, Cody, 748K) reports, "Amid the chaos and grief of the three-week-old war here, Bassam al-Qantar has allowed himself to hope. After years trying to get his brother Samir out of an Israeli prison, he said, now may finally be the time." His brother Samir al-Qantar "was sentenced to over 500 years in jail after leading a four-man Palestinian raid…that killed two policemen, a civilian man and his 4-year-old daughter." The Post adds, "According to reports from Jerusalem, such a swap might be a part of an agreement to end the crisis being worked out at the United Nations."

Goal Of US Policy In Mideast Is To Limit Iran's Influence. The Wall Street Journal (8/5, Seib, 2.03M) reports, "The United Nations Security Council may well succeed next week in cobbling together a resolution to end the fighting in Lebanon. But as with most things Middle Eastern, all won't be as it seems. Each of the parties involved will be trying to use a cease-fire resolution to accomplish something other than simply ceasing the firing." For the US, "Washington's real goal is likely to be far broader, stretching beyond Lebanon itself. Washington's real interest lies in finding a formula that ends the fighting without enhancing the power of Iran, Hezbollah's main patron and the country that poses the real strategic threat to American interests in the region." In order to avoid strengthening support for Iran "the U.S. will be trying to steer the U.N. diplomacy to accomplish two things. The first will be to establish a system that prevents Iran from rearming Hezbollah with more missiles and rockets." The Journal adds, "The second goal will be to emerge from the cease-fire diplomacy having cemented greater international resolve to put a lid on Iran's nuclear program."

US Takes Cautious Approach To Iran Involvement In Mideast Crisis. The New York Times (8/5, Broder, Mazzetti, 1.21M) reports, "Despite suspicions that Iran is intimately involved in the current conflict between Israel and Hezbollah, the Bush administration has carefully stopped short of accusing Iran of inciting the crisis" as President Bush "has shied away from words or actions that could spark an open confrontation with Iran." The "administration has pulled its punches" for several reasons, "Most significantly…the United States lacks the means and political support to engage in another conflict in the region." Also, it "could scare off some countries whose votes are needed at the United Nations Security Council, and who are already suspicious that the United States is planning a confrontation with Iran if Iran rejects the Council's demands regarding its nuclear program." Finally, "intelligence officials said that a sober lesson of Iraq is the perils of building a case for war without ironclad evidence of terrorist links."

Iran Support For Hezbollah Mixed. ABC World News Tonight (8/4, story 2, 1:30, Sawyer, 8.78M) reported, "Today, thousands of people fill the streets of Tehran in a pro-Hezbollah rally while the Bush Administration applied new pressure." But while noting some public support for Hezbollah in Iran ABC (Sciutto) also reported: "President Mahmoud Ahmadinejad's public calls for Israel's destruction, repeated again this week, have gained him notoriety abroad, but at home, there's disappointment with unfulfilled economic promises. Despite booming oil revenues, unemployment is growing, poverty is rampant and, particularly frustrating in oil-rich Iran, there are new worries of a gasoline shortage, since most of it is refined abroad. Tonight, one man told us something we heard many times today, 'We need to fix our own house first.'"

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Iran Sees Arab Governments As Siding With US. The Washington Times (8/5, Athanasiadis, 88K) reports, "Iranian-Arab relations are rapidly deteriorating as the Israeli campaign against Hezbollah enters its fourth week with no sign of a diplomatic breakthrough." The Times notes, "Iranian diplomats have interpreted the Arab World's silence toward the ongoing fighting in Lebanon as evidence that it has ganged-up with Washington and Tel Aviv against Tehran." For example, "Kayhan -- a government-aligned newspaper preferred by analysts wishing to keep abreast of the leadership's thinking -- has argued that 'Saudi Arabia's tendency to side with America and the Zionist regime is based on a normalization of relations with Tel Aviv.'"

Administration Imposes New Sanctions On Firms Dealing With Iran. In news related to the Administration's diplomatic agenda in the Mideast, ABC World News Tonight (8/4, story 2, 1:30, Sawyer, 8.78M) reported, "Hezbollah's strength come from the missile and money it gets from Iran. Today, thousands of people fill the streets of Tehran in a pro-Hezbollah rally while the Bush Administration applied new pressure. New sanctions today for seven companies selling restricted technology to Iran."

The New York Times (8/5, Cooper, Myers, 1.21M) reports, "The United States has imposed sanctions on seven foreign companies…for providing Iran with materials that could be used to make unconventional weapons or cruise or ballistic missile systems." The State Department imposed the two year sanctions under the Iran Nonproliferation Act on two Russian, two North Korean, a Cuban, and two Indian companies. "Russia's Foreign Ministry responded swiftly and harshly, calling the decision unacceptable and denying that the country's military trade with Iran had violated any international laws." It also "suggested that the sanctions could hurt American companies." When asked "about the timing of the sanctions…given that the United States is trying to hold the Russians in a coalition to curb Iran's nuclear ambitions," a senior Bush administration official "said that 'there's never a good time' to impose sanctions."

The Financial Times (8/5, Kirchgaessner, Sevastopulo) adds, "the State Department is hitting at a close friend of" Russian president Putin, Sergei Chemezov, and called them "another obstacle" in US relations with Russia. The AP (8/5, Gedda) also notes "the U.S. is trying to enlist Moscow's help to pressure Iran and North Korea to abandon their nuclear programs."

Iranian Professionals' Visas Revoked. The Los Angeles Times (8/5, Watanabe, Romney, 918K) reports, "Amid rising tensions with Iran, U.S. officials have abruptly revoked the visas of dozens of Iranian professionals headed to a university reunion in Northern California this weekend, refusing them entry as they landed at several U.S. airports," and "some were held overnight in what one described to a friend in a brief phone call as 'jail conditions.'" While "a State Department spokeswoman said she could not discuss the cases because of confidentiality laws,"she "stressed that visa revocations in general are individual decisions and not politically motivated." However, "Reunion organizers in California blasted the U.S. actions, saying they were targeting Iran's best and brightest technocrats, many of them Western-educated, who could help ease volatile relations between the countries."

US Urged To Pursue Economic Strategy In Dealing With Syria. Andrew Tabler, a fellow of the Institute of Current World Affairs and the editor in chief of Syria Today magazine, in an op-ed in the New York Times (8/5, 1.21M) writes, "If Washington wants to break President Bashar al-Assad from Tehran, it should promote economic liberalism as the thin end of the wedge. It should support efforts to combat corruption, cut red tape, and promote transparency and the activities of nongovernmental organizations. Germany has already adopted a similar approach." Syria's economy "is in jeopardy" and if "Damascus demonstrates its ability to rein in and disarm Hezbollah, American economic aid could follow."

Mideast Violence Escalates. There was little mention of US diplomatic efforts on the national TV news programs, all of which led their broadcasts with reports focused on the details of the continuing Israeli and Hezbollah attacks. Most of the attention was focused on the number of missiles Hezbollah launched against Israel and an Israeli attack which apparently killed dozens of farmworkers. ABC World News Tonight (8/4, lead story, 2:10, Sawyer, 8.78M) reported, "Israel and Hezbollah pushed the conflict even further" and "neither side is backing down." Hezbollah threatened to attack Tel Aviv and that "would bring about a huge escalation in this conflict, possibly even inflaming it into a regional war" which "is something no one in the international community wants to see." Sawyer: "Ah, the worst dread." The CBS Evening News (8/4, lead story, 2:55, Cowan, 7.66M) added, "As you might imagine, any real talk of a peace deal today was drowned out by those attacks on both sides of the border."

NBC Nightly News (8/4, lead story, 3:00, Williams, 9.87M) reported, "The Lebanese death toll from today at least 32. They claim 57 civilians were killed but the Israelis are denying that. Hezbollah fired rockets farther into Israel than ever before. Three out of the of the 220 rockets landed 50 miles inside the nation of Israel. The situation remains a mess. The ground fighting remains intense." NBC (Engel): "In the last few hours Israeli air strikes have intensified at the end of one of the deadliest days so far."

NBC Nightly News (8/4, story 2, 2:00, Fletcher, 9.87M) reported, "It's the most intense attack on Israel ever and it's getting worse." Yet "Tel Aviv residents most don't seem too concerned. … Today is the Jewish Sabbath, their fourth underground. They added a line – 'may our soldiers return

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home safely.' It may take some time. The Israeli defense minister promised the war would continue until…'Israel completed the whole mission.'"

The New York Times (8/5, Kifner, Erlanger, 1.21M) reports, "Israeli airstrikes destroyed four bridges along Lebanon's main north-south highway in the Christian heartland north of Beirut on Friday, and killed more than 30 people in other areas far from Hezbollah-controlled territory." The Times notes, "With the Beirut-Damascus road already cut at several points, the attacks seemed aimed at arms routes from Syria. But because those same routes bring supplies and aid into the country, they tightened Lebanon's sense of siege."

The Washington Post (8/5, A12, Cody, Moore, 748K) reports, "Twenty-four days into the latest round of conflict, Israeli officers said they were in or around some 20 villages along the border stretching from Naqourah on the Mediterranean to the Kfar Kila region a few miles south of the Litani River." Yet, "their declared objective of clearing and holding a several-mile-deep strip of territory free of Hezbollah guerrillas still seemed distant. Most of the combat took place in the same villages where fighting has been reported since hostilities broke out July 12." And "as the casualties have mounted, the logic of mutual retaliation seemed to be overwhelming hopes for diplomacy, with both sides signaling determination to fight on. Israeli forces kept up pressure in the Gaza Strip as well, killing three people, according to Palestinian sources."

The Washington Post (8/5, A1, Shadid, 748K) reports, "Three weeks into Israel's war with Hezbollah, its forces are…far short of a zone Israeli forces said would soon expand deeper inside the country all along the border. U.N. officials said they estimate that at this pace…Israel would need another month to reach the Litani River, a push that Israel's defense minister has urged his top army commanders to prepare for." Meanwhile, "Israel and the United States have scaled back their ambitions -- from disarming or even destroying Hezbollah in the early days to the more modest aim now of creating a frontier that would push the militia back from the border. The growing signs that Hezbollah will emerge from the fighting intact, though battered, have already inspired its portrayal of the war as a victory."

The Los Angeles Times (8/5, Murphy, King, 918K) reports Israel's "strikes also alienated a group that largely has been hostile to Hezbollah. Christians make up an estimated 39% of Lebanon's population, the highest percentage of any country in the Middle East. Over the years, they have often sympathized with Israel, even briefly collaborating in battling Palestinians during Israel's 1982 invasion of Lebanon in the midst of the country's 15-year civil war."

McClatchy Newspapers (8/5, Allam, Schofield) notes, "With all major north-south arteries now in ruins, Lebanon essentially is cleaved into three separate chunks, each targeted by air strikes and struggling to provide for thousands of displaced families." The Wall Street Journal/AP (8/5) and the Financial Times (8/5, Devi, Wallis) report similar details.

Israelis Wary Of Extending Occupation Of Lebanon Territory. The New York Times (8/5, Myre, 1.21M) reports that Israel's "ground operation poses acute dangers for Israel and will severely complicate international efforts to end the fighting. For one thing, Hezbollah is fighting on terrain that it knows best." Israelis are uneasy after their past experience in occupying Lebanese territory and there are concerns a multi-national peacekeeping force may never materialize. And according to Michael Oren, a senior fellow at the conservative Shalem Center in Jerusalem, "there are also military limitations. … The army had to call up reserves, who have not seen this kind of combat in years, and they needed at least a few days of training before they could be sent into Lebanon."

Olmert Seen As Remaining Popular While Questions Are Raised About Israeli Response. The Financial Times (8/5, Morris) reports that few "have faulted the Sharon-like vigour with which" Israeli Prime Minister Ehud Olmert "has commanded the Lebanon campaign. Even members of the peace camp…embraced his policy of responding harshly once Hizbollah rockets began falling on Israel." That "consensus has so far stood up, despite an equally prevalent bewilderment that the rockets are still falling more than three weeks on." And 'he appears to have persuaded the public that Israel will not be able to fulfil its most extravagant war aim -- the complete annihilation of Hizbollah -- and that diplomacy as well as force will be a necessary part of ending the conflict."

In contrast, the Washington Post (8/5, A12, Moore, Finer, 748K) in an article titled "In Israel, Questions About The Conflict" says, "Israel's news media, intellectual elite and public are starting to question the judgment of the country's political and military leadership." While there was initially "an extraordinary national surge of unanimity during the first days of the conflict, public support is starting to fray, with some of the nation's most influential voices criticizing political leaders and Israel Defense Forces generals for military strategies they say have failed to protect Israeli citizens."

Israeli Tanks Vulnerable To Sophisticated Hezbollah Missiles. The AP (8/5, Harvey) reports, "Hezbollah's sophisticated anti-tank missiles are perhaps the guerrilla group's deadliest weapon in Lebanon fighting, with their ability to pierce Israel's most advanced tanks." And "Jane's Defense Weekly, a defense industry magazine, reported that Hezbollah asked Iran for 'a constant supply of weapons' to support its operations against Israel." It "cited Western diplomatic sources as saying that Iranian authorities promised Hezbollah a steady supply of weapons 'for the next stage of the confrontation.'"

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Drones Help Israelis Target Hezbollah. The Washington Times (8/5, Mitnick, 88K) reports, "With a view from 20,000 feet above the war in southern Lebanon, they can warn hunkered-down infantrymen of guerrillas around the corner poised for an ambush." Yet "the pilots of the Israeli Air Force's 200th Squadron never leave the ground. Sitting in the darkness of a windowless shed on this seaside base just south of Tel Aviv, they fly unmanned aerial drones and watch a battery of video screens that teleport them to the battle front of southern Lebanese hamlets more than 100 miles away."

Four Killed In Israeli Airstrikes In Gaza. The AP (8/5, Barzak) reports, "Israel pressed ahead with its incursion into the southern Gaza Strip on Saturday as airstrikes killed four Palestinians, including a mother and her two children, and tanks rolled to the edge of Rafah, officials said." Meanwhile, "Israel, which has been criticized for creating a humanitarian crisis in Gaza, said it opened another border checkpoint to allow 160 truckloads of food and medical supplies into Gaza, as well as gasoline and diesel."

Violence Disrupts Lives Of Lebanese Civilians. The Washington Post (8/5, A14, Boustany, 748K) reports, "The hostilities between Hezbollah and Israel have left hundreds of people dead. Meanwhile, about 800,000 people have fled southern Lebanon and the suburbs south of Beirut either because they were warned to leave or because they were trying to escape airstrikes and ground offensives. Many of the refugees have crowded schools, parks and abandoned apartments in Beirut, and hundreds of young Lebanese have rallied to help care for them."

McClatchy Newspapers (8/5, Bengali) reports, "As Israeli air strikes in search of Hezbollah targets have flattened neighboring villages, nearly everyone along the border has fled north or into Christian villages such as Almaa al Shaab, where Hezbollah's Shiite Muslim fighters are less likely to be hiding."

McClatchy Newspapers (8/5, Fadel) reports earlier this week 14-year old Mohammed Nasrallah, "a brother, his father and three other men were taken captive by Israeli commandos" in a "Hezbollah stronghold about 40 miles north of the Israeli border. After a forced march across the desert to waiting helicopters, Mohammed was released. His father, brother and the other men haven't been seen since." It is uncertain "why the Israelis stormed Mohammed's house. … But everyone suspects it has something to do with Mohammed's father's name, Hassan Nasrallah. It's the same name as the leader of Hezbollah." Yet, "Mohammed's father is Hassan Nasrallah the grocer, and he's not related to Hassan Nasrallah the Hezbollah sheik." The Los Angeles Times (8/5, Wilkinson, 918K) and the Los Angeles Times (8/5, Stack, 918K) also report on the impact the violence is having on civilians.

Israeli Conduct Of War Against Hezbollah Defended. Arizona State University professor of international law Orde Kittrie, who served in the Office of the Legal Adviser at the U.S. State Department from 1993 to 2003, in an op-ed in the Wall Street Journal (8/5, 2.03M) writes, "The Qana tragedy has intensified accusations that Israel's actions in Lebanon violate international law. Every death of an innocent person is extremely regrettable; but there is no evidence Israel has committed any war crimes. In contrast, Hezbollah, Iran and Syria have clearly violated international law in this conflict. Moreover, Israel's conduct compares favorably to how its most powerful accusers have behaved when their own interests have been threatened."

South Korea Says North May No Longer Have Missile Ready For Launch. The New York Times/IHT (8/4) reports, "South Korea appeared to back down today from its earlier assessment that North Korea may have a second Taepodong-2 ballistic missile ready for launching," saying "that North Korea may have removed the second missile — if it was ever there — lowering the likelihood of further tests."

Administration Seeks To Play Down Pakistani Reactor's Significance. The Washington Post (8/5, A14, Warrick, 748K) reports, "Days after it confirmed the existence of a partially completed heavy-water reactor in central Pakistan, the administration took steps this week to play down the significance of the project, saying the new facility will produce far less plutonium than initial reports indicated," and "a spokesman for the Pakistani government echoed the administration's position." The assertion is "in conflict with independent nuclear experts," who "stood by their conclusion that the reactor would dramatically boost Pakistan's capacity to develop plutonium-based warheads."

Administration Advises Cubans Against Fleeing. The Administration's concerns about an exodus of refugees from Cuba were highlighted on the national news broadcasts. ABC World News Tonight (8/4, story 5, 0:20, Sawyer, 8.78M) briefly noted Secretary Rice's message reporting, "The US tried to broadcast a message to Cubans by Secretary of State Condoleezza Rice. She said, quote, 'We encourage the Cuban people to work at home for greater change. You have no greater friends than the United States.' The broadcasts to Cuba are routinely jammed."

In a more detailed examination of the Administration's response The CBS Evening News (8/4, story 7, 2:40, Schieffer, 7.66M) reported that one "Cuban exile leader in Miami says he's getting a flotilla of boats ready to go and officials in Washington and Florida are worried those boats might return loaded with Cuban refugees." CBS (Acosta): "Castro's death-- whenever it comes-- could literally launch a thousand rafts." Concerned about an exodus "the State

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Department and White House have urged people in Cuba to stay put." White House spokesman Tony Snow: "This is not a time for people to try to be getting in the water and going either way." Acosta: "Then there's the issue of the government's wet foot/dry foot policy which states that any Cuban rafters who makes it to the beach can stay in the country. Those who get plucked out of the water must go home and the question is whether that law is designed to handle a huge influx of refugees. The policy invites the Cubans to abandon their rafts and swim to freedom."

The New York Times (8/5, DePalma, 1.21M) reports, "In a televised message beamed into Cuba," on TV Martí, the government-financed service that broadcasts to Cuba from the United States, "Secretary of State Condoleezza Rice offered the full support of the United States in a transition to democracy while promising to respect the sovereignty of the Cuban people." She "tried to calm fears that Washington planned to intervene directly in Cuba in the wake of President Fidel Castro's illness." As "the Cuban government has been turning back foreign journalists," the "lack of independent information has led to speculation about the true state of Mr. Castro's health. But the Cuban news media scoffed at the notion that anything was wrong."

The Washington Times/AP (8/5, A1, Arrington) adds, "Cuba's communist leadership mounted a campaign yesterday emphasizing the revolutionary roots of Fidel Castro's brother and designated successor, Raul, while attempting to reassure Cubans that the regime remains stable after the leader's hospitalization."

The AP (8/5, Snow) adds, "Rice urged the Cuban people not to flee the island for Florida because of political uncertainty." Also, "White House press secretary Tony Snow rejected as 'absurd' any suggestion that the United States would attack the island." The AFP (8/5, Sanchez) notes, "It is unclear how many Cubans actually heard her message, as Cuba goes to great lengths to block Radio and TV Marti transmissions. Cuba's Culture Minister Abel Prieto…dismissed Rice's comments," calling them "of no value to Cubans."

Some Say US Pressure Is Counterproductive. The Los Angeles Times (8/5, Williams, 918K) reports, "Exhortations from exile groups and the Bush administration for Cubans to seize the moment of Fidel Castro's illness to end communist rule have stirred little reaction there, and some analysts say the thinly veiled calls for a pro-democracy uprising could undermine prospects for change," as "the attempts at galvanizing discontent reveal misunderstanding of Cuban sentiments and behavior." Already, "Cuban activists have indeed distanced themselves from U.S. suggestions," and "Cuba's state-run media have lambasted the U.S. attempts to influence Cuban politics as intrusive and futile efforts to destabilize the country."

Domestic Cuban Dissidents Now Focus Of Anti-Castro Plans. The Washington Post (8/5, A2, Whoriskey, 748K) reports, "People hoping for political change in Cuba have traditionally focused on the role of paramilitary groups," but "is becoming clear that the passage of time has radically altered the anti-Castro struggle." Now, "many…say that dissident coalitions already working on the island should be the catalysts for the regime's overthrow." This "shift has been shaped over the last decade by a remarkable conciliation between Cubans in Miami and Cubans on the island."

Immediate Change In Cuba Said To Be Unlikely. The Wall Street Journal (8/5, A9, Etter, 2.03M) reports, "while exiles celebrate, U.S. policy makers have to ponder a more complicated question: Is the U.S. prepared for the fallout from another collapsed regime -- this one just 90 miles from its shores?" It notes "If a transition broke down into social unrest or civil war, there could be a mass exodus -- a potential nightmare for the U.S." Still, "the U.S. is pushing for democratic transformation on the Caribbean island." However, there will "probably not" be "immediate change.

Caldwell Says Fidel's Death Won't Necessarily Lead To Change. Christopher Caldwell writes in his column in the Financial Times (8/5), "Raúl Castro is often treated as a mere place-holding lackey who will put out the lights on a doomed regime," but "That sells Raúl short." Although "Cuba was not supposed to have survived until now under Castro-ite leadership," today "the optimism of 10 years ago – the belief that the death or incapacity of Fidel would automatically return Cuba to the fold of freedom – has been tempered." Cuba is, "In its own wretched way,…one of the success stories of the past two decades." Following "Raúl's leadership, the army has shown a good deal of savvy and seized control of what might be called the 'commanding heights' of the service economy." Meanwhile, "in the management of information…Cuba has been most aggressive," combining "blunt-edged repression with state-of the art innovation."

WSJournal Criticizes International Left's Approval Of Castro. The Wall Street Journal (8/5, 2.03M) editorializes, "it seems likely that the era of Fidel Castro is finally winding down toward the dictator's final bravura performance," but "Fidel can rest assured that his legacy will be honored for a long time" as "the international left then and now has kept the flame of romance burning beneath Castro's carefully nurtured reputation." His success shows "the international left will overlook oppression and economic mismanagement at home if you market yourself as David to the American Goliath," as they can "imagine that someone out there is struggling to build a better, more egalitarian way of life -- without any of them having to live amid the daily Cuban reality of grinding poverty and political intimidation."

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Mexican Court Will Decide On Recount. The New York Times (8/5, McKinley, 1.21M) reports, "with tensions steadily rising," the Mexican Federal Electoral Tribunal announced that it would issue its decision on Saturday morning on whether a recount" is necessary as Andrés Manuel López Obrador demands. For a week he and his allies in the city government shut down Mexico City's main avenue, and "there is widespread speculation that if the court refuses his demand, the blockades, sit-ins and marches he has led over the last month could become more belligerent, and even violent." Still, "the protest has cost Mr. López Obrador many allies, among them the leftist writer Carlos Monsivais." Also, "Business owners in the city center have…complained they are being hurt and have demanded the city government dislodge the protesters, to no avail. Hotel owners say their occupancy rate has dropped 50 percent this week. Restaurateurs and retailers are also hurting."

The Los Angeles Times (8/5, Enriquez, 918K) notes that Obrador's "faithful supporters always will regard him as the rightful winner whose victory was stolen." However, "Critics say Lopez Obrador's movement comes at the cost of credibility to institutions vital to Mexico's progress toward democracy," and "Pollsters say a backlash against him among left-leaning intellectuals and former supporters is growing in the capital, where many residents are growing weary."

The McClatchy Newspapers (8/5, Hoag) adds that news of the impending decision "cast a pall of trepidation over the capital city." Merchants' dislike of the protest is noted, and "Political columnist and analyst Rossana Fuentes said Lopez Obrador ran the risk of losing his more moderate supporters if he continued his campaign of "civil resistance" in the case of an adverse ruling from the tribunal." The Wall Street Journal (8/5, Lyons, Millman, 2.03M) notes," The broad scope of the court's power makes it hard to predict how it will rule on the recount or other challenges."

Protests, Violence Hurting Tourism. The Washington Times/AP (8/5, Stevenson) reports, "Growing political unrest and drug violence are making foreigners think twice about visiting Mexico, where the $11.8 billion tourism industry is the country's third-largest legal source of income," and "Some businesses have threatened to stop paying taxes unless the government cracks down on the demonstrations." However, "Things aren't likely to improve soon."

Venezuelan Opposition Leader Withdraws From Presidential Race. The AP (8/5, James) reports, "Venezuelan opposition leader Teodoro Petkoff dropped out of the presidential race on Friday, saying he would support a single candidate — as yet unannounced — to run against President Hugo Chavez in December elections." He "said he had discussed the issue with" the other candidates, Manuel Rosales Borges and Julio Borges, "and that all had agreed to support a single candidate. Borges said that the decision as to whether he or Rosales would face Chavez would be announced Monday."

Belarus Convicts, Sentences Election Observers. The New York Times (8/5, Myers, 1.21M) reports, "A court in Belarus on Friday convicted four election observers", the leaders of an American-financed organization called Partnership, "whose arrests in February foreshadowed a broad crackdown after the disputed re-election of President Aleksandr G. Lukashenko." In response to Belarus's antidemocratic actions, the US and Europe "imposed sanctions on Mr. Lukashenko and members of the government in protest, establishing a ban on travel for many senior officials and a freeze on their assets abroad." A deputy assistant secretary of state for the region David J. Kramer, "said in a telephone interview from Washington that those involved in the Partnership prosecution could also face sanctions. That would presumably include a ban on travel to the United States, but he declined to elaborate."

Rediscovered Files Reportedly Show "Recurrent" War Crimes During Vietnam War. The Los Angeles Times (8/5, Turse, Nelson, 918K) reports in a 4,400-word article that a once-secret Pentagon archive "shows that confirmed atrocities by U.S. forces in Vietnam were more extensive than was previously known." The file was declassified in 1994, after the passage of 20 years, and was partially viewed by the Times before being removed from public access because of the presence of "personal information." The Times reports, "The documents detail 320 alleged incidents that were substantiated by Army investigators -- not including the most notorious U.S. atrocity, the 1968 My Lai massacre ... Hundreds of soldiers, in interviews with investigators and letters to commanders, described a violent minority who murdered, raped and tortured with impunity. Abuses were not confined to a few rogue units, a Times review of the files found. They were uncovered in every Army division that operated in Vietnam."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – In Crawford, TX.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

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Aug. 3 - 5. BOYS AND GIRLS CLUB CONFERENCE _ Keystone conference of teen leaders from Boys and Girls Clubs from around the country. Discussions and events on topics such as gang violence, leadership, hip hop culture, teen recommendations for the nation, money, college and careers. Highlights: 10:30 a.m. - 11:30 a.m. Recording industry executives present an overview of hip hop culture and business, with a discussion on whether hip hop promotes negativity or the represents the reality of urban life. With Island Def Jam Records VP Shawn Costner, and others. 7:30 p.m. - 9 p.m. Centennial Celebration and recognition event, with a performance by American Idol and Boys and Girls Club alumnus Ruben Studdard. Independence Ballroom. Location: Grand Hyatt Hotel, 1000 H St. NW Contacts: LaTrese Coyt, 404-487-5728

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"High Profile Democrats Endorse Schwarzenegger."
"July Heat Wave Hitting L.A. Wallets."
"Masters of the Lobbying Universe."
"Shaken Israeli City Buries Its Dead."

New York Times:
"Israeli Air Raids Destroy Bridges North of Beirut."
"Risks Escalate as Israel Fights a Ground War."
"G.I. Crime Photos May Be Evidence."
"Clinton Dodges Political Peril for War Vote."
"Lieberman, Trailing, Drops Major Get-Out-the-Vote Effort."
"Leveled Colorado District Creates an Election Lab."
"Drug Problems Escalate After Hurricane Katrina."
"Baghdad: Shiite Rally in Baghdad Supports Hezbollah."
"Job Growth Slackened Last Month."

Washington Post:
"D.C. Cleansed Group Home Death Reports."
"On Southern Lebanon's Narrow Front, Smoke Signals a Fight for Every Yard."
"Comcast to Carry Nats."
"As Power Bills Soar, Companies Embrace 'Green' Buildings."
"Scattered by Katrina, Linked by a Church."
"Pastor and His Wife Keep Tabs on Their Far-Flung Flock."
"GOP Candidates Run From President."

Washington Times:
"Israel blasts Lebanon's last outside link."
"Regime officials reassure Cubans."
"Area police stand pat on aliens."
"Baghdad throng largest for pro-Hezbollah rallies."

Atlanta Journal-Constitution:
"Six arrested in rape of girl, 12."
"Delta: End pilots' pension plan."
"Trump plans Midtown towers."
"Homeless man set on fire."
"Arrest ordered in 'spy kids' case."
"Injured Atlanta cop dies."
"Death for Morehouse killing?"

Dallas Morning News:
"Israeli attacks cut off Beirut."
"Deficit estimate at 4-year low."
"Bush takes three history books on vacation."
"Decision: Girl has two moms."
"El Paso's flooding fears ease."
"Baby sitter suspected in injury to third child."

Houston Chronicle:
"B sample on Landis is positive; he now faces loss of Tour title."
"Metro studies limiting rail impact on Richmond."
"Post-dinner hours most deadly for young drivers."
"Retailers add extra deals to tax-free weekend."
"State cites Exxon Mobil over Baytown spill."
"Some skeptical of new anti-drug campaign."

Story Lineup From Last Night's Network News:
ABC: Israeli-Hezbollah Attacks; Iran Hezbollah Support; US Reinforces Baghdad; Lieberman Senate Challenge; Castro Health, Phoenix Serial Killer; Jobs Report; Adjustable Mortgage Problems; Starbucks Stocks Down; Singer Tony Bennett.

CBS: Israeli-Hezbollah Attacks; Al Sadr Hezbollah Support; US Iraq Casualties; Jobs Report; Pension Reform Problems; Phoenix Serial Killer; Cuban Exodus Concerns; Injured Marine Mugged; VA Care Questioned; Popular Internet Videos.

NBC: Israeli-Hezbollah Attacks, Rockets Fired Into Israel, Rice And Iraq "Civil War," Kean And Hamilton 9/11 Book, Unemployment report, Minimum Wage Debate, FEMA Trailers, Phoenix serial killers and race's charity sponsors

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Attachments:	dojclips060805.pdf

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, AUGUST 5, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Congress Is Stalled On New Terror Laws (LAT) 2
Canada: 18th Terror Cell Arrest (NYT) 4
RNC Chief Faults Democratic Leaders On Terrorism (WP/AP) 4
GOP Seeks To Mobilize Disaffected Base (WT) 5

Homeland Response:
Book: Sept. 11 Panel Doubted Officials (WP/AP) 5
Agency Says Military Did Not Lie To 9/11 Panel (NYT) 6

War News:
G.I. Crime Photos May Be Evidence (NYT) 7
Prosecutor Calls Accused G.I.'s War Criminals (NYT) 9
Prosecutor Seeks Trial For 4 Accused GIs (AP-Y) 10
6 Marines Are Charged In Assault (NYT) 11
Prosecutor Alleges Money Laundering (AP-Y) 11
Germany Probes Fairfax Contractor In Iraq (WP) 12
In Baghdad, Shiites Rally For Hezbollah (WP) 13
Shiite Rally In Baghdad Supports Hezbollah (NYT) 14
Thousands March In Baghdad Rally For Hezbollah (LAT) 15
Baghdad Throng Largest For Pro-Hezbollah Rallies (WT/AP) 16
Moqtada's 'Million-Man' March (NWK) 17
White House Rebuffs Clinton Criticism Of Rumsfeld (NSDY/AP) 18
Holding Pattern (NWK) 19
Iraqi Civil War Has Already Begun, U.S. Troops Say (MCT) 20
U.S. Reinforcements Hit Baghdad Streets (AP-Y) 22
Attacks Against Iraqi Civilians Climb (AP-Y) 23
Living In Jordan, Longing For Iraq (WP) 23
Poll: Public Split On Bush's Handling Of The Mideast Crisis (CNN) 24
India Finds Ex-Official Guilty In Oil Scandal (NYT) 25
Former Indian Minister 'Abused Position' (FT) 26
25 Taliban Fighters Killed In Afghanistan (AP-Y) 26
25 Taliban Fighters Killed In Southern Area (LAT/AP) 27
Kabul's Uneasy Summer (LAT) 27

DOJ:
U.S. AG May Have Taken On Local Fare (GN) 29

Corporate Scandals:
Fake Trade Jury Convicts, Acquits And Deadlocks (AP) 30
SEC-CFTC (WSJ) 31

Criminal Law:
Senate Ratifies Treaty On Cybercrime (AP) 32
Senate Ratifies Controversial Cybercrime Treaty (CNET) 32
US Joins International War Against Internet Crime (WINS) 33
Arrests Bring Closure To Scottsdale Murder (AR) 33
Pair Admit To Killings In Mesa, Scottsdale (EVT) 34
Ariz. Police Arrest 2 In Shootings Case (AP) 36
Second Brother Arrested In New Orleans Quadruple Shooting (AP) 36
California Congressman Helped Abramoff Win Contract (MCT). 37
Rival Urges Harris To Quit (HTRIB) 39
Ex-Bush Aide Admits Shoplifting And Is Fined (NYT) 40
Former White House Advisor Pleads Guilty To Misdemeanor Theft (MCT) 40
Ex-Bush Aide Pleads Guilty To Theft From Store (WT/AP) 41
Ex-Aide To Bush Pleads Guilty (WP) 41
Identity Crisis (WP) 43

Civil Rights:
Bridge Blockade Goes To Grand Jury (NOTP) 43
Feds Probe Post-Katrina Bridge Blockade (AP) 45

Antitrust:
N.J. Says No To Exelon's Call To OK Merger Now (PHI) 45
N.J. Won't Sign Off On $17.8B Utility Sale (BHN) 46

Environment/Indian Affairs:
Accountants For Tribal Members Implicated In Suit (SMT) 47
No-Human Zones For The Ocean (LAT) 48

FBI/DEA/ATF/USMS:
ATF Director Resigns Amid Spending Probe (WP) 48
ATF Head Steps Down Amid Probe Of Spending (AP) 49
ATF, FBI Investigating Molotov Cocktail Tossed At Jewish School (WE) 49

Tax:
Bench On Fire: KPMG Judge Grills Prosecutors (WSJ) 50

Congress-Administration:
DISTRICT BRIEFING (WP) 52
VIRGINIA BRIEFING (WP) 52
Area Police Stand Pat On Aliens (WT) 53

Louisiana: State Responsible For Trailer Residents (NYT)..... 54
Landrieu Seeks Aid To Fight N.O. Crime (BRADV) 54
Drug Problems Escalate After Hurricane Katrina (NYT)..... 55
Louisiana: Investigation Of Bridge Blockade (NYT/AP)..... 56
Small Clause, Big Problem (NYT)..... 57
Scattered By Katrina, Linked By A Church (WP)..... 58
Pension Bill Boosts Taxpayers, Wall St. (AP-Y)..... 60
Bush To Sign Pension Bill, To NWA's Relief (MINNST)..... 62
The 401(k) Of The Future (WSJ)..... 63
Pension Bill Also Curbs Hunters' Tax Break (WP) 64
Mixed Business Reaction To US Pensions Reform (FT) 65
Minimum Wage Workers Lose Political War (AP-Y)..... 66
Blame Game Follows Death Of Minimum-wage Bill (WT)..... 66
Congress Adjourns For Summer, With Tax Credits In Jeopardy (WSJ)..... 67
California's `Big 6': Masters Of The New Lobbying Game (LAT) 68
Deficit Estimated Lowest In 4 Years (AP-Y) 72
Not So Fast, Mr. DeLay (WP) 73
We Vote Rep. Hunter Off The Island (LAT)..... 73

Other News:

Pennsylvania: Lawsuit Against Kerry Is Dismissed (NYT/AP) 74
French-U.S. Cooperation May Bring Peace (AP)..... 74
France And U.S. Near Mideast Resolution (AP) 75
Mideast Fight Ramps Up Despite U.N. Deal (AP-Y) 76
Pressure Mounts On France, US To Overcome Lebanon Resolution Differences (AFP-Y) 77
Israeli Air Raids Destroy Bridges North Of Beirut (NYT) 79
Israel-UN Gap On Cease-Fire Dims Hope For Fast End To Fighting (BLOOM)..... 80
Annan Repeats Call For Ceasefire In Lebanon (AFP-Y)..... 82
Blair Delays Vacation For Mideast Diplomacy, But His Specific Goal Remains Unclear (NYT)..... 82
Blair In Frantic Mideast Peace Effort (FT) 83
Blair Delays Vacation To Work On Mideast (AP-Y)..... 84
Bush Administration Disappointed After Backing Change In Lebanon (MCT)..... 85
Attacks Test Lebanese Cohesion (WSJ)..... 86
A Brother Hopes Anew For Man Long Held By Israel (WP)..... 87
Middle East (WSJ) 88
U.S. Treads Softly Over Iran's Role In Crisis (NYT)..... 89
War News Targets Israel For Blame (WT) 90
U.S. Puts Sanctions On 7 Foreign Companies Dealing With Iran (NYT) 91
US Slams Russian Companies Over Iran (FT)..... 91
U.S. Sanctions Companies Over Iran (AP-Y)..... 92
Iranian Professionals' U.S. Visas Revoked (LAT) 93
To Help Israel, Help Syria (NYT) 94
Israeli Warplanes Hit Lebanon's Christian Areas (WP) 95
In South Lebanon, A Fierce Fight For Every Yard (WP) 97
Airstrikes Hit Christian Area North Of Beirut (LAT)..... 99
United States, France Draft Plan For A Cease-fire In The Middle East (MCT)..... 101
Israeli Tanks Take Position In Rafah (WSJ/AP) 102
Israeli Air Strike Kills Farmworkers (FT) 103
Risks Escalate As Israel Fights A Ground War (NYT)..... 104
Israel's Unlikely Warrior (FT)..... 105
In Israel, Questions About The Conflict (WP) 106
Missiles Neutralizing Israeli Tanks (AP-Y) 108
Israelis Rely On Drones In War (WT) 108
Palestinians: Parliament Speaker Seized (AP-Y)..... 109
Families Find Refuge In Shade Of A Beirut Park (WP)..... 109
Christian Village In South Lebanon Is Caught In The Crossfire (MCT)..... 111
Boy, 14, Recounts Capture By Israeli Commandos (MCT)..... 111
Unnerved Israeli City Buries Its Dead (LAT)..... 112
In Asylum, Another Kind Of Casualty (LAT) 114
A War Crime At Qana? (WSJ)..... 115
South Korean Officials Say North Korea May Have Removed Missile (NYT) 117
Pakistani Reactor Not As Significant As Was Reported, Administration Says (WP)..... 117
Regime Officials Reassure Cubans (WT/AP)..... 118
Cuban Officials: Fidel Castro Recovering (AP-Y)..... 119
Cuba Insists: Raul Castro 'At Helm'; Fidel Recovering (AFP-Y) 120
Calls For Uprising Get Little Response In Cuba (LAT)..... 121
U.S. Anti-Castro Cubans Have New Allies On Island (WP) 122
After Castro, Viva Castro (FT) 123
Romancing Fidel (WSJ)..... 124
Leftist's Blockade Divides Mexico City, And His Supporters (NYT) 125
Mexico City Sit-in Has The Air Of A Fiesta (LAT)..... 126
Mexico's Electoral Tribunal To Rule On Recount (MCT)..... 128
Mexican Ruling In Disputed Election May Be Near (WSJ)..... 128
Violence Takes Toll On Visits To Mexico (WT/AP) 129
Chavez Opponent Drops Out Of Race (AP-Y) 130
Court In Belarus Convicts And Sentences 4 Election Observers (NYT) 130

TERRORISM NEWS:

Congress Is Stalled On New Terror Laws (LAT)

By David G. Savage And Maura Reynolds, Times Staff Writers
The Los Angeles Times, August 5, 2006

DOJ_NMG_0044544

As elections approach, lawmakers are divided on what rules to set for tribunals and wiretaps.

WASHINGTON — This was supposed to be the year for Congress to write laws to govern the war on terrorism. But as the summer recess got underway Friday, there were few signs that the Republican-controlled House and Senate were close to setting any ground rules.

Right after Sept. 11, the Bush administration had broad support for taking whatever steps it deemed necessary to protect against future attacks.

But nearly five years and several key court rulings later, the job of setting formal guidelines has landed on Capitol Hill.

The stage was set eight months ago, when President Bush confirmed news reports that he had secretly authorized the National Security Agency to intercept some phone calls and e-mails into and out of the U.S. despite a federal law that requires a warrant from a judge.

Since then, Congress has been debating what to do.

It could require the NSA to obtain warrants for these intercepts, a move some lawmakers favor. Or it could exempt Bush's program from oversight on grounds of national security, the course favored by the administration.

In late June, the Supreme Court struck down the president's special military tribunals for alleged terrorists, ruling Congress must adopt laws to govern such prosecutions.

Some lawmakers favor the use of the military's traditional rules for courts-martial, but Bush's lawyers would prefer that Congress simply write the president's tribunal rules into law.

House and Senate committees are moving slowly on both fronts and have yet to approve any legislation.

"Clearly, Congress has not stepped up," Senate Judiciary Committee member Mike DeWine (R-Ohio) said during a committee hearing Thursday. "Congress needs to act."

Civil libertarians and military lawyers who favor tighter oversight of the administration's conduct of the war on terrorism say they are not optimistic. They do not think lawmakers are likely to put new restrictions on the White House as congressional elections approach.

"I testified before both the House and Senate Armed Services committees, and I came away really discouraged, particularly on the House side," said John D. Hutson, a retired Navy rear admiral and former chief judge advocate general of the Navy. He is now dean of the Franklin Pierce Law Center in Concord, N.H.

"Many of the members simply want to rubber-stamp the administration's prior commissions."

And despite having spent a good deal of time debating the issue of electronic surveillance, lawmakers remain sharply divided on what to do.

Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) this year accused Bush and the NSA of breaking the law by authorizing the warrantless wiretaps.

To prevent unchecked snooping on private phone calls in the U.S., the Foreign Intelligence Surveillance Act of 1978 says the government's "exclusive" legal means for monitoring such communications is proving to a judge that it has good reason to think its target is linked to a foreign government or international terrorist group.

Administration officials argue that the act's warrant requirement hinders quick detection of terrorist plots.

After meeting recently with Bush and Vice President Dick Cheney, Specter agreed to press for legislation removing the act's designation of warrants as the "exclusive" means of legally conducting such surveillance. This would permit the government to bypass the warrant requirement.

Specter hailed his bill as a great compromise. Critics condemned it as a sellout. But Specter's approach drew some support at a Judiciary Committee hearing this week.

"It seems to me you've worked out a wise, appropriate route," said Sen. Sam Brownback (R-Kan.). "I think this is a good compromise."

Meanwhile, several California Democrats have introduced bills to reaffirm the principle that the government must have a warrant before it listens in on phone calls. The legislators include Sen. Dianne Feinstein and Reps. Jane Harman of Venice and Adam B. Schiff of Burbank.

But their bills are not seen as likely to win in GOP-controlled committees.

Many lawmakers attribute congressional inaction mainly to members' lack of knowledge about the spying program, which is highly classified. Only the GOP and Democratic leadership and members of the House and Senate intelligence committees have been briefed on it.

But even those who do have the details don't seem to agree on what Congress should do.

Rep. Heather A. Wilson (R-N.M.), a member of the House intelligence panel, has introduced a bill that would change the law to accommodate the administration's spying program.

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Harman says she supports the program but thinks current laws are appropriate. Instead of changing the rules, she would give the administration more resources to help it comply with the surveillance act.

Wilson's proposal is "way too broad and way too vague," Harman said. "I think she gives away too much."

Said Wilson: "Rep. Harman's bill looks to resources…. That's useful but not sufficient."

On the issue of military tribunals, the Supreme Court's ruling requires Congress to pass legislation guiding any detainee trials at Guantanamo Bay, Cuba. But there is a divide between the administration's civilian and military lawyers over what the rules should be.

For example, the administration wants to be able to use coerced evidence and to withhold other evidence from defendants.

Such proposals have been publicly criticized by military lawyers, as well as Sen. Lindsey Graham (R-S.C.), a former Air Force lawyer. Graham has insisted the tribunals should be modeled on the Uniform Code of Military Justice.

Congress also must decide what constitutes a war crime.

Salim Ahmed Hamdan, a former driver for Osama bin Laden, was held at Guantanamo and charged with conspiracy. That is a common charge in criminal cases, but the high court ruled in Hamdan vs. Rumsfeld that conspiracy is not a war crime.

The government must show that Hamdan committed a "hostile and warlike act" against Americans, not simply that he had ties to Al Qaeda, Justice John Paul Stevens said in the June ruling.

Committee leaders in the Senate and House said they would work with the administration to draw up legislation to be ready in the fall.

Canada: 18th Terror Cell Arrest (NYT)

By Christopher Mason

The New York Times, August 5, 2006

The police arrested an 18th man in a suspected terrorist cell that was believed to be plotting to use truck bombs, take hostages and cut off the prime minister's head. The suspect, Ibrahim Alkhalel Aboud, 19, was arrested at his home in a Toronto suburb. The other suspects, all Muslims and including five minors, were charged in June.

RNC Chief Faults Democratic Leaders On Terrorism (WP/AP)

By Martiga Lohn, Associated Press

The Washington Post, August 5, 2006

BLOOMINGTON, Minn., Aug. 4 -- Ken Mehlman, chairman of the Republican National Committee, denounced Democratic Party leaders Friday, saying they would "surrender important tools" in the fight against terrorism.

Amid low approval ratings for President Bush and diminishing support for the Iraq war, Mehlman's speech at the RNC's summer meeting echoed a theme voiced by White House adviser Karl Rove in January: that Republicans should make terrorism a central campaign issue in the fall campaigns and argue that Democrats hold a pre-Sept. 11 view of the world.

Mehlman said that if the Democrats win control of Congress in the Nov. 7 midterm elections, party leaders will stop the National Security Agency from eavesdropping on foreign terrorists and will pursue impeachment of the president.

"America faces a critical question," Mehlman said. "Will we elect leaders who recognize we're at war and want to use every tool to win it, or politicians who would surrender important tools we need to win?"

He singled out House Minority Leader Nancy Pelosi (D-Calif.) and Democratic National Committee Chairman Howard Dean.

"As foreign jihadists call into the United States, do we use [NSA] technology to stop sleeper cells before they hit us? Or do we surrender use of this technology, as Nancy Pelosi and Howard Dean would have us do?"

The DNC dismissed Mehlman's comments, saying his "desperate rantings won't change the fact that Bush and his rubber-stamp Republicans are in deep trouble with the American people who can see right through their trickery and spin."

"The American people will not be fooled again," said Karen Finney, a spokeswoman for the DNC.

Rove said Jan. 20 at the RNC's winter meeting in Washington: "At the core, we are dealing with two parties that have fundamentally different views on national security. Republicans have a post-9/11 worldview, and many Democrats have a pre-9/11 worldview. That doesn't make them unpatriotic -- not at all. But it does make them wrong -- deeply and profoundly and consistently wrong."

Democrats and some Republicans have questioned the legality of Bush's domestic surveillance. The administration contends that the warrantless wiretapping is needed to combat terrorism.

The political terrain looks rough for Republicans, with polls showing that many voters prefer the Democratic candidates in their districts to the GOP picks. Nevertheless, polls show that voters prefer Republicans on national security issues.

DOJ_NMG_0044546

GOP Seeks To Mobilize Disaffected Base (WT)

By Ralph Z. Hallow, The Washington Times

The Washington Times, August 5, 2006

MINNEAPOLIS -- Republicans say their disaffected base can be mobilized for the November elections by emphasizing the security pitfalls of a Democrat-controlled Congress.

The question for hard-core Republicans is do they want the House to be led by Rep. Nancy Pelosi of California, "who said less than a year after 9/11 'I don't really consider ourselves at war,'" Republican National Committee Chairman Ken Mehlman yesterday told the annual summer gathering of the Republican National Committee.

"As foreign jihadists call into the United States, do we use NSA technology to stop sleeper cells before they hit us?" Mr. Mehlman asked.

"Or do we surrender the use of this technology, as Nancy Pelosi and [Democratic National Committee Chairman] Howard Dean would have us do?"

From their arrival on Wednesday, the party members' mood has seemed upbeat, despite the disgust many of them say Republican voters feel over the spending, immigration policy and the handling of the Iraq war by the Republican White House and Congress.

"We Republicans screwed up on spending and immigration, but the Democrats are so dysfunctional they can't take advantage of it," said former Arizona RNC member Mike Hellon, one of several Republicans vying for the House seat of Republican Rep. Jim Kolbe of Arizona.

The Democratic National Committee dismissed Mr. Mehlman's comments, saying his "desperate rantings won't change the fact that Bush and his rubber-stamp Republicans are in deep trouble with the American people, who can see right through their trickery and spin."

"The American people will not be fooled again," said Karen Finney, a spokeswoman for the DNC.

In a nation split about 50-50 between the two major parties, the RNC sees its main challenge as framing an irresistible appeal to its own voters rather than to independents and disaffected Democrats.

Polling shows the party base responds most positively to the Republicans' foreign policy, particularly the war against terrorism, and secondarily to tax, environmental and judicial issues.

"America faces a critical question: Will we elect leaders who recognize we're at war and want to use every tool to win it, or politicians who would surrender important tools we need to win," said Mr. Mehlman, who says the election will be "challenging."

The RNC also will try to convince the party's core voters that a Democratic Congress would spell disaster for the economy and the judiciary.

Mr. Mehlman claimed if Democrats take over, they will impose $2.4 trillion in new taxes -- not to reduce the deficit but to spend.

"Senate Democrats have fought to add nearly $2.3 trillion in new government spending to the last five budgets," he said.

"Who we elect in 2006 will determine whether we will continue to put judges on the federal bench who will interpret the law, not invent it," he said.

· This story is based in part on wire service reports.

HOMELAND RESPONSE:

Book: Sept. 11 Panel Doubted Officials (WP/AP)

By Hope Yen, The Associated Press

The Washington Post, August 5, 2006

WASHINGTON -- The Sept. 11 commission was so frustrated with repeated misstatements by the Pentagon and FAA about their response to the 2001 terror attacks that it considered an investigation into possible deception, the panel's chairmen say in a new book.

Republican Thomas Kean and Democrat Lee Hamilton also say in "Without Precedent" that their panel was too soft in questioning former New York Mayor Rudolph Giuliani _ and that the 20-month investigation may have suffered for it.

The book, a behind-the-scenes look at the investigation, recounts obstacles the authors say were thrown up by the Bush administration, internal disputes over President Bush's use of the attacks as a reason for invading Iraq, and the way the final report avoided questioning whether U.S. policy in the Middle East may have contributed to the attacks.

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Kean and Hamilton said the commission found it mind-boggling that authorities had asserted during hearings that their air defenses had reacted quickly and were prepared to shoot down United Airlines Flight 93, which appeared headed toward Washington.

In fact, the commission determined _ after it subpoenaed audiotapes and e-mails of the sequence of events _ that the shootdown order did not reach North American Aerospace Command pilots until after all of the hijacked planes had crashed.

The book states that commission staff, "exceedingly frustrated" by what they thought could be deception, proposed a full review into why the FAA and the Pentagon's NORAD had presented inaccurate information. That ultimately could have led to sanctions.

Due to a lack of time, the panel ultimately referred the matter to the inspectors general at the Pentagon and Transportation Department. Both are preparing reports, spokesmen said this week.

"Fog of war could explain why some people were confused on the day of 9/11, but it could not explain why all of the after-action reports, accident investigations and public testimony by FAA and NORAD officials advanced an account of 9/11 that was untrue," the book states.

The questioning of Giuliani was considered by Kean and Hamilton "a low point" in the commission's examination of witnesses during public hearings. "We did not ask tough questions, nor did we get all of the information we needed to put on the public record," they wrote.

Commission members backed off, Kean and Hamilton said, after drawing criticism in newspaper editorials for sharp questioning of New York fire and police officials at earlier hearings. The editorials said the commission was insensitive to the officials' bravery on the day of the attacks.

"It proved difficult, if not impossible, to raise hard questions about 9/11 in New York without it being perceived as criticism of the individual police and firefighters or of Mayor Giuliani," Kean and Hamilton said.

Congress established the commission in 2002 to investigate government missteps leading to the Sept. 11 attacks. Its 567-page unanimous report, which was released in July 2004 and became a national best seller, does not blame Bush or former President Clinton but does say they failed to make anti-terrorism a high priority before the attacks.

The panel of five Republicans and five Democrats also concluded that the Sept. 11 attacks would not be the nation's last, noting that al-Qaida had tried for at least 10 years to acquire weapons of mass destruction.

In their book, which goes on sale Aug. 15, Kean and Hamilton recap obstacles they say the panel faced in putting out a credible report in a presidential election year, including fights for access to government documents and an effort to reach unanimity.

Among the issues:

_ Iraq. The commission threatened to splinter over the question of investigating the administration's use of 9/11 as a reason for going to war. The strongest proponent was original member Max Cleland, a Democratic former senator who later stepped down for separate reasons.

If Cleland had not resigned, the commission probably would not have reached unanimity, according to the book. Ultimately, commissioners decided to touch briefly on the Iraq war by concluding there was no "collaborative relationship" between Saddam Hussein and al-Qaida; the administration had asserted there were substantial contacts between the two.

_ Israel. The commission disagreed as to how to characterize al-Qaida's motives for attacking the U.S., with Hamilton arguing that the Israeli-Palestinian conflict and the presence of U.S. forces in the Middle East were major contributors.

Unidentified members believed that "listing U.S. support for Israel as a root cause of al-Qaida's opposition to the United States indicated that the United States should reassess that policy," which those commission members did not want.

Ultimately, the panel made a brief statement noting that U.S. policy regarding the Israeli-Palestinian conflict and Iraq are "dominant staples of popular commentary across the Arab and Muslim world."

_ Access to detainees. The panel pushed for direct access to detainees, at one point proposing to be at least physically present or to listen by telephone during interrogations so they could gauge credibility and get unvarnished accounts.

The administration resisted, citing concerns about national security. Officials also said they feared setting a precedent of access by a nongovernment entity that could undermine the administration's position that the Geneva Conventions did not apply to detainees classified as "enemy combatants."

The commission agreed to submit questions and receive written responses. Later, allegations emerged of prisoner abuse at Abu Ghraib and Guantanamo Bay that probably played a factor in the government's resistance, the book states.

Agency Says Military Did Not Lie To 9/11 Panel (NYT)

By Philip Shenon And Jim Dwyer

The New York Times, August 5, 2006

DOJ_NMG_0044548

WASHINGTON, Aug. 4 — The Defense Department's watchdog agency said Friday that it had no evidence that senior Pentagon commanders intentionally provided false testimony to the Sept. 11 commission about the military's actions on the morning of the 2001 terrorist attacks.

The agency, the Pentagon's office of inspector general, said the Defense Department's initial inaccurate accounts could be attributed largely to poor record-keeping.

The Pentagon initially suggested that the North American Aerospace Defense Command, the military's domestic air-defense operation, had reacted quickly to reports of the hijackings and had been prepared to intercept and possibly shoot down one of the hijacked planes.

The Sept. 11 commission, which uncovered the inconsistencies in the Pentagon's account, made a formal request in July 2004 for the inspector general to investigate why senior military officials who testified to the commission had made so many inaccurate statements.

In testimony in 2003 and in other statements to the commission, Pentagon officials made several statements that were proved false, including ones that Norad had closely tracked United Flight 93 and was prepared to shoot down the plane if it had approached Washington. Later investigations determined that the Defense Department was not aware of Flight 93 until after the plane had crashed into a Pennsylvania field.

In a report dated May 27, 2005, but not released until Friday, the inspector general's office found that "the inaccuracies, in part, resulted because of inadequate forensic capabilities," including poor log-keeping at the military air traffic control centers.

A spokesman for the inspector general's office, William P. Goehring, said that the question of whether military commanders intentionally withheld the truth from the commission would be addressed in a separate report that is still in preparation.

But Mr. Goehring suggested that the second report would exonerate the commanders. "We haven't found any information to indicate that testimony was knowingly false," he said.

The report, initially classified secret, was released Friday under a freedom-of-information request by The New York Times. Before it was made public, the equivalent of several pages of the report were blacked out on national security grounds.

The report said commanders had found it difficult to create an accurate timeline of the events of Sept. 11 because of the lack of a well-coordinated system in logging information about air-defense operations.

On Sept. 11, the report said, air-defense watch centers used handwritten logs that were not always reliable. After Sept. 11, it said, commanders failed to press hard enough to be certain that an accurate timeline was produced for the Sept. 11 commission and other investigations.

Newly disclosed audiotapes provided to the commission by Norad demonstrated widespread confusion within the military on the morning of the attacks, with many air-defense commanders uncertain whether the reports of the hijackings were part of an unannounced military exercise.

WAR NEWS:

G.I. Crime Photos May Be Evidence (NYT)

By Robert F. Worth And Carolyn Marshall

The New York Times, August 5, 2006

On March 13, a group of American soldiers sitting at a checkpoint south of Baghdad were asked to look into a horrible crime: a 14-year-old Iraqi girl had been raped, then killed along with her family in their house nearby in Mahmudiya.

The soldiers knew the house. They had been there only the day before, military prosecutors now say, committing the crime.

Those soldiers, along with others from their checkpoint, walked over and took detailed forensic photographs of the charred and bullet-riddled bodies, as if it were a routine investigation of an insurgent attack, according to a defense official who spoke on condition of anonymity.

Now, those photographs are likely to serve as evidence in the military's prosecution of the case, which opens a new chapter tomorrow when an Article 32 hearing, the rough equivalent of a grand jury proceeding, begins in Baghdad for five soldiers accused in the crime.

The case, which was first widely reported in June, raised alarm about the military's conduct, infuriating Iraqis and setting off a public bout of shame and soul-searching for the American command. And as details trickle out, a troubling picture is emerging of an Army unit numbed by months of extreme combat stress and left at one of the deadliest security checkpoints in Iraq without experienced leaders — a point that will be central in building a legal defense, lawyers in the case say.

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Many questions persist about the crime in Mahmudiya. Prosecutors initially said that only two of the accused soldiers had raped the girl, and that Steven D. Green, a private who was discharged in May after a psychiatric evaluation, was the ringleader. It now appears that at least three soldiers, including Mr. Green, raped her, according to a legal memo filed by a military magistrate. Prosecutors now believe the other two soldiers raped her first and later set fire to her dead body, two lawyers involved in the case said.

At the time, the men's squad leader and the overseeing platoon commander — both highly respected leaders — were on leave, said a sergeant in the same company as the men. He provided some details through e-mail on condition of anonymity.

"I know none of that would have happened if he was around," the sergeant said of the squad leader.

At least one staff sergeant in the unit repeatedly complained that checkpoints were under-manned, said David P. Sheldon and Capt. James D. Culp, lawyers who represent Specialist James P. Barker, one of the accused men. He and Pfc. Jesse V. Spielman, Pfc. Bryan L. Howard and Sgt. Paul E. Cortez have been accused of rape, murder and arson. The fifth soldier in the hearing, Sgt. Anthony W. Yribe, is accused of dereliction of duty for not reporting the crime, but he is not thought to have been at the house. Mr. Green is being tried in civilian criminal court.

Even relatives back home knew the men were stretched. Pfc. Shane Hoeck, a soldier in the unit, shared his worries with his brother Cody, 16, in frequent e-mail messages.

"They lost so many guys they don't have enough manpower to cover things," Cody Hoeck said in a telephone interview.

The military is still trying to determine whether the rape and killings in March have any connection to the torture and murder of three soldiers from the same platoon in June. Insurgents posted a video on the Internet last month showing images of two soldiers who had been kidnapped and castrated, one of them headless, and called it revenge for the rape.

In both episodes, soldiers appear to have been left on their own in violation of standard military procedures — a fact that has led to an investigation into possible lapses of supervision in the broader company that the men's platoon is part of: Company B of the First Battalion, 502nd Infantry, with the 101st Airborne Division.

The men's unit had already gained a reputation as the "hard luck platoon" among the soldiers stationed in the area around Mahmudiya, one of the most violent towns at the heart of the Sunni Arab insurgency.

"You have to understand, the civilians here do not like us," the sergeant said. "They had a good life before we came here. It is 100-percent Sunni. They all work against us even when they act like our best friends."

Specialist Barker's lawyers have made it clear that they will argue that commanders had exacerbated an already stressful environment by stationing him, and other soldiers, at the same dangerous checkpoint for weeks at a time.

In February, soldiers were ordered to spend up to 30 days at a time at the checkpoint — eating and sleeping there — instead of the routine three- to five-day rotation, several lawyers familiar with the case said.

At the same time, the commander of Company B, Capt. John Goodwin, was on the verge of nervous collapse and was sent to Baghdad for several days of "environmental recuperation," Mr. Sheldon said.

The checkpoints south of Baghdad are deadly, and the one the accused men were at was among the worst.

On Dec. 10, about three months before the rape, an Iraqi man in civilian clothing walked up to it, greeting and shaking hands with one of the soldiers on duty, according to relatives and lawyers of men in the unit. The Iraqi then raised a pistol and shot two sergeants in the head, fatally wounding them. Seconds later, Private Spielman shot and killed the attacker. Mr. Green, who was also at the scene, threw one of the wounded sergeants onto the hood of a Humvee and struggled to keep him alive during a frantic ride to the base.

All told, between September and June, at least 17 members of the battalion were killed, 8 of them from Company B, and dozens were seriously wounded. In February, morale took another hit when a fire broke out in the abandoned factory being used as makeshift barracks. No one was injured, but the fire destroyed most soldiers' personal items, including clothes, toiletries, journals, music players and family photographs.

"We thought, 'What else can go wrong?' " Captain Goodwin told the military publication Stars and Stripes after the fire. "But then I thought, 'I don't really want to ask that question.' "

The battalion commander, Lt. Col. Thomas Kunk, concerned about battle fatigue, stress and the resiliency of his men, began sending soldiers home in December for several weeks of leave. Even Colonel Kunk, 48-year-old decorated combat leader, was beginning to feel the weight of the losses. He recently admitted to his brother, Peter, that the last 10 months had been his hardest tour in Iraq, Peter Kunk said.

Such stresses have become a common feature of the war in Iraq. Still, cases where soldiers have been suspected of snapping under the pressure have been extremely rare.

Alcohol may also have been a factor in the Mahmudiya rape and killings. According to the charging documents, on the day of the crime, at least some of the accused soldiers were drinking at their checkpoint before they went to the house.

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While military rules prohibit the use of alcohol on base, and certainly in combat, soldiers can easily obtain it in Iraq, either through disguised packages from abroad (often plastic bottles of mouthwash), civilians who visit bases or Iraqis.

Last year an Army private was shot and killed by a fellow soldier in Iraq, and witnesses in that case have said the shooting was preceded by an evening of heavy drinking. The most recent Pentagon survey, in 2002, found that after years of decline, alcohol abuse was on the rise.

"The military is very much aware that they have an alcohol problem," said Dr. Genevieve Ames, a senior research scientist at the Pacific Institute for Research and Evaluation whose work has been financed by the Defense Department.

Whatever the outcome of the coming hearings for the accused soldiers, the Iraqi outrage at the Mahmudiya case and other recent accusations of abuses has become a political problem for the Pentagon. Prosecutors are expected to highlight that problem, calling Iraqi witnesses to show the crime's effect on the town. Several Iraqis are scheduled to testify at the hearing, and military officials have ordered that those portions be closed to the public, citing the Iraqis' concern that any publicity would endanger them.

Specialist Barker's lawyers have filed a motion contesting that decision. They have also accused government investigators of forcing a misleading confession from him.

If the Article 32 hearing proceeds to courts-martial, as expected, the trial would most likely be held at Fort Campbell, Ky. The misconduct cases are rarely discussed among family and friends who are awaiting the return of the soldiers, due home as early as September.

Prosecutor Calls Accused G.I.'s War Criminals (NYT)

By Paul Von Zielbauer

The New York Times, August 5, 2006

TIKRIT, Iraq, Aug. 4 — A military prosecutor called four American infantrymen "war criminals" on Friday for killing three Iraqi men in a raid in May after handcuffing them, "cutting them loose, telling them to run and shooting them."

But a lawyer for one of the accused soldiers said the three Iraqi men "got exactly what they deserved" and urged a military investigator to recommend that murder charges filed against the four be dismissed.

The lawyers' statements were part of summations given at the conclusion of a military hearing to weigh the evidence against the soldiers, all members of Company C, Third Brigade Combat Team, 101st Airborne Division.

The lieutenant colonel presiding over the hearing, held during the past four days in a makeshift room at an American military base here, must determine whether to recommend that the charges proceed to a court-martial. The recommendations, made to an Army major general who will decide how to proceed, may take several days or weeks.

The soldiers have denied any wrongdoing. Three of them — Staff Sgt. Raymond L. Girouard, Specialist William B. Hunsaker and Pfc. Corey R. Clagett — said they shot the Iraqi men in self-defense after the three escaped from plastic "zip-tie" handcuffs, assaulted two of the soldiers and fled.

Specialist Hunsaker and Private Clagett are accused of spraying the three men with automatic weapons fire as they ran away, barefooted and toward no obvious cover. Sergeant Girouard is accused of devising a plan to kill the men that involved cutting their cuffs off, punching Private Clagett and cutting Specialist Hunsaker to give the appearance of their having been attacked by the men, and then allowing the two soldiers to kill the men from several yards away as they ran, pulling off their blindfolds.

A fourth soldier, Specialist Juston R. Graber, was accused of "mercy killing" one of the three Iraqi men as he lay dying, with a head shot that pierced the man's blindfold. Specialist Graber admitted killing the man in a sworn statement given to Army investigators.

The deaths occurred during an assault on May 9 on several houses on a narrow spit of land near a lake in the volatile Sunni Arab region northwest of Baghdad. The region is regarded as among the most dangerous in Iraq for coalition forces to patrol.

Paul Bergrin, a Newark lawyer who represented Private Clagett but argued the summation for all four defendants, said they followed the rules of engagement, set by their brigade commander, to shoot all males of military age that they came across. The commander, he said, had warned their platoon that they would be attacking a known stronghold of Al Qaeda that had recently repelled a Special Forces unit and killed one of its members.

"They went to a hot L.Z.," Mr. Bergrin said, using the military slang for landing zone, "with the thoughts that they were going to fight terrorists, Al Qaeda and insurgents."

He said the Iraqi detainees used a large knife to cut themselves free and attack the soldiers before being shot dead. "They got exactly what they deserved," he said.

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“Sergeant Girouard does not have the type of character or integrity to orchestrate this,” Mr. Bergrin added. “Hunsaker is an excellent soldier, nothing but accolades. Private Clagett is a kid; he’s a 22-year-old, immature boy. He does not have the character and integrity to carry out this kind of immoral actions.”

The prosecutor summarizing the case against the four soldiers said their account defied reason. He said Sergeant Girouard had sent the other squad members away, leaving only Specialist Hunsaker and Private Clagett to guard the three detainees, violating tactical procedures.

“Where were these three barefooted detainees running?” Capt. Joseph Mackey asked. “There was nowhere of concealment to go.”

The rules of warfare, he said, are clear about the detention of prisoners.

“Once we detain these people, it became our duty to protect them,” he told the presiding officer, Lt. Col. James P. Daniel Jr. “Didn’t matter who they were before. Didn’t matter if they were terrorists.”

Earlier in the hearing, known as an Article 32, an Iraqi Army sergeant testified that Company C soldiers had killed an elderly man with gunfire as they approached the house containing the three men they later detained. The dead man was “about 70 to 75 years old,” said Sgt. Hamed Muhammad, one of four Iraqi soldiers with the American squad. His account may raise questions about the legality of that killing as well, because the man was not “military age.”

Prosecutor Seeks Trial For 4 Accused GIs (AP-Y)

By Ryan Lenz, Associated Press Writer

AP2, August 5, 2006

A military prosecutor said Friday that four U.S. soldiers accused of murder in Iraq crossed the line and violated the "laws of war," arguing they freed three detainees, encouraged them to flee and then shot them down as they ran.

"Soldiers must follow the laws of war. That's what makes us better than the terrorists, what sets us apart from the thugs and the hit men. These soldiers did just the opposite," Capt. Joseph Mackey said in closing arguments at a hearing to determine if the four should face a court-martial — and possibly the death penalty.

Pfc. Corey R. Clagett, Spc. William B. Hunsaker, Staff Sgt. Raymond L. Girouard and Spc. Juston R. Graber are accused of murder in the killing of three Iraqi men taken from a house May 9 on a marshy island outside Samarra, about 60 miles north of Baghdad.

The soldiers, all from the 101st Airborne Division's 187th Infantry Regiment, declined to testify at the hearing, relying instead on statements they made to military investigators.

They claim the detainees, who were blindfolded with their hands tied behind their backs with plastic straps, were killed while trying to escape.

Paul Bergrin, Clagett's civilian attorney, said in his closing arguments that the defendants are heroes, not killers.

"There is not enough credible and logical evidence where you could be convinced that these individuals deserve to face potentially the death penalty," Bergrin said. "They are victims in this case and they deserve to be treated as victims, not as criminals."

At the heart of the charges are "rules of engagement" outlining when U.S. troops can use deadly force.

The soldiers said they were ordered by ranking officers in the brigade to "kill all military-aged males" on the island. Witnesses testified this week that the rules provided for deadly force only against those who were hostile or refused to surrender.

The case is one in a string of alleged abuses that have raised questions about U.S. military operations in Iraq and fed Iraqi anger against the U.S.-led coalition.

Six U.S. Marines were charged this week with assaulting civilians in Hamdania in April. Three of the men were already being held on murder charges in the death of a 52-year-old Iraqi.

A hearing is scheduled to begin Sunday in Baghdad to determine if four other soldiers from the 101st Airborne should stand trial on charges they raped and murdered a 14-year-old girl in Mahmoudiya. Three members of her family were also slain.

The prosecutor said in his closing arguments that the soldiers charged in the Samarra killings should be viewed as war criminals.

"They are not war heroes, they are war criminals. And justice states that they face trial," Mackey said.

"Take a look at how they did it: They cut all three of the detainees loose at one time. These detainees were standing; they cut them free" before shooting them, he said.

Mackey cited the testimony of Pfc. Bradley Mason, who told the hearing this week that the soldiers in his unit finalized the plan to kill the detainees during the mission.

Hunsaker, Clagett and Girouard also are accused of obstruction of justice for allegedly threatening to kill Mason if he told investigators of the conspiracy.

Bergrin, the defense lawyer, said the prosecution presented no physical or forensic evidence to prove the killings were not in self-defense.

He dismissed Mason's testimony as untrustworthy. "This case rises and this case falls on the testimony of Pfc. Mason," he said, referring to the conflicting statements the soldier made in sworn statements.

The hearing's investigating officer, Lt. Col. James Daniel, will deliver a recommendation on whether a court-martial is warranted to the 101st Airborne's commanding general.

Capt. Theodore Miller, Girouard's military attorney, urged Daniel to exercise restraint.

"You are the first person in this chain of events who can stand up and say enough is enough," Miller said.

6 Marines Are Charged In Assault (NYT)

By Carolyn Marshall

The New York Times, August 5, 2006

Military prosecutors have charged six marines in a new abuse case involving the assault on an Iraqi civilian in Hamdaniya, the city at the heart of an separate murder case that led to charges against eight American servicemen in June.

The Marine Corps announced the new allegations late Thursday, bringing assault charges against six members of Company K of the Third Battalion, Fifth Marine Regiment, based at Camp Pendleton, Calif., where two other high-profile abuse cases are under investigation.

The latest assault case came to light in May, as the Naval Criminal Investigative Service looked into the killing of another civilian in Hamdaniya on April 26, said Lt. Col. Sean Gibson, a Camp Pendleton spokesman. That killing led to charges against a Navy corpsman and seven marines. Three of those marines are also charged in the new assault case.

According to the charge sheet, the six marines attacked the Iraqi civilian near Patrol Base Bushido in Iraq on April 10, “striking him on the face, head and torso with a force likely to produce death or grievous bodily harm.” One of the marines is also charged with assaults on two other men. He was accused of choking one civilian and placing a loaded pistol in the mouth of another.

The six men charged by the corps were identified as Lance Cpl. Saul H. Lopezromo, Pfc. Derek I. Lewis, Lance Cpl. Henry D. Lever, Sgt. Lawrence G. Hutchins III, Cpl. Trent D. Thomas and Lance Cpl. Jerry E. Shumate Jr. The latter three are confined in the Camp Pendleton brig on the unrelated charges in the April 26 murder in Hamdaniya.

Victor Kelley, a civilian defense lawyer representing Corporal Thomas for both the new assault charges and the continuing murder investigation, described the latest allegation as “false and wrong.” He said Corporal Thomas was “legally not guilty and factually innocent.”

Mr. Kelley, a lawyer with the National Military Justice Group in Birmingham, Ala., questioned the timing of the assault charges, and suggested that the case was a strategic legal maneuver by Marine Corps prosecutors, perhaps to gain information about the April 26 murder case.

“My sense is that the government is trying to put pressure on someone to save his own skin and rat on his brothers,” Mr. Kelley said. “The government is frustrated because so far, that has not happened.”

The victim of the April 10 assault has been identified as Khalid Hamad Daham, a man that one defense lawyer said was a “high value individual,” and therefore fair game.

Sergeant Hutchins was also charged with assaulting Hassam Hamza Fayall by choking him, and Ali Haraj Rbashby by placing the pistol in his mouth.

Colonel Gibson said investigations into the Hamdaniya killing and the killings of 24 Iraqis in Haditha were still open. No charges have been filed in the Haditha case, but the base has been preparing for what may be three hearings in the Hamdaniya killing. The hearings could start in late August.

Prosecutor Alleges Money Laundering (AP-Y)

By Deborah Hastings, Ap National Writer

AP2, August 5, 2006

The wife of a disgraced American contractor moved at least $2 million into overseas bank accounts to hide her husband's money, according to a letter from a German prosecutor, which was provided to the Associated Press.

In March, a U.S. jury ordered contractors Mike Battles and Scott Custer to pay $10 million for swindling the U.S. government in Iraqi rebuilding projects. Their company is also the subject of ongoing criminal investigations in the United States.

Battles' wife, Jacqueline, who lives outside Darmstadt, Germany, became the focus of the German money laundering investigation after she opened several bank accounts under her maiden name of Vihernik, according to the letter written by Darmstadt public prosecutor David Kirkpatrick.

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"Mrs. Battles received a minimum of ($2 million) from her husband," Kirkpatrick said in the letter written July 27. "The way the money was transferred shows that she is informed about the suspicious background of those transactions ... obviously, she is trying to channel the money."

The letter was sent to American attorney Alan Grayson, who represented two whistleblowers who sued Battles, Custer and their firm Custer Battles LLC.

A federal jury in Virginia ordered the contractors to pay $10 million to the government and the whistleblowers in what was the first civil fraud verdict arising from the Iraq war. Jurors upheld the lawsuit's accusations that Custer Battles LLC overcharged the Coalition Provisional Authority, which ran Iraq after the 2003 invasion, by as much as $50 million.

A federal criminal investigation into the contracts is ongoing, and Custer Battles is also being investigated for two shooting incidents in which Iraqi civilians and soldiers were injured.

Custer and Battles have appealed the judgment, and claimed they don't have enough assets to pay it. Jacqueline Battles was not part of her husband's firm.

Grayson said Friday that he has provided German prosecutors with documents describing how Battles and Custer cheated millions from Iraqi rebuilding projects.

"They are ill-gotten gains because Battles stole the money from the government and tried to hide it by sending it to Germany with his wife," Grayson said.

According to Kirkpatrick's letter, German authorities have seized nearly $1 million from the bank accounts Jacqueline Battles opened.

Kirkpatrick declined to comment when contacted by the AP in Germany. There was no phone listing for Jacqueline Battles. The current whereabouts of Mike Battles and Custer aren't known, according to Grayson. The Custer Battles office phone has been disconnected.

One of the two whistleblowers who won the March verdict, Robert Isakson, is a plaintiff in a second lawsuit that accuses two former Pentagon officials of scheming with Custer and Battles to form sham companies that sold illegal weapons on Iraq's black market where they could be bought by insurgents, the AP reported last month.

The two defendants, former acting Navy Secretary Hansford T. Johnson and top aide Douglas Combs, now run global contractor Windmill International Ltd., based in Amissville, Va.

That company was also named in the lawsuit. A company spokesman denied it was involved in any wrongdoing.

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Associated Press writer Melissa Eddy contributed to this story from Berlin.

Germany Probes Fairfax Contractor In Iraq (WP)

By Griff Witte, Washington Post Staff Writer

The Washington Post, August 5, 2006

Prosecutor Looks Into Possible Money Laundering After $10 Million Fraud Verdict

A German prosecutor is investigating the possibility that an American contractor who was ordered to pay the government millions of dollars for cheating on a contract in Iraq may be using his wife to funnel money through foreign bank accounts, according to a letter from the prosecutor.

A federal jury ruled in March that Custer Battles LLC, which operated out of Fairfax, defrauded the U.S.-led Coalition Provisional Authority of $3 million during work to furnish Iraq with a new currency in the first months after the invasion. The ruling was the first civil fraud verdict arising from the war effort.

The company's founders, Army veterans Mike Battles and Scott Custer, were ordered by the jury to pay more than $10 million in damages. Custer Battles has challenged the verdict, arguing that the CPA was not a U.S. entity and that federal anti-fraud law does not apply. A judge has yet to rule on the challenge, and the money has not been paid.

In a letter dated July 27, German prosecutor David Kirkpatrick revealed he had opened a criminal money-laundering investigation into the transfer of at least $2 million from Battles to his wife, Jacqueline Battles. Kirkpatrick said Jacqueline Battles, who lives in Germany, had opened "several bank accounts in the last few weeks using her maiden name Vihernik."

"The way the money was transferred shows that she is informed about the suspicious background of those transactions," Kirkpatrick wrote in a letter to Alan Grayson, the attorney who represented the plaintiffs who had sued Custer Battles for fraud. "Obviously she was trying to channel the money through accounts in a number of countries for the purpose of concealing the origin of those amounts."

Kirkpatrick wrote that he had tracked down about $1 million and was searching for the rest.

The existence of the letter was reported yesterday by the Associated Press. A copy was obtained by The Washington Post.

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Grayson represented two former workers in a lawsuit against Custer Battles under federal anti-fraud laws, alleging that the company used phony Cayman Islands companies to defraud the provisional authority, which governed Iraq in the first year after the invasion. The case is one of several to emerge from the $21 billion U.S. reconstruction effort that involve allegations of fraud.

Grayson said yesterday he believes Battles is attempting to avoid having to pay the judgment against him.

"It's clear from this that Battles is trying to hide the very money that is about to be taken from him, and that's illegal," Grayson said.

Custer Battles' attorney, Robert T. Rhoad, rejected that claim. "I don't believe there's any merit to that whatsoever," he said.

Rhoad said that the prosecutor's investigation was based on "a misunderstanding" and that Custer Battles does not owe any money to the government, pending the judge's ruling.

In Baghdad, Shiites Rally For Hezbollah (WP)

By Andy Mosher, Washington Post Foreign Service

The Washington Post, August 5, 2006

BAGHDAD, Aug. 4 -- Thousands of Shiite Muslims marched though the Iraqi capital on Friday in support of Hezbollah guerrillas battling Israeli forces in Lebanon, answering a call by radical cleric Moqtada al-Sadr to rally to the cause of their fellow Shiites.

Throngs of Shiite men, most clad in white burial shrouds that symbolized their willingness to die, gathered in the northeast Baghdad slum known as Sadr City. Then they marched toward the center of the capital, chanting: "We will step over America. We are Hezbollah" and "How can we sleep tonight? We have a quarrel with Israel."

Other demonstrators waved the yellow flag of Hezbollah, the red-and-green flag of Lebanon and numerous banners, including one that read: "Death to America and Israel, the enemies of humanity." Occasionally, knots of protesters stopped to desecrate the flag of Israel.

Friday's demonstration was the latest sign that the fighting in Lebanon is sparking outrage across the Middle East, especially among the region's Shiites. The large turnout, along with the absence of any reported violence, also suggested that Sadr's ability to rally legions of disciplined followers remains strong at a time when factional militias dominate Baghdad.

"Today, we proved that there is no violence among our ranks and the Iraqis are fully in support of the Lebanese people," said Sahib al-Amiry, who heads a branch of Sadr's organization called the God's Martyr Foundation.

Estimates of the crowd by organizers ranged from 250,000 to 1 million, which would make it the biggest protest in the Middle East in support of Hezbollah since Israel launched attacks last month after the Shiite insurgency group seized two Israeli soldiers in a cross-border raid. But the U.S. military said in a news release that calculations based on pictures taken from unmanned surveillance aircraft put the crowd at 14,000.

The convergence of so many Sadr supporters, including members of the cleric's personal militia known as the Mahdi Army, had raised concern that the march would provoke bloodshed. But the Iraqi Defense Ministry allowed it to take place, and the event was overwhelmingly peaceful. Many supporters traveled up from Shiite-dominated areas in southern Iraq.

Sadr issued a call for Friday's demonstration early in the week and has repeatedly denounced Israel's military assault in Lebanon. Both Sadr and Hezbollah share ties to Iran, and Sadr is believed to be modeling his movement after Hezbollah.

Shiite leaders in Iraq's government have also expressed solidarity with Hezbollah. Prime Minister Nouri al-Maliki, whose ruling coalition of Shiite parties includes several loyal to Sadr, has called for a cease-fire in Lebanon and has criticized Israel -- a stance at odds with that of the Iraqi government's backers in Washington.

Sadr's Mahdi Army staged two armed uprisings against U.S. and Iraqi forces in 2004 and has been widely accused of involvement in the sectarian killings that claim scores of lives every day in Iraq. Tensions persist between U.S. forces and Sadr's militia.

On Thursday, a van full of Sadr supporters on their way to the demonstration in Baghdad exchanged fire with U.S. and Iraqi forces at a checkpoint near Mahmudiyah, U.S. and Iraqi sources said.

A statement issued by the U.S. military in Baghdad said that occupants of the van fired on U.S. Army soldiers in a security tower and that the soldiers returned fire, killing two Iraqis. Al-Amiry, of the Sadr-allied God's Martyr Foundation, accused the Americans of firing first.

Maliki has vowed that his government will dismantle the militias, but many of the country's factional forces seem as potent as ever, including the one associated with Maliki's Supreme Council for the Islamic Revolution in Iraq.

While the level of violence in Baghdad was far lower than in recent days, bombings and gunfights Friday claimed more than a dozen lives in and around the northern city of Kirkuk.

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In Mosul, police battled insurgents in the streets of the city, 220 miles north of Baghdad, from early morning until afternoon, according to Wathiq al-Hamdani, the Mosul police commander. Two car bombs, he added, killed four police officers and wounded eight.

About 35 miles south of Mosul in the town of Hatra, a suicide bomber drove a car filled with explosives into a crowd of spectators during a soccer match between police and a local team, according to the Ninevah province police.

The bomb killed 10 people, including seven police officers, and wounded 12.

And in western Iraq, two American soldiers assigned to the 1st Armored Division's 1st Brigade were killed in combat Friday, according to a U.S. military statement that provided no additional details.

Special correspondents Saad Sarhan in Najaf and Dlovan Brwari in Mosul contributed to this report.

Shiite Rally In Baghdad Supports Hezbollah (NYT)

By Damien Cave

The New York Times, August 5, 2006

BAGHDAD, Iraq, Saturday, Aug. 5 — Tens of thousands of followers of the Shiite cleric Moktada al-Sadr rallied in support of the Lebanese militia Hezbollah on Friday, denouncing Israel and the United States for igniting violence throughout the Middle East.

The protest, the largest of several demonstrations in Iraq since the Israeli-Lebanese conflict began more than three weeks ago, filled 20 blocks of a wide, squalid boulevard and dozens of side streets in the Shiite-dominated Sadr City section of the capital.

All but a handful of the demonstrators were men, mostly young, wearing white cloth to symbolize funeral shrouds. Some carried guns. Waving Lebanese flags and posters of Hezbollah's leader, Sheik Hassan Nasrallah, they shook their fists and shouted in unison against what they described as the enemies of all Muslims.

"Hezbollah, beloved! Hit Tel Aviv! Hit Tel Aviv!" the protesters said. "No, no, no, Israel! No, no, no, America!" they chanted. And, finally, "If Americans are strong enough, they should come face us!"

The United States and Iraq's new Shiite-led government have been at odds over the Israeli-Lebanese conflict since it started. Hezbollah, a Shiite group with ties to Iran, inspires widespread support here among Shiites. At the protest, barefoot boys in camouflage T-shirts scampered after men handing out posters of Sheik Nasrallah, grabbing at them as if they were candy.

Mr. Sadr's organization claimed that a million people had attended; the United States military said it had counted 14,000.

In an effort to tap into Hezbollah's widening ring of support, Mr. Sadr's deputies sought repeatedly to conflate the Sadr-led uprising against Americans in Najaf two years ago with Hezbollah's current fight against Israel.

"This month is the anniversary of the Mahdi victories in Najaf and other provinces," Hazem al-Aaraji, Mr. Sadr's deputy, said in a speech to the crowd, referring to the Mahdi Army, Mr. Sadr's militia. "This month begins the sewing of a new robe of resistance in Lebanon."

The peaceful, highly organized show of force by Mr. Sadr — who called for the rally earlier this week — started near a mosque after Friday Prayer, when Muslims typically gather in large numbers. It came at a time of growing tensions between the American military and his organization. On Thursday, American troops killed at least two occupants of a vehicle carrying armed Shiites to Baghdad for the rally.

American and Iraqi forces have also recently conducted a series of raids on bases of the Mahdi Army and have arrested high-ranking militia leaders.

Several members of Mr. Sadr's bloc in Parliament said in interviews that the militia did not deserve to be blamed for the rising number of reprisal killings that have shaken Iraq in recent months.

"These are false accusations made against Sadr and the Mahdi organization," Falah Hassan Shanshal, a member of Parliament who serves as Mr. Sadr's spokesman, said at the rally. Moments later the deep thud of a bomb sounded in the distance.

"You see," he said. "This is the violence. This is the terror. It's all being done by Baathists and Takfiris," Mr. Shanshal said, referring to extremist Sunni groups. "We are here struggling and challenging the terrorism unarmed, in clothes of peace."

Unfazed by the blast, he turned away after a few seconds to greet his constituents.

An Interior Ministry official said later that the explosion had been a mortar round that struck the edge of Sadr City, near a mosque. No one was hurt, he said.

A few hours later, three people returning home from the rally were killed and four others were wounded when gunmen opened fire in the largely Sunni Dawra district of the city, the official said.

The United States military said that at least three suspected militants were killed in raids and an airstrike south of Baghdad on Thursday afternoon. Elsewhere in the country, fighting continued to rage. In Mosul, a series of car bombs aimed at Iraqi

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policemen killed a battalion commander and several other officers hours after Iraqi forces arrested 27 suspected insurgents, according to a statement from the Iraqi Army. Gun battles after the bombing between police officers and insurgents prompted officials to impose a curfew until 1 p.m. on Saturday, police officials said.

In Baquba, north of Baghdad, American troops wounded one person and arrested eight others in a series of raids, according to an official statement.

In Ubaydi, a town in Anbar Province on the Syrian border that American marines swept last year, three Iraqi civilians were killed and nine more were wounded when a mortar round hit a family's home, a statement from the American military said.

Also in Anbar, two American soldiers from the First Armored Division died as a result of "enemy action" on Friday. Another American — a member of the First Marine Expeditionary Force — died early Saturday morning from nonhostile action in Anbar, bringing the total number of soldiers killed in August to at least nine, the military said.

Two days earlier, the top American Marine commander, Maj. Gen. Richard C. Zilmer, said violence in western Iraq was increasing.

"Right now, much like all of Iraq, the attack levels are up," General Zilmer told The Associated Press.

Thousands March In Baghdad Rally For Hezbollah (LAT)

By Louise Roug, Times Staff Writer

The Los Angeles Times, August 5, 2006

Supporters of cleric Muqtada Sadr gather from across Iraq for the protest as violence in the capital and elsewhere claims 31 lives.

BAGHDAD — With yellow Hezbollah banners above their heads and American and Israeli flags beneath their feet, tens of thousands of Iraqis marched in the capital after Friday prayers in support of the Shiite Muslim militia in Lebanon.

Protesters burned effigies of President Bush and British Prime Minister Tony Blair. Wearing white funeral shrouds to suggest they were willing to become martyrs, many said they were ready to die for Hezbollah. The radical Shiite cleric, Muqtada Sadr, who controls the powerful Al Mahdi militia, had called for the demonstration.

Meanwhile, violence continued across Iraq, with gunmen and bomb explosions killing at least 31 people.

In Baghdad, armed and black-clad Al Mahdi militiamen mingled among the demonstrators as they walked through the streets. "We are his soldiers," chanted the protesters. "The Mahdi army and Hezbollah will be victorious."

"I wish from the bottom of my heart that there is a way to go and fight in Lebanon," said Hassanain Taher, a 36-year-old mechanic. "I will go directly from here, without saying goodbye to my family."

Organizers said half a million people participated in the march, but American military officials, apparently eager to downplay support for Hezbollah, put the figure at 14,000. An Iraqi working for The Times estimated there were at least 100,000 demonstrators.

The protesters came from around the country, some traveling several days. Taher had traveled almost 100 miles from the city of Diwaniya, south of Baghdad.

"I feel like I'm doing a sacred duty ordered by my religion and my sect," he said.

Hassan Raad, 26, a day laborer from Baghdad's Sadr City neighborhood, said he, too, wanted to fight for Hezbollah.

"We are here today, and wearing this shroud, so that even if they tell us now to board the buses and go to Lebanon we will go and fight," he said. "We are looking for anyone who can help us to go to Lebanon and fight there."

Some demonstrators carried coffins with signs saying "women and children of Lebanon." Residents offered the protesters, marching in 110-degree heat, soft drinks and water.

Shiite preacher Hazim Araji led a chant, asking "our beloved Hezbollah" to "hit Tel Aviv."

"We came here today despite all the explosions, car bombs, terrorists and Saddamists," Araji said at Friday prayers before the march. "We are not terrified by the airplanes that are now flying over us," he said, pointing to hovering American helicopters.

Despite vicious sectarian fighting, Iraqis appear to be uniting against what they view as a larger threat. Their sentiments may complicate matters for the U.S.-backed government of Prime Minister Nouri Maliki.

In northern Iraq, where 19 people were killed in mortar attacks and bombings in the Mosul area, Sunni preachers joined in the condemnation of Israel's military campaign in Lebanon.

"What the Israeli-Zionist forces are doing is a clear proof that the current war is a religious one aimed at destroying Islam," said Sheik Ibrahim Hasan. He called on worshipers to be "like one united body so as to be able to fight the enemies of Allah."

Iraqi security forces struggled to quell the violence in Mosul and local authorities announced a daylong curfew for today.

The U.S. military confirmed that two soldiers assigned to the 1st Brigade, 1st Armored Division were killed Friday in Al Anbar province. Iraqi officials said seven people were killed and five injured in separate roadside bombings in Baghdad.

In the predominately Shiite cities of Najaf and Samawah, angry young men also demonstrated in support of Hezbollah.

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Iraqi police and officials associated with Sadr said gunmen attacked a convoy of the cleric's followers in southern Baghdad as they returned to the holy cities of Najaf and Karbala after the rally. Three people were killed and 10 injured.

Many Iraqi Shiites resent the crackdown on militias in Baghdad and the southern city of Basra, seeing it as an attempt to take away their last line of defense against Sunni Arab extremists. Shiite militias draw young, unemployed men into what many regard as productive community service, such as guarding mosques during Friday prayers and keeping an eye on neighborhoods.

To tackle the lawlessness and sectarian violence in Baghdad, the United States is preparing to increase its troops there from 9,000 to more than 13,000. American officials say that if the capital can be secured, the rest of the country can be brought to order.

However, some observers fear that the continued fighting in Lebanon, which has led to growing support for Hezbollah among Iraqis, will further destabilize Iraq, which also has a Shiite majority and sizable Shiite militias.

In a confidential memo leaked to the media this week, the outgoing British ambassador to Iraq, William Patey, said, "If we are to avoid a descent into civil war and anarchy, then preventing [Sadr's Al Mahdi militia] from developing into a state within a state, as Hezbollah has done in Lebanon, will be a priority."

In 2004, Sadr's followers fought American soldiers in a large-scale urban battle in Najaf and in Sadr City. However, afterward, Sadr reinvented himself as a politician and his followers have as many as 35 seats in the Iraqi parliament, and hold some ministries, much as Hezbollah has become a part of the Lebanese government. U.S. officials say his militia is behind many of the executions and bombings in Baghdad.

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Times staff writers Saif Rasheed, Zainab Hussein and Jeffrey Fleishman in Baghdad, a special correspondent in Sadr City, and special correspondent Ruaa Zarary in Mosul contributed to this report.

Baghdad Throng Largest For Pro-Hezbollah Rallies (WT/AP)

By Vijay Joshi, Associated Press

The Washington Times, August 5, 2006

BAGHDAD -- Tens of thousands of Shi'ites crowded into a Baghdad slum yesterday to show support for Hezbollah as Arab anger toward Israel mounted on the Muslim holy day.

Such protests have even reached Saudi Arabia, where public discontent is rare.

In the most violent demonstration, about 100 people threw stones and a firebomb at the British Embassy in Tehran, damaging the building but harming nobody as they accused Britain and the United States of being accomplices in Israel's fight against Hezbollah, a Shi'ite group in Lebanon that is backed by Iran.

Even Sunni Muslim demonstrators took to the streets of Damascus, Syria; Amman, Jordan and Cairo.

But their numbers were dwarfed by the huge Shi'ite turnout in Baghdad, organized by anti-American cleric Muqtada al-Sadr.

Crowds of al-Sadr supporters from across Iraq's Shi'ite heartland converged on the capital's Sadr City district, chanting "Death to Israel, Death to America" in the biggest pro-Hezbollah rally since the conflict began July 12.

Demonstrators, wearing white shrouds symbolizing a willingness to die for Hezbollah, waved the militia's banner and chanted slogans in support of the group's leader, Sheik Hassan Nasrallah.

"Allah, Allah, give victory to Hassan Nasrallah," the crowd chanted before burning Israeli and American flags.

Organizers and local police said hundreds of thousands attended the rally, but the U.S. military later estimated the crowd at 14,000. Associated Press reporters at the scene thought attendance was at least in the tens of thousands during the high point of the march.

The rally went off peacefully -- a remarkable achievement in a city where bombings and shootings are an everyday occurrence. Sadr City is under the effective control of Sheik al-Sadr's Mahdi Army militia, which maintains its own security network.

However, five busloads of Shi'ite demonstrators were ambushed southwest of Baghdad late yesterday as they returned home from the rally, police said.

Imam Ali hospital in Sadr City received 14 wounded from the attack, who told them that three others had been killed, said Rasool Qasim al Zibon, director of the media office.

At least five members of the Iraqi parliament from Sheik al-Sadr's movement attended the Baghdad demonstration, but the cleric himself was not there.

In Saudi Arabia, hundreds of Shi'ites, who make up about 12 percent of the predominantly Sunni country's population, have marched over the past three days in al-Qatif municipality in the Persian Gulf coast region.

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Under the watchful eyes of anti-riot police during a demonstration Thursday, protesters chanted: "No Sunni, no Shi'ites, only one Muslim unity." Others waved posters of Sheik Nasrallah and chanted, "Oh Nasrallah, oh beloved one, destroy, destroy Tel Aviv."

Israel launched its military campaign after Hezbollah fighters captured two Israeli soldiers and killed three others in a cross-border raid. Saudi rulers issued a statement chastising the group for "uncalculated adventures," and a popular Sunni cleric even issued a religious edict that Muslims disavow Hezbollah.

But with the death toll of Lebanese civilians now in the hundreds and some 1 million people displaced, the Saudi government has backpedaled on its stance, even allowing rare demonstrations in favor of Hezbollah.

Support for Hezbollah has spread among Sunnis, despite tensions between the sects over Iraq and the rise of Shi'ite-dominated Iran.

Arab League Spokesman Hesham Youssef said in Cairo an emergency meeting of Arab foreign ministers would be held in Beirut on Monday "as a way to express the Arabs' solidarity with the Lebanese people, of which they will discuss the standoff in Lebanon."

During Friday prayers at the Tarek bin Zayed mosque in Bahrain, Sunni preacher Sheik Salah al-Jodar warned against edicts opposing Hezbollah.

Such fatwas are "only benefiting the Zionist entity. ... The ones who are resisting are the Lebanese people and we have to support them," he said.

Ten persons were arrested and four injured, including two police officers, when demonstrators clashed with officers in Amman, Jordan. Police used batons to stop a crowd of about 200, some waving Hezbollah flags, from marching from their mosque to the Israeli Embassy after noon prayers.

In Damascus, the Syrian capital, about 500 Communist Party protesters staged a sit-in. They carried Syrian, Lebanese, Palestinian and Hezbollah flags, and photos of Syrian President Bashar Assad and Sheik Nasrallah.

The protesters carried banners with slogans like: "Glory to the heroes of the resistance in confronting the outrageous U.S.-Zionist aggression."

"It's a clear and big plot led by the U.S. and Israel in the pretext of rebuilding the Middle East," said Ibrahim Zgheir, 57. "Lebanon is an entrance and the plan would expand to other countries."

Moqtada's 'Million-Man' March (NWK)

By Scott Johnson

Newsweek, August 5, 2006

As Baghdad's security situation deteriorates, the city's sectarian militias are drawing inspiration and strength from the Hizbullah example in Lebanon.

Aug. 4, 2006 - The pavement was painted with American and Israeli flags so that when the demonstrators came, their feet would trample the chalked images to dust. Draped in the white shrouds symbolic of Muslim burials, the 100,000 or so Iraqi Shiites who took to the streets of Sadr City today came out in force to show their support for Hizbullah and its leader, Hassan Nasrallah, who has emerged as a rallying point in a conflict that is spreading far beyond Lebanon's borders. "Allah, Allah, Yanssur Hizbullah," the demonstrators chanted, "God will bring victory to Hizbullah." They pumped fists and arms in the air as they marched through the scorching 110-degree heat. "Death to Israel, Death to America," came the chorus, thumping in unison through another bloody Iraqi afternoon. Abu Mustafa, 33, a worker at a Sadr City marble factory and a block commander in the Mahdi Army, was one of those draped in a shroud as an indication of his willingness to die a martyr. "People are ready to die," he said, "We are just waiting for the order."

These are tense days in Baghdad, full of anticipation and fear, marked with the faces of men drawing burial wraps around their heads in preparation for an unspecified death. The sense of conflict is pervasive and entrenched, and it is coupled with widespread feelings of bitterness and frustration at the Iraqi government's inability to establish security. Aided by a daylong curfew that helped keep the streets clear during the march, today's rally in the impoverished Baghdad neighborhood was largely peaceful, interrupted only by a single rocket attack that went astray and caused no casualties. But elsewhere in Iraq, 23 more people died, mostly policemen gunned down by insurgents. In the northern city of Mosul, a suicide bomber drove into the middle of a soccer match, killing 10 in the second attack on a sporting event in as many days. Iraqi officials have by and large ceased claiming that security is under anyone's control. Instead, as today's march seemed to indicate, security is deteriorating in step with the ramping up of just the kind of militia activity that is plunging Iraq into civil war. As marchers in Sadr City prepared to raise their fists, U.S commanders in Washington bowed their heads before Congress and began to face this reality. "I believe sectarian violence is probably as bad as I've ever seen it, in Baghdad in particular," said Gen. John Abizaid, the senior U.S

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commander for the Middle East, in testimony to the U.S Senate Armed Services Committee yesterday, "If not stopped, it is possible that Iraq could move toward civil war."

Signs of this slide are already evident here in Baghdad, where many Iraqis are reluctantly starting to accept that militias may be better than the government at providing security. Militia leaders are playing upon this exasperation with the government. Armed groups representing ethnic sects, ministerial blocs and political alliances are openly flouting the government's calls for unity, and are encouraging the delegation of security responsibilities to smaller groups. "We cannot face terror without the support of the people," Hadi al-Amiri, secretary-general of the Badr organization—previously known as the Badr Brigades—told NEWSWEEK. The Badr organization has officially agreed to cede its weapons to the Iraqi government, but concerns persist among U.S. officials and ordinary Iraqis that some members of the group may be involved in death squads and kidnappings. "I think that all the people of every neighborhood should handle the protection of their district. The Sunni areas should have Sunnis to protect them. The same goes for Shiite areas."

That sentiment is being echoed in other powerful quarters as well. Abdul Aziz al-Hakim, leader of the powerful Supreme Council for Islamic Revolution in Iraq, this week called for neighborhoods to organize themselves into popular-defense committees. In Najaf, hundreds of supporters of this concept gathered in formation lines in yet another show of force, and a rebuttal of the government's efforts to disband militias. Since his government took office in March, Prime Minister Nuri al-Maliki has been trying to develop a security plan for Baghdad, the site of the worst sectarian violence in the country and the most likely flash point for future confrontations between militias and the government. The initial implementation of Maliki's plan failed and led to last week's announcement by the Bush administration that several thousand more U.S troops would be diverted from other parts of the country to help out in Baghdad. Maliki contended that the first part of his security plan was simply identifying the source of the security problem—the militias. Now, he says, the plan is to move against them.

But the militias may move back. Emboldened by the ferocity of Hizbullah's resistance in Lebanon, and the sense of entitlement that has grown up around the political rise of their leader, Moqtada al-Sadr, the Mahdi Army has become one of the thorniest challenges for the Iraqi government. "The biggest problem in Baghdad now isn't Al Qaeda anymore," says one U.S military intelligence analyst, "It's the Mahdi Army, make no mistake about it." The timing of today's march couldn't have been more cleverly calculated. The thousands of marchers came from all over Iraq. Heeding al-Sadr's call for a "Million-Man March," they began arriving in the capital Thursday night from Basra, Nasiriya, Kut and elsewhere. "We all volunteered to come," said one marcher, "and we are all ready to fight." The march was one of the single biggest shows of support for Hizbullah anywhere in the world since the conflict began more than three weeks ago. Demonstrators burned U.S and Israeli flags and scuffed their shoes on the pictures that had been drawn in the street.

For all his bluster, however, there are signs that al-Sadr may be facing a rebellion of his own. U.S military and Western analysts believe that the Mahdi Army is deeply divided, with lower-level commanders vying for control and influence in an organization that has tripled in size since its inception in 2003. Key Mahdi Army leaders have openly disagreed with al-Sadr's increased cooperation with the government—some of his key officials are in the cabinet—and are thought to be pursuing their own, often violent and sectarian, aims. Some Iraqis, however, dispute any suggestions that the Mahdi Army is behind any violence. "Moqtada has full control over the Mahdi Army," says Hadi al-Amiri, the head of Badr. "These terrorist acts are carried out by people who claim to be Mahdi Army members." Either way, the news isn't good for Maliki and his struggling government. Faced with an organized group, Maliki will have to move quickly and forcefully against armed men buoyed by the fervor of resistance and rebellion in Bint Jbail, Tyre and other towns of southern Lebanon. If there are splits, he faces not just one ideology, but many. He doesn't have much time. And Iraqis don't have much patience.

White House Rebuffs Clinton Criticism Of Rumsfeld (NSDY/AP)

Long Island Newsday, August 5, 2006

WASHINGTON (AP) _ The White House on Friday brushed aside Sen. Hillary Rodham Clinton's call for the resignation of Defense Secretary Donald Rumsfeld.

Clinton, in an interview Thursday with the Associated Press, called for President Bush to accept Rumsfeld's resignation over what she called a "failed policy" in Iraq.

"I just don't understand why we can't get new leadership that would give us a fighting chance to turn the situation around before it's too late," the New York Democrat told the AP, adding, "The secretary has lost credibility with the Congress and with the people."

White House spokesman Tony Snow said Friday there is no change in the president's position that Rumsfeld is the best person to lead the Defense Department. Snow declined to discuss why he believes Clinton is calling for Rumsfeld's ouster now.

"I'll let her explain why she made the call," he said.

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Clinton is the early front-runner among potential Democratic presidential candidates, and her comments on Rumsfeld could be aimed at quieting critics in her party unhappy with her support of the overall mission in Iraq and her objection to a deadline for U.S. troop withdrawal.

She called for Rumsfeld's resignation after a tense confrontation with the defense secretary at a Senate Armed Services Committee hearing Thursday.

At the hearing, the defense secretary rejected some of her specific criticisms and said he never glossed over the difficulties of the fighting.

"I have never painted a rosy picture," he said. "I've been very measured in my words, and you'd have a dickens of a time trying to find instances where I've been excessively optimistic."

In response, Clinton aides offered a list of past statements from Rumsfeld, including a February 2004 statement to the committee in which he said: "We do not expect to have 115,000 troops permanently deployed in any one campaign."

Two and a half years later, the number of U.S. troops in Iraq is about 133,000.

Holding Pattern (NWK)

By Eleanor Clift

Newsweek, August 5, 2006

Rumsfeld's Senate testimony underscores that there are no good options on Iraq. Meanwhile, where's Dick Cheney?

Aug. 4, 2006 - It was vintage Rumsfeld. Responding to Hillary Clinton's assertion that his optimistic assurances about Iraq have gone unfulfilled, the Defense secretary insisted that his view of the war has never been overly rosy. "I understand this is tough stuff," he said, challenging the New York senator to find something he said that would back up her accusation.

The testy exchange took place in Washington on Thursday as the Senate Armed Services Committee grilled Rumsfeld along with Gen. Peter Pace, chairman of the Joint Chiefs, and Gen. John Abizaid, the top commander of U.S. forces in Iraq. The dismissive tone that Rumsfeld customarily takes toward his critics was largely absent as he fielded questions about the increased sectarian violence and looming likelihood of civil war in Iraq.

The best any of this trio of apologists could come up with is that U.S. forces need to keep doing what they're doing to keep from losing. They offered no strategy for victory, only a holding pattern to prevent a worse defeat than that America is already experiencing. An honest reckoning would acknowledge there are no good options in Iraq and that the road to failure began with Rumsfeld's bullheaded determination to keep the number of invading troops to a minimum. The Israeli government just made the same mistake in thinking they could disable Hizbullah without committing sufficient ground forces in Lebanon. Three weeks of an air bombardment that resulted in hundreds of civilian deaths brought Israel no closer to rooting out Hizbullah guerilla fighters in the south of Lebanon.

Now Israel has made a change of course that brings it closer to achieving its objective of establishing a buffer zone that could then be turned over to an international force. Israel lost valuable time along with the tacit support it initially enjoyed from Arab states that blamed Hizbullah for provoking the strikes. Still, Israel is moving to correct its mistakes. The Bush administration never made the strategy shift and instead stuck to Rumsfeld's miscalculation that a smaller force could get the job done in Iraq—even though it was obvious from the first days of looting in Baghdad that U.S. soldiers were stretched too thin. Nobody second-guesses Rumsfeld and lives to tell the tale. What little pushback he got came from Secretary of State Colin Powell, and we all know what happened to him. He's gone.

Former president Bill Clinton was ridiculed for his decision making, which resembled a graduate-school seminar and featured endless debate along with a reluctance to come to closure. Bush favors top-down decision making and fancies himself the CEO of the enterprise with Rumsfeld and others doing the heavy lifting. Bush is the echo chamber, repeating what he hears, and he's heard pretty much what the American people have heard over the course of this war. Things are going well, they're going to get better and we've got to stay the course because if we leave things will get worse. "I've got some very good sources still here in this town, and it looks to me from everything I can put together that the vice presidency has swallowed the president," says John Dean of Watergate fame. Dean was the mole in the Nixon White House who exposed the "cancer" on the presidency, and now he's got a new book, "Conservatives Without Conscience," that takes particular aim at Vice President Dick Cheney as the mastermind behind the Iraq debacle and the politics of fear that motivate the Bush presidency. The title is a play on the Barry Goldwater classic, "The Conscience of a Conservative."

The poor judgment that prompted Bush to invade Iraq can be laid squarely at the feet of Cheney. Yet the veep continues to operate largely unchecked and beneath the radar, wielding far more power than the president he serves, says Dean. Cheney has a national-security apparatus that's more able than the statutory one: Budget decisions that used to go to the Oval Office are done at the vice-presidential level. Appointments, personnel—they're all handled by Cheney. "I'm not one who thinks Bush is stupid," Dean told NEWSWEEK. "I think you can legitimately say on many issues [Bush is] ignorant—and he's ignorant by

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design. He's not interested in this stuff, and he knows Cheney loves it. As long as Cheney doesn't get him arrested, fine, let him have it."

Cheney has been noticeably absent from the public eye in recent weeks as violence erupted in the Middle East and events in Iraq continue their downward spiral. As the November election nears, we'll probably get more of Cheney's "Father Knows Best" appearances on "Meet the Press," invoking the 9/11 attacks and warning of apocalyptic outcomes if the spineless Democrats ever get power. Dean's book examines the authoritarian personality of Cheney and other leading Republicans and shows how they justify the expansion of presidential power and a lockdown on democracy in the name of fighting terrorism. The Nixon White House had its heel-clicking authoritarian types, but they weren't a force within the party. "Today Nixon could run as a Green," Dean quipped. Just as Nixon's imperial presidency was upended by Watergate, the calamitous war in Iraq is an apt ending to eight years of a flawed and failed presidency.

Iraqi Civil War Has Already Begun, U.S. Troops Say (MCT)

By Tom Lasseter

McClatchy Newspapers, August 5, 2006

BAGHDAD, Iraq - While American politicians and generals in Washington debate the possibility of civil war in Iraq, many U.S. officers and enlisted men who patrol Baghdad say it has already begun.

Army troops in and around the capital interviewed in the last week cite a long list of evidence that the center of the nation is coming undone: Villages have been abandoned by Sunni and Shiite Muslims; Sunni insurgents have killed thousands of Shiites in car bombings and assassinations; Shiite militia death squads have tortured and killed hundreds, if not thousands, of Sunnis; and when night falls, neighborhoods become open battlegrounds.

"There's one street that's the dividing line. They shoot mortars across the line and abduct people back and forth," said 1st Lt. Brian Johnson, a 4th Infantry Division platoon leader from Houston. Johnson, 24, was describing the nightly violence that pits Sunni gunmen from Baghdad's Ghazaliyah neighborhood against Shiite gunmen from the nearby Shula district.

As he spoke, the sights and sounds of battle grew: first, the rat-a-tat-tat of fire from AK-47 assault rifles, then the heavier bursts of PKC machine guns, and finally the booms of mortar rounds crisscrossing the night sky and crashing down onto houses and roads.

The bodies of captured Sunni and Shiite fighters will turn up in the morning, dropped in canals and left on the side of the road.

"We've seen some that have been executed on site, with bullet holes in the ground; the rest were tortured and executed somewhere else and dumped," Johnson said.

The recent assertion by U.S. soldiers here that Iraq is in a civil war is a stunning indication that American efforts to bring peace and democracy to Iraq are failing, more than three years after the toppling of dictator Saddam Hussein's regime.

Some Iraqi troops, too, share that assessment.

"This is a civil war," said a senior adviser to the commander of the Iraqi Army's 6th Division, which oversees much of Baghdad.

"The problem between Sunnis and Shiites is a religious one, and it gets worse every time they attack each other's mosques," said the adviser, who gave only his rank and first name, Col. Ahmed, because of security concerns. "Iraq is now caught in hell."

U.S. hopes for victory in Iraq hinge principally on two factors: Iraqi security forces becoming more competent and Iraqi political leaders persuading armed groups to lay down their weapons.

But neither seems to be happening. The violence has increased as Iraqi troops have been added, and feuding among the political leadership is intense. American soldiers, particularly the rank and file who go out on daily patrols, say they see no end to the bloodshed. Higher ranking officers concede that the developments are threatening to move beyond their grasp.

"There's no plan - we are constantly reacting," said a senior American military official, who spoke on the condition of anonymity. "I have absolutely no idea what we're going to do."

The issue of whether Iraq has descended into civil war has been a hot-button topic even before U.S. troops entered Iraq in 2003, when some opponents of the war raised the likelihood that Iraq would fragment along sectarian lines if Saddam's oppressive regime was removed. Bush administration officials consistently rejected such speculation as unlikely to come to fruition.

On Thursday, however, two top American generals told the Senate Armed Services Committee that Iraq could slip into civil war, though both stopped well short of saying that one had begun.

Political sensitivity has made some officers here hesitant to use the words "civil war," but they aren't shy about describing the situation that they and their men have found on their patrols.

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"I hate to use the word `purify,' because it sounds very bad, but they are trying to force Shiites into Shiite areas and Sunnis into Sunni areas," said Lt. Col. Craig Osborne, who commands a 4th Infantry Division battalion on the western edge of Baghdad, a hotspot of sectarian violence.

Osborne, 39, of Decatur, Ill., compared Iraq to Rwanda, where hundreds of thousands of people were killed in an orgy of inter-tribal violence in 1994. "That was without doubt a civil war - the same thing is happening here.

"But it's not called a civil war - there's such a negative connotation to that word and it suggests failure," he said.

On the other side of Baghdad, Shiites from the eastern slum of Sadr City and Sunnis from the nearby neighborhood of Adhamiyah regularly launch incursions into each other's areas, setting off car bombs and dragging victims into torture chambers.

"The sectarian violence flip-flops back and forth," said Lt. Col. Paul Finken, who commands a 101st Airborne Division task force that works with Iraqi soldiers in the area. "We find bodies all the time - bound, tortured, shot."

The idea that U.S. forces have been unable to prevent the nation from sliding into sectarian chaos troubles many American military officials in Iraq.

Lt. Col. Chris Pease, 48, the deputy commander for the 101st Airborne's brigade in eastern Baghdad, was asked whether he thought that Iraq's civil war had begun.

"Civil war," he said, and then paused for several moments.

"You've got to understand," said Pease, of Milton-Freewater, Ore., "you know, the United States Army and most of the people in the United States Army, the Marine Corps and the Air Force and the Navy have never really lost at anything."

Pease paused again.

"Whether it is there or not, I don't know," he said.

Pressed for what term he would use to describe the security situation in Iraq, Pease said: "Right now I would say that it's more of a Kosovo, ethnic-cleansing type thing - not ethnic cleansing, it is a sectarian fight - they are bombing; they are threatening to get them off the land."

A human rights report released last month by the United Nations mission in Baghdad said 2,669 civilians were killed across Iraq during May, and 3,149 were killed in June. In total, 14,338 civilians were killed from January to June of this year, and 150,000 civilians were forced out of their homes, the report said.

Pointing to a map, 1st Lt. Robert Murray, last week highlighted a small Shiite village of 25 homes that was abandoned after a flurry of death threats came to town on small pieces of paper.

"The letters tell them if they don't leave in 48 hours, they'll kill their entire families," said Murray, 29, of Franklin, Mass. "It's happening a lot right now. There have been a lot of murders recently; between that and the kidnappings, they're making good on their threats. ... They need to learn to live together. I'd like to see it happen, but I don't know if it's possible."

Riding in a Humvee later that day, Capt. Jared Rudacille, Murray's commander in the 4th Infantry Division, noted the market of a town he was passing through. The stalls were all vacant. The nearby homes were empty. There wasn't a single civilian car on the road.

"Between 1,500 and 2,000 people have moved out," said Rudacille, 29, of York, Pa. "I now see only 15 or 20 people out during the day."

The following evening, 1st Lt. Corbett Baxter was showing a reporter the area, to the west of where Rudacille was, that he patrols.

"Half of my entire northern sector cleared out in a week, about 2,000 people," said Baxter, 25, of Fort Hood, Texas.

Staff Sgt. Wesley Ramon had a similar assessment while on patrol between the Sunni town of Abu Ghraib and Shula, a Shiite stronghold. The main bridge leading out of Shula was badly damaged recently by four bombs placed underneath it. Military officials think the bombers were Sunnis trying to stanch the flow of Shiite militia gunmen coming out of Shula to kill Sunnis.

"It's to the point of being irreconcilable; you know, we've found a lot of bodies, entire villages have been cleared out, we get reports of entire markets being gunned down - and if that's not a marker of a civil war, I don't know what is," said Ramon, 33, of San Antonio, Texas.

Driving back to his base, Johnson watched a long line of trucks and cars go by, packed with families fleeing their homes with everything they could carry: mattresses, clothes, furniture, and, in the back of some trucks, bricks to build another home.

"Every morning that we head back to the patrol base, this is all we see," Johnson said. "These are probably people who got threatened last night."

In Taji, an area north of Baghdad, where the roads between Sunni and Shiite villages have become killing fields, many soldiers said they saw little chance that things would get better.

"I don't think there's any winning here. Victory for us is withdrawing," said Sgt. James Ellis, 25, of Chicago. "In this part of the world they have been fighting for 3,000 years, and we're not going to fix it in three."

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U.S. Reinforcements Hit Baghdad Streets (AP-Y)

By Rawya Rageh, Associated Press Writer

AP2, August 6, 2006

U.S. soldiers sent to beef up security in Baghdad were seen for the first time on the streets of the capital Saturday as Iraqi police used loudspeakers to reassure people that the Americans were there to protect them.

But at least 21 people were killed or found dead, most of them in the capital, which is being wracked by bombings and sectarian slayings. The dead included a Shiite couple and their two daughters abducted earlier in the day in Baghdad's mostly Sunni area of Dora, police said.

With Sunni-Shiite killings on the rise, about 3,700 soldiers of the Army's 172nd Stryker Brigade were brought from northern Iraq to bolster U.S. and Iraqi security forces that have struggled to contain the violence in Baghdad.

Several Stryker armored vehicles took positions in the mostly Sunni district of Ghazaliyah, one of the city's most dangerous areas. Police used loudspeakers to encourage residents to reopen shops and go about their business normally because the soldiers would protect them.

U.S. commanders hope the presence of heavily armed American troops will intimidate sectarian death squads believed behind many of the killings and reassure Iraqis — especially Sunni Arabs — that they will be protected by Iraq's predominantly Shiite security forces.

Moving the Stryker brigade to Baghdad, however, meant drawing down — at least temporarily — the U.S. military presence in northern Iraq. The brigade was based in Mosul but had subordinate units scattered over a wide area, including routes used by foreign militants slipping in from Syria.

Fears of trouble in the north rose Friday when a car bomb killed a police colonel in Mosul, triggering a firefight between police and insurgents. Iraq's Defense Ministry and police announced that 55 suspected insurgents had been captured around Mosul after the violence.

A curfew remained in effect for a second day in the eastern part of Mosul while police searched for insurgents who escaped.

Nevertheless, provincial Gov. Duraid Mohammed Kashmoula said he was pleased with the performance of the Iraqi police, who fled their posts during a November 2004 insurgent uprising but stood their ground Friday.

"The terrorists thought that police were going to run away, but this will not happen again. We will not give them that opportunity," Kashmoula said.

The U.S. command believed the risk of moving the Stryker brigade was worth taking because of the grave situation in Baghdad, where sectarian tensions are high. Sectarian bloodshed has soared in the capital since the Feb. 22 bombing of a Shiite shrine in Samarra, which triggered reprisal attacks on Sunnis.

On Thursday, the top U.S. commander in the Middle East, Gen. John Abizaid, told a Senate committee that sectarian tension were "probably as bad as I have seen it" in Baghdad and if not stopped "it is possible that Iraq could move toward civil war."

Echoing the general's assessment, Adnan al-Dulaimi, head of the main Sunni alliance in the Iraqi parliament, warned of the dangers facing the country.

In a statement posted on a Sunni Web site, al-Dulaimi said that events since the new government took office May 20 "confirm that Iraq will fall in the circle of a civil war."

He said sectarianism is being "fed by neighboring countries that do not want stability in Iraq." He did not elaborate, but many Sunnis point to ties between Iraq's Shiite militias and the hard-line Shiite regime in Iran.

In addition to the Shiite family slain in Baghdad, police found 13 bodies Saturday — four floating in the Tigris River 25 miles south of the capital and the rest in various neighborhoods of the city. All had been shot, and most showed signs of torture, police said.

Two mortar shells landed on a house in southern Baghdad late Saturday, killing one person and injuring two, police said.

Two low-ranking members of Saddam Hussein's former regime were shot dead in separate incidents Saturday, police said.

In Baqouba, 35 miles northeast of Baghdad, two bombs exploded within minutes Saturday, the first destroying a grocery store and the second targeting police and rescuers who rushed to the scene. Eight people were wounded, police said.

A U.S. soldier died Saturday of "non-hostile" causes in Anbar province west of Baghdad, the U.S. military said without providing details.

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Associated Press correspondents Sameer N. Yacoub, Bushra Juhi and Qais al-Bashir contributed to this report.

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Attacks Against Iraqi Civilians Climb (AP-Y)

By Lolita C. Baldor, Associated Press Writer

AP2, August 5, 2006

Up to 80 percent of the attacks in one of Iraq's most troubled provinces are against civilians rather than the U.S. military, a deliberate shift in tactics over the past eight months, a U.S. commander said Friday.

The description of kidnappings, assassinations and other attacks in Diyala province followed testimony Thursday by two U.S. generals to Congress that an upsurge in violence in Iraq could drive the country into civil war.

"Initially we were the target of just about 60 percent of the attacks," Col. Brian Jones, commander of the 4th Infantry Division's 3rd Brigade Combat Team, said Friday.

Now, he said, "we are seeing anywhere from 20 to 25 percent of the attacks, and a majority of the attacks are now amongst the civilian population."

The attacks in Diyala, north of Baghdad, often are assassinations or kidnappings for extortion, Jones told Pentagon reporters in a briefing from Iraq.

The Bush administration and military leaders have been reluctant to characterize the sectarian violence as a civil war. But on Thursday, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, and Gen. John Abizaid, the top U.S. commander in the Middle East, told a Senate committee that it could lead that that.

Jones said the kidnappings provide money for insurgent operations, but it is not clear whether the abductions are orchestrated by local militia groups or foreign fighters.

"It's very difficult to classify what's being conducted by insurgents as opposed to what's sectarian because there are so many interests that collide here in Diyala," Jones said. He noted that while Sunnis accounts for a majority of the population, the provincial government is run more by Shiites and Kurds.

Jones offered an optimistic assessment of the Iraqi Army units in his region, saying he believes they will be ready to operate on their own by the end of this year or the middle of next year. He said the units are not independent yet because they lack military intelligence capabilities and logistical support, such as the ability to get enough gas to run their trucks.

When asked why the Iraqi Army's progress has not stemmed the violence, he said the situation would be much worse without them.

"I can't imagine what the violence would be like if the (Iraqi) army wasn't working," he said. "I think what you'll see is a peak in the violence, and I think it'll start to drop off."

Living In Jordan, Longing For Iraq (WP)

By Omar Fekeiki And Yasmine Mousa, Special To The Washington Post

The Washington Post, August 5, 2006

Amman Becomes Primary Destination for Those Escaping War

AMMAN, Jordan -- For Edmond Arssen Eskendrian, life was hard in Baghdad. But it's harder in Amman.

Eskendrian said he left Iraq a year ago, locking up his house and driving with his family to Amman. He thought his connections with foreigners and his years of working with a foreign embassy in Baghdad would help him make a new life in a new city -- the city of dreams and opportunity, he imagined.

Now, with no job and his savings thinning, Eskendrian's hopes have faded. Baghdad is still too dangerous to return to, and Amman is becoming harder to stay in, he says. Iraqis here are blamed for inflation and climbing real estate prices and for the terrorist bombings that killed and wounded scores at three hotels in November.

"I don't feel alive," said Mustafa Alwan, a 29-year-old Iraqi who came to Amman about a year ago. "The present is barely livable, and the future is dark."

Long a haven for Iraqis fleeing repression, sanctions and the other deprivations of Saddam Hussein's rule, Jordan's capital has since become a primary destination for those fleeing the unrest of the past three years. With the increase in kidnappings and assassinations in Iraq and the onset of summer holidays, hundreds of Iraqis are arriving daily at the Iraqi-Jordanian border or at Queen Alia Airport, outside Amman.

The influx has changed Amman dramatically, especially its economy, Jordanians say. Abdullah Ayish, a Jordanian who runs a real estate office in Amman's upscale Abdoun neighborhood, said that since 2005, rents have quadrupled and it has become harder for Jordanians and Iraqis alike to find housing.

Iraqis are everywhere in the streets and in the coffee shops. Their distinctive dialect pops up in conversations from the Mecca Mall, a downtown shopping bonanza, to the lobbies of five-star hotels where business executives gather to chat.

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In an apartment in the heart of Amman, Eskendrian, a 52-year-old Christian, recalled his life as a driver for the Italian Embassy in Baghdad. After the U.S.-led invasion in 2003, he said, he led an easy life, making $200 a month and surviving roadside bomb attacks and drive-by shootings while ferrying diplomats through Baghdad's shabby streets and to far-flung provinces.

A year ago, his family received a letter warning that he would be killed and his house burned if he didn't stop working with the "infidels." When a second threat arrived two weeks later, "I had to leave," he said. "It is not only my life. It's my family's, too."

"Although it is not easy to live here, at least I am not worried about my family," Eskendrian said, gazing happily at his wife and two daughters.

One of the girls, Telma, 18, was less content. "I accept the situation in Baghdad," she insisted. "It is okay to be threatened and surrounded by bombings or imprisoned in the house. At least I have friends there and I was among my people."

When Iraqis here get together to chat, many swap stories from home, tales of narrowly surviving attacks, car bombings, kidnappings and other violence. Yet despite their quiet, safe lives outside Iraq, they are quick to assert a longing to return.

"We hope we can go to Baghdad just to feel the feel of belonging," said Eskendrian's wife, Ida.

"But we hear the news from Iraq and see footage on TV and lose hope" of going back, she said.

Alwan understands. He worked as an interpreter for U.S. forces in Iraq after the invasion. Dozens of his colleagues were either killed or threatened, he said, with some escaping assassination attempts. He had a computer shop in Baghdad, but he closed it and came to Jordan after a threatening letter was thrown in his back yard with a CD showing the slaughter of several Iraqis, whom the letter called spies.

When Alwan arrived here, he applied for a visa to go to the United States, but he was turned down -- "after I served them for months," he said bitterly. In Amman, he wore the gray U.S. Army T-shirt that he never could wear in Baghdad.

Because he holds a degree in software engineering, he managed to find a job at a telecommunications company in Amman. The job pays about $850 a month. Compared with other Iraqis, Alwan leads an easy life now. But "we don't have rights. We are Iraqis, after all," he said.

Getting legal residency status in Jordan is becoming more difficult, Iraqis here said. Few are granted even two weeks' residency. Most are given 72 hours to one week maximum, Iraqis said, and some are put on the next flight back to Baghdad.

Many, like Eskendrian's family, live here illegally, which subjects them to a fine of about $2 for each day they stay after their visas expire. Many prefer paying over returning.

Eskendrian said he recently had to pay more than $1,600 to the immigration office. He doesn't have a job and his savings are running out, he said. Even his daughters are "living in a cage now," Eskendrian said. "They cannot go out, because they would need money to spend -- a luxury we don't enjoy."

"We are living on the hope that the situation improves in Iraq and we could go back," he said, his eyes sparkling with shy tears. "I don't know how long we can endure this."

Poll: Public Split On Bush's Handling Of The Mideast Crisis (CNN)

CNN, August 5, 2006

Majority doubts Gibson hates Jews

ATLANTA, Georgia (CNN) -- Respondents to a CNN poll released Friday were nearly evenly split on President Bush's handling of the current conflict in the Middle East.

Forty-six percent of 1,047 Americans participating in the telephone poll, conducted by Opinion Research Corporation for CNN, said they disapproved of Bush's handling of the crisis, while 43 percent said they approved. Ten percent had no opinion.

Overall, Bush's job approval rating continues a slow climb, but the majority of Americans -- 59 percent -- said they disapprove of how Bush is handling his job as president. Forty percent said they approved. (View the complete poll results -- PDF)

The approval numbers are a jump from previous polls. In April, only 32 percent said they approved of the way Bush was handling his job, and 60 percent disapproved. Since then, his approval numbers have been creeping upward.

Sixty-two percent of respondents said they disapproved of Bush's handling of the situation in Iraq -- tying poll results in May for the most respondents who disapprove. Another 59 percent said they disapproved of Bush's handling of the economy.

About half the respondents -- or about 524 people -- were asked about Secretary of State Condoleezza Rice. Sixty-two percent said they approved of her job performance, and 59 percent said they were "confident" or "somewhat confident" about her ability to handle the Middle East situation. Relations with Cuba supported

Meanwhile, nearly two-thirds of the respondents -- 62 percent -- said they favored re-establishing diplomatic relations with Cuba. Twenty-nine percent were opposed and 9 percent had no opinion on the issue. If Cuban leader Fidel Castro dies and his brother, Raul, takes power in Cuba, 69 percent said they would favor re-establishing Cuban relations.

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On the current Middle East conflict between Hezbollah and Israel, more than two-thirds -- 68 percent -- said their sympathies lie with Israel, compared to only 6 percent who sympathize with Hezbollah. Eleven percent said they sympathized with neither, while another 11 percent had no opinion.

Forty-one percent said they thought Israel's military reaction to the July 12 kidnapping of its soldiers by Hezbollah -- which triggered the current conflict -- was "about right," but 32 percent said it went too far.

Respondents were also split about what Israel should do now. Forty-six percent said it should continue its military campaign until Hezbollah is unable to launch attacks against it; 44 percent said Israel should agree to a cease-fire as soon as possible.

Asked whether Israel, Lebanon and Hezbollah are allies of the United States, 82 percent said they either considered Israel an ally or "friendly, but not an ally;" 37 percent said Lebanon was "friendly, but not an ally;" and 69 percent said Hezbollah was either "unfriendly" toward the United States or an enemy.

A majority, 51 percent, said they favor the presence of U.S. ground troops in an international peacekeeping force on the Israeli-Lebanese border.

On U.S. aid to Israel, 49 percent said they believed the economic aid should stay at the current level, and 51 percent said they thought military aid should stay at the same level.Majority doubts Gibson is anti-Semitic

Lastly, Mel Gibson's drunken-driving arrest and comments concerning Jews at the time it was made appears to have done little to diminish his popularity among Americans, poll results indicated. Fifty-two percent said they did not believe Gibson is anti-Semitic, and 58 percent said they are still among Gibson's fans.

The poll was conducted August 2-3 by telephone with adult Americans. The margin of error for most questions is plus or minus 3 percentage points; on the questions concerning Rice, the margin of error is plus or minus 4.5 percentage points.

India Finds Ex-Official Guilty In Oil Scandal (NYT)

By Amelia Gentleman

The New York Times, August 5, 2006

NEW DELHI, Aug. 4 — A nine-month government investigation found a former foreign minister, Natwar Singh, guilty of misconduct related to the United Nations oil-for-food program in Iraq, the Indian news media reported on Friday.

The report on the inquiry, which was submitted on Thursday to Prime Minister Manmohan Singh but has not been made public, also implicated Natwar Singh's son, Jagat Singh, the news reports said.

Natwar Singh has denied any wrongdoing, but resigned from his position in October after being identified as a beneficiary in the final report of the United Nations inquiry into the scandal. The inquiry concluded that Saddam Hussein's government had manipulated the oil-for-food program to secure about $1.8 billion in bribes and kickbacks.

According to the Indian news reports of leaks from the new investigation, both father and son abused their ties to the governing party, the Indian National Congress, to secure oil contracts.

The Congress Party, which was also identified last year as a beneficiary in the scandal, was apparently exonerated by the Indian investigation.

The investigation's reported conclusions, and the manner in which they emerged, set off a political storm. Opposition politicians accused the government of leaking selected passages of the report to the news media late Thursday, instead of presenting it to Parliament. Both houses of Parliament were suspended Friday amid angry protests.

The 110-page file, compiled by a retired Supreme Court judge, R. S. Pathak, reportedly found that Natwar Singh had written letters to Mr. Hussein seeking special vouchers to purchase cheap oil, although it stated that no money from the sale of Iraqi oil had been traced to him or to his son. Two of Jagat Singh's friends, however, were found to have made money from the deal.

Natwar Singh said Friday that he had been vindicated by the report in that it found no evidence that he had gained financially.

Congress officials greeted the conclusions with relief, but the opposition Bharatiya Janata Party dismissed the report as an effort to bail out the Congress Party.

It was not clear what action, if any, would be taken against the Singhs.

"Let us wait and study the report and then decide on the course of action relating to individuals," a Congress spokesman, Abhishek Singhvi, said.

After Natwar Singh's resignation, the prime minister, who is not a relative of his, took on the responsibility of foreign minister, pending the conclusion of the inquiry.

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The United Nations started the oil-for-food program in 1996 to soften the impact of economic sanctions imposed on Iraq after it invaded Kuwait in 1990. The program allowed Iraq to sell oil abroad to raise money for food, medicine and other civilian essentials.

Former Indian Minister 'Abused Position' (FT)

By Jo Johnson In New Delhi

Financial Times, August 5, 2006

A nine-month investigation into alleged corruption by K. Natwar Singh, former Indian foreign minister, has concluded he abused his Congress party position by helping businessmen linked to his son secure contracts under the UN's fraud-ridden oil-for-food programme.

But the inquiry has reportedly found no evidence that Mr Singh or his son Jagat, a state parliamentarian in Rajasthan, benefited financially from contracts others secured with letters of introduction to Iraqi officials written by Mr Singh in 2001, when the party was out of power.

The long-awaited report from Justice R.S. Pathak, appointed by the government to look into allegations in the Volcker Report that Mr Singh and the Congress party had been "non-contractual beneficiaries" of lucrative oil contracts, was handed to the prime minister - and then leaked to parts of the Indian media - on Thursday night.

The lower house of parliament was adjourned prematurely yesterday as opposition members fulminated over both the leaking of the report, which they blamed on the Congress-led coalition government, and over the inquiry's apparent failure to corroborate the Volcker Report's allegations against the ruling party.

Mr Singh has consistently maintained that he and his son had not violated any law in "letter or spirit". He told Indian television he felt "totally vindicated" by the absence of a financialtrail leading to him and his son.

The central question concerning the Congress hierarchy now is whether Mr Singh will "sing", as some commentators have put it, if he feels he is being made a scapegoat by a party machine anxious to cover up its own venality. Sonia Gandhi, Congress president, has distanced herself from the loyal party stalwart and family friend.

For Manmohan Singh, India's prime minister, who has acted as both prime minister and foreign minister, the path is now clear, if he wishes, to name a new foreign minister.

Critics say India has undertaken one of the most significant foreign policy shifts in its independent history - in striking a civil nuclear collaboration with Washington that many fear will limit New Delhi's autonomy - under the guiding hand of a technocrat and economist rather than a foreign minister.

Few believed K. Natwar Singh had any prospect of returning to the cabinet, from which he resigned in December, after Aniel Matherani, then India's ambassador to Croatia, gave details of meetings in Baghdad in which Mr Singh allegedly gave the "green signal" to Iraqi officials to make deals with his son, Jagat, on his behalf.

25 Taliban Fighters Killed In Afghanistan (AP-Y)

By Noor Khan, Associated Press Writer

AP2, August 5, 2006

U.S.-led soldiers and Afghan forces killed 25 Taliban insurgents in Afghanistan's volatile south and NATO-led Canadian troops narrowly escaped a suicide bombing Friday near the site of a battle that killed four fellow soldiers a day earlier.

About a thousand South Korean Christians began their journey home from the capital, Kabul, under tight government security after being ordered out of Afghanistan amid allegations they were trying to convert Muslims.

Acting on a tip from local tribal elders, police in southern Helmand province raided an orchard where Taliban fighters were camping and called in airstrikes, said provincial police chief Ghulam Nabi Malakhai. The U.S.-led coalition said 25 Taliban were killed in the raid Thursday night.

NATO took charge of security in the south this week from the coalition amid a barrage of violence that has left seven of its soldiers dead. However, the coalition, which is not under NATO command, has retained responsibility for counterterrorism operations there.

In southern Kandahar province, a suicide attacker blew up his car Friday in Maywand district, narrowly missing a nearby NATO patrol that drove away undamaged, officials said.

The Canadian soldiers, believing they had been attacked by roadside bombs, kept moving and left the investigation to local authorities, Canadian military spokesman Lt. Mark MacIntyre said.

The attack on the Canadian patrol came in the same area where militants killed four Canadian soldiers and a suicide car bomber killed 21 civilians Thursday.

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In Kabul, President Hamid Karzai condemned Thursday's bombing at a busy market as a "cowardly attack against our Muslim people," and expressed sorrow for the deaths of the Canadian soldiers.

The lawlessness that has hit the south encroached on Kabul Thursday night, when 12 gunmen attacked a highway checkpoint on the outskirts of the city, police said. Police killed one attacker. Although a series of bomb blasts has recently rattled the city, attacks on security forces are rare.

Hundreds of Korean Christians boarded flights after the government ordered them to leave, accusing them of trying to convert Muslims.

The group — which had planned to stage a three-day sports and culture festival starting Saturday — denied the allegations. A spokesman for the group, Kang Sung-han, vowed they would return one day in small groups.

Over the past week, a number of Muslim clerics and government officials have accused the South Koreans of seeking converts and behaving immorally and demanded they be thrown out of the country.

However, on Friday Deputy Interior Minister Abdul Adhy Khalid softened the government's rhetoric, saying the Koreans were asked to leave because of security concerns.

"They are welcome back any time," Khalid said.

A South Korean Embassy official said the Afghan government had made arrangements for about 1,000 Korean Christians to go home.

Hundreds were staying in hotels under tight government security until their scheduled departures over the next three days, said the embassy official, Kang Hu-wun.

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Associated Press writers Amir Shah and Chris Hawke in Kabul contributed to this report.

25 Taliban Fighters Killed In Southern Area (LAT/AP)

From The Associated Press

The Los Angeles Times, August 5, 2006

Afghan troops and U.S.- led forces act on a tip. Canadian troops escape a suicide attack.

KANDAHAR, Afghanistan — U.S.-led soldiers and Afghan forces killed 25 Taliban insurgents in this country's volatile south, and NATO-led Canadian troops narrowly escaped a suicide bombing Friday near the site of fighting a day earlier that killed four comrades.

Acting on a tip from tribal elders, police in the southern province of Helmand raided an orchard Thursday night where Taliban fighters were camping and called in airstrikes, said provincial police chief Ghulam Nabi Malakhail. The U.S.-led coalition said 25 Taliban fighters were killed.

The North Atlantic Treaty Organization force took charge of security in the south this week from the coalition amid a barrage of violence that has left seven of its soldiers dead.

However, the coalition, which is not under NATO command, has retained responsibility for counterterrorism operations here.

In Kandahar province, a suicide bomber blew up his car Friday in Maywand district, narrowly missing a NATO patrol that drove away undamaged, officials said.

The Canadian soldiers, believing they had been attacked by roadside bombs, kept moving and left the investigation to local authorities, Canadian military spokesman Lt. Mark MacIntyre said.

The attack on the Canadian patrol came in the same area where militants Thursday killed four Canadian soldiers in separate incidents and a suicide car bomber killed 21 civilians.

In Kabul, the capital, President Hamid Karzai condemned Thursday's bombing at a busy market as a "cowardly attack against our Muslim people," and expressed sorrow at the deaths of the Canadian soldiers.

Kabul's Uneasy Summer (LAT)

By Alissa J. Rubin, Times Staff Writer

The Los Angeles Times, August 5, 2006

Returning to the Afghan capital after four years, a reporter finds a new openness and vibrancy, but detects a hint of Iraq in the air.

KABUL, Afghanistan — The new Kabul Serena hotel rises in the middle of the city, a palace of sandstone, built around gardens that even in summer's drought gleam green.

Step inside and you step out of Afghanistan. The central air conditioning produces a perfect temperature, the inlaid marble floors are a soothing cream and, miraculous for a city where open sewers crisscross most neighborhoods and dust coats every

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surface, the place smells clean. Croissants and hand-twisted Danish pastries fill the baskets in the cafe — a far cry from the flat oblongs of Afghan naan bread sold everywhere outside.

But getting into the Serena compound isn't easy. Armed men pace its fortress walls and watchmen examine cars for bombs before allowing them to drive through massive metal gates. Like Afghanistan itself, the hotel is perched precariously on the edge.

Afghans look at the new affluence with an air of disbelief. The Serena's prices are far beyond their means, and there is no hint in its well-appointed reception rooms of the violence that haunts many Kabul neighborhoods: a government worker kidnapped here; a grenade thrown into a shop selling Western music there.

Still, in many ways, the capital has an air of openness and vibrancy it lacked four years ago when I last was here. Nearly 2 million people have returned to Afghanistan, the vast majority to the Kabul area. Many city women eschew burkas, walking on the street with just a white veil on their heads, their faces uncovered. The stores are flush with the latest flat-screen TVs and computers. There's hardly a Western soldier on the street.

New buildings sprout like weeds — planning is unheard of. Whole enclaves of flashy three-story palaces in white with green or salmon trim, guarded by 10-foot-high gates, dominate once modest residential neighborhoods. Kabulis believe the buildings, built by onetime mujahedin commanders, are funded by drug money.

Four years ago, the city's northern edge was a ramshackle bazaar of fruit sellers and empty lots. Now it booms with construction. There's a burgeoning wood and carpentry trade; in small shops workmen crowd cheek by jowl cutting window frames, and in the adjacent lots traders heap loads of wood from the country's southern forests.

Just a few miles beyond, the Shomali plains — raped by Taliban in the late 1990s, the grapevines and fruit trees chopped down, the farmers' houses smashed and burned, the fields sown with mines — have been reborn. Now partly de-mined, the orchards have begun to bear fruit again and castles of mud bricks rise amid the greenery.

All this activity gives the city a busy feel, a confidence, the past mingling with the present, pushcarts wedged on sidewalks next to high-speed printers.

But an unease haunts the capital as well, a mounting apprehension, a mood similar to what I witnessed in Iraq a few months after the U.S.-led invasion, when the euphoria of the first weeks without Saddam Hussein evaporated in the desert air.

In July, a bomb targeted a busload of Afghan national army soldiers barely 10 minutes away from the Serena. No one died but 35 were injured, and five or six suffered severe burns. In a city that hadn't seen bombings in more than a year, the attack was among four blasts in two days.

For anyone with a memory of the early days of the insurgency in Iraq, the piles of shattered glass and charred metal, the government targets, the multiple bombs in the capital, seemed all too familiar.

Much else seems reminiscent of Iraq as well. At night, the moonlight illuminates the neighborhood where I stay, providing more light than the few generator-powered bulbs that hang in my neighbors' kitchens.

There's a vulnerability to Kabul — just as there was in Baghdad in the early days. I walk through the city imagining myself as a suicide bomber and know I would find no shortage of targets. Some ministries have only a flimsy metal gate like those at railway crossings. Bored guards barely glance at your bag as you walk through the front door of government offices. At the airport, you can pay $1 to have the guards forgo the search altogether.

I still go out to buy fresh bread for breakfast and dinner, but I hurry a little. I feel a slight skip in my pulse when a car slows as it approaches me. A few days ago, I visited a widow's sewing workshop in a pastoral village on the city's outskirts. As I was leaving at midday, the woman who ran it took me aside.

"Where did you leave your car?" she asked. "You should drive to the door next time. It's not safe for you. It's easy to grab a foreigner out here. They burned a school last night."

"Who?" I asked.

She shrugged and shook her head.

Taliban, criminals, others who oppose the government. No one knows who they are: unknown assailants, men who hit in the night; men with guns, men with masks. Insurgency often looks like this.

As in Baghdad, there is rising resentment of the United States on the streets of Kabul. Why has America let its aid organizations contract with corrupt companies that keep it for themselves; why don't they use more local labor? Why, in five years, are so many places, even in Kabul, still without electricity, still without drinkable water?

In May, the anger burst into the open after an American convoy careered into civilians, killing five people. A crowd gathered and rampaged through the streets, and the ensuing violence left nine more people dead and more than 90 injured, with the rioters shouting, "Death to Karzai!" and "Death to America!"

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The disillusionment with Afghan President Hamid Karzai, who increasingly is seen as an American puppet, and the sense that the government can neither protect the people nor provide for them are fueling the silent support for the Taliban in the impoverished villages of the south, parliament members say.

Afghanistan and Iraq are hardly identical cases. For one thing, the Afghans are profoundly tired of war and wartime life, and that may be their greatest hope for sustaining unity and forging a country. In Iraq, suppressed sectarian and ethnic tensions had simmered for decades.

But in U.S. policy there are echoes of Iraq, a similar desire to deny uncomfortable realities. Two soldiers attending a ceremony at the U.S. Embassy on July 4 dismissed the recent surge in Taliban attacks near the southern city of Kandahar.

"We've heard those rumors," said one, "but we don't know anything about it. I prefer to think about all the new schools that have gone up, all the children sitting in class, the roads we've built and all the trucks traveling on them."

I prefer to think about that too, but the reports of what is happening in the south aren't some fiction. These soldiers' colleagues in the U.S.-led coalition announce Taliban deaths daily, six or eight or 10, even 40. And then in a sort of terrible body count competition, the military announces the deaths too of coalition soldiers, one a week, maybe two, sometimes more: a British citizen, an American, four Canadians. The unspoken message: "It cost them 40; it cost us one."

And the schools the American soldiers say they are so proud of are being burned to the ground by fundamentalist elements. Two hundred have been destroyed, out of several thousand that were built after the Taliban fled. It is not a large number, but it is enough to discourage Afghan families in conservative areas from sending their daughters to class even if the schools in their areas are untouched.

Soon after I arrived, I climbed up to the top of one of the tallest buildings in downtown Kabul to look out over the city. We had to have a guard escort us to the roof and we found him on the 11th floor, sitting in a large concrete stairwell playing chess with a friend. He looked quite sad to leave his game, but then was proud to show off his view.

In one direction lay the former king's palace, now home to Karzai, surrounded by ample gardens brimming with roses, a smudge of pink from that distance. Right below us was the Kabul River, really more of a marsh, but it has a certain gracefulness as it winds through the city. From this height you could see blocks crushed by bombs and never rebuilt and mosques and palaces let go to ruin.

Our interpreter pointed to a turquoise-roofed and blue-minaret-tipped mosque, and next to it a shrine. "That's where a cousin of the prophet is buried," he said with pride.

His description was so telling. In Iraq and Iran, they boast of the shrines where the prophet's wives, daughters, sons and grandsons are buried, direct lines reaching back to Muhammad. Here, they had to make do with a cousin, extended family.

Afghanistan is out on the edge, even the edge of the Muslim world in some respects. The Greeks and the Buddhists passed through along with the Mongols and the Persians. Invaders have left traces here and there, but only the Afghans have prevailed, a collection of people united by forbearance against a harsh climate and harsher politics.

At sunset, the mountains hover at the city's edge, dim in the summer haze like a Chinese painting, and it is possible to imagine how beautiful this place might have looked to its early kings.

Balanced again on the edge, Afghanistan's remoteness is also its curse, making it easy for the world to forget the farmers in Shomali, their grapevines struggling to grow.

DOJ:

U.S. AG May Have Taken On Local Fare (GN)

By Angelia Davis

Greenville (SC) News, August 5, 2006

TRAVELERS REST -- Sherri McJunkin said she was "in shock" when security guards came to her restaurant Friday morning and informed her that a celebrity was coming.

"I was like, "A celebrity? Well, who is it? In our minds we're all celebrities," said McJunkin, who co-owns The Coffee Pot cafe on U.S. 25, north of State 414.

She said she was told by people who identified themselves as FBI agents that U.S. Attorney General Alberto Gonzales was visiting. She said he enjoyed a breakfast of eggs, bacon, home fries and home-grown tomatoes in the restaurant, which seats up to 46 people.

Gonzales became the nation's 80th attorney general Feb. 3, 2005. He previously served in Texas as secretary of state and state supreme court justice. He was also general counsel to then-Texas Gov. George W. Bush.

Advertisement

McJunkin said she was told that Gonzales was vacationing with friends and enjoying golfing in northern Greenville County, and he spent about 45 minutes in her cafe.

Gonzales' office could not be reached for comment.

McJunkin said Gonzales told her he had heard the restaurant was a famous place to eat in the area. He and his friends tried some of the eatery's country ham, smoked sausage, and grits and gravy "because they wanted to do it like we do it in the South."

"They ate it and they enjoyed it," she said.

CORPORATE SCANDALS:

Fake Trade Jury Convicts, Acquits And Deadlocks (AP)

By Kristen Hays

AP, August 5, 2006

HOUSTON - Two former Houston energy traders got all the possible outcomes they could get Friday from a jury that struggled over whether they illegally reported fake trade data to industry publications.

Jurors convicted ex-Dynegy Inc. trader Michelle Valencia and ex-El Paso Corp. trader Greg Singleton of wire fraud charges, but either acquitted them or couldn't reach a verdict on other wire fraud counts and all conspiracy and false reporting counts.

The outcome baffled defense lawyers and the stunned defendants.

"It doesn't make any sense," ex-Dynegy trader Michelle Valencia told her attorney, Chris Flood, minutes after U.S. District Judge Nancy Atlas read the roller-coaster verdict.

Jurors, who had reported deadlocks for two days on some counts, declined to explain their decision and quickly left the Houston federal courthouse without comment.

Valencia was convicted of seven counts of wire fraud and acquitted of five counts of false reporting and two other counts of wire fraud. Jurors couldn't reach verdicts on a single count of conspiracy and eight other counts of false reporting.

Ex-El Paso Corp. trader Greg Singleton was convicted of a single count of wire fraud. Jurors acquitted him of two counts of false reporting and two other counts of wire fraud. The panel couldn't reach verdicts on two other counts of wire fraud and a single count of conspiracy against Singleton.

Sentencing was set for Nov. 7. Valencia faces a maximum of 35 years in prison, while Singleton faces up to five.

"It's bizarre," Flood said. "We received a fair trial. I'm just puzzled by the verdict."

"It was a very interesting trial," said Paul Nugent, Singleton's lawyer. "It's interesting how the jury rejected false reporting with Singleton."

Valencia and Singleton were accused of reporting fake data to industry publications in 2000 and 2001 that use the information to calculate natural gas index prices. The publications, such as Inside FERC Gas Market Report or Natural Gas Intelligence, calculate price based on information supplied by traders or their companies, which in turn use those prices in trading.

Such indexes are used to price billions of dollars in transactions involving natural gas and electricity in physical and financial markets each year. Companies provide trade data voluntarily, and no governmental agencies regulate how the publications handled the information.

Valencia and Singleton acknowledged reporting fake data to the private, for-profit publications, but argued that they did so on orders and didn't know it could be criminal. Prosecutors countered that to convict, jurors had to find that the defendants intended to deceive.

"It sounds like the jury was persuaded by the arguments that these people were just doing what was normal in the industry," said Andrea Wolfman, former head of enforcement at the Federal Energy Regulatory Commission.

"You can only speculate that they might have been sympathetic to the notion that people hadn't had much notice that this is criminal behavior," said Wolfman, now an attorney in private practice.

She added that jurors may have been flummoxed in part by the complicated, jargon-filled case presented over three weeks. Three other former El Paso traders are to go to trial in November on charges of conspiracy, false reporting and wire fraud.

Valencia and Singleton declined comment, and are expected to appeal.

Prosecutor Belinda Beek said the government was pleased with the verdict, even though it appeared that jurors rejected their false reporting allegations.

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"One government theory was false reporting. The other was wire fraud, which was separate and independent from the false reporting and conspiracy counts," Beek said without elaboration.

The conspiracy and false reporting counts stemmed from the Commodity Exchange Act, which hadn't before been used in a criminal prosecution. The wire fraud convictions stemmed from fake trades reported via e-mails, faxes or phone calls.

Fake reporting to boost the appearance of trading activity was common in the energy merchant industry before Enron Corp. crumbled into bankruptcy proceedings in late 2001.

Scrutiny of trading practices heightened after Enron crashed, and Valencia and Singleton were the first in a string of ex-traders charged with reporting fake trades to go to trial.

Since Valencia, Singleton and other traders were indicted in 2003 and 2004, the FERC has made moves to strengthen oversight. Agency rules now require companies that buy and sell natural gas and electric power in the wholesale market to adopt strict internal controls on price reporting. Congress also stiffened criminal penalties and allowed the FERC to require price reporting to a central agency. The FERC hasn't yet invoked that authority.

SEC-CFTC (WSJ)

By Arthur Levitt, Jr.

The Wall Street Journal, August 5, 2006

When two dozen New York City stockbrokers and merchants met under a buttonwood tree on Wall Street 15 years after the Declaration of Independence, the last thing they ever would have imagined was a future in which their new exchange was merged with a European one. Even as recently as 40 years ago when I first started on Wall Street, no one would have believed it.

Much has changed, however, and the big question today isn't whether the New York Stock Exchange's bid for Paris-based Euronext is a reasonable evolution. It's how can we adapt our regulatory structures to catch up with rapid globalization and technological transformation.

No one doubts that our largest banks and securities firms have long been truly global institutions whose activities affect capital markets across national boundaries. The same is increasingly true of the world's stock exchanges. They now compete with each other on trading efficiency and access to capital as well as across product areas from stocks and bonds to derivatives. Inevitably, this means expanding their reach into a global marketplace.

While the capital markets and those participating in them are moving boldly into the new century, our regulatory regime is fundamentally stuck in its New Deal past. Built in the wake of the Crash of 1929, these regulatory structures still reflect the way financial markets and financial institutions operated in the 1930s. For decades, this design has served the U.S. well, creating the most robust capital markets in the world. However, to continue to provide fair and fierce competition, protect and serve investors of all sizes, and promote innovation, the time has come to move beyond tinkering and overhaul the regulatory structure of the securities markets.

First, we must untangle the central conflict of interest now facing many of the exchanges -- that they are expected to regulate themselves and answer to shareholders interested in the bottom line. We need to combine the regulatory arm of the NYSE with the National Association of Securities Dealers and the National Futures Association in order to provide unitary oversight of broker-dealers and commodities firms.

Pooling together their various resources into one entity could reduce inefficiencies and unnecessary costs, streamline regulatory approval for fast-changing markets, and enable the self-regulatory organization to more effectively focus on systemic risk. Moreover, such a move, if undertaken with an unwavering commitment to untangling conflicts of interest and ensuring robust enforcement, could help investors of all sizes.

Second, we need to recognize that cordoning off market regulation from market operation,and collapsing the self-regulatory bodies into one, is not enough. We also must do the same at the federal level and merge the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC), drawing on the strengths and best practices of both to create one federal regulatory body.

For many years, I believed that such a merger would be beneficial to the markets. However, as SEC chairman in the 1990s I resisted calls to combine the SEC and CFTC functions into a single agency, because I did not think that it was politically feasible at the time. Yet the markets have changed so much in the past decade that now it would be unwise to let this division of labor continue. And with a new Treasury secretary, Henry Paulson, Jr., in place with impeccable market credentials, he can use his prestige and bully pulpit to help settle the turf battles that inevitably will erupt if such a merger was pursued.

In the past, separate regulation of the securities and the futures markets was useful because the two markets operated in dramatically different fashions and only rarely interacted. Today, quantitative risk assessment and the pricing of risk are largely indifferent to the legal form of a specific financial instrument. The "quants" (as quantitative analysts are called) can "substitute" a

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stock for a bond -- or an option, or a futures contract. These "synthetic" securities -- also known as derivatives -- are a fundamental regulatory challenge. In a world where old market distinctions are increasingly blurred, it makes less and less sense to divide regulatory responsibilities along now obsolete artificial lines.

That does not mean we should create one super-regulatory agency. For instance, the Federal Reserve's regulatory functions in the banking industry should remain separate. While including the Fed in such a merger may make sense on the surface, it would not work. The Fed's dominant regulatory culture is one of safety and soundness, far different than the focus on dynamism, risk and investor protection found at the SEC or CFTC.

Beyond a better reflection of the realities of today's marketplace, a single federal regulator of securities also would advance and maintain our pre-eminent role in the world's financial markets, by better equipping the U.S. to address directly the looming issues of global harmonization of regulatory practices. These issues are becoming urgent. Just as companies and their investors become more global, so must accounting standards, merger regulation, enforcement and investor-protection rules.

Of course, a system of international regulatory reciprocity, if not full harmonization of regulatory standards, will always be difficult. Regulation cannot, and should not, proceed on the assumption that the U.S. way is always the best. We must respect national sovereignties, but encourage foreign regulators to embrace high governance and regulatory standards. Because markets reward transparency, I believe we will see a race to the top -- with few great companies looking to arbitrage regulatory standards for some kind of short-term gain. Yet, as countries continue to draw difficult and delicate lines, it becomes a less daunting task with a single U.S. federal securities regulator guiding the pen.

As the boundaries between capital markets, and between financial products offered by markets and financial intermediaries, come down, so must our antiquated regulatory structure. In its place, we need a new regulatory regime that is better suited to protect investors in a global marketplace and to keep our capital markets the envy of the world.

Mr. Levitt, Jr. was chairman of the SEC from 1993 to 2001.

CRIMINAL LAW:

Senate Ratifies Treaty On Cybercrime (AP)

Associated Press

AP, August 5, 2006

WASHINGTON – The Senate has ratified a treaty under which the United States will join more than 40 other countries, mainly from Europe, in fighting crimes committed via the Internet.

The Council of Europe's Convention on Cybercrime, ratified late Thursday, is the first international treaty seeking to address Internet crimes by harmonizing national laws, improving investigative techniques and increasing cooperation among nations.

The convention had been signed by 38 European nations plus the United States, Canada, Japan and South Africa, as of the end of 2005. It was opened for signature in 2001.

“While balancing civil liberty and privacy concerns, this treaty encourages the sharing of critical electronic evidence among foreign countries so that law enforcement can more effectively investigate and combat these crimes,” said Senate Majority Leader Bill Frist, R-Tenn.

The convention targets hackers, those spreading destructive computer viruses, those using the Internet for the sexual exploitation of children or the distribution of racist material and terrorists attempting to attack infrastructure facilities or financial institutions.

“This treaty provides important tools in the battles against terrorism, attacks on computer networks, and the sexual exploitation of children over the Internet, by strengthening U.S. cooperation with foreign countries in obtaining electronic evidence,” Attorney General Alberto Gonzales said. “The Convention is in full accord with all U.S. constitutional protections, such as free speech and other civil liberties, and will require no change to U.S. laws.”

Senate Ratifies Controversial Cybercrime Treaty (CNET)

By Declan McCullagh, Anne Broache

CNET News.com, August 4, 2006

The first and only international treaty designed exclusively to combat computer crime won approval late Thursday from the U.S. Senate.

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The Council of Europe Convention on Cybercrime "will enhance our ability to cooperate with foreign governments in fighting terrorism, computer hacking, money laundering and child pornography, among other crimes," Sen. Richard Lugar, the Indiana Republican who is chairman of the Senate Foreign Relations Committee, said in a statement.

The treaty is intended to harmonize computer crime laws, especially those in smaller or less developed nations that may not have updated their legal framework to reflect the complexities of the Internet. It requires participating countries to target a broad swath of activities, including unauthorized intrusions into networks, fraud, the release of worms and viruses, child pornography and copyright infringement.

"This treaty provides important tools in the battles against terrorism, attacks on computer networks and the sexual exploitation of children over the Internet, by strengthening U.S. cooperation with foreign countries in obtaining electronic evidence," U.S. Attorney General Alberto Gonzales said in a statement Friday.

Because U.S. law already includes much of what the treaty requires, the Senate's consent is in part symbolic.

"Dual criminality" conflict

But one portion, which provoked the most controversy, deals with international cooperation. It says Internet providers must cooperate with electronic searches and seizures without reimbursement; the FBI must conduct electronic surveillance "in real time" on behalf of another government; that U.S. businesses can be slapped with "expedited preservation" orders preventing them from routinely deleting logs or other data.

What's controversial about those requirements is that they don't require "dual criminality"--in other words, Russian security services investigating democracy activists could ask for the FBI's help in uncovering the contents of their Yahoo Mail or Hotmail accounts, or even conducting live wiretaps.

"Our primary concern is that there's no dual criminality within the mutual assistance provisions," said Danny O'Brien, activism coordinator with the Electronic Frontier Foundation in San Francisco. "The U.S. is now obliged to investigate and monitor French Internet crimes, say, and France is obliged to obey America's requests to spy on its citizens, for instance--even if those citizens are under no suspicion for crimes on the statute books of their own country."

The Council of Europe consists of 45 member states, including all of the European Union, and five nonvoting members, of which the United States is one. Negotiations on the treaty began in 1997, and so far, 15 European nations, including Albania, Denmark, France, Norway and Ukraine, have fully ratified the final document.

The Bush administration began pressuring Congress to do the same in 2003. The Senate Foreign Relations Committee approved the treaty last summer.

Longtime technology industry advocates of the treaty hailed the Senate's action, which occurred on its final day in session before a monthlong summer recess. The Business Software Alliance, a lobbying group whose members include Microsoft, Apple Computer, Cisco Systems, IBM and Intel said the treaty "will serve as an important tool in the global fight against cybercriminals and encourage greater cooperation among nations."

The software industry, which has been lobbying for years for action on the treaty, has found it contains much to cheer about, including a requirement that nations enact criminal penalties for copyright infringers.

The ratification marks "an important milestone in the fight against international cybercrime," said Paul Kurtz, executive director of the Cyber Security Industry Alliance, which counts Juniper Networks, McAfee, RSA Security and Symantec among its member companies.

A First Amendment issue

The Senate did not consider an optional separate section dealing with Internet-based hate speech that would have required participating nations to imprison anyone guilty of "insulting publicly, through a computer system" certain groups of people based on characteristics such as race or ethnic origin.

US Joins International War Against Internet Crime (WINS)

1010 WINS-AM New York, August 4, 2006

The US is now officially in league with about 40 other countries in a war against Internet crime.

The Senate Friday ratified a treaty that Attorney General Alberto Gonzales says will also help fight terrorism, hackers, computer virus attacks and the sexual exploitation of children online.

Gonzales says the cybercrime pact strengthens international cooperation in "obtaining electronic evidence" while still honoring constitutional protections of free speech and privacy.

The Council of Europe's Convention on Cybercrime is the first international treaty that addresses Internet crimes by harmonizing the laws of individual nations.

Arrests Bring Closure To Scottsdale Murder (AR)

DOJ_NMG_0044575

By Michael Ferraresi

Arizona Republic, August 5, 2006

SCOTTSDALE - Two men arrested in Mesa are the predators long sought in Scottsdale's "Serial Shooters" murder of Claudia Gutierrez-Cruz and five others Valley-wide, police said Friday.

Dale Hausner, 33, and Samuel Dieteman, 30, were taken into custody late Thursday following tips that led investigators to the men this week.

They were charged Friday with two counts of first-degree murder and 13 counts of attempted first-degree murder.

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Gutierrez-Cruz, 20, was shot to death May 2 while walking home along Thomas Road - a random slaying later linked through a task force of detectives to as many as 36 shootings that have terrorized residents from Scottsdale to Avondale for more than a year.

"Claudia was a very good person; she worked in the community," Scottsdale Police Chief Alan Rodbell said.

"There was no reason for anyone to hurt her."

Rodbell praised the ongoing "hard work and partnerships" among police departments and federal law enforcement agencies as the reason the suspects are being investigated.

The next step, Rodbell said, is confirming beyond a reasonable doubt that Hausner and Dieteman are responsible for Gutierrez-Cruz's murder.

Hausner and Dieteman also were linked to two June 8 arson-caused fires at two West Valley Wal-Mart stores, police said.

On her way home Gutierrez-Cruz moved to the Valley from Puebla, Mexico.

She worked as a bartender's assistant at Barcelona restaurant in north Scottsdale, and was walking home to her east Phoenix apartment from a bus stop at Thomas and Scottsdale roads when she was shot.

Scottsdale detectives had expressed frustration with a lack of witnesses to the murder before Phoenix police announced in June that the case was connected to the Serial Shooter series.

"I'm glad we can put some closure on it for the Cruz family," Rodbell said.

The homicide was the first of two this year in Scottsdale.

Task force lauded Agencies involved in the Serial Shooter investigation include the Phoenix and Mesa police departments, the FBI and the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Scottsdale contributed one detective to the Serial Shooter task force on a regular basis, in addition to other manpower and resources.

"There is no place like the Phoenix area" for cooperation among police agencies, Rodbell said at a Friday morning press conference, not even in Montgomery County, Va., where he worked for more than 26 years.

Montgomery County was one of several agencies involved in the Washington-area "D.C. Sniper" investigation in 2002. That series of shootings happened shortly after Rodbell took a deputy chief post in Scottsdale in February 2002, though he continued to check in with friends working on the case.

Rodbell and other Scottsdale leaders have stressed the need to maintain those partnerships, as violent crimes such as the Gutierrez-Cruz murder are often connected to other Valley communities.

"There was no jockeying for position, just solid police work," Phoenix Mayor Phil Gordon said.

Federal investigators could not comment Friday on details about the weapon used to kill Gutierrez-Cruz.

ATF helped Scottsdale and other agencies with ballistics and forensics work, Senior Special Agent Thomas Mangan said.

'Ayudame,' she cried Gutierrez-Cruz was shot near 61st Place as she was walking west to her Phoenix apartment in the 5000 block of Thomas Road.

The gunshot wound was to her left side. Police originally suggested the wound was from a shotgun blast.

Metal pellets and other evidence were impounded by Scottsdale investigators, according to the police report.

Responding officers noted bloodstains on the grass near the side of the road.

Gutierrez murmured, "ayudame," or, "help me," as she crawled toward the middle of the road, police said.

A passing driver called Scottsdale police after spotting her bloodied body sometime after 10 p.m. She died hours later at Scottsdale Healthcare Osborn.

It was not made clear Friday if Hausner, Dieteman - or both men, whom police described as friends - fired the fatal shot at Gutierrez-Cruz.

Pair Admit To Killings In Mesa, Scottsdale (EVT)

By Christian Richardson

East Valley (AZ) Tribune, August 5, 2006

Samuel John Dieteman, 30, and Dale S. Hausner, 33, made brief court appearances Friday evening, chained at the ankles and wearing black and white striped jail garb. They have each been charged with two counts of first-degree murder and 14 counts of attempted murder.

A three-page "probable cause" statement filed by Phoenix police laying out the case said the men used a .410-gauge shotgun in the shooting spree, including the killings of 22-year-old Robin Blasnek on Sunday night in Mesa and Claudia Gutierrez-Cruz, 20, who was shot as she was walking in the 6100 block of East Thomas Road in Scottsdale on May 2.

The same gauge shotgun pellets were recovered from some shooting victims and a .410-gauge shotgun was seized when police searched the men's Mesa apartment early Friday morning, the statement said. Blasnek was killed as she walked on Gilbert Road near Grandview about 11:15 p.m. "Dieteman admitted that he was in the passenger side window and Hausner, who was operating the light-colored Camry, pointed a shotgun out the passenger window and shot the victim," prosecutors wrote in the court statement.

In the Scottsdale shooting, Gutierrez-Cruz had just gotten off a bus and was walking west on Thomas Road. "Hausner pulled alongside in the curb lane and Dieteman fired one shot from a shotgun at the victim," the statement said.

Police allege Hausner, an airport janitor and professional photographer with a violent past, and Dieteman, a convict and deadbeat dad, targeted transients in Phoenix, at least at first. Authorities have linked the men to 36 shootings of humans and animals in the Valley since May 2005, including six murders. Prosecutors said Friday more charges are anticipated.

Hausner and Dieteman recounted details of a number of shootings to police and acknowledged they took turns driving and shooting, according to the probable cause statement.

Police were tipped to the men when an acquaintance of Dieteman told a detective that he knew one of the primary suspects in the Serial Shooter case. The man told the detective Dieteman "would drive through the cities selecting random targets which he referred to as 'RV' Random Recreational Violence,' " the statement said.

The statement does not say when police learned the suspects' identities. On Friday, police also refused to say when they were first tipped off.

Authorities were uncertain late Friday why the two took to the streets with weapons, or why they targeted certain victims.

“We have found no obvious evidence that they are related to any group or have any specific type of motive in mind,” said Phoenix assistant police chief Bill Louis.

“That’s what anybody would think — what would drive somebody to do this? Are they a hate group or do they belong to something that would drive them to do it? Nothing obvious right now,” Louis said.

According to the probable cause statement, the two men slowed in areas of "vagrant activity." Dieteman would shoot from an angle then drive slowly away, the statement said.

Police put the pair under surveillance after the citizen came forward and watched them drive a silver Toyota Camry through an area where previous attacks had occurred. At one point, the officers saw the men take what appeared to be a weapon wrapped in a towel out of the car.

Dieteman threw a black plastic trash bag in a dumpster and when an undercover officer removed it, he found a map with red and blue dots representing attack locations. The trash also contained an expended .410 shotgun shell. Police arrested the men late Thursday night outside their apartment at 550 E. McKellips Road and then searched the apartment. Evidence seized in the search included a .410-gauge single shotgun altered at the stock, .410 shotgun shells, other guns and long rifles, two maps, an America's Most Wanted videotape, news articles and clippings, and maps identifying routes and possible locations of previous shootings, according to the probable cause statement.

At the initial appearance hearing, both men were held without bail. Each said he can't afford an attorney.

Hausner, bearded and with brownish-red hair, slouched as he appeared before Commissioner Kathleen Mead, and frequently stared at the floor. He answered brief questions but showed no real emotion.

Dieteman, with black hair, a brown goatee and a skull tattooed on his right forearm, stood straight before the judge and answered her questions quietly.

Arraignment was set for Aug. 14 for each.

Hausner had been living in the Windscape Apartments at 550 E. McKellips Road since last year, but neighbors said Dieteman had moved in with him only recently.

Hausner and Dieteman also have been implicated in two arsons set June 8 at Wal-Mart stores in Glendale, and fire investigators later realized the men might be connected to the Serial Shooter case.

It took investigators more than a week to clean up surveillance footage from inside one of the stores and the parking lot, but once it was released to the public on June 19 a “barrage of phone calls” came in with tips, Glendale Fire Chief Mark Burdick said.

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One of those tips identified one of the arson suspects, said Thomas G. Mangan, a senior special agent with the Bureau of Alcohol, Tobacco and Firearms. He would not disclose which one was identified.

"When you identify someone, obviously, you investigate every aspect of his life," Mangan said. Some of the details the ATF uncovered, including what car the suspects drive, matched information from the Serial Shooter case.

The arrests carried the element of surprise. The tactical units of the Mesa and Phoenix police had the apartment staked out and when Dieteman went out to empty the garbage around 11:45 p.m., "we had a surprise for him," Louis said. Hausner came out later and was also taken into custody.

Phoenix Police Chief Jack Harris said police didn't try to make a forced entry, knowing that Hausner's 2-year-old daughter was inside. "The child was not involved, was not harmed and was returned to the mother," Harris said.

Ariz. Police Arrest 2 In Shootings Case (AP)

By Chris Kahn, Associated Press Writer

AP, August 5, 2006

MESA, Ariz.-Authorities arrested two men Friday in their investigation of a series of shootings that have terrorized people throughout the Phoenix area, a law enforcement source with knowledge of the investigation told The Associated Press.

Several law enforcement agencies, including the Phoenix police department were involved in the arrests at a Mesa apartment complex, according to the source, who said more information would be released later in the day.

Earlier, authorities searched an apartment building and said they had made a break in a major investigation. Authorities had declined to say whether the search was related to the ongoing hunt for two serial killers believed to be responsible for more than a dozen slayings in the area.

One of the two serial predators whom authorities say have been operating in the Phoenix area for more than a year is a shooting suspect accused in six slayings since May 2005. The most recent was Sunday in Mesa when 22-year-old Robin Blasnek was fatally shot as she was walking from her parents' home to her boyfriend's house.

Authorities have said they believe the "Serial Shooter" is also responsible for killing several dogs and horses and wounding 17 people - mostly pedestrians and bicyclists.

They said the suspect targets lone victims late at night or early in the morning and shoots from a vehicle.

Phoenix police have had about 200 officers working to try to solve the shooting cases and to find a second serial predator dubbed the "Baseline Killer."

The "Baseline Killer" is believed responsible for killing seven women and one man since last September and sexually assaulting 11 women and girls in the past year.

Second Brother Arrested In New Orleans Quadruple Shooting (AP)

AP, August 5, 2006

NEW ORLEANS - A second suspect in a quadruple shooting that upset this city's struggle to rein in crime after Hurricane Katrina surrendered on Friday, police said.

Kevin Amison, 21, turned himself over to detectives a day after police arrested his 18-year-old brother, Raymond Amison, said Sgt. Jeffrey Johnson.

Three brothers and a friend were killed in the July 28 attack. The three brothers were buried Friday.

Police had been looking for Kevin Amison in Alabama, where he was believed to be hiding. The two brothers were booked with four counts of first-degree murder. The Amison brothers have denied any involvement in the shootings.

"I've been gone since the 24th," Kevin Amison told reporters as he was escorted into jail Friday night in handcuffs. "I was in Atlanta."

The two set of brothers had been involved in a dispute that possibly predated Katrina which hit on Aug. 29, said police Superintendent Warren Riley.

The quadruple killing reinforced fears that crime is making a strong comeback in this city struggling to recover from Katrina. July saw 21 murders, which is just under the monthly average of homicides before Katrina hit and dispersed the city's population. There are still far fewer people living here than before Katrina.

Officials say that unless the crime wave is checked the city's rebuilding efforts will be hurt.

Steps have been taken to combat crime. In mid-June, Gov. Kathleen Blanco dispatched about 300 National Guardsmen and 60 state troopers to help city police. That came after five teenagers were killed in a single attack.

On Thursday, U.S. Sen. Mary Landrieu asked the Justice Department to send in more federal agents and prosecutors to cope with the rising violence. Landrieu suggested that authorities use federal racketeering laws against gangs and drug rings.

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Mayor Ray Nagin's office said on Friday that additional steps to improve the city's justice system will be announced on Monday. Problems facing police and prosecutors include getting witnesses to testify, a backlog of cases and the destruction of courtrooms and evidence.

California Congressman Helped Abramoff Win Contract (MCT)

By David Whitney

McClatchy Newspapers, August 5, 2006

WASHINGTON - Rep. John Doolittle helped Jack Abramoff secure a lucrative lobbying contract with the Commonwealth of the Northern Mariana Islands in 1999 and then assisted the now-disgraced lobbyist's efforts to route federal money to the islands and defend its garment industry, newly obtained documents show.

The California Republican accepted $14,000 in contributions from Abramoff - $4,000 to his congressional re-election committee and $10,000 to the congressman's California political action committee.

The first contribution came just a few weeks before Doolittle endorsed the election of a key commonwealth politician crucial to Abramoff winning the contract. The last Abramoff contribution came as the Northern Marianas lobbying contract was expiring in December 2001.

While Abramoff's associates and clients, particularly Indian tribes, have been large contributors to Doolittle for at least six years, the $14,000 is the only money directly from Abramoff.

Doolittle's involvement with the islands provides another link between him and Abramoff, who pleaded guilty in January to three felony charges in connection with his lobbying. Doolittle also took action on behalf of Indian tribes that Abramoff represented, and the lobbyist once hired the firm owned by Doolittle's wife.

Doolittle has defended his relationship with Abramoff, calling him a close friend but denying any involvement in the lobbyist's improper activities. And Doolittle consistently has declined to return any Abramoff-related campaign money, saying he did nothing wrong in accepting it.

In an interview Friday, Doolittle said all of his efforts were to aid the struggling Mariana Islands and had nothing to do with Abramoff.

"It had to do with the (commonwealth)," Doolittle said.

The commonwealth is a U.S. territory east of the Philippines whose garment industry has been widely criticized as a collection of sweatshops employing Chinese, Filipino and other immigrant workers at sub-minimum wages. Clothing from these plants is sold tariff-free in the United States under a "Made in the USA" label.

Workers there have complained of living in prison-like conditions. Women have said they were shunted into the bustling sex industry. Chinese women told U.S. investigators that they were forced to have abortions after becoming pregnant.

Doolittle's press aide, Laura Blackann, said in a statement Friday that the congressman had traveled to the Northern Marianas in 1999 on a congressional trip and saw none of the abuses or "reported inhumane working conditions."

At the time, Doolittle was a member of the House Resources Committee, which has jurisdiction over the commonwealth.

Abramoff lobbied to stop congressional bills that would impose U.S. immigration and wage laws on the commonwealth. Efforts to enact those laws have been bipartisan and continue today.

Doolittle has been a leading opponent of the bills, saying the reported abuses could be halted with aggressive enforcement of existing U.S. law enforcement tools. He stood in lockstep on the issue with his mentor, Rep. Tom DeLay of Texas, then the Republican whip and later the majority leader of the House of Representatives, who called the Northern Mariana Islands a "petri dish for capitalism."

Abramoff had lost the commonwealth lobbying contract in 1998 and was campaigning in 1999 to get it back. Key to his strategy was Benigne Fitial, an Abramoff supporter and former commonwealth legislator who for the last decade had been vice president of Tan Holdings Group, operator of garment plants and the publisher of the Saipan Tribune, a commonwealth newspaper, according to published reports.

On Oct. 3, 1999, Doolittle received a $1,000 contribution from Abramoff, the first from the star lobbyist. Three weeks later, Doolittle wrote a letter to Fitial praising his entry into the commonwealth's legislature race and endorsing his election.

"I know that you are a legislator and businessman who cares deeply about the people of your community," Doolittle wrote. "Your hard work in previous legislatures has succeeded in improved relations with the U.S. government, and we need you in the House again to ensure continued success."

Doolittle's letter, complete with the disclaimer that it was paid for by the John T. Doolittle for Congress committee in Roseville, Calif., was published in the Saipan Tribune on Nov. 2, four days before Fitial was elected.

On Friday, Doolittle said he backed Fitial, now the commonwealth's governor, because "he was a pro-free-enterprise guy who was advocating for the best interests of the territory."

After Fitial's election, Abramoff turned his attention to getting Fitial elected speaker of the commonwealth House. He was considered the underdog in the race, trailing the front-runner by two votes, according to published reports.

According to the Los Angeles Times, two of Abramoff's associates, former DeLay aides Ed Buckham and Michael Scanlon, were dispatched to the Northern Marianas in December 1999 to persuade two legislators from Tinian and Rota islands to switch their votes and support Fitial, offering promises of federal money for their island communities.

A follow-up trip in January, when Fitial was elected speaker, was cited in Abramoff's agreement when he pleaded guilty to political corruption charges.

In July, Fitial pushed through the Marianas House legislation directing the government to hire Abramoff's firm, Preston Gates, as its lobbying firm, and the deal was accepted July 27.

By then, Abramoff had made a second $1,000 contribution to Doolittle. It was followed on Oct. 30 with his biggest contribution to Doolittle - $10,000 to the congressman's Superior California State Leadership Fund.

After the 2000 U.S. elections, an opening occurred on the House Appropriations Committee. The seat was regarded as a California slot on the powerful spending panel. The California Republican congressional delegation backed Rep. Howard McKeon, but the spot went to Doolittle, who credited his association with DeLay for the victory.

After he moved his operation to the Greenberg Traurig law firm and had the commonwealth contract extended for 2001, Abramoff appointed former Doolittle aide Kevin Ring to manage the account.

Over the next 10 months, according to billing records, Ring met or contacted Doolittle or his staffers 19 times to talk about Mariana Islands issues, including appropriations for the islands.

One reference was to a phone conversation Ring had with a Doolittle aide regarding "funding for port studies." Port money was among the inducements offered to one of the commonwealth legislators to encourage a vote for Fitial for speaker, according to published reports.

Another entry lists Ring working with Doolittle's office on March 12, 2001, "regarding letter on OSHA report." Ten days later, the Saipan Tribune published a story headlined "U.S. lawmaker hails CNMI (Commonwealth of the Northern Mariana Islands) transformation." The story reported on a letter from Doolittle to his House of Representatives colleagues on a new Occupational Health and Safety Administration report that led Doolittle to conclude that there'd been significant improvements in the garment industry on the islands.

According to the Saipan Tribune story, "Mr. Doolittle's letter is like a whiff of fresh air for CNMI lobbyists in Washington, D.C., local government officials and businessmen."

Another Saipan Tribune story, in May 2001, quoted Fitial as turning to "U.S. Rep. John T. Doolittle and other members of the U.S. Congress and the Bush administration to release funds for the island's transport facilities." The article quoted Fitial as saying Doolittle had been presented with a "recent study on the needed rehabilitation work at the Tinian and Rota seaports." Five days later, on May 22, 2001, in another Saipan Tribune story headlined "CNMI receives support of US Congress ally," Fitial hailed federal help coming for the Rota and Tinian port projects through a spending bill for the U.S. Army Corps of Engineers detailed in a letter he received from Doolittle.

"Mr. Doolittle's letter lays out clearly what has been done and what work lies ahead for Northern Marianas port facilities," according to the article.

Doolittle did more than just angle for federal money and write letters to the speaker. On May 17, 2001, according to Federal Election Commission reports, Doolittle's re-election committee contributed $1,000 to Fitial. Six days later, the Doolittle campaign recorded a $1,000 contribution from Abramoff.

Doolittle was in the Saipan Tribune again May 25 when the newspaper reprinted his letter telling Fitial how DeLay had helped Tinian and Rota ports in 2000 with a $150,000 earmark for studies. Doolittle said he would pick up the torch by seeking funding for feasibility studies for the two projects "so that the corps would have the resources necessary to begin the next stage of work."

It is unclear how much money was funneled to the Northern Marianas by Congress in 2001, or how much of that Doolittle was responsible for delivering.

Abramoff's last contribution, for $1,000, to Doolittle's campaign was dated Dec. 28, 2001, three days before the lobbying contract terminated.

Doolittle said Friday that his support for the Northern Marianas hasn't waned.

"They are the territory that is actually self-sufficient and hard working," he said. "Some of the others are just welfare states. ... Big labor should lay off them and the Democrats should quit trying to kill them off because they don't fit their particular agenda."

Peter Hecht of The Sacramento Bee contributed to this report.

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Rival Urges Harris To Quit (HTRIB)

By Jeremy Wallace

The Southwest FloridaHerald Tribune, August 5, 2006

NORTH REDINGTON BEACH -- LeRoy Collins Jr. walked slowly to the podium and politely praised the tenacity of Katherine Harris, one of his competitors for the GOP nomination for U.S. Senate.

Then, in nearly the same breath, Collins let her have it:

"On this occasion, I would like to suggest that she withdraw from the race," Collins said. "I think for the benefit of the country, the state and her own self-respect."

The crowd of 100 people at the Belleair Women's Republican Club fell silent, and a few in the audience chuckled. Collins didn't crack a smile, and it took a few seconds for the audience to realize he was serious.

That was not the only awkward moment during what was the first meeting -- and quite possibly the last -- among the four candidates in the Sept. 5 primary. The winner of that primary will take on U.S. Sen. Bill Nelson, a Democrat, in November.

Harris, who was seated just a few feet to Collins' left, didn't flinch. After the event, she shrugged Collins' remarks off as a "silly" statement and a "good press gimmick" for someone who is in the single digits in most polling.

Later, a woman sporting a "Harris for Senate" lapel sticker stood up and accused another candidate, Will McBride, of changing his name from Will "Rodriguez" and demanded to know why.

McBride, at first stunned by the question, smiled politely and told the woman that he was born William Richard McBride and has always been William Richard McBride.

McBride, whose father is from Mexico, took the question as a shot at his heritage.

"I am not ashamed of who I am," said McBride, who was born in Tampa.

McBride said he sought the woman out afterward to find out who put her up to the question. The unidentified woman only said "the campaign told her to," McBride said, not saying which campaign.

Questioned after the meeting, Harris said it was "absolutely not" a planted question from her campaign staff.

McBride also tried to deflect questions about how he could take such a tough stance against illegal immigration when he was marching at immigration reform rallies this spring.

One woman in the audience showed the crowd pictures of McBride at a May rally in which he was holding an "Immigrants United for Freedom" sign and walking with American and Mexican flags behind him.

"I am an attorney," said McBride, who has a practice in downtown Orlando. "I did speak out on behalf of them."

McBride said he never called for any type of amnesty for illegal immigrants and that the people at the rallies were "pleading for mercy."

McBride said his being at the rallies doesn't affect his support for tougher border security. He said he doesn't want to talk about guest worker programs until the borders are secure.

A fourth candidate in the race, Peter Monroe, was mostly on his best behavior during the event. Monroe explained he might have been in shock after what Collins said.

Just days earlier, it was Monroe who was getting booed in Manatee County after he told a group of Harris supporters that she had no chance of beating Nelson in November.

It was the same day he accused Harris of making gross misstatements on her campaign literature and for being absent for key votes in Congress. In brochures, Harris claims legislation she sponsored helped 4.5 million low-income workers buy homes. Federal records show about 16,000 families have used the program so far.

When asked if he would promise not to resort to negative campaigning, Monroe asked a question back:

"Hypothetically, if another Republican has a bad voting record and I point that out, is that negative?" Monroe said.

But it was Collins' shot at Harris that had everyone talking after the meeting.

"It was the wrong thing to do," said Barbara Stephens, president of the Central Pinellas Republican Club.

Monroe said he admired Collins for bluntly telling Harris to step aside.

Harris, far behind Nelson in most public polling, has struggled to raise money for her campaign and has had top GOP leaders revoke their endorsements of her.

She has also struggled to distance herself from growing controversy surrounding a corrupt defense contractor who admitted in February to giving illegal campaign donations to Harris in 2004.

Former campaign workers said last week that a grand jury has issued a subpoena for some of her records.

Harris said on Friday that the subpoena was for campaign records and not for congressional records. She said she wouldn't comment further on the subpoena, only saying that she is not a target of the Justice Department's investigation and that she is cooperating with investigators.

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Ex-Bush Aide Admits Shoplifting And Is Fined (NYT)

By Holli Chmela

The New York Times, August 5, 2006

WASHINGTON, Aug. 4 — A former White House policy adviser, who was arrested in March and charged with multiple counts of shoplifting, pleaded guilty Friday to a single count, in a plea agreement under which he will pay a fine and make partial restitution but will avoid having a criminal record if he completes probation successfully.

The former official, Claude A. Allen, was initially charged with stealing more than $5,000 of merchandise from Target and other retailers in a fraudulent-return scheme. At the time, Mr. Allen denied the charges through his lawyer and said there had been a mix-up concerning his credit card. The accusations included at least 25 efforts to collect refunds on goods he never bought.

By pleading guilty in Montgomery County Circuit Court in suburban Maryland, Mr. Allen, 45, avoided the maximum sentence of 18 years in prison. Instead, Judge Eric Johnson ordered that he serve two years of supervised probation, perform 40 hours of community service, pay a $500 fine and make restitution of $850 to the Target Corporation. With no conviction on his record, he would be permitted to resume practicing law.

In his guilty plea, Mr. Allen admitted to stealing a Kodak printer valued at about $235.

In a short statement he made before the judge, Mr. Allen offered no explanation for stealing the printer, but he expressed "deep remorse" for his unlawful actions and broke down emotionally and wept.

"Something did go terribly wrong — I lost perspective and failed to restrain myself," Mr. Allen said, "At the time, I did not fully appreciate what was going on."

He cited the stress of his job, family problems and lack of sleep as factors in his "loss of perspective."

"Your Honor, I need to provide for my family," Mr. Allen said. "I ask for a second chance to rebuild trust. With the love of my family and the support of my church and friends, I know I will not repeat this offense."

The Montgomery County state's attorney, Douglas F. Gansler, said: "The bulk of the punishment for Mr. Allen was the shame and embarrassment to himself, his friends, and his family. He showed genuine remorse today in the courtroom."

Mr. Allen's lawyer, Gregory B. Craig, in his statement, asked Judge Johnson to impose a sentence of probation before judgment, so Mr. Allen would have no conviction on his record pending completion of his probation, community service, fines and restitution.

Mr. Craig said the judge's decision in favor of that sentence "would be a meaningful and timely signal to the bar association that this court believes that Claude Allen has a future in our profession, as a respected member of the bar."

Mr. Allen was first accused of theft at a Target store in Gaithersburg, Md., where he lives, in January. The next month he resigned from his job as one of President Bush's top domestic policy advisers, for which he was paid $161,000 per year. At the time, he cited personal reasons for his resignation, and Mr. Bush said it would be "deeply disappointing" if Mr. Allen had misled the administration.

The White House press secretary had no comment on Friday.

Former White House Advisor Pleads Guilty To Misdemeanor Theft (MCT)

By Tim Funk

McClatchy Newspapers, August 5, 2006

ROCKVILLE, Md. -- Former White House adviser Claude Allen tearfully pleaded guilty to a misdemeanor theft charge Friday, telling a Montgomery County judge that he lost his bearings after working 14-hour days and getting little sleep in the "tumultuous time" after Hurricane Katrina.

"Something did go very wrong," said Allen, who began crying during his remarks to the court. "I failed to restrain myself ... I did not appreciate what was going on."

But the 45-year-old Allen, who started his political career as an aide to Sen Jesse Helms, R-N.C., said he also took responsibility for stealing various items from a Target store and added that he was "intensely and immensely sorry ... I am deeply ashamed."

The UNC-Chapel Hill grad, who attended high school in Raleigh, will serve no jail time but will have to undergo two years of criminal probation. He was also assigned 40 hours of community service, which Judge Eric Johnson said should be spent helping young people. Allen also has to pay $850 in restitution to Target and $500 to the court. Over the prosecution's opposition, the judge also agreed to Allen's request for "probation before judgment." That means Allen will not have a criminal conviction on his record if he stays out of trouble during his probation period. Without a conviction, lawyer Allen will find it easier to convince bar associations in Virginia, Pennsylvania and the District of Columbia to let him continue practicing law.

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Allen, who was President Bush's top domestic policy adviser until February of this year, made headlines of a different sort in March. That's when he was arrested and charged with theft after fraudulently seeking refunds for stereo systems and other products he didn't buy.

On Friday, Allen was accompanied by his wife, Jannese, and members of Covenant Life Church, where the Allen family remains active.

His wife of 19 years also addressed the judge. She called the last eight months "intensely trying" and said her husband's stress at work and two hours of sleep each night took their toll on him.

When the news about the thefts broke, she said, "I mourned ... because I knew this was not the man I married."

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Ex-Bush Aide Pleads Guilty To Theft From Store (WT/AP)

By Stephen Manning, Associated Press

The Washington Times, August 5, 2006

Former White House adviser Claude Allen pleaded guilty yesterday to one misdemeanor count of theft under $500, but never explained what led him to make phony returns at discount department stores.

"Something did go very wrong," Mr. Allen, 45, said in Montgomery County Circuit Court.

Mr. Allen's attorneys asked for probation before judgment, a lesser penalty than a conviction, so their client would have an easier time persuading bar associations to allow him to continue practicing law.

Judge Eric Johnson gave Mr. Allen two years of supervised probation and ordered him to pay a $500 fine. Mr. Allen must also pay $850 in restitution to Target Corp. and perform 40 hours of community service.

Mr. Allen could have been sentenced to 18 months in prison on the theft charge. However, the probation-before-judgment ruling means his record will be expunged after his probation is over.

Mr. Allen, who briefly became teary, did not directly say before sentencing why he made thousands of dollars worth of fraudulent returns to Target and other stores last year.

However, Mr. Allen and his wife, Jannese, described the stresses he faced last fall when working long days after the Hurricane Katrina disaster, sleeping just two hours each night. The couple and their four children moved four times in three months, at one point living out of boxes in a friend's basement.

"I lost perspective and failed to restrain myself," said Mr. Allen, who made $160,000 a year as a domestic policy adviser. "At the time, I did not realize or fully appreciate what was going on. These factors do not excuse my behavior, my wrongdoing ... but they were certainly a part of what happened."

Mr. Allen apologized to his wife and friends, many of whom filled one side of the courtroom behind him. He also described how he developed "unswerving moral convictions" at a young age and that "stealing was not something I thought I would ever do."

Mr. Allen was President Bush's domestic policy adviser until he abruptly resigned in February, saying he wanted to spend more time with his family. The resignation came after he was arrested in January leaving a Gaithersburg Target store with merchandise for which he did not pay, authorities said.

He told the White House about the arrest, but said it was the result of a mix-up with his credit cards. President Bush later said it would be "deeply disappointing" if Mr. Allen had misled White House officials.

According to police, Mr. Allen bought items with his credit card and took them out of the store. He then returned, took identical items from the shelves, and returned them using his original receipt.

He admitted to stealing a Kodak printer from a Target store on Dec. 24, according to a plea memorandum filed Wednesday. But charging documents filed when he was charged with felony theft and a theft scheme over $500 in March indicate he made false returns numerous times on at least $5,000 worth of merchandise.

Ex-Aide To Bush Pleads Guilty (WP)

By Ernesto Londoã±o, Washington Post Staff Writer

The Washington Post, August 5, 2006

Allen Avoids Jail For Shoplifting

Former White House adviser Claude A. Allen took responsibility yesterday for shoplifting from stores in Montgomery County last year, saying that the months leading up to the thefts were marked by huge stress and sleep deprivation.

Allen, 45, who came from humble roots, put himself through law school and held several prominent government jobs before becoming President Bush's top aide on domestic policy in 2005, wept in court after thanking relatives and friends for standing by him. He pleaded guilty to one count of misdemeanor theft.

"Stealing is not something that I ever thought that I would ever do, and I did," he said. "I accept full responsibility for my actions and what I did. I am intensely, immensely sorry for that and very remorseful for the harm that I've caused so many. Something did go very wrong. I lost perspective and failed to restrain myself."

His wife cited Hurricane Katrina as one of the stressful issues that Allen was grappling with last fall.

Montgomery County Circuit Court Judge Eric M. Johnson sentenced Allen to probation before judgment -- a disposition available to first offenders in which the judge acknowledges the guilty plea but keeps it off the defendant's criminal record. If Allen completes his two years of supervised probation satisfactorily, his record could be expunged.

Johnson did not sentence Allen to jail but ordered him to reimburse $850 to Target for stolen merchandise, imposed a $500 fine and demanded that he perform 40 hours of community service. Several Rockville lawyers not involved in the case said the outcome is not unusual for a first-time offender charged with misdemeanor theft.

Assistant State's Attorney John D. Lalos said prosecutors didn't believe that Allen deserved probation before judgment because he shoplifted repeatedly. They wanted him found guilty of misdemeanor theft.

Allen's attorneys sought probation before judgment in part because it might have prevented attorney grievance committees in the three jurisdictions where Allen is a member of the bar from imposing serious sanctions or revoking his license.

The judge said he thought Allen was "legitimately remorseful," adding that he was confident that Allen would stay out of trouble.

"I think it goes without saying that the humiliation, the shame, the embarrassment, the hurt that you have brought upon yourself, upon your family and friends -- if that doesn't deter you, then there's nothing this court or any other court could do to deter you," Johnson said.

Allen arrived at court with his wife and about a dozen supporters. He sat in the gallery holding his wife's hand waiting for his case to be called. His wife, Jannese, reading from a prepared statement, described her husband, whom she met two decades ago, as an accomplished, humble and upstanding man.

"When Claude was arrested, I mourned, for I knew this was not the man I had married," Jannese Allen said.

She said the months that led up to the thefts were trying for Allen.

"In addition to the demanding household of four young children, we lived out of storage boxes in a friend's basement," Jannese Allen said. "Claude's 14-hour workdays became more demanding after the aftermath of Hurricane Katrina."

Montgomery County police charged Allen in March with theft of goods worth more than $500 and conspiracy to commit theft -- felonies punishable each by up to 15 years in prison. Detectives said that he conducted at least 25 fraudulent refund transactions from October to January.

Police said Allen would walk into a store, charge items to credit cards and take the items to his car. He would then return to the store, pick up identical items and seek refunds for them. Police said several of his fraudulent transactions were recorded by store surveillance cameras.

Yesterday's hearing provided some insight into Allen's state of mind last fall, but he and his attorneys declined to elaborate on why he acted so recklessly.

"A lot of people face stress, and they don't do anything like that," said University of Maryland political scientist Ronald Walters, who heads the school's African American Leadership Institute. "There's still that why out there. The psychological factor is the factor I'm missing in all of this. That's the tantalizing factor."

Political consultants said Allen will likely keep a low profile in the near future but might recover from this scandal.

"There are hundreds and hundreds of Washington officials who get in trouble and ultimately earn their way back and become public figures again," said political consultant and pollster Keith Haller, president of Potomac Inc. "For the most part, the public is relatively forgiving."

Allen, who was born in Pennsylvania and attended Duke Law School, made his debut in politics working for Republican legislators. He was a deputy secretary in the Department of Health and Human Services and was nominated to a federal appeals court seat in 2003.

He joined the White House during Bush's second term and abruptly resigned from his $160,000-a-year job in February, shortly after being charged with misdemeanor theft. Detectives arrested him on the felony charges when he went to court to fight the misdemeanor accusation.

Johnson, who was more warm than stern in delivering his sentence, said he is fairly confident that Allen won't return to a courtroom as a defendant.

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"You are a classic example and an enlightening and fresh example of the fact that shame is not dead," Johnson said. "I see a number of young people that come before the court that are not ashamed of what they did, and that's a tragedy. But clearly you're ashamed, as well you should have been."

After court was adjourned, Allen stepped back into the gallery and embraced his pastor. He wept quietly as the pastor whispered into his ear.

Identity Crisis (WP)

The Washington Post, August 5, 2006

An epidemic of high-profile laptop heists shows how vulnerable Americans' personal information is.

THIS HAS BEEN the summer of identity theft. Since May, federal agencies and private companies alike have admitted to exposing millions of Americans to the threat of marred credit reports and imbalanced bank statements through sloppy handling of confidential personal data. The recent news is frustratingly typical: Last month the Agriculture Department announced that one of its laptops had vanished -- along with personal information about 350 USDA employees on its hard drive and a paper printout of the data. Someone returned the laptop and the printout to a meat plant, but investigators don't know whether any of the profiles had been compromised.

This isn't the first trouble the USDA has had with ensuring the security of its workers' information. In June, the agency reported that a hacker had gained access to the records of 26,000 D.C. area employees. And the USDA's foibles are only a fraction of the problem. In May, a Department of Veterans Affairs employee lost a laptop with personal information about 26.5 million people on it, unencrypted. In June, another laptop burglary, this time from the home of an ING U.S. Financial Services agent, exposed the personal data of 13,000 District employees and retirees. The Federal Trade Commission, the agency responsible for monitoring identity theft, lost two laptops of its own in June with files containing people's financial account numbers. In the past year and a half, about 85 million Americans have received word that their identifying information may have been stolen.

These cases should be stern warnings to government and private-sector managers alike. All it takes is one stolen laptop in the hands of the right thief to deal expensive and time-consuming damage to people who did little more than give their Social Security numbers to their employers. According to the FTC, identity theft cost American consumers $5 billion in 2002.

Over the past decade, Americans have gotten used to their personal information zipping around cyberspace, and, for the most part, that's a good thing. The growing success of e-commerce, Internet banking and other electronic services in which personal data are exchanged attests to the value of public trust in the security of the information they give out. But government agencies and private companies have to be more careful with Americans' identities. That means doing such basic things as encrypting data taken outside the office or maintaining a functional hacker shield -- measures a surprising number of organizations haven't adopted.

There also may be room for Congress to help. It can't prevent personal data from being stolen, but it can follow the lead of many states by passing the Data Accountability and Trust Act, which requires prompt notification to those at risk when their data are compromised.

CIVIL RIGHTS:

Bridge Blockade Goes To Grand Jury (NOTP)

By Matthew Brown, West Bank Bureau

New Orleans Times-Picayune, August 5, 2006

Also, U.S. attorney considers race angle

A grand jury is launching a criminal investigation into the blockade of the Crescent City Connection after Hurricane Katrina, when hundreds of people trying to flee New Orleans on foot were turned back by West Bank law enforcement agencies, a spokeswoman for District Attorney Eddie Jordan said.

Separately, the U.S. attorney's office is reviewing the racially charged case for possible civil rights violations, a federal official said Friday. Most of those fleeing from the city were African-American. That led to allegations of bias on the part of the law enforcement agencies that enforced the blockade.

Louisiana Attorney General Charles Foti turned over the case to Jordan and federal officials Thursday, ending Foti's monthslong probe.

"A few hundred people claim they were trying to cross the Crescent City Connection to safety, and they were prevented from doing so by certain members of law enforcement," district attorney's spokeswoman Leatrice Dupre said. "They also said

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shots were fired into the air, and we're just looking into those allegations. The grand jury will look into what laws apply and what laws might have been violated."

The federal investigation of the complaints will be carried out in conjunction with the U.S. Justice Department's Civil Rights Division, said First Assistant U.S. Attorney Jan Mann in New Orleans.

Voluminous report

Mann said Foti turned over to her office an extensive "fact-finding" report comprising several volumes. She declined to discuss particulars.

"All I can say is we're going to review it and decide what to do, as we monitor what the DA is doing," Mann said.

Officials from the agencies involved in the blockade -- the Gretna Police Department, the Crescent City Connection police and the Jefferson Parish Sheriff's Office -- have stood behind their actions.

They contend their jurisdictions had no resources to offer the storm victims and that the residents were better off returning to the city to wait for help to arrive.

A spokeswoman for Foti's office, Jennifer Cluck, declined comment Friday.

The bridge, which spans the Mississippi River, was blocked to pedestrians for at least 24 hours beginning Sept. 1, at the height of the crisis that engulfed New Orleans after Katrina.

Mixed message

At the same time, New Orleans officials were encouraging residents to flee to the West Bank, which remained relatively dry after the storm, former City Councilwoman Jacquelyn Brechtel Clarkson has said.

"It was easy for New Orleans to try to pass them off to somewhere else, but that was not a solution," Randy Paisant, assistant executive director of the Crescent City Connection, said Friday. "If they were telling them there was food and water over here, that was a false statement. That was just getting rid of a problem as far as they were concerned."

Allowing pedestrians to cross, Paisant said, would have put them in danger, as emergency vehicles were speeding back and forth across the bridge. He added that "there were no facilities over here" to serve the evacuees.

Jefferson Parish Sheriff Harry Lee declined comment on Friday. Gretna police officials did not respond to a request for comment.

Other jurisdictions also blocked fleeing New Orleans residents after Katrina. In Plaquemines Parish, busloads of evacuees being transported to the Belle Chasse Naval Air Station were turned back by sheriff's deputies at the parish border. In St. Bernard Parish, wrecked vehicles were stacked as a barricade along North Claiborne Avenue to keep out storm victims from New Orleans' 9th Ward.

But it was the actions on the Crescent City Connection that garnered widespread media attention and prompted Foti to launch a criminal probe late in September.

The decision to block the bridge was made after Oakwood Center shopping mall, near the foot of the bridge in Terrytown, was set on fire by looters.

Shots acknowledged

Gretna Police Chief Arthur Lawson has acknowledged his officers fired shots into the air during the blockade in an attempt to quell what he described as unrest among the evacuees. Lawson also said that before shutting down the bridge to pedestrian evacuees, West Bank officials loaded thousands of New Orleans residents onto buses and brought them to a staging area in Metairie to be evacuated.

Dupre, Jordan's spokeswoman, offered no new details about the case. But she did say the allegations of impropriety on the part of law enforcement officials came from the victims, not from the various civil rights groups that had demanded West Bank officials be held criminally accountable.

The American Civil Liberties Union has pressured Foti in recent weeks to release the results of his investigation. Louisiana ACLU Executive Director Joe Cook said Friday he was disappointed Foti had not made his report public. Cook added that he was "skeptical" about whether the case will get the attention it deserves from Jordan because the district attorney's office already has a backlog of criminal cases.

A federal lawsuit over the blockade was filed in December against the city of Gretna, with the plaintiffs represented by state Sen. Cleo Fields, D-Baton Rouge. The lawsuit seeks compensation for physical pain, mental anguish and loss of life. Fields has said he believes one or more evacuees may have died as a result of the blockade.

Fields said Friday that more than 300 people have signed onto the lawsuit. Fields also speculated that the case being turned over to Jordan and the U.S. attorney's office signaled Foti had found enough evidence to support a criminal prosecution.

"People were in water that was rising by the hour, and they were seeking refuge," Fields said. "For them to be turned around by local authorities or any law enforcement agencies is not only inhumane, it's unconstitutional. You can't get much more egregious than that."

Dupre said "it may take weeks, it may take months" for the grand jury to complete its investigation. The process will begin as soon as next week, she said.

Feds Probe Post-Katrina Bridge Blockade (AP)

AP, August 5, 2006

Federal authorities will review last year's blockade of a Mississippi River bridge by armed police officers who turned back Hurricane Katrina evacuees trying to flee New Orleans.

The investigation will be carried out by the U.S. Attorney's Office in New Orleans, along with the Justice Department's Civil Rights Division, First Assistant U.S. Attorney Jan Mann said Friday.

The results of a state investigation have already been turned over to the Orleans Parish district attorney.

Several hundred evacuees claimed that police from suburban Gretna blocked them as they tried to flee New Orleans for safety on Sept. 1.

Many of the evacuees, who had been stranded at the New Orleans convention center without food and water, said they were told to cross the bridge to be evacuated from the city. But Gretna police confronted them on the bridge and forced them to turn around.

Police later said they blocked the evacuees because there were no supplies or services for them on the other side of the river.

The case raised widespread allegations of racism and spurred two marches across the bridge by national civil rights organizations in the months after the hurricane.

Orleans Parish District Attorney Eddie Jordan plans to present the results of a state attorney general's investigation to a grand jury. Jordan has declined to reveal any details of the report.

Gretna Police Chief Arthur Lawson has acknowledged that his officers fired shots into the air during the blockade in an attempt to quell what he described as unrest among the evacuees.

The American Civil Liberties Union has been pressing state Attorney General Charles Foti to make his investigative report public. Louisiana ACLU executive director Joe Cook said Friday he was disappointed that the report had not been released.

ANTITRUST:

N.J. Says No To Exelon's Call To OK Merger Now (PHI)

By Bob Fernandez

The Philadelphia Inquirer, August 5, 2006

Rebuffing a deadline from Exelon Corp., New Jersey regulatory officials said yesterday that they would not be rushed into approving a merger between Exelon and Public Service Enterprise Group Inc. of Newark.

Officials of the New Jersey Board of Public Utilities (BPU) said approval of the $17 billion deal needed more negotiations with Exelon, the Chicago parent of Peco Energy Co.

In recent negotiations with New Jersey regulators, Exelon has offered concessions of $600 million for customer rebates, economic development and other programs, such as assistance for low-income customers, the utilities have said.

But the BPU remains concerned about the "market power" of the merged utility and the reliability of its service, BPU spokesman Eric Hartsfield said. The combined company would control 20,000 megawatts of nuclear electric capacity, which could light up 18 million homes, and significant natural-gas capacity in the Northeast.

On Wednesday, PSEG and Exelon sent a letter to the BPU saying the latest offer was their "last and best... in an effort to bring the proceeding to a successful, timely conclusion." The companies proposed the merger in December 2004.

Exelon and PSEG said in the letter to Victor Fortkiewicz, the BPU executive director, that the combination would provide $1.46 billion in "positive benefits" to PSEG customers and New Jersey.

Exelon noted in the letter that its board of directors was meeting yesterday and said it wanted an answer to discuss with the board. Without one, Exelon said, the utility might abandon the merger and PSEG might be forced to proceed with a $200 million rate hike.

"This is not a threat," the companies said in the letter.

In a statement yesterday evening, the company said it would continue negotiations with the BPU. It said it had to report back to the board by Aug. 21 but could "terminate negotiations earlier."

Exelon shares rose 10 cents to $58.73 yesterday, while Public Service's fell $2.83 to $65.00.

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Critics of the proposed merger, including the Philadelphia Gas Works, said yesterday that they were pleased with the New Jersey board's action.

"Our concern from the beginning was that Exelon would have both the ability and the incentive to manipulate prices for gas and electricity," Thomas E. Knudsen, PGW's chief executive, said.

A merged Exelon-PSEG would serve almost nine million natural gas and electric customers and would be the largest utility in the nation.

PGW has opposed the merger in the BPU proceedings. But Knudsen said he believed Exelon could overcome opposition if the merger terms were changed to address the market-power concerns.

In late April, the Department of the Public Advocate in New Jersey opposed the merger, saying it would concentrate power and could boost electric bills for all state residents. New Jersey officials this year held 17 days of hearings on the issue.

As part of a June agreement with the Justice Department, Exelon and PSEG agreed to sell six plants that generate 5,600 megawatts of electric power. The plants - fueled by coal, natural gas or oil - include one in Eddystone, Delaware County, and one in Phoenixville, Chester County.

Selling the plants would diminish Exelon's price-setting power in the wholesale electric market, regulators say.

Knudsen said he did not believe the Justice Department went far enough in attempting to curb Exelon's potential price-setting power in the electric and gas markets.

N.J. Won't Sign Off On $17.8B Utility Sale (BHN)

By HUGH R. MORLEY

The Bergen (NJ) Herald News, August 5, 2006

The sale of Public Service Enterprise Group to a Chicago-based utility remains on track despite New Jersey regulators' refusal to bow to an ultimatum Friday.

Buyer Exelon Corp., after a board meeting in Chicago on Friday evening, said it will continue to pursue the $17.8 billion acquisition, which would create the nation's largest utility.

Exelon told the state Board of Public Utilities on Wednesday that it might walk away from the deal if the board did not agree "in principle" Friday to its "last and best offer" to buy PSEG, the state's largest utility. The offer was outlined in a six-page letter.

But the BPU stood firm against the threat. After a closed meeting at lunchtime Friday, the board said Exelon's latest proposal "still lacks clarity."

"We are going to respond to their question as to whether we are prepared to sign off on that today," Executive Director Victor Fortkiewicz said at a press conference after the meeting. "The answer is no."

Instead, in a 4-0 vote with one abstention, the board passed a resolution saying it would continue to look at the merger.

The showdown was the latest twist in 20 months of talks about the acquisition, which the two companies say would yield benefits for consumers and the state worth $1.46 billion. Critics say the purchase would create a company so dominant that it could manipulate market prices to push up rates.

Shares of both companies dropped after BPU's announcement. PSEG shares closed at $65, down $2.83. Exelon shares closed at $58.73, up 10 cents from the opening price but down more than $1 from the day's high.

Exelon's decision came several hours after the market close, too late to affect trading.

A joint statement by Exelon and PSEG said the companies had concluded that it is worth continuing to pursue negotiations with the Board of Public Utilities.

"It has taken a great deal of effort to get this far and it makes sense to spend a little more time to try to make this work," said John W. Rowe, chairman, president and chief executive of Exelon. "We remain committed to the financial boundaries that we have outlined in our proposal but are flexible about the details."

The utilities board has said that all merger applications must show a clear positive benefit to ratepayers and the state, or they will not be approved.

It said its concerns include safety and reliability of power delivery, as well as market power -- whether the company would use its dominance to "set power prices which could lead to higher bills."

Exelon and PSEG, in their letter to the board Wednesday, said the deal would provide benefits worth $1.46 billion to PSEG's ratepayers and the state. That includes $600 million for rate credits, funding for other customer benefits and a contribution to state infrastructure development.

Other benefits, according to the two companies, would include PSEG dropping its pending electric and gas rate relief, worth about $200 million, if the deal went through. The state would get $150 million to $200 million in taxes from the deal, and customers would benefit from $450 million in lower wholesale power prices from efficiencies created by the takeover, according to the companies.

But critics say those benefits are outweighed by the possibility of future rate hikes that could result from Exelon's market dominance and ability to manipulate prices. They want Exelon to divest itself of some New Jersey power generating capability.

In June, the companies agreed with the U.S. Justice Department to sell six fossil-fuel generating stations, including four in New Jersey, in order to retain competition.

After the closed session, Commissioner Joseph Fiordaliso criticized the pressure from the companies.

"I am dismayed that Exelon issued an ultimatum," he said. "To me, this is not bargaining in good faith."

But the board urged all parties involved in the discussions to continue negotiating. Fortkiewicz said that the parties could get to a framework of an agreement within weeks.

"I'm committed and my staff would be committed to talking to the other parties, to work seven days a week, if that's what it takes," he said.

Several opponents of the plan -- among them New Jersey Public Interest Research Group, New Jersey Citizen Action and the New Jersey Chemistry Council welcomed the BPU's stance Friday.

Public Advocate Ronald K. Chen said the board "acted prudently." He said the latest merger offer "raises grave problems with market share."

ENVIRONMENT/INDIAN AFFAIRS:

Accountants For Tribal Members Implicated In Suit (SMT)

By Samantha Yale

Santa Maria (AZ) Times, August 5, 2006

A certified public accountant based in Buellton and another in Prescott, Ariz., have been named in a U.S. Department of Justice lawsuit, alleging they devised and operated a tax fraud scheme that helped 32 members of the Santa Ynez Band of Chumash Indians claim bogus deductions on federal income tax returns.

In exchange, the lawsuit alleges, the CPAs received about $2 million of the money that those tribal members received from the tribe's casino earnings.

The suit, filed in U.S. District Court in Los Angeles, aims to bar Kenneth Sorenson of Buellton and Stephen Drake of Arizona from operating the alleged tax scam, according to a written statement released Thursday by the Justice Department.

The government filing claims that Sorenson and Drake used a company called Benecorp, which they control, as part of the scam.

The government's civil injunction complaint estimates that the alleged scam has cost the federal Treasury about $3.3 million so far with continuing losses each month, according to the Justice Department.

Tribal chairman Vincent Armenta said Friday in a written statement that Sorenson's and Drake's tax plan was not sanctioned by the tribe.

The press release containing Armenta's statement cited the part of the Justice Department's complaint where the band refused to adopt the tax plan, partially because it had not been approved by the Internal Revenue Service.

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“Our attorneys did not believe it was a program that should be tribally sponsored, and we discouraged our members from getting involved,” Armenta said.

He added that tribal members are responsible for handling their own money, and the tribal government could not prevent members from participating in the alleged tax scam.

“It's unfortunate that the individuals associated with Benecorp took advantage of a few tribal members by falsely stating that individual members could legally reduce their federal income taxes and increase their monthly cash flow per capita distributions by participating in the Benecorp scheme,” Armenta said.

Tribal spokeswoman Frances Snyder said Friday Armenta was out of town. She said the allegations were more about Sorenson than the tribe as a whole.

In the written statement Armenta said that the tribe has severed ties with Sorenson, who reportedly stopped serving as the tribe's CPA two years ago. His only role since that time was to process per capita checks, he said.

Someone who answered the phone at Sorenson's office, Sorenson and Sorenson CPAs in Solvang, said that he was not interested in speaking and referred calls to his attorney, Steve Toscher. Toscher did not return phone calls Friday.

The phone was not answered at Sorenson's home Friday evening.

The government's complaint alleges that 32 of the 156 members of the Santa Ynez Band who received taxable funds from the Chumash Casino Resort's earnings in 2004 participated in the scheme.

Each member received more than $300,000 in casino contributions in 2004 and more than $400,000 in 2005, the Justice Department said.

The government filing claims that Sorenson and Drake, who served as accountants to members of the tribe, caused the band to pay casino earnings to sham businesses that their clients pretended to run. The accountants then allegedly moved the casino money from the fake business accounts to Benecorp accounts.

The defendants are suspected of falsely recording payments to Benecorp as tax deductible business consulting fees, which they deducted before returning the casino distributions to the clients as purported loan proceeds that are not subject to income tax.

According to the complaint, more than $9 million in casino money was given to Benecorp by clients who participated in the scheme, with $2 million in fees paid into the accounts of the defendants.

A Justice Department official declined to say whether federal prosecutors will seek criminal charges, according to the Associated Press.

No-Human Zones For The Ocean (LAT)

The Los Angeles Times, August 5, 2006

California's new fishing and preservation rules should set aside at least 10% of coastal waters for human-free marine rehab.

THANKS TO GOV. ARNOLD SCHWARZENEGGER, California is on the verge of adopting its first plan to manage coastal waters to restore the ocean's health and bring back depleted fish populations. Before Schwarzenegger took office, efforts to pull together a proposal, as mandated by a marine preservation law passed in 1999, had stumbled for six years while the state drafted maps without consulting fishermen, environmentalists or outside scientists. But the new governor made the project a priority, set up a more inclusive process and got it done.

The state will start by designating a series of marine preserves along a 220-mile stretch of the Central Coast. Future proposals will address the rest of the coastline.

This is a relatively new way of protecting coastal waters, and one better supported by science. Instead of limiting the catch of one discrete fish population or another, it calls for setting aside certain entire areas for complete preservation, no fishing allowed. That way, nature can restore over time the balance of marine predator and prey, and the state's diminishing kelp beds will no longer be pulled up by fishermen's nets. In some other protected areas, only bottom-fishing would be prohibited.

It's especially important for rockfish — bottom dwellers encompassing about 90 species of fish — to have total long-term protection in some areas. Many of these have life spans similar to humans and produce far greater numbers of young in their 40s. Allowing fish to reach these ages holds promise for restoring fisheries to their historic levels.

But short-term, there would have to be some sacrifice, and this is where the disagreements come in. Fishermen, both commercial and sport, want fewer sanctuaries and lower levels of protection. Environmentalists want more. When the state Fish and Game Commission meets Aug. 15, it will have several competing plans before it.

Among the proposals, two appear to do the best job of balancing the survival of commercial fishermen with the desires of conservationists and the science presented by marine biologists. One, put together by representatives of all three groups, calls for 13% of the Central Coast to be placed in marine reserves where all fishing is banned. The other, by a blue ribbon task force that weighed all the recommendations, is a slight — excuse us — watering down of that proposal, putting 10% into reserves.

But the state Department of Fish and Game recently pushed for weaker protections, including opening a section of an important kelp forest off Point Sur to fishing. This won't do. Four years ago, overfishing so depleted rockfish populations that the federal government slapped an emergency ban on taking the fish across 8,500 square miles of federal waters off California. By preserving important state waters now, California stands its best chance of avoiding such draconian steps later.

What was intended as landmark protection for California's coast is in danger of being diluted to the point where its worth would be questionable. The commission should not dip below the 10% preservation line. Future generations of Californians — including its sports fishermen and the fishing industry — will be better off for the protection.

FBI/DEA/ATF/USMS:

ATF Director Resigns Amid Spending Probe (WP)

By Dan Eggen, Washington Post Staff Writer

The Washington Post, August 5, 2006

DOJ_NMG_0044590

The director of the Bureau of Alcohol, Tobacco, Firearms and Explosives announced his resignation yesterday, six months after the launch of an internal investigation into questionable spending on a new headquarters and other items during his tenure.

Carl J. Truscott, a 22-year veteran of the Secret Service who took over as ATF chief in 2004, was under fire for his spending and management practices at a time when the agency was considering sharp cuts in the number of new cars, bulletproof vests and other basics it provides agents.

Officials declined to say yesterday whether the allegations played a role in Truscott's departure.

In announcing his resignation, effective Tuesday, Truscott struck a positive note, calling his time at ATF "fulfilling" and praising agency employees for their "professionalism and proficiency."

"While there is always more to achieve, of course, I am confident that we have laid the groundwork for ATF to continue to realize great progress," Truscott wrote. "Therefore, I have decided now is the time for me to pursue other challenges and opportunities."

A report on ATF is expected soon from Justice Department Inspector General Glenn A. Fine. His office has been investigating allegations that Truscott put through or proposed hundreds of thousands of dollars of unnecessary plan changes and upgrades to ATF's new 438,000-square-foot headquarters.

The building, under construction in Northeast Washington, is at least $19 million over budget.

Sources familiar with the project told The Washington Post earlier this year that Truscott planned to buy, among other things, nearly $300,000 in extras for the new director's suite, including a $65,000 conference table and more than $100,000 worth of hardwood floors, custom trim and other items.

These sources described Truscott as overly focused on the building's details, from soap dishes to tile colors, and said he wasted valuable time with innumerable project meetings and field trips to the site.

ATF has spent an additional $75 million for site acquisition, design, furniture and other costs, and officials are debating whether they can move into the building on time this year, sources have said.

Justice investigators have also questioned ATF employees about a costly trip that Truscott and others took to London last year and about allegations that ATF staff members helped assemble a school video report for a young relative of Truscott's, according to officials interviewed in the probe who declined to be identified for fear of retaliation.

Truscott has declined to comment on the allegations.

Attorney General Alberto R. Gonzales said in a statement last night that Truscott is a "leader in the area of law enforcement, with a long and distinguished career in government service."

ATF Head Steps Down Amid Probe Of Spending (AP)

AP, August 5, 2006

WASHINGTON -- Carl J. Truscott resigned Friday as director of the Bureau of Alcohol, Tobacco, Firearms and Explosives amid an inquiry into spending on the agency's new headquarters.

A former senior official with the Secret Service, Truscott was picked by then-Attorney General John Ashcroft in April 2004 to head ATF, which has about 5,000 employees, half of them agents.

His tenure was marked by complaints from within the agency that he was spending too much time and money on the agency's new headquarters building, particularly at a time of tight budgets.

Justice Department Inspector General Glenn A. Fine earlier this year began investigating complaints that Truscott approved or proposed additional spending on the building and other projects, including a pricey trip to London.

Truscott's resignation message to agency employees did not mention the controversy.

"While there is always more to achieve, of course, I am confident that we have laid the groundwork for ATF to continue to realize great progress," he said in a prepared statement. "Therefore, I have decided now is the time for me to pursue other challenges and opportunities."

In a separate letter to Attorney General Alberto Gonzales, Truscott also praised ATF for its work in firearms, arson and terrorism investigations.

ATF, FBI Investigating Molotov Cocktail Tossed At Jewish School (WE)

By Sam Hedenberg

Washington Examiner, August 5, 2006

BALTIMORE - The Bureau of Alcohol, Tobacco and Firearms and Explosives, along with the Federal Bureau of Investigation are still investigating a Molotov cocktail thrown at the Baltimore Hebrew University earlier this week, officials said Friday.

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Spokesmen from both agencies said agents were searching for witnesses to the crime, which occurred Wednesday afternoon on the 5800 block of Park Heights Avenue.

However, neither agency has classified it as a hate crime.

No one was reported hurt in the incident.

ATF spokesman Mike Campbell said the use of such explosive devices are to be taken seriously, especially after convictions of several Baltimore men who threw Molotov cocktails at a trial witnesses' house on Feb. 15, 2005.

"You have to treat each case individually," he said.

"We've had model students make pipe bombs before. It's hard to say what would cause somebody to go to that step, but we'll let the evidence take us to the logical conclusion."

A Baltimore Police spokeswoman said city police are not investigating the incident as a hate crime and the incident's file was closed Thursday.

Aside from a Baltimore City Police mobile command unit stationed across from the campus on the 5800 block of Park Heights Avenue, the university's chief academic officer, Barbara Zirkin, said the school was operating "business as usual."

Baltimore Jewish Council Executive Director Arthur Abramson, whose office is in the same complex as the university, said they have increased surveillance with the mobile command unit and two police cruisers in the parking lot, but were not necessarily treating the incident as a hate crime.

"We're being cautious about this," Abramson said.

"Either way, this is an issue to be treated seriously. If the building burnt down because somebody threw a Molotov Cocktail, it would be a big deal even if it wasn't a hate crime."

TAX:

Bench On Fire: KPMG Judge Grills Prosecutors (WSJ)

By Paul Davies

The Wall Street Journal, August 5, 2006

Kaplan Chides U.S. Attorneys Over Handling of Fraud Case; Citing Medieval English Law

NEW YORK -- No-nonsense judges who pepper lawyers with tough questions are known as ruling from a "hot bench." Nowhere are federal prosecutors feeling the heat more than in the lower Manhattan courtroom of U.S. District Judge Lewis A. Kaplan.

"He's not only a hot bench, he's on fire," said Mark Belnick, the former chief counsel at Tyco International Ltd., who worked with Judge Kaplan when the two were partners at law firm Paul, Weiss, Rifkind, Wharton & Garrison LLP.

Known for being gruff and sarcastic, Judge Kaplan has been even more so these days as he takes federal prosecutors to task over their handling of a major tax-fraud case against 16 former partners at KPMG LLP and two others accused of designing and selling of fraudulent shelters to wealthy individuals.

He ruled in June that prosecutors violated the constitutional rights of the former KPMG partners by pressuring the firm to cut off payment of their legal fees, finding that the government "let its zeal get in the way of its judgment." The ruling could force the Justice Department to re-examine the pressure tactics used to investigate white-collar crime. The ruling was surprising, because he isn't usually considered pro-defendant.

"Judge Kaplan is no civil libertarian," said Thomas Curran, a former assistant district attorney in Manhattan and now a defense lawyer with Ganfer & Shore LLP. "It took a lot for him to say what he did. That was a real shot" at the U.S. Attorney's office.

Since then, he has stepped up the pressure. The government says its prosecution of the 18 defendants is its largest tax-fraud case ever. At one recent hearing, Judge Kaplan said the government had turned the case into "a holy mess for itself." On July 26, he ruled that federal prosecutors violated the Fifth Amendment rights of two former KPMG partners by "deliberately" coercing them to speak with investigators before they were indicted; he barred the statements from being used at trial. A week earlier, he delayed the trial by four months, citing government delays in turning over information to defense lawyers, and the unresolved legal-fee dispute. Judge Kaplan is considering imposing sanctions on the government and hinted that he could dismiss the case.

Judge Kaplan was born in the Staten Island borough of New York City. Now 61 years old, he graduated from the University of Rochester and Harvard Law School. He clerked for the late First Circuit Court of Appeals Judge Edward McEntee before joining Paul Weiss in 1970. He maintains close friendships with several attorneys from his Paul Weiss days, which has on

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occasion put him in awkward positions. He testified as a character witness for a retired partner who was disbarred last year for stealing more than $500,000 from a family trust.

Judge Kaplan routinely disqualifies himself from cases involving Paul Weiss, recently declining to oversee the possible retrial of investment banker Frank Quattrone, who is represented by an attorney at the firm. But antismoking groups criticized him for not recusing himself from a case involving R.J. Reynolds Tobacco Holdings Inc., which is now named Reynolds American Inc. As a visiting judge in the 2nd U.S. Circuit Court of Appeals in New York, he was part of a 2-1 majority in 2001 that upheld the dismissal of a cigarette-smuggling case brought by the government of Canada. At Paul Weiss, Judge Kaplan had represented Brown & Williamson Tobacco Corp. and participated in meetings involving a committee of tobacco lawyers in the 1970s and 1980s that mapped joint legal and political strategies. An antismoking group said he should have disqualified himself, though it wasn't required. "Anyone hearing the facts understands it was a conflict," said Garfield Mahood, executive director of the Non-Smokers' Rights Association in Toronto.

As a young associate, Mr. Kaplan was part of a team that represented Jacqueline Kennedy Onassis in a civil suit against paparazzi photographer Ronald Galella. The court found Mrs. Kennedy Onassis, despite her celebrity, was entitled to a degree of privacy and ordered photographers to stay at least 25 feet away from her. Judge Kaplan is himself a photography buff; he prefers shooting wildlife, including polar bears in Alaska.

Paul Weiss made him partner in 1977, and he specialized in antitrust and intellectual property cases. Then an occasional donor to Democratic causes, Judge Kaplan was nominated to the federal bench in 1994 by President Clinton. As a federal judge, his salary is $165,200 a year; Paul Weiss partners made an average of $2.4 million each last year, according to the magazine American Lawyer. Judge Kaplan still maintains a country home where he likes to tinker with electronics and other gadgets.

On the bench, he has overseen several major cases, including all federal litigation involving the diabetes drug Rezulin; a price-fixing lawsuit against Sotheby's Holdings and Christie's International; and litigation surrounding the collapse of Parmalat SpA. Historic references in his decisions sometimes reach back centuries. His KPMG opinion quoted Supreme Court Justice Joseph Story, appointed by President Madison in 1811. An opinion of his in the Rezulin case cited Medieval English law.

He has stood up to the government before. In 1997, he criticized the U.S. Immigration and Naturalization Service and federal prosecutors for keeping a Peruvian national in prison for six months after an immigration judge ordered him released.

Before the KPMG case federal prosecutors welcomed having the judge oversee their case, said Robert Trenchard, a former clerk for Judge Kaplan who is now a defense attorney at WilmerHale. "He demands preparedness and that typically is to the [prosecutors'] advantage," Mr. Trenchard said. "And he pays profound and extraordinary attention to the facts in every case."

At times, the young prosecutors handling the KPMG case look like first-year law students getting schooled by a curmudgeonly professor. During a hearing on whether prosecutors coerced statements from some defendants, Judge Kaplan told Assistant U.S. Attorney Kevin Downing that his argument "is just not getting any traction." Mr. Downing persisted.

"This dog isn't hunting, sir," Judge Kaplan said, cutting him off.

"I'm sorry I'm being so ineffective," a chastened Mr. Downing responded.

At the same hearing, Judge Kaplan got Assistant U.S. Attorney Margaret Garnett to concede one point, only to counter that argument with an opposing view. "I'm feeling boxed in," Ms. Garnett said.

Judge Kaplan's leavens tough talk with one-liners. During one hearing, an outside caller was mistakenly connected to the courtroom telephone. "Hello?" the caller said over the speaker phone. Judge Kaplan deadpanned: "Punch one if you want to enter your credit card number."

After the judge's ruling in the legal-fee decision, U.S. Attorney Michael J. Garcia, the top federal prosecutor in Manhattan, took a rare step of publicly suggesting a federal judge stepped over the line in criticizing his assistant U.S. attorneys. In addition to singling out prosecutors by name, Judge Kaplan's opinion said the government "was economical with the truth" when it denied pressuring KPMG to stop paying the employees' legal fees and blamed the nonpayment on KPMG alone. In response, Mr. Garcia wrote a letter asking the judge to withdraw their names and statements criticizing the prosecutor's office. Judge Kaplan rejected the request.

The prosecutors aren't the only ones Judge Kaplan has chastised. At a bail hearing in March, the judge voiced his displeasure with the pile of documents filed by the defendant's attorney before the hearing, calling the large submission a "gross abuse of the court."

And at a hearing last month, an attorney representing KPMG, Robert Bennett of Skadden, Arps, Slate, Meagher & Flom LLP, also got a taste of the judge's medicine. Mr. Bennett asked for more time to respond to a civil lawsuit the defendants filed against the firm over the legal fees. Judge Kaplan rejected the request and told Mr. Bennett to read his opinion for instructions on when a response is due. Mr. Bennett told Judge Kaplan he had read the opinion. "I suggest you might take another crack at it," the judge shot back. The brief was filed on time.

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CONGRESS-ADMINISTRATION:

DISTRICT BRIEFING (WP)

The Washington Post, August 5, 2006

JUDICIAL NOMINEES

Picks Confirmed for Appeals, Superior Courts

The Senate yesterday confirmed two nominees to the D.C. Court of Appeals and one nominee to D.C. Superior Court.

Anna Blackburne-Rigsby, a Superior Court judge since 1995, and Phyllis D. Thompson, a partner at Covington & Burling, will sit on the appeals court. Jennifer M. Anderson, a senior prosecutor in the U.S. attorney's office, will be on the Superior Court bench.

-- Henri E. Cauvin

CHILD ABUSE CASE

Relative Charged After Boy Runs Into Firehouse

A 10-year-old boy who was being pursued by an adult ran into a D.C. firehouse yesterday and said he had been beaten with a broom, a police spokesman said.

A male relative of the boy's was arrested and charged with first-degree child abuse, said D.C. police spokesman Quintin Peterson. Officials said the boy ran into Engine 30 on 49th Street NE about 3:15 p.m.

-- Michael Alison Chandler

CITYWIDE REPAIRS

90% of Streetlights Reported Broken Are Fixed

The D.C. Department of Transportation has repaired 90 percent of the 2,186 streetlights that were found to be out of service in a recent survey.

Terry Lynch of the Downtown Cluster of Congregations, which asked the city to make the repairs, said broken streetlights were a factor in recent robberies and assaults on the Mall.

-- Nikita Stewart

SCHOOL ASSAULT

Teacher Gets Jail Time for Hitting First-Grader

A woman who was teaching at a Northwest Washington public school was sentenced Thursday to six months in jail, three of them suspended, for assaulting a first-grader this year, the U.S. attorney's office said.

Mildred Brown, 65, of the District was sentenced in a Jan. 31 incident at Clark Elementary School, prosecutors said. The girl had spoken out of turn in class and was struck in the mouth, they said.

After a bench trial, Brown was found guilty July 27.

-- Henri E. Cauvin

VIRGINIA BRIEFING (WP)

The Washington Post, August 5, 2006

FEDERAL APPOINTMENT

Connaughton Confirmed for Maritime Post

The U.S. Senate voted early yesterday to confirm Prince William Board of County Supervisors Chairman Sean T. Connaughton (R) as the head of the U.S. Maritime Administration. Connaughton said he expects to be sworn in by September.

"It's a great professional honor to be nominated and approved," Connaughton said. Connaughton, a maritime lawyer, said he will not resign his county position until he is sworn in. He said his successor probably will be chosen during the general election in November.

-- Michael Allison Chandler

FAIRFAX COUNTY

Girl, 16, Dies of Injuries After Reston Crash

A 16-year-old girl has died of injuries suffered Sunday in a Reston car crash that killed her grandmother and injured four other relatives, Fairfax County police said yesterday.

Aniqa Eusufzai, 16, of Passaic, N.J., was in the family car, westbound on Baron Cameron Avenue, when it ran off the road and struck a light pole. She died at 11:30 p.m. Monday.

Her grandmother, Nurjahan Vegum, 76, of the 800 block of Moffett Forge Road in Herndon, was pronounced dead Sunday. Both were in the back seat of the car, and neither was wearing a seat belt, police said.

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-- Theresa Vargas

PRINCE WILLIAM CRIME

4 Teens Charged With Vandalizing Vehicles

Four teenagers have been charged with participating in a vandalism rampage in which the windows of 33 vehicles were shot in two Woodbridge neighborhoods, Prince William County police said yesterday.

The teenagers -- a 15- and a 16-year-old and two 17-year-olds -- used a pellet gun to shoot vehicle windows in Lake Ridge and Westridge on Saturday night and Sunday morning, police said.

The damage was estimated at more than $16,000. Each teenager was charged with 32 misdemeanor counts of property destruction and one felony count of property destruction. One of the 17-year-olds is also charged with operating a vehicle without a license.

-- Theresa Vargas

STATE COLLEGES

In-State Student Costs to Rise 9 Percent

Tuition and mandatory fees for Virginia students at state colleges and universities will increase about 9 percent on average in the coming academic year, according to a report by the State Council of Higher Education for Virginia. The average increase will be $567 for students at four-year colleges and about $135 for those at community colleges.

Virginia State University will have the biggest percentage increase in tuition and mandatory fees, more than 12 percent. The community college system will have the smallest, about 6 percent.

-- Susan Kinzie

REGIONAL COMMISSION

Arlington's Favola Reelected Panel Chairman

Arlington County Board member Barbara A. Favola (D) has been elected to a second term as chairman of the Northern Virginia Regional Commission.

The commission is a regional group of 14 cities, towns and counties that work together on issues such as land use and emergency planning.

-- Annie Gowen

Area Police Stand Pat On Aliens (WT)

By Keyonna Summers, The Washington Times

The Washington Times, August 5, 2006

Area law-enforcement officials say they have no plans to change the way they handle illegal aliens despite a move by the Bush administration to implement the immediate catch-and-removal of non-Mexican illegals nationwide.

Currently, local police do not ask the immigration status of persons they pull over during routine traffic stops or arrest unless a felony has been committed. But federal immigration officials said they want to begin detaining and deporting illegal aliens as soon as they are caught -- possibly with the help of local police.

"This is something that's in the process of political dialogue, so once something [becomes] firm and [is] presented through the proper channels, then we would feel comfortable commenting," said Lucille Baur, a spokeswoman for Montgomery County police. "But based on our policies at this time, this is something that would not be a forefront issue for us."

Sgt. Terry Licklider, a spokesman for Virginia State Police, agreed. "It seems like that stuff with the feds is still being worked out. ... The way our policy is now is going to stay the same. It's worked for us in the past, and that's the way we're going to continue to do it," he said.

Police in the D.C. area said they do not know how many illegal aliens they encounter on a daily basis because of the current policy. Police in Northern Virginia say they occasionally work with immigration officials to bring to justice those gang members who are in the U.S. illegally.

Local officials said they are "aware" that Department of Homeland Security Secretary Michael Chertoff last week said immigration agents along the Southwest border essentially have eliminated the catch and subsequent release of non-Mexicans who sneak across the border. The intent was to have them return later for deportation proceedings.

Mr. Chertoff attributed the policy change to a $1.9 billion boost in funding for extra detention beds, the deployment of National Guard troops and a quicker turnaround time for securing travel documents, which has enabled immigration agents to more readily detain, then swiftly deport, illegal aliens from Latin American countries.

Catch-and-release has not applied to Mexicans, who are returned to their country immediately.

Michael Keegan, a spokesman for Immigration and Customs Enforcement (ICE), said the new approach does not yet apply to the D.C. area., but that the goal is to end catch-and-release nationally.

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"Right now, it's just along the Southwest border," he said. "Of course strategywise you have to focus your efforts in one area and then move outward, [but] the goal eventually will be to end catch-and-release throughout the entire country."

For years, authorities in the Washington area have complained they must deal with local immigration issues such as day laborers, overcrowding and gangs rather than worry about federal enforcement, or that they lack authority to enforce federal immigration laws and there is no manpower or resources to detain illegal aliens if they did.

In June, Manassas police lamented that they could not stop a van full of illegal aliens that they knew was on its way from Ohio because police don't have the authority to detain them.

Federal authorities said they hope the increase in detention beds and manpower will allow them to immediately take into custody and deport illegal aliens released from local jails. In the meantime, they said local law enforcement can assist with catch-and-removal efforts by taking ICE training that allows local officers to enforce immigration laws.

"If we were able to call ICE for every illegal alien we ran into and they would come and deport them, that would probably help a lot," Sgt. Tim Neumann, a spokesman for Manassas police, said last week. "If they had the resources ... that would take away a lot of our nuisance crimes."

But most police in the region -- including Herndon, Fairfax and Montgomery and Prince George's counties -- declined to comment on the possibility of local catch-and-removal efforts until they see a proposal in writing.

They said they fear that being asked to potentially help immigration officials detain illegal aliens would invoke fear in the Hispanic community.

"It's very important to us as a police department that our community members know we are here to protect and defend them," Miss Baur said. "We have done a good deal of outreach with our Hispanic community to let them know if they're a victim of crime or have information that could help us solve a crime, we are not going to question their immigration status."

· Gary Emerling contributed to this article.

Louisiana: State Responsible For Trailer Residents (NYT)

By Eric Lipton

The New York Times, August 5, 2006

State officials must be prepared to help residents evacuate in advance of a major hurricane, even if they live in temporary trailers set up in group sites by the Federal Emergency Management Agency in the aftermath of Hurricane Katrina, Homeland Security Secretary Michael Chertoff told Gov. Kathleen Babineaux Blanco in a letter. The letter, one in a series between Mr. Chertoff and Ms. Blanco, responded to the governor's request that the federal government assume responsibility for caring for the 7,100 families in these group sites.

Landrieu Seeks Aid To Fight N.O. Crime (BRADV)

By Gerard Shields

Baton Rouge Advocate, August 5, 2006

City justice system 'broken,' letter says

WASHINGTON — Calling the New Orleans justice system "broken," U.S. Sen. Mary Landrieu, D-La., called on the federal government Thursday to dedicate more resources in the form of U.S. attorneys, and FBI and Drug Enforcement Administration agents to the beleaguered city.

Landrieu sent a letter to U.S. Attorney Alberto Gonzales seeking the federal help, pointing to a recent spate of killings, which included six over the weekend.

"The criminal justice system in Orleans Parish is broken," Landrieu wrote. "It needs to be immediately fixed … violent crime is on a dangerous rise (and it) threatens the very foundation of our rebuilding efforts."

A U.S. Department of Justice spokeswoman said the agency had not yet seen the letter but supports Landrieu's intent. The agency already leads a crime task force in the region.

"We share Sen. Landrieu's desire to assist law enforcement in New Orleans and look forward to discussing ways to enhance our ongoing efforts to support the criminal justice system there and in the entire Hurricane Katrina-affected area," Justice spokeswoman Kathleen Blomquist said.

At an afternoon news conference, Landrieu read a litany of statistics to portray the woeful situation. Among the statistics were the following:

A court system with a backlog of 6,000 cases.

79 murders so far this year.

Only 7 percent of the people arrested spent time in jail, according to a 2005 survey.

120,000 abandoned buildings and a police force lacking the staff it had pre-Katrina.

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Landrieu praised U.S. Attorney Jim Letten but called staffing levels at the New Orleans office "woefully inadequate."

"Last weekend's murders were a wakeup call to all levels of government," Landrieu said. "Drugs seem to be the real driver. There doesn't seem to be any form of reprisal."

The New Orleans City Council and Mayor Ray Nagin announced plans Wednesday to hold a crime summit on Sept. 16. The goal would be to come up with a multilevel approach to tackle crime.

"As we move forward rebuilding our city, we must reassess our methods and approach to public safety," Nagin said in a statement.

But Landrieu said Thursday she doesn't want to wait.

"It needs immediate attention," Landrieu said. "We need to do more than just get around a table and talk."

In the wake of a mid-June killing of five teenagers, Gov. Kathleen Blanco ordered 300 National Guardmens and 60 state troopers to help the New Orleans police.

Landrieu lauded the move, but said "I don't think that's going to be enough."

Landrieu was asked how she could justify requesting the federal resources while other cities, such as Washington, D.C., and Philadelphia, are having similar outbreaks of murder.

"There is no other city in America that has faced this situation," Landrieu said, referring to last year's hurricane. "It can undermine the efforts that are being made in the city and the region."

David Carter, a professor of criminal justice at Michigan State University in Lansing, said violent crime is up across America.

Even if New Orleans were to get federal help, task forces will need to be formed with local police, who know the city best, he said.

"We look at street crime as being a local issue," Carter said. "Local resources are usually the best way for solving these things."

Drug Problems Escalate After Hurricane Katrina (NYT)

By Christopher Drew

The New York Times, August 5, 2006

SLIDELL, La. — It was just before dawn when the pickup truck arrived at the two-story house in this middle-class suburb, which was hit hard by Hurricane Katrina. But unlike most of the trucks here now, it was not carrying construction supplies.

Federal agents, who were hiding in the bushes, say the truck was bringing 50 kilograms of cocaine, worth $5 million, from Houston to the murderous streets of nearby New Orleans. They also say that the shipment, seized on May 18, was at least five times as large as the typical drug delivery before the storm.

The drug trade in New Orleans is flourishing again, after its dealers, who evacuated to the regional drug hub of Houston, forged closer ties to major suppliers from the Mexican and Colombian cartels. They have since brought back drugs to New Orleans in far larger shipments than before, as the seized truck illustrates, essentially creating violent distribution gangs now spread over a much bigger area.

As a result, law enforcement officials in New Orleans and Houston are struggling to keep up with the changes as the region's drug trade merges to a greater extent than ever before, adding to the murder rates in both cities.

As the drug-dealing returns, its effects are proving deadly for New Orleans, where the police say that fights over turf for distributing the drugs are the main reason for a spike in killings that threatens the city's recovery. Even though its population is less than half of what it was before the storm, New Orleans recorded 22 homicides in July, the same number that it averaged each month in the three years before the hurricane.

Several poor neighborhoods in Houston, which has long been the main supply hub for drugs flowing across the southwest border, have been reeling as well. According to the Houston Police Department, Hurricane Katrina evacuees have been the suspects or victims in 44 homicides there, including many tied to gang-related drug dealing. And 14 percent of Houston's felony narcotics arrests in the first six months of this year involved people displaced by the storm.

Sgt. Brian Harris, a Houston police homicide investigator, said that one evacuee, Ivory Harris, whose street name is B Stupid, was a suspect in three killings in Houston before he was arrested in March with a cache of drugs near New Orleans, where he was also wanted on murder charges. Sergeant Harris said several others, including two juveniles, once linked to a New Orleans gang called the Seventh Ward Hardheads, had been tied to 4 homicides and 28 other crimes in Houston.

Some of the crimes involved New Orleans gang members fighting one another over drugs and women during New Orleans music nights at Houston nightclubs, Sergeant Harris said, adding that he and other Houston officers were initially shocked by how many witnesses refused to cooperate.

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New Orleans police officials have long complained that fears among witnesses about retaliation have hampered their ability to stop the drug trade. But to the Houston police, persuading witnesses to talk "was like trying to educate foreigners in the ways of the United States," Sergeant Harris said.

Still, the Houston police have made enough arrests for word to get around that it is much harder to get out of jail there than it is in New Orleans, where murder suspects in the city's weak court system have often been released after 60 days when no witnesses spoke up.

So some of the drug dealers have returned to New Orleans along with their customers, while others are now commuting between the two cities, law enforcement officials say.

Federal agents and the police in both cities have stepped up cooperation in tracking these movements, and they are pushing for more intelligence about the changes.

One of their biggest priorities is to try to choke off the supply of cocaine and heroin moving from Houston to New Orleans, usually in concealed compartments in vehicles zipping down Interstate 10.

Law enforcement officials say the vehicles — now often pickup trucks that can blend in with the post-storm construction traffic — are typically escorted by cars with heavily armed lookouts. Investigators say they suspect that a Houston man, who has been charged with killing a suburban New Orleans police captain in June, was one such lookout.

The cocaine truck seized here in May, which involved a mix of New Orleans evacuees and Mexican-Americans from Houston, is "a really good example" of the changes, said William J. Renton Jr., the special agent in charge of the New Orleans office of the federal Drug Enforcement Administration.

Before the storm, he said, "Whenever we'd seize drugs destined for the greater New Orleans area, it was mostly 5 and 10 kilograms." But since then, he added, "even guys who may not have been the biggest dope peddlers in the city went to Houston and met people who were involved in supplying, and new or deeper relationships developed."

Over all, the volume of drugs headed for New Orleans has probably not declined as sharply as the city's population, law enforcement authorities say, given the need to replenish stockpiles that were destroyed when the safe houses were ruined in the floods.

"There was probably a lot of dope washed out into Lake Pontchartrain during the flood," said James D. Craig, the D.E.A.'s special agent in charge in Houston.

And because the New Orleans dealers would still be on the hook for the cost of those drugs, "some of them are in debt" to the Houston suppliers, he said. "And some of them are probably trying to make the money back by saying, 'O.K., let me sell more dope.' "

Mr. Craig said the seizure of the 50 kilograms in Slidell illustrates how displaced New Orleans residents have teamed up with people in Houston to put together bigger deals.

Federal authorities said they believed the shipment originated at the Houston home of Joseph H. Aguirre, 40, a Mexican-American with a record of arrests for marijuana possession.

When the agents raided the house in Slidell, they also seized 3,500 Ecstasy tablets, 5 pounds of high-potency marijuana and $60,000 in cash. And they arrested six people, including three men who had moved from New Orleans to Texas after the storm and who are believed to have driven the truck from Houston.

Records show that one of those men, and the house's owner, who was also arrested, had both been previously convicted on drug distribution charges. In Houston, Mr. Aguirre pleaded guilty last month to state charges involving cocaine and other drugs found in his apartment. The authorities say his connection to the Slidell shipment remains under investigation.

James Bernazzani, the F.B.I.'s special agent in charge in New Orleans, said Asian gang members from Canada had also recently begun distributing large quantities of drugs in the eastern part of the city, though the authorities had been beating them back.

But there has been little relief from the drug wars in the poor neighborhoods in central New Orleans, where the bulk of the homicides has occurred. And even if some of the local dealers are turning to new suppliers in Houston, the police say, they have no intention of giving up any of their own turf to newcomers.

James F. Scott, a deputy New Orleans police superintendent, said a lone Hispanic man had recently showed up on a Central City street corner to sell drugs. His body was later found there, with four bullet holes in his back and four in his chest.

Louisiana: Investigation Of Bridge Blockade (NYT/AP)

By The Associated Press

The New York Times, August 5, 2006

A grand jury will investigate the blockade of a New Orleans bridge that occurred when Hurricane Katrina victims trying to cross the Mississippi River were turned back by armed police officers from the city of Gretna. The grand jury will start work soon,

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Leatrice Dupre, the spokeswoman for the district attorney's office, said. Several hundred people said the police blocked them last Sept. 1. The police said they barred the New Orleans residents because there were no supplies or services for them on the other side of the river.

Small Clause, Big Problem (NYT)

By Joseph B. Treaster

The New York Times, August 4, 2006

Marilyn Haverty, whose house in Waveland, Miss., was buffeted by wind and surging water in Hurricane Katrina, thought her homeowner's insurance would cover at least the wind damage. But it never paid her a penny.

As it turns out, Ms. Haverty's insurance policy, like nearly every one around the country, said, essentially, that if the house was damaged by a flood or earthquake or something else not covered, it did not matter that she had coverage for wind damage. There was no coverage at all.

Since at least the mid-1980's, insurers have been putting into their home insurance policies "anti-concurrent causation'' clauses that effectively eliminate coverage that insurers promise to provide when selling their policies. But most people skip over the legalistic language — if they read their policies at all. And until Katrina, there had never been such an outpouring of challenges.

"There's no question that the anti-concurrent clause is bad for policyholders,'' said Adam F. Scales, an associate professor who teaches insurance law at the Washington and Lee University School of Law, in Lexington, Va. "It's not fair because it defeats policyholders' reasonable expectations.''

Insurers counter that they need the clause to protect themselves from being drawn into paying for floods, earthquakes or mudslides and other widespread calamities that are beyond their scope and that they specifically refuse to cover.

The insurance companies say they expect to pay out $17.6 billion for homes damaged in Katrina and $20.8 billion to businesses — the most insurers have ever paid out in a catastrophe. But lawyers for homeowners say the insurers would have had to pay out perhaps billions more had it not been for the anti-concurrent clause. Industry officials said they had no comprehensive data, but acknowledged that a substantial amount of money was at stake.

The provision has become one of the central issues in the thousands of lawsuits that have been filed against insurance companies since Hurricane Katrina hit last August.

In the first trial, which began in July and is now awaiting a federal court judge's verdict, the homeowner's lawyer, Richard F. Scruggs, argued that the storm surge in Katrina was not a flood — as defined by the insurance companies — but an inseparable part of the hurricane. Mr. Scruggs also argued that his client, Paul Leonard, a police lieutenant, was told by his agent that he did not need to buy flood insurance. Mr. Scruggs contended that the anti-causation clause should be voided.

The insurance companies say they paid for damage to homes in areas where there was no flooding. Where there was flooding, they say, they paid for damage that could have come only from wind, like the loss of a roof and broken upper-story windows — above the highest marks left by flood waters. But they have generally refused to pay for damage to houses, or parts of houses, that were hit by both wind and flood water.

"They are sitting on this idea that the water washed everything away and whether there was any wind damage or not, they don't feel they have to provide any coverage,'' said Zach Butterworth, a lawyer in Bay St. Louis, Miss., who, with Mr. Scruggs, is representing Ms. Haverty and dozens of other storm victims.

Courts around the country have been divided on whether the provision may be used to deny coverage. Many have backed the insurers. But other courts have sided with policyholders, concluding that the clause was ambiguous or ran counter to reasonable expectations of what was covered.

"It is not a settled issue,'' said E. Farish Percy, a law professor and insurance expert at the University of Mississippi. "Courts that have decided in favor of plaintiffs are saying, 'It may be perfectly clear to an insurance lawyer, but it's not that clear to a policyholder.' ''

Insurers and other insurance experts say the only way policyholders can protect themselves is to take on the additional expense of buying special government policies that cover floods and earthquakes. But that is only a partial remedy for more expensive homes that are flooded, because the federal government limits coverage for floods to $250,000. Earthquake insurance sold by California carries a high deductible.

Robert P. Hartwig, the chief economist at the Insurance Information Institute, a trade group in New York, said the insurers priced their policies in the expectation that they would not be paying for damage in combination with flooding. Otherwise, Mr. Hartwig said, premiums would be much higher and some insurers might decide not to offer coverage on homes at all in certain areas.

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Without the provision, he said, "if a home is destroyed by an excluded peril like flood, but the damage occurred in connection with another peril like wind, you'd effectively be saying that, in effect, flood coverage is provided.''

In papers filed in the first trial in Mississippi, the Nationwide Insurance Company said the anti-causation clause "relieves insurers of the untenable task of proving a negative,'' that is, "eliminating wind as a potential partial cause of the loss.''

Even homeowners who say they fully understood that flood coverage was provided only by the government and had to be bought separately say they expected to receive at least some compensation for wind damage since both wind and water harmed their homes.

"I thought I would get something,'' said Ms. Haverty, who retired in January as the assistant branch manager of a bank. During the storm, Ms. Haverty said, pine trees near her house were snapped off high above the ground by strong winds.

But, she said, State Farm told her: "No, we're not paying you anything on the wind. It was water." State Farm declined to discuss the case. Ms. Haverty was one of the relative few in Mississippi who had federal flood insurance, and she received $93,900 on that policy. Like many others whose insurers did not pay, she has applied for a federal grant. Congress has committed $15 billion to help with rebuilding for people who had no flood insurance or not enough and who received partial or no payment from their insurers.

The insurers say they spell out their terms of coverage in their policies. But even lawyers representing insurance companies say customers do not always understand the limits of their coverage.

"When you look at anti-causation language, it just doesn't look that important,'' said Randy J. Maniloff, a lawyer at White & Williams in Philadelphia who represents commercial insurance companies but is following insurance developments along the Gulf Coast. "They don't appear to be words of substance. But they're actually enormously important.''

In the Nationwide Insurance Company's home insurance policy, which is being debated in the Mississippi trial, the anti-concurrent language precedes a list of things not covered. "We do not cover loss to any property resulting directly or indirectly from any of the following,'' the passage begins. "Such a loss is excluded even if another peril or event contributed concurrently or in any sequence to cause the loss.''

The insurers point out that in most states, insurance regulators approve the language in their policies.

But insurance experts said that was not necessarily a test for fairness or consumer protection. "The regulators look a lot more carefully at rates than they do at policy terms,'' said Gary S. Thompson, a lawyer at Reed Smith in Washington who represents commercial policyholders but also follows home insurance issues. "It's really the courts that cause insurance companies to go back and re-examine their coverage terms.''

In questions about the anti-concurrent clause at the Mississippi trial, John Griffin Jones, a colleague of Mr. Scruggs, raised the prospect of a tree theoretically crashing through the roof of a house and rain water pouring in. If nothing else happened, all the damage would be covered. But, Mr. Jones asked, if a storm surge came two hours later and flooded the house, would everything below the water line be excluded from coverage?

"Yes, sir," Jeffrey Kline Gilbert, an executive in charge of Katrina claims at Nationwide, replied.

"Under the anti-concurrent clause provision, right?'' Mr. Jones asked.

"Yes, sir.''

Then, Mr. Jones asked: "How is a guy like Paul Leonard going to know that when he is buying one of these policies? How is he going to know it is going to get that technical that you have an anti-concurrent clause provision that if any water touches the property, he is on his own?''

"First,'' Mr. Gilbert said, "by reading the policy.''

Scattered By Katrina, Linked By A Church (WP)

By Wil Haygood, Washington Post Staff Writer

The Washington Post, August 5, 2006

Pastor and His Wife Keep Tabs on Their Far-Flung Flock

HAMMOND, La. -- They can see every stained-wood pew. They can hear every soaring, sweet gospel number. They can see every face in their flocks.

"Had 250 members. 'Course, they all didn't show up every Sunday. You know how that goes," the Rev. Franklin Burke says.

Good Faith Baptist Church, where Burke ministered for 11 years, stands in New Orleans's Lower Ninth Ward. Right there at 1703 Benton St. Which means that Hurricane Katrina bent it to its will. Bibles floated right down the street. The hurricane displaced Burke's congregation, wide and far.

Nearly a year has passed now, and in New Orleans whole neighborhoods remain vacant. Schools are quiet. And churches stand in painful silence. Hymnless places, the worshipers gone.

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Their ministers, like Burke, have not stopped worrying and trying to find the ones they have yet to hear from. They wonder if the faithful will ever come back.

Burke and his wife, Lori, grab at the mail as soon as it arrives, scanning the return addresses for familiar names. "There's still about 30 people we haven't heard from," she says.

They'll pop up in the middle of the night and grab a ringing phone. Might be a church member in a faraway locale, calling collect from a phone booth.

"It's really taken a toll on him," Lori says of the husband she married back in 1978. They were junior high school sweethearts. He's well-built and deep-voiced. She's a full-figured woman whose voice is all Southern-sweet.

They finish each other's sentences as they sit on a Sunday afternoon in their new home here in Hammond, 60 miles northwest of New Orleans, trying to place all their members.

"Chante Fernandez, let's see, she's in Houston," she says. "She's a mother of two. She went there with Byron, her fiance."

"That's right," he says with a nod.

"Elder Debra Joseph. She's also in Houston," she says.

"Cheryl Turner. She's a deaconess," she goes on. "In Dallas. Which is where I think McFadden is. What's Minister McFadden's first name?"

"I don't know. But he's got three sons," he says.

She's leaned her head back on the couch, as if in a dream state.

He crosses his legs. He's in a beige shirt and slacks and two-tone dress shoes. His cuff links are sparkly.

"Where's Freeman at?" he asks.

"Deacon and Deaconess Freeman. Juanita Freeman." She pauses. "I'm trying to think of Brother Freeman's first name."

"I can hear her saying his name," he says.

"His name is Larry Freeman," she remembers. "DeRidder, Louisiana. That's where they at," she says. "It's near the Texas border. The Freemans traveled there."

He nods. "Hmm mmm."

"Elder Darryl Turner and Deaconess Sandra Turner. They're in Jackson, Mississippi," she says.

"Mama Tremont's first name? On the tip of my tongue."

They stare intensely at each other -- as if their collective willpower will summon a member of the flock right into view.

"Willie Bell," he says.

"That's right. Willie Bell Tremont," she says. "We call her Mama Tremont. She's taking care of her grandkids. Mama Tremont's gotta be at least 75."

The Burkes met in eighth grade in New Orleans. They're both 46. They have three children: Franklin Jr., 27, Trenise, 26, and Lakeisha, 22.

Franklin works in the cement business. Trenise is a schoolteacher, and Lakeisha is a college student.

"Funny thing," says the Rev. Burke, "but Trenise took the hurricane hard. She was really down. But the youngest one, Lakeisha, went right on with her business."

"It was always 'Let's go, let's go' with her," says Lori.

"Hmm mmm," he says, making it sound like family testimony.

Outside the windows, a storm is threatening.

"Shreveport," he's saying. "Isn't that where Sister Yvette Brown and her mother went? The mother's name. What is it? Something like purple."

"Sister Lavender," she answers.

"Yes. Sister Lavender. I knew it had something to do with purple."

"Of course, we got a lot of members in Baton Rouge," she says. "Elder Tracy Hubbard. She's in Baton Rouge. So is Shaquita Coston."

"Her mama? Deaconess, Deaconess?" Burke can see the face, like an apparition in front of him.

"Deaconess Deverly -- like Beverly with a D -- Coston," she says.

"That's right," he says.

"Who else is in Baton Rouge?" he asks.

"Well, Sister Dixon is over in Baker," she says. "Can't recall her first name. I always called her Sister Dixon."

"Mother? How about Mother?" he says.

"Mother is mother of the church," she explains.

"Mother Edwards," he says. "We call her the mother of the church because she's the oldest member of the church under the deaconess ministry."

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"Mother's in her eighties," she says. "Mother lost her son in the hurricane. They found his body a block from the church. I think Mother was the only one from the church who actually lost someone in the water."

Someone in the water. The death toll from Katrina was 1,710.

"There was a little girl," he begins to say. "Passed away in Houston."

"Oh. You talking about Sister Montana's child. Her baby was named Miracle. She had always been sickly. She was 2 years old when she died."

"Hmm mmm," he says, this hmm mmm sadder than all the others.

"And Monica Williams and her daughter and son are in Thibodaux, Louisiana," she adds.

"Branch. What about Branch?" he wonders.

"Oh," she says. "Joyce. Joyce Branch was in Oklahoma City the last I heard. Sister Branch is so talented. She put on a play out in Oklahoma City. It was to do with the hurricane."

"Now Nanny Bolden and her family moved here to Hammond," she says.

"Sure did," he says.

"What about Charlotte Jenkins?" he asks.

"She's the secretary of the church," the first lady of the church explains. "She's over in Bunkie, Louisiana."

"Albert, now, the teacher," he says. "He and his wife, Lyris, they're both teachers. They're over in Lottie, Louisiana, with their three kids."

He shakes his head, as if at the wonder of it all: the Good Faith flock, all over the map now.

"Minister Fondel, he's in Baton Rouge," he says.

"No he's not," she corrects. "He's in Denham Springs, Louisiana."

"Oh, okay," he says.

"Sister Monica's mom is in Port Allen, Louisiana," she says.

"I can't think of her name," he says, gently shaking his head.

"I can see her face," she says.

"You know, it makes you think of people we haven't heard from since the hurricane," he says.

"It's a lot on your mind," she says.

"Hmm mmm," he says. "You worry about their whereabouts and well-being."

"A lot of them will call and give us reports," she says, "about who they have heard from." (The Rev. Burke's outgoing voice-mail message hasn't changed in the aftermath of the hurricane: "This is Reverend Franklin Burke. Everybody is okay. Keep your head lifted. God is good. Thank you.")

"Their hearts really get heavy at night," she says. "That's when church members want to talk. They need somebody to talk to."

The Rev. Burke has a job as a cement finisher at the Waterford 3 nuclear power plant in Taft, La. He goes to New Orleans to work on the church five or six times a week after work. He chisels and scrapes. "Hope to open by Christmas," he says.

That's a prayerful deadline, she feels.

"We just waiting to go home," she says, meaning the church.

He nods. "Hmm mmm."

"These people in my church, they gave," he says. "They planted seeds. So God blessed them in return. I had two elders call around just recently to ask if anybody needed anything. They said, 'Naw, we all right.' "

She considers it a small miracle that their family pictures were saved as they were packing to flee. "My daughter-in-law, as we were getting ready to leave New Orleans, said, 'Let me gather up the pictures.' I said, 'Why you gonna do that? We gonna be back in a couple days.' So it's a blessing we got these pictures."

Her eyes rest on a picture of Franklin Jr.'s twin girls. They're 6 years old. Their names are Hope and Faith.

"A blessing," she says of the picture of two of the youngest members of Good Faith Baptist Church.

He nods. "Hmm mmm."

Pension Bill Boosts Taxpayers, Wall St. (AP-Y)

By Jim Abrams, Associated Press Writer

AP2, August 5, 2006

Young workers, Wall Street, a couple of airlines and U.S. taxpayers could come out as winners in the pension changes made by Congress.

Some older employees, as well as truck drivers and construction workers hoping to retire early, might not fare as well.

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The legislation passed by the Senate late Thursday and sent to the president will, if successful, prod companies to fund their pension plans properly and ensure that workers get the retirement benefits they deserve.

But the bill also reflects the reality that the traditional defined-benefit pension plan system is in decline, and the transition to new defined-contribution-style savings plans won't be easy.

President Bush, in a statement Friday, praised the bill as the "most comprehensive reforms to America's pension system in over 30 years." He said he planned to sign it into law soon.

Here's how some of the major players in the legislation may be affected:

EMPLOYERS

The 30,000 defined-benefit plans run by employers are now underfunded by $450 billion, and the bill requires plans to reach 100 percent funding levels in seven years. Seriously underfunded "at-risk" companies must contribute at an accelerated rate.

The American Benefits Council, which represents companies with traditional pension plans, said the bill was a "mixed bag," that promotes saving but could make funding requirements more unpredictable, giving plan sponsors thinking of freezing their plans another reason for doing so.

The council's vice president, Lynn Dudley, said the bill shifts saving responsibilities onto the individual by promoting 401(k) and other defined-contribution plans. "Defined-benefit plans were sacrificed in the process and for that we are disappointed."

Frank McArdle, manager of the Washington office of Hewitt Associates, a human resources consulting firm, didn't think the funding rules would of themselves contribute to more ditched plans. "We think in the end companies will figure out a way to work with them."

The Congressional Budget Office concluded that companies will actually contribute less to their plans over the next few years as the new funding rules are phased in but will start making higher contributions in about five years.

Two companies pleased about the legislation are Delta Air Lines and Northwest Airlines Corp., which have filed for bankruptcy and have frozen their defined benefit pension plans. Delta filed a request with bankruptcy court late Friday to terminate its pilots' pension plan. Concerned that the two airlines would dump their plans, underfunded by a total of more than $10 billion, on the government, lawmakers gave them an extra 10 years beyond the seven years that other companies get to catch up.

"Delta will be in a position to preserve its pension plan covering 91,000 active and retired ground and flight attendant employees, thereby preserving their hard-earned benefits and preventing the U.S. pension system from being burdened with additional plan liabilities," Delta CEO Gerald Grinstein said in a statement.

Not quite as pleased were American Airlines and Continental Airlines Inc., the only major airlines with active defined-benefit plans. Unless they freeze their plans, entitling them to the full 10-year extension, they will get three years on top of the seven-year payback time. Lawmakers from Texas, where the two airlines are based, said Congress shouldn't give advantages to one company over another. Of the 16 House Republicans who voted against the bill, 15 were from Texas.

General Motors and the UAW both came out in support of the bill after an earlier Senate provision that would have linked GM's low credit rating to pension funding obligations was removed.

WORKERS

The bill, while stabilizing a shaky system, does not ensure there will be a defined-benefit plan in a worker's retirement future. Half the workers in private industry have no pensions, and the legislation "doesn't do anything for that," said Karen Friedman, policy director of the Pension Rights Center.

A Hewitt Associates survey of 227 employers last year found 29 percent were very or somewhat likely to close participation in defined-benefit plans during the year.

The AARP said workers get shortchanged in a provision that adds legal certainty to cash balance plans, "hybrids" currently in legal limbo because of a lawsuit against IBM filed by employees claiming age discrimination. The bill, said the AARP's David Sloane, "may lead to discriminatory plan designs that stop or reduce benefits for older workers."

The Teamsters were also protesting "red zone" provisions that would reduce early retirement benefits for workers in seriously underfunded multiemployer plans. Critics say cutting already promised benefits is unprecedented, but UPS and some construction trade unions argue that they need more flexibility to restore health to these joint employer-union plans.

Experts agree that young workers in particular will be big winners from provisions promoting automatic enrollment into 401(k) programs. Research by the Investment Company Institute and the Employee Benefit Research Institute found that 401(k) participation rates among low-income workers would more than double, from 42 percent to 91 percent, under automatic enrollment plans.

The typical worker doesn't start saving through a company retirement plan until age 41, said Peter Orszag, director of the Retirement Security Project. Automatic enrollment "helps close the retirement savings gap."

The bill also encourages savings by making permanent a 2001 law allowing for increased annual contribution limits to individual retirement accounts, or IRAs. This would mainly benefit higher-income households.

All this will be a boon to Wall Street firms, which will see a rise in investors.

TAXPAYERS

The Pension Benefit Guaranty Corp., the federal agency that insures pension plans, has racked up deficits of $22.8 billion, mainly from taking over defunct steel and airline plans. The PBGC now operates on premiums and interest earnings, but the concern is that a rash of terminations could result in a massive taxpayer bailout.

But most experts discount comparisons to the bailout for the savings and loan industry in the 1980s, noting that PBGC liabilities can be stretched out over 30 or 40 years.

If the legislation just keeps the airline pensions afloat, the PBGC, and the taxpayer, come out winners.

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The bill is H.R. 4

On the Net:

Congress: http://thomas.loc.gov/

PBGC: http://www.pbgc.gov/

Bush To Sign Pension Bill, To NWA's Relief (MINNST)

By Liz Fedor, Star Tribune

Minneapolis Star Tribune, August 5, 2006

Airline crises helped push the sweeping pension bill through Congress, and Northwest Airlines management and employees hailedits passage.

President Bush said Friday he'll sign a sweeping pension overhaul bill that overwhelmingly passed the U.S. Senate late Thursday. The bill gives Northwest Airlines the time it needs to save its defined-benefit pension plans, which are underfunded by almost $4 billion.

Although the legislation was designed to strengthen the security of pension benefits earned by millions of Americans, Sen. Norm Coleman, R-Minn., said Friday that "without the airline provisions, this bill might still have languished."

Northwest has three pension plans that cover about 73,000 Northwest employees and retirees, and Northwest CEO Doug Steenland told Congress last month that he'd be forced to terminate those plans if the House and Senate did not approve the pension bill before their summer recess.

After multiple near-death episodes, the bill was passed by the Senate 93-5 Thursday.

"It was now or never for the airlines, and it forced folks to come to agreement on the other stuff," Coleman said.

Bush called the legislation "the most comprehensive reforms to America's pension system in over 30 years."

It requires most companies with defined-benefit plans to make up shortfalls over a seven-year period. For 401(k)-style plans, called defined-contribution plans, Congress spelled out regulations that allow financial companies to give face-to-face advice to employee participants.

The airline elements generated considerable political maneuvering within the House and Senate. Coleman and Rep. John Kline, R-Minn., said American Airlines and Continental Airlines fought the provision that allows Northwest and Delta Air Lines to take 17 years to fully fund their defined-benefit plans.

Under the legislation, Continental and American will get 10 years to bring their plans up to full funding.

Kline, who served on the conference committee that forged the pension language, said Continental and American executives were told: "If you want to work out with your employees a pension freeze, you can have exactly the same deal that Northwest and Delta got."

Delta is ending its pilot pension plan but using the new law to save its pensions for nonunion employees.

Steenland and Duane Woerth, president of the Air Line Pilots Association (ALPA), laid out the basic structure of the airline funding solution in late 2004 and lobbied in favor of that approach since then.

Essentially, their plan, adopted by Congress, gives bankrupt airlines more time to make their required pension payments. Employees would not lose accrued benefits, but the plans would be frozen and future retirement contributions by Northwest would be made to 401(k)-style plans. They argued that taxpayers would benefit, because Northwest would avoid dumping its pension plans on the Pension Benefit Guaranty Corp. (PBGC), which already is running a deficit.

"We get to honor our obligations and the government doesn't end up, in essence, holding the bag," Steenland told the Star Tribune on Friday.

Northwest is "going to be able to restructure in the Chapter 11 process and at the same time preserve our frozen defined-benefit pension plans," he said.

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If the bill had not passed, Northwest would have been required to make billions of dollars in pension payments over the next few years, and Steenland said the carrier does not have the money to make those huge contributions.

Kline, who has thousands of Northwest employees in his congressional district, said the legislation "gives certainty to all Northwest employees, so they aren't wondering what's going to happen" to their pension benefits.

A big influence

Coleman praised the lobbying effort of Northwest employees, because he said they had a big influence on pushing the bill through. "The bottom line is that this was the right thing to do," Coleman said.

Dave Stevens, chairman of the Northwest pilots union, said Friday that he was "relieved" that Congress gave "Northwest the tools to meet their obligations."

All Northwest employee groups would have been harmed if the PBGC had taken over the pension plans, because of the rules used to calculate benefits, Stevens said. However, some pilots could have seen their benefits drop as much as 75 percent.

Stevens said Northwest and the flight attendants union now must resolve their differences. The two sides will be in bankruptcy court in New York on Wednesday when management asks U.S. Bankruptcy Judge Allan Gropper to block the union's right to strike. The membership rejected a concessionary contract Monday 55 percent to 45 percent.

Stevens said the pilots union is filing a court brief in support of the Association of Flight Attendants (AFA), because the pilots strongly believe that unions must have the right to strike while a company is in bankruptcy.

However, Air Line Pilots Association (ALPA) leaders have not taken a position on what the pilots will do if attendants strike. "It's the position of ALPA to not take a position until a [strike] event occurs in order that both sides put forth the greatest effort to reach a consensual agreement," Stevens said.

AFA leaders have emphasized that they are most likely to engage in job actions that would affect certain flights or cities as opposed to a strike of the entire system.

Liz Fedor · 612-673-7709

The 401(k) Of The Future (WSJ)

By Tom Lauricella

The Wall Street Journal, August 5, 2006

Coming Soon: Additional Risk, Automatic Worker Enrollment; Allowing Firms to Give Advice

The 401(k) retirement plan, one of the most important savings tools available to Americans, is about to get a makeover.

Late Thursday night, Congress passed a pension-reform bill that will transform significant aspects of how these plans can operate. Named for the section of the tax law that created them, 401(k) plans let workers sock away part of their paycheck tax-free until retirement. The problem is, too many people are making bad decisions, such as leaving their money parked in low-yielding investments instead of more suitable choices.

Worse yet, millions of workers choose not to participate in a 401(k) plan at all, putting their own retirement at risk.

The new rules aim to change much of that. Most significant, it will become easier for companies to automatically enroll their employees in a plan and will also empower companies to automatically increase the amount of money deducted from employees' paychecks.

Meanwhile, the Labor Department, which regulates the plans, is on track to let employers automatically put their employees' money into riskier, but higher-yielding, stock and bond funds rather than low-yielding money-market funds that have long been the default option.

Some of the changes are controversial. For the first time, 401(k)-plan providers -- such as brokers and mutual-fund companies -- will also be allowed to offer specific investment advice to their employees. In the past, that has been expressly forbidden. The fear was that they would recommend investments that maximized their own profits or commissions but weren't in participants' best interest.

While most of the changes in the 401(k) rules officially take effect in 2008, employers could begin taking steps to implement many of these new features sooner. Indeed, a handful have already added these features to their plans with success, but many have been reluctant to take the plunge until they were enshrined in law.

For people who are already participants in a plan, all of this means paying extra attention to communications from employers: While many companies may choose to add the new features only for new employees, they can also be put in place for existing workers. As a result, the particulars of your 401(k) could theoretically be affected, even if you thought it was all set up the way you wanted it. It isn't just 401(k)-plan participants who are affected by the new rules. They also affect so-called 403(b) plans, which are retirement plans for nonprofit workers and educators.

The reforms mark a significant change in the 401(k) philosophy. Created as an alternative to company-run pension plans, the aim was to give employees direct control over their retirement money.

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That attitude has shifted. Study after study indicates that many workers aren't good at the do-it-yourself decisions demanded by 401(k) plans: Young workers leave their money in low-yielding accounts, and older workers end up too heavily loaded up in their company's stock.

On top of that, the dot-com bust and bear market crushed many Americans' retirement savings, just as concerns started arising about the future of Social Security. It added up to increasing importance for 401(k) plans as retirement safety nets.

Ironically, many of the new features are taken from the very thing that 401(k) plans were designed to replace: "They're taking on the best features of traditional pension plans," says John "Jack" Callahan of Fidelity Investments' Institutional Retirement Services Co.

Here are some features likely to become common.

Automatic enrollment: At companies offering a traditional pension, employees are generally automatically enrolled. But 401(k) plans typically require new employees to sign up, which can be a tough sell for younger or lower-paid workers. There are 12.1 million people in the U.S. eligible for workplace retirement plans who don't participate, according to the nonprofit, nonpartisan Employee Benefit Research Institute.

In fact, many states bar companies from taking money out of an employee's paycheck without written consent. It is a leftover law from the bad old days when unscrupulous employers would force employees to buy things like food or clothing from a company-owned store at extortionist prices, says Fred Reish, an attorney specializing in retirement-plan law.

The pension-reform bill changes that, allowing automatic enrollment. Employees can opt out of the plan, but retirement experts say that once people are in a plan, they are likely to stay put simply out of inertia. The idea, says Christopher Jones of investment-advisory firm Financial Engines, is to "flip inertia from being a force of evil into a force of good."

With automatic enrollment, participation in 401(k) plans could jump from 66% of eligible employees to about 92%, according to estimates done by EBRI and the mutual-fund industry's trade group, the Investment Company Institute.

Automatic increases: To address the problem of employees not saving enough for retirement, the new law makes it easier for companies to automatically increase the percentage of an employee's salary that is directed to the plan.

The new rules don't expand the amount of money one can put into a 401(k). However, they do encourage companies to meet certain minimum requirements for matching employer contributions as part of the automatic increases.

In fact, the new law prods companies (but doesn't require them) to meet certain minimum step-ups going from a 3% deferral the first year to 4% the second year and up to 6% the fourth year. In addition, companies are encouraged to meet certain minimum requirements when matching the automatic deductions with additional employer contributions.

This savings step-up can have a major impact. Say a 32-year-old making $30,000 a year joins a 401(k) for the first time. If 3% of the person's salary is placed into a blend of stock and bond funds with a 1.5% match from the employer, at age 67 the portfolio would be worth $117,300, according to calculations prepared by Vanguard Group. But with the minimum automatic increase contained in the pension bill and a higher employer match, that portfolio would be valued at $238,300 at age 67, Vanguard says.

Default investments: Currently, the default investment in a 401(k) plan is usually a low-yielding money-market account. The problem with that is a surprisingly large number of people never move their money out of that account and into higher-yielding stock or bond investments they need to provide adequate retirement savings.

As a result, the Labor Department is readying proposed regulations that would let employers default their workers into broadly diversified investments. These multi-asset investments include several different types of funds: "age-based funds," in which a portfolio of other mutual funds is tailored to a particular expected retirement date; "risk-based portfolios" of funds (such as "conservative" or "aggressive"); "balanced funds," which are a blend of stocks and bonds; and "managed accounts," which are portfolios customized to consider not just a person's age and risk-tolerance, but also other investments.

Advice: The most controversial aspect of the 401(k) plan makeover is the provision letting companies offer specific investment advice. Under the rules, specific investment recommendations can be given if they are based on a computer model that must be certified as bias-free by an independent third party.

Write to Tom Lauricella at tom.lauricella@wsj.com1

Pension Bill Also Curbs Hunters' Tax Break (WP)

By Zachary A. Goldfarb, Special To The Washington Post

The Washington Post, August 5, 2006

A provision included in the pension overhaul legislation approved Thursday night by the Senate and sent to the president will make it much more difficult for big-game hunters to donate their trophy mounts and claim substantial charitable tax deductions.

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Under a tax loophole, hunters have been allowed to deduct some or all of the cost of their safaris from their taxes if they later donated to a museum animals that they killed and had mounted. Some museums in turn sold the specimens for far less than the amount deducted by the taxpayer. The practice was well-advertised in the hunting community.

Under the new law, hunters will be able to deduct only the lesser of two costs: the market value of the trophy, or the cost of taxidermy -- preparing, stuffing and mounting the animal's skin. The provision is expected to increase government revenues by up to $49 million over 10 years.

Closing that loophole has been a priority of Senate Finance Committee Chairman Charles E. Grassley (R-Iowa), who added a number of charitable-giving rules to the pension bill. He famously used a stuffed springbok to illustrate the loophole in an April 2005 committee hearing on charitable giving.

"The phoniness of this kind of donation called out for congressional action. It's ridiculous that a museum gets pennies for a dusty boar's head sitting in a railway car, while a donor gets big tax breaks for his African safari," Grassley said in a statement. "We're taking the tax cheating out of taxidermy."

The Humane Society of the United States, an animal rights group, brought the matter to Grassley's attention after a two-year investigation. In one case, the group said it found 800 donated trophy mounts stored in an old railroad car.

"This safari swindle involved a big-game hunter shooting an exotic animal in Asia, in Africa, or at a drive-through canned hunt in the United States -- and writing off his hunting trip at the expense of the IRS and American taxpayers," said Michael Markarian, executive vice president of the Humane Society. "The trophy hunting boondoggle . . . encouraged more killing of wildlife, including rare species."

Mixed Business Reaction To US Pensions Reform (FT)

By Stephanie Kirchgaessner And Holly Yeager In Washington And Doug Cameron In Chicago

Financial Times, August 5, 2006

US corporations will be forced to fund their pension obligations fully within seven years and improve disclosure about the health of their pension plans following the passage of a sweeping pension reform bill late on Thursday night.

The pension legislation aims to shore up a $23bn (€18bn, £12bn) deficit at the federal insurer for defined pension benefits, the Pension Benefit Guaranty Corporation (PBGC), which has been overburdened by corporate bankruptcies in the steel and airline sector.

Passage of the bill marked a significant accomplishment for Congress ahead of lawmakers' August recess, given the complexity of the issues and the broad scope of the bill, but business reaction was mixed on the practical implications for companies.

Bruce Josten at the Chamber of Commerce said that, while the bill gave companies more certainty over pension funding rules, it had failed to offer retroactive legal clarifications to companies that had established cash balance and hybrid pension plans.

James Klein, president of the American Benefits Council, which represents employers, predicted that an "unprecedented" number of defined benefit pension plans would be closed because the funding rules set out by the bill were too volatile, but praised a separate provision that allowed workers to receive investment advice on their 401k retirement plans.

The bill provides mixed relief for airlines, whose political supporters had threatened to block its passage because of the more generous terms for carriers that froze their defined-benefit plans.

Delta and Northwest had threatened to follow United and US Airways in terminating their plans and dump them on the PBGC. The legislation would allow the companies to amortise pension shortfalls over 17 years and use a discount rate of 8.85 per cent to determine their contributions, cutting their annual payments to less than $150m.

The political manoeuvring had focused on American and Continental airlines, which had continued to fund most of their pensions and will now have only 10 years – and a lower discount rate – to amortise shortfalls unless they freeze the plans, which would damage labour relations.

Senators from Texas, Ohio and New Jersey – where American and Continental have large hubs – withdrew their opposition to the more favourable treatment for the bankrupt carriers when Senate leaders promised to revisit the issue in September.

Although President George W. Bush is expected to sign the bill, lawmakers have stripped the legislation of provisions the White House supported

Bipartisan approval of the pensions bill followed a bitter party showdown over "trifecta" legislation, which combined a reduction of the estate tax, an increase in the minimum wage, and the extension of popular tax cuts.

The House approved the package last week, but Democrats blocked the measure in the Senate late on Thursday, called the combination an attempt at "political blackmail" and said the estate tax cut was a costly appeal to the wealthy.

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Minimum Wage Workers Lose Political War (AP-Y)

By Andrew Taylor, Associated Press Writer

AP2, August 5, 2006

Both Democrats and Republicans insist they emerged as winners from last week's failed GOP effort to cut taxes on multimillion dollar estates and raise the minimum wage.

Senate Democrats succeeded in blocking Republicans from sending President Bush a bill that also included extending some popular tax breaks — research and development credits for businesses and deductions for college tuition and state sales taxes — in addition to the minimum wage and estate tax provisions.

Each side vowed to use the vote to gain favor with voters, who'll pick winners and losers in November.

Politics aside, the groups impacted by the demise of the GOP-drafted bill face varying prospects for success in ultimately achieving their goals.

The estate tax doesn't have to be addressed until the end of 2010, when current law expires, giving farmers and the small business lobby ample time. It's common wisdom in Washington that the so-called tax extenders will pass this fall despite Senate Majority Leader Bill Frist's declaration that last week's shot was the only one they'll get.

Left behind, however, are more than 5 million hotel maids, dishwashers, fast food and janitorial workers and other minimum wage earners stuck at $5.15 an hour. Adjusted for inflation, the minimum wage is the lowest it's been in 50 years.

Frist — a Tennessee Republican with White House ambitions — labeled his handiwork the "trifecta" bill because of its three key elements. He said Democrats will be held accountable for blocking the measure.

"It is crystal clear where everybody voted on these three issues," Frist said. "They're voting against a majority of the American people on each of these three issues. They've got to explain that."

Democrats, who have been agitating for a minimum wage hike for years, said pairing it with costly tax cuts for millionaires was simply too high a price to pay.

"If there were ever a clear illustration of who (Republicans) are and who we are, take a look at what happened this week," Senate Minority Leader Harry Reid, D-Nev., told reporters Friday.

Some more neutral observers tilted the political advantage to Democrats.

"It's a serious setback for Republicans," said political analyst Norman Ornstein of the American Enterprise Institute. "They've got the power. They can't make it happen. I can't find an instance in the past where a party with all the reins of power has been able to get away with blaming the guys in the minority and I don't think it works this time."

Added Tom Mann of the Brookings Institution: "It's a loss for Frist politically, and on balance, it adds to the Democratic charge that this Congress and this administration is not getting important things done."

Both parties look to capitalize on the minimum wage-estate tax votes in an election year in which polls suggest Democrats could make gains or even seize control of Congress. The most recent Associated Press-Ipsos poll showed only 27 percent approved of the way lawmakers were doing their jobs.

Thursday's Senate vote and a July 29 House vote did give GOP supporters of raising the minimum wage inoculation against an especially potent attack by Democrats — that Republicans in Congress have refused to raise the minimum wage for 10 years, even as they've accepted pay raises totaling $35,000 over that time.

Frist's estate tax gambit was launched with the expectation that Democrats such as Maria Cantwell of Washington, Mark Pryor of Arkansas and Robert Byrd of West Virginia could be drawn on board under pressure from home state interests.

Byrd ultimately was the only Democrat to switch in favor of the estate tax bill after voting against it in June. He came on board after Republicans added a long-sought plan to pay for abandoned coal mine cleanup projects and health care for retired miners.

Other Democrats said the 10-year, $268 billion cost of the estate tax measure was too high.

"The estate tax package before the Senate goes far beyond what our nation can afford," Pryor said.

Blame Game Follows Death Of Minimum-wage Bill (WT)

By Amy Fagan, The Washington Times

The Washington Times, August 5, 2006

Hours after Senate Democrats and a few Republicans killed a bill that would have raised the minimum wage, cut the "death tax" and extended a host of other tax breaks, the political blame game was in full swing, with both parties trying to protect themselves and score points as they headed home for a monthlong campaign session.

The bill fell a few votes shy of the 60 it needed to overcome a Democratic blockade Thursday night, and the National Republican Senatorial Committee turned up the heat yesterday morning, churning out a series of press releases blasting specific

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Democrats in re-election bids for blocking it. Among the targets were Sens. Robert Menendez of New Jersey, Maria Cantwell of Washington, and Debbie Stabenow of Michigan.

Republicans had wagered that their combination bill would score them points whether it passed or failed. Senate Majority Leader Bill Frist, Tennessee Republican, said yesterday he'd truly hoped the bill would pass, since all three elements had a majority of support. But, he noted, its failure means "Democrats have obstructed what heretofore has been their Number One issue, [a minimum-wage increase]," as well as popular tax-cutextensions for teachers, students and business.

"I don't know how people like Maria Cantwell will go back to Washington state [after voting no]," he said. Miss Cantwell and other Democrats cited, among other objections, a bill provision they said would have cut wages for tip workers.

Democrats meanwhile wagered that they'd secure a bigger win by stopping the bill than by giving Republicans the political victory. "The American people last night, I think, had the opportunity to see the difference between the parties," Senate Minority Leader Harry Reid told reporters yesterday. The Nevada Democrat said it was clear Democrats wanted to help the poor and middle-class with the tax breaks and minimum-wage increase but Republicans insisted, as usual, on helping the rich with estate-tax relief.

Democrats think the bill's demise fits into their campaign message that Republicans run a "Do-Nothing" Congress, intentionally dooming the popular minimum-wage increase by linking it to the estate-tax relief. But Democrats also stepped up efforts yesterday to tell the public that it was a bad bill and that they still want a minimum-wage increase and the popular tax-break extensions.

"We are true believers in the minimum wage," said Mr. Reid. "We're going to push very, very hard."

Republicans said the "Do-Nothing" message is laughable. "If there is anything that Congress has not been able to accomplish, you can point the finger at the Democratic side," said Senate Majority Whip Mitch McConnell, Kentucky Republican.

Voters will hear both of these messages during August, and it is not clear which, if either, will resonate.

The high-stakes tussle over the bill caused a few vicious accusations. The K Street Project, a watchdog group, cited "repeated and credible sources" as saying Mr. Reid and his aides pressured the D.C. lobbying community not to lobby for the bill.

Mr. Reid dismissed the group's charge, saying, "I don't know who in the world they'd be talking to." He said he only spoke to one man from a business group who said he was most interested in the bill's tax credits for businesses conducting research.

Jim Manley, spokesman for Mr. Reid, said Reid aides did make calls to lobbyists to set the record straight, only after they heard that Mr. Frist and his aides had called lobbyists threatening that the long-sought pensions bill wouldn't happen if the wage-tax bill failed.

Amy Call, spokeswoman for Mr. Frist, said no such threats or calls were made by the Frist camp. "At no time did we threaten the pensions bill," she said.

Meanwhile, the popular tax-break extensions that died with the bill, including the business item Mr. Reid cited, are extended each year by Congress, and Democrats are betting Republicans won't adjourn this fall without approving them. Mr. Frist left some wiggle room on this but said his first strategy would be to bring the entire package back to the floor if public outrage on its defeat is loud enough during the next month or so. "We'll see how it'll play," he said.

Congress Adjourns For Summer, With Tax Credits In Jeopardy (WSJ)

By David Rogers

The Wall Street Journal, August 5, 2006

WASHINGTON -- Congress went home for the summer, leaving behind a stack of unfinished spending bills and the wreckage of a partisan tax fight that has already jeopardized a top business priority: renewal of the research-and-development tax credit.

The decades-old R&D credit is the single-largest casualty among a set of popular tax breaks -- including college-tuition deductions -- that were drawn into the fray over Republican efforts to win a permanent cut in federal estate taxes.

Democrats blocked passage of the bill Thursday night because they oppose the estate-tax component. But when senators return after Labor Day, there will be renewed pressure to release the "hostage" elements in the so-called trifecta package.

The tax renewals, valued at about $35 billion over the next five years, and a $2.10-an-hour minimum-wage increase are the two major pieces of the package. Their prospects could depend on what lawmakers hear from voters during the recess.

"I want to have maximum flexibility until I see what the American people want," Senate Majority Leader Bill Frist (R., Tenn.) said Friday. But thus far, he has insisted that the three-part bill is an all-or-nothing proposition. Conservatives in his caucus are rallying support to filibuster any attempt to break out individual pieces. "If you don't kill the hostage, there's no threat," said Senate Budget Committee Chairman Judd Gregg (R., N.H.).

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The high-tech lobby is watching with growing dismay. President Bush has supported making the R&D credit permanent; tax writers have agreed on a two-year extension that would enrich the benefit for companies and cost $16.3 billion. But nothing is certain except the constant political fighting.

"Both sides are to blame that we can't get these extenders done," said Senate Finance Committee Chairman Charles Grassley (R., Iowa), who was never comfortable with the trifecta approach.

The uncertainty will hurt the U.S. abroad, said Ralph Hellmann, a lobbyist for the Information Technology Industry Council. "Our international competitors will look at this finger-pointing in Congress and...intensify their aggressive efforts to attract R&D projects to their shores."

The minimum-wage boost was added by Republicans, both to entice Democrats to vote for estate-tax cuts and to solve some of their own political problems. The wage has been frozen at $5.15 an hour for nine years, and, facing pressure from organized labor, a majority of both the House and Senate support an increase. But getting over the finish line this fall will still be difficult. Senate Minority Leader Harry Reid (D., Nev.) said it will be "very, very hard" for his party to win passage of a separate wage bill before November's elections.

By comparison, the tax extenders affect a whole set of middle-class interests as well as business and have largely been packaged together by tax writers.

Those with the greatest stake in the minimum wage are the working poor, who have less political clout. That makes it easier for Republicans to keep bills off the floor if they offer an opportunity for amendments like a minimum-wage increase.

For example, a nearly $600 billion labor, health and education bill has been locked up in the House since mid-June, when the House Appropriations Committee added a minimum-wage increase. And Mr. Frist has single-mindedly kept major domestic-appropriations bills off the Senate floor entirely so vulnerable Republicans aren't put in a position of having to cast politically unpopular votes.

Republicans hope voters will pressure swing Democrats to support the trifecta bill when Congress returns. But Mr. Grassley warned that the estate tax is really "a moral issue to folks on both sides of the aisle," and adding sweeteners can cheapen and undermine the cause.

That may have been the case in the latest round. Democratic opponents of estate-tax repeal argue that they do best when the huge costs to the Treasury can be compared with competing priorities. Thus, while Mr. Frist accused opponents of obstruction, Democrats said the large cost of the estate-tax portion of the bill was disproportionate to elements such as the tax extenders or the minimum wage.

Write to David Rogers at david.rogers@wsj.com1

California's `Big 6': Masters Of The New Lobbying Game (LAT)

By Tom Hamburger, Walter F. Roche Jr. And Richard Simon, Times Staff Writers

The Los Angeles Times, August 5, 2006

WASHINGTON — For years, Catherine Abernathy toiled as an aide to Republican Rep. Bill Thomas of Bakersfield. She was with him during his first congressional campaign. She helped him climb through the ranks. She was there when he became chairman of the Ways and Means committee and one of the most powerful men in Congress.

Abernathy and her husband grew so close to Thomas and his wife that in 1986 they bought a condo together. And in 1998, the Abernathys gave their half-interest in the property to Thomas.

But in 2001, Abernathy decided it was time for a change. As her boss took over Ways and Means, she became a lobbyist representing the healthcare industry and other clients seeking favors from Thomas and his committee. In 2005, Abernathy reported collecting $2.4 million in fees. Thomas got thousands of dollars in campaign contributions from Abernathy's clients.

Welcome to the new world of congressional committee chairs, their aides, friends and lobbyists.

It is a cozy world where personal relationships count for millions of dollars and a latter-day "Triangle Trade" has developed among powerful committee chieftains (who are expected to raise vast sums in campaign contributions), business and other interests (which seek favorable treatment), and lobbyists (who can make a fortune bringing the two parties together).

It is also a world dominated by a few California Republicans.

Despite the state's predilection for voting Democratic, six of its 20 Republican Congress members are chairmen of major committees. Their rise has brought millions of federal dollars and other benefits to parts of the state. Thomas snagged about $755 million for his district in last year's highway bill. Rep. Jerry Lewis (R-Redlands), chairman of the House Appropriations Committee, tucked $4.25 million for his district into one recent spending bill — more than the individual allocations for 11 states.

Some congressional leaders, however, have grown so close to well-connected lobbyists and have been so aggressive in channeling tax dollars to favored interests that their activities have sparked scrutiny and calls for reform. One California chairman, Lewis, is the subject of a federal grand jury investigation.

The November elections will decide whether five of California's "Big Six" chairmen — Thomas is retiring at the end of the year — continue to hold their powerful positions. The others are: Lewis; Rep. Duncan Hunter (R-El Cajon) of Armed Services; Rep. Howard P. "Buck" McKeon (R-Santa Clarita) of Education and the Workforce; Rep. David Dreier (R-San Dimas) of Rules; and Rep. Richard W. Pombo (R-Tracy) of Resources.

Washington is no stranger to scandal involving government officials, private interests and well-connected middlemen. But the current controversies reflect a new reality that is defined by several factors, including the increased money involved in lobbying, new fundraising demands on chairs and the increased use of earmarks — federal funding for projects often slipped into bills at the behest of lobbyists.

With all this, a new career track has developed that enables ambitious individuals to move rapidly from modestly compensated congressional staff jobs to astronomical lobbying fees such as those collected by former Thomas aide Abernathy. The insider connection makes the lobbyists valuable to clients, and the lobbyists' connections to potential campaign donors is valuable to lawmakers.

And earmarking allows key committee chairs and other insiders to insert spending instructions into pending legislation without the usual checks and balances or scrutiny. A kind of budgetary shortcut, earmarks offer quick rewards to those who seek financial favors from government. The closed aspect of earmarking makes it ripe for exploitation by congressional leaders and well-connected lobbyists.

"Committee chairmen have always dealt with lobbyists," said Julian Zelizer, a specialist in congressional history at Boston University. "But in scale and scope, we've never had anything like this … just the sheer number of lobbyists and sheer amount of money we're talking about. There's more opportunity for things to go bad now."

Though their roles differ, all six California chairmen play the new game in at least some respects. For example:

· Lewis sold a piece of Washington real estate for $830,000 and reinvested the money with a Northern California developer named Marvin "Buzz" Oates. The deal allowed Lewis and his wife to defer capital gains taxes for a year and earn a net gain of $35,000 to $40,000 through a lease-back and mortgage deal he struck with Oates, according to Lewis spokeswoman Barbara Comstock.

Since that time, Lewis' Appropriations committee earmarked $500,000 for a computer exhibit to be installed in a new aerospace museum Oates is helping build. Another earmark, $4 million in planning money, was approved by the House for a dam project that has long counted Oates among its supporters.

Oates said that the terms of the real estate deal with Lewis were not out of the ordinary and that he had sought no favors.

Comstock said that neither Lewis nor his staff recalled hearing from Oates on the projects and that Lewis' minimal role in the earmarks was based solely on the merits of the projects.

· Hunter's fundraising is so tied to his Armed Services Committee's work that 66% of his campaign contributors, most of them defense contractors, got earmarks in this year's defense spending bill, which went through Lewis' committee. General Dynamics, Hunter's second largest donor in the current cycle, received at least $11 million in earmarks in the 2006 appropriations bill, including a single line item setting aside $4.3 million to purchase "General Dynamics ordnance and tactical system."

A spokesman for the congressman said that Hunter "does what he thinks is right for the country" and cited an instance several years ago when he worked to cut funding for a submarine produced by General Dynamics.

· McKeon, former co-owner of a chain of western-wear stores who became Education and the Workforce chairman in February, hired as committee staff director a former committee aide turned education lobbyist who received more than $1.7 million from his firm in 2005 and early 2006.

The former lobbyist, Victor Klatt, has promised to recuse himself from committee matters specifically benefiting a former client. "We went above and beyond what's currently required in these kinds of situations," he said. "I gave up a lot to come back to the committee…. We come back because we believe in good government."

McKeon spokesman James Geoffrey said his boss would "rather work with people he knows, whose judgment he trusts, who have experience. That's what you want if you want a good policy."

· Thomas shepherded through his Ways and Means Committee provisions in the recently approved pension overhaul bill that allowed Northwest Airlines and Delta Air Lines to delay meeting their financial obligations to future retirees. Northwest pays Abernathy, the chairman's friend and former aide, $160,000 a year to represent it before the committee.

Abernathy said her success was based on the merits of the case, not her past relationship with Thomas. The chairman got a $5,000 contribution from Northwest in the current election cycle.

A Thomas spokesman said: "Members, lobbyists and interested parties both for and against an issue come before me in the course of a legislative process. We craft legislation, notwithstanding any contact by any of the above, which produces the best possible outcome for consumers with the approval of taxpayers' dollars."

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· Dreier, who boasts of eating an apple and doing 200 push-ups every day, has enormous power over the flow of legislation to the House floor as Rules chairman. He has collected more than $7.5 million in political donations through his campaign committee and leadership PAC since 1997 and more than $1.6 million in this cycle alone, according to the nonpartisan Center for Responsive Politics, which monitors fundraising. He contributed a good chunk of the money to help maintain the House GOP majority.

He is not considered a significant player in the earmarks game.

· Pombo, who often wears cowboy boots, draws a large portion of the money he raises from groups with interests before his Resources Committee. He has raised more than $6.5 million since 1997 and more than $3.1 million just in the current cycle. Like Dreier, he is not a major earmarker.

"The truth is that thanks to the six committee chairmen, California has never had more clout in Washington," said Dreier's chief of staff, Brad Smith. "California is the big winner."

Washington has at least 15,000 lobbyists, according to the Center for Responsive Politics. That number has held fairly steady, but spending on lobbying has increased 41% in the past five years to an estimated $2.2 billion, making it the third biggest enterprise in Washington after government and tourism.

Small wonder that the path from congressional offices to lobby shops has become deeply grooved.

At Lewis' office, for instance, former staffer Letitia White went to work for a lobbying firm representing clients seeking federal funds from Lewis' committee. She became a partner in a prominent lobbying firm.

The appeal such lobbyists have for clients is clear. One defense company, Trident Systems, saw its federal contracts more than double in value in three years after hiring White as a lobbyist, according to Taxpayers for Common Sense, a research organization that tracks earmarks. A spokesman for White said that before leaving the Hill, she sought guidance from the House ethics committee and has followed the panel's instructions diligently.

In a twist, some former aides who left jobs with chairmen to become lobbyists are returning to work for their former bosses, dealing with the lobbying firms and colleagues they left behind.

Jeffrey Shockey worked for Lewis from 1991 to 1999, then joined a fast-growing lobbying firm headed in part by former California congressman Bill Lowery, a close friend of Lewis'. The firm's specialties included seeking earmarks for clients before the Appropriations Committee. Shockey rejoined Lewis' staff after the latter became chairman in 2005, and reported receiving $2 million as a payout from his former lobbying firm.

"This type of situation takes the revolving door and turns it into a merry-go-round," said James Benton of political watchdog group Common Cause.

"It's become a putrid dynamic now," added Norman Ornstein, a scholar at the American Enterprise Institute and coauthor of a forthcoming book, "The Broken Branch," that examines the decline of Congress in recent years. "There is a system now — from Capitol Hill to K Street — that works as a self-reinforcing loop, with staffers being offered astronomical salaries as lobbyists; they in turn help members raise ever larger sums for their leadership PACs — from industries with an interest in earmarks and other legislative favors."

What makes the new game so efficient and attractive to those who play it is the growing readiness of congressional chairs and other senior members to use earmarks. Using them to help political friends has become so routine that now-disgraced former lobbyist Jack Abramoff referred to the Appropriations Committee as "the favor factory."

According to Sen. John McCain (R.-Ariz.), an advocate of reform, the use of earmarks has risen 300% in the decade since Republicans took control of Congress. "In dollars, the cost borne by taxpayers for earmarks has nearly doubled," McCain said recently. "That's not a record Ronald Reagan would have been proud of."

Both the growth of earmarks and the other elements in the problem spring in part from a fundamental change in the role of committee chairs — a change that began two decades ago when Democrats controlled Capitol Hill, but grew exponentially after Republicans took over the House in 1994.

In an earlier era, chairs were chosen purely on the basis of seniority. Most were aging autocrats whose authority over both policy and spending issues was beyond challenge.

Today, chairs get and hold onto their positions by doing the bidding of the leadership, by reflecting the views of their party, and by raising and distributing millions of dollars in campaign funds to grateful colleagues.

The bridge between chairs and favor-seekers is lobbyists, who make large contributions to helpful chairs and extract larger donations from their clients.

Since most chairs have safe seats and little need to campaign, they are often free to curry favor with colleagues by giving away money they've raised.

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Lewis was among the top House Republican contributors to the National Republican Congressional Committee in the last election cycle — giving more than $655,000, according to the Center for Responsive Politics. He also gave more than $500,000 to 90 House Republican candidates.

The closeness of the relationships that can develop between powerful Congress members and aides who become lobbyists is illustrated by Thomas and Abernathy, his longtime staffer. She saw her income soar after leaving the Hill in 2001, when she started a lobbying firm serving clients seeking help from the Ways and Means Committee.

The first year, her firm reported $330,000 in lobbying fees. Last year, her small firm reported receiving $2.4 million, for a total of $7.2 million since she left her congressional job.

In 1986, while still on Thomas' staff, she and her husband, California GOP political consultant David Abernathy, went halves with the Thomases on a Bakersfield condo. In 1998, Abernathy and her husband gave their condo share to Thomas.

At the time he received it, Thomas did not report the gift on his annual ethics report. A spokesman for Thomas said the congressman did not report it because — with falling property values at the time — there was nothing of value to report.

Experts on House disclosure rules said the grant of a condo deed qualified as a gift and should have been reported.

The Thomases and Abernathys had purchased the condo for $89,000. Less than a year after taking full title and assuming the balance on the whole mortgage, the Thomases sold the unit for $65,000.

Because details of the mortgage and tax consequences have not been disclosed, it is not clear what, if any, profit the Thomases may have made, but they quickly bought another, more expensive unit in the same complex.

Giving the condo share to a congressman is notable not only because of the apparent breach of reporting rules but because Catherine Abernathy would go on to a career that depended, in part, on access to Thomas.

Both the Abernathys and Thomas' spokesman say there was nothing wrong with the transaction. Catherine Abernathy did not begin representing private interests until two years after making the gift.

Her husband advised Thomas, but in recent years received most of his revenue from others with ties to Thomas, including the Kern County Central Republican Committee.

Thomas' chief of staff, James Min, said that after the deed transfer the Thomases remained liable for the full balance of the mortgage on the condo. He also noted that personal residences are generally exempt from House financial reporting requirements.

Real estate was also at the heart of the coast-to-coast deal that not only earned Lewis a quick profit, but also shielded him temporarily from capital gains taxes.

In late 2001, Lewis and his wife sold a Capitol Hill property for $830,000. In June 2002, the Lewises reinvested the money by purchasing a 78% interest in a Sacramento warehouse owned by "Buzz" Oates. Under the law, the Lewises did not have to pay capital gains on the Washington sale because they promptly reinvested the money in another real estate venture.

In August 2003, the Lewises sold their 78% share back to Oates.

Lewis' ethics statement for 2003 shows he made a profit between $250,000 and $500,000. But Lewis spokeswoman Comstock said that amount reflected the sale of his Washington, D.C., property, which he had owned for years. And, she said, he eventually paid a six-figure capital gains tax bill related to the sale.

Oates said the financial arrangements with Lewis were "the same kind of deal I've done with probably 50 other people. It was an arm's-length transaction." He said he sought nothing in return.

Nonetheless, one of Oates' projects, a new aerospace museum being built on the site of the now-closed McClellan Air Force Base, may soon benefit. The House version of a pending budget bill contains a $500,000 earmark, proposed by Rep. Dan Lungren (R-Gold River) and approved by Lewis' committee, to pay for an interactive computer exhibit in the museum.

According to Roxanne Yonn, development director for the California Aerospace Museum, Oates agreed to build the museum and then lease it back to the foundation created to own and operate the facility.

The museum is not the only Oates-backed project in line for federal funds. Oates is part of a group that has long sought federal funds for a new Auburn dam.

This spring, Lewis took a helicopter tour of the proposed site. And a pending appropriations bill was amended to include $3 million for a new study for the dam and an additional $1 million to begin planning to relocate a bridge that lies within the proposed dam site.

Lewis' sudden, active involvement surprised the project's opponents.

"It's not anywhere near his district, and it's hard to see how it could possibly have any effect for his district. We don't understand why Jerry is interested in the Auburn dam," said Ron Stork of Friends of the River.

Comstock said Lewis had followed the dam project for years and in the early 1990s had cast a vote in favor of it.

Oates said he did not recall whether he talked to Lewis about the dam, saying, "I've been a supporter of it for 35 years."

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(INFOBOX BELOW)

California's `Big Six' chairs

Democratic-leaning California enjoys considerable clout in the Republican-controlled House of Representatives, with six of the state's Republicans chairing committees — more than any other state.

Rep. Bill Thomas

Bio: R-Bakersfield, age 64, elected to Congress in 1978

Chairmanship: Ways and Means Committee, which oversees tax legislation and bills affecting Social Security, Medicare and trade policy. Chairman since 2001, the first Californian to head the panel. Retiring at the end of the year.

*

Rep. Jerry Lewis

Bio: R-Redlands, age 71, elected to Congress in 1978

Chairmanship: Appropriations Committee, which, with its Senate counterpart, writes all spending bills — for programs ranging from defense to the National Endowment for the Arts, making it one of Congress' most powerful panels. Chairman since 2005. The first Californian to wield the committee gavel.

*

Rep. Duncan Hunter

Bio: R-El Cajon, age 58, elected to Congress in 1980

Chairmanship: Armed Services Committee, which oversees the Pentagon and writes legislation related to national security, from deciding how big the Army should be to what kind of weapons should be purchased. Responsible for calling senior military and Pentagon officials to hearings to explain Iraq policy. Chairman since 2003.

*

Rep. Howard P. 'Buck' McKeon

Bio: R-Santa Clarita, age 67, elected to Congress in 1992

Chairmanship: Education and the Workforce Committee, overseeing education and labor programs, including job training and pensions. Chairman since February 2006.

*

Rep. David Dreier

Bio: R-San Dimas, age 54, elected to Congress in 1980

Chairmanship: Rules Committee, which is the House's traffic cop for legislation, setting terms for the debate on legislation, including deciding what amendments will be considered. Chairman since 1999. The first Californian to chair the panel.

*

Rep. Richard W. Pombo

Bio: R-Tracy, age 45, elected to Congress in 1992

Chairmanship: Resources Committee, which oversees millions of acres of national forests, parks and other federal land, and deals with water policy, endangered species regulation and energy production on federal land and offshore. It is a battleground for environmental fights. Chairman since 2003.

*

Times staff writers Rone Tempest, William Heisel and Peter Pae in California contributed to this report.

Deficit Estimated Lowest In 4 Years (AP-Y)

By Andrew Taylor, Associated Press Writer

AP2, August 5, 2006

The federal deficit will register $260 billion this year, the lowest in four years, reflecting a strong economy and resulting growth in tax revenue, congressional analysts said Friday.

The estimate by the nonpartisan Congressional Budget Office is well below its earlier predictions and also below the $296 billion White House estimate less than a month ago.

Better-than-expected revenues are driving the deficit down from last year's $318 billion figure and far below the record $413 billion posted in 2004.

At $260 billion, it would be the lowest since the $158 billion figure in 2002, the first deficit following four years of surpluses.

The deficit picture is even better when measured against the size of the economy, which is the comparison economists think is most important.

"At 2 percent of gross domestic product, the 2006 deficit would be smaller than the deficit recorded in the past three years — 3.5 percent in 2003, 3.6 percent in 2004 and 2.6 percent in 2005," said the CBO report.

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So far this year, taxes on corporate profits are 27 percent or $56 billion higher compared to the first 10 months of last year. That reflects the strong economy. All told, receipts from corporate profits are estimated to tally two and a half times those collected in 2003, CBO said.

The budget year ends Sept. 30.

Receipts are also 20 percent higher on income and payroll taxes paid quarterly by wealthier people and small businessmen but taxes withheld in paychecks are only 8 percent higher. Tax receipts are estimated to run $223 billion higher than 2005, CBO said.

The CBO estimate continues a positive trend on the deficit after a grim deficit performance during President Bush's first term.

Republicans credited GOP fiscal policies centered on tax cuts passed in 2001 and 2003 and a clampdown on domestic agencies funded by Congress each year. Were it not for the war in Iraq and ongoing hurricane relief costs, the deficit would be far lower.

"Even with the extraordinary circumstances of the past year — including Hurricane Katrina and the ongoing War on Terror — we're seeing the deficit fall," said House Budget Committee Chairman Jim Nussle, R-Iowa. "Thanks to pro-growth policies and a responsible budget blueprint, we're on the right track, but we've got to remain diligent."

Democrats said a $260 billion deficit is nothing to crow about.

"The deficit for this year will be the sixth largest in history, and will stand a long way from the $236 billion surplus recorded in 2000, the last year of the Clinton Administration," said top House Budget Committee Democrat John Spratt Jr. of South Carolina.

The Bush White House has gained a reputation for overstating deficit figures early in the year in order to report better news later. In February, the White House predicted a $423 billion deficit for the current year.

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On the Web: http://www.cbo.gov

Not So Fast, Mr. DeLay (WP)

The Washington Post, August 5, 2006

It looks as if Democrats will get to run against him after all.

AFEDERAL APPEALS court has ruled that former representative Tom DeLay (R-Tex.) must remain on the ballot as his party's congressional nominee in the 22nd District. Lawyers for the Texas Republican Party say they'll seek Supreme Court intervention, but -- given that a state court and two levels of federal courts have ruled against them -- it seems likely that Mr. DeLay will once again be the GOP standard-bearer in November. This would be a delicious irony and -- if Mr. DeLay were to lose -- a fitting coda to a career built on trying to manipulate rules to his political advantage.

Mr. DeLay, you may recall, ran for his party's nomination in March while under indictment in Texas and an ethical cloud in the capital. He fended off three challengers to win. Less than a month later, though, he announced that he was retiring from Congress and moving to Virginia -- and therefore was no longer eligible to remain on the Texas ballot. Although his wife continues to live in their Sugar Land home, Mr. DeLay produced a Virginia driver's license, a Virginia voter registration card and a tax withholding form indicating residence in Virginia as proof that he is now a proud inhabitant of the Old Dominion.

But the Texas Democratic Party wasn't eager to see Mr. DeLay go after all. Believing that its nominee, former representative Nick Lampson, would have an easier time beating a wounded Mr. DeLay than a fresh Republican face in a GOP-leaning district, it filed suit seeking to ensure that Mr. DeLay remained on the ballot. On Thursday, a three-judge panel of the U.S. Court of Appeals for the 5th Circuit unanimously agreed: Mr. DeLay must stay.

Texas law allows a state party to replace a candidate if "facts indicating that the candidate is ineligible are conclusively established by . . . public record." Mr. DeLay, the Republican Party argued, is ineligible because he is no longer a state resident. But the appeals court found that the state law, if interpreted that way, would run afoul of the Constitution by establishing a preelection residency requirement. In addition, the court said, even under state law, the Republican Party hadn't "conclusively established" Mr. DeLay's ineligibility. That he lives in Virginia now, the court said, doesn't mean that by Election Day he won't be a Texas resident.

This seems like not only the correct result but preferable as a matter of policy. Allowing candidates who are the choice of the primary voters to drop off ballots if the going gets tough would open the system to improper manipulation. No one should discount Mr. DeLay's political survival instincts if he is, in essence, forced to make the run. But for the moment it is enough to savor the fact that this time, anyway, Mr. DeLay's efforts to game the system appear to have backfired.

We Vote Rep. Hunter Off The Island (LAT)

DOJ_NMG_0044615

The Los Angeles Times, August 5, 2006

Why is a congressman from El Cajon messing with an island off Oxnard?

DUNCAN HUNTER, the Republican congressman representing El Cajon, Calif., is not one to let his ignorance get in the way of making major federal legislation. Take, just as one example, Santa Rosa Island.

Driving along the California coast one day with a carload of Marines, Hunter had a brainstorm. Because the second-largest of the Channel Islands chain, 40 miles off Oxnard, was already owned by the federal government and populated by herds of deer and elk transplanted there a century ago, why not turn it into a hunting preserve for disabled veterans?

In June, a group of disabled veterans did something that Hunter, chairman of the powerful House Armed Services Committee, hadn't bothered with before slipping his proposal into a massive defense appropriations bill approved by the House in May: They actually visited the island. There they found a rugged hunk of hilly terrain where getting around on a wheelchair is next to impossible.

Not only does Hunter's plan grant access to a group that doesn't want it, it indefinitely extends the existence of nonnative island mammals (that were scheduled to be removed by 2011) and interferes with non-hunters' access to the land.

Recognizing this idea as daft didn't require a personal visit, though that might have been nice. The National Park Service, which manages the island, was opposed, as was relevant Rep. Lois Capps (D-Santa Barbara), resident locals, plus the 21,000-member Paralyzed Veterans of America. No matter.

Thankfully, California's Democratic Sens. Dianne Feinstein and Barbara Boxer provided some adult supervision to Hunter's childish whim by passing a Senate resolution Thursday prohibiting usage that would harm native species or deny access to the public.

And the Senate's version of the defense appropriations bill — quite appropriately — does not include any mention of how to manage recreation in Channel Islands National Park.

You'd think that a local legislator would be more serious about stewardship of California's precious natural resources. But Hunter's record is filled with head-scratching antics.

He was the ringleader behind the xenophobic quashing of the Dubai Ports World purchase of a container-operating company. He once cited the prison menu at Guantanamo Bay as proof that inmates weren't being mistreated. He thinks parents should be able to sue distributors of entertainment products that he says could be harmful to 17-year-olds.

If Hunter is serious about helping disabled veteran hunters, perhaps he could look into nearby islands that are more accessible and already owned by the military, such as San Nicolas.

More likely, El Cajon's resident political whiz will go on taking aim at an easier target — his own foot.

OTHER NEWS:

Pennsylvania: Lawsuit Against Kerry Is Dismissed (NYT/AP)

By The Associated Press

The New York Times, August 5, 2006

A federal judge dismissed a filmmaker's defamation lawsuit against Senator John Kerry, Democrat of Massachusetts, saying remarks linked to Mr. Kerry's campaign in the heat of the 2004 presidential race amount to political opinions. The filmmaker, Carlton Sherwood, sued Mr. Kerry and John Podesta, an aide who ran his campaign in Pennsylvania. Mr. Sherwood accused them of blocking the release of his documentary about Mr. Kerry's anti-Vietnam War activities by labeling him a "disgraced journalist" and a "Bush hack." The Sinclair Broadcast Group canceled plans to broadcast the documentary, "Stolen Honor: Wounds That Never Heal." The judge, John P. Fullam of Federal District Court in Philadelphia, also said he found no evidence that Mr. Kerry personally made any of the statements.

French-U.S. Cooperation May Bring Peace (AP)

By Angela Charlton

AP2, August 5, 2006

Different approaches, same goal — that's how both American and French diplomats are describing their joint efforts to end the fighting in Lebanon.

Despite occasional bursts of French anger reminiscent of the rancor between Paris and Washington before the Iraq war, U.S.-French cooperation is fueling optimism that they have turned the page on that painful period — and that together, they may even find a solution to the latest Middle East quagmire.

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"We're certainly getting close" to a U.N. resolution, Secretary of State Condoleezza Rice said this week. "We're working with the French very closely."

Her French counterpart, Philippe Douste-Blazy, echoed: "We are working well with the Americans, working night and day."

The round-the-clock diplomatic activity — at the United Nations, in trans-Atlantic phone calls, closed-door embassy meetings and talks on the sidelines of international events — hasn't been trouble-free.

In a phone call, French President Jacques Chirac told U.N. Secretary-General Kofi Annan: "We are looking for solutions acceptable to everyone, and we are trying to narrow the gap between the different positions."

When fighting broke out July 12, France quickly and firmly condemned Israeli airstrikes against Lebanon — a former French protectorate — while the U.S. government stood firmly by Israel.

Some feared Washington and Paris were headed for a repeat of 2003, when France rallied opposition to the U.S.-led invasion of Iraq, prompting the deepest rift in relations in decades.

But this time, the two nations say they have the same ultimate goal: disarming Hezbollah guerrillas and establishing a sturdy, violence-free Lebanon. They just differ on how to get there.

The U.S. wants any cease-fire to be part of a package of simultaneous steps, including the deployment of a robust international peacekeeping force and steps to tackle Hezbollah's disarmament. France has insisted that fighting be halted first to pave the way for a wider peace, a stand with wide international support.

Tensions at the United Nations over the past week centered on the cease-fire question. France scuttled a meeting of possible contributors to a force, saying it wasn't worth discussing a force without a cease-fire. By Thursday, Rice signaled that the United States might be willing to compromise, and her spokesman said Friday the U.S. hopes to have a resolution early next week.

"We're not in an Iraq configuration," said a French diplomat, speaking on condition of anonymity because of the sensitivity of the situation. "Our point of view is understood, and is progressing because events are proving us right."

One key reason for the U.S.-French cooperation, observers say, is that France is expected to contribute to, and possibly lead, a multinational force for Lebanon. And no force will work unless it has full U.S. support.

"It has been absolutely clear from the beginning, to all sides, that France can play an important role in the current crisis" because of its ties to Lebanon and relatively good standing in the Arab world, said Francois Gere, director of the French Institute of Strategic Analysis.

Despite the rancor over the Iraq war, the French and the Americans have been working together on Lebanon for several years. They are the co-sponsors of U.N. Resolution 1559, adopted in September 2004, which led to Syria's withdrawal from Lebanon and calls for the disarmament of all militias in Lebanon and the extension of Lebanese government authority throughout the country, including the Hezbollah-controlled south.

In the current crisis, some French politicians have lashed out at the United States for not calling for an immediate cease-fire. Presidential hopeful and former culture minister Jack Lang called Bush a "fanatic" whose policies in the Middle East have encouraged terrorism.

Even the foreign minister didn't rule out a heightening of U.S.-French tensions last weekend and stressed, sounding frustrated, how "completely different" the U.S. and French approaches were.

But Gere said the remarks were aimed at domestic and Arab world audiences.

"France is not looking to oppose the American position," Gere said, but is "showing our interest in Lebanon and our very strong concern for the population."

Meanwhile, average Americans appear to be warming to their former French foes.

A Pew Global Attitude poll in June showed 52 percent of Americans surveyed now have a favorable impression of the French, nearly double the 29 percent in 2003.

The biggest sign of conciliation came last week at the U.S. congressional cafeteria: French fries and french toast are back. So long, "freedom fries," renamed by Republicans in the House of Representatives ahead of the Iraq war.

France And U.S. Near Mideast Resolution (AP)

By Nick Wadhams

AP2, August 5, 2006

The U.S. and France are close to agreement on a Security Council resolution aimed at ending fighting between Israel and Hezbollah, U.S. officials said Friday.

U.S. Ambassador John Bolton and others said disagreements that have prevented a deal for weeks still remain.

But in Washington, U.S. State Department spokesman Sean McCormack said: "We are very close to a final draft with the French on a text." Later, State Department spokesman Tom Casey added: "We hope to have a resolution early next week."

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Bolton met three times with his French counterpart during the day, trying to reach agreement. After the first meeting, Bolton said the sides had moved "still closer to an agreement" but had to report to their capitals.

"There are still some issues we've not resolved," he said.

He refused to say what the differences were, but Security Council diplomats said one crucial problem was the timing of a cease-fire.

France, reflecting wide international opinion, wants an immediate halt to combat. The United States, all but isolated except for Israel, does not want a cease-fire without the immediate implementation of other steps, such as the deployment of international peacekeepers.

"This is the major difference between the parties in the region and the parties now having the talks," said China's deputy ambassador, Liu Zhenmin.

There were indications the United States might be inching closer to the French position.

U.S. Secretary of State Condoleezza Rice expressed support Thursday for an immediate cease-fire as the first step in ending the conflict. It was the most concrete signal yet that the U.S. might be willing to compromise.

In an interview with MSNBC's "Hardball" program on Friday, Rice said "we are moving, I think pretty effectively now, with the French and with others in the United Nations, toward a cessation of hostilities ... on the basis of a kind of political framework that would prevent this return to the status quo ante."

"We then have to move in a second phase to a security force, and we do have to get to a sustainable and permanent cease-fire. This is a process that we will be beginning with the resolution that we hope will be ready, and I believe will be ready, within days," she said.

Rice said the mandate for an international force has not yet been written, "but I don't think there's any expectation that the international force is somehow going to disarm Hezbollah."

Asked who will disarm Hezbollah, she replied, "the Lebanese."

It was difficult to say how much Rice's comments indicated a softening of the American position — or was just a rephrasing of it.

Almost since the outbreak of fighting July 12, the Bush administration has insisted a cease-fire be accompanied by simultaneous steps aimed at creating a long-term peace.

Some diplomats expressed impatience with the Americans and the French.

"We need an urgent cease-fire — this is what I can tell you," Russian Ambassador Vitaly Churkin said. "Urgent cease-fire. We're working very hard for it."

Ghana's ambassador, Nana Effah-Apenteng said the council was trying its best to get a quick solution. "I wish that the council could have acted faster, but I also understand the difficulties and the realities on the ground," he said.

Other officials, including British Prime Minister Tony Blair, expressed hope for a deal within days. Blair echoed Rice when he said he hoped a resolution would outline a framework to prevent renewed conflict.

Any deal will have to gain agreement from both Israel and Hezbollah, which could prove difficult.

Israel has said it will not halt its campaign against Hezbollah unless an international military force is in place. Hezbollah's chief spokesman said the militia will not agree to a cease-fire until Israeli troops leave Lebanon.

Mideast Fight Ramps Up Despite U.N. Deal (AP-Y)

By Sam F. Ghattas, Associated Press Writer

AP2, August 6, 2006

Israel and Hezbollah sharply intensified fighting Saturday with airstrikes, rocket attacks and brutal ground fighting — an apparent bid to inflict maximum mutual damage even as the United States and France agreed on a draft U.N. resolution calling for a halt to the violence.

Even if the U.N. Security Council adopts the resolution early next week as expected, the task of winning agreement from the warring parties portended a far more bumpy diplomatic road than the one already traveled.

As it became clear a U.S.-French agreement on the text was drawing near, Israeli-Hezbollah fighting grew particularly intense over the past few days.

Israeli commandos battled Hezbollah guerrillas in a dramatic raid on an apartment building in the southern port city of Tyre on Saturday, while warplanes blasted south Beirut. The fighting across Lebanon killed at least eight Lebanese and two Israeli soldiers, while a Hezbollah rocket volley killed three women in northern Israel.

Shortly after the diplomatic agreement was announced on the 25th day of the conflict, a Hezbollah Cabinet minister said militant Shiite guerrillas would not stop fighting until all Israeli troops leave Lebanon. The draft resolution makes no such demand.

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"We (will) abide by it on condition that no Israeli soldier remains inside Lebanese land. If they stay, we will not abide by it," said Mohammed Fneish, one of two Hezbollah members of the government.

An Israeli Cabinet minister said Israel, too, had no intention to end its offensive for the time being.

"The Israeli military continues to act in the meantime, without letup, in many areas," Tourism Minister Isaac Herzog said. "We still have the coming days for many military missions, but we have to know that the timetable is becoming increasingly shorter."

Israeli Prime Minister Ehud Olmert met with senior ministers late Saturday. They approved continuation of the Lebanon offensive according to the present guidelines but did not discuss the draft U.N. resolution, officials said, speaking on condition of anonymity because they were not authorized to talk to reporters.

The Lebanese government said it objected to portions of the U.S-French draft resolution and would demand that some provisions be amended.

"The government has objected to the U.S-French draft resolution. It has made amendments to some of the provisions and has sent them to Lebanon's U.N. representative," an aide to Prime Minister Fuad Saniora told The Associated Press late Saturday.

The aide, speaking on condition of anonymity because he was not authorized to make statements to the media, insisted that the government's position did not amount to a flat rejection of the draft resolution.

As written, the resolution would be a difficult, if not impossible, pill for Hezbollah to swallow, particularly language calling for the "unconditional release" of two Israeli soldiers captured by the guerrillas in a cross-border raid July 12. The hostage taking prompted the Israeli onslaught in Lebanon.

Hezbollah snatched the two soldiers to use them as bargaining tools for the release of Arab prisoners held by Israel, including three Lebanese. While the draft resolution directs Hezbollah to release the Israelis unconditionally it only encourages "efforts aimed at settling the issue of the Lebanese prisoners detained in Israel."

That language may prove the fundamental deal-breaker for Hezbollah, whose leader Sheik Hassan Nasrallah vowed eight days into the conflict never to release the two Israeli soldiers without a prisoner exchange even "if the whole universe comes (against us)."

In the past two days, Hezbollah fired 365 rockets into Israel, including the deepest strike of the conflict — on Hadera, some 50 miles south of the border. Six civilians were killed in the attacks.

Over the same period, Israel conducted as many as 170 airstrikes on targets in Lebanon, killing at least 45 people.

The Israeli army also said Hezbollah has fired some 3,000 rockets into northern Israel since fighting broke out July 12.

The U.N. peacekeeping force in the south of the country, known as UNIFIL, reported what it called "intense shelling and exchanges on the ground" along the common border. Israel has taken control of a band of territory a few miles deep right across the frontier.

Israel has resumed nightly airstrikes on Hezbollah strongholds in south Beirut, and on Friday struck in the Christian heartland north of the capital, rocketing bridges and severing the last major road link to Syria and the outside world.

In the most dramatic operation, Israeli commandos battled Hezbollah guerrillas in a pre-dawn raid on an apartment building in the southern Lebanese port city of Tyre. The raid was the latest Israeli commando operation deep inside Lebanese territory aimed at taking out Hezbollah positions.

Both Israel and Hezbollah claimed victory in the Tyre battle — with Israel claiming it was "very successful" in taking out a key guerrilla unit involved in firing long-range rockets into Israel — including one that hit Hadera.

Lebanese military and rescue workers said at least five Lebanese — including a soldier at a nearby checkpoint — were killed in the raid. The Israeli military reported eight soldiers wounded, two seriously.

Israeli jets continued pounding targets late Saturday and early Sunday with strikes near Tyre, southern market town of Nabatiyeh and two separate roads in the north of the country, both of them leading to Syria.

So far, at least 575 people have died in the fighting in Lebanon including 497 civilians, 28 members of the army and 50 Hezbollah guerrillas. Added to the total deaths were five Syrian farm workers killed in an Israel airstrike just inside the Lebanese border in the Bekaa Valley whose deaths were not counted when the attack occurred Friday. A total of seven civilians and one soldier were killed Saturday. Three Syrian farm workers wounded in the Israeli airstrike also died.

Seventy-nine Israelis have died, including 46 soldiers and 33 civilians killed by Hezbollah rockets. The latest deaths were three Israeli women in a direct hit on a house in an Arab village and one Israeli soldier killed in fighting with Hezbollah.

Pressure Mounts On France, US To Overcome Lebanon Resolution Differences (AFP-Y)

By Tim Witcher

AFP, August 5, 2006

DOJ_NMG_0044619

The United States and France faced mounting pressure as they battled to overcome differences so that the UN Security Council can pass a resolution calling for a halt to the Middle East conflict.

As ambassadors from the two nations remained locked in intensive talks in New York, UN Secretary General Kofi Annan spoke with the French and US presidents, Jacques Chirac and George W. Bush, a UN spokesman said.

Chirac told Annan that France was looking for "wording acceptable to all" in a resolution being formulated to call for a halt to violence between Israel and Hezbollah, Chirac's office said on Friday.

And Bush and Annan discussed the diplomatic negotiations and "efforts to create a way forward," Bush spokesman Tony Snow said.

In the a 15-minute conversation Bush also "expressed his concern about continued violence in Lebanon and Israel," Snow said.

Asked whether this meant that there had been a breakthrough in talks to craft a resolution, Snow said: "No, I don't think so."

US Secretary of State Condoleezza Rice, who according to the State Department has ordered negotiators to work through the weekend, said in an interview with MSNBC television that the UN resolution could be passed "within days.

"We are moving, I think pretty effectively now with the French and with others in the United Nations toward a cessation of hostilities," said Rice.

A first step would be to lay down a political framework to prevent a return to violence, which the United States has previously said would involve bolstering the Lebanese government to help it disarm Hezbollah, Rice said.

"We then have to move to a second phase, to a security force and we do have to get to a sustainable and permanent ceasefire.

"This is a process that we will be beginning with the resolution that we hope will be ready and I believe will be ready within days," she added.

Annan has also spoken by telephone in the past 24 hours to British Prime Minister Tony Blair, Lebanese Prime Minister Fuad Siniora and Russia's acting foreign minister Andrei Denisov, the UN said.

Annan was "deeply, deeply concerned that it is taking so long" to pass a resolution, a spokesman said earlier.

Amid mounting international frustration over the pace of negotiations, the French and US delegations at the United Nations imposed a news blackout on the talks.

There was as no indication when the full UN Security Council might vote on a resolution though the council's president said the body was ready to meet at any moment.

US ambassador John Bolton and his French counterpart Jean-Marc de La Sabliere met until late Thursday and held more negotiations on Friday morning and afternoon in a bid to agree the wording of a resolution, diplomats said.

The two sides "are trying to work out a solution" and their differences are narrowing, said one diplomat on condition of anonymity.

But he added that the two sides are expected to keep working through the weekend.

France has proposed a resolution calling for a "cessation of hostilities." US officials say they would rather use a more vague term to describe the fighting.

A second sticking point is over the organisation of an international force for Lebanon and what would happen to Israeli troops in southern Lebanon.

Another diplomat said that the two ambassadors were still using a text proposed by France as a basis for the negotiation. "The Americans are suggesting amendments," the diplomat told AFP.

Other nations, particularly in the Islamic world, are impatient to see the UN Security Council make an urgent call to end the fighting that has left more than 900 dead in Lebanon and Israel since July 12.

Russia's UN ambassador Vitaly Churkin said: "We need an urgent ceasefire, that is all I can tell you."

The UN Security Council is in "standby mode," according to Ghanaian envoy Nana Effah-Apenteng, the council president for August who organizes its agenda.

"If it happens tomorrow, we will meet. If it happens Sunday we will meet."

Neither Bolton nor de La Sabliere attended a briefing to the Security Council on the growing humanitarian crisis in Lebanon.

Effah-Apenteng said envoys were told that the United Nations faced "increasing difficulty" getting supplies through to the conflict zone and also said an ending to the fighting was desperately needed.

France's draft resolution calls for an "immediate cessation of hostilities" -- a term which could be changed -- and once a political agreement is in place for the sending of an international force to south Lebanon.

It also demands "full respect" of the Blue Line, the unofficial frontier between Israel and Lebanon, by both sides.

It calls for the disarming of Hezbollah and the release of two Israeli soldiers abducted by the militia -- the act which sparked Israel's military offensive. The text also calls for "the settlement" of a dispute over Lebanese prisoners held by Israel.

Israeli Air Raids Destroy Bridges North Of Beirut (NYT)

By John Kifner And Steven Erlanger

The New York Times, August 5, 2006

HALAT, Lebanon, Aug. 4 — Israeli airstrikes destroyed four bridges along Lebanon's main north-south highway in the Christian heartland north of Beirut on Friday, and killed more than 30 people in other areas far from Hezbollah-controlled territory.

With the Beirut-Damascus road already cut at several points, the attacks seemed aimed at arms routes from Syria. But because those same routes bring supplies and aid into the country, they tightened Lebanon's sense of siege.

Despite the bombardments, Hezbollah shot off another 200 rockets at Israel, killing four people, and launching its farthest rocket yet, 50 miles from the border to the outskirts of the town of Hadera, on the coastal highway north of Tel Aviv.

Here in Halat, at the steep gorge cut by the Fidar River running down the mountains to the Mediterranean, dozens of Maronite Catholic residents gathered to stare in stunned silence at a roughly 200-yard stretch of four-lane highway flattened into rubble. The walls of the bridge's support rose like cliffs at either end.

"Where are the Katyushas of the Hezbollah here?" asked Joseph Abihana, who said he was awakened by four bomb blasts. "We are used to being a safe area here, but now there is no safety. I blame the Israelis."

An eight-truck United Nations convoy carrying tons of supplies was stuck north of the blown-out bridge. Other aid convoys from Beirut were unable to travel south.

"The whole road is gone," said Astrid van Genderan Stort, a United Nations official here. "It's really a major setback because we used this highway to move staff and supplies into the country."

In the Bekaa Valley, hard against the Syrian border, an airstrike killed at least 28 seasonal farm workers, most of them Syrian Kurds, loading fruit and vegetables into a refrigerated truck.

Ali Yaghi, the head of the rescue service in the tiny village of Qaa, told reporters that others may be buried in the rubble. Israel has frequently fired upon vehicles it suspected of carrying fighters or weapons, but has also hit vehicles with water drilling rigs, convoys of medical supplies and minivans of fleeing civilians.

The airstrikes began in the early-morning hours, hitting familiar targets that were already largely flattened in the Hezbollah strongholds, Haret Hreik and Bir Abed, just south of Beirut in the sprawling slum known as Dahieh. The airstrikes spread for the first time to the little port and fishing village of Ouzai near the Beirut airport.

In Ouzai, pieces of boat hulls, engines and shrapnel were scattered throughout the field, and were flung several blocks away, injuring one person. Nearby, a youth center financially supported by Hezbollah was decimated in the attacks that rattled nerves and signaled a widening of bombing beyond Haret Hreik, where most of the bombing has occurred.

Decades ago, the neighborhood was lined with luxurious beaches and resorts. But during the civil war, it was populated by refugees who built shanty towns and houses that have remained there ever since.

More than 400 fishing boats and trawlers, most of them moored in a dock, others stored in a nearby field, were destroyed in the bombings, residents said.

"The planes came from above, and then we heard ships shooting, too," said Jihad al-Hoss, who lived across the road. "They hit 30 or 35 rounds into the area."

At least five people were killed in the attacks in northern Lebanon, security officials said, while the Lebanese Army — essentially a noncombatant force in this conflict — said one of its soldiers was killed in the bombardment of the southern suburbs.

Fierce ground fighting continued in the south, with Israel bringing up more artillery to the border to pound the hillside villages and Hezbollah hiding places and calling up more reserves to bolster the roughly 10,000 troops already in Lebanon. The Israeli Army said two soldiers and an officer were killed Friday when they were struck by an anti-tank rocket.

The Israeli Army said that it had established positions in 11 villages, but in the more than three weeks of fighting it has met stiff resistance from Hezbollah guerrillas. Amid criticism in Israel that the prosecution of the war has been too slow and timid, military officials were reportedly gearing up for a harder push with a goal of reaching 10 miles inside Lebanon's border, and the possibility of at least temporarily occupying the port city of Tyre.

Throughout the night, dozens of air raids shook villages in the vicinities of Tyre and Nabatiye behind the front lines.

[The Israelis continued airstrikes on the second front of the conflict in Gaza. Strikes early on Saturday killed four Palestinians and wounded five more in the southern Gaza town of Rafah, The Associated Press reported. The first strike killed a woman and two of her children aged 16 and 15, the director of the local hospital said. The second strike killed a militant belonging to Islamic Jihad, the group said.]

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At the United Nations on Friday, France and the United States remained locked in negotiations over the text of a resolution that would halt the fighting, decide who monitors the truce and lay down plans for a political settlement designed to prevent a recurrence of hostilities.

John R. Bolton, the American ambassador, and Jean-Marc de la Sablière, the French ambassador, met three times during the day and were in frequent communication with Paris and Washington. Negotiations were expected to continue through the weekend.

Secretary General Kofi Annan was on a brief trip to the Dominican Republic but spoke on the telephone with both President Bush and President Jacques Chirac of France. A spokesman, Ahmad Fawzi, portrayed Mr. Annan as "deeply, deeply concerned that it is taking so long" to come up with a resolution.

Ghana's ambassador, Nana Effah-Apenteng, who is president of the Security Council for August, said members were on call over the weekend and prepared to meet if summoned. A vote cannot take place until 24 hours after a resolution is formally introduced.

One cause of the delay was the necessity of consulting with Israel and Lebanon, and, through the Lebanese government, Hezbollah, to gauge reactions.

Once the resolution to halt the fighting is agreed to, a second one is envisaged a week or two later that would set conditions for a permanent cease-fire and authorize an international force to patrol a buffer zone in southern Lebanon.

The wave of bombings in Lebanon was yet another crippling blow to Lebanon's infrastructure, painstakingly rebuilt over the last decade after years of civil war. Lebanese officials say 71 bridges have been destroyed — including elaborate overpasses on the Damascus road — and they estimate the damage at $2 billion and rising. Nearly a quarter of the population of four million has been displaced, with more than 100,000 finding temporary shelter in schools.

Supplies of fuel for Lebanon's power plants is running low, and there are fears that the electricity could be shut down. In the central Hamra district in the capital, the normally clogged traffic is nonexistent, except at the rare gas station, which is likely to be jammed.

The war came home to the Christian region on Friday, as different in this religiously divided land as night and day from the poor and pious Shiite Muslim strongholds of Hezbollah. Several of the bridges hit on Friday were near the major resort area around Junieh, site of the Casino Du Liban, famous for its floor shows.

Because of the steep mountain terrain, cut by gorges, it will be extremely difficult to bring in any supplies. There is no road across the crest of the mountains and any convoy would have to travel for many hours on narrow twisting roads.

But, while many Christians have long distrusted Hezbollah and other Muslims and Druse and have criticized the seizure of two Israeli soldiers on July 12, the damage Israel has inflicted on Lebanon appears to be shifting sentiments.

"Public opinion is 100 percent against Israel from this area," said Camille Chamoun, scion of one of the three major Christian families who mounted militias against the Muslim and Palestinian forces during the civil war and whose faction was aligned with Israel during their 1982 invasion.

"This is just an excuse to hit more of our infrastructure," said Manal Azzi, a 26-year-old health worker who lives next to the destroyed bridge here, and who was furious.

"I'm here speaking as a Christian," she went on. "Israel is our main invader and has been for the last 50 years. Right now we're getting more civilian casualties, so we'll have another war in 10, 15 years. They talk about a new Middle East. To serve who? Israel and the United States. Israel is itself a terrorist state backed up by the United States."

A little further south, the highway was cut in half by an explosion that struck a small truck and a Mercedes sedan in the southbound lane, knocking out the telecommunications lines linking about 300,000 subscribers in the north and the rest of the country.

"We were very surprised. It's a new escalation," said Dr. Youssef Abdul, the general director of the Ministry of Telecommunications, sweating under a baseball cap. "Let me tell you, this is a Christian area. We will resist by repairing. We are very surprised."

Kamil Fakeh, a refugee from the hard-hit southern village of Sreifa, appeared stunned. "They want to destroy Hezbollah, but they are destroying Lebanon," he said.

Israel-UN Gap On Cease-Fire Dims Hope For Fast End To Fighting (BLOOM)

By Janine Zachariatodd Zeranski At The United Nations

Bloomberg, August 5, 2006

Aug. 4 (Bloomberg) -- Israel's requirements for a cease-fire to end the three-week-old conflict in Lebanon may be more than the United Nations can deliver, dimming hopes for an early end to the fighting.

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Prime Minister Ehud Olmert has said repeatedly that Israel's attacks on Hezbollah won't stop until there's a commitment to immediately install an international force of up to 15,000 in a buffer zone in southern Lebanon.

``If we stop firing at midnight, they should be deployed on the ground and replace us by two o'clock in the morning,'' he told Italy's Corriere della Sera newspaper in an interview published yesterday.

The UN has been unable to agree on anything so far. If it does, it is far from clear that it will meet Israel's conditions.

``There are divisions within the council,'' Ghana's Ambassador Nana Effah-Apenteng, current Security Council president, told reporters on Aug. 2. ``We will give it some time, hoping there will be a convergence of minds.''

The U.S. and France continued yesterday to try to bridge differences in drafting an international response, French Ambassador Jean-Marc de La Sabliere said. The U.S. and a French- led bloc differ on the proposed terms and their sequencing.

U.S. Secretary of State Condoleezza Rice predicted July 31 that a consensus on a resolution and a cease-fire was achievable by week's end. Effah-Apenteng indicated the council would not convene until next week to discuss a resolution.

`Long as It Takes'

In the absence of political consensus, Israel said it would continue its military operations with the aim of creating permanent changes in the region.

``As far as we know, there is no real draft,'' said Dan Gillerman, Israel's ambassador to the UN. ``There's still quite a conceptual difference between the parties.''

``We will do whatever we have to do, and it will take as long as it takes,'' he told reporters yesterday. ``And I hope that by the time a political settlement is in place, it will deal with a totally new situation which will be created on the ground.''

Some 10,000 Israeli soldiers raided Hezbollah compounds in south Lebanon yesterday as the air force pounded targets in Beirut. Defense Minister Amir Peretz ordered the army to advance up to the Litani River, which runs across southern Lebanon and is in some places as many as 19 miles (30 kilometers) from Israel's northern border.

Buffer Zone

Israel is working to create a temporary buffer zone up to 5 miles (8 kilometers) wide above its border with Lebanon, Israeli army radio said.

Israel is not willing to leave without a guarantee that its troops will be replaced immediately by a force that's equipped to secure the area, help the Lebanese army disarm Hezbollah and patrol the border with Syria to prevent the influx of new weaponry.

Israeli officials and military commanders are ``concerned about the time gap between a cease-fire and the introduction'' of the international force into that zone, Gidi Grinstein, founder of the Reut Institute, a public policy group based in Tel Aviv, said in an interview.

``That window is very problematic for Israel and an opportunity for Hezbollah,'' he said. ``The more aggressive Israel is on the terms of the mandate, the more difficult it is to introduce a force.''

That mandate -- and differences over whether to call for an immediate cease-fire -- has stalled talks at the UN, raising the prospect that fighting could go on for some time.

Expanding UNIFIL

One idea under consideration is a temporary expansion of the current UN Interim Force in Lebanon, which Israel rejects.

Israel says UNIFIL peacekeepers do not have the teeth or mandate to effectively disarm Hezbollah, and points to the fact that Hezbollah has amassed thousands of rockets since Israel withdrew from the area in 2000.

Hezbollah, founded in 1982, is sponsored by Syria and Iran. The group has been linked to scores of terrorist attacks on Israelis and Americans, including rocket assaults on Israeli towns, separate bombings in 1983 in Beirut that killed 241 U.S. servicemen at their barracks and 58 French soldiers at their base in the city, and the 1994 attack that killed 85 people at a Jewish community center in Buenos Aires. Israel and the U.S. classify Hezbollah as a terrorist organization.

Misgivings

Ya'akov Amidror, the former deputy chief of intelligence in the Israel Defense Forces, articulated the misgivings of many Israeli military and political officials about relinquishing power for Israel's protection to an international force, something the country has resisted since its founding in 1948.

``An international force is a bad thing for the state of Israel because Hezbollah can operate even when the troops are there,'' Amidror said at a conference hosted by Bar Ilan University outside Tel Aviv on Aug. 1 on whether Israel can win the war.

Israel must insist on several conditions regarding the force, including that it be made up of ``real soldiers who know how to fight'' and that it not be under the control of the UN, ``which does not understand the situation in the Middle East,'' Amidror said.

If Israel stops the war before the force comes in, Amidror said, Syria will simply reopen the flow of weapons to Hezbollah in south Lebanon during that period.

Setting Expectations

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Olmert, recognizing that the international community will at some point try to curtail Israel's military efforts, appears to be preparing Israelis for a political settlement as military experts warn that total victory is impossible.

In an Aug. 1 speech, the prime minister said Israel was at the start of a diplomatic process that will lead to a cease-fire and create ``totally different'' conditions on the country's northern border.

The military ``is succeeding in this campaign and making impressive, even unprecedented, achievements,'' Olmert said. Even if the campaign against Hezbollah in Lebanon ``ended today, we can say for certain that it changed the face of the Middle East,'' he said.

The difficult negotiations have impeded a UN-sponsored conference of possible troop contributor countries. Talks set for yesterday were delayed for a second time this week, with the UN saying political consensus authorizing a force must first be reached.

U.S. envoy John Bolton yesterday said the possibility of two distinct forces in southern Lebanon was being discussed. One would operate as a quick-reaction force, while a second would have a longer-term mission.

``The problem is we don't know what is the mandate in the American position'' for the international force, Argentina's UN Ambassador Cesar Mayoral said.

Annan Repeats Call For Ceasefire In Lebanon (AFP-Y)

AFP, August 5, 2006

United Nations chief Kofi Annan has reiterated his call for a ceasefire in Lebanon and said he had discussed the matter with the leaders of Lebanon, Britain and the United States.

"I hope that within the coming days there will be a (UN Security Council) resolution that will ask the parties to cease hostilities and that that can be followed shortly afterward by a second resolution so that ... the international community can deploy forces," Annan said in a one-day visit to the Dominican Republic.

The UN secretary general, speaking at a news conference after being given a national honor by Dominican President Leonel Fernandez, said he had spoken with the Lebanese prime minister, Haniye Siniora, British Prime Minister Tony Blair and US President George W. Bush.

A UN official, who requested anonymity, told AFP that these conversations were conducted by videoconference and included French Prime Minister Dominique de Villepin.

France, a mediator favored by the parties to the conflict, has conditioned its participation in a peacekeeping mission on a ceasefire in Lebanon.

More than 900 people, mostly civilians, have been killed since fighting broke out on July 12 between Israel and the Shiite militia Hezbollah, based in southern Lebanon.

"The bombing continues and the infrastructure is being destroyed -- this cannot continue any longer," Annan said. "Once again I have called for hostilities to stop."

Annan arrived in the Dominican Republic on Friday, from neighboring Haiti which shares the Caribbean island of Hispaniola, on an official visit to meet with Fernandez and government officials and lawmakers.

He was decorated with the Orden Duarte, Sanchez and Mella, an order honoring Dominican liberators, in the evening and was guest of honor at a dinner at the National Palace.

Blair Delays Vacation For Mideast Diplomacy, But His Specific Goal Remains Unclear (NYT)

By Alan Cowell

The New York Times, August 5, 2006

LONDON, Aug. 4 — After a series of pronouncements about an “elemental struggle” with radical Islam in an “arc of extremism,” Prime Minister Tony Blair delayed a Caribbean vacation on Friday, saying the coming days would be crucial in the diplomatic effort to secure a cease-fire in Lebanon.

Despite a welter of fresh reports of expanded Israeli bombing raids and renewed Hezbollah rocket attacks, Mr. Blair’s spokesman said the prime minister “believes the next couple of days are crucial and will be continuing his intensive diplomacy with world leaders from Downing Street.”

“The prime minister has delayed leaving for his holiday so that he can do further work trying to achieve a U.N. resolution and wider efforts to achieve sustained peace in the region,” the spokesman said, speaking in return for anonymity under British government rules.

Taunted by accusations from former diplomats that he has frittered away British influence by his close alliance with President Bush, Mr. Blair has made much in recent days of conversations with figures including Prime Minister Fouad Siniora of Lebanon, President Jacques Chirac of France and Mr. Bush himself.

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But he has been cautious in public about the specific aim of the diplomacy, defining it variously as "an immediate cease-fire" and a more elastic "suspension of offensive operations" before the establishment of an international force in southern Lebanon.

Moreover, he has resisted widespread calls in Britain that he distance himself from the United States by calling unequivocally for an immediate cease-fire — a demand likely to be made on Saturday by antiwar protesters set to gather in London for a march past the American Embassy.

"People want an immediate cease-fire which respects Lebanon's borders," said Lindsey German, an organizer of the protest.

Like the Bush administration, Mr. Blair has insisted that any cease-fire must be durable and resolve long-term issues to guarantee Israel's safety and spread Lebanese government control to its southern border.

Mr. Blair's alliance with Washington has drawn harsh attacks, even ridicule.

In an article in The Financial Times, for instance, Sir Rodric Braithwaite, a former senior diplomat, said Mr. Blair's ideological proximity to the White House "has destroyed his influence in Washington, Europe and the Middle East: who bothers with the monkey if he can go straight to the organ-grinder?"

The divisions within Mr. Blair's Labor Party and cabinet are so great that, unusually, he has publicly acknowledged them.

"I don't doubt that there are people who disagree within the system and I have no doubt that there are cabinet ministers who have doubts about this aspect or that aspect — possibly about the whole aspect of the policy," Mr. Blair said Thursday at a news conference at 10 Downing Street.

Specifically, Mr. Blair has been criticized by figures like Jack Straw, his former foreign secretary, who still holds senior cabinet rank, for failing to characterize Israel's initial response to Hezbollah attacks as disproportionate. Others have complained that he has lost influence in Arab nations by failing to call for an immediate cease-fire in the face of widespread civilian carnage.

Mr. Blair has used the crisis to expound on his view that the war in Lebanon is one more manifestation of an apocalyptic fight over "how the world should govern itself in the early 21st century, about global values," as he put it in a speech in Los Angeles earlier this week.

"What is happening today out in the Middle East, in Afghanistan and beyond is an elemental struggle about the values that will shape our future," he said, speaking Tuesday before the World Affairs Council.

He evoked an "arc of extremism" in which moderate Islamic governments were under threat from adversaries who wished to "sweep away the fledgling but faltering steps modern Islam wants to take into the future."

"To defeat it will need an alliance of moderation," he said, reviving his calls for political moves to accompany military operations. "We will not win the battle against this global extremism unless we can win it at the level of values as much as force, unless we show we are evenhanded, fair and just in our application of those values to the world."

Indeed, Mr. Blair hinted on Thursday that he wished to personally initiate a renewed effort to resolve the Israeli-Palestinian conflict once the Lebanon crisis had eased. In Los Angeles he called for a "complete renaissance of our strategy to defeat those that threaten us."

Unless Western nations "bend every sinew of our will to making peace between Israel and Palestine, we will not win," he said. "And this is a battle we must win."

Mr. Blair has also sought to draw an organic link between Muslim extremists in lands as far apart as Chechnya and Kashmir bound together as a global alliance. "It doesn't always need structures and command centers or even explicit communication. It knows what it thinks," he said in his Los Angeles speech.

"Whatever the outward manifestation at any one time — in Lebanon, in Gaza, in Iraq and add to that in Afghanistan, in Kashmir, in a host of other nations including now some in Africa — it is a global fight about global values," he said.

Blair In Frantic Mideast Peace Effort (FT)

By Christopher Adams In London

Financial Times, August 5, 2006

Tony Blair, the British prime minister, was engaged in a frantic round of telephone diplomacy on Friday night after delaying his summer holiday to try to save a United Nations-led peace plan for the Middle East.

Under intense pressure at home for siding with President George W. Bush over the Lebanon crisis, Mr Blair abandoned plans to fly out with his family to the Caribbean. His decision to stay in London until a draft resolution can be agreed to pave the way to a ceasefire between Israel and Hizbollah, the Shia guerrilla group in southern Lebanon, followed a late-night conversation with Kofi Annan, the United Nations secretary- general.

British officials played down the prospect of imminent agreement on the resolution and said a meeting of the UN Security Council was not expected until sometime next week. "There's still work to be done," said one western diplomat, who added that

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Mr Annan had made clear he wanted the prime minister involved in efforts to resolve differences between the two sides over the terms of a ceasefire.

Mr Blair was said by officials to have spoken for 40 minutes to President Jac-ques Chirac of France over the leading role that French troops would play, assuming an international peacekeeping force is deployed.

Mr Chirac, whose poll ratings have soared during the crisis, appears to have benefited more from his involvement in trying to resolve the crisis. By contrast, Mr Blair's popularity has slum-ped, possibly as the result of dismay at his failure to call for an immediate ceasefire.

In other telephone calls, Mr Blair spoke to Ehud Olmert, the Israeli prime minister, Romano Prodi, Italy's prime minister, and Göran Persson, the Swedish prime minister, who diplomats said wanted to host a humanitarian conference.

Mr Blair was due to speak last night to José Luis Rodríguez Zapatero, Spain's prime minister, as well as reporting back to Mr Annan.

Amid continued evidence of waning support in the cabinet and among MPs in the ruling Labour party for US and British strategy, Downing Street was keen to stress the extent of Mr Blair's efforts to bring an end to the fighting. However, officials in London conceded that agreement on the text of a UN resolution remained elusive.

"We're not anywhere near agreed yet," said a senior diplomat. "We're focusing on getting the best wording to get a cessation of hostilities next week, to get people to freeze what they are doing and then to focus on the composition of the international stabilisation force and the political framework that goes with it."

One official identified the mutual suspicion between Israel and Lebanon and the timing of the arrival of the French-led force, rather than disagreement in the international community, as the main stumbling block.

"The obvious difficulty is this: the Israelis don't want to stop and then find Hizbollah reoccupy and rearm, while Hizbollah doesn't want to stop if it thinks Israel is going to be there ad infinitum."

In theory, Mr Blair could have continued negotiating while on holiday, as he made clear at a Downing Street press conference on Thursday in which he said he would keep in touch by telephone, wherever he was. However, it is understood that he would not have been able to rely on secure communications en route to the Caribbean.

Blair Delays Vacation To Work On Mideast (AP-Y)

By Beth Gardiner, Associated Press Writer

AP2, August 5, 2006

British Prime Minister Tony Blair postponed his summer vacation Friday to stay in London and help develop a U.N. resolution on the Middle East crisis.

Blair believes the coming days are crucial for securing agreement on a resolution to end three weeks of warfare between Israel and Hezbollah militants in Lebanon, a spokeswoman said.

He had planned to leave Friday, and could start his holiday over the weekend, depending on what happens on the resolution and in the Middle East, his office said.

While Blair can speak to other world leaders by phone when on vacation, he did not want to be out of touch Friday on a long-haul flight, the spokeswoman said.

Blair "will be continuing his intensive diplomacy with world leaders from Downing Street," she said, speaking on condition of anonymity in keeping with government policy.he conflict on Hezbollah militants, saying they must be disarmed if any peace is to last.

Blair's office does not provide details of his travel plans for security reasons, but he reportedly plans a family holiday in Barbados.

President Bush, however, went ahead with his vacation plans despite the turmoil in the Mideast. Bush already had planned a shortened stay at his beloved Texas ranch this summer, with tensions high in Iraq, Iran and North Korea and his party in jeopardy of losing control of Congress this fall.

Bush plans to stay just 10 days at the ranch — his shortest August getaway since taking office — and he summoned Secretary of State Condoleezza Rice to come down for the weekend to discuss diplomatic efforts.

White House spokesman Tony Snow said Bush spent Friday clearing brush and riding his bike. He also had his regular briefings and took a call from U.N. Secretary-General Kofi Annan that lasted 15 minutes.

"There is a lot going on right now, and, unfortunately, it does not provide enough time or space for an extended vacation," Snow said.

Blair on Friday discussed the wording of the proposed resolution in a phone call with Israeli Prime Minister Ehud Olmert. He also spoke to French President Jacques Chirac, Italian Premier Romano Prodi and Swedish Prime Minister Goran Persson, his office said.

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Later, Blair spoke by phone with Annan and met a delegation of Lebanese officials and Lebanon's ambassador to Britain, Jihad Mortada.

The prime minister said at his monthly news conference Thursday he hoped that a U.N. resolution could be agreed soon that would bring an end to the fighting. Negotiations on the nature and mandate of an international peacekeeping force would follow, he said.

The prime minister has refused to call for Israel to halt its offensive in southern Lebanon. He instead has placed the onus for ending the conflict on Hezbollah militants, saying they must be disarmed if any peace is to last. That position has sparked a furor in Parliament and the media.

Seventy percent of Britons questioned in a survey said Blair should call for an immediate cease-fire. The poll of 1,011 people, conducted by ICM pollsters for Channel Four News, had a margin of error of three percentage points.

Bush Administration Disappointed After Backing Change In Lebanon (MCT)

By Warren P. Strobel

McClatchy Newspapers, August 5, 2006

WASHINGTON - When Syrian troops left Lebanon in April 2005, ending a 29-year occupation, the Bush administration was quick to call their departure and the events that followed a victory in its campaign for democracy in the Middle East.

"Any who doubt the appeal of freedom in the Middle East can look to Lebanon," President Bush said in March 2005, as anti-Syrian protesters crowded Beirut's streets and squares in what became known as the Cedar Revolution, after Lebanon's national symbol.

With Lebanon now convulsed by its worst violence since the 1975-1990 civil war, that assessment, like much of the Bush administration's rhetoric about spreading democracy in the Middle East, appears to have been too rosy.

The United States, in tandem with France, pushed hard for a Syrian withdrawal from Lebanon, where Syria had served as a stabilizing but corrupt and oppressive force. But the administration paid much less attention to what came next.

The criticism that the Bush administration failed to think through its policies is similar to that leveled against it in Iraq, where the White House and the Pentagon failed to plan for the aftermath of the U.S. invasion, and in the Palestinian territories, where the administration pushed for elections that brought the terrorist group Hamas into government.

"Just getting Syria out (of Lebanon) was a narrowly focused policy," said Daniel Benjamin, a top counter-terrorism official in the Clinton administration who's now at the Washington-based Center for Strategic and International Studies.

"There was a lot of merit in that," Benjamin said. "But we only went half the distance."

"We did nothing, we did absolutely nothing" to bolster the weak Lebanese government after the Syrian withdrawal, said a State Department official, who spoke on condition of anonymity because the comments contradict official policy.

The official acknowledged that such assistance would have to have been channeled discretely, given the wide suspicion of U.S. motives in the Islamic world.

"You certainly didn't want an American thumbprint on everything. . . . But there were ways to do it," the official said.

In Lebanon, the United States lacks direct leverage to deal with Hezbollah, the Syrian- and Iranian-backed Shiite Muslim militia and political party that sparked the crisis on July 12 by kidnapping two Israeli soldiers and firing rockets into Israel.

Washington doesn't talk to Hezbollah, which it considers a terrorist group, nor does it have diplomatic relations with Iran, Hezbollah's chief sponsor and arms supplier.

Syria also has influence over Hezbollah, but its forces are now out of Lebanon and, in any case, the Bush administration has cut off high-level contact with Syrian President Bashar Assad.

Secretary of State Condoleezza Rice's strategy for dealing with Hezbollah is to bolster the reach of Lebanon's central government, which currently has no power in southern Lebanon. Once a robust U.N. peacekeeping force is in place, Rice hopes, the government will be able to disarm Hezbollah.

It remains to be seen, however, whether Hezbollah, which has seen its popularity rise as it's resisted Israel's counterattacks, will go along and whether a U.N. force can be assembled and deployed if it doesn't.

Rice, asked recently whether the United States had failed to follow through after Syria withdrew its troops from Lebanon, defended the administration's performance. But she seemed to acknowledge that more should have been done to bolster the wobbly coalition government of Lebanese Prime Minister Fouad Siniora.

"Perhaps it has needed more energy than it has been given," Rice told reporters during her recent Middle East trip.

The United States and France joined ranks in demanding that Assad remove his troops from Lebanon after the Feb. 14, 2005, assassination of former Lebanese prime minister Rafik Hariri in Beirut, which Syria is suspected of helping arrange.

A U.N. Security Council resolution enacted the previous September called for all foreign forces to leave Lebanon and for militias, including Hezbollah, to be disarmed.

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After the last Syrian troops withdrew on April 26, 2005, Rice and other U.S. officials continued to urge that the second demand be met. There was discussion at the time, as there is now, about sending an enhanced U.N. peacekeeping force to Lebanon.

No action was taken, however, and Israeli officials issued dire warnings about Hezbollah's buildup of rockets aimed at northern Israel.

U.S. officials and Middle Eastern diplomats said that France resisted efforts to take on Hezbollah more directly, in part out of fear that a confrontation could cause Siniora's government to implode.

The Americans "did try," said one diplomat. "The French made it very clear they didn't want to touch Hezbollah."

David G. Newton, a retired U.S. ambassador to Iraq and Yemen, said that while more could have been done last year to support the Siniora government, the fact is that "Hezbollah is strongly entrenched."

Lebanon's Shiites, who make up as much as 40 percent of the population, were never fully behind the Cedar Revolution, said Newton, an adjunct scholar at the Middle East Institute.

"From the beginning, the idea that everything was going to work out in Lebanon," he said, is "another example of hype about democracy."

Attacks Test Lebanese Cohesion (WSJ)

By Mariam Fam

The Wall Street Journal, August 5, 2006

Initial Show of Sectarian Unity Could Fray in Prolonged War

BEIRUT, Lebanon -- Joseph Atallah, a Christian business owner here, thought nothing of sheltering Hussein Taha's Shiite Muslim family when they were chased from their home by Israeli shelling. The two men talk of their pride in how Lebanese have come together as a people, setting aside religious and political differences to cope with the chaos and hardship of war.

But while Israel's pummeling of Lebanon has to some extent unified this country's myriad sectarian and political factions, it also is putting enormous pressure on the delicate relationships that bind them. Before the offensive, various Lebanese groups were engaged in a national dialogue to plot the future of a country experiencing a remarkable rebirth from an anarchic 15-year civil war.

Messrs. Atallah and Taha's starkly contrasting responses to the current violence suggest the fissures that fueled that nightmarish era could resurface if the present conflict continues to degrade Lebanon's economic, political and social infrastructures -- or ends up empowering Hezbollah to the dismay of other factions.

"Israel wants to turn the people against Hezbollah. This will never happen," said Mr. Taha, who once worked for Mr. Atallah. "What they're doing has won Hezbollah more support," he added, seething as the television showed scenes of destruction.

Mr. Atallah, the Christian, could hardly disagree more, seeing the pulverized houses, displaced families and distraught children as the price being paid for a selfish miscalculation by Hezbollah's Hassan Nasrallah, the Shiite Muslim militia's leader. "He thinks he can win this battle ... so he can propel himself to the status of a national Arab hero, and then he has ambitions to reach power in Lebanon and turn it into a Shiite, national republic," argued Mr. Atallah. "He should have consulted with others" before capturing two Israeli soldiers, an act that prompted the Israeli offensive.

Anger and resentment from some Christians, Sunnis and Druze run high over Hezbollah's capture of the soldiers, partly because it provoked the massive retaliation that has reversed much of the progress in rebuilding Lebanon. But Israel's response also has been condemned by various Lebanese groups. Hezbollah has won the support of some beyond Lebanon's Shiite community; an Israeli air strike that killed dozens of people, many of them children, was widely viewed as a tragedy for all Lebanese.

Still, the stark differences between Messrs. Atallah and Taha illustrate the tough -- and potentially divisive -- questions the Lebanese will likely grapple with when the guns fall silent: Was Hezbollah right to kidnap the Israelis in an attempt to exchange prisoners? Should the militia disarm? Did the fighting cement the very same religious and sectarian fault lines that their country has tried to move beyond?

On Friday, Israeli warplanes destroyed4 four key bridges on Lebanon's last untouched highway, severing the country's final major connection to Syria and deepening its isolation. Aircraft on a mission to destroy weapons caches hit a refrigerated warehouse where farm workers were loading vegetables, killing at least 28 near the Lebanon-Syria border. Also, Hezbollah launched its deepest rocket strike inside Israel to date, according to the Associated Press, and police said Hezbollah fired at least 190 rockets into Israel, killing four civilians. Negotiators at the United Nations reported progress toward a cease-fire agreement, though no deal was imminent.

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As the conflict drags on, the lives of Messrs. Atallah and Taha are only a few of those that have become entwined during the violence in ways that are most unlikely in peace time. Fleeing families from the mostly Shiite south poured into Christian, Sunni and Druze villages, neighborhoods and homes. In Beirut, Sunni and Christian volunteers mill about in schools where Shiites have taken refuge, handing out canned food, foam mattresses, milk and diapers.

But some worry the hospitality could give way to tensions if the Shiites overstay their welcome. "Knock on wood, so far so good in terms of not becoming too tense around these religious groups," said Cassandra Nelson of the Mercy Corps aid group. "We're all watching very, very carefully that something doesn't go wrong because it could explode and we could have a massive crisis at hand."

Mr. Atallah is letting the Taha family stay in his Beirut apartment while his own family occupies its other home in the nearby mountains. When the two friends speak, they say they never discuss politics, apparently to avoid tensions, though each generally understands the other's views. Still, the war that arrived at the two families' doorsteps so suddenly highlighted differences that have divided their communities in the past -- and that some fear may do so again. Tensions between Hezbollah and some Christians have run deep, for example, ever since some Christian factions allied with Israel during the civil war.

Mr. Atallah argues that the current crisis stems from a lack of trust between the leaders of the different religious and sectarian groups. "Our politicians -- theirs and ours -- are both liars and don't understand the situation. What happened is everyone's fault," he said, dragging on a cigarette on the terrace as Israeli aircraft whirred overhead. "They kiss and hug, but they really are against each other."

Like many Lebanese, Mr. Atallah was looking forward to a lucrative summer, one that everyone had expected to bring a boom in tourism. Instead, he has been forced to close his shop but for a few hours a day. He sat at home with no working mobile phones after Israel struck transmission towers near his place. "Most people have fled to hide. Those who remained don't have money to fix their cars," he said. "Who knows, maybe I will lose my shop or my home to a bomb any minute."

Mr. Taha, who fled with nothing but the clothes he was wearing and who worries he may return to his war-ravaged neighborhood to find his building reduced to rubble, says the sacrifices are worth it. "We have prisoners that Israel has kidnapped. Hezbollah is fighting for us and for the south," Mr. Taha said. "It is better to die an honorable death than to live in humiliation."

Mr. Atallah doesn't see the point. "We are fighting to help Palestine, Hamas, Syria and Iran, not to restore our dignity. It's now that we are losing our dignity."

So do the two friends think they could wind up on opposite sides of a new round of internal fighting? "It doesn't take much to start a civil war here, because the politicians do not know what they're doing," Mr. Atallah said. He then paused. "The people, on the other hand -- be they Shiites, Sunnis, Druze or Christians -- all get along well."

A Brother Hopes Anew For Man Long Held By Israel (WP)

By Edward Cody, Washington Post Foreign Service

The Washington Post, August 5, 2006

BEIRUT -- Amid the chaos and grief of the three-week-old war here, Bassam al-Qantar has allowed himself to hope. After years trying to get his brother Samir out of an Israeli prison, he said, now may finally be the time.

Samir al-Qantar, 44, was sentenced to over 500 years in jail after leading a four-man Palestinian raid at the age of 16 on Nahariya in northern Israel that killed two policemen, a civilian man and his 4-year-old daughter. Witnesses said Qantar smashed her skull with his rifle butt.

Bassam was only 1 in 1979 when the acts occurred. But since his teenage years, he has campaigned tirelessly for Samir's release, seeking out government officials, human rights groups, lawyers -- anyone who would listen.

Now Hezbollah, the radical Shiite Muslim movement, has put Samir al-Qantar at the top of the list of Lebanese prisoners whose release it is demanding in exchange for two Israeli soldiers seized July 12 in a cross-border raid that touched off the current conflict. According to reports from Jerusalem, such a swap might be a part of an agreement to end the crisis being worked out at the United Nations.

"I think it is finally the time for Samir to come home," said the brother, 29, who is an environment editor at the soon-to-debut Lebanese newspaper Al Akbar. "For sure, it will happen."

Samir al-Qantar, believed to be the longest-held Arab prisoner in Israel, has been on such lists before.

The Palestinians demanded he be released, because the raid was carried out by the Palestine Liberation Front of Mohammed Abbas, part of Yasser Arafat's Palestine Liberation Organization. Five times in proposed exchanges, Hezbollah demanded he be released, because he is a Lebanese citizen, a member of the Druze faith from a village near the Mount Lebanon town of Aley. Followers of Abbas who seized the Italian cruise ship Achille Lauro and killed an American passenger in October 1985 demanded his release, because he was a member of their group.

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But in several prisoner exchanges, Samir al-Qantar was never released. The reason, Bassam al-Qantar said, is that Israelis remember what he did as particularly hateful. By Israeli accounts, his brother took the girl and her father hostage, then shot the father and killed the girl with his rifle butt as police closed in. In addition, the girl's mother accidentally smothered another child while trying to keep her quiet in a hiding place.

Israel in the past agreed to release Qantar if Hezbollah would provide evidence of the fate of Ron Arad, an Israeli air force navigator missing in Lebanon since 1986. But the information about Arad was never provided and Israel continued to hold Qantar.

Samir has also become a symbol of the terrorist threat to the Jewish state, Bassam al-Qantar said. A senior military officer was seriously wounded in the operation, he noted, and the mother of the 4-year-old girl has become an effective spokeswoman for victims of such violence.

"So they considered him as a hero-killer and a baby-killer," he said. "The problem is, the case is famous."

In addition, Samir al-Qantar remained defiant even at his trial. According to reports from the time, when he was sentenced he declared, "I don't care if the sentence was nine or even 10 life sentences. The important thing for us is that we made them realize that we are here to stay. Now and tomorrow."

Al-Qantar has written thousands of letters home. He was allowed to make five-minute telephone calls in 2003 and again last year. But the family -- Bassam, his 86-year-old mother, a brother and three sisters -- has little else to remember him by. He had already fought against Israelis when they invaded southern Lebanon in 1978. But when he left on the raid the next year, he was still a youth, not yet out of high school.

Since then, in Israeli prisons, he has learned English and Hebrew and earned a bachelor of arts degree in human and social sciences from the Open University of Israel in Tel Aviv. The title of his senior thesis was "The Contradictions of Democracy and Security in Israel."

Throughout the years behind bars, Bassam said, his brother has never expressed remorse. That might also be a reason Israeli authorities have refused to let him go, Bassam suggested, even though one of his comrades in the raid, Ahmed Abrass, was released in a 1985 prisoner exchange such as the one Hezbollah is now demanding.

Hezbollah officials said they are also demanding the release of Nassim Nisr, 38, formerly an Israeli citizen, who was born in Lebanon of a Shiite Muslim father and a Jewish mother, and Yahyia Skaff, whom Israel has not confirmed it is holding but who took part in a Fatah raid near Haifa in 1978 in which 35 people were killed.

But Nabih Berri, the Lebanese parliament speaker, said other prisoners, including Palestinians and Syrians, may eventually be included in the swap negotiations. The possible exchange became even more complicated with Israel's capture early Wednesday of five Lebanese in a commando raid on Baalbek. In the meantime, the Israeli newspaper Haaretz reported Tuesday that Israeli officials expressed willingness to release only two Lebanese prisoners in exchange for the two soldiers.

Samir al-Qantar was not one of them.

Middle East (WSJ)

By Gerald F. Seib

The Wall Street Journal, August 5, 2006

The Many Motives Behind a Cease-Fire

The United Nations Security Council may well succeed next week in cobbling together a resolution to end the fighting in Lebanon. But as with most things Middle Eastern, all won't be as it seems. Each of the parties involved will be trying to use a cease-fire resolution to accomplish something other than simply ceasing the firing.

Hezbollah will want to cement the impression in the region that it successfully stood up to the mighty Israeli military machine. Israel's main goal, by contrast, will be a resolution that brings international help in disarming Hezbollah.

Lebanon itself will want the resolution to pave the way for a rapid end to the embarrassing presence of Israeli soldiers on its territory. And France, which is likely to lead whatever international peacekeeping force goes into southern Lebanon, will want an agreement that limits the duties and dangers its forces will assume.

And what about the U.S.?

Washington's real goal is likely to be far broader, stretching beyond Lebanon itself. Washington's real interest lies in finding a formula that ends the fighting without enhancing the power of Iran, Hezbollah's main patron and the country that poses the real strategic threat to American interests in the region.

The great danger to the U.S. is that the Lebanon conflict could simply further Tehran's rising influence because of its backing of Hezbollah. If Iran emerges in the eyes of the region's restive and disillusioned publics as the one country with the guts and power to stand up to Israel, its stature is enhanced. And because Iran is the biggest Shiite Muslim power center in the

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region, the influence of the region's Shiites grows overall. That isn't good news for the Sunni Muslim-led governments of Egypt, Jordan and Saudi Arabia, America's strongest friends in the Arab world.

That means the U.S. will be trying to steer the U.N. diplomacy to accomplish two things. The first will be to establish a system that prevents Iran from rearming Hezbollah with more missiles and rockets, thereby limiting the power and potency of what has become a kind of proxy force for Iran.

That will require shining "some kind of international spotlight on the arms transfers from Iran to Syria to Beirut," says Aaron Miller of the Woodrow Wilson International Center for Scholars in Washington, a longtime Mideast negotiator. It also means pushing for an international peacekeeping force that has the mandate and the power to stop rocket and missile shipments.

The second goal will be to emerge from the cease-fire diplomacy having cemented greater international resolve to put a lid on Iran's nuclear program. That, after all, is what the U.S. once thought the Security Council would be occupying itself with this month. If the U.S. manages to stay in sync with France and others on the Security Council through the next week's diplomacy, perhaps all can agree that is the next item on a very urgent to-do list.

U.S. Treads Softly Over Iran's Role In Crisis (NYT)

By John M. Broder And Mark Mazzetti

The New York Times, August 5, 2006

WASHINGTON, Aug. 4 — Despite suspicions that Iran is intimately involved in the current conflict between Israel and Hezbollah, the Bush administration has carefully stopped short of accusing Iran of inciting the crisis.

President Bush has said on several occasions that he believes Iran has armed and encouraged Hezbollah, a Shiite militia operating from southern Lebanon, and is fomenting terrorism in the Middle East and elsewhere through proxies like Hezbollah. But he has shied away from words or actions that could spark an open confrontation with Iran.

There are several reasons for the administration's cautious approach. Most significantly, with the American military bogged down in Iraq, the United States lacks the means and political support to engage in another conflict in the region. Partly because of this, the administration has become involved in a delicate round of negotiations in the United Nations seeking to end Iran's uranium enrichment work and its presumed nuclear weapons program.

Officials also say that available intelligence does not offer proof that Iran inspired or directed the Hezbollah kidnappings and rocket launchings that set off the war with Israel. And, although the administration built its case for war against Iraq with far murkier intelligence about Saddam Hussein's links to terrorism, intelligence officials said that a sober lesson of Iraq is the peril of building a case for war without ironclad evidence of terrorist links.

In some ways, Iran presents a perfect example of the dangers of nuclear proliferation and state sponsorship of terrorism that Mr. Bush has warned against for five years. Iran's nuclear program, its support of groups like Hezbollah and its strident anti-Israel and anti-American statements appear to make it a prime target for American retribution.

But the administration finds itself relying on Israel to cripple Hezbollah and on the United Nations and an ad hoc alliance of European nations, China and Russia to try to rein in Tehran's nuclear program.

"Iran is the enemy that best fits the definition of the adversary Bush has defined," said Robert Malley, director of the Middle East program at the International Crisis Group. "This is the poster child of what he thinks the U.S. should be going after."

And yet, so far, the Bush administration has pulled its punches.

"They don't have the credibility they had and the means they need to take any real meaningful action beyond what they're doing at the U.N. and in Lebanon," Mr. Malley said.

There is little doubt among American and Israeli officials that Iran has actively supported Hezbollah with money, weapons and training over many years and used it as a proxy force to extend its reach throughout the Middle East and beyond.

"A lot of the weapons being fired by Hezbollah are Iranian weapons," Defense Secretary Donald H. Rumsfeld said this week. "And Hezbollah is a terrorist organization, and Iran's their principal financial and military supplier and supporter."

But intelligence analysts say there is little evidence that the Hezbollah raid more than three weeks ago that touched off the current fighting was ordered by Tehran, or that Iran is directly coordinating the steady attacks on Israeli targets.

"Nobody thinks that the Iranians have walked off the field, but we are just not seeing any direct control of things from Tehran," said an intelligence official who was given anonymity to discuss classified intelligence.

Another administration official said there was no proof that Iran was pulling the strings in southern Lebanon today, while adding, "But it's a very convenient distraction away from the nuclear issue, don't you think? And it's a way of sending a message about their reach.''

A third official said that even if Iran did not instigate the attacks, its leaders saw a tactical advantage in encouraging Hezbollah to continue the fight and in demonstrating that it had supplied Hezbollah with rockets that could reach deep into Israel.

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"It introduces a new level of ambiguity into the Iran debate," the official said. "If we all missed the degree to which Iran has armed Hezbollah, what else have we missed in their nuclear program?"

Administration officials say they fear that identifying Iran as an instigator of the current crisis could scare off some countries whose votes are needed at the United Nations Security Council, and who are already suspicious that the United States is planning a confrontation with Iran if Iran rejects the Council's demands regarding its nuclear program.

At the same time, Mr. Bush's aides have rejected sitting down with Iran to discuss Hezbollah, or the nuclear program, before Iran agrees to cease its enrichment program. Mr. Bush's offer to participate in talks, announced 10 weeks ago, carried a major condition: First Iran must agree to shut down the program.

"They are caught in a bind," said Dennis Ross, who was chief Middle East negotiator under the first President Bush and President Bill Clinton. "They have set tough conditions before they are willing to sit down and talk to the Iranians. But they also know that to get to the roots of the Hezbollah problem — the phrase President Bush keeps using — they have to go through the Iranians."

Some experts said that with the war in Iraq going badly, the last thing the administration needs is a new crisis in the Middle East.

"We have been driven into something we didn't want to do," said Anthony H. Cordesman, a military analyst at the Center for Strategic and International Studies in Washington.

"Far from Israel being the American proxy in a war against Iran, we've become Israel's proxy in its war against Hezbollah," he said. "Israel's miscalculations have been so serious that its only hope for victory is to have the United States and the international community do for Israel what it can't do militarily, which is defeat Hezbollah, assemble an international force in Lebanon and bring some sort of endgame to all this."

War News Targets Israel For Blame (WT)

By Iason Athanasiadis, The Washington Times

The Washington Times, August 5, 2006

TEHRAN -- Lurid headlines and images in the Iranian press from the war in Lebanon are drawing huge crowds to newspaper kiosks dotting the wide boulevards of Tehran.

Despite tensions between Iran and the Arab world that date back to the 7th century, when Arab armies occupied Persian Iran, the war has provoked widespread sympathies for fellow Shi'ite Muslims in southern Lebanon.

"I feel a lot of sympathy for the poor Lebanese," said Samira Vaziri, a 27-year old graphic designer. "But I don't think that we should get involved in this war."

The Iranian press' tone is overwhelmingly anti-Israeli and anti-Western, with inaction by Arab governments also getting criticism.

The United States says Iran is the main military and financial backer of Hezbollah.

"5 Merkava tanks destroyed as Hezbollah deals Israel defeat across 4 axes" was Wednesday's top headline in the hard-line Kayhan daily.

Some of the more radical, front-page offerings are to be found among the ranks of the government-owned press.

The Ya Lesarat-e Hossein weekly owned by the Iranian militant group Ansar-e Hezbollah declared: "Hezbollah's first attack sends 200,000 Israelis bolting into rat-holes."

Yesterday, about 100 people threw stones and a firebomb at the British Embassy in Tehran, damaging the building, the Associated Press reported. No one was hurt.

Iranian-Arab relations are rapidly deteriorating as the Israeli campaign against Hezbollah enters its fourth week with no sign of a diplomatic breakthrough.

Iranian diplomats have interpreted the Arab World's silence toward the ongoing fighting in Lebanon as evidence that it has ganged-up with Washington and Tel Aviv against Tehran.

Kayhan -- a government-aligned newspaper preferred by analysts wishing to keep abreast of the leadership's thinking -- has argued that "Saudi Arabia's tendency to side with America and the Zionist regime is based on a normalization of relations with Tel Aviv."

Stories on Iran's 24-hour news channel are being interspersed with montages of Hezbollah military operations, Lebanese bombing victims and shots of the Golden Dome of the Rock mosque in Jerusalem, a rallying point for Muslims worldwide.

In the first week of the conflict, Iran began a campaign on state-controlled media urging consumers to stop buying 'Zionist' products, ranging from Pepsi to Marks and Spencer.

One infomercial stated that "Pepsi stands for 'pay each penny to save Israel'" before going on to state that "Zionists are the biggest shareholders in the soft drinks industry, and each year they make billions of dollars for their colonialist aims."

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Iran President Mahmoud Ahmadinejad has publicly advocated the destruction of Israel.

U.S. Puts Sanctions On 7 Foreign Companies Dealing With Iran (NYT)

By Helene Cooper And Steven Lee Myers

The New York Times, August 5, 2006

WASHINGTON, Aug. 4 — The United States has imposed sanctions on seven foreign companies, two of them Russian, for providing Iran with materials that could be used to make unconventional weapons or cruise or ballistic missile systems, it was announced Friday.

The sanctions, effective July 28, will be in place for two years. During that time, American government agencies are not allowed to buy goods or services from the seven companies or provide them with assistance. The sanctions also bar the sale of some military equipment, services or technologies to the companies or their subsidiaries.

The two Russian companies are Rosoboronexport, the state-owned arms trading monopoly, and Sukhoi, a large manufacturer of military and civilian aircraft.

Also affected by the sanctions are the Korean Mining and Industrial Development Corporation and Korea Pugang Trading Corporation, both of North Korea; one Cuban company, the Center for Genetic Engineering and Biotechnology; and two Indian companies, Prachi Poly Products and Balaji Amines.

The sanctions were imposed by the State Department under the Iran Nonproliferation Act, passed by Congress in 2000. The announcement brings to 33 the number of foreign companies penalized under the law.

Russia's Foreign Ministry responded swiftly and harshly, calling the decision unacceptable and denying that the country's military trade with Iran had violated any international laws.

"In effect, it amounts to one more unjustifiable attempt to force foreign companies to base their activities on American domestic regulations," the ministry said in a statement released on Friday evening in Moscow. "Sanctions of this kind that the United States unilaterally applies to other countries and to organizations in them are an obvious political and legal anachronism, especially when such moves are made under far-fetched pretexts."

On Monday, Russia joined the United States, Britain, France, China and other members of the United Nations Security Council in passing a resolution giving Iran until the end of this month to suspend its enrichment of uranium or face sanctions.

A senior Bush administration official, questioned about the timing of the sanctions announced Friday, given that the United States is trying to hold the Russians in a coalition to curb Iran's nuclear ambitions, said that "there's never a good time" to impose sanctions. "They know the law," he added.

The official asked that he not be identified because he was not authorized to speak publicly on the issue.

Late last year, Russia signed an agreement to ship $1 billion in weaponry to Iran. The agreement includes the sale of Tor-M1 air defense missiles, but the deal has not yet been completed, according to Russian news reports.

An official at Sukhoi expressed puzzlement, saying the company had worked closely with American companies and had not sold anything to Iran in recent years. Sukhoi has been working with Boeing on a joint venture to develop a regional passenger airliner, but it is not clear whether that project will be affected.

"We have been on the U.S. market for a long time," Sukhoi's deputy director, Aleksandr N. Klementyev, said in a radio interview Friday evening on Ekho Moskvy. "We study the legislation very attentively, and we have never violated anything, nor are we going to."

John Dern, a spokesman for Boeing, said his company was "reviewing the sanctions to assure that we'll be in full compliance with their requirements.'' Boeing serves in an advisory role in Sukhoi Civil Aircraft's plan to develop a regional jet called Superjet 100, he said.

The plane, which seats 100, is supposed to make its first flight in September 2007. It would compete with regional jets built by Embraer, a Brazilian company, and Bombardier, of Quebec.

The Russian Foreign Ministry's statement suggested that the sanctions could hurt American companies. "In effect, the United States punishes its own companies, depriving them of the opportunity to cooperate with advanced Russian enterprises," the statement said.

It did not address the debate over how to respond to Iran's nuclear programs, but it called the American step "shortsighted" and said it was "bound to affect the quality of our cooperation" with the United States.

US Slams Russian Companies Over Iran (FT)

By Stephanie Kirchgaessner And Demetri Sevastopulo In Washington

Financial Times, August 5, 2006

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US relations with Russia hit another obstacle on Friday when the State Department imposed sanctions on two Russian companies – one of which has close connections with President Vladimir Putin – for selling arms to Iran. The move angered the Russian government.

The State Department imposed the sanctions on the two companies, as well as two Indian firms, two North Korean companies and a Cuban group, because it said they were exporting material that could contribute to the development of weapons of mass destruction by Iran or a cruise or ballistic missile system.

In imposing sanctions the State Department is hitting at a close friend of Mr Putin. Sergei Chemezov, who heads Rosoboronexport, served as a KGB officer with the Russian president in East Germany in the 1980s and has boasted that their relationship helped his company "get a lot of issues resolved fast".

The Russian foreign ministry said the move was an "illegitimate attempt to make foreign companies work by internal American rules" and that the US was punishing its own companies by making it impossible for them to co-operate with leading Russian corporations. "These sanctions, which the US unilaterally imposes on other countries and their organisations, are an obvious political and legal anachronism," the ministry said.

The embargo could create problems for US companies such as Boeing, which is working with Sukhoi in Russia and is a large customer of VSMPO-Avisma, a Russian titanium company, which has been targeted for a takeover by Rosoboronexport.

The seven companies identified by the State Department will be barred from business with the US government and denied new export licences for two years.

The Kremlin's appetite for arms sales with countries that "compromise the political and economic independence and territorial integrity of other states" was raised by the Pentagon earlier this year. Donald Rumsfeld, defence secretary, has also said he was concerned Russia was supplying arms to Iran and Syria. Washington's unease was exacerbated last month when Moscow sealed a deal to sell fixed-wing aircraft and helicopters to Venezuela.

The latest development heightened concerns of European companies that do business with Iran, according to attorney Judith Lee of Gibson Dunn & Crutcher, who said the sanctions were a "provocative act". "The US is cutting off these companies from the US market because they are doing something that is legal in their own countries," she said.

U.S. Sanctions Companies Over Iran (AP-Y)

By George Gedda, Associated Press Writer

AP2, August 5, 2006

The Bush administration has imposed sanctions against seven foreign companies, including two from India and two from Russia, after accusing them of business dealings with Iran involving sensitive technology, the government said Friday.

The action comes at a sensitive time for the Bush administration, which is trying to push through Congress its plan to sell civilian nuclear technology to India. In addition, the U.S. is trying to enlist Moscow's help to pressure Iran and North Korea to abandon their nuclear programs.

Tensions between the U.S. and Iran are running high over Tehran's nuclear effort and its support for Hezbollah, the militant group at war with Israel in southern Lebanon.

The seven businesses, which also included two from North Korea and one from Cuba, were found to be in violation of the Iran Nonproliferation Act of 2000. The law is aimed at preventing the spread of weapons of mass destruction to Tehran.

Under the sanctions, the federal government is now prohibited from dealing with any of the seven companies.

In the announcement of the action in the Federal Register, which reports on official federal actions, the government did not specify what items were involved. The State Department had no immediate comment.

Rep. Ed Markey, D-Mass., had received word of the planned sanctions against the Indian companies weeks ago and said the alleged violation raised questions about the administration's groundbreaking deal to sell civilian nuclear technology to India.

He criticized the administration for not disclosing the activities of the firms before the House approved the nuclear pact last month. The list of sanctioned parties was weeks overdue, but State Department officials insisted the delay had nothing to do with the House vote.

The list was turned over to the House International Relations Committee a day after the House vote. The Senate has yet to approve the nuclear pact.

The Russian Foreign Ministry described the U.S. action against the Russian firms as a "political and legal anachronism." In a statement, the ministry insisted Russian companies dealing with foreign countries act in "strict conformity with the norms of international law and Russian legislation."

The Russian companies were Rosoboronexport, a state-controlled arms exporter, and Sukhoi, a manufacturer of fighter jets.

The two Indian companies were Balaji Amines Ltd. and Prachi Poly Products Ltd., both chemical manufacturers.

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Also sanctioned were Korean Mining and Industrial Development Corp. and Korea Pugang Trading Corp., both North Korean.

The Cuban company was the Center for Genetic Engineering and Biotechnology.

Iranian Professionals' U.S. Visas Revoked (LAT)

By Teresa Watanabe And Lee Romney, Times Staff Writers

The Los Angeles Times, August 5, 2006

Dozens en route to a reunion in California are turned back at American airports.

Amid rising tensions with Iran, U.S. officials have abruptly revoked the visas of dozens of Iranian professionals headed to a university reunion in Northern California this weekend, refusing them entry as they landed at several U.S. airports.

The men and women had obtained 15-day visitor visas to attend the fourth global alumni reunion of Iran's Sharif University of Technology, a prestigious institution known as the "MIT of Iran."

Though a handful successfully entered the United States, by the time the association festivities began at the Santa Clara Hyatt Regency late Friday, it appeared that visas of the bulk of alumni from Iran had been revoked under a 2002 national security law.

Organizers said they knew of about 40 barred from entering the U.S. in recent days. About a dozen of the visitors, some traveling with spouses and children, were detained at San Francisco International Airport on Thursday, and some were held overnight in what one described to a friend in a brief phone call as "jail conditions."

A State Department spokeswoman said she could not discuss the cases because of confidentiality laws, but stressed that visa revocations in general are individual decisions and not politically motivated.

Individual revocations of visas have been common in the post-Sept. 11 era. But immigration and human rights attorneys condemned the apparent en masse crackdown on the Sharif alumni as a shortsighted political move inspired by recent tensions over Iran's nuclear program and links to Hezbollah.

"To punish Iranians who are potential allies of pro-democracy steps in order to somehow punish the Iranian government is just inane," said Peter Schey, a Los Angeles-based human rights and constitutional law attorney.

Conference organizers and immigration attorneys who scrambled unsuccessfully to gain access to the detainees said it was not clear how many had been stopped and turned back.

An indication of trouble came 10 days ago when Kourosh Elahidoost, a 49-year-old electrical engineer, was turned back at LAX. Organizers first believed his case to be isolated, but as dozens more alumni were turned away in Chicago, New York, Toronto, San Francisco and in Europe, they realized it was systematic.

In a telephone interview Friday from Tehran, Elahidoost said he was told by consular officials in Vienna that his visa was revoked under a U.S. law that bars the issuance of visas to nationals of Iran and four other countries regarded as "state sponsors of terrorism," unless the person is deemed to be no threat to national security.

Elahidoost said he was depressed and befuddled over why he was barred from what was to be his first visit to the United States. He was held overnight at a detention center in Santa Ana.

"I have never been a political person in my whole life," said Elahidoost, a board member of Parstableau, an Iranian firm that manufactures electrical switchboards. "I have never joined any political organization or the government. Never."

Reunion organizers in California blasted the U.S. actions, saying they were targeting Iran's best and brightest technocrats, many of them Western-educated, who could help ease volatile relations between the countries. About 120 Iranians had received visas to attend the reunion, according to Fredun Hojabri, a San Diego retired professor and conference organizer who founded the alumni association in 2000.

"These are not revolutionaries or crazies; these are among the most educated elite in Iran," said Najmedin Meshkati, a USC engineering professor who was planning to attend the reunion. "If these guys posed a security risk, they shouldn't have been issued a visa in the first place.

"This is not the way to win Iranian hearts and minds," Meshkati said.

As reports of visa revocations grew, Hojabri sent an SOS to his colleagues in Iran on Thursday, advising those who had not yet left to cancel their travel plans.

Hojabri said he was mystified as to why a few Iranians were admitted and others were not when all of them were issued valid U.S. visas as recently as a week ago. He and other association members speculated that the actions were tied to rising U.S. tensions with Iran over the nuclear issue and the conflict in Lebanon between Israel and Hezbollah.

But the State Department spokeswoman dismissed any link. In general, she said, any decision to revoke a visa is made on an individual basis for very specific reasons outlined in the law. These include a criminal background, ties to terrorism and failure to present evidence of an intention to return to the home country, she said.

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Elahidoost emphatically denied having any reasons for U.S. suspicion. Asked if he supported Hezbollah, the Iran-backed militia currently battling Israel in Lebanon, he said: "Never."

He said he had traveled to Vienna to apply for a U.S. visa a few months ago and received it at the end of June. But when he arrived at Los Angeles International Airport on July 25 about 3:15 p.m. from Amsterdam, he was pulled aside, told his visa had been revoked and led away for questioning. He said the officers searched him and all of his belongings, and asked about his job, family and purpose for traveling to the United States. They asked no questions about his political views, he said.

After that, Elahidoost said he was told to sign a form withdrawing his application for a visa or he would be deported and barred from entering the country for five to 10 years. He signed the form.

About 10 p.m., he said he was placed in a windowless van and driven to a Santa Ana detention center, where he was held overnight in a room with no bed, a "very, very dirty toilet" and a surveillance camera. He was returned to LAX the next day and flew back to Amsterdam.

"I was very scared and very upset. They treated me like a criminal," said Elahidoost, who said he learned English from American teachers at the Iran-America Society in Tehran in the days before the 1979 Iranian revolution.

Parvin Ghoreishi, a 52-year-old engineering consultant in Tehran, also said she was shocked and hurt by her treatment when turned back at the Chicago airport. She said she had obtained her visa in Istanbul four days before traveling from there to Chicago on July 30 but was sent back the same day after being fingerprinted, photographed and questioned.

After the reunion, Ghoreishi said, she had planned to visit a sister in Denver and spend time with her nieces and nephews, whom she has not seen in 12 years. She said she had e-mailed U.S. consular officials in Istanbul asking for a refund of the $4,000 she spent.

"I am very tired, sad, angry, depressed," she said in a telephone interview from Tehran. "I had a lot of dreams for this trip."

Conference organizers said about 550 of the group's 2,500 members had registered for the conference, which had scheduled forums on the management of natural disasters, entrepreneurship and venture capital.

The nonprofit global organization was founded to "facilitate communication and collaboration" among graduates, faculty and staff of Sharif University, conference organizer Hojabri said.

He said the group had nothing to do with Iran's government.

"Personally, I am against the Iranian government," said Hojabri, who fled to the United States in 1981 after the Ayatollah Ruhollah Khomeini took control of the country and shut down many universities. "We left everything to come here."

To Help Israel, Help Syria (NYT)

By Andrew Tabler

The New York Times, August 5, 2006

Damascus, Syria

IT is hardly surprising that when discussing the Lebanon crisis, President Bush tends to couple Syria's role with Iran's. After all, Damascus and Tehran have spent the better part of the last year deepening their ties, culminating in a June military cooperation agreement. But the United States may well have leverage in Syria that it lacks in Iran. If it is true, as it is reported to be, that Washington seeks to drive a wedge between Hezbollah's two backers, the Bush administration would do well to modify its democracy agenda to include support for Syrian reform.

Syria has long used its influence to make or break political deals in Lebanon, and the proposed international cease-fire plan will be no exception. In all likelihood, the Israeli offensive in southern Lebanon will not disarm Hezbollah, which, even under the noses of vulnerable peacekeepers and a weak and untested Lebanese army, could easily redeploy its long-range rockets north and into the Bekaa Valley, near the Syrian border. From there the missiles could still reach Israel, and Hezbollah could be re-supplied through the smuggler's den that is the 233-mile-long Lebanese-Syrian frontier.

Only an Israeli pullout from the Golan Heights would entice Damascus to help seal off Hezbollah-controlled areas and ensure that the fighters are eventually disarmed. But negotiations for that could take years. Meanwhile, hard-liners, buoyed by Syria's recent alliance with nuclear-hungry Iran, are now in favor in Damascus, while reformers scramble for cover and hope that the assistance their programs receive from the European Union, the United Nations and the World Bank won't cast doubt on their loyalty.

If Washington wants to break President Bashar al-Assad from Tehran, it should promote economic liberalism as the thin end of the wedge. It should support efforts to combat corruption, cut red tape, and promote transparency and the activities of nongovernmental organizations. Germany has already adopted a similar approach. And here is why an American version might work.

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Syria's economic future — and that of the Assad regime — is in jeopardy. The country is weighed down by old-style state socialism and plagued by issues that breed Islamic extremism, including high birth rates, growing unemployment and one of the lowest productivity rates in the world.

State expenditures — most notably military spending — are financed by oil production, which is in rapid decline. High oil prices have given the regime a temporary lease on life, but the reprieve won't last: Syria will be a net importer of oil within four years. That is likely to change the state's relationship with its growing private sector.

At the moment, tax rates are high, but the private sector seldom pays them, and in return accepts not having a say in how it is governed. When oil revenues dry up, the state will need to spread its tentacles into the private sector in search of cash, at which point it will undoubtedly face a trade-off that will force it to cede some political rights to its citizens.

Unlike in Iran, with which the United States does not have diplomatic relations, there is an American Embassy in Damascus that can coordinate assistance to Syria's reformers. Given the mistrust between the two governments, however, America's vibrant private sector should lead the way. It can do this by sharing its expertise in building a strong and transparent market economy.

This would increase American credibility in Syria without violating American sanctions, which ban American exports, certain banking transactions and direct flights to Syria, but not the exchange of knowledge. If Damascus demonstrates its ability to rein in and disarm Hezbollah, American economic aid could follow.

Yes, American support for Syrian reform might perpetuate President Assad's grip on power in the short term, but over time it would erode Syria's reasons for backing Iran and Hezbollah. It would undermine the widespread and increasingly corrosive suspicion in the region that Washington's democracy agenda is a cover for an Israeli-inspired plan to spread chaos in the Arab world, so as to break up Arab states and neuter their threat to Israel. And it would finally demonstrate that the United States is committed to spreading liberty, even in the face of great adversity.

Israeli Warplanes Hit Lebanon's Christian Areas (WP)

By Edward Cody And Molly Moore

The Washington Post, August 5, 2006

30 Farmworkers Also Die; Rockets Kill Three Israelis

AL FITAR, Lebanon, Aug. 5 -- Israeli warplanes broadened their air campaign in Lebanon on Friday, blasting four highway bridges in the Christian heartland north of Beirut and killing about 30 farmworkers with a missile strike in the Bekaa Valley that Israeli officials said targeted a suspected weapons depot.

Hezbollah fighters fired 195 rockets into northern Israel, killing three civilians and wounding eight, according to the Israeli national police. In one of the deepest strikes to date, three rockets landed in a field near the coastal town of Hadera, about 50 miles from the Lebanese border.

It was the third consecutive day of intense rocket fire despite continuing efforts by the Israeli military to root out the guerrillas' firing positions in southern Lebanon.

Early Saturday, loud explosions were heard in Beirut as Israeli warplanes struck the city's southern suburbs. Israeli helicopters, meanwhile, attacked suspected Hezbollah positions in the southern city of Tyre, according to residents quoted by the Associated Press.

One victim of the Israeli attacks on the bridges Friday was a 65-year-old retiree, Joseph Bassil, who was out for a morning jog when a salvo of missiles collapsed a 500-foot span into a ravine next to this seaside village 35 miles north of the capital, neighbors said. A second man was killed in his pickup truck here as he drove across, they said.

In northern Israel, Manal Azzam, a 27-year-old woman, was killed when a rocket smashed into her neighbor's apartment in the village of Maghar. Her two children were injured. Two other people died when a rocket hit a restaurant in the town of Majd el-Krum in northwestern Israel about 12 miles from the Lebanese border.

The new violence came a day after Hezbollah leader Hasan Nasrallah threatened to strike Tel Aviv if Israeli forces broadened their assaults on Beirut. At the same time, he offered to end attacks if Israel did the same in Lebanon. Israel, however, is insisting that Hezbollah first be pushed away from the border and that an international force be brought in to police that zone.

On Friday, Israeli soldiers operating in the Lebanese border hills with battle tanks backed by warplanes pursued Hezbollah guerrillas entrenched in villages and tobacco fields who were firing small arms, rocket-propelled grenades and laser-guided antitank missiles.

Twenty-four days into the latest round of conflict, Israeli officers said they were in or around some 20 villages along the border stretching from Naqourah on the Mediterranean to the Kfar Kila region a few miles south of the Litani River.

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But their declared objective of clearing and holding a several-mile-deep strip of territory free of Hezbollah guerrillas still seemed distant. Most of the combat took place in the same villages where fighting has been reported since hostilities broke out July 12 after Hezbollah commandos on a raid into northern Israel seized two soldiers and killed eight others.

Brig. Gen. Shucki Shacher, briefing reporters at Israel's northern command headquarters in Tzfat, said Hezbollah's "strength is declining from day to day" and the Israelis' enemy is "being pushed to the north and losing his facilities to the south."

Explaining the volleys of missiles over the last three days, Shacher said that the majority of Hezbollah's longer-range rockets had been destroyed but that only a third of the shorter-range Katyushas, which can be set up and fired in a matter of minutes, had been eliminated.

The guerrillas destroyed an Israeli tank near Aita al-Shaab, just across the border, and took out another armored vehicle near Markaba, south of Taibe, Hezbollah said. In all, seven Israeli vehicles were damaged, the group said, and six Israeli soldiers were killed.

The Israeli military said only three of its soldiers were killed -- two enlisted men and an officer who were hit by an antitank missile as they patrolled on foot in Markaba. Their deaths brought to 44 the number of Israeli soldiers listed as killed in the conflict.

About 30 Israeli civilians have been killed by Hezbollah rockets since the war began, according to a government count.

At the United Nations, negotiations continued in an effort to arrange a cease-fire and a political settlement leading to deployment of an international peacekeeping force.

Mohamad Anwar Mohamad Nor, armed forces chief of Malaysia, a predominantly Muslim country, said Friday that his government was prepared to contribute 1,000 troops to such a force after a cease-fire was in place, the state news agency Bernama reported.

But as the casualties have mounted, the logic of mutual retaliation seemed to be overwhelming hopes for diplomacy, with both sides signaling determination to fight on. Israeli forces kept up pressure in the Gaza Strip as well, killing three people, according to Palestinian sources.

The farmworkers who died in Lebanon, some of them Syrians, were killed by Israeli missiles near the village of Qaa in the northernmost corner of the fertile Bekaa Valley, just beside the border with Syria, as they loaded fruit and potatoes on trucks for transport to markets, according to Lebanese media reports quoting local officials. The number of deaths was estimated at between 28 and 33, with more than a dozen people wounded, the reports said.

Qaa Mayor Nicola Matar, in a telephone interview with Lebanon's Future TV, put the death toll at 31. Lebanese television stations showed rows of bodies, blackened and distorted by the blast, lined up on the ground where the missiles hit.

An Israeli military spokesman, Capt. Jacob Dallal, said Israeli planes attacked a building in Qaa suspected of "being used as a weapons depot of some sort." By his account, Israeli forces identified a truck that entered the building, remained an hour, then returned across the border to Syria.

Syria has long been the main transit point for Hezbollah weapons and money supplied by Iran. But despite frequent attacks by Israeli warplanes in the area, some trucks loaded with missiles and other munitions are still getting through, according to a Lebanese source with access to military intelligence.

An Israeli military spokesman said the bridges north of Beirut were bombed Friday because Hezbollah fighters "have been using those roads as alternate route for bringing weapons from Syria to southern Lebanon."

Two spans were damaged on the northbound side at the famous Casino du Liban near Juniyah. A third was blasted, also on the northbound side, at Maameltein, just north of Juniyah, killing four passengers in a minibus that happened to be passing by, according to witnesses.

The fourth was totally collapsed here at Al Fitar, just south of Batroun, part of a string of beach towns and small ports celebrated for their good fish and firm Christian faith -- and, more recently, strong opposition to Hezbollah.

Residents expressed outrage that Israel would attack their communities. "This surprised us," said Samira Mahfouz, 40, whose house and car windows were shattered by the attack on the nearby bridge. "It really surprised us. I can't tell you how angry we are about this."

Joseph Bassil had gone jogging in the morning coolness with several companions, she and other neighbors said. They decided to return home, but Bassil wanted to make another round because he had skipped his daily jog Thursday, according to Mahfouz's 10-year-old son, Cherbal. When he did, the Israeli missiles crashed down at about 8:15 a.m. and killed him, the neighbors said.

More than 450 Lebanese civilians have been killed in the conflict, along with 26 soldiers and a disputed number of Hezbollah fighters. The tallies range from about 50 announced by the group's leaders to more than 200 claimed by Israeli officers.

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The damage to bridges on the main coastal road linking Beirut to northern Lebanon choked the lifeline of relief agencies trying to bring in supplies from the outside, said a spokesman for the United Nations' World Food Program, Robin Lodge. "Today's destruction has given us a severe problem, and it cuts off our only lifeline for humanitarian relief," Lodge said.

Lebanese motorists, who have learned to improvise in repeated rounds of war, quickly found alternate routes, some by the seashore, others on small roads twisting through the mountains. The U.N. spokesman in Lebanon, Khaled Mansour, said a U.N. assessment team did a quick survey of the back routes but was told by the Israel military that it would not be safe.

"We deplore the attacks against civilians and civilian infrastructure including our supply line serving to meet the basic humanitarian needs of hundreds of thousands of refugees," he said. "We remind all parties of their obligation under international law."

Mansour said ships loaded with 87,000 tons of fuel for power generation have not been able to leave Cyprus, where they are gathered awaiting guarantees from Israel that they can proceed safely. Israel initially said fuel supplies could come. But with the ships grouped about 17 miles west of the Lebanese coast, the owners were pressing Israel for further written guarantees to keep their insurance premiums down, a senior official explained.

Israeli aircraft also hit Beirut's southern suburbs, at Ouzai near Beirut's international airport. The blasts shook most of the city just as it awoke, rattling windows and setting off car alarms. One soldier was killed and six civilians were injured, according to local officials.

The targets were buildings with Hezbollah offices and other installations, they said.

Israeli planes dropped leaflets on the area, warning residents to leave because more bombing was planned in the days ahead, residents reported.

Moore reported from Jerusalem. Staff writer Nora Boustany in Beirut and correspondent Jonathan Finer in Tzfat contributed to this report.

In South Lebanon, A Fierce Fight For Every Yard (WP)

By Anthony Shadid, Washington Post Foreign Service

The Washington Post, August 6, 2006

QALAOUAY, Lebanon, Aug. 4 -- The vineyards burned Friday, a white mist wafting over the terraced hillside along this front line. Behind them were the plumes of darker smoke curling into the air, enveloped by the din of war: the insect-like drone of unmanned Israeli aircraft, the whisper of jets, the crash of artillery shells and missiles and, occasionally, the whistle of Hezbollah's rockets.

The valley was the scene of some of the fiercest fighting between Israeli forces and Hezbollah guerrillas Friday. As it was Thursday. And as it was the day before, along a rugged ribbon of southern Lebanon where the front has often moved by yards rather than miles, a grinding war of attrition that U.N. officials say may remain unresolved before a truce takes hold.

"They say they've destroyed Hezbollah, but Hezbollah remains where it was," said Hussein Rumeiti, the leader of a nearby village, pointing at the pillars of clouds rising near the town of Taibe. "There's the proof."

He stood with a knot of men, nodding at his words. Success, they said, was measured not in land, but in time.

Two days, Rumeiti said, "and they haven't taken Taibe."

Three weeks into Israel's war with Hezbollah, its forces are still fighting along a wrinkled strip of territory that stretches 50 yards to more than three miles inside Lebanon, far short of a zone Israeli forces said would soon expand deeper inside the country all along the border. U.N. officials said they estimate that at this pace, with guerrilla battles still pitched in border towns, Israel would need another month to reach the Litani River, a push that Israel's defense minister has urged his top army commanders to prepare for.

The officials said that Israel probably has destroyed 40 or so of Hezbollah's positions along the 49-mile border, but that the group's communications remain intact, with messages passed between guerrilla leaders in different regions. The Hezbollah fighters still seem to have freedom of movement across terrain they know intuitively; one was sighted in Bint Jbeil on Monday, another in Qalaouay on Friday. The officials estimate Hezbollah could keep firing missiles into Israel for four more weeks.

"If they continue the same tactics, I doubt they'll be able to drink champagne before four or five weeks," said Ryszard Morczynski, the political affairs officer for the U.N. Interim Force in Lebanon, which patrols the border.

In the meantime, in frontline villages wrestling with little water, less food and rare silence, across a tattered landscape, narratives of the war are already being written, foreshadowing the impressions that the conflict may leave among Hezbollah's supporters, the country and the wider Arab world.

"It will be tough for them to ever enter the south another time," said Mustafa Uleyan, a 31-year-old in Qalaouay, speaking of the Israelis.

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Qalaouay sits on a shaded ridge overlooking the chiseled wadis and escarpments of southern Lebanon. Through the afternoon, the drumbeat of war reverberated through its largely deserted streets, where Rumeiti and his friends had gathered. Several miles away, the battle for Taibe raged, as Israeli helicopters and jets roamed the sky and tanks seized the high ground over the town.

"Of course, until now, Hezbollah is still ahead," said Abdullah Uleyan, an 18-year-old resident. "It has the spirit of battle."

"The victory is clear," Rumeiti added, his moped parked next to him in the town square. "Israel says they've destroyed the infrastructure of Hezbollah. What has been destroyed are the houses, the lives of civilians, the bridges and the roads."

Hardly a conversation goes by these days in southern Lebanon without mention of its past conflicts -- Israeli invasions in 1978 and 1982, offensives in 1993 and 1996 and, in particular, May 2000, when the last of hundreds of Israeli soldiers exited through the Fatima Gate crossing, ending an 18-year occupation that controlled the lives of nearly 100,000 Lebanese and a tenth of the country's territory. With Iranian money and expertise, Hezbollah was born of the 1982 war; by 2000, with backing from Syria and Iran, it emerged as today's group, its formidable militia complementing its representation in parliament and the cabinet as well as a sprawling social services network. "This is going to be just like 2000, but even more beautiful," Abdullah Uleyan said.

Jamal Sarhan, a 34-year-old friend, drew on the 1982 invasion, one of the most devastating chapters of Lebanon's 1975-90 civil war. "In the past Israel occupied the south in six days," he said. "Now, after 24 days, they haven't occupied a single village."

In the distance, the trails of missiles arced overhead. Rumeiti guessed they were the longer-range Khaibar rocket, named for the site of a 7th-century battle when followers of the prophet Muhammad conquered a Jewish enclave on the Arabian Peninsula.

"That's Khaibar 1," Rumeiti said, as the first was fired. "That's Khaibar 2," he said, after the second flew.

He chatted for maybe a minute longer, then turned more serious. A hint of worry crossed his face.

"You better get out of here," he said, mounting his moped. "Who knows what's coming."

U.N. officials believe the slow pace of the Israeli advance is designed to minimize casualties among the 10,000 soldiers. The advance has left Israeli troops in control of the border region, but confounded the U.N. officials who have tracked the fighting: Hezbollah has continued to fire missiles, and the Israeli military seems reluctant to occupy much territory in what it has described as an effort to eliminate Hezbollah's armed presence across the frontier.

"We see what they're doing on the ground," Morczynski said. "If you ask me what is the strategy, I don't know."

Israeli officials have said they control 20 villages along the border. Morczynski said Israeli troops were present in probably eight or nine villages, with varying degrees of control over the torn hinterland.

"Of course they are capable of taking 20 villages in two days if they want," he said. "The problem is at what cost." He added, "Everything is a matter of time and resources you commit. If you have a lot of time and put your entire army in southern Lebanon, there would be no question who would be the winner of this war. But it's a question of time and resources and the willingness to accept casualties in greater numbers than there are so far."

He dismissed talk of occupying southern Lebanon to the Litani River, an advance that would risk extending Israeli supply lines and put them in fixed positions that would be most vulnerable to the kind of guerrilla raids that Hezbollah favors.

"Militarily, it's not possible to occupy that much land, judging from what we've seen so far," he said.

So far in the conflict, Israel and the United States have scaled back their ambitions -- from disarming or even destroying Hezbollah in the early days to the more modest aim now of creating a frontier that would push the militia back from the border. The growing signs that Hezbollah will emerge from the fighting intact, though battered, have already inspired its portrayal of the war as a victory, by everyone from its grass-roots activists to the senior leadership. Although Hezbollah may suffer in the long run -- amid a debate over its arms and recrimination among its supporters over the suffering the war has inflicted -- it is now building more political capital.

"Entire brigades are facing off with small groups of resistance fighters," the group's leader, Hasan Nasrallah, said in a speech broadcast Thursday on al-Manar television. "This is a miracle by any measure."

Other sentiments are sometimes heard more forcefully these days in the small villages that dot southern Lebanon: anger over Israel's use of American-made weapons and the Bush administration's green light to the Israeli offensive, as well as a sense that, when the fighting finally ends, the new status quo may resemble the previous one, albeit with a bigger international force along the border. For many of the weary still living along the border, that means the end of this battle may not mark the end of the war.

"It's going to return to the way it was," said Khalil Atweh, a 53-year-old fishmonger in the border town of Naqourah, taking advantage of a respite in the shelling to sip coffee along a deserted coastal street. "This was just a war of nerves."

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The road from Naqourah, where the U.N. force is based, stretches east along the Israeli border, winding through red-roofed hilltop homes and concrete shacks, sometimes a short walk to the Israeli border, along tobacco farms and olive groves. These days, a martial racket fills the air, paced unpredictably: Artillery shells soar, sometimes met with Hezbollah volleys of rockets. Israeli aircraft are omnipresent. On this morning, the crack of an explosion prompted the call of a rooster, wandering aimlessly in the street.

"You should have heard it before," said Abu Ali, a 54-year-old father of 10. "This is a break for us."

He smiled, offering words of caution in a war he predicted would last much longer.

"If you hear a tick, that means it's coming at you," he said. "If you hear a swoosh, don't worry. It's going far away."

Like villages along the road, Dhaira appeared deserted at first. Then slowly, a few of the 80 residents remaining emerged, gathering for conversation. Abu Ali sat with neighbors in front of an unfinished, cinder-block home in the village, about 500 yards from the border. His neighbor, Abu Wadie, came. So did their children. And soon Ilham Abu Samra, a cheerful 60-year-old matriarch, followed.

They had a litany of woes: no electricity since the war's first day, too little food, no medicine for the sick. Abu Ali bummed a cigarette, his first in 10 days. Their contact with the world was a battery-powered radio, tuned to Israeli and French stations in Arabic. They napped for a half-hour or less during respites in shelling that punctuated the day, kept awake by the fighting at night.

"Bread?" Abu Ali asked. "We haven't seen it."

He pointed to a small garden plot across the street, withering from too little water. There were tomatoes, beans, okra and sunflowers standing vigil. Behind his home was a grapevine, and along an alley was a bountiful fig tree, its fruit still green.

"If the war keeps going, we'll just eat grapes," he said.

The matriarch soon brought coffee in a tin kettle, served in small cups. Others offered the figs and a plate of grapes. "You're welcome anytime," she shouted.

The Sunni Muslim village was not a Hezbollah stronghold, nor was there any affection for Israel. They were especially angry at the soldier who had shown up daily with a loudspeaker. They recalled his message: "Get out of this town, or we'll bring the houses down on your head." He shouted sometimes at 10 p.m., sometimes 9 p.m. or 3 p.m. For two days, he hadn't come.

"Who can understand the picture before us?" said Abu Wadie, a 40-year-old father of seven.

"We don't care about the war," Abu Ali added. "We just want to eat."

A rocket was fired, one of many this morning. "Did you hear that?" Abu Ali asked. "Wait for a little while."

It detonated in the valley behind them, a crash that echoed. No one flinched.

"You see," he said.

"Thirty years," the matriarch said. "We have experience."

For a moment, she disappeared, wearing a baseball cap that read "Dutch Boy" over her veil. She returned a few minutes later, with a smile, and offered three roses -- red, dark pink and blood orange.

"Don't think I'm giving you the flowers for a funeral," she said. "I'm giving them as a wish for your safety."

Abu Ali looked on, in a moment that seemed somehow tranquil.

"God willing, it will return to the way things were before," he said. "When there's a cease-fire, it will be back as it was."

Airstrikes Hit Christian Area North Of Beirut (LAT)

By Kim Murphy And Laura King

The Los Angeles Times, August 5, 2006

Israel says it aims to block arms supplies to Hezbollah. Commandos land on the beach near Tyre, and rockets strike 30 miles from Tel Aviv.

BEIRUT — Israeli forces killed 33 agricultural workers Friday in northeast Lebanon in a wave of airstrikes that also pierced the country's Christian heartland for the first time and severed its last major highway link to the outside.

Hezbollah militants responded by firing missiles that exploded just 30 miles north of Tel Aviv, the farthest they have reached into Israel. The rest of northern Israel came under a day-long barrage of rockets that killed three people and injured more than 30.

Israeli soldiers pushed slowly north from the border in heavy ground fighting that left three Israeli soldiers dead. The International Committee of the Red Cross said 48 people, including the 33 farmworkers, were killed in Lebanon in about 90 Israeli airstrikes.

Early today, additional Israeli airstrikes pounded Beirut's southern suburbs, the Israeli military said. A spokesman said the targets included an underground Hezbollah operations room, a weapons-storage facility, a recruiting center, a meeting site and the offices of a newspaper linked to the group.

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Israeli commandos landed early today on the beach near the Lebanese city of Tyre via helicopter. Missiles fired by the Israelis and at them could be heard less than a mile from Tyre's main beach. Heavy automatic weapons fire and naval artillery shelling were also heard. The target of the raid was not immediately known.

It was the second such helicopter-borne raid in four days. Early Wednesday, elite units swooped down on the northeastern town of Baalbek, seizing five suspected members of Hezbollah and a trove of what was described as intelligence material.

At the United Nations, negotiations between the U.S. and France over a plan to end the hostilities continued. Spokesmen for countries involved in the talks said some progress was made and that an agreement could be reached over the weekend. Arab League ministers were scheduled to meet Monday in Beirut to "express solidarity" with the people of Lebanon.

Friday's Israeli airstrikes hit four bridges in heavily Christian seaside villages north of the capital that historically have formed one of the strongest fronts against Islamic militancy in Lebanon. The attacks severed the last remaining major highway connection from Beirut to Syria and to the northern port of Tripoli, in effect blocking the land delivery of humanitarian aid as fuel, food and medical supplies are growing critically low.

"This was our only lifeline. Is that enough to tell you?" said Khalid Mansour, spokesman for the United Nations in Beirut. "After the destruction of these bridges, the main road for all humanitarian supplies that come by land, except for the small quantities that come by air, is now cut."

Lebanese President Emile Lahoud accused Israel of waging a "war of starvation" against civilians.

"The Israeli enemy's bombing of bridges and roads is aimed at tightening the blockade on the Lebanese, cutting communications between them and starving them…. Israel has now decided to destroy Lebanon," the president said in a statement.

Israel said it hit the bridges to halt the alleged flow of weapons from Syria.

"Because the most direct arteries have been blocked, they are using more indirect means," said Capt. Jacob Dallal, a spokesman for the Israeli army. "These bridges, unfortunately, served as a conduit for this re-supply from Syria. We are not going to allow missiles to be transported southward and used to kill our citizens."

However, the strikes also alienated a group that largely has been hostile to Hezbollah. Christians make up an estimated 39% of Lebanon's population, the highest percentage of any country in the Middle East. Over the years, they have often sympathized with Israel, even briefly collaborating in battling Palestinians during Israel's 1982 invasion of Lebanon in the midst of the country's 15-year civil war.

Although some prominent Christian leaders have formed political alliances with Hezbollah in recent years, many ordinary Christians have been wary of the rise of radical Shiite Muslim power, and of Hezbollah's alliances with Syria and Iran. In the early days of the current conflict, they tended to blame Hezbollah for starting it with a cross-border raid in which it captured two Israeli soldiers.

Much of that sentiment has waned as Israel's attacks have widened, and Friday's strikes in the Christian heartland prompted Christian political leaders to respond with anger.

"People don't see eye to eye with Hezbollah on all things, but this is a question of an attack on Lebanon," said Farid Khazen, a Christian member of parliament.

"People are not interested in details, who did what and why. They are simply fed up," he said. "There won't be any split in Lebanon on this war, and if this was Israel's intention, it was completely silly and ridiculous."

The worst reported violence Friday in Lebanon was in the village of Qaa, in the Bekaa Valley about three miles from the Syrian border, where Israeli officials said they launched strikes against what they believed to be a weapons storage site. Truck traffic was observed between the area and the Syrian border, said an Israeli military official who spoke on condition of anonymity.

But town administrator Saadeh Tawm said the site was a refrigerated agricultural storage facility where farmworkers, including a number of Syrian Kurds, were loading fruit for transport elsewhere.

In a telephone interview, he said about 40 workers were loading fruit onto trucks when two missiles struck about 10 minutes apart. "The first strike hit, and there were lots of casualties. People came to help them out, but then another strike hit, and there were even more casualties," he said.

The town has no hospital, and previous airstrikes had blocked roads, preventing rescuers from taking the wounded to nearby Lebanese hospitals, so they were taken across the border to the Syrian town of Homs, Tawm said. A total of 33 bodies had been recovered, he said.

"We are 230 kilometers [143 miles] from the border with Israel," Tawm said.

"So how could there be military activity here?"

Ground fighting across southern Lebanon has now encompassed about 20 towns and villages, Israeli commanders said. Troops fired hundreds of artillery shells into areas they intended to enter, they said. Firing at times took place at a rate of 15 shells per minute.

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Israel says it has killed about 400 Hezbollah fighters during the offensive, but the Islamic militant group has confirmed only a few dozen deaths.

Seven people in southern Lebanon were reported killed when Israeli forces fired on a two-story house in the border village of Taibe. Lebanese news reports said 17 people had been hiding in the house to escape intense battles nearby between Hezbollah guerrillas and Israeli troops.

Israeli jets screamed over south Beirut, hitting a Hezbollah-run school, sports facility and youth center, as well as an office of the militant Palestinian group Hamas. The southern suburb of Uzai, near the airport, was targeted for the first time, hit both from the air and from warships stationed offshore. A Lebanese army post there came under fire, killing one soldier and injuring three, and a small harbor sheltering boats belonging to Shiite fishermen also was in ruins.

Much of south Beirut, where Hezbollah had its headquarters, has been reduced to rubble and the rest of it is largely deserted. Posters of Hezbollah leader Sheik Hassan Nasrallah remain on the lampposts, and Hezbollah volunteers patrol the streets on mopeds, carefully scrutinizing anyone who enters.

The three Israeli civilians killed by Hezbollah rockets were members of Israel's Druze minority. Manal Azzam, 27, a mother of two, was killed in front of her children when a rocket hit the apartment next door. Another rocket hit a restaurant in the Druze village of Majdal Krum, killing two patrons.

Thirty Israeli civilians have been killed by rocket fire since the fighting erupted July 12. Eight of them were killed Thursday — five in the northern coastal town of Acre and three near Maalot.

Israeli officials call the rocket strikes, now totaling more than 2,500, the worst sustained fire on Israeli cities since the battle for statehood in 1948. Friday night's rocket attacks on the town of Hadera, about 50 miles south of the Lebanese border and 30 miles north of Tel Aviv, marked the deepest Hezbollah has ever struck. No one was injured in the explosions, which occurred in a vacant field.

Israeli media reported that warplanes had fired on a site outside Tyre from which the missiles were thought to have been launched.

The separate early-morning Israeli strikes Friday on the Christian area north of Beirut shattered windows in a region of resort hotels, seaside villages, bougainvillea-lined streets and mist-shrouded coastal hills. Four people were killed and 12 injured.

A truck crashed and exploded in the dry Fadir River. A man jogging under a bridge was killed when concrete fell on him. A few hours later, the man's sister-in-law shrieked and collapsed as his ankle was discovered by search dogs.

All three floors of a nearby house were carpeted with broken glass and chunks of charred asphalt.

"Everything has been destroyed. Everything … I pray to the Virgin Mary that this glass will fly into the faces of the Israelis," said Chukrala Mahfouz, as she surveyed the damage.

"Why here? This is not Hezbollah. This is 100% Christian," said Ziad Bassil, who was sweeping shards of glass from the front of his pharmacy, next door to a Villeroy & Boch china shop that was also badly damaged.

Ibrahim Kenaan, a Christian member of parliament, said the strikes in the Christian quarters would make it more difficult to implement a cease-fire and would decrease public support for disarming Hezbollah, the main stated aim of Israel and the United States.

"How can someone claim to want to implement the Security Council resolution when the effect of this kind of operation is destroying the very state that's called on to deploy its sovereignty on the Lebanese territory and to secure the border?" he said.

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Murphy reported from Beirut and King from Jerusalem. Times staff writers Walter Hamilton at the United Nations and Carolyn Cole in Tyre and special correspondent Maha al-Azar in Beirut contributed to this report.

United States, France Draft Plan For A Cease-fire In The Middle East (MCT)

By Shashank Bengali And Warren Strobel

McClatchy Newspapers, August 6, 2006

TYRE, Lebanon - The United States and France Saturday agreed on a draft plan for "full-cessation of hostilities" in the 26-day Israeli-Hezbollah war, but as intense action continued on both sides of the border, there was little immediate indication that the warring parties would buy it.

Hezbollah responded by saying Israeli forces must first leave southern Lebanon.

"When the Israeli aggression ceases, very simply, we will stop fighting on condition that no Israeli soldier remains inside Lebanese land," said Mohamad Fneish, a member of Hezbollah's political arm.

In Israel, government spokesperson Miri Eisin said there would be no official reaction before the cabinet met Sunday, in a meeting at which officials planned to discuss expansion of the ground war in Lebanon.

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The full, 15-member U.N. Security Council resolution met Saturday afternoon to consider the cease-fire resolution, and U.S. and European diplomats cautioned there could be further changes. If all goes as planned, the document is expected to be adopted as early as Tuesday at a U.N. meeting attended by Secretary of State Condoleezza Rice and other foreign ministers.

In a victory for Israel that was backed by the United States, the draft resolution does not require Israel to immediately withdraw its troops, said a French diplomat, who requested anonymity as a condition of explaining the provisions. Israel has maintained throughout this fight that all its actions are defensive, as soldiers attempt to push Hezbollah far enough away from Israel to stop Katyusha rocket barrages from terrorizing northern cities.

A second resolution would be required to authorize a U.N.-mandated peacekeeping force that would deploy to south Lebanon and elsewhere in the country to help bolster the central government's authority. The existing Lebanese army is considered too weak to control Hezbollah. The second vote is expected in about a week.

Even as diplomats half a world away expressed optimism, the fighting on the ground was intense. Israel bombed 170 locations throughout Lebanon and launched an early-morning commando raid in Tyre, while nearly 200 Hezbollah rockets rained on Israel.

Residents in Tyre saw some of the fiercest face-to-face combat of the war. Before dawn, 15 miles north of the border, Israeli naval commandos staged a dramatic raid on an apartment complex that Israeli officials said had been used to fire long-range rockets.

Tyre was jolted awake at about 3 a.m. by the rat-tat-tat of Israeli artillery fire and helicopters whirring overhead. Under the cover of artillery, the commando unit swam ashore onto a fruit plantation and crawled toward a multi-story apartment building, witnesses said.

In a second-floor residence, Israeli troops engaged in a gun battle, leaving bloodstains and ammunition shells on the concrete floors and walls, according to images broadcast on Lebanese television.

Israeli officials called the attack a success, a strike at "terrorist rocket-launching infrastructure," and said seven Hezbollah members were killed. Lebanese sources said four people died - all civilians. One Israeli soldier was killed and at least six were wounded.

Hezbollah members are known to be living in Tyre and in some surrounding villages, but they blend into the population and residents tend not to divulge their identities.

"I don't know who they are," Mohammed el Hussein, son of Tyre's mayor, said of the men living in the apartment. "I don't know if they are Hezbollah members or not."

The Lebanese army also got involved, firing anti-aircraft missiles from two positions at Israeli helicopters until the helicopters fired back, killing one Lebanese soldier and injuring another.

In northern Israel, four women were killed by Hezbollah rockets-a mother and two adult daughters in Arab al Arahsa and an Israeli woman who died of a heart attack during a Katyusha rocket attack in Kiryat Ata. Rockets landed in cities such as Tiberias, Ma'alot, Shlomi, Maghar and Rosh Hanikra, among others.

One barrage came in as dozens of Israeli soldiers gathered in a Kiryat Shemona hotel for a brief respite from fighting in southern Lebanon.

As soldiers cleaned their guns and commanders gathered in the bomb shelter to review maps, Katyusha rockets rattled the hotel windows and sparked wildfires on the surrounding ridges.

McClatchy correspondents Hannah Allam and Leila Fadel in Beirut, Dion Nissenbaum in Kiryat Shemona and Matthew Schofield in Jerusalem also contributed to this report.

Israeli Tanks Take Position In Rafah (WSJ/AP)

Associated Press

The Wall Street Journal, August 5, 2006

GAZA CITY, Gaza Strip -- Israel pressed ahead with its incursion into the southern Gaza Strip on Saturday as airstrikes killed four Palestinians, including a mother and her two children, and tanks rolled to the edge of Rafah, officials said.

Fifteen Palestinians have been killed since Israeli troops and tanks moved into southern Gaza three days ago, part of a monthlong offensive in the Mediterranean coastal strip.

In the first airstrike a 16-year-old girl and her 15-year-old-brother were killed said Dr. Ali Musa, the director of the local hospital. Their mother, 50, later died of her wounds. Four other people were seriously wounded when the missile hit.

Dr. Musa said the family had been trying to flee their home as Israeli tanks advanced. The army said it had targeted groups of militants.

In the second strike a 19-year-old militant from the Islamic Jihad was killed, his group said.

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Early Saturday, Israeli tanks moved into positions on the eastern side of Rafah, took over an abandoned Palestinian security training camp and sealed off roads leading in and out of the town from that side, Palestinian security officials said.

A day earlier, Israel and Hezbollah fought bloody ground battles and exchanged fierce air and missile strikes Friday -- including bombing raids that severed Lebanon's last major supply link with Syria and the outside world.

Israeli aircraft on a mission Friday to destroy weapons caches hit a refrigerated warehouse where farm workers were loading fruit, killing at least 28 near the Lebanon-Syria border. And three Hezbollah rockets landed near Hadera, 50 miles south of the Israel-Lebanon border; 188 rockets rained on other towns, killing three Israeli Arabs.

The Israeli attacks on the four bridges on the main north-south coastal highway linking Beirut to Syria severed the only remaining major road link between Lebanon and Syria. The 90-minute drive to the Syrian border takes at least double the time on the small coastal road that remains open.

Lebanon's Lahoud Responds

Lebanese President Emile Lahoud, a staunch pro-Syrian and close ally of Hezbollah, charged that Israel is trying to pressure Lebanon to accept its conditions for a cease-fire, which include Hezbollah's disarmament and ouster from a swath of south Lebanon. "The Israeli enemy's bombing of bridges and roads is aimed at tightening the blockade on the Lebanese, cutting communications between them and starving them," Mr. Lahoud said.

He linked the new raids to Israel's failure to win quick victory in the south, where Israeli soldiers have been mired in ground battles with Hezbollah guerrillas for several days. An Israeli army spokesman, Capt. Jacob Dallal, said Israel targeted the bridges to stop the flow of weapons from Syria.

Israel launched its Gaza offensive after a June 25 cross-border raid by Hamas-linked militants who tunneled into Israel and attacked an army post, killing two soldiers and capturing a third. Israel has demanded the release of the soldier and an end to the firing of homemade rockets at Israel by Gaza militants.

Israeli ground forces have moved in and out of several parts of the territory regularly since then, confronting armed militants and leaving behind considerable destruction.

Also Saturday, the Gaza-Egypt border crossing was expected to open for one-way traffic into Egypt after Palestinian and Israeli officials and European monitors reached an agreement Friday, said Palestinian negotiator Saeb Erekat. It would be open Saturday and Sunday.

It would be the second time since the latest fighting erupted in Gaza June 25 that the terminal would be opened, but the previous time was for Palestinians returning home from Egypt. Earlier agreements to reopen the crossing from Gaza to Egypt broke down at the last minute.

Israel, which has been criticized for creating a humanitarian crisis in Gaza, said it opened another border checkpoint to allow 160 truckloads of food and medical supplies into Gaza, as well as gasoline and diesel.

The United Nations said Thursday it was concerned that "with international attention focusing on Lebanon, the tragedy in Gaza is being forgotten." It called on both Israel and the Palestinian militants to recognize their obligations to protect civilians during hostilities, but singled out Israel for criticism.

Israel is fighting on two fronts, against Islamic militants in Gaza and against Hezbollah guerrillas in southern Lebanon

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Israeli Air Strike Kills Farmworkers (FT)

By Sharmila Devi In Jerusalem And William Wallis In Beirut

Financial Times, August 5, 2006

Israel broadened its attacks on Lebanon on Friday, severing its last significant link to the outside world in a series of air strikes on Christian areas and killing at least 33 farmworkers in the north of the country.

Aid workers said the destruction of bridges on the last main road connecting Lebanon to Syria would seriously hamper efforts to provide 900,000 displaced Lebanese with relief. The road was “Lebanon’s umbilical cord” on which aid agencies have depended for moving supplies and staff.

Lebanon is also facing an acute shortage of fuel with only a matter of days before it runs out altogether and the lights go out, Mohamed Fneich, the energy minister, told the Financial Times.

Israel said it was checking reports from Lebanese officials that a site where it believed weapons were being loaded, and had bombed, was actually a farm storehouse where mostly Syrian Kurds were loading plums and peaches.

As Hizbollah rockets rained down on northern Israel killing two people on Friday, apparent divisions over strategy surfaced within the Israeli government and in the local media.

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Amir Peretz, defence minister, told army chiefs to prepare for a push to the Litani river, 20km from the border in southern Lebanon. However, Meir Sheetrit, housing minister and a member of the inner security cabinet, said he was opposed to an expanded operation, which required a cabinet vote.

"There is no logic in going on," he told Israel Radio. "Those who expected a knock-out, with every Hizbollah fighter killed and all the Katyushas gone, had unrealistic expectations. I think Hizbollah has been dealt a harsh blow."

Israeli troops fought fierce battles with Hizbollah fighters as the army tried to consolidate its control over enclaves in southern Lebanon. Israel confirmed that a Hizbollah anti-tank missile killed two soldiers on Friday and Israeli media reported seven Hizbollah fighters dead.

Hizbollah claimed it had killed six soldiers and said its fighters had destroyed eight Israeli tanks and an armoured troop carrier.

Risks Escalate As Israel Fights A Ground War (NYT)

By Greg Myre

The New York Times, August 5, 2006

JERUSALEM, Aug. 4 — After resisting a major ground offensive for three weeks, Israel now has an estimated 10,000 troops in southern Lebanon trying to build a buffer zone free of Hezbollah, and the risks are already evident. Seven Israeli soldiers have been killed in two days of brutal battles on territory the guerrillas know far better than the Israelis.

The plan of the country's military chief of staff, Lt. Gen. Dan Halutz, an air force man, to destroy Hezbollah from the air has proved wanting, and now, nervously, Israel is sending the country's young men into the forbidding hills of southern Lebanon, where its forces battled Hezbollah for 18 years before pulling out in May 2000.

"We certainly hope that some international resolution will come before another 18 years passes," Brig. Gen. Ido Nehushtan said.

In the past few days the troops have crossed the border by the thousands — with seven brigades, including reserve units, totaling around 10,000 troops — now in Lebanon, according to army radio and other Israeli news reports.

"In the first days, we concentrated very much on the air campaign," said General Nehushtan, who declined to comment on the reported figures on ground troops in Lebanon. "Now we want to clear Hezbollah from all areas near the border. Our plan is to push north on a much larger scale."

The Israeli forces are now positioned in or around more than a dozen villages and towns in Lebanon and are up to four miles inside Lebanon in some regions, according to the Israeli news media.

The ground operation poses acute dangers for Israel and will severely complicate international efforts to end the fighting.

For one thing, Hezbollah is fighting on terrain that it knows best.

During Israel's occupation of southern Lebanon from 1982 to 2000, its long-term presence and the allied — largely Christian — militia, the South Lebanon Army, gave Israel an extensive intelligence network that is no longer present. And in the six years since Israel left, Hezbollah has built military posts, bunkers and tunnels that have strengthened its ability to resist an invader.

As the ground offensive picked up pace, Israel has encountered stiff resistance in several towns and villages. Four soldiers were killed Thursday and three more on Friday, all by antitank missiles, one of Hezbollah's most potent weapons.

Over all, more than 40 Israeli military personnel have been killed since July 12, most of them on the ground in Lebanon.

A large presence of Israeli troops in southern Lebanon could also make a cease-fire more difficult to achieve. Israel insists it does not want to stay in southern Lebanon for long, but it also says it does not want to withdraw until an international force can take its place.

However, Hezbollah has said it will not agree to a cease-fire until Israeli troops have left Lebanon.

Israel is operating on the premise that a large, muscular international force will come soon to take control of southern Lebanon. But it is not clear when that force will materialize, and what its mandate will be.

And Israel faces the prospect that it will again be viewed as an occupier in Lebanon if its ground forces stay for an extended period. Whether they stay for long, their plans have expanded quickly and substantially over the past few weeks.

In the first few days after Hezbollah's July 12 raid, Israel said it intended to send only a limited number of troops into Lebanon on brief, specific missions against Hezbollah strongholds.

A few days later, Israel said it intended to create a small buffer zone along the border perhaps a mile or two wide where no Hezbollah forces would be allowed. Israeli officials said they hoped to patrol this zone from the air and with artillery fire from Israel's side of the border.

Now Israeli military commanders are talking about a zone similar in scale to the one that existed in the 1980's and 1990's: thousands of troops stretched nine miles deep across southern Lebanon.

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Maj. Zvika Golan, a spokesman for Israel's northern command, said Thursday that the zone could cover nine miles of southern Lebanon in the next few days.

The defense minister, Amir Peretz, told the army to begin preparing to push to the Litani River, about 15 miles north of the border, according to the newspaper Haaretz. It is not clear whether Prime Minister Ehud Olmert, who is said to be wary of such an extension, will approve such plans. The security cabinet has so far approved plans for only a five-mile zone, the newspaper reported.

The point of such a border zone, of course, is to significantly reduce Hezbollah's ability to attack northern Israel.

Hezbollah has powerful, long-range rockets that can be fired from well behind the zone. But because those rockets are large and cumbersome, the launchers are relatively easy to spot and destroy, military officials say.

The short-range Katyusha rockets and launchers are small and nimble, and Israeli aircraft and artillery have had difficulty in finding them, even though they are close to the border, the military officials said. A large ground presence is seen as the best way to limit that kind of fire.

Michael Oren, a senior fellow at the conservative Shalem Center in Jerusalem, said Israel's ground campaign had been slow to develop for three reasons.

"There is the historical, psychological level," he said. "No one wants to go back. We spent 18 years there."

The second is the diplomatic, strategic layer. "We could go in and wait for an international force," he said. "But what if the international force doesn't come?"

And there are also military limitations, he said. The army had to call up reserves, who have not seen this kind of combat in years, and they needed at least a few days of training before they could be sent into Lebanon, Mr. Oren added.

The army has focused its training on the kind of urban combat it has waged with the Palestinians in recent years, and not the tank warfare of earlier conflicts.

Mr. Oren, 51, who served as a paratrooper in the Israeli military, said his training was very different from that of his son, who recently finished his army service.

"I was trained to take out Syrian tanks," Mr. Oren said. "My son was trained to go into a house in Hebron at 2 in the morning and grab a terrorist."

Israel's Unlikely Warrior (FT)

By Harvey Morris

Financial Times, August 5, 2006

In the midst of the latest war to afflict the Middle East, it is easy to forget that Ehud Olmert, the man in charge on the Israeli side, has occupied the prime minister's chair for less than 100 days.

Having barely emerged from the shadow of his predecessor and mentor, Ariel Sharon, the 60-year-old career politician has already joined the slender ranks of world figures to whom everyone can put a name. Only Hizbollah's Hassan Nasrullah rivals him for overnight international fame.

Precipitated into the role of wartime leader, Mr Olmert has attracted extravagant comparisons at home with John Kennedy, who faced down the Soviet Union in the Cuban missile crisis, and even Winston Churchill.

The Kennedy analogy is inexact in so far as the late US president succeeded in avoiding war. Mr Olmert was more than a little Churchillian, however, when he warned the Israeli people this week to prepare for more "blood, pain and tears".

For a man whose highest ambition a year ago was to be finance minister, he now sees his role in global terms, relishing his close relationship with leaders such as George W. Bush and Tony Blair.

"We all share the same commitment to the basic values of democracy, of equality, of tolerance and we are ready to fight for these principles," he told the Financial Times this week.

In spite of his self-confidence, it has been a veritable baptism of fire for a man goaded by rivals in this year's election campaign for his lack of military experience. Almost half his brief tenure has been dominated by violence, first the escalation of conflict in the Gaza Strip and then the conflagration in Lebanon.

Mr Olmert won the spring election with a less than convincing showing by his new Kadima party. He had a low popularity rating among an electorate that would have preferred four more years of Mr Sharon and viewed the newcomer as a pale imitation of his ailing predecessor.

Jealous political rivals dismissed the former lawyer as arrogant, while many voters regarded him as cold and calculating. If Mr Sharon succeeded in metamorphosing into the grandfather of the nation, Mr Olmert remained the slightly wayward cousin.

Few, however, have faulted the Sharon-like vigour with which Mr Olmert has commanded the Lebanon campaign. Even members of the peace camp – doves when it comes to dealing with the Palestinians – embraced his policy of responding harshly once Hizbollah rockets began falling on Israel.

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This national consensus has so far stood up, despite an equally prevalent bewilderment that the rockets are still falling more than three weeks on. Pollsters for the daily Ma'ariv on Friday claimed that while three out of four Israelis believed their army would win the war, barely half thought it was succeeding so far.

Faced with such a potential crisis of confidence, Mr Olmert has resisted the temptation offered by some of his colleagues to hit even harder and faster in a military campaign many world leaders have already branded as disproportionate in its intensity.

With considerable political skill, he appears to have persuaded the public that Israel will not be able to fulfil its most extravagant war aim – the complete annihilation of Hizbollah – and that diplomacy as well as force will be a necessary part of ending the conflict.

That achievement has not deterred critics from lambasting Mr Olmert for two perceived gaffes since the war began.

The first related to a private agreement he made with Condoleezza Rice, US secretary of state, last weekend to halt temporarily Israel's air bombardments of Lebanon for two days following the civilian deaths at Qana. He neglected to inform the armed forces of the decision until hours after the deal was done.

The autocratic Mr Sharon might have got away with it. The outwardly more collegiate Mr Olmert, however, only succeeded in upsetting his generals.

Liberally interpreting the proviso that Israel reserved the right to strike at perceived threats, they continued to issue orders to bombard Lebanon from the air, albeit at a reduced level.

That, in turn, fuelled a perception among diplomats of Israel's nervous Arab neighbours that the man who was really running the country was Dan Halutz, its air force general chief-of-staff.

Mr Olmert, however, asserted that he was in charge by insisting that any significant escalation by the Israeli side must be approved in advance by the security cabinet that he chairs.

The prime minister's second alleged gaffe came midweek when he suggested to an interviewer that the war in Lebanon could provide an impetus for his planned withdrawals from the West Bank. The remark provoked a storm among erstwhile but long-departed allies on the far right. Ten of them in the reserves threatened to defy orders to enter Lebanon unless he retracted.

He was obliged to apologise to Effi Eitam, a standard-bearer of the settler movement, for any misunderstanding, and to clarify that the war against Hizbollah had no connection to future diplomatic moves on other fronts.

The Jerusalem Post claimed aides had told him to "watch his mouth", a piece of advice his predecessor would no doubt have regarded as lèse-majesté.

The temporary spat nevertheless went to the heart of the matter. Mr Olmert remains committed to the idea that disengagement from the Palestinians is vital to preserve Israel's status as a majority Jewish democracy.

The rightwingers counter that retreat is interpreted by Israel's enemies as a sign of weakness. They cite Mr Nasrullah's speech after the Israeli withdrawal from south Lebanon in May 2000 in which he said: "Israel may own nuclear weapons and heavy weaponry, but by God, it is weaker than a spider's web."

The right, like many in the military, blame the Hizbollah leader for inspiring the Palestinian uprising that was to break out five months later.

Mr Olmert used to share similar views on the strategic importance of keeping the occupied territories. But he underwent a conversion in recent years that mirrored that of Mr Sharon. He was the closest ally of the former prime minister in promoting last year's withdrawal from Gaza, a project the right claims has only encouraged more Palestinian terror attacks.

Mr Olmert's so-called realignment plan for the West Bank was the focus of his election campaign. By now, he expected to be doing battle with the rightwing settler lobby rather than waging war against Hizbollah.

He is now faced with the challenge of ending the war in such a way as to re-establish Israeli deterrence before pursuing a plan that his political enemies say would further undermine it.

In Israel, Questions About The Conflict (WP)

By Molly Moore And Jonathan Finer, Washington Post Foreign Service

The Washington Post, August 5, 2006

Public Support, Once Nearly Unanimous, Begins to Fray as Toll Rises

JERUSALEM, Aug. 4 -- With much of Israel's northern population huddling in underground shelters and Hezbollah proving more resilient than Israeli leaders had publicly predicted, Israel's news media, intellectual elite and public are starting to question the judgment of the country's political and military leadership.

After an extraordinary national surge of unanimity during the first days of the conflict, public support is starting to fray, with some of the nation's most influential voices criticizing political leaders and Israel Defense Forces generals for military strategies they say have failed to protect Israeli citizens.

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They blame Prime Minister Ehud Olmert and Defense Minister Amir Peretz for trying to lull citizens into a false sense of security, fault generals for relying too heavily on air power to destroy Hezbollah rocket launchers, and worry that Israeli troops may not have been prepared to defeat a force far tougher than Palestinian fighters.

"The public should demand of the political echelon: Stop or reduce the Katyusha rocket fire," the popular daily newspaper Ma'ariv wrote Friday. "Do what you should have done two weeks ago. . . . Bang on the table in front of the white-faced IDF officers, and demand more proposals; think and think again. . . . The time for patience has passed. You have an army, use it, or go for a cease-fire."

The behind-the-scenes disagreements between the generals and the politicians, and among competing branches of the military, are becoming part of the public debate.

This weekend, Olmert's top security advisers are scheduled to debate whether Israeli forces should be sent deeper into Lebanon, beyond the approximately two-mile strip they are now battling to clear of Hezbollah fighters. Olmert reportedly has been reluctant to expand the military operations, while military officers are said to be chafing under his restrictions. According to military officials, field commanders are pressing Olmert, Peretz and other key ministers to approve an expansion of their offensive to include all land up to the Litani River, which roughly parallels the Israel-Lebanon border and ranges 15 miles north of it in some places. The goal would be to push Hezbollah fighters who are firing rockets farther away from Israel.

"Wherever we are present, you do not see rockets fired," Brig. Gen. Guy Tzur, commander of the Steel Division, which includes armor and infantry units operating on the eastern half of Israel's border with Lebanon, said in an interview Friday at his headquarters in the northern town of Philon. "But we're getting to the edge of where the government permits us. We're not present everywhere we have to be present in order to stop more of the attacks. If we can go farther, the Israeli citizens will feel a difference."

Much of the Israeli news media and many analysts are skeptical, however .

"The strikes on the home front are becoming worse as the IDF sends more and more brigades into Lebanon," wrote Amos Harel in the daily newspaper Haaretz. "Launchings from areas in which the army is operating have been reduced by half, but Hezbollah combatants simply relocate to the next range of hills and fire from there."

But Brig. Gen. Tzur said intelligence shows that the vast majority of Hezbollah rockets have a range of 12 to 15 miles. If Israel can stop rocket launches south of the Litani River, the radical Shiite Muslim militia would be forced to use longer-range munitions, which take longer to launch, are easier to detect and destroy, and have been depleted already by Israeli bombardment.

Israel's top security officials already authorized one large expansion of the ground campaign in a four-hour meeting last week.

"I hope the new decision is to let us get to the Litani. Then we will need two weeks to finish things," Tzur said. "Believe me, after that the situation will be different. If we have the permission, we will achieve the goals. It's very easy, we know how to do it."

Many Israelis say they no longer trust that kind of bravado.

"Their thinking of the war is anachronistic," said Yaron Ezrahi, one of Israel's most prominent political analysts. "They set certain kinds of goals which are unachievable like crushing and stopping missiles."

Ezrahi said he thinks the hail of Hezbollah rockets into Israel has demonstrated to the rest of the world the dangers Israel faces in the region -- particularly the risks of letting Iran, one of Hezbollah's benefactors, proceed with its nuclear programs.

Rather than push deeper into southern Lebanon, where Israel ended an unpopular occupation of a self-declared security zone six years ago, Ezrahi said, "we can have a lot to gain by stopping now and moving to convert what we have done to political assets."

Public sentiment, which had overwhelmingly supported the war two weeks ago, is also beginning to waver. Even leftist groups supportive of peace moves with the Palestinians backed the anti-Hezbollah offensive in its first days, but several dovish groups have now called their first peace rally in Tel Aviv on Saturday to demand a stop to the war.

"I fought the same battles against the same enemy in the same places 16 years ago," said Ido Ahronson, 36, a Jerusalem computer technician who served in Israel's previous conflict in Lebanon. "We didn't accomplish anything then, and I don't see how we can accomplish that much now. How would you feel if George Bush decided to send you back into Vietnam? We are fighting an enemy that uses civilians as protection, knows the terrain well and is brainwashed to believe they are fighting for Islam."

The Israeli public and news media are also growing disenchanted with what some analysts see as efforts by Olmert and Peretz -- both facing their first major crisis on the job -- to use overly optimistic rhetoric.

In a speech Tuesday, Olmert said of Hezbollah's capability to fire rockets at Israel: "Twenty-one days later, that threat is not what it was."

The next day, Hezbollah pummeled Israel with 230 rockets -- the most of any day of the conflict.

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In a public opinion survey published Friday by Ma'ariv, 55 percent of respondents said they thought Israel was winning the war, and only 3.5 percent said Hezbollah was winning. But nearly 38 percent said "no one" was winning.

"Look at what is going on in Haifa," said Shaul Malka, 28, a Jerusalem taxi driver. "Haifa is a huge busy city, and now it is a ghost town. People are scared to leave the bomb shelters and walk on the streets. So how can they say we are winning?"

Finer reported from Philon. Special correspondent Ian Deitch contributed to this report.

Missiles Neutralizing Israeli Tanks (AP-Y)

By Benjamin Harvey, Associated Press Writer

AP2, August 5, 2006

Hezbollah's sophisticated anti-tank missiles are perhaps the guerrilla group's deadliest weapon in Lebanon fighting, with their ability to pierce Israel's most advanced tanks.

Experts say this is further evidence that Israel is facing a well-equipped army in this war, not a ragtag militia.

Hezbollah has fired Russian-made Metis-M anti-tank missiles and owns European-made Milan missiles, the army confirmed on Friday.

In the last two days alone, these missiles have killed seven soldiers and damaged three Israeli-made Merkava tanks — mountains of steel that are vaunted as symbols of Israel's military might, the army said. Israeli media say most of the 44 soldiers killed in four weeks of fighting were hit by anti-tank missiles.

"They (Hezbollah guerrillas) have some of the most advanced anti-tank missiles in the world," said Yossi Kuperwasser, a senior military intelligence officer who retired earlier this summer.

"This is not a militia, it's an infantry brigade with all the support units," Kuperwasser said.

Israel contends that Hezbollah gets almost all of its weaponry from Syria and by extension Iran, including its anti-tank missiles.

That's why cutting off the supply chain is essential — and why fighting Hezbollah after it has spent six years building up its arsenal is proving so painful to Israel, officials say.

Israel's Merkava tanks boast massive amounts of armor and lumber and resemble fortresses on tracks. They are built for crew survival, according to Globalsecurity.org, a Washington-based military think tank.

Hezbollah celebrates when it destroys one.

"A Zionist armored force tried to advance toward the village of Chihine. The holy warriors confronted it and destroyed two Merkava tanks," the group proclaimed on television Thursday.

The Israeli army confirmed two attacks on Merkava tanks that day — one that killed three soldiers and the other killing one. The three soldiers who were killed on Friday were also killed by anti-tank missiles, the army said.

It would not say whether the missiles disabled the tanks.

"To the best of my understanding, they (Hezbollah) are as well-equipped as any standing unit in the Syrian or Iranian armies," said Eran Lerman, a retired army colonel and now director of the Israel/Middle East office of the American Jewish Committee. "This is not a rat-pack guerrilla, this is an organized militia."

Besides the anti-tank missiles, Hezbollah is also known to have a powerful rocket-propelled grenade known as the RPG29. These weapons are also smuggled through Syria, an Israeli security official said, and were previously used by Palestinian militants in Gaza to damage tanks.

On Friday, Jane's Defense Weekly, a defense industry magazine, reported that Hezbollah asked Iran for "a constant supply of weapons" to support its operations against Israel.

The report cited Western diplomatic sources as saying that Iranian authorities promised Hezbollah a steady supply of weapons "for the next stage of the confrontation."

Top Israeli intelligence officials say they have seen Iranian Revolutionary Guard soldiers on the ground with Hezbollah troops. They say that permission to fire Hezbollah's longer-range missiles, such as those could reach Tel Aviv, would likely require Iranian go-ahead.

Israelis Rely On Drones In War (WT)

By Joshua Mitnick, The Washington Times

The Washington Times, August 5, 2006

PALMACHIM AIR BASE, Israel -- With a view from 20,000 feet above the war in southern Lebanon, they can warn hunkered-down infantrymen of guerrillas around the corner poised for an ambush.

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But the pilots of the Israeli Air Force's 200th Squadron never leave the ground. Sitting in the darkness of a windowless shed on this seaside base just south of Tel Aviv, they fly unmanned aerial drones and watch a battery of video screens that teleport them to the battle front of southern Lebanese hamlets more than 100 miles away.

"These are the terrorists," says Lt. E, a pilot whose name is restricted by military policy to a single initial.

He is reviewing a black-and-while film of a battle at Bint Jbeil last week, explaining that the three blips in a line on the screen are Hezbollah fighters on a stakeout.

More than in any previous Middle East war, Israel has relied on the real-time intelligence provided by the fleet of aerial drones to make its war effort more efficient and reduce casualties.

It highlights how Israel's army relies on technology to get a leg up on a guerrilla force fighting from its home turf. And yet, high-tech hardware has so far failed to be decisive.

The pilots at Palmachim say there isn't a ground battle in southern Lebanon that isn't monitored from above by the unmanned drones.

At the same time, they are scouring the ravines and hamlets of southern Lebanon to find the launchers that are sending hundreds of Katyusha rockets over the border into Israeli cities.

The drone squadron also sits at the nexus of a prickly moral controversy over responsibility for the Lebanese civilian death toll climbing toward 1,000.

The pilots dispute charges of war crimes by human rights groups, saying the drones help differentiate between a legitimate Hezbollah target and innocent bystanders.

"Although we don't push the trigger, we are the ones that say, 'OK. This is a target,' " said Lt. G. "We don't aim at innocent buildings. If it was bombed, something was there."

But three weeks into the war, Israel's high-tech weaponry hasn't yielded the knockout blow initially hoped for. The initial campaign to eliminate Hezbollah's military capability from the air by remote control has since been supplemented with old-fashioned ground troops.

Five Israeli brigades, or about 10,000 soldiers, continued to battle hundreds of Hezbollah guerrillas inside the Lebanese border yesterday.

"The idea was that causalities could be limited and that a major ground operation could be avoided. We don't know the details yet, but it seems that it wasn't nearly as successful as hoped,' said Gerald Steinberg, a political science professor at Bar-Ilan University.

"When you have an asymmetric war, and when you have a terrorist group that uses human shields extensively, no technology is going to tell you that there are dozens of children in a basement of a building that is either used for or next to missile launchers."

Palestinians: Parliament Speaker Seized (AP-Y)

AP2, August 6, 2006

Palestinian security officials said Sunday that Israeli forces have arrested the speaker of the Palestinian parliament.

Families Find Refuge In Shade Of A Beirut Park (WP)

By Nora Boustany, Washington Post Foreign Service

The Washington Post, August 5, 2006

As Thousands Flee Fighting in South Lebanon, City's Young Mobilize to Provide Aid

BEIRUT, Aug. 4 -- At a relief center in Beirut, teenagers in flip-flops and cropped cargo pants rushed supplies up and down stairs. Volunteers standing in a line passed bags down the building's steep steps, loading a truck with heaps of cleaning kits: a broom, a mop, a dustpan, detergent.

A few blocks away at Sanayeh Garden, 450 refugees were living in the public park. Flushed and perspiring, Serjoun Kantar, a volunteer, rushed around with a clipboard trying to figure out a way to get mattresses and medications for diabetes and hypertension for the people he was helping.

Old men, hands folded patiently in their laps, sat speechless on freshly painted park benches. Women with haggard faces rested on rolled-up sponge mattresses and bundles of clothing. Few ventured toward vendors selling bottled water and coffee and tamarind syrup served over crushed ice.

"I don't have a penny to move two steps from here," said Wadad Salman, 77, who was separated from her son, daughter and grandchild as the family fled Israeli bombings.

"We are grateful indeed," she said with a mirthless smile. "We were harmed, then we were dumped here."

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The hostilities between Hezbollah and Israel have left hundreds of people dead. Meanwhile, about 800,000 people have fled southern Lebanon and the suburbs south of Beirut either because they were warned to leave or because they were trying to escape airstrikes and ground offensives. Many of the refugees have crowded schools, parks and abandoned apartments in Beirut, and hundreds of young Lebanese have rallied to help care for them.

Jamal Krayyem, 26, who studied drama at Lebanese University, had planned to spend his summer teaching theater and dance at camp. Instead, he has spent the past 20 days at centers for the displaced, engaging traumatized children in drama and physical exercise.

Krayyem leads an activity in which children ages 4 to 13 stand in a circle and pass around a ball. The first starts by laughing, and the rest have to follow. The second child cries, and the others must do the same. The third barks, the fourth meows and so on.

Last year, Krayyem became an instant hit at a school he visited once a month with a character he created named Jankouz, a bumbling, inquisitive little boy.

"My inspiration is Patch Adams," Krayyem said, referring to the title character in the movie starring Robin Williams as a medical student who wants to heal with humor. "My aim in life is to amuse people, lighten their burden and, if I can, keep myself laughing, too."

Krayyem is part of the group Samidoun -- meaning "steadfast" -- which was created after a sit-in July 12, the day hostilities broke out. The group of young Lebanese volunteers seeks to care for the displaced in Beirut.

"After two days, we felt we had to do something," said Sandy Chamoun, 19, one of the volunteers.

Maj. Gen. Achraf Rifi, the general director of Lebanon's national police, said he has reassigned hundreds of traffic officers to stand guard and keep the peace at 762 refugee centers.

"We never thought we would be protecting refugees full time. Instead of chasing car thieves, we are escorting international relief trucks," he said in an interview this week.

"We have organized our life around peace, not war," Rifi said, explaining why Lebanon, after 31 years of conflict, had not built shelters for its population. "Countries with shelters consider themselves in a permanent state of war."

The refugee crisis has caught the Ministry of Health and the government's Higher Relief Council short-handed and unprepared.

"They are really trying, but it all happened so fast," said Brigitte Khoury, a clinical psychologist who has been visiting camps and coordinating with colleagues to provide medical care. "We are heading for the worst humanitarian disaster. What happens when it starts raining?"

The children coming to the centers are in shock, and they and their parents are in denial, said Selim Mawad, 34, the founder of the Sustainable Democracy Center. "They still believe they will return home in a week."

Khaled, a 7-year-old who lives in Sanayeh Garden, smiles, giggles and speaks excitedly about his dreams. "They are recurring nightmares of Israeli planes swooping over his house, hitting his village and friends. He laughs as he tells and retells of his dreams, but he is haunted by them," Mawad said.

When instructed to draw what first comes to mind, some boys sketch helicopters, tanks, missiles and gunboats. "The Israelis are promoting a new resistance. We don't want our kids to be drawn to unorganized violence," said Mawad, whose nongovernmental organization receives funding from the National Endowment for Democracy and European governments.

To compound the trauma, children and their parents are "brainwashed," he said. They talk of joining the resistance, he said, and when they say they want to become doctors, their parents prompt: "for the resistance." Mawad's 15 volunteers are working with children ages 3 to 17 to help them focus on environmental art projects and communal work instead.

"After producing an individual painting, we ask them to come together to complete one picture, and we tell them this is what the new Lebanon will be about," Mawad said, referring to a project that encourages children to paint the meaning of various clauses in the U.N. Declaration for the Rights of the Child.

"The numbers are vast and the duration of this human tragedy is unknown," said Roger Assaf, a theater director. "There is nothing like war to bring out the mettle of a people. But now the problem outsizes their potential."

Until recently, Assaf was developing plays that touched on war themes, including "Maaaarch!," a play about soldiers going to war, not knowing their enemy but determined to eliminate it. "Umwelt," or "Day of the Insect," is about a woman whose husband disappeared during war. But to her, he is always present, a big insect clinging to her back, her head and her life. He is neither living nor dead, just missing.

Then there is "Sanayeh Garden," about a man who survived a militia massacre during the Lebanese war and later is suspected of killing his landlady. Innocent but mentally confused, he turns himself in. He is hanged at Sanayeh Garden without a trial.

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Christian Village In South Lebanon Is Caught In The Crossfire (MCT)

By Shashank Bengali

McClatchy Newspapers, August 5, 2006

ALMAA AL SHAAB, Lebanon - A lot of sentences go unfinished here.

They're interrupted by a video-game array of sounds: the whoosh of a rocket overhead, the crash of a missile into the nearby hills, the sharp buzz of a drone recording people's every move.

From this hilltop village on Lebanon's border with Israel, it's impossible to see either the Israeli jets firing from the sky or the Hezbollah guerrillas answering from their dug-in positions in the valley below. But for more than three weeks, the sounds of war have been the soundtrack of life in Almaa al Shaab.

As Israeli air strikes in search of Hezbollah targets have flattened neighboring villages, nearly everyone along the border has fled north or into Christian villages such as Almaa al Shaab, where Hezbollah's Shiite Muslim fighters are less likely to be hiding.

But Almaa al Shaab isn't safe, either. It's perched on a narrow ridge between the Israeli border, a half-mile away, and a valley from which Hezbollah launches dozens of short-range Katyusha rockets each day, from positions so close that the crack of an outgoing Katyusha rattles windows and silverware.

Still, 142 people continue to live here, for one reason or another.

"We are all dead. To die here is better," said Anton Konsul, a paunchy, gray-haired man of 49 whose family has lived in south Lebanon for generations.

When the latest war started, he sent his wife and children to live with relatives in Beirut. But he stayed to look after their house, figuring that the attacks would die down in a few days.

Instead, the past week has brought the heaviest fighting seen here since Israel ended its 18-year occupation of Lebanon in 2000. On Thursday, an Israeli missile hit a building on the outskirts of the village, killing a woman.

The constant shelling has made it impossible to leave. The three-mile trip to the town of Naqoura, the base of Lebanon's United Nations peacekeeping force and therefore relatively safe, is a harrowing journey down the ridge to the ocean, in plain view of Israeli troops.

Water, bread and generator fuel are running low, and some people are boiling rainwater to drink. The U.N. doesn't even come here anymore. The few cars to pass through this week, Konsul said, belonged to foreign journalists.

Two dozen refugees from the Shiite village next door arrived 10 days ago, after the Israeli military warned them over loudspeakers to leave.

"We are sleeping in our cars," said Immat al Hwaid, 49, pointing to an old Renault minivan. His family left last week for Sidon, a large town to the north, but he said things are no better there.

"It's not like they are having barbecues or a very good life," he said. "There is no place to go."

Most of the people in the village spend their nights in the church basement, sleeping on foam mattresses under thin blankets, crammed together "like goats," Konsul said. The noise of Israeli F-16 jets has made it difficult to sleep the past few nights, said Johnny al Kassis, 21.

Shrapnel from an Israeli missile nicked al Kassis below the left eye last week and sent his father to the U.N. hospital with a minor leg injury. But like many in Almaa al Shaab who remember the conflicts of recent decades, he tried to put on a brave face.

"We don't want to leave our country," he said, standing in the church basement. He had returned from college in Beirut to tend to a friend's cows for the summer, and he said he didn't want to leave behind the animals either.

Suddenly, an Israeli missile zoomed overhead, exploding a second later. The metal grates on the church doors shook, and so did al Kassis. As two journalists turned to leave, he asked one of them in Arabic whether they could help him get to Beirut.

Boy, 14, Recounts Capture By Israeli Commandos (MCT)

By Leila Fadel

McClatchy Newspapers, August 5, 2006

BAALBEK, Lebanon - Mohammed Nasrallah, 14, no longer sleeps at night. The sound of Israeli aircraft buzzing over the city and the thoughts of his missing father and brother fill his mind.

On Tuesday, he, a brother, his father and three other men were taken captive by Israeli commandos who burst into the bomb shelter beneath their home in Hay al-Osseira, a mountain town at the eastern entrance to Baalbek, a Hezbollah stronghold about 40 miles north of the Israeli border. After a forced march across the desert to waiting helicopters, Mohammed was released. His father, brother and the other men haven't been seen since.

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"What are they doing with my father and my brother?" Mohammed asked Friday as he told the story of his capture. "I worry they are torturing them."

No one knows for sure why the Israelis stormed Mohammed's house, the deepest Israeli incursion into Lebanon since the fighting began. But everyone suspects it has something to do with Mohammed's father's name, Hassan Nasrallah. It's the same name as the leader of Hezbollah.

But Mohammed's father is Hassan Nasrallah the grocer, and he's not related to Hassan Nasrallah the Hezbollah sheik.

While most families had moved on to evade Israeli bombardment, Mohammed's had stayed behind so his father could watch over his store.

Mohammed recalled that on Tuesday, he, his family and some neighbors retired to the bomb shelter as they had every night since the fighting began.

Mohammed woke to the sound of explosions at about 10:30 p.m. and the 11 people in the shelter scurried from their mattresses and sat together on the floor.

About an hour later there were new sounds: Gunshots at the front of the home. A thud as someone kicked in the door. Soldiers yelling.

The door to the shelter opened and the narrow beams of flashlights and the red laser pointers of weapons invaded the room.

"We're civilians! We're civilians," Mohammed's father yelled, lifting his arms, Mohammed recalled. Israeli soldiers responded in Palestinian-accented Arabic, "`Shut up! Not a word,'" Mohammed said.

Two shots were fired, then one by one the Israelis called the men forward.

They pointed to Mohammed. "You! Come here."

"He's young. Don't take him," wailed his mother, Zahra Muhaj. They shot above her head, Mohammed said.

"I couldn't believe they were here," she said. "It wasn't real."

Tears streamed down the boy's chubby, tan face as they lifted his shirt and turned him around.

"I thought they were going to shoot me and kill me," he said.

The soldiers pulled the men from the basement: Mohammed, his father, age 60; his brother Bilal Nasrallah, 30; his sister's fiance, Hassan al-Borgi; and two neighbors, Ahmed al-Awta, who's in his 60s, and Mohammed Shaker, who's in his 50s.

They told the women to leave the house, they were going to blow it up. Then they made the women kneel, Mohammed said. He heard his 4-year-old nephew ask, "Are you going to shoot us?" Then he heard two shots, and the soldiers told the women and children to leave.

Mohammed said the men were forced to walk for almost two hours up a steep hill. Awta, the oldest, slipped on the rocks.

"I'm sick. I can't walk anymore," he told the soldiers, but they pushed him on until they arrived at the helicopters.

Mohammed waited there, too afraid to protest. A soldier approached and grabbed his arms.

"Tell me which ones among them are fighters and I will send you to your mother," he said.

"None of them," Mohammed answered, and the soldier cut the plastic band around his arms.

There were careful instructions from the soldiers: Go home and never turn around or we will kill you.

Above him an Israeli drone followed as he walked back to the neighborhood. He lost track of time as he tried to make it home.

He popped into empty homes to avoid the drone, which he said shot behind and in front of him. He threw himself under a car, hurting his shoulder on a rock. He lifted his shirt to show the reddish-brown scabs spread across his right shoulder.

Then he spotted a crater hollowed out from an earlier Israeli strike.

For hours he waited for the sun. As the sky lit up, the drone left.

He lifted himself from the crater and walked to his Uncle Ali Nasrallah's home. He was covered in dust.

"God hid him," his Uncle Ali said. "He was in shock."

His mother grabbed him, touching his chest and his shoulders, assuring herself it was her curly-haired son.

"I felt I was dreaming," she said.

On Friday he told his story at his uncle's home in Baalbek, five blankets and six pillows piled on a chair nearby. Twenty-five family members stay in the home now, too afraid to return to their towns nearby.

The phone rings. It's a cousin in Belgium, calling to check on him. He walks off, speaking in French.

"Why do they come to the civilians? There is no resistance here," Ali Nasrallah said as his nephew left the room. Referring to his young son, he asked, "Will they arrest my son now? His name is Hassan Nasrallah."

Unnerved Israeli City Buries Its Dead (LAT)

By Tracy Wilkinson, Times Staff Writer

DOJ_NMG_0044654

The Los Angeles Times, August 5, 2006

ACRE, Israel — The last mourners were saying goodbye to Shimon Zribi and his young daughter, Mazal, their shrouded bodies buried side by side in dirt the color of henna. A few feet away, down a rocky hillside, women were already sobbing over another dead man, Albert Ben-Abu. One funeral hadn't even ended when another began.

Israel on Friday buried its dead: eight civilians killed a day earlier in the Jewish state's single bloodiest day in more than three weeks of fighting.

Five were residents of this northern coastal city who had emerged from bomb shelters, thinking the coast was clear, only to be cut down by Hezbollah rocket fire. The other three were Israeli Arab youths who had leapt from their car for safety, only to take a direct hit — there was not a scratch on their vehicle.

It is the randomness of the killing that so unnerves Israeli civilians in the danger zone, leaving them with a nagging sense of impotence and confusion. Three more civilians were killed Friday in the Hezbollah barrages across the north.

"You just don't know what to do," said a bleary-eyed Moti Tamam, 45, whose brothers Aryeh, 51, and Tiran, 49, were among those killed Thursday. Tamam marveled that he had stayed out of the bomb shelter to remain at home with their mother, who uses a wheelchair, while his other brothers went into the hot, cramped basement room, leaving it for a brief moment when they felt safe.

Yet it was he who survived.

The Tamams will not be buried until Sunday, beyond the usual 24-hour rule under Jewish law, because the family was awaiting the arrival of a fourth brother from Italy.

Still, the city's main cemetery had plenty of sadness to bear Friday.

At the funeral for Shimon Zribi, 44, and his 15-year-old daughter, mourners clung to one another, sobbing between prayers as they gathered around the two bodies.

"Why? Why?" cried one of Zribi's friends, a stocky man in a black T-shirt and matching yarmulke, as he knelt at the side of the grave.

Under a red-metal awning at the entrance to the graveyard, men bobbed forward and backward. Women, on the other side, separated by a wooden partition, crumpled soggy tissues in their fists and moaned in anguish.

A government minister gave one eulogy, the mayor of Acre, Shimon Lankary, another.

"We did not want this war," Lankary said. "It was forced on us. We are a peaceful city, a city of Jews and Arabs, living together."

On Thursday afternoon, Zribi and his daughter ventured out to inspect the damage from a Katyusha rocket that had slammed into their Acre neighborhood. Seven minutes later, a second barrage killed them.

"I guess curiosity kills," said Yossi, Shimon Zribi's friend and co-worker at an aluminum factory. Finally regaining his composure after breaking down at the grave, Yossi did not want his last name published.

"He went out to see what had happened. Can you blame him?" Yossi said, shaking his head. "I know he is gone, but I just cannot believe it. We were just the other day sitting, laughing, drinking."

Miriam Ben-Yishai, a social worker with the city, also was in attendance in a show of support. She said the city tries to ensure that shelters have air conditioners or fans, plus water and anything else they need. But no one likes whiling away the hours in such confines, she said. "How long can they sit inside?"

Others at the funeral vowed that these deaths would not be in vain.

"This is the most terrible thing that can happen, civilians targeted, but the terror must end," said Shulamit Cohen, a family friend. "This is not just Israel's war — this is a global war."

Not 20 miles away, a funeral was being held in the Israeli Arab town of Tarshikha for the three local youths who were killed Thursday when they tried to take cover. In slatted wooden coffins, opened to expose their faces, the three were mourned first in their homes, then, together, in the town's Muslim cemetery.

They were friends. Mohammed Faur, a 17-year-old high school senior who wanted to be an engineer, and 19-year-olds Shanati Shanati and Amir Naim, both of whom worked on their family farms. The boys had grown up together, gone to school together and lived within a few blocks of each other.

And they were buried together Friday. Their bodies were lowered into a pit ringed with wreathes of flowers wilted by the heat. An imam prayed as about 100 men crouched at the edge of the grave, under three pistachio trees.

The funeral was cut short, however, by the whine of air-raid sirens warning everyone to take cover. Residents ran to their homes or stood glued to thick walls lining the town's alleyways.

"God gave him to us, and God took him away," Mohammed Faur's mother, Ola, said later in her home, where women clad in black gathered and the men sat outside in plastic chairs to receive condolences from the village elders.

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Mohammed was the apple of his family's eye, the eldest son who was going places. They showed a photograph of him, an earring in one ear and an impish, all-knowing grin on his face.

Anger in Tarshikha was directed not at Hezbollah, however, but at Israel and the United States, blamed for failing to stop the conflict.

At the funeral, a couple of residents held up a sign calling on Israeli Prime Minister Ehud Olmert to end the war now. "Enough!" it said. "Our loved ones are dying." And several residents said they believed Hezbollah leader Sheik Hassan Nasrallah when he said he would stop firing rockets into Israel as soon as Israel stopped its aerial bombardments.

"War only brings more war. The Israelis have been fighting this for 24 days, and this isn't working," said Younis Khorshid, an Israeli Arab engineer and father of two whose bright yellow house sits atop the village's highest ridge.

"We understood at first, but now they [the Israeli armed forces] are overreacting. I can't see the end of this one."

At the Acre cemetery, the funeral for Ben-Abu, a Moroccan-born Jew who had become Orthodox in recent years, was winding down. "No! No! This cannot be!" cried out members of his family, including his five children — among them 12-year-old son Yishai, two months shy of his bar mitzvah.

After the men finished burying Ben-Abu, a small group of women, arms linked, walked slowly to the grave.

A blue shawl wrapped around her head, Ben-Abu's widow, Hagit, nearly collapsed, propping herself against a white stone tomb next to her husband's freshly dug grave. She clenched her eyes, murmured a quiet prayer, then caressed the dirt over her husband's body, using her right hand, the one with a glistening wedding band.

His 14-year-old daughter, Morag, followed her lead. The girl — tall, skinny, gangly, bewildered — watched her mother and wept softly. She touched the dirt, brought her fingers to her lips.

Hagit and Morag Ben-Abu embraced and left the cemetery, pausing for the last step in the Jewish burial ritual: washing their hands at a nearby water basin. Then, arm in arm, mother and daughter walked away.

In Asylum, Another Kind Of Casualty (LAT)

By Megan K. Stack, Times Staff Writer

The Los Angeles Times, August 5, 2006

A hospital in Lebanon's south has been deserted by most of its staff, and patients are cut off from family. Medications and food are running out.

ZEFTA, Lebanon — The war closed in. The doctors fled the asylum. The patients took over.

At the Fanar Hospital for Psychiatric Disorders, 250 patients are languishing through this hallucinatory summer of war. The phone lines have been bombed to silence. Family members can't get here. Food is running out. Only a few nurses remain.

And the drugs that hold the patients' shattered psyches together will be gone by the time this newspaper is in print.

At night, Israeli jets scream through the stars and missiles thunder down onto nearby hilltops of this village northwest of Nabatiyeh. That's when the patients howl and scream. They crouch under their cots, race wildly through the hallways. They cram themselves into corners.

"It's very heavy and the pressure, you know? We can feel the pressure," says Mounir Jamal Eddin, a 60-year-old patient in dark, baggy clothes nervously hanging around the front gate. "The whole place starts to shake and we can't do anything."

Beyond the hospital gates, the landscape is scarred and empty. Shutters are rolled down tightly over shops. Only a few men affiliated with the Islamic militant group Hezbollah loiter in the ghostly streets. As afternoon wanes toward evening, explosions begin to rumble anew across the valleys.

Laila Hashem doesn't seem to notice. She sits cross-legged on the linoleum floor in her nightgown and sings a love song in Arabic. A pale, chubby young woman, her eyes probe the room impatiently.

"Make a party for me this evening," she entreats nobody in particular. Then she begins to sing again. "I will fall in love with you," she trills.

A heavyset woman with dark hair and a fleshy face flops stomach-down on her bed and kicks her feet in the air like a schoolgirl. "Elvis Presley, Elvis Presley," she chants. The room is packed with women, curled together on the mattresses. They pick at their hair, stare at the walls and giggle into the empty air. Somebody is moaning. "Let's twist again … ," one of the women sings.

With a quarter of the population driven from their homes and the death toll inching toward 1,000, Lebanon has sunk into despair. At the Fanar, the desperation is more pointed. They painted an enormous red cross on the roof in hope of protecting themselves from warplanes. But below that crude shield, the patients need medications.

Three exhausted nurses in a panic sift through the dregs of their psychiatric medicine. Straining to make the drugs last a little longer, they carefully sliced each pill in half Friday.

Everybody had been getting a little less than needed. Fights already had begun to erupt among under-medicated patients.

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"This is all the medicine we have," 26-year-old nurse Hossam Moustapha says, showing off a tray with a paltry collection of halved pills arranged in paper cups. "Without the medicine, they will be completely lost."

Driven half-mad himself by the relentless bombing and his battle to keep the hospital afloat, Moustapha acknowledges that he has begun to dip into the drug supply — antidepressants and sleeping pills.

The nurses spoke by phone with the Red Cross, explaining their needs and asking for help. The Red Cross promised to send drugs, they said. But nothing came. Nurses warned that the patients would soon be harming themselves and others.

"It will be a disaster," head nurse Youssef Zarora says. "I cannot begin to describe the situation 48 hours from now."

In a long, beige room with wooden tables for eating and a lone television, men mill in restless circles. Metal bars stripe the large window looking out into the hallway as if the men were in a cage; they press curiously against the window to stare back at unknown visitors. Moods spread through the room, as contagious as a yawn. Sometimes all of the men yell; sometimes they fall silent.

"Why are you here?" a man named Mohammed Ali Hamoud demands anxiously. "Go to your own country."

At Hamoud's side, a man with thick glasses and a crooked baseball cap says he hasn't seen his doctor for a year. That is to say, he explains gravely, since before the fighting with Israel erupted — three weeks ago. He doesn't seem to have any sense of time. Mostly, he just wishes the people around here would start calling him by the right name. They're always getting it wrong, he gripes.

"Every now and then I change my names and change my personalities," says Faisal Younis Rashid, flashing a mouthful of tobacco-stained teeth. "They keep calling me Faisal. I want to be called Younis. We don't have enough medicine."

Nearby, a patient named Mouaim Berro wraps chubby fingers around the window bars. He has lived 27 of his 44 years in the psychiatric hospital, he says.

"I'm stable because of the medicine, but now I don't have the medicine," he says. "I'm afraid now I may be aggressive." He is quiet for a minute, staring out through hooded eyes while the other men jabber around him.

"I'm tired," he says. "I feel something in my head."

Ever since the staff melted away, patients have been forced to chip in. In a daze, they serve food, clean the rooms and give sponge baths to their less lucid peers. They have taken over control of security at the main gate.

Osama Sabra sits in a plastic lawn chair beside the gate. He has a string in his hand that can raise and lower the gate to allow cars to pass. The town below is empty, though, and it is with passive bemusement that Sabra stares at an approaching vehicle. A Hezbollah battle anthem blares from a portable radio at his feet.

Sabra is schizophrenic, but like most patients at the asylum, he insists that he is here because of "family problems." He has been a patient at Fanar hospital since before 1982, he says. He watches the flies crawl over his feet.

"I'm in charge of the gate," he says.

"But because of the war, nobody comes."

Butterflies flit under the pine trees, and sunlight brims in the fields. A hot hilltop wind pours through the bars of the enormous windows of the asylum.

But patients say they feel trapped. They fret about starvation. One after the other, they rattle off telephone numbers to visitors, begging them to track down a lost family member to come get them.

"Please call my mother. Write down her number," says a 53-year-old man who gives his name only as Fawaz. "Tell her to get me out of here." A few minutes later, he returns, leans against the window frame and speaks with quiet urgency.

"Can you send me the Red Cross to get me out of here?" he asks.

In the old stone house by the gate, the Palestinian widow who inherited the hospital from her husband sits alone before a blaring television. Adela Dajani Labban insists that she isn't afraid of Israel. She watched Israeli soldiers pass through the hospital once before, during the 1982 invasion, she says.

"Let them come," she says. "I will free the patients."

A War Crime At Qana? (WSJ)

By Orde F. Kittrie

The Wall Street Journal, August 5, 2006

The Qana tragedy has intensified accusations that Israel's actions in Lebanon violate international law. Every death of an innocent person is extremely regrettable; but there is no evidence Israel has committed any war crimes. In contrast, Hezbollah, Iran and Syria have clearly violated international law in this conflict. Moreover, Israel's conduct compares favorably to how its most powerful accusers have behaved when their own interests have been threatened.

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International law has three major prohibitions relevant to the Qana incident. One forbids deliberate attacks on civilians. Another prohibits hiding forces in civilian areas, thereby turning civilians into "human shields." A third prohibition, the proportionality restriction that Israel is accused of violating, involves a complicated and controversial balancing test.

Geneva Convention Protocol I contains one version of the proportionality test, the International Criminal Court Statute another; neither is universally accepted. As a result, the proportionality test is governed by "customary international law," an amalgam of non-universal treaty law, court decisions, and how influential nations actually behave. It does not hinge on the relative number of casualties, or the force used, however, but on the intent of the combatant. Under customary international law, proportionality prohibits attacks expected to cause incidental death or injury to civilians if this harm would, on balance, be excessive in relation to the overall legitimate military accomplishment anticipated.

At Qana, Israeli aircraft fired toward a building to stop Hezbollah from shooting rockets at its cities. The aircraft did not deliberately target civilians; but Hezbollah rockets are targeted at civilians, a clear war crime. U.N. humanitarian chief Jan Egeland last week called on Hezbollah to stop its "cowardly blending" among women and children: "I heard they were proud because they lost very few fighters and that it was the civilians bearing the brunt of this." If Hezbollah used Lebanese civilians in Qana as "human shields," then Hezbollah, not Israel, is legally responsible for their deaths.

If Israel was mistaken and Hezbollah was not firing from or hiding amongst these civilians, the legality of its action is assessed by the proportionality test. Because the test is vague, there have been few, if any, cases since World War II in which a soldier, commander or country has been convicted of violating it. In the absence of guidance from the courts, determining whether Israel's military has failed the proportionality test depends on an assessment of what civilian casualties it expected, what its overall military goals are, the context in which the country is operating, and how the international community has in practice balanced civilian risk against military goals.

Israel did not expect civilian casualties; it warned civilians to leave Qana, and Israel's official investigation has concluded its military attacked based on "information that the building was not inhabited by civilians and was being used as a hiding place for terrorists." The law of war recognizes that mistakes are inevitable, and does not criminalize soldiers who seek in good faith seek to avoid them.

Israel's overall military goal is to survive attacks by enemies determined to annihilate it. Hezbollah leader Hassan Nasrallah has stated: "Israel . . . is an aggressive, illegal and illegitimate entity, which has no future. . . . Its destiny is manifested in our motto: 'Death to Israel.'" Thus Israel is attempting to prevent Hezbollah from using its 10,000 remaining rockets, and to implement the requirement of U.N. Security Council Resolution 1559 that Hezbollah be disarmed.

Meanwhile, Hezbollah and Iran -- which provides this terrorist group with arms, direction and over $100 million a year -- are in continual violation of international law. Their calls for Israel's destruction violate the international genocide treaty's prohibition of "direct and public incitement to commit genocide." Iran's effort to develop a nuclear arsenal that could obliterate Israel, or deter its responses to future Hezbollah attacks, violates the Nuclear Nonproliferation Treaty. Iranian (and Syrian) support for Hezbollah violates U.N. Security Council Resolution 1373, requiring states to "refrain from providing any form of support, active or passive, to entities or persons involved in terrorist acts." Hezbollah began the armed conflict with rocket attacks on Israeli towns and the abduction of Israeli soldiers: unprovoked acts of war violating an internationally recognized border.

Israel is acting in self-defense and avoided killing civilians, even giving advance notice by phone to the occupants of homes targeted for attack as Hezbollah hideouts. While Hezbollah deliberately maximizes harm to Israeli and Lebanese civilians, Israel puts its soldiers at risk to minimize Lebanese civilian casualties.

The track record of many of Israel's most powerful accusers -- including China, Russia and the European Union -- is not nearly as good at balancing civilian risk against military goals.

China killed hundreds of peaceful Tiananmen Square protestors in 1989. It has for five decades occupied Tibet, slaughtering tens of thousands; and it vows to invade Taiwan if it declares independence. Neither the Tiananmen protesters nor Tibet nor Taiwan has ever threatened to "wipe China off the map."

Russia has fought since 1994 to suppress Chechnya's independence movement. Out of a Chechen population of one million, as many as 200,000 have been killed as Russia has leveled the capital city of Grozny. Chechen rebels pose no threat to "wipe Russia off the map." All of the leading EU countries actively participated in NATO's 78-day bombing campaign against Yugoslavia in 1999. The military goal was to stop Yugoslavia from oppressing its Kosovar minority. NATO bombs and missiles hit Yugoslav bridges, power plants and a television station, killing hundreds of civilians. Yugoslavia posed no threat to the existence of any of the EU countries that bombed it.

Compared with how China, Russia, and the EU have dealt with non-existential threats -- and despite the law-flouting behavior of Hezbollah, Iran and Syria -- Israel's responses to the threats to its existence have been remarkably restrained rather than disproportionately violent.

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Mr. Kittrie is professor of international law at Arizona State University and served in the Office of the Legal Adviser at the U.S. State Department from 1993 to 2003.

South Korean Officials Say North Korea May Have Removed Missile (NYT)

By Choe Sang-hun International Herald Tribune

The New York Times, August 5, 2006

SEOUL, Aug. 4 — South Korea appeared to back down today from its earlier assessment that North Korea may have a second Taepodong-2 ballistic missile ready for launching, after a test early last month alarmed its neighbors and prompted United Nations sanctions.

Defense Minister Yoon Kwang Ung of South Korea had told the National Assembly last month that Pyongyang might have moved two long-range Taepodong-2 missiles to a launching pad at Musudan-ri, North Korea.

Officials suspect one of the missiles was test-fired July 5.

But South Korean officials said Friday that North Korea may have removed the second missile — if it was ever there — lowering the likelihood of further tests.

"We have never confirmed whether there was a second missile at the launch site," said an official at the South Korean Defense Ministry, speaking on condition of anonymity.

American and South Korean officials considered the July 5 launching a failure because the missile disintegrated soon after it was launched. Officials and experts have since speculated that North Korea may fire a second missile after fixing technical glitches.

Experts say that the Taepodong-2 missile is designed with a range long enough to strike Alaska.

Washington and Tokyo, seeking to put international pressure on the Pyongyang regime, seized on the July 5 test to get a United Nations Security Council resolution passed that banned U.N. members from any dealings with Pyongyang that could help it build or deliver weapons of mass destruction.

North Korea has vowed to test more missiles.

A South Korean government-run research institute issued a report on Thursday saying North Korea and Iran have cooperated on the development of their respective Taepodong-2 and Shehab-5 missiles, possibly employing technology from China.

"The development of Taepodong-2 is conducted jointly with Iran, and it is possible China's technology is used in the development of the Taepodong-2 engine," said the report, published by the Institute of Foreign Affairs and National Security in Seoul.

Pakistani Reactor Not As Significant As Was Reported, Administration Says (WP)

By Joby Warrick, Washington Post Staff Writer

The Washington Post, August 5, 2006

Days after it confirmed the existence of a partially completed heavy-water reactor in central Pakistan, the administration took steps this week to play down the significance of the project, saying the new facility will produce far less plutonium than initial reports indicated.

That stance puts the administration in conflict with independent nuclear experts over that crucial question and what the answer means for South Asia's nuclear arms race.

The nuclear analysts who brought the reactor to light stood by their conclusion that the reactor would dramatically boost Pakistan's capacity to develop plutonium-based warheads. Pakistan is believed to possess fewer than 50 warheads, all of them based on highly enriched uranium. Uranium-based bombs are heavier and harder to mount on missiles.

"We are confident that this is a large reactor vessel," said David Albright, president of the Institute for Science and International Security, a Washington nonprofit group that assesses the capabilities and weapons stockpiles of nuclear states.

The ISIS report, described in a July 24 Washington Post report, was based on an assessment of satellite photos of the reactor, which is inside a Pakistani nuclear complex that already has a small reactor for producing plutonium. The scale of the facility under construction suggests a powerful heavy-water reactor with a capacity of at least 1,000 megawatts thermal and a maximum annual plutonium output of 200 kilograms, enough for 40 to 50 warheads, ISIS said.

The report warned of the possibility of a new round of nuclear competition between Pakistan and India, which both possess the bomb.

Administration officials, citing government intelligence and nuclear experts, said the ISIS estimate was off the mark. They offered few specifics, saying the government's analysis remained classified.

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"The reactor will be over 10 times less capable" than the ISIS report's estimates, State Department spokesman Edgar Matthews said. Matthews acknowledged that Pakistan appears to be diversifying its ability to produce fissile material for nuclear weapons, and noted that the new reactor would not be subject to international monitoring and inspection.

Yesterday, a spokesman for the Pakistani government echoed the administration's position, saying the reactor's annual output would be significantly less than 200 kilograms of plutonium.

"The capacity has been highly exaggerated," said M. Akram Shaheedi, press minister for Pakistan Embassy. He acknowledged that Pakistan is was modernizing its nuclear program to "maintain a credible nuclear deterrent."

In a statement posted on the group's Web site, ISIS defended its analysis and offered additional detail on how it reached its conclusions. A key factor, the group said, was the size of the reactor vessel under construction, which ISIS described as much larger than the modest plutonium-production reactor Pakistan has operated since 1998.

ISIS said the new reactor is comparable in size to reactor vessels at the Savannah River nuclear site, which for decades produced plutonium for the U.S. nuclear arsenal. Those large reactors began operation in the 1950s at 500 to 1,000 megawatts each, but were increased in power over several years to 2,000 megawatts.

"It is true that someone can operate at less than maximum power, but the capacity is there," Albright said in an interview. "The reactor gives Pakistan the ability to step up the power of the reactor over time, regardless of what the nameplate power of the reactor is now."

Regime Officials Reassure Cubans (WT/AP)

By Vanessa Arrington, Associated Press

The Washington Times, August 5, 2006

HAVANA -- Cuba's communist leadership mounted a campaign yesterday emphasizing the revolutionary roots of Fidel Castro's brother and designated successor, Raul, while attempting to reassure Cubans that the regime remains stable after the leader's hospitalization.

The government said it would defend itself against any U.S. attempts to take advantage of the elder Mr. Castro's health crisis. President Bush has called for a transition to democratic rule on the island.

"The word transition does not exist in the vocabulary of Cubans here," the Communist Party newspaper Granma said, dismissing Mr. Bush's comments on Thursday as "unacceptable."

Cuban Health Minister Jose Ramon Balaguer said during a trip to Guatemala that Mr. Castro was doing well.

The leader "underwent a surgery from which he is recovering satisfactorily," Mr. Balaguer told Radio Sonora. "We have received messages of support from the most far-flung places in the world."

He did not elaborate on Mr. Castro's condition other than to say: "We know Comandante Fidel will recover soon and will be back with us soon."

The White House sought to reassure Cubans yesterday that the United States would not use the uncertainty surrounding the illness as a pretext to invade Cuba.

"It's absurd," White House spokesman Tony Snow said of concerns expressed by some in the Cuban news media that Washington might want to invade Cuba.

"The U.S. has absolutely no designs on invading Cuba. The Cubans are going to determine their destiny, the one thing that they've been deprived of during the dictatorship of Fidel Castro. And we hope that they're going to be able to enjoy the freedoms they clearly want," Mr. Snow said.

Washington has long sought to overthrow the Cuban leader using an economic embargo, but has not tried the military route since the disastrous 1961 Bay of Pigs operation.

Meanwhile, Secretary of State Condoleezza Rice yesterday urged the Cuban people not to flee the island for Florida because of political uncertainty.

In brief remarks aired by U.S. government broadcasts to the island, Miss Rice promised the Cuban people humanitarian assistance when they begin "to chart a new course" after long years of communist rule.

Neither Fidel nor Raul Castro has appeared in public since the announcement Monday night that Fidel was temporarily ceding power to Raul. Officials sought to assure Cubans that the communist regime has retained its hold on power.

"We Cubans are prepared for the defense ... and Raul is there firmly at the helm of the nation, of the Revolutionary Armed Forces," Granma said.

Granma recounted Raul's decision to assume responsibility for the disastrous 1953 attack on a military barracks, which began the Cuban revolution.

Raul believed his brother had been killed. When he discovered Fidel had survived, he returned to his role as soldier, according to the article, which said: "This is a story that cannot be ignored in the face of today's events."

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Some Cuban exiles pressed Mr. Bush to go further than rallying people on the island to push for democracy.

William Sanchez, an attorney for the Cuban American National Foundation, urged the president to tell Cuba to set an elections timetable, and to let Cuban-Americans go to the island by boat to help with a political transition.

U.S. policy requires halting such "flotillas" before they enter Cuban waters.

Cuban state press repeated the mantra: "The revolution will continue."

Some on the island suspected Fidel, who turns 80 on Aug. 13, was still in charge, an impression supported by Raul's avoidance of the spotlight.

"Initially, I don't think Raul Castro is going to make any decisions on his own without the authorization of his brother," said Eloy Gutierrez-Menoyo, a former exile now living in Cuba as a moderate dissident.

The official press continued to line up Cubans expressing confidence both in Fidel's ability to recover quickly and in Raul's competence to govern in the meantime.

"Every Cuban trusts Raul, and every one of our leaders," an unnamed woman said on state television news. "We are certain that the revolution will continue."

A U.S. official, however, said Cubans in contact with the American mission in Havana expressed fear and unease as they awaited new developments.

"We are seeing among the Cuban people a real sense that Fidel is never coming back to power -- there seems to be a growing consensus in that direction," said Drew Blakeney, U.S. Interests Section spokesman.

Juanita Castro, who lives in Miami and has been estranged from her brother Fidel since 1963, said people in Havana had told he was released from intensive care Wednesday, but she knew nothing more.

"He's very sick, that's it," she said.

Cuban Officials: Fidel Castro Recovering (AP-Y)

By Vanessa Arrington, Associated Press Writer

AP2, August 6, 2006

Cuban officials said Saturday that Fidel Castro was steadily recovering from surgery and the government was still preparing for its worst-case scenario: an attack by government opponents taking advantage of the leader's health crisis.

Castro, whose 80th birthday is Aug. 13, has made no appearances in the five days since his surgery for gastrointestinal bleeding was announced to the Cuban public. Defense Minister Raul Castro, his younger brother and the man named to temporarily replace him as the island's top leader, also was nowhere to be seen.

Vice President Carlos Lage said that Fidel Castro is recovering satisfactorily from surgery and that the communist leader sent his "fraternal greetings" to the people of Bolivia, according to Cuban news agency Prensa Latina. Lage was in the South American nation for the Sunday opening of a convention to rewrite its constitution.

Lage is among a group of six Cuban leaders assigned leadership responsibilities by Fidel Castro after the leader's surgery. He is charged with overseeing Castro's "energy revolution," a massive renovation of the island's antiquated electrical grid.

Cubans had been warned there would be few details about the leader's health — called "a state secret" in a Tuesday statement attributed to Castro. Yet some privately speculated the lack of information could indicate he was extremely ill.

The Cuban government beefed up security, mobilizing citizen defense militias and asking military reservists to check in daily because of the concerns. Veterans — most of them in their 60s and 70s — promised they would fight for Cuba in the event of an attack.

"We will continue working with the same revolutionary fervor that you taught us," the Association of Combatants of the Cuban Revolution said in a statement on the Communist Party daily Granma's front page. The veterans fought in Castro's battles of the 1950s to oust dictator Fulgencio Batista and then defended the island against the failed U.S.-backed Bay of Pigs invasion.

The current efforts appear designed as much to bolster internal solidarity as to quell an outside threat.

Granma ran a series of emotional front-page statements by some of the island's top cultural figures, wishing Castro a steady recovery and pledging loyalty to Castro and the socialist system he created.

"This is a delicate moment and it's necessary to prepare, because the enemy might have illusions," Juan Formell, the director of Los Van Van, one of the island's most popular musical groups, said from Japan. "I trust in our Armed Forces, and in our people."

Folk singer Pablo Milanes, also traveling outside Cuba, said he promised to represent Castro and the Cuban people "as this moment deserves: with unity and courage in the presence of any threat or provocation."

The enemy in Cuba is perceived to be the U.S. government and hardline Cuban-American exiles. President Bush's call on Thursday for democratic change on the island was seen as a provocation, as are statements like those made this week by

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William Sanchez, an attorney for the Cuban-American nonprofit Democracy Movement who urged Bush to tell Cuba to set an elections timetable and let Cuban-Americans come to the island to help with a political transition.

The U.S. government insists it is pushing for peaceful change in Cuba and has no intentions of invading. White House press secretary Tony Snow dismissed as "absurd" the suggestion that the United States would attack.

In Guatemala, Cuban Health Minister Jose Ramon Balaguer told Radio Sonora Friday that Castro "underwent surgery from which he is recovering satisfactorily." Balaguer is another longtime Communist Party leader, and a physician, named by Castro to watch over his pet health projects.

Parliament Speaker Ricardo Alarcon said in comments broadcast Saturday by CNN en Espanol that Castro "remains in stable condition" and "is resting in order to recover as quickly as possible." The interview was taped late Thursday by state-run Cubavision Internacional in a special package for CNN and was not previously aired.

Cuba Insists: Raul Castro 'At Helm'; Fidel Recovering (AFP-Y)

By Isabel Sanchez

AFP, August 5, 2006

Cuba has insisted Raul Castro is "firmly at the helm" and his brother Fidel was recovering from surgery, as the Communist leaders stayed out of view but defiant against escalating US calls for democratic change.

The government released the first news on Fidel Castro's health in two days and sought to assert Raul's leadership four days after Fidel handed over power "temporarily".

But Cubans had yet to see the siblings since the unprecedented transition, which has cast a cloud of uncertainty over a country that had been ruled by Fidel Castro without interruption since 1959.

"Fidel underwent surgery from which he is recovering satisfactorily," Health Minister Jose Ramon Balaguer said during a visit to Guatemala, refusing to say more about Castro's health following an operation to stem intestinal bleeding.

The comments from Balaguer, an influential Communist party official, came two days after National Assembly speaker Ricardo Alarcon said Castro, 79, appeared "very alert."

Earlier, the ruling Communist Party newspaper, Granma, said Cuba was prepared to defend itself but remained calm: "We are prepared for the defense ... and Raul is firmly at the helm of the nation," the official newspaper said.

Since the transition, Cuba was placed under heightened alert with reservists called to military duty and neighborhood watch groups prepared to defend the country of more than 11 million.

Meanwhile its arch-rival, the United States, stepped up calls for a democratic transition in Havana.

"All Cubans who desire peaceful democratic change can count on the support of the United States," US Secretary of State Condoleezza Rice said in a message carried on Radio and TV Marti, a US-funded broadcasting operation designed to send uncensored news to the people of Cuba.

"The United States is also encouraging all democratic nations to join together and call for the release of political prisoners, for the restoration of your fundamental freedoms, and for a transition that quickly leads to multiparty elections in Cuba," Rice said.

It is unclear how many Cubans actually heard her message, as Cuba goes to great lengths to block Radio and TV Marti transmissions.

Cuba's Culture Minister Abel Prieto asked Washington to respect Cuba's institutions and dismissed Rice's comments.

"The government of the United States must respect the institutions of this country, which has shown itself to be completely solid," he said.

"Condoleezza knows perfectly well that no one in Cuba will hear her message, which comes from a foreign government official, which is of no value to Cubans," he added.

Cuba went on heightened alert Thursday, wary of what many fear is a possible invasion, as US President George W. Bush called on islanders to push for democracy.

The White House dismissed Cuba's fears of a US invasion as "absurd."

"The US has absolutely no designs on invading Cuba," White House spokesman Tony Snow told reporters in Washington.

Cuban exiles in Miami applauded Bush's first statement on the power handover, issued Thursday, in which the US leader urged Cubans to "work for democratic change" and pledged Washington's support in their effort.

"We support the remarks 100 percent," Camila Ruiz, spokeswoman for the Cuban American National Foundation, which has called for an uprising in Cuba, told AFP. "This is just the beginning."

Cuban state-run media dismissed Bush's call for democracy as "inadmissible" and "the epitome of delirium."

"In Cuba, calm reigns, but in the United States, and in particular Miami, a little extreme-right group is aching," Granma said.

The absence of Raul and Fidel Castro has fueled speculation about the transition and the elder brother's condition.

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The center-left daily El Pais newspaper from Spain reported that Raul Castro has appointed a team of six senior communists to govern under his supervision.

Raul Castro's ruling team reportedly includes Cuba's Foreign Minister Felipe Perez Roque and Carlos Lage, who championed the country's economic reforms in the 1990s.

Also on board are three more traditional communists: Ramon Machado Ventura, Jose Ramon Balaguer and Esteban Lazo, El Pais said.

The sixth member is the president of Cuba's central bank, Francisco Soberon, who favors centralized economic policies.

The Barcelona daily La Vanguardia, citing diplomatic sources, said that Raul Castro had not appeared in public since taking power because he was suffering from "depression" due to the serious illness of his wife Vilma Espin.

Fidel Castro, who turns 80 on August 13, was last heard from in a statement attributed to him late Tuesday, saying he was in "good spirits" and that the armed forces were ready to defend the country. Castro was last seen publicly on July 26.

Calls For Uprising Get Little Response In Cuba (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, August 5, 2006

Exiles and officials urge Cubans to foment change during Castro's illness. Some are wary.

MIAMI — Exhortations from exile groups and the Bush administration for Cubans to seize the moment of Fidel Castro's illness to end communist rule have stirred little reaction there, and some analysts say the thinly veiled calls for a pro-democracy uprising could undermine prospects for change.

Cuban American exile organizations and conservative politicians have appealed to Cubans to reject the Communist Party succession plan and demand free elections.

Cuban American National Foundation Chairman Jorge Mas Santos appeared to be urging a military coup on Wednesday when he said senior officers of the Revolutionary Armed Forces and civilian officials in Havana should schedule a multiparty vote and free political prisoners.

"There are many in the military and in government ranks in Havana who do not accept the transfer of power to Raul Castro. This is our rally to those brave men and women," Mas Santos told reporters at Versailles, the Cuban restaurant in Little Havana that has become a command post for exiles impatient for change in their homeland.

Cuban Democracy Movement leader Ramon Saul Sanchez has been lobbying at Versailles for exiles with boats and planes to organize a relief flotilla to their homeland — an action the U.S. government has discouraged to avoid confrontation with Cuban defense forces.

On Thursday, President Bush called on the Cuban people to work for change and warned Communist officials that Washington would watch their responses to any pro-democracy demonstrations.

On Friday, Secretary of State Condoleezza Rice urged Cubans not to flee the island because of political uncertainty, but "to work at home for positive change," the Associated Press reported. Her brief remarks were aired on the heavily jammed TV Marti and Radio Marti.

Acts of resistance to the regime have been rare in Cuba throughout Castro's nearly 48 years in power. The Cuban armed forces, led from their inception by Defense Minister Raul Castro, Fidel Castro's brother and designated successor, have never been called upon to quell demonstrators.

Cuban American lawmakers have asked the Pentagon to make a military C-130 aircraft available to help the U.S. government-funded TV Marti overcome Cuban signal-jamming. Airborne broadcasts are more difficult for Cuban authorities to target than land-based signals.

"What we want is to do anything possible to hasten the end of the dictatorship," U.S. Rep. Lincoln Diaz-Balart (R-Fla.) told reporters here after meeting this week with members of the National Security Council and the Department of Homeland Security.

The Cuban-American Bar Assn. has also weighed in with a message to Cubans on the island, asserting that they have "an inalienable and fundamental right" to agitate for democratic reforms and human rights.

But Cuba's state-run media have lambasted the U.S. attempts to influence Cuban politics as intrusive and futile efforts to destabilize the country.

Washington and the exiles "shouldn't make a mistake or fantasize … that their desires are reality," said Rogelio Polanco, director of Juventud Rebelde, the Communist Party youth newspaper. He warned that the Cuban military was prepared to defend the country from U.S. provocations.

Randy Alonso, a Cuban legislator and moderator of state TV's Round Table public affairs program, called Bush's statement "the epitome of delirium."

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Some veteran Cuba-watchers say U.S. moves to influence Cubans fall on deaf ears and expose a lack of understanding about the country.

Wayne Smith, the top U.S. diplomat in Havana during the Carter administration, describes White House expectations of a post-Castro Cuba as "pie in the sky."

He scoffs at voluminous reports by the U.S. Commission for Assistance to a Free Cuba that assume those who fled Castro nearly a half century ago would return to build a new Cuba.

"The idea that the exiles will play an important role is, of course, absurd," Smith said. "Almost equally so, the idea that much will depend on the U.S. It's a far more complex world now."

Others say the attempts at galvanizing discontent reveal misunderstanding of Cuban sentiments and behavior.

"To some degree U.S. policy is on a collision course with the Cuban reality," said Dan Erikson, Cuba policy specialist at the Inter-American Dialogue think tank in Washington. "Most Cubans want to look before they leap. They are not going to rally or put themselves at risk until they have a sense of where this is going."

Encouragement from the U.S. discredits Cuban dissidents, says Smith, the former diplomat, because it creates the appearance that they are trying to implement Washington's agenda.

Cuban activists have indeed distanced themselves from U.S. suggestions.

Oswaldo Paya, architect of the Varela Project that has gathered 40,000 signatures calling for free elections, told the Spanish news agency EFE in Havana that the power transition may signal a decisive new era for Cubans. But he said the push must come from Cubans and not be seen as instigated in Washington.

Miriam Leiva of the Ladies in White, a group of wives, mothers and sisters of Cuban political prisoners, has warned that "the United States should not try to solve Cuba's internal problems."

U.S. Anti-Castro Cubans Have New Allies On Island (WP)

By Peter Whoriskey, Washington Post Staff Writer

The Washington Post, August 5, 2006

MIAMI, Aug. 4 -- Many have envisioned the fall of Fidel Castro, but few have done it with as much passion as Rodolfo Frometa.

The head of the paramilitary anti-Castro group Comandos F-4, Frometa produced a training video earlier this year in which his camouflaged men surround the country hideaway of a Castro lookalike, put him in handcuffs and hurl accusations of murder. The stand-in dictator, on his knees, murmurs pitifully, "Sorry."

Now the possibility that the Cuban leader, who will turn 80 on Aug. 13, may die without human intervention seems more probable than ever, and the feeling in some quarters is bittersweet.

"I have wanted to kill Castro for a long time -- I don't want him to die of natural causes," Frometa said from his office above a Little Havana strip mall. "One of my worries is that later generations will say we did not have [the will] to kill him ourselves."

People hoping for political change in Cuba have traditionally focused on the role of paramilitary groups such as Frometa's and the U.S. government.

But as Cuban immigrants received news this week that Castro, facing health troubles, had temporarily given up power, it is becoming clear that the passage of time has radically altered the anti-Castro struggle.

Both Castro and his most ardent enemies have grown old.

What's more, while many once believed that change on the island would come primarily from the outside, many now say that dissident coalitions already working on the island should be the catalysts for the regime's overthrow.

The shift has been shaped over the last decade by a remarkable conciliation between Cubans in Miami and Cubans on the island, analysts and Cuban Americans here said.

Many Cuban groups in Miami had long been deeply suspicious of anything emerging from the island, even self-described dissidents. That distrust erupted in the Elian Gonzalez case, when many Miamians opined that the 6-year-old boy would be better off in the United States than with his father in Cuba.

Now, though, U.S. policy and Cuban American groups here are calling for a leading role in Cuba's political future for people who have remained on the island.

"The U.S. government knows, like I know, that the way to work for democracy is from inside Cuba," said Ernesto Diaz Rodriguez, the leader of Alpha 66, a group headquartered in Little Havana that has long had a military training camp in the Everglades. "Some people think there are people inside Cuba, and then there are people outside Cuba. But they are no different."

For much of the '90s, Miami was riven by tensions between Cubans here and Cubans on the island. When the Cuban musical group Los Van Van appeared at the Miami Arena as recently as 1999, a few thousand protesters turned up, some

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hurling eggs and shouting "prostitutes" and "communists" at concertgoers. Other performers from Cuba, including Latin Grammy Award-winning jazz pianist Gonzalo Rubalcaba, have met similar hostility.

But at least some of those tensions have faded in recent years, people here say.

"There has been a rapprochement between Cubans here and Cubans on the island," said Jaime Suchlicki, director of the Cuba Transition Project at the University of Miami.

The reason in part may be a kind of cross-fertilization: More Cuban Americans have been allowed to visit the island, and there has been a new wave of immigration from Cuba to the United States, with more arriving over the past six years than the 125,000 who came in the 1980 Mariel boatlift.

Pope John Paul II's visit to Cuba in January 1998 and the interest in Cuban music have been unifying forces too, said Damian Fernandez, director of the Cuban Research Institute at Florida International University.

"There has been a cultural opening," he said. Once shunned by many exiles, "cultural engagement with the island has become more palatable."

The shift has been accompanied by the emergence of dissident groups within Cuba in which Cubans in Miami could place their faith.

"For the longest time, there was this notion that it was impossible to have an internal opposition within a totalitarian Cuba," Fernandez said. "The dissidents were perceived to have been puppets of the Cuban government. Now Cuban Americans have found political partners on the island."

That shift likely will play a critical role in whatever happens in Cuba.

"There has been a realization over the decade that the battle has to be fought by Washington and the exile community but also from within Cuba," said Rep. Mario Diaz-Balart (R-Fla.).

He dates the shift to 1998, when representatives of about 70 groups from the United States and Cuba agreed on terms for the island's return to democracy. "It was the first consensus document from within Cuba and from the exile community," Diaz-Balart said.

"The focus of the Bush administration is to show solidarity with these valiant men and women," said Rep. Ileana Ros-Lehtinen (R-Fla.). She called for increased transmission of broadcasts from Radio Marti and TV Marti, and for financial assistance to dissident groups.

For now, many here are simply waiting for another sign of change out of Cuba. There have been no public appearances this week by Castro or his brother Raul, to whom he temporarily transferred power on Monday.

Granma, Cuba's state-run newspaper, has played down expectations of change and ridiculed Cuban Americans, characterizing Castro's U.S. opponents as a fringe movement.

"Calm reigns in Cuba, even though in the United States, and particularly in Miami, that hurts a small group of old-fashioned members of the extreme right," it said.

Miami-based warriors such as Diaz Rodriguez and Frometa -- both of whom have served time in Cuban prisons -- said this week that the opposition to Castro is much broader than that. And they see an important role for the dissident groups.

Frometa, 60, was imprisoned both in Cuba and the United States after being arrested in 1994 for trying to buy a Stinger missile from an undercover agent.

Frometa shows a visitor to his office several pages of accounting paper that he says indicate troop counts in every city on the island.

Aside from having regular military training for his members here, he said he has members of his group in every part of Cuba. He pulls from a folder an Granma article about himself.

" 'Rambo' strikes in Miami," the headline says.

What really scares the Cuban government, Frometa says with a trace of delight, "is that the people here and the people there will join together for an insurrection."

Correspondent Manuel Roig-Franzia in Mexico City and researcher Julie Tate in Washington contributed to this report.

After Castro, Viva Castro (FT)

By Christopher Caldwell

Financial Times, August 5, 2006

Since the announcement this week that the ailing 79-year-old Cuban leader Fidel Castro would hand over power to his brother Raúl, who commands the Cuban armed forces, there has been speculation about whether the transfer is permanent, whether Fidel is sicker than has been reported and even whether he is, in fact, dead. Cuba is a dictatorship that closely guards information, so such curiosity is not misplaced. Only as the week ended did Cubans in both Havana and Miami begin to ask questions about Raúl, who, at press time, had not yet appeared in public to discuss his succession.

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The 75-year-old Raúl Castro is often treated as a mere place-holding lackey who will put out the lights on a doomed regime, a tropical equivalent of, say, Egon Krenz, who ruled East Germany in its final days. The US Republican congressman Lincoln Díaz-Balart, a relative by marriage to Fidel Castro, told reporters that as soon as Fidel dies, his regime will "disintegrate like a sugar cube in a glass of water". That sells Raúl short. Whatever actually happened this week, his elevation is the culmination of a long process. Weeks ago, there were reports in the Miami papers of a reshuffle at the top of Cuba's government, to the benefit of several of Raúl's loyalists. Glowing profiles of Raúl were published in the official press on the occasion of his 75th birthday, in which he lauded the Cuban Communist party as "the institution that brings together the revolutionary vanguard".

In its own wretched way, Cuba is one of the success stories of the past two decades. In his own repressive manner, Raúl has been a kind of visionary in opening up the island to tourism, for one thing. Cuba was not supposed to have survived until now under Castro-ite leadership. In the four years after the Berlin Wall fell, as military subsidies and sugar price supports from the former Soviet Union dried up, Cuba lost 40 per cent of its gross domestic product. Andres Oppenheimer, a reporter on The Miami Herald, wrote a book in 1992 called Castro's Final Hour, in which he described an island so poor that office workers toiled by candlelight and pizzerias chained their utensils to the tables. Throughout the early 1990s, Cubans risked their lives to travel to Florida on home-made rafts.

Cuba seemed to face two insurmountable problems. The first was globalisation, which led, in much of the world, to a repudiation of the Marxism that Raúl Castro espouses more fervently than does his brother. But a second problem was even more grave – freedom of information, which undermines regimes such as Fidel Castro's in ways we are only beginning to understand. Consider the protests against the Panamanian demagogue Manuel Antonio Noriega in 1988, which culminated in a US invasion the following year. To the astonishment of observers, Noriega's control over all the country's newspapers and airwaves did him no good because new information technology – fax machines back then – was plentiful enough to allow his opponents to communicate by means of informal newsletters. These were serious vulnerabilities for Cuba and it was Raúl who addressed them, using the army.

In part, simple repression has kept the lid on dissent. Actos de repudio, pseudo-spontaneous attacks in which young men publicly beat up opponents of the regime, have multiplied in recent months. Last fall, authorities stopped a celebration sponsored by the Czech embassy because the Czechs, who have taken the lead in exposing Cuba's human rights record, invited pro-democracy activists. But under Raúl's leadership, the army has shown a good deal of savvy and seized control of what might be called the "commanding heights" of the service economy. In the early 1990s, he gambled that tourism could be managed in such a way that it would draw in hard currency without drawing in subversive ideas. He even allowed dollars to circulate for a while. Cuba now gets 2m tourists a year and the industry remains in the hands of the generals around Raúl. Europeans have done most to prop up the regime in this regard, but Cuban-Americans have also poured in hard currency through their remittances to relatives.

The rise of the leftist strongman Hugo Chávez in Venezuela has been another piece of Cuba's economic life-support. Cuba gets 82,000 barrels of oil a day from Venezuela, in exchange for the services of thousands of Cuban doctors. Of more value to Mr Chávez, though, is the revolutionary imprimatur of Fidel Castro. When he passes definitively from the scene, Cuba's terms of trade will probably worsen.

It is in the management of information that Cuba has been most aggressive. Here, too, it combines blunt-edged repression with state-of the art innovation. It jams foreign radio signals, dismantles satellite dishes and monitors tourists' conversations with natives. On Thursday, journalists from the Washington Post and Miami Herald were refused entry to the country. But Cuba also censors the internet, along lines pioneered by China. Such censorship is increasingly useful to other repressive regimes. At the United Nations World Summit on the Internet Society in Tunis last autumn, Cuba and Iran led attacks on the idea that the internet should be open in the first place. According to the World Bank, only 13 Cubans per 1,000 have any access to the internet at all, one of the lowest rates in the world. It is not surprising that, according to a recent State department report, a high US priority for the post-Castro era will be getting Cubans online.

Whether the US any longer has the clout to make that happen is hard to say. The only certain thing is that the optimism of 10 years ago – the belief that the death or incapacity of Fidel would automatically return Cuba to the fold of freedom – has been tempered. That has a lot to do with the man who, as far as we can tell, now runs Cuba.

The writer is a senior editor at The Weekly Standard

Romancing Fidel (WSJ)

The Wall Street Journal, August 5, 2006

Fidel Castro's health has been declared a national secret. His brother Raul, to whom Fidel apparently ceded power at the beginning of the week, is nowhere to be seen. American journalists are being turned away at the airport. So one thing for certain

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hasn't changed on the island: It's still hard to know much about the internal life of the dictatorship that has oppressed Cuba for 47 years. But it seems likely that the era of Fidel Castro is finally winding down toward the dictator's final bravura performance.

But even should this prove true, Fidel can rest assured that his legacy will be honored for a long time. Across virtually his entire career, Fidel has offered himself as the perfect anti-capitalist revolutionary. Though the revolution ended decades ago with Cuba's economy in ruins and its dissident voices in dungeons, the international left then and now has kept the flame of romance burning beneath Castro's carefully nurtured reputation.

Still, his closest friends of late have come to constitute tough company for the average revolutionary romantic. Get-well-soon cards to Fidel arrived from the undemocratic regimes in Vietnam and North Korea this week, not to mention the nascent People's Democratic Republic of Hugo Chavez in Venezuela. Bolivia's new socialist president, Evo Morales, has also publicly conveyed wishes for a long life to El Maximo Lider.

Fidel's social circle may have narrowed in part for the way he returns favors. Jimmy Carter is surely still smarting from the way Fidel allowed him to visit the island and praise its economic and political liberalization, only to follow up by outlawing the very reform movement Mr. Carter praised. Fidel subsequently rounded up dozens of dissidents, most of whom still remain in prison. That crackdown cost Castro some political capital abroad, including a brief protest from the European Union. But a year after Mr. Carter's visit, 160 self-described artists and intellectuals renewed their support for the island dictator in an open letter. The signatories included four Nobel Prize winners along with actors Danny Glover and Harry Belafonte.

Fidel has cultivated his status as a left-wing icon since taking power in 1959. Remarkably, the fact that he has extracted from his impoverished and oppressed people a personal fortune -- Forbes magazine estimated it last year at over half a billion dollars for its World's Richest People list -- has done little to dent his image as a man of the people. The standard apologetics for the sorry state of the Cuban economy begin from the premise that America, not socialism, is responsible for Cuba's travails. But Castro's personal financial success suggests that in fact substantial revenue is sluicing through the island. Even with the U.S. embargo in place, there's plenty of money to be made in Cuba. It's just that nearly all of it the income from exports of seafood, tobacco, sugar and nickel, not to mention Fidel's real-estate and pharmaceutical operations, goes to the ruling clique or to the military, bypassing the population. There are good reasons to question the embargo, but the notion that it is the source of all of Cuba's ills isn't one of them.

In addition to personal enrichment, Castro always found plenty of ways to spend money on political adventurism.

In the 1960s and '70s, he exported revolutionaries to Africa and Latin America, funding both instability abroad and repression at home with largesse from a Soviet Union happy to prop up a communist dictator 90 miles from U.S. shores. In his early days, Fidel denied that he would allow Cuba to become "colonized" by the Soviet Union, but his scruples faded as the nationalization of the economy and the expropriation of private property took its toll on the island's economy.

For a while in the 1990s, it seemed that the passing of the Soviet Union would take Castro down in its wake, but in recent years Venezuela's Hugo Chavez has stepped into the support role, lavishing Cuba with oil and other subsidies.

Mr. Chavez, in fact, appears ready to graduate from his role as a Castro protege to fill Fidel's shoes as the hemisphere's anti-U.S. gadfly. He used his recent tour through Europe and Asia not only to hobnob with despots in Belarus and Iran, but also to stock up on Russian weaponry. It seems Mr. Chavez has absorbed the most salient lesson of Fidel's success -- the international left will overlook oppression and economic mismanagement at home if you market yourself as David to the American Goliath. The thousands killed by Castro over the years, the tens of thousands more who have died desperately seeking freedom in the U.S., the political prisoners, the torture -- all can be forgiven so long as you pose as the alternative to the American hegemon.

Of course it may be no coincidence that most of the admiration all these years has been from afar. The idea of "Fidel" allows his leftish admirers from the comforts of free, mostly capitalist societies to imagine that someone out there is struggling to build a better, more egalitarian way of life -- without any of them having to live amid the daily Cuban reality of grinding poverty and political intimidation.

Fidel may die, but his offshore Venceremos Brigade will live on.

Leftist's Blockade Divides Mexico City, And His Supporters (NYT)

By James C. McKinley Jr.

The New York Times, August 5, 2006

MEXICO CITY, Aug. 4 — All week, the leftist candidate for president, Andrés Manuel López Obrador, and his allies in the city government shut down the main avenue running through downtown to demand a recount in last month's election.

On Friday, with tensions steadily rising, the Federal Electoral Tribunal announced that it would issue its decision on Saturday morning on whether a recount was necessary.

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The country has anxiously awaited that moment since Mr. López Obrador refused to accept the results of the July 2 election, saying he wanted nothing short of a complete recount.

Now, there is widespread speculation that if the court refuses his demand, the blockades, sit-ins and marches he has led over the last month could become more belligerent, and even violent.

Mr. López Obrador has consistently said his followers will only engage in peaceful acts of civil disobedience, but he has also carefully avoided saying what steps he will take if the court rules against him.

An official tally a month ago showed Felipe Calderón, a conservative candidate from President Vicente Fox's National Action Party, had won the election by a mere 243,000 votes, less than 1 percent. But the tribunal, a special seven-member court, must still ratify the results, settle challenges and designate the president-elect.

At issue is the validity of 41 million votes. Mr. López Obrador claims there were arithmetical errors in at least 72,000 of the 130,000 polling places.

He has also accused poll workers in northern states, where the president's party is strong, of committing fraud to pad Mr. Calderón's total and diminish Mr. López Obrador's vote in at least 616 polling places.

For his part, Mr. Calderón has adopted the stance of a law-and-order candidate, who insists that the votes were counted legally the night of the election by poll workers chosen at random, and that there is no need for a recount, though he has promised to abide by whatever the court decides.

Mr. López Obrador, 52, the former Mexico City mayor, has mobilized hundreds of thousands of protesters, shutting down Reforma Avenue and other streets leading to the capital's historic central square, or Zócalo.

The blockade looks more like a fair than a protest. City workers and party members have erected enormous circus-like tents the length of the avenue. There are stages where musicians entertain the protesters. A volleyball net had been set up, as well as a mini soccer field.

But the protest has cost Mr. López Obrador many allies, among them the leftist writer Carlos Monsivais, who believe that causing traffic jams throughout a city that voted overwhelmingly for him is going too far.

Business owners in the city center have also complained they are being hurt and have demanded the city government dislodge the protesters, to no avail. Hotel owners say their occupancy rate has dropped 50 percent this week. Restaurateurs and retailers are also hurting. The blockade is causing losses of $22 million a day, estimates the Mexico City Chamber of Commerce.

Mr. López Obrador has ignored the complaints. He has said the best way to ensure peace is to recount the votes, a statement his opponents say amounts to blackmail. On Thursday, he tried to block the entrance to the stock exchange on Reforma Avenue but failed to stop trading.

"It's not true, as say some of the media, that all the people are irritated with our movement," he said Thursday night at the Zócalo, where he has been sleeping in a tent. "No, we have the solidarity, we have the great support, we have a great mass of citizens that support our struggle and will continue to support it."

Mexico City Sit-in Has The Air Of A Fiesta (LAT)

By Sam Enriquez, Times Staff Writer

The Los Angeles Times, August 5, 2006

Entertainment and free food enliven the protest calling for a recount of the votes. But some say a backlash is forming against Lopez Obrador.

MEXICO CITY — A band rocked on a distant stage, children played catch and the aroma of beans rose from simmering pots as men and women gathered around a loudspeaker to hear their leader's evening broadcast.

"More people are coming, from all over the country," said Andres Manuel Lopez Obrador, the presidential runner-up whose supporters have pitched camp on the capital's main boulevard to back his demand for a recount.

"There is a powerful word," the former Mexico City mayor said this week in a live broadcast from a stage in the city's central square. "And that word is solidarity."

Lopez Obrador is forging a community on the asphalt lanes of Paseo de la Reforma. His followers have created a tent city under tarps and bright banners covered with his name and slogans, where food and entertainment are free and the rhetoric is repeated by heart. Even the children chant "Vote by vote," the recount mantra, as they sit at tables drawing their leader's image in finger paint.

Lopez Obrador's post-election campaign seeks to cast so much doubt on Mexico's July 2 presidential election that, regardless of the final outcome, faithful supporters always will regard him as the rightful winner whose victory was stolen.

Even without proof, and so far there is none, that idea could power an opposition movement in the months ahead if he's declared the loser by the Federal Electoral Tribunal, analysts say.

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The tribunal, whose decisions are final under Mexican law, is expected to announce a preliminary ruling today on Lopez Obrador's appeal for a recount. The seven-judge panel has until Sept. 6 to declare a victor.

Critics say Lopez Obrador's movement comes at the cost of credibility to institutions vital to Mexico's progress toward democracy. And Felipe Calderon, who by official count won the election, may have to govern a divided country.

Lopez Obrador has persuaded thousands of people now making their home on the Reforma and in the central square, called the Zocalo, that the government and Mexico's independent elections commission cannot be trusted.

At stake, they say, is the future of the country. Lopez Obrador's campaign promised more jobs and money to the poor.

"We are all brothers," said Alejandro Rodriguez, a volunteer watchman for what is being called the Fiesta of Democracy. "We're supporting democracy and the vote."

He and other protesters say the election was stolen by government and big business. He adds that President Vicente Fox, who broke 71 years of single-party rule when he was elected six years ago, is a traitor to Mexico for helping install Calderon, a fellow member of the National Action Party and a free-market conservative.

Calderon won the election by less than a percentage point, about 244,000 votes, and Lopez Obrador has petitioned the tribunal to order a full recount. He alleges there were instances of fraud, human error and conspiracy.

Political pressure on the tribunal has grown this week as traffic in the capital slowed to a standstill and businesses lost millions of dollars. Lawyers say the tribunal could certify the election, order a nationwide recount, a partial recount, or throw out the entire election.

Lopez Obrador supporters set up camp outside the tribunal's offices in the southern part of the capital. They've strung up sheets painted with "We're not going to take it," and, with a picture of Calderon, "This imbecile is laughing at Mexico."

"The whole election was filled with tiny irregularities that when added up make a huge fraud," said Fernando Quiroz Nacar, 46, a teacher on summer vacation. "If people don't protest, they won't get heard and if they're not heard then it's all over."

Lopez Obrador has apologized for creating a traffic nightmare for Mexico City. But he and his supporters say this battle is more important.

Pollsters say a backlash against him among left-leaning intellectuals and former supporters is growing in the capital, where many residents are growing weary. A giant sign hanging from pedestrian overpasses, on display for bumper-to-bumper traffic, declared: "Today they seized Reforma. Tomorrow the country."

Fox, who by law cannot run for reelection when his term ends Dec. 1, criticized the seizure of the Zocalo and Paseo de la Reforma. "The law shouldn't be subject to the convenience or gratification of individuals or particular groups," he said. "Let's not be playing with fire. There's no need to risk it."

But Fox can't intervene in Mexico City without a request from Mayor Alejandro Encinas, a Lopez Obrador ally. The Democratic Revolution Party, which Lopez Obrador leads, controls City Hall and has lent workers, money and materials for the encampments. Volunteers brought the rest.

There are pingpong tables, portable TVs, volleyball nets, chess sets, dominoes and cards. Makeshift kitchens are set up every few hundred yards. Some of the many portable toilets are labeled, "Calderon's office." A boxing ring features wrestling matches and classes for kids. Movies are shown at night. Children make handicrafts.

Live music includes traditional son jarocho, as well as Irish and heavy-metal. Balloons hang from tarps and tents. Volunteers busy themselves painting signs and clipping news stories and photos of Lopez Obrador that they paste on sheets of butcher paper for display. Doctors staff medical tents.

"A lot of us still have to work so we come here to sleep, others are taking their vacation or are teachers and have this time off," said Carolina Romero, 34. "The tribunal has to bring certainty to the country and if they don't count the votes again, we'll have a president without legitimacy."

Lopez Obrador said this week that he would accept nothing less than a national recount and has promised more civil disobedience. Supporters partially blocked traffic lanes at the border with Texas in Nuevo Laredo for several hours Friday. Protesters here await his next pronouncement.

"I'll tell you one thing," he said Thursday. "If they don't accept the vote-by-vote recount, we won't allow the imposition … an illegitimate president."

In the end, said Sergio Aguayo, a Mexican writer and newspaper columnist, nobody is going to be satisfied with the 2006 elections.

"They were the biggest, most expensive, most tense, and with the longest post-election conflict," he said. "Obviously, we can't be proud of our democracy in this round."

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Carlos Martinez and Cecilia Sanchez of The Times' Mexico City Bureau contributed to this report.

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Mexico's Electoral Tribunal To Rule On Recount (MCT)

By Christina Hoag

McClatchy Newspapers, August 5, 2006

MEXICO CITY - Mexico's electoral tribunal is expected to rule this weekend on whether it will order a recount of the razor-thin results of the presidential election that apparent losing candidate Andres Manuel Lopez Obrador says was marred by fraud.

The tribunal's announcement Friday cast a pall of trepidation over the capital city, where several thousand Lopez Obrador followers have blockaded a main thoroughfare with tents since last Sunday to pressure the court to make a prompt decision.

The seven magistrates' ruling will determine whether the National Action Party's Felipe Calderon will maintain the victory he claimed after the July 2 vote or whether a partial or complete recount must begin.

Calderon won the initial count by 244,000 votes, less than a percentage point, and he contends that the election was free and fair. Lopez Obrador maintains that in 173 of 300 voting districts, the ballot was riddled with fraud and tabulation errors.

At stake is not only Mexico's presidency, but also a possible ratcheting up of the protest by Lopez Obrador's supporters.

This week's action already has caused major traffic gridlock, millions of pesos in losses for businesses and headaches for residents. But as officials of Lopez Obrador's leftist Revolutionary Democratic Party met Friday night to strategize, some predicted more serious action, including blockades of highways, bridges, ports, airports and government buildings.

Security already has been doubled at Mexico City's Benito Juarez International Airport.

In a speech Thursday night to his supporters at the Zocalo, Mexico City's historic square, where he has slept in a tent this week, Lopez Obrador said he didn't advocate violence but asserted that he'll accept nothing less than a full recount.

"If the vote-by-vote recount is not accepted, we are not going to allow a spurious president," he said. "Mexico does not deserve that. Our country does not deserve to be governed by a president without moral and political authority."

President Vicente Fox exhorted citizens Friday to respect the rule of law. "Mexico is and must continue to be a plural country, a tolerant country," he said. On Thursday, in an apparent reference to Lopez Obrador, he said the law wasn't a "custom-made suit."

The tribunal, which has received reams of documents supporting both contentions, could agree to retally the contested ballots, all the ballots, some of the ballots or leave the count as is.

Supporters of Lopez Obrador, who have come from across Mexico to sleep in the street the past six nights, enduring a freak hailstorm and torrential rain, said they were prepared to remain if the tribunal didn't agree with their candidate.

"We're sure there was fraud," said Maricruz Velasquez, sprinkling scarlet sawdust on the ground to form the recount campaign's slogan, "Vote by Vote." A chant of "people united will never be defeated" sounded nearby. "We're staying here however long it takes," Velasquez said. "This is an important struggle."

Many city residents and businesses, however, were only too ready to see the 47 camps pack up from the 5-mile stretch of the city's cobblestone center and Paseo de la Reforma, one of Mexico City's swankiest streets, lined with five-star hotels, embassies and office towers.

Juan Carlos Robles, who sells cell phones and accessories along the Reforma, said he hoped that Lopez Obrador would accept the tribunal's ruling, come what may.

"This is chaos. I don't feel it's right," said Robles, whose sales have plummeted since the protest began. "I accept it because this is a democracy but democracy is also rule of law. He has to follow the law."

Although the tent cities have wreaked havoc - public buses have had to be rerouted, subway trains are jammed and workers have arrived late or not at all - the camps have remained clean, orderly and peaceful.

Protesters are well organized with water tanks, soup kitchens and banks of portable toilets. Activities are organized to keep participants occupied: everything from political discussions and impromptu rallies and marches to chess games, aerobics classes, soccer matches, and arts and crafts for kids.

Political columnist and analyst Rossana Fuentes said Lopez Obrador ran the risk of losing his more moderate supporters if he continued his campaign of "civil resistance" in the case of an adverse ruling from the tribunal.

"He could be facing a backlash," she said. "People are angry and fed up. We have to act within the rule of law. We have to keep cool."

Mexican Ruling In Disputed Election May Be Near (WSJ)

By John Lyons And Joel Millman

The Wall Street Journal, August 5, 2006

MEXICO CITY -- The nation's special electoral court likely will rule Saturday on the central demand of the former Mexico City mayor contesting his narrow defeat in the July 2 presidential election: A full recount of the 42 million votes cast.

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The outcome will provide the clearest indication yet how the Federal Electoral Tribunal, known here as the Trife, views the election challenges lodged by Andrés Manuel López Obrador. A decisive ruling against the leftist candidate almost certainly would ensure that conservative Felipe Calderón sustains his victory. But it is far from clear that any official decision would end the continuing protests orchestrated by Mr. López Obrador, whose supporters have seized the capital city's central boulevard to protest the election outcome -- which was decided by 244,000 votes, or less than 1% of the total.

Mr. López Obrador's top aides say they will end the street blockades only if the court honors their request for a full recount. However, the civil-disobedience campaign will likely escalate if an unfavorable ruling is issued, they say.

"The Trife knows that it is dealing with a delicate social situation," said Manuel Camacho, also a former Mexico City mayor, who is helping Mr. López Obrador organize his election challenge. "There will be governability problems unless there is a far-reaching solution to the doubts about the election."

Mr. López Obrador has sought a recount because he says it will back up his claims of widespread election-day fraud. Lawyers for Mr. Calderón say a vote count is unwarranted because there is no hard evidence of fraud. On the contrary, thousands of international observers, including officials from the European Union, have said the balloting was clean.

The disputed election has turned into the biggest test for Mexico's electoral court, which comprises seven judges -- nominated by the Supreme Court and confirmed by the Senate -- who preside over challenges to federal and local elections. The court, whose decisions can't be appealed, was created in the mid-1990s as part of an effort to create strong institutions as the guide rails for the nation's transition to full democracy.

In a session set to begin Saturday morning, the court was to take up a central demand of Mr. López Obrador's 850-page legal challenge. The judges will consider other complaints by the candidate, as well as legal challenges issued by Mr. Calderón, in the coming weeks before definitively ruling on the election's validity by month's end.

The broad scope of the court's power makes it hard to predict how it will rule on the recount or other challenges, and a cottage industry of speculation by political analysts has sprung up. Some columnists, including the novelist Carlos Fuentes, have even suggested the court will annul the election altogether, forcing Congress to choose an interim president. However, most observers consider that highly unlikely.

The most likely outcome, Mexican election experts say, is that the court will order a recount of a sampling of polling where Mr. López Obrador disputes the outcome, and use the new count to decide whether a full recount is needed. The court also could choose to open some of the disputed ballot boxes, but deny the broader petition for a full recount. The López Obrador camp has alleged fraud at about 40,000 polling stations -- a third of the total -- and reopening any number close to that amount would be seen as a victory for the populist candidate. Mr. López Obrador's aides say they would view a decision to open only a small number of boxes as evidence of bias, and a cause to escalate street protests.

"We would see that as a sign that the court wants to validate Felipe Calderón as president, and that would put us in a very difficult position," Mr. Camacho said.

In the least likely scenarios, the court either would accept outright Mr. López Obrador's petition for a full recount, or deny it and refuse to open any boxes.

Write to John Lyons at john.lyons@wsj.com1 and Joel Millman at joel.millman@wsj.com2

Violence Takes Toll On Visits To Mexico (WT/AP)

By Mark Stevenson, Associated Press

The Washington Times, August 5, 2006

MEXICO CITY -- A human head washes up on an Acapulco beach. Protesters hassle visitors at makeshift checkpoints in the colonial city of Oaxaca. And in Mexico City, leftist demonstrators turn the tourist draws of Reforma Avenue and the Zocalo plaza into sprawling, ragtag protest camps.

Growing political unrest and drug violence are making foreigners think twice about visiting Mexico, where the $11.8 billion tourism industry is the country's third-largest legal source of income, after oil and remittances from migrants in the United States.

Mexico has been struggling since last fall, when Hurricane Wilma hit the country's biggest tourism moneymaker, Cancun.

No tourists have been reported hurt in Mexico City, Oaxaca or Acapulco, but hotels are being hit by cancellations of thousands of reservations.

In Mexico City alone, hotels, restaurants and stores are losing $23 million a day, according to the city's Commerce, Services and Tourism Chamber. Some businesses have threatened to stop paying taxes unless the government cracks down on the demonstrations.

Protesters in Oaxaca, claiming fraud in the state gubernatorial race, have taken over the picturesque downtown to pressure Gov. Ulises Ruiz to step down. They forced the cancellation of an ethnic festival, and tourists must pass through checkpoints to reach the arch-ringed main plaza.

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Protesters want to use the unrest to "force the population that relies on tourism to pressure the government," said Jose Escobar, head of the Oaxaca employers' federation.

In the Pacific resort of Acapulco, drug gangs are battling for control of lucrative smuggling and sales routes. Human heads have been dumped in front of government offices and in the glittering resort's bay. There have been gunbattles on the streets.

In Mexico City, supporters of Andres Manuel Lopez Obrador have taken over streets to press election officials for a re-count in the disputed July 2 presidential elections.

And tourism officials say things could get worse.

"If this goes on for a week or 10 days more, some hotels are going to be in a desperate situation," said Carlos Mackinlay, director of Mexico City tourism promotion.

Double-decker buses no longer tour the tree-lined Reforma, which connects the city's Chapultepec Park to the historic center but is now closed to traffic. Museums, restaurants and hotels stand largely empty.

Tourists who brave the demonstrations must skirt rickety gas cookers and duck under ropes holding up tarps as they hike back to their hotels.

Despite growing calls from President Vicente Fox and even Mr. Lopez Obrador's own supporters, city officials who are allied with the leftist candidate have refused to take action.

The protesters claim the presidential election was tainted by fraud, giving conservative Felipe Calderon a narrow lead. An electoral tribunal has until Sept. 6 to declare a winner or annul the election.

Things aren't likely to improve soon.

"This is only the first step," said protester Fernando Martinez, helping block a downtown office building. "Next, we're going after the airports."

Chavez Opponent Drops Out Of Race (AP-Y)

By Ian James, Associated Press Writer

AP2, August 5, 2006

Venezuelan opposition leader Teodoro Petkoff dropped out of the presidential race on Friday, saying he would support a single candidate — as yet unannounced — to run against President Hugo Chavez in December elections.

Petkoff, a newspaper editor and former leftist guerrilla, said he would continue working to oppose Chavez, whom he calls authoritarian.

"We will continue in the struggle," Petkoff said, adding that he would wage a "battle for the democracy and against totalitarianism."

The 74-year-old said he is confident that a single candidate supported by all sectors of the opposition could defeat Chavez, who has used booming oil revenues to fund popular social programs, including subsidized food markets and new public housing.

Petkoff recently has lagged behind opposition candidates Manuel Rosales, the governor of western Zulia state, and the conservative lawyer Julio Borges. All are far behind Chavez, who according to recent polls has support of 55 percent or more of the population.

Petkoff said he had discussed the issue with Borges and Rosales and that all had agreed to support a single candidate.

Borges said that the decision as to whether he or Rosales would face Chavez would be announced Monday.

For most of the 7 1/2 years that Chavez has been in office, Petkoff has dissected the former army paratrooper's government in his renegade tabloid Tal Cual, Spanish for telling it "Like It Is."

Petkoff complains that rampant crime and government incompetence plague social programs that he says are rife with cronyism.

Court In Belarus Convicts And Sentences 4 Election Observers (NYT)

By Steven Lee Myers

The New York Times, August 5, 2006

MOSCOW, Aug. 4 — A court in Belarus on Friday convicted four election observers whose arrests in February foreshadowed a broad crackdown after the disputed re-election of President Aleksandr G. Lukashenko.

The observers, leaders of an American-financed organization called Partnership, were sentenced to prison for terms ranging from six months to two years under a law adopted late last year to restrict public protests.

Formally, they faced charges of membership in an unlawful organization, though on the eve of the election in March, the chief of the country's security agency publicly accused them of plotting a violent coup.

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Since the election, in which Mr. Lukashenko received 82 percent of the vote, according to official results, the authorities have arrested scores of protesters and political leaders opposed to Mr. Lukashenko. Last month a court sentenced one of his challengers, Aleksandr V. Kazulin, to five and a half years in prison for organizing a rally in April to protest the vote.

Another challenger, Aleksandr Milinkevich, who himself has been arrested and jailed for brief periods since March, criticized the verdict on Friday as a "political execution" of those simply trying to hold the government's electoral behavior to account.

"This trial demonstrates the arbitrariness of administrative and command rule and the complete absence of any control over the power," Mr. Milinkevich said in a statement.

Partnership gained prominence for organizing election observers during elections in 2004 for a new Parliament and a referendum that same year that gave Mr. Lukashenko the right to seek unlimited terms in office. The group received money from the National Democratic Institute, whose representative for Belarus, David Hamilton, was also accused by the authorities of participating in the coup plot.

The government refused to register the group and raided an organizational meeting last year, arresting dozens of members. The four convicted on Friday — Nikolai Astreiko, Timofei Dranchuk, Aleksandr Shalaiko and Enira Bronitskaya — were leaders of the group whose arrests in February effectively disrupted plans to observe the presidential election, which was roundly denounced by the United States and Europe as a fraud.

Belgium's foreign minister, Karel De Gucht, criticized the case on Friday, citing the nature of the charges and the murky circumstances of the trial, which was held behind closed doors. "I believe it is a mistake to add even more individuals to an already extensive list of politically motivated convictions," Mr. De Gucht, who also serves as the chairman of the Organization for Security and Cooperation in Europe, said in a statement.

The United States and Europe have imposed sanctions on Mr. Lukashenko and members of the government in protest, establishing a ban on travel for many senior officials and a freeze on their assets abroad. Those measures appear to have had little real effect on Belarus, which continues to receive political support from Russia and its president, Vladimir V. Putin.

David J. Kramer, a deputy assistant secretary of state for the region, said in a telephone interview from Washington that those involved in the Partnership prosecution could also face sanctions. That would presumably include a ban on travel to the United States, but he declined to elaborate.

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USDOJ- Office of Public Affairs

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To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Sunday, August 06, 2006
Attachments:	agnb060806.pdf

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, AUGUST 6, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Stevens Approach To Terrorism Cases Affected By WWII-Era SCOTUS Decision ... 2
Egyptian Group Joins Al Qaeda ... 2
New Book Examines Rise Of Al Qaeda ... 2

Homeland Response:
Air Marshal Chief Focuses On Morale Problem ... 2
No Evidence Pentagon Intentionally Misled 9/11 Panel, DOD Says ... 2

War News:
Michigan Man Pleads Guilty To Offering Bribe To Iraqi Police Official ... 2
Abizaid Comments About Possible Iraqi Civil War Complicates White House Message Strategy ... 2
New US Forces Deployed In Baghdad ... 3
US Activists, Iraqi Lawmakers Call For Troop Withdrawal Timetable ... 3
West Point Adopts Iraq War Training Scenarios ... 4

Corporate Scandals:
WPost Says SEC Chief Should Tread Lightly On Hedge Fund Reform ... 4

Criminal Law:
Defense Contactor Wilkes Maintains Innocence, Defends Lewis, Lowery ... 4
Montgomery County Police Apprehend Three Suspects In VA Computer Theft ... 4
Investigators Had Been Trying To Locate Arizona Shooter Suspect Since Mid-July ... 5

Civil Rights:
Assistant AG, Florida USA Tout DOJ Efforts To Combat Human Trafficking ... 5
Salem, Virginia, Wins Voting Rights Act Exemption ... 5
Ohio Democrats Claim New Voter Registration Rules Favor GOP Candidates ... 6

Antitrust:
Protection Of Southwest Gates In Texas Raises Antitrust Concerns ... 6

Congress-Administration:
Bush Touts National Guard Border Presence, Urges Congress To Pass Immigration Bill ... 6
Governors To Challenge Expanded Presidential Authority Over National Guard ... 6
Bush's Shortened Vacation Attributed To Political Considerations ... 7
Cheney Maintains "Rock Star" Image Among GOP Base ... 7

Other News:
Administration Cautiously Optimistic About Cease Fire Resolution ... 7
Intense Israel, Hezbollah Attacks Continue ... 10
Israel Intensifies Attacks On Hamas In Gaza ... 11
Lebanon Conflict Seen As Halting Neoconservative Push For New Middle East ... 11
Justice Kennedy Says Democracy Is Losing Ground Internationally ... 12
Iran To Expand Nuclear Enrichment ... 12
Russian Weapons Makers Criticize US Sanctions ... 12
Cuba Says Castro Steadily Recovering ... 12
Mexican Electoral Tribunal Orders Partial Recount ... 13
Bolivian Constitutional Convention Convenes ... 14
Sudanese President Appoints Darfur Rebel Leader To Top Post14
Tamil Tigers Announce Withdrawal From East Sri Lanka ... 14

Washington's Schedule:
Today's Events In Washington ... 14
Other14

The Big Picture:
Headlines From Today's Front Pages ... 14

TERRORISM NEWS:

Stevens Approach To Terrorism Cases Affected By WWII-Era SCOTUS Decision. The Los Angeles Times (8/6, Savage, 918K) reports that a 1946 Supreme Court ruling which upheld the death sentence of a Japanese general "greatly troubled a young Navy veteran, John Stevens, who a year later became a law clerk for one of the two dissenters in the case." In his dissent, Justice Wiley Rutledge wrote that "the 'great divide between our enemies and ourselves'…was that 'theirs was a philosophy of universal force' and 'ours is one of universal law' -- for friends and foes." Some of Stevens' former law clerks "have been struck by the decisive role his World War II-related experience has played in his handling of cases involving the war on terrorism." University of Oklahoma law professor Joseph Thai said the "lesson Justice Stevens applies to the war on terrorism" is that "even as we seek to punish the 'worst of the worst,' we must abide by the rule of law."

Egyptian Group Joins Al Qaeda. The AP (8/5, Sinan) reports al Qaeda's "No. 2 leader" Ayman al-Zawahri said in a new videotape aired Saturday on Al-Jazeera that the Egyptian militant group Gamaa Islamiya "has joined the terror network." It was the first time al Qaeda has announced a branch in Egypt. Gamaa Islamiya "is apparently a revived version of a militant group of the same name that waged a campaign of violence in Egypt during the 1990s but was crushed in a government crackdown."

New Book Examines Rise Of Al Qaeda. Dexter Filkins in the New York Times (8/6, 1.21M) reviews "The Looming Tower: Al-Qaeda and the Road to 9/11" by Lawrence Wright, calling the book the "story of how a small group of men, with a frightening mix of delusion and calculation, rose from a tormented civilization to mount a catastrophic assault on the world's mightiest power, and how another group of men and women, convinced that such an attack was on the way, tried desperately to stop it." Wright "shows, correctly, that at the root of Islamic militancy -- its anger, its antimodernity, its justifications for murder -- lies a feeling of intense humiliation. … But whether the militant hails from a middle-class family or an impoverished one, is intensely religious or a 'theological amateur'…he springs almost invariably from an ossified society with an autocratic government that is unable to provide any reason to believe in the future."

HOMELAND RESPONSE:

Air Marshal Chief Focuses On Morale Problem. The Washington Times (8/6, Hudson, 88K) reports Federal Air Marshal Service Director Dana Brown, who took over in March, is focusing on air marshal morale following the results of the Transportation Security Administration's 2006 Organizational Satisfaction Survey. Brown said, "Candidly, the morale was much worse than I thought." Brown says he "wants to 'promote significant change' through 14 panels he has assembled to review policies and make recommended changes."

No Evidence Pentagon Intentionally Misled 9/11 Panel, DOD Says. The Washington Post/AP (8/6, A8) reports DOD spokesman Lt. Col. Brian Maka said there is "no evidence that Pentagon officials intentionally misled the Sept. 11 commission when they gave inaccurate accounts about actions at the time" of the attacks. He said a forthcoming DOD IG report "will address the question of whether military commanders intentionally misled the commission."

WAR NEWS:

Michigan Man Pleads Guilty To Offering Bribe To Iraqi Police Official. The AP (8/6, Sherman) reports, "A Michigan man who worked as a translator in Iraq pleaded guilty Friday to offering a bribe to a police official to arrange the purchase of armored vests and other equipment for $1 million. Faheem Mousa Salam, 27, faces up to five years in prison and a $100,000 fine for violating the Foreign Corrupt Practices Act. He entered his plea in U.S. District Court in Washington. Salam, of Livonia, Mich., acknowledged that he offered $60,000 to an Iraqi police official who Salam believed could help arrange the purchase of the goods by a police training organization, the Civilian Police Assistance Training Team, prosecutors said." The AP adds, "He tried to make final arrangements for the sale with someone he believed was an official of the training group, but actually was an undercover agent of the Special Inspector General for Iraq Reconstruction. Salam offered the agent a separate payment of $28,000 to $35,000 for his help."

Abizaid Comments About Possible Iraqi Civil War Complicates White House Message Strategy. The New York Times (8/6, Rutenberg, 1.21M), under the headline "'Civil War' Is Uttered, And White House's Iraq Strategy Is Dealt A Blow," considers Gen. John Abizaid's comments before the Senate Armed Services Committee last week, saying "those two words -- civil war -- further complicated what was already a daunting challenge for the

administration: convincing battle-weary Americans that the war was winnable while acknowledging the grim reality of the bloodshed." The Times adds that "for some who have watched the public relations campaign closely," Abizaid's statement "represented a tacit acknowledgment that there was no use spinning this conflict. Yet it also risked feeding public calls to leave Iraq when Americans are especially supportive of a speedy troop withdrawal if the conflict devolves into an internal Iraqi war."

Battalion In Diyala Charged With "Preventing Civil War." Under the headline "U.S. Battalion's Mission In Iraq Shifts To Preventing Civil War," the Washington Post (8/6, A13, Tyson, 748K) profiles the 1st Battalion, 68th Armor Regiment, 4th Infantry Division's mission in Iraq's eastern Diyala province, where the number of attacks "each month has more than doubled, from about 200 before the Samarra mosque bombing to an average of just under 500 this summer."

Ramadi Insurgents Adopt "Increasingly Sophisticated Tactics." The Los Angeles Times (8/6, Barnes, 918K) reports from Ramadi that insurgents there "are using increasingly sophisticated tactics against U.S. and Iraqi forces. As in the rest of Iraq, the improvised explosive device, which the military calls the IED, is the most common and deadliest weapon. But after three years of fighting, insurgents here are combining roadside bombs with small-arms fire or rocket-propelled grenades to lethal effect." A Marine intelligence officer said, "Darwin works every day for the insurgency. The guys who are left know their business. The dumb ones are weeded out very quickly."

Two US Soldiers Killed In Anbar. The CBS Evening News (8/5, story 3, 0:10, Dubois, 7.66M) was the only network newscast to report that "two American soldiers were killed in action in the western Anbar province. At least 2,588 US service people have died in the line of duty since the war began."

LATimes Says Rumsfeld, Bush, Maliki Should Heed Abizaid's Words. The Los Angeles Times (8/6, 918K) asks in an editorial, "Is Iraq in the midst of a civil war or…only in danger of moving toward one? For purposes of U.S. military and political planning, that may be a distinction without a difference. What matters is that sectarian violence, especially in Baghdad, is, in Abizaid's words, 'as bad as I've seen it' and getting worse. … With more than 2,500 U.S. soldiers killed in Iraq, Americans are going to be increasingly reluctant to shed more of their countrymen's blood for a multiethnic nation that is unsure about how or even whether it should continue to coexist. Abizaid's testimony should be ringing in the ears not only of Bush and Secretary of Defense Donald Rumsfeld but also in those of Prime Minister Maliki. None of them has the luxury of being able to tolerate even a 'low-intensity' civil war in Iraq."

New US Forces Deployed In Baghdad. The Washington Times/AP (8/6, Rageh) reports US troops from the Army's 172nd Stryker Brigade "sent to beef up security in Baghdad were seen for the first time on the streets of the capital yesterday as Iraqi police used loudspeakers to reassure people that the Americans were there to protect them. But at least 21 persons were killed or found dead, most of them in the capital, wracked by bombings and sectarian slayings." And, the New York Times (8/6, Semple, 1.21M) reports, nine bodies, "all with gunshots to the head and torture marks, were recovered in five predominantly Shiite neighborhoods" in Baghdad Saturday.

Baghdad Violence Increased As US Turned Over Duties To Iraqis. The New York Times (8/6, Filkins, 1.21M) reports that a "review of previously unreleased statistics on American and Iraqi patrols suggests that as Americans handed over responsibilities to the Iraqis, violence in Baghdad increased." In June 2005, US forces "conducted an average of 360 patrols a day, according to statistics released by the military," and by February 2006, that number had decreased to about 92 per day. But while 13 months ago, "Baghdad had about 19 daily violent events, like killings," the current "daily average is 25 -- an increase of more than 30 percent."

US Activists, Iraqi Lawmakers Call For Troop Withdrawal Timetable. The AP (8/5) reports 15 US antiwar activists, including Cindy Sheehan and Tom Hayden, joined with Iraqi lawmakers in Amman to demand a timetable for US troop withdrawal from Iraq. The activists, "representing the largest U.S. anti-war coalition, have been in Jordan since Thursday for talks with the Iraqi parliament members." Iraqi Prime Minister Nouri al-Maliki "refused to meet the activists during last month's talks with President Bush in Washington."

Edwards Calls For Immediate Withdrawal Of US Troops. The AP (8/6) reports former vice presidential candidate John Edwards "said Saturday the United States should start pulling troops out of Iraq immediately." Edwards "told reporters America should 'make it clear (to Iraqis) we are leaving, and the best way is to start leaving. We should take 40,000 combat troops out now.'" Edwards, "who has said he regretted his vote as a U.S. senator authorizing President Bush to invade Iraq, said he would ask the country's military leaders for a strategy 'to have the (rest of the) troops out in roughly 12 to 18 months.'"

NYTimes Criticizes Bush, Democrats On Iraq Exit Plans. The New York Times (8/6, 1.21M) editorializes, "As America's military experience in Iraq grows ever more nightmarish, it is becoming clear that President Bush's strategy comes down to this: Keep holding to a failing course for the next 29 months and leave it to the next administration

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to clean up the mess. That abdication of responsibility cannot be allowed to continue at the expense of American lives, military readiness and international influence." But "unfortunately," Democrats "have their own version of reality avoidance. It involves pretending that the nightmare can be ended by adopting a timetable for a phased withdrawal of American troops." Bush's "cheerleading encourages the illusion that it is just a matter of time and American support before Iraq evolves into a stable democracy. The Democratic timetable spins a different fantasy: that if the Iraqis are told that American troops will be leaving in stages, at specific dates, their government will rise to the occasion and create its own security forces to maintain order."

West Point Adopts Iraq War Training Scenarios. The AP (8/5, Tanner) reports that "this year, for the first time," the US Military Academy at West Point "has scrapped its Vietnam-era summer training for scenarios drawn straight from Fallujah and Ramadi. The idea is to train tomorrow's military leaders in warfare that's emerging today in Iraq and Afghanistan -- a stew of tactical maneuvers, police actions, cultural conflicts and negotiations, all framed by the laws of war."

CORPORATE SCANDALS:

WPost Says SEC Chief Should Tread Lightly On Hedge Fund Reform. In an editorial, The Washington Post opines that though "the collapse of a hedge fund named Long-Term Capital Management triggered fears of international financial instability" eight years ago, now, "hedge funds have quadrupled the volume of money they manage and account for perhaps 30 percent of trading on U.S. stock markets." However, in a controversial 3-to-2 vote two years ago the Securities and Exchange Commission decided "to require hedge fund managers to register and submit to inspections," a move opposed by numerous policymakers at the time and eventually vacated by a federal court in June. After inheriting "this mess, SEC Chairman Christopher Cox is pondering how to fix it. His objectives should be to mend fences with his fellow regulators and to tread lightly on this industry," The Post opines. "Hedge funds, which exist to come up with futuristic trading strategies that others haven't tried, are the classic example of an innovative industry with which regulators can't keep up. Pretending to conduct meaningful oversight is worse than conducting none at all: It dulls investors' incentives to monitor the risks of putting money into hedge funds."

CRIMINAL LAW:

Defense Contactor Wilkes Maintains Innocence, Defends Lewis, Lowery. The New York Times (8/6, A1, Johnston, Kirkpatrick, 1.21M) profiles defense contractor Brent R. Wilkes whose "career [was] built on what Mr. Wilkes calls 'transactional lobbying,' which made him a rich man but also landed him in the middle of a criminal investigation. Last November, Mr. Wilkes was described as 'co-conspirator No. 1' in a plea agreement signed by" former Rep. Randy Cunningham. Wilkes "could also figure in a related federal investigation into the House Appropriations Committee. The inquiry has focused on ties between" former Rep. Bill Lowery, "who left Congress and became a lobbyist," and Rep. Jerry Lewis, "chairman of the committee and the former chairman of its Defense Subcommittee. Speaking publicly for the first time since Mr. Cunningham's plea agreement, Mr. Wilkes said in recent interviews that he had done nothing wrong and did not believe that Mr. Lewis and Mr. Lowery had broken the law. Mr. Wilkes, who has not been charged in the Cunningham case, has refused prosecutors' appeals to plead guilty. But Mr. Wilkes acknowledged that he was a willing participant in what he characterized as a 'cutthroat' system in which campaign contributions were a prerequisite for federal contracts."

Recent Scandals Have Failed To Discourage DC Lobbyists. The New York Times (8/6, Herring, 1.21M) reports, "Lobbying has gotten such a bad name, after a series of scandals (did someone say Jack Abramoff?), that it simply has to be a dying phenomenon. Surely, no self-respecting lawmaker in this new, ethical age would take campaign contributions or other goodies if there was any hint the loot was meant to sway votes. Right? Wrong. Dead wrong. Just look at the latest figures from the Center for Responsive Politics, which show that total lobbyist spending, already at $1.44 billion eight years ago, soared to $2.38 billion in 2005."

Montgomery County Police Apprehend Three Suspects In VA Computer Theft. The Washington Post (8/6, C1, Lee, Brulliard, 748K) reports, "Montgomery County police charged two men yesterday with felonies in the May 3 theft of computer equipment from the home of a Department of Veterans Affairs analyst, a case that blossomed into the largest data breach in federal government history. Police arrested Jesus Alex Pineda, 19, and Christian Brian Montano, 19, both of Rockville, about 9 p.m. Friday in a McDonald's restaurant and charged them yesterday with first-degree burglary and theft over $500. Montano was also charged with conspiracy to commit first-degree burglary and conspiracy to commit theft over $500. A juvenile in custody

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on an unrelated charge is also a suspect in the crime, police said."

Nicholson Praises Arrests. The AP (8/6, Westley) reports, "'I commend the FBI, Montgomery County Police, VA's Office of Inspector General and other law enforcement agencies for their professionalism and diligence throughout this investigation,' Secretary of Veterans Affairs R. James Nicholson said in a statement. 'Today's announcement that arrests have been made is good news.'

Investigators Had Been Trying To Locate Arizona Shooter Suspect Since Mid-July. The East Valley (AZ) Tribune (8/6, Giblin) reports, "Police had obtained the name of one man implicated in the 'Serial Shooter' crime spree in early to mid-July, but were unable to locate him as the body count climbed. They say they figured out where he lived only after a young Mesa woman was killed a week ago. Initially, Samuel J. Dieteman was just one of several people whom police thought might have been associated with the string of shootings, Phoenix police Sgt. Andy Hill said Saturday. While some investigators tried to find Dieteman, other members of a multiagency task force checked out hundreds of other leads during the final weeks of the wide-ranging investigation." The Tribune notes, "Tipsters called authorities three times since June with information that Dieteman was tied to various crimes around the metropolitan area, according to officials with Phoenix police and the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. … ATF agents released video-taped images of two men who were suspected in the arsons" at a local Wal-Mart. "A tipster identified one of the men as Dieteman, but authorities were unable to locate him or identify a second man photographed with him, said ATF senior special agent Thomas Mangan. 'The people we were trying to interview hadn't seen him in months,' Mangan said. Authorities tried to track him through vehicle records, but they were outdated."

CIVIL RIGHTS:

Assistant AG, Florida USA Tout DOJ Efforts To Combat Human Trafficking. In a Tampa Tribune (8/6) op-ed, Assistant Attorney General Wan J. Kim and US Attorney Paul I. Perez write, "The Tampa Tribune's recent editorials highlighting the serious problem of human trafficking are to be commended for drawing attention to this horrific and pervasive crime. Every day, in Florida and around the world, victims are compelled into sexual servitude and forced labor through acts of violence, coercion, and deception by traffickers preying on society's most vulnerable citizens." Kim and Perez add, "As accurately noted, law enforcement officers, social service workers, and others on the front lines need appropriate training to identify the warning signs of these forms of modern-day slavery. This is why it is important to call attention to the efforts the Justice Department is devoting to combat human trafficking. Since enactment of the Trafficking Victims Protection Act of 2000 (TVPA), the department has increased by more than 400 percent the number of cases filed as compared to the preceding five years. In fact, with two months remaining in the fiscal year, the Justice Department has already convicted more trafficking defendants this year than in any other single year on record." Kim and Perez conclude, "With substantial work ahead, the Department of Justice calls on federal, state, and local officials, social service agencies, non-governmental organizations, the media, and concerned citizens to join our efforts to prosecute human traffickers and rescue and restore trafficking victims. We urge all those concerned about these evil practices to give a voice to vulnerable victims who too often suffer in silence. Working together, we will prevail in our fight against modern-day slavery."

Texas Police Keeping Eye On Alleged Sex Tour Operator. The Fort Worth Star-Telegram (8/6, Alfano, 236K) reports alleged sex tour operator Gunter Frentz "has been the proprietor of G.F. Tours for more than 18 years. And for almost a year now, since Hurricane Katrina cast him among thousands of evacuees who sought refuge in Texas, Frentz has been operating from Fort Worth." The Star-Telegram adds, "Fort Worth police officer Ed Adcock, who is assigned to the special operations/vice squad, has kept tabs on Frentz since last November," although "Frentz adamantly denies he is promoting sex tourism. … But, he adds, 'The opportunities do exist to take out a female companion.'" The Star-Telegram notes, "An official with the Justice Department in Washington, D.C., says the sex business is booming in Bangkok. 'There are so many people offering sex for sale, Westerners who pay to go there are preyed on. You can't walk 15, 20 feet without multiple young ladies offering to come home with you for $20 to $25 per night,' says the official, who prefers not to use his name, citing agency policy."

Salem, Virginia, Wins Voting Rights Act Exemption. The Roanoke Times (8/6) reports, "reports, "Like many southern cities, Salem has come a long way since the bleak days of segregation. Today Salem's residents can take pride that skin color is irrelevant on Election Day." The Times adds, "The landmark 1965 Voting Rights Act requires communities in states with a history of discrimination to seek preclearance from the federal government before changing their election policies. The Justice Department reviews proposed changes to ensure they do not disenfranchise minority voters. … The city became just the 11th locality, all of them in Virginia, to have applied for and received an exemption from federal review. A three-judge panel ruled

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that the city's nonwhite residents, about 8 percent of the population, do not face discrimination at the ballot box, and have not for years." The Times notes, "The exemption procedure ends federal oversight after a community demonstrates it protects the most fundamental democratic rights of all citizens."

Ohio Democrats Claim New Voter Registration Rules Favor GOP Candidates. The New York Times (8/6, Urbina, 1.21M) reports on Ohio's new voter registration rules. While Republicans "say the new rules are needed to prevent fraud," Democrats "say they are making it much harder to register the poor." The Times notes that "six states have passed such restrictions," but "nowhere have the rules been as fiercely debated as here, partly because they are being administered by J. Kenneth Blackwell, the secretary of state and the Republican candidate in one of the most closely watched governor's races in the country, a contest that will be affected by the voter registration rules. Mr. Blackwell did not write the law, but he has been accused of imposing regulations that are more restrictive than was intended. Under the law, passed by the Republican-led state legislature in January 2006, paid voter registration workers must personally submit the voter registration cards to the state, rather than allow the organizations overseeing the drives to vet and submit them in bulk. By requiring paid canvassers to sign and put their addresses on the voter registration cards they collect, and by making them criminally liable for any irregularities on the cards, the rules have made it more difficult to use such workers, who most often work in lower-income and Democratic-leaning neighborhoods, where volunteers are scarce."

ANTITRUST:

Protection Of Southwest Gates In Texas Raises Antitrust Concerns. The Dallas Morning News (8/6, Gillman, 500K) reports, "Texas lawmakers say the Wright amendment deal strikes a fair and careful balance among the interests of airlines and cities in North Texas. But the deal raised so many antitrust questions that even the great-grandson of legendary robber baron John D. Rockefeller voiced concern. 'I think it's a bad precedent,' said Sen. John D. 'Jay' Rockefeller IV, D-W.Va." The Morning News adds, "Last week, Sen. Kay Bailey Hutchison scrambled to tamp down antitrust objections contained in a leaked Justice Department memo. The core issue is whether the plan to limit gates at Love Field goes too far in protecting Southwest and American airlines from competition at Love Field and Dallas/Fort Worth International. And Justice Department lawyers weren't the only ones saying the deal might run afoul of antitrust law. Mr. Rockefeller, the only Senate Commerce Committee member to vote against the deal, compared Love and its special legal status to the unique principality of Monaco."

CONGRESS-ADMINISTRATION:

Bush Touts National Guard Border Presence, Urges Congress To Pass Immigration Bill. The AP (8/6, Pickler) reports that "with 6,000 National Guard troops deployed to Southwestern states," President Bush "said Saturday he has fulfilled his pledge to help beef up border security and challenged Congress to give him legislation that will welcome more foreigners into the country. Speaking in his weekly radio address, Bush said immigration reform can only be successful if the get-tough border security to keep people from sneaking in is combined with opportunities for more immigrants to enter the country legally." According to the AP, "Bush wants to provide more temporary worker permits for foreigners willing to take low-wage jobs and allow illegal immigrants working in the United States for some time to become citizens. But Congress has been unable to agree on such legislation. Conservatives in Bush's party have stood firm against his plans and say the U.S. should instead strengthen security along the border to keep illegal immigrants out. In an attempt to appease them, Bush announced in May that he would send 6,000 National Guard troops to the border by Aug. 1." The AP notes Bush "didn't mention that only about half of the troops assigned to the four states bordering Mexico are on duty along the border. Many are still in training, the Guard said Monday."

Governors To Challenge Expanded Presidential Authority Over National Guard. The Washington Post (8/6, A5, Broder, 748K) reports, "The nation's governors on Saturday launched a bipartisan drive to block a move to expand the president's authority to take over National Guard troops in case of natural disaster or homeland security threats." At a closed-door luncheon on the first day of the National Governors Association summer meeting, Chairman Mike Huckabee of Arkansas "told colleagues that a provision in the House-passed defense authorization bill would end the historic link between the states and their Guard units." Huckabee and Vice Chairman Janet Napolitano of Arizona "plan to ask all the governors at the session to sign a letter of protest Sunday aimed at killing the provision when House and Senate conferees meet next month on the bill."

The AP (8/5, Tanner) writes that the proposal, spurred by Hurricane Katrina, would "remove the currently required consent of governors for the federalization of the Guard, which is shared between the individual states and the federal government." But Louisiana Gov. Kathleen Blanco said, "Federalization just for the sake of federalization makes no

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sense." And South Carolina Gov. Mark Sanford said "'a whole bunch of governors' were opposed to the idea."

Bush's Shortened Vacation Attributed To Political Considerations. The New York Times (8/6, Stolberg, 1.21M), in an article titled, "With Eye On Political Reality, A Shorter Vacation For Bush," reports, "this year reality — in the form of the November midterm elections, the peace activist Cindy Sheehan and the legacy of Hurricane Katrina — has intruded on the president's summer vacation, cutting short his time at his 1,600-acre ranch. Instead of parking here for the whole month, Mr. Bush, who arrived Thursday night, will spend just 10 nights before returning to the White House. During his stay, his aides are taking pains to present Mr. Bush as deeply engaged in world events. … 'It basically reflects busy times and a busy schedule,' said Dan Bartlett, counselor to Mr. Bush, explaining the abbreviated visit. It also reflects a political decision made by Mr. Bush's advisers, and the president himself, to prevent a repeat of the public relations debacle of last August. That month began with highly publicized protests by Ms. Sheehan…and ended with the image of the president on vacation while New Orleans drowned, an image that helped start his slide in popularity."

Cheney Maintains "Rock Star" Image Among GOP Base. The AP (8/6, Benac), in an article titled, "Despite Image, Cheney A GOP Rock Star," reports, "Never mind that Dick Cheney is favorably regarded by only about a third of Americans," in the eyes of ardent Republicans "he is a rock star." Gus Bilirakis, "a state legislator bidding to succeed his father in Congress, is happy to bask in the vice president's glow, pocketing $200,000 in campaign contributions from Cheney's two-hour visit to town late last month. … Four days earlier, the scenario was the same in Iowa, where Cheney raised campaign cash for two Republican congressional candidates. Ditto three days later in Alabama and Arkansas, where Cheney was raising money for two gubernatorial candidates. Five and half years into the Bush presidency, Cheney's image may have taken a beating overall but 'he's still Elvis to a lot of the conservatives,' says Marshall Wittmann, a Democratic Leadership Council analyst. 'When he comes in, money and enthusiasm flow.'

OTHER NEWS:

Administration Cautiously Optimistic About Cease Fire Resolution. The US-French agreement on a draft UN resolution calling for a ceasefire in the war in Lebanon was heavily covered by the media, appearing on the front page of major papers and as the lead or second story on the national network newscasts. The Administration is cautiously optimistic that it is making process on ending the recent Mideast conflict. President Bush, Secretary of State Condoleezza Rice and Ambassador to the UN John Bolton were all cited as playing a role in crafting a UN cease-fire resolution with France. But news of the cease-fire resolution was also framed by negative news as violence in the region continued.

ABC Saturday Evening News (8/5, lead story, 2:38, Avila) reported that "the White House, who is behind the plan, says nothing is certain." ABC (Morrell) "Jim down here, the President has been closely following all the action at the U.N. In fact, we're told he personally signed off on the draft resolution, which seems to have a little something for everyone. The question tonight — is it enough to stop the violence? The first, significant diplomatic breakthrough in this crisis, did not come from Secretary of state Condoleezza Rice's whirlwind trip to the region, but rather intense, closed-door negotiations between the U.S. and France." U.S. Ambassador to the U.N. John Bolton: "This is not a resolution that provides the comprehensive solution. I'm sure there are aspects of it that are displeasing to almost everyone." Morrell: "Bush studied the resolution with Secretary Rice. A spokesman says the President is pleased by it, but knows there is still much work to be done." While "the initial reaction to the resolution has been mostly positive, the Lebanese government has expressed some concerns. Still, if all goes well, the Security Council could vote on it as early as Monday. Then, Jim, the U.S. and France begin work on a second resolution, that would determine the composition and mandate of that multinational force." Avila: "A difficult job ahead."

The CBS Evening News (8/5, story 2, 2:20, Guida, 7.66M) reported, "All along, the Bush Administration has insisted on no cease-fire without an established framework for peace. Whether the dozen requirements of this resolution provide that framework is open to debate, but it's clear that the resolution, if passed, would provide the most significant international response so far to this crisis. Even so peace will be hard it come by, if at all." Guida notes, "A White House spokesman says President Bush is happy with the resolution. Secretary of state Condoleezza Rice is meeting with the President in Crawford, Texas, before heading to the U.N. for next week's vote. U.N. Ambassador John Bolton made it clear the Administration is betting heavily on this resolution."

NBC Nightly News (8/5, story 3, 2:00, Corke, 9.87M) reported that "White House officials caution it is just the first step on a road strewn with previous resolutions and broken promises. After days of public wrangling at the U.N. and a flurry of private negotiations between the U.S. and France – today a possible pathway to peace." UN Ambassador John Bolton: "Obviously this resolution alone isn't that solution but

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it is the beginning." Corke: "If approved the resolution would be the most significant step towards stopping violence between Israel and Hezbollah." Corke adds, "UN Ambassador John Bolton admitted the draft was far from perfect but a good building block." Bolton: "I am sure there are aspects that are displease to everyone but this is a way to get started." Corke: "The president, meeting with Condoleezza Rice and National Security Advisor Stephen Hadley, said he was happy progress was being made on the issue but a solution rests on Israel and Hezbollah committing to end hostilities, something neither side would agree to today. A resolution could be adopted Monday or Tuesday. If that were to happen it would set into motion a likely second resolution in about a week."

In a front page article, the New York Times (8/6, A1, Hoge, 1.21M) reports that the resolution, which "is unlikely to come up for a vote until early next week," follows "a week of intense meetings between the French ambassador, Jean-Marc de la Sablière, and John R. Bolton, the American ambassador." The draft "calls for a truce, asked the current United Nations peacekeeping force to monitor the border area, and laid out a plan for a permanent cease-fire and political settlement." However, "it did not include a prisoner exchange or require Israel to immediately withdraw from Lebanon, which immediately raised dissent among members of the Security Council." According to two Bush administration officials involved in the French-American talks, "the White House recognized that the agreement represented a significant backing away from its earlier insistence that no cease-fire be declared before there were clear lines on how to enforce it." However, Nouhad Mahmoud, a Lebanese Foreign Ministry official, told the Security Council the lack of a call for Israel's withdrawal is "a recipe for more confrontation," and while "the Lebanese cabinet met for more than four hours to discuss the resolution,…there was no statement afterward."

AFP adds, "The French envoy and his US counterpart, John Bolton, both said they were encouraged by the first reactions to the text from other members of the 15-member Security Council," with Bolton telling reporters, "I didn't hear anything that was particularly discouraging."

However, in a front page article the Washington Post (8/6, A1, Lynch, Wright, 748K) is less optimistic of the resolution's chances, noting in the second paragraph that "Senior Lebanese and Hezbollah officials immediately challenged the terms, and U.N. and European officials said major changes would almost certainly be needed before it is put to a vote next week." Lebanese "cabinet ministers, including members of Hezbollah, indicated stiff resistance to the terms," insisting that Israel withdraw its troops, and "Prime Minister Fouad Siniora indicated that Hezbollah's views on the resolution would prevail." Despite this, "the Bush administration is working behind the scenes to win support, hoping for the proposal to be put in final form Monday and a vote to be held Tuesday," Secretary of State Condoleezza Rice "talked to Siniora twice Saturday, once after the cabinet meeting," and : is scheduled to attend a U.N. session for the vote."

The AP (8/6, Wadhams) adds that White House press secretary Tony Snow said "President Bush is 'happy with the progress being made' at the United Nations, but knows cementing a cease-fire will not be easy," and, "I don't think he has any delusions about what lies ahead."

The AP (8/6, Pickler) says, "Bush was not directly involved in the final negotiations, but left the discussions up to his diplomats, Snow said. Bush got his regular daily national security briefings while at the ranch, but has spent most of his time biking, clearing brush and otherwise relaxing, aides said." According to Snow, Bush, Rice and Hadley "talked about not only about what's going on with this resolution but generally about the contours of the president's vision for the Middle East."

The Los Angeles Times (8/6, Hamilton, Murphy, 918K) reports, "Although questions remain about many aspects of the draft, it represents the first real step by the international community to end 3 1/2 weeks of fighting -- in effect, starting a clock ticking toward a cease-fire." It is "clearly aimed at diminishing the power of Hezbollah. It calls for a buffer zone in the south where the only armed forces would be the Lebanese army and the U.N. contingent. It also seeks an arms embargo to prevent Iran or Syria from supplying weapons to Hezbollah."

McClatchy Newspapers (8/6, Bengali, Strobel) adds, "In a victory for Israel that was backed by the United States, the draft resolution does not require Israel to immediately withdraw its troops, said a French diplomat." Bloomberg (8/6, Nations) reports details similar in other stories.

Doubts Raised About Prospects For Disarming Hezbollah. ABC World News Tonight (8/5, story 3, 1:06, Avila, 8.78M) reported that "the proposal does insist that Hezbollah disarms eventually. And also that it steps back out of that southern region. Is that really likely?" ABC (Wright): "The Lebanese government has been unable to do it. And if the Israeli military couldn't do it this time, there's no reason to believe that the Lebanese military can do it in their place. When we began this conflict, it's almost as if Hezbollah was a state within a state. And now, as one political observer put it today, it's almost as though Lebanon is a state within Hezbollah. So, probably not."

Cease-Fire Faces Hurdles As Violence Continues. Typical of most media reports on the US diplomatic efforts and the continuing violence in the Mideast the CBS Evening News (8/5, lead story, 2:30, Dubois, 7.66M) reported, "After several false starts, diplomats today finally put a Mideast cease-fire proposal on paper. But already tonight, it seems to be unraveling, and the fighting goes on." Dubois adds,

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"There is a big leap between calling for a cease-fire and getting both sides to stop fighting." CBS (Pizzey): "The cease-fire proposal may seem hopeful to diplomats and politicians, but there is no sign either side of the conflict is ready to meet any conditions just yet."

And NBC Nightly News (8/5, lead story, 3:00, Seigenthaler, 9.87M) reported, "As fighting rages in the Middle East tonight at the United Nations a new effort to end the violence. So far it is all talk. On the ground more people are dying." NBC (Savidge): "Despite the talk of a possible cease-fire there was no evidence in Lebanon today where as many as eight people were killed in fighting, most of them civilians and tonight there are new fears of more attacks to come."

Former Administration Officials, Experts Criticize US Policy. The Washington Post (8/6, A16, Kessler, Abramowitz, 748K) reports that former administration officials, "including former deputy secretary of state Richard L. Armitage," and outside experts say "The Bush administration's policy of refusing to engage with nations and groups linked to terrorism, including Syria, Iran and Palestinian factions, has sharply limited U.S. maneuvering room during the war between Israel and Hezbollah." The "Former officials charge that the administration has missed numerous opportunities to encourage Syria and Iran to cooperate more closely with U.S. interests," while experts say those countries are "essential to achieving a lasting solution." Paul R. Pillar, former national intelligence officer for the Near East and South Asia, said the policy has "Secretary of State Condoleezza Rice 'trying to accomplish the seemingly impossible essentially with one hand tied behind the back.'"

Lebanese Newspaper Editor Raises Concern About Recurrence Of Civil War. Michael Young, the opinion editor of The Daily Star in Beirut and a contributing editor at Reason magazine, in a 5,120 word analysis that will appear in the August 13th edition of the New York Times Magazine (8/6) writes that Lebanon "has sunk into deep depression, and countless Lebanese with the means to emigrate are thinking of doing so. … The fault lines from the days of the Independence Intifada have hardened under Israel's bombs. Given the present balance of forces, it is difficult to conceive of a resolution to the present fighting that would both satisfy the majority's desire to disarm Hezbollah and satisfy Hezbollah's resolve to defend Shiite gains and remain in the vanguard of the struggle against Israel. Something must give, and until the parliamentary majority and Hezbollah can reach a common vision of what Lebanon must become, the rot will set in further." In the face of Hezbollah leader Sheik Hassan Nasrallah "intransigence, unable to peacefully settle their differences with Hezbollah, Lebanon's other communities will likely rearm. The result may be a return to civil war. And if that happens, nothing will put Lebanon -- let alone liberal Lebanon -- back together again."

Violence In Lebanon Reverberates In Egypt. The New York Times (8/6, Slackman, 1.21M) reports, "For decades, the Arab-Israeli conflict provided presidents, kings, emirs and dictators of the region with a safety valve for public frustration. Middle Eastern leaders were all too willing to allow their people to rant against Israel and champion the Palestinian cause, rather than focus on domestic politics or economic concerns." But that "no longer appears to be working in Egypt. The anger against Israel remains, but now is melding with fury, and despair, over the many domestic problems for which Egyptians blame their own government. The war has encouraged many Egyptians to focus their anger inward, rather than outward, according to political analysts, political advocates and ordinary people on the street." The Times notes, "Those aligned with the government say Mr. Mubarak has stepped up his verbal attacks on Israel, not because of the domestic pressure but because he shared the people's anger. But even people close to the governing National Democratic Party acknowledge that Lebanon has deepened the rumbles of disgust with the government."

Hoagland Urges Rice To Adopt Pragmatic Approach To Solving Mideast Conflict. Jim Hoagland in a column titled "How Rice Can Succeed" in the Washington Post (8/6, B7, 748K) writes that "three weeks of unexpected summer warfare and the wide-ranging diplomatic consultations the fighting has sparked produced surprising new elements. The next three weeks will be an incubation period for strategic change and a defining moment for Rice's legacy at the State Department:" Rice's "task now is to persuade Bush to extend into the Middle East and Persian Gulf the active U.S. pragmatism and concern for multilateral cooperation she has nurtured elsewhere. Immediate U.S. goals should be defensive in nature and compatible with those of the European Union as well as Israel: Hezbollah cannot be allowed to emerge claiming a military victory over Israel by maintaining the status quo, and Iran cannot be allowed to use the crisis to gain new leverage in defying U.N. resolutions on its nuclear program." And "to navigate this crisis she should rely on the example of Shultz: He knew that his most important work was inside the White House, not in foreign lands."

Kristoff Urges Administration To Bolster French Efforts At Diplomacy. The New York Times' Nicholas Kristof (8/6) writes, "As I see it, Prime Minister Ehud Olmert is shooting Israel and America in the feet (and Lebanon in the stomach) each day that he continues his onslaught, with President Bush enthusiastically providing the ammunition. … President Bush is right about one thing: We need to do more than restore the prewar situation on the Israeli-Lebanese border. There is also an opportunity here — to achieve a landmark Lebanon-Israel peace deal." France "is showing leadership in pressing for such a lasting deal, and Mr. Bush

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should push that diplomatic effort with every administration sinew."

Brooks Says Bush Policy Favors "Peaceful Evolution" Over "Violent Revolution." The New York Times' David Brooks (8/6) writes that an anonymous "policy maker" told him, "The U.S. is trying to be at the center of a group of like-minded countries that want to preserve the viability of governments that prefer peaceful evolution to violent revolution. We're part of a united front on Iranian nukes. The odds are there will be sanctions against Iran by the end of the year, though how strong I don't know. We're trying to build a successful government in Iraq. We have to get out from under the blow to our authority caused by the torture and detainee issues. And we have to get aggressive on the Palestinian problem. That's essential to strengthen moderate regimes. We're not going to be spending as much blood or treasure as over the past few years. We have to make up for it with diplomacy backed by a hint of steel."

Intense Israel, Hezbollah Attacks Continue. Mideast violence continues to dominate the national TV broadcasts, which devoted nine stories totaling over 20 minutes to the diplomatic negotiations and the Israeli and Hezbollah attacks. ABC World News Tonight (8/5, story 2, 2:40, Avila, 8.78M) reported, "Now, to the battlefield, where despite the signs of hope, actual combat is as intense as ever. The soldiers know little of the new diplomacy. They're still fighting. Hezbollah's rockets are falling from the sky. And Israeli forces continue to attack targets deep inside Lebanon." ABC (Muir): "Military strategists say Israel recognizes that if it wants to wipe out Hezbollah, because much of it remains intact, they must do so now before any kind of a cease-fire." Avila: "David Muir at the front lines where there's no sign of a truce yet."

The CBS Evening News (8/5, lead story, 2:30, Dubois, 7.66M) reported, "In Lebanon, Israeli warplanes pounded south Beirut again, and commandos raided another Hezbollah stronghold. And Israel's military says the number of Hezbollah rockets fired into northern Israel has now passed 3,000, including another barrage today." CBS (Pizzey): "Hezbollah has fired some 3,000 rockets into Israel, killing three women in one house today alone. Another barrage came within 30 miles of Tel Aviv, the deepest penetration so far. The attacks came as Israeli warplanes were pounding targets in Beirut's southern suburbs. Ground fighting raged near the border. For those waging this war, the peace team is a piece of paper until there is a formal U.N. vote, if then." Israeli spokesman Avi Pazner: "When there will be a resolution of the United Nations then we will relate to it. For the time being, we conduct our operations. We have a lot of work to do."

NBC Nightly News (8/5, lead story, 3:00, Seigenthaler, 9.87M) reported, "Israel and Hezbollah intensified attacks." NBC (Savidge): "In Lebanon's third largest city it was leaflets that fell from the sky, many dropping out of reach into the sea. They warned residents to leave at once implying an attack was imminent. All who stay will be in danger. Signed the state of Israel. But tens of thousands can't leave."

NBC Nightly News (8/5, story 2, 2:00, Potter, 9.87M) reported, "Some analysts believe the worst fighting is yet to come as Israel and Hezbollah try to gain as much ground as they can before a cease-fire. In Tel Aviv several hundred demonstrators took to the streets calling for peace now. But here in Metula there is still firm support for the fight against Hezbollah." Metula Mayor Jacob Katz: "The people tell me and tell the government and tell the army 'do what you need to do.'"

The Washington Post (8/6, A14, Shadid, 748K) notes, "The conflict elsewhere assumed the pattern of past days, even as the United States and France reached an agreement on the text of a U.N. resolution that calls for an end to the fighting. Israeli aircraft struck southern Beirut, and fighting persisted across a rugged band along the border. Hezbollah fired 160 rockets into northern Israel on Saturday, killing three people, according to police officials. Two Israeli soldiers were also killed in clashes."

The Washington Times/AP (8/6, Ghattas) reports, "Israel and Hezbollah sharply intensified fighting with a blitz of air strikes, dozens of rocket attacks and brutal ground combat yesterday, each side doing a lot of damage amid international efforts to end the fighting."

Peres Says Hezbollah Has Suffered Heavy Losses. Shimon Peres in an interview in the Washington Post (8/6, B7, 748K) said the attacks would last "a matter of weeks and not months. I think that Hezbollah is beginning to feel the Israeli action. They've lost two of their six senior commanders, they have paid heavily."

Hezbollah Presents Israel With Tougher Challenge Than Expected. Echoing a theme common in the media the New York Times (8/6, Kifner, Tavernise, 1.21M) in its coverage of the latest violence reports, "Israel has said it wants to keep fighting for two weeks or more to degrade Hezbollah's military strength and its ability to launch rockets over the border." Yet "Hezbollah has proved a determined enemy, its members emerging as heroes in the Arab and Muslim worlds. And Israel's destruction of Lebanon's infrastructure and the mounting civilian casualties…have brought increased international criticism." For example, "In London, thousands of protesters waving antiwar signs and Lebanese flags streamed past the American Embassy…on Saturday, booing, whistling and chanting, 'George Bush -- terrorist,' and other slogans, including calling Israel a 'racist state.'"

McClatchy Newspapers (8/6, Nissenbaum) says, "After years battling untrained and ill-equipped Palestinian militants, Israel's young soldiers now find themselves fighting a

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disciplined, well-armed Hezbollah force putting up surprisingly strong resistance."

Similarly the Los Angeles Times (8/6, Wilkinson, 918K) reports, "With Israel's offensive dragging into its fourth week, many of these soldiers say they are encountering in Hezbollah an enemy more formidable than any they have fought in recent years." According to Israeli soldiers, "the ground war is not going quite as they expected. It is a slow, tough slog that has failed to stop Hezbollah rocket fire from scorching northern Israel." The Times adds, "They expressed frustration that Hezbollah fighters mingled with the civilian population, making them harder to find and root out."

Hezbollah Fighters Mix Easily With Civilian Population. The Washington Times/AFP (8/6, Levinson) provides insight on the activities of Hezbollah fighters by profiling "a pair of former middle school history teachers who have given up their grade books for two-way radios and Kalashnikov rifles" to support Hezbollah. Haj Rabia Abu Hussein "said he has fired many such rockets since the conflict began three weeks ago." Both "very much fit the Hezbollah mold" and "shift seamlessly from civilian garb to soldiers' wear, they said."

Hezbollah Charitable Efforts Solidify Presence In Southern Lebanon. The New York Times (8/6, Tavernise, 1.21M) reports that Hezbollah fighters "are invisible but omnipresent" figures in Lebanese society, "providing essential services that the Lebanese government through years of war was incapable of offering." And their presence "is so widespread that any Israeli military advance will do little to extricate the group, which is as much a part of society as its Shiite faith."

Syria Seeks Compensation For Slain Farm Workers. The AP (8/6, Tellawi) reports, "In stunned disbelief, this small, impoverished Syrian village on Saturday buried 23 of its own killed when Israeli missiles slammed into a refrigerated warehouse just across the border in Lebanon." The Syrian foreign ministry "sent a letter to U.N. Secretary-General Kofi Annan calling for an international investigation into the killings and demanding Israel pay 'full compensations' to families of the Syrian victims, said Syria's official news agency SANA."

Israeli Civilians Face Unprecedented Dangers. The Washington Post (8/6, A15, Finer, 748K) reports, "More than any other conflict in Israel's history, the past three weeks have required herculean efforts from the country's emergency services: police officers and medics, hospital workers and firefighters. The 1967 and 1973 wars against Arab countries, like the 1982 invasion of Lebanon, were far bloodier for the soldiers than this war has been. But never before has the country's civilian population been so directly in the line of fire."

Beirut Faces Shortages. The Washington Times (8/6, Pisik, 88K) reports, "Lebanese authorities are waiting anxiously for the arrival of two ships carrying fuel oil, a lifeline that will keep the power grids and water pumps from failing in this war-ravaged country." The Times adds, "Shortages have begun to grip the Lebanese capital, which until now has remained relatively well-stocked with food and other necessities." The AP (8/6, Abu-Nasr) reports on refugees in Beirut.

Thousands Protest Israeli Offensive. While The AP (8/6, Lawless) reports, "Thousands of people marched in Britain, South Africa and Egypt Saturday to protest the Israeli offensive in Lebanon, some demanding an immediate halt to the fighting and others pressing for sanctions against Israel." And "Hundreds of Indonesians protested Sunday in at least two cities in the world's most populous Muslim nation, which has seen almost daily anti-Israel demonstrations since the fighting began."

Pope Calls For Quick Resolution To Mideast Conflict. The AP (8/6) reports, "Pope Benedict XVI called Saturday on Christians and others touched by his words to mobilize against the widening warfare in the Middle East, saying no good comes out of war, not even for the victors." He "has made repeated pleas to end the hostilities" But "Israel and its chief ally, the United States, have resisted such peace calls, saying efforts must be made for a 'durable' settlement."

Israel Intensifies Attacks On Hamas In Gaza.

NBC Nightly News (8/5, story 4, 2:00, Seigenthaler, 9.87M) reported, "Now to Gaza where for the third straight day Israel stepped up its offensive against Hamas killing at least four people. Six weeks of fighting left residents in Gaza feeling isolated and desperate." NBC (Hadlock): "This is the deepest incursion yet. They have effectively cut off this entire region. It was in this area where Hamas militants used tunnels to cross into Israel and attack an army post killing two soldiers and kidnapping a third. Refugees crowd into these places where the only fresh water comes from a single source in the center of town. The economy is in ruins."

Lebanon Conflict Seen As Halting Neoconservative Push For New Middle East.

David Rieff in an essay in the New York Times Magazine (8/6) writes that until the Israel-Lebanon war broke out, "the foreign policy pursued by the Bush administration in its second term was a source of increasing consternation to those who had most fervently supported its aspirations to rid the world of evildoers -- that is, the thinkers and policy analysts identified with muscular neoconservatism" – especially regarding North Korea and Iran. But the latest Mideast conflict "seems to have halted, at least for now, this maelstrom of criticism from the conservative advocates of a transformational foreign policy." Neoconservatives "still speak confidently of the moral clarity of America's agenda in the Middle East, but after more than three years of war in Iraq, this moral clarity is all but gone as far as the American

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people are concerned," polls indicate. The Times Magazine concludes that "hawks within the administration may be calling for boldness, but Iraq gave boldness a bad name. That war has exhausted all of us, the Bush administration and the American public alike, and exhaustion breeds caution. There are worse ways to look at the world."

Justice Kennedy Says Democracy Is Losing Ground Internationally. The AP (8/6, Niesse) reports that in an address to the American Bar Association, Supreme Court Justice Anthony Kennedy said the United States "is not making the case for freedom, democracy and Western law to the rest of the world." Kennedy is quoted as saying, "Make no mistake, there's a jury that's out. In half the world, the verdict is not yet in. The commitment to accept the Western idea of democracy has not yet been made, and they are waiting for you to make the case." Kennedy "said he fears many parts of the world are not yet convinced that the American form of government as designed by the framers of the Constitution guarantees a better way of life. 'Our best security, our only security, is in the world of ideas, and I sense a slight foreboding,' he said."

Iran To Expand Nuclear Enrichment. The AP (8/6) reports that Ali Larijani, Iran's top nuclear negotiator, "said Sunday that Iran will expand uranium enrichment activities in defiance of a U.N. Security Council resolution," calling it "illegal and" saying "Iran would not respect the deadline."

Russian Weapons Makers Criticize US Sanctions. The AP (8/6, Isachenkov) reports, "Russia's state-controlled arms trader and top aircraft maker," Rosoboronexport and Sukhoi, "criticized Washington Saturday for imposing sanctions on them over dealings with Iran. The defense ministry said the move reflected U.S. annoyance at arms sales to Venezuela" and "blasted the sanctions as 'ungrounded.'" Sukhoi "said the company had not sold equipment to Iran since the 1990s," although it "did not specify what items it sold." Rosoboronexport said they "shipped defensive weapons to Iran in conformity with international law."

Cuba Says Castro Steadily Recovering. The AP (8/6, Arrington) reports, "Cuban officials said Saturday that Fidel Castro was steadily recovering from surgery and the government was still preparing for its worst-case scenario: an attack by government opponents taking advantage of the leader's health crisis," but "the current efforts appear designed as much to bolster internal solidarity as to quell an outside threat." Castro's condition has been dubbed a state secret, and "some privately speculated the lack of information could indicate he was extremely ill."

No Castro Photos Released Since Surgery. The AP (8/6, Selsky) reports, "The Cuban government has provided no details on Fidel Castro's health and released no pictures of the leader since it announced Monday night that he was having surgery and handing power to his brother." Also, "Cuban officials have kept silent on what precisely is ailing Castro, where he is and what surgical procedure he underwent." This has lead to speculation that Castro is worse off than Cuba admits.

Cuban Dissidents Fear Government Encouraged Violence. The AP (8/6, Wides-munoz) reports, "Dissidents in Cuba's eastern provinces say the country's military has beefed up its presence on the streets and is telling citizens they have permission to respond with force against anyone who speaks out against the government." They say "they are fearful about retaliations against political opponents of the government."

US Prepared To Assist Pro-Democracy Transition If Castro Dies. The AP (8/6, Gedda) reports, "The United States has big plans for Cuba once Fidel Castro is gone for good. The administration is prepared to assist a pro-democracy transition government in Cuba -- assuming one materializes in the aftermath of communist rule." Exactly "how far the administration is willing to go… was underscored in an official document made public" recently that was "written by the Commission for Assistance for a Free Cuba, appointed by President Bush and chaired by Secretary of State Condoleezza Rice." The prospective demise of Castro is seen by the Administration "as an opportunity that must not be squandered."

Meanwhile, the Washington Times (8/6, Sands, 88K) reports that Fidel Castro made his "bombshell announcement last week that" he "had 'temporarily' ceded power to Raul," who is most likely going to be his successor. Raul "has both a constitutional and a fraternal claim to the top job." However, "State Department spokesman Sean McCormack said that 'the imposition of Raul Castro' as Cuba's next leader would 'deny the Cuban people of their right to freely elect their government.'" Already "President Bush has approved an $80 million program to promote a democratic succession in Cuba, and he warned Thursday that the U.S. government would 'take note of those' in the current regime who stand in the way." Still, "with Cuba's domestic dissident community seen as weak and divided, and with the Cuban regime's army and main security agencies well entrenched, many analysts are betting against a radical break in the near term."

Exiles, Companies Plan For Castro's Death. The CBS Evening News (8/5, story 7, 2:50, Dubois, 7.66M) reported, "when Castro does leave the scene, changes to the economy he shaped could be revolutionary." CBS (Acosta): "For nearly a half century, corporate America has looked upon Cuba as forbidden fruit, an island just 90 miles away that remains basically off limits to US business, but this week

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Fortune 500 companies started thinking about what life would be like after Fidel." Acosta added, "The conventional wisdom from Washington to Wall Street is that Castro's likely successor and brother, Raul, would bring Chinese-style capitalism in Havana."

The Los Angeles Times (8/6, Bustillo, 918K) reports, "Filled with a passion to recreate the elegant Cuba of their forefather…exiles and their children are dusting off old ideas to make money from Cuba's potential reconstruction. Restoring the grand old homes of Havana and taking back family tobacco plantations and sugar mills are among the ambitious dreams of Cuban immigrants." Also, "corporations banned from doing business with Cuba under the U.S. embargo of the island…are assessing potential investments, though they are doing so more cautiously." Still, "some Cuba experts are voicing caution," noting "the crumbling state of Cuba's" infrastructure, and "Cuban exiles who lost everything when Castro seized assets and nationalized the island's industries have filed more than 6,000 claims for compensation with the U.S. government. Resolving the thicket of property rights disputes if a new government is established in Cuba is expected to take years. In the meantime, uncertainty over who really owns land in Cuba could have a chilling effect on reinvestment." Finally, "the biggest challenge to massive outside investment may be working with the more than 11 million residents of Cuba, who will surely want more than a token role in their country's reconstruction."

Analysts Expect Incremental Change After Castro's Death. The New York Times (8/6, Depalma, 1.21M) reports, "many experts say that any successor loyal to the Castro revolution may have to chip away at his legacy in order to save it. The Cuban people may revere his memory, but they will also demand change." Relying on "the largesse of 'padrones' who shared Fidel Castro's disdain for Washington" in "the long term, rather than reforming Cuba's economy and entering the global markets for trade and capital, seems a risky bet at best." Still, support from Venezula or China "could give any successor a way to keep Cuba afloat without change for some time." Also, "change will have to be done carefully," as "powerful constraints…remain" in the form of "virulent anti-Americanism and a centralized economy run on an ideology that broke down long ago."

Raul Seen As Possible Transition To More Democratic Cuba. Brian Latell, a senior research associate at the University of Miami and author of "After Fidel: The Inside Story of Castro's Regime and Cuba's Next Leader," writes in an op-ed in the Washington Post (8/6, B1, Latell, 748K) that Raul Castro "is publicly exercising power that he may have already been wielding behind the scenes -- power he may soon assume permanently. If that happens, those looking forward to a rapid transition to democracy in Cuba will be disappointed." While "since the 1990s, Raul seems to have favored limited market-oriented reforms, including greater civilian entrepreneurship," probably he "would try to emulate China's approach: economic reforms without political opening." Although "Raul will be unacceptable to some in the United States because of his bloody record -- or simply because he is a Castro," his critics need to "consider that he may be a transitional figure, possibly laying the foundation for moves toward a more participatory Cuba."

More Commentary. Gregory Rodriguez writes in a column in the Los Angeles Times (8/6, 918K), "For nearly half a century, Cuban Americans have also largely defined themselves, socially and politically, in opposition to their enemy, Castro's regime." However, "if and when the island opens up, Cuban Americans may finally have to acknowledge that they are in the U.S. by choice and begin to see themselves more as a traditional immigrant group." In fact, "contact with their 'homeland' may just cement the differences between the 'two Cubas.'" It "probably" will "spell the end of Cubans' privileged immigration status," and "Cuban American political organizations would be instantly deprived of their raison d'etre, and Cuban American voters could lose their special influence in U.S. politics."

Mexican Electoral Tribunal Orders Partial Recount. The CBS Evening News (8/5, story 8, 0:10, Dubois, 7.66M) reported, "And in Mexico, new developments in the disputed Presidential election. There were protests today after the country's top electoral court rejected calls for a total vote recount."

The New York Times (8/6, McKinley, 1.21M) reports that Mexico's "electoral tribunal on Saturday unanimously rejected a demand from" Andrés Manuel López Obrador "for a complete recount of votes, setting the stage for more protests by thousands of his supporters." Instead, "the judges ordered that the votes in the July 2 election be recounted in only 11,839 of the 130,000 polling places." Obrador "refused to accept the ruling at a raucous rally in the Zócalo," but "gave no hint of what the next move in that campaign would be." The tribunal "rejected Mr. López Obrador's argument that there were enough human errors and, in some instances, enough evidence of fraud to warrant recounting all 41 million votes." Chief judge Leonel Castillo "defended the integrity of Mexico's electoral system in general, saying fraud was nearly impossible," and "other judges echoed his view, rejecting Mr. López Obrador's contention that there was a plot among poll workers in some states to pad his opponent's totals."

The Washington Post (8/6, A12, Roig-Franzia, 748K) leads that the decision os "a setback to the presidential hopes of" Obrador," and his top advisers "said privately that they have almost no chance of overturning the results with such a small recount." However, "the conditions are ripe for an

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escalation of protests," and there are "fears that a peaceful protest movement could turn violent." The Los Angeles Times (8/6, Enriquez, 918K) notes there could be "escalating protests," as Obrador "said he would announce the next step in his campaign of civil disobedience today." The AP (8/6, Carl) adds, "Castillo cautioned against straying from electoral laws, saying recounts should be conducted 'exclusively and only' when there are obvious problems." The McClatchy Newspapers (8/6, Hoag) notes, "Political experts saw the tribunal's decision as attempting to meet Lopez Obrador halfway without putting the integrity of the electoral system in doubt."

Bolivian Constitutional Convention Convenes. The Washington Post (8/6, A12, Reel, 748K) reports Bolivia's 255-member constitutional convention began. "Finding the right balance between the traditional and modern is going to be the biggest challenge of the assembly, according to political analysts," and "tensions between those seeking to strengthen the presence of indigenous culture and those advocating other views have suggested that rewriting the constitution could be…far from smooth." Also, "Bolivian political experts say that many in the indigenous community are expecting a blanket reformation of the government -- something that's unlikely to happen given the lack of a dominating faction," even as "critics of Morales have warned that he could try to steer the assembly toward giving him broader powers and the opportunity to serve indefinite terms."

The AP (8/6, Keane) leads, "Morales' drive to reinvent Bolivia takes a big step" with the opening of the constitutional convention. Issues to address "will be the autonomy demands of four wealthier lowland provinces where opposition to Morales…runs high. And Morales will try to insert more state controls to give poor Bolivians a bigger role in the country's free-market economy." However, "many were doubtful that after centuries of neglect, the two Bolivias could become one so easily."

The McClatchy Newspapers (8/6, Chang) notes, "power struggles were raging even before meetings got under way," and "a planning committee representing different parties haggled for days about procedural details and struck an agreement only on the eve of the assembly."

Sudanese President Appoints Darfur Rebel Leader To Top Post. The AFP (8/6, 1.21M) reports that Sudanese president Omar al-Bashir appointed Darfur rebel leader Minni Arcua Minnawi "presidential assistant," which meets "a critical demand of the group which had accused the government of reneging on its peace deal commitments." The article notes, "Mr. Minnawi's mainstream faction of the Sudan Liberation Army, which won Western plaudits for signing a hard-won peace deal in May, praised the move."

Tamil Tigers Announce Withdrawal From East Sri Lanka. The New York Times (8/6, Senanayake, 1.21M) reports, "After days of heavy fighting, the Tamil Tiger rebels said on Saturday that they had ended their offensive against Sri Lankan security forces in the east and were retreating to their original positions." Although "the government said that it had not been officially informed of an end to the hostilities…but said that it had retaken control of the town of Muttur, the scene of intense fighting this week." There still is "no resolution of the dispute over a nearby irrigation canal, which triggered the recent clashes." While "the government accuses the rebels of blocking the flow of water from a reservoir that sits in rebel-held territory," the rebels counter that "it is a protest measure by ethnic Tamil civilians." Meanwhile, "The Sri Lanka Monitoring Mission said it was trying to investigate reports that 100 civilians had been massacred by the Tigers as they tried to escape the fighting."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – In Crawford, TX.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. EVENING

8 p.m. - 10 p.m. VIGIL FOR LEBANON _ The Lebanese American Community of the Washington Metropolitan Area, in association with Arab-American associations and human rights activists, holds silent vigil in protest of the invasion of Lebanon and in commemoration of the Qana massacre. Location: Group gathers in Farragut Square at K Street and Connecticut Ave across from Farragut North Metro. At sunset, group walks with lighted candles to the White House. Contacts: Al-Hewar Center, 703-281-6277

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

Electoral Tribunal Rejects Full Recount in Mexico
Lamont Went From Zero to Favorite
This Script Isn't New in Malibu
Eyeing a Post-Castro Island
Israeli Soldiers Expected Lesser Foe

New York Times:

U.S. and France Back Plan to End Lebanon Fight
Charity Wins Deep Loyalty for Hezbollah

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Baghdad's Chaos Undercuts Tack Pursued by U.S.
2nd Test Failure Starts to Split Tour and Winner
Deal Maker Details the Art of Greasing the Palm
Facing Middle Age With No Degree, and No Wife
Mexico Tribunal Rejects Demand for Vote Recount
Debating the Course of Chile's Rivers
10 More Died in Heat Wave, Coroners Say
Legacies: Sharon Set the Stage His Heir Reacts On

Washington Post:
U.S., France Agree On Plan to Halt Lebanon Fighting
Conn. Race Could Be Democratic Watershed
Landis Plans to Appeal After a 2nd Failed Test
Public Support In Israel Frays As Toll Climbs
Prince George's County Executive Aids Friends
Saudi Youth Use Cellphone Savvy To Outwit the Sentries of Romance
Critics Cite 'Constrained' Mideast Policy

Washington Times:
U.N. debates a cease-fire in Lebanon
What will follow Fidel?
Democrats feuding over midterm tactics
Black colleges vie for Hispanic surge

Atlanta Journal-Constitution:
Storms strafe area, knock out power
Johnson, McKinney tangle
They're wild over whale sharks
'Morehouse mystique' at risk
Porn scheme stuns neighbors
Back to Iraq, with memories

Dallas Morning News:
Ball rolling on Texas Stadium plans
Sister city programs: Relics of the past?
Oak Cliff man has houseful of history for sale
Wartime deaths leave Lubbock father heartbroken
Full recount in Mexico is rejected

Houston Chronicle:
Families await ID of possible Clear Lake killer
Lawmaker rips TSU regents over Slade affair
Rail route plan angers Houston city councilwoman
Houston's top-paid execs ride energy boom
Comal tubing revelry under fire
Ex-Oiler Moon stands with greats in Hall of Fame

Story Lineup From Last Night's Network News:
ABC: Cease Fire Resolution, Lebanon Conflict, Lebanon Cease-Fire Proposal, Texas Flooding, Heat Impact On Crop Prices, Chinese Capitalism, Mideast Cease Fire Hurdles, Administration Pleased With Cease Fire Resolution."
CBS: Mideast Cease-Fire Hurdles; Administration Pleased With Cease Fire Resolution; Two US Soldiers Killed In Iraq; US Cyclist Doping Charges; Record Heat Wave; US Power Grid Improvement Opposition; Corporate US Cuba Plans; Court Rejects Mexico Recount; Sailing Lessons.
NBC: Mideast Cease-Fire Resolution, Israel And Hezbollah Rockets, President Bush, Bolton And UN Ceasefire Talks, Israeli Incursions Into Gaza, Labor Shortage And Drought In California, John Glenn Hurt, Wind Power.

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DEPARTMENT OF JUSTICE NEWS CLIPS

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, AUGUST 6, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
High Court's 1946 War Crimes Ruling Resounds (LAT) 2
Al-Qaida's No. 2 Welcomes Egyptian Group (AP-Y)..... 4
The Plot Against America (NYT)..... 5

Homeland Response:
New Chief Targets Air Marshal Morale (WT)..... 7
Officials Didn't Lie To Sept. 11 Panel, Pentagon Says (WP/AP)... 8

War News:
Mich. Translator In Iraq Pleads Guilty To Offering Bribe (AP)..... 8
'Civil War' Is Uttered, And White House's Iraq Strategy Is Dealt A Blow (NYT) 9
U.S. Battalion's Mission In Iraq Shifts To Preventing Civil War (WP)..... 10
In Ramadi, The Battle Is Ever Changing (LAT) 11
A Reality Check On Iraq (LAT) 12
U.S. Troops Patrol Capital To Boost Security (WT/AP)..... 13
Baghdad's Chaos Undercuts Tack Pursued By U.S. (NYT)..... 14
U.S. Activists Call For Troop Withdrawal (AP-Y)..... 15
Edwards Wants Immediate Iraq Withdrawal (AP-Y)..... 16
A Timetable Isn't An Exit Strategy (NYT)..... 16
Military Academy Scraps Vietnam For Iraq (AP-Y) 17

Corporate Scandals:
Hands Off Hedge Funds (WP)..... 18

Criminal Law:
Deal Maker Details The Art Of Greasing The Palm (NYT)..... 19
Lobbying Scandals? They Can't Slow This Juggernaut (NYT) ... 22
2 Md. Men Arrested In Theft Of VA Laptop (WP)..... 22
2 Teens Accused In Theft Of VA Computer (AP-Y) 23
With Name In Hand, Phx. Cops Raced Clock (EVT)..... 24

Civil Rights:
Justice Marshaling Resources Against Human Trafficking (TT) . 25
The Shadowy World Of Sex Tours (FWST) 26
Salem Leaves Discrimination Behind (RT)..... 29
New Registration Rules Stir Voter Debate In Ohio (NYT) 30

Antitrust:
Antitrust Concerns About Wright Plan Linger (DMN) 31

Congress-Administration:
Bush Hails Border Security Improvements (AP-Y)..... 32
Governors Wary Of Change On Troops (WP)..... 33
With Eye On Political Reality, A Shorter Vacation For Bush (NYT) 34
Despite Image, Cheney A GOP Rock Star (AP-Y)..... 35

Other News:
U.S. And France Back Plan To End Lebanon Fight (NYT) 36
France And US Present Resolution To End Lebanon War (AFP-Y)..... 38
U.S., France Agree On Plan To Halt Lebanon Fighting (WP)..... 39
Bush Happy With Draft U.N. Resolution (AP-Y)..... 40
U.S., France Draft Plan For Mideast Truce (LAT) 41
United States, France Draft Plan For A Cease-fire In The Middle East (MCT)..... 43
France And U.S. Agree On UN Resolution On Lebanon (Update7) (BLOOM) 44
Critics Cite 'Constrained' Mideast Policy (WP) 45
Hezbollah's Other War (NYT) 47
War News From Lebanon Gives Egyptians A Mirror Of Their Own Desperation (NYT) 52
How Rice Can Succeed (WP)..... 53
Let's Start Talking (NYT)..... 54
Talking About Terror (NYT)..... 55
Lebanon's 3rd-Largest City Warned Of Airstrikes (WP) 56
Fighting Intensifies, So Does Damage (WT/AP) 57
'We Are Weakening Hezbollah' (WP) 58
West Bank Battles Didn't Prepare The Israeli Army For Hezbollah (MCT)..... 60
Israeli Soldiers Expected Lesser Foe (LAT) 61
Digging In With Israel's Enemies (WT) 62
Charity Wins Deep Loyalty For Hezbollah (NYT) 63
Syria Rejects Mideast Cease-fire Plan (AP)..... 65
After The Rockets, A Scourge Of Fires (WP)..... 66
Besieged Beirut Hopes For Arrival Of Fuel Tankers (WT) 67
Beirut Theater Opens Doors To Refugees (AP-Y) 68
Global Marches Protest Israeli Offensive (AP-Y)..... 69
Pope Presses Bid To End Mideast Fighting (AP-Y) 70
The Beginning Of The End Of The Adventure (NYT)..... 70
Kennedy: Jury's Out On U.S. Democracy (AP-Y) 71

Iran Says Will Expand Nuclear Activities (AP) 71
Russian Firms Decry U.S. Sanctions (AP-Y) 72
Chavez: Castro Out Of Bed And Talking (AP-Y) 73
No Photos Of Castro Since His Surgery (AP-Y) 74
Cuban Dissidents Fearful Of Retaliation (AP-Y) 75
Rice: Invasion Of Cuba Is 'Far-fetched' (AP) 76
Businesses Eye Return To A Post-Castro Island (LAT) 76
For A Post-Castro Cuba, Castro Lite (NYT) 78
Gregory Rodriguez: Cuba Libre! (LAT) 79
Mexico Tribunal Rejects Demand For Vote Recount (NYT) 80
Partial Vote Recount Ordered In Mexico (WP) 81
No Full Recount In Mexico (LAT) 83
Lopez Obrador Orders More Protests After Recount Rejection (MCT) 84
A Road Paved With Hope (WP) 84
Bolivia Prepares To Rewrite Constitution (AP-Y) 86
Bolivian Assembly Begins Process Of Rewriting The Constitution (MCT) 87
Rebel Chief Gets Post In Accord On Darfur Peace (NYT) 88
Rebels Say They Will Retreat From East In Sri Lanka (NYT) 89

TERRORISM NEWS:

High Court's 1946 War Crimes Ruling Resounds (LAT)

By David G. Savage, Times Staff Writer

The Los Angeles Times, August 6, 2006

Justice Stevens drew from what he saw in the trial of a Japanese general to write for the majority in the recent Guantanamo decision.

WASHINGTON — Five months after the end of World War II, the U.S. Supreme Court, in a 6-2 decision, upheld the death sentence of a Japanese general who had commanded the final defense of the Philippine Islands.

The court's action greatly troubled a young Navy veteran, John Stevens, who a year later became a law clerk for one of the two dissenters in the case.

The "great divide between our enemies and ourselves," Justice Wiley B. Rutledge wrote in his 1946 dissent, was that "theirs was a philosophy of universal force" and "ours is one of universal law" — for friends and foes.

The swift military trial of Gen. Tomoyuki Yamashita stemmed from Japanese troops' brutal attacks on Filipino civilians. Rutledge said it failed to meet basic standards of fairness because the general had been convicted of war crimes in the absence of any evidence he had done wrong.

"If, as may be hoped, we are now to enter upon a new era of law in the world, it becomes more important than ever before for the nations creating that system to observe their greatest traditions of administering justice," Rutledge's dissent said.

Rutledge died three years later of a heart attack, after just six years on the court, and his name faded from the public's memory. But his former clerk kept alive those dissenting words, writing in a 1956 book chapter that Rutledge's view on the importance of fairness in military trials would "be shared by others in years to come."

His prediction came true.

That onetime law clerk is Justice John Paul Stevens, who in June wrote the Supreme Court's ruling that accused war criminals must be tried, as the Geneva Convention requires, in "a regularly constituted court affording all the judicial guarantees which are recognized as indispensable by civilized peoples."

Stevens was speaking for the 5-3 majority in Hamdan vs. Rumsfeld, which rejected the Bush administration's special rules for military tribunals because, the court said, the rules did not offer defendants a fair trial.

The high court had agreed two years earlier that the government could hold so-called enemy combatants — captured during conflict but not affiliated with a nation's military — at a U.S. facility at Guantanamo Bay, Cuba. But this time it faced the question of whether some detainees could be tried as war criminals, and possibly executed, under evolving rules set by the White House alone.

When it came to setting rules for the war on terrorism, the 86-year-old Stevens looked back six decades to World War II and the trial of the Japanese general.

In Hamdan, the court rejected a tribunal provision permitting the removal of defendants from the courtroom at prosecutors' request. Stevens argued that, at minimum, defendants charged with war crimes deserved to be present at their trials and to confront all the evidence against them.

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In Yamashita, Rutledge had argued that because the evidence consisted only of reports of atrocities, and not witnesses who had seen or heard the attacks ordered, the general could not adequately defend himself.

Stevens also found that the government must show that the alleged war criminal had committed "a hostile and warlike act" against Americans, not simply that he was linked to others who committed atrocities.

Salim Ahmed Hamdan has acknowledged that he was a driver for Osama bin Laden but has denied participation in any terrorist plans. Gen. Yamashita had argued that he was cut off from his troops during the atrocities and that he had not ordered, approved or even known of them.

Some of Stevens' former law clerks say they have been struck by the decisive role his World War II-related experience has played in his handling of cases involving the war on terrorism.

"Stevens was greatly influenced by Rutledge. He admired him as a person and as a judge. And without question, he carried that relationship with him," said Deborah Pearlstein, a lawyer for Human Rights First. "When I was a clerk, he would often mention an opinion or dissent by Rutledge."

"It's remarkable when you look back at Yamashita," said University of Oklahoma law professor Joseph T. Thai. "Wiley Rutledge strongly believed in the rule of law and justice. He said what separates us from the people we fought against is that we believe in fair treatment for all. He said we can't allow the fears and pressures of the moment as a reason to mete out swift justice to our enemies and to abandon our basic principles.

"And that's the lesson Justice Stevens applies to the war on terrorism: Even as we seek to punish the 'worst of the worst,' we must abide by the rule of law."

Although Yamashita had outspokenly opposed Japan's preparations for war, he was a fearsome leader once the battle was joined, earning the nickname "Tiger of Malaya" for his role in the capture of Singapore in 1942.

But the tide began shifting in favor of the Americans, and in October 1944, Yamashita was sent to Manila to take over the defense of the Philippines. He was soon cut off from much of his army and fled into the mountains. The troops he left behind in the city went on a drunken rampage in the final months of the war, raping and murdering thousands.

Army Gen. Douglas MacArthur, the victorious U.S. commander in the Pacific, insisted on holding Japanese commanders responsible for atrocities committed by their troops. The first to be charged was the Tiger of Malaya. In October 1945, a month after Japan's formal surrender, Yamashita pleaded not guilty to "a violation of the law of war" for having "failed to provide effective control" of his troops and for "permitting them to commit brutal atrocities" against Americans and Filipinos.

Five officers under MacArthur's command, none of them lawyers, served as the judge and jury. Prosecutors presented evidence of 123 counts of murder, rape and other atrocities committed by Japanese forces, but none of the crimes were directly linked to Yamashita.

The "trial marked the first time in history that the United States as a sovereign power had tried a general of a defeated enemy nation for alleged war crimes," George Guy, one of Yamashita's court-appointed military lawyers, later wrote. Yet "there had not been one word or one shred of evidence in the entire seven weeks of trial to show that Yamashita had ordered or condoned any of the things that had taken place, or that he had knowledge of them."

On Dec. 7, 1945 — four years to the day after the Japanese attack on Pearl Harbor — the presiding American general convicted Yamashita and sentenced him to death. The atrocities were "so extensive and so widespread" that they "must have been willfully permitted by the accused or secretly ordered" by him, the American officers concluded.

MacArthur planned to carry out the sentence immediately. But to his surprise, the Supreme Court voted to hear an appeal lodged by Yamashita's defense team, staying the execution.

In the end, six justices decided the matter was for the military to decide, not the federal courts. "We are not concerned with the guilt or innocence of the petitioners" in habeas corpus cases such as Yamashita's, Chief Justice Harlan Fiske Stone wrote for the majority.

Stone added: "If the military tribunals have lawful authority to hear, decide and condemn, their action is not subject to judicial review merely because they have made a wrong decision on disputed facts."

Stone insisted on handing down the opinion quickly. Rutledge, the last appointee of President Franklin D. Roosevelt, worked through the night to complete his dissent in time.

"More is at stake than Gen. Yamashita's fate," he began. "There could be no possible sympathy for him if he is guilty of the atrocities for which his death is sought. But there can be and should be justice administered according to law."

He then tried to show how the trial, at every stage, had ignored the rules of fairness.

The majority opinion and Rutledge's dissent were read at the Supreme Court on Feb. 4, 1946. Justice Frank Murphy also dissented. The ninth member of the court, Justice Robert H. Jackson, was absent, leading the prosecution of Nazi officials at the war crimes trials at Nuremberg.

Two weeks after the ruling, Yamashita was hanged.

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"The dissent in Yamashita took courage, for Rutledge's case file brims with letters berating him for supporting a 'Jap,' " Diane Marie Amann, a former Stevens clerk who is now a law professor at UC Davis, wrote this year in the Fordham Law Review.

In an interview, she added: "I think the lesson that Wiley Rutledge learned was that you have to be especially vigilant about the government's claims in times of emergency." Shortly after Rutledge joined the court, he had voted with the majority to uphold the military's internment of Japanese Americans on the West Coast. It was a decision that the court came to regret.

"That lesson was not lost on Stevens. Even in times of emergency, we have to live up to the traditions of the law," Amann said.

In military law, the Yamashita case established the precedent that commanders are responsible for the actions of their troops. It was less clear as a precedent for the use of military tribunals.

In 1866, after the Civil War, the Supreme Court condemned the use of military trials and said they must be confined to "the theater of active military operations." Its decision overturned the conviction of a Confederate sympathizer, L.P. Milligan, who had been tried in a military court in Indiana and sentenced to die for conspiring to free Union troops' prisoners.

But in 1942, the high court upheld the military trials and death sentences handed out that year to Nazi saboteurs who had secretly landed on Long Island, N.Y. That decision served as a precedent for upholding Yamashita's conviction.

This year, Bush administration lawyers cited the Yamashita case four times in their brief to the Supreme Court defending military tribunals.

That may have been unwise.

As the author of the majority opinion, Justice Stevens had the last word. He described Yamashita's trial as a "glaring" and "notorious" exception to the American tradition of fairness in military trials. He wrote that, at the time, it "generated an unusually long and vociferous critique" from two justices.

And "at least partially in response to subsequent criticism of Gen. Yamashita's trial," he continued, the U.S. Uniform Code of Military Justice and the Geneva Convention were revised to add new standards of fairness.

The Yamashita case, Stevens concluded, "has been stripped of its precedential value" — vindicating Justice Rutledge's dissent 60 years after it was handed down.

Al-Qaida's No. 2 Welcomes Egyptian Group (AP-Y)

By Omar Sinan, Associated Press Writer

AP2, August 6, 2006

Al-Qaida's No. 2 leader said in a new videotape aired Saturday that an Egyptian militant group has joined the terror network.

It was the first time that al-Qaida has announced a branch in Egypt, the Arab world's most populous nation. The Egyptian group, Gamaa Islamiya, is apparently a revived version of a militant group of the same name that waged a campaign of violence in Egypt during the 1990s but was crushed in a government crackdown.

"We announce to the Islamic nation the good news of the unification of a great faction of the knights of the Gamaa Islamiya ... with the al-Qaida group," Ayman al-Zawahri said in the videotape aired on the Al-Jazeera news network.

Al-Zawahri, who is Egyptian, said the Egyptian group was led by Mohammed al-Islambouli, the younger brother of Khaled al-Islambouli, the militant who assassinated Egyptian President Anwar al-Sadat in 1981 and was later executed.

The video included a statement by Mohammed al-Hakayma, identified as another top leader of the revived Gamaa. Al-Hakayma was shown talking in a grove of palm trees.

"A large number of the brothers have decided who are still on the same genuine path of Gamaa Islamiya and its principles, headed by the holy warrior Mohammed al-Islambuli, decided to unite with al-Qaida, considering it one of the most important seekers of jihad (holy war) of this era," al-Hakayma said.

Mohammed al-Islambouli left Egypt in the mid-1980s and was believed to have been in Afghanistan working with al-Qaida leader Osama bin Laden, said Diaa Rashwan, an Egyptian expert on militant groups.

It was not clear how much of a following the new version of Gamaa Islamiya has in Egypt. Its previous incarnation was largely eliminated by the government crackdown, and its leaders later announced a truce from prison. It has not claimed any attacks since a 1997 attack on a pharaonic site in the southern city of Luxor that killed 58 foreign tourists and four Egyptians.

Rashwan said al-Zawahri's claim was likely just propaganda.

"This is media talk from Ayman al-Zawahri. The Gamaa Islamiya has its own leadership and they said they have already rejected joining al-Qaida in the past," he said. "Gamaa Islamiya has no command outside Egypt. They have dissolved in Egypt."

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Egypt has seen a string of terror bombings against tourist resorts in the Sinai Peninsula since October 2004, killing 98 people. Egyptian authorities have said those attacks were carried out by a group calling itself Monotheism and Jihad, with links to Palestinian militants.

Many experts believe Monotheism and Jihad is inspired by al-Qaida and may have some operational links, but the Egyptian government has not announced any connection.

The excerpts of the video played by Al-Jazeera did not mention any imminent threats of attacks in Egypt. In the video, al-Zawahri wore a white turban and was in front of a plain black background.

Al-Zawahri was once a member of Islamic Jihad, the other main Egyptian militant group that led violence in the 1990s alongside the original Gamaa Islamiya. In the late 1990s, he moved to Afghanistan and joined forces with bin Laden, bringing a number of Egyptian militants with him.

In the video, al-Hakayma, wearing glasses and holding an automatic weapon, said former members had decided to revive the group and rejected their jailed leaders' adherence to a truce. He vowed loyalty to Sheik Omar Abdel Rahman, Gamaa's former leader who is in a U.S. prison after his 1995 conviction in a conspiracy to blow up New York City landmarks.

Al-Hakayma was once a "second tier" leader of the original Gamaa, Montasser al-Zayat, an Islamist lawyer who once represented many militants in court, told Al-Jazeera.

It was al-Zawahri's second message in just over a week and his 11th this year. The Egyptian-born militant appeared in a video on July 27 in which he called for Muslims to unite in a holy war against Israel and to join the fighting in Lebanon and Gaza.

The Plot Against America (NYT)

By Review By Dexter Filkins

The New York Times, August 6, 2006

When Mohamed Atta and his four Saudi confederates commandeered a Boeing 767 and steered it into the north tower of the World Trade Center, they began a story that still consumes us nearly five years on, and one that seems, on bad days, to promise war without end.

But the events of Sept. 11, 2001, were in many ways less the start of a tale than the end of one, or at least the climax of one, begun many years before in many different precincts: in the middle-class suburbs of Cairo, in the mosques of Hamburg, in Jidda, in Islamabad, in the quiet university town of Greeley, Colo.

In its simplest terms, this is the story of how a small group of men, with a frightening mix of delusion and calculation, rose from a tormented civilization to mount a catastrophic assault on the world's mightiest power, and how another group of men and women, convinced that such an attack was on the way, tried desperately to stop it.

What a story it is. And what a riveting tale Lawrence Wright fashions in this marvelous book. "The Looming Tower" is not just a detailed, heart-stopping account of the events leading up to 9/11, written with style and verve, and carried along by villains and heroes that only a crime novelist could dream up. It's an education, too — though you'd never know it — a thoughtful examination of the world that produced the men who brought us 9/11, and of their progeny who bedevil us today. The portrait of John O'Neill, the driven, demon-ridden F.B.I. agent who worked so frantically to stop Osama bin Laden, only to perish in the attack on the World Trade Center, is worth the price of the book alone. "The Looming Tower" is a thriller. And it's a tragedy, too.

In the nearly five years since the attacks, we've heard oceans of commentary on the whys and how-comes and what-it-means and what's nexts. Wright, a staff writer for The New Yorker — where portions of this book have appeared — has put his boots on the ground in the hard places, conducted the interviews and done the sleuthing. Others talked, he listened. And so he has unearthed an astonishing amount of detail about Osama bin Laden, Ayman al-Zawahiri, Mullah Muhammad Omar and all the rest of them. They come alive.

Who knew, for instance, that bin Laden, far from being a warrior-stoic fighting against the Soviet Union in Afghanistan, was actually a pathetic stick-in-the-mud who would fall ill before battle? That the combat-hardened Afghans, so tired of bin Laden's behavior, declared him and his Arab associates "useless"? Or that he was a permissive father and indulgent husband? Or that he is only six feet tall?

More important, who knew — I sure didn't — that bin Laden had left behind such a long trail of words? Wright has found them in books, on film, in audio recordings, in people's notebooks and memories. This has allowed him to draw an in-depth portrait of bin Laden, and to chart his evolution from a self-conscious step-child growing up in Jidda, Saudi Arabia, to the visionary cave-dwelling madman who mimics the Holy Prophet in his most humdrum daily habits.

Wright takes the title of his book from the fourth sura of the Koran, which bin Laden repeated three times in a speech videotaped just as the hijackers were preparing to fly. The video was found later, on a computer in Hamburg.

"Wherever you are, death will find you, Even in the looming tower."

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There is poetry, too. Here is a particularly chilling bit, found on another videotape, which bin Laden had read aloud at the wedding of his 17-year-old son, Mohammed. The celebration took place not long after a pair of Qaeda suicide bombers, riding in a tiny boat filled with explosives, nearly sank the billion-dollar guided missile destroyer Cole. At least with regard to his abilities as an author, bin Laden was unusually modest: he let someone else write the words. "I am not, as most of our brothers know, a warrior of the word," he said. A destroyer, even the brave might fear,

She inspires horror in the harbor and the open sea,

She goes into the waves flanked by arrogance, haughtiness and fake might,

To her doom she progresses slowly, clothed in a huge illusion,

Awaiting her is a dinghy, bobbing in the waves.

"The Looming Tower" is full of such surprising detail. Al Qaeda's leaders had all but shelved the 9/11 plot when they realized they lacked foot soldiers who could pass convincingly as westernized Muslims in the United States. At just the right moment Atta appeared in Afghanistan, along with Ramzi bin al-Shibh, Ziad al-Jarrah and Marwan al-Shehhi, all Western-educated transplants, offering themselves up for slaughter. The game was on.

Just as dramatic as the portraits of bin Laden and Zawahiri is Wright's account of the roots of Islamic militancy — the intellectual, spiritual and material world from which the plotters came. Wright draws a fascinating picture of Sayyid Qutb, the font of modern Islamic fundamentalism, a frail, middle-aged writer who found himself, as a visitor to the United States and a student at Colorado State College of Education in Greeley in the 1940's, overwhelmed by the unbridled splendor and godlessness of modern America. And by the sex: like so many others who followed him, Qutb seemed simultaneously drawn to and repelled by American women, so free and unselfconscious in their sexuality. The result is a kind of delirium:

"A girl looks at you, appearing as if she were an enchanting nymph or an escaped mermaid," Qutb wrote, "but as she approaches, you sense only the screaming instinct inside her, and you can smell her burning body, not the scent of perfume, but flesh, only flesh. Tasty flesh, truly, but flesh nonetheless."

It wasn't much later that Qutb began writing elaborate rationalizations for killing non-Muslims and waging war against the West. Years later, Atta expressed a similar mix of obsession and disgust for women. Indeed, anyone who has spent time in the Middle East will recognize such tortured emotions.

WRIGHT shows, correctly, that at the root of Islamic militancy — its anger, its antimodernity, its justifications for murder — lies a feeling of intense humiliation. Islam plays a role in this, with its straitjacketed and all-encompassing worldview. But whether the militant hails from a middle-class family or an impoverished one, is intensely religious or a "theological amateur," as Wright calls bin Laden and his cohort, he springs almost invariably from an ossified society with an autocratic government that is unable to provide any reason to believe in the future. Islam offers dignity, even in — especially in — death. Living in the West, Atta and the others felt these things more acutely, not less. As Wright notes:

"Their motivations varied, but they had in common a belief that Islam — pure and primitive, unmitigated by modernity and uncompromised by politics — would cure the wounds that socialism or Arab nationalism had failed to heal. They were angry but powerless in their own countries. They did not see themselves as terrorists but as revolutionaries who, like all such men throughout history, had been pushed into action by the simple human need for justice. Some had experienced brutal repression; some were simply drawn to bloody chaos. From the beginning of Al Qaeda, there were reformers and there were nihilists. The dynamic between them was irreconcilable and self-destructive, but events were moving so quickly that it was almost impossible to tell the philosophers from the sociopaths. They were glued together by the charismatic personality of Osama bin Laden, which contained both strands, idealism and nihilism, in a potent mix."

In John O'Neill, bin Laden almost met his match. The supervisor of the F.B.I.'s New York office and of the team assigned to track Al Qaeda in the United States, O'Neill felt, as strongly as anyone in the government, that Al Qaeda was coming to America. He was a relentless investigator, a volcanic personality and sometimes his own worst enemy. In the end he broke himself on a government bureaucracy that could not — and would not — move as quickly as he did. O'Neill and others like him were in a race with Al Qaeda, and although we know how the race ended, it's astonishing — and heartbreaking — to learn how close it was.

Some of the F.B.I.'s field agents, as we now know, had premonitions of what was coming. When the supervisor of the Minneapolis field office was admonished, in August 2001, for expressing fears that an Islamic radical attending flight school might be planning a suicide attack, he shot back defiantly that he was "trying to keep someone from taking a plane and crashing into the World Trade Center." Amazing.

The most gut-wrenching scenes are the ones that show F.B.I. agents trying, as 9/11 approached, to pry information from their rivals inside the United States government. The C.I.A., Wright says, knew that high-level Qaeda operatives had held a meeting in Malaysia in January 2000, and, later, that two of them had entered the United States. Both men turned out to be part of the team that hijacked the planes on Sept. 11. The C.I.A. failed to inform agencies like the F.B.I. — which might have been able to locate the men and break up the plot — until late in the summer of 2001.

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The fateful struggle between the C.I.A. and F.B.I. in the months leading up to the attacks has been outlined before, but never in such detail. At meetings, C.I.A. analysts dangled photos of two of the eventual hijackers in front of F.B.I. agents, but wouldn't tell them who they were. The F.B.I. agents could sense that the C.I.A. possessed crucial pieces of evidence about Islamic radicals they were investigating, but couldn't tell what they were. The tension came to a head at a meeting in New York on June 11, exactly three months before the catastrophe, which ended with F.B.I. and C.I.A. agents shouting at each other across the room.

In one of the most remarkable scenes in the book, Ali Soufan, an F.B.I. agent assigned to Al Qaeda, was taken aside on Sept. 12 and finally shown the names and photos of the men the C.I.A. had known for more than a year and a half were in America. The planes had already struck. Soufan ran to the bathroom and retched.

Great stuff. I just wish Wright had given us something, even a chapter, on the hijackings themselves; as it is, he takes us right up to the moment, and then straight to the burning towers. Perhaps he felt that ground was too well-trodden. My other complaint is more substantive. Through the enormous amount of legwork he has done, tracking down people who worked with bin Laden and Zawahiri over the years, Wright has drawn up verbatim reconstructions of entire conversations, some of which took place more than a decade ago. Many of these conversations are riveting. Still, in some cases, it's hard to believe that memories are that good.

"The Looming Tower" ends near the Pakistani border, where Zawahiri, or someone who looked like him, rode through a village on horseback and then disappeared into the mountains. It's not a definitive ending; there is no closure. And that's the point. For as amazing as the story of Al Qaeda and the road to 9/11 is, it's not over yet.

HOMELAND RESPONSE:

New Chief Targets Air Marshal Morale (WT)

By Audrey Hudson, The Washington Times

The Washington Times, August 6, 2006

Dana Brown, the new director of the Federal Air Marshal Service, never really thought there was a morale problem when he was promoted to the top position in March, but then again, he never asked.

But now he is asking, and the Transportation Security Administration's 2006 Organizational Satisfaction Survey confirms what he is hearing from his men and women who are protecting America's skies from another terrorist attack.

"The results are not good," Mr. Brown said in a five-page memo last week to all agents within the Federal Air Marshal Service (FAMS).

"Prior to my appointment, I was asked whether I thought the morale in the Federal Air Marshal Service was as bad as what the person asking the question might have heard or read in the media," Mr. Brown said.

"I responded by saying that I did not think so, and that I could probably provide some anecdotal reasons why not, but that I, in my previous capacity as chief of staff, had really never sat with any federal air marshals and asked them that question," he said.

"Candidly, the morale was much worse than I thought ..." said Mr. Brown, who is conducting "listening session" dinners with marshals, as well as field-office visits.

The Washington Times first began reporting on morale problems within the agency in 2004 and on questionable polices that marshals say threaten air safety, including a dress policy, hotel policy and boarding procedures.

Mr. Brown said in the memo that he wants to "promote significant change" through 14 panels he has assembled to review policies and make recommended changes.

"He's a candid guy; there's no spin there," FAMS spokesman Conan Bruce says of the director's admission.

"He tries to be responsive, and if a FAM tells him something is wrong, he listens. And when you hear it again and again, you keep listening," Mr. Bruce said.

Homeland Security Secretary Michael Chertoff adjusted the dress code last year, and Mr. Bruce says new changes to schedules have also been implemented.

While not commenting on the specifics of the adjusted dress code, marshals say field offices enforce it differently and that jackets and suits are still a requirement at some offices.

And the criticisms continue.

"Nothing has changed at all," says one air marshal. "I think they are just messing with verbiage."

Mr. Brown told marshals he is doing away with the hotel policy, which exposed identities of undercover agents.

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"Everyone says that's all great, but all we have is lip service, show us something today. They acknowledge the problems exist, but what are they going to do about it?" the marshal said.

A second survey is under way to find solutions to specific questions, such as boarding procedures that deal with more sensitive security information.

"The whole reason [Mr. Brown] put together the 14 working groups is he wanted to get recommendations from the folks out there doing it. It's not as simple as reported but very complex, and it can't be changed with the stroke of a pen," Mr. Bruce said.

Officials Didn't Lie To Sept. 11 Panel, Pentagon Says (WP/AP)

Associated Press

The Washington Post, August 6, 2006

There is no evidence that Pentagon officials intentionally misled the Sept. 11 commission when they gave inaccurate accounts about actions at the time of the 2001 terrorist attacks, a Defense Department spokesman said yesterday.

A forthcoming report from the Pentagon's inspector general will address the question of whether military commanders intentionally misled the commission, said the spokesman, Lt. Col. Brian Maka.

But "there is nothing that indicates the information provided to the commission was knowingly false," Maka said.

The inspector general's report is the result of a compromise among commissioners, some of whom concluded that the Pentagon may have been deliberately trying to mislead the Sept. 11 panel and the public, sources involved in the debate told The Washington Post last week.

The commission debated referring the matter to the Justice Department for criminal investigation before agreeing to turn the allegations over to the inspectors general for the Defense and Transportation departments.

Panel members have said that timelines from audiotapes from the North American Aerospace Defense Command's Northeast headquarters did not match accounts given in testimony by government officials.

Maj. Gen. Larry Arnold and Col. Alan Scott told commissioners that NORAD began tracking United Airlines Flight 93 at 9:16 a.m. on Sept. 11 and intended to intercept it. The commission determined that the jet was not hijacked until 12 minutes later and that the military was not aware of the flight until the jet had crashed in Pennsylvania.

Officials with the Pentagon and the Federal Aviation Administration later corrected some information originally given to the panel, such as the tracking of Flight 93 and the exact times the FAA notified the military of the hijackings.

Poor investigation and record-keeping contributed to the inaccuracies, according to a summary from the Pentagon inspector general's office released last week.

The summary of the report said improvements had been made, but it also called for more steps to improve the Defense Department's ability to investigate "a future significant air event."

Staff writer Dan Eggen contributed to this report.

WAR NEWS:

Mich. Translator In Iraq Pleads Guilty To Offering Bribe (AP)

By Mark Sherman

AP, August 6, 2006

WASHINGTON -- A Michigan man who worked as a translator in Iraq pleaded guilty Friday to offering a bribe to a police official to arrange the purchase of armored vests and other equipment for $1 million.

Faheem Mousa Salam, 27, faces up to five years in prison and a $100,000 fine for violating the Foreign Corrupt Practices Act. He entered his plea in U.S. District Court in Washington.

Salam, of Livonia, Mich., acknowledged that he offered $60,000 to an Iraqi police official who Salam believed could help arrange the purchase of the goods by a police training organization, the Civilian Police Assistance Training Team, prosecutors said. Salam said he had 1,000 vests and a sophisticated map printer to sell.

He tried to make final arrangements for the sale with someone he believed was an official of the training group, but actually was an undercover agent of the Special Inspector General for Iraq Reconstruction. Salam offered the agent a separate payment of $28,000 to $35,000 for his help.

Salam was arrested in March. He was an employee of the Titan Corp., a government contractor working in Iraq.

The inspector general, Stuart W. Bowen Jr., said in a report this week that corruption is "a virtual pandemic in Iraq," threatening rebuilding efforts, international aid and citizen confidence needed for a fledgling democracy.

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At least seven Americans have been implicated in a separate bribery and kickback scheme uncovered by Bowen. Philip H. Bloom, an American with businesses in Romania and Iraq, has pleaded guilty to showering reconstruction officials with more than $1 million in cash, cars, jewelry and even sexual favors from women at his villa in Baghdad. In return, the officials steered millions of dollars in reconstruction contracts to Bloom's companies.

'Civil War' Is Uttered, And White House's Iraq Strategy Is Dealt A Blow (NYT)

By Jim Rutenberg

The New York Times, August 6, 2006

WASHINGTON, Aug. 4 — Late last year, during a major address in Annapolis, President Bush introduced a new phrase for his Iraq policy: "Plan for Victory." With those words emblazoned on a screen behind him, he laid out a possible exit path for American troops, who would gradually cede control to their Iraqi counterparts.

But that phrase has all but disappeared as scenes of horrific sectarian violence have streamed onto American television screens unabated. And when the United States commander for the Middle East, Gen. John P. Abizaid, addressed the Senate Armed Services Committee on Thursday, his testimony that "Iraq could move towards civil war" if the strife would not end overshadowed any talk of victory.

Those two words — civil war — further complicated what was already a daunting challenge for the administration: convincing battle-weary Americans that the war was winnable while acknowledging the grim reality of the bloodshed.

Bringing the public back behind the Iraq campaign has been a fundamental White House goal for at least the last year, crucial to reducing public pressure to withdraw troops before the White House believes the mission is complete. It would also bolster the Republican Party's prospects during Congressional elections in November.

But the administration is to a point still battling early expectations — created in part by its own officials and supporters — that the fight would be relatively easy. And it must essentially make a retroactive argument that the campaign will be long and hard, with stakes that no longer address the threat of unconventional weapons that were never found, but, rather, the prospects for the fight between democracy and Islamic extremism in the Middle East.

Since the war began more than three years ago, the administration and its supporters have discussed it in terms that have progressively tamped down expectations. The long-derided terms like "greeted as liberators" (Vice President Dick Cheney) and "cakewalk" (former Reagan arms control official Kenneth L. Adelman), as well as talk of an insurgency in its "last throes" (Mr. Cheney), are a thing of memory. Now, mixed with optimism are statements from President Bush that "the violence in Baghdad is still terrible," and from Secretary of State Condoleezza Rice that the United States had made "tactical errors, thousands of them."

But on Thursday, the administration faced a blunt warning about the possibility of a civil war in Iraq from one of its military leaders.

For some who have watched the public relations campaign closely, General Abizaid's statement — which did include an assertion that Iraq would ultimately avoid a civil war — represented a tacit acknowledgment that there was no use spinning this conflict.

Yet it also risked feeding public calls to leave Iraq when Americans are especially supportive of a speedy troop withdrawal if the conflict devolves into an internal Iraqi war.

" 'Civil war' is sort of a proxy term for wars we cannot win," said Christopher F. Gelpi, a professor of political science at Duke University who has worked on gauging opinions on Iraq with Peter D. Feaver, a fellow Duke professor who took leave to become a special adviser to the White House, helping to hone the "Plan for Victory."

"The problem they're facing is there's only so much their rhetorical strategy can do to reshape public perceptions of the very real events that are out there, and right now those events are very bad when thousands of Iraqis are being killed every month," Mr. Gelpi said.

Underscoring just how hard the job of putting an optimistic face on the war is proving to be, the staunchest remaining supporters are voicing pessimism about the prospects under the administration's current approach, increasingly calling for Mr. Bush to engage in a new and more aggressive strategy.

"Those of us who still back the war are worried and alarmed," said William Kristol, the editor of The Weekly Standard, an early proponent of the invasion. "We need to win the war and if it's not going well we need to change strategy."

On The National Review Online Web site last week, a former speechwriter for President Bush, David Frum, another longtime supporter of the war, said that if the United States did not change its policy by significantly increasing troop levels, "Baghdad — and therefore central Iraq — will in such a case slide after Basra and the south into the unofficial new Iranian empire." Then, he predicted, "American troops will be free to stay or go, depending on whether we wish to deny or acknowledge defeat."

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Mr. Frum criticized as insufficient a plan Mr. Bush announced last week for an increase of troops in Baghdad — brought from other parts of Iraq — to help quell the violence in the capital.

In the current political climate, there is little appetite among voters for an increased troop presence. In the latest New York Times poll, 56 percent said the United States should set a timetable for withdrawal; 33 percent said it should do so even if it means handing Iraq over to insurgents.

Dan Bartlett, the White House counselor, said Mr. Bush's hands would not be tied in Iraq by domestic politics. "You want to have as many people as supportive of this effort as possible," he said in an interview. "But at the end of the day the commander in chief is going to make the decisions, and at the end of the day he's going to defer to commanders on the ground — not the swings of public opinion."

Mr. Bartlett said the administration would spend the fall explaining the strategy in Iraq, describing success as certain and providing "the necessary context and consequences and stakes in the fight," which the administration has defined as creating the democratic conditions needed to defeat terrorism.

He acknowledged, "The images coming out of the Middle East are unsettling and obviously contribute to the anxiety."

The theory when President Bush unveiled the "Plan for Victory" was that Americans would accept casualties if they could see a path to victory. For now, roadside bombs and suicide attackers are certainly clouding that vision.

U.S. Battalion's Mission In Iraq Shifts To Preventing Civil War (WP)

By Ann Scott Tyson, Washington Post Staff Writer

The Washington Post, August 6, 2006

ABU SAYDAH AL-SAGHIR, Iraq -- One look at the charred and desolate street, empty but for armed men, told Capt. Chris Turner that what he feared was true: A recent spate of deadly sectarian warfare had driven almost all the families from a mud-brick village where for months he'd worked to broker peace between wary Sunni and Shiite tribes.

"What's going on? Where's everybody at?" Turner asked a small group of Iraqi soldiers and policemen sitting around a makeshift roadblock last Tuesday.

"They left," said one of the soldiers, who wore a head wrap, an AK-47 assault rifle slung over his back. "They were scared."

Three days earlier, rising friction between Sunni and Shiite tribes had spiraled out of control in this corner of Iraq's eastern Diyala province. At least five civilians died in the village, including three women, after fighting broke out between groups armed with mortars, rocket-propelled grenades, machine guns and explosives, according to witnesses and U.S. and Iraqi officials. A village mosque was bombed and homes and workplaces burned, leading to an exodus along religious lines, they said.

The fighting here follows a string of tit-for-tat sectarian killings that began in mid-July, unraveling a fragile calm that U.S. troops had helped enforce among a group of villages tucked among palm groves and canals in this mixed Sunni and Shiite region north of Baqubah.

"There's a lot of frontier justice now," said Turner, 32, an armor officer from Colorado Springs. "Instead of resolving things through a council of sheiks, they're using violence," he said after watching a man drive a horse cart piled with furniture and rugs out of town. A boy on a little white donkey rode beside him.

Days patrolling rival villages with Turner and his soldiers revealed the grass-roots schisms emerging six months after the February bombing of Samarra's gold-domed mosque inflamed religious tensions in Iraq. In mixed areas like Diyala, the primary job for U.S. troops is no longer to battle insurgents, but to try to stave off civil war.

"When we got here, our chief focus was Sunni insurgent groups," said Turner, who arrived in Diyala in December as part of the 1st Battalion, 68th Armor Regiment, 4th Infantry Division. But today, he said, "there's a definite trend toward sectarian violence. That's our big focus now, trying to stem it."

The number of attacks in Diyala each month has more than doubled, from about 200 before the Samarra mosque bombing to an average of just under 500 this summer, according to U.S. military figures. The province, which stretches from Baghdad to the Iranian border, is considered vulnerable to sectarian strife: 50 percent of its 1.5 million inhabitants are Sunni, 35 percent are Shiite, and the rest are Kurds and other groups.

Mosque bombings, assassinations of leaders and sectarian kidnappings and attacks on civilians have increased, as have reports that Iraqi police and army units are agents of the violence, according to the U.S. military. An index of civil unrest compiled by U.S. military intelligence shows it escalating rapidly in the swath of western Diyala patrolled by Turner's battalion, recently reaching 75 on the scale. A rating of 100 would indicate full-fledged civil war. Military officials estimate thousands of Shiite and Sunni residents have fled their homes in mixed neighborhoods to escape violence or threats, fueling a growing trend of religious segregation.

For Turner and his soldiers, figuring out which Iraqis are fighting one another and why -- let alone stopping the attacks -- is far more complex than combating an anti-American insurgency. And compared with a year ago, far fewer U.S. troops are in

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Diyala to keep a lid on the violence. Last summer, three times as many U.S. soldiers patrolled the region now covered by Turner's battalion.

"We expected to be fighting more, but it's all engagement with leaders and the population," Turner said after a day of listening to Sunni and Shiite recriminations in one village following another in 120-degree heat. "It's hard to make heads or tails of their stories," said the soft-spoken company commander, who grew up in Augusta, Kan., and joined the Army at 17.

What is clear is that starting two weeks ago, a round of bloody attacks reignited feuding between the Sunni villages of Mukhisa and Abu Kharma and the larger Shiite town of Abu Saydah -- despite months of American efforts to quell the unrest. In April, scores of U.S. soldiers from Turner's unit moved in to occupy the volatile area, while Lt. Col. Thomas Fisher, the battalion commander, brought local leaders together for talks. Before each session, Fisher would discreetly move the tables closer together. The meetings generated "goodwill but no firm agreement," said Maj. John Digiambattista, the battalion operations officer. Still, under constant American patrol, the area remained relatively calm. U.S. troops left in June.

But on July 12, the situation began to unravel. The brother of a prominent Sunni from the area, provincial official Thassin Tawfeq Jassim, was assassinated near his home. Two days later, a bicycle bomb outside the Abu Saydah city council fatally wounded the town's leading Shiite leader, Raad Majid, and killed four of his bodyguards. Majid died last week of complications.

Then a week ago, on Saturday night, heavy fighting erupted in Abu Saydah al-Saghir, a smaller mixed village nestled in palm groves between Mukhisa and Abu Saydah, according to residents, Iraqi police and U.S. officers. Fighters were armed with Russian-made machine guns, grenades, mortars and bombs. During the unrest, Jassim's house was burned down.

"It was 5 in the afternoon and the Sunnis started the fight," said Yasim Muhammed Hussein, 35, a Shiite resident. "While we were praying at the mosque they shouted 'God is great' and starting firing on the mosque," he said. "They burned my home and killed my relative." In all, Hussein said, 10 people were killed "from the two sides" -- meaning Sunni and Shiite. He said three-quarters of the 200 families in the village had abandoned their homes.

"They came with hoods. They were al-Qaeda," said 1st Lt. Khalan Adnan Rahim, who led an emergency police response force from Baqubah. Three women were killed by an improvised bomb placed at a mosque, and several houses were burned down, he said. "A mortar hit here," he said, pointing to a charred wood lot.

Police and residents said gunfighting continued at night, as the remaining residents stood watch to defend their homes. "It's not safe for us to go to the orchards. They're in the palm groves," Rahim said, motioning to the trees on the village edge. The following day, when resident Salman Ahmed Hamza told Turner's soldiers about a possible bomb down the street, Iraqi police refused to venture beyond their checkpoint to investigate.

"It's dangerous there," said police Lt. Hasam Khalilf. "We can't go there."

But while Shiites blamed a Sunni tribe and the insurgent group al-Qaeda in Iraq for the violence, Sunni refugees in the nearby village of Mukhisa pointed to Shiite tribesmen, militiamen and police.

"Every day they kill Sunni people, two or three a day, and the Iraqi police help the militia," said Hamdia Karim, 28, who was crowded with 23 others into a home in Mukhisa. "We're scared to go back."

Fear is intense on both sides. On Mukhisa's dusty main street, Sunni residents gathered to tell Turner they'd be killed if they set foot in the Shiite market town of Abu Saydah. Policemen, some with militia ties, are known to threaten and harass Sunnis trying to enter the district capital , which controls their ID cards and -- crucially -- their water supply, U.S. officers said.

U.S. commanders are weighing what to do to restore calm to embattled Abu Saydah al-Saghir. "A tool on the table is to occupy the place, but the challenge is how much combat power I have," said Digiambattista, whose forces are stretched south to Baghdad.

"We can't just wash our hands of it, but ultimately the Iraqis will have to handle it," Turner said. "We won't be in Iraq forever."

In Ramadi, The Battle Is Ever Changing (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, August 6, 2006

Marines alter their tactics as attackers become increasingly sophisticated in the Iraqi city, a Sunni insurgent stronghold.

RAMADI, Iraq — The orange-red glow of the tracer rounds burns bright in the dusk, forming a perfect cone over the heads of the Marines and Iraqi soldiers patrolling a dusty walled street.

As the rounds ricochet off the walls, the bullets fly like a shower of sparks. One hits the leg of an Iraqi soldier. Just a few feet ahead, an alleyway offers protection from the bullets and a chance to return fire.

In the alley, hidden behind a small shrub, lies an artillery shell with two protruding wires — an improvised explosive device waiting for the patrol.

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Insurgents in Ramadi, the capital of restive Al Anbar province, are using increasingly sophisticated tactics against U.S. and Iraqi forces. As in the rest of Iraq, the improvised explosive device, which the military calls the IED, is the most common and deadliest weapon. But after three years of fighting, insurgents here are combining roadside bombs with small-arms fire or rocket-propelled grenades to lethal effect.

"Darwin works every day for the insurgency," said a Marine intelligence officer, whose work with classified information prohibits him from speaking publicly. "The guys who are left know their business. The dumb ones are weeded out very quickly."

Here, fighters are increasingly operating in small units, with two men serving as spotters and others firing weapons or setting off bombs.

Marine officers say some of the insurgent teams coordinate their attacks with other groups of fighters, sometimes signaling to each other with pigeons.

When insurgents or their supporters spot an American patrol moving through the streets or a squad holed up in a house watching over a street, they release pigeons from rooftop coops. A flock of birds rising in the sky is a sign that Americans have been spotted.

In Ramadi, such coordinated attacks occur many times a day.

"Last year, when I got IEDed, I looked around for the triggerman," said Chief Warrant Officer Jonathan Rabert, an infantry weapons officer. "This year, I look for an ambush."

The Marines here, part of the 3rd Battalion, 8th Regiment, say they faced a far less sophisticated enemy last year when they operated around Fallouja and the Abu Ghraib prison.

"He never came out and fought us with complex attacks," said Lt. Col. Stephen Neary, the battalion commander. "Last year there was nothing complex. Here he likes to put things together."

The danger of the complex attacks, along with the rising heat, has forced the Americans to put a stop to most daytime patrols. Instead, they roam the streets after sunset, when their night-vision goggles give them an advantage.

When the Americans venture forth on a daylight patrol, the insurgents attack — as the U.S.-Iraqi patrol along the walled street discovered.

When the patrol came under fire, the Marines saw the alley but instinctively did not move toward it. Some jumped over the wall next to them. Others kicked in a courtyard gate and ran through it.

Part of the patrol was caught on the other side of the street.

Sgt. Ron Nipper, a squad leader with India Company's 4th Platoon, quickly organized covering fire with a SAW, a light machine gun, so the rest of the Marines and Iraqi soldiers could dash into the courtyard.

"Spray that SAW, and you move over here!" Nipper yelled.

Boosh-boosh-boosh — the Marines opened fire. Moments later the rest of the patrol ran into the courtyard.

Behind the protection of the walls, Roger Noel, a Navy corpsman, bandaged the leg of the injured Iraqi soldier and the Marines plotted their return to base.

The far wall of the courtyard led to the alleyway and an exit. The Marines jumped over the wall and into the alley. There, one Marine moved toward the alley entrance to provide security for the rest of the patrol.

"Stop! Stop! Stop!" Nipper shouted. "IED! IED!"

Less than 20 feet from the Marines was the simple but deadly bomb.

Later, Staff Sgt. Joe Modesto, the patrol leader, said the insurgents did not expect to hit any of the Marines or Iraqi soldiers in the initial volley but wanted to drive them to the alley.

"They were trying to find a way to get us toward the IED so they could detonate it," Modesto said.

Knowing what might be coming next, Americans have adjusted their own tactics to try to avoid the traps.

"They try to bait us into running into an IED," Neary said. "But we are wise to those tactics. That is why you see us go through doors and over walls."

Yet in Ramadi, it is a constantly changing battle. As soon as the Americans think they have figured out how the insurgents are operating, the techniques change.

"We change our tactics, they change their tactics," said Sgt. Joey Catron of India Company. "We watch them and they watch us. It is a big cat-and-mouse game."

A Reality Check On Iraq (LAT)

The Los Angeles Times, August 6, 2006

Whether civil war or uncivil sectarian strife, the situation in Iraq is getting worse fast, and pushing U.S. involvement to the brink.

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IS IRAQ IN THE MIDST of a civil war or, as Army Gen. John P. Abizaid, the senior U.S. commander in the Middle East, told the Senate Armed Services Committee on Thursday, only in danger of moving toward one? For purposes of U.S. military and political planning, that may be a distinction without a difference.

What matters is that sectarian violence, especially in Baghdad, is, in Abizaid's words, "as bad as I've seen it" and getting worse. That is a reality that Iraqi Prime Minister Nouri Maliki essentially ignored last month when, in a speech to Congress, he portrayed the carnage in his country as a struggle between a new democratic government and an alliance of Saddam Hussein loyalists and foreign terrorists. That simplistic narrative cried out for a reality check, and Abizaid has provided it.

It isn't just American observers who are worried. In a memo to Prime Minister Tony Blair, a British diplomat in Baghdad recently warned that "the prospect of a low-intensity civil war and a de facto division of Iraq is probably more likely at this stage than a successful and substantial transition to a stable democracy." Some in the U.S. military take comfort in the fact that the Iraqi army has not yet broken down into sectarian fighting forces, a textbook precursor to civil war seen everywhere from the Balkans to the Mason-Dixon line. Yet Iraqi police forces already are taking sides, with some joining the deadly militias responsible for Iraqi-on-Iraqi killings.

That violence has forced a change in U.S. military tactics, resulting in the deployment of 3,700 troops in the Iraqi capital — a move that Sen. John McCain (R-Ariz.) fears might undermine pacification efforts elsewhere. In the longer term, generals concede that tying up so many U.S. resources in Iraq makes it more difficult for the military to confront extremist terrorism around the globe. And the escalating civil strife will force the White House to confront the implications of Bush's June statement that "success in Iraq depends upon the Iraqis." The corollary of that assertion seems to be that, if the Iraqis fail to unite their country, the U.S. at some point will have to acknowledge that fact and consider alternatives to a continuing military presence — such as a partition of Iraq or the introduction of an international peacekeeping force.

With more than 2,500 U.S. soldiers killed in Iraq, Americans are going to be increasingly reluctant to shed more of their countrymen's blood for a multiethnic nation that is unsure about how or even whether it should continue to coexist. Abizaid's testimony should be ringing in the ears not only of Bush and Secretary of Defense Donald Rumsfeld but also in those of Prime Minister Maliki. None of them has the luxury of being able to tolerate even a "low-intensity" civil war in Iraq.

U.S. Troops Patrol Capital To Boost Security (WT/AP)

By Rawya Rageh, Associated Press

The Washington Times, August 6, 2006

BAGHDAD -- U.S. soldiers sent to beef up security in Baghdad were seen for the first time on the streets of the capital yesterday as Iraqi police used loudspeakers to reassure people that the Americans were there to protect them.

But at least 21 persons were killed or found dead, most of them in the capital, wracked by bombings and sectarian slayings.

The dead included a Shi'ite couple and their two daughters abducted earlier in the day in Baghdad's mostly Sunni area of Dora, police said.

With Sunni-Shi'ite killings on the rise, about 3,700 soldiers of the Army's 172nd Stryker Brigade were brought from northern Iraq to bolster U.S. and Iraqi security forces that have struggled to contain the violence in Baghdad.

Several Stryker armored vehicles took positions in the mostly Sunni district of Ghazaliyah, one of the city's most dangerous areas. Police used loudspeakers to encourage residents to reopen shops and go about their business normally because the soldiers would protect them.

U.S. commanders hope the presence of heavily armed American troops will intimidate sectarian death squads thought to be involved in many of the killings and will reassure Iraqis that they will be protected by Iraq's predominantly Shi'ite security forces.

Moving the Stryker brigade to Baghdad, however, meant drawing down, at least temporarily, the U.S. military presence in northern Iraq. The brigade was based in Mosul but had subordinate units scattered over a wide area, including routes used by foreign militants slipping in from Syria.

Fears of trouble in the north rose Friday when a car bomb killed a police colonel in Mosul and triggered a firefight between police and insurgents. Iraq's Defense Ministry and police announced that 55 suspected insurgents had been captured around Mosul after the violence.

A curfew remained in effect for a second day in the eastern part of Mosul as police searched for insurgents who escaped.

Nevertheless, provincial Gov. Duraid Mohammed Kashmoula said he was pleased with the performance of the Iraqi police, who fled their posts during a November 2004 insurgent uprising but stood their ground Friday.

"The terrorists thought that police were going to run away, but this will not happen again. We will not give them that opportunity," Mr. Kashmoula said.

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The U.S. command said the risk of moving the Stryker brigade was worth taking because of the grave situation in Baghdad, where sectarian tensions are high.

Sectarian bloodshed has soared in the capital since the Feb. 22 bombing of a Shi'ite shrine in Samarra.

In addition to the Shi'ite family slain in Baghdad, police found 13 bodies yesterday -- four floating in the Tigris River 25 miles south of the capital and the rest in various neighborhoods of the city. All had been shot, and most showed signs of torture, police said.

Two mortar shells landed on a house in southern Baghdad late yesterday, killing one person and injuring two, police said, and two low-ranking members of Saddam Hussein's former regime were fatally shot in separate incidents yesterday.

In Baqouba, 35 miles northeast of Baghdad, two bombs exploded within minutes yesterday. The first bomb destroyed a grocery store, and the second targeted police and rescuers who rushed to the scene. Eight persons were wounded, police said.

Baghdad's Chaos Undercuts Tack Pursued By U.S. (NYT)

By Dexter Filkins

The New York Times, August 6, 2006

BAGHDAD, Iraq, Aug. 5 — Over the past year, as American commanders pushed Iraqi forces to take over responsibility for this violent capital, Baghdad became a markedly more dangerous place.

Now the Americans are being forced to call in more of their own troops to bring the city under control.

The failure of the Iraqis to halt the slide into chaos in Baghdad undercuts the central premise of the American project here: that Iraqi forces can be trained and equipped to secure their own country, allowing the Americans to go home.

A review of previously unreleased statistics on American and Iraqi patrols suggests that as Americans handed over responsibilities to the Iraqis, violence in Baghdad increased.

In mid-June 2005, Americans conducted an average of 360 patrols a day, according to statistics released by the military. By the middle of February this year, the patrols ran about 92 a day — a drop of more than 70 percent. The first Iraqi brigade took over a small piece of Baghdad early last year. Now, Iraqi soldiers or police officers take the leading role in securing more than 70 percent of the city, including its most violent neighborhoods. They control all of Baghdad's 6,000 checkpoints.

Even after the attack on the Askariya shrine in Samarra on Feb. 22 unleashed a wave of sectarian violence, the American patrols remained at a level lower than in the past. At the end of July, Americans were patrolling Baghdad 89 times a day — a quarter of their patrols in mid-June last year.

Thirteen months ago, Baghdad had about 19 daily violent events, like killings. Today, the daily average is 25 — an increase of more than 30 percent. Many of these attacks cause more than one death; some cause many more, like the rampage by Shiite gunmen in western Baghdad last month that left as many as 40 people dead.

On Thursday in Washington, senior American military commanders pointedly warned that Iraq was heading toward civil war.

To stop the slide, the United States has decided to double the number of American troops in the city, to about 14,200 from about 7,200.

American officials have declared Baghdad the country's "center of gravity," an arena that must be won if they are to succeed. The Americans and Iraqis say they are also preparing to bring in more Iraqi troops and spend at least $50 million for jobs and public services like electricity.

The decision to increase the number of American forces in the city appears to reflect a conviction that only American troops can bring the city under control.

"If we were willing to accept the high levels of casualties that occur in the city each month, then the Iraqi security forces could have continued handling the situation," said Maj. Gen. William B. Caldwell IV, the spokesman for the American military in Iraq. "We can handle it at the levels we have. But if we want to reduce the violence, then we bring more forces into the city."

American commanders say the greater violence in Baghdad does not necessarily suggest that the Iraqi forces are failing. Iraqi police officers and army soldiers are competent, the Americans say, but the explosion of sectarian violence has been of a scope and virulence that could overwhelm any army.

"I don't think we moved too quickly," General Caldwell said of putting the Iraqis in charge of Baghdad. "I don't think anyone could have anticipated the sectarian violence."

Some independent observers say the Americans have a point — that the job of trying to secure a city of seven million people plagued by terrorism, sectarian violence and crime is a task of a magnitude that has never been attempted by a modern army. Some wonder whether the additional 7,000 American troops bound for the city will be enough.

"I don't believe this operation was designed to turn a corner," said Anthony H. Cordesman, a military analyst at the Center for Strategic and International Studies in Washington. "I believe it was designed to stop a civil war."

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Putting Iraqi forces in the lead in various parts of the city, American commanders say, frees American troops to support the Iraqis in the most violent neighborhoods.

The number of Iraqi troops and police officers has steadily grown since the beginning of 2005. About 42,000 Iraqi police, army and paramilitary forces now patrol the capital.

In addition to 7,200 American forces, more than 1,000 American advisers are spread throughout the Iraqi police and army.

Still, since March, when the Americans and Iraqis began the first of two major operations to bring Baghdad under control, violence there has increased.

The United Nations said an average of 100 Iraqi civilians were being killed each day in Iraq, "the overwhelming majority" of them in Baghdad.

On the streets, the tallies are borne out in flesh and blood. Each day, the bodies pile up at Baghdad's main morgue: burned with acid, riddled with bullets, blindfolded, handcuffed, drilled with holes.

For much of the city, the Tigris River forms the sectarian boundary, the Sunnis on the west and the Shiites in the east. Many Baghdad residents will no longer stray from their own neighborhoods. Shops in most neighborhoods close by 2 p.m., if they open at all. Gun-toting militiamen from the Mahdi Army roam the streets unmolested.

Gauging the performance of the Iraqi security forces is difficult. Every night, the American military sends e-mail messages announcing that Iraqis have raided insurgent hide-outs, detained suspects or thwarted suicide bombers.

"I tell you this personally," said Brig. Gen. David D. Halverson, the deputy commander of the American division that oversees the capital, "the Iraqi forces have stood up and fought very well."

Indeed, in some places, Iraqi troops have shown promise. On Haifa Street, where the first Iraqi brigade took over last year, the troops brought stability to the neighborhood in a way that American soldiers had failed to do by themselves.

Over all, though, their performance seems spotty. The Iraqi Army seems more disciplined and professional than the police, and seems to receive more respect from the Iraqi people.

The Iraqi police officers, who far outnumber Iraqi soldiers, seem mostly hapless, often standing by as mayhem swirls around them.

One day late last month, for instance, a group of 10 armed men stopped traffic in the Tarbiya neighborhood of Sadr City and stormed a streetside shop.

As the scene unfolded, two police vehicles drove by, with a clear view of the kidnapping under way. They did nothing. Minutes later, the armed men led an Iraqi shopkeeper to one of their cars and took him away.

Neither the Sunni insurgents nor the Iranian-backed Shiite militias seem to fear Iraqi police officers or soldiers.

In the Baghdad neighborhoods of Dawra and Amariya, for instance, Iraqi soldiers and policemen are often unable to retrieve the bodies of civilians or their own men killed in gun battles because they fear they will be attacked. The Americans often have to retrieve the bodies; the insurgents leave them alone.

The mixed quality of the Iraqi security forces lies at the heart of the capital's chaos, some Iraqi leaders say.

"We have to have the courage to admit that there are structural problems in the way the security forces were recruited," said Barham Salih, the deputy prime minister. "There has not been enough attention paid to quality, nor to leadership. Command and control remains a problem."

Many of the militiamen now terrorizing the capital are directed by the very political parties that control the Iraqi government, he said.

"It's an open secret that needs to be confronted head-on," Mr. Salih said. "The status quo is profitable to too many in the political elite of this country."

American commanders say they are planning to embark on a plan to secure one neighborhood at a time. They say they are optimistic about it, in part, because it does not rely exclusively on military force. Iraqi and American leaders are preparing to spend $50 million to put Iraqis to work and restore basic services like electricity and water that are absent from much of Baghdad.

The new plan is the brainchild of Lt. Gen. Peter W. Chiarelli, the deputy commander of American forces in Iraq, who has long argued that the political and economic components of defeating an insurgency are as important as lethal force.

"We are pulling out Coach Chiarelli's playbook, and we are finally going to implement it," General Caldwell said.

The Americans and the Iraqis say they hope to see results within 90 days.

U.S. Activists Call For Troop Withdrawal (AP-Y)

AP2, August 6, 2006

"Peace Mom" Cindy Sheehan and 14 other U.S. anti-war activists on Saturday joined Iraqi lawmakers in demanding a timetable for withdrawing U.S. troops from Iraq.

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The activists, representing the largest U.S. anti-war coalition, have been in Jordan since Thursday for talks with the Iraqi parliament members. Iraqi Prime Minister Nouri al-Maliki refused to meet the activists during last month's talks with President Bush in Washington.

"I'm optimistic that the majority of the American people want a withdrawal sooner, rather than later," said Tom Hayden, a former California state senator.

About half the activists will head to Syria on Sunday and then to Lebanon to "assess the humanitarian crisis" caused by 25 days of fighting between Israel and Hezbollah militants. Neither Sheehan nor Hayden will go to Syria and Lebanon.

Sheehan's, soldier son, Casey, died in Iraq in 2004. Her monthlong war protest near President Bush's ranch last summer attracted more than 10,000 demonstrators.

Hayden suggested the Lebanon conflict may be "a desperate effort by the Israeli and U.S. neoconservatives to escalate their way out of defeat in Iraq before the November elections" in the United States.

"Are they trying to scramble and subdivide the whole Middle East? Do they hope this escalates into a conflict with Syria and Iran which some of them want," he said.

Edwards Wants Immediate Iraq Withdrawal (AP-Y)

AP2, August 5, 2006

Former vice presidential candidate John Edwards, who is considering another run for the Democratic presidential nomination, said Saturday the United States should start pulling troops out of Iraq immediately.

The former senator from North Carolina told reporters America should "make it clear (to Iraqis) we are leaving, and the best way is to start leaving. We should take 40,000 combat troops out now."

Edwards, who has said he regretted his vote as a U.S. senator authorizing President Bush to invade Iraq, said he would ask the country's military leaders for a strategy "to have the (rest of the) troops out in roughly 12 to 18 months."

"There is no chance other countries in the world will help Iraq as long as we are an occupying force," he said.

On the Israeli-Hezbollah fighting in the Middle East, Edwards noted he was on the Israel-Lebanon border only three weeks ago, and said Israel "has absolutely the right to defend itself," though he said there "needs to be an international security force in southern Lebanon."

Edwards was making a number of stops Saturday in New Hampshire, which he has visited several times this year as he considers another run for the presidency.

He was Sen. John Kerry's running mate in 2004 after making his own bid for the Democratic nomination.

A Timetable Isn't An Exit Strategy (NYT)

The New York Times, August 6, 2006

As America's military experience in Iraq grows ever more nightmarish, it is becoming clear that President Bush's strategy comes down to this: Keep holding to a failing course for the next 29 months and leave it to the next administration to clean up the mess.

That abdication of responsibility cannot be allowed to continue at the expense of American lives, military readiness and international influence. With the Republican majority in Congress moving in perpetual lock step behind the White House, the job of pressing the issue has been dumped in the laps of the Democrats. Unfortunately, they have their own version of reality avoidance. It involves pretending that the nightmare can be ended by adopting a timetable for a phased withdrawal of American troops.

Mr. Bush's cheerleading encourages the illusion that it is just a matter of time and American support before Iraq evolves into a stable democracy. The Democratic timetable spins a different fantasy: that if the Iraqis are told that American troops will be leaving in stages, at specific dates, their government will rise to the occasion and create its own security forces to maintain order.

The Iraqi government has not failed to develop adequate police and military forces of its own because it lacks the incentive. It has failed to do so because it is weak and divided, because its people are frightened and because the strongest leaders in the country are the men who control sectarian militias. A phased withdrawal by itself would simply leave the American soldiers who remain behind in graver danger, and hasten what looks like an inevitable descent into civil war.

Democrats are embracing the withdrawal option because it sounds good on the surface and allows them to avoid a more far-reaching discussion that might expose their party's own foreign policy divisions. Most of all, they want an election-year position that maximizes the president's weakness without exposing their candidates to criticism. But they are doing nothing to help the public understand the grim options we face.

The only responsible way out of Iraq involves all the things President Bush refused to consider on the way in. That means enlisting help from some of the same Arab neighbors and European allies whose opinions and suggestions were scornfully

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ignored before the invasion. Getting their assistance would be a humbling experience. Americans may feel the war is going badly, but they have not been prepared to acknowledge failure.

America's allies have an interest in not seeing Iraq turn into a hive of terrorists and a font of regional instability. However, before other nations become involved they would certainly insist on a laundry list of American concessions, from a share in war-related business for their contractors to an all-out United States push for a renewed peace process among Israel, the Palestinians and their neighbors.

A serious plan for disengagement from Iraq is not well tailored to the campaign trail. Real withdrawal will be messy and unpleasant. Even under the best of circumstances, it could well end in disaster. But the country cannot afford another election cycle of bipartisan evasions.

Military Academy Scraps Vietnam For Iraq (AP-Y)

By Robert Tanner, Ap National Writer

AP2, August 5, 2006

Three soldiers crouch in the dust behind a plastic barricade and peer up the road. They know something's coming — maybe out of the deep scrub lining the road, maybe somewhere ahead on the asphalt, already steaming hot. They watch and wait.

Then they see it.

A man with his hands over his head, two cylinders and a detonator strapped to his chest, walking steadily closer and pleading in broken English: "Help me. I've got a bomb on me. Help me!"

The soldiers bellow at him to stop, to stand still. Don't touch that detonator! Now the troops get their orders, shouted from their squad leader down the road — don't go to him and don't let him come to you. Just wait.

The man with the bomb pleads, he begs, he gets angry and steps forward, he stops and begs again.

"Sir, one more step and we will open fire on you," says one of the soldiers, his helmet low over his eyes, his rifle gripped tight.

Is the man aiming to get close enough to kill them? Is he innocent? Can they convince him to wait, while they wait, for a bomb expert?

Above all, how do they find their way through these questions with loaded weapons, a ticking bomb, the confusion of shouted commands from behind and mangled, Arabic-inflected English ahead?

The bomb isn't real. The soldiers' guns are loaded and heavy, but the bullets are not deadly. The Iraqi man is actually an American soldier, an instructor. The road is half a world away from Baghdad, winding through upstate New York's leafy woods where West Point cadets translate classroom lessons into action.

This year, for the first time, the U.S. Military Academy has scrapped its Vietnam-era summer training for scenarios drawn straight from Fallujah and Ramadi. The idea is to train tomorrow's military leaders in warfare that's emerging today in Iraq and Afghanistan — a stew of tactical maneuvers, police actions, cultural conflicts and negotiations, all framed by the laws of war.

A day with the cadets shows what they're up against.

The man — call him the Iraqi victim — tells his story in a jumble: Men came in a van. They told him the bomb would go off in five minutes. He has a wife and family. Won't the Americans help him?

The three soldiers at the front barricade try to keep him calm.

"We'll help you, just be patient, sir," says the female soldier. The victim quiets, his breath ragged.

The squad leader, also a cadet, tells the three that they can't let the victim get any closer or they will be endangering themselves and the FOB — the forward operating base they are guarding.

Each of the three soldiers tries to talk to the victim, until the squad leader orders: "Just one do the negotiating."

The female soldier, delegated to backup, grumbles just so the other two can hear: "But I was doing the best job controlling him."

The negotiator sticks his head up a little higher over his plastic wall and tries to get more information: Who grabbed you? What did they look like? Did they say anything else?

But the victim is too distraught. He rambles. He steps forward again.

The squad leader yells out from behind his barricade: Fire a warning shot. If he keeps coming, engage.

"Stop right there!" the negotiator shouts.

The backup's foot rocks side to side, again and again, her toe digging deeper into a rut of mud, leaves and spent bullets. Sweat shines on the negotiator's face. Alongside him is the big guy on the M249 — they call it a SAW for Squad Automatic Weapon, but it could as well be named for the ripping sound it makes when fired.

Be patient, the soldiers say. The bomb expert is coming. Five more minutes.

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"But you already say five minutes," the victim shouts and lurches forward.

The backup raises her rifle to her eye.

The victim steps forward again.

The backup fires a single shot into the ground.

It seems that even the insect buzz in the brush quiets for a moment. The victim stands still, the dust floating around his feet. Hearts pound. Nobody speaks.

Then another "Iraqi" comes down the road, says he is the victim's cousin, demands help. Together now, they complain even louder and step forward and the negotiator warns them once, twice, not to come any closer.

He tells the big guy on the SAW to fire at the next step.

And the victim takes that step.

The big gun bursts a half-dozen shots and the victim falls to the ground, holding his leg, shouting in pain. His cousin yells: "American bad! American bad!"

Now it is confusion among the soldiers and their commander. Why did you fire? He kept advancing. Don't shoot! He's still alive? Is he coming closer?

The soldiers fire again. Now, the victim is dead.

Lesson over.

A few moments later, the soldiers, now clearly students, flop down in a circle on the grass to discuss what went right and what went wrong — the AAR, short in the acronym-loving military for After Action Review.

With a body on the ground, can this be called a good morning? Or is it a bad one? If only it were that easy.

The cadets' superiors break down what went right and wrong. The good: they survived. "You'll die here two or three times a day," Maj. David Phillips tells them. "But you only die down the line once."

And they successfully followed some key steps: Taking it slow and steady — by talking, then warning, then firing a warning shot, then firing a lethal weapon. Staying calm, trying to negotiate.

But they wound up with a dead man who may have been innocent, an enraged cousin bound to fuel anti-American sentiment or more direct action, and a live bomb — if they hadn't exploded it with the imprecise machine gun and injured or killed themselves.

Some students ask if it would really take that long to get a bomb expert. (Probably longer, they're told). Another cadet warns that the way it played out would just do more damage to the perception of the American effort in Iraq. (Agreed).

And then Robert Pecha, a 19-year-old from Sonoma, Calif., pipes up. "Sir, I've got a question about shooting him again. Is that allowed at all or are you going straight to jail?"

Phillips nods his head: The victim was no longer a threat, so no follow-up shots should have been fired.

"It was a serious moral dilemma," Phillips says. "It was a brutal lesson."

CORPORATE SCANDALS:

Hands Off Hedge Funds (WP)

The Washington Post, August 6, 2006

Sometimes libertarians deserve to win an argument.

EIGHT YEARS AGO the collapse of a hedge fund named Long-Term Capital Management triggered fears of international financial instability. Since then, hedge funds have quadrupled the volume of money they manage and account for perhaps 30 percent of trading on U.S. stock markets. Meanwhile, the regulatory response has been confused. Two years ago the Securities and Exchange Commission decided, in a controversial 3-to-2 vote, to require hedge fund managers to register and submit to inspections. This policy was opposed by Alan Greenspan, Fed chairman at the time, and got a cool response from regulators at the Treasury Department. In June a federal court vacated it.

Having inherited this mess, SEC Chairman Christopher Cox is pondering how to fix it. His objectives should be to mend fences with his fellow regulators and to tread lightly on this industry. Hedge funds, which exist to come up with futuristic trading strategies that others haven't tried, are the classic example of an innovative industry with which regulators can't keep up. Pretending to conduct meaningful oversight is worse than conducting none at all: It dulls investors' incentives to monitor the risks of putting money into hedge funds.

There are three types of argument in favor of regulating hedge funds, and none is persuasive.

The first invokes systemic risk: If a hedge fund collapses, the banks that lent to it may collapse, too, causing a chain reaction through the financial system. This danger is real, but the banks that lend to hedge funds have a strong incentive to

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manage it by limiting their exposure to hedge funds and by monitoring the risks that the funds take. Since the Long-Term Capital debacle, this is what banks appear to be doing. Regulatory prodding has encouraged the banks to get smarter, though in some cases the rules perversely permit hedge funds to borrow more if they take on extra risk -- an example of how oversight of this complex industry can backfire.

The second argument for regulating hedge funds is that they are havens of insider trading and other sorts of illegal manipulation. It's true that some prominent cases of fraud involve hedge funds, but this isn't surprising given their size. The law already empowers regulators to go after hedge fund managers who commit financial crimes. It's not clear that extra regulations would add much.

The third argument for regulation concerns investor protection. The SEC suggests that by registering and inspecting hedge funds it can reduce the danger that investors will lose money. Some hedge fund managers are happy to accept this line: To reassure anxious clients, some choose to register with the SEC anyway, and they calculate that submitting to mild regulation now may be smarter than waiting until the political storm that would follow the scandalous blowup of a crooked player in their industry. But this is a case of hedge funds and their customers trying to ensure their reputations by gaining a regulatory seal of approval. The regulators should decline to become a security blanket.

There is one fix that does make sense, and Mr. Cox has proposed it. Hedge fund customers are currently required to have personal wealth of at least $1 million -- a relatively low threshold given that home equity counts toward it. But hedge funds make sense only for families richer than that: They have minimum investment requirements of $500,000 or more and are sufficiently risky that they should represent only a small part of a portfolio. The $1 million hurdle should at least be doubled.

CRIMINAL LAW:

Deal Maker Details The Art Of Greasing The Palm (NYT)

By David Johnston And David D. Kirkpatrick

The New York Times, August 6, 2006

WASHINGTON — In 1992, Brent R. Wilkes rented a suite at the Hyatt Hotel a few blocks from the Capitol. In his briefcase was a stack of envelopes for a half-dozen congressmen, each packet containing up to $10,000 in checks.

Mr. Wilkes had set up separate meetings with the lawmakers hoping to win a government contract, and he planned to punctuate each pitch with a campaign donation. But his hometown congressman, Representative Bill Lowery of San Diego, a Republican, told him that presenting the checks during the sessions was not how things were done, Mr. Wilkes recalled.

Instead, Mr. Wilkes said, Mr. Lowery taught him the right way to do it: hand over the envelope in the hallway outside the suite, at least a few feet away.

That was the beginning of a career built on what Mr. Wilkes calls “transactional lobbying,” which made him a rich man but also landed him in the middle of a criminal investigation.

Last November, Mr. Wilkes was described as “co-conspirator No. 1” in a plea agreement signed by Representative Randy Cunningham, a California Republican on the House Appropriations Committee. In the plea deal, Mr. Cunningham admitted accepting more than $2.4 million in cash and gifts from Mr. Wilkes and other contractors. Another defense contractor, Mitchell J. Wade, pleaded guilty to paying some of the bribes.

Mr. Wilkes could also figure in a related federal investigation into the House Appropriations Committee. The inquiry has focused on ties between Mr. Lowery, who left Congress and became a lobbyist, and Representative Jerry Lewis, a California Republican who is the chairman of the committee and the former chairman of its Defense Subcommittee.

Speaking publicly for the first time since Mr. Cunningham’s plea agreement, Mr. Wilkes said in recent interviews that he had done nothing wrong and did not believe that Mr. Lewis and Mr. Lowery had broken the law. Mr. Wilkes, who has not been charged in the Cunningham case, has refused prosecutors’ appeals to plead guilty.

But Mr. Wilkes acknowledged that he was a willing participant in what he characterized as a “cutthroat” system in which campaign contributions were a prerequisite for federal contracts. “I attempted to get help and advice from people who could show me the way to do it right,” Mr. Wilkes said. “I played by their rules, and I played to win.”

Mr. Wilkes said he was speaking now to rebut false assertions about him by prosecutors and the news media. While it is unknown whether his account is complete and it is impossible to verify his recollections of certain conversations, many aspects of his story were confirmed by federal records, other documents and interviews with people involved in the events he described.

The Cunningham scandal set off alarms about the proliferation of Congressional earmarks — money for pet projects inserted anonymously in spending bills — which critics say pervert public policy, encourage cronyism and waste federal money. The 12,000 earmarks in this year’s spending bills amount to $64 billion.

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Offering a rare insider's view, Mr. Wilkes described the appropriations process as little more than a shakedown. He said that lobbyists close to the committee members unceasingly demanded campaign contributions from entrepreneurs like him. Mr. Wilkes and his associates have given more than $706,000 to federal campaigns since 1997, according to public records, and he said he had brought in more as a fund-raiser. Since 2000, Mr. Wilkes's principal company has received about $100 million in federal contracts.

Mr. Wilkes described the system bluntly: "Lowery would always say, 'It is a two-part deal,' " he recalled. " 'Jerry will make the request. Jerry will carry the vote. Jerry will have plenty of time for this. If you don't want to make the contributions, chair the fund-raising event, you will get left behind.' "

Lanny A. Breuer, a lawyer for Mr. Lowery, acknowledged that his client had been a lobbyist for Mr. Wilkes. But he said Mr. Wilkes's portrait of their dealings was "an absolute fabrication."

"Bill Lowery never demanded lobbying fees in return for any kind of a guarantee of an earmark," Mr. Breuer said. "He never demanded contributions to Jerry Lewis. There was absolutely no quid pro quo."

Barbara Comstock, a spokeswoman for Mr. Lewis, said the congressman was unaware of any conversations like those Mr. Wilkes described having with Mr. Lowery.

Contractors who do business with the federal government routinely contribute to the campaigns of Congressional appropriators, and politicians frequently assist constituents in their efforts to win government contracts. But legal experts say that explicitly linking official acts to campaign contributions could constitute a criminal offense, including bribery or extortion. They caution that proving criminal intent is difficult.

The culture of the House Appropriations Defense Subcommittee is one of great power and little scrutiny. Mr. Wilkes said every member appeared to have a personal allowance of millions of dollars to disburse without public disclosure. Lawmakers, though, sometimes boast about money being spent in their districts.

In the spending bill for this fiscal year, each member took credit for an average $27 million in earmarks, with the chairman, Representative C. W. Bill Young, Republican of Florida, claiming about $125 million, according to Taxpayers for Common Sense, a nonpartisan group that tracks earmarks.

'Feast or Famine'

When Mr. Lowery became a lobbyist, he set himself up as a gatekeeper to his old friend, Mr. Lewis, the appropriations chairman, Mr. Wilkes said. At times, Mr. Lowery hinted ominously that Mr. Lewis might block future earmarks if Mr. Wilkes stopped making campaign donations and paying Mr. Lowery's fees, Mr. Wilkes said.

In recent months, Mr. Lewis has said that he barely knew Mr. Wilkes and that he did not remember seeing him in nearly a decade. But Mr. Wilkes says their relationship was closer than that.

Ever since they went on a scuba-diving trip together in 1993, he said, Mr. Lewis had referred to him as his "diving buddy." They occasionally dined together or met at political functions, Mr. Wilkes said. At a Las Vegas fund-raiser in April 2005, Mr. Wilkes said, Mr. Lewis greeted him as "Brento" and hugged him as Mr. Wilkes surprised the lawmaker with $25,000 in campaign contributions.

At his peak, Mr. Wilkes controlled a dozen companies whose work included digital document storage. The federal government was his chief customer, and he spent up to 30 weeks a year in Washington courting congressmen and agency procurement officials.

Mr. Wilkes capitalized on the system. The license plate on his black Hummer still reads "MIPR ME," a reference to a "military interdepartmental purchase request" — bureaucratic jargon for payments for a defense contract.

Mr. Wilkes built a headquarters of smoked glass and stainless steel outside San Diego with a 450-seat banquet hall, where Cirque du Soleil performed at a birthday party for his wife, Regina. He crossed the country in private jets and raised hundreds of thousands of dollars for the Bush-Cheney ticket in 2004, making him a Republican "Pioneer."

Nancy Luque, his lawyer, said the image of Mr. Wilkes as a swaggering deal maker was a caricature. "He had his life in Washington and then his real life," Ms. Luque said. "His real life was his family, his friends and his business."

His success, though, depended on government contracts. "It's a feast or famine deal," Mr. Wilkes said. "If we didn't get our earmark, we were finished."

Washington Connections

A former accountant in Washington and San Diego, Mr. Wilkes had known Mr. Lowery casually for years in California Republican circles. Because of those ties, a San Diego businessman hired Mr. Wilkes as a consultant in 1992 to help persuade Congress to earmark contracts for his company, Audre, which was seeking to convert military documents into digital form.

Mr. Lowery, in his final months in Congress, was looking for new opportunities as well. He had decided to resign after a 1992 inquiry into the misuse of an internal House bank found that he had written more than 300 bad checks.

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Mr. Wilkes said Mr. Lowery set up meetings for him with a handful of House Defense Subcommittee members, including Representative John P. Murtha, a Pennsylvania Democrat who was the chairman at the time, and Mr. Lewis. Mr. Lowery instructed Mr. Wilkes to go to the sessions prepared.

"Lowery says, 'We should raise money; you get the checks,' " Mr. Wilkes recalled, describing the meetings at the Hyatt. "I was a rookie. I didn't want to separate the checks from the briefing," he said, explaining that he did not understand the need to avoid appearing to link the money to his pitch.

Although they welcomed the checks, Mr. Wilkes said, the lawmakers seemed bored by a lengthy presentation. "I became the king of the 10-minute meeting," he said.

Later that year, Mr. Wilkes and Mr. Lowery took a diving trip to Belize, where they visited the United States ambassador. Eugene Scassa, then the envoy, said in an interview that Mr. Lowery had quizzed him about his out-of-pocket expenses and then suggested, "You need a chuck wagon."

Mr. Scassa said Mr. Lowery pointed to Mr. Wilkes and explained: "He is a chuck wagon. If you have expenses, they pay. If you go out to lunch, they pay. If you need a pair of boots, you go out to the chuck wagon to get them." (The next year, Mr. Lowery and Mr. Wilkes returned for a diving trip with Mr. Lewis.)

When Mr. Lowery left Congress in January 1993, Mr. Wilkes hired him to lobby for Audre. Mr. Wilkes was impressed by Mr. Lowery's knowledge of the Defense Subcommittee and his confidence in being able to help deliver an earmark.

Mr. Lowery and Mr. Lewis seemed "like brothers," Mr. Wilkes said. "These guys ate dinner together a hundred times a year."

Mr. Wilkes and Audre executives gave members of the Appropriations Committee about $54,000 in campaign donations from 1992 to 1994. The Defense Subcommittee earmarked $14 million for Audre in 1993 and $20 million in 1994.

Mr. Wilkes said that at his suggestion, several recipients of his campaign contributions — Mr. Lewis; Mr. Cunningham; Representative Charlie Wilson, Democrat of Texas; and Representative Duncan Hunter, Republican of California — wrote a letter to top defense officials supporting the expenditures. Mr. Lewis wrote a second letter to an admiral.

In December 1994, Mr. Wilkes set up his own company, ADCS, and continued to use Mr. Lowery's services. Later, the lobbyist got Mr. Wilkes invited to a party at Mr. Lewis's town house. The purpose was to help pay the legal bills of former Representative Joseph M. McDade, a Pennsylvania Republican charged with bribery in awarding earmarks. (He was acquitted in 1996.) Many members of the Appropriations Committee and many prominent lobbyists, Democrat and Republican, were there.

"The set of rules that Lowery was teaching me was obviously the right set of rules," Mr. Wilkes recalled thinking. "If I wasn't playing the game the way they wanted me to, I never would have been there."

During his Washington visits, Mr. Wilkes held poker games at the Watergate Hotel, in a suite stocked with beer, Scotch and cigars. He invited several congressmen, colleagues and intelligence officials. Among the occasional guests was Kyle Foggo, the chief administrative officer of the Central Intelligence Agency and a childhood friend of Mr. Wilkes.

Federal prosecutors in San Diego are investigating whether Mr. Foggo, who resigned in May after coming under scrutiny, accepted vacation travel expenses from Mr. Wilkes in exchange for a classified agency supply contract, lawyers involved in the case said.

Ms. Luque, Mr. Wilkes's lawyer, said, "My client did not give his best friend of over 40 years anything because of any position he may have held." Mr. Foggo's lawyer, Mark J. MacDougall, said his client had done nothing unlawful.

Former colleagues say Mr. Wilkes was frank about his view of the appropriations process in Washington. "He was just on a power trip," said Steve Caira, the former chief executive of a company that sometimes collaborated with Mr. Wilkes. "You would be at a party, and he would come out and say he paid this guy so-and-so, if you throw enough money at him you will get your share back," Mr. Caira recalled. Mr. Wilkes denied making those comments.

In Mr. Cunningham's guilty plea, prosecutors portrayed the lawmaker as eager to help Mr. Wilkes. In court documents, they say Mr. Wilkes made cash payments of more than $500,000 to Mr. Cunningham, who intervened to help him earn earmarks and pressed a Defense Department official for faster payment of an inflated invoice. Mr. Cunningham was sentenced to eight years and four months in prison.

Mr. Wilkes said that in recent years, he preferred to work with other Appropriations Committee members. In 1998, records show, he turned to Mr. Lewis for help with the Veterans Affairs administration. Mr. Wilkes was then a subcontractor on a project paid through the Department of Veterans Affairs, and he wanted to take over as the primary contractor. In February 1999, he met with Jeffrey Shockey, a Lewis aide, to ask the congressman's office to intervene, according to a follow-up letter by Mr. Wilkes that was obtained by The New York Times.

When a Veterans Affairs accounting officer complained about questions from a congressman on ADCS's behalf, a Wilkes aide, Mike Williams, wrote back that Mr. Lewis was "a close personal friend of Brent's." The letter offered to "have the congressman's office contact the V.A. to put this issue to rest."

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Sometimes, Mr. Wilkes said, lobbyists offered him an earmark if he could come up with a project. In 2004, he said, Edwin A. Buckham, another lobbyist for Mr. Wilkes, reported that the House Appropriations Committee wanted to make a "going-away gift" in the form of an earmark to Representative George Nethercutt, Republican of Washington, who was leaving his seat on the panel to run for the Senate.

Mr. Wilkes suggested a shipboard communications project in Washington State and got $1 million for it. Mr. Nethercutt said he thought the technology was promising.

As he grew more confident, Mr. Wilkes said, he often considered dropping Mr. Lowery, whose fees had escalated to $25,000 a month by 2005, from $2,500. But Mr. Wilkes said Mr. Lowery threatened to block future projects if their relationship ended. Mr. Wilkes said Mr. Lowery had warned several times that doing so could prompt Mr. Lewis to cut off earmarks, saying, "You don't want me telling those guys on the committee that you are moving on without me." That meant, Mr. Wilkes said, "I'd be out of business."

Mr. Breuer, Mr. Lowery's lawyer, said Mr. Lowery did not make any such threats and called the account "pure fantasy." He pointed out that in the late 1990's the two men severed their relationship for a few years, but that Mr. Wilkes retained Mr. Lowery again in 2002.

Business in Jeopardy

In the end, it was the Cunningham investigation that jeopardized Mr. Wilkes's business with the government. In August 2005, a team of F.B.I. agents swept through Mr. Wilkes's headquarters. The flow of earmarks, his companies' lifeblood, dried up. He laid off 200 employees.

Ms. Luque said her client's legal problems were a battle that he "will fight and win."

She said federal prosecutors told her in January that they were not interested in Mr. Wilkes's dealings with Mr. Lowery and Mr. Lewis. "Cunningham couldn't have followed through on what he did without the cooperation of other people on the committee," Ms. Luque said. Prosecutors should be looking at the entire committee, she said.

Sitting in his office recently, the shelves lined with photographs of himself with President Bush, Vice President Dick Cheney and the presidential adviser Karl Rove, Mr. Wilkes reflected on his plight.

"I'm a dead man. I wouldn't be able to get a meeting. I wouldn't be able to get a phone call returned," he said. "There's no way I could get a deal."

Lobbying Scandals? They Can't Slow This Juggernaut (NYT)

By Hubert B. Herring

The New York Times, August 6, 2006

Lobbying has gotten such a bad name, after a series of scandals (did someone say Jack Abramoff?), that it simply has to be a dying phenomenon. Surely, no self-respecting lawmaker in this new, ethical age would take campaign contributions or other goodies if there was any hint the loot was meant to sway votes.

Right?

Wrong. Dead wrong. Just look at the latest figures from the Center for Responsive Politics, which show that total lobbyist spending, already at $1.44 billion eight years ago, soared to $2.38 billion in 2005.

And this largesse is doled out with precision; industries know who's running things, tilting their cash heavily toward the ruling party. But it's interesting to note the degree of tilt. The oil and gas industries truly love the Republicans, giving them 84 percent of their money, and tobacco is not far behind, at 75 percent. Pharmaceuticals are at 69 percent, insurance at 66 and military contractors at 61.

A rare exception is entertainment, with 59 percent going to that other party. What's it called again?

2 Md. Men Arrested In Theft Of VA Laptop (WP)

By Christopher Lee And Karin Brulliard, Washington Post Staff Writers

The Washington Post, August 6, 2006

Juvenile Is Also A Suspect in Crime

Montgomery County police charged two men yesterday with felonies in the May 3 theft of computer equipment from the home of a Department of Veterans Affairs analyst, a case that blossomed into the largest data breach in federal government history.

Police arrested Jesus Alex Pineda, 19, and Christian Brian Montano, 19, both of Rockville, about 9 p.m. Friday in a McDonald's restaurant and charged them yesterday with first-degree burglary and theft over $500. Montano was also charged with conspiracy to commit first-degree burglary and conspiracy to commit theft over $500. A juvenile in custody on an unrelated charge is also a suspect in the crime, police said.

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The stolen laptop and external hard drive contained the unencrypted names, Social Security numbers and birth dates of about 19.6 million veterans and active-duty military members as well as the names and birthdates of about 6.9 million other veterans and service members.

Police depicted the suspects as ordinary thieves who are responsible for a string of other local burglaries but did not target the laptop and hard drive, which police say they stole along with jewelry and cash.

"As far as we can determine, this was a random burglary," Montgomery County Police Chief J. Thomas Manger said at a news conference. "They did not know what they had."

Manger said police don't think that the theft was part of a "larger conspiracy."

Authorities recovered the laptop and hard drive in late June when a person who had the equipment contacted U.S. Park Police after seeing news accounts and notices of a $50,000 reward offered by Montgomery police.

FBI officials announced last month that forensic tests on the stolen equipment gave them "a high degree of confidence" that the sensitive data had not been accessed. The Bush administration then withdrew an offer of free credit monitoring for a year to the millions of affected veterans and military personnel, a service that would have cost upward of $160 million.

Key information that led to Friday's arrests came from a phone tip received by the FBI within the previous few days, Manger said. The three are suspected in at least five other burglaries, police said, and two of them have criminal records.

Manger said yesterday that it is uncertain whether the tipster who led police to the laptop -- or anyone else -- will receive the $50,000 reward. "We want to make sure that the right people get that reward money," he said.

Despite the prior recovery of the equipment, the recent arrests were "absolutely critical," said Jim O'Neill, assistant inspector general for the VA. "If someone got their hands on that many personal identities, the result would be catastrophic if their intent was to steal their identities."

In a statement yesterday, VA Secretary Jim Nicholson called the arrests "good news" and praised investigators for "their professionalism and diligence."

The arrests brought some closure to a case that began as a simple burglary of an Aspen Hill home but grew into a major bureaucratic scandal involving fears of mass identity theft and accusations of incompetence against VA leaders.

Although the VA analyst, identified in VA documents as Wayne Johnson, notified his bosses and Montgomery police of the theft right away, Nicholson was not told of the theft until May 16. And Nicholson did not tell the public until six days later, May 22.

The ensuing scandal prompted a wave of congressional hearings that put Nicholson in the political hot seat for the department's lax security practices and led to the resignations or departures of at least five senior VA officials, including the analyst's supervisor and department head.

The data breach and the sluggish VA response enraged many veterans and active-duty military members who found themselves at heightened risk of identity theft and felt that their trust in the VA had been betrayed.

Veterans directed some of their harshest criticism at Johnson, who Nicholson and VA Inspector General George J. Opfer said took the sensitive data home to work on a project without authorization.

But Opfer also found, and Nicholson acknowledged, that top VA officials also were to blame for the theft because of the department's inadequate information security policies and practices. Johnson had taken such data home for as long as three years -- something VA officials say they might never have known had the analyst not informed police of the burglary.

Nicholson has said the department will terminate Johnson, 60, a GS-14 employee who earns $91,407 to $118,828 a year and who has worked for the VA for more than 30 years. Johnson is challenging the firing under civil service rules.

"The department is still moving forward with dismissal proceedings," said Matt Burns, a VA spokesman.

The Washington Post had previously agreed not to publish Johnson's name pending the investigations by the FBI and Montgomery police.

Johnson's telephone number had been disconnected, and he could not be reached for comment yesterday. His attorney, Jonathan Axelrod, declined to comment, said Zach Axelrod, the lawyer's son.

2 Teens Accused In Theft Of VA Computer (AP-Y)

By Brian Westley, Associated Press Writer

AP2, August 6, 2006

Two teenagers were arrested Saturday in the theft of a laptop and hard drive containing sensitive data on up to 26.5 million veterans and military personnel, authorities said.

The equipment was stolen May 3 during a burglary at the Maryland home of a Veterans Affairs employee. The laptop and hard drive were turned into the FBI June 28 by an unidentified person in response to a $50,000 reward offer.

The equipment contained the names, Social Security numbers and birth dates of veterans discharged since 1975, in what was the worst-ever breach of government data.

Jesus Alex Pineda, 19, and Christian Brian Montano, 19, both of Rockville, Md., were arrested early Saturday, Montgomery County police said.

Pineda was charged with first-degree burglary and theft over $500. Montano was charged with first-degree burglary, conspiracy to commit first-degree burglary, theft over $500, and conspiracy to commit theft over $500.

Police said charges were pending against a third male suspect who is a juvenile.

"I commend the FBI, Montgomery County Police, VA's Office of Inspector General and other law enforcement agencies for their professionalism and diligence throughout this investigation," Secretary of Veterans Affairs R. James Nicholson said in a statement. "Today's announcement that arrests have been made is good news."

Authorities said the suspects did not specifically target the VA employee's home in Aspen Hill, Md., and did not realize the hard drive contained veterans' information until the case was publicized.

Police did not have any information about attorneys for the suspects. A bond hearing could be held Monday at the earliest, officials said.

The VA announced last month that the FBI has determined with a high degree of confidence that the files were not compromised.

"While this arrest is good news, we were lucky that the data belonging to veterans was not accessed and misused," Steve Buyer, chairman of the House Veterans Affairs Committee, said in a statement.

"The vulnerability is real and with the help of Congress, VA must move forward with information security reform," said Buyer, R-Ind.

Congress is investigating the steps leading up to and after the theft. It also is pondering legislation to improve information security.

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On the Net:

Department of Veterans Affairs: http://www.va.gov/

With Name In Hand, Phx. Cops Raced Clock (EVT)

By Paul Giblin

East Valley (AZ) Tribune, August 6, 2006

MESA — Police had obtained the name of one man implicated in the "Serial Shooter" crime spree in early to mid-July, but were unable to locate him as the body count climbed. They say they figured out where he lived only after a young Mesa woman was killed a week ago.

Initially, Samuel J. Dieteman was just one of several people whom police thought might have been associated with the string of shootings, Phoenix police Sgt. Andy Hill said Saturday.

While some investigators tried to find Dieteman, other members of a multiagency task force checked out hundreds of other leads during the final weeks of the wide-ranging investigation.

"Detectives continued to try to find him, but they could not," Hill said. "They tried a number of resources, a number of investigative techniques and tools and technology things to try to find this person."

Dieteman, 30, and Dale Hausner, 33, were arrested at their Mesa apartment late Thursday night. Police now say they had been following them for four days — starting the day after 22-year-old Robin Blasnek of Mesa was killed as she walked alone on Gilbert Road late at night.

The yearlong spree of what the shooters called "recreational violence" left six people dead and 17 others wounded. Blasnek is believed to be the pair's final victim.

Other victims include a man — whom police still have not identified — who was wounded by a shotgun blast while bicycling in Mesa on July 22, and the slaying of 20-year-old Claudia Gutierrez-Cruz, who was killed in Scottsdale.

Dieteman and Hausner are being held without bail on suspicion of two counts of first-degree murder and 14 counts of attempted first-degree murder. Additional charges are pending, authorities said.

Police received a specific tip about Dieteman before July 30, the day of the final slaying, and through surveillance located him late Monday, Hill said.

"From that moment on, the minute we found where he was, then we were able to find out where he lived and everything else went from there," Hill said. "We were on him 24/7 because if this turned out to be our suspect, we were not going to let another incident happen."

Dieteman, and then Hausner, became the focus of the investigation when police tied them to a silver, four-door Toyota Camry that matched the description of the car used by the Serial Shooter, Hill said. Police made that connection late Monday.

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Tipsters called authorities three times since June with information that Dieteman was tied to various crimes around the metropolitan area, according to officials with Phoenix police and the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

However, the first tip was associated with arsons at two Wal-Mart stores in Glendale on June 8. At that time, authorities were unaware of any link between the fires and the shootings, police and ATF officials said.

ATF agents released video-taped images of two men who were suspected in the arsons. A tipster identified one of the men as Dieteman, but authorities were unable to locate him or identify a second man photographed with him, said ATF senior special agent Thomas Mangan.

"The people we were trying to interview hadn't seen him in months," Mangan said. Authorities tried to track him through vehicle records, but they were outdated.

Authorities now believe the second man at Wal-Mart was Hausner.

The second tip, which tied Dieteman to the Serial Shooter cases, was incomplete, Hill said. The final tip, which came before July 30, finally led police to him.

Authorities were unable to immediately provide the specific dates of tips Saturday, because key investigators were unavailable.

The third source, who told police that Dieteman referred to the shootings as "Random Recreational Violence," had no idea where he was, Hill said.

He would not disclose what investigative methods police used to finally locate Dieteman.

Still, Hill said, "from that point on, after they were able to locate him, they were immediately able to make him an investigative lead and begin to focus on him with lots of resources."

After investigators found Dieteman, he led them to Hausner, his roommate in the Windscape Apartments at 550 E. McKellips Road in Mesa.

While some officers kept watch on the two, other investigators worked to gather more evidence against them before they could make an arrest.

Police tracked Dieteman and Hausner on Tuesday night as they drove through areas of prior attacks and watched them slow as they passed homeless people.

Police were prepared to shoot Dieteman and Hausner if necessary to prevent them from shooting anyone else, Hill said.

"We did not want anybody else to get shot. Everything we did from when we were able to locate him was aimed at trying to stop that. That was a very critical part of what we had to do from then on," he said.

Dieteman and Hausner made no other late-night drives before police arrested them near a trash container at their apartment complex late Thursday night.

"There was just a lot of focus and attention and constant decision-making going on while trying to make a case — and at the same time, you have to try to protect the public. That was a very difficult time," Hill said.

CIVIL RIGHTS:

Justice Marshaling Resources Against Human Trafficking (TT)

By Wan J. Kim, Paul I. Perez

Tampa Tribune, August 6, 2006

The Tampa Tribune's recent editorials highlighting the serious problem of human trafficking are to be commended for drawing attention to this horrific and pervasive crime. Every day, in Florida and around the world, victims are compelled into sexual servitude and forced labor through acts of violence, coercion, and deception by traffickers preying on society's most vulnerable citizens.

These acts are often obscured from public view by elaborate schemes, and accurate estimates of the magnitude of the crime are elusive at times. As accurately noted, law enforcement officers, social service workers, and others on the front lines need appropriate training to identify the warning signs of these forms of modern-day slavery.

This is why it is important to call attention to the efforts the Justice Department is devoting to combat human trafficking. Since enactment of the Trafficking Victims Protection Act of 2000 (TVPA), the department has increased by more than 400 percent the number of cases filed as compared to the preceding five years. In fact, with two months remaining in the fiscal year, the Justice Department has already convicted more trafficking defendants this year than in any other single year on record.

These successes are not merely the result of the TVPA. Cases brought in the Middle District of Florida before the passage of that law demonstrate the department's commitment to prosecuting this crime, no matter which statutes are used.

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While the TVPA is significant, the success is equally a testament to the department's unflagging efforts to develop complex evidence of subtle-yet, pernicious-forms of trafficking, to raise awareness in vulnerable communities so trafficking will be reported, and to aggressive prosecute those committing these horrific acts.

These advances are also a testament to the hard work of non-governmental service providers, local and state law enforcement, and federal agencies, all of whom are retraining themselves to help rescue and restore trafficking victims from their captors. And, they are a testament to the bravery of the survivors of human trafficking who seek help, and confide in us so others will be spared the anguish they have endured.

To take this fight to the next level, the Justice Department has spearheaded a nationwide effort to create and fund locally-based, multi-disciplinary task forces throughout the country that are made up of local, state and federal law enforcement entities.

Thirty-two task forces are active, and up to 10 more are expected by year's end. To educate front-line officers about the complexities of this crime, a training curriculum developed by the International Association of Chiefs of Police through a Justice Department grant, will soon be nationally available to police forces. And 22 states have answered the president's call to adopt anti-trafficking laws so that local police and prosecutors can directly combat this heinous practice.

Building a national anti-trafficking infrastructure will take time, but we are committed to putting the programs in place necessary to identify and restore trafficking victims.

Locally, the Middle District of Florida has charged sex traffickers in the Fort Myers area with allegedly selling women into prostitution to pay off a $2,700 debt. In the last few weeks, a farm labor contractor pleaded guilty in Jacksonville to offenses relating to his use of cocaine to compel agricultural workers to labor in the fields.

When coupled with successes around the nation, such as the 50-year prison sentences recently obtained in a sex trafficking case in New York, we are making real progress toward abolishing human trafficking in our nation. As awareness among law enforcement officials increases, more cases will be brought and more victims rescued.

With substantial work ahead, the Department of Justice calls on federal, state, and local officials, social service agencies, non-governmental organizations, the media, and concerned citizens to join our efforts to prosecute human traffickers and rescue and restore trafficking victims. We urge all those concerned about these evil practices to give a voice to vulnerable victims who too often suffer in silence. Working together, we will prevail in our fight against modern-day slavery. WHOM TO CALL

Suspected trafficking activities can be reported to the Trafficking in Persons and Worker Exploitation Task Force at (888) 428-7581.

Wan J. Kim is assistant attorney general for the Justice Department's Civil Rights Division and Paul I. Perez is U.S. Attorney for the Middle District of Florida.

The Shadowy World Of Sex Tours (FWST)

By Pete Alfano

The Fort Worth Star-Telegram, August 6, 2006

He lives at an undisclosed location in Tarrant County.

His mail is delivered to a post office box at a UPS Store in a cookie-cutter strip mall on South Hulen Street.

The 64-year-old is not a fugitive. Well, at least, not in his estimation.

He keeps a low profile, he says, to avoid harassment by women's groups and human rights organizations.

They say he is a sex tour operator, shepherding men to Southeast Asia for trysts with young, subservient women.

Gunter Frentz has been the proprietor of G.F. Tours for more than 18 years. And for almost a year now, since Hurricane Katrina cast him among thousands of evacuees who sought refuge in Texas, Frentz has been operating from Fort Worth.

Just don't look for a storefront with a flashy sign beckoning gentleman travelers. Don't expect an ad in the Sunday Travel section of the Star- Telegram.

Sex tour operators work clandestinely -- generally from home -- using the Internet to promote their business and solicit customers.

The United Nations and human rights organizations and activists around the world say these tour operators are part of the international business of sex trafficking, often exploiting people who are impoverished and sometimes abducted or sold into slavery.

Under the guise of soaking up the culture and enjoying the night life in exotic locales, sex tour operators entice men to ante up about $3,000 for a 10-day trip to Asian hot spots like Bangkok, Thailand, and cities and resorts in Cambodia and the Philippines. Other operators promote tours to Central and South American port cities in places like Costa Rica and Colombia.

"This is about human dignity and human rights," says Jessica Neuwirth, a founder and president of Equality Now, a New York-based organization whose mission statement is to "end violence and discrimination against women and girls around the world."

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"It's the promotion of prostitution, and we think that in some cases, authorities are just giving it a wink and a nod."

Fort Worth police officer Ed Adcock, who is assigned to the special operations/vice squad, has kept tabs on Frentz since last November.

"He's definitely on the radar," Adcock says.

Frentz adamantly denies he is promoting sex tourism.

"I am not calling myself a sex tour operator," he says. "We don't provide girls. We do take people to night-life areas."

But, he adds, "The opportunities do exist to take out a female companion."

'Changing tactics'

Frentz says his travel business wasn't exactly booming in the beginning when he touted the culture, food and historic sights in countries such as Thailand.

"All we got were a couple of old ladies," he says.

So he focused more on the night life and entertainment in cities such as Bangkok. His Web site offers Pleasure Tours and Marriage Tours and mixes pages of cultural attractions with photos of scantily clad Asian women. None are nude.

But his old Web site -- still active a few months ago -- offered more.

Are you getting overwhelming, pressure free pleasure and satisfaction night after night? Would you like to be in a city where you can easily get simple, straightforward satisfaction?

How long has it been since you've gotten just as much sex as you wanted?

There were also photos of nude women and a Q&A. One of the questions dealt with AIDS in Thailand.

He calls the problem "very serious" and warns prospective customers to avoid brothels where women have almost twice as many clients as the "girls in the clubs that we take you to...."

That version of Frentz's site was much like sex tour sites such as ClubHombre, Bendricks Tours and Dexterhorn. These Web sites, according to Equality Now, are in effect promoting jet-set prostitution worldwide.

In a conversation with the Star-Telegram Frentz insisted that "We don't set anyone up with girls."

Frentz says he books the round-trip flights and other accommodations for G.F. Tours. A tour guide, he says, helps customers navigate unfamiliar surroundings.

He also says that he revamped his Web site and services after Hurricane Katrina put him temporarily out of business.

"Once I started thinking about starting things up again," Frentz says, "I decided to modify our tour and make it more tamer."

Adcock isn't convinced.

"He may be changing tactics, trying to give the impression that he is legitimate," Adcock says. "But there is continued interest in him."

Ken Franzblau, the anti-trafficking campaign director for Equality Now, says tour guides often act as middlemen who negotiate the fee for a woman after a customer has picked one out like a new car in the dealer's showroom.

"You go in a bar, see a woman dancing onstage and pay the house for however many days you want her," he says. "The tour guide will negotiate the transaction."

Why would men travel halfway around the world for a date?

Franzblau says these men generally are social misfits. But Frentz says many are fed up with the attitude of American women.

Some of their complaints are listed on a page on his Web site called "American Women." In an earlier version, the headline said, "American Monster Women."

Though he toned the headline down, he says many clients view U.S. women as materialistic and pushy.

"I hear men say that ... the conversation is steered to work and what they do for a living ... what kind of car they drive," Frentz says. "A lot of men also are old-school. They don't want ... a 50-50 relationship."

Still others, he says, are bitter because of a divorce.

"But the thing that amazes me is that while I thought I would get a high percentage of losers and weirdos, that hasn't been the case," he says. "They are professionals and seem like decent human beings."

Franzblau says he has had several conversations with Frentz, posing as a potential customer and using an alias. He also asked for references and received testimonials from some of Frentz's clients, one man bragging that he slept with 18 women in 10 days.

Sex tours don't necessarily involve consenting adults. Some attract pedophiles.

The FBI conducted two stings in Florida, using phony sex tour Web sites to lure men who wanted to have sex with minors.

According to a 2005 Miami Herald report, one such operation netted 11 men who had signed up with a fake Web site called Costa Rican Taboo Vacations.

Among those convicted was a Hollywood, Fla., police officer.

In Thailand, "Research conducted by the Office of the National Commission on Women's Affairs in 2000 indicates that between 22,500 and 40,000 girls under the age of 18 are engaged in commercial sex work," according to the Tourism Authority of Thailand Web site.

"Poverty is the principal reason why children in rural communities in Thailand are driven into the sex trade," it says.

Though prostitution is illegal in Thailand and pedophiles can face severe penalties, enforcement is undermined by bribes and kickbacks.

Frentz says he does not promote or sanction sex with children, calling it "evil." When he talks to a prospective customer who sounds him out about hooking up with minors, he warns that he might notify police.

Frentz says that plenty of women of legal age are drawn to work in the nightclubs, out of desperation.

An official with the Justice Department in Washington, D.C., says the sex business is booming in Bangkok.

"There are so many people offering sex for sale, Westerners who pay to go there are preyed on. You can't walk 15, 20 feet without multiple young ladies offering to come home with you for $20 to $25 per night," says the official, who prefers not to use his name, citing agency policy.

He describes the neighborhood where eight or nine brothels are clustered as "like a mall."

According to the Tourism Authority of Thailand, "Many young women without appropriate skills end up working for bars, massage parlors and brothels. Some girls are even sold into prostitution by parents and relatives."

Keeping a low profile

Frentz says he keeps a low profile because he doesn't want Equality Now harassing the airlines or his other vendors or picketing at the airport.

He even lists his post office box -- not his residence -- as his address on his Texas driver's license, which, according to the Department of Public Safety, is against state law.

He also played cat and mouse during one telephone conversation before confirming that Gunter Frentz is his real name.

Frentz is reluctant to talk about his past, the information coming like drops from a leaky faucet.

He was born in Berlin in 1942. His father, he says, was a colonel in the German air force but had a desk job.

When World War II ended, his mother brought Frentz, who was 3, to the U.S., where they settled in Morristown, N.J. He says he returned to Germany for a few years before settling permanently in the U.S. when he was 15.

He began his professional career as an underwriter for an insurance firm on Wall Street but says he didn't like the stress that comes with playing with other people's money.

In the 1960s, he says, he was a civil rights worker for the Congress of Racial Equality, which, like Frentz's current critics, champions human rights.

Frentz is evasive about some of his other jobs, saying he eventually moved to Miami, where he lived for 27 years, and even drove a taxi for a time. He made enough money in one venture to travel the world and fell in love with Thailand.

And that is what inspired him to start G.F. Tours.

When he became bored living in Miami, he moved to New Orleans, a city that seemed full of possibilities. But after Hurricane Katrina left him homeless, he packed what remained of his belongings and drove to North Texas, where a friend and customer in Bridgeport offered him shelter.

Frentz decided to make North Texas his home and found his own place.

He says that his tours have changed lives and that some customers found their future wives.

But Frentz has a daughter in her mid-30s (his wife died of cancer more than 20 years ago), and he says she is not ecstatic about his line of work. And no, he says, anticipating the question, he wouldn't want her to be one of those "dancers" his clients seek out.

Now, he says, he would like to refocus his travel business on marriage tours. But he says Equality Now and other "feminists" have made that more difficult as well.

They supported the International Marriage Broker Act of 2006, which imposed new rules on purchasing mail-order brides.

Tighter screening and full disclosure are now part of the process. A man looking for a wife must reveal more personal information, including previous marriages, and criminal records, including instances of domestic abuse or rape.

Prosecution efforts

Sex tour operators might be only a small part of human trafficking, but efforts to prosecute them have been increasing.

U.S. Sen. John Cornyn, R-Texas, introduced a bill last year that would have specifically prohibited sex tourism. The legislation did not pass.

In an e-mail, Cornyn said sex tourism operates "in the shadow of our society."

"This is an industry that is based essentially on modern-day slavery and our government, at all levels, must take aggressive action to address it," he wrote.

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Some states are taking action. The New York attorney general has filed criminal and civil actions against Big Apple Oriental Tours and its owners, alleging that the tour promotes prostitution in violation of the state penal law.

Big Apple Oriental Tours is not currently operating.

Hawaii has outlawed the activities of sex tour operators and has specifically prohibited sex tourism. The law makes it a felony "to offer to sell travel services for the purpose of engaging in prostitution" and carries a prison term of up to five years.

"I think [sex tourism] is part of the whole trafficking issue," says Hawaii state Rep. Marilyn Lee, a sponsor of the law. "The exploitation of women, and many times, children, is all related. The situation worldwide is scary."

In Texas, a spokesman for Attorney General Greg Abbott said his office will not initiate action against a sex tour operator unless a complaint is filed by a local jurisdiction.

Adcock, of the Fort Worth police, says Fort Worth and Dallas have formed a North Texas Anti-Trafficking Task Force and expect to receive grants from the Justice Department, just like Houston, El Paso and Austin. Adcock says municipalities are going through a learning process about trafficking and are developing a closer working relationship with federal authorities.

Sex trafficking is just part of the problem, he says.

"It's a civil rights violation," Adcock says. "It's not human trafficking; it's slavery."

Equality Now says the federal government should do more to enforce provisions of the Mann Act, which makes it a crime to knowingly transport an individual to another state or country "with the intent that such individual engage in prostitution, or in any sexual activity for which any person can be charged with a criminal offense."

The Justice Department official says that while sex tour operators "may come close to violating the statute," the department's focus is on child prostitution and enslavement.

Prosecuting sex tour operators is difficult as well, given the scope of the business and the cooperation needed from other countries.

According to the Trafficking Victims Protection Reauthorization Act of 2005, the U.S. government estimates that 600,000 to 800,000 individuals are transported across international borders each year, either for forced labor or commercial sex exploitation.

It is estimated that 80 percent of the modern-day slavery involves women and girls.

Violence is also an issue.

One well-known case involved Lorelei Loseo, a 26-year-old who emigrated from the Philippines to the U.S. after she met Craig Staskewicz in her homeland in 2002. Franzblau says Staskewicz was a frequent sex tour traveler.

Loseo, a dancer in the Players Sports Club in New Jersey, was stabbed to death by Staskewicz at their apartment in January 2003 after a domestic dispute. He committed suicide while incarcerated.

Defending his business

Frentz says that what some view as the sex tourism business is getting a disproportionate amount of attention from activists.

Organizations like Equality Now, he says, should focus on bigger fish.

"The biggest sex tour operator is probably the U.S. Navy," Frentz says, referring to the shore-leave escapades of sailors in foreign ports.

"I am attacked for sending 20 people over there [Thailand], and the Navy is dropping off 7,000 [sailors] in one shot."

Frentz says there are fewer than 10 tour operators in the U.S., a number that is all but impossible to verify because of their surreptitious nature. Franzblau says that there may be 25 or more and that business is flourishing.

Frentz claims his business isn't going well. His most recent tour group in May, he says, consisted of two men.

The next, scheduled for September, had two bookings as of Friday, he says.

He blames Equality Now for his economic slump.

Frentz says he probably would have closed up shop by now, if not for the group.

But, he defiantly says, "I won't go out under fire.

"One person's morals should not be forced on another, as long as no harm is being done."

Time will tell if the state of Texas disagrees with him.

Staff writer Alex Branch contributed to this report.

Salem Leaves Discrimination Behind (RT)

Roanoke Times, August 6, 2006

Like many southern cities, Salem has come a long way since the bleak days of segregation. Today Salem's residents can take pride that skin color is irrelevant on Election Day.

Don't believe it? Just ask the federal overseers of voting rights.

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The landmark 1965 Voting Rights Act requires communities in states with a history of discrimination to seek preclearance from the federal government before changing their election policies. The Justice Department reviews proposed changes to ensure they do not disenfranchise minority voters.

When the act was recently up for renewal, opponents in Congress cited that review process as a reason to let the law lapse or at least significantly alter it. They argued that it was not fair to continue singling out certain communities for things that happened decades ago. Current officials should be allowed to run their elections without federal oversight.

What they did not mention was that localities with records of fair voting access can get off the list, as Salem demonstrated last week.

The city became just the 11th locality, all of them in Virginia, to have applied for and received an exemption from federal review. A three-judge panel ruled that the city's nonwhite residents, about 8 percent of the population, do not face discrimination at the ballot box, and have not for years.

It is an accomplishment worth celebrating. Salem election officials no longer must spend tax dollars and staff time checking in with the feds whenever they wish to change a voting location.

It is also an accomplishment other cities and counties should seek to replicate. Roanoke County is already off the preclearance list. Botetourt County has applied, and Roanoke is reportedly considering applying.

Congress passed and renewed the Voting Rights Act to protect the rights of historically disenfranchised citizens, but it never meant for it to apply in places it is no longer needed.

The exemption procedure ends federal oversight after a community demonstrates it protects the most fundamental democratic rights of all citizens.

New Registration Rules Stir Voter Debate In Ohio (NYT)

By Ian Urbina

The New York Times, August 6, 2006

CLEVELAND — For Tony Minor, the pastor of the Community of Faith Assembly in a run-down section of East Cleveland, Ohio's new voter registration rules have meant spending two extra hours a day collecting half as many registration cards from new voters as he did in past years.

Republicans say the new rules are needed to prevent fraud, but Democrats say they are making it much harder to register the poor.

In the last year, six states have passed such restrictions, and in three states, including Ohio, civic groups have filed lawsuits, arguing that the rules disproportionately affect poor neighborhoods.

But nowhere have the rules been as fiercely debated as here, partly because they are being administered by J. Kenneth Blackwell, the secretary of state and the Republican candidate in one of the most closely watched governor's races in the country, a contest that will be affected by the voter registration rules. Mr. Blackwell did not write the law, but he has been accused of imposing regulations that are more restrictive than was intended.

Under the law, passed by the Republican-led state legislature in January 2006, paid voter registration workers must personally submit the voter registration cards to the state, rather than allow the organizations overseeing the drives to vet and submit them in bulk.

By requiring paid canvassers to sign and put their addresses on the voter registration cards they collect, and by making them criminally liable for any irregularities on the cards, the rules have made it more difficult to use such workers, who most often work in lower-income and Democratic-leaning neighborhoods, where volunteers are scarce.

"In Washington, D.C., Congress may have passed the voting rights bill to extend voter participation," said Katy Gall, organizing director of Ohio Acorn, an advocacy group that focuses on poor neighborhoods. "But out here at the grass roots, things are headed in the opposite direction."

Ms. Gall said the group had collected fewer than 200 new voter registration cards in the last month, down from an average of 7,000 a month before the regulations took effect on May 2.

"Quit whining," said the Rev. Russell Johnson, the pastor of Fairfield Christian Church, who chuckled while shaking his head. "We work with the same challenges that everyone else does and we're not having trouble."

Surrounded by cornfields and middle-income homes, Mr. Johnson's 4,000-member evangelical church in Lancaster, Ohio, is part of a coalition of conservative groups that aims to sign up 200,000 new voters by November, he said.

In the past several elections, Republicans have been effective in registering voters and getting them to the polls. Mr. Johnson said conservatives were better able to depend on voter registration volunteers because the conservatives had a message that attracted people who were willing to work free.

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But Republicans are in an uphill battle in the face of investigations involving Gov. Bob Taft, who has pleaded no contest to charges of failing to report thousands of dollars in gifts given to him, and of Representative Bob Ney, who has been linked to the Jack Abramoff lobbying scandal.

Backers of the new regulations say they were needed, pointing to the fake names that appeared on voter registration cards in 2004, like Jive Turkey Sr.

"The new regulations have everything to do with preventing Jive Turkeys from showing up on cards the way they did last time," said John McClelland, a spokesman for the state Republican Party. "They've got nothing to do with suppressing voter participation." But elections experts and liberal grass-roots organizations say the new rules go too far.

"All this flak about Jive Turkey is a red herring," said Catherine Turcer, the legislative director for Ohio Citizen Action, a nonpartisan government watchdog group in Columbus. "Yes, his name showed up on a voter registration card along with Dick Tracy, Mary Poppins and Michael Jordan. But none of them showed up at the polls, which is really what matters, and cases like theirs were a total rarity that did not justify such restrictive new measures."

Back in East Cleveland, the copier machine at the Community of Faith Assembly church was overheating, and Mr. Minor was about to do the same. One new rule requires paid canvassers to return signed registration cards within 10 days to county boards of elections or the secretary of state's office, rather than to the group paying the canvassers.

To comply with the rule, Mr. Minor has created an elaborate system so the cards do not leave the possession of the canvasser, and so he can make copies of them to get reimbursed by the People for the American Way, which is financing his voter registration drive.

Another rule requires that all paid workers take an online training course. "The problem there is that we've got a computer that freezes up every time we try to load the online program," Mr. Minor said.

Politics have also ratcheted up the debate. In 2004, Mr. Blackwell was a co-chairman of President Bush's re-election committee, and while the new law would prevent him from holding such a position in the future, his dual role as electoral overseer and candidate for governor has become a favorite target of his opponents.

On July 10, at an Acorn event in Columbus, Senator Hillary Rodham Clinton accused Mr. Blackwell of a conflict of interest. The Democratic Congressional Campaign Committee followed suit with a letter to Mr. Blackwell, calling for him to relinquish his election duties as secretary of state. That sentiment has been echoed by Representative Ted Strickland, a five-term Democrat who has an 11-percentage-point lead over Mr. Blackwell in the governor's race, according to a Rasmussen Reports survey released Aug. 1.

Mr. Blackwell, who did not respond to requests for an interview, has said he is only carrying out the law that was handed to him by the legislature. If he has any conflict of interest, Mr. Blackwell's campaign has said, so do the Democratic secretaries of state in Iowa and Georgia, who also ran for governor.

Wendy R. Weiser, a law professor at the Brennan Center for Justice at the New York University School of Law and a lawyer in several of the suits opposing new voter registration regulations, said Ohio must be considered in a national context.

In Florida, the League of Women Voters and other groups are suing over a new law that imposes heavy fines for candidates if they submit forms late or if there are errors on the forms, Ms. Weiser said. In Georgia, the legislature passed a voter-identification law last year requiring citizens to purchase a government-issued ID card to present at the polls, but it was blocked by a federal judge as being a modern-day poll tax.

"I do believe," Ms. Weiser said, "there is a national trend of using the straw man of voter fraud as a way to impose restrictive regulations on voting and voter registration."

But what, then, is to be made of Jive Turkey Sr.?

Ohio state officials have said that such names appeared because voter registration groups were paying their workers per registration card, which created an incentive to submit fake names. The new regulations forbid this type of payment, a move that all grass-roots organizations seem to agree is for the better.

As for the level of threat posed by Mr. Turkey: a report compiled in 2005 by Mr. Ney, the Ohio congressman, cited news media reports of "thousands" of cases of voter registration fraud being investigated by local officials. But a separate study last year by the League of Women Voters found that voter registration fraud did not necessarily result in fraud at the polls. Out of 9,078,728 votes cast in Ohio in 2002 and 2004, the report said, only four ballots were fraudulent, according to statistics provided by officials from the state's 88 county boards of elections.

ANTITRUST:

Antitrust Concerns About Wright Plan Linger (DMN)

By Todd J. Gillman

The Dallas Morning News, August 6, 2006

WASHINGTON – Texas lawmakers say the Wright amendment deal strikes a fair and careful balance among the interests of airlines and cities in North Texas. But the deal raised so many antitrust questions that even the great-grandson of legendary robber baron John D. Rockefeller voiced concern.

"I think it's a bad precedent," said Sen. John D. "Jay" Rockefeller IV, D-W.Va.

It was the elder Rockefeller's Standard Oil monopoly that inspired Congress to pass the Sherman Antitrust Act more than a century ago. Last week, Sen. Kay Bailey Hutchison scrambled to tamp down antitrust objections contained in a leaked Justice Department memo. The core issue is whether the plan to limit gates at Love Field goes too far in protecting Southwest and American airlines from competition at Love Field and Dallas/Fort Worth International.

And Justice Department lawyers weren't the only ones saying the deal might run afoul of antitrust law. Mr. Rockefeller, the only Senate Commerce Committee member to vote against the deal, compared Love and its special legal status to the unique principality of Monaco.

"It's very odd when you carve out one airport and you say that this is the way it's going to be," he said, though he says he'll go along with the deal after being assured that the Federal Aviation Administration will still oversee the region's aviation policy. "It's just all by itself in the American system, and that's a rather large airport to separate out."

Of course, since Congress outlawed monopolistic practices, it can also offer dispensation. In fact, the bill Ms. Hutchison and other Texas lawmakers are pushing to ratify the Wright deal offers blanket antitrust immunity – which has proved a red flag for leaders of the House and Senate judiciary committees.

"We could repeal the whole antitrust law. We could repeal the Sherman Act and the Clayton Act," said Senate Judiciary Chairman Arlen Specter, R-Pa., sarcasm evident as he referred to the trust-busting laws adopted in 1890 and 1914.

"We could let big oil run wild." He paused for effect and laughed. "Big oil is running wild."

Vagueness is a virtue

Sen. John Cornyn spent most of his political career as a judge. But he's picked up some tricks of the legislative trade, and last week he was offering a mini-lesson.

The issue was the massive pension overhaul bill the Senate sent to the president Thursday night, requiring employers to fully fund employee retirement plans. Two Texas-based airlines, American and Houston-based Continental, complained that the formula put them at a disadvantage, giving them 10 years to comply while granting 17 years to bankrupt competitors Delta and Northwest.

Mr. Cornyn supported much of the bill, but without a fix to the formula, it wasn't clear how he would vote. He deflected questions about that all week.

"You never get any leverage or negotiating position around here," he said at one point, "unless you are vague about your commitment to vote for something."

In the end, he and Ms. Hutchison couldn't get the change they sought, and he was one of just five senators to vote no.

Golfer honor advances

An effort to honor 84-year-old golf legend Byron Nelson with a Congressional Gold Medal seems to be gaining steam in the Senate, though the current tally of supporters, 32, is still shy of the two-thirds needed.

Rep. Michael Burgess, R-Flower Mound, pushed the idea through the House in May.

Mr. Cornyn is leading the effort in the Senate, and in the past two weeks he lined up a dozen new signatures from lawmakers in both parties. One-time Democratic vice presidential nominee Sen. Joe Lieberman, who faces a tough primary battle Tuesday, lent his name to the bill. So did Sen. Daniel Akaka of Hawaii, another Democrat from a state with plenty of golf.

Congress has awarded 137 gold medals. Four have gone to athletes, all posthumously: Jackie Robinson, Joe Louis, Jesse Owens and Roberto Clemente.

CONGRESS-ADMINISTRATION:

Bush Hails Border Security Improvements (AP-Y)

By Nedra Pickler, Associated Press Writer

AP2, August 5, 2006

With 6,000 National Guard troops deployed to Southwestern states, President Bush said Saturday he has fulfilled his pledge to help beef up border security and challenged Congress to give him legislation that will welcome more foreigners into the country.

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Speaking in his weekly radio address, Bush said immigration reform can only be successful if the get-tough border security to keep people from sneaking in is combined with opportunities for more immigrants to enter the country legally.

"By passing comprehensive immigration reform, we will uphold our laws, meet the needs of our economy and keep America what she has always been — an open door to the future, a blessed and promised land, one nation under God," Bush said Saturday. He recorded the remarks Friday from his ranch near Crawford, Texas, where he is on a 10-day vacation from the White House.

Bush wants to provide more temporary worker permits for foreigners willing to take low-wage jobs and allow illegal immigrants working in the United States for some time to become citizens. But Congress has been unable to agree on such legislation.

Conservatives in Bush's party have stood firm against his plans and say the U.S. should instead strengthen security along the border to keep illegal immigrants out.

In an attempt to appease them, Bush announced in May that he would send 6,000 National Guard troops to the border by Aug. 1.

"The arrival of National Guard units has allowed the Border Patrol to move more agents into front-line positions, and this additional manpower is delivering results," Bush said in the radio message. "With the support of the National Guard, Border Patrol agents have seized over 17,000 pounds of illegal drugs and caught more than 2,500 illegal immigrants since June 15th."

Bush didn't mention that only about half of the troops assigned to the four states bordering Mexico are on duty along the border. Many are still in training, the Guard said Monday.

Bush said, "Rational and comprehensive immigration reform must begin with border security, and we have more to do." He said he asked Congress to fund increases in manpower and technology, including high-tech fences, motion sensors, infrared cameras and unmanned aerial vehicles to prevent illegal crossings.

But he said immigration reform must include four other goals to be successful:

_A temporary worker program.

_More ways for employers to verify whether workers are in the country legally.

_A path to citizenship for illegal immigrants already working in the country.

_Tools to help immigrants learn English and otherwise assimilate.

Governors Wary Of Change On Troops (WP)

By David S. Broder, Washington Post Staff Writer

The Washington Post, August 6, 2006

House Bill Would Increase President's Authority Over National Guard Units

CHARLESTON, S.C., Aug. 5 -- The nation's governors on Saturday launched a bipartisan drive to block a move to expand the president's authority to take over National Guard troops in case of natural disaster or homeland security threats.

At a closed-door luncheon on the opening day of the annual summer meeting of the National Governors Association, the chairman, Arkansas Gov. Mike Huckabee (R), told colleagues that a provision in the House-passed defense authorization bill would end the historic link between the states and their Guard units.

Huckabee and the association's vice chairman, Arizona Gov. Janet Napolitano (D), plan to ask all the governors at the session to sign a letter of protest Sunday aimed at killing the provision when House and Senate conferees meet next month on the bill.

Huckabee told reporters that the move to shift control of the Guard to the president during national emergencies "violates 200 years of American history" and is symptomatic of a larger federal effort to make states no more than "satellites of the national government."

Iowa Gov. Tom Vilsack, the senior Democrat, called the proposal "one step away from a complete takeover of the National Guard, the end of the Guard as a dual-function force that can respond to both state and national needs."

The provision was tucked into the House version of the defense bill without notice to the states, something Vilsack said he resents as much as the proposal itself.

Under the provision, the president would have authority to take control of the Guard in case of "a serious natural or manmade disaster, accident or catastrophe" in the United States.

Huckabee said he does not know if President Bush wants that authority, but said "the administration is supporting this."

He and Vilsack said they believe the provision was a reaction to Hurricane Katrina, when Bush debated taking control of National Guard units from Louisiana and Mississippi to end confusion about who was responsible for security in storm-devastated areas.

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Vilsack called that a "misguided reaction." He said he had long since proposed an alternative that would give command authority to a federal official at the site of any disaster, while retaining a governor's authority over troops in his state.

Calls to a spokesman for the White House National Security Council staff, where the plan reportedly originated, were not returned.

Huckabee, who is considering a presidential bid in 2008, said Congress and the administration -- run by fellow Republicans -- have moved far from what he called the "traditional states' rights position" of conservatives.

In addition to the National Guard, he cited the new "Real ID" legislation, requiring states to ascertain the citizenship status of everyone seeking a driver's license. Huckabee said that, in effect, "they are trying to make every entry-level employee in our [department of motor vehicles] offices an immigration officer, and they're giving us no money to train them or hire them. It is a disaster in the making."

During the afternoon, the governors heard Tommy G. Thompson, the former secretary of health and human services and former governor of Wisconsin, warn that the country's health-care system is heading for financial breakdown within seven years -- unless it is converted to a system of health maintenance with an emphasis on preventive care. He said governors must start diet and exercise programs in their states and take other steps to reduce the cost of chronic disease, because "Congress will not do it."

Huckabee, who shed 110 pounds two years ago out of health concerns, has made that issue his theme for his year as chairman of the organization.

With Eye On Political Reality, A Shorter Vacation For Bush (NYT)

By Sheryl Gay Stolberg

The New York Times, August 6, 2006

CRAWFORD, Tex., Aug. 5 — This parched Texas cattle town, population 705, has been a haven for President Bush every August, an escape from the buttoned-down confines of Washington. Here, Mr. Bush can clear brush, ride his mountain bike along scrubby trails, curl up with a book or kick up his feet for an afternoon siesta.

But this year reality — in the form of the November midterm elections, the peace activist Cindy Sheehan and the legacy of Hurricane Katrina — has intruded on the president's summer vacation, cutting short his time at his 1,600-acre ranch.

Instead of parking here for the whole month, Mr. Bush, who arrived Thursday night, will spend just 10 nights before returning to the White House. During his stay, his aides are taking pains to present Mr. Bush as deeply engaged in world events; on Saturday, Secretary of State Condoleezza Rice and the national security adviser, Stephen J. Hadley, arrived to brief him on the Middle East.

"It basically reflects busy times and a busy schedule," said Dan Bartlett, counselor to Mr. Bush, explaining the abbreviated visit.

It also reflects a political decision made by Mr. Bush's advisers, and the president himself, to prevent a repeat of the public relations debacle of last August. That month began with highly publicized protests by Ms. Sheehan, whose son was killed in Iraq, and ended with the image of the president on vacation while New Orleans drowned, an image that helped start his slide in popularity.

So when summer planning time rolled around this year, the White House was determined to do something different.

"It was a political calculation that his advisers persuaded him that he needed to do, and I think he knew it," said one Republican with close ties to Mr. Bush, who would discuss internal White House decisions only if not quoted by name. He added, "I don't think he is resentful or angry or anything; I think he is resigned to it."

Mark Knoller of CBS News, whose statistics on presidential trips to Crawford are so comprehensive that the White House refers inquiries to him, said the current visit was Mr. Bush's 59th trip to his ranch since taking office; as of Saturday, he had spent all or part of 384 days there.

The president spent 27 days at the ranch in August 2001 and 2002, and 29 days in August 2003 and 2005. But in 2004, when Mr. Bush was running for re-election, his Crawford time totaled just 13 days, according to Mr. Knoller's calculations. White House advisers say that the summer of 2006 will be patterned after that year, and that there is nothing unusual about it.

Scott Reed, a Republican strategist, said the new calendar was smart politics.

"This is a direct reflection of the debacle of last summer where a perception became a reality that he was isolated down in Crawford," Mr. Reed said, adding: "I've always thought a month was a long time. Most families don't take a whole month off in the summer."

If there is one thing Mr. Bush can afford even less than the perception that he is isolated, it is the specter of a Democratic-controlled Congress. So this summer's fund-raising will begin on Thursday, when Mr. Bush leaves the ranch for a day trip to Wisconsin to deliver a speech on the economy and raise money for John Gard, a Republican Congressional candidate.

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In a nod to the first anniversary of Hurricane Katrina, the president is also planning a late-August trip to Louisiana and the Gulf Coast. He is then expected to return to Crawford for a short while around Labor Day, aides say.

Practically as soon as he arrived, Mr. Bush began doing what he likes best, getting back to nature in the blistering heat. He spent Friday "brush cutting and trail clearing, followed by a bike ride," said Tony Snow, the White House press secretary. The president also has several books on his summer reading list, Mr. Snow said, including two about Abraham Lincoln, another wartime president whose decisions were sometimes extremely unpopular.

Here in Crawford, where the local economy has grown accustomed to its most famous resident and his entourage of Secret Service agents, reporters, presidential aides and distinguished visitors, the early presidential departure is not good news.

At the Red Bull Gift Shop and Gallery, one of several tourist shops tucked between boarded-up stores on Main Street, the manager, Jamie Burgess, could be found on Friday amid an array of George W. Bush knickknacks: shot glasses; mugs; mouse pads; and even a "Turkey Dinner Bush" doll featuring the president, clad in a silver flight jacket, as he appeared during his surprise 2003 Thanksgiving visit to Iraq.

Ms. Burgess said she was sorry Mr. Bush would cut short his stay. But she said there was now a new — though largely unwelcome — celebrity resident of Crawford, Ms. Sheehan, who was boosting the economy in her own way. Much to the dismay of many here, Ms. Sheehan recently bought five acres in Crawford; on Friday, workmen were on her land, grading a road in preparation for another influx of demonstrators.

In a telephone interview from Amman, Jordan, where she said she was meeting with members of the Iraqi Parliament, Ms. Sheehan said she had rearranged her own schedule to keep up with the president's changing plans and would return to Crawford on Sunday. She is planning to recreate a march she made last year to the Bush ranch, where she demanded, unsuccessfully, that the president meet with her.

"It seems like every time I adjust my plans, he adjusts his," she said, adding, "I think he is very uncomfortable that I am there saying, 'You still haven't met with me.' "

Mr. Snow, the White House press secretary, said officials had not given Ms. Sheehan a single thought. "So far there are no plans at all," he said when asked about a meeting, "but I would advise her to bring water, or Gatorade, or both."

And though Ms. Sheehan tried to claim credit for altering Mr. Bush's calendar, Crawford residents were skeptical. Jimmy Don Holmes, an artist who produces hand-cut metal wall hangings in his shop, Stars Over Texas, summed up the local sentiment this way: "I don't think she's running him out of town. You don't run a Texan out of town."

Despite Image, Cheney A GOP Rock Star (AP-Y)

By Nancy Benac, Associated Press Writer

AP2, August 5, 2006

An anticipatory buzz fills the room. Six crisp American flags, erect as soldiers, line the dais. More than an hour before the vice president's arrival, the GOP faithful stand at the ready.

Never mind that Dick Cheney is favorably regarded by only about a third of Americans. To this crowd, in this place, he is a rock star.

And Gus Bilirakis, a state legislator bidding to succeed his father in Congress, is happy to bask in the vice president's glow, pocketing $200,000 in campaign contributions from Cheney's two-hour visit to town late last month.

"He's a dynamic leader," Tampa attorney Monica Lothrop gushes after Cheney's standard, hang-tough-against-terror speech. "It was just a thrill to be able to see him in person."

Four days earlier, the scenario was the same in Iowa, where Cheney raised campaign cash for two Republican congressional candidates. Ditto three days later in Alabama and Arkansas, where Cheney was raising money for two gubernatorial candidates.

Five and half years into the Bush presidency, Cheney's image may have taken a beating overall but "he's still Elvis to a lot of the conservatives," says Marshall Wittmann, a Democratic Leadership Council analyst. "When he comes in, money and enthusiasm flow."

Cheney, always a stalwart campaigner for the party, is outpacing his schedule from the 2002 midterm elections. He has logged 80 fundraisers so far this election cycle, bringing in more than $24 million, with the heaviest campaign travel still to come. By comparison, he logged 106 fundraisers for all of 2001-2002.

Democrats hope the strategy backfires, and they're working harder to use Cheney's visits against the Republicans.

"There's nothing that riles the Democrats up more than Cheney," says Democratic consultant Jenny Backus. Cheney is one of the top two or three "bad guys" that Democrats use in direct mail appeals to rally base voters and raise money, she said.

"Just like the Republicans used to use Ted Kennedy," she said, "the Democrats are now using Cheney."

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And come this fall, when both parties bid for swing voters in the middle of the political spectrum, look for some Democratic candidates to churn out campaign ads tying their GOP opponents to the vice president in hopes that dissatisfaction with the Bush administration will rub off.

A recent Fox News/Opinion Dynamics poll, for example, found that 55 percent of independents said they were less likely to vote for a candidate for whom President Bush had campaigned, compared with 7 percent who were more likely to vote for a candidate for whom Bush had campaigned. Cheney's favorability ratings are even lower than Bush's.

Cheney may bring in a lot of cash, says Democratic consultant Dane Strother, but "the problem is that when he races through town, he leaves a stack of headlines. And come mid-October, you tie the Republican candidate to the Bush-Cheney efforts and, boom, there are the headlines and the pictures."

Republican consultant Charlie Black rejects the idea that any GOP candidate will pay a price for "guilt by association" with Cheney.

"Some people would say that outside the base he's not popular but that's true for the president himself, so that's just part of the deal," Black said.

Some GOP candidates are finding ways to put distance between themselves and Cheney, even as they happily gather up the campaign checks that his visits attract. Some Cheney fundraisers are closed to the media, for example.

During a recent visit to upstate New York for GOP congressional hopeful Ray Meier, Cheney urged Republicans to make the war on terror their top issue in the 2006 elections. But Meier later told reporters, "I think the voters in this district are really more interested in issues closer to home."

In March, when Cheney visited New Jersey to raise money for GOP Senate candidate Tom Kean Jr., the candidate didn't arrive until 15 minutes after Cheney left. Kean said he got held up in traffic; Democrats were skeptical.

In Florida, Bilirakis showed no hesitation in allying himself with Cheney, whom he introduced as "a true patriot and a supporter of the Bilirakis family for two decades."

The vice president's tough talk against terrorists was music to Shari Kotsch, treasurer of the Republican Party in Pasco County, who said low poll ratings like the vice president's are inevitable for anyone willing to take strong positions.

"He says what he means and he means what he says and he follows through," she said. "I love that in any man."

Even among Bilirakis' supporters at the Cheney reception, though, there were some doubts about the wisdom of bringing in the vice president. Dave Syraski, a longtime friend of the Bilirakis family and a political independent, said he's "kind of neutral" on Cheney. As for Cheney's fundraising appearance, Syraski said: "Obviously, he has a title that's pretty impressive, but maybe it's not the best thing for a candidate, given the poll ratings."

Bilirakis' Democratic opponent, Phyllis Busansky, calls Cheney "the architect of the policies that have led to an increase in Mideast violence and skyrocketing oil prices."

"We thought that it was a gift," Busansky said of Cheney's visit, adding that her campaign already was getting checks in response to a fundraising letter tied to the vice president's appearance.

National GOP officials insist there is no downside for Republican candidates to a Cheney visit.

Brian Nick, a spokesman for the GOP Senate committee, said Cheney has been extremely helpful around the country. He did allow that different candidates must decide whether a particular surrogate would be a "good fit" in their state.

Black, the GOP consultant, added: "Every campaign's different, and the candidates have to make their tactical decisions about how to use him." He sdded that a visit by the vice president now is "not going to be an issue come the first week in November."

OTHER NEWS:

U.S. And France Back Plan To End Lebanon Fight (NYT)

By Warren Hoge

The New York Times, August 6, 2006

UNITED NATIONS, Aug. 5 — France and the United States reached agreement Saturday on a Security Council resolution to halt the war in Lebanon, as the fighting between Israel and Hezbollah raged for a 25th day.

The draft resolution, which is unlikely to come up for a vote until early next week, calls for a truce, asked the current United Nations peacekeeping force to monitor the border area, and laid out a plan for a permanent cease-fire and political settlement.

The text called for “immediate cessation of all attacks by Hezbollah,” and of “offensive military operations” by Israel.

But it did not include a prisoner exchange or require Israel to immediately withdraw from Lebanon, which immediately raised dissent among members of the Security Council as they met Saturday afternoon to consider the text.

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Nouhad Mahmoud, a Lebanese Foreign Ministry official appearing before the Council, said, "It lacks a call for the withdrawal of Israeli forces who are now in Lebanon, and that's a recipe for more confrontation."

Nassir al-Nasser, the Qatari ambassador who is the Arab representative on the Council, said, "What about the Lebanese prisoners? We need more clarification on these points."

On Saturday, Israel mounted a commando raid in Tyre and kept up heavy airstrikes, and Hezbollah unleashed a flurry of deadly rocket fire into northern Israel. [Page 8.]

The draft resolution was agreed on after a week of intense meetings between the French ambassador, Jean-Marc de la Sablière, and John R. Bolton, the American ambassador.

Despite the negative reactions of some other ambassadors, both said they were encouraged after the Security Council meeting on Saturday.

"My impression," Mr. de la Sablière said, "is that the text was well received and that the reactions were positive."

Mr. Bolton said, "I didn't hear anything that was particularly discouraging."

A senior Bush administration official, asked about the dissenting comments, said that Washington had been in constant and close contact with the Lebanese government throughout the days of talks.

"They should not be surprised by what we produced today," he said, asking not to be identified since he had been a participant in the high-level talks.

In Beirut, the Lebanese cabinet met for more than four hours to discuss the resolution, but there was no statement afterward. Aides to key political figures and Western diplomats based there expressed doubt that Hezbollah or the government, which negotiators relied on to communicate to Hezbollah, would accept the resolution in its present form.

The accord envisaged a second resolution, to create a new international force to patrol a zone to between the "Blue Line" at the Lebanon-Israel border and the Litani River to keep it free of all military personnel and weapons, except those of the Lebanese Army and United Nations-mandated forces.

That resolution would also set established borders for Lebanon, including in the disputed Shebaa Farms area, lay out the procedure for disarming Hezbollah, order an international embargo on arms shipments into Lebanon, and empower the Lebanese military to extend its authority throughout Lebanon, particularly in areas in the south controlled by Hezbollah.

Mr. de la Sablière estimated it would take two to three weeks to prepare the second resolution.

Judging by the comments of ambassadors emerging from the Council meeting on Saturday, the resolution is days away from a vote. Nana Effah-Apenteng, the ambassador of Ghana, who is the Council president for August, said the envoys would send the text to their capitals to get instructions, and might gather again on Sunday to discuss it further.

For passage, a resolution needs the support of at least 9 of the Council's 15 members and not be vetoed by any of the five permanent members: Britain, China, France, Russia and the United States.

Two Bush administration officials involved in the French-American talks said the White House recognized that the agreement represented a significant backing away from its earlier insistence that no cease-fire be declared before there were clear lines on how to enforce it.

"There is considerable risk in this two-stage approach," one said, requesting anonymity because of his involvement in confidential negotiations. Among those risks, he said, is that a second resolution might not be adopted or that Hezbollah could use any cessation of hostilities to resupply. That in turn could prompt the Israelis to bomb or seize supply routes, provoking counterstrikes by Hezbollah and reigniting the conflict.

By calling upon Israel to cease only offensive military operations, the measure appeared to meet Israel's demands that it be allowed to leave soldiers in southern Lebanon at the outset.

An Israeli official in Jerusalem said the condition was crucial to Israel's agreeing because it was the only way of ensuring that Hezbollah would not return to the south.

On Saturday, before the text of the draft resolution was made public, a Hezbollah cabinet minister, Mohammed Fneish, reiterated the militia's position on any cease-fire. "We will abide by it on condition that no Israeli soldier remains inside Lebanese land," Mr. Fneish said. "If they stay, we will not abide by it."

The Israeli official, who said he could not be identified discussing security matters, said Israel fully expected Hezbollah to attack the Israeli soldiers remaining in southern Lebanon. He argued that such an attack would give Israel the right to retaliate and return to the offensive.

But one disappointment for Jerusalem would be the absence of any order to return its two captured soldiers, an original reason Israel cited for going to war. The only language addressing that is in the preamble to the resolution, which "emphasizes" the need to release unconditionally the abducted Israeli soldiers.

As for the Hezbollah demand for a prisoner exchange, the resolution "encourages the efforts aimed at settling the issue of the Lebanese prisoners detained in Israel."

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The resolution says responsibility for monitoring the initial truce would rest with Unifil, the United Nations monitoring force. The Israeli official said Israel believed that French rapid-reaction troops would be sent into the area right away to beef up the 2,000-member Unifil, which has been long faulted for being too weak.

In other sections, the resolution expresses its “strong support” for giving full respect to the “Blue Line” border between Lebanon and Israel and called upon Unifil to enable aid workers to get assistance to the area and help the hundreds of thousands of displaced Lebanese to return home. The resolution calls upon “the international community” to extend aid to the government of Lebanon to help people return and begin the process of reconstruction.

The French president, Jacques Chirac, involved himself personally in the negotiations, and the Élysée Palace Web site on Saturday carried a log of his meetings and phones calls since the crisis began.

A spokeswoman for Mr. Chirac, who by custom could not be identified, said the most difficult part of the French-American talks centered on defining the halt to the fighting.

“The question of a cease-fire was a problem of words, because behind the cease-fire we intended to get a political agreement,” she said. “The cease-fire for us is not just words, it’s the beginning of a process.” The United States, she said, resisted calling for a cease-fire before the political solution had been worked out.

Prime Minister Tony Blair of Britain, who has frustrated some European leaders by his alliance with the United States in support of Israel’s security goals, said in a televised statement, “The priority now is to get the resolution adopted as soon as possible and then to work for a permanent cease-fire and achieve the conditions in Lebanon and Israel which will prevent a recurrence.”

France And US Present Resolution To End Lebanon War (AFP-Y)

By Herve Couturier

AFP, August 6, 2006

France and the United States have proposed a UN Security Council resolution demanding a "full cessation of hostilities" between Hezbollah and Israel but it was immediately rejected by Lebanon.

There was also no letup in the fighting and an Israeli minister said his country's military assault in southern Lebanon would go on until the Security Council passes a resolution.

The measure, negotiated over a week of intense talks between France and the United States, also seeks an international force to police a buffer zone in southern Lebanon, once agreement on a long term political settlement is reached.

More meetings on the text were to be held at the UN headquarters, but France's ambassador Jean-Marc de La Sabliere said there could be a full council vote on Monday or Tuesday.

The French envoy and his US counterpart, John Bolton, both said they were encouraged by the first reactions to the text from other members of the 15-member Security Council. Only Qatar, the only Arab member, expressed doubts about the document.

"I didn't hear anything that was particularly discouraging," Bolton told reporters. "People are generally pleased with the draft and prepared to move as expeditiously as possible."

The draft "calls for a full cessation of hostilities based upon, in particular, the immediate cessation by Hezbollah of all attacks and the immediate cessation by Israel of all offensive military operations."

It gives "strong support for full respect for the Blue Line" the unofficial border between Lebanon and Israel.

Both France and the United States sides appear to have made concessions.

France had sought an "immediate cessation of hostilities".

The text makes no explicit demand for the release of two Israeli soldiers abducted by Hezbollah, as the United States reportedly wanted.

It emphasizes the "need to address urgently the causes that have given rise to the current crisis, including by the unconditional release of the abducted Israeli soldiers."

Similarly it only encourages "efforts aimed at settling the issue of the Lebanese prisoners detained in Israel."

But the text does stress the need to carry out previous accords and UN resolution 1559 which calls for the disarmament of Hezbollah and other armed groups in Lebanon.

A White House spokesman said President George W. Bush was "happy" with the draft. But the spokesman Tony Snow added: "I don't think he has any delusions about what lies ahead" in efforts to half the violence.

Britain's Prime Minister Tony Blair called the proposed resolution a "vital first step" toward a conflict. Russia and China, key permanent members of the council, emphasized the need to make Israel, Lebanon and Hezbollah accept the resolution to make it work.

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Lebanon rejected the draft. Hezbollah reaffirmed that there could be no ceasefire while Israeli troops remain in Lebanon. There was no immediate approval or rejection from Israel.

Lebanon's Prime Minister Fuad Siniora told CNN television the draft was "not adequate". Acting foreign minister Tarek Mitri has been sent to the UN headquarters with an amended version, a government source said.

Lebanon's acting ambassador at the UN Nouhad Mahmoud said Israeli troops must be told to leave Lebanese territory otherwise it would be "a recipe for more confrontation".

"It has taken three weeks to come up with something that has cost Lebanon a lot," he said referring to the death toll of about 900 in Lebanon since Israel started its campaign on July 12. More than 50 Israelis have also been killed.

One of the two Hezbollah ministers in the Lebanese government, Mohammed Fneish, said: "We are in a defense situation. When the Israeli aggression ceases, very simply, we will stop (fighting) on condition that no Israeli soldier remains inside Lebanese land."

Israeli Tourism Minister Isaac Herzog, speaking for the government, called the text "important" but added: "Until the resolution enters into force, the army will continue to act."

The resolution would deploy a UN-mandated international force in southern Lebanon between the Litani river and the Israeli border -- a zone that has been controlled by Hezbollah and is the focus of the Israeli air and ground campaign.

It gives no timeframe for the deployment but says all other armed personnel had to leave the area.

The draft also calls for a delineation of Lebanon's borders, highlighting the case of the Shebaa Farms area.

Israel seized the territory from Syria in the 1967 Arab-Israeli war but Hezbollah has vowed to recapture the land and it is now claimed by Lebanon with the approval of Damascus.

U.S., France Agree On Plan To Halt Lebanon Fighting (WP)

By Colum Lynch And Robin Wright, Washington Post Staff Writers

The Washington Post, August 6, 2006

Beirut, Hezbollah Balk at U.N. Terms

UNITED NATIONS, Aug. 5 -- The United States and France reached agreement Saturday on a draft Security Council resolution calling for "full cessation of hostilities" between Israel and Hezbollah and outlining initial steps to end their 25-day conflict.

Senior Lebanese and Hezbollah officials immediately challenged the terms, and U.N. and European officials said major changes would almost certainly be needed before it is put to a vote next week.

The first of two anticipated resolutions calls for the fighting to stop in place -- for Hezbollah to end all attacks and Israel to halt offensive operations -- but it does not call for Israeli troops to withdraw from Lebanon for now. The proposal calls for immediate humanitarian aid for Lebanon and for the beefing up of the 2,000-strong U.N. force already there to ensure that no new arms are smuggled into the country, a provision aimed at containing Hezbollah.

The joint resolution, which followed days of intense diplomacy, lays out ideas for an eventual permanent cease-fire that would include the withdrawal of Hezbollah and Israeli combatants from a buffer zone between Israel's northern border and Lebanon's Litani River, the disarming of Hezbollah, and the deployment of an international stabilization force in Lebanon. The new force, likely to be headed by France and to include at least 10,000 troops from various nations, would not be authorized until Lebanon and Israel have agreed to a formal cease-fire.

The terms would be formalized in a second resolution if hostilities come to a halt -- a big if, said U.N., European and Arab officials.

If passed by the council, the resolution would set the stage for U.N. diplomats to rally support for a peace plan intended to help Lebanon regain control of its territory for the first time since civil war erupted there in 1975. Diplomats cautioned that they face an uphill battle to persuade Hezbollah and its key foreign backers, Iran and Syria, to release their grip on a strip of Lebanon that has enabled them to attack Israel for more than two decades.

After a heated four-hour cabinet session, the Lebanese government put off a formal response to the resolution until a final version is put forward. But in a sign of the challenges ahead, cabinet ministers, including members of Hezbollah, indicated stiff resistance to the terms. "We will abide by it on condition that no Israeli soldier remains inside Lebanese land. If they stay, we will not abide by it," said Mohammed Fneish, the energy minister and a Hezbollah member.

Prime Minister Fouad Siniora indicated that Hezbollah's views on the resolution would prevail. "We have rights," he declared as he walked into the cabinet meeting, "and we are going to defend those rights."

Any decision to embrace a resolution worked out in New York without Hezbollah would risk splitting a fragile Beirut government and further strain already tense relations among Lebanon's 17 Shiite, Sunni and Christian communities.

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Israel's ambassador to the United States, Daniel Ayalon, said Israel is "studying" the proposal. It is particularly concerned with terms for the release of two soldiers whose abduction on July 12 sparked the hostilities, in which more than 600 Lebanese and 75 Israelis have been killed.

The resolution emphasizes the "urgent" need for the "unconditional" release of the Israelis, and is "mindful" of the sensitivity about Lebanese prisoners detained in Israel and encourages efforts to settle their status. This was one of two issues on which the Lebanese government had asked for more deliberate language to give it leverage to persuade Hezbollah to cooperate and eventually disarm.

The other issue is Shebaa Farms, a historically Syrian area that has become the last disputed border area on a corner that also abuts Lebanon and Israel. The resolution calls for U.N. Secretary General Kofi Annan to develop proposals to delineate borders between the three countries. Lebanon had hoped for the language on Shebaa Farms because Hezbollah has justified keeping its weaponry on the grounds of fighting Israeli occupation in the area dating back to its capture in the 1967 war.

The United States and France, as well as Britain, which contributed key language, hailed Saturday's agreement as a crucial first step in halting a conflict that has inflamed passions throughout the Islamic world and threatens to engulf the region. They called for a meeting of experts from all 15 members of the Security Council on Sunday morning to work on details.

"This is a first step. There is still much to be done. But there is no reason why this resolution should not be adopted now and we have the cessation of hostilities literally within the next couple of days," British Prime Minister Tony Blair said in a statement.

The Bush administration is working behind the scenes to win support, hoping for the proposal to be put in final form Monday and a vote to be held Tuesday. "Neither side is threatening to walk away. Both sides have questions," a senior U.S. official said Saturday on the condition of anonymity because of ongoing diplomacy. "It's inevitable that there will be changes. This is a product of three countries, now we have 12 more to go. . . . But we think the structure is right."

U.S. officials hope to reverse the escalating momentum and win over the Lebanese with terms to end the punishing air campaign, creating a "quiet period" to allow aid to reach more than 750,000 displaced in Lebanon.

Russian Ambassador Vitaly Churkin, citing Lebanon's objections, indicated that negotiations could become protracted. He said he hopes "there will be more thinking and more consultations taking all those things into account. It is very important to come to those decisions very quickly, because the bloodshed is going on and certain compromises must be made."

The ambassador from Qatar, the lone Arab state on the Security Council, expressed concern that the resolution does not adequately address the fate of Lebanese prisoners in Israeli jails and that it would leave thousands of troops on Lebanese territory. "They should go back beyond the Blue Line," Abdulaziz al-Nasser said. "We should be really more fair not to try to push one side against the other."

John R. Bolton, the U.S. ambassador to the United Nations, said the United States would press for a vote "as quickly as other members of the council want to move."

Secretary of State Condoleezza Rice, who is scheduled to attend a U.N. session for the vote, talked to Siniora twice Saturday, once after the cabinet meeting, while Assistant Secretary of State C. David Welch negotiated the draft on the ground in Beirut. Welch arrived in Jerusalem late Saturday.

Speaking to reporters in Crawford, Tex., White House press secretary Tony Snow said President Bush approves of the resolution. "He's happy with it, he's signed off on it," Snow said. Responding to a question suggesting that it might still be a long road to ending the violence in Lebanon, Snow said Bush is realistic. "I don't think he has any delusions about what lies ahead," Snow said.

Middle East analysts expressed concern about the resolution's viability. "I'm very doubtful it will work," said Augustus Richard Norton, a former U.N. peacekeeper in Lebanon who is now a Boston University political scientist. "I don't think the belligerents are ready for a cease-fire. . . . Even if there is by some miracle a cessation of violence, if the Israelis remain, there will inevitably be clashes."

Others say Hezbollah leader Hasan Nasrallah has little incentive to cooperate, since his group is riding a wave of popularity throughout the Arab world and even beyond. "The resolution has been negotiated primarily between France and the United States," said Shibley Telhami of the Brookings Institution and the University of Maryland. "They have been doing it in a vacuum; they haven't been talking to Hezbollah. And Hezbollah is a key party here."

Wright reported from Washington. Correspondent Edward Cody in Beirut and staff writer Michael A. Fletcher in Crawford contributed to this report.

Bush Happy With Draft U.N. Resolution (AP-Y)

By Nedra Pickler, Associated Press Writer

AP2, August 6, 2006

DOJ_NMG_0044730

President Bush has signed off on a draft U.N. Security Council resolution aimed at ending fighting in the Mideast and is "happy with the progress being made," his spokesman said Saturday.

But the president knows there could be a long road before violence stops, White House press secretary Tony Snow said.

"I don't think he has any delusions about what lies ahead," said Snow, accompanying Bush on his vacation to his private ranch.

Bush was not directly involved in the final negotiations, but left the discussions up to his diplomats, Snow said. Bush got his regular daily national security briefings while at the ranch, but has spent most of his time biking, clearing brush and otherwise relaxing, aides said.

Secretary of State Condoleezza Rice and National Security Adviser Stephen Hadley arrived in Texas Saturday and met with Bush as the full Security Council began discussions on the agreement reached by France and the United States. A photo released by the White House shows the three were dressed casually and looking intently at papers that Bush was holding.

The three "talked about not only about what's going on with this resolution but generally about the contours of the president's vision for the Middle East," Snow said. Rice was expected to stay in Texas at least until Monday, but planned to head to the United Nations sometime next week, Snow said.

The draft calls for Hezbollah to stop all attacks and for Israel to stop "offensive military operations." But it would allow Israel to defend itself if attacked.

The agreement broke weeks of deadlock at the U.N., where France and other nations called for an immediate stop to all hostilities.

Israel, backed by the U.S., has insisted it must have the right to respond if Hezbollah launches missiles against it.

"The president knew this was going on and he's happy with the progress being made," Snow said. "He's happy with it. He's signed off on it."

Snow said there would be a second resolution offered at the U.N. "There's still more to do," Snow said. "There's going to be more than one resolution."

Bush did not to speak to other foreign leaders Saturday, Snow said, including Israeli Prime Minister Ehud Olmert.

"I don't know if he needs to," Snow said. "I haven't heard Olmert complaining"

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On the Net:

http://www.whitehouse.gov

U.S., France Draft Plan For Mideast Truce (LAT)

By Walter Hamilton And Kim Murphy, Times Staff Writers

The Los Angeles Times, August 6, 2006

U.N. Security Council could vote within days on the deal, which calls for a buffer zone and a disarmed Hezbollah. In Lebanon, fighting rages.

UNITED NATIONS — The United States and France reached agreement Saturday on a draft resolution that calls for an end to the fighting in Lebanon and the eventual deployment of a U.N.-mandated peacekeeping force. But in the battle zone, the conflict intensified as Hezbollah unleashed a rocket barrage at northern Israel, killing three people, and heavy skirmishes erupted in the border region.

The draft U.N. resolution seeks "a full cessation of hostilities," calling on Hezbollah to immediately stop all attacks and for Israel to cease "all offensive military operations." The wording suggests that Israel would retain the right to act defensively, a term that could be interpreted broadly.

Although questions remain about many aspects of the draft, it represents the first real step by the international community to end 3 1/2 weeks of fighting — in effect, starting a clock ticking toward a cease-fire.

The 15-member Security Council could take action on the resolution as early as today, but it appeared more likely that a vote would not come until Monday or Tuesday.

The draft resolution sets out a series of "principles" for Israel and Lebanon to follow, including the disarming of Hezbollah and the establishment of a buffer zone in southern Lebanon to prevent the militant group from firing rockets into Israeli territory.

After a special meeting Saturday afternoon of Security Council members, Lebanese Foreign Ministry official Nouhad Mahmoud criticized several aspects of the plan, including the absence of a requirement that Israel immediately withdraw its forces from his war-torn country. "That's a recipe for more confrontation," Mahmoud said.

Hezbollah, too, hinted that it would consider a cease-fire resolution only if it included an Israeli withdrawal.

"We will abide by it on condition that no Israeli soldier remains inside Lebanese land. If they stay, we will not abide by it," Energy Minister Mohammed Fneish, a Hezbollah member, told reporters in Beirut before a Cabinet meeting Saturday.

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In Jerusalem, the Israeli government refrained from official comment, but Cabinet minister Isaac Herzog called it a clear signal that the country faced time limits on its military offensive.

"We have the next few days to carry out many military actions," he told Israel's Channel One. "It is a fact that the time we have is getting shorter and shorter."

U.S. Ambassador to the U.N. John R. Bolton characterized the draft as "workable" and said Security Council members offered "a lot of encouraging comments." "We want this to be a transformational solution that moves the region beyond the problem that has existed for so many years," he said.

French envoy Jean-Marc de la Sabliere said it was crucial to come up with a plan to prevent further violence. "Who could imagine that such a drama would happen again?" Sabliere said. "It would be irresponsible."

Vitaly Churkin, the Russian ambassador, said, "Nobody is completely happy with a number of elements in this resolution." But "if there is agreement between the two parties, we could support" the resolution, he said.

In Crawford, Texas, White House spokesman Tony Snow said Saturday that President Bush was "happy with [the draft] and he's happy with the progress." He declined to comment on what the administration thought of specific details.

The draft, which grew out of a proposal floated by France a week ago, was clearly aimed at diminishing the power of Hezbollah. It calls for a buffer zone in the south where the only armed forces would be the Lebanese army and the U.N. contingent. It also seeks an arms embargo to prevent Iran or Syria from supplying weapons to Hezbollah.

The wording in several parts of the draft seemed favorable to the U.S. position. The draft, for example, called for "the unconditional release" of abducted Israeli soldiers but only for "encouraging the efforts aimed at settling the issue of Lebanese prisoners detained in Israel."

Israel was said to have accepted with great reluctance the temporary policing of south Lebanon by a beefed-up version of the existing U.N. force, which it regards as a failure.

After a vote on the resolution in the Security Council, a second resolution would be needed to authorize the deployment of an international force and spell out its mandate. The second resolution also would lay out a framework to finalize "a permanent cease-fire and a long-term solution" to the issues at the heart of the dispute.

In Beirut, a senior advisor to Lebanese Prime Minister Fouad Siniora said the government hoped to expand the draft's wording to incorporate more provisions for a lasting cease-fire. "We may have to work on it to make it more consistent with the elements we believe are necessary to make the cease-fire a sustainable one," Mohammed Shatah said in an interview.

Shatah said the Lebanese government was still hoping for U.N. endorsement of its proposals that Israel hand over disputed territory to the United Nations pending a final delineation of borders, mutual security provisions that would prevent future Israeli incursions and flights into Lebanese airspace, and "international security support" to allow the Lebanese military to regain control and sovereignty over southern Lebanon.

"We're saying we want a cease-fire, but we also want a solution to all these problems," Shatah said. "Maybe some provisions move it in that direction. But we want to work hard to make this a resolution at the Security Council that resolves all these issues. If we leave issues pending, if we don't tackle issues that can be tackled, then we are leaving room for perhaps continuation of the conflict."

Earlier in the day, Assistant U.S. Secretary of State David Welch met with Siniora and parliament Speaker Nabih Berri in an attempt to gauge reactions to a proposed solution. A Lebanese source familiar with the discussions said Welch proposed leaving contentious issues such as the disputed Shebaa Farms area held by Israel for later discussion by the Security Council.

But Berri told him, "If we leave it hanging, it's a project for another war," the source said. Berri also is said to have insisted that any cease-fire be accompanied by an Israeli withdrawal.

More heavy fighting broke out Saturday in Lebanese border villages, where Israeli troops have been trying to secure a 4-mile deep buffer zone. An estimated 10,000 Israeli soldiers have been battling Hezbollah fighters along a rugged 25-mile front.

Hezbollah reported Saturday that its fighters ambushed Israeli troops in Aita Shaab. Two Israeli soldiers died in the day's clashes.

An Israeli barrage struck about a dozen towns along the border, with the heaviest directed at the town of Aitaroun, which Lebanese news reports said was hit by 2,000 shells. The Israeli military reported it carried out more airstrikes early today on roads in the eastern Bekaa Valley.

Lebanese emergency agencies said 11 people were killed and 75 injured Saturday, bringing the official confirmed death toll in the country to 686, most of them civilians. Siniora has said the actual figure is more than 900, with a large number of people still buried under rubble. The U.N. estimates that about 1 million people have been displaced.

Seventy-nine Israelis, including 46 soldiers and 33 civilians, have been killed, and tens of thousands have fled the north.

In what could be a prelude to either intense airstrikes or a widened ground offensive in southern Lebanon, the Israeli military called on people in the coastal city of Sidon to leave. It said it intended to attack Hezbollah rocket-launching sites.

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The city normally has a population of about 100,000, but many people from the south have sought refuge there, some believing that because Sidon is primarily Sunni, it is not a major base for the Shiite Hezbollah.

Israeli military authorities said the target of an early morning raid Saturday in the Lebanese port of Tyre was a Hezbollah cell that had fired a long-range rocket that fell 50 miles inside Israel, near the city of Hadera, the southernmost strike to date.

In the Tyre raid, helicopter-borne Israeli naval commandos burst into an apartment building and engaged in a shootout with guerrillas inside. The military said eight Israeli soldiers were wounded and a "large number" of Hezbollah fighters were killed.

The army said the decision was made to send in special forces because an airstrike on the five-story apartment building probably would have caused civilian casualties.

By nightfall Saturday, Hezbollah guerrillas had fired almost 200 rockets into northern Israel, with nearly two-thirds of them falling over a 90-minute period in midafternoon.

A woman and her two daughters were killed when a rocket hit their home near the Bedouin village of Arab Aramshe, officials said. Dozens of people were hurt, and an 87-year-old woman taking cover in a bomb shelter suffered a heart attack soon after a strike in Kiryat Ata, near Haifa.

Hamilton reported from the United Nations and Murphy from Beirut. Times staff writers Laura King in Jerusalem, Nicole Gaouette in Crawford and Alissa J. Rubin in Grinnell, Iowa, contributed to this report.

United States, France Draft Plan For A Cease-fire In The Middle East (MCT)

By Shashank Bengali And Warren Strobel

McClatchy Newspapers, August 6, 2006

TYRE, Lebanon - The United States and France Saturday agreed on a draft plan for "full-cessation of hostilities" in the 26-day Israeli-Hezbollah war, but as intense action continued on both sides of the border, there was little immediate indication that the warring parties would buy it.

Hezbollah responded by saying Israeli forces must first leave southern Lebanon.

"When the Israeli aggression ceases, very simply, we will stop fighting on condition that no Israeli soldier remains inside Lebanese land," said Mohamad Fneish, a member of Hezbollah's political arm.

In Israel, government spokesperson Miri Eisin said there would be no official reaction before the cabinet met Sunday, in a meeting at which officials planned to discuss expansion of the ground war in Lebanon.

The full, 15-member U.N. Security Council resolution met Saturday afternoon to consider the cease-fire resolution, and U.S. and European diplomats cautioned there could be further changes. If all goes as planned, the document is expected to be adopted as early as Tuesday at a U.N. meeting attended by Secretary of State Condoleezza Rice and other foreign ministers.

In a victory for Israel that was backed by the United States, the draft resolution does not require Israel to immediately withdraw its troops, said a French diplomat, who requested anonymity as a condition of explaining the provisions. Israel has maintained throughout this fight that all its actions are defensive, as soldiers attempt to push Hezbollah far enough away from Israel to stop Katyusha rocket barrages from terrorizing northern cities.

A second resolution would be required to authorize a U.N.-mandated peacekeeping force that would deploy to south Lebanon and elsewhere in the country to help bolster the central government's authority. The existing Lebanese army is considered too weak to control Hezbollah. The second vote is expected in about a week.

Even as diplomats half a world away expressed optimism, the fighting on the ground was intense. Israel bombed 170 locations throughout Lebanon and launched an early-morning commando raid in Tyre, while nearly 200 Hezbollah rockets rained on Israel.

Residents in Tyre saw some of the fiercest face-to-face combat of the war. Before dawn, 15 miles north of the border, Israeli naval commandos staged a dramatic raid on an apartment complex that Israeli officials said had been used to fire long-range rockets.

Tyre was jolted awake at about 3 a.m. by the rat-tat-tat of Israeli artillery fire and helicopters whirring overhead. Under the cover of artillery, the commando unit swam ashore onto a fruit plantation and crawled toward a multi-story apartment building, witnesses said.

In a second-floor residence, Israeli troops engaged in a gun battle, leaving bloodstains and ammunition shells on the concrete floors and walls, according to images broadcast on Lebanese television.

Israeli officials called the attack a success, a strike at "terrorist rocket-launching infrastructure," and said seven Hezbollah members were killed. Lebanese sources said four people died - all civilians. One Israeli soldier was killed and at least six were wounded.

Hezbollah members are known to be living in Tyre and in some surrounding villages, but they blend into the population and residents tend not to divulge their identities.

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"I don't know who they are," Mohammed el Hussein, son of Tyre's mayor, said of the men living in the apartment. "I don't know if they are Hezbollah members or not."

The Lebanese army also got involved, firing anti-aircraft missiles from two positions at Israeli helicopters until the helicopters fired back, killing one Lebanese soldier and injuring another.

In northern Israel, four women were killed by Hezbollah rockets-a mother and two adult daughters in Arab al Arahsa and an Israeli woman who died of a heart attack during a Katyusha rocket attack in Kiryat Ata. Rockets landed in cities such as Tiberias, Ma'alot, Shlomi, Maghar and Rosh Hanikra, among others.

One barrage came in as dozens of Israeli soldiers gathered in a Kiryat Shemona hotel for a brief respite from fighting in southern Lebanon.

As soldiers cleaned their guns and commanders gathered in the bomb shelter to review maps, Katyusha rockets rattled the hotel windows and sparked wildfires on the surrounding ridges.

McClatchy correspondents Hannah Allam and Leila Fadel in Beirut, Dion Nissenbaum in Kiryat Shemona and Matthew Schofield in Jerusalem also contributed to this report.

France And U.S. Agree On UN Resolution On Lebanon (Update7) (BLOOM)

By Todd Zeranski At The United Nations

Bloomberg, August 6, 2006

Aug. 5 (Bloomberg) -- The U.S. and France agreed on a proposed United Nations Security Council resolution designed to end the fighting between Israel and the militant Islamic group Hezbollah in Lebanon. Lebanon and Qatar voiced reservations.

The resolution calls for a ``full cessation of hostilities," including the ``immediate" end of all Hezbollah attacks and ``all offensive military operations" by Israel, according to a copy provided by the French mission to the UN. Hezbollah is classified as a terrorist organization by Israel and the U.S.

U.S. President George W. Bush is ``happy" with the agreement and ``signed off on it," White House press secretary Tony Snow told reporters in Crawford, Texas, today. Jean-Marc de la Sabliere, the French envoy to the UN, called the draft a ``unique opportunity for the people of Lebanon and Israel" during a press conference in New York.

Bush met with Secretary of State Condoleezza Rice and National Security Adviser Stephen Hadley at his Crawford, Texas, ranch today to discuss the resolution, Snow said.

Further Negotiations

Praise was not unanimous. The ambassador for Qatar, the Security Council's only Muslim member, said his country required further negotiations on some elements of the draft.

``Today we call for a cessation of hostility, and what after that?" Nassir al-Nasser said. ``The Israeli forces are on the territory of Lebanon. They should go back beyond the Blue Line," he said, referring to the Israel-Lebanon border.

The UN Security Council met at 3:30 p.m. New York time to consider the resolution in an effort to end the fighting, which broke out on July 12 when Hezbollah took two Israeli soldiers prisoner. The proposed resolution, which is being circulated among diplomats, hasn't yet been formally submitted. Discussions were scheduled to continue into tomorrow.

The resolution ``begins the process of putting in place the foundation for a lasting solution to the problem," John Bolton, the U.S. envoy to the UN, said. ``Obviously this resolution alone isn't that solution, but it's the beginning."

U.K. Prime Minister Tony Blair called the resolution ``an absolutely vital first step in bringing this tragic crisis to an end."

Buffer Zone

The draft resolution also calls for the establishment of a buffer zone between the Israeli-Lebanese border and the Litani River, which runs across southern Lebanon, in some places as far as 30 kilometers (19 miles) north of the border. Only the Lebanese military and a UN-mandated international force would be allowed in the area.

That force would be mandated in a separate resolution following UN Security Council consensus that Israel and Lebanon have agreed to respect the territorial integrity of each other and support a permanent cease-fire as part of a ``long-term solution." Israel is also called on to provide the UN with maps of land mines it planted inside Lebanon.

Referring to a 2004 resolution calling for the disarming of all armed groups inside Lebanon, the draft also calls for the delineation of Lebanon's borders, including that of the disputed Shebaa farms site. The area abuts Israel, Lebanon and Syria. Israel captured the area, which had been administered by Syria, in the 1967 war. Hezbollah cites the region's status as justification for its attacks on Israel.

Prisoner Release

The resolution calls for the release of the Israeli soldiers and progress on resolving the fate of Lebanese prisoners held in Israel. The international community is asked to help aid the return of displaced people, which the French envoy said numbered 700,000, and the reopening of airports and ports damaged in the fighting.

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Al-Nasser also said there was no assurance any Lebanese prisoners would be released if the Israeli soldiers are freed.

Lebanese envoy Nouhad Mahmoud seconded the demand for the withdrawal of Israeli soldiers, saying their continued presence is a ``recipe for more confrontation." He also said his government wanted more clarity on the Shebaa Farms question. He said he presented unidentified amendments to the text.

``We have to address the concerns of the Lebanese people, otherwise it won't fly there on the ground," he said. He also questioned the mandate of an international force that would seek to pacify southern Lebanon.

``From the very beginning, we said disarmament cannot be by force," he said. Any UN-mandated force should only support the Lebanese military, he said, lest it be perceived as a ``hostile force."

Annan's Role

UN Secretary-General Kofi Annan, who called Chirac and Bush yesterday to press for an agreement, is tasked with helping implement the agreement, and is called on to report back to the Security Council within a week on progress, and within 30 days on the Shebaa farms question.

Hezbollah, founded in 1982, is sponsored by Syria and Iran. The group has been linked to scores of terrorist attacks on Israelis and Americans, including rocket assaults on Israeli towns, separate bombings in 1983 in Beirut that killed 241 U.S. servicemen at their barracks and 58 French soldiers at their base in the city, and the 1994 attack that killed 85 people at a Jewish community center in Buenos Aires.

France has been in contact with Iran, Axel Cruau, a French UN mission spokesman, said. French Foreign Minister Philippe Douste-Blazy met with his Iranian counterpart Manouchehr Mottaki in Beirut July 31 as part of continuing bilateral contacts, Cruau said.

Mohammed Fneish, one of two Hezbollah ministers in the Siniora government, said the group will continue fighting as long as Israeli soldiers remain in Lebanon, the Associated Press reported.

Continued Fighting

The two sides exchanged attacks today, with Israel bombing at least 200 targets across southern Lebanon after Hezbollah rockets landed near the Israeli town of Hadera, about 95 miles (150 kilometers) from the border, late last night. A Hezbollah rocket killed three people in the Israeli Arab town of Al-Aramsha near the Lebanese border today, police said.

Israeli naval commandos killed as many as 10 Hezbollah fighters in the port city of Tyre overnight, 25 kilometers (15 miles) north of the border, according to an Israeli army spokesman who spoke on condition of anonymity. With Israeli helicopter gunships firing from above, eight Israelis were wounded, two seriously, he said. Hezbollah killed an Israeli in a separate exchange of fire.

Hezbollah labeled the attack on Tyre a failure, saying it killed one of the commandos, left eight injured and drove away the Israeli force. Israel said its forces killed as many as three senior Hezbollah members after locating them in the second-floor apartment of a five-story building. They withdrew when they came under fire from other Hezbollah gunmen in the building and killed seven more, the army spokesman said.

Critics Cite 'Constrained' Mideast Policy (WP)

By Glenn Kessler And Michael Abramowitz, Washington Post Staff Writers

The Washington Post, August 6, 2006

U.S. Refusal to Engage Syria, Iran and Palestinians Said to Limit Negotiation Options

The Bush administration's policy of refusing to engage with nations and groups linked to terrorism, including Syria, Iran and Palestinian factions, has sharply limited U.S. maneuvering room during the war between Israel and Hezbollah, according to former administration officials and outside experts.

Iran is Hezbollah's prime sponsor, and Syria is the key conduit for the flow of missiles that have rained on Israeli territory -- facts that experts say make those countries essential to achieving a lasting solution. But after nearly six years in office, the administration has had increasingly limited contacts with those countries, if such contacts exist at all. Former officials charge that the administration has missed numerous opportunities to encourage Syria and Iran to cooperate more closely with U.S. interests.

"This has constrained U.S. foreign policy in many damaging ways," said Flynt Leverett, a White House official during President Bush's first term who said he argued unsuccessfully for deeper engagement with Syria. "The United States does not have effective diplomatic channels for managing the situation, much less resolving it."

Leverett's comments are echoed by other former administration officials, including former deputy secretary of state Richard L. Armitage, who made the last senior-level official visit to Damascus in January 2005. Armitage told National Public Radio last month that the administration needs to have dialogue with Syria. "We get a little lazy, I think, when we spend all our time as diplomats talking to our friends and not to our enemies," he said.

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Paul R. Pillar, former national intelligence officer for the Near East and South Asia, said that "we have greatly handicapped ourselves by our refusal to use all the diplomatic channels and avenues available to us," leaving Secretary of State Condoleezza Rice "trying to accomplish the seemingly impossible essentially with one hand tied behind the back."

Senior administration officials reject the criticism, saying they have made it clear what they expect from countries such as Syria, which they say has failed to respond appropriately. "The problem is, talking is not a substitute for strategy, and at the end of the day, countries make choices, and Syria has made, in our view, bad choices -- bad for them, bad for us and bad for the Syrian people," said national security adviser Stephen J. Hadley.

The administration's approach is enshrined in the National Security Strategy released earlier this year, which asserts that "the fundamental character of regimes matters as much as the distribution of power among them."

Administration officials want countries to change their policies, but in general they have been unwilling to negotiate over the terms of a shift, or even grant legitimacy to the interests of adversaries, believing that would only reward bad behavior. In the Middle East, the administration has taken that approach with Syria, Iran, former Palestinian president Yasser Arafat and Hezbollah, as well as with Hamas after it won Palestinian legislative elections. It also invaded Iraq to oust Saddam Hussein.

The one exception to this approach is Libya, which gave up its weapons of mass destruction after receiving a list of assurances, including restoration of diplomatic ties -- a process that Bush inherited from the Clinton administration. More recently, under pressure from allies, the administration has joined in offering incentives to Iran, including direct talks, if it suspends its enrichment of uranium.

Administration officials say Damascus never responded to repeated attempts to encourage a change in policies. One sore point has been the flow of foreign fighters across the Syrian border into Iraq. U.S. agencies have been divided over how much of an effort Syria has made to halt this traffic.

Hadley said a succession of U.S. envoys has made the same argument to Syria, to little effect: "Look, you're out of step with what's happening in the region -- you are supporting terror, you are oppressing your own people, and you're obstructing the Middle East process, and you need to get on the right side."

Reuel Marc Gerecht, a former CIA Middle East expert now at the American Enterprise Institute, said the administration's approach is the correct one. "It is one of those recurring dreams that you are somehow going to engage the Assad regime and they're going to become a responsible member of the Middle East," he said. "It is fairly cyclical. It never really works, and it's never really clear why you would believe the regime could be bribed and what that bribe would be."

But critics of the administration's approach say the administration has simply lectured countries such as Syria, refusing to detail concrete benefits that might flow from closer cooperation. Leverett, now at the New America Foundation, interviewed Syria's president, Bashar al-Assad, for a book after he left the White House and said Assad complained that all he heard from U.S. officials was a long list of demands.

Syria is "a state, not a charity," Assad told Leverett. "If it is going to give something up, it must know what it will get in return."

For instance, administration officials have always demanded that Syria prevent militant groups from operating on its territory but have never explained what Syria would get in return. Leverett said the administration should have explicitly linked Syria's removal from the list of state sponsors of terrorism to its expelling groups such as Hamas and severing the links that allow arms to flow to Hezbollah.

Syria also could be induced to cooperate if it receives some acknowledgment that it has a role in an Arab-Israeli peace deal, experts said. Syria nearly reached a peace agreement with Israel during the Clinton administration, but the Bush administration has been reluctant to involve Syria in its peace efforts.

Richard N. Haass, the State Department's director of policy planning in Bush's first term and now president of the Council on Foreign Relations, noted that after intense diplomatic engagement, Syria in the 1990s joined the coalition that ousted Iraq from Kuwait and was the first country to accept the U.S. invitation to join an Arab-Israeli peace conference in Madrid. "This administration tends to look at diplomatic interaction as an inducement or a reward, something to bestow, rather than seeing it as a neutral tool in foreign policy," he said.

After Syria was suspected of involvement in the assassination of former Lebanese prime minister Rafik Hariri last year, Rice withdrew the U.S. ambassador in Damascus. In the absence of high-level U.S. contacts, the European Union has tried to fill the breach, sending Spanish Foreign Minister Miguel Angel Moratinos to meet with Assad.

Moratinos reported that Assad was willing to help but also wanted to take part in talks on a "comprehensive and lasting peace" for the region -- suggesting he is seeking the return of the Golan Heights, seized by Israel in the 1967 war.

Syria provided intelligence about radical extremist groups after the Sept. 11, 2001, attacks, Leverett said. The CIA praised the quality of the information, he said, but a State Department effort to build on that relationship was thwarted by the Pentagon and Vice President Cheney's office.

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"As unattractive as they are, the Syrians are in a position to affect U.S. interests in Iraq and Lebanon," Haass said. "We should be having a broad-based dialogue with them -- not as a favor to them but as a favor to ourselves."

James Dobbins, former U.S. special envoy for Afghanistan and now at the Rand Corp., said the administration's approach has similarly been counterproductive in countering the deteriorating situation in Iraq. He said the United States has made little effort to engage Iraq's neighbors, including Iran and Syria, in helping to stabilize the country.

"We can't possibly stabilize Iraq unless we use the same methods that we used to stabilize Bosnia and Afghanistan," Dobbins said. "In both cases, we did that by engaging our adversaries and giving them a privileged place at the bargaining table."

Hezbollah's Other War (NYT)

By Michael Young

The New York Times, August 6, 2006

(Note: This article will appear in the August 13 issue of The Times Magazine.)

One evening earlier this summer, Lebanon's most popular satire show, ''Bas Mat Watan,'' broadcast a sketch showing an ''interview'' with Sheik Hassan Nasrallah, Hezbollah's leader and secretary general. ''Nasrallah'' was asked whether his party would surrender its weapons. He answered that it would, but first several conditions had to be met: there was that woman in Australia, whose land was being encroached upon by Jewish neighbors; then there was the baker in the United States, whose bakery the Jews wanted to take over. The joke was obvious: there were an infinite number of reasons why Hezbollah would never agree to lay down its weapons and become one political party among others.

But it was the rapid reaction to the satiric sketch that sent the more disquieting message. That very night, angry supporters of Hezbollah closed the airport road with burning tires — a warning that they could block at will the main access point in and out of the country — and marched on mainly Sunni, Druse and Christian quarters in Beirut. In a Christian neighborhood, they clashed with the son of a former president and his comrades, and several youths were taken to hospital.

The leaders of Hezbollah defended these actions, explaining that they were the spontaneous emotional response to the mocking of a cleric. It is just as likely that they were a coordinated effort to intimidate critics. In any case, to me the event seemed an essential one, since it symbolized the duality that has defined Lebanon ever since its civil war came to an end in 1990. The duality was once neatly encapsulated by Walid Jumblatt, the leader of Lebanon's Druse sect, when he asked, Would Lebanon choose to be Hanoi, circa 1970, or Hong Kong? That is, would it seek to become an international symbol of militancy and armed struggle, particularly against Israel, as represented by Hezbollah, or would it opt for the path laid out by Rafik Hariri, Lebanon's late prime minister and billionaire developer, who sought to transform his country into a business entrepôt for the region, a bastion of liberal capitalism and ecumenical permissiveness?

In seeking to silence critics of their leader, in momentarily shutting down the airport, Hezbollah struck a blow against Lebanon's tolerant, if always paradoxical, openness. Once again, it seemed, the Lebanese were suffering the consequences of failing to agree on a common destiny. At the time, the consequences seemed bearable. With the outbreak of the current conflict with Israel, they don't seem bearable at all.

Lebanon today lies ravaged, its inhabitants suffering the consequences of Hezbollah's hubris and Israel's terrible, wanton retribution. Since July 12, when party militants abducted two Israeli soldiers and killed three on the Israeli side of the border, Lebanon has been under a virtually complete Israeli blockade. At the time of writing, nearly 1,000 people have been killed, mostly civilians. Predominantly Shiite areas in the south, Beirut's southern suburbs and the northern Bekaa Valley have been turned into wastelands; Beirut seems empty. Businesses, when they do open, close early; store owners have cleared out their showrooms. The mood is one of ambient disintegration. Tens, if not hundreds, of thousands of refugees have moved into the capital, even as many of its residents have headed for the mountains. The economy, already precarious before the conflict started, lies in shambles, as does public confidence in the country's future.

As attention focuses on Israel's air war and troop movements, there has been less emphasis on the social impact of hundreds of thousands of traumatized Shiites moving into mainly non-Shiite areas. A month into the war, there have been laudable acts of cross-sectarian assistance, with Christian, Sunni and Druse organizations and parties helping refugees in schools and other facilities around the country. Yet there are signs of strain. In an effort to avoid conflicts between Shiite refugees and his own Druse supporters, Walid Jumblatt has allowed the refugees to put up Hezbollah flags and photographs of Nasrallah. The longer the fighting continues, however, the more likely it is that altercations will take place. Israel may have hoped to unite the Lebanese people against Hezbollah and force its government to extend its authority throughout the country. But such unity and such authority are hard to see on the horizon. As recriminations over the war spread, the delivery of aid across group lines will become more difficult, frustration will mount and the sectarian and political divide, already exacerbated by anxiety over Hezbollah's actions and intentions, will only grow.

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How long it seems (and yet it is only a year) since the Lebanese were celebrating the Cedar Revolution — or what they always more revealingly called the Independence Intifada. Following the killing of Rafik Hariri in February 2005, it seemed that the Lebanese people were coming together to demand the end of Syrian dominance and the resurrection of their nation's democracy. In that not so distant past, I had high hopes for the development of a liberal, even libertarian, Lebanon; after all, I reasoned, coexistence, freedom and entrepreneurial drive had been the natural state of the country between independence in 1943 and the start of the civil war in 1975 and even beyond. Maybe I was biased in this regard. My late father was an American, my mother is a Maronite Christian and I spent the first decade of the war living in predominantly Muslim West Beirut, where I came to embrace multiple identities and distrust the exclusivist certitudes of many Lebanese. When I returned to Lebanon in 1992, after several years in the United States, my enduring memories from that earlier time were of a remarkably diverse society that could rebound from its worst calamities, seemingly effortlessly. Many of the clichés were true: a neighborhood firefight might break out between militias in the morning, but by the end of the day people would be repairing their damaged properties. The Lebanese could be infuriatingly anarchic, stupidly selfish, but they were also determined to take initiatives and embrace new departures. This I saw as the essence of the liberal ideal. When the Syrian Army left, I believed, that ideal could at last be fulfilled.

My understanding was a valid one, but in retrospect an incomplete one. The ideals of the Independence Intifada were largely the ideals of an urban middle class — politicians, professionals, journalists and students; mostly Christians and Sunnis but also some Druse — fed up with a vulgar, vampirical Syrian hegemony. But what about that sizable part of Lebanon that had no inclination to see Syria gone?

From the moment of Hariri's assassination on Feb. 14, 2005, it was clear that the Shiite political parties, particularly Hezbollah, did not share in the national distress surrounding the former prime minister's death. Certainly, party officials paid their respects to the Hariri family and condemned the crime, but when tens of thousands of Lebanese descended on Martyrs Square in Beirut to bury Hariri, the most obvious question was, Where are the Shiites? Given that Shiites represent perhaps 35 to 40 percent of the Lebanese population, this was no idle question.

Of course, there were Shiites — as individuals. But over the years, Hezbollah had gradually won over a large majority of the community, particularly poorer Shiites, and the party had no wish to assist in Hariri's elevation from politician to national martyr. It probably sensed as well what many others did at the time — namely that the assassination, blamed by the late prime minister's allies on the regime of President Bashar al-Assad of Syria, could be used to end Syria's presence in Lebanon and curb the influence of Syria's close ally, Hezbollah itself. While other Lebanese saw the prospect of true independence, Hezbollah saw a threat — and this split vision would have grave consequences. Ultimately, a combination of traditional sectarian tensions, audacious political opportunism and the sheer unmovable force of Hezbollah's state within a state would contribute to defeating the hopes of the Independence Intifada.

Hezbollah's dependence on Syria and dominance of local Shiite politics were long in the making. In the early 1980's, the "Party of God" was a loose collection of shady militant groups organized and trained by Iran's Revolutionary Guard and dedicated to fighting Israel. After vanquishing its Shiite rival, the Amal movement, in fierce street fights, Hezbollah established its headquarters in the southern suburbs of Beirut. When the civil war ended in 1990, with Syria in effective control of the country, it was virtually the only armed group allowed to retain its weapons. The official rationale was that it needed those weapons to continue fighting Israel's occupation of the south. But Syria had its own reasons to keep Hezbollah armed: as it negotiated with Israel for the return of the Golan Heights, the Assad regime wanted all the military leverage it could get.

Under Syrian tutelage, Hezbollah began to play a role in Lebanon's political affairs as well. In 1992, Lebanon held its first postwar election, and when Nasrallah chose to participate, the decision created friction within the party, ostensibly because it implied abandoning the goal of creating an Islamic state in Lebanon but also, and more prosaically, because of personal leadership rivalries. Yet the party won an impressive 12 seats, and while it did not enter the government at the time, it firmly anchored itself in Parliament. Making use of the expanded patronage powers at its disposal, it began filling the civil service with supporters, which was a great boon to its often impoverished constituents. The integration of an Islamic militia into the state attracted considerable attention at the time; optimists saw it as a model of how an Islamist party might be "moderated." In reality, Hezbollah manipulated this process to safeguard its autonomy, even as it expanded its military capabilities under Syria's approving eye.

Throughout much of the 1990's, Rafik Hariri, the Sunni billionaire, built up a glittering new Beirut and attracted investors and plaudits from abroad. The Syrians grew wary of Hariri, however, worrying that he moved far too comfortably in the world's capitals and would one day try to remove Lebanon from their orbit. Hezbollah, the Syrians understood, could serve as a valuable counterweight to Hariri's ambitions. More cynically, the Syrians realized that Hezbollah's pariah status in the world community could work to their advantage, for who but Syria could ever hope to bring the violent party under control? To remain relevant in Lebanon and throughout the Middle East, the Syrians helped create a problem that only they could resolve.

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But there was more to the Syrian-Shiite alliance than that. Many Shiites were genuinely grateful to Syria for helping them overcome decades of marginalization. The community's economic and political ascent, and its resistance against Israel, were all encouraged by Syria. You could argue, with some irony, that the Syrians had graciously allowed the Shiites to be their cannon fodder, but for Shiites these events were vital steps in their journey from the periphery of Lebanese political and social life to its very center.

Hezbollah's crowning moment came in May 2000, when Israeli forces withdrew from Lebanon after a 22-year presence. Refusing to accept the U.N.'s judgment that the withdrawal was complete, Hezbollah vowed to continue its "resistance." While Hezbollah never quite made clear whether its resistance was "Lebanese" or "Islamic" in spirit (both terms were used interchangeably), this ambiguity went to the heart of the matter. Hezbollah simultaneously represented radical religious militancy and a peculiar sort of Lebanese patriotism, based on an existential struggle against Israel and the convenient ignoring of Syrian domination.

With Hariri's killing, two Lebanons entered into confrontation. They were distinguished, in large part, by their different visions of the past. One recalled the glories of a cosmopolitan, multiconfessional prewar Lebanon and admired Hariri for seeking to revive those glories. The other one, mainly Shiite, had little such nostalgia: it recalled a prewar, sophisticated, free-market Lebanon that had left them with little worth remembering.

In fact, both of these perceptions were flawed: the pre-1975 country was only partly a Mediterranean pleasure palace; its liveliness and prosperity were centered on a Beirut surrounded by rings of poverty, where the excluded were many. And Shiite misery, while very real, had been recognized in the late 1950's and early 1960's, when the state extended its services to the south. It was further alleviated in the 1980's, and later after Hariri took office in 1992, as Shiite leaders were granted an ample share of the national pie. Any drive around Shiite areas in the last decade would have shown the mark of returning emigrant money in the proliferation of villas, businesses and interests linking Lebanon to communities in Africa, the United States and South America.

Lebanon is a country of simultaneous complex identities, and Hezbollah's world deftly incorporated paradoxes no less than Hariri's. The image of a Shiite Lebanon awash in turbans, chadors and prayer beads is a caricature. Secularism and religiousness, wealth and poverty, tradition and modernity, militancy and laid-backedness, Hanoi and Hong Kong — all are present among Shiites, as among other Lebanese communities. Hezbollah's genius has been to draw from this diversity even as it also seeks to stifle it. It has done so by virtually monopolizing the provision of basic services and patronage jobs to Shiites throughout the country and by convincing its co-religionists that if the party loses political ground, all Shiites lose.

In March 2005, Hezbollah and the rest of Lebanese society faced off in the climactic events of the Independence Intifada. On March 8, as Syrian troops began preparing to leave the country, Hezbollah organized a demonstration in downtown Beirut to "thank" Syria for all its help to Lebanon. Hassan Nasrallah spoke to the assembled masses, followed by an array of lesser pro-Syrian clients.

The Hezbollah-led demonstration was of particular symbolic importance. It was held in Beirut's rebuilt downtown area, Hariri's jewel and hitherto the setting for weekly anti-Syrian rallies. In his choice of locale, Nasrallah declared that the downtown area belonged to Shiites as much as to Sunni Muslims, Christians or Druse — the communities leading the opposition to Syria. His supporters pointedly marched under the national flag, reminding their countrymen that Shiites were as Lebanese as anybody else. It was an impressive gathering, with between 200,000 and 400,000 people in attendance.

But Nasrallah had miscalculated. Though there was a smattering of non-Shiites in the crowd, the rally was widely regarded as a sectarian Shiite challenge to the Lebanese independence movement — and this created widespread alarm. One week later, on March 14, the independence movement responded by holding a counterrally. There appeared to be at least three times as many people present on March 14 as on March 8 — Sunnis, Christians and Druse, but also some Shiites, all from the farthest reaches of Lebanon — probably some one million people, with tens of thousands more languishing on blocked access roads to Beirut. In a country of only four million, it was an extraordinarily large gathering. The "March 14 coalition," as it would come to be known, embodied the idea of coexistence and promised a new beginning.

Or did it? While the March 14 rally was interpreted by many as the defining moment of a new, multisectarian Lebanon, while it was an unforgettable experience for those who attended — and I was there — it also emerged from the viscera of Lebanese sectarianism. Anger against Syria, sorrow over Hariri's murder and the hope for a free Lebanon all contributed to March 14, but so, too, did revulsion at the image of hundreds of thousands of poor Shiites descending on Beirut's pot of gold, its downtown area, that receptacle of mainly urban Sunni and Christian achievement. The hinterland had laid claim to the wealth of the capital, and it had done so in the name of a Syrian regime that was also a product of the hinterland. The reflex of Lebanon's elites and middle class — those who prided themselves on their openness — was to close the door.

Hezbollah, for its part, had much the same reflex. The Lebanese majority, you might think, had spoken. But that night, Hezbollah's television station, Al Manar, presented the demonstration in the narrowest of sectarian terms: as a resurrection of the

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right-wing Christian politics of the civil-war era. Viewers were shown images from the march suggesting that a onetime Christian militia, the Lebanese Forces, was staging a comeback. The implication was that collaborators with Israel were at the forefront of the movement. It was pure demagoguery, since the Lebanese Forces had much earlier broken with Israel. But the station's intent was to sound a persistent Hezbollah trope: those who opposed Syria were really acting on behalf of the United States and Israel — and this was no time for subtlety.

There was something inherently unstable in this situation. On the one hand, the Christians, Sunnis and Druse who (rightly or wrongly) regarded themselves as defenders of Lebanese tolerance and liberalism were animated in part by their own prejudices. On the other hand, the Shiite community was expressing its form of Lebanese patriotism through an implicit reaffirmation of autocratic Syrian rule. Who could untwine such contradictions? The great Lebanese journalist George Naccache once observed that "two negations do not make a nation"; he was describing how Lebanon's Christians and Sunnis had built the newly independent Lebanese state in 1943 on a strange compromise: the Christians would not look to join the West, and the Muslims would not seek to become part of a wider Arab nation. His words remained relevant: if March 8 and March 14 were both founded on negations, the prospects for a united Lebanon were dim.

It was widely hoped that the elections scheduled for May and June 2005 would put Lebanon's new freedom on a more stable footing. But political maneuverings leading up to the vote soon dashed this hope. Lebanon's famously complex political system is founded on sectarianism: in an effort to guarantee a voice to every religious group, political offices and parliamentary seats have been apportioned to different sects, depending on their size, ever since independence. The result is a system that requires consensus — even as it also hardens social divisions and encourages bizarre alliances and deals among bitter foes. It should be little surprise, then, that the very elections that were supposed to confirm the end of Syrian rule by handing political power over to the majority of March 14 also ended up tearing that majority apart.

The March 14 coalition was made up of a disparate array of parties, led by the largely Sunni Future Movement of Saad Hariri, the son and political heir of the late prime minister. It also included Walid Jumblatt's Druse-Christian bloc and a collection of Christian and secular parties. Aligned against the coalition were Hezbollah and the other pro-Syrian Shiite party, Amal, and a flotilla of smaller pro-Syrian groups. For a time, at least, it appeared that the pro- and anti-Syrian factions would face off against each other in a clear contest.

But in Lebanon things are rarely that simple. When Gen. Michel Aoun, a Christian populist and former prime minister, returned from exile in France in May 2005, the March 14 coalition was wary of his intentions: Did he wish to join the movement or take it over — or perhaps wreck it? Aoun was popular in Lebanon's Christian strongholds and had impeccable anti-Syrian credentials: he had battled the Syrian Army in the final days of the civil war. But his sweeping denunciations of the country's elites and his apparent willingness to hasten his return by making deals with pro-Syrian politicians, and probably the Syrian regime itself, gave the March 14 leaders pause.

At this point, the volatility of Lebanon's politicians and the complexity of its political system gave Hezbollah a crucial opportunity. Walid Jumblatt, the Druse leader, was concerned that Aoun's candidates would take seats away from him in one of two districts the Druse leader considers his reserved constituencies. A cunning, contrapuntal politician, Jumblatt has always advanced his interests through triangulation — working both sides of an issue until one emerges stronger and he can capitalize on it. That is why it was jarring, but not surprising, to see him reach out to Hezbollah and Amal in late March 2005. Jumblatt needed Hezbollah's votes to overcome the Aounist challenge, and to make sure he got them, he engineered a deal. A new electoral law would protect Hezbollah's representation in Parliament. In return, Hezbollah would instruct its constituents to vote for Jumblatt's candidates. The Druse leader forced the inexperienced Hariri to go along with an effort designed to marginalize Aoun and create three large blocs in Parliament: a Jumblatt bloc, a Hariri bloc and a joint Hezbollah and Amal bloc.

I later asked Jumblatt why he had conducted this maneuver. He answered that he hoped to bring Hezbollah into the national consensus in a post-Syria Lebanon and to bargain with it from a position of strength. That was disingenuous. The fractured Lebanese system invites expediency, but also destructiveness. Through his efforts, the Druse leader infuriated the Maronite Christians, notably their patriarch, Nasrallah Boutros Sfeir, Syria's most stalwart and courageous opponent. The community felt betrayed. It had endured the most political isolation during the Syrian years, and it had taken to the streets after Hariri's death more actively than the initially timorous Sunnis. What it got was a Parliament that made most Christian candidates effectively dependent for their seats on the whims of Hariri, Jumblatt and the Shiite parties. Many Maronites saw this as a denial of their place in Lebanon's new equation.

In the end, Jumblatt's maneuver worked: he, Hariri and their Christian allies were able to assemble a parliamentary majority true to the spirit of the March 14 movement and, by consequence, a cabinet majority. But Hezbollah and Amal also had a large bloc, and following Lebanon's customs of consensus-based governance, they were invited to join the cabinet. The opposition was led by Aoun; in a masterful electoral swerve of his own, the onetime anti-Syrian firebrand had allied himself with various pro-Syrian politicians and acquired their votes. Thus, in only a matter of weeks, the dizzying duplicity of Lebanese politics

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had swept all concord away, and the idealists of the Independence Intifada either found themselves standing against their former comrades or too disgusted to trust the political class.

It was to the credit of the new prime minister, Fouad Siniora, one of Rafik Hariri's closest collaborators, that he tried to chart a way through this wilderness of mirrors. Siniora's job was not an easy one. His first priority was to help the United Nations begin its investigation of Hariri's assassination. Given the high probability of Syrian involvement, he knew Lebanon would face a reaction from the worried men in Damascus and also from their Hezbollah allies in Lebanon. As anti-Syrian politicians and journalists were marked for assassination throughout the year and a series of bomb explosions tore through Christian areas, these fears seemed justified.

Meanwhile, Siniora also had to handle relations with Hezbollah. Five of the ministers in his cabinet were Shiites, either members of Hezbollah and Amal or named by them. Members of the parliamentary majority affirmed their desire to see Hezbollah integrated into the armed forces and to see the state regain control over all the national territory — meaning Hezbollah must no longer rule over the border with Israel. But desiring Hezbollah's disarmament was one thing; achieving it, another. When it came to such matters, the parliamentary majority was reluctant to act like a majority. Hariri was especially diffident, probably because his Saudi sponsors advised him to avoid precipitating any Sunni-Shiite showdown that might boomerang in the kingdom. But the chief obstacle, of course, was Hezbollah itself. The militia realized that without its weapons, it would lose its reason to exist as a militant movement, lose its élan and lose its value to Syria — as well as its ties to its main financier and advocate, Iran.

It did not take very long before the rift between Hezbollah's supporters and detractors was reflected in the cabinet. The most divisive episode came late last year, when the government majority sought to approve a mixed Lebanese-international court to try the suspects in the Hariri assassination. The Shiite ministers refused to go along, arguing that the move was premature. The majority saw this as a ploy to protect Syria at a time when Nasrallah was publicly reaffirming his alliance with the Assad regime. On Dec. 12, in the tense hours following the assassination of the prominent anti-Syrian journalist Gebran Tueni, the government broke the deadlock by voting to approve a mixed tribunal. This was constitutionally defensible, but the Shiite ministers claimed it broke the rule that all important decisions must be made by consensus. They walked out of the government but did not resign. Hezbollah was not about to lose the convenient cover of legitimacy provided by participation in the cabinet, but it had every intention of gumming up the system so that the cabinet majority would not act as a majority again.

For all its efforts, Siniora's government became less and less able to govern. Early this year, Nabih Berri, the speaker of Parliament, proposed a ''national dialogue'' of leading politicians to address the most divisive issues — like the fate of Hezbollah's weapons. But little came of this. In the dialogue, Nasrallah would make concessions and then invariably step back from implementing them. The final straw was the July 12 abduction of the Israelis. For most of the ministers in the government, the operation was nothing less than a coup, a brazen effort to show that the majority had no control over so basic a matter as a declaration of war.

Several months ago, I began participating in a series of informal discussions with orphans of this wretched state of affairs. Our group is heavy on southern Lebanese, both Shiites and Christians, and its very modest ambition is to create a forum for exchanges between individuals unable to identify with any of the major blocs in Parliament. For the Shiites in the group, there is a pressing desire to loosen Hezbollah's grip on their community. Several come from the 1970's left, but that is by no means the rule. The organizer of the group is a journalist who was close to Hezbollah a decade ago, having been the host of a program on Al Manar, the Hezbollah television channel, while another, also a journalist, hails from a prominent southern religious family.

Endeavors like these are worthy because their starting point is the assumption that Lebanon really must be governed through mutual concessions and dialogue. Amid the general sectarianism, this may sound absurd. The ideal of Lebanon as a mosaic of separate but collaborating communities has been shattered so many times that it is difficult even to know what collaboration might mean. But it is also true that grounds for hope exist. Over the past half-century, the once-marginalized Shiites have steadily integrated themselves into Lebanese politics and society. While Shiites today largely accept Hezbollah's claim to be their representative and protector, in the future new forms of Shiite politics and expression may emerge — must emerge.

And yet the current war is pushing the country in precisely the opposite direction. The great fear expressed by many Lebanese is that the country can absorb neither a Hezbollah victory against Israel nor a Hezbollah defeat. If Hezbollah merely survives as both a political and military organization, it can claim victory. The result may be the expansion of the party's authority over the political system, thanks to its weaponry and its considerable sway over the Lebanese Army, which has a substantial Shiite base. This, in turn, might lead to a solidification of Iranian influence and the restoration of Syrian influence. A Hezbollah defeat, in turn, would be felt by Shiites as a defeat for their community in general, significantly destabilizing the system.

As the violence continues, retribution is in the air. Israel has focused its attacks on Shiites, leaving Sunni, Christian and Druse areas (though not their long-term welfare) relatively intact. Amid all the destruction, many a representative of the March 14 movement has denounced Hezbollah's ''adventurism,'' provoking Shiite resentment. As one Hezbollah combatant recently told

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The Guardian: ''The real battle is after the end of this war. We will have to settle score with the Lebanese politicians. We also have the best security and intelligence apparatus in this country, and we can reach any of those people who are speaking against us now. Let's finish with the Israelis, and then we will settle scores later.''

This essentially repeated what Hassan Nasrallah told Al Jazeera in an interview broadcast a week after the conflict began: ''If we succeed in achieving the victory . . . we will never forget all those who supported us at this stage. . . . As for those who sinned against us . . . those who made mistakes, those who let us down and those who conspired against us . . . this will be left for a day to settle accounts. We might be tolerant with them, and we might not.''

Meanwhile, the country has sunk into deep depression, and countless Lebanese with the means to emigrate are thinking of doing so. The offspring of March 8 and March 14 are in the same boat, and yet still remain very much apart. The fault lines from the days of the Independence Intifada have hardened under Israel's bombs. Given the present balance of forces, it is difficult to conceive of a resolution to the present fighting that would both satisfy the majority's desire to disarm Hezbollah and satisfy Hezbollah's resolve to defend Shiite gains and remain in the vanguard of the struggle against Israel. Something must give, and until the parliamentary majority and Hezbollah can reach a common vision of what Lebanon must become, the rot will set in further.

In his Al Jazeera comments, Nasrallah made it clear that the imperatives of ''resistance'' still trumped those of conciliation. But he sounded a little more conciliatory in a subsequent speech on Al Manar, when he emphasized that Hezbollah was struggling on behalf of all Lebanese. With hundreds of thousands of his brethren displaced from their homes, with Lebanon already facing an estimated $2.5 billion in direct losses, with Hezbollah having alienated many of its countrymen, even as it has fired off its prize weapons in a war of little benefit, maybe Nasrallah saw something he hadn't earlier: that his party may not always be the only party to hold the weapons. Faced with his intransigence, unable to peacefully settle their differences with Hezbollah, Lebanon's other communities will likely rearm. The result may be a return to civil war. And if that happens, nothing will put Lebanon — let alone liberal Lebanon — back together again.

War News From Lebanon Gives Egyptians A Mirror Of Their Own Desperation (NYT)

By Michael Slackman

The New York Times, August 6, 2006

CAIRO, Aug. 5 — The scene has become routine: day and night, in small, run-down teahouses all over this teeming city, men sit quietly smoking harsh tobacco from water pipes with their eyes glued to television news from Lebanon. And around the city, there is a similar reaction: despair.

Not despair over Lebanon — that provokes anger. The hopelessness has begun to boil over as Egyptians see their own country's problems in the mirror of Lebanon. They are feeling the powerlessness of living under an autocratic system, and confronting the poverty and corruption of their third-world economy.

"As an Egyptian, there is nothing I can personally do," said Sayed Abdul Aziz, a hospital security guard staring up at the Egyptian news as it showed a Lebanese child, bandaged with his legs blown off. "We have so many pressures here in our daily lives. I have to make a living, that's my first concern when I wake up. Everything is expensive. It's harder to make a living."

For decades, the Arab-Israeli conflict provided presidents, kings, emirs and dictators of the region with a safety valve for public frustration. Middle Eastern leaders were all too willing to allow their people to rant against Israel and champion the Palestinian cause, rather than focus on domestic politics or economic concerns.

That valve no longer appears to be working in Egypt. The anger against Israel remains, but now is melding with fury, and despair, over the many domestic problems for which Egyptians blame their own government. The war has encouraged many Egyptians to focus their anger inward, rather than outward, according to political analysts, political advocates and ordinary people on the street.

After an Israeli strike last Sunday collapsed a Qana building, killing 29 civilians, most of them children, Egyptians took to the streets of downtown Cairo in a protest that demonstrated the trajectory of emotion. "Long live your struggle, Lebanon," the crowds chanted. "Oh Beloved Hezbollah, strike, strike Tel Aviv," they chanted.

"Down, down with Mubarak," they chanted, referring to President Hosni Mubarak of Egypt.

"Where is the ferry owner?" Kamal Khalil called out, referring to the owner of the ferry that sank on its way to the Sinai from Saudi Arabia in February, killing more than 1,000 people. Many people have accused the government of letting the ferry owner flee the country because he was wealthy and a member of the upper house of Parliament.

"The regular man on the street is beginning to connect everything together," said Mr. Khalil, the director of the Center for Socialist Studies in Cairo. "The regime impairing his livelihood is the same regime that is oppressing his freedom and the same regime that is colluding with Zionism and American hegemony."

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As the pressure mounts at home, the government has begun to retool its stance toward the conflict. While Egyptian officials initially criticized Hezbollah for the cross-border raid that sparked the crisis — a position they still hold — its leaders have been far more outspoken in condemning Israel and calling for a cease-fire. "Cairo Makes a U-Turn," read a recent headline in the semiofficial English-language newspaper Al Ahram Weekly.

Those aligned with the government say Mr. Mubarak has stepped up his verbal attacks on Israel, not because of the domestic pressure but because he shared the people's anger. But even people close to the governing National Democratic Party acknowledge that Lebanon has deepened the rumbles of disgust with the government.

"I was in a taxi, and I was talking with someone about the Lebanese issue," said Abdel Raouf el-Reedy, chairman of the Egyptian Council for Foreign Affairs and a former ambassador to the United States. "The taxi driver then started complaining about the increase in prices and so on. There is a resentment against the government. People see black externally — and internally."

As each day passes, the calls have grown louder for Egypt to at least withdraw its ambassador from Israel, and to expel Israel's ambassador from Cairo.

The government has tried to press the notion that Egypt's national interests are tied to its relations with other countries and organizations, like the World Trade Organization.

But the longer the government refrains from satisfying the widespread desire to lash out, the more the war in Lebanon seems to magnify failures at home.

"Everything making people angry is coming out," said Gasser Abdel Razek, a lawyer and board member of the Egyptian Organization for Human Rights. "I don't think the regime is comfortable any more."

By most accounts, Qana was the turning point. The image of so many dead children angered and depressed people. But it was not the first time a conflict with Israel had been viewed here as another link in a chain of domestic frustrations.

Mr. Abdel Razek said the connections began to be made in early 2001 as the second Palestinian intifada raged. He said advocates who had initially focused on trying to get medicine and food aid to the Palestinians soon began to see a link between struggle in Palestine and the lack of democracy back home.

"Activists started linking the lack of democracy in Egypt and what was happening to the Palestinians," Mr. Abdel Razek said. "We understood we could not change what our government was deciding on the issue, and the Palestinians are paying the price."

The war in Lebanon, he and other analysts agreed, has accelerated that evolution, so that people look at Lebanon and complain about gas prices. They look at Lebanon and complain about government corruption. They have even used Lebanon to attack the government's efforts to control the political message delivered by imams across the country.

"Every one of us has his place," said Sheik el-Sayed Askar, a member of Parliament who spoke to hundreds of imams gathered Thursday for a meeting to support the Lebanese "resistance," meaning Hezbollah.

"You are an imam and you have a mosque. Fill it with activities,'' he said. "The mosque will be closed? Then, act, speak and shut down all the mosques! Work in the mosques and let them close down the mosques. It will be a scandal."

As Mr. Abdul Aziz, the hospital security guard, sat in a teahouse talking about the struggles in his own life, Egyptian television news carried a request for donations to buy relief supplies for Lebanon.

"They ask us to give money," he shouted, his hand pointing up to the television set in the corner. "We can't give money. We have no money. We can't change anything. All we can do is pray."

How Rice Can Succeed (WP)

By Jim Hoagland

The Washington Post, August 6, 2006

It has been a hard stretch of diplomatic road for the Condoleezza Rice we see in public. That is the "frustrated and stressed" secretary of state who made no visible progress on the crisis in Lebanon while visiting the Middle East. But beneath that image of failure lies a strategic opening for the private policymaker Rice to exploit.

The opening has been understandably obscured by the tragic human carnage of the Israeli-Hezbollah border war and by diplomacy's habits of subterfuge. Moreover, the strategic moment is dependent on a still-to-be established willingness by Rice to break through the stereotypes that imprison President Bush's rhetoric and policy on the Middle East. I do not underestimate the difficulties involved.

But three weeks of unexpected summer warfare and the wide-ranging diplomatic consultations the fighting has sparked produced surprising new elements. The next three weeks will be an incubation period for strategic change and a defining moment for Rice's legacy at the State Department:

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Â· Israel, deeply distrustful of Europe and international peacekeeping for the past four decades, is demanding that a strong multinational force be deployed to control Hezbollah as the condition for Israeli withdrawal from Lebanon. The proposed force would be led by France -- which privately echoes the view of the stabilization force publicly voiced by Israeli Prime Minister Ehud Olmert. He says it must be composed of "real soldiers and not retirees who come to spend some pleasant months in Lebanon."

Â· Europe's largest governments, including France, have quietly but clearly been rooting for Israel to dismantle Hezbollah and inflict a political defeat on Syria and Iran, the main sponsors of the Lebanese Shiite movement. While publicly arguing with American priorities in the crisis, the Europeans have tacitly encouraged Rice in her efforts to buy time for Israel to degrade Hezbollah's war-fighting capabilities.

"If there is more of an openness by Israel toward Europe and the international community, it may be because we sense more of an openness toward Israel" as Europeans and others react to a growing threat from jihadist terrorism and blackmail, notes one Israeli official.

Â· Rice has given U.S. Foreign Service professionals the space to construct new containment strategies for Iran (Undersecretary of State Nicholas Burns) and North Korea (Assistant Secretary Christopher Hill), and those strategies have produced important U.N. Security Council resolutions and a communique by the Group of Eight supporting U.S. policy goals. "There has been a strategic click in the minds of others," says one U.S. official. "We must sustain and deepen it."

The "frustrated and stressed" description of Rice comes not only from media accounts but also from foreign officials who dealt with her on the diplomatic trip from hell. She was embarrassed when Israeli officials seemed to withhold from her news of the horrific killing of civilians in Qana and subsequently when her visit to Beirut was canceled.

Failure, however, is a relative term in diplomacy, which values the art of not making a deal while professing to seek one. Bush and Rice had no intention of pressing Israel to accept a quick cease-fire before it crippled Hezbollah. In the narrow terms of non-dealmaking, Rice succeeded on her trip.

But her task now is to persuade Bush to extend into the Middle East and Persian Gulf the active U.S. pragmatism and concern for multilateral cooperation she has nurtured elsewhere. Immediate U.S. goals should be defensive in nature and compatible with those of the European Union as well as Israel: Hezbollah cannot be allowed to emerge claiming a military victory over Israel by maintaining the status quo, and Iran cannot be allowed to use the crisis to gain new leverage in defying U.N. resolutions on its nuclear program.

Such limited goals fall far short of "a new Middle East" that would be created by regime change in Tehran and Damascus, a scenario dear to the far-right ideologues who are already railing at Rice and her aides for supposedly betraying Bush's conservative and combative instincts. It is reminiscent of the mid-1980s, when George Shultz nudged Ronald Reagan onto a different, more pragmatic course in dealing with the Soviet Union.

Rice has often been mistaken as a protege of Brent Scowcroft -- for whom she worked in the George H.W. Bush White House -- and she has praised Dean Acheson as a model secretary of state. But to navigate this crisis she should rely on the example of Shultz: He knew that his most important work was inside the White House, not in foreign lands.

jimhoagland@washpost.com

Let's Start Talking (NYT)

By Nicholas D. Kristof

The New York Times, August 6, 2006

As I see it, Prime Minister Ehud Olmert is shooting Israel and America in the feet (and Lebanon in the stomach) each day that he continues his onslaught, with President Bush enthusiastically providing the ammunition.

But since discussions of the Middle East usually involve people shouting past each other, let me stop harrumphing and try to address head-on the arguments of the many readers who disagree.

It's a tragedy that Lebanese children are dying, but it would be crazy to accept a cease-fire now. That would hand Hezbollah a huge victory and return the Middle East to the impossible situation of the last few years, with rockets still raining down on northern Israel. So the U.S. has to give Israel space to get this job done.

Look at the results so far with the job half done: some 600 dead Lebanese, and scores of dead Israelis; Hezbollah's rise to heroic status; the strengthening of Syria's hard-line regime; the weakening of moderates like King Abdullah of Jordan; a boost for Shiite militants in Iraq and around the region; the marginalization of Lebanon's democracy movement; and the further trashing of America's reputation around the world.

Lebanese, instead of turning on Hezbollah, are rallying around it. A poll by the Beirut Center for Research and Information found that 87 percent of those surveyed supported Hezbollah's battles with Israel. That included 80 percent of Lebanese Christians surveyed.

So with those results after more than three weeks, why will it be any different in another couple of weeks?

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It is, of course, possible that bunker-buster bombs could decapitate Hezbollah's leadership. But Israel didn't achieve a victory in the 18 years before it withdrew from Lebanon in 2000, so it's time to move toward a cease-fire — not only to save Lebanese lives but also to get on with the business of a diplomatic solution.

There may be a diplomatic solution, but first we have to clear out Hezbollah from southern Lebanon. Then an international force can go in as a buffer, and Israel will be delighted to pull out.

It's fine to talk about an international force, but no country will send troops if Hezbollah objects. Otherwise, those troops will be targets, as they were in 1983. And Hezbollah and Syria won't approve unless there is some larger agreement between Israel and Lebanon — and some benefit to Syria as well.

How can one negotiate with those who would destroy you? Israel tried restraint and Hezbollah used the time to build up its arsenal.

President Bush is right about one thing: We need to do more than restore the prewar situation on the Israeli-Lebanese border. There is also an opportunity here — to achieve a landmark Lebanon-Israel peace deal.

Edward Walker, former ambassador to Israel and former assistant secretary of state for the region, told me he thought a long-term settlement was plausible (although he acknowledged that he was also the optimistic boy who expected a pony every Christmas). France is showing leadership in pressing for such a lasting deal, and Mr. Bush should push that diplomatic effort with every administration sinew.

Terms of a genuine settlement might involve an exchange of prisoners, Israel giving up the Shebaa Farms area (if not to Lebanon, then to an international force), and an Israeli promise not to breach Lebanese territory or airspace unless attacked. Hezbollah would commit to becoming a purely political force and to dismantling its militia, with its weaponry going to the Lebanese armed forces. Israel would resume talks with Syria on the Golan Heights, the U.S. would resume contact with Syria, and Syria would agree to stop supplying weaponry to Hezbollah (or allowing it in from Iran). Syria and Hezbollah would then pledge cooperation with a robust international buffer force along the border. Some of this may have to come in stages: for example, with Hezbollah first leaving the border area and then giving up its weaponry.

Granted, it's odd for Israel to hand over Shebaa Farms to Lebanon, since old maps show pretty clearly that it was Syrian. But Syria, seeking to make mischief, has said that it is Lebanese, and it certainly is not Israeli.

Israel would worry that such a settlement would be seen as rewarding Hezbollah and would encourage other militant groups. That's a legitimate concern. But such moves would also remove the raison d'être for Hezbollah's militia, and they are probably the price for achieving calm in northern Israel. So let's stop the killing and start the talking.

Talking About Terror (NYT)

By David Brooks

The New York Times, August 6, 2006

Washington is full of conversations, but occasionally you have one with a policy maker that sheds light on where we've been and where we're going. I had one of those conversations late last week, and I thought it might be useful to share a truncated version of it here.

Policy Maker: Israel began this war with an almost unprecedented level of legitimacy. Unfortunately, that was forfeited during the first days with the bombing campaign, which seemed to punish all of Lebanon instead of just Hezbollah. If Sharon were still functioning, perhaps he would have insisted on a better plan, but this may be another case of a just war poorly executed.

Me: But wasn't this war a test case of whether it is even possible to defeat a terrorist force with military might? After all, no army is going to know this kind of enemy better than Israel's. Maybe the Islamists have simply come up with a conceptual breakthrough that makes them difficult to defeat. They've grasped that the more they endanger their own people and get them killed, the better it is for them politically. Israel or the U.S. gets blamed. That's like a superweapon in the media war.

Has Israel at least degraded Hezbollah militarily?

P: Not enough to give them the sense they're being defeated. In any case, we've worked out an arrangement with France that should stop the fighting early next week. This may sound odd, but U.S. relations with France have hardly been better. We're working remarkably closely across a whole range of Middle East issues because we have the same understanding and goals.

In Lebanon there will be a truce that will leave the current armies in place (which the Israelis won't like). Then we can insert an international force. We won't be able to disarm Hezbollah but we may be able to help the Lebanese Army secure the border.

The thing to understand is that the international force may never materialize. The key is Hezbollah. If they decide to harvest their gains by becoming a peaceful player in the Lebanese government, then the international force can come in. But if they decide to destabilize the government and turn Lebanon into a host for their war with Israel then there'll be no force. Israel would

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have to find a way to withdraw at a time of its own choosing. But if Hezbollah keeps fighting it will have accepted responsibility for breaking the international deal, and Israel will have greater freedom to act.

M: Is it possible to flip Syria?

P: The U.S. and others have channels open to Syria, but its interest diverges from ours. Its interest is the increased weakness of the Lebanese government.

The wider situation is that most governments around Israel no longer want war. But the governments are weak, so terror armies can form within those states. If Israel tries to attack those armies, it ends up weakening the central governments it is trying to bolster. That's the dilemma.

The U.S. and Europe would like to strengthen those central governments. We don't have a policy of externally imposed regime change. We're trying to create conditions to allow those governments to make better decisions and make slow progress toward freedom. But Iran, Hamas and Hezbollah want to hollow out those moderate governments from within.

The first group of Islamists like Al Qaeda have utopian agendas. But Iran and Hezbollah have more realistic agendas, more indigenous support and are thus more dangerous. Think of the way early 20th-century anarchists in Europe led eventually to the Nazis and Leninists.

M: So what is the U.S. doing?

P: The U.S. is trying to be at the center of a group of like-minded countries that want to preserve the viability of governments that prefer peaceful evolution to violent revolution.

We're part of a united front on Iranian nukes. The odds are there will be sanctions against Iran by the end of the year, though how strong I don't know. We're trying to build a successful government in Iraq. We have to get out from under the blow to our authority caused by the torture and detainee issues. And we have to get aggressive on the Palestinian problem. That's essential to strengthen moderate regimes.

We're not going to be spending as much blood or treasure as over the past few years. We have to make up for it with diplomacy backed by a hint of steel.

Lebanon's 3rd-Largest City Warned Of Airstrikes (WP)

By Anthony Shadid, Washington Post Foreign Service

The Washington Post, August 6, 2006

TYRE, Lebanon, Aug. 5 -- Israel warned residents of Sidon, Lebanon's third-largest city, to leave Saturday ahead of imminent airstrikes on what it called Hezbollah targets, and Israeli naval commandos and Hezbollah fighters waged a fierce early morning battle in Tyre that stretched until dawn. At least seven Lebanese were killed, including a soldier, hospital officials said.

The conflict elsewhere assumed the pattern of past days, even as the United States and France reached an agreement on the text of a U.N. resolution that calls for an end to the fighting. Israeli aircraft struck southern Beirut, and fighting persisted across a rugged band along the border. Hezbollah fired 160 rockets into northern Israel on Saturday, killing three people, according to police officials. Two Israeli soldiers were also killed in clashes.

The Israeli military said it dropped leaflets on Sidon that were aimed at warning all residents to leave.

"There is Hezbollah activity inside, and we are going to be targeting it more intensely than we have before," an Israeli military spokesman said. "That's why we're warning residents there in advance to leave so they don't get hit accidentally."

Sidon, a predominantly Sunni Muslim city with a population of 100,000, has never been a stronghold of Hezbollah, which draws its strength from Lebanon's Shiite Muslim population in south Beirut, southern Lebanon and the Bekaa Valley. Sidon's population has been swollen by an influx of refugees from southern Lebanon, which has borne the brunt of the conflict. So far in the 25-day war, as many as 1 million Lebanese have fled their homes, a quarter of the Mediterranean country's population.

There was no visible exodus from the city Saturday. Business went on as usual, and most shops were open, although as in the rest of the country, fuel was in short supply and most gas stations were closed.

In the raid in Tyre, Israeli naval commandos attacked the second floor of a five-story apartment building about a half-mile from the coast searching for what Israeli military officials said were leaders of the Hezbollah detachment that fired long-range rockets at the western city of Hadera on Friday. The strike was one of the deepest yet in Israel.

"This place became a front last night," said Salem Huweidi, 32, who lives in a building nearby.

The operation began around 3 a.m., unleashing a din of explosions, cannon blasts and small-arms fire. Electricity was cut in parts of the city, and at least two roads were bombed in fighting that did not subside until around dawn.

A fire had gutted one apartment, which bore hallmarks of a nondescript residence -- CDs of Madonna and Celine Dion, family pictures and charred eggs -- along with a profusion of weapons. Clips and unspent ammunition for AK-47 assault rifles rested along the walls. A charred rifle lay near a window, not far from two rocket-propelled grenades. A picture of Hasan Nasrallah, Hezbollah's leader, sat next to a computer. Mattresses and pillows were spread on the floor.

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Residents of the apartment building said the commandos were wearing Lebanese army uniforms.

"I thought they were Lebanese army doing a patrol in the area," said Alaa Qassim, a 19-year-old neighbor.

The Israeli military said that during a gunfight inside the tight quarters of the four-room apartment, Israeli soldiers killed two or three Hezbollah members. As the Israeli commandos left the apartment, militiamen began shooting at them from surrounding streets, bordered by banana plantations and citrus groves, a military spokesman said. Israeli soldiers killed six or seven more Hezbollah members, the spokesman said. The Israeli military said eight commandos were wounded.

Hospital and civil defense officials in Tyre said seven people were killed, including the Lebanese army soldier. Four people were killed in the raid on the apartment complex, and two men on a moped also died in a strike.

Residents, usually reluctant to talk about Hezbollah's secretive military operations, said they did not know who was living there.

One resident said he saw the Israeli commandos take someone down the stairs, but it was unclear whether he was captured.

The battle appeared to stretch across the apartment complex and into nearby farms. Two pools of blood, one the size of a coffee table, had gathered below the window of the apartment. A steel gate that had been knocked off the window was spotted with blood. Blood also stained the white stucco wall beneath the window and a curtain fluttering in the breeze.

About 100 yards away, a far larger pool of blood spread across the tile floor, under graffiti that read "Sucker." Trails followed down the stairs and toward an orange grove, where the Israeli commandos apparently departed for helicopters. Earplugs sometimes used in helicopters were still on the ground, next to a fence whose barbed wire had been cut.

The raid was one of the deepest by Israeli commandos in Lebanon, where fighting has focused on a strip of territory, sometimes right next to the border, sometimes several miles in. An Israeli soldier was killed Saturday morning, just across the border from the northern Israeli town of Metula, an Israeli military spokesman said. The soldier was inside an engineering vehicle when it was hit by a mortar, the spokesman said. Nine other soldiers were wounded, he said.

A second Israeli soldier was also killed Saturday in southern Lebanon, the Associated Press reported.

Israeli military officials said troops were continuing to operate in about 20 villages just inside Lebanon. But witnesses said that at times, troops did not appear to be holding territory between the border and their front line, and U.N. officials have said Hezbollah has apparently retained its ability to communicate between regions.

Israeli aircraft launched 70 attacks on Lebanon on Friday night and early Saturday morning, the Israeli military said. Much of the bombardment occurred in southern Beirut, where Israeli forces bombed what officials described as an underground Hezbollah operations base, the offices of a Hezbollah newspaper, a weapons storage facility and Hezbollah offices and command posts.

A woman and her two daughters were killed when a Katyusha rocked fired by Hezbollah slammed into their house in the Israeli Arab village of Arab al-Aramshe near Israel's northern border in the western Galilee, officials said. Ten people were slightly injured in other Hezbollah rocket attacks, the military said. Most of the projectiles landed near the port city of Haifa, the northern town of Maalot and the border town of Kiryat Shimona.

Human Rights Watch said in a report released Friday that Hezbollah rocket attacks were taking a heavy toll on civilians in northern Israel. The Shiite militia has fired 2,500 rockets into predominantly civilian areas since the fighting began, the report said, forcing half the population to flee and damaging hospitals and education institutes.

Meanwhile, Israeli troops killed four Palestinians near Rafah in the southern Gaza Strip, including two teenage siblings. Israeli forces also arrested the speaker of the Palestinian parliament at his house early Sunday, Palestinian officials said, according to the Associated Press.

Kiffah al-Nuri, 15, and her 17-year-old brother were killed by a missile fired from an Israeli drone as they ran from an Israeli tank near their house, Palestinian medical officials said.

Two 23-year-olds, one a member of Hamas and the other a member of Islamic Jihad, were killed in separate airstrikes, Palestinian officials said.

The Israeli military said in a statement that in one incident, troops fired at "four gunmen armed with anti-tank missiles who were identified as moving towards the forces." In another incident, Israeli forces targeted three armed men, the statement said.

Correspondent Molly Moore in Jerusalem contributed to this report.

Fighting Intensifies, So Does Damage (WT/AP)

By Sam F. Ghattas, Associated Press

The Washington Times, August 6, 2006

BEIRUT -- Israel and Hezbollah sharply intensified fighting with a blitz of air strikes, dozens of rocket attacks and brutal ground combat yesterday, each side doing a lot of damage amid international efforts to end the fighting.

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Israeli commandos battled Hezbollah guerrillas in a raid on an apartment building in the southern port city of Tyre, while warplanes blasted Hezbollah neighborhoods in southern Beirut.

The fighting across Lebanon killed at least eight Lebanese and one Israeli soldier, while a Hezbollah rocket volley killed three women in northern Israel.

The raid in Tyre was the latest Israeli commando operation deep inside Lebanese territory aimed at taking out Hezbollah strong points even as heavy fighting raged closer to the border, where Israel is trying to push back the guerrillas.

Both Israel and Hezbollah claimed victory, with Israel saying it took out a key guerrilla unit involved in firing long-range rockets into its territory -- including one Friday that hit the town of Hadera about 50 miles south of the border in the deepest Hezbollah strike yet.

The commandos landed from the sea and advanced through an orchard before dawn, cutting through a barbed-wire fence to get to the apartment building where a fierce gunbattle broke out with those inside.

Later, pools of blood were seen in the orchard, through which the Israelis evacuated their wounded. A corner apartment in the building was left charred, with furniture melted by an initial explosion in the assault. The building's stairs and pavement outside were stained with blood and littered with cartridge shells from the fighting.

At least five Lebanese -- including a soldier at a nearby checkpoint -- were killed in the raid, the Lebanese military and rescue workers said.

Brig. Gen. Noam Feig, Israel's deputy navy commander, said the commandos killed four Hezbollah guerrillas inside the apartment who were directly involved in the Hadera attack.

Five more Hezbollah fighters were killed in a gunbattle on the way out, while eight Israeli soldiers were injured, including one who underwent surgery at the scene, Gen. Feig said.

A resident said he saw the commandos attack the building.

"They all had beards. I thought maybe they were Hezbollah," 18-year-old Qassem Aad said of the Israelis.

Mr. Aad said he saw several people standing outside the building with their hands up, then the shooting erupted. "I saw a man screaming, he was shot," he recalled.

Separately, a missile fired by an Israeli drone killed two persons riding a motorcycle near al-Bass, on the outskirts of Tyre, the Lebanese military said.

Explosions resounded in Beirut as Israeli warplanes renewed their strikes on Hezbollah strongholds in the capital's southern suburbs. Lebanon's state-run National News Agency said four persons were killed in the bombing.

Hezbollah fired at least 170 rockets into northern Israel, killing three Israeli women in a single attack in a direct hit on the house they were in, police said.

Hezbollah has fired an estimated 3,000 rockets into northern Israel since fighting broke out July 12, the Israeli army said. Israel's military also said it had carried out at least 160 air strikes against Lebanon in the previous 36 hours.

More than three weeks of Israeli bombardments have been unable to stop the rocket attacks.

The Israeli military has stepped up its ground campaign, pushing its troops across all along the border in an attempt to force Hezbollah back.

The troops have seized positions in or near 20 towns and villages, moving about two miles into Lebanon -- with the deepest foray about six miles in, according to Maj. Gen. Udi Adam, head of Israel's northern command.

Yesterday's Hezbollah barrage brought to 33 the number of Israeli civilians killed by rocket fire in 25 days of fighting. Forty-five Israeli soldiers have been killed in battles with Hezbollah guerrillas in south Lebanon, including one yesterday. An estimated 300,000 Israelis have fled their homes.

An Associated Press count showed at least 567 Lebanese have been killed, including 489 civilians confirmed dead by the Health Ministry, 28 Lebanese soldiers and at least 50 Hezbollah guerrillas. The Lebanese government's Higher Relief Council said 907 Lebanese had been killed in the conflict thus far.

Estimates of Lebanese homeless range from 800,000 to 1 million.

Late yesterday, the Israeli air force dropped leaflets in the southern port of Sidon, between Tyre and Beirut, saying rockets had been fired from nearby and warning civilians to evacuate Lebanon's third-largest city and flee north ahead of retaliatory bombing.

'We Are Weakening Hezbollah' (WP)

The Washington Post, August 6, 2006

Shimon Peres, 82, has served his country in every position from prime minister to minister of defense. The last of his country's founding fathers, he was in the United States last week to explain Israel's strategy in its war against Hezbollah to U.S. officials and others. In an exclusive interview, he spoke with Newsweek-Washington Post's Lally Weymouth. Excerpts:

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Q: Is it true that you were the only person in the Israeli cabinet to raise objections to this operation?

A: After two weeks, I forgot everything. We are at war and have to be united. I'm not going to make an account of who was right and who was wrong.

Q. Is the operation going according to the original plan or has it expanded?

A. We are using more ground forces and have reduced the bombing. The purpose of the bombing was to destroy the headquarters of Hezbollah in the cities.

Q. Are Israeli forces going all the way to the Litani River? Will Israel reoccupy southern Lebanon?

A. No. We shall make incursions but not stay there.

Q. Have you been surprised by the strength and tenacity of Hezbollah?

A. Not their strength but the strangeness of this operation. Nobody understands why they started to attack, what the purpose of the attack was and why they are using so many rockets and missiles.

Q. The Turks say they won't go to Lebanon as part of a force if they have to disarm Hezbollah.

A. We don't need a group of observers; we need people who will be effective in fulfilling their task: to implement U.N. Resolution 1559, which calls for the Lebanese army to replace Hezbollah along the Israeli border.

Q. Do you believe Israel can win a military victory over Hezbollah?

A. I think Hezbollah as a political and military force will emerge in the eyes of the Lebanese as a very costly affair. The tragedy of Lebanon is the result of the ambition of Iran.

Q. Did the Iranians order this?

A. They are behind it. There is one connection that remains questionable. [Javier] Solana [foreign policy chief of the European Union] visited Tehran on July 11 and got a totally negative response [on restraining the Iranian nuclear program] and Hezbollah struck on the 12th of July.

Q: What does Israel have to show after three weeks of this operation?

A: What Israel has to show is a great performance of the people. We never experienced having 100 to 150 missiles and rockets every night falling at random. And over a million people living in the shelters, keeping [up] their morale. It's quite a demonstration of unity and determination. I think in spite of everything, we are weakening Hezbollah. . . .

I see it as three confrontations. One is an attempt to destroy Israel. They thought they'd break our morale and we'd become scared. The second is about Lebanon, which is not less important. They want to de-Lebanize Lebanon -- to transform it from a multicultural country into a Shiite country under the spell of the Iranians. And the third -- the real confrontation in the Middle East -- is between the Arabs and the Iranians for the hegemony of the Middle East. It's not a surprise that countries like Saudi Arabia, Egypt and Jordan stood up openly against Hezbollah.

Q. But that was in the beginning.

A. They may have changed their rhetoric, but I don't think they have changed their minds. And the Iranians are running wild, and their strength stems from the world's weakness.

Q. Do you think Israel has been too dependent on air power in the operation in Lebanon?

A. No, we used air power and ground power for different reasons. We used the air power to bomb the headquarters of Hezbollah. . . . And then we decided to destroy their communication systems. . . . Now we are using ground forces because they hide weapons in private homes and villages.

Q. What do you want to achieve?

A. I want to achieve the perception, the conviction, that you cannot bombard Israel. We shall not permit Hezbollah to come back to the southern border between Israel and Lebanon.

The second is to stop the firing of missiles and rockets. The third is to release our two soldiers that were taken hostage. And the fourth is to get control over their arsenal of rockets and missiles.

Q. You mean stop missiles and rockets coming in from Syria?

A. Yes. We bombed the road from Syria to Lebanon so they won't be able to send rockets in, and we bombed the runways [in Beirut] so Iranian planes will not bring in re-supplies.

Q. Many believe that force will not work in the long run.

A. No, in the long run we want to see Lebanon governed by Lebanese. We want the Lebanese army to stop being an army that doesn't participate in the defense of its country. They are 80,000 soldiers, and they will be thickened by an international force. Then we want to demonstrate that the intervention of Iran in the Middle East . . . is of a limited nature. We also want to contain Syria and eventually to return to see what can be done with the Palestinians.

Q. Do you really think the Lebanese army has the power to disarm Hezbollah?

A. The answer is they have to try. . . . You cannot have a state within a state and an army within an army.

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Q. Do you feel that the military gains you have made have been offset by the damage to Israel's image? Hasn't this war strengthened Hezbollah's image in the Arab world?

A. We could do without it, yes. It's building and destroying [Hezbollah] at the same time. What are they going to achieve -- prestige, applause?

Q. How much longer do you think this will go on?

A. I think this is a matter of weeks and not months. I think that Hezbollah is beginning to feel the Israeli action. They've lost two of their six senior commanders, they have paid heavily.

West Bank Battles Didn't Prepare The Israeli Army For Hezbollah (MCT)

By Dion Nissenbaum

McClatchy Newspapers, August 7, 2006

KIRYAT SHEMONA, Israel - Amir hunkered down in a battered apartment building, praying to God as Hezbollah fighters fired volley after volley at the Israeli soldiers working to drive the militants from southern Lebanon.

This isn't the kind of fighting Amir and his Nahal Brigade comrade Assaf imagined when they joined the Israeli army.

"I didn't expect it," said Assaf, a 21-year-old first sergeant whose Israeli unit repelled a fierce Hezbollah attack last week in the southern Lebanese town of Taibe. "I thought it would end, like, two weeks ago."

After years battling untrained and ill-equipped Palestinian militants, Israel's young soldiers now find themselves fighting a disciplined, well-armed Hezbollah force putting up surprisingly strong resistance.

All along the border, dirty, tired, shell-shocked and surprised Israeli soldiers emerged from Lebanon this weekend for a brief respite before being sent back in to try to push Hezbollah farther north. So far, about 10,000 soldiers have fanned out across southern Lebanon where they have methodically worked to seize key towns after weeks of air strikes.

Although the United Nations may call for an end to the fighting early this week, the Israeli cabinet will meet Sunday to consider sending thousands more soldiers to drive Hezbollah out of the bottom fifth of Lebanon.

The job has proved to be more difficult than the Israeli military had imagined. In just over three weeks of fighting, 46 Israeli soldiers have been killed by Hezbollah ambushes, anti-tank missiles and firefights.

The Israeli military describes Hezbollah fighters as being equipped with sophisticated equipment, from night-vision goggles to a seemingly endless arsenal of missiles.

"That's the most scary situation," Amir, a 21-year-old medic, said while taking a break with other members of his brigade at a hotel a few miles south of the Israel-Lebanon border. Like Assaf, he declined to give his last name. "When they shoot missiles, there's nothing you can do but lay on the floor and pray to God. It's only destiny if you get out of it."

Until Hezbollah sparked the conflict on July 12 by capturing two Israeli soldiers and killing eight others in a border clash, most of the young Israeli soldiers had seen little serious combat.

Many have spent time fighting Palestinian militants in the West Bank and Gaza Strip. Few considered them worthy adversaries.

"We're not used to people who know how to fight," said Assaf. "Here, it's scary. It's like a war."

Until last week, the most serious action Alon Gelnik had taken part in was arresting a 16-year-old Palestinian boy for throwing rocks at a section of Israel's electronic security fence.

"It was such a different war," said Gelnik, a skinny 20-year-old. "Hezbollah is a regular army, a terrorist organization that is really well organized. In the territories, it was a bit different."

Before the clash started, Gelnik spent months standing guard along the Israel-Lebanon border no more than 60 feet from a Hezbollah outpost. Every day, Gelnik stared at a graphic poster Hezbollah fighters tied to the fence that featured the bodies of decapitated soldiers as a kind of warning to Israel.

They shot at the poster and once torched it with a Molotov cocktail. But, every time, Hezbollah put it back up.

Last Sunday, Gelnik crossed into southern Lebanon with his Nahal Brigade to take control of the small town of Adeisa.

While holding a house in Adeisa, Gelnik heard a distant explosion - maybe a mortar or an anti-tank missile. Then a second one struck closer to the house. Before the third one hit, a commander told the soldiers to get out.

That blast so rattled his friend that he refused to go back inside the house and isn't going back into Lebanon, Gelnik said.

And that was before the fourth Hezbollah attack hit a yard outside the window, sending sparks and debris flying, "I felt real fear," said Gelnik. "Now, we're stuck. And it's going to be very sticky."

The challenges facing Gelnik and the Israeli military in the coming days were clear on Saturday to the dozens of soldiers taking a short break at a Kiryat Shemona hotel.

As soldiers munched on cookies and sweets laid out in the hotel lobby, the air raid sirens began blaring, but few of the battle-weary paid much attention. Then the Katyusha rockets began rattling the hotel windows.

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As dozens of rockets crashed into the surrounding hillsides and streets, some soldiers took cover in the stairwells and the bomb shelter.

Among those taking shelter downstairs were Amir and Assaf. As their commanders studied maps of Lebanon in an adjacent room, the two soldiers voiced exasperation that, despite more than three weeks of air strikes, the number of Hezbollah rockets was still on the rise.

"We can capture all of Lebanon in a few days," said Amir. "But we have the same problem the Americans had in Vietnam. You can't win this war. If you kill 100, it won't finish this war. What will finish this war? I guess only politically, not militarily."

Israeli Soldiers Expected Lesser Foe (LAT)

By Tracy Wilkinson, Times Staff Writer

The Los Angeles Times, August 6, 2006

On a break from battle, some express frustration about the campaign in Lebanon and surprise over the effectiveness of the Hezbollah force.

TIBERIAS, Israel — From his position in a Lebanese village, Israeli infantryman Alon Gelnik could hear the Hezbollah missiles exploding closer and closer, until one slammed into the ground just yards from him.

There was a flash and a jolt that threw him to the ground. Trembling, he crawled to safety, shouting every curse he could think of. He was unhurt but so shaken that the words came out in sputters.

"I was really freaked out," Gelnik recalled. A nearby soldier who was traumatized by the blast now hears whistling noises that aren't there; he won't be returning to Lebanon.

Gelnik, 20, is one of thousands of Israeli soldiers who have spent the last six days seizing villages in southern Lebanon. Exhausted, their equipment caked in dirt and sweat, several hundred with the Nahal brigade marched back into Israel on Saturday for a respite. Most are expected to return to Lebanon within a day or so.

With Israel's offensive dragging into its fourth week, many of these soldiers say they are encountering in Hezbollah an enemy more formidable than any they have fought in recent years.

And to hear some of them describe it, the ground war is not going quite as they expected. It is a slow, tough slog that has failed to stop Hezbollah rocket fire from scorching northern Israel.

They expressed frustration that Hezbollah fighters mingled with the civilian population, making them harder to find and root out.

Several Israelis also complained of weak supply lines that left their platoons low on food and without water in their last hours in Lebanon. One medic told of testing local water for poison because their own supply was gone.

Gelnik's unit walked all night to reach the village of Adessa, just a few miles over the border, and found a virtual ghost town. Street by street, they moved into position, taking over several old stone houses and girding for the Hezbollah attacks that would come.

"In the distance, you see the red lights and white flashes," said Ron Evan, 21. "Then you hear the rockets, phooofff, phooofff. I was thinking 'Oh my God.' Then you feel the air waves, like a big shock."

Hezbollah, the soldiers said, mostly attacked from a distance, using rockets and sniper fire.

The soldiers said they found weapons stockpiled in some of the homes they seized. Overall, they said, they found Hezbollah to be a much more effective fighting force than the Palestinian militants they were more accustomed to confronting.

With the Palestinians, the fight is usually more of a policing operation in familiar territory, involving occupation and arrests with the occasional airstrike, the soldiers said, not the wholesale armored offensive required against Hezbollah.

"I realized we were fighting a real organized army," Gelnik said at a hotel near Tiberias, just off the Sea of Galilee, where he and his platoon were resting, reuniting with friends and relatives and taking showers. "These are people who know what they are doing."

The soldiers expressed great frustration that Hezbollah made use of civilian locations from which to strike, regroup and resupply.

"The lines are very blurred," said infantryman Jason Reich, 24.

Gabe Avner, 21, recalled seeing an elderly Lebanese woman carrying a sack of food from one house to another. He suspected she might have been helping a Hezbollah fighter. But he could not know for sure.

"Obviously I can't shoot her and have that on my conscience," he said.

Shmuel O'Neil, originally of Irvine, Calif., said the Lebanese house where he was positioned very nearly took a direct Hezbollah hit. With the sound of fighting all around, he hunkered down in his post, helmet on, weapon at the ready.

"The house is shaking as the noise of the explosions is getting closer and closer," he recalled. "You don't know how close it will get. They get really close. Will it do big damage or just scare the bejesus out of you?"

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O'Neil, 20, and several other soldiers at the Tiberias hotel are part of a program that brings Americans to Israel specifically to join the army to fulfill their concept of a Zionist mission.

Hundreds of young Americans have taken part. They come without their families. Some are placed in a kibbutz or similar situation, and all end up in the military. After a three-year tour of duty, many stay as residents and Israel gives them financial aid with school tuition and housing.

O'Neil, who said one of his first acts Saturday after marching out of Lebanon was to call his mother in California, said he never imagined that he would be fighting in Lebanon when he joined the Israeli army two years ago.

"It was always something we joked about," said O'Neil, who comes from a military family and believes fighting for Israel is a duty to his faith. "That would be the big war! And now, damn. It's totally weird."

Brian Waxman, a member of the program from Queens, N.Y., said he was stunned by how entrenched and concealed the enemy was.

"I think the Israeli army was very surprised at the beginning," he said of their arrival in Lebanese villages. "You get there, and there are bunkers that we had no idea were there, with rockets being set off that you can't see where they come from.

"It is very tough. You say guerrilla warfare, and you think of a couple of guys who set something off. But these people are very organized."

Members of another unit of the Nahal brigade that took up position inside the village of Taibe, about halfway between the Israeli border and Lebanon's Litani River, said they were dismayed by the slow pace of operations. Two of them spoke on condition that their last names not be published, because they did not have authorization to speak to reporters.

"It's very frustrating," Assaf, a 21-year-old sergeant, said of fighting the Hezbollah guerrillas. "It is surprising that they are struggling so, and still standing. I didn't expect it. I thought it would be two weeks.

"We can do a lot more damage than we have done. I don't know why we don't."

He was especially upset to see the destruction wrought on northern Israel, where he is from. His friends have fled to Tel Aviv, he said; cows and horses have been killed by rockets, and lush, green fields have been scorched to black.

Amir, a 21-year-old medic, said the unit came under intense fire when it moved into the village at sunrise July 30. A few days later, Israeli tanks joined them, and that made a big difference.

"It gives you confidence to see the tanks around," Amir said. "You know you are not alone."

He described firefights with an often unseen enemy. His troops, he said, often called in airstrikes to kill Hezbollah fighters they spotted in the distance.

Like several other soldiers, Amir said food was low and water had run out by the last day of their weeklong mission. His platoon began drinking the local water, but only after testing to be sure it was safe.

Even though they were out of the combat zone, Amir and Assaf were in a hotel bomb shelter when they were interviewed. Hezbollah rockets pounded the nearby hillsides in the northern city of Kiryat Shemona.

In the hotel, barefoot soldiers in jockey shorts, delighted to not have to wear their combat boots, if only for a few hours, mingled with friends and munched on cookies and fruit. Some cavalierly sat by floor-to-ceiling windows. Others huddled in the stairwells, away from the bombardment.

Outside, an estimated 40 Hezbollah rockets fell around the city, injuring several people and setting fires in the national forest. Late Saturday, fires still raged on the hillsides.

Digging In With Israel's Enemies (WT)

By Charles Levinson, Agence France-presse

The Washington Times, August 6, 2006

SRIFA, Lebanon -- They use three-digit numbers as code names, live off canned tuna and tape over their jewelry so an accidental twinkle doesn't give away their position to Israeli warplanes.

Among the Hezbollah fighters prowling what remains of the heavily bombed south Lebanese village of Srifa are a pair of former middle school history teachers who have given up their grade books for two-way radios and Kalashnikov rifles.

Over cups of coffee and the din of Hezbollah's FM radio station narrating developments on the front lines, they opened up to visitors recently and offered a glimpse into the guerrillas' secretive world.

"This is the battle we have long expected and long prepared for," said Haj Rabia Abu Hussein -- known to his soldiers simply as "103."

"I know my mission. I must make my rockets hit Israel," he said matter-of-factly.

The 40-year-old field commander, who oversees military activities in one sector -- generally comprising three villages -- of the Hezbollah-dominated south, said he has fired many such rockets since the conflict began three weeks ago.

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As Mr. Hussein talked, he fingered his Motorola radio, his means of communication with his soldiers farther afield. He wore a blue denim button-down shirt and a baseball cap that he slung backward when the conversation turned intimate.

Mr. Hussein sat beside Abu Mohammad, 44, a longtime friend in Reeboks, a loose-fitting T-shirt and cargo pants.

In their fashion choices, mild manners and neatly trimmed beards, Mr. Mohammad -- code name "121" -- and Mr. Hussein very much fit the Hezbollah mold.

They shift seamlessly from civilian garb to soldiers' wear, they said.

"It's not reasonable to walk around in military uniforms and carry rifles when, for example, the Red Cross comes into town," Mr. Hussein said.

The bucolic farming village they grew up in is one of dozens scattered across these hills that are absorbing the brunt of the Israeli air strikes. The Shi'ite fighters are outgunned, outmanned and confronting one of the most technologically savvy armies in the world. Still, Hezbollah rockets continue to fall on northern Israel.

Mr. Hussein and Mr. Mohammad, not their real names, explained how the militants continue to dodge Israel's wrath and live to fight another day.

"We use local knowledge," said Mr. Hussein. "On the radio, we talk about a certain tree or a certain cliff. How will the Israelis understand that?"

In their current struggle, the shared history of fellow fighters is a powerful weapon that helps them evade Israeli intelligence, they said.

"For example, Haj used to love someone about 20 years ago," Mr. Mohammad said. "So I'll tell him, 'Haj, go and meet me at the house of the girl you used to love, who melted your heart.'"

The men survive on what they call "the mujahedeen's lunch."

"We eat mostly canned food, mortadella, tuna and some chocolate," said Mr. Hussein. "But yesterday we had fried potatoes, and sometimes we make eggs."

Mr. Hussein -- who joined Hezbollah in 1982 to fight a previous Israeli occupation of Lebanon that ended in 2000 -- has covered a large ring on his right index finger with tape. The ring glistens in the sun and might be picked up by a trolling Israeli drone, he fears, but it's his lucky charm, engraved with a prayer to Ali Ibn Abu Talib, revered by Shi'ites as the rightful successor to the prophet Muhammad.

"It says 'Ya Ali,' and it protects me. It's been blessed at a number of religious shrines," he said.

The fighters pepper their narrative of resistance with references to Islamic history.

"Muslims have the battle between Muhammad and the Koraysh," said Mohammad, referring to the prophet's early struggle against Mecca's merchant class.

"There was a big difference in the numbers between the two parties, but the prophet Muhammed fought and won. God said, 'Don't worry, I will assist you with angels you can't see.' "

Hezbollah fighters, now scattered throughout the south, "are as numerous as those angels," he said.

Despite their pious rhetoric, the Hezbollah fighters are not heartless killers in the al Qaeda mold, the men said.

"We don't love killing," said Mr. Hussein. "We look at all people as brothers. We deal with people as people, regardless of religion, but we will defend our land, our honor and our dignity.

"Just as we love martyrdom, we also have love for life; we don't want to die just to die."

Charity Wins Deep Loyalty For Hezbollah (NYT)

By Sabrina Tavernise

The New York Times, August 6, 2006

TYRE, Lebanon, Aug. 5 — Hezbollah paid for his wife's Caesarean section. It brought olive oil, sugar and nuts when he lost his job and even covered the cost of an operation on his broken nose.

Like many poor Shiites across southern Lebanon, Ahmed Awali, 41, a security guard at an apartment building in this southern city, has received charity from Hezbollah for years. He says he is not a member. He does not even know the names of those who helped him.

Hezbollah fighters move like shadows across the mountains of southern Lebanon; its workers in towns and villages, equally as ghostly, have settled deeply into people's lives.

They cover medical bills, offer health insurance, pay school fees and make seed money available for small businesses. They are invisible but omnipresent, providing essential services that the Lebanese government through years of war was incapable of offering.

Their work engenders a deep loyalty among Shiites, who for years were the country's underclass and whose sense of pride and identity are closely intertwined with Hezbollah.

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Their presence in southern Lebanon is so widespread that any Israeli military advance will do little to extricate the group, which is as much a part of society as its Shiite faith.

"The trees in the south say, 'We are Hezbollah.' The stones say, 'We are Hezbollah,' " said Issam Jouhair, a car mechanic. "If the people cannot talk, the stones will say it."

Hezbollah is nowhere but everywhere. In this city, the gateway to the fighting and the location of several of southern Lebanon's largest functioning hospitals, clues about its fighters surface daily.

A doctor at one of the hospitals, Jebel Amal, said it currently had about 450 patients. Hospital officials, however, seemed eager to show off a few wounded women and children, but would not allow access to any other patients.

On Wednesday, a mass funeral was canceled. Authorities cited the security situation. Minutes later, the sound of rockets being launched swooshed from an area near where the burial was to have been held.

"Just because I'm sitting here in this café doesn't mean I'm not a resistance fighter," said Haidar Fayadh, a cafe owner, who was smoking a water pipe as his patrons sipped tiny plastic cups of coffee near pictures of Sheik Hassan Nasrallah, the leader of Hezbollah.

"Everyone has a weapon in his house," he said. "There are doctors, teachers and farmers. Hezbollah is people. People are Hezbollah."

The group is at once highly decentralized and extremely organized. Mr. Awali, whose job as a guard pays $170 a month, far lower wages than average, ran out of money for food shortly after his second daughter was born. He mentioned this to one of his neighbors, and days later, people with bags of groceries showed up at his tiny one-room apartment.

"They just put it down in the middle of the room and left," said Yusra Haidar, Mr. Awali's wife, sitting on a stoop outside their building, her young daughters, now 6 and 9, eating grapes at her feet.

But it was the health insurance, when Ms. Haidar was facing a difficult pregnancy, that saved the family. They applied for and received the insurance by submitting photographs and filling out paperwork. Someone from Hezbollah — he did not identify himself — came to inspect their apartment, and ask about their finances, checking their application.

They were issued a medical card that they can use in any hospital in Lebanon, Mr. Awali said. The $1,500 needed to pay for Ms. Haidar's Caesarean section was now taken care of. Mr. Fayadh's brother also is covered by the insurance, an alternative to state insurance that the group has made available to poor people for only about $10 a month.

"This is what Hezbollah does," Mr. Fayadh said, with the Hezbollah station, Al Manar, flashing on the television screen behind him.

Most connections with the group are indirect. Its fighters are a part of the population, and identifying them can be close to impossible. On a mountain road not far from the Israeli border on Tuesday, a beat-up, rust-colored Toyota was parked with its doors open. Several men in ordinary clothes were standing on the road. They were in a hurry. One was carrying what appeared to be a hand-held radio, the trademark Hezbollah talking tool.

"No photo, no photo," he said, walking away from the car.

The next day, the same man, in the same clothes, was standing in a hospital parking as hospital authorities were preparing to bury 88 bodies in a mass grave.

"They are ghosts," said Husam, a thin unemployed man in a black T-shirt who was waiting for coffee at Mr. Fayadh's shop. "Nobody knows them."

Mr. Jouhair, the mechanic, says his son, Wissam, is a medic at the hospital in Bint Jbail, a town that is now largely leveled after Israeli fighter jets bombed it last week. Mr. Jouhair worked to avoid questions about his son, but it seemed clear he had been helping heal wounded fighters.

Hezbollah's help for Mr. Fayadh came in the form of a canceled electricity bill. Some months ago, a bill amounting to thousands of dollars came for his café. He could not pay it.

"Hezbollah intervened for me to get the price down," he said, fiddling with his empty plastic cup. "They said, 'This is insulting for the people.' "

The bill came from Beirut. The electric company had sent out bills for a large sum before, something that was particularly frustrating for Mr. Fayadh, who had to transfer his four children from private to public school two years ago, because he could no longer afford the $1,000 annual fee for each child. He blamed the government of former Prime Minister Rafik Hariri, which he said was corrupt and arrogant, ignoring the needs of southerners.

That sentiment is expressed by many here, who see themselves as separate from the Lebanese in the north and center of the country who support a government coalition that is often referred to as March 14, for the day in 2005 when thousands rallied to support them.

"I don't trust them," Mr. Jouhair said, as a Hezbollah station played on a radio under a small tree near his tire changing shop. "They do not represent me."

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Hezbollah members also act as silent police, keeping tabs on neighborhoods. Members in cars cruise about, stopping and asking questions at any sign of commotion. Late Friday afternoon, in a suburb of Tyre, men gathered to speak to a visitor and, within minutes, a bearded man in a button-down blue shirt and belted slacks walked up to the group.

"What's going on here?" the man said, squinting in the sun. "What is she asking about?"

Residents identified the man as the Hezbollah security officer in the neighborhood. He carried a hand-held radio and fielded three cellphone calls in the course of a few minutes. He refused to identify himself. When asked about Hezbollah in the area, he replied, "Hezbollah is us, from the smallest child to the oldest man."

The deep attachment to Hezbollah here has its roots in recent Lebanese history. In the Israeli invasion in 1982, Shiites across the south welcomed the Israelis, because they had come to fight the Palestinians, who had made their lives difficult for years. But as the occupation dragged on, Israelis came to be hated by the Shiites here, a feeling that is now passed on to small children growing up in the Lebanese south.

"What is that sound?" said Hani Rai, a neighbor of Mr. Jouhair, directing the attention of his small daughter Sara to the whine of a drone in the sky. "Voices of Israeli planes."

Sara, who is only 3, can already recite a chant glorifying Mr. Nasrallah.

Now, Hezbollah's military branch is separate from its social works, but in its early days it began together, organizing water delivery for people in Dahiya, the Shiite area in south Beirut, the scene of some of some of the most complete destruction in this war.

Several residents who knew Hezbollah members said they were trained and groomed for up to five years before becoming full-fledged members. The military wing is so secretive that sometimes friends and family members do not know a loved one is a part of it.

Mr. Rai said he was stunned to learn that a close friend of his, Muhammad, was a Hezbollah fighter. He learned of his membership only after his killing some years ago. His body was returned to his family in an Israeli military prisoner exchange, Mr. Rai said.

"When he would leave for a mission, he would say, 'I'm going to Beirut,' " he said.

Mr. Rai has also been helped by Hezbollah: It paid for a relative's heart operation.

In Tyre, even in this time of war, the group is still as elusive as ever. On Saturday afternoon, after Hezbollah fought Israeli commandos for several hours here just before dawn, men with serious faces, several of them bearded, walked purposefully through the halls of Hakoumi Hospital. Several stood by a large stack of coffins. One studied a list. Another looked distraught, his hair disheveled, his clothes unkempt. When a reporter approached, they turned and walked in the other direction.

"You are sitting here. Do you see anybody from Hezbollah?" said the hospital director, Dr. Salman Zainedine. "I've been here for a long time. I haven't seen one Hezbollah body in this place."

Syria Rejects Mideast Cease-fire Plan (AP)

By Bassem Mroue, Associated Press Writer

AP, August 7, 2006

Syria's foreign minister declared Sunday that a U.S.-French cease-fire plan was "a recipe for the continuation of the war," between Israeli and Hezbollah, which he said the Jewish state cannot win.

As he spoke, Israeli warplanes struck a few miles away in the Beirut's southern suburbs, a Hezbollah stronghold.

Walid Moallem, on his first visit to Lebanon since Damascus ended a 29-year military presence in its smaller neighbor last year, said only a complete Israeli pullout would entice Hezbollah guerrillas to stop fighting.

Arab League Secretary-General Amr Moussa landed in Beirut and told reporters at the airport that he came to consult with the Lebanese government on "ways to stop the Israeli aggression on Lebanon."

Moussa, who met earlier in the day in Syria with its president, Bashar Assad, will take part in an Arab League foreign ministers meeting in Beirut Monday.

Moallem, the former Syrian envoy to Washington, said his nation's armed forces were under orders to respond immediately to an Israeli assault.

"If Israel attacks Syria by any mean, on the ground, by air, our leadership ordered the armed forces to reply immediately," he said after emerging from a meeting with Lebanese President Emile Lahoud.

Israel has issued repeated pledges not to attack Syria.

After meeting the speaker of Lebanon's parliament, Moallem said "whoever believes they can liquidate Hezbollah with their huge military ... is under an illusion."

"The war ends with an immediate and unconditional cease fire, a full Israeli withdrawal to the border and the return of refugees to their homes," he said.

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Moallem reached Beirut by road, crossing into Lebanon at a northern border point, the National News Agency reported. He met with his Lebanese counterpart, Fawzi Salloukh, in the northern port city of Tripoli and said during that stop that "Syria is ready for the possibility of a regional war if the Israeli aggression continues."

Moallem said the U.S.-French draft resolution had "adopted Israel's point of view only," and, underlining his support for Hezbollah, said that "as Syria's foreign minister I hope to be a soldier in the resistance."

Moallem's visit comes amid strained relations between Lebanon and Syria resulting from the Feb. 14, 2005, assassination of former Lebanese Prime Minister Rafik Hariri. A U.N. investigation has implicated several Syrian officials in the murder.

Syria denied any involvement in the Hariri assassination, which led to an international isolation of Damascus.

Prompted by the crisis that followed Hariri's assassination, Syria withdrew its troops from Lebanon in April 2005, ending a 29-year military presence.

After The Rockets, A Scourge Of Fires (WP)

By Jonathan Finer, Washington Post Foreign Service

The Washington Post, August 6, 2006

Israeli Veterans Help Fight Blazes in North

ROSH PINNA, Israel, Aug. 5 -- Their day began at dawn and ended at dusk, and they landed only to refuel and reload. Artillery shells and rockets whizzed past their windscreens as they swooped and soared, dive-bombing targets near Israel's northern border Saturday.

Since the war here ignited more than three weeks ago, Aharaon Berenson and Svika Rosen, two decorated combat pilots, have been among the busiest airmen around, with no days off and too many missions for too few men.

But Berenson and Rosen are not fighting Hezbollah. They're fighting fires caused by the militant group's unprecedented barrage of rockets.

The two graying veterans of Israel's 1973 Yom Kippur War are part of a team of 10 professional crop-dusters drafted back into service by the government to help control blazes caused by rockets pummeling the dry earth. On Saturday they spent nine hours in the air, battling a dozen infernos, dropping water and a flame-retardant red chemical from their tiny, yellow propeller planes.

"This is our part in the war," said Berenson, 58, stretching his legs and chugging black coffee during a brief afternoon respite at Rosh Pinna's tiny Mahaneim airfield, a few miles from the border. "This is the most beautiful part of Israel, and we're not going to let them turn it black."

Just as he untied his boots and began to unzip his orange flight suit, a radio blared to life with word of new fires, including one chewing its way up a hillside toward a clutch of low-slung homes in nearby Tzfat. He and Rosen jogged to the runway, climbed aboard their still-idling planes and took off at 3:05 p.m., 12 minutes after he had landed.

More than any other conflict in Israel's history, the past three weeks have required herculean efforts from the country's emergency services: police officers and medics, hospital workers and firefighters. The 1967 and 1973 wars against Arab countries, like the 1982 invasion of Lebanon, were far bloodier for the soldiers than this war has been. But never before has the country's civilian population been so directly in the line of fire.

"All the wars until now were inside Lebanon or Syria or Egypt," said Moshe Mosko, a spokesman for the national fire and rescue commission. "Now it's inside Israel itself."

Hezbollah's rocket attacks have recently averaged more than 200 a day, keeping emergency crews dashing to remote corners of the country at a moment's notice.

"The only time that comes close was a period in the second intifada, in 2002, when the suicide bombings were happening almost every day," said Yonatan Yagodovsky, an official with Magen David Adom, Israel's main emergency service. "But I think this is far worse than even the busiest of those days. It is very, very constant in dozens of communities all day long. There is simply no rest."

The group, which has 270 ambulance crews on hand throughout the north, has been rotating up to 40 medics at a time from parts of the country that are beyond rocket range. Medical centers have also shifted to a war footing. Haifa's Rambam Hospital, the main trauma center in the north, has cleared patients out of north-facing buildings, lined up beds at the main entrance in anticipation of the next attack and converted its cafeteria into a ward for treating shellshocked patients.

Commanders of Israel's police force, which is largely responsible for coordinating emergency responses, say they feel particularly helpless against the rocket barrages.

"Usually I have the feeling that I can protect my public," said Nir Mariash, the police chief in Haifa, Israel's third-largest city and the place where more people have been killed by rocket attacks then anywhere else. "When it comes to things like terrorism, we've probably prevented hundreds of attacks by arresting people before they could hit us. But in this case there is nothing we

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can do except respond as fast as possible. Like everyone else, we hear the sirens and wait and see where they fall. It's frustrating."

Fires, the main threat to life and property besides the rockets themselves, have blackened broad swaths of once-verdant hillside across the north, consuming 35,000 acres of wilderness and more than a half-million trees, Mosko said.

They raged all over northern Israel again Saturday after an early afternoon rocket volley. Inside the firefighters' control room at Rosh Pinna airport, Yochai Brenner, a marketing executive for the crop-dusting firm, barked orders into the radio. Because of all the Israeli artillery fire coming from the nearby hills and valleys, he said, he tries to direct the planes away from active batteries.

"The war is the first time I have ever done this," he said. "But it took me a short time to learn."

The pilots call their current job more difficult than dog-fighting with enemy aircraft.

"This period is by far more intense. In the Yom Kippur War there were so many pilots, so we got some breaks. We don't," said Rosen, who said he was forced to eject over Egypt during that conflict and spent several months as a prisoner of war. "Here you have smoke and 2,500-foot cliffs and all the shooting. You have to go very low till you almost touch the fire. You better know the ability of your plane, or you'll be in a deep one."

Rosen and Berenson spent two hours Saturday over Tzfat, where by 3:30 p.m. the blaze was crackling and churning just across a narrow road from Itzak Tibi's house, his wife and three children peering nervously from inside. Tibi focused a feeble stream of water on the ground, hoping to stop the rampaging fire, he said, as the planes circled high above.

"I don't know what else to do," Tibi said. "I can't leave my house to burn."

One plane, then the other, began to dive at breakneck speed, coming within a few yards of the road. With the flames lapping at its wheels, one spewed a trail of red chemical into the blaze, soaking Tibi and a few neighbors gathered to watch.

But, despite pass after pass by Rosen, the flames kept coming, engulfing the neighborhood in a thick fog of smoke. Then the warning sirens sounded across Tzfat, signaling more rockets on the way.

Tibi ran inside and told his family to pack. They emerged minutes later, each with a little bag. Tears streamed down his two daughters' faces, from smoke or fear or both. His son was wearing only one flip-flop. They piled into a white Suzuki sedan and drove away.

A half-hour later, however, the fire's spread had been halted by the pilots' barrage. They returned to Rosh Pinna, content to let it burn itself out. Back at the airport, just before dusk, they sat in the control room, their hair streaked chemical red, their faces exhausted.

Another pilot joined them, and they swapped stories and smoked cigarettes for a while before the radio squawked again, asking for someone to make another run at a fire near the Sea of Galilee.

"I'm sorry," Rosen said, rising from his chair and grabbing his helmet. "I am to be running."

Special Correspondent Tal Zipper contributed to this report.

Besieged Beirut Hopes For Arrival Of Fuel Tankers (WT)

By Betsy Pisik, The Washington Times

The Washington Times, August 6, 2006

BEIRUT -- Lebanese authorities are waiting anxiously for the arrival of two ships carrying fuel oil, a lifeline that will keep the power grids and water pumps from failing in this war-ravaged country.

The ships -- the Aphrodite and the Tom Gunhild -- have been moored in Cyprus for nearly a week, awaiting a guarantee of safe passage through the Israeli blockade.

Without that, the owners say, insurance is too costly and they cannot make the eight-hour voyage across the Mediterranean.

"The situation is getting terribly critical; in a few days, we won't have any fuel left," said a aide to the Lebanese Cabinet. "The country imports 80 percent of everything consumed here; we have a weak industrial sector."

Shortages have begun to grip the Lebanese capital, which until now has remained relatively well-stocked with food and other necessities.

Rolling blackouts and gasoline shortages have forced many Lebanese to stay at home to conserve fuel and money. Motorists have been lining up for rationed gasoline.

"We have gone to three different gas sites today," said Joseph Saouma, who sells Oakley sunglasses in Lebanon, Syria and Jordan. "Otherwise, we don't go out. My office is closed, and we must keep a full tank in case we have to leave soon," he said, gesturing north toward Syria.

The government has set gas prices at about $3 per gallon, for those who can find gas.

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Shortly after dawn on Friday, Israeli air strikes destroyed four bridges north of Beirut, severing the last major supply routes from Syria. Between the blockade and the impassable roads, aid workers and retailers say they feel the crunch.

The U.N. World Food Program "is extremely concerned about destruction along what has been the main supply route as it will greatly hamper our ability to deliver essential goods and emergency personnel from the north and across the border in Syria," the organization said.

The United Nations has moved 10 convoys to southern Lebanon, the hardest-hit region in the country, and the International Committee of the Red Cross has received two ferries full of humanitarian supplies.

But getting flour, milk powder and potable water into isolated villages has proved especially difficult.

In the capital, small grocery stories have seen little or no fresh dairy products for weeks, since planes bombed Lebanon's dairy-processing factory, Liban Lait, east of Beirut.

"Last week, the milk was bad, but I heard from a neighbor that this yogurt is good," said a well-dressed woman with six tubs of yogurt in her grocery basket.

She insisted she is not hoarding, "but bringing some to my children and some to other families."

The Tom Gunhild and the Aphrodite are carrying 30,000 tons of fuel and 50,000 tons of diesel, respectively.

The Israeli government gave "concurrence" for the ships to dock, but a representative of the ships' owners told the United Nations, which is negotiating the paperwork, that insurance will be too expensive without a written guarantee.

Beirut Theater Opens Doors To Refugees (AP-Y)

By Donna Abu-nasr, Associated Press Writer

AP2, August 6, 2006

Al-Madinah Theater was supposed to show art films this summer. Instead it has become a home to scores of refugees, and a cultural oasis where their children can act, draw and watch movies.

So far, 85 people have taken shelter from Israeli attacks, laying mattresses in the dressing rooms and wide corridors of two underground floors. In an office building above the theater, 125 others have taken refuge.

Volunteers show up daily at the theater on Hamra Street — several miles from Israel's relentless bombardment of southern Beirut — to give art and drama workshops to help the displaced youth channel pent-up fears and anger into creative expression.

On the main stage, children scamper around their drama teacher, their giggles echoing through the cavernous theater. On a lower floor, youths bend over sheets of paper, drawing trees, butterflies and, in some cases, scenes from the hostilities that have forced them out of their homes in Beirut's suburbs and southern Lebanon, where Israel is focusing its strikes on Hezbollah militants.

Word of the workshops has reached other refugee centers, and the number of children attending has swelled from about 30 to more than 100 on some days.

"These activities have made us forget the war and the horrible things we have seen on TV," said 14-year-old Abbas Khazem.

Randa Asmar, the theater's executive director, said that, shortly after the violence began on July 12, some staff members brought relatives to take shelter in the theater.

When the theater's director, renowned actress Nidal al-Ashkar, heard about it, she ordered the theater opened to more refugees, whom she insisted be made to "feel at home," Asmar said.

The cultural activities are being coordinated by al-Jana, a non-governmental agency funded by the European Union and the United Nations that promotes active learning and creativity, especially in low-income Lebanese areas.

Sharif Abdunnur, a drama teacher at the American University of Beirut, said that during their first days in the theater, the scenes the children would be improvising on stage would quickly turn into fights.

"I had to put them on opposite ends of the stage," Abdunnur said. "There were lots of pent-up emotions, lots of aggression."

Today, the children are much more disciplined, said Abdunnur. The teenagers even put on a play by Abdunnur Thursday called "Laughter Under the Bombs," which revolved around the current hostilities.

Due to lack of money, the set consisted of a few folding chairs and only house lights — instead of more powerful stage lights — were used.

While Abdunnur works with his budding actors, artist Said Baalbaki supervises children in an art workshop in a hall one floor below.

One of 20 children there on a recent day, 9-year-old Dalia Khalifah dipped her brush in red paint and with quick strokes drew the image of a demonstrator burning an Israeli flag.

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"They're doing it because the Israelis want to occupy their land," said the native of the southern village of Arab Saleem, a white scarf completely covering her hair.

Her cousin, 11-year-old Nadine Khalifah, sat cross-legged on the floor next to her, drawing a tree.

"I'd love to draw something about the war, but I don't know how to express it," she said. "I chose a tree because it represents Lebanon's steadfastness."

Baalbaki, who lives in Berlin, said the children draw a lot of homes or scenes from nature, such as butterflies and the sea. He said war images did not appear in the children's first drawings.

"I don't know if this is out of denial or because the children left before the bombardment intensified," he said.

Such images now are appearing in some children's work probably as a result of watching war scenes on TV or copying from other children. One picture, Baalbaki said, showed an ambulance carrying two dead people and one injured person. Another child drew a nest that she later smeared with black to indicate the birds were dead, said Baalbaki.

"Art is a way for them to express themselves," Baalbaki said. "It's a kind of therapy."

Many displaced Lebanese, meanwhile, are living in schools or parks.

"We're better off than others," said Laila Barakat, who fled from the southern village of Bzibddin with her son and daughter shortly after the fighting erupted. "I'm glad my children have somewhere fun and safe to spend their days."

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On the Net: http://www.al-jana.com

Global Marches Protest Israeli Offensive (AP-Y)

By Jill Lawless, Associated Press Writer

AP2, August 6, 2006

Thousands of people marched in Britain, South Africa and Egypt Saturday to protest the Israeli offensive in Lebanon, some demanding an immediate halt to the fighting and others pressing for sanctions against Israel.

Protesters in Cairo demanded that Egyptian authorities let them fight in Lebanon with Hezbollah militants battling Israeli forces.

Police in London said 20,000 people joined a march past the U.S. Embassy to Parliament. Organizers — a coalition of peace, Muslim, Palestinian and Lebanese groups — put the turnout at more than 100,000.

"There should be an immediate cease-fire," said Jeremy Corbyn, a lawmaker from British Prime Minister Tony Blair's Labour Party, adding "the government's line is incomprehensibly wrong."

Blair has faced domestic criticism, particularly from inside his left-leaning party, for not calling for an immediate cease-fire. The United States and France agreed Saturday on a draft U.N. Security Council resolution that calls for a halt to the fighting between Israel and Hezbollah, but would allow Israel to defend itself if attacked.

Veteran peace campaigner Bianca Jagger, former wife of rocker Mick Jagger, said the British protest was not anti-Israel.

"I support the existence of Israel and I think we are wrong to say otherwise," she said. "But watching the images of innocent children dying as we have been for the last 24 days does not promote a peaceful solution in the region."

In South Africa, thousands marched through Cape Town to Parliament to demand sanctions against Israel.

Demonstrators carried pictures of Hezbollah leader Sheik Hassan Nasrallah. Some carried posters declaring, "Israel the new Nazis."

Protesters urged the South African government to recall its ambassador from Israel and sever diplomatic ties, impose trade sanctions, and prosecute South Africans who serve in the Israeli defense force.

Hundreds of Indonesians protested Sunday in at least two cities in the world's most populous Muslim nation, which has seen almost daily anti-Israel demonstrations since the fighting began.

"How many more children will have to die again?" said cleric Rita Cecirapanin, addressing about 500 protesters in the East Java provincial capital of Surabaya.

More than 2000 people marched in downtown Cairo, demanding authorities allow them to fight in Lebanon, police said.

The crowd shouted anti-Israel slogans and vowed to support the guerrillas.

"We will all be resistance in the Arabs' struggle against Israel!" they yelled. Some set Israeli and U.S. flags on fire.

The protest was organized by Egypt's banned, but tolerated, main opposition Muslim Brotherhood and the Lawyers Syndicate, the national attorneys' union.

The leader of the Muslim Brotherhood in Egypt, Mohammed Mahdi Akef told a local weekly edition newspaper Thursday that his group was prepared to send 10,000 "holy warriors" to help Hezbollah if the government permits.

Egyptian President Hosni Mubarak has said Egypt will not be dragged into the conflict militarily.

In Austria, about 350 people marched through central Vienna to protest Israel's military campaign.

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Pope Presses Bid To End Mideast Fighting (AP-Y)

AP2, August 6, 2006

Pope Benedict XVI called Saturday on Christians and others touched by his words to mobilize against the widening warfare in the Middle East, saying no good comes out of war, not even for the victors.

Benedict pressed his campaign for a rapid peaceful solution to the fighting between Israel and Hezbollah guerrillas in Lebanon during an interview with German media to be broadcast in Germany on Aug. 13.

"We want to appeal to Christians and to all those who feel in some way touched by the words of the Holy See so that all the forces which recognize that war is the worst solution for everybody are mobilized," the pontiff said, according to the Vatican release of one of his answers.

War "doesn't bring any good for anybody, not even for the apparent victors," Benedict said, according to the Vatican. "We know that well in Europe, following two World Wars."

Since the fighting erupted in mid-July, Benedict has made repeated pleas to end the hostilities.

Israel and its chief ally, the United States, have resisted such peace calls, saying efforts must be made for a "durable" settlement.

At his public audience Wednesday, Benedict said nothing could justify the spilling of innocent blood on any side.

Benedict has spoken out on the issue on every public occasion since the fighting began three weeks ago, reminiscent of his predecessor, the late Pope John Paul II, who, in using the moral voice of the Vatican, became a rallying figure for critics of the Iraq war.

The Beginning Of The End Of The Adventure (NYT)

By David Rieff

The New York Times, August 6, 2006

Until the conflict between Israel and Hezbollah broke out on July 12, the foreign policy pursued by the Bush administration in its second term was a source of increasing consternation to those who had most fervently supported its aspirations to rid the world of evildoers — that is, the thinkers and policy analysts identified with muscular neoconservatism. Writing in The Weekly Standard, William Kristol, the magazine's editor, accused the administration of pursuing policies that had allowed North Korea to test missiles with impunity and that had left the regime in Tehran "sitting pretty" — in short, of pursuing a "Clintonian" foreign policy, which is about as severe a condemnation as any upstanding neoconservative can deploy. For her part, Danielle Pletka, a Middle East expert at the American Enterprise Institute, recently told an interviewer, "I don't have a friend in the administration, on Capitol Hill or in any part of the conservative foreign-policy establishment who is not beside themselves with fury at the administration."

But Hezbollah's decision to break the de facto truce that it had maintained since Israel's withdrawal from southern Lebanon, and the subsequent Israeli onslaught, seems to have halted, at least for now, this maelstrom of criticism from the conservative advocates of a transformational foreign policy. Instead, it appears as if the analysts and pundits grouped around magazines like The Weekly Standard, and on such increasingly influential blogs as Power Line, are doing everything in their rhetorical power to urge the White House to return to the verities of regime change it espoused in the aftermath of 9/11 and settle accounts with the regimes in Syria and Iran that not only are backing Hezbollah, but, in the minds of neoconservatives at least, are also at the root of the problem in Iraq as well. Kristol summarized this position well when he wrote that "while Syria and Iran are enemies of Israel, they are also enemies of the United States.. . .This is our war, too." He added, controversially, that it was time to strike at Iran's nuclear facilities. "Why wait?" he demanded.

The idea that America has a special responsibility to combat tyranny around the globe has been a bipartisan assumption at least since the Truman administration. But in recent years, conservatives have been the most ardent proponents of aggressive regime change — witness their support for aiding the Nicaraguan contras and Jonas Savimbi's Angolan guerrillas in the 1980's. Today many conservative thinkers regard the Bush doctrine as the reiteration of the Reagan doctrine and take it as their sacred responsibility to promulgate such holy writ. But will their bellicose hopes be dashed in the coming weeks — as, historically, the hopes of the American right in Republican presidents so often have been (consider the Eisenhower administration's indifference to the Hungarian revolution in 1956, or the right-to-life movement's disenchantment with Ronald Reagan)?

There is a better-than-even chance that they will be. After all, despite what some of its spokesmen said at the start of the conflict, Israel is looking less and less willing to expend the blood and treasure necessary to deal a mortal blow to Hezbollah. The costs are just too high. America's U.N. ambassador, John Bolton, may insist publicly that there can be no negotiating with a terrorist organization like Hezbollah, but his boss, Secretary of State Condoleezza Rice, sent the opposite message when, during her lightning visit to Beirut in late July, she met with Nabih Berri, the Shiite speaker of the Lebanese Parliament and Hezbollah's

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unofficial interlocutor with Western governments. It is one thing for President Bush to present Israel's campaign against Hezbollah as part of the wider global war on terrorism and quite another to open another front in that war when the fate of Iraq hangs in the balance and American commanders are faced with the necessity of committing more troops to what even the U.S. military is now beginning to characterize, rather desperately, as the battle for Baghdad.

Neoconservatives still speak confidently of the moral clarity of America's agenda in the Middle East, but after more than three years of war in Iraq, this moral clarity is all but gone as far as the American people are concerned: according to a recent New York Times/CBS poll, half of the public thinks that whether we stay in Iraq a few more years makes "no difference" to America's security. It is highly unlikely that this same public could be persuaded of the urgency of another war in the Middle East, another war on evil that will transform the region for the better. The president's own party may need persuading as well: anyone doubting this need only look at how many Republican officeholders are putting as much distance as possible between themselves and the war in Iraq as they seek re-election in the fall. Airstrikes against Syria and Iran may be contemplated by both American and Israeli war planners, but a boots-on-the-ground war is a nonstarter for both Jerusalem and Washington, and bombing alone cannot produce regime change.

By allowing Israel to continue its harsh bombing campaign in Lebanon for weeks, the administration could have things both ways: practice a policy of restraint and lend its support to an ambitious scheme for regional transformation. But sooner or later, the U.S. is likely to put its weight behind some sort of compromise and cease-fire. Hawks within the administration may be calling for boldness, but Iraq gave boldness a bad name. That war has exhausted all of us, the Bush administration and the American public alike, and exhaustion breeds caution. There are worse ways to look at the world.

Kennedy: Jury's Out On U.S. Democracy (AP-Y)

By Mark Niesse, Associated Press Writer

AP2, August 6, 2006

The United States is not making the case for freedom, democracy and Western law to the rest of the world, Supreme Court Justice Anthony Kennedy said Saturday.

"Make no mistake, there's a jury that's out. In half the world, the verdict is not yet in. The commitment to accept the Western idea of democracy has not yet been made, and they are waiting for you to make the case," Kennedy said in an address to the American Bar Association.

Kennedy, 70, said he fears many parts of the world are not yet convinced that the American form of government as designed by the framers of the Constitution guarantees a better way of life.

"Our best security, our only security, is in the world of ideas, and I sense a slight foreboding," he said.

Kennedy, a moderate justice who has become a key swing vote on the Supreme Court, argued that the meaning of the phrase "rule of law" must be made clear in order to spread the cause of freedom to other countries. He avoided singling out specific nations.

He said the rule of law has three parts: it must be binding on all government officials, it must respect the dignity, equality and human rights of every person, and it must guarantee people the right to enforce the law without fear of retaliation.

"Americans must understand that if the rules of law have meaning, such as hope and inspiration for the rest of the world, it must be coupled with the opportunity to improve human existence," Kennedy said.

The United States' quest to spread freedom will only succeed if people in other countries accept the promises made by a democratic government, he said.

"For us, law is a liberating force. It's a promise, it's a covenant that says you can hope, you can dream, you can dare, you can plan," he said. "We must explain to a doubting world where the verdict is still out."

Kennedy, who has served on the Supreme Court since 1988, urged the attorneys in the audience to do their part to work for the preservation of basic rights and uphold the principles of the American justice system.

American Bar Association President Michael Greco discussed some of the same themes as he introduced Kennedy.

"Any threat to liberties and human rights in one country is a threat to the citizens of all nations," Greco said. "The most fundamental responsibility of members of the legal profession is to ensure that the law is used as an instrument to advance the basic principles of justice, fairness and equality."

Iran Says Will Expand Nuclear Activities (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, August 7, 2006

Iran vowed Sunday to expand its uranium enrichment, defying a U.N. Security Council deadline for it to suspend its nuclear activities by the end of the month or face the threat of political and economic sanctions.

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Top nuclear negotiator Ali Larijani's statement was Tehran's first warning since the resolution passed that it could step up its atomic program. It suggested Iran is feeling emboldened in its main confrontation with the West, over its nuclear program, as Europe and the United States scramble to deal with the escalating violence between Israel and Lebanon-based Hezbollah militants.

"We will expand nuclear activities where required. It includes all nuclear technology including the string of centrifuges," Larijani said, referring to the equipment Iran uses to enrich uranium, which can be used as fuel for a nuclear reactor or fissile material for an atomic warhead.

Iran also gave its Hezbollah allies a green light to keep fighting in Lebanon, saying that the United States — which put forward a cease-fire plan with France Saturday — can't be a mediator in the crisis because of its support for Israel.

The U.S. has "no right to enter the crisis as a mediator" in the Mideast fighting, hard-line Iranian President Mahmoud Ahmadinejad said in a telephone conversation with his top ally, Syrian President Bashar Assad, according to a report on Ahmadinejad's official Web site.

"They (the U.S.) think that through the U.N and the Security Council they can achieve the goals which they could not achieve militarily," he said.

The outbreak of fighting between Israel and Hezbollah — triggered by a July 12 militant raid into Israel that ended with the capture of two Israeli soldiers — has moved the focus of the Security Council's attention from its efforts to halt Iran's uranium enrichment program.

Many in the U.S., Europe, the Arab world and Israel accuse Iran of fueling the warfare in Lebanon through Hezbollah in a bid to show its regional strength. Iran denies that it is arming the guerrillas and says it wants a cease-fire — but on terms fair to Lebanon.

Meanwhile, the United States and many in Europe also accuse Iran of seeking to develop nuclear weapons, though Iran denies the claim, saying it aims only to generate electricity.

Larijani denounced the July 31 U.N. nuclear vote as "illegal" and said, "We reject this resolution."

Larijani said Iran intends to meet Tehran's previously announced goal of responding by Aug. 22 to a package of incentives put forward in June by the U.S. and Western nations to entice Iran into suspending enrichment.

The United Nations said the sanctions threat in the deadline would be revoked if Iran accepts the package — but the resolution reflected Western impatience over the months Tehran has taken to respond to the offer.

Larijani said the deadline threat was "contrary" to the incentives package and blamed the West for damaging efforts for a diplomatic solution.

"We were expected to hold talks ... to remove ambiguities ... but they issued a resolution (at the U.N. Security Council) and killed it (talks). They should explain why they damaged the path of dialogue," he said.

Larijani insisted the U.N. had no right to require Iran suspend enrichment, saying his country has not violated any of its obligations under the Nuclear Nonproliferation treaty. He said any expansion of enrichment would remain under the supervision of the U.N. nuclear watchdog, the International Atomic Energy Agency.

The U.S. and France agreed last week on a draft U.N. resolution calling for a cease-fire, but Hezbollah has effectively rejected it, saying it doesn't address Lebanese demands and would leave Israeli troops in Lebanon for the time being.

Saeed Laylaz, an Iranian political analyst, said the Mideast fighting has prompted Iran to toughen its line on the nuclear issue and "conclude that the West is intent on confronting Iran. It shows how the situation has exacerbated in the Mideast."

A cease-fire on the terms laid out in the draft resolution could be a setback for Hezbollah, which has won support across the region by the tougher than expected fight it has put up against the Israeli military.

Iran's comments Sunday signaled that it wouldn't back down easily on either front, Lebanon or the nuclear issue.

Iran's state-run radio said in a commentary that Iran was serious in its defiance of the U.N. resolution demanding a suspension of enrichment.

"Iran stands ready to pay the necessary price in defending the rights of the Iranian nation," it said.

Russian Firms Decry U.S. Sanctions (AP-Y)

By Vladimir Isachenkov, Associated Press Writer

AP2, August 6, 2006

Russia's state-controlled arms trader and top aircraft maker criticized Washington Saturday for imposing sanctions on them over dealings with Iran. The defense ministry said the move reflected U.S. annoyance at arms sales to Venezuela.

The companies — Rosoboronexport and Sukhoi — were among seven companies Washington said violated a U.S. law known as the Iran Nonproliferation Act of 2000. The law is aimed at preventing the spread of weapons of mass destruction to Tehran.

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The announcement was made in the U.S. Federal Register, which reports on official federal actions. The U.S. State Department had no comment on the sanctions announced Friday.

Under the sanctions, the U.S. government is now prohibited from dealing with any of the companies. Russia's Foreign Ministry has said the move would threaten future partnership between the two nations. The Russian Defense Ministry on Saturday blasted the sanctions as "ungrounded."

"The sanctions apparently are a U.S. reaction to the Russian breakthrough on the Venezuelan arms market," it said in a statement carried by the ITAR-Tass news agency.

Venezuelan President Hugo Chavez visited Russia last month and sealed a deal to buy 24 Sukhoi Su-30 fighter jets and 53 military helicopters. Along with an earlier contract to manufacture Kalashnikov assault rifles, the deals were estimated to cost around $3 billion.

Those deals make Russia Venezuela's main arms supplier to the strong dismay of the United States, which banned arms sales to Venezuela in May.

Officials at Sukhoi, Russia's top manufacturer of fighter jets, said the company had not sold equipment to Iran since the 1990s.

"We haven't shipped any products to that country in the last eight to 10 years," Sukhoi spokesman Vadim Razumovsky said Saturday in televised remarks.

Sukhoi's deputy director, Alexander Klementyev, told Ekho Moskvy radio that Sukhoi had shipped some hardware to Iran in the 1990s through Rosoboronexport, Russia's top state-controlled arms exporter, but did not specify what items it sold.

Rosoboronexport director Sergei Chemezov said in a statement broadcast by Channel One television Saturday that his company only shipped defensive weapons to Iran in conformity with international law.

"Many foreign companies, including those from NATO member states, have conducted similar supplies," Chemezov said.

"The introduction of these sanctions could have a negative impact on the Russian-U.S. partnership in countering illegal supplies of counterfeit Russian-designed military gear to Iraq and Afghanistan," Chemezov said in an apparent reference to Soviet weapons produced without license in many countries across the globe.

Along with the two Russian companies, the Bush administration also imposed sanctions against two businesses from India, two from North Korea and one from Cuba.

Chavez: Castro Out Of Bed And Talking (AP-Y)

By Anita Snow, Associated Press Writer

AP, August 7, 2006

Fidel Castro was out of bed and talking following his intestinal surgery, Venezuela's president said Sunday as messages wishing the Cuban leader a quick recovery poured in from Latin America's leading leftists and Elian Gonzalez.

Cuban officials have provided no details and released no pictures of Castro since his surgery was announced last Monday — fueling speculation around the world about his condition. Raul Castro, the defense minister, also has not been seen in public since the announcement.

"How are you, Fidel?" Venezuelan President Hugo Chavez said during his weekly TV and radio program, suggesting he believed the Cuban leader was watching. "We have reliable information of your quick and notable recuperation."

"Fidel Castro, a hug for you, friend and comrade, and I know you are getting better," Chavez said.

Talking by phone with Bolivian President Evo Morales later during the program, Chavez said that Castro was bouncing back quickly.

"This morning I learned that he's very well, that he is already getting out of bed, he's talking more than he should — because he talks a lot, you know. He has sent us greetings," Chavez said.

Morales said he was glad to learn of Castro's recovery, and "what's left is for him to be incorporated into the battle of his country" again. Saying Castro was like an "older brother," Morales added, "We hope to see our friend Fidel soon."

Before Castro fell ill, Morales had promised to travel to Havana for Castro's 80th birthday on Aug. 13 and bring him a cake made from the flour of coca leaves.

Former Nicaraguan President Daniel Ortega arrived in Havana from Nicaragua late Saturday and said: "I am sure that we will soon have Fidel resuming his functions and leading his people."

Elian Gonzalez, the Cuban boy at the center of a dramatic international custody battle six years ago between his relatives in Miami, Fla. and his father in Cuba, joined the list of people wishing Castro a swift recovery.

"We send you this letter to let you know that we are worried about your health," Elian Gonzalez, now 12, wrote to Castro along with his half-siblings and cousins. The letter was published Sunday in the Communist Youth newspaper Juventud Rebelde.

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Morales, a leftist elected in December as Bolivia's first Indian president, said his government would send a high-level mission to Havana in the coming days, according to his spokesman Alex Contreras.

In a message to Castro on Tuesday, Morales referred to the Cuban leader as his "friend and brother" and wished him a speedy recovery "to continue in the trenches in the anti-imperialist struggle."

Cuban Vice President Carlos Lage on Saturday denied reports that Castro had stomach cancer and said the Cuban leader has "been made well by the operation and is recuperating favorably."

In Washington, Secretary of State Condoleezza Rice said Sunday the United States wants to help Cubans prepare for democracy but is not contemplating an invasion of the island in the wake of Castro's illness.

"The notion that somehow the United States is going to invade Cuba, because there are troubles in Cuba, is simply far-fetched," Rice told NBC television. "The United States wants to be a partner and a friend to the Cuban people as they move through this period of difficulty and as they move ahead. But what Cuba should not have is the replacement of one dictator by another."

Cuban authorities have beefed up security by mobilizing citizen defense militias, increasing street patrols, and ordering decommissioned military officers to check in at posts daily.

Roman Catholic Cardinal Jaime Ortega, the island's top churchman, called on parishioners Sunday to pray for the Castro's health, peace on the island, and fraternity among all Cubans, both here and abroad.

"We pray for the fatherland, for Cuba, and those who are leading it," Ortega told reporters in brief comments after his regular Sunday Mass at the cathedral in Old Havana.

Outside another church, a group of political prisoners' wives known as the Ladies in White held their weekly silent march after Sunday Mass without interruption by authorities.

No Photos Of Castro Since His Surgery (AP-Y)

By Andrew Selsky, Associated Press Writer

AP2, August 5, 2006

The Cuban government has provided no details on Fidel Castro's health and released no pictures of the leader since it announced Monday night that he was having surgery and handing power to his brother.

Cubans were told in a statement attributed to Castro that most details of his health would be kept "a state secret" to prevent the island's enemies from taking advantage of his condition.

Most Cubans have insisted that they are sure Castro will recover and that the government will function fine until then. But others have privately expressed worries that their leader may be more sick than the world knows.

Speculation around the world has filled the information void.

In Brazil, the daily Folha de Sao Paulo ran a story Saturday saying "Cuban authorities" informed Brazilian President Luiz Inacio Lula da Silva and his party's leaders that Castro's health is worse than publicly acknowledged. The newspaper reported Castro, 79, apparently has abdominal cancer, and that the unidentified Cuban authorities said he would be too incapacitated to reassume power.

But hours after the newspaper hit the streets, Silva's office took the unusual step of shooting down the story.

"There's no truth to the news published today," said Andre Singer, Silva's spokesman. "The president has ... not received any information from Cuban, or any other authorities, on the alleged diagnosis published by the newspaper."

Folha, however, said it was standing by its story.

"The information was obtained from aides of President Luiz Inacio Lula da Silva," the paper said in a statement, adding that it will publish its response to Silva's denial in its Sunday editions.

Cuban officials have insisted that Castro is recuperating and alert.

On a trip to Bolivia, Cuban Vice President Carlos Lage said Saturday that Castro is recovering satisfactorily from surgery and denied the cancer report.

"He is coming along well. He does not have stomach cancer," Lage told reporters.

Health Minister Jose Ramon Balaguer said the same thing on Friday while visiting Guatemala. Cuban Parliament Speaker Ricardo Alarcon said in comments broadcast Saturday — recorded Thursday — that Castro "remains in stable condition" and "is resting in order to recover as quickly as possible."

But Cuban officials have kept silent on what precisely is ailing Castro, where he is and what surgical procedure he underwent.

In Miami, home to a large Cuban exile community, the information void has led some of the local media to ask medical experts and exile leaders to speculate.

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"I was getting a call every 15 seconds or 30 seconds," said Ramon Saul Sanchez, head of the Cuban exile group Democracy Movement, adding that some of his interviewers asked him to make conjectures on whether Castro is dead. He said he responded that there is nothing to do but wait.

Omar Montejo, a spokesman for the University of Miami School of Medicine, said he has fielded calls all week from local and national media looking for medical experts. He said he gets calls for gastrointestinal specialists, and sometimes oncologists, on the assumption Castro could have cancer.

"The first day or so there was a lot of media calls trying to see if our medical experts could come up with an educated diagnosis based on the little bit of information that we had," Montejo said. "At one point we considered a news conference simply because we were getting so many calls."

Montejo said it's hard for doctors to comment in the absence of more concrete information or a diagnosis.

In a piece that appeared Saturday in the Venezuelan newspaper El Nacional, columnist Fausto Maso was pessimistic about Castro's chances.

Under the headline "The interminable death of Fidel Castro," Maso wrote: "He will be able to live some time more, but in an operation like that at his age, up to a fourth of those who enter the operating room die and those who survive are left with their days numbered."

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Associated Press writers Jessica Gresko in Miami and Tales Azzoni in Sao Paulo, Brazil, contributed to this report.

Cuban Dissidents Fearful Of Retaliation (AP-Y)

By Laura Wides-munoz, Associated Press Writer

AP2, August 5, 2006

Dissidents in Cuba's eastern provinces say the country's military has beefed up its presence on the streets and is telling citizens they have permission to respond with force against anyone who speaks out against the government.

In a series of interviews conducted by phone in Miami on Friday, dissidents told The Associated Press they are fearful about retaliations against political opponents of the government.

"Everybody now knows that Fidel is ill, but everyone is waiting," said Juan Carlos Gonzalez Leiva, 41, an attorney from the province of Ciego de Avila. "They are wondering what is going to happen. There is a grave silence. It's like being in the center of a hurricane."

Gonzalez, who became blind as a child and went on to study law in Havana, was accused in 2002 of insubordination to Castro and spent more than two years in prison. His case gained international attention after Amnesty International called for his release.

Gonzalez said officials met with neighborhood watch groups on Tuesday to encourage them to look out for anyone who might speak against Castro.

"My concern right now is for the political prisoners in this country, and what could happen to them," Gonzalez said.

He said that on Wednesday night a mob came to the home of Yamile Llanes, who is the wife of Jose Luis Garcia Penequi, and threatened her. Garcia was among one of 75 political opponents rounded up by the Cuban government in 2003 and accused of being on the U.S. government payrolls. Both the dissidents and Washington denied the allegation. He remains incarcerated.

Gonzalez said he and others are asking that the government hold free elections and urged other Cubans not to participate in mob attacks, or "repudios" as they are called, against dissidents.

Gonzalez said his wife fled to the United States last year after being repeatedly harassed in government-sponsored attacks, but he refused to leave.

"Yes, everyone would like to live in liberty, but there are commitments you make for country and people," he said.

Eliecer Consuegra Rivas, 33, said that neighbors had told him that government officials had been meeting with neighborhood watch groups and telling him they had permission to respond with force against anyone criticizing the government.

Two other dissidents interviewed by The Associated Press made the same charge.

The Miami-based nonprofit Cuban Democratic Directorate, which provides support to dissidents in Cuba, patched through the calls to the other dissidents. The group receives funding from the U.S. government through the International Republican Institute and the National Endowment for Democracy.

In Banes, in the Holguin province, Guillermo Llanos Ricardo, 30, said the town's only independent library was surrounded by citizen patrol groups checking the identification of anyone seeking to enter.

"These are well-known groups that have incited violence against dissidents in the past," he said.

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Meanwhile, Eliecer Consuegra Rivas, 33, the head of the opposition group Eastern Democratic Alliance in the city of Antilla also in Holguin, attributed the relative calm on the streets to fear of reprisal. He said he has been repeatedly warned not to speak out informally by neighbors and officially by government representatives.

"The messages they are getting to us every day are that we shouldn't leave our home or talk," said the former elementary school basketball coach. "They tell people not to have pity. And that they should do what they want with those they see demonstrating against the government."

Consuegra, who supports the Varela project led by renowned Cuban activist Oswaldo Paya, said he was accused in July of owning a stolen fax even though he showed officials a receipt that proved he bought the machine from a government-run store.

Rice: Invasion Of Cuba Is 'Far-fetched' (AP)

AP, August 7, 2006

The United States wants to help Cubans prepare for democracy but is not contemplating an invasion of the island in the wake of Fidel Castro's illness, Secretary of State Condoleezza Rice said Sunday.

"The notion that somehow the United States is going to invade Cuba, because there are troubles in Cuba, is simply far-fetched," Rice told NBC. "The United States wants to be a partner and a friend to the Cuban people as they move through this period of difficulty and as they move ahead. But what Cuba should not have is the replacement of one dictator by another."

Still, Cuban authorities have beefed up security by mobilizing citizen defense militias, increasing street patrols, and ordering decommissioned military officers to check in at posts daily.

Cuba's vice president said Castro is recuperating well after surgery for intestinal bleeding. The ailing leader turns 80 on Aug. 13. On Monday it was announced that Castro had temporarily handed over power to his brother Raul, 75.

Rice said, "My message to the Cuban people would be that they have an opportunity, as this unfolds, at home to build a stable and more democratic Cuba."

When asked whether the United States expects large numbers of Cubans to flee the island for America, Rice said that U.S. officials have worked "to tell the Cuban people that their future is at home, and no, a mass exodus is not to be expected, nor would it be condoned."

Businesses Eye Return To A Post-Castro Island (LAT)

By Miguel Bustillo, Times Staff Writer

The Los Angeles Times, August 6, 2006

"Cuba libre" can't come soon enough for those in the coffee, cigar and gaming industries. Nor for exiles eager to set up shop again back home.

MIAMI — The Souto family fled Fidel Castro's Cuba four decades ago with nothing but their good name and a love of café Cubano that no dictator could take from them.

Through years of hard work, the Soutos went from hand-delivering bags of roasted beans on the streets of Little Havana to owning a multimillion-dollar coffee conglomerate that makes most of the specialty espresso sold in the United States.

But something is still missing from their rich and potent Café Pilon brand: actual Cuban coffee. If Cuba's communists fall from power — a moment many exiles consider imminent now that Castro is ill — the family plans to fix that by phasing out arabica beans from Ecuador and Guatemala in favor of beans from Cuba's Sierra Maestra region.

"The day Cuba is free, we will be back in that market," said Jose Enrique Souto, 63, who left the island as a teenager and joined his father in the family business. "It will not be easy, because there is no infrastructure," he said. "But someday soon, we will be selling Café Pilon in Cuba, and eventually, we will be making coffee there again.

"I know that in my heart."

Filled with a passion to recreate the elegant Cuba of their forefathers — and to trade on the public's enduring fascination with the island's fabled cigars, anejo rums and sultry nightclubs — exiles and their children are dusting off old ideas to make money from Cuba's potential reconstruction.

Restoring the grand old homes of Havana and taking back family tobacco plantations and sugar mills are among the ambitious dreams of Cuban immigrants — those who became millionaires in Miami, as well as those who never regained their wealth.

"I don't think a day goes by that my father does not dream about going back to Cuba," said Christian Eiroa, president of Camacho Cigars, a company that grows fine tobacco in Honduras but longs for a return to the Bordeaux of cigars, Cuba's Pinar del Rio region.

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"The people who made the Cuban cigar industry are the people who left," added Eiroa, 34, who was born in Honduras and runs the business with his father Julio, a 67-year-old Cuban exile. "We built that industry, and we will build it back."

Corporations banned from doing business with Cuba under the U.S. embargo of the island also are assessing potential investments, though they are doing so more cautiously.

The most obvious interest comes from the gambling and tourism industries, which have long marveled at the untapped potential of a Cuban coastline, less than 100 miles from the United States, that once was considered the jewel of the Caribbean.

During Cuba's tourism heyday in the 1950s under dictator Fulgencio Batista, Havana casinos, such as the Riviera run by mobster Meyer Lansky, rivaled those of Las Vegas.

"Cuba's gaming history certainly demonstrates that a casino resort would work there," said Gordon Absher, a spokesman for MGM Mirage, the world's second-largest gambling company. "It's a special island. Like many other locations, we would be interested in looking at Cuba if gaming there became a real possibility."

Amid the excitement, however, some Cuba experts are voicing caution.

John S. Kavulich, the founder of the U.S.-Cuba Trade and Economic Council, said he gave the following advice to an executive from a multibillion-dollar American corporation: "Do not fuel up your corporate jet. Do not reassemble your Cuba team. Do nothing.

"The lawyers and consultants that have been trumpeting the illness of Fidel Castro as a business opportunity are usually trying to line their own pockets," added Kavulich, now a senior advisor to the nonprofit group.

The Helms-Burton Act, a 1996 law that toughened the U.S. embargo of Cuba, specifically forbids the United States from recognizing any transition government headed by Raul Castro, Fidel's brother, who is now in power in Cuba. So even if Raul Castro attempted to usher in economic reforms, as some believe he might, American companies could not take advantage.

What's more, Cuban exiles who lost everything when Castro seized assets and nationalized the island's industries have filed more than 6,000 claims for compensation with the U.S. government. Resolving the thicket of property rights disputes if a new government is established in Cuba is expected to take years. In the meantime, uncertainty over who really owns land in Cuba could have a chilling effect on reinvestment.

Then there is the crumbling state of Cuba's roads, waterworks and telephone networks, which are in even worse shape than those of the former communist states of Eastern Europe.

"This is a country where almost nothing has happened for 50 years," said Julio Alvarez, a leading Miami architect. His company, Wolfberg Alvarez & Partners, conducted a study of Cuba's electrical grid, which found it prone to blackouts because it was pieced together with incompatible old Soviet and U.S. equipment.

But the biggest challenge to massive outside investment may be working with the more than 11 million residents of Cuba, who will surely want more than a token role in their country's reconstruction.

One of the more grandiose proposals for rebuilding Cuba — a Florida International University master plan funded by Miami developer Sergio Pino — contemplates moving out all Cubans currently living in Havana while the old town is redeveloped, presumably for the Cubans in Miami.

"This is not about money for a lot of people. But some people have an arrogant attitude in Miami," architect Alvarez said. "They need to understand that the people down there [in Cuba] are not going to let them come in and make all the decisions."

Over the years, Cuba experts have noted, Fidel Castro has masterfully conjured up the specter of a Miami "mafia" eager to hoard the spoils of Cuba as a way to foster fear of a return to capitalism. His favorite boogeyman was Jorge Mas Canosa, a fire-breathing anti-Castro exile leader who lobbied U.S. presidents to take a harder stand against Cuba. (Mas Canosa died in November 1997.)

His multimillionaire son, Jorge Mas Santos, has tried to assure those in Cuba that they have nothing to fear from the exiles.

"For years, the Cuban government has spread propaganda that the Cubans in Miami want to take everything back," said Mas Santos, who heads the Cuban American National Foundation, the powerful lobbying group his father founded. "But there is nothing more that Cuba can give me. There is a lot I can give Cuba."

The Souto family, which has been in the coffee business since the 19th century, believes it has something to offer Cuban consumers that they have lacked since capitalists left the island: a really good shot of espresso.

Their company, Rowland Roasters, roasts the most popular espresso brands in the United States, including Café Bustelo and Medaglia D'Oro, as well as Café Pilon and Café Souto. Although Starbucks and other companies sell more coffee that is used to brew espresso drinks such as lattes and cappuccinos, Rowland is the market leader in coffees specifically roasted for the purpose.

The family's plan in Cuba is to begin by selling, not making, Café Pilon. It was once the island's most popular brand, after all, with the assistance of an advertising jingle by salsa songstress Celia Cruz.

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Once the Soutos broaden the market for their products, they plan to slowly ramp up Cuban coffee production. It is a riskier venture that may not yield a profit for years, because long-neglected coffee bushes will have to be replanted.

"You are talking about almost 12 million people who we know love our style of coffee because they did before," said Jose Enrique Souto.

"But this is more than business for us," he said. "It's about reviving the mystique of Cuban coffee and taking back what was taken from us."

Perhaps the most famous example of Cuban exiles longing to reclaim treasures of the past is the Bacardi rum family, which has never forgiven Castro for seizing its original factory in Santiago de Cuba.

Bacardi officials declined to discuss the company's post-Castro plans. But a famous piece of Bacardi lore, immortalized in company literature, speaks volumes. It tells the story of El Coco, a stately palm planted by the founder's son Facundo M. Bacardi in the front of that first factory. As the business expanded, the family built around the tree to respect its seniority.

Months before Castro seized the factory and began using it to make rum in the name of his revolution, El Coco withered and died. But it was never forgotten. Bacardi, now a global powerhouse, puts a palm in front of every factory it builds. And the Bacardis have always vowed that they will plant another, in a spot dear to them.

"One day, hopefully not too far away, a new coconut palm will be planted in Santiago de Cuba," the Bacardi website declares. "This palm will be planted in the same patch of green earth where Facundo Bacardi planted the coconut palm in 1862."

For A Post-Castro Cuba, Castro Lite (NYT)

By Anthony Depalma

The New York Times, August 6, 2006

EVEN from his sickbed — or what delirious crowds in Miami last Monday had for a time believed was his deathbed — Fidel Castro was obsessed with how history would judge him. In a statement outlining a new provisional government headed by his brother Raúl, he exhorted Cubans to continue the long revolutionary struggle during his absence, repeating, as always, that "imperialism will never vanquish Cuba."

With his bushy beard and his booming anti-American rhetoric, Mr. Castro, who turns 80 next Sunday, will linger in the Cuban imagination far into the future as a double image — one, the romantic revolutionary of 1958, promising Cuba equality, prosperity and independence; the other, the prisoner of a half-century of confrontation with the United States that kept Cuba from evolving in a way that could deliver on the promises.

Today, many experts say that any successor loyal to the Castro revolution may have to chip away at his legacy in order to save it. The Cuban people may revere his memory, but they will also demand change.

Hardliners within the regime remain. But rank-and-file soldiers, long deprived of promotions and mobility, will want the military to stop running hotels and resorts and return to the role of a traditional military. Small-scale entrepreneurs, who tasted free enterprise with their small restaurants and fruit stands, will want a freer economy. Intellectuals will want the state security apparatus dismantled. And the majority of Cubans — poor and powerless — will demand a chance for a better life than they've known under Fidel.

Cuba has survived all these years on the largesse of "padrones" who shared Fidel Castro's disdain for Washington — first the Soviet Union with its sugar subsidies, now Venezuela with its cheap oil. But counting on such friends for the long term, rather than reforming Cuba's economy and entering the global markets for trade and capital, seems a risky bet at best. And without Fidel Castro's mythic presence to draw them, those friends might be tempted to wander.

Last week, as Mr. Castro lay in a hospital recovering from intestinal surgery, it seemed entirely possible that he would never retake the same tight-fisted control of the government, and that a long-awaited transition had begun.

But change will have to be done carefully. Most of the 11 million Cubans on the island today were born after Mr. Castro came to power and have known only his Communism. So despite the decrepit housing, the wasting food shortages and a repressive security system that can make a whispered complaint the basis of a jail sentence, Fidel Castro remains an admired figure to them. He has allowed no statues of himself, but his visage on posters, billboards, television and newspapers is as familiar to Cubans as the sky.

Every action that Raúl Castro, 75, or any other successor takes will be measured against a simple standard: Does it honor Fidel Castro's popular legacy, or tear it down? One Cuba expert, Marifeli Pérez-Stable, a scholar at the Inter-American Dialogue in Washington, says that a successor will have to do both.

As a hero of the revolution himself, and a prominent figure since, Raúl Castro is one of the few people who could change the nation's course. But even for him, it would not be easy.

Ms. Pérez-Stable says, for example, that any successor will face what she calls a straitjacket if they want to start reforming the economy. "Whatever is left of Fidel's revolution," she said, "will constrain the future of any successor."

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The most powerful constraints that remain are virulent anti-Americanism and a centralized economy run on an ideology that broke down long ago.

Mr. Castro used anti-Americanism to build his political power at home, his reputation in Latin America, and his strategic alliance with the Soviet Union during the cold war, as well as to form his current bonds with Venezula's Hugo Chávez.

But the American embargo that followed the rebels' triumph froze Cuba out of any hope of building a future based on trade with the biggest economy in the Americas.

Canada, Mexico and many other countries continued to do business with Cuba, asserting that the way to deal with Mr. Castro is to engage him, not isolate him. Appreciating his defiance of the economic giant in whose shadow they also lived, they kept trading with him even when he could not pay his bills.

But with Mr. Castro out of the picture, that degree of enthusiasm could easily dry up, leaving a potential successor with only more difficult options.

One option lies in China. Raúl Castro has visited there and expressed admiration for that nation's ability to meld economic openings while preserving Communist power. It could be a model for Cuba, but ideological hard-liners in the government would strenuously object.

Cuba could continue to rely on Venezuela's revolutionary solidarity and its oil, but that would leave Cuba at the mercy of Mr. Chávez — and dependent on his longevity in office.

Or, in what may be the most problematic solution, Cuba could accept some form of cooperation with the United States. But any Cuban leader who did that might be accused of making Fidel Castro turn in his grave.

Moreover, in recent years Mr. Castro has placed young "Fidelistas" in key political, ideological and economic positions within the government. They would try to keep a successor from straying too far from Mr. Castro's devotion to the cause of anti-imperialism.

After all, Cuban resentment of the United States as an interventionist power predates Mr. Castro, just as his own anti-Americanism predated his Communism, and it was Mr. Castro's titanic talent for getting under the skin of American presidents that made him a hero throughout much of the third world.

Even today, that popularity survives in large parts of Latin America — as reflected in the recent successes of Mr. Chávez in Venezuela and of Evo Morales in Bolivia — and it provides the most likely scenario for immediate support for a Castro loyalist to keep Cuba going.

In lands where free trade and open economies — the methods favored by Washington — have not delivered a better standard of living, attacking Washington is a popular political stand, and Mr. Castro's own economic failures do not seem to matter. So continued support from Mr. Chávez, in particular, could give any successor a way to keep Cuba afloat without change for some time.

China, with its keen interest in Cuban nickel, could continue to develop its Cuban market ties at the same time.

But China also offers any successor of Fidel Castro a game plan for change and political survival.

In Beijing today — a city experiencing explosive growth based on China's accommodation to the global market — a huge portrait of Mao still hovers over Tiananmen Square, and crowds throng Mao's mausoleum. William Ratliff, a research fellow at Stanford's Hoover Institution who is an expert on Cuba and China, said that despite the brutal repressions of Mao's rule, most Chinese continue to admire him.

He said China's ability to honor Mao, even as it tears down the economy he set in place, could provide a model for Cuba.

"Maybe Raúl's next trip to China should be to study image making," Mr. Ratliff said.

Gregory Rodriguez: Cuba Libre! (LAT)

Gregory Rodriguez

The Los Angeles Times, August 6, 2006

Cuban Americans will have to craft a new identity if the island turns democratic.

FIDEL CASTRO once famously acknowledged that his revolution required an "enemy," an "antithesis," a "counterrevolution" in order to develop. For nearly half a century, Cuban Americans have also largely defined themselves, socially and politically, in opposition to their enemy, Castro's regime.

Preferring to see themselves as exiles rather than as immigrants, Cubans in the United States cling to a powerful exodus story — full of loss, longing and redemptive possibilities — that has given meaning to their hardships and inspired their impressive climb up the American social ladder. Last week, news of Castro's incapacity sparked speculation about what a post-Fidel Cuba would look like. But there's another pressing question: What will become of Cuban Americans if and when the island opens up?

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All cultural groups like to think of themselves as unique, but Cubans, and especially Cuban Americans, have a grand sense of exceptionalism. Their genesis tale in the United States is about exile, not immigration — the "ideology," according to Lisandro Perez, sociologist at Florida International University, that "they were … driven out, impelled to leave by a government and by a political system."

This sense of uniqueness — combined with hatred for Castro and the fact that Cuba is an acknowledged U.S. enemy — has enabled Cuban Americans, who make up one half of 1% of the U.S. population, to play an outsized and pivotal role in American politics and foreign policy.

One only need consider the Cuban Refugee Adjustment Act of 1966. Until the law was amended in 1996, all Cuban migrants, no matter their documentation, were allowed to apply for permanent resident status after one year in the U.S. Since 1996, the "wet feet/dry feet" policy has prevailed: Undocumented migrants caught off the coast of Florida are sent back to Cuba; those who make it to U.S. soil are still generally allowed to stay. Once admitted, they become eligible for federal refugee benefits.

Exceptionalism is strongest among the first generation of refugees who arrived after the revolution in 1959. They fought fiercely to remain culturally Cuban and made their longing to return to a liberated Cuba their calling card. They established a network of institutions to preserve their customs and traditions and to influence U.S. policy toward their homeland. They gravitated toward the Republican Party largely because of the GOP's tougher stance toward Castro.

Although U.S.-born Cuban Americans are not as politically focused on Cuba, the strident anti-Castro politics of the exile generation nonetheless defines the entire population to the rest of the United States. Though most U.S.-born Cuban Americans have never visited the island, many have inherited a romantic vision of the homeland from their parents and grandparents. After 50 years, the captive state of the mother country still serves as the organizing principle of Cuban American identity.

AND YET, at some level, Cuban Americans also understand that their exile state is a fiction. A 2004 survey of residents of Miami-Dade and Broward counties, Fla., where three in five ethnic Cubans in the U.S. reside, reveals that the majority do not consider it very likely that they will return to live on the island if it becomes a democracy. If and when the island opens up, Cuban Americans may finally have to acknowledge that they are in the U.S. by choice and begin to see themselves more as a traditional immigrant group. "Exile identity is always in opposition to something," says Cornell historian Maria Cristina Garcia, "but if the source of our opposition evaporates, then we'll have to rethink our identity as Cubans in the United States."

That doesn't mean that some Cuban Americans would not forge close ties to a post-communist Cuba. Businesspeople in particular would be well poised to help integrate a newly capitalist Cuba into the global economy. A post-communist island would also likely draw large numbers of visitors. But contact with their "homeland" may just cement the differences between the "two Cubas."

"Some [Cuban Americans] will visit and feel very Cuban," says Uva de Aragon, associate director of the Cuban Research Institute at Florida International University, "while others will realize how American they are."

The advent of a new democratic era also would probably spell the end of Cubans' privileged immigration status. That would result in declining numbers of newcomers, which would in turn deprive Cuban culture in the U.S. of the reinforcement it has long received from refugee arrivals.

And with the issue of communism off the table, Cuban American political organizations would be instantly deprived of their raison d'etre, and Cuban American voters could lose their special influence in U.S. politics. Described by some as Democrats with a Republican foreign policy, an increasingly diffuse Cuban American electorate could potentially gravitate away from the GOP.

None of this, however, necessarily spells an end to Cuban Americans' historical sense of uniqueness. "Being Cuban is a like an illness," says De Aragon, "a virus that is both hereditary and contagious. That island will continue to occupy our imaginations."

Mexico Tribunal Rejects Demand For Vote Recount (NYT)

By James C. Mckinley Jr.

The New York Times, August 6, 2006

MEXICO CITY, Aug. 5 — A seven-member electoral tribunal on Saturday unanimously rejected a demand from the leftist candidate for president for a complete recount of votes, setting the stage for more protests by thousands of his supporters who have camped out in the capital, claiming the election last month was fraudulent.

Later in the day, the candidate, Andrés Manuel López Obrador, a former Mexico City mayor who champions the cause of the poor, refused to accept the ruling at a raucous rally in the Zócalo, the city's historic central square. He called on his followers to continue a campaign of civil disobedience in support of a full recount. He gave no hint of what the next move in that campaign would be.

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"We demand that the magistrates rectify their decision because they have the ability and the moral responsibility to do it," he said, as a crowd of several thousand chanted "fraud, fraud."

During a two-hour morning session, the judges ordered that the votes in the July 2 election be recounted in only 11,839 of the 130,000 polling places.

They rejected Mr. López Obrador's argument that there were enough human errors and, in some instances, enough evidence of fraud to warrant recounting all 41 million votes. They also noted that his Party of the Democratic Revolution had failed to challenge the results in 70 electoral districts, and that under the law, those results must stand.

Leonel Castillo, the chief judge of the electoral tribunal, defended the integrity of Mexico's electoral system in general, saying fraud was nearly impossible because citizens chosen at random and trained to be poll workers were responsible for counting the vote on election night.

"Citizens provide the certainty of the computation process," he said. "This is the method and the way that the law makes the elections certain."

Other judges echoed his view, rejecting Mr. López Obrador's contention that there was a plot among poll workers in some states to pad his opponent's totals.

"The election method is ingenious," Magistrate Mauro Miguel Reyes Zapata said.

Lorenzo Cordova, a law professor who specializes in election law, said that if the recount revealed signs of fraud, the court could order more ballot boxes opened. "It opens the door to the possibility of knowing if Mr. López Obrador's accusations have merit or not," he said.

Protesters camping out in the Zócalo clung to that hope.

"What is certain is that a lot more problems are going to emerge from the partial recount," said Pedro Ramos, 42, a civil engineer from Culiacán, Sinaloa, one of about 100 from his state camping on cots.

Others said the ruling was no surprise, since they consider the panel to be part of a corrupt power structure bent on protecting the interests of President Vicente Fox's party and its allies among business leaders.

"They are rats," Gregorio Silva, 54, an unemployed sailor, said of the judges. "We're going to keep up the pressure on this corrupt government. We'll take the airports, the highways, where it hurts them most."

Last month, an official tally handed a narrow victory to Felipe Calderón, the conservative candidate from Mr. Fox's governing National Action Party. The count showed Mr. Calderón won by only 243,000 votes. Mr. López Obrador has argued that there were arithmetical errors in at least 72,000 polling places and evidence of fraud in about 600.

Over the last month, Mr. López Obrador has said repeatedly that he will accept nothing less than a recount of all the votes cast.

Outside the courthouse, about 200 protesters burst into shouts as news of the ruling spread, hurling insults about the judges and blocking the doors so no one could leave.

In recent days, political operatives connected to Mr. López Obrador have told of a move afoot to bribe the panel, though they offered no proof.

A spokesman for Mr. López Obrador, César Yañez, said the candidate was closeted with his closest advisers, hammering out a plan of action. His supporters have already blockaded the main artery of the capital, Avenida Reforma, for miles, tying up traffic and hurting businesses. In his speech, he said he would unveil the next stage of the protest Sunday.

The judges ruled there were arithmetic errors and other irregularities that warranted a recount of votes in about 10 percent of the polling places. Those polling places are located in 145 of the 300 electoral districts and 26 of the 32 states.

Chief Magistrate Castillo said Mr. López Obrador's lawyers had failed to provide enough evidence of irregularities to throw the entire count into doubt.

Instead, the panel voted to order electoral judges in those states to conduct the partial recount over five days starting Wednesday. After the recount, they will rule on whether to annul the results from those polling places and to accept the new totals. Next, the judges must certify that the election was fair and name the new president-elect by Sept. 6.

For his part, Mr. Calderon, a 43-year-old former energy minister, remained silent Saturday. Lawyers for his party said the ruling seemed fair and hoped it would clear up doubts about the outcome.

But Mr. Lopez Obrador made it plain nothing short of a complete recount would dispel the doubts he and his supporters had about the election.

"They have the money and the power, but we have our principles and the backing of the people," he told the crowd. "The people are our principle resource."

Partial Vote Recount Ordered In Mexico (WP)

By Manuel Roig-franzia, Washington Post Foreign Service

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The Washington Post, August 6, 2006

Court's Decision a Setback For Populist LÃ³pez Obrador

MEXICO CITY, Aug. 5 -- In a setback to the presidential hopes of AndrÃ©s Manuel LÃ³pez Obrador, a special electoral court refused Saturday to order a full recount of votes from the disputed July 2 election -- something his supporters have demanded during a week of sit-ins that have strangled this mega-city's downtown.

The Federal Electoral Judicial Tribunal, a 10-year-old cornerstone of Mexico's democratic transition, instead ordered a more limited recount, starting Wednesday, of ballots cast in just 9 percent of polling places. The unanimous decision sparked angry jeers in tent cities set up by demonstrators on busy thoroughfares and raised fears that a peaceful protest movement could turn violent.

Moments after the court ruled, flatbed trucks heavy with protesters chanting, "Vote by vote, polling place by place" poured into the streets. Demonstrators leaned through the bars of a metal fence surrounding the tribunal's compound and chanted, "Bandits, rats, thieves! " "They're putting at risk the peaceful stability of the country," federal legislator Emilio Serrano screamed into a bullhorn outside the court. "We're prepared to die in the fight."

LÃ³pez Obrador, however, urged tens of thousands of his followers in Mexico City's large downtown square, the Zocalo, to continue peaceful civil resistance.

The tribunal's decision greatly increases the chances of victory for Felipe CalderÃ³n, a free-trade booster from the National Action Party of outgoing President Vicente Fox. Top advisers to LÃ³pez Obrador, a populist champion of the poor, said privately that they have almost no chance of overturning the results with such a small recount.

But there is still a possibility that the election saga, which has gripped Mexico for more than a month, could take more twists. Some legal experts believe the tribunal could still annul the election before its Sept. 6 deadline if it finds blatant errors after the limited recount, which is expected to take five days.

The recount will be conducted by Mexico's Federal Electoral Institute, an internationally respected body that LÃ³pez Obrador has accused of rigging computers to guarantee CalderÃ³n's half-percentage-point victory. The electoral institute's vote counters will be overseen by local judges.

The tribunal agreed to conduct recounts in 149 of Mexico's 300 regional vote tabulation centers. Rather than open sealed vote packets from all 130,400 polling places across the nation, the counters will examine ballots from 11,839.

LÃ³pez Obrador's lawyers may have made a glaring technical error. Tribunal spokesman Alberto Ruiz said the magistrates determined that a full recount was impossible because LÃ³pez Obrador challenged the results from only 174 regional vote tabulation centers. That automatically disqualified from the recount the centers that were not challenged, Ruiz said, as well as 25 centers where the court rejected recount requests.

LÃ³pez Obrador, of the Democratic Revolutionary Party, has slept for the last five nights in a tent on the Zocalo, while torrential rain and scattered snow pelted the area. Since the election, he has convened three huge demonstrations in the square, each larger and louder than the next. Last Sunday, officials in Mexico City said he drew 2 million demonstrators, though many here say that number was greatly inflated by the pro-LÃ³pez Obrador city government.

LÃ³pez Obrador has repeatedly said he would not accept the election results without a full recount. A growing number of political commentators in Mexico are saying that LÃ³pez Obrador has raised enough doubt about the outcome to create a legitimacy problem for CalderÃ³n if his victory is upheld.

National Action Party spokesman Herman Martinez said the court's decision Saturday was "correct" and would "give certainty" to the nation. CalderÃ³n's lawyers had argued that a full recount was illegal under Mexican law. LÃ³pez Obrador's lawyers had countered that the law allows for full recounts under extraordinary circumstances, such as when widespread fraud patterns and illegal efforts to influence the outcome are found.

The decision was announced just before noon by Chief Magistrate Leonel Castillo, who appeared in a dark suit before a packed chamber in the tribunal's headquarters in southern Mexico City. Few here expected Castillo to announce a full recount. A month before the election, he told Milenio magazine that the court would reject any recount request, a statement that would likely have led to demands for a recusal in a U.S. case.

Court security officers sealed off the compound for nearly an hour after the announcement, preventing journalists, political aides and official observers from leaving because of concerns that protesters might rush in. But despite the angry rhetoric, the demonstrators eventually settled quietly beneath tarps to escape a driving rainstorm.

"It's absurd for them to talk of taking such an extreme, violent position," said Edith Cruz, a 24-year-old law student. Her sister, Mansela Cruz, 21, added: "The movement could get out of control if they don't give us what we want."

The conditions are ripe for an escalation of protests, which have already blocked entrances to Mexico's stock market -- causing a dip in stock prices -- and shackled downtown hotels. In nine days, summer break ends and tens of thousands of college students -- known here for quickly mobilizing aggressive protests -- will be pouring into the city.

No Full Recount In Mexico (LAT)

By Sam Enriquez, Times Staff Writer

The Los Angeles Times, August 6, 2006

Only 9% of voting places will be audited, a move likely to incite further protest from the left.

MEXICO CITY — The Federal Electoral Tribunal on Saturday unanimously rejected a petition for a full recount in Mexico's presidential election, setting the stage for escalating protests by supporters of losing candidate Andres Manuel Lopez Obrador who last week blockaded the capital's main boulevard.

In an evening address to thousands of followers in Mexico City's central square, the leftist candidate denounced the tribunal's decision to conduct only a partial recount and said he would announce the next step in his campaign of civil disobedience today.

"For us, it's very clear," he said. "If they refuse a full recount, that's proof that we won the presidential election…. They may have the money and the power, but we have what's most important — the people's support."

Lopez Obrador, whose campaign promised help to Mexico's many poor, says errors, fraud and a conspiracy by the elite tainted the July 2 election. He lost by less than a percentage point and has demanded a recount of all 41 million votes cast in an election that was supposed to showcase Mexico's transition to modern democracy. The result has divided the country.

Free-market conservative Felipe Calderon, who finished first by 244,000 votes, says he is the rightfully elected leader of Mexico. He argued against a recount, saying that there were no legal grounds and urging the court not to bow to protesters.

Lopez Obrador waged his recount campaign with the slogan "Vote by Vote." The former Mexico City mayor's strategy centered on this question: "In such a close election, why not erase doubts and count twice?"

The seven-judge tribunal agreed to recount votes cast at 11,839 polling stations in 26 Mexican states because of apparent arithmetic errors or other irregularities. Recounts must be based on evidence specific to a poll station, said Justice Alfonsina Navarro, not broad suspicion.

Chief Magistrate Leonel Castillo, arguing against a full recount, said Mexicans had already counted the vote in a system that gives ordinary citizens the job of running the national election.

Mexican polling stations are operated by trained volunteers, and the votes are counted in front of political party representatives before the results are marked on tally sheets and the ballot boxes sealed.

"They are citizens — not permanent members of state institutions — who are chosen randomly among their own neighbors to count the votes," Castillo said during a nationally televised broadcast of Saturday's session. "They verify, instant by instant, step by step, moment by moment. They're the witnesses."

The polling stations marked for recount — 9% of 130,488 such stations nationwide — represent millions of votes. The partial recount is to begin Wednesday and expected to take five days.

If Calderon did not benefit from any vote manipulation, then his lead would be expected to remain, statisticians say.

"We're confident this partial recount will confirm the transparency of the count by the people who participated in the July 2 election, and the subsequent victory of Felipe Calderon," said German Martinez, a spokesman for Calderon's National Action Party.

But if any evidence of fraud were to emerge in the partial recount, it could dramatically change the tribunal's focus and fuel the question of whether the election was tainted.

"Two things can happen now," said Lorenzo Cordova, a Mexican electoral law expert. "First, the results aren't substantially altered; say, errors are found but not substantial. But if important errors are found, the option for a new recount is opened."

Lopez Obrador's Democratic Revolution Party should consider the tribunal's decision a partial victory, Cordova said, "It will allow checking of a considerable number of polling stations to see if the manipulation of numbers really happened or not."

But thousands of Lopez Obrador supporters huddled under tarps on Paseo de la Reforma jeered the ruling as word spread along the encampments that stretch nearly five miles from Chapultepec Park to the central square, called the Zocalo.

"The tribunal showed they were accomplices to fraud," said Hipolito Bravo, 53, a camp leader and local councilman. "They sold themselves to the right, and now people are very angry. If there is a call for stronger actions, the people will follow."

Debate over a recount was largely academic until Lopez Obrador called on hundreds of thousands of supporters at a rally a week ago to camp out on the Zocalo and Paseo de la Reforma until the tribunal agreed to his demand.

The camps have evolved into festive communities serving hot meals and providing live music, movies, wrestling and other entertainment.

The street camps also have slowed traffic to a standstill and disrupted thousands of businesses, testing the patience of other Lopez Obrador supporters and further aggravating Calderon voters who endured three- and four-hour round-trip commutes.

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President Vicente Fox has so far deferred to local authorities, most of whom used to work for Lopez Obrador when he was mayor of the capital and still back him. Fox last week beefed up federal police forces at the international airport in case that becomes the next target of protesters.

The presidential election drew deep divisions between Mexico's more affluent north, which supported Calderon, and southern and central states that backed Lopez Obrador. Calderon supporters generally say they prospered from the free-market changes under Fox, who by law can serve only a single six-year term.

Lopez Obrador's campaign appealed to left-leaning middle- and upper-class voters, as well as the urban and rural poor who lost ground in Mexico's decade-long transition from a closed economy. He led in opinion polls for most of the last two years.

Shortly after the vote, Lopez Obrador submitted an 836-page appeal to the tribunal, which has the sole authority to certify or annul an election. He has not offered proof of fraud or witnesses to back his allegations of conspiracy.

The tribunal continues to study the allegations and has until Sept. 6 to declare a winner or annul the election.

Carlos Martinez and Cecilia Sanchez in The Times' Mexico City bureau contributed to this report.

Lopez Obrador Orders More Protests After Recount Rejection (MCT)

By Christina Hoag

McClatchy Newspapers, August 7, 2006

MEXICO CITY - Defeated presidential candidate Andres Manuel Lopez Obrador on Sunday urged supporters not to give up their fight for a full vote recount of the July 2 election, and announced a series of street protests to keep up pressure on authorities.

Among initial actions, Lopez Obrador said he would stage protests wherever President Vicente Fox appears in public and at a rally Monday night in front of the Federal Electoral Tribunal, which voted Saturday to recount ballots in just over 9 percent of the country's polling places.

He stopped short, however, of escalating the protests to block highways, government buildings and other strategic points as had been widely anticipated.

"We're not going to surrender," said the leftist former Mexico City mayor to thousands of cheering supporters gathered in the capital's main square, the Zocalo. "We may get tired physically but we're not going to tire of being who we are."

Lopez Obrador, of the Democratic Revolutionary Party, maintains he lost the presidency to the National Action Party's Felipe Calderon because of widespread fraud and arithmetic errors. He is insisting on a recount of all 41 million votes cast.

Calderon asserts the vote was free and fair. Although he opposed any recount, he said Saturday that he would accept the Tribunal's decision.

Thousands of Lopez Obrador's followers have been camping out in tents in the city's historic downtown and along its toniest street, Paseo de la Reforma, for the past week to urge the total vote recount.

The camps have created traffic havoc, enraging city residents and businesses.

The headaches will continue this week as supporters remain put and possibly expand their camps to other streets. On Sunday afternoon, they linked hands to form a human chain along the five-mile stretch of camps for 30 minutes, blocking traffic at a key intersection.

Lopez Obrador urged supporters to conserve their energy. "This struggle is going to be long," he said.

City Public Safety Director Joel Ortega said Sunday that he was prepared to get tough on protesters if they tried to block more streets. "Without going into detail, we're going to take more drastic measures," he said.

On Sunday, the camps were calm, resembling a typical afternoon in the park except for a heavy police presence. Organizers were holding "people's resistance parties" with music and shows on stages every few blocks along the boulevard as children played soccer and couples strolled arm-in-arm.

Maria Martinez Barrios, a seamstress and mother of eight from Mexico City, said she was prepared to fight for Lopez Obrador because he was the only candidate who would work to better life for the impoverished.

"We are defending our vote," she said. "We know Lopez Obrador won."

Political analyst Armand Peschard-Sverdrup, Mexico expert at the Center for Strategic & International Studies in Washington, D.C., said Lopez Obrador's continuing resistance is "a failed strategy" that he cannot ultimately win.

"I don't see the recount as necessarily opening the door to changing the outcome," the analyst said. "But Lopez Obrador is going to remain a thorn in the side of Felipe Calderon."

Hoag reports for the Miami Herald.

A Road Paved With Hope (WP)

By Monte Reel, Washington Post Foreign Service

DOJ_NMG_0044774

The Washington Post, August 6, 2006

Bolivia's Indigenous Travel Hundreds of Miles for Drafting of Constitution

LLALLAGUA, Bolivia, Aug. 5 -- About 40 people crammed into the back of the truck, some leaning against swaying side railings that threatened to completely give way with each turn. Dust from unpaved mountain roads billowed through cracks in the splintered floor. Every bump sparked a jarring current that started in the tailbone and climbed the spine.

Over the course of about 30 hours, the truck would take the group of Quechua and Aymara Indians on a journey from this highland mining and farming region to the city of Sucre, where a Constituent Assembly will be inaugurated Sunday to create a new Bolivian constitution.

Indigenous-led civil unrest toppled two presidents between 2003 and 2005, and redrafting the constitution to ensure more equality became a rallying cry for Bolivia's indigenous majority during that turmoil. December's election of President Evo Morales -- a longtime backer of constitutional reform who claims Aymara ancestry -- officially sealed a redrafting process that he calls "the re-founding of Bolivia."

Fueled by optimism and gallons of diesel, the pilgrims from Llallagua dismissed the crude conditions of their transport as mere afterthoughts. Less than a block into the trip, they lighted fireworks and began to sing. They banged on goatskin drums, played pan flutes and strummed charangos -- traditional Andean stringed instruments that resemble mandolins -- as the last of the town's adobe houses disappeared from sight.

This wasn't just a road trip; it was a party.

"Viva la Asamblea Constituyente!" they shouted.

On rural roadways all across Bolivia in the past few days, indigenous caravans like this one have snaked their way toward Sucre, about 250 miles to the southeast. Most of the people packed in the backs of the trucks won't have official business in the assembly. They went because they want to witness history, many said, and they want their presence to serve as a reminder to assembly members of the indigenous protests that led to the formation of the 255-member body.

"We're going to march through the streets and represent our people," said Roman Arosquipa, 28, one of several farm peasants who walked eight hours from the village of Jachavi on Thursday night to hop a ride on the truck from Llallagua. "The assembly is a great hope for us. We need to improve our lives, and we also need to preserve our culture."

Arosquipa's life centers on his small adobe house in the North Potosi region, the poorest pocket of the poorest country in South America. He grows crops such as corn and wheat -- not to sell in a market, but to feed himself and share with his neighbors. His house -- like all of them in Jachavi -- lacks electricity. He wears a colorfully embroidered vest with white fringe that indicates to other Indians that he's single, but his headgear is anything but traditional -- a Spiderman baseball cap.

Finding the right balance between the traditional and modern is going to be the biggest challenge of the assembly, according to political analysts. Although the indigenous community is well represented among the assembly members -- particularly among the 137 from Morales's party, the Movement Toward Socialism -- no one party or special interest has the two-thirds majority required to approve constitutional changes.

But even before the assembly has begun, tensions between those seeking to strengthen the presence of indigenous culture and those advocating other views have suggested that rewriting the constitution could be a lot like this trip -- far from smooth.

When the truck reached the small village of Lagunillas, the driver parked near a lake that shone like a silver coin dropped between the blunt peaks of the Andes.

"This is it," said Zacarias Colque, one of the leaders of a local federation of indigenous workers, which paid to rent the truck. "Come down, everyone. Careful with the drums."

With their musical instruments in hand, they walked to a clearing in the village's main square, which is anchored by a small church topped with two wooden crosses. Some took off their baseball caps and donned traditional broad-brimmed hats with feathers jutting from the bands. A group of villagers joined them in the square. The musicians played and danced around a jug of alcohol on the ground, while others held hands and encircled them. A few minutes later, the ceremony moved into the nave of the church.

"We're praying for the trip, to ask Mother Earth that nothing bad happens," said Victor Chocotel, 42, one of the Lagunillas residents gathered in the square.

Blurring the lines between indigenous religious rites and Christianity is common in Bolivia, though not without occasional controversy. Last month, the education minister, Felix Patzi, suggested that courses on Catholicism -- the religion taught exclusively in most public schools -- be shelved in favor of instruction that puts more emphasis on indigenous faiths. When supporters of the Catholic Church balked, Morales weighed in by saying the church hierarchy was behaving as if it were stuck "in the times of the Inquisition." His approval rating dropped from 75 percent to 68 percent.

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Last week, the church and the government came to a vague agreement that Catholic courses would remain, while respecting the country's religious diversity. In an interview in La Paz last week, Eduardo GonzÃ¡lez SaÃ¡, head of the Catholic Church's education commission, said the details of the agreement would be determined at an education summit and would likely resurface for debate in the Constituent Assembly.

"Issues related to indigenous religions are not limited to just education," said Eduardo Burgoa Zeballos, 26, who rode in the truck from Llallagua. "The justice system is affected, too, and reforming the judiciary is one of the most important things that the assembly could do."

He nodded at Chocotel, who wore a feathered, conical helmet made from bull hide. The helmet is normally worn during tinku fighting rituals, which pit members of neighboring villages against each other in hand-to-hand combat. If blood is spilled, it is considered a blessing to the earth. Sometimes the fights end in death.

Like many others on the truck, Zeballos said he wants the assembly to create a judicial system that guarantees more indigenous judges who would preside over indigenous cases.

"The ordinary courts do not understand that if someone dies in a tinku ritual, it's not considered a bad thing to us," he said.

When the group finished the ceremony, about 20 residents of Lagunillas hopped in the truck to join the trip. They sat shoulder-to-shoulder, back-to-back.

Less than 30 minutes after getting back on the road, a tire blew. While everyone waited under the unfiltered glare of the sun, one man grabbed his charango and began to play.

"Viva Bolivia!" he sang.

After spending the night at a nonprofit institute in the town of Ocuri on Friday night, the group filed back into the truck early Saturday morning and bumped over five more hours of roads. They arrived at the outskirts of Sucre around noon, unloading at a garage near the airport where they planned to sleep during the weekend.

In the cab of the truck, Colque carried a copy of a proposal drafted by North Potosi's indigenous workers federation that provides suggestions for the assembly members: The focus of education should provide indigenous philosophies, the health system should incorporate indigenous treatments and the state should recognize intellectual property rights of ancestral communities.

Bolivian political experts say that many in the indigenous community are expecting a blanket reformation of the government -- something that's unlikely to happen given the lack of a dominating faction. A pitfall, they said, would be trying to write specific policies into the constitution instead of creating the broad parameters for lawmakers to work within. Critics of Morales have warned that he could try to steer the assembly toward giving him broader powers and the opportunity to serve indefinite terms.

Other groups, including many who live in the relatively wealthy eastern lowlands, are hoping the assembly could help them advance an autonomy project that would give them more local decision-making power -- a change adamantly opposed by Morales and most of the indigenous groups. The clash of the viewpoints in the assembly raises concerns that the process could further pry apart divisions in a country that has witnessed more than 200 coups since emerging from Spanish rule in 1825.

"It's important for Bolivians to realize that while this might change the overall rules of the game, it does not allow for specific political projects to be advanced," said Gonzalo ChÃ¡vez, a political scientist at the Catholic University in La Paz. "Unfortunately some in Bolivia think that the assembly will be the place to pass some sort of revolutionary political project."

Nestor Hugo Torres, who will represent North Potosi in the assembly, said he has tried to temper the expectations of his constituents.

"A new constitution is not going to help the indigenous groups directly, but the one thing that it does -- and has done -- is to get them interested in the political process," said Torres, who rode in the truck early in the trip and met up with the group again when it arrived in Sucre. "Three or four years ago you never saw anyone in the indigenous community who talked about things like the constitution and the judicial system. Now look."

Late Saturday afternoon, the group from the truck began a trek of several miles from the edge of Sucre to its colonial central square.

They melted into a crowd of thousands, most of them waving indigenous flags, banging drums and celebrating the beginning of the unpredictable political process they had created.

Bolivia Prepares To Rewrite Constitution (AP-Y)

By Dan Keane, Associated Press Writer

AP2, August 6, 2006

President Evo Morales' drive to reinvent Bolivia takes a big step Sunday with the opening of a convention to write a new constitution aimed at ending the centuries-old supremacy of the European-descended minority.

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Morales, a leftist elected in December as Bolivia's first Indian president, envisions the nationally elected Constituent Assembly as nothing less than the "refounding" of the country on a new deal for the Indian majority.

"Now — today, tomorrow, the day after tomorrow, and the day after that — a new era has begun," Morales declared in his Saturday evening address officially convening the assembly. "A time of change. A time in search of social justice. A time in search of equality and liberty for our people."

The divisions of class, race, geography and culture that will frame the debate were brought into sharp relief Thursday night as the 255 delegates elected last month were sworn in.

On one side of the narrow aisle sat the delegates from Morales' leftist party, many wearing the fluorescent-colored knit caps of the Aymara Indians or the bowlers and white straw hats favored by rural women. One delegate wore a miner's helmet.

On the conservative benches, the skin tone was visibly paler, and business suits dominated.

At one point the conservatives, many from eastern provinces which want to keep more of their wealth from being consumed by socialist programs, stood up chanting "Autonomy!"

Morales' loyalists responded with "Revolution!"

After pleas for order, both sides settled down and sang the national anthem.

Sunday's opening ceremony was envisioned as a Latin American event, with the presidents of Argentina, Brazil, Ecuador, Paraguay and Venezuela joining Morales to play soccer after the ceremony.

But Morales broke his nose playing soccer last week, and the presidents have canceled their trips, mostly because the event conflicted with Colombian President Alvaro Uribe's second inauguration Monday. Morales still intends to play in Sunday's game, though his playing time will likely be limited.

The assembly has up to a year to work on a new charter.

Bolivia's current constitution was adopted in 1967 under Rene Barrientos Ortuno, who rose to power in a military coup and was then elected president. Its last modification came in 1994, when President Gonzalo Sanchez de Lozada drove changes to the electoral process, including expanding presidential terms from four years to five.

In Sucre, Bolivia's colonial former capital where the assembly is gathering, workers painted bright new crosswalks on narrow downtown streets, and residents had until Sunday to spruce up the facades of their houses or be fined by City Hall.

Morales' Movement Toward Socialism party holds a thin majority in the assembly, but not the two-thirds needed to control the assembly outright. Even so, the party hopes to use the assembly to reshape the Bolivian state to give more power to the long-neglected Indian majority.

On Friday night, after two days of intense back room negotiations, MAS delegates voted in Silvia Lazarte, a Quechua Indian political organizer, as president of the assembly.

Other themes will be the autonomy demands of four wealthier lowland provinces where opposition to Morales, an Aymara Indian from the Andes, runs high. And Morales will try to insert more state controls to give poor Bolivians a bigger role in the country's free-market economy.

"The idea is that through the right proposals, we can build this bridge," said Samuel Doria Medina of the center-right National Unity Party, who ran against Morales last year. "That is how to bring the two sides together: With creativity, with imagination, with good proposals."

But many were doubtful that after centuries of neglect, the two Bolivias could become one so easily.

"The troubling thing you see now is the resentment of the peasants against the people in the city," said lawyer Maria Elena Stroebel, sipping tea at a pastry shop in Sucre's picturesque downtown. "The future of our country is practically in the hands of the constituents. If you're at all conscious of things, you fear the results."

But some Bolivians said that no matter what comes out of the assembly, it's bound to be an improvement.

"If there's going to be a change, well, that's fair," said Modesto Aldunate, a former forest ranger who used to work with Indians and is now supervising a crew painting a theater in Sucre. "What government ever gives any importance to the peasants? None. Never."

Bolivian Assembly Begins Process Of Rewriting The Constitution (MCT)

By Jack Chang

McClatchy Newspapers, August 6, 2006

SUCRE, Bolivia - This quiet, colonial city nestled in the Andean mountains has hosted some of this country's most auspicious moments, from economic booms fueled by nearby silver mining to the declaration of Bolivia's independence in 1825.

Bolivians are looking once again to Sucre, the country's historic capital, for rescue as they find themselves stuck in a political crisis that has seen six presidents come and go over the past five years.

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This is where 255 representatives from around Bolivia have gathered to write a new constitution, one that many Bolivians hope will bring long-absent peace to this impoverished, deeply divided country. President Evo Morales kicked off ceremonies Saturday night for what could be a yearlong process.

"We're here to build a new social consensus," said Jose Antonio Aruquipa, lead constituent for the opposition party Podemos, or "We Can" in Spanish. "We're here to meet, look each other in the eyes and think of the country."

Despite such hopes, the social tensions that have plagued this country of 9 million have also come to Sucre, and power struggles were raging even before meetings got under way in the city's ornate Mariscal Sucre theater.

Leftist president Evo Morales and his Movement Toward Socialism party have billed the meeting as a historic chance to empower Bolivia's long-ignored indigenous majority and right historic wrongs dating back to Spanish colonization.

"We have another way of understanding democracy," said Vice President Alvaro Garcia Linera before a special session of Congress Saturday night. "An understanding of democracy as a way to satisfy needs, an understanding of democracy as way to achieve social equality."

The party, known by its Spanish initials MAS, proposes making the indigenous languages of Aymara, Quechua and Guarani the official tongues of Bolivia, in addition to Spanish. Some MAS constituents also propose handing over control of the country's vast natural gas reserves, minerals and other resources to indigenous groups. The party won more than half of constituent slots in a nationwide referendum held last month.

"The principal reform is to recognize Bolivia as a multinational state made up of indigenous groups," said MAS constituent Roberto Aguilar. "We have to include indigenous institutions within the national structure."

Such talk infuriates opposition members who say Morales, known as the country's first indigenous president, is trying to force a one-sided agenda on a country made up largely of mestizos - people of both indigenous and Spanish heritage.

They also accuse Morales of using the constituent assembly to strengthen his powers. The president aggravated those fears Wednesday when he said peasant leaders would shut down Congress if it didn't approve a land reform law he has championed.

"We think MAS wants to use this process to let Evo rule indefinitely," said Gamal Serhan Jaldin, a Podemos constituent from the central Bolivian city of Cochabamba. "We, on the other hand, want all sectors of society to belong to this new pact."

The divisions have already taken their toll in Sucre. A planning committee representing different parties haggled for days about procedural details and struck an agreement only on the eve of the assembly.

Venezuelan President Hugo Chavez, a close Morales ally, canceled his visit to Sucre Friday citing the uncomfortable political atmosphere here, according to a Morales spokesman. Four other South American presidents have also canceled visits.

Although hopes are high, odds are higher that the process will do little to bring peace to the country, said Eduardo Gamarra, director of the Latin American and Caribbean Center at Florida International University. The problems facing South America's poorest country, such as economic inequality and dire education levels, are likely to persist, he said.

"The constituent assembly was seen as the moment in which the indigenous people would solve all of the country's structural problems, but when you put that much pressure on a single assembly, you're setting yourself up for a fall," Gamarra said. "There are an awful lot of expectations that won't be met."

Constituents agree on some points such as allowing presidential elections to go to a second round of voting if no candidate wins more than 50 percent of votes. Current law lets Congress choose the winner in such cases, a custom that has fueled popular outrage.

But such agreement is rare, and many constituents said they feared the assembly could hasten national disintegration. The platforms of both MAS and Podemos fuel such worries, they said, with both advocating more regional autonomy from the national government in the administrative capital of La Paz.

Yet, on the winding, stone streets of Sucre, many said they were still hopeful that the process could unify the country and bring peace. Patriotic fervor filled the city's main square, with the country's yellow, red and green flag flying from rooftops.

"We see this process today as the culmination of a bloody moment in our history," said lawyer Freddy Lupa. "We've arrived at a historical point with the hope of finally meeting ourselves and getting to know ourselves as fellow Bolivians."

Rebel Chief Gets Post In Accord On Darfur Peace (NYT)

By Agence France-presse

The New York Times, August 6, 2006

KHARTOUM, Sudan, Aug. 5 (Agence France-Presse) — Sudan's president named the leader of a Darfur rebel faction as a senior aide on Saturday, meeting a critical demand of the group which had accused the government of reneging on its peace deal commitments.

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"President Omar al-Bashir has issued a decree appointing Minni Arcua Minnawi as a presidential assistant," a statement from Mr. Bashir's office said.

Mr. Minnawi's mainstream faction of the Sudan Liberation Army, which won Western plaudits for signing a hard-won peace deal in May, praised the move.

"We welcome the decision, and we consider it a positive step," said the group's spokesman, Mahjoub Hussein, adding that Mr. Minnawi would arrive here on Sunday.

Earlier on Saturday, Mr. Minnawi had canceled his trip to Khartoum after his faction said the government had not honored a clause in the Darfur peace agreement stipulating the appointment of a nominee of the group as senior presidential assistant. The group had also threatened to resume fighting in the western region.

Mr. Hussein reaffirmed his group's support for the rapid deployment of United Nations peacekeepers and the prosecution of war crimes suspects by the International Criminal Court in The Hague.

The May peace agreement, which was struck after intervention by Britain and the United States, was intended to end the more than three-year-old conflict in Darfur, in which about 300,000 people have died and 2.4 million have fled their homes.

A minority faction of the Sudan Liberation Army, as well as the Justice and Equality Movement, have refused to sign the peace deal.

Rebels Say They Will Retreat From East In Sri Lanka (NYT)

By Shimali Senanayake

The New York Times, August 6, 2006

COLOMBO, Sri Lanka, Aug. 5 — After days of heavy fighting, the Tamil Tiger rebels said on Saturday that they had ended their offensive against Sri Lankan security forces in the east and were retreating to their original positions.

"Our objective of the mission, with a defensive character, was accomplished and our forces returned to their positions" in keeping with the 2002 cease-fire, Irasaiah Ilanthirayan, the Tigers' military spokesman was quoted as saying, on the pro-rebel TamilNet Web site. "The operation aimed at giving a military pressure was speedily carried out and ceased the same way, as our national leader was highly concerned of the humanitarian situation," he said.

The government said that it had not been officially informed of an end to the hostilities, which have left scores dead, including civilians, but said that it had retaken control of the town of Muttur, the scene of intense fighting this week.

However, there was no resolution of the dispute over a nearby irrigation canal, which triggered the recent clashes, the worst violence since the Sri Lankan government and the Liberation Tigers of Tamil Eelam signed the 2002 cease-fire aimed at ending two decades of civil war.

The government accuses the rebels of blocking the flow of water from a reservoir that sits in rebel-held territory and depriving 15,000 families, most of whom are of the ethnic Sinhalese majority, of water. The rebels say it is a protest measure by ethnic Tamil civilians.

The military said that it had lost 17 personnel in the latest fighting, while the Tigers reported to have lost 32.

More than 30 civilians were killed in the cross-fire, some while sheltering in schools and others on the street while fleeing attacks.

The Sri Lanka Monitoring Mission said it was trying to investigate reports that 100 civilians had been massacred by the Tigers as they tried to escape the fighting.

"We have heard about a pile of civilian bodies in the outskirts of Muttur," said Robert Nilsson, who accompanied the mission chief to the area on Saturday.

People continued to flee on Saturday, with at least 2,000 leaving Muttur, he said, describing it as "awful with a lot of desperate people."

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, August 08, 2006 7:46 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, August 08, 2006
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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, AUGUST 8, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Yoo Defends Limiting Civil Liberties In Time Of War 3
Judge Sides With US In CIA Testimony 3
Arizona ALF, ELF Activist Sentenced To Eight Months In Prison 3

Homeland Response:

Chertoff Tells Police Chiefs DHS Working To Improve Intelligence-Sharing 4
Boston-Bound Flight Turned Back To Heathrow Over Passenger On No-Fly List 4
New Technology Deployed To Protect High-Value Targets From Bioterror Attack 4
Survey Finds Job Satisfaction Has Improved At TSA 4
Charity Tasked With Developing New Orleans Reconstruction Plan 5

War News:

US, Iraqi Forces Attack Sadr City, Drawing Sharp Criticism From Maliki 5
Military Panel Hears Testimony In Mahmoudiya Rape-Murder Case 6
CIA Contractor On Trial For Allegedly Beating Afghan Detainee 6
Author Says Iraq, Afghanistan Veterans Deserve Medals Of Honor 6

Corporate Scandals:

Enron Task Force's Trial Record Seen As Spotty Despite Lay, Skilling Convictions 6
Dismissed McAfee General Counsel Faces Difficult Legal Challenge 7
SEC Settles Civil Charges With Martha Stewart 7
SEC Will Not Appeal Hedge Fund Ruling 8

Criminal Law:

Up To 38,000 Veterans' Data At Risk As Computer Disappears 8
Ney Won't Run For Reelection 9
FBI Surveillance Tapes Played At Bail Hearing For Boston Police Officers 10
Judge Dismisses Two Of Three New Charges Against Gotti 11
Former BetOnSports CEO Awaits Bail 11
Television Shows Targeting Sexual Predators Raise Concerns 12
Death Row Inmate Appeals Conviction Over Jury Smoking Ban 12
Two Charged In Phoenix Serial Killings 13
Retired Detectives Opening Cold Cases 13

Civil Law:

AOL Apologizes For Posting Users' Search Data 13

Civil Rights:

DOJ Sues LA Clippers Owner For Housing Bias 14
Hawaii Youth Prison Found In Partial Compliance With DOJ Settlement 14
7th Circuit Rejects Age Bias Claims In IBM Pension Case 15
Black Firefighters Accuse Dallas Of Bias Against Women, Minorities 15
New York City Relaxes Fire Department Hiring Requirements 16
Dominguez To Step Down As EEOC Chairwoman 16
High-Level Changes To Maryland Prison System Mulled 16
Sex Harassment Suit Against Toyota Could Lead To Others 17
ABA Claims Minority Women Suffer Law Firm Bias 17
Conservative Kansas School Board's Defeat Seen As Temporary Setback 17

Antitrust:
Petco Buyout By Investment Group Clears Antitrust Hurdle 17
CommScope Makes $1.51 Billion Bid For Andrew 18
EU Urged To Probe Jet Fuel Prices 18

Environment/Indian Affairs:
Oil Prices Spike As BP Shuts Down Alaska Pipeline 18
Judge Reprimands EPA Over Clean Air Act Delays 20
Battery Technology Seen As Roadblock For Electric Vehicles 21
Tierney Criticizes Energy Waste From Second Homes 21
NYTimes Praises Reversal Of Administration Oil, Gas Leasing On Federal Lands 21

FBI/DEA/ATF/USMS:
FBI Issues Lookout For No-Show Egyptian Students 21
Federal Prosecutor Denies Making Pact With Tennessee Felon 22
New Attacks On Indiana Highways Prompt Formation Of Federal-State Task Force 22
ATF Joins Probe Of Georgia Explosion 23

Immigration:
Nine Suspected Illegal Aliens Killed During Flight From Border Patrol 23
Online Database Shows Records Of Immigration Judges 23

Congress-Administration:
Democratic Senators Hold Up Bradbury Nomination 24
Thompson Medicaid Proposals Could Benefit Companies He Works For 24
More Relatives Of Politicians Serving In Congress 24
Physical Shows Bush Overweight, According To BMI Standards 25
NYTimes Criticizes Administration For Misleading On Level Of Employment 25

Other News:
Fed Expected To Pause Rate Hiking Campaign 25
College Savings Plan May Attract More Investment If Benefits Are Made Permanent 26
Local Governments Not Keeping Up With Public Pension Contributions 26
DeLay's Name Will Be On November Ballot 26
New Poll Shows Lamont Leading Lieberman By Six Points ... 27
A Lieberman Loss Said To Herald Problems For GOP Incumbents In November 27
Bush To Attend Allen Fundraiser In Gillespie's Home 28
Bush Seen As Failing To Attract Younger Voters 29
Governors' Disdain For Congress Seen As Indicator Of Outsider Strategies For 2008 29
Tobacco Companies Using Initiative Process To Combat Smoking Bans 29
Study Links Explicit Lyrics, Teen Sex 29
Davis Accuses Liberal Bloggers Of Incivility 29
Baran, Bauer Say Campaign Finance Reform Has Not Improved Political Process 30
Bush Speaks In Favor Of Immediate Israel-Lebanon Ceasefire 30
Lebanon Calls Up Reserves As Olmert Threatens Expanded War 33
Hamas Says Israel Behind Attempt To Poison Palestinian Prime Minister 35
Cuban Leaders Say Castro Is Recuperating 35
Pentagon Official Says US Will Reduce Korea Troop Levels 36
UK Agency Probes Halliburton Subsidiary 36
US Organizing Major Business Delegation To India 36
UK-Argentine Feud Over Falkland Islands Continues To Simmer 36
DC Agency Refuses To Turn On Water At Libyan Embassy ... 36
Colombia's Uribe Begins Second Term 36
Taiwan Warns Beijing Over Establishment Of Ties With Chad 36
Muslim-Jewish Couple's Tale Offers Picture Of European Extremism 37
LATimes Excoriates "Sore Loser" Lopez Obrador 37
Scholar Warns Ahmadinejad May Have "Cataclysmic Events" In Mind For August 22 37

The Big Picture:
Headlines From Today's Front Pages 37

Washington's Schedule:
Today's Events In Washington 38

DOJ_NMG_0044782

TERRORISM NEWS:

Yoo Defends Limiting Civil Liberties In Time Of War. The AP (8/8, Godvin) reports, "John Yoo, a former Justice Department lawyer who helped draft memos on treatment of terrorist prisoners, said Monday that in wartime, the question is not whether to give up civil liberties but 'how much is enough.'" The AP continues, "Yoo, now a law professor at the University of California, Berkeley, drew attention at an American Bar Association convention panel on whether tactics such as the detention of suspected terrorists at Guantanamo Bay and the surveillance of phone calls may erode liberties. … Unlike past conflicts, the United States isn't at war with any traditional nation state, Yoo said, but is at war with the al-Qaida terrorist network, and officials are trying to adapt the rules of war to these new circumstances. … War, for example, involves targeted killings of the enemy and detentions of enemy troops until the end of a conflict, he said. … 'I don't think it's a question of ... are we going to have to restrict civil liberties. It's a question of how much is enough,' Yoo said." The AP adds, "At Justice, Yoo helped write internal memos in 2002 designed to give the federal government greater leeway to aggressively question terror suspects. … Yoo noted in an interview after the panel that of the roughly 1 million prisoners of war held in World War II, none received a hearing or were charged with crimes, and some where held for five years. … 'We never have hearings for prisoners of war, never have had them until this last year. It's just the way the rules of war have always been,' he said."

Judge Sides With US In CIA Testimony. The AP (8/8, Thompson) reports, "Federal prosecutors won their battle Monday to keep former CIA Director George Tenet and several other agency employees from having to testify at the trial of a one-time CIA contractor accused of beating an Afghan detainee. … But U.S. District Judge Terrence Boyle said he would allow defense attorneys for David Passaro to subpoena six witnesses whose identities are classified, and promised to rule on later on four others." The AP continues, "The judge heard the dispute behind closed doors before a jury was selected and opening statements began. … Passaro, a 40-year-old former Special Forces medic from Lillington, N.C., is the first civilian charged with mistreating a detainee during the U.S. wars in Iraq and Afghanistan." The AP adds, "Passaro's attorneys have said they want to call Tenet and Attorney General Alberto Gonzales, formerly the White House counsel, as part of a 'public authority defense' — namely, that Passaro was following orders. It was nit immediately clear if Gonzales was among those Boyle said could not be subpoenaed by the defense. … Before jury selection began, prosecutor Jim Candelmo told the judge that even the titles of some of the witnesses sought by defense attorneys are classified and cannot be discussed in open court. … But defense attorney Joe Gilbert disputed the government's claim of secrecy. At least one of the potential witnesses has appeared on national television and been interviewed in newspapers, Gilbert said."

The Raleigh News & Observer (8/8) reports, "Prosecutors wanted the courtroom closed to the public so they could argue against the defense's attempt to subpoena the witnesses, including J. Cofer Black, a former high-ranking CIA official, and John Yoo, a University of California law professor and former Justice Department layer who redefined U.S. policy on torture. … The other prospective witnesses were not named in court, and it appeared several would require pseudonyms because their names and jobs are classified information, according to prosecutors." The N&O continues, "U.S. District Judge Terrence Boyle repeatedly asked the lawyers whether they could make their arguments in open court. Assistant Federal Public Defender Joseph Gilbert said he could argue using only unclassified material. But Assistant U.S. Attorney James Candelmo said he could not." The N&O notes, "The judge closed the courtroom 45 minutes into the pretrial hearing under the authority of the Classified Information Procedures Act. The law requires a judge to decide before a trial whether a defendant may use classified information as part of his defense and in what form. … Legal experts have said it appears from a recent defense filing that Passaro has persuaded the judge that he should be allowed to use some classified information. However what information is unclear because the judge's order was filed under seal."

Arizona ALF, ELF Activist Sentenced To Eight Months In Prison. The Arizona Daily Star (8/8, Smith, 123K) reports, "A Tucson animal activist was sentenced to eight months in federal prison Monday for interfering with U.S. Forest Service agents who were trying to capture mountain lions in Sabino Canyon two years ago. Rodney Coronado will also have to spend three years on probation upon his release, pay $100 in restitution and stay away from activists involved in such groups as the Animal Liberation Front, Earth Liberation Front and Earth First. U.S.

District Judge David Bury told Coronado he wanted to send a message that if you use 'force and violence in civil disobedience you are going to be punished for it; it's anarchy.'" Additionally, Bury sentenced Codefendant Matthew Crozier to "three years' probation, saying he was impressed with what Crozier has done since his arrest."

HOMELAND RESPONSE:

Chertoff Tells Police Chiefs DHS Working To Improve Intelligence-Sharing. The Los Angeles Times (8/8, McGreevy, 918K) reports DHS Secretary Michael Chertoff "assured Los Angeles Police Chief William J. Bratton and leaders of six other police agencies Monday that his office is taking steps to improve the sharing of intelligence data on potential terrorist threats against municipalities." Following a meeting with the chiefs in Washington, DC, Chertoff said "through a spokesman that he believes new joint intelligence centers, including one recently opened by his department with the LAPD in Southern California, will improve the sharing of data. 'The secretary said it was a very positive and constructive dialogue and would serve to strengthen coordination,' said Jarrod Agen, a spokesman for Chertoff." Bratton had "said Friday that he expected the session with Chertoff to improve communications between federal security officials and departments that have assigned staff to work at Homeland Security offices."

Boston-Bound Flight Turned Back To Heathrow Over Passenger On No-Fly List. The AP (8/7, Gardiner) reported, "A London-to-Boston flight was called back to Heathrow Airport on Monday after US authorities discovered a passenger's name was on their 'no-fly' list, officials said. Four passengers were being questioned by border control officers." A spokesman for American Airlines said there was no "security threat to the aircraft." Meanwhile, a DHS official speaking on condition of anonymity said the flight was not allowed to land in Boston due to "an abundance of caution." The official "said no unusual activity was reported aboard the plane."

CNN's Live From (8/7, Meserve) reported that the man whose name was on the no-fly list was said to have been "traveling with three people, purportedly his mother and two sisters. They did not know where his travel originated. They did not know why his name was on the no-fly list. These things do happen from time to time on international flights because, at present, passenger name records are not given to the US Government until the flights are in the air. This is because of privacy concerns on the part of the European Union."

New Technology Deployed To Protect High-Value Targets From Bioterror Attack. In a widely-distributed story, McClatchy (8/8, Gordon) reports, "The federal government's $28 billion crash program to defend against a bioterror attack is beginning to show up in cities across the country. The FBI headquarters, World Bank and several other potential terrorist targets in the nation's capital have been outfitted with new germ-killing, air-purifying filters. In dozens of other larger cities, technicians now routinely retrieve air samples to test for killer anthrax spores, smallpox virus particles or other germs. Experts say this infusion of new technology along with medical resources might diminish the casualty toll of a biological attack," but "they acknowledge that…the nation remains highly vulnerable, especially against new, synthetically created germs for which the United States has no antidotes."

Anthrax Attack Perpetrator Remains At Large. In a separate widely-distributed story, McClatchy (8/8, Gordon) reports, "While response workers were able to hold down casualties and cleanse a contaminated Senate office building," the 2001 anthrax "attack dealt sobering lessons about how far the spores can spread and how lethal they can be." McClatchy notes, "As for the perpetrator, the FBI has long suspected it was an American, perhaps someone involved in U.S. bio-terrorism research. Bureau Director Robert Mueller said recently that he remains 'optimistic that we will solve the case,' but he declined to discuss specifics."

Survey Finds Job Satisfaction Has Improved At TSA. The Washington Post (8/8, D4, Barr, 748K) reports in its "Federal Diary" column that new employee survey data released by the Transportation Security Administration shows that job satisfaction at the agency has "markedly improved over the past two years." The TSA's 2006 organizational satisfaction survey "found that 59 percent of employees were satisfied or very satisfied with their jobs, up from 35 percent in 2004. The 2006 survey results, however, also suggested that many TSA employees think their agency is falling short on leadership and in information-sharing." The Post adds, "TSA officials cautioned against drawing any conclusions from the

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2006 data, noting that the agency will soon undertake an in-depth analysis of the results."

Charity Tasked With Developing New Orleans Reconstruction Plan. The New York Times (8/8, Ouroussoff, 1.21M) reports the Greater New Orleans Foundation, an area charity tasked with developing a comprehensive reconstruction plan for the city, opened a series of public meetings August 1 "in which groups representing more than 70 neighborhoods would begin selecting the planners to help determine everything from where to place houses to the width of sidewalks." The Times adds that the effort "sounds like one of the most stirring grass-roots planning movements imaginable, one that would help preserve the rich heterogeneity that gives the city its vibrant urban character. Yet this freewheeling approach has shifted attention from the critical and more daunting challenge of reimagining the city's infrastructure, from levees to freeways to its ecological footprint. It is the failure of that infrastructure, after all, that exposed the inequities that have been eating away at New Orleans for decades. How and whether these problems are resolved will tell us whether our country is capable of assuring the future of American cities."

Nagin Announces Steps To Restore New Orleans Legal System. The New York Times (8/8, Saulny, 1.21M) reports New Orleans Mayor Ray Nagin "announced the first steps Monday to replace the city's missing prosecutors, public defenders and police officers, along with its ruined courtrooms." The Times describes the announcement as a "limited progress report," adding that "Nagin and other municipal officials have been under increasing pressure from agitated residents, local judges and national legal experts decrying the city's broken legal system." Meanwhile, "With crime rising and the legal system perceived as an ineffective deterrent, many in the city have said that New Orleans cannot recover without immediate change."

WAR NEWS:

US, Iraqi Forces Attack Sadr City, Drawing Sharp Criticism From Maliki. US and Iraqi forces attacked Baghdad's Sadr City neighborhood early Monday, drawing criticism from Prime Minister Nouri al-Maliki. ABC World News Tonight (8/7, story 4, 2:50, Raddatz, 8.78M), the only network to cover the action, spoke with US commander Gen. George Casey, who said, "We're concerned about folks coming out of Sadr City. We're concerned about folks getting into Sadr City. … The last six weeks or so has been the highest levels of sectarian violence that I've seen since I've been here." Raddatz: "Is that the biggest threat right now, civil war?" Casey: "Countrywide, a threat of a countrywide civil war, I think that I would say that probably is the most significant threat right now."

The Washington Post (8/8, A16, Mosher, 748K) reports the "predawn raid" into the "stronghold of Shiite cleric Moqtada al-Sadr erupted into a two-hour gun battle." Maliki "sharply criticized the operation, saying that it could hinder his efforts at national reconciliation." In a television appearance, he "said he was 'very angered and pained,'" and "apologized to the Iraqi people for the operation, saying, 'This won't happen again.'" USA Today/AP (8/8, 8A) leads its report with the Prime Minister's criticism, but adds that Sadr City police chief Col. Hassan Chaloub, "said three people -- including a woman and a 3-year-old girl -- were killed and 12 were injured." The US military said one US soldier was wounded.

The Washington Times (8/8, Scarborough, 88K) says al-Sadr's Mahdi Army is "increasingly being targeted by coalition forces who fear that the firebrand Shi'ite cleric's ragtag fighters will push Iraq into civil war and exert control over southern towns as they did in 2004." The newspaper says the Monday action "could be the first of many raids" against al-Sadr's militia. The Los Angeles Times (8/8, Fleishman, 918K) focuses on the three deaths that "came as U.S. forces were rotating 4,000 more soldiers into Baghdad in an effort to rout sectarian militias, death squads and insurgents that have tipped the city into an undeclared civil war."

US Troops Cope With "Blistering, 100-Plus-Degree" Heat. USA Today (8/8, 8A, Jervis, 2.27M) runs a feature on how US troops in Iraq cope with "carrying 30 to 40 pounds of gear under a blistering, 100-plus-degree sun." The military says troops are "successfully avoiding heat-related injuries in Iraq through a regimen of hydration, training and operational adjustments, such as launching raids at dawn or dusk."

Cellphone Messages Offer "Telling" Picture Of Iraqis' Lives. The "cool kids in Iraq all want an Apache, the cellphone they've named after an American military helicopter," the New York Times (8/8, Cave, 1.21M) writes in a feature on the popularity of cellphones among Iraq's youth. The Times writes that the text messages and images Iraqis share over their phones are "telling," including "commentary

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about Saddam Hussein, failed reconstruction and violence, always the violence. One of the most popular messages making the rounds appears onscreen with the image of a skeleton. 'Your call cannot be completed,' it says, 'because the subscriber has been bombed or kidnapped.'"

Cohen Hears "Telltale Rhetoric Of Defeat" In US Pronouncements. In his Washington Post (8/8, A21, 748K) column, under the headline "Civil War? What Civil War?" Richard Cohen writes, "I dutifully read the news about Iraq. But I recognize most administration statements as lies or, if by accident the actual truth, a mere snapshot of a moment that will change over time. More troops one day, fewer the next. We have this town one day, we don't the next. Iraqi troops are up to snuff; oops, no they're not. This is the babble of chaos, the telltale rhetoric of defeat."

Military Panel Hears Testimony In Mahmoudiya Rape-Murder Case. ABC World News Tonight (8/7, story 5, 0:20, Gibson, 8.78M) was the only network newscast to report on "disturbing testimony in a military hearing to determine if four US soldiers should stand trial in the rape and murder of a 14-year-old Iraqi girl" in Mahmoudiya on March 12.

The Los Angeles Times (8/8, Roug, 918K) reports a military investigator testified that Spc. James Barker told investigators in sworn statements that he and Sgt. Paul Cortez "took turns sexually assaulting the 14-year-old, and that former Pvt. Stephen Green also raped the girl after killing her mother, father and 5-year-old sister." A fourth soldier, Pfc. Jesse Spielman, "was present inside the house while another, Pfc. Bryan L. Howard, 19, was keeping watch elsewhere, according to Barker's statement to investigators."

The New York Times (8/8, Von Zielbauer, 1.21M) reports Pfc. Justin Watt, who "became the whistleblower in the case," said at the hearing that "once he spoke to military investigators, he feared for his life." He said he "He felt obligated to say something, he told a military prosecutor on Monday at the hearing for the four accused soldiers, out of a sense of loyalty to the friends who had fought in Iraq and died." Watt said, "We'd come through hell with each other, and there were a lot of good men who died. And this happened -- for what? We're just trying to do a little good over here."

Iraq "Atrocities" Compared To Past US Wars. The Christian Science Monitor (8/8, Knickerbocker, 58K) examines "several atrocities tied to US forces now in their fourth year" of fighting in Iraq, asking, "How do the numbers and types of incidents compare with earlier wars? Is there something about this conflict that makes such incidents more likely? Could they have been anticipated and prevented?" The Monitor says it is "likely to be years before the full extent of such events in the Iraq war is known."

CIA Contractor On Trial For Allegedly Beating Afghan Detainee. The New York Times (8/8, 1.21M) reports a prosecutor in the federal trial of the "first American civilian charged with mistreating a detainee in Iraq or Afghanistan" said CIA contractor David Passaro "broke both the agency's rules and the law when he used a two-foot-long metal flashlight to beat an Afghan man who later died." But Passaro's lawyers said the "onetime Special Forces medic" had "been a frustrated but concerned interrogator who never hit the man and who checked daily on his condition."

Author Says Iraq, Afghanistan Veterans Deserve Medals Of Honor. In a New York Times (8/8, 1.21M) op-ed, author Joseph Kinney writes, "For reasons I can't fathom, the Pentagon top brass don't feel that our heroes in Iraq and Afghanistan are especially meritorious. President Bush has yet to award a single Medal of Honor to a living veteran of combat in either place. (Only one has been given posthumously.) During the Vietnam War, 245 Medals of Honor were awarded. If President Bush awarded the medals at roughly the same rate for service in Iraq and Afghanistan, more than two dozen would have been bestowed by now. When I called the Department of Defense to inquire, a public affairs officer said he wondered whether our fighting style might be less risky today than it was in Vietnam. How lame. Fighting in Iraq and Afghanistan has been brutal, and many of our troops have performed with incredible valor. Anyone remember Falluja?"

CORPORATE SCANDALS:

Enron Task Force's Trial Record Seen As Spotty Despite Lay, Skilling Convictions. The AP (8/8, Hays) reports, "The court battle rarely stops when a jury renders a verdict. … More than two months after winning convictions against Enron Corp. founder Kenneth Lay and former CEO Jeffrey Skilling, the Justice Department's Enron Task Force is smarting from a blow to its trial record dealt by the 5th U.S. Circuit Court of Appeals." The AP continues, "In a

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2-1 decision last week, a panel from the court overturned fraud and conspiracy convictions against four former Merrill Lynch & Co. executives who participated in a sham 1999 deal that allowed Enron to book bogus profits. … Viewed alongside other Enron setbacks, some experts say the Merrill decision highlights some questionable government strategies. But they say bagging the Lay and Skilling convictions likely will define the Justice Department's success in ferreting out Enron crimes. … 'In a sense, this reversal underscores how the government also fell victim to the Byzantine nature of the Enron fraud,' said Robert Mintz, a former federal prosecutor. 'These were unprecedented crimes to which the government responded with some very aggressive and largely untested theories of prosecution. … In the end, the government got their men in the form of Skilling and Lay. That will likely be what everyone remembers when they think of Enron,' Mintz said." The AP notes, "Enron, once the seventh-largest U.S. company, spiraled into bankruptcy proceedings in December 2001 amid revelations of hidden debt and inflated profits. The Justice Department formed the task force to launch a sprawling investigation that produced 16 guilty pleas from ex-Enron executives. … Mintz said that when the government stuck to basics, like testimony in the Lay-Skilling trial from eight of those ex-executives who had pleaded guilty to crimes as well as others who witnessed criminal behavior, prosecutors were successful. … But earlier cases show spotty success. Last year, a flawed jury instruction promoted by prosecutors prompted the U.S. Supreme Court to reverse former Enron auditor Arthur Andersen LLP's 2002 conviction of obstruction of justice. Although an appellate panel called Andersen a member of Enron's 'supporting cast' for destroying tons of Enron documents in late 2001 as investigators started probing the energy company, the instruction allowed jurors to convict without finding criminal intent."

Dismissed McAfee General Counsel Faces Difficult Legal Challenge. The California Recorder (8/8, Pasternak) reports, "In the final days of 2000, accounting troubles led McAfee Inc. to announce a surprise loss in revenue. The company's chief executive resigned, along with three other officers. … Soon after, the Securities and Exchange Commission launched its first investigation into the Santa Clara company's books. In the ensuing years, the SEC would bring suits against the departed officers, charging each with securities fraud. And in January 2006, just weeks before the SEC filed a civil fraud suit against the company -- alleging it had misled investors and inflated revenues by hundreds of millions of dollars -- McAfee's president suddenly stepped down. That month, the company paid the SEC $50 million to settle the matter." The Recorder adds, "Throughout the turmoil, General Counsel Kent Hart Roberts remained unscathed, dutifully guiding McAfee's legal strategy from company offices in Plano, Texas. … This spring, however, the stock options backdating scandal that has been rolling through Silicon Valley hit McAfee. In a statement released in May, the company said it became aware of 'one episode involving the General Counsel in 2000 that was improper.' … As a result, Roberts was the first -- and so far, the only -- executive at McAfee to get fired over backdating. … Roberts' plight vividly illustrates the vulnerability of in-house counsel in this latest dust storm to hit corporate America. To date, more than 70 companies have been publicly mentioned in connection with backdating problems. … But unlike past scandals, backdating has put in-house lawyers under the magnifying glass of prosecutors and regulators. Federal prosecutors in Brooklyn are close to filing charges against former Comverse executives, defense lawyers say, a company whose general counsel resigned this past spring. And the SEC seems bent on holding lawyers more accountable than it has in the past. … As a result, corporate counsel are sharing some of the same concerns that chief executives and chief financial officers have weighed for years, such as the breadth and depth of their indemnification and directors and officers (D&O) insurance, agreements drafted to cover what can amount to astronomical defense costs."

SEC Settles Civil Charges With Martha Stewart. The Wall Street Journal (8/8, Barnes, 2.03M) reports, "Martha Stewart agreed to pay $195,000 and accept a five-year ban on serving as a director of a public company to settle civil insider-trading charges with the Securities and Exchange Commission." The Journal continues, "The settlement, announced yesterday, also forbids Ms. Stewart from involvement for five years in certain corporate activities at Martha Stewart Living Omnimedia Inc., such as financial reporting and auditing. The sanctions won't have much impact on her role at the company. The domestic-arts guru hasn't been involved in those areas since she relinquished the posts of chairman and CEO when she was indicted for securities fraud in June 2003."

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The Washington Post (8/8, D1, Johnson, 748K) reports, "The settlement, which requires court approval, resolves civil charges against Stewart stemming from her December 2001 sale of stock in ImClone Systems Inc. Securities and Exchange Commission lawyers argued that Stewart took advantage of inside information to avoid $45,673 in losses before a negative announcement about ImClone's signature cancer drug. Two years ago, a jury convicted Stewart of lying to investigators about the sale. … The exact toll of the five-year probe on Stewart's pocketbook remains elusive. But yesterday's $195,000 penalty, an earlier $30,000 criminal fine, and legal fees that her spokeswoman said two years ago prompted her to sell nearly $5 million worth of her company's stock far surpass the losses she averted by unloading 3,928 ImClone shares. … That sale, after a tip from then-Merrill Lynch & Co. broker Peter E. Bacanovic, triggered civil and criminal investigations that ultimately sent Stewart to a women's prison in Alderson, W.Va., for five months and forced her to spend several more months wearing an ankle bracelet while confined to her home in the fashionable New York City suburb of Bedford, N.Y."

USA Today (8/8, Krantz, 2.27M) reports, "Stewart, who did not admit or deny guilt, agreed to pay a financial penalty of $195,000, which includes a disgorgement of the $45,673 she avoided losing on ImClone stock. Stewart sold shares of the biotech company after allegedly being tipped off about upcoming bad news regarding its cancer drug Erbitux. … She was also barred from serving as a director of a public company for five years and is limited in the role she may play in a public company either as an employee or officer. Meanwhile, Peter Bacanovic, the former Merrill Lynch broker who allegedly tipped her off and who already is barred from the industry, agreed to pay a $75,000 fine and disgorge $510 in commissions. … 'We're satisfied with this resolution in that it appropriately addresses both the illegal insider-trading misconduct and the subsequent obstructionist conduct,' says Helene Glotzer of the SEC."

The New York Times (8/8, Thomas, Jr., 1.21M) reports, "The deal is the fruit of months of intense negotiations between Ms. Stewart's lawyers and the commission's. It requires Ms. Stewart to pay $195,000 in fines and penalties; more significantly, it bars her from serving as a director or chief executive officer of any public company for a five-year period. .. . Since her release from prison a little more than a year ago, Ms. Stewart has resumed an active role at Martha Stewart Living Omnimedia, the multimedia company that she founded. Her current title is founding editorial director, but she is not a member of the board, nor does she have any formal executive title at the company."

The AP (8/8) also reports on the settlement.

SEC Will Not Appeal Hedge Fund Ruling. The New York Times/AP (8/8, Press) reports, "The Securities and Exchange Commission said on Monday that it would not challenge a federal appeals court ruling that overturned its new rules for the oversight of hedge funds." The AP continues, "Because the appellate court's decision was based on several grounds and was unanimous, 'further appeal would be futile and would simply delay and distract from our goal of advancing investor protection,' the S.E.C.'s chairman, Christopher Cox, said in a statement. … But as early as this week, the S.E.C. will introduce an antifraud rule under the Investment Advisers Act that would require more information on hedge fund investors. 'At my direction,' Mr. Cox said, 'commission staff are also considering whether we should increase the minimum asset and income requirements for individuals who invest in hedge funds.'" The AP adds, "Mr. Cox has pushed for emergency regulations on hedge funds, which are high-risk investment pools that have catered to institutions and very wealthy individuals but are increasingly attracting investors with less ability to tolerate risk. … The S.E.C. regulations overturned by the court had required most hedge fund managers to register with the agency, thereby opening the funds' books to S.E.C. examiners."

The Wall Street Journal (8/8, Burns, 2.03M) reports, "The decision, which was expected, puts Mr. Cox in a position to stake out how the agency will proceed amid calls by some for state action or new federal legislation. The previous rules had been pushed through by Mr. Cox's predecessor, William Donaldson. … Mr. Cox said the SEC will propose an antifraud rule that would deem hedge-fund investors to be clients, reversing a side effect of the court's decision that regulators worried might undercut investor protections, and will consider increasing minimum asset and income requirements for hedge-fund investors."

CRIMINAL LAW:

Up To 38,000 Veterans' Data At Risk As Computer Disappears. News outlets across the country report that the personal information of as many as

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38,000 veterans treated at VA Medical Centers in Pennsylvania may be at risk after the disappearance of a computer from the Reston, VA, office of VA subcontractor Unisys. Of the three major networks, only CBS mentions the breach on its evening newscast. CBS Evening News (8/7, story 6, 0:10, Smith, 7.66M) reported, "The Veterans Affairs Department says it has lost track of yet another computer containing personal data and it could leave as many as 38,000 veterans at risk for identity theft. This time it's a desk top computer instead of a laptop. The VA says it doesn't know how it was lost from a subcontractor's office in Virginia."

The AP (8/7, Yen) reports, "VA Secretary Jim Nicholson said that Unisys Corp., a subcontractor hired to assist in insurance collections for VA medical centers in Philadelphia and Pittsburgh, reported the missing computer last Thursday. The computer was being used in Unisys offices in Reston, Va. It is not yet known what happened to the computer, Nicholson said, adding that local and federal authorities are investigating." AP notes that Unisys spokeswoman Lisa Meyer said that "the computer was located in a building and floor where security procedures were in place for access, and there were no signs of a break-in" and that "computer was password protected, but the data was not encrypted." The New York Times (8/8, 1.21M) covers the story in a brief credited to AP. In addition to running the AP story on its Web site, USA Today (8/7, 4:09 p.m., Memmott, 2.27M) noted the story on its "On Deadline" blog.

The Washington Post (8/8, A19, Lee, 748K) reports, "The FBI and the VA inspector general are investigating the disappearance last week of a desktop computer from the Reston office of Unisys Corp., a subcontractor that assists in insurance collections for VA medical centers in Philadelphia and Pittsburgh, VA Secretary Jim Nicholson said in a statement. Local police also are working the case. Unisys notified VA on Thursday, and the department dispatched a team to investigate what happened and what information may have been compromised. Early indications are that the missing records involve veterans treated in the past four years at the two Pennsylvania medical centers, including 5,000 patients in Philadelphia and 11,000 in Pittsburgh, as well as 2,000 other patients who have died, Nicholson said. VA also is investigating whether the computer contained information on 20,000 other veterans treated in Pittsburgh."

CNN Headline News (8/7, 5:31 p.m.) reports, "The Veterans Affairs department says it's investigating another security breach. VA Secretary Jim Nicholson says a computer was reported missing Thursday. It had personal data from as many as 38,000 veterans. It's the latest in a string of security breaches at the V.A. In May, a computer containing data from 26 million current and former military personnel was stolen. That PC was recovered and two teens have been arrested."

May Data Theft Suspects Appear in Court. The arrest of two teenagers last week for the May data theft continues to draw coverage in the media. The Washington Post runs an in-depth story about the arrest, while other outlets note the arrest and the suspects' bond hearing. The Washington Post (8/8, B3, Londoño, 748K) reports, "The two men accused of stealing computer equipment with the personal information of millions of veterans remained free several weeks after the laptop and external hard drive were recovered in June because the person who turned them in initially lied to detectives, according to Montgomery County police. The informant received $10,000 in reward money before the arrest of the alleged burglars, according to a law enforcement source." FBI spokeswoman Michelle Crnkovich "declined to comment on the reward last night. VA spokesman Matt Burns referred questions to the VA inspector general's office. A spokeswoman for the inspector general could not be reached for comment yesterday evening."

Ney Won't Run For Reelection. NBC Nightly News (8/7, story 7, 0:10, Williams, 9.87M) reported, "Embattled Ohio Congressman Bob Ney, a man once so powerful he was called the Mayor on Capitol Hill, announced today he is quits his race for re-election and retiring. Ney, a six-term Republican has been implicated in the corruption scandal involving disgraced Washington lobbyist Jack Abramoff."

CNN's The Situation Room (8/7, Blitzer) reported Ney "has not been charged with any crime. Ney made no specific mention of the probe, but he said he was stepping down because he could no longer put his family through what he calls this ordeal."

The Washington Post (8/8, A1, Weisman, 748K) says Ney "yielded to pressure from Republican leaders," adding House Majority Leader John A. Boehner met with him "last week to urge him to step aside, reminding him that with a son in college and a daughter nearing college age, he will need money, according to several congressional Republican aides. If he lost his House seat for the party, Boehner is said to have cautioned, Ney could not expect a lucrative career on K Street to pay those tuition bills, along with the hundreds of thousands of dollars in legal fees piling up."

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The New York Times (8/8, Shenon, 1.21M) reports, "In withdrawing two weeks before the deadline for replacing him on the ballot, Mr. Ney gave his party a better shot at hanging on to his seat, political strategists said." The Christian Science Monitor (8/8, Feldmann, 58K) runs a similar story, under the headline "Lawmaker Ends Reelection Bid, Lifting GOP's Chances In House." Meanwhile, USA Today (8/8, Lawrence, 2.27M) reports House Democratic leader Nancy Pelosi "called Ney's withdrawal 'welcome news in our fight to end the Republican culture of corruption.'"

The AP (8/8, McCarthy) reports Ney "is the second congressman to announce his retirement in the fallout from the probe. Former Majority Leader Tom DeLay of Texas resigned from Congress earlier this year after being indicted on unrelated charges he illegally funneled corporate contributions to GOP candidates. He has also come under suspicion for links to Abramoff." Other "victims of the scandal include Ralph Reed, the former Christian Coalition leader with ties to Abramoff who lost his bid last month for the GOP nomination for lieutenant governor in Georgia."

Democrats Will Fight To Keep Ney On the Ballot. The Washington Times (8/8, Pfeiffer, 88K) reports, "Ohio Secretary of State spokesman James Lee told The Washington Times that Mr. Ney has not submitted the required paperwork making his withdrawal official, and Ohio Democratic officials say they will fight to keep Mr. Ney on the ballot. 'Let's just say there are a lot of our lawyers looking at it,' said Ohio Democratic Party spokesman Brian Rothenberg."

Ney's Attorneys, Justice Department Have Been Discussing A Plea Agreement. Fox News' Special Report (8/7, Brown) reported, "Fox News has learned there has been an ongoing plea bargain discussion between Ney's attorneys and the Justice Department. No plea deal has been reached, but talks could continue."

More Commentary. The Washington Post (8/8, A20, 748K) editorializes that Ney's retirement may help his party "keep the traditionally Republican district. And it may diminish the salience of the corruption issue in Ohio, where the governorship and a U.S. Senate seat are also being contested in November." But "it won't change the squalid system that facilitated Mr. Ney's gross behavior. Congress left town for its long August break having done nothing to tighten rules on privately funded travel or other lobbyist-supplied benefits. The lobbying reform legislation produced by the House is a fig leaf for business as usual -- and, in any event, is mired in a yet-to-occur conference with the Senate. If those who control Congress really want to dispense with the corruption issue, they need to do more than dispense with one inconvenient race."

FBI Surveillance Tapes Played At Bail Hearing For Boston Police Officers. Under the headline "Cheers For Drug Deal Seen On Videos," the Boston Globe (8/8, A1, Murphy, Abraham, 425K) reports, "A grainy black and white videotape played before a packed courtroom yesterday showed Boston police Officer Carlos Pizarro sipping champagne in North Miami, celebrating what federal prosecutors say was a just-completed drug delivery. … On another tape prosecutors played, Officer Nelson Carrasquillo…promised that he and the other officers wouldn't get flashy with the cash they are taking in from guarding drug shipments. He didn't want to involve anybody else and attract attention, Carrasquillo said." The Globe adds FBI Special Agent Michael Kreizenbeck "testified that, after Pulido's arrest, the 10-year veteran officer confessed that he knew he was being hired to protect shiploads of cocaine and had carried his Boston police badge, radio, and firearm while guarding the drugs. Pulido said he had done it, the FBI agent testified yesterday, because he was 'getting back at the Boston Police Department' after he tested positive for cocaine in a department-ordered drug test in 1999 that he felt was inaccurate. As the FBI agent testified, Pulido shook his head in disagreement."

The AP (8/8, Lavoie) reports, "Prosecutors have asked that all three officers be held without bail. U.S. Magistrate Judge Joyce London Alexander did not immediately issue a decision after holding a detention hearing for Carrasquillo on Monday. A hearing for Pulido and Pizarro was postponed until August 18." The AP also notes Kreizenbeck "said that Pulido told investigators after his arrest that he knew he was protecting drug shipments and that he was 'getting back at the Boston police department' after he testing positive for drug use several years ago. Pulido's lawyer, Rudy Miller, said after the hearing that prosecutors have based much of their case against Pulido on the word of a witness whom he characterized as a 'major drug dealer and a suspected murderer' and 'the lowest of the low.' 'We're of the belief that Mr. Pulido was in fact investigating the cooperating witness,' said Miller." The Boston Herald (8/8, Atkins, 203K) adds, "For federal prosecutors claiming three Boston cops acted as criminally corrupt agents who served and protected drug

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dealers' cash and dope, the tale yesterday was in the videotape," although Pulido's lawyer called it "absolute nonsense" and denounced the investigation as "a witch-hunt." The Boston Herald also runs excerpts from the FBI tapes. WCVB-TV Boston (8/7, Huff) also reports on yesterday's hearing and the FBI tapes.

Judge Dismisses Two Of Three New Charges Against Gotti. The New York Times (8/8, Feuer, 1.21M) reports, "A federal judge dealt a sharp blow to the government yesterday, dismissing some of the charges against John A. Gotti," who "is scheduled to go on trial again next Monday, in his third trial…on charges of having ordered the assault of Curtis Sliwa." The previous "juries did not reach a verdict on whether Mr. Gotti was involved, in part because he testified at both trials that he had left the mob before Mr. Sliwa was attacked. To counter that contention, prosecutors charged Mr. Gotti in May with money laundering and two new counts of racketeering, crimes they said he committed after he had supposedly hung up his Gambino family spurs. It was those new charges that the judge, Shira A. Scheindlin of United States District Court, decided to dismiss." The Times adds, "Judge Scheindlin did let stand one of the government's new charges filed in May: an allegation that Mr. Gotti had conspired to 'influence testimony' in the Brooklyn trial of Vincent Basciano."

The AP (8/8, Neumeister) also calls Scheindlin's ruling "a blow to the government" and adds, "In throwing out the new racketeering and money laundering charges, the judge noted that Gotti pleaded guilty to racketeering in 1999 and that charges identical to some of the new ones were dismissed by the government after Gotti satisfied the terms of his plea agreement. 'The plea agreement cannot be both a sword and shield,' she wrote. Lauren McDonough, a spokeswoman for prosecutors, said there was no comment." The New York Daily News (8/8, Zambito, 729K) reports, "The fed's beefed-up case…lost most of its heft" with the ruling, and notes, "This week, prospective jurors are filling out lengthy questionnaires so attorneys can assess their backgrounds and familiarity with the case. Both sides begin picking a panel next week."

Former BetOnSports CEO Awaits Bail. The London Times (8/8, Doran) reports, "David Carruthers, the former chief executive of BetOnSports accused of racketeering and fraud, will be forced to stay in a cramped county jail cell until at least the end of this week, as his lawyers and family struggle to raise $1 million bail and have not yet found somewhere suitable for him to live upon his release." The Times continues, "Mr Carruthers will be freed from jail as soon as he has $1 million (£525,000) and has a permanent address in the St Louis, Missouri, area, under bail conditions set at a court appearance on July 31, according to Tim Evans, his lawyer." The Times adds, "Mr Evans told The Times last night, however, that it was proving difficult to raise the cash quickly and that a suitable home for the former BetOnSports chief to live in has not been found. … 'We have to get the bail money together before they will let him out,' Mr Evans said from his office in Fort Worth, Texas. 'We also have to find a suitable place for him to live. Neither of those things has been done yet.' Mr Evans said he hoped that both bail requirements would be met by the end of the week."

Internet Gambling Sites Under Federal Scrutiny. The AP (8/8, Nakashima) reports, "With the nightclub Tao swathed in red and black, music pulsated and go-go dancers gyrated on raised platforms along the wall. Everything from the 'reserved' signs to the billiard table felt to the models' Chinese-style dresses bore the same label: 'bodog.com.' … The only thing missing was the online gambling site's flamboyant founder, 45-year-old Canadian Calvin Ayre, who was nowhere to be found." The AP continues, "The billionaire who graced Forbes magazine's March cover decided to make himself scarce after federal authorities arrested David Carruthers, the head of rival Web gambling operator BetOnSports, as Carruthers changed planes at Dallas-Fort Worth International Airport on July 16. … A federal judge ordered BetOnSports to stop accepting bets placed from the United States, and prosecutors are seeking the forfeiture of $4.5 billion, plus several cars, recreational vehicles and computers from Carruthers and 10 other people associated with the Costa Rica-based gambling operation." The AP adds, "Around the same time, the U.S. House passed a bill that would ban most Internet gambling. Though the bill's future in the Senate is uncertain, the issue loomed over the World Series of Poker in Las Vegas: Is online poker legal? … Tournament organizers and the U.S. Justice Department say no. The players, thousands of whom qualified in cash-paying Internet tournaments, say yes." The AP notes, "The World Series of Poker's uncomfortable relationship with online gambling emerged in 2003, when an unknown accountant named Chris Moneymaker qualified through a $40 online tournament and went on to win the $2.5 million main event, becoming the poster child for the wild popularity of online

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poker. … Advertising by poker sites on mainstream television exploded -- and then the Justice Department intervened. … In a June 11, 2003, letter, deputy assistant attorney general John Malcolm warned the National Association of Broadcasters that the department considered Internet gambling illegal. 'Any person or entity who aids or abets' online betting 'is punishable as a principal violator,' he wrote."

WSJournal Criticizes Arrest, Prosecution Of Carruthers. The Wall Street Journal (8/8, 2.03M) says in an editorial, "David Carruthers was arrested in Dallas on July 16 while waiting with his wife for a connecting flight to Costa Rica, where his company, BetOnSports.com, has operations. He remains in jail while his lawyers negotiate release terms, and federal prosecutors want him held without bail pending a trial, calling him a flight risk. The publicly traded company he used to run fired him two weeks ago and requested that its shares be suspended from the Alternative Investment Market of the London Stock Exchange." By "any measure, this is a case of extraordinary prosecutorial zeal. Mr. Carruthers is a British citizen, just laying over in the U.S. The legal theories under which he is being held and charged are untested, to put it politely. His business is perfectly legal in the U.K."

Television Shows Targeting Sexual Predators Raise Concerns. FoxNews.com (8/8, Gallego) reports, "Shows like 'America's Most Wanted' and 'To Catch a Predator' are taking to the airwaves in an attempt to nab sexual predators in a very public way. These shows often involve trying to nab predators — or would-be predators — who communicate online with people they believe to be underage kids." Fox continues, "While some argue such programs are nothing more than tabloid pulp and that the media should leave police work to the police, others say this kind of programming performs a community service. They say it gets the message out that there are sex offenders among us who pose a threat to our kids. … 'Media has done a tremendous service to our nation by bringing awareness to the issue. Proactive online investigations are effective in identifying and ultimately catching child sexual predators, when conducted by proper law enforcement authorities,' said John Shehan, the Cyber Tipline program manager at the National Center of Missing and Exploited Children. … 'Awareness and the identification of these individuals is the first step in the process. …[But] trained law enforcement … should be conducting these types of investigations to ensure the highest possible conviction rate.'" Fox adds, "FOX's pioneering 'America's Most Wanted' has profiled missing persons and fugitives wanted for violent crimes, often those on the FBI's 10 Most Wanted Fugitives list, since 1991. The crimes featured on the show include rape, white-collar crime, murder, armed robbery, gang violence, terrorism, drug trafficking, and child molestation. As of Aug. 3, the show has helped capture 897 fugitives and recover 50 missing persons, according to its Web site. … Talk show host Oprah Winfrey recently launched 'Oprah's Child Predator Watch List,' a roundup of the FBI's most wanted sex offenders, in a campaign to catch pedophiles. … In Binghamton, N.Y., a local show, 'Sex Offender Community Update,' shows photos, names, addresses and profiles of fugitive sex offenders in the area. … On Dateline NBC's 'To Catch A Predator,' host Chris Hansen and police show up at the homes of people expecting a rendezvous with an underage teenager they've met online. Suspected pedophiles include 'first-timers' and repeat sex offenders. The NBC Web site says the show has helped catch 129 male predators in a total of 14 days between 2004 and 2006; at least 71 have been convicted so far."

Death Row Inmate Appeals Conviction Over Jury Smoking Ban. The AP (8/8) reports, "Lawyers for a man sentenced to death in the slaying of his ex-girlfriend want the conviction thrown out because, among other reasons, the judge barred jurors from smoking during deliberations." The AP continues, "That made jurors antsy and overly eager to finish the case, according to the appeal of 43-year-old Phillip Elmore, who told the jury before it recommended death that he deserved 'the worst punishment.'" The AP adds, "The Licking County, Ohio, jury deliberated for six hours before convicting Elmore in 2003 of aggravated murder and other charges in the death of Pamela Annarino, 47, a former sheriff's deputy who was beaten and strangled at her home in Newark, 30 miles east of Columbus. Annarino had broken off their relationship, according to testimony, although jurors heard an unsworn statement from Elmore that he didn't know why he killed her. … A week after the guilty verdict, the 12-person jury needed three hours to recommend the death sentence. Common Pleas Judge Jon Spahr would not let them smoke during those deliberations. … 'The trial court violated Elmore's fair-trial rights by denying a request by one or more members of the jury to allow smoking of tobacco in the jury room or smoke breaks during deliberations,' Elmore's lawyers wrote in his appeal. 'The

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judge's refusal to make any accommodation of jurors' request to smoke predisposed those jurors to agree on a quick decision.' … Prosecutor Robert Becker, who tried the case, said he believes the verdict and sentence will stand despite the smoking angle and other elements of the appeal."

Two Charged In Phoenix Serial Killings. The AP (8/8, Kahn) reports from Phoenix, "The gunmen took turns as they drove around the city. … Some nights it was Samuel John Dieteman, a burly electrician with a ragged mop of jet black hair. According to court documents, he would blast at lone pedestrians from the window of a silver Toyota Camry in what he called 'random recreational violence.' … Other nights the trigger was pulled by his roommate, Dale S. Hausner, a baby-faced janitor and freelance photographer, the court documents allege." The AP continues, "After each shooting, the pair would drive slowly away, leaving little evidence other than the victim's body on a sidewalk. … Court documents and interviews with police provide a glimpse into the way investigators believe the pair operated and how they were finally found. … 'We are so confident that these are the people,' Chief Jack Harris told The Associated Press, adding that the men had admitted some of the crimes since they were arrested on Thursday. … Dieteman, 30, and Hausner, 33, face two counts each of first-degree murder and 13 counts each of attempted first-degree murder. A preliminary hearing is scheduled Aug. 14."

The New York Times (8/8, Archibold, 1.21M) reports, "Handcuffed and in black-and-white striped prison clothes, one of two men charged in a series of killings in the Phoenix area shuffled into a jail break room Monday and told reporters that he was innocent and that his roommate may have taken his car and guns to commit the crimes. … 'Absolutely not,' said the prisoner, Dale S. Hausner, 33, when asked if he had anything to do with the crimes, which, along with an unrelated series of sexual assaults, robberies and murders in the past year, have cast fear over this city." The Times adds, "Mr. Hausner, a janitor at the city's international airport and an aspiring boxing photographer, said his two sons had died in a car accident more than a decade earlier and that his 2-year-old daughter was terminally ill, 'so I know what it is like to suffer the loss of a child, and I would not want anybody to go through that.' … Mr. Hausner and his roommate, Samuel J. Dieteman, 30, were arrested Thursday and booked Friday on suspicion of first-degree murder and attempted murder in connection with two of the seven killings and 13 of 37 shootings of people and animals over more than a year that the police believe may be linked. … The police said on Monday that they had added the seventh murder to the list, that of a 39-year-old man killed while riding his bicycle in May 2005 in what may have been the first victim of the attacker the police call the Serial Shooter."

Retired Detectives Opening Cold Cases. USA Today (8/8, Kasindorf, 2.27M) reports, "On the TV police drama Cold Case, Philadelphia detective Lilly Rush needs less than an hour to unmask the killer in a decades-old murder every Sunday night. .. . Real life is different. It can take years to turn dusty boxes of evidence into an accusation that stands up in court. And the cold-case investigators who have made headlines with recent successes aren't sleek Hollywood actors. They're retired cops in their 60s and 70s." USA Continues, "From Los Angeles to Maryland, the hot trend in cold cases is special units of retired detectives who are coaxed off the golf course to comb old files for new leads. … These retreaded sleuths usually work two days a week as unpaid volunteers to bone up on DNA evidence and other new wrinkles in a case. They combine science with their street savvy in questioning witnesses to relieve overloaded staff detectives of some of law enforcement's most tedious work." USA adds, "Police agencies nationwide 'are recognizing that these old cases are not to be filed away and lost,' says Max Houck, director of a forensic science program at West Virginia University. 'Many of them can be rejuvenated. Retired investigators have time to go back and reflect on interviews and photographs.'"

CIVIL LAW:

AOL Apologizes For Posting Users' Search Data. The Washington Post (8/8, D1, Nakashima, 748K) reports, "AOL issued an apology yesterday for posting on a public Web site 20 million keyword searches conducted by hundreds of thousands of its subscribers from March to May. But the company's admission that it made a mistake did little to quell a barrage of criticism from bloggers and privacy advocates who questioned the company's security practices and said the data breach raised the risk of identity theft. … 'This was a screw-up and we're angry and upset about it,' the company said in a statement. 'Although there was no personally-identifiable data linked to these accounts, we're absolutely not defending this. It was a mistake, and we

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apologize.'" The Post adds, "The posted data were similar to what the U.S. Justice Department had been seeking when it subpoenaed Internet companies, including AOL, last year. AOL complied and handed over search terms that were not linked to individuals. Google Inc. fought the subpoena in court and won. … The AOL data was posted at the end of last month on a special AOL Web site designed by the company so researchers could learn more about how people look for information on the Internet. The company removed the data over the weekend when bloggers discovered it."

USA Today (8/8, Swartz, 2.27M) reports, "The data went unnoticed until this weekend, when blogs such as Techcrunch pointed it out. … Privacy advocates say they are troubled because many people conduct vanity Web searches, typing in their names and birth dates, for example. ID thieves could piece together such information and identify the person, said Kurt Opsahl, a lawyer for privacy advocacy group Electronic Frontier Foundation. 'This highlights the dangers of companies storing this type of data for a long time.' One concern is that others could figure out a person's online behavior and what they searched for."

CNET News (8/8, Kawamoto, Mills) reports, "Although AOL had used identification numbers rather than names or user IDs when listing the search logs, that did not quell concerns of privacy advocates, who said that anyone among the 658,000 could easily be identified based on the searches each individual conducted. … 'We think it's a major privacy concern, and we're glad to see AOL is taking it seriously,' said Ari Schwartz, deputy director of the Center for Democracy and Technology. 'Companies that deal in search results have to understand that they carry very sensitive information, even if it doesn't have what we would traditionally consider to be personally identifiable information involved.' … Schwartz and other privacy advocates noted that with bits of information, a 'mosaic' could be created that could eventually lead a person to identify the individual in question."

CIVIL RIGHTS:

DOJ Sues LA Clippers Owner For Housing Bias. KNBC-TV, NBC 4, Los Angeles (8/8) reports, "The U.S. Department of Justice on Monday sued Los Angeles Clippers owner and real estate mogul Donald Sterling for housing discrimination, claiming he refused to rent apartments to blacks and families with children." KNBC-TV continues, "Federal prosecutors contend that Sterling, his wife, Rochelle, and their family trust refused to rent to many prospective tenants, treated them poorly and misrepresented the availability of apartments to them in the city's Koreatown section. … The defendants also are accused of refusing to rent to black prospective tenants in Beverly Hills as well as families with children looking to rent apartments that the defendants owned or managed in Los Angeles County. … 'Here in Los Angeles, where housing is already at a premium, it is imperative that no one be denied housing simply because of their skin color, ethnic background or because they have children,' said U.S. Attorney Debra Wong Yang." KNBC-TV adds, "Lawyers for Sterling said they vigorously deny the allegations contained in the lawsuit. They said that the Donald T. Sterling Corp. has had an open dialogue with the DOJ. … Claiming violations of the federal Fair Housing Act, the lawsuit seeks an end to 'discriminating on account of race, national origin and familial status,' plus unspecified monetary damages and penalties. The lawsuit also names as defendants the Sterling Family Trust and the Korean Land Company, which owns multifamily rental properties throughout the county."

The Los Angeles Times (8/8, Levin, 918K) reports, "Sterling owns about 100 apartment buildings with thousands of rental units in the county. In a prepared statement, Sterling's lawyer, Greg Garbacz, called the charges baseless. … For the last year, Garbacz said, the Sterling Corp. had engaged in 'open dialogue' with the U.S. Department of Justice, which at no time identified 'any evidence, document or witness supporting its allegations of housing discrimination.'" The Times adds, "In the seven-page complaint, Justice Department lawyers said Sterling's agents at various times have refused to rent to non-Koreans at their buildings in Koreatown, and have been guilty of 'creating, maintaining, and perpetuating an environment that is hostile' to existing non-Korean tenants. … According to the lawsuit, the Sterling companies also have refused to rent to African Americans at properties in Beverly Hills, and have misrepresented the availability of units to blacks and families with children. … Prosecutors are seeking a court order that would bar future acts of discrimination, along with monetary damages for alleged victims, none of whom was identified."

Hawaii Youth Prison Found In Partial Compliance With DOJ Settlement. The Honolulu Star-Bulletin (8/8) reports, "An initial review of policies and procedures at the Hawaii Youth Correctional Facility

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indicates the state's youth prison is in 'partial compliance' with 41 of the 53 areas cited as needing improvement by the U.S. Justice Department." The Star-Bulletin continues, "The 87-page report was issued last month by Russell Van Vleet, the monitor appointed by the federal court to oversee the state's compliance on reforms at the Kailua facility." The Star-Bulletin adds, "Earlier this year, the state entered into a three-year agreement with the Justice Department to improve conditions at the facility after an investigation concluded inadequate policies and procedures, staffing shortages and deficient training for guards had led to a 'state of chaos.' … 'The state is committed to fully complying with the agreement and to helping the youth confined at HYCF,' Attorney General Mark Bennett said yesterday in a news release. … The federal review came after an investigation by the American Civil Liberties Union of Hawaii had voiced similar concerns. The ACLU sued over conditions at the facilities but settled the litigation after the agreement with the Justice Department was reached."

7th Circuit Rejects Age Bias Claims In IBM Pension Case. The AP (8/8, Bergstein) reports, "IBM Corp. did not commit age discrimination when it changed its pension coverage in the 1990s, a federal appeals court ruled Monday in an influential case that Big Blue had agreed to settle for up to $1.4 billion if it had lost the appeal." The AP continues, "The case involved 140,000 older employees who were affected when IBM converted to a 'cash-balance' plan, which gives workers virtual accounts that can be cashed out for a lump sum when they leave the company." The AP adds, "The plans are designed to be more attractive to younger workers who are more likely to switch jobs. But opponents say the setup denies older workers the gains they would have gotten under traditional pension plans, in which employees amass more retirement benefits during their last years of service. … About 1,500 U.S. companies have adopted cash-balance or other 'hybrid' pension plans, although this case was a large reason why the approach had become less popular and legally questionable. Just last week, Congress passed a bill that sought to clarify the legality of such plans, over the objection of groups such as AARP."

The Financial Times (8/8, Waters) reports, "The case was prompted by IBM's decision to turn its plan for US workers into a so-called 'cash-balance' arrangement. Though still technically a defined benefits plan, under which retirees are paid benefits according to a formula based on their length of service, a cash-balance arrangement also shares some of the characteristics of a defined contribution plan. Companies make a contribution to the plan for each year of a worker's service, and those payments immediately start to accrue interest. … For younger workers not due to retire for many years, the compounding effect of the interest payments can result in a far larger pension entitlement than for workers who start their service at a later stage. That has led to lawsuits against IBM and a number of other US companies alleging age discrimination, resulting in a slowdown in the adoption of such plans."

The Wall Street Journal (8/8, Schultz, Francis, 2.03M) reports, "The ruling, which involved IBM's move to change from a traditional pension to a cash-balance pension plan, may spur more companies to make the switch, employers say, and may have implications for some of the roughly 400 companies with a total of more than 1,200 cash-balance plans among them. … 'A number of companies have held back' in converting defined-benefits plans to cash-balance plans because of concerns raised by the IBM case decision, says James Klein, president of the American Benefits Council, a Washington-based group that lobbies on pension issues and supports cash-balance plans. He said the ruling, combined with last week's congressional pension reform that deemed cash-balance plans aren't age-discriminatory, 'will give a green light for companies to make the conversion.' … 'We think it affirms the fair and legal decision that we made in 1999' to convert the plan, said J. Randall 'Randy' MacDonald, IBM's senior vice president for human relations. The computer maker had settled other aspects of the lawsuit for $320 million and had agreed to pay additional benefits of $1.4 billion to 140,000 current and former workers if it lost its appeal on the age-discrimination claim."

USA Today (8/8, Armour, 2.27M) reports, "The ruling has no legal impact on employees at other companies but is seen as reassuring for other companies that have converted plans or may consider such conversions. Under a traditional pension plan, employees receive monthly checks after retirement. But more companies have been shifting to cash-balance plans, which pay employees a lump sum when they leave the company and tend to be more attractive to younger workers because benefits accrue at a more steady pace rather than at the end of a career."

Black Firefighters Accuse Dallas Of Bias Against Women, Minorities. The Dallas Morning

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News (8/8, Eiserer, 500K) reports, "The Dallas Black Fire Fighters Association has filed suit against the city of Dallas seeking to change what it says is pervasive discrimination against minorities and women in hiring, training, transfers, promotions and discipline. … 'These people are being discriminated against,' said Grover Hankins, a Houston attorney who specializes in employment discrimination cases. 'There are some very hard-core discriminatory practices that are going on in that department.'" The News continues, "The lawsuit, filed in state district court on July 19, seeks a permanent injunction prohibiting 'unfair discriminatory employment policies' and demands more than $75,000 in damages for each person." The News notes, "Issues surrounding race have long been contentious and litigious in Dallas Fire-Rescue. … The black firefighters association filed a class action in the late 1980s, alleging that blacks lagged in hiring and promotions. … The city settled the lawsuit for about $860,00 in the mid-1990s. The settlement mandated numerous changes, including revamping disciplinary procedures and added special requirements on how to conduct hiring and promotional tests. … About that time, white firefighters filed suit in federal court, contending that women and minorities who scored lower on civil service tests were promoted ahead of them. The issue revolved around a 1988 policy that allowed the department to 'skip-promote' minorities and women who did as well on the tests as white men. … In the late 1990s, the U.S. Supreme Court found that portion of the city's affirmative action plan violated the constitutional rights of white male firefighters."

New York City Relaxes Fire Department Hiring Requirements. The New York Times (8/8, Cardwell, 1.21M) reports, "Expanding efforts to attract women and minorities to the Fire Department, the city is relaxing its standards for applicants to take the entrance exam by reducing academic requirements and allowing job experience to substitute for college course work, Mayor Michael R. Bloomberg said yesterday." The Times continues, "Still, for those who pass the test, the probationary period will be longer and more rigorous, giving the department more time to train and evaluate applicants, the mayor said. … 'By recognizing the value of professional experience, we'll create opportunities for more New Yorkers and ultimately strengthen the department by hiring candidates with a wide range of skills and life experiences,' Mr. Bloomberg said at a news conference in Brownsville, Brooklyn, announcing the changes, which were reported yesterday in The Daily News. … 'If you have more people taking the test, there will be more diversity because you just have a bigger group to choose from.'" The Times adds, "For decades, the city has faced pressure to diversify the Fire Department, which remains overwhelmingly white and male, in sharp contrast to other agencies and to the population of the city. According to the department, at the end of July there were 11,605 firefighters. Of those, 620 were Hispanic, 336 black, 69 Asian-American and 6 Native American, for a total of 8.9 percent. All told, 30 were women. … In recent years, the department's record has spurred a federal complaint by the Vulcan Society, an association of black city firefighters, and a Justice Department investigation into the department's hiring practices that began last year and is still under way. However, city officials said, some of their efforts to diversify the agency have begun to bear fruit. They noted that in the last class to graduate from the Fire Academy, in July, 21 percent were minorities."

Dominguez To Step Down As EEOC Chairwoman. In its "Washington Wire" column on its web site, the Wall Street Journal (8/7, 2.03M) reported, "Equal Employment Opportunity Commission Chairwoman Cari Dominguez says she'll leave the agency at the end of this month – following months of speculation within the commission that her departure was imminent." Commission Vice-Chairwoman Naomi Earp "will become acting commissioner on Sept. 1."

High-Level Changes To Maryland Prison System Mulled. The Baltimore Sun (8/8, Dechter, 262K) reports, "On the eve of an emergency legislative hearing into deadly conditions at Maryland correctional facilities, Public Safety and Correctional Services Secretary Mary Ann Saar declined to express confidence in her prison chief, and said changes to top staff are being considered." The Sun continues, "Asked Monday during a conference call with reporters whether she had confidence in Division of Correction Commissioner Frank C. Sizer Jr., Saar said, 'I deal through my deputy [Mary Livers], in whom I have a great deal of confidence. I listen to my executive staff on recommendations, and these are all discussions we are having now.'" The Sun adds, "Saar and other administration officials will be questioned Tuesday morning at an emergency General Assembly subcommittee hearing

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scheduled in the aftermath of the stabbing death last month of correctional officer David McGuinn, who was killed on duty by inmates at the Maryland House of Correction in Jessup. … Facing intense criticism for a surge of violence at state prisons, Saar defended her job performance during the session with reporters and criticized the legislature for failing to provide enough money for her plan to make rehabilitation a central focus of incarceration. She also blamed a robust economy for persistent staff vacancies and high turnover at prisons, particularly in the Jessup area. … In response to a question about whether high-level personnel changes were pending, Saar said: 'We're looking into that.'"

Sex Harassment Suit Against Toyota Could Lead To Others. USA Today (8/8, O'donnell, Woodyard, 2.27M) reports, "Toyota says it has settled a $190 million sexual-harassment lawsuit that squeezed out the automaker's top U.S. official." USA continues, "The settlement, announced Friday without details, should get the attention of executives at other international businesses, because it resulted in a new policy for reporting harassment allegations against the top executive, as well as changes in Toyota's training and employment procedures. … Other companies 'will see it and say, "If Toyota's doing this, it's going to be the industry practice and we need to make sure we're doing whatever everyone else is doing," ' says New York-based employment discrimination lawyer Douglas Wigdor." USA adds, "All companies 'could stand to take a look at what they would do if the top person in charge is (accused) of sex harassment,' says Lisa Guerin, legal editor at book publisher Nolo and a lawyer specializing in employment law. .. .In Toyota's case, plaintiff Sayaka Kobayashi said she complained to Toyota Motor North America's then-senior vice president Dennis Cuneo, who was in charge of human resources, but nothing was done. That's despite her allegation that former Toyota North America CEO Hideaki Otaka was not just making off-color comments but trying to force her to have sex. … Otaka has denied wrongdoing, but he left his U.S. post and returned to Japan earlier than planned. He now is retired."

ABA Claims Minority Women Suffer Law Firm Bias. The AP (8/8, McAvoy) reports, "An American Indian attorney is asked where she keeps her tomahawk. White male partners look past a black lawyer, assuming she is clerical staff. An Asian attorney is called a 'dragon lady' when she asserts herself. … A study by the American Bar Association that says those real-life experiences, along with more subtle forms of discrimination, are prompting growing numbers of minority women to abandon the nation's biggest law firms. … 'We're not even talking about trying to get up through a glass ceiling; we're trying to stay above ground,' said Paulette Brown, co-chairwoman of the group that produced the study, released Friday during the bar association's annual convention." The AP notes, "The report, 'Visible Invisibility: Women of Color in Law Firms,' was conducted by the bar association with the help of the National Opinion Research Center at the University of Chicago. Questionnaires were sent to about 1,300 attorneys, both men and women, and responses came from 72 percent, or 920. … Law firms exclude minority women from golf outings, after-hours drinks and other networking events, the study says. Partners neglect the women of color they are supposed to help mentor. … In some cases, partners and senior lawyers disregard minority women less because of outright bigotry than because they have less in common with them and thus don't connect well with them, the study found."

Conservative Kansas School Board's Defeat Seen As Temporary Setback. In a New York Times op-ed (8/8), Thomas Frank says, "The nation breathed a sigh of relief last week after the conservative majority on the Kansas school board, world famous for its war on the theory of evolution, went down to defeat in Republican primary elections. Conservative candidates for several state government posts foundered as well (but others won). It seemed as though moderation had finally returned to this middlemost of American places." But "I think it is far too soon to write the obituary for the godly radicals. Their faction may have chosen lousy candidates this time around, and their public appeal may have dissipated thanks to the preposterous issues (evolution, stem-cell research) against which their leaders have lately been hurling themselves, but the movement is deeply ingrained in Kansas culture. The conservatives will undoubtedly be back."

ANTITRUST:

Petco Buyout By Investment Group Clears Antitrust Hurdle. The AP (8/8) reports, "Petco Animal Supplies Inc., the nation's second-biggest pet supplies retail chain, on Monday said the regulatory antitrust waiting period affecting the company's buyout by a private investment group

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has ended early." The AP continues, "The investor firms Leonard Green & Partners LP and Texas Pacific Group offered $29 per share in cash for Petco for a total transaction value of about $1.8 billion, including assumed debt." The AP adds, "The transaction, announced last month, remains subject to stockholder approval and is expected to close by the fourth quarter of this year."

CommScope Makes $1.51 Billion Bid For Andrew. The AP (8/8) reports, "Telecommunications equipment company CommScope Inc. on Monday made a rival bid to acquire the outstanding stock of coaxial cable maker Andrew Corp. for about $1.51 billion in cash." The AP continues, "Andrew, based in Westchester, Ill., agreed in May to be acquired by ADC Telecommunications Inc. of Eden Prairie, Minn., for stock in a deal valued at the time at $1.6 billion." The AP adds, "CommScope, which makes coaxial, fiber-optic and cable products, said its offer amounts to $9.50 per share in cash -- a 20 premium to Andrew's closing price of $7.89 on Friday and a 36 percent premium to ADC's offer, which now values Andrew stock at just $6.97 per share because of the recent decline in shares of ADC. CommScope would also assume about $186 million in Andrew debt under the deal. .. . The proposed combination of ADC Telecommunications, a maker of products that transmit voice and data signals, and Andrew has received antitrust clearance from the Federal Trade Commission."

The Wall Street Journal (8/8, Cheng, 2.03M) reports, "For CommScope, based in Hickory, N.C., Andrew offers an appealing customer base, said Chief Executive Frank Drendel. He also said Andrew's technology, which permits the use of aluminum cable lines, instead of copper ones, was attractive. 'It's a significant part of the interest we have in this transaction,' he said, adding the proposal wouldn't make sense if copper wasn't so expensive. … CommScope is likely to find supporters among Andrew shareholders, who have railed against the deal with broadband-equipment maker ADC. Because the ADC deal is structured as a stock swap, Andrew's fate is tied to swings of ADC's stock, which fell 20% the day the deal was announced. The stock also plunged after a profit warning last month, further lowering the deal's value."

EU Urged To Probe Jet Fuel Prices. The AP (8/8) reports, "European airlines on Monday called on EU regulators to investigate what they say are unfair monopolies in the jet fuel market." The AP continues, "Oil companies are raising the price of refined jet fuel faster than the increase in crude oil prices, said the Association of European Airlines, which represents 31 European airlines. … 'The industry is suffering already from today's exceptionally high fuel costs. The last thing we need is for those costs to be further inflated by unfair commercial practices,' said AEA Secretary General Ulrich Schulte-Strathaus." The AP adds, "Jet fuel costs increased 37 percent from last year, and airlines are spending up to a quarter of their operating costs on jet fuel, the AEA said in a statement. … Earlier this month, Austrian Airlines asked both the Austrian and EU authorities to examine what it maintains are monopolistic practices of state-owned Austrian oil and gas company, OMV. Austrian Airlines estimates that it has spent an extra 35 million euros ($45 million) a year as a result of OMV's price hikes. … The airline reported a loss of 59.9 million euros ($77 million) for the first half of 2006. OMV denies any allegations that it is fixing jet fuel prices."

MarketWatch (8/8) reports, "In June, Italian competition authorities fined six major oil companies a total of EUR 315.4 million for exchanging information and illegally raising the price of jet fuel. … The biggest sums were imposed on Italy's gas giant Eni SpA, which was fined EUR117 million, and Esso, the Italian unit of U.S. Exxon Mobil Corp. (XOM), which was fined EUR67 million. The other companies were Kuwait Petroleum Italia SpA, a division of Kuwait Petroleum Corp., Royal Dutch Shell PLC's Italian division, Libyan refiner Tamoil, and French oil and gas major Total SA. … The European Commission antitrust authorities said they needed more time before commenting."

ENVIRONMENT/INDIAN AFFAIRS:

Oil Prices Spike As BP Shuts Down Alaska Pipeline. The AP (8/8, Pemberton) reports BP "said Monday it discovered corrosion so severe that it will have to replace 16 miles of pipeline at the huge Prudhoe Bay oil field -- work that could shut down the nation's single biggest source of domestic crude for months and drive gasoline prices even higher." The Wall Street Journal (8/8, Chambers, 2.03M) reports "a quick restart looks unlikely, given that oil output shut in from a March spill in another part of Prudhoe Bay has yet to be fully restarted." The Financial Times (8/8, McNulty, Hoyos) says "the shutdown is embarrassing for the UK oil major," and adds "BP whistleblowers have for years

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warned that the Alaska field was understaffed and poorly maintained, charges the UK oil giant has denied. It said on Monday the models it was using to gauge corrosion had turned out to be faulty."

USA Today (8/8, Hagenbaugh, 2.27M) reports, "Oil prices surged Monday to within a nickel of the record as a major Alaskan oil field was being shut down, heightening supply fears. The average US gasoline price, meanwhile, rose to within pennies of the record high." The price of a barrel of crude oil trading "for delivery next month rose $2.22, or 3%, to $76.98. That just missed the record, not adjusted for inflation, of $77.03 hit July 14. Adjusted for inflation, the record was more than $86 in 1981."

Like USA Today, virtually all media coverage portrayed the pipeline closure as very likely to lead to higher fuel prices. All three networks led with the story last night. ABC World News Tonight (8/7, lead story, 3:10, Gibson, 8.78M) reported, "Gas prices already have Americans alarmed. And they're about to get higher." Crude oil prices "shot up today to almost record levels. Gas prices will almost inevitably soon follow." ABC (Stark) added, "This couldn't have come at a worse time. Oil markets are already skittish over world unrest. And they're worried about possible hurricanes. So, this is the last thing that drivers need in the midst of the summer driving season."

The CBS Evening News (8/7, lead story, 2:55, Smith, 7.66M) reported, "We can't seem to catch a break, can we? Just when it looked like the price of gas might be leveling off, we woke up to a new oil shock, a leak was discovered in an Alaska oil field that accounts for a big part of US production and the owner, BP is shutting it down for repairs that could take months." That news "sent the price of oil up more than $2 to close just short of $77.5 barrel."

NBC Nightly News (8/7, lead story, 2:45, Thompson, 9.87M) reported an Energy Department spokesman "said today it stands to release any additional crude oil should it be asked the of the refinery but no word so far on whether any of the oil companies have asked them to open up that reserve." The AP (8/8, Hebert) quotes spokesman Craig Stevens, "referring to the loss of nearly half of oil shipments from Alaska's North Slope," saying, "We're taking a very serious look at this." Stevens "said the department will be in contact with BP Exploration Alaska Inc. and West Coast refiners later in Monday to assess the situation. 'If there is a request for oil we'll certainly take a serious look at that,' he said." Sen. Charles Schumer, "often a critic of the administration's energy policy," said, "This is the appropriate and right thing to do. We're glad the White House's reluctance to use the Strategic Petroleum Reserve to prevent price spikes seems to have dissipated."

The CBS Evening News (8/7, story 2, 2:10, Orr, 7.66M) reported, "US refiners could make up for the loss by importing more oil from Saudi Arabia and the Bush Administration has already said it may bolster supplies by tapping the government's emergency stockpiles, the Strategic Petroleum Reserve. But oil traders are still nervous. Crude today shot up more than $2 and the price could really explode with just one more problem. Another hurricane, for example, could severely cripple supplies."

The New York Times (8/8, Peters, 1.21M) notes "taking the field off line will reduce domestic oil production by 400,000 barrels a day, or 8 percent — equivalent to about one-third of the amount the United States imports daily from Venezuela."

The Washington Post (8/8, A1, Mufson, 748K) titles its story "Pipeline Closure Sends Oil Higher," and says "BP's announcement also gave another black eye to a company that has fashioned an image as a responsible, environmentally concerned company." The Baltimore Sun (8/8, Adams, 262K) headlines its report "Problem In Alaska Sends Oil Price Up," and the Los Angeles Times (8/8, Sanchez, 918K) reports "the loss of North Slope oil has major implications for California because the state's refineries are highly dependent on Alaskan crude oil. Alaska supplies about 20% of California's petroleum, according to the California Energy Commission." The Washington Times (8/8, Hill, 88K) runs a similar report.

BP's Safety Record In US Under Renewed Scrutiny. AFP (8/8, Cole) reports, "BP says it has a zero tolerance policy with respect to industrial accidents, but the British energy giant has been accused time and again of cutting safety corners in the United States." AFP continues, "BP's US operations were in focus again Monday after it announced it was shutting down all oil production at the vast Prudhoe Bay oilfield in Alaska, America's largest field, due to a pipeline leak. … The company is already being investigated by the Justice Department and the Environmental Protection Agency for a huge Alaskan oil spill that occurred in March. … 'We've been concerned about BP's safety record on the North Slope of Alaska for many years now,' said Justin Tatham, an Arctic advocate for the Public Interest Research Group (PIRG). … 'We've seen a pattern emerge over the last four to six years of the company getting more and more sloppy in their work as

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they try to milk the remaining oil from Prudhoe Bay,' Tatham said." AFP adds, "BP America chairman Bob Malone, however, said safety of operations is a top priority for the energy group. … 'We will not resume operation of the field until we and government regulators are satisfied that they can be operated safely and pose no threat to the environment,' Malone said in a statement. … However, questions about the safety record of the London-headquartered company have long been making headlines in the United States."

WSJournal Says Effect Of Closure Helps Case For ANWR Drilling. The Wall Street Journal (8/8, 2.03M) editorializes, "Opponents of opening the Arctic National Wildlife Refuge (ANWR) to oil drilling have long argued that the supply wouldn't make a difference to prices. Well, that claim took a spill yesterday with BP's announcement that it is shutting down its operations at Prudhoe Bay due to a damaged pipeline that could take months to patch." The Journal adds, "These are the same folks who've delighted in informing Americans in recent years that opening up nearby ANWR to drilling would 'only' result in an extra one million barrels a day."

Governors Weigh In On Energy Policy. The AP (8/8, Tanner) reports, "Governors worried about damage to the economy and complained about years of neglect on energy policy after an Alaska oil field shutdown, but offered far different solutions on Monday. Energy independence and alternative fuels had already been part of the weekend's summer meeting of the National Governors Association. News of the oil field shutdown and the spike in oil prices, spurred by corrosion of a key oil pipeline, put a sharper edge to the topic." Democratic Gov. Kathleen Blanco of Louisiana, "whose state is at the center of the nation's fuel production and distribution, criticized the federal government's monitoring of critical infrastructure." Meanwhile, "Republican Gov. Haley Barbour of Mississippi said the problem was environmentalists and others who fight increased drilling and pipeline construction." And "in Washington, New York Gov. George Pataki offered a 10-year energy program calling for tax credits for fuel-efficient cars and development of alternative fuels in a speech to the National Press Club." Asked about drilling in the Arctic National Wildlife Refuge, Pataki said, "There's no question we have to expand domestic production of oil. I think you've just seen this afternoon what happened unless we have reliable additional sources that are convenient to the market. So yes, we need to open up more places for oil exploration and drilling."

Big Oil Said To Reinvest Profits In Exploration, Developments. The Washington Times (8/8, Hill, 88K) reports, "Big Oil's record profits attract attention and outrage, but an independent study has found that oil companies do exactly what economic textbooks say they should do with all that money: They invest it in oil exploration and development efforts that eventually should relieve pressure on prices." The Times adds, "The top 20 US and Canadian oil companies actually invested 50 percent more than they earned in the past 10 years in efforts to produce more oil, but adverse geopolitical developments conspired to give them fewer opportunities to expand production while fading oil fields in the US and elsewhere forced them to spend substantially more just to maintain current production, according to the study by the Ernst & Young accounting firm."

Judge Reprimands EPA Over Clean Air Act Delays. Government Executive (8/8, Mandel) reports, "A federal judge reprimanded the Environmental Protection Agency last week for devoting resources to discretionary activities while it remains years behind schedule in meeting its statutory obligations to regulate hazardous air pollutants as required by the 1990 Clean Air Act." GE continues, "In an opinion issued last Wednesday, Judge Paul Friedman of the U.S. District Court for the District of Columbia laid out the reasoning behind an order, issued in March, that EPA promulgate regulations according to an accelerated schedule that he said would reflect Congress's original intent in setting a timeline for completion of the work." GE adds, "The opinion provided insight into the March judgment in favor of the environmental group the Sierra Club in a lawsuit against EPA Administrator Stephen Johnson. That suit mainly addressed a Clean Air Act requirement that the agency identify, by November 1995, the emission sources for the 30 most hazardous air pollutants and, by November 2000, issue emissions standards for those sources. The agency finished identifying the pollution sources in 1999 but has issued standards for only 15 of the 70 different types of sources. … Both sides had presented proposals for a schedule on which the agency would complete the required regulations. EPA argued that the complexity of the task, the need for extensive research and the competition for internal resources necessitated a schedule that would complete one group of regulations by October 2011, and another by December 2012. Steve Page, director of the Office of Air Quality Planning

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and Standards, said the agency would require about 50 months per regulation."

Battery Technology Seen As Roadblock For Electric Vehicles. In a USA Today op-ed (8/8), former automotive engineer Gary Witzenburg says, "Widespread acceptance of battery-powered" electrical vehicles (EVs) "will not happen until someone develops battery technology competitive with a tank of gas (or diesel) in every way. It must be absolutely safe, long-term durable, capable of operating reliably in extreme weather and temperatures, mass-producible at low cost, able to carry comparable energy in a package of comparable size and weight, and able to be quickly recharged. None comes remotely close." Lithium-ion technology, "apparently nearly ready for vehicle duty but more expensive still" than existing batteries, or "something else further down the road — may be the answer to battery-powered EV acceptability in business-sustaining volume. But I'll believe it when I see it."

Meanwhile, USA Today (8/8, 2.27M) says in an editorial that while "the potential of electric cars was overblown in the past, technological advances and $3-a-gallon gas merit giving them a new look." Electric cars "have a checkered history, including General Motors' all-electric EV1. During the 1990s, about 1,000 leased EV1s prowled California roads in an experiment that GM says went badly." Electric cars "are no panacea. Generating electricity, after all, consumes energy and creates pollution. What the skeptics miss, however, is that each step — from the failed EV1 to the pricey Tesla to the plug-in hybrid — brings the country a little closer to a vehicle that would help wean its dependence on imported oil. It would be a shame if Detroit pulled the plug on electric cars just when economics and technology might be making them viable."

Tierney Criticizes Energy Waste From Second Homes. In his New York Times column (8/8), John Tierney "says when you tally up" Al Gore's "international travel to inspect melting glaciers and the domestic trips between his homes — one in Washington and another in Nashville, not to mention the family farm in rural Tennessee featured in the movie — you're looking at a Godzilla-sized carbon footprint." Somehow, "in all the years I've been reading lists of energy-saving tips, I've never noticed, 'Sell second home.' A cynic might attribute this oversight to a high correlation between fervent environmentalism and second-home ownership — Robert Redford and his place at Sundance, the Kennedys and their compound on the Cape, Laurie David and her home on Martha's Vineyard, John Kerry's seaside and mountainside manses."

NYTimes Praises Reversal Of Administration Oil, Gas Leasing On Federal Lands. The New York Times (8/8, 1.21M) says in an editorial that in the "spring of 2003, Gale Norton, then secretary of the interior, and Michael Leavitt, then governor of Utah, struck a deal that removed federal protection from about 2.6 million acres of land that the Clinton administration had designated as potential wilderness. In fairly short order, the Bureau of Land Management began selling oil and gas leases on some of these lands as part of a larger energy policy that called for aggressive exploration and drilling even in the most fragile of Western landscapes." That policy "has now suffered its first serious reversal. Last week, a federal district court in Utah ruled that leases on 16 parcels had violated federal environmental law." With "any luck, the decision will send a signal to Ms. Norton's successor, Dirk Kempthorne, that the administration's policy of indiscriminately fast-tracking leases in fragile areas needs a fresh look. This policy is not only unpopular but unnecessary."

FBI/DEA/ATF/USMS:

FBI Issues Lookout For No-Show Egyptian Students. In a widely-distributed story, the AP (8/8, Sherman) reports, "Eleven Egyptian students who arrived in the United States last month are being sought by U.S. authorities after failing to turn up at Montana State University." They "were among a larger group of students who arrived…in New York…with valid visas," and "when the 11 didn't turn up by the end of the last week, the FBI issued a lookout to state and local law enforcement, said FBI Special Agent Richard Kolko. 'At this point all they have done is not show up for a scheduled academic program,' Kolko said. 'There is no threat associated with these men.'" FOX News.com (8/7) also notes that "Kolko emphasized that there was no indication that the men were involved in any illicit activity," and adds, "Cases like these are actually quite common, Kolko said. Oftentimes when large groups of foreign students arrive in the United States, it is almost inevitable that some will break off and head to tourist destinations before turning up several days later."

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Newsday (8/8, Brune) reports Kolko said, "We have simply asked law enforcement's assistance in locating them so that the FBI and ICE may interview them." Newsday adds, "New York Police Department sources said the FBI asked the department to be on the lookout for the students. The belief, based on what they have been told by the FBI, is that the men are here for work. … 'This is probably economic reasons, that they used the student visas as the guise,' said a law enforcement source. 'There's no evidence of any kind pointing to a terrorist plot.'" The New York Post (8/8, Mangan, 608K) also reports Kolko said, "At this point, all they have done is not show up for a scheduled academic program, and their visas have been revoked. We do not know of any association with any terrorist or criminal groups. There is no threat associated with these men." However, Rep. Peter King "said the situation 'has to be taken very seriously.' 'Having a number of students from an Arab country arriving on student visas and disappearing is cause for concern,' he said."

Federal Prosecutor Denies Making Pact With Tennessee Felon. The Knoxville (TN) News-Sentinel (8/8, Satterfield) reports, "A judge on Monday ordered a federal prosecutor to reveal whether he had given a cocaine dealer a break so the criminal would implicate a Blount County man in a murder." The News-Sentinel continues, "The Justice Department tried to block testimony from Assistant U.S. Attorney Hugh Ward about his dealings with convicted cocaine dealer Myron Kellogg. … Kellogg and his U.S. District Court plea deal became the focus Monday of a hearing in Knox County Criminal Court because Kellogg is expected to be a key witness against Reginald Stacey Sudderth." The News-Sentinel adds, "Sudderth is accused of murder and conspiracy to commit murder in the April 1998 shooting death of 18-year-old Andre Jackson in Blount County. The case has been moved to Knox County because judges and prosecutors originally assigned to the case have bowed out for various reasons. … A jury has been selected, but jurors sat in a conference room for most of Monday afternoon after an argument erupted over Kellogg." The News-Sentinel notes, "Sudderth's attorney, Herbert S. Moncier, insisted Monday that Kellogg had gotten a sweetheart deal from Ward primarily because of Kellogg's role as a witness against Sudderth and as the boyfriend of another witness against Sudderth. … Moncier sought to question Ward and get a review of Ward's file. Assistant U.S. Attorney Elizabeth Tonkin resisted the move. Senior Judge Jon Kerry Blackwood, appointed by the state Supreme Court to handle the case, ordered Ward to take to the witness stand. … Tonkin asked Ward two questions, one of which was whether Kellogg was given a deal for being a snitch against Sudderth. 'No, he was not,' Ward said. … 'Those are the only questions Mr. Ward has been authorized by the U.S. Attorney to answer,' Tonkin told Blackwood."

New Attacks On Indiana Highways Prompt Formation Of Federal-State Task Force. The New York Times (8/8, Ferkenhoff, 1.21M) reports, "New sniper attacks on Indiana roads have led to an expanded investigating team. Federal and state investigators joined the local police in northwestern Indiana on Monday." The Times continues, "No one has been killed in the nine reported attacks. They have drawn comparisons to the deadly shootings in the Washington metropolitan region in 2002 and to a fatal sniper shooting last month near Muncie, Ind., 50 miles northeast of Indianapolis. … Windows have been shattered and minor injuries reported in the recent attacks in Lake County, near Hammond, Whiting and Merrillville from July 25 to last Friday. All but one attack was in an eight- to nine-mile stretch of Cline Avenue, which carries 10,000 motorists a day." The Times adds, "A Federal Bureau of Investigation gang investigations unit in Gary, Ind., will run the expanded team. … 'This is a coming together of some of the local agencies who have been working on this with federal and state agencies to bring more manpower and more technology to figuring this out,' Mark Becker, agent in charge of the F.B.I. office in Merrillville, said. 'Clearly, this is someone or people who aren't right.'"

The (Northwest Indiana) Times (8/8) reports, "FBI will employ profilers as well as the Gary-based Gang Response Investigative Team to assist in the Lake County investigation of the reported shootings that have struck nine vehicles. To date, no injuries have been reported. … Also assisting on the task force are U.S. Marshal's Office, the ATF, the Indiana State Police, the Lake County Prosecutor's Office and the police departments of Hammond, Gary, East Chicago and Whiting."

The Chicago Tribune (8/8, Maxwell, Huppke, 623K) reports, "When car windows began shattering along bustling Cline Avenue two weeks ago, the talk was that a sniper was on the prowl. Hoosiers had just dealt with a quick but deadly series of highway sniper shootings in central Indiana, so anxiety was understandably high. … But now that fearful talk

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has grown muted, even though motorists along this four-lane industrial stretch continue to be targeted by something—and someone—no one can identify. … 'Personally I think it's just little kids out there with slingshots,' said an unconcerned Lloyd Taylor, filling his rickety van up at a gas station just off Cline. 'It ain't no bullets.' … But here's the problem that investigators, which now include the FBI, are facing: After nine shattered windows, they haven't found any bullets." The Tribune notes, "It's possible BBs or even rocks from a slingshot are to blame, but no evidence has been found. Not only is there no smoking gun, at this point there's not even a suspect projectile. … 'I'm not going to rule out anything,' said Mark Becker, supervisory special agent for the FBI in Merrillville, Ind. 'I don't want to guess what might or might not have been used. It's just too early to tell.'"

ATF Joins Probe Of Georgia Explosion. The Macon (GA) Telegraph (8/8, Purser) reports, "A federal and state investigation into Sunday's explosion at Pyrotechnic Specialties Inc. in Byron took center stage today, as local authorities faded into the background. … 'We've turned the investigation over to them on this type of investigation. This is basically their type of expertise,' Peach County Sheriff Terry Deese said today." The Telegraph continues, "If there were any violations that led to the huge blast that leveled a building at the explosives manufacturer, federal and state authorities will also deal with that, the sheriff said. … 'This happens from time to time. I guess that's just the nature of the beast,' Deese said." The Telegraph adds, "Jeff Pearce, assistant special agent in charge of the Atlanta field division of the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, said it's too early in the investigation to determine what caused the explosion and whether it was an accident or the result of foul play. … 'We have no information leading us to believe there was criminal act at this point,' he said. … Pearce also noted that there is the potential for accidental explosions when dealing with explosives and such a blast does not necessarily mean the company failed to follow proper safety precautions. The agent said those issues will be looked at as part of the investigation."

IMMIGRATION:

Nine Suspected Illegal Aliens Killed During Flight From Border Patrol. The New York Times (8/8, Giblin, 1.21M) reports, "Nine suspected illegal immigrants were killed and 13 others were injured after a sport utility vehicle overturned while being pursued by Border Patrol agents near Yuma, Ariz., on Monday, officials said. The vehicle, a Chevrolet Suburban, was carrying 22 people when it flipped, said Lloyd Frers, a senior agent for the Border Patrol." The Times adds, "Five people died at the scene, and four died after being taken to Yuma Regional Medical Center." Agents "had spotted the vehicle on a desert road that circumvents a Border Patrol checkpoint on Highway 95 near the California line, Agent Frers said." The Washington Post (8/8, A7, 748K) says "five of the injured, including a pregnant woman, were in critical condition, most with head trauma, a hospital spokeswoman said." Border Patrol spokesman Lloyd Frers "told the Associated Press, 'It's pretty obvious to anybody who looks at it that it was more than likely a smuggling load.'"

Immigration Activists Will March To Hastert's Office. The Chicago Tribune (8/8, Avila, 623K) reports, "Organizers of two major Chicago immigrant marches upped the ante Monday, announcing a four-day walk from Chinatown to the western suburb of Batavia -- about 40 miles -- that they hoped would pressure US House Speaker Dennis Hastert to move the immigration debate forward." Participants "will begin their walk Sept. 1 and culminate their journey on Labor Day, Sept. 4, at Hastert's district office. There, they plan to hold an immigration hearing, which they say will differ from committee hearings that Hastert has organized."

Online Database Shows Records Of Immigration Judges. The AP (8/7, Anna) reports, "It's said the only thing more complicated than immigration law is the U.S. tax code. But immigrants and their lawyers on Monday gained a tool to compare judges and their records — putting faces on a system that's famously hard to read." The AP continues, "For the first time, the backgrounds of most of the country's 200-plus immigration judges have been published in one place. The online database also shows each judge's denial rates in asylum cases, effectively telling the public who's strict and who's more of a softie. … It means asylum seekers can track which courts are the friendliest — and prepare themselves for the judge they'll be facing. They may even be inspired to shop around. … 'You just have one chance,' said Susan Long, co-director of the Transactional Records Access Clearinghouse at Syracuse University, which released the information. The project collects and analyzes federal government data. … 'You learn a lot in court, but not

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in time to be helpful,' Long said. 'It's like a surgeon — you want one who does a good job.'" The AP adds, "Until now, such information has been gained through gossip, or years of courtroom observation. Sites like asylumlaw.org have some statistics, but immigrant advocates said the information can be old or incomplete. Now immigrants can learn if their judge once worked for, say, the enforcement arm of the former Immigration and Naturalization Service. … The database exposes a part of the immigration system that even Attorney General Alberto Gonzales has sharply criticized. He ordered a review of the immigration courts in January, saying some judges showed 'intemperate or even abusive' conduct toward asylum seekers. … Individual judges have remarkable range in denying asylum, from 10 percent to more than 98 percent, a TRAC report last month showed. … Monday's release lets the public compare judges within each court or with others across the country. It also shows each judge's caseload by major nationalities."

CONGRESS-ADMINISTRATION:

Democratic Senators Hold Up Bradbury Nomination. United Press International (8/8, Waterman) reports, "Three Democratic senators have said they will block the confirmation of a senior Justice Department official until the administration agrees to let an investigation into its program of warrantless wiretapping go ahead." UPI continues, "Sens. Richard Durbin, D-Ill., Russell Feingold, D-Wisc., and Edward Kennedy, D-Mass., wrote last week to President Bush saying they believe it would be 'inappropriate' to confirm Steven Bradbury until the 'investigation is completed and Mr. Bradbury is cleared of any wrongdoing.'" UPI adds, "Bradbury was nominated in January to take over the department's Office of Legal Counsel, the section that provides binding legal advice to the White House and other federal agencies; drafts the attorney general's legal opinions; and adjudicates legal disputes between government departments. … But he has been running the office in an acting capacity since last summer, and under his leadership it has mounted an aggressive campaign to defend the legality and constitutionality of President Bush's program of warrantless wiretaps on calls into and out of the United States by people believed connected with al-Qaida or other terror groups. … The Office of Legal Counsel, for instance, produced the so-called January 19 White Paper, a document setting out the administration's case that warrantless surveillance of international electronic communications like telephone calls, e-mails and faxes -- even when one end of the conversation was in the United States -- was legal under the president's inherent powers as commander-in-chief and Congress' 2001 Authorization for the Use of Military Force in the U.S. war on terror. … The office was also one of those asked to provide information and documents to an internal Justice Department investigation into the wiretapping program. The three senators, all senior members of the Senate Committee on the Judiciary, say this indicates that the office was a target of the investigation, which was probing whether any department lawyers had engaged in misconduct when they authorized the program."

Thompson Medicaid Proposals Could Benefit Companies He Works For. The Washington Post (8/8, A19, Lee, 748K) reports that after former Health and Human Services Secretary Tommy Thompson "proposed overhauling Medicaid in ways that he says would be good for the country," critics "contend that some of Thompson's recommendations also could be good for companies that he works for." Thompson now "speaks not just as a former government leader but also as an executive with ties to several companies that have a hand in Medicaid." He is "on the board of Centene Corp., a St. Louis-based company that operates Medicaid-funded health maintenance organizations in Indiana, Kansas, Missouri, New Jersey, Ohio, Texas and Wisconsin. His proposals to move more Medicaid beneficiaries and uninsured people onto such plans could improve the company's bottom line." Thompson also "is chairman of the Deloitte Center for Health Solutions, part of Deloitte & Touche USA LLP, a consulting firm that has contracted with states to help improve their Medicaid programs." Thompson also "is a part-owner and board member of VeriChip Corp., which makes microchips that store data and can be implanted in humans. The company might benefit if Medicaid were to embrace electronic medical records."

More Relatives Of Politicians Serving In Congress. USA Today (8/8, Lawrence, 2.27M) reports on the increase of political dynasties, noting there has been over a 100% increase in the number of members of Congress who are related to "governors or other members of Congress" in the last twenty years. There are "more than 50 — among them four sets of siblings, four widows, dozens of offspring,

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the wife of a former Senate majority leader and Sen. Hillary Rodham Clinton, wife of a former president and governor." There also "may be more relatives after the Nov. 7 election: At least two children of retiring House members want to succeed them: Republican Gus Bilirakis of Florida and Democrat Chris Owens of New York." Two governors' sons "are seeking Senate seats: Democrat Bob Casey in Pennsylvania and Republican Tom Kean in New Jersey," among others.

USA Today (8/8, Lawrence, 2.27M) reports, "Family ties on Capitol Hill are so common that the late congressman Morris Udall had no fewer than three relatives in office to support the stem cell research they say might have cured him," including his cousin, Sen. Gordon Smith, his son, Rep. Mark Udall, and his nephew, Rep. Tom Udall. The Udalls, "developing into a Western mini-dynasty, illustrate the proliferation of relatives in elective office. Political analysts offer several reasons for the trend," including the "influx of women into the workforce." Another is the "emergence of minority politicians and dynasties," as is the "increasing value of a brand name and family connections as campaign costs rise."

Physical Shows Bush Overweight, According To BMI Standards. ABC.com (8/8, Stoler) reports President Bush's annual physical "revealed he was in pretty good health, except for one thing. According to his body mass index, he's overweight." Bush's "BMI was 26, putting him in the lower range of the overweight category. He weighs 196 pounds, meaning he has gained 5 pounds since last year and his percentage of body fat has increased to 16.8 percent, which is, overall, pretty good for a man who just turned 60." The "appropriate body weight range is 157 to 192 pounds for a 5-foot, 11-inch man. Is there cause for alarm? Should the president go on a diet? Possibly, dietitians say."

NYTimes Criticizes Administration For Misleading On Level Of Employment. The New York Times (8/8, 1.21M) says in an editorial, "It's too soon to tell whether the recent jump in unemployment — from 4.6 percent in June to 4.8 percent in July — is the start of a worsening jobless trend." Today, "nearly five years after the end of the last recession, the share of the population at work — the employment rate — is 1.7 percentage points below its peak in April 2000, indicating millions of potential workers who have dropped out of the labor force completely and are thus no longer counted as unemployed." The "phenomenon is extremely troubling among millions of men in the prime of their working lives, ages 35 to 55. The Times's Louis Uchitelle and David Leonhardt reported recently that about 13 percent of prime-age American men are not working — more than double the percentage in the brisk employment decades of the 1950's and 1960's — and most of them have quit looking for jobs." The Bush administration "has often bragged about the economy's relatively low unemployment rates rather than admit that they mask economic weakness. Administration officials have also talked up the economy's job growth record by citing totals without context, thereby masking the fact the job creation during the Bush years has badly trailed historical norms."

OTHER NEWS:

Fed Expected To Pause Rate Hiking Campaign. McClatchy (8/8, Hall) reports, "The Federal Reserve is expected to pause…after 17 consecutive interest-rate hikes, ending a streak of credit tightening that has lifted short-term lending rates from 1 percent to 5.25 percent since June 2004. Still, analysts warn that the Fed may raise rates in the months ahead if signs persist that inflation is growing worse. Countering that threat, however, is the risk that further rate hikes could tip the slowing economy into recession."

USA Today (8/8, Hagenbaugh, 2.27M) reports, "Although they are in the minority, a large number of Americans win when interest rates move higher. Many of them are older, keeping their money in "safe" investments, such as certificates of deposit and savings and money market accounts. Such investments pay better returns when interest rates rise. … An investor with $10,000 in an average-earning bank money market account is earning $78 a year today vs. $45 in June 2004, a 73% gain. Global Insight estimates that the increase in interest rates over the past two years will add an estimated $183 billion in interest income from 2004 to 2007."

Stocks Down. NBC Nightly News (8/7, story 2, , Williams, 9.87M) reported, "Wall Street finished the day modestly lower. The Dow was down just under 21 points [to close at 11,219.38]. Nasdaq lost 12 and 1/2 points by days end [to close at 2,072.50]." The Wall Street Journal (8/8, McKay, 2.03M) reports "the broad Standard & Poor's 500-stock index slipped 0.3%, or 3.59 points, to 1275.77, up 2.2% for the year." The day's losses "were kept in check by

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widespread expectations that Federal Reserve policy makers at today's meeting will leave their key interest-rate target unchanged, a move that would support share prices." USA Today/AP (8/8), among other sources, also reports the stock numbers.

College Savings Plan May Attract More Investment If Benefits Are Made Permanent. The Wall Street Journal (8/8, Chaker, 2.03M) reports, "Investors in 529 college-savings plans received some good news with Congress's decision to make some of their most-attractive features permanent." Last week's "sweeping pension legislation" included changes that President Bush is "expected to sign…into law soon." The measure includes "preserving tax-free account withdrawals" and allows "investors to continue to roll over their 529s to a different state plan once a year." It also "extends the option to invest in both a 529 plan and a separate Coverdell Education Savings Account for the same beneficiary in the same year." State officials and fund companies "hope the permanency of the enhancements will help reignite 529 investments. … As of March 31, investors had opened a total of 8.6 million 529 accounts with nearly $90 billion in assets." Without the changes, tax benefits would expire in 2010.

Local Governments Not Keeping Up With Public Pension Contributions. The New York Times (8/8, Walsh, 1.21M) reports that in 2003, "a whistle-blower forced San Diego to reveal that it had been shortchanging its city workers' pension fund for years, setting off a wave of lawsuits, investigations and eventually criminal indictments." The city, "which is scheduled to receive a report today on the causes of its current predicament, still has to figure out how to close the $1.4 billion shortfall in its pension fund." Across the nation, "a number of states, counties and municipalities have engaged in many of the same maneuvers with their pension funds that San Diego did, but without the crippling scandal — at least not yet. It is hard to know the extent of the problems, because there is no central regulator to gather data on public plans. Nor is the accounting for government pension plans uniform, so comparing one with another can be unreliable." By "one estimate, state and local governments owe their current and future retirees roughly $375 billion more than they have committed to their pension funds." That "may well understate the gap: Barclays Global Investments has calculated that if America's state pension plans were required to use the same methods as corporations, the total value of the benefits they have promised would grow 22 percent, to $2.5 trillion. Only $1.7 trillion has been set aside to pay those benefits."

DeLay's Name Will Be On November Ballot. NBC Nightly News (8/7, story 6, 0:15, Williams, 9.87M) reported, "There is political news out of Washington tonight. Former House Majority Leader Tom DeLay's name will be on the November ballot after all, even though he's resigned from Congress. Texas Republicans say they're abandoning their effort to replace him after being turned back by the Supreme Court today."

CNN's The Situation Room (8/7, Verjee) reported, "The Supreme Court Justice Antonin Scalia has rejected a request to block a ruling that Tom DeLay's name must appear on the November ballot in Texas. The state Republican Party today filed an emergency application with the US Supreme Court, it's basically an effort to remove former Congressman Tom DeLay's name from the November ballot."

The Dallas Morning News (8/8, Gillman, Garrett, 500K) reports "DeLay's daughter and campaign manager, Dani DeLay Ferro, said Monday after the Scalia ruling that her father had made no decision about how to proceed." The AP (8/8, Gamboa) notes DeLay "has previously hinted that he would run if forced to stay on the ballot. The district is heavily Republican, but DeLay must contend with mounting legal bills while trying to raise campaign cash." USA Today (8/8, 2.27M) runs an abbreviated version of the AP story.

The New York Times (8/8, Blumenthal, 1.21M) reports, "The court's refusal to intervene handed a major victory to Democrats, who have fought to keep Mr. DeLay in the spotlight as a reminder of the Washington lobbying scandal involving his associate Jack Abramoff. It will make it harder for Republicans to retain Mr. DeLay's old seat and will allow Democrats to send a wider message that change is needed on Capitol Hill."

The Washington Post (8/8, A6, Weisman, 748K) says that "in an interview in late June, however, DeLay said he would probably stand for reelection if he lost the court fight to remove his name from the ballot." That "would be an ideal fight for the Democratic Party, which had wanted to challenge the scandal-tarnished DeLay even before his resignation. Now Lampson appears destined to face a former congressman mounting a comeback against his will to represent a district he tried to leave."

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New Poll Shows Lamont Leading Lieberman By Six Points. The New York Times (8/8, Healy, 1.21M) reports, "As Connecticut voters prepared for their highly anticipated Democratic primary today, Senator Joseph I. Lieberman and Ned Lamont, the two rivals for United States Senate, used sharply different tactics yesterday to gain a final advantage in a contest that appeared to be tightening." Lieberman "held nine events over 13 hours and exuded fresh optimism on the ninth day of a statewide bus tour. He also spent tens of thousands of dollars on an unconventional two-minute television ad in which he aligned himself with Democratic anger over Iraq and President Bush -- an attempt to neutralize Mr. Lamont's signature antiwar message." Lamont "made the unusual choice of limiting his public events and instead called undecided voters and tried to reach them through interviews with reporters." Lieberman "seem buoyed yesterday by a new poll from Quinnipiac University that showed him down by 6 points, within the poll's margin of sampling error." Lamont is "aiming simply for victory, his advisers said. Mr. Lieberman's advisers said that he was seeking victory but that if he lost, he wanted the smallest possible margin, on the theory that a narrow loss would help him rebuff any Democratic demands that he drop out."

The Washington Post (8/8, A3, Murray, 748K) notes "an Aug. 3 Quinnipiac poll showed Lamont with a lead of 54 percent to 41 percent over the three-term incumbent and 2000 Democratic vice presidential nominee, a dramatic turnabout from a June survey that showed Lamont trailing Lieberman 55 percent to 40 percent." In the latest survey, "the senator -- who has vowed to run as an independent if he loses the primary -- made his biggest gains with women, who had previously preferred Lamont but now split their support between the two candidates. Lamont continued to lead among higher-income and higher-educated groups, and with liberals and male voters." The Washington Times (8/8, Hurt, 88K) also reports on the poll in a story titled "Late Lieberman Surge Makes Race A Tossup," reporting that "if Mr. Lieberman pulls off a victory today, it will be a demoralizing defeat for liberal anti-war activists who have built the little-known Mr. Lamont into one of the strongest challengers of the season. Six months ago, Mr. Lieberman had 68 percent to Mr. Lamont's 13 percent."

Under the headline "On Day Before The Vote, Lieberman Exudes Relentless Optimism," the New York Times (8/8, Kornblut, 1.21M) reports, "Lieberman, perhaps liberated in the final hours, seemed not to mind a last round of indignities. Never mind that almost all the celebrity surrogates were gone: a rumor that former President Bill Clinton might return to Connecticut swept through political circles before being put to rest, leaving Mr. Lieberman to campaign virtually alone. (He was later joined on the road by his fellow senator, Christopher J. Dodd.) Never mind that dozens of reporters from across the country — sent on a death watch as the former vice-presidential nominee struggled to defend his seat against a once-obscure multimillionaire cable executive from Greenwich — far outnumbered actual voters almost every place Mr. Lieberman went."

Issues Other Than Iraq Said To Be Hurting Lieberman With Home-State Democrats. The Washington Post (8/8, A1, Balz, 748K) reports from Connecticut, "Lieberman's plight, according to Democrats here and in Washington, is two stories in one. The first is a metaphor for politics in the era of President Bush and how an unpopular war in Iraq has divided the electorate, inflamed the public debate and intensified an already partisan political climate. … The other part of the story here is a familiar tale in politics, that of an incumbent who, as he gained national prominence, gradually lost touch with the voters and politicians who first sent him to Washington. Long before Iraq, there were signs of erosion in Lieberman's standing in Connecticut." The Post adds "some Democrats still resent his 1998 Senate floor speech criticizing President Bill Clinton over the Monica Lewinsky scandal. Others dislike his support for legislation allowing federal courts to intervene in the Terri Schiavo case. Others were offended when Lieberman, who is a strong supporter of women's rights and has the endorsement of NARAL Pro-Choice America, said Catholic hospitals should not be required to offer emergency contraception to rape victims because they can easily go to another hospital."

A Lieberman Loss Said To Herald Problems For GOP Incumbents In November. The Wall Street Journal (8/8, Cummings, 2.03M) reports on the Connecticut Senate primary, and says, "In a twist, many problems dogging" Sen. Joe Lieberman "may haunt Republicans, too. The trend has prompted some candidates to avoid appearances with the president and it helps to explain why many of the most endangered House incumbents are moderates who need independent and Democratic votes to win." The Journal adds, "Three of those Republican centrists are from Connecticut, and like Mr.

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Lieberman, they are fighting charges that they are rubber stamps for President Bush. Rhode Island Republican Sen. Lincoln Chafee, another incumbent willing to work across party lines, is facing re-election prospects as dire as Mr. Lieberman's." And "beyond New England, Republican Sen. Mike DeWine is struggling for re-election in Ohio, where Mr. Bush scores poorly; Florida's Clay Shaw and New Mexico's Heather Wilson are among a handful of House Republicans elected from districts with substantial numbers of independent and Democratic voters."

In a column titled "A Preview For November," E.J. Dionne writes in the Washington Post (8/8, A21, 748K), "There will be a way to test the competing interpretations of the Lieberman-Lamont contest. Were Lieberman to be defeated, Republicans would mourn his loss as a blow to moderates and urge him to run this fall as an independent." But "if petrified Republican candidates around the country accelerate their efforts to add to the distance they've already built between themselves and Bush, you'll know that they know what Connecticut's voters were really saying. And if Lieberman miraculously survives, it will be because he finally realized that the last thing an incumbent wants to be this year is George Bush's best friend and enabler."

Strategy Memo Says War Could Work In GOP's Favor. The Los Angeles Times (8/8, Wallsten, 918K) reports, "Some Republican candidates are distancing themselves from President Bush in fear of voter discontent with the war in Iraq. But a new GOP strategy memo argues that the war could prove to be an advantage for many Republican candidates, citing it as one of the most effective issues that will excite the party base in November." The memo, "based on a Republican National Committee poll of GOP voters and obtained by the Los Angeles Times, lists Bush's handling of "foreign threats" as the No. 1 motivator of the Republican base, specifically citing his leadership on Iraq." The memo "suggested that Republicans could motivate their base in the upcoming elections by talking about foreign threats and national security issues, including Iraq and the potential nuclear threat from Iran, and by drawing contrasts with Democrats in those areas. It said 'a huge 87% of the base expresses extremely strong feelings' about national security issues." The memo "underscores the belief among top White House and GOP strategists that the war, despite the rising death toll and mounting public anxiety, could be the party's biggest advantage in the fight to retain control of Congress in the November elections."

GOP Said To Be "On The Defensive." The AP (8/8, Espo) reports, "First gradually, now quickly, the war in Iraq and a congressional corruption scandal are shaping the midterm elections, with Democrats working to harness both as campaign issues for the fall." That "leaves Republicans on the defensive, not defeated." The AP adds, "No matter the outcome of the primary between Connecticut Sen. Joe Lieberman and anti-war challenger Ned Lamont on Tuesday, the unpopular conflict in Iraq is emboldening and even unifying normally fractious Democrats."

WPost-ABC News Poll Finds Anti-Incumbent Mood. The Washington Post (8/8, A3, Baker, Deane, 748K) reports, "Most Americans describe themselves as being in an anti-incumbent mood heading into this fall's midterm congressional elections, and the percentage of people who approve of their own representative's performance is at the lowest level since 1994, according to a new Washington Post-ABC News poll." The public "has soured on politicians backing the Iraq war, which Democrats consider the most important issue of the election. Eighty-one percent of Democrats say the war was not worth fighting, and 70 percent feel that way 'strongly.' A majority of Democrats, 54 percent, say a candidate endorsing Bush's Iraq policy would be less likely to get their vote, compared with 37 percent for whom it would not make much difference. Two in three Democrats say it is time to begin decreasing troop levels in Iraq, although only one in four supports immediate withdrawal." The Post adds, "Especially worrisome for members of Congress is that the proportion of Americans who approve of their own representative's performance has fallen sharply. Traditionally, voters may express disapproval of Congress as a whole but still vote for their own member, even from the majority party. But 55 percent now approve of their lawmaker, a seven-percentage-point drop over three months and the lowest such finding since 1994, the last time control of the House switched parties."

Bush To Attend Allen Fundraiser In Gillespie's Home. The Washington Times (8/8, McCaslin, 88K) reports in its "Inside the Beltway" column, "Inside the Beltway is told that President Bush will attend a private fundraising reception for Virginia Sen. George Allen on Aug. 23, at the home of Republican political operatives Ed and Cathy Gillespie. Cost to pose with the president for a picture: $5,000. Otherwise, $1,500 will get you in the door of this campaign fundraiser."

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Bush Seen As Failing To Attract Younger Voters. Bloomberg (8/8, Przybyla) reports President Bush's "hopes of attracting a new generation of voters to the Republican Party may be fading, as younger Americans are far more critical of his job performance than the broader population." A Bloomberg/Los Angeles Times poll "of Americans age 18 to 24 found Bush's approval rating was 20 percent, with 53 percent disapproving and 28 percent with no opinion. That compares to a 40 percent approval rating among Americans of all ages in a separate Bloomberg/Times poll."

Governors' Disdain For Congress Seen As Indicator Of Outsider Strategies For 2008. In his Washington Post column (8/8, A21), David Broder says governors' close contact "with the moods of their states' voters" means "constituents unload their gripes and grievances with few inhibitions. That's why I was so struck by the tone of the conversations among the governors of both parties who gathered here over the weekend for their annual summer conference. The common theme in interviews and informal comments was one of utter disdain for Congress." Today, Republicans "still dominate the statehouses and Congress, and another former governor, George Bush, sits in the White House. But relationships between the governors and Washington are poisonous." The "biggest indictment of Congress is simply that it is paralyzed. The sense that voters see Washington as gridlocked is one factor fueling the hopes of the governors eyeing the presidency in 2008 -- men such as" Govs. Mitt Romney, Bill Richardson, Mike Huckabee, Iowa Democrat Tom Vilsack and New York Republican George Pataki. All of them "are gambling that a frustrated electorate will turn to an outsider for help."

Tobacco Companies Using Initiative Process To Combat Smoking Bans. NBC Nightly News (8/7, story 8, 3;20, Williams, 9.87M) reported, "About 2,200 cities and towns already have smoke bans on the books and in places where voters are deciding whether or not to restrict public smoking," tobacco companies "are using questionable methods to try to affect the outcome." NBC (Thompson) added, "Petitioners are out in droves in Ohio. They are collecting signatures for Smoke Free Ohio. An antismoking initiative they want on the ballot this fall. But just blocks away, a group called Smoke Less Ohio is also gathering signatures." Smoke Free Ohio "would ban smoking in all public places. If Smoke Less Ohio passes, smoking would be allowed almost everywhere -- bowling alleys, bars, restaurants. The real difference? Smoke Less Ohio is backed by tobacco companies, but you won't find that anywhere on the petition." John Seffrin, American Cancer Society CEO: "It's clearly a wolf in sheep's clothing. It makes it sound like they're trying to protect people when they're doing just the opposite." Thompson: "And it's not just happening in Ohio. Here in Arizona there are also two initiatives that are likely to be on the ballot. One called Smoke Free Arizona, it's backed by health groups, the other is the Arizona Non-Smoker Protection Act which certainly sounds like it's in favor of a ban on smoking in public places. But it turns out to be almost entirely funded by the RJ Reynolds Tobacco Company."

Study Links Explicit Lyrics, Teen Sex. NBC Nightly News (8/7, story 10, 1:40, Williams, 9.87M) reported, "A new study out seems to confirm every parent's fears. Raunchy lyrics have a direct connection to sex." NBC (Larson) added, "In the age of sexually explicit lyrics, where nothing is left unsaid, and everything is downloadable to any kid's iPod, comes news that there just might be something to parental concern about music, lyrics and sex. A study by the Rand Corporation found that teens who listened to a lot of sexually explicit lyrics were almost twice as likely to begin having sex sooner than teenagers who didn't." The study "points out it's not so much whether lyrics are sexually suggestive but really rather what the lyrics suggest. It is explicit, graphic and especially degrading sexual lyrics popular today that trigger early promiscuity."

Davis Accuses Liberal Bloggers Of Incivility. In a Wall Street Journal op-ed (8/8), former Clinton special counsel Lanny Davis says, "My brief and unhappy experience with the hate and vitriol of bloggers on the liberal side of the aisle comes from the last several months I spent campaigning for a longtime friend, Joe Lieberman. This kind of scary hatred, my dad used to tell me, comes only from the right wing -- in his day from people such as the late Sen. Joseph McCarthy, with his tirades against 'communists and their fellow travelers.'" Davis 'came to believe that we liberals couldn't possibly be so intolerant and hateful, because our ideology was famous for ACLU-type commitments to free speech, dissent and, especially, tolerance for those who differed with us." But in the "closing days of the Lieberman primary campaign, I have reluctantly concluded that I was

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wrong." Challenger Ned Lamont "and all other liberal Democrats should remember the McCarthy era and not fall into the trap of the hypocrisy of the double standard -- that it's not OK when Ann Coulter dispenses her venomous hatred, but it is OK when our side's versions of Ann Coulter do."

Baran, Bauer Say Campaign Finance Reform Has Not Improved Political Process. In a New York Times op-ed (8/8), Republican lawyer Jan Baran and Democratic lawyer Robert Bauer say, "The Federal Election Commission is again a target for abolition. But only so it can be replaced by an even more powerful bureaucracy with expanded enforcement powers. In legislation designed by the irrepressible architects of McCain-Feingold, the proposed Federal Election Administration would be equipped to mete out swift justice, including hefty fines and 'cease and desist' orders to wayward campaigns." Baran and Bauer add, "Our law practices, which have grown tenfold since 1981, have certainly prospered from the seemingly unappeasable demand for reform. But it cannot be said that others — those active in the political process, or the public at large — have done nearly as well. The law is not only increasingly complex but, in many cases, counterintuitive, requiring ever more nuanced clarifications from regulators." The "grand quest to rid politics of money never concludes; frustration with the results of reform invariably inspires fresh calls for more reform."

Bush Speaks In Favor Of Immediate Israel-Lebanon Ceasefire. President Bush yesterday spoke out in support of the UN resolution calling for an immediate ceasefire in the Israeli-Hezbollah conflict in southern Lebanon. A key sticking point is the objection by Lebanon and Hezbollah to the absence of a provision requiring the withdrawal of Israeli troops. CNN's The Situation Room (8/7, Blitzer) reported, "President Bush says today that everyone recognizes the violence in the Middle East must stop. He and the Secretary of State Condoleezza Rice insist a UN draft resolution is the way to reach a lasting peace." Fox News' Special Report (8/7, Baier) reported that Bush said "he wants to see two United Nations Security Council resolutions passed as quickly as possible to end the month-long fighting and set up a long-term security resolution."

The AP (8/7, Pickler) reports Bush said "any Mideast cease-fire must prevent Hezbollah from strengthening its grip in southern Lebanon, asserting 'it's time to address root causes of problems.'" He also "indicated he wants Israel to stay until an international force is deployed that can assist Lebanon in taking over control of the southern part of the country." The Washington Times (8/8, Curl, 88K) reports Rice said US negotiators at the UN "have a 'strong basis for a cessation of violence,' adding 'It's going to be very important that the first resolution lay a quick foundation for a passage of a second resolution' establishing an international force for Lebanon."

The conflict was bumped from the lead on the networks by the BP pipeline closure, but ABC, CBS and NBC gave the story second billing, devoting a total of just over 16 minutes to the subject in seven segments. ABC World News Tonight (8/7, story 2, 1:50, Gibson, 8.78M) reported, "At his ranch in Texas, today, President Bush tried to win support for a UN cease-fire proposal that is showing little promise of being accepted by Hezbollah fighters." Bush: "The intent of the resolution is to strengthen the Lebanese government. So, Israel has got a partner in peace. Hezbollah is an armed movement that provoked the crisis. And so, whatever comes out of the resolutions must address that root cause." ABC (Karl) added, "There is talk of a compromise where you would have specific timetable for Israeli withdrawal, as the new international force comes in." But "remember, as the UN Security Council debates this, neither Israel nor Hezbollah are part of the negotiations."

The CBS Evening News (8/7, story 4, 2:50, Axelrod, 7.66M) reported, "Twenty-seven days into the crisis, President Bush is now moving closer to a position much of the rest of the word wanted to see from the outset: Stop the fighting immediately." Bush: "Under its terms, Hezbollah will be required to immediately stop all attacks. Israel will be required to immediately stop all offensive military operations." Axelrod: "Bush and Secretary Rice said an immediate ceasefire would not have worked before now. They needed the time to build an international consensus that Hezbollah can no longer act as an armed state within a state."

NBC Nightly News (8/7, story 5, 2:25, Gregory, 9.87M) reported, "There is a ceasefire plan on paper but there is still no deal, only stiff opposition from Lebanon and Hezbollah to US terms. The diplomatic push is rewing up. The President at his Texas ranch today urging peace. … The US fears an Israeli troop withdrawal would only help Hezbollah rearm. … What's the way out? Experts say keep up the pressure on Hezbollah."

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US Said To Have "Strikingly Weak Hand." The Los Angeles Times (8/8, Marshall, Rubin, 918K) reports the White House "finds it has a strikingly weak hand" in trying to resolve the crisis, as the "war in Iraq, the halting U.S. efforts to respond to the Israeli-Palestinian stalemate, and now the fighting in Lebanon and Israel have led to unprecedented levels of anti-Americanism in the Arab world. Alliances with longtime Arab friends are strained, and the U.S. lacks relations with two key regional players: Iran and Syria."

Lebanon, Arab League Reject US-French Ceasefire Draft. The AP (8/7, Karam) reports that in his "tearful speech to Arab foreign ministers," Lebanese Prime Minister Fuad Saniora "rejected a U.N. cease-fire plan backed by President Bush, demanding on Monday that Israel immediately pull out from southern Lebanon even before a peacekeeping force arrives." The Financial Times (8/8, Wallis, Devi, Birchall) reports Arab League foreign ministers from 17 nations "threw their weight behind the government of Lebanon, calling for substantial changes to the US-French peace plan." The Wall Street Journal (8/8, A4, Dreazen, Chazan, 2.03M) says that before the Security Council votes, the US-French draft "may undergo some far-reaching modifications" following the Arab states' assertion that it is "overly favorable toward Israel. The foreign ministers of Qatar and the United Arab Emirates, as well as Arab League Secretary-General Amr Moussa, are scheduled to address the Security Council today to detail their objections to the draft resolution."

Bush Seen As Relying On Autocrats In Current Middle East Crises. The Wall Street Journal (8/8, A1, King, El-Rashidi, 2.03M) reports in a front page story that with "radicalism on the rise and battles flaring from Beirut to Baghdad to Gaza, the Bush administration's quest for democracy in the Middle East is literally under fire. So while" Secretary of State Rice "portrays the fighting in Lebanon as 'the birth pangs of a new Middle East,' the administration is also showing new eagerness to maintain pillars of the old Middle East -- particularly America's steadiest allies in the region, the autocracies of Egypt, Jordan and Saudi Arabia." It was "Israel's bombardment of Lebanon, designed to cripple the Hezbollah militant group, which most recently underscored America's need for friends in the region. At the fighting's onset, the Bush administration relied heavily on support from Egypt, Jordan and Saudi Arabia, whose governments were quick to criticize Hezbollah's attacks on Israel. During the past week, however, these three countries have become significantly more critical as the unrest worsens." The violence in Lebanon "also highlighted what critics say are contradictions in the Bush democracy quest. For one, the administration now has to rely on autocratic leaders as it pursues its goal of ridding the region of autocratic leaders. Moreover, the region's worst unrest is in the three places Washington has pushed hardest for democratic change: Iraq, Lebanon, and the Palestinian territories."

Moderate Arab States Face Rising Discontent. The Washington Times/AP (8/8, El-Magd) report that as their "anger against Israel and America swells, protesters across the Middle East are increasingly venting their frustration at their Arab rulers -- especially in moderate countries, where governments have been reliable U.S. allies." Angry "at their governments, demonstrators are praising a new hero: Hezbollah leader Sheik Hassan Nasrallah." The "rising resentment is weighing heavily on Arab leaders as their foreign ministers gathered in Beirut yesterday for an emergency meeting. Moderates such as Egypt, Jordan and Saudi Arabia may want a halt to the fighting, but they can't be seen as backing a U.S.-promoted cease-fire that Hezbollah has depicted as a surrender." Even "more worrisome for Arab leaders is that violence could turn on them. On Saturday, al Qaeda announced that an Egyptian militant group had joined the terror network."

WPost, WSJournal Say Ceasefire Deal Should Not Require Israeli Withdrawal. The Washington Post (8/8, A20, 748K) says in an editorial, "Once again, yesterday, the headlines on Lebanon were bleak. A proposed United Nations resolution drafted by France and the United States brought an angry reaction in Beirut and other Arab capitals. More people on both sides of the Lebanon-Israel border were killed or wounded. Israel threatened escalation in the absence of a diplomatic breakthrough. Such a breakthrough may be out of reach -- but it shouldn't be, because most of the parties agree on the essential ingredients of a peace deal." What "does matter, though, is that the Israelis not be forced to withdraw until a serious new force arrives -- one that, unlike UNIFIL, is well-led, well-trained, and able and willing to stand up to Hezbollah. Such a force must deploy not only to the south but to the Syrian border as well, to prevent unauthorized arms shipments. Leaving a vacuum for Hezbollah almost guarantees renewed conflict, and neither the present U.N. force nor the Lebanese army acting alone can fill the vacuum."

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The Wall Street Journal (8/8, 2.03M) says in an editorial, "The U.N. cease-fire resolution for Lebanon offered on the weekend by France and the U.S. isn't everything we might like. But it does show a new international sobriety concerning the Hezbollah problem. While there are few sources of vocal support for Ehud Olmert's Israeli government, there does seem to be widespread recognition that a return to the status quo before Hezbollah attacked is unacceptable. Thus the draft resolution would allow Israeli troops to remain in southern Lebanon and to act defensively should the Hezbollah rocket barrages continue. A second resolution would then be needed to create a multinational peacekeeping force whose mission would be to disarm Hezbollah, not just verify that it isn't launching Katyushas."

NYTimes Says US Needs To Negotiate With Syria. The New York Times (8/8, 1.21M) says in an editorial, "When asked yesterday why the United States isn't talking with Syria about the Lebanon crisis, President Bush replied, 'Syria knows what we think.' That may be. But Syria is also unlikely to even consider doing what Mr. Bush wants — rein in Hezbollah and help halt the killing in Lebanon and Israel— unless its leaders know what potential rewards as well as punishments await them. And for that, the United States needs to offer a serious high-level discussion with Syria, and it needs to do it now."

LATimes Praises Bush. The Los Angeles Times (8/8, 918K) says in an editorial, "President Bush was slow to endorse an immediate cease-fire in Lebanon, and his explanation for the delay is hardly convincing: An earlier pronouncement would have been pointless, he said, because there was no consensus about how to deal with the 'root cause' of the conflict. Yet even an 'unsustainable' cease-fire a week ago could have spelled the difference between life and death for many innocent Lebanese and Israelis." Still, "those who favor a more cynical explanation — that Washington is acting now because Hezbollah has put up unexpected resistance against the Israeli army — should welcome the administration's change of heart. In asking the U.N. Security Council to adopt a French-U.S. resolution calling for an immediate 'cessation' of hostilities, as opposed to a "cease-fire," Bush has regained the moral as well as the diplomatic high ground."

More Commentary. USA Today (8/8, 2.27M) says in an editorial, "Repeated wars have shown there is no purely military solution to Middle East violence. International pressure on all the combatants — including Hezbollah backers Syria and Iran — is an important precursor to peace, but one that will have limited impact as long as both sides believe they have ample reason to keep fighting."

In his Wall Street Journal column (8/8), Bret Stephens says, "Either way, it's a successful failure for the Bush administration and the government of Israeli Prime Minister Ehud Olmert. If the resolution fails, Israel pursues its military options at a quickened pace, helped by the fact that it has finally mobilized and deployed its reserves. If the resolution passes only to be met by a fresh barrage of Hezbollah missiles, then Israel will have demonstrated 'who is for peace and who isn't,' as Condoleezza Rice put it over the weekend. But what if Hezbollah leader Hassan Nasrallah accepts and abides (at least for a while) by the resolution? The chance may seem remote, given Hezbollah's apparent rejection of the resolution, but the dangers are potent."

In a Wall Street Journal op-ed (8/8), Michael Oren of the Shalem Center says, "Israel, it is often observed, wins wars but loses the subsequent diplomatic contests. Though it has emerged victorious from at least five wars and two intifadas, Israel has been unable to transform those triumphs into peace and security -- its paramount diplomatic goal. Now for the first time, in Lebanon, Israel stands to fall short of achieving a decisive military outcome. Paradoxically, though, the current conflict may present the first case in which the absence of a total Israeli success on the battlefield results in a breakthrough for Israeli diplomacy. More propitiously, this war affords the world an unprecedented opportunity to establish a new paradigm for combating Islamic extremism." Israel's "inability to make military capital yield diplomatic dividends reflected the international community's reluctance to jeopardize its relationship with the Arab world and imperil its access to oil."

In a Los Angeles Times op-ed (8/8), Daniel Jonah Goldhagen of Harvard University's Center for European Studies says Israel's final option in the current conflict is "to compel Hezbollah's suppliers and patrons — Syria and Iran — to end the terror. Neither country wishes a war with militarily superior Israel (Syria's saber rattling notwithstanding). If every Hezbollah missile into Israel produced Israeli retaliation against Syria, and possibly Iran (including its nuclear production sites), Syria and Iran would be forced to make Hezbollah stop. Obviously, this is a last-ditch option. It would escalate the conflict and increase international pressure on Israel to desist. All of Israel's strategic choices are bad or ineffective or undesirable. And

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yet this last option would be the most likely to reestablish the deterrence critical to Israel's long-term survival — and to peace in the region — by demonstrating Israel's enduring power to compel an end of attacks. And it might prevent still more massive devastation of Lebanon."

In his New York Times column (8/8), Nicholas Kristof says, "Three weeks ago, with President Bush supplying the weaponry and moral support, Israel began bombarding Lebanon. The war has killed hundreds of people, galvanized international attention and may lead to an international force of perhaps 20,000 peacekeepers. Three years ago, Sudan began a genocide against African tribes in its Darfur region. That war has killed hundreds of thousands of people, and it is now spreading. There is talk of U.N. peacekeepers someday, but none are anywhere in sight." If "we have double standards, so do Arabs. I sympathize with their horror at what is happening in Lebanon, but I wish they were just as outraged when Muslims slaughter Muslims in Darfur."

Franks Criticizes Dingell's Comments On Hezbollah. The Washington Times (8/8, McCaslin, 88K) reports in its "Inside the Beltway" column that GOP Rep. Trent Franks, founder of the Congressional Israel Allies Conference, "has sharply rebuked Democratic Rep. John D. Dingell, Michigan Democrat, for asserting during an interview: 'I don't take sides for or against Hezbollah or for or against Israel.' In a statement, Mr. Franks says: 'Hezbollah's ideology and practice is decapitating humanitarians with hacksaws on television while they scream for mercy, cowardly hiding behind women and children while launching rockets deliberately targeting innocent civilians, continually breaking treaties of peace and forcing children to blow themselves to pieces to effect the murder of other innocents.' He says if freedom in the world is to survive, people like Mr. Dingell 'must throw off this nearly invincible ignorance and moral cowardice and face terrorism for the evil that it is.'"

Lebanon Calls Up Reserves As Olmert Threatens Expanded War. ABC World News Tonight (8/7, story 3, 2:20, Gibson, 8.78M) reported, "Not only has diplomacy made little headway, but Israel threatened to expand its offensive if there was no diplomatic solution soon." ABC (Wright) added, "Today, the Lebanese prime minister was in tears, as he pleaded for the bloodshed to stop. And for the first time, Lebanon's government called up reservists, 15,000 of them, to deploy troops to the south. The idea is they would move in, as Israeli troops move out. But for now, Israeli troops have no plans to pull out. Especially with Hezbollah still firing so many rockets. More than 140 today, wounding five people." CNN's The Situation Room (8/7, Blitzer) also reported on Lebanon's decision to deploy 15,000 troops and call up reserves. The Washington Post (8/8, A15, Fletcher, Wright, 748K) and the New York Times (8/8, Fattah, Erlanger, 1.21M) also focus on Lebanon's offer to deploy the 15,000 troops, as well as the Arab League's stance behind Lebanon.

The CBS Evening News (8/7, story 3, 2:50, Smith, 7.66M) reported, "In the Middle East today, Israel cranked up its military pressure on Lebanon and Hezbollah fired dozens more rockets into northern Israel. Israeli air strikes killed at least 33 Lebanese and three Israeli soldiers died fighting in southern Lebanon." CBS (Cowan) added, "With tears rolling down his face, the country's prime minister said despite Lebanon's mounting losses, the fighting can't and won't stop unless Israel agrees to withdraw its troops from the country." But in "the face of yesterday's rocket attack by Hezbollah that killed 15 Israelis, 12 of them reservists in the army," Israeli Prime Minister Ehud Olmert "was talking tough." Olmert: "We are going to win this war. As I said from day one, it's not going to be easy. We are going to pay a terrible price, but we'd rather pay this price now than wait two, three, four years ago and maybe face much more devastating and destructive weapons that could have launched against the people of Israel at that time."

NBC Nightly News (8/7, story 4, 1:50, Fletcher, 9.87M) reported, "Today Israel's Prime Minister, touring the front, said, 'enough.' If there's no international agreement to stop the fighting within a day or two, Ehud Olmert said, the gloves are off. … After weeks of resisting a full ground invasion of south Lebanon, today Olmert gave the army the green light. About 10,000 troops would push at least 18 miles from the Israeli border to the Litani River. He said there is no limit. The aim: to push Hezbollah out of Katyusha range of Israel. Military sources admit that after close to four weeks of bitter fighting, Israel is nowhere near succeeding."

The Washington Post (8/8, A12, Cody, 748K), Los Angeles Times (8/8, Stack, Wilkinson, 918K), and McClatchy (8/8, Bengali, Fadel) also run reports on the day's fighting.

Israel Says It Has Captured Hezbollah Fighter Who Kidnapped Israeli Soldiers. The CBS Evening News (8/7, story 3, 2:50, Cowan, 7.66M) reported, "The Israeli Defense Forces released a video a short time ago that…shows what they claim is a Hezbollah guerrilla that they captured. They say under interrogation he admitted not only the fact that he

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was actually trained in Iran but they also say that he told name he was, in fact, one of the Hezbollah guerrillas responsible for the kidnapping of those two Israeli soldiers that started this whole conflict nearly four weeks ago." The AP (8/7, El Deeb) says the tape of Hussein Ali Suleiman "shown on Israeli television appeared to be heavily edited, and some answers were cut off in mid-sentence. He appeared to have light bruises or wounds on his cheeks and lips."

Hezbollah's Long-Held Aim Of Freeing Prisoner May Have Sparked Conflict. The Washington Times (8/8, Rabinovich, 88K) writes that the "long battle between Israel and Hezbollah, including the fighting over the past month that has left scores of Lebanese and Israelis dead, may have begun as a bid to free a single Lebanese terrorist." In 2003, Hezbollah chief Sheik Hassan Nasrallah "publicly announced his intention three years ago of doing whatever necessary, including capturing Israeli soldiers as bargaining chips, to free Samir Kuntar, who has been held prisoner in Israel for 27 years. Hezbollah's capture of two Israeli soldiers last month touched off the current conflict."

Israeli Arabs Are Often Victims Of Katyusha Attacks. The Christian Science Monitor (8/8, Prusher, 58K) writes that the "steady rocket fire on northern Israel underscores an important demographic on Israel's map of people exposed to Katyusha attacks: A sizable proportion of Israel's citizens…in the north are Arabs. Throughout the war, Israeli-Arabs have been victims of Hizbullah rockets almost as often as Israel's Jewish majority. As a result, the war is putting people who have sympathies -- and even relatives -- on both sides of the border into the cross hairs."

Lebanese Body Says Bombing Damage Exceeds $2.5 Billion. USA Today (8/8, 7A, Stinson, 2.27M) reports Lebanon's Council for Development and Reconstruction said Israel's bombing campaign "has sliced the country into pieces and caused more than $2.5 billion in damage." Council President Al-Fadl Chalak said, "I have seen all the wars in Lebanon since 1975. This is the most intense one I have seen in terms of destruction. The results of this war are catastrophic."

Thousands Remain In Homes In Southern Lebanon. The Washington Times (8/8, Pisik, 88K) reports that while the UN "estimates that 70 percent to 80 percent of Lebanon's people south of the Litani River have abandoned their homes and moved northward," thousands "still cling to their homes and fields in the war zone, refusing to leave for reasons of ideology or economics or just plain stubbornness, in spite of the imminent threat of Israeli bombing and a ground war with Hezbollah."

Red Cross Says Israel Blocking Permission To Transport Aid. The AP (8/7, Gannon) reports the International Committee of the Red Cross said Israel's military "has denied permission for aid groups to move food and medicine to besieged villages in southern Lebanon for two days." A Red Cross spokesman said, "At night we ask for permission and in the morning we get either a red light or a green light and for the past 48 hours it has been red."

Hezbollah Steps In To Fill Humanitarian Aid Needs. NBC Nightly News (8/7, story 3, 3:15, Engel, 9.87M) reported, "Syringes, bandages, IV bags and fuel. With the international aid reduced to this, just a few dozen boxes of supplies carried in a human chain, Hezbollah is stepping in, taking advantage of the shortage to boost its own popularity." Hezbollah is "well funded -- $40 million a month from Iran. But the group is under serious pressure after 27 days of Israeli attacks. A sign of that growing pressure: Today a group of about a dozen Hezbollah censors again threatened journalists here. They came and put their hands over camera lenses to prevent us from filming their outgoing rocket launches. Then they took pictures of cameramen and said they would take them away if they continued to tape rocket launches."

Rocket Attacks Cause Forest Fires In Israel. The New York Times (8/8, Kraft, 1.21M) reports Israeli officials say "as much as 9,000 acres of land, including almost 3,000 acres of forest, have been damaged by fire" during the war. Many of the rockets "have landed and detonated in the forests, vineyards, orchards and open fields of Galilee, which in more peaceful times has been celebrated for its green vistas and tranquility."

Israel Finds Hezbollah A Stronger Foe Than Expected. The Washington Post (8/8, A1, Finer, 748K) reports in a front pages story that Hezbollah has "proven more resilient and better-equipped than Israeli military forces anticipated. After nearly four weeks of air attacks and ground combat, Israeli military officials say that they have killed only a small fraction of Hezbollah's fighters and that the group still has hundreds of launchers and thousands of rockets at its disposal." Brig. Gen. Yossi Kuperwasser, former director of analysis for Israeli military intelligence, said, "What we face is an infantry division with state-of-the-art weaponry -- night-vision gear, advanced rifles, well-equipped -- deployed along our border. They have some of the most advanced antitank missiles in the world." The Post adds, "In more than two

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dozen interviews at army bases, hotels, artillery batteries and staging points for their entry into Lebanon since the heaviest ground fighting began last week, Israeli soldiers expressed confidence in their superiority over Hezbollah, but frustration that they are fighting an elusive enemy as difficult to find as it is to defeat."

Roads Out Of Tyre Cut. The Washington Post (8/8, A12, Shadid, 748K) reports the road north of Tyre "was bombed" while the road south "was shelled Monday." For "the first time since the war had started, there was no way out of Tyre. And for those left behind, there was no way to get around." Inside Tyre, "besieged and desperate, Israeli missiles struck an apartment complex targeted by an Israeli commando raid last weekend, reducing four five-story buildings to rubble and igniting a fire in a building still standing. The percussion of blasts paralyzed Tyre, transforming the seaside city into a ghost town. What was supposed to serve as a staging point for relief into southern Lebanon -- the city where aid officials say thousands remain stranded and corpses have rotted in the streets for as many as 10 days -- had become too dangerous for anyone but a few motorcyclists."

Survivors Mourn Deaths Of Relatives In Israel, Lebanon. The New York Times (8/8, Tavernise, 1.21M) reports, "Across Lebanon and Israel, missiles, rockets and bombs have punched holes into families and, slowly, painstakingly, the survivors are trying to put themselves back together again. It is a quiet process that unfolds in the private space of people's lives. It is full of ache and of empty places. It is a major consequence of war that often goes unnoticed, after the flash of bombs and the headlines that chronicle them fade away."

Hamas Says Israel Behind Attempt To Poison Palestinian Prime Minister. The Los Angeles Times (8/8, Khalil, 918K) reports Hamas "accused Israel of a failed assassination attempt" against Palestinian Authority Prime Minister Ismail Haniyeh "using a poison-filled letter." Several workers in the office of Deputy Prime Minister Nasser Shaer in Ramallah "were hospitalized after one of them opened a letter addressed to Haniyeh" that "contained a tissue that gave off a strange smell, filling the room and overwhelming several employees," according to Palestinian sources. An Israeli army spokesman "denied any involvement by Israeli troops or officials."

Cuban Leaders Say Castro Is Recuperating. The New York Times (8/8, McKinley, 1.21M) reports leaders in Havana "worked hard Monday to put out the message that Cuba was stable after the transfer of power from Fidel Castro to his younger brother last week." Although "Fidel Castro has remained out of the public eye since undergoing surgery a week ago," two leading politicians "both said Monday that he was recovering rapidly." AFP (8/8, Sanchez) reports contradictory statements about Fidel Castro's health "reflect the secrecy surrounding the ailing president's condition." While Vice President Carlos Lage "says Fidel Castro should be back at the helm within weeks," Council of State member Roberto Fernandez "estimated it would take 'several months' before Castro resumes his presidential functions."

The Washington Times/AP (8/8, Snow) reports, "Leftist intellectuals and human rights activists from around the world pleaded with the United States on Monday not to interfere with Cuba while Fidel Castro recovers from intestinal surgery, and Cuba's parliament speaker warned the US would face dire consequences if it did."

The Washington Times (8/8, Mansfield, 88K) also reports Cubans "have no idea whether dictator Fidel Castro is lying at death's door or sitting up and watching reruns of 'Jeopardy.' The health of the country's leader is a state secret. Even President Bush yesterday said he had no idea what the prognosis is for the ailing Mr. Castro." The Times adds, "The situation is reminiscent of the secrecy surrounding the death of Josef Stalin in 1953. The only clue for Russians that the iron-fisted Soviet dictator had died was when radio stations started playing gloomy music and bells tolled."

Bush Asks Cuban-Americans To "Stay On Sidelines." AFP (8/8, Knox) reports President Bush "said that Cubans 'on the island' ought to decide their own future after ailing Fidel Castro gives up power, sending a strong signal to US-based Cuban exiles to stay on the sidelines for now. But Cuban-American groups in Miami rejected Bush's view, saying they would not wait for the end to Castro's regime to involve themselves in the island's politics."

US Eyes New Immigration Rules For Cuban-Americans' Relatives. A separate piece in today's New York Times (8/8, Lipton, 1.21M) notes, "With the fate of Fidel Castro still unclear, the Bush administration is looking for ways to prevent a possible surge in illegal immigration from Cuba while perhaps easing the way for some Cuban-Americans to bring their relatives to the United States." While

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Cubans attempting to enter the US illegally will still be stopped, "the administration is considering setting up a system that would speed the immigration process for Cubans with close relatives in the United States who have entry applications pending." The Times says the "consideration of policy changes" within the Administration "has been accelerated by the recent transfer of power from Mr. Castro to his brother Raúl."

The Wall Street Journal (8/8, McKinnon, Block, 2.03M) says "some government officials worry that the policy shift itself could unleash an unmanageable flood of immigrants, and there were signs yesterday of last-minute second-guessing within the administration. A spokeswoman for the Department of Homeland Security, Joanna Gonzalez, said there were 'ongoing deliberations,'" but "at this time there is no change in policy." A "senior US diplomat said fear of the political ramifications of a massive influx before the November elections -- potentially troublesome to President Bush, as well as his brother, Florida Gov. Jeb Bush -- was a factor in the deliberations." The AP (8/8, Jordan) also reports the story.

Pentagon Official Says US Will Reduce Korea Troop Levels. AFP (8/7) reports a "senior US defense official" said US force levels in Korea "will be reduced under proposed command arrangements that would move the US military from the lead to a supporting role in the defense of South Korea in time of war." The new plan "is still being finalized but the two countries hope to reach agreement by late October."

UK Agency Probes Halliburton Subsidiary. The Financial Times (8/8, Peel) reports Halliburton subsidiary KBR "is under investigation by the UK's Serious Fraud Office over the US oil service company's part in an alleged plot to pay more than $170m (£89m) of bribes to win billions of dollars of work at a giant Nigerian gas plant." The agency's probe "opens a fresh front in a high-profile case being investigated in the US, France and Nigeria." The FT notes that "for part of the period under investigation," Halliburton was headed by Vice President Cheney.

US Organizing Major Business Delegation To India. The New York Times (8/8, Sengupta, 1.21M) reports the Bush Administration "is organizing a business delegation to India this fall, potentially the largest such mission ever to a single country," according to Assistant Secretary of State Richard Boucher. The delegation, which could consist of "up to 400 American business leaders," underscores the "economic potential of a nation of 1.1 billion, with an annual growth rate of 8 percent."

UK-Argentine Feud Over Falkland Islands Continues To Simmer. The Christian Science Monitor (8/8, Balch, Rice-Oxley, 58K) reports on the renewed conflict between Argentina and the UK over the Falkland Islands. In April, Argentine President Nestor Kirchner marked the anniversary of the 73-day 1982 war over the territory "by saying the islands 'must be a national objective of all Argentines,' adding that 'we must recover them for our homeland.'" In June, Kirchner "announced the creation of a top-level parliamentary group dedicated to winning back the disputed islands, which Argentina claims were forcibly seized by British settlers in 1833." But the UK response "has been unequivocal. Britain says that as long as the islanders want to remain part of Britain there can be no question of ceding sovereignty," despite the annual $191 million cost of keeping 1,200 soldiers on the islands to defend less than 3,000 residents.

DC Agency Refuses To Turn On Water At Libyan Embassy. The Washington Times (8/8, McElhatton, 88K) writes, "The Libyan government took 25 years to repair diplomatic ties with the United States to be able to reopen an embassy" in Washington, "but it can't" because the District of Columbia Water and Sewer Authority "refuses to turn on water service. At issue is more than $27,000 in outstanding water and sewer bills for the property where the Libyan government is trying to reopen its embassy on U.S. soil for the first time since 1981." Libya is suing the agency over the dispute.

Colombia's Uribe Begins Second Term. The Washington Post/AP (8/8, A17, Goodman) reports Colombian President Alvaro Uribe began his second term Monday, "promising to seek an elusive peace with leftist rebels while maintaining the hard-line security policies credited with a sharp drop in murder and kidnappings. In an inauguration ceremony attended by 11 heads of state, Uribe said he would devote 'all of his energies' to pursuing a peaceful end" to the "four-decade-old civil war."

Taiwan Warns Beijing Over Establishment Of Ties With Chad. The New York Times (8/8, Bradsher,

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1.21M) reports Taiwan warned Beijing that China's "establishment of diplomatic relations over the weekend with Chad, one of Taiwan's few remaining allies, would hurt relations across the Taiwan Strait." The Times says the "switch in diplomatic relations also raises the possibility that China may use its influence to try to restrain Sudan and Chadian rebels, as both reportedly receive arms from Beijing. Sudanese militias with government links and Chadian rebels have been tied to killings and rapes in eastern Chad and in the Darfur region of neighboring Sudan."

Muslim-Jewish Couple's Tale Offers Picture Of European Extremism. The Los Angeles Times (8/8, Rotella, 918K) runs a feature called "A Couple Divided By Faith" on a 23-year-old Paris Muslim "who grew up in a housing project and worked as a deliveryman," and his girlfriend of the same age, "a middle-class university student from a Jewish background who has relatives in Israel. Yet they fell in love. And they stayed together after he fell into the harsh world of Islamic extremism" that led him to spend "the last year in Iraq's notorious Abu Ghraib prison, a suspected foreign militant many miles from home." The story "offers a look at the confused world of young European extremists, for whom holy war can be as much about identity and machismo as religion."

LATimes Excoriates "Sore Loser" Lopez Obrador. The Los Angeles Times (8/8, 918K) editorializes, "Unwilling to acknowledge that his own dismal campaign may have cost him the presidency, Mexico's sore loser, Andres Manuel Lopez Obrador, is threatening to bring the country to a standstill. … As much as Lopez Obrador would like to believe otherwise, this isn't the Mexico of a quarter of a century ago. The nation's electoral system is now independent. Lopez Obrador hasn't been victimized by an authoritarian government. … Instead, Lopez Obrador is now trying to intimidate and undermine the democratic process." The "two-thirds of Mexicans who did not vote for Lopez Obrador in July must be feeling a lot better about their decision with each passing day. Trouble is, even if Lopez Obrador only convinces a fraction of those who voted for him that he is the victim of a rapacious fraud, he can still do the country a great deal of harm."

Robinson Says Mexican Standoff Could Continue Indefinitely. In his Washington Post (8/8, A21, 748K) column, Eugene Robinson writes, "Lopez Obrador's major weapon in this struggle is the ability to summon a million people to the Zocalo for a rally, as he did recently -- and to inspire tens of thousands to sleep for a week in tents pitched on hard pavement, through rain, sleet and unseasonal cold. They say they will never give up. Mexico's public universities resume classes on Monday, which will throw thousands of left-leaning students into the mix -- a potentially volatile element. But Lopez Obrador won't say when he will give the order to strike the tents and go home. He also won't say what he'll do if the whole legal process is exhausted and he still doesn't get the full recount he demands. 'We'll see,' he promised."

Scholar Warns Ahmadinejad May Have "Cataclysmic Events" In Mind For August 22. In a Wall Street Journal (8/8, A10, 2.03M) op-ed, Princeton's Bernard Lewis writes, "There is a radical difference between the Islamic Republic of Iran and other governments with nuclear weapons. This difference is expressed in what can only be described as the apocalyptic worldview of Iran's present rulers." In Islam, "as in Judaism and Christianity, there are certain beliefs concerning the cosmic struggle at the end of time -- Gog and Magog, anti-Christ, Armageddon, and for Shiite Muslims, the long awaited return of the Hidden Imam, ending in the final victory of the forces of good over evil, however these may be defined." President Mahmoud Ahmadinejad "and his followers clearly believe that this time is now, and that the terminal struggle has already begun and is indeed well advanced. It may even have a date, indicated by several references by the Iranian president to giving his final answer to the US about nuclear development by Aug. 22," which this year corresponds "to the 27th day of the month of Rajab of the year 1427. This, by tradition, is the night when many Muslims commemorate the night flight of the prophet Muhammad on the winged horse Buraq, first to 'the farthest mosque,' usually identified with Jerusalem, and then to heaven and back (c.f., Koran XVII.1). This might well be deemed an appropriate date for the apocalyptic ending of Israel and if necessary of the world. It is far from certain that Mr. Ahmadinejad plans any such cataclysmic events precisely for Aug. 22. But it would be wise to bear the possibility in mind."

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"As L.A. Violent Crime Drops, The Desert Becomes A Hot Spot."
"Far Removed From The Multiplex."
"A Couple Divided By Faith."
"U.S. Clout a Missing Ingredient In Mideast."
"Oilfield Closure to Hit Pumps."
"Huntington Library Database Tells The Stories Of 100,000 Mission Indians."
"Wake Up: You May Not Need A Pill To Sleep."

USA Today:
"Congress Full Of Fortunate Sons — And Other Relatives."
"Deaths Spur Debate About Drugs Made In Pharmacies."
"Oil Field Closure Ignites Oil Prices."
"Airlines To Add Year-End Capacity."

New York Times:
"Biggest Oil Field In U.S. Is Forced To Stop Pumping."
"After Bomb Kills Loved Ones, Life Turns Ghostly."
"Public Pension Plans Face Billions In Shortages."
"Lieberman And Lamont Battle To The Wire."
"Must Haves: Cell phones Top Iraqi Cool List."
"China Turns Out Mummified Bodies For Displays."

Washington Post:
"Embattled Rep. Ney Won't Seek Reelection."
"Pipeline Closure Sends Oil Higher."
"Israeli Soldiers Find A Tenacious Foe In Hezbollah."
"Lieberman's Troubles Go Beyond War."
"Getting an Early Start On Foreign Languages."
"Army Ponders Amusement Venue, Hotel At Ft. Belvoir."

Washington Times:
"Embassy's Reopening Hits Dry Hole."
"Bush Nixes Israeli Pullout."
"Cubans In Dark On Fate Of Fidel."
"Many Lebanese Stay Put, Despite Crossfire."
"Late Lieberman makes race A Tossup."
"Crude Oil Prices Soar On BP Pipeline Woes."
"Big Oil Reinvest Big Profits To Tap Costlier Reserves."

Detroit Free Press:
"Body Can't Shake faith Of family."
"A Predicted 19% Turnout Means 1 Voter Will Have The Power Of 5."
"Drivers Sit at U.S. Border For Hours."
"BP Repair To Hit State Drivers In Wallet."

Atlanta Journal-Constitution:
"Class Of Police Recruits Is Fired."
"Oil Line Down, Gas Prices Up."
"New Homes Not For Sale."
"TV Turns Kids Into Grocery Cart Potatoes."

Houston Chronicle:
"Oil Prices Climb As BP Shuts Field."
"Final Order Keeps DeLay On Ballot."
"Lebanese Premier Nixes Cease-Fire Plan."
"Pit Bull Operation 'Massive.'"
"In Wake Of Rita, Plan Calls For Faster, Easier Evacuation."
"Run A Red? Expect A Ticket Not Warning."

Story Lineup From Last Night's Network News:
ABC: BP Oil Pipeline Shutdown; Cease Fire Proposal; Israeli Offensive; Sectarian Violence-Iraq; US Troops Case; Jennings Impact-Smoking; Quitting Smoking; Floyd Landis-Denial; Surgery Separation-Conjoined Twins; ABC Remembers Jennings.
CBS: BP Oil Pipeline Shutdown; Gas Prices; Israeli Offensive; US Cease Fire Proposal; Floyd Landis-Denial; VA-Another Computer Lost; Ultrasounds-Dangerous; Stem Cell Research-Deafness; Fantasy Baseball-Online.
NBC: BP Oil Pipeline Shutdown; Stock Market; Lebanon Humanitarian Crisis; Israeli Offensive; US-Cease Fire Proposal; Delay TX-Ballot; Bob Ney Retires; Tobacco Industry-Anti Smoking; Floyd Landis-Denial; Raunchy Song Lyrics.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Gas Prices; Lebanon Rejects Cease Fire Plan; Iraq-Roadside Bombs; UT-Conjoined Twins; AZ-Suspected Serial Killers; Wall Street.
CBS: UT-Conjoined Twins; BP-Oil Pipeline Shutdown; Oil Prices; Mideast War-Cease Fire Talks; CT-Democratic US Senate Primary.
NPR: Mideast War-UN Security Council Resolution; Iraq-Roadside Bombs; Scalia-DeLay Ballot Case; Ney Retirement; CT-Democratic US Senate Primary; Foreign Stock Markets; Oil Prices; Study-Ultrasound; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — In Crawford, Texas.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

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US House: No Scheduled Events.

Other: INSURANCE-RISK _ The American Risk and Insurance Association holds its annual conference. Highlights: 10:30 a.m. Panel discussion on the future of Social Security, Medicare and Mediaid, with Council of Economic Advisors member Katherine Baicker, others. Location: Capital Hilton, 16th and K Sts. NW.

FCC BRIEFING _ 10 a.m. FCC Commissioner Robert McDowell holds media briefing. Location: FCC, 445 12th St. SW.

DOE-ENERGY POLICY _ 11 a.m. Energy Secretary Samuel W. Bodman hosts a press conference to discuss accomplishments of the Energy Policy Act of 2005 one year after President Bush signed this piece of comprehensive energy legislation, the first of its kind in more than a decade. DOEs Director of the Office of Electricity Delivery and Energy Reliability will also discuss findings of the National Electric Transmission Congestion Study, called for by the Energy Policy Act of 2005. Location: DOE headquarters, 1000 Independence Ave. SW.

HURRICANE OUTLOOK-UPDATE _ 11 a.m. FEMA Director David Paulison will participate in a press conference to announce the National Oceanic and Atmospheric Administrations (NOAA) Updated 2006 Atlantic Hurricane Season Outlook, with Under Secretary of Commerce for Oceans and Atmosphere and NOAA Administrator Vice Admiral Conrad Lautenbacher Jr., Director of the National Hurricane Center Max Mayfield and NOAA Lead Hurricane Outlook Meteorologist Gerry Bell. Location: National Press Club, Murrow Room.

LEBANON _ 5 p.m. - 8 p.m. The Lebanese Embassy holds an open house to show unity and solidarity and to support humanityarian relief efforts. Location: Ritz-Carlton-Tysons Corner, 1700 Tysons Blvd., McLean, Va.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, AUGUST 8, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Yoo Defends Limiting Civil Liberties In Time Of War 2
Judge Sides With US In CIA Testimony 2
Arizona ALF, ELF Activist Sentenced To Eight Months In Prison . 3

Homeland Response:
Chertoff Tells Police Chiefs DHS Working To Improve Intelligence-Sharing 3
Boston-Bound Flight Turned Back To Heathrow Over Passenger On No-Fly List 3
New Technology Deployed To Protect High-Value Targets From Bioterror Attack 3
Survey Finds Job Satisfaction Has Improved At TSA 4
Charity Tasked With Developing New Orleans Reconstruction Plan 4

War News:
US, Iraqi Forces Attack Sadr City, Drawing Sharp Criticism From Maliki 4
Military Panel Hears Testimony In Mahmoudiya Rape-Murder Case 5
CIA Contractor On Trial For Allegedly Beating Afghan Detainee .. 5
Author Says Iraq, Afghanistan Veterans Deserve Medals Of Honor 5

Corporate Scandals:
Enron Task Force's Trial Record Seen As Spotty Despite Lay, Skilling Convictions 6
Dismissed McAfee General Counsel Faces Difficult Legal Challenge 6
SEC Settles Civil Charges With Martha Stewart 6
SEC Will Not Appeal Hedge Fund Ruling 7

Criminal Law:
Up To 38,000 Veterans' Data At Risk As Computer Disappears .. 7
Ney Won't Run For Reelection 8
FBI Surveillance Tapes Played At Bail Hearing For Boston Police Officers 9
Judge Dismisses Two Of Three New Charges Against Gotti 9
Former BetOnSports CEO Awaits Bail 10
Television Shows Targeting Sexual Predators Raise Concerns . 10
Death Row Inmate Appeals Conviction Over Jury Smoking Ban 11
Two Charged In Phoenix Serial Killings 11
Retired Detectives Opening Cold Cases 11

Civil Law:
AOL Apologizes For Posting Users' Search Data 12

Civil Rights:
DOJ Sues LA Clippers Owner For Housing Bias 12
Hawaii Youth Prison Found In Partial Compliance With DOJ Settlement 13
7th Circuit Rejects Age Bias Claims In IBM Pension Case 13
Black Firefighters Accuse Dallas Of Bias Against Women, Minorities 14
New York City Relaxes Fire Department Hiring Requirements ... 14
Dominguez To Step Down As EEOC Chairwoman 14
High-Level Changes To Maryland Prison System Mulled 14
Sex Harassment Suit Against Toyota Could Lead To Others 15
ABA Claims Minority Women Suffer Law Firm Bias 15
Conservative Kansas School Board's Defeat Seen As Temporary Setback 15

Antitrust:
Petco Buyout By Investment Group Clears Antitrust Hurdle 15
CommScope Makes $1.51 Billion Bid For Andrew 15
EU Urged To Probe Jet Fuel Prices 16

Environment/Indian Affairs:
Oil Prices Spike As BP Shuts Down Alaska Pipeline 16
Judge Reprimands EPA Over Clean Air Act Delays 18
Battery Technology Seen As Roadblock For Electric Vehicles ... 18
Tierney Criticizes Energy Waste From Second Homes 18
NYTimes Praises Reversal Of Administration Oil, Gas Leasing On Federal Lands 18

FBI/DEA/ATF/USMS:
FBI Issues Lookout For No-Show Egyptian Students 19
Federal Prosecutor Denies Making Pact With Tennessee Felon 19
New Attacks On Indiana Highways Prompt Formation Of Federal-State Task Force 19
ATF Joins Probe Of Georgia Explosion 20

Immigration:
Nine Suspected Illegal Aliens Killed During Flight From Border Patrol 20
Online Database Shows Records Of Immigration Judges 20

Congress-Administration:
Democratic Senators Hold Up Bradbury Nomination 21
Thompson Medicaid Proposals Could Benefit Companies He Works For 21
More Relatives Of Politicians Serving In Congress 21
Physical Shows Bush Overweight, According To BMI Standards22
NYTimes Criticizes Administration For Misleading On Level Of Employment 22

Other News:
Fed Expected To Pause Rate Hiking Campaign 22
College Savings Plan May Attract More Investment If Benefits Are Made Permanent 22
Local Governments Not Keeping Up With Public Pension Contributions 23
DeLay's Name Will Be On November Ballot 23
New Poll Shows Lamont Leading Lieberman By Six Points 23
A Lieberman Loss Said To Herald Problems For GOP Incumbents In November 24
Bush To Attend Allen Fundraiser In Gillespie's Home 25
Bush Seen As Failing To Attract Younger Voters 25
Governors' Disdain For Congress Seen As Indicator Of Outsider Strategies For 2008 25
Tobacco Companies Using Initiative Process To Combat Smoking Bans 25
Study Links Explicit Lyrics, Teen Sex 26
Davis Accuses Liberal Bloggers Of Incivility 26
Baran, Bauer Say Campaign Finance Reform Has Not Improved Political Process 26
Bush Speaks In Favor Of Immediate Israel-Lebanon Ceasefire . 26
Lebanon Calls Up Reserves As Olmert Threatens Expanded War 29
Hamas Says Israel Behind Attempt To Poison Palestinian Prime Minister 31
Cuban Leaders Say Castro Is Recuperating 31
Pentagon Official Says US Will Reduce Korea Troop Levels 31
UK Agency Probes Halliburton Subsidiary 31
US Organizing Major Business Delegation To India 32
UK-Argentine Feud Over Falkland Islands Continues To Simmer32
DC Agency Refuses To Turn On Water At Libyan Embassy 32
Colombia's Uribe Begins Second Term 32
Taiwan Warns Beijing Over Establishment Of Ties With Chad ... 32
Muslim-Jewish Couple's Tale Offers Picture Of European Extremism 32
LATimes Excoriates "Sore Loser" Lopez Obrador 32
Scholar Warns Ahmadinejad May Have "Cataclysmic Events" In Mind For August 22 33

The Big Picture:
Headlines From Today's Front Pages 33

Washington's Schedule:
Today's Events In Washington 34

TERRORISM NEWS:

Yoo Defends Limiting Civil Liberties In Time Of War. The AP (8/8, Godvin) reports, "John Yoo, a former Justice Department lawyer who helped draft memos on treatment of terrorist prisoners, said Monday that in wartime, the question is not whether to give up civil liberties but 'how much is enough.'" The AP continues, "Yoo, now a law professor at the University of California, Berkeley, drew attention at an American Bar Association convention panel on whether tactics such as the detention of suspected terrorists at Guantanamo Bay and the surveillance of phone calls may erode liberties. … Unlike past conflicts, the United States isn't at war with any traditional nation state, Yoo said, but is at war with the al-Qaida terrorist network, and officials are trying to adapt the rules of war to these new circumstances. … War, for example, involves targeted killings of the enemy and detentions of enemy troops until the end of a conflict, he said. … 'I don't think it's a question of ... are we going to have to restrict civil liberties. It's a question of how much is enough,' Yoo said." The AP adds, "At Justice, Yoo helped write internal memos in 2002 designed to give the federal government greater leeway to aggressively question terror suspects. … Yoo noted in an interview after the panel that of the roughly 1 million prisoners of war held in World War II, none received a hearing or were charged with crimes, and some where held for five years. … 'We never have hearings for prisoners of war, never have had them until this last year. It's just the way the rules of war have always been,' he said."

Judge Sides With US In CIA Testimony. The AP (8/8, Thompson) reports, "Federal prosecutors won their battle Monday to keep former CIA Director George Tenet and several other agency employees from having to testify at the trial of a one-time CIA contractor accused of beating an Afghan detainee. … But U.S. District Judge Terrence Boyle said he would allow defense attorneys for David Passaro to subpoena six witnesses whose identities are classified, and promised to rule on later on four others." The AP continues, "The judge heard the dispute behind closed doors before a jury was selected and opening statements began. … Passaro, a 40-year-old former Special Forces medic from Lillington, N.C., is the first civilian charged with mistreating a detainee during the U.S. wars in Iraq and Afghanistan." The AP adds, "Passaro's attorneys have said they want to call Tenet and Attorney General Alberto Gonzales, formerly the White House counsel, as part of a 'public authority defense' — namely, that Passaro was following orders. It was nit

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immediately clear if Gonzales was among those Boyle said could not be subpoenaed by the defense. … Before jury selection began, prosecutor Jim Candelmo told the judge that even the titles of some of the witnesses sought by defense attorneys are classified and cannot be discussed in open court. … But defense attorney Joe Gilbert disputed the government's claim of secrecy. At least one of the potential witnesses has appeared on national television and been interviewed in newspapers, Gilbert said."

The Raleigh News & Observer (8/8) reports, "Prosecutors wanted the courtroom closed to the public so they could argue against the defense's attempt to subpoena the witnesses, including J. Cofer Black, a former high-ranking CIA official, and John Yoo, a University of California law professor and former Justice Department layer who redefined U.S. policy on torture. … The other prospective witnesses were not named in court, and it appeared several would require pseudonyms because their names and jobs are classified information, according to prosecutors." The N&O continues, "U.S. District Judge Terrence Boyle repeatedly asked the lawyers whether they could make their arguments in open court. Assistant Federal Public Defender Joseph Gilbert said he could argue using only unclassified material. But Assistant U.S. Attorney James Candelmo said he could not." The N&O notes, "The judge closed the courtroom 45 minutes into the pretrial hearing under the authority of the Classified Information Procedures Act. The law requires a judge to decide before a trial whether a defendant may use classified information as part of his defense and in what form. … Legal experts have said it appears from a recent defense filing that Passaro has persuaded the judge that he should be allowed to use some classified information. However what information is unclear because the judge's order was filed under seal."

Arizona ALF, ELF Activist Sentenced To Eight Months In Prison. The Arizona Daily Star (8/8, Smith, 123K) reports, "A Tucson animal activist was sentenced to eight months in federal prison Monday for interfering with U.S. Forest Service agents who were trying to capture mountain lions in Sabino Canyon two years ago. Rodney Coronado will also have to spend three years on probation upon his release, pay $100 in restitution and stay away from activists involved in such groups as the Animal Liberation Front, Earth Liberation Front and Earth First. U.S. District Judge David Bury told Coronado he wanted to send a message that if you use 'force and violence in civil disobedience you are going to be punished for it; it's anarchy.'" Additionally, Bury sentenced Codefendant Matthew Crozier to "three years' probation, saying he was impressed with what Crozier has done since his arrest."

HOMELAND RESPONSE:

Chertoff Tells Police Chiefs DHS Working To Improve Intelligence-Sharing. The Los Angeles Times (8/8, McGreevy, 918K) reports DHS Secretary Michael Chertoff "assured Los Angeles Police Chief William J. Bratton and leaders of six other police agencies Monday that his office is taking steps to improve the sharing of intelligence data on potential terrorist threats against municipalities." Following a meeting with the chiefs in Washington, DC, Chertoff said "through a spokesman that he believes new joint intelligence centers, including one recently opened by his department with the LAPD in Southern California, will improve the sharing of data. 'The secretary said it was a very positive and constructive dialogue and would serve to strengthen coordination,' said Jarrod Agen, a spokesman for Chertoff." Bratton had "said Friday that he expected the session with Chertoff to improve communications between federal security officials and departments that have assigned staff to work at Homeland Security offices."

Boston-Bound Flight Turned Back To Heathrow Over Passenger On No-Fly List. The AP (8/7, Gardiner) reported, "A London-to-Boston flight was called back to Heathrow Airport on Monday after US authorities discovered a passenger's name was on their 'no-fly' list, officials said. Four passengers were being questioned by border control officers." A spokesman for American Airlines said there was no "security threat to the aircraft." Meanwhile, a DHS official speaking on condition of anonymity said the flight was not allowed to land in Boston due to "an abundance of caution." The official "said no unusual activity was reported aboard the plane."

CNN's Live From (8/7, Meserve) reported that the man whose name was on the no-fly list was said to have been "traveling with three people, purportedly his mother and two sisters. They did not know where his travel originated. They did not know why his name was on the no-fly list. These things do happen from time to time on international flights because, at present, passenger name records are not given to the US Government until the flights are in the air. This is because of privacy concerns on the part of the European Union."

New Technology Deployed To Protect High-Value Targets From Bioterror Attack. In a widely-distributed story, McClatchy (8/8, Gordon) reports, "The federal government's $28 billion crash program to defend against a bioterror attack is beginning to show up in cities across the country. The FBI headquarters, World Bank and several other potential terrorist targets in the nation's capital

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have been outfitted with new germ-killing, air-purifying filters. In dozens of other larger cities, technicians now routinely retrieve air samples to test for killer anthrax spores, smallpox virus particles or other germs. Experts say this infusion of new technology along with medical resources might diminish the casualty toll of a biological attack," but "they acknowledge that…the nation remains highly vulnerable, especially against new, synthetically created germs for which the United States has no antidotes."

Anthrax Attack Perpetrator Remains At Large. In a separate widely-distributed story, McClatchy (8/8, Gordon) reports, "While response workers were able to hold down casualties and cleanse a contaminated Senate office building," the 2001 anthrax "attack dealt sobering lessons about how far the spores can spread and how lethal they can be." McClatchy notes, "As for the perpetrator, the FBI has long suspected it was an American, perhaps someone involved in U.S. bio-terrorism research. Bureau Director Robert Mueller said recently that he remains 'optimistic that we will solve the case,' but he declined to discuss specifics."

Survey Finds Job Satisfaction Has Improved At TSA. The Washington Post (8/8, D4, Barr, 748K) reports in its "Federal Diary" column that new employee survey data released by the Transportation Security Administration shows that job satisfaction at the agency has "markedly improved over the past two years." The TSA's 2006 organizational satisfaction survey "found that 59 percent of employees were satisfied or very satisfied with their jobs, up from 35 percent in 2004. The 2006 survey results, however, also suggested that many TSA employees think their agency is falling short on leadership and in information-sharing." The Post adds, "TSA officials cautioned against drawing any conclusions from the 2006 data, noting that the agency will soon undertake an in-depth analysis of the results."

Charity Tasked With Developing New Orleans Reconstruction Plan. The New York Times (8/8, Ouroussoff, 1.21M) reports the Greater New Orleans Foundation, an area charity tasked with developing a comprehensive reconstruction plan for the city, opened a series of public meetings August 1 "in which groups representing more than 70 neighborhoods would begin selecting the planners to help determine everything from where to place houses to the width of sidewalks." The Times adds that the effort "sounds like one of the most stirring grass-roots planning movements imaginable, one that would help preserve the rich heterogeneity that gives the city its vibrant urban character. Yet this freewheeling approach has shifted attention from the critical and more daunting challenge of reimagining the city's infrastructure, from levees to freeways to its ecological footprint. It is the failure of that infrastructure, after all, that exposed the inequities that have been eating away at New Orleans for decades. How and whether these problems are resolved will tell us whether our country is capable of assuring the future of American cities."

Nagin Announces Steps To Restore New Orleans Legal System. The New York Times (8/8, Saulny, 1.21M) reports New Orleans Mayor Ray Nagin "announced the first steps Monday to replace the city's missing prosecutors, public defenders and police officers, along with its ruined courtrooms." The Times describes the announcement as a "limited progress report," adding that "Nagin and other municipal officials have been under increasing pressure from agitated residents, local judges and national legal experts decrying the city's broken legal system." Meanwhile, "With crime rising and the legal system perceived as an ineffective deterrent, many in the city have said that New Orleans cannot recover without immediate change."

WAR NEWS:

US, Iraqi Forces Attack Sadr City, Drawing Sharp Criticism From Maliki. US and Iraqi forces attacked Baghdad's Sadr City neighborhood early Monday, drawing criticism from Prime Minister Nouri al-Maliki. ABC World News Tonight (8/7, story 4, 2:50, Raddatz, 8.78M), the only network to cover the action, spoke with US commander Gen. George Casey, who said, "We're concerned about folks coming out of Sadr City. We're concerned about folks getting into Sadr City. … The last six weeks or so has been the highest levels of sectarian violence that I've seen since I've been here." Raddatz: "Is that the biggest threat right now, civil war?" Casey: "Countrywide, a threat of a countrywide civil war, I think that I would say that probably is the most significant threat right now."

The Washington Post (8/8, A16, Mosher, 748K) reports the "predawn raid" into the "stronghold of Shiite cleric Moqtada al-Sadr erupted into a two-hour gun battle." Maliki "sharply criticized the operation, saying that it could hinder his efforts at national reconciliation." In a television appearance, he "said he was 'very angered and pained,'" and "apologized to the Iraqi people for the operation, saying, 'This won't happen again.'" USA Today/AP (8/8, 8A) leads its report with the Prime Minister's criticism, but adds that Sadr City police chief Col. Hassan Chaloub, "said three people -- including a woman and a 3-year-old girl -- were killed and 12 were injured." The US military said one US soldier was wounded.

The Washington Times (8/8, Scarborough, 88K) says al-Sadr's Mahdi Army is "increasingly being targeted by coalition forces who fear that the firebrand Shi'ite cleric's ragtag fighters will push Iraq into civil war and exert control over southern towns as they did in 2004." The newspaper says the Monday action "could be the first of many raids"

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against al-Sadr's militia. The Los Angeles Times (8/8, Fleishman, 918K) focuses on the three deaths that "came as U.S. forces were rotating 4,000 more soldiers into Baghdad in an effort to rout sectarian militias, death squads and insurgents that have tipped the city into an undeclared civil war."

US Troops Cope With "Blistering, 100-Plus-Degree" Heat. USA Today (8/8, 8A, Jervis, 2.27M) runs a feature on how US troops in Iraq cope with "carrying 30 to 40 pounds of gear under a blistering, 100-plus-degree sun." The military says troops are "successfully avoiding heat-related injuries in Iraq through a regimen of hydration, training and operational adjustments, such as launching raids at dawn or dusk."

Cellphone Messages Offer "Telling" Picture Of Iraqis' Lives. The "cool kids in Iraq all want an Apache, the cellphone they've named after an American military helicopter," the New York Times (8/8, Cave, 1.21M) writes in a feature on the popularity of cellphones among Iraq's youth. The Times writes that the text messages and images Iraqis share over their phones are "telling," including "commentary about Saddam Hussein, failed reconstruction and violence, always the violence. One of the most popular messages making the rounds appears onscreen with the image of a skeleton. 'Your call cannot be completed,' it says, 'because the subscriber has been bombed or kidnapped.'"

Cohen Hears "Telltale Rhetoric Of Defeat" In US Pronouncements. In his Washington Post (8/8, A21, 748K) column, under the headline "Civil War? What Civil War?" Richard Cohen writes, "I dutifully read the news about Iraq. But I recognize most administration statements as lies or, if by accident the actual truth, a mere snapshot of a moment that will change over time. More troops one day, fewer the next. We have this town one day, we don't the next. Iraqi troops are up to snuff; oops, no they're not. This is the babble of chaos, the telltale rhetoric of defeat."

Military Panel Hears Testimony In Mahmoudiya Rape-Murder Case. ABC World News Tonight (8/7, story 5, 0:20, Gibson, 8.78M) was the only network newscast to report on "disturbing testimony in a military hearing to determine if four US soldiers should stand trial in the rape and murder of a 14-year-old Iraqi girl" in Mahmoudiya on March 12.

The Los Angeles Times (8/8, Roug, 918K) reports a military investigator testified that Spc. James Barker told investigators in sworn statements that he and Sgt. Paul Cortez "took turns sexually assaulting the 14-year-old, and that former Pvt. Stephen Green also raped the girl after killing her mother, father and 5-year-old sister." A fourth soldier, Pfc. Jesse Spielman, "was present inside the house while another, Pfc. Bryan L. Howard, 19, was keeping watch elsewhere, according to Barker's statement to investigators."

The New York Times (8/8, Von Zielbauer, 1.21M) reports Pfc. Justin Watt, who "became the whistleblower in the case," said at the hearing that "once he spoke to military investigators, he feared for his life." He said he "He felt obligated to say something, he told a military prosecutor on Monday at the hearing for the four accused soldiers, out of a sense of loyalty to the friends who had fought in Iraq and died." Watt said, "We'd come through hell with each other, and there were a lot of good men who died. And this happened -- for what? We're just trying to do a little good over here."

Iraq "Atrocities" Compared To Past US Wars. The Christian Science Monitor (8/8, Knickerbocker, 58K) examines "several atrocities tied to US forces now in their fourth year" of fighting in Iraq, asking, "How do the numbers and types of incidents compare with earlier wars? Is there something about this conflict that makes such incidents more likely? Could they have been anticipated and prevented?" The Monitor says it is "likely to be years before the full extent of such events in the Iraq war is known."

CIA Contractor On Trial For Allegedly Beating Afghan Detainee. The New York Times (8/8, 1.21M) reports a prosecutor in the federal trial of the "first American civilian charged with mistreating a detainee in Iraq or Afghanistan" said CIA contractor David Passaro "broke both the agency's rules and the law when he used a two-foot-long metal flashlight to beat an Afghan man who later died." But Passaro's lawyers said the "onetime Special Forces medic" had "been a frustrated but concerned interrogator who never hit the man and who checked daily on his condition."

Author Says Iraq, Afghanistan Veterans Deserve Medals Of Honor. In a New York Times (8/8, 1.21M) op-ed, author Joseph Kinney writes, "For reasons I can't fathom, the Pentagon top brass don't feel that our heroes in Iraq and Afghanistan are especially meritorious. President Bush has yet to award a single Medal of Honor to a living veteran of combat in either place. (Only one has been given posthumously.) During the Vietnam War, 245 Medals of Honor were awarded. If President Bush awarded the medals at roughly the same rate for service in Iraq and Afghanistan, more than two dozen would have been bestowed by now. When I called the Department of Defense to inquire, a public affairs officer said he wondered whether our fighting style might be less risky today than it was in Vietnam. How lame. Fighting in Iraq and Afghanistan has been brutal, and many of our troops have performed with incredible valor. Anyone remember Falluja?"

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CORPORATE SCANDALS:

Enron Task Force's Trial Record Seen As Spotty Despite Lay, Skilling Convictions. The AP (8/8, Hays) reports, "The court battle rarely stops when a jury renders a verdict. … More than two months after winning convictions against Enron Corp. founder Kenneth Lay and former CEO Jeffrey Skilling, the Justice Department's Enron Task Force is smarting from a blow to its trial record dealt by the 5th U.S. Circuit Court of Appeals." The AP continues, "In a 2-1 decision last week, a panel from the court overturned fraud and conspiracy convictions against four former Merrill Lynch & Co. executives who participated in a sham 1999 deal that allowed Enron to book bogus profits. … Viewed alongside other Enron setbacks, some experts say the Merrill decision highlights some questionable government strategies. But they say bagging the Lay and Skilling convictions likely will define the Justice Department's success in ferreting out Enron crimes. … 'In a sense, this reversal underscores how the government also fell victim to the Byzantine nature of the Enron fraud,' said Robert Mintz, a former federal prosecutor. 'These were unprecedented crimes to which the government responded with some very aggressive and largely untested theories of prosecution. … In the end, the government got their men in the form of Skilling and Lay. That will likely be what everyone remembers when they think of Enron,' Mintz said." The AP notes, "Enron, once the seventh-largest U.S. company, spiraled into bankruptcy proceedings in December 2001 amid revelations of hidden debt and inflated profits. The Justice Department formed the task force to launch a sprawling investigation that produced 16 guilty pleas from ex-Enron executives. … Mintz said that when the government stuck to basics, like testimony in the Lay-Skilling trial from eight of those ex-executives who had pleaded guilty to crimes as well as others who witnessed criminal behavior, prosecutors were successful. … But earlier cases show spotty success. Last year, a flawed jury instruction promoted by prosecutors prompted the U.S. Supreme Court to reverse former Enron auditor Arthur Andersen LLP's 2002 conviction of obstruction of justice. Although an appellate panel called Andersen a member of Enron's 'supporting cast' for destroying tons of Enron documents in late 2001 as investigators started probing the energy company, the instruction allowed jurors to convict without finding criminal intent."

Dismissed McAfee General Counsel Faces Difficult Legal Challenge. The California Recorder (8/8, Pasternak) reports, "In the final days of 2000, accounting troubles led McAfee Inc. to announce a surprise loss in revenue. The company's chief executive resigned, along with three other officers. … Soon after, the Securities and Exchange Commission launched its first investigation into the Santa Clara company's books. In the ensuing years, the SEC would bring suits against the departed officers, charging each with securities fraud. And in January 2006, just weeks before the SEC filed a civil fraud suit against the company -- alleging it had misled investors and inflated revenues by hundreds of millions of dollars -- McAfee's president suddenly stepped down. That month, the company paid the SEC $50 million to settle the matter." The Recorder adds, "Throughout the turmoil, General Counsel Kent Hart Roberts remained unscathed, dutifully guiding McAfee's legal strategy from company offices in Plano, Texas. … This spring, however, the stock options backdating scandal that has been rolling through Silicon Valley hit McAfee. In a statement released in May, the company said it became aware of 'one episode involving the General Counsel in 2000 that was improper.' … As a result, Roberts was the first -- and so far, the only -- executive at McAfee to get fired over backdating. … Roberts' plight vividly illustrates the vulnerability of in-house counsel in this latest dust storm to hit corporate America. To date, more than 70 companies have been publicly mentioned in connection with backdating problems. … But unlike past scandals, backdating has put in-house lawyers under the magnifying glass of prosecutors and regulators. Federal prosecutors in Brooklyn are close to filing charges against former Comverse executives, defense lawyers say, a company whose general counsel resigned this past spring. And the SEC seems bent on holding lawyers more accountable than it has in the past. … As a result, corporate counsel are sharing some of the same concerns that chief executives and chief financial officers have weighed for years, such as the breadth and depth of their indemnification and directors and officers (D&O) insurance, agreements drafted to cover what can amount to astronomical defense costs."

SEC Settles Civil Charges With Martha Stewart. The Wall Street Journal (8/8, Barnes, 2.03M) reports, "Martha Stewart agreed to pay $195,000 and accept a five-year ban on serving as a director of a public company to settle civil insider-trading charges with the Securities and Exchange Commission." The Journal continues, "The settlement, announced yesterday, also forbids Ms. Stewart from involvement for five years in certain corporate activities at Martha Stewart Living Omnimedia Inc., such as financial reporting and auditing. The sanctions won't have much impact on her role at the company. The domestic-arts guru hasn't been involved in those areas since she relinquished the posts of chairman and CEO when she was indicted for securities fraud in June 2003."

The Washington Post (8/8, D1, Johnson, 748K) reports, "The settlement, which requires court approval, resolves civil

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charges against Stewart stemming from her December 2001 sale of stock in ImClone Systems Inc. Securities and Exchange Commission lawyers argued that Stewart took advantage of inside information to avoid $45,673 in losses before a negative announcement about ImClone's signature cancer drug. Two years ago, a jury convicted Stewart of lying to investigators about the sale. … The exact toll of the five-year probe on Stewart's pocketbook remains elusive. But yesterday's $195,000 penalty, an earlier $30,000 criminal fine, and legal fees that her spokeswoman said two years ago prompted her to sell nearly $5 million worth of her company's stock far surpass the losses she averted by unloading 3,928 ImClone shares. … That sale, after a tip from then-Merrill Lynch & Co. broker Peter E. Bacanovic, triggered civil and criminal investigations that ultimately sent Stewart to a women's prison in Alderson, W.Va., for five months and forced her to spend several more months wearing an ankle bracelet while confined to her home in the fashionable New York City suburb of Bedford, N.Y."

USA Today (8/8, Krantz, 2.27M) reports, "Stewart, who did not admit or deny guilt, agreed to pay a financial penalty of $195,000, which includes a disgorgement of the $45,673 she avoided losing on ImClone stock. Stewart sold shares of the biotech company after allegedly being tipped off about upcoming bad news regarding its cancer drug Erbitux. … She was also barred from serving as a director of a public company for five years and is limited in the role she may play in a public company either as an employee or officer. Meanwhile, Peter Bacanovic, the former Merrill Lynch broker who allegedly tipped her off and who already is barred from the industry, agreed to pay a $75,000 fine and disgorge $510 in commissions. … 'We're satisfied with this resolution in that it appropriately addresses both the illegal insider-trading misconduct and the subsequent obstructionist conduct,' says Helene Glotzer of the SEC."

The New York Times (8/8, Thomas, Jr., 1.21M) reports, "The deal is the fruit of months of intense negotiations between Ms. Stewart's lawyers and the commission's. It requires Ms. Stewart to pay $195,000 in fines and penalties; more significantly, it bars her from serving as a director or chief executive officer of any public company for a five-year period. .. . Since her release from prison a little more than a year ago, Ms. Stewart has resumed an active role at Martha Stewart Living Omnimedia, the multimedia company that she founded. Her current title is founding editorial director, but she is not a member of the board, nor does she have any formal executive title at the company."

The AP (8/8) also reports on the settlement.

SEC Will Not Appeal Hedge Fund Ruling. The New York Times/AP (8/8, Press) reports, "The Securities and Exchange Commission said on Monday that it would not challenge a federal appeals court ruling that overturned its new rules for the oversight of hedge funds." The AP continues, "Because the appellate court's decision was based on several grounds and was unanimous, 'further appeal would be futile and would simply delay and distract from our goal of advancing investor protection,' the S.E.C.'s chairman, Christopher Cox, said in a statement. … But as early as this week, the S.E.C. will introduce an antifraud rule under the Investment Advisers Act that would require more information on hedge fund investors. 'At my direction,' Mr. Cox said, 'commission staff are also considering whether we should increase the minimum asset and income requirements for individuals who invest in hedge funds.'" The AP adds, "Mr. Cox has pushed for emergency regulations on hedge funds, which are high-risk investment pools that have catered to institutions and very wealthy individuals but are increasingly attracting investors with less ability to tolerate risk. … The S.E.C. regulations overturned by the court had required most hedge fund managers to register with the agency, thereby opening the funds' books to S.E.C. examiners."

The Wall Street Journal (8/8, Burns, 2.03M) reports, "The decision, which was expected, puts Mr. Cox in a position to stake out how the agency will proceed amid calls by some for state action or new federal legislation. The previous rules had been pushed through by Mr. Cox's predecessor, William Donaldson. … Mr. Cox said the SEC will propose an antifraud rule that would deem hedge-fund investors to be clients, reversing a side effect of the court's decision that regulators worried might undercut investor protections, and will consider increasing minimum asset and income requirements for hedge-fund investors."

CRIMINAL LAW:

Up To 38,000 Veterans' Data At Risk As Computer Disappears. News outlets across the country report that the personal information of as many as 38,000 veterans treated at VA Medical Centers in Pennsylvania may be at risk after the disappearance of a computer from the Reston, VA, office of VA subcontractor Unisys. Of the three major networks, only CBS mentions the breach on its evening newscast. CBS Evening News (8/7, story 6, 0:10, Smith, 7.66M) reported, "The Veterans Affairs Department says it has lost track of yet another computer containing personal data and it could leave as many as 38,000 veterans at risk for identity theft. This time it's a desk top computer instead of a laptop. The VA says it doesn't know how it was lost from a subcontractor's office in Virginia."

The AP (8/7, Yen) reports, "VA Secretary Jim Nicholson said that Unisys Corp., a subcontractor hired to assist in insurance collections for VA medical centers in Philadelphia and Pittsburgh, reported the missing computer last Thursday. The computer was being used in Unisys offices in Reston,

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Va. It is not yet known what happened to the computer, Nicholson said, adding that local and federal authorities are investigating." AP notes that Unisys spokeswoman Lisa Meyer said that "the computer was located in a building and floor where security procedures were in place for access, and there were no signs of a break-in" and that "computer was password protected, but the data was not encrypted." The New York Times (8/8, 1.21M) covers the story in a brief credited to AP. In addition to running the AP story on its Web site, USA Today (8/7, 4:09 p.m., Memmott, 2.27M) noted the story on its "On Deadline" blog.

The Washington Post (8/8, A19, Lee, 748K) reports, "The FBI and the VA inspector general are investigating the disappearance last week of a desktop computer from the Reston office of Unisys Corp., a subcontractor that assists in insurance collections for VA medical centers in Philadelphia and Pittsburgh, VA Secretary Jim Nicholson said in a statement. Local police also are working the case. Unisys notified VA on Thursday, and the department dispatched a team to investigate what happened and what information may have been compromised. Early indications are that the missing records involve veterans treated in the past four years at the two Pennsylvania medical centers, including 5,000 patients in Philadelphia and 11,000 in Pittsburgh, as well as 2,000 other patients who have died, Nicholson said. VA also is investigating whether the computer contained information on 20,000 other veterans treated in Pittsburgh."

CNN Headline News (8/7, 5:31 p.m.) reports, "The Veterans Affairs department says it's investigating another security breach. VA Secretary Jim Nicholson says a computer was reported missing Thursday. It had personal data from as many as 38,000 veterans. It's the latest in a string of security breaches at the V.A. In May, a computer containing data from 26 million current and former military personnel was stolen. That PC was recovered and two teens have been arrested."

May Data Theft Suspects Appear in Court. The arrest of two teenagers last week for the May data theft continues to draw coverage in the media. The Washington Post runs an in-depth story about the arrest, while other outlets note the arrest and the suspects' bond hearing. The Washington Post (8/8, B3, Londoño, 748K) reports, "The two men accused of stealing computer equipment with the personal information of millions of veterans remained free several weeks after the laptop and external hard drive were recovered in June because the person who turned them in initially lied to detectives, according to Montgomery County police. The informant received $10,000 in reward money before the arrest of the alleged burglars, according to a law enforcement source." FBI spokeswoman Michelle Crnkovich "declined to comment on the reward last night. VA spokesman Matt Burns referred questions to the VA inspector general's office. A spokeswoman for the inspector general could not be reached for comment yesterday evening."

Ney Won't Run For Reelection. NBC Nightly News (8/7, story 7, 0:10, Williams, 9.87M) reported, "Embattled Ohio Congressman Bob Ney, a man once so powerful he was called the Mayor on Capitol Hill, announced today he is quits his race for re-election and retiring. Ney, a six-term Republican has been implicated in the corruption scandal involving disgraced Washington lobbyist Jack Abramoff."

CNN's The Situation Room (8/7, Blitzer) reported Ney "has not been charged with any crime. Ney made no specific mention of the probe, but he said he was stepping down because he could no longer put his family through what he calls this ordeal."

The Washington Post (8/8, A1, Weisman, 748K) says Ney "yielded to pressure from Republican leaders," adding House Majority Leader John A. Boehner met with him "last week to urge him to step aside, reminding him that with a son in college and a daughter nearing college age, he will need money, according to several congressional Republican aides. If he lost his House seat for the party, Boehner is said to have cautioned, Ney could not expect a lucrative career on K Street to pay those tuition bills, along with the hundreds of thousands of dollars in legal fees piling up."

The New York Times (8/8, Shenon, 1.21M) reports, "In withdrawing two weeks before the deadline for replacing him on the ballot, Mr. Ney gave his party a better shot at hanging on to his seat, political strategists said." The Christian Science Monitor (8/8, Feldmann, 58K) runs a similar story, under the headline "Lawmaker Ends Reelection Bid, Lifting GOP's Chances In House." Meanwhile, USA Today (8/8, Lawrence, 2.27M) reports House Democratic leader Nancy Pelosi "called Ney's withdrawal 'welcome news in our fight to end the Republican culture of corruption.'"

The AP (8/8, McCarthy) reports Ney "is the second congressman to announce his retirement in the fallout from the probe. Former Majority Leader Tom DeLay of Texas resigned from Congress earlier this year after being indicted on unrelated charges he illegally funneled corporate contributions to GOP candidates. He has also come under suspicion for links to Abramoff." Other "victims of the scandal include Ralph Reed, the former Christian Coalition leader with ties to Abramoff who lost his bid last month for the GOP nomination for lieutenant governor in Georgia."

Democrats Will Fight To Keep Ney On the Ballot. The Washington Times (8/8, Pfeiffer, 88K) reports, "Ohio Secretary of State spokesman James Lee told The Washington Times that Mr. Ney has not submitted the required paperwork making his withdrawal official, and Ohio Democratic officials say they will fight to keep Mr. Ney on the ballot. 'Let's just say there are a lot of our lawyers looking at it,' said Ohio Democratic Party spokesman Brian Rothenberg."

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Ney's Attorneys, Justice Department Have Been Discussing A Plea Agreement. Fox News' Special Report (8/7, Brown) reported, "Fox News has learned there has been an ongoing plea bargain discussion between Ney's attorneys and the Justice Department. No plea deal has been reached, but talks could continue."

More Commentary. The Washington Post (8/8, A20, 748K) editorializes that Ney's retirement may help his party "keep the traditionally Republican district. And it may diminish the salience of the corruption issue in Ohio, where the governorship and a U.S. Senate seat are also being contested in November." But "it won't change the squalid system that facilitated Mr. Ney's gross behavior. Congress left town for its long August break having done nothing to tighten rules on privately funded travel or other lobbyist-supplied benefits. The lobbying reform legislation produced by the House is a fig leaf for business as usual -- and, in any event, is mired in a yet-to-occur conference with the Senate. If those who control Congress really want to dispense with the corruption issue, they need to do more than dispense with one inconvenient race."

FBI Surveillance Tapes Played At Bail Hearing For Boston Police Officers. Under the headline "Cheers For Drug Deal Seen On Videos," the Boston Globe (8/8, A1, Murphy, Abraham, 425K) reports, "A grainy black and white videotape played before a packed courtroom yesterday showed Boston police Officer Carlos Pizarro sipping champagne in North Miami, celebrating what federal prosecutors say was a just-completed drug delivery. … On another tape prosecutors played, Officer Nelson Carrasquillo…promised that he and the other officers wouldn't get flashy with the cash they are taking in from guarding drug shipments. He didn't want to involve anybody else and attract attention, Carrasquillo said." The Globe adds FBI Special Agent Michael Kreizenbeck "testified that, after Pulido's arrest, the 10-year veteran officer confessed that he knew he was being hired to protect shiploads of cocaine and had carried his Boston police badge, radio, and firearm while guarding the drugs. Pulido said he had done it, the FBI agent testified yesterday, because he was 'getting back at the Boston Police Department' after he tested positive for cocaine in a department-ordered drug test in 1999 that he felt was inaccurate. As the FBI agent testified, Pulido shook his head in disagreement."

The AP (8/8, Lavoie) reports, "Prosecutors have asked that all three officers be held without bail. U.S. Magistrate Judge Joyce London Alexander did not immediately issue a decision after holding a detention hearing for Carrasquillo on Monday. A hearing for Pulido and Pizarro was postponed until August 18." The AP also notes Kreizenbeck "said that Pulido told investigators after his arrest that he knew he was protecting drug shipments and that he was 'getting back at the Boston police department' after he testing positive for drug use several years ago. Pulido's lawyer, Rudy Miller, said after the hearing that prosecutors have based much of their case against Pulido on the word of a witness whom he characterized as a 'major drug dealer and a suspected murderer' and 'the lowest of the low.' 'We're of the belief that Mr. Pulido was in fact investigating the cooperating witness,' said Miller." The Boston Herald (8/8, Atkins, 203K) adds, "For federal prosecutors claiming three Boston cops acted as criminally corrupt agents who served and protected drug dealers' cash and dope, the tale yesterday was in the videotape," although Pulido's lawyer called it "absolute nonsense" and denounced the investigation as "a witch-hunt." The Boston Herald also runs excerpts from the FBI tapes. WCVB-TV Boston (8/7, Huff) also reports on yesterday's hearing and the FBI tapes.

Judge Dismisses Two Of Three New Charges Against Gotti. The New York Times (8/8, Feuer, 1.21M) reports, "A federal judge dealt a sharp blow to the government yesterday, dismissing some of the charges against John A. Gotti," who "is scheduled to go on trial again next Monday, in his third trial…on charges of having ordered the assault of Curtis Sliwa." The previous "juries did not reach a verdict on whether Mr. Gotti was involved, in part because he testified at both trials that he had left the mob before Mr. Sliwa was attacked. To counter that contention, prosecutors charged Mr. Gotti in May with money laundering and two new counts of racketeering, crimes they said he committed after he had supposedly hung up his Gambino family spurs. It was those new charges that the judge, Shira A. Scheindlin of United States District Court, decided to dismiss." The Times adds, "Judge Scheindlin did let stand one of the government's new charges filed in May: an allegation that Mr. Gotti had conspired to 'influence testimony' in the Brooklyn trial of Vincent Basciano."

The AP (8/8, Neumeister) also calls Scheindlin's ruling "a blow to the government" and adds, "In throwing out the new racketeering and money laundering charges, the judge noted that Gotti pleaded guilty to racketeering in 1999 and that charges identical to some of the new ones were dismissed by the government after Gotti satisfied the terms of his plea agreement. 'The plea agreement cannot be both a sword and shield,' she wrote. Lauren McDonough, a spokeswoman for prosecutors, said there was no comment." The New York Daily News (8/8, Zambito, 729K) reports, "The fed's beefed-up case…lost most of its heft" with the ruling, and notes, "This week, prospective jurors are filling out lengthy questionnaires so attorneys can assess their backgrounds and familiarity with the case. Both sides begin picking a panel next week."

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Former BetOnSports CEO Awaits Bail. The London Times (8/8, Doran) reports, "David Carruthers, the former chief executive of BetOnSports accused of racketeering and fraud, will be forced to stay in a cramped county jail cell until at least the end of this week, as his lawyers and family struggle to raise $1 million bail and have not yet found somewhere suitable for him to live upon his release." The Times continues, "Mr Carruthers will be freed from jail as soon as he has $1 million (£525,000) and has a permanent address in the St Louis, Missouri, area, under bail conditions set at a court appearance on July 31, according to Tim Evans, his lawyer." The Times adds, "Mr Evans told The Times last night, however, that it was proving difficult to raise the cash quickly and that a suitable home for the former BetOnSports chief to live in has not been found. … 'We have to get the bail money together before they will let him out,' Mr Evans said from his office in Fort Worth, Texas. 'We also have to find a suitable place for him to live. Neither of those things has been done yet.' Mr Evans said he hoped that both bail requirements would be met by the end of the week."

Internet Gambling Sites Under Federal Scrutiny. The AP (8/8, Nakashima) reports, "With the nightclub Tao swathed in red and black, music pulsated and go-go dancers gyrated on raised platforms along the wall. Everything from the 'reserved' signs to the billiard table felt to the models' Chinese-style dresses bore the same label: 'bodog.com.' … The only thing missing was the online gambling site's flamboyant founder, 45-year-old Canadian Calvin Ayre, who was nowhere to be found." The AP continues, "The billionaire who graced Forbes magazine's March cover decided to make himself scarce after federal authorities arrested David Carruthers, the head of rival Web gambling operator BetOnSports, as Carruthers changed planes at Dallas-Fort Worth International Airport on July 16. … A federal judge ordered BetOnSports to stop accepting bets placed from the United States, and prosecutors are seeking the forfeiture of $4.5 billion, plus several cars, recreational vehicles and computers from Carruthers and 10 other people associated with the Costa Rica-based gambling operation." The AP adds, "Around the same time, the U.S. House passed a bill that would ban most Internet gambling. Though the bill's future in the Senate is uncertain, the issue loomed over the World Series of Poker in Las Vegas: Is online poker legal? … Tournament organizers and the U.S. Justice Department say no. The players, thousands of whom qualified in cash-paying Internet tournaments, say yes." The AP notes, "The World Series of Poker's uncomfortable relationship with online gambling emerged in 2003, when an unknown accountant named Chris Moneymaker qualified through a $40 online tournament and went on to win the $2.5 million main event, becoming the poster child for the wild popularity of online poker. … Advertising by poker sites on mainstream television exploded -- and then the Justice Department intervened. … In a June 11, 2003, letter, deputy assistant attorney general John Malcolm warned the National Association of Broadcasters that the department considered Internet gambling illegal. 'Any person or entity who aids or abets' online betting 'is punishable as a principal violator,' he wrote."

WSJournal Criticizes Arrest, Prosecution Of Carruthers. The Wall Street Journal (8/8, 2.03M) says in an editorial, "David Carruthers was arrested in Dallas on July 16 while waiting with his wife for a connecting flight to Costa Rica, where his company, BetOnSports.com, has operations. He remains in jail while his lawyers negotiate release terms, and federal prosecutors want him held without bail pending a trial, calling him a flight risk. The publicly traded company he used to run fired him two weeks ago and requested that its shares be suspended from the Alternative Investment Market of the London Stock Exchange." By "any measure, this is a case of extraordinary prosecutorial zeal. Mr. Carruthers is a British citizen, just laying over in the U.S. The legal theories under which he is being held and charged are untested, to put it politely. His business is perfectly legal in the U.K."

Television Shows Targeting Sexual Predators Raise Concerns. FoxNews.com (8/8, Gallego) reports, "Shows like 'America's Most Wanted' and 'To Catch a Predator' are taking to the airwaves in an attempt to nab sexual predators in a very public way. These shows often involve trying to nab predators — or would-be predators — who communicate online with people they believe to be underage kids." Fox continues, "While some argue such programs are nothing more than tabloid pulp and that the media should leave police work to the police, others say this kind of programming performs a community service. They say it gets the message out that there are sex offenders among us who pose a threat to our kids. … 'Media has done a tremendous service to our nation by bringing awareness to the issue. Proactive online investigations are effective in identifying and ultimately catching child sexual predators, when conducted by proper law enforcement authorities,' said John Shehan, the Cyber Tipline program manager at the National Center of Missing and Exploited Children. … 'Awareness and the identification of these individuals is the first step in the process. …[But] trained law enforcement … should be conducting these types of investigations to ensure the highest possible conviction rate.'" Fox adds, "FOX's pioneering 'America's Most Wanted' has profiled missing persons and fugitives wanted for violent crimes, often those on the FBI's 10 Most Wanted Fugitives list, since 1991. The crimes featured on the show include rape, white-collar crime, murder, armed robbery, gang violence, terrorism, drug trafficking, and child molestation. As of Aug. 3, the show has helped capture 897 fugitives and recover 50 missing persons,

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according to its Web site. … Talk show host Oprah Winfrey recently launched 'Oprah's Child Predator Watch List,' a roundup of the FBI's most wanted sex offenders, in a campaign to catch pedophiles. … In Binghamton, N.Y., a local show, 'Sex Offender Community Update,' shows photos, names, addresses and profiles of fugitive sex offenders in the area. … On Dateline NBC's 'To Catch A Predator,' host Chris Hansen and police show up at the homes of people expecting a rendezvous with an underage teenager they've met online. Suspected pedophiles include 'first-timers' and repeat sex offenders. The NBC Web site says the show has helped catch 129 male predators in a total of 14 days between 2004 and 2006; at least 71 have been convicted so far."

Death Row Inmate Appeals Conviction Over Jury Smoking Ban. The AP (8/8) reports, "Lawyers for a man sentenced to death in the slaying of his ex-girlfriend want the conviction thrown out because, among other reasons, the judge barred jurors from smoking during deliberations." The AP continues, "That made jurors antsy and overly eager to finish the case, according to the appeal of 43-year-old Phillip Elmore, who told the jury before it recommended death that he deserved 'the worst punishment.'" The AP adds, "The Licking County, Ohio, jury deliberated for six hours before convicting Elmore in 2003 of aggravated murder and other charges in the death of Pamela Annarino, 47, a former sheriff's deputy who was beaten and strangled at her home in Newark, 30 miles east of Columbus. Annarino had broken off their relationship, according to testimony, although jurors heard an unsworn statement from Elmore that he didn't know why he killed her. … A week after the guilty verdict, the 12-person jury needed three hours to recommend the death sentence. Common Pleas Judge Jon Spahr would not let them smoke during those deliberations. … 'The trial court violated Elmore's fair-trial rights by denying a request by one or more members of the jury to allow smoking of tobacco in the jury room or smoke breaks during deliberations,' Elmore's lawyers wrote in his appeal. 'The judge's refusal to make any accommodation of jurors' request to smoke predisposed those jurors to agree on a quick decision.' … Prosecutor Robert Becker, who tried the case, said he believes the verdict and sentence will stand despite the smoking angle and other elements of the appeal."

Two Charged In Phoenix Serial Killings. The AP (8/8, Kahn) reports from Phoenix, "The gunmen took turns as they drove around the city. … Some nights it was Samuel John Dieteman, a burly electrician with a ragged mop of jet black hair. According to court documents, he would blast at lone pedestrians from the window of a silver Toyota Camry in what he called 'random recreational violence.' … Other nights the trigger was pulled by his roommate, Dale S. Hausner, a baby-faced janitor and freelance photographer, the court documents allege." The AP continues, "After each shooting, the pair would drive slowly away, leaving little evidence other than the victim's body on a sidewalk. … Court documents and interviews with police provide a glimpse into the way investigators believe the pair operated and how they were finally found. … 'We are so confident that these are the people,' Chief Jack Harris told The Associated Press, adding that the men had admitted some of the crimes since they were arrested on Thursday. … Dieteman, 30, and Hausner, 33, face two counts each of first-degree murder and 13 counts each of attempted first-degree murder. A preliminary hearing is scheduled Aug. 14."

The New York Times (8/8, Archibold, 1.21M) reports, "Handcuffed and in black-and-white striped prison clothes, one of two men charged in a series of killings in the Phoenix area shuffled into a jail break room Monday and told reporters that he was innocent and that his roommate may have taken his car and guns to commit the crimes. … 'Absolutely not,' said the prisoner, Dale S. Hausner, 33, when asked if he had anything to do with the crimes, which, along with an unrelated series of sexual assaults, robberies and murders in the past year, have cast fear over this city." The Times adds, "Mr. Hausner, a janitor at the city's international airport and an aspiring boxing photographer, said his two sons had died in a car accident more than a decade earlier and that his 2-year-old daughter was terminally ill, 'so I know what it is like to suffer the loss of a child, and I would not want anybody to go through that.' … Mr. Hausner and his roommate, Samuel J. Dieteman, 30, were arrested Thursday and booked Friday on suspicion of first-degree murder and attempted murder in connection with two of the seven killings and 13 of 37 shootings of people and animals over more than a year that the police believe may be linked. … The police said on Monday that they had added the seventh murder to the list, that of a 39-year-old man killed while riding his bicycle in May 2005 in what may have been the first victim of the attacker the police call the Serial Shooter."

Retired Detectives Opening Cold Cases. USA Today (8/8, Kasindorf, 2.27M) reports, "On the TV police drama Cold Case, Philadelphia detective Lilly Rush needs less than an hour to unmask the killer in a decades-old murder every Sunday night. .. . Real life is different. It can take years to turn dusty boxes of evidence into an accusation that stands up in court. And the cold-case investigators who have made headlines with recent successes aren't sleek Hollywood actors. They're retired cops in their 60s and 70s." USA Continues, "From Los Angeles to Maryland, the hot trend in cold cases is special units of retired detectives who are coaxed off the golf course to comb old files for new leads. … These retreaded sleuths usually work two days a week as unpaid volunteers to bone up on DNA evidence and other

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new wrinkles in a case. They combine science with their street savvy in questioning witnesses to relieve overloaded staff detectives of some of law enforcement's most tedious work." USA adds, "Police agencies nationwide 'are recognizing that these old cases are not to be filed away and lost,' says Max Houck, director of a forensic science program at West Virginia University. 'Many of them can be rejuvenated. Retired investigators have time to go back and reflect on interviews and photographs.'"

CIVIL LAW:

AOL Apologizes For Posting Users' Search Data. The Washington Post (8/8, D1, Nakashima, 748K) reports, "AOL issued an apology yesterday for posting on a public Web site 20 million keyword searches conducted by hundreds of thousands of its subscribers from March to May. But the company's admission that it made a mistake did little to quell a barrage of criticism from bloggers and privacy advocates who questioned the company's security practices and said the data breach raised the risk of identity theft. … 'This was a screw-up and we're angry and upset about it,' the company said in a statement. 'Although there was no personally-identifiable data linked to these accounts, we're absolutely not defending this. It was a mistake, and we apologize.'" The Post adds, "The posted data were similar to what the U.S. Justice Department had been seeking when it subpoenaed Internet companies, including AOL, last year. AOL complied and handed over search terms that were not linked to individuals. Google Inc. fought the subpoena in court and won. … The AOL data was posted at the end of last month on a special AOL Web site designed by the company so researchers could learn more about how people look for information on the Internet. The company removed the data over the weekend when bloggers discovered it."

USA Today (8/8, Swartz, 2.27M) reports, "The data went unnoticed until this weekend, when blogs such as Techcrunch pointed it out. … Privacy advocates say they are troubled because many people conduct vanity Web searches, typing in their names and birth dates, for example. ID thieves could piece together such information and identify the person, said Kurt Opsahl, a lawyer for privacy advocacy group Electronic Frontier Foundation. 'This highlights the dangers of companies storing this type of data for a long time.' One concern is that others could figure out a person's online behavior and what they searched for."

CNET News (8/8, Kawamoto, Mills) reports, "Although AOL had used identification numbers rather than names or user IDs when listing the search logs, that did not quell concerns of privacy advocates, who said that anyone among the 658,000 could easily be identified based on the searches each individual conducted. … 'We think it's a major privacy concern, and we're glad to see AOL is taking it seriously,' said Ari Schwartz, deputy director of the Center for Democracy and Technology. 'Companies that deal in search results have to understand that they carry very sensitive information, even if it doesn't have what we would traditionally consider to be personally identifiable information involved.' … Schwartz and other privacy advocates noted that with bits of information, a 'mosaic' could be created that could eventually lead a person to identify the individual in question."

CIVIL RIGHTS:

DOJ Sues LA Clippers Owner For Housing Bias. KNBC-TV, NBC 4, Los Angeles (8/8) reports, "The U.S. Department of Justice on Monday sued Los Angeles Clippers owner and real estate mogul Donald Sterling for housing discrimination, claiming he refused to rent apartments to blacks and families with children." KNBC-TV continues, "Federal prosecutors contend that Sterling, his wife, Rochelle, and their family trust refused to rent to many prospective tenants, treated them poorly and misrepresented the availability of apartments to them in the city's Koreatown section. … The defendants also are accused of refusing to rent to black prospective tenants in Beverly Hills as well as families with children looking to rent apartments that the defendants owned or managed in Los Angeles County. … 'Here in Los Angeles, where housing is already at a premium, it is imperative that no one be denied housing simply because of their skin color, ethnic background or because they have children,' said U.S. Attorney Debra Wong Yang." KNBC-TV adds, "Lawyers for Sterling said they vigorously deny the allegations contained in the lawsuit. They said that the Donald T. Sterling Corp. has had an open dialogue with the DOJ. … Claiming violations of the federal Fair Housing Act, the lawsuit seeks an end to 'discriminating on account of race, national origin and familial status,' plus unspecified monetary damages and penalties. The lawsuit also names as defendants the Sterling Family Trust and the Korean Land Company, which owns multifamily rental properties throughout the county."

The Los Angeles Times (8/8, Levin, 918K) reports, "Sterling owns about 100 apartment buildings with thousands of rental units in the county. In a prepared statement, Sterling's lawyer, Greg Garbacz, called the charges baseless. … For the last year, Garbacz said, the Sterling Corp. had engaged in 'open dialogue' with the U.S. Department of Justice, which at no time identified 'any evidence, document or witness supporting its allegations of housing discrimination.'" The Times adds, "In the seven-page complaint, Justice Department lawyers said Sterling's agents at various times have refused to rent to non-Koreans at their buildings in Koreatown, and have been guilty of 'creating,

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maintaining, and perpetuating an environment that is hostile' to existing non-Korean tenants. … According to the lawsuit, the Sterling companies also have refused to rent to African Americans at properties in Beverly Hills, and have misrepresented the availability of units to blacks and families with children. … Prosecutors are seeking a court order that would bar future acts of discrimination, along with monetary damages for alleged victims, none of whom was identified."

Hawaii Youth Prison Found In Partial Compliance With DOJ Settlement. The Honolulu Star-Bulletin (8/8) reports, "An initial review of policies and procedures at the Hawaii Youth Correctional Facility indicates the state's youth prison is in 'partial compliance' with 41 of the 53 areas cited as needing improvement by the U.S. Justice Department." The Star-Bulletin continues, "The 87-page report was issued last month by Russell Van Vleet, the monitor appointed by the federal court to oversee the state's compliance on reforms at the Kailua facility." The Star-Bulletin adds, "Earlier this year, the state entered into a three-year agreement with the Justice Department to improve conditions at the facility after an investigation concluded inadequate policies and procedures, staffing shortages and deficient training for guards had led to a 'state of chaos.' … 'The state is committed to fully complying with the agreement and to helping the youth confined at HYCF,' Attorney General Mark Bennett said yesterday in a news release. … The federal review came after an investigation by the American Civil Liberties Union of Hawaii had voiced similar concerns. The ACLU sued over conditions at the facilities but settled the litigation after the agreement with the Justice Department was reached."

7th Circuit Rejects Age Bias Claims In IBM Pension Case. The AP (8/8, Bergstein) reports, "IBM Corp. did not commit age discrimination when it changed its pension coverage in the 1990s, a federal appeals court ruled Monday in an influential case that Big Blue had agreed to settle for up to $1.4 billion if it had lost the appeal." The AP continues, "The case involved 140,000 older employees who were affected when IBM converted to a 'cash-balance' plan, which gives workers virtual accounts that can be cashed out for a lump sum when they leave the company." The AP adds, "The plans are designed to be more attractive to younger workers who are more likely to switch jobs. But opponents say the setup denies older workers the gains they would have gotten under traditional pension plans, in which employees amass more retirement benefits during their last years of service. … About 1,500 U.S. companies have adopted cash-balance or other 'hybrid' pension plans, although this case was a large reason why the approach had become less popular and legally questionable. Just last week, Congress passed a bill that sought to clarify the legality of such plans, over the objection of groups such as AARP."

The Financial Times (8/8, Waters) reports, "The case was prompted by IBM's decision to turn its plan for US workers into a so-called 'cash-balance' arrangement. Though still technically a defined benefits plan, under which retirees are paid benefits according to a formula based on their length of service, a cash-balance arrangement also shares some of the characteristics of a defined contribution plan. Companies make a contribution to the plan for each year of a worker's service, and those payments immediately start to accrue interest. … For younger workers not due to retire for many years, the compounding effect of the interest payments can result in a far larger pension entitlement than for workers who start their service at a later stage. That has led to lawsuits against IBM and a number of other US companies alleging age discrimination, resulting in a slowdown in the adoption of such plans."

The Wall Street Journal (8/8, Schultz, Francis, 2.03M) reports, "The ruling, which involved IBM's move to change from a traditional pension to a cash-balance pension plan, may spur more companies to make the switch, employers say, and may have implications for some of the roughly 400 companies with a total of more than 1,200 cash-balance plans among them. … 'A number of companies have held back' in converting defined-benefits plans to cash-balance plans because of concerns raised by the IBM case decision, says James Klein, president of the American Benefits Council, a Washington-based group that lobbies on pension issues and supports cash-balance plans. He said the ruling, combined with last week's congressional pension reform that deemed cash-balance plans aren't age-discriminatory, 'will give a green light for companies to make the conversion.' … 'We think it affirms the fair and legal decision that we made in 1999' to convert the plan, said J. Randall 'Randy' MacDonald, IBM's senior vice president for human relations. The computer maker had settled other aspects of the lawsuit for $320 million and had agreed to pay additional benefits of $1.4 billion to 140,000 current and former workers if it lost its appeal on the age-discrimination claim."

USA Today (8/8, Armour, 2.27M) reports, "The ruling has no legal impact on employees at other companies but is seen as reassuring for other companies that have converted plans or may consider such conversions. Under a traditional pension plan, employees receive monthly checks after retirement. But more companies have been shifting to cash-balance plans, which pay employees a lump sum when they leave the company and tend to be more attractive to younger workers because benefits accrue at a more steady pace rather than at the end of a career."

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Black Firefighters Accuse Dallas Of Bias Against Women, Minorities. The Dallas Morning News (8/8, Eiserer, 500K) reports, "The Dallas Black Fire Fighters Association has filed suit against the city of Dallas seeking to change what it says is pervasive discrimination against minorities and women in hiring, training, transfers, promotions and discipline. … 'These people are being discriminated against,' said Grover Hankins, a Houston attorney who specializes in employment discrimination cases. 'There are some very hard-core discriminatory practices that are going on in that department.'" The News continues, "The lawsuit, filed in state district court on July 19, seeks a permanent injunction prohibiting 'unfair discriminatory employment policies' and demands more than $75,000 in damages for each person." The News notes, "Issues surrounding race have long been contentious and litigious in Dallas Fire-Rescue. … The black firefighters association filed a class action in the late 1980s, alleging that blacks lagged in hiring and promotions. … The city settled the lawsuit for about $860,00 in the mid-1990s. The settlement mandated numerous changes, including revamping disciplinary procedures and added special requirements on how to conduct hiring and promotional tests. … About that time, white firefighters filed suit in federal court, contending that women and minorities who scored lower on civil service tests were promoted ahead of them. The issue revolved around a 1988 policy that allowed the department to 'skip-promote' minorities and women who did as well on the tests as white men. … In the late 1990s, the U.S. Supreme Court found that portion of the city's affirmative action plan violated the constitutional rights of white male firefighters."

New York City Relaxes Fire Department Hiring Requirements. The New York Times (8/8, Cardwell, 1.21M) reports, "Expanding efforts to attract women and minorities to the Fire Department, the city is relaxing its standards for applicants to take the entrance exam by reducing academic requirements and allowing job experience to substitute for college course work, Mayor Michael R. Bloomberg said yesterday." The Times continues, "Still, for those who pass the test, the probationary period will be longer and more rigorous, giving the department more time to train and evaluate applicants, the mayor said. … 'By recognizing the value of professional experience, we'll create opportunities for more New Yorkers and ultimately strengthen the department by hiring candidates with a wide range of skills and life experiences,' Mr. Bloomberg said at a news conference in Brownsville, Brooklyn, announcing the changes, which were reported yesterday in The Daily News. … 'If you have more people taking the test, there will be more diversity because you just have a bigger group to choose from.'" The Times adds, "For decades, the city has faced pressure to diversify the Fire Department, which remains overwhelmingly white and male, in sharp contrast to other agencies and to the population of the city. According to the department, at the end of July there were 11,605 firefighters. Of those, 620 were Hispanic, 336 black, 69 Asian-American and 6 Native American, for a total of 8.9 percent. All told, 30 were women. … In recent years, the department's record has spurred a federal complaint by the Vulcan Society, an association of black city firefighters, and a Justice Department investigation into the department's hiring practices that began last year and is still under way. However, city officials said, some of their efforts to diversify the agency have begun to bear fruit. They noted that in the last class to graduate from the Fire Academy, in July, 21 percent were minorities."

Dominguez To Step Down As EEOC Chairwoman. In its "Washington Wire" column on its web site, the Wall Street Journal (8/7, 2.03M) reported, "Equal Employment Opportunity Commission Chairwoman Cari Dominguez says she'll leave the agency at the end of this month – following months of speculation within the commission that her departure was imminent." Commission Vice-Chairwoman Naomi Earp "will become acting commissioner on Sept. 1."

High-Level Changes To Maryland Prison System Mulled. The Baltimore Sun (8/8, Dechter, 262K) reports, "On the eve of an emergency legislative hearing into deadly conditions at Maryland correctional facilities, Public Safety and Correctional Services Secretary Mary Ann Saar declined to express confidence in her prison chief, and said changes to top staff are being considered." The Sun continues, "Asked Monday during a conference call with reporters whether she had confidence in Division of Correction Commissioner Frank C. Sizer Jr., Saar said, 'I deal through my deputy [Mary Livers], in whom I have a great deal of confidence. I listen to my executive staff on recommendations, and these are all discussions we are having now.'" The Sun adds, "Saar and other administration officials will be questioned Tuesday morning at an emergency General Assembly subcommittee hearing scheduled in the aftermath of the stabbing death last month of correctional officer David McGuinn, who was killed on duty by inmates at the Maryland House of Correction in Jessup. … Facing intense criticism for a surge of violence at state prisons, Saar defended her job performance during the session with reporters and criticized the legislature for failing to provide enough money for her plan to make rehabilitation a central focus of incarceration. She also blamed a robust economy for persistent staff vacancies and high turnover at prisons, particularly in the Jessup area. … In response to a question

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about whether high-level personnel changes were pending, Saar said: 'We're looking into that.'"

Sex Harassment Suit Against Toyota Could Lead To Others. USA Today (8/8, O'donnell, Woodyard, 2.27M) reports, "Toyota says it has settled a $190 million sexual-harassment lawsuit that squeezed out the automaker's top U.S. official." USA continues, "The settlement, announced Friday without details, should get the attention of executives at other international businesses, because it resulted in a new policy for reporting harassment allegations against the top executive, as well as changes in Toyota's training and employment procedures. … Other companies 'will see it and say, "If Toyota's doing this, it's going to be the industry practice and we need to make sure we're doing whatever everyone else is doing," ' says New York-based employment discrimination lawyer Douglas Wigdor." USA adds, "All companies 'could stand to take a look at what they would do if the top person in charge is (accused) of sex harassment,' says Lisa Guerin, legal editor at book publisher Nolo and a lawyer specializing in employment law. .. .In Toyota's case, plaintiff Sayaka Kobayashi said she complained to Toyota Motor North America's then-senior vice president Dennis Cuneo, who was in charge of human resources, but nothing was done. That's despite her allegation that former Toyota North America CEO Hideaki Otaka was not just making off-color comments but trying to force her to have sex. … Otaka has denied wrongdoing, but he left his U.S. post and returned to Japan earlier than planned. He now is retired."

ABA Claims Minority Women Suffer Law Firm Bias. The AP (8/8, McAvoy) reports, "An American Indian attorney is asked where she keeps her tomahawk. White male partners look past a black lawyer, assuming she is clerical staff. An Asian attorney is called a 'dragon lady' when she asserts herself. … A study by the American Bar Association that says those real-life experiences, along with more subtle forms of discrimination, are prompting growing numbers of minority women to abandon the nation's biggest law firms. … 'We're not even talking about trying to get up through a glass ceiling; we're trying to stay above ground,' said Paulette Brown, co-chairwoman of the group that produced the study, released Friday during the bar association's annual convention." The AP notes, "The report, 'Visible Invisibility: Women of Color in Law Firms,' was conducted by the bar association with the help of the National Opinion Research Center at the University of Chicago. Questionnaires were sent to about 1,300 attorneys, both men and women, and responses came from 72 percent, or 920. … Law firms exclude minority women from golf outings, after-hours drinks and other networking events, the study says. Partners neglect the women of color they are supposed to help mentor. … In some cases, partners and senior lawyers disregard minority women less because of outright bigotry than because they have less in common with them and thus don't connect well with them, the study found."

Conservative Kansas School Board's Defeat Seen As Temporary Setback. In a New York Times op-ed (8/8), Thomas Frank says, "The nation breathed a sigh of relief last week after the conservative majority on the Kansas school board, world famous for its war on the theory of evolution, went down to defeat in Republican primary elections. Conservative candidates for several state government posts foundered as well (but others won). It seemed as though moderation had finally returned to this middlemost of American places." But "I think it is far too soon to write the obituary for the godly radicals. Their faction may have chosen lousy candidates this time around, and their public appeal may have dissipated thanks to the preposterous issues (evolution, stem-cell research) against which their leaders have lately been hurling themselves, but the movement is deeply ingrained in Kansas culture. The conservatives will undoubtedly be back."

ANTITRUST:

Petco Buyout By Investment Group Clears Antitrust Hurdle. The AP (8/8) reports, "Petco Animal Supplies Inc., the nation's second-biggest pet supplies retail chain, on Monday said the regulatory antitrust waiting period affecting the company's buyout by a private investment group has ended early." The AP continues, "The investor firms Leonard Green & Partners LP and Texas Pacific Group offered $29 per share in cash for Petco for a total transaction value of about $1.8 billion, including assumed debt." The AP adds, "The transaction, announced last month, remains subject to stockholder approval and is expected to close by the fourth quarter of this year."

CommScope Makes $1.51 Billion Bid For Andrew. The AP (8/8) reports, "Telecommunications equipment company CommScope Inc. on Monday made a rival bid to acquire the outstanding stock of coaxial cable maker Andrew Corp. for about $1.51 billion in cash." The AP continues, "Andrew, based in Westchester, Ill., agreed in May to be acquired by ADC Telecommunications Inc. of Eden Prairie, Minn., for stock in a deal valued at the time at $1.6 billion." The AP adds, "CommScope, which makes coaxial, fiber-optic and cable products, said its offer amounts to $9.50 per share in cash -- a 20 premium to Andrew's closing price of $7.89 on Friday and a 36 percent premium to ADC's offer,

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which now values Andrew stock at just $6.97 per share because of the recent decline in shares of ADC. CommScope would also assume about $186 million in Andrew debt under the deal. .. . The proposed combination of ADC Telecommunications, a maker of products that transmit voice and data signals, and Andrew has received antitrust clearance from the Federal Trade Commission."

The Wall Street Journal (8/8, Cheng, 2.03M) reports, "For CommScope, based in Hickory, N.C., Andrew offers an appealing customer base, said Chief Executive Frank Drendel. He also said Andrew's technology, which permits the use of aluminum cable lines, instead of copper ones, was attractive. 'It's a significant part of the interest we have in this transaction,' he said, adding the proposal wouldn't make sense if copper wasn't so expensive. … CommScope is likely to find supporters among Andrew shareholders, who have railed against the deal with broadband-equipment maker ADC. Because the ADC deal is structured as a stock swap, Andrew's fate is tied to swings of ADC's stock, which fell 20% the day the deal was announced. The stock also plunged after a profit warning last month, further lowering the deal's value."

EU Urged To Probe Jet Fuel Prices. The AP (8/8) reports, "European airlines on Monday called on EU regulators to investigate what they say are unfair monopolies in the jet fuel market." The AP continues, "Oil companies are raising the price of refined jet fuel faster than the increase in crude oil prices, said the Association of European Airlines, which represents 31 European airlines. … 'The industry is suffering already from today's exceptionally high fuel costs. The last thing we need is for those costs to be further inflated by unfair commercial practices,' said AEA Secretary General Ulrich Schulte-Strathaus." The AP adds, "Jet fuel costs increased 37 percent from last year, and airlines are spending up to a quarter of their operating costs on jet fuel, the AEA said in a statement. … Earlier this month, Austrian Airlines asked both the Austrian and EU authorities to examine what it maintains are monopolistic practices of state-owned Austrian oil and gas company, OMV. Austrian Airlines estimates that it has spent an extra 35 million euros ($45 million) a year as a result of OMV's price hikes. … The airline reported a loss of 59.9 million euros ($77 million) for the first half of 2006. OMV denies any allegations that it is fixing jet fuel prices."

MarketWatch (8/8) reports, "In June, Italian competition authorities fined six major oil companies a total of EUR 315.4 million for exchanging information and illegally raising the price of jet fuel. … The biggest sums were imposed on Italy's gas giant Eni SpA, which was fined EUR117 million, and Esso, the Italian unit of U.S. Exxon Mobil Corp. (XOM), which was fined EUR67 million. The other companies were Kuwait Petroleum Italia SpA, a division of Kuwait Petroleum Corp., Royal Dutch Shell PLC's Italian division, Libyan refiner Tamoil, and French oil and gas major Total SA. … The European Commission antitrust authorities said they needed more time before commenting."

ENVIRONMENT/INDIAN AFFAIRS:

Oil Prices Spike As BP Shuts Down Alaska Pipeline. The AP (8/8, Pemberton) reports BP "said Monday it discovered corrosion so severe that it will have to replace 16 miles of pipeline at the huge Prudhoe Bay oil field -- work that could shut down the nation's single biggest source of domestic crude for months and drive gasoline prices even higher." The Wall Street Journal (8/8, Chambers, 2.03M) reports "a quick restart looks unlikely, given that oil output shut in from a March spill in another part of Prudhoe Bay has yet to be fully restarted." The Financial Times (8/8, McNulty, Hoyos) says "the shutdown is embarrassing for the UK oil major," and adds "BP whistleblowers have for years warned that the Alaska field was understaffed and poorly maintained, charges the UK oil giant has denied. It said on Monday the models it was using to gauge corrosion had turned out to be faulty."

USA Today (8/8, Hagenbaugh, 2.27M) reports, "Oil prices surged Monday to within a nickel of the record as a major Alaskan oil field was being shut down, heightening supply fears. The average US gasoline price, meanwhile, rose to within pennies of the record high." The price of a barrel of crude oil trading "for delivery next month rose $2.22, or 3%, to $76.98. That just missed the record, not adjusted for inflation, of $77.03 hit July 14. Adjusted for inflation, the record was more than $86 in 1981."

Like USA Today, virtually all media coverage portrayed the pipeline closure as very likely to lead to higher fuel prices. All three networks led with the story last night. ABC World News Tonight (8/7, lead story, 3:10, Gibson, 8.78M) reported, "Gas prices already have Americans alarmed. And they're about to get higher." Crude oil prices "shot up today to almost record levels. Gas prices will almost inevitably soon follow." ABC (Stark) added, "This couldn't have come at a worse time. Oil markets are already skittish over world unrest. And they're worried about possible hurricanes. So, this is the last thing that drivers need in the midst of the summer driving season."

The CBS Evening News (8/7, lead story, 2:55, Smith, 7.66M) reported, "We can't seem to catch a break, can we? Just when it looked like the price of gas might be leveling off, we woke up to a new oil shock, a leak was discovered in an Alaska oil field that accounts for a big part of US production and the owner, BP is shutting it down for repairs that could take months." That news "sent the price of oil up more than $2 to close just short of $77.5 barrel."

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NBC Nightly News (8/7, lead story, 2:45, Thompson, 9.87M) reported an Energy Department spokesman "said today it stands to release any additional crude oil should it be asked the of the refinery but no word so far on whether any of the oil companies have asked them to open up that reserve." The AP (8/8, Hebert) quotes spokesman Craig Stevens, "referring to the loss of nearly half of oil shipments from Alaska's North Slope," saying, "We're taking a very serious look at this." Stevens "said the department will be in contact with BP Exploration Alaska Inc. and West Coast refiners later in Monday to assess the situation. 'If there is a request for oil we'll certainly take a serious look at that,' he said." Sen. Charles Schumer, "often a critic of the administration's energy policy," said, "This is the appropriate and right thing to do. We're glad the White House's reluctance to use the Strategic Petroleum Reserve to prevent price spikes seems to have dissipated."

The CBS Evening News (8/7, story 2, 2:10, Orr, 7.66M) reported, "US refiners could make up for the loss by importing more oil from Saudi Arabia and the Bush Administration has already said it may bolster supplies by tapping the government's emergency stockpiles, the Strategic Petroleum Reserve. But oil traders are still nervous. Crude today shot up more than $2 and the price could really explode with just one more problem. Another hurricane, for example, could severely cripple supplies."

The New York Times (8/8, Peters, 1.21M) notes "taking the field off line will reduce domestic oil production by 400,000 barrels a day, or 8 percent — equivalent to about one-third of the amount the United States imports daily from Venezuela."

The Washington Post (8/8, A1, Mufson, 748K) titles its story "Pipeline Closure Sends Oil Higher," and says "BP's announcement also gave another black eye to a company that has fashioned an image as a responsible, environmentally concerned company." The Baltimore Sun (8/8, Adams, 262K) headlines its report "Problem In Alaska Sends Oil Price Up," and the Los Angeles Times (8/8, Sanchez, 918K) reports "the loss of North Slope oil has major implications for California because the state's refineries are highly dependent on Alaskan crude oil. Alaska supplies about 20% of California's petroleum, according to the California Energy Commission." The Washington Times (8/8, Hill, 88K) runs a similar report.

BP's Safety Record In US Under Renewed Scrutiny. AFP (8/8, Cole) reports, "BP says it has a zero tolerance policy with respect to industrial accidents, but the British energy giant has been accused time and again of cutting safety corners in the United States." AFP continues, "BP's US operations were in focus again Monday after it announced it was shutting down all oil production at the vast Prudhoe Bay oilfield in Alaska, America's largest field, due to a pipeline leak. … The company is already being investigated by the Justice Department and the Environmental Protection Agency for a huge Alaskan oil spill that occurred in March. … 'We've been concerned about BP's safety record on the North Slope of Alaska for many years now,' said Justin Tatham, an Arctic advocate for the Public Interest Research Group (PIRG). … 'We've seen a pattern emerge over the last four to six years of the company getting more and more sloppy in their work as they try to milk the remaining oil from Prudhoe Bay,' Tatham said." AFP adds, "BP America chairman Bob Malone, however, said safety of operations is a top priority for the energy group. … 'We will not resume operation of the field until we and government regulators are satisfied that they can be operated safely and pose no threat to the environment,' Malone said in a statement. … However, questions about the safety record of the London-headquartered company have long been making headlines in the United States."

WSJournal Says Effect Of Closure Helps Case For ANWR Drilling. The Wall Street Journal (8/8, 2.03M) editorializes, "Opponents of opening the Arctic National Wildlife Refuge (ANWR) to oil drilling have long argued that the supply wouldn't make a difference to prices. Well, that claim took a spill yesterday with BP's announcement that it is shutting down its operations at Prudhoe Bay due to a damaged pipeline that could take months to patch." The Journal adds, "These are the same folks who've delighted in informing Americans in recent years that opening up nearby ANWR to drilling would 'only' result in an extra one million barrels a day."

Governors Weigh In On Energy Policy. The AP (8/8, Tanner) reports, "Governors worried about damage to the economy and complained about years of neglect on energy policy after an Alaska oil field shutdown, but offered far different solutions on Monday. Energy independence and alternative fuels had already been part of the weekend's summer meeting of the National Governors Association. News of the oil field shutdown and the spike in oil prices, spurred by corrosion of a key oil pipeline, put a sharper edge to the topic." Democratic Gov. Kathleen Blanco of Louisiana, "whose state is at the center of the nation's fuel production and distribution, criticized the federal government's monitoring of critical infrastructure." Meanwhile, "Republican Gov. Haley Barbour of Mississippi said the problem was environmentalists and others who fight increased drilling and pipeline construction." And "in Washington, New York Gov. George Pataki offered a 10-year energy program calling for tax credits for fuel-efficient cars and development of alternative fuels in a speech to the National Press Club." Asked about drilling in the Arctic National Wildlife Refuge, Pataki said, "There's no question we have to expand domestic production of oil. I think you've just seen this afternoon what happened unless we have reliable additional sources that are convenient to the market. So yes, we need to open up more places for oil exploration and drilling."

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Big Oil Said To Reinvest Profits In Exploration, Developments. The Washington Times (8/8, Hill, 88K) reports, "Big Oil's record profits attract attention and outrage, but an independent study has found that oil companies do exactly what economic textbooks say they should do with all that money: They invest it in oil exploration and development efforts that eventually should relieve pressure on prices." The Times adds, "The top 20 US and Canadian oil companies actually invested 50 percent more than they earned in the past 10 years in efforts to produce more oil, but adverse geopolitical developments conspired to give them fewer opportunities to expand production while fading oil fields in the US and elsewhere forced them to spend substantially more just to maintain current production, according to the study by the Ernst & Young accounting firm."

Judge Reprimands EPA Over Clean Air Act Delays. Government Executive (8/8, Mandel) reports, "A federal judge reprimanded the Environmental Protection Agency last week for devoting resources to discretionary activities while it remains years behind schedule in meeting its statutory obligations to regulate hazardous air pollutants as required by the 1990 Clean Air Act." GE continues, "In an opinion issued last Wednesday, Judge Paul Friedman of the U.S. District Court for the District of Columbia laid out the reasoning behind an order, issued in March, that EPA promulgate regulations according to an accelerated schedule that he said would reflect Congress's original intent in setting a timeline for completion of the work." GE adds, "The opinion provided insight into the March judgment in favor of the environmental group the Sierra Club in a lawsuit against EPA Administrator Stephen Johnson. That suit mainly addressed a Clean Air Act requirement that the agency identify, by November 1995, the emission sources for the 30 most hazardous air pollutants and, by November 2000, issue emissions standards for those sources. The agency finished identifying the pollution sources in 1999 but has issued standards for only 15 of the 70 different types of sources. … Both sides had presented proposals for a schedule on which the agency would complete the required regulations. EPA argued that the complexity of the task, the need for extensive research and the competition for internal resources necessitated a schedule that would complete one group of regulations by October 2011, and another by December 2012. Steve Page, director of the Office of Air Quality Planning and Standards, said the agency would require about 50 months per regulation."

Battery Technology Seen As Roadblock For Electric Vehicles. In a USA Today op-ed (8/8), former automotive engineer Gary Witzenburg says, "Widespread acceptance of battery-powered" electrical vehicles (EVs) "will not happen until someone develops battery technology competitive with a tank of gas (or diesel) in every way. It must be absolutely safe, long-term durable, capable of operating reliably in extreme weather and temperatures, mass-producible at low cost, able to carry comparable energy in a package of comparable size and weight, and able to be quickly recharged. None comes remotely close." Lithium-ion technology, "apparently nearly ready for vehicle duty but more expensive still" than existing batteries, or "something else further down the road — may be the answer to battery-powered EV acceptability in business-sustaining volume. But I'll believe it when I see it."

Meanwhile, USA Today (8/8, 2.27M) says in an editorial that while "the potential of electric cars was overblown in the past, technological advances and $3-a-gallon gas merit giving them a new look." Electric cars "have a checkered history, including General Motors' all-electric EV1. During the 1990s, about 1,000 leased EV1s prowled California roads in an experiment that GM says went badly." Electric cars "are no panacea. Generating electricity, after all, consumes energy and creates pollution. What the skeptics miss, however, is that each step — from the failed EV1 to the pricey Tesla to the plug-in hybrid — brings the country a little closer to a vehicle that would help wean its dependence on imported oil. It would be a shame if Detroit pulled the plug on electric cars just when economics and technology might be making them viable."

Tierney Criticizes Energy Waste From Second Homes. In his New York Times column (8/8), John Tierney "says when you tally up" Al Gore's "international travel to inspect melting glaciers and the domestic trips between his homes — one in Washington and another in Nashville, not to mention the family farm in rural Tennessee featured in the movie — you're looking at a Godzilla-sized carbon footprint." Somehow, "in all the years I've been reading lists of energy-saving tips, I've never noticed, 'Sell second home.' A cynic might attribute this oversight to a high correlation between fervent environmentalism and second-home ownership — Robert Redford and his place at Sundance, the Kennedys and their compound on the Cape, Laurie David and her home on Martha's Vineyard, John Kerry's seaside and mountainside manses."

NYTimes Praises Reversal Of Administration Oil, Gas Leasing On Federal Lands. The New York Times (8/8, 1.21M) says in an editorial that in the "spring of 2003, Gale Norton, then secretary of the interior, and Michael Leavitt, then governor of Utah, struck a deal that removed federal protection from about 2.6 million acres of land that the Clinton administration had designated as potential wilderness. In fairly short order, the Bureau of Land

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Management began selling oil and gas leases on some of these lands as part of a larger energy policy that called for aggressive exploration and drilling even in the most fragile of Western landscapes." That policy "has now suffered its first serious reversal. Last week, a federal district court in Utah ruled that leases on 16 parcels had violated federal environmental law." With "any luck, the decision will send a signal to Ms. Norton's successor, Dirk Kempthorne, that the administration's policy of indiscriminately fast-tracking leases in fragile areas needs a fresh look. This policy is not only unpopular but unnecessary."

FBI/DEA/ATF/USMS:

FBI Issues Lookout For No-Show Egyptian Students. In a widely-distributed story, the AP (8/8, Sherman) reports, "Eleven Egyptian students who arrived in the United States last month are being sought by U.S. authorities after failing to turn up at Montana State University." They "were among a larger group of students who arrived…in New York…with valid visas," and "when the 11 didn't turn up by the end of the last week, the FBI issued a lookout to state and local law enforcement, said FBI Special Agent Richard Kolko. 'At this point all they have done is not show up for a scheduled academic program,' Kolko said. 'There is no threat associated with these men.'" FOX News.com (8/7) also notes that "Kolko emphasized that there was no indication that the men were involved in any illicit activity," and adds, "Cases like these are actually quite common, Kolko said. Oftentimes when large groups of foreign students arrive in the United States, it is almost inevitable that some will break off and head to tourist destinations before turning up several days later."

Newsday (8/8, Brune) reports Kolko said, "We have simply asked law enforcement's assistance in locating them so that the FBI and ICE may interview them." Newsday adds, "New York Police Department sources said the FBI asked the department to be on the lookout for the students. The belief, based on what they have been told by the FBI, is that the men are here for work. … 'This is probably economic reasons, that they used the student visas as the guise,' said a law enforcement source. 'There's no evidence of any kind pointing to a terrorist plot.'" The New York Post (8/8, Mangan, 608K) also reports Kolko said, "At this point, all they have done is not show up for a scheduled academic program, and their visas have been revoked. We do not know of any association with any terrorist or criminal groups. There is no threat associated with these men." However, Rep. Peter King "said the situation 'has to be taken very seriously.' 'Having a number of students from an Arab country arriving on student visas and disappearing is cause for concern,' he said."

Federal Prosecutor Denies Making Pact With Tennessee Felon. The Knoxville (TN) News-Sentinel (8/8, Satterfield) reports, "A judge on Monday ordered a federal prosecutor to reveal whether he had given a cocaine dealer a break so the criminal would implicate a Blount County man in a murder." The News-Sentinel continues, "The Justice Department tried to block testimony from Assistant U.S. Attorney Hugh Ward about his dealings with convicted cocaine dealer Myron Kellogg. … Kellogg and his U.S. District Court plea deal became the focus Monday of a hearing in Knox County Criminal Court because Kellogg is expected to be a key witness against Reginald Stacey Sudderth." The News-Sentinel adds, "Sudderth is accused of murder and conspiracy to commit murder in the April 1998 shooting death of 18-year-old Andre Jackson in Blount County. The case has been moved to Knox County because judges and prosecutors originally assigned to the case have bowed out for various reasons. … A jury has been selected, but jurors sat in a conference room for most of Monday afternoon after an argument erupted over Kellogg." The News-Sentinel notes, "Sudderth's attorney, Herbert S. Moncier, insisted Monday that Kellogg had gotten a sweetheart deal from Ward primarily because of Kellogg's role as a witness against Sudderth and as the boyfriend of another witness against Sudderth. … Moncier sought to question Ward and get a review of Ward's file. Assistant U.S. Attorney Elizabeth Tonkin resisted the move. Senior Judge Jon Kerry Blackwood, appointed by the state Supreme Court to handle the case, ordered Ward to take to the witness stand. … Tonkin asked Ward two questions, one of which was whether Kellogg was given a deal for being a snitch against Sudderth. 'No, he was not,' Ward said. … 'Those are the only questions Mr. Ward has been authorized by the U.S. Attorney to answer,' Tonkin told Blackwood."

New Attacks On Indiana Highways Prompt Formation Of Federal-State Task Force. The New York Times (8/8, Ferkenhoff, 1.21M) reports, "New sniper attacks on Indiana roads have led to an expanded investigating team. Federal and state investigators joined the local police in northwestern Indiana on Monday." The Times continues, "No one has been killed in the nine reported attacks. They have drawn comparisons to the deadly shootings in the Washington metropolitan region in 2002 and to a fatal sniper shooting last month near Muncie, Ind., 50 miles northeast of Indianapolis. … Windows have been shattered and minor injuries reported in the recent attacks in Lake County, near Hammond, Whiting and Merrillville from July 25 to last Friday. All but one attack was in an eight- to nine-mile stretch of Cline Avenue, which carries 10,000 motorists a day." The Times adds, "A Federal Bureau of Investigation gang investigations unit in Gary, Ind., will run

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the expanded team. … 'This is a coming together of some of the local agencies who have been working on this with federal and state agencies to bring more manpower and more technology to figuring this out,' Mark Becker, agent in charge of the F.B.I. office in Merrillville, said. 'Clearly, this is someone or people who aren't right.'"

The (Northwest Indiana) Times (8/8) reports, "FBI will employ profilers as well as the Gary-based Gang Response Investigative Team to assist in the Lake County investigation of the reported shootings that have struck nine vehicles. To date, no injuries have been reported. … Also assisting on the task force are U.S. Marshal's Office, the ATF, the Indiana State Police, the Lake County Prosecutor's Office and the police departments of Hammond, Gary, East Chicago and Whiting."

The Chicago Tribune (8/8, Maxwell, Huppke, 623K) reports, "When car windows began shattering along bustling Cline Avenue two weeks ago, the talk was that a sniper was on the prowl. Hoosiers had just dealt with a quick but deadly series of highway sniper shootings in central Indiana, so anxiety was understandably high. … But now that fearful talk has grown muted, even though motorists along this four-lane industrial stretch continue to be targeted by something—and someone—no one can identify. … 'Personally I think it's just little kids out there with slingshots,' said an unconcerned Lloyd Taylor, filling his rickety van up at a gas station just off Cline. 'It ain't no bullets.' … But here's the problem that investigators, which now include the FBI, are facing: After nine shattered windows, they haven't found any bullets." The Tribune notes, "It's possible BBs or even rocks from a slingshot are to blame, but no evidence has been found. Not only is there no smoking gun, at this point there's not even a suspect projectile. … 'I'm not going to rule out anything,' said Mark Becker, supervisory special agent for the FBI in Merrillville, Ind. 'I don't want to guess what might or might not have been used. It's just too early to tell.'"

ATF Joins Probe Of Georgia Explosion. The Macon (GA) Telegraph (8/8, Purser) reports, "A federal and state investigation into Sunday's explosion at Pyrotechnic Specialties Inc. in Byron took center stage today, as local authorities faded into the background. … 'We've turned the investigation over to them on this type of investigation. This is basically their type of expertise,' Peach County Sheriff Terry Deese said today." The Telegraph continues, "If there were any violations that led to the huge blast that leveled a building at the explosives manufacturer, federal and state authorities will also deal with that, the sheriff said. … 'This happens from time to time. I guess that's just the nature of the beast,' Deese said." The Telegraph adds, "Jeff Pearce, assistant special agent in charge of the Atlanta field division of the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, said it's too early in the investigation to determine what caused the explosion and whether it was an accident or the result of foul play. … 'We have no information leading us to believe there was criminal act at this point,' he said. … Pearce also noted that there is the potential for accidental explosions when dealing with explosives and such a blast does not necessarily mean the company failed to follow proper safety precautions. The agent said those issues will be looked at as part of the investigation."

IMMIGRATION:

Nine Suspected Illegal Aliens Killed During Flight From Border Patrol. The New York Times (8/8, Giblin, 1.21M) reports, "Nine suspected illegal immigrants were killed and 13 others were injured after a sport utility vehicle overturned while being pursued by Border Patrol agents near Yuma, Ariz., on Monday, officials said. The vehicle, a Chevrolet Suburban, was carrying 22 people when it flipped, said Lloyd Frers, a senior agent for the Border Patrol." The Times adds, "Five people died at the scene, and four died after being taken to Yuma Regional Medical Center." Agents "had spotted the vehicle on a desert road that circumvents a Border Patrol checkpoint on Highway 95 near the California line, Agent Frers said." The Washington Post (8/8, A7, 748K) says "five of the injured, including a pregnant woman, were in critical condition, most with head trauma, a hospital spokeswoman said." Border Patrol spokesman Lloyd Frers "told the Associated Press, 'It's pretty obvious to anybody who looks at it that it was more than likely a smuggling load.'"

Immigration Activists Will March To Hastert's Office. The Chicago Tribune (8/8, Avila, 623K) reports, "Organizers of two major Chicago immigrant marches upped the ante Monday, announcing a four-day walk from Chinatown to the western suburb of Batavia -- about 40 miles -- that they hoped would pressure US House Speaker Dennis Hastert to move the immigration debate forward." Participants "will begin their walk Sept. 1 and culminate their journey on Labor Day, Sept. 4, at Hastert's district office. There, they plan to hold an immigration hearing, which they say will differ from committee hearings that Hastert has organized."

Online Database Shows Records Of Immigration Judges. The AP (8/7, Anna) reports, "It's said the only thing more complicated than immigration law is the U.S. tax code. But immigrants and their lawyers on Monday gained a tool to compare judges and their records — putting faces on a system that's famously hard to read." The AP continues, "For the first time, the backgrounds of most of the country's 200-plus immigration judges have been published in one place. The online database also shows each

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judge's denial rates in asylum cases, effectively telling the public who's strict and who's more of a softie. … It means asylum seekers can track which courts are the friendliest — and prepare themselves for the judge they'll be facing. They may even be inspired to shop around. … 'You just have one chance,' said Susan Long, co-director of the Transactional Records Access Clearinghouse at Syracuse University, which released the information. The project collects and analyzes federal government data. … 'You learn a lot in court, but not in time to be helpful,' Long said. 'It's like a surgeon — you want one who does a good job.'" The AP adds, "Until now, such information has been gained through gossip, or years of courtroom observation. Sites like asylumlaw.org have some statistics, but immigrant advocates said the information can be old or incomplete. Now immigrants can learn if their judge once worked for, say, the enforcement arm of the former Immigration and Naturalization Service. … The database exposes a part of the immigration system that even Attorney General Alberto Gonzales has sharply criticized. He ordered a review of the immigration courts in January, saying some judges showed 'intemperate or even abusive' conduct toward asylum seekers. … Individual judges have remarkable range in denying asylum, from 10 percent to more than 98 percent, a TRAC report last month showed. … Monday's release lets the public compare judges within each court or with others across the country. It also shows each judge's caseload by major nationalities."

CONGRESS-ADMINISTRATION:

Democratic Senators Hold Up Bradbury Nomination. United Press International (8/8, Waterman) reports, "Three Democratic senators have said they will block the confirmation of a senior Justice Department official until the administration agrees to let an investigation into its program of warrantless wiretapping go ahead." UPI continues, "Sens. Richard Durbin, D-Ill., Russell Feingold, D-Wisc., and Edward Kennedy, D-Mass., wrote last week to President Bush saying they believe it would be 'inappropriate' to confirm Steven Bradbury until the 'investigation is completed and Mr. Bradbury is cleared of any wrongdoing.'" UPI adds, "Bradbury was nominated in January to take over the department's Office of Legal Counsel, the section that provides binding legal advice to the White House and other federal agencies; drafts the attorney general's legal opinions; and adjudicates legal disputes between government departments. … But he has been running the office in an acting capacity since last summer, and under his leadership it has mounted an aggressive campaign to defend the legality and constitutionality of President Bush's program of warrantless wiretaps on calls into and out of the United States by people believed connected with al-Qaida or other terror groups. … The Office of Legal Counsel, for instance, produced the so-called January 19 White Paper, a document setting out the administration's case that warrantless surveillance of international electronic communications like telephone calls, e-mails and faxes -- even when one end of the conversation was in the United States -- was legal under the president's inherent powers as commander-in-chief and Congress' 2001 Authorization for the Use of Military Force in the U.S. war on terror. … The office was also one of those asked to provide information and documents to an internal Justice Department investigation into the wiretapping program. The three senators, all senior members of the Senate Committee on the Judiciary, say this indicates that the office was a target of the investigation, which was probing whether any department lawyers had engaged in misconduct when they authorized the program."

Thompson Medicaid Proposals Could Benefit Companies He Works For. The Washington Post (8/8, A19, Lee, 748K) reports that after former Health and Human Services Secretary Tommy Thompson "proposed overhauling Medicaid in ways that he says would be good for the country," critics "contend that some of Thompson's recommendations also could be good for companies that he works for." Thompson now "speaks not just as a former government leader but also as an executive with ties to several companies that have a hand in Medicaid." He is "on the board of Centene Corp., a St. Louis-based company that operates Medicaid-funded health maintenance organizations in Indiana, Kansas, Missouri, New Jersey, Ohio, Texas and Wisconsin. His proposals to move more Medicaid beneficiaries and uninsured people onto such plans could improve the company's bottom line." Thompson also "is chairman of the Deloitte Center for Health Solutions, part of Deloitte & Touche USA LLP, a consulting firm that has contracted with states to help improve their Medicaid programs." Thompson also "is a part-owner and board member of VeriChip Corp., which makes microchips that store data and can be implanted in humans. The company might benefit if Medicaid were to embrace electronic medical records."

More Relatives Of Politicians Serving In Congress. USA Today (8/8, Lawrence, 2.27M) reports on the increase of political dynasties, noting there has been over a 100% increase in the number of members of Congress who are related to "governors or other members of Congress" in the last twenty years. There are "more than 50 — among them four sets of siblings, four widows, dozens of offspring, the wife of a former Senate majority leader and Sen. Hillary Rodham Clinton, wife of a former president and governor." There also "may be more relatives after the Nov. 7 election:

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At least two children of retiring House members want to succeed them: Republican Gus Bilirakis of Florida and Democrat Chris Owens of New York." Two governors' sons "are seeking Senate seats: Democrat Bob Casey in Pennsylvania and Republican Tom Kean in New Jersey," among others.

USA Today (8/8, Lawrence, 2.27M) reports, "Family ties on Capitol Hill are so common that the late congressman Morris Udall had no fewer than three relatives in office to support the stem cell research they say might have cured him," including his cousin, Sen. Gordon Smith, his son, Rep. Mark Udall, and his nephew, Rep. Tom Udall. The Udalls, "developing into a Western mini-dynasty, illustrate the proliferation of relatives in elective office. Political analysts offer several reasons for the trend," including the "influx of women into the workforce." Another is the "emergence of minority politicians and dynasties," as is the "increasing value of a brand name and family connections as campaign costs rise."

Physical Shows Bush Overweight, According To BMI Standards. ABC.com (8/8, Stoler) reports President Bush's annual physical "revealed he was in pretty good health, except for one thing. According to his body mass index, he's overweight." Bush's "BMI was 26, putting him in the lower range of the overweight category. He weighs 196 pounds, meaning he has gained 5 pounds since last year and his percentage of body fat has increased to 16.8 percent, which is, overall, pretty good for a man who just turned 60." The "appropriate body weight range is 157 to 192 pounds for a 5-foot, 11-inch man. Is there cause for alarm? Should the president go on a diet? Possibly, dietitians say."

NYTimes Criticizes Administration For Misleading On Level Of Employment. The New York Times (8/8, 1.21M) says in an editorial, "It's too soon to tell whether the recent jump in unemployment — from 4.6 percent in June to 4.8 percent in July — is the start of a worsening jobless trend." Today, "nearly five years after the end of the last recession, the share of the population at work — the employment rate — is 1.7 percentage points below its peak in April 2000, indicating millions of potential workers who have dropped out of the labor force completely and are thus no longer counted as unemployed." The "phenomenon is extremely troubling among millions of men in the prime of their working lives, ages 35 to 55. The Times's Louis Uchitelle and David Leonhardt reported recently that about 13 percent of prime-age American men are not working — more than double the percentage in the brisk employment decades of the 1950's and 1960's — and most of them have quit looking for jobs." The Bush administration "has often bragged about the economy's relatively low unemployment rates rather than admit that they mask economic weakness. Administration officials have also talked up the economy's job growth record by citing totals without context, thereby masking the fact the job creation during the Bush years has badly trailed historical norms."

OTHER NEWS:

Fed Expected To Pause Rate Hiking Campaign. McClatchy (8/8, Hall) reports, "The Federal Reserve is expected to pause…after 17 consecutive interest-rate hikes, ending a streak of credit tightening that has lifted short-term lending rates from 1 percent to 5.25 percent since June 2004. Still, analysts warn that the Fed may raise rates in the months ahead if signs persist that inflation is growing worse. Countering that threat, however, is the risk that further rate hikes could tip the slowing economy into recession."

USA Today (8/8, Hagenbaugh, 2.27M) reports, "Although they are in the minority, a large number of Americans win when interest rates move higher. Many of them are older, keeping their money in "safe" investments, such as certificates of deposit and savings and money market accounts. Such investments pay better returns when interest rates rise. … An investor with $10,000 in an average-earning bank money market account is earning $78 a year today vs. $45 in June 2004, a 73% gain. Global Insight estimates that the increase in interest rates over the past two years will add an estimated $183 billion in interest income from 2004 to 2007."

Stocks Down. NBC Nightly News (8/7, story 2, , Williams, 9.87M) reported, "Wall Street finished the day modestly lower. The Dow was down just under 21 points [to close at 11,219.38]. Nasdaq lost 12 and 1/2 points by days end [to close at 2,072.50]." The Wall Street Journal (8/8, McKay, 2.03M) reports "the broad Standard & Poor's 500-stock index slipped 0.3%, or 3.59 points, to 1275.77, up 2.2% for the year." The day's losses "were kept in check by widespread expectations that Federal Reserve policy makers at today's meeting will leave their key interest-rate target unchanged, a move that would support share prices." USA Today/AP (8/8), among other sources, also reports the stock numbers.

College Savings Plan May Attract More Investment If Benefits Are Made Permanent. The Wall Street Journal (8/8, Chaker, 2.03M) reports, "Investors in 529 college-savings plans received some good news with Congress's decision to make some of their most-attractive features permanent." Last week's "sweeping pension legislation" included changes that President Bush is "expected to sign…into law soon." The measure includes "preserving tax-free account withdrawals" and allows

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"investors to continue to roll over their 529s to a different state plan once a year." It also "extends the option to invest in both a 529 plan and a separate Coverdell Education Savings Account for the same beneficiary in the same year." State officials and fund companies "hope the permanency of the enhancements will help reignite 529 investments. … As of March 31, investors had opened a total of 8.6 million 529 accounts with nearly $90 billion in assets." Without the changes, tax benefits would expire in 2010.

Local Governments Not Keeping Up With Public Pension Contributions. The New York Times (8/8, Walsh, 1.21M) reports that in 2003, "a whistle-blower forced San Diego to reveal that it had been shortchanging its city workers' pension fund for years, setting off a wave of lawsuits, investigations and eventually criminal indictments." The city, "which is scheduled to receive a report today on the causes of its current predicament, still has to figure out how to close the $1.4 billion shortfall in its pension fund." Across the nation, "a number of states, counties and municipalities have engaged in many of the same maneuvers with their pension funds that San Diego did, but without the crippling scandal — at least not yet. It is hard to know the extent of the problems, because there is no central regulator to gather data on public plans. Nor is the accounting for government pension plans uniform, so comparing one with another can be unreliable." By "one estimate, state and local governments owe their current and future retirees roughly $375 billion more than they have committed to their pension funds." That "may well understate the gap: Barclays Global Investments has calculated that if America's state pension plans were required to use the same methods as corporations, the total value of the benefits they have promised would grow 22 percent, to $2.5 trillion. Only $1.7 trillion has been set aside to pay those benefits."

DeLay's Name Will Be On November Ballot. NBC Nightly News (8/7, story 6, 0:15, Williams, 9.87M) reported, "There is political news out of Washington tonight. Former House Majority Leader Tom DeLay's name will be on the November ballot after all, even though he's resigned from Congress. Texas Republicans say they're abandoning their effort to replace him after being turned back by the Supreme Court today."

CNN's The Situation Room (8/7, Verjee) reported, "The Supreme Court Justice Antonin Scalia has rejected a request to block a ruling that Tom DeLay's name must appear on the November ballot in Texas. The state Republican Party today filed an emergency application with the US Supreme Court, it's basically an effort to remove former Congressman Tom DeLay's name from the November ballot."

The Dallas Morning News (8/8, Gillman, Garrett, 500K) reports "DeLay's daughter and campaign manager, Dani DeLay Ferro, said Monday after the Scalia ruling that her father had made no decision about how to proceed." The AP (8/8, Gamboa) notes DeLay "has previously hinted that he would run if forced to stay on the ballot. The district is heavily Republican, but DeLay must contend with mounting legal bills while trying to raise campaign cash." USA Today (8/8, 2.27M) runs an abbreviated version of the AP story.

The New York Times (8/8, Blumenthal, 1.21M) reports, "The court's refusal to intervene handed a major victory to Democrats, who have fought to keep Mr. DeLay in the spotlight as a reminder of the Washington lobbying scandal involving his associate Jack Abramoff. It will make it harder for Republicans to retain Mr. DeLay's old seat and will allow Democrats to send a wider message that change is needed on Capitol Hill."

The Washington Post (8/8, A6, Weisman, 748K) says that "in an interview in late June, however, DeLay said he would probably stand for reelection if he lost the court fight to remove his name from the ballot." That "would be an ideal fight for the Democratic Party, which had wanted to challenge the scandal-tarnished DeLay even before his resignation. Now Lampson appears destined to face a former congressman mounting a comeback against his will to represent a district he tried to leave."

New Poll Shows Lamont Leading Lieberman By Six Points. The New York Times (8/8, Healy, 1.21M) reports, "As Connecticut voters prepared for their highly anticipated Democratic primary today, Senator Joseph I. Lieberman and Ned Lamont, the two rivals for United States Senate, used sharply different tactics yesterday to gain a final advantage in a contest that appeared to be tightening." Lieberman "held nine events over 13 hours and exuded fresh optimism on the ninth day of a statewide bus tour. He also spent tens of thousands of dollars on an unconventional two-minute television ad in which he aligned himself with Democratic anger over Iraq and President Bush -- an attempt to neutralize Mr. Lamont's signature antiwar message." Lamont "made the unusual choice of limiting his public events and instead called undecided voters and tried to reach them through interviews with reporters." Lieberman "seem buoyed yesterday by a new poll from Quinnipiac University that showed him down by 6 points, within the poll's margin of sampling error." Lamont is "aiming simply for victory, his advisers said. Mr. Lieberman's advisers said that he was seeking victory but that if he lost, he wanted the smallest possible margin, on the theory that a narrow loss would help him rebuff any Democratic demands that he drop out."

The Washington Post (8/8, A3, Murray, 748K) notes "an Aug. 3 Quinnipiac poll showed Lamont with a lead of 54 percent to 41 percent over the three-term incumbent and 2000 Democratic vice presidential nominee, a dramatic

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turnabout from a June survey that showed Lamont trailing Lieberman 55 percent to 40 percent." In the latest survey, "the senator -- who has vowed to run as an independent if he loses the primary -- made his biggest gains with women, who had previously preferred Lamont but now split their support between the two candidates. Lamont continued to lead among higher-income and higher-educated groups, and with liberals and male voters." The Washington Times (8/8, Hurt, 88K) also reports on the poll in a story titled "Late Lieberman Surge Makes Race A Tossup," reporting that "if Mr. Lieberman pulls off a victory today, it will be a demoralizing defeat for liberal anti-war activists who have built the little-known Mr. Lamont into one of the strongest challengers of the season. Six months ago, Mr. Lieberman had 68 percent to Mr. Lamont's 13 percent."

Under the headline "On Day Before The Vote, Lieberman Exudes Relentless Optimism," the New York Times (8/8, Kornblut, 1.21M) reports, "Lieberman, perhaps liberated in the final hours, seemed not to mind a last round of indignities. Never mind that almost all the celebrity surrogates were gone: a rumor that former President Bill Clinton might return to Connecticut swept through political circles before being put to rest, leaving Mr. Lieberman to campaign virtually alone. (He was later joined on the road by his fellow senator, Christopher J. Dodd.) Never mind that dozens of reporters from across the country — sent on a death watch as the former vice-presidential nominee struggled to defend his seat against a once-obscure multimillionaire cable executive from Greenwich — far outnumbered actual voters almost every place Mr. Lieberman went."

Issues Other Than Iraq Said To Be Hurting Lieberman With Home-State Democrats. The Washington Post (8/8, A1, Balz, 748K) reports from Connecticut, "Lieberman's plight, according to Democrats here and in Washington, is two stories in one. The first is a metaphor for politics in the era of President Bush and how an unpopular war in Iraq has divided the electorate, inflamed the public debate and intensified an already partisan political climate. … The other part of the story here is a familiar tale in politics, that of an incumbent who, as he gained national prominence, gradually lost touch with the voters and politicians who first sent him to Washington. Long before Iraq, there were signs of erosion in Lieberman's standing in Connecticut." The Post adds "some Democrats still resent his 1998 Senate floor speech criticizing President Bill Clinton over the Monica Lewinsky scandal. Others dislike his support for legislation allowing federal courts to intervene in the Terri Schiavo case. Others were offended when Lieberman, who is a strong supporter of women's rights and has the endorsement of NARAL Pro-Choice America, said Catholic hospitals should not be required to offer emergency contraception to rape victims because they can easily go to another hospital."

A Lieberman Loss Said To Herald Problems For GOP Incumbents In November. The Wall Street Journal (8/8, Cummings, 2.03M) reports on the Connecticut Senate primary, and says, "In a twist, many problems dogging" Sen. Joe Lieberman "may haunt Republicans, too. The trend has prompted some candidates to avoid appearances with the president and it helps to explain why many of the most endangered House incumbents are moderates who need independent and Democratic votes to win." The Journal adds, "Three of those Republican centrists are from Connecticut, and like Mr. Lieberman, they are fighting charges that they are rubber stamps for President Bush. Rhode Island Republican Sen. Lincoln Chafee, another incumbent willing to work across party lines, is facing re-election prospects as dire as Mr. Lieberman's." And "beyond New England, Republican Sen. Mike DeWine is struggling for re-election in Ohio, where Mr. Bush scores poorly; Florida's Clay Shaw and New Mexico's Heather Wilson are among a handful of House Republicans elected from districts with substantial numbers of independent and Democratic voters."

In a column titled "A Preview For November," E.J. Dionne writes in the Washington Post (8/8, A21, 748K), "There will be a way to test the competing interpretations of the Lieberman-Lamont contest. Were Lieberman to be defeated, Republicans would mourn his loss as a blow to moderates and urge him to run this fall as an independent." But "if petrified Republican candidates around the country accelerate their efforts to add to the distance they've already built between themselves and Bush, you'll know that they know what Connecticut's voters were really saying. And if Lieberman miraculously survives, it will be because he finally realized that the last thing an incumbent wants to be this year is George Bush's best friend and enabler."

Strategy Memo Says War Could Work In GOP's Favor. The Los Angeles Times (8/8, Wallsten, 918K) reports, "Some Republican candidates are distancing themselves from President Bush in fear of voter discontent with the war in Iraq. But a new GOP strategy memo argues that the war could prove to be an advantage for many Republican candidates, citing it as one of the most effective issues that will excite the party base in November." The memo, "based on a Republican National Committee poll of GOP voters and obtained by the Los Angeles Times, lists Bush's handling of "foreign threats" as the No. 1 motivator of the Republican base, specifically citing his leadership on Iraq." The memo "suggested that Republicans could motivate their base in the upcoming elections by talking about foreign threats and national security issues, including Iraq and the potential nuclear threat from Iran, and by drawing contrasts with Democrats in those areas. It said 'a huge 87% of the base expresses extremely strong feelings' about national security issues." The memo "underscores the belief among top White

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House and GOP strategists that the war, despite the rising death toll and mounting public anxiety, could be the party's biggest advantage in the fight to retain control of Congress in the November elections."

GOP Said To Be "On The Defensive." The AP (8/8, Espo) reports, "First gradually, now quickly, the war in Iraq and a congressional corruption scandal are shaping the midterm elections, with Democrats working to harness both as campaign issues for the fall." That "leaves Republicans on the defensive, not defeated." The AP adds, "No matter the outcome of the primary between Connecticut Sen. Joe Lieberman and anti-war challenger Ned Lamont on Tuesday, the unpopular conflict in Iraq is emboldening and even unifying normally fractious Democrats."

WPost-ABC News Poll Finds Anti-Incumbent Mood. The Washington Post (8/8, A3, Baker, Deane, 748K) reports, "Most Americans describe themselves as being in an anti-incumbent mood heading into this fall's midterm congressional elections, and the percentage of people who approve of their own representative's performance is at the lowest level since 1994, according to a new Washington Post-ABC News poll." The public "has soured on politicians backing the Iraq war, which Democrats consider the most important issue of the election. Eighty-one percent of Democrats say the war was not worth fighting, and 70 percent feel that way 'strongly.' A majority of Democrats, 54 percent, say a candidate endorsing Bush's Iraq policy would be less likely to get their vote, compared with 37 percent for whom it would not make much difference. Two in three Democrats say it is time to begin decreasing troop levels in Iraq, although only one in four supports immediate withdrawal." The Post adds, "Especially worrisome for members of Congress is that the proportion of Americans who approve of their own representative's performance has fallen sharply. Traditionally, voters may express disapproval of Congress as a whole but still vote for their own member, even from the majority party. But 55 percent now approve of their lawmaker, a seven-percentage-point drop over three months and the lowest such finding since 1994, the last time control of the House switched parties."

Bush To Attend Allen Fundraiser In Gillespie's Home. The Washington Times (8/8, McCaslin, 88K) reports in its "Inside the Beltway" column, "Inside the Beltway is told that President Bush will attend a private fundraising reception for Virginia Sen. George Allen on Aug. 23, at the home of Republican political operatives Ed and Cathy Gillespie. Cost to pose with the president for a picture: $5,000. Otherwise, $1,500 will get you in the door of this campaign fundraiser."

Bush Seen As Failing To Attract Younger Voters. Bloomberg (8/8, Przybyla) reports President Bush's "hopes of attracting a new generation of voters to the Republican Party may be fading, as younger Americans are far more critical of his job performance than the broader population." A Bloomberg/Los Angeles Times poll "of Americans age 18 to 24 found Bush's approval rating was 20 percent, with 53 percent disapproving and 28 percent with no opinion. That compares to a 40 percent approval rating among Americans of all ages in a separate Bloomberg/Times poll."

Governors' Disdain For Congress Seen As Indicator Of Outsider Strategies For 2008. In his Washington Post column (8/8, A21), David Broder says governors' close contact "with the moods of their states' voters" means "constituents unload their gripes and grievances with few inhibitions. That's why I was so struck by the tone of the conversations among the governors of both parties who gathered here over the weekend for their annual summer conference. The common theme in interviews and informal comments was one of utter disdain for Congress." Today, Republicans "still dominate the statehouses and Congress, and another former governor, George Bush, sits in the White House. But relationships between the governors and Washington are poisonous." The "biggest indictment of Congress is simply that it is paralyzed. The sense that voters see Washington as gridlocked is one factor fueling the hopes of the governors eyeing the presidency in 2008 -- men such as" Govs. Mitt Romney, Bill Richardson, Mike Huckabee, Iowa Democrat Tom Vilsack and New York Republican George Pataki. All of them "are gambling that a frustrated electorate will turn to an outsider for help."

Tobacco Companies Using Initiative Process To Combat Smoking Bans. NBC Nightly News (8/7, story 8, 3;20, Williams, 9.87M) reported, "About 2,200 cities and towns already have smoke bans on the books and in places where voters are deciding whether or not to restrict public smoking," tobacco companies "are using questionable methods to try to affect the outcome." NBC (Thompson) added, "Petitioners are out in droves in Ohio. They are collecting signatures for Smoke Free Ohio. An antismoking initiative they want on the ballot this fall. But just blocks away, a group called Smoke Less Ohio is also gathering signatures." Smoke Free Ohio "would ban smoking in all public places. If Smoke Less Ohio passes, smoking would be allowed almost everywhere -- bowling alleys, bars, restaurants. The real difference? Smoke Less Ohio is backed by tobacco companies, but you won't find that anywhere on the petition." John Seffrin, American Cancer Society CEO: "It's clearly a wolf in sheep's clothing. It makes it sound like they're trying to protect people when they're doing just the opposite." Thompson: "And it's not just

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happening in Ohio. Here in Arizona there are also two initiatives that are likely to be on the ballot. One called Smoke Free Arizona, it's backed by health groups, the other is the Arizona Non-Smoker Protection Act which certainly sounds like it's in favor of a ban on smoking in public places. But it turns out to be almost entirely funded by the RJ Reynolds Tobacco Company."

Study Links Explicit Lyrics, Teen Sex. NBC Nightly News (8/7, story 10, 1:40, Williams, 9.87M) reported, "A new study out seems to confirm every parent's fears. Raunchy lyrics have a direct connection to sex." NBC (Larson) added, "In the age of sexually explicit lyrics, where nothing is left unsaid, and everything is downloadable to any kid's iPod, comes news that there just might be something to parental concern about music, lyrics and sex. A study by the Rand Corporation found that teens who listened to a lot of sexually explicit lyrics were almost twice as likely to begin having sex sooner than teenagers who didn't." The study "points out it's not so much whether lyrics are sexually suggestive but really rather what the lyrics suggest. It is explicit, graphic and especially degrading sexual lyrics popular today that trigger early promiscuity."

Davis Accuses Liberal Bloggers Of Incivility. In a Wall Street Journal op-ed (8/8), former Clinton special counsel Lanny Davis says, "My brief and unhappy experience with the hate and vitriol of bloggers on the liberal side of the aisle comes from the last several months I spent campaigning for a longtime friend, Joe Lieberman. This kind of scary hatred, my dad used to tell me, comes only from the right wing -- in his day from people such as the late Sen. Joseph McCarthy, with his tirades against 'communists and their fellow travelers.'" Davis 'came to believe that we liberals couldn't possibly be so intolerant and hateful, because our ideology was famous for ACLU-type commitments to free speech, dissent and, especially, tolerance for those who differed with us." But in the "closing days of the Lieberman primary campaign, I have reluctantly concluded that I was wrong." Challenger Ned Lamont "and all other liberal Democrats should remember the McCarthy era and not fall into the trap of the hypocrisy of the double standard -- that it's not OK when Ann Coulter dispenses her venomous hatred, but it is OK when our side's versions of Ann Coulter do."

Baran, Bauer Say Campaign Finance Reform Has Not Improved Political Process. In a New York Times op-ed (8/8), Republican lawyer Jan Baran and Democratic lawyer Robert Bauer say, "The Federal Election Commission is again a target for abolition. But only so it can be replaced by an even more powerful bureaucracy with expanded enforcement powers. In legislation designed by the irrepressible architects of McCain-Feingold, the proposed Federal Election Administration would be equipped to mete out swift justice, including hefty fines and 'cease and desist' orders to wayward campaigns." Baran and Bauer add, "Our law practices, which have grown tenfold since 1981, have certainly prospered from the seemingly unappeasable demand for reform. But it cannot be said that others — those active in the political process, or the public at large — have done nearly as well. The law is not only increasingly complex but, in many cases, counterintuitive, requiring ever more nuanced clarifications from regulators." The "grand quest to rid politics of money never concludes; frustration with the results of reform invariably inspires fresh calls for more reform."

Bush Speaks In Favor Of Immediate Israel-Lebanon Ceasefire. President Bush yesterday spoke out in support of the UN resolution calling for an immediate ceasefire in the Israeli-Hezbollah conflict in southern Lebanon. A key sticking point is the objection by Lebanon and Hezbollah to the absence of a provision requiring the withdrawal of Israeli troops. CNN's The Situation Room (8/7, Blitzer) reported, "President Bush says today that everyone recognizes the violence in the Middle East must stop. He and the Secretary of State Condoleezza Rice insist a UN draft resolution is the way to reach a lasting peace." Fox News' Special Report (8/7, Baier) reported that Bush said "he wants to see two United Nations Security Council resolutions passed as quickly as possible to end the month-long fighting and set up a long-term security resolution."

The AP (8/7, Pickler) reports Bush said "any Mideast cease-fire must prevent Hezbollah from strengthening its grip in southern Lebanon, asserting 'it's time to address root causes of problems.'" He also "indicated he wants Israel to stay until an international force is deployed that can assist Lebanon in taking over control of the southern part of the country." The Washington Times (8/8, Curl, 88K) reports Rice said US negotiators at the UN "have a 'strong basis for a cessation of violence,' adding 'It's going to be very important that the first resolution lay a quick foundation for a passage of a second resolution' establishing an international force for Lebanon."

The conflict was bumped from the lead on the networks by the BP pipeline closure, but ABC, CBS and NBC gave the story second billing, devoting a total of just over 16 minutes to the subject in seven segments. ABC World News Tonight (8/7, story 2, 1:50, Gibson, 8.78M) reported, "At his ranch in Texas, today, President Bush tried to win support for a UN cease-fire proposal that is showing little promise of being accepted by Hezbollah fighters." Bush: "The intent of the resolution is to strengthen the Lebanese government. So, Israel has got a partner in peace. Hezbollah is an armed movement that provoked the crisis. And so, whatever comes

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out of the resolutions must address that root cause." ABC (Karl) added, "There is talk of a compromise where you would have specific timetable for Israeli withdrawal, as the new international force comes in." But "remember, as the UN Security Council debates this, neither Israel nor Hezbollah are part of the negotiations."

The CBS Evening News (8/7, story 4, 2:50, Axelrod, 7.66M) reported, "Twenty-seven days into the crisis, President Bush is now moving closer to a position much of the rest of the word wanted to see from the outset: Stop the fighting immediately." Bush: "Under its terms, Hezbollah will be required to immediately stop all attacks. Israel will be required to immediately stop all offensive military operations." Axelrod: "Bush and Secretary Rice said an immediate ceasefire would not have worked before now. They needed the time to build an international consensus that Hezbollah can no longer act as an armed state within a state."

NBC Nightly News (8/7, story 5, 2:25, Gregory, 9.87M) reported, "There is a ceasefire plan on paper but there is still no deal, only stiff opposition from Lebanon and Hezbollah to US terms. The diplomatic push is revving up. The President at his Texas ranch today urging peace. … The US fears an Israeli troop withdrawal would only help Hezbollah rearm. … What's the way out? Experts say keep up the pressure on Hezbollah."

US Said To Have "Strikingly Weak Hand." The Los Angeles Times (8/8, Marshall, Rubin, 918K) reports the White House "finds it has a strikingly weak hand" in trying to resolve the crisis, as the "war in Iraq, the halting U.S. efforts to respond to the Israeli-Palestinian stalemate, and now the fighting in Lebanon and Israel have led to unprecedented levels of anti-Americanism in the Arab world. Alliances with longtime Arab friends are strained, and the U.S. lacks relations with two key regional players: Iran and Syria."

Lebanon, Arab League Reject US-French Ceasefire Draft. The AP (8/7, Karam) reports that in his "tearful speech to Arab foreign ministers," Lebanese Prime Minister Fuad Saniora "rejected a U.N. cease-fire plan backed by President Bush, demanding on Monday that Israel immediately pull out from southern Lebanon even before a peacekeeping force arrives." The Financial Times (8/8, Wallis, Devi, Birchall) reports Arab League foreign ministers from 17 nations "threw their weight behind the government of Lebanon, calling for substantial changes to the US-French peace plan." The Wall Street Journal (8/8, A4, Dreazen, Chazan, 2.03M) says that before the Security Council votes, the US-French draft "may undergo some far-reaching modifications" following the Arab states' assertion that it is "overly favorable toward Israel. The foreign ministers of Qatar and the United Arab Emirates, as well as Arab League Secretary-General Amr Moussa, are scheduled to address the Security Council today to detail their objections to the draft resolution."

Bush Seen As Relying On Autocrats In Current Middle East Crises. The Wall Street Journal (8/8, A1, King, El-Rashidi, 2.03M) reports in a front page story that with "radicalism on the rise and battles flaring from Beirut to Baghdad to Gaza, the Bush administration's quest for democracy in the Middle East is literally under fire. So while" Secretary of State Rice "portrays the fighting in Lebanon as 'the birth pangs of a new Middle East,' the administration is also showing new eagerness to maintain pillars of the old Middle East -- particularly America's steadiest allies in the region, the autocracies of Egypt, Jordan and Saudi Arabia." It was "Israel's bombardment of Lebanon, designed to cripple the Hezbollah militant group, which most recently underscored America's need for friends in the region. At the fighting's onset, the Bush administration relied heavily on support from Egypt, Jordan and Saudi Arabia, whose governments were quick to criticize Hezbollah's attacks on Israel. During the past week, however, these three countries have become significantly more critical as the unrest worsens." The violence in Lebanon "also highlighted what critics say are contradictions in the Bush democracy quest. For one, the administration now has to rely on autocratic leaders as it pursues its goal of ridding the region of autocratic leaders. Moreover, the region's worst unrest is in the three places Washington has pushed hardest for democratic change: Iraq, Lebanon, and the Palestinian territories."

Moderate Arab States Face Rising Discontent. The Washington Times/AP (8/8, El-Magd) report that as their "anger against Israel and America swells, protesters across the Middle East are increasingly venting their frustration at their Arab rulers -- especially in moderate countries, where governments have been reliable U.S. allies." Angry "at their governments, demonstrators are praising a new hero: Hezbollah leader Sheik Hassan Nasrallah." The "rising resentment is weighing heavily on Arab leaders as their foreign ministers gathered in Beirut yesterday for an emergency meeting. Moderates such as Egypt, Jordan and Saudi Arabia may want a halt to the fighting, but they can't be seen as backing a U.S.-promoted cease-fire that Hezbollah has depicted as a surrender." Even "more worrisome for Arab leaders is that violence could turn on them. On Saturday, al Qaeda announced that an Egyptian militant group had joined the terror network."

WPost, WSJournal Say Ceasefire Deal Should Not Require Israeli Withdrawal. The Washington Post (8/8, A20, 748K) says in an editorial, "Once again, yesterday, the headlines on Lebanon were bleak. A proposed United Nations resolution drafted by France and the United States brought an angry reaction in Beirut and other Arab capitals. More people on both sides of the Lebanon-Israel border were killed or wounded. Israel threatened escalation in the absence of a diplomatic breakthrough. Such a breakthrough

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may be out of reach -- but it shouldn't be, because most of the parties agree on the essential ingredients of a peace deal." What "does matter, though, is that the Israelis not be forced to withdraw until a serious new force arrives -- one that, unlike UNIFIL, is well-led, well-trained, and able and willing to stand up to Hezbollah. Such a force must deploy not only to the south but to the Syrian border as well, to prevent unauthorized arms shipments. Leaving a vacuum for Hezbollah almost guarantees renewed conflict, and neither the present U.N. force nor the Lebanese army acting alone can fill the vacuum."

The Wall Street Journal (8/8, 2.03M) says in an editorial, "The U.N. cease-fire resolution for Lebanon offered on the weekend by France and the U.S. isn't everything we might like. But it does show a new international sobriety concerning the Hezbollah problem. While there are few sources of vocal support for Ehud Olmert's Israeli government, there does seem to be widespread recognition that a return to the status quo before Hezbollah attacked is unacceptable. Thus the draft resolution would allow Israeli troops to remain in southern Lebanon and to act defensively should the Hezbollah rocket barrages continue. A second resolution would then be needed to create a multinational peacekeeping force whose mission would be to disarm Hezbollah, not just verify that it isn't launching Katyushas."

NYTimes Says US Needs To Negotiate With Syria. The New York Times (8/8, 1.21M) says in an editorial, "When asked yesterday why the United States isn't talking with Syria about the Lebanon crisis, President Bush replied, 'Syria knows what we think.' That may be. But Syria is also unlikely to even consider doing what Mr. Bush wants — rein in Hezbollah and help halt the killing in Lebanon and Israel— unless its leaders know what potential rewards as well as punishments await them. And for that, the United States needs to offer a serious high-level discussion with Syria, and it needs to do it now."

LATimes Praises Bush. The Los Angeles Times (8/8, 918K) says in an editorial, "President Bush was slow to endorse an immediate cease-fire in Lebanon, and his explanation for the delay is hardly convincing: An earlier pronouncement would have been pointless, he said, because there was no consensus about how to deal with the 'root cause' of the conflict. Yet even an 'unsustainable' cease-fire a week ago could have spelled the difference between life and death for many innocent Lebanese and Israelis." Still, "those who favor a more cynical explanation — that Washington is acting now because Hezbollah has put up unexpected resistance against the Israeli army — should welcome the administration's change of heart. In asking the U.N. Security Council to adopt a French-U.S. resolution calling for an immediate 'cessation' of hostilities, as opposed to a "cease-fire," Bush has regained the moral as well as the diplomatic high ground."

More Commentary. USA Today (8/8, 2.27M) says in an editorial, "Repeated wars have shown there is no purely military solution to Middle East violence. International pressure on all the combatants — including Hezbollah backers Syria and Iran — is an important precursor to peace, but one that will have limited impact as long as both sides believe they have ample reason to keep fighting."

In his Wall Street Journal column (8/8), Bret Stephens says, "Either way, it's a successful failure for the Bush administration and the government of Israeli Prime Minister Ehud Olmert. If the resolution fails, Israel pursues its military options at a quickened pace, helped by the fact that it has finally mobilized and deployed its reserves. If the resolution passes only to be met by a fresh barrage of Hezbollah missiles, then Israel will have demonstrated 'who is for peace and who isn't,' as Condoleezza Rice put it over the weekend. But what if Hezbollah leader Hassan Nasrallah accepts and abides (at least for a while) by the resolution? The chance may seem remote, given Hezbollah's apparent rejection of the resolution, but the dangers are potent."

In a Wall Street Journal op-ed (8/8), Michael Oren of the Shalem Center says, "Israel, it is often observed, wins wars but loses the subsequent diplomatic contests. Though it has emerged victorious from at least five wars and two intifadas, Israel has been unable to transform those triumphs into peace and security -- its paramount diplomatic goal. Now for the first time, in Lebanon, Israel stands to fall short of achieving a decisive military outcome. Paradoxically, though, the current conflict may present the first case in which the absence of a total Israeli success on the battlefield results in a breakthrough for Israeli diplomacy. More propitiously, this war affords the world an unprecedented opportunity to establish a new paradigm for combating Islamic extremism." Israel's "inability to make military capital yield diplomatic dividends reflected the international community's reluctance to jeopardize its relationship with the Arab world and imperil its access to oil."

In a Los Angeles Times op-ed (8/8), Daniel Jonah Goldhagen of Harvard University's Center for European Studies says Israel's final option in the current conflict is "to compel Hezbollah's suppliers and patrons — Syria and Iran — to end the terror. Neither country wishes a war with militarily superior Israel (Syria's saber rattling notwithstanding). If every Hezbollah missile into Israel produced Israeli retaliation against Syria, and possibly Iran (including its nuclear production sites), Syria and Iran would be forced to make Hezbollah stop. Obviously, this is a last-ditch option. It would escalate the conflict and increase international pressure on Israel to desist. All of Israel's strategic choices are bad or ineffective or undesirable. And yet this last option would be the most likely to reestablish the deterrence critical to Israel's long-term survival — and to peace in the region — by demonstrating Israel's enduring

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power to compel an end of attacks. And it might prevent still more massive devastation of Lebanon."

In his New York Times column (8/8), Nicholas Kristof says, "Three weeks ago, with President Bush supplying the weaponry and moral support, Israel began bombarding Lebanon. The war has killed hundreds of people, galvanized international attention and may lead to an international force of perhaps 20,000 peacekeepers. Three years ago, Sudan began a genocide against African tribes in its Darfur region. That war has killed hundreds of thousands of people, and it is now spreading. There is talk of U.N. peacekeepers someday, but none are anywhere in sight." If "we have double standards, so do Arabs. I sympathize with their horror at what is happening in Lebanon, but I wish they were just as outraged when Muslims slaughter Muslims in Darfur."

Franks Criticizes Dingell's Comments On Hezbollah. The Washington Times (8/8, McCaslin, 88K) reports in its "Inside the Beltway" column that GOP Rep. Trent Franks, founder of the Congressional Israel Allies Conference, "has sharply rebuked Democratic Rep. John D. Dingell, Michigan Democrat, for asserting during an interview: 'I don't take sides for or against Hezbollah or for or against Israel.' In a statement, Mr. Franks says: 'Hezbollah's ideology and practice is decapitating humanitarians with hacksaws on television while they scream for mercy, cowardly hiding behind women and children while launching rockets deliberately targeting innocent civilians, continually breaking treaties of peace and forcing children to blow themselves to pieces to effect the murder of other innocents.' He says if freedom in the world is to survive, people like Mr. Dingell 'must throw off this nearly invincible ignorance and moral cowardice and face terrorism for the evil that it is.'"

Lebanon Calls Up Reserves As Olmert Threatens Expanded War. ABC World News Tonight (8/7, story 3, 2:20, Gibson, 8.78M) reported, "Not only has diplomacy made little headway, but Israel threatened to expand its offensive if there was no diplomatic solution soon." ABC (Wright) added, "Today, the Lebanese prime minister was in tears, as he pleaded for the bloodshed to stop. And for the first time, Lebanon's government called up reservists, 15,000 of them, to deploy troops to the south. The idea is they would move in, as Israeli troops move out. But for now, Israeli troops have no plans to pull out. Especially with Hezbollah still firing so many rockets. More than 140 today, wounding five people." CNN's The Situation Room (8/7, Blitzer) also reported on Lebanon's decision to deploy 15,000 troops and call up reserves. The Washington Post (8/8, A15, Fletcher, Wright, 748K) and the New York Times (8/8, Fattah, Erlanger, 1.21M) also focus on Lebanon's offer to deploy the 15,000 troops, as well as the Arab League's stance behind Lebanon.

The CBS Evening News (8/7, story 3, 2:50, Smith, 7.66M) reported, "In the Middle East today, Israel cranked up its military pressure on Lebanon and Hezbollah fired dozens more rockets into northern Israel. Israeli air strikes killed at least 33 Lebanese and three Israeli soldiers died fighting in southern Lebanon." CBS (Cowan) added, "With tears rolling down his face, the country's prime minister said despite Lebanon's mounting losses, the fighting can't and won't stop unless Israel agrees to withdraw its troops from the country." But in "the face of yesterday's rocket attack by Hezbollah that killed 15 Israelis, 12 of them reservists in the army," Israeli Prime Minister Ehud Olmert "was talking tough." Olmert: "We are going to win this war. As I said from day one, it's not going to be easy. We are going to pay a terrible price, but we'd rather pay this price now than wait two, three, four years ago and maybe face much more devastating and destructive weapons that could have launched against the people of Israel at that time."

NBC Nightly News (8/7, story 4, 1:50, Fletcher, 9.87M) reported, "Today Israel's Prime Minister, touring the front, said, 'enough.' If there's no international agreement to stop the fighting within a day or two, Ehud Olmert said, the gloves are off. … After weeks of resisting a full ground invasion of south Lebanon, today Olmert gave the army the green light. About 10,000 troops would push at least 18 miles from the Israeli border to the Litani River. He said there is no limit. The aim: to push Hezbollah out of Katyusha range of Israel. Military sources admit that after close to four weeks of bitter fighting, Israel is nowhere near succeeding."

The Washington Post (8/8, A12, Cody, 748K), Los Angeles Times (8/8, Stack, Wilkinson, 918K), and McClatchy (8/8, Bengali, Fadel) also run reports on the day's fighting.

Israel Says It Has Captured Hezbollah Fighter Who Kidnapped Israeli Soldiers. The CBS Evening News (8/7, story 3, 2:50, Cowan, 7.66M) reported, "The Israeli Defense Forces released a video a short time ago that…shows what they claim is a Hezbollah guerrilla that they captured. They say under interrogation he admitted not only the fact that he was actually trained in Iran but they also say that he told name he was, in fact, one of the Hezbollah guerrillas responsible for the kidnapping of those two Israeli soldiers that started this whole conflict nearly four weeks ago." The AP (8/7, El Deeb) says the tape of Hussein Ali Suleiman "shown on Israeli television appeared to be heavily edited, and some answers were cut off in mid-sentence. He appeared to have light bruises or wounds on his cheeks and lips."

Hezbollah's Long-Held Aim Of Freeing Prisoner May Have Sparked Conflict. The Washington Times (8/8, Rabinovich, 88K) writes that the "long battle between Israel and Hezbollah, including the fighting over the past month that has left scores of Lebanese and Israelis dead, may have begun as a bid to free a single Lebanese terrorist." In 2003,

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Hezbollah chief Sheik Hassan Nasrallah "publicly announced his intention three years ago of doing whatever necessary, including capturing Israeli soldiers as bargaining chips, to free Samir Kuntar, who has been held prisoner in Israel for 27 years. Hezbollah's capture of two Israeli soldiers last month touched off the current conflict."

Israeli Arabs Are Often Victims Of Katyusha Attacks. The Christian Science Monitor (8/8, Prusher, 58K) writes that the "steady rocket fire on northern Israel underscores an important demographic on Israel's map of people exposed to Katyusha attacks: A sizable proportion of Israel's citizens…in the north are Arabs. Throughout the war, Israeli-Arabs have been victims of Hizbullah rockets almost as often as Israel's Jewish majority. As a result, the war is putting people who have sympathies -- and even relatives -- on both sides of the border into the cross hairs."

Lebanese Body Says Bombing Damage Exceeds $2.5 Billion. USA Today (8/8, 7A, Stinson, 2.27M) reports Lebanon's Council for Development and Reconstruction said Israel's bombing campaign "has sliced the country into pieces and caused more than $2.5 billion in damage." Council President Al-Fadl Chalak said, "I have seen all the wars in Lebanon since 1975. This is the most intense one I have seen in terms of destruction. The results of this war are catastrophic."

Thousands Remain In Homes In Southern Lebanon. The Washington Times (8/8, Pisik, 88K) reports that while the UN "estimates that 70 percent to 80 percent of Lebanon's people south of the Litani River have abandoned their homes and moved northward," thousands "still cling to their homes and fields in the war zone, refusing to leave for reasons of ideology or economics or just plain stubbornness, in spite of the imminent threat of Israeli bombing and a ground war with Hezbollah."

Red Cross Says Israel Blocking Permission To Transport Aid. The AP (8/7, Gannon) reports the International Committee of the Red Cross said Israel's military "has denied permission for aid groups to move food and medicine to besieged villages in southern Lebanon for two days." A Red Cross spokesman said, "At night we ask for permission and in the morning we get either a red light or a green light and for the past 48 hours it has been red."

Hezbollah Steps In To Fill Humanitarian Aid Needs. NBC Nightly News (8/7, story 3, 3:15, Engel, 9.87M) reported, "Syringes, bandages, IV bags and fuel. With the international aid reduced to this, just a few dozen boxes of supplies carried in a human chain, Hezbollah is stepping in, taking advantage of the shortage to boost its own popularity." Hezbollah is "well funded -- $40 million a month from Iran. But the group is under serious pressure after 27 days of Israeli attacks. A sign of that growing pressure: Today a group of about a dozen Hezbollah censors again threatened journalists here. They came and put their hands over camera lenses to prevent us from filming their outgoing rocket launches. Then they took pictures of cameramen and said they would take them away if they continued to tape rocket launches."

Rocket Attacks Cause Forest Fires In Israel. The New York Times (8/8, Kraft, 1.21M) reports Israeli officials say "as much as 9,000 acres of land, including almost 3,000 acres of forest, have been damaged by fire" during the war. Many of the rockets "have landed and detonated in the forests, vineyards, orchards and open fields of Galilee, which in more peaceful times has been celebrated for its green vistas and tranquility."

Israel Finds Hezbollah A Stronger Foe Than Expected. The Washington Post (8/8, A1, Finer, 748K) reports in a front pages story that Hezbollah has "proven more resilient and better-equipped than Israeli military forces anticipated. After nearly four weeks of air attacks and ground combat, Israeli military officials say that they have killed only a small fraction of Hezbollah's fighters and that the group still has hundreds of launchers and thousands of rockets at its disposal." Brig. Gen. Yossi Kuperwasser, former director of analysis for Israeli military intelligence, said, "What we face is an infantry division with state-of-the-art weaponry -- night-vision gear, advanced rifles, well-equipped -- deployed along our border. They have some of the most advanced antitank missiles in the world." The Post adds, "In more than two dozen interviews at army bases, hotels, artillery batteries and staging points for their entry into Lebanon since the heaviest ground fighting began last week, Israeli soldiers expressed confidence in their superiority over Hezbollah, but frustration that they are fighting an elusive enemy as difficult to find as it is to defeat."

Roads Out Of Tyre Cut. The Washington Post (8/8, A12, Shadid, 748K) reports the road north of Tyre "was bombed" while the road south "was shelled Monday." For "the first time since the war had started, there was no way out of Tyre. And for those left behind, there was no way to get around." Inside Tyre, "besieged and desperate, Israeli missiles struck an apartment complex targeted by an Israeli commando raid last weekend, reducing four five-story buildings to rubble and igniting a fire in a building still standing. The percussion of blasts paralyzed Tyre, transforming the seaside city into a ghost town. What was supposed to serve as a staging point for relief into southern Lebanon -- the city where aid officials say thousands remain stranded and corpses have rotted in the streets for as many as 10 days -- had become too dangerous for anyone but a few motorcyclists."

Survivors Mourn Deaths Of Relatives In Israel, Lebanon. The New York Times (8/8, Tavernise, 1.21M) reports, "Across Lebanon and Israel, missiles, rockets and bombs have punched holes into families and, slowly, painstakingly, the survivors are trying to put themselves back together again. It is a quiet process that unfolds in the private

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space of people's lives. It is full of ache and of empty places. It is a major consequence of war that often goes unnoticed, after the flash of bombs and the headlines that chronicle them fade away."

Hamas Says Israel Behind Attempt To Poison Palestinian Prime Minister. The Los Angeles Times (8/8, Khalil, 918K) reports Hamas "accused Israel of a failed assassination attempt" against Palestinian Authority Prime Minister Ismail Haniyeh "using a poison-filled letter." Several workers in the office of Deputy Prime Minister Nasser Shaer in Ramallah "were hospitalized after one of them opened a letter addressed to Haniyeh" that "contained a tissue that gave off a strange smell, filling the room and overwhelming several employees," according to Palestinian sources. An Israeli army spokesman "denied any involvement by Israeli troops or officials."

Cuban Leaders Say Castro Is Recuperating. The New York Times (8/8, McKinley, 1.21M) reports leaders in Havana "worked hard Monday to put out the message that Cuba was stable after the transfer of power from Fidel Castro to his younger brother last week." Although "Fidel Castro has remained out of the public eye since undergoing surgery a week ago," two leading politicians "both said Monday that he was recovering rapidly." AFP (8/8, Sanchez) reports contradictory statements about Fidel Castro's health "reflect the secrecy surrounding the ailing president's condition." While Vice President Carlos Lage "says Fidel Castro should be back at the helm within weeks," Council of State member Roberto Fernandez "estimated it would take 'several months' before Castro resumes his presidential functions."

The Washington Times/AP (8/8, Snow) reports, "Leftist intellectuals and human rights activists from around the world pleaded with the United States on Monday not to interfere with Cuba while Fidel Castro recovers from intestinal surgery, and Cuba's parliament speaker warned the US would face dire consequences if it did."

The Washington Times (8/8, Mansfield, 88K) also reports Cubans "have no idea whether dictator Fidel Castro is lying at death's door or sitting up and watching reruns of 'Jeopardy.' The health of the country's leader is a state secret. Even President Bush yesterday said he had no idea what the prognosis is for the ailing Mr. Castro." The Times adds, "The situation is reminiscent of the secrecy surrounding the death of Josef Stalin in 1953. The only clue for Russians that the iron-fisted Soviet dictator had died was when radio stations started playing gloomy music and bells tolled."

Bush Asks Cuban-Americans To "Stay On Sidelines." AFP (8/8, Knox) reports President Bush "said that Cubans 'on the island' ought to decide their own future after ailing Fidel Castro gives up power, sending a strong signal to US-based Cuban exiles to stay on the sidelines for now. But Cuban-American groups in Miami rejected Bush's view, saying they would not wait for the end to Castro's regime to involve themselves in the island's politics."

US Eyes New Immigration Rules For Cuban-Americans' Relatives. A separate piece in today's New York Times (8/8, Lipton, 1.21M) notes, "With the fate of Fidel Castro still unclear, the Bush administration is looking for ways to prevent a possible surge in illegal immigration from Cuba while perhaps easing the way for some Cuban-Americans to bring their relatives to the United States." While Cubans attempting to enter the US illegally will still be stopped, "the administration is considering setting up a system that would speed the immigration process for Cubans with close relatives in the United States who have entry applications pending." The Times says the "consideration of policy changes" within the Administration "has been accelerated by the recent transfer of power from Mr. Castro to his brother Raúl."

The Wall Street Journal (8/8, McKinnon, Block, 2.03M) says "some government officials worry that the policy shift itself could unleash an unmanageable flood of immigrants, and there were signs yesterday of last-minute second-guessing within the administration. A spokeswoman for the Department of Homeland Security, Joanna Gonzalez, said there were 'ongoing deliberations,'" but "at this time there is no change in policy." A "senior US diplomat said fear of the political ramifications of a massive influx before the November elections -- potentially troublesome to President Bush, as well as his brother, Florida Gov. Jeb Bush -- was a factor in the deliberations." The AP (8/8, Jordan) also reports the story.

Pentagon Official Says US Will Reduce Korea Troop Levels. AFP (8/7) reports a "senior US defense official" said US force levels in Korea "will be reduced under proposed command arrangements that would move the US military from the lead to a supporting role in the defense of South Korea in time of war." The new plan "is still being finalized but the two countries hope to reach agreement by late October."

UK Agency Probes Halliburton Subsidiary. The Financial Times (8/8, Peel) reports Halliburton subsidiary KBR "is under investigation by the UK's Serious Fraud Office over the US oil service company's part in an alleged plot to pay more than $170m (£89m) of bribes to win billions of dollars of work at a giant Nigerian gas plant." The agency's probe "opens a fresh front in a high-profile case being investigated in the US, France and Nigeria." The FT notes that "for part of the period under investigation," Halliburton was headed by Vice President Cheney.

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US Organizing Major Business Delegation To India. The New York Times (8/8, Sengupta, 1.21M) reports the Bush Administration "is organizing a business delegation to India this fall, potentially the largest such mission ever to a single country," according to Assistant Secretary of State Richard Boucher. The delegation, which could consist of "up to 400 American business leaders," underscores the "economic potential of a nation of 1.1 billion, with an annual growth rate of 8 percent."

UK-Argentine Feud Over Falkland Islands Continues To Simmer. The Christian Science Monitor (8/8, Balch, Rice-Oxley, 58K) reports on the renewed conflict between Argentina and the UK over the Falkland Islands. In April, Argentine President Nestor Kirchner marked the anniversary of the 73-day 1982 war over the territory "by saying the islands 'must be a national objective of all Argentines,' adding that 'we must recover them for our homeland.'" In June, Kirchner "announced the creation of a top-level parliamentary group dedicated to winning back the disputed islands, which Argentina claims were forcibly seized by British settlers in 1833." But the UK response "has been unequivocal. Britain says that as long as the islanders want to remain part of Britain there can be no question of ceding sovereignty," despite the annual $191 million cost of keeping 1,200 soldiers on the islands to defend less than 3,000 residents.

DC Agency Refuses To Turn On Water At Libyan Embassy. The Washington Times (8/8, McElhatton, 88K) writes, "The Libyan government took 25 years to repair diplomatic ties with the United States to be able to reopen an embassy" in Washington, "but it can't" because the District of Columbia Water and Sewer Authority "refuses to turn on water service. At issue is more than $27,000 in outstanding water and sewer bills for the property where the Libyan government is trying to reopen its embassy on U.S. soil for the first time since 1981." Libya is suing the agency over the dispute.

Colombia's Uribe Begins Second Term. The Washington Post/AP (8/8, A17, Goodman) reports Colombian President Alvaro Uribe began his second term Monday, "promising to seek an elusive peace with leftist rebels while maintaining the hard-line security policies credited with a sharp drop in murder and kidnappings. In an inauguration ceremony attended by 11 heads of state, Uribe said he would devote 'all of his energies' to pursuing a peaceful end" to the "four-decade-old civil war."

Taiwan Warns Beijing Over Establishment Of Ties With Chad. The New York Times (8/8, Bradsher, 1.21M) reports Taiwan warned Beijing that China's "establishment of diplomatic relations over the weekend with Chad, one of Taiwan's few remaining allies, would hurt relations across the Taiwan Strait." The Times says the "switch in diplomatic relations also raises the possibility that China may use its influence to try to restrain Sudan and Chadian rebels, as both reportedly receive arms from Beijing. Sudanese militias with government links and Chadian rebels have been tied to killings and rapes in eastern Chad and in the Darfur region of neighboring Sudan."

Muslim-Jewish Couple's Tale Offers Picture Of European Extremism. The Los Angeles Times (8/8, Rotella, 918K) runs a feature called "A Couple Divided By Faith" on a 23-year-old Paris Muslim "who grew up in a housing project and worked as a deliveryman," and his girlfriend of the same age, "a middle-class university student from a Jewish background who has relatives in Israel. Yet they fell in love. And they stayed together after he fell into the harsh world of Islamic extremism" that led him to spend "the last year in Iraq's notorious Abu Ghraib prison, a suspected foreign militant many miles from home." The story "offers a look at the confused world of young European extremists, for whom holy war can be as much about identity and machismo as religion."

LATimes Excoriates "Sore Loser" Lopez Obrador. The Los Angeles Times (8/8, 918K) editorializes, "Unwilling to acknowledge that his own dismal campaign may have cost him the presidency, Mexico's sore loser, Andres Manuel Lopez Obrador, is threatening to bring the country to a standstill. … As much as Lopez Obrador would like to believe otherwise, this isn't the Mexico of a quarter of a century ago. The nation's electoral system is now independent. Lopez Obrador hasn't been victimized by an authoritarian government. … Instead, Lopez Obrador is now trying to intimidate and undermine the democratic process." The "two-thirds of Mexicans who did not vote for Lopez Obrador in July must be feeling a lot better about their decision with each passing day. Trouble is, even if Lopez Obrador only convinces a fraction of those who voted for him that he is the victim of a rapacious fraud, he can still do the country a great deal of harm."

Robinson Says Mexican Standoff Could Continue Indefinitely. In his Washington Post (8/8, A21, 748K) column, Eugene Robinson writes, "Lopez Obrador's major weapon in this struggle is the ability to summon a million people to the Zocalo for a rally, as he did recently -- and to inspire tens of thousands to sleep for a week in tents pitched on hard pavement, through rain, sleet and unseasonal cold. They say they will never give up. Mexico's public universities resume classes on Monday, which will throw thousands of

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left-leaning students into the mix -- a potentially volatile element. But Lopez Obrador won't say when he will give the order to strike the tents and go home. He also won't say what he'll do if the whole legal process is exhausted and he still doesn't get the full recount he demands. 'We'll see,' he promised."

Scholar Warns Ahmadinejad May Have "Cataclysmic Events" In Mind For August 22. In a Wall Street Journal (8/8, A10, 2.03M) op-ed, Princeton's Bernard Lewis writes, "There is a radical difference between the Islamic Republic of Iran and other governments with nuclear weapons. This difference is expressed in what can only be described as the apocalyptic worldview of Iran's present rulers." In Islam, "as in Judaism and Christianity, there are certain beliefs concerning the cosmic struggle at the end of time -- Gog and Magog, anti-Christ, Armageddon, and for Shiite Muslims, the long awaited return of the Hidden Imam, ending in the final victory of the forces of good over evil, however these may be defined." President Mahmoud Ahmadinejad "and his followers clearly believe that this time is now, and that the terminal struggle has already begun and is indeed well advanced. It may even have a date, indicated by several references by the Iranian president to giving his final answer to the US about nuclear development by Aug. 22," which this year corresponds "to the 27th day of the month of Rajab of the year 1427. This, by tradition, is the night when many Muslims commemorate the night flight of the prophet Muhammad on the winged horse Buraq, first to 'the farthest mosque,' usually identified with Jerusalem, and then to heaven and back (c.f., Koran XVII.1). This might well be deemed an appropriate date for the apocalyptic ending of Israel and if necessary of the world. It is far from certain that Mr. Ahmadinejad plans any such cataclysmic events precisely for Aug. 22. But it would be wise to bear the possibility in mind."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"As L.A. Violent Crime Drops, The Desert Becomes A Hot Spot."
"Far Removed From The Multiplex."
"A Couple Divided By Faith."
"U.S. Clout a Missing Ingredient In Mideast."
"Oilfield Closure to Hit Pumps."
"Huntington Library Database Tells The Stories Of 100,000 Mission Indians."
"Wake Up: You May Not Need A Pill To Sleep."

USA Today:
"Congress Full Of Fortunate Sons — And Other Relatives."
"Deaths Spur Debate About Drugs Made In Pharmacies."
"Oil Field Closure Ignites Oil Prices."
"Airlines To Add Year-End Capacity."

New York Times:
"Biggest Oil Field In U.S. Is Forced To Stop Pumping."
"After Bomb Kills Loved Ones, Life Turns Ghostly."
"Public Pension Plans Face Billions In Shortages."
"Lieberman And Lamont Battle To The Wire."
"Must Haves: Cell phones Top Iraqi Cool List."
"China Turns Out Mummified Bodies For Displays."

Washington Post:
"Embattled Rep. Ney Won't Seek Reelection."
"Pipeline Closure Sends Oil Higher."
"Israeli Soldiers Find A Tenacious Foe In Hezbollah."
"Lieberman's Troubles Go Beyond War."
"Getting an Early Start On Foreign Languages."
"Army Ponders Amusement Venue, Hotel At Ft. Belvoir."

Washington Times:
"Embassy's Reopening Hits Dry Hole."
"Bush Nixes Israeli Pullout."
"Cubans In Dark On Fate Of Fidel."
"Many Lebanese Stay Put, Despite Crossfire."
"Late Lieberman makes race A Tossup."
"Crude Oil Prices Soar On BP Pipeline Woes."
"Big Oil Reinvest Big Profits To Tap Costlier Reserves."

Detroit Free Press:
"Body Can't Shake faith Of family."
"A Predicted 19% Turnout Means 1 Voter Will Have The Power Of 5."
"Drivers Sit at U.S. Border For Hours."
"BP Repair To Hit State Drivers In Wallet."

Atlanta Journal-Constitution:
"Class Of Police Recruits Is Fired."
"Oil Line Down, Gas Prices Up."
"New Homes Not For Sale."
"TV Turns Kids Into Grocery Cart Potatoes."

Houston Chronicle:
"Oil Prices Climb As BP Shuts Field."
"Final Order Keeps DeLay On Ballot."
"Lebanese Premier Nixes Cease-Fire Plan."
"Pit Bull Operation 'Massive.'"
"In Wake Of Rita, Plan Calls For Faster, Easier Evacuation."
"Run A Red? Expect A Ticket Not Warning."

Story Lineup From Last Night's Network News:
ABC: BP Oil Pipeline Shutdown; Cease Fire Proposal; Israeli Offensive; Sectarian Violence-Iraq; US Troops Case; Jennings Impact-Smoking; Quitting Smoking; Floyd Landis-

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Denial; Surgery Separation-Conjoined Twins; ABC Remembers Jennings.
CBS: BP Oil Pipeline Shutdown; Gas Prices; Israeli Offensive; US Cease Fire Proposal; Floyd Landis-Denial; VA-Another Computer Lost; Ultrasounds-Dangerous; Stem Cell Research-Deafness; Fantasy Baseball-Online.
NBC: BP Oil Pipeline Shutdown; Stock Market; Lebanon Humanitarian Crisis; Israeli Offensive; US-Cease Fire Proposal; Delay TX-Ballot; Bob Ney Retires; Tobacco Industry-Anti Smoking; Floyd Landis-Denial; Raunchy Song Lyrics.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Gas Prices; Lebanon Rejects Cease Fire Plan; Iraq-Roadside Bombs; UT-Conjoined Twins; AZ-Suspected Serial Killers; Wall Street.
CBS: UT-Conjoined Twins; BP-Oil Pipeline Shutdown; Oil Prices; Mideast War-Cease Fire Talks; CT-Democratic US Senate Primary.
NPR: Mideast War-UN Security Council Resolution; Iraq-Roadside Bombs; Scalia-DeLay Ballot Case; Ney Retirement; CT-Democratic US Senate Primary; Foreign Stock Markets; Oil Prices; Study-Ultrasound; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — In Crawford, Texas.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: INSURANCE-RISK _ The American Risk and Insurance Association holds its annual conference. Highlights: 10:30 a.m. Panel discussion on the future of Social Security, Medicare and Mediaid, with Council of Economic Advisors member Katherine Baicker, others. Location: Capital Hilton, 16th and K Sts. NW.

FCC BRIEFING _ 10 a.m. FCC Commissioner Robert McDowell holds media briefing. Location: FCC, 445 12th St. SW.

DOE-ENERGY POLICY _ 11 a.m. Energy Secretary Samuel W. Bodman hosts a press conference to discuss accomplishments of the Energy Policy Act of 2005 one year after President Bush signed this piece of comprehensive energy legislation, the first of its kind in more than a decade. DOEs Director of the Office of Electricity Delivery and Energy Reliability will also discuss findings of the National Electric Transmission Congestion Study, called for by the Energy Policy Act of 2005. Location: DOE headquarters, 1000 Independence Ave. SW.

HURRICANE OUTLOOK-UPDATE _ 11 a.m. FEMA Director David Paulison will participate in a press conference to announce the National Oceanic and Atmospheric Administrations (NOAA) Updated 2006 Atlantic Hurricane Season Outlook, with Under Secretary of Commerce for Oceans and Atmosphere and NOAA Administrator Vice Admiral Conrad Lautenbacher Jr., Director of the National Hurricane Center Max Mayfield and NOAA Lead Hurricane Outlook Meteorologist Gerry Bell. Location: National Press Club, Murrow Room.

LEBANON _ 5 p.m. - 8 p.m. The Lebanese Embassy holds an open house to show unity and solidarity and to support humanityarian relief efforts. Location: Ritz-Carlton-Tysons Corner, 1700 Tysons Blvd., McLean, Va.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, AUGUST 8, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Former Torture Memo Writer Says Some Liberties Must Be Sacrificed (AP) 4
Judge Rules For Govt In CIA Testimony (AP-Y) 5
Judge, Lawyers Meet Privately To Discuss Passaro Case Witnesses (RN&O) 5
Interfering In Lion Hunt Gets Activist Prison Term (ADS) 6

Homeland Response:

Feds Assure Local Police (LAT) 7
London Flight Turns Around After Passenger's Name Found On No-fly List (AP) 7
Despite $28 Billion Program, U.S. Remains Vulnerable To Bioterror Attack (McClatchy) 8
The Person Who Mailed Anthrax Spores In 2001 Remains At Large (McClatchy) 9
TSA Workers Report A Jump In Job Satisfaction (WP) 10
In New Orleans, Each Resident Is Master Of Plan To Rebuild (NYT) 11
New Orleans Moves To Repair Its Legal System (NYT) 13

War News:

U.S.-Backed Operation Targets Shiite Slum (WP) 14
Prime Minister 'angered' By U.S.-led Attack On Sadr City Slum (USAT/AP) 14
Forces Strike Al-Sadr Militia To Block Civil War In Iraq (WT) 15
Raid In Baghdad Leaves 3 Dead (LAT) 16
Troops Do Battle In, And Against, Searing Heat (USAT) 17
Must Haves: Cellphones Top Iraqi Cool List (NYT) 18
Civil War? What Civil War? (WP) 20
Accused Soldier Details Day Of Alleged Rape, Murders (LAT) 21
Soldier Who Testified On Killings Says He Feared For His Life (NYT) 23
US Troop Scandals: Is Iraq Different? (CSM) 24
C.I.A. Contractor Goes To Trial In Abuse Case (NYT/AP) 26
Our Veterans' Missing Medals (NYT) 26

Corporate Scandals:

Even With Lay, Skilling Convictions, Government's Enron Trial Record Is Spotty (FINDLAW/AP) 27
Fired McAfee GC Faces Tough Legal Road (LAW) 28
Martha Stewart Settles With SEC On Civil Charges (WSJ) 31
Stewart Resolves Last Of Charges (WP) 31
Stewart To Pay $195,000 To End ImClone 'nightmare' (USAT) 32
Martha Stewart Settles Civil Insider-Trading Case (NYT) 33
Martha Stewart Settles With SEC (FINDLAW/AP) 34
S.E.C. Decides It Won't Appeal On Hedge Funds (NYT/AP) ..34
SEC To Redo Hedge-Fund Rules Instead Of Appealing Rejection (WSJ) 34

Criminal Law:

VA: Data For 38,000 Veterans Missing (AP-Y) 35
Computer With Data On 38,000 Veterans Is Missing (NYT/AP) 36
More Veterans' Data At Risk After Computer Disappears (USAT) 36
Second Veterans Affairs Computer Missing (WP) 36
A Lie Kept 2 Charged In VA Data Theft Free (WP) 37
Embattled Rep. Ney Won't Seek Reelection (WP) 38
Ohio Republican Tied To Abramoff Will Retire (NYT) 39
Lawmaker Ends Reelection Bid, Lifting GOP's Chances In House (CSM) 41
Ohio Republican Tied To Ex-lobbyist Scraps House Run (USAT) 41
Rep. Bob Ney Drops Re-election Bid (AP-Y) 42
Ney Declines New Run For House (WT) 43
Representative #1 Steps Aside (WP) 44
Cheers For Drug Deal Seen On Videos (BOS) 44

Videotape Allegedly Shows Boston Police Talking About Drug Deals (AP) ... 46
Prosecutors Unveil Damning Videotape Of Suspect Cops: 'Yeah, I'll Hook You Up' (BOSH) ... 47
Cops Caught On Tape (BOSH) ... 48
Boston Police Officers Appear In Court (WCVB) ... 48
Judge Dismisses 3 New Counts From Old Case Against Gotti (NYT) ... 49
Judge Tosses Out New Gotti Charges (BOS/AP) ... 49
Jr.'s Charges Whacked (NYDN) ... 50
Former BetOnSports Chief Waits For Bail (TIMES) ... 50
Authorities Go All In Against Internet Gambling Sites (AP) ... 51
Arrested On A Bet (WSJ) ... 52
'Gotcha' Shows Aimed At Nabbing Sexual Predators Raise Controversy (FOX) ... 53
Death Row Inmate's Appeal Cites Ban On Juror Smoking (LAW/AP) ... 55
Suspected Phoenix Serial Killers Took Turns At The Trigger, Police Say (FINDLAW/AP) ... 56
One Of 2 Charged In Serial Killings Proclaims His Innocence (NYT) ... 57
Retired Sleuths Heat Up Cold Cases (USAT) ... 58

Civil Law:

AOL Takes Down Site With Users' Search Data (WP) ... 59
AOL Members' Online Searches Made Public (USAT) ... 60
AOL Apologizes For Release Of User Search Data (CNET) ... 61

Civil Rights:

Clippers Owner Accused Of Housing Discrimination (KNBC-TV) ... 62
L.A. Clippers Owner Accused Of Housing Bias (LAT) ... 63
Youth Prison Found In Partial Compliance (HSB) ... 64
7th Circuit Rejects Claims Of Age Discrimination In IBM Pension Case (LAW/AP) ... 64
Court Rules In Favour Of IBM In Pension Case (FT) ... 65
IBM Ruling Paves Way For Changes To Pensions (WSJ) ... 66
Court Rules IBM Pension Change Didn't Discriminate (USAT) ... 67
Dallas: Lawsuit Alleges Discrimination Against Women, Minorities (DMN) ... 68
Seeking Diverse Fire Dept., City Relaxes Requirements (NYT) ... 69
Seeking A Cease-Fire (WSJ) ... 70
Safety Head Signals Prisons Chief On Thin Ice (BSUN) ... 75
Toyota's Sex-harassment Lawsuit Could Set Standard (USAT) ... 76
ABA: Women Of Color Leaving Big Firms (FINDLAW/AP) ... 77
The Culture Crusade Of Kansas (NYT) ... 78

Antitrust:

Petco Buyout Clears Antitrust Hurdle (AP) ... 79
CommScope Bids $1.51B For Andrew (AP) ... 80
CommScope Bids $1.7 Billion For Andrew Corp. (WSJ) ... 80
European Airlines Say Fuel Prices Fixed (AP) ... 81
European Airlines Accuse Companies Of Fixing Fuel Prices (MRKTWTCH) ... 81

Environment/Indian Affairs:

BP: Pipeline Closing May Last For Months (AP-Y) ... 81
Oil At $80 Back In Sight With Alaska Field Shut (WSJ) ... 83
Oil Prices Surge As BP Shuts Down Pipeline (FT) ... 84
Oil Field Closure Ignites Oil Prices (USAT) ... 84
Energy Dept. Has Oil Reserves On Standby (AP-Y) ... 85
Oil Prices Rise After Field In Alaska Is Shut (NYT) ... 86
Pipeline Closure Sends Oil Higher (WP) ... 87
Problem In Alaska Sends Oil Price Up (BSUN) ... 88
Alaska Oil Field To Close; Crude Prices Jump (LAT) ... 90
Crude Oil Prices Soar On BP Pipeline Woes (WT) ... 90
BP's US Safety Record Again In Focus After Trouble In Alaska (AFP) ... 91
The Prudhoe Principle (WSJ) ... 92
Governors Weigh In On Energy Policy (AP-Y) ... 93
Big Oil Reinvests Big Profits To Tap Costlier Reserves (WT) 94
Judge Blasts EPA For Delays In Clean Air Act Implementation (GOVEXEC) ... 95
For Now, Gas Will Be Champ (USAT) ... 96
Electric Cars Merit New Look (USAT) ... 96
Sinful Second Homes (NYT) ... 97
A Reprieve For Public Lands (NYT) ... 98

FBI/DEA/ATF/USMS:

Search Under Way For Egyptian Students (AP) ... 98
FBI Warns Law Enforcement To Look Out For 11 Missing Egyptian Exchange Students (FNC) ... 99
Search Targets 11 Egyptians In U.S. (NSDY) ... 99
EGYPTIAN STUDENTS VANISH IN BIG APPLE (NYPOST) 100
Judge Quizzes Prosecutor About Deal (KNOXNS) ... 101
Indiana Reports New Attacks On Highways (NYT) ... 102
Suspected Sniper Targeted As FBI Joins Task Force (NIT) 102
Sniper Task Force Announced For NW Indiana (CHIT) ... 102
Feds, State Investigating Byron Explosion (MACT) ... 104

Immigration:

Nine Passengers Are Killed In Chase At Border (NYT) ... 105

DOJ_NMG_0044856

9 Die In Ariz. Crash As SUV Flees Border Patrol (WP) 105
Immigration March Targets Hastert (CHIT) 106
Judging Immigration: Who's Strict, Who's A Softie? (AP).....107

Congress-Administration:

Analysis: Dems Hold Up Nominee (UPI) 108
Thompson's Medicaid Reforms Could Benefit His Employers (WP) 109
Congress Full Of Fortunate Sons — And Other Relatives (USAT).....109
Congress Proves To Be A Family-friendly Workplace (USAT)110
How Much Is Too Much: Is The President Too Chunky? (ABC).....111
The Non-Working Man's Burden (NYT).....112

Other News:

Fed May Pause On Rate Hikes, But Inflation's Threat Means Future Hikes May Still Loom (MCT).....113
Whatever Fed Does Today, Someone Will Be Unhappy (USAT).....114
Stocks Decline As BP Shutdown Jolts Investors (WSJ) 116
Stocks Dip On Alaskan Pipeline Trouble (USAT/AP) 116
A New Lease On Life For 529 Plans (WSJ) 117
Public Pension Plans Face Billions In Shortages (NYT) 118
DeLay To Remain On Ballot (DMN) 121
Texas Republicans Abandon DeLay Fight (AP-Y).....122
GOP Ends Fight To Take DeLay Off Texas Ballot (USAT/AP) 123
DeLay Must Stay On Ballot As Court Rejects Appeal (NYT) .123
GOP Loses Bid To Drop DeLay From Texas Ballot (WP) 124
Lieberman And Lamont Battle To The Wire (NYT).....125
Lamont's Lead Slips On Eve Of Primary (WP).....127
Late Lieberman Surge Makes Race A Tossup (WT) 128
On Day Before The Vote, Lieberman Exudes Relentless Optimism (NYT) 129
Lieberman's Troubles Go Beyond War (WP) 130
Lieberman Woes Scratch Surface Of Anti-Incumbent Sentiment (WSJ).....132
A Preview For November (WP) 133
GOP Leaders Are Hoping To Turn The War Into A Winner (LAT).....134
Analysis: GOP On Defensive (AP-Y) 135
House Incumbents At Risk, Poll Finds (WP).....137
Inside The Beltway (WT) 138
Youth Give Bush Poor Grade, Hurting Republican Hopes, Poll Says (BLOOM).....139
Contempt For Congress (WP) 140
Liberal McCarthyism (WSJ).....142
More Rules, More Money (NYT) 143
Bush Cautions On Lebanon Cease-fire (AP-Y).....144
Bush Nixes Israeli Pullout (WT).....145
Bush Is Dealing From Position Of Weakness (LAT).....146
Lebanese PM Rejects U.N. Cease-fire Plan (AP-Y) 148
Arabs Seek Changes To Peace Plan (FT) 150
Mideast Cease-Fire Snags On Arab Objections (WSJ).....150
Mixed Message In Volatile Mideast, U.S. Finds A Use For Old Autocrats (WSJ).....152
Arabs Protest Moderate Leaders (WT/AP).....155
War And Diplomacy (WP).....155
The Cease-Fire Stakes (WSJ).....156
Start Talking (NYT) 157
Bush's Change Of Heart On The Middle East (LAT) 158
World Leaders Press On, But Path To Peace Is Uncertain (USAT).....158
Condi's Gambit: Hope For The Worst (WSJ).....159
Israel Could Win The Peace, For Once (WSJ) 160
Israel's Way Out (LAT) 161
Shrugs For The Dead (NYT).....163
Lebanon's Proposals Change Dynamics (WP) 164
Lebanese Offer To Send Troops To Patrol Border Is Dismissed By Israel (NYT).....165
Israeli Jets Kill 30; No Letup In Militia Attacks (WP) 167
Israel Vows To Widen War On Hezbollah (LAT) 169
At Least 55 Killed In Lebanon As Diplomatic Efforts Stall (MCT) 172
Israel Shows Video Of Hezbollah Fighter (AP-Y).....173
Plot To Free Terrorist May Have Led To Fight (WT).....174
Rockets Hit Israeli-Arabs, Too (CSM) 175
Lebanon's Infrastructure Takes New Beating (USAT).....176
Many Lebanese Stay Put, Despite Crossfire (WT).....178
Red Cross: Israel Denying Safe Passage (AP) 179
Dry Forests In Northern Israel Are Damaged As Hezbollah's Rocket Attacks Ignite Fires (NYT) 180
Israeli Soldiers Find A Tenacious Foe In Hezbollah (WP) 181
Bombing Obliterates Last Route Out Of Tyre (WP).....183
After Bomb Kills Loved Ones, Life Turns Ghostly (NYT).....185
Israel Is Accused Of Sending Poison To Hamas Premier (LAT) 186
Cuban Officials Say Castro Is Recovering (NYT).....187
Cuba's Ailing Castro Back At Helm Within Weeks: Officials (AFP) 188
U.S. Told: Hands Off Cuba (WT/AP).....189
Cubans In Dark On Fate Of Fidel (WT) 190

DOJ_NMG_0044857

Bush: Cubans On The Island Will Decide Country's Fate (AFP) 191
White House Weighs Change To Cuba Policy (NYT) 192
U.S. Weighs Immigration-Policy Changes For Cuba (WSJ). 193
Administration Shifting Cuba Policy (AP-Y) 193
New Plan Would Lead To US Troop Cuts In South Korea: Official (AFP) 195
Probe Into KBR Role In Nigeria Bribe Case (FT) 195
Big U.S. Business Troupe Is Being Readied For India (NYT) 196
Falkland Islands Dispute Heats Up (CSM) 197
Embassy's Reopening Hits Dry Hole (WT) 198
Colombia's Uribe Begins Second Term (WP/AP) 199
Chad's Switch To Beijing's Side Draws Angry Response In Taiwan (NYT) 200
A Couple Divided By Faith (LAT) 200
Tantrum South Of The Border (LAT) 203
In Mexico, A Challenger Stays Put (WP) 204
August 22 (WSJ) 205

TERRORISM NEWS:

Former Torture Memo Writer Says Some Liberties Must Be Sacrificed (AP)

By Tara Godvin, Associated Press Writer

AP, August 8, 2006

Honolulu (AP) -- John Yoo, a former Justice Department lawyer who helped draft memos on treatment of terrorist prisoners, said Monday that in wartime, the question is not whether to give up civil liberties but "how much is enough."

Yoo, now a law professor at the University of California, Berkeley, drew attention at an American Bar Association convention panel on whether tactics such as the detention of suspected terrorists at Guantanamo Bay and the surveillance of phone calls may erode liberties.

Unlike past conflicts, the United States isn't at war with any traditional nation state, Yoo said, but is at war with the al-Qaida terrorist network, and officials are trying to adapt the rules of war to these new circumstances.

War, for example, involves targeted killings of the enemy and detentions of enemy troops until the end of a conflict, he said.

"I don't think it's a question of ... are we going to have to restrict civil liberties. It's a question of how much is enough," Yoo said.

Both World War II, with its detention of Japanese-American citizens, and the Civil War, with its mass military detentions, put serious restrictions on civil liberties that were much greater than what is happening today, Yoo said.

At Justice, Yoo helped write internal memos in 2002 designed to give the federal government greater leeway to aggressively question terror suspects.

Yoo noted in an interview after the panel that of the roughly 1 million prisoners of war held in World War II, none received a hearing or were charged with crimes, and some where held for five years.

"We never have hearings for prisoners of war, never have had them until this last year. It's just the way the rules of war have always been," he said.

Superimposing the rules of criminal law on war, such as requiring that a prisoner be read his Miranda rights, may be unwise, Yoo said.

"In wartime when you're detained, you're not being punished for anything. You're being held so you can't keep fighting," he said.

However, panel member Neal Sonnett, a former prosecutor living in Miami, said calling the struggle against terrorism a "war" carries unnerving implications, including the indefinite duration of the conflict and increased presidential authority.

"If the president has greater powers in the time of a war that the president himself has told us is never going to end, I begin to worry about what's going to happen to civil liberties and constitutional rights in this country," said Sonnett, who is also chairman of the ABA's task force on enemy combatants.

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Judge Rules For Govt In CIA Testimony (AP-Y)

By Estes Thompson, Associated Press Writer

AP2, August 8, 2006

Federal prosecutors won their battle Monday to keep former CIA Director George Tenet and several other agency employees from having to testify at the trial of a one-time CIA contractor accused of beating an Afghan detainee.

But U.S. District Judge Terrence Boyle said he would allow defense attorneys for David Passaro to subpoena six witnesses whose identities are classified, and promised to rule on later on four others.

The judge heard the dispute behind closed doors before a jury was selected and opening statements began.

Passaro, a 40-year-old former Special Forces medic from Lillington, N.C., is the first civilian charged with mistreating a detainee during the U.S. wars in Iraq and Afghanistan.

Passaro's attorneys have said they want to call Tenet and Attorney General Alberto Gonzales, formerly the White House counsel, as part of a "public authority defense" — namely, that Passaro was following orders. It was nit immediately clear if Gonzales was among those Boyle said could not be subpoenaed by the defense.

Before jury selection began, prosecutor Jim Candelmo told the judge that even the titles of some of the witnesses sought by defense attorneys are classified and cannot be discussed in open court.

But defense attorney Joe Gilbert disputed the government's claim of secrecy. At least one of the potential witnesses has appeared on national television and been interviewed in newspapers, Gilbert said.

"The government is using it in such a way to deny Mr. Passaro due process and they shouldn't be allowed to do this," Gilbert said.

Boyle has previously limited the defense's access to several classified documents and e-mails, including a memo from the Justice Department to the CIA that Passaro contends described the kind of interrogation techniques allowed by U.S. law.

The government contends paratroopers from the Army's 82nd Airborne Division saw Passaro beat detainee Abdul Wali with his hands, his feet and a flashlight in June 2003 during two days of questioning about rocket attacks on a remote firebase housing U.S. and Afghan troops.

Wali later died in his cell, although Passaro — who was working under contract to the CIA — is not charged with his death. Instead, he faces assault charges that carry up to 40 years in prison.

Judge, Lawyers Meet Privately To Discuss Passaro Case Witnesses (RN&O)

Raleigh News & Observer, August 8, 2006

A federal judge, prosecutors and defense lawyers retreated behind closed doors this morning to discuss whether former CIA contractor David Passaro can call former agency director George Tenet and 10 others as witnesses in his trial.

Prosecutors wanted the courtroom closed to the public so they could argue against the defense's attempt to subpoena the witnesses, including J. Cofer Black, a former high-ranking CIA official, and John Yoo, a University of California law professor and former Justice Department layer who redefined U.S. policy on torture.

The other prospective witnesses were not named in court, and it appeared several would require pseudonyms because their names and jobs are classified information, according to prosecutors.

U.S. District Judge Terrence Boyle repeatedly asked the lawyers whether they could make their arguments in open court. Assistant Federal Public Defender Joseph Gilbert said he could argue using only unclassified material. But Assistant U.S. Attorney James Candelmo said he could not.

The judge closed the courtroom 45 minutes into the pretrial hearing under the authority of the Classified Information Procedures Act. The law requires a judge to decide before a trial whether a defendant may use classified information as part of his defense and in what form.

Legal experts have said it appears from a recent defense filing that Passaro has persuaded the judge that he should be allowed to use some classified information. However what information is unclear because the judge's order was filed under seal.

Jury selection is set to start this afternoon.

In the summer of 2003, Passaro, 40, was working as part of a paramilitary team hunting and interrogating terrorist suspects in Afghanistan. He was stationed at a military outpost near Asadabad, five miles from the Pakistani border. The former Green Beret interrogated Abdul Wali, a suspect in rocket attacks on the base for three days. Prosecutors say Passaro beat Wali with his fists and a flashlight. Wali died the fourth day in U.S. custody.

Interfering In Lion Hunt Gets Activist Prison Term (ADS)

By Kim Smith

Arizona Daily Star, August 8, 2006

A Tucson animal activist was sentenced to eight months in federal prison Monday for interfering with U.S. Forest Service agents who were trying to capture mountain lions in Sabino Canyon two years ago.

Rodney Coronado will also have to spend three years on probation upon his release, pay $100 in restitution and stay away from activists involved in such groups as the Animal Liberation Front, Earth Liberation Front and Earth First.

U.S. District Judge David Bury told Coronado he wanted to send a message that if you use "force and violence in civil disobedience you are going to be punished for it; it's anarchy."

Coronado, 39, Matthew Crozier, 33, and Esquire magazine writer-at-large John Richardson were arrested in the spring of 2004 after authorities accused them of interfering with the mountain lion hunt.

Federal officials closed Sabino Canyon that spring because they were alarmed at a growing number of encounters between mountain lions and humans.

Agents with the U.S. Forest Service organized a hunt and initially planned to shoot the cats, but decided after a public outcry to trap and move them instead.

Coronado and Crozier were accused of digging up a trap and laying false scents to distract hunting dogs. They were later indicted on misdemeanor charges of interfering with a forest officer and depredation of government property, and a felony charge of conspiracy to impede or injure an officer of the United States.

The pair were convicted in December and were facing up to six years in prison Monday.

In sentencing Coronado, Bury said he took into consideration the man's criminal history. Coronado has spent time in prison for setting fire to a mink researcher's offices at Michigan State University.

He has also claimed responsibility for sinking two whaling boats and damaging a processing plant in Iceland in 1986. During an appearance on "60 Minutes," Coronado defended those who use tools such as arson to fight urban sprawl and animal abuse.

Coronado told the judge he was ready to accept full responsibility for his actions, but said they were meant as "nothing more than an act of civil disobedience, a protest."

They were committed "out of love and compassion for those mountain lions that I love," Coronado said.

Crozier said there is no danger of his going back to a "lifestyle of civil disobedience." He said he simply wants to have a normal life, one that includes his pregnant bride and a newly started business.

Bury opted to put Crozier, a Sedona resident, on three years' probation, saying he was impressed with what Crozier has done since his arrest.

In addition, Bury said he thought Coronado was the "impetus" for the event and Crozier was simply a follower.

Still, Bury said he wanted to mete out some punishment to remind Crozier that what he did went beyond civil disobedience. He ordered Crozier to pay a $1,000 fine and complete 100 hours of community service.

The judge also ordered Crozier to stay away from any environmental and animal rights activists who advocate violence for their cause.

The judge told Crozier, a recovering alcoholic, that if his wife wasn't enough reason to abide by the terms of his probation, he (the judge) ought to be.

If he drinks or violates his probation in any way, Bury said, he won't hesitate to send Crozier to prison.

Richardson, 51, pleaded guilty to one count of interfering with a forest officer in June and was sentenced to one day in jail.

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HOMELAND RESPONSE:

Feds Assure Local Police (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, August 8, 2006

Responding to complaints, Homeland Security pledges better information sharing.

The head of the U.S. Department of Homeland Security assured Los Angeles Police Chief William J. Bratton and leaders of six other police agencies Monday that his office is taking steps to improve the sharing of intelligence data on potential terrorist threats against municipalities.

Homeland Security Secretary Michael Chertoff met with the chiefs in his Washington, D.C., office after some publicly expressed frustration that they had not received timely and high-quality information from federal authorities.

Chertoff called the meeting to listen to the chiefs' concerns, and said afterward through a spokesman that he believes new joint intelligence centers, including one recently opened by his department with the LAPD in Southern California, will improve the sharing of data.

"The secretary said it was a very positive and constructive dialogue and would serve to strengthen coordination," said Jarrod Agen, a spokesman for Chertoff.

The meeting also was attended by the chiefs or other high-ranking representatives of the Washington Metropolitan, Maryland State, Virginia State, Chicago and Charlotte, N.C., police departments.

Bratton could not be reached for comment after Monday's meeting, but he said Friday that he expected the session with Chertoff to improve communications between federal security officials and departments that have assigned staff to work at Homeland Security offices.

"For quite some time we have been working with Homeland Security to increase the access and timeliness and content of the information that we get from Homeland Security relative to threats to our respective cities," Bratton said.

Earlier this year, Mayor Antonio Villaraigosa complained that federal officials didn't give him an in-depth briefing before President Bush made a statement on a terrorist threat to the U.S. Bank Tower in downtown Los Angeles.

Bratton has been encouraged by last month's opening of a Joint Regional Intelligence Center in Norwalk, where law enforcement agencies will work together to coordinate intelligence gathering and analysis to thwart terrorists. The center includes 30 intelligence analysts from the FBI, LAPD and Los Angeles County Sheriff's Department, among others.

But Bratton told reporters before he left for Washington that he also wants LAPD officers assigned to the Homeland Security offices in the nation's capital to be kept in the loop when there is breaking information that affects L.A.

"We are hoping that this meeting with Secretary Chertoff will convince him to increase the access we have to all intelligence gathering by our personnel who are assigned to his offices in Washington," the chief said.

London Flight Turns Around After Passenger's Name Found On No-fly List (AP)

By Beth Gardiner

The AP, August 7, 2006

LONDON – A London-to-Boston flight was called back to Heathrow Airport on Monday after U.S. authorities discovered a passenger's name was on their "no-fly" list, officials said. Four passengers were being questioned by border control officers.

American Airlines Flight 109, a Boeing 777, left London at 10:55 a.m. (5:55 a.m. EDT) headed for Boston, said Tim Wagner, a spokesman for the Fort Worth, Texas-based airline.

"The flight returned to Heathrow due to a security issue that needed to be resolved in London," he said. "It was not a security threat to the aircraft. The flight was in no danger."

Wagner provided no other details.

Phil Orlandella, a spokesman for the Massachusetts Port Authority, which runs Boston's Logan Airport, said staff were told at a meeting Monday morning that the name of a passenger on the flight matched one on the no-fly list. He had no further information.

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"Out of an abundance of caution, Homeland Security determined the flight would not be allowed to land in Boston," a U.S. Homeland Security Department official said in Washington, speaking on condition of anonymity because of the sensitivity of the situation.

He said no unusual activity was reported aboard the plane.

The man, traveling with three women identified as his mother and two sisters, was taken into custody for questioning by British and U.S. authorities, the Homeland Security official said.

The official, who did not know the suspect passenger's age or nationality, said the three women traveling with him were not taken into custody.

But London's Metropolitan Police said port and border control officials were questioning four passengers removed from the flight. Police did not specify who they were.

The U.S. Transportation Security Administration's "no-fly" list was established after the Sept. 11, 2001, attacks to prevent people who may have terrorist ties from boarding commercial flights.

Despite $28 Billion Program, U.S. Remains Vulnerable To Bioterror Attack (McClatchy)

By Greg Gordon

McClatchy, August 8, 2006

WASHINGTON - The federal government's $28 billion crash program to defend against a bioterror attack is beginning to show up in cities across the country.

The FBI headquarters, World Bank and several other potential terrorist targets in the nation's capital have been outfitted with new germ-killing, air-purifying filters. In dozens of other larger cities, technicians now routinely retrieve air samples to test for killer anthrax spores, smallpox virus particles or other germs.

Experts say this infusion of new technology along with medical resources might diminish the casualty toll of a biological attack using classical germ agents. But they acknowledge that despite the vast spending, the nation remains highly vulnerable, especially against new, synthetically created germs for which the United States has no antidotes.

"The U.S. does not yet have a coherent biodefense strategy ... that takes into account the full spectrum of possible bioweapons agents, including engineered threats," Tara O'Toole, a co-founder of the University of Pittsburgh's Center for Biosecurity, recently told Congress.

As a result, the nation remains exposed to an attack such as the one envisioned in a 1993 government study, which estimated that 130,000 to 3 million people would die from the release of 100 kilograms of anthrax spores upwind of Washington, D.C.

Federal agencies have taken other steps since a still-unknown assailant mailed anthrax-laced letters in October 2001 that killed five people, sickened 17 others and paralyzed Congress.

It has stockpiled 5 million doses of anthrax vaccine and 300 million doses of smallpox vaccine. It has installed hundreds of indoor and outdoor air monitors, financed round-the-clock testing laboratories in every state and trained more than 174,000 emergency response personnel.

"I think we've made very significant progress from where we were in 2001," said John Vitko, director of the Department of Homeland Security's biological countermeasures unit. He said systems are in place at his agency and the Atlanta-based Centers for Disease Control and Prevention to detect, quickly respond to and reduce casualties from a "moderate or large" attack on a major city.

Even one of the government's harshest critics offered praise.

"I think we're light years ahead of where we were pre-9-11," said Mike Osterholm, a University of Minnesota epidemiologist and biological weapons expert who all but prophesied doom in a 2000 book warning of America's vulnerability to germ warfare. The government, he said, has dramatically reduced chances that an attack with anthrax or highly infectious smallpox would be "a horrific event."

Watchdogs at Pittsburgh's biosecurity center, though, are worried. Senior associate Brad Smith, a molecular biologist, said it made sense to initially focus on anthrax and smallpox because they were "the low-hanging fruit" widely recognized as threats.

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But, he said, "it is very clear that the technology is to a point now where fairly modestly trained and educated individuals could do a lot of harm if they wanted to create a biological weapon."

Rep. John Linder, R-Ga., chairman of a House Homeland Security subcommittee that watches over the government's bio-terrorism programs, points to a recent U.S. intelligence assessment that, within a year or two, technology could exist to artificially produce the smallpox virus.

"We're very vulnerable," Linder said, "but we're in better and better shape, because at least we're paying attention to it."

An emerging component of the bio-terrorism defense is a below-the-radar campaign to better protect public and private building occupants with stronger air filtration.

In a research paper published last year, a 20-member team of public health professionals, engineers and bioterrorism experts urged use of more efficient filters to reduce the risk of exposure during an anthrax attack. Increasing numbers of building owners are responding.

The Alfred P. Sloan Foundation, a leading backer of the effort, said Rudin Management Inc. has upgraded filters in its 16 New York skyscrapers. Rudin executives didn't respond to phone inquiries.

Mechanical work also is under way to revamp the U.S. Capitol's ventilation system - work that the office of the Architect of the Capitol declines to discuss because it is "security sensitive."

A system developed by Strion Air of Louisville, Colo., has been installed in about a dozen federal buildings in the Washington area. It combines 95 percent filtration efficiency with germ-killing ionizing rays and an electrostatic charge that causes microbes to cling to objects rather than stay suspended in the air. The firm's clients include the FBI, the World Bank and California's Lawrence Livermore Laboratory.

One bonus of these filters: Used in large enough numbers, they could save billions of dollars a year by reducing respiratory illnesses, allergies, asthma and sick building syndrome.

But in addition to questions about the air filters' ability to neutralize a bioterror attack, there's the issue of cost. Wade Belcher, a General Services Administration architect, said it would cost tens of billions of dollars to retrofit all 8,920 federal buildings.

Another growing part of the government's bioterror program is called BioWatch, an $82 million-a-year effort to collect air samples from dozens of cities across the country. Vitko said tests for the major pathogens are conducted at least once a day, more frequently in cities considered prime targets.

"As scary as bio agents are," he said, "they take time to incubate in your body and multiply. So if you can detect that a person has been exposed early, you can usually treat him and prevent him from getting sick."

Smallpox, which has a 30 percent mortality rate, typically takes two weeks to incubate, then becomes highly contagious as symptoms appear.

Even so, it's unclear how effective early detection would be. Even if it worked, said Smith, the government still lacks mechanisms to ensure that medicine and vaccines reach the public.

The Person Who Mailed Anthrax Spores In 2001 Remains At Large (McClatchy)

By Greg Gordon

McClatchy, August 8, 2006

WASHINGTON - The mysterious figure who dropped four deadly, anthrax-filled letters into the mail in October 2001 made it relatively easy for the government to save lives.

The letters, inscribed with messages such as "Death to America," served as clear warnings that the fine powder should be tested. The powder's arrival in envelopes, rather than an aerosolized spray, limited the spores' dispersal.

While response workers were able to hold down casualties and cleanse a contaminated Senate office building, the attack dealt sobering lessons about how far the spores can spread and how lethal they can be.

A New York nurse and a 94-year-old Connecticut woman later died, apparently after coming in contact with contaminated mail, demonstrating that even small numbers of spores can kill people who aren't strong and healthy. Antibiotics were given to about 30,000 people.

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Ultimately, moon-suited cleanup workers used chemical sprays to kill anthrax in 23 facilities, including trace levels in mail rooms at the U.S. Supreme Court, the CIA and a remote facility handling White House mail. The cost: $227 million.

Since the attack, the Postal Service has irradiated all congressional mail to kill spores and germs. Congressional mail now takes three weeks to reach Capitol Hill.

As for the perpetrator, the FBI has long suspected it was an American, perhaps someone involved in U.S. bio-terrorism research. Bureau Director Robert Mueller said recently that he remains "optimistic that we will solve the case," but he declined to discuss specifics.

TSA Workers Report A Jump In Job Satisfaction (WP)

By Stephen Barr

The Washington Post, August 8, 2006

Job satisfaction at the Transportation Security Administration has markedly improved over the past two years, according to employee survey data released by the agency.

The TSA's 2006 organizational satisfaction survey found that 59 percent of employees were satisfied or very satisfied with their jobs, up from 35 percent in 2004.

The 2006 survey results, however, also suggested that many TSA employees think their agency is falling short on leadership and in information-sharing. The responses in these categories were basically unchanged from 2004, a sign that the TSA faces continuing challenges in managing its staff, especially its 43,000 passenger and baggage screeners.

How TSA employees view their jobs is important because the agency is considered critical to aviation security and to the federal effort to combat terrorist threats. The agency, nearly five years old, has coped with high turnover in its screener workforce and complaints in Congress about treatment of airline passengers.

TSA officials cautioned against drawing any conclusions from the 2006 data, noting that the agency will soon undertake an in-depth analysis of the results. "We have a workforce that is extraordinarily committed to the job and to the mission," said Gale Rossides , associate administrator for business transformation and culture at the TSA.

In the 2006 survey, only 33 percent of the employees responded favorably when asked to assess how well managers communicated the TSA's mission and followed up on employee suggestions for improvements.

Survey respondents, however, gave higher marks to their supervisors. Forty-two percent said their supervisors provided constructive comments and clearly explained what they expected from employees.

When asked about "organizational communication," only 35 percent agreed that essential policies were clearly communicated and that employees were kept well-informed of issues affecting their jobs.

Only 21 percent said the TSA took steps to protect job security and communicated effectively on policy changes and reorganizations that affect the workforce.

Rossides said the TSA has put into place programs aimed at addressing some employee concerns, such as how leaders are selected and trained. The TSA also is working on finding a technological solution, perhaps a specialized Web site, to improve internal communications for a workforce that is spread across the nation and does not have easy access to e-mail during the business day, especially at airports.

Survey responses in some categories, such as the relatively low marks on how secure employees feel in their jobs, may have been affected by a series of workforce realignments over the past year that shuffled assignments and reduced staffing at smaller airports, Rossides said.

TSA officials were encouraged to see higher marks in such areas as teamwork and career development when comparing survey results. They also were pleased to see 69 percent of survey respondents indicate that they planned to stay with the agency for the next 12 months.

But Tim Kriescher , president of TSA Local 1, said he does not think morale is improving among TSA employees because many of them work long shifts at airports and because their injury rate is higher than many other occupations'. "Cronyism, favoritism -- it's still very huge," he said.

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The TSA local is sponsored by the American Federation of Government Employees, which is seeking to represent screeners even though unions have not been allowed to bargain on their behalf.

TSA officials said the survey was mailed to employees at their homes and 36 percent -- 17,874 -- completed and returned the questionnaire. The survey was taken between March 1 and April 12.New Tech Director

Thomas O'Keefe , who has managed technology programs at the Federal Aviation Administration, will direct the upgrade of retirement systems at the Office of Personnel Management, the OPM announced yesterday.

The OPM has awarded contracts to move to an automated system for computing annuities for federal employees and has asked Congress to provide $26.7 million to start building the new system.

In New Orleans, Each Resident Is Master Of Plan To Rebuild (NYT)

By Nicolai Ouroussoff

The New York Times, August 8, 2006

NEW ORLEANS, Aug. 3 — Rebuilding a city, it seems, is too important a task to be left to professional planners. At least that's the message behind a decision to place one of the most daunting urban reconstruction projects in American history in the hands of local residents.

Ever since a botched attempt to develop a comprehensive plan for New Orleans fell apart last winter, city and state officials have been straining to avoid the sticky racial and social questions that are central to any effort to rebuild and recover after Hurricane Katrina.

Their solution, hammered out in July, was to turn the planning process over to a local charity, the Greater New Orleans Foundation. On Aug. 1 the foundation opened a series of public meetings in which groups representing more than 70 neighborhoods would begin selecting the planners to help determine everything from where to place houses to the width of sidewalks.

Mayor C. Ray Nagin has referred to the process as "democracy in action." And, superficially, it sounds like one of the most stirring grass-roots planning movements imaginable, one that would help preserve the rich heterogeneity that gives the city its vibrant urban character.

Yet this freewheeling approach has shifted attention from the critical and more daunting challenge of reimagining the city's infrastructure, from levees to freeways to its ecological footprint. It is the failure of that infrastructure, after all, that exposed the inequities that have been eating away at New Orleans for decades.

How and whether these problems are resolved will tell us whether our country is capable of assuring the future of American cities.

Armed with a $3.5 million grant from the Rockefeller Foundation, the Greater New Orleans Foundation has chosen 15 planning teams who will develop designs for the various neighborhoods. The groups of neighborhood residents, many of them still displaced, met directly with the teams for five hours last Tuesday to get a sense of which ones they may want to work with. (Not surprisingly, the more affluent neighborhoods have been the best organized.)

Eventually the proposals will be woven into a single citywide master plan. What is stunning is the lack of comprehensive guidelines. Basic zoning requirements remain exactly the same as before the storm. In the areas of the city that experienced the worst flooding, the required elevation above sea level for each building follows guidelines set in the mid-1980's. Proposals to shrink the city's footprint to bring it into line with ecological realities — global warming, the rising sea level, the need to restore wetlands — were dropped months ago because it implied the elimination of some poor neighborhoods, a politically fraught issue. In the face of all of this, the city's planning department has been reduced from 24 people to 9 since the storm.

Many residents who have returned have simply taken matters into their own hands. In the Holy Cross area, one of the few sections of the Ninth Ward that was not washed away by the storm, a handful of residents are fashioning street signs by hand because the city has yet to replace any. Across the city, in Lakeview, a group of homeowners have been seeking corporate sponsors and even selling T-shirts to raise money to rebuild a fire station, since they discovered that they cannot take out fire insurance without one.

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Steven Bingler, the architect in charge of the planning process, sees this as a genuinely democratic phenomenon. "The planner's responsibility is not to make the decision," he said, but "to empower people to make decisions for themselves and their own communities."

In practice, this could mean that some neighborhoods come back to life as mere hamlets, Mr. Bingler said, in which they may receive a narrower range of services, dispensing with, say, 24-hour fire protection or cable television service. This idiosyncratic approach allows the government to circumvent the racial issues that torpedoed earlier planning proposals, in particular a legitimate suspicion among low-income black residents that any large-scale planning effort would be used to marginalize them.

Encouraging individuals to rebuild on their own terms, house by house, brick by brick, is certainly preferable to embracing the formulaic developer-driven subdivisions that were eating away at the city's character even before Katrina struck. The process could also prove educational for thousands of people. One of the most refreshing moments recently was seeing community activists interviewing potential planners, who typically meet with government officials behind closed doors. Such a give-and-take could yield a well-informed population, elevating the public debate about architecture and planning issues.

The first problem with this fantasy is the quality of the education. Although the 15 planning teams include committed designers, from local architects like Wayne Troyer and Robert Tannen to Andrés Duany of Miami and Frederic Schwartz of New York, the majority are known for the kind of cookie-cutter visions that have been sapping the vitality of American cities for decades.

More to the point, the teams do not represent a cross-section of current architectural and planning debates. They create the illusion of choice where there is none, denying residents an opportunity to engage the full range of ideas that could spark a new vision for the future of New Orleans.

Worst of all, by planning ad hoc, the city is forfeiting a chance to consider how infrastructure could be used to bind communities — rich and poor, black and white — into a collective whole. It allows residents to retreat back into their old ways and ignore uncomfortable social truths.

Part of this mentality is related to the anti-big-government campaigns that gained momentum in the Reagan era, leaving ever more infrastructure, from parks to phone systems to schools, in the hands of private corporations. But the aversion to broad planning is also based on a neo-liberal belief that it is impossible to build any large-scale urban project without destroying the fine-grained fabric of city neighborhoods.

Both views assume that the humble neighborhood block and the scale of public infrastructure are in direct opposition to each other.

But urban-planning strategies need not be viewed as acts of wanton brutality. The architects Reed Kroloff and Ray Manning, for example, have suggested that tax breaks and equity swaps could be used to encourage homeowners to resettle in denser urban neighborhoods like Tremé, on relatively high ground. Once blighted and crime-ridden, such areas had already begun attracting new residents before the storm because of the quality of their housing stock.

Mr. Kroloff, the dean of the Tulane University School of Architecture, has also raised the intriguing possibility of dismantling a portion of the freeway that now separates part of Tremé from the French Quarter, stitching the two neighborhoods back together and partly righting a wrong from the 1950's, when the highway's construction wiped away one of the city's thriving black commercial strips.

By incorporating a more surgical approach to rebuilding, planners could not only challenge the dangerous cliché that a healthy community and large-scale intervention are at odds, but also help rebuild the fragile trust that was shattered when the levees collapsed.

Of course such progress is only possible in a world where government does not abdicate its responsibility to provide all of its citizens with a measure of protection. The Federal Emergency Management Agency packed up and left long ago. The federal government has yet to significantly raise the level of levee protection. Nor has it committed the money needed to rebuild the coastal wetlands and barrier islands that could absorb the impact of another storm.

As it stands now, the planning process is a cause for both hope and rage. It awakens us to the reality of what Americans are capable of and what our government is not.

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New Orleans Moves To Repair Its Legal System (NYT)

By Susan Saulny

The New York Times, August 8, 2006

NEW ORLEANS, Aug. 7 — After months of chaos in the criminal justice system here, Mayor C. Ray Nagin announced the first steps Monday to replace the city's missing prosecutors, public defenders and police officers, along with its ruined courtrooms.

A neighboring parish is lending prosecutors to New Orleans to help its overburdened district attorney's office deal with a significant backlog of cases, Mr. Nagin said. Pro bono assistance for poor defendants is on the way from the State Bar Association, which is also paying for a new system to coordinate and track cases. Courtrooms and jail cells are being rebuilt and brought into service.

And, Mr. Nagin said, the city has established a system for contacting and issuing subpoenas to New Orleans police officers who have been scattered across the country since Hurricane Katrina. The displaced officers have been desperately needed to testify in scores of criminal cases that have been unable to proceed for a lack of witnesses.

The limited progress report comes as Mr. Nagin and other municipal officials have been under increasing pressure from agitated residents, local judges and national legal experts decrying the city's broken legal system.

Just last week, judges here ruled that the mechanism to pay for the indigent defender system was unconstitutional and sent an emergency request for money to the Justice Department. Louisiana is the only state to rely mainly on local court fees, mostly surcharges on traffic tickets, to finance its public defenders, and that system is basically broke.

One of the judges, Arthur L. Hunter Jr., has threatened to begin releasing hundreds of defendants who have not had access to lawyers back onto the streets as of Aug. 29, the date Hurricane Katrina made landfall last year.

"If we are still part of the United States and if the Constitution still means something," Judge Hunter wrote in an emergency order last month, "then why is the criminal justice system 11 months after Hurricane Katrina still in shambles?"

With crime rising and the legal system perceived as an ineffective deterrent, many in the city have said that New Orleans cannot recover without immediate change.

"A city that's perceived as unsafe will not recover," an editorial in The Times-Picayune said Monday, "whether the threat is levees that can't hold back floods or a justice system that can't keep criminals at bay."

At a morning news conference, Mr. Nagin said the city "recognized the need for an immediate effort" and promised that officials "will not surrender one more inch of our city to the criminals."

He and others stopped short, however, of saying that these changes would accomplish an immediate reduction in the rate of serious crime, stressing that the city was just beginning to tackle the enormous issue.

"The people of New Orleans don't need pie-in-the-sky rhetoric," said Richard leyoub, the coordinator of the mayor's Criminal Justice Coordinating Committee and a former state attorney general. Mr. leyoub quoted Winston Churchill in saying that despite the new strategies, the city had "not even achieved the end of the beginning."

Mr. leyoub and others acknowledged that there was much work to be done in re-establishing an effective system that could inspire respect from the people of New Orleans. Even before the storm, the city had one of the most broken criminal justice systems in the country and frequently led the nation in the number of murders.

So far this year — even with a much smaller population — New Orleans has had 83 murders, some of them multiple homicides. Since the storm, however, there has been only one murder trial, and that was for a killing before the hurricane.

Over the weekend, Senator Mary L. Landrieu, Democrat of Louisiana, asked the Justice Department to send extra resources to the New Orleans metropolitan area to help address mounting crime.

"There is also emerging evidence that gangs are aware of the criminal justice system's difficulties, and they intend to maximize their window of opportunity," Ms. Landrieu said in a statement. "What is called for is a sustained and unprecedented effort to destroy this violent criminal element before it takes root and spreads."

After a rash of violence early in the summer, the city asked the state to send National Guard troops and state police officers to help the local police through September. Gov. Kathleen Babineaux Blanco recently extended the amount of time the troops will stay in the city, and she has not set an exit date.

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Many here remain concerned about long-term repair to the criminal justice system, and there was criticism today that the mayor's new procedures were simply temporary measures that would not fix the causes of the dysfunction.

"It's not simply a case of volunteers coming in and dealing with the backlog of cases," said David Carroll, the director of research and evaluations at the National Legal Aid and Defender Association in Washington. "Katrina was not the cause of the indigent defender crisis. It was a catalyst that accelerated the longstanding deficiencies."

But, Mr. Carroll said of the city's new plans, "it certainly is a step in the right direction after months and months of inaction."

WAR NEWS:

U.S.-Backed Operation Targets Shiite Slum (WP)

By Andy Mosher

The Washington Post, August 8, 2006

BAGHDAD, Aug. 7 -- A predawn raid by Iraqi troops and American military advisers on a stronghold of Shiite cleric Moqtada al-Sadr erupted into a two-hour gun battle Monday, according to residents and the U.S. military.

The operation in Baghdad's Sadr City neighborhood was aimed at "individuals involved in punishment and torture cell activities," the U.S. military said in a statement. The Iraqi troops who conducted the raid, along with their U.S. advisers, came under fire at the outset, the statement said, and "the fire lasted for the duration of the operation and continued as they left the neighborhood."

But Iraqi Prime Minister Nouri al-Maliki sharply criticized the operation, saying that it could hinder his efforts at national reconciliation. Maliki, who has been working with U.S. commanders on a new program to crack down on violence in Baghdad, appeared on local television Monday and said he was "very angered and pained."

"This operation used weapons that are unreasonable to detain someone -- like using planes," Maliki said.

He apologized to the Iraqi people for the operation, saying, "This won't happen again."

Residents of a nearby neighborhood said the fighting began about 1 a.m. and lasted about two hours.

...

Sadr City, a vast slum that is home mostly to poor Shiites, is a hotbed of support for Sadr, a young cleric who has opposed the U.S. military presence in Iraq since the 2003 invasion. Sadr's well-armed militia, called the Mahdi Army, staged two uprisings against U.S. forces in 2004 and is a potent force throughout most of Sadr City.

The Mahdi Army has been accused of carrying out frequent assassinations and kidnappings of Sunni Arabs, particularly around Baghdad in recent months. Recent operations by U.S. and Iraqi forces aimed at stemming death squad activity in Baghdad have included raids on Sadr City, though U.S. military spokesmen have said repeatedly that stepped-up efforts have not targeted particular groups.

Several hours after the raid, a suicide truck bomb killed at least 10 Iraqis at a police commando post in the northern city of Samarra, where the bombing of a Shiite shrine on Feb. 22 triggered the current wave of sectarian killings.

The truck, loaded with fruit and hidden explosives, swerved into the local headquarters of Interior Ministry commando forces and erupted in a massive explosion, according to local police. The deadly blast destroyed the headquarters building, police Capt. Zuhair Badrani said. Thirteen commandos were wounded, along with 18 civilians, he added.

Mohammad Abdul Hameed, a local resident who was hospitalized with shrapnel wounds and a broken right hand, said he saw the truck approach "at a high speed traveling on the wrong side of the two-way street. Then suddenly it swerved and rammed into the building."

Abdul Hameed described being "shoved against the wall, and I could not see anything because of the dust, the smoke and the blood that was running down my face."

Special correspondents Saad al-Izzi in Baghdad and Muhanned Saif Aldin in Samarra contributed to this report.

Prime Minister 'angered' By U.S.-led Attack On Sadr City Slum (USAT/AP)

USA Today, August 8, 2006

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BAGHDAD — Iraqi Prime Minister Nouri al-Maliki sharply criticized a U.S.-Iraqi attack Monday on a Shiite militia stronghold in Baghdad — a break with his American partners on security tactics as the United States launches a major operation to secure the capital.

Al-Maliki's criticism followed a pre-dawn air and ground attack Monday on Sadr City, stronghold of radical Shiite cleric Muqtada al-Sadr and his Mahdi Army militia.

Col. Hassan Chaloub, police chief of Sadr City, said three people — including a woman and a 3-year-old girl — were killed and 12 were injured. The U.S. military command said the raid was aimed at "individuals involved in punishment and torture cell activities."

One U.S. soldier was wounded, the U.S. military said.

Al-Maliki, a Shiite, said he was "very angered and pained" and warned the operation could undermine his national reconciliation efforts. "Reconciliation cannot go hand in hand with operations that violate the rights of citizens this way," he said in a statement on government television. He apologized to the Iraqi people and said, "This won't happen again."

Friction between the U.S. military and the Iraqi government emerged as the U.S. military kicked off an operation to secure Baghdad after a rise in Sunni-Shiite violence — much of it blamed on al-Sadr's militia. Al-Sadr has emerged as a major figure in the majority Shiite community and a major backer of al-Maliki.

After the Sadr City attack, President Jalal Talabani, a Kurd, met with the top U.S. commander in Iraq, Gen. George Casey, to discuss security operations in Baghdad. Talabani said he told Casey that "it is in no one's interest to have a confrontation" with al-Sadr's movement.

After the meeting, Casey made no mention of al-Sadr. He said he had discussed plans with Talabani to bring "fundamental change to the security situation in Baghdad."

Casey said he hoped that the new operation would "change the situation significantly prior to Ramadan." The religious observance will begin in late September.

Also Monday, a suicide bomber detonated a truck at the regional headquarters of the Interior Ministry's elite commando force in Samarra. Police Capt. Laith Mohammed said 10 commandos were killed and eight were wounded. Ten civilians also were injured. The commando force is a heavily Shiite organization.

The February bombing of a Shiite shrine in Samarra set off tit-for-tat killings and kidnappings that have pushed Iraq toward civil war.

Forces Strike Al-Sadr Militia To Block Civil War In Iraq (WT)

By Rowan Scarborough

The Washington Times, August 8, 2006

The militia of Sheik Muqtada al-Sadr is increasingly being targeted by coalition forces who fear that the firebrand Shi'ite cleric's ragtag fighters will push Iraq into civil war and exert control over southern towns as they did in 2004.

In what could be the first of many raids against Sheik al-Sadr's Mahdi Army, U.S. and Iraqi forces executed a strike early yesterday on a hide-out in Sadr City, the poor Shi'ite district in Baghdad from where the militia gets many of its recruits.

Army Gen. John Abizaid signaled a new get-tough approach in testimony last week before the Senate Armed Services Committee.

"I wouldn't characterize the target as being either Sadr or the Mahdi Army," said Gen. Abizaid, the U.S. Central Command chief who oversees operations in Iraq. "I would say there are elements within the [Mahdi Army] that will be targeted because they're participating in death-squad activities."

The statement reflected the sensitivity with which U.S. commanders talk about violence in Baghdad. They have been reluctant to single out Sheik al-Sadr for the violence. A slate of his candidates won election to the new Iraqi parliament in December. A direct verbal or operational assault on the cleric could ignite more Shi'ite violence.

But administration officials, who asked not to be named, said there is no doubt that units within the Mahdi Army are committing much of the violence in Baghdad against Sunni Muslims and U.S. troops.

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A Pentagon official, who asked not to be named, said the June 7 killing of al Qaeda in Iraq leader Abu Musab Zarqawi and the methodical elimination of many of his aides have gutted the organization, and that some Sunni insurgents seem willing to end their attacks. Officials say the increasing problem is Sheik al-Sadr's army.

"Preventing the Jaish [Army] al Mahdi from developing into a state within a state, as Hezbollah has done in Lebanon, will be a priority," outgoing British Ambassador William Patey said in a memo leaked to the British Broadcasting Corp.

The United States says disarming and neutralizing the Mahdi Army is principally the job of Iraqi Prime Minister Nouri al-Maliki, a Shi'ite.

"I believe that the prime minister and his government will take the steps necessary to get the sectarian violence under control and do what has to be done against the death squads," Gen. Abizaid said.

Officials say Mr. al-Maliki's battle with the Mahdi Army is partly a contest against Iran. Tehran's Shi'ite-dominated regime is seeking to transform the Shi'ite south into Tehran-friendly territory that will vote for hard-line Islamist candidates opposed to the U.S. presence.

"In my opinion, there are groups within the Mahdi Army that are under the pay of the Iranian government [and] are terrorist organizations," Gen. Abizaid said.

Sheik al-Sadr formed his army in June 2003, after the fall of Saddam Hussein. The cleric quickly built it into several thousand fighters, thanks to an influx of Iranian money used to meet a payroll and buy equipment and arms.

Twice, the sheik's militia took control of key government buildings in southern Iraqi towns by force, and twice, the U.S. Army defeated it and forced Sheik al-Sadr to call cease-fires.

Now, the militia is back, more violent than ever. Gen. Abizaid described its strategy as "trying to ensure that the Iraqi government, as voted, fails, and that they become ascendant."

Raid In Baghdad Leaves 3 Dead (LAT)

By Jeffrey Fleishman

The Los Angeles Times, August 8, 2006

BAGHDAD — Families sleeping on rooftops to escape the summer heat were startled early Monday by helicopters and gunfire as U.S. and Iraqi forces raided a Shiite Muslim stronghold and battled a militia headed by radical cleric Muqtada Sadr.

The raid killed three people, destroyed three homes and sent families scurrying for cover. It came as U.S. forces were rotating 4,000 more soldiers into Baghdad in an effort to rout sectarian militias, death squads and insurgents that have tipped the city into an undeclared civil war.

Sadr and his Al Mahdi militia are defiant against the U.S. occupation and have increased their power in Sadr City, a poor eastern Baghdad neighborhood of up to 2 million people. The government of Prime Minister Nouri Maliki has vowed to bring Baghdad under control, but the Iraqi military has been unable to defeat insurgents and supplant Shiite and Sunni Arab militias.

An official from Sadr's office, Abu Mustafa Saidi, said the U.S.-backed raid began about 1 a.m. and lasted more than an hour, injuring as many as 15 people. The U.S. military said the operation was aimed at capturing militants suspected of running torture gangs. It said American forces encountered immediate fire from Sadr's supporters. One U.S. soldier was injured.

"These bombardments came, and definitely there was retaliation from our men," Saidi said. He added that during the gun battles, Sadr, who was traveling in Najaf, called militia leaders and ordered them not to engage in intense fighting.

"Sadr informed them to make everything calm so the Iraqi and American soldiers would have no excuses for more attacks," Saidi said.

Abbas Dhahi Salman was sleeping with his family when a blast startled him.

"We felt the shock and sound on the second floor," he said. "We felt the air cooler fall to the ground, and the second floor was ablaze. We were afraid to go out because we feared getting shot, so we called the police and ambulance, but they said it was a battle zone and they couldn't come."

Salman's mother and two children were injured in the attack. He said he suspected that Iraqi forces were searching for his neighbor, who is a member of Sadr's militia.

"For the last 10 days the situation in Sadr City has been tense and worrisome," Salman said.

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An advisor to Maliki said the prime minister did not want military raids into the community to jeopardize reconciliation efforts between Sadr and the government. The advisor added that Maliki was not briefed ahead of the operation and has informed the military to clear future actions in Sadr City with his office.

In a wide-ranging news conference after the raid, Iraqi President Jalal Talabani said he was concerned about tensions between U.S. forces and Sadr's followers. He said such an atmosphere was "no way in the interests of the Sadr people nor the American and multinational forces."

The president called for militias controlled by Sadr and other sectarian leaders to either merge with government forces or disband. "There should never be any kind of force or army other than the government's army," Talabani said.

In violence across Iraq on Monday, a fruit truck exploded at a police station in Samarra, killing 10 people, most of them members of a special forces unit under the Shiite-dominated Interior Ministry. Samarra became a focus of the nation's sectarian violence in February when Sunni militants attacked a revered Shiite shrine.

Six Iraqi soldiers were killed and 15 were wounded when militants attacked a checkpoint in Baladrouz, about 30 miles southeast of Baqubah. One insurgent was killed. In Khan Bani Saad, about 20 miles northeast of Baghdad, a car bomb targeting a police foot patrol killed a police officer and a civilian.

Four Iraqi policemen were ambushed and killed by militants in Sadr City. A barber and four customers were killed in southeast Baghdad when gunmen jumped out of two sedans and sprayed the shop with bullets. Also in the eastern part of the city, a car bomb exploded near Mustansiriya University, injuring four people, including a police colonel.

One militant died and another was injured in Kirkuk when a car rigged with explosives "exploded on them by accident," a police official said.

Troops Do Battle In, And Against, Searing Heat (USAT)

By Rick Jervis

USA Today, August 8, 2006

BAGHDAD — Sgt. Frank Merola, a videographer with the Army's 363rd Mobile Public Affairs Detachment in Baghdad, recently took part in a weeklong mission in Arab Jabour, just south of Baghdad.

To avoid the worst of the heat, his platoon left its base at 4:30 each morning, patrolled the town on foot and returned just before noon, he says. By the time they marched back to base, Merola's half-gallon CamelBak water dispenser would be dry, and he'd be sagging under the withering effects of the sun.

“It's like standing in front of a heater with a winter coat on — then someone starts a fire,” says Merola, 32. “You feel the sweat going through your boots. You feel your eyes stinging. You feel it.”

Carrying 30 to 40 pounds of gear under a blistering, 100-plus-degree sun could easily lead to heat exhaustion, heatstroke or worse. But the U.S. military says its troops are successfully avoiding heat-related injuries in Iraq through a regimen of hydration, training and operational adjustments, such as launching raids at dawn or dusk.

“We're really disciplined with this,” says Col. Todd Dombroski, battalion surgeon for the Army's 1-12 Infantry Battalion, mostly responsible for guarding the Green Zone in central Baghdad.

Troops take various precautions to minimize the risk.

For example, during Merola's Arab Jabour mission, which was aimed at flushing out insurgents and instilling confidence in area residents, medics gave soldiers small packets with a saline solution to mix with water to replenish the salt the body loses through sweat.

Though they weren't required to, many of the troops drank the packets. It was “like drinking warm salt water,” Merola says.

Sometimes, even these precautions aren't enough. Almost every day, someone from the unit needed intravenous fluids before returning to patrol, he says. “There is really no such thing as drinking too much water,” says Merola, of Brooklyn, N.Y. “It's life or death.”

Leaders of the Special Troops Battalion attached to the 4th Infantry Division in Baghdad make sure their troops freeze several 11/2-quart bottles of water the night before each mission, says Sgt. Adam Brosch, a convoy commander with the

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battalion. Each Humvee gets a cooler with 15 bottles. Within the first 10 minutes of a three-hour mission, those bottles of ice have usually turned to warm water. And they're empty well before the mission's over, says Brosch, 24, of Irving, Texas.

Unit leaders are trained to look for early signs of heat exhaustion: pallor, dizziness, slurred speech and confusion, Brosch says.

"It's one of the most important parts of our task," he says. "Only takes a few minutes and you could start feeling dizzy. You could lose focus real fast."

Other troops have improvised their own tactics, such as soaking small towels in ice water overnight to place on their necks, says Pfc. David Grosshuesch, 20, of Elkhorn, Wis., a gunner in Brosch's unit. He's in charge of manning his Humvee's .50-caliber machine gun.

Perched atop his vehicle, Grosshuesch often holds his arm out at an angle while on patrol to let air circulate through his uniform. On particularly hot days, the breeze feels like the hot air from a hair dryer. "It gets toasty," he says.

As hot as it is, Iraq would be far worse for U.S. troops if it were more humid, Dombroski says. The evaporation of sweat cools the body. In hot, humid climates, sweat doesn't evaporate as fast as in dry heat. That leads to more stress on the body, he says.

That's why troops deployed to humid climates, such as Haiti or Somalia, may suffer a higher rate of heat-induced medical problems than those in dry desert climates such as Iraq, Dombroski says.

Iraq's dry heat allows sweat to evaporate more easily, but it can be deceiving — and dangerous. If troops don't notice they're sweating, they could rapidly slip into debilitating heat illness, says Robert Carter III, a research physiologist at the U.S. Army Research Institute of Environmental Medicine in Natick, Mass. "It's a dry environment. So you don't feel yourself sweating. You sweat in the jungle," he says.

Carter says he and other researchers conducted a study that predicted soldiers should not need more than 14 liters of water a day, or about 3.7 gallons. That's not the case in Iraq. "Many have reported drinking 21 liters a day. Some who are just sitting in a Humvee need 14 liters a day," Carter says.

Dombroski says the military will soon require troops to wear two more protective ceramic plates on their armor vests, for a total of four: one in front, one in back and one on each side. That will produce even more body heat, he says.

"The French will tell you one of the best ways to cook a chicken is in a ceramic bowl," he says.

The military is looking into buying state-of-the-art vests that create a space between body and vest to allow air to circulate. Another option under consideration: a battery-operated version that circulates a cool liquid through the vest. Dombroski says test models may arrive later this year.

Col. Brian Allgood, the top medical officer for U.S. troops in Iraq, says the military has devised a heat illness prevention campaign.

Through a series of e-mails and web-based conferences, medics in Iraq are reminded how to measure the heat index, which combines the effects of heat and humidity, and how to look for signs of heat exhaustion, Allgood says.

The training and vigilance will continue as long as U.S. troops are in Iraq, he says. "This is a harsh climate," Allgood says. "It's always going to be a risk."

Must Haves: Cellphones Top Iraqi Cool List (NYT)

By Damien Cave

The New York Times, August 8, 2006

BAGHDAD, Iraq, Aug. 7 — The cool kids in Iraq all want an Apache, the cellphone they've named after an American military helicopter. Next on the scale of hipness comes a Humvee, followed by the Afendi, a Turkish word for dapper, and a sturdy, rounded Nokia known as the Allawi — a reference to the stocky former prime minister, Ayad Allawi.

Even more telling are the text messages and images that Iraqis share over their phones. From all over the city, Baghdad cellphones practically shout commentary about Saddam Hussein, failed reconstruction and violence, always the violence. One of the most popular messages making the rounds appears onscreen with the image of a skeleton.

"Your call cannot be completed," it says, "because the subscriber has been bombed or kidnapped."

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Cellphones have long been considered status symbols in developing countries, Iraq included. But in an environment where hanging out is potentially life threatening, cellphones are also a window into dreams and terrors, the macabre local sense of humor and Iraqis' resilience amid the swells of violence.

The business here is booming. According to figures published last month by the State Department, there are now 7.1 million cellphone subscribers in Iraq, up from 1.4 million two years ago. In an economy where jobs can be as scarce as rain, billboards for phones are among the only advertisements updated regularly in the capital.

Some Iraqis report spending as much as $800 on phones like the Humvee, and from the rooftops of Sadr City, the poor Shiite district where trash lines the streets, visible cellphone towers outnumber minarets 15 to 2.

It is the relentless violence — which now claims dozens of Iraqis every day — that seems to have fertilized the industry's growth. Insurgents use phones to communicate and to detonate bombs, while Iraqis of all sects rely on their phones to avoid danger.

Jabar Satar Salaum, 50, the owner of a cellphone store in the middle-class Shiite area of Karada, said he used his phone (a Nokia that is a step up from the Allawi) mostly to tell his wife that he was safe. On the ride to and from work across Baghdad, he said he called every few minutes.

"I call to tell her I am leaving," he said. "I call to tell what district I am in when I am driving, or if the roads are blocked by checkpoints, I call to tell her that as well."

Four of the eight stores on Mr. Salaum's block sell cellphones, and most have window displays where each phone is covered in plastic.

Between customers, his sons, Amjad, 17, and Muhammad, 15, said that cellphones were desirable not just because they were cool but also because they provided one of the country's only safe forms of teenage self-expression.

In May, a tennis coach and two of his players were shot to death in Baghdad because they were wearing shorts. Cellphones, in contrast, have attracted little religious outrage.

"For young people, buying phones is a habit," Amjad said. "Everybody buys different phones all the time. Whenever something new comes out, they have to have it."

He reached into his jeans and pulled out his newest acquisition, an orange Sony Ericsson that sells for about $300. It was protected by a hard, clear plastic case. On the wall to his left hung a poster of Nokia phones, showing images and model numbers displayed like the Popsicles on an ice cream truck.

"I've had all of these," he said. How many exactly? "At least 20," he said. "Every one."

The nicknames for phones, he and other Iraqis said, are a mnemonic device derived in part from their shapes. The Allawi, a Nokia 3660, is broad and has a rounded bottom, resembling the physique of the former prime minister; the Apache is a Nokia flip-phone with a bottom that swivels, like a rotor blade.

The prices the phones command are rather high for Iraq, of course. But with a booming aftermarket in cellphones, people can sell their old ones for nearly the original price and move up to a fancier model. Service is relatively cheap, with most people relying on $10 and $20 prepaid cards rather than the more expensive monthly plans.

And the powerful are as vulnerable to consumer culture as the young are. Brig. Gen. Jaleel Khalaf Shwayel of the Iraqi Army said that he buys a new phone every few weeks. During a recent interview at his office about deteriorating security in Baghdad, he spent several minutes wiping off his latest purchase, a titanium Nokia 8800 that he said he bought for $800.

He said he kept up on the latest styles through glossy technology magazines from the United Arab Emirates, setting him apart from the insurgents who use cheap phones to detonate roadside bombs. His phone, or phones (he has three), also help him keep in touch with the areas his soldiers patrol.

"I give my cellphone number to people in the neighborhoods, and I receive calls every day," he said. A day earlier, he said two tips came in.

"In the el-Adil district, I received a call that people there had put mines in the road," he said. "I gave an order to investigate, and we discovered it was right.

"Someone else told me about some bandits in a BMW. When we went to arrest them, we found R.P.G.'s," he said, referring to rocket-propelled grenades.

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For human rights workers in Iraq, cellphones play a darker role. Omar al-Jabouri, who heads the human rights office for the Sunni Iraqi Islamic Party, said he often received pictures of men tortured or killed by death squads, many of them taken with the cellphones of witnesses or the victims' relatives.

But mostly, people here use their cellphones for commiserating, searching for laughs among the tears or trying to knock the powerful off their pedestals. Over the past year, American soldiers, Saddam Hussein and the current Iraqi president, Jalal Talabani, have all been the subjects of humorous clips passed from phone to phone.

"In Iraq, there is such an accumulation of frustration," said Fauwzya al-Attiya, a sociologist at Baghdad University. "If an Iraqi does not embrace humor in his life, he's finished."

These days, some of the most popular clips poke fun at Islamist radicals. In one amateur video, a masked man, pictured at dusk with a knife, threatens to behead a fish because "all the fish did not come out of the sea." With an exclamation of "God is great," he bends over and slices off the fish's head.

Another video captures young men trying to decapitate a victim with a fake, dull knife and failing; like Hans and Franz, the muscle-bound weightlifters famously mocked on Saturday Night Live, the supposed killers are all talk, dense and incompetent.

Electricity and gas are also popular topics. One doctored photograph claims to offer an explanation for why Iraqis still have only a few hours of electricity a day: Two transformer towers are flipping a wire in circles like a jump-rope while a third tower bounces up and down.

And in another video, a young, bearded Iraqi dances with abandon after successfully refilling his propane gas cylinder. With a spiraling Arabic song as the soundtrack, he wriggles and smiles, shaking the cylinder over his head like a trophy. He also kisses it.

Clips from official sources and those adapted from television, both Western and Arabic, are also shared. Some Sunnis are currently passing around video outtakes of the militant Shiite cleric Moktada al-Sadr talking casually to advisers or friends that they believe make him look foolish (in part because he criticizes people who are "Afendi," well-dressed and flashing their cellphones).

Everyone seems to enjoy laughing at Mr. Hussein. His propaganda has literally become a joke: a 2003 broadcast from Iraq's state-run station, just before the war, shows a gaggle of soldiers with machine guns dancing and singing along with Khasim al-Sultan, an Iraqi pop star.

"If you want the stars, we will reach out for the stars," the men sing, offering a pledge to Mr. Hussein. "We will wipe America from the map!"

Firas al-Taie, 19, after showing the clip, laughed and tried to explain why Iraqis find the segment entertaining.

"It's not matching the reality," he said, in halting English. "They said this thing and then something else happened."

Like many young Iraqis, he said that his cellphone was his most cherished possession. He said several of his uncles in Jordan pooled together the roughly $300 he needed for the phone of his choice last summer after he graduated from high school.

Asked how his middle-class family could justify such an expense, Mr. Taie, an engineering student at Baghdad University, said it was all a matter of the violence and Iraq's relentless state of alert.

"It's important," he said. "You have to have a cellphone. If I go to the college, or anyplace really, my parents call me like 100 times to see if I'm safe."

He said he doubted the need would let up anytime soon.

Civil War? What Civil War? (WP)

By Richard Cohen

The Washington Post, August 8, 2006

Among the various awards to government officials -- presidential medal, etc. -- let me offer one of my own: the Oveta Culp Hobby Award for a truly dumb statement. I have twice before cited the late Mrs. Hobby, the nation's chief health official back in the Eisenhower administration, because she somehow managed to remain oblivious to the polio panic that struck each summer.

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When the government ran short of the new and downright miraculous Salk polio vaccine, the rich and fortunate Mrs. Hobby offered the following explanation: "No one could have foreseen the public demand for the vaccine."

For sheer inanity, the remark is almost impossible to beat. Yet three times in the past week I reached for the Hobby Award, thinking she had at least been matched. The first came when Gen. Peter Pace, chairman of the Joint Chiefs of Staff, was asked by Sen. John McCain whether a year ago he anticipated that Iraq might be on the verge of civil war. "No, sir," the general said.

Next McCain posed the same question to Gen. John P. Abizaid, who is in charge of everything in Iraq. He knew a year ago that tensions were high, he said. But "that they would be this high, no."

Finally, we have the remarks of Maj. Gen. William B. Caldwell IV, spokesman for the American military in Iraq. He was not at the Senate hearing, but he caught its flavor and then some. When asked by the New York Times if the United States had moved too quickly to replace American troops with Iraqis, he said, "I don't think we moved too quickly. I don't think anyone could have anticipated the sectarian violence."

Oveta, move over.

Can these high-ranking military officers possibly mean what they said? Even before the U.S. invasion of Iraq, the term "civil war" was being bruited about. This was because even a casual viewer of the Discovery Channel or some such thing knew that Iraq was an artificial creation of Britain -- Gertrude Bell, Winston Churchill, et al. The casual viewer also knew that a minority of Sunnis had governed a majority of Shiites through the application of violence and a not inconsiderable amount of torture. Why this country would hold together once the locks were clipped is a question whose answer we are now seeing: It's not.

The high-ranking officers cited above are neither stupid nor ignorant of Iraq's history. I can only conclude, therefore, that like countless others before them they feel compelled to say things that fit the political ideology and delusions of their civilian bosses in the Bush administration. The official line there, of course, is that Iraq is not and will not and could not descend into civil war because, well, that would aid the evildoers.

Whatever the case, we now have to understand that uttering the word "Iraq" does to Bush administration officials what a touch of tequila does to Mel Gibson. I could spend the rest of this column quoting Bush, Cheney, Rumsfeld and others on what would happen when GI Joe got to Baghdad or why the war had to be fought in the first place. The collected quotes are funny in one context, sad and infuriating in another: the playing of taps, the folding of the flag and the required lie about "a hero's death."

I dutifully read the news about Iraq. But I recognize most administration statements as lies or, if by accident the actual truth, a mere snapshot of a moment that will change over time. More troops one day, fewer the next. We have this town one day, we don't the next. Iraqi troops are up to snuff; oops, no they're not. This is the babble of chaos, the telltale rhetoric of defeat.

I share the concern of what would happen to Iraq if the United States pulled out precipitously. I share the concern over what will happen if the United States stays. I share the concern of those who say that no matter whether it stays or goes the outcome will be the same. I especially share the concern of those who say that the Bush administration does not have a plan to disengage and that rather than confront the immensity of its mistake -- I pity Donald Rumsfeld if he should ever lose the gift of denial -- it thinks that this or that adaptation to new conditions will somehow change the outcome. It will not. The end was set at the beginning. It is better that it come sooner rather than later.

Accused Soldier Details Day Of Alleged Rape, Murders (LAT)

By Louise Roug

The Los Angeles Times, August 8, 2006

BAGHDAD, Iraq -- U.S. soldiers played cards and drank whiskey at a checkpoint as they devised a plan to rape and kill a 14-year-old Iraqi girl and slay her family, one of the accused told investigators. After the alleged attack, one of the soldiers grilled chicken wings, according to the testimony at a military hearing Monday.

The second day of the hearing in Baghdad brought other disturbing testimony from agents investigating the March 12 deaths in the city of Mahmoudiya. The accusations have enraged Iraqis and shamed the U.S. military.

Spc. James P. Barker, 23, told investigators in sworn statements that he and Sgt. Paul E. Cortez, 23, took turns sexually assaulting the 14-year-old, and that former Pvt. Stephen Green also raped the girl after killing her mother, father and 5-year-old sister, military investigator Benjamin Bierce testified.

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A fourth soldier, Pfc. Jesse V. Spielman, 21, was present inside the house while another, Pfc. Bryan L. Howard, 19, was keeping watch elsewhere, according to Barker's statement to investigators.

The military tribunal, known as an Article 32 hearing, is similar to a civilian grand jury. Testimony in the first two days focused on the prosecution's case. After hearing from prosecutors and defense attorneys, an investigating officer will determine whether there is enough evidence to bring the four soldiers before a court-martial on charges of rape and murder.

A fifth soldier from the same unit, Sgt. Anthony W. Yribe, is charged with failing to report the attack but is not alleged to have been a participant.

Green was honorably discharged in May because of a "personality disorder," according to court documents, but was arrested in North Carolina the following month. He will be tried in federal civil court.

According to Bierce, Barker wrote in his sworn testimony that he, Cortez, Spielman and Green had been playing rummy and drinking Iraqi moonshine mixed with an energy drink on the day of the attack.

"While they were playing cards and drinking Iraqi whiskey, the idea came to go to the Iraqi house, rape a woman and murder her family," said another military special agent, Gary Griesmyer, who had interviewed Cortez.

Cortez said in his sworn statement that Barker and Green raped the girl, according to Griesmyer. Cortez acknowledge holding the girl down when Barker began to rape her, Griesmyer said. The girl was crying and speaking in Arabic and Barker told her to "shut up" after raping her, Cortez stated.

According to Barker's statements, the men had practiced hitting golf balls near the checkpoint after finishing their card game. Green persistently said he wanted to go and kill some Iraqis, and asked Barker if he thought Cortez would go along with it. He also directly asked Cortez who, in turn, asked Barker what he thought. Barker, in his testimony, wrote that his answer was "it's up to you," Bierce testified.

According to the testimony, the men then changed into black thermal underwear and black ski masks. Cortez gave the radio to Howard, who was supposed to be on the lookout. Arriving at the house, Cortez pushed the girl to the floor and raped her as she struggled, Bierce testified.

Barker told the agents that Green came back into the living room, where the girl was pinned to the floor. Referring to her family, Green told his fellow soldiers: "They're all dead. I just killed them."

Green then put down the AK-47 he was holding and raped the girl while Cortez held her down, Bierce testified. Afterward, Green shot the girl several times before Barker took a lamp and poured kerosene on her body, the investigator said.

Barker told investigators that Green then went into the kitchen and came back saying "we need to get out of here," supposedly because Green had opened the propane tank and the house was going to blow up.

Investigators said that the alleged rape and killings lasted between 20 and 30 minutes and that the soldiers hid their identities, hoping to pin the slayings on insurgents.

After the men got back to the checkpoint, Barker wrote that he began to grill chicken wings.

Pfc. Justin Watt, whose testimony prompted the investigation, told the tribunal earlier Monday how he became suspicious of his friends and, through conversations with Yribe and Howard, began piecing together what had happened.

Watt testified that Yribe had told him that Green had admitted the slaying to him. Additionally, Yribe told Watt, a shotgun shell was found at the house.

While many Iraqis have AK-47s in their homes, shotguns are relatively rare.

"I wanted to see if I could confirm my suspicions that there were more people involved," Watt testified. "I believed there were American forces involved."

Watt told the tribunal that he had approached Howard to ask him if he knew anything about the alleged rape and killings. Howard responded that Barker, Cortez and Green had planned the attack and that he had been the lookout, according to Watt.

Watt also described how fighting in the area south of Baghdad known as the "triangle of death" had taken a toll on the soldiers.

He described how one Iraqi man had approached two soldiers with an outstretched hand, as if to shake their hands. Instead, the man pulled a gun and shot and killed both men.

In 12 days, four of his fellow soldiers were killed, according to Watt.

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"I thought I was going to die," Watt said, adding that he had written a letter with his final wishes on his laptop. "I was going to get a memorial tattoo of all the guys (who were killed), but there was not enough room on my arm."

After the abduction, torture and killing of two U.S. soldiers and the slaying of a third in Mahmoudiya, Watt decided he had to come forward.

"We'd come through hell with each other, and there were a lot of good men who died, and this happened, for what?" Watt testified. Reporting the killings, he said, "had to be done."

Watt reported his suspicions to a combat stress team in Mahmoudiya. His superiors in the chain of command "were extremely skeptical" about the allegations at first, he said.

Watt also testified that before the massacre he had heard Green say, "I want to kill and hurt a lot of Iraqis." When asked by defense attorneys, Watt reiterated: "I believe that he wanted to hurt Iraqis."

The hearing was scheduled to continue Tuesday.

Soldier Who Testified On Killings Says He Feared For His Life (NYT)

By Paul Von Zielbauer

The New York Times, August 8, 2006

BAGHDAD, Iraq, Aug. 8 — An American Army private who was close to four soldiers charged with raping a 14-year-old girl and then killing her and her family in March described at a hearing on Monday how he became the whistleblower in the case and how, once he spoke to military investigators, he feared for his life.

Pfc. Justin Watt, who was in the same platoon as the four soldiers and another former soldier accused of the crimes, said he came forward after piecing together an account from soldiers he suspected were involved in the March 12 episode. He felt obligated to say something, he told a military prosecutor on Monday at the hearing for the four accused soldiers, out of a sense of loyalty to the friends who had fought in Iraq and died.

“We’d come through hell with each other, and there were a lot of good men who died,” Private Watt testified. “And this happened — for what? We’re just trying to do a little good over here.” Faced with a decision about whether to remain silent or to alert his superiors about his suspicions that members of his own platoon were involved, he said he decided “it had to be done.”

Specialist James P. Barker, Pfc. Jesse V. Spielman, Pfc. Bryan L. Howard and Sgt. Paul E. Cortez are accused of the attack in the family’s home in Mahmudiya, a volatile town south of Baghdad where the soldiers had patrolled.

The four, members of Company B of the First Battalion, 502nd Infantry, 101st Airborne Division, are also charged with arson; military prosecutors accused them of burning the girl’s body with kerosene in an attempt to conceal evidence. A fifth soldier, Sgt. Anthony W. Yribe, is charged with dereliction of duty for failing to report the crimes. Prosecutors do not believe he was at the house where the crimes are said to have taken place.

A former member of Company B, Steven D. Green, was said to have conceived the plan to rape the girl, whom his unit had encountered on previous patrols, and kill the family.

Mr. Green, discharged as a private in May after a psychiatric evaluation, is in custody in Kentucky, where he faces federal rape and murder charges. He has pleaded not guilty.

Private Watt testified Monday that he heard Mr. Green say, “I want to kill and hurt a lot of Iraqis.”

Private Watt also described how he first heard of the killings from Sergeant Yribe, who confided in him about the grisly episode. After Sergeant Yribe told Private Watt that a shotgun shell had been found at the scene, he said, he grew suspicious. American soldiers carried shotguns, Private Watt testified, but he had never seen an Iraqi with a shotgun during his 11-month deployment.

Unable to stop thinking about what he suspected had taken place, he said, he approached Private Howard and asked what he knew.

“I wanted to see if I could confirm my suspicions that there were more people involved,” Private Watt testified. “I believed there were American forces involved.”

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He eventually reported his suspicions to a combat stress team in Mahmudiya. In his testimony, he described a need to learn the truth of the matter — in contrast with several other soldiers in his unit, who knew or suspected wrongdoing but kept quiet — and the disillusionment that followed.

"Investigation is not my job," Private Watt said under cross-examination by Specialist Barker's military lawyer on Monday. "But if something went down — something terrible like that — then it's my obligation to come forward."

He added: "I find out that guys in my squad, guys I trusted with my life, are allegedly responsible for one of the most brutal rapes-slash-murders I've ever seen."

Once he became convinced of what they had done, he said, "I feared for my safety" while working with the soldiers at traffic checkpoints, which are flashpoints for violence often directed at stationary American soldiers. "Everyone has a weapon and grenades," he said.

The hearing combines elements of a grand jury proceeding and a jury trial to determine whether there is sufficient evidence to recommend that charges be brought to a court-martial.

Defense lawyers, facing an enormous legal task in representing soldiers linked by evidence and their own statements to such a gruesome crime against civilians, appeared intent on establishing combat stress as a contributing factor.

Company B patrolled a dangerous region south of Baghdad where Sunni Arab insurgents and American and Iraqi Army forces frequently engaged in deadly clashes.

"I watched two guys I cared a lot about die right in front of me," Private Watt said Monday. "I was going to get a memorial tattoo of all the guys, but there's not enough room on my arm."

Later on Monday, an Army investigator, Special Agent Benjamin Bierce, testified about his interrogation of Specialist Barker, saying the soldier had divulged his role in the rape and killings, as well as what he said was Mr. Green's claim of having killed the family with an AK-47 in a bedroom after raping the girl.

Daily violence continued to claim lives in Iraq and took on a political dimension in Baghdad as American troops began patrolling areas here to quell a surge in sectarian killings.

President Bush, asked on Monday by reporters about the situation in Iraq, said, "I think the Iraqi government has shown remarkable progress on the political front,'' and that it gave him confidence about the future in Iraq. "You know, I hear people say, Well, civil war this, civil war that," he added. "The Iraqi people decided against civil war when they went to the ballot box.''

Overnight fighting between American forces and members of the Mahdi Army militia in the Sadr City area of Baghdad killed 2 of the militia's fighters and wounded 18 people, an Interior Ministry official said.

On Monday, Mohamed Salman, an envoy from Prime Minister Nuri Kamal al-Maliki, visited the families of the those killed in the fighting and the wounded civilians at Imam Ali hospital, and gave them cash payments, said a statement from Mr. Maliki's office.

The visit by a high-level Maliki aid and the payments to families of the dead and wounded underscored the political power of Moktada al-Sadr, the powerful Shiite cleric whose influence helped propel Mr. Maliki, a Shiite, into office.

US Troop Scandals: Is Iraq Different? (CSM)

By Brad Knickerbocker

The Christian Science Monitor, August 8, 2006

In Baghdad this week, a military tribunal is deciding whether five American soldiers must stand trial for the rape and murder of an Iraqi girl and the killing of her parents and sister in March.

The alleged events, which are among several atrocities tied to US forces now in their fourth year of fighting insurgents in Iraq, raise important questions for military officials: How do the numbers and types of incidents compare with earlier wars? Is there something about this conflict that makes such incidents more likely? Could they have been anticipated and prevented?

It's hard to compare Iraq with previous wars because the fighting and the reasons for fighting are different as are the numbers and deployment of troops. But observers generally agree that charges involving mistreatment of civilians or enemy combatants are not disproportionate compared with World War II, the Vietnam war, or other wars.

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"You could probably construct an empiri-cal case that US forces are exhibiting more restraint in their treatment of Iraqi civilians than has ever been seen in past wars of similar scale and duration," says military analyst Loren Thompson of the Lexington Institute in Arlington, Va, in an e-mail. "Almost all of the atrocities that have been alleged involve small units deliberately disobeying rules of engagement and the orders of senior officers."

"It is worth bearing in mind that the US routinely killed thousands of enemy civilians in bombing raids during World War II, and that the number of civilians murdered at My Lai, the worst atrocity committed by US forces in Vietnam, was over 300," adds Dr. Thompson. "The pattern of atrocities committed against civilians in past counterinsurgency campaigns is quite imposing, from the British Army in the Boer War to the US Army in the Filipino Insurrection to the Russian Army in Chechnya."

For example, the Los Angeles Times published over the weekend details of a 9,000-page once-secret archive, assembled by a Pentagon task force in the early 1970s, showing that "confirmed atrocities by US forces in Vietnam were more extensive than was previously known."

Similarly, it's likely to be years before the full extent of such events in the Iraq war is known.

Beyond this week's military hearing in Baghdad, investigators are looking into:

• An episode involving US marines and 24 civilians killed at Haditha in November. It's expected to result in official charges involving failure by some officers to report the event as well as the deaths of the Iraqis.

• Charges against six marines for assaulting civilians in order to extract intelligence. Among the six are three charged with killing an Iraqi man, then placing an AK-47 rifle next to his body to make it look as if he was an insurgent.

• Allegations that an Army brigade commander in Tikrit ordered his troops to "kill all military-aged males."

What's different, compared with World War II - at least for American soldiers in the field - is the incessant nature of the threat of personal attack from roadside bombs or snipers.

"Criminal behavior is a symptom of combat stress," says John Pike, director of GlobalSecurity.org. "For troops who go outside the wire, as opposed to fobbits [those who remain inside forward operating bases or FOBs], they would be exposed to combat stressors on a daily basis for most of their tour. During previous wars, the probability of dying in combat was higher. But for most soldiers, combat was episodic, rather than continuous."

At the same time, history has shown, counterinsurgency campaigns increase the likelihood that troops may mistreat civilians, because small units spend long periods surrounded by local people whose language and customs they don't understand. Things become even more difficult as a country moves toward civil war.

"Constantly harassed, constantly on guard, not sure who is with us or against us or simply passive, IEDs randomly striking convoys at places that were clear the day before, sectarian strife bordering on civil war, and a political system that seems incapable of getting its act together are some of the factors creating the psychology of lawlessness in which atrocities occur," says Dan Smith, a retired Army colonel who served in Vietnam as an infantry platoon leader and intelligence adviser and is now affiliated with the Friends Committee on National Legislation, the Quaker lobby in Washington.

Other military analysts point to a confluence of trends as the war goes on: the Army's need at times to recruit more soldiers from the lowest acceptable category, extended and multiple tours, and no longer being welcomed by Iraqis.

"The problem is, we're now asking our troops to do something they weren't trained to do," says Charles Peña, a defense consultant and policy scholar at the Coalition for a Realistic Foreign Policy, a Washington think tank. "The population they feel they were sent to save no longer feels grateful to have been saved."

Some observers note another trend indicating a breakdown in discipline.

"What I see as unusual in Iraq is the number of cases in which officers and noncommissioned officers have been involved, not only indirectly but directly," says Gary Solis, a former judge in the Marine Corps who taught military law at West Point and now teaches at Georgetown University Law Center. "Warrant officers, lieutenants, captains, lieutenant colonels and, now, even a colonel have fallen under suspicion."

A recent Associated Press roundup of criminal cases against US servicemen stemming from deaths of Iraqis includes a major, three captains, a 1st lieutenant, a chief warrant officer, a sergeant 1st class, four staff sergeants, and three sergeants.

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While the number and type of alleged atrocities may be troubling, the military response appears to have been deliberate and open. "If there is anything positive to be gleaned from the reports of misconduct, it is that our military leadership in Iraq vigorously pursues reports of wrongdoing and, as far as we know, covers up nothing," says Solis.

C.I.A. Contractor Goes To Trial In Abuse Case (NYT/AP)

The New York Times, August 8, 2006

RALEIGH, N.C., Aug. 7 — A C.I.A. contractor broke both the agency's rules and the law when he used a two-foot-long metal flashlight to beat an Afghan man who later died, a prosecutor said Monday at the federal trial of the first American civilian charged with mistreating a detainee in Iraq or Afghanistan.

But lawyers for the defendant, David A. Passaro, a onetime Special Forces medic, said he had been a frustrated but concerned interrogator who never hit the man and who checked daily on his condition.

"Dave is guilty only of trying to serve his country," said Joe Gilbert, Mr. Passaro's public defender. "He's not guilty."

Mr. Passaro, a 40-year-old resident of Lillington, N.C., is charged with two counts of assault with a dangerous weapon and two counts of assault resulting in serious injury. If convicted, he faces up to 40 years in prison. Although the man he had been questioning, Abdul Wali, died in his cell, Mr. Passaro is not charged in his death.

In opening statements Monday, the prosecution said at least three paratroopers from the 82nd Airborne Division had watched Mr. Passaro, working under contract to the Central Intelligence Agency, beat Mr. Wali during two days of questioning in June 2003 about rocket attacks on a base housing American and Afghan troops. Mr. Wali died the next day.

One prosecutor, Pat Sullivan, said Mr. Wali was chained to the floor and wall of a cell as Mr. Passaro kicked him and struck him with the flashlight and his fists. Once, he said, Mr. Passaro kicked his captive in the groin, having lined up like a football place-kicker. Mr. Passaro's fingerprints were on batteries from the flashlight, said Mr. Sullivan, adding that photographs to be shown the jury would detail the extent of Mr. Wali's injuries.

Mr. Gilbert, the defense lawyer, told the jury that Mr. Passaro's sole interest had been in stopping the rocket attacks on the base and that once Mr. Wali, a suspect in those attacks, arrived there to surrender, the rocket fire stopped. On the day Mr. Wali died, Mr. Gilbert said, Mr. Passaro gave him mouth-to-mouth resuscitation while medics tried to help.

The opening statements followed a ruling by Judge Terrence W. Boyle that the defense could not subpoena George J. Tenet, former director of central intelligence; J. Cofer Black, former antiterrorism coordinator at the State Department; or John Yoo, a University of California law professor, along with several others whose identities were not disclosed. Mr. Yoo was a Justice Department lawyer who helped write internal memorandums in 2002 intended to allow more leeway in aggressive questioning of terror suspects.

The defense had said it wanted to call Mr. Tenet and Attorney General Alberto R. Gonzales, formerly the White House counsel, as part of a "public authority defense" — that is, that Mr. Passaro had been following orders. It was not immediately clear whether Mr. Gonzales was among those who the judge said could not be subpoenaed.

Although Judge Boyle issued that ruling from the bench, the reasons for it were kept under seal.

The judge said he would allow the defense to subpoena six witnesses whose identities are classified, and promised to rule later on four others.

Our Veterans' Missing Medals (NYT)

By Joseph A. Kinney

The New York Times, August 8, 2006

Pinehurst, N.C.

Captain Brian Chontosh is the kind of soldier who, in years past, would have received a ticker-tape parade down Fifth Avenue.

As a young lieutenant in 2003, he and his platoon were ambushed near Baghdad. Machine gun fire, mortars and rocket-propelled grenades spewed from every direction. Lieutenant Chontosh ordered his Humvee directly into an enemy machine-gun position, where his gunner destroyed the nest. He then advanced on a trench, where he exited his vehicle and scattered enemy fighters. After his ammunition was depleted, he twice picked up an enemy's rifle and continued.

By the time the smoke cleared, Lieutenant Chontosh had killed more than 20 insurgents and saved the lives of dozens in his platoon. For his incredible courage, he was awarded the Navy Cross, the second-highest award given to Marines.

Second highest?

For reasons I can't fathom, the Pentagon top brass don't feel that our heroes in Iraq and Afghanistan are especially meritorious. President Bush has yet to award a single Medal of Honor to a living veteran of combat in either place. (Only one has been given posthumously.)

During the Vietnam War, 245 Medals of Honor were awarded. If President Bush awarded the medals at roughly the same rate for service in Iraq and Afghanistan, more than two dozen would have been bestowed by now.

When I called the Department of Defense to inquire, a public affairs officer said he wondered whether our fighting style might be less risky today than it was in Vietnam. How lame. Fighting in Iraq and Afghanistan has been brutal, and many of our troops have performed with incredible valor. Anyone remember Falluja?

This is more than an issue of justice denied. Tales of courage inspire present and future warriors. They certainly motivated my service in the Marine Corps in Vietnam. Today, two of my four sons are good bets to join the Marines or Special Forces. I don't want them to look to my generation for heroes, but to their contemporaries.

I hope President Bush will order a review of heroic acts performed in Iraq and Afghanistan in the name of our freedom. Not another minute should be lost in bestowing honors that are overdue.

CORPORATE SCANDALS:

Even With Lay, Skilling Convictions, Government's Enron Trial Record Is Spotty (FINDLAW/AP)

By Kristen Hays, Ap Business Writer

AP, August 8, 2006

(AP) - HOUSTON-The court battle rarely stops when a jury renders a verdict.

More than two months after winning convictions against Enron Corp. founder Kenneth Lay and former CEO Jeffrey Skilling, the Justice Department's Enron Task Force is smarting from a blow to its trial record dealt by the 5th U.S. Circuit Court of Appeals.

In a 2-1 decision last week, a panel from the court overturned fraud and conspiracy convictions against four former Merrill Lynch & Co. executives who participated in a sham 1999 deal that allowed Enron to book bogus profits.

Viewed alongside other Enron setbacks, some experts say the Merrill decision highlights some questionable government strategies. But they say bagging the Lay and Skilling convictions likely will define the Justice Department's success in ferreting out Enron crimes.

"In a sense, this reversal underscores how the government also fell victim to the Byzantine nature of the Enron fraud," said Robert Mintz, a former federal prosecutor. "These were unprecedented crimes to which the government responded with some very aggressive and largely untested theories of prosecution.

"In the end, the government got their men in the form of Skilling and Lay. That will likely be what everyone remembers when they think of Enron," Mintz said.

Enron, once the seventh-largest U.S. company, spiraled into bankruptcy proceedings in December 2001 amid revelations of hidden debt and inflated profits. The Justice Department formed the task force to launch a sprawling investigation that produced 16 guilty pleas from ex-Enron executives.

Mintz said that when the government stuck to basics, like testimony in the Lay-Skilling trial from eight of those ex-executives who had pleaded guilty to crimes as well as others who witnessed criminal behavior, prosecutors were successful.

But earlier cases show spotty success. Last year, a flawed jury instruction promoted by prosecutors prompted the U.S. Supreme Court to reverse former Enron auditor Arthur Andersen LLP's 2002 conviction of obstruction of justice. Although an appellate panel called Andersen a member of Enron's "supporting cast" for destroying tons of Enron documents in late 2001 as investigators started probing the energy company, the instruction allowed jurors to convict without finding criminal intent.

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The 2004 Merrill case involved the brokerage pretending to buy three power plants on barges off the coast of Nigeria from Enron so the energy company could appear to have made earnings targets. Jurors in that case acquitted an in-house accountant, while convicting the four former Merrill executives, who appealed, and a former midlevel Enron finance executive who did not appeal.

The appellate panel ruled that evidence was insufficient to convict one of the Merrill defendants. Regarding the other three, the panel said prosecutors wrongly pursued a theory that these defendants deprived Enron of its right to their honest services because, although the deal may have been a sham, the energy company and its shareholders weren't robbed of money or property.

Perjury and obstruction convictions of one of those three for lying to a grand jury about the deal were affirmed.

"This opinion should not be read to suggest that no dishonest, fraudulent, wrongful or criminal act has occurred," the ruling said.

The Merrill ruling followed the government's disappointment last year in the first trial of five former Enron broadband executives. The jury ended the complicated, jargon-filled three-month trial with a handful of acquittals but was unable to reach verdicts on dozens of other counts. Prosecutors alleged the defendants either lied about the unit's prospects to inflate Enron's stock price or manufactured earnings.

In the first broadband do-over involving two of those five defendants this year, the division's former finance chief was convicted of fraud and conspiracy while an in-house accountant was acquitted. Retrials of the other three have been indefinitely postponed pending the 5th Circuit's ruling on their appeals to combine the cases.

"You're seeing a pattern of juries and appellate judges rejecting the views of the task force," said Barry Pollack, who represented former broadband unit accountant Michael Krautz in both trials and won his acquittal in the second round.

But Sam Buell, who helped prosecute Andersen and now teaches at the Washington University School of Law, said all the trials and appeals have yet to play out.

Lay died of heart disease July 5, just six weeks after he was convicted of 10 counts of fraud, conspiracy and lying to banks in two separate cases. His death allows for his convictions to be erased. Skilling, who was convicted of 19 counts of fraud, conspiracy, insider trading and lying to auditors, faces decades in prison upon his Oct. 23 sentencing.

Skilling aims to appeal, and it remains to be seen how appellate courts view his case.

In addition to the retrials of three ex-broadband executives, three British ex-bankers face a yet-unscheduled trial on wire fraud charges for allegedly colluding with Enron to defraud their former employer in 2000.

And the reversal in the Merrill case is not necessarily the last word there.

Justice Department spokesman Bryan Sierra said prosecutors are considering their options. Buell said the government likely will pursue a hearing before the entire 5th Circuit.

"If this were a football game, a little yellow flag would already be out on the field," Buell said. "I wouldn't see any trends here as the government going too far on white collar crime."

Fired McAfee GC Faces Tough Legal Road (LAW)

By Petra Pasternak, The Recorder

California Recorder, August 8, 2006

In the final days of 2000, accounting troubles led McAfee Inc. to announce a surprise loss in revenue. The company's chief executive resigned, along with three other officers.

Soon after, the Securities and Exchange Commission launched its first investigation into the Santa Clara company's books. In the ensuing years, the SEC would bring suits against the departed officers, charging each with securities fraud. And in January 2006, just weeks before the SEC filed a civil fraud suit against the company -- alleging it had misled investors and inflated revenues by hundreds of millions of dollars -- McAfee's president suddenly stepped down. That month, the company paid the SEC $50 million to settle the matter.

Throughout the turmoil, General Counsel Kent Hart Roberts remained unscathed, dutifully guiding McAfee's legal strategy from company offices in Plano, Texas.

This spring, however, the stock options backdating scandal that has been rolling through Silicon Valley hit McAfee. In a statement released in May, the company said it became aware of "one episode involving the General Counsel in 2000 that was improper."

As a result, Roberts was the first -- and so far, the only -- executive at McAfee to get fired over backdating.

Roberts' plight vividly illustrates the vulnerability of in-house counsel in this latest dust storm to hit corporate America. To date, more than 70 companies have been publicly mentioned in connection with backdating problems.

But unlike past scandals, backdating has put in-house lawyers under the magnifying glass of prosecutors and regulators. Federal prosecutors in Brooklyn are close to filing charges against former Comverse executives, defense lawyers say, a company whose general counsel resigned this past spring. And the SEC seems bent on holding lawyers more accountable than it has in the past.

As a result, corporate counsel are sharing some of the same concerns that chief executives and chief financial officers have weighed for years, such as the breadth and depth of their indemnification and directors and officers (D&O) insurance, agreements drafted to cover what can amount to astronomical defense costs.

Since the beginning of the year, Roberts, along with other McAfee executives, has been named defendant in multiple derivative class actions. In a suit filed by Lerach Coughlin Stoia Geller Rudman & Robbins in June, Roberts is accused of "having participated in the issuance of false and/or misleading statements, including the preparation of the false and/or misleading press releases and SEC filings."

Though the company itself has refused to provide more details of the incident that led to Roberts' firing, in another civil suit he is accused of receiving an options grant for 100,000 shares on a date in 2002 when the stock rose nearly 25 percent in the days following.

"The reason for the extraordinary pattern ... is that the purported grant dates set forth therein were not the actual dates on which the stock option grants were made," the suit said.

Roberts declined to be interviewed for this story. He has tapped Cooley Godward chairman and the firm's former litigation group head Stephen Neal to represent him. Neal, whose past clients have included savings and loan mogul Charles Keating Jr., also declined to comment.

MAKINGS OF A GC

Roberts, 49, earned his J.D. from the University of Missouri in 1981, where he was the note and comment editor for the law review and contributed real-estate law pieces. Former classmates remember him as smart, but not in-your-face about it.

"To make law review at the end of the first year [of law school], you had to be in the top 20. We had a class of 150," said classmate Jason Reschly, now an attorney in Kansas City. "He never went out of his way to get called on. Kent was not one of those who went out of his way to get attention."

Admitted to the bar in Texas and Missouri, Roberts eventually joined Brill, Sinex & Stephenson in 1988. Former name partner James Stephenson said he remembered Roberts as a competent attorney who was taking on tech clients in addition to the real estate work that made up the bulk of his practice. Roberts was not a rainmaker, he said.

"I thought he was a good lawyer, very smart," Stephenson said.

"He was a dry, sarcastic-wit-type person," remembers Joseph Byrom, a litigator who worked with Roberts in the Dallas office. "Very verbal. He wrote well, he spoke well, but his view of life was just different from most other folks" at the firm. Where Byrom said he opened the newspaper and read "Dennis the Menace," for instance, Roberts would look at the "Far Side."

When Brill closed its Dallas office in 1993, Roberts became vice president of operations and GC at Dallas-based Saber Software Corp., which McAfee acquired in 1995. That accelerated Roberts' entry into the high-flying tech world, where options have been and continue to be a popular way to attract and retain talented employees.

Roberts climbed the ladder at Network Associates' (McAfee's other name for a brief time) legal organization for more than three years before the board of directors officially promoted him from vice president of legal affairs to general counsel in January 2001.

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The promotion added oversight of mergers and acquisitions and IP rights to Roberts' roster of domestic and international legal responsibilities. "His dedication and commitment to delivering value to customers and shareholders is admirable, and I am proud to have him on our team," CEO George Samenuk said in a press release at the time.

The former GC apparently did well financially during his time at McAfee. Roberts' expected salary and bonus totaled $592,000 in 2005. His contract includes a severance package including a year's worth of salary, unless he's fired "for cause," according to SEC filings.

The Lerach civil lawsuit against McAfee pointed out that Roberts sold 265,834 shares of McAfee stock for $6.7 million between 2002 and 2005.

Public records show that among their assets, Susan and Kent Roberts own a two-story single family townhouse on Lovers Lane in Dallas. Valued at $1.5 million in 2004, the residence has three baths, a fireplace and a pool. The Roberts bought it in 1993 for $660,000.

Roberts and his former employer are now likely hunkering down with their insurance carriers over their contracts to see who pays what in the legal battle.

"Legal defense can run into the seven figures in a difficult scenario," said one attorney, who requested anonymity because several clients are officers implicated in backdating. "In the worst-case scenario, it can run into the eight figures."

COVERING ALL THE BASES

A recent trial court decision involving accounting giant KPMG held that the government cannot pressure companies to withhold attorney fees in criminal matters. That ought to give companies some pause before they cut off payments, said the lawyer.

But there are still ways for officers to get stuck with the bill.

Though McAfee declined to provide details on its own practices, companies offer indemnification agreements as required by statute or corporate bylaws to cover their employees for "alleged wrongful acts." Indemnification agreements are valuable, according to Shartsis Friese attorney Jahan Raissi, because they cover costs as they are incurred, up until the point of adjudication, or judicial determination of wrongdoing.

"The situation where someone is most likely to foot the bill themselves is when they are found guilty of wrongdoing," Raissi said.

The second line of defense is D&O insurance, which typically covers civil and criminal investigations, including defense costs.

An insurance recovery attorney who requested anonymity because of involvement in the McAfee matter said an insurance company has a duty to defend or a duty to reimburse defense costs. "If there's a civil action and someone is named, they have to go out and buy attorneys," the attorney said. "As long as there is no finding of fraud or intentional wrongdoing or unapproved personal profit or gain, the insurance company has to reimburse those defense fees as soon as those bills are due."

Much depends on the wording of these highly technical policies, the lawyer said. For example, some definitions explicitly include the word "investigation," while others attempt to limit the defense to "suits." Often there is the question of whether the defense costs are covered in full, or if the insurance company can argue that some of the defense costs are not "reasonable and necessary" to the defense.

Insurance and indemnification may not cover fines the SEC may levy. And if a company goes bankrupt, the insurance may be in question.

For the most part, though, individuals very rarely have to pay legal defense fees because civil lawsuits are typically settled, and settlements do not include admissions of wrongdoing.

But then there's the SEC, which post-Enron is flexing its bow to target lawyers. Rule 102e, which the commission can use to press charges of malpractice, can lead to suspension and disbarment, effectively banning an attorney from practicing as inside or outside counsel of a public company.

The rule itself is not new. What's new, said Raissi, is the SEC's desire to use it against lawyers. "Traditionally, it's been used against accountants and auditors," Raissi said. "In the last two years, the SEC has said they'll be looking at lawyers, too."

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That could lead the State Bar to swing into action, Raissi added. "Bringing an SEC action against a lawyer has profound career impact and if the State Bar gets involved, that could be a death sentence."

Already, the loss of his job has had an impact on Roberts' other professional pursuits. The Business Software Alliance, which named him chairman in January, had to withdraw the title because he is no longer part of the member company.

Legal consultant Peter Zeughauser said further career fallout will all depend on the outcome of the investigation. "If it's a minor civil offense or a minor fine, I think over time he'll be fine and ... some firm will be happy to have him. People will view it as something in the past that might have happened to anyone," he said. "If it's more pernicious, I think many law firms or companies would still welcome him, but I think they'd be a different caliber."

Martha Stewart Settles With SEC On Civil Charges (WSJ)

By Brooks Barnes

The Wall Street Journal, August 8, 2006

Martha Stewart agreed to pay $195,000 and accept a five-year ban on serving as a director of a public company to settle civil insider-trading charges with the Securities and Exchange Commission.

The settlement, announced yesterday, also forbids Ms. Stewart from involvement for five years in certain corporate activities at Martha Stewart Living Omnimedia Inc., such as financial reporting and auditing. The sanctions won't have much impact on her role at the company. The domestic-arts guru hasn't been involved in those areas since she relinquished the posts of chairman and CEO when she was indicted for securities fraud in June 2003.(See the SEC's statement1)

Ms. Stewart, 65 years old, became "founder" in 2004, a title she still holds. She is involved in the creative side of the business, such as the editorial content of the company's magazines and TV show. Susan Lyne serves as CEO, while Howard Hochhauser is chief financial officer.

The SEC agreement ends a five-year saga for Ms. Stewart and her company over her December 2001 sale of ImClone Systems Inc. stock. Ms. Stewart, who fought charges that she sold about 4,000 shares of ImClone stock after obtaining inside information, was convicted of obstructing justice and sentenced in March 2004 to five months in prison and five months of home confinement.

Since completing her sentence in September 2005, Ms. Stewart has worked to rebuild her company, filming a daily TV show and helping it enter a blitz of new businesses, including home building. Since her indictment in June 2003, shares of Martha Stewart Living have increased 69%. The stock closed yesterday in 4 p.m. New York Stock Exchange composite trading at $16.95, up seven cents.

WALL STREET JOURNAL VIDEO

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SEC northeast regional director Mark Schonfeld3 on the details of Martha Stewart's settlement with the SEC.

While investors haven't paid much attention, the SEC civil case has continued to weigh on Ms. Stewart, who has maintained her innocence. The civil complaint was filed in June 2003 but stayed until criminal proceedings were completed.

In a statement, Ms. Stewart said: "This brings closure to a personal matter and my personal nightmare has come to an end."

A spokeswoman for Martha Stewart Living also issued a statement, saying in part, "The settlement allows Martha to continue in her role as founder and as the creative force behind the brand."

Stewart Resolves Last Of Charges (WP)

By Carrie Johnson

The Washington Post, August 8, 2006

Martha Stewart agreed to pay $195,000 to settle civil insider-trading claims yesterday, marking the end of a long and costly legal battle that sent her to prison only to reemerge as a celebrity on television and in her namesake magazine.

The settlement, which requires court approval, resolves civil charges against Stewart stemming from her December 2001 sale of stock in ImClone Systems Inc. Securities and Exchange Commission lawyers argued that Stewart took advantage of

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inside information to avoid $45,673 in losses before a negative announcement about ImClone's signature cancer drug. Two years ago, a jury convicted Stewart of lying to investigators about the sale.

The exact toll of the five-year probe on Stewart's pocketbook remains elusive. But yesterday's $195,000 penalty, an earlier $30,000 criminal fine, and legal fees that her spokeswoman said two years ago prompted her to sell nearly $5 million worth of her company's stock far surpass the losses she averted by unloading 3,928 ImClone shares.

That sale, after a tip from then-Merrill Lynch & Co. broker Peter E. Bacanovic, triggered civil and criminal investigations that ultimately sent Stewart to a women's prison in Alderson, W.Va., for five months and forced her to spend several more months wearing an ankle bracelet while confined to her home in the fashionable New York City suburb of Bedford, N.Y.

Executives at Martha Stewart Living Omnimedia Inc., the New York company Stewart founded, watched its stock price fall as the case culminated in her 2004 conviction for obstructing the probe. Stewart estimated to a reporter for the New Yorker magazine in 2003 that she had suffered losses of some $400 million based on the company's deflated share price, diverted business and her legal bills. Insurance eventually covered at least $2.8 million of her legal fees. Stewart later said that 200 of her employees had lost jobs "as a result of this situation."

She collected $1.26 million last year in salary and bonuses, according to securities filings. Stewart owns 29 million shares, about 55 percent of the outstanding shares, in her company, a spokeswoman said.

After leaving prison early last year, Stewart, 65, resumed a lead creative role at the company. The SEC settlement, which bars her from serving as a board member of a public company for five years, will have little immediate impact. Stewart had already ceded the top job to former ABC television executive Susan M. Lyne and has steered clear of the accounting practices and legal compliance issues that she is forbidden to oversee under the terms of the SEC deal.

"This brings closure to a personal matter and my personal nightmare has come to an end," Stewart said yesterday in a statement issued through her publicist.

Citing Stewart's "strategic vision in design and style," the company yesterday called her a "tremendous asset" in a prepared statement. The company's stock closed yesterday at $16.95, up 7 cents, or less than 1 percent.

Over the past year, Stewart has hosted a reality television show, resumed her role on a syndicated home decorating show and signed a contract to develop radio programming.

But Bacanovic, 44, has remained below the radar since his criminal conviction and release from prison. He is no longer able to work in the securities industry. Once a frequent presence at New York society functions, he now stays out of the limelight. He agreed to pay $75,000 to settle civil charges yesterday without admitting wrongdoing. His lawyer, Richard Strassberg, said the settlement "concludes this painful matter for him."

In an unusual but not unprecedented move, regulators tripled the size of the civil penalty against Stewart because of the seriousness of the investigation and her conduct during the probe, SEC Northeast Regional Office director Mark K. Schonfeld said in an interview.

Bruce Karpati, an assistant regional director, said, "This case sends a strong message that the commission will not tolerate insider trading, especially where brokers tip their clients with confidential information that insiders are selling their stock."

Stewart To Pay $195,000 To End ImClone 'nightmare' (USAT)

By Matt Krantz

USA Today, August 8, 2006

Lifestyle maven Martha Stewart settled with securities regulators Monday, putting most of her legal troubles behind her after a drawn-out public saga.

Stewart, who did not admit or deny guilt, agreed to pay a financial penalty of $195,000, which includes a disgorgement of the $45,673 she avoided losing on ImClone stock. Stewart sold shares of the biotech company after allegedly being tipped off about upcoming bad news regarding its cancer drug Erbitux.

She was also barred from serving as a director of a public company for five years and is limited in the role she may play in a public company either as an employee or officer. Meanwhile, Peter Bacanovic, the former Merrill Lynch broker who allegedly tipped her off and who already is barred from the industry, agreed to pay a $75,000 fine and disgorge $510 in commissions.

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"We're satisfied with this resolution in that it appropriately addresses both the illegal insider-trading misconduct and the subsequent obstructionist conduct," says Helene Glotzer of the SEC.

Mark Maddox, securities attorney at Maddox Hargett & Caruso, says Stewart's punishment was not inflated due to her notoriety. "It doesn't sound too hard or too soft," he says.

In an e-mailed comment from spokeswoman Samantha Schabel, Stewart says, "This brings closure to a personal matter, and my personal nightmare has come to an end."

There's still a securities class action pending against Stewart and Martha Stewart Living Omnimedia, according to a regulatory filing. Even so, Monday's settlement clears a vast bulk of the legal trouble for:

•Stewart the person. The settlement allows Stewart to remain in her current post, "founder," at the company, says Jill Fisch, law professor at Fordham University. "She is quite involved in the creative direction of the company," she says.

•Stewart the company. Clearing the regulatory clouds will help attract advertisers who were afraid the scandal would flare up again, says Dennis McAlpine at McAlpine Associates. "It removes the sense Martha will be dragged through the mud again," he says. The company is struggling to return to profitability after losing money nine of the past 10 quarters. The stock is down more than 50% since it started trading on Oct. 19, 1999.

But Stewart's run-in with justice shows how even powerful people are now held accountable for breaches in their personal lives, says Michael Josephson of the Josephson Institute of Ethics. "Martha Stewart's name will always be attached to that change," he says

Martha Stewart Settles Civil Insider-Trading Case (NYT)

By Landon Thomas, Jr.

The New York Times, August 8, 2006

Martha Stewart reached an agreement today with securities regulators to settle civil insider-trading charges, concluding a five-year legal drama that put a dent in her ubiquitous brand.

Peter E. Bacanovic, Ms. Stewart's former broker at Merrill Lynch, also settled with the Securities and Exchange Commission over his role in the case.

The deal is the fruit of months of intense negotiations between Ms. Stewart's lawyers and the commission's. It requires Ms. Stewart to pay $195,000 in fines and penalties; more significantly, it bars her from serving as a director or chief executive officer of any public company for a five-year period.

Since her release from prison a little more than a year ago, Ms. Stewart has resumed an active role at Martha Stewart Living Omnimedia, the multimedia company that she founded. Her current title is founding editorial director, but she is not a member of the board, nor does she have any formal executive title at the company.

As part of the agreement, she would have to wait five years before being able to serve on the board of her company, or assume any senior executive position, such as chief executive. Still, the settlement does not significantly curtail her current and extensive corporate responsibilities.

The agreement comes at a time of rising fortunes for Ms. Stewart and her company. Last month, Martha Stewart Living reported improved profits on the back of improved advertising in its publishing and Internet businesses, prompting a sharp recovery in the company's share price.

For his part, Mr. Bacanovic agreed to pay $645 in disgorgement and a civil penalty of $75,000. The commission has already barred Mr. Bacanovic from working as a broker-dealer.

In the original complaint filed by the S.E.C. in June 2003, regulators claimed that Ms. Stewart received an illegal tip from Mr. Bocanovic, her broker at the time. The commission said he told her that one of his clients, Samuel Waksal, then the chief executive of ImClone Systems, was selling his stock in the company. Ms. Stewart sold her holdings of ImClone stock at a profit shortly after.

In a subsequent criminal trial, Mr. Bacanovic and Ms. Stewart were both convicted of obstructing the investigation into their trading activities. During that period, the civil case was frozen, and it was not until last month that the stay was lifted, allowing regulators to pursue the original claim.

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Martha Stewart Settles With SEC (FINDLAW/AP)

AP, August 8, 2006

(AP) - WASHINGTON-Martha Stewart will pay about $195,000 and cannot serve as the director of a public company for five years under a settlement announced Monday on civil insider trading charges with the Securities and Exchange Commission.

Under the settlement, the founder of a multimedia empire dedicated to stylish living agreed to pay a total of about $195,000 relating to losses the government said she avoided on her sale of ImClone Systems Inc. stock in December 2001.

Stewart sold ImClone shares a day before the Food and Drug Administration announced it had declined to review ImClone's application for its cancer drug Erbitux. The stock fell about 16 percent in the wake of that FDA announcement.

She also agreed to an injunction barring her from being a director of a public company for five years.

Her broker Peter Bacanovic agreed to pay a penalty totaling about $75,000, the SEC said Monday. In a previous order, the SEC barred Bacanovic, a former Merrill Lynch employee, from associating with a broker, dealer or investment adviser.

Stewart is the founder of Martha Stewart Living Omnimedia Inc. Its shares rose 12 cents to $17 in morning trading on the New York Stock Exchange.

S.E.C. Decides It Won't Appeal On Hedge Funds (NYT/AP)

By The Associated Press

The New York Times, August 8, 2006

WASHINGTON, Aug. 7 (AP) — The Securities and Exchange Commission said on Monday that it would

not challenge a federal appeals court ruling that overturned its new rules for the oversight of hedge funds.

Because the appellate court's decision was based on several grounds and was unanimous, "further appeal would be futile and would simply delay and distract from our goal of advancing investor protection," the S.E.C.'s chairman, Christopher Cox, said in a statement.

But as early as this week, the S.E.C. will introduce an antifraud rule under the Investment Advisers Act that would require more information on hedge fund investors. "At my direction," Mr. Cox said, "commission staff are also considering whether we should increase the minimum asset and income requirements for individuals who invest in hedge funds."

Mr. Cox has pushed for emergency regulations on hedge funds, which are high-risk investment pools that have catered to institutions and very wealthy individuals but are increasingly attracting investors with less ability to tolerate risk.

The S.E.C. regulations overturned by the court had required most hedge fund managers to register with the agency, thereby opening the funds' books to S.E.C. examiners.

In its decision on June 23, the United States Court of Appeals for the District of Columbia Circuit sent the oversight program, which sharply divided the five commissioners when it was adopted in October 2004, back to the agency to be reviewed.

A three-judge panel of the appeals court found that the S.E.C.'s new rules had contorted the legal definition of who could be considered a client of a hedge fund. The agency had previously considered the funds themselves to be the clients, as opposed to the investors in them. The new rules changed the definition of clients to the investors.

SEC To Redo Hedge-Fund Rules Instead Of Appealing Rejection (WSJ)

By Judith Burns

The Wall Street Journal, August 8, 2006

WASHINGTON -- The Securities and Exchange Commission announced it won't appeal a court ruling that rejected its efforts to regulate hedge-fund advisers, and said it would issue new rules and guidance possibly as early as this week.

In a statement, SEC Chairman Christopher Cox said top lawyers at the agency concluded an appeal would be "futile." Instead, the agency will focus on new rule making and staff guidance to address fallout from the court's ruling.

The decision, which was expected, puts Mr. Cox in a position to stake out how the agency will proceed amid calls by some for state action or new federal legislation. The previous rules had been pushed through by Mr. Cox's predecessor, William Donaldson.

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Mr. Cox said the SEC will propose an antifraud rule that would deem hedge-fund investors to be clients, reversing a side effect of the court's decision that regulators worried might undercut investor protections, and will consider increasing minimum asset and income requirements for hedge-fund investors.

Mr. Cox said SEC staffers plan to issue other guidance that will help hedge-fund advisers who are already registered with the SEC to stay registered. He noted the agency will continue to enforce federal securities laws when it finds wrongdoing.

A three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit rejected the SEC's hedge-fund rule as "arbitrary" in a June 23 decision that sent it back to the SEC for reconsideration.

Hedge funds, which are investment pools aimed at wealthy individuals and institutions, have traditionally been lightly regulated. While the controversial SEC rule didn't directly regulate hedge funds, it mandated registration for advisers with 15 or more clients.

CRIMINAL LAW:

VA: Data For 38,000 Veterans Missing (AP-Y)

By Hope Yen, Associated Press Writer

AP, August 8, 2006

As many as 38,000 veterans may be at risk of identity theft because a Veterans Affairs Department subcontractor lost a desktop computer containing their sensitive personal data.

VA Secretary Jim Nicholson said that Unisys Corp., a subcontractor hired to assist in insurance collections for VA medical centers in Philadelphia and Pittsburgh, reported the missing computer last Thursday. The computer was being used in Unisys offices in Reston, Va.

It is not yet known what happened to the computer, Nicholson said, adding that local and federal authorities are investigating.

The computer is believed to contain names, addresses, Social Security numbers, dates of birth, insurance carriers and claims data including medical information for veterans who received care at the hospitals in Philadelphia and Pittsburgh during the past four years.

According to initial estimates, the data covered about 5,000 patients treated at Philadelphia, 11,000 treated at Pittsburgh and 2,000 deceased patients. The VA is investigating whether the information also may have covered 20,000 who received care through the Pittsburgh medical center.

Unisys spokeswoman Lisa Meyer said company officials were investigating and declined to say whether a particular employee had been using the computer.

The computer was located in a building and floor where security procedures were in place for access, and there were no signs of a break-in, she said. The computer was password protected, but the data was not encrypted.

The disclosure comes after a string of recent data breaches at the VA, including the May 3 theft of 26.5 million veterans' personal data from a VA employee's home in suburban Maryland. The laptop and external drive containing that information has since been recovered, and two teens were arrested Saturday as part of what appeared to be a routine burglary.

In recent weeks, the VA has also acknowledged losing sensitive data for more than 16,000 veterans in at least two other cases in Minneapolis and Indianapolis.

Nicholson said in a statement Monday that the VA was working with Unisys to notify those veterans affected and to provide credit monitoring if appropriate.

"VA is making progress to reform its information technology and cyber security procedures, but this report of a missing computer at a subcontractor's secure building underscores the complexity of the work ahead," Nicholson said.

Lawmakers were critical of the VA. Rep. Lane Evans, the top Democrat on the House Veterans' Affairs Committee, called the latest data breach "yet another wake-up call."

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"Today's announcement by the VA that sensitive personal information of veterans was compromised by a VA subcontractor last week confirms that the VA must move quickly to protect the information it maintains on veterans and their families," Evans said.

"I am absolutely appalled that another computer containing the personal information of veterans has gone missing," said Sen. Rick Santorum, R-Pa. "Those responsible must be held accountable and the VA clearly needs to do a better job of overseeing its contracting entities."

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On the Net:

Department of Veterans Affairs: http://www.va.gov/

Computer With Data On 38,000 Veterans Is Missing (NYT/AP)

By The Associated Press

The New York Times, August 8, 2006

As many as 38,000 veterans may be at risk of identity theft after a subcontractor at the Veterans Affairs Department lost a desktop computer containing personal data. Veterans Affairs Secretary Jim Nicholson said that the subcontractor, the Unisys Corporation, reported the missing computer on Thursday. Local and federal authorities are investigating, Mr. Nicholson said. The disclosure comes after a string of data breaches at the department, including the May 3 theft of a laptop containing data on 26.5 million veterans.

More Veterans' Data At Risk After Computer Disappears (USAT)

By Mark Memmott

USA Today, August 7, 2006

Information on about 38,000 patients in the Department of Veterans Affairs system is at risk because a desktop computer is missing at one of the VA's subcontractors, the department announced today.

The computer was at the Reston, Va., office of Unisys Corp. According to the VA,

it had stored in it records on approximately 5,000 Philadelphia-area patients, 11,000 Pittsburgh-area patients and "approximately" 2,000 deceased patients. In addition, the VA said, "the computer may have contained information on approximately another 20,000 people who received care through the Pittsburgh medical center."

As the Associated Press reports, "the disclosure comes after a string of recent data breaches at the VA, including the May 3 theft of 26.5 million veterans' personal data from a VA employee's home in suburban Maryland. The laptop and external drive containing that information has since been recovered, and two teens were arrested Saturday as part of what appeared to be a routine burglary."

Second Veterans Affairs Computer Missing (WP)

By Christopher Lee, Washington Post Staff Writer

The Washington Post, August 8, 2006

Data on 38,000 Patients at Pa. Hospitals May Be Compromised

Another Department of Veterans Affairs computer is missing -- this one containing the personal information of as many as 38,000 patients at VA hospitals in Pennsylvania, the department said yesterday.

The FBI and the VA inspector general are investigating the disappearance last week of a desktop computer from the Reston office of Unisys Corp., a subcontractor that assists in insurance collections for VA medical centers in Philadelphia and Pittsburgh, VA Secretary Jim Nicholson said in a statement. Local police also are working the case.

Unisys notified VA on Thursday, and the department dispatched a team to investigate what happened and what information may have been compromised.

Early indications are that the missing records involve veterans treated in the past four years at the two Pennsylvania medical centers, including 5,000 patients in Philadelphia and 11,000 in Pittsburgh, as well as 2,000 other patients who have died,

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Nicholson said. VA also is investigating whether the computer contained information on 20,000 other veterans treated in Pittsburgh.

The computer is believed to have contained unencrypted patients' names, addresses, Social Security numbers, birthdates, insurance information, dates of military service and claims data that may include medical information, the department said.

Users need a password to gain access to the computer, which was in a cubicle in an area where identification badges are required, according to VA officials.

The data breach follows the disclosure in May that a laptop and an external hard drive containing sensitive personal information on 26.5 million veterans and active-duty military personnel had been stolen from the home of a VA analyst. Authorities later recovered the computer equipment and said the data had not been accessed. Police charged two men with the theft Saturday and said it appears to have been an ordinary burglary.

Joe Davis, a spokesman for the Veterans of Foreign Wars, a veterans service organization with 2.4 million members, said his group learned of the theft Friday evening. "The VFW is insisting that the administration pay for a free credit-monitoring service for those thousands of veterans who may be at great risk to identity theft and fraud through no fault of their own," Davis said.

Edward Davies, a managing partner a Unisys Federal Systems, said the company would offer free credit monitoring to veterans but it had not determined how long the service would last or who would provide it.

"We've been analyzing the various mechanisms to get that in place and talking to the major providers of those services," Davies said. "We do not have anybody under contract yet. We're getting close."

A Lie Kept 2 Charged In VA Data Theft Free (WP)

By Ernesto Londoã±o

The Washington Post, August 8, 2006

The two men accused of stealing computer equipment with the personal information of millions of veterans remained free several weeks after the laptop and external hard drive were recovered in June because the person who turned them in initially lied to detectives, according to Montgomery County police.

The informant received $10,000 in reward money before the arrest of the alleged burglars, according to a law enforcement source. The source asked not to be identified because the source was not authorized to discuss the reward money.

Authorities offered $50,000 for information that led to the recovery of the data. A federal investigator involved in the case said no decision had been made about whether to pay the remainder of the $50,000 reward -- or, conversely, whether to seek the return of the $10,000 paid already. One concern, he said, is that people continue to see offers of police rewards as credible.

Authorities paid the tipster the partial reward despite questions about the person's story because their priority was tracking down the burglars and establishing that the veterans' data had not been compromised. They also wanted to help solve a rash of burglaries in Montgomery, said the federal investigator, who asked not to be named because he was not authorized to speak on the record about the case.

FBI spokeswoman Michelle Crnkovich declined to comment on the reward last night. VA spokesman Matt Burns referred questions to the VA inspector general's office. A spokeswoman for the inspector general could not be reached for comment yesterday evening.

The temporary loss of the data has been described as the largest breach of sensitive government data in history. Authorities have said the data weren't accessed. The equipment, which police believe was taken during a routine burglary, had a database that contained personal information, including names, birthdates and Social Security numbers, for as many as 26.5 million veterans and active-duty military members. The VA has said it will fire the analyst whose home was burglarized for taking the sensitive data home without authorization.

The informant, whom police did not identify, turned over the laptop and hard drive to police June 28 and told authorities he or she had purchased the items, according to a charging document.

"This confidential source provided a false statement about how he/she came into possession of the items," Det. Mark Hayden wrote in the charging document.

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Detectives requested a second interview with the source, who met them voluntarily at the county police station in Wheaton on Aug. 4.

"There he/she recanted the original statement and provided information as to the suspects involved in the burglary," Hayden wrote.

Based on the information the informant provided, police arrested Jesus A. Pineda, 19, and Christian B. Montano, 19, who live in the 13000 block of Grenoble Drive in Rockville. The source told detectives that a juvenile had also participated in the burglary. The third suspect, in custody in connection with an unrelated case, was not identified by police because he is a minor.

The two adult suspects made brief appearances before a Montgomery County District Court judge yesterday. Pineda's bond hearing was rescheduled for today because he hadn't been interviewed by the agency that screens new inmates. District Court Judge Stephen P. Johnson set Montano's bond at $50,000. Both men are charged with burglary and theft.

The men said little during their brief court appearances yesterday. A Spanish-speaking interpreter told Pineda what he was being charged with. Speaking without a trace of an accent, Pineda asked: "Would you be able to speak to me in English?"

Two women who sat together in court and said they were related to the men declined to comment.

Embattled Rep. Ney Won't Seek Reelection (WP)

By Jonathan Weisman

The Washington Post, August 8, 2006

Rep. Robert W. Ney (R-Ohio), the subject of a federal corruption investigation involving convicted lobbyist Jack Abramoff, yielded to pressure from Republican leaders and announced yesterday that he will not seek election to a seventh House term this November.

House Majority Leader John A. Boehner (R-Ohio) met with Ney last week to urge him to step aside, reminding him that with a son in college and a daughter nearing college age, he will need money, according to several congressional Republican aides. If he lost his House seat for the party, Boehner is said to have cautioned, Ney could not expect a lucrative career on K Street to pay those tuition bills, along with the hundreds of thousands of dollars in legal fees piling up.

"Ultimately this decision came down to my family. I must think of them first, and I can no longer put them through this ordeal," Ney said in a one-paragraph statement.

Ney, 52, became the third House Republican to fall before the wide-ranging federal investigations into influence-peddling and bribery in Congress.

Rep. Randy "Duke" Cunningham (R-Calif.) pleaded guilty to accepting more than $2.4 million in bribes from defense contractors. Former majority leader Tom DeLay (R-Tex.) resigned from the House in June after two former aides pleaded guilty to corruption charges. And Ney has been implicated in four successive guilty pleas by lobbyists who told prosecutors they had lavished gifts on the former House Administration Committee chairman in exchange for official favors.

With a critical midterm election just 92 days away, GOP leaders are moving aggressively to cut the party off from scandal-plagued candidates and hoping the taint does not spread.

But Democrats and their allies are working just as hard to tar Republicans broadly with what they have labeled a "culture of corruption." An advertising campaign by the liberal advocacy group MoveOn.org has accused four other Republican House members of being in the pockets of oil companies. Recent polls show that two of those Republicans, Reps. Thelma D. Drake (Va.) and Chris Chocola (Ind.), have fallen behind their Democratic challengers.

Democrats moved quickly yesterday to tie Ney's handpicked successor to Ney and Ohio's scandal-scarred Republican governor, Bob Taft.

The race to succeed Ney will test whether a scandal "can still cause collateral damage," said Amy Walter, a House political analyst at the nonpartisan Cook Political Report. "Less than 100 days before the election, are the views of Ohio voters on Congress, on Republicans, already calcified, regardless of their views on the individual candidates on the ballot?"

No other congressional Republican was in as much legal jeopardy as Ney, who was labeled "Representative No. 1" in the guilty pleas of Abramoff and three co-conspirators, including longtime Ney chief of staff Neil G. Volz.

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Court documents say Ney helped secure government contracts, pressed the gambling interests of Indian tribes and helped stave off minimum-wage legislation for a garment maker in the Northern Mariana Islands, all at Abramoff's behest. Ney made floor speeches and inserted helpful statements in the Congressional Record.

In exchange, Abramoff and his associates lavished Ney with a golf vacation to Scotland, a trip to the Fiesta Bowl in Arizona, restaurant meals and entertainment, including tickets to a U2 concert. Ney has not been charged with any crime.

Pushed by House Speaker J. Dennis Hastert (R-Ill.), Ney gave up the chairmanship of the Administration Committee in January. In May, Volz confessed that he and other Abramoff associates had conspired "to unjustly enrich themselves by . . . providing, while lobbyists, a stream of things of value with the intent to influence and reward official acts."

In late June, three senior Ney aides departed en masse, while a fourth aide was ordered by federal prosecutors to turn over documents and testify before a federal grand jury on Ney's ties to Abramoff.

A major report by the Senate Indian Affairs Committee that month strongly suggested that Ney had lied to committee investigators, a charge now under review by the Justice Department.

Boehner, National Republican Congressional Committee Chairman Thomas M. Reynolds (R-N.Y.) and other House Republican leaders made it clear this spring that Ney would receive no financial backing from the party in his re-election bid.

Ney was finding it difficult to raise money in his poor, largely rural district, and Washington was drying up as a source for campaign cash. But party leaders had begun to despair that Ney would not yield to pressure to drop out of the race.

Then, last week, the Democratic Congressional Campaign Committee began spending more than $1.5 million on Democrat Zack Space's campaign to unseat Ney. Had the DCCC waited two more weeks, House GOP aides said, Ohio's deadline to replace Ney's name on the ballot would have passed.

But once Boehner saw reports of the Democratic spending, he met with Ney last week and forcefully argued with his longtime Ohio colleague that it was in his family's best interest to step down.

Ney's attorneys, Mark H. Tuohey and William E. Lawler, issued a separate statement saying his decision was driven by politics and family, not by legal considerations. They restated their contention that "there is no credible basis to charge him with a violation of law."

"He recognizes that the ongoing investigation has created a tremendous amount of media speculation and has become an issue in the current race," the lawyers said. "Congressman Ney wants the voters of his district to be able to have an election focused on issues and not distractions, and for that reason, he has taken his name off the ballot."

Ney moved quickly to anoint Ohio state Sen. Joy Padgett as his successor on the ballot, a position she quickly accepted, although she could face a primary challenge. Reynolds called the district "ruby red," predicting that voters who gave President Bush 57 percent of their votes in 2004 would easily elect a Republican to succeed Ney.

Democrats' experience with the election to replace Cunningham underscores the difficulty of condemning the entire Republican Party with the sins of one member. With Cunningham in jail, Democrat Francine Busby made corruption the centerpiece of her campaign against Brian Bilbray, a Republican lobbyist and former House member. Yet she lost to Bilbray in a special-election runoff in June and was barely able to improve on Sen. John F. Kerry's 2004 showing in the San Diego district.

Democratic challenger Space's entire campaign was built around Ney's legal problems, according to Walter, the political analyst. Now Space, a relative neophyte in politics, will have to retool his campaign while the Republicans rebuild theirs.

"This has allowed the Republicans to at least change the argument," said Walter, who for now will keep the race rated a tossup. "They will be fighting on more even political terrain."

Ohio Republican Tied To Abramoff Will Retire (NYT)

By Philip Shenon

The New York Times, August 8, 2006

WASHINGTON, Aug. 7 — Representative Bob Ney, an Ohio Republican entangled in the corruption scandal centered on the former lobbyist Jack Abramoff, announced Monday that he would abandon his bid for re-election.

The Justice Department has signaled for months that criminal charges against Mr. Ney, and possibly other Republican members of Congress and aides who were close to Mr. Abramoff, were only a matter of time.

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"Ultimately this decision came down to my family," Mr. Ney said in a statement announcing his decision not to seek a seventh term. "I must think of them first, and I can no longer put them through this ordeal."

The Justice Department's investigation of Mr. Abramoff's lobbying operation has left Republicans on the defensive in a year in which the control of the House could come down to a relative handful of races. In withdrawing two weeks before the deadline for replacing him on the ballot, Mr. Ney gave his party a better shot at hanging on to his seat, political strategists said.

Mr. Ney is the latest political casualty of the Abramoff case. Mr. Abramoff pleaded guilty in January to conspiring to corrupt public officials, including members of Congress, and is cooperating with prosecutors.

Two former top aides to Tom DeLay, the former House majority leader, have also reached plea agreements with the government in the case. Mr. DeLay, who is under indictment in Texas in an unrelated case, resigned from Congress this year partly because the Abramoff case had made him an even bigger political target for Democrats.

Mr. Ney's former chief of staff pleaded guilty in May to conspiring with Mr. Abramoff to provide Mr. Ney with illegal gifts, including a 2002 trip to Scotland that allowed the lawmaker to golf at the fabled course at St. Andrews. Another of Mr. Abramoff's guests on that trip, David Safavian, a former White House budget official, was convicted in June of lying to investigators about his relationship with the lobbyist and the circumstances of the trip.

The influence-peddling scandal appeared to claim another prominent victim last month when Ralph Reed, the former Christian Coalition leader, was defeated for the Republican nomination for lieutenant governor of Georgia. His opponent highlighted the millions of dollars in lobbying fees that Mr. Reed had received, directly or indirectly, from Indian tribes represented by Mr. Abramoff.

Mr. Ney has insisted that he was "duped" by Mr. Abramoff and that he never took official actions in Congress in reaction to gifts from the lobbyist.

But a timeline established by federal prosecutors and investigators for the Senate Indian Affairs Committee showed that Mr. Ney had taken actions in support of Mr. Abramoff and his clients, including placing information into the official Congressional record, at times when the lobbyist was soliciting his clients to make large campaign donations to Mr. Ney.

As recently as last week, Mr. Ney, 52, insisted to aides that he would not resign from Congress, even if indicted, and that he would press on with his re-election campaign. So the timing of his announcement Monday took some Republican leaders in Washington by surprise.

Party officials said House leaders had been pressuring Mr. Ney for months to step down from Congress for the good of the party, to allow a strong Republican candidate to emerge in time for the November elections.

It was not clear if the timing of the announcement was related to an Ohio state law that requires a primary election if a Congressional candidate withdraws from the race or dies more than 80 days from the election — in Mr. Ney's case, Aug. 21.

If he waited until after that date, Mr. Ney might have been forced to keep his name on the ballot over his objections, a situation faced by Mr. DeLay in Texas. State and federal courts have said that Mr. DeLay cannot withdraw his name from the Texas ballot, and on Monday the Supreme Court refused to overturn those decisions.

Ohio electoral officials are expected to announce a date for a new primary soon.

Joy Padgett, a Republican state senator from Mr. Ney's district, announced Monday that she would seek to replace him on the ballot. She told reporters there that Mr. Ney had telephoned her over the weekend with news that he was pulling out of the race and wanted her to run. Republican officials said she had also been contacted by Representative John A. Boehner of Ohio, the House majority leader, and encouraged to enter the race.

Although he won 68 percent of the votes in the Republican primary in May, Mr. Ney had been expected to face a difficult race in November.

The Democratic candidate, Zack Space, a municipal official from Dover, said in a statement that voters should be wary of a replacement candidate who had been "handpicked" by Mr. Ney.

"Bob Ney represented the culture of corruption in Washington," Mr. Space said through a spokesman. "We need new priorities and new leadership."

The scandal had complicated fund-raising for Mr. Ney at a time when he needed to pay growing bills to criminal defense lawyers. His financial disclosure forms show that in the first three months of the year, Mr. Ney's campaign treasury had to spend

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thousands of dollars more than it had raised, largely because of legal fees. Mr. Ney's withdrawal allows him to convert what remains in his campaign treasury — $417,000 as of June 30 — to his legal defense.

Republican Party officials in Washington expressed relief over Mr. Ney's departure.

Other Republican incumbents are struggling on the campaign trail to explain their relationship to Mr. Abramoff, notably Senator Conrad Burns of Montana, who is considered vulnerable in November because of his ties to the lobbyist.

Lawmaker Ends Reelection Bid, Lifting GOP's Chances In House (CSM)

By Linda Feldmann

The Christian Science Monitor, August 8, 2006

WASHINGTON

Rep. Bob Ney has done the Republican Party a big favor. The embattled House member from Ohio's 18th Congressional District announced Monday that he will not seek reelection, a move that gives the GOP a fighting chance to hold on to his seat.

Nationally, Republicans face the strongest Democratic challenge for control of Congress since they took over in 1994, and every race is crucial.

Congressman Ney has been implicated in the influence-peddling scandal surrounding former lobbyist Jack Abramoff, and is under investigation by federal prosecutors. Until Monday, Ney had vowed to fight for reelection, even if indicted. In May he won his primary race with 68 percent of the vote, but early Monday Ney's campaign posted a statement on the Web announcing his withdrawal.

"Ultimately this decision came down to my family," Ney stated. "I must think of them first, and I can no longer put them through this ordeal."

Under Ohio election law, the party faced an Aug. 23 deadline to put a replacement candidate on the ballot. According to the Associated Press, state Sen. Joy Padgett has agreed to take Ney's place on the ballot. Senator Padgett told the AP that both Ney and House majority leader John Boehner(R) of Ohio asked her to run.

"Joy Padgett will be a very strong candidate," says Herb Asher, a political scientist at Ohio State University. "The Democrats will still try to make an issue of musical chairs, but it certainly is good news for the Republicans."

By dropping out before the deadline, Ney has avoided the situation faced by Republicans in Texas seeking to hold on to former Rep. Tom DeLay's seat. Mr. DeLay, another embattled Republican with legal troubles, resigned from Congress after winning his primary and has lost attempts in court to remove his name from the ballot. He is now appealing to the US Supreme Court, but in the meantime, former Rep. Nick Lampson (D) is running for the seat unopposed.

Ms. Padgett is well known in the district and will run against a Democrat, attorney Zack Space, who was not the first choice of his party's congressional campaign committee but who won the primary. Ohio's 18th Congressional District voted an average of 6 percentage points more Republican than the nation as a whole in the 2000 and 2004 presidential elections, according to the nonpartisan Cook Political Report.

Still, the Republican-controlled state government was roiled last year by a scandal involving the sale of old coins and the Ohio Bureau of Workers' Compensation, and Democrats remain hopeful that the toxic political environment there will work to their candidates' advantage.

Stuart Rothenberg, a nonpartisan political analyst, says the state GOP is in a "shambles," and while getting Ney off the ballot improves Republicans' prospects, the race will be tough. "You have a Republican candidate who will be running a general-election campaign in less than three months, so there are still a lot of challenges," he says. "But Ney was the proverbial albatross around the party's neck, and getting rid of that has to be a plus."

Meanwhile, Ney's legal woes appear to be deepening. Roll Call, a newspaper that covers Capitol Hill, reported Monday that the Justice Department is reviewing statements Ney made two years ago to the Senate Indian Affairs Committee, which could lead to a charge of lying to Congress.

Ohio Republican Tied To Ex-lobbyist Scraps House Run (USAT)

By Jill Lawrence

USA Today, August 8, 2006

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WASHINGTON — The political corruption scandal surrounding convicted lobbyist Jack Abramoff claimed another victim Monday when Ohio Republican Bob Ney said he would not run for a seventh House term.

House Democratic leader Nancy Pelosi of California called Ney's withdrawal "welcome news in our fight to end the Republican culture of corruption." Republicans, however, said their odds of holding Ney's heavily Republican district got better.

Joy Padgett, a state senator who represents many of Ney's constituents, declared her candidacy for a special primary election to be scheduled after Ney formally withdraws. The district is "ruby red" and sure to stay Republican, said Rep. Tom Reynolds of New York, head of the House Republican campaign committee.

The Justice Department is investigating allegations that Ney took gifts, trips and campaign donations from Abramoff and his clients in exchange for official actions. Ney denies wrongdoing and says he decided to spare his family. "I can no longer put them through this ordeal," he said in a statement.

Ralph Reed, a former Abramoff friend and associate, last month lost a primary race for lieutenant governor in Georgia.

Former House majority leader Tom DeLay, also associated with Abramoff, resigned his Texas seat to fight charges back home that he illegally funneled corporate funds to state legislative races. DeLay denies wrongdoing. Two former DeLay aides pleaded guilty in the Abramoff case.

Federal investigators have been looking into Abramoff-financed gifts, meals and trips accepted by lawmakers and aides, and official actions by lawmakers that have helped Abramoff clients. Ney's former chief of staff has pleaded guilty in the case.

More than 200 members of Congress, mostly Republicans, accepted campaign donations from Abramoff, his clients and political allies. Sen. Conrad Burns, R-Mont., who took about $150,000, was the top recipient. Burns says his efforts to help an Indian tribe represented by Abramoff were not influenced by contributions. He said last year the donations were legal but he would return them.

Ney said this summer that he would run whatever happened on the legal front and let his constituents decide his fate.

House Majority Leader John Boehner spoke with Ney and Padgett in the past few days as Ney was making his decision, said Boehner spokesman Kevin Madden. He said Boehner encouraged Padgett to run.

DeLay and Ney both won primaries earlier this year. DeLay has tried to get off the Nov. 7 ballot, but courts have agreed with Democrats who say his name must stay there.

Under Ohio law, Ney can withdraw by notifying the election board in his district's largest county at least 80 days before the general election.

Rep. Bob Ney Drops Re-election Bid (AP-Y)

By John Mccarthy

AP2, August 8, 2006

Republican Rep. Bob Ney abruptly abandoned his bid for re-election Monday, becoming the latest Capitol Hill figure to fall victim to the Jack Abramoff scandal.

The six-term congressman insisted in a statement that he was innocent and said he was acting for the sake of his family.

"I must think of them first, and I can no longer put them through this ordeal," he said.

He is the second congressman to announce his retirement in the fallout from the probe. Former Majority Leader Tom DeLay of Texas resigned from Congress earlier this year after being indicted on unrelated charges he illegally funneled corporate contributions to GOP candidates. He has also come under suspicion for links to Abramoff.

Other victims of the scandal include Ralph Reed, the former Christian Coalition leader with ties to Abramoff who lost his bid last month for the GOP nomination for lieutenant governor in Georgia.

Until his announcement, Ney had insisted that even if he were indicted he would run for a new term in the 18th Congressional District, a conservative region of farms, mines, Appalachian hills and Rust Belt cities in eastern and southern Ohio.

Ney has not been charged with any crimes, but court papers released from Abramoff's guilty plea to fraud and corruption charges detailed lavish gifts and contributions that Abramoff says he gave to an unnamed House member in return for official acts, including support of Abramoff's American Indian tribe clients in Texas. Officials have confirmed that congressman is Ney.

Ney and some of his aides, including Chief of Staff William Heaton, have been subpoenaed. Neil Volz, who was Ney's previous chief of staff, pleaded guilty in Washington in May, admitting he participated in a conspiracy to corrupt Ney, his staff and other members of Congress.

State Sen. Joy Padgett said she was prepared to run in a Republican primary to replace Ney. She told The Associated Press that Ney called her Saturday and asked her to run in his place.

Ohio GOP Chairman Bob Bennett said Padgett would be a formidable candidate and that he knew of no other Republicans interested in running.

Ohio law requires a primary if a candidate withdraws or dies more than 80 days before a general election. However, the county where Ney would file his official notice of withdrawal, Tuscarawas, had not received Ney's filing Monday. If Ney were to wait until after the 80-day cutoff — which would be Aug. 21 — there is a four-day window in which county party officials could appoint a replacement, said James Lee, spokesman for Secretary of State Ken Blackwell.

Ney spokeswoman Katie Harbath said the congressman was not available for comment.

Ney faced a tough general election challenge from Democrat Zack Space, municipal law director for the city of Dover, who had made the legal scrutiny of Ney a focus of his campaign. Space's campaign did not return a call seeking comment Monday.

Democrats must gain 15 seats this fall to take control of the House, and Republicans had long considered Ney to be one of their most vulnerable incumbents.

Several Republican officials said Ney had been prodded to quit the race by Rep. John Boehner, R-Ohio, the current majority leader, as well as other officials. They spoke on condition of anonymity, saying they were not authorized to discuss the details.

Ney had won at least 60 percent of the vote in the last four general elections, enjoying support from Republicans and Democrats.

By accident or design, the timing of Ney's announcement works to his financial benefit. Under federal law, he is allowed to use any leftover campaign funds to pay his rising legal bills. As of June 30, he had roughly $417,000 in the bank.

Ney Declines New Run For House (WT)

By Eric Pfeiffer

The Washington Times, August 8, 2006

Rep. Bob Ney announced yesterday that he will not seek a seventh term in November, a decision Republicans say was made to help ensure his Ohio seat stays in the party's hands.

Mr. Ney, who has been dogged by charges of corruption in the Jack Abramoff lobbying scandal, said in a statement that he had done nothing wrong but was withdrawing for his family's sake.

"I must think of them first, and I can no longer put them through this ordeal," he said. He was not otherwise available for comment.

Mr. Ney is the second Republican in Congress this year with close ties to Abramoff to announce he will not seek re-election. House Majority Leader Tom DeLay gave up his seat from Texas in June.

"Mr. Ney's departure from Congress is welcome news in our fight to end the Republican culture of corruption," said House Minority Leader Nancy Pelosi, California Democrat.

Mr. Ney and Republican Party officials reportedly have chosen state Sen. Joy Padgett as a replacement.

"Any Republican we put on the ballot will be able to represent the district better than a Democrat," said Ohio Republican Party spokesman John McClelland.

House Majority Leader John A. Boehner urged his fellow Ohio Republican to quit his race, said party officials who spoke with the Associated Press.

"This just shows you the arrogance of Boehner and Padgett," said Ohio Democratic Party spokesman Brian Rothenberg. "They think they can just replace Ney and keep the seat. This doesn't change the fact that corruption is an issue in Ohio."

Ohio Secretary of State spokesman James Lee told The Washington Times that Mr. Ney has not submitted the required paperwork making his withdrawal official, and Ohio Democratic officials say they will fight to keep Mr. Ney on the ballot.

"Let's just say there are a lot of our lawyers looking at it," said Ohio Democratic Party spokesman Brian Rothenberg.

Mr. Rothenberg said Mrs. Padgett is legally barred from running in the general election because of Ohio's "sore loser" statute, which prevents a candidate who has lost a primary election from appearing on a general election ballot the same year. Mrs. Padgett ran for lieutenant governor in Ohio's Republican primary in May.

"I'm not sure how they could ignore that," Mr. Rothenberg said.

Mr. Ney must file paperwork with the Tuscarawas County Board of Elections to make his withdrawal official. If the paperwork is filed within 80 days of the general election, state Republicans must hold a special primary to fill his spot on the ballot.

Mr. Lee said that if the paperwork is filed between 80 and 76 days of the general election, county officials in Mr. Ney's district could appoint his replacement directly. If Mr. Ney does not file the paperwork within 76 days of the election, he may be forced to remain on the ballot.

The Nov. 7 election is more than 90 days away.

If Mrs. Padgett's name is on the ballot, Democrats say, they will highlight the close ties between her and Mr. Ney.

"Bob Ney represented the culture of corruption in Washington and Joy Padgett represents the culture of corruption in Columbus," Joe Shafer, campaign manager for Democratic challenger Zack Space, said in a statement.

"I'm not sure I'd want Bob Ney's endorsement," Mr. Rothenberg said.

Mr. Space outraised the Ney campaign during the past quarter, the first time since he entered the race.

Representative #1 Steps Aside (WP)

The Washington Post, August 8, 2006

HE IS, IN THE guarded language of criminal indictments, "Representative #1." His former chief of staff has pleaded guilty to conspiring to corrupt the congressman's official actions, accepting gifts and trips to sway the lawmaker while still a Hill staffer and then, as a lobbyist, plying the congressman with more such goodies in exchange for his help. So, naturally, when Rep. Robert W. Ney (R-Ohio) announced yesterday that he would not -- contrary to earlier vows -- seek reelection, he cited his family. "I must think of them first, and I can no longer put them through this ordeal," Mr. Ney said in a statement.

Mr. Ney might have thought of his family earlier -- before, say, he hopped aboard lobbyist Jack Abramoff's chartered jet for an all-expenses-paid golf trip to Scotland. Or before he accepted, according to the guilty plea of his former chief of staff, Neil G. Volz, "regular food and drink at Abramoff's restaurants; numerous tickets to sporting events and concerts in luxury suites at the MCI Center, Camden Yards Stadium, and FedEx Field; and use of those suites during sporting events and concerts for campaign fundraisers."

Or before Mr. Ney, "in exchange for this stream of things of value," according to court documents, tried to insert a provision for one of Mr. Abramoff's tribal clients into a voting reform measure; secured a cellular telephone contract with the House of Representatives for another Abramoff client; helped the relative of a Russian client of the lobbyist obtain a visa; and met with the housing secretary to boost another Abramoff client.

Lawyers for the six-term House member termed his decision "a political and practical one and not a legal one," and indeed, in political and practical terms, the move may be a boon to the GOP: In a state plagued by corruption charges, Mr. Ney was facing a serious challenge from Dover city attorney Zack Space, a Democrat. Republican state Sen. Joy Padgett, who's been asked to run by Mr. Ney and House Majority Leader John A. Boehner (R-Ohio), may have a better chance at helping the party keep the traditionally Republican district. And it may diminish the salience of the corruption issue in Ohio, where the governorship and a U.S. Senate seat are also being contested in November.

But it won't change the squalid system that facilitated Mr. Ney's gross behavior. Congress left town for its long August break having done nothing to tighten rules on privately funded travel or other lobbyist-supplied benefits. The lobbying reform legislation produced by the House is a fig leaf for business as usual -- and, in any event, is mired in a yet-to-occur conference with the Senate. If those who control Congress really want to dispense with the corruption issue, they need to do more than dispense with one inconvenient race.

Cheers For Drug Deal Seen On Videos (BOS)

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By Shelley Murphy And Yvonne Abraham, Globe Staff

The Boston Globe, August 8, 2006

Tapes played in court show 3 Hub officers; defense assails case

A grainy black and white videotape played before a packed courtroom yesterday showed Boston police Officer Carlos Pizarro sipping champagne in North Miami, celebrating what federal prosecutors say was a just-completed drug delivery. A voice that authorities identified as Officer Roberto Pulido could be heard off-camera discussing plans for the Boston officers to take on even bigger shipments of cocaine and heroin in coming weeks.

``How much can you handle?" asked an undercover FBI agent posing as a drug dealer.

``What can be brought down . . . four, five, six?" Pulido said, referring to hundreds of kilograms of cocaine.

``We can do 500 [kilograms] of coke," the agent replied.

``That's what I wanna see," Pulido said.

On another tape prosecutors played, Officer Nelson Carrasquillo, in a hotel in Coral Gables, Fla., promised that he and the other officers wouldn't get flashy with the cash they are taking in from guarding drug shipments. He didn't want to involve anybody else and attract attention, Carrasquillo said.

``My thing is, I'd rather keep it like this," he was recorded telling an undercover FBI agent. ``I don't want to bring too many people in, too many people knowing our business. Like you said, we run a chance of someone turning into Al Capone."

The tapes were played before the distraught families and supporters of the three officers, who were arrested last month in a corruption case that has rocked the Boston Police Department. All three were arrested after the Coral Gables meeting July 20 and charged with conspiracy to possess with intent to distribute 100 kilograms of cocaine.

At the outset of yesterday's bail hearing, lawyers who were retained by Pulido and Pizarro over the past few days said they were unprepared to counter the government's request to jail the officers without bail. US Magistrate Judge Joyce London Alexander agreed to continue their hearings until Aug. 18. After going forward with Carrasquillo's hearing, she took the question of bail under advisement.

All three are in federal custody, though prosecutors did not disclose where.

After the hearing, a lawyer for Pulido, 41, the alleged ringleader, denounced the case as a ``witch hunt."

Defense lawyer Rudy Miller described a witness who is cooperating with prosecutors and who was central to the 2 1/2-year investigation of the officers, as a drug dealer, a murder suspect, and ``an absolute scoundrel."

``Obviously, he is in trouble himself and looking to set up other individuals and escape whatever charges he was facing," Miller said.

Miller said reports that Pulido has cooperated with authorities since his arrest are not true.

``He maintains his innocence and looks forward to defending these charges," Miller said.

Miller also said it was ``absolute nonsense" that Pulido, as federal prosecutors allege, was paid $600 a night to protect illegal after-hours parties above a Hyde Park automotive garage and boasted that he gave money to superiors in the Boston Police Department.

Pulido came to the attention of investigators after his name surfaced in a probe of an identity theft operation in 2003, prosecutors say. A person involved in that operation cooperated with federal investigators, and the probe expanded. Investigators say they found that Pulido was involved in a range of criminal activities, including insurance fraud, the after-hours club, and planting evidence.

In court yesterday, FBI Special Agent Michael Kreizenbeck testified that, after Pulido's arrest, the 10-year veteran officer confessed that he knew he was being hired to protect shiploads of cocaine and had carried his Boston police badge, radio, and firearm while guarding the drugs. Pulido said he had done it, the FBI agent testified yesterday, because he was ``getting back at the Boston Police Department" after he tested positive for cocaine in a department-ordered drug test in 1999 that he felt was inaccurate.

As the FBI agent testified, Pulido shook his head in disagreement. His lawyer said Pulido maintains that he never used illegal narcotics and that his 1999 drug test was doctored.

All three officers were led into US District Court in Boston yesterday morning in prison uniforms, shackled and handcuffed, each of them looking grim.

The small courtroom was packed early with FBI agents, Boston police officers who had assisted the investigation, and the officers' family and friends. About two-dozen supporters of the officers waited in the hallway.

Carrasquillo's wife of 14 years, Sandra, sat in the front row with the couple's 13-year-old son, and Carrasquillo's father and brothers. She mouthed, ``I love you" to her husband.

While yesterday's testimony included evidence against all three officers, the proceedings focused on Carrasquillo, 35, because his lawyer was prepared to argue for his release on bail. The lawyer, Stephen Neyman, argued that his client is a solid member of the Dorchester community and not a flight risk. Carrasquillo's father-in-law, who is a minister, offered to give him a job at a Dorchester church if he is released, the lawyer said.

Neyman said his client had received five commendations while serving on the police force, which he joined seven years ago.

Assistant US Attorney Jeffrey Auerhahn told the judge that Carrasquillo is a flight risk because of the seriousness of the crime.

``He has a pretty good chance of spending the rest of his life in prison or a pretty good chunk of that," Auerhahn said.

Pizarro's lawyer, Jeffrey Denner, told reporters that Pizarro, 36, of Dorchester is entitled to be released and will be mounting a strong defense.

The three were arrested after each officer allegedly accepted $12,000 at the Coral Gables meeting for escorting a shipment of what they thought was 100 kilograms of cocaine from Western Massachusetts into Boston June 8. Prosecutors allege that Pulido provided his Jamaica Plain garage as a venue for the transfer of the drugs between undercover agents posing as buyer and seller.

On the videotape, the agents told the officers that their upcoming deals would bring them many more tens of thousands of dollars. They would be paid $250,000 for escorting 500 kilograms of cocaine, they were told, and $15,000 for 5 kilograms of heroin. On the video, the officers appeared enthusiastic about their new deal.

The agent urged Pulido and Pizarro not to be showy with their new wealth. ``I have stressed that already to them, to the guys," Pulido said.

Videotape Allegedly Shows Boston Police Talking About Drug Deals (AP)

By Denise Lavoie

AP, August 8, 2006

On the videotapes, three Boston police officers can be heard chatting about a shipment of cocaine they were being paid $50,000 to protect for people they believed were drug dealers.

The officers also talk about guarding bigger and more lucrative cocaine shipments, and agree to branch out into heroin.

But the "drug dealers" in the conversations were actually undercover federal agents, and the three officers were later arrested on drug conspiracy charges.

Prosecutors played excerpts from two videotapes in court Monday as they asked a judge to hold one of the officers without bail while he awaits trial.

Roberto Pulido, 41, Carlos Pizarro, 36, and Nelson Carrasquillo, 35, were charged in Miami last month after they allegedly accepted a $35,000 payment from undercover FBI agents.

Prosecutors have asked that all three officers be held without bail. U.S. Magistrate Judge Joyce London Alexander did not immediately issue a decision after holding a detention hearing for Carrasquillo on Monday. A hearing for Pulido and Pizarro was postponed until August 18.

Federal prosecutors said the three officers went to Miami to celebrate their successful drug transaction and to discuss further deals. Authorities described Pulido as the ringleader and said he was involved in a broad range of other illegal activities, from identity theft to smuggling illegal immigrants to selling steroids.

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On the first of two videotapes played in court Monday, an undercover agent talks about two cocaine shipments of 40 kilograms and 100 kilograms the officers allegedly protected, then tells Pulido and Pizarro, "We are looking to do big numbers. How much can you handle?"

After the undercover agent tells Pulido they can send 500 kilograms of cocaine, Pulido replies, "That's what I wanna see."

When the same agent asks Pulido if he and his partners can also protect a heroin shipment, Pulido replies, "Yeah, I'll hook you up."

During the meeting, the undercover agents and Pulido do most of the talking. Pizarro says very little and shows apparent deference to Pulido. When one of the agents asks Pizarro if he has any problem with the plans to protect a heroin shipment, Pizarro replies, "No, no, no. If it's O.K. with Pulido."

In the second video, an undercover agent is heard going over details of the plans to ship both cocaine and heroin with Carrasquillo.

U.S. Attorney Jeffrey Auerhahn, in arguing for Carrasquillo to remain locked up pending trial, cited a conversation in which Pulido says he and Carrasquillo were concerned about whether they could trust one of the associates in the plan. Pulido said that he and Carrasquillo had agreed that "if it (the operation) goes dirty, the only thing we can do is ... take out his (associate A's) children," according to an arrest warrant affidavit.

Carrasquillo's lawyer, Stephen Neyman, said Pulido made the remarks to a witness who was working with the FBI on the sting operation, and said there is no evidence that Carrasquillo had agreed to it.

"It's again bravado, and it's all attributable to Mr. Pulido and not to my client," Neyman said.

FBI Special Agent Michael Kreizenbeck said that Pulido told investigators after his arrest that he knew he was protecting drug shipments and that he was "getting back at the Boston police department" after he testing positive for drug use several years ago.

Pulido's lawyer, Rudy Miller, said after the hearing that prosecutors have based much of their case against Pulido on the word of a witness whom he characterized as a "major drug dealer and a suspected murderer" and "the lowest of the low."

"We're of the belief that Mr. Pulido was in fact investigating the cooperating witness," said Miller.

Prosecutors Unveil Damning Videotape Of Suspect Cops: 'Yeah, I'll Hook You Up' (BOSH)

By Kimberly Atkins

Boston Herald, August 8, 2006

In one of two videos shown by prosecutors during a court hearing for accused cops Roberto "Kiko" Pulido, 41, Carlos Pizarro, 36, and Nelson Carrasquillo, 35, a man identified by authorities as Pulido can be heard agreeing to guard a shipment of 500 kilograms of cocaine, plus 5 more kilograms of heroin at $3,000 per kilo, saying "Yeah, I'll hook you up."

In the other video, feds say, Carrasquillo tells an undercover federal agent he also would protect the shipment of contraband and would involve only those he trusted, because "too many people knowing our business (increases the) chance of someone turning into Al Capone."

The troubling tapes were the focal point of a probable-cause and bail hearing in federal District Court yesterday morning, where the men appeared wearing brightly colored prison wear.

U.S. Magistrate Judge Joyce London Alexander postponed hearings on Pizarro and Pulido until Aug. 18, but found probable cause for federal prosecutors to move against Carrasquillo, a ruling his attorney said was no surprise.

But lawyer Stephen Neyman said his client should be released pending trial. "He has strong ties to the community," Neyman said after the hearing. "He's got a family here and a house here. There is no risk of him fleeing and there is no danger to the community."

Prosecutors disagreed, saying the seriousness of the charges makes Carrasquillo a flight risk. Alexander took the matter under advisement.

Pulido's attorney, Rudy Miller, said the charges against his client, which include paying superiors to keep quiet, were trumped-up accusations based on the testimony of a single witness, a man Pulido was investigating in a murder case.

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"Nonsense, absolute nonsense - this is a witch-hunt," Miller said. He said the government is relying on an affidavit he called "70 percent" incorrect and heavily reliant on the testimony of a suspected murderer, whom he declined to name.

"What appears to have happened is (prosecutors) interviewed the corroborating witness and then put that information into the affidavit," he said. "It's almost hearsay. It's almost totem-pole hearsay."

Cops Caught On Tape (BOSH)

Boston Herald, August 8, 2006

Excerpts from the transcript of video evidence from a July 19 North Miami Beach, Fla., conversation federal officials say took place between accused BPD cops Roberto Pulido and Carlos Pizarro and undercover FBI agents. It was shown by prosecutors in court yesterday:

BPD arrests:

Undercover FBI agent: . . . Our first deal we did the 40 keys (kilograms) of coke. Then we did the 100 keys of coke. We are looking to do big numbers. How much can you handle?

Pulido (from off camera): What can be brought down?

Agent: You tell me.

Pulido: Four, five, six?

Agent: That's how much we could bring down.

Pulido: Really?

Agent: We can do 50 keys of coke.

Pulido: That's what I wanna see.

Agent: OK, we could do 500 at the same price, there here's another thing that I wanted to ask you guys. Could you guys also move some heroin for us? We've got 5 keys, but the pay is $3,000 per key. . .

Pulido: Yeah, I'll hook you up.

Agent: . . . So, good. (To Pizarro) Do you have any problems with that?

Pizarro: No, no, no. If it's OK with Pulido.

Separate video of a July 20 conversation in Coral Gables, Fla., allegedly between an undercover agent and Carrasquillo:

Agent: For all of us, uh, uh, nobody wants to (expletive) get caught, with 500 keys of coke, and 5 keys of heroin.

Carrasquillo: (Laughing and nodding) Exactly, exactly.

Agent: You know what I mean . . . That's why we are dealing with people like you, cause you guys are responsible and have a lot to lose, just like we do. So if you got people that you know, that are like you, you know, no problem ...

Carrasquillo: Right. See my thing is, I'd rather keep it like this, I don't want to bring too many people in, too many people knowing our business, like you said we run a chance of someone turning into Al Capone.

Boston Police Officers Appear In Court (WCVB)

By Gail Huff

WCVB-TV Boston, August 8, 2006

BOSTON -- Three Boston police officers who are facing federal corruption charges appeared in court Monday.

NewsCenter 5's Gail Huff reported that Roberto Pulido, Carlos Pizarro and Nelson Carrasquillo were arrested last month in Miami as part of an FBI sting operation. They allegedly went to Florida to collect money from undercover FBI agents the officers allegedly thought were drug dealers.

In court Monday, videotapes taken by undercover FBI agents were played that showed the officers speaking to the agents. Prosecutors said that the officers thought that they were being paid thousands of dollars by drug dealers to protect a cocaine shipment.

"Right. See my thing is, I'd rather keep it like this. I don't want to bring too many people in -- too many people knowing our business. Like you said, we run a chance of someone turning into Al Capone," Carrasquillo said.

Prosecutors said when the officers were arrested they were carrying $35,000.

"He's a good man. These are difficult allegations, but he's a good man," Pizarro's attorney said.

Pulido's lawyer has the biggest challenge. Pulido is also accused of identity theft, selling steroids, and hosting drug parties in a Boston club.

"We're going to provide a vigorous defense," Pulido's attorney said.

Judge Dismisses 3 New Counts From Old Case Against Gotti (NYT)

By Alan Feuer

The New York Times, August 8, 2006

A federal judge dealt a sharp blow to the government yesterday, dismissing some of the charges against John A. Gotti, the Mafia scion.

Mr. Gotti, son of the late Gambino family don John Gotti, is scheduled to go on trial again next Monday, in his third trial in about two years on charges of having ordered the assault of Curtis Sliwa, a radio talk show host, in 1992.

At the two previous trials, Manhattan juries did not reach a verdict on whether Mr. Gotti was involved, in part because he testified at both trials that he had left the mob before Mr. Sliwa was attacked.

To counter that contention, prosecutors charged Mr. Gotti in May with money laundering and two new counts of racketeering, crimes they said he committed after he had supposedly hung up his Gambino family spurs.

It was those new charges that the judge, Shira A. Scheindlin of United States District Court, decided to dismiss.

In a written ruling issued yesterday, Judge Scheindlin said that the money laundering charge — essentially, that Mr. Gotti received income from properties bought with money derived from crime — was stale.

She wrote that the same charges were lodged against him in a case from 1999 and were dropped, by the government, when Mr. Gotti accepted a plea agreement and a prison sentence of more than six years.

“The plea agreement cannot be both a sword and a shield,” the judge wrote, suggesting that the government was attempting to convict Mr. Gotti of a charge it had already withdrawn as part of a plea agreement.

The racketeering charges were accusations that Mr. Gotti had used profits from loan-sharking and extortion to operate two holding companies. The judge wrote that they were “based on nothing but surmise, speculation and conjecture.”

Judge Scheindlin did let stand one of the government’s new charges filed in May: an allegation that Mr. Gotti had conspired to “influence testimony” in the Brooklyn trial of Vincent Basciano, a Bonanno family boss. Mr. Basciano was convicted in May of racketeering.

Charles Carnesi, Mr. Gotti’s lawyer, said yesterday that he was pleased with the ruling, but he refused to go into detail, citing an order not to comment on the case. Lauren McDonough, a spokeswoman for the United States attorney’s office in Manhattan, said she had no comment on the case.

Judge Scheindlin’s ruling suggests that much of the evidence that the jury in the third trial is likely to hear was presented to two previous juries.

In that regard, Mr. Gotti is two-thirds of the way toward matching a legal feat achieved by his father, who eluded conviction in three cases from 1986 to 1990, before ultimately being found guilty and receiving a life sentence in another case. He died in a prison hospital in 2002.

The current case began only two months before the younger Mr. Gotti was to be released from prison on the 77-month term to which he agreed in his 1999 plea deal. As he sat in prison, a grand jury indicted him on charges of having Mr. Sliwa, who was the founder of the Guardian Angels, abducted from a taxicab near Avenue A in the East Village and shot at point-blank range — charges that have twice failed to land Mr. Gotti back in prison.

Judge Tosses Out New Gotti Charges (BOS/AP)

By Larry Neumeister, Associated Press Writer

The Boston Globe, August 8, 2006

NEW YORK --A judge on Monday tossed out the latest racketeering and money laundering charges against John "Junior" Gotti, but the son of the late mob boss still faces trial on charges alleging he ordered the beating of Guardian Angels founder Curtis Sliwa.

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The ruling by U.S. District Judge Shira Scheindlin was a blow to the government just weeks before Gotti's third trial on racketeering charges. Juries deadlocked at two previous trials in the last year.

In May, the government brought new charges of racketeering, witness tampering and money laundering to counter Gotti's contention in 1999 that he left the mob in the late 1990s.

In throwing out the new racketeering and money laundering charges, the judge noted that Gotti pleaded guilty to racketeering in 1999 and that charges identical to some of the new ones were dismissed by the government after Gotti satisfied the terms of his plea agreement.

"The plea agreement cannot be both a sword and shield," she wrote.

Lauren McDonough, a spokeswoman for prosecutors, said there was no comment.

A call seeking comment from Gotti's lawyer, Charles Carnesi, was not returned.

The judge said the government had also argued that Gotti used money from his racketeering activities to operate two corporations he formed in the early 1990s.

"The problem with this second theory is that it is based on nothing but surmise, speculation and conjecture," Scheindlin said.

The government alleges that Gotti ordered a baseball bat beating of Sliwa and a kidnapping several weeks later that ended with Sliwa being shot three times before he dived out of a moving taxi. Sliwa recovered.

If convicted at trial, scheduled to start Aug. 21, Gotti could face up to 30 years in prison.

Jr.'s Charges Whacked (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 8, 2006

The fed's beefed-up case against John A. (Junior) Gotti lost most of its heft yesterday, a week before the mob scion goes to trial for the third time on racketeering charges.

Manhattan Federal Judge Shira Scheindlin tossed out three money-laundering counts prosecutors had added to a May indictment in a bid to shore up a case that has allowed Gotti to score two mistrials.

"To allow the government to proceed to trial on these charges would create a risk of unfair prejudice and inevitably result in confusion of the jury," Scheindlin wrote.

Scheindlin said Gotti's 1999 plea agreement, in which he paid $1 million to settle government claims he used mob money to buy property, bars prosecutors from bringing money-laundering charges based on the same allegations.

"The plea agreement cannot be both a sword and a shield," she wrote.

Scheindlin said there is little evidence that Gotti tried to hide funds from prosecutors since they've known about the purchases for nearly a decade.

The ruling means the only new charge from the May indictment that remains in the case is a witness-tampering count.

Prosecutors allege Gotti summoned the son of mob snitch Michael (Mikey Scars) DiLeonardo to his upstate New York prison in 2003 to persuade him to talk his father out of testifying against him. DiLeonardo testified against Gotti at both trials.

But last week, Gotti scored a victory in fighting that charge when Scheindlin said he could play for jurors a government-recorded wiretap in which a friend tells him that Michael DiLeonardo signed off on the meeting.

Gotti, 42, still faces more than 30 years in prison on racketeering charges that include the claim at the center of the racketeering conspiracy - that he sent two thugs to assault radio host Curtis Sliwa in 1992 after Sliwa repeatedly mocked his father, John (Dapper Don) Gotti, on the air.

Junior Gotti contends he withdrew from the mob life he inherited from his father. But prosecutors argue that by collecting rent on property he bought with mob money, Gotti showed he never really left the Mafia.

This week, prospective jurors are filling out lengthy questionnaires so attorneys can assess their backgrounds and familiarity with the case. Both sides begin picking a panel next week.

Former BetOnSports Chief Waits For Bail (TIMES)

By James Doran, Wall Street Correspondent

London Times, August 8, 2006

DAVID CARRUTHERS, the former chief executive of BetOnSports accused of racketeering and fraud, will be forced to stay in a cramped county jail cell until at least the end of this week, as his lawyers and family struggle to raise $1 million bail and have not yet found somewhere suitable for him to live upon his release.

Mr Carruthers will be freed from jail as soon as he has $1 million (£525,000) and has a permanent address in the St Louis, Missouri, area, under bail conditions set at a court appearance on July 31, according to Tim Evans, his lawyer.

Mr Evans told The Times last night, however, that it was proving difficult to raise the cash quickly and that a suitable home for the former BetOnSports chief to live in has not been found.

"We have to get the bail money together before they will let him out," Mr Evans said from his office in Fort Worth, Texas. "We also have to find a suitable place for him to live. Neither of those things has been done yet." Mr Evans said he hoped that both bail requirements would be met by the end of the week.

Sources noted that renting a property could take longer, meaning that Mr Carruthers could be forced to stay in jail for many more days.

Mr Carruthers and ten others were named last month in a 22-count indictment issued by the US Justice Department. BetOnSports is accused of taking bets from US residents by phone and internet and avoiding taxes. The target of the Justice Department appears to be Gary Kaplan, the founder of BetOnSports, who moved offshore after being arrested on gambling charges in New York in 1993. Federal prosecutors also claim that there are links between BetOnSports and the Gambino organised crime family of New York.

Authorities Go All In Against Internet Gambling Sites (AP)

By Ryan Nakashima

AP, August 8, 2006

LAS VEGAS - With the nightclub Tao swathed in red and black, music pulsated and go-go dancers gyrated on raised platforms along the wall. Everything from the ``reserved'' signs to the billiard table felt to the models' Chinese-style dresses bore the same label: ``bodog.com.''

The only thing missing was the online gambling site's flamboyant founder, 45-year-old Canadian Calvin Ayre, who was nowhere to be found.

``He'd have girls all around him, and he'd be the life of the party,'' said Ronn Torossian, a publicist and acquaintance familiar with Ayre's celebrating ways.

The billionaire who graced Forbes magazine's March cover decided to make himself scarce after federal authorities arrested David Carruthers, the head of rival Web gambling operator BetOnSports, as Carruthers changed planes at Dallas-Fort Worth International Airport on July 16.

A federal judge ordered BetOnSports to stop accepting bets placed from the United States, and prosecutors are seeking the forfeiture of $4.5 billion, plus several cars, recreational vehicles and computers from Carruthers and 10 other people associated with the Costa Rica-based gambling operation.

Around the same time, the U.S. House passed a bill that would ban most Internet gambling. Though the bill's future in the Senate is uncertain, the issue loomed over the World Series of Poker in Las Vegas: Is online poker legal?

Tournament organizers and the U.S. Justice Department say no. The players, thousands of whom qualified in cash-paying Internet tournaments, say yes.

``I've got no certainty whatsoever,'' said Ayre, speaking by phone from Canada, days after Carruthers' arrest.

``I don't believe any senior executive of any online gaming company is going to be going into the United States for the foreseeable future,'' Ayre said. ``It's not just me, and I've talked to a lot of them.''

The World Series of Poker's uncomfortable relationship with online gambling emerged in 2003, when an unknown accountant named Chris Moneymaker qualified through a $40 online tournament and went on to win the $2.5 million main event, becoming the poster child for the wild popularity of online poker.

Advertising by poker sites on mainstream television exploded -- and then the Justice Department intervened.

In a June 11, 2003, letter, deputy assistant attorney general John Malcolm warned the National Association of Broadcasters that the department considered Internet gambling illegal. ``Any person or entity who aids or abets" online betting ``is punishable as a principal violator," he wrote.

Major networks reacted by forcing online poker companies to create ``dot-net" sites, on which poker was played only for fake money and no reference or link would be made to the ``dot-com" versions, where billions of very real dollars are wagered every year.

Thus, PartyPoker.net, the so-called ``World's Largest Poker School," has become an official sponsor of the World Series of Poker, its logo visible every time a flop hits the felt. PartyPoker.com, the moneymaking reason for its existence, lurks in the shadows.

By some counts, about half of the 8,700 players in the World Series' main event qualified through online satellite tournaments. PokerStars.com boasted more than 1,600 qualified on its satellites. PartyPoker.com is reported to have sent more than 800 qualifiers and bodog.com says it sent about 700.

But tournament commissioner Jeffrey Pollack insisted that an online tournament isn't what puts a player into the World Series -- it's the $10,000 cash he individually pays for a seat at the table.

``I don't talk to the dot-coms, I don't," he said. ``Online gaming is illegal. Everything we do, whether it's selling hospitality at the Rio (the hotel-casino hosting the World Series) or selling product placement with PartyPoker.net on our felt, is done with a sharp eye on the regulatory environment."

The televised tournament's first day was even delayed by several minutes as organizers announced that anyone sporting a ``dot-com" poker logo would not be allowed to play. About half that day's field of more than 2,000 players flipped shirts inside-out, and workers circulated with rolls of black tape, covering any ``dot-com" symbols they could find.

The House bill that would ban Internet gambling -- except for horse race betting and state lotteries -- is an attempt to close a perceived loophole in the 1961 Wire Act, one of a series of laws meant to crack down on racketeering.

Similar legislation failed in the House in 2000, but many blame that on the efforts of disgraced lobbyist Jack Abramoff, who is accused of spending lavishly to get the bill killed on behalf of an online lottery company.

With or without a new law from Congress, the Justice Department interprets all online gambling to be illegal.

``Online poker is online gambling. And online gambling, we would say, is illegal," Justice Department spokeswoman Jaclyn Lesch said.

Arrested On A Bet (WSJ)

The Wall Street Journal, August 8, 2006

David Carruthers was arrested in Dallas on July 16 while waiting with his wife for a connecting flight to Costa Rica, where his company, BetOnSports.com, has operations. He remains in jail while his lawyers negotiate release terms, and federal prosecutors want him held without bail pending a trial, calling him a flight risk. The publicly traded company he used to run fired him two weeks ago and requested that its shares be suspended from the Alternative Investment Market of the London Stock Exchange.

By any measure, this is a case of extraordinary prosecutorial zeal. Mr. Carruthers is a British citizen, just laying over in the U.S. The legal theories under which he is being held and charged are untested, to put it politely. His business is perfectly legal in the U.K.

Mr. Carruthers and others, including BetOnSports.com itself, are charged with conspiring to run an illegal gambling operation under the 1961 Wire Act. Mr. Carruthers, who could face 20 years in prison if convicted, pleaded not guilty last Monday. The business that Mr. Carruthers ran is (or was) an online gambling site that allowed users to place wagers on sports events or play casino-style games for real money. Pursuant to a restraining order from a U.S. judge, the site is currently shut down.

But this was not a furtive or fly-by-night operation. A 2005 reform of gambling laws in Britain legalized online gambling in an attempt to regulate, control and tax it. On this newspaper's Web site in April, Congressman Jim Leach (R., Iowa) engaged Mr. Carruthers in a debate on whether and how online gambling should be regulated in the U.S. Mr. Carruthers declared himself in favor of regulation to protect minors and potential gambling addicts. He added:

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"While Rep. Leach maintains that online gambling is illegal in the U.S., the legal issues are not clear. Rep. Leach is relying on an outdated, irrelevant law [the 1961 Wire Act] that is inapplicable and unenforceable for online gambling. That is why we are looking for clear standards, regulations and licensing for what is an everyday entertainment medium enjoyed by millions."

Mr. Carruthers may now get those standards the hard way. Mr. Leach, meanwhile, has promoted through the House a bill that would tighten restrictions on offshore gambling online and forbid U.S. financial firms from processing payments to offshore gambling sites (which many banks already decline to do voluntarily). Senator Jon Kyl (R., Arizona) has been trying, so far unsuccessfully, to push a similar bill through the Senate.

One irony is that Mr. Leach's legislation would expressly carve out gambling that is run by government -- such as lotteries and state-run gambling on horse races. Mr. Leach argues that these enterprises and private casinos are more easily regulated than Web-based businesses, which may be true. But it's also true that they'd rather not have the online competition, which is why most of those "good" gambling operations support suppression of online gambling sites like BetOnSports.

No doubt there is potential for online gambling abuse. But BetOnSports and Mr. Carruthers are not charged with dishonest behavior toward their customers. They are being told that a business they believed was legal was a criminal enterprise even if it was being run in the open. That suggests that prosecutors believe they have the right to enforce compliance with even ambiguous U.S. laws on any business, wherever based, solely because some of the people accessing their site happen to be Americans. As a legal theory, this is a stretch. But as an excuse to incarcerate a foreign national just passing through, it smacks of a politically opportunistic prosecution.

'Gotcha' Shows Aimed At Nabbing Sexual Predators Raise Controversy (FOX)

By Daniella Gallego

FoxNews.com, August 8, 2006

"Come in! I'll be right down!"

Those words from the adolescent girl on the second floor are music to the ears of the Internet sex predator standing at her front door. Wary that he has been followed, he anxiously eyes the street behind him before he turns the doorknob and enters her home.

He walks in, only to come face-to-face with an NBC camera crew and "To Catch a Predator" host Chris Hansen, who is holding a hard copy of the explicit conversation the man had with the underage girl he has been planning to molest. On camera, for all the world to see, the man's world falls apart.

Shows like "America's Most Wanted" and "To Catch a Predator" are taking to the airwaves in an attempt to nab sexual predators in a very public way. These shows often involve trying to nab predators — or would-be predators — who communicate online with people they believe to be underage kids.

While some argue such programs are nothing more than tabloid pulp and that the media should leave police work to the police, others say this kind of programming performs a community service. They say it gets the message out that there are sex offenders among us who pose a threat to our kids.

"Media has done a tremendous service to our nation by bringing awareness to the issue. Proactive online investigations are effective in identifying and ultimately catching child sexual predators, when conducted by proper law enforcement authorities," said John Shehan, the Cyber Tipline program manager at the National Center of Missing and Exploited Children.

"Awareness and the identification of these individuals is the first step in the process. …[But] trained law enforcement … should be conducting these types of investigations to ensure the highest possible conviction rate."

FOX's pioneering "America's Most Wanted" has profiled missing persons and fugitives wanted for violent crimes, often those on the FBI's 10 Most Wanted Fugitives list, since 1991. The crimes featured on the show include rape, white-collar crime, murder, armed robbery, gang violence, terrorism, drug trafficking, and child molestation. As of Aug. 3, the show has helped capture 897 fugitives and recover 50 missing persons, according to its Web site.

Talk show host Oprah Winfrey recently launched "Oprah's Child Predator Watch List," a roundup of the FBI's most wanted sex offenders, in a campaign to catch pedophiles.

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In Binghamton, N.Y., a local show, "Sex Offender Community Update," shows photos, names, addresses and profiles of fugitive sex offenders in the area.

On Dateline NBC's "To Catch A Predator," host Chris Hansen and police show up at the homes of people expecting a rendezvous with an underage teenager they've met online. Suspected pedophiles include "first-timers" and repeat sex offenders. The NBC Web site says the show has helped catch 129 male predators in a total of 14 days between 2004 and 2006; at least 71 have been convicted so far.

The show works with Perverted Justice, a group of volunteers who pose as children ages 10 to 15 in online chat rooms.

"The media is doing a great service of educating the public by making people more aware about things they wouldn't know," said criminologist John Lombardi, who has over 30 years of specialized training in crime prevention and predatory crimes. "There is no such thing as prediction. You can't anticipate unless someone tells you."

Jonathan Palermo, 28, a graduate business student from Atlanta, said he watches "To Catch A Predator" and is appalled at what he sees.

"I knew it existed, but this show gives you an idea of the magnitude of the problem," said Palermo. He called the shows an effective tool to catch criminals and save potential victims. "The media needs to cover this and capture these people because law enforcement cannot keep up with all the crimes that are happening."

Tabloid Fodder or Real Journalism?

Judy Cornett is president of Safety Advocacy Zone, Inc., an advocacy group she founded after her 11-year-old son was raped in 1992 by a neighbor. The group follows sexual predators, warns neighbors of sex offenders living nearby and provides support to victims and their families. Cornett supports media coverage, law enforcement, and public involvement, and says none can effectively work independently of the other.

"[Pedophilia] is an epidemic. We can't just go door-to-door to raise awareness, or even just print it on a newspaper. It's not enough," Cornett said. "We need to get the media in these guys' faces. If we're not looking, they're going to be looking out for their next victim."

But some critics say these shows contribute more to a sense of hysteria than anything else, since most abuse cases involve children being molested in the home.

"Sexual predators running around, picking up children off the 'Net are not an epidemic … ["To Catch a Predator"] focuses on the equivalent of a sexual straw man, turning the stranger-predator into the 'epidemic,'" said Pierre Tristam, a columnist at the Daytona Beach News-Journal in Florida, who recently wrote a controversial article on the popular "Dateline" series and says the shows epitomize "tabloid pulp."

"[NBC's predator series] should quit borrowing from the shabby techniques of reality TV and return to the ethics and demands of journalism," Tristam said.

"Because people feel vulnerable and angry, shows that appear to be taking steps to solve the problem [of sexual violence against children] are appealing," added Jill Levenson, a professor at Lynn University in Florida who studies social policies dealing with sex offenders. "But [the shows] are not representative of 'typical' child sexual abuse cases," in which children are victimized by someone they know and trust.

She also said the vast media attention has made it appear that the rate of sex crimes is rising. "In actuality," she said, "sex crime rates, like other serious, non-sexual crimes, have declined substantially over the past decade, based on both official crime reports and victim reports."

According to Justice Department statistics, most sexual perpetrators are well known to their victims. Strangers committed only seven percent of sexual assaults against children in 2002. In 2000, child sex-abuse victims identified their abusers as family members in 34 percent of cases, and as acquaintances in 59 percent of cases.

"Journalists tend to oversimplify a problem that exists," Lombardi said. " ... The more that people get to know about what actual crime, the more they can prevent it from happening."

But "Dateline" spokesman Jenny Tartikoff said those involved in "To Catch a Predator" work hand-in-hand with law enforcement to promote public safety.

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"Perverted Justice personnel coordinate their activities with law enforcement authorities," she said, adding that the show primarily involves reporting on police activities.

"Reporting on stories like 'Dateline's To Catch a Predator' requires a careful balance between maintaining social responsibility and upholding journalistic standards. At every turn, we have been transparent and disclosed our relationship with Perverted Justice, as well as with local law enforcement, to our audience."

Like "America's Most Wanted," "'Dateline' has received an overwhelming positive reaction" from viewers, parenting groups, government and school officials, Tartikoff said. "We are proud of our innovative and enterprising reporting, and will continue to follow this issue."

But lawyer Angelyn Gates of Chase Criminal Defense Attorneys noted that laws are designed to keep police officers from violating citizens' rights, and that the same rules don't apply to citizens who may be violating other citizens' rights.

"Police officers are trained in theory," Gates said. "The other major problem is when police officers go about investigating crimes, they know how to maintain evidence. Citizens don't."

Gates disagrees with the vigilante justice aspect of citizens risking their own lives, possibly violating others' rights and exposing these cases in the media.

"[Members of Perverted Justice] are not watching out for themselves by trying to pretend they're a child on the Internet," she said. "They're doing it for the thrill, fun, and notoriety they seem to be getting out of it."

Peter Johnson, a media columnist for USA Today who has reported on the show, said these shows are done in "the best tradition of investigative journalism" and often fill a gap that's missing in law enforcement.

"Posing as a child predator online in hopes of snagging these people is exactly what the media should be doing to root out people like this," said Johnson. "The Web is a wonderful place for these guys to seduce children …it's the ideal way to catch these people."

He added: "[These shows] have proven their point … Now it's time for authorities to take over and for [the programs] to concentrate on why law enforcement hasn't taken it over."

Death Row Inmate's Appeal Cites Ban On Juror Smoking (LAW/AP)

The Associated Press

AP, August 8, 2006

Lawyers for a man sentenced to death in the slaying of his ex-girlfriend want the conviction thrown out because, among other reasons, the judge barred jurors from smoking during deliberations.

That made jurors antsy and overly eager to finish the case, according to the appeal of 43-year-old Phillip Elmore, who told the jury before it recommended death that he deserved "the worst punishment."

The Licking County, Ohio, jury deliberated for six hours before convicting Elmore in 2003 of aggravated murder and other charges in the death of Pamela Annarino, 47, a former sheriff's deputy who was beaten and strangled at her home in Newark, 30 miles east of Columbus. Annarino had broken off their relationship, according to testimony, although jurors heard an unsworn statement from Elmore that he didn't know why he killed her.

A week after the guilty verdict, the 12-person jury needed three hours to recommend the death sentence. Common Pleas Judge Jon Spahr would not let them smoke during those deliberations.

"The trial court violated Elmore's fair-trial rights by denying a request by one or more members of the jury to allow smoking of tobacco in the jury room or smoke breaks during deliberations," Elmore's lawyers wrote in his appeal. "The judge's refusal to make any accommodation of jurors' request to smoke predisposed those jurors to agree on a quick decision."

Spahr would not comment on the pending case beyond saying that it was the only capital case he had presided over that involved a jury. The others involved panels of judges.

Prosecutor Robert Becker, who tried the case, said he believes the verdict and sentence will stand despite the smoking angle and other elements of the appeal.

"I don't think I've ever heard of this one. It's relatively novel," he said.

Joshua Dressler, a law professor at Ohio State University, likewise gave Elmore's appellate team credit for creativity.

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"One of the difficulties that will exist in this case is there is no hard evidence. It is speculative that (the denial of) the request to smoke would cause the jurors to change their vote," he said.

The Ohio Supreme Court is to hear arguments in the case today.

Joseph Edwards, one of Elmore's lawyers, cited several aspects of the appeal, particularly that Elmore's trial lawyers were ineffective, that he considers stronger than the smoking objection. Elmore's attorneys at the time didn't call any of his relatives as witnesses during the sentencing phase of the trial, and they called a psychologist who Edwards said did more harm than good to the defense.

Suspected Phoenix Serial Killers Took Turns At The Trigger, Police Say (FINDLAW/AP)

By Chris Kahn, Associated Press Writer

AP, August 8, 2006

(AP) - PHOENIX-The gunmen took turns as they drove around the city.

Some nights it was Samuel John Dieteman, a burly electrician with a ragged mop of jet black hair. According to court documents, he would blast at lone pedestrians from the window of a silver Toyota Camry in what he called "random recreational violence."

Other nights the trigger was pulled by his roommate, Dale S. Hausner, a baby-faced janitor and freelance photographer, the court documents allege.

After each shooting, the pair would drive slowly away, leaving little evidence other than the victim's body on a sidewalk.

Court documents and interviews with police provide a glimpse into the way investigators believe the pair operated and how they were finally found.

"We are so confident that these are the people," Chief Jack Harris told The Associated Press, adding that the men had admitted some of the crimes since they were arrested on Thursday.

Dieteman, 30, and Hausner, 33, face two counts each of first-degree murder and 13 counts each of attempted first-degree murder. A preliminary hearing is scheduled Aug. 14.

Overall, they are being investigated in 36 shootings, including 17 that targeted people and others that involved animals.

An expert on serial killers, Katherine Ramsland, said it is common in team killings that one person is "egging the other on" to join in.

"If one was the quiet timid type, he may have been the follower who got himself in a situation and just kept going because the reality was created by the dominant partner," she said. "That happens in team killings quite often."

Until last week, investigators had no idea who was responsible for the late-night attacks. They did not know if the attacks were committed by one person or more, and grouped the attacks under one name: the "Serial Shooter."

Phoenix police are still seeking another shooter, dubbed the Baseline Killer, who is believed responsible for eight killings in the area of Baseline Road.

While the Serial Shooter investigation is not complete, police believe the attacks started just past midnight on May 24, 2005, with the killing of 56-year-old Reginald Remillard, who was shot in the neck while he slept at a bus stop.

The last shooting the men are accused of occurred on July 30. Robin Blasnek was shot in the back as she walked to her boyfriend's house in Mesa. She was alive when a neighbor found her, but died later at a hospital.

In between, a probable cause statement alleges, Dieteman and Hausner had taken turns driving while they selected victims at random.

On May 2, the probable cause statement said, Hausner pulled along the curb next to Claudia Gutierrez-Cruz, 20, after she stepped off a bus on her way home from work at a Scottsdale restaurant.

Dieteman allegedly fired one blast from a shotgun, hitting Gutierrez-Cruz on the left side. She died later at a hospital.

A few minutes later, police say, the duo shot a 17-year-old in the back while he was walking along a street.

After targeting people and animals across Phoenix and its suburbs on the west side, the attackers moved east.

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Early on the morning of July 22, they found a man in his 30s riding his bicycle in Mesa. Dieteman told police that Hausner pulled close in the Camry, pulled the shotgun over the steering wheel and fired out the driver's side window, according to the probable cause statement. The man survived but was seriously injured.

Police say the last attack, the one that killed Blasnek, occurred less than three miles (5 kilometers) away from the apartment Hausner and Dieteman shared. Hausner shot her while driving, Dieteman said, according to the statement.

"The circumstances of Robin's death tells us how wicked this world has become," Blasnek's mother, Sandra, said Saturday at her daughter's funeral.

Investigators had started looking for Dieteman in July as a suspect in arson fires in June at two Wal-Marts in suburban Glendale, but didn't spot him until one day after Blasnek was shot. They found out where he lived and kept him and his roommate under surveillance for most of the week.

Thursday night, police decided they had enough to make the arrests in connection with the Serial Shooter attacks. Authorities said their evidence against the men included weapons and a map marking the locations of dozens of shootings.

One Of 2 Charged In Serial Killings Proclaims His Innocence (NYT)

By Randal C. Archibold

The New York Times, August 8, 2006

PHOENIX, Aug. 7 — Handcuffed and in black-and-white striped prison clothes, one of two men charged in a series of killings in the Phoenix area shuffled into a jail break room Monday and told reporters that he was innocent and that his roommate may have taken his car and guns to commit the crimes.

“Absolutely not,” said the prisoner, Dale S. Hausner, 33, when asked if he had anything to do with the crimes, which, along with an unrelated series of sexual assaults, robberies and murders in the past year, have cast fear over this city.

Mr. Hausner, a janitor at the city’s international airport and an aspiring boxing photographer, said his two sons had died in a car accident more than a decade earlier and that his 2-year-old daughter was terminally ill, “so I know what it is like to suffer the loss of a child, and I would not want anybody to go through that.”

Mr. Hausner and his roommate, Samuel J. Dieteman, 30, were arrested Thursday and booked Friday on suspicion of first-degree murder and attempted murder in connection with two of the seven killings and 13 of 37 shootings of people and animals over more than a year that the police believe may be linked.

The police said on Monday that they had added the seventh murder to the list, that of a 39-year-old man killed while riding his bicycle in May 2005 in what may have been the first victim of the attacker the police call the Serial Shooter.

The Maricopa County Sheriff’s Department said it had arranged the news conference after Mr. Hausner agreed to speak with reporters. Mr. Dieteman declined requests for interviews, and Mr. Hausner’s appearance was cut short when his public defender arrived and advised him to stop.

But for 15 minutes, Mr. Hausner calmly answered questions and tried to explain away incriminating evidence. The police said Mr. Hausner and Mr. Dieteman had driven around at night taking turns shooting in what the police termed “random recreational violence.’’

Mr. Hausner said he had not confessed to the crimes.

Mr. Hausner said he had kept rifles, ice picks, a blow-dart gun and other weapons in his apartment because “I am a gun collector and I have lots of weapons, as do most Americans.” He said he was disorganized and had left his car keys lying around, making them accessible to Mr. Dieteman.

“He was using my vehicle without my knowledge,” Mr. Hausner said, adding that Mr. Dieteman also had access to the weapons, though “I never saw him as a full-blooded killer.”

When it was pointed out that a video camera at a Wal-Mart showed the two together shortly before an arson there, Mr. Hausner denied any involvement in that crime and others.

Mr. Hausner said he had kept news clippings about the two series of killings because “it is kind of interesting, what is going on in Phoenix.”

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An ex-wife's statement in a divorce filing in 2001 that he had driven her to the desert and threatened to shoot her "is just ex-wife stuff," he said. Mr. Hausner then attacked her for falling asleep at the wheel of a car in 1994, killing their two sons.

Mr. Hausner said that his brother had introduced him to Mr. Dieteman and that they all had socialized together. Mr. Hausner said he had taken Mr. Dieteman in because Mr. Dieteman had been "down on his luck" and working only now and then as an electrician.

"He is someone with a low-self-esteem problem," Mr. Hausner said.

The interview was halted when a man who later identified himself as Mr. Hausner's public defender entered, whispered in Mr. Hausner's ear and then said, "This news conference is over."

The man, Garrett Simpson, said that a supervisor in the public defender's office had just handed him the case and that he had rushed to the jail after learning of the news conference.

"It's real important to let the process work," Mr. Simpson said afterward. "We have to remember he is presumed innocent."

The Phoenix police, meanwhile, sought to remind the public about the other serial killings case, that of someone they call the Baseline Killer. They have linked 23 crimes, including eight killings and several rapes and robberies, to that attacker.

"We don't want the public to relax in terms of heightened awareness," Sgt. Andy Hill of the Phoenix police told reporters.

James Alan Fox, a criminologist at Northeastern University in Boston who has studied serial killings, said that several other major cities had at times had two or more serial killers operating at once. Mr. Fox said the two in and around Phoenix, one of the nation's fastest-growing metropolitan areas, were probably "one symptom of urban growth."

"When you continue to grow, so do the chances of having had one or more than one serial killer," he said.

Retired Sleuths Heat Up Cold Cases (USAT)

By Martin Kasindorf

USA Today, August 8, 2006

Special squads have helped solve years-old homicides

LOS ANGELES — On the TV police drama Cold Case, Philadelphia detective Lilly Rush needs less than an hour to unmask the killer in a decades-old murder every Sunday night.

Real life is different. It can take years to turn dusty boxes of evidence into an accusation that stands up in court. And the cold-case investigators who have made headlines with recent successes aren't sleek Hollywood actors. They're retired cops in their 60s and 70s.

From Los Angeles to Maryland, the hot trend in cold cases is special units of retired detectives who are coaxed off the golf course to comb old files for new leads.

These retreaded sleuths usually work two days a week as unpaid volunteers to bone up on DNA evidence and other new wrinkles in a case. They combine science with their street savvy in questioning witnesses to relieve overloaded staff detectives of some of law enforcement's most tedious work.

Two of these special squads showed last month that they can get results in resolving mysteries:

•Robert Charles Browne, 53, has been in a Colorado prison since he pleaded guilty in 1995 to killing a 13-year-old girl. Charlie Hess, 79, a retired FBI and CIA agent, volunteers at the El Paso County Sheriff's Office in Colorado Springs. Hess, through four years of correspondence and 20 prison visits, persuaded Browne to admit to 48 additional slayings.

Browne gave Hess enough evidence of one previously unrecorded murder to charge him with the 1987 slaying of a 15-year-old girl who had been listed as missing in Colorado Springs. Browne pleaded guilty to that crime July 27. Nine more of Brown's claimed slayings have been verified in several states, says Lou Smit, 71, who volunteers in the cold-case unit with Hess and Scott Fischer, 60.

•At the Los Angeles County Sheriff's homicide bureau, retirees Bob Wachsmuth and Richard Adams had a hunch that a photographer on death row since 1988 for slaying two aspiring models may have killed others. In old case files, the detectives found pictures of more than 50 unidentified women who had posed for William Richard Bradford between 1975 and 1984. The sheriff's department released the photos to the public, triggering hundreds of tips.

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Capt. Ray Peavy, homicide bureau commander, says the public has identified 36 of the women. Peavy says most are alive, but family members may have pinpointed "two more potential victims" by providing names for "Jane Doe" women in unsolved homicides in 1979 and 1980. The manner of killing in those local cases was "very similar to what Bradford did," Peavy says.

"Even if we get most of these girls alive and well, it's significant if we get one murder out of it," Wachsmuth says.

Bradford, through his attorney, Darlene Ricker, denies killing anyone.

Police agencies nationwide "are recognizing that these old cases are not to be filed away and lost," says Max Houck, director of a forensic science program at West Virginia University. "Many of them can be rejuvenated. Retired investigators have time to go back and reflect on interviews and photographs."

Wachsmuth, 62, retired in 1998. "I gardened for almost two years, and I almost went crazy," he says. Now he's one of 14 retired detectives working under Peavy on one-year contracts for hourly wages and no benefits.

Peavy says the retirees provide "a fresh set of eyes, but these fresh eyes happen to be with some old, grizzled homicide detectives. They may see information that got missed originally."

"If you've developed some level of acumen, why would you just let it drift away and find yourself sitting on a couch and watching TV?" Hess says. "You owe it to the public."

Smit, who investigated the 1996 slaying of 6-year-old JonBenét Ramsey in Boulder, Colo., says he has set up retiree cold-case squads south of Colorado Springs in Pueblo County, Colo., as well as in Titusville, Fla., and Laurel, Md.

Pueblo County Sheriff Dan Corsentino says his three retirees would "rather be doing this than playing golf."

Bob Curtis, 69, a retired detective in Corsentino's unit, says, "There's some gray hairs in this squad." Curtis says the squad has made progress in three cases that date as far as 1976, with no arrests yet.

Wachsmuth says crime-fighting has changed. "Today, it's all technology — fingerprint enhancement capabilities, firearms identification advances and the big one, DNA."

Peavy has some of the veterans rifling through old files for items that might contain DNA. "As recently as 1990, a cigarette butt or a sweaty T-shirt picked up at the scene would not have meant much. But if it was saved, today we can take it to the crime lab and get an identification through DNA," he says.

The retirees are so effective at spotting such items that "we've provided more cases than our crime lab is capable of dealing with at this time," Peavy says.

Departments often assign a full-time detective to work with the old-timers. Hess says that as his talks with Browne began revealing new homicide cases, Sheriff Terry Maketa put investigator Jeff Nohr in charge of the volunteer unit and sent him with Hess into Browne's cell. Nohr was needed "to guide us through the minefield of what had transpired in the judicial process since we dinosaurs were on the street," Hess says.

Hess' trips to chat with Browne were an exception for a cold-case volunteer. In most cities, retirees stay in the squad room and provide tips for full-time detectives to follow up.

"Because of their ages, we don't send 'em out on the street," Peavy says. "They'd love to, but for insurance purposes, we can't. I've got one guy back that's 75 years old — my ex-partner."

CIVIL LAW:

AOL Takes Down Site With Users' Search Data (WP)

By Ellen Nakashima, Washington Post Staff Writer

The Washington Post, August 8, 2006

Personal Details Posted in 'Screw-Up'

AOL issued an apology yesterday for posting on a public Web site 20 million keyword searches conducted by hundreds of thousands of its subscribers from March to May. But the company's admission that it made a mistake did little to quell a barrage of criticism from bloggers and privacy advocates who questioned the company's security practices and said the data breach raised the risk of identity theft.

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"This was a screw-up and we're angry and upset about it," the company said in a statement. "Although there was no personally-identifiable data linked to these accounts, we're absolutely not defending this. It was a mistake, and we apologize."

The posted data were similar to what the U.S. Justice Department had been seeking when it subpoenaed Internet companies, including AOL, last year. AOL complied and handed over search terms that were not linked to individuals. Google Inc. fought the subpoena in court and won.

The AOL data was posted at the end of last month on a special AOL Web site designed by the company so researchers could learn more about how people look for information on the Internet. The company removed the data over the weekend when bloggers discovered it.

The Washington Post did not review the full 439-megabyte data set but contacted bloggers who had looked at it.

For the posted data, each person using AOL's search engine was assigned a unique number to maintain anonymity, the company said. But some privacy experts said scrutinizing a user's searches could reveal information to help deduce the person's identity.

Michael Arrington, editor of the blog TechCrunch, said some of the data contained credit card numbers, Social Security numbers, addresses and names.

"People put anything they can think of into the search boxes," he said.

Based on his analysis so far, out of 20 million queries, the number that contained sensitive personal financial information such as credit card and Social Security numbers is probably "in the hundreds," he said.

"Most people aren't stupid enough to type their Social Security numbers in a search engine, but it's definitely enough to make AOL look stupid," he said.

Some bloggers said some of the information available included queries on how to kill one's spouse and child pornography.

Experts said people search for all sorts of personal data -- including their own names -- with the assumption that it will remain private.

"I search on myself," said David H. Holtzman, president of GlobalPOV, a blog and consulting firm on privacy and security and author of the forthcoming book "Privacy Lost." "Now you think you have a disease or you have some emotional issue -- I'm a single parent and I'm always looking for things. All of a sudden there's a correlation between my name and something very private that I don't expect to have dumped all over the Internet."

Kevin Bankston, an attorney with the San Francisco-based Electronic Frontier Foundation, said AOL's apology was appreciated but the damage had already been done.

"The horse is out of the barn," he said. "The data's out there and been copied. This incident highlights the dangers of these companies storing so much intimate data about their users."

The mishap was rooted in an effort by AOL to design a Web site aimed at helping researchers do their jobs more effectively by including AOL open-source data tools, company spokesman Andrew Weinstein said.

A technician posted the data to the site without running them past an in-house privacy department, not realizing the implications, Weinstein said. An internal investigation is underway to determine what happened and how to prevent future occurrences, he said.

However, Weinstein also noted that identifying an individual by search terms alone is difficult because someone could have typed in a friend's name or address instead of his own. The AOL search network had 42.7 million unique visitors in May, so the total data set covered 1.5 percent of search users that month. The 20 million search records represent about one-third of 1 percent of the total searches conducted on the AOL network in that period, the company said.

The data were gleaned from searches conducted by people with AOL user accounts in the United States.

AOL Members' Online Searches Made Public (USAT)

By Jon Swartz, Usa Today

USA Today, August 8, 2006

SAN FRANCISCO — AOL apologized Monday for mistakenly making public the online searches of 658,000 members for a week.

It immediately launched an internal investigation into how its research division posted about 20 million anonymous searches on its website from July 31 to Aug. 6. The breach concerns privacy advocates, who warn some searches might include personal information such as names and addresses.

"This was a mistake, a screw-up, and we're upset about it," said AOL spokesman Andrew Weinstein. The data, collected from March to May, was intended for researchers as AOL works to build closer ties with the academic community. He says the searches represent only one-third of 1% of all searches during the three-month period.

The data went unnoticed until this weekend, when blogs such as Techcrunch pointed it out.

"We are taking steps to ensure that this type of thing never happens again," Weinstein said. He said the data substituted numeric IDs for subscribers' names.

Privacy advocates say they are troubled because many people conduct vanity Web searches, typing in their names and birth dates, for example. ID thieves could piece together such information and identify the person, said Kurt Opsahl, a lawyer for privacy advocacy group Electronic Frontier Foundation. "This highlights the dangers of companies storing this type of data for a long time." One concern is that others could figure out a person's online behavior and what they searched for.

"What safeguards can AOL put in place so this will not happen again?" Opsahl said.

"AOL gets kudos for coming clean, but the horse is out of the barn to some extent," said Ari Schwartz of the Center for Democracy and Technology. He has seen some of the information already duplicated on the Web.

The disclosure comes months after Google refused to supply the Justice Department with search data. AOL, Microsoft and Yahoo cooperated but said they provided limited information that did not compromise customers.

AOL Apologizes For Release Of User Search Data (CNET)

By Dawn Kawamoto And Elinor Mills, Staff Writers, CNET News.com

CNET News, August 8, 2006

Search log information originally intended for use on new research site; company calls data posting a mistake.

AOL apologized on Monday for releasing search log data on subscribers that had been intended for use with the company's newly launched research site.

The randomly selected data, which focused on 658,000 subscribers and posted 10 days ago, was among the tools intended for use on the recently launched AOL Research site. But the Internet giant has since removed the search logs from public view.

"This was a screw-up, and we're angry and upset about it. It was an innocent enough attempt to reach out to the academic community with new research tools, but it was obviously not appropriately vetted, and if it had been, it would have been stopped in an instant," AOL, a unit of Time Warner, said in a statement. "Although there was no personally identifiable data linked to these accounts, we're absolutely not defending this. It was a mistake, and we apologize. We've launched an internal investigation into what happened, and we are taking steps to ensure that this type of thing never happens again."

Although AOL had used identification numbers rather than names or user IDs when listing the search logs, that did not quell concerns of privacy advocates, who said that anyone among the 658,000 could easily be identified based on the searches each individual conducted.

"We think it's a major privacy concern, and we're glad to see AOL is taking it seriously," said Ari Schwartz, deputy director of the Center for Democracy and Technology. "Companies that deal in search results have to understand that they carry very sensitive information, even if it doesn't have what we would traditionally consider to be personally identifiable information involved."

Schwartz and other privacy advocates noted that with bits of information, a "mosaic" could be created that could eventually lead a person to identify the individual in question.

"Sometimes what people are searching for may be an indicator of who they are and who they know," said Richard Smith, founder of Internet security and privacy consulting firm Boston Software Forensics.

In one search log, terms such as "how to tell your family you're a victim of incest," "casey middle school," "surgical help for depression," "can you adopt after a suicide attempt," "Fishman David Dr - 2.6 miles NE - 160 E 34th St, New York, 10016 - (212)

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731-5345," "gynecology oncologists in new york city," and "how long will the swelling last after my tummy tuck" appeared in the set of data.

Some researchers, however, contend the information serves a valuable purpose in helping to develop better information retrieval technology.

"Researchers at universities or small companies don't have access to this type of data. I think the (AOL) researchers were trying to do a good thing by making this available to the research community," said Steve Beitzel, who holds a doctoral degree in computer science from the Illinois Institute of Technology with a specialization in information retrieval. Beitzel, who is an affiliated researcher with the university's Information Retrieval Lab, once served as an intern at AOL, but was not involved with the release of the search log data.

In developing his doctoral thesis, Beitzel used another set of search data from AOL, unrelated to this recent issue, that focused on tracking trends in search query strings.

"It's a hot...research problem that people are trying to solve," he said.

Beitzel noted that the former Excite released a smaller data set of its users' search results in 1999 and 2001, and AltaVista engaged in a similar situation about five or six years ago.

Excite, as well as AltaVista, withheld the user's name and IP address and used an anonymous identifier.

"They released the data sets more than five years ago, and it hasn't hurt anyone," Beitzel said. "The bloggers say what AOL did was evil and a violation of privacy. But this may be an overreaction...a nine-digit number in a search box with no name attached is meaningless."

Kurt Opsahl, a staff attorney for the Electronic Frontier Foundation, pointed to other means to make the information available to the research community without making it open to the public.

"There are ways of conducting research into search technology, without making individuals' search terms public," Opsahl said. "Universities could abide by AOL's privacy laws and various laws for privacy...They could get consent from users before handing out the information to third parties."

While Beitzel agreed other methods could be enacted to aid researchers and the search community, he advised against issuing filters to screen out information such as names or Social Security numbers.

"If you alter the collection, then it is no longer representative," he said.

The release of the search logs runs counter to a court ruling in March, when a federal judge rejected efforts by the Department of Justice to gain access to Google users' search logs. The court, however, determined the Justice Department could have limited access to Google's index of Web sites.

Google was the only search engine to fight the Justice Department, with Yahoo, Microsoft's MSN and AOL turning over their users' search data.

"All search engines collect this kind of user data, and it's valuable to marketers, insurance companies, people involved in divorce and custody battles," said Rebecca Jeschke, a spokeswoman for the EFF. "If this information is available, there is a lot of temptation to release it."

Smith, meanwhile, noted the information AOL provided is similar to the type of search string information the Justice Department sought, under the Children's Online Protection Act.

The search log data, culled from March to May, represents approximately 1.5 percent of AOL's search network in May. The data applied only to U.S. searches by AOL subscribers using the company's client software.

A number of blogs are pointing to mirror sites to let people take a peak at the search logs of AOL users.

CNET News.com's Declan McCullugh contributed to this report.

CIVIL RIGHTS:

Clippers Owner Accused Of Housing Discrimination (KNBC-TV)

KNBC-TV, NBC 4, Los Angeles, August 8, 2006

DOJ_NMG_0044916

LOS ANGELES -- The U.S. Department of Justice on Monday sued Los Angeles Clippers owner and real estate mogul Donald Sterling for housing discrimination, claiming he refused to rent apartments to blacks and families with children.

Video

Federal prosecutors contend that Sterling, his wife, Rochelle, and their family trust refused to rent to many prospective tenants, treated them poorly and misrepresented the availability of apartments to them in the city's Koreatown section.

The defendants also are accused of refusing to rent to black prospective tenants in Beverly Hills as well as families with children looking to rent apartments that the defendants owned or managed in Los Angeles County.

"Here in Los Angeles, where housing is already at a premium, it is imperative that no one be denied housing simply because of their skin color, ethnic background or because they have children," said U.S. Attorney Debra Wong Yang.

Lawyers for Sterling said they vigorously deny the allegations contained in the lawsuit. They said that the Donald T. Sterling Corp. has had an open dialogue with the DOJ.

Claiming violations of the federal Fair Housing Act, the lawsuit seeks an end to "discriminating on account of race, national origin and familial status," plus unspecified monetary damages and penalties. The lawsuit also names as defendants the Sterling Family Trust and the Korean Land Company, which owns multifamily rental properties throughout the county.

In November, a federal judge ordered Sterling to pay nearly $5 million in fees to plaintiffs' attorneys in a lawsuit accusing him of discriminating against black and Hispanic tenants.

The case -- filed by attorneys including the nonprofit Housing Rights Center for 19 plaintiffs -- resolved with a financial settlement that the judge described as "one of the largest ever obtained in this type of case," though the terms were not disclosed.

The 2003 lawsuit alleged that Sterling tried to drive out tenants, particularly blacks and Hispanics, at apartments he owned in Koreatown.

L.A. Clippers Owner Accused Of Housing Bias (LAT)

By Myron Levin

The Los Angeles Times, August 8, 2006

The Justice Department on Monday filed a discrimination suit against Los Angeles Clippers owner and real estate mogul Donald Sterling, accusing him of favoring Korean tenants while seeking to exclude African Americans and families with children from his apartment buildings in Los Angeles County.

The suit, which was filed in U.S. District Court in Los Angeles, charged Sterling with violating the Fair Housing Act, a part of the Civil Rights Act of 1968, by engaging in "discrimination on the basis of race, national origin and familial status." It also named Sterling's wife, Rochelle, and three Sterling companies and trusts.

Sterling owns about 100 apartment buildings with thousands of rental units in the county. In a prepared statement, Sterling's lawyer, Greg Garbacz, called the charges baseless.

For the last year, Garbacz said, the Sterling Corp. had engaged in "open dialogue" with the U.S. Department of Justice, which at no time identified "any evidence, document or witness supporting its allegations of housing discrimination."

Sterling and his companies "are committed to equal housing opportunities for all," Garbacz said, and have "tenants of all races, religions, national origins, gender, sexual orientation, disabilities, as well as families."

In the seven-page complaint, Justice Department lawyers said Sterling's agents at various times have refused to rent to non-Koreans at their buildings in Koreatown, and have been guilty of "creating, maintaining, and perpetuating an environment that is hostile" to existing non-Korean tenants.

According to the lawsuit, the Sterling companies also have refused to rent to African Americans at properties in Beverly Hills, and have misrepresented the availability of units to blacks and families with children.

Prosecutors are seeking a court order that would bar future acts of discrimination, along with monetary damages for alleged victims, none of whom was identified.

"Here in Los Angeles, where housing is already at a premium, it is imperative that no one be denied housing simply because of their skin color, ethnic background or because they have children," said Debra Wong Yang, U.S. attorney in Los

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Angeles. "The Justice Department is dedicated to ending all discriminatory housing practices, along with every other type of civil rights violation."

The case is an echo of a private lawsuit filed against the Sterlings in 2003 on behalf of about 20 mostly black and Latino tenants or prospective tenants. According to that suit, filed by the Housing Rights Center, a Los Angeles nonprofit group, Sterling had told members of his staff that he did not like to rent to Latinos or African Americans because "Hispanics smoke, drink and just hang around the building," and "black tenants smell and attract vermin."

Early in the case, U.S. District Judge A. Howard Matz ordered the Sterlings to stop using such words as "Korean" and "Asian" in building names, as they had done in changing the name of their "Mark Wilshire Towers" to "Korean World Towers."

"Use of the word Korean in the names of residential buildings would indicate to the 'ordinary reader' that the buildings' owner is not only receptive to but actually prefers tenants of Korean national origin," the judge wrote.

"Uneasy relations among different racial and immigrant groups still prevail in various sections of this city, and many residents would understandably regard the decision to place the world 'Korean' in the name of a building in a racially diverse neighborhood as a coded message: Koreans and Korean Americans are welcome and preferred; others are not."

The lawsuit ended last year in a confidential settlement that another federal judge described in an order as "one of the largest ever obtained in this type of case." The settlement also involved "a significant and wide-ranging nonmonetary component and public benefit," wrote U.S. District Judge Dale S. Fischer, who did not elaborate.

Fischer ordered the Sterlings to reimburse more than $4.9 million in plaintiffs' legal fees — the only part of the resolution made public.

The government complaint appears to be larger in scope than the private lawsuit, which focused on rental properties in Koreatown.

"We're excited that the Department of Justice has filed such an important case in Los Angeles County," said Frances A. Espinoza, executive director of the Housing Rights Center.

She said the government case was broader than the one filed by her group "in that it focuses on properties all over Los Angeles County."

Youth Prison Found In Partial Compliance (HSB)

Honolulu Star-Bulletin, August 8, 2006

A court-appointed monitor finds 41 of 53 defects improved

An initial review of policies and procedures at the Hawaii Youth Correctional Facility indicates the state's youth prison is in "partial compliance" with 41 of the 53 areas cited as needing improvement by the U.S. Justice Department.

The 87-page report was issued last month by Russell Van Vleet, the monitor appointed by the federal court to oversee the state's compliance on reforms at the Kailua facility.

Earlier this year, the state entered into a three-year agreement with the Justice Department to improve conditions at the facility after an investigation concluded inadequate policies and procedures, staffing shortages and deficient training for guards had led to a "state of chaos."

"The state is committed to fully complying with the agreement and to helping the youth confined at HYCF," Attorney General Mark Bennett said yesterday in a news release.

The federal review came after an investigation by the American Civil Liberties Union of Hawaii had voiced similar concerns. The ACLU sued over conditions at the facilities but settled the litigation after the agreement with the Justice Department was reached.

Lois Perrin, the attorney for the ACLU in Hawaii, said reforms are being watched closely.

"The widespread problems at HYCF are obviously going to require an enormous undertaking to create the culture shift needed to bring the facility into compliance with professional and legal standards," Perrin said. "We hope that undertaking will be completed as quickly as possible."

7th Circuit Rejects Claims Of Age Discrimination In IBM Pension Case (LAW/AP)

By Brian Bergstein, The Associated Press

AP, August 8, 2006

IBM Corp. did not commit age discrimination when it changed its pension coverage in the 1990s, a federal appeals court ruled Monday in an influential case that Big Blue had agreed to settle for up to $1.4 billion if it had lost the appeal.

The case involved 140,000 older employees who were affected when IBM converted to a "cash-balance" plan, which gives workers virtual accounts that can be cashed out for a lump sum when they leave the company.

The plans are designed to be more attractive to younger workers who are more likely to switch jobs. But opponents say the setup denies older workers the gains they would have gotten under traditional pension plans, in which employees amass more retirement benefits during their last years of service.

About 1,500 U.S. companies have adopted cash-balance or other "hybrid" pension plans, although this case was a large reason why the approach had become less popular and legally questionable. Just last week, Congress passed a bill that sought to clarify the legality of such plans, over the objection of groups such as AARP.

The plaintiffs in the IBM case sought to force the company to make up for what they said they lost in potential benefits after IBM adopted the cash-balance plan in 1999. In 2003, a federal judge agreed that the plan amounted to age discrimination because it unfairly penalized older employees.

While IBM negotiated a possible settlement, it pressed its appeal with the 7th U.S. Circuit Court of Appeals in Chicago, which found Monday that the plan did not discriminate because it gave every employee the same credits.

"All terms of IBM's plan are age-neutral," the judges wrote. "... Removing a feature that gave extra benefits to the old differs from discriminating against them."

The lead plaintiff, Kathi Cooper of Bethalto, Ill., said she wanted to keep pursuing the case. She said she was confident that IBM's move was illegal, noting that it wasn't until last week that Congress officially said otherwise.

"I don't consider this a dead end," said Cooper, who spent her career with IBM before retiring last year at age 55. "I do not consider this fight over."

Although IBM would no longer have to pay $1.4 billion set aside to settle the case, the company will still owe $320 million as part of a separate settlement of issues not contested in the appeal.

IBM executives said they were gratified by the verdict.

"In the end, I think our integrity and our ethics prevailed," said Randy MacDonald, IBM's head of human resources.

James Klein, president of the American Benefits Council, which represents companies with pension plans, said the IBM case was important because the original verdict was written in such a way that it potentially tarred not just cash-balance plans, but other kinds of benefit packages as well.

He said the reversal in the appeals court and Congress' statement that cash-benefit plans are acceptable "are helpful and complimentary."

"It's good to get clarity," he said.

While the verdict could remove the huge settlement cloud from IBM, it figures to have little impact otherwise on the company. Armonk, N.Y.-based IBM has stopped offering pensions to new workers; after next year, IBM plans to freeze pension-benefit accruals altogether. Instead IBM is enhancing its 401(k) plan.

IBM shares lost 39 cents, or 0.5 percent, to close at $75.52 in Monday trading on the New York Stock Exchange.

Court Rules In Favour Of IBM In Pension Case (FT)

By Richard Waters In San Francisco

Financial Times, August 8, 2006

A US appeals court on Monday found in favour of IBM in a pension case in which it had been accused of age discrimination. The decision, in the first case of its kind to reach the appeals stage, has been closely watched by other US companies that had wanted to make similar changes to their existing pension arrangements.

IBM said the decision removed a potential liability of $1.4bn, though it had already agreed to pay $320m to settle part of the case.

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"The implications would have been extraordinary had the case gone the other way," said Jim Klein, president of the American Benefits Council, a Washington lobby group for large US employers. Along with the adoption of new US pensions legislation last week, the ruling will instead leave companies freer to choose the design of their pension plans, he added.

The case was prompted by IBM's decision to turn its plan for US workers into a so-called "cash-balance" arrangement. Though still technically a defined benefits plan, under which retirees are paid benefits according to a formula based on their length of service, a cash-balance arrangement also shares some of the characteristics of a defined contribution plan. Companies make a contribution to the plan for each year of a worker's service, and those payments immediately start to accrue interest.

For younger workers not due to retire for many years, the compounding effect of the interest payments can result in a far larger pension entitlement than for workers who start their service at a later stage. That has led to lawsuits against IBM and a number of other US companies alleging age discrimination, resulting in a slowdown in the adoption of such plans.

In its opinion, the appeals court overturned an earlier district ruling against IBM and said that cash-balance arrangements were "age-neutral".

"Older workers [accurately] perceive that they are worse off under a cash-balance approach than under a traditional years-of-service-times-final-salary plan," the judges wrote. "But removing a feature that gave extra benefits to the old differs from discriminating against them."

Welcoming the ruling, IBM said in a statement: "Today's decision confirms the legality of cash balance plans in general and the fact that IBM's plan does not discriminate on the basis of age … The Court's decision gives much needed certainty to employers and employees alike in this important area of employee benefits."

IBM Ruling Paves Way For Changes To Pensions (WSJ)

By Ellen E. Schultz And Theo Francis

The Wall Street Journal, August 8, 2006

A federal appeals court reversed a lower court's finding that International Business Machines Corp.'s pension plan discriminated against older workers.

The ruling, which involved IBM's move to change from a traditional pension to a cash-balance pension plan, may spur more companies to make the switch, employers say, and may have implications for some of the roughly 400 companies with a total of more than 1,200 cash-balance plans among them.

"A number of companies have held back" in converting defined-benefits plans to cash-balance plans because of concerns raised by the IBM case decision, says James Klein, president of the American Benefits Council, a Washington-based group that lobbies on pension issues and supports cash-balance plans. He said the ruling, combined with last week's congressional pension reform that deemed cash-balance plans aren't age-discriminatory, "will give a green light for companies to make the conversion."

"We think it affirms the fair and legal decision that we made in 1999" to convert the plan, said J. Randall "Randy" MacDonald, IBM's senior vice president for human relations. The computer maker had settled other aspects of the lawsuit for $320 million and had agreed to pay additional benefits of $1.4 billion to 140,000 current and former workers if it lost its appeal on the age-discrimination claim.

The plaintiffs, who are current and former IBM employees, intend to ask the full appeals court to reconsider the ruling, saying it ignored key legal distinctions between pension plans and defined-contribution savings plans. The decision "disregards the statutory provisions expressly enacted by Congress to protect older workers from age discrimination," said a spokesman for the plaintiffs.

Pension advocates, older employees and the AARP have been distressed by the conversion to cash-balance plans because the move typically reduces the pensions of older workers significantly. In a traditional pension, benefits are calculated by multiplying years of service by average salary, producing a pension that grows steeply in one's later years on the job. When companies change to a cash balance pension plan, the former pensions are essentially frozen, and the value of their cash-out value is converted to an "account." This hypothetical account grows each year with credits, based on pay, plus interest.

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When older workers are shifted from a traditional pension to a cash-balance plan, they lose the steep buildup of pension benefits and can end up with pensions that are 20% to 50% lower. Most companies that adopted the cash-balance formula had large older work forces. What's more, some companies also froze the cash-balance credit for older workers, so that after the switch they didn't earn anything under the new cash-balance plan either for a period of months or years, while younger workers began to build up benefits right away. Both of these outcomes led to charges of age discrimination.

While it is legal to reduce or eliminate a pension going forward, it is illegal under pension law to provide a pension accrual that declines with age. Employers with cash balance plans don't dispute that this happens, but maintain that because the pension is intended to look more like a "defined-contribution" plan, such as a 401(k), the age discrimination rule shouldn't apply.

Writing for the Seventh U.S. Circuit Court of Appeals in Chicago, Judge Frank Easterbrook accepted IBM's position that because its pension plan resembles a defined-contribution plan, it shouldn't be deemed discriminatory. The judge noted that because workers of all ages in the IBM plan received an annual 5% pay credit, the plan couldn't be said to be discriminatory. That younger workers had many more years to earn interest, and thus would end up with larger pensions, he said, wasn't illegal.

"One need only look at IBM's formula to rule out a violation. It is age-neutral," Judge Easterbrook wrote.

Norman Stein, a University of Alabama law professor specializing in pension law who also has served as a consultant for employees suing over cash-balance plans, says the ruling essentially ignores the law, which treats defined-benefit and defined-contribution plans very differently, even if they can resemble each other superficially.

IBM's pension saga started in 1999 when it changed its pension formula. The ensuing employee backlash led the Internal Revenue Service to stop approving the plans and to calls for legislation to protect older workers when their pensions are changed.

Employees filed suit in 1999; a federal court in Illinois ruled against IBM in 2003, finding that the company had discriminated against older workers.

Court Rules IBM Pension Change Didn't Discriminate (USAT)

By Stephanie Armour

USA Today, August 8, 2006

IBM's decision to change its pension plan formula did not amount to age discrimination, according to a decision Monday by a federal appeals court that largely reaffirms the legality of the corporate trend toward pension conversions.

The decision by the U.S. Court of Appeals for the 7th Circuit, which may still be appealed, asserts that IBM's conversion from a traditional pension to a so-called cash-balance plan is legal. IBM changed to a cash-balance plan in 1999, touching off a lawsuit involving about 140,000 older workers who say it cost them possible future benefits and was discriminatory.

The ruling has no legal impact on employees at other companies but is seen as reassuring for other companies that have converted plans or may consider such conversions. Under a traditional pension plan, employees receive monthly checks after retirement. But more companies have been shifting to cash-balance plans, which pay employees a lump sum when they leave the company and tend to be more attractive to younger workers because benefits accrue at a more steady pace rather than at the end of a career.

Monday's decision invalidates a 2003 ruling by a federal judge who said IBM's conversion was discriminatory. It also means IBM will not have to pay out a capped liability of up to $1.4 billion.

In another victory for companies converting to cash-balance plans, Congress passed a bill last week that largely affirms the legality of pension plan changes.

“If (the 2003) case had been upheld, it could have invalidated other plan designs,” says James Klein, president of the American Benefits Council, which represents companies with pensions. “The congressional action and this decision give a green light for companies to continue to establish cash-balance plans.”

There has been an explosion in cash-balance plans over the past decade: More than 8.5 million Americans are currently covered in at least 1,500 hybrid (which include cash-balance) plans nationwide.

IBM officials applauded the court's decision, saying it found IBM's formula for converting was “age neutral.”

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"It's most meaningful," says J. Randall "Randy" MacDonald, senior vice president of human resources, of the ruling. "It affirms our long-standing practice at IBM of only making decisions that are fair and legal."

But lead plaintiff Kathi Cooper of Bethalto, Ill., says she and her legal team are reviewing all options, including an appeal to the U.S. Supreme Court.

"My reaction is that we're not done. This is not the end of this," Cooper says. "I don't agree with the ruling. I know how terribly hurt financially these employees were (by the conversion)."

Dallas: Lawsuit Alleges Discrimination Against Women, Minorities (DMN)

By Tanya Eiserer, The Dallas Morning News

Dallas Morning News, August 8, 2006

The Dallas Black Fire Fighters Association has filed suit against the city of Dallas seeking to change what it says is pervasive discrimination against minorities and women in hiring, training, transfers, promotions and discipline.

"These people are being discriminated against," said Grover Hankins, a Houston attorney who specializes in employment discrimination cases. "There are some very hard-core discriminatory practices that are going on in that department."

The lawsuit, filed in state district court on July 19, seeks a permanent injunction prohibiting "unfair discriminatory employment policies" and demands more than $75,000 in damages for each person.

The city attorney and fire officials declined to comment on the lawsuit.

"We'll await the outcome of the legal action and abide by the judge's decision," said Lt. Joel Lavender, a Dallas Fire-Rescue spokesman.

Issues surrounding race have long been contentious and litigious in Dallas Fire-Rescue.

The black firefighters association filed a class action in the late 1980s, alleging that blacks lagged in hiring and promotions.

The city settled the lawsuit for about $860,00 in the mid-1990s. The settlement mandated numerous changes, including revamping disciplinary procedures and added special requirements on how to conduct hiring and promotional tests.

About that time, white firefighters filed suit in federal court, contending that women and minorities who scored lower on civil service tests were promoted ahead of them. The issue revolved around a 1988 policy that allowed the department to "skip-promote" minorities and women who did as well on the tests as white men.

In the late 1990s, the U.S. Supreme Court found that portion of the city's affirmative action plan violated the constitutional rights of white male firefighters.

Shortly after the ruling, Chief Dodd Miller stepped down as pressure rose from minority leaders who demanded a chief who could find innovative ways to deal with the high court's decision.

Some firefighters say many of the issues remain a source of conflict.

"When young people do make it through the fire academy and get placed in an all-white firehouse, they are basically set up for failure," Mr. Hankins said. "They are sniped at until they're gone so they don't make it. It's just horrendous."

But fire officials and the head of the department's largest association say several examples and information in the black firefighters lawsuit are either inaccurate, wrong or misleading.

Mr. Hankins, a former general counsel for the NAACP and a lawyer in the U.S. Justice Department's civil rights division, said the facts in the lawsuit are based on what his clients told him. He added that if there are errors, he would amend it. But he added that there are other explosive allegations that he expects to add to the lawsuit.

For example, the lawsuit says Dallas Fire-Rescue has not hired an African-American female firefighter in about 15 years.

It's actually been about 11 years, Lt. Lavender said.

Five black women have been hired as firefighters in the last 15 years, three of whom remain with the department. There have also been 13 black women hired as fire prevention officers, fire officials said.

Lt. Lavender acknowledges that the department lags in hiring enough women but says it is extremely difficult to attract them into the fire service. Woman represent about 4 percent of the department's firefighting personnel.

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The lawsuit accuses the fire department of engaging in "discriminatory hiring practices against qualified African-American candidates that make application for employment." Minor infractions are overlooked for whites, but not for blacks, it says.

Fire officials note that the department's two recruiters are black and Hispanic, and they say the last three captains over the personnel department have been black.

Shawn Gary, the black firefighter association's president, says just having people of color working in recruiting isn't enough.

"You've got to have policies that allow you to recruit these people," he said.

Currently, about 62 percent of the department's firefighters are white, 21 percent black and 14 percent Hispanic, virtually the same as when former Fire Chief Steve Abraira became the city's top firefighter in 2000.

The lawsuit also says Mr. Gary was a victim of discrimination because he was denied his request to transfer to arson investigations "without being given any reason."

Fire officials say Mr. Gary was not qualified for the transfer because typically only lieutenants and above are considered for such positions, although some firefighters are transferred into the unit when health problems prevent them from performing the usual firefighter duties.

"There are other people in arson investigations that are not lieutenants," Mr. Gary said.

Capt. Mike Buehler, president of the Dallas Fire Fighters Association, which represents more than 1,000 of Dallas Fire-Rescue's roughly 1,600 firefighters, said he believes there have been "isolated incidents" of discrimination.

He said the lawsuit seems like a rehash of complaints that arose during the tenure of Mr. Abraira, who resigned almost a year ago after being pressured to do so by City Manager Mary Suhm.

"I don't know how this would hurt Abraira at this point," he said. Mr. Abraira could not be reached for comment.

Eddie Burns, who came from Fort Worth, became Dallas' first black chief in April. But a new chief doesn't mitigate the problems, Mr. Gary said.

"We tried to mediate with the city," said Mr. Gary. "They chose not to respond, and this is just the next step.

"Are we supposed to ignore that?"

Seeking Diverse Fire Dept., City Relaxes Requirements (NYT)

By Diane Cardwell

The New York Times, August 8, 2006

Expanding efforts to attract women and minorities to the Fire Department, the city is relaxing its standards for applicants to take the entrance exam by reducing academic requirements and allowing job experience to substitute for college course work, Mayor Michael R. Bloomberg said yesterday.

Still, for those who pass the test, the probationary period will be longer and more rigorous, giving the department more time to train and evaluate applicants, the mayor said.

“By recognizing the value of professional experience, we’ll create opportunities for more New Yorkers and ultimately strengthen the department by hiring candidates with a wide range of skills and life experiences,” Mr. Bloomberg said at a news conference in Brownsville, Brooklyn, announcing the changes, which were reported yesterday in The Daily News.

“If you have more people taking the test, there will be more diversity because you just have a bigger group to choose from.”

For decades, the city has faced pressure to diversify the Fire Department, which remains overwhelmingly white and male, in sharp contrast to other agencies and to the population of the city. According to the department, at the end of July there were 11,605 firefighters. Of those, 620 were Hispanic, 336 black, 69 Asian-American and 6 Native American, for a total of 8.9 percent. All told, 30 were women.

In recent years, the department’s record has spurred a federal complaint by the Vulcan Society, an association of black city firefighters, and a Justice Department investigation into the department’s hiring practices that began last year and is still under way. However, city officials said, some of their efforts to diversify the agency have begun to bear fruit. They noted that in the last class to graduate from the Fire Academy, in July, 21 percent were minorities.

Last year, with an extra $3.2 million, the department expanded its recruitment and diversity unit, and in May it began an advertising campaign to highlight aspects of the job other than fighting fires. That came in response to a Columbia University

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study that found that people were more interested in applying after learning about the salaries, benefits and flexible schedules being offered to firefighters.

Now, by relaxing the requirements for the entrance exam, the city hopes to broaden the applicant pool and increase minority and female representation. Officials also said they would lengthen and intensify the training period for new recruits, which is now 13 weeks long, but added that they were still working on the details.

Under the new qualifications for the entrance exam, which is given every four years, applicants need to have a high school diploma, or the equivalent, and either 15 college credits, reduced from 30 credits, or six months of full-time satisfactory work experience. Military service with an honorable discharge can also qualify an applicant for the exam, which is next scheduled for January.

During the period in which applicants can sign up for the exam, which began yesterday and continues through Oct. 13, the city will be running a new advertising campaign and will provide free tutorials and coaching for both the written and physical tests.

Calling the efforts the most aggressive diversity program in the department's history, Fire Commissioner Nicholas A. Scoppetta said, "Simply stated, it's the department's goal to have a work force that mirrors the citizens that we serve."

But Fire Capt. Paul Washington, president of the Vulcan Society, said that more needed to be done to reduce the hiring gap once the test results were in. The written and physical components each count for half of an applicant's score, which can be increased by a variety of factors, including living in the city or having a relative who was killed while on duty for the department. The final scores are used to create a list from which new firefighters are chosen, in order, over the next few years. Captain Washington said that black applicants often tended to end up at the bottom.

"If they have a very successful recruitment effort, and there's a good chance that this recruitment effort will be successful," he said, "it means nothing if blacks don't end up getting hired."

Seeking A Cease-Fire (WSJ)

By Neil King Jr.

WSJ Online's "Washington Wire", August 7, 2006

The Bush administration strongly defended a United Nations measure meant to halt the 26-day battle between Israel and Hezbollah, despite criticism by Lebanese officials that the proposal was too favorable to Israel and wouldn't assure an end to the fighting.

The draft U.N. resolution, which the U.S. and France crafted over the weekend, calls for a "cessation of hostilities" on both sides but doesn't demand that Israeli forces pull out of southern Lebanon. The measure would also grant Israel wide latitude to fire back at any Hezbollah offensive. It also leaves the details for a lasting ceasefire, including the introduction of an international peacekeeping force, for another round of U.N. diplomacy. The Security Council is expected to vote on the first measure as early as Monday.

Speaking to reporters in Crawford, Texas, where she was meeting with President Bush, Secretary of State Condoleezza Rice said the draft resolution represented "the international community's effort to bring about a reasonable, equitable basis for the cessation of hostilities." Its passage, she said, would clarify "who really did want to stop the violence and who didn't."

President Bush's national security adviser, Stephen Hadley, said that once the first resolution was adopted, the U.S. and France would push quickly for a second measure to lay out the steps toward a permanent ceasefire and to authorize the dispatching of international force. But he also cautioned that the fighting could well continue even after the passage of the first resolution. –Neil King Jr.

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August 6, 2006, 1:27 pm The Chief Speaks

In a recent interview, Chief Justice John Roberts had some advice to those who teach, study and practice law: spend more time reading the constitution.

Speaking on C-SPAN, his longest interview since being confirmed last summer, Justice Roberts said that in the legal community at large, "We talk about it a lot. We have cases about it. But to actually sit down and read it doesn't happen that often, and that is a very rewarding exercise." He said he last reviewed the constitution a few weeks ago, upon concluding his first term

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on the Supreme Court. "I thought I ought to at least pause for an hour or so and read the original document again to see how closely I think we got to what the framers intended," he said.

He also said the colonists disliked their experiences with British judges and remained wary of appointing federal judges for life. The framers allayed these fears by saying the judiciary would resolve only legal questions, not important political issues. He said many people today, in contrast, believe any type of dispute should be determined by the Supreme Court. "In a democratic republic that shouldn't be someone's first reaction," he said. "Their first reaction should be to resolve political disputes in the political process." –Ben Winograd

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August 4, 2006, 4:59 pm Job Satisfaction Surges Among TSA Screeners

The Transportation Security Administration's efforts to improve morale among screeners and other workers appear to be showing some success.

A survey of nearly 18,000 workers, most of them airport screeners, saw a big increase in the percentage who report satisfaction with their jobs. In 2004, 35% of workers reported that, overall, they were satisfied or very satisfied with their jobs. This year, the number jumped to 59%. That's a 68% improvement in two years. (In a rare move of understating one's own accomplishments, the TSA news release misstated the results, declaring that overall job satisfaction increased 24%, when it actually increased a much more impressive 24 percentage points.)

TSA chief Kip Hawley, who has been in office for about a year, has made improving morale a priority. The agency pointed to a new "career progression program" that gives screeners more room for advancement. And to send a more authoritative message, airport screeners were renamed transportation security officers (though many, including this item, continue to refer to them as screeners). –Laura Meckler

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August 4, 2006, 12:20 pm Pakistan Presses for Trade Pact

Pakistani President Gen. Pervez Musharraf has asked President Bush for a free trade agreement that would boost trade between the two countries, Pakistan's Commerce Minister Humayun Akhtar Khan said.

Khan is in Washington to spur the trade talks, which could take years. At the Institute of International Economics (IIE), Khan said Pakistan needs to improve its economy in order to address the country's extremism.

"We need trade, not aid," he told reporters today. Pakistan wants to export more textiles and clothing to the U.S. A $1 billion a year increase in textile and clothing export to the U.S. would generate as many as 200,000 jobs in Pakistan, he said. Such an increase, he said, wouldn't jeopardize the U.S. textile industry as Pakistan would likely take a bite out of other countries' imports.

According to IIE, U.S. exports to Pakistan would increase to $2.12 billion from $1.24 billion currently while Pakistan's exports to the U.S. would reach $4.42 billion from nearly $3.60 billion. Pakistan's textile exports would increase to $2.05 billion from $1.56 billion, and apparel exports will surge to $1.51 billion from $1.01 billion.

During his two-day visit to Washington, Khan met with U.S. Trade Representative Susan Schwab, U.S. Commerce Secretary Carlos Gutierrez and Undersecretary of Economics, Business and Agriculture Affairs Josette S. Shiner as well as three U.S. senators. –Shahid Shah

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August 4, 2006, 12:11 am Business Sees Republicans as Vulnerable

BUSINESS GROWS BEARISH on Republicans holding Congress.

"It is likely that Republicans lose control of the House," says Bernadette Budde of Business-Industry Political Action Committee. The biggest danger for Republicans: "clumps" of defeats in states such as Pennsylvania, Ohio and New York, submerging incumbents who don't now appear vulnerable.

U.S. Chamber of Commerce election drive — dogged by controversy over accuracy of TV ads — visits Connecticut this weekend to shore up vulnerable Republican Reps. Simmons, Shays and Johnson. Democrats fret a Lieberman defeat in next week's Senate primary there could imperil House races, since his possible independent candidacy could lift November turnout by moderate Republicans.

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Democrats' strong 2006 fund-raising means "money is no longer the issue," says Michael Malbin, a campaign-finance expert.

TEAM LIEBERMAN ROUSES seniors in bid to hang on.

His turnout effort focuses on the elderly, who tend to vote heavily in off-year elections. Connecticut AFL-CIO seeks Joementum by contacting more than 200,000 union members.

Late influx of 6,000 independents onto Democratic voter rolls represents wild card. Lieberman enjoys independent support, but new Democrats may reflect surge by antiwar upstart Lamont as he takes 54%-41% lead in new poll. Republicans in Washington explore replacing obscure nominee Alan Schlesinger with stronger alternative, but "we've…come up empty," one insider says.

CASTRO'S WOES may boost Bush's party in Florida.

Chance of his demise energizes older Cuban-Americans, the most pro-Republican slice of Hispanic constituency. With competitive races for governor and a House seat on tap, "In the short term, it's helpful to Republicans," says Miami pollster Sergio Bendixen.

But that could boomerang if expectations of Cuba's rapid transformation are dashed. A former Bush administration official predicts little immediate change if Castro dies, since brother Raúl controls security forces and U.S. pro-democracy plans would have marginal effect.

Hispanics cast 15% of Florida votes, but Cuban exiles are less than half following immigration from other Latin countries.

PENSION BILL ATTRACTS special-interest provisions as other legislation founders. The 907-page House bill suspends tariffs on liquid-crystal panels for televisions, ceiling fans and wool fabric. Estimated 2009 cost to Treasury: $1 billion.

REFORM ROLLBACK? Federal Election Commission votes Aug. 29 on major exception to 2002 campaign-finance law. Under consideration: allowing labor unions, corporations and interest groups to run "issue ads" during final 60 days of campaigns, which McCain-Feingold had sought to bar.

RIGHT TURN? Auto-industry representatives say meeting between Bush and Detroit's Big Three — twice delayed by the White House — may not happen. Though the president hasn't favored special industry help anyway, Michigan's embattled Democratic Gov. Granholm uses rebuff against Republicans in her re-election bid.

GROUNDSWELL? As prisons overflow capacity, U.S. Conference of Mayors opposes "mandatory-minimum" sentencing laws. But anticrime political pressure makes changes unlikely. One key senator, Republican Sessions of Alabama, proposes narrowing sentencing disparities by easing standards for crack-cocaine cases and stiffening those for powder cocaine.

DEFICIT HAWKS LOOK beyond government printer to spread grim budget data.

Disappointed that Government Printing Office produced only 2,000 copies of "2005 Financial Report of the U.S. Government," Tennessee Democratic Rep. Cooper arranges for Nashville publisher to issue a version. Priced at $14.99, below GPO's $23, it pegs deficit at more than twice reported $318 billion when some future benefit promises are considered.

"The White House does not want you to read this book," Cooper writes in forward. GPO notes it still has copies available from original press run; report is free online. The agency lays plans for enhanced Internet access to government publications.

Harris Corp. wins contract for "Future Digital System," with initial rollout expected next year.

MINOR MEMOS: After Rumsfeld tells Sen. Clinton "you'd have a dickens of a time" finding overly optimistic Iraq assessments, she enters some of his previous statements into Armed Services Committee record…Chief Justice Roberts tells C-Span Americans shouldn't run to court for "everyday" disputes, and instead should say, "I'm going to talk to my congressman…." – John Harwood

Permalink | Trackbacks (1)

August 4, 2006, 12:10 am Fed Sees Inflation Rise as Fleeting

Federal Reserve officials see the recent rise in underlying inflation as mostly a temporary response to rising energy prices, not an overheating economy.

That assumption underpins their view, laid out in speeches and testimony, that inflation ought to fall back over the next year and a half without the Fed having to engineer a jarring economic slowdown with sharply higher interest rates. And it is central to the argument that the Fed should pause soon in its two-year campaign of interest-rate increases.

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Futures markets see a two-thirds probability that the Fed will leave its short-term interest-rate target at 5.25% when its policy makers meet Tuesday. That would be the first meeting without a rate boost after 17 sessions that ended with a quarter-percentage-point increase. But future markets are more uncertain about what the Fed will do next week than at any equivalent point since 1998, according to Bianco Research, a Chicago research firm. Recent economic data point both to weaker growth and stronger inflation, and Fed officials are giving fewer clues than usual. That the Fed is even contemplating holding rates steady with the unemployment rate at 4.6% and inflation gauges turning higher reflects the way it looks at inflation. Read more. –Greg Ip

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August 3, 2006, 7:30 pm Senators Press House Republicans on Immigration Law

Senators pushing for an overhaul of immigration law say they are gaining traction with an argument that Republicans ought to act before the elections or risk political fallout.

After meetings with House Speaker Dennis Hastert of Illinois and House Judiciary Committee Chairman James Sensenbrenner of Wisconsin, Sens. John McCain of Arizona and Lindsey Graham of South Carolina say they expect discussions on immigration will resume in earnest in September. House hearings around the country have publicized the idea that "the borders are broke," Mr. Graham said. "But come September, what are we going to do about it?"

"If they make everyone aware of the enormity of the security problem, it would be in their interest to see a legislative result," said Mr. McCain. The senators are pushing for expanded legal immigration and guest-worker programs along with beefed up border security and enforcement. The meeting with Sensenbrenner, who has taken a staunch security-only position, started with "a bit of tension in the air," Graham said. But by the end there was "appreciation" that "we have a workforce need that's not being met." The senators said they hoped for a strategy session in September with President Bush, who they said has continued meeting with lawmakers. "We have not given up," said Democratic Sen. Edward Kennedy of Massachusetts.

The comments came as Bush in a speech in Texas urged Congress to act and House Republicans held a hearing in San Diego highlighting the "burden" that illegal immigration places on health care, education and other government services. –-Sarah Lueck

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August 3, 2006, 5:01 pm Going Generic?

A bipartisan group of governors — Vermont's Douglas, Minnesota's Pawlenty, Wisconsin's Doyle and Kansas' Sebelius — has petitioned the FDA to issue guidelines on generic versions of two biotech drugs. They say the copies of insulin and human growth hormone will help keep down health-care costs. The agency has said it needs congressional action to approve copies of most biotech products, but lawmakers haven't moved. The FDA says it will "review their concerns carefully and respond accordingly." –Anna Wilde Mathews

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August 3, 2006, 4:55 pm It Must Be Getting Close to Football Season

The Federal Communications Commission isn't exactly known for being particularly speedy about resolving complaints, which can languish there for years. But it took just two days for the FCC to respond to a complaint from the NFL, which said Time Warner had illegally dropped its NFL Network channel off some cable systems.

Time Warner dropped the channel — which is currently featuring in-depth coverage of NFL training camps and other pre-season action — on Tuesday from some cable systems acquired during its recent deal with Comcast Corp. to divvy up the assets of Adelphia Communications Inc.

On Thursday morning, the FCC ordered Time Warner to immediately reinstate the channel while it considers the complaint. The NFL argued Time Warner dropped the channel without giving 30-days notice. Time Warner argues it acted properly. –Amy Schatz

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August 3, 2006, 2:59 pm AARP Takes a Stand on Pensions — Sort Of

AARP's chief executive, Bill Novelli, gives a highly qualified endorsement of the pension bill pending in the Senate. "While this bill has shortcomings," he says in a statement, "a number of its provisions will improve retirement security."

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The senior lobby lauds move to require greater employer contributions to defined-benefit pension plans, encourage employers to enroll workers in 401(k) automatically and protect workers whose retirement plans are heavily concentrated in stock of their employers. But it complains that the bill doesn't do enough to protect workers who employers are switching from defined-benefit to what are known as "cash balance" plans, fails to address "the ongoing decline in defined-benefit plans" and risks giving workers with 401(k) plans "conflict-tainted advice from financial service firms."

"This bill can help make retirement more secure for many, but it leaves much work to be done to insure retirement security for all," Novelli says. "Congress immediately needs to turn its attention to improving pension coverage and increasing retirement savings for all Americans."

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August 3, 2006, 2:44 pm Can You Translate That Into Chinese?

Noting new Treasury Secretary Paulson's attempt to devise a standing statement on the U.S. dollar, former Bush economics adviser Greg Mankiw says the press corps' attempts to get Treasury secretaries to say something newsworthy about the currency is "one of the more bizarre rituals in Washington."

"The Treasury Secretary's goal is to say something that makes him look smart and authoritative without actually saying anything substantive which might cause market volatility," Mankiw, now back at Harvard, writes on his blog.

Mankiw's suggestion: "Supercalifragilisticexpialidocious!"

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August 3, 2006, 2:43 pm Phone Companies' Backup Line

As an effort to rewrite the nation's telecom laws remains stalled in the Senate, phone companies are eying backup plans to convince policymakers to change rules to make it easier for them to get into the pay-tv business.

Phone company lobbyists are trying to convince more states to allow statewide video franchises, which allow phone companies to avoid having to bargain with local governments the way cable-TV firms must do before offering television service. Six states have already changed their rules and phone companies are hopeful New Jersey, California and Pennsylvania could be next.

Republican FCC Chairman Kevin Martin is also standing by with proposals to change existing rules to help the phone companies if the Senate doesn't act this year. Alaska Sen. Ted Stevens tells reporters his communications bill is "dead" if he can't line up 60 votes to get it on the floor. He still hasn't released a copy of the bill approved by the Commerce committee, but his staff has now produced a colorful tri-fold pamphlet to explain what's in it to confused senators. – Amy Schatz

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August 3, 2006, 2:17 pm MoveOn Gets Good News in Connecticut

There's good news for liberal group MoveOn in Connecticut: A new poll out Thursday from Quinnipiac University shows Ned Lamont with a double-digit lead over Joe Lieberman with less than a week to go.

Earlier this week, The Wall Street Journal chronicled how MoveOn defied the Democratic party elders and endorsed Lieberman's Democratic primary opponent for Senate. The Journal noted that despite its high profile and fundraising ability, MoveOn hasn't scored a major victory. Its members backed 2004 Democratic presidential contender Howard Dean, who lost in early primaries. Ohio's Paul Hackett and California's Francine Busby also didn't win in their respective Senate and House bids.

Even if Lamont does win the primary, however, Lieberman has said he will stay in the race and run as an independent in the general election.

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August 3, 2006, 11:38 am Alumni Notes on Paulson

Bob Reich, Dartmouth '68, the former Clinton labor secretary now at the University of California at Berkeley, doubts "my old college classmate" — new Bush Treasury Secretary Hank Paulson, also Dartmouth '68 — will be able to do much.

"Hank may be a key player but his real problem is there isn't going to be any Bush economic policy from here on — no trade rounds (Doha is dead), no entitlement reform (Social Security privatization is dead), no tax reform (dead, dead), no major extensions of Bush tax cuts for the wealthy (even if Republicans keep the House after November, they have no stomach for more

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of this), no major cuts in non-military discretionary spending (all the low-lying fruit has been picked). No nothing, nada, zilch, zip," Reich writes in his blog.

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August 3, 2006, 9:12 am Who Is Behind the Al Gore Spoof?

Everyone knows Al Gore stars in the global warming documentary "An Inconvenient Truth." But who created "Al Gore's Penguin Army," a two-minute video now playing on YouTube.com? In the video, Gore appears as a sinister figure who blames the Mideast crisis and starlet Lindsay Lohan's shrinking waist size on global warming. (See the video.)

The video's maker is listed as "Toutsmith," a 29-year-old who identifies himself as being from Beverly Hills in an Internet profile. In an email exchange with The Wall Street Journal, Toutsmith didn't answer when asked who he was or why he made the video, which has just over 59,000 views on YouTube. However, computer routing information contained in an email sent from Toutsmith's Yahoo account indicate it didn't come from an amateur working out of his basement.

Instead, the email originated from a computer registered to DCI Group, a Washington, D.C., public relations and lobbying firm whose clients include oil company Exxon Mobil Corp. Read the full article. – Antonio Regalado and Dionne Searcey

Senators Press House Republicans on Immigration Law

Aug.3, 2006

Going Generic?

Aug.3, 2006

ABOUT THIS BLOG

The Washington Wire, which is among the most venerated products of the Journal's Washington bureau, also is one of the oldest standing features in American journalism. Since the Wire was launched on Sept. 20, 1940, the Journal has offered readers an informal look at the capital's comings and goings in a series of newsy, and sometimes even gossipy, items. Now online each weekday, the Wire provides a succession of glimpses at what's happening behind hot stories and early warnings of what to watch for in the days ahead. The Wire is the collective product of the Washington bureau, some 40 journalists strong. Write to Washington Wire at washwire@wsj.com.

READER RESOURCES

See several key resources, including The Wall Street Journal/NBC News poll, a roundup of Senate and gubernatorial races and links to government, political and public-policy Web sites.

Safety Head Signals Prisons Chief On Thin Ice (BSUN)

By Gadi Dechter

The Baltimore Sun, August 8, 2006

On the eve of an emergency legislative hearing into deadly conditions at Maryland correctional facilities, Public Safety and Correctional Services Secretary Mary Ann Saar declined to express confidence in her prison chief, and said changes to top staff are being considered.

Asked Monday during a conference call with reporters whether she had confidence in Division of Correction Commissioner Frank C. Sizer Jr., Saar said, "I deal through my deputy [Mary Livers], in whom I have a great deal of confidence. I listen to my executive staff on recommendations, and these are all discussions we are having now."

Saar and other administration officials will be questioned Tuesday morning at an emergency General Assembly subcommittee hearing scheduled in the aftermath of the stabbing death last month of correctional officer David McGuinn, who was killed on duty by inmates at the Maryland House of Correction in Jessup.

Facing intense criticism for a surge of violence at state prisons, Saar defended her job performance during the session with reporters and criticized the legislature for failing to provide enough money for her plan to make rehabilitation a central focus of incarceration. She also blamed a robust economy for persistent staff vacancies and high turnover at prisons, particularly in the Jessup area.

In response to a question about whether high-level personnel changes were pending, Saar said: "We're looking into that."

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Saar's lack of a vote of confidence in Sizer implies that the commissioner may pay for the attacks with his job, said Ron Bailey, a correctional officer's union official who has been outspoken in his criticism of the secretary's leadership for what he calls her department's failure to ensure the safety of officers.

"I believe there will be an effort by [Saar and Livers] to make Sizer a scapegoat, but Commissioner Sizer is only the commissioner, it's Saar and Livers who are calling all the shots."

Neither Sizer nor Livers were available for comment late Monday.

McGuinn's murder was the fourth killing at the House of Correction since May. The earlier three were all inmate-on-inmate stabbings.

Two other correctional officers received non-fatal stabbings by inmates at the Jessup prison in March. In January, a prison officer from Hagerstown was shot to death with his own gun by an inmate he was guarding at a hospital.

At the time of McGuinn's killing, there were 47 vacancies at the House of Correction, a maximum-security facility that has been among the most difficult to keep staffed, said Saar.

Annual staff turnover at the prison was 38 percent during the budget year that ended in June, compared with an average of 28 percent statewide, according to authorities.

But Saar said vacancies and turnover did not explain the unusually high levels of violence there, noting that the adjacent House of Correction Annex -- a maximum-security prison on the same Jessup campus -- has had similar personnel problems but fewer incidents.

"The Annex also has 47 vacancies, but they haven't had any issues," she said.

Saar singled out corruption by a "small minority" of officers who help inmates at the prison traffic in weapons, drugs and other contraband as a chief contributor of problems there.

"I'm very sad to say that we do have some corrupt correctional officers who don't seem to understand that some of the things they do affect them all, and we are doing our best to cull them out," Saar said.

The House of Correction is in the midst of a "shakedown," in which officers try to root out inmate contraband, such as homemade weapons and cell phones. Saar said results of the shakedown were "not ready for release."

She also declined to say whether any disciplinary actions against allegedly corrupt correctional officers had been meted out since the stabbing.

Senator James E. DeGrange Sr., an Anne Arundel County Democrat and chairman of the public safety budget subcommittee holding Tuesday's hearing, said lawmakers would not be content with vague answers.

"Quite frankly, we need to have definitive answers," DeGrange said. "What are they doing about gang activity? How are they going to handle staffing levels? What are their plans? What is their direction?"

DeGrange said that lawmakers may threaten to withhold funding for the prison system next year if they do not get satisfactory answers to their questions.

Saar said that more funding is needed, particularly to increase support for RESTART, a rehabilitation program being tested at two institutions. That approach, she said, is key to controlling inmates' bad behavior.

Toyota's Sex-harassment Lawsuit Could Set Standard (USAT)

By Jayne O'donnell And Chris Woodyard

USA Today, August 8, 2006

Toyota says it has settled a $190 million sexual-harassment lawsuit that squeezed out the automaker's top U.S. official.

The settlement, announced Friday without details, should get the attention of executives at other international businesses, because it resulted in a new policy for reporting harassment allegations against the top executive, as well as changes in Toyota's training and employment procedures.

Other companies “will see it and say, ‘If Toyota's doing this, it's going to be the industry practice and we need to make sure we're doing whatever everyone else is doing,' ” says New York-based employment discrimination lawyer Douglas Wigdor.

All companies “could stand to take a look at what they would do if the top person in charge is (accused) of sex harassment,” says Lisa Guerin, legal editor at book publisher Nolo and a lawyer specializing in employment law.

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In Toyota's case, plaintiff Sayaka Kobayashi said she complained to Toyota Motor North America's then-senior vice president Dennis Cuneo, who was in charge of human resources, but nothing was done. That's despite her allegation that former Toyota North America CEO Hideaki Otaka was not just making off-color comments but trying to force her to have sex.

Otaka has denied wrongdoing, but he left his U.S. post and returned to Japan earlier than planned. He now is retired.

Cuneo no longer oversees the Toyota HR department, the car company said Monday. Human resources now reports to Patricia Salas Pineda, a group vice president. She is a member of the task force headed by former Labor secretary Alexis Herman that Toyota formed to review its sexual-harassment policies. Toyota said Monday that the task force's work would continue for several more months.

"Japan is getting more serious about the subject" of sexual harassment, says Los Angeles-based executive Yasuo "Mike" Nakamura. The Japanese businessman has spent 24 years in the USA working for companies including Panasonic and Quasar. "Most of the businessmen are as well aware in Japan" of harassment issues as they are in the USA, he says.

The U.S. lawsuit was filed May 1 by Kobayashi, 42. She said that sexual harassment by Otaka escalated over three months. She alleged that the harassment included trying to force her into a sex act in Central Park and in a Washington, D.C., hotel room. The lawsuit charged that Toyota officials knew — or should have known — Otaka had "the reputation of repeatedly engaging and/or attempting to engage in extramarital sexual relationships."

Toyota has refused to comment on the specific allegations. After the lawsuit was filed, Toyota said it was "focused on moving ahead and learning from this experience."

Toyota and Kobayashi, in a joint statement, said Friday, "We are very pleased to have resolved this matter in a way that all parties have agreed is fair, appropriate and mutually satisfactory."

Toyota says that as a result:

•U.S. executives are being trained to "enable them to better recognize, prevent and handle any instances of inappropriate behavior." The training will be repeated periodically.

•Company policy has changed so that allegations of misconduct against an executive must be investigated immediately and reported to the executive's superior.

If the executive being accused happens to be the chairman, CEO or president, a report has to be made directly to the company's board of directors.

John Malott, president of the Japan-America Society of Washington, says it is unusual for a Japanese-born woman to go public with the allegations Kobayashi has. In an interview before the settlement, Kobayashi's attorney, Christopher Brennan, agreed it was difficult for her to come forward.

"If you take somebody who has devoted half of her working career to a company, it's a tremendous betrayal to be put in a position where she had to publicly come forward," Brennan said.

Experts on cultural differences in the workplace consider the Toyota trouble an aberration.

"Generally speaking, dealing with the Japanese is like dealing with any American," says Douglas Erber of the Japan-America Society of Southern California.

The sexual-harassment allegations were part of a string of embarrassing developments.

Toyota has recalled large numbers of vehicles lately, threatening its image as a maker of premium-quality vehicles. Japanese authorities have launched a criminal investigation into three Toyota officials suspected of failing to disclose that some vehicles might have had a faulty steering part. That is suspected of causing a 2004 head-on accident in Japan that injured five.

The U.S. government is investigating 2004-05 Toyota Sienna minivans because of complaints that the lift-gate door failed to stay open and dropped onto owners.

ABA: Women Of Color Leaving Big Firms (FINDLAW/AP)

By Audrey Mcavoy, Associated Press Writer

AP, August 8, 2006

(AP) - HONOLULU-An American Indian attorney is asked where she keeps her tomahawk. White male partners look past a black lawyer, assuming she is clerical staff. An Asian attorney is called a "dragon lady" when she asserts herself.

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A study by the American Bar Association that says those real-life experiences, along with more subtle forms of discrimination, are prompting growing numbers of minority women to abandon the nation's biggest law firms.

"We're not even talking about trying to get up through a glass ceiling; we're trying to stay above ground," said Paulette Brown, co-chairwoman of the group that produced the study, released Friday during the bar association's annual convention.

The report, "Visible Invisibility: Women of Color in Law Firms," was conducted by the bar association with the help of the National Opinion Research Center at the University of Chicago. Questionnaires were sent to about 1,300 attorneys, both men and women, and responses came from 72 percent, or 920.

Law firms exclude minority women from golf outings, after-hours drinks and other networking events, the study says. Partners neglect the women of color they are supposed to help mentor.

In some cases, partners and senior lawyers disregard minority women less because of outright bigotry than because they have less in common with them and thus don't connect well with them, the study found.

Firms routinely hand minority women inferior assignments - such as reviewing documents or writing briefs - that provide little opportunity to meet clients, the study says. That means women of color aren't able to cultivate business relationships and develop the "billable hours" that are the basis of career advancement within a firm.

Among the statistics in the study:

- Forty-four percent of women of color said they were denied desirable assignments, versus 2 percent of white men.

- Forty-three percent of women of color said they had limited access to client development opportunities, compared with 3 percent of white men.

- Nearly two-thirds of women of color said they were excluded from informal and formal networking opportunities, compared with 4 percent of white men.

Such discrimination largely goes unchecked at law firms, forcing women to quit if they want to avoid it, Brown said.

The study cited 2005 data from the National Association of Law Placement showing 81 percent of minority female associates left their jobs within five years of being hired. That figure was up from the late 1990s, when it stood at 75 percent.

Elaine Johnson James, who is black and a partner at the firm Edwards, Angell, Palmer and Dodge, said she has seen such defections.

She recently called classmates from her Harvard law class in an effort to find black law partners to speak at an alumni panel. Of the 50 or so black women in her class and in the classes above and below hers, James said she found only one other than herself working at a firm.

"Harvard, now; you've got to figure if anybody's going to stick, it would be us," James said. "It's amazing that we have left the private practice of law in droves."

Michael Greco, the bar association president, said managing partners at law firms - mostly white men - need to dedicate themselves to reform.

"This is intolerable," Greco said at a news conference. "It stings the conscience of our profession."

On the Net:

The American Bar Association: http://www.abanet.org/

The Culture Crusade Of Kansas (NYT)

By Thomas Frank

The New York Times, August 8, 2006

The nation breathed a sigh of relief last week after the conservative majority on the Kansas school board, world famous for its war on the theory of evolution, went down to defeat in Republican primary elections. Conservative candidates for several state government posts foundered as well (but others won). It seemed as though moderation had finally returned to this middlemost of American places. Even better: perhaps the country itself had turned the corner in its long and frustrating war over culture.

I was as pleased as anyone else to hear the news. Could the conservative uprising in my home state finally have run its course? Fourteen years ago, the armies of the right came pouring out of Kansas' evangelical churches to protest abortion and all

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the other liberal plagues upon the culture, and they've had a big role in the state's Republican Party ever since. But it must be difficult to stay angry that long, especially when the crusade you signed up for is now a hairsplitting fight that your leaders have picked with the biology professors of the entire world. Could the faction's rank and file simply have given up, grown disgusted with the absurdity that their grand cause has become?

Perhaps, but I think it is far too soon to write the obituary for the godly radicals. Their faction may have chosen lousy candidates this time around, and their public appeal may have dissipated thanks to the preposterous issues (evolution, stem-cell research) against which their leaders have lately been hurling themselves, but the movement is deeply ingrained in Kansas culture. The conservatives will undoubtedly be back.

The culture war will remain with us, both in Kansas and in the nation, because it is larger than any of its leaders, larger than its legions of citizen activists, larger even than the particular causes in which these forces are enlisted. Seen from the streets of Wichita, the rightist rebellion of Kansas seems to fulfill that most romantic of American political traditions: the uprising of the little guy.

To the faithful, theirs is a war against "elites," and, with striking regularity, that means a war against the professions. The anti-abortion movement, for example, dwells obsessively on the villainy of the medical establishment. The uproar over the liberal media, a popular delusion going on 40, is a veiled reaction to the professionalization of journalism. The war on judges, now enjoying a new vogue, is a response to an imagined "grab for legislative power" (as one current Kansas campaign mailing puts it) by unelected representatives of the legal profession. And the attack on evolution, the most ill-conceived thrust of them all, is a direct shot at the authority of science and, by extension, at the education system, the very foundation of professional expertise.

Sometimes this is right out in the open. At one point in Kansas' endless slugfest over curriculum, the conservative-dominated school board appointed a state schools chief with virtually no experience in education. Moderates erupted in fury. Returning their fire, one member of the Kansas Senate declared that the mere fact that "the elitists in Kansas today" — meaning, apparently, "education insiders" and prominent suburban lawyers — opposed this fellow made him "the perfect man for this job."

When I caught up with the various Republican personalities, at a candidate forum in Independence, what struck me was the feebleness of the moderate response to this kind of onslaught. Again and again I saw Cons play the populist card — railing against the National Education Association, suggesting their opponents belonged in the wealthy suburbs of Kansas City, alleging epic voter fraud right here in Kansas — and then heard the Mods, dressed in neat professional attire, simply dismiss the criticism out of hand. C'mon, you know me. Now, let's get out there and put up some yard signs.

That the moderate Republicans succeeded this time around is testimony more to the sheer fatuity of the conservative issues than to the strength of their own message. But the pseudo-populist offensive is hardly going to cease. It is, after all, the prevailing rhetorical mode of the national Republican Party, from the commander in chief down to the lowliest Internet troll. They talk this way because it works. Since its opening shots in the 1960's, the culture war has turned the politics of this country upside down — and with distinctly unpopulist results.

That it has now gone far enough to discomfit Bob Dole Republicans in Kansas as well as liberal Democrats from Massachusetts is merely the price of success. Until the day its opponents learn to confront it directly, we will all bleed with Kansas.

ANTITRUST:

Petco Buyout Clears Antitrust Hurdle (AP)

AP, August 8, 2006

SAN DIEGO --Petco Animal Supplies Inc., the nation's second-biggest pet supplies retail chain, on Monday said the regulatory antitrust waiting period affecting the company's buyout by a private investment group has ended early.

The investor firms Leonard Green & Partners LP and Texas Pacific Group offered $29 per share in cash for Petco for a total transaction value of about $1.8 billion, including assumed debt.

The transaction, announced last month, remains subject to stockholder approval and is expected to close by the fourth quarter of this year.

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Shares of Petco fell 4 cents to end at $28.03 on the Nasdaq before adding 3 cents to $28.06 in aftermarket activity.

CommScope Bids $1.51B For Andrew (AP)

AP, August 8, 2006

HICKORY, N.C. --Telecommunications equipment company CommScope Inc. on Monday made a rival bid to acquire the outstanding stock of coaxial cable maker Andrew Corp. for about $1.51 billion in cash.

Andrew, based in Westchester, Ill., agreed in May to be acquired by ADC Telecommunications Inc. of Eden Prairie, Minn., for stock in a deal valued at the time at $1.6 billion.

CommScope, which makes coaxial, fiber-optic and cable products, said its offer amounts to $9.50 per share in cash -- a 20 premium to Andrew's closing price of $7.89 on Friday and a 36 percent premium to ADC's offer, which now values Andrew stock at just $6.97 per share because of the recent decline in shares of ADC. CommScope would also assume about $186 million in Andrew debt under the deal.

Nasdaq-listed shares of Andrew surged $1.63, or 21 percent, to $9.52 morning trading. Meanwhile, shares of ADC Telecommunications rose 99 cents, or 8.1 percent, to $13.21. Those shares were above $22 when ADC made its offer for Andrew.

CommScope shares were unchanged at $30.16 on the New York Stock Exchange.

CommScope said the transaction would boost per-share earnings in the first year and would result in annual cost savings of about $30 million to $50 million. The company would finance the deal with cash on hand and debt.

The proposed combination of ADC Telecommunications, a maker of products that transmit voice and data signals, and Andrew has received antitrust clearance from the Federal Trade Commission.

CommScope Bids $1.7 Billion For Andrew Corp. (WSJ)

By Roger Cheng

The Wall Street Journal, August 8, 2006

CommScope Inc. launched a $1.7 billion bid for Andrew Corp. in an effort to wrest Andrew from a deal to be acquired by ADC Telecommunications Inc.

CommScope, which manufactures wire-line equipment for cable and phone companies, said it would pay $9.50 a share for Andrew, a Westchester, Ill., maker of wireless telecommunications gear, and would also assume $186 million in Andrew debt. The bid compares with ADC's deal to exchange 0.57 share of its stock for each Andrew share. That deal values Andrew at $7.28 a share based on ADC's share price of $12.77 yesterday in 4 p.m. Nasdaq Stock Market composite trading. ADC shares, which have fallen sharply since the deal was announced, were up 4.5%, suggesting investors believe the agreement might be off.

Andrew shares soared $1.67, or 21%, to $9.56, also on Nasdaq, finishing above the value of the new offer.

For CommScope, based in Hickory, N.C., Andrew offers an appealing customer base, said Chief Executive Frank Drendel. He also said Andrew's technology, which permits the use of aluminum cable lines, instead of copper ones, was attractive. "It's a significant part of the interest we have in this transaction," he said, adding the proposal wouldn't make sense if copper wasn't so expensive.

CommScope is likely to find supporters among Andrew shareholders, who have railed against the deal with broadband-equipment maker ADC. Because the ADC deal is structured as a stock swap, Andrew's fate is tied to swings of ADC's stock, which fell 20% the day the deal was announced. The stock also plunged after a profit warning last month, further lowering the deal's value.

The declines have created an opening for CommScope, which hopes to combine its focus on equipment connecting the "last mile" of the network to the home with Andrew's focus on wireless-network equipment. CommScope gave Andrew until Friday to respond to its offer.

"We have to evaluate the news and will respond at the appropriate time," said Andrew spokesman Rick Aspan.

A spokesman for ADC, of Minneapolis, wasn't available to comment.

CommScope shares fell $2.16, or 7.2% to $28 in 4 p.m. composite trading on the New York Stock Exchange.

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European Airlines Say Fuel Prices Fixed (AP)

AP, August 8, 2006

BRUSSELS, Belgium --European airlines on Monday called on EU regulators to investigate what they say are unfair monopolies in the jet fuel market.

Oil companies are raising the price of refined jet fuel faster than the increase in crude oil prices, said the Association of European Airlines, which represents 31 European airlines.

"The industry is suffering already from today's exceptionally high fuel costs. The last thing we need is for those costs to be further inflated by unfair commercial practices," said AEA Secretary General Ulrich Schulte-Strathaus.

Jet fuel costs increased 37 percent from last year, and airlines are spending up to a quarter of their operating costs on jet fuel, the AEA said in a statement.

Earlier this month, Austrian Airlines asked both the Austrian and EU authorities to examine what it maintains are monopolistic practices of state-owned Austrian oil and gas company, OMV. Austrian Airlines estimates that it has spent an extra 35 million euros ($45 million) a year as a result of OMV's price hikes.

The airline reported a loss of 59.9 million euros ($77 million) for the first half of 2006. OMV denies any allegations that it is fixing jet fuel prices.

In June, Italian competition authorities fined six major oil companies a total of 315.4 million euros ($403 million) for exchanging information and illegally raising the price of jet fuel.

European Commission antitrust authorities said they needed more time before commenting.

European Airlines Accuse Companies Of Fixing Fuel Prices (MRKTWTCH)

MarketWatch, August 8, 2006

BRUSSELS (MarketWatch) -- European airlines Monday called on regulators to investigate what they claim are unfair monopolies in the jet fuel market.

Oil companies are raising the price of refined jet fuel faster than the increase in crude oil prices, said the Association of European Airlines, which represents 31 European airlines. "The industry is suffering already from today's exceptionally high fuel costs. The last thing we need is for those costs to be further inflated by unfair commercial practices," said AEA Secretary General Ulrich Schulte-Strathaus.

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Earlier this month, Austrian Airlines AG (AUA.VI) asked both the Austrian and the European Union authorities to examine what it maintains are monopolistic practices of state-owned Austrian oil and gas company, OMV AG (OMV.VI). Austrian Airlines estimates that it has spent an extra EUR35 million a year as a result of OMV's price hikes.

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In June, Italian competition authorities fined six major oil companies a total of EUR 315.4 million for exchanging information and illegally raising the price of jet fuel.

The biggest sums were imposed on Italy's gas giant Eni SpA (E), which was fined EUR117 million, and Esso, the Italian unit of U.S. Exxon Mobil Corp. (XOM), which was fined EUR67 million. The other companies were Kuwait Petroleum Italia SpA, a division of Kuwait Petroleum Corp., Royal Dutch Shell PLC's (RDSA) Italian division, Libyan refiner Tamoil, and French oil and gas major Total SA (TOT).

The European Commission antitrust authorities said they needed more time before commenting.

ENVIRONMENT/INDIAN AFFAIRS:

BP: Pipeline Closing May Last For Months (AP-Y)

By Mary Pemberton

DOJ_NMG_0044935

AP2, August 8, 2006

BP said Monday it discovered corrosion so severe that it will have to replace 16 miles of pipeline at the huge Prudhoe Bay oil field — work that could shut down the nation's single biggest source of domestic crude for months and drive gasoline prices even higher.

Oil prices climbed more than $2 a barrel on the news, and gasoline futures rose, too. The West Coast is expected to be squeezed particularly hard, and the government is considering releasing oil from its emergency stockpile to ease the crunch.

BP PLC said it will have to replace most of the 22 miles of so-called transit pipeline at Prudhoe Bay, which produces about 2.6 percent of the nation's daily supply, or about 400,000 barrels a day.

BP, the world's second-largest oil company, discovered the extent of the corrosion with tests that were ordered by the federal government after a big oil spill last March at Prudhoe Bay, situated above the Arctic Circle, 650 miles north of Anchorage.

The oil company said it was surprised to find such severe corrosion, and had gone 14 years without using a device called a "pig" to clean out its lines because it did not believe it was necessary.

Bob Malone, chairman of BP America, said that in a worst-case scenario, it could take weeks or months to replace the pipelines. But the company said it will try to put portions of the network back into operation as they are repaired.

"BP deeply regrets it has been necessary for us to take this drastic action," Malone said.

BP operates the Prudhoe Bay oil field for itself and for other oil companies, namely ConocoPhillips and ExxonMobil. Prudhoe Bay and other oilfields on Alaska's North Slope feed oil into the 800-mile trans-Alaska pipeline. The North Slope produces approximately 800,000 barrels a day; Prudhoe Bay accounts for half of that.

BP officials said they did not immediately know how much it would cost to replace the lines. The company made $7.3 billion in profit during the most recent quarter.

"We estimate it could take between 2-3 months to get it back on line," Bruce Lanni, an industry analyst with A.G. Edwards, wrote in a research note. "However, there are no assurances that it will return to current capacity, given the complexities and age of the reservoirs. Thus, we would not be surprised to see volume losses in the area of 5 percent to 10 percent."

Steve Marshall, president of BP Alaska Exploration Inc., said tests Friday indicated that there were 16 anomalies in 12 areas in a transit line on the eastern side of Prudhoe Bay. Tests found losses in wall thickness of between 70 percent and 81 percent. Repair or replacement is required if there is more than an 80 percent loss.

BP also said Sunday that workers found a small spill of about four to five barrels.

The aging pipeline system on the North Slope has been fraught with problems lately.

BP discovered corrosion in the transit lines only after the U.S. Transportation Department ordered their inspection following a spill of up to 270,000 gallons in March. It was the biggest spill in North Slope history, and has become part of a criminal investigation into the company's Alaskan operations.

Company officials said they did not believe a routine maintenance "pigging" of those lines was necessary because they carry clean crude from which water has been removed.

Marshall said the company believed ultrasonic testing of pipeline wall thickness was sufficient. But he said the company has since learned otherwise.

"Clearly, we are already in the process of adjusting considerably our corrosion program," Marshall said.

The news sent the price of light, sweet crude oil up 2.22, or 3 percent, to settle at $76.98 a barrel Monday on the New York Mercantile Exchange, after peaking at $77.30 earlier in the day

The average U.S. retail price of a gallon of unleaded, regular gasoline was $3.036 on Monday — near its all-time high of $3.057, reached Sept. 5 after Hurricane Katrina hit the Gulf Coast.

Gasoline futures also rose, indicating that the market expects prices at the pump to increase further.

Because of the disruption of supplies, the Energy Department said it is prepared to provide oil from the government's emergency supplies if a refinery requests it.

"If there is a request for oil we'll certainly take a serious look at that," spokesman Craig Stevens said.

California gets about 20 percent of its oil from Alaska, with the remainder coming from in state and foreign sources.

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The reserve has about 700 million barrels in storage on the Gulf Coast to be used in case of a serious supply disruption. The Energy Department in the past has lent some of the oil to refineries when there were disruptions because of pipeline problems or other troubles.

Bill Hedges, BP's technical expert on corrosion, said the Prudhoe Bay pipelines were initially designed to last 25 years, but have now lasted 29 years, with many of the lines in "excellent condition."

The company said it is spending $72 million this year to fight corrosion, up from $60 million last year. BP puts millions of gallons of corrosion inhibitor into the pipelines each year. It also examines pipes via X-rays and ultrasound images.

BP has a 26 percent stake in the Prudhoe Bay field, meaning its own production would be cut by 100,000 barrels a day, or around 2.5 percent of the company's worldwide production, said spokesman David Nicholas. He declined to say what the effect might be on earnings.

U.S. shares of BP PLC fell $1.19, or 1.6 percent, to $71.35 in morning trading on the New York Stock Exchange. Shares of BP Prudhoe Bay Royalty Trust, which derives revenue from royalties of BP's Prudhoe Bay oil, fell $9.12, or 10.4 percent, to $78.77 on the NYSE.

Oil At $80 Back In Sight With Alaska Field Shut (WSJ)

By Matt Chambers

The Wall Street Journal, August 8, 2006

BP PLC's closure of the Prudhoe Bay field at a time of tightness in the global energy market is likely to support prices for weeks, potentially providing enough ammunition to move benchmark crude-oil futures toward $80 a barrel.

BP said it will shut the largest oil field in the U.S., cutting 400,000 barrels a day of production, or 8% of total U.S. output, as it investigates the damage in a pipeline system and replaces all transit lines. The huge Anglo-American oil company hasn't given a time estimate for the outage in Alaska's North Slope.

"The key thing the markets are looking at is how long it will take to get back up," said Aaron Kildow, a broker at Prudential Financial in New York. Most analysts, based on the little information given so far by BP, have speculated that production could be down for months.

The field closure prompted crude futures on the New York Mercantile Exchange to clock their biggest one-day percentage gain in more than four months, jumping as high as $77.30 before settling at $76.98 a barrel, up $2.22, or 3%. That brought crude back within shouting distance of its July 14 record close of $78.40 a barrel, when prices had risen on concern that Middle East fighting would expand to include Iran. Crude-oil futures have risen 26% this year.

Buoying oil prices and perhaps using the Prudhoe Bay shutdown to its advantage, Iran yesterday declined to rule out cutting its oil output -- which was nearly four million barrels a day last year -- if it is subjected to United Nations sanctions over refusal to suspend its nuclear program.

Oil production at the Prudhoe Bay site could take six months or even a year to return to normal, said Société Générale, citing an assessment by one of the bank's engineers with an oil-field-services background. "Three weeks is the absolute minimum," said Deborah White, an energy analyst with Société Générale in Paris. "Six weeks makes a more likely base case."

A quick restart looks unlikely, given that oil output shut in from a March spill in another part of Prudhoe Bay has yet to be fully restarted, said UBS in a research note.

"The whole thing will take at least a couple of weeks, which could turn into months if the problems turn out to be extensive," said Phil Flynn, an analyst and trader at the Alaron Corp. brokerage firm in Chicago.

Traders will be looking for any updates from BP on the extent of the problem, but there were few hints from the company's senior executives in their conference call with reporters yesterday. "We won't commit to a date," BP America President Bob Malone said. "We're now concentrating on scaling down in a safe and orderly fashion."

That leaves a hefty dose of uncertainty hanging over global oil markets at a time when concerns about Iran's nuclear program and the availability and supply of Nigerian oil are already pushing up oil prices. What's more, while oil markets are extremely prone to reacting to even the perception of a supply interruption, the Prudhoe Bay shutdown represents an actual disruption of supply to a key consuming market: the U.S.

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Given the global nature of the oil market, the impact is likely to ripple world-wide, with a lengthy closure of the field leading to the diversion of oil from the Middle East or elsewhere to the West Coast of the U.S., potentially at the expense of other major consuming nations in Asia.

The effects were also shifting down the crude supply chain, with heating oil and gasoline futures jumping in the spot and futures markets.

"The situation could not be happening at a worse time for the oil market," Barclays Capital analyst Kevin Norrish said in a note to clients. "If the market begins to anticipate a significant period of downtime for Prudhoe Bay, then we would expect oil prices to quickly hit fresh all-time highs."

In other commodities markets:

SOYBEANS: Prices on soybean futures at the Chicago Board of Trade fell to multimonth lows on improved weather conditions in the Midwest for developing crops. The most-active November contract, which represents the fall harvest, fell 15 cents to $5.82 a bushel. The nearby August contract fell 14.25 cents to $5.6325.

COPPER: Futures on copper on the Comex division of the Nymex slid despite the start of a strike at Chile's Escondida mine, the world's largest-producing copper mine. Analysts said the strike was mostly priced into the market and now participants are waiting to see how long it will last. Copper for September delivery fell 2.2 cents to $3.6105 a pound.

Oil Prices Surge As BP Shuts Down Pipeline (FT)

By Sheila Mcnulty In Houston And Carola Hoyos In London

Financial Times, August 8, 2006

International oil prices and California petrol prices spiked onMonday as BP, the UK-based energy group, began to shut down half of Alaska's oil production after finding leaks in the corroding pipeline system.

Crude oil futures traded on New York's Mercantile Exchange jumped as much as $2.09 to trade $76.85 a barrel. Oil futures traded on London's ICE futures exchange hit a record of $78.08, gaining as much as $1.91.

Meanwhile, wholesale prices of California's petrol jumped as traders warned that refineries, which rely heavily on Alaska crude oil, would have to reduce their petrol production as their supplies were curtailed.

The US government on Monday offered to supply refineries from its emergency stockpiles, while Saudi Arabia said it could increase production from its fields. Prudhoe Bay accounts for 8 per cent of US oil production.

The shutdown is embarrassing for the UK oil major, which has been attempting to portray a March spill – the largest ever at Prudhoe Bay – as a one-off.

The company, whose chief executive, Lord Browne, was in Alaska on Friday, ordered the shutdown after tests found "severe corrosion" in a pipeline.

BP whistleblowers have for years warned that the Alaska field was understaffed and poorly maintained, charges the UK oil giant has denied. It said on Monday the models it was using to gauge corrosion had turned out to be faulty.

BP apologised for the "adverse impacts" the shutdown would cause, and vowed to work with regulators to see if it could safely operate "portions" of the field as it replaced transit lines.

BP's share price fell 2.12 per cent to 622.50 pence in London.

Analysts pointed out that Prudhoe Bay accounts for only 2.5 per cent of BP's production and that earnings would suffer by only 2 per cent even if the field was shut for the rest of the year.

But some analysts are raising concerns about other BP pipelines, including in the North Sea. "You don't get corrosion suddenly," said one. "Should we be worried about Forties, that's about 30 years old as well?"

One person close to the management in Alaska said that executives as senior as Steven Marshall, president of BP's Alaska operations, and Lord Browne were becoming increasingly worried about the prospect of significant action by regulators.

Oil Field Closure Ignites Oil Prices (USAT)

By Barbara Hagenbaugh

USA Today, August 8, 2006

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WASHINGTON — Oil prices surged Monday to within a nickel of the record as a major Alaskan oil field was being shut down, heightening supply fears.

The average U.S. gasoline price, meanwhile, rose to within pennies of the record high.

The price of a barrel of crude oil trading for delivery next month rose $2.22, or 3%, to $76.98. That just missed the record, not adjusted for inflation, of $77.03 hit July 14. Adjusted for inflation, the record was more than $86 in 1981.

The increase came after energy company BP on Sunday began shutting down its 250-square-mile Prudhoe Bay oil field in Alaska after the discovery of heavy pipe corrosion in several spots and a small leak in a transit line. BP officials said Monday that shutting down the entire field would eventually reduce production by 400,000 barrels a day. That accounts for about 8% of U.S. production or 2.6% of daily U.S. supplies including imports.

BP may replace all the main transit lines in the area, or about 16 miles of steel pipeline. That could mean at least a partial shutdown of the oil field for weeks, if not months, BP spokesman Ronnie Chappell says.

“On behalf of the BP group, I apologize for the impact this has had,” BP America President Bob Malone said, calling the action to shut down the field “drastic.”

Thomas Bentz, senior energy analyst at BNP Paribas Commodity Futures, says the shutdown comes as several issues in oil-producing areas, including fighting between Israel and Hezbollah and tensions with Iran about its nuclear program, have raised supply worries.

“It is another blow to the market,” Bentz says. “It seems like all we get is bad news these days.”

The increase in oil prices may not bode well for prices at the pump. Gasoline price records will likely be toppled within the next few days, Oil Price Information Service head Tom Kloza says.

On Monday, the nationwide average gasoline price for regular was $3.038 a gallon, 3 cents shy of the record hit 11 months ago after supply disruptions after last year's hurricanes, the Energy Department said. In a separate survey, motor club AAA said the nationwide average price was $3.036 Monday.

The Energy Department will consider releasing oil from the government's emergency supplies if a refinery requests it to make up for supply disruptions from Alaska, spokesman Craig Stevens says.

Some refiners say they do not anticipate gasoline shortages, at least in the short run: Tesoro and Valero say they do not rely on oil from a single source to make gasoline and can make substitutions as needed.

Energy Dept. Has Oil Reserves On Standby (AP-Y)

By H. Josef Hebert

AP2, August 8, 2006

The Energy Department is prepared to provide oil from the government's emergency supplies if a refinery requests it because of the disruption of supplies from Alaska, a department spokesman said Monday.

"We're taking a very serious look at this," said spokesman Craig Stevens, referring to the loss of nearly half of oil shipments from Alaska's North Slope because of a pipeline corrosion problem.

Stevens said the department will be in contact with BP Exploration Alaska Inc. and West Coast refiners later in Monday to assess the situation. "If there is a request for oil we'll certainly take a serious look at that," he said.

Sen. Charles Schumer, D-N.Y., often a critic of the administration's energy policy, said: "This is the appropriate and right thing to do. We're glad the White House's reluctance to use the Strategic Petroleum Reserve to prevent price spikes seems to have dissipated."

The Strategic Petroleum Reserve is the nation's emergency stockpile of crude oil. It was created after the 1973 oil embargo when Arab countries halted petroleum exports to protest U.S. support for Israel.

The reserve has about 700 million barrels in storage on the Gulf Coast to be used in case of a serious supply disruption. The Energy Department in the past has lent SPR oil to refineries when there were disruptions because of pipeline or other problems.

Most of Alaska's oil goes to refineries on the West Coast. It was unclear how those refineries would be supplied with oil on the Gulf Coast. However any oil put into the market to replace lost Alaska oil would tend to ease prices, market experts say.

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Oil prices jumped by more than $1 a barrel Monday following a production shutdown at an Alaskan oil field that accounts for about 8 percent of U.S. production.

BP Exploration Alaska Inc. began shutting down oil production Sunday at Prudhoe Bay due to severe pipeline corrosion.

Once the field is shut down, in a process expected to take days, BP said oil production would be reduced by 400,000 barrels a day. BP officials said they didn't know how long the Prudhoe Bay field would be off line.

The nation's petroleum reserve was created in legislation signed by President Ford in December 1975, which made it U.S. policy to create a reserve capable of holding up to 1 billion barrels of oil as an insurance policy against future supply disruptions.

Oil companies contribute to the supply in lieu of paying cash royalties for oil pumped on federally owned land.

Oil Prices Rise After Field In Alaska Is Shut (NYT)

By Jeremy W. Peters

The New York Times, August 8, 2006

As BP continued working today to shut down the huge Prudhoe Bay oil field in northern Alaska after finding "unexpectedly severe corrosion" in a pipeline, company executives would not say how long they expected the facility to be out of commission.

Taking the field off line will reduce domestic oil production by 400,000 barrels a day, or 8 percent — equivalent to about one-third of the amount the United States imports daily from Venezuela. With demand for energy now high and production capacity already stretched, the shutdown raises the possibility that the Energy Department may release oil from the nation's strategic petroleum reserve.

Bob Malone, president of BP America, said in a news conference today that the company "will not commit to a date" for restoring oil production in Prudhoe Bay. But Mr. Malone added that BP will look for a way to quickly get oil flowing safely from at least some of the field, to limit the impact on the nation's oil supply.

The shutdown is the latest in a string of embarrassments for BP, which has suffered from a host of safety, environmental and regulatory problems in recent months, including a large oil spill at Prudhoe Bay earlier this year.

In the news conference, Mr. Malone issued an apology. "BP deeply regrets that it's been necessary for us to take this drastic action," he said . "On behalf of the BP Group, I apologize for the impact this has had on our nation."

Word of the shutdown rattled global commodities and equities markets. In the United States, oil prices rose more than two dollars a barrel. The benchmark contract for light, sweet crude to be delivered next month rose as high as $77.30 a barrel before settling at $76.98 a barrel in New York trading. Prices rose even higher in London, where Brent crude for September delivery closed at a record $78.30 a barrel.

"You are taking what is already a tight market and tightening even further," said Craig Pennington, the director of the global energy group at Schroders in London.

Stocks, meanwhile, fell in American trading and slid across Europe. Major indexes in Britain, Germany and France all posted substantial declines for the day.

Craig Stevens, a spokesman for the Energy Department, said this morning that oil could be released from the reserve if refiners request it, but that none had done so yet. According to Mr. Stevens, Samuel W. Bodman, the Secretary of Energy, has instructed his staff to reach out to BP and to be prepared if the company or any other refiners ask the department to tap the reserves. If such a request is approved, stored oil can be flowing within 24 to 48 hours, Mr. Stevens said.

BP said that inspections of its facilities at Prudhoe Bay over the weekend had found pipeline walls in more than one location that had been made too thin by corrosion to meet the company's safety standards. In one area, it said, the equivalent of four to five barrels of oil had already leaked out of the pipeline and spilled on the tundra.

BP said that spill had been contained, and that workers were in the process of cleaning it up.

The company is still inspecting other pipelines and production facilities at the field. So far, BP said this morning, 40 percent of the company's 22 miles of pipeline in Prudhoe Bay had been completely inspected.

In March, pipeline corrosion caused a leak of more than 200,000 gallons of oil, the worst spill since production began on Alaska's North Slope. The incident raised questions about whether BP, based in Britain, had been properly maintaining its aging oil production network there, which it acquired when it merged with Amoco in 1998.

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"Given the history here, BP is going to want to do everything by the book," said Mike Wittner, global head of energy research at Calyon in London. "This looks and feels like something that will be with us for weeks, if not longer."

The latest corrosion problem was detected during an inspection that the government required BP to perform after the March oil spill. A "smart pig" examination, using a machine that travels through the inside of a pipeline to measure wall thickness, revealed that the steel had corroded in 16 places to thicknesses less than BP considers safe.

Daren Beaudo, a BP spokesman, said that for the pipeline in question, safety standards require that at least 70 percent of the steel in a 3/8-inch-thick wall must be intact.

The problems at Prudhoe Bay are also likely to add to the debate about whether to expand oil drilling on the North Slope. In May the House voted to approve drilling for oil and gas in the Arctic National Wildlife Refuge. But in the Senate, where support for drilling in the reserve is not as strong, efforts to pass similar legislation have failed.

Last year, an explosion at a BP refinery in Texas killed 15 workers, raising questions about the company's compliance with government regulations. The company is also under investigation over suspicions that it manipulated propane prices.

Pipeline Closure Sends Oil Higher (WP)

By Steven Mufson

The Washington Post, August 8, 2006

After noticing an oil spill on a deserted stretch of frozen road in Alaska's North Slope in early March, workers needed three days to find the quarter-inch-wide hole in a pipeline, just where it dipped into a culvert to allow the caribou to pass.

On Sunday, five months after that unwelcome discovery, BP PLC conceded that the tiny hole was part of a widespread corrosion problem that will force it to replace 16 miles of a 22-mile pipeline from Prudhoe Bay and to shut down 400,000 barrels a day of production from the largest oil field in the United States.

News that BP would have to suspend production equal to 8 percent of U.S. petroleum output for an indefinite period helped push the price of crude oil up by 3 percent yesterday, to $76.98 a barrel on the New York Mercantile Exchange. The price jump underlined the fragility of world oil markets, already anxious about the thin cushion between global supply and demand and potential threats to flows from Iran, Nigeria, Iraq and the hurricane-prone Gulf of Mexico.

Shutting down the field will take three to five days, BP said, and Merrill Lynch & Co. oil analyst John P. Herrlin said that the repairs would take "a minimum of two to three months," dealing another blow to the chances of motorists getting relief from high gasoline prices anytime soon.

Alaskan crude oil usually goes to refineries on the West Coast, where there is enough surplus to last about two weeks, analysts said. After that, some refiners will have to scramble to line up new supplies.

Energy Secretary Samuel W. Bodman said yesterday that the Bush administration would consider releasing supplies from the Strategic Petroleum Reserve, though getting that oil from the salt caverns along the Gulf of Mexico to the West Coast would take some time or involve some swaps.

BP's announcement also gave another black eye to a company that has fashioned an image as a responsible, environmentally concerned company, and it drew new criticism from pipeline experts and environmentalists who have been saying for years that the company had failed to do the maintenance needed to keep the pipeline free from sludge and protect it from corrosion in the harsh Alaska conditions. The Environmental Protection Agency has launched a criminal probe to determine if the company was negligent in managing the pipeline, said sources who had talked to government investigators.

"They have known about these problems for a long time and promised for many years to fix them, and they haven't done so," said Peter van Tuyn, an environmental lawyer based in Anchorage.

Thomas J. Barrett, head of the Pipeline and Hazardous Materials Safety Administration, visited BP's operations in early July and said in a July 26 letter to Rep. John D. Dingell (D-Mich.) that he was "disappointed by the lack of progress BP had made" since the agency had ordered repairs and an analysis on March 15, after the spill was discovered.

There are 1,100 miles of pipelines in Alaska's North Slope, most of them small lines that lead into three major, 36-inch-diameter transit lines called Prudhoe West, where the leak occurred; Prudhoe East; and Lisburne. BP operates the pipelines and

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owns about 26 percent of Prudhoe Bay; Exxon Mobil Corp. and ConocoPhillips Co. are the other major shareholders. These pipelines in turn feed into the 800-mile-long, 48-inch-diameter Trans Alaska Pipeline.

The oil companies have to regularly clean the lines to prevent a sludge of sand and solid residue from building up, and they must monitor the aboveground lines to detect corrosion in the harsh Arctic climate. To clean the pipelines, they usually use a device known as a "pig" because of the screeching noise it makes as it works its way through the line. A separate "smart pig" is used to detect weak spots in the pipeline.

Steve Marshall, president of the BP subsidiary BP Exploration Alaska Inc., said yesterday that BP had discovered 16 "anomalies" in 12 locations after inspecting about 40 percent of the 22-mile transit line. In some places, corrosion had eaten away 70 percent of the 3/8 -inch pipeline wall. In one spot, the company said it found a leak of four to five barrels.

At the center of the criticism involving BP is the question of whether the world's second-largest publicly traded oil company had let seven years go by without using a smart pig on the pipeline that sprung a leak in March.

Transportation Department regulations say the pipelines should be inspected this way every five years, at least. If companies delay pipeline cleaning, accumulations of sludge can make it impossible for a pig to move through the line.

Some experts speculated, based on correspondence between Barrett and Dingell, that the buildup of sludge was one reason that BP had failed to fully comply with the March order from the Pipeline and Hazardous Materials Safety Administration, part of the Transportation Department.

"It's almost like a guy who is out of shape, who has been eating cheeseburgers and whose arteries start getting clogged up and the doctor says it's time to start exercising," said a congressional aide who spoke on condition of anonymity because he did not want to appear to be speaking for his representative. "And the question is how to get back in shape without having a heart attack."

The Justice Department has asked BP to cut out a 10- to 12-foot section of pipe where the 270,000-gallon March leak occurred and to give that to the government for analysis, a source said. But there are thousands of gallons of oil in that section, creating engineering problems. Next month, after overnight freezing temperatures return to the area, those engineering problems could become more severe.

BP chief executive John Browne was in Alaska last week to try to polish the company's image and apologize for pipeline problems. BP, which used to be known as British Petroleum, has tried to cultivate an environmentally friendly image, saying that BP stood for "beyond petroleum." But yesterday an official from a competing oil company said it stood for "big problems."

"We will not resume operation of the field until we and government regulators are satisfied that they can be operated safely and pose no threat to the environment," Robert A. Malone, president of BP America Inc., said in a statement.

Prudhoe Bay's production level has been slowly declining since it hit a peak of 1.5 million barrels a day in 1989, and BP has increasingly turned to new prospects in places such as Russia.

"It's ironic," said Athan Manuel, an oil drilling expert at the Sierra Club. "This is the company we've had the best relationship with. But maybe they were taking money out of Alaska, which has aging fields, to put money elsewhere."

Problem In Alaska Sends Oil Price Up (BSUN)

By Paul Adams

The Baltimore Sun, August 8, 2006

The world oil market's increasing skittishness in the face of disasters and war was exposed anew Monday after BP PLC announced that it was shutting down a key Alaska oil field, possibly for weeks or months, because of pipeline corrosion.

Oil prices soared $2.22, or 3 percent, to $76.98 a barrel as the BP news added to market jitters over continued fighting in the Middle East and myriad other threats to world supplies, which have been stretched thin as economic growth in the United States and China continues to shrink once-plentiful reserves.

Despite historically high oil reserves, analysts estimate that gasoline prices could jump by as much as 10 cents a gallon in coming days or weeks and top the record price set last fall after hurricanes in the Gulf of Mexico.

Until Monday, Alaska's Prudhoe Bay field, 650 miles north of Anchorage, was among the few major oil-producing regions in the world that hadn't been threatened by equipment failure, hurricanes, war or political unrest.

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Analysts say the market's strong reaction to the loss of less than one-half of 1 percent of worldwide output -- an estimated 400,000 barrels of daily production -- shows how tight oil reserves have become and how dangerous continued production disruptions could be for the global economy.

Some predicted that oil could top $80 a barrel. The inflation-adjusted high is about $90 a barrel, reached in the early 1980s.

"Our whole culture is based on the automobile," said Brian Hicks, a fund manager with U.S. Global Investors. "This could potentially disrupt our way of life if oil prices were sustained at levels above $80 per barrel."

BP, the world's second-largest oil company, said it will have to replace 73 percent of the 22-mile transit pipeline it operates in the Prudhoe Bay field. The company found a leak and extensive corrosion in the pipeline Sunday during an inspection ordered by the Department of Transportation after a 270,000-gallon spill in March in another part of the field.

The pipeline being shut down supplies 8 percent of daily U.S. crude production. About 90 percent of the oil from the field is shipped to refineries on the West Coast, which might have to get alternative supplies from Asian companies. That could take weeks.

Oil markets calmed slightly Monday when the Energy Department said it is prepared to open the government's emergency stockpiles if refiners request it.

The Strategic Petroleum Reserve has about 700 million barrels of oil stored in salt caverns along the Gulf Coast. The reserve has been periodically tapped when supplies are disrupted because of pipeline failures or other emergencies, but getting the oil to California and elsewhere could take weeks because of the long sail from the Gulf to the West Coast.

Tom Kloza, an analyst with Oil Price Information Service in Wall, N.J., predicted that within a couple of days, the national average price for regular unleaded gasoline would rise 5 cents or more, which would top the record of $3.057, set after Hurricanes Katrina and Rita hit the Gulf in September. The current average is $3.036. Gasoline futures rose 2.01 cents to close at $2.2516 a gallon in trading Monday.

Kloza said the pipeline poses a serious problem but that a big hurricane affecting oil platforms in the Gulf of Mexico remains a bigger worry. That could send gas prices up 10 to 30 cents per gallon, he said.

"It's the storms I'm worried about, not this particular loss," he said, referring to the pipeline shutdown.

Fifteen to 20 years ago, the Prudhoe Bay shutdown would have barely registered. At that time, the spare crude production capacity was nearly 10 million barrels a day.

A disruption in U.S. output then could have been easily remedied with a call on Saudi Arabia, Kuwait and other oil-producing countries in the Middle East to boost production. With so much spare capacity, war or political disputes in any one country caused little concern.

Today, spare capacity is 1 million to 2 million barrels a day, and the quality of those reserves is far lower than it was in years past. Much of it is heavy crude, not the light sweet crude that most U.S. refineries are equipped to handle. The result is an oil market that runs scared with every hint of potential disruption.

Much of the concern these days is focused on the Middle East. At the top of the list is Iran, which has threatened to use oil as a weapon if the United Nations imposes sanctions over its uranium-enrichment program.

There is also concern that Iran could get dragged into Israel's fight with Hezbollah in Lebanon. Iran is a chief supporter of Hezbollah, which remains a sticking point in its tense relations with the West. Iran has the fourth-largest producing among oil-producing nation.

"Israel and Lebanon don't necessarily affect oil production, per se, but any violence in that region is worrisome, and there is the concern that it could spread wider," said Rick Mueller, senior oil analyst with Energy Security Analysis Inc. in Wakefield, Mass.

Nigeria is another hot spot, Mueller said. A dispute among rival factions over oil revenues has led to attacks on oil production facilities, wiping out 800,000 barrels of daily production in the past year. That is twice the amount of production lost as a result of the Prudhoe Bay shutdown.

"That's a big story because it's light sweet crude, which is great for making gasoline," Mueller said.

Political uncertainty extends to oil-producing regions outside the Middle East and Africa. In Venezuela, the leftist government of Hugo Chavez -- a vocal critic of the United States -- has nationalized the oil industry. And in Russia, President

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Vladimir V. Putin is using oil as a political weapon in his effort to restore his country to global power, says Greg Werlinich, co-author of The Black Book of Personal Finance and president of Werlinich Asset Management.

Economists note that worldwide demand for oil continues to grow despite recent record prices. Explosive economic growth in China and India are partly responsible for the increase, but U.S. demand for oil is about 22 million barrels a day -- about three times that of China -- and growing.

"Demand for petroleum is extremely unresponsive to price in the short run," said Stephen Brown, director of energy economics at the Federal Reserve Bank of Dallas. "The way we use energy is really built into our economy. None of these are things you can just instantaneously change."

Economists and oil industry analysts agree that higher prices are probably here to stay because high demand, violence in the Middle East and volatile weather in the Gulf region are unlikely to diminish soon.

"The only thing that could derail this price advance is a worldwide global recession, and we haven't seen that as of yet, either," said Hicks, the Global Investors analyst.

Alaska Oil Field To Close; Crude Prices Jump (LAT)

By Jesus Sanchez

The Los Angeles Times, August 8, 2006

Crude oil prices jumped more than $2 a barrel today after energy giant BP said it will shut down one of the nation's largest oil fields in Alaska's North Slope, a key source of petroleum destined for California and the West Coast.

The closure of the Prudhoe Bay field, which was prompted by the discovery over the weekend of a pipeline leak and excessive corrosion, will reduce production by about 400,000 barrels a day at a time when crude oil supplies are tight and any actual or perceived threat to supplies or distribution has sparked turmoil in energy markets.

The company said the shutdown will take place over several days but did not say when production would resume.

On the New York Mercantile Exchange, crude oil futures peaked above $77 a barrel before falling back to close at $76.98, up $2.22.

The closure prompted the U.S. Energy Department to say it was prepared to tap into its emergency crude oil reserve if needed, the Associated Press reported.

"We regret that it is necessary to take this action and we apologize to the nation and the state of Alaska for the adverse impacts it will cause," said BP America Chairman and President Bob Malone in a statement.

"We will not resume operation of the field until we and government regulators are satisfied that they can be operated safely and pose no threat to the environment," he added.

The British energy company, which depends on Alaska for 10% of its worldwide production, announced the closure of the North Slope oil field after tests discovered excessive corrosion and a small leak in a Prudhoe Bay oil transit pipeline. The pipeline was taken offline Sunday morning and the leak was repaired, but it will take several days to stop oil field production.

The loss of North Slope oil has major implications for California because the state's refineries are highly dependent on Alaskan crude oil. Alaska supplies about 20% of California's petroleum, according to the California Energy Commission. Times wire services contributed to this story.

Crude Oil Prices Soar On BP Pipeline Woes (WT)

By Patrice Hill

The Washington Times, August 8, 2006

Oil prices yesterday jumped more than $2 a barrel to a record of $78.30 in London after BP shut production at Alaska's largest field for what could be several months to repair corroded pipelines.

Refineries on the West Coast reported no immediate shortages, but might have to scramble to get supplies of crude within weeks if the outage persists, analysts said. The incident affecting only 0.5 percent of world oil production highlights the tensions and fears dominating the oil markets during a time of tight supply threatened by hurricane season in the Gulf of Mexico and war in the Middle East.

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"The market is looking for some excuse to move north," said William Adams, chief energy strategist at LaSalle Futures Group Inc. "Especially in California, where they have the highest gas prices, they are really going to be impacted."

Gas prices in California average 12 cents higher than the rest of the nation, where the price of regular grade rose yesterday to $3.04 a gallon, three cents short of a record, the Energy Information Administration said.

It may take "some months" for BP to replace up to 16 miles of corroded pipeline at BP's Prudhoe Bay facilities in Alaska, Citigroup analysts said.

BP said it does not know how long the pipeline will be out of operation, but analysts said the company's decision Sunday night to completely shut down 400,000 barrels a day of production from Prudhoe Bay suggests it is expecting a prolonged outage. The BP action suspended nearly half of Alaska's production and 8 percent of U.S. production overall.

"The market is already tight, and the news from Alaska is the last thing we needed to hear," said Michael Fitzpatrick, a vice president at Fimat USA. "This comes after a series of threats to supply. A heat wave or storm could push prices above $80 in a heartbeat."

Crude oil for September delivery surged $2.22 to $76.98 a barrel on the New York Mercantile Exchange, the second-highest price since trading began in 1984. Brent crude oil for September settlement rose $2.13 to a record $78.30 a barrel on the ICE Futures exchange in London.

"The only saving grace is that we are near the end of the driving season," said Jason Schenker, an economist with Wachovia Corp. "The lost production accounts for only 2 percent of U.S. daily consumption" of nearly 21 million barrels a day, he said. "This is nothing compared to the disruption we would see if there is conflict with Iran."

U.S. Energy Secretary Samuel W. Bodman said the administration would make oil from the Strategic Petroleum Reserve available to California refineries if they need it.

"I'm obviously concerned about" the shutdown, Mr. Bodman told reporters yesterday. "We have not had any requests for additional supply, but it would be made available, and we can get it to the West Coast."

Some analysts said there is no easy way to get reserves to the West Coast from Louisiana and Texas, where the oil is stored, since there is no pipeline over the Rocky Mountains. The refineries more likely will have to bid to divert oil being shipped to Asia, they said.

"Practically speaking, it's going to be far easier to get supply from the Far East, for Japan and Korea to redirect some cargoes," said Olivier Jakob, managing director of Petromatrix GmbH. "The only solution is the market. The Strategic Petroleum Reserve is going to be no use."

Tesoro Corp., the second-largest refiner in the West, said it has a secure supply of crude, enough for the next 30 to 45 days, for its Golden Eagle refinery in Martinez, Calif., and its Anacortes refinery in Washington, both of which use crude from Prudhoe Bay.

Refineries in California and the Pacific Northwest process about half of the 5.12 million barrels of crude produced in the U.S. each day. U.S. refineries in general have ample inventories of crude for this time of year.

BP's US Safety Record Again In Focus After Trouble In Alaska (AFP)

By Justin Cole

AFP, August 8, 2006

WASHINGTON (AFP) - BP says it has a zero tolerance policy with respect to industrial accidents, but the British energy giant has been accused time and again of cutting safety corners in the United States.

BP's US operations were in focus again Monday after it announced it was shutting down all oil production at the vast Prudhoe Bay oilfield in Alaska, America's largest field, due to a pipeline leak.

The company is already being investigated by the Justice Department and the Environmental Protection Agency for a huge Alaskan oil spill that occurred in March.

"We've been concerned about BP's safety record on the North Slope of Alaska for many years now," said Justin Tatham, an Arctic advocate for the Public Interest Research Group (PIRG).

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"We've seen a pattern emerge over the last four to six years of the company getting more and more sloppy in their work as they try to milk the remaining oil from Prudhoe Bay," Tatham said.

BP America chairman Bob Malone, however, said safety of operations is a top priority for the energy group.

"We will not resume operation of the field until we and government regulators are satisfied that they can be operated safely and pose no threat to the environment," Malone said in a statement.

However, questions about the safety record of the London-headquartered company have long been making headlines in the United States.

An enormous explosion at BP's Texas City refinery in March last year killed 15 people.

The federal Occupational Safety and Health Administration said BP had violated about 300 safety regulations at the plant, the third biggest oil refinery in the United States.

In September 2004, two workers at the refinery were burned to death and another was seriously injured.

"This shutdown should not come as a surprise," Greenpeace energy specialist Melanie Duchin said of the latest incident in Alaska.

"Pipe corrosion, which drove BP's decision to shut down this pipeline, was the cause of the March 2006 spill which sent 270,000 gallons of oil onto the tundra of the Prudhoe Bay oil field," she said.

No one was killed as a result of the March oil spill, but the incident sparked a government investigation in a politically sensitive region where people still bitterly remember the Exxon Valdez oil disaster of 1989.

It was the worst land spill in the region's history. BP has said it will replace a three-mile segment of the ruptured pipeline.

The Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) ordered BP to "take a number of corrective actions" after the March spill, and government engineers are now supervising its shutdown of the Prudhoe Bay field.

As recently as last month, the PHMSA directed BP Exploration Inc. "to take additional measures to ensure safety on its Prudhoe Bay pipelines as a result of a pipeline failure in March."

"After the last spill we issued a corrective action order. Our priority is to make sure it's as safe as possible. The tests are working," a PHMSA spokeswoman told AFP on Monday.

PIRG's Tatham said the public interest group is not against oil and gas drilling, but claimed that BP had not made the needed investments to its infrastructure in Alaska to prevent such leaks.

BP said the leak occurred due to corrosion on the pipeline, which dates back to 1977, not long after output at Prodhoe Bay first kicked in.

The trans-Alaska pipeline system from Prudhoe Bay runs about 800 miles (1,287 kilometers) south to an oil export terminal at Valdez.

Prudhoe Bay accounts for about half of Alaska's total oil output and about eight percent of total US production, according to the Department of Energy.

The Prudhoe Principle (WSJ)

The Wall Street Journal, August 8, 2006

Opponents of opening the Arctic National Wildlife Refuge (ANWR) to oil drilling have long argued that the supply wouldn't make a difference to prices. Well, that claim took a spill yesterday with BP's announcement that it is shutting down its operations at Prudhoe Bay due to a damaged pipeline that could take months to patch.

U.S. crude soared $2.25 on the news, taking oil to nearly $77 a barrel, with experts predicting another five- or 10-cent a gallon price increase at the retail gasoline pump -- possibly to a new high. This market reaction came as some surprise to various newspaper scribes and politicians, given that Prudhoe Bay "only" supplies about 400,000 barrels a day, or less than 2% of daily U.S. oil consumption.

These are the same folks who've delighted in informing Americans in recent years that opening up nearby ANWR to drilling would "only" result in an extra one million barrels a day. This argument -- that ANWR isn't worth the effort -- might have some currency if oil were plentiful and gas prices were still "only" $1.50 a gallon. But with the margin between global oil supply and

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demand so thin, any supply counts. ANWR is exactly the sort of home-grown oil cushion that would help smooth out supply disruptions from the likes of Katrina or the BP leak, if "only" Congress could get a clue.

As it happens, House Republicans are mounting yet another effort to get ANWR legislation past John Kerry and his fellow Senate filibusterers. A majority of the Senate supports it. The latest bill promises to devote federal ANWR revenues to "alternative energy" programs, an enticement that has already gathered some Democratic support. If Congress really wanted to impress voters when it got back from its August recess, it'd use the BP mess as an excellent reason to increase U.S. energy supplies.

Governors Weigh In On Energy Policy (AP-Y)

By Robert Tanner

AP2, August 8, 2006

Governors worried about damage to the economy and complained about years of neglect on energy policy after an Alaska oil field shutdown, but offered far different solutions on Monday.

Energy independence and alternative fuels had already been part of the weekend's summer meeting of the National Governors Association. News of the oil field shutdown and the spike in oil prices, spurred by corrosion of a key oil pipeline, put a sharper edge to the topic.

Democratic Gov. Kathleen Blanco of Louisiana, whose state is at the center of the nation's fuel production and distribution, criticized the federal government's monitoring of critical infrastructure.

"From our perspective in Louisiana, our wetlands are disappearing and it's exposing our network of pipelines," she said. "That's potentially putting our whole infrastructure at greater risk." She said local development and pollution also spurs erosion, but said more federal involvement is needed.

Republican Gov. Haley Barbour of Mississippi said the problem was environmentalists and others who fight increased drilling and pipeline construction.

"We need supply to grow. That means more drilling like (proposals to open the Arctic National Wildlife Refuge), more nuclear energy, more coal to liquid," he said. "We see how the shortsightedness of not-in-my-backyard resistance can cause enormous reduction in supply, which is going to result in higher prices."

In Washington, New York Gov. George Pataki offered a 10-year energy program calling for tax credits for fuel-efficient cars and development of alternative fuels in a speech to the National Press Club.

Asked about drilling in the Arctic National Wildlife Refuge, Pataki said, "There's no question we have to expand domestic production of oil. I think you've just seen this afternoon what happened unless we have reliable additional sources that are convenient to the market. So yes, we need to open up more places for oil exploration and drilling."

After the appearance, Pataki told reporters he did not mean to "rule in or rule out any particular area," including ANWR, for oil drilling.

Governors from both parties said the disruption would hopefully spur a willingness to tackle a more ambitious approach to energy.

"Our energy policy for the last 30 years is a joke. We've been asleep at the switch, both Republicans and Democrats," said Republican Gov. Tim Pawlenty of Minnesota, who has been pushing alternatives such as ethanol and wind energy at home.

Montana Gov. Brian Schweitzer, a Democrat, said the disruption only strengthens his argument for a federal energy policy that would encourage greater investment in coal to produce synthetic fuels. He had earlier laid out a plan where Montana coal could replace more than half the foreign oil imported each year.

"We've got the solution but we've got to move. We've got to have a balanced portfolio of fuels," he said.

Democratic Gov. Janet Napolitano of Arizona said she was waiting to hear more to understand the wider impact. "It's just further confirmation of the fact that we need a national energy policy. It's further confirmation that our continued dependence on foreign oil is a problem."

Republican Gov. Mark Sanford of South Carolina said that if the disruption lasted so would higher prices, given the rapid escalation in prices over the last year and the latest Mideast instability.

"It's sort of wrong time, wrong place," he said.

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Big Oil Reinvests Big Profits To Tap Costlier Reserves (WT)

By Patrice Hill

The Washington Times, August 8, 2006

Big Oil's record profits attract attention and outrage, but an independent study has found that oil companies do exactly what economic textbooks say they should do with all that money: They invest it in oil exploration and development efforts that eventually should relieve pressure on prices.

The top 20 U.S. and Canadian oil companies actually invested 50 percent more than they earned in the past 10 years in efforts to produce more oil, but adverse geopolitical developments conspired to give them fewer opportunities to expand production while fading oil fields in the U.S. and elsewhere forced them to spend substantially more just to maintain current production, according to the study by the Ernst & Young accounting firm.

"Reinvestment is under way, and it's strong," said Charles Swanson, an energy analyst at the firm, but "average costs to find and develop oil and gas reserves have tripled since 1997, while total reserve-replacement costs have more than doubled."

The study found that the top companies -- including Exxon Mobil, ConocoPhillips and Chevron, among others -- took in a mind-numbing $5 trillion in revenue from sales of oil and related products between 1995 and 2005. After subtracting the cost of equipment, leases, labor and other operating expenses, the companies posted whopping profits of $336 billion.

Over the same time span, however, the companies spent even more than they earned -- $550 billion -- on oil exploration and development. Some of them went deeply into debt to finance new ventures, especially during times of lean profits.

Despite the massive sums of money oil companies spent trying to find more oil for the world's fuel-thirsty consumers, returns on investment over the past 10 years declined sharply because most existing oil fields in the West are in decline and the most promising new discoveries are not available for development, Ernst & Young found.

Nevertheless, the study found that oil companies continued to invest steadily, even during busts like 1998, when the price of premium crude plummeted to $10 a barrel, as well as during boom times like today, when prices are topping $77.

"Investments are long-term and fraught with geopolitical, regulatory, environmental and general economic risks," said Mr. Swanson of Ernst & Young. In the U.S., promising oil fields in Alaska and offshore are not open for development, while the vast petroleum reserves in Canada's Athabasca oil sands require huge amounts of energy and money to bring to market.

"Most of the new reserves are outside of North America, and much of the global reserve base is off-limits to Western oil and gas companies," said Mr. Swanson. Moreover, oil-rich countries such as Venezuela and Russia are exacting onerous licensing terms and costly royalty payments from Western companies seeking access.

Getting permission to drill for oil is only the beginning when it comes to delivering gasoline to the pump.

"Once a discovery is made and years are invested in preparation, planning and navigating the regulatory maze, companies often find themselves faced with a shortage of drilling rigs, equipment and people to operate them," Mr. Swanson said.

The Ernst & Young study, which was not done on behalf of any client firms, confirms what the oil companies have been saying about the high cost and difficulty of exploiting the world's remaining petroleum reserves. Other analyses, such as one by Cambridge Energy Research Associates, also have tracked the soaring costs for drilling equipment and skilled workers.

Cambridge found that the average cost of finding, developing and producing oil worldwide has jumped 35 percent to $9.13 a barrel since 2002. The highest-cost oil to produce, such as Canada's oil sands, now costs $25 a barrel to deliver to consumers compared to $14.50 in 2002, Cambridge found, attributing the sharply higher costs to exploding demand for oil, as well as a tight market for drilling equipment and workers.

Petroleum Industry Research Foundation Inc. said high demand for workers drove up average wage gains for oil-industry employees to 10 percent last year, more than double the national average, while price increases for oil and gas machinery accelerated to 11 percent this year from 3 percent in 2004.

After Hurricanes Katrina and Rita devastated rigs in the Gulf of Mexico last fall, the price of replacing deep-water drilling equipment doubled, the group said.

A shortage of petroleum engineers has prevented some companies from expanding production. Worker shortages developed in recent years after drastic job cuts during industry downsizings in the early part of the decade. Moreover, most of the

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engineers available are baby boomers, with an average age of 49, and are heading toward retirement, said Jeff Johnson, chief executive of Cano Petroleum, an independent oil producer in Fort Worth, Texas.

"There's an urgent need to find a new generation of U.S. petroleum engineers to replace this present one" if the United States is to continue exploiting its dwindling oil fields, he said. "Very few people know there are hundreds of mature oil fields here in the U.S. containing ample amounts of oil and natural gas that was never recovered due to technological limitations" -- a lack of equipment and skilled workers.

Judge Blasts EPA For Delays In Clean Air Act Implementation (GOVEXEC)

By Jenny Mandel

Government Executive, August 8, 2006

A federal judge reprimanded the Environmental Protection Agency last week for devoting resources to discretionary activities while it remains years behind schedule in meeting its statutory obligations to regulate hazardous air pollutants as required by the 1990 Clean Air Act.

In an opinion issued last Wednesday, Judge Paul Friedman of the U.S. District Court for the District of Columbia laid out the reasoning behind an order, issued in March, that EPA promulgate regulations according to an accelerated schedule that he said would reflect Congress's original intent in setting a timeline for completion of the work.

The opinion provided insight into the March judgment in favor of the environmental group the Sierra Club in a lawsuit against EPA Administrator Stephen Johnson. That suit mainly addressed a Clean Air Act requirement that the agency identify, by November 1995, the emission sources for the 30 most hazardous air pollutants and, by November 2000, issue emissions standards for those sources. The agency finished identifying the pollution sources in 1999 but has issued standards for only 15 of the 70 different types of sources.

Both sides had presented proposals for a schedule on which the agency would complete the required regulations. EPA argued that the complexity of the task, the need for extensive research and the competition for internal resources necessitated a schedule that would complete one group of regulations by October 2011, and another by December 2012. Steve Page, director of the Office of Air Quality Planning and Standards, said the agency would require about 50 months per regulation.

Friedman rejected that timetable. "If the schedule set by the Clean Air Act for the regulation of these sources is unreasonable, EPA's remedy lies with Congress, not with the courts," he wrote, adding, "Courts tend to reject ... agency approaches to rule-making that sacrifice the timely implementation of the statute in favor of extensive agency information-gathering and analysis."

The schedule Friedman decided on in March requires that the agency complete one group of regulations by June 2009, and another by October 2008.

Friedman also soundly rejected the agency's argument that other obligations preclude it from meeting a tighter schedule. "EPA ... currently devotes substantial resources to discretionary rulemakings, many of which make existing regulations more congenial to industry, and several of which have since been found unlawful," the opinion stated. "It is emphatically not within an agency's authority to set regulatory priorities that clearly conflict with those established by Congress."

He said the agency was required to prioritize mandatory activities over discretionary ones, and suggested that obligations with deadlines should supersede those for which a schedule is not given.

EPA spokeswoman Jennifer Wood declined to say whether the agency is on track to meet intermediate deadlines this December, and whether the agency's Office of Air Resources has continued to direct resources to discretionary rule-makings since the March order. "EPA is diligently working to meet new deadlines set by the court in March," Wood said.

She directed all questions about the possibility of appeal to the Justice Department, which declined to comment.

Jim Pew, a lawyer with Earthjustice, an environmental law group that represented Sierra Club in the case, said EPA had met a deadline to file paperwork for an appeal. He said that keeps the agency's option open, but might not mean an appeal will be pursued.

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Pew highlighted a June report by the Government Accountability Office that found problems with EPA's management of its air toxics program, including the lack of a strategy to finish the work or an estimate of the resources needed to do so, and allowing the program's implementation to be driven by litigation.

"Essentially," Pew said of the court opinion, "Both branches of government have concluded that the executive branch has dropped the ball on this really important public health issue."

For Now, Gas Will Be Champ (USAT)

By Gary Witzenburg

USA Today, August 8, 2006

Every time I hear of a promising new electric vehicle (EV) or a "breakthrough" battery, my eyes roll back in my head. The cars are either hugely expensive or tiny, slow and impractical. Their claimed ranges are either double-digit small at neighborhood speeds or ridiculously optimistic at highway speeds. The batteries are typically single-cell wonders in a lab, many years and dollars away from vehicle size. Their eager but inexperienced makers are always searching for funding to see their dreams through.

OUR VIEW: Electric cars merit new look

Widespread acceptance of battery-powered EVs will not happen until someone develops battery technology competitive with a tank of gas (or diesel) in every way. It must be absolutely safe, long-term durable, capable of operating reliably in extreme weather and temperatures, mass-producible at low cost, able to carry comparable energy in a package of comparable size and weight, and able to be quickly recharged. None comes remotely close.

As manager of testing and development for GM's Advanced Technology Vehicles from 1991 to 2000, I was intimately involved with the ultra-high-tech car called EV1.

We knew the market for an expensive two-seater with very limited range would not be strong, but we reasoned that multi-vehicle households could happily embrace one small, short-range car. We also knew that long-term success would depend on battery technology.

We worked hard to prepare our 1999-model EV1 for optional nickel metal hydride (NiMH) batteries that nearly doubled its range. But the lithium-polymer chemistry then being developed by the 3M company and others, which promised gas-competitive cost and range, never panned out.

Relatively affordable lead-acid is bulky and heavy, slow to recharge, lethargic in cold weather, carries little energy per pound and lives a fairly short life. NiMH holds roughly double the energy but adds a lot of cost. Lithium-ion, apparently nearly ready for vehicle duty but more expensive still — or something else further down the road — may be the answer to battery-powered EV acceptability in business-sustaining volume. But I'll believe it when I see it.

Electric Cars Merit New Look (USAT)

USA Today, August 8, 2006

The electric car is dead. Long live the electric car.

Who Killed the Electric Car?, a documentary film playing in selected cities, alleges that a conspiracy among Detroit, Big Oil and the government in the 1990s torpedoed promising electric car technology.

OPPOSING VIEW: For now, gas will be champ

At the same time, as USA TODAY's Chris Woodyard reported recently, several small, independent automakers are jolting the electric car market back to life. Generating the most buzz: a roadster from Tesla Motors, a Silicon Valley start-up. It's billed as having a range of 250 miles and being capable of going from zero to 60 mph in four seconds.

What to make of these mixed messages? Perhaps that while the potential of electric cars was overblown in the past, technological advances and $3-a-gallon gas merit giving them a new look.

While the movie's dark conspiracy theory appears unfounded, it's a helpful reminder that electric cars have a checkered history, including General Motors' all-electric EV1. During the 1990s, about 1,000 leased EV1s prowled California roads in an experiment that GM says went badly.

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The EV1's limited range, along with problems that developed with the battery pack, doomed the car, says GM, which finally gathered them up and dispatched them to the crusher.

Considering that Toyota suffered through a similar experience with its all-electric RAV4 EV, the conspiracy argument wilts under scrutiny. Over six years, Toyota sold just 1,500 RAV4 EVs. No wonder: The car had a range of only about 90 miles and took nearly eight hours to recharge.

That history leaves an understandable residue of hard-bitten skepticism about electric cars, which have failed mainly because of battery limitations. But that's no reason to give up on them.

The Tesla sports car (to be built by Lotus in Great Britain) has a $100,000 price tag that will deny it mass appeal. Its innovative lithium-ion battery, however, might offer some lessons for the major automakers.

At the other end of the market, the $9,000 Zap Xebra imported from China has a range of only 40 miles but might offer transportation options for those who travel short distances on low-speed roads. Consider the popularity of golf carts in retirement communities.

The most important innovations could come from Toyota, which recently announced it is pursuing plug-in hybrids, something hobbyists were already doing. One short-term version would use a new, higher energy battery that would push up the amount of time a hybrid car such as the Prius runs on electricity rather than gas. Longer term, a more advanced plug-in hybrid might be able to run battery-only for 30 or so miles — enough to cover a modest commute.

Electric cars are no panacea. Generating electricity, after all, consumes energy and creates pollution. What the skeptics miss, however, is that each step — from the failed EV1 to the pricey Tesla to the plug-in hybrid — brings the country a little closer to a vehicle that would help wean its dependence on imported oil. It would be a shame if Detroit pulled the plug on electric cars just when economics and technology might be making them viable.

Sinful Second Homes (NYT)

By John Tierney

The New York Times, August 8, 2006

Come August, there are two kinds of people in the world: those with country homes, and those without country homes. If you, unlike me, are in the first group, we need to have an inconvenient talk.

We need to talk about your "carbon footprint," a concept you may have learned from Al Gore. If you've seen "An Inconvenient Truth" or read the best-selling book, you know how strongly he feels about everyone's duty to reduce carbon dioxide emissions. He advises you to change your light bulbs, insulate your home, and cut back on driving and air travel. If you must make a trip, he notes helpfully, "buses provide the cheapest and most energy-efficient transportation for long distances."

Fine advice, and it would be even better if he journeyed to his lectures exclusively on Greyhound. But he seems to prefer cars and planes. When you tally up his international travel to inspect melting glaciers and the domestic trips between his homes — one in Washington and another in Nashville, not to mention the family farm in rural Tennessee featured in the movie — you're looking at a Godzilla-sized carbon footprint.

No matter how many fluorescent light bulbs you install in your second home's basement, you could save a lot more energy by eliminating the whole place. Even if you dutifully shut down each home when you leave it — turning off the electricity, draining the pipes and turning off the heat, etc. — you're still expending extra energy commuting between your homes. A trip to a weekend house can easily burn more gasoline than a commuter uses all week.

Yet somehow, in all the years I've been reading lists of energy-saving tips, I've never noticed, "Sell second home." A cynic might attribute this oversight to a high correlation between fervent environmentalism and second-home ownership — Robert Redford and his place at Sundance, the Kennedys and their compound on the Cape, Laurie David and her home on Martha's Vineyard, John Kerry's seaside and mountainside manses.

Granted, some environmentalists deal publicly with their carbon footprints. Gore and David say they offset their energy usage by sponsoring reductions in greenhouse gases through alternative forms of power and energy conservation (like building wind farms and paying farmers to turn methane into electricity). But are "carbon offsets" sufficient compensation? Not to activists like Charles Komanoff, an economic consultant to environmental groups.

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He argues in Grist, an environmental magazine, that paying a penny or so per mile to offset the carbon from driving your car isn't the moral equivalent of riding your bike instead. It's more like the Catholic Church's old system of selling indulgences so the rich could avoid something scarier than global warming: purgatory. Quoting Gandhi — "Be the change you want to see in the world" — Komanoff says his fellow environmentalists should stop offering "get out of purgatory free" cards to the rich and instead insist that everyone personally reduce energy use.

I'm not such a purist myself — I'd let the average person salve his conscience with a carbon indulgence. But I'd hold environmentalist preachers like Gore to higher standards, especially when they're engaging in unnecessary energy use. And since I cannot afford a second home, I can objectively determine it to be unnecessary.

If you're going to own a second home while ordering everyone else to carpool, you must atone for your excesses, and it's not enough just to offset the carbon. Gaseous emissions aren't the only externalities of your home. By owning it, you're also inducing envy in your neighbors. You're contributing to the competitive urge that the economist Robert Frank calls "luxury fever." When you go off for the weekend, those of us left sweltering in the city start lusting for our own second homes. We start dreaming of cutting down carbon-dioxide-absorbing forests to make room for neo-Adirondack cabins with central air and heated pools.

The best way to tamp our enthusiasm — or, I as prefer to put it, to reward our virtue — would be with money. Besides paying farmers not to waste methane, you should be paying us not to build second homes. You could make the payment directly to your neighbors. Or, if you prefer, mail it to me, and I'll distribute it among the worthiest of my fellow single-home owners.

If you're short on cash, you could still atone with an in-kind payment: let me stay in your country home while you perform your energy-saving penance back in the city. It wouldn't have to be a long penance. By my calculations, the month of August would just about wipe out your sins.

A Reprieve For Public Lands (NYT)

The New York Times, August 8, 2006

In the spring of 2003, Gale Norton, then secretary of the interior, and Michael Leavitt, then governor of Utah, struck a deal that removed federal protection from about 2.6 million acres of land that the Clinton administration had designated as potential wilderness. In fairly short order, the Bureau of Land Management began selling oil and gas leases on some of these lands as part of a larger energy policy that called for aggressive exploration and drilling even in the most fragile of Western landscapes.

That policy has now suffered its first serious reversal. Last week, a federal district court in Utah ruled that leases on 16 parcels had violated federal environmental law. Among other transgressions, the bureau had ignored its own finding, in 1999, that the lands in question possessed "wilderness values" deserving of protection. The decision has also thrown into question every lease sale in Utah involving wilderness-quality lands over the last three years, involving 125,000 acres altogether, as well as similar sales in Colorado that were also undertaken without the environmental reviews required by law.

With any luck, the decision will send a signal to Ms. Norton's successor, Dirk Kempthorne, that the administration's policy of indiscriminately fast-tracking leases in fragile areas needs a fresh look. This policy is not only unpopular but unnecessary. More than four-fifths of the known oil and gas reserves in the Rocky Mountain West are already open for drilling. And industry already has more leases than it knows what to do with; of the 36 million acres under lease nationwide, only about 12 million are actually in production.

No one can expect Mr. Kempthorne to abandon basic administration doctrine. But at the least he can require his own agency to behave legally and responsibly.

FBI/DEA/ATF/USMS:

Search Under Way For Egyptian Students (AP)

By Mark Sherman

AP, August 8, 2006

Eleven Egyptian students who arrived in the United States last month are being sought by U.S. authorities after failing to turn up at Montana State University.

The 11 Egyptian men were among a larger group of students who arrived at John F. Kennedy International Airport in New York from Cairo on July 29 with valid visas, according to FBI and U.S. Immigration and Customs Enforcement officials.

The others have arrived at the Bozeman, Mont., campus. When the 11 didn't turn up by the end of the last week, the FBI issued a lookout to state and local law enforcement, said FBI Special Agent Richard Kolko.

"At this point all they have done is not show up for a scheduled academic program," Kolko said. "There is no threat associated with these men."

They are between 18 and 22 years old, said a law enforcement official who spoke on condition of anonymity because the search for the men is continuing.

The government probably will seek to send the students home once located because they have violated the terms of their visas, the official said.

University officials did not immediately respond to requests for comment.

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FBI Warns Law Enforcement To Look Out For 11 Missing Egyptian Exchange Students (FNC)

FOX News.com, August 7, 2006

The FBI alerted state and local authorities Monday to be on the lookout for 11 Egyptian exchange students who arrived in the U.S. last month but never showed up for class.

The men, who range in age from 18 to 22, were scheduled to attend a month-long program in U.S. history and culture, plus English language instruction, at Montana State University along with six other students. The group flew from Cairo and arrived in the U.S. on July 29. All entered the U.S. legally, but officials said the no-shows violated the terms of their visas and that the government would likely send them home once they turn up.

FBI Special Agent Richard Kolko emphasized that there was no indication that the men were involved in any illicit activity.

• Get more coverage at the Homeland Security Center.

"At this point, all they have done is not show up for a scheduled academic program," Kolko said. "There is no threat associated with these men."

U.S. Immigration and Customs Enforcement would not disclose the names of the 11, but revealed that they were students registered at Mansoura University in Mansoura, Egypt.

Cases like these are actually quite common, Kolko said. Oftentimes when large groups of foreign students arrive in the United States, it is almost inevitable that some will break off and head to tourist destinations before turning up several days later.

The government tightened the student visa process after the Sept. 11, 2001, terror attacks when it learned that four of the hijackers had entered the country on foreign student visas.

Montana State has tried repeatedly to contact the students, university spokeswoman Cathy Conover said. When that failed, the school notified Homeland Security officials and registered the Egyptians as "no-shows" in the system developed after Sept. 11 to track foreign students.

"We hope this doesn't cast doubt on this program because we think it's important to have international students on our campus and in our community," Conover said.

Search Targets 11 Egyptians In U.S. (NSDY)

By Tom Brune, Newsday Washington Bureau

Long Island Newsday, August 8, 2006

WASHINGTON -- Federal authorities are seeking 11 Egyptian men who arrived on student visas at Kennedy Airport on July 29 but never showed up for an exchange program at Montana State University.

The men were among 17 students from Mansoura University in Mansoura, Egypt, near Cairo, who had arranged to attend a new monthlong program on English language instruction and U.S. history and culture, Montana State University spokeswoman Cathy Conover said yesterday.

The men have no known ties to terrorists or criminal groups, federal authorities said yesterday. The FBI and Immigration and Custom Enforcement officials know who they are, but are not releasing their names, an official said.

"There is no threat associated with these men," said FBI Special Agent Richard Kolko. "We have simply asked law enforcement's assistance in locating them so that the FBI and ICE may interview them."

The FBI issued a be-on-the-lookout alert to law enforcement agencies after the men, aged 18 to 22, failed to show up at the Bozeman, Mont., campus as expected.

The men's visas have been revoked, and they will be put into deportation proceedings once they have been located.

New York Police Department sources said the FBI asked the department to be on the lookout for the students. The belief, based on what they have been told by the FBI, is that the men are here for work. The NYPD will still look for the students to ascertain that.

"This is probably economic reasons, that they used the student visas as the guise," said a law enforcement source. "There's no evidence of any kind pointing to a terrorist plot."

Conover said this was the first time Montana State offered the program, which cost each of the students $2,000 and included two weeks with a host family.

She said the men might have encountered difficulties with connections in flights between Kennedy and Bozeman.

Of the six who showed up, only one arrived on July 29, as expected, she said. Another turned up on July 30 and four others on July 31, she said, all blaming problems with flight connections.

When the 11 men failed to show on July 31, the university contacted federal Homeland Security officials in Helena, Mont., and registered the Egyptians as "no-shows" in a system developed after Sept. 11 to track foreign students. The university also contacted officials of Mansoura University, she said.

Staff writer Rocco Parascandola and The Associated Press contributed to this report.

EGYPTIAN STUDENTS VANISH IN BIG APPLE (NYPOST)

By Dan Mangan

The New York Post, August 8, 2006

Eleven Egyptian students who were supposed to travel to a Montana university after flying to JFK airport late last month disappeared in New York, spurring federal authorities to issue a nationwide alert, officials said yesterday.

The students - who were traveling with six classmates from Mansoura University in Egypt - had their student visas revoked for failing to show up at Montana State University in Bozeman, the officials said.

The other six students made it to the college.

"The FBI and ICE [Immigration and Custom Enforcement] would like to locate these 11 students in order to speak with them," said FBI Special Agent Richard Kolko after the "be-on-the-lookout" alert was issued to all police in the United States.

Kolko said there is no reason to believe the missing students, all men around 20 years old, represent a threat.

"At this point, all they have done is not show up for a scheduled academic program, and their visas have been revoked," Kolko said.

"We do not know of any association with any terrorist or criminal groups. There is no threat associated with these men. We have simply asked law enforcement's assistance in locating them so that the FBI and ICE may interview them."

Rep. Peter King (R-L.I.), who chairs the House Homeland Security Committee, said the situation "has to be taken very seriously."

"Having a number of students from an Arab country arriving on student visas and disappearing is cause for concern," he said.

Montana State University Provost David Dooley said 17 Mansoura University students signed up for a 32-day cultural-exchange program to intensively study English, learn about Montana history and go on several field trips.

They arrived at JFK on a flight from Egypt on July 29, but only one managed to clear immigration in time to make a connecting flight, Dooley said.

By July 31, five others had arrived in Bozeman, but the rest were unaccounted for.

Dooley said the ones who showed up "were not certain about the status of their fellow students and why they haven't made it."

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MSU alerted federal Homeland Security and Mansoura officials and notified the students via e-mail they had 24 hours to show up in Bozeman. None of them did, Dooley said.

He added, "We're very disappointed by this. It would be regrettable if the misadventures or irresponsibility of a number of students damaged these kinds of programs."

Officials at the Egyptian Consulate in New York and the Egyptian Embassy in Washington, D.C., said they were unfamiliar with the situation.

Judge Quizzes Prosecutor About Deal (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), August 8, 2006

Assistant U.S. attorney denies he made pact with felon

A judge on Monday ordered a federal prosecutor to reveal whether he had given a cocaine dealer a break so the criminal would implicate a Blount County man in a murder.

The Justice Department tried to block testimony from Assistant U.S. Attorney Hugh Ward about his dealings with convicted cocaine dealer Myron Kellogg.

Kellogg and his U.S. District Court plea deal became the focus Monday of a hearing in Knox County Criminal Court because Kellogg is expected to be a key witness against Reginald Stacey Sudderth.

Sudderth is accused of murder and conspiracy to commit murder in the April 1998 shooting death of 18-year-old Andre Jackson in Blount County. The case has been moved to Knox County because judges and prosecutors originally assigned to the case have bowed out for various reasons.

A jury has been selected, but jurors sat in a conference room for most of Monday afternoon after an argument erupted over Kellogg.

Sudderth's attorney, Herbert S. Moncier, insisted Monday that Kellogg had gotten a sweetheart deal from Ward primarily because of Kellogg's role as a witness against Sudderth and as the boyfriend of another witness against Sudderth.

Moncier sought to question Ward and get a review of Ward's file. Assistant U.S. Attorney Elizabeth Tonkin resisted the move. Senior Judge Jon Kerry Blackwood, appointed by the state Supreme Court to handle the case, ordered Ward to take to the witness stand.

Tonkin asked Ward two questions, one of which was whether Kellogg was given a deal for being a snitch against Sudderth.

"No, he was not," Ward said.

"Those are the only questions Mr. Ward has been authorized by the U.S. Attorney to answer," Tonkin told Blackwood.

But Moncier had a series of questions for Ward anyway. As he fired off each one, Tonkin objected and Ward sat silent.

"It is outside the scope of Mr. Ward's authorization," Tonkin repeatedly replied.

Blackwood remained mum during the exchange between Moncier and Tonkin. When the pair was finished, the senior judge weighed in, saying he had only one question of Ward.

"I need to know if during the federal prosecution of Myron Kellogg, if his role in the prosecution of Stacey Sudderth was ever taken into consideration by your office if any consideration was given by your office to Myron Kellogg if he would cooperate with state authorities against Stacey Sudderth."

"There was no consideration given," Ward replied.

Sudderth is accused of offering a $10,000 bounty for the slaying of Jackson, who Sudderth believed was one of two men who broke into his home and raped his girlfriend. Prosecutors have alleged that A.C. Copeland took Sudderth up on the offer, fatally shooting Jackson. An appellate court recently overturned his murder conviction, however.

Sudderth was not charged in the slaying initially. Appellate court records show that he was offered immunity in return for testimony in another murder case. However, he could not satisfy authorities with his responses to a polygraph examination, and the immunity deal was eventually withdrawn.

Sudderth insists through Moncier that he had nothing to do with Jackson's slaying. Special prosecutors Greeley Wells and Gene Perrin counter that Sudderth provided both a bounty and the gun used to kill Jackson.

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The trial will officially get under way today.

Jamie Satterfield may be reached at 865-342-6308.

Indiana Reports New Attacks On Highways (NYT)

By Eric Ferkenhoff

The New York Times, August 8, 2006

CHICAGO, Aug. 7 — New sniper attacks on Indiana roads have led to an expanded investigating team. Federal and state investigators joined the local police in northwestern Indiana on Monday.

No one has been killed in the nine reported attacks. They have drawn comparisons to the deadly shootings in the Washington metropolitan region in 2002 and to a fatal sniper shooting last month near Muncie, Ind., 50 miles northeast of Indianapolis.

Windows have been shattered and minor injuries reported in the recent attacks in Lake County, near Hammond, Whiting and Merrillville from July 25 to last Friday. All but one attack was in an eight- to nine-mile stretch of Cline Avenue, which carries 10,000 motorists a day.

A Federal Bureau of Investigation gang investigations unit in Gary, Ind., will run the expanded team.

"This is a coming together of some of the local agencies who have been working on this with federal and state agencies to bring more manpower and more technology to figuring this out," Mark Becker, agent in charge of the F.B.I. office in Merrillville, said. "Clearly, this is someone or people who aren't right."

"There have been many, many more reports of incidents from people who don't know if a rock hit their car or someone fired at them," Agent Becker said.

On July 23, there were sniper shootings on Interstate 65 near Seymour, Ind., and I-69 near Muncie. Zachariah Blanton, 17, of Gaston, has been charged with murder in a truck passenger's death on I-65.

Suspected Sniper Targeted As FBI Joins Task Force (NIT)

The (Northwest Indiana) Times, August 8, 2006

The FBI announced today the agency is joining the newly formed Cline Avenue Task Force to investigate the string of nine sniper incidents along the Cline Avenue corridor since July 25.

FBI will employ profilers as well as the Gary-based Gang Response Investigative Team to assist in the Lake County investigation of the reported shootings that have struck nine vehicles. To date, no injuries have been reported.

Also assisting on the task force are U.S. Marshal's Office, the ATF, the Indiana State Police, the Lake County Prosecutor's Office and the police departments of Hammond, Gary, East Chicago and Whiting.

The hotline to leave tips for the task force is (877) 324-4748 or (219) 885-1055.

However, anyone who sees something while driving may call 911.

Also at the news conference today at the Lake County Sheriff's Department, authorities ruled out any connection between the sniper reports, the Gary fire truck shooting Saturday and a vehicle reporting a broken window this morning.

Sniper Task Force Announced For NW Indiana (CHIT)

By Tonya Maxwell And Rex W. Huppke

Chicago Tribune, August 8, 2006

HAMMOND -- When car windows began shattering along bustling Cline Avenue two weeks ago, the talk was that a sniper was on the prowl. Hoosiers had just dealt with a quick but deadly series of highway sniper shootings in central Indiana, so anxiety was understandably high.

But now that fearful talk has grown muted, even though motorists along this four-lane industrial stretch continue to be targeted by something—and someone—no one can identify.

"Personally I think it's just little kids out there with slingshots," said an unconcerned Lloyd Taylor, filling his rickety van up at a gas station just off Cline. "It ain't no bullets."

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But here's the problem that investigators, which now include the FBI, are facing: After nine shattered windows, they haven't found any bullets.

It's possible BBs or even rocks from a slingshot are to blame, but no evidence has been found. Not only is there no smoking gun, at this point there's not even a suspect projectile.

"I'm not going to rule out anything," said Mark Becker, supervisory special agent for the FBI in Merrillville, Ind. "I don't want to guess what might or might not have been used. It's just too early to tell."

Federal and local law enforcement officials on Monday announced the formation of a multi-agency task force to investigate what they're calling "shootings" along the Cline Avenue corridor, about 8 miles of divided north/south highway that carries thousands of motorists a day through East Chicago, Gary and Hammond. Citizens were urged to call with any tips on the person or people who have been launching projectiles at passing vehicles.

"One thing we want to stress is, this case could be one phone call away from being solved," Becker said.

No windows have been reported broken since Thursday night, when the rear window of a vehicle was shattered at the intersection of Cline and U.S. Interstate Highway 80-94. There have been no injuries in any of the nine cases, but Lake County (Ind.) Sheriff Roy Dominguez said the person responsible could face charges ranging from criminal recklessness to attempted murder.

"This is what we would call a local terrorist act," Dominguez said Monday. "It's obvious to me this person is unstable."

The only potential lead in the case came last week when police found an area of matted-down grass by a fence off Cline near where a motorist's window was broken. Dominguez said they found an ottoman at the site and a couple cushions that could have been used as a makeshift tripod. He said the "nest" is part of the continuing investigation.

On July 23, before the trouble began in northwest Indiana, a sniper shot and killed one driver and wounded another on Interstate Highway 65 south of Indianapolis. The shooter later hit a moving tractor-trailer and a parked sport-utility vehicle on Interstate Highway 69 in Delaware County, about 100 miles northeast of the earlier shootings.

Police arrested a 17-year-old on July 25 in connection with the shootings. He is charged with murder, attempted murder and criminal recklessness.

The day the teen was arrested was the first day a window was blown out along Cline, leading police in northwest Indiana to worry they were dealing with a copycat. They remain worried—with unmarked cars cruising the avenue and helicopters routinely hovering above—but exactly what they're dealing with remains a mystery.

"It's possible the incident in [central] Indiana created this," Dominguez said. "We're encouraging civilians to continue with their daily lives."

Thus far that hasn't been much of a problem.

On Monday, Johnnie Dinkins was grabbing some lunch at Franky's Restaurant just off Cline. The 61-year-old retiree said whoever's responsible for the recent highway drama isn't going to force her to avoid the area or go out of her way.

"I go whichever way is fastest for me to go," she said resolutely.

Dominic Ferrarini, 54, was working on a bowl of alphabet soup at Franky's. He said he has heard of people who are so worried about flying objects on Cline that they won't drive unless their windows are rolled up tight. Ferrarini can't be bothered with that.

"If you're going to get hit, you're going to get hit," he said. "It doesn't matter if it's up or down."

There are even some—particularly those who make a living out of shattered glass—wondering if this rash of broken windows is nothing more than the spawn of torrid temperatures and flying roadside gravel.

Ken Taylor, owner of P&J American Glass in Highland, Ind., said he gets customers who've had windows chipped by flying rocks twice a day, and several a week have had it happen while driving on Cline. He blames the avenue's concrete median, which he said acts like a bumper for rocks and gravel to bounce off.

Once there's a chip in the glass, he said, a pothole or even high temperatures can cause the whole pane to shatter.

"Everybody's jumping on the sniper bandwagon and saying, 'Oh God, oh God, I got hit!'" Taylor said. "You drive your car up and down Cline Avenue and you're going to get hit by rocks twice a week."

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Paul Perez, owner of P&M Auto Glass and Trim in Schererville, said it's not at all uncommon for windows to simply break for no clear reason.

"I've heard a lot about the supposed sniper," he said. "I don't know, I've gotten a couple jobs this summer from people who've just been driving down the road and their glass just breaks."

While browsing Blythe's Sport Shop in Griffith on Monday, Dave Hunt considered whether the culprits in this caper could be using a high-powered slingshot, like the Wrist-Rockets the shop carries. He figured it's possible, but they'd have to be an awfully good shot.

Regardless, he was decidedly untroubled by the whole situation.

"Everybody just thinks, 'Hey, it's some goofball out there throwing rocks or something,'" Hunt said. "I know people who drive that way all the time. They don't seem too freaked out."

Feds, State Investigating Byron Explosion (MACT)

By Becky Purser

The Macon Telegraph, August 8, 2006

A federal and state investigation into Sunday's explosion at Pyrotechnic Specialties Inc. in Byron took center stage today, as local authorities faded into the background.

"We've turned the investigation over to them on this type of investigation. This is basically their type of expertise," Peach County Sheriff Terry Deese said today.

If there were any violations that led to the huge blast that leveled a building at the explosives manufacturer, federal and state authorities will also deal with that, the sheriff said.

"This happens from time to time. I guess that's just the nature of the beast," Deese said.

The sheriff said he shares the concerns of the plant's neighbors about the potential for future explosions.

"They need to figure out a way to stop it," Deese said.

Jeff Pearce, assistant special agent in charge of the Atlanta field division of the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, said it's too early in the investigation to determine what caused the explosion and whether it was an accident or the result of foul play.

"We have no information leading us to believe there was criminal act at this point," he said.

Pearce also noted that there is the potential for accidental explosions when dealing with explosives and such a blast does not necessarily mean the company failed to follow proper safety precautions. The agent said those issues will be looked at as part of the investigation.

The explosion appears to have been limited to the bunker, or the building in which the explosives were stored. The bunker may also be referred to as a magazine, Pearce said.

Jeff Doles, Peach County fire chief and Emergency Management Agency director, said the magazine contained 3,500 pounds of explosives. The explosion sent debris flying about 500 yards in all directions and formed a crater in the ground.

Doles said today that his agency now is out of the investigation picture, with the ATF in charge.

Pearce said identifying the type and amounts of explosives stored in the bunker is a part of the investigation and he could not release that information even if the list were immediately available.

PSI chief executive David J. Karlson could not be reached for comment this morning.

Pearce, who said he has not been on site, said the field agent in charge indicated that the bunker appears to have served the purpose for which it was designed: containing and taking the brunt of any explosion of the material in it.

"It detonated for an unknown reason and we'll try to figure out why," Pearce said.

The Georgia Bureau of Investigation is assisting in the investigation. Neither agent Denise Norman nor Craig Rotter, a bomb technician called to the scene of the explosion Sunday, could be reached today for comment.

Deese, who was out of town Sunday, said he viewed some photographs of the explosion site today.

"There's not a whole lot there for (investigators) to look at," Deese said. "Basically, it looks something you'd expect to see in Iraq or Lebanon where they're dropping bombs."

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The plant, which manufactures explosives for the military, is set up like a military base and the bunkers, in which the explosives are stored, are relatively small, the sheriff said.

The sheriff said some of his deputies saw the flash, heard the boom and felt the vibrations from the explosion early Sunday and that phones at the sheriff's office and at the 911 call center started "ringing off the hook."

He said local responders cleared and secured the scene, put out a few small fires and then waited for the state and federal investigators to arrive.

"We were very lucky that no one was injured," the sheriff said.

To contact Becky Purser, call 923-3109, extension 243, or e-mail bpurser@macontel.com

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IMMIGRATION:

Nine Passengers Are Killed In Chase At Border (NYT)

By Paul Giblin

The New York Times, August 8, 2006

PHOENIX, Aug. 7 — Nine suspected illegal immigrants were killed and 13 others were injured after a sport utility vehicle overturned while being pursued by Border Patrol agents near Yuma, Ariz., on Monday, officials said.

The vehicle, a Chevrolet Suburban, was carrying 22 people when it flipped, said Lloyd Frers, a senior agent for the Border Patrol.

Five people died at the scene, and four died after being taken to Yuma Regional Medical Center. Agents had spotted the vehicle on a desert road that circumvents a Border Patrol checkpoint on Highway 95 near the California line, Agent Frers said.

“That’s a common tactic used by smugglers,” he said. “They either drop people and have them walk around or they try to drive around it.”

The driver noticed that he had been detected, made a U-turn and sped away on the dirt road through a sandy area of desert toward the highway, the Border Patrol said.

The driver was trying to avoid a spike strip, designed to flatten tires, when the vehicle rolled about 6:50 a.m., said Major Leon Wilmot of the Yuma County Sheriff’s Office.

The accident is under investigation, as is the immigration status of the passengers, Agent Frers said.

It was not immediately known how far the chase went or what speeds it reached.

Hector Yturralde of the Arizona chapter of We Are America, an immigrant rights group, said the pursuing agents should face serious consequences if they are found to be at fault.

“I’d say that’s extreme measures for undocumentation,” Mr. Yturralde said. “I never hear them doing that to these drug smugglers that are really armed. They stay away from them. They go after these poor, innocent people that are just trying to get in for work.”

The Yuma area is one of the busiest spots on the United States-Mexico border for illegal immigration, even after increased enforcement. Agents reported 6,030 arrests in June, down 48 percent from 11,522 in June of last year.

The Border Patrol’s Yuma sector is a mostly unfenced stretch of 118 miles lined with saguaro cactuses and dry riverbeds.

9 Die In Ariz. Crash As SUV Flees Border Patrol (WP)

The Washington Post, August 8, 2006

YUMA, Ariz., Aug. 7 -- Nine people were killed and at least 12 others were injured Monday after the sport-utility vehicle in which they were riding rolled over while the driver attempted to elude Border Patrol agents, officials said.

Five of the injured, including a pregnant woman, were in critical condition, most with head trauma, a hospital spokeswoman said.

The nine dead, including six women, were Mexicans who tried to enter the United States illegally, Mexico's Foreign Relations Department said.

Border Patrol spokesman Lloyd Frers told the Associated Press, "It's pretty obvious to anybody who looks at it that it was more than likely a smuggling load."

The Chevrolet Suburban was carrying as many as 22 people, Frers said.

The vehicle was apparently trying to skirt a Border Patrol checkpoint on a state highway near the California-Arizona border by taking a remote desert road. Spotted by agents, who followed the vehicle, the driver made a U-turn and tried unsuccessfully to speed back onto the highway, authorities told the Los Angeles Times.

"The driver lost control and rolled it," Martha Silva, a Border Patrol spokeswoman, told the Times.

The five critically injured victims were transferred to a Phoenix hospital, along with a sixth who was in good condition, officials said.

Two more of the injured were at Yuma Regional Medical Center in serious condition, and a third person was being examined in the emergency room, spokeswoman Machele Headington said. Three other patients were released to Border Patrol custody after treatment, she said.

Car accidents involving illegal immigrants are increasingly common in Arizona, as smugglers try to avoid or outrun Border Patrol agents sent in greater numbers to secure the frontier with Mexico.

The southwestern Arizona desert has become the nation's busiest immigrant-smuggling hot spot. President Bush visited Yuma in May as part of his push for a sweeping overhaul of immigration laws.

Immigration March Targets Hastert (CHIT)

By Oscar Avila

Chicago Tribune, August 8, 2006

Organizers of two major Chicago immigrant marches upped the ante Monday, announcing a four-day walk from Chinatown to the western suburb of Batavia—about 40 miles—that they hoped would pressure U.S. House Speaker Dennis Hastert to move the immigration debate forward.

Participants will begin their walk Sept. 1 and culminate their journey on Labor Day, Sept. 4, at Hastert's district office. There, they plan to hold an immigration hearing, which they say will differ from committee hearings that Hastert has organized.

Those hearings have featured supporters of a House bill that would drastically toughen immigration enforcement. Immigrant advocates have complained about not getting equal time, and other lawmakers have organized competing hearings featuring backers of a Senate bill that would offer legalization and a program to import temporary workers.

Members of the March 10 Committee, a local group named for the date of the first major Chicago march, are pushing for a bill that would legalize all the nation's 11 million to 12 million illegal immigrants. The group, which includes labor unions, religious leaders and civil-rights advocates, —also wants to streamline the process to help legal immigrants bring in relatives.

At a news conference Monday in Chinatown, supporters said they hope the Immigrant Workers Justice Walk will recharge the push to provide legal avenues for immigrants, including those here working illegally.

"They deserve a piece of the American dream for themselves and their children," said Toure Muhammad, an official with the Service Employees International Union Local 1.

Hastert has said he is not trying to quash the immigration issue and still hopes to get a bill to President Bush by the end of the year. A Hastert spokesman could not be reached for comment late Monday.

Artemio Arreola, a member of the March 10 Committee, said he did not want to predict how many would take part in the walk. He noted that organizers have underestimated the number of participants before marches in March and May that drew hundreds of thousands to the Loop.

Organizers, however, expect most participants only to walk for a few hours as the march passes through their neighborhoods. The march will move west from Chinatown to Pilsen and Little Village before snaking through Cicero, Berwyn, Elmhurst, West Chicago and about 20 other suburbs. Several "feeder marches" will begin in Joliet, St. Charles and other suburbs to head directly to Batavia.

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Organizers are asking for volunteers to donate food, water and lodging.

Rev. Claudio Holzer, pastor of St. Charles Borromeo Church, in Melrose Park, said his church will make about 500 meals and provide a place to rest. Other churches will provide places to sleep in school gymnasiums, he said.

The walk has garnered support from a diverse coalition, including representatives from the Rainbow/PUSH Coalition, the Council of Islamic Organizations of Greater Chicago, the Illinois Coalition for Immigrant and Refugee Rights and the Chinese American Service League.

Judging Immigration: Who's Strict, Who's A Softie? (AP)

By Cara Anna, The Associated Press

AP, August 7, 2006

ALBANY, N.Y. (AP) — It's said the only thing more complicated than immigration law is the U.S. tax code. But immigrants and their lawyers on Monday gained a tool to compare judges and their records — putting faces on a system that's famously hard to read.

For the first time, the backgrounds of most of the country's 200-plus immigration judges have been published in one place. The online database also shows each judge's denial rates in asylum cases, effectively telling the public who's strict and who's more of a softie.

It means asylum seekers can track which courts are the friendliest — and prepare themselves for the judge they'll be facing. They may even be inspired to shop around.

"You just have one chance," said Susan Long, co-director of the Transactional Records Access Clearinghouse at Syracuse University, which released the information. The project collects and analyzes federal government data.

"You learn a lot in court, but not in time to be helpful," Long said. "It's like a surgeon — you want one who does a good job."

Until now, such information has been gained through gossip, or years of courtroom observation. Sites like asylumlaw.org have some statistics, but immigrant advocates said the information can be old or incomplete. Now immigrants can learn if their judge once worked for, say, the enforcement arm of the former Immigration and Naturalization Service.

The database exposes a part of the immigration system that even Attorney General Alberto Gonzales has sharply criticized. He ordered a review of the immigration courts in January, saying some judges showed "intemperate or even abusive" conduct toward asylum seekers.

Individual judges have remarkable range in denying asylum, from 10 percent to more than 98 percent, a TRAC report last month showed.

Monday's release lets the public compare judges within each court or with others across the country. It also shows each judge's caseload by major nationalities.

"Attorneys might find this confirms hunches that judges have a higher or lower rate of denials for certain nationalities," said Larry Katzman, an immigration attorney and manager of TRAC's immigration project.

Resourceful asylum applicants could even try to get their cases moved to a friendlier court.

"If I thought someone would do better elsewhere, I'd send them there," said Molly Short, director of U.S. Committee for Refugees and Immigrants in Albany. She used to work with immigrants as an accredited representative in Buffalo.

The Buffalo immigration court's three judges denied asylum almost 85 percent of the time between fiscal year 2000 and early 2005, according to TRAC. One judge, Michaelangelo Rocco, denied 92 percent of cases, while the national average was 62 percent.

"I've had people say, 'I have friends in California, should I go there?' And I'd say, 'Yes,'" Short said.

The United States granted asylum to 13,520 people in 2005, according to Citizenship and Immigration Services statistics.

People who ask for asylum fear persecution if they return to their countries because of their race, religion, nationality or political views.

"This is where significantly life-and-death decisions are made," said Eleanor Acer, director of the refugee protection program at Human Rights First.

She'd love to track immigration judges by the number of their decisions that are overturned in the appeals process.

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"This can help flag some flaws in the system," she said.

CONGRESS-ADMINISTRATION:

Analysis: Dems Hold Up Nominee (UPI)

By Shaun Waterman, UPI Homeland and National Security Editor

United Press International, August 8, 2006

WASHINGTON, Aug. 7 (UPI) -- Three Democratic senators have said they will block the confirmation of a senior Justice Department official until the administration agrees to let an investigation into its program of warrantless wiretapping go ahead.

Sens. Richard Durbin, D-Ill., Russell Feingold, D-Wisc., and Edward Kennedy, D-Mass., wrote last week to President Bush saying they believe it would be "inappropriate" to confirm Steven Bradbury until the "investigation is completed and Mr. Bradbury is cleared of any wrongdoing."

Bradbury was nominated in January to take over the department's Office of Legal Counsel, the section that provides binding legal advice to the White House and other federal agencies; drafts the attorney general's legal opinions; and adjudicates legal disputes between government departments.

But he has been running the office in an acting capacity since last summer, and under his leadership it has mounted an aggressive campaign to defend the legality and constitutionality of President Bush's program of warrantless wiretaps on calls into and out of the United States by people believed connected with al-Qaida or other terror groups.

The Office of Legal Counsel, for instance, produced the so-called January 19 White Paper, a document setting out the administration's case that warrantless surveillance of international electronic communications like telephone calls, e-mails and faxes -- even when one end of the conversation was in the United States -- was legal under the president's inherent powers as commander-in-chief and Congress' 2001 Authorization for the Use of Military Force in the U.S. war on terror.

The office was also one of those asked to provide information and documents to an internal Justice Department investigation into the wiretapping program. The three senators, all senior members of the Senate Committee on the Judiciary, say this indicates that the office was a target of the investigation, which was probing whether any department lawyers had engaged in misconduct when they authorized the program.

"Since (the probe) was investigating whether (the Office of Legal Counsel) engaged in misconduct while Mr. Bradbury was acting head, we believe it inappropriate to confirm Mr. Bradbury at this time," they write.

The Senate rules allow a single senator to effectively block any nomination from getting to the floor. Such a maneuver, known as a hold, can be exercised anonymously, but it has become increasingly common for frustrated Democrats to use the technique as a lever to try to force the administration to cooperate with their oversight requests.

Last year, for instance, Sen. Carl Levin, D-Mich., put holds on several nominations, including that of Assistant Attorney General Alice Fisher, in an effort to force disclosure of documents relating to administration policy on detention and interrogation.

Fisher was eventually given a recess appointment.

Durbin, Feingold and Kennedy write that they will block the nomination until the "investigation is completed and Mr. Bradbury is cleared of any wrongdoing."

Justice Department Spokesman Brian Roehrkasse said Sunday it was "unfair" to say that Bradbury was a target of the investigation because "the (wiretapping) program began in 2001 before he was even a government employee." He added it was "surprising and unfortunate" that the senators had chosen to block the nomination.

The letter sets the stage for a direct confrontation with President Bush because the investigation run by the department's Office of Professional Responsibility was closed earlier this year after its investigators were not granted the security clearances they needed to review documents and conduct interviews about the program.

Attorney General Alberto Gonzales told a Senate hearing that decisions about who was granted clearance to review the program were made by the president personally.

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The Office of Professional Responsibility was created in the wake of the Watergate scandal. Its Web site says its job is to "ensure that Department of Justice attorneys continue to perform their duties in accordance with the high professional standards expected" of them.

The man leading its investigation into the wiretapping, H. Marshall Jarrett, complained that large numbers of other department staff -- investigating the leak of information about the program, and representing the government in civil litigation about it -- had all been granted clearances.

"Since its creation some 31 years ago," he wrote in the memo closing the investigation, the Office of Professional Responsibility "has conducted many highly sensitive investigations involving executive branch programs and has obtained access to information classified at the highest levels. In all those years, (the office) has never been prevented from initiating or pursuing an investigation."

Thompson's Medicaid Reforms Could Benefit His Employers (WP)

By Christopher Lee

The Washington Post, August 8, 2006

Last week, Tommy G. Thompson, the former secretary of health and human services, proposed overhauling Medicaid in ways that he says would be good for the country. Critics contend that some of Thompson's recommendations also could be good for companies that he works for.

Thompson, in an interview with The Washington Post last Tuesday, said the federal government should assume primary responsibility for elderly Medicaid beneficiaries and leave those under 65 to the states. He called for more disease-prevention efforts, electronic medical records, and moving some Medicaid patients and the uninsured into commercial health insurance.

The former Wisconsin governor had shopped many of the ideas around for years, and experts say many are worth exploring. Still, these days Thompson speaks not just as a former government leader but also as an executive with ties to several companies that have a hand in Medicaid. The program, jointly funded by the state and federal governments, pays medical bills for more than 50 million low-income, elderly and disabled people with no other access to care.

Thompson, who served during President Bush's first term, is on the board of Centene Corp., a St. Louis-based company that operates Medicaid-funded health maintenance organizations in Indiana, Kansas, Missouri, New Jersey, Ohio, Texas and Wisconsin. His proposals to move more Medicaid beneficiaries and uninsured people onto such plans could improve the company's bottom line.

Thompson also is chairman of the Deloitte Center for Health Solutions, part of Deloitte & Touche USA LLP, a consulting firm that has contracted with states to help improve their Medicaid programs. If Thompson becomes a driving force behind revamping Medicaid, states who hire Deloitte may feel they are contracting with a player. Ditto for clients' perceptions of the law firm Akin Gump Strauss Hauer & Feld LLP, in which Thompson is a partner and which has health-care and insurance industry clients.

Thompson also is a part-owner and board member of VeriChip Corp., which makes microchips that store data and can be implanted in humans. The company might benefit if Medicaid were to embrace electronic medical records.

"An important part of our strategy has been to attract key thought and opinion leaders, and Secretary Thompson has played an influential role in shaping this country's healthcare policies," Scott R. Silverman, CEO of VeriChip Corp.'s parent company, said in a July 2005 news release. "We look forward to him assisting the company to make the VeriChip an important part of the healthcare landscape."

In a statement yesterday, Thompson said his efforts to change Medicaid began "long before" his corporate relationships.

"When I was governor of Wisconsin in the mid 1980s, I witnessed first hand how this program was placing an enormous financial burden on my state and others as well as how inefficient Medicaid was in meeting the needs of those who rely on it," he said, adding that his goal is to "initiate a meaningful dialogue with Medicaid's various stakeholders and to assure that that this program doesn't unravel in the coming years."

Congress Full Of Fortunate Sons — And Other Relatives (USAT)

By Jill Lawrence

DOJ_NMG_0044963

USA Today, August 8, 2006

WASHINGTON — Politics has never been more of a family business.

In 1986, at least 24 U.S. senators and representatives were closely related to governors or other members of Congress, USA TODAY research shows.

Twenty years later, there are more than 50 — among them four sets of siblings, four widows, dozens of offspring, the wife of a former Senate majority leader and Sen. Hillary Rodham Clinton, wife of a former president and governor.

No official records are kept, but Senate historian Richard Baker says the concentration of relatives is extraordinary. "Sometimes the children of public figures are kept in the shadows," he says. "Now we're seeing this trend or pattern of all in the family."

There may be more relatives after the Nov. 7 election:

•At least two children of retiring House members want to succeed them: Republican Gus Bilirakis of Florida and Democrat Chris Owens of New York.

•Two governors' sons are seeking Senate seats: Democrat Bob Casey in Pennsylvania and Republican Tom Kean in New Jersey.

•Two children are vying for the same Democratic House nomination in Maryland: John Sarbanes, son of Sen. Paul Sarbanes, and Peter Beilenson, son of former California representative Anthony Beilenson.

•In Nevada, Jack Carter, son of former president Jimmy Carter, is running for Senate. Republican Dawn Gibbons wants to succeed husband Jim in the House; he's running for governor.

Congress-watchers such as Norman Ornstein say the many relatives can fuel Capitol Hill's image as an insider's club. But not all relatives win, they say, and those who do often bring valuable experience and respect for the job.

"They have less tendency to run against the institution or to view it with contempt," Ornstein says.

In a sense, politics is a business like any other, and lawmakers are like any parents passing a legacy to their children. "If you're a baker, you leave a bakery," says Stephen Hess, author of who wrote America's Political Dynasties. "If you're a politician, you give them a nice gerrymandered district."

Or perhaps a country, in the cases of Presidents John Quincy Adams and George W. Bush. Or a Senate seat, a gift former senator Frank Murkowski gave his daughter Lisa when he became governor of Alaska and appointed her to replace him.

Congress Proves To Be A Family-friendly Workplace (USAT)

By Jill Lawrence

USA Today, August 8, 2006

WASHINGTON — Family ties on Capitol Hill are so common that the late congressman Morris Udall had no fewer than three relatives in office to support the stem cell research they say might have cured him.

"I appeal to my friend President Bush in the memory of my Udall ancestry, please, do not veto this bill," Sen. Gordon Smith, R-Ore., pleaded during Senate floor debate last month over whether to lift restrictions on federal funds for embryonic stem cell research. He said his grandmother, his uncle and his cousin Morris — the Arizona representative and 1976 Democratic presidential candidate — all died horrible deaths from Parkinson's disease.

In the House of Representatives, Morris Udall's son Mark, D-Colo., and nephew Tom, D-N.M., voted to override Bush's veto. Mark Udall said his father might "still be alive today" if scientists had been able to fully explore the potential of embryonic stem cells.

The Udalls, developing into a Western mini-dynasty, illustrate the proliferation of relatives in elective office. Political analysts offer several reasons for the trend:

•The influx of women into the workforce. "It used to be that family relations in Congress consisted almost entirely of sons and brothers. Now you have sisters and daughters," along with widows taking over their late husbands' seats, says John Pitney, a professor at Claremont McKenna College in California and a former Republican aide on Capitol Hill.

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Among those serving are Democratic Reps. Loretta and Linda Sánchez, sisters from California, and four daughters of lawmakers: House Minority Leader Nancy Pelosi, D-Calif.; Rep. Lucille Roybal-Allard, D-Calif.; Rep. Shelley Moore Capito, R-W.Va.; and Sen. Lisa Murkowski, R-Alaska.

In the wives department, there's Sen. Hillary Rodham Clinton, D-N.Y., married to former president Bill Clinton, and Sen. Elizabeth Dole, R-N.C., married to former Senate majority leader Bob Dole. There are also women who were elected to succeed their late husbands in the House and went on to long careers, among them California Democrat Lois Capps and Missouri Republican Jo Ann Emerson.

•The emergence of minority politicians and dynasties. Examples are the Sánchez sisters; Sen. Ken Salazar and Rep. John Salazar, Democratic brothers from Colorado; Reps. Lincoln and Mario Diaz-Balart, Republican brothers from Florida; and Rep. Harold Ford, D-Tenn., son of former representative Harold Ford Sr. Ford is running for the Senate; his brother Jake is trying to keep the Memphis House seat in the family.

•The increasing value of a brand name and family connections as campaign costs rise. "You have a head start when you can tap into a relative's fundraising network," Pitney says. This year, John Sarbanes leads fundraising in a field of eight for a Democratic House nomination in Baltimore. One-fourth of his contributors from April through June also gave previously to his father, Sen. Paul Sarbanes, D-Md., according to a USA TODAY analysis of campaign-finance records.

It helps psychologically as well as financially to have a familiar name. A politician doesn't have to spend as much to get known, and over time "people get comfortable with the product," says Stephen Hess, author of America's Political Dynasties.

That's not to say relatives always win. Democrat Gary Kucinich, brother of Rep. Dennis Kucinich, D-Ohio, lost a primary bid this year for a House nomination. Republicans Billy Tauzin III (son of former Louisiana congressman Billy Tauzin), Brad Smith (son of former Michigan congressman Nick Smith) and Pat DeWine (son of Sen. Mike DeWine, R-Ohio) lost House bids in 2004 and 2005.

Stiff competition, a relative's failures or prevailing political winds can lead to defeat. "It's by no means a simple matter" to keep a seat in the family, says Thomas Mann, co-author of The Broken Branch, a study of congressional dysfunction.

Retiring Reps. Major Owens, D-N.Y., and Mike Bilirakis, R-Fla., ran uncontested for their 12th terms in 2004. Their sons, trying to succeed them, face bigger challenges. Chris Owens, 47, is in a tough Sept. 12 primary against three other candidates. Gus Bilirakis, 43, has token opposition in a Sept. 5 GOP House primary in the Tampa area. In November, he'll face Democrat Phyllis Busansky, a former county commissioner who topped his fundraising over the past three months.

Bilirakis, a state representative and probate lawyer, mentions his father four times in a brief letter to voters on his website home page.

Sarbanes tapped his father's donors but doesn't mention Dad at all in a letter on his website. "I certainly am proud of the name. At the same time, I understand the need to present my own credentials," says Sarbanes, 44, a lawyer.

Bilirakis says he's his own person and his campaign slogan — "Gus Is For Us" — makes that clear. Furthermore, he says, "I was the first political junkie in the household." He volunteered for his first campaign at age 7 and by 18 was urging his father to run.

Few if any families will ever match the sheer power of the Bush dynasty (two presidents, a governor and a senator) or the staying power of the Frelinghuysens of New Jersey. GOP Rep. Rodney Frelinghuysen's father was in Congress, as were ancestors back to his great-great-great-great-grandfather Frederick. He was in the 1779 Continental Congress.

How Much Is Too Much: Is The President Too Chunky? (ABC)

By FELICIA D. STOLER

ABC.com – Bush overweight, August 8, 2006

Aug. 7, 2006 — Last week President Bush underwent his annual physical. It revealed he was in pretty good health, except for one thing. According to his body mass index, he's overweight.

His BMI was 26, putting him in the lower range of the overweight category. He weighs 196 pounds, meaning he has gained 5 pounds since last year and his percentage of body fat has increased to 16.8 percent, which is, overall, pretty good for a man who just turned 60. (To calculate your BMI, go here).

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Still, the appropriate body weight range is 157 to 192 pounds for a 5-foot, 11-inch man. Is there cause for alarm? Should the president go on a diet?

Possibly, dietitians say.

"When you're 60 and your BMI is 26, it's a risk," says dietitian Cathy Nonas, a spokeswoman for the American Dietetic Association. "As you get older, you are more prone to other ailments — diabetes, arthritis and cardiovascular disease. It is helpful to not add another BMI point each year."

The notion that everyone gains weight as they age is not an excuse, say health care professionals.

"I don't know if I would say he's overweight, but if you look at the trend, increasing body weight is not a good pattern," says Leslie Bonci, director of Sports Nutrition at the University of Pittsburgh Medical Center. "This weight gain trend is important as we get older."

While some experts have voiced concern over the president's weight, others say he has nothing to worry about. And one leading nutrition researcher believes BMI alone does not provide enough information to make a decision.

"In men, BMI is particularly misleading because of muscle mass. I would like to know the president's waist circumference. It appears the president is pretty healthy. However, if he's beginning a trend of gaining 5 pounds a year, that is not a good thing," says Barbara Rolls, head of nutritional sciences at Penn State University.

And J. Larry Durstine, president of the American College of Sports Medicine, says he believes the president should be recognized as a leader in maintaining good health.

The Non-Working Man's Burden (NYT)

The New York Times, August 8, 2006

It's too soon to tell whether the recent jump in unemployment — from 4.6 percent in June to 4.8 percent in July — is the start of a worsening jobless trend. What is clearly disturbing, however, is that for nearly a year the labor market has not been as tight as one might assume from the jobless rate. And now, the ranks of the unemployed have grown.

Contrary to popular belief, a low unemployment rate does not necessarily signify a strong economy. It can be a sign of weakness if it reflects a shrinking labor force, as has been the case throughout much of the Bush-era economic expansion. Today, nearly five years after the end of the last recession, the share of the population at work — the employment rate — is 1.7 percentage points below its peak in April 2000, indicating millions of potential workers who have dropped out of the labor force completely and are thus no longer counted as unemployed.

A certain amount of dropping out is nothing to worry about. Some people leave work to raise children or return to school, for instance.

But the phenomenon is extremely troubling among millions of men in the prime of their working lives, ages 35 to 55. The Times's Louis Uchitelle and David Leonhardt reported recently that about 13 percent of prime-age American men are not working — more than double the percentage in the brisk employment decades of the 1950's and 1960's — and most of them have quit looking for jobs.

It's easy to dismiss men who aren't working as lazy bums. It would be more effective to attack the trap of layoffs and the lesser jobs that follow, which many of these men are trying to avoid. A place to start would be to assess the problem forthrightly. The Bush administration has often bragged about the economy's relatively low unemployment rates rather than admit that they mask economic weakness. Administration officials have also talked up the economy's job growth record by citing totals without context, thereby masking the fact the job creation during the Bush years has badly trailed historical norms.

Perhaps most damaging is the administration's insistence that more education and training are a panacea for job loss. Higher levels of learning and skill don't magically create jobs. Public policy for a globalized age must grapple with twin challenges: how to create full employment in the face of international competition, and how to create a safety net for jobless Americans in a globalized economy.

OTHER NEWS:

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Fed May Pause On Rate Hikes, But Inflation's Threat Means Future Hikes May Still Loom (MCT)

By Kevin G. Hall

McClatchy Newspapers, August 8, 2006

WASHINGTON - The Federal Reserve is expected to pause Tuesday after 17 consecutive interest-rate hikes, ending a streak of credit tightening that has lifted short-term lending rates from 1 percent to 5.25 percent since June 2004.

Still, analysts warn that the Fed may raise rates in the months ahead if signs persist that inflation is growing worse. Countering that threat, however, is the risk that further rate hikes could tip the slowing economy into recession.

As Fed policy-makers on the rate-setting Open Market Committee weigh the competing risks on Tuesday, they're expected to pause to buy time for more data to accumulate and show which risk is more threatening.

"They have to weigh the risks of tightening again and doing too much and really hurting the economy, or waiting and risk that inflation climbs a bit higher," said Nigel Gault, chief U.S. economist for Global Insight, a consultancy in Lexington, Mass. "They don't have to decide whether interest rates have peaked."

Fed decisions ripple across the U.S. economy. The Fed sets the federal funds rate, which banks charge each other for overnight loans. That's a benchmark rate for bank loans to consumers and businesses.

Raising interest rates makes borrowing money more costly and thus slows economic activity. That is sometimes necessary to take the steam out of inflation - the rise of prices across the economy - but it also puts financial stress on consumers and businesses, and it costs jobs.

Because it can take six months or more before a rate hike's effect is felt across the economy, the Fed is often uncertain when to stop raising rates. Tighten credit too much and the economy can slip into recession. But fail to tighten enough and inflation can get out of control, distorting economic decisions and forcing much higher rate increases later to subdue it.

Fighting inflation is the Fed's chief mission, and just about every measure of inflation is running higher than the 1 percent to 2 percent annual rate that is thought to be the Fed's comfort zone. Soaring energy prices and high commodity prices are driving the current bout of inflation, and wage and benefit costs are rising worrisomely fast as well.

The inflation risk from energy costs continues to grow. British Petroleum shut down an Alaska pipeline Sunday that pumps 8 percent of daily U.S. oil production. BP said the pipe may be shut for months in order to repair corrosion. That sent crude oil prices up about $2 a barrel to $76.98 per gallon on the New York Mercantile Exchange. Gasoline pump prices could jump another dime this week.

In addition, the heart of hurricane season is only weeks away, threatening oil production in the Gulf of Mexico.

Nevertheless, investors are betting that the slowing economy will make the Fed pause. The U.S. economy grew at only a 2.5 percent annual rate between April and June, sharply slower than the previous quarter's 5.6 percent rate.

The slumping housing sector is largely responsible, as new-home starts, existing-home sales and home-equity loans all declined. Rising interest rates hurt all three.

The job market is hurting, too. July's non-farm payroll jobs grew by just 113,000, well below expectations, as the unemployment rate rose to 4.8 percent from 4.6 percent.

"When you combine all the economic indicators out there ... one conclusion is clear. The economic expansion is noticeably winding down. We believe so will inflation," said Bernard Baumohl, executive director of The Economic Outlook Group, a consultancy in Princeton, N.J., in a note to investors. "The right decision for the Fed now would be to pause at this juncture at 5.25 percent."

The Fed's next decision on rates will come Sept. 18, and troubling wage trends may influence it. Real wages jumped 5.7 percent in June.

"Faster labor cost growth makes it harder for firms to hold prices stable, putting upward pressure on inflation," researchers at Goldman Sachs & Co. warned Friday.

The Labor Department will issue new labor and productivity data on Tuesday.

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"Even as the Fed is pausing, they may also be seeing some more labor-cost inflation," said Phillip Neuhart, an analyst with Wachovia, a banking giant based in Charlotte, N.C. "We think they are going to leave the door open for possible hikes in the future. One of the reasons they would leave the door open is fear of wage inflation."

Whatever Fed Does Today, Someone Will Be Unhappy (USAT)

By Barbara Hagenbaugh

USA Today, August 8, 2006

WASHINGTON — Many consumers are hoping the Federal Reserve will declare an end today to its two-year campaign of increasing interest rates, effectively closing a period of rising borrowing costs for everything from mortgages to credit cards.

But then there's Jerry Marcial.

The 58-year-old retiree in Fort Lauderdale is keeping his fingers crossed that Fed Chairman Ben Bernanke and his colleagues raise rates again today and continue on that path in the months ahead. That's because Marcial has a large amount of his money in money market accounts, CDs and other investments that likely stand to gain if rates go higher.

"Because of the circumstances, I wish the rates to go up," says Marcial, who keeps the Fed's meeting schedule marked on his calendar and calls watching interest rates a "hobby."

Higher interest rates are "not good for everyone. I understand that," he says. "But that's me at this point in my life."

Although they are in the minority, a large number of Americans win when interest rates move higher. Many of them are older, keeping their money in "safe" investments, such as certificates of deposit and savings and money market accounts. Such investments pay better returns when interest rates rise.

The average U.S. rate on a bank money market account has increased from 0.45% in June 2004, when the Fed first started raising interest rates in this cycle, to 0.78% today, according to Bankrate.com. That number, however, is an average. Rates for some accounts are now topping 5%, according to Bankrate.com senior financial analyst Greg McBride.

An investor with $10,000 in an average-earning bank money market account is earning $78 a year today vs. $45 in June 2004, a 73% gain.

Global Insight estimates that the increase in interest rates over the past two years will add an estimated $183 billion in interest income from 2004 to 2007. Americans are expected to collect more than $1 trillion in interest income this year, Global Insight says.

"For the people who are in this position, it's a big increase in their cash flow," says Brian Bethune, the economic consulting firm's director of financial economics.

Consumers, both those who stand to gain from another rate increase and those who stand to lose, will likely closely be watching news from the Fed today. By adjusting short-term interest rates, the Fed has a large influence on rates across the economy, such as on mortgages, car loans and interest-bearing accounts.

The Fed has raised interest rates 17 times in two years, bringing its target for short-term interest rates to 5.25%, the highest in 5½ years. But in response to a slowing economy, the Fed for the first time since early 2004 may do nothing today.

Americans had $6.3 trillion in assets subject to rate fluctuations, such as CDs and savings accounts, at the end of the first quarter. That accounts for 15.7% of all assets, according to an analysis by Moody's Economy.com.

Although that is a larger share than during the stock market boom in the late 1990s and into 2000, it is lower than two decades ago, when about one-quarter of investments were interest-rate-sensitive.

That said, the number of people who have an interest in seeing rates go higher is still large and will likely grow larger as the baby boomers get set to retire and put their money into safer investments, TrimTabs Investment Research CEO Charles Biderman says.

"There are more people with more assets now than ever before as we baby boomers mature," he says. Because people are holding interest-rate-sensitive assets, "The Fed raising rates doesn't hurt the economy dramatically, not like in previous times."

Donna Bischoff, 56, of New Orleans says she is looking for "stability" for her investments. If rates move higher, the retired executive assistant says she will move more of her money into CDs and other investments that pay income.

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"The rates are getting more and more attractive," she says.

Many investors are parking cash in money market funds because of the higher rates. Plus, stock market volatility has made investors uneasy, says Judy Loy, CFO and part-owner of investment firm Nestlerode & Loy in State College, Pa.

"They are sitting on the sidelines," Loy says.

There are others who stand to gain from rising interest rates.

Apartment owners, for example, were seeing vacancy rates rise and rents drop when interest rates were so low that more people were buying homes and shunning rentals. Now that rates are higher, the rental market is strengthening.

In Manhattan, sales of co-ops and condos were down more than 10% in the second quarter from the year before, according to the New York Fed. At the same time, the inventory of available rental properties had fallen and rents were up more than 10% in some neighborhoods, the regional Fed bank said in a recent report.

"Landlords are certainly benefiting from the rise in interest rates," Financial Markets Center economist Dean Baker says.

But many economists, including Baker and Mark Zandi, chief economist at Moody's Economy.com, argue that more people stand to lose when rates rise, particularly people with variable-rate loans, such as consumers with credit card debt and homeowners with adjustable rate mortgages. And because those who hold debt have lower incomes than those with investments, "The losers feel it more than the winners," Zandi says.

Plus, many of the people who have interest-rate-sensitive assets also hold investments, such as stocks and homes, that could decline in value with rising interest rates. Such losses could offset any gains they may see from higher rates.

Chris Lucas, 27, of Fishers, Ind., says higher interest rates are making it harder to pay bills and to have money left to save. He owes $40,000 in student loans, some of which is subject to rate fluctuations, and he sometimes carries a small balance on his credit cards.

"As rates go up, my wife and I have less income to spend on other things," says Lucas, who works in public relations.

Nearly half of U.S. families were carrying a balance on their credit cards in 2004, according to the latest Survey of Consumer Finances from the Federal Reserve. Of those carrying balances, the median amount was $2,200.

Some other examples of those who stand to lose from higher rates:

•Homeowners with a variable-rate mortgages. About one-fifth of outstanding mortgages have variable rates, according to Fed estimates, Chairman Bernanke said in congressional testimony last month. Half of those are set to change interest rates this year, he said.

Those who are facing a change in rates this year or as well as those with home-equity lines of credit that adjust regularly would like to see rate increases stop.

•Home buyers. Higher interest rates are making it less affordable to buy homes than even a year ago.

Vipul Patel of Bellevue, Wash., was planning to buy a home this year. But the increase in mortgage rates has put the type of home he wants out of his reach.

"I'm going to push it off," the 28-year-old software engineer says. He now hopes to be able to buy next year.

But there may be some advantages to higher rates for home buyers. Higher rates are making it harder for some owners to sell, leading to an increase in the number of homes on the market. The supply of previously owned homes for sale in June soared to the highest since 1997, according to the National Association of Realtors.

Such an increase in inventory puts buyers in a better position to negotiate, a position they have not been in for years.

•Stock investors. Stocks have historically performed worse in a period of higher interest rates as investors take money out of the stock market and put it into safer vehicles, such as bonds. Investors whose portfolios have a heavy stock balance are hoping that the Fed will soon hit the pause button.

Higher interest rates are "scaring investors," says Jessica Rosen, 25, an office facilitator in Lusby, Md. "All my mutual funds and stocks aren't performing."

But others point out that higher inflation, the Fed's top enemy, isn't good for anybody. Rising prices could wipe out any gains consumers with interest-rate-sensitive investments may see.

Al Slakis, a retired insurance company president in Columbus, Ohio, says rising prices, such as for gasoline, are taking up too much of his income.

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"Yes, a greater return on my investments would be good. But prices must be contained first," Slakis, 79, says.

Gauges of inflation have been rising in recent months, in part reflecting a rise in energy prices. But inflation has spread to other sectors, such as for food and airfares, leading to some concern about price pressures.

The Fed's main tool to fight inflation is through higher interest rates.

For many people, the prospect of such higher rates has both positive and negative implications.

Susie Cooke, 59, says she is in a "quandary." The retiree has a home-equity line of credit that she is using to update and remodel her 83-year-old home in Tampa. The rate on that loan adjusts with interest rates.

But she also has money in interest-bearing investments and has been considering shifting more money into CDs.

"It's like a big Catch-22," Cooke says, adding if the Fed keeps rates unchanged now, she'd be satisfied. "Just a happy medium."

Stocks Decline As BP Shutdown Jolts Investors (WSJ)

By Peter A. Mckay

The Wall Street Journal, August 8, 2006

The shutdown of an Alaska oil field sent the price of crude soaring and, in turn, pushed stocks lower.

The Dow Jones Industrial Average shed 20.97 points, or 0.2%, to end at 11219.38, up 4.7% for the year. The broad Standard & Poor's 500-stock index slipped 0.3%, or 3.59 points, to 1275.77, up 2.2% for the year. The technology-heavy Nasdaq Composite Index, fell 0.6%, or 12.55 points, to 2072.50, off 6% for the year.

The day's losses were kept in check by widespread expectations that Federal Reserve policy makers at today's meeting will leave their key interest-rate target unchanged, a move that would support share prices.

"For now, it's not a bad idea for [the Fed] to sit back and watch things play out," said economist James Glassman of J.P. Morgan Chase. "Even after a pause, they could always tighten again if they want to."

An announcement from BP PLC surprised the market. The United Kingdom energy giant said it would shutter indefinitely a 400,000-barrel-a-day pipeline in Prudhoe Bay, Alaska, due to severe corrosion.

Nymex crude for September delivery surged $2.22 a barrel, or 3%, to $76.98.

Shares in Dow-industrials component Exxon Mobil rose 54 cents, or 0.8%, to $69.23. BP shares fell $2.09, or 2.9%, to $70.45.

Analysts said the disruption's significance pales in comparison to the effect last year when Hurricane Katrina damaged drills and pipelines in the Gulf of Mexico. But, given the tight balance between supply and demand in the oil market at the moment, the latest incident could be sufficient to keep prices near a record for some time.

"The psychological impact of this on the market is large because of everything else going on around the globe," said analyst Phil Flynn, of the futures brokerage Alaron Trading in Chicago. "This comes at a time when you can't go anywhere else to get extra oil."

Mr. Flynn alluded to Tehran's rejection over the weekend of a United Nations resolution seeking an end to Iran's nuclear program. Mr. Flynn also noted that Venezuela's political ties to Iran are strengthening, a development that worries oil traders.

Outside the U.S., stocks fell in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, fell 1.3%, or 2.82 points, to 213.97.

In major U.S. market action:

Stocks fell. Total trading volume for stocks listed on the New York Stock Exchange was 2.07 billion shares, as 1,262 stocks advanced and 2,044 fell.

Bond prices fell. The 10-year note fell 6/32 point, or $1.88 for each $1,000 invested, pushing the yield up to 4.927%. The 30-year bond fell 5/32 to yield 5.006%.

The dollar strengthened. Against the Japanese currency, the dollar rose to 115.11 yen from 114.42. The euro fell to $1.2841 from 1.2877.

Stocks Dip On Alaskan Pipeline Trouble (USAT/AP)

USA Today, August 8, 2006

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NEW YORK — Near-record oil prices after an Alaskan oil field shutdown weighed on stocks Monday, one day before the Federal Reserve's next decision on interest rates.

BP said late Sunday that it would shut down the Prudhoe Bay oil field, which represents 8% of daily U.S. crude production, because of possible pipeline corrosion (stories, 1A, 3B). Crude oil futures surged $2.22 in response to settle at $76.98 a barrel — near the closing record of $77.03 set July 14.

The stock market showed some resilience despite the higher oil prices, as many investors held out hope that the Fed would not raise its target for short-term rates today.

The Dow Jones industrial average fell 20.97 points, or 0.2%, to 11,219.38. The Standard & Poor's 500 index lost 3.59 points, or 0.3%, to 1275.77. The Nasdaq composite index shed 12.55 points, or 0.6%, to 2072.50.

There are concerns that even if the Fed halts its rate increases, inflation may yet become a concern. "Whether or not the Fed pauses … is not as important as their plan going forward," says Russ Koesterich, senior portfolio manager at Barclays Global Investments. Meanwhile, not everyone wants the Fed to stop raising rates (Cover Story, 1B).

Highlights:

There was a lot of deal news, both good and bad. Andrew added $1.67 to $9.56 and CommScope lost $2.16 to $28 after CommScope offered $1.7 billion, or $9.50 a share, in cash for the wireless network gear company.

•Exelon lost 71 cents to $58.02 and Public Service Enterprise Group rose $2.01 to $67.01. New Jersey utility regulators promised a prompt review of PSEG's proposed acquisition of Exelon.

•TNS skidded $3.90 to $13.26, a 23% drop that made it the biggest loser on the New York Stock Exchange. TNS, which provides secure data and voice transmission for the financial services industry, said it has ended its attempts to sell itself after receiving one offer that it considered too low.

•Emmis Communications dropped $2.79, or 19%, to $11.73. The broadcaster's CEO withdrew a $15.25-a-share takeover bid for the company.

•Reliv plunged $3.56 to $6.75, a 35% drop that made it the Nasdaq's biggest loser. The maker of nutritional and diet supplements reported lower second-quarter earnings.

•Hansen Natural sank $10.40, or 26%, to $29.85. The maker of Monster energy drinks posted 86% higher profit, but its revenue missed estimates.

A New Lease On Life For 529 Plans (WSJ)

By Anne Marie Chaker

The Wall Street Journal, August 8, 2006

Investors in 529 college-savings plans received some good news with Congress's decision to make some of their most-attractive features permanent.

The changes were included in sweeping pension legislation last week that affects many types of popular retirement accounts, from traditional employer-sponsored pension plans to 401(k) plans. President Bush is expected to sign it into law soon.

The pension bill affects a wide range of 529-plan features that were scheduled to "sunset," or expire, at the end of 2010. In addition to preserving tax-free account withdrawals -- the most important issue facing many families -- it allows investors to continue to roll over their 529s to a different state plan once a year without requiring a change in beneficiary. The legislation also extends the option to invest in both a 529 plan and a separate Coverdell Education Savings Account for the same beneficiary in the same year.

State officials, as well as the fund companies that run 529 plans, hope the permanency of the enhancements will help reignite 529 investments, which had been showing signs of tapering off.

As of March 31, investors had opened a total of 8.6 million 529 accounts with nearly $90 billion in assets, according to the College Savings Plans Network, a Lexington, Ky., organization of state 529 officials. Assets in the plans rose sharply when the Economic Growth and Tax Relief Reconciliation Act of 2001 made 529 withdrawals completely tax-free when used for college expenses, among other provisions. But the law was set to expire on Dec. 31, 2010, at which time the plans would revert to the

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less-generous rules laid out in Section 529 of the Internal Revenue Code -- and that diminished their appeal among many people.

In a 529 plan, investors deposit after-tax income into an account that typically carries a range of investment options, usually a mix of mutual funds. Distributions are tax-free, so long as the money is used to pay for higher-education expenses.

Generally, each state runs its own 529 program, and many offer additional state tax benefits to residents who choose to invest in their own state 529 plans. Though investors can set up their 529 accounts directly with any state they choose, some 80% of 529 assets are bought through a broker or financial adviser.

Sorabh Khandelwal, an emergency-room physician and father of three in Dublin, Ohio, set up plans for two of his three children. He says the sunset provisions were one of the factors that caused him to invest more cautiously, and that the change in the law will prompt him to put more money into his two plans -- and possibly open another one for his third child. "There's just one less thing to worry about and one more reason to sink some more money into these plans," he says.

That's exactly the reaction the industry expects. "The tax benefits are the key to getting people to put money in here," says Randall Edwards, the Oregon state treasurer, who administers the state's 529 plans. In previously explaining the tax treatment to potential investors, "There would be a big asterisk. It made it harder to tell the public that it's a tax-free investment, period. And now it is, and we can say it with clarity." He expects that the change will be "one of the lead features" in Oregon's fall 529 marketing campaign.

To be sure, there are other issues facing 529 investors. Plan providers have been criticized for charging high fees and for sanctioning questionable broker sales practices. In 2003 the National Association of Securities Dealers launched a "fact finding" investigation into 529 sales practices among brokers and dealers. In 2004 the Securities and Exchange Commission formed a task force to examine, in part, the plans' costs and fees. And yesterday new rules took effect proposed by the Municipal Securities Rulemaking Board, which regulates broker sales and marketing of 529 plans, requiring heightened disclosure.

But the expiration of tax benefits was becoming the major issue for the industry as 2010 was getting closer. In focus groups and out in the field, investors pointed to the disappearing tax benefits as a major concern when deciding whether to open an account or put additional money into an existing one. "We had reached a point where growth had started to stall a little from the projections," says Jacqueline Williams, executive director of the Ohio Tuition Trust Authority, the agency that administers the state's 529 program. "We had attributed that to the uncertainty of the federal tax treatment."

The year the law was passed, total assets in 529 savings plans tripled to more than $9 billion from $3 billion, according to Boston-based Financial Research Corp. But the specter of benefits disappearing had given some investors pause. In fact, the flow of money into new and existing 529 savings plans slipped to $13.71 billion last year from $13.72 billion in 2004, when the inflow surged 20%.

"I think it's been a contributing factor in the dip," says John Heywood, a principal who directs education markets at financial-services giant Vanguard Group in Malvern, Pa. Vanguard manages $13 billion in funds in a total of 16 state 529 programs. "People recognize that 2010 is just around the corner."

Financial advisers and other experts say that even if the tax benefits had expired, 529 plans were still an appealing savings vehicle. Investments in the plans would still grow tax-free, and the distributions would have been taxed at the lower child's rate. But the new law "made a good savings vehicle better," says Mark Kantrowitz, a Pittsburgh-based financial-aid expert.

The sunset provision also became a point of concern for the industry when it came to pitching the already-complex plans. The Municipal Securities Rulemaking Board essentially required the 2010 sunset provision be disclosed in ads that mention federal tax benefits. And brokers, in keeping with MSRB disclosure requirements, routinely felt it necessary while trying to sell the plans to simultaneously warn customers of benefits disappearing.

The change "certainly makes things much simpler in terms of compliance," says Ernesto Lanza, senior associate general counsel at the MSRB in Alexandria, Va., adding that heaping on further explanations to customers already befuddled by a complicated financial tool not only could be a deterrent but caused "inefficiencies," for both customers who pay advisers for their time, and advertisers who pay for ads by the minute.

Public Pension Plans Face Billions In Shortages (NYT)

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By Mary Williams Walsh

The New York Times, August 8, 2006

In 2003, a whistle-blower forced San Diego to reveal that it had been shortchanging its city workers' pension fund for years, setting off a wave of lawsuits, investigations and eventually criminal indictments.

The mayor ended up resigning under a cloud. With the city's books a shambles, San Diego remains barred from raising money by selling bonds. Cut off from a vital source of cash, it has fallen behind on its maintenance of streets, storm drains and public buildings. Potholes are proliferating and beaches are closed because of sewage spills.

Retirees are still being paid, but a portion of their benefits is in doubt because of continuing legal challenges. And the city, which is scheduled to receive a report today on the causes of its current predicament, still has to figure out how to close the $1.4 billion shortfall in its pension fund.

Maybe someone should be paying closer attention in New Jersey. And in Illinois. Not to mention Colorado and several other states and local governments.

Across the nation, a number of states, counties and municipalities have engaged in many of the same maneuvers with their pension funds that San Diego did, but without the crippling scandal — at least not yet.

It is hard to know the extent of the problems, because there is no central regulator to gather data on public plans. Nor is the accounting for government pension plans uniform, so comparing one with another can be unreliable.

But by one estimate, state and local governments owe their current and future retirees roughly $375 billion more than they have committed to their pension funds.

And that may well understate the gap: Barclays Global Investments has calculated that if America's state pension plans were required to use the same methods as corporations, the total value of the benefits they have promised would grow 22 percent, to $2.5 trillion. Only $1.7 trillion has been set aside to pay those benefits.

Not all of that shortfall, of course, is a result of actions like those that brought San Diego to its knees. And few governments have been as reckless as San Diego officials in granting pension increases at the same time as they were cutting back on contributions.

Still, officials in Trenton have been shortchanging New Jersey's pension fund for years, much as San Diego did. From 1998 to 2005, the state overrode its actuary's instructions to put a total of $652 million into the fund for state employees. Instead, it provided a little less than $1 million. Funds for judges, teachers, police officers and other workers got less, too.

To make up the missing money, New Jersey officials tried an approach similar to one used in San Diego. They said they would capture the "excess" gains they expected the pension funds' investments to make and use them as contributions.

It was a doomed approach, leaving New Jersey to struggle with a total pension shortfall that has ballooned to $18 billion. Its actuary has recommended a contribution of $1.8 billion for the coming year, but the state has found only $1.1 billion, so it will fall even farther behind.

Illinois also duplicated one of San Diego's pension mistakes. It tried to make its municipal pension plan cheaper by stretching its funding schedule over 40 years — considerably longer than the 30 years that governmental accounting and actuarial standards permit, and more than five times what companies will get under a pension bill that has just passed Congress.

Illinois is stretching its pension contributions over 50 years. At that rate, many of its retirees will have died by the time the state finishes tapping taxpayers for their benefits.

Colorado does not meet the 30-year funding guidelines, either. "At the current contribution level, the liability associated with current benefits will never be fully paid," the state said in its most recent annual financial report.

Many officials dispute the suggestion that their pension plans are less than sound. The director of the New Jersey Division of Pensions and Benefits, Frederick J. Beaver, wrote recently that "our benefits systems are in excellent financial condition."

Illinois officials say the state's 50-year schedule is actually an improvement; before adopting it in 1995, the state had no funding schedule at all. In Colorado's most recent legislative session, lawmakers enacted pension changes that they hope will make the plan solvent in 45 years.

And the National Association of State Retirement Administrators says it is unrealistic to expect all public plans to be fully funded, because they do not have to pay all the benefits they owe at once.

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Still, the lack of a national response to what would seem to be a nationwide problem underscores a peculiarity of the public pension world: like banks and insurance companies, the pension plans are large and complex financial institutions, but they face no comparable systems of checks and balances.

"There's no oversight; there's no requirements; there's no enforcement," said Lance Weiss, an actuary with Deloitte Consulting in Chicago who advised Illinois on its pension problems. "You're kind of working off the good will of these public entities."

Experts do not think that is good enough.

In January, the board that writes the accounting rules for governments announced that it was looking for ways to tighten the rules for public pensions.

In July, Senators Charles E. Grassley and Max Baucus, the Republican chairman and the ranking Democrat on the Finance Committee, asked the Government Accountability Office to investigate the financial condition of the nation's public pension plans.

In some states, lawmakers have been trying to stop some of the more egregious pension practices that have come to light. Illinois, Louisiana and Nebraska passed laws making it hard for employees to "spike" pensions higher by manipulating their salaries. Because pensions are often based on a worker's final salary, workers have found ways to credit one-time bonuses to their last year and reap a lifelong reward. Arizona required that early retirement programs be paid for up front.

And today in San Diego, a former chairman of the Securities and Exchange Commission, Arthur Levitt Jr., is scheduled to issue a long-awaited report on the years of pension lapses that got the city into its current predicament.

Mr. Levitt is not tipping his hand on his findings. But given the activist stance he took on cleaning up the municipal securities markets as S.E.C. chairman, it would be no surprise if he called for tighter control over a sector where the amounts of money are huge and the amount of oversight is small.

The city of San Diego hired Mr. Levitt's three-man audit team in February 2005, after the city's outside auditor, KPMG, would not sign off on its accounts.

He is working with the S.E.C.'s former chief accountant, Lynn E. Turner, and Troy Dahlberg, a managing director in the forensic accounting and litigation consulting practice of Kroll Inc., the investigative firm that is a unit of Marsh & McLennan Companies.

Public plans are not governed by the federal pension law, the Employee Retirement Income Security Act, that companies must follow. They are not covered by the Pension Benefit Guaranty Corporation, so if they come up short, they must turn to the taxpayers.

Instead, they are governed by boards that often include municipal labor leaders, whose duty to represent their workers' interests can easily conflict with their fiduciary duty to represent the plan itself. And even the most exemplary pension boards can be overruled, in many cases, by politicians whose priorities may be incompatible with sound financial management.

"When the state runs into financial trouble, pension contributions are something that they can defer without, quote-unquote, hurting anybody," said David Driscoll, an actuary with Buck Consultants who recently helped Vermont come up with a plan to revive its pension fund for teachers. Politicians shortchanged it every year for more than a decade.

"In fact, they are hurting people, and the people they are hurting are the taxpayers, who, whether they realize it or not, are going into a form of debt," Mr. Driscoll added. "Those pension obligations don't get cheaper over time. They get more expensive.''

Eventually the cost gets too big to ignore, as it now has in New Jersey.

Corporate pension funds have plenty of problems of their own. But they are at least required to adhere to a uniform accounting standard, which provides information that investors can use to decide upon stocks to buy and sell. The standards, in turn, are policed by the S.E.C.

Taxpayers have no such help. For municipal plans, the accounting standards are much more flexible, a decision that was denounced, when it was issued in 1994, by the head of the very board that wrote it.

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James F. Antonio, chairman at that time of the Governmental Accounting Standards Board, attached a detailed 10-page dissent to the new rule, saying that it "fails to meet the test of fiscal responsibility" because it permitted "an extraordinary number of accounting options" and some governments were bound to choose the weakest one. Mr. Antonio has since retired.

Even though the governmental accounting board has now begun the slow process of improving the standard, it is unlikely to come up with the level of detailed disclosure required of corporations. And the board, with a full-time staff of just 15, has no authority to enforce its rules.

San Diego violated the rules for a number of years, using accounting techniques that hid both its failure to put enough money behind its pension promises and the debt to its workers that was growing every year as a result.

Several times, the city asked the government accounting board to make a special exception and approve its unorthodox pension calculations, but the board rebuffed it.

But the accounting board was forced to look on in silence as San Diego issued reassuring financial statements, because its charter bars it from issuing public pronouncements on individual cities.

San Diego might have gone on unchallenged indefinitely if not for the decision of one of its pension trustees, Diann Shipione, to blow the whistle, eventually forcing the city to correct the financial disclosures it had made in connection with an impending bond sale. Only then was it possible to see in one place what had been going on with the pension fund. And only then did the S.E.C. get involved.

The Depression-era laws that created the commission gave it no direct jurisdiction over municipal securities; it can pursue municipal wrongdoing only when it finds fraud at work. Lack of complete and accurate disclosure can constitute fraud, but the S.E.C. has only infrequently shown interest in throwing its weight around in the area.

One of those rare instances happened when Mr. Levitt was chairman of the S.E.C., in 1994, after Orange County, Calif., abruptly declared bankruptcy and threatened to repudiate its debts. Mr. Levitt became, as he said at the time, "obsessed" with cleaning up the municipal securities markets.

He created an independent Office of Municipal Securities that reported directly to the chairman; he championed rules to eliminate the pay-to-play practices then commonplace in the municipal bond business; he forced better financial disclosure; and he began an unheard-of number of enforcement actions.

Since Mr. Levitt's departure from the S.E.C. in 2001, much of what he built has been dismantled. The Office of Municipal Securities is down to a staff of two and is no longer independent. The wave of enforcement actions against cities has slowed to a trickle. The S.E.C. investigators who went to work in San Diego after the pension scandal erupted have never said what they found.

When the S.E.C. shifted its gaze away from municipal finance, Mr. Levitt now says, it left "a regulatory hole." If the agency were equipped to monitor state and local governments the way it monitors corporate disclosures, he said, "it could provide an early warning of financial conditions threatening the solvency of any number of communities."

DeLay To Remain On Ballot (DMN)

By Todd J. Gillman And Robert T. Garrett

The Dallas Morning News, August 8, 2006

Texas Republicans lost their fight to replace Tom DeLay on the fall ballot Monday at the U.S. Supreme Court.

Mr. DeLay has not said whether he will campaign to win back the suburban Houston congressional seat he quit in June. But the ruling set up a possible comeback bid by the ousted House majority leader – who faces a campaign money-laundering charge in Texas and a likely ethics inquiry if he returns to Congress.

"There are no further legal avenues that would bear fruit before the election. So the order stands requiring Tom DeLay to be on the ballot. This is it," said James Bopp Jr., the lawyer for the Texas GOP. "The bottom line is that the Democratic Party has been successful in choosing the nominee for the Republican Party, and it's up to the voters now to see whether the Democrats are going to be happy with their choice."

Mr. DeLay resigned from Congress three months after winning the March GOP primary. He tried to make himself legally ineligible to stay on the ballot, turning in his Texas driver's license, getting one from Virginia and voting in a Virginia election.

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Republican officials started to pick a replacement. Democrats sued. And a succession of federal courts ruled it was too late to replace him in the contest against Democratic nominee Nick Lampson, now 92 days away.

The final blow came Monday when conservative Justice Antonin Scalia, who handles appeals from Texas and other states in the New Orleans-based 5th Circuit, refused to block the lower-court ruling.

Republicans still can seek a full Supreme Court review, but lawyers on both sides say that couldn't be complete before the Nov. 7 election.

Mr. DeLay's daughter and campaign manager, Dani DeLay Ferro, said Monday after the Scalia ruling that her father had made no decision about how to proceed.

He can stay on the ballot and campaign actively, or not at all. Or he can withdraw by filing a request by Aug. 25 with the secretary of state, though if he does, there will be no GOP nominee on the ballot.

"Otherwise, his name will appear on the ballot at this point. He will be the Republican nominee, according to what the courts have ordered," said Scott Haywood, spokesman for Texas Secretary of State Roger Williams.

Mr. DeLay would return to campaign mode with a big financial disadvantage.

Mr. Lampson had nearly $2.2 million in his campaign account at the end of June. Mr. DeLay had $641,000, after using campaign funds to pay $485,000 in legal bills from April to June.

Texas GOP spokeswoman Gretchen Essell would not say whether party Chairwoman Tina Benkiser and others were trying to persuade Mr. DeLay to remain in the race.

"We're obviously disappointed," she said of the Supreme Court ruling, but "under no circumstances will we allow the Democrats to steal the seat."

Carl Forti, spokesman for the National Republican Congressional Committee, said the party's House campaign arm isn't urging Mr. DeLay one way or the other but would support him if he runs.

And how much would the party help?

"As much as it would take to win," he said. "We're not in the habit of giving away seats."

Texas Republicans Abandon DeLay Fight (AP-Y)

By Suzanne Gamboa

AP2, August 8, 2006

Texas Republicans on Monday abandoned their court fight to replace former House Majority Leader Tom DeLay on the November ballot after being turned back at the Supreme Court.

The decision came after Justice Antonin Scalia rejected Texas Republicans' request to block an appeals court ruling saying DeLay's name should remain on the ballot.

"I think all our legal avenues are exhausted in terms of affecting the ruling prior to the election," said Jim Bopp Jr., the attorney who argued the Republican Party's case to allow party officials to substitute another candidate for DeLay.

Under indictment on money laundering charges in Texas, DeLay won a March primary election that made him the Republican nominee for Congress from his home district near Houston. In June, he resigned from Congress and said he would not seek re-election.

Democrats had sued to keep DeLay on the ballot, with the former lawmaker's legal troubles becoming a symbol for claims of Republican corruption.

In a statement late Monday, Bopp warned Democrats, "Be careful what you ask for."

The lawyer said Democrats "insisted he run for Congress, now it's up to voters to decide if Democrats are going to be happy" on Election Day.

DeLay could still withdraw from the race, leaving the Republican Party with no candidate on the ballot to face Democrat Nick Lampson, a former House member from Beaumont.

Democrats were undaunted by the prospect of facing DeLay in November and claimed victory.

"Given the choice between facing the voters and facing the courts, DeLay chose the courts and lost handily," said Bill Burton, spokesman for the national Democratic Congressional Campaign Committee.

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DeLay has previously hinted that he would run if forced to stay on the ballot. The district is heavily Republican, but DeLay must contend with mounting legal bills while trying to raise campaign cash.

DeLay and Texas Republican Party Chairwoman Tina Benkiser were not immediately available for comment.

Benkiser's effort to replace DeLay on the ballot was turned back in a series of court decisions that reached a climax Monday at the Supreme Court. She had sought a delay of an appeals court ruling until Republicans could formally ask the Supreme Court to review the case.

The request was routed to Scalia, who handles appeals from the 5th U.S. Circuit Court of Appeals. The New Orleans-based appeals court last week sided with Democrats' claims that, if DeLay is eligible to run but drops out of the race, the Republican Party cannot substitute another candidate.

Less than three hours later, Scalia turned down the request without comment.

"Wow! That was quick," said Cris Feldman, attorney for the Texas Democrats.

"That was a lightning-quick response. We're very pleased by the court's decision to deny the stay and it's now time to move toward the general election and put this matter behind us," said Feldman.

DeLay is awaiting trial in Texas state court on money laundering charges alleging that illegal corporate cash helped pay for legislative campaigns in 2002.

GOP Ends Fight To Take DeLay Off Texas Ballot (USAT/AP)

USA Today, August 8, 2006

WASHINGTON — Texas Republicans on Monday abandoned their court fight to replace former House majority leader Tom DeLay on the November ballot.

The decision came after Justice Antonin Scalia rejected their request to block an appeals court ruling saying DeLay's name should remain on the ballot. Scalia handles the Supreme Court's appeals from the 5th U.S. Circuit Court of Appeals.

“I think all our legal avenues are exhausted,” said James Bopp, the attorney who argued the Republican Party's case.

Under indictment on money-laundering charges in Texas, DeLay won a March primary election that made him the Republican nominee for Congress from his home district near Houston. In June, he resigned from Congress and said he would not seek re-election.

Democrats had sued to keep DeLay on the ballot.

DeLay Must Stay On Ballot As Court Rejects Appeal (NYT)

By Ralph Blumenthal

The New York Times, August 8, 2006

HOUSTON, Aug. 7 — The United States Supreme Court dealt a final blow on Monday to efforts by the Texas Republican Party to replace former Representative Tom DeLay on the Congressional ballot in November, leaving him the reluctant party nominee from his longtime district.

Three state and federal courts had already ruled that Mr. DeLay had to remain the party’s choice despite his assertions that he had moved to Virginia from Texas. In April, he announced he would give up his re-election campaign and resign his seat to allow the party to select another candidate while he battled legal charges.

On Monday, Republican lawyers filed a final appeal to the Supreme Court, but it was rejected hours later without comment by the circuit justice, Antonin Scalia.

“There’s nothing else we’re going to do legally,” said James Bopp Jr., the lawyer who argued the case for the Republicans. “We’ve certainly exhausted our appeals.”

The court’s refusal to intervene handed a major victory to Democrats, who have fought to keep Mr. DeLay in the spotlight as a reminder of the Washington lobbying scandal involving his associate Jack Abramoff. It will make it harder for Republicans to retain Mr. DeLay’s old seat and will allow Democrats to send a wider message that change is needed on Capitol Hill.

It is unclear whether Mr. DeLay, 59, the former House majority leader, who first won the seat in 1984, will now actively campaign in an election he has said he does not belong in. During the appeals, he never said whether he would run if he

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remained on the ballot, and Dani DeLay Ferro, his daughter and spokeswoman, said after the Supreme Court decision that he had no immediate statement.

Mr. Bopp said he did not know whether Mr. DeLay would actively run for the seat, but he suggested the outcome might not be as predetermined as Democrats believe.

"It's now up to the voters to determine if the Democrats will be happy on Election Day for choosing Tom DeLay," he said.

Mr. DeLay, who had been criticized repeatedly by the House Ethics Committee for his fund-raising tactics, was indicted in Texas in September on charges of violating campaign finance law.

The court rulings prevented the Republicans from choosing a successor out of several eager contenders. The Democrats, though, have long had a nominee in the 22nd District: former Representative Nick Lampson, who lost his neighboring seat after the 2003 redistricting engineered by Mr. DeLay.

In a statement, Mr. Lampson said, "I welcome a strong issue-based campaign against Tom DeLay."

The Texas Democratic Party chairman, Boyd Richie, applauded the Supreme Court's refusal to block the lower court orders preventing the Republican Party chairwoman, Tina J. Benkiser, from trying to select another nominee.

"We are not surprised that Justice Scalia has denied the Republicans' motion to stay," Mr. Richie said. "Every judge involved in the case so far has agreed with us on the merits of our argument. It is time for Tom DeLay and the Republican Party to get out of the courtroom and quit this abuse of the voters, who have been without representation for months. Both parties have candidates, and it is now time to move forward and allow voters to participate in a fair and meaningful election."

The legal issue hinged in part on whether party officials could replace a nominee who had been selected by the voters. Having decisively won a hard-fought four-way primary in March, Mr. DeLay upended Texas politics by unexpectedly declaring that he would drop his campaign and resign his 22-year seat to move to Virginia.

But a Texas judge, a federal judge in Austin and a three-judge federal appeals panel in New Orleans blocked the Republican Party from choosing a replacement under provisions of Texas election law and the Constitution that barred tampering with candidate lists and election standards.

The federal courts ruled that the only residency requirement for House candidates under the Constitution was that they lived in the state they were running in "when elected." No one could know now whether Mr. DeLay would be a resident of Texas in November, the judges said, rejecting claims by Ms. Benkiser that the party could name a replacement because Mr. DeLay had shown documentation of his move to Virginia.

With the clock ticking toward November and the Republicans and Mr. DeLay saying he was ineligible to run in Texas, Mr. Bopp, the lawyer, filed Monday for a Supreme Court stay, arguing that the Democrats, by insisting on Mr. DeLay as the nominee, were infringing on the Republicans' constitutional right of free association and intruding in Republican Party affairs.

But the appellate judges had ruled that they saw the move more as an effort by Republicans to replace a wounded candidate in ways unfair to the Democrats, and Justice Scalia, in turning down the final appeal, said nothing to indicate that he saw it differently.

Cris Feldman, a lawyer for the Democrats, said: "Five judges to date have agreed the Texas Republican Party violated state and federal law, and it's apparent that Justice Scalia agrees with us. Now it's time for Tom DeLay to decide whether he will cut or run."

GOP Loses Bid To Drop DeLay From Texas Ballot (WP)

By Jonathan Weisman

The Washington Post, August 8, 2006

Supreme Court Justice Antonin Scalia refused yesterday to block an appeals court ruling to keep former congressman Tom DeLay as the Republican candidate on the ballot, all but ensuring that the former House majority leader will stand for election in November for his suburban Houston district.

DeLay was under indictment in Texas and facing a possible House ethics investigation when he resigned his seat in June and announced he would move to Alexandria in hopes of removing his name from the ballot.

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But Democrats, eager to keep the politically tainted DeLay on the ballot, argued that he won the Republican primary this spring and cannot now decide on a successor without violating state election law and the U.S. Constitution. DeLay maintains a home in his district and cannot show that he would be living outside the district on Election Day, Democrats asserted.

A Republican federal judge in Texas ruled in favor of the Democratic argument last month, and that ruling was upheld by the U.S. Court of Appeals for the 5th Circuit in New Orleans last week. With the election less than 100 days away, Texas Republicans appealed to the Supreme Court yesterday to stay the appeals court ruling and allow them to pick a new candidate to stand against Democrat Nick Lampson in November. That appeal was routed to Scalia, who denied it just two hours after it was received.

James Bopp Jr., the lawyer who argued the Republican Party's case to allow party officials to substitute another candidate for DeLay, told the Associated Press, "I think all our legal avenues are exhausted in terms of affecting the ruling prior to the election."

Now, DeLay must decide whether to mount a real campaign for the seat he has vacated or back a write-in campaign against Lampson, a well-funded former House member.

"It's now time to move on to the general election and put this matter to the voters," said Chris Feldman, a lawyer representing the Texas Democratic Party. "At this point, it's now up to Tom DeLay to decide whether he's going to cut or run."

Dani DeLay Ferro, the former leader's daughter and spokeswoman, said no decision has been made. In an interview in late June, however, DeLay said he would probably stand for reelection if he lost the court fight to remove his name from the ballot.

That would be an ideal fight for the Democratic Party, which had wanted to challenge the scandal-tarnished DeLay even before his resignation. Now Lampson appears destined to face a former congressman mounting a comeback against his will to represent a district he tried to leave.

Lieberman And Lamont Battle To The Wire (NYT)

By Patrick Healy

The New York Times, August 8, 2006

As Connecticut voters prepared for their highly anticipated Democratic primary today, Senator Joseph I. Lieberman and Ned Lamont, the two rivals for United States Senate, used sharply different tactics yesterday to gain a final advantage in a contest that appeared to be tightening.

Mr. Lieberman, the three-term incumbent whose support for the Iraq war has cost him voters, held nine events over 13 hours and exuded fresh optimism on the ninth day of a statewide bus tour. He also spent tens of thousands of dollars on an unconventional two-minute television ad in which he aligned himself with Democratic anger over Iraq and President Bush — an attempt to neutralize Mr. Lamont's signature antiwar message.

Mr. Lamont, a millionaire businessman from Greenwich, made the unusual choice of limiting his public events and instead called undecided voters and tried to reach them through interviews with reporters. At a news conference last night, Mr. Lamont also tried to remind voters a final time of his political theme, saying he believed voters were "ready to change course," in the Senate and, implicitly, in Iraq.

The Connecticut race, which has been regarded by some Democrats nationally as a referendum on the party's wartime posture, had been tilting in Mr. Lamont's favor in the last two weeks, according to public opinion polls and anecdotal evidence from voters. Yet Mr. Lieberman seem buoyed yesterday by a new poll from Quinnipiac University that showed him down by 6 points, within the poll's margin of sampling error.

More than in recent days, the senator came across as both contrite and self-satisfied yesterday. He lamented that he had not "clarified" his criticism of the war and the White House earlier, but he also argued that Republicans were "salivating" over the possibility that Democrats would pick an antiwar liberal instead of Mr. Lieberman.

"They are anxious to say the left wing is taking over, the antisecurity wing," Mr. Lieberman said of Republicans.

While both candidates focused on courting the state's 697,000 Democrats — 29,000 of whom registered just before the primary — the two men were also pursuing somewhat dissimilar results.

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Mr. Lamont, a former town selectman who does not hold an elective office now, was aiming simply for victory, his advisers said. Mr. Lieberman's advisers said that he was seeking victory but that if he lost, he wanted the smallest possible margin, on the theory that a narrow loss would help him rebuff any Democratic demands that he drop out.

Mr. Lieberman has said he plans to run as an independent in the fall if Mr. Lamont wins, and Lieberman advisers were split yesterday on whether the senator would go through with that plan if he loses the primary. Mr. Lieberman would be only the fourth incumbent senator since 1980 to lose a party primary.

The Lieberman campaign also appeared to be ramping up plans to bring voters to the polls yesterday. Lieberman advisers had tamped down expectations last week of a major outreach effort, but yesterday the campaign was still recruiting workers in cities for a 4,000-person effort to turn out the vote today. (The operation was stymied somewhat yesterday when its Web site crashed due to a high number of visits; Lieberman aides blamed liberal bloggers and other opponents.)

Lamont aides complained that the Lieberman team was trying to steal its workers by offering $150 for the day; Mr. Lamont was paying $85. Lieberman advisers would not confirm that, while promising a robust get-out-the-vote operation.

Polls open at 6 a.m. and close at 8 p.m.

Both candidates predicted victory. Mr. Lieberman said yesterday that he was "closing strong," and that voters would choose his long-term experience over the short-term satisfaction of rewarding Mr. Lamont's anti-Bush broadsides.

"The voters of Connecticut are realizing they want to send a senator, not just a message," Mr. Lieberman said during a morning stop at a New Haven construction site. "If all the real Democrats come out and vote in tomorrow's elections, you are going to make me Connecticut's comeback kid."

At a news conference in New Haven yesterday evening, Mr. Lamont — looking tired but cheerful, his voice cracking slightly — said he expected to win on the basis of his message: providing health insurance to all Americans, reducing the national debt, and removing front-line American troops from Iraq.

"I'm confident," he said about his chances. "I'm confident."

Lamont advisers explained their decision not to hold momentum-building rallies yesterday by saying that their core supporters were already sufficiently energized to oust Mr. Lieberman. They predicted that a real payoff would come from Mr. Lamont and his 2,000-person field operation contacting undecided voters — tens of thousands since the start of this weekend alone, Lamont aides said.

"We know what we're doing," said Tom Swan, the campaign manager for Mr. Lamont, who has never run for statewide office before. "We don't want to pull our volunteers off of voter-contact programs in order to staff big rallies."

The Lamont campaign also set in motion its first automated phone call, an appeal from Paul Newman, the actor and an advocate for liberal causes, who lives in Connecticut. They also taped a new radio advertisement featuring African-American ministers that they planned as a countermeasure to an ad that Mr. Lieberman has been playing on stations that have a predominantly black audience.

The Lieberman camp, tapping into more than $400,000 in new donations in the last several days, made the new two-minute commercial just yesterday, drawing wholly on excerpts from a major, hastily planned speech by Mr. Lieberman on Sunday about his war stance. The ad, which mixes images of him speaking and people listening, shows Mr. Lieberman saying that he felt a "heavy personal responsibility" for the war, wanted to bring troops home "as fast as anyone," and valued Americans' "right to disagree" with the president and himself over Iraq.

Lieberman aides said they did not know the total cost of running the ad and how many times they would run it. (They also cut a second new commercial, featuring Senator Christopher J. Dodd of Connecticut, and kept running another ad highlighting former President Bill Clinton's appearance with Mr. Lieberman at a rally last month.)

Mr. Lieberman was clearly putting great faith in the appeal of his Iraq speech, but the reaction was mixed among some Democrats who planned to vote today.

"Given what he's said so far, I don't think there's anything he could do to convince me," said Harry Gold, 55, of West Hartford. "He's consistent, I credit him for that, with what he thinks is right. I just think he's wrong."

But Lynn Haden-Wadhams, another resident of West Hartford, said that she appreciated hearing more from Mr. Lieberman on Iraq and that she was skeptical that Mr. Lamont could influence war policy in Washington.

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"It annoys my intelligence that anyone can think this other guy will get in there and do something," she said of Mr. Lamont.

At his news conference late yesterday, Mr. Lamont sought to appear self-assured but not overconfident, dismissing recent polls showing him ahead of Mr. Lieberman.

"The folks of Connecticut can make a decision," he said. "Do you want to stay the course, or do you want to change course? I think the people of Connecticut, the land of steady habits, are ready to change course."

Mr. Lamont also jabbed at Mr. Lieberman for planning to run as an independent if he lost the Democratic primary.

"I've said I'm going to endorse the winner of the primary, and there's a good chance that maybe the senator will come to that same conclusion," Mr. Lamont said. "If he doesn't, if he wants to also run as an independent and have it both ways, I'll be there to run against him a second time around."

Lamont's Lead Slips On Eve Of Primary (WP)

By Shailagh Murray

The Washington Post, August 8, 2006

HARTFORD, Conn., Aug. 7 -- Sen. Joseph I. Lieberman and his antiwar challenger, Ned Lamont, battled for votes the day before Tuesday's Democratic primary, racing from shipyards to Little League games as the gap between them appeared to tighten.

Lamont, a political novice who is challenging Lieberman over the incumbent's support of the Iraq war, started the day with a 5 a.m. visit to a New London hospital emergency room, while Lieberman served breakfast to firefighters and visited a New Haven construction site. The senator's mood brightened when a Quinnipiac University poll was released Monday morning showing that Lamont's 13-point lead from last week had shrunk, with Lamont now atop the race by 51 percent to 45 percent.

"It's terrible how much a good poll affects the mind and spirit of a politician," Lieberman joked during a lunch-hour stop at Rajun Cajun, a Hartford restaurant.

Lamont dismissed the shifting numbers when he addressed reporters Monday evening in front of his downtown New Haven office. "I don't think they mean anything," he said as a group of young supporters cheered him. "I think we're going to do just fine."

An Aug. 3 Quinnipiac poll showed Lamont with a lead of 54 percent to 41 percent over the three-term incumbent and 2000 Democratic vice presidential nominee, a dramatic turnabout from a June survey that showed Lamont trailing Lieberman 55 percent to 40 percent.

In the latest survey, the senator -- who has vowed to run as an independent if he loses the primary -- made his biggest gains with women, who had previously preferred Lamont but now split their support between the two candidates. Lamont continued to lead among higher-income and higher-educated groups, and with liberals and male voters.

The poll had some good news for Lamont. Virtually unknown in the state a few months ago, the Greenwich cable television entrepreneur spent nearly $4 million through late July, much of it from his personal fortune, to introduce himself to voters, including through a series of clever television ads. The Quinnipiac survey showed that Democrats hold a favorable impression of Lamont across demographic groups, with lower negatives than Lieberman.

Also, just 10 percent of voters surveyed said they could change their minds before the polls open -- leaving a small pool of potential Lieberman conversions.

"The momentum has shifted to Lieberman, but Lamont is still ahead," said Douglas Schwartz, Quinnipiac poll director. "This race is still unsettled."

A big mystery is how many voters will show up Tuesday. The state's last hotly contested Democratic primary, in the 1994 governor's race, drew 25 percent of eligible voters. Given the high profile of the Lieberman-Lamont contest, some state election officials predict the figure Tuesday could top 30 percent.

As evidence, they point to the nearly 13,500 unaffiliated voters who have registered as Democrats since May 1 so they can vote in the primary. An additional 13,700 new voters registered with the party during the same period. "There's definitely a sign of interest in the election," Schwartz said.

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Unaffiliated voters make up the largest bloc in the Connecticut electorate, and they tend to be moderates, or traditional Lieberman supporters. But Lamont's team has courted members of the unaffiliated group who oppose the war, which is deeply unpopular in Connecticut. "Both sides are encouraging the switches," said Lamont campaign manager Tom Swan.

Both camps worked phone lines and canvassed neighborhoods into the evening. One particular target was black voters, a numerically small but potentially significant voting group. One theory for Lamont's slipping support was that he has been damaged by Lieberman radio ads on black stations hitting the challenger for his longtime membership, terminated this year, at an exclusive Greenwich country club.

The Lamont campaign responded by seeking out rap artists to phone black stations and remind listeners that Lieberman had once targeted rap music for promoting violence and drug use. Both candidates spent recent Sundays visiting black churches, and they have included numerous high-profile black politicians and community leaders in their entourages.

In a curious final twist, Lamont over the weekend stopped notifying reporters of all his campaign appearances -- an unusual closing strategy, and one that contrasted sharply with Lieberman's high-profile 10-day bus tour.

For instance, Lamont attended six black church services on Sunday morning, Swan said, but announced none of them, although a high-profile guest, the Rev. Al Sharpton, joined him at one stop. Swan said Lamont decided the crush of cameras and reporters that trailed him everywhere had become too disruptive. By the final days, both campaigns had grown to presidential primary scale.

"I've been going around the state doing my thing privately," Lamont explained to reporters. Shrugging off skeptics, he added: "If I put much stock in conventional wisdom, I wouldn't be in this race right now."

Late Lieberman Surge Makes Race A Tossup (WT)

By Charles Hurt

The Washington Times, August 8, 2006

HARTFORD, Conn. -- Sen. Joe Lieberman closed his anti-war opponent's double-digit lead yesterday to just six points as both candidates scrambled across the state ahead of today's Democratic primary.

The latest polling results were a relief to the veteran Democrat, who has represented this state in the Senate for nearly two decades and who just six years ago was his party's vice presidential nominee. Mr. Lieberman predicted yesterday that the movement in polls showed momentum at his back and said he expects to win today.

"I feel they were flirting with the other guy for a while, wanting to send me a message," he said at a campaign stop yesterday at the Rajun Cajun restaurant. "I got their message. I think they want to send me back to Washington to continue working with them, fighting for them and delivering for Connecticut."

Multimillionaire businessman Ned Lamont -- who is fairly new to politics but whose campaign took off because of his opposition to the war in Iraq -- said yesterday he remains confident that Connecticut voters are looking for a change and continued to frame the election as a referendum on the Iraq war as well as on President Bush.

He also downplayed the polls, telling a Hartford TV station that polls are "little, narrow samples" and "everybody knows they bounce up and down."

The latest poll results, released yesterday by Quinnipiac University, showed Mr. Lamont leading Mr. Lieberman by 51 percent to 45 percent among likely voters. Last week, Mr. Lieberman trailed by 13 points.

"The race has tightened," poll director Douglas Schwartz said. "Joe Lieberman has cut Ned Lamont's lead in half. Going from 13 to a six-point lead is a sign that the race is unsettled."

Only 4 percent of voters remained undecided, according to the poll, which surveyed 784 likely voters in the Democratic primary. The poll had a margin of error of 3.5 percentage points.

While Mr. Lieberman has picked up momentum, Mr. Schwartz said, Mr. Lamont remains in a better position to win today.

Mr. Lieberman's improved standing comes after he delivered his most strident defense of his service in the Senate and accused Mr. Lamont of distorting his record.

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"I am the only Democrat in America to run against George Bush in a national election twice," Mr. Lieberman said. "You know why I ran for president in 2004? Because I believe that his agenda was wrong for our country and our future, and that's the truth."

If Mr. Lieberman pulls off a victory today, it will be a demoralizing defeat for liberal anti-war activists who have built the little-known Mr. Lamont into one of the strongest challengers of the season. Six months ago, Mr. Lieberman had 68 percent to Mr. Lamont's 13 percent.

Liberal bloggers such as Markos Moulitsas, founder of the Daily Kos, and left-wing groups such as MoveOn.Org have feverishly supported Mr. Lamont. In addition to opposing the Iraq war, which Mr. Lieberman voted for, the liberals also want a dramatic break from Democratic leaders such as Mr. Lieberman, whom they accuse of being too soft on Republicans.

In a post on his site yesterday titled "Random Musings," Mr. Moulitsas said "we need to crush him" and urged people to help get out the vote for Mr. Lamont today.

"No letup. We don't want to just win this thing, we want to replicate our success in Montana," he wrote, referring to Kos-backed candidate Jon Tester, who won the Democrats' U.S. Senate primary in that state in June. "Let's end this thing with an exclamation point, yet another dramatic victory in the growth of the people-powered movement."

In fact, Mr. Moulitsas' endorsement has been far more a curse than a help, historically. No candidate he has publicly backed has won a general election and only a handful have won primaries.

Still, Mr. Lieberman is taking no chances and is collecting signatures to get onto November's ballot as an independent if he loses today's primary. He is widely seen as being a formidable candidate in such a race as he draws strong support from Republicans and independents. Despite pressure from fellow Democrats to abandon any independent campaign, Mr. Lieberman told reporters yesterday that his mind is made up.

On Day Before The Vote, Lieberman Exudes Relentless Optimism (NYT)

By Anne E. Kornblut

The New York Times, August 8, 2006

HARTFORD, Aug. 7 — It was a marvel of message discipline: White vans circled the block blaring commandments to vote for Senator Joe Lieberman. Paid workers pounded “Vote Joe” posters onto buildings, replacing ones that were torn down the night before.

And in the noonday heat in the parking lot in front of the Rajun Cajun diner in North Hartford, young campaign volunteers lifted their Lieberman signs aloft as skillfully as tour guides, wading through a crowd of camera crews to position themselves before the senator emerged from his campaign bus.

“We got some momentum,” Mr. Lieberman proclaimed, beaming and red-faced, as he loped down the steps of the bus into the arms of a small group of supporters.

Whether he really believed it or not — a last-minute poll did show him rebounding somewhat against his challenger, Ned Lamont — Mr. Lieberman showed relentless optimism on the final day before a Democratic primary that could represent either a storied comeback or a possible end of his 18-year Senate career.

Mr. Lamont, by contrast, spent the day in virtual seclusion, campaigning before dawn and then reappearing for a low-key news conference at dusk outside his office in New Haven. Asked later about his unconventional scheduling choices, Mr. Lamont asked a reporter where he had been at 5 a.m. when Mr. Lamont had begun campaigning. He described the news media throng as “just a little distracting,” suggesting that the grind of the campaign, after eight months, had gotten to him.

“I’ve been going around the state, doing my thing privately,” he told a crush of reporters on a street corner near Yale’s campus.

Mr. Lieberman, perhaps liberated in the final hours, seemed not to mind a last round of indignities. Never mind that almost all the celebrity surrogates were gone: a rumor that former President Bill Clinton might return to Connecticut swept through political circles before being put to rest, leaving Mr. Lieberman to campaign virtually alone. (He was later joined on the road by his fellow senator, Christopher J. Dodd.) Never mind that dozens of reporters from across the country — sent on a death watch as

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the former vice-presidential nominee struggled to defend his seat against a once-obscure multimillionaire cable executive from Greenwich — far outnumbered actual voters almost every place Mr. Lieberman went.

"Are there any real people here?" Mr. Lieberman asked cheerfully as he squeezed through the narrow corridor of the diner in North Hartford, shaking hands with members of his own campaign team.

Almost everywhere he went, the answer was: no.

The same was true for Mr. Lamont, who spent most of Monday behind closed doors conducting one-on-one interviews with the news media and placing phone calls to undecided voters. "We've just come to the conclusion that traveling around has not become the most productive use of his time," said Tom Swan, Mr. Lamont's campaign manager.

In a showdown of minuscule proportions, six Lieberman campaign workers protested the final Lamont event in New Haven, drawing the ire of Mr. Lamont's campaign spokeswoman, Liz Dupont-Diehl. "Do all candidates go to each other's events?" a glowering Ms. Dupont-Diehl asked, after Mr. Lieberman's New Haven regional director, Ken Dagliere, mistakenly called her Lisa.

"Go, Ned, go!" his supporters shouted in the direction of the young Lieberman workers holding signs and standing silently.

Earlier in the day, at a Stop and Shop in Meriden, just north of New Haven, volunteers and two union workers awaited the Lieberman bus on its swing through town. But the supermarket was almost empty, leaving Mr. Lieberman to wander the aisles, startling the few shoppers. One woman, seemingly anxious to end the encounter as quickly as possible, assured Mr. Lieberman she would vote for him. After he left, she said she was an independent with no intention of changing her registration in order to participate in Tuesday's primary.

Others told similar fibs: Before Mr. Lieberman arrived at an Italian festival in Waterbury on Sunday, Tim Chapulis, 46, a small business owner, said he was undecided even though he had been a longtime Lieberman supporter. But when the senator arrived, Mr. Chapulis offered only words of encouragement.

After weeks of losing steam, with polls showing the senator on a sharp decline against Mr. Lamont, Mr. Lieberman seemed, in the last hours, to stabilize.

But there were still, as in any race, awkward moments on the campaign trail and glimpses of strain and exhaustion. Mr. Lieberman changed clothing three times on Sunday, donning and shedding a pink candy-striped oxford shirt, then putting on a suit and tie for a news conference in East Haven (an event during which Max Cleland, a former Democratic senator of Georgia, begged voters not to "throw out the baby with the bath water").

Mr. Lamont had a few such moments himself.

Before his campaign added a late-afternoon news conference on Monday, Mr. Lamont had scheduled just two public appearances. But only one could be considered a true campaign event: a small rally in Groton outside the gates of the Electric Boat shipyard, with a dozen or so members of the machinists' union. (The other event was a visit to a New London hospital where several campaign workers were treated earlier this summer after being injured in an accident.)

In one of Mr. Lamont's only encounters with voters on Monday, Ken Delacruz, a union official, came by to shake his hand. From the back of the crowd, a worker called out, "You'll never be that close to that much money again."

Lieberman's Troubles Go Beyond War (WP)

By Dan Balz

The Washington Post, August 8, 2006

FARMINGTON, Conn., Aug. 7 -- Exactly six years ago Tuesday, on a sweltering day in Nashville, Sen. Joseph I. Lieberman (D-Conn.) was introduced to the nation as Al Gore's vice presidential running mate. Lieberman called his selection "a miracle" and described himself as part of an "American Dream Team."

From the pinnacle of that 2000 campaign, Lieberman has seen his support crumble with astonishing swiftness. Six years after making history as the first Jew chosen for a national ticket and being hailed as one of the most respected politicians in the country, Lieberman is in the last hours of a battle to avoid a humiliating rejection by his own party at home. A poll Monday showed Lieberman behind but gaining ground in a tight race.

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Lieberman's plight, according to Democrats here and in Washington, is two stories in one. The first is a metaphor for politics in the era of President Bush and how an unpopular war in Iraq has divided the electorate, inflamed the public debate and intensified an already partisan political climate.

For more than a decade, Lieberman has stood as one of the most prominent representatives of the moderate Democratic Leadership Council wing of the Democratic Party, a leading advocate of a robust and muscular foreign policy and a proponent of values-based politics in a party often seen as struggling to find its voice in the culture wars. His instincts for collegiality and bipartisanship, once regarded as virtues, are now seen as virtual disqualifications by his critics here and nationally.

"I haven't changed," Lieberman explained in an interview aboard his campaign bus Friday. "Events around me have changed."

The other part of the story here is a familiar tale in politics, that of an incumbent who, as he gained national prominence, gradually lost touch with the voters and politicians who first sent him to Washington. Long before Iraq, there were signs of erosion in Lieberman's standing in Connecticut. "There was a personal sense among Connecticut Democrats that his national agenda is what matters to him and not Connecticut," said George Jepsen, a former state party chairman and supporter of antiwar challenger Ned Lamont.

A Lamont victory Tuesday would be the most significant primary defeat for an incumbent Democratic senator since Arkansas Sen. J. William Fulbright, one of the leading opponents of the Vietnam War, fell to then-Gov. Dale Bumpers in 1974. Lamont's challenge, coming from a candidate with minimal political experience or visibility, has far more of a David-and-Goliath quality than the Fulbright-Bumpers contest, which did not turn on great issues of the day.

The Connecticut race has drawn national attention because of what it may say about the president and the politics of Iraq heading into a critical midterm election and the 2008 presidential campaign, as well as what it may reveal about a Democratic Party that often has been at war with itself over foreign policy since the Vietnam era.

Long one of the Democrats' most prominent hawks, Lieberman has found himself at odds with the rank and file in his party, not only for supporting the war so vigorously but also for refusing to engage in the rhetorical combat of a politically charged moment in history. He has warned fellow Democrats that hyper-partisanship on foreign policy issues damages American interests. In recent days, he has noted that he has given the same warnings to Republicans and emphasized that he has not been a blind supporter of Bush on Iraq.

Lieberman's friends and allies have watched this drama play out with differing emotions -- both a sense of sadness that someone they have long respected has been caught in the vise of the Iraq war and a sense of alarm that he either ignored the warning signs or was somehow incapable or unwilling to adjust to them.

"The stance that, for a senator, politics ought to stop at the water's edge makes sense if and only if the president isn't playing politics with foreign policy," said William A. Galston of the Brookings Institution, who has often sided with Lieberman on intraparty battles but disagrees with him on the war.

"But this president and this administration manifestly have played politics with foreign policy, and their chief political adviser has been totally frank about that," he added. "I think it would have been permissible and even advisable for Joe Lieberman to conclude at some point that a bipartisan foreign policy has got to be a two-way street. He really didn't."

Last November, returning from a trip to Iraq, Lieberman wrote a Wall Street Journal op-ed piece that many of his opponents regarded as an effort to prop up a failing policy and to discourage those in his party from pushing for an exit strategy.

"I wasn't thinking as a Democrat," Lieberman said in the interview. "I was thinking as an American senator who went to Iraq and saw some progress and wanted to report it to the American people because I feel so deeply that the way this ends will have serious consequences for the future of this country."

Lieberman argues that in an age of intense partisanship, he is paying an unfair price for what he regards as measured criticism of the president's policy. But his reluctance to, as he put it, think like a Democrat when many Democrats are demanding that their leaders stand up to the president has put him at risk against Lamont.

But there are other reasons, and they are in evidence wherever Lieberman campaigns across Connecticut. They have as much to do with what he has failed to do at home as with what he has done in Washington with regard to Iraq.

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Nancy Riella was having lunch in the Plum Tomato restaurant in Colchester last week when Lieberman arrived on his bus. Riella opposes the war and supports Lamont, but her complaints about Lieberman extend beyond national issues. She has regularly sent concerns to Lieberman, Sen. Christopher J. Dodd (D-Conn.) and Rep. Rob Simmons (R-Conn.).

"I've gotten responses from Dodd and Simmons and never from Lieberman," she said. "He's untouchable, out of reach."

A Democratic town committeeman in East Hartford complained Friday that Lieberman failed to come and hear concerns about his positions on the war. A state legislator complained Saturday that Lieberman does not know most members of the legislature. Lieberman's staff has heard numerous stories over the course of the campaign of Lieberman's failure to stroke the right person at the right time.

These perceived personal slights have piled up aside criticisms that Lieberman has been inattentive to the liberal politics of his state. From his first election to the Senate in 1988, when he pieced together a left-right coalition to defeat the incumbent Republican, Lowell P. Weicker Jr., Lieberman has charted a course often independent of his party.

Some Democrats still resent his 1998 Senate floor speech criticizing President Bill Clinton over the Monica Lewinsky scandal. Others dislike his support for legislation allowing federal courts to intervene in the Terri Schiavo case. Others were offended when Lieberman, who is a strong supporter of women's rights and has the endorsement of NARAL Pro-Choice America, said Catholic hospitals should not be required to offer emergency contraception to rape victims because they can easily go to another hospital.

Lieberman still has many defenders -- African American ministers, union officials, ordinary Democrats -- who say he has fought for them and their issues. "There are some people who forget about that," said Montville Mayor Joseph W. Jaskiewicz. "I can't."

Lieberman is hoping that on Tuesday, these loyalists will come out in force and some of the Democrats prepared to send a message of dissatisfaction will reconsider and come back to him. For now he has brushed aside questions about whether he will run as an independent if he loses. "I'm going to make it easy for everybody and win the primary," he said.

Lieberman Woes Scratch Surface Of Anti-Incumbent Sentiment (WSJ)

By Jeanne Cummings

The Wall Street Journal, August 8, 2006

WASHINGTON -- Connecticut Sen. Joseph Lieberman's political fate will be decided Tuesday in the state's Democratic primary, but the race's focus on public opposition to the Iraq war and President Bush has put other incumbents on notice that a voter revolt could be in the making.

The 18-year incumbent's battle reflects a trend this year: An anti-incumbent mood is striking hardest against politicians aligned with the president, regardless of their party. One of challenger Ned Lamont's most potent weapons is a photo of Mr. Bush planting a kiss on Sen. Lieberman's cheek after the 2005 State of the Union speech. A poll released Monday shows Mr. Lieberman making up ground, but Mr. Lamont is still ahead 51% to 45%.

In a twist, many problems dogging the Democratic incumbent may haunt Republicans, too. The trend has prompted some candidates to avoid appearances with the president and it helps to explain why many of the most endangered House incumbents are moderates who need independent and Democratic votes to win. Three of those Republican centrists are from Connecticut, and like Mr. Lieberman, they are fighting charges that they are rubber stamps for President Bush. Rhode Island Republican Sen. Lincoln Chafee, another incumbent willing to work across party lines, is facing re-election prospects as dire as Mr. Lieberman's.

Beyond New England, Republican Sen. Mike DeWine is struggling for re-election in Ohio, where Mr. Bush scores poorly; Florida's Clay Shaw and New Mexico's Heather Wilson are among a handful of House Republicans elected from districts with substantial numbers of independent and Democratic voters.

"Moderate Republicans are in for a difficult year because they represent districts more evenly balanced and there will be a Democratic tide against them," says Thomas Mann, a political analyst with the Brookings Institution.

With moderates under the gun, November's midterm elections are likely to usher in more polarization on Capitol Hill, where lawmakers such as Mr. Lieberman have provided a small but crucial bridge between their more ideology-driven leaders.

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Last year, a bipartisan group of mostly centrist senators, including Mr. Lieberman, averted a showdown over the appointment of federal judges by refusing to block all Mr. Bush's nominees while also preserving Senate rules allowing the minority party to filibuster judicial candidates.

Some Democratic insiders worry that a Lieberman defeat will signal a shift in the party to the left that could undermine other Democratic moderates. To be sure, a Lamont win will embolden party liberals and their allies among Internet bloggers, who have challenged the party hierarchy and promoted antiwar candidates but have yet to score a victory.

But others argue that Mr. Lieberman -- the party's 2000 vice-presidential nominee -- put his own political career in jeopardy. In 1998, he was the party's most outspoken critic of President Clinton during his impeachment trial. His questioning of affirmative-action programs and promotion of public-school vouchers angered his party's minority and labor blocs. A short-lived run in the 2004 Democratic presidential primaries undermined his stature.

On the Iraq war, Mr. Lieberman's support for the invasion -- and his scolding of Democrats who opposed it -- threw him out-of-step this year with Connecticut voters. Mr. Lieberman "is providing the rhetoric the Republicans use to stab Democrats in the back. That's the problem," says Eli Pariser, executive director of advocacy group MoveOn.org, which is backing Mr. Lamont, but also supports moderates such as Democrat Bob Casey in his race against incumbent Republican Sen. Rick Santorum in Pennsylvania.

On Sunday, Mr. Lieberman gave a speech in which he defended his support of the invasion but highlighted his criticism of the Bush administration's postwar management. He also sought common ground with war opponents, noting that he once protested the Vietnam War.

With that address -- and an advertising blitz and statewide campaign tour -- he may have gained some last-minute momentum. A poll by Quinnipiac University yesterday showed Mr. Lamont's lead shrinking to six percentage points from 13 percentage points a week ago.

Among Lamont supporters, 54% said their vote is mainly against Mr. Lieberman. Of those, 36% say the Iraq war is driving their vote, while 54% said their opposition to Mr. Lieberman is broader than that.

With such an anti-Lieberman undertow in the race, Mr. Mann questioned whether the incumbent has enough time to recover. "There was ample opportunity for him to ward off the challenge or easily defeat the challenge it if came, but he didn't take any of them until Sunday night" when he addressed head-on the issue of the Iraq war, Mr. Mann says.

Yesterday, both sides were scrambling to ensure that voters cast ballots today. Mr. Lamont's campaign manager, Tom Swan, posted a call for volunteers on MoveOn's Web site. The online organization also has tapped members outside Connecticut to telephone Lamont supporters and remind them to vote.

Meanwhile, Mr. Lieberman's campaign manager, Sean Smith, sent an e-mail request for help to supporters. "Get out your phone book and call your friends, family, and anyone else you can think of and tell them to vote for Joe Lieberman," he said.

A Preview For November (WP)

By E. J. Dionne Jr.

The Washington Post, August 8, 2006

Some events are so important that the battle to interpret their meaning begins even before they happen. So it is with today's Democratic primary challenge to Sen. Joe Lieberman in Connecticut.

Most of the commentary is premised on the idea that antiwar businessman Ned Lamont will defeat Lieberman, one of Congress's strongest supporters of the Iraq war. This speculation may be premature for reasons we'll get to. But the two lines of argument hardening into place tell us a great deal about what we'll be debating in this fall's campaign.

Republican supporters of Bush and the war are claiming that a Lamont victory would signal a dovish takeover of the Democratic Party by activists organized by anti-Bush bloggers -- and would show that there is no room left in Democratic ranks for moderates.

The most over-the-top version of this argument came from William Kristol, editor of the Weekly Standard. "What drives so many Democrats crazy about Lieberman is not simply his support for the Iraq war," Kristol wrote. "It's that he's unashamedly pro-American."

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This charge of extremism enrages Democrats, including many Lieberman supporters. It's absurd, they say, to attribute Lamont's rise primarily to bloggers who were his prime supporters three months ago, when he registered less than 20 percent in the polls. Something has happened since then that goes well beyond the blogosphere.

In this light, the effort to play the anti-American card can be seen as a sign of the frustration felt by the architects of a war that no longer enjoys popular support and the desperation of those who realize how pervasive the anti-Bush mood has become.

The battle of interpretations has raged within the Lieberman campaign itself. For months, Lieberman tried to push the war aside, insisting that the election should not be decided by a "single issue." He focused on classic incumbent arguments about his role in bringing jobs to Connecticut, and on criticisms of Lamont.

But on Sunday night -- pressed by campaign advisers to speak directly to Democratic anger at the president -- Lieberman finally threw in his lot with the anti-Bush camp. He offered a "closing argument" that ticked off eight issues on which he had battled the administration. He defended dissenters opposed to the war whom he had once seemed to criticize and insisted that he "clearly disagreed with and criticized the president" on many aspects of Bush's Iraq policy.

The "biggest lie being told about me by the other side," Lieberman declared, is "the false charge that I am George Bush's best friend and enabler." Lieberman's closing speech reflected a clear recognition that he had no chance of surviving as long as voters associated him with Bush.

The embattled incumbent received a modest piece of good news yesterday when the Quinnipiac University poll, whose survey four days earlier showed him trailing Lamont by 13 percentage points, found the margin cut to 6 points. Although Lieberman's own friends were pessimistic (and, truthfully, polling for a summer primary is notoriously difficult), it's at least conceivable that Lieberman's closing declaration of independence might be just enough to push him over the top.

There is, in any event, a major flaw in the claim that Lieberman's troubles reflect an end to the role of moderates in the Democratic Party: Lieberman is the one prominent moderate to receive serious opposition in this year's primaries. As Robert L. Borosage of the liberal Campaign for America's Future noted, antiwar Democrats limited their challenge to one of the most pro-Bush Democrats in one of the most Democratic states in the country. Moderate Democrats in Republican-leaning states were left largely undisturbed.

Moreover, opposition to the war in Iraq and to Bush has spread well beyond the left. In the latest Quinnipiac poll, Lieberman leads Lamont among Democrats who called themselves moderate or conservative by only 53 percent to 43 percent. If Lieberman loses, it will be primarily because of defections in the disaffected center.

There will be a way to test the competing interpretations of the Lieberman-Lamont contest. Were Lieberman to be defeated, Republicans would mourn his loss as a blow to moderates and urge him to run this fall as an independent. But if petrified Republican candidates around the country accelerate their efforts to add to the distance they've already built between themselves and Bush, you'll know that they know what Connecticut's voters were really saying.

And if Lieberman miraculously survives, it will be because he finally realized that the last thing an incumbent wants to be this year is George Bush's best friend and enabler.

GOP Leaders Are Hoping To Turn The War Into A Winner (LAT)

By Peter Wallsten

The Los Angeles Times, August 8, 2006

CRAWFORD, Texas — Some Republican candidates are distancing themselves from President Bush in fear of voter discontent with the war in Iraq. But a new GOP strategy memo argues that the war could prove to be an advantage for many Republican candidates, citing it as one of the most effective issues that will excite the party base in November.

The memo, based on a Republican National Committee poll of GOP voters and obtained by the Los Angeles Times, lists Bush's handling of "foreign threats" as the No. 1 motivator of the Republican base, specifically citing his leadership on Iraq.

"Large majorities report satisfaction with the president's commitment to defeat the terrorists in Iraq and his leadership in the war on terror, in general," according to the memo sent Wednesday to Republican National Committee Chairman Ken Mehlman from GOP pollster Fred Steeper.

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The memo suggested that Republicans could motivate their base in the upcoming elections by talking about foreign threats and national security issues, including Iraq and the potential nuclear threat from Iran, and by drawing contrasts with Democrats in those areas. It said "a huge 87% of the base expresses extremely strong feelings" about national security issues.

The memo underscores the belief among top White House and GOP strategists that the war, despite the rising death toll and mounting public anxiety, could be the party's biggest advantage in the fight to retain control of Congress in the November elections.

Focusing on Iraq is risky at a time when candidates in both parties are struggling to deal with the politics of the war. Sen. Joe Lieberman (D-Conn.) is facing a stiff primary challenge today based on his support for the war, and Republicans from Minnesota to Maryland are casting themselves as independent thinkers who will not serve as rubber stamps for the White House.

Mehlman, in an interview Monday, said the GOP survey demonstrated that the base became motivated when it heard that Democrats supported policies of "isolationism and defeatism," words that the GOP had attached to Democratic proposals to withdraw troops in Iraq. He said the challenge to Lieberman by war critic Ned Lamont suggested Democrats were following a Vietnam War-era path of nominating antiwar activists like George S. McGovern who failed to win the general election.

"Sure, the history of the last generation is that when the Democrat Party became a doctrinaire, anti-use-of-American-force party as it did in 1972, it didn't do well," Mehlman said. "A lot of Americans may have disagreed with a lot of aspects of the Vietnam War, but in 1972 they were not willing to support a candidate for president who said: 'Come home, America' at a time that they knew there were serious challenges in the world.

"A party that becomes even more McGovernic than the original 1972 Democrat Party," Mehlman said, "is not one in my judgment that is likely to appeal to voters."

Recent polls, though, point to the challenge facing the GOP strategy. A Los Angeles Times/Bloomberg poll last week found that 49% of respondents strongly disapproved of Bush's handling of Iraq.

The politics grew more complicated last week when Army Gen. John P. Abizaid, the senior U.S. commander in the Middle East, told the Senate Armed Services Committee that sectarian violence in Baghdad and other areas "is probably as bad as I've seen it." Even a loyal White House ally, Sen. John W. Warner (R-Va.), chairman of the committee, suggested another vote might be needed on whether to authorize the use of force if civil war erupts in Iraq.

Bush, speaking Monday at his Texas vacation home here, demonstrated that he had no intention of shying away from Iraq as the elections approach — pushing back against claims by some critics that cite the sectarian violence as a failure of U.S. policy.

"You know, I hear people say, well, civil war this, civil war that," said Bush, who will travel Thursday to Wisconsin, home of one of the Democratic Party's most fervent war critics, Sen. Russell D. Feingold.

"The Iraqi people decided against civil war when they went to the ballot box. And a unity government is working to respond to the will of the people. And frankly, it's quite a remarkable achievement on the political front, and the security front is where there have been troubles."

Phil Singer, a spokesman for the Democratic Senatorial Campaign Committee, called the GOP survey "an effort to manufacture some data in order to rally the base and keep the Republican candidates on the same reservation as the White House."

"They're clearly nervous about losing more support," Singer said.

The survey polled 1,305 voters who identified themselves as either active , middle-of-the-road or swing Republicans.

The memo showed that the strategists hoped to stick to their post-2000 playbook of galvanizing the base using national security and other hot-button issues, asserting that 95% of base voters are either "almost certain" or "very likely" to vote this year.

The memo cited other national security issues as particularly important to the base, including the Patriot Act and Bush's anti-terrorist domestic spying program.

The survey cited strong enthusiasm in the party base for domestic issues such as tax cuts, abortion and arguments focused on the need to curtail frivolous lawsuits.

Analysis: GOP On Defensive (AP-Y)

By David Espo

AP2, August 8, 2006

First gradually, now quickly, the war in Iraq and a congressional corruption scandal are shaping the midterm elections, with Democrats working to harness both as campaign issues for the fall.

That leaves Republicans on the defensive, not defeated.

In Ohio, they succeeded Monday in talking scandal-scarred Rep. Bob Ney off the fall ballot. In the process, they likely improved their chances of retaining his seat, previously considered one of the two or three most likely to fall to the Democrats.

No matter the outcome of the primary between Connecticut Sen. Joe Lieberman and anti-war challenger Ned Lamont on Tuesday, the unpopular conflict in Iraq is emboldening and even unifying normally fractious Democrats.

"In the interests of American national security, our troops, and our taxpayers, the open-ended commitment in Iraq that you have embraced cannot and should not be sustained," the party's leading lawmakers wrote President Bush recently.

"... We believe that a phased redeployment of U.S. forces from Iraq should begin before the end of 2006."

Politically, the letter brought together lawmakers of varying views on the issue.

On the eve of the fall campaign, it also sought a middle course between the Bush administration's refusal to set a withdrawal timetable and the demand from Democratic activists for a swift pullout of U.S. forces.

Republicans responded dismissively.

"Waving a white flag in Iraq may appeal to the net roots," said Republican Party chairman Ken Mehlman, referring to Internet activists, "but it will embolden the enemy, encourage more terrorism and make America less secure."

At the same time, Republican lawmakers are increasingly outspoken about the political impact of an unpopular conflict.

"The first thing I'd do is acknowledge that there have been mistakes made," Sen. John Thune of South Dakota said recently.

"Our candidates have to draw and point out differences in how they would approach and win the war in Iraq and how their opponents would," said Thune, who is not on the ballot this fall. "The biggest thing we have going for us on that issue is that Democrats are very divided."

Not so much any longer.

For Democrats, the letter brought praise from the leader of one group that supports Lamont and has frequently challenged the party to be more vocal against the war. "The unity of Democrats on Iraq is good news for America," said Tom Matzzie of MoveOn.org.

Even Lieberman seemed to be changing his tone, if not his position.

In what he termed a closing campaign argument on Sunday, he outlined several disagreements with Bush over Iraq and other issues.

"As someone who voted for the war, I feel a heavy responsibility to try to end it as quickly and successfully as possible," he said. "... I want to get our troops home as fast as anyone, probably more than most, and as I have repeatedly said, I am against an open-ended commitment."

At the same time, "if we simply give up and pull out now, like my opponent wants to do, then it would be a disaster to Iraq and to us."

The same anti-war sentiment that threatens to swamp Lieberman may wind up saving a less well-known senior senator thousands of miles away.

Unlike Lieberman, Hawaii Sen. Daniel Akaka voted against authorizing the war in Iraq in 2002. Akaka, 81, has used the vote in television advertising to accentuate his differences with primary challenger Rep. Ed Case, who is 53. One commercial showed Akaka speaking to a state convention, saying, "It is highly appropriate to ask, even in hindsight, whether this war was just and warranted. It is highly appropriate to demand of this administration a strategy and timetable for peace and how we intend to ensure a stable and Democratic government in Iraq."

More broadly, Akaka hopes the issue will undercut Case's call for a new generation of leadership. "The counterpoint to change is certainly experience and wisdom," says Andy Winer, Akaka's campaign manager.

In a June vote, Case opposed setting a timetable for the withdrawal of U.S. troops.

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One recent poll shows Akaka ahead, but not comfortably so, in advance of a Sept. 23 primary.

Nearly all incumbent Republicans have at least one or two Iraq-related votes on their record, making it a ready-made national issue.

Democrats allege a Republican "culture of corruption." But apart from a few races — Ney, former Rep. Tom DeLay in Texas or Sen. Conrad Burns in Montana — the GOP leadership shows little concern about fallout from the Jack Abramoff-spawned scandal and Congress has yet to pass legislation reining in lobbyists.

The war is different.

So much so that a quiet internal debate is unfolding among GOP strategists watching the Connecticut primary from a distance.

Some argue the GOP would be better off if Lieberman wins, on the theory that anti-war activists would become discouraged and stay home in November.

Others argue that Republicans will be better off if Lamont prevails. That way, the argument goes, they can try and win over voters by telling them the Democrats have been taken over by an anti-war fringe and can't be trusted to protect the nation's security.

House Incumbents At Risk, Poll Finds (WP)

By Peter Baker And Claudia Deane

The Washington Post, August 8, 2006

Most Americans describe themselves as being in an anti-incumbent mood heading into this fall's midterm congressional elections, and the percentage of people who approve of their own representative's performance is at the lowest level since 1994, according to a new Washington Post-ABC News poll.

As attention turns to Connecticut for Sen. Joseph I. Lieberman's Democratic primary showdown today, the poll found some of the same political currents that have buffeted his campaign flowing through the national electorate. The public has soured on politicians backing the Iraq war, which Democrats consider the most important issue of the election.

Eighty-one percent of Democrats say the war was not worth fighting, and 70 percent feel that way "strongly." A majority of Democrats, 54 percent, say a candidate endorsing Bush's Iraq policy would be less likely to get their vote, compared with 37 percent for whom it would not make much difference. Two in three Democrats say it is time to begin decreasing troop levels in Iraq, although only one in four supports immediate withdrawal.

Especially worrisome for members of Congress is that the proportion of Americans who approve of their own representative's performance has fallen sharply. Traditionally, voters may express disapproval of Congress as a whole but still vote for their own member, even from the majority party. But 55 percent now approve of their lawmaker, a seven-percentage-point drop over three months and the lowest such finding since 1994, the last time control of the House switched parties.

"That's dramatic," said Republican consultant Ed Rollins, who was White House political director under President Ronald Reagan.

In a small boost for Bush, his approval rating inched up to 40 percent, two percentage points higher than in June and seven higher than in May, suggesting he may have arrested a slide that deeply unnerved Republican lawmakers and strategists. But Bush's standing remains weak for a president in a midterm election year and problematic three months before Election Day.

At the same time, the poll's findings underline the challenge for Democrats. For all their disenchantment, most voters are not sure what the party stands for. Just 48 percent say Democrats offer a clear direction different from Republicans, while 47 percent say they do not. The public does not think that Bush or the Democrats have a clear plan for Iraq. Even a slight majority of Democrats say their party does not have an Iraq strategy.

The problem for Democratic candidates such as Lieberman who continue to support the war seems even plainer. Strategists wonder how many Democratic voters, like those backing Lieberman's challenger, Ned Lamont, feel so strongly about the issue that will be willing to punish one of their own who strays. "It was a problem in 2004, and it's going to be a bigger problem in 2006 if you're a Democrat who's seen as an accommodationist or a capitulationist," said Mark Mellman, a Democratic consultant.

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What Democrats have to do, he said, is emphasize a break from Bush's direction in Iraq, even if they disagree about how. Among voters across the board, 38 percent say they are more likely to oppose candidates who support Bush on Iraq compared with 23 percent who are more likely to support them. "On the big question -- 'Should we stay the course or should we make a change?' -- it seems overwhelmingly the public wants a change," Mellman said.

Some Republican strategists said they fear it may be enough for Democrats to hammer home on the troubles of the country. "There's just a frustration that a lot of things are going wrong and nobody in Washington understands," Rollins said. "Even though the Democrats haven't really picked up the ball and offered an alternative, the numbers keep getting worse and worse."

The poll mirrored results of surveys at this point 12 years ago, just three months before Republicans swept out Democratic majorities from both houses of Congress. Fifty-three percent now call themselves anti-incumbent, while 29 percent describe themselves as inclined to reelect lawmakers -- almost precisely the same percentages as in June 1994.

In another echo of 1994, the poll showed Congress remains broadly unpopular, with six in 10 Americans disapproving of its performance. The only consolation for members is that the 36 percent who approve represents a slight bump up from May, when the institution hit a 10-year low.

The generic ballot question, asking voters in general which party they would support in November, remained unchanged from the spring, with 52 percent favoring Democrats and 39 percent supporting Republicans. The lead narrows to 10 points among those who say they are closely following their local races.

The survey suggests that it is not just Republicans whose incumbents are in jeopardy. But it includes one im portant caveat -- as of now, few Republicans or Democrats plan to stray from their parties in November. The Democrats' lead stems from a big advantage among independents.

A total of 1,002 randomly selected adults were interviewed Aug. 3-6 for this survey. The margin of sampling error is plus or minus three percentage points for the overall results.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, August 8, 2006

Heavy hitter

Inside the Beltway is told that President Bush will attend a private fundraising reception for Virginia Sen. George Allen on Aug. 23, at the home of Republican political operatives Ed and Cathy Gillespie.

Cost to pose with the president for a picture: $5,000. Otherwise, $1,500 will get you in the door of this campaign fundraiser. (Hey, why not just snap a picture with your cell phone?)

Mr. Allen finds a formidable challenger in one-time Reagan appointee and former Secretary of Navy James H. Webb Jr., now a full-fledged, albeit centrist, Democrat. Still, Mr. Allen, son of the late Washington Redskins coach of the same name, holds a sizeable lead (as many as 16 points in a recent poll) over the Democrat.

Mr. Gillespie is former chairman of the Republican National Committee, selected by Mr. Bush to serve from 2003 to 2005.

Shades of purple

Why are Democrats and Republicans alike in Washington so fascinated by the race for a local board president in Cook County, Illinois?

Because a Republican candidate, Tony Peraica, actually is leading in a county where Democrats outnumber Republicans almost 3-to-1.

A survey last month by the Tarrance Group put Mr. Peraica ahead of Democrat Todd Stroger by a margin of four percentage points -- 42 percent to 38 percent. Helping propel the Republican, no doubt, is the fact that Mr. Stroger arrived late on the ballot -- stepping in for his father, incumbent board President John Stroger, after he suffered a stroke.

"With 5.5 million residents, Cook County is the second-largest county in the entire nation," Chicago-based political campaign operative Bill Pascoe informs Inside the Beltway. "In Illinois politics, roughly 6 in 10 voters in the entire state live right here in this one county."

And, he adds, the last time a Republican won the presidency of the Cook County Board of Commissioners was 1966.

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"His name was Dick Ogilvie. His next job was governor," says Mr. Pascoe. "If Republicans can build a coalition with independents and reform-minded Democrats to win in Cook County in 2006, then Illinois' dark-blue tint automatically turns purple in terms of 2008 at the presidential and U.S. Senate level."

Which could mean?

"Illinois would be vaulted back into the ranks of major battleground states in the presidential race, second in size only to Florida among the swing states," he says.

Frank Franks

Move over, Barney. Make room for another outspoken congressman, Rep. Trent Franks.

The Arizona Republican, founder of the Congressional Israel Allies Conference, has sharply rebuked Democratic Rep. John D. Dingell, Michigan Democrat, for asserting during an interview: "I don't take sides for or against Hezbollah or for or against Israel."

In a statement, Mr. Franks says: "Hezbollah's ideology and practice is decapitating humanitarians with hacksaws on television while they scream for mercy, cowardly hiding behind women and children while launching rockets deliberately targeting innocent civilians, continually breaking treaties of peace and forcing children to blow themselves to pieces to effect the murder of other innocents."

He says if freedom in the world is to survive, people like Mr. Dingell "must throw off this nearly invincible ignorance and moral cowardice and face terrorism for the evil that it is."

Fear the right

While rockets continue to rain down on Israel and Lebanon, causing widespread bloodshed on both sides of the border, WorldPride, a weeklong international gathering of the lesbian, gay, bisexual and transgender community, is actually going ahead as planned this week in Israel.

Thousands of activists from around the globe are expected in Jerusalem for a week of "discussion, camaraderie and community."

Organizers suggest threats against their group come not from munitions, but "Christian, Jewish and Muslim religious conservatives."

'Senador Joe'

"WASHINGTON ? El Senador Joe Lieberman (D-CT), demócrata de mas alto rango del comité de seguridad interna y asuntos gubernamentales (Homeland Security and Governmental Affairs en inglés), elogió la aprobación por este mismo comité de un proyecto de ley que asegurará servicios de traducción para victimas de grandes desastres."

Or so reads a news release issued of late to Spanish-speaking constituents of Sen. Joe Lieberman, Connecticut Democrat, who will need all the votes he can get in today's primary voting for his re-election.

Youth Give Bush Poor Grade, Hurting Republican Hopes, Poll Says (BLOOM)

By Heidi Przybyla

Bloomberg, August 8, 2006

Aug. 7 (Bloomberg) -- President George W. Bush's hopes of attracting a new generation of voters to the Republican Party may be fading, as younger Americans are far more critical of his job performance than the broader population.

A Bloomberg/Los Angeles Times poll of Americans age 18 to 24 found Bush's approval rating was 20 percent, with 53 percent disapproving and 28 percent with no opinion. That compares to a 40 percent approval rating among Americans of all ages in a separate Bloomberg/Times poll.

Much like Franklin Roosevelt attracted a new generation of voters with the New Deal, Bush and his administration have had high hopes of drawing younger voters to his party. He has sought to do that through policy initiatives aimed at creating an ``ownership society,'' and public relations tactics like a Youth Convention at the party's 2004 national convention, in which his twin daughters took the stage.

Among the initiatives aimed at drawing a new generation into the Republican fold are health-care savings accounts, elimination of the so-called marriage penalty in the U.S. tax code, and Bush's proposal to create private investment accounts

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from a portion of Social Security payroll taxes. `Younger Americans really want to see some leadership," Bush said last year as he launched his Social Security plan.

Instead, the Social Security initiative flopped in Congress after attracting criticism from the public and lawmakers of both parties, and health-care savings accounts haven't done much to expand coverage, with only about 1 percent of the U.S. population currently participating in them.

Social Issues

Bush's 2004 re-election strategy also may have damaged his party's standing with younger voters by stressing things intended to drive religious voters concerned about social issues to the ballot box, such as opposition to gay marriage.

``The very cultural issues the president wants to use to rally his party's base are exactly the issues that are alienating younger voters," said Ross Baker, a political scientist at Rutgers University in New Brunswick, New Jersey. ``Across a broad swath of social issues, younger Americans see the administration as being out of line with what they believe."

The war in Iraq is also a major factor driving down public opinion among young voters, said Hans Riemer, political director at Rock the Vote, a group that works to get young people involved in civic life.

``Young people take it very personally," he said. ``They feel like it's their generation that's been asked to sacrifice."

One poll participant, K.C. Chojnacki, an 18-year-old starting her first year in college, expressed those concerns in a follow-up interview. ``I disapprove mostly because I don't agree with the war," said Chojnacki, who is from Andover, Minnesota. ``We're going to have to deal with the repercussions, like having to pay for it."

Iraq Support Wanes

In October 2003, 40 percent of college students supported either sending more troops to Iraq or keeping the number of troops the same, according to a survey by Harvard University's Institute of Politics in Cambridge, Massachusetts. By March 2006, just 26 percent supported these measures, according to another poll by the same institute, which has collected data on college voters since 2000.

The Harvard surveys also showed an erosion of Republican support among college students. In the 2003 poll, 31 percent identified themselves as Republicans and 27 percent as Democrats. By 2006, 32 percent of college students said they were Democrats and 24 percent Republicans.

The Harvard polls surveyed 1,200 college students and had a margin of error of 2.8 percentage points.

Disillusioned

David Kirby, executive director of the Washington-based America's Future Foundation, which says it exists to groom young libertarian and conservative leaders, said the president's low approval rating reflects disillusionment with politics, not Bush or the Republican Party.

``It's overly simplistic to say people hate Bush, people hate the war," Kirby said. While ``Republicans could do a better job" winning over young Americans, Kirby said, ``Democrats aren't offering ideological vision for the future that's exciting to young people."

Riemer cited ``a lack of any real attention at the White House and Congress to issues that really do concern young people, like education and jobs."

The Bloomberg/Los Angeles Times poll found Bush got slightly higher approval ratings from religious young Americans than from those who consider themselves non-religious.

For example, 26 percent of those age 18 to 24 who consider themselves religious approve of the job Bush is doing, compared with 12 percent of those who say they are non-religious. The poll surveyed 811 adults aged 18-24 and 839 minors aged 12-17. It was taken June 23 to July 2 and has a margin of error of 3 percentage points.

If early indications are a guide, Bush and the Republicans also have a challenge with the next wave of young voters. The poll found his approval rating was 21 percent among those age 12 to 17, with 44 percent disapproving and 35 percent having no opinion.

Contempt For Congress (WP)

By David S. Broder

DOJ_NMG_0044994

The Washington Post, August 8, 2006

CHARLESTON, S.C. -- The nature of their jobs keeps governors in close touch with the moods of their states' voters. There's little insulation for them; constituents unload their gripes and grievances with few inhibitions.

That's why I was so struck by the tone of the conversations among the governors of both parties who gathered here over the weekend for their annual summer conference. The common theme in interviews and informal comments was one of utter disdain for Congress.

Never mind that most of the governors are Republicans and that Republicans control the House and Senate. Never mind that a decade ago, when Republican control of Congress was still brand-new, the governors of both parties believed that the golden age of federal-state relations had arrived. Back then, with former governor Bill Clinton in the White House, with Newt Gingrich as speaker of the House, and with Senate Majority Leader Bob Dole eager to enlist help from governors for his 1996 presidential campaign, the governors found the welcome mat spread for them everywhere in Washington.

In short order, they saw Congress pass, and Clinton sign, a historic welfare reform bill based on models developed in Wisconsin and other states. Legislation on education, health care and other domestic fields reflected other agendas that came out of the National Governors Association (NGA). Congress even promised it would stop passing bills that required extra spending by the states without reimbursement. It was nirvana, the governors thought.

Today, Republicans still dominate the statehouses and Congress, and another former governor, George Bush, sits in the White House. But relationships between the governors and Washington are poisonous.

Not a single figure from Capitol Hill was invited to address the meeting that concluded here on Monday. If anyone had come, his ears would have been burning.

Mike Huckabee of Arkansas, a Republican and the retiring chairman of the NGA, set the tone. "What upsets us," he said in an interview, "is the same thing that frustrates our voters. Whatever problem you're concerned about, all you see in Washington is gridlock."

Janet Napolitano of Arizona, the Democrat who succeeded Huckabee on Monday as the NGA chairman, echoed his words. "They're just not getting it done," she said of Capitol Hill. "Immigration is the biggest issue in my state. A million people are marching in the streets. States are spending hundreds of millions trying to cope with the influx. So they pass two bills, and they won't even go into a meeting room to put them together. It's ridiculous!"

The refusal of the Republican leadership to call a conference to reconcile the competing House and Senate immigration bills is one symbol of what Huckabee calls a "dysfunctional" Congress. In the states, he said, governors of both parties have learned to work with each other -- and across partisan lines at home -- to get things done.

Not so in Washington. Mitt Romney, the Republican governor of Massachusetts, said his wife, Ann, has likened the spectacle of Congress to "two guys in a canoe that is headed for the falls, and all they do is hit each other with their paddles."

Romney said that considering what has been happening on energy prices, health care and other worries, "the bickering is becoming more and more dangerous because the current is sweeping us toward the falls."

To take one final example, New Mexico Democrat Bill Richardson said, "Congress has gone from unresponsive to hopeless. On everything from the minimum wage to immigration to energy, they've just given up. No one expects anything from them."

Why has it taken this turn? The governors' sense is that Bush is so preoccupied with Iraq and other international crises that he gives short shrift to Congress and domestic problems. The White House made no visible presence at this meeting.

As for Congress, Huckabee blames budget pressures and a kind of political myopia for the frequent actions that he says damage the states and distort the federal system. Far from honoring the pledge to stop passing unfunded mandates, Congress has socked state and local governments with major new obligations -- such as requiring motor vehicle bureaus to check for citizen status -- while treating them merely as "satellite offices" of the federal government, Huckabee complains.

But beyond these turf battles, the biggest indictment of Congress is simply that it is paralyzed. The sense that voters see Washington as gridlocked is one factor fueling the hopes of the governors eyeing the presidency in 2008 -- men such as Romney, Richardson, Huckabee, Iowa Democrat Tom Vilsack and New York Republican George Pataki. All of them are gambling that a frustrated electorate will turn to an outsider for help.

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Liberal McCarthyism (WSJ)

By Lanny J. Davis

The Wall Street Journal, August 8, 2006

WASHINGTON -- My brief and unhappy experience with the hate and vitriol of bloggers on the liberal side of the aisle comes from the last several months I spent campaigning for a longtime friend, Joe Lieberman.

This kind of scary hatred, my dad used to tell me, comes only from the right wing -- in his day from people such as the late Sen. Joseph McCarthy, with his tirades against "communists and their fellow travelers." The word "McCarthyism" became a red flag for liberals, signifying the far right's fascistic tactics of labeling anyone a "communist" or "socialist" who favored an active federal government to help the middle class and the poor, and to level the playing field.

I came to believe that we liberals couldn't possibly be so intolerant and hateful, because our ideology was famous for ACLU-type commitments to free speech, dissent and, especially, tolerance for those who differed with us. And in recent years -- with the deadly combination of sanctimony and vitriol displayed by the likes of Rush Limbaugh, Ann Coulter and Michael Savage -- I held on to the view that the left was inherently more tolerant and less hateful than the right.

Now, in the closing days of the Lieberman primary campaign, I have reluctantly concluded that I was wrong. The far right does not have a monopoly on bigotry and hatred and sanctimony. Here are just a few examples (there are many, many more anyone with a search engine can find) of the type of thing the liberal blog sites have been posting about Joe Lieberman:

• "Ned Lamont and his supporters need to [g]et real busy. Ned needs to beat Lieberman to a pulp in the debate and define what it means to be an AMerican who is NOT beholden to the Israeli Lobby" (by "rim," posted on Huffington Post, July 6, 2006).

• "Joe's on the Senate floor now and he's growing a beard. He has about a weeks growth on his face. . . . I hope he dyes his beard Blood red. It would be so appropriate" (by "ctkeith," posted on Daily Kos, July 11 and 12, 2005).

• On "Lieberman vs. Murtha": "as everybody knows, jews ONLY care about the welfare of other jews; thanks ever so much for reminding everyone of this most salient fact, so that we might better ignore all that jewish propaganda [by Lieberman] about participating in the civil rights movement of the 60s and so on" (by "tomjones," posted on Daily Kos, Dec. 7, 2005).

• "Good men, Daniel Webster and Faust would attest, sell their souls to the Devil. Is selling your soul to a god any worse? Leiberman cannot escape the religious bond he represents. Hell, his wife's name is Haggadah or Muffeletta or Diaspora or something you eat at Passover" (by "gerrylong," posted on the Huffington Post, July 8, 2006).

• "Joe Lieberman is a racist and a religious bigot" (by "greenskeeper," posted on Daily Kos, Dec. 7, 2005).

And these are some of the nicer examples.

One Sunday morning on C-Span I debated Nation editor Katrina vanden Heuvel on the Lieberman versus Lamont race. Afterwards I received a series of emails -- many of them in ALL CAPS (which often suggests the hyper-frenetic state of these extremist haters) -- that were of the same stripe as the blog posts, and filled with the same level of personal hate.

But the issue is not just emotional outbursts by these usually anonymous bloggers. A friend of mine just returned from Connecticut, where he had spoken on several occasions on behalf of Joe Lieberman. He happens to be a liberal antiwar Democrat, just as I am. He is also a lawyer. He told me that within a day of a Lamont event -- where he asked the candidate some critical questions -- some of his clients were blitzed with emails attacking him and threatening boycotts of their products if they did not drop him as their attorney. He has actually decided not to return to Connecticut for the primary today; he is fearful for his physical safety.

I do not blame Joe Lieberman's political difficulties on the liberal blogosphere. Most Connecticut Democrats voting for Mr. Lamont are genuinely outraged at President Bush for his Iraq War policies. They are entitled to express that outrage by voting for him and against Sen. Lieberman on that basis alone, although Sen. Lieberman's record as a progressive Democrat and his opposition to President Bush not only on most domestic issues but also on the conduct of the war cannot be disputed -- despite egregiously distortive ads paid for by Mr. Lamont with $4 million of his own money.

Moreover, the support he gets from these haters should not be attributed to Mr. Lamont -- nor should he be blamed for their extremism, bigotry and intolerance. But he ought to denounce them. He hasn't as yet.

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Mr. Lamont and all other liberal Democrats should remember the McCarthy era and not fall into the trap of the hypocrisy of the double standard -- that it's not OK when Ann Coulter dispenses her venomous hatred, but it is OK when our side's versions of Ann Coulter do.

Mr. Davis, former special counsel to President Clinton between 1996-98, is the author of "Scandal: How 'Gotcha' Politics Is Destroying America," forthcoming from Palgrave.

More Rules, More Money (NYT)

By Jan Witold Baran And Robert F. Bauer

The New York Times, August 8, 2006

Washington

IN 1981, we sat down to lunch together, a lawyer for Republicans and a lawyer for Democrats, to ponder the state of our election law practices.

Though Watergate had spawned comprehensive campaign finance reform several years before, there were reports that the newly elected president might move to abolish the Federal Election Commission and cut back the overgrowth of regulations that sent clients our way. By the time coffee was served, however, we had concluded that the urge for campaign regulation would overwhelm conservative deregulatory ambitions.

How right we were! The decades since have witnessed a constant clamor for more reform and regulation, including the enactment of the McCain-Feingold campaign finance legislation in 2002.

Now, the Federal Election Commission is again a target for abolition. But only so it can be replaced by an even more powerful bureaucracy with expanded enforcement powers. In legislation designed by the irrepressible architects of McCain-Feingold, the proposed Federal Election Administration would be equipped to mete out swift justice, including hefty fines and "cease and desist" orders to wayward campaigns.

The new agency would shrink the F.E.C.'s six seats to a more nimble three, including a vastly more powerful chairman appointed by the president for a 10-year term. For good measure, nominees for the three seats would have to be unsullied by timely, real-world political experience; no recent candidates, party officials or — ouch! — election lawyers need apply.

Our law practices, which have grown tenfold since 1981, have certainly prospered from the seemingly unappeasable demand for reform. But it cannot be said that others — those active in the political process, or the public at large — have done nearly as well. The law is not only increasingly complex but, in many cases, counterintuitive, requiring ever more nuanced clarifications from regulators.

Some reformers genuinely believe that it is possible to drive money out of politics and still observe the command of the First Amendment. Others see practical advantages. Many politicians favored McCain-Feingold because it prohibited certain advertising that mentioned opponents' names, or because it authorized them to raise more money if they were challenged by wealthy, free-spending opponents. The bill also attempted to strike at "negative" political speech — known to ordinary Americans by its other name, "criticism"— by requiring candidates to publicly approve their ad content.

In 2004, the first election year during which McCain-Feingold was in effect, negative campaigns overwhelmed the government's efforts to discourage them, and fund-raising records fell beneath the frenzied pace of collections by candidates, parties and interest groups.

By 2005, a rash of scandals, including the Abramoff and Cunningham cases, had answered the question of whether this legal crusade would quash corruption.

The grand quest to rid politics of money never concludes; frustration with the results of reform invariably inspires fresh calls for more reform. In 2003 the Supreme Court narrowly ruled that Congress may actively legislate against the "circumvention" of campaign rules, an eerie acknowledgment that the laws, forever failing in their aim, must be continually amended.

Now that the presidential public financing system, once described as the "crown jewel" of reform, has lost significance and credibility — neither major party nominee in 2004 accepted public money in the primary — reformers want repairs to that system, as well. Suggestions include more money for government-financed education of increasingly indifferent voters, to encourage them to mark off more of their tax dollars for the presidential campaign fund.

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Meanwhile, there are states where campaign finance remains largely unregulated. Virginia, for example, has no contribution limits, no public financing, no prohibitions on corporate or union giving; it simply requires prompt disclosure of campaign income and spending. It does not appear that relatively laissez-faire campaign finance has left Virginia with a dysfunctional and corrupt government, certainly not of the kind alleged to be rampant in Washington.

Yet we are confident, as we meet still for the occasional lunch, that the argument for reducing regulation will not find much favor.

Partisans will continue to demand restrictions calculated to hurt their opponents or help themselves; the press will inveigh against the nefarious role of money in politics (without explaining how candidates are supposed to communicate, cost-free, with millions of voters); and "good government" groups will explain that we are just one or two reforms away from cleaner, brighter, more wholesome politics.

Perhaps, when at last the frustration and futility have proved too much, advocates of reform would consider joining us for lunch. After all they have done for us, we would be obliged to pick up the tab. But we all know who has been paying the price for three decades of misguided efforts at reform.

Bush Cautions On Lebanon Cease-fire (AP-Y)

By Nedra Pickler

AP2, August 8, 2006

President Bush said Monday any Mideast cease-fire must prevent Hezbollah from strengthening its grip in southern Lebanon, asserting "it's time to address root causes of problems."

Bush urged the United Nations to work quickly to approve a resolution to stop hostilities that have been raging between Israel and Hezbollah for more than three weeks and killing hundreds.

A draft resolution proposed by the United States and France faced opposition from Lebanon and other Arab nations because it would not call for the withdrawal of Israeli troops from Lebanon.

Bush indicated he wants Israel to stay until an international force is deployed that can assist Lebanon in taking over control of the southern part of the country, where Hezbollah's operations are based.

"Whatever happens in the U.N., we must not create a vacuum into which Hezbollah and its sponsors are able to move more weapons," Bush said in a joint news conference with Secretary of State Condoleezza Rice. "Sometimes the world likes to take the easy route in order to solve a problem. Our view is, it's time to address root causes of problems. And to create a vacuum is unacceptable."

Bush's remarks came in his first appearance since the draft resolution was circulated Saturday morning.

He and Rice spoke to reporters in a helicopter hangar on his ranch, where he is in the midst of a 10-day vacation, as one of the crickets that are so plentiful here hopped around at their feet.

Rice, who arrived here Saturday for talks with Bush, departed Texas to return to Washington.

"We understand that this has been a very emotional and indeed devastating and tragic set of circumstances for Lebanon and for Israel, and obviously the parties have views on how to stop this," Rice said.

"Their views are not going to necessarily be consonant about how to stop it," the secretary said. "The international community has a view. But of course we're going to take a little time and listen to the concerns of the parties and see how they can be addressed. "

Bush dressed in suit and tie for the press conference — a departure from the casual dress and more restricted media access that are typical at the ranch. In part, the appearance was designed to show the president is engaged even when he is away from the White House. But Bush has left the negotiations to Rice and other diplomats and has not spoken with the prime ministers of Lebanon or Israel about the U.N. resolutions.

"Condi is handling those conversations, and she's doing a fine job of doing so," Bush said.

The international force Bush wants would be authorized in a yet-to-be-drafted second resolution at the United Nations, a document the United States hopes will pass quickly after the cease-fire resolution.

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That first resolution calls for "a full cessation of hostilities" based on "the immediate cessation by Hezbollah of all attacks and the immediate cessation by Israel of all offensive military operations."

But it makes no explicit mention of an Israeli withdrawal, and it implicitly allows Israeli defensive operations.

"I understand both parties aren't going to agree with all aspects of the resolution," Bush said. "But the intent of the resolutions is to strengthen the Lebanese government so Israel has got a partner in peace."

Rice played down differences on the draft, saying it is a firm foundation that both sides can accept once "issues of timing and sequence" are worked out.

The resolution calls in the longer term for a buffer zone in southern Lebanon, which Hezbollah controls and where Israeli troops are now fighting. Only Lebanese armed forces and U.N.-mandated international troops — once they are deployed — would be allowed in the zone.

Bush indicated that the U.N. force would help enforce an arms embargo that would block any entity in Lebanon except the national government from obtaining weapons from abroad. That's aimed at blocking the sale or supply of arms to Hezbollah from Iran and Syria, which are believed to be the militia's main backers.

"This international force will help Lebanon patrol its border with Syria and prevent illegal arm shipments to Hezbollah," Bush said. "As these Lebanese and international forces deploy, the Israeli defense forces will withdraw."

Asked why the United States would not contribute ground troops to the international force, Bush compared it to the situation in Sudan's Darfur region. U.S. troops "would create a sensation around the world that may not enable us to achieve our objective," Bush said. He said U.S. troops would provide support to a U.N. ground force in Lebanon.

Bush Nixes Israeli Pullout (WT)

By Joseph Curl

The Washington Times, August 8, 2006

President Bush said yesterday that a U.N. resolution to end the Israel-Hezbollah war was needed as "quickly as possible," but he resisted a demand by Lebanon that Israeli troops immediately withdraw, prompting immediate condemnation from Arab leaders and stalling already slow negotiations.

From his ranch in Crawford, Texas, the president said, "We all recognize that the violence must stop," but again pressed for a long-term sustainable solution, not a quick fix.

"We will work with our partners to get the resolution laid down as quickly as possible," Mr. Bush said, with Secretary of State Condoleezza Rice at his side. But, he added, "Whatever happens in the U.N., we must not create a vacuum into which Hezbollah and its sponsors are able to move more weapons."

"Sometimes, the world likes to take the easy route in order to solve a problem. Our view is, it's time to address the root causes of problems, and to create a vacuum ... is unacceptable," he said.

Miss Rice said U.S. negotiators at the United Nations have a "strong basis for a cessation of violence," adding "It's going to be very important that the first resolution lay a quick foundation for a passage of a second resolution" establishing an international force for Lebanon.

As Israel intensified its strikes on Beirut and southern Lebanon, Miss Rice announced that she will head to New York today to continue negotiations with world leaders at the United Nations. She sought yesterday to placate Israel and Lebanon, saying she will "take a little time" to ease early objections to a proposed draft resolution for a cease-fire and a second resolution to call for the establishment of a peacekeeping force.

At the United Nations, the U.S. and France, authors of the draft resolutions, delayed action on the cease-fire measure to consider demands from Lebanon and Arab states over the withdrawal of Israeli troops. The draft calls for "a full cessation of hostilities" based on "the immediate cessation by Hezbollah of all attacks and the immediate cessation by Israel of all offensive military operations."

The U.N. Security Council was scheduled to take up the matter today, but members agreed to first meet a delegation of Arab foreign ministers, who warned the council at a meeting in Beirut not to adopt resolutions that do not call for an immediate Israeli withdrawal of forces. Council action is not expected until tomorrow at the earliest.

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Defending the Bush administration's refusal to call for a cease-fire, Miss Rice said a compromise cease-fire resolution was not possible immediately after violence broke out three weeks ago because it "would not have addressed any of these items that both sides know are going to have to be addressed if we're going to have a sustainable cease-fire in the future."

"So this has been time that's been well-spent over the last couple of weeks, that everybody agrees it's time to have a cessation. We're going to work a little bit more with the parties, and I think this resolution will be the right basis -- both to cease the hostilities and to move forward," she said.

Said Mr. Bush: "I understand that both parties aren't going to agree with all aspects of the resolution. But the intent of the resolutions is to strengthen the Lebanese government so Israel has got a partner in peace."

Israeli attacks killed at least 55 persons, including in an air strike on a crowded area in Shi'ite-dominated southern Beirut that destroyed a building and killed at least 15. Three Israeli soldiers were killed in battles with guerrillas in southern Lebanon as Israel expanded its ground offensive and moved farther into Lebanon.

Meanwhile, Lebanon announced that it would send 15,000 troops to the south, a move long demanded by the international community and one that could pave the way for amendments to the draft. Lebanon has not condemned Hezbollah, which is a part of the governing coalition, and has not sought to strike the terrorist group, which controls much of southern Lebanon.

Arab leaders objected to the draft resolution, which does not call for an immediate withdrawal of Israeli forces from Lebanon.

"The way it is done now in the present draft, it has a discriminatory tone, and we don't accept it," said Yahya Mahmassani, the Arab League's envoy to the United Nations. "The presence of Israeli soldiers on Lebanese soil means that this is an army of occupation, and therefore, we are back to square one."

Late yesterday, a new draft by the U.S. and France, in response to amendments proposed by Qatar, the only Arab nation on the Security Council, was circulated. The proposed changes include a call for Israeli forces to pull out of Lebanon once the fighting stops and hand over their positions to U.N. peacekeepers.

France's U.N. ambassador, Jean-Marc de La Sabliere, said he would "work today to improve the text" and "take into account the concerns of all," but defended the original proposal.

"We think the draft resolution we have proposed is a good one," he said.

John R. Bolton, the U.S. ambassador to the United Nations, also said he and his French counterpart are "still talking about possible changes we can make, based on developments in Lebanon today."

Bush Is Dealing From Position Of Weakness (LAT)

By Tyler Marshall And Alissa J. Rubin

The Los Angeles Times, August 8, 2006

WASHINGTON -- As the Bush administration seeks to negotiate a diplomatic end to the fighting in the Middle East, it finds it has a strikingly weak hand.

The war in Iraq, the halting U.S. efforts to respond to the Israeli-Palestinian stalemate, and now the fighting in Lebanon and Israel have led to unprecedented levels of anti-Americanism in the Arab world. Alliances with longtime Arab friends are strained, and the U.S. lacks relations with two key regional players: Iran and Syria.

"The Lebanon crisis is the end of the myth that we can tell the world what to do and they'll line up to do it," said Nancy Soderberg, a U.S. ambassador to the United Nations during the Clinton administration. "They are going to have to do real diplomacy."

Adding to the challenge is, remarkably, inexperience. Despite 5 1/2 years in office, Bush's foreign policy team has been involved in surprisingly few high-stakes negotiations in the region.

The draft U.N. resolution painstakingly crafted by the United States and the French over the weekend was a first effort at negotiating an end to the fighting in Lebanon. But it took a long week for agreement to be reached, despite U.S. officials' constant assertion that it was just a matter of details. In that week, many Lebanese civilians died, leading many in the region to believe that the U.S. cared little about their lives.

The landscape looks grim for serious diplomacy.

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Since U.S. forces captured Baghdad without a serious fight in the spring of 2003, fear of American military might has melted away as the soldiers and Marines were unable to control the insurgency or stem Iraq's escalating sectarian violence. The result has reduced America's aura of complete power and, with it, the ability to bend others to its will.

Successful diplomacy requires being able to broker between enemies by having the trust of both parties and enough force, moral and military, to enforce a deal. America's recent foreign forays have relied largely on force, and those victories have been short-lived and been unable to bring about the democracy they promised.

"In the Middle East, historically people always go with the strong horse, but we don't look like the strong horse anymore," said Martin Indyk, a former U.S. ambassador to Israel and now director of the Brookings Institution's Saban Center for Middle East Policy. "To Hamas, Hezbollah and Iran, we look like we're short of breath."

Added Rand Corp. counterterrorism specialist Bruce Hoffman: "If they felt threatened then, they are emboldened now."

The Bush administration also faces an unprecedented level of anti-American feeling in the Arab world, emotions driven in part by its image as an unquestioning supporter of Israel and also by allegations of torture and abuse against Muslim detainees in places such as Guantanamo Bay and Iraq's Abu Ghraib prison.

One survey conducted eight months ago by the polling group Zogby International in Egypt -- an American ally -- found that just more than 3 percent of those questioned had a "very favorable" opinion of the United States, while 71 percent had a "very unfavorable" view.

The result is a serious erosion of political goodwill and moral authority, both important components of diplomatic influence historically available to the United States.

Against this unsettling backdrop, a U.S. diplomatic offensive involving substantive negotiations to alter the map of the broader Middle East would be a first for Bush. While few American presidents have initiated greater change to the political landscape of the Middle East than has Bush, little of it has come through consensus-building or negotiated agreement.

Political transformation in Afghanistan and Iraq followed military invasions, the end of Syria's occupation of Lebanon came mainly through intense international pressure triggered by the assassination of the former prime minister, and gradual expansions of political pluralism in countries such as Egypt came from high-profile rhetoric and a firm political nudge.

"This administration doesn't do diplomacy well," said Judith Kipper, a Middle East specialist at the Council on Foreign Relations. "They are like the Arabs: They say something and think it's been done."

In addressing the long-simmering Israeli-Palestinian dispute, the White House has not turned to a special U.S. special envoy or bouts of intense shuttle diplomacy like that employed by previous administrations to achieve breakthroughs. Instead, Bush chose to swing behind former Israeli Prime Minister Ariel Sharon's unilateral approach to carve a separate, independent Palestinian state out of the West Bank and Gaza, on Israeli terms.

The White House sees the struggle in the region fundamentally as one between the forces of good and evil -- terrorism and freedom. That, coupled with Bush's own sense of mission to defend Israel and spread democracy to the region, leaves little room for the kind of compromise required for effective diplomacy, experts say.

"The U.S. has to begin to start thinking of gray resolutions that would end the current conflict and keep that border quiet for years," said Paul Salem, director designate of the Carnegie Endowment for International Peace Middle East Center in Beirut, Lebanon.

Those who have been involved in the administration's decision-making process say there is little airing of contrary views.

Lawrence Wilkerson, who served as former Secretary of State Colin L. Powell's chief of staff and has charged that Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld dominate national security issues, said neither displayed an inclination for the tiresome work of diplomatic consensus-building.

"Powell tried on a number of occasions to rub him (the president) the other way, but if you have the president leaning one way and the vice president leaning the same way, there's not a lot you can do," Wilkerson said.

A sense that Bush's strong backing of Israel has cost the United States its image as an honest broker between Arabs and Israelis has led some of the State Department's most experienced Arab world experts to leave government. Others, viewed as overly sympathetic to Arab arguments, have been transferred to other responsibilities.

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"Those are the people who would be mounting limited dissent, dissent that would be in Condi's face, telling her what the (political) costs of this kind of policy is in the Arab world," Wilkerson said, referring to Powell's successor, Condoleezza Rice. "Those voices aren't there."

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Whatever foreign policy team the U.S. fields, exerting its influence won't be easy.

At first, Iran and Syria were visibly shaken by America's invasion of Iraq and worried they might be next on the administration's agenda. They no longer see such a danger. Similarly, in the wake of the invasion, Islamic militant groups such as Hezbollah and Hamas reduced militant activities and talked of joining a political process, but now have resumed the fight.

The perception of American indifference to Arab suffering has only hardened during the current conflict as the administration consistently rejects calls for an immediate, unconditional cease-fire, insisting instead that any such move include the outlines of a lasting political settlement.

Although Rice and others have defended the move as necessary to break the cycle of violence that has gripped the region for decades, it has been widely viewed in the Arab world -- and elsewhere -- as a cynical delaying tactic to allow Israeli forces to degrade Hezbollah's fighting capabilities.

The backlash has been so intense that Rice's abrupt departure from the region last week after an Israeli airstrike killed at least 28 Lebanese civilians was caused in part because she had few other places where she could go. Even three normally pro-American Arab governments -- Egypt, Jordan and Lebanon -- signaled that public emotions were running too high for Rice to come. (A State Department official, who declined to be identified by name, said Rice had not considered a stop in Amman, the Jordanian capital.)

"The people back home and in all Arab countries are really outraged about the course of events," said Egypt's U.N. ambassador, Maged Abdelaziz. "It is as if the Lebanese people should die to protect Israel."

Marshall reported from Washington and Rubin from New York. Times staff writer Greg Miller in Washington contributed to this report.

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Lebanese PM Rejects U.N. Cease-fire Plan (AP-Y)

By Zeina Karam

AP2, August 8, 2006

The Lebanese prime minister rejected a U.N. cease-fire plan backed by President Bush, demanding on Monday that Israel immediately pull out from southern Lebanon even before a peacekeeping force arrives to act as a buffer between Hezbollah and the Jewish state.

Prime Minister Fuad Saniora's stand, delivered in a tearful speech to Arab foreign ministers, came on a day in which 49 Lebanese were killed — one of the deadliest days for Lebanese in nearly four weeks of fighting.

His Cabinet, which includes two Hezbollah ministers, voted unanimously to send 15,000 troops to stand between Israel and Hezbollah should a cease-fire take hold and Israeli forces withdraw south of the border. The move was an attempt to show that Lebanon has the will and ability to assert control over its south, which is run by Hezbollah, the powerful Shiite Muslim militia backed by Syria and Iran.

In Texas, Bush said any cease-fire must prevent Hezbollah from strengthening its grip in southern Lebanon, asserting "it's time to address root causes of problems." He urged the United Nations to work quickly to approve a U.S.-French draft resolution to stop the hostilities.

Clashes between Israel and Hezbollah have sharply intensified in recent days as cease-fire diplomacy gains traction after nearly a month of unproductive talks. The cease-fire plan now under scrutiny at the United Nations has drawn only lukewarm support in Israel and vilification in the Arab world. Neither Israel nor Hezbollah has found an incentive to stop fighting, and both may be trying to gain advantage on the ground before a cease-fire.

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At least 52 people died Monday on both sides. Hezbollah fired 160 rockets, wounding five Israelis, police and rescue services said. Three Israeli soldiers were killed in combat in south Lebanon, the first in an exchange of fire with Hezbollah fighters and the two others by an anti-tank missile, the Israeli army said.

With Arab League foreign ministers assembled around a horseshoe table, the embattled Lebanese leader repeatedly interrupted his opening address to gather his composure and wipe away tears. The foreign ministers cast their eyes downward in apparent embarrassment.

But Saniora's impassioned appeal did not change minds in Israel, where hospitals in the war zone were working around the clock and under rocket fire to protect patients from harm — in some cases moving them into a basement. The defense minister threatened an expanded ground operation if diplomacy does not produce results soon.

"I gave an order that, if within the coming days the diplomatic process does not reach a conclusion, Israeli forces will carry out the operations necessary to take control of rocket launching sites wherever they are," Israeli Defense Minister Amir Peretz said.

Justice Minister Haim Ramon said Israel could not withdraw before the arrival of an international force. "The moment we leave, Hezbollah will return."

Lebanon has been unable for nearly two years to implement a U.N. resolution calling for the disarmament of Hezbollah.

The U.N. resolution calls for "a full cessation of hostilities" based on "the immediate cessation by Hezbollah of all attacks and the immediate cessation by Israel of all offensive military operations."

But it makes no explicit mention of an Israeli withdrawal, and implicitly allows Israeli defensive operations. Instead, it calls in the longer-term for a buffer zone in southern Lebanon — which Hezbollah controls and where Israeli troops are now fighting. Only Lebanese armed forces and U.N.-mandated international troops would be allowed in the zone.

France's U.N. ambassador, Jean-Marc de La Sabliere, promised Monday to take into account Lebanon's concerns that the resolution does not seek the withdrawal of Israeli troops. But he did not say whether France was prepared to add such language to the text.

Washington and Paris were expected to circulate a new draft later Monday, in response to amendments proposed by Qatar, the only Arab nation on the Security Council, and other members, diplomats said.

The proposed changes include a call for Israeli forces to pull out of Lebanon once the fighting stops and hand over their positions to U.N. peacekeepers. Arab states also want the U.N. to take control of the disputed Chebaa Farms area, which Israel seized in 1967.

"We need today pressure on the international community for a Security Council resolution that imposes a comprehensive and permanent cease-fire that provides simultaneously for a complete Israeli withdrawal," Saniora said at the hastily arranged Arab League gathering in Beirut.

The Arab foreign ministers announced they would send a delegation to the U.N. to represent Lebanon's interests at a meeting with the Security Council on Tuesday. The timing of the meeting means the council probably would not adopt a resolution until Wednesday at the earliest.

Saniora said Lebanon was "stunned" by the devastation of the Israeli offensive, which had taken "our country back decades. We are still in the middle of the shock."

Israel, reeling from 15 deaths in Hezbollah rocket strikes a day earlier, fought back with particular ferocity Monday.

A sunset airstrike on a south Beirut suburb killed at least 10 people in the predominantly Shiite district of Chiah. At least eight strikes rattled the capital in the one-hour period before dawn.

To the east, Israeli warplanes staged bombing runs on suspected Hezbollah positions in the Bekaa Valley, killing at least eight people and wounding 32, witnesses and civil defense officials said.

In the south, Israeli commandos helicoptered down to a hill overlooking Ras al-Biyada at mid-afternoon, fighting Hezbollah in close combat in a bid to destroy rocket launchers. About 30 commandos battled the guerrillas, but there was no word on casualties, a Lebanese official said on condition of anonymity because he was not authorized to speak to the press.

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Almost all the ground battles have taken place south of the Litani River, some 18 miles north of the Israel-Lebanon border. The Israeli army said it declared an indefinite curfew beginning Monday night on the movement of vehicles south of the Litani. Humanitarian traffic would be allowed, but other vehicles would be at risk if they ignored the order, the army said.

The Israelis want to destroy the guerrillas' rocket launchers, but Hezbollah has other weapons in its arsenal.

The Israeli air force shot down a Hezbollah drone for the first time Monday, sending its wreckage plunging into the sea, the army said. Israeli media reported that the unmanned aircraft had the capacity to carry 90 pounds of explosives, nearly as much as the more powerful rockets Hezbollah has been firing into Israel. Unlike the rockets, the drone has a guidance system to for accurate targeting.

Arabs Seek Changes To Peace Plan (FT)

By William Wallis, Sharmila Devi And Jonathan Birchall

Financial Times, August 8, 2006

Seventeen foreign ministers of the Arab League on Monday threw their weight behind the government of Lebanon, calling for substantial changes to the US-French peace plan to halt the conflict between Israel and Hizbollah, the militant Lebanese movement.

The Arab states announced the immediate despatch of a delegation to the United Nations Security Council in New York to negotiate changes in the draft resolution that proposes a "cessation of hostilities".

The move came as the Lebanese army called up reservists, in a move towards possible deployment of troops on the Israeli border. In southern Lebanon and the Bekaa valley at least 40 were killed as the Israeli Defence Force stepped up operations inside the Lebanese border. In Beirut, at least 15 were killed and 30 injured as Israeli naval artillery bombarded the southern suburbs.

An Israeli army spokesman said three soldiers were killed in the Hizbollah stronghold of Bint Jbail, two by an anti-tank missile, and one in sniper fire. Three others were wounded in an attack on the border village of Houla, where 50 people were buried under rubble of a collapsed building. Initial reports of 40 dead were later corrected to say that one person was killed, and 50 dug out of the wreckage alive.

Israeli aircraft shot down a suspected Hizbollah drone – an unmanned spyplane – as it flew close to the border on Monday.

In Lebanon, aid workers warned on Monday that Israeli air strikes had cut off the last main supply route to the south where thousands of Lebanese are trapped near the fighting.

In Israel, Ehud Olmert, the prime minister, met army commanders and defence officials near the Lebanese border to discuss broadening the offensive. Amir Peretz, defence minister, said there could be an escalation if diplomacy failed in the next few days.

That seemed a real possibility, with Arab states closing ranks in opposition to what they see as a one-sided peace plan being put to the UN Security Council.

The Arab foreign ministers met on Monday in Beirut, before sending Amr Moussa, the Arab League secretary, to New York with the foreign ministers of Qatar and the United Arab Emirates, to seek amendments to the draft resolution. They heard an emotional address from Fouad Siniora, the Lebanese prime minister, pleading for an immediate ceasefire.

Lebanon has rejected the US-French proposal, saying it gives international cover for Israel's occupation of south Lebanon and paves the way for a long conflict.

In New York, French and US diplomats said they were prepared to consider further amendments to the text of their resolution in response to the Arab pressure.

However, there was little sign that the US would give ground on most of the main Lebanese demands. "Whatever happens in the UN, we must not create a vacuum into which Hizbollah and its sponsors are able to move more weapons," President George W. Bush told reporters at his ranch in Crawford, Texas.

Mideast Cease-Fire Snags On Arab Objections (WSJ)

By Yochi J. Dreazen And Guy Chazan

The Wall Street Journal, August 8, 2006

DOJ_NMG_0045004

Arab objections delayed a United Nations vote on the Bush administration's Mideast cease-fire proposal until tomorrow at the earliest, further slowing efforts to find a diplomatic solution to the violence.

Before the Security Council vote, the resolution drafted by the U.S. and France may undergo some far-reaching modifications. While the two countries had hoped to introduce the resolution yesterday, they put those plans on hold after Lebanon and several other Arab governments called the proposal overly favorable toward Israel. The foreign ministers of Qatar and the United Arab Emirates, as well as Arab League Secretary-General Amr Moussa, are scheduled to address the Security Council today to detail their objections to the draft resolution.

The upshot is that the diplomatic efforts to find a way past the bloodshed are getting bogged down just as the war between Israel and Hezbollah appears to be moving into a higher gear. That suggests the resolution may do little to bring the violence to a close anytime soon.

Both Israel and Hezbollah want the U.N. resolution to grant them victories they have been unable to achieve on the battlefield. As a result, the basic goal of any cease-fire proposal -- finding a way past the warfare that has killed hundreds of Lebanese and 97 Israelis -- is proving all the more challenging.

Israel, for instance, wants the U.N. resolution to force Hezbollah to return the soldiers the militant group kidnapped weeks earlier, something Israel itself has been unable to accomplish. Hezbollah wants the resolution to force Israel to withdraw from the large swaths of southern Lebanon it has captured in recent days despite the Shiite militia's attempts to repel the Israeli forces.

President Bush acknowledged the diplomatic difficulties yesterday, telling reporters at his ranch in Crawford, Texas, that he recognized Israel and Hezbollah both objected to elements of the cease-fire package. "I understand both parties aren't going to agree with all aspects of the resolution," he said.

He stressed there was broad international agreement that whatever package was ultimately approved by the U.N. would have to provide a way for Lebanon to deploy its army -- with the help of the international peacekeeping force -- into southern Lebanon to prevent Hezbollah from operating freely there.

The diplomatic efforts led by France and the U.S. envision a two-stage process for ending the violence. First, the two countries would introduce the draft resolution calling for an immediate "cessation of hostilities" as Hezbollah stops all of its attacks on Israel while Israel halts its "offensive military operations" against the Shiite militia. Under the resolution, the largely ineffectual U.N. peacekeeping force that is already deployed in Lebanon would monitor the truce.

The resolution also lays out the principles meant to lead to a permanent political settlement and lasting cease-fire, but it doesn't require Israel to withdraw its soldiers from Lebanon, a key source of the Arab unease.

The initial resolution would be followed in a few weeks by a second Security Council resolution authorizing the creation of a large, heavily armed force of multinational peacekeepers that would be charged with separating the two warring sides and disarming Hezbollah.

Winning international approval for even the first stage of that diplomatic process, however, is proving extremely difficult. A U.S. diplomat said the U.S. and France were surprised by the ferocity of the Arab opposition to the cease-fire resolution, which the two countries announced on Saturday after a week of talks between Washington and Paris. The U.S. and France had initially planned to introduce the resolution for a vote yesterday, but backed off after Qatar, the only Arab country on the Security Council, said it would demand several substantive amendments, the U.S. diplomat said.

The biggest of the changes would be a call for Israel to pull out of Lebanon once the fighting stops and hand its positions inside the country to the U.N. peacekeepers already deployed in Lebanon. Arab governments also want the U.N. to take control of the controversial Shebaa Farms border region, which Israel seized in the 1967 Arab-Israeli war, as a prelude to giving the land to Lebanon.

Israel is certain to oppose both proposed amendments, since it sees the existing U.N. force as ineffectual and is loath to give Hezbollah the propaganda victory that a withdrawal from the Shebaa Farms would deliver. U.S. officials say they are open to making minor changes to the proposed resolution, but generally supported Israel's position that the Arab amendments go too far.

Israel has reacted more positively to the cease-fire resolution, though it hasn't formally accepted the draft resolution. "We've been studying it, and so far we have some questions," said government spokesman Avi Pazner.

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Israeli press reported over the weekend that the cabinet was happy with the draft, saying it gave Israel latitude to continue defensive operations against Hezbollah if the group didn't halt its attacks. The draft also calls for the immediate release of the two soldiers kidnapped July 12 without demanding Lebanese prisoners held in Israeli jails be released in return, and it doesn't require Israel to relinquish Lebanese territory.

Israeli officials do, however, have some reservations. Israel fears any suggestion that it will have to cede territory like the Shebaa Farms to Lebanon in a future settlement will be seen as a victory for Hezbollah. It also strongly objects to the Arab League proposal that it turn over positions in Lebanon to the United Nations Interim Force in Lebanon, or Unifil.

"This is ridiculous," says Mr. Pazner. "Unifil has shown that it's not a serious, effective operation. It would be tantamount to handing our positions to Hezbollah."

In a sign that fighting could escalate, Israel dropped leaflets declaring an indefinite curfew on the movement of vehicles in Lebanon south of the Litani River, warning civilians that they would be in danger if they took to the roads.

Mixed Message In Volatile Mideast, U.S. Finds A Use For Old Autocrats (WSJ)

By Neil King Jr. And Yasmine El-rashidi

The Wall Street Journal, August 8, 2006

Last summer, Secretary of State Condoleezza Rice delivered an emotional speech in Egypt now regarded as a high-water mark of the Bush administration's push for democracy in the Middle East.

"There are those who say that democracy leads to chaos or conflict or terror," she told a packed house at Cairo's American University in June 2005. "In fact, the opposite is true: Freedom and democracy are the only ideas powerful enough to overcome hatred and division and violence."

Today, the question confronting Ms. Rice is this: How much hatred, division and violence can the region bear en route to this promised new era?

With radicalism on the rise and battles flaring from Beirut to Baghdad to Gaza, the Bush administration's quest for democracy in the Middle East is literally under fire. So while Ms. Rice portrays the fighting in Lebanon as "the birth pangs of a new Middle East," the administration is also showing new eagerness to maintain pillars of the old Middle East -- particularly America's steadiest allies in the region, the autocracies of Egypt, Jordan and Saudi Arabia.

Last month, Ms. Rice delayed her departure to the Middle East to meet with Saudi Arabia's foreign minister, Prince Saud al-Faisal, who received an unusual Sunday audience with President Bush. Ms. Rice went on to praise Egypt, Jordan and Saudi Arabia repeatedly during her trip. Hosni Mubarak, president of Egypt for 25 years, is back in Washington's good graces, after being chastised last year for his country's lackluster embrace of democratic change. Mr. Mubarak's son and heir-apparent was recently hosted by the administration, which also tamped down a congressional attempt to cut funding to the country.

"There's been a very loud sigh of relief within the White House...that there are still some stable, highly centralized countries in the region to turn to," says Aaron Miller, a veteran Middle East adviser to four administrations -- including the current one. He now works at the Wilson Center, a Washington, D.C., research institution.

It was Israel's bombardment of Lebanon, designed to cripple the Hezbollah militant group, which most recently underscored America's need for friends in the region. At the fighting's onset, the Bush administration relied heavily on support from Egypt, Jordan and Saudi Arabia, whose governments were quick to criticize Hezbollah's attacks on Israel. During the past week, however, these three countries have become significantly more critical as the unrest worsens.

The violence in Lebanon also highlighted what critics say are contradictions in the Bush democracy quest. For one, the administration now has to rely on autocratic leaders as it pursues its goal of ridding the region of autocratic leaders. Moreover, the region's worst unrest is in the three places Washington has pushed hardest for democratic change: Iraq, Lebanon, and the Palestinian territories.

Recent elections in all three places have led to a strengthening of strongly Islamic parties, including Hezbollah in Lebanon, which picked up 14 seats in the 128-seat Lebanese parliament, and Hamas in the Palestinian territories, which swept January elections and now controls the government. The results also enhanced the influence in all three places of Iran's hard-line Shiite leadership, much to the alarm of its rivals in the Sunni capitals of Cairo, Amman and Riyadh.

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Robert Malley, a former Middle East adviser to President Clinton, says only two countries -- for very different reasons -- have openly pushed to upset the region's status quo in recent years: the U.S. and Iran. "And right now, it's pretty clear that Iran is winning," he says.

The Bush administration dismisses the idea that its push for democratic change has fueled the current turmoil. "I hear this amazing kind of editorial thought that says all of a sudden Hezbollah has become violent because we're promoting democracy," Mr. Bush said soon after fighting broke out in Lebanon, dismissing suggestions the region wasn't ready for full political freedoms.

In remarks to reporters yesterday, President Bush said his Mideast policy is a clear break from that of his predecessors -- and the only salvation for a troubled region. "As far as this administration is concerned, we clearly see the problem and we're going to continue to work to advance stable, free countries," he said while on vacation in Crawford, Texas. "Admittedly, this is hard work because it flies in the face of previous policy, which basically says stability is more important than form of government. And as a result of that policy, anger and resentment bubbled forth with an attack, with a series of attacks, the most dramatic of which was on September the 11th."

The president's top diplomat says critics need to take the long view. The current chaos, Ms. Rice argues, could be a necessary stage for creating long-term stability. "I'm a student of history, so perhaps I have a little bit more patience with enormous change in the international system," Ms. Rice told reporters recently. "It's a big shifting of tectonic plates, and I don't expect it to happen in a few days or even in a year."

Early in the democracy project, the administration had cause for encouragement despite an array of skeptics. Palestinians picked a moderate, Mahmoud Abbas, as their president in January 2005. Iraqis risked attacks to line up to vote in two nationwide elections, first in January 2005 and then last December. And when Syria pulled troops out of Lebanon, after years of interfering in its domestic politics, the country held its first free election in decades.

It also became clear that elections didn't immediately enhance U.S. interests or create stability. That is partly because Islamic groups offered by far the most organized and effective opposition to the old leaderships. The biggest shock came with Hamas's victory in the Palestinian parliamentary elections. The Bush administration, after pressuring Israel to allow Hamas to compete, was stunned by the results.

After that, the White House and senior officials in the State Department began to take a far more guarded stance on the usefulness of speedy elections. Nowhere is this new cautiousness more apparent, or more consequential, than in Egypt, a longtime U.S. ally and peacemaker in the region. It is also a driving force in Arab political and cultural life.

BIRTH PANGS

Recent Mideast elections have strengthened various Islamist groups:

• Hezbollah: Invited to join Lebanese governing coalition; controls two ministries

• Hamas: Won control of the Palestinian Authority, the quasi-government in West Bank and Gaza

• United Iraqi Alliance: Pro-Iran group took more than 40% of seats in parliament; controls key ministries such as finance and oil

• Muslim Brotherhood: Candidates it backed won a fifth of seats in the Egyptian parliament

In 2004, the Mubarak government came under U.S. pressure for the first time to open up its political system. Early the next year, Mr. Mubarak announced he would allow the country's first truly competitive elections.

The decision energized his opposition. Groups stepped up their activities, and hopeful demonstrations broke out on the streets of Cairo. The Muslim Brotherhood, an Islamic group officially banned from political activities, sponsored an unusually large number of independent candidates for parliament. A little-known group called Kefaya -- or "Enough" -- began mounting demonstrations several times a week.

U.S. support for democratic change seemed steadfast. Ms. Rice, in an unusual snub, called off a March trip to Cairo after the government arrested a leading opposition figure and potential presidential candidate, Ayman Nour. The administration then signed off on the first-ever U.S. grants given directly to Egyptian pro-democracy groups. Two months later Ms. Rice gave her speech in Cairo.

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But by the summer, U.S. uneasiness over the popular unrest in Egypt began to grow. The Egyptians were spooked, too. Government security forces beat protesters and clamped down on activists and journalists. A renewed spate of terrorist bombings gave Mr. Mubarak more cause for his security crackdown.

Amid restrictions on who could run and how candidates could campaign, Mr. Mubarak secured a fifth term as president with relative ease. But the parliamentary election -- conducted in three rounds in September, November and December -- was plagued with problems. Riot police barricaded some voting stations, forcibly preventing voters from entering. Human-rights groups and the Egyptian judiciary alleged that ballot-rigging was rife.

Violence intensified approaching the second round of elections in November. In the end, the Muslim Brotherhood's candidates won 88 seats in parliament, up from 17 in the 2000 election, forming the largest single bloc of opposition seats in modern Egyptian history. Mr. Mubarak's National Democratic Party took 230 seats of 454. While the ruling party retained its majority, for many the elections indicated the pro-Islamist direction Egypt might turn if left to its own devices.

The Hamas victory two months later caused the White House to ratchet back even further its criticism of the Mubarak government, especially its jailing and beating of protesters.

When Ms. Rice visited Cairo in February she sat down for nearly two hours with Omar Suleiman, Egypt's intelligence chief, who was the point man in a failed bid to get Hamas to modify its stance toward Israel. In remarks later that day Ms. Rice said Egypt had experienced "disappointments and setbacks" in its democracy quest but noted that the U.S. "can't judge Egypt. We can't tell Egypt what its course can or should be."

Asked about Egypt's political course in March, Mr. Bush echoed these sentiments. "I support an openness in the political process," he said. "I recognize that not everybody is going to embrace this concept of democracy and freedom as firmly as I'd like them to. But all of us have got to continue to advance progress."

Egypt's government-controlled parliament voted in April to extend some 25-year-old emergency laws that restrict civil liberties, a move long opposed by the U.S. The State Department was mild in its criticism and called the move "a disappointment."

Shortly after, Egyptians took part in another round of demonstrations to lobby for a more independent Egyptian judiciary. The accompanying violence peaked on May 18, when riot police and security men in plain clothes beat and kicked protesters with truncheons in central Cairo.

In the middle of the riots, the Bush administration secretly welcomed to the White House Mr. Mubarak's son and presumptive successor, Gamal. He is a controversial figure in Egypt because many believe he is being groomed to continue a Mubarak dynasty. During his brief stopover, many top administration officials managed to drop by for a visit, including President Bush, Vice President Cheney and Ms. Rice.

U.S. officials say that the visit has been misinterpreted. The administration took it as a chance to pass along U.S. concerns over recent government actions in Egypt, they say, and it was not intended as a tacit endorsement.

Later in May, some in Congress moved to cut aid to Egypt to register concerns over the country's backsliding on democratic reforms. As a sign of displeasure, lawmakers pushed to cut $200 million from the $1.75 billion in military and economic aid the U.S. will give to Egypt next year. The administration successfully opposed that move, arguing it would be counterproductive to alienate the Egyptian government at such a sensitive time.

"Our strategic partnership with Egypt is a cornerstone of U.S. policy in this region," the administration's top Middle East diplomat, David Welch, told a House panel recently in defending the spending. Mr. Welch, who was ambassador to Egypt until last year, ticked off a long list of key areas where the U.S. relies on Egyptian cooperation, from counterterrorism to a drive to keep Iran from acquiring nuclear weapons.

Many observers in Cairo note that the U.S.'s democracy push, and the resulting rise of Islamist fervor, has given the Egyptian government a ready-made reason to backtrack on its promises. "It's the same thing again. We take steps forward and then leaps back," says Ibrahim Hassan, an Egyptian lawyer who was involved in the demonstrations demanding more autonomy for the judiciary. "This time it's the perfect excuse -- the U.S. would never stand to allow the Brotherhood to take over Egypt."

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Hisham Kassem, the founder of Al-Masry El-Youm, an opposition newspaper, and a prominent critic of the regime, sees the easing of U.S. pressure in Egypt as basic realism. "The U.S. can't afford a collapse of the regime," says Mr. Kassem. "They can lobby and use certain leverage, but to bring down the regime is not an option."

Arabs Protest Moderate Leaders (WT/AP)

By Nadia Abou El-magd

The Washington Times, August 8, 2006

CAIRO -- As their anger against Israel and America swells, protesters across the Middle East are increasingly venting their frustration at their Arab rulers -- especially in moderate countries, where governments have been reliable U.S. allies.

Nearly four weeks of fighting between Hezbollah and Israel have added to a difficult summer of price increases, discontent over the bloodshed in Iraq and stalled democratic reforms. Angry at their governments, demonstrators are praising a new hero: Hezbollah leader Sheik Hassan Nasrallah.

"The whole region has been engulfed in anger since the war on Iraq more than three years ago," said Diaa Rashwan, an Egyptian analyst with the Al-Ahram Center for Political and Strategic Studies. "The frustration is just huge."

The rising resentment is weighing heavily on Arab leaders as their foreign ministers gathered in Beirut yesterday for an emergency meeting. Moderates such as Egypt, Jordan and Saudi Arabia may want a halt to the fighting, but they can't be seen as backing a U.S.-promoted cease-fire that Hezbollah has depicted as a surrender.

Even more worrisome for Arab leaders is that violence could turn on them. On Saturday, al Qaeda announced that an Egyptian militant group had joined the terror network. Although the group denied it, many fear that public anger could benefit militants across the region.

Demonstrators have denounced leaders of Egypt, Jordan and Saudi Arabia for blaming Hezbollah -- sometimes implicitly, sometimes overtly -- for starting the fighting by abducting two Israeli soldiers in a July 12 cross-border raid.

Three days of protests broke out last week among the normally quiet Shi'ite minority in Saudi Arabia, where demonstrations are rare. Although protesters were cautious not to criticize the ruling family, hundreds of Shi'ites waved posters of Sheik Nasrallah, chanting, "Oh Nasrallah, oh beloved one, destroy, destroy Tel Aviv."

Cairo has seen nearly daily demonstrations against Egyptian President Hosni Mubarak for what protesters see as his failure to support Hezbollah. On Sunday, demonstrators held up a poster of Mr. Mubarak with a Star of David on his forehead, labeling him "the enemy of the Egyptian people."

Last week, more than 1,000 protesters rallied in downtown Cairo, burning Israeli and American flags.

"Arab majesties, excellencies and highnesses, we spit on you," one banner read.

Similar protests have erupted in Jordan and Kuwait, where anti-U.S. demonstrations are rare.

Lebanon may be the spark, but there's plenty of tinder for the discontent, particularly the growing sectarian violence in Iraq and domestic economic strains.

Late last month, the Egyptian government reduced subsidies on gas, resulting in a 30 percent jump from 65 to 84 cents a gallon. Subway fares went up from 13 cents to 17. The increases angered many in a country where the average income is less than $1,400 a year.

Cash-strapped Jordan is wrestling with rising commodity prices after three consecutive fuel price increases in the past year.

Sheik Nasrallah, a Shi'ite, has emerged as a hero, even among some secular Sunnis in Egypt and Jordan. In Egypt, protesters and opposition newspapers compare him to the late Egyptian President Gamal Abdel Nasser, the Arab nationalist champion against Israel.

Some find the lionizing of the guerrillas alarming.

"Hezbollah took Lebanon hostage, and then came the tragedy we all know," wrote Lebanese columnist Dalal al-Bizri in the pan-Arab daily Al-Hayat on Sunday. "Ironically, as the number of victims increases, the party becomes more popular."

War And Diplomacy (WP)

The Washington Post, August 8, 2006

DOJ_NMG_0045009

ONCE AGAIN yesterday, the headlines on Lebanon were bleak. A proposed United Nations resolution drafted by France and the United States brought an angry reaction in Beirut and other Arab capitals. More people on both sides of the Lebanon-Israel border were killed or wounded. Israel threatened escalation in the absence of a diplomatic breakthrough.

Such a breakthrough may be out of reach -- but it shouldn't be, because most of the parties agree on the essential ingredients of a peace deal. Those have to include the deployment to southern Lebanon of the Lebanese armed forces in combination with a serious international force. Such a combined force would take over as Israeli troops withdraw and would prevent Hezbollah's militia from simply returning to the position it occupied a month ago -- and from which it was able to trigger this war. It was a hopeful and significant sign that the Lebanese government yesterday, amid all its angry rhetoric, agreed, without objection from Hezbollah, to send 15,000 troops south to accomplish such a mission.

If agreement can be reached on the substance of such a plan, some diplomatic details will become relatively unimportant. Whether a deal is accomplished with one U.N. resolution or two may not really matter; nor should things be held up on the question of whether the international force is considered an extension of the existing, feckless U.N. Interim Force in Lebanon (UNIFIL) or instead gets a new name. What does matter, though, is that the Israelis not be forced to withdraw until a serious new force arrives -- one that, unlike UNIFIL, is well-led, well-trained, and able and willing to stand up to Hezbollah. Such a force must deploy not only to the south but to the Syrian border as well, to prevent unauthorized arms shipments. Leaving a vacuum for Hezbollah almost guarantees renewed conflict, and neither the present U.N. force nor the Lebanese army acting alone can fill the vacuum.

Such an agreement would serve Lebanon's interest even more than Israel's. Hezbollah has sought to function as a political party inside Lebanon's democracy and as an independent armed force that subverts the very same democracy. Any cease-fire that allows it to continue to play both roles unimpeded is unlikely to endure for long.

The Cease-Fire Stakes (WSJ)

The Wall Street Journal, August 8, 2006

Prior to 9/11, no terrorist organization had killed more Americans than Hezbollah, which was responsible for the 1983 Beirut Marine barracks bombing, among other attacks. The outcome of Israel's current war with the "Party of God" remains very much in doubt. But the good news is that Israel is being given all the diplomatic cover it could have hoped for to strike a blow to the terror group and its Iranian patrons.

The U.N. cease-fire resolution for Lebanon offered on the weekend by France and the U.S. isn't everything we might like. But it does show a new international sobriety concerning the Hezbollah problem. While there are few sources of vocal support for Ehud Olmert's Israeli government, there does seem to be widespread recognition that a return to the status quo before Hezbollah attacked is unacceptable.

Thus the draft resolution would allow Israeli troops to remain in southern Lebanon and to act defensively should the Hezbollah rocket barrages continue. A second resolution would then be needed to create a multinational peacekeeping force whose mission would be to disarm Hezbollah, not just verify that it isn't launching Katyushas.

We doubt this or any other U.N. plan can succeed before Israel has done a lot more to degrade Hezbollah's military capabilities. But the U.S.-French approach is certainly far preferable to the kind of solution proposed by Secretary General Kofi Annan, which is essentially an unconditional Israeli cease-fire that would leave Hezbollah intact and ready to attack again whenever it chooses. For Hezbollah, this would be a major victory -- one that would damage both Israel and Lebanon for years to come.

Reaction to the Security Council text has certainly been clarifying. "This agreement is bad in every sense of the word," said Syrian Foreign Minister Walid al-Moallem, whose government effectively ran Lebanon until last year. President Bush gave the appropriate response yesterday at his Crawford ranch when he said that "Syria and Iran sponsor and promote Hezbollah activities." He added that the Syrians "know exactly what our position is. The problem is that their response hasn't been very positive. As a matter of fact, it hasn't been positive at all."

Harder to dismiss is criticism from the Lebanese government. But that mostly shows the extent to which Hezbollah -- with 14 parliamentary seats and violent tactics -- is a cancer on Lebanon and that country's nascent democratic process. "A state

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within a state" is an apt description for the group, whose prominence within Lebanon is akin to what Ireland would have been like if the IRA/Sinn Fein had been armed and powerful enough to launch rockets on English towns from Irish soil. Simply put, any Lebanese politician who resists Hezbollah now risks assassination.

Meanwhile, it's notable that few international voices have seconded Mr. Annan's calls for unconditional cease-fire. The U.S.-French resolution draft craftily goes in the opposite direction, calling on Mr. Annan to come up with suggestions for delineating Israel's border with Lebanon, which the U.N. already recognizes and only Hezbollah disputes.

One oversight in the resolution is the failure to mention -- or "decry" in U.N. language -- the use of civilians as targets or shields. This kind of "enemy combatant" behavior is Hezbollah's stock-in-trade, and it would be useful to have the Security Council declare that there is no moral equivalence between such tactics and military operations that seek to minimize civilian casualties. Nonetheless, the resolution clearly identifies Hezbollah as the aggressor and points to the solution -- the enforcement of prior Security Council Resolution 1559, which calls for Hezbollah to disarm and for the Lebanese government to deploy its Army in the southern part of its own country.

To be sure, plenty of obstacles remain should this U.S.-French proposal gain U.N. acceptance. A peacekeeping force might be hard to assemble given the likelihood it would become another target for Hezbollah. But as Secretary of State Condoleezza Rice pointed out yesterday, "We're trying to deal with a problem that has been festering and brewing in Lebanon now for years and years and years. And so it's not going to be solved by one resolution."

Short-lived cease-fires are as common as dictators in the Middle East, and they merely provide the illusion of peace. The Bush Administration has been widely criticized for practicing a diplomacy that shuns such a feel-good political fix, as if merely by declaring that "the violence must stop" the U.S. could make it so. Just as important, Mr. Bush has stood up to critics who claim that Israel's conflict with Hezbollah isn't part of the civilized world's larger struggle with terror. We imagine the relatives of the American and French peacekeepers who died in the 1983 Beirut bombings would agree with the White House on this one.

Start Talking (NYT)

The New York Times, August 8, 2006

When asked yesterday why the United States isn't talking with Syria about the Lebanon crisis, President Bush replied, "Syria knows what we think." That may be. But Syria is also unlikely to even consider doing what Mr. Bush wants — rein in Hezbollah and help halt the killing in Lebanon and Israel— unless its leaders know what potential rewards as well as punishments await them. And for that, the United States needs to offer a serious high-level discussion with Syria, and it needs to do it now.

Syrian President Bashar al-Assad is undeniably a bad actor — brutal, dishonest and less than competent. But he may also be more vulnerable to outside pressure, and inducements, than Hezbollah's other patron, Iran. Driving even the thinnest wedge between Syria and Iran would be a diplomatic breakthrough for a White House badly in need of breakthroughs. Even if the United States and France manage to pry a resolution out of the Security Council, unless Hezbollah is constrained there is little chance of actually deploying an international peacekeeping force, regaining Lebanon's sovereignty and building a stable peace.

Mr. Bush has always seen talking, by itself, as a reward. As a result, American diplomats have been barred from any serious contact with a host of bad and dangerous characters from Pyongyang to Tehran to Damascus. That cold shoulder may have made Mr. Bush feel righteous, but it hasn't done anything to choke off nuclear programs in Iran or North Korea. And it's not likely to persuade Syria to cut off shipments of rockets to Hezbollah, or accept international monitors on its border, or oust Iraqi Baathist financiers from Damascus — or any of the other things the White House wants Syria to do but refuses even to discuss with its leaders.

Of course, talking isn't enough. Mr. Bush's impulse, even when he agrees to talk, is to lecture and not listen. The White House will have to hear what Syria wants and consider what inducements might be worth offering in exchange for Syria's help.

That's not appeasement. That's negotiation. No one is suggesting Mr. Bush give away the store. At a minimum, however, Mr. Bush will have to start with a clear signal that what the United States wants is a change in Syria's conduct, not the overthrow of its regime.

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After much internal roiling, Mr. Bush grudgingly agreed to talk to North Korea and has signaled that the United States may also be willing to sit down with Iran. But in the time it has taken for him to come to those decisions, North Korea has churned out plutonium for even more bombs, while Iran is on its way to mastering the skills needed to produce weapons-grade uranium.

There is no guarantee that negotiations will persuade any of these countries to do what's right or even what's in their obvious self-interest. Mr. Assad is not known for personal courage or good sense. But the price for not trying to talk will be more fury toward the United States and our few remaining allies in the region. That's no reward.

Bush's Change Of Heart On The Middle East (LAT)

The Los Angeles Times, August 8, 2006

PRESIDENT BUSH WAS SLOW TO endorse an immediate cease-fire in Lebanon, and his explanation for the delay is hardly convincing: An earlier pronouncement would have been pointless, he said, because there was no consensus about how to deal with the "root cause" of the conflict. Yet even an "unsustainable" cease-fire a week ago could have spelled the difference between life and death for many innocent Lebanese and Israelis.

Still, those who favor a more cynical explanation — that Washington is acting now because Hezbollah has put up unexpected resistance against the Israeli army — should welcome the administration's change of heart. In asking the U.N. Security Council to adopt a French-U.S. resolution calling for an immediate "cessation" of hostilities, as opposed to a "cease-fire," Bush has regained the moral as well as the diplomatic high ground.

In an appearance Monday with Secretary of State Condoleezza Rice, the president explained that the cessation would be the first stage of a two-part process. In the first stage, the Security Council would adopt a cease-fire resolution that would also impose an embargo on the shipment of arms into Lebanon. A second resolution would provide for the deployment of the Lebanese army to the southern part of the country, where it would receive aid from an international peacekeeping force.

The challenge, and it's a formidable one, is to persuade the government of Lebanon to endorse, or at least accept, the resolution. Theoretically, Lebanon should welcome the disarmament of Hezbollah, which has created an armed faction in southern Lebanon reminiscent of the Palestine Liberation Organization's similar apparatus in the late 1970s and 1980s. But Beirut cannot be seen as buckling under to U.S. or Israeli pressure.

Initial criticism of the resolution by Lebanese Prime Minister Fouad Siniora suggests that changes may be necessary to win Lebanon's support. For example, the draft calls for "the immediate cessation by Hezbollah of all attacks." But it orders Israel to stop only "offensive" operations — a distinction that seems to create a loophole for Israel to engage in post-cease-fire operations that it could characterize as defensive.

Less valid is criticism that the cease-fire must be accompanied by the complete withdrawal of Israeli ground forces from Lebanon. After all, Hezbollah started this conflict — after Israel withdrew from Lebanon — and the government in Beirut was unable to restrain it. Beirut's attitude may be changing, however. On Monday the Cabinet approved sending 15,000 troops to the south in the event of a cease-fire.

It would be in Israel's interest to associate itself with Bush's promise Monday that "as these Lebanese and international forces deploy, the Israeli defense forces will withdraw." Diplomacy may yet provide Israel with the protection for its citizens that weeks of war have not achieved.

World Leaders Press On, But Path To Peace Is Uncertain (USAT)

USA Today, August 8, 2006

With civilians dying daily on both sides and the risk of a wider war, United Nations resolutions aimed at stopping the intensifying violence between Israel and Lebanon's Hezbollah guerrillas are worthy efforts that, if approved, would carry the weight of international opinion.

What they wouldn't do is guarantee a quick cease-fire, much less a long-term solution to what President Bush calls the "root causes" of the four-week conflict.

In the short run, there's little hope that wrangling diplomats can separate the region's two strongest and most determined enemies before they themselves want to stop.

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In a region where the perception of strength is crucial, Israel can't let itself be seen as weak or vulnerable. It wants to significantly degrade Hezbollah's ability to launch rockets and raids from Lebanon into Israeli cities, then prevent Hezbollah from rearming.

Hezbollah, meanwhile, has already withstood Israeli attacks longer than Arab armies did in the 1960s and 1970s. That has sharply raised the group's stature in Lebanon and the wider Arab world. Hezbollah believes it can win merely by surviving.

The U.N. resolution drafted by the United States and France calls on Hezbollah to immediately halt all attacks, and on Israel to immediately stop any "offensive military operations" — implying that Israel could respond if attacked. It does not call for Israel to immediately withdraw from Lebanon, which Lebanon and Hezbollah call a deal breaker.

A proposed second resolution would eventually authorize an international force to help the Lebanese army secure southern Lebanon, disarm Hezbollah and allow the Israelis to leave. Lebanon's Cabinet on Monday authorized sending 15,000 Lebanese troops to the border area once Israel pulls out, an offer that's intriguing if the troops would actually be willing to enforce a previously ignored U.N. resolution to disarm Hezbollah there.

Bush said repeatedly on Monday that the new resolutions are designed to address the underlying reasons for the conflict, but his root causes — Hezbollah's rogue state-within-a-state in southern Lebanon, its deliberate provocation of Israel — are entirely different from what Israel's enemies view as root causes: the very existence of Israel and its occupation of Palestinian territories.

Repeated wars have shown there is no purely military solution to Middle East violence. International pressure on all the combatants — including Hezbollah backers Syria and Iran — is an important precursor to peace, but one that will have limited impact as long as both sides believe they have ample reason to keep fighting.

Condi's Gambit: Hope For The Worst (WSJ)

By Bret Stephens

The Wall Street Journal, August 8, 2006

There are two ways to think of the U.N. Security Council's prospective cease-fire resolution for Israel and Lebanon: Either it is ill-designed for success or brilliantly engineered for failure.

Take the second possibility first. Israel has manifestly failed to destroy Hezbollah as a fighting force or humiliate it as a political one (all the while squandering its credibility by boasting to the contrary). Yet an Israeli military victory remains the best and likeliest way for the U.S. to achieve its basic strategic objectives in the conflict: dislodging Hezbollah from southern Lebanon; decapitating its leadership in Beirut; isolating its patrons in Damascus and Tehran. That will require two or three more weeks of fighting, assuming Israeli commanders can improve on their mediocre performance.

So it is with a sense of sippuk -- satisfaction -- that the draft resolution agreed to over the weekend by France and the U.S. is being greeted in Jerusalem. The resolution requires "the immediate cessation by Israel of all offensive military operations." But it does not require Israel to remove its forces from Lebanon, nor does it define the meaning of the term "offensive." As far as Israelis are concerned, all of their operations in and over Lebanon have been fundamentally defensive.

Best of all, from the point of view of Israeli military planners, the resolution also requires that Hezbollah halt its attacks. Fingers crossed, it won't, meaning Israel will resume full-scale operations after a brief lull in the fighting.

That's the likelier scenario, although as of this writing it's also possible the resolution will fall apart completely over Lebanese objections. Either way, it's a successful failure for the Bush administration and the government of Israeli Prime Minister Ehud Olmert. If the resolution fails, Israel pursues its military options at a quickened pace, helped by the fact that it has finally mobilized and deployed its reserves. If the resolution passes only to be met by a fresh barrage of Hezbollah missiles, then Israel will have demonstrated "who is for peace and who isn't," as Condoleezza Rice put it over the weekend.

But what if Hezbollah leader Hassan Nasrallah accepts and abides (at least for a while) by the resolution? The chance may seem remote, given Hezbollah's apparent rejection of the resolution, but the dangers are potent.

Consider the choice now before Mr. Nasrallah. As a matter of propaganda, he might prefer to keep the war going. He has been riding a wave of Muslim support that shows no signs of cresting. Even in Egypt, the cleric is compared to Gamal Abdel Nasser, the difference being that while Nasser was thrashed by Israel in less than a week, Mr. Nasrallah remains unbeaten and

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unbowed after nearly a month. For now, he is the symbolic leader of the Muslim world, bridging the gap between Sunnis and Shiites, secular nationalists and Muslim fundamentalists -- a latter-day Yasser Arafat in the garb of an ayatollah.

As a matter of strategy, however, Mr. Nasrallah would do well to exercise restraint. Politically, his stock can go no higher; if the war really ends tomorrow, he will emerge not only as the clear victor against Israel but as the de facto master of Lebanon. The international community will be required to consult, court and ultimately legitimize him as the details of this resolution -- as well as a subsequent one spelling out the remit of an international force for southern Lebanon -- are put into place. That could take weeks or months. In the meantime, Israel would lose the military and political initiative, demobilize its reserves and begin to withdraw its forces. The Lebanese government of Fuad Siniora, formerly an ally of the U.S. and an opponent of Syria -- would also be brought to heel, as it would be entirely dependent on Mr. Nasrallah's say-so to implement a resolution to which it is ostensibly a party.

Nor would Mr. Nasrallah be forced to abide by the terms of the resolution, which, on the face of it, are broadly hostile to his interests. The resolution demands that Hezbollah withdraw from its positions in southern Lebanon and that it disarm. It also imposes an international arms embargo on Hezbollah "except as authorized by its government" and demands the "elimination of foreign forces in Lebanon," which means not only Israel but also the hundreds of elite Iranian troops who have long trained and equipped, and in recent weeks fought alongside, Hezbollah.

But why should a resolution that merely regurgitates demands made, and never enforced, by the Taif Accords of 1989 and U.N. Resolution 1559 of 2004 succeed this time? How, given that the border between Syria and Lebanon is long, open and porous, can an arms embargo be realistically enforced? What happens if Mr. Siniora's government or its successor authorizes (or simply allows) the transfer of weapons to Hezbollah? Who is going to monitor the inflow of Iranian officers into Lebanon?

The answer to all this, supposedly, is that the Lebanese government, along with a "robust" multinational force, will provide the will and wherewithal to take on Mr. Nasrallah. This is a joke. The Lebanese will never defy Hezbollah unless it has already been crippled militarily. No patchwork of Swedish, Italian and French troops is going to risk the fate of previous multinational forces in the Levant in the name of Israel's security and another numbered U.N. resolution. Instead, they will stick to their garrisons and make themselves inconspicuous. When Hezbollah decides it is time for them to go, it will find a way.

Now the world is making a list (and checking it twice) to see who's naughty or nice. Mr. Nasrallah, who bided his time for six years between Israel's withdrawal from southern Lebanon and the attacks of last month, has demonstrated he's capable of being either. As for the U.S. and Israel, they are now in the unenviable position of hoping he says "No" and that their own resolution fails. They might spare a thought for the worst of all scenarios -- the one where Hassan Nasrallah says "Yes."

Israel Could Win The Peace, For Once (WSJ)

By Michael Oren

The Wall Street Journal, August 8, 2006

JERUSALEM -- Israel, it is often observed, wins wars but loses the subsequent diplomatic contests.

Though it has emerged victorious from at least five wars and two intifadas, Israel has been unable to transform those triumphs into peace and security -- its paramount diplomatic goal. Now for the first time, in Lebanon, Israel stands to fall short of achieving a decisive military outcome. Paradoxically, though, the current conflict may present the first case in which the absence of a total Israeli success on the battlefield results in a breakthrough for Israeli diplomacy. More propitiously, this war affords the world an unprecedented opportunity to establish a new paradigm for combating Islamic extremism. * * *

In its 1948 War of Independence, Israel defeated six Arab armies and yet at the end of the fighting merely achieved armistice agreements that denied it recognition and perpetuated the state of war.

In 1956, the Israel Defense Forces vanquished Egypt's Soviet-supplied army, but was then forced to evacuate Sinai and Gaza.

Israel's unqualified victory in the 1967 Six Day War produced United Nations Resolution 242, which, contrary to conventional belief, does not explicitly require Arab rulers to recognize the Jewish state even in return for territory.

Israeli forces rebounded from initial setbacks in the 1973 Yom Kippur War to rout the Egyptian and Syrian armies only to receive U.N. Resolution 338, a reiteration of 242. When, in 1982, Israel drove the PLO out of Lebanon, the Reagan administration

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responded with a plan for Israel to withdraw from the West Bank and Gaza. Israel quelled two Palestinian insurgencies but ended up retreating from Gaza and acceding to the creation of a Palestinian state.

Israel's inability to make military capital yield diplomatic dividends reflected the international community's reluctance to jeopardize its relationship with the Arab world and imperil its access to oil. Indeed, much of the world felt compelled to compensate the Arabs for their every defeat by qualifying, if not vitiating, Israel's diplomatic gains. This did not, however, prevent Western governments from tacitly applauding Israel for protecting moderate Middle Eastern regimes from Nasserists, Baathists and Islamists.

In pure military terms, Israel cannot win the current war in Lebanon. Even if its forces reach the Litani river and eject Hezbollah from all of southern Lebanon, rockets will continue to be fired at Israel from north of the river. Israel, which has proven incapable of eliminating the Qassam missile threat from Gaza, will not be able to destroy all of the medium- and long-range launchers in the vastly larger and more mountainous Lebanon. Victory can only be achieved by decimating the entire country, which Israel is morally and politically unable to do. But failure to defeat Hezbollah conclusively will guarantee that Lebanon becomes an armed outpost of Iran, threatening moderate regimes throughout the region -- a catastrophic consequence for the world.

Clearly, the United States and its allies can no longer rely on Israel alone to check the Iranian threat. Realizing that, the Security Council is poised to adopt a resolution laying the groundwork for the U.N.'s first-ever armed intervention in the Middle East. In contrast to the toothless peacekeeping missions that have impotently watched -- and sometimes inflamed -- Arab-Israeli borders, the proposed mandated force can expel all terrorist elements from the area between the border and the Litani, and enforce "an international embargo on the sale and supply of arms" to Hezbollah.

At the same time, Israel will receive the "unconditional release" of its kidnapped soldiers while, under Chapter VII of the U.N. Charter, reserving the right to "self-defense if an armed attack occurs." An incomplete military victory promises to produce an unprecedented diplomatic achievement for Israel and a new multinational machinery for confronting terror. * * *

These milestones will only be reached, of course, if the text of the resolution survives undiluted -- and if the Security Council members remain resolute in implementing its provisions. Countries contributing to the force must be committed to fighting Hezbollah and its supporters, who are certain to target its contingents. "It will be necessary for . . . Arab brothers . . . to put up resistance against them," the Syrian government has declared, "through various means and methods" (translation courtesy of Memri).

Special caution must also be taken to ensure that the intervening troops do not serve as a shield behind which Hezbollah can keep shooting at Israel. Attaining peace depends on the international force's determination to apply effective military power and conclude the campaign to neutralize Hezbollah.

If successful, the international intervention in Lebanon will serve as a model for future efforts at conflict-management in the Middle East. The U.N. is finally recognizing that certain governments in the region are either powerless or unwilling to reign in terrorist groups within their borders.

Acting on this realization may give rise to charges of neocolonialism: France, Turkey and Egypt, which have volunteered troops to the international force, have all occupied Lebanon in the past. But while the imperialist powers of previous centuries were spurred by the desire for prestige and profit, today's peacemakers aspire only to save a sovereign nation and safeguard their own security. At stake, they know, is not only Lebanon's integrity but also global peace.

Mr. Oren is a senior fellow at the Shalem Center, an academic research institute in Jerusalem, and the author of "Power, Faith and Fantasy: America in the Middle East: 1776 to the Present," forthcoming from Norton next year.

Israel's Way Out (LAT)

By Daniel Jonah Goldhagen

The Los Angeles Times, August 8, 2006

FOR THE SECOND TIME in the long history of the Middle East conflict, an enemy of Israel has effectively said: We do not care what you do.

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Hezbollah — in choosing not to return the two soldiers it seized on July 12, and in its bombardment of Israel — has declared that it does not care if its war-making leads Israel to attack Lebanon's cities, ruin that country's economy and kill its people. What matters most is inflicting damage on Israel, weakening its morale and goading it to a level of destruction that will incite the world's wrath. The Palestinians said as much with their second intifada and their suicide bombings. But this is different because Hezbollah's daily rainfall of rockets in Israel portends an intolerable military assault without end.

What can Israel do — what could any country do? — with such an enemy? Except for a desperate Saddam Hussein during the Persian Gulf War, other countries and armies that would have liked to destroy Israel did not target Israeli cities because they knew that Israel would intensely bomb Cairo, Amman or Damascus. Israel had deterrence. Had an enemy dared such an attack, Israel could have compelled it to stop by inflicting massive damage. With Hezbollah — and with Hamas as well — Israel's ability to deter attacks or to compel them to stop has been lost.

The third strategic means of dealing with an enemy — making a genuine peace — has not been possible because Hezbollah and Hamas are expressly committed to Israel's destruction. They see any cessation of hostilities as an interlude before further attack.

So Israel has adopted the fourth strategic possibility: to devastate its dangerous foe, which also would restore deterrence. Yet Israel has discovered that against combatants who look like civilians and whose rockets are hidden everywhere, it must fight longer and occupy and destroy much more of Lebanon than it may deem moral, wise or feasible. Even a future international force in southern Lebanon — the possibility of which is highly uncertain — may be incapable of thwarting Hezbollah and would still leave northern Israel in Hezbollah's rocket range.

What strategies remain? No. 5 is intolerable: living with ongoing, and probably increasing, rocket attacks into northern Israel and beyond. Hezbollah's leader, Sheik Hassan Nasrallah, promises that "there are many cities in the center [of Israel] which will be targeted in the phase of 'beyond Haifa.' "

The sixth option is to compel Hezbollah's suppliers and patrons — Syria and Iran — to end the terror. Neither country wishes a war with militarily superior Israel (Syria's saber rattling notwithstanding). If every Hezbollah missile into Israel produced Israeli retaliation against Syria, and possibly Iran (including its nuclear production sites), Syria and Iran would be forced to make Hezbollah stop. Obviously, this is a last-ditch option. It would escalate the conflict and increase international pressure on Israel to desist.

All of Israel's strategic choices are bad or ineffective or undesirable. And yet this last option would be the most likely to reestablish the deterrence critical to Israel's long-term survival — and to peace in the region — by demonstrating Israel's enduring power to compel an end of attacks. And it might prevent still more massive devastation of Lebanon.

Make no mistake: Israel is fighting for its life. It faces a historically new kind of fanatical foe, political Islam, which combines three characteristics: a political-religious ideology calling for its enemies' annihilation; indifference to, even the celebration of, its own people's death (because martyrs are rewarded with a place in heaven); and virtually unstoppable technology (missiles) and techniques (suicide bombing) of terror.

The political Islamists are emboldened by their newfound power. As Nasrallah has boasted, "When were 2 million Israelis forced to become displaced, or to stay in bomb shelters for more than 18 days?" And the danger will escalate a thousandfold if Iran, the epicenter of political Islam and Hezbollah's master, achieves its own invulnerability with nuclear weapons, so that it too can launch rocket and other attacks against its many targets. Iran's former president and current power broker, Hashemi Rafsanjani, spoke candidly in 2001: "The use of even one nuclear bomb inside Israel will destroy everything," he said, although it would harm the Islamic world. "It is not irrational," he went on, "to contemplate such an eventuality."

A nuclear Iran, sharing Hezbollah's and Hamas' enmity for Israel's very existence, is a foe with a million times the wealth and destructive might to found, fund and supply many more Hezbollahs against many more enemies, including the hated West.

Israel's political Islamic enemies are studying and rejoicing over the new geostrategic situation. These totalitarians' ultimate targets — all "infidels," especially here and in Europe — should study it as well, be sobered and realize that Israel, in fighting this war in its self-defense, to reestablish a geostrategic balance, and for its long-term survival, is ultimately fighting for them as well.

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Shrugs For The Dead (NYT)

By Nicholas D. Kristof

The New York Times, August 8, 2006

This is the tale of two military interventions, of which one happened and the other didn't.

Three weeks ago, with President Bush supplying the weaponry and moral support, Israel began bombarding Lebanon. The war has killed hundreds of people, galvanized international attention and may lead to an international force of perhaps 20,000 peacekeepers.

Three years ago, Sudan began a genocide against African tribes in its Darfur region. That war has killed hundreds of thousands of people, and it is now spreading. There is talk of U.N. peacekeepers someday, but none are anywhere in sight.

The moral of the story? Never, ever be born to a tribe that is victim to genocide in Africa.

Arabs have often argued that Americans have a double standard in the Middle East: We are more solicitous of casualties in Israel than in Gaza or Lebanon. I think they're right, for a variety of reasons. (One is that terror attacks are particularly newsworthy; another is that journalists are more likely to live in Jerusalem than Gaza.)

But if we have double standards, so do Arabs. I sympathize with their horror at what is happening in Lebanon, but I wish they were just as outraged when Muslims slaughter Muslims in Darfur.

Even the world as a whole has double standards. The U.S. and European countries are working frenetically on a U.N. solution in Lebanon, and there is talk of rapidly sending European peacekeepers to stop the bloodshed. In Darfur, there is nothing like as much interest in what is often considered the ultimate human crime: genocide.

The Tyndall Report, which monitors television network evening news programs, says that since the bombardment of Lebanon began, the crisis there has received more minutes of coverage on average each week than the Darfur genocide has received in total since it began in 2003.

Meanwhile, Darfur continues to drift toward chaos, and the contagion is spreading into Chad and Central African Republic. We may remember Darfur as only the beginning of a much broader calamity in all three countries that ended up claiming millions of lives.

There is, of course, no direct connection between the events in Lebanon and those in Darfur. But indirectly there is: the Arab president of Sudan is manipulating the anti-American feeling sweeping the Arab world to bolster his own authority and defy peacekeeping efforts. In this crazy world of ours, the bombardment of Lebanon has become one more reason to kill African villagers.

So what do we do with these two messes?

In the case of the Middle East, it's time to use the crisis to push for a major settlement between Israel and Lebanon, even if that means Israel gives up Shebaa Farms and the U.S. engages in direct talks with Syria. Also, President Bush should put much more energy and initiative into he Israeli-Palestinian peace effort.

Sandy Berger, the former national security adviser, says that when he was flying by helicopter to the Israeli-Palestinian talks at Camp David in 2000, President Clinton turned to him and said, "We're either going to succeed or get caught trying." In other words, even if the effort to achieve a Middle East peace failed, there would still be a payoff for the U.S. in the court of global public opinion.

"We used to get criticized all the time for being too tough on the Palestinians, on the Arabs," said Dennis Ross, a Middle East envoy for both President Clinton and the first President Bush. "But nobody ever accused us of not being passionate about trying to resolve the conflict. We got enormous credit for that, because we showed we weren't indifferent to a core grievance in the region. It's been an enormous mistake in the last few years to send a message of indifference."

In the case of Darfur, what we need is precisely the attention that the Lebanon conflict has been getting in the last few weeks; a high-level U.S. envoy would be a start. And while we're working to get U.N. peacekeepers into Darfur itself, we need to send an international force to the Chad side of the Sudan-Chad border, to stop the genocidal marauders who are invading Chad and destabilizing that country. Chad wants such a force — and it just might keep the catastrophe from spreading across the region.

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Both of these cataclysms demand our attention. The killing of children is a tragedy even when they lack geopolitical significance, even when they are simply part of a knotty African genocide that doesn't make the television news.

Lebanon's Proposals Change Dynamics (WP)

By Michael A. Fletcher And Robin Wright

The Washington Post, August 8, 2006

CRAWFORD, Tex., Aug. 7 -- U.S. diplomatic efforts to end the hostilities between Israel and Hezbollah stalled Monday amid growing divisions over terms to end the conflict. President Bush called for swift passage of a U.N. resolution, but Lebanon won Arab League support for major revisions to expedite a cease-fire and withdrawal of Israeli forces.

After talks with the Lebanese government Monday, an Arab League delegation is scheduled to meet today with the U.N. Security Council to press for amendments to the proposal, prompting officials to postpone a vote on the resolution until later in the week.

In a dramatic move, Lebanon's government, including cabinet ministers belonging to Hezbollah, voted unanimously on Monday to deploy 15,000 troops in the south along the border with Israel. It also proposed two major amendments to accompany the deployment. One change calls for Israel, upon cessation of hostilities, to hand over the territory it holds to U.N. troops already deployed in the south and then pull out. Within 72 hours, the U.N. force would transfer control to the Lebanese army.

Lebanon also proposed that Shebaa Farms, a disputed territory where Hezbollah and Israel have waged their most intense confrontation for six years, be handed over to U.N. custody until the border between Lebanon and Syria can be determined. Hezbollah has justified keeping a private army to regain control of Shebaa Farms, which abuts Israel, Lebanon and Syria.

Speaking to reporters at his ranch, Bush voiced serious reservations about an immediate Israeli withdrawal, on grounds it would allow Hezbollah to rearm and remain in southern Lebanon.

"Whatever happens in the U.N., we must not create a vacuum into which Hezbollah and its sponsors are able to move more weapons," Bush said. "Sometimes the world likes to take the easy route in order to solve a problem. Our view is, it's time to address root causes of problems. And to create a vacuum . . . is unacceptable."

But U.S., European and Arab envoys also said yesterday that Lebanon's concerns have to be factored in because the government of Prime Minister Fouad Siniora, although not a direct party to the fighting, is pivotal to an eventual peace. The U.S.-backed formula relies on Lebanon to persuade Hezbollah to disarm, give up its arsenal and prevent it from rearming. Siniora has argued that he needs some concessions to win Hezbollah's agreement.

A senior State Department official called Lebanon's troop proposal a "positive development" and said the administration is exploring how the proposed resolution might be adapted accordingly. "There are now many different permutations of how this might come out in terms of Security Council action," the official said.

France's U.N. ambassador, Jean-Marc de La Sabliere, acknowledged the need to address Lebanon's demands. "So I'm going to work today to improve the text," he said.

Israel is still studying the new proposals. "We are not against the Lebanese army deploying in the south," said a senior diplomat, but he noted that both the army and the current U.N. force in Lebanon had a "mixed record" in preventing militias from attacking Israel.

Bush's statement in support of U.N. action came as a new Washington Post-ABC News poll suggests that the public is finding plenty of blame to go around when it comes to the fighting in Lebanon.

Asked who is most to blame for the conflict, 46 percent said Israel and Hezbollah were equally responsible, while 39 percent blamed Hezbollah alone. Fewer than one in 10 Americans blamed Israel.

By a wide margin, Americans say Hezbollah, which has been criticized for hiding in residential areas, bears more responsibility for civilian casualties than does Israel.

Overall, more Americans disapprove than approve of the way Bush is handling the situation.

Talking to reporters, Bush said that loss of life on both sides has been a "great tragedy," but added that the conflict could not have been stopped sooner because the international community had not agreed on how to address the root cause of the problem.

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Bush said that he is counting on "international pressure" on Hezbollah -- as well as its sponsors Iran and Syria -- to prompt them to abide by any eventual peace agreement.

The joint U.S.-French proposal being deliberated at the United Nations would impose a cease-fire, while providing the framework for an international force to help Lebanon extend its authority into the areas now controlled by Hezbollah.

Under a second resolution, the Lebanese armed forces, supported by the international force, would deploy to southern Lebanon. "This international force will help Lebanon patrol its border with Syria and prevent illegal arms shipments to Hezbollah," Bush said.

The steps would "prevent armed militias like Hezbollah and its Iranian and Syrian sponsors from sparking another crisis," Bush said. They would also "protect innocent Lebanese and Israelis" and help the international community deliver humanitarian relief and support reconstruction, he said.

But Lebanon has significant objections to ending the conflict in two phases through separate resolutions. It wants one package, built around its deployment in the south for the first time since Israel's first invasion in 1978, Lebanese officials say. Its proposed amendments would also create an effective timeline to ensure the process does not drag.

"For the past 30 years, this is something that has been asked of Lebanon," said Saad Hariri, a member of parliament and son of a former prime minister assassinated last year. "With this decision, it's possible to have only one resolution. We have seen what happened with Oslo, with the road map," he said, referring to peace talks in Norway and the U.S.-orchestrated peace plan. "Nothing has happened. Israel has proven in too many ways that it can delay."

But the United States ruled out putting Shebaa Farms under U.N. custody since the Security Council concluded that Israel had fully withdrawn from Lebanon years ago. "If there's going to be a change in the condition of Shebaa Farms, that's for Syria and Lebanon to decide," U.S. Ambassador John R. Bolton said.

After four weeks of news featuring civilian deaths, the Washington Post-ABC News poll suggests that Israel is facing sharp public criticism for its conduct of the conflict.

While 47 percent of poll respondents say Israel is justified in bombing what it says are Hezbollah targets in civilian areas, just as many Americans say it is not justified. And 54 percent say Israel "should do more" to avoid civilian casualties. Two in three Americans support sending a new international force to southern Lebanon as part of a cease-fire agreement, but only one in four supports including U.S. troops as peacekeepers -- a prospect that Bush has rejected.

A total of 1,002 randomly selected adults were interviewed Aug. 3-6 for this survey. The margin of sampling error is plus or minus three percentage points.

Wright reported from Washington. Assistant polling director Claudia Deane in Washington and staff writer Colum Lynch at the United Nations contributed to this report.

Lebanese Offer To Send Troops To Patrol Border Is Dismissed By Israel (NYT)

By Hassan M. Fattah And Steven Erlanger

The New York Times, August 8, 2006

BEIRUT, Lebanon, Aug. 7 — Lebanon's government, including two Hezbollah ministers, offered Monday to deploy 15,000 of its troops in the south if Israel entirely withdraws its forces, a largely symbolic maneuver that would answer a demand by the international community for Lebanon to secure its southern border, which is now controlled by Hezbollah.

Ghazi Aridi, Lebanon's information minister, said the proposed deployment underscores the government commitment to a negotiated cease-fire.

"The army is ready and this is not empty speak," said Mr. Aridi, who announced the measure on Monday after a late-night cabinet meeting.

Israel dismissed the overture as it intensified airstrikes on targets throughout Lebanon, insisting that its troops will retain their positions in the south until an international force capable of halting Hezbollah missile strikes into Israel is in place. But diplomatic efforts stalled at the United Nations on Monday, after Lebanon and Arab League members objected to a draft resolution on a cease-fire.

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If diplomatic efforts to end the fighting fail to make progress, Israel will broaden its ground offensive in Lebanon within days, the Israeli defense minister, Amir Peretz, told Parliament in Jerusalem on Monday.

"I gave an order that, if within the coming days the diplomatic process does not reach a conclusion, Israeli forces will carry out the operations necessary to take control of Katyusha rocket launching sites in every location," Mr. Peretz told a parliamentary committee in a statement broadcast on Israeli news media.

He called this one of the most decisive stages of the war.

Foreign ministers of 20 Arab countries attended an emergency Arab League session in Beirut on Monday to register their disapproval of the resolution proposed by France and the United States. Lebanon's prime minister, Fouad Siniora, in an emotional speech, dismissed the resolution as insufficient, insisting that it would allow Israeli troops to remain in south Lebanon until an international force is deployed and would give Israel leeway to continue attacks in self-defense.

"It barely leads to a cease-fire," Mr. Siniora said. "We want a permanent and full cease-fire."

Mr. Siniora has lobbied for a plan calling for an immediate cessation of hostilities, the withdrawal of Israeli forces from southern Lebanon and the return of displaced civilians, followed by the deployment of the Lebanese Army along the southern border, among other steps.

The American-French proposal, worked out after a week of intensive talks between Paris and Washington, calls for a truce, asks the current United Nations peacekeeping force to monitor the border area and lays out a plan for a permanent cease-fire and political settlement. In the second phase of a two-step solution, the United Nations Security Council would follow up with a second resolution setting up an international force and addressing the conflict's broader dimensions.

Speaking to reporters from his ranch in Crawford, Tex., President Bush called for the resolution's speedy adoption, but made clear that the main sticking point — Lebanon's insistence that the draft be altered to require Israel to withdraw troops immediately — was nonnegotiable.

"I understand both parties aren't going to agree with all aspects of the resolution," Mr. Bush said. He also conceded that diplomacy was taking longer than he would like.

"I wish things happened quicker in the diplomatic realm," he said.

The foreign ministers, in a closing communiqué read by Mr. Siniora after the other officials rushed out of the country, warned the Security Council against adopting resolutions that do not serve Lebanon's interests. The group dispatched a high-level delegation to New York to press Lebanon's case.

A Council meeting was set for Tuesday afternoon to hear the group, which includes the foreign ministers of Qatar and the United Arab Emirates and the league's secretary general, Amr Moussa of Egypt.

Jean-Marc de la Sablière, the French ambassador to the United Nations, said he would consider making changes in the text of the measure to meet Lebanon's objections, saying, "We have to take into account the concerns of all."

John R. Bolton, the American ambassador, said, "We have to be thinking of ways to take their views into account but to continue to move to a vote as soon as other members of the Council want."

Members of the Council, criticized widely for not having taken action to stop the fighting, had hoped to vote Monday on the resolution, which was introduced by France and the United States on Saturday. The new delay meant that Wednesday was now the earliest a vote could be scheduled.

Beirut offered an amendment on Sunday which would make Israel leave the country immediately, with the United Nations taking over for 72 hours before transferring control to the Lebanese military.

In resisting Lebanon's demand for a speedy pullout, Mr. Bush said such a withdrawal could create the "unacceptable" situation of allowing Hezbollah to flourish at the border. "Whatever happens at the U.N.," he said, "we must not create a vacuum into which Hezbollah and its sponsors are able to move more weapons."

The president's remarks, in a rare full-scale news conference at his Crawford ranch, were his first on the resolution since it was drafted over the weekend.

He was joined by Secretary of State Condoleezza Rice, who said there is "more agreement than you might think" about how to prevent another attack across the blue line by Hezbollah.

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In response to the Lebanese proposal to put its troops on the border, Dan Gillerman, the Israeli ambassador to the United Nations said, "I'm very skeptical about the possibility of the Lebanese Army being able to do it." He added, "They had their chance to do it for years when they had the power and the authority. To expect them to be able to do it now against the wishes of Hezbollah seems to me to be terribly naïve."

Mr. Bolton said the United States would listen to the dissident views, but he pointed out that the resolution had been worked out in close consultation with Lebanon and that Ms. Rice had spoken with Mr. Siniora, "I don't know how many times over the past eight or nine days."

"It's not as though we drafted this resolution in a closet somewhere and suddenly sprang the text on any member government," he said.

The violence escalated as the diplomatic efforts continued, as Israeli warplanes pounded the country while Hezbollah fired 111 rockets into Israel by 6 p.m.

Israeli bombs struck in and around Beirut's southern suburbs as well as other areas of Lebanon, killing 15 people, Lebanese officials said. In northern Israel, scores of Hezbollah rockets wounded 5 people, rescue workers said.

In Tyre, bombs smashed four large apartment buildings, one of which was raided by Israeli commandos on Saturday. The buildings were largely empty and by early Monday evening, it was still not clear if there had been any casualties. Rescue workers said no one had been evacuated.

Mr. Siniora, in his opening speech, announced tearfully that 40 civilians had died in an Israeli airstrike in the border village of Hula, in what he called "a horrible massacre, a deliberate massacre."

Later, however, he said that only one person had been found dead and that more than 50 people had been pulled from rubble in the village.

"It turns out there was one person killed," he said. "Thank God, they have been saved. But those who shoot to kill innocent people proved they have the intention to kill."

The Israeli Army issued a statement describing Hula as a "Hezbollah stronghold," and saying that civilians had been warned away repeatedly. "Responsibility for any harm to Lebanese civilians lies with the Hezbollah terrorist organization which operates from within the civilian population," it said.

The Israeli Army said it killed 13 Hezbollah gunmen on Monday in fighting across south Lebanon.

Most of the Hezbollah rockets hit the northern towns of Kiryat Shmona, Safed and Nahariya, leaving nine people wounded, according to an Israeli Army spokesman.

The air force attacked more than 150 targets in Lebanon within 24 hours, including rocket launchers in Tyre and Qana that Israel said were used for strikes on Haifa on Sunday.

After the deaths of 15 Israelis on Sunday from rocket attacks, the Israeli government is under pressure to try to stop the rain of rockets on northern Israel, and the army says it can do that only if it can push Hezbollah rocket-launching teams beyond the Litani River, some 15 miles north of the border.

A cease-fire that holds would make such a push unnecessary. The Israelis say that a push to the Litani would take time and would be costly in terms of casualties on both sides. But without a diplomatic solution, they say, the military advance must continue.

The Associated Press reported Monday that Israel's Army had warned Lebanese south of the Litani not to go outdoors after 10 p.m.

Mr. Peretz accompanied Prime Minister Ehud Olmert to an army base near the border. Mr. Olmert is skeptical of the need to go to the Litani, Israeli officials say, arguing that Hezbollah can fire missiles into Israel from beyond it. But the army says that longer-range missiles and, crucially, their launchers, which are hard to replace, are easier to hit from the air than the many short-range Katyushas now hitting northern Israel.

Israeli Jets Kill 30; No Letup In Militia Attacks (WP)

By Edward Cody

The Washington Post, August 8, 2006

DOJ_NMG_0045021

BEIRUT, Aug. 7 -- Israeli jets in a relentless hunt for Hezbollah rockets raided sites across Lebanon on Monday, cutting roads and killing about 30 civilians. Despite the attacks, Hezbollah fighters fired 135 more of the weapons into northern Israel. Ten Israelis were reported injured.

In Beirut, foreign ministers from Arab countries called at a meeting for an immediate cease-fire. An emotional Lebanese Prime Minister Fouad Siniora accused Israel of state terrorism; officials in Israel signaled an intention to expand their offensive, which they say is necessary to protect their citizens from rocket attacks.

Ground fighting continued in multiple locations in hilly southern Lebanon. Three Israeli soldiers were killed and seven wounded in combat in the heavily damaged town of Bint Jbeil, the Israeli military said.

As negotiations toward a cease-fire continued at United Nations headquarters in New York, the war concluded its 27th day with no end in sight.

Israeli Defense Minister Amir Peretz told a parliamentary committee in broadcast remarks that the country is preparing to expand military operations unless the United Nations finds a solution quickly. "I gave an order that, if within the coming days the diplomatic process does not reach a conclusion, Israeli forces will carry out the operations necessary to take control of Katyusha rocket launching sites in every location."

During a meeting with reservists near the Lebanese border, Israeli Prime Minister Ehud Olmert gave a similar forecast, according to his office. "We are not stopping," he was quoted as saying, adding that there "will be no military restrictions" on stopping rocket launches.

The foreign ministers from member states of the Arab League gathered in Beirut despite the hostilities for a day-long show of solidarity. They decided to send representatives to the United Nations to press the case for an immediate cease-fire and other changes in a proposed Security Council resolution. Their deliberations were overshadowed, however, by knowledge that a cease-fire decision resided not with Arab governments, but with Israel, Hezbollah and the big powers on the Security Council.

Reflecting the frustration, Siniora told the ministers that Lebanon has been "stunned" by Israel's attacks, which he said have set Lebanon back decades just as it seemed on the verge of recovery from previous wars. Tears welling in his eyes, he lamented the long list of Lebanese civilians killed in the conflict. He included 40 "martyrs" who he said perished Monday in a "massacre" in the village of Hula, hit by Israeli airstrikes. Later he said that his information had been wrong and that one civilian died at Hula.

"Thank God they were not killed," Siniora said in response to a reporter's question about his emotional speech. "What do you expect when my countrymen are being killed? Children, just because they are Lebanese, they are being killed. How do you expect me to behave?

"Put yourself in my shoes," he went on. "I am just an ordinary man, and I feel with every woman, every child and every man. This is state terrorism, and this is unacceptable. To see what crimes Israel is committing is unacceptable, and we should not tolerate it anymore."

As Siniora's speech was broadcast live via satellite to Israel, a hush fell over Israeli soldiers watching on ceiling-mounted televisions in the lobby of an army-run hotel in the northern Israeli town of Kiryat Shemona. As his voice began to waver, many groaned or yelled at the screen. "You should cry to Nasrallah," one shouted, referring to the Hezbollah leader, Hasan Nasrallah.

The commander of Lebanon's Internal Security Forces, Maj. Gen. Ashraf Rifi, said Israeli attacks had collapsed a building in Hula, burying 18 people under the rubble. Two other places in the village where large numbers of civilians had taken refuge also were hit, he said, and rescuers were unable to reach them immediately because of continued attacks. After the bombing ceased, other officials said, rescue workers discovered that one villager was dead but that about 50 had survived unscathed in a shelter under the rubble.

At the town of Qasmiyeh, seven people were reported killed by airstrikes apparently aimed at interdicting traffic down the coastal road leading to the border area.

Another six or seven people, including a mother and her daughter, were killed in a half-dozen other villages that came under attack from Israeli bombs, missiles and heavy artillery, according to reports from local officials and Lebanese media.

Explosions were heard echoing across Baalbek, the main city in the Bekaa Valley and a longtime Hezbollah stronghold. One person was killed in a bombing run on roads in the Bekaa Valley, a frequent transit route for Hezbollah munitions and other supplies coming from Syria.

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Another Israeli airstrike blasted the area near Masnaa, the main crossing from Syria into Lebanon and a frequent target of warplanes since hostilities began July 12.

Israeli jets hit the southern suburbs of Beirut, where Hezbollah has its headquarters, and for the first time extended their strikes into the suburb of Al Shiyah, where many Christians live. Ten people were killed in that attack, according to Beirut television stations quoting police on the scene.

Nasrallah, the Hezbollah leader, warned last week that if Israel struck Beirut, he would order missile strikes against Tel Aviv. It was unclear whether Monday evening's attack would fulfill the conditions of his threat, because it did not hit the city center. But many Lebanese consider Al Shiyah to be part of the capital itself, unlike the southern suburbs.

An Israeli F-16 fighter jet shot down a Hezbollah unmanned drone over the Mediterranean Sea about seven miles west of the Israeli coastal city of Haifa, according to a military official. An Israeli naval vessel plucked the drone from the water, and it was being examined Monday night, officials said.

Airstrikes blasted apart a makeshift bridge north of the southern city of Tyre, severing the main route south for relief supplies, according to witnesses. Relief agencies complained that the delivery of food, medicine and other supplies to displaced families was interrupted.

The bombings in Hula came after what Hezbollah described as sharp clashes between its fighters and Israeli troops maneuvering in the area's rocky hillsides with heavy battle tanks. Four Israeli soldiers were killed in the fighting, Hezbollah said. The Israeli military said five were wounded and none killed.

Fighting also broke out near Bint Jbeil to the southwest, according to Hezbollah and the Israeli military, which acknowledged that two Israeli soldiers were killed by an antitank missile fired at their tank and one in a firefight. Seven soldiers were wounded in the two incidents, the military said.

Fifteen Hezbollah fighters were killed, an Israeli spokesman said.

In all, Israel has reported killing 400 Hezbollah fighters, while the radical Shiite Muslim movement has acknowledged losing about 55. A Lebanese source with access to military intelligence estimated Hezbollah losses at more than 200, including fighters and others associated with its war effort such as messengers and truck drivers.

Maj. Gen. Udi Adam, who commands Israeli forces inside southern Lebanon, said that "for three weeks we have been calling on the Lebanese population to evacuate the towns and villages that we are operating in. We know that the majority of the population already fled. If you hear that there are several people in destroyed houses or something like this, then they must be supporting Hezbollah."

In what could presage larger-scale ground operations, the Israeli military changed its warnings, now telling civilians in southern Lebanon to remain inside their houses instead of fleeing the area.

The Israeli military warned vehicles against traveling on roads south of the Litani River after 10 p.m., but it said that it would coordinate movement of relief convoys.

The Israeli military has so far been unable to establish the band of Hezbollah-free territory along the border that it envisioned. Many of the ground clashes and airstrikes have been taking place in the same villages and hills for three weeks.

Brig. Gen. Yossi Kuperwasser, who until last month was director of Israeli military intelligence analysis, told reporters in Jerusalem that the Israeli military does not know how many more rockets and launchers Hezbollah retains after nearly four weeks of Israeli strikes. "They still have missiles and rockets, and they're going to use them," he said.

Kuperwasser declined to estimate how much longer it would take the military to severely limit Hezbollah's ability to fire rockets into Israel. He said the fighters have proved more organized than anticipated.

Moore reported from Jerusalem. Correspondents Nora Boustany in Beirut and Jonathan Finer in Ein Zeitin, Israel, contributed to this report.

Israel Vows To Widen War On Hezbollah (LAT)

By Megan K. Stack And Tracy Wilkinson

The Los Angeles Times, August 8, 2006

DOJ_NMG_0045023

BEIRUT — On one of the deadliest days of nearly a month of warfare, Israeli bombardment killed at least 61 people Monday in strikes on a busy south Beirut neighborhood, the eastern Bekaa Valley and southern Lebanon.

With diplomatic overtures for a cease-fire stalled, Israel vowed to expand its offensive. Prime Minister Ehud Olmert said he would place "no limits" on the army in its efforts to move Hezbollah fighters in south Lebanon out of firing range on Israel.

In south Lebanon, at least three Israeli soldiers from a tank crew were killed and seven injured during pitched battles with Hezbollah guerrillas, who again rocketed northern Israel with devastating effect. Israel attacked 80 purported Hezbollah targets overnight, including what the military said were roads leading to rocket-launching positions.

The day's heaviest toll was exacted when Israeli warplanes flattened a crowded, six-story apartment building in the southern Beirut neighborhood of Shiyah. By midnight, at least 20 people had been found dead, Lebanese television reported.

The late Monday attack came as Israeli military figures acknowledged that they have been unable to stop Hezbollah guerrillas and demanded a freer hand to move deeper into Lebanon.

Disagreement also mounted over a U.S.-backed United Nations draft resolution aimed at ending the bloodshed, which has claimed the lives of nearly 800 Lebanese and nearly 100 Israelis. Arab states said the proposed resolution gave unfair advantage to Israel, which is not required to withdraw or cease "defensive" operations.

Lebanon's weak and beleaguered government on Monday said it would deploy a 15,000-strong army south of the Litani River if Israel withdrew from Lebanon, an important signal from Beirut that it will attempt to exert control over territory long ago ceded to Hezbollah. The government ordered army reservists called up in anticipation of the deployment.

Israel's attack on the Shiyah neighborhood was especially terrifying because it was an area considered safe; refugees from bombings elsewhere had taken shelter in the neighborhood, which is not part of the Hezbollah-dominated suburban band that rings Beirut's southern edge.

"Now it's possible to bomb anywhere," said Hassan Tarraf, a 25-year-old chef who lives near the targeted building. "We were considering this a safe area."

Blast victim Zeineb Chaito, 40, lay in a Beirut hospital bed Monday night, her face badly bruised, her leg so violently broken that the bone had burst through the skin.

"I was listening to the news and I felt myself fall down and I lost consciousness," she said. "I was talking to somebody in my family and then the bomb hit."

Sprawled on a hospital cot, Chaito was calling for her sisters, who had been with her just before the blast. A distant family member explained gently that many people still lay trapped under the rubble. Chaito pressed, asking for her sisters. "Really, I don't know," he said slowly. But it wasn't true. The two women had been crushed by the debris, he told visitors quietly; their chances for survival were slim.

The Israeli military declined to say why the neighborhood was targeted.

Details remained sketchy about airstrikes in the Lebanese border village of Houla, where Israel bombed a set of farmhouses where residents said at least 150 people had taken shelter. Lebanese Prime Minister Fouad Siniora initially said the blasts killed 40 people, but later revised the death toll to one.

Elsewhere in southern Lebanon and in the Bekaa Valley, an additional 40 people were reported killed in air raids.

At the United Nations, an investigation of the July 30 bombing of the Lebanese village of Qana concluded that Israel's attack might be part of a "pattern of violations of international law." The bombing killed 28 civilians, including at least 14 children.

The investigators said they could not confirm or disprove Israel's claim that Hezbollah was launching missiles from the area, but noted that all the victims were civilians and that no weapons were found in or around the bombed building.

The report, released Monday night, emphasized that Israel's evacuation warnings did not release it from its obligation under international law to avoid harming civilians. Many of the villagers were unable to leave, the report said.

Olmert, touring military command headquarters in Israel's besieged north, said he would give the army free rein to press its offensive, if rocket fire continued.

"We have to stop the rockets," Olmert told reserve officers. "We cannot have a million residents living in shelters. On this matter, there will be no limitations on the army.... Israel cannot allow itself to let others think that ... we will not punch them back in full force."

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Defense Minister Amir Peretz, who accompanied Olmert, said later that he had ordered the army to broaden its attacks on Hezbollah rocketlaunching sites "wherever they are" if diplomacy remained stalled.

"We are at one of the most decisive stages of this war," Peretz told the Foreign Affairs and Defense Committee of the Israeli Knesset, or parliament.

But criticism was growing among many Israelis as authorities acknowledged that Hezbollah still possessed thousands of short-range rockets, hundreds of longer-range weapons and 10,000 launchers, despite nearly a month of ferocious air, land and sea attacks.

"At this point, we are in a war. We are bleeding," said Maj. Gen. Doron Almog, retired head of the army's doctrine and training branch. He said failing to deploy a larger ground force earlier and deeper was a critical mistake, for which Israel was now paying.

Maj. Gen. Yoram Yair, a retired commander and former military attache to Washington, said Israel would have to move deeper into Lebanon to neutralize the "tens of thousands" of short-range Hezbollah rockets.

"In order to prevent their launching, you have to be out in the field," Yair said. "That means 15 or 20 kilometers [nine to 12 miles] inside Lebanon."

The Israeli air force, meanwhile, said it shot down an unmanned Hezbollah drone that was flying toward Israel's densely populated western coast.

Of 140 rockets fired at northern Israel on Monday, more than 50 slammed into Kiryat Shemona alone, torching the surrounding hillsides and spewing shrapnel through residential neighborhoods that are all but deserted. One rocket speared the roof of a two-story apartment building and landed on the first floor. Three people were wounded.

"Explosions all morning, and in the afternoon the same. Everyday the same," said Simeon Flatskis, a Ukrainian-born Israeli who is one of the few people in the northern Israeli city who has not fled and keeps his business open despite the onslaught. He sells liquor, he said, and sales are up.

Israeli police say nearly 2,900 rockets have plowed into northern Israel since the current conflict began.

Israeli soldiers returning from combat forays inside southern Lebanon describe an adversary that is more well-armed and better trained than the Palestinians they confronted in the past.

"Like you have a dog in your house, they have weapons in the houses," said David, a combat medic from the Nahal brigade, who was not allowed to give his full name. "And it's every family."

Diplomatic attempts to end the bloodshed continued to sputter.

In Beirut, Prime Minister Siniora broke down in tears as he made a desperate appeal to a special meeting of the Arab League.

"You see your countrymen being killed and they are innocent people," Siniora said later. "Put yourself in my shoes. They are being bombarded with no mercy." The Arab representatives agreed to go to the U.N. to seek changes in the draft resolution aimed at ending the conflict.

In New York, the U.N. Security Council said it would hear the Arab League foreign ministers as it discussed Lebanese demands to amend the draft resolution. The council will delay a vote on the resolution until Wednesday at the earliest, and probably Thursday, to allow time to consider the ministers' case.

Lebanon says the resolution must require Israel to halt all attacks and withdraw from Lebanese territory immediately.

President Bush and Secretary of State Condoleezza Rice conceded that disagreements persisted among negotiators over the details of the U.N. resolution.

"Whatever happens in the U.N., we must not create a vacuum into which Hezbollah and its sponsors are able to move more weapons," Bush said in Crawford, Texas.

"Sometimes the world likes to take the easy route in order to solve a problem. Our view is, it's time to address root causes of problems."

Stack reported from Beirut and Wilkinson from Kiryat Shemona. Times staff writers Walter Hamilton and Maggie Farley at the United Nations and Peter Wallsten in Crawford and special correspondent Maha

Israeli planes flatten a six-story apartment building, killing at least 20 people in Shiyah, a southern Beirut neighborhood.

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The Lebanese government announces that it will send a 15,000-member force across the Litani River when Israeli troops withdraw. It orders army reservists to be called in anticipation of the deployment.

Israel bombs farmhouses where scores had taken shelter in the border village of Houla. One person is confirmed dead.

About 40 people reportedly die in other air raids in southern Lebanon and the Bekaa Valley.

Lebanon asks that the contested, Israeli-occupied Shabaa Farms area be turned over to U.N. jurisdiction and proposes a mutual prisoner release involving two Israeli soldiers whose July 12 abduction set off the nearly four-week-old conflict.

Israel

More than 50 rockets hit Kiryat Shemona.

Israel shoots down an unmanned drone headed toward the country's densely populated Mediterranean coast.

At Least 55 Killed In Lebanon As Diplomatic Efforts Stall (MCT)

By Shashank Bengali And Leila Fadel

McClatchy Newspapers, August 8, 2006

BEIRUT, Lebanon - Israeli attacks on Beirut and key southern Lebanese cities killed at least 55 people on Monday while a U.S.-backed effort to end the fighting appeared in danger of foundering.

Arab League foreign ministers meeting in Beirut joined Lebanese officials in rejecting a proposed U.N. Security Council resolution that called for a "full cessation of hostilities" because it didn't require that some 10,000 Israeli troops leave Lebanon.

The foreign ministers dispatched a delegation to New York, where a vote on the resolution was delayed to allow the delegation to address Security Council members Tuesday afternoon. Diplomats said the vote would be Wednesday evening at the earliest.

Earlier, President Bush called for swift passage of the resolution and rebuffed calls for an Israeli pullout.

"Whatever happens in the U.N., we must not create a vacuum into which Hezbollah and its sponsors are able to move more weapons," Bush said at a news conference in Crawford, Texas, where he's vacationing on his ranch.

The resolution should be passed quickly, Bush said, and followed with a second resolution authorizing an international peacekeeping force, which would "provide the help necessary for the Lebanese government to secure its country."

The back and forth over the U.N. resolution came on one of the bloodiest days in the 27-day conflict.

Israeli raids killed at least 55 people, mostly in Hezbollah strongholds in southern Lebanon and the eastern Bekaa Valley, one of the highest one-day death tolls since fighting began July 12. Nearly 1,000 Lebanese, many of them children, have been killed by Israeli airstrikes and ground operations.

Fighting in the Lebanese border village of Bint Jbail also killed three Israeli soldiers, bringing to nearly 100 the number of Israelis, civilian and military, killed in Hezbollah attacks. There were no reports of Israeli civilian casualties from any of the 141 rockets Hezbollah fired into Israel.

Shortly after nightfall, an attack on a residential area of south Beirut killed at least five people, according to the Lebanese Red Cross. A series of booming explosions rocked the city as three or four buildings collapsed at the border of a Christian section and a Shiite Muslim section, in an area where many displaced families had been camping.

Television images showed Lebanese rescue workers pushing bloodied bodies into ambulance cars as civilians and relief crews tried to rescue people trapped under the wreckage.

No Hezbollah officials were believed to be missing or dead in the attack, according to a spokesman for the group.

In the southern village of Ghaziyeh, police said at least 15 people were killed and 20 wounded when Israeli missiles struck three apartment buildings at about 8 a.m. The dead included at least six children, said authorities on the scene.

Among them were Rajaa Omar Shour's mother and nearly 2-year-old son. Shour had left them sleeping at home while she went to sip coffee with friends, still clad in her blue pajamas.

On Monday afternoon, Shour's body shook as she sobbed into her hands near the mass of cinderblock and twisted metal. Guilt filled her face as her family lifted her from a plastic chair near the blast and took her away.

Relief teams worked for at least nine hours to pull bodies and the wounded from the rubble, digging through debris with jackhammers and sledgehammers, and then their bare hands.

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At one point, they pulled out drawers and mirrors as the sound of a strangled cry grew stronger from below.

"Say, `God willing,'" a rescue worker said in the direction of the whimper, before pulling a long-haired young woman from the wreckage.

Israeli forces had dropped fliers in the area days before, warning residents to leave.

Less than a mile away, a three-story building had been reduced to a pile of rocks. Eight people from the Badran family were killed and two were wounded, police said. Five of the dead were younger than 7.

Israel appeared to be paving the way for a larger offensive in southern Lebanon. Airstrikes destroyed the last bridge connecting the town of Tyre, some 15 miles from the Israeli border, with northern areas, cutting Tyre off from the rest of Lebanon and further inhibiting the flow of humanitarian aid.

Israeli forces also issued a stark warning to people in southern Lebanon to stay indoors after 10 p.m.

In a visit to Israel's northern command headquarters, Prime Minister Ehud Olmert said Israel has to stop the barrage of Hezbollah rockets, which has forced 1 million Israelis from their homes.

"On this matter, there will be no limitations on the army," Olmert said. "I will give you every strength and support. We are not stopping."

The back and forth over the U.N. resolution seemed to promise several more days of fighting.

The proposed resolution, backed by the United States and France, would require Hezbollah to stop its attacks but allow Israel to conduct "defensive" military operations, a term that Lebanon has said can be broadly interpreted. Israeli officials have described the current operation as a defensive one, precipitated by Hezbollah's kidnapping of two Israeli soldiers from a border post on July 12.

Lebanese officials have objected to the resolution because it doesn't require that Israel withdraw its troops from southern Lebanon. On Monday they also voiced disagreement with the requirement for an international peacekeeping force, which U.S. officials have said would be "robust" so it could prevent Hezbollah from returning to southern Lebanon.

Lebanese officials said late Monday that they would deploy 15,000 troops to southern Lebanon if Israel withdraws. But it was unclear whether the United States or Israel would trust Lebanon's relatively weak army to keep Hezbollah's Shiite Muslim militants in check.

Lebanon's top diplomat in Washington, Carla Jazzar, warned that any resolution passed that relied on an international force instead of the Lebanese army wouldn't be implemented by the Lebanese government.

Mark Regev, the Israeli foreign ministry's spokesman, questioned whether Lebanese troops would be able to police Hezbollah, which has launched more than 3,000 rockets on northern Israel since the conflict began.

"Up until now, the Lebanese army has done nothing to limit the freedom of movement of Hezbollah, to disarm them or to prevent them from launching attacks," Regev said on CNN.

Fadel reported from Ghaziyeh, Lebanon, Bengali from Beirut. Contributing to this report were McClatchy Newspapers correspondents Matthew Schofield in Jerusalem, Hannah Allam in Beirut and Warren P. Strobel in Washington.

Israel Shows Video Of Hezbollah Fighter (AP-Y)

By Sarah El Deeb

AP2, August 8, 2006

Israel's army released a video Monday purporting to show the interrogation of a Hezbollah fighter acknowledging his part in the raid on an Israeli army patrol July 12 — the spark that ignited the current conflict in Lebanon.

In the video, Hussein Ali Suleiman, 22, said the seizure of the two Israelis was the second time he had taken part in such an attempt, following an unsuccessful raid in 2005. He also spoke about training in Iran.

The tape shown on Israeli television appeared to be heavily edited, and some answers were cut off in mid-sentence. He appeared to have light bruises or wounds on his cheeks and lips.

Israel announced his capture Sunday, although it was not clear when he fell into Israeli hands. Separate television footage showed him in the custody of soldiers in the field with his arms bound and a large cloth covering his eyes.

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In the video, Suleiman said he joined the Islamic militia when he was 15 and received four rounds of training before he took part in an attempt to seize Israeli soldiers.

Israel says Hezbollah has tried repeatedly to capture Israelis to barter for the release of prisoners from Israeli jails. In early 2004, Hezbollah swapped an Israeli businessman kidnapped in Europe and the bodies of three Israeli soldiers for hundreds of Arab prisoners and scores of guerrilla corpses.

Speaking in Arabic, Suleiman told his interrogators he attended military maneuvers in Iran with 40 or 50 other Hezbollah guerrillas in 2003. He gave no details on the parts of the tape made public.

He said the trainees drove from Beirut to the Syrian capital, Damascus, in Hezbollah cars and from there took a special flight to Iran without passing through passport control.

Suleiman said his first operation was in late 2005, apparently an attempt to take Israeli prisoners. His task was to manage anti-tank missiles.

Asked if the operation failed, he said: "It had other aims. The main aim didn't go well, but the secondary aim was to direct a severe blow to the (Israeli) posts."

The tape showed Suleiman speaking briefly about the July 12 cross-border operation in which his unit killed three Israelis and took two others with them to Lebanon. His job was to cut the access routes to the patrol, he said before the tape abruptly cut off.

In 1998, Suleiman said he attended night school for 1 1/2 months, a "soldiers course" that involved classes in Islamic law and jurisprudence.

He said he received his next training after Israel ended its 18-year occupation of south Lebanon in 2000, a 45-day "fighter" course that involved weapons training, sabotage and communications. Four months later, he trained on anti-tank weapons and underwent more training several months later.

Plot To Free Terrorist May Have Led To Fight (WT)

By Abraham Rabinovich

The Washington Times, August 8, 2006

JERUSALEM -- The long battle between Israel and Hezbollah, including the fighting over the past month that has left scores of Lebanese and Israelis dead, may have begun as a bid to free a single Lebanese terrorist.

Hezbollah leader Sheik Hassan Nasrallah had publicly announced his intention three years ago of doing whatever necessary, including capturing Israeli soldiers as bargaining chips, to free Samir Kuntar, who has been held prisoner in Israel for 27 years. Hezbollah's capture of two Israeli soldiers last month touched off the current conflict.

In 1979, Kuntar, then 16, was among four terrorists who reached the northern Israeli town of Nahariya, six miles from the Lebanese border, in the pre-dawn hours by rubber boat. They killed a policeman who came upon them and they entered an apartment building close to the shore.

Hearing the shooting, one of the residents, Dan Haran, helped his wife, Smadar, into a crawl space above their bedroom together with their 2-year-old daughter, Yael. He tried to leave the apartment with their other daughter, Einat, 4, to find shelter elsewhere but the terrorists were already at their door and pushed them back inside. As they searched the apartment, Mrs. Haran, whose mother had hidden from the Nazis during the Holocaust, covered Yael's mouth with her hand to keep her from crying.

The terrorists took Mr. Haran and Einat back to the beach as hostages. In an ensuing shootout with police, two of the infiltrators and another policeman were killed. Kuntar shot Mr. Haran in front of his daughter, then crushed the girl's skull with his rifle butt before being taken prisoner with the other remaining terrorist. Back in the apartment, Mrs. Haran discovered that she had suffocated her youngest daughter, resulting in her death.

Kuntar was tried and sentenced to four terms of life imprisonment. The other terrorist was also sentenced to life but he was freed in 1986 as part of a deal involving the return of three captured Israeli soldiers. Israel refused to include Kuntar in that package and in subsequent prisoner exchanges.

Abu Abbas, head of the Palestine Liberation Front, said he had sent the terrorists to protest the signing of the Egyptian-Israeli peace accords the previous year. In 1985, four of Abu Abbas' men hijacked the cruise ship Achille Lauro off Egypt and

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killed an American in a wheelchair named Leon Klinghoffer. The four men demanded the release of 50 prisoners held by Israel. The only one specifically named was Kuntar. The terrorists eventually surrendered to Egyptian authorities.

Kuntar became a symbol in Lebanon as the longest-serving prisoner held by Israel. His family appealed to Sheik Nasrallah to obtain his release.

Six years ago, Hezbollah fighters attacked an Israeli patrol vehicle on a disputed part of the border and brought three severely wounded soldiers into Lebanon, where they died. Sheik Nasrallah succeeded three years later in exchanging their remains, together with an Israeli businessman who had been seized, for more than 400 Lebanese and Palestinian prisoners.

Israel had agreed to release Kuntar as well, but only in exchange for information on the fate of an Israeli air force navigator who had been shot down and captured alive in Lebanon in 1986. No such information was handed over, and Kuntar remained in Israeli custody.

It was then that Sheik Nasrallah, who has always prided himself on keeping his word, warned he would capture more Israeli soldiers in order to win Kuntar's release. Hezbollah made a bid to capture Israeli soldiers earlier this year at another point on the border, but the attempt ended with several dead Hezbollah men and no Israeli casualties.

Last month, with the capture of the two soldiers, a smiling Sheik Nasrallah appeared on TV to announce that he had kept his word -- apparently triggering the present conflict that has claimed more than 1,000 Lebanese and almost 100 Israeli lives.

Rockets Hit Israeli-Arabs, Too (CSM)

By Ilene R. Prusher

The Christian Science Monitor, August 8, 2006

HAIFA, ISRAEL

When the siren sounded, Labiba Mizawi hurried into the courtyard where her grandchildren were playing to shepherd them inside.

It was her last act. Among the 29 Katyusha rockets launched by Hizbullah at Haifa late Sunday, one landed on Mrs. Mizawi's courtyard, killing her and two others.

The steady rocket fire on northern Israel underscores an important demographic on Israel's map of people exposed to Katyusha attacks: A sizable proportion of Israel's citizens, such as Mizawi, in the north are Arabs.

Throughout the war, Israeli-Arabs have been victims of Hizbullah rockets almost as often as Israel's Jewish majority. As a result, the war is putting people who have sympathies - and even relatives - on both sides of the border into the cross hairs of a war that shows no indication of letting up, despite diplomatic efforts to reach a UN resolution acceptable to everyone.

On Monday, at least 120 Katyushas fell on the north, according to the Israeli army. In southern Lebanon, there was heavy fighting between Israeli troops and Hizbullah guerrillas in the town of Bint Jbail and elsewhere in the south, killing at least 23 people. At least two Israeli soldier were killed and several injured.

Sunday night's attack deflates the hopes of many here that Israel had made significant progress in achieving its goals: pushing Hizbullah back from the border and decimating its weapons capabilities.

Rather, the attack on Haifa showed that Hizbullah still possesses a significant enough arsenal to inflict damage deep into Israel, in addition to a massive supply of short-range missiles that are the easiest for guerrillas to stash and launch - and hardest for the Israelis to locate.

Holding in a thin glaze of tears as his colleagues from the police force, both Jews and Arabs, come to pay their condolences at the Catholic Church where his mother's funeral was soon to take place, Suhail Mizawi says, "[Labiba] got the kids into the room, but didn't succeed in getting there herself."

In the end, it's seen as a minor miracle that more people didn't die, considering that here in the Arab neighborhood of Wadi Nisnas, where the missiles struck, there isn't a single bomb shelter.

Instead, says Lorette Androus, who lives across the street, when the sirens warning of an incoming Katyusha go off and the radio warns people to go to their shelters or "defensive rooms," her family simply goes under a set of set of stairs in the center or their apartment, out of the way of flying glass.

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"We have no idea if this is safe," sighs Ms. Androus, a skinny, tank-topped woman with long, black braids, showing a visitor their hiding place for weathering the intermittent hail of rockets.

"The closest shelter is a 15-minute walk," she says. "Do you know how much work it takes sometimes just to get our grandmother out of her bed and into this room?"

Many residents of Wadi Nisnas, one of the best-known Arab neighborhoods in a city often celebrated as a model of peaceful Jewish-Arab coexistence, expressed frustration Monday that the Israeli municipality had not built any shelters here or found other solutions for the residents.

Some say that is a symbol of the persistent disadvantages faced by the nearly 20 percent of Israel's citizens who are Arab.

"It's not only that there are no shelters in this neighborhood, but that there is a system of discrimination in all kinds of services," says Jafar Farah, the director of the Mossawa Center, a local Arab rights organization. "We were asking them since the second day of the war open something and they have refused."

An Israeli government spokeswoman says that the lack of shelters in Wadi Nisnas has nothing to do with the fact that it's an Arab neighborhood, and everything to do with the fact that Israel stopped building public bomb shelters in the early 1990s.

After the signing of the Oslo Peace Accords, says Israeli government spokeswoman Miri Eisin, security analysts here determined that the threat of Israel facing another conventional war was quickly passing into history.

"One of the sad aspects of this is that back then, we thought we were on the road to peace," says Ms. Eisin. "While I can understand the bitterness people feel, that's what's happened and it has nothing to do with neighborhoods being Jewish and Arab."

Instead of public shelters, she says, new building codes were set, requiring that structures have reinforced, sealable rooms or bomb-resistant stairwells. However, for people living in historic old buildings, the building code changes are irrelevant.

Thousands of residents in northern Israel who are in range of Katyusha rockets are out-of-range of a shelter. A spokesman for the Israeli army's Homefront Command says that there are not enough shelters for most Haifa residents to get to in a flash, and instead, they should go to a stairwell or the interior room of a house.

Since the war began last month, several Arab members of Knesset, Israel's parliament, have condemned Israel's attacks in Lebanon, particularly those that have led to a high proportion of civilian deaths. Some Israelis, in turn, have questioned why Israeli-Arabs, also under fire from Hizbullah, have not condemned the Lebanese militia for attacking Israel in the first place.

One Israeli-Arab columnist explained their dilemma.

"Don't expect Israeli Arabs to take to the streets and demonstrate against the Hizbullah and Hassan Nasrallah, and don't expect them to embark on rallies of support for Prime Minister Ehud Olmert and Defense Minister Amir Peretz. On the other hand, you can expect to see us standing in the front row of those demanding the end of the war and calling for peace between Israel and the Arab world," wrote Basam Jaber in a widely read column in Panorma, an Israeli-Arab weekly magazine.

"The Israeli public must realize that Arab citizens living in Israel are suffering from a complex dilemma, particularly at a time when the country, in which they are citizens, is fighting against its own people. Sometimes it's the Palestinian people and sometimes it's the Arab Lebanese people."

But for some local Arab residents, Hizbullah's missile attacks have had an opposite effect: unifying all kinds of Israelis because they're all in the line of fire.

"The leaders will shoot something at you and it doesn't discriminate over where it lands. Jews, Arabs, it hits everyone just the same," says Khalil Badin, a neighbor who escaped the previous night's bombing unscathed, as he jiggled a palm full of deadly steel pellets - gray balls that shoot out of the Katyusha rocket on impact. "The leaders are the ones who push the button and start the war, and we blame them all."

Lebanon's Infrastructure Takes New Beating (USAT)

By Jeffrey Stinson

USA Today, August 8, 2006

BEIRUT — Israel's bombing campaign in Lebanon has sliced the country into pieces and caused more than $2.5 billion in damage, says Lebanon's Council for Development and Reconstruction.

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The CDR, a quasi-governmental body that oversaw rebuilding after the 1975-91 Lebanese civil war, has begun to inventory infrastructure damage that has resulted from Israel's 27-day drive to rout the militant Shiite group Hezbollah.

"I have seen all the wars in Lebanon since 1975," says Al-Fadl Chalak, the council's president. "This is the most intense one I have seen in terms of destruction. The results of this war are catastrophic."

The council says Israeli warplanes, artillery and naval guns have devastated airports, highways, bridges, utilities, small businesses and homes, effectively partitioning large pieces of territory by making roads and bridges impassable. Eighty percent of Lebanon's factories are idle, and more than 30 have been bombed, says Charles Arbid, vice president of the Association of Lebanese Industrialists.

Israel's coastal blockade has cut off the supply of fuel to generate electricity and run cars and trucks.

David Siegel, a spokesman for the Israeli Embassy in Washington, says Israel is "only targeting Hezbollah and its military capabilities in threatening Israel. The infrastructure that is affected is only (involved) in Hezbollah's ability to maneuver with mobile missiles and heavy launchers, and rearm itself from Syria and Iran."

Construction along Beirut's gleaming skyline — a symbol of the capital's renaissance and evidence of Lebanon's 5%-6% economic growth in the first six months of the year — has halted.

Tourists fled two weeks ago, dooming government forecasts for a record 1.6 million visitors this year.

The United Nations says the fighting has prompted more than 800,000 people, or more than 20% of the population, to abandon their work and homes. Villages in southern Lebanon and apartment blocks in south Beirut — both Hezbollah strongholds inhabited mainly by Shiites — have been flattened.

Chalak estimates that the conflict has cost Lebanon about 8% of its $24 billion annual economic output. Chalak's estimates could not be independently verified. When the fighting stops, the task of rebuilding will fall to the CDR and Lebanon's government. Chalak and others say it will be difficult but not impossible.

"The economy is quite resilient," says Samir Makdisi, economics professor at the American University of Beirut and a former minister of economy and trade. "Where it's come since the civil war has proven that."

The current fighting has crushed much of the optimism about the economy, which was growing at its fastest pace since the end of the civil war.

"Before all this started, the Lebanese economy was at its peak," says Ramzi El Hafez, publisher of Lebanon Opportunities magazine and the Arabic edition of Business Week. "I think we were finally able to shed the scars of past wars and economic problems."

El Hafez says Lebanon had begun attracting long-term investment. Lebanese banks were lending both at home and throughout the Middle East. The Beirut Stock Exchange began 2006 with $4.91 billion in capitalization, coming off a record 2005, when both volume and value of trading tripled.

About a dozen hotels and residential high-rises, many offering luxury condos and apartments, were under construction in downtown Beirut, in the nearby hills and along the coast. Makdisi estimates that about half of the investment came from oil-rich Persian Gulf nations and from wealthy Lebanese living abroad.

Beirut, with its Western attitudes and diversity, has long attracted tourists from the Gulf region and served as a second home to Arabs living in more-restrictive countries. Tourism generates 20% of the country's gross domestic product.

Abbas Safieddine, a partner in PlastiMed, maker of disposable medical supplies, says he wants to know why the Israelis targeted PlastiMed's factory near the coastal city of Tyre. The plant, which employed about 100 workers, was demolished in an airstrike two weeks ago.

Israel's insistence that it is striking only targets connected to Hezbollah is a "bunch of bull," he says. Israel is hitting non-Hezbollah targets in hopes of forcing other Lebanese "to make a stand against Hezbollah," Makdisi says.

Siegel said much of Lebanon's civilian infrastructure has not been hit, including most major refineries, power stations, water plants, government buildings and military assets, "which Israel has no reason in targeting and wouldn't target."

"This is not about punishing the civilian population. It is about degrading Hezbollah military capabilities," he said.

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Walid Assaf, who owns the Pepsi franchise in Lebanon, said his bottling plant closed when it was damaged during the Israeli bombing of Beirut International Airport. The plant, which employs 1,350 people, will remain closed until the fighting stops, he says.

Businessmen such as Safieddine and Assaf question whether it's worth it to rebuild.

There are signs that Lebanon can recover. The Lebanese central bank has kept the local currency, the Lebanese pound, stable with the help of a $1 billion deposit from Saudi Arabia and $500 million from Kuwait.

The two nations have already pledged $800 million for reconstruction. The stock market reopened last week after closing to prevent a run. Trading restrictions are imposed to stop a steep drop in prices.

The CDR's Chalak says damage to the airport and some highways can be fixed quickly. Within three years, he says, most infrastructure can be rebuilt. He says he is confident that Lebanon can pay with help from Gulf states despite its $37.7 billion debt.

"The big question is government stability," says Frank Soussa, director for the Middle East and Africa for Standard & Poor's. That will determine whether Safieddine and his partners spend $15.4 million to rebuild the PlastiMed plant, he says. "It all depends on the political outcome."

Many Lebanese Stay Put, Despite Crossfire (WT)

By Betsy Pisik

The Washington Times, August 8, 2006

GHAZIYE, Lebanon -- Israeli warplanes dropped the leaflets on Sunday, warning residents that they should leave for their own safety.

None did, according to neighbors, who were indignant that Israel would order them to flee their homes in this village just south of the port city of Sidon.

Early yesterday, bombs fell on three of the village's apartment buildings, killing 15 persons and injuring 20, according to local police.

The United Nations estimates that 70 percent to 80 percent of Lebanon's people south of the Litani River have abandoned their homes and moved northward for safety, part of a total dislocation estimated at more than 900,000 people nationwide.

But thousands more still cling to their homes and fields in the war zone, refusing to leave for reasons of ideology or economics or just plain stubbornness, in spite of the imminent threat of Israeli bombing and a ground war with Hezbollah.

"Where would we go?" asked a witness to yesterday's strikes in Ghaziye, who declined to be identified. "I was here in 1982, and I saw Israeli soldiers coming down this road. I was not afraid then. I have been through five wars, and I am not afraid now."

In Qana, a village which Israel says was the source of Hezbollah rocket fire that killed 12 reservists on Sunday, farmers stayed on their land through a week of sporadic bombing, including a strike that crushed 28 persons under a house.

To abandon their summer fields lush with tobacco, tomatoes and figs, survivors said, would be to lose the income for the year.

In Bint Jbeil, a Hezbollah stronghold near the Israeli border and one of Israel's first targets in the war, thousands of civilians walked to safety after having been pinned down by a week of air strikes and harrowing ground fighting.

But many stayed, aid workers said, to guard their homes, to care for those too weak to walk away or to support the Hezbollah fighters.

Still others across the south are desperate to get to safer ground, but cannot afford the extortionate taxi fare -- which currently runs between $200 and $1,000 for a trip to Beirut from anywhere in the region.

"Most people here have taken the decision not to leave," said Abdul Rahman Bizri, the mayor of Sidon.

"Many of us have suffered ... Israeli occupation before. We felt the humiliation of leaving our homes. Many lack the resources to leave. Many have no place to go."

In Beirut, much of the social life has shifted to the safety of the mountains, less than an hour out of town. It is not exactly standing fast against the enemy, but those who are summering in Beit Meri or Jounieh say they are more loyal than those who fled to Paris, Toronto or Grand Rapids, Mich.

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Across Lebanon, people are wrestling with the daily calculation of risk.

Some say they have decided to stay put in the face of near-certain danger rather than endure the indignity and discomfort of sheltering in overcrowded schools or parking garages.

Others have sent their women and children to the relative safety of Cyprus or Syria, leaving behind towns filled only with men. Some are making money on the war economy; others are motivated by something more complex.

"Every house here has a fighter," said Mohamad Mowla, a burly Baalbek taxi driver, who added that resistance takes many forms.

Bourj al-Barajneh, a heavily bombed southern Beirut suburb, has been largely abandoned apart from a cadre of young men aligned with Hezbollah who have remained to guard against looters among the clusters of small apartments that once teemed with large families.

"No one comes in here without us," said a boy who gave his name as "Bob."

Some of the young and socially conscious say they are staying in Lebanon to show their loyalty to a country that has survived civil war, occupation and crushing debt, all in their lifetimes.

"I am the generation that lived the civil war," said Suzanne, a physicist and poet who feels the need to volunteer in Beirut's shelters but declined to be identified in full.

"We Lebanese, we do not shock so easily. There is no one else like us."

Red Cross: Israel Denying Safe Passage (AP)

By Kathy Gannon, Associated Press Writer

AP, August 8, 2006

The Israeli military has denied permission for aid groups to move food and medicine to besieged villages in southern Lebanon for two days, the Red Cross said Monday.

Without guarantees of safe passage, the Red Cross has been unable to move supplies beyond the port city of Tyre to towns and villages south of the Litani River, where thousands of people are believed trapped, said Richard Huguenin, a spokesman for the International Committee of the Red Cross.

The Litani runs roughly parallel to the Lebanese-Israeli border, about 20 miles to the north. The area between it and the border has been the site of the heaviest Israeli bombardment and ground fighting with Hezbollah guerrillas.

"It is now a question of the humanitarian consequences of what is looking like a blockade," Huguenin told The Associated Press in Tyre.

"At night we ask for permission and in the morning we get either a red light or a green light and for the past 48 hours it has been red," he said.

The Israeli army told the AP Monday that humanitarian agencies wishing to send convoys into the area should coordinate with the military in advance as they have in the past. The army said that in the past, it has been necessary to deny permission for military operational reasons, but no convoy had ever been hit.

A Greek ship loaded with Red Cross supplies had been due Monday but was denied permission to dock in Tyre and was diverted to Sidon, north of the Litani, Huguenin said. Israeli warships have blockaded ports since the conflict began, only letting aid ships into Beirut and occasionally into the southern ports.

"It seems the military buildup has really begun in the last two days. It has certainly been a lot noisier," he said of the aerial bombing of areas around Tyre and south on the road to Naqoura.

The Red Cross estimates there are still 100,000 people south of the Litani. Among them are 27,000 in Tyre, 40,000 Palestinian refugees living in four camps that surround the city and 33,000 in villages.

Huguenin said the Red Cross has distributed aid throughout Tyre and has some supplies meant for villages south and east of the city, but is unable to deliver them.

"What do we do next?" he said. "We are getting phone calls from isolated areas in the south close to the border from people who need food and medicines."

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He said people who did not leave during last week's pause in Israeli air assaults were among the most vulnerable — the poor, sick and those without vehicles. He spoke to elderly "who said if they were going to die, they wanted to die in their homes."

The Red Cross said it was not seeking a halt to the fighting but asked that at least one route be designated safe to allow aid through.

"The lifeline must be made to this part of the country. It is under blockade, no ships coming in, and the roads are blocked," said Huguenin.

Sidon, Lebanon's third-largest city, is now home to some 50,000 refugees. Last weekend, Israel dropped leaflets warning residents to flee, but Huguenin said there have been no reports of people leaving Sidon.

Annick Bouvier of the ICRC said in Geneva the relief agency had planned to reach some villages in southern Lebanon, "but due to the level of hostilities, it's impossible for us to proceed."

A Red Cross convoy did bring supplies to Marjayoun from Beirut on Monday, but it was the only convoy able to reach cities south of Sidon, an ICRC statement said.

The World Health Organization warned that 60 percent of the hospitals in Lebanon would have to close unless fuel was delivered this week.

"We urge all parties to ensure safe passage of fuel supplies to hospitals," said Dr. Ala Alwan of WHO.

Dry Forests In Northern Israel Are Damaged As Hezbollah's Rocket Attacks Ignite Fires (NYT)

By Dina Kraft

The New York Times, August 8, 2006

TEL AVIV, Aug. 7 — Hezbollah rocket fire that has kept Israelis in the north of the country in underground bomb shelters for weeks is also taking a toll on the environment there, igniting hundreds of fires in Israel's few forests, in the Galilee region.

Officials estimated Monday that as much as 9,000 acres of land, including almost 3,000 acres of forest, have been damaged by fire in the nearly four weeks of cross-border fighting between Israel and Hezbollah. The conflict has brought daily barrages of rockets from Lebanon.

"There has never been a situation like this before," said Shimon Romach, 57, Israel's national fire and rescue commissioner, during a break late last week from reviewing the situation with his staff at the fire station in the town of Nahariya, one of the stations being used as an operations center during the crisis. Aerial and topographical maps of the region line the walls of their operations room.

"Lately there are more Katyushas, and so more land is being burned," Mr. Romach said.

Many of the rockets, packed with tons of explosive material, have landed and detonated in the forests, vineyards, orchards and open fields of Galilee, which in more peaceful times has been celebrated for its green vistas and tranquillity.

The greening of Israel, a largely arid country, has been a major part of the Zionist ethos. Many of the forests that are now under fire were planted by the Jewish National Fund in the 1950's, during the early years of the Israeli state.

At least one major forest in northern Israel has lost up 75 percent of its trees. Across the border in southern Lebanon, forest fires also rage, from Israeli bombs. In the dry heat of summer, the land is especially vulnerable.

Mr. Romach has brought firefighters from other parts of the country to expand local forces. In normal times there are three shifts of 75 firefighters a day in northern Israel. These days there are more than 180 on each shift.

He coordinates his operations with those of the Jewish National Fund. The fund, which predates the state of Israel and is supported by the government and private donations, is the official caretaker of the land, including the nation's forests. It has its own force of about 100 firefighters.

Mr. Romach said that during the current crisis the firefighters had been working long days without sufficient staff or equipment. They are sent to as many as 100 fires a day, including those in residential and public buildings as well as forests and other open areas.

Although many of them are not equipped with flak jackets, they sometimes they find themselves putting out fires even as Katyusha rockets fall nearby.

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Small planes, usually used in the north for crop-dusting, are being employed to help put out the fires. Pilots release tons of a red flame retardant to contain the fires. The flames in the most serious fires have reached as high as 130 feet.

But Mr. Romach said he has run out of money from his regular budget to hire the planes. The Jewish National Fund has provided extra emergency money to cover operations for now, but it was not immediately clear when additional government financing would come through. The fund has been raising money abroad to buy additional safety equipment and trucks.

Amir Levi, 33, the chief of operations for the Western Galilee fire department, surveyed the damage one recent day in a single-engine plane. He pointed out a swath of blackened earth on the border with Lebanon, the aftermath of a blaze that ignited when a Hezbollah rocket plunged into a forest of pine trees.

"As firefighters we, too, are taking part in this war," said Mr. Levi, who has not had a day off since the fighting — and the fires — began with a cross-border attack by Hezbollah on July 12. He sent his wife and two young daughters to a kibbutz in the southern part of the country for their protection. "We are among those fighting on the home front," he said.

The firefighting teams include Jews and Arabs. "There is a type of coexistence under fire," said Dr. Omri Bonneh, the Jewish National Fund's director for Israel's northern region. "They work together, shoulder to shoulder. The volunteers from nearby that come out to help are also both Arabs and Jews. They bring us food and water and encourage the firefighters."

Mr. Romach expressed a more skeptical view. He said that there was evidence that some of the fires had been caused by arson and that there were suspicions that some local Arab residents might have set them to protest Israel's military action in Lebanon. No arrests have been made.

There is great damage to the north's landscape, but it is unclear just how severe the long-term environmental damage will be.

"The ecological system is used to living with fires,'' said Raanan Boral, the head of the environmental protection division of the Society for the Protection of Nature in Israel. "It is part of life for the system. Some trees get burned, and so do some nests. Some animals don't have the time to flee, but the system can rehabilitate itself. It takes time and it is not nice to look at, but it is not an irreversible disaster."

In Lebanon the environment has been hit harder. Most notably, Israeli airstrikes caused an oil spill that is devastating the country's coastline.

Meanwhile, a group of volunteer firefighters from New York arrived last week to help reinforce their counterparts in Israel.

"We felt it was important we offer help in the north or help man depleted firefighting crews," said Nathan Rothschild, 49, from Rockland County, N.Y., who is helping to staff a Jerusalem firehouse, many of whose members have been called north. "We feel if we can make a difference, we are happy to do that."

Israeli Soldiers Find A Tenacious Foe In Hezbollah (WP)

By Jonathan Finer

The Washington Post, August 8, 2006

KIRYAT SHEMONA, Israel, Aug. 7 -- Late last week while guarding a house in southern Lebanon that Israeli forces were using as a command post, Cpl. Matan Tyler received an unusual order from his commander: Watch out for guys wearing Israeli uniforms.

A day earlier, a nearby regiment had been approached by fighters wearing familiar olive shirts and vests with Hebrew writing, Tyler said he was told. The fighters -- Hezbollah militiamen disguised as Israelis -- opened fire on a house full of Israeli soldiers.

"You really can't underestimate the Hezbollah," said Tyler, 20, a member of the army's Nahal Brigade. "They are the masters of the field. They know the area better than us. They know where to hide and when to move. They always know where we are."

The incident is just one among dozens of examples of an enemy that has proven more resilient and better-equipped than Israeli military forces anticipated. After nearly four weeks of air attacks and ground combat, Israeli military officials say that they have killed only a small fraction of Hezbollah's fighters and that the group still has hundreds of launchers and thousands of rockets at its disposal.

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"What we face is an infantry division with state-of-the-art weaponry -- night-vision gear, advanced rifles, well-equipped -- deployed along our border," said Brig. Gen. Yossi Kuperwasser, who until last month was director of analysis for Israeli military intelligence. "They have some of the most advanced antitank missiles in the world."

In more than two dozen interviews at army bases, hotels, artillery batteries and staging points for their entry into Lebanon since the heaviest ground fighting began last week, Israeli soldiers expressed confidence in their superiority over Hezbollah, but frustration that they are fighting an elusive enemy as difficult to find as it is to defeat.

"Most of the time we only see them when they want to draw attention to themselves, then they kick us from behind," said Tyler, who was resting with his battalion at a lakefront hotel near Tiberias after a week in southern Lebanon. "It's horrible, yes. You feel -- not weak, but how do you say it, threatened? There is always, always uncertainty."

Several soldiers said they were surprised by how long the operation has taken. When Israelis invaded Lebanon in 1982, they reached to within 10 miles of Beirut in two days. In the current conflict, after more than three weeks of fighting, the heaviest ground combat is still in a string of towns along the border.

"It's so slow and you're just going crazy. You're not really getting very far in there and it's brutally hot just sitting in those houses," said Cpl. David Gross, 22, of Livingston, N.J., who moved to Israel two years ago to join the army.

"Look, we're all smart enough to know it's probably best that they do it this way. Fewer people get killed," he added. "But it's also hard because I don't know if we will ever be able to stop the rocket attacks. You just feel like we'll keep pushing them back and they'll just shoot the rockets farther. Is that frustrating? Yes."

The soldiers described a battlefield littered with booby traps and fortified by fighters who have been preparing to repel a ground invasion since Israeli withdrew from southern Lebanon six years ago, after an 18-year occupation.

Master Sgt. Yusaf, a scout for the army's Baram Brigade who spent 16 years fighting in southern Lebanon during the 1980s and 1990s and who spoke on the condition that only his first name be used, said comparing Hezbollah's capabilities then and now "is like talking about the difference between men who have guns and an army."

Moving at the front of an advancing infantry platoon, he is always on the lookout for traps and hiding places, he said during an interview at a base in Shomera, near the border, hours after leaving a village in southern Lebanon. He described one bunker near the Lebanese town of Maroun al-Ras that was more than 25 feet deep and contained a network of tunnels linking several large storage rooms and multiple entrances and exits. He said it was equipped with a camera at the entrance, linked to a monitor below to help Hezbollah fighters ambush Israeli soldiers.

Israeli soldiers and commanders are quick to point out that Israel is winning by most traditional measures, such as equipment destroyed, territory seized and casualties -- 61 Israeli soldiers have died in the fighting, along with about 450 Hezbollah fighters, by Israel's count. But in comments that echo those of earlier guerrilla conflicts, they also acknowledge that the two sides have different standards of success. "All they have to do is survive and some people will say they won," one soldier said in a recent interview near the Israeli border town of Avivim.

First Sgt. Dekel Peled, who suffered cuts to his head and hands in a Lebanese village 10 days ago when a mortar shell struck a house in which he was waiting, said he is fighting in a "a war that no one can be mentally prepared for."

He was interviewed at an army-run hotel in Kiryat Shemona this week as he returned to his unit, though he still can't fight because he lost feeling in his trigger finger.

"Some days it seems like it is going to be over tomorrow, and on other days I get the impression it can last another month," he said.

Few said they had experienced sustained firefights. Rather, they said, there were long hours of edgy anticipation, and short bursts of intense combat. The most feared weapons in Hezbollah's arsenal, they said, are the antitank missiles that have been responsible for dozens of Israeli casualties, blasting through the armor of the most advanced Merkava tanks or at infantry soldiers maneuvering on foot.

Cpl. Eviatar Shalev, 19, described spotting a Hezbollah fighter standing 200 yards away and aiming a shoulder-fired missile at the house where he was posted. "He was already in the firing position, so we called up a combat helicopter," Shalev said. "We entered the inner-most part of the house. We put on all of our defensive gear and we prayed. When you are in there, you can't stop imagining a red spot on your window."

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The fighter was killed by an Israeli airstrike before he could shoot the missile, Shalev said in an interview at the hotel in Kiryat Shemona.

Israeli commanders say Hezbollah has obtained its sophisticated weaponry from its main backers, Syria and Iran. "Some have Arabic inscriptions on them, some Iranian, some Russian," said Maj. Gen Udi Adam, commander of Israel's northern forces, in a recent briefing for reporters. "The ones with Russian on them come from Syria," he added.

Several soldiers said they felt the army should be striking harder at Hezbollah but was being held back by concern for civilian casualties. Lt. Col. Svika Nezer, the commander of an artillery battery a few miles outside Kiryat Shemona, said his unit was operating at about 20 percent of its firepower.

"We could do much, much more. But the orders we get are limited," said Nezer, a reservist who is a lawyer in civilian life.

Among the main challenges facing Israeli soldiers, they say, is that Hezbollah chooses to fight in and among civilian centers, making it difficult to target its fighters without killing bystanders. Lebanese officials and human rights organizations have criticized Israel for what they term indiscriminate bombing, but commanders say that, if anything, they err on the side of caution when deciding whom to shoot.

"There have been many times when we let go someone whom we knew was a terrorist because we are not sure we could take them down safely," Adam said. "Meanwhile, they try to kill as many of our civilians as they can."

Lt. Itamar Abo, 20, on his way back to the front after a weekend at home in the northern town of Tzfat, said his friends and family grilled him throughout his time off about when the fighting would end and the rocket barrage would stop.

"When a Katyusha falls on somebody's house, it's hard to tell them this is going well. They keep saying, Please get it over with. I don't know what to tell them," he said. "We have to do what we are doing, and I think it is helping, but I also think that no matter what, when this war is over, the threat will still be there, right on our border."

Seated nearby, Cpl. Shai Kaplan, 19, was blunt. "They are experts at deception. Everyone will think they won no matter what. That's how you win when there's a few thousand of you and 50,000 of us," he said. "The more of them we kill, the more of them who are generated. Unfortunately, this is a lost war."

Bombing Obliterates Last Route Out Of Tyre (WP)

By Anthony Shadid

The Washington Post, August 8, 2006

TYRE, Lebanon, Aug. 7 -- The nine ambulances were parked outside the Lebanese Red Cross. They couldn't leave -- neither by the road north, which was bombed, nor the road south, which was shelled Monday. Blasts thundered across the Tyre sky, and rumors flew with almost equal vigor: No one could walk outside after 10 p.m., no one should stand in the street in groups bigger than three.

That left Qasim Chaalan, a gentle Red Cross volunteer, with a problem: He had promised to take Khadija Tajj al-Din, a 74-year-old woman, in an ambulance from the Jabal Amel Hospital to a school where her relatives had sought refuge, a trip of a couple of miles.

"You want to help, but you say at any second, it could be your time," Chaalan said.

"You want to make the people feel safe," he added, "but you don't feel it yourself."

For the first time since the war had started, there was no way out of Tyre. And for those left behind, there was no way to get around.

The night before, Israeli aircraft had bombed a pile of powdery sand along a wilting banana plantation that forded the Litani River, what had become the last link between Tyre and the rest of Lebanon. The rest of the bridges along the river, which bisects southern Lebanon, were bombed in the early days of the nearly month-long war. On Monday, Israeli military forces shelled the road to the south, where columns of smoke rose and the whistle of outgoing rockets sounded across the afternoon.

Inside Tyre, besieged and desperate, Israeli missiles struck an apartment complex targeted by an Israeli commando raid last weekend, reducing four five-story buildings to rubble and igniting a fire in a building still standing. The percussion of blasts paralyzed Tyre, transforming the seaside city into a ghost town.

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What was supposed to serve as a staging point for relief into southern Lebanon -- the city where aid officials say thousands remain stranded and corpses have rotted in the streets for as many as 10 days -- had become too dangerous for anyone but a few motorcyclists.

"The city is completely cut off from the rest of the world," said Roland Huguenin, a spokesman for the International Committee of the Red Cross, which has been prevented from sending out convoys for three days. "Tyre doesn't have a lifeline now."

At Jabal Amel Hospital, physician Ahmad Mroue slumped in a leather chair, chatting with a colleague, Bassam Mteirak.

"No ambulances," Mroue said, shaking his head.

"The ambulances are here, and they can't go to the buildings over there," Mteirak said.

He pointed less than a mile away, where the missiles had destroyed the apartment buildings.

"How many are under those four buildings?" Mroue asked.

Mteirak shook his head, glum like Mroue. "God knows," he said.

Israeli naval commandos, under cover of night, had attacked a single apartment in one of the buildings on Saturday, killing four people in a battle that stretched until dawn and spanned across the complex and into a citrus grove along the street. The apartment was gutted. Rifles, ammunition and two rocket-propelled grenades still littered the floor hours later. On Monday, that building, along with three others, was wrecked, only the antennas and satellite dishes still standing amid the splintered concrete and crushed red tile.

"It sounded like an earthquake," said Hussein Muennis, a resident who lived about 100 yards away.

Most of the buildings appeared to have been abandoned after the commando raid. Left behind in the wreckage was a piece of paper from a school report: "Hello! My name is Rana. I am 6 years old." A brass kettle was tipped over, brown tea leaves spilling out. A red, heart-shaped pillow with yellow fringe was partially buried. "I love you," it read.

A playful tune sounded from a child's toy buried underneath other wreckage.

Along a cinder-block wall, graffiti in blue read: "Welcome."

"We Lebanese have lived through everything, but this is enough," said Ahmed Dubouk, a 68-year-old neighbor.

"What a pity!" he said, walking through the wreckage. "What a pity! I swear to God, it's a pity!"

The Israeli military said Hezbollah teams firing missiles toward northern Israel were based at the complex, and hours later, witnesses said they saw men who appeared to be Hezbollah militiamen moving from building to building before leaving. Residents seemed aware of the activity, and a Red Cross worker said most appeared to have fled soon after the commando raid Saturday.

"Ninety or 95 percent of the people had left," said Ali Sweidan, a 43-year-old ambulance driver.

The destruction of the makeshift bridge over the Litani threw relief and medical efforts into further chaos and tangled the lives of the thousands of residents still here who call this war their most trying -- more unsettling than the 1975-90 civil war, more devastating than the 1982 Israeli invasion, and more destructive than Israeli offensives against Lebanon in 1993 and 1996.

At Jabal Amel Hospital, Mteirak, a native of Sidon, said he had been unable to go home for 28 days. He calls his wife and three children once a day. They send photos by cellphone. "There's no way to leave," he said. He repeated the words.

Mroue recalled a patient, Mariam Jawad, who arrived at the hospital from Bint Jbeil on Sunday. She had been wounded three days earlier. The usual 45-minute drive took 10 hours. Her leg was amputated, too damaged by a tourniquet tied to it to stop the bleeding.

"I'm not thinking about anything else other than to stay living," Mroue said, as blasts echoed in the distance, smoke mingling with puffy clouds. "It's not one of the human rights? We want only this. Not democracy, not liberty, nothing. Just this one."

For three days, the International Committee of the Red Cross said it has been unable to win permission from the Israeli military to venture on roads into southern Lebanon. "And I doubt we'll be up and about tomorrow," Huguenin said.

"Our contention is that there may be military necessities, but that doesn't mean the entire region should be off-limits," he added. "The fact you give prior warning doesn't exonerate you of responsibility under international law."

The United Nations said it was trying to get its forces to repair the Litani bridge, which was bombed Sunday night, but Huguenin said workers were reluctant to drive heavy machinery, fearing that Israeli forces would mistake it for missile launchers.

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The problem had become so bad that earlier, the Red Cross had run into problems getting cranes to the Tyre port to unload a ship with relief supplies.

On Monday, Doctors Without Borders created a 200-yard-long human chain across the river, passing hand to hand in knee-deep water three tons of medical supplies and gasoline, said Sergio Cecchini, a spokesman for the group.

All that spans the rest of the river, its meandering water tinted green, is a fallen tree, he said.

"This is the only way at the moment to connect Tyre to the rest of Lebanon," Cecchini said.

By nightfall, the Israeli military declared a curfew on any traffic in southern Lebanon, south of the Litani River, "from 10 p.m. on." Rumors of it had already spread by afternoon on television news, whose broadcasts have become the secluded city's favorite pastime.

"It's better to die inside than to die in the road," said Khalil al-Ashkar, 25, whose family owns the Salinas restaurant.

Ashkar, his father, uncle and cousin sat on the stoop of the seaside restaurant, watching blasts across the bay.

"I see the smoke and I hear the sounds," his father, Hussein, said simply, with a hint of world-weariness.

A friend popped his head out the door of the restaurant, where he was watching al-Jazeera. The Lebanese army had warned people in the south not to stand outside in groups bigger than three, he said. A few minutes later, the cousin, Hisham, wandered toward the deserted street. "Don't stand there!" Hisham's father, Mohammed, shouted.

A few more minutes and another sound joined the cacophony of explosions, jets and surveillance drones.

"Be careful, there's a helicopter," Hussein shouted.

Around the corner was the Red Cross office, where Chaalan spoke on his phone to a friend trying to enter Tyre.

"How are you going to come?" he asked. "The road is cut. There's no other way."

Chaalan, a volunteer at the Red Cross since 1993, sat in a broken white plastic chair. "A casualty of war," he called it, smiling. He was waiting to take Tajj al-Din two miles from Jabal Amel Hospital to the Jaafariya school in a Red Cross ambulance. He talked about the stress. The patients expected the volunteers to be calm, assured; and to put it simply, they weren't.

"Every time we go out," he said, "we're not sure if we're going to come back or not. This is what we feel."

Word came from the Red Cross operations office: The roads were too dangerous in Tyre.

He waited, as the volunteers often do. Then permission finally came.

He picked her up at the hospital, where other elderly women had gathered. They all wanted to go home, into the hinterland.

"I looked at them and smiled," he said. "I told them, 'All the people are leaving these villages and you want to go?' "

"The old people," he said, "it's not easy to tell them no."

After Bomb Kills Loved Ones, Life Turns Ghostly (NYT)

By Sabrina Tavernise

The New York Times, August 8, 2006

TYRE, Lebanon, Aug. 7 — After a bomb hits, the remains of a life are modest.

Ghazi Samra, a fisherman, is feeling the new shape of his. Last month, his wife, one of his daughters and a granddaughter were killed in an Israeli airstrike. Since then, his life has shrunk to the size of one crooked city block. He tries to sleep in an apartment that is not his own. He wears his wife's glasses, more out of a craving for closeness to her than as an aid to see. The shirt and shorts he is wearing are his brother's. He has not felt able to return to his own apartment.

"I became a different person," said Mr. Samra, sitting on a battered chair in a local gathering space at the intersection of two narrow stone streets. "I can't talk with my children. I'm not wearing my own clothes."

Across Lebanon and Israel, missiles, rockets and bombs have punched holes into families and, slowly, painstakingly, the survivors are trying to put themselves back together again. It is a quiet process that unfolds in the private space of people's lives. It is full of ache and of empty places. It is a major consequence of war that often goes unnoticed, after the flash of bombs and the headlines that chronicle them fade away.

For Mr. Samra, who is 50, the healing is happening in a warren of narrow stone streets in the old section of this town. He begins his day with a short walk down a narrow alley to the place, several doorways down, where he passes the hours. He walks

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slowly, in leather sandals, usually smoking a cigarette. It is supposed to be an exercise in forgetting, but often it is the first few minutes of another day full of extremely painful memories.

Those memories began on the late afternoon of July 16, when his wife, a granddaughter and four of his children, afraid of a possible airstrike, sought shelter in the basement of a nearby building, as theirs lacked one. The building housed the main office for the city's emergency workers, and the family felt sure it would be safe.

They were wrong. Around 5:30 p.m., missiles struck the building's foundations and its top floors. Residents now say a Hezbollah official may have been living there. There was no response from the Israeli Defense Ministry to a request, submitted last week, for comment about the target.

Mr. Samra had been sitting with friends elsewhere. He raced to the building and frantically began to dig. He found his 5-year-old daughter, Sally, torn apart. Her torso and an arm lay separate from her legs. Another daughter, Noor, 8, was moving under the rubble. His granddaughter Lynn, not yet 2, had part of her face smashed. His wife, Alia Waabi, had died immediately.

Two other daughters, Zahra and Mirna, made it to safety, though Zahra was badly injured.

"This is my family," he said, his face creased, sitting under the eaves of the stone houses. "Three of them are buried and three of them are in hospitals."

After the adrenaline of the rescue and its aftermath fell away, Mr. Samra sank into blankness. He could not focus on anything. He had trouble remembering things. His vision seemed to blur.

He found it difficult to process what had happened. One thing that keeps him from mourning properly is that his wife and daughter will not be able to have a proper burial until the violence has died down. They were temporarily buried in an empty lot with dozens of others. They were assigned numbers. Alia is No. 35 and Sally is No. 67.

"They are numbers now,'' he said. "There are no names anymore."

He tried twice to return to his apartment, but he turned back both times. On Sunday, his friend opened it for a visitor. The rooms were still neatly composed, life suspended. Dishes were done. Laundry — tiny pink pants, a head scarf, a bra — was hanging on lines. But details showed something was wrong. The clothes were dusty from the pulverized concrete and soot of the explosion. A bowl of cucumbers and a pot of beans in the refrigerator were covered with mold.

As is often the case, the deaths felt arbitrary. On another day, Mr. Samra's family might not have gone to the building at all. It was the first time they decided to hide. The timing of the missile strike could not have been worse. The family had eaten dinner early to be underground before dark.

This plunged Mr. Samra into guilt. He would often take his family to Cyprus in times of danger, throughout Lebanon's fraught recent history, and briefly considered it in this case, but assumed Tyre would be safe.

Areas hit by bombs are often a jumble of incongruities. Bread spilled out into the road from a van that was hit by a missile in northern Tyre on Sunday morning. The area around the basement where Mr. Samra's family was hit was a swirl of household items — a shampoo bottle, a high heel from a shoe, a shower curtain — mixed with ragged concrete and wire.

"Regret is killing me inside," Mr. Samra said. "I should have taken them away."

The rest of the family was having difficulties of its own. When 17-year-old Zahra awoke in her hospital bed, she did not know that her mother had been killed. Mr. Samra did not have the heart to tell her. Her face had been burned, and when she walked into the bathroom and looked into the mirror, she sobbed, said her brother Muhammad, who was with her.

Mr. Samra passed the afternoon watching the small neighborhood move around him. He has not returned to work. Muhammad has taken over visiting the hospitalized girls.

"My wife was my life," he said, looking toward a television set up near the couches in the narrow alley.

"My heart aches."

Israel Is Accused Of Sending Poison To Hamas Premier (LAT)

By Ashraf Khalil

The Los Angeles Times, August 8, 2006

GAZA CITY — Hamas on Monday accused Israel of a failed assassination attempt against Palestinian Authority Prime Minister Ismail Haniyeh using a poison-filled letter.

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Several employees in the office of Deputy Prime Minister Nasser Shaer in the West Bank city of Ramallah were hospitalized after one of them opened a letter addressed to Haniyeh. The letter contained a tissue that gave off a strange smell, filling the room and overwhelming several employees, Palestinian sources said.

Seven employees were hospitalized, one in serious condition.

An Israeli army spokesman who declined to give his name denied any involvement by Israeli troops or officials.

During a Cabinet meeting in Gaza City, Haniyeh called the incident a "criminal and dangerous act," according to the Ramattan news agency.

He said the letter was sent from Tel Aviv addressed personally to him.

Shaer promised a full investigation, saying the tissue had been sent to a lab for analysis.

In 1997, Israeli agents tried to kill Hamas senior leader Khaled Meshaal in Amman, Jordan, by injecting poison in his ear. The attempt failed, and the agents were captured and later exchanged for jailed Hamas founder Sheik Ahmed Yassin.

Haniyeh, whose Hamas-led government is opposed by Israel, has been unable to leave the Gaza Strip since taking power in late March because of Israeli limitations.

Dozens of Hamas-affiliated ministers and lawmakers have since been detained without charges by Israel, most recently parliament Speaker Aziz Dweik, who was hospitalized by his captors Monday. An Israeli army spokesman said Dweik had complained of dizziness and chest pains and was being kept overnight for observation.

In Gaza City, supporters of Islamic Jihad held a rally in support of Hezbollah leader Sheik Hassan Nasrallah. About a thousand protesters marched through Palestine Square downtown, waving black Islamic Jihad banners and yellow Hezbollah flags and chanting, "We are loyal to you, O Nasrallah."

They also harshly criticized the anemic response of Arab governments to the Israeli offensive in Lebanon and to the ongoing siege that has paralyzed the Gaza Strip and killed at least 170 Palestinians.

Islamic Jihad senior leader Khalid Batch condemned what he called "the international silence over Palestine that has given Israel the right to kill and commit massacres."

Nasrallah's popularity has soared throughout the Arab world during the nearly 4-week-old Israeli offensive. Hezbollah flags and posters of Nasrallah are some of the hottest-selling items in Gazan stores.

The Lebanese Shiite Muslim group has long been well regarded among opponents of Israel for its protracted guerrilla war, which helped lead to the withdrawal of Israeli troops from Lebanon in 2000.

Cuban Officials Say Castro Is Recovering (NYT)

By James C. McKinley Jr.

The New York Times, August 8, 2006

MEXICO CITY, Aug. 7 — High-ranking Cuban officials worked hard Monday to put out the message that Cuba was stable after the transfer of power from Fidel Castro to his younger brother last week.

Fidel Castro has remained out of the public eye since undergoing surgery a week ago for an undisclosed illness that involved intestinal bleeding. For the first time in his 47 years as Cuba's authoritarian leader, Mr. Castro relinquished power, to his brother Raúl, who is the defense minister, along with a cadre of cabinet officials. The government has said Fidel Castro's health is "a state secret."

Although no detailed information on Mr. Castro's illness or a prognosis for him has been released, the president of the National Assembly, Ricardo Alarcón, and the minister in charge of the island's economy, Carlos Lage Dávila, both said Monday that he was recovering rapidly.

Speaking in Bogotá, Colombia, where he was attending the swearing in of President Álvaro Uribe, Mr. Lage said Mr. Castro would be able to return to his duties "in a short time," according to Mexico's and Cuba's official news agencies. He said the Cuban leader "finds himself well cared for in a hospital and has been conscious the whole time.''

Mr. Alarcón, meanwhile, scoffed at Cuban exiles in Miami and conservatives in Washington who believe the Communist government cannot long survive without Mr. Castro at the helm.

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"All those who have been dreaming, or trying to fool the world and put out the idea that something terrible would happen in Cuba, that people would take to the streets, that there would be great instability, all those, the door slammed on them and they must have swollen hands now," Mr. Alarcón said, speaking on the Venezuelan network Telesur.

On Friday, Cuba's health minister, José Ramón Balaguer Cabrera, also said that Mr. Castro was "recuperating satisfactorily." His comments came as he visited Guatemala for the opening of a hospital built with Cuban aid.

Over the weekend, other rumors swirled through Latin America about the leftist icon's health. The Brazilian newspaper Folha de São Paulo reported that Cuban authorities had told the Brazilian president that Mr. Castro had cancer and would not return to his duties, a report the government later denied. One member of Cuba's Council of State, or cabinet, Roberto Fernández Retamar, told reporters at a news conference in Havana that the country had set in motion a peaceful political succession. It was not clear whether he meant that the transfer of power to Raúl Castro would turn out to be permanent, but the statement was clearly meant to suggest that the Castro government was not about to crumble.

...

President Bush, meanwhile, at a news conference in Crawford, Tex., spoke of the United States' desire to see Cuba change from a one-party autocracy to a democracy with freedom of speech and competing political parties.

The United States has kept up an economic embargo of the island for more than four decades and the Bush administration, like nine others before it, has made it known that it would welcome democracy in Cuba. Still, American officials said last week that there were no plans to interfere with the current transition of power, nor are there plans to invade the island, something Cuba's propaganda machine warns of constantly.

"Our desire for the Cuban people is to be able to choose their own form of government," Mr. Bush said. He added: "Cuba has the possibility of transforming itself from a tyrannical situation to a different type of society. The Cuban people ought to decide."

Cuba's Ailing Castro Back At Helm Within Weeks: Officials (AFP)

By Isabel Sanchez

AFP, August 8, 2006

Cuba's vice president says Fidel Castro should be back at the helm within weeks, but another top official spoke of months, reflecting the secrecy surrounding the ailing president's condition.

Asked when the communist leader would reassume the presidency he had temporarily ceded to his brother Raul, Vice President Carlos Lage said: "in weeks, as he himself says."

But Roberto Fernandez Retamar, a member of Cuba's Council of State, estimated it would take "several months" before Castro resumes his presidential functions.

Few details of Castro's health have emerged since a television anchor read a message on July 31 in which the Cuban president announced he had undergone surgery after intestinal bleeding, and handed over to Raul Castro, his designated successor and Cuba's defense minister.

US President George W. Bush admitted Monday he, too was in the dark about the condition of the Cuban leader, who turns 80 on Sunday.

Neither of the two Castro brothers has appeared in public since the July 31 announcement.

But officials say the president's recovery is going well. Speaking to journalists in Bogota, Lage said Castro was "conscious at all times" and was being well cared for at a hospital.

"A few hours ago, a friend who spent time with the commander and was impressed by his recovery told us: 'he is a copal tree'," the official Granma daily said.

It pointed out that the copal is an "incorruptible, compact and extremely hard tree" that is "ideal to build lasting works."

In his initial message, Castro said he decided to postpone his 80th birthday celebrations, but Granma reported Monday that 100,000 workers in the sugar production sector planned to stage a rally on Sunday to mark the event.

More than three million Cubans participated in a total of 80,000 demonstrations of support for Fidel and Raul Castro over the past days, according to the country's official and only trade union federation.

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Among the well-wishers was Daniel Ortega, Nicaragua's ex-rebel leader, who is campaigning for a second presidential term. Ortega traveled to the Caribbean island to show solidarity with the Castro brothers, state-run press reported.

In Crawford, Texas, Bush said he had little knowledge of Castro's condition.

"The only thing I know is what has been speculated. And that is that he is very ill. On the other hand he's going to be coming out of hospital. I don't know. Really don't know."

But he said the communist-run nation had the possibility to become "a different type of society," insisting, "the people on the island of Cuba ought to decide" how that change occurs.

"Once the people of Cuba decide the form of government, then Cuban-Americans can take an interest in that country and address the issues of property confiscation. But first things first. The Cuban people need to decide the future of their country."

Bush and Secretary of State Condoleezza Rice have urged Cubans to work for democratic change and pledged US support following the temporary handover of power. On Friday, Rice delivered a message to Cubans on US-funded Radio and TV Marti.

But the speaker of Cuba's National Assembly, Ricardo Alarcon, denounced the Bush administration's comments as an attempt to interfere in his country's domestic politics.

The US government believes it can decide "who is going to govern this country," Alarcon said in an interview with Telesur television. He added that the United States had always had ambitions to rule over Cuba.

Anti-Castro groups in Miami disagreed with Bush's call for them to stand aside for the moment, however, saying that the Cuban exile community had a crucial role to play.

"Cuban-Americans have an interest in every aspect of transition in Cuba and what all of that involves, including how these claims will be handled in a post-Castro era," said Camila Ruiz of the Cuban-American National Foundation.

But she admitted it would be premature to address Cuban property questions at this stage, "particularly since the regime utilizes this issue to scare Cubans into thinking the exiles want to go back, retake their property, and kick people out of their homes."

In Havana, Retamar ridiculed what he said was Washington's conviction that Cuba without Castro would plunge into chaos. "Fidel is not at the head of Cuba and chaos has not taken over the country."

He made the comments during the presentation of a document signed by 400 international personalities who urged the US administration to respect Cuba's sovereignty.

"We must at all cost prevent a new aggression," the document said.

The signatories include seven Nobel prize laureates, among them South Africa's Desmond Tutu and Nadine Gordimer, as well as Nigeria's Wole Soyinka.

U.S. Told: Hands Off Cuba (WT/AP)

By Anita Snow

The Washington Times, August 8, 2006

HAVANA -- Leftist intellectuals and human rights activists from around the world pleaded with the United States yesterday not to interfere with Cuba while Fidel Castro recovers from intestinal surgery.

Many of the 400 signers of the open letter are from Latin America, and numerous Nobel Peace Prize laureates are listed, such as former Archbishop Desmond Tutu of South Africa and activist Rigoberta Menchu of Guatemala.

Announcing the letter at a press conference, leading Cuban writer Roberto Fernandez Retamar said Cubans are convinced that Mr. Castro's transfer of power to his younger brother and defense minister, Raul Castro, is temporary.

"In a few months, we'll have him back with us," Mr. Retamar said.

That optimistic assessment has been reinforced by statements from Fidel Castro's inner circle and Latin American allies, who say the Cuban leader is recovering well from surgery for internal bleeding.

Cubans were told that most details of his health would be kept "a state secret" to prevent enemies from taking advantage of his condition.

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President Bush said the United States remains in the dark about the illness, but he didn't miss the chance to motivate anti-Castro activists to push for change.

"The only thing I know is what has been speculated, and this is that, on the one hand, he is very ill and, on the other hand, he is going to be coming out of hospital," Mr. Bush said at his ranch in Crawford, Texas. "Our desire is for the Cuban people to choose their own form of government."

On Sunday, Secretary of State Condoleezza Rice denied that the United States is contemplating an invasion of the island in the wake of Mr. Castro's illness, but said Washington wants to help Cubans prepare for democracy.

"The notion that somehow the United States is going to invade Cuba, because there are troubles in Cuba, is simply far-fetched," Miss Rice told NBC.

The Castro brothers have been out of sight since the July 31 announcement on state television that Fidel had undergone surgery and was temporarily ceding power to Raul. Meanwhile, the government has tried to promote a sense of normalcy, an image Mr. Retamar fostered yesterday.

"Fidel is not at the helm of Cuba, and there has been no chaos to overpower the Cuban people," the writer said.

A growing number of Cuban officials and Castro allies have come forward, meanwhile, to say he will return soon.

"In a few weeks, he'll be recovered and he'll return to his duties," Vice President Carlos Lage said Sunday, shooting down reports that Mr. Castro, who turns 80 on Aug. 13, has stomach cancer.

Venezuelan President Hugo Chavez said Mr. Castro was out of bed, talking, and even watching Mr. Chavez's talk show.

"How are you, Fidel?" Mr. Chavez said during his weekly TV and radio program. "We have reliable information of your quick and notable recuperation."

Mr. Chavez also called fellow leftist Bolivian President Evo Morales on the show Sunday, telling him Mr. Castro was bouncing back quickly.

The Communist Party daily Granma yesterday compared Mr. Castro to a caguairan, a tropical hardwood tree found in eastern Cuba where he was born. The tree "is incorruptible, compact, of extraordinary hardness," the newspaper said.

Cubans In Dark On Fate Of Fidel (WT)

By Stephanie Mansfield

The Washington Times, August 8, 2006

Cubans have no idea whether dictator Fidel Castro is lying at death's door or sitting up and watching reruns of "Jeopardy."

The health of the country's leader is a state secret. Even President Bush yesterday said he had no idea what the prognosis is for the ailing Mr. Castro.

The situation is reminiscent of the secrecy surrounding the death of Josef Stalin in 1953. The only clue for Russians that the iron-fisted Soviet dictator had died was when radio stations started playing gloomy music and bells tolled.

"There is a certain parallel between the Kremlin and Cuba," said award-winning Stalin biographer Robert Conquest.

After handing over power to his younger brother, Raul, Fidel Castro has disappeared from the radar, leaving both the people of the communist island and Cuban exiles in the United States to wonder what has become of the man who has ruled Cuba for more than four decades.

"Nobody knows anything," said Tamara Lush, a Miami-based staff writer for the St. Petersburg (Fla.) Times. "I was just at a meeting with a Cuban-American group, and every five minutes somebody's cell would ring. 'Do you know anything?' They want to pop the cork on the champagne."

Cuba's state-run press is not saying much. First, the 79-year-old Mr. Castro was said to have an intestinal ailment, brought on by stress. After surgery, said to be "complicated" and "important," there was radio silence. Where and when the surgery took place was not known, nor the name of the doctor. Mr. Castro is said to be recovering in an undisclosed location.

"Especially with authoritarian leaders, there is great effort to conceal any illness," said Jerrold Post, a George Washington University professor who has written extensively on totalitarianism.

Such secrecy was commonplace in the Soviet Union, said Mr. Conquest, a research fellow at Stanford University's Hoover Institution. "Before [Mikhail] Gorbachev, when [Soviet leader Leonid] Brezhnev fell ill, they kept it a secret."

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In fragile political systems such as Russia and Cuba, Mr. Conquest added, "You've got a machine. When one of the plugs is pulled out, it doesn't work the same way."

When news that Mr. Castro had undergone surgery reached Miami last week, Cuban refugees immediately flooded the streets of Little Havana, with car horns beeping, weeping and waving Cuban flags.

But expectations of the dictator's demise may be premature. "They're always trying to kill me off," Mr. Castro has often joked.

"The celebrating has turned into reality," said Miss Lush. "Everybody's on edge here. Nobody's seen Raul, either."

She was told to look for troop movements as a signal of a shifting political landscape. "There have been troop movements. That may signal the military getting ready," Miss Lush said.

The official explanation from Havana was that Cuba's military was gearing up to prevent a U.S. invasion. But the man who would order such an invasion says he's in the dark, too.

On vacation in Crawford, Texas, Mr. Bush had plenty to say yesterday about the situation in Lebanon, but when a reporter asked about Mr. Castro, the president professed to be as mystified as any other American.

"First of all, Cuba is not a very transparent society, so the only thing I know is what has been speculated, and that is that on the one hand, he's very ill; and on the other hand, he's going to be coming out of a hospital," Mr. Bush said during a press conference with Secretary of State Condoleezza Rice. "I don't know. I really don't know."

In Cuba last week, National Assembly President Ricardo Alarcon said Mr. Castro was "very alive."

Raul Castro, 75, assumed power, but he has yet to address the nation. White House press secretary Tony Snow said he didn't have any information because Cuba is a "closed society."

Concealing the state of a president's deteriorating health is nothing new. Francois Mitterrand, president of France, hid the fact that he had cancer for 14 years before his death in January 1996 at age 79. When Palestinian leader Yasser Arafat fell ill last year, there was speculation that he suffered from AIDS or was poisoned, but no information was given and his wife refused an autopsy.

And then there was Spain's Francisco Franco. The Spanish leader lingered on life support for so long under a cloud of secrecy that when he was officially pronounced dead in 1975, it was old news, inspiring a running joke on TV's "Saturday Night Live" with Chevy Chase announcing, "This breaking news just in: Generalissimo Francisco Franco is still dead."

Dwight D. Eisenhower was president when Mr. Castro seized power in Cuba's 1959 revolution. Mr. Castro has remained in power through nine succeeding U.S. administrations, surviving assassination attempts and other health crises over the years. But this time, as he nears the age of 80, no news may be bad news.

Reports of the dictator's illness sparked a capitalist frenzy on EBay, where one entrepreneur last week offered a new domain name for sale. The starting bid was $1,900 for www.adiosfidel.com.

Bush: Cubans On The Island Will Decide Country's Fate (AFP)

By Olivier Knox

AFP, August 8, 2006

US President George W. Bush said that Cubans "on the island" ought to decide their own future after ailing Fidel Castro gives up power, sending a strong signal to US-based Cuban exiles to stay on the sidelines for now.

But Cuban-American groups in Miami rejected Bush's view, saying they would not wait for the end to Castro's regime to involve themselves in the island's politics.

"Our desire is for the Cuban people to be able to choose their own form of government," said Bush, speaking from his Texas ranch one week after the Cuban leader provisionally handed power to his brother, defense minister Raul Castro, as he reportedly recovered from surgery to stem intestinal bleeding.

US officials "would hope that -- and we'll make this very clear -- that as Cuba has the possibility of transforming itself from a tyrannical situation to a different type of society, the Cuban people ought to decide," Bush said.

Once Cubans form a government, "then Cuban-Americans can take an interest in that country and redress the issues of property confiscation," he said.

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"But first things first, and that is the Cuban people need to decide the future of their country."

Reacting to Bush's statement, two leading Cuban exile groups in Miami said that they would not wait for political change to get involved in Cuban affairs.

"Our concerns and participation in the developments in Cuba will not wait until there is a political transition," said Camila Ruiz, spokeswoman for the Cuban-American National Foundation, one of the largest anti-Castro exile groups.

"We are very interested in helping, and accelerating a transition towards democracy as much as we can," she said.

Bush cannot determine "when the exiles can participate or not" in Cuban internal affairs, added Ninoska Perez with the Cuban Liberty Council, another anti-Castro group.

Ruiz conceded that it was "premature" to discuss issues like property recovery, "particularly because the regime uses it to scare Cubans, making them believe that the exiles want to return to recover their property and throw people out of their homes."

There were raucous celebrations last week among the 800,000 Cuban-Americans in south Florida at the news that Castro had turned over power to his brother, with many hoping for a complete regime change that would allow them to return to the island.

But since then, neither Fidel, who turns 80 on Sunday, nor Raul, 75, have appeared in public, raising speculation about the state of Cuba's leadership.

Cuban exiles in Miami have called for protests and an anti-communist uprising on the island.

Officials in Havana have said that Castro's health has to be treated as a state secret because of pressure from the United States for political transition as well as -- according to Havana -- a possible US invasion.

But both US Secretary of State Condoleezza Rice and Bush spokesman Tony Snow have dismissed the idea, with Rice describing it as "simply far-fetched" and "not true" in a Sunday television interview.

According to Cuba's official media, Castro is recovering well from surgery. Cuban Vice President Carlos Lage said Monday Castro should be back at the helm "in weeks."

Bush said he had no information about Castro's condition.

"Cuba is not a very transparent society," he said.

"The only thing I know is what has been speculated. And that is that he is very ill. On the other hand he's going to be coming out of hospital. I don't know. Really don't know."

Bush on Thursday urged Cubans to work for democratic change and pledged US support following the temporary handover of power. On Friday Rice delivered a message to Cubans on US-funded Radio and TV Marti repeating the same themes.

It was unclear if Cubans saw or heard the message, as the Communist government goes to great lengths to jam Radio and TV Marti broadcasts.

Last month Bush more than doubled funding, to 150 million dollars, for efforts to support a transition to democracy in post-Castro Cuba.

White House Weighs Change To Cuba Policy (NYT)

By Eric Lipton

The New York Times, August 8, 2006

WASHINGTON, Aug. 7 — With the fate of Fidel Castro still unclear, the Bush administration is looking for ways to prevent a possible surge in illegal immigration from Cuba while perhaps easing the way for some Cuban-Americans to bring their relatives to the United States.

Any effort by Cubans to enter the United States illegally by boat or other means will still be blocked, and officials are considering adopting a policy of rejecting new or pending visa applications for anyone caught trying to sneak in.

But the administration is considering setting up a system that would speed the immigration process for Cubans with close relatives in the United States who have entry applications pending, according to a report on Monday by The Associated Press that was confirmed by two federal officials.

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The change would not necessarily increase the number of Cubans annually given permission to enter the United States, which is about 22,000, but it would give people with families here higher priority.

Before the Cubans could come to the United States, however, Cuba would have to grant them exit permits, said the officials, who asked not to be identified because no final policy decisions had been made.

Consideration of policy changes has been accelerated by the recent transfer of power from Mr. Castro to his brother Raúl.

The officials said another possible change would ease immigration for Cuban doctors who have gone abroad as part of a program sponsored by the Cuban government to send physicians to developing nations. But the United States would block immigration for Cubans with ties to the Castro government who have been involved in human rights abuses.

Russ Knocke, a spokesman for the Homeland Security Department, which oversees immigration enforcement matters, said that no changes had been made and that Cubans should not see these discussions as a reason to consider trying to enter the United States illegally.

"The administration continues to urge Cuban people to stay on the island and work for a democratic Cuba," Mr. Knocke said.

U.S. Weighs Immigration-Policy Changes For Cuba (WSJ)

By John D. Mckinnon And Robert Block

The Wall Street Journal, August 8, 2006

WASHINGTON -- The Bush administration, concerned that boatloads of refugees may attempt to reach Florida as the Castro regime totters, is considering changes to immigration policy that would ease legal entry to the U.S. for many Cubans.

But some government officials worry that the policy shift itself could unleash an unmanageable flood of immigrants, and there were signs yesterday of last-minute second-guessing within the administration. A spokeswoman for the Department of Homeland Security, Joanna Gonzalez, said there were "ongoing deliberations," but "at this time there is no change in policy."

The review predates Cuban leader Fidel Castro's recent hospitalization. But it comes as the Bush administration confronts the prospect that Mr. Castro's exit from power -- and possible replacement by his brother Raúl -- will produce waves of immigration and dislocation.

A senior U.S. diplomat said fear of the political ramifications of a massive influx before the November elections -- potentially troublesome to President Bush, as well as his brother, Florida Gov. Jeb Bush -- was a factor in the deliberations. They are saying Raúl will become a swim coach: Castro will gasp his last breath and he'll blow a whistle and then everyone will be in the water swimming for the U.S.," he said.

The most notable move under consideration could speed up the arrival of thousands of Cubans who have immediate relatives living in the U.S. Under current policy, they must wait as long as 12 years to get visas to be reunited with their families. As contemplated, the U.S. might allow those Cubans to come here nearly immediately, and then qualify for U.S. residency under a special law that grants legal status to Cubans who make it to U.S. soil. That change could discourage smugglers, U.S. officials believe, as well as would-be rafters and boaters.

The U.S. also is considering allowing Cuban doctors working in other countries to enter the U.S. Another possibility is using available information to create a list of Castro-regime collaborators who would become ineligible for entry to the U.S.

Some in the administration worry that the change under consideration for immediate family members would itself inundate Florida with immigrants. But other officials say the prospect of Mr. Castro's demise might induce many to stay in Cuba, in hopes that the situation there will improve.

Any changes are likely to be accompanied by warnings that a mass exodus wouldn't be acceptable to the U.S., according to a person familiar with the discussions. Homeland Security officials are looking at ways to discourage Cuban Americans from heading to Cuba to rescue family or to try to take back property.

Administration Shifting Cuba Policy (AP-Y)

By Lara Jakes Jordan

AP2, August 8, 2006

DOJ_NMG_0045047

The Bush administration is preparing to help reunite some Cuban families with relatives already in the United States as part of a limited easing of immigration rules following Fidel Castro's handoff of power.

At the same time, draft documents obtained Monday describe proposals to discourage smugglers trying to sneak immigrants into the U.S. from Cuba, in hopes of impeding any mass migration. In addition, the plan would refuse entry to Cuban government officials who have engaged in human rights abuses but make it easier for some Cuban doctors to move to the U.S.

While stressing that any policy shift was not yet final, administration officials said the changes could be announced as early as this week.

"Taken together, they promote safe, legal and orderly migration, while they also support the Cuban people in their aspirations for a free and prosperous society," says a draft copy of Homeland Security Department talking points obtained by The Associated Press.

The new rules are being considered three months before elections in which Florida's governorship and at least one U.S. House seat in Florida are considered in play. Many Cuban immigrants live in the state.

The Homeland Security Department oversees U.S. immigration policy.

The administration has been tightlipped about any changes since Castro stunned the world by temporarily ceding power a week ago to his brother, Raul, to undergo surgery. U.S. officials say they fear that any signal of a relaxed immigration policy could trigger a mass migration from Cuba.

To discourage Cubans from setting off for the U.S. by boat or raft, the administration is considering plans to cancel or reject visa applications from those who are caught trying to sneak in. Currently, Cubans stopped at sea are returned home — or taken to the U.S. Naval Base at Guantanamo Bay for asylum interviews if necessary — but do not face any penalties if they apply for visas in the future.

An estimated 125,000 Cubans fled the island in April 1980, followed by 40,000 more in August 1994. U.S. officials say fewer than 1,000 Cubans now reach American shores by sea annually.

Under the "wet foot/dry foot" policy, most Cubans who reach U.S. soil are allowed to remain, while those intercepted at sea are sent home. It is unknown how many attempt the risky voyage and don't make it.

The documents indicate that measures to help more Cubans flee Castro's government were under discussion before the longtime leader stepped aside. "The administration has been considering possible changes for some time," noted a list of possible questions and answers included in the Homeland Security talking points.

President Bush said Monday, "We would hope that — and we'll make this very clear — that as Cuba has the possibility of transforming itself from a tyrannical situation to a different type of society, the Cuban people ought to decide."

Still, the Homeland Security documents reveal potential scenarios under discussion to help some Cubans flee their country. They include:

_Reuniting families by allowing U.S. residents to apply for expedited parole — legal entry into the country — for close relatives in Cuba. This would speed the immigration process for an estimated 10,000 Cubans who are waiting for U.S. visas to join families in the United States. Fewer than 1,200 visas have been issued annually to Cubans over the past five years, the documents show.

The Cuban government, however, would have to agree to issue exit visas for people headed to the United States. The documents do not address what the U.S. would do if Cuban authorities denied the exit visas, except to note that the Cuban government can ensure "the safety and welfare of its nationals by granting exit permission to people who are ready to travel."

_Discouraging human smuggling operations from picking up Cubans at sea by allowing U.S.-based relatives to get information on their whereabouts. Currently, federal authorities are not supposed to release specific information about migrants who are picked up at sea.

Under one scenario, according to a Homeland Security official, the new policy would allow U.S. relatives to obtain that information through their representative in Congress. The lawmaker would then get the information from Homeland Security and pass it back to the constituent.

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_Giving Cuban doctors who have gone to other nations — and their families — more access to immigrating to the U.S. after undergoing background security checks. According to the documents, the Cuban government sends medical professionals to developing nations "as a foreign policy tool." The administration also is considering expanding this benefit to other professions.

_Refusing U.S. entry to Cubans, or deporting those who are already in the country, who are found to have committed human rights abuses on behalf of the Castro government.

"They will be barred from entering our country by legal means whenever possible, and if they are discovered within our borders, we will take every measure to ensure that they suffer the consequences for their past behavior," the documents note.

Castro's power handoff prompted the Bush administration to meet with congressional lawmakers in Miami and south Florida about possible immigration changes to accommodate an influx of Cuban migrants. An aide to one of the lawmakers, speaking on condition of anonymity because of the sensitivity of the matter, said efforts to reunite families were among plans being discussed.

New Plan Would Lead To US Troop Cuts In South Korea: Official (AFP)

AFP, August 8, 2006

US force levels in Korea will be reduced under proposed command arrangements that would move the US military from the lead to a supporting role in the defense of South Korea in time of war, a senior US defense official said.

The new plan is still being finalized but the two countries hope to reach agreement by late October, said the official, who briefed reporters on condition of anonymity.

The official said the troop reductions would involve headquarters and support elements, and would not result in a cut in US combat capabilities on the Korean peninsula, which he said would be increased.

"As the adjustments take place there will be a reduction in the number of US forces located in the Republic of Korea beyond the level of 25,000 we've currently agreed to," said the official, who briefed reporters on condition of anonymity.

"Will it be a substantial reduction? I do not believe so," he said, adding that details would be worked out over the next few months.

The official said the United States and Seoul expect to have agreement on the change in command structure when the US and South Korean defense ministers meet in Washington for annual security talks at the end of October.

"What the Republic of Korea has suggested is it would like to be able to retain wartime operational control over its forces," he said. "We think this is a reasonable request. We think it is a request whose time has come."

The proposals call for scrapping the current command arrangement under which a US general would take charge of a combined US-South Korean force if war broke out on the divided peninsula.

Instead, the South Korean military would assume primary responsibility for defending the country in time of war, and US forces would play a supporting role, the official said.

US troops would not come under South Korean operational control but would fall under a parallel US command, the official said.

How soon the changes could go into effect is still under discussion, he said. The South Koreans have said 2012 but the Americans believe it could be accomplished as early as 2009, he said.

Probe Into KBR Role In Nigeria Bribe Case (FT)

By Michael Peel

Financial Times, August 8, 2006

A subsidiary of Halliburton is under investigation by the UK's Serious Fraud Office over the US oil service company's part in an alleged plot to pay more than $170m (£89m) of bribes to win billions of dollars of work at a giant Nigerian gas plant.

The SFO said it had carried out searches at business and residential premises as part of the probe into KBR, whose work on the project was underwritten partly by British government money.

The SFO's action opens a fresh front in a high-profile case being investigated in the US, France and Nigeria. For part of the period under investigation, Halliburton was headed by Dick Cheney, the US vice-president.

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The SFO gave few details about its probe, which it said opened in March. The searches were carried out on July 20 at three residential addresses and one company office in London, and at a house in Somerset.

Halliburton said it continued to co-operate and was "committed to getting resolution". It declined further comment.

The Nigerian bribery allegations erupted three years ago, when a former executive of the consortium working on the gas plant told a French judge it had operated an offshore slush fund to win contracts since the mid-1990s. The consortium is quarter-owned by KBR, through its 55 per cent-controlled British joint venture, MW Kellogg.

More than $12bn has so far been invested in the gas plant, which supercools natural gas into liquid form so it can be shipped. Royal Dutch/Shell is the project's biggest private shareholder, partnered by Total of France, Italy's Eni and the Nigerian government.

In 2004, Halliburton severed links with two former employees including Jack Stanley, the former KBR chairman, for having taken "improper personal benefits" in connection with the project. Lee Kaplan, Mr Stanley's lawyer, declined to comment.

¦The bribery allegations centre on the construction of the Nigeria LNG natural gas liquefaction plant. The plant is 49 per cent owned by the Nigerian government, 25.6 per cent by Royal Dutch/Shell, 15 per cent by Total of France and 10.4 per cent by Italy's Eni

What the SFO is investigating

¦The SFO investigation comes after the launch of invest-

igations by a French magistrate, the US Department of Justice and Nigeria's Economic and Financial Crimes Commission

¦Investigators are looking into allegations that TSKJ, the plant's main construction consortium for the past decade, agreed between 1994 and 2003 to pay more than $170m in bribes to win billions of dollars of building work.

¦One of the consortium members is MW Kellogg, a British joint venture in which Halliburton's KBR subsidiary has a 55 per cent stake. The other companies involved are JGC of Japan, Technip of France and Italy's Snamprogetti

¦The payments in question were made by the consortium to an offshore company controlled by Jeffrey Tesler, a London-

based lawyer, who has declined to comment. His lawyer has denied the money was used for bribes.

¦The contracts are for services such as promoting the consor-

tium, advising on contractors and helping to maintain good relations with the client, government authorities and business representatives. They include a no-bribery clause

¦Halliburton has severed ties with two former employees including Jack Stanley, a former KBR chairman, for allegedly receiving 'improper personal benefit'

¦Halliburton has said minutes of internal meetings show the consortium had 'considered payments to Nigerian officials'

Big U.S. Business Troupe Is Being Readied For India (NYT)

By Somini Sengupta

The New York Times, August 8, 2006

NEW DELHI, Aug. 7 — The Bush administration is organizing a business delegation to India this fall, potentially the largest such mission ever to a single country, an administration official said Monday, and one that underscores the economic potential of a nation of 1.1 billion, with an annual growth rate of 8 percent.

"That's a reflection of interest in India," the official, Assistant Secretary of State Richard A. Boucher, said, referring to what could be a delegation of up to 400 American business leaders planned in November.

Trade between the countries has grown by a projected 21 percent this year, to nearly $26 billion, according to the United States Trade Commission and American Embassy officials here.

Exports to India are expected to grow still further if officials in New Delhi carry through with economic changes sought by Washington, including the end of restrictions on foreign investment in industries like retailing and banking. The United States is India's largest trading partner.

The Indian-American nuclear deal, the most potent symbol of a partnership between the countries, bears important consequences for American companies that produce nuclear technology.

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The deal, brokered by the leaders of the countries during President Bush's visit to India in March, would offer India access to nuclear technology to expand its civilian program. India has not signed the Nuclear Nonproliferation Treaty. American legislation, if passed, would offer India, which is seeking energy sources, access to the global nuclear market for the first time and, as Secretary of State Condoleezza Rice reminded Congress in testimony earlier this year, also "create a new market for American nuclear firms."

The House overwhelmingly approved the measure last month. Mr. Boucher said the Senate was expected to take it up in September. "It's on track, it's moving swiftly," he told a meeting of politicians and business leaders organized by the Federation of Indian Chambers of Commerce and Industry on Monday. "This bill will reflect the agreement made by the president and the prime minister."

But differences over Iran have dogged the partnership. Last week, the Bush administration announced that it had imposed sanctions on two Indian companies for doing business with Iran. On Monday, the Indian Foreign Ministry criticized the move, saying that the Indian companies, Balaji Amines and Prachi Poly Products, did not breach Indian law "or our international obligations." The companies are accused of selling chemicals to Tehran, a violation of a United States law.

The Foreign Ministry spokesman, Navtej Sarna, said: "India is working with the international community, including with the U.S., as a partner against proliferation. In this context, the imposition of sanctions by the U.S. on our firms, which in our view have not acted in violation of our laws or regulations, is not justified."

Washington also remains critical of a proposal to build a pipeline that would carry natural gas from Iran, through Pakistan, to India. Mr. Boucher suggested this week that India look to energy-producing Central Asian republics like Kazakhstan and Tajikistan instead.

Falkland Islands Dispute Heats Up (CSM)

By Oliver Balch And Mark Rice-oxley

The Christian Science Monitor, August 8, 2006

BUENOS AIRES AND LONDON

It seems an unlikely scrap of land to squabble over. Treeless, remote, and blasted by the full fury of the South Atlantic, the Falkland Islands are home to less than 3,000 people, and thrilling only to those who love nature, big winds, and spectacular isolation.

But Britain and Argentina considered the archipelago important enough to fight over in 1982. And suddenly, unobtrusively, a new row is simmering over the British-owned outcrop, known universally in South America as Las Malvinas.

Argentina has grumbled about British ownership of the islands, situated around 350 miles from its southern coast, ever since British forces routed Argentine troops in a 73-day war a generation ago. But recently, top Argentine officials have started laying serious claim to the Falklands once again.

In April, Argentina's president, Nestor Kirchner, marked the anniversary of the war's inception by saying the islands "must be a national objective of all Argentines," adding that "we must recover them for our homeland."

In June, he announced the creation of a top-level parliamentary group dedicated to winning back the disputed islands, which Argentina claims were forcibly seized by British settlers in 1833.

"The Falklands question is one of marked importance for our country, not only because it implies an evident territorial disintegration, but because of the historical significance this anomaly has for our country," says Jorge Argüello, a pro-Kirchner congressman and head of the new Parliamentary Observatory on the Falklands Question.

At the same time, the foreign minister, Jorge Taiana, used a private audience with UN Secretary-General Kofi Annan to request his intervention in a new round of talks on the islands' sovereignty. Tensions are set to heighten as Britain prepares a major celebration for next year's 25th anniversary of the war. British response to renewed friction

The response from Britain - and from Falklanders - has been unequivocal. Britain says that as long as the islanders want to remain part of Britain there can be no question of ceding sovereignty, despite the annual £100 million ($191 million) bill of keeping 1,200 soldiers on the islands.

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Sir Nicholas Winterton, a British MP who chairs a parliamentary group on the Falkland Islands, says Mr Kirchner's "aggressive comments" were "without foundation and totally unjustified. The comments are no doubt for internal domestic purposes," he says, a reference to upcoming elections in Argentina.

And the islanders apparently have no wish to cede their British status. "We are happy with our state as overseas territory of the [United Kingdom]," says Sukey Cameron, the islands' representative in London. "We are a British community and we value and wish to retain those links."

Britain has a dozen or so overseas territories like the Falklands. It ceded Hong Kong back to China in 1997, but officials stress that that was a different case as the territory had been leased in the first place. Of the others, only Gibraltar is disputed, but even there Britain and Spain and the Gibraltarians manage to conduct normal relations while a solution is worked out.

That is not the case with the Falklands. Argentina is geographically closest to the islands, and yet there are no flights, no trade, and very few visitors from the country. Given the small population, the islanders are reliant on visiting specialists - obstetricians, opticians, even piano tuners and stand-up comedians - to fill in the gap in the Falklander skills base. Such services could be provided from Argentina, but instead all fly the 16,000-mile round trip from Britain. 'Economic warfare'

The economic potential of the islands has not been lost on Argentina. It has repeatedly protested to Britain about oil prospecting and fishing activities in the waters around the islands. The fisheries, professionally run, have proved so lucrative in fact that several Falklanders have become millionaires in recent years. In response, the Argentines have strongly criticized the Falklands government for extending commercial fishing permits from one to 25 years.

Some Falklanders suspect that this time Argentina might use economic tools rather than military hardware to achieve its ambitions. A recent decision to ban charter flights to the Falklands, for example, is estimated to be costing the islands' booming tourist industry up to $3 million a year.

"They want to damage our economy. They want to go for trade and economic warfare rather than military warfare," says Tim Miller, president of the Falklands' chamber of commerce.

Yet, Congressman Argüello denies that Argentina's renewed interest in the Falklands is economically motivated, maintaining that the government's current policy merely reflects "the strong sensitivity" of public opinion toward the islands. The dispute is most keenly felt in the south of the country, home to many of the veterans of the 1982 Falklands War as well as President Kirchner.

But many younger Argentines don't share the current government's enthusiasm.

"These islands have already caused years of dispute," says arts student Magdalena Bustamante, who was 2 years old when the 1982 conflict broke out. "Even though they are geographically with our territory, I don't think that is sufficient reason for us to appropriate them."

Buenos Aires resident Fernando Arias says most Argentines are not bothered by the issue. But he adds: "Should the British give it back? I would say 'yes' because we feel the British stole them from us. Should they be English? Not more than Hong Kong or Gibraltar."

Embassy's Reopening Hits Dry Hole (WT)

By Jim Mcelhatton

The Washington Times, August 8, 2006

The Libyan government took 25 years to repair diplomatic ties with the United States to be able to reopen an embassy in the District, but it can't because the District's utilities authority refuses to turn on water service.

At issue is more than $27,000 in outstanding water and sewer bills for the property where the Libyan government is trying to reopen its embassy on U.S. soil for the first time since 1981.

The D.C. Water and Sewer Authority (WASA) has filed liens and shut off sewer and water service for the property, located at 2201 Wyoming Ave. NW.

The dispute prompted Libya last week to file a lawsuit against WASA in federal court in the District. The suit demands that water and sewer service be turned on and that WASA pay $1 million in damages.

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This isn't the first time WASA has tangled with a foreign government. The utility has filed property liens against more than a dozen foreign countries in recent years, though several embassies eventually settled the debts, records show.

In its lawsuit, Libya says it hasn't occupied the Wyoming Avenue property since 1981, when the United States cut diplomatic ties with the country and shut its embassy.

The Libyan government wants to reopen the embassy because Secretary of State Condoleezza Rice upgraded relations with Libya in May.

During the years Libya had no embassy in the District, the United Arab Emirates took control of the property. For several years, "squatters" stayed there without permission from Libya or the United Arab Emirates, the suit says.

The United Arab Emirates evicted the squatters in 2003 and ordered water and sewer service to be shut off, the suit says.

WASA won't provide water or sewer service until the outstanding bill is paid.

WASA records show water and sewer accounts at the property in the name of the "United Kingdom of Libya," and the authority has filed a lien demanding payment.

The Libyan government, however, says it shouldn't have to pay because it didn't authorize the service.

A WASA spokeswoman yesterday said she could not comment on the dispute because the authority's policy is not to discuss pending lawsuits.

In general, WASA spokeswoman Michele Quander-Collins said, the agency doesn't treat foreign embassies any differently than any other ratepaying customers.

"Basically, if they're in arrears, we pursue the customer, no matter who they are," she said. "Most of the time, once we file a lien, the customer will make arrangements to pay."

But collecting debts from foreign governments can pose different challenges.

"We've seen situations where the embassies have claimed they weren't there when the service was rendered, or else their country is no longer in existence," Miss Quander-Collins said.

WASA has filed liens against several foreign countries for debts ranging from a few hundred dollars to tens of thousands of dollars, according to city records.

The Republic of Yugoslavia fell apart in the 1990s, becoming the independent states of Bosnia-Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Slovenia. Yet Yugoslavia still owes more than $14,000 to WASA, according to a lien filed last year.

The former Zaire -- now known as the Democratic Republic of Congo -- has had more than $20,000 in outstanding bills owed to WASA, according to a property lien the utility filed at the D.C. Office of the Recorder of the Deeds in April.

An official at the Congolese Embassy yesterday said officials would not discuss the matter.

Other countries facing WASA liens for outstanding bills in recent years include the Ivory Coast, which owes $6,151, and the Republic of Guinea, which owes $10,796, city records show.

Colombia's Uribe Begins Second Term (WP/AP)

By Joshua Goodman

The Washington Post, August 8, 2006

BOGOTA, Colombia, Aug. 7 -- President Alvaro Uribe began a second term Monday, promising to seek an elusive peace with leftist rebels while maintaining the hard-line security policies credited with a sharp drop in murder and kidnappings.

In an inauguration ceremony attended by 11 heads of state, Uribe said he would devote "all of his energies" to pursuing a peaceful end to this nation's four-decade-old civil war.

"I'm not afraid of negotiating peace," Uribe, 54, said after taking the oath of office. "I confess what worries me more is falling short of that goal and instead seeing our gains in security eroded."

After reforming the constitution last year to allow himself to seek a second term, Uribe coasted to victory in the May 28 elections with 62 percent of the vote -- 10 percentage points more than he won in 2002. He is Colombia's first sitting president to be reelected.

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Despite his reputation as a free-market conservative and Washington's closest ally in Latin America, Uribe at times in his speech sounded like the left-leaning social democrats favored of late by voters in neighboring countries.

"We are against a fiscally tight macro-economic policy that leaves economic growth to the luck of supply and demand. The state must be devoted in equal parts to growth and equality," he said.

Uribe made no bold proposals for improving the lot of the 50 percent of Colombians who live below the poverty line -- on less than three U.S. dollars a day -- even as the rich benefit from the increased foreign investment that improved security has brought.

Chad's Switch To Beijing's Side Draws Angry Response In Taiwan (NYT)

By Keith Bradsher

The New York Times, August 8, 2006

HONG KONG, Aug. 7 — Taiwan's foreign minister warned Monday that Beijing's establishment of diplomatic relations over the weekend with Chad, one of Taiwan's few remaining allies, would hurt relations across the Taiwan Strait.

The switch in diplomatic relations also raises the possibility that China may use its influence to try to restrain Sudan and Chadian rebels, as both reportedly receive arms from Beijing. Sudanese militias with government links and Chadian rebels have been tied to killings and rapes in eastern Chad and in the Darfur region of neighboring Sudan.

Foreign Minister James Huang of Taiwan said the switch in diplomatic relations followed two months of secret meetings between Chadian and Chinese diplomats in New York and Paris, as part of an effort by Chad to buy peace on its eastern border.

While diplomatic relations with a landlocked, impoverished country engulfed in civil war might seem a small prize, Taiwan and mainland China have a history of acrimonious disputes over ties to even the smallest nations. When the Pacific island nation of Nauru temporarily switched relations to mainland China in July 2002, President Chen Shui-bian of Taiwan infuriated Beijing by suggesting in two public remarks that Taiwan was moving toward greater political separation from the mainland.

Beijing officials view Taiwan as a renegade province, split off from the mainland since the Nationalists took refuge there during the 1940's civil war with the Communists. The mainland has threatened to use force if Taiwan declares formal independence.

Mr. Huang said in a telephone interview from his home in Taipei on Monday night that his government was especially upset because of the way Chad and China went about establishing diplomatic relations. Prime Minister Su Tseng-chang of Taiwan had been invited to attend the inauguration of President Idriss Déby of Chad on Tuesday and was within hours of flying to Chad when Taiwanese officials learned that Chad was switching diplomatic recognition to mainland China, officially known as the People's Republic of China.

"It's actually a setup by the P.R.C. to humiliate Taiwan and that's not acceptable, and it's going to have repercussions in terms of cross-straits relations," Mr. Huang said.

Taiwan pre-empted Chad by breaking relations early Sunday morning, and Chad and China then established diplomatic relations at a ceremony in Beijing on Sunday night.

Beijing's official New China News Agency said a communiqué from the ceremony declared that, "Taiwan is an inalienable part of the Chinese territory." The Chinese news agency made no mention of the turmoil in eastern Chad or the Darfur region of western Sudan, or of China's role there.

Mr. Huang said President Déby had previously told Taiwanese officials that China was arming rebels in eastern Chad who are trying to overthrow his government. The rebels have been blamed for some of the killings in eastern Chad and in Darfur.

China is also a close ally of Sudan, buying oil from it and helping Sudan resist pressure at the United Nations to force government-linked Sudanese militias to end their violence against civilians in Darfur.

"President Déby indicated over and over again that China is supporting the rebels to try to topple the government," he said. "He even mentioned that China is our common enemy."

Mr. Huang said China was also interested in Chad's oil. Last year, a Taiwanese oil company obtained oil exploration rights in Chad; it has not heard whether the switch in diplomatic relations will affect it, he said.

A Couple Divided By Faith (LAT)

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By Sebastian Rotella

The Los Angeles Times, August 8, 2006

PARIS — He has spent the last year in Iraq's notorious Abu Ghraib prison, a suspected foreign militant many miles from home.

She remains in the neighborhood on the northeastern edge of Paris where they grew up, worrying, wondering, trying to bring him back.

But the 23-year-olds are separated by more than distance and prison walls.

He's a Muslim who grew up in a housing project and worked as a deliveryman. She's a middle-class university student from a Jewish background who has relatives in Israel.

Yet they fell in love. And they stayed together after he fell into the harsh world of Islamic extremism. He became remote, obsessive, groggy from overnight prayer rituals. He told her it was a sin for them to touch each other. So he sat across the room when she visited, making his mother serve as chaperone.

She remained loyal even after he turned up in Iraq, after 10 of his friends were slain, maimed or jailed, the human debris of a doomed odyssey. She still talks about their romance as if it has a future.

On one level, the story of Peter Cherif and his girlfriend is a Romeo and Juliet tale. On another, it offers a look at the confused world of young European extremists, for whom holy war can be as much about identity and machismo as religion, as much about group psychology as ideology.

"He was never anti-American," says the tanned, pretty student with long hair, her eyes shining with tears. "He likes McDonald's, rap, American war movies. He never said anything anti-Jewish."

The girlfriend asked that her name be withheld for reasons of safety and because she has kept the relationship a secret from her family. During an interview at a cafe here, the strain on her was evident. She toyed with her drink and fidgeted. The sound of passing sirens made her grimace.

"We talked a lot about Israel and the Palestinians, how kids and innocent people always suffered," she recalled. "He was more concerned about the Palestinians, so I told him about the Israeli side. And he listened to me. I can't believe he went off to Iraq to kill anyone."

But French anti-terrorism police say Cherif belonged to a cell of young Islamic extremists that took root in the 19th arrondissement of Paris in 2003. The youngest, Salah, was only 13 when he went off to study at a Koranic school in Syria. He allegedly helped operatives acquire weapons and cross into Iraq. Salah, whose last name is being withheld because he is a minor, has since disappeared.

Cherif was the sole member of the group with military experience. The others "trained" by jogging in Buttes-Chaumont Park, a lush expanse of rocky hills and waterfalls near their homes. In some cases, their determination seemed to waver: During the months when he was girding for combat in Iraq, one suspect also applied for a job with the Paris subway system.

Recruits to Islamic extremism are younger and more volatile today because radicalization happens faster than ever, investigators say.

"That's what's interesting and worrisome," a senior French anti-terrorism official said. "No logic, totally aberrant behavior. We've seen some of them, just before leaving for jihad, whose lives were dissolute, not at all Islamic."

Cherif's father, who died when his son was 14, was a Catholic Afro-Caribbean immigrant. His mother, Myriam, was born in Tunisia. She talks proudly about her own father's medal-winning exploits with the French military in World War II and Indochina. Myriam Cherif is a petite woman with flowing dark hair who has struggled with illness as well as her son's ordeal. She did not raise Cherif as a practicing Muslim; he did not speak Arabic as a child. His interests were typical: sports, MP3s, the Internet. He grew up in a household that cherished French values of democracy, secularism and tolerance, his mother said.

"I am not anti-American, I am not anti-Semitic. And there you have it: Peter's fiancee is Jewish," said Myriam Cherif, who has developed a warm bond with her son's girlfriend.

Their neighborhood is multiethnic. In drab public housing towers, working-class Muslim families predominate. Around the park and the scenic La Villette canal, gentrified pockets are spreading. The area has a significant Jewish population.

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Cherif's girlfriend is not devout. One of her parents is Jewish; she regards Judaism as a strong element of her identity. She has visited relatives in Israel. She considers herself open to all faiths and nationalities.

"I have always had many religions around me, and I like it like that," she said.

France's immigrant neighborhoods can be hostile turf for Jews. Arson and vandalism against synagogues escalate when conflict flares in the Middle East. Orthodox Jewish men and boys often wear baseball caps to conceal their yarmulkes because of periodic assaults.

Nonetheless, Cherif's girlfriend says she has never had problems in her neighborhood, even during visits to Cherif's apartment complex.

"The project can be a little uneasy, but people have gotten to know me there," she said. "Everybody knows Peter; he's lived there since he was little. They associate me with him, and with his mother, and they leave me alone."

Part of the young woman's family migrated to France from an Arab country, like many French Jews. That shared background sometimes helps bridge the gulf with North African Muslims here. Despite ideological and religious tensions, some Jews and Muslims in mixed areas accept each other as part of a close-knit culture that treats neighbors differently than outsiders.

The couple have known each other since middle school, but their romance began in 2002 after they ran into each other on the street. Cherif had just been discharged from the army. He had permanently damaged his back and ankle in a parachute jump, ending his hope of joining an elite unit and following a military career like his grandfather.

Although hobbled, Cherif was athletic and broad-shouldered, and had a streetwise charm. As they grew close, his girlfriend said she began to see the world through his eyes. Like many dark-skinned working-class youths, he was haunted by prejudice and paranoia, by the conviction that his fellow French citizens saw him as a thug.

"He told me, 'You watch. You'll see how people react when we go out. They are thinking: What's a girl like that doing with a guy like him?' It was true. When people saw him on the subway, they would hide their cellphones like they thought he was going to steal them. That hurt him a lot. But he learned to live with it. He was proud to be with me. And I was proud to be with him," she said.

The relationship seemed to give Cherif a renewed sense of purpose. He got a job as a deliveryman, saving enough to buy a car and help his mother with household expenses.

"He was becoming a respectable, responsible guy," his girlfriend said.

But Cherif also turned increasingly religious, perhaps because of restlessness and the psychological blow of his career-ending injury. Anti-terrorism investigators say such traumas often open the door to radicalization.

Cherif started praying in his room every night, his girlfriend said, then decided to go to the neighborhood mosque. There he met Farid Benyettou. Only a year older, Benyettou wore thick glasses and unruly long hair beneath a turban, and had the magnetism of a true believer. His brother-in-law had done time for involvement in an Algerian terrorist network.

Cherif joined a "study group" that spent hours at Benyettou's apartment reading the Koran, praying and talking about Islam. The girlfriend said she never met Benyettou, whom Cherif called "my professor." But the street ideologue soon intruded into her life.

"It was like a sect," she said. "Benyettou knew all the weak and strong points of his disciples. He made them fast. He kept them awake all night praying. The fatigue made them vulnerable. Then he started clearing the environment around them. He knew I was a strong influence. He told Peter to get rid of me; I was an obstacle to his faith, a non-Muslim."

Cherif acquired a beard and a withdrawn, sullen air. He recoiled from sexual temptation, avoiding physical contact with his girlfriend and even averting his eyes from billboard advertisements for lingerie.

But unlike other wives and girlfriends of European extremists, she never considered converting to Islam. She thought she could eventually rescue him from fanaticism. Despite the tension and bickering, she was encouraged that Cherif seemed unwilling to break up with her. So she accepted Cherif's insistence on a purely "spiritual relationship."

"We talked a lot," she said with a melancholy grin. "We couldn't do anything else, so we had long conversations."

Cherif's transformation also distressed his mother. She passionately denounces radical recruiters such as Benyettou, who was jailed here last year on charges of sending his disciples to fight in Iraq.

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"They toy with our children, brainwash them," she said. "They bring together a group and tell them they are all brothers together. That fraternal love, it fulfills something everyone is looking for. But it turns into hate for the outside world."

In early 2004, Cherif took part in protests against a French law banning Islamic head scarves in public schools. He was filmed by news crews and police intelligence officers next to Benyettou, raging against France and praying on the sidewalk.

Investigators say Cherif's group also displayed the fierce anti-Semitism common among Islamic extremists. One suspect made threatening comments about taking revenge on the Jewish owner of a restaurant where he had worked, according to investigators.

Cherif opposed the war in Iraq, his girlfriend said, but so did she.

When he left for Damascus, the Syrian capital, in May 2004, he said he was going to join friends studying at a Koranic school. The school has served as a way station for European jihadis on their way to Iraq.

Back in Paris, Cherif's mother and girlfriend were not enthusiastic, but at first the experience seemed positive. Cherif communicated almost every day with his mother using a webcam at a cyber cafe, and his girlfriend often came to her house to take part.

"He said no one looked at him strangely on the street in Syria; he felt welcome, comfortable. He told his mother we should come visit. It's hard for me to think he was getting ready to fight in Iraq if he wanted us to join him," his girlfriend said.

But by July, Cherif had cut off contact. His girlfriend heard his voice for the last time during a short, tense call to her cellphone in November 2004. Cherif asked insistently about his mother. He told his girlfriend not to use his name on the phone.

"He told me: 'I can't talk right now. I'll try to call you again, but I can't promise anything.' Then he hung up. I looked at the number and I realized it was an Iraqi area code. From then on, I was desperate," she said.

U.S. troops in Iraq captured Cherif and another Frenchman near Fallouja on Dec. 2, 2004, shortly after the ferocious battle for that insurgent stronghold. Court documents indicate Cherif was detained, unarmed, at a checkpoint and imprisoned at Camp Bucca in southern Iraq. In August 2005, he was transferred to Abu Ghraib.

At least three of his friends have died in combat or suicide attacks in Iraq, French investigators say. Another, Mohammed Ayouni, turned up recently in Syria missing an eye and part of an arm. Syria deported him to France, where he is in jail on terrorism charges. Ayouni sustained the wounds fighting in Fallouja, the senior official said. Ayouni says he was helping rescue civilians caught up in the fighting, according to his lawyers. Three more suspects are jailed here.

Although the fate of his friends does not help Cherif's case, his girlfriend and mother question the length of time he has been held and the fairness of Iraq's judicial system. In March, lawyers acting on behalf of Cherif and the two women filed suit here alleging unjust imprisonment.

"We believe the length of time he has been held and the lack of information about the charges are violations of international law," said Olivier Foks, one of the lawyers. "After 19 months in this situation, our goal is that he be repatriated to France and that the French justice system looks into his case."

Communications are very limited, but Myriam Cherif says the International Red Cross has delivered three brief messages from her son. He is apparently in good health. He has been housed in a large, air-conditioned tent where inmates can watch DVDs, Foks said.

In response to a recent inquiry from the Los Angeles Times, a U.S. military spokesman in Baghdad reported that Cherif was tried in Iraq's Central Criminal Court between June 28 and July 4 on charges of illegally crossing the border. Iraqi courts sometimes use immigration laws to go after suspected foreign fighters.

Cherif was convicted and will be turned over to the Iraqi prison system, said Army Lt. Col. Keir-Kevin Curry, the U.S. military spokesman. The sentence: 15 years.

Cherif's girlfriend wants to believe that he did not take part in combat.

"It's possible he was convinced to fight, but I want to think he hung onto his true ideas," she said. "I hope he gets brought back to France. He has to explain himself to everyone. He has to explain himself to me."

Tantrum South Of The Border (LAT)

The Los Angeles Times, August 8, 2006

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UNWILLING TO ACKNOWLEDGE THAT his own dismal campaign may have cost him the presidency, Mexico's sore loser, Andres Manuel Lopez Obrador, is threatening to bring the country to a standstill. He repeated his call for a civil disobedience campaign in the aftermath of Saturday's preliminary decision by the nation's Federal Electoral Tribunal to review only 9% of ballots cast in the July 2 election.

Lopez Obrador, who lost by less than 1% of the vote to conservative Felipe Calderon, has demanded a full recount of all ballots, but the tribunal for now will be looking at polling places where affidavits suggest a possible error. Already, Lopez Obrador's cries that he was robbed have left Mexico City with a sizable headache. The leftist former mayor's supporters have pitched tents on the city's central square and along busy Reforma Avenue.

As much as Lopez Obrador would like to believe otherwise, this isn't the Mexico of a quarter of a century ago. The nation's electoral system is now independent. Lopez Obrador hasn't been victimized by an authoritarian government, as he and Calderon's party were in the heyday of the long-ruling Institutional Revolution Party, or PRI. Instead, Lopez Obrador is now trying to intimidate and undermine the democratic process.

In the weeks since the election, Lopez Obrador has been trying to have it both ways — exercising his right to challenge the results before the specialized court created for that purpose while arguing that the vote was rigged and that he will never concede defeat. Thus far, his attempts to find irregularities have failed miserably. A video purported by Lopez Obrador in mid-July to show ballot stuffing in the state of Guanajuato was discounted by a representative from his own party. He replied, in typical fashion, by questioning the integrity of his party's representative.

Widespread fraud in this election would have been quite a logistical undertaking, involving hundreds of thousands of citizens chosen at random — much like Americans are chosen for jury duty — to operate polling stations.

Given Lopez Obrador's incessant complaining about the unfairness of the election, it is important to remember that the independent bodies that oversee elections in Mexico were largely created and designed in response to the urgings of Lopez Obrador's Democratic Revolution Party, or PRD. The tribunal could still call for a broader review, but Mexican law is wary of full recounts lest the election-day work of those conscripted ballot-counting citizens be undermined.

Even some within his party, including influential Michoacan Gov. Lazaro Cardenas (grandson of the nation's iconic populist president and son of the PRD's founder), are suggesting that Lopez Obrador's tantrums are going too far. And 15 of 17 PRI governors, who saw their presidential candidate come in third place, have echoed the assessment of international monitors who called the election exceptionally clean.

For their part, the two-thirds of Mexicans who did not vote for Lopez Obrador in July must be feeling a lot better about their decision with each passing day. Trouble is, even if Lopez Obrador only convinces a fraction of those who voted for him that he is the victim of a rapacious fraud, he can still do the country a great deal of harm.

In Mexico, A Challenger Stays Put (WP)

By Eugene Robinson

The Washington Post, August 8, 2006

MEXICO CITY -- This huge, cosmopolitan city takes almost everything in stride, but nerves are beginning to fray. For the past week, the Paseo De La Reforma and the Zocalo -- Mexico City's grandest boulevard and its most historical plaza -- have been occupied by a tent-city encampment of protesters demanding a recount of last month's presidential election. Traffic was always bad, but now the concept of gridlock is being redefined.

On Thursday demonstrators briefly blocked the entrance to the stock exchange. Rumors that they would try to shut down Mexico City's international airport prompted authorities to send in elite forces to beef up security. Newspapers speculate daily on other potential targets.

In his first interview with U.S. journalists since the election, the man responsible for all the drama, AndrÃ©s Manuel LÃ³pez Obrador, didn't sound like the delusional would-be Messiah his opponents portray. He sounded like a confident, stubborn man who truly believes he was robbed of victory in the July 2 election and intends to fight to the bitter end. Maybe beyond.

Official returns showed leftist LÃ³pez Obrador losing to the candidate of the right, Felipe CalderÃ³n, by a margin of 0.6 percent. LÃ³pez Obrador seemed a sure winner, according to exit polls, and he alleged widespread fraud in the vote count. On

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Saturday the Federal Electoral Judicial Tribunal ordered a limited recount -- fewer than 10 percent of ballots cast will be reviewed -- and LÃ³pez Obrador answered by renewing his demand that every single vote cast nationwide be recounted.

"I could not accept anything else," LÃ³pez Obrador said in the interview Sunday, which took place in the silver-and-blue tent at the edge of the Zocalo where he had spent the past several nights, surrounded by supporters from his Democratic Revolutionary Party (PRD) coalition. He had just finished a speech reassuring those in the crowd that their "peaceful civil resistance" would continue.

Hanging from a stanchion behind him was a Mexican flag suitable for the tent of a president. There was a kind of antechamber in which he conducted business and another compartment furnished with a cot.

In LÃ³pez Obrador's view, Mexico is still in a democratic transition after seven decades of one-party rule. It is a country with "profound social inequalities," a "classist and racist" nation where the wealthy power brokers "are not businessmen but are traffickers in influence." He sees his candidacy as a historic opportunity to give the disenfranchised majority a real voice for the first time.

His message has had tremendous resonance. Mexico is riven by many fractures -- rich vs. poor, white vs. indigenous, the relatively affluent north vs. the desperately impoverished south. Roughly speaking, CalderÃ³n appealed to the wealthy, the middle class and the upwardly mobile poor who believed they had a chance of reaching the middle class. LÃ³pez Obrador appealed to poor Mexicans who believed the deck was stacked against them and to better-off voters who agreed with his ideology.

The election was also a referendum on the free-market policies that President Vicente Fox has adopted and that CalderÃ³n, who is also of Fox's National Action Party (PAN), would continue. Many poor Mexicans have yet to see any benefit.

LÃ³pez Obrador said he believes CalderÃ³n and his supporters are resisting a full recount because they know fraud was committed. "Fundamentally, what you have is a profound fear of losing privilege," he said. "They believe that Mexico belongs to them."

The electoral court rejected many of LÃ³pez Obrador's specific allegations of voting irregularities. CalderÃ³n's camp says that now that the court has ruled, the limited recount will proceed and the matter will be settled. So few ballot boxes are being reexamined that it is virtually impossible for the result to change. But if the electoral court sees a pattern of fraud, it might still order a full recount or even an annulment of the whole election. The court has until Sept. 6 to make a final ruling.

LÃ³pez Obrador's major weapon in this struggle is the ability to summon a million people to the Zocalo for a rally, as he did recently -- and to inspire tens of thousands to sleep for a week in tents pitched on hard pavement, through rain, sleet and unseasonal cold. They say they will never give up.

Mexico's public universities resume classes on Monday, which will throw thousands of left-leaning students into the mix -- a potentially volatile element. But LÃ³pez Obrador won't say when he will give the order to strike the tents and go home. He also won't say what he'll do if the whole legal process is exhausted and he still doesn't get the full recount he demands.

"We'll see," he promised.

The writer will answer questions at 1 p.m. today athttp://www.washingtonpost.com. His e-mail address iseugenerobinson@washpost.com.

August 22 (WSJ)

By Bernard Lewis

The Wall Street Journal, August 8, 2006

During the Cold War, both sides possessed weapons of mass destruction, but neither side used them, deterred by what was known as MAD, mutual assured destruction. Similar constraints have no doubt prevented their use in the confrontation between India and Pakistan. In our own day a new such confrontation seems to be looming between a nuclear-armed Iran and its favorite enemies, named by the late Ayatollah Khomeini as the Great Satan and the Little Satan, i.e., the United States and Israel. Against the U.S. the bombs might be delivered by terrorists, a method having the advantage of bearing no return address. Against Israel, the target is small enough to attempt obliteration by direct bombardment.

It seems increasingly likely that the Iranians either have or very soon will have nuclear weapons at their disposal, thanks to their own researches (which began some 15 years ago), to some of their obliging neighbors, and to the ever-helpful rulers of

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North Korea. The language used by Iranian President Ahmadinejad would seem to indicate the reality and indeed the imminence of this threat.

Would the same constraints, the same fear of mutual assured destruction, restrain a nuclear-armed Iran from using such weapons against the U.S. or against Israel? * * *

There is a radical difference between the Islamic Republic of Iran and other governments with nuclear weapons. This difference is expressed in what can only be described as the apocalyptic worldview of Iran's present rulers. This worldview and expectation, vividly expressed in speeches, articles and even schoolbooks, clearly shape the perception and therefore the policies of Ahmadinejad and his disciples.

Even in the past it was clear that terrorists claiming to act in the name of Islam had no compunction in slaughtering large numbers of fellow Muslims. A notable example was the blowing up of the American embassies in East Africa in 1998, killing a few American diplomats and a much larger number of uninvolved local passersby, many of them Muslims. There were numerous other Muslim victims in the various terrorist attacks of the last 15 years.

The phrase "Allah will know his own" is usually used to explain such apparently callous unconcern; it means that while infidel, i.e., non-Muslim, victims will go to a well-deserved punishment in hell, Muslims will be sent straight to heaven. According to this view, the bombers are in fact doing their Muslim victims a favor by giving them a quick pass to heaven and its delights -- the rewards without the struggles of martyrdom. School textbooks tell young Iranians to be ready for a final global struggle against an evil enemy, named as the U.S., and to prepare themselves for the privileges of martyrdom.

A direct attack on the U.S., though possible, is less likely in the immediate future. Israel is a nearer and easier target, and Mr. Ahmadinejad has given indication of thinking along these lines. The Western observer would immediately think of two possible deterrents. The first is that an attack that wipes out Israel would almost certainly wipe out the Palestinians too. The second is that such an attack would evoke a devastating reprisal from Israel against Iran, since one may surely assume that the Israelis have made the necessary arrangements for a counterstrike even after a nuclear holocaust in Israel.

The first of these possible deterrents might well be of concern to the Palestinians -- but not apparently to their fanatical champions in the Iranian government. The second deterrent -- the threat of direct retaliation on Iran -- is, as noted, already weakened by the suicide or martyrdom complex that plagues parts of the Islamic world today, without parallel in other religions, or for that matter in the Islamic past. This complex has become even more important at the present day, because of this new apocalyptic vision.

In Islam, as in Judaism and Christianity, there are certain beliefs concerning the cosmic struggle at the end of time -- Gog and Magog, anti-Christ, Armageddon, and for Shiite Muslims, the long awaited return of the Hidden Imam, ending in the final victory of the forces of good over evil, however these may be defined. Mr. Ahmadinejad and his followers clearly believe that this time is now, and that the terminal struggle has already begun and is indeed well advanced. It may even have a date, indicated by several references by the Iranian president to giving his final answer to the U.S. about nuclear development by Aug. 22. This was at first reported as "by the end of August," but Mr. Ahmadinejad's statement was more precise.

What is the significance of Aug. 22? This year, Aug. 22 corresponds, in the Islamic calendar, to the 27th day of the month of Rajab of the year 1427. This, by tradition, is the night when many Muslims commemorate the night flight of the prophet Muhammad on the winged horse Buraq, first to "the farthest mosque," usually identified with Jerusalem, and then to heaven and back (c.f., Koran XVII.1). This might well be deemed an appropriate date for the apocalyptic ending of Israel and if necessary of the world. It is far from certain that Mr. Ahmadinejad plans any such cataclysmic events precisely for Aug. 22. But it would be wise to bear the possibility in mind.

A passage from the Ayatollah Khomeini, quoted in an 11th-grade Iranian schoolbook, is revealing. "I am decisively announcing to the whole world that if the world-devourers [i.e., the infidel powers] wish to stand against our religion, we will stand against their whole world and will not cease until the annihilation of all them. Either we all become free, or we will go to the greater freedom which is martyrdom. Either we shake one another's hands in joy at the victory of Islam in the world, or all of us will turn to eternal life and martyrdom. In both cases, victory and success are ours."

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In this context, mutual assured destruction, the deterrent that worked so well during the Cold War, would have no meaning. At the end of time, there will be general destruction anyway. What will matter will be the final destination of the dead -- hell for the infidels, and heaven for the believers. For people with this mindset, MAD is not a constraint; it is an inducement.

How then can one confront such an enemy, with such a view of life and death? Some immediate precautions are obviously possible and necessary. In the long term, it would seem that the best, perhaps the only hope is to appeal to those Muslims, Iranians, Arabs and others who do not share these apocalyptic perceptions and aspirations, and feel as much threatened, indeed even more threatened, than we are. There must be many such, probably even a majority in the lands of Islam. Now is the time for them to save their countries, their societies and their religion from the madness of MAD.

Mr. Lewis, professor emeritus at Princeton, is the author, most recently, of "From Babel to Dragomans: Interpreting the Middle East" (Oxford University Press, 2004).

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Former Torture Memo Writer Says Some Liberties Must Be Sacrificed (AP) ... 3
Judge Rules For Govt In CIA Testimony (AP-Y) ... 4
Judge, Lawyers Meet Privately To Discuss Passaro Case Witnesses (RN&O) ... 4
Interfering In Lion Hunt Gets Activist Prison Term (ADS) ... 5

Homeland Response:

Feds Assure Local Police (LAT) ... 6
London Flight Turns Around After Passenger's Name Found On No-fly List (AP) ... 6
Despite $28 Billion Program, U.S. Remains Vulnerable To Bioterror Attack (McClatchy) ... 7
The Person Who Mailed Anthrax Spores In 2001 Remains At Large (McClatchy) ... 8
TSA Workers Report A Jump In Job Satisfaction (WP) ... 8
In New Orleans, Each Resident Is Master Of Plan To Rebuild (NYT) ... 9
New Orleans Moves To Repair Its Legal System (NYT) ... 11

War News:

U.S.-Backed Operation Targets Shiite Slum (WP) ... 12
Prime Minister 'angered' By U.S.-led Attack On Sadr City Slum (USAT/AP) ... 13
Forces Strike Al-Sadr Militia To Block Civil War In Iraq (WT) ... 13
Raid In Baghdad Leaves 3 Dead (LAT) ... 14
Troops Do Battle In, And Against, Searing Heat (USAT) ... 15
Must Haves: Cellphones Top Iraqi Cool List (NYT) ... 16
Civil War? What Civil War? (WP) ... 18
Accused Soldier Details Day Of Alleged Rape, Murders (LAT) ... 19
Soldier Who Testified On Killings Says He Feared For His Life (NYT) ... 20
US Troop Scandals: Is Iraq Different? (CSM) ... 21
C.I.A. Contractor Goes To Trial In Abuse Case (NYT/AP) ... 22
Our Veterans' Missing Medals (NYT) ... 23

Corporate Scandals:

Even With Lay, Skilling Convictions, Government's Enron Trial Record Is Spotty (FINDLAW/AP) ... 23
Fired McAfee GC Faces Tough Legal Road (LAW) ... 25
Martha Stewart Settles With SEC On Civil Charges (WSJ) ... 27
Stewart Resolves Last Of Charges (WP) ... 27
Stewart To Pay $195,000 To End ImClone 'nightmare' (USAT) ... 28
Martha Stewart Settles Civil Insider-Trading Case (NYT) ... 29
Martha Stewart Settles With SEC (FINDLAW/AP) ... 29
S.E.C. Decides It Won't Appeal On Hedge Funds (NYT/AP) ... 29
SEC To Redo Hedge-Fund Rules Instead Of Appealing Rejection (WSJ) ... 30

Criminal Law:

VA: Data For 38,000 Veterans Missing (AP-Y) ... 30
Computer With Data On 38,000 Veterans Is Missing (NYT/AP) ... 31
More Veterans' Data At Risk After Computer Disappears (USAT) ... 31
Second Veterans Affairs Computer Missing (WP) ... 32
A Lie Kept 2 Charged In VA Data Theft Free (WP) ... 32
Embattled Rep. Ney Won't Seek Reelection (WP) ... 33
Ohio Republican Tied To Abramoff Will Retire (NYT) ... 34
Lawmaker Ends Reelection Bid, Lifting GOP's Chances In House (CSM) ... 35
Ohio Republican Tied To Ex-lobbyist Scraps House Run (USAT) ... 36
Rep. Bob Ney Drops Re-election Bid (AP-Y) ... 37
Ney Declines New Run For House (WT) ... 37
Representative #1 Steps Aside (WP) ... 38
Cheers For Drug Deal Seen On Videos (BOS) ... 39
Videotape Allegedly Shows Boston Police Talking About Drug Deals (AP) ... 40
Prosecutors Unveil Damning Videotape Of Suspect Cops: 'Yeah, I'll Hook You Up' (BOSH) ... 41
Cops Caught On Tape (BOSH) ... 41
Boston Police Officers Appear In Court (WCVB) ... 42
Judge Dismisses 3 New Counts From Old Case Against Gotti (NYT) ... 42
Judge Tosses Out New Gotti Charges (BOS/AP) ... 43
Jr.'s Charges Whacked (NYDN) ... 43
Former BetOnSports Chief Waits For Bail (TIMES) ... 44
Authorities Go All In Against Internet Gambling Sites (AP) ... 44
Arrested On A Bet (WSJ) ... 45
'Gotcha' Shows Aimed At Nabbing Sexual Predators Raise Controversy (FOX) ... 46
Death Row Inmate's Appeal Cites Ban On Juror Smoking (LAW/AP) ... 48

Suspected Phoenix Serial Killers Took Turns At The Trigger, Police Say (FINDLAW/AP) ... 48
One Of 2 Charged In Serial Killings Proclaims His Innocence (NYT) ... 49
Retired Sleuths Heat Up Cold Cases (USAT) ... 50

Civil Law:

AOL Takes Down Site With Users' Search Data (WP) ... 52
AOL Members' Online Searches Made Public (USAT) ... 53
AOL Apologizes For Release Of User Search Data (CNET) ... 53

Civil Rights:

Clippers Owner Accused Of Housing Discrimination (KNBC-TV) 54
L.A. Clippers Owner Accused Of Housing Bias (LAT) ... 55
Youth Prison Found In Partial Compliance (HSB) ... 56
7th Circuit Rejects Claims Of Age Discrimination In IBM Pension Case (LAW/AP) ... 56
Court Rules In Favour Of IBM In Pension Case (FT) ... 57
IBM Ruling Paves Way For Changes To Pensions (WSJ) ... 57
Court Rules IBM Pension Change Didn't Discriminate (USAT) ... 58
Dallas: Lawsuit Alleges Discrimination Against Women, Minorities (DMN) ... 59
Seeking Diverse Fire Dept., City Relaxes Requirements (NYT) . 60
Seeking A Cease-Fire (WSJ) ... 61
Safety Head Signals Prisons Chief On Thin Ice (BSUN) ... 65
Toyota's Sex-harassment Lawsuit Could Set Standard (USAT) . 66
ABA: Women Of Color Leaving Big Firms (FINDLAW/AP) ... 67
The Culture Crusade Of Kansas (NYT) ... 68

Antitrust:

Petco Buyout Clears Antitrust Hurdle (AP) ... 69
CommScope Bids $1.51B For Andrew (AP) ... 69
CommScope Bids $1.7 Billion For Andrew Corp. (WSJ) ... 70
European Airlines Say Fuel Prices Fixed (AP) ... 70
European Airlines Accuse Companies Of Fixing Fuel Prices (MRKTWTCH) ... 71

Environment/Indian Affairs:

BP: Pipeline Closing May Last For Months (AP-Y) ... 71
Oil At $80 Back In Sight With Alaska Field Shut (WSJ) ... 72
Oil Prices Surge As BP Shuts Down Pipeline (FT) ... 73
Oil Field Closure Ignites Oil Prices (USAT) ... 74
Energy Dept. Has Oil Reserves On Standby (AP-Y) ... 74
Oil Prices Rise After Field In Alaska Is Shut (NYT) ... 75
Pipeline Closure Sends Oil Higher (WP) ... 76
Problem In Alaska Sends Oil Price Up (BSUN) ... 77
Alaska Oil Field To Close; Crude Prices Jump (LAT) ... 78
Crude Oil Prices Soar On BP Pipeline Woes (WT) ... 79
BP's US Safety Record Again In Focus After Trouble In Alaska (AFP) ... 80
The Prudhoe Principle (WSJ) ... 80
Governors Weigh In On Energy Policy (AP-Y) ... 81
Big Oil Reinvests Big Profits To Tap Costlier Reserves (WT) ... 82
Judge Blasts EPA For Delays In Clean Air Act Implementation (GOVEXEC) ... 83
For Now, Gas Will Be Champ (USAT) ... 83
Electric Cars Merit New Look (USAT) ... 84
Sinful Second Homes (NYT) ... 85
A Reprieve For Public Lands (NYT) ... 85

FBI/DEA/ATF/USMS:

Search Under Way For Egyptian Students (AP) ... 86
FBI Warns Law Enforcement To Look Out For 11 Missing Egyptian Exchange Students (FNC) ... 86
Search Targets 11 Egyptians In U.S. (NSDY) ... 87
EGYPTIAN STUDENTS VANISH IN BIG APPLE (NYPOST) ... 87
Judge Quizzes Prosecutor About Deal (KNOXNS) ... 88
Indiana Reports New Attacks On Highways (NYT) ... 89
Suspected Sniper Targeted As FBI Joins Task Force (NIT) ... 89
Sniper Task Force Announced For NW Indiana (CHIT) ... 89
Feds, State Investigating Byron Explosion (MACT) ... 91

Immigration:

Nine Passengers Are Killed In Chase At Border (NYT) ... 92
9 Die In Ariz. Crash As SUV Flees Border Patrol (WP) ... 92
Immigration March Targets Hastert (CHIT) ... 93
Judging Immigration: Who's Strict, Who's A Softie? (AP) ... 93

Congress-Administration:

Analysis: Dems Hold Up Nominee (UPI) ... 94
Thompson's Medicaid Reforms Could Benefit His Employers (WP) ... 95
Congress Full Of Fortunate Sons — And Other Relatives (USAT) ... 96
Congress Proves To Be A Family-friendly Workplace (USAT) ... 96
How Much Is Too Much: Is The President Too Chunky? (ABC) . 97
The Non-Working Man's Burden (NYT) ... 98

Other News:

Fed May Pause On Rate Hikes, But Inflation's Threat Means Future Hikes May Still Loom (MCT) ... 98
Whatever Fed Does Today, Someone Will Be Unhappy (USAT) 99
Stocks Decline As BP Shutdown Jolts Investors (WSJ) ... 101
Stocks Dip On Alaskan Pipeline Trouble (USAT/AP) ... 102
A New Lease On Life For 529 Plans (WSJ) ... 102
Public Pension Plans Face Billions In Shortages (NYT) ... 104
DeLay To Remain On Ballot (DMN) ... 106
Texas Republicans Abandon DeLay Fight (AP-Y) ... 107
GOP Ends Fight To Take DeLay Off Texas Ballot (USAT/AP) . 107
DeLay Must Stay On Ballot As Court Rejects Appeal (NYT) ... 108
GOP Loses Bid To Drop DeLay From Texas Ballot (WP) ... 109
Lieberman And Lamont Battle To The Wire (NYT) ... 109
Lamont's Lead Slips On Eve Of Primary (WP) ... 111
Late Lieberman Surge Makes Race A Tossup (WT) ... 112
On Day Before The Vote, Lieberman Exudes Relentless Optimism (NYT) ... 113
Lieberman's Troubles Go Beyond War (WP) ... 114
Lieberman Woes Scratch Surface Of Anti-Incumbent Sentiment (WSJ) ... 115
A Preview For November (WP) ... 116
GOP Leaders Are Hoping To Turn The War Into A Winner (LAT) 117
Analysis: GOP On Defensive (AP-Y) ... 118
House Incumbents At Risk, Poll Finds (WP) ... 119
Inside The Beltway (WT) ... 120

DOJ_NMG_0045063

Youth Give Bush Poor Grade, Hurting Republican Hopes, Poll Says (BLOOM) ... 122
Contempt For Congress (WP) ... 123
Liberal McCarthyism (WSJ) ... 124
More Rules, More Money (NYT) ... 125
Bush Cautions On Lebanon Cease-fire (AP-Y) ... 126
Bush Nixes Israeli Pullout (WT) ... 127
Bush Is Dealing From Position Of Weakness (LAT) ... 128
Lebanese PM Rejects U.N. Cease-fire Plan (AP-Y) ... 129
Arabs Seek Changes To Peace Plan (FT) ... 131
Mideast Cease-Fire Snags On Arab Objections (WSJ) ... 131
Mixed Message In Volatile Mideast, U.S. Finds A Use For Old Autocrats (WSJ) ... 133
Arabs Protest Moderate Leaders (WT/AP) ... 135
War And Diplomacy (WP) ... 136
The Cease-Fire Stakes (WSJ) ... 136
Start Talking (NYT) ... 137
Bush's Change Of Heart On The Middle East (LAT) ... 138
World Leaders Press On, But Path To Peace Is Uncertain (USAT) ... 138
Condi's Gambit: Hope For The Worst (WSJ) ... 139
Israel Could Win The Peace, For Once (WSJ) ... 140
Israel's Way Out (LAT) ... 141
Shrugs For The Dead (NYT) ... 142
Lebanon's Proposals Change Dynamics (WP) ... 143
Lebanese Offer To Send Troops To Patrol Border Is Dismissed By Israel (NYT) ... 144
Israeli Jets Kill 30; No Letup In Militia Attacks (WP) ... 146
Israel Vows To Widen War On Hezbollah (LAT) ... 148
At Least 55 Killed In Lebanon As Diplomatic Efforts Stall (MCT) 150
Israel Shows Video Of Hezbollah Fighter (AP-Y) ... 151
Plot To Free Terrorist May Have Led To Fight (WT) ... 152
Rockets Hit Israeli-Arabs, Too (CSM) ... 153
Lebanon's Infrastructure Takes New Beating (USAT) ... 154
Many Lebanese Stay Put, Despite Crossfire (WT) ... 155
Red Cross: Israel Denying Safe Passage (AP) ... 156
Dry Forests In Northern Israel Are Damaged As Hezbollah's Rocket Attacks Ignite Fires (NYT) ... 157
Israeli Soldiers Find A Tenacious Foe In Hezbollah (WP) ... 158
Bombing Obliterates Last Route Out Of Tyre (WP) ... 160
After Bomb Kills Loved Ones, Life Turns Ghostly (NYT) ... 162
Israel Is Accused Of Sending Poison To Hamas Premier (LAT) 163
Cuban Officials Say Castro Is Recovering (NYT) ... 163
Cuba's Ailing Castro Back At Helm Within Weeks: Officials (AFP) ... 164
U.S. Told: Hands Off Cuba (WT/AP) ... 165
Cubans In Dark On Fate Of Fidel (WT) ... 166
Bush: Cubans On The Island Will Decide Country's Fate (AFP) 167
White House Weighs Change To Cuba Policy (NYT) ... 168
U.S. Weighs Immigration-Policy Changes For Cuba (WSJ) ... 168
Administration Shifting Cuba Policy (AP-Y) ... 169
New Plan Would Lead To US Troop Cuts In South Korea: Official (AFP) ... 170
Probe Into KBR Role In Nigeria Bribe Case (FT) ... 171
Big U.S. Business Troupe Is Being Readied For India (NYT) ... 171
Falkland Islands Dispute Heats Up (CSM) ... 172
Embassy's Reopening Hits Dry Hole (WT) ... 173
Colombia's Uribe Begins Second Term (WP/AP) ... 174
Chad's Switch To Beijing's Side Draws Angry Response In Taiwan (NYT) ... 174
A Couple Divided By Faith (LAT) ... 175
Tantrum South Of The Border (LAT) ... 178
In Mexico, A Challenger Stays Put (WP) ... 178
August 22 (WSJ) ... 179

TERRORISM NEWS:

Former Torture Memo Writer Says Some Liberties Must Be Sacrificed (AP)

By Tara Godvin, Associated Press Writer

AP, August 8, 2006

Honolulu (AP) -- John Yoo, a former Justice Department lawyer who helped draft memos on treatment of terrorist prisoners, said Monday that in wartime, the question is not whether to give up civil liberties but "how much is enough."

Yoo, now a law professor at the University of California, Berkeley, drew attention at an American Bar Association convention panel on whether tactics such as the detention of suspected terrorists at Guantanamo Bay and the surveillance of phone calls may erode liberties.

Unlike past conflicts, the United States isn't at war with any traditional nation state, Yoo said, but is at war with the al-Qaida terrorist network, and officials are trying to adapt the rules of war to these new circumstances.

War, for example, involves targeted killings of the enemy and detentions of enemy troops until the end of a conflict, he said.

"I don't think it's a question of ... are we going to have to restrict civil liberties. It's a question of how much is enough," Yoo said.

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Both World War II, with its detention of Japanese-American citizens, and the Civil War, with its mass military detentions, put serious restrictions on civil liberties that were much greater than what is happening today, Yoo said.

At Justice, Yoo helped write internal memos in 2002 designed to give the federal government greater leeway to aggressively question terror suspects.

Yoo noted in an interview after the panel that of the roughly 1 million prisoners of war held in World War II, none received a hearing or were charged with crimes, and some where held for five years.

"We never have hearings for prisoners of war, never have had them until this last year. It's just the way the rules of war have always been," he said.

Superimposing the rules of criminal law on war, such as requiring that a prisoner be read his Miranda rights, may be unwise, Yoo said.

"In wartime when you're detained, you're not being punished for anything. You're being held so you can't keep fighting," he said.

However, panel member Neal Sonnett, a former prosecutor living in Miami, said calling the struggle against terrorism a "war" carries unnerving implications, including the indefinite duration of the conflict and increased presidential authority.

"If the president has greater powers in the time of a war that the president himself has told us is never going to end, I begin to worry about what's going to happen to civil liberties and constitutional rights in this country," said Sonnett, who is also chairman of the ABA's task force on enemy combatants.

Judge Rules For Govt In CIA Testimony (AP-Y)

By Estes Thompson, Associated Press Writer

AP2, August 8, 2006

Federal prosecutors won their battle Monday to keep former CIA Director George Tenet and several other agency employees from having to testify at the trial of a one-time CIA contractor accused of beating an Afghan detainee.

But U.S. District Judge Terrence Boyle said he would allow defense attorneys for David Passaro to subpoena six witnesses whose identities are classified, and promised to rule on later on four others.

The judge heard the dispute behind closed doors before a jury was selected and opening statements began.

Passaro, a 40-year-old former Special Forces medic from Lillington, N.C., is the first civilian charged with mistreating a detainee during the U.S. wars in Iraq and Afghanistan.

Passaro's attorneys have said they want to call Tenet and Attorney General Alberto Gonzales, formerly the White House counsel, as part of a "public authority defense" — namely, that Passaro was following orders. It was nit immediately clear if Gonzales was among those Boyle said could not be subpoenaed by the defense.

Before jury selection began, prosecutor Jim Candelmo told the judge that even the titles of some of the witnesses sought by defense attorneys are classified and cannot be discussed in open court.

But defense attorney Joe Gilbert disputed the government's claim of secrecy. At least one of the potential witnesses has appeared on national television and been interviewed in newspapers, Gilbert said.

"The government is using it in such a way to deny Mr. Passaro due process and they shouldn't be allowed to do this," Gilbert said.

Boyle has previously limited the defense's access to several classified documents and e-mails, including a memo from the Justice Department to the CIA that Passaro contends described the kind of interrogation techniques allowed by U.S. law.

The government contends paratroopers from the Army's 82nd Airborne Division saw Passaro beat detainee Abdul Wali with his hands, his feet and a flashlight in June 2003 during two days of questioning about rocket attacks on a remote firebase housing U.S. and Afghan troops.

Wali later died in his cell, although Passaro — who was working under contract to the CIA — is not charged with his death. Instead, he faces assault charges that carry up to 40 years in prison.

Judge, Lawyers Meet Privately To Discuss Passaro Case Witnesses (RN&O)

Raleigh News & Observer, August 8, 2006

A federal judge, prosecutors and defense lawyers retreated behind closed doors this morning to discuss whether former CIA contractor David Passaro can call former agency director George Tenet and 10 others as witnesses in his trial.

Prosecutors wanted the courtroom closed to the public so they could argue against the defense's attempt to subpoena the witnesses, including J. Cofer Black, a former high-ranking CIA official, and John Yoo, a University of California law professor and former Justice Department layer who redefined U.S. policy on torture.

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The other prospective witnesses were not named in court, and it appeared several would require pseudonyms because their names and jobs are classified information, according to prosecutors.

U.S. District Judge Terrence Boyle repeatedly asked the lawyers whether they could make their arguments in open court. Assistant Federal Public Defender Joseph Gilbert said he could argue using only unclassified material. But Assistant U.S. Attorney James Candelmo said he could not.

The judge closed the courtroom 45 minutes into the pretrial hearing under the authority of the Classified Information Procedures Act. The law requires a judge to decide before a trial whether a defendant may use classified information as part of his defense and in what form.

Legal experts have said it appears from a recent defense filing that Passaro has persuaded the judge that he should be allowed to use some classified information. However what information is unclear because the judge's order was filed under seal.

Jury selection is set to start this afternoon.

In the summer of 2003, Passaro, 40, was working as part of a paramilitary team hunting and interrogating terrorist suspects in Afghanistan. He was stationed at a military outpost near Asadabad, five miles from the Pakistani border. The former Green Beret interrogated Abdul Wali, a suspect in rocket attacks on the base for three days. Prosecutors say Passaro beat Wali with his fists and a flashlight. Wali died the fourth day in U.S. custody.

Interfering In Lion Hunt Gets Activist Prison Term (ADS)

By Kim Smith

Arizona Daily Star, August 8, 2006

A Tucson animal activist was sentenced to eight months in federal prison Monday for interfering with U.S. Forest Service agents who were trying to capture mountain lions in Sabino Canyon two years ago.

Rodney Coronado will also have to spend three years on probation upon his release, pay $100 in restitution and stay away from activists involved in such groups as the Animal Liberation Front, Earth Liberation Front and Earth First.

U.S. District Judge David Bury told Coronado he wanted to send a message that if you use "force and violence in civil disobedience you are going to be punished for it; it's anarchy."

Coronado, 39, Matthew Crozier, 33, and Esquire magazine writer-at-large John Richardson were arrested in the spring of 2004 after authorities accused them of interfering with the mountain lion hunt.

Federal officials closed Sabino Canyon that spring because they were alarmed at a growing number of encounters between mountain lions and humans.

Agents with the U.S. Forest Service organized a hunt and initially planned to shoot the cats, but decided after a public outcry to trap and move them instead.

Coronado and Crozier were accused of digging up a trap and laying false scents to distract hunting dogs. They were later indicted on misdemeanor charges of interfering with a forest officer and depredation of government property, and a felony charge of conspiracy to impede or injure an officer of the United States.

The pair were convicted in December and were facing up to six years in prison Monday.

In sentencing Coronado, Bury said he took into consideration the man's criminal history. Coronado has spent time in prison for setting fire to a mink researcher's offices at Michigan State University.

He has also claimed responsibility for sinking two whaling boats and damaging a processing plant in Iceland in 1986. During an appearance on "60 Minutes," Coronado defended those who use tools such as arson to fight urban sprawl and animal abuse.

Coronado told the judge he was ready to accept full responsibility for his actions, but said they were meant as "nothing more than an act of civil disobedience, a protest."

They were committed "out of love and compassion for those mountain lions that I love," Coronado said.

Crozier said there is no danger of his going back to a "lifestyle of civil disobedience." He said he simply wants to have a normal life, one that includes his pregnant bride and a newly started business.

Bury opted to put Crozier, a Sedona resident, on three years' probation, saying he was impressed with what Crozier has done since his arrest.

In addition, Bury said he thought Coronado was the "impetus" for the event and Crozier was simply a follower.

Still, Bury said he wanted to mete out some punishment to remind Crozier that what he did went beyond civil disobedience. He ordered Crozier to pay a $1,000 fine and complete 100 hours of community service.

The judge also ordered Crozier to stay away from any environmental and animal rights activists who advocate violence for their cause.

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The judge told Crozier, a recovering alcoholic, that if his wife wasn't enough reason to abide by the terms of his probation, he (the judge) ought to be.

If he drinks or violates his probation in any way, Bury said, he won't hesitate to send Crozier to prison.

Richardson, 51, pleaded guilty to one count of interfering with a forest officer in June and was sentenced to one day in jail.

HOMELAND RESPONSE:

Feds Assure Local Police (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, August 8, 2006

Responding to complaints, Homeland Security pledges better information sharing.

The head of the U.S. Department of Homeland Security assured Los Angeles Police Chief William J. Bratton and leaders of six other police agencies Monday that his office is taking steps to improve the sharing of intelligence data on potential terrorist threats against municipalities.

Homeland Security Secretary Michael Chertoff met with the chiefs in his Washington, D.C., office after some publicly expressed frustration that they had not received timely and high-quality information from federal authorities.

Chertoff called the meeting to listen to the chiefs' concerns, and said afterward through a spokesman that he believes new joint intelligence centers, including one recently opened by his department with the LAPD in Southern California, will improve the sharing of data.

"The secretary said it was a very positive and constructive dialogue and would serve to strengthen coordination," said Jarrod Agen, a spokesman for Chertoff.

The meeting also was attended by the chiefs or other high-ranking representatives of the Washington Metropolitan, Maryland State, Virginia State, Chicago and Charlotte, N.C., police departments.

Bratton could not be reached for comment after Monday's meeting, but he said Friday that he expected the session with Chertoff to improve communications between federal security officials and departments that have assigned staff to work at Homeland Security offices.

"For quite some time we have been working with Homeland Security to increase the access and timeliness and content of the information that we get from Homeland Security relative to threats to our respective cities," Bratton said.

Earlier this year, Mayor Antonio Villaraigosa complained that federal officials didn't give him an in-depth briefing before President Bush made a statement on a terrorist threat to the U.S. Bank Tower in downtown Los Angeles.

Bratton has been encouraged by last month's opening of a Joint Regional Intelligence Center in Norwalk, where law enforcement agencies will work together to coordinate intelligence gathering and analysis to thwart terrorists. The center includes 30 intelligence analysts from the FBI, LAPD and Los Angeles County Sheriff's Department, among others.

But Bratton told reporters before he left for Washington that he also wants LAPD officers assigned to the Homeland Security offices in the nation's capital to be kept in the loop when there is breaking information that affects L.A.

"We are hoping that this meeting with Secretary Chertoff will convince him to increase the access we have to all intelligence gathering by our personnel who are assigned to his offices in Washington," the chief said.

London Flight Turns Around After Passenger's Name Found On No-fly List (AP)

By Beth Gardiner

The AP, August 7, 2006

LONDON – A London-to-Boston flight was called back to Heathrow Airport on Monday after U.S. authorities discovered a passenger's name was on their "no-fly" list, officials said. Four passengers were being questioned by border control officers.

American Airlines Flight 109, a Boeing 777, left London at 10:55 a.m. (5:55 a.m. EDT) headed for Boston, said Tim Wagner, a spokesman for the Fort Worth, Texas-based airline.

"The flight returned to Heathrow due to a security issue that needed to be resolved in London," he said. "It was not a security threat to the aircraft. The flight was in no danger."

Wagner provided no other details.

Phil Orlandella, a spokesman for the Massachusetts Port Authority, which runs Boston's Logan Airport, said staff were told at a meeting Monday morning that the name of a passenger on the flight matched one on the no-fly list. He had no further information.

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"Out of an abundance of caution, Homeland Security determined the flight would not be allowed to land in Boston," a U.S. Homeland Security Department official said in Washington, speaking on condition of anonymity because of the sensitivity of the situation.

He said no unusual activity was reported aboard the plane.

The man, traveling with three women identified as his mother and two sisters, was taken into custody for questioning by British and U.S. authorities, the Homeland Security official said.

The official, who did not know the suspect passenger's age or nationality, said the three women traveling with him were not taken into custody.

But London's Metropolitan Police said port and border control officials were questioning four passengers removed from the flight. Police did not specify who they were.

The U.S. Transportation Security Administration's "no-fly" list was established after the Sept. 11, 2001, attacks to prevent people who may have terrorist ties from boarding commercial flights.

Despite $28 Billion Program, U.S. Remains Vulnerable To Bioterror Attack (McClatchy)

By Greg Gordon

McClatchy, August 8, 2006

WASHINGTON - The federal government's $28 billion crash program to defend against a bioterror attack is beginning to show up in cities across the country.

The FBI headquarters, World Bank and several other potential terrorist targets in the nation's capital have been outfitted with new germ-killing, air-purifying filters. In dozens of other larger cities, technicians now routinely retrieve air samples to test for killer anthrax spores, smallpox virus particles or other germs.

Experts say this infusion of new technology along with medical resources might diminish the casualty toll of a biological attack using classical germ agents. But they acknowledge that despite the vast spending, the nation remains highly vulnerable, especially against new, synthetically created germs for which the United States has no antidotes.

"The U.S. does not yet have a coherent biodefense strategy ... that takes into account the full spectrum of possible bioweapons agents, including engineered threats," Tara O'Toole, a co-founder of the University of Pittsburgh's Center for Biosecurity, recently told Congress.

As a result, the nation remains exposed to an attack such as the one envisioned in a 1993 government study, which estimated that 130,000 to 3 million people would die from the release of 100 kilograms of anthrax spores upwind of Washington, D.C.

Federal agencies have taken other steps since a still-unknown assailant mailed anthrax-laced letters in October 2001 that killed five people, sickened 17 others and paralyzed Congress.

It has stockpiled 5 million doses of anthrax vaccine and 300 million doses of smallpox vaccine. It has installed hundreds of indoor and outdoor air monitors, financed round-the-clock testing laboratories in every state and trained more than 174,000 emergency response personnel.

"I think we've made very significant progress from where we were in 2001," said John Vitko, director of the Department of Homeland Security's biological countermeasures unit. He said systems are in place at his agency and the Atlanta-based Centers for Disease Control and Prevention to detect, quickly respond to and reduce casualties from a "moderate or large" attack on a major city.

Even one of the government's harshest critics offered praise.

"I think we're light years ahead of where we were pre-9-11," said Mike Osterholm, a University of Minnesota epidemiologist and biological weapons expert who all but prophesied doom in a 2000 book warning of America's vulnerability to germ warfare. The government, he said, has dramatically reduced chances that an attack with anthrax or highly infectious smallpox would be "a horrific event."

Watchdogs at Pittsburgh's biosecurity center, though, are worried. Senior associate Brad Smith, a molecular biologist, said it made sense to initially focus on anthrax and smallpox because they were "the low-hanging fruit" widely recognized as threats.

But, he said, "it is very clear that the technology is to a point now where fairly modestly trained and educated individuals could do a lot of harm if they wanted to create a biological weapon."

Rep. John Linder, R-Ga., chairman of a House Homeland Security subcommittee that watches over the government's bio-terrorism programs, points to a recent U.S. intelligence assessment that, within a year or two, technology could exist to artificially produce the smallpox virus.

"We're very vulnerable," Linder said, "but we're in better and better shape, because at least we're paying attention to it."

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An emerging component of the bio-terrorism defense is a below-the-radar campaign to better protect public and private building occupants with stronger air filtration.

In a research paper published last year, a 20-member team of public health professionals, engineers and bioterrorism experts urged use of more efficient filters to reduce the risk of exposure during an anthrax attack. Increasing numbers of building owners are responding.

The Alfred P. Sloan Foundation, a leading backer of the effort, said Rudin Management Inc. has upgraded filters in its 16 New York skyscrapers. Rudin executives didn't respond to phone inquiries.

Mechanical work also is under way to revamp the U.S. Capitol's ventilation system - work that the office of the Architect of the Capitol declines to discuss because it is "security sensitive."

A system developed by Strion Air of Louisville, Colo., has been installed in about a dozen federal buildings in the Washington area. It combines 95 percent filtration efficiency with germ-killing ionizing rays and an electrostatic charge that causes microbes to cling to objects rather than stay suspended in the air. The firm's clients include the FBI, the World Bank and California's Lawrence Livermore Laboratory.

One bonus of these filters: Used in large enough numbers, they could save billions of dollars a year by reducing respiratory illnesses, allergies, asthma and sick building syndrome.

But in addition to questions about the air filters' ability to neutralize a bioterror attack, there's the issue of cost. Wade Belcher, a General Services Administration architect, said it would cost tens of billions of dollars to retrofit all 8,920 federal buildings.

Another growing part of the government's bioterror program is called BioWatch, an $82 million-a-year effort to collect air samples from dozens of cities across the country. Vitko said tests for the major pathogens are conducted at least once a day, more frequently in cities considered prime targets.

"As scary as bio agents are," he said, "they take time to incubate in your body and multiply. So if you can detect that a person has been exposed early, you can usually treat him and prevent him from getting sick."

Smallpox, which has a 30 percent mortality rate, typically takes two weeks to incubate, then becomes highly contagious as symptoms appear.

Even so, it's unclear how effective early detection would be. Even if it worked, said Smith, the government still lacks mechanisms to ensure that medicine and vaccines reach the public.

The Person Who Mailed Anthrax Spores In 2001 Remains At Large (McClatchy)

By Greg Gordon

McClatchy, August 8, 2006

WASHINGTON - The mysterious figure who dropped four deadly, anthrax-filled letters into the mail in October 2001 made it relatively easy for the government to save lives.

The letters, inscribed with messages such as "Death to America," served as clear warnings that the fine powder should be tested. The powder's arrival in envelopes, rather than an aerosolized spray, limited the spores' dispersal.

While response workers were able to hold down casualties and cleanse a contaminated Senate office building, the attack dealt sobering lessons about how far the spores can spread and how lethal they can be.

A New York nurse and a 94-year-old Connecticut woman later died, apparently after coming in contact with contaminated mail, demonstrating that even small numbers of spores can kill people who aren't strong and healthy. Antibiotics were given to about 30,000 people.

Ultimately, moon-suited cleanup workers used chemical sprays to kill anthrax in 23 facilities, including trace levels in mail rooms at the U.S. Supreme Court, the CIA and a remote facility handling White House mail. The cost: $227 million.

Since the attack, the Postal Service has irradiated all congressional mail to kill spores and germs. Congressional mail now takes three weeks to reach Capitol Hill.

As for the perpetrator, the FBI has long suspected it was an American, perhaps someone involved in U.S. bio-terrorism research. Bureau Director Robert Mueller said recently that he remains "optimistic that we will solve the case," but he declined to discuss specifics.

TSA Workers Report A Jump In Job Satisfaction (WP)

By Stephen Barr

The Washington Post, August 8, 2006

Job satisfaction at the Transportation Security Administration has markedly improved over the past two years, according to employee survey data released by the agency.

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The TSA's 2006 organizational satisfaction survey found that 59 percent of employees were satisfied or very satisfied with their jobs, up from 35 percent in 2004.

The 2006 survey results, however, also suggested that many TSA employees think their agency is falling short on leadership and in information-sharing. The responses in these categories were basically unchanged from 2004, a sign that the TSA faces continuing challenges in managing its staff, especially its 43,000 passenger and baggage screeners.

How TSA employees view their jobs is important because the agency is considered critical to aviation security and to the federal effort to combat terrorist threats. The agency, nearly five years old, has coped with high turnover in its screener workforce and complaints in Congress about treatment of airline passengers.

TSA officials cautioned against drawing any conclusions from the 2006 data, noting that the agency will soon undertake an in-depth analysis of the results. "We have a workforce that is extraordinarily committed to the job and to the mission," said Gale Rossides , associate administrator for business transformation and culture at the TSA.

In the 2006 survey, only 33 percent of the employees responded favorably when asked to assess how well managers communicated the TSA's mission and followed up on employee suggestions for improvements.

Survey respondents, however, gave higher marks to their supervisors. Forty-two percent said their supervisors provided constructive comments and clearly explained what they expected from employees.

When asked about "organizational communication," only 35 percent agreed that essential policies were clearly communicated and that employees were kept well-informed of issues affecting their jobs.

Only 21 percent said the TSA took steps to protect job security and communicated effectively on policy changes and reorganizations that affect the workforce.

Rossides said the TSA has put into place programs aimed at addressing some employee concerns, such as how leaders are selected and trained. The TSA also is working on finding a technological solution, perhaps a specialized Web site, to improve internal communications for a workforce that is spread across the nation and does not have easy access to e-mail during the business day, especially at airports.

Survey responses in some categories, such as the relatively low marks on how secure employees feel in their jobs, may have been affected by a series of workforce realignments over the past year that shuffled assignments and reduced staffing at smaller airports, Rossides said.

TSA officials were encouraged to see higher marks in such areas as teamwork and career development when comparing survey results. They also were pleased to see 69 percent of survey respondents indicate that they planned to stay with the agency for the next 12 months.

But Tim Kriescher , president of TSA Local 1, said he does not think morale is improving among TSA employees because many of them work long shifts at airports and because their injury rate is higher than many other occupations'. "Cronyism, favoritism -- it's still very huge," he said.

The TSA local is sponsored by the American Federation of Government Employees, which is seeking to represent screeners even though unions have not been allowed to bargain on their behalf.

TSA officials said the survey was mailed to employees at their homes and 36 percent -- 17,874 -- completed and returned the questionnaire. The survey was taken between March 1 and April 12.New Tech Director

Thomas O'Keefe , who has managed technology programs at the Federal Aviation Administration, will direct the upgrade of retirement systems at the Office of Personnel Management, the OPM announced yesterday.

The OPM has awarded contracts to move to an automated system for computing annuities for federal employees and has asked Congress to provide $26.7 million to start building the new system.

In New Orleans, Each Resident Is Master Of Plan To Rebuild (NYT)

By Nicolai Ouroussoff

The New York Times, August 8, 2006

NEW ORLEANS, Aug. 3 — Rebuilding a city, it seems, is too important a task to be left to professional planners. At least that's the message behind a decision to place one of the most daunting urban reconstruction projects in American history in the hands of local residents.

Ever since a botched attempt to develop a comprehensive plan for New Orleans fell apart last winter, city and state officials have been straining to avoid the sticky racial and social questions that are central to any effort to rebuild and recover after Hurricane Katrina.

Their solution, hammered out in July, was to turn the planning process over to a local charity, the Greater New Orleans Foundation. On Aug. 1 the foundation opened a series of public meetings in which groups representing more than 70

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neighborhoods would begin selecting the planners to help determine everything from where to place houses to the width of sidewalks.

Mayor C. Ray Nagin has referred to the process as "democracy in action." And, superficially, it sounds like one of the most stirring grass-roots planning movements imaginable, one that would help preserve the rich heterogeneity that gives the city its vibrant urban character.

Yet this freewheeling approach has shifted attention from the critical and more daunting challenge of reimagining the city's infrastructure, from levees to freeways to its ecological footprint. It is the failure of that infrastructure, after all, that exposed the inequities that have been eating away at New Orleans for decades.

How and whether these problems are resolved will tell us whether our country is capable of assuring the future of American cities.

Armed with a $3.5 million grant from the Rockefeller Foundation, the Greater New Orleans Foundation has chosen 15 planning teams who will develop designs for the various neighborhoods. The groups of neighborhood residents, many of them still displaced, met directly with the teams for five hours last Tuesday to get a sense of which ones they may want to work with. (Not surprisingly, the more affluent neighborhoods have been the best organized.)

Eventually the proposals will be woven into a single citywide master plan. What is stunning is the lack of comprehensive guidelines. Basic zoning requirements remain exactly the same as before the storm. In the areas of the city that experienced the worst flooding, the required elevation above sea level for each building follows guidelines set in the mid-1980's. Proposals to shrink the city's footprint to bring it into line with ecological realities — global warming, the rising sea level, the need to restore wetlands — were dropped months ago because it implied the elimination of some poor neighborhoods, a politically fraught issue. In the face of all of this, the city's planning department has been reduced from 24 people to 9 since the storm.

Many residents who have returned have simply taken matters into their own hands. In the Holy Cross area, one of the few sections of the Ninth Ward that was not washed away by the storm, a handful of residents are fashioning street signs by hand because the city has yet to replace any. Across the city, in Lakeview, a group of homeowners have been seeking corporate sponsors and even selling T-shirts to raise money to rebuild a fire station, since they discovered that they cannot take out fire insurance without one.

Steven Bingler, the architect in charge of the planning process, sees this as a genuinely democratic phenomenon. "The planner's responsibility is not to make the decision," he said, but "to empower people to make decisions for themselves and their own communities."

In practice, this could mean that some neighborhoods come back to life as mere hamlets, Mr. Bingler said, in which they may receive a narrower range of services, dispensing with, say, 24-hour fire protection or cable television service. This idiosyncratic approach allows the government to circumvent the racial issues that torpedoed earlier planning proposals, in particular a legitimate suspicion among low-income black residents that any large-scale planning effort would be used to marginalize them.

Encouraging individuals to rebuild on their own terms, house by house, brick by brick, is certainly preferable to embracing the formulaic developer-driven subdivisions that were eating away at the city's character even before Katrina struck. The process could also prove educational for thousands of people. One of the most refreshing moments recently was seeing community activists interviewing potential planners, who typically meet with government officials behind closed doors. Such a give-and-take could yield a well-informed population, elevating the public debate about architecture and planning issues.

The first problem with this fantasy is the quality of the education. Although the 15 planning teams include committed designers, from local architects like Wayne Troyer and Robert Tannen to Andrés Duany of Miami and Frederic Schwartz of New York, the majority are known for the kind of cookie-cutter visions that have been sapping the vitality of American cities for decades.

More to the point, the teams do not represent a cross-section of current architectural and planning debates. They create the illusion of choice where there is none, denying residents an opportunity to engage the full range of ideas that could spark a new vision for the future of New Orleans.

Worst of all, by planning ad hoc, the city is forfeiting a chance to consider how infrastructure could be used to bind communities — rich and poor, black and white — into a collective whole. It allows residents to retreat back into their old ways and ignore uncomfortable social truths.

Part of this mentality is related to the anti-big-government campaigns that gained momentum in the Reagan era, leaving ever more infrastructure, from parks to phone systems to schools, in the hands of private corporations. But the aversion to broad planning is also based on a neo-liberal belief that it is impossible to build any large-scale urban project without destroying the fine-grained fabric of city neighborhoods.

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Both views assume that the humble neighborhood block and the scale of public infrastructure are in direct opposition to each other.

But urban-planning strategies need not be viewed as acts of wanton brutality. The architects Reed Kroloff and Ray Manning, for example, have suggested that tax breaks and equity swaps could be used to encourage homeowners to resettle in denser urban neighborhoods like Tremé, on relatively high ground. Once blighted and crime-ridden, such areas had already begun attracting new residents before the storm because of the quality of their housing stock.

Mr. Kroloff, the dean of the Tulane University School of Architecture, has also raised the intriguing possibility of dismantling a portion of the freeway that now separates part of Tremé from the French Quarter, stitching the two neighborhoods back together and partly righting a wrong from the 1950's, when the highway's construction wiped away one of the city's thriving black commercial strips.

By incorporating a more surgical approach to rebuilding, planners could not only challenge the dangerous cliché that a healthy community and large-scale intervention are at odds, but also help rebuild the fragile trust that was shattered when the levees collapsed.

Of course such progress is only possible in a world where government does not abdicate its responsibility to provide all of its citizens with a measure of protection. The Federal Emergency Management Agency packed up and left long ago. The federal government has yet to significantly raise the level of levee protection. Nor has it committed the money needed to rebuild the coastal wetlands and barrier islands that could absorb the impact of another storm.

As it stands now, the planning process is a cause for both hope and rage. It awakens us to the reality of what Americans are capable of and what our government is not.

New Orleans Moves To Repair Its Legal System (NYT)

By Susan Saulny

The New York Times, August 8, 2006

NEW ORLEANS, Aug. 7 — After months of chaos in the criminal justice system here, Mayor C. Ray Nagin announced the first steps Monday to replace the city's missing prosecutors, public defenders and police officers, along with its ruined courtrooms.

A neighboring parish is lending prosecutors to New Orleans to help its overburdened district attorney's office deal with a significant backlog of cases, Mr. Nagin said. Pro bono assistance for poor defendants is on the way from the State Bar Association, which is also paying for a new system to coordinate and track cases. Courtrooms and jail cells are being rebuilt and brought into service.

And, Mr. Nagin said, the city has established a system for contacting and issuing subpoenas to New Orleans police officers who have been scattered across the country since Hurricane Katrina. The displaced officers have been desperately needed to testify in scores of criminal cases that have been unable to proceed for a lack of witnesses.

The limited progress report comes as Mr. Nagin and other municipal officials have been under increasing pressure from agitated residents, local judges and national legal experts decrying the city's broken legal system.

Just last week, judges here ruled that the mechanism to pay for the indigent defender system was unconstitutional and sent an emergency request for money to the Justice Department. Louisiana is the only state to rely mainly on local court fees, mostly surcharges on traffic tickets, to finance its public defenders, and that system is basically broke.

One of the judges, Arthur L. Hunter Jr., has threatened to begin releasing hundreds of defendants who have not had access to lawyers back onto the streets as of Aug. 29, the date Hurricane Katrina made landfall last year.

"If we are still part of the United States and if the Constitution still means something," Judge Hunter wrote in an emergency order last month, "then why is the criminal justice system 11 months after Hurricane Katrina still in shambles?"

With crime rising and the legal system perceived as an ineffective deterrent, many in the city have said that New Orleans cannot recover without immediate change.

"A city that's perceived as unsafe will not recover," an editorial in The Times-Picayune said Monday, "whether the threat is levees that can't hold back floods or a justice system that can't keep criminals at bay."

At a morning news conference, Mr. Nagin said the city "recognized the need for an immediate effort" and promised that officials "will not surrender one more inch of our city to the criminals."

He and others stopped short, however, of saying that these changes would accomplish an immediate reduction in the rate of serious crime, stressing that the city was just beginning to tackle the enormous issue.

"The people of New Orleans don't need pie-in-the-sky rhetoric," said Richard Ieyoub, the coordinator of the mayor's Criminal Justice Coordinating Committee and a former state attorney general. Mr. Ieyoub quoted Winston Churchill in saying that despite the new strategies, the city had "not even achieved the end of the beginning."

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Mr. Ieyoub and others acknowledged that there was much work to be done in re-establishing an effective system that could inspire respect from the people of New Orleans. Even before the storm, the city had one of the most broken criminal justice systems in the country and frequently led the nation in the number of murders.

So far this year — even with a much smaller population — New Orleans has had 83 murders, some of them multiple homicides. Since the storm, however, there has been only one murder trial, and that was for a killing before the hurricane.

Over the weekend, Senator Mary L. Landrieu, Democrat of Louisiana, asked the Justice Department to send extra resources to the New Orleans metropolitan area to help address mounting crime.

"There is also emerging evidence that gangs are aware of the criminal justice system's difficulties, and they intend to maximize their window of opportunity," Ms. Landrieu said in a statement. "What is called for is a sustained and unprecedented effort to destroy this violent criminal element before it takes root and spreads."

After a rash of violence early in the summer, the city asked the state to send National Guard troops and state police officers to help the local police through September. Gov. Kathleen Babineaux Blanco recently extended the amount of time the troops will stay in the city, and she has not set an exit date.

Many here remain concerned about long-term repair to the criminal justice system, and there was criticism today that the mayor's new procedures were simply temporary measures that would not fix the causes of the dysfunction.

"It's not simply a case of volunteers coming in and dealing with the backlog of cases," said David Carroll, the director of research and evaluations at the National Legal Aid and Defender Association in Washington. "Katrina was not the cause of the indigent defender crisis. It was a catalyst that accelerated the longstanding deficiencies."

But, Mr. Carroll said of the city's new plans, "it certainly is a step in the right direction after months and months of inaction."

WAR NEWS:

U.S.-Backed Operation Targets Shiite Slum (WP)

By Andy Mosher

The Washington Post, August 8, 2006

BAGHDAD, Aug. 7 -- A predawn raid by Iraqi troops and American military advisers on a stronghold of Shiite cleric Moqtada al-Sadr erupted into a two-hour gun battle Monday, according to residents and the U.S. military.

The operation in Baghdad's Sadr City neighborhood was aimed at "individuals involved in punishment and torture cell activities," the U.S. military said in a statement. The Iraqi troops who conducted the raid, along with their U.S. advisers, came under fire at the outset, the statement said, and "the fire lasted for the duration of the operation and continued as they left the neighborhood."

But Iraqi Prime Minister Nouri al-Maliki sharply criticized the operation, saying that it could hinder his efforts at national reconciliation. Maliki, who has been working with U.S. commanders on a new program to crack down on violence in Baghdad, appeared on local television Monday and said he was "very angered and pained."

"This operation used weapons that are unreasonable to detain someone -- like using planes," Maliki said.

He apologized to the Iraqi people for the operation, saying, "This won't happen again."

Residents of a nearby neighborhood said the fighting began about 1 a.m. and lasted about two hours.

...

Sadr City, a vast slum that is home mostly to poor Shiites, is a hotbed of support for Sadr, a young cleric who has opposed the U.S. military presence in Iraq since the 2003 invasion. Sadr's well-armed militia, called the Mahdi Army, staged two uprisings against U.S. forces in 2004 and is a potent force throughout most of Sadr City.

The Mahdi Army has been accused of carrying out frequent assassinations and kidnappings of Sunni Arabs, particularly around Baghdad in recent months. Recent operations by U.S. and Iraqi forces aimed at stemming death squad activity in Baghdad have included raids on Sadr City, though U.S. military spokesmen have said repeatedly that stepped-up efforts have not targeted particular groups.

Several hours after the raid, a suicide truck bomb killed at least 10 Iraqis at a police commando post in the northern city of Samarra, where the bombing of a Shiite shrine on Feb. 22 triggered the current wave of sectarian killings.

The truck, loaded with fruit and hidden explosives, swerved into the local headquarters of Interior Ministry commando forces and erupted in a massive explosion, according to local police. The deadly blast destroyed the headquarters building, police Capt. Zuhair Badrani said. Thirteen commandos were wounded, along with 18 civilians, he added.

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Mohammad Abdul Hameed, a local resident who was hospitalized with shrapnel wounds and a broken right hand, said he saw the truck approach "at a high speed traveling on the wrong side of the two-way street. Then suddenly it swerved and rammed into the building."

Abdul Hameed described being "shoved against the wall, and I could not see anything because of the dust, the smoke and the blood that was running down my face."

Special correspondents Saad al-Izzi in Baghdad and Muhanned Saif Aldin in Samarra contributed to this report.

Prime Minister 'angered' By U.S.-led Attack On Sadr City Slum (USAT/AP)

USA Today, August 8, 2006

BAGHDAD — Iraqi Prime Minister Nouri al-Maliki sharply criticized a U.S.-Iraqi attack Monday on a Shiite militia stronghold in Baghdad — a break with his American partners on security tactics as the United States launches a major operation to secure the capital.

Al-Maliki's criticism followed a pre-dawn air and ground attack Monday on Sadr City, stronghold of radical Shiite cleric Muqtada al-Sadr and his Mahdi Army militia.

Col. Hassan Chaloub, police chief of Sadr City, said three people — including a woman and a 3-year-old girl — were killed and 12 were injured. The U.S. military command said the raid was aimed at "individuals involved in punishment and torture cell activities."

One U.S. soldier was wounded, the U.S. military said.

Al-Maliki, a Shiite, said he was "very angered and pained" and warned the operation could undermine his national reconciliation efforts. "Reconciliation cannot go hand in hand with operations that violate the rights of citizens this way," he said in a statement on government television. He apologized to the Iraqi people and said, "This won't happen again."

Friction between the U.S. military and the Iraqi government emerged as the U.S. military kicked off an operation to secure Baghdad after a rise in Sunni-Shiite violence — much of it blamed on al-Sadr's militia. Al-Sadr has emerged as a major figure in the majority Shiite community and a major backer of al-Maliki.

After the Sadr City attack, President Jalal Talabani, a Kurd, met with the top U.S. commander in Iraq, Gen. George Casey, to discuss security operations in Baghdad. Talabani said he told Casey that "it is in no one's interest to have a confrontation" with al-Sadr's movement.

After the meeting, Casey made no mention of al-Sadr. He said he had discussed plans with Talabani to bring "fundamental change to the security situation in Baghdad."

Casey said he hoped that the new operation would "change the situation significantly prior to Ramadan." The religious observance will begin in late September.

Also Monday, a suicide bomber detonated a truck at the regional headquarters of the Interior Ministry's elite commando force in Samarra. Police Capt. Laith Mohammed said 10 commandos were killed and eight were wounded. Ten civilians also were injured. The commando force is a heavily Shiite organization.

The February bombing of a Shiite shrine in Samarra set off tit-for-tat killings and kidnappings that have pushed Iraq toward civil war.

Forces Strike Al-Sadr Militia To Block Civil War In Iraq (WT)

By Rowan Scarborough

The Washington Times, August 8, 2006

The militia of Sheik Muqtada al-Sadr is increasingly being targeted by coalition forces who fear that the firebrand Shi'ite cleric's ragtag fighters will push Iraq into civil war and exert control over southern towns as they did in 2004.

In what could be the first of many raids against Sheik al-Sadr's Mahdi Army, U.S. and Iraqi forces executed a strike early yesterday on a hide-out in Sadr City, the poor Shi'ite district in Baghdad from where the militia gets many of its recruits.

Army Gen. John Abizaid signaled a new get-tough approach in testimony last week before the Senate Armed Services Committee.

"I wouldn't characterize the target as being either Sadr or the Mahdi Army," said Gen. Abizaid, the U.S. Central Command chief who oversees operations in Iraq. "I would say there are elements within the [Mahdi Army] that will be targeted because they're participating in death-squad activities."

The statement reflected the sensitivity with which U.S. commanders talk about violence in Baghdad. They have been reluctant to single out Sheik al-Sadr for the violence. A slate of his candidates won election to the new Iraqi parliament in December. A direct verbal or operational assault on the cleric could ignite more Shi'ite violence.

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But administration officials, who asked not to be named, said there is no doubt that units within the Mahdi Army are committing much of the violence in Baghdad against Sunni Muslims and U.S. troops.

A Pentagon official, who asked not to be named, said the June 7 killing of al Qaeda in Iraq leader Abu Musab Zarqawi and the methodical elimination of many of his aides have gutted the organization, and that some Sunni insurgents seem willing to end their attacks. Officials say the increasing problem is Sheik al-Sadr's army.

"Preventing the Jaish [Army] al Mahdi from developing into a state within a state, as Hezbollah has done in Lebanon, will be a priority," outgoing British Ambassador William Patey said in a memo leaked to the British Broadcasting Corp.

The United States says disarming and neutralizing the Mahdi Army is principally the job of Iraqi Prime Minister Nouri al-Maliki, a Shi'ite.

"I believe that the prime minister and his government will take the steps necessary to get the sectarian violence under control and do what has to be done against the death squads," Gen. Abizaid said.

Officials say Mr. al-Maliki's battle with the Mahdi Army is partly a contest against Iran. Tehran's Shi'ite-dominated regime is seeking to transform the Shi'ite south into Tehran-friendly territory that will vote for hard-line Islamist candidates opposed to the U.S. presence.

"In my opinion, there are groups within the Mahdi Army that are under the pay of the Iranian government [and] are terrorist organizations," Gen. Abizaid said.

Sheik al-Sadr formed his army in June 2003, after the fall of Saddam Hussein. The cleric quickly built it into several thousand fighters, thanks to an influx of Iranian money used to meet a payroll and buy equipment and arms.

Twice, the sheik's militia took control of key government buildings in southern Iraqi towns by force, and twice, the U.S. Army defeated it and forced Sheik al-Sadr to call cease-fires.

Now, the militia is back, more violent than ever. Gen. Abizaid described its strategy as "trying to ensure that the Iraqi government, as voted, fails, and that they become ascendant."

Raid In Baghdad Leaves 3 Dead (LAT)

By Jeffrey Fleishman

The Los Angeles Times, August 8, 2006

BAGHDAD — Families sleeping on rooftops to escape the summer heat were startled early Monday by helicopters and gunfire as U.S. and Iraqi forces raided a Shiite Muslim stronghold and battled a militia headed by radical cleric Muqtada Sadr.

The raid killed three people, destroyed three homes and sent families scurrying for cover. It came as U.S. forces were rotating 4,000 more soldiers into Baghdad in an effort to rout sectarian militias, death squads and insurgents that have tipped the city into an undeclared civil war.

Sadr and his Al Mahdi militia are defiant against the U.S. occupation and have increased their power in Sadr City, a poor eastern Baghdad neighborhood of up to 2 million people. The government of Prime Minister Nouri Maliki has vowed to bring Baghdad under control, but the Iraqi military has been unable to defeat insurgents and supplant Shiite and Sunni Arab militias.

An official from Sadr's office, Abu Mustafa Saidi, said the U.S.-backed raid began about 1 a.m. and lasted more than an hour, injuring as many as 15 people. The U.S. military said the operation was aimed at capturing militants suspected of running torture gangs. It said American forces encountered immediate fire from Sadr's supporters. One U.S. soldier was injured.

"These bombardments came, and definitely there was retaliation from our men," Saidi said. He added that during the gun battles, Sadr, who was traveling in Najaf, called militia leaders and ordered them not to engage in intense fighting.

"Sadr informed them to make everything calm so the Iraqi and American soldiers would have no excuses for more attacks," Saidi said.

Abbas Dhahi Salman was sleeping with his family when a blast startled him.

"We felt the shock and sound on the second floor," he said. "We felt the air cooler fall to the ground, and the second floor was ablaze. We were afraid to go out because we feared getting shot, so we called the police and ambulance, but they said it was a battle zone and they couldn't come."

Salman's mother and two children were injured in the attack. He said he suspected that Iraqi forces were searching for his neighbor, who is a member of Sadr's militia.

"For the last 10 days the situation in Sadr City has been tense and worrisome," Salman said.

An advisor to Maliki said the prime minister did not want military raids into the community to jeopardize reconciliation efforts between Sadr and the government. The advisor added that Maliki was not briefed ahead of the operation and has informed the military to clear future actions in Sadr City with his office.

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In a wide-ranging news conference after the raid, Iraqi President Jalal Talabani said he was concerned about tensions between U.S. forces and Sadr's followers. He said such an atmosphere was "no way in the interests of the Sadr people nor the American and multinational forces."

The president called for militias controlled by Sadr and other sectarian leaders to either merge with government forces or disband. "There should never be any kind of force or army other than the government's army," Talabani said.

In violence across Iraq on Monday, a fruit truck exploded at a police station in Samarra, killing 10 people, most of them members of a special forces unit under the Shiite-dominated Interior Ministry. Samarra became a focus of the nation's sectarian violence in February when Sunni militants attacked a revered Shiite shrine.

Six Iraqi soldiers were killed and 15 were wounded when militants attacked a checkpoint in Baladrouz, about 30 miles southeast of Baqubah. One insurgent was killed. In Khan Bani Saad, about 20 miles northeast of Baghdad, a car bomb targeting a police foot patrol killed a police officer and a civilian.

Four Iraqi policemen were ambushed and killed by militants in Sadr City. A barber and four customers were killed in southeast Baghdad when gunmen jumped out of two sedans and sprayed the shop with bullets. Also in the eastern part of the city, a car bomb exploded near Mustansiriya University, injuring four people, including a police colonel.

One militant died and another was injured in Kirkuk when a car rigged with explosives "exploded on them by accident," a police official said.

Troops Do Battle In, And Against, Searing Heat (USAT)

By Rick Jervis

USA Today, August 8, 2006

BAGHDAD — Sgt. Frank Merola, a videographer with the Army's 363rd Mobile Public Affairs Detachment in Baghdad, recently took part in a weeklong mission in Arab Jabour, just south of Baghdad.

To avoid the worst of the heat, his platoon left its base at 4:30 each morning, patrolled the town on foot and returned just before noon, he says. By the time they marched back to base, Merola's half-gallon CamelBak water dispenser would be dry, and he'd be sagging under the withering effects of the sun.

“It's like standing in front of a heater with a winter coat on — then someone starts a fire,” says Merola, 32. “You feel the sweat going through your boots. You feel your eyes stinging. You feel it.”

Carrying 30 to 40 pounds of gear under a blistering, 100-plus-degree sun could easily lead to heat exhaustion, heatstroke or worse. But the U.S. military says its troops are successfully avoiding heat-related injuries in Iraq through a regimen of hydration, training and operational adjustments, such as launching raids at dawn or dusk.

“We're really disciplined with this,” says Col. Todd Dombroski, battalion surgeon for the Army's 1-12 Infantry Battalion, mostly responsible for guarding the Green Zone in central Baghdad.

Troops take various precautions to minimize the risk.

For example, during Merola's Arab Jabour mission, which was aimed at flushing out insurgents and instilling confidence in area residents, medics gave soldiers small packets with a saline solution to mix with water to replenish the salt the body loses through sweat.

Though they weren't required to, many of the troops drank the packets. It was “like drinking warm salt water,” Merola says.

Sometimes, even these precautions aren't enough. Almost every day, someone from the unit needed intravenous fluids before returning to patrol, he says. “There is really no such thing as drinking too much water,” says Merola, of Brooklyn, N.Y. “It's life or death.”

Leaders of the Special Troops Battalion attached to the 4th Infantry Division in Baghdad make sure their troops freeze several 11/2-quart bottles of water the night before each mission, says Sgt. Adam Brosch, a convoy commander with the battalion. Each Humvee gets a cooler with 15 bottles. Within the first 10 minutes of a three-hour mission, those bottles of ice have usually turned to warm water. And they're empty well before the mission's over, says Brosch, 24, of Irving, Texas.

Unit leaders are trained to look for early signs of heat exhaustion: pallor, dizziness, slurred speech and confusion, Brosch says.

“It's one of the most important parts of our task,” he says. “Only takes a few minutes and you could start feeling dizzy. You could lose focus real fast.”

Other troops have improvised their own tactics, such as soaking small towels in ice water overnight to place on their necks, says Pfc. David Grosshuesch, 20, of Elkhorn, Wis., a gunner in Brosch's unit. He's in charge of manning his Humvee's .50-caliber machine gun.

Perched atop his vehicle, Grosshuesch often holds his arm out at an angle while on patrol to let air circulate through his uniform. On particularly hot days, the breeze feels like the hot air from a hair dryer. “It gets toasty,” he says.

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As hot as it is, Iraq would be far worse for U.S. troops if it were more humid, Dombroski says. The evaporation of sweat cools the body. In hot, humid climates, sweat doesn't evaporate as fast as in dry heat. That leads to more stress on the body, he says.

That's why troops deployed to humid climates, such as Haiti or Somalia, may suffer a higher rate of heat-induced medical problems than those in dry desert climates such as Iraq, Dombroski says.

Iraq's dry heat allows sweat to evaporate more easily, but it can be deceiving — and dangerous. If troops don't notice they're sweating, they could rapidly slip into debilitating heat illness, says Robert Carter III, a research physiologist at the U.S. Army Research Institute of Environmental Medicine in Natick, Mass. "It's a dry environment. So you don't feel yourself sweating. You sweat in the jungle," he says.

Carter says he and other researchers conducted a study that predicted soldiers should not need more than 14 liters of water a day, or about 3.7 gallons. That's not the case in Iraq. "Many have reported drinking 21 liters a day. Some who are just sitting in a Humvee need 14 liters a day," Carter says.

Dombroski says the military will soon require troops to wear two more protective ceramic plates on their armor vests, for a total of four: one in front, one in back and one on each side. That will produce even more body heat, he says.

"The French will tell you one of the best ways to cook a chicken is in a ceramic bowl," he says.

The military is looking into buying state-of-the-art vests that create a space between body and vest to allow air to circulate. Another option under consideration: a battery-operated version that circulates a cool liquid through the vest. Dombroski says test models may arrive later this year.

Col. Brian Allgood, the top medical officer for U.S. troops in Iraq, says the military has devised a heat illness prevention campaign.

Through a series of e-mails and web-based conferences, medics in Iraq are reminded how to measure the heat index, which combines the effects of heat and humidity, and how to look for signs of heat exhaustion, Allgood says.

The training and vigilance will continue as long as U.S. troops are in Iraq, he says. "This is a harsh climate," Allgood says. "It's always going to be a risk."

Must Haves: Cellphones Top Iraqi Cool List (NYT)

By Damien Cave

The New York Times, August 8, 2006

BAGHDAD, Iraq, Aug. 7 — The cool kids in Iraq all want an Apache, the cellphone they've named after an American military helicopter. Next on the scale of hipness comes a Humvee, followed by the Afendi, a Turkish word for dapper, and a sturdy, rounded Nokia known as the Allawi — a reference to the stocky former prime minister, Ayad Allawi.

Even more telling are the text messages and images that Iraqis share over their phones. From all over the city, Baghdad cellphones practically shout commentary about Saddam Hussein, failed reconstruction and violence, always the violence. One of the most popular messages making the rounds appears onscreen with the image of a skeleton.

"Your call cannot be completed," it says, "because the subscriber has been bombed or kidnapped."

Cellphones have long been considered status symbols in developing countries, Iraq included. But in an environment where hanging out is potentially life threatening, cellphones are also a window into dreams and terrors, the macabre local sense of humor and Iraqis' resilience amid the swells of violence.

The business here is booming. According to figures published last month by the State Department, there are now 7.1 million cellphone subscribers in Iraq, up from 1.4 million two years ago. In an economy where jobs can be as scarce as rain, billboards for phones are among the only advertisements updated regularly in the capital.

Some Iraqis report spending as much as $800 on phones like the Humvee, and from the rooftops of Sadr City, the poor Shiite district where trash lines the streets, visible cellphone towers outnumber minarets 15 to 2.

It is the relentless violence — which now claims dozens of Iraqis every day — that seems to have fertilized the industry's growth. Insurgents use phones to communicate and to detonate bombs, while Iraqis of all sects rely on their phones to avoid danger.

Jabar Satar Salaum, 50, the owner of a cellphone store in the middle-class Shiite area of Karada, said he used his phone (a Nokia that is a step up from the Allawi) mostly to tell his wife that he was safe. On the ride to and from work across Baghdad, he said he called every few minutes.

"I call to tell her I am leaving," he said. "I call to tell what district I am in when I am driving, or if the roads are blocked by checkpoints, I call to tell her that as well."

Four of the eight stores on Mr. Salaum's block sell cellphones, and most have window displays where each phone is covered in plastic.

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Between customers, his sons, Amjad, 17, and Muhammad, 15, said that cellphones were desirable not just because they were cool but also because they provided one of the country's only safe forms of teenage self-expression.

In May, a tennis coach and two of his players were shot to death in Baghdad because they were wearing shorts. Cellphones, in contrast, have attracted little religious outrage.

"For young people, buying phones is a habit," Amjad said. "Everybody buys different phones all the time. Whenever something new comes out, they have to have it."

He reached into his jeans and pulled out his newest acquisition, an orange Sony Ericsson that sells for about $300. It was protected by a hard, clear plastic case. On the wall to his left hung a poster of Nokia phones, showing images and model numbers displayed like the Popsicles on an ice cream truck.

"I've had all of these," he said. How many exactly? "At least 20," he said. "Every one."

The nicknames for phones, he and other Iraqis said, are a mnemonic device derived in part from their shapes. The Allawi, a Nokia 3660, is broad and has a rounded bottom, resembling the physique of the former prime minister; the Apache is a Nokia flip-phone with a bottom that swivels, like a rotor blade.

The prices the phones command are rather high for Iraq, of course. But with a booming aftermarket in cellphones, people can sell their old ones for nearly the original price and move up to a fancier model. Service is relatively cheap, with most people relying on $10 and $20 prepaid cards rather than the more expensive monthly plans.

And the powerful are as vulnerable to consumer culture as the young are. Brig. Gen. Jaleel Khalaf Shwayel of the Iraqi Army said that he buys a new phone every few weeks. During a recent interview at his office about deteriorating security in Baghdad, he spent several minutes wiping off his latest purchase, a titanium Nokia 8800 that he said he bought for $800.

He said he kept up on the latest styles through glossy technology magazines from the United Arab Emirates, setting him apart from the insurgents who use cheap phones to detonate roadside bombs. His phone, or phones (he has three), also help him keep in touch with the areas his soldiers patrol.

"I give my cellphone number to people in the neighborhoods, and I receive calls every day," he said. A day earlier, he said two tips came in.

"In the el-Adil district, I received a call that people there had put mines in the road," he said. "I gave an order to investigate, and we discovered it was right.

"Someone else told me about some bandits in a BMW. When we went to arrest them, we found R.P.G.'s," he said, referring to rocket-propelled grenades.

For human rights workers in Iraq, cellphones play a darker role. Omar al-Jabouri, who heads the human rights office for the Sunni Iraqi Islamic Party, said he often received pictures of men tortured or killed by death squads, many of them taken with the cellphones of witnesses or the victims' relatives.

But mostly, people here use their cellphones for commiserating, searching for laughs among the tears or trying to knock the powerful off their pedestals. Over the past year, American soldiers, Saddam Hussein and the current Iraqi president, Jalal Talabani, have all been the subjects of humorous clips passed from phone to phone.

"In Iraq, there is such an accumulation of frustration," said Fauwzya al-Attiya, a sociologist at Baghdad University. "If an Iraqi does not embrace humor in his life, he's finished."

These days, some of the most popular clips poke fun at Islamist radicals. In one amateur video, a masked man, pictured at dusk with a knife, threatens to behead a fish because "all the fish did not come out of the sea." With an exclamation of "God is great," he bends over and slices off the fish's head.

Another video captures young men trying to decapitate a victim with a fake, dull knife and failing; like Hans and Franz, the muscle-bound weightlifters famously mocked on Saturday Night Live, the supposed killers are all talk, dense and incompetent.

Electricity and gas are also popular topics. One doctored photograph claims to offer an explanation for why Iraqis still have only a few hours of electricity a day: Two transformer towers are flipping a wire in circles like a jump-rope while a third tower bounces up and down.

And in another video, a young, bearded Iraqi dances with abandon after successfully refilling his propane gas cylinder. With a spiraling Arabic song as the soundtrack, he wriggles and smiles, shaking the cylinder over his head like a trophy. He also kisses it.

Clips from official sources and those adapted from television, both Western and Arabic, are also shared. Some Sunnis are currently passing around video outtakes of the militant Shiite cleric Moktada al-Sadr talking casually to advisers or friends that they believe make him look foolish (in part because he criticizes people who are "Afendi," well-dressed and flashing their cellphones).

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Everyone seems to enjoy laughing at Mr. Hussein. His propaganda has literally become a joke: a 2003 broadcast from Iraq's state-run station, just before the war, shows a gaggle of soldiers with machine guns dancing and singing along with Khasim al-Sultan, an Iraqi pop star.

"If you want the stars, we will reach out for the stars," the men sing, offering a pledge to Mr. Hussein. "We will wipe America from the map!"

Firas al-Taie, 19, after showing the clip, laughed and tried to explain why Iraqis find the segment entertaining.

"It's not matching the reality," he said, in halting English. "They said this thing and then something else happened."

Like many young Iraqis, he said that his cellphone was his most cherished possession. He said several of his uncles in Jordan pooled together the roughly $300 he needed for the phone of his choice last summer after he graduated from high school.

Asked how his middle-class family could justify such an expense, Mr. Taie, an engineering student at Baghdad University, said it was all a matter of the violence and Iraq's relentless state of alert.

"It's important," he said. "You have to have a cellphone. If I go to the college, or anyplace really, my parents call me like 100 times to see if I'm safe."

He said he doubted the need would let up anytime soon.

Civil War? What Civil War? (WP)

By Richard Cohen

The Washington Post, August 8, 2006

Among the various awards to government officials -- presidential medal, etc. -- let me offer one of my own: the Oveta Culp Hobby Award for a truly dumb statement. I have twice before cited the late Mrs. Hobby, the nation's chief health official back in the Eisenhower administration, because she somehow managed to remain oblivious to the polio panic that struck each summer. When the government ran short of the new and downright miraculous Salk polio vaccine, the rich and fortunate Mrs. Hobby offered the following explanation: "No one could have foreseen the public demand for the vaccine."

For sheer inanity, the remark is almost impossible to beat. Yet three times in the past week I reached for the Hobby Award, thinking she had at least been matched. The first came when Gen. Peter Pace, chairman of the Joint Chiefs of Staff, was asked by Sen. John McCain whether a year ago he anticipated that Iraq might be on the verge of civil war. "No, sir," the general said.

Next McCain posed the same question to Gen. John P. Abizaid, who is in charge of everything in Iraq. He knew a year ago that tensions were high, he said. But "that they would be this high, no."

Finally, we have the remarks of Maj. Gen. William B. Caldwell IV, spokesman for the American military in Iraq. He was not at the Senate hearing, but he caught its flavor and then some. When asked by the New York Times if the United States had moved too quickly to replace American troops with Iraqis, he said, "I don't think we moved too quickly. I don't think anyone could have anticipated the sectarian violence."

Oveta, move over.

Can these high-ranking military officers possibly mean what they said? Even before the U.S. invasion of Iraq, the term "civil war" was being bruited about. This was because even a casual viewer of the Discovery Channel or some such thing knew that Iraq was an artificial creation of Britain -- Gertrude Bell, Winston Churchill, et al. The casual viewer also knew that a minority of Sunnis had governed a majority of Shiites through the application of violence and a not inconsiderable amount of torture. Why this country would hold together once the locks were clipped is a question whose answer we are now seeing: It's not.

The high-ranking officers cited above are neither stupid nor ignorant of Iraq's history. I can only conclude, therefore, that like countless others before them they feel compelled to say things that fit the political ideology and delusions of their civilian bosses in the Bush administration. The official line there, of course, is that Iraq is not and will not and could not descend into civil war because, well, that would aid the evildoers.

Whatever the case, we now have to understand that uttering the word "Iraq" does to Bush administration officials what a touch of tequila does to Mel Gibson. I could spend the rest of this column quoting Bush, Cheney, Rumsfeld and others on what would happen when GI Joe got to Baghdad or why the war had to be fought in the first place. The collected quotes are funny in one context, sad and infuriating in another: the playing of taps, the folding of the flag and the required lie about "a hero's death."

I dutifully read the news about Iraq. But I recognize most administration statements as lies or, if by accident the actual truth, a mere snapshot of a moment that will change over time. More troops one day, fewer the next. We have this town one day, we don't the next. Iraqi troops are up to snuff; oops, no they're not. This is the babble of chaos, the telltale rhetoric of defeat.

I share the concern of what would happen to Iraq if the United States pulled out precipitously. I share the concern over what will happen if the United States stays. I share the concern of those who say that no matter whether it stays or goes the outcome will be the same. I especially share the concern of those who say that the Bush administration does not have a plan to

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disengage and that rather than confront the immensity of its mistake -- I pity Donald Rumsfeld if he should ever lose the gift of denial -- it thinks that this or that adaptation to new conditions will somehow change the outcome. It will not. The end was set at the beginning. It is better that it come sooner rather than later.

Accused Soldier Details Day Of Alleged Rape, Murders (LAT)

By Louise Roug

The Los Angeles Times, August 8, 2006

BAGHDAD, Iraq -- U.S. soldiers played cards and drank whiskey at a checkpoint as they devised a plan to rape and kill a 14-year-old Iraqi girl and slay her family, one of the accused told investigators. After the alleged attack, one of the soldiers grilled chicken wings, according to the testimony at a military hearing Monday.

The second day of the hearing in Baghdad brought other disturbing testimony from agents investigating the March 12 deaths in the city of Mahmoudiya. The accusations have enraged Iraqis and shamed the U.S. military.

Spc. James P. Barker, 23, told investigators in sworn statements that he and Sgt. Paul E. Cortez, 23, took turns sexually assaulting the 14-year-old, and that former Pvt. Stephen Green also raped the girl after killing her mother, father and 5-year-old sister, military investigator Benjamin Bierce testified.

A fourth soldier, Pfc. Jesse V. Spielman, 21, was present inside the house while another, Pfc. Bryan L. Howard, 19, was keeping watch elsewhere, according to Barker's statement to investigators.

The military tribunal, known as an Article 32 hearing, is similar to a civilian grand jury. Testimony in the first two days focused on the prosecution's case. After hearing from prosecutors and defense attorneys, an investigating officer will determine whether there is enough evidence to bring the four soldiers before a court-martial on charges of rape and murder.

A fifth soldier from the same unit, Sgt. Anthony W. Yribe, is charged with failing to report the attack but is not alleged to have been a participant.

Green was honorably discharged in May because of a "personality disorder," according to court documents, but was arrested in North Carolina the following month. He will be tried in federal civil court.

According to Bierce, Barker wrote in his sworn testimony that he, Cortez, Spielman and Green had been playing rummy and drinking Iraqi moonshine mixed with an energy drink on the day of the attack.

"While they were playing cards and drinking Iraqi whiskey, the idea came to go to the Iraqi house, rape a woman and murder her family," said another military special agent, Gary Griesmyer, who had interviewed Cortez.

Cortez said in his sworn statement that Barker and Green raped the girl, according to Griesmyer. Cortez acknowledge holding the girl down when Barker began to rape her, Griesmyer said. The girl was crying and speaking in Arabic and Barker told her to "shut up" after raping her, Cortez stated.

According to Barker's statements, the men had practiced hitting golf balls near the checkpoint after finishing their card game. Green persistently said he wanted to go and kill some Iraqis, and asked Barker if he thought Cortez would go along with it. He also directly asked Cortez who, in turn, asked Barker what he thought. Barker, in his testimony, wrote that his answer was "it's up to you," Bierce testified.

According to the testimony, the men then changed into black thermal underwear and black ski masks. Cortez gave the radio to Howard, who was supposed to be on the lookout. Arriving at the house, Cortez pushed the girl to the floor and raped her as she struggled, Bierce testified.

Barker told the agents that Green came back into the living room, where the girl was pinned to the floor. Referring to her family, Green told his fellow soldiers: "They're all dead. I just killed them."

Green then put down the AK-47 he was holding and raped the girl while Cortez held her down, Bierce testified. Afterward, Green shot the girl several times before Barker took a lamp and poured kerosene on her body, the investigator said.

Barker told investigators that Green then went into the kitchen and came back saying "we need to get out of here," supposedly because Green had opened the propane tank and the house was going to blow up.

Investigators said that the alleged rape and killings lasted between 20 and 30 minutes and that the soldiers hid their identities, hoping to pin the slayings on insurgents.

After the men got back to the checkpoint, Barker wrote that he began to grill chicken wings.

Pfc. Justin Watt, whose testimony prompted the investigation, told the tribunal earlier Monday how he became suspicious of his friends and, through conversations with Yribe and Howard, began piecing together what had happened.

Watt testified that Yribe had told him that Green had admitted the slaying to him. Additionally, Yribe told Watt, a shotgun shell was found at the house.

While many Iraqis have AK-47s in their homes, shotguns are relatively rare.

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"I wanted to see if I could confirm my suspicions that there were more people involved," Watt testified. "I believed there were American forces involved."

Watt told the tribunal that he had approached Howard to ask him if he knew anything about the alleged rape and killings. Howard responded that Barker, Cortez and Green had planned the attack and that he had been the lookout, according to Watt.

Watt also described how fighting in the area south of Baghdad known as the "triangle of death" had taken a toll on the soldiers.

He described how one Iraqi man had approached two soldiers with an outstretched hand, as if to shake their hands. Instead, the man pulled a gun and shot and killed both men.

In 12 days, four of his fellow soldiers were killed, according to Watt.

"I thought I was going to die," Watt said, adding that he had written a letter with his final wishes on his laptop. "I was going to get a memorial tattoo of all the guys (who were killed), but there was not enough room on my arm."

After the abduction, torture and killing of two U.S. soldiers and the slaying of a third in Mahmoudiya, Watt decided he had to come forward.

"We'd come through hell with each other, and there were a lot of good men who died, and this happened, for what?" Watt testified. Reporting the killings, he said, "had to be done."

Watt reported his suspicions to a combat stress team in Mahmoudiya. His superiors in the chain of command "were extremely skeptical" about the allegations at first, he said.

Watt also testified that before the massacre he had heard Green say, "I want to kill and hurt a lot of Iraqis." When asked by defense attorneys, Watt reiterated: "I believe that he wanted to hurt Iraqis."

The hearing was scheduled to continue Tuesday.

Soldier Who Testified On Killings Says He Feared For His Life (NYT)

By Paul Von Zielbauer

The New York Times, August 8, 2006

BAGHDAD, Iraq, Aug. 8 — An American Army private who was close to four soldiers charged with raping a 14-year-old girl and then killing her and her family in March described at a hearing on Monday how he became the whistleblower in the case and how, once he spoke to military investigators, he feared for his life.

Pfc. Justin Watt, who was in the same platoon as the four soldiers and another former soldier accused of the crimes, said he came forward after piecing together an account from soldiers he suspected were involved in the March 12 episode. He felt obligated to say something, he told a military prosecutor on Monday at the hearing for the four accused soldiers, out of a sense of loyalty to the friends who had fought in Iraq and died.

“We’d come through hell with each other, and there were a lot of good men who died,” Private Watt testified. “And this happened — for what? We’re just trying to do a little good over here.” Faced with a decision about whether to remain silent or to alert his superiors about his suspicions that members of his own platoon were involved, he said he decided “it had to be done.”

Specialist James P. Barker, Pfc. Jesse V. Spielman, Pfc. Bryan L. Howard and Sgt. Paul E. Cortez are accused of the attack in the family’s home in Mahmudiya, a volatile town south of Baghdad where the soldiers had patrolled.

The four, members of Company B of the First Battalion, 502nd Infantry, 101st Airborne Division, are also charged with arson; military prosecutors accused them of burning the girl’s body with kerosene in an attempt to conceal evidence. A fifth soldier, Sgt. Anthony W. Yribe, is charged with dereliction of duty for failing to report the crimes. Prosecutors do not believe he was at the house where the crimes are said to have taken place.

A former member of Company B, Steven D. Green, was said to have conceived the plan to rape the girl, whom his unit had encountered on previous patrols, and kill the family.

Mr. Green, discharged as a private in May after a psychiatric evaluation, is in custody in Kentucky, where he faces federal rape and murder charges. He has pleaded not guilty.

Private Watt testified Monday that he heard Mr. Green say, “I want to kill and hurt a lot of Iraqis.”

Private Watt also described how he first heard of the killings from Sergeant Yribe, who confided in him about the grisly episode. After Sergeant Yribe told Private Watt that a shotgun shell had been found at the scene, he said, he grew suspicious. American soldiers carried shotguns, Private Watt testified, but he had never seen an Iraqi with a shotgun during his 11-month deployment.

Unable to stop thinking about what he suspected had taken place, he said, he approached Private Howard and asked what he knew.

“I wanted to see if I could confirm my suspicions that there were more people involved,” Private Watt testified. “I believed there were American forces involved.”

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He eventually reported his suspicions to a combat stress team in Mahmudiya. In his testimony, he described a need to learn the truth of the matter — in contrast with several other soldiers in his unit, who knew or suspected wrongdoing but kept quiet — and the disillusionment that followed.

"Investigation is not my job," Private Watt said under cross-examination by Specialist Barker's military lawyer on Monday. "But if something went down — something terrible like that — then it's my obligation to come forward."

He added: "I find out that guys in my squad, guys I trusted with my life, are allegedly responsible for one of the most brutal rapes-slash-murders I've ever seen."

Once he became convinced of what they had done, he said, "I feared for my safety" while working with the soldiers at traffic checkpoints, which are flashpoints for violence often directed at stationary American soldiers. "Everyone has a weapon and grenades," he said.

The hearing combines elements of a grand jury proceeding and a jury trial to determine whether there is sufficient evidence to recommend that charges be brought to a court-martial.

Defense lawyers, facing an enormous legal task in representing soldiers linked by evidence and their own statements to such a gruesome crime against civilians, appeared intent on establishing combat stress as a contributing factor.

Company B patrolled a dangerous region south of Baghdad where Sunni Arab insurgents and American and Iraqi Army forces frequently engaged in deadly clashes.

"I watched two guys I cared a lot about die right in front of me," Private Watt said Monday. "I was going to get a memorial tattoo of all the guys, but there's not enough room on my arm."

Later on Monday, an Army investigator, Special Agent Benjamin Bierce, testified about his interrogation of Specialist Barker, saying the soldier had divulged his role in the rape and killings, as well as what he said was Mr. Green's claim of having killed the family with an AK-47 in a bedroom after raping the girl.

Daily violence continued to claim lives in Iraq and took on a political dimension in Baghdad as American troops began patrolling areas here to quell a surge in sectarian killings.

President Bush, asked on Monday by reporters about the situation in Iraq, said, "I think the Iraqi government has shown remarkable progress on the political front,'' and that it gave him confidence about the future in Iraq. "You know, I hear people say, Well, civil war this, civil war that," he added. "The Iraqi people decided against civil war when they went to the ballot box.''

Overnight fighting between American forces and members of the Mahdi Army militia in the Sadr City area of Baghdad killed 2 of the militia's fighters and wounded 18 people, an Interior Ministry official said.

On Monday, Mohamed Salman, an envoy from Prime Minister Nuri Kamal al-Maliki, visited the families of the those killed in the fighting and the wounded civilians at Imam Ali hospital, and gave them cash payments, said a statement from Mr. Maliki's office.

The visit by a high-level Maliki aid and the payments to families of the dead and wounded underscored the political power of Moktada al-Sadr, the powerful Shiite cleric whose influence helped propel Mr. Maliki, a Shiite, into office.

US Troop Scandals: Is Iraq Different? (CSM)

By Brad Knickerbocker

The Christian Science Monitor, August 8, 2006

In Baghdad this week, a military tribunal is deciding whether five American soldiers must stand trial for the rape and murder of an Iraqi girl and the killing of her parents and sister in March.

The alleged events, which are among several atrocities tied to US forces now in their fourth year of fighting insurgents in Iraq, raise important questions for military officials: How do the numbers and types of incidents compare with earlier wars? Is there something about this conflict that makes such incidents more likely? Could they have been anticipated and prevented?

It's hard to compare Iraq with previous wars because the fighting and the reasons for fighting are different as are the numbers and deployment of troops. But observers generally agree that charges involving mistreatment of civilians or enemy combatants are not disproportionate compared with World War II, the Vietnam war, or other wars.

"You could probably construct an empiri-cal case that US forces are exhibiting more restraint in their treatment of Iraqi civilians than has ever been seen in past wars of similar scale and duration," says military analyst Loren Thompson of the Lexington Institute in Arlington, Va, in an e-mail. "Almost all of the atrocities that have been alleged involve small units deliberately disobeying rules of engagement and the orders of senior officers."

"It is worth bearing in mind that the US routinely killed thousands of enemy civilians in bombing raids during World War II, and that the number of civilians murdered at My Lai, the worst atrocity committed by US forces in Vietnam, was over 300," adds Dr. Thompson. "The pattern of atrocities committed against civilians in past counterinsurgency campaigns is quite imposing, from the British Army in the Boer War to the US Army in the Filipino Insurrection to the Russian Army in Chechnya."

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For example, the Los Angeles Times published over the weekend details of a 9,000-page once-secret archive, assembled by a Pentagon task force in the early 1970s, showing that "confirmed atrocities by US forces in Vietnam were more extensive than was previously known."

Similarly, it's likely to be years before the full extent of such events in the Iraq war is known.

Beyond this week's military hearing in Baghdad, investigators are looking into:

· An episode involving US marines and 24 civilians killed at Haditha in November. It's expected to result in official charges involving failure by some officers to report the event as well as the deaths of the Iraqis.

· Charges against six marines for assaulting civilians in order to extract intelligence. Among the six are three charged with killing an Iraqi man, then placing an AK-47 rifle next to his body to make it look as if he was an insurgent.

· Allegations that an Army brigade commander in Tikrit ordered his troops to "kill all military-aged males."

What's different, compared with World War II - at least for American soldiers in the field - is the incessant nature of the threat of personal attack from roadside bombs or snipers.

"Criminal behavior is a symptom of combat stress," says John Pike, director of GlobalSecurity.org. "For troops who go outside the wire, as opposed to fobbits [those who remain inside forward operating bases or FOBs], they would be exposed to combat stressors on a daily basis for most of their tour. During previous wars, the probability of dying in combat was higher. But for most soldiers, combat was episodic, rather than continuous."

At the same time, history has shown, counterinsurgency campaigns increase the likelihood that troops may mistreat civilians, because small units spend long periods surrounded by local people whose language and customs they don't understand. Things become even more difficult as a country moves toward civil war.

"Constantly harassed, constantly on guard, not sure who is with us or against us or simply passive, IEDs randomly striking convoys at places that were clear the day before, sectarian strife bordering on civil war, and a political system that seems incapable of getting its act together are some of the factors creating the psychology of lawlessness in which atrocities occur," says Dan Smith, a retired Army colonel who served in Vietnam as an infantry platoon leader and intelligence adviser and is now affiliated with the Friends Committee on National Legislation, the Quaker lobby in Washington.

Other military analysts point to a confluence of trends as the war goes on: the Army's need at times to recruit more soldiers from the lowest acceptable category, extended and multiple tours, and no longer being welcomed by Iraqis.

"The problem is, we're now asking our troops to do something they weren't trained to do," says Charles Peña, a defense consultant and policy scholar at the Coalition for a Realistic Foreign Policy, a Washington think tank. "The population they feel they were sent to save no longer feels grateful to have been saved."

Some observers note another trend indicating a breakdown in discipline.

"What I see as unusual in Iraq is the number of cases in which officers and noncommissioned officers have been involved, not only indirectly but directly," says Gary Solis, a former judge in the Marine Corps who taught military law at West Point and now teaches at Georgetown University Law Center. "Warrant officers, lieutenants, captains, lieutenant colonels and, now, even a colonel have fallen under suspicion."

A recent Associated Press roundup of criminal cases against US servicemen stemming from deaths of Iraqis includes a major, three captains, a 1st lieutenant, a chief warrant officer, a sergeant 1st class, four staff sergeants, and three sergeants.

While the number and type of alleged atrocities may be troubling, the military response appears to have been deliberate and open. "If there is anything positive to be gleaned from the reports of misconduct, it is that our military leadership in Iraq vigorously pursues reports of wrongdoing and, as far as we know, covers up nothing," says Solis.

C.I.A. Contractor Goes To Trial In Abuse Case (NYT/AP)

The New York Times, August 8, 2006

RALEIGH, N.C., Aug. 7 — A C.I.A. contractor broke both the agency's rules and the law when he used a two-foot-long metal flashlight to beat an Afghan man who later died, a prosecutor said Monday at the federal trial of the first American civilian charged with mistreating a detainee in Iraq or Afghanistan.

But lawyers for the defendant, David A. Passaro, a onetime Special Forces medic, said he had been a frustrated but concerned interrogator who never hit the man and who checked daily on his condition.

"Dave is guilty only of trying to serve his country," said Joe Gilbert, Mr. Passaro's public defender. "He's not guilty."

Mr. Passaro, a 40-year-old resident of Lillington, N.C., is charged with two counts of assault with a dangerous weapon and two counts of assault resulting in serious injury. If convicted, he faces up to 40 years in prison. Although the man he had been questioning, Abdul Wali, died in his cell, Mr. Passaro is not charged in his death.

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In opening statements Monday, the prosecution said at least three paratroopers from the 82nd Airborne Division had watched Mr. Passaro, working under contract to the Central Intelligence Agency, beat Mr. Wali during two days of questioning in June 2003 about rocket attacks on a base housing American and Afghan troops. Mr. Wali died the next day.

One prosecutor, Pat Sullivan, said Mr. Wali was chained to the floor and wall of a cell as Mr. Passaro kicked him and struck him with the flashlight and his fists. Once, he said, Mr. Passaro kicked his captive in the groin, having lined up like a football place-kicker. Mr. Passaro's fingerprints were on batteries from the flashlight, said Mr. Sullivan, adding that photographs to be shown the jury would detail the extent of Mr. Wali's injuries.

Mr. Gilbert, the defense lawyer, told the jury that Mr. Passaro's sole interest had been in stopping the rocket attacks on the base and that once Mr. Wali, a suspect in those attacks, arrived there to surrender, the rocket fire stopped. On the day Mr. Wali died, Mr. Gilbert said, Mr. Passaro gave him mouth-to-mouth resuscitation while medics tried to help.

The opening statements followed a ruling by Judge Terrence W. Boyle that the defense could not subpoena George J. Tenet, former director of central intelligence; J. Cofer Black, former antiterrorism coordinator at the State Department; or John Yoo, a University of California law professor, along with several others whose identities were not disclosed. Mr. Yoo was a Justice Department lawyer who helped write internal memorandums in 2002 intended to allow more leeway in aggressive questioning of terror suspects.

The defense had said it wanted to call Mr. Tenet and Attorney General Alberto R. Gonzales, formerly the White House counsel, as part of a "public authority defense" — that is, that Mr. Passaro had been following orders. It was not immediately clear whether Mr. Gonzales was among those who the judge said could not be subpoenaed.

Although Judge Boyle issued that ruling from the bench, the reasons for it were kept under seal.

The judge said he would allow the defense to subpoena six witnesses whose identities are classified, and promised to rule later on four others.

Our Veterans' Missing Medals (NYT)

By Joseph A. Kinney

The New York Times, August 8, 2006

Pinehurst, N.C.

Captain Brian Chontosh is the kind of soldier who, in years past, would have received a ticker-tape parade down Fifth Avenue.

As a young lieutenant in 2003, he and his platoon were ambushed near Baghdad. Machine gun fire, mortars and rocket-propelled grenades spewed from every direction. Lieutenant Chontosh ordered his Humvee directly into an enemy machine-gun position, where his gunner destroyed the nest. He then advanced on a trench, where he exited his vehicle and scattered enemy fighters. After his ammunition was depleted, he twice picked up an enemy's rifle and continued.

By the time the smoke cleared, Lieutenant Chontosh had killed more than 20 insurgents and saved the lives of dozens in his platoon. For his incredible courage, he was awarded the Navy Cross, the second-highest award given to Marines.

Second highest?

For reasons I can't fathom, the Pentagon top brass don't feel that our heroes in Iraq and Afghanistan are especially meritorious. President Bush has yet to award a single Medal of Honor to a living veteran of combat in either place. (Only one has been given posthumously.)

During the Vietnam War, 245 Medals of Honor were awarded. If President Bush awarded the medals at roughly the same rate for service in Iraq and Afghanistan, more than two dozen would have been bestowed by now.

When I called the Department of Defense to inquire, a public affairs officer said he wondered whether our fighting style might be less risky today than it was in Vietnam. How lame. Fighting in Iraq and Afghanistan has been brutal, and many of our troops have performed with incredible valor. Anyone remember Falluja?

This is more than an issue of justice denied. Tales of courage inspire present and future warriors. They certainly motivated my service in the Marine Corps in Vietnam. Today, two of my four sons are good bets to join the Marines or Special Forces. I don't want them to look to my generation for heroes, but to their contemporaries.

I hope President Bush will order a review of heroic acts performed in Iraq and Afghanistan in the name of our freedom. Not another minute should be lost in bestowing honors that are overdue.

CORPORATE SCANDALS:

Even With Lay, Skilling Convictions, Government's Enron Trial Record Is Spotty (FINDLAW/AP)

DOJ_NMG_0045084

By Kristen Hays, Ap Business Writer

AP, August 8, 2006

(AP) - HOUSTON-The court battle rarely stops when a jury renders a verdict.

More than two months after winning convictions against Enron Corp. founder Kenneth Lay and former CEO Jeffrey Skilling, the Justice Department's Enron Task Force is smarting from a blow to its trial record dealt by the 5th U.S. Circuit Court of Appeals.

In a 2-1 decision last week, a panel from the court overturned fraud and conspiracy convictions against four former Merrill Lynch & Co. executives who participated in a sham 1999 deal that allowed Enron to book bogus profits.

Viewed alongside other Enron setbacks, some experts say the Merrill decision highlights some questionable government strategies. But they say bagging the Lay and Skilling convictions likely will define the Justice Department's success in ferreting out Enron crimes.

"In a sense, this reversal underscores how the government also fell victim to the Byzantine nature of the Enron fraud," said Robert Mintz, a former federal prosecutor. "These were unprecedented crimes to which the government responded with some very aggressive and largely untested theories of prosecution.

"In the end, the government got their men in the form of Skilling and Lay. That will likely be what everyone remembers when they think of Enron," Mintz said.

Enron, once the seventh-largest U.S. company, spiraled into bankruptcy proceedings in December 2001 amid revelations of hidden debt and inflated profits. The Justice Department formed the task force to launch a sprawling investigation that produced 16 guilty pleas from ex-Enron executives.

Mintz said that when the government stuck to basics, like testimony in the Lay-Skilling trial from eight of those ex-executives who had pleaded guilty to crimes as well as others who witnessed criminal behavior, prosecutors were successful.

But earlier cases show spotty success. Last year, a flawed jury instruction promoted by prosecutors prompted the U.S. Supreme Court to reverse former Enron auditor Arthur Andersen LLP's 2002 conviction of obstruction of justice. Although an appellate panel called Andersen a member of Enron's "supporting cast" for destroying tons of Enron documents in late 2001 as investigators started probing the energy company, the instruction allowed jurors to convict without finding criminal intent.

The 2004 Merrill case involved the brokerage pretending to buy three power plants on barges off the coast of Nigeria from Enron so the energy company could appear to have made earnings targets. Jurors in that case acquitted an in-house accountant, while convicting the four former Merrill executives, who appealed, and a former midlevel Enron finance executive who did not appeal.

The appellate panel ruled that evidence was insufficient to convict one of the Merrill defendants. Regarding the other three, the panel said prosecutors wrongly pursued a theory that these defendants deprived Enron of its right to their honest services because, although the deal may have been a sham, the energy company and its shareholders weren't robbed of money or property.

Perjury and obstruction convictions of one of those three for lying to a grand jury about the deal were affirmed.

"This opinion should not be read to suggest that no dishonest, fraudulent, wrongful or criminal act has occurred," the ruling said.

The Merrill ruling followed the government's disappointment last year in the first trial of five former Enron broadband executives. The jury ended the complicated, jargon-filled three-month trial with a handful of acquittals but was unable to reach verdicts on dozens of other counts. Prosecutors alleged the defendants either lied about the unit's prospects to inflate Enron's stock price or manufactured earnings.

In the first broadband do-over involving two of those five defendants this year, the division's former finance chief was convicted of fraud and conspiracy while an in-house accountant was acquitted. Retrials of the other three have been indefinitely postponed pending the 5th Circuit's ruling on their appeals to combine the cases.

"You're seeing a pattern of juries and appellate judges rejecting the views of the task force," said Barry Pollack, who represented former broadband unit accountant Michael Krautz in both trials and won his acquittal in the second round.

But Sam Buell, who helped prosecute Andersen and now teaches at the Washington University School of Law, said all the trials and appeals have yet to play out.

Lay died of heart disease July 5, just six weeks after he was convicted of 10 counts of fraud, conspiracy and lying to banks in two separate cases. His death allows for his convictions to be erased. Skilling, who was convicted of 19 counts of fraud, conspiracy, insider trading and lying to auditors, faces decades in prison upon his Oct. 23 sentencing.

Skilling aims to appeal, and it remains to be seen how appellate courts view his case.

In addition to the retrials of three ex-broadband executives, three British ex-bankers face a yet-unscheduled trial on wire fraud charges for allegedly colluding with Enron to defraud their former employer in 2000.

And the reversal in the Merrill case is not necessarily the last word there.

Justice Department spokesman Bryan Sierra said prosecutors are considering their options. Buell said the government likely will pursue a hearing before the entire 5th Circuit.

"If this were a football game, a little yellow flag would already be out on the field," Buell said. "I wouldn't see any trends here as the government going too far on white collar crime."

Fired McAfee GC Faces Tough Legal Road (LAW)

By Petra Pasternak, The Recorder

California Recorder, August 8, 2006

In the final days of 2000, accounting troubles led McAfee Inc. to announce a surprise loss in revenue. The company's chief executive resigned, along with three other officers.

Soon after, the Securities and Exchange Commission launched its first investigation into the Santa Clara company's books. In the ensuing years, the SEC would bring suits against the departed officers, charging each with securities fraud. And in January 2006, just weeks before the SEC filed a civil fraud suit against the company -- alleging it had misled investors and inflated revenues by hundreds of millions of dollars -- McAfee's president suddenly stepped down. That month, the company paid the SEC $50 million to settle the matter.

Throughout the turmoil, General Counsel Kent Hart Roberts remained unscathed, dutifully guiding McAfee's legal strategy from company offices in Plano, Texas.

This spring, however, the stock options backdating scandal that has been rolling through Silicon Valley hit McAfee. In a statement released in May, the company said it became aware of "one episode involving the General Counsel in 2000 that was improper."

As a result, Roberts was the first -- and so far, the only -- executive at McAfee to get fired over backdating.

Roberts' plight vividly illustrates the vulnerability of in-house counsel in this latest dust storm to hit corporate America. To date, more than 70 companies have been publicly mentioned in connection with backdating problems.

But unlike past scandals, backdating has put in-house lawyers under the magnifying glass of prosecutors and regulators. Federal prosecutors in Brooklyn are close to filing charges against former Comverse executives, defense lawyers say, a company whose general counsel resigned this past spring. And the SEC seems bent on holding lawyers more accountable than it has in the past.

As a result, corporate counsel are sharing some of the same concerns that chief executives and chief financial officers have weighed for years, such as the breadth and depth of their indemnification and directors and officers (D&O) insurance, agreements drafted to cover what can amount to astronomical defense costs.

Since the beginning of the year, Roberts, along with other McAfee executives, has been named defendant in multiple derivative class actions. In a suit filed by Lerach Coughlin Stoia Geller Rudman & Robbins in June, Roberts is accused of "having participated in the issuance of false and/or misleading statements, including the preparation of the false and/or misleading press releases and SEC filings."

Though the company itself has refused to provide more details of the incident that led to Roberts' firing, in another civil suit he is accused of receiving an options grant for 100,000 shares on a date in 2002 when the stock rose nearly 25 percent in the days following.

"The reason for the extraordinary pattern ... is that the purported grant dates set forth therein were not the actual dates on which the stock option grants were made," the suit said.

Roberts declined to be interviewed for this story. He has tapped Cooley Godward chairman and the firm's former litigation group head Stephen Neal to represent him. Neal, whose past clients have included savings and loan mogul Charles Keating Jr., also declined to comment.

MAKINGS OF A GC

Roberts, 49, earned his J.D. from the University of Missouri in 1981, where he was the note and comment editor for the law review and contributed real-estate law pieces. Former classmates remember him as smart, but not in-your-face about it.

"To make law review at the end of the first year [of law school], you had to be in the top 20. We had a class of 150," said classmate Jason Reschly, now an attorney in Kansas City. "He never went out of his way to get called on. Kent was not one of those who went out of his way to get attention."

Admitted to the bar in Texas and Missouri, Roberts eventually joined Brill, Sinex & Stephenson in 1988. Former name partner James Stephenson said he remembered Roberts as a competent attorney who was taking on tech clients in addition to the real estate work that made up the bulk of his practice. Roberts was not a rainmaker, he said.

"I thought he was a good lawyer, very smart," Stephenson said.

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"He was a dry, sarcastic-wit-type person," remembers Joseph Byrom, a litigator who worked with Roberts in the Dallas office. "Very verbal. He wrote well, he spoke well, but his view of life was just different from most other folks" at the firm. Where Byrom said he opened the newspaper and read "Dennis the Menace," for instance, Roberts would look at the "Far Side."

When Brill closed its Dallas office in 1993, Roberts became vice president of operations and GC at Dallas-based Saber Software Corp., which McAfee acquired in 1995. That accelerated Roberts' entry into the high-flying tech world, where options have been and continue to be a popular way to attract and retain talented employees.

Roberts climbed the ladder at Network Associates' (McAfee's other name for a brief time) legal organization for more than three years before the board of directors officially promoted him from vice president of legal affairs to general counsel in January 2001.

The promotion added oversight of mergers and acquisitions and IP rights to Roberts' roster of domestic and international legal responsibilities. "His dedication and commitment to delivering value to customers and shareholders is admirable, and I am proud to have him on our team," CEO George Samenuk said in a press release at the time.

The former GC apparently did well financially during his time at McAfee. Roberts' expected salary and bonus totaled $592,000 in 2005. His contract includes a severance package including a year's worth of salary, unless he's fired "for cause," according to SEC filings.

The Lerach civil lawsuit against McAfee pointed out that Roberts sold 265,834 shares of McAfee stock for $6.7 million between 2002 and 2005.

Public records show that among their assets, Susan and Kent Roberts own a two-story single family townhouse on Lovers Lane in Dallas. Valued at $1.5 million in 2004, the residence has three baths, a fireplace and a pool. The Roberts bought it in 1993 for $660,000.

Roberts and his former employer are now likely hunkering down with their insurance carriers over their contracts to see who pays what in the legal battle.

"Legal defense can run into the seven figures in a difficult scenario," said one attorney, who requested anonymity because several clients are officers implicated in backdating. "In the worst-case scenario, it can run into the eight figures."

COVERING ALL THE BASES

A recent trial court decision involving accounting giant KPMG held that the government cannot pressure companies to withhold attorney fees in criminal matters. That ought to give companies some pause before they cut off payments, said the lawyer.

But there are still ways for officers to get stuck with the bill.

Though McAfee declined to provide details on its own practices, companies offer indemnification agreements as required by statute or corporate bylaws to cover their employees for "alleged wrongful acts." Indemnification agreements are valuable, according to Shartsis Friese attorney Jahan Raissi, because they cover costs as they are incurred, up until the point of adjudication, or judicial determination of wrongdoing.

"The situation where someone is most likely to foot the bill themselves is when they are found guilty of wrongdoing," Raissi said.

The second line of defense is D&O insurance, which typically covers civil and criminal investigations, including defense costs.

An insurance recovery attorney who requested anonymity because of involvement in the McAfee matter said an insurance company has a duty to defend or a duty to reimburse defense costs. "If there's a civil action and someone is named, they have to go out and buy attorneys," the attorney said. "As long as there is no finding of fraud or intentional wrongdoing or unapproved personal profit or gain, the insurance company has to reimburse those defense fees as soon as those bills are due."

Much depends on the wording of these highly technical policies, the lawyer said. For example, some definitions explicitly include the word "investigation," while others attempt to limit the defense to "suits." Often there is the question of whether the defense costs are covered in full, or if the insurance company can argue that some of the defense costs are not "reasonable and necessary" to the defense.

Insurance and indemnification may not cover fines the SEC may levy. And if a company goes bankrupt, the insurance may be in question.

For the most part, though, individuals very rarely have to pay legal defense fees because civil lawsuits are typically settled, and settlements do not include admissions of wrongdoing.

But then there's the SEC, which post-Enron is flexing its bow to target lawyers. Rule 102e, which the commission can use to press charges of malpractice, can lead to suspension and disbarment, effectively banning an attorney from practicing as inside or outside counsel of a public company.

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The rule itself is not new. What's new, said Raissi, is the SEC's desire to use it against lawyers. "Traditionally, it's been used against accountants and auditors," Raissi said. "In the last two years, the SEC has said they'll be looking at lawyers, too."

That could lead the State Bar to swing into action, Raissi added. "Bringing an SEC action against a lawyer has profound career impact and if the State Bar gets involved, that could be a death sentence."

Already, the loss of his job has had an impact on Roberts' other professional pursuits. The Business Software Alliance, which named him chairman in January, had to withdraw the title because he is no longer part of the member company.

Legal consultant Peter Zeughauser said further career fallout will all depend on the outcome of the investigation. "If it's a minor civil offense or a minor fine, I think over time he'll be fine and ... some firm will be happy to have him. People will view it as something in the past that might have happened to anyone," he said. "If it's more pernicious, I think many law firms or companies would still welcome him, but I think they'd be a different caliber."

Martha Stewart Settles With SEC On Civil Charges (WSJ)

By Brooks Barnes

The Wall Street Journal, August 8, 2006

Martha Stewart agreed to pay $195,000 and accept a five-year ban on serving as a director of a public company to settle civil insider-trading charges with the Securities and Exchange Commission.

The settlement, announced yesterday, also forbids Ms. Stewart from involvement for five years in certain corporate activities at Martha Stewart Living Omnimedia Inc., such as financial reporting and auditing. The sanctions won't have much impact on her role at the company. The domestic-arts guru hasn't been involved in those areas since she relinquished the posts of chairman and CEO when she was indicted for securities fraud in June 2003.(See the SEC's statement1)

Ms. Stewart, 65 years old, became "founder" in 2004, a title she still holds. She is involved in the creative side of the business, such as the editorial content of the company's magazines and TV show. Susan Lyne serves as CEO, while Howard Hochhauser is chief financial officer.

The SEC agreement ends a five-year saga for Ms. Stewart and her company over her December 2001 sale of ImClone Systems Inc. stock. Ms. Stewart, who fought charges that she sold about 4,000 shares of ImClone stock after obtaining inside information, was convicted of obstructing justice and sentenced in March 2004 to five months in prison and five months of home confinement.

Since completing her sentence in September 2005, Ms. Stewart has worked to rebuild her company, filming a daily TV show and helping it enter a blitz of new businesses, including home building. Since her indictment in June 2003, shares of Martha Stewart Living have increased 69%. The stock closed yesterday in 4 p.m. New York Stock Exchange composite trading at $16.95, up seven cents.

WALL STREET JOURNAL VIDEO

2

SEC northeast regional director Mark Schonfeld3 on the details of Martha Stewart's settlement with the SEC.

While investors haven't paid much attention, the SEC civil case has continued to weigh on Ms. Stewart, who has maintained her innocence. The civil complaint was filed in June 2003 but stayed until criminal proceedings were completed.

In a statement, Ms. Stewart said: "This brings closure to a personal matter and my personal nightmare has come to an end."

A spokeswoman for Martha Stewart Living also issued a statement, saying in part, "The settlement allows Martha to continue in her role as founder and as the creative force behind the brand."

Stewart Resolves Last Of Charges (WP)

By Carrie Johnson

The Washington Post, August 8, 2006

Martha Stewart agreed to pay $195,000 to settle civil insider-trading claims yesterday, marking the end of a long and costly legal battle that sent her to prison only to reemerge as a celebrity on television and in her namesake magazine.

The settlement, which requires court approval, resolves civil charges against Stewart stemming from her December 2001 sale of stock in ImClone Systems Inc. Securities and Exchange Commission lawyers argued that Stewart took advantage of inside information to avoid $45,673 in losses before a negative announcement about ImClone's signature cancer drug. Two years ago, a jury convicted Stewart of lying to investigators about the sale.

The exact toll of the five-year probe on Stewart's pocketbook remains elusive. But yesterday's $195,000 penalty, an earlier $30,000 criminal fine, and legal fees that her spokeswoman said two years ago prompted her to sell nearly $5 million worth of her company's stock far surpass the losses she averted by unloading 3,928 ImClone shares.

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That sale, after a tip from then-Merrill Lynch & Co. broker Peter E. Bacanovic, triggered civil and criminal investigations that ultimately sent Stewart to a women's prison in Alderson, W.Va., for five months and forced her to spend several more months wearing an ankle bracelet while confined to her home in the fashionable New York City suburb of Bedford, N.Y.

Executives at Martha Stewart Living Omnimedia Inc., the New York company Stewart founded, watched its stock price fall as the case culminated in her 2004 conviction for obstructing the probe. Stewart estimated to a reporter for the New Yorker magazine in 2003 that she had suffered losses of some $400 million based on the company's deflated share price, diverted business and her legal bills. Insurance eventually covered at least $2.8 million of her legal fees. Stewart later said that 200 of her employees had lost jobs "as a result of this situation."

She collected $1.26 million last year in salary and bonuses, according to securities filings. Stewart owns 29 million shares, about 55 percent of the outstanding shares, in her company, a spokeswoman said.

After leaving prison early last year, Stewart, 65, resumed a lead creative role at the company. The SEC settlement, which bars her from serving as a board member of a public company for five years, will have little immediate impact. Stewart had already ceded the top job to former ABC television executive Susan M. Lyne and has steered clear of the accounting practices and legal compliance issues that she is forbidden to oversee under the terms of the SEC deal.

"This brings closure to a personal matter and my personal nightmare has come to an end," Stewart said yesterday in a statement issued through her publicist.

Citing Stewart's "strategic vision in design and style," the company yesterday called her a "tremendous asset" in a prepared statement. The company's stock closed yesterday at $16.95, up 7 cents, or less than 1 percent.

Over the past year, Stewart has hosted a reality television show, resumed her role on a syndicated home decorating show and signed a contract to develop radio programming.

But Bacanovic, 44, has remained below the radar since his criminal conviction and release from prison. He is no longer able to work in the securities industry. Once a frequent presence at New York society functions, he now stays out of the limelight. He agreed to pay $75,000 to settle civil charges yesterday without admitting wrongdoing. His lawyer, Richard Strassberg, said the settlement "concludes this painful matter for him."

In an unusual but not unprecedented move, regulators tripled the size of the civil penalty against Stewart because of the seriousness of the investigation and her conduct during the probe, SEC Northeast Regional Office director Mark K. Schonfeld said in an interview.

Bruce Karpati, an assistant regional director, said, "This case sends a strong message that the commission will not tolerate insider trading, especially where brokers tip their clients with confidential information that insiders are selling their stock."

Stewart To Pay $195,000 To End ImClone 'nightmare' (USAT)

By Matt Krantz

USA Today, August 8, 2006

Lifestyle maven Martha Stewart settled with securities regulators Monday, putting most of her legal troubles behind her after a drawn-out public saga.

Stewart, who did not admit or deny guilt, agreed to pay a financial penalty of $195,000, which includes a disgorgement of the $45,673 she avoided losing on ImClone stock. Stewart sold shares of the biotech company after allegedly being tipped off about upcoming bad news regarding its cancer drug Erbitux.

She was also barred from serving as a director of a public company for five years and is limited in the role she may play in a public company either as an employee or officer. Meanwhile, Peter Bacanovic, the former Merrill Lynch broker who allegedly tipped her off and who already is barred from the industry, agreed to pay a $75,000 fine and disgorge $510 in commissions.

"We're satisfied with this resolution in that it appropriately addresses both the illegal insider-trading misconduct and the subsequent obstructionist conduct," says Helene Glotzer of the SEC.

Mark Maddox, securities attorney at Maddox Hargett & Caruso, says Stewart's punishment was not inflated due to her notoriety. "It doesn't sound too hard or too soft," he says.

In an e-mailed comment from spokeswoman Samantha Schabel, Stewart says, "This brings closure to a personal matter, and my personal nightmare has come to an end."

There's still a securities class action pending against Stewart and Martha Stewart Living Omnimedia, according to a regulatory filing. Even so, Monday's settlement clears a vast bulk of the legal trouble for:

·Stewart the person. The settlement allows Stewart to remain in her current post, "founder," at the company, says Jill Fisch, law professor at Fordham University. "She is quite involved in the creative direction of the company," she says.

·Stewart the company. Clearing the regulatory clouds will help attract advertisers who were afraid the scandal would flare up again, says Dennis McAlpine at McAlpine Associates. "It removes the sense Martha will be dragged through the mud again,"

he says. The company is struggling to return to profitability after losing money nine of the past 10 quarters. The stock is down more than 50% since it started trading on Oct. 19, 1999.

But Stewart's run-in with justice shows how even powerful people are now held accountable for breaches in their personal lives, says Michael Josephson of the Josephson Institute of Ethics. "Martha Stewart's name will always be attached to that change," he says

Martha Stewart Settles Civil Insider-Trading Case (NYT)

By Landon Thomas, Jr.

The New York Times, August 8, 2006

Martha Stewart reached an agreement today with securities regulators to settle civil insider-trading charges, concluding a five-year legal drama that put a dent in her ubiquitous brand.

Peter E. Bacanovic, Ms. Stewart's former broker at Merrill Lynch, also settled with the Securities and Exchange Commission over his role in the case.

The deal is the fruit of months of intense negotiations between Ms. Stewart's lawyers and the commission's. It requires Ms. Stewart to pay $195,000 in fines and penalties; more significantly, it bars her from serving as a director or chief executive officer of any public company for a five-year period.

Since her release from prison a little more than a year ago, Ms. Stewart has resumed an active role at Martha Stewart Living Omnimedia, the multimedia company that she founded. Her current title is founding editorial director, but she is not a member of the board, nor does she have any formal executive title at the company.

As part of the agreement, she would have to wait five years before being able to serve on the board of her company, or assume any senior executive position, such as chief executive. Still, the settlement does not significantly curtail her current and extensive corporate responsibilities.

The agreement comes at a time of rising fortunes for Ms. Stewart and her company. Last month, Martha Stewart Living reported improved profits on the back of improved advertising in its publishing and Internet businesses, prompting a sharp recovery in the company's share price.

For his part, Mr. Bacanovic agreed to pay $645 in disgorgement and a civil penalty of $75,000. The commission has already barred Mr. Bacanovic from working as a broker-dealer.

In the original complaint filed by the S.E.C. in June 2003, regulators claimed that Ms. Stewart received an illegal tip from Mr. Bocanovic, her broker at the time. The commission said he told her that one of his clients, Samuel Waksal, then the chief executive of ImClone Systems, was selling his stock in the company. Ms. Stewart sold her holdings of ImClone stock at a profit shortly after.

In a subsequent criminal trial, Mr. Bacanovic and Ms. Stewart were both convicted of obstructing the investigation into their trading activities. During that period, the civil case was frozen, and it was not until last month that the stay was lifted, allowing regulators to pursue the original claim.

Martha Stewart Settles With SEC (FINDLAW/AP)

AP, August 8, 2006

(AP) - WASHINGTON-Martha Stewart will pay about $195,000 and cannot serve as the director of a public company for five years under a settlement announced Monday on civil insider trading charges with the Securities and Exchange Commission.

Under the settlement, the founder of a multimedia empire dedicated to stylish living agreed to pay a total of about $195,000 relating to losses the government said she avoided on her sale of ImClone Systems Inc. stock in December 2001.

Stewart sold ImClone shares a day before the Food and Drug Administration announced it had declined to review ImClone's application for its cancer drug Erbitux. The stock fell about 16 percent in the wake of that FDA announcement.

She also agreed to an injunction barring her from being a director of a public company for five years.

Her broker Peter Bacanovic agreed to pay a penalty totaling about $75,000, the SEC said Monday. In a previous order, the SEC barred Bacanovic, a former Merrill Lynch employee, from associating with a broker, dealer or investment adviser.

Stewart is the founder of Martha Stewart Living Omnimedia Inc. Its shares rose 12 cents to $17 in morning trading on the New York Stock Exchange.

S.E.C. Decides It Won't Appeal On Hedge Funds (NYT/AP)

By The Associated Press

The New York Times, August 8, 2006

WASHINGTON, Aug. 7 (AP) — The Securities and Exchange Commission said on Monday that it would

not challenge a federal appeals court ruling that overturned its new rules for the oversight of hedge funds.

Because the appellate court's decision was based on several grounds and was unanimous, "further appeal would be futile and would simply delay and distract from our goal of advancing investor protection," the S.E.C.'s chairman, Christopher Cox, said in a statement.

But as early as this week, the S.E.C. will introduce an antifraud rule under the Investment Advisers Act that would require more information on hedge fund investors. "At my direction," Mr. Cox said, "commission staff are also considering whether we should increase the minimum asset and income requirements for individuals who invest in hedge funds."

Mr. Cox has pushed for emergency regulations on hedge funds, which are high-risk investment pools that have catered to institutions and very wealthy individuals but are increasingly attracting investors with less ability to tolerate risk.

The S.E.C. regulations overturned by the court had required most hedge fund managers to register with the agency, thereby opening the funds' books to S.E.C. examiners.

In its decision on June 23, the United States Court of Appeals for the District of Columbia Circuit sent the oversight program, which sharply divided the five commissioners when it was adopted in October 2004, back to the agency to be reviewed.

A three-judge panel of the appeals court found that the S.E.C.'s new rules had contorted the legal definition of who could be considered a client of a hedge fund. The agency had previously considered the funds themselves to be the clients, as opposed to the investors in them. The new rules changed the definition of clients to the investors.

SEC To Redo Hedge-Fund Rules Instead Of Appealing Rejection (WSJ)

By Judith Burns

The Wall Street Journal, August 8, 2006

WASHINGTON -- The Securities and Exchange Commission announced it won't appeal a court ruling that rejected its efforts to regulate hedge-fund advisers, and said it would issue new rules and guidance possibly as early as this week.

In a statement, SEC Chairman Christopher Cox said top lawyers at the agency concluded an appeal would be "futile." Instead, the agency will focus on new rule making and staff guidance to address fallout from the court's ruling.

The decision, which was expected, puts Mr. Cox in a position to stake out how the agency will proceed amid calls by some for state action or new federal legislation. The previous rules had been pushed through by Mr. Cox's predecessor, William Donaldson.

Mr. Cox said the SEC will propose an antifraud rule that would deem hedge-fund investors to be clients, reversing a side effect of the court's decision that regulators worried might undercut investor protections, and will consider increasing minimum asset and income requirements for hedge-fund investors.

Mr. Cox said SEC staffers plan to issue other guidance that will help hedge-fund advisers who are already registered with the SEC to stay registered. He noted the agency will continue to enforce federal securities laws when it finds wrongdoing.

A three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit rejected the SEC's hedge-fund rule as "arbitrary" in a June 23 decision that sent it back to the SEC for reconsideration.

Hedge funds, which are investment pools aimed at wealthy individuals and institutions, have traditionally been lightly regulated. While the controversial SEC rule didn't directly regulate hedge funds, it mandated registration for advisers with 15 or more clients.

CRIMINAL LAW:

VA: Data For 38,000 Veterans Missing (AP-Y)

By Hope Yen, Associated Press Writer

AP, August 8, 2006

As many as 38,000 veterans may be at risk of identity theft because a Veterans Affairs Department subcontractor lost a desktop computer containing their sensitive personal data.

VA Secretary Jim Nicholson said that Unisys Corp., a subcontractor hired to assist in insurance collections for VA medical centers in Philadelphia and Pittsburgh, reported the missing computer last Thursday. The computer was being used in Unisys offices in Reston, Va.

It is not yet known what happened to the computer, Nicholson said, adding that local and federal authorities are investigating.

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The computer is believed to contain names, addresses, Social Security numbers, dates of birth, insurance carriers and claims data including medical information for veterans who received care at the hospitals in Philadelphia and Pittsburgh during the past four years.

According to initial estimates, the data covered about 5,000 patients treated at Philadelphia, 11,000 treated at Pittsburgh and 2,000 deceased patients. The VA is investigating whether the information also may have covered 20,000 who received care through the Pittsburgh medical center.

Unisys spokeswoman Lisa Meyer said company officials were investigating and declined to say whether a particular employee had been using the computer.

The computer was located in a building and floor where security procedures were in place for access, and there were no signs of a break-in, she said. The computer was password protected, but the data was not encrypted.

The disclosure comes after a string of recent data breaches at the VA, including the May 3 theft of 26.5 million veterans' personal data from a VA employee's home in suburban Maryland. The laptop and external drive containing that information has since been recovered, and two teens were arrested Saturday as part of what appeared to be a routine burglary.

In recent weeks, the VA has also acknowledged losing sensitive data for more than 16,000 veterans in at least two other cases in Minneapolis and Indianapolis.

Nicholson said in a statement Monday that the VA was working with Unisys to notify those veterans affected and to provide credit monitoring if appropriate.

"VA is making progress to reform its information technology and cyber security procedures, but this report of a missing computer at a subcontractor's secure building underscores the complexity of the work ahead," Nicholson said.

Lawmakers were critical of the VA. Rep. Lane Evans, the top Democrat on the House Veterans' Affairs Committee, called the latest data breach "yet another wake-up call."

"Today's announcement by the VA that sensitive personal information of veterans was compromised by a VA subcontractor last week confirms that the VA must move quickly to protect the information it maintains on veterans and their families," Evans said.

"I am absolutely appalled that another computer containing the personal information of veterans has gone missing," said Sen. Rick Santorum, R-Pa. "Those responsible must be held accountable and the VA clearly needs to do a better job of overseeing its contracting entities."

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On the Net:

Department of Veterans Affairs: http://www.va.gov/

Computer With Data On 38,000 Veterans Is Missing (NYT/AP)

By The Associated Press

The New York Times, August 8, 2006

As many as 38,000 veterans may be at risk of identity theft after a subcontractor at the Veterans Affairs Department lost a desktop computer containing personal data. Veterans Affairs Secretary Jim Nicholson said that the subcontractor, the Unisys Corporation, reported the missing computer on Thursday. Local and federal authorities are investigating, Mr. Nicholson said. The disclosure comes after a string of data breaches at the department, including the May 3 theft of a laptop containing data on 26.5 million veterans.

More Veterans' Data At Risk After Computer Disappears (USAT)

By Mark Memmott

USA Today, August 7, 2006

Information on about 38,000 patients in the Department of Veterans Affairs system is at risk because a desktop computer is missing at one of the VA's subcontractors, the department announced today.

The computer was at the Reston, Va., office of Unisys Corp. According to the VA,

it had stored in it records on approximately 5,000 Philadelphia-area patients, 11,000 Pittsburgh-area patients and "approximately" 2,000 deceased patients. In addition, the VA said, "the computer may have contained information on approximately another 20,000 people who received care through the Pittsburgh medical center."

As the Associated Press reports, "the disclosure comes after a string of recent data breaches at the VA, including the May 3 theft of 26.5 million veterans' personal data from a VA employee's home in suburban Maryland. The laptop and external drive containing that information has since been recovered, and two teens were arrested Saturday as part of what appeared to be a routine burglary."

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Second Veterans Affairs Computer Missing (WP)

By Christopher Lee, Washington Post Staff Writer

The Washington Post, August 8, 2006

Data on 38,000 Patients at Pa. Hospitals May Be Compromised

Another Department of Veterans Affairs computer is missing -- this one containing the personal information of as many as 38,000 patients at VA hospitals in Pennsylvania, the department said yesterday.

The FBI and the VA inspector general are investigating the disappearance last week of a desktop computer from the Reston office of Unisys Corp., a subcontractor that assists in insurance collections for VA medical centers in Philadelphia and Pittsburgh, VA Secretary Jim Nicholson said in a statement. Local police also are working the case.

Unisys notified VA on Thursday, and the department dispatched a team to investigate what happened and what information may have been compromised.

Early indications are that the missing records involve veterans treated in the past four years at the two Pennsylvania medical centers, including 5,000 patients in Philadelphia and 11,000 in Pittsburgh, as well as 2,000 other patients who have died, Nicholson said. VA also is investigating whether the computer contained information on 20,000 other veterans treated in Pittsburgh.

The computer is believed to have contained unencrypted patients' names, addresses, Social Security numbers, birthdates, insurance information, dates of military service and claims data that may include medical information, the department said.

Users need a password to gain access to the computer, which was in a cubicle in an area where identification badges are required, according to VA officials.

The data breach follows the disclosure in May that a laptop and an external hard drive containing sensitive personal information on 26.5 million veterans and active-duty military personnel had been stolen from the home of a VA analyst. Authorities later recovered the computer equipment and said the data had not been accessed. Police charged two men with the theft Saturday and said it appears to have been an ordinary burglary.

Joe Davis, a spokesman for the Veterans of Foreign Wars, a veterans service organization with 2.4 million members, said his group learned of the theft Friday evening. "The VFW is insisting that the administration pay for a free credit-monitoring service for those thousands of veterans who may be at great risk to identity theft and fraud through no fault of their own," Davis said.

Edward Davies, a managing partner a Unisys Federal Systems, said the company would offer free credit monitoring to veterans but it had not determined how long the service would last or who would provide it.

"We've been analyzing the various mechanisms to get that in place and talking to the major providers of those services," Davies said. "We do not have anybody under contract yet. We're getting close."

A Lie Kept 2 Charged In VA Data Theft Free (WP)

By Ernesto Londoã±o

The Washington Post, August 8, 2006

The two men accused of stealing computer equipment with the personal information of millions of veterans remained free several weeks after the laptop and external hard drive were recovered in June because the person who turned them in initially lied to detectives, according to Montgomery County police.

The informant received $10,000 in reward money before the arrest of the alleged burglars, according to a law enforcement source. The source asked not to be identified because the source was not authorized to discuss the reward money.

Authorities offered $50,000 for information that led to the recovery of the data. A federal investigator involved in the case said no decision had been made about whether to pay the remainder of the $50,000 reward -- or, conversely, whether to seek the return of the $10,000 paid already. One concern, he said, is that people continue to see offers of police rewards as credible.

Authorities paid the tipster the partial reward despite questions about the person's story because their priority was tracking down the burglars and establishing that the veterans' data had not been compromised. They also wanted to help solve a rash of burglaries in Montgomery, said the federal investigator, who asked not to be named because he was not authorized to speak on the record about the case.

FBI spokeswoman Michelle Crnkovich declined to comment on the reward last night. VA spokesman Matt Burns referred questions to the VA inspector general's office. A spokeswoman for the inspector general could not be reached for comment yesterday evening.

The temporary loss of the data has been described as the largest breach of sensitive government data in history. Authorities have said the data weren't accessed. The equipment, which police believe was taken during a routine burglary, had a database that contained personal information, including names, birthdates and Social Security numbers, for as many as 26.5

million veterans and active-duty military members. The VA has said it will fire the analyst whose home was burglarized for taking the sensitive data home without authorization.

The informant, whom police did not identify, turned over the laptop and hard drive to police June 28 and told authorities he or she had purchased the items, according to a charging document.

"This confidential source provided a false statement about how he/she came into possession of the items," Det. Mark Hayden wrote in the charging document.

Detectives requested a second interview with the source, who met them voluntarily at the county police station in Wheaton on Aug. 4.

"There he/she recanted the original statement and provided information as to the suspects involved in the burglary," Hayden wrote.

Based on the information the informant provided, police arrested Jesus A. Pineda, 19, and Christian B. Montano, 19, who live in the 13000 block of Grenoble Drive in Rockville. The source told detectives that a juvenile had also participated in the burglary. The third suspect, in custody in connection with an unrelated case, was not identified by police because he is a minor.

The two adult suspects made brief appearances before a Montgomery County District Court judge yesterday. Pineda's bond hearing was rescheduled for today because he hadn't been interviewed by the agency that screens new inmates. District Court Judge Stephen P. Johnson set Montano's bond at $50,000. Both men are charged with burglary and theft.

The men said little during their brief court appearances yesterday. A Spanish-speaking interpreter told Pineda what he was being charged with. Speaking without a trace of an accent, Pineda asked: "Would you be able to speak to me in English?"

Two women who sat together in court and said they were related to the men declined to comment.

Embattled Rep. Ney Won't Seek Reelection (WP)

By Jonathan Weisman

The Washington Post, August 8, 2006

Rep. Robert W. Ney (R-Ohio), the subject of a federal corruption investigation involving convicted lobbyist Jack Abramoff, yielded to pressure from Republican leaders and announced yesterday that he will not seek election to a seventh House term this November.

House Majority Leader John A. Boehner (R-Ohio) met with Ney last week to urge him to step aside, reminding him that with a son in college and a daughter nearing college age, he will need money, according to several congressional Republican aides. If he lost his House seat for the party, Boehner is said to have cautioned, Ney could not expect a lucrative career on K Street to pay those tuition bills, along with the hundreds of thousands of dollars in legal fees piling up.

"Ultimately this decision came down to my family. I must think of them first, and I can no longer put them through this ordeal," Ney said in a one-paragraph statement.

Ney, 52, became the third House Republican to fall before the wide-ranging federal investigations into influence-peddling and bribery in Congress.

Rep. Randy "Duke" Cunningham (R-Calif.) pleaded guilty to accepting more than $2.4 million in bribes from defense contractors. Former majority leader Tom DeLay (R-Tex.) resigned from the House in June after two former aides pleaded guilty to corruption charges. And Ney has been implicated in four successive guilty pleas by lobbyists who told prosecutors they had lavished gifts on the former House Administration Committee chairman in exchange for official favors.

With a critical midterm election just 92 days away, GOP leaders are moving aggressively to cut the party off from scandal-plagued candidates and hoping the taint does not spread.

But Democrats and their allies are working just as hard to tar Republicans broadly with what they have labeled a "culture of corruption." An advertising campaign by the liberal advocacy group MoveOn.org has accused four other Republican House members of being in the pockets of oil companies. Recent polls show that two of those Republicans, Reps. Thelma D. Drake (Va.) and Chris Chocola (Ind.), have fallen behind their Democratic challengers.

Democrats moved quickly yesterday to tie Ney's handpicked successor to Ney and Ohio's scandal-scarred Republican governor, Bob Taft.

The race to succeed Ney will test whether a scandal "can still cause collateral damage," said Amy Walter, a House political analyst at the nonpartisan Cook Political Report. "Less than 100 days before the election, are the views of Ohio voters on Congress, on Republicans, already calcified, regardless of their views on the individual candidates on the ballot?"

No other congressional Republican was in as much legal jeopardy as Ney, who was labeled "Representative No. 1" in the guilty pleas of Abramoff and three co-conspirators, including longtime Ney chief of staff Neil G. Volz.

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Court documents say Ney helped secure government contracts, pressed the gambling interests of Indian tribes and helped stave off minimum-wage legislation for a garment maker in the Northern Mariana Islands, all at Abramoff's behest. Ney made floor speeches and inserted helpful statements in the Congressional Record.

In exchange, Abramoff and his associates lavished Ney with a golf vacation to Scotland, a trip to the Fiesta Bowl in Arizona, restaurant meals and entertainment, including tickets to a U2 concert. Ney has not been charged with any crime.

Pushed by House Speaker J. Dennis Hastert (R-Ill.), Ney gave up the chairmanship of the Administration Committee in January. In May, Volz confessed that he and other Abramoff associates had conspired "to unjustly enrich themselves by . . . providing, while lobbyists, a stream of things of value with the intent to influence and reward official acts."

In late June, three senior Ney aides departed en masse, while a fourth aide was ordered by federal prosecutors to turn over documents and testify before a federal grand jury on Ney's ties to Abramoff.

A major report by the Senate Indian Affairs Committee that month strongly suggested that Ney had lied to committee investigators, a charge now under review by the Justice Department.

Boehner, National Republican Congressional Committee Chairman Thomas M. Reynolds (R-N.Y.) and other House Republican leaders made it clear this spring that Ney would receive no financial backing from the party in his re-election bid.

Ney was finding it difficult to raise money in his poor, largely rural district, and Washington was drying up as a source for campaign cash. But party leaders had begun to despair that Ney would not yield to pressure to drop out of the race.

Then, last week, the Democratic Congressional Campaign Committee began spending more than $1.5 million on Democrat Zack Space's campaign to unseat Ney. Had the DCCC waited two more weeks, House GOP aides said, Ohio's deadline to replace Ney's name on the ballot would have passed.

But once Boehner saw reports of the Democratic spending, he met with Ney last week and forcefully argued with his longtime Ohio colleague that it was in his family's best interest to step down.

Ney's attorneys, Mark H. Tuohey and William E. Lawler, issued a separate statement saying his decision was driven by politics and family, not by legal considerations. They restated their contention that "there is no credible basis to charge him with a violation of law."

"He recognizes that the ongoing investigation has created a tremendous amount of media speculation and has become an issue in the current race," the lawyers said. "Congressman Ney wants the voters of his district to be able to have an election focused on issues and not distractions, and for that reason, he has taken his name off the ballot."

Ney moved quickly to anoint Ohio state Sen. Joy Padgett as his successor on the ballot, a position she quickly accepted, although she could face a primary challenge. Reynolds called the district "ruby red," predicting that voters who gave President Bush 57 percent of their votes in 2004 would easily elect a Republican to succeed Ney.

Democrats' experience with the election to replace Cunningham underscores the difficulty of condemning the entire Republican Party with the sins of one member. With Cunningham in jail, Democrat Francine Busby made corruption the centerpiece of her campaign against Brian Bilbray, a Republican lobbyist and former House member. Yet she lost to Bilbray in a special-election runoff in June and was barely able to improve on Sen. John F. Kerry's 2004 showing in the San Diego district.

Democratic challenger Space's entire campaign was built around Ney's legal problems, according to Walter, the political analyst. Now Space, a relative neophyte in politics, will have to retool his campaign while the Republicans rebuild theirs.

"This has allowed the Republicans to at least change the argument," said Walter, who for now will keep the race rated a tossup. "They will be fighting on more even political terrain."

Ohio Republican Tied To Abramoff Will Retire (NYT)

By Philip Shenon

The New York Times, August 8, 2006

WASHINGTON, Aug. 7 — Representative Bob Ney, an Ohio Republican entangled in the corruption scandal centered on the former lobbyist Jack Abramoff, announced Monday that he would abandon his bid for re-election.

The Justice Department has signaled for months that criminal charges against Mr. Ney, and possibly other Republican members of Congress and aides who were close to Mr. Abramoff, were only a matter of time.

“Ultimately this decision came down to my family,” Mr. Ney said in a statement announcing his decision not to seek a seventh term. “I must think of them first, and I can no longer put them through this ordeal.”

The Justice Department’s investigation of Mr. Abramoff’s lobbying operation has left Republicans on the defensive in a year in which the control of the House could come down to a relative handful of races. In withdrawing two weeks before the deadline for replacing him on the ballot, Mr. Ney gave his party a better shot at hanging on to his seat, political strategists said.

Mr. Ney is the latest political casualty of the Abramoff case. Mr. Abramoff pleaded guilty in January to conspiring to corrupt public officials, including members of Congress, and is cooperating with prosecutors.

Two former top aides to Tom DeLay, the former House majority leader, have also reached plea agreements with the government in the case. Mr. DeLay, who is under indictment in Texas in an unrelated case, resigned from Congress this year partly because the Abramoff case had made him an even bigger political target for Democrats.

Mr. Ney's former chief of staff pleaded guilty in May to conspiring with Mr. Abramoff to provide Mr. Ney with illegal gifts, including a 2002 trip to Scotland that allowed the lawmaker to golf at the fabled course at St. Andrews. Another of Mr. Abramoff's guests on that trip, David Safavian, a former White House budget official, was convicted in June of lying to investigators about his relationship with the lobbyist and the circumstances of the trip.

The influence-peddling scandal appeared to claim another prominent victim last month when Ralph Reed, the former Christian Coalition leader, was defeated for the Republican nomination for lieutenant governor of Georgia. His opponent highlighted the millions of dollars in lobbying fees that Mr. Reed had received, directly or indirectly, from Indian tribes represented by Mr. Abramoff.

Mr. Ney has insisted that he was "duped" by Mr. Abramoff and that he never took official actions in Congress in reaction to gifts from the lobbyist.

But a timeline established by federal prosecutors and investigators for the Senate Indian Affairs Committee showed that Mr. Ney had taken actions in support of Mr. Abramoff and his clients, including placing information into the official Congressional record, at times when the lobbyist was soliciting his clients to make large campaign donations to Mr. Ney.

As recently as last week, Mr. Ney, 52, insisted to aides that he would not resign from Congress, even if indicted, and that he would press on with his re-election campaign. So the timing of his announcement Monday took some Republican leaders in Washington by surprise.

Party officials said House leaders had been pressuring Mr. Ney for months to step down from Congress for the good of the party, to allow a strong Republican candidate to emerge in time for the November elections.

It was not clear if the timing of the announcement was related to an Ohio state law that requires a primary election if a Congressional candidate withdraws from the race or dies more than 80 days from the election — in Mr. Ney's case, Aug. 21.

If he waited until after that date, Mr. Ney might have been forced to keep his name on the ballot over his objections, a situation faced by Mr. DeLay in Texas. State and federal courts have said that Mr. DeLay cannot withdraw his name from the Texas ballot, and on Monday the Supreme Court refused to overturn those decisions.

Ohio electoral officials are expected to announce a date for a new primary soon.

Joy Padgett, a Republican state senator from Mr. Ney's district, announced Monday that she would seek to replace him on the ballot. She told reporters there that Mr. Ney had telephoned her over the weekend with news that he was pulling out of the race and wanted her to run. Republican officials said she had also been contacted by Representative John A. Boehner of Ohio, the House majority leader, and encouraged to enter the race.

Although he won 68 percent of the votes in the Republican primary in May, Mr. Ney had been expected to face a difficult race in November.

The Democratic candidate, Zack Space, a municipal official from Dover, said in a statement that voters should be wary of a replacement candidate who had been "handpicked" by Mr. Ney.

"Bob Ney represented the culture of corruption in Washington," Mr. Space said through a spokesman. "We need new priorities and new leadership."

The scandal had complicated fund-raising for Mr. Ney at a time when he needed to pay growing bills to criminal defense lawyers. His financial disclosure forms show that in the first three months of the year, Mr. Ney's campaign treasury had to spend thousands of dollars more than it had raised, largely because of legal fees. Mr. Ney's withdrawal allows him to convert what remains in his campaign treasury — $417,000 as of June 30 — to his legal defense.

Republican Party officials in Washington expressed relief over Mr. Ney's departure.

Other Republican incumbents are struggling on the campaign trail to explain their relationship to Mr. Abramoff, notably Senator Conrad Burns of Montana, who is considered vulnerable in November because of his ties to the lobbyist.

Lawmaker Ends Reelection Bid, Lifting GOP's Chances In House (CSM)

By Linda Feldmann

The Christian Science Monitor, August 8, 2006

WASHINGTON

Rep. Bob Ney has done the Republican Party a big favor. The embattled House member from Ohio's 18th Congressional District announced Monday that he will not seek reelection, a move that gives the GOP a fighting chance to hold on to his seat.

Nationally, Republicans face the strongest Democratic challenge for control of Congress since they took over in 1994, and every race is crucial.

Congressman Ney has been implicated in the influence-peddling scandal surrounding former lobbyist Jack Abramoff, and is under investigation by federal prosecutors. Until Monday, Ney had vowed to fight for reelection, even if indicted. In May he won his primary race with 68 percent of the vote, but early Monday Ney's campaign posted a statement on the Web announcing his withdrawal.

"Ultimately this decision came down to my family," Ney stated. "I must think of them first, and I can no longer put them through this ordeal."

Under Ohio election law, the party faced an Aug. 23 deadline to put a replacement candidate on the ballot. According to the Associated Press, state Sen. Joy Padgett has agreed to take Ney's place on the ballot. Senator Padgett told the AP that both Ney and House majority leader John Boehner(R) of Ohio asked her to run.

"Joy Padgett will be a very strong candidate," says Herb Asher, a political scientist at Ohio State University. "The Democrats will still try to make an issue of musical chairs, but it certainly is good news for the Republicans."

By dropping out before the deadline, Ney has avoided the situation faced by Republicans in Texas seeking to hold on to former Rep. Tom DeLay's seat. Mr. DeLay, another embattled Republican with legal troubles, resigned from Congress after winning his primary and has lost attempts in court to remove his name from the ballot. He is now appealing to the US Supreme Court, but in the meantime, former Rep. Nick Lampson (D) is running for the seat unopposed.

Ms. Padgett is well known in the district and will run against a Democrat, attorney Zack Space, who was not the first choice of his party's congressional campaign committee but who won the primary. Ohio's 18th Congressional District voted an average of 6 percentage points more Republican than the nation as a whole in the 2000 and 2004 presidential elections, according to the nonpartisan Cook Political Report.

Still, the Republican-controlled state government was roiled last year by a scandal involving the sale of old coins and the Ohio Bureau of Workers' Compensation, and Democrats remain hopeful that the toxic political environment there will work to their candidates' advantage.

Stuart Rothenberg, a nonpartisan political analyst, says the state GOP is in a "shambles," and while getting Ney off the ballot improves Republicans' prospects, the race will be tough. "You have a Republican candidate who will be running a general-election campaign in less than three months, so there are still a lot of challenges," he says. "But Ney was the proverbial albatross around the party's neck, and getting rid of that has to be a plus."

Meanwhile, Ney's legal woes appear to be deepening. Roll Call, a newspaper that covers Capitol Hill, reported Monday that the Justice Department is reviewing statements Ney made two years ago to the Senate Indian Affairs Committee, which could lead to a charge of lying to Congress.

Ohio Republican Tied To Ex-lobbyist Scraps House Run (USAT)

By Jill Lawrence

USA Today, August 8, 2006

WASHINGTON — The political corruption scandal surrounding convicted lobbyist Jack Abramoff claimed another victim Monday when Ohio Republican Bob Ney said he would not run for a seventh House term.

House Democratic leader Nancy Pelosi of California called Ney's withdrawal “welcome news in our fight to end the Republican culture of corruption.” Republicans, however, said their odds of holding Ney's heavily Republican district got better.

Joy Padgett, a state senator who represents many of Ney's constituents, declared her candidacy for a special primary election to be scheduled after Ney formally withdraws. The district is “ruby red” and sure to stay Republican, said Rep. Tom Reynolds of New York, head of the House Republican campaign committee.

The Justice Department is investigating allegations that Ney took gifts, trips and campaign donations from Abramoff and his clients in exchange for official actions. Ney denies wrongdoing and says he decided to spare his family. “I can no longer put them through this ordeal,” he said in a statement.

Ralph Reed, a former Abramoff friend and associate, last month lost a primary race for lieutenant governor in Georgia.

Former House majority leader Tom DeLay, also associated with Abramoff, resigned his Texas seat to fight charges back home that he illegally funneled corporate funds to state legislative races. DeLay denies wrongdoing. Two former DeLay aides pleaded guilty in the Abramoff case.

Federal investigators have been looking into Abramoff-financed gifts, meals and trips accepted by lawmakers and aides, and official actions by lawmakers that have helped Abramoff clients. Ney's former chief of staff has pleaded guilty in the case.

More than 200 members of Congress, mostly Republicans, accepted campaign donations from Abramoff, his clients and political allies. Sen. Conrad Burns, R-Mont., who took about $150,000, was the top recipient. Burns says his efforts to help an Indian tribe represented by Abramoff were not influenced by contributions. He said last year the donations were legal but he would return them.

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Ney said this summer that he would run whatever happened on the legal front and let his constituents decide his fate.

House Majority Leader John Boehner spoke with Ney and Padgett in the past few days as Ney was making his decision, said Boehner spokesman Kevin Madden. He said Boehner encouraged Padgett to run.

DeLay and Ney both won primaries earlier this year. DeLay has tried to get off the Nov. 7 ballot, but courts have agreed with Democrats who say his name must stay there.

Under Ohio law, Ney can withdraw by notifying the election board in his district's largest county at least 80 days before the general election.

Rep. Bob Ney Drops Re-election Bid (AP-Y)

By John Mccarthy

AP2, August 8, 2006

Republican Rep. Bob Ney abruptly abandoned his bid for re-election Monday, becoming the latest Capitol Hill figure to fall victim to the Jack Abramoff scandal.

The six-term congressman insisted in a statement that he was innocent and said he was acting for the sake of his family.

"I must think of them first, and I can no longer put them through this ordeal," he said.

He is the second congressman to announce his retirement in the fallout from the probe. Former Majority Leader Tom DeLay of Texas resigned from Congress earlier this year after being indicted on unrelated charges he illegally funneled corporate contributions to GOP candidates. He has also come under suspicion for links to Abramoff.

Other victims of the scandal include Ralph Reed, the former Christian Coalition leader with ties to Abramoff who lost his bid last month for the GOP nomination for lieutenant governor in Georgia.

Until his announcement, Ney had insisted that even if he were indicted he would run for a new term in the 18th Congressional District, a conservative region of farms, mines, Appalachian hills and Rust Belt cities in eastern and southern Ohio.

Ney has not been charged with any crimes, but court papers released from Abramoff's guilty plea to fraud and corruption charges detailed lavish gifts and contributions that Abramoff says he gave to an unnamed House member in return for official acts, including support of Abramoff's American Indian tribe clients in Texas. Officials have confirmed that congressman is Ney.

Ney and some of his aides, including Chief of Staff William Heaton, have been subpoenaed. Neil Volz, who was Ney's previous chief of staff, pleaded guilty in Washington in May, admitting he participated in a conspiracy to corrupt Ney, his staff and other members of Congress.

State Sen. Joy Padgett said she was prepared to run in a Republican primary to replace Ney. She told The Associated Press that Ney called her Saturday and asked her to run in his place.

Ohio GOP Chairman Bob Bennett said Padgett would be a formidable candidate and that he knew of no other Republicans interested in running.

Ohio law requires a primary if a candidate withdraws or dies more than 80 days before a general election. However, the county where Ney would file his official notice of withdrawal, Tuscarawas, had not received Ney's filing Monday. If Ney were to wait until after the 80-day cutoff — which would be Aug. 21 — there is a four-day window in which county party officials could appoint a replacement, said James Lee, spokesman for Secretary of State Ken Blackwell.

Ney spokeswoman Katie Harbath said the congressman was not available for comment.

Ney faced a tough general election challenge from Democrat Zack Space, municipal law director for the city of Dover, who had made the legal scrutiny of Ney a focus of his campaign. Space's campaign did not return a call seeking comment Monday.

Democrats must gain 15 seats this fall to take control of the House, and Republicans had long considered Ney to be one of their most vulnerable incumbents.

Several Republican officials said Ney had been prodded to quit the race by Rep. John Boehner, R-Ohio, the current majority leader, as well as other officials. They spoke on condition of anonymity, saying they were not authorized to discuss the details.

Ney had won at least 60 percent of the vote in the last four general elections, enjoying support from Republicans and Democrats.

By accident or design, the timing of Ney's announcement works to his financial benefit. Under federal law, he is allowed to use any leftover campaign funds to pay his rising legal bills. As of June 30, he had roughly $417,000 in the bank.

Ney Declines New Run For House (WT)

By Eric Pfeiffer

The Washington Times, August 8, 2006

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Rep. Bob Ney announced yesterday that he will not seek a seventh term in November, a decision Republicans say was made to help ensure his Ohio seat stays in the party's hands.

Mr. Ney, who has been dogged by charges of corruption in the Jack Abramoff lobbying scandal, said in a statement that he had done nothing wrong but was withdrawing for his family's sake.

"I must think of them first, and I can no longer put them through this ordeal," he said. He was not otherwise available for comment.

Mr. Ney is the second Republican in Congress this year with close ties to Abramoff to announce he will not seek re-election. House Majority Leader Tom DeLay gave up his seat from Texas in June.

"Mr. Ney's departure from Congress is welcome news in our fight to end the Republican culture of corruption," said House Minority Leader Nancy Pelosi, California Democrat.

Mr. Ney and Republican Party officials reportedly have chosen state Sen. Joy Padgett as a replacement.

"Any Republican we put on the ballot will be able to represent the district better than a Democrat," said Ohio Republican Party spokesman John McClelland.

House Majority Leader John A. Boehner urged his fellow Ohio Republican to quit his race, said party officials who spoke with the Associated Press.

"This just shows you the arrogance of Boehner and Padgett," said Ohio Democratic Party spokesman Brian Rothenberg. "They think they can just replace Ney and keep the seat. This doesn't change the fact that corruption is an issue in Ohio."

Ohio Secretary of State spokesman James Lee told The Washington Times that Mr. Ney has not submitted the required paperwork making his withdrawal official, and Ohio Democratic officials say they will fight to keep Mr. Ney on the ballot.

"Let's just say there are a lot of our lawyers looking at it," said Ohio Democratic Party spokesman Brian Rothenberg.

Mr. Rothenberg said Mrs. Padgett is legally barred from running in the general election because of Ohio's "sore loser" statute, which prevents a candidate who has lost a primary election from appearing on a general election ballot the same year. Mrs. Padgett ran for lieutenant governor in Ohio's Republican primary in May.

"I'm not sure how they could ignore that," Mr. Rothenberg said.

Mr. Ney must file paperwork with the Tuscarawas County Board of Elections to make his withdrawal official. If the paperwork is filed within 80 days of the general election, state Republicans must hold a special primary to fill his spot on the ballot.

Mr. Lee said that if the paperwork is filed between 80 and 76 days of the general election, county officials in Mr. Ney's district could appoint his replacement directly. If Mr. Ney does not file the paperwork within 76 days of the election, he may be forced to remain on the ballot.

The Nov. 7 election is more than 90 days away.

If Mrs. Padgett's name is on the ballot, Democrats say, they will highlight the close ties between her and Mr. Ney.

"Bob Ney represented the culture of corruption in Washington and Joy Padgett represents the culture of corruption in Columbus," Joe Shafer, campaign manager for Democratic challenger Zack Space, said in a statement.

"I'm not sure I'd want Bob Ney's endorsement," Mr. Rothenberg said.

Mr. Space outraised the Ney campaign during the past quarter, the first time since he entered the race.

Representative #1 Steps Aside (WP)

The Washington Post, August 8, 2006

HE IS, IN THE guarded language of criminal indictments, "Representative #1." His former chief of staff has pleaded guilty to conspiring to corrupt the congressman's official actions, accepting gifts and trips to sway the lawmaker while still a Hill staffer and then, as a lobbyist, plying the congressman with more such goodies in exchange for his help. So, naturally, when Rep. Robert W. Ney (R-Ohio) announced yesterday that he would not -- contrary to earlier vows -- seek reelection, he cited his family. "I must think of them first, and I can no longer put them through this ordeal," Mr. Ney said in a statement.

Mr. Ney might have thought of his family earlier -- before, say, he hopped aboard lobbyist Jack Abramoff's chartered jet for an all-expenses-paid golf trip to Scotland. Or before he accepted, according to the guilty plea of his former chief of staff, Neil G. Volz, "regular food and drink at Abramoff's restaurants; numerous tickets to sporting events and concerts in luxury suites at the MCI Center, Camden Yards Stadium, and FedEx Field; and use of those suites during sporting events and concerts for campaign fundraisers."

Or before Mr. Ney, "in exchange for this stream of things of value," according to court documents, tried to insert a provision for one of Mr. Abramoff's tribal clients into a voting reform measure; secured a cellular telephone contract with the House of Representatives for another Abramoff client; helped the relative of a Russian client of the lobbyist obtain a visa; and met with the housing secretary to boost another Abramoff client.

Lawyers for the six-term House member termed his decision "a political and practical one and not a legal one," and indeed, in political and practical terms, the move may be a boon to the GOP: In a state plagued by corruption charges, Mr. Ney was facing a serious challenge from Dover city attorney Zack Space, a Democrat. Republican state Sen. Joy Padgett, who's been asked to run by Mr. Ney and House Majority Leader John A. Boehner (R-Ohio), may have a better chance at helping the party keep the traditionally Republican district. And it may diminish the salience of the corruption issue in Ohio, where the governorship and a U.S. Senate seat are also being contested in November.

But it won't change the squalid system that facilitated Mr. Ney's gross behavior. Congress left town for its long August break having done nothing to tighten rules on privately funded travel or other lobbyist-supplied benefits. The lobbying reform legislation produced by the House is a fig leaf for business as usual -- and, in any event, is mired in a yet-to-occur conference with the Senate. If those who control Congress really want to dispense with the corruption issue, they need to do more than dispense with one inconvenient race.

Cheers For Drug Deal Seen On Videos (BOS)

By Shelley Murphy And Yvonne Abraham, Globe Staff

The Boston Globe, August 8, 2006

Tapes played in court show 3 Hub officers; defense assails case

A grainy black and white videotape played before a packed courtroom yesterday showed Boston police Officer Carlos Pizarro sipping champagne in North Miami, celebrating what federal prosecutors say was a just-completed drug delivery. A voice that authorities identified as Officer Roberto Pulido could be heard off-camera discussing plans for the Boston officers to take on even bigger shipments of cocaine and heroin in coming weeks.

``How much can you handle?" asked an undercover FBI agent posing as a drug dealer.

``What can be brought down . . . four, five, six?" Pulido said, referring to hundreds of kilograms of cocaine.

``We can do 500 [kilograms] of coke," the agent replied.

``That's what I wanna see," Pulido said.

On another tape prosecutors played, Officer Nelson Carrasquillo, in a hotel in Coral Gables, Fla., promised that he and the other officers wouldn't get flashy with the cash they are taking in from guarding drug shipments. He didn't want to involve anybody else and attract attention, Carrasquillo said.

``My thing is, I'd rather keep it like this," he was recorded telling an undercover FBI agent. ``I don't want to bring too many people in, too many people knowing our business. Like you said, we run a chance of someone turning into Al Capone."

The tapes were played before the distraught families and supporters of the three officers, who were arrested last month in a corruption case that has rocked the Boston Police Department. All three were arrested after the Coral Gables meeting July 20 and charged with conspiracy to possess with intent to distribute 100 kilograms of cocaine.

At the outset of yesterday's bail hearing, lawyers who were retained by Pulido and Pizarro over the past few days said they were unprepared to counter the government's request to jail the officers without bail. US Magistrate Judge Joyce London Alexander agreed to continue their hearings until Aug. 18. After going forward with Carrasquillo's hearing, she took the question of bail under advisement.

All three are in federal custody, though prosecutors did not disclose where.

After the hearing, a lawyer for Pulido, 41, the alleged ringleader, denounced the case as a ``witch hunt."

Defense lawyer Rudy Miller described a witness who is cooperating with prosecutors and who was central to the 2 1/2-year investigation of the officers, as a drug dealer, a murder suspect, and ``an absolute scoundrel."

``Obviously, he is in trouble himself and looking to set up other individuals and escape whatever charges he was facing," Miller said.

Miller said reports that Pulido has cooperated with authorities since his arrest are not true.

``He maintains his innocence and looks forward to defending these charges," Miller said.

Miller also said it was ``absolute nonsense" that Pulido, as federal prosecutors allege, was paid $600 a night to protect illegal after-hours parties above a Hyde Park automotive garage and boasted that he gave money to superiors in the Boston Police Department.

Pulido came to the attention of investigators after his name surfaced in a probe of an identity theft operation in 2003, prosecutors say. A person involved in that operation cooperated with federal investigators, and the probe expanded. Investigators say they found that Pulido was involved in a range of criminal activities, including insurance fraud, the after-hours club, and planting evidence.

In court yesterday, FBI Special Agent Michael Kreizenbeck testified that, after Pulido's arrest, the 10-year veteran officer confessed that he knew he was being hired to protect shiploads of cocaine and had carried his Boston police badge, radio, and

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firearm while guarding the drugs. Pulido said he had done it, the FBI agent testified yesterday, because he was ``getting back at the Boston Police Department'' after he tested positive for cocaine in a department-ordered drug test in 1999 that he felt was inaccurate.

As the FBI agent testified, Pulido shook his head in disagreement. His lawyer said Pulido maintains that he never used illegal narcotics and that his 1999 drug test was doctored.

All three officers were led into US District Court in Boston yesterday morning in prison uniforms, shackled and handcuffed, each of them looking grim.

The small courtroom was packed early with FBI agents, Boston police officers who had assisted the investigation, and the officers' family and friends. About two-dozen supporters of the officers waited in the hallway.

Carrasquillo's wife of 14 years, Sandra, sat in the front row with the couple's 13-year-old son, and Carrasquillo's father and brothers. She mouthed, ``I love you'' to her husband.

While yesterday's testimony included evidence against all three officers, the proceedings focused on Carrasquillo, 35, because his lawyer was prepared to argue for his release on bail. The lawyer, Stephen Neyman, argued that his client is a solid member of the Dorchester community and not a flight risk. Carrasquillo's father-in-law, who is a minister, offered to give him a job at a Dorchester church if he is released, the lawyer said.

Neyman said his client had received five commendations while serving on the police force, which he joined seven years ago.

Assistant US Attorney Jeffrey Auerhahn told the judge that Carrasquillo is a flight risk because of the seriousness of the crime.

``He has a pretty good chance of spending the rest of his life in prison or a pretty good chunk of that,'' Auerhahn said.

Pizarro's lawyer, Jeffrey Denner, told reporters that Pizarro, 36, of Dorchester is entitled to be released and will be mounting a strong defense.

The three were arrested after each officer allegedly accepted $12,000 at the Coral Gables meeting for escorting a shipment of what they thought was 100 kilograms of cocaine from Western Massachusetts into Boston June 8. Prosecutors allege that Pulido provided his Jamaica Plain garage as a venue for the transfer of the drugs between undercover agents posing as buyer and seller.

On the videotape, the agents told the officers that their upcoming deals would bring them many more tens of thousands of dollars. They would be paid $250,000 for escorting 500 kilograms of cocaine, they were told, and $15,000 for 5 kilograms of heroin. On the video, the officers appeared enthusiastic about their new deal.

The agent urged Pulido and Pizarro not to be showy with their new wealth. ``I have stressed that already to them, to the guys,'' Pulido said.

Videotape Allegedly Shows Boston Police Talking About Drug Deals (AP)

By Denise Lavoie

AP, August 8, 2006

On the videotapes, three Boston police officers can be heard chatting about a shipment of cocaine they were being paid $50,000 to protect for people they believed were drug dealers.

The officers also talk about guarding bigger and more lucrative cocaine shipments, and agree to branch out into heroin.

But the "drug dealers" in the conversations were actually undercover federal agents, and the three officers were later arrested on drug conspiracy charges.

Prosecutors played excerpts from two videotapes in court Monday as they asked a judge to hold one of the officers without bail while he awaits trial.

Roberto Pulido, 41, Carlos Pizarro, 36, and Nelson Carrasquillo, 35, were charged in Miami last month after they allegedly accepted a $35,000 payment from undercover FBI agents.

Prosecutors have asked that all three officers be held without bail. U.S. Magistrate Judge Joyce London Alexander did not immediately issue a decision after holding a detention hearing for Carrasquillo on Monday. A hearing for Pulido and Pizarro was postponed until August 18.

Federal prosecutors said the three officers went to Miami to celebrate their successful drug transaction and to discuss further deals. Authorities described Pulido as the ringleader and said he was involved in a broad range of other illegal activities, from identity theft to smuggling illegal immigrants to selling steroids.

On the first of two videotapes played in court Monday, an undercover agent talks about two cocaine shipments of 40 kilograms and 100 kilograms the officers allegedly protected, then tells Pulido and Pizarro, "We are looking to do big numbers. How much can you handle?"

After the undercover agent tells Pulido they can send 500 kilograms of cocaine, Pulido replies, "That's what I wanna see."

When the same agent asks Pulido if he and his partners can also protect a heroin shipment, Pulido replies, "Yeah, I'll hook you up."

During the meeting, the undercover agents and Pulido do most of the talking. Pizarro says very little and shows apparent deference to Pulido. When one of the agents asks Pizarro if he has any problem with the plans to protect a heroin shipment, Pizarro replies, "No, no, no. If it's O.K. with Pulido."

In the second video, an undercover agent is heard going over details of the plans to ship both cocaine and heroin with Carrasquillo.

U.S. Attorney Jeffrey Auerhahn, in arguing for Carrasquillo to remain locked up pending trial, cited a conversation in which Pulido says he and Carrasquillo were concerned about whether they could trust one of the associates in the plan. Pulido said that he and Carrasquillo had agreed that "if it (the operation) goes dirty, the only thing we can do is ... take out his (associate A's) children," according to an arrest warrant affidavit.

Carrasquillo's lawyer, Stephen Neyman, said Pulido made the remarks to a witness who was working with the FBI on the sting operation, and said there is no evidence that Carrasquillo had agreed to it.

"It's again bravado, and it's all attributable to Mr. Pulido and not to my client," Neyman said.

FBI Special Agent Michael Kreizenbeck said that Pulido told investigators after his arrest that he knew he was protecting drug shipments and that he was "getting back at the Boston police department" after he testing positive for drug use several years ago.

Pulido's lawyer, Rudy Miller, said after the hearing that prosecutors have based much of their case against Pulido on the word of a witness whom he characterized as a "major drug dealer and a suspected murderer" and "the lowest of the low."

"We're of the belief that Mr. Pulido was in fact investigating the cooperating witness," said Miller.

Prosecutors Unveil Damning Videotape Of Suspect Cops: 'Yeah, I'll Hook You Up' (BOSH)

By Kimberly Atkins

Boston Herald, August 8, 2006

In one of two videos shown by prosecutors during a court hearing for accused cops Roberto "Kiko" Pulido, 41, Carlos Pizarro, 36, and Nelson Carrasquillo, 35, a man identified by authorities as Pulido can be heard agreeing to guard a shipment of 500 kilograms of cocaine, plus 5 more kilograms of heroin at $3,000 per kilo, saying "Yeah, I'll hook you up."

In the other video, feds say, Carrasquillo tells an undercover federal agent he also would protect the shipment of contraband and would involve only those he trusted, because "too many people knowing our business (increases the) chance of someone turning into Al Capone."

The troubling tapes were the focal point of a probable-cause and bail hearing in federal District Court yesterday morning, where the men appeared wearing brightly colored prison wear.

U.S. Magistrate Judge Joyce London Alexander postponed hearings on Pizarro and Pulido until Aug. 18, but found probable cause for federal prosecutors to move against Carrasquillo, a ruling his attorney said was no surprise.

But lawyer Stephen Neyman said his client should be released pending trial. "He has strong ties to the community," Neyman said after the hearing. "He's got a family here and a house here. There is no risk of him fleeing and there is no danger to the community."

Prosecutors disagreed, saying the seriousness of the charges makes Carrasquillo a flight risk. Alexander took the matter under advisement.

Pulido's attorney, Rudy Miller, said the charges against his client, which include paying superiors to keep quiet, were trumped-up accusations based on the testimony of a single witness, a man Pulido was investigating in a murder case.

"Nonsense, absolute nonsense - this is a witch-hunt," Miller said. He said the government is relying on an affidavit he called "70 percent" incorrect and heavily reliant on the testimony of a suspected murderer, whom he declined to name.

"What appears to have happened is (prosecutors) interviewed the corroborating witness and then put that information into the affidavit," he said. "It's almost hearsay. It's almost totem-pole hearsay."

Cops Caught On Tape (BOSH)

Boston Herald, August 8, 2006

Excerpts from the transcript of video evidence from a July 19 North Miami Beach, Fla., conversation federal officials say took place between accused BPD cops Roberto Pulido and Carlos Pizarro and undercover FBI agents. It was shown by prosecutors in court yesterday:

BPD arrests:

Undercover FBI agent: . . . Our first deal we did the 40 keys (kilograms) of coke. Then we did the 100 keys of coke. We are looking to do big numbers. How much can you handle?

Pulido (from off camera): What can be brought down?

Agent: You tell me.

Pulido: Four, five, six?

Agent: That's how much we could bring down.

Pulido: Really?

Agent: We can do 50 keys of coke.

Pulido: That's what I wanna see.

Agent: OK, we could do 500 at the same price, there here's another thing that I wanted to ask you guys. Could you guys also move some heroin for us? We've got 5 keys, but the pay is $3,000 per key. . .

Pulido: Yeah, I'll hook you up.

Agent: . . . So, good. (To Pizarro) Do you have any problems with that?

Pizarro: No, no, no. If it's OK with Pulido.

Separate video of a July 20 conversation in Coral Gables, Fla., allegedly between an undercover agent and Carrasquillo:

Agent: For all of us, uh, uh, nobody wants to (expletive) get caught, with 500 keys of coke, and 5 keys of heroin.

Carrasquillo: (Laughing and nodding) Exactly, exactly.

Agent: You know what I mean . . . That's why we are dealing with people like you, cause you guys are responsible and have a lot to lose, just like we do. So if you got people that you know, that are like you, you know, no problem ...

Carrasquillo: Right. See my thing is, I'd rather keep it like this, I don't want to bring too many people in, too many people knowing our business, like you said we run a chance of someone turning into Al Capone.

Boston Police Officers Appear In Court (WCVB)

By Gail Huff

WCVB-TV Boston, August 8, 2006

BOSTON -- Three Boston police officers who are facing federal corruption charges appeared in court Monday.

NewsCenter 5's Gail Huff reported that Roberto Pulido, Carlos Pizarro and Nelson Carrasquillo were arrested last month in Miami as part of an FBI sting operation. They allegedly went to Florida to collect money from undercover FBI agents the officers allegedly thought were drug dealers.

In court Monday, videotapes taken by undercover FBI agents were played that showed the officers speaking to the agents. Prosecutors said that the officers thought that they were being paid thousands of dollars by drug dealers to protect a cocaine shipment.

"Right. See my thing is, I'd rather keep it like this. I don't want to bring too many people in -- too many people knowing our business. Like you said, we run a chance of someone turning into Al Capone," Carrasquillo said.

Prosecutors said when the officers were arrested they were carrying $35,000.

"He's a good man. These are difficult allegations, but he's a good man," Pizarro's attorney said.

Pulido's lawyer has the biggest challenge. Pulido is also accused of identity theft, selling steroids, and hosting drug parties in a Boston club.

"We're going to provide a vigorous defense," Pulido's attorney said.

Judge Dismisses 3 New Counts From Old Case Against Gotti (NYT)

By Alan Feuer

The New York Times, August 8, 2006

A federal judge dealt a sharp blow to the government yesterday, dismissing some of the charges against John A. Gotti, the Mafia scion.

Mr. Gotti, son of the late Gambino family don John Gotti, is scheduled to go on trial again next Monday, in his third trial in about two years on charges of having ordered the assault of Curtis Sliwa, a radio talk show host, in 1992.

At the two previous trials, Manhattan juries did not reach a verdict on whether Mr. Gotti was involved, in part because he testified at both trials that he had left the mob before Mr. Sliwa was attacked.

To counter that contention, prosecutors charged Mr. Gotti in May with money laundering and two new counts of racketeering, crimes they said he committed after he had supposedly hung up his Gambino family spurs.

It was those new charges that the judge, Shira A. Scheindlin of United States District Court, decided to dismiss.

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In a written ruling issued yesterday, Judge Scheindlin said that the money laundering charge — essentially, that Mr. Gotti received income from properties bought with money derived from crime — was stale.

She wrote that the same charges were lodged against him in a case from 1999 and were dropped, by the government, when Mr. Gotti accepted a plea agreement and a prison sentence of more than six years.

"The plea agreement cannot be both a sword and a shield," the judge wrote, suggesting that the government was attempting to convict Mr. Gotti of a charge it had already withdrawn as part of a plea agreement.

The racketeering charges were accusations that Mr. Gotti had used profits from loan-sharking and extortion to operate two holding companies. The judge wrote that they were "based on nothing but surmise, speculation and conjecture."

Judge Scheindlin did let stand one of the government's new charges filed in May: an allegation that Mr. Gotti had conspired to "influence testimony" in the Brooklyn trial of Vincent Basciano, a Bonanno family boss. Mr. Basciano was convicted in May of racketeering.

Charles Carnesi, Mr. Gotti's lawyer, said yesterday that he was pleased with the ruling, but he refused to go into detail, citing an order not to comment on the case. Lauren McDonough, a spokeswoman for the United States attorney's office in Manhattan, said she had no comment on the case.

Judge Scheindlin's ruling suggests that much of the evidence that the jury in the third trial is likely to hear was presented to two previous juries.

In that regard, Mr. Gotti is two-thirds of the way toward matching a legal feat achieved by his father, who eluded conviction in three cases from 1986 to 1990, before ultimately being found guilty and receiving a life sentence in another case. He died in a prison hospital in 2002.

The current case began only two months before the younger Mr. Gotti was to be released from prison on the 77-month term to which he agreed in his 1999 plea deal. As he sat in prison, a grand jury indicted him on charges of having Mr. Sliwa, who was the founder of the Guardian Angels, abducted from a taxicab near Avenue A in the East Village and shot at point-blank range — charges that have twice failed to land Mr. Gotti back in prison.

Judge Tosses Out New Gotti Charges (BOS/AP)

By Larry Neumeister, Associated Press Writer

The Boston Globe, August 8, 2006

NEW YORK --A judge on Monday tossed out the latest racketeering and money laundering charges against John "Junior" Gotti, but the son of the late mob boss still faces trial on charges alleging he ordered the beating of Guardian Angels founder Curtis Sliwa.

The ruling by U.S. District Judge Shira Scheindlin was a blow to the government just weeks before Gotti's third trial on racketeering charges. Juries deadlocked at two previous trials in the last year.

In May, the government brought new charges of racketeering, witness tampering and money laundering to counter Gotti's contention in 1999 that he left the mob in the late 1990s.

In throwing out the new racketeering and money laundering charges, the judge noted that Gotti pleaded guilty to racketeering in 1999 and that charges identical to some of the new ones were dismissed by the government after Gotti satisfied the terms of his plea agreement.

"The plea agreement cannot be both a sword and shield," she wrote.

Lauren McDonough, a spokeswoman for prosecutors, said there was no comment.

A call seeking comment from Gotti's lawyer, Charles Carnesi, was not returned.

The judge said the government had also argued that Gotti used money from his racketeering activities to operate two corporations he formed in the early 1990s.

"The problem with this second theory is that it is based on nothing but surmise, speculation and conjecture," Scheindlin said.

The government alleges that Gotti ordered a baseball bat beating of Sliwa and a kidnapping several weeks later that ended with Sliwa being shot three times before he dived out of a moving taxi. Sliwa recovered.

If convicted at trial, scheduled to start Aug. 21, Gotti could face up to 30 years in prison.

Jr.'s Charges Whacked (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 8, 2006

The fed's beefed-up case against John A. (Junior) Gotti lost most of its heft yesterday, a week before the mob scion goes to trial for the third time on racketeering charges.

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Manhattan Federal Judge Shira Scheindlin tossed out three money-laundering counts prosecutors had added to a May indictment in a bid to shore up a case that has allowed Gotti to score two mistrials.

"To allow the government to proceed to trial on these charges would create a risk of unfair prejudice and inevitably result in confusion of the jury," Scheindlin wrote.

Scheindlin said Gotti's 1999 plea agreement, in which he paid $1 million to settle government claims he used mob money to buy property, bars prosecutors from bringing money-laundering charges based on the same allegations.

"The plea agreement cannot be both a sword and a shield," she wrote.

Scheindlin said there is little evidence that Gotti tried to hide funds from prosecutors since they've known about the purchases for nearly a decade.

The ruling means the only new charge from the May indictment that remains in the case is a witness-tampering count.

Prosecutors allege Gotti summoned the son of mob snitch Michael (Mikey Scars) DiLeonardo to his upstate New York prison in 2003 to persuade him to talk his father out of testifying against him. DiLeonardo testified against Gotti at both trials.

But last week, Gotti scored a victory in fighting that charge when Scheindlin said he could play for jurors a government-recorded wiretap in which a friend tells him that Michael DiLeonardo signed off on the meeting.

Gotti, 42, still faces more than 30 years in prison on racketeering charges that include the claim at the center of the racketeering conspiracy - that he sent two thugs to assault radio host Curtis Sliwa in 1992 after Sliwa repeatedly mocked his father, John (Dapper Don) Gotti, on the air.

Junior Gotti contends he withdrew from the mob life he inherited from his father. But prosecutors argue that by collecting rent on property he bought with mob money, Gotti showed he never really left the Mafia.

This week, prospective jurors are filling out lengthy questionnaires so attorneys can assess their backgrounds and familiarity with the case. Both sides begin picking a panel next week.

Former BetOnSports Chief Waits For Bail (TIMES)

By James Doran, Wall Street Correspondent

London Times, August 8, 2006

DAVID CARRUTHERS, the former chief executive of BetOnSports accused of racketeering and fraud, will be forced to stay in a cramped county jail cell until at least the end of this week, as his lawyers and family struggle to raise $1 million bail and have not yet found somewhere suitable for him to live upon his release.

Mr Carruthers will be freed from jail as soon as he has $1 million (£525,000) and has a permanent address in the St Louis, Missouri, area, under bail conditions set at a court appearance on July 31, according to Tim Evans, his lawyer.

Mr Evans told The Times last night, however, that it was proving difficult to raise the cash quickly and that a suitable home for the former BetOnSports chief to live in has not been found.

“We have to get the bail money together before they will let him out,” Mr Evans said from his office in Fort Worth, Texas. “We also have to find a suitable place for him to live. Neither of those things has been done yet.” Mr Evans said he hoped that both bail requirements would be met by the end of the week.

Sources noted that renting a property could take longer, meaning that Mr Carruthers could be forced to stay in jail for many more days.

Mr Carruthers and ten others were named last month in a 22-count indictment issued by the US Justice Department. BetOnSports is accused of taking bets from US residents by phone and internet and avoiding taxes. The target of the Justice Department appears to be Gary Kaplan, the founder of BetOnSports, who moved offshore after being arrested on gambling charges in New York in 1993. Federal prosecutors also claim that there are links between BetOnSports and the Gambino organised crime family of New York.

Authorities Go All In Against Internet Gambling Sites (AP)

By Ryan Nakashima

AP, August 8, 2006

LAS VEGAS - With the nightclub Tao swathed in red and black, music pulsated and go-go dancers gyrated on raised platforms along the wall. Everything from the ``reserved'' signs to the billiard table felt to the models' Chinese-style dresses bore the same label: ``bodog.com.''

The only thing missing was the online gambling site's flamboyant founder, 45-year-old Canadian Calvin Ayre, who was nowhere to be found.

``He'd have girls all around him, and he'd be the life of the party,'' said Ronn Torossian, a publicist and acquaintance familiar with Ayre's celebrating ways.

The billionaire who graced Forbes magazine's March cover decided to make himself scarce after federal authorities arrested David Carruthers, the head of rival Web gambling operator BetOnSports, as Carruthers changed planes at Dallas-Fort Worth International Airport on July 16.

A federal judge ordered BetOnSports to stop accepting bets placed from the United States, and prosecutors are seeking the forfeiture of $4.5 billion, plus several cars, recreational vehicles and computers from Carruthers and 10 other people associated with the Costa Rica-based gambling operation.

Around the same time, the U.S. House passed a bill that would ban most Internet gambling. Though the bill's future in the Senate is uncertain, the issue loomed over the World Series of Poker in Las Vegas: Is online poker legal?

Tournament organizers and the U.S. Justice Department say no. The players, thousands of whom qualified in cash-paying Internet tournaments, say yes.

``I've got no certainty whatsoever," said Ayre, speaking by phone from Canada, days after Carruthers' arrest.

``I don't believe any senior executive of any online gaming company is going to be going into the United States for the foreseeable future," Ayre said. ``It's not just me, and I've talked to a lot of them."

The World Series of Poker's uncomfortable relationship with online gambling emerged in 2003, when an unknown accountant named Chris Moneymaker qualified through a $40 online tournament and went on to win the $2.5 million main event, becoming the poster child for the wild popularity of online poker.

Advertising by poker sites on mainstream television exploded -- and then the Justice Department intervened.

In a June 11, 2003, letter, deputy assistant attorney general John Malcolm warned the National Association of Broadcasters that the department considered Internet gambling illegal. ``Any person or entity who aids or abets" online betting ``is punishable as a principal violator," he wrote.

Major networks reacted by forcing online poker companies to create ``dot-net" sites, on which poker was played only for fake money and no reference or link would be made to the ``dot-com" versions, where billions of very real dollars are wagered every year.

Thus, PartyPoker.net, the so-called ``World's Largest Poker School," has become an official sponsor of the World Series of Poker, its logo visible every time a flop hits the felt. PartyPoker.com, the moneymaking reason for its existence, lurks in the shadows.

By some counts, about half of the 8,700 players in the World Series' main event qualified through online satellite tournaments. PokerStars.com boasted more than 1,600 qualified on its satellites. PartyPoker.com is reported to have sent more than 800 qualifiers and bodog.com says it sent about 700.

But tournament commissioner Jeffrey Pollack insisted that an online tournament isn't what puts a player into the World Series -- it's the $10,000 cash he individually pays for a seat at the table.

``I don't talk to the dot-coms, I don't," he said. ``Online gaming is illegal. Everything we do, whether it's selling hospitality at the Rio (the hotel-casino hosting the World Series) or selling product placement with PartyPoker.net on our felt, is done with a sharp eye on the regulatory environment."

The televised tournament's first day was even delayed by several minutes as organizers announced that anyone sporting a ``dot-com" poker logo would not be allowed to play. About half that day's field of more than 2,000 players flipped shirts inside-out, and workers circulated with rolls of black tape, covering any ``dot-com" symbols they could find.

The House bill that would ban Internet gambling -- except for horse race betting and state lotteries -- is an attempt to close a perceived loophole in the 1961 Wire Act, one of a series of laws meant to crack down on racketeering.

Similar legislation failed in the House in 2000, but many blame that on the efforts of disgraced lobbyist Jack Abramoff, who is accused of spending lavishly to get the bill killed on behalf of an online lottery company.

With or without a new law from Congress, the Justice Department interprets all online gambling to be illegal.

``Online poker is online gambling. And online gambling, we would say, is illegal," Justice Department spokeswoman Jaclyn Lesch said.

Arrested On A Bet (WSJ)

The Wall Street Journal, August 8, 2006

David Carruthers was arrested in Dallas on July 16 while waiting with his wife for a connecting flight to Costa Rica, where his company, BetOnSports.com, has operations. He remains in jail while his lawyers negotiate release terms, and federal prosecutors want him held without bail pending a trial, calling him a flight risk. The publicly traded company he used to run fired him two weeks ago and requested that its shares be suspended from the Alternative Investment Market of the London Stock Exchange.

By any measure, this is a case of extraordinary prosecutorial zeal. Mr. Carruthers is a British citizen, just laying over in the U.S. The legal theories under which he is being held and charged are untested, to put it politely. His business is perfectly legal in the U.K.

Mr. Carruthers and others, including BetOnSports.com itself, are charged with conspiring to run an illegal gambling operation under the 1961 Wire Act. Mr. Carruthers, who could face 20 years in prison if convicted, pleaded not guilty last Monday. The business that Mr. Carruthers ran is (or was) an online gambling site that allowed users to place wagers on sports events or play casino-style games for real money. Pursuant to a restraining order from a U.S. judge, the site is currently shut down.

But this was not a furtive or fly-by-night operation. A 2005 reform of gambling laws in Britain legalized online gambling in an attempt to regulate, control and tax it. On this newspaper's Web site in April, Congressman Jim Leach (R., Iowa) engaged Mr. Carruthers in a debate on whether and how online gambling should be regulated in the U.S. Mr. Carruthers declared himself in favor of regulation to protect minors and potential gambling addicts. He added:

"While Rep. Leach maintains that online gambling is illegal in the U.S., the legal issues are not clear. Rep. Leach is relying on an outdated, irrelevant law [the 1961 Wire Act] that is inapplicable and unenforceable for online gambling. That is why we are looking for clear standards, regulations and licensing for what is an everyday entertainment medium enjoyed by millions."

Mr. Carruthers may now get those standards the hard way. Mr. Leach, meanwhile, has promoted through the House a bill that would tighten restrictions on offshore gambling online and forbid U.S. financial firms from processing payments to offshore gambling sites (which many banks already decline to do voluntarily). Senator Jon Kyl (R., Arizona) has been trying, so far unsuccessfully, to push a similar bill through the Senate.

One irony is that Mr. Leach's legislation would expressly carve out gambling that is run by government -- such as lotteries and state-run gambling on horse races. Mr. Leach argues that these enterprises and private casinos are more easily regulated than Web-based businesses, which may be true. But it's also true that they'd rather not have the online competition, which is why most of those "good" gambling operations support suppression of online gambling sites like BetOnSports.

No doubt there is potential for online gambling abuse. But BetOnSports and Mr. Carruthers are not charged with dishonest behavior toward their customers. They are being told that a business they believed was legal was a criminal enterprise even if it was being run in the open. That suggests that prosecutors believe they have the right to enforce compliance with even ambiguous U.S. laws on any business, wherever based, solely because some of the people accessing their site happen to be Americans. As a legal theory, this is a stretch. But as an excuse to incarcerate a foreign national just passing through, it smacks of a politically opportunistic prosecution.

'Gotcha' Shows Aimed At Nabbing Sexual Predators Raise Controversy (FOX)

By Daniella Gallego

FoxNews.com, August 8, 2006

"Come in! I'll be right down!"

Those words from the adolescent girl on the second floor are music to the ears of the Internet sex predator standing at her front door. Wary that he has been followed, he anxiously eyes the street behind him before he turns the doorknob and enters her home.

He walks in, only to come face-to-face with an NBC camera crew and "To Catch a Predator" host Chris Hansen, who is holding a hard copy of the explicit conversation the man had with the underage girl he has been planning to molest. On camera, for all the world to see, the man's world falls apart.

Shows like "America's Most Wanted" and "To Catch a Predator" are taking to the airwaves in an attempt to nab sexual predators in a very public way. These shows often involve trying to nab predators — or would-be predators — who communicate online with people they believe to be underage kids.

While some argue such programs are nothing more than tabloid pulp and that the media should leave police work to the police, others say this kind of programming performs a community service. They say it gets the message out that there are sex offenders among us who pose a threat to our kids.

"Media has done a tremendous service to our nation by bringing awareness to the issue. Proactive online investigations are effective in identifying and ultimately catching child sexual predators, when conducted by proper law enforcement authorities," said John Shehan, the Cyber Tipline program manager at the National Center of Missing and Exploited Children.

"Awareness and the identification of these individuals is the first step in the process. …[But] trained law enforcement … should be conducting these types of investigations to ensure the highest possible conviction rate."

FOX's pioneering "America's Most Wanted" has profiled missing persons and fugitives wanted for violent crimes, often those on the FBI's 10 Most Wanted Fugitives list, since 1991. The crimes featured on the show include rape, white-collar crime,

murder, armed robbery, gang violence, terrorism, drug trafficking, and child molestation. As of Aug. 3, the show has helped capture 897 fugitives and recover 50 missing persons, according to its Web site.

Talk show host Oprah Winfrey recently launched "Oprah's Child Predator Watch List," a roundup of the FBI's most wanted sex offenders, in a campaign to catch pedophiles.

In Binghamton, N.Y., a local show, "Sex Offender Community Update," shows photos, names, addresses and profiles of fugitive sex offenders in the area.

On Dateline NBC's "To Catch A Predator," host Chris Hansen and police show up at the homes of people expecting a rendezvous with an underage teenager they've met online. Suspected pedophiles include "first-timers" and repeat sex offenders. The NBC Web site says the show has helped catch 129 male predators in a total of 14 days between 2004 and 2006; at least 71 have been convicted so far.

The show works with Perverted Justice, a group of volunteers who pose as children ages 10 to 15 in online chat rooms.

"The media is doing a great service of educating the public by making people more aware about things they wouldn't know," said criminologist John Lombardi, who has over 30 years of specialized training in crime prevention and predatory crimes. "There is no such thing as prediction. You can't anticipate unless someone tells you."

Jonathan Palermo, 28, a graduate business student from Atlanta, said he watches "To Catch A Predator" and is appalled at what he sees.

"I knew it existed, but this show gives you an idea of the magnitude of the problem," said Palermo. He called the shows an effective tool to catch criminals and save potential victims. "The media needs to cover this and capture these people because law enforcement cannot keep up with all the crimes that are happening."

Tabloid Fodder or Real Journalism?

Judy Cornett is president of Safety Advocacy Zone, Inc., an advocacy group she founded after her 11-year-old son was raped in 1992 by a neighbor. The group follows sexual predators, warns neighbors of sex offenders living nearby and provides support to victims and their families. Cornett supports media coverage, law enforcement, and public involvement, and says none can effectively work independently of the other.

"[Pedophilia] is an epidemic. We can't just go door-to-door to raise awareness, or even just print it on a newspaper. It's not enough," Cornett said. "We need to get the media in these guys' faces. If we're not looking, they're going to be looking out for their next victim."

But some critics say these shows contribute more to a sense of hysteria than anything else, since most abuse cases involve children being molested in the home.

"Sexual predators running around, picking up children off the 'Net are not an epidemic … ["To Catch a Predator"] focuses on the equivalent of a sexual straw man, turning the stranger-predator into the 'epidemic,'" said Pierre Tristam, a columnist at the Daytona Beach News-Journal in Florida, who recently wrote a controversial article on the popular "Dateline" series and says the shows epitomize "tabloid pulp."

"[NBC's predator series] should quit borrowing from the shabby techniques of reality TV and return to the ethics and demands of journalism," Tristam said.

"Because people feel vulnerable and angry, shows that appear to be taking steps to solve the problem [of sexual violence against children] are appealing," added Jill Levenson, a professor at Lynn University in Florida who studies social policies dealing with sex offenders. "But [the shows] are not representative of 'typical' child sexual abuse cases," in which children are victimized by someone they know and trust.

She also said the vast media attention has made it appear that the rate of sex crimes is rising. "In actuality," she said, "sex crime rates, like other serious, non-sexual crimes, have declined substantially over the past decade, based on both official crime reports and victim reports."

According to Justice Department statistics, most sexual perpetrators are well known to their victims. Strangers committed only seven percent of sexual assaults against children in 2002. In 2000, child sex-abuse victims identified their abusers as family members in 34 percent of cases, and as acquaintances in 59 percent of cases.

"Journalists tend to oversimplify a problem that exists," Lombardi said. " ... The more that people get to know about what actual crime, the more they can prevent it from happening."

But "Dateline" spokesman Jenny Tartikoff said those involved in "To Catch a Predator" work hand-in-hand with law enforcement to promote public safety.

"Perverted Justice personnel coordinate their activities with law enforcement authorities," she said, adding that the show primarily involves reporting on police activities.

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"Reporting on stories like 'Dateline's To Catch a Predator' requires a careful balance between maintaining social responsibility and upholding journalistic standards. At every turn, we have been transparent and disclosed our relationship with Perverted Justice, as well as with local law enforcement, to our audience."

Like "America's Most Wanted," "'Dateline' has received an overwhelming positive reaction" from viewers, parenting groups, government and school officials, Tartikoff said. "We are proud of our innovative and enterprising reporting, and will continue to follow this issue."

But lawyer Angelyn Gates of Chase Criminal Defense Attorneys noted that laws are designed to keep police officers from violating citizens' rights, and that the same rules don't apply to citizens who may be violating other citizens' rights.

"Police officers are trained in theory," Gates said. "The other major problem is when police officers go about investigating crimes, they know how to maintain evidence. Citizens don't."

Gates disagrees with the vigilante justice aspect of citizens risking their own lives, possibly violating others' rights and exposing these cases in the media.

"[Members of Perverted Justice] are not watching out for themselves by trying to pretend they're a child on the Internet," she said. "They're doing it for the thrill, fun, and notoriety they seem to be getting out of it."

Peter Johnson, a media columnist for USA Today who has reported on the show, said these shows are done in "the best tradition of investigative journalism" and often fill a gap that's missing in law enforcement.

"Posing as a child predator online in hopes of snagging these people is exactly what the media should be doing to root out people like this," said Johnson. "The Web is a wonderful place for these guys to seduce children …it's the ideal way to catch these people."

He added: "[These shows] have proven their point … Now it's time for authorities to take over and for [the programs] to concentrate on why law enforcement hasn't taken it over."

Death Row Inmate's Appeal Cites Ban On Juror Smoking (LAW/AP)

The Associated Press

AP, August 8, 2006

Lawyers for a man sentenced to death in the slaying of his ex-girlfriend want the conviction thrown out because, among other reasons, the judge barred jurors from smoking during deliberations.

That made jurors antsy and overly eager to finish the case, according to the appeal of 43-year-old Phillip Elmore, who told the jury before it recommended death that he deserved "the worst punishment."

The Licking County, Ohio, jury deliberated for six hours before convicting Elmore in 2003 of aggravated murder and other charges in the death of Pamela Annarino, 47, a former sheriff's deputy who was beaten and strangled at her home in Newark, 30 miles east of Columbus. Annarino had broken off their relationship, according to testimony, although jurors heard an unsworn statement from Elmore that he didn't know why he killed her.

A week after the guilty verdict, the 12-person jury needed three hours to recommend the death sentence. Common Pleas Judge Jon Spahr would not let them smoke during those deliberations.

"The trial court violated Elmore's fair-trial rights by denying a request by one or more members of the jury to allow smoking of tobacco in the jury room or smoke breaks during deliberations," Elmore's lawyers wrote in his appeal. "The judge's refusal to make any accommodation of jurors' request to smoke predisposed those jurors to agree on a quick decision."

Spahr would not comment on the pending case beyond saying that it was the only capital case he had presided over that involved a jury. The others involved panels of judges.

Prosecutor Robert Becker, who tried the case, said he believes the verdict and sentence will stand despite the smoking angle and other elements of the appeal.

"I don't think I've ever heard of this one. It's relatively novel," he said.

Joshua Dressler, a law professor at Ohio State University, likewise gave Elmore's appellate team credit for creativity.

"One of the difficulties that will exist in this case is there is no hard evidence. It is speculative that (the denial of) the request to smoke would cause the jurors to change their vote," he said.

The Ohio Supreme Court is to hear arguments in the case today.

Joseph Edwards, one of Elmore's lawyers, cited several aspects of the appeal, particularly that Elmore's trial lawyers were ineffective, that he considers stronger than the smoking objection. Elmore's attorneys at the time didn't call any of his relatives as witnesses during the sentencing phase of the trial, and they called a psychologist who Edwards said did more harm than good to the defense.

Suspected Phoenix Serial Killers Took Turns At The Trigger, Police Say (FINDLAW/AP)

By Chris Kahn, Associated Press Writer

AP, August 8, 2006

(AP) - PHOENIX-The gunmen took turns as they drove around the city.

Some nights it was Samuel John Dieteman, a burly electrician with a ragged mop of jet black hair. According to court documents, he would blast at lone pedestrians from the window of a silver Toyota Camry in what he called "random recreational violence."

Other nights the trigger was pulled by his roommate, Dale S. Hausner, a baby-faced janitor and freelance photographer, the court documents allege.

After each shooting, the pair would drive slowly away, leaving little evidence other than the victim's body on a sidewalk.

Court documents and interviews with police provide a glimpse into the way investigators believe the pair operated and how they were finally found.

"We are so confident that these are the people," Chief Jack Harris told The Associated Press, adding that the men had admitted some of the crimes since they were arrested on Thursday.

Dieteman, 30, and Hausner, 33, face two counts each of first-degree murder and 13 counts each of attempted first-degree murder. A preliminary hearing is scheduled Aug. 14.

Overall, they are being investigated in 36 shootings, including 17 that targeted people and others that involved animals.

An expert on serial killers, Katherine Ramsland, said it is common in team killings that one person is "egging the other on" to join in.

"If one was the quiet timid type, he may have been the follower who got himself in a situation and just kept going because the reality was created by the dominant partner," she said. "That happens in team killings quite often."

Until last week, investigators had no idea who was responsible for the late-night attacks. They did not know if the attacks were committed by one person or more, and grouped the attacks under one name: the "Serial Shooter."

Phoenix police are still seeking another shooter, dubbed the Baseline Killer, who is believed responsible for eight killings in the area of Baseline Road.

While the Serial Shooter investigation is not complete, police believe the attacks started just past midnight on May 24, 2005, with the killing of 56-year-old Reginald Remillard, who was shot in the neck while he slept at a bus stop.

The last shooting the men are accused of occurred on July 30. Robin Blasnek was shot in the back as she walked to her boyfriend's house in Mesa. She was alive when a neighbor found her, but died later at a hospital.

In between, a probable cause statement alleges, Dieteman and Hausner had taken turns driving while they selected victims at random.

On May 2, the probable cause statement said, Hausner pulled along the curb next to Claudia Gutierrez-Cruz, 20, after she stepped off a bus on her way home from work at a Scottsdale restaurant.

Dieteman allegedly fired one blast from a shotgun, hitting Gutierrez-Cruz on the left side. She died later at a hospital.

A few minutes later, police say, the duo shot a 17-year-old in the back while he was walking along a street.

After targeting people and animals across Phoenix and its suburbs on the west side, the attackers moved east.

Early on the morning of July 22, they found a man in his 30s riding his bicycle in Mesa. Dieteman told police that Hausner pulled close in the Camry, pulled the shotgun over the steering wheel and fired out the driver's side window, according to the probable cause statement. The man survived but was seriously injured.

Police say the last attack, the one that killed Blasnek, occurred less than three miles (5 kilometers) away from the apartment Hausner and Dieteman shared. Hausner shot her while driving, Dieteman said, according to the statement.

"The circumstances of Robin's death tells us how wicked this world has become," Blasnek's mother, Sandra, said Saturday at her daughter's funeral.

Investigators had started looking for Dieteman in July as a suspect in arson fires in June at two Wal-Marts in suburban Glendale, but didn't spot him until one day after Blasnek was shot. They found out where he lived and kept him and his roommate under surveillance for most of the week.

Thursday night, police decided they had enough to make the arrests in connection with the Serial Shooter attacks. Authorities said their evidence against the men included weapons and a map marking the locations of dozens of shootings.

One Of 2 Charged In Serial Killings Proclaims His Innocence (NYT)

By Randal C. Archibold

The New York Times, August 8, 2006

DOJ_NMG_0045110

PHOENIX, Aug. 7 — Handcuffed and in black-and-white striped prison clothes, one of two men charged in a series of killings in the Phoenix area shuffled into a jail break room Monday and told reporters that he was innocent and that his roommate may have taken his car and guns to commit the crimes.

"Absolutely not," said the prisoner, Dale S. Hausner, 33, when asked if he had anything to do with the crimes, which, along with an unrelated series of sexual assaults, robberies and murders in the past year, have cast fear over this city.

Mr. Hausner, a janitor at the city's international airport and an aspiring boxing photographer, said his two sons had died in a car accident more than a decade earlier and that his 2-year-old daughter was terminally ill, "so I know what it is like to suffer the loss of a child, and I would not want anybody to go through that."

Mr. Hausner and his roommate, Samuel J. Dieteman, 30, were arrested Thursday and booked Friday on suspicion of first-degree murder and attempted murder in connection with two of the seven killings and 13 of 37 shootings of people and animals over more than a year that the police believe may be linked.

The police said on Monday that they had added the seventh murder to the list, that of a 39-year-old man killed while riding his bicycle in May 2005 in what may have been the first victim of the attacker the police call the Serial Shooter.

The Maricopa County Sheriff's Department said it had arranged the news conference after Mr. Hausner agreed to speak with reporters. Mr. Dieteman declined requests for interviews, and Mr. Hausner's appearance was cut short when his public defender arrived and advised him to stop.

But for 15 minutes, Mr. Hausner calmly answered questions and tried to explain away incriminating evidence. The police said Mr. Hausner and Mr. Dieteman had driven around at night taking turns shooting in what the police termed "random recreational violence.''

Mr. Hausner said he had not confessed to the crimes.

Mr. Hausner said he had kept rifles, ice picks, a blow-dart gun and other weapons in his apartment because "I am a gun collector and I have lots of weapons, as do most Americans." He said he was disorganized and had left his car keys lying around, making them accessible to Mr. Dieteman.

"He was using my vehicle without my knowledge," Mr. Hausner said, adding that Mr. Dieteman also had access to the weapons, though "I never saw him as a full-blooded killer."

When it was pointed out that a video camera at a Wal-Mart showed the two together shortly before an arson there, Mr. Hausner denied any involvement in that crime and others.

Mr. Hausner said he had kept news clippings about the two series of killings because "it is kind of interesting, what is going on in Phoenix."

An ex-wife's statement in a divorce filing in 2001 that he had driven her to the desert and threatened to shoot her "is just ex-wife stuff," he said. Mr. Hausner then attacked her for falling asleep at the wheel of a car in 1994, killing their two sons.

Mr. Hausner said that his brother had introduced him to Mr. Dieteman and that they all had socialized together. Mr. Hausner said he had taken Mr. Dieteman in because Mr. Dieteman had been "down on his luck" and working only now and then as an electrician.

"He is someone with a low-self-esteem problem," Mr. Hausner said.

The interview was halted when a man who later identified himself as Mr. Hausner's public defender entered, whispered in Mr. Hausner's ear and then said, "This news conference is over."

The man, Garrett Simpson, said that a supervisor in the public defender's office had just handed him the case and that he had rushed to the jail after learning of the news conference.

"It's real important to let the process work," Mr. Simpson said afterward. "We have to remember he is presumed innocent."

The Phoenix police, meanwhile, sought to remind the public about the other serial killings case, that of someone they call the Baseline Killer. They have linked 23 crimes, including eight killings and several rapes and robberies, to that attacker.

"We don't want the public to relax in terms of heightened awareness," Sgt. Andy Hill of the Phoenix police told reporters.

James Alan Fox, a criminologist at Northeastern University in Boston who has studied serial killings, said that several other major cities had at times had two or more serial killers operating at once. Mr. Fox said the two in and around Phoenix, one of the nation's fastest-growing metropolitan areas, were probably "one symptom of urban growth."

"When you continue to grow, so do the chances of having had one or more than one serial killer," he said.

Retired Sleuths Heat Up Cold Cases (USAT)

By Martin Kasindorf

USA Today, August 8, 2006

Special squads have helped solve years-old homicides

LOS ANGELES — On the TV police drama Cold Case, Philadelphia detective Lilly Rush needs less than an hour to unmask the killer in a decades-old murder every Sunday night.

Real life is different. It can take years to turn dusty boxes of evidence into an accusation that stands up in court. And the cold-case investigators who have made headlines with recent successes aren't sleek Hollywood actors. They're retired cops in their 60s and 70s.

From Los Angeles to Maryland, the hot trend in cold cases is special units of retired detectives who are coaxed off the golf course to comb old files for new leads.

These retreaded sleuths usually work two days a week as unpaid volunteers to bone up on DNA evidence and other new wrinkles in a case. They combine science with their street savvy in questioning witnesses to relieve overloaded staff detectives of some of law enforcement's most tedious work.

Two of these special squads showed last month that they can get results in resolving mysteries:

·Robert Charles Browne, 53, has been in a Colorado prison since he pleaded guilty in 1995 to killing a 13-year-old girl. Charlie Hess, 79, a retired FBI and CIA agent, volunteers at the El Paso County Sheriff's Office in Colorado Springs. Hess, through four years of correspondence and 20 prison visits, persuaded Browne to admit to 48 additional slayings.

Browne gave Hess enough evidence of one previously unrecorded murder to charge him with the 1987 slaying of a 15-year-old girl who had been listed as missing in Colorado Springs. Browne pleaded guilty to that crime July 27. Nine more of Brown's claimed slayings have been verified in several states, says Lou Smit, 71, who volunteers in the cold-case unit with Hess and Scott Fischer, 60.

·At the Los Angeles County Sheriff's homicide bureau, retirees Bob Wachsmuth and Richard Adams had a hunch that a photographer on death row since 1988 for slaying two aspiring models may have killed others. In old case files, the detectives found pictures of more than 50 unidentified women who had posed for William Richard Bradford between 1975 and 1984. The sheriff's department released the photos to the public, triggering hundreds of tips.

Capt. Ray Peavy, homicide bureau commander, says the public has identified 36 of the women. Peavy says most are alive, but family members may have pinpointed “two more potential victims” by providing names for “Jane Doe” women in unsolved homicides in 1979 and 1980. The manner of killing in those local cases was “very similar to what Bradford did,” Peavy says.

“Even if we get most of these girls alive and well, it's significant if we get one murder out of it,” Wachsmuth says.

Bradford, through his attorney, Darlene Ricker, denies killing anyone.

Police agencies nationwide “are recognizing that these old cases are not to be filed away and lost,” says Max Houck, director of a forensic science program at West Virginia University. “Many of them can be rejuvenated. Retired investigators have time to go back and reflect on interviews and photographs.”

Wachsmuth, 62, retired in 1998. “I gardened for almost two years, and I almost went crazy,” he says. Now he's one of 14 retired detectives working under Peavy on one-year contracts for hourly wages and no benefits.

Peavy says the retirees provide “a fresh set of eyes, but these fresh eyes happen to be with some old, grizzled homicide detectives. They may see information that got missed originally.”

“If you've developed some level of acumen, why would you just let it drift away and find yourself sitting on a couch and watching TV?” Hess says. “You owe it to the public.”

Smit, who investigated the 1996 slaying of 6-year-old JonBenét Ramsey in Boulder, Colo., says he has set up retiree cold-case squads south of Colorado Springs in Pueblo County, Colo., as well as in Titusville, Fla., and Laurel, Md.

Pueblo County Sheriff Dan Corsentino says his three retirees would “rather be doing this than playing golf.”

Bob Curtis, 69, a retired detective in Corsentino's unit, says, “There's some gray hairs in this squad.” Curtis says the squad has made progress in three cases that date as far as 1976, with no arrests yet.

Wachsmuth says crime-fighting has changed. “Today, it's all technology — fingerprint enhancement capabilities, firearms identification advances and the big one, DNA.”

Peavy has some of the veterans rifling through old files for items that might contain DNA. “As recently as 1990, a cigarette butt or a sweaty T-shirt picked up at the scene would not have meant much. But if it was saved, today we can take it to the crime lab and get an identification through DNA,” he says.

The retirees are so effective at spotting such items that “we've provided more cases than our crime lab is capable of dealing with at this time,” Peavy says.

Departments often assign a full-time detective to work with the old-timers. Hess says that as his talks with Browne began revealing new homicide cases, Sheriff Terry Maketa put investigator Jeff Nohr in charge of the volunteer unit and sent him with Hess into Browne's cell. Nohr was needed “to guide us through the minefield of what had transpired in the judicial process since we dinosaurs were on the street,” Hess says.

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Hess' trips to chat with Browne were an exception for a cold-case volunteer. In most cities, retirees stay in the squad room and provide tips for full-time detectives to follow up.

"Because of their ages, we don't send 'em out on the street," Peavy says. "They'd love to, but for insurance purposes, we can't. I've got one guy back that's 75 years old — my ex-partner."

CIVIL LAW:

AOL Takes Down Site With Users' Search Data (WP)

By Ellen Nakashima, Washington Post Staff Writer

The Washington Post, August 8, 2006

Personal Details Posted in 'Screw-Up'

AOL issued an apology yesterday for posting on a public Web site 20 million keyword searches conducted by hundreds of thousands of its subscribers from March to May. But the company's admission that it made a mistake did little to quell a barrage of criticism from bloggers and privacy advocates who questioned the company's security practices and said the data breach raised the risk of identity theft.

"This was a screw-up and we're angry and upset about it," the company said in a statement. "Although there was no personally-identifiable data linked to these accounts, we're absolutely not defending this. It was a mistake, and we apologize."

The posted data were similar to what the U.S. Justice Department had been seeking when it subpoenaed Internet companies, including AOL, last year. AOL complied and handed over search terms that were not linked to individuals. Google Inc. fought the subpoena in court and won.

The AOL data was posted at the end of last month on a special AOL Web site designed by the company so researchers could learn more about how people look for information on the Internet. The company removed the data over the weekend when bloggers discovered it.

The Washington Post did not review the full 439-megabyte data set but contacted bloggers who had looked at it.

For the posted data, each person using AOL's search engine was assigned a unique number to maintain anonymity, the company said. But some privacy experts said scrutinizing a user's searches could reveal information to help deduce the person's identity.

Michael Arrington, editor of the blog TechCrunch, said some of the data contained credit card numbers, Social Security numbers, addresses and names.

"People put anything they can think of into the search boxes," he said.

Based on his analysis so far, out of 20 million queries, the number that contained sensitive personal financial information such as credit card and Social Security numbers is probably "in the hundreds," he said.

"Most people aren't stupid enough to type their Social Security numbers in a search engine, but it's definitely enough to make AOL look stupid," he said.

Some bloggers said some of the information available included queries on how to kill one's spouse and child pornography.

Experts said people search for all sorts of personal data -- including their own names -- with the assumption that it will remain private.

"I search on myself," said David H. Holtzman, president of GlobalPOV, a blog and consulting firm on privacy and security and author of the forthcoming book "Privacy Lost." "Now you think you have a disease or you have some emotional issue -- I'm a single parent and I'm always looking for things. All of a sudden there's a correlation between my name and something very private that I don't expect to have dumped all over the Internet."

Kevin Bankston, an attorney with the San Francisco-based Electronic Frontier Foundation, said AOL's apology was appreciated but the damage had already been done.

"The horse is out of the barn," he said. "The data's out there and been copied. This incident highlights the dangers of these companies storing so much intimate data about their users."

The mishap was rooted in an effort by AOL to design a Web site aimed at helping researchers do their jobs more effectively by including AOL open-source data tools, company spokesman Andrew Weinstein said.

A technician posted the data to the site without running them past an in-house privacy department, not realizing the implications, Weinstein said. An internal investigation is underway to determine what happened and how to prevent future occurrences, he said.

However, Weinstein also noted that identifying an individual by search terms alone is difficult because someone could have typed in a friend's name or address instead of his own. The AOL search network had 42.7 million unique visitors in May, so the

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total data set covered 1.5 percent of search users that month. The 20 million search records represent about one-third of 1 percent of the total searches conducted on the AOL network in that period, the company said.

The data were gleaned from searches conducted by people with AOL user accounts in the United States.

AOL Members' Online Searches Made Public (USAT)

By Jon Swartz, Usa Today

USA Today, August 8, 2006

SAN FRANCISCO — AOL apologized Monday for mistakenly making public the online searches of 658,000 members for a week.

It immediately launched an internal investigation into how its research division posted about 20 million anonymous searches on its website from July 31 to Aug. 6. The breach concerns privacy advocates, who warn some searches might include personal information such as names and addresses.

"This was a mistake, a screw-up, and we're upset about it," said AOL spokesman Andrew Weinstein. The data, collected from March to May, was intended for researchers as AOL works to build closer ties with the academic community. He says the searches represent only one-third of 1% of all searches during the three-month period.

The data went unnoticed until this weekend, when blogs such as Techcrunch pointed it out.

"We are taking steps to ensure that this type of thing never happens again," Weinstein said. He said the data substituted numeric IDs for subscribers' names.

Privacy advocates say they are troubled because many people conduct vanity Web searches, typing in their names and birth dates, for example. ID thieves could piece together such information and identify the person, said Kurt Opsahl, a lawyer for privacy advocacy group Electronic Frontier Foundation. "This highlights the dangers of companies storing this type of data for a long time." One concern is that others could figure out a person's online behavior and what they searched for.

"What safeguards can AOL put in place so this will not happen again?" Opsahl said.

"AOL gets kudos for coming clean, but the horse is out of the barn to some extent," said Ari Schwartz of the Center for Democracy and Technology. He has seen some of the information already duplicated on the Web.

The disclosure comes months after Google refused to supply the Justice Department with search data. AOL, Microsoft and Yahoo cooperated but said they provided limited information that did not compromise customers.

AOL Apologizes For Release Of User Search Data (CNET)

By Dawn Kawamoto And Elinor Mills, Staff Writers, CNET News.com

CNET News, August 8, 2006

Search log information originally intended for use on new research site; company calls data posting a mistake.

AOL apologized on Monday for releasing search log data on subscribers that had been intended for use with the company's newly launched research site.

The randomly selected data, which focused on 658,000 subscribers and posted 10 days ago, was among the tools intended for use on the recently launched AOL Research site. But the Internet giant has since removed the search logs from public view.

"This was a screw-up, and we're angry and upset about it. It was an innocent enough attempt to reach out to the academic community with new research tools, but it was obviously not appropriately vetted, and if it had been, it would have been stopped in an instant," AOL, a unit of Time Warner, said in a statement. "Although there was no personally identifiable data linked to these accounts, we're absolutely not defending this. It was a mistake, and we apologize. We've launched an internal investigation into what happened, and we are taking steps to ensure that this type of thing never happens again."

Although AOL had used identification numbers rather than names or user IDs when listing the search logs, that did not quell concerns of privacy advocates, who said that anyone among the 658,000 could easily be identified based on the searches each individual conducted.

"We think it's a major privacy concern, and we're glad to see AOL is taking it seriously," said Ari Schwartz, deputy director of the Center for Democracy and Technology. "Companies that deal in search results have to understand that they carry very sensitive information, even if it doesn't have what we would traditionally consider to be personally identifiable information involved."

Schwartz and other privacy advocates noted that with bits of information, a "mosaic" could be created that could eventually lead a person to identify the individual in question.

"Sometimes what people are searching for may be an indicator of who they are and who they know," said Richard Smith, founder of Internet security and privacy consulting firm Boston Software Forensics.

In one search log, terms such as "how to tell your family you're a victim of incest," "casey middle school," "surgical help for depression," "can you adopt after a suicide attempt," "Fishman David Dr - 2.6 miles NE - 160 E 34th St, New York, 10016 - (212) 731-5345," "gynecology oncologists in new york city," and "how long will the swelling last after my tummy tuck" appeared in the set of data.

Some researchers, however, contend the information serves a valuable purpose in helping to develop better information retrieval technology.

"Researchers at universities or small companies don't have access to this type of data. I think the (AOL) researchers were trying to do a good thing by making this available to the research community," said Steve Beitzel, who holds a doctoral degree in computer science from the Illinois Institute of Technology with a specialization in information retrieval. Beitzel, who is an affiliated researcher with the university's Information Retrieval Lab, once served as an intern at AOL, but was not involved with the release of the search log data.

In developing his doctoral thesis, Beitzel used another set of search data from AOL, unrelated to this recent issue, that focused on tracking trends in search query strings.

"It's a hot...research problem that people are trying to solve," he said.

Beitzel noted that the former Excite released a smaller data set of its users' search results in 1999 and 2001, and AltaVista engaged in a similar situation about five or six years ago.

Excite, as well as AltaVista, withheld the user's name and IP address and used an anonymous identifier.

"They released the data sets more than five years ago, and it hasn't hurt anyone," Beitzel said. "The bloggers say what AOL did was evil and a violation of privacy. But this may be an overreaction...a nine-digit number in a search box with no name attached is meaningless."

Kurt Opsahl, a staff attorney for the Electronic Frontier Foundation, pointed to other means to make the information available to the research community without making it open to the public.

"There are ways of conducting research into search technology, without making individuals' search terms public," Opsahl said. "Universities could abide by AOL's privacy laws and various laws for privacy...They could get consent from users before handing out the information to third parties."

While Beitzel agreed other methods could be enacted to aid researchers and the search community, he advised against issuing filters to screen out information such as names or Social Security numbers.

"If you alter the collection, then it is no longer representative," he said.

The release of the search logs runs counter to a court ruling in March, when a federal judge rejected efforts by the Department of Justice to gain access to Google users' search logs. The court, however, determined the Justice Department could have limited access to Google's index of Web sites.

Google was the only search engine to fight the Justice Department, with Yahoo, Microsoft's MSN and AOL turning over their users' search data.

"All search engines collect this kind of user data, and it's valuable to marketers, insurance companies, people involved in divorce and custody battles," said Rebecca Jeschke, a spokeswoman for the EFF. "If this information is available, there is a lot of temptation to release it."

Smith, meanwhile, noted the information AOL provided is similar to the type of search string information the Justice Department sought, under the Children's Online Protection Act.

The search log data, culled from March to May, represents approximately 1.5 percent of AOL's search network in May. The data applied only to U.S. searches by AOL subscribers using the company's client software.

A number of blogs are pointing to mirror sites to let people take a peak at the search logs of AOL users.

CNET News.com's Declan McCullugh contributed to this report.

CIVIL RIGHTS:

Clippers Owner Accused Of Housing Discrimination (KNBC-TV)

KNBC-TV, NBC 4, Los Angeles, August 8, 2006

LOS ANGELES -- The U.S. Department of Justice on Monday sued Los Angeles Clippers owner and real estate mogul Donald Sterling for housing discrimination, claiming he refused to rent apartments to blacks and families with children.

Video

Federal prosecutors contend that Sterling, his wife, Rochelle, and their family trust refused to rent to many prospective tenants, treated them poorly and misrepresented the availability of apartments to them in the city's Koreatown section.

The defendants also are accused of refusing to rent to black prospective tenants in Beverly Hills as well as families with children looking to rent apartments that the defendants owned or managed in Los Angeles County.

"Here in Los Angeles, where housing is already at a premium, it is imperative that no one be denied housing simply because of their skin color, ethnic background or because they have children," said U.S. Attorney Debra Wong Yang.

Lawyers for Sterling said they vigorously deny the allegations contained in the lawsuit. They said that the Donald T. Sterling Corp. has had an open dialogue with the DOJ.

Claiming violations of the federal Fair Housing Act, the lawsuit seeks an end to "discriminating on account of race, national origin and familial status," plus unspecified monetary damages and penalties. The lawsuit also names as defendants the Sterling Family Trust and the Korean Land Company, which owns multifamily rental properties throughout the county.

In November, a federal judge ordered Sterling to pay nearly $5 million in fees to plaintiffs' attorneys in a lawsuit accusing him of discriminating against black and Hispanic tenants.

The case -- filed by attorneys including the nonprofit Housing Rights Center for 19 plaintiffs -- resolved with a financial settlement that the judge described as "one of the largest ever obtained in this type of case," though the terms were not disclosed.

The 2003 lawsuit alleged that Sterling tried to drive out tenants, particularly blacks and Hispanics, at apartments he owned in Koreatown.

L.A. Clippers Owner Accused Of Housing Bias (LAT)

By Myron Levin

The Los Angeles Times, August 8, 2006

The Justice Department on Monday filed a discrimination suit against Los Angeles Clippers owner and real estate mogul Donald Sterling, accusing him of favoring Korean tenants while seeking to exclude African Americans and families with children from his apartment buildings in Los Angeles County.

The suit, which was filed in U.S. District Court in Los Angeles, charged Sterling with violating the Fair Housing Act, a part of the Civil Rights Act of 1968, by engaging in "discrimination on the basis of race, national origin and familial status." It also named Sterling's wife, Rochelle, and three Sterling companies and trusts.

Sterling owns about 100 apartment buildings with thousands of rental units in the county. In a prepared statement, Sterling's lawyer, Greg Garbacz, called the charges baseless.

For the last year, Garbacz said, the Sterling Corp. had engaged in "open dialogue" with the U.S. Department of Justice, which at no time identified "any evidence, document or witness supporting its allegations of housing discrimination."

Sterling and his companies "are committed to equal housing opportunities for all," Garbacz said, and have "tenants of all races, religions, national origins, gender, sexual orientation, disabilities, as well as families."

In the seven-page complaint, Justice Department lawyers said Sterling's agents at various times have refused to rent to non-Koreans at their buildings in Koreatown, and have been guilty of "creating, maintaining, and perpetuating an environment that is hostile" to existing non-Korean tenants.

According to the lawsuit, the Sterling companies also have refused to rent to African Americans at properties in Beverly Hills, and have misrepresented the availability of units to blacks and families with children.

Prosecutors are seeking a court order that would bar future acts of discrimination, along with monetary damages for alleged victims, none of whom was identified.

"Here in Los Angeles, where housing is already at a premium, it is imperative that no one be denied housing simply because of their skin color, ethnic background or because they have children," said Debra Wong Yang, U.S. attorney in Los Angeles. "The Justice Department is dedicated to ending all discriminatory housing practices, along with every other type of civil rights violation."

The case is an echo of a private lawsuit filed against the Sterlings in 2003 on behalf of about 20 mostly black and Latino tenants or prospective tenants. According to that suit, filed by the Housing Rights Center, a Los Angeles nonprofit group, Sterling had told members of his staff that he did not like to rent to Latinos or African Americans because "Hispanics smoke, drink and just hang around the building," and "black tenants smell and attract vermin."

Early in the case, U.S. District Judge A. Howard Matz ordered the Sterlings to stop using such words as "Korean" and "Asian" in building names, as they had done in changing the name of their "Mark Wilshire Towers" to "Korean World Towers."

"Use of the word Korean in the names of residential buildings would indicate to the 'ordinary reader' that the buildings' owner is not only receptive to but actually prefers tenants of Korean national origin," the judge wrote.

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"Uneasy relations among different racial and immigrant groups still prevail in various sections of this city, and many residents would understandably regard the decision to place the world 'Korean' in the name of a building in a racially diverse neighborhood as a coded message: Koreans and Korean Americans are welcome and preferred; others are not."

The lawsuit ended last year in a confidential settlement that another federal judge described in an order as "one of the largest ever obtained in this type of case." The settlement also involved "a significant and wide-ranging nonmonetary component and public benefit," wrote U.S. District Judge Dale S. Fischer, who did not elaborate.

Fischer ordered the Sterlings to reimburse more than $4.9 million in plaintiffs' legal fees — the only part of the resolution made public.

The government complaint appears to be larger in scope than the private lawsuit, which focused on rental properties in Koreatown.

"We're excited that the Department of Justice has filed such an important case in Los Angeles County," said Frances A. Espinoza, executive director of the Housing Rights Center.

She said the government case was broader than the one filed by her group "in that it focuses on properties all over Los Angeles County."

Youth Prison Found In Partial Compliance (HSB)

Honolulu Star-Bulletin, August 8, 2006

A court-appointed monitor finds 41 of 53 defects improved

An initial review of policies and procedures at the Hawaii Youth Correctional Facility indicates the state's youth prison is in "partial compliance" with 41 of the 53 areas cited as needing improvement by the U.S. Justice Department.

The 87-page report was issued last month by Russell Van Vleet, the monitor appointed by the federal court to oversee the state's compliance on reforms at the Kailua facility.

Earlier this year, the state entered into a three-year agreement with the Justice Department to improve conditions at the facility after an investigation concluded inadequate policies and procedures, staffing shortages and deficient training for guards had led to a "state of chaos."

"The state is committed to fully complying with the agreement and to helping the youth confined at HYCF," Attorney General Mark Bennett said yesterday in a news release.

The federal review came after an investigation by the American Civil Liberties Union of Hawaii had voiced similar concerns. The ACLU sued over conditions at the facilities but settled the litigation after the agreement with the Justice Department was reached.

Lois Perrin, the attorney for the ACLU in Hawaii, said reforms are being watched closely.

"The widespread problems at HYCF are obviously going to require an enormous undertaking to create the culture shift needed to bring the facility into compliance with professional and legal standards," Perrin said. "We hope that undertaking will be completed as quickly as possible."

7th Circuit Rejects Claims Of Age Discrimination In IBM Pension Case (LAW/AP)

By Brian Bergstein, The Associated Press

AP, August 8, 2006

IBM Corp. did not commit age discrimination when it changed its pension coverage in the 1990s, a federal appeals court ruled Monday in an influential case that Big Blue had agreed to settle for up to $1.4 billion if it had lost the appeal.

The case involved 140,000 older employees who were affected when IBM converted to a "cash-balance" plan, which gives workers virtual accounts that can be cashed out for a lump sum when they leave the company.

The plans are designed to be more attractive to younger workers who are more likely to switch jobs. But opponents say the setup denies older workers the gains they would have gotten under traditional pension plans, in which employees amass more retirement benefits during their last years of service.

About 1,500 U.S. companies have adopted cash-balance or other "hybrid" pension plans, although this case was a large reason why the approach had become less popular and legally questionable. Just last week, Congress passed a bill that sought to clarify the legality of such plans, over the objection of groups such as AARP.

The plaintiffs in the IBM case sought to force the company to make up for what they said they lost in potential benefits after IBM adopted the cash-balance plan in 1999. In 2003, a federal judge agreed that the plan amounted to age discrimination because it unfairly penalized older employees.

While IBM negotiated a possible settlement, it pressed its appeal with the 7th U.S. Circuit Court of Appeals in Chicago, which found Monday that the plan did not discriminate because it gave every employee the same credits.

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"All terms of IBM's plan are age-neutral," the judges wrote. "... Removing a feature that gave extra benefits to the old differs from discriminating against them."

The lead plaintiff, Kathi Cooper of Bethalto, Ill., said she wanted to keep pursuing the case. She said she was confident that IBM's move was illegal, noting that it wasn't until last week that Congress officially said otherwise.

"I don't consider this a dead end," said Cooper, who spent her career with IBM before retiring last year at age 55. "I do not consider this fight over."

Although IBM would no longer have to pay $1.4 billion set aside to settle the case, the company will still owe $320 million as part of a separate settlement of issues not contested in the appeal.

IBM executives said they were gratified by the verdict.

"In the end, I think our integrity and our ethics prevailed," said Randy MacDonald, IBM's head of human resources.

James Klein, president of the American Benefits Council, which represents companies with pension plans, said the IBM case was important because the original verdict was written in such a way that it potentially tarred not just cash-balance plans, but other kinds of benefit packages as well.

He said the reversal in the appeals court and Congress' statement that cash-benefit plans are acceptable "are helpful and complimentary."

"It's good to get clarity," he said.

While the verdict could remove the huge settlement cloud from IBM, it figures to have little impact otherwise on the company. Armonk, N.Y.-based IBM has stopped offering pensions to new workers; after next year, IBM plans to freeze pension-benefit accruals altogether. Instead IBM is enhancing its 401(k) plan.

IBM shares lost 39 cents, or 0.5 percent, to close at $75.52 in Monday trading on the New York Stock Exchange.

Court Rules In Favour Of IBM In Pension Case (FT)

By Richard Waters In San Francisco

Financial Times, August 8, 2006

A US appeals court on Monday found in favour of IBM in a pension case in which it had been accused of age discrimination. The decision, in the first case of its kind to reach the appeals stage, has been closely watched by other US companies that had wanted to make similar changes to their existing pension arrangements.

IBM said the decision removed a potential liability of $1.4bn, though it had already agreed to pay $320m to settle part of the case.

“The implications would have been extraordinary had the case gone the other way,” said Jim Klein, president of the American Benefits Council, a Washington lobby group for large US employers. Along with the adoption of new US pensions legislation last week, the ruling will instead leave companies freer to choose the design of their pension plans, he added.

The case was prompted by IBM’s decision to turn its plan for US workers into a so-called “cash-balance” arrangement. Though still technically a defined benefits plan, under which retirees are paid benefits according to a formula based on their length of service, a cash-balance arrangement also shares some of the characteristics of a defined contribution plan. Companies make a contribution to the plan for each year of a worker’s service, and those payments immediately start to accrue interest.

For younger workers not due to retire for many years, the compounding effect of the interest payments can result in a far larger pension entitlement than for workers who start their service at a later stage. That has led to lawsuits against IBM and a number of other US companies alleging age discrimination, resulting in a slowdown in the adoption of such plans.

In its opinion, the appeals court overturned an earlier district ruling against IBM and said that cash-balance arrangements were “age-neutral”.

“Older workers [accurately] perceive that they are worse off under a cash-balance approach than under a traditional years-of-service-times-final-salary plan,” the judges wrote. “But removing a feature that gave extra benefits to the old differs from discriminating against them.”

Welcoming the ruling, IBM said in a statement: “Today’s decision confirms the legality of cash balance plans in general and the fact that IBM’s plan does not discriminate on the basis of age … The Court’s decision gives much needed certainty to employers and employees alike in this important area of employee benefits.”

IBM Ruling Paves Way For Changes To Pensions (WSJ)

By Ellen E. Schultz And Theo Francis

The Wall Street Journal, August 8, 2006

A federal appeals court reversed a lower court's finding that International Business Machines Corp.'s pension plan discriminated against older workers.

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The ruling, which involved IBM's move to change from a traditional pension to a cash-balance pension plan, may spur more companies to make the switch, employers say, and may have implications for some of the roughly 400 companies with a total of more than 1,200 cash-balance plans among them.

"A number of companies have held back" in converting defined-benefits plans to cash-balance plans because of concerns raised by the IBM case decision, says James Klein, president of the American Benefits Council, a Washington-based group that lobbies on pension issues and supports cash-balance plans. He said the ruling, combined with last week's congressional pension reform that deemed cash-balance plans aren't age-discriminatory, "will give a green light for companies to make the conversion."

"We think it affirms the fair and legal decision that we made in 1999" to convert the plan, said J. Randall "Randy" MacDonald, IBM's senior vice president for human relations. The computer maker had settled other aspects of the lawsuit for $320 million and had agreed to pay additional benefits of $1.4 billion to 140,000 current and former workers if it lost its appeal on the age-discrimination claim.

The plaintiffs, who are current and former IBM employees, intend to ask the full appeals court to reconsider the ruling, saying it ignored key legal distinctions between pension plans and defined-contribution savings plans. The decision "disregards the statutory provisions expressly enacted by Congress to protect older workers from age discrimination," said a spokesman for the plaintiffs.

Pension advocates, older employees and the AARP have been distressed by the conversion to cash-balance plans because the move typically reduces the pensions of older workers significantly. In a traditional pension, benefits are calculated by multiplying years of service by average salary, producing a pension that grows steeply in one's later years on the job. When companies change to a cash balance pension plan, the former pensions are essentially frozen, and the value of their cash-out value is converted to an "account." This hypothetical account grows each year with credits, based on pay, plus interest.

When older workers are shifted from a traditional pension to a cash-balance plan, they lose the steep buildup of pension benefits and can end up with pensions that are 20% to 50% lower. Most companies that adopted the cash-balance formula had large older work forces. What's more, some companies also froze the cash-balance credit for older workers, so that after the switch they didn't earn anything under the new cash-balance plan either for a period of months or years, while younger workers began to build up benefits right away. Both of these outcomes led to charges of age discrimination.

While it is legal to reduce or eliminate a pension going forward, it is illegal under pension law to provide a pension accrual that declines with age. Employers with cash balance plans don't dispute that this happens, but maintain that because the pension is intended to look more like a "defined-contribution" plan, such as a 401(k), the age discrimination rule shouldn't apply.

Writing for the Seventh U.S. Circuit Court of Appeals in Chicago, Judge Frank Easterbrook accepted IBM's position that because its pension plan resembles a defined-contribution plan, it shouldn't be deemed discriminatory. The judge noted that because workers of all ages in the IBM plan received an annual 5% pay credit, the plan couldn't be said to be discriminatory. That younger workers had many more years to earn interest, and thus would end up with larger pensions, he said, wasn't illegal.

"One need only look at IBM's formula to rule out a violation. It is age-neutral," Judge Easterbrook wrote.

Norman Stein, a University of Alabama law professor specializing in pension law who also has served as a consultant for employees suing over cash-balance plans, says the ruling essentially ignores the law, which treats defined-benefit and defined-contribution plans very differently, even if they can resemble each other superficially.

IBM's pension saga started in 1999 when it changed its pension formula. The ensuing employee backlash led the Internal Revenue Service to stop approving the plans and to calls for legislation to protect older workers when their pensions are changed.

Employees filed suit in 1999; a federal court in Illinois ruled against IBM in 2003, finding that the company had discriminated against older workers.

Court Rules IBM Pension Change Didn't Discriminate (USAT)

By Stephanie Armour

USA Today, August 8, 2006

IBM's decision to change its pension plan formula did not amount to age discrimination, according to a decision Monday by a federal appeals court that largely reaffirms the legality of the corporate trend toward pension conversions.

The decision by the U.S. Court of Appeals for the 7th Circuit, which may still be appealed, asserts that IBM's conversion from a traditional pension to a so-called cash-balance plan is legal. IBM changed to a cash-balance plan in 1999, touching off a lawsuit involving about 140,000 older workers who say it cost them possible future benefits and was discriminatory.

The ruling has no legal impact on employees at other companies but is seen as reassuring for other companies that have converted plans or may consider such conversions. Under a traditional pension plan, employees receive monthly checks after

retirement. But more companies have been shifting to cash-balance plans, which pay employees a lump sum when they leave the company and tend to be more attractive to younger workers because benefits accrue at a more steady pace rather than at the end of a career.

Monday's decision invalidates a 2003 ruling by a federal judge who said IBM's conversion was discriminatory. It also means IBM will not have to pay out a capped liability of up to $1.4 billion.

In another victory for companies converting to cash-balance plans, Congress passed a bill last week that largely affirms the legality of pension plan changes.

“If (the 2003) case had been upheld, it could have invalidated other plan designs,” says James Klein, president of the American Benefits Council, which represents companies with pensions. “The congressional action and this decision give a green light for companies to continue to establish cash-balance plans.”

There has been an explosion in cash-balance plans over the past decade: More than 8.5 million Americans are currently covered in at least 1,500 hybrid (which include cash-balance) plans nationwide.

IBM officials applauded the court's decision, saying it found IBM's formula for converting was “age neutral.”

“It's most meaningful,” says J. Randall “Randy” MacDonald, senior vice president of human resources, of the ruling. “It affirms our long-standing practice at IBM of only making decisions that are fair and legal.”

But lead plaintiff Kathi Cooper of Bethalto, Ill., says she and her legal team are reviewing all options, including an appeal to the U.S. Supreme Court.

“My reaction is that we're not done. This is not the end of this,” Cooper says. “I don't agree with the ruling. I know how terribly hurt financially these employees were (by the conversion).”

Dallas: Lawsuit Alleges Discrimination Against Women, Minorities (DMN)

By Tanya Eiserer, The Dallas Morning News

Dallas Morning News, August 8, 2006

The Dallas Black Fire Fighters Association has filed suit against the city of Dallas seeking to change what it says is pervasive discrimination against minorities and women in hiring, training, transfers, promotions and discipline.

"These people are being discriminated against," said Grover Hankins, a Houston attorney who specializes in employment discrimination cases. "There are some very hard-core discriminatory practices that are going on in that department."

The lawsuit, filed in state district court on July 19, seeks a permanent injunction prohibiting "unfair discriminatory employment policies" and demands more than $75,000 in damages for each person.

The city attorney and fire officials declined to comment on the lawsuit.

"We'll await the outcome of the legal action and abide by the judge's decision," said Lt. Joel Lavender, a Dallas Fire-Rescue spokesman.

Issues surrounding race have long been contentious and litigious in Dallas Fire-Rescue.

The black firefighters association filed a class action in the late 1980s, alleging that blacks lagged in hiring and promotions.

The city settled the lawsuit for about $860,00 in the mid-1990s. The settlement mandated numerous changes, including revamping disciplinary procedures and added special requirements on how to conduct hiring and promotional tests.

About that time, white firefighters filed suit in federal court, contending that women and minorities who scored lower on civil service tests were promoted ahead of them. The issue revolved around a 1988 policy that allowed the department to "skip-promote" minorities and women who did as well on the tests as white men.

In the late 1990s, the U.S. Supreme Court found that portion of the city's affirmative action plan violated the constitutional rights of white male firefighters.

Shortly after the ruling, Chief Dodd Miller stepped down as pressure rose from minority leaders who demanded a chief who could find innovative ways to deal with the high court's decision.

Some firefighters say many of the issues remain a source of conflict.

"When young people do make it through the fire academy and get placed in an all-white firehouse, they are basically set up for failure," Mr. Hankins said. "They are sniped at until they're gone so they don't make it. It's just horrendous."

But fire officials and the head of the department's largest association say several examples and information in the black firefighters lawsuit are either inaccurate, wrong or misleading.

Mr. Hankins, a former general counsel for the NAACP and a lawyer in the U.S. Justice Department's civil rights division, said the facts in the lawsuit are based on what his clients told him. He added that if there are errors, he would amend it. But he added that there are other explosive allegations that he expects to add to the lawsuit.

For example, the lawsuit says Dallas Fire-Rescue has not hired an African-American female firefighter in about 15 years.

It's actually been about 11 years, Lt. Lavender said.

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Five black women have been hired as firefighters in the last 15 years, three of whom remain with the department. There have also been 13 black women hired as fire prevention officers, fire officials said.

Lt. Lavender acknowledges that the department lags in hiring enough women but says it is extremely difficult to attract them into the fire service. Woman represent about 4 percent of the department's firefighting personnel.

The lawsuit accuses the fire department of engaging in "discriminatory hiring practices against qualified African-American candidates that make application for employment." Minor infractions are overlooked for whites, but not for blacks, it says.

Fire officials note that the department's two recruiters are black and Hispanic, and they say the last three captains over the personnel department have been black.

Shawn Gary, the black firefighter association's president, says just having people of color working in recruiting isn't enough.

"You've got to have policies that allow you to recruit these people," he said.

Currently, about 62 percent of the department's firefighters are white, 21 percent black and 14 percent Hispanic, virtually the same as when former Fire Chief Steve Abraira became the city's top firefighter in 2000.

The lawsuit also says Mr. Gary was a victim of discrimination because he was denied his request to transfer to arson investigations "without being given any reason."

Fire officials say Mr. Gary was not qualified for the transfer because typically only lieutenants and above are considered for such positions, although some firefighters are transferred into the unit when health problems prevent them from performing the usual firefighter duties.

"There are other people in arson investigations that are not lieutenants," Mr. Gary said.

Capt. Mike Buehler, president of the Dallas Fire Fighters Association, which represents more than 1,000 of Dallas Fire-Rescue's roughly 1,600 firefighters, said he believes there have been "isolated incidents" of discrimination.

He said the lawsuit seems like a rehash of complaints that arose during the tenure of Mr. Abraira, who resigned almost a year ago after being pressured to do so by City Manager Mary Suhm.

"I don't know how this would hurt Abraira at this point," he said. Mr. Abraira could not be reached for comment.

Eddie Burns, who came from Fort Worth, became Dallas' first black chief in April. But a new chief doesn't mitigate the problems, Mr. Gary said.

"We tried to mediate with the city," said Mr. Gary. "They chose not to respond, and this is just the next step.

"Are we supposed to ignore that?"

Seeking Diverse Fire Dept., City Relaxes Requirements (NYT)

By Diane Cardwell

The New York Times, August 8, 2006

Expanding efforts to attract women and minorities to the Fire Department, the city is relaxing its standards for applicants to take the entrance exam by reducing academic requirements and allowing job experience to substitute for college course work, Mayor Michael R. Bloomberg said yesterday.

Still, for those who pass the test, the probationary period will be longer and more rigorous, giving the department more time to train and evaluate applicants, the mayor said.

“By recognizing the value of professional experience, we’ll create opportunities for more New Yorkers and ultimately strengthen the department by hiring candidates with a wide range of skills and life experiences,” Mr. Bloomberg said at a news conference in Brownsville, Brooklyn, announcing the changes, which were reported yesterday in The Daily News.

“If you have more people taking the test, there will be more diversity because you just have a bigger group to choose from.”

For decades, the city has faced pressure to diversify the Fire Department, which remains overwhelmingly white and male, in sharp contrast to other agencies and to the population of the city. According to the department, at the end of July there were 11,605 firefighters. Of those, 620 were Hispanic, 336 black, 69 Asian-American and 6 Native American, for a total of 8.9 percent. All told, 30 were women.

In recent years, the department’s record has spurred a federal complaint by the Vulcan Society, an association of black city firefighters, and a Justice Department investigation into the department’s hiring practices that began last year and is still under way. However, city officials said, some of their efforts to diversify the agency have begun to bear fruit. They noted that in the last class to graduate from the Fire Academy, in July, 21 percent were minorities.

Last year, with an extra $3.2 million, the department expanded its recruitment and diversity unit, and in May it began an advertising campaign to highlight aspects of the job other than fighting fires. That came in response to a Columbia University study that found that people were more interested in applying after learning about the salaries, benefits and flexible schedules being offered to firefighters.

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Now, by relaxing the requirements for the entrance exam, the city hopes to broaden the applicant pool and increase minority and female representation. Officials also said they would lengthen and intensify the training period for new recruits, which is now 13 weeks long, but added that they were still working on the details.

Under the new qualifications for the entrance exam, which is given every four years, applicants need to have a high school diploma, or the equivalent, and either 15 college credits, reduced from 30 credits, or six months of full-time satisfactory work experience. Military service with an honorable discharge can also qualify an applicant for the exam, which is next scheduled for January.

During the period in which applicants can sign up for the exam, which began yesterday and continues through Oct. 13, the city will be running a new advertising campaign and will provide free tutorials and coaching for both the written and physical tests.

Calling the efforts the most aggressive diversity program in the department's history, Fire Commissioner Nicholas A. Scoppetta said, "Simply stated, it's the department's goal to have a work force that mirrors the citizens that we serve."

But Fire Capt. Paul Washington, president of the Vulcan Society, said that more needed to be done to reduce the hiring gap once the test results were in. The written and physical components each count for half of an applicant's score, which can be increased by a variety of factors, including living in the city or having a relative who was killed while on duty for the department. The final scores are used to create a list from which new firefighters are chosen, in order, over the next few years. Captain Washington said that black applicants often tended to end up at the bottom.

"If they have a very successful recruitment effort, and there's a good chance that this recruitment effort will be successful," he said, "it means nothing if blacks don't end up getting hired."

Seeking A Cease-Fire (WSJ)

By Neil King Jr.

WSJ Online's "Washington Wire", August 7, 2006

The Bush administration strongly defended a United Nations measure meant to halt the 26-day battle between Israel and Hezbollah, despite criticism by Lebanese officials that the proposal was too favorable to Israel and wouldn't assure an end to the fighting.

The draft U.N. resolution, which the U.S. and France crafted over the weekend, calls for a "cessation of hostilities" on both sides but doesn't demand that Israeli forces pull out of southern Lebanon. The measure would also grant Israel wide latitude to fire back at any Hezbollah offensive. It also leaves the details for a lasting ceasefire, including the introduction of an international peacekeeping force, for another round of U.N. diplomacy. The Security Council is expected to vote on the first measure as early as Monday.

Speaking to reporters in Crawford, Texas, where she was meeting with President Bush, Secretary of State Condoleezza Rice said the draft resolution represented "the international community's effort to bring about a reasonable, equitable basis for the cessation of hostilities." Its passage, she said, would clarify "who really did want to stop the violence and who didn't."

President Bush's national security adviser, Stephen Hadley, said that once the first resolution was adopted, the U.S. and France would push quickly for a second measure to lay out the steps toward a permanent ceasefire and to authorize the dispatching of international force. But he also cautioned that the fighting could well continue even after the passage of the first resolution. –Neil King Jr.

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August 6, 2006, 1:27 pm The Chief Speaks

In a recent interview, Chief Justice John Roberts had some advice to those who teach, study and practice law: spend more time reading the constitution.

Speaking on C-SPAN, his longest interview since being confirmed last summer, Justice Roberts said that in the legal community at large, "We talk about it a lot. We have cases about it. But to actually sit down and read it doesn't happen that often, and that is a very rewarding exercise." He said he last reviewed the constitution a few weeks ago, upon concluding his first term on the Supreme Court. "I thought I ought to at least pause for an hour or so and read the original document again to see how closely I think we got to what the framers intended," he said.

He also said the colonists disliked their experiences with British judges and remained wary of appointing federal judges for life. The framers allayed these fears by saying the judiciary would resolve only legal questions, not important political issues. He said many people today, in contrast, believe any type of dispute should be determined by the Supreme Court. "In a democratic republic that shouldn't be someone's first reaction," he said. "Their first reaction should be to resolve political disputes in the political process." –Ben Winograd

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August 4, 2006, 4:59 pm Job Satisfaction Surges Among TSA Screeners

DOJ_NMG_0045122

The Transportation Security Administration's efforts to improve morale among screeners and other workers appear to be showing some success.

A survey of nearly 18,000 workers, most of them airport screeners, saw a big increase in the percentage who report satisfaction with their jobs. In 2004, 35% of workers reported that, overall, they were satisfied or very satisfied with their jobs. This year, the number jumped to 59%. That's a 68% improvement in two years. (In a rare move of understating one's own accomplishments, the TSA news release misstated the results, declaring that overall job satisfaction increased 24%, when it actually increased a much more impressive 24 percentage points.)

TSA chief Kip Hawley, who has been in office for about a year, has made improving morale a priority. The agency pointed to a new "career progression program" that gives screeners more room for advancement. And to send a more authoritative message, airport screeners were renamed transportation security officers (though many, including this item, continue to refer to them as screeners). –Laura Meckler

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August 4, 2006, 12:20 pm Pakistan Presses for Trade Pact

Pakistani President Gen. Pervez Musharraf has asked President Bush for a free trade agreement that would boost trade between the two countries, Pakistan's Commerce Minister Humayun Akhtar Khan said.

Khan is in Washington to spur the trade talks, which could take years. At the Institute of International Economics (IIE), Khan said Pakistan needs to improve its economy in order to address the country's extremism.

"We need trade, not aid," he told reporters today. Pakistan wants to export more textiles and clothing to the U.S. A $1 billion a year increase in textile and clothing export to the U.S. would generate as many as 200,000 jobs in Pakistan, he said. Such an increase, he said, wouldn't jeopardize the U.S. textile industry as Pakistan would likely take a bite out of other countries' imports.

According to IIE, U.S. exports to Pakistan would increase to $2.12 billion from $1.24 billion currently while Pakistan's exports to the U.S. would reach $4.42 billion from nearly $3.60 billion. Pakistan's textile exports would increase to $2.05 billion from $1.56 billion, and apparel exports will surge to $1.51 billion from $1.01 billion.

During his two-day visit to Washington, Khan met with U.S. Trade Representative Susan Schwab, U.S. Commerce Secretary Carlos Gutierrez and Undersecretary of Economics, Business and Agriculture Affairs Josette S. Shiner as well as three U.S. senators. –Shahid Shah

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August 4, 2006, 12:11 am Business Sees Republicans as Vulnerable

BUSINESS GROWS BEARISH on Republicans holding Congress.

"It is likely that Republicans lose control of the House," says Bernadette Budde of Business-Industry Political Action Committee. The biggest danger for Republicans: "clumps" of defeats in states such as Pennsylvania, Ohio and New York, submerging incumbents who don't now appear vulnerable.

U.S. Chamber of Commerce election drive — dogged by controversy over accuracy of TV ads — visits Connecticut this weekend to shore up vulnerable Republican Reps. Simmons, Shays and Johnson. Democrats fret a Lieberman defeat in next week's Senate primary there could imperil House races, since his possible independent candidacy could lift November turnout by moderate Republicans.

Democrats' strong 2006 fund-raising means "money is no longer the issue," says Michael Malbin, a campaign-finance expert.

TEAM LIEBERMAN ROUSES seniors in bid to hang on.

His turnout effort focuses on the elderly, who tend to vote heavily in off-year elections. Connecticut AFL-CIO seeks Joe-mentum by contacting more than 200,000 union members.

Late influx of 6,000 independents onto Democratic voter rolls represents wild card. Lieberman enjoys independent support, but new Democrats may reflect surge by antiwar upstart Lamont as he takes 54%-41% lead in new poll. Republicans in Washington explore replacing obscure nominee Alan Schlesinger with stronger alternative, but "we've…come up empty," one insider says.

CASTRO'S WOES may boost Bush's party in Florida.

Chance of his demise energizes older Cuban-Americans, the most pro-Republican slice of Hispanic constituency. With competitive races for governor and a House seat on tap, "In the short term, it's helpful to Republicans," says Miami pollster Sergio Bendixen.

But that could boomerang if expectations of Cuba's rapid transformation are dashed. A former Bush administration official predicts little immediate change if Castro dies, since brother Raúl controls security forces and U.S. pro-democracy plans would have marginal effect.

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Hispanics cast 15% of Florida votes, but Cuban exiles are less than half following immigration from other Latin countries.

PENSION BILL ATTRACTS special-interest provisions as other legislation founders. The 907-page House bill suspends tariffs on liquid-crystal panels for televisions, ceiling fans and wool fabric. Estimated 2009 cost to Treasury: $1 billion.

REFORM ROLLBACK? Federal Election Commission votes Aug. 29 on major exception to 2002 campaign-finance law. Under consideration: allowing labor unions, corporations and interest groups to run "issue ads" during final 60 days of campaigns, which McCain-Feingold had sought to bar.

RIGHT TURN? Auto-industry representatives say meeting between Bush and Detroit's Big Three — twice delayed by the White House — may not happen. Though the president hasn't favored special industry help anyway, Michigan's embattled Democratic Gov. Granholm uses rebuff against Republicans in her re-election bid.

GROUNDSWELL? As prisons overflow capacity, U.S. Conference of Mayors opposes "mandatory-minimum" sentencing laws. But anticrime political pressure makes changes unlikely. One key senator, Republican Sessions of Alabama, proposes narrowing sentencing disparities by easing standards for crack-cocaine cases and stiffening those for powder cocaine.

DEFICIT HAWKS LOOK beyond government printer to spread grim budget data.

Disappointed that Government Printing Office produced only 2,000 copies of "2005 Financial Report of the U.S. Government," Tennessee Democratic Rep. Cooper arranges for Nashville publisher to issue a version. Priced at $14.99, below GPO's $23, it pegs deficit at more than twice reported $318 billion when some future benefit promises are considered.

"The White House does not want you to read this book," Cooper writes in forward. GPO notes it still has copies available from original press run; report is free online. The agency lays plans for enhanced Internet access to government publications.

Harris Corp. wins contract for "Future Digital System," with initial rollout expected next year.

MINOR MEMOS: After Rumsfeld tells Sen. Clinton "you'd have a dickens of a time" finding overly optimistic Iraq assessments, she enters some of his previous statements into Armed Services Committee record…Chief Justice Roberts tells C-Span Americans shouldn't run to court for "everyday" disputes, and instead should say, "I'm going to talk to my congressman…." – John Harwood

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August 4, 2006, 12:10 am Fed Sees Inflation Rise as Fleeting

Federal Reserve officials see the recent rise in underlying inflation as mostly a temporary response to rising energy prices, not an overheating economy.

That assumption underpins their view, laid out in speeches and testimony, that inflation ought to fall back over the next year and a half without the Fed having to engineer a jarring economic slowdown with sharply higher interest rates. And it is central to the argument that the Fed should pause soon in its two-year campaign of interest-rate increases.

Futures markets see a two-thirds probability that the Fed will leave its short-term interest-rate target at 5.25% when its policy makers meet Tuesday. That would be the first meeting without a rate boost after 17 sessions that ended with a quarter-percentage-point increase. But future markets are more uncertain about what the Fed will do next week than at any equivalent point since 1998, according to Bianco Research, a Chicago research firm. Recent economic data point both to weaker growth and stronger inflation, and Fed officials are giving fewer clues than usual. That the Fed is even contemplating holding rates steady with the unemployment rate at 4.6% and inflation gauges turning higher reflects the way it looks at inflation. Read more. – Greg Ip

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August 3, 2006, 7:30 pm Senators Press House Republicans on Immigration Law

Senators pushing for an overhaul of immigration law say they are gaining traction with an argument that Republicans ought to act before the elections or risk political fallout.

After meetings with House Speaker Dennis Hastert of Illinois and House Judiciary Committee Chairman James Sensenbrenner of Wisconsin, Sens. John McCain of Arizona and Lindsey Graham of South Carolina say they expect discussions on immigration will resume in earnest in September. House hearings around the country have publicized the idea that "the borders are broke," Mr. Graham said. "But come September, what are we going to do about it?"

"If they make everyone aware of the enormity of the security problem, it would be in their interest to see a legislative result," said Mr. McCain. The senators are pushing for expanded legal immigration and guest-worker programs along with beefed up border security and enforcement. The meeting with Sensenbrenner, who has taken a staunch security-only position, started with "a bit of tension in the air," Graham said. But by the end there was "appreciation" that "we have a workforce need that's not being met." The senators said they hoped for a strategy session in September with President Bush, who they said has continued meeting with lawmakers. "We have not given up," said Democratic Sen. Edward Kennedy of Massachusetts.

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The comments came as Bush in a speech in Texas urged Congress to act and House Republicans held a hearing in San Diego highlighting the "burden" that illegal immigration places on health care, education and other government services. –-Sarah Lueck

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August 3, 2006, 5:01 pm Going Generic?

A bipartisan group of governors — Vermont's Douglas, Minnesota's Pawlenty, Wisconsin's Doyle and Kansas' Sebelius — has petitioned the FDA to issue guidelines on generic versions of two biotech drugs. They say the copies of insulin and human growth hormone will help keep down health-care costs. The agency has said it needs congressional action to approve copies of most biotech products, but lawmakers haven't moved. The FDA says it will "review their concerns carefully and respond accordingly." –Anna Wilde Mathews

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August 3, 2006, 4:55 pm It Must Be Getting Close to Football Season

The Federal Communications Commission isn't exactly known for being particularly speedy about resolving complaints, which can languish there for years. But it took just two days for the FCC to respond to a complaint from the NFL, which said Time Warner had illegally dropped its NFL Network channel off some cable systems.

Time Warner dropped the channel — which is currently featuring in-depth coverage of NFL training camps and other pre-season action — on Tuesday from some cable systems acquired during its recent deal with Comcast Corp. to divvy up the assets of Adelphia Communications Inc.

On Thursday morning, the FCC ordered Time Warner to immediately reinstate the channel while it considers the complaint. The NFL argued Time Warner dropped the channel without giving 30-days notice. Time Warner argues it acted properly. –Amy Schatz

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August 3, 2006, 2:59 pm AARP Takes a Stand on Pensions — Sort Of

AARP's chief executive, Bill Novelli, gives a highly qualified endorsement of the pension bill pending in the Senate. "While this bill has shortcomings," he says in a statement, "a number of its provisions will improve retirement security."

The senior lobby lauds move to require greater employer contributions to defined-benefit pension plans, encourage employers to enroll workers in 401(k) automatically and protect workers whose retirement plans are heavily concentrated in stock of their employers. But it complains that the bill doesn't do enough to protect workers who employers are switching from defined-benefit to what are known as "cash balance" plans, fails to address "the ongoing decline in defined-benefit plans" and risks giving workers with 401(k) plans "conflict-tainted advice from financial service firms."

"This bill can help make retirement more secure for many, but it leaves much work to be done to insure retirement security for all," Novelli says. "Congress immediately needs to turn its attention to improving pension coverage and increasing retirement savings for all Americans."

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August 3, 2006, 2:44 pm Can You Translate That Into Chinese?

Noting new Treasury Secretary Paulson's attempt to devise a standing statement on the U.S. dollar, former Bush economics adviser Greg Mankiw says the press corps' attempts to get Treasury secretaries to say something newsworthy about the currency is "one of the more bizarre rituals in Washington."

"The Treasury Secretary's goal is to say something that makes him look smart and authoritative without actually saying anything substantive which might cause market volatility," Mankiw, now back at Harvard, writes on his blog.

Mankiw's suggestion: "Supercalifragilisticexpialidocious!"

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August 3, 2006, 2:43 pm Phone Companies' Backup Line

As an effort to rewrite the nation's telecom laws remains stalled in the Senate, phone companies are eying backup plans to convince policymakers to change rules to make it easier for them to get into the pay-tv business.

Phone company lobbyists are trying to convince more states to allow statewide video franchises, which allow phone companies to avoid having to bargain with local governments the way cable-TV firms must do before offering television service. Six states have already changed their rules and phone companies are hopeful New Jersey, California and Pennsylvania could be next.

Republican FCC Chairman Kevin Martin is also standing by with proposals to change existing rules to help the phone companies if the Senate doesn't act this year. Alaska Sen. Ted Stevens tells reporters his communications bill is "dead" if he can't line up 60 votes to get it on the floor. He still hasn't released a copy of the bill approved by the Commerce committee, but his staff has now produced a colorful tri-fold pamphlet to explain what's in it to confused senators. – Amy Schatz

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August 3, 2006, 2:17 pm MoveOn Gets Good News in Connecticut

There's good news for liberal group MoveOn in Connecticut: A new poll out Thursday from Quinnipiac University shows Ned Lamont with a double-digit lead over Joe Lieberman with less than a week to go.

Earlier this week, The Wall Street Journal chronicled how MoveOn defied the Democratic party elders and endorsed Lieberman's Democratic primary opponent for Senate. The Journal noted that despite its high profile and fundraising ability, MoveOn hasn't scored a major victory. Its members backed 2004 Democratic presidential contender Howard Dean, who lost in early primaries. Ohio's Paul Hackett and California's Francine Busby also didn't win in their respective Senate and House bids.

Even if Lamont does win the primary, however, Lieberman has said he will stay in the race and run as an independent in the general election.

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August 3, 2006, 11:38 am Alumni Notes on Paulson

Bob Reich, Dartmouth '68, the former Clinton labor secretary now at the University of California at Berkeley, doubts "my old college classmate" — new Bush Treasury Secretary Hank Paulson, also Dartmouth '68 — will be able to do much.

"Hank may be a key player but his real problem is there isn't going to be any Bush economic policy from here on — no trade rounds (Doha is dead), no entitlement reform (Social Security privatization is dead), no tax reform (dead, dead), no major extensions of Bush tax cuts for the wealthy (even if Republicans keep the House after November, they have no stomach for more of this), no major cuts in non-military discretionary spending (all the low-lying fruit has been picked). No nothing, nada, zilch, zip," Reich writes in his blog.

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August 3, 2006, 9:12 am Who Is Behind the Al Gore Spoof?

Everyone knows Al Gore stars in the global warming documentary "An Inconvenient Truth." But who created "Al Gore's Penguin Army," a two-minute video now playing on YouTube.com? In the video, Gore appears as a sinister figure who blames the Mideast crisis and starlet Lindsay Lohan's shrinking waist size on global warming. (See the video.)

The video's maker is listed as "Toutsmith," a 29-year-old who identifies himself as being from Beverly Hills in an Internet profile. In an email exchange with The Wall Street Journal, Toutsmith didn't answer when asked who he was or why he made the video, which has just over 59,000 views on YouTube. However, computer routing information contained in an email sent from Toutsmith's Yahoo account indicate it didn't come from an amateur working out of his basement.

Instead, the email originated from a computer registered to DCI Group, a Washington, D.C., public relations and lobbying firm whose clients include oil company Exxon Mobil Corp. Read the full article. – Antonio Regalado and Dionne Searcey

Senators Press House Republicans on Immigration Law

Aug.3, 2006

Going Generic?

Aug.3, 2006

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See several key resources, including The Wall Street Journal/NBC News poll, a roundup of Senate and gubernatorial races and links to government, political and public-policy Web sites.

Safety Head Signals Prisons Chief On Thin Ice (BSUN)

By Gadi Dechter

The Baltimore Sun, August 8, 2006

On the eve of an emergency legislative hearing into deadly conditions at Maryland correctional facilities, Public Safety and Correctional Services Secretary Mary Ann Saar declined to express confidence in her prison chief, and said changes to top staff are being considered.

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Asked Monday during a conference call with reporters whether she had confidence in Division of Correction Commissioner Frank C. Sizer Jr., Saar said, "I deal through my deputy [Mary Livers], in whom I have a great deal of confidence. I listen to my executive staff on recommendations, and these are all discussions we are having now."

Saar and other administration officials will be questioned Tuesday morning at an emergency General Assembly subcommittee hearing scheduled in the aftermath of the stabbing death last month of correctional officer David McGuinn, who was killed on duty by inmates at the Maryland House of Correction in Jessup.

Facing intense criticism for a surge of violence at state prisons, Saar defended her job performance during the session with reporters and criticized the legislature for failing to provide enough money for her plan to make rehabilitation a central focus of incarceration. She also blamed a robust economy for persistent staff vacancies and high turnover at prisons, particularly in the Jessup area.

In response to a question about whether high-level personnel changes were pending, Saar said: "We're looking into that."

Saar's lack of a vote of confidence in Sizer implies that the commissioner may pay for the attacks with his job, said Ron Bailey, a correctional officer's union official who has been outspoken in his criticism of the secretary's leadership for what he calls her department's failure to ensure the safety of officers.

"I believe there will be an effort by [Saar and Livers] to make Sizer a scapegoat, but Commissioner Sizer is only the commissioner, it's Saar and Livers who are calling all the shots."

Neither Sizer nor Livers were available for comment late Monday.

McGuinn's murder was the fourth killing at the House of Correction since May. The earlier three were all inmate-on-inmate stabbings.

Two other correctional officers received non-fatal stabbings by inmates at the Jessup prison in March. In January, a prison officer from Hagerstown was shot to death with his own gun by an inmate he was guarding at a hospital.

At the time of McGuinn's killing, there were 47 vacancies at the House of Correction, a maximum-security facility that has been among the most difficult to keep staffed, said Saar.

Annual staff turnover at the prison was 38 percent during the budget year that ended in June, compared with an average of 28 percent statewide, according to authorities.

But Saar said vacancies and turnover did not explain the unusually high levels of violence there, noting that the adjacent House of Correction Annex -- a maximum-security prison on the same Jessup campus -- has had similar personnel problems but fewer incidents.

"The Annex also has 47 vacancies, but they haven't had any issues," she said.

Saar singled out corruption by a "small minority" of officers who help inmates at the prison traffic in weapons, drugs and other contraband as a chief contributor of problems there.

"I'm very sad to say that we do have some corrupt correctional officers who don't seem to understand that some of the things they do affect them all, and we are doing our best to cull them out," Saar said.

The House of Correction is in the midst of a "shakedown," in which officers try to root out inmate contraband, such as homemade weapons and cell phones. Saar said results of the shakedown were "not ready for release."

She also declined to say whether any disciplinary actions against allegedly corrupt correctional officers had been meted out since the stabbing.

Senator James E. DeGrange Sr., an Anne Arundel County Democrat and chairman of the public safety budget subcommittee holding Tuesday's hearing, said lawmakers would not be content with vague answers.

"Quite frankly, we need to have definitive answers," DeGrange said. "What are they doing about gang activity? How are they going to handle staffing levels? What are their plans? What is their direction?"

DeGrange said that lawmakers may threaten to withhold funding for the prison system next year if they do not get satisfactory answers to their questions.

Saar said that more funding is needed, particularly to increase support for RESTART, a rehabilitation program being tested at two institutions. That approach, she said, is key to controlling inmates' bad behavior.

Toyota's Sex-harassment Lawsuit Could Set Standard (USAT)

By Jayne O'donnell And Chris Woodyard

USA Today, August 8, 2006

Toyota says it has settled a $190 million sexual-harassment lawsuit that squeezed out the automaker's top U.S. official.

The settlement, announced Friday without details, should get the attention of executives at other international businesses, because it resulted in a new policy for reporting harassment allegations against the top executive, as well as changes in Toyota's training and employment procedures.

Other companies "will see it and say, 'If Toyota's doing this, it's going to be the industry practice and we need to make sure we're doing whatever everyone else is doing,' " says New York-based employment discrimination lawyer Douglas Wigdor.

All companies "could stand to take a look at what they would do if the top person in charge is (accused) of sex harassment," says Lisa Guerin, legal editor at book publisher Nolo and a lawyer specializing in employment law.

In Toyota's case, plaintiff Sayaka Kobayashi said she complained to Toyota Motor North America's then-senior vice president Dennis Cuneo, who was in charge of human resources, but nothing was done. That's despite her allegation that former Toyota North America CEO Hideaki Otaka was not just making off-color comments but trying to force her to have sex.

Otaka has denied wrongdoing, but he left his U.S. post and returned to Japan earlier than planned. He now is retired.

Cuneo no longer oversees the Toyota HR department, the car company said Monday. Human resources now reports to Patricia Salas Pineda, a group vice president. She is a member of the task force headed by former Labor secretary Alexis Herman that Toyota formed to review its sexual-harassment policies. Toyota said Monday that the task force's work would continue for several more months.

"Japan is getting more serious about the subject" of sexual harassment, says Los Angeles-based executive Yasuo "Mike" Nakamura. The Japanese businessman has spent 24 years in the USA working for companies including Panasonic and Quasar. "Most of the businessmen are as well aware in Japan" of harassment issues as they are in the USA, he says.

The U.S. lawsuit was filed May 1 by Kobayashi, 42. She said that sexual harassment by Otaka escalated over three months. She alleged that the harassment included trying to force her into a sex act in Central Park and in a Washington, D.C., hotel room. The lawsuit charged that Toyota officials knew — or should have known — Otaka had "the reputation of repeatedly engaging and/or attempting to engage in extramarital sexual relationships."

Toyota has refused to comment on the specific allegations. After the lawsuit was filed, Toyota said it was "focused on moving ahead and learning from this experience."

Toyota and Kobayashi, in a joint statement, said Friday, "We are very pleased to have resolved this matter in a way that all parties have agreed is fair, appropriate and mutually satisfactory."

Toyota says that as a result:

·U.S. executives are being trained to "enable them to better recognize, prevent and handle any instances of inappropriate behavior." The training will be repeated periodically.

·Company policy has changed so that allegations of misconduct against an executive must be investigated immediately and reported to the executive's superior.

If the executive being accused happens to be the chairman, CEO or president, a report has to be made directly to the company's board of directors.

John Malott, president of the Japan-America Society of Washington, says it is unusual for a Japanese-born woman to go public with the allegations Kobayashi has. In an interview before the settlement, Kobayashi's attorney, Christopher Brennan, agreed it was difficult for her to come forward.

"If you take somebody who has devoted half of her working career to a company, it's a tremendous betrayal to be put in a position where she had to publicly come forward," Brennan said.

Experts on cultural differences in the workplace consider the Toyota trouble an aberration.

"Generally speaking, dealing with the Japanese is like dealing with any American," says Douglas Erber of the Japan-America Society of Southern California.

The sexual-harassment allegations were part of a string of embarrassing developments.

Toyota has recalled large numbers of vehicles lately, threatening its image as a maker of premium-quality vehicles. Japanese authorities have launched a criminal investigation into three Toyota officials suspected of failing to disclose that some vehicles might have had a faulty steering part. That is suspected of causing a 2004 head-on accident in Japan that injured five.

The U.S. government is investigating 2004-05 Toyota Sienna minivans because of complaints that the lift-gate door failed to stay open and dropped onto owners.

ABA: Women Of Color Leaving Big Firms (FINDLAW/AP)

By Audrey Mcavoy, Associated Press Writer

AP, August 8, 2006

(AP) - HONOLULU-An American Indian attorney is asked where she keeps her tomahawk. White male partners look past a black lawyer, assuming she is clerical staff. An Asian attorney is called a "dragon lady" when she asserts herself.

A study by the American Bar Association that says those real-life experiences, along with more subtle forms of discrimination, are prompting growing numbers of minority women to abandon the nation's biggest law firms.

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"We're not even talking about trying to get up through a glass ceiling; we're trying to stay above ground," said Paulette Brown, co-chairwoman of the group that produced the study, released Friday during the bar association's annual convention.

The report, "Visible Invisibility: Women of Color in Law Firms," was conducted by the bar association with the help of the National Opinion Research Center at the University of Chicago. Questionnaires were sent to about 1,300 attorneys, both men and women, and responses came from 72 percent, or 920.

Law firms exclude minority women from golf outings, after-hours drinks and other networking events, the study says. Partners neglect the women of color they are supposed to help mentor.

In some cases, partners and senior lawyers disregard minority women less because of outright bigotry than because they have less in common with them and thus don't connect well with them, the study found.

Firms routinely hand minority women inferior assignments - such as reviewing documents or writing briefs - that provide little opportunity to meet clients, the study says. That means women of color aren't able to cultivate business relationships and develop the "billable hours" that are the basis of career advancement within a firm.

Among the statistics in the study:

- Forty-four percent of women of color said they were denied desirable assignments, versus 2 percent of white men.

- Forty-three percent of women of color said they had limited access to client development opportunities, compared with 3 percent of white men.

- Nearly two-thirds of women of color said they were excluded from informal and formal networking opportunities, compared with 4 percent of white men.

Such discrimination largely goes unchecked at law firms, forcing women to quit if they want to avoid it, Brown said.

The study cited 2005 data from the National Association of Law Placement showing 81 percent of minority female associates left their jobs within five years of being hired. That figure was up from the late 1990s, when it stood at 75 percent.

Elaine Johnson James, who is black and a partner at the firm Edwards, Angell, Palmer and Dodge, said she has seen such defections.

She recently called classmates from her Harvard law class in an effort to find black law partners to speak at an alumni panel. Of the 50 or so black women in her class and in the classes above and below hers, James said she found only one other than herself working at a firm.

"Harvard, now; you've got to figure if anybody's going to stick, it would be us," James said. "It's amazing that we have left the private practice of law in droves."

Michael Greco, the bar association president, said managing partners at law firms - mostly white men - need to dedicate themselves to reform.

"This is intolerable," Greco said at a news conference. "It stings the conscience of our profession."

On the Net:

The American Bar Association: http://www.abanet.org/

The Culture Crusade Of Kansas (NYT)

By Thomas Frank

The New York Times, August 8, 2006

The nation breathed a sigh of relief last week after the conservative majority on the Kansas school board, world famous for its war on the theory of evolution, went down to defeat in Republican primary elections. Conservative candidates for several state government posts foundered as well (but others won). It seemed as though moderation had finally returned to this middlemost of American places. Even better: perhaps the country itself had turned the corner in its long and frustrating war over culture.

I was as pleased as anyone else to hear the news. Could the conservative uprising in my home state finally have run its course? Fourteen years ago, the armies of the right came pouring out of Kansas' evangelical churches to protest abortion and all the other liberal plagues upon the culture, and they've had a big role in the state's Republican Party ever since. But it must be difficult to stay angry that long, especially when the crusade you signed up for is now a hairsplitting fight that your leaders have picked with the biology professors of the entire world. Could the faction's rank and file simply have given up, grown disgusted with the absurdity that their grand cause has become?

Perhaps, but I think it is far too soon to write the obituary for the godly radicals. Their faction may have chosen lousy candidates this time around, and their public appeal may have dissipated thanks to the preposterous issues (evolution, stem-cell research) against which their leaders have lately been hurling themselves, but the movement is deeply ingrained in Kansas culture. The conservatives will undoubtedly be back.

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The culture war will remain with us, both in Kansas and in the nation, because it is larger than any of its leaders, larger than its legions of citizen activists, larger even than the particular causes in which these forces are enlisted. Seen from the streets of Wichita, the rightist rebellion of Kansas seems to fulfill that most romantic of American political traditions: the uprising of the little guy.

To the faithful, theirs is a war against "elites," and, with striking regularity, that means a war against the professions. The anti-abortion movement, for example, dwells obsessively on the villainy of the medical establishment. The uproar over the liberal media, a popular delusion going on 40, is a veiled reaction to the professionalization of journalism. The war on judges, now enjoying a new vogue, is a response to an imagined "grab for legislative power" (as one current Kansas campaign mailing puts it) by unelected representatives of the legal profession. And the attack on evolution, the most ill-conceived thrust of them all, is a direct shot at the authority of science and, by extension, at the education system, the very foundation of professional expertise.

Sometimes this is right out in the open. At one point in Kansas' endless slugfest over curriculum, the conservative-dominated school board appointed a state schools chief with virtually no experience in education. Moderates erupted in fury. Returning their fire, one member of the Kansas Senate declared that the mere fact that "the elitists in Kansas today" — meaning, apparently, "education insiders" and prominent suburban lawyers — opposed this fellow made him "the perfect man for this job."

When I caught up with the various Republican personalities, at a candidate forum in Independence, what struck me was the feebleness of the moderate response to this kind of onslaught. Again and again I saw Cons play the populist card — railing against the National Education Association, suggesting their opponents belonged in the wealthy suburbs of Kansas City, alleging epic voter fraud right here in Kansas — and then heard the Mods, dressed in neat professional attire, simply dismiss the criticism out of hand. C'mon, you know me. Now, let's get out there and put up some yard signs.

That the moderate Republicans succeeded this time around is testimony more to the sheer fatuity of the conservative issues than to the strength of their own message. But the pseudo-populist offensive is hardly going to cease. It is, after all, the prevailing rhetorical mode of the national Republican Party, from the commander in chief down to the lowliest Internet troll. They talk this way because it works. Since its opening shots in the 1960's, the culture war has turned the politics of this country upside down — and with distinctly unpopulist results.

That it has now gone far enough to discomfit Bob Dole Republicans in Kansas as well as liberal Democrats from Massachusetts is merely the price of success. Until the day its opponents learn to confront it directly, we will all bleed with Kansas.

ANTITRUST:

Petco Buyout Clears Antitrust Hurdle (AP)

AP, August 8, 2006

SAN DIEGO --Petco Animal Supplies Inc., the nation's second-biggest pet supplies retail chain, on Monday said the regulatory antitrust waiting period affecting the company's buyout by a private investment group has ended early.

The investor firms Leonard Green & Partners LP and Texas Pacific Group offered $29 per share in cash for Petco for a total transaction value of about $1.8 billion, including assumed debt.

The transaction, announced last month, remains subject to stockholder approval and is expected to close by the fourth quarter of this year.

Shares of Petco fell 4 cents to end at $28.03 on the Nasdaq before adding 3 cents to $28.06 in aftermarket activity.

CommScope Bids $1.51B For Andrew (AP)

AP, August 8, 2006

HICKORY, N.C. --Telecommunications equipment company CommScope Inc. on Monday made a rival bid to acquire the outstanding stock of coaxial cable maker Andrew Corp. for about $1.51 billion in cash.

Andrew, based in Westchester, Ill., agreed in May to be acquired by ADC Telecommunications Inc. of Eden Prairie, Minn., for stock in a deal valued at the time at $1.6 billion.

CommScope, which makes coaxial, fiber-optic and cable products, said its offer amounts to $9.50 per share in cash -- a 20 premium to Andrew's closing price of $7.89 on Friday and a 36 percent premium to ADC's offer, which now values Andrew stock at just $6.97 per share because of the recent decline in shares of ADC. CommScope would also assume about $186 million in Andrew debt under the deal.

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Nasdaq-listed shares of Andrew surged $1.63, or 21 percent, to $9.52 morning trading. Meanwhile, shares of ADC Telecommunications rose 99 cents, or 8.1 percent, to $13.21. Those shares were above $22 when ADC made its offer for Andrew.

CommScope shares were unchanged at $30.16 on the New York Stock Exchange.

CommScope said the transaction would boost per-share earnings in the first year and would result in annual cost savings of about $30 million to $50 million. The company would finance the deal with cash on hand and debt.

The proposed combination of ADC Telecommunications, a maker of products that transmit voice and data signals, and Andrew has received antitrust clearance from the Federal Trade Commission.

CommScope Bids $1.7 Billion For Andrew Corp. (WSJ)

By Roger Cheng

The Wall Street Journal, August 8, 2006

CommScope Inc. launched a $1.7 billion bid for Andrew Corp. in an effort to wrest Andrew from a deal to be acquired by ADC Telecommunications Inc.

CommScope, which manufactures wire-line equipment for cable and phone companies, said it would pay $9.50 a share for Andrew, a Westchester, Ill., maker of wireless telecommunications gear, and would also assume $186 million in Andrew debt. The bid compares with ADC's deal to exchange 0.57 share of its stock for each Andrew share. That deal values Andrew at $7.28 a share based on ADC's share price of $12.77 yesterday in 4 p.m. Nasdaq Stock Market composite trading. ADC shares, which have fallen sharply since the deal was announced, were up 4.5%, suggesting investors believe the agreement might be off.

Andrew shares soared $1.67, or 21%, to $9.56, also on Nasdaq, finishing above the value of the new offer.

For CommScope, based in Hickory, N.C., Andrew offers an appealing customer base, said Chief Executive Frank Drendel. He also said Andrew's technology, which permits the use of aluminum cable lines, instead of copper ones, was attractive. "It's a significant part of the interest we have in this transaction," he said, adding the proposal wouldn't make sense if copper wasn't so expensive.

CommScope is likely to find supporters among Andrew shareholders, who have railed against the deal with broadband-equipment maker ADC. Because the ADC deal is structured as a stock swap, Andrew's fate is tied to swings of ADC's stock, which fell 20% the day the deal was announced. The stock also plunged after a profit warning last month, further lowering the deal's value.

The declines have created an opening for CommScope, which hopes to combine its focus on equipment connecting the "last mile" of the network to the home with Andrew's focus on wireless-network equipment. CommScope gave Andrew until Friday to respond to its offer.

"We have to evaluate the news and will respond at the appropriate time," said Andrew spokesman Rick Aspan.

A spokesman for ADC, of Minneapolis, wasn't available to comment.

CommScope shares fell $2.16, or 7.2% to $28 in 4 p.m. composite trading on the New York Stock Exchange.

European Airlines Say Fuel Prices Fixed (AP)

AP, August 8, 2006

BRUSSELS, Belgium --European airlines on Monday called on EU regulators to investigate what they say are unfair monopolies in the jet fuel market.

Oil companies are raising the price of refined jet fuel faster than the increase in crude oil prices, said the Association of European Airlines, which represents 31 European airlines.

"The industry is suffering already from today's exceptionally high fuel costs. The last thing we need is for those costs to be further inflated by unfair commercial practices," said AEA Secretary General Ulrich Schulte-Strathaus.

Jet fuel costs increased 37 percent from last year, and airlines are spending up to a quarter of their operating costs on jet fuel, the AEA said in a statement.

Earlier this month, Austrian Airlines asked both the Austrian and EU authorities to examine what it maintains are monopolistic practices of state-owned Austrian oil and gas company, OMV. Austrian Airlines estimates that it has spent an extra 35 million euros ($45 million) a year as a result of OMV's price hikes.

The airline reported a loss of 59.9 million euros ($77 million) for the first half of 2006. OMV denies any allegations that it is fixing jet fuel prices.

In June, Italian competition authorities fined six major oil companies a total of 315.4 million euros ($403 million) for exchanging information and illegally raising the price of jet fuel.

European Commission antitrust authorities said they needed more time before commenting.

European Airlines Accuse Companies Of Fixing Fuel Prices (MRKTWTCH)

MarketWatch, August 8, 2006

BRUSSELS (MarketWatch) -- European airlines Monday called on regulators to investigate what they claim are unfair monopolies in the jet fuel market.

Oil companies are raising the price of refined jet fuel faster than the increase in crude oil prices, said the Association of European Airlines, which represents 31 European airlines. "The industry is suffering already from today's exceptionally high fuel costs. The last thing we need is for those costs to be further inflated by unfair commercial practices," said AEA Secretary General Ulrich Schulte-Strathaus.

Jet fuel costs increased 37% from last year, and airlines are spending up to a quarter of their operating costs on jet fuel, the AEA said in a statement.

Earlier this month, Austrian Airlines AG (AUA.VI) asked both the Austrian and the European Union authorities to examine what it maintains are monopolistic practices of state-owned Austrian oil and gas company, OMV AG (OMV.VI). Austrian Airlines estimates that it has spent an extra EUR35 million a year as a result of OMV's price hikes.

The airline reported a loss of EUR59.9 million for the first half of 2006. OMV denies any allegations that it is fixing jet fuel prices.

In June, Italian competition authorities fined six major oil companies a total of EUR 315.4 million for exchanging information and illegally raising the price of jet fuel.

The biggest sums were imposed on Italy's gas giant Eni SpA (E), which was fined EUR117 million, and Esso, the Italian unit of U.S. Exxon Mobil Corp. (XOM), which was fined EUR67 million. The other companies were Kuwait Petroleum Italia SpA, a division of Kuwait Petroleum Corp., Royal Dutch Shell PLC's (RDSA) Italian division, Libyan refiner Tamoil, and French oil and gas major Total SA (TOT).

The European Commission antitrust authorities said they needed more time before commenting.

ENVIRONMENT/INDIAN AFFAIRS:

BP: Pipeline Closing May Last For Months (AP-Y)

By Mary Pemberton

AP2, August 8, 2006

BP said Monday it discovered corrosion so severe that it will have to replace 16 miles of pipeline at the huge Prudhoe Bay oil field — work that could shut down the nation's single biggest source of domestic crude for months and drive gasoline prices even higher.

Oil prices climbed more than $2 a barrel on the news, and gasoline futures rose, too. The West Coast is expected to be squeezed particularly hard, and the government is considering releasing oil from its emergency stockpile to ease the crunch.

BP PLC said it will have to replace most of the 22 miles of so-called transit pipeline at Prudhoe Bay, which produces about 2.6 percent of the nation's daily supply, or about 400,000 barrels a day.

BP, the world's second-largest oil company, discovered the extent of the corrosion with tests that were ordered by the federal government after a big oil spill last March at Prudhoe Bay, situated above the Arctic Circle, 650 miles north of Anchorage.

The oil company said it was surprised to find such severe corrosion, and had gone 14 years without using a device called a "pig" to clean out its lines because it did not believe it was necessary.

Bob Malone, chairman of BP America, said that in a worst-case scenario, it could take weeks or months to replace the pipelines. But the company said it will try to put portions of the network back into operation as they are repaired.

"BP deeply regrets it has been necessary for us to take this drastic action," Malone said.

BP operates the Prudhoe Bay oil field for itself and for other oil companies, namely ConocoPhillips and ExxonMobil. Prudhoe Bay and other oilfields on Alaska's North Slope feed oil into the 800-mile trans-Alaska pipeline. The North Slope produces approximately 800,000 barrels a day; Prudhoe Bay accounts for half of that.

BP officials said they did not immediately know how much it would cost to replace the lines. The company made $7.3 billion in profit during the most recent quarter.

"We estimate it could take between 2-3 months to get it back on line," Bruce Lanni, an industry analyst with A.G. Edwards, wrote in a research note. "However, there are no assurances that it will return to current capacity, given the complexities and age of the reservoirs. Thus, we would not be surprised to see volume losses in the area of 5 percent to 10 percent."

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Steve Marshall, president of BP Alaska Exploration Inc., said tests Friday indicated that there were 16 anomalies in 12 areas in a transit line on the eastern side of Prudhoe Bay. Tests found losses in wall thickness of between 70 percent and 81 percent. Repair or replacement is required if there is more than an 80 percent loss.

BP also said Sunday that workers found a small spill of about four to five barrels.

The aging pipeline system on the North Slope has been fraught with problems lately.

BP discovered corrosion in the transit lines only after the U.S. Transportation Department ordered their inspection following a spill of up to 270,000 gallons in March. It was the biggest spill in North Slope history, and has become part of a criminal investigation into the company's Alaskan operations.

Company officials said they did not believe a routine maintenance "pigging" of those lines was necessary because they carry clean crude from which water has been removed.

Marshall said the company believed ultrasonic testing of pipeline wall thickness was sufficient. But he said the company has since learned otherwise.

"Clearly, we are already in the process of adjusting considerably our corrosion program," Marshall said.

The news sent the price of light, sweet crude oil up 2.22, or 3 percent, to settle at $76.98 a barrel Monday on the New York Mercantile Exchange, after peaking at $77.30 earlier in the day

The average U.S. retail price of a gallon of unleaded, regular gasoline was $3.036 on Monday — near its all-time high of $3.057, reached Sept. 5 after Hurricane Katrina hit the Gulf Coast.

Gasoline futures also rose, indicating that the market expects prices at the pump to increase further.

Because of the disruption of supplies, the Energy Department said it is prepared to provide oil from the government's emergency supplies if a refinery requests it.

"If there is a request for oil we'll certainly take a serious look at that," spokesman Craig Stevens said.

California gets about 20 percent of its oil from Alaska, with the remainder coming from in state and foreign sources.

The reserve has about 700 million barrels in storage on the Gulf Coast to be used in case of a serious supply disruption. The Energy Department in the past has lent some of the oil to refineries when there were disruptions because of pipeline problems or other troubles.

Bill Hedges, BP's technical expert on corrosion, said the Prudhoe Bay pipelines were initially designed to last 25 years, but have now lasted 29 years, with many of the lines in "excellent condition."

The company said it is spending $72 million this year to fight corrosion, up from $60 million last year. BP puts millions of gallons of corrosion inhibitor into the pipelines each year. It also examines pipes via X-rays and ultrasound images.

BP has a 26 percent stake in the Prudhoe Bay field, meaning its own production would be cut by 100,000 barrels a day, or around 2.5 percent of the company's worldwide production, said spokesman David Nicholas. He declined to say what the effect might be on earnings.

U.S. shares of BP PLC fell $1.19, or 1.6 percent, to $71.35 in morning trading on the New York Stock Exchange. Shares of BP Prudhoe Bay Royalty Trust, which derives revenue from royalties of BP's Prudhoe Bay oil, fell $9.12, or 10.4 percent, to $78.77 on the NYSE.

Oil At $80 Back In Sight With Alaska Field Shut (WSJ)

By Matt Chambers

The Wall Street Journal, August 8, 2006

BP PLC's closure of the Prudhoe Bay field at a time of tightness in the global energy market is likely to support prices for weeks, potentially providing enough ammunition to move benchmark crude-oil futures toward $80 a barrel.

BP said it will shut the largest oil field in the U.S., cutting 400,000 barrels a day of production, or 8% of total U.S. output, as it investigates the damage in a pipeline system and replaces all transit lines. The huge Anglo-American oil company hasn't given a time estimate for the outage in Alaska's North Slope.

"The key thing the markets are looking at is how long it will take to get back up," said Aaron Kildow, a broker at Prudential Financial in New York. Most analysts, based on the little information given so far by BP, have speculated that production could be down for months.

The field closure prompted crude futures on the New York Mercantile Exchange to clock their biggest one-day percentage gain in more than four months, jumping as high as $77.30 before settling at $76.98 a barrel, up $2.22, or 3%. That brought crude back within shouting distance of its July 14 record close of $78.40 a barrel, when prices had risen on concern that Middle East fighting would expand to include Iran. Crude-oil futures have risen 26% this year.

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Buoying oil prices and perhaps using the Prudhoe Bay shutdown to its advantage, Iran yesterday declined to rule out cutting its oil output -- which was nearly four million barrels a day last year -- if it is subjected to United Nations sanctions over refusal to suspend its nuclear program.

Oil production at the Prudhoe Bay site could take six months or even a year to return to normal, said Société Générale, citing an assessment by one of the bank's engineers with an oil-field-services background. "Three weeks is the absolute minimum," said Deborah White, an energy analyst with Société Générale in Paris. "Six weeks makes a more likely base case."

A quick restart looks unlikely, given that oil output shut in from a March spill in another part of Prudhoe Bay has yet to be fully restarted, said UBS in a research note.

"The whole thing will take at least a couple of weeks, which could turn into months if the problems turn out to be extensive," said Phil Flynn, an analyst and trader at the Alaron Corp. brokerage firm in Chicago.

Traders will be looking for any updates from BP on the extent of the problem, but there were few hints from the company's senior executives in their conference call with reporters yesterday. "We won't commit to a date," BP America President Bob Malone said. "We're now concentrating on scaling down in a safe and orderly fashion."

That leaves a hefty dose of uncertainty hanging over global oil markets at a time when concerns about Iran's nuclear program and the availability and supply of Nigerian oil are already pushing up oil prices. What's more, while oil markets are extremely prone to reacting to even the perception of a supply interruption, the Prudhoe Bay shutdown represents an actual disruption of supply to a key consuming market: the U.S.

Given the global nature of the oil market, the impact is likely to ripple world-wide, with a lengthy closure of the field leading to the diversion of oil from the Middle East or elsewhere to the West Coast of the U.S., potentially at the expense of other major consuming nations in Asia.

The effects were also shifting down the crude supply chain, with heating oil and gasoline futures jumping in the spot and futures markets.

"The situation could not be happening at a worse time for the oil market," Barclays Capital analyst Kevin Norrish said in a note to clients. "If the market begins to anticipate a significant period of downtime for Prudhoe Bay, then we would expect oil prices to quickly hit fresh all-time highs."

In other commodities markets:

SOYBEANS: Prices on soybean futures at the Chicago Board of Trade fell to multimonth lows on improved weather conditions in the Midwest for developing crops. The most-active November contract, which represents the fall harvest, fell 15 cents to $5.82 a bushel. The nearby August contract fell 14.25 cents to $5.6325.

COPPER: Futures on copper on the Comex division of the Nymex slid despite the start of a strike at Chile's Escondida mine, the world's largest-producing copper mine. Analysts said the strike was mostly priced into the market and now participants are waiting to see how long it will last. Copper for September delivery fell 2.2 cents to $3.6105 a pound.

Oil Prices Surge As BP Shuts Down Pipeline (FT)

By Sheila Mcnulty In Houston And Carola Hoyos In London

Financial Times, August 8, 2006

International oil prices and California petrol prices spiked onMonday as BP, the UK-based energy group, began to shut down half of Alaska's oil production after finding leaks in the corroding pipeline system.

Crude oil futures traded on New York's Mercantile Exchange jumped as much as $2.09 to trade $76.85 a barrel. Oil futures traded on London's ICE futures exchange hit a record of $78.08, gaining as much as $1.91.

Meanwhile, wholesale prices of California's petrol jumped as traders warned that refineries, which rely heavily on Alaska crude oil, would have to reduce their petrol production as their supplies were curtailed.

The US government on Monday offered to supply refineries from its emergency stockpiles, while Saudi Arabia said it could increase production from its fields. Prudhoe Bay accounts for 8 per cent of US oil production.

The shutdown is embarrassing for the UK oil major, which has been attempting to portray a March spill – the largest ever at Prudhoe Bay – as a one-off.

The company, whose chief executive, Lord Browne, was in Alaska on Friday, ordered the shutdown after tests found "severe corrosion" in a pipeline.

BP whistleblowers have for years warned that the Alaska field was understaffed and poorly maintained, charges the UK oil giant has denied. It said on Monday the models it was using to gauge corrosion had turned out to be faulty.

BP apologised for the "adverse impacts" the shutdown would cause, and vowed to work with regulators to see if it could safely operate "portions" of the field as it replaced transit lines.

BP's share price fell 2.12 per cent to 622.50 pence in London.

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Analysts pointed out that Prudhoe Bay accounts for only 2.5 per cent of BP's production and that earnings would suffer by only 2 per cent even if the field was shut for the rest of the year.

But some analysts are raising concerns about other BP pipelines, including in the North Sea. "You don't get corrosion suddenly," said one. "Should we be worried about Forties, that's about 30 years old as well?"

One person close to the management in Alaska said that executives as senior as Steven Marshall, president of BP's Alaska operations, and Lord Browne were becoming increasingly worried about the prospect of significant action by regulators.

Oil Field Closure Ignites Oil Prices (USAT)

By Barbara Hagenbaugh

USA Today, August 8, 2006

WASHINGTON — Oil prices surged Monday to within a nickel of the record as a major Alaskan oil field was being shut down, heightening supply fears.

The average U.S. gasoline price, meanwhile, rose to within pennies of the record high.

The price of a barrel of crude oil trading for delivery next month rose $2.22, or 3%, to $76.98. That just missed the record, not adjusted for inflation, of $77.03 hit July 14. Adjusted for inflation, the record was more than $86 in 1981.

The increase came after energy company BP on Sunday began shutting down its 250-square-mile Prudhoe Bay oil field in Alaska after the discovery of heavy pipe corrosion in several spots and a small leak in a transit line. BP officials said Monday that shutting down the entire field would eventually reduce production by 400,000 barrels a day. That accounts for about 8% of U.S. production or 2.6% of daily U.S. supplies including imports.

BP may replace all the main transit lines in the area, or about 16 miles of steel pipeline. That could mean at least a partial shutdown of the oil field for weeks, if not months, BP spokesman Ronnie Chappell says.

"On behalf of the BP group, I apologize for the impact this has had," BP America President Bob Malone said, calling the action to shut down the field "drastic."

Thomas Bentz, senior energy analyst at BNP Paribas Commodity Futures, says the shutdown comes as several issues in oil-producing areas, including fighting between Israel and Hezbollah and tensions with Iran about its nuclear program, have raised supply worries.

"It is another blow to the market," Bentz says. "It seems like all we get is bad news these days."

The increase in oil prices may not bode well for prices at the pump. Gasoline price records will likely be toppled within the next few days, Oil Price Information Service head Tom Kloza says.

On Monday, the nationwide average gasoline price for regular was $3.038 a gallon, 3 cents shy of the record hit 11 months ago after supply disruptions after last year's hurricanes, the Energy Department said. In a separate survey, motor club AAA said the nationwide average price was $3.036 Monday.

The Energy Department will consider releasing oil from the government's emergency supplies if a refinery requests it to make up for supply disruptions from Alaska, spokesman Craig Stevens says.

Some refiners say they do not anticipate gasoline shortages, at least in the short run: Tesoro and Valero say they do not rely on oil from a single source to make gasoline and can make substitutions as needed.

Energy Dept. Has Oil Reserves On Standby (AP-Y)

By H. Josef Hebert

AP2, August 8, 2006

The Energy Department is prepared to provide oil from the government's emergency supplies if a refinery requests it because of the disruption of supplies from Alaska, a department spokesman said Monday.

"We're taking a very serious look at this," said spokesman Craig Stevens, referring to the loss of nearly half of oil shipments from Alaska's North Slope because of a pipeline corrosion problem.

Stevens said the department will be in contact with BP Exploration Alaska Inc. and West Coast refiners later in Monday to assess the situation. "If there is a request for oil we'll certainly take a serious look at that," he said.

Sen. Charles Schumer, D-N.Y., often a critic of the administration's energy policy, said: "This is the appropriate and right thing to do. We're glad the White House's reluctance to use the Strategic Petroleum Reserve to prevent price spikes seems to have dissipated."

The Strategic Petroleum Reserve is the nation's emergency stockpile of crude oil. It was created after the 1973 oil embargo when Arab countries halted petroleum exports to protest U.S. support for Israel.

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The reserve has about 700 million barrels in storage on the Gulf Coast to be used in case of a serious supply disruption. The Energy Department in the past has lent SPR oil to refineries when there were disruptions because of pipeline or other problems.

Most of Alaska's oil goes to refineries on the West Coast. It was unclear how those refineries would be supplied with oil on the Gulf Coast. However any oil put into the market to replace lost Alaska oil would tend to ease prices, market experts say.

Oil prices jumped by more than $1 a barrel Monday following a production shutdown at an Alaskan oil field that accounts for about 8 percent of U.S. production.

BP Exploration Alaska Inc. began shutting down oil production Sunday at Prudhoe Bay due to severe pipeline corrosion.

Once the field is shut down, in a process expected to take days, BP said oil production would be reduced by 400,000 barrels a day. BP officials said they didn't know how long the Prudhoe Bay field would be off line.

The nation's petroleum reserve was created in legislation signed by President Ford in December 1975, which made it U.S. policy to create a reserve capable of holding up to 1 billion barrels of oil as an insurance policy against future supply disruptions.

Oil companies contribute to the supply in lieu of paying cash royalties for oil pumped on federally owned land.

Oil Prices Rise After Field In Alaska Is Shut (NYT)

By Jeremy W. Peters

The New York Times, August 8, 2006

As BP continued working today to shut down the huge Prudhoe Bay oil field in northern Alaska after finding “unexpectedly severe corrosion” in a pipeline, company executives would not say how long they expected the facility to be out of commission.

Taking the field off line will reduce domestic oil production by 400,000 barrels a day, or 8 percent — equivalent to about one-third of the amount the United States imports daily from Venezuela. With demand for energy now high and production capacity already stretched, the shutdown raises the possibility that the Energy Department may release oil from the nation’s strategic petroleum reserve.

Bob Malone, president of BP America, said in a news conference today that the company “will not commit to a date” for restoring oil production in Prudhoe Bay. But Mr. Malone added that BP will look for a way to quickly get oil flowing safely from at least some of the field, to limit the impact on the nation’s oil supply.

The shutdown is the latest in a string of embarrassments for BP, which has suffered from a host of safety, environmental and regulatory problems in recent months, including a large oil spill at Prudhoe Bay earlier this year.

In the news conference, Mr. Malone issued an apology. “BP deeply regrets that it’s been necessary for us to take this drastic action,” he said . “On behalf of the BP Group, I apologize for the impact this has had on our nation.”

Word of the shutdown rattled global commodities and equities markets. In the United States, oil prices rose more than two dollars a barrel. The benchmark contract for light, sweet crude to be delivered next month rose as high as $77.30 a barrel before settling at $76.98 a barrel in New York trading. Prices rose even higher in London, where Brent crude for September delivery closed at a record $78.30 a barrel.

“You are taking what is already a tight market and tightening even further,” said Craig Pennington, the director of the global energy group at Schroders in London.

Stocks, meanwhile, fell in American trading and slid across Europe. Major indexes in Britain, Germany and France all posted substantial declines for the day.

Craig Stevens, a spokesman for the Energy Department, said this morning that oil could be released from the reserve if refiners request it, but that none had done so yet. According to Mr. Stevens, Samuel W. Bodman, the Secretary of Energy, has instructed his staff to reach out to BP and to be prepared if the company or any other refiners ask the department to tap the reserves. If such a request is approved, stored oil can be flowing within 24 to 48 hours, Mr. Stevens said.

BP said that inspections of its facilities at Prudhoe Bay over the weekend had found pipeline walls in more than one location that had been made too thin by corrosion to meet the company’s safety standards. In one area, it said, the equivalent of four to five barrels of oil had already leaked out of the pipeline and spilled on the tundra.

BP said that spill had been contained, and that workers were in the process of cleaning it up.

The company is still inspecting other pipelines and production facilities at the field. So far, BP said this morning, 40 percent of the company’s 22 miles of pipeline in Prudhoe Bay had been completely inspected.

In March, pipeline corrosion caused a leak of more than 200,000 gallons of oil, the worst spill since production began on Alaska’s North Slope. The incident raised questions about whether BP, based in Britain, had been properly maintaining its aging oil production network there, which it acquired when it merged with Amoco in 1998.

“Given the history here, BP is going to want to do everything by the book,” said Mike Wittner, global head of energy research at Calyon in London. “This looks and feels like something that will be with us for weeks, if not longer.”

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The latest corrosion problem was detected during an inspection that the government required BP to perform after the March oil spill. A “smart pig” examination, using a machine that travels through the inside of a pipeline to measure wall thickness, revealed that the steel had corroded in 16 places to thicknesses less than BP considers safe.

Daren Beaudo, a BP spokesman, said that for the pipeline in question, safety standards require that at least 70 percent of the steel in a 3/8-inch-thick wall must be intact.

The problems at Prudhoe Bay are also likely to add to the debate about whether to expand oil drilling on the North Slope. In May the House voted to approve drilling for oil and gas in the Arctic National Wildlife Refuge. But in the Senate, where support for drilling in the reserve is not as strong, efforts to pass similar legislation have failed.

Last year, an explosion at a BP refinery in Texas killed 15 workers, raising questions about the company’s compliance with government regulations. The company is also under investigation over suspicions that it manipulated propane prices.

Pipeline Closure Sends Oil Higher (WP)

By Steven Mufson

The Washington Post, August 8, 2006

After noticing an oil spill on a deserted stretch of frozen road in Alaska's North Slope in early March, workers needed three days to find the quarter-inch-wide hole in a pipeline, just where it dipped into a culvert to allow the caribou to pass.

On Sunday, five months after that unwelcome discovery, BP PLC conceded that the tiny hole was part of a widespread corrosion problem that will force it to replace 16 miles of a 22-mile pipeline from Prudhoe Bay and to shut down 400,000 barrels a day of production from the largest oil field in the United States.

News that BP would have to suspend production equal to 8 percent of U.S. petroleum output for an indefinite period helped push the price of crude oil up by 3 percent yesterday, to $76.98 a barrel on the New York Mercantile Exchange. The price jump underlined the fragility of world oil markets, already anxious about the thin cushion between global supply and demand and potential threats to flows from Iran, Nigeria, Iraq and the hurricane-prone Gulf of Mexico.

Shutting down the field will take three to five days, BP said, and Merrill Lynch & Co. oil analyst John P. Herrlin said that the repairs would take "a minimum of two to three months," dealing another blow to the chances of motorists getting relief from high gasoline prices anytime soon.

Alaskan crude oil usually goes to refineries on the West Coast, where there is enough surplus to last about two weeks, analysts said. After that, some refiners will have to scramble to line up new supplies.

Energy Secretary Samuel W. Bodman said yesterday that the Bush administration would consider releasing supplies from the Strategic Petroleum Reserve, though getting that oil from the salt caverns along the Gulf of Mexico to the West Coast would take some time or involve some swaps.

BP's announcement also gave another black eye to a company that has fashioned an image as a responsible, environmentally concerned company, and it drew new criticism from pipeline experts and environmentalists who have been saying for years that the company had failed to do the maintenance needed to keep the pipeline free from sludge and protect it from corrosion in the harsh Alaska conditions. The Environmental Protection Agency has launched a criminal probe to determine if the company was negligent in managing the pipeline, said sources who had talked to government investigators.

"They have known about these problems for a long time and promised for many years to fix them, and they haven't done so," said Peter van Tuyn, an environmental lawyer based in Anchorage.

Thomas J. Barrett, head of the Pipeline and Hazardous Materials Safety Administration, visited BP's operations in early July and said in a July 26 letter to Rep. John D. Dingell (D-Mich.) that he was "disappointed by the lack of progress BP had made" since the agency had ordered repairs and an analysis on March 15, after the spill was discovered.

There are 1,100 miles of pipelines in Alaska's North Slope, most of them small lines that lead into three major, 36-inch-diameter transit lines called Prudhoe West, where the leak occurred; Prudhoe East; and Lisburne. BP operates the pipelines and owns about 26 percent of Prudhoe Bay; Exxon Mobil Corp. and ConocoPhillips Co. are the other major shareholders. These pipelines in turn feed into the 800-mile-long, 48-inch-diameter Trans Alaska Pipeline.

The oil companies have to regularly clean the lines to prevent a sludge of sand and solid residue from building up, and they must monitor the aboveground lines to detect corrosion in the harsh Arctic climate. To clean the pipelines, they usually use a device known as a "pig" because of the screeching noise it makes as it works its way through the line. A separate "smart pig" is used to detect weak spots in the pipeline.

Steve Marshall, president of the BP subsidiary BP Exploration Alaska Inc., said yesterday that BP had discovered 16 "anomalies" in 12 locations after inspecting about 40 percent of the 22-mile transit line. In some places, corrosion had eaten away 70 percent of the 3/8 -inch pipeline wall. In one spot, the company said it found a leak of four to five barrels.

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At the center of the criticism involving BP is the question of whether the world's second-largest publicly traded oil company had let seven years go by without using a smart pig on the pipeline that sprung a leak in March.

Transportation Department regulations say the pipelines should be inspected this way every five years, at least. If companies delay pipeline cleaning, accumulations of sludge can make it impossible for a pig to move through the line.

Some experts speculated, based on correspondence between Barrett and Dingell, that the buildup of sludge was one reason that BP had failed to fully comply with the March order from the Pipeline and Hazardous Materials Safety Administration, part of the Transportation Department.

"It's almost like a guy who is out of shape, who has been eating cheeseburgers and whose arteries start getting clogged up and the doctor says it's time to start exercising," said a congressional aide who spoke on condition of anonymity because he did not want to appear to be speaking for his representative. "And the question is how to get back in shape without having a heart attack."

The Justice Department has asked BP to cut out a 10- to 12-foot section of pipe where the 270,000-gallon March leak occurred and to give that to the government for analysis, a source said. But there are thousands of gallons of oil in that section, creating engineering problems. Next month, after overnight freezing temperatures return to the area, those engineering problems could become more severe.

BP chief executive John Browne was in Alaska last week to try to polish the company's image and apologize for pipeline problems. BP, which used to be known as British Petroleum, has tried to cultivate an environmentally friendly image, saying that BP stood for "beyond petroleum." But yesterday an official from a competing oil company said it stood for "big problems."

"We will not resume operation of the field until we and government regulators are satisfied that they can be operated safely and pose no threat to the environment," Robert A. Malone, president of BP America Inc., said in a statement.

Prudhoe Bay's production level has been slowly declining since it hit a peak of 1.5 million barrels a day in 1989, and BP has increasingly turned to new prospects in places such as Russia.

"It's ironic," said Athan Manuel, an oil drilling expert at the Sierra Club. "This is the company we've had the best relationship with. But maybe they were taking money out of Alaska, which has aging fields, to put money elsewhere."

Problem In Alaska Sends Oil Price Up (BSUN)

By Paul Adams

The Baltimore Sun, August 8, 2006

The world oil market's increasing skittishness in the face of disasters and war was exposed anew Monday after BP PLC announced that it was shutting down a key Alaska oil field, possibly for weeks or months, because of pipeline corrosion.

Oil prices soared $2.22, or 3 percent, to $76.98 a barrel as the BP news added to market jitters over continued fighting in the Middle East and myriad other threats to world supplies, which have been stretched thin as economic growth in the United States and China continues to shrink once-plentiful reserves.

Despite historically high oil reserves, analysts estimate that gasoline prices could jump by as much as 10 cents a gallon in coming days or weeks and top the record price set last fall after hurricanes in the Gulf of Mexico.

Until Monday, Alaska's Prudhoe Bay field, 650 miles north of Anchorage, was among the few major oil-producing regions in the world that hadn't been threatened by equipment failure, hurricanes, war or political unrest.

Analysts say the market's strong reaction to the loss of less than one-half of 1 percent of worldwide output -- an estimated 400,000 barrels of daily production -- shows how tight oil reserves have become and how dangerous continued production disruptions could be for the global economy.

Some predicted that oil could top $80 a barrel. The inflation-adjusted high is about $90 a barrel, reached in the early 1980s.

"Our whole culture is based on the automobile," said Brian Hicks, a fund manager with U.S. Global Investors. "This could potentially disrupt our way of life if oil prices were sustained at levels above $80 per barrel."

BP, the world's second-largest oil company, said it will have to replace 73 percent of the 22-mile transit pipeline it operates in the Prudhoe Bay field. The company found a leak and extensive corrosion in the pipeline Sunday during an inspection ordered by the Department of Transportation after a 270,000-gallon spill in March in another part of the field.

The pipeline being shut down supplies 8 percent of daily U.S. crude production. About 90 percent of the oil from the field is shipped to refineries on the West Coast, which might have to get alternative supplies from Asian companies. That could take weeks.

Oil markets calmed slightly Monday when the Energy Department said it is prepared to open the government's emergency stockpiles if refiners request it.

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The Strategic Petroleum Reserve has about 700 million barrels of oil stored in salt caverns along the Gulf Coast. The reserve has been periodically tapped when supplies are disrupted because of pipeline failures or other emergencies, but getting the oil to California and elsewhere could take weeks because of the long sail from the Gulf to the West Coast.

Tom Kloza, an analyst with Oil Price Information Service in Wall, N.J., predicted that within a couple of days, the national average price for regular unleaded gasoline would rise 5 cents or more, which would top the record of $3.057, set after Hurricanes Katrina and Rita hit the Gulf in September. The current average is $3.036. Gasoline futures rose 2.01 cents to close at $2.2516 a gallon in trading Monday.

Kloza said the pipeline poses a serious problem but that a big hurricane affecting oil platforms in the Gulf of Mexico remains a bigger worry. That could send gas prices up 10 to 30 cents per gallon, he said.

"It's the storms I'm worried about, not this particular loss," he said, referring to the pipeline shutdown.

Fifteen to 20 years ago, the Prudhoe Bay shutdown would have barely registered. At that time, the spare crude production capacity was nearly 10 million barrels a day.

A disruption in U.S. output then could have been easily remedied with a call on Saudi Arabia, Kuwait and other oil-producing countries in the Middle East to boost production. With so much spare capacity, war or political disputes in any one country caused little concern.

Today, spare capacity is 1 million to 2 million barrels a day, and the quality of those reserves is far lower than it was in years past. Much of it is heavy crude, not the light sweet crude that most U.S. refineries are equipped to handle. The result is an oil market that runs scared with every hint of potential disruption.

Much of the concern these days is focused on the Middle East. At the top of the list is Iran, which has threatened to use oil as a weapon if the United Nations imposes sanctions over its uranium-enrichment program.

There is also concern that Iran could get dragged into Israel's fight with Hezbollah in Lebanon. Iran is a chief supporter of Hezbollah, which remains a sticking point in its tense relations with the West. Iran has the fourth-largest producing among oil-producing nation.

"Israel and Lebanon don't necessarily affect oil production, per se, but any violence in that region is worrisome, and there is the concern that it could spread wider," said Rick Mueller, senior oil analyst with Energy Security Analysis Inc. in Wakefield, Mass.

Nigeria is another hot spot, Mueller said. A dispute among rival factions over oil revenues has led to attacks on oil production facilities, wiping out 800,000 barrels of daily production in the past year. That is twice the amount of production lost as a result of the Prudhoe Bay shutdown.

"That's a big story because it's light sweet crude, which is great for making gasoline," Mueller said.

Political uncertainty extends to oil-producing regions outside the Middle East and Africa. In Venezuela, the leftist government of Hugo Chavez -- a vocal critic of the United States -- has nationalized the oil industry. And in Russia, President Vladimir V. Putin is using oil as a political weapon in his effort to restore his country to global power, says Greg Werlinich, co-author of The Black Book of Personal Finance and president of Werlinich Asset Management.

Economists note that worldwide demand for oil continues to grow despite recent record prices. Explosive economic growth in China and India are partly responsible for the increase, but U.S. demand for oil is about 22 million barrels a day -- about three times that of China -- and growing.

"Demand for petroleum is extremely unresponsive to price in the short run," said Stephen Brown, director of energy economics at the Federal Reserve Bank of Dallas. "The way we use energy is really built into our economy. None of these are things you can just instantaneously change."

Economists and oil industry analysts agree that higher prices are probably here to stay because high demand, violence in the Middle East and volatile weather in the Gulf region are unlikely to diminish soon.

"The only thing that could derail this price advance is a worldwide global recession, and we haven't seen that as of yet, either," said Hicks, the Global Investors analyst.

Alaska Oil Field To Close; Crude Prices Jump (LAT)

By Jesus Sanchez

The Los Angeles Times, August 8, 2006

Crude oil prices jumped more than $2 a barrel today after energy giant BP said it will shut down one of the nation's largest oil fields in Alaska's North Slope, a key source of petroleum destined for California and the West Coast.

The closure of the Prudhoe Bay field, which was prompted by the discovery over the weekend of a pipeline leak and excessive corrosion, will reduce production by about 400,000 barrels a day at a time when crude oil supplies are tight and any actual or perceived threat to supplies or distribution has sparked turmoil in energy markets.

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The company said the shutdown will take place over several days but did not say when production would resume.

On the New York Mercantile Exchange, crude oil futures peaked above $77 a barrel before falling back to close at $76.98, up $2.22.

The closure prompted the U.S. Energy Department to say it was prepared to tap into its emergency crude oil reserve if needed, the Associated Press reported.

"We regret that it is necessary to take this action and we apologize to the nation and the state of Alaska for the adverse impacts it will cause," said BP America Chairman and President Bob Malone in a statement.

"We will not resume operation of the field until we and government regulators are satisfied that they can be operated safely and pose no threat to the environment," he added.

The British energy company, which depends on Alaska for 10% of its worldwide production, announced the closure of the North Slope oil field after tests discovered excessive corrosion and a small leak in a Prudhoe Bay oil transit pipeline. The pipeline was taken offline Sunday morning and the leak was repaired, but it will take several days to stop oil field production.

The loss of North Slope oil has major implications for California because the state's refineries are highly dependent on Alaskan crude oil. Alaska supplies about 20% of California's petroleum, according to the California Energy Commission. Times wire services contributed to this story.

Crude Oil Prices Soar On BP Pipeline Woes (WT)

By Patrice Hill

The Washington Times, August 8, 2006

Oil prices yesterday jumped more than $2 a barrel to a record of $78.30 in London after BP shut production at Alaska's largest field for what could be several months to repair corroded pipelines.

Refineries on the West Coast reported no immediate shortages, but might have to scramble to get supplies of crude within weeks if the outage persists, analysts said. The incident affecting only 0.5 percent of world oil production highlights the tensions and fears dominating the oil markets during a time of tight supply threatened by hurricane season in the Gulf of Mexico and war in the Middle East.

"The market is looking for some excuse to move north," said William Adams, chief energy strategist at LaSalle Futures Group Inc. "Especially in California, where they have the highest gas prices, they are really going to be impacted."

Gas prices in California average 12 cents higher than the rest of the nation, where the price of regular grade rose yesterday to $3.04 a gallon, three cents short of a record, the Energy Information Administration said.

It may take "some months" for BP to replace up to 16 miles of corroded pipeline at BP's Prudhoe Bay facilities in Alaska, Citigroup analysts said.

BP said it does not know how long the pipeline will be out of operation, but analysts said the company's decision Sunday night to completely shut down 400,000 barrels a day of production from Prudhoe Bay suggests it is expecting a prolonged outage. The BP action suspended nearly half of Alaska's production and 8 percent of U.S. production overall.

"The market is already tight, and the news from Alaska is the last thing we needed to hear," said Michael Fitzpatrick, a vice president at Fimat USA. "This comes after a series of threats to supply. A heat wave or storm could push prices above $80 in a heartbeat."

Crude oil for September delivery surged $2.22 to $76.98 a barrel on the New York Mercantile Exchange, the second-highest price since trading began in 1984. Brent crude oil for September settlement rose $2.13 to a record $78.30 a barrel on the ICE Futures exchange in London.

"The only saving grace is that we are near the end of the driving season," said Jason Schenker, an economist with Wachovia Corp. "The lost production accounts for only 2 percent of U.S. daily consumption" of nearly 21 million barrels a day, he said. "This is nothing compared to the disruption we would see if there is conflict with Iran."

U.S. Energy Secretary Samuel W. Bodman said the administration would make oil from the Strategic Petroleum Reserve available to California refineries if they need it.

"I'm obviously concerned about" the shutdown, Mr. Bodman told reporters yesterday. "We have not had any requests for additional supply, but it would be made available, and we can get it to the West Coast."

Some analysts said there is no easy way to get reserves to the West Coast from Louisiana and Texas, where the oil is stored, since there is no pipeline over the Rocky Mountains. The refineries more likely will have to bid to divert oil being shipped to Asia, they said.

"Practically speaking, it's going to be far easier to get supply from the Far East, for Japan and Korea to redirect some cargoes," said Olivier Jakob, managing director of Petromatrix GmbH. "The only solution is the market. The Strategic Petroleum Reserve is going to be no use."

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Tesoro Corp., the second-largest refiner in the West, said it has a secure supply of crude, enough for the next 30 to 45 days, for its Golden Eagle refinery in Martinez, Calif., and its Anacortes refinery in Washington, both of which use crude from Prudhoe Bay.

Refineries in California and the Pacific Northwest process about half of the 5.12 million barrels of crude produced in the U.S. each day. U.S. refineries in general have ample inventories of crude for this time of year.

BP's US Safety Record Again In Focus After Trouble In Alaska (AFP)

By Justin Cole

AFP, August 8, 2006

WASHINGTON (AFP) - BP says it has a zero tolerance policy with respect to industrial accidents, but the British energy giant has been accused time and again of cutting safety corners in the United States.

BP's US operations were in focus again Monday after it announced it was shutting down all oil production at the vast Prudhoe Bay oilfield in Alaska, America's largest field, due to a pipeline leak.

The company is already being investigated by the Justice Department and the Environmental Protection Agency for a huge Alaskan oil spill that occurred in March.

"We've been concerned about BP's safety record on the North Slope of Alaska for many years now," said Justin Tatham, an Arctic advocate for the Public Interest Research Group (PIRG).

"We've seen a pattern emerge over the last four to six years of the company getting more and more sloppy in their work as they try to milk the remaining oil from Prudhoe Bay," Tatham said.

BP America chairman Bob Malone, however, said safety of operations is a top priority for the energy group.

"We will not resume operation of the field until we and government regulators are satisfied that they can be operated safely and pose no threat to the environment," Malone said in a statement.

However, questions about the safety record of the London-headquartered company have long been making headlines in the United States.

An enormous explosion at BP's Texas City refinery in March last year killed 15 people.

The federal Occupational Safety and Health Administration said BP had violated about 300 safety regulations at the plant, the third biggest oil refinery in the United States.

In September 2004, two workers at the refinery were burned to death and another was seriously injured.

"This shutdown should not come as a surprise," Greenpeace energy specialist Melanie Duchin said of the latest incident in Alaska.

"Pipe corrosion, which drove BP's decision to shut down this pipeline, was the cause of the March 2006 spill which sent 270,000 gallons of oil onto the tundra of the Prudhoe Bay oil field," she said.

No one was killed as a result of the March oil spill, but the incident sparked a government investigation in a politically sensitive region where people still bitterly remember the ExxonValdez oil disaster of 1989.

It was the worst land spill in the region's history. BP has said it will replace a three-mile segment of the ruptured pipeline.

The Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) ordered BP to "take a number of corrective actions" after the March spill, and government engineers are now supervising its shutdown of the Prudhoe Bay field.

As recently as last month, the PHMSA directed BP Exploration Inc. "to take additional measures to ensure safety on its Prudhoe Bay pipelines as a result of a pipeline failure in March."

"After the last spill we issued a corrective action order. Our priority is to make sure it's as safe as possible. The tests are working," a PHMSA spokeswoman told AFP on Monday.

PIRG's Tatham said the public interest group is not against oil and gas drilling, but claimed that BP had not made the needed investments to its infrastructure in Alaska to prevent such leaks.

BP said the leak occurred due to corrosion on the pipeline, which dates back to 1977, not long after output at Prodhoe Bay first kicked in.

The trans-Alaska pipeline system from Prudhoe Bay runs about 800 miles (1,287 kilometers) south to an oil export terminal at Valdez.

Prudhoe Bay accounts for about half of Alaska's total oil output and about eight percent of total US production, according to the Department of Energy.

The Prudhoe Principle (WSJ)

The Wall Street Journal, August 8, 2006

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Opponents of opening the Arctic National Wildlife Refuge (ANWR) to oil drilling have long argued that the supply wouldn't make a difference to prices. Well, that claim took a spill yesterday with BP's announcement that it is shutting down its operations at Prudhoe Bay due to a damaged pipeline that could take months to patch.

U.S. crude soared $2.25 on the news, taking oil to nearly $77 a barrel, with experts predicting another five- or 10-cent a gallon price increase at the retail gasoline pump -- possibly to a new high. This market reaction came as some surprise to various newspaper scribes and politicians, given that Prudhoe Bay "only" supplies about 400,000 barrels a day, or less than 2% of daily U.S. oil consumption.

These are the same folks who've delighted in informing Americans in recent years that opening up nearby ANWR to drilling would "only" result in an extra one million barrels a day. This argument -- that ANWR isn't worth the effort -- might have some currency if oil were plentiful and gas prices were still "only" $1.50 a gallon. But with the margin between global oil supply and demand so thin, any supply counts. ANWR is exactly the sort of home-grown oil cushion that would help smooth out supply disruptions from the likes of Katrina or the BP leak, if "only" Congress could get a clue.

As it happens, House Republicans are mounting yet another effort to get ANWR legislation past John Kerry and his fellow Senate filibusterers. A majority of the Senate supports it. The latest bill promises to devote federal ANWR revenues to "alternative energy" programs, an enticement that has already gathered some Democratic support. If Congress really wanted to impress voters when it got back from its August recess, it'd use the BP mess as an excellent reason to increase U.S. energy supplies.

Governors Weigh In On Energy Policy (AP-Y)

By Robert Tanner

AP2, August 8, 2006

Governors worried about damage to the economy and complained about years of neglect on energy policy after an Alaska oil field shutdown, but offered far different solutions on Monday.

Energy independence and alternative fuels had already been part of the weekend's summer meeting of the National Governors Association. News of the oil field shutdown and the spike in oil prices, spurred by corrosion of a key oil pipeline, put a sharper edge to the topic.

Democratic Gov. Kathleen Blanco of Louisiana, whose state is at the center of the nation's fuel production and distribution, criticized the federal government's monitoring of critical infrastructure.

"From our perspective in Louisiana, our wetlands are disappearing and it's exposing our network of pipelines," she said. "That's potentially putting our whole infrastructure at greater risk." She said local development and pollution also spurs erosion, but said more federal involvement is needed.

Republican Gov. Haley Barbour of Mississippi said the problem was environmentalists and others who fight increased drilling and pipeline construction.

"We need supply to grow. That means more drilling like (proposals to open the Arctic National Wildlife Refuge), more nuclear energy, more coal to liquid," he said. "We see how the shortsightedness of not-in-my-backyard resistance can cause enormous reduction in supply, which is going to result in higher prices."

In Washington, New York Gov. George Pataki offered a 10-year energy program calling for tax credits for fuel-efficient cars and development of alternative fuels in a speech to the National Press Club.

Asked about drilling in the Arctic National Wildlife Refuge, Pataki said, "There's no question we have to expand domestic production of oil. I think you've just seen this afternoon what happened unless we have reliable additional sources that are convenient to the market. So yes, we need to open up more places for oil exploration and drilling."

After the appearance, Pataki told reporters he did not mean to "rule in or rule out any particular area," including ANWR, for oil drilling.

Governors from both parties said the disruption would hopefully spur a willingness to tackle a more ambitious approach to energy.

"Our energy policy for the last 30 years is a joke. We've been asleep at the switch, both Republicans and Democrats," said Republican Gov. Tim Pawlenty of Minnesota, who has been pushing alternatives such as ethanol and wind energy at home.

Montana Gov. Brian Schweitzer, a Democrat, said the disruption only strengthens his argument for a federal energy policy that would encourage greater investment in coal to produce synthetic fuels. He had earlier laid out a plan where Montana coal could replace more than half the foreign oil imported each year.

"We've got the solution but we've got to move. We've got to have a balanced portfolio of fuels," he said.

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Democratic Gov. Janet Napolitano of Arizona said she was waiting to hear more to understand the wider impact. "It's just further confirmation of the fact that we need a national energy policy. It's further confirmation that our continued dependence on foreign oil is a problem."

Republican Gov. Mark Sanford of South Carolina said that if the disruption lasted so would higher prices, given the rapid escalation in prices over the last year and the latest Mideast instability.

"It's sort of wrong time, wrong place," he said.

Big Oil Reinvests Big Profits To Tap Costlier Reserves (WT)

By Patrice Hill

The Washington Times, August 8, 2006

Big Oil's record profits attract attention and outrage, but an independent study has found that oil companies do exactly what economic textbooks say they should do with all that money: They invest it in oil exploration and development efforts that eventually should relieve pressure on prices.

The top 20 U.S. and Canadian oil companies actually invested 50 percent more than they earned in the past 10 years in efforts to produce more oil, but adverse geopolitical developments conspired to give them fewer opportunities to expand production while fading oil fields in the U.S. and elsewhere forced them to spend substantially more just to maintain current production, according to the study by the Ernst & Young accounting firm.

"Reinvestment is under way, and it's strong," said Charles Swanson, an energy analyst at the firm, but "average costs to find and develop oil and gas reserves have tripled since 1997, while total reserve-replacement costs have more than doubled."

The study found that the top companies -- including Exxon Mobil, ConocoPhillips and Chevron, among others -- took in a mind-numbing $5 trillion in revenue from sales of oil and related products between 1995 and 2005. After subtracting the cost of equipment, leases, labor and other operating expenses, the companies posted whopping profits of $336 billion.

Over the same time span, however, the companies spent even more than they earned -- $550 billion -- on oil exploration and development. Some of them went deeply into debt to finance new ventures, especially during times of lean profits.

Despite the massive sums of money oil companies spent trying to find more oil for the world's fuel-thirsty consumers, returns on investment over the past 10 years declined sharply because most existing oil fields in the West are in decline and the most promising new discoveries are not available for development, Ernst & Young found.

Nevertheless, the study found that oil companies continued to invest steadily, even during busts like 1998, when the price of premium crude plummeted to $10 a barrel, as well as during boom times like today, when prices are topping $77.

"Investments are long-term and fraught with geopolitical, regulatory, environmental and general economic risks," said Mr. Swanson of Ernst & Young. In the U.S., promising oil fields in Alaska and offshore are not open for development, while the vast petroleum reserves in Canada's Athabasca oil sands require huge amounts of energy and money to bring to market.

"Most of the new reserves are outside of North America, and much of the global reserve base is off-limits to Western oil and gas companies," said Mr. Swanson. Moreover, oil-rich countries such as Venezuela and Russia are exacting onerous licensing terms and costly royalty payments from Western companies seeking access.

Getting permission to drill for oil is only the beginning when it comes to delivering gasoline to the pump.

"Once a discovery is made and years are invested in preparation, planning and navigating the regulatory maze, companies often find themselves faced with a shortage of drilling rigs, equipment and people to operate them," Mr. Swanson said.

The Ernst & Young study, which was not done on behalf of any client firms, confirms what the oil companies have been saying about the high cost and difficulty of exploiting the world's remaining petroleum reserves. Other analyses, such as one by Cambridge Energy Research Associates, also have tracked the soaring costs for drilling equipment and skilled workers.

Cambridge found that the average cost of finding, developing and producing oil worldwide has jumped 35 percent to $9.13 a barrel since 2002. The highest-cost oil to produce, such as Canada's oil sands, now costs $25 a barrel to deliver to consumers compared to $14.50 in 2002, Cambridge found, attributing the sharply higher costs to exploding demand for oil, as well as a tight market for drilling equipment and workers.

Petroleum Industry Research Foundation Inc. said high demand for workers drove up average wage gains for oil-industry employees to 10 percent last year, more than double the national average, while price increases for oil and gas machinery accelerated to 11 percent this year from 3 percent in 2004.

After Hurricanes Katrina and Rita devastated rigs in the Gulf of Mexico last fall, the price of replacing deep-water drilling equipment doubled, the group said.

A shortage of petroleum engineers has prevented some companies from expanding production. Worker shortages developed in recent years after drastic job cuts during industry downsizings in the early part of the decade. Moreover, most of the

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engineers available are baby boomers, with an average age of 49, and are heading toward retirement, said Jeff Johnson, chief executive of Cano Petroleum, an independent oil producer in Fort Worth, Texas.

"There's an urgent need to find a new generation of U.S. petroleum engineers to replace this present one" if the United States is to continue exploiting its dwindling oil fields, he said. "Very few people know there are hundreds of mature oil fields here in the U.S. containing ample amounts of oil and natural gas that was never recovered due to technological limitations" -- a lack of equipment and skilled workers.

Judge Blasts EPA For Delays In Clean Air Act Implementation (GOVEXEC)

By Jenny Mandel

Government Executive, August 8, 2006

A federal judge reprimanded the Environmental Protection Agency last week for devoting resources to discretionary activities while it remains years behind schedule in meeting its statutory obligations to regulate hazardous air pollutants as required by the 1990 Clean Air Act.

In an opinion issued last Wednesday, Judge Paul Friedman of the U.S. District Court for the District of Columbia laid out the reasoning behind an order, issued in March, that EPA promulgate regulations according to an accelerated schedule that he said would reflect Congress's original intent in setting a timeline for completion of the work.

The opinion provided insight into the March judgment in favor of the environmental group the Sierra Club in a lawsuit against EPA Administrator Stephen Johnson. That suit mainly addressed a Clean Air Act requirement that the agency identify, by November 1995, the emission sources for the 30 most hazardous air pollutants and, by November 2000, issue emissions standards for those sources. The agency finished identifying the pollution sources in 1999 but has issued standards for only 15 of the 70 different types of sources.

Both sides had presented proposals for a schedule on which the agency would complete the required regulations. EPA argued that the complexity of the task, the need for extensive research and the competition for internal resources necessitated a schedule that would complete one group of regulations by October 2011, and another by December 2012. Steve Page, director of the Office of Air Quality Planning and Standards, said the agency would require about 50 months per regulation.

Friedman rejected that timetable. "If the schedule set by the Clean Air Act for the regulation of these sources is unreasonable, EPA's remedy lies with Congress, not with the courts," he wrote, adding, "Courts tend to reject ... agency approaches to rule-making that sacrifice the timely implementation of the statute in favor of extensive agency information-gathering and analysis."

The schedule Friedman decided on in March requires that the agency complete one group of regulations by June 2009, and another by October 2008.

Friedman also soundly rejected the agency's argument that other obligations preclude it from meeting a tighter schedule. "EPA ... currently devotes substantial resources to discretionary rulemakings, many of which make existing regulations more congenial to industry, and several of which have since been found unlawful," the opinion stated. "It is emphatically not within an agency's authority to set regulatory priorities that clearly conflict with those established by Congress."

He said the agency was required to prioritize mandatory activities over discretionary ones, and suggested that obligations with deadlines should supersede those for which a schedule is not given.

EPA spokeswoman Jennifer Wood declined to say whether the agency is on track to meet intermediate deadlines this December, and whether the agency's Office of Air Resources has continued to direct resources to discretionary rule-makings since the March order. "EPA is diligently working to meet new deadlines set by the court in March," Wood said.

She directed all questions about the possibility of appeal to the Justice Department, which declined to comment.

Jim Pew, a lawyer with Earthjustice, an environmental law group that represented Sierra Club in the case, said EPA had met a deadline to file paperwork for an appeal. He said that keeps the agency's option open, but might not mean an appeal will be pursued.

Pew highlighted a June report by the Government Accountability Office that found problems with EPA's management of its air toxics program, including the lack of a strategy to finish the work or an estimate of the resources needed to do so, and allowing the program's implementation to be driven by litigation.

"Essentially," Pew said of the court opinion, "Both branches of government have concluded that the executive branch has dropped the ball on this really important public health issue."

For Now, Gas Will Be Champ (USAT)

By Gary Witzenburg

USA Today, August 8, 2006

DOJ_NMG_0045144

Every time I hear of a promising new electric vehicle (EV) or a "breakthrough" battery, my eyes roll back in my head. The cars are either hugely expensive or tiny, slow and impractical. Their claimed ranges are either double-digit small at neighborhood speeds or ridiculously optimistic at highway speeds. The batteries are typically single-cell wonders in a lab, many years and dollars away from vehicle size. Their eager but inexperienced makers are always searching for funding to see their dreams through.

OUR VIEW: Electric cars merit new look

Widespread acceptance of battery-powered EVs will not happen until someone develops battery technology competitive with a tank of gas (or diesel) in every way. It must be absolutely safe, long-term durable, capable of operating reliably in extreme weather and temperatures, mass-producible at low cost, able to carry comparable energy in a package of comparable size and weight, and able to be quickly recharged. None comes remotely close.

As manager of testing and development for GM's Advanced Technology Vehicles from 1991 to 2000, I was intimately involved with the ultra-high-tech car called EV1.

We knew the market for an expensive two-seater with very limited range would not be strong, but we reasoned that multi-vehicle households could happily embrace one small, short-range car. We also knew that long-term success would depend on battery technology.

We worked hard to prepare our 1999-model EV1 for optional nickel metal hydride (NiMH) batteries that nearly doubled its range. But the lithium-polymer chemistry then being developed by the 3M company and others, which promised gas-competitive cost and range, never panned out.

Relatively affordable lead-acid is bulky and heavy, slow to recharge, lethargic in cold weather, carries little energy per pound and lives a fairly short life. NiMH holds roughly double the energy but adds a lot of cost. Lithium-ion, apparently nearly ready for vehicle duty but more expensive still — or something else further down the road — may be the answer to battery-powered EV acceptability in business-sustaining volume. But I'll believe it when I see it.

Electric Cars Merit New Look (USAT)

USA Today, August 8, 2006

The electric car is dead. Long live the electric car.

Who Killed the Electric Car?, a documentary film playing in selected cities, alleges that a conspiracy among Detroit, Big Oil and the government in the 1990s torpedoed promising electric car technology.

OPPOSING VIEW: For now, gas will be champ

At the same time, as USA TODAY's Chris Woodyard reported recently, several small, independent automakers are jolting the electric car market back to life. Generating the most buzz: a roadster from Tesla Motors, a Silicon Valley start-up. It's billed as having a range of 250 miles and being capable of going from zero to 60 mph in four seconds.

What to make of these mixed messages? Perhaps that while the potential of electric cars was overblown in the past, technological advances and $3-a-gallon gas merit giving them a new look.

While the movie's dark conspiracy theory appears unfounded, it's a helpful reminder that electric cars have a checkered history, including General Motors' all-electric EV1. During the 1990s, about 1,000 leased EV1s prowled California roads in an experiment that GM says went badly.

The EV1's limited range, along with problems that developed with the battery pack, doomed the car, says GM, which finally gathered them up and dispatched them to the crusher.

Considering that Toyota suffered through a similar experience with its all-electric RAV4 EV, the conspiracy argument wilts under scrutiny. Over six years, Toyota sold just 1,500 RAV4 EVs. No wonder: The car had a range of only about 90 miles and took nearly eight hours to recharge.

That history leaves an understandable residue of hard-bitten skepticism about electric cars, which have failed mainly because of battery limitations. But that's no reason to give up on them.

The Tesla sports car (to be built by Lotus in Great Britain) has a $100,000 price tag that will deny it mass appeal. Its innovative lithium-ion battery, however, might offer some lessons for the major automakers.

At the other end of the market, the $9,000 Zap Xebra imported from China has a range of only 40 miles but might offer transportation options for those who travel short distances on low-speed roads. Consider the popularity of golf carts in retirement communities.

The most important innovations could come from Toyota, which recently announced it is pursuing plug-in hybrids, something hobbyists were already doing. One short-term version would use a new, higher energy battery that would push up the amount of time a hybrid car such as the Prius runs on electricity rather than gas. Longer term, a more advanced plug-in hybrid might be able to run battery-only for 30 or so miles — enough to cover a modest commute.

Electric cars are no panacea. Generating electricity, after all, consumes energy and creates pollution. What the skeptics miss, however, is that each step — from the failed EV1 to the pricey Tesla to the plug-in hybrid — brings the country a little closer to a vehicle that would help wean its dependence on imported oil. It would be a shame if Detroit pulled the plug on electric cars just when economics and technology might be making them viable.

Sinful Second Homes (NYT)

By John Tierney

The New York Times, August 8, 2006

Come August, there are two kinds of people in the world: those with country homes, and those without country homes. If you, unlike me, are in the first group, we need to have an inconvenient talk.

We need to talk about your "carbon footprint," a concept you may have learned from Al Gore. If you've seen "An Inconvenient Truth" or read the best-selling book, you know how strongly he feels about everyone's duty to reduce carbon dioxide emissions. He advises you to change your light bulbs, insulate your home, and cut back on driving and air travel. If you must make a trip, he notes helpfully, "buses provide the cheapest and most energy-efficient transportation for long distances."

Fine advice, and it would be even better if he journeyed to his lectures exclusively on Greyhound. But he seems to prefer cars and planes. When you tally up his international travel to inspect melting glaciers and the domestic trips between his homes — one in Washington and another in Nashville, not to mention the family farm in rural Tennessee featured in the movie — you're looking at a Godzilla-sized carbon footprint.

No matter how many fluorescent light bulbs you install in your second home's basement, you could save a lot more energy by eliminating the whole place. Even if you dutifully shut down each home when you leave it — turning off the electricity, draining the pipes and turning off the heat, etc. — you're still expending extra energy commuting between your homes. A trip to a weekend house can easily burn more gasoline than a commuter uses all week.

Yet somehow, in all the years I've been reading lists of energy-saving tips, I've never noticed, "Sell second home." A cynic might attribute this oversight to a high correlation between fervent environmentalism and second-home ownership — Robert Redford and his place at Sundance, the Kennedys and their compound on the Cape, Laurie David and her home on Martha's Vineyard, John Kerry's seaside and mountainside manses.

Granted, some environmentalists deal publicly with their carbon footprints. Gore and David say they offset their energy usage by sponsoring reductions in greenhouse gases through alternative forms of power and energy conservation (like building wind farms and paying farmers to turn methane into electricity). But are "carbon offsets" sufficient compensation? Not to activists like Charles Komanoff, an economic consultant to environmental groups.

He argues in Grist, an environmental magazine, that paying a penny or so per mile to offset the carbon from driving your car isn't the moral equivalent of riding your bike instead. It's more like the Catholic Church's old system of selling indulgences so the rich could avoid something scarier than global warming: purgatory. Quoting Gandhi — "Be the change you want to see in the world" — Komanoff says his fellow environmentalists should stop offering "get out of purgatory free" cards to the rich and instead insist that everyone personally reduce energy use.

I'm not such a purist myself — I'd let the average person salve his conscience with a carbon indulgence. But I'd hold environmentalist preachers like Gore to higher standards, especially when they're engaging in unnecessary energy use. And since I cannot afford a second home, I can objectively determine it to be unnecessary.

If you're going to own a second home while ordering everyone else to carpool, you must atone for your excesses, and it's not enough just to offset the carbon. Gaseous emissions aren't the only externalities of your home. By owning it, you're also inducing envy in your neighbors. You're contributing to the competitive urge that the economist Robert Frank calls "luxury fever." When you go off for the weekend, those of us left sweltering in the city start lusting for our own second homes. We start dreaming of cutting down carbon-dioxide-absorbing forests to make room for neo-Adirondack cabins with central air and heated pools.

The best way to tamp our enthusiasm — or, I as prefer to put it, to reward our virtue — would be with money. Besides paying farmers not to waste methane, you should be paying us not to build second homes. You could make the payment directly to your neighbors. Or, if you prefer, mail it to me, and I'll distribute it among the worthiest of my fellow single-home owners.

If you're short on cash, you could still atone with an in-kind payment: let me stay in your country home while you perform your energy-saving penance back in the city. It wouldn't have to be a long penance. By my calculations, the month of August would just about wipe out your sins.

A Reprieve For Public Lands (NYT)

The New York Times, August 8, 2006

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In the spring of 2003, Gale Norton, then secretary of the interior, and Michael Leavitt, then governor of Utah, struck a deal that removed federal protection from about 2.6 million acres of land that the Clinton administration had designated as potential wilderness. In fairly short order, the Bureau of Land Management began selling oil and gas leases on some of these lands as part of a larger energy policy that called for aggressive exploration and drilling even in the most fragile of Western landscapes.

That policy has now suffered its first serious reversal. Last week, a federal district court in Utah ruled that leases on 16 parcels had violated federal environmental law. Among other transgressions, the bureau had ignored its own finding, in 1999, that the lands in question possessed "wilderness values" deserving of protection. The decision has also thrown into question every lease sale in Utah involving wilderness-quality lands over the last three years, involving 125,000 acres altogether, as well as similar sales in Colorado that were also undertaken without the environmental reviews required by law.

With any luck, the decision will send a signal to Ms. Norton's successor, Dirk Kempthorne, that the administration's policy of indiscriminately fast-tracking leases in fragile areas needs a fresh look. This policy is not only unpopular but unnecessary. More than four-fifths of the known oil and gas reserves in the Rocky Mountain West are already open for drilling. And industry already has more leases than it knows what to do with; of the 36 million acres under lease nationwide, only about 12 million are actually in production.

No one can expect Mr. Kempthorne to abandon basic administration doctrine. But at the least he can require his own agency to behave legally and responsibly.

FBI/DEA/ATF/USMS:

Search Under Way For Egyptian Students (AP)

By Mark Sherman

AP, August 8, 2006

Eleven Egyptian students who arrived in the United States last month are being sought by U.S. authorities after failing to turn up at Montana State University.

The 11 Egyptian men were among a larger group of students who arrived at John F. Kennedy International Airport in New York from Cairo on July 29 with valid visas, according to FBI and U.S. Immigration and Customs Enforcement officials.

The others have arrived at the Bozeman, Mont., campus. When the 11 didn't turn up by the end of the last week, the FBI issued a lookout to state and local law enforcement, said FBI Special Agent Richard Kolko.

"At this point all they have done is not show up for a scheduled academic program," Kolko said. "There is no threat associated with these men."

They are between 18 and 22 years old, said a law enforcement official who spoke on condition of anonymity because the search for the men is continuing.

The government probably will seek to send the students home once located because they have violated the terms of their visas, the official said.

University officials did not immediately respond to requests for comment.

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FBI Warns Law Enforcement To Look Out For 11 Missing Egyptian Exchange Students (FNC)

FOX News.com, August 7, 2006

The FBI alerted state and local authorities Monday to be on the lookout for 11 Egyptian exchange students who arrived in the U.S. last month but never showed up for class.

The men, who range in age from 18 to 22, were scheduled to attend a month-long program in U.S. history and culture, plus English language instruction, at Montana State University along with six other students. The group flew from Cairo and arrived in the U.S. on July 29. All entered the U.S. legally, but officials said the no-shows violated the terms of their visas and that the government would likely send them home once they turn up.

FBI Special Agent Richard Kolko emphasized that there was no indication that the men were involved in any illicit activity.

· Get more coverage at the Homeland Security Center.

"At this point, all they have done is not show up for a scheduled academic program," Kolko said. "There is no threat associated with these men."

U.S. Immigration and Customs Enforcement would not disclose the names of the 11, but revealed that they were students registered at Mansoura University in Mansoura, Egypt.

Cases like these are actually quite common, Kolko said. Oftentimes when large groups of foreign students arrive in the United States, it is almost inevitable that some will break off and head to tourist destinations before turning up several days later.

The government tightened the student visa process after the Sept. 11, 2001, terror attacks when it learned that four of the hijackers had entered the country on foreign student visas.

Montana State has tried repeatedly to contact the students, university spokeswoman Cathy Conover said. When that failed, the school notified Homeland Security officials and registered the Egyptians as "no-shows" in the system developed after Sept. 11 to track foreign students.

"We hope this doesn't cast doubt on this program because we think it's important to have international students on our campus and in our community," Conover said.

Search Targets 11 Egyptians In U.S. (NSDY)

By Tom Brune, Newsday Washington Bureau

Long Island Newsday, August 8, 2006

WASHINGTON -- Federal authorities are seeking 11 Egyptian men who arrived on student visas at Kennedy Airport on July 29 but never showed up for an exchange program at Montana State University.

The men were among 17 students from Mansoura University in Mansoura, Egypt, near Cairo, who had arranged to attend a new monthlong program on English language instruction and U.S. history and culture, Montana State University spokeswoman Cathy Conover said yesterday.

The men have no known ties to terrorists or criminal groups, federal authorities said yesterday. The FBI and Immigration and Custom Enforcement officials know who they are, but are not releasing their names, an official said.

"There is no threat associated with these men," said FBI Special Agent Richard Kolko. "We have simply asked law enforcement's assistance in locating them so that the FBI and ICE may interview them."

The FBI issued a be-on-the-lookout alert to law enforcement agencies after the men, aged 18 to 22, failed to show up at the Bozeman, Mont., campus as expected.

The men's visas have been revoked, and they will be put into deportation proceedings once they have been located.

New York Police Department sources said the FBI asked the department to be on the lookout for the students. The belief, based on what they have been told by the FBI, is that the men are here for work. The NYPD will still look for the students to ascertain that.

"This is probably economic reasons, that they used the student visas as the guise," said a law enforcement source. "There's no evidence of any kind pointing to a terrorist plot."

Conover said this was the first time Montana State offered the program, which cost each of the students $2,000 and included two weeks with a host family.

She said the men might have encountered difficulties with connections in flights between Kennedy and Bozeman.

Of the six who showed up, only one arrived on July 29, as expected, she said. Another turned up on July 30 and four others on July 31, she said, all blaming problems with flight connections.

When the 11 men failed to show on July 31, the university contacted federal Homeland Security officials in Helena, Mont., and registered the Egyptians as "no-shows" in a system developed after Sept. 11 to track foreign students. The university also contacted officials of Mansoura University, she said.

Staff writer Rocco Parascandola and The Associated Press contributed to this report.

EGYPTIAN STUDENTS VANISH IN BIG APPLE (NYPOST)

By Dan Mangan

The New York Post, August 8, 2006

Eleven Egyptian students who were supposed to travel to a Montana university after flying to JFK airport late last month disappeared in New York, spurring federal authorities to issue a nationwide alert, officials said yesterday.

The students - who were traveling with six classmates from Mansoura University in Egypt - had their student visas revoked for failing to show up at Montana State University in Bozeman, the officials said.

The other six students made it to the college.

"The FBI and ICE [Immigration and Custom Enforcement] would like to locate these 11 students in order to speak with them," said FBI Special Agent Richard Kolko after the "be-on-the-lookout" alert was issued to all police in the United States.

Kolko said there is no reason to believe the missing students, all men around 20 years old, represent a threat.

"At this point, all they have done is not show up for a scheduled academic program, and their visas have been revoked," Kolko said.

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"We do not know of any association with any terrorist or criminal groups. There is no threat associated with these men. We have simply asked law enforcement's assistance in locating them so that the FBI and ICE may interview them."

Rep. Peter King (R-L.I.), who chairs the House Homeland Security Committee, said the situation "has to be taken very seriously."

"Having a number of students from an Arab country arriving on student visas and disappearing is cause for concern," he said.

Montana State University Provost David Dooley said 17 Mansoura University students signed up for a 32-day cultural-exchange program to intensively study English, learn about Montana history and go on several field trips.

They arrived at JFK on a flight from Egypt on July 29, but only one managed to clear immigration in time to make a connecting flight, Dooley said.

By July 31, five others had arrived in Bozeman, but the rest were unaccounted for.

Dooley said the ones who showed up "were not certain about the status of their fellow students and why they haven't made it."

MSU alerted federal Homeland Security and Mansoura officials and notified the students via e-mail they had 24 hours to show up in Bozeman. None of them did, Dooley said.

He added, "We're very disappointed by this. It would be regrettable if the misadventures or irresponsibility of a number of students damaged these kinds of programs."

Officials at the Egyptian Consulate in New York and the Egyptian Embassy in Washington, D.C., said they were unfamiliar with the situation.

Judge Quizzes Prosecutor About Deal (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), August 8, 2006

Assistant U.S. attorney denies he made pact with felon

A judge on Monday ordered a federal prosecutor to reveal whether he had given a cocaine dealer a break so the criminal would implicate a Blount County man in a murder.

The Justice Department tried to block testimony from Assistant U.S. Attorney Hugh Ward about his dealings with convicted cocaine dealer Myron Kellogg.

Kellogg and his U.S. District Court plea deal became the focus Monday of a hearing in Knox County Criminal Court because Kellogg is expected to be a key witness against Reginald Stacey Sudderth.

Sudderth is accused of murder and conspiracy to commit murder in the April 1998 shooting death of 18-year-old Andre Jackson in Blount County. The case has been moved to Knox County because judges and prosecutors originally assigned to the case have bowed out for various reasons.

A jury has been selected, but jurors sat in a conference room for most of Monday afternoon after an argument erupted over Kellogg.

Sudderth's attorney, Herbert S. Moncier, insisted Monday that Kellogg had gotten a sweetheart deal from Ward primarily because of Kellogg's role as a witness against Sudderth and as the boyfriend of another witness against Sudderth.

Moncier sought to question Ward and get a review of Ward's file. Assistant U.S. Attorney Elizabeth Tonkin resisted the move. Senior Judge Jon Kerry Blackwood, appointed by the state Supreme Court to handle the case, ordered Ward to take to the witness stand.

Tonkin asked Ward two questions, one of which was whether Kellogg was given a deal for being a snitch against Sudderth.

"No, he was not," Ward said.

"Those are the only questions Mr. Ward has been authorized by the U.S. Attorney to answer," Tonkin told Blackwood.

But Moncier had a series of questions for Ward anyway. As he fired off each one, Tonkin objected and Ward sat silent.

"It is outside the scope of Mr. Ward's authorization," Tonkin repeatedly replied.

Blackwood remained mum during the exchange between Moncier and Tonkin. When the pair was finished, the senior judge weighed in, saying he had only one question of Ward.

"I need to know if during the federal prosecution of Myron Kellogg, if his role in the prosecution of Stacey Sudderth was ever taken into consideration by your office if any consideration was given by your office to Myron Kellogg if he would cooperate with state authorities against Stacey Sudderth."

"There was no consideration given," Ward replied.

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Sudderth is accused of offering a $10,000 bounty for the slaying of Jackson, who Sudderth believed was one of two men who broke into his home and raped his girlfriend. Prosecutors have alleged that A.C. Copeland took Sudderth up on the offer, fatally shooting Jackson. An appellate court recently overturned his murder conviction, however.

Sudderth was not charged in the slaying initially. Appellate court records show that he was offered immunity in return for testimony in another murder case. However, he could not satisfy authorities with his responses to a polygraph examination, and the immunity deal was eventually withdrawn.

Sudderth insists through Moncier that he had nothing to do with Jackson's slaying. Special prosecutors Greeley Wells and Gene Perrin counter that Sudderth provided both a bounty and the gun used to kill Jackson.

The trial will officially get under way today.

Jamie Satterfield may be reached at 865-342-6308.

Indiana Reports New Attacks On Highways (NYT)

By Eric Ferkenhoff

The New York Times, August 8, 2006

CHICAGO, Aug. 7 — New sniper attacks on Indiana roads have led to an expanded investigating team. Federal and state investigators joined the local police in northwestern Indiana on Monday.

No one has been killed in the nine reported attacks. They have drawn comparisons to the deadly shootings in the Washington metropolitan region in 2002 and to a fatal sniper shooting last month near Muncie, Ind., 50 miles northeast of Indianapolis.

Windows have been shattered and minor injuries reported in the recent attacks in Lake County, near Hammond, Whiting and Merrillville from July 25 to last Friday. All but one attack was in an eight- to nine-mile stretch of Cline Avenue, which carries 10,000 motorists a day.

A Federal Bureau of Investigation gang investigations unit in Gary, Ind., will run the expanded team.

“This is a coming together of some of the local agencies who have been working on this with federal and state agencies to bring more manpower and more technology to figuring this out,” Mark Becker, agent in charge of the F.B.I. office in Merrillville, said. “Clearly, this is someone or people who aren’t right.”

“There have been many, many more reports of incidents from people who don’t know if a rock hit their car or someone fired at them,” Agent Becker said.

On July 23, there were sniper shootings on Interstate 65 near Seymour, Ind., and I-69 near Muncie. Zachariah Blanton, 17, of Gaston, has been charged with murder in a truck passenger’s death on I-65.

Suspected Sniper Targeted As FBI Joins Task Force (NIT)

The (Northwest Indiana) Times, August 8, 2006

The FBI announced today the agency is joining the newly formed Cline Avenue Task Force to investigate the string of nine sniper incidents along the Cline Avenue corridor since July 25.

FBI will employ profilers as well as the Gary-based Gang Response Investigative Team to assist in the Lake County investigation of the reported shootings that have struck nine vehicles. To date, no injuries have been reported.

Also assisting on the task force are U.S. Marshal's Office, the ATF, the Indiana State Police, the Lake County Prosecutor's Office and the police departments of Hammond, Gary, East Chicago and Whiting.

The hotline to leave tips for the task force is (877) 324-4748 or (219) 885-1055.

However, anyone who sees something while driving may call 911.

Also at the news conference today at the Lake County Sheriff's Department, authorities ruled out any connection between the sniper reports, the Gary fire truck shooting Saturday and a vehicle reporting a broken window this morning.

Sniper Task Force Announced For NW Indiana (CHIT)

By Tonya Maxwell And Rex W. Huppke

Chicago Tribune, August 8, 2006

HAMMOND -- When car windows began shattering along bustling Cline Avenue two weeks ago, the talk was that a sniper was on the prowl. Hoosiers had just dealt with a quick but deadly series of highway sniper shootings in central Indiana, so anxiety was understandably high.

But now that fearful talk has grown muted, even though motorists along this four-lane industrial stretch continue to be targeted by something—and someone—no one can identify.

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"Personally I think it's just little kids out there with slingshots," said an unconcerned Lloyd Taylor, filling his rickety van up at a gas station just off Cline. "It ain't no bullets."

But here's the problem that investigators, which now include the FBI, are facing: After nine shattered windows, they haven't found any bullets.

It's possible BBs or even rocks from a slingshot are to blame, but no evidence has been found. Not only is there no smoking gun, at this point there's not even a suspect projectile.

"I'm not going to rule out anything," said Mark Becker, supervisory special agent for the FBI in Merrillville, Ind. "I don't want to guess what might or might not have been used. It's just too early to tell."

Federal and local law enforcement officials on Monday announced the formation of a multi-agency task force to investigate what they're calling "shootings" along the Cline Avenue corridor, about 8 miles of divided north/south highway that carries thousands of motorists a day through East Chicago, Gary and Hammond. Citizens were urged to call with any tips on the person or people who have been launching projectiles at passing vehicles.

"One thing we want to stress is, this case could be one phone call away from being solved," Becker said.

No windows have been reported broken since Thursday night, when the rear window of a vehicle was shattered at the intersection of Cline and U.S. Interstate Highway 80-94. There have been no injuries in any of the nine cases, but Lake County (Ind.) Sheriff Roy Dominguez said the person responsible could face charges ranging from criminal recklessness to attempted murder.

"This is what we would call a local terrorist act," Dominguez said Monday. "It's obvious to me this person is unstable."

The only potential lead in the case came last week when police found an area of matted-down grass by a fence off Cline near where a motorist's window was broken. Dominguez said they found an ottoman at the site and a couple cushions that could have been used as a makeshift tripod. He said the "nest" is part of the continuing investigation.

On July 23, before the trouble began in northwest Indiana, a sniper shot and killed one driver and wounded another on Interstate Highway 65 south of Indianapolis. The shooter later hit a moving tractor-trailer and a parked sport-utility vehicle on Interstate Highway 69 in Delaware County, about 100 miles northeast of the earlier shootings.

Police arrested a 17-year-old on July 25 in connection with the shootings. He is charged with murder, attempted murder and criminal recklessness.

The day the teen was arrested was the first day a window was blown out along Cline, leading police in northwest Indiana to worry they were dealing with a copycat. They remain worried—with unmarked cars cruising the avenue and helicopters routinely hovering above—but exactly what they're dealing with remains a mystery.

"It's possible the incident in [central] Indiana created this," Dominguez said. "We're encouraging civilians to continue with their daily lives."

Thus far that hasn't been much of a problem.

On Monday, Johnnie Dinkins was grabbing some lunch at Franky's Restaurant just off Cline. The 61-year-old retiree said whoever's responsible for the recent highway drama isn't going to force her to avoid the area or go out of her way.

"I go whichever way is fastest for me to go," she said resolutely.

Dominic Ferrarini, 54, was working on a bowl of alphabet soup at Franky's. He said he has heard of people who are so worried about flying objects on Cline that they won't drive unless their windows are rolled up tight. Ferrarini can't be bothered with that.

"If you're going to get hit, you're going to get hit," he said. "It doesn't matter if it's up or down."

There are even some—particularly those who make a living out of shattered glass—wondering if this rash of broken windows is nothing more than the spawn of torrid temperatures and flying roadside gravel.

Ken Taylor, owner of P&J American Glass in Highland, Ind., said he gets customers who've had windows chipped by flying rocks twice a day, and several a week have had it happen while driving on Cline. He blames the avenue's concrete median, which he said acts like a bumper for rocks and gravel to bounce off.

Once there's a chip in the glass, he said, a pothole or even high temperatures can cause the whole pane to shatter.

"Everybody's jumping on the sniper bandwagon and saying, 'Oh God, oh God, I got hit!'" Taylor said. "You drive your car up and down Cline Avenue and you're going to get hit by rocks twice a week."

Paul Perez, owner of P&M Auto Glass and Trim in Schererville, said it's not at all uncommon for windows to simply break for no clear reason.

"I've heard a lot about the supposed sniper," he said. "I don't know, I've gotten a couple jobs this summer from people who've just been driving down the road and their glass just breaks."

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While browsing Blythe's Sport Shop in Griffith on Monday, Dave Hunt considered whether the culprits in this caper could be using a high-powered slingshot, like the Wrist-Rockets the shop carries. He figured it's possible, but they'd have to be an awfully good shot.

Regardless, he was decidedly untroubled by the whole situation.

"Everybody just thinks, 'Hey, it's some goofball out there throwing rocks or something,'" Hunt said. "I know people who drive that way all the time. They don't seem too freaked out."

Feds, State Investigating Byron Explosion (MACT)

By Becky Purser

The Macon Telegraph, August 8, 2006

A federal and state investigation into Sunday's explosion at Pyrotechnic Specialties Inc. in Byron took center stage today, as local authorities faded into the background.

"We've turned the investigation over to them on this type of investigation. This is basically their type of expertise," Peach County Sheriff Terry Deese said today.

If there were any violations that led to the huge blast that leveled a building at the explosives manufacturer, federal and state authorities will also deal with that, the sheriff said.

"This happens from time to time. I guess that's just the nature of the beast," Deese said.

The sheriff said he shares the concerns of the plant's neighbors about the potential for future explosions.

"They need to figure out a way to stop it," Deese said.

Jeff Pearce, assistant special agent in charge of the Atlanta field division of the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, said it's too early in the investigation to determine what caused the explosion and whether it was an accident or the result of foul play.

"We have no information leading us to believe there was criminal act at this point," he said.

Pearce also noted that there is the potential for accidental explosions when dealing with explosives and such a blast does not necessarily mean the company failed to follow proper safety precautions. The agent said those issues will be looked at as part of the investigation.

The explosion appears to have been limited to the bunker, or the building in which the explosives were stored. The bunker may also be referred to as a magazine, Pearce said.

Jeff Doles, Peach County fire chief and Emergency Management Agency director, said the magazine contained 3,500 pounds of explosives. The explosion sent debris flying about 500 yards in all directions and formed a crater in the ground.

Doles said today that his agency now is out of the investigation picture, with the ATF in charge.

Pearce said identifying the type and amounts of explosives stored in the bunker is a part of the investigation and he could not release that information even if the list were immediately available.

PSI chief executive David J. Karlson could not be reached for comment this morning.

Pearce, who said he has not been on site, said the field agent in charge indicated that the bunker appears to have served the purpose for which it was designed: containing and taking the brunt of any explosion of the material in it.

"It detonated for an unknown reason and we'll try to figure out why," Pearce said.

The Georgia Bureau of Investigation is assisting in the investigation. Neither agent Denise Norman nor Craig Rotter, a bomb technician called to the scene of the explosion Sunday, could be reached today for comment.

Deese, who was out of town Sunday, said he viewed some photographs of the explosion site today.

"There's not a whole lot there for (investigators) to look at," Deese said. "Basically, it looks something you'd expect to see in Iraq or Lebanon where they're dropping bombs."

The plant, which manufactures explosives for the military, is set up like a military base and the bunkers, in which the explosives are stored, are relatively small, the sheriff said.

The sheriff said some of his deputies saw the flash, heard the boom and felt the vibrations from the explosion early Sunday and that phones at the sheriff's office and at the 911 call center started "ringing off the hook."

He said local responders cleared and secured the scene, put out a few small fires and then waited for the state and federal investigators to arrive.

"We were very lucky that no one was injured," the sheriff said.

To contact Becky Purser, call 923-3109, extension 243, or e-mail bpurser@macontel.com

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IMMIGRATION:

Nine Passengers Are Killed In Chase At Border (NYT)

By Paul Giblin

The New York Times, August 8, 2006

PHOENIX, Aug. 7 — Nine suspected illegal immigrants were killed and 13 others were injured after a sport utility vehicle overturned while being pursued by Border Patrol agents near Yuma, Ariz., on Monday, officials said.

The vehicle, a Chevrolet Suburban, was carrying 22 people when it flipped, said Lloyd Frers, a senior agent for the Border Patrol.

Five people died at the scene, and four died after being taken to Yuma Regional Medical Center. Agents had spotted the vehicle on a desert road that circumvents a Border Patrol checkpoint on Highway 95 near the California line, Agent Frers said.

"That's a common tactic used by smugglers," he said. "They either drop people and have them walk around or they try to drive around it."

The driver noticed that he had been detected, made a U-turn and sped away on the dirt road through a sandy area of desert toward the highway, the Border Patrol said.

The driver was trying to avoid a spike strip, designed to flatten tires, when the vehicle rolled about 6:50 a.m., said Major Leon Wilmot of the Yuma County Sheriff's Office.

The accident is under investigation, as is the immigration status of the passengers, Agent Frers said.

It was not immediately known how far the chase went or what speeds it reached.

Hector Yturralde of the Arizona chapter of We Are America, an immigrant rights group, said the pursuing agents should face serious consequences if they are found to be at fault.

"I'd say that's extreme measures for undocumentation," Mr. Yturralde said. "I never hear them doing that to these drug smugglers that are really armed. They stay away from them. They go after these poor, innocent people that are just trying to get in for work."

The Yuma area is one of the busiest spots on the United States-Mexico border for illegal immigration, even after increased enforcement. Agents reported 6,030 arrests in June, down 48 percent from 11,522 in June of last year.

The Border Patrol's Yuma sector is a mostly unfenced stretch of 118 miles lined with saguaro cactuses and dry riverbeds.

9 Die In Ariz. Crash As SUV Flees Border Patrol (WP)

The Washington Post, August 8, 2006

YUMA, Ariz., Aug. 7 -- Nine people were killed and at least 12 others were injured Monday after the sport-utility vehicle in which they were riding rolled over while the driver attempted to elude Border Patrol agents, officials said.

Five of the injured, including a pregnant woman, were in critical condition, most with head trauma, a hospital spokeswoman said.

The nine dead, including six women, were Mexicans who tried to enter the United States illegally, Mexico's Foreign Relations Department said.

Border Patrol spokesman Lloyd Frers told the Associated Press, "It's pretty obvious to anybody who looks at it that it was more than likely a smuggling load."

The Chevrolet Suburban was carrying as many as 22 people, Frers said.

The vehicle was apparently trying to skirt a Border Patrol checkpoint on a state highway near the California-Arizona border by taking a remote desert road. Spotted by agents, who followed the vehicle, the driver made a U-turn and tried unsuccessfully to speed back onto the highway, authorities told the Los Angeles Times.

"The driver lost control and rolled it," Martha Silva, a Border Patrol spokeswoman, told the Times.

The five critically injured victims were transferred to a Phoenix hospital, along with a sixth who was in good condition, officials said.

Two more of the injured were at Yuma Regional Medical Center in serious condition, and a third person was being examined in the emergency room, spokeswoman Machele Headington said. Three other patients were released to Border Patrol custody after treatment, she said.

Car accidents involving illegal immigrants are increasingly common in Arizona, as smugglers try to avoid or outrun Border Patrol agents sent in greater numbers to secure the frontier with Mexico.

The southwestern Arizona desert has become the nation's busiest immigrant-smuggling hot spot. President Bush visited Yuma in May as part of his push for a sweeping overhaul of immigration laws.

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Immigration March Targets Hastert (CHIT)

By Oscar Avila

Chicago Tribune, August 8, 2006

Organizers of two major Chicago immigrant marches upped the ante Monday, announcing a four-day walk from Chinatown to the western suburb of Batavia—about 40 miles—that they hoped would pressure U.S. House Speaker Dennis Hastert to move the immigration debate forward.

Participants will begin their walk Sept. 1 and culminate their journey on Labor Day, Sept. 4, at Hastert's district office. There, they plan to hold an immigration hearing, which they say will differ from committee hearings that Hastert has organized.

Those hearings have featured supporters of a House bill that would drastically toughen immigration enforcement. Immigrant advocates have complained about not getting equal time, and other lawmakers have organized competing hearings featuring backers of a Senate bill that would offer legalization and a program to import temporary workers.

Members of the March 10 Committee, a local group named for the date of the first major Chicago march, are pushing for a bill that would legalize all the nation's 11 million to 12 million illegal immigrants. The group, which includes labor unions, religious leaders and civil-rights advocates, —also wants to streamline the process to help legal immigrants bring in relatives.

At a news conference Monday in Chinatown, supporters said they hope the Immigrant Workers Justice Walk will recharge the push to provide legal avenues for immigrants, including those here working illegally.

"They deserve a piece of the American dream for themselves and their children," said Toure Muhammad, an official with the Service Employees International Union Local 1.

Hastert has said he is not trying to quash the immigration issue and still hopes to get a bill to President Bush by the end of the year. A Hastert spokesman could not be reached for comment late Monday.

Artemio Arreola, a member of the March 10 Committee, said he did not want to predict how many would take part in the walk. He noted that organizers have underestimated the number of participants before marches in March and May that drew hundreds of thousands to the Loop.

Organizers, however, expect most participants only to walk for a few hours as the march passes through their neighborhoods. The march will move west from Chinatown to Pilsen and Little Village before snaking through Cicero, Berwyn, Elmhurst, West Chicago and about 20 other suburbs. Several "feeder marches" will begin in Joliet, St. Charles and other suburbs to head directly to Batavia.

Organizers are asking for volunteers to donate food, water and lodging.

Rev. Claudio Holzer, pastor of St. Charles Borromeo Church, in Melrose Park, said his church will make about 500 meals and provide a place to rest. Other churches will provide places to sleep in school gymnasiums, he said.

The walk has garnered support from a diverse coalition, including representatives from the Rainbow/PUSH Coalition, the Council of Islamic Organizations of Greater Chicago, the Illinois Coalition for Immigrant and Refugee Rights and the Chinese American Service League.

Judging Immigration: Who's Strict, Who's A Softie? (AP)

By Cara Anna, The Associated Press

AP, August 7, 2006

ALBANY, N.Y. (AP) — It's said the only thing more complicated than immigration law is the U.S. tax code. But immigrants and their lawyers on Monday gained a tool to compare judges and their records — putting faces on a system that's famously hard to read.

For the first time, the backgrounds of most of the country's 200-plus immigration judges have been published in one place. The online database also shows each judge's denial rates in asylum cases, effectively telling the public who's strict and who's more of a softie.

It means asylum seekers can track which courts are the friendliest — and prepare themselves for the judge they'll be facing. They may even be inspired to shop around.

"You just have one chance," said Susan Long, co-director of the Transactional Records Access Clearinghouse at Syracuse University, which released the information. The project collects and analyzes federal government data.

"You learn a lot in court, but not in time to be helpful," Long said. "It's like a surgeon — you want one who does a good job."

Until now, such information has been gained through gossip, or years of courtroom observation. Sites like asylumlaw.org have some statistics, but immigrant advocates said the information can be old or incomplete. Now immigrants can learn if their judge once worked for, say, the enforcement arm of the former Immigration and Naturalization Service.

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The database exposes a part of the immigration system that even Attorney General Alberto Gonzales has sharply criticized. He ordered a review of the immigration courts in January, saying some judges showed "intemperate or even abusive" conduct toward asylum seekers.

Individual judges have remarkable range in denying asylum, from 10 percent to more than 98 percent, a TRAC report last month showed.

Monday's release lets the public compare judges within each court or with others across the country. It also shows each judge's caseload by major nationalities.

"Attorneys might find this confirms hunches that judges have a higher or lower rate of denials for certain nationalities," said Larry Katzman, an immigration attorney and manager of TRAC's immigration project.

Resourceful asylum applicants could even try to get their cases moved to a friendlier court.

"If I thought someone would do better elsewhere, I'd send them there," said Molly Short, director of U.S. Committee for Refugees and Immigrants in Albany. She used to work with immigrants as an accredited representative in Buffalo.

The Buffalo immigration court's three judges denied asylum almost 85 percent of the time between fiscal year 2000 and early 2005, according to TRAC. One judge, Michaelangelo Rocco, denied 92 percent of cases, while the national average was 62 percent.

"I've had people say, 'I have friends in California, should I go there?' And I'd say, 'Yes,'" Short said.

The United States granted asylum to 13,520 people in 2005, according to Citizenship and Immigration Services statistics.

People who ask for asylum fear persecution if they return to their countries because of their race, religion, nationality or political views.

"This is where significantly life-and-death decisions are made," said Eleanor Acer, director of the refugee protection program at Human Rights First.

She'd love to track immigration judges by the number of their decisions that are overturned in the appeals process.

"This can help flag some flaws in the system," she said.

CONGRESS-ADMINISTRATION:

Analysis: Dems Hold Up Nominee (UPI)

By Shaun Waterman, UPI Homeland and National Security Editor

United Press International, August 8, 2006

WASHINGTON, Aug. 7 (UPI) -- Three Democratic senators have said they will block the confirmation of a senior Justice Department official until the administration agrees to let an investigation into its program of warrantless wiretapping go ahead.

Sens. Richard Durbin, D-Ill., Russell Feingold, D-Wisc., and Edward Kennedy, D-Mass., wrote last week to President Bush saying they believe it would be "inappropriate" to confirm Steven Bradbury until the "investigation is completed and Mr. Bradbury is cleared of any wrongdoing."

Bradbury was nominated in January to take over the department's Office of Legal Counsel, the section that provides binding legal advice to the White House and other federal agencies; drafts the attorney general's legal opinions; and adjudicates legal disputes between government departments.

But he has been running the office in an acting capacity since last summer, and under his leadership it has mounted an aggressive campaign to defend the legality and constitutionality of President Bush's program of warrantless wiretaps on calls into and out of the United States by people believed connected with al-Qaida or other terror groups.

The Office of Legal Counsel, for instance, produced the so-called January 19 White Paper, a document setting out the administration's case that warrantless surveillance of international electronic communications like telephone calls, e-mails and faxes -- even when one end of the conversation was in the United States -- was legal under the president's inherent powers as commander-in-chief and Congress' 2001 Authorization for the Use of Military Force in the U.S. war on terror.

The office was also one of those asked to provide information and documents to an internal Justice Department investigation into the wiretapping program. The three senators, all senior members of the Senate Committee on the Judiciary, say this indicates that the office was a target of the investigation, which was probing whether any department lawyers had engaged in misconduct when they authorized the program.

"Since (the probe) was investigating whether (the Office of Legal Counsel) engaged in misconduct while Mr. Bradbury was acting head, we believe it inappropriate to confirm Mr. Bradbury at this time," they write.

The Senate rules allow a single senator to effectively block any nomination from getting to the floor. Such a maneuver, known as a hold, can be exercised anonymously, but it has become increasingly common for frustrated Democrats to use the technique as a lever to try to force the administration to cooperate with their oversight requests.

Last year, for instance, Sen. Carl Levin, D-Mich., put holds on several nominations, including that of Assistant Attorney General Alice Fisher, in an effort to force disclosure of documents relating to administration policy on detention and interrogation.

Fisher was eventually given a recess appointment.

Durbin, Feingold and Kennedy write that they will block the nomination until the "investigation is completed and Mr. Bradbury is cleared of any wrongdoing."

Justice Department Spokesman Brian Roehrkasse said Sunday it was "unfair" to say that Bradbury was a target of the investigation because "the (wiretapping) program began in 2001 before he was even a government employee." He added it was "surprising and unfortunate" that the senators had chosen to block the nomination.

The letter sets the stage for a direct confrontation with President Bush because the investigation run by the department's Office of Professional Responsibility was closed earlier this year after its investigators were not granted the security clearances they needed to review documents and conduct interviews about the program.

Attorney General Alberto Gonzales told a Senate hearing that decisions about who was granted clearance to review the program were made by the president personally.

The Office of Professional Responsibility was created in the wake of the Watergate scandal. Its Web site says its job is to "ensure that Department of Justice attorneys continue to perform their duties in accordance with the high professional standards expected" of them.

The man leading its investigation into the wiretapping, H. Marshall Jarrett, complained that large numbers of other department staff -- investigating the leak of information about the program, and representing the government in civil litigation about it -- had all been granted clearances.

"Since its creation some 31 years ago," he wrote in the memo closing the investigation, the Office of Professional Responsibility "has conducted many highly sensitive investigations involving executive branch programs and has obtained access to information classified at the highest levels. In all those years, (the office) has never been prevented from initiating or pursuing an investigation."

Thompson's Medicaid Reforms Could Benefit His Employers (WP)

By Christopher Lee

The Washington Post, August 8, 2006

Last week, Tommy G. Thompson, the former secretary of health and human services, proposed overhauling Medicaid in ways that he says would be good for the country. Critics contend that some of Thompson's recommendations also could be good for companies that he works for.

Thompson, in an interview with The Washington Post last Tuesday, said the federal government should assume primary responsibility for elderly Medicaid beneficiaries and leave those under 65 to the states. He called for more disease-prevention efforts, electronic medical records, and moving some Medicaid patients and the uninsured into commercial health insurance.

The former Wisconsin governor had shopped many of the ideas around for years, and experts say many are worth exploring. Still, these days Thompson speaks not just as a former government leader but also as an executive with ties to several companies that have a hand in Medicaid. The program, jointly funded by the state and federal governments, pays medical bills for more than 50 million low-income, elderly and disabled people with no other access to care.

Thompson, who served during President Bush's first term, is on the board of Centene Corp., a St. Louis-based company that operates Medicaid-funded health maintenance organizations in Indiana, Kansas, Missouri, New Jersey, Ohio, Texas and Wisconsin. His proposals to move more Medicaid beneficiaries and uninsured people onto such plans could improve the company's bottom line.

Thompson also is chairman of the Deloitte Center for Health Solutions, part of Deloitte & Touche USA LLP, a consulting firm that has contracted with states to help improve their Medicaid programs. If Thompson becomes a driving force behind revamping Medicaid, states who hire Deloitte may feel they are contracting with a player. Ditto for clients' perceptions of the law firm Akin Gump Strauss Hauer & Feld LLP, in which Thompson is a partner and which has health-care and insurance industry clients.

Thompson also is a part-owner and board member of VeriChip Corp., which makes microchips that store data and can be implanted in humans. The company might benefit if Medicaid were to embrace electronic medical records.

"An important part of our strategy has been to attract key thought and opinion leaders, and Secretary Thompson has played an influential role in shaping this country's healthcare policies," Scott R. Silverman, CEO of VeriChip Corp.'s parent

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company, said in a July 2005 news release. "We look forward to him assisting the company to make the VeriChip an important part of the healthcare landscape."

In a statement yesterday, Thompson said his efforts to change Medicaid began "long before" his corporate relationships.

"When I was governor of Wisconsin in the mid 1980s, I witnessed first hand how this program was placing an enormous financial burden on my state and others as well as how inefficient Medicaid was in meeting the needs of those who rely on it," he said, adding that his goal is to "initiate a meaningful dialogue with Medicaid's various stakeholders and to assure that that this program doesn't unravel in the coming years."

Congress Full Of Fortunate Sons — And Other Relatives (USAT)

By Jill Lawrence

USA Today, August 8, 2006

WASHINGTON — Politics has never been more of a family business.

In 1986, at least 24 U.S. senators and representatives were closely related to governors or other members of Congress, USA TODAY research shows.

Twenty years later, there are more than 50 — among them four sets of siblings, four widows, dozens of offspring, the wife of a former Senate majority leader and Sen. Hillary Rodham Clinton, wife of a former president and governor.

No official records are kept, but Senate historian Richard Baker says the concentration of relatives is extraordinary. “Sometimes the children of public figures are kept in the shadows,” he says. “Now we're seeing this trend or pattern of all in the family.”

There may be more relatives after the Nov. 7 election:

·At least two children of retiring House members want to succeed them: Republican Gus Bilirakis of Florida and Democrat Chris Owens of New York.

·Two governors' sons are seeking Senate seats: Democrat Bob Casey in Pennsylvania and Republican Tom Kean in New Jersey.

·Two children are vying for the same Democratic House nomination in Maryland: John Sarbanes, son of Sen. Paul Sarbanes, and Peter Beilenson, son of former California representative Anthony Beilenson.

·In Nevada, Jack Carter, son of former president Jimmy Carter, is running for Senate. Republican Dawn Gibbons wants to succeed husband Jim in the House; he's running for governor.

Congress-watchers such as Norman Ornstein say the many relatives can fuel Capitol Hill's image as an insider's club. But not all relatives win, they say, and those who do often bring valuable experience and respect for the job.

“They have less tendency to run against the institution or to view it with contempt,” Ornstein says.

In a sense, politics is a business like any other, and lawmakers are like any parents passing a legacy to their children. “If you're a baker, you leave a bakery,” says Stephen Hess, author of who wrote America's Political Dynasties. “If you're a politician, you give them a nice gerrymandered district.”

Or perhaps a country, in the cases of Presidents John Quincy Adams and George W. Bush. Or a Senate seat, a gift former senator Frank Murkowski gave his daughter Lisa when he became governor of Alaska and appointed her to replace him.

Congress Proves To Be A Family-friendly Workplace (USAT)

By Jill Lawrence

USA Today, August 8, 2006

WASHINGTON — Family ties on Capitol Hill are so common that the late congressman Morris Udall had no fewer than three relatives in office to support the stem cell research they say might have cured him.

“I appeal to my friend President Bush in the memory of my Udall ancestry, please, do not veto this bill,” Sen. Gordon Smith, R-Ore., pleaded during Senate floor debate last month over whether to lift restrictions on federal funds for embryonic stem cell research. He said his grandmother, his uncle and his cousin Morris — the Arizona representative and 1976 Democratic presidential candidate — all died horrible deaths from Parkinson's disease.

In the House of Representatives, Morris Udall's son Mark, D-Colo., and nephew Tom, D-N.M., voted to override Bush's veto. Mark Udall said his father might “still be alive today” if scientists had been able to fully explore the potential of embryonic stem cells.

The Udalls, developing into a Western mini-dynasty, illustrate the proliferation of relatives in elective office. Political analysts offer several reasons for the trend:

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·The influx of women into the workforce. "It used to be that family relations in Congress consisted almost entirely of sons and brothers. Now you have sisters and daughters," along with widows taking over their late husbands' seats, says John Pitney, a professor at Claremont McKenna College in California and a former Republican aide on Capitol Hill.

Among those serving are Democratic Reps. Loretta and Linda Sánchez, sisters from California, and four daughters of lawmakers: House Minority Leader Nancy Pelosi, D-Calif.; Rep. Lucille Roybal-Allard, D-Calif.; Rep. Shelley Moore Capito, R-W.Va.; and Sen. Lisa Murkowski, R-Alaska.

In the wives department, there's Sen. Hillary Rodham Clinton, D-N.Y., married to former president Bill Clinton, and Sen. Elizabeth Dole, R-N.C., married to former Senate majority leader Bob Dole. There are also women who were elected to succeed their late husbands in the House and went on to long careers, among them California Democrat Lois Capps and Missouri Republican Jo Ann Emerson.

·The emergence of minority politicians and dynasties. Examples are the Sánchez sisters; Sen. Ken Salazar and Rep. John Salazar, Democratic brothers from Colorado; Reps. Lincoln and Mario Diaz-Balart, Republican brothers from Florida; and Rep. Harold Ford, D-Tenn., son of former representative Harold Ford Sr. Ford is running for the Senate; his brother Jake is trying to keep the Memphis House seat in the family.

·The increasing value of a brand name and family connections as campaign costs rise. "You have a head start when you can tap into a relative's fundraising network," Pitney says. This year, John Sarbanes leads fundraising in a field of eight for a Democratic House nomination in Baltimore. One-fourth of his contributors from April through June also gave previously to his father, Sen. Paul Sarbanes, D-Md., according to a USA TODAY analysis of campaign-finance records.

It helps psychologically as well as financially to have a familiar name. A politician doesn't have to spend as much to get known, and over time "people get comfortable with the product," says Stephen Hess, author of America's Political Dynasties.

That's not to say relatives always win. Democrat Gary Kucinich, brother of Rep. Dennis Kucinich, D-Ohio, lost a primary bid this year for a House nomination. Republicans Billy Tauzin III (son of former Louisiana congressman Billy Tauzin), Brad Smith (son of former Michigan congressman Nick Smith) and Pat DeWine (son of Sen. Mike DeWine, R-Ohio) lost House bids in 2004 and 2005.

Stiff competition, a relative's failures or prevailing political winds can lead to defeat. "It's by no means a simple matter" to keep a seat in the family, says Thomas Mann, co-author of The Broken Branch, a study of congressional dysfunction.

Retiring Reps. Major Owens, D-N.Y., and Mike Bilirakis, R-Fla., ran uncontested for their 12th terms in 2004. Their sons, trying to succeed them, face bigger challenges. Chris Owens, 47, is in a tough Sept. 12 primary against three other candidates. Gus Bilirakis, 43, has token opposition in a Sept. 5 GOP House primary in the Tampa area. In November, he'll face Democrat Phyllis Busansky, a former county commissioner who topped his fundraising over the past three months.

Bilirakis, a state representative and probate lawyer, mentions his father four times in a brief letter to voters on his website home page.

Sarbanes tapped his father's donors but doesn't mention Dad at all in a letter on his website. "I certainly am proud of the name. At the same time, I understand the need to present my own credentials," says Sarbanes, 44, a lawyer.

Bilirakis says he's his own person and his campaign slogan — "Gus Is For Us" — makes that clear. Furthermore, he says, "I was the first political junkie in the household." He volunteered for his first campaign at age 7 and by 18 was urging his father to run.

Few if any families will ever match the sheer power of the Bush dynasty (two presidents, a governor and a senator) or the staying power of the Frelinghuysens of New Jersey. GOP Rep. Rodney Frelinghuysen's father was in Congress, as were ancestors back to his great-great-great-great-grandfather Frederick. He was in the 1779 Continental Congress.

How Much Is Too Much: Is The President Too Chunky? (ABC)

By FELICIA D. STOLER

ABC.com – Bush overweight, August 8, 2006

Aug. 7, 2006 — Last week President Bush underwent his annual physical. It revealed he was in pretty good health, except for one thing. According to his body mass index, he's overweight.

His BMI was 26, putting him in the lower range of the overweight category. He weighs 196 pounds, meaning he has gained 5 pounds since last year and his percentage of body fat has increased to 16.8 percent, which is, overall, pretty good for a man who just turned 60. (To calculate your BMI, go here).

Still, the appropriate body weight range is 157 to 192 pounds for a 5-foot, 11-inch man. Is there cause for alarm? Should the president go on a diet?

Possibly, dietitians say.

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"When you're 60 and your BMI is 26, it's a risk," says dietitian Cathy Nonas, a spokeswoman for the American Dietetic Association. "As you get older, you are more prone to other ailments — diabetes, arthritis and cardiovascular disease. It is helpful to not add another BMI point each year."

The notion that everyone gains weight as they age is not an excuse, say health care professionals.

"I don't know if I would say he's overweight, but if you look at the trend, increasing body weight is not a good pattern," says Leslie Bonci, director of Sports Nutrition at the University of Pittsburgh Medical Center. "This weight gain trend is important as we get older."

While some experts have voiced concern over the president's weight, others say he has nothing to worry about. And one leading nutrition researcher believes BMI alone does not provide enough information to make a decision.

"In men, BMI is particularly misleading because of muscle mass. I would like to know the president's waist circumference. It appears the president is pretty healthy. However, if he's beginning a trend of gaining 5 pounds a year, that is not a good thing," says Barbara Rolls, head of nutritional sciences at Penn State University.

And J. Larry Durstine, president of the American College of Sports Medicine, says he believes the president should be recognized as a leader in maintaining good health.

The Non-Working Man's Burden (NYT)

The New York Times, August 8, 2006

It's too soon to tell whether the recent jump in unemployment — from 4.6 percent in June to 4.8 percent in July — is the start of a worsening jobless trend. What is clearly disturbing, however, is that for nearly a year the labor market has not been as tight as one might assume from the jobless rate. And now, the ranks of the unemployed have grown.

Contrary to popular belief, a low unemployment rate does not necessarily signify a strong economy. It can be a sign of weakness if it reflects a shrinking labor force, as has been the case throughout much of the Bush-era economic expansion. Today, nearly five years after the end of the last recession, the share of the population at work — the employment rate — is 1.7 percentage points below its peak in April 2000, indicating millions of potential workers who have dropped out of the labor force completely and are thus no longer counted as unemployed.

A certain amount of dropping out is nothing to worry about. Some people leave work to raise children or return to school, for instance.

But the phenomenon is extremely troubling among millions of men in the prime of their working lives, ages 35 to 55. The Times's Louis Uchitelle and David Leonhardt reported recently that about 13 percent of prime-age American men are not working — more than double the percentage in the brisk employment decades of the 1950's and 1960's — and most of them have quit looking for jobs.

It's easy to dismiss men who aren't working as lazy bums. It would be more effective to attack the trap of layoffs and the lesser jobs that follow, which many of these men are trying to avoid. A place to start would be to assess the problem forthrightly. The Bush administration has often bragged about the economy's relatively low unemployment rates rather than admit that they mask economic weakness. Administration officials have also talked up the economy's job growth record by citing totals without context, thereby masking the fact the job creation during the Bush years has badly trailed historical norms.

Perhaps most damaging is the administration's insistence that more education and training are a panacea for job loss. Higher levels of learning and skill don't magically create jobs. Public policy for a globalized age must grapple with twin challenges: how to create full employment in the face of international competition, and how to create a safety net for jobless Americans in a globalized economy.

OTHER NEWS:

Fed May Pause On Rate Hikes, But Inflation's Threat Means Future Hikes May Still Loom (MCT)

By Kevin G. Hall

McClatchy Newspapers, August 8, 2006

WASHINGTON - The Federal Reserve is expected to pause Tuesday after 17 consecutive interest-rate hikes, ending a streak of credit tightening that has lifted short-term lending rates from 1 percent to 5.25 percent since June 2004.

Still, analysts warn that the Fed may raise rates in the months ahead if signs persist that inflation is growing worse. Countering that threat, however, is the risk that further rate hikes could tip the slowing economy into recession.

As Fed policy-makers on the rate-setting Open Market Committee weigh the competing risks on Tuesday, they're expected to pause to buy time for more data to accumulate and show which risk is more threatening.

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"They have to weigh the risks of tightening again and doing too much and really hurting the economy, or waiting and risk that inflation climbs a bit higher," said Nigel Gault, chief U.S. economist for Global Insight, a consultancy in Lexington, Mass. "They don't have to decide whether interest rates have peaked."

Fed decisions ripple across the U.S. economy. The Fed sets the federal funds rate, which banks charge each other for overnight loans. That's a benchmark rate for bank loans to consumers and businesses.

Raising interest rates makes borrowing money more costly and thus slows economic activity. That is sometimes necessary to take the steam out of inflation - the rise of prices across the economy - but it also puts financial stress on consumers and businesses, and it costs jobs.

Because it can take six months or more before a rate hike's effect is felt across the economy, the Fed is often uncertain when to stop raising rates. Tighten credit too much and the economy can slip into recession. But fail to tighten enough and inflation can get out of control, distorting economic decisions and forcing much higher rate increases later to subdue it.

Fighting inflation is the Fed's chief mission, and just about every measure of inflation is running higher than the 1 percent to 2 percent annual rate that is thought to be the Fed's comfort zone. Soaring energy prices and high commodity prices are driving the current bout of inflation, and wage and benefit costs are rising worrisomely fast as well.

The inflation risk from energy costs continues to grow. British Petroleum shut down an Alaska pipeline Sunday that pumps 8 percent of daily U.S. oil production. BP said the pipe may be shut for months in order to repair corrosion. That sent crude oil prices up about $2 a barrel to $76.98 per gallon on the New York Mercantile Exchange. Gasoline pump prices could jump another dime this week.

In addition, the heart of hurricane season is only weeks away, threatening oil production in the Gulf of Mexico.

Nevertheless, investors are betting that the slowing economy will make the Fed pause. The U.S. economy grew at only a 2.5 percent annual rate between April and June, sharply slower than the previous quarter's 5.6 percent rate.

The slumping housing sector is largely responsible, as new-home starts, existing-home sales and home-equity loans all declined. Rising interest rates hurt all three.

The job market is hurting, too. July's non-farm payroll jobs grew by just 113,000, well below expectations, as the unemployment rate rose to 4.8 percent from 4.6 percent.

"When you combine all the economic indicators out there ... one conclusion is clear. The economic expansion is noticeably winding down. We believe so will inflation," said Bernard Baumohl, executive director of The Economic Outlook Group, a consultancy in Princeton, N.J., in a note to investors. "The right decision for the Fed now would be to pause at this juncture at 5.25 percent."

The Fed's next decision on rates will come Sept. 18, and troubling wage trends may influence it. Real wages jumped 5.7 percent in June.

"Faster labor cost growth makes it harder for firms to hold prices stable, putting upward pressure on inflation," researchers at Goldman Sachs & Co. warned Friday.

The Labor Department will issue new labor and productivity data on Tuesday.

"Even as the Fed is pausing, they may also be seeing some more labor-cost inflation," said Phillip Neuhart, an analyst with Wachovia, a banking giant based in Charlotte, N.C. "We think they are going to leave the door open for possible hikes in the future. One of the reasons they would leave the door open is fear of wage inflation."

Whatever Fed Does Today, Someone Will Be Unhappy (USAT)

By Barbara Hagenbaugh

USA Today, August 8, 2006

WASHINGTON — Many consumers are hoping the Federal Reserve will declare an end today to its two-year campaign of increasing interest rates, effectively closing a period of rising borrowing costs for everything from mortgages to credit cards.

But then there's Jerry Marcial.

The 58-year-old retiree in Fort Lauderdale is keeping his fingers crossed that Fed Chairman Ben Bernanke and his colleagues raise rates again today and continue on that path in the months ahead. That's because Marcial has a large amount of his money in money market accounts, CDs and other investments that likely stand to gain if rates go higher.

“Because of the circumstances, I wish the rates to go up,” says Marcial, who keeps the Fed's meeting schedule marked on his calendar and calls watching interest rates a “hobby.”

Higher interest rates are “not good for everyone. I understand that,” he says. “But that's me at this point in my life.”

Although they are in the minority, a large number of Americans win when interest rates move higher. Many of them are older, keeping their money in “safe” investments, such as certificates of deposit and savings and money market accounts. Such investments pay better returns when interest rates rise.

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The average U.S. rate on a bank money market account has increased from 0.45% in June 2004, when the Fed first started raising interest rates in this cycle, to 0.78% today, according to Bankrate.com. That number, however, is an average. Rates for some accounts are now topping 5%, according to Bankrate.com senior financial analyst Greg McBride.

An investor with $10,000 in an average-earning bank money market account is earning $78 a year today vs. $45 in June 2004, a 73% gain.

Global Insight estimates that the increase in interest rates over the past two years will add an estimated $183 billion in interest income from 2004 to 2007. Americans are expected to collect more than $1 trillion in interest income this year, Global Insight says.

"For the people who are in this position, it's a big increase in their cash flow," says Brian Bethune, the economic consulting firm's director of financial economics.

Consumers, both those who stand to gain from another rate increase and those who stand to lose, will likely closely be watching news from the Fed today. By adjusting short-term interest rates, the Fed has a large influence on rates across the economy, such as on mortgages, car loans and interest-bearing accounts.

The Fed has raised interest rates 17 times in two years, bringing its target for short-term interest rates to 5.25%, the highest in 5½ years. But in response to a slowing economy, the Fed for the first time since early 2004 may do nothing today.

Americans had $6.3 trillion in assets subject to rate fluctuations, such as CDs and savings accounts, at the end of the first quarter. That accounts for 15.7% of all assets, according to an analysis by Moody's Economy.com.

Although that is a larger share than during the stock market boom in the late 1990s and into 2000, it is lower than two decades ago, when about one-quarter of investments were interest-rate-sensitive.

That said, the number of people who have an interest in seeing rates go higher is still large and will likely grow larger as the baby boomers get set to retire and put their money into safer investments, TrimTabs Investment Research CEO Charles Biderman says.

"There are more people with more assets now than ever before as we baby boomers mature," he says. Because people are holding interest-rate-sensitive assets, "The Fed raising rates doesn't hurt the economy dramatically, not like in previous times."

Donna Bischoff, 56, of New Orleans says she is looking for "stability" for her investments. If rates move higher, the retired executive assistant says she will move more of her money into CDs and other investments that pay income.

"The rates are getting more and more attractive," she says.

Many investors are parking cash in money market funds because of the higher rates. Plus, stock market volatility has made investors uneasy, says Judy Loy, CFO and part-owner of investment firm Nestlerode & Loy in State College, Pa.

"They are sitting on the sidelines," Loy says.

There are others who stand to gain from rising interest rates.

Apartment owners, for example, were seeing vacancy rates rise and rents drop when interest rates were so low that more people were buying homes and shunning rentals. Now that rates are higher, the rental market is strengthening.

In Manhattan, sales of co-ops and condos were down more than 10% in the second quarter from the year before, according to the New York Fed. At the same time, the inventory of available rental properties had fallen and rents were up more than 10% in some neighborhoods, the regional Fed bank said in a recent report.

"Landlords are certainly benefiting from the rise in interest rates," Financial Markets Center economist Dean Baker says.

But many economists, including Baker and Mark Zandi, chief economist at Moody's Economy.com, argue that more people stand to lose when rates rise, particularly people with variable-rate loans, such as consumers with credit card debt and homeowners with adjustable rate mortgages. And because those who hold debt have lower incomes than those with investments, "The losers feel it more than the winners," Zandi says.

Plus, many of the people who have interest-rate-sensitive assets also hold investments, such as stocks and homes, that could decline in value with rising interest rates. Such losses could offset any gains they may see from higher rates.

Chris Lucas, 27, of Fishers, Ind., says higher interest rates are making it harder to pay bills and to have money left to save. He owes $40,000 in student loans, some of which is subject to rate fluctuations, and he sometimes carries a small balance on his credit cards.

"As rates go up, my wife and I have less income to spend on other things," says Lucas, who works in public relations.

Nearly half of U.S. families were carrying a balance on their credit cards in 2004, according to the latest Survey of Consumer Finances from the Federal Reserve. Of those carrying balances, the median amount was $2,200.

Some other examples of those who stand to lose from higher rates:

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·Homeowners with a variable-rate mortgages. About one-fifth of outstanding mortgages have variable rates, according to Fed estimates, Chairman Bernanke said in congressional testimony last month. Half of those are set to change interest rates this year, he said.

Those who are facing a change in rates this year or as well as those with home-equity lines of credit that adjust regularly would like to see rate increases stop.

·Home buyers. Higher interest rates are making it less affordable to buy homes than even a year ago.

Vipul Patel of Bellevue, Wash., was planning to buy a home this year. But the increase in mortgage rates has put the type of home he wants out of his reach.

"I'm going to push it off," the 28-year-old software engineer says. He now hopes to be able to buy next year.

But there may be some advantages to higher rates for home buyers. Higher rates are making it harder for some owners to sell, leading to an increase in the number of homes on the market. The supply of previously owned homes for sale in June soared to the highest since 1997, according to the National Association of Realtors.

Such an increase in inventory puts buyers in a better position to negotiate, a position they have not been in for years.

·Stock investors. Stocks have historically performed worse in a period of higher interest rates as investors take money out of the stock market and put it into safer vehicles, such as bonds. Investors whose portfolios have a heavy stock balance are hoping that the Fed will soon hit the pause button.

Higher interest rates are "scaring investors," says Jessica Rosen, 25, an office facilitator in Lusby, Md. "All my mutual funds and stocks aren't performing."

But others point out that higher inflation, the Fed's top enemy, isn't good for anybody. Rising prices could wipe out any gains consumers with interest-rate-sensitive investments may see.

Al Slakis, a retired insurance company president in Columbus, Ohio, says rising prices, such as for gasoline, are taking up too much of his income.

"Yes, a greater return on my investments would be good. But prices must be contained first," Slakis, 79, says.

Gauges of inflation have been rising in recent months, in part reflecting a rise in energy prices. But inflation has spread to other sectors, such as for food and airfares, leading to some concern about price pressures.

The Fed's main tool to fight inflation is through higher interest rates.

For many people, the prospect of such higher rates has both positive and negative implications.

Susie Cooke, 59, says she is in a "quandary." The retiree has a home-equity line of credit that she is using to update and remodel her 83-year-old home in Tampa. The rate on that loan adjusts with interest rates.

But she also has money in interest-bearing investments and has been considering shifting more money into CDs.

"It's like a big Catch-22," Cooke says, adding if the Fed keeps rates unchanged now, she'd be satisfied. "Just a happy medium."

Stocks Decline As BP Shutdown Jolts Investors (WSJ)

By Peter A. Mckay

The Wall Street Journal, August 8, 2006

The shutdown of an Alaska oil field sent the price of crude soaring and, in turn, pushed stocks lower.

The Dow Jones Industrial Average shed 20.97 points, or 0.2%, to end at 11219.38, up 4.7% for the year. The broad Standard & Poor's 500-stock index slipped 0.3%, or 3.59 points, to 1275.77, up 2.2% for the year. The technology-heavy Nasdaq Composite Index, fell 0.6%, or 12.55 points, to 2072.50, off 6% for the year.

The day's losses were kept in check by widespread expectations that Federal Reserve policy makers at today's meeting will leave their key interest-rate target unchanged, a move that would support share prices.

"For now, it's not a bad idea for [the Fed] to sit back and watch things play out," said economist James Glassman of J.P. Morgan Chase. "Even after a pause, they could always tighten again if they want to."

An announcement from BP PLC surprised the market. The United Kingdom energy giant said it would shutter indefinitely a 400,000-barrel-a-day pipeline in Prudhoe Bay, Alaska, due to severe corrosion.

Nymex crude for September delivery surged $2.22 a barrel, or 3%, to $76.98.

Shares in Dow-industrials component Exxon Mobil rose 54 cents, or 0.8%, to $69.23. BP shares fell $2.09, or 2.9%, to $70.45.

Analysts said the disruption's significance pales in comparison to the effect last year when Hurricane Katrina damaged drills and pipelines in the Gulf of Mexico. But, given the tight balance between supply and demand in the oil market at the moment, the latest incident could be sufficient to keep prices near a record for some time.

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"The psychological impact of this on the market is large because of everything else going on around the globe," said analyst Phil Flynn, of the futures brokerage Alaron Trading in Chicago. "This comes at a time when you can't go anywhere else to get extra oil."

Mr. Flynn alluded to Tehran's rejection over the weekend of a United Nations resolution seeking an end to Iran's nuclear program. Mr. Flynn also noted that Venezuela's political ties to Iran are strengthening, a development that worries oil traders.

Outside the U.S., stocks fell in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, fell 1.3%, or 2.82 points, to 213.97.

In major U.S. market action:

Stocks fell. Total trading volume for stocks listed on the New York Stock Exchange was 2.07 billion shares, as 1,262 stocks advanced and 2,044 fell.

Bond prices fell. The 10-year note fell 6/32 point, or $1.88 for each $1,000 invested, pushing the yield up to 4.927%. The 30-year bond fell 5/32 to yield 5.006%.

The dollar strengthened. Against the Japanese currency, the dollar rose to 115.11 yen from 114.42. The euro fell to $1.2841 from 1.2877.

Stocks Dip On Alaskan Pipeline Trouble (USAT/AP)

USA Today, August 8, 2006

NEW YORK — Near-record oil prices after an Alaskan oil field shutdown weighed on stocks Monday, one day before the Federal Reserve's next decision on interest rates.

BP said late Sunday that it would shut down the Prudhoe Bay oil field, which represents 8% of daily U.S. crude production, because of possible pipeline corrosion (stories, 1A, 3B). Crude oil futures surged $2.22 in response to settle at $76.98 a barrel — near the closing record of $77.03 set July 14.

The stock market showed some resilience despite the higher oil prices, as many investors held out hope that the Fed would not raise its target for short-term rates today.

The Dow Jones industrial average fell 20.97 points, or 0.2%, to 11,219.38. The Standard & Poor's 500 index lost 3.59 points, or 0.3%, to 1275.77. The Nasdaq composite index shed 12.55 points, or 0.6%, to 2072.50.

There are concerns that even if the Fed halts its rate increases, inflation may yet become a concern. “Whether or not the Fed pauses … is not as important as their plan going forward,” says Russ Koesterich, senior portfolio manager at Barclays Global Investments. Meanwhile, not everyone wants the Fed to stop raising rates (Cover Story, 1B).

Highlights:

There was a lot of deal news, both good and bad. Andrew added $1.67 to $9.56 and CommScope lost $2.16 to $28 after CommScope offered $1.7 billion, or $9.50 a share, in cash for the wireless network gear company.

·Exelon lost 71 cents to $58.02 and Public Service Enterprise Group rose $2.01 to $67.01. New Jersey utility regulators promised a prompt review of PSEG's proposed acquisition of Exelon.

·TNS skidded $3.90 to $13.26, a 23% drop that made it the biggest loser on the New York Stock Exchange. TNS, which provides secure data and voice transmission for the financial services industry, said it has ended its attempts to sell itself after receiving one offer that it considered too low.

·Emmis Communications dropped $2.79, or 19%, to $11.73. The broadcaster's CEO withdrew a $15.25-a-share takeover bid for the company.

·Reliv plunged $3.56 to $6.75, a 35% drop that made it the Nasdaq's biggest loser. The maker of nutritional and diet supplements reported lower second-quarter earnings.

·Hansen Natural sank $10.40, or 26%, to $29.85. The maker of Monster energy drinks posted 86% higher profit, but its revenue missed estimates.

A New Lease On Life For 529 Plans (WSJ)

By Anne Marie Chaker

The Wall Street Journal, August 8, 2006

Investors in 529 college-savings plans received some good news with Congress's decision to make some of their most-attractive features permanent.

The changes were included in sweeping pension legislation last week that affects many types of popular retirement accounts, from traditional employer-sponsored pension plans to 401(k) plans. President Bush is expected to sign it into law soon.

The pension bill affects a wide range of 529-plan features that were scheduled to "sunset," or expire, at the end of 2010. In addition to preserving tax-free account withdrawals -- the most important issue facing many families -- it allows investors to

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continue to roll over their 529s to a different state plan once a year without requiring a change in beneficiary. The legislation also extends the option to invest in both a 529 plan and a separate Coverdell Education Savings Account for the same beneficiary in the same year.

State officials, as well as the fund companies that run 529 plans, hope the permanency of the enhancements will help reignite 529 investments, which had been showing signs of tapering off.

As of March 31, investors had opened a total of 8.6 million 529 accounts with nearly $90 billion in assets, according to the College Savings Plans Network, a Lexington, Ky., organization of state 529 officials. Assets in the plans rose sharply when the Economic Growth and Tax Relief Reconciliation Act of 2001 made 529 withdrawals completely tax-free when used for college expenses, among other provisions. But the law was set to expire on Dec. 31, 2010, at which time the plans would revert to the less-generous rules laid out in Section 529 of the Internal Revenue Code -- and that diminished their appeal among many people.

In a 529 plan, investors deposit after-tax income into an account that typically carries a range of investment options, usually a mix of mutual funds. Distributions are tax-free, so long as the money is used to pay for higher-education expenses.

Generally, each state runs its own 529 program, and many offer additional state tax benefits to residents who choose to invest in their own state 529 plans. Though investors can set up their 529 accounts directly with any state they choose, some 80% of 529 assets are bought through a broker or financial adviser.

Sorabh Khandelwal, an emergency-room physician and father of three in Dublin, Ohio, set up plans for two of his three children. He says the sunset provisions were one of the factors that caused him to invest more cautiously, and that the change in the law will prompt him to put more money into his two plans -- and possibly open another one for his third child. "There's just one less thing to worry about and one more reason to sink some more money into these plans," he says.

That's exactly the reaction the industry expects. "The tax benefits are the key to getting people to put money in here," says Randall Edwards, the Oregon state treasurer, who administers the state's 529 plans. In previously explaining the tax treatment to potential investors, "There would be a big asterisk. It made it harder to tell the public that it's a tax-free investment, period. And now it is, and we can say it with clarity." He expects that the change will be "one of the lead features" in Oregon's fall 529 marketing campaign.

To be sure, there are other issues facing 529 investors. Plan providers have been criticized for charging high fees and for sanctioning questionable broker sales practices. In 2003 the National Association of Securities Dealers launched a "fact finding" investigation into 529 sales practices among brokers and dealers. In 2004 the Securities and Exchange Commission formed a task force to examine, in part, the plans' costs and fees. And yesterday new rules took effect proposed by the Municipal Securities Rulemaking Board, which regulates broker sales and marketing of 529 plans, requiring heightened disclosure.

But the expiration of tax benefits was becoming the major issue for the industry as 2010 was getting closer. In focus groups and out in the field, investors pointed to the disappearing tax benefits as a major concern when deciding whether to open an account or put additional money into an existing one. "We had reached a point where growth had started to stall a little from the projections," says Jacqueline Williams, executive director of the Ohio Tuition Trust Authority, the agency that administers the state's 529 program. "We had attributed that to the uncertainty of the federal tax treatment."

The year the law was passed, total assets in 529 savings plans tripled to more than $9 billion from $3 billion, according to Boston-based Financial Research Corp. But the specter of benefits disappearing had given some investors pause. In fact, the flow of money into new and existing 529 savings plans slipped to $13.71 billion last year from $13.72 billion in 2004, when the inflow surged 20%.

"I think it's been a contributing factor in the dip," says John Heywood, a principal who directs education markets at financial-services giant Vanguard Group in Malvern, Pa. Vanguard manages $13 billion in funds in a total of 16 state 529 programs. "People recognize that 2010 is just around the corner."

Financial advisers and other experts say that even if the tax benefits had expired, 529 plans were still an appealing savings vehicle. Investments in the plans would still grow tax-free, and the distributions would have been taxed at the lower child's rate. But the new law "made a good savings vehicle better," says Mark Kantrowitz, a Pittsburgh-based financial-aid expert.

The sunset provision also became a point of concern for the industry when it came to pitching the already-complex plans. The Municipal Securities Rulemaking Board essentially required the 2010 sunset provision be disclosed in ads that mention federal tax benefits. And brokers, in keeping with MSRB disclosure requirements, routinely felt it necessary while trying to sell the plans to simultaneously warn customers of benefits disappearing.

The change "certainly makes things much simpler in terms of compliance," says Ernesto Lanza, senior associate general counsel at the MSRB in Alexandria, Va., adding that heaping on further explanations to customers already befuddled by a complicated financial tool not only could be a deterrent but caused "inefficiencies," for both customers who pay advisers for their time, and advertisers who pay for ads by the minute.

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Public Pension Plans Face Billions In Shortages (NYT)

By Mary Williams Walsh

The New York Times, August 8, 2006

In 2003, a whistle-blower forced San Diego to reveal that it had been shortchanging its city workers' pension fund for years, setting off a wave of lawsuits, investigations and eventually criminal indictments.

The mayor ended up resigning under a cloud. With the city's books a shambles, San Diego remains barred from raising money by selling bonds. Cut off from a vital source of cash, it has fallen behind on its maintenance of streets, storm drains and public buildings. Potholes are proliferating and beaches are closed because of sewage spills.

Retirees are still being paid, but a portion of their benefits is in doubt because of continuing legal challenges. And the city, which is scheduled to receive a report today on the causes of its current predicament, still has to figure out how to close the $1.4 billion shortfall in its pension fund.

Maybe someone should be paying closer attention in New Jersey. And in Illinois. Not to mention Colorado and several other states and local governments.

Across the nation, a number of states, counties and municipalities have engaged in many of the same maneuvers with their pension funds that San Diego did, but without the crippling scandal — at least not yet.

It is hard to know the extent of the problems, because there is no central regulator to gather data on public plans. Nor is the accounting for government pension plans uniform, so comparing one with another can be unreliable.

But by one estimate, state and local governments owe their current and future retirees roughly $375 billion more than they have committed to their pension funds.

And that may well understate the gap: Barclays Global Investments has calculated that if America's state pension plans were required to use the same methods as corporations, the total value of the benefits they have promised would grow 22 percent, to $2.5 trillion. Only $1.7 trillion has been set aside to pay those benefits.

Not all of that shortfall, of course, is a result of actions like those that brought San Diego to its knees. And few governments have been as reckless as San Diego officials in granting pension increases at the same time as they were cutting back on contributions.

Still, officials in Trenton have been shortchanging New Jersey's pension fund for years, much as San Diego did. From 1998 to 2005, the state overrode its actuary's instructions to put a total of $652 million into the fund for state employees. Instead, it provided a little less than $1 million. Funds for judges, teachers, police officers and other workers got less, too.

To make up the missing money, New Jersey officials tried an approach similar to one used in San Diego. They said they would capture the "excess" gains they expected the pension funds' investments to make and use them as contributions.

It was a doomed approach, leaving New Jersey to struggle with a total pension shortfall that has ballooned to $18 billion. Its actuary has recommended a contribution of $1.8 billion for the coming year, but the state has found only $1.1 billion, so it will fall even farther behind.

Illinois also duplicated one of San Diego's pension mistakes. It tried to make its municipal pension plan cheaper by stretching its funding schedule over 40 years — considerably longer than the 30 years that governmental accounting and actuarial standards permit, and more than five times what companies will get under a pension bill that has just passed Congress.

Illinois is stretching its pension contributions over 50 years. At that rate, many of its retirees will have died by the time the state finishes tapping taxpayers for their benefits.

Colorado does not meet the 30-year funding guidelines, either. "At the current contribution level, the liability associated with current benefits will never be fully paid," the state said in its most recent annual financial report.

Many officials dispute the suggestion that their pension plans are less than sound. The director of the New Jersey Division of Pensions and Benefits, Frederick J. Beaver, wrote recently that "our benefits systems are in excellent financial condition."

Illinois officials say the state's 50-year schedule is actually an improvement; before adopting it in 1995, the state had no funding schedule at all. In Colorado's most recent legislative session, lawmakers enacted pension changes that they hope will make the plan solvent in 45 years.

And the National Association of State Retirement Administrators says it is unrealistic to expect all public plans to be fully funded, because they do not have to pay all the benefits they owe at once.

Still, the lack of a national response to what would seem to be a nationwide problem underscores a peculiarity of the public pension world: like banks and insurance companies, the pension plans are large and complex financial institutions, but they face no comparable systems of checks and balances.

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"There's no oversight; there's no requirements; there's no enforcement," said Lance Weiss, an actuary with Deloitte Consulting in Chicago who advised Illinois on its pension problems. "You're kind of working off the good will of these public entities."

Experts do not think that is good enough.

In January, the board that writes the accounting rules for governments announced that it was looking for ways to tighten the rules for public pensions.

In July, Senators Charles E. Grassley and Max Baucus, the Republican chairman and the ranking Democrat on the Finance Committee, asked the Government Accountability Office to investigate the financial condition of the nation's public pension plans.

In some states, lawmakers have been trying to stop some of the more egregious pension practices that have come to light. Illinois, Louisiana and Nebraska passed laws making it hard for employees to "spike" pensions higher by manipulating their salaries. Because pensions are often based on a worker's final salary, workers have found ways to credit one-time bonuses to their last year and reap a lifelong reward. Arizona required that early retirement programs be paid for up front.

And today in San Diego, a former chairman of the Securities and Exchange Commission, Arthur Levitt Jr., is scheduled to issue a long-awaited report on the years of pension lapses that got the city into its current predicament.

Mr. Levitt is not tipping his hand on his findings. But given the activist stance he took on cleaning up the municipal securities markets as S.E.C. chairman, it would be no surprise if he called for tighter control over a sector where the amounts of money are huge and the amount of oversight is small.

The city of San Diego hired Mr. Levitt's three-man audit team in February 2005, after the city's outside auditor, KPMG, would not sign off on its accounts.

He is working with the S.E.C.'s former chief accountant, Lynn E. Turner, and Troy Dahlberg, a managing director in the forensic accounting and litigation consulting practice of Kroll Inc., the investigative firm that is a unit of Marsh & McLennan Companies.

Public plans are not governed by the federal pension law, the Employee Retirement Income Security Act, that companies must follow. They are not covered by the Pension Benefit Guaranty Corporation, so if they come up short, they must turn to the taxpayers.

Instead, they are governed by boards that often include municipal labor leaders, whose duty to represent their workers' interests can easily conflict with their fiduciary duty to represent the plan itself. And even the most exemplary pension boards can be overruled, in many cases, by politicians whose priorities may be incompatible with sound financial management.

"When the state runs into financial trouble, pension contributions are something that they can defer without, quote-unquote, hurting anybody," said David Driscoll, an actuary with Buck Consultants who recently helped Vermont come up with a plan to revive its pension fund for teachers. Politicians shortchanged it every year for more than a decade.

"In fact, they are hurting people, and the people they are hurting are the taxpayers, who, whether they realize it or not, are going into a form of debt," Mr. Driscoll added. "Those pension obligations don't get cheaper over time. They get more expensive.''

Eventually the cost gets too big to ignore, as it now has in New Jersey.

Corporate pension funds have plenty of problems of their own. But they are at least required to adhere to a uniform accounting standard, which provides information that investors can use to decide upon stocks to buy and sell. The standards, in turn, are policed by the S.E.C.

Taxpayers have no such help. For municipal plans, the accounting standards are much more flexible, a decision that was denounced, when it was issued in 1994, by the head of the very board that wrote it.

James F. Antonio, chairman at that time of the Governmental Accounting Standards Board, attached a detailed 10-page dissent to the new rule, saying that it "fails to meet the test of fiscal responsibility" because it permitted "an extraordinary number of accounting options" and some governments were bound to choose the weakest one. Mr. Antonio has since retired.

Even though the governmental accounting board has now begun the slow process of improving the standard, it is unlikely to come up with the level of detailed disclosure required of corporations. And the board, with a full-time staff of just 15, has no authority to enforce its rules.

San Diego violated the rules for a number of years, using accounting techniques that hid both its failure to put enough money behind its pension promises and the debt to its workers that was growing every year as a result.

Several times, the city asked the government accounting board to make a special exception and approve its unorthodox pension calculations, but the board rebuffed it.

But the accounting board was forced to look on in silence as San Diego issued reassuring financial statements, because its charter bars it from issuing public pronouncements on individual cities.

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San Diego might have gone on unchallenged indefinitely if not for the decision of one of its pension trustees, Diann Shipione, to blow the whistle, eventually forcing the city to correct the financial disclosures it had made in connection with an impending bond sale. Only then was it possible to see in one place what had been going on with the pension fund. And only then did the S.E.C. get involved.

The Depression-era laws that created the commission gave it no direct jurisdiction over municipal securities; it can pursue municipal wrongdoing only when it finds fraud at work. Lack of complete and accurate disclosure can constitute fraud, but the S.E.C. has only infrequently shown interest in throwing its weight around in the area.

One of those rare instances happened when Mr. Levitt was chairman of the S.E.C., in 1994, after Orange County, Calif., abruptly declared bankruptcy and threatened to repudiate its debts. Mr. Levitt became, as he said at the time, "obsessed" with cleaning up the municipal securities markets.

He created an independent Office of Municipal Securities that reported directly to the chairman; he championed rules to eliminate the pay-to-play practices then commonplace in the municipal bond business; he forced better financial disclosure; and he began an unheard-of number of enforcement actions.

Since Mr. Levitt's departure from the S.E.C. in 2001, much of what he built has been dismantled. The Office of Municipal Securities is down to a staff of two and is no longer independent. The wave of enforcement actions against cities has slowed to a trickle. The S.E.C. investigators who went to work in San Diego after the pension scandal erupted have never said what they found.

When the S.E.C. shifted its gaze away from municipal finance, Mr. Levitt now says, it left "a regulatory hole." If the agency were equipped to monitor state and local governments the way it monitors corporate disclosures, he said, "it could provide an early warning of financial conditions threatening the solvency of any number of communities."

DeLay To Remain On Ballot (DMN)

By Todd J. Gillman And Robert T. Garrett

The Dallas Morning News, August 8, 2006

Texas Republicans lost their fight to replace Tom DeLay on the fall ballot Monday at the U.S. Supreme Court.

Mr. DeLay has not said whether he will campaign to win back the suburban Houston congressional seat he quit in June. But the ruling set up a possible comeback bid by the ousted House majority leader – who faces a campaign money-laundering charge in Texas and a likely ethics inquiry if he returns to Congress.

"There are no further legal avenues that would bear fruit before the election. So the order stands requiring Tom DeLay to be on the ballot. This is it," said James Bopp Jr., the lawyer for the Texas GOP. "The bottom line is that the Democratic Party has been successful in choosing the nominee for the Republican Party, and it's up to the voters now to see whether the Democrats are going to be happy with their choice."

Mr. DeLay resigned from Congress three months after winning the March GOP primary. He tried to make himself legally ineligible to stay on the ballot, turning in his Texas driver's license, getting one from Virginia and voting in a Virginia election.

Republican officials started to pick a replacement. Democrats sued. And a succession of federal courts ruled it was too late to replace him in the contest against Democratic nominee Nick Lampson, now 92 days away.

The final blow came Monday when conservative Justice Antonin Scalia, who handles appeals from Texas and other states in the New Orleans-based 5th Circuit, refused to block the lower-court ruling.

Republicans still can seek a full Supreme Court review, but lawyers on both sides say that couldn't be complete before the Nov. 7 election.

Mr. DeLay's daughter and campaign manager, Dani DeLay Ferro, said Monday after the Scalia ruling that her father had made no decision about how to proceed.

He can stay on the ballot and campaign actively, or not at all. Or he can withdraw by filing a request by Aug. 25 with the secretary of state, though if he does, there will be no GOP nominee on the ballot.

"Otherwise, his name will appear on the ballot at this point. He will be the Republican nominee, according to what the courts have ordered," said Scott Haywood, spokesman for Texas Secretary of State Roger Williams.

Mr. DeLay would return to campaign mode with a big financial disadvantage.

Mr. Lampson had nearly $2.2 million in his campaign account at the end of June. Mr. DeLay had $641,000, after using campaign funds to pay $485,000 in legal bills from April to June.

Texas GOP spokeswoman Gretchen Essell would not say whether party Chairwoman Tina Benkiser and others were trying to persuade Mr. DeLay to remain in the race.

"We're obviously disappointed," she said of the Supreme Court ruling, but "under no circumstances will we allow the Democrats to steal the seat."

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Carl Forti, spokesman for the National Republican Congressional Committee, said the party's House campaign arm isn't urging Mr. DeLay one way or the other but would support him if he runs.

And how much would the party help?

"As much as it would take to win," he said. "We're not in the habit of giving away seats."

Texas Republicans Abandon DeLay Fight (AP-Y)

By Suzanne Gamboa

AP2, August 8, 2006

Texas Republicans on Monday abandoned their court fight to replace former House Majority Leader Tom DeLay on the November ballot after being turned back at the Supreme Court.

The decision came after Justice Antonin Scalia rejected Texas Republicans' request to block an appeals court ruling saying DeLay's name should remain on the ballot.

"I think all our legal avenues are exhausted in terms of affecting the ruling prior to the election," said Jim Bopp Jr., the attorney who argued the Republican Party's case to allow party officials to substitute another candidate for DeLay.

Under indictment on money laundering charges in Texas, DeLay won a March primary election that made him the Republican nominee for Congress from his home district near Houston. In June, he resigned from Congress and said he would not seek re-election.

Democrats had sued to keep DeLay on the ballot, with the former lawmaker's legal troubles becoming a symbol for claims of Republican corruption.

In a statement late Monday, Bopp warned Democrats, "Be careful what you ask for."

The lawyer said Democrats "insisted he run for Congress, now it's up to voters to decide if Democrats are going to be happy" on Election Day.

DeLay could still withdraw from the race, leaving the Republican Party with no candidate on the ballot to face Democrat Nick Lampson, a former House member from Beaumont.

Democrats were undaunted by the prospect of facing DeLay in November and claimed victory.

"Given the choice between facing the voters and facing the courts, DeLay chose the courts and lost handily," said Bill Burton, spokesman for the national Democratic Congressional Campaign Committee.

DeLay has previously hinted that he would run if forced to stay on the ballot. The district is heavily Republican, but DeLay must contend with mounting legal bills while trying to raise campaign cash.

DeLay and Texas Republican Party Chairwoman Tina Benkiser were not immediately available for comment.

Benkiser's effort to replace DeLay on the ballot was turned back in a series of court decisions that reached a climax Monday at the Supreme Court. She had sought a delay of an appeals court ruling until Republicans could formally ask the Supreme Court to review the case.

The request was routed to Scalia, who handles appeals from the 5th U.S. Circuit Court of Appeals. The New Orleans-based appeals court last week sided with Democrats' claims that, if DeLay is eligible to run but drops out of the race, the Republican Party cannot substitute another candidate.

Less than three hours later, Scalia turned down the request without comment.

"Wow! That was quick," said Cris Feldman, attorney for the Texas Democrats.

"That was a lightning-quick response. We're very pleased by the court's decision to deny the stay and it's now time to move toward the general election and put this matter behind us," said Feldman.

DeLay is awaiting trial in Texas state court on money laundering charges alleging that illegal corporate cash helped pay for legislative campaigns in 2002.

GOP Ends Fight To Take DeLay Off Texas Ballot (USAT/AP)

USA Today, August 8, 2006

WASHINGTON — Texas Republicans on Monday abandoned their court fight to replace former House majority leader Tom DeLay on the November ballot.

The decision came after Justice Antonin Scalia rejected their request to block an appeals court ruling saying DeLay's name should remain on the ballot. Scalia handles the Supreme Court's appeals from the 5th U.S. Circuit Court of Appeals.

“I think all our legal avenues are exhausted,” said James Bopp, the attorney who argued the Republican Party's case.

Under indictment on money-laundering charges in Texas, DeLay won a March primary election that made him the Republican nominee for Congress from his home district near Houston. In June, he resigned from Congress and said he would not seek re-election.

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Democrats had sued to keep DeLay on the ballot.

DeLay Must Stay On Ballot As Court Rejects Appeal (NYT)

By Ralph Blumenthal

The New York Times, August 8, 2006

HOUSTON, Aug. 7 — The United States Supreme Court dealt a final blow on Monday to efforts by the Texas Republican Party to replace former Representative Tom DeLay on the Congressional ballot in November, leaving him the reluctant party nominee from his longtime district.

Three state and federal courts had already ruled that Mr. DeLay had to remain the party's choice despite his assertions that he had moved to Virginia from Texas. In April, he announced he would give up his re-election campaign and resign his seat to allow the party to select another candidate while he battled legal charges.

On Monday, Republican lawyers filed a final appeal to the Supreme Court, but it was rejected hours later without comment by the circuit justice, Antonin Scalia.

"There's nothing else we're going to do legally," said James Bopp Jr., the lawyer who argued the case for the Republicans. "We've certainly exhausted our appeals."

The court's refusal to intervene handed a major victory to Democrats, who have fought to keep Mr. DeLay in the spotlight as a reminder of the Washington lobbying scandal involving his associate Jack Abramoff. It will make it harder for Republicans to retain Mr. DeLay's old seat and will allow Democrats to send a wider message that change is needed on Capitol Hill.

It is unclear whether Mr. DeLay, 59, the former House majority leader, who first won the seat in 1984, will now actively campaign in an election he has said he does not belong in. During the appeals, he never said whether he would run if he remained on the ballot, and Dani DeLay Ferro, his daughter and spokeswoman, said after the Supreme Court decision that he had no immediate statement.

Mr. Bopp said he did not know whether Mr. DeLay would actively run for the seat, but he suggested the outcome might not be as predetermined as Democrats believe.

"It's now up to the voters to determine if the Democrats will be happy on Election Day for choosing Tom DeLay," he said.

Mr. DeLay, who had been criticized repeatedly by the House Ethics Committee for his fund-raising tactics, was indicted in Texas in September on charges of violating campaign finance law.

The court rulings prevented the Republicans from choosing a successor out of several eager contenders. The Democrats, though, have long had a nominee in the 22nd District: former Representative Nick Lampson, who lost his neighboring seat after the 2003 redistricting engineered by Mr. DeLay.

In a statement, Mr. Lampson said, "I welcome a strong issue-based campaign against Tom DeLay."

The Texas Democratic Party chairman, Boyd Richie, applauded the Supreme Court's refusal to block the lower court orders preventing the Republican Party chairwoman, Tina J. Benkiser, from trying to select another nominee.

"We are not surprised that Justice Scalia has denied the Republicans' motion to stay," Mr. Richie said. "Every judge involved in the case so far has agreed with us on the merits of our argument. It is time for Tom DeLay and the Republican Party to get out of the courtroom and quit this abuse of the voters, who have been without representation for months. Both parties have candidates, and it is now time to move forward and allow voters to participate in a fair and meaningful election."

The legal issue hinged in part on whether party officials could replace a nominee who had been selected by the voters. Having decisively won a hard-fought four-way primary in March, Mr. DeLay upended Texas politics by unexpectedly declaring that he would drop his campaign and resign his 22-year seat to move to Virginia.

But a Texas judge, a federal judge in Austin and a three-judge federal appeals panel in New Orleans blocked the Republican Party from choosing a replacement under provisions of Texas election law and the Constitution that barred tampering with candidate lists and election standards.

The federal courts ruled that the only residency requirement for House candidates under the Constitution was that they lived in the state they were running in "when elected." No one could know now whether Mr. DeLay would be a resident of Texas in November, the judges said, rejecting claims by Ms. Benkiser that the party could name a replacement because Mr. DeLay had shown documentation of his move to Virginia.

With the clock ticking toward November and the Republicans and Mr. DeLay saying he was ineligible to run in Texas, Mr. Bopp, the lawyer, filed Monday for a Supreme Court stay, arguing that the Democrats, by insisting on Mr. DeLay as the nominee, were infringing on the Republicans' constitutional right of free association and intruding in Republican Party affairs.

But the appellate judges had ruled that they saw the move more as an effort by Republicans to replace a wounded candidate in ways unfair to the Democrats, and Justice Scalia, in turning down the final appeal, said nothing to indicate that he saw it differently.

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Cris Feldman, a lawyer for the Democrats, said: "Five judges to date have agreed the Texas Republican Party violated state and federal law, and it's apparent that Justice Scalia agrees with us. Now it's time for Tom DeLay to decide whether he will cut or run."

GOP Loses Bid To Drop DeLay From Texas Ballot (WP)

By Jonathan Weisman

The Washington Post, August 8, 2006

Supreme Court Justice Antonin Scalia refused yesterday to block an appeals court ruling to keep former congressman Tom DeLay as the Republican candidate on the ballot, all but ensuring that the former House majority leader will stand for election in November for his suburban Houston district.

DeLay was under indictment in Texas and facing a possible House ethics investigation when he resigned his seat in June and announced he would move to Alexandria in hopes of removing his name from the ballot.

But Democrats, eager to keep the politically tainted DeLay on the ballot, argued that he won the Republican primary this spring and cannot now decide on a successor without violating state election law and the U.S. Constitution. DeLay maintains a home in his district and cannot show that he would be living outside the district on Election Day, Democrats asserted.

A Republican federal judge in Texas ruled in favor of the Democratic argument last month, and that ruling was upheld by the U.S. Court of Appeals for the 5th Circuit in New Orleans last week. With the election less than 100 days away, Texas Republicans appealed to the Supreme Court yesterday to stay the appeals court ruling and allow them to pick a new candidate to stand against Democrat Nick Lampson in November. That appeal was routed to Scalia, who denied it just two hours after it was received.

James Bopp Jr., the lawyer who argued the Republican Party's case to allow party officials to substitute another candidate for DeLay, told the Associated Press, "I think all our legal avenues are exhausted in terms of affecting the ruling prior to the election."

Now, DeLay must decide whether to mount a real campaign for the seat he has vacated or back a write-in campaign against Lampson, a well-funded former House member.

"It's now time to move on to the general election and put this matter to the voters," said Chris Feldman, a lawyer representing the Texas Democratic Party. "At this point, it's now up to Tom DeLay to decide whether he's going to cut or run."

Dani DeLay Ferro, the former leader's daughter and spokeswoman, said no decision has been made. In an interview in late June, however, DeLay said he would probably stand for reelection if he lost the court fight to remove his name from the ballot.

That would be an ideal fight for the Democratic Party, which had wanted to challenge the scandal-tarnished DeLay even before his resignation. Now Lampson appears destined to face a former congressman mounting a comeback against his will to represent a district he tried to leave.

Lieberman And Lamont Battle To The Wire (NYT)

By Patrick Healy

The New York Times, August 8, 2006

As Connecticut voters prepared for their highly anticipated Democratic primary today, Senator Joseph I. Lieberman and Ned Lamont, the two rivals for United States Senate, used sharply different tactics yesterday to gain a final advantage in a contest that appeared to be tightening.

Mr. Lieberman, the three-term incumbent whose support for the Iraq war has cost him voters, held nine events over 13 hours and exuded fresh optimism on the ninth day of a statewide bus tour. He also spent tens of thousands of dollars on an unconventional two-minute television ad in which he aligned himself with Democratic anger over Iraq and President Bush — an attempt to neutralize Mr. Lamont's signature antiwar message.

Mr. Lamont, a millionaire businessman from Greenwich, made the unusual choice of limiting his public events and instead called undecided voters and tried to reach them through interviews with reporters. At a news conference last night, Mr. Lamont also tried to remind voters a final time of his political theme, saying he believed voters were "ready to change course," in the Senate and, implicitly, in Iraq.

The Connecticut race, which has been regarded by some Democrats nationally as a referendum on the party's wartime posture, had been tilting in Mr. Lamont's favor in the last two weeks, according to public opinion polls and anecdotal evidence from voters. Yet Mr. Lieberman seem buoyed yesterday by a new poll from Quinnipiac University that showed him down by 6 points, within the poll's margin of sampling error.

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More than in recent days, the senator came across as both contrite and self-satisfied yesterday. He lamented that he had not "clarified" his criticism of the war and the White House earlier, but he also argued that Republicans were "salivating" over the possibility that Democrats would pick an antiwar liberal instead of Mr. Lieberman.

"They are anxious to say the left wing is taking over, the antisecurity wing," Mr. Lieberman said of Republicans.

While both candidates focused on courting the state's 697,000 Democrats — 29,000 of whom registered just before the primary — the two men were also pursuing somewhat dissimilar results.

Mr. Lamont, a former town selectman who does not hold an elective office now, was aiming simply for victory, his advisers said. Mr. Lieberman's advisers said that he was seeking victory but that if he lost, he wanted the smallest possible margin, on the theory that a narrow loss would help him rebuff any Democratic demands that he drop out.

Mr. Lieberman has said he plans to run as an independent in the fall if Mr. Lamont wins, and Lieberman advisers were split yesterday on whether the senator would go through with that plan if he loses the primary. Mr. Lieberman would be only the fourth incumbent senator since 1980 to lose a party primary.

The Lieberman campaign also appeared to be ramping up plans to bring voters to the polls yesterday. Lieberman advisers had tamped down expectations last week of a major outreach effort, but yesterday the campaign was still recruiting workers in cities for a 4,000-person effort to turn out the vote today. (The operation was stymied somewhat yesterday when its Web site crashed due to a high number of visits; Lieberman aides blamed liberal bloggers and other opponents.)

Lamont aides complained that the Lieberman team was trying to steal its workers by offering $150 for the day; Mr. Lamont was paying $85. Lieberman advisers would not confirm that, while promising a robust get-out-the-vote operation.

Polls open at 6 a.m. and close at 8 p.m.

Both candidates predicted victory. Mr. Lieberman said yesterday that he was "closing strong," and that voters would choose his long-term experience over the short-term satisfaction of rewarding Mr. Lamont's anti-Bush broadsides.

"The voters of Connecticut are realizing they want to send a senator, not just a message," Mr. Lieberman said during a morning stop at a New Haven construction site. "If all the real Democrats come out and vote in tomorrow's elections, you are going to make me Connecticut's comeback kid."

At a news conference in New Haven yesterday evening, Mr. Lamont — looking tired but cheerful, his voice cracking slightly — said he expected to win on the basis of his message: providing health insurance to all Americans, reducing the national debt, and removing front-line American troops from Iraq.

"I'm confident," he said about his chances. "I'm confident."

Lamont advisers explained their decision not to hold momentum-building rallies yesterday by saying that their core supporters were already sufficiently energized to oust Mr. Lieberman. They predicted that a real payoff would come from Mr. Lamont and his 2,000-person field operation contacting undecided voters — tens of thousands since the start of this weekend alone, Lamont aides said.

"We know what we're doing," said Tom Swan, the campaign manager for Mr. Lamont, who has never run for statewide office before. "We don't want to pull our volunteers off of voter-contact programs in order to staff big rallies."

The Lamont campaign also set in motion its first automated phone call, an appeal from Paul Newman, the actor and an advocate for liberal causes, who lives in Connecticut. They also taped a new radio advertisement featuring African-American ministers that they planned as a countermeasure to an ad that Mr. Lieberman has been playing on stations that have a predominantly black audience.

The Lieberman camp, tapping into more than $400,000 in new donations in the last several days, made the new two-minute commercial just yesterday, drawing wholly on excerpts from a major, hastily planned speech by Mr. Lieberman on Sunday about his war stance. The ad, which mixes images of him speaking and people listening, shows Mr. Lieberman saying that he felt a "heavy personal responsibility" for the war, wanted to bring troops home "as fast as anyone," and valued Americans' "right to disagree" with the president and himself over Iraq.

Lieberman aides said they did not know the total cost of running the ad and how many times they would run it. (They also cut a second new commercial, featuring Senator Christopher J. Dodd of Connecticut, and kept running another ad highlighting former President Bill Clinton's appearance with Mr. Lieberman at a rally last month.)

Mr. Lieberman was clearly putting great faith in the appeal of his Iraq speech, but the reaction was mixed among some Democrats who planned to vote today.

"Given what he's said so far, I don't think there's anything he could do to convince me," said Harry Gold, 55, of West Hartford. "He's consistent, I credit him for that, with what he thinks is right. I just think he's wrong."

But Lynn Haden-Wadhams, another resident of West Hartford, said that she appreciated hearing more from Mr. Lieberman on Iraq and that she was skeptical that Mr. Lamont could influence war policy in Washington.

"It annoys my intelligence that anyone can think this other guy will get in there and do something," she said of Mr. Lamont.

At his news conference late yesterday, Mr. Lamont sought to appear self-assured but not overconfident, dismissing recent polls showing him ahead of Mr. Lieberman.

"The folks of Connecticut can make a decision," he said. "Do you want to stay the course, or do you want to change course? I think the people of Connecticut, the land of steady habits, are ready to change course."

Mr. Lamont also jabbed at Mr. Lieberman for planning to run as an independent if he lost the Democratic primary.

"I've said I'm going to endorse the winner of the primary, and there's a good chance that maybe the senator will come to that same conclusion," Mr. Lamont said. "If he doesn't, if he wants to also run as an independent and have it both ways, I'll be there to run against him a second time around."

Lamont's Lead Slips On Eve Of Primary (WP)

By Shailagh Murray

The Washington Post, August 8, 2006

HARTFORD, Conn., Aug. 7 -- Sen. Joseph I. Lieberman and his antiwar challenger, Ned Lamont, battled for votes the day before Tuesday's Democratic primary, racing from shipyards to Little League games as the gap between them appeared to tighten.

Lamont, a political novice who is challenging Lieberman over the incumbent's support of the Iraq war, started the day with a 5 a.m. visit to a New London hospital emergency room, while Lieberman served breakfast to firefighters and visited a New Haven construction site. The senator's mood brightened when a Quinnipiac University poll was released Monday morning showing that Lamont's 13-point lead from last week had shrunk, with Lamont now atop the race by 51 percent to 45 percent.

"It's terrible how much a good poll affects the mind and spirit of a politician," Lieberman joked during a lunch-hour stop at Rajun Cajun, a Hartford restaurant.

Lamont dismissed the shifting numbers when he addressed reporters Monday evening in front of his downtown New Haven office. "I don't think they mean anything," he said as a group of young supporters cheered him. "I think we're going to do just fine."

An Aug. 3 Quinnipiac poll showed Lamont with a lead of 54 percent to 41 percent over the three-term incumbent and 2000 Democratic vice presidential nominee, a dramatic turnabout from a June survey that showed Lamont trailing Lieberman 55 percent to 40 percent.

In the latest survey, the senator -- who has vowed to run as an independent if he loses the primary -- made his biggest gains with women, who had previously preferred Lamont but now split their support between the two candidates. Lamont continued to lead among higher-income and higher-educated groups, and with liberals and male voters.

The poll had some good news for Lamont. Virtually unknown in the state a few months ago, the Greenwich cable television entrepreneur spent nearly $4 million through late July, much of it from his personal fortune, to introduce himself to voters, including through a series of clever television ads. The Quinnipiac survey showed that Democrats hold a favorable impression of Lamont across demographic groups, with lower negatives than Lieberman.

Also, just 10 percent of voters surveyed said they could change their minds before the polls open -- leaving a small pool of potential Lieberman conversions.

"The momentum has shifted to Lieberman, but Lamont is still ahead," said Douglas Schwartz, Quinnipiac poll director. "This race is still unsettled."

A big mystery is how many voters will show up Tuesday. The state's last hotly contested Democratic primary, in the 1994 governor's race, drew 25 percent of eligible voters. Given the high profile of the Lieberman-Lamont contest, some state election officials predict the figure Tuesday could top 30 percent.

As evidence, they point to the nearly 13,500 unaffiliated voters who have registered as Democrats since May 1 so they can vote in the primary. An additional 13,700 new voters registered with the party during the same period. "There's definitely a sign of interest in the election," Schwartz said.

Unaffiliated voters make up the largest bloc in the Connecticut electorate, and they tend to be moderates, or traditional Lieberman supporters. But Lamont's team has courted members of the unaffiliated group who oppose the war, which is deeply unpopular in Connecticut. "Both sides are encouraging the switches," said Lamont campaign manager Tom Swan.

Both camps worked phone lines and canvassed neighborhoods into the evening. One particular target was black voters, a numerically small but potentially significant voting group. One theory for Lamont's slipping support was that he has been damaged by Lieberman radio ads on black stations hitting the challenger for his longtime membership, terminated this year, at an exclusive Greenwich country club.

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The Lamont campaign responded by seeking out rap artists to phone black stations and remind listeners that Lieberman had once targeted rap music for promoting violence and drug use. Both candidates spent recent Sundays visiting black churches, and they have included numerous high-profile black politicians and community leaders in their entourages.

In a curious final twist, Lamont over the weekend stopped notifying reporters of all his campaign appearances -- an unusual closing strategy, and one that contrasted sharply with Lieberman's high-profile 10-day bus tour.

For instance, Lamont attended six black church services on Sunday morning, Swan said, but announced none of them, although a high-profile guest, the Rev. Al Sharpton, joined him at one stop. Swan said Lamont decided the crush of cameras and reporters that trailed him everywhere had become too disruptive. By the final days, both campaigns had grown to presidential primary scale.

"I've been going around the state doing my thing privately," Lamont explained to reporters. Shrugging off skeptics, he added: "If I put much stock in conventional wisdom, I wouldn't be in this race right now."

Late Lieberman Surge Makes Race A Tossup (WT)

By Charles Hurt

The Washington Times, August 8, 2006

HARTFORD, Conn. -- Sen. Joe Lieberman closed his anti-war opponent's double-digit lead yesterday to just six points as both candidates scrambled across the state ahead of today's Democratic primary.

The latest polling results were a relief to the veteran Democrat, who has represented this state in the Senate for nearly two decades and who just six years ago was his party's vice presidential nominee. Mr. Lieberman predicted yesterday that the movement in polls showed momentum at his back and said he expects to win today.

"I feel they were flirting with the other guy for a while, wanting to send me a message," he said at a campaign stop yesterday at the Rajun Cajun restaurant. "I got their message. I think they want to send me back to Washington to continue working with them, fighting for them and delivering for Connecticut."

Multimillionaire businessman Ned Lamont -- who is fairly new to politics but whose campaign took off because of his opposition to the war in Iraq -- said yesterday he remains confident that Connecticut voters are looking for a change and continued to frame the election as a referendum on the Iraq war as well as on President Bush.

He also downplayed the polls, telling a Hartford TV station that polls are "little, narrow samples" and "everybody knows they bounce up and down."

The latest poll results, released yesterday by Quinnipiac University, showed Mr. Lamont leading Mr. Lieberman by 51 percent to 45 percent among likely voters. Last week, Mr. Lieberman trailed by 13 points.

"The race has tightened," poll director Douglas Schwartz said. "Joe Lieberman has cut Ned Lamont's lead in half. Going from 13 to a six-point lead is a sign that the race is unsettled."

Only 4 percent of voters remained undecided, according to the poll, which surveyed 784 likely voters in the Democratic primary. The poll had a margin of error of 3.5 percentage points.

While Mr. Lieberman has picked up momentum, Mr. Schwartz said, Mr. Lamont remains in a better position to win today.

Mr. Lieberman's improved standing comes after he delivered his most strident defense of his service in the Senate and accused Mr. Lamont of distorting his record.

"I am the only Democrat in America to run against George Bush in a national election twice," Mr. Lieberman said. "You know why I ran for president in 2004? Because I believe that his agenda was wrong for our country and our future, and that's the truth."

If Mr. Lieberman pulls off a victory today, it will be a demoralizing defeat for liberal anti-war activists who have built the little-known Mr. Lamont into one of the strongest challengers of the season. Six months ago, Mr. Lieberman had 68 percent to Mr. Lamont's 13 percent.

Liberal bloggers such as Markos Moulitsas, founder of the Daily Kos, and left-wing groups such as MoveOn.Org have feverishly supported Mr. Lamont. In addition to opposing the Iraq war, which Mr. Lieberman voted for, the liberals also want a dramatic break from Democratic leaders such as Mr. Lieberman, whom they accuse of being too soft on Republicans.

In a post on his site yesterday titled "Random Musings," Mr. Moulitsas said "we need to crush him" and urged people to help get out the vote for Mr. Lamont today.

"No letup. We don't want to just win this thing, we want to replicate our success in Montana," he wrote, referring to Kos-backed candidate Jon Tester, who won the Democrats' U.S. Senate primary in that state in June. "Let's end this thing with an exclamation point, yet another dramatic victory in the growth of the people-powered movement."

In fact, Mr. Moulitsas' endorsement has been far more a curse than a help, historically. No candidate he has publicly backed has won a general election and only a handful have won primaries.

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Still, Mr. Lieberman is taking no chances and is collecting signatures to get onto November's ballot as an independent if he loses today's primary. He is widely seen as being a formidable candidate in such a race as he draws strong support from Republicans and independents. Despite pressure from fellow Democrats to abandon any independent campaign, Mr. Lieberman told reporters yesterday that his mind is made up.

On Day Before The Vote, Lieberman Exudes Relentless Optimism (NYT)

By Anne E. Kornblut

The New York Times, August 8, 2006

HARTFORD, Aug. 7 — It was a marvel of message discipline: White vans circled the block blaring commandments to vote for Senator Joe Lieberman. Paid workers pounded "Vote Joe" posters onto buildings, replacing ones that were torn down the night before.

And in the noonday heat in the parking lot in front of the Rajun Cajun diner in North Hartford, young campaign volunteers lifted their Lieberman signs aloft as skillfully as tour guides, wading through a crowd of camera crews to position themselves before the senator emerged from his campaign bus.

"We got some momentum," Mr. Lieberman proclaimed, beaming and red-faced, as he loped down the steps of the bus into the arms of a small group of supporters.

Whether he really believed it or not — a last-minute poll did show him rebounding somewhat against his challenger, Ned Lamont — Mr. Lieberman showed relentless optimism on the final day before a Democratic primary that could represent either a storied comeback or a possible end of his 18-year Senate career.

Mr. Lamont, by contrast, spent the day in virtual seclusion, campaigning before dawn and then reappearing for a low-key news conference at dusk outside his office in New Haven. Asked later about his unconventional scheduling choices, Mr. Lamont asked a reporter where he had been at 5 a.m. when Mr. Lamont had begun campaigning. He described the news media throng as "just a little distracting," suggesting that the grind of the campaign, after eight months, had gotten to him.

"I've been going around the state, doing my thing privately," he told a crush of reporters on a street corner near Yale's campus.

Mr. Lieberman, perhaps liberated in the final hours, seemed not to mind a last round of indignities. Never mind that almost all the celebrity surrogates were gone: a rumor that former President Bill Clinton might return to Connecticut swept through political circles before being put to rest, leaving Mr. Lieberman to campaign virtually alone. (He was later joined on the road by his fellow senator, Christopher J. Dodd.) Never mind that dozens of reporters from across the country — sent on a death watch as the former vice-presidential nominee struggled to defend his seat against a once-obscure multimillionaire cable executive from Greenwich — far outnumbered actual voters almost every place Mr. Lieberman went.

"Are there any real people here?" Mr. Lieberman asked cheerfully as he squeezed through the narrow corridor of the diner in North Hartford, shaking hands with members of his own campaign team.

Almost everywhere he went, the answer was: no.

The same was true for Mr. Lamont, who spent most of Monday behind closed doors conducting one-on-one interviews with the news media and placing phone calls to undecided voters. "We've just come to the conclusion that traveling around has not become the most productive use of his time," said Tom Swan, Mr. Lamont's campaign manager.

In a showdown of minuscule proportions, six Lieberman campaign workers protested the final Lamont event in New Haven, drawing the ire of Mr. Lamont's campaign spokeswoman, Liz Dupont-Diehl. "Do all candidates go to each other's events?" a glowering Ms. Dupont-Diehl asked, after Mr. Lieberman's New Haven regional director, Ken Dagliere, mistakenly called her Lisa.

"Go, Ned, go!" his supporters shouted in the direction of the young Lieberman workers holding signs and standing silently.

Earlier in the day, at a Stop and Shop in Meriden, just north of New Haven, volunteers and two union workers awaited the Lieberman bus on its swing through town. But the supermarket was almost empty, leaving Mr. Lieberman to wander the aisles, startling the few shoppers. One woman, seemingly anxious to end the encounter as quickly as possible, assured Mr. Lieberman she would vote for him. After he left, she said she was an independent with no intention of changing her registration in order to participate in Tuesday's primary.

Others told similar fibs: Before Mr. Lieberman arrived at an Italian festival in Waterbury on Sunday, Tim Chapulis, 46, a small business owner, said he was undecided even though he had been a longtime Lieberman supporter. But when the senator arrived, Mr. Chapulis offered only words of encouragement.

After weeks of losing steam, with polls showing the senator on a sharp decline against Mr. Lamont, Mr. Lieberman seemed, in the last hours, to stabilize.

But there were still, as in any race, awkward moments on the campaign trail and glimpses of strain and exhaustion. Mr. Lieberman changed clothing three times on Sunday, donning and shedding a pink candy-striped oxford shirt, then putting on a

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suit and tie for a news conference in East Haven (an event during which Max Cleland, a former Democratic senator of Georgia, begged voters not to "throw out the baby with the bath water").

Mr. Lamont had a few such moments himself.

Before his campaign added a late-afternoon news conference on Monday, Mr. Lamont had scheduled just two public appearances. But only one could be considered a true campaign event: a small rally in Groton outside the gates of the Electric Boat shipyard, with a dozen or so members of the machinists' union. (The other event was a visit to a New London hospital where several campaign workers were treated earlier this summer after being injured in an accident.)

In one of Mr. Lamont's only encounters with voters on Monday, Ken Delacruz, a union official, came by to shake his hand. From the back of the crowd, a worker called out, "You'll never be that close to that much money again."

Lieberman's Troubles Go Beyond War (WP)

By Dan Balz

The Washington Post, August 8, 2006

FARMINGTON, Conn., Aug. 7 -- Exactly six years ago Tuesday, on a sweltering day in Nashville, Sen. Joseph I. Lieberman (D-Conn.) was introduced to the nation as Al Gore's vice presidential running mate. Lieberman called his selection "a miracle" and described himself as part of an "American Dream Team."

From the pinnacle of that 2000 campaign, Lieberman has seen his support crumble with astonishing swiftness. Six years after making history as the first Jew chosen for a national ticket and being hailed as one of the most respected politicians in the country, Lieberman is in the last hours of a battle to avoid a humiliating rejection by his own party at home. A poll Monday showed Lieberman behind but gaining ground in a tight race.

Lieberman's plight, according to Democrats here and in Washington, is two stories in one. The first is a metaphor for politics in the era of President Bush and how an unpopular war in Iraq has divided the electorate, inflamed the public debate and intensified an already partisan political climate.

For more than a decade, Lieberman has stood as one of the most prominent representatives of the moderate Democratic Leadership Council wing of the Democratic Party, a leading advocate of a robust and muscular foreign policy and a proponent of values-based politics in a party often seen as struggling to find its voice in the culture wars. His instincts for collegiality and bipartisanship, once regarded as virtues, are now seen as virtual disqualifications by his critics here and nationally.

"I haven't changed," Lieberman explained in an interview aboard his campaign bus Friday. "Events around me have changed."

The other part of the story here is a familiar tale in politics, that of an incumbent who, as he gained national prominence, gradually lost touch with the voters and politicians who first sent him to Washington. Long before Iraq, there were signs of erosion in Lieberman's standing in Connecticut. "There was a personal sense among Connecticut Democrats that his national agenda is what matters to him and not Connecticut," said George Jepsen, a former state party chairman and supporter of antiwar challenger Ned Lamont.

A Lamont victory Tuesday would be the most significant primary defeat for an incumbent Democratic senator since Arkansas Sen. J. William Fulbright, one of the leading opponents of the Vietnam War, fell to then-Gov. Dale Bumpers in 1974. Lamont's challenge, coming from a candidate with minimal political experience or visibility, has far more of a David-and-Goliath quality than the Fulbright-Bumpers contest, which did not turn on great issues of the day.

The Connecticut race has drawn national attention because of what it may say about the president and the politics of Iraq heading into a critical midterm election and the 2008 presidential campaign, as well as what it may reveal about a Democratic Party that often has been at war with itself over foreign policy since the Vietnam era.

Long one of the Democrats' most prominent hawks, Lieberman has found himself at odds with the rank and file in his party, not only for supporting the war so vigorously but also for refusing to engage in the rhetorical combat of a politically charged moment in history. He has warned fellow Democrats that hyper-partisanship on foreign policy issues damages American interests. In recent days, he has noted that he has given the same warnings to Republicans and emphasized that he has not been a blind supporter of Bush on Iraq.

Lieberman's friends and allies have watched this drama play out with differing emotions -- both a sense of sadness that someone they have long respected has been caught in the vise of the Iraq war and a sense of alarm that he either ignored the warning signs or was somehow incapable or unwilling to adjust to them.

"The stance that, for a senator, politics ought to stop at the water's edge makes sense if and only if the president isn't playing politics with foreign policy," said William A. Galston of the Brookings Institution, who has often sided with Lieberman on intraparty battles but disagrees with him on the war.

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"But this president and this administration manifestly have played politics with foreign policy, and their chief political adviser has been totally frank about that," he added. "I think it would have been permissible and even advisable for Joe Lieberman to conclude at some point that a bipartisan foreign policy has got to be a two-way street. He really didn't."

Last November, returning from a trip to Iraq, Lieberman wrote a Wall Street Journal op-ed piece that many of his opponents regarded as an effort to prop up a failing policy and to discourage those in his party from pushing for an exit strategy.

"I wasn't thinking as a Democrat," Lieberman said in the interview. "I was thinking as an American senator who went to Iraq and saw some progress and wanted to report it to the American people because I feel so deeply that the way this ends will have serious consequences for the future of this country."

Lieberman argues that in an age of intense partisanship, he is paying an unfair price for what he regards as measured criticism of the president's policy. But his reluctance to, as he put it, think like a Democrat when many Democrats are demanding that their leaders stand up to the president has put him at risk against Lamont.

But there are other reasons, and they are in evidence wherever Lieberman campaigns across Connecticut. They have as much to do with what he has failed to do at home as with what he has done in Washington with regard to Iraq.

Nancy Riella was having lunch in the Plum Tomato restaurant in Colchester last week when Lieberman arrived on his bus. Riella opposes the war and supports Lamont, but her complaints about Lieberman extend beyond national issues. She has regularly sent concerns to Lieberman, Sen. Christopher J. Dodd (D-Conn.) and Rep. Rob Simmons (R-Conn.).

"I've gotten responses from Dodd and Simmons and never from Lieberman," she said. "He's untouchable, out of reach."

A Democratic town committeeman in East Hartford complained Friday that Lieberman failed to come and hear concerns about his positions on the war. A state legislator complained Saturday that Lieberman does not know most members of the legislature. Lieberman's staff has heard numerous stories over the course of the campaign of Lieberman's failure to stroke the right person at the right time.

These perceived personal slights have piled up aside criticisms that Lieberman has been inattentive to the liberal politics of his state. From his first election to the Senate in 1988, when he pieced together a left-right coalition to defeat the incumbent Republican, Lowell P. Weicker Jr., Lieberman has charted a course often independent of his party.

Some Democrats still resent his 1998 Senate floor speech criticizing President Bill Clinton over the Monica Lewinsky scandal. Others dislike his support for legislation allowing federal courts to intervene in the Terri Schiavo case. Others were offended when Lieberman, who is a strong supporter of women's rights and has the endorsement of NARAL Pro-Choice America, said Catholic hospitals should not be required to offer emergency contraception to rape victims because they can easily go to another hospital.

Lieberman still has many defenders -- African American ministers, union officials, ordinary Democrats -- who say he has fought for them and their issues. "There are some people who forget about that," said Montville Mayor Joseph W. Jaskiewicz. "I can't."

Lieberman is hoping that on Tuesday, these loyalists will come out in force and some of the Democrats prepared to send a message of dissatisfaction will reconsider and come back to him. For now he has brushed aside questions about whether he will run as an independent if he loses. "I'm going to make it easy for everybody and win the primary," he said.

Lieberman Woes Scratch Surface Of Anti-Incumbent Sentiment (WSJ)

By Jeanne Cummings

The Wall Street Journal, August 8, 2006

WASHINGTON -- Connecticut Sen. Joseph Lieberman's political fate will be decided Tuesday in the state's Democratic primary, but the race's focus on public opposition to the Iraq war and President Bush has put other incumbents on notice that a voter revolt could be in the making.

The 18-year incumbent's battle reflects a trend this year: An anti-incumbent mood is striking hardest against politicians aligned with the president, regardless of their party. One of challenger Ned Lamont's most potent weapons is a photo of Mr. Bush planting a kiss on Sen. Lieberman's cheek after the 2005 State of the Union speech. A poll released Monday shows Mr. Lieberman making up ground, but Mr. Lamont is still ahead 51% to 45%.

In a twist, many problems dogging the Democratic incumbent may haunt Republicans, too. The trend has prompted some candidates to avoid appearances with the president and it helps to explain why many of the most endangered House incumbents are moderates who need independent and Democratic votes to win. Three of those Republican centrists are from Connecticut, and like Mr. Lieberman, they are fighting charges that they are rubber stamps for President Bush. Rhode Island Republican Sen. Lincoln Chafee, another incumbent willing to work across party lines, is facing re-election prospects as dire as Mr. Lieberman's.

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Beyond New England, Republican Sen. Mike DeWine is struggling for re-election in Ohio, where Mr. Bush scores poorly; Florida's Clay Shaw and New Mexico's Heather Wilson are among a handful of House Republicans elected from districts with substantial numbers of independent and Democratic voters.

"Moderate Republicans are in for a difficult year because they represent districts more evenly balanced and there will be a Democratic tide against them," says Thomas Mann, a political analyst with the Brookings Institution.

With moderates under the gun, November's midterm elections are likely to usher in more polarization on Capitol Hill, where lawmakers such as Mr. Lieberman have provided a small but crucial bridge between their more ideology-driven leaders.

Last year, a bipartisan group of mostly centrist senators, including Mr. Lieberman, averted a showdown over the appointment of federal judges by refusing to block all Mr. Bush's nominees while also preserving Senate rules allowing the minority party to filibuster judicial candidates.

Some Democratic insiders worry that a Lieberman defeat will signal a shift in the party to the left that could undermine other Democratic moderates. To be sure, a Lamont win will embolden party liberals and their allies among Internet bloggers, who have challenged the party hierarchy and promoted antiwar candidates but have yet to score a victory.

But others argue that Mr. Lieberman -- the party's 2000 vice-presidential nominee -- put his own political career in jeopardy. In 1998, he was the party's most outspoken critic of President Clinton during his impeachment trial. His questioning of affirmative-action programs and promotion of public-school vouchers angered his party's minority and labor blocs. A short-lived run in the 2004 Democratic presidential primaries undermined his stature.

On the Iraq war, Mr. Lieberman's support for the invasion -- and his scolding of Democrats who opposed it -- threw him out-of-step this year with Connecticut voters. Mr. Lieberman "is providing the rhetoric the Republicans use to stab Democrats in the back. That's the problem," says Eli Pariser, executive director of advocacy group MoveOn.org, which is backing Mr. Lamont, but also supports moderates such as Democrat Bob Casey in his race against incumbent Republican Sen. Rick Santorum in Pennsylvania.

On Sunday, Mr. Lieberman gave a speech in which he defended his support of the invasion but highlighted his criticism of the Bush administration's postwar management. He also sought common ground with war opponents, noting that he once protested the Vietnam War.

With that address -- and an advertising blitz and statewide campaign tour -- he may have gained some last-minute momentum. A poll by Quinnipiac University yesterday showed Mr. Lamont's lead shrinking to six percentage points from 13 percentage points a week ago.

Among Lamont supporters, 54% said their vote is mainly against Mr. Lieberman. Of those, 36% say the Iraq war is driving their vote, while 54% said their opposition to Mr. Lieberman is broader than that.

With such an anti-Lieberman undertow in the race, Mr. Mann questioned whether the incumbent has enough time to recover. "There was ample opportunity for him to ward off the challenge or easily defeat the challenge it if came, but he didn't take any of them until Sunday night" when he addressed head-on the issue of the Iraq war, Mr. Mann says.

Yesterday, both sides were scrambling to ensure that voters cast ballots today. Mr. Lamont's campaign manager, Tom Swan, posted a call for volunteers on MoveOn's Web site. The online organization also has tapped members outside Connecticut to telephone Lamont supporters and remind them to vote.

Meanwhile, Mr. Lieberman's campaign manager, Sean Smith, sent an e-mail request for help to supporters. "Get out your phone book and call your friends, family, and anyone else you can think of and tell them to vote for Joe Lieberman," he said.

A Preview For November (WP)

By E. J. Dionne Jr.

The Washington Post, August 8, 2006

Some events are so important that the battle to interpret their meaning begins even before they happen. So it is with today's Democratic primary challenge to Sen. Joe Lieberman in Connecticut.

Most of the commentary is premised on the idea that antiwar businessman Ned Lamont will defeat Lieberman, one of Congress's strongest supporters of the Iraq war. This speculation may be premature for reasons we'll get to. But the two lines of argument hardening into place tell us a great deal about what we'll be debating in this fall's campaign.

Republican supporters of Bush and the war are claiming that a Lamont victory would signal a dovish takeover of the Democratic Party by activists organized by anti-Bush bloggers -- and would show that there is no room left in Democratic ranks for moderates.

The most over-the-top version of this argument came from William Kristol, editor of the Weekly Standard. "What drives so many Democrats crazy about Lieberman is not simply his support for the Iraq war," Kristol wrote. "It's that he's unashamedly pro-American."

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This charge of extremism enrages Democrats, including many Lieberman supporters. It's absurd, they say, to attribute Lamont's rise primarily to bloggers who were his prime supporters three months ago, when he registered less than 20 percent in the polls. Something has happened since then that goes well beyond the blogosphere.

In this light, the effort to play the anti-American card can be seen as a sign of the frustration felt by the architects of a war that no longer enjoys popular support and the desperation of those who realize how pervasive the anti-Bush mood has become.

The battle of interpretations has raged within the Lieberman campaign itself. For months, Lieberman tried to push the war aside, insisting that the election should not be decided by a "single issue." He focused on classic incumbent arguments about his role in bringing jobs to Connecticut, and on criticisms of Lamont.

But on Sunday night -- pressed by campaign advisers to speak directly to Democratic anger at the president -- Lieberman finally threw in his lot with the anti-Bush camp. He offered a "closing argument" that ticked off eight issues on which he had battled the administration. He defended dissenters opposed to the war whom he had once seemed to criticize and insisted that he "clearly disagreed with and criticized the president" on many aspects of Bush's Iraq policy.

The "biggest lie being told about me by the other side," Lieberman declared, is "the false charge that I am George Bush's best friend and enabler." Lieberman's closing speech reflected a clear recognition that he had no chance of surviving as long as voters associated him with Bush.

The embattled incumbent received a modest piece of good news yesterday when the Quinnipiac University poll, whose survey four days earlier showed him trailing Lamont by 13 percentage points, found the margin cut to 6 points. Although Lieberman's own friends were pessimistic (and, truthfully, polling for a summer primary is notoriously difficult), it's at least conceivable that Lieberman's closing declaration of independence might be just enough to push him over the top.

There is, in any event, a major flaw in the claim that Lieberman's troubles reflect an end to the role of moderates in the Democratic Party: Lieberman is the one prominent moderate to receive serious opposition in this year's primaries. As Robert L. Borosage of the liberal Campaign for America's Future noted, antiwar Democrats limited their challenge to one of the most pro-Bush Democrats in one of the most Democratic states in the country. Moderate Democrats in Republican-leaning states were left largely undisturbed.

Moreover, opposition to the war in Iraq and to Bush has spread well beyond the left. In the latest Quinnipiac poll, Lieberman leads Lamont among Democrats who called themselves moderate or conservative by only 53 percent to 43 percent. If Lieberman loses, it will be primarily because of defections in the disaffected center.

There will be a way to test the competing interpretations of the Lieberman-Lamont contest. Were Lieberman to be defeated, Republicans would mourn his loss as a blow to moderates and urge him to run this fall as an independent. But if petrified Republican candidates around the country accelerate their efforts to add to the distance they've already built between themselves and Bush, you'll know that they know what Connecticut's voters were really saying.

And if Lieberman miraculously survives, it will be because he finally realized that the last thing an incumbent wants to be this year is George Bush's best friend and enabler.

GOP Leaders Are Hoping To Turn The War Into A Winner (LAT)

By Peter Wallsten

The Los Angeles Times, August 8, 2006

CRAWFORD, Texas — Some Republican candidates are distancing themselves from President Bush in fear of voter discontent with the war in Iraq. But a new GOP strategy memo argues that the war could prove to be an advantage for many Republican candidates, citing it as one of the most effective issues that will excite the party base in November.

The memo, based on a Republican National Committee poll of GOP voters and obtained by the Los Angeles Times, lists Bush's handling of "foreign threats" as the No. 1 motivator of the Republican base, specifically citing his leadership on Iraq.

"Large majorities report satisfaction with the president's commitment to defeat the terrorists in Iraq and his leadership in the war on terror, in general," according to the memo sent Wednesday to Republican National Committee Chairman Ken Mehlman from GOP pollster Fred Steeper.

The memo suggested that Republicans could motivate their base in the upcoming elections by talking about foreign threats and national security issues, including Iraq and the potential nuclear threat from Iran, and by drawing contrasts with Democrats in those areas. It said "a huge 87% of the base expresses extremely strong feelings" about national security issues.

The memo underscores the belief among top White House and GOP strategists that the war, despite the rising death toll and mounting public anxiety, could be the party's biggest advantage in the fight to retain control of Congress in the November elections.

Focusing on Iraq is risky at a time when candidates in both parties are struggling to deal with the politics of the war. Sen. Joe Lieberman (D-Conn.) is facing a stiff primary challenge today based on his support for the war, and Republicans from

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Minnesota to Maryland are casting themselves as independent thinkers who will not serve as rubber stamps for the White House.

Mehlman, in an interview Monday, said the GOP survey demonstrated that the base became motivated when it heard that Democrats supported policies of "isolationism and defeatism," words that the GOP had attached to Democratic proposals to withdraw troops in Iraq. He said the challenge to Lieberman by war critic Ned Lamont suggested Democrats were following a Vietnam War-era path of nominating antiwar activists like George S. McGovern who failed to win the general election.

"Sure, the history of the last generation is that when the Democrat Party became a doctrinaire, anti-use-of-American-force party as it did in 1972, it didn't do well," Mehlman said. "A lot of Americans may have disagreed with a lot of aspects of the Vietnam War, but in 1972 they were not willing to support a candidate for president who said: 'Come home, America' at a time that they knew there were serious challenges in the world.

"A party that becomes even more McGovernic than the original 1972 Democrat Party," Mehlman said, "is not one in my judgment that is likely to appeal to voters."

Recent polls, though, point to the challenge facing the GOP strategy. A Los Angeles Times/Bloomberg poll last week found that 49% of respondents strongly disapproved of Bush's handling of Iraq.

The politics grew more complicated last week when Army Gen. John P. Abizaid, the senior U.S. commander in the Middle East, told the Senate Armed Services Committee that sectarian violence in Baghdad and other areas "is probably as bad as I've seen it." Even a loyal White House ally, Sen. John W. Warner (R-Va.), chairman of the committee, suggested another vote might be needed on whether to authorize the use of force if civil war erupts in Iraq.

Bush, speaking Monday at his Texas vacation home here, demonstrated that he had no intention of shying away from Iraq as the elections approach — pushing back against claims by some critics that cite the sectarian violence as a failure of U.S. policy.

"You know, I hear people say, well, civil war this, civil war that," said Bush, who will travel Thursday to Wisconsin, home of one of the Democratic Party's most fervent war critics, Sen. Russell D. Feingold.

"The Iraqi people decided against civil war when they went to the ballot box. And a unity government is working to respond to the will of the people. And frankly, it's quite a remarkable achievement on the political front, and the security front is where there have been troubles."

Phil Singer, a spokesman for the Democratic Senatorial Campaign Committee, called the GOP survey "an effort to manufacture some data in order to rally the base and keep the Republican candidates on the same reservation as the White House."

"They're clearly nervous about losing more support," Singer said.

The survey polled 1,305 voters who identified themselves as either active , middle-of-the-road or swing Republicans.

The memo showed that the strategists hoped to stick to their post-2000 playbook of galvanizing the base using national security and other hot-button issues, asserting that 95% of base voters are either "almost certain" or "very likely" to vote this year.

The memo cited other national security issues as particularly important to the base, including the Patriot Act and Bush's anti-terrorist domestic spying program.

The survey cited strong enthusiasm in the party base for domestic issues such as tax cuts, abortion and arguments focused on the need to curtail frivolous lawsuits.

Analysis: GOP On Defensive (AP-Y)

By David Espo

AP2, August 8, 2006

First gradually, now quickly, the war in Iraq and a congressional corruption scandal are shaping the midterm elections, with Democrats working to harness both as campaign issues for the fall.

That leaves Republicans on the defensive, not defeated.

In Ohio, they succeeded Monday in talking scandal-scarred Rep. Bob Ney off the fall ballot. In the process, they likely improved their chances of retaining his seat, previously considered one of the two or three most likely to fall to the Democrats.

No matter the outcome of the primary between Connecticut Sen. Joe Lieberman and anti-war challenger Ned Lamont on Tuesday, the unpopular conflict in Iraq is emboldening and even unifying normally fractious Democrats.

"In the interests of American national security, our troops, and our taxpayers, the open-ended commitment in Iraq that you have embraced cannot and should not be sustained," the party's leading lawmakers wrote President Bush recently.

"... We believe that a phased redeployment of U.S. forces from Iraq should begin before the end of 2006."

Politically, the letter brought together lawmakers of varying views on the issue.

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On the eve of the fall campaign, it also sought a middle course between the Bush administration's refusal to set a withdrawal timetable and the demand from Democratic activists for a swift pullout of U.S. forces.

Republicans responded dismissively.

"Waving a white flag in Iraq may appeal to the net roots," said Republican Party chairman Ken Mehlman, referring to Internet activists, "but it will embolden the enemy, encourage more terrorism and make America less secure."

At the same time, Republican lawmakers are increasingly outspoken about the political impact of an unpopular conflict.

"The first thing I'd do is acknowledge that there have been mistakes made," Sen. John Thune of South Dakota said recently.

"Our candidates have to draw and point out differences in how they would approach and win the war in Iraq and how their opponents would," said Thune, who is not on the ballot this fall. "The biggest thing we have going for us on that issue is that Democrats are very divided."

Not so much any longer.

For Democrats, the letter brought praise from the leader of one group that supports Lamont and has frequently challenged the party to be more vocal against the war. "The unity of Democrats on Iraq is good news for America," said Tom Matzzie of MoveOn.org.

Even Lieberman seemed to be changing his tone, if not his position.

In what he termed a closing campaign argument on Sunday, he outlined several disagreements with Bush over Iraq and other issues.

"As someone who voted for the war, I feel a heavy responsibility to try to end it as quickly and successfully as possible," he said. "... I want to get our troops home as fast as anyone, probably more than most, and as I have repeatedly said, I am against an open-ended commitment."

At the same time, "if we simply give up and pull out now, like my opponent wants to do, then it would be a disaster to Iraq and to us."

The same anti-war sentiment that threatens to swamp Lieberman may wind up saving a less well-known senior senator thousands of miles away.

Unlike Lieberman, Hawaii Sen. Daniel Akaka voted against authorizing the war in Iraq in 2002. Akaka, 81, has used the vote in television advertising to accentuate his differences with primary challenger Rep. Ed Case, who is 53. One commercial showed Akaka speaking to a state convention, saying, "It is highly appropriate to ask, even in hindsight, whether this war was just and warranted. It is highly appropriate to demand of this administration a strategy and timetable for peace and how we intend to ensure a stable and Democratic government in Iraq."

More broadly, Akaka hopes the issue will undercut Case's call for a new generation of leadership. "The counterpoint to change is certainly experience and wisdom," says Andy Winer, Akaka's campaign manager.

In a June vote, Case opposed setting a timetable for the withdrawal of U.S. troops.

One recent poll shows Akaka ahead, but not comfortably so, in advance of a Sept. 23 primary.

Nearly all incumbent Republicans have at least one or two Iraq-related votes on their record, making it a ready-made national issue.

Democrats allege a Republican "culture of corruption." But apart from a few races — Ney, former Rep. Tom DeLay in Texas or Sen. Conrad Burns in Montana — the GOP leadership shows little concern about fallout from the Jack Abramoff-spawned scandal and Congress has yet to pass legislation reining in lobbyists.

The war is different.

So much so that a quiet internal debate is unfolding among GOP strategists watching the Connecticut primary from a distance.

Some argue the GOP would be better off if Lieberman wins, on the theory that anti-war activists would become discouraged and stay home in November.

Others argue that Republicans will be better off if Lamont prevails. That way, the argument goes, they can try and win over voters by telling them the Democrats have been taken over by an anti-war fringe and can't be trusted to protect the nation's security.

House Incumbents At Risk, Poll Finds (WP)

By Peter Baker And Claudia Deane

The Washington Post, August 8, 2006

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Most Americans describe themselves as being in an anti-incumbent mood heading into this fall's midterm congressional elections, and the percentage of people who approve of their own representative's performance is at the lowest level since 1994, according to a new Washington Post-ABC News poll.

As attention turns to Connecticut for Sen. Joseph I. Lieberman's Democratic primary showdown today, the poll found some of the same political currents that have buffeted his campaign flowing through the national electorate. The public has soured on politicians backing the Iraq war, which Democrats consider the most important issue of the election.

Eighty-one percent of Democrats say the war was not worth fighting, and 70 percent feel that way "strongly." A majority of Democrats, 54 percent, say a candidate endorsing Bush's Iraq policy would be less likely to get their vote, compared with 37 percent for whom it would not make much difference. Two in three Democrats say it is time to begin decreasing troop levels in Iraq, although only one in four supports immediate withdrawal.

Especially worrisome for members of Congress is that the proportion of Americans who approve of their own representative's performance has fallen sharply. Traditionally, voters may express disapproval of Congress as a whole but still vote for their own member, even from the majority party. But 55 percent now approve of their lawmaker, a seven-percentage-point drop over three months and the lowest such finding since 1994, the last time control of the House switched parties.

"That's dramatic," said Republican consultant Ed Rollins, who was White House political director under President Ronald Reagan.

In a small boost for Bush, his approval rating inched up to 40 percent, two percentage points higher than in June and seven higher than in May, suggesting he may have arrested a slide that deeply unnerved Republican lawmakers and strategists. But Bush's standing remains weak for a president in a midterm election year and problematic three months before Election Day.

At the same time, the poll's findings underline the challenge for Democrats. For all their disenchantment, most voters are not sure what the party stands for. Just 48 percent say Democrats offer a clear direction different from Republicans, while 47 percent say they do not. The public does not think that Bush or the Democrats have a clear plan for Iraq. Even a slight majority of Democrats say their party does not have an Iraq strategy.

The problem for Democratic candidates such as Lieberman who continue to support the war seems even plainer. Strategists wonder how many Democratic voters, like those backing Lieberman's challenger, Ned Lamont, feel so strongly about the issue that will be willing to punish one of their own who strays. "It was a problem in 2004, and it's going to be a bigger problem in 2006 if you're a Democrat who's seen as an accommodationist or a capitulationist," said Mark Mellman, a Democratic consultant.

What Democrats have to do, he said, is emphasize a break from Bush's direction in Iraq, even if they disagree about how. Among voters across the board, 38 percent say they are more likely to oppose candidates who support Bush on Iraq compared with 23 percent who are more likely to support them. "On the big question -- 'Should we stay the course or should we make a change?' -- it seems overwhelmingly the public wants a change," Mellman said.

Some Republican strategists said they fear it may be enough for Democrats to hammer home on the troubles of the country. "There's just a frustration that a lot of things are going wrong and nobody in Washington understands," Rollins said. "Even though the Democrats haven't really picked up the ball and offered an alternative, the numbers keep getting worse and worse."

The poll mirrored results of surveys at this point 12 years ago, just three months before Republicans swept out Democratic majorities from both houses of Congress. Fifty-three percent now call themselves anti-incumbent, while 29 percent describe themselves as inclined to reelect lawmakers -- almost precisely the same percentages as in June 1994.

In another echo of 1994, the poll showed Congress remains broadly unpopular, with six in 10 Americans disapproving of its performance. The only consolation for members is that the 36 percent who approve represents a slight bump up from May, when the institution hit a 10-year low.

The generic ballot question, asking voters in general which party they would support in November, remained unchanged from the spring, with 52 percent favoring Democrats and 39 percent supporting Republicans. The lead narrows to 10 points among those who say they are closely following their local races.

The survey suggests that it is not just Republicans whose incumbents are in jeopardy. But it includes one important caveat -- as of now, few Republicans or Democrats plan to stray from their parties in November. The Democrats' lead stems from a big advantage among independents.

A total of 1,002 randomly selected adults were interviewed Aug. 3-6 for this survey. The margin of sampling error is plus or minus three percentage points for the overall results.

Inside The Beltway (WT)

By John Mccaslin

DOJ_NMG_0045181

The Washington Times, August 8, 2006

Heavy hitter

Inside the Beltway is told that President Bush will attend a private fundraising reception for Virginia Sen. George Allen on Aug. 23, at the home of Republican political operatives Ed and Cathy Gillespie.

Cost to pose with the president for a picture: $5,000. Otherwise, $1,500 will get you in the door of this campaign fundraiser. (Hey, why not just snap a picture with your cell phone?)

Mr. Allen finds a formidable challenger in one-time Reagan appointee and former Secretary of Navy James H. Webb Jr., now a full-fledged, albeit centrist, Democrat. Still, Mr. Allen, son of the late Washington Redskins coach of the same name, holds a sizeable lead (as many as 16 points in a recent poll) over the Democrat.

Mr. Gillespie is former chairman of the Republican National Committee, selected by Mr. Bush to serve from 2003 to 2005.

Shades of purple

Why are Democrats and Republicans alike in Washington so fascinated by the race for a local board president in Cook County, Illinois?

Because a Republican candidate, Tony Peraica, actually is leading in a county where Democrats outnumber Republicans almost 3-to-1.

A survey last month by the Tarrance Group put Mr. Peraica ahead of Democrat Todd Stroger by a margin of four percentage points -- 42 percent to 38 percent. Helping propel the Republican, no doubt, is the fact that Mr. Stroger arrived late on the ballot -- stepping in for his father, incumbent board President John Stroger, after he suffered a stroke.

"With 5.5 million residents, Cook County is the second-largest county in the entire nation," Chicago-based political campaign operative Bill Pascoe informs Inside the Beltway. "In Illinois politics, roughly 6 in 10 voters in the entire state live right here in this one county."

And, he adds, the last time a Republican won the presidency of the Cook County Board of Commissioners was 1966.

"His name was Dick Ogilvie. His next job was governor," says Mr. Pascoe. "If Republicans can build a coalition with independents and reform-minded Democrats to win in Cook County in 2006, then Illinois' dark-blue tint automatically turns purple in terms of 2008 at the presidential and U.S. Senate level."

Which could mean?

"Illinois would be vaulted back into the ranks of major battleground states in the presidential race, second in size only to Florida among the swing states," he says.

Frank Franks

Move over, Barney. Make room for another outspoken congressman, Rep. Trent Franks.

The Arizona Republican, founder of the Congressional Israel Allies Conference, has sharply rebuked Democratic Rep. John D. Dingell, Michigan Democrat, for asserting during an interview: "I don't take sides for or against Hezbollah or for or against Israel."

In a statement, Mr. Franks says: "Hezbollah's ideology and practice is decapitating humanitarians with hacksaws on television while they scream for mercy, cowardly hiding behind women and children while launching rockets deliberately targeting innocent civilians, continually breaking treaties of peace and forcing children to blow themselves to pieces to effect the murder of other innocents."

He says if freedom in the world is to survive, people like Mr. Dingell "must throw off this nearly invincible ignorance and moral cowardice and face terrorism for the evil that it is."

Fear the right

While rockets continue to rain down on Israel and Lebanon, causing widespread bloodshed on both sides of the border, WorldPride, a weeklong international gathering of the lesbian, gay, bisexual and transgender community, is actually going ahead as planned this week in Israel.

Thousands of activists from around the globe are expected in Jerusalem for a week of "discussion, camaraderie and community."

Organizers suggest threats against their group come not from munitions, but "Christian, Jewish and Muslim religious conservatives."

'Senador Joe'

"WASHINGTON ? El Senador Joe Lieberman (D-CT), demócrata de mas alto rango del comité de seguridad interna y asuntos gubernamentales (Homeland Security and Governmental Affairs en inglés), elogió la aprobación por este mismo comité de un proyecto de ley que asegurará servicios de traducción para victimas de grandes desastres."

Or so reads a news release issued of late to Spanish-speaking constituents of Sen. Joe Lieberman, Connecticut Democrat, who will need all the votes he can get in today's primary voting for his re-election.

Youth Give Bush Poor Grade, Hurting Republican Hopes, Poll Says (BLOOM)

By Heidi Przybyla

Bloomberg, August 8, 2006

Aug. 7 (Bloomberg) -- President George W. Bush's hopes of attracting a new generation of voters to the Republican Party may be fading, as younger Americans are far more critical of his job performance than the broader population.

A Bloomberg/Los Angeles Times poll of Americans age 18 to 24 found Bush's approval rating was 20 percent, with 53 percent disapproving and 28 percent with no opinion. That compares to a 40 percent approval rating among Americans of all ages in a separate Bloomberg/Times poll.

Much like Franklin Roosevelt attracted a new generation of voters with the New Deal, Bush and his administration have had high hopes of drawing younger voters to his party. He has sought to do that through policy initiatives aimed at creating an ``ownership society," and public relations tactics like a Youth Convention at the party's 2004 national convention, in which his twin daughters took the stage.

Among the initiatives aimed at drawing a new generation into the Republican fold are health-care savings accounts, elimination of the so-called marriage penalty in the U.S. tax code, and Bush's proposal to create private investment accounts from a portion of Social Security payroll taxes. `Younger Americans really want to see some leadership," Bush said last year as he launched his Social Security plan.

Instead, the Social Security initiative flopped in Congress after attracting criticism from the public and lawmakers of both parties, and health-care savings accounts haven't done much to expand coverage, with only about 1 percent of the U.S. population currently participating in them.

Social Issues

Bush's 2004 re-election strategy also may have damaged his party's standing with younger voters by stressing things intended to drive religious voters concerned about social issues to the ballot box, such as opposition to gay marriage.

``The very cultural issues the president wants to use to rally his party's base are exactly the issues that are alienating younger voters," said Ross Baker, a political scientist at Rutgers University in New Brunswick, New Jersey. ``Across a broad swath of social issues, younger Americans see the administration as being out of line with what they believe."

The war in Iraq is also a major factor driving down public opinion among young voters, said Hans Riemer, political director at Rock the Vote, a group that works to get young people involved in civic life.

``Young people take it very personally," he said. ``They feel like it's their generation that's been asked to sacrifice."

One poll participant, K.C. Chojnacki, an 18-year-old starting her first year in college, expressed those concerns in a follow-up interview. ``I disapprove mostly because I don't agree with the war," said Chojnacki, who is from Andover, Minnesota. ``We're going to have to deal with the repercussions, like having to pay for it."

Iraq Support Wanes

In October 2003, 40 percent of college students supported either sending more troops to Iraq or keeping the number of troops the same, according to a survey by Harvard University's Institute of Politics in Cambridge, Massachusetts. By March 2006, just 26 percent supported these measures, according to another poll by the same institute, which has collected data on college voters since 2000.

The Harvard surveys also showed an erosion of Republican support among college students. In the 2003 poll, 31 percent identified themselves as Republicans and 27 percent as Democrats. By 2006, 32 percent of college students said they were Democrats and 24 percent Republicans.

The Harvard polls surveyed 1,200 college students and had a margin of error of 2.8 percentage points.

Disillusioned

David Kirby, executive director of the Washington-based America's Future Foundation, which says it exists to groom young libertarian and conservative leaders, said the president's low approval rating reflects disillusionment with politics, not Bush or the Republican Party.

``It's overly simplistic to say people hate Bush, people hate the war," Kirby said. While ``Republicans could do a better job" winning over young Americans, Kirby said, ``Democrats aren't offering ideological vision for the future that's exciting to young people."

Riemer cited ``a lack of any real attention at the White House and Congress to issues that really do concern young people, like education and jobs."

The Bloomberg/Los Angeles Times poll found Bush got slightly higher approval ratings from religious young Americans than from those who consider themselves non-religious.

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For example, 26 percent of those age 18 to 24 who consider themselves religious approve of the job Bush is doing, compared with 12 percent of those who say they are non-religious. The poll surveyed 811 adults aged 18-24 and 839 minors aged 12-17. It was taken June 23 to July 2 and has a margin of error of 3 percentage points.

If early indications are a guide, Bush and the Republicans also have a challenge with the next wave of young voters. The poll found his approval rating was 21 percent among those age 12 to 17, with 44 percent disapproving and 35 percent having no opinion.

Contempt For Congress (WP)

By David S. Broder

The Washington Post, August 8, 2006

CHARLESTON, S.C. -- The nature of their jobs keeps governors in close touch with the moods of their states' voters. There's little insulation for them; constituents unload their gripes and grievances with few inhibitions.

That's why I was so struck by the tone of the conversations among the governors of both parties who gathered here over the weekend for their annual summer conference. The common theme in interviews and informal comments was one of utter disdain for Congress.

Never mind that most of the governors are Republicans and that Republicans control the House and Senate. Never mind that a decade ago, when Republican control of Congress was still brand-new, the governors of both parties believed that the golden age of federal-state relations had arrived. Back then, with former governor Bill Clinton in the White House, with Newt Gingrich as speaker of the House, and with Senate Majority Leader Bob Dole eager to enlist help from governors for his 1996 presidential campaign, the governors found the welcome mat spread for them everywhere in Washington.

In short order, they saw Congress pass, and Clinton sign, a historic welfare reform bill based on models developed in Wisconsin and other states. Legislation on education, health care and other domestic fields reflected other agendas that came out of the National Governors Association (NGA). Congress even promised it would stop passing bills that required extra spending by the states without reimbursement. It was nirvana, the governors thought.

Today, Republicans still dominate the statehouses and Congress, and another former governor, George Bush, sits in the White House. But relationships between the governors and Washington are poisonous.

Not a single figure from Capitol Hill was invited to address the meeting that concluded here on Monday. If anyone had come, his ears would have been burning.

Mike Huckabee of Arkansas, a Republican and the retiring chairman of the NGA, set the tone. "What upsets us," he said in an interview, "is the same thing that frustrates our voters. Whatever problem you're concerned about, all you see in Washington is gridlock."

Janet Napolitano of Arizona, the Democrat who succeeded Huckabee on Monday as the NGA chairman, echoed his words. "They're just not getting it done," she said of Capitol Hill. "Immigration is the biggest issue in my state. A million people are marching in the streets. States are spending hundreds of millions trying to cope with the influx. So they pass two bills, and they won't even go into a meeting room to put them together. It's ridiculous!"

The refusal of the Republican leadership to call a conference to reconcile the competing House and Senate immigration bills is one symbol of what Huckabee calls a "dysfunctional" Congress. In the states, he said, governors of both parties have learned to work with each other -- and across partisan lines at home -- to get things done.

Not so in Washington. Mitt Romney, the Republican governor of Massachusetts, said his wife, Ann, has likened the spectacle of Congress to "two guys in a canoe that is headed for the falls, and all they do is hit each other with their paddles."

Romney said that considering what has been happening on energy prices, health care and other worries, "the bickering is becoming more and more dangerous because the current is sweeping us toward the falls."

To take one final example, New Mexico Democrat Bill Richardson said, "Congress has gone from unresponsive to hopeless. On everything from the minimum wage to immigration to energy, they've just given up. No one expects anything from them."

Why has it taken this turn? The governors' sense is that Bush is so preoccupied with Iraq and other international crises that he gives short shrift to Congress and domestic problems. The White House made no visible presence at this meeting.

As for Congress, Huckabee blames budget pressures and a kind of political myopia for the frequent actions that he says damage the states and distort the federal system. Far from honoring the pledge to stop passing unfunded mandates, Congress has socked state and local governments with major new obligations -- such as requiring motor vehicle bureaus to check for citizen status -- while treating them merely as "satellite offices" of the federal government, Huckabee complains.

But beyond these turf battles, the biggest indictment of Congress is simply that it is paralyzed. The sense that voters see Washington as gridlocked is one factor fueling the hopes of the governors eyeing the presidency in 2008 -- men such as

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Romney, Richardson, Huckabee, Iowa Democrat Tom Vilsack and New York Republican George Pataki. All of them are gambling that a frustrated electorate will turn to an outsider for help.

Liberal McCarthyism (WSJ)

By Lanny J. Davis

The Wall Street Journal, August 8, 2006

WASHINGTON -- My brief and unhappy experience with the hate and vitriol of bloggers on the liberal side of the aisle comes from the last several months I spent campaigning for a longtime friend, Joe Lieberman.

This kind of scary hatred, my dad used to tell me, comes only from the right wing -- in his day from people such as the late Sen. Joseph McCarthy, with his tirades against "communists and their fellow travelers." The word "McCarthyism" became a red flag for liberals, signifying the far right's fascistic tactics of labeling anyone a "communist" or "socialist" who favored an active federal government to help the middle class and the poor, and to level the playing field.

I came to believe that we liberals couldn't possibly be so intolerant and hateful, because our ideology was famous for ACLU-type commitments to free speech, dissent and, especially, tolerance for those who differed with us. And in recent years -- with the deadly combination of sanctimony and vitriol displayed by the likes of Rush Limbaugh, Ann Coulter and Michael Savage -- I held on to the view that the left was inherently more tolerant and less hateful than the right.

Now, in the closing days of the Lieberman primary campaign, I have reluctantly concluded that I was wrong. The far right does not have a monopoly on bigotry and hatred and sanctimony. Here are just a few examples (there are many, many more anyone with a search engine can find) of the type of thing the liberal blog sites have been posting about Joe Lieberman:

· "Ned Lamont and his supporters need to [g]et real busy. Ned needs to beat Lieberman to a pulp in the debate and define what it means to be an AMerican who is NOT beholden to the Israeli Lobby" (by "rim," posted on Huffington Post, July 6, 2006).

· "Joe's on the Senate floor now and he's growing a beard. He has about a weeks growth on his face. . . . I hope he dyes his beard Blood red. It would be so appropriate" (by "ctkeith," posted on Daily Kos, July 11 and 12, 2005).

· On "Lieberman vs. Murtha": "as everybody knows, jews ONLY care about the welfare of other jews; thanks ever so much for reminding everyone of this most salient fact, so that we might better ignore all that jewish propaganda [by Lieberman] about participating in the civil rights movement of the 60s and so on" (by "tomjones," posted on Daily Kos, Dec. 7, 2005).

· "Good men, Daniel Webster and Faust would attest, sell their souls to the Devil. Is selling your soul to a god any worse? Leiberman cannot escape the religious bond he represents. Hell, his wife's name is Haggadah or Muffeletta or Diaspora or something you eat at Passover" (by "gerrylong," posted on the Huffington Post, July 8, 2006).

· "Joe Lieberman is a racist and a religious bigot" (by "greenskeeper," posted on Daily Kos, Dec. 7, 2005).

And these are some of the nicer examples.

One Sunday morning on C-Span I debated Nation editor Katrina vanden Heuvel on the Lieberman versus Lamont race. Afterwards I received a series of emails -- many of them in ALL CAPS (which often suggests the hyper-frenetic state of these extremist haters) -- that were of the same stripe as the blog posts, and filled with the same level of personal hate.

But the issue is not just emotional outbursts by these usually anonymous bloggers. A friend of mine just returned from Connecticut, where he had spoken on several occasions on behalf of Joe Lieberman. He happens to be a liberal antiwar Democrat, just as I am. He is also a lawyer. He told me that within a day of a Lamont event -- where he asked the candidate some critical questions -- some of his clients were blitzed with emails attacking him and threatening boycotts of their products if they did not drop him as their attorney. He has actually decided not to return to Connecticut for the primary today; he is fearful for his physical safety.

I do not blame Joe Lieberman's political difficulties on the liberal blogosphere. Most Connecticut Democrats voting for Mr. Lamont are genuinely outraged at President Bush for his Iraq War policies. They are entitled to express that outrage by voting for him and against Sen. Lieberman on that basis alone, although Sen. Lieberman's record as a progressive Democrat and his opposition to President Bush not only on most domestic issues but also on the conduct of the war cannot be disputed -- despite egregiously distortive ads paid for by Mr. Lamont with $4 million of his own money.

Moreover, the support he gets from these haters should not be attributed to Mr. Lamont -- nor should he be blamed for their extremism, bigotry and intolerance. But he ought to denounce them. He hasn't as yet.

Mr. Lamont and all other liberal Democrats should remember the McCarthy era and not fall into the trap of the hypocrisy of the double standard -- that it's not OK when Ann Coulter dispenses her venomous hatred, but it is OK when our side's versions of Ann Coulter do.

Mr. Davis, former special counsel to President Clinton between 1996-98, is the author of "Scandal: How 'Gotcha' Politics Is Destroying America," forthcoming from Palgrave.

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More Rules, More Money (NYT)

By Jan Witold Baran And Robert F. Bauer

The New York Times, August 8, 2006

Washington

IN 1981, we sat down to lunch together, a lawyer for Republicans and a lawyer for Democrats, to ponder the state of our election law practices.

Though Watergate had spawned comprehensive campaign finance reform several years before, there were reports that the newly elected president might move to abolish the Federal Election Commission and cut back the overgrowth of regulations that sent clients our way. By the time coffee was served, however, we had concluded that the urge for campaign regulation would overwhelm conservative deregulatory ambitions.

How right we were! The decades since have witnessed a constant clamor for more reform and regulation, including the enactment of the McCain-Feingold campaign finance legislation in 2002.

Now, the Federal Election Commission is again a target for abolition. But only so it can be replaced by an even more powerful bureaucracy with expanded enforcement powers. In legislation designed by the irrepressible architects of McCain-Feingold, the proposed Federal Election Administration would be equipped to mete out swift justice, including hefty fines and "cease and desist" orders to wayward campaigns.

The new agency would shrink the F.E.C.'s six seats to a more nimble three, including a vastly more powerful chairman appointed by the president for a 10-year term. For good measure, nominees for the three seats would have to be unsullied by timely, real-world political experience; no recent candidates, party officials or — ouch! — election lawyers need apply.

Our law practices, which have grown tenfold since 1981, have certainly prospered from the seemingly unappeasable demand for reform. But it cannot be said that others — those active in the political process, or the public at large — have done nearly as well. The law is not only increasingly complex but, in many cases, counterintuitive, requiring ever more nuanced clarifications from regulators.

Some reformers genuinely believe that it is possible to drive money out of politics and still observe the command of the First Amendment. Others see practical advantages. Many politicians favored McCain-Feingold because it prohibited certain advertising that mentioned opponents' names, or because it authorized them to raise more money if they were challenged by wealthy, free-spending opponents. The bill also attempted to strike at "negative" political speech — known to ordinary Americans by its other name, "criticism"— by requiring candidates to publicly approve their ad content.

In 2004, the first election year during which McCain-Feingold was in effect, negative campaigns overwhelmed the government's efforts to discourage them, and fund-raising records fell beneath the frenzied pace of collections by candidates, parties and interest groups.

By 2005, a rash of scandals, including the Abramoff and Cunningham cases, had answered the question of whether this legal crusade would quash corruption.

The grand quest to rid politics of money never concludes; frustration with the results of reform invariably inspires fresh calls for more reform. In 2003 the Supreme Court narrowly ruled that Congress may actively legislate against the "circumvention" of campaign rules, an eerie acknowledgment that the laws, forever failing in their aim, must be continually amended.

Now that the presidential public financing system, once described as the "crown jewel" of reform, has lost significance and credibility — neither major party nominee in 2004 accepted public money in the primary — reformers want repairs to that system, as well. Suggestions include more money for government-financed education of increasingly indifferent voters, to encourage them to mark off more of their tax dollars for the presidential campaign fund.

Meanwhile, there are states where campaign finance remains largely unregulated. Virginia, for example, has no contribution limits, no public financing, no prohibitions on corporate or union giving; it simply requires prompt disclosure of campaign income and spending. It does not appear that relatively laissez-faire campaign finance has left Virginia with a dysfunctional and corrupt government, certainly not of the kind alleged to be rampant in Washington.

Yet we are confident, as we meet still for the occasional lunch, that the argument for reducing regulation will not find much favor.

Partisans will continue to demand restrictions calculated to hurt their opponents or help themselves; the press will inveigh against the nefarious role of money in politics (without explaining how candidates are supposed to communicate, cost-free, with millions of voters); and "good government" groups will explain that we are just one or two reforms away from cleaner, brighter, more wholesome politics.

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Perhaps, when at last the frustration and futility have proved too much, advocates of reform would consider joining us for lunch. After all they have done for us, we would be obliged to pick up the tab. But we all know who has been paying the price for three decades of misguided efforts at reform.

Bush Cautions On Lebanon Cease-fire (AP-Y)

By Nedra Pickler

AP2, August 8, 2006

President Bush said Monday any Mideast cease-fire must prevent Hezbollah from strengthening its grip in southern Lebanon, asserting "it's time to address root causes of problems."

Bush urged the United Nations to work quickly to approve a resolution to stop hostilities that have been raging between Israel and Hezbollah for more than three weeks and killing hundreds.

A draft resolution proposed by the United States and France faced opposition from Lebanon and other Arab nations because it would not call for the withdrawal of Israeli troops from Lebanon.

Bush indicated he wants Israel to stay until an international force is deployed that can assist Lebanon in taking over control of the southern part of the country, where Hezbollah's operations are based.

"Whatever happens in the U.N., we must not create a vacuum into which Hezbollah and its sponsors are able to move more weapons," Bush said in a joint news conference with Secretary of State Condoleezza Rice. "Sometimes the world likes to take the easy route in order to solve a problem. Our view is, it's time to address root causes of problems. And to create a vacuum is unacceptable."

Bush's remarks came in his first appearance since the draft resolution was circulated Saturday morning.

He and Rice spoke to reporters in a helicopter hangar on his ranch, where he is in the midst of a 10-day vacation, as one of the crickets that are so plentiful here hopped around at their feet.

Rice, who arrived here Saturday for talks with Bush, departed Texas to return to Washington.

"We understand that this has been a very emotional and indeed devastating and tragic set of circumstances for Lebanon and for Israel, and obviously the parties have views on how to stop this," Rice said.

"Their views are not going to necessarily be consonant about how to stop it," the secretary said. "The international community has a view. But of course we're going to take a little time and listen to the concerns of the parties and see how they can be addressed. "

Bush dressed in suit and tie for the press conference — a departure from the casual dress and more restricted media access that are typical at the ranch. In part, the appearance was designed to show the president is engaged even when he is away from the White House. But Bush has left the negotiations to Rice and other diplomats and has not spoken with the prime ministers of Lebanon or Israel about the U.N. resolutions.

"Condi is handling those conversations, and she's doing a fine job of doing so," Bush said.

The international force Bush wants would be authorized in a yet-to-be-drafted second resolution at the United Nations, a document the United States hopes will pass quickly after the cease-fire resolution.

That first resolution calls for "a full cessation of hostilities" based on "the immediate cessation by Hezbollah of all attacks and the immediate cessation by Israel of all offensive military operations."

But it makes no explicit mention of an Israeli withdrawal, and it implicitly allows Israeli defensive operations.

"I understand both parties aren't going to agree with all aspects of the resolution," Bush said. "But the intent of the resolutions is to strengthen the Lebanese government so Israel has got a partner in peace."

Rice played down differences on the draft, saying it is a firm foundation that both sides can accept once "issues of timing and sequence" are worked out.

The resolution calls in the longer term for a buffer zone in southern Lebanon, which Hezbollah controls and where Israeli troops are now fighting. Only Lebanese armed forces and U.N.-mandated international troops — once they are deployed — would be allowed in the zone.

Bush indicated that the U.N. force would help enforce an arms embargo that would block any entity in Lebanon except the national government from obtaining weapons from abroad. That's aimed at blocking the sale or supply of arms to Hezbollah from Iran and Syria, which are believed to be the militia's main backers.

"This international force will help Lebanon patrol its border with Syria and prevent illegal arm shipments to Hezbollah," Bush said. "As these Lebanese and international forces deploy, the Israeli defense forces will withdraw."

Asked why the United States would not contribute ground troops to the international force, Bush compared it to the situation in Sudan's Darfur region. U.S. troops "would create a sensation around the world that may not enable us to achieve our objective," Bush said. He said U.S. troops would provide support to a U.N. ground force in Lebanon.

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Bush Nixes Israeli Pullout (WT)

By Joseph Curl

The Washington Times, August 8, 2006

President Bush said yesterday that a U.N. resolution to end the Israel-Hezbollah war was needed as "quickly as possible," but he resisted a demand by Lebanon that Israeli troops immediately withdraw, prompting immediate condemnation from Arab leaders and stalling already slow negotiations.

From his ranch in Crawford, Texas, the president said, "We all recognize that the violence must stop," but again pressed for a long-term sustainable solution, not a quick fix.

"We will work with our partners to get the resolution laid down as quickly as possible," Mr. Bush said, with Secretary of State Condoleezza Rice at his side. But, he added, "Whatever happens in the U.N., we must not create a vacuum into which Hezbollah and its sponsors are able to move more weapons."

"Sometimes, the world likes to take the easy route in order to solve a problem. Our view is, it's time to address the root causes of problems, and to create a vacuum ... is unacceptable," he said.

Miss Rice said U.S. negotiators at the United Nations have a "strong basis for a cessation of violence," adding "It's going to be very important that the first resolution lay a quick foundation for a passage of a second resolution" establishing an international force for Lebanon.

As Israel intensified its strikes on Beirut and southern Lebanon, Miss Rice announced that she will head to New York today to continue negotiations with world leaders at the United Nations. She sought yesterday to placate Israel and Lebanon, saying she will "take a little time" to ease early objections to a proposed draft resolution for a cease-fire and a second resolution to call for the establishment of a peacekeeping force.

At the United Nations, the U.S. and France, authors of the draft resolutions, delayed action on the cease-fire measure to consider demands from Lebanon and Arab states over the withdrawal of Israeli troops. The draft calls for "a full cessation of hostilities" based on "the immediate cessation by Hezbollah of all attacks and the immediate cessation by Israel of all offensive military operations."

The U.N. Security Council was scheduled to take up the matter today, but members agreed to first meet a delegation of Arab foreign ministers, who warned the council at a meeting in Beirut not to adopt resolutions that do not call for an immediate Israeli withdrawal of forces. Council action is not expected until tomorrow at the earliest.

Defending the Bush administration's refusal to call for a cease-fire, Miss Rice said a compromise cease-fire resolution was not possible immediately after violence broke out three weeks ago because it "would not have addressed any of these items that both sides know are going to have to be addressed if we're going to have a sustainable cease-fire in the future."

"So this has been time that's been well-spent over the last couple of weeks, that everybody agrees it's time to have a cessation. We're going to work a little bit more with the parties, and I think this resolution will be the right basis -- both to cease the hostilities and to move forward," she said.

Said Mr. Bush: "I understand that both parties aren't going to agree with all aspects of the resolution. But the intent of the resolutions is to strengthen the Lebanese government so Israel has got a partner in peace."

Israeli attacks killed at least 55 persons, including in an air strike on a crowded area in Shi'ite-dominated southern Beirut that destroyed a building and killed at least 15. Three Israeli soldiers were killed in battles with guerrillas in southern Lebanon as Israel expanded its ground offensive and moved farther into Lebanon.

Meanwhile, Lebanon announced that it would send 15,000 troops to the south, a move long demanded by the international community and one that could pave the way for amendments to the draft. Lebanon has not condemned Hezbollah, which is a part of the governing coalition, and has not sought to strike the terrorist group, which controls much of southern Lebanon.

Arab leaders objected to the draft resolution, which does not call for an immediate withdrawal of Israeli forces from Lebanon.

"The way it is done now in the present draft, it has a discriminatory tone, and we don't accept it," said Yahya Mahmassani, the Arab League's envoy to the United Nations. "The presence of Israeli soldiers on Lebanese soil means that this is an army of occupation, and therefore, we are back to square one."

Late yesterday, a new draft by the U.S. and France, in response to amendments proposed by Qatar, the only Arab nation on the Security Council, was circulated. The proposed changes include a call for Israeli forces to pull out of Lebanon once the fighting stops and hand over their positions to U.N. peacekeepers.

France's U.N. ambassador, Jean-Marc de La Sabliere, said he would "work today to improve the text" and "take into account the concerns of all," but defended the original proposal.

"We think the draft resolution we have proposed is a good one," he said.

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John R. Bolton, the U.S. ambassador to the United Nations, also said he and his French counterpart are "still talking about possible changes we can make, based on developments in Lebanon today."

Bush Is Dealing From Position Of Weakness (LAT)

By Tyler Marshall And Alissa J. Rubin

The Los Angeles Times, August 8, 2006

WASHINGTON -- As the Bush administration seeks to negotiate a diplomatic end to the fighting in the Middle East, it finds it has a strikingly weak hand.

The war in Iraq, the halting U.S. efforts to respond to the Israeli-Palestinian stalemate, and now the fighting in Lebanon and Israel have led to unprecedented levels of anti-Americanism in the Arab world. Alliances with longtime Arab friends are strained, and the U.S. lacks relations with two key regional players: Iran and Syria.

"The Lebanon crisis is the end of the myth that we can tell the world what to do and they'll line up to do it," said Nancy Soderberg, a U.S. ambassador to the United Nations during the Clinton administration. "They are going to have to do real diplomacy."

Adding to the challenge is, remarkably, inexperience. Despite 5 1/2 years in office, Bush's foreign policy team has been involved in surprisingly few high-stakes negotiations in the region.

The draft U.N. resolution painstakingly crafted by the United States and the French over the weekend was a first effort at negotiating an end to the fighting in Lebanon. But it took a long week for agreement to be reached, despite U.S. officials' constant assertion that it was just a matter of details. In that week, many Lebanese civilians died, leading many in the region to believe that the U.S. cared little about their lives.

The landscape looks grim for serious diplomacy.

Since U.S. forces captured Baghdad without a serious fight in the spring of 2003, fear of American military might has melted away as the soldiers and Marines were unable to control the insurgency or stem Iraq's escalating sectarian violence. The result has reduced America's aura of complete power and, with it, the ability to bend others to its will.

Successful diplomacy requires being able to broker between enemies by having the trust of both parties and enough force, moral and military, to enforce a deal. America's recent foreign forays have relied largely on force, and those victories have been short-lived and been unable to bring about the democracy they promised.

"In the Middle East, historically people always go with the strong horse, but we don't look like the strong horse anymore," said Martin Indyk, a former U.S. ambassador to Israel and now director of the Brookings Institution's Saban Center for Middle East Policy. "To Hamas, Hezbollah and Iran, we look like we're short of breath."

Added Rand Corp. counterterrorism specialist Bruce Hoffman: "If they felt threatened then, they are emboldened now."

The Bush administration also faces an unprecedented level of anti-American feeling in the Arab world, emotions driven in part by its image as an unquestioning supporter of Israel and also by allegations of torture and abuse against Muslim detainees in places such as Guantanamo Bay and Iraq's Abu Ghraib prison.

One survey conducted eight months ago by the polling group Zogby International in Egypt -- an American ally -- found that just more than 3 percent of those questioned had a "very favorable" opinion of the United States, while 71 percent had a "very unfavorable" view.

The result is a serious erosion of political goodwill and moral authority, both important components of diplomatic influence historically available to the United States.

Against this unsettling backdrop, a U.S. diplomatic offensive involving substantive negotiations to alter the map of the broader Middle East would be a first for Bush. While few American presidents have initiated greater change to the political landscape of the Middle East than has Bush, little of it has come through consensus-building or negotiated agreement.

Political transformation in Afghanistan and Iraq followed military invasions, the end of Syria's occupation of Lebanon came mainly through intense international pressure triggered by the assassination of the former prime minister, and gradual expansions of political pluralism in countries such as Egypt came from high-profile rhetoric and a firm political nudge.

"This administration doesn't do diplomacy well," said Judith Kipper, a Middle East specialist at the Council on Foreign Relations. "They are like the Arabs: They say something and think it's been done."

In addressing the long-simmering Israeli-Palestinian dispute, the White House has not turned to a special U.S. special envoy or bouts of intense shuttle diplomacy like that employed by previous administrations to achieve breakthroughs. Instead, Bush chose to swing behind former Israeli Prime Minister Ariel Sharon's unilateral approach to carve a separate, independent Palestinian state out of the West Bank and Gaza, on Israeli terms.

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The White House sees the struggle in the region fundamentally as one between the forces of good and evil -- terrorism and freedom. That, coupled with Bush's own sense of mission to defend Israel and spread democracy to the region, leaves little room for the kind of compromise required for effective diplomacy, experts say.

"The U.S. has to begin to start thinking of gray resolutions that would end the current conflict and keep that border quiet for years," said Paul Salem, director designate of the Carnegie Endowment for International Peace Middle East Center in Beirut, Lebanon.

Those who have been involved in the administration's decision-making process say there is little airing of contrary views.

Lawrence Wilkerson, who served as former Secretary of State Colin L. Powell's chief of staff and has charged that Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld dominate national security issues, said neither displayed an inclination for the tiresome work of diplomatic consensus-building.

"Powell tried on a number of occasions to rub him (the president) the other way, but if you have the president leaning one way and the vice president leaning the same way, there's not a lot you can do," Wilkerson said.

A sense that Bush's strong backing of Israel has cost the United States its image as an honest broker between Arabs and Israelis has led some of the State Department's most experienced Arab world experts to leave government. Others, viewed as overly sympathetic to Arab arguments, have been transferred to other responsibilities.

"Those are the people who would be mounting limited dissent, dissent that would be in Condi's face, telling her what the (political) costs of this kind of policy is in the Arab world," Wilkerson said, referring to Powell's successor, Condoleezza Rice. "Those voices aren't there."

(Optional add end)

Whatever foreign policy team the U.S. fields, exerting its influence won't be easy.

At first, Iran and Syria were visibly shaken by America's invasion of Iraq and worried they might be next on the administration's agenda. They no longer see such a danger. Similarly, in the wake of the invasion, Islamic militant groups such as Hezbollah and Hamas reduced militant activities and talked of joining a political process, but now have resumed the fight.

The perception of American indifference to Arab suffering has only hardened during the current conflict as the administration consistently rejects calls for an immediate, unconditional cease-fire, insisting instead that any such move include the outlines of a lasting political settlement.

Although Rice and others have defended the move as necessary to break the cycle of violence that has gripped the region for decades, it has been widely viewed in the Arab world -- and elsewhere -- as a cynical delaying tactic to allow Israeli forces to degrade Hezbollah's fighting capabilities.

The backlash has been so intense that Rice's abrupt departure from the region last week after an Israeli airstrike killed at least 28 Lebanese civilians was caused in part because she had few other places where she could go. Even three normally pro-American Arab governments -- Egypt, Jordan and Lebanon -- signaled that public emotions were running too high for Rice to come. (A State Department official, who declined to be identified by name, said Rice had not considered a stop in Amman, the Jordanian capital.)

"The people back home and in all Arab countries are really outraged about the course of events," said Egypt's U.N. ambassador, Maged Abdelaziz. "It is as if the Lebanese people should die to protect Israel."

Marshall reported from Washington and Rubin from New York. Times staff writer Greg Miller in Washington contributed to this report.

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Lebanese PM Rejects U.N. Cease-fire Plan (AP-Y)

By Zeina Karam

AP2, August 8, 2006

The Lebanese prime minister rejected a U.N. cease-fire plan backed by President Bush, demanding on Monday that Israel immediately pull out from southern Lebanon even before a peacekeeping force arrives to act as a buffer between Hezbollah and the Jewish state.

Prime Minister Fuad Saniora's stand, delivered in a tearful speech to Arab foreign ministers, came on a day in which 49 Lebanese were killed — one of the deadliest days for Lebanese in nearly four weeks of fighting.

His Cabinet, which includes two Hezbollah ministers, voted unanimously to send 15,000 troops to stand between Israel and Hezbollah should a cease-fire take hold and Israeli forces withdraw south of the border. The move was an attempt to show that Lebanon has the will and ability to assert control over its south, which is run by Hezbollah, the powerful Shiite Muslim militia backed by Syria and Iran.

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In Texas, Bush said any cease-fire must prevent Hezbollah from strengthening its grip in southern Lebanon, asserting "it's time to address root causes of problems." He urged the United Nations to work quickly to approve a U.S.-French draft resolution to stop the hostilities.

Clashes between Israel and Hezbollah have sharply intensified in recent days as cease-fire diplomacy gains traction after nearly a month of unproductive talks. The cease-fire plan now under scrutiny at the United Nations has drawn only lukewarm support in Israel and vilification in the Arab world. Neither Israel nor Hezbollah has found an incentive to stop fighting, and both may be trying to gain advantage on the ground before a cease-fire.

At least 52 people died Monday on both sides. Hezbollah fired 160 rockets, wounding five Israelis, police and rescue services said. Three Israeli soldiers were killed in combat in south Lebanon, the first in an exchange of fire with Hezbollah fighters and the two others by an anti-tank missile, the Israeli army said.

With Arab League foreign ministers assembled around a horseshoe table, the embattled Lebanese leader repeatedly interrupted his opening address to gather his composure and wipe away tears. The foreign ministers cast their eyes downward in apparent embarrassment.

But Saniora's impassioned appeal did not change minds in Israel, where hospitals in the war zone were working around the clock and under rocket fire to protect patients from harm — in some cases moving them into a basement. The defense minister threatened an expanded ground operation if diplomacy does not produce results soon.

"I gave an order that, if within the coming days the diplomatic process does not reach a conclusion, Israeli forces will carry out the operations necessary to take control of rocket launching sites wherever they are," Israeli Defense Minister Amir Peretz said.

Justice Minister Haim Ramon said Israel could not withdraw before the arrival of an international force. "The moment we leave, Hezbollah will return."

Lebanon has been unable for nearly two years to implement a U.N. resolution calling for the disarmament of Hezbollah.

The U.N. resolution calls for "a full cessation of hostilities" based on "the immediate cessation by Hezbollah of all attacks and the immediate cessation by Israel of all offensive military operations."

But it makes no explicit mention of an Israeli withdrawal, and implicitly allows Israeli defensive operations. Instead, it calls in the longer-term for a buffer zone in southern Lebanon — which Hezbollah controls and where Israeli troops are now fighting. Only Lebanese armed forces and U.N.-mandated international troops would be allowed in the zone.

France's U.N. ambassador, Jean-Marc de La Sabliere, promised Monday to take into account Lebanon's concerns that the resolution does not seek the withdrawal of Israeli troops. But he did not say whether France was prepared to add such language to the text.

Washington and Paris were expected to circulate a new draft later Monday, in response to amendments proposed by Qatar, the only Arab nation on the Security Council, and other members, diplomats said.

The proposed changes include a call for Israeli forces to pull out of Lebanon once the fighting stops and hand over their positions to U.N. peacekeepers. Arab states also want the U.N. to take control of the disputed Chebaa Farms area, which Israel seized in 1967.

"We need today pressure on the international community for a Security Council resolution that imposes a comprehensive and permanent cease-fire that provides simultaneously for a complete Israeli withdrawal," Saniora said at the hastily arranged Arab League gathering in Beirut.

The Arab foreign ministers announced they would send a delegation to the U.N. to represent Lebanon's interests at a meeting with the Security Council on Tuesday. The timing of the meeting means the council probably would not adopt a resolution until Wednesday at the earliest.

Saniora said Lebanon was "stunned" by the devastation of the Israeli offensive, which had taken "our country back decades. We are still in the middle of the shock."

Israel, reeling from 15 deaths in Hezbollah rocket strikes a day earlier, fought back with particular ferocity Monday.

A sunset airstrike on a south Beirut suburb killed at least 10 people in the predominantly Shiite district of Chiah. At least eight strikes rattled the capital in the one-hour period before dawn.

To the east, Israeli warplanes staged bombing runs on suspected Hezbollah positions in the Bekaa Valley, killing at least eight people and wounding 32, witnesses and civil defense officials said.

In the south, Israeli commandos helicoptered down to a hill overlooking Ras al-Biyada at mid-afternoon, fighting Hezbollah in close combat in a bid to destroy rocket launchers. About 30 commandos battled the guerrillas, but there was no word on casualties, a Lebanese official said on condition of anonymity because he was not authorized to speak to the press.

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Almost all the ground battles have taken place south of the Litani River, some 18 miles north of the Israel-Lebanon border. The Israeli army said it declared an indefinite curfew beginning Monday night on the movement of vehicles south of the Litani. Humanitarian traffic would be allowed, but other vehicles would be at risk if they ignored the order, the army said.

The Israelis want to destroy the guerrillas' rocket launchers, but Hezbollah has other weapons in its arsenal.

The Israeli air force shot down a Hezbollah drone for the first time Monday, sending its wreckage plunging into the sea, the army said. Israeli media reported that the unmanned aircraft had the capacity to carry 90 pounds of explosives, nearly as much as the more powerful rockets Hezbollah has been firing into Israel. Unlike the rockets, the drone has a guidance system to for accurate targeting.

Arabs Seek Changes To Peace Plan (FT)

By William Wallis, Sharmila Devi And Jonathan Birchall

Financial Times, August 8, 2006

Seventeen foreign ministers of the Arab League on Monday threw their weight behind the government of Lebanon, calling for substantial changes to the US-French peace plan to halt the conflict between Israel and Hizbollah, the militant Lebanese movement.

The Arab states announced the immediate despatch of a delegation to the United Nations Security Council in New York to negotiate changes in the draft resolution that proposes a “cessation of hostilities”.

The move came as the Lebanese army called up reservists, in a move towards possible deployment of troops on the Israeli border. In southern Lebanon and the Bekaa valley at least 40 were killed as the Israeli Defence Force stepped up operations inside the Lebanese border. In Beirut, at least 15 were killed and 30 injured as Israeli naval artillery bombarded the southern suburbs.

An Israeli army spokesman said three soldiers were killed in the Hizbollah stronghold of Bint Jbail, two by an anti-tank missile, and one in sniper fire. Three others were wounded in an attack on the border village of Houla, where 50 people were buried under rubble of a collapsed building. Initial reports of 40 dead were later corrected to say that one person was killed, and 50 dug out of the wreckage alive.

Israeli aircraft shot down a suspected Hizbollah drone – an unmanned spyplane – as it flew close to the border on Monday.

In Lebanon, aid workers warned on Monday that Israeli air strikes had cut off the last main supply route to the south where thousands of Lebanese are trapped near the fighting.

In Israel, Ehud Olmert, the prime minister, met army commanders and defence officials near the Lebanese border to discuss broadening the offensive. Amir Peretz, defence minister, said there could be an escalation if diplomacy failed in the next few days.

That seemed a real possibility, with Arab states closing ranks in opposition to what they see as a one-sided peace plan being put to the UN Security Council.

The Arab foreign ministers met on Monday in Beirut, before sending Amr Moussa, the Arab League secretary, to New York with the foreign ministers of Qatar and the United Arab Emirates, to seek amendments to the draft resolution. They heard an emotional address from Fouad Siniora, the Lebanese prime minister, pleading for an immediate ceasefire.

Lebanon has rejected the US-French proposal, saying it gives international cover for Israel’s occupation of south Lebanon and paves the way for a long conflict.

In New York, French and US diplomats said they were prepared to consider further amendments to the text of their resolution in response to the Arab pressure.

However, there was little sign that the US would give ground on most of the main Lebanese demands. “Whatever happens in the UN, we must not create a vacuum into which Hizbollah and its sponsors are able to move more weapons,” President George W. Bush told reporters at his ranch in Crawford, Texas.

Mideast Cease-Fire Snags On Arab Objections (WSJ)

By Yochi J. Dreazen And Guy Chazan

The Wall Street Journal, August 8, 2006

Arab objections delayed a United Nations vote on the Bush administration's Mideast cease-fire proposal until tomorrow at the earliest, further slowing efforts to find a diplomatic solution to the violence.

Before the Security Council vote, the resolution drafted by the U.S. and France may undergo some far-reaching modifications. While the two countries had hoped to introduce the resolution yesterday, they put those plans on hold after Lebanon and several other Arab governments called the proposal overly favorable toward Israel. The foreign ministers of Qatar

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and the United Arab Emirates, as well as Arab League Secretary-General Amr Moussa, are scheduled to address the Security Council today to detail their objections to the draft resolution.

The upshot is that the diplomatic efforts to find a way past the bloodshed are getting bogged down just as the war between Israel and Hezbollah appears to be moving into a higher gear. That suggests the resolution may do little to bring the violence to a close anytime soon.

Both Israel and Hezbollah want the U.N. resolution to grant them victories they have been unable to achieve on the battlefield. As a result, the basic goal of any cease-fire proposal -- finding a way past the warfare that has killed hundreds of Lebanese and 97 Israelis -- is proving all the more challenging.

Israel, for instance, wants the U.N. resolution to force Hezbollah to return the soldiers the militant group kidnapped weeks earlier, something Israel itself has been unable to accomplish. Hezbollah wants the resolution to force Israel to withdraw from the large swaths of southern Lebanon it has captured in recent days despite the Shiite militia's attempts to repel the Israeli forces.

President Bush acknowledged the diplomatic difficulties yesterday, telling reporters at his ranch in Crawford, Texas, that he recognized Israel and Hezbollah both objected to elements of the cease-fire package. "I understand both parties aren't going to agree with all aspects of the resolution," he said.

He stressed there was broad international agreement that whatever package was ultimately approved by the U.N. would have to provide a way for Lebanon to deploy its army -- with the help of the international peacekeeping force -- into southern Lebanon to prevent Hezbollah from operating freely there.

The diplomatic efforts led by France and the U.S. envision a two-stage process for ending the violence. First, the two countries would introduce the draft resolution calling for an immediate "cessation of hostilities" as Hezbollah stops all of its attacks on Israel while Israel halts its "offensive military operations" against the Shiite militia. Under the resolution, the largely ineffectual U.N. peacekeeping force that is already deployed in Lebanon would monitor the truce.

The resolution also lays out the principles meant to lead to a permanent political settlement and lasting cease-fire, but it doesn't require Israel to withdraw its soldiers from Lebanon, a key source of the Arab unease.

The initial resolution would be followed in a few weeks by a second Security Council resolution authorizing the creation of a large, heavily armed force of multinational peacekeepers that would be charged with separating the two warring sides and disarming Hezbollah.

Winning international approval for even the first stage of that diplomatic process, however, is proving extremely difficult. A U.S. diplomat said the U.S. and France were surprised by the ferocity of the Arab opposition to the cease-fire resolution, which the two countries announced on Saturday after a week of talks between Washington and Paris. The U.S. and France had initially planned to introduce the resolution for a vote yesterday, but backed off after Qatar, the only Arab country on the Security Council, said it would demand several substantive amendments, the U.S. diplomat said.

The biggest of the changes would be a call for Israel to pull out of Lebanon once the fighting stops and hand its positions inside the country to the U.N. peacekeepers already deployed in Lebanon. Arab governments also want the U.N. to take control of the controversial Shebaa Farms border region, which Israel seized in the 1967 Arab-Israeli war, as a prelude to giving the land to Lebanon.

Israel is certain to oppose both proposed amendments, since it sees the existing U.N. force as ineffectual and is loath to give Hezbollah the propaganda victory that a withdrawal from the Shebaa Farms would deliver. U.S. officials say they are open to making minor changes to the proposed resolution, but generally supported Israel's position that the Arab amendments go too far.

Israel has reacted more positively to the cease-fire resolution, though it hasn't formally accepted the draft resolution. "We've been studying it, and so far we have some questions," said government spokesman Avi Pazner.

Israeli press reported over the weekend that the cabinet was happy with the draft, saying it gave Israel latitude to continue defensive operations against Hezbollah if the group didn't halt its attacks. The draft also calls for the immediate release of the two soldiers kidnapped July 12 without demanding Lebanese prisoners held in Israeli jails be released in return, and it doesn't require Israel to relinquish Lebanese territory.

Israeli officials do, however, have some reservations. Israel fears any suggestion that it will have to cede territory like the Shebaa Farms to Lebanon in a future settlement will be seen as a victory for Hezbollah. It also strongly objects to the Arab League proposal that it turn over positions in Lebanon to the United Nations Interim Force in Lebanon, or Unifil.

"This is ridiculous," says Mr. Pazner. "Unifil has shown that it's not a serious, effective operation. It would be tantamount to handing our positions to Hezbollah."

In a sign that fighting could escalate, Israel dropped leaflets declaring an indefinite curfew on the movement of vehicles in Lebanon south of the Litani River, warning civilians that they would be in danger if they took to the roads.

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Mixed Message In Volatile Mideast, U.S. Finds A Use For Old Autocrats (WSJ)

By Neil King Jr. And Yasmine El-rashidi

The Wall Street Journal, August 8, 2006

Last summer, Secretary of State Condoleezza Rice delivered an emotional speech in Egypt now regarded as a high-water mark of the Bush administration's push for democracy in the Middle East.

"There are those who say that democracy leads to chaos or conflict or terror," she told a packed house at Cairo's American University in June 2005. "In fact, the opposite is true: Freedom and democracy are the only ideas powerful enough to overcome hatred and division and violence."

Today, the question confronting Ms. Rice is this: How much hatred, division and violence can the region bear en route to this promised new era?

With radicalism on the rise and battles flaring from Beirut to Baghdad to Gaza, the Bush administration's quest for democracy in the Middle East is literally under fire. So while Ms. Rice portrays the fighting in Lebanon as "the birth pangs of a new Middle East," the administration is also showing new eagerness to maintain pillars of the old Middle East -- particularly America's steadiest allies in the region, the autocracies of Egypt, Jordan and Saudi Arabia.

Last month, Ms. Rice delayed her departure to the Middle East to meet with Saudi Arabia's foreign minister, Prince Saud al-Faisal, who received an unusual Sunday audience with President Bush. Ms. Rice went on to praise Egypt, Jordan and Saudi Arabia repeatedly during her trip. Hosni Mubarak, president of Egypt for 25 years, is back in Washington's good graces, after being chastised last year for his country's lackluster embrace of democratic change. Mr. Mubarak's son and heir-apparent was recently hosted by the administration, which also tamped down a congressional attempt to cut funding to the country.

"There's been a very loud sigh of relief within the White House...that there are still some stable, highly centralized countries in the region to turn to," says Aaron Miller, a veteran Middle East adviser to four administrations -- including the current one. He now works at the Wilson Center, a Washington, D.C., research institution.

It was Israel's bombardment of Lebanon, designed to cripple the Hezbollah militant group, which most recently underscored America's need for friends in the region. At the fighting's onset, the Bush administration relied heavily on support from Egypt, Jordan and Saudi Arabia, whose governments were quick to criticize Hezbollah's attacks on Israel. During the past week, however, these three countries have become significantly more critical as the unrest worsens.

The violence in Lebanon also highlighted what critics say are contradictions in the Bush democracy quest. For one, the administration now has to rely on autocratic leaders as it pursues its goal of ridding the region of autocratic leaders. Moreover, the region's worst unrest is in the three places Washington has pushed hardest for democratic change: Iraq, Lebanon, and the Palestinian territories.

Recent elections in all three places have led to a strengthening of strongly Islamic parties, including Hezbollah in Lebanon, which picked up 14 seats in the 128-seat Lebanese parliament, and Hamas in the Palestinian territories, which swept January elections and now controls the government. The results also enhanced the influence in all three places of Iran's hard-line Shiite leadership, much to the alarm of its rivals in the Sunni capitals of Cairo, Amman and Riyadh.

Robert Malley, a former Middle East adviser to President Clinton, says only two countries -- for very different reasons -- have openly pushed to upset the region's status quo in recent years: the U.S. and Iran. "And right now, it's pretty clear that Iran is winning," he says.

The Bush administration dismisses the idea that its push for democratic change has fueled the current turmoil. "I hear this amazing kind of editorial thought that says all of a sudden Hezbollah has become violent because we're promoting democracy," Mr. Bush said soon after fighting broke out in Lebanon, dismissing suggestions the region wasn't ready for full political freedoms.

In remarks to reporters yesterday, President Bush said his Mideast policy is a clear break from that of his predecessors -- and the only salvation for a troubled region. "As far as this administration is concerned, we clearly see the problem and we're going to continue to work to advance stable, free countries," he said while on vacation in Crawford, Texas. "Admittedly, this is hard work because it flies in the face of previous policy, which basically says stability is more important than form of government. And as a result of that policy, anger and resentment bubbled forth with an attack, with a series of attacks, the most dramatic of which was on September the 11th."

The president's top diplomat says critics need to take the long view. The current chaos, Ms. Rice argues, could be a necessary stage for creating long-term stability. "I'm a student of history, so perhaps I have a little bit more patience with enormous change in the international system," Ms. Rice told reporters recently. "It's a big shifting of tectonic plates, and I don't expect it to happen in a few days or even in a year."

Early in the democracy project, the administration had cause for encouragement despite an array of skeptics. Palestinians picked a moderate, Mahmoud Abbas, as their president in January 2005. Iraqis risked attacks to line up to vote in two nationwide

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elections, first in January 2005 and then last December. And when Syria pulled troops out of Lebanon, after years of interfering in its domestic politics, the country held its first free election in decades.

It also became clear that elections didn't immediately enhance U.S. interests or create stability. That is partly because Islamic groups offered by far the most organized and effective opposition to the old leaderships. The biggest shock came with Hamas's victory in the Palestinian parliamentary elections. The Bush administration, after pressuring Israel to allow Hamas to compete, was stunned by the results.

After that, the White House and senior officials in the State Department began to take a far more guarded stance on the usefulness of speedy elections. Nowhere is this new cautiousness more apparent, or more consequential, than in Egypt, a longtime U.S. ally and peacemaker in the region. It is also a driving force in Arab political and cultural life.

BIRTH PANGS

Recent Mideast elections have strengthened various Islamist groups:

· Hezbollah: Invited to join Lebanese governing coalition; controls two ministries

· Hamas: Won control of the Palestinian Authority, the quasi-government in West Bank and Gaza

· United Iraqi Alliance: Pro-Iran group took more than 40% of seats in parliament; controls key ministries such as finance and oil

· Muslim Brotherhood: Candidates it backed won a fifth of seats in the Egyptian parliament

In 2004, the Mubarak government came under U.S. pressure for the first time to open up its political system. Early the next year, Mr. Mubarak announced he would allow the country's first truly competitive elections.

The decision energized his opposition. Groups stepped up their activities, and hopeful demonstrations broke out on the streets of Cairo. The Muslim Brotherhood, an Islamic group officially banned from political activities, sponsored an unusually large number of independent candidates for parliament. A little-known group called Kefaya -- or "Enough" -- began mounting demonstrations several times a week.

U.S. support for democratic change seemed steadfast. Ms. Rice, in an unusual snub, called off a March trip to Cairo after the government arrested a leading opposition figure and potential presidential candidate, Ayman Nour. The administration then signed off on the first-ever U.S. grants given directly to Egyptian pro-democracy groups. Two months later Ms. Rice gave her speech in Cairo.

But by the summer, U.S. uneasiness over the popular unrest in Egypt began to grow. The Egyptians were spooked, too. Government security forces beat protesters and clamped down on activists and journalists. A renewed spate of terrorist bombings gave Mr. Mubarak more cause for his security crackdown.

Amid restrictions on who could run and how candidates could campaign, Mr. Mubarak secured a fifth term as president with relative ease. But the parliamentary election -- conducted in three rounds in September, November and December -- was plagued with problems. Riot police barricaded some voting stations, forcibly preventing voters from entering. Human-rights groups and the Egyptian judiciary alleged that ballot-rigging was rife.

Violence intensified approaching the second round of elections in November. In the end, the Muslim Brotherhood's candidates won 88 seats in parliament, up from 17 in the 2000 election, forming the largest single bloc of opposition seats in modern Egyptian history. Mr. Mubarak's National Democratic Party took 230 seats of 454. While the ruling party retained its majority, for many the elections indicated the pro-Islamist direction Egypt might turn if left to its own devices.

The Hamas victory two months later caused the White House to ratchet back even further its criticism of the Mubarak government, especially its jailing and beating of protesters.

When Ms. Rice visited Cairo in February she sat down for nearly two hours with Omar Suleiman, Egypt's intelligence chief, who was the point man in a failed bid to get Hamas to modify its stance toward Israel. In remarks later that day Ms. Rice said Egypt had experienced "disappointments and setbacks" in its democracy quest but noted that the U.S. "can't judge Egypt. We can't tell Egypt what its course can or should be."

Asked about Egypt's political course in March, Mr. Bush echoed these sentiments. "I support an openness in the political process," he said. "I recognize that not everybody is going to embrace this concept of democracy and freedom as firmly as I'd like them to. But all of us have got to continue to advance progress."

Egypt's government-controlled parliament voted in April to extend some 25-year-old emergency laws that restrict civil liberties, a move long opposed by the U.S. The State Department was mild in its criticism and called the move "a disappointment."

Shortly after, Egyptians took part in another round of demonstrations to lobby for a more independent Egyptian judiciary. The accompanying violence peaked on May 18, when riot police and security men in plain clothes beat and kicked protesters with truncheons in central Cairo.

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In the middle of the riots, the Bush administration secretly welcomed to the White House Mr. Mubarak's son and presumptive successor, Gamal. He is a controversial figure in Egypt because many believe he is being groomed to continue a Mubarak dynasty. During his brief stopover, many top administration officials managed to drop by for a visit, including President Bush, Vice President Cheney and Ms. Rice.

U.S. officials say that the visit has been misinterpreted. The administration took it as a chance to pass along U.S. concerns over recent government actions in Egypt, they say, and it was not intended as a tacit endorsement.

Later in May, some in Congress moved to cut aid to Egypt to register concerns over the country's backsliding on democratic reforms. As a sign of displeasure, lawmakers pushed to cut $200 million from the $1.75 billion in military and economic aid the U.S. will give to Egypt next year. The administration successfully opposed that move, arguing it would be counterproductive to alienate the Egyptian government at such a sensitive time.

"Our strategic partnership with Egypt is a cornerstone of U.S. policy in this region," the administration's top Middle East diplomat, David Welch, told a House panel recently in defending the spending. Mr. Welch, who was ambassador to Egypt until last year, ticked off a long list of key areas where the U.S. relies on Egyptian cooperation, from counterterrorism to a drive to keep Iran from acquiring nuclear weapons.

Many observers in Cairo note that the U.S.'s democracy push, and the resulting rise of Islamist fervor, has given the Egyptian government a ready-made reason to backtrack on its promises. "It's the same thing again. We take steps forward and then leaps back," says Ibrahim Hassan, an Egyptian lawyer who was involved in the demonstrations demanding more autonomy for the judiciary. "This time it's the perfect excuse -- the U.S. would never stand to allow the Brotherhood to take over Egypt."

Hisham Kassem, the founder of Al-Masry El-Youm, an opposition newspaper, and a prominent critic of the regime, sees the easing of U.S. pressure in Egypt as basic realism. "The U.S. can't afford a collapse of the regime," says Mr. Kassem. "They can lobby and use certain leverage, but to bring down the regime is not an option."

Arabs Protest Moderate Leaders (WT/AP)

By Nadia Abou El-magd

The Washington Times, August 8, 2006

CAIRO -- As their anger against Israel and America swells, protesters across the Middle East are increasingly venting their frustration at their Arab rulers -- especially in moderate countries, where governments have been reliable U.S. allies.

Nearly four weeks of fighting between Hezbollah and Israel have added to a difficult summer of price increases, discontent over the bloodshed in Iraq and stalled democratic reforms. Angry at their governments, demonstrators are praising a new hero: Hezbollah leader Sheik Hassan Nasrallah.

"The whole region has been engulfed in anger since the war on Iraq more than three years ago," said Diaa Rashwan, an Egyptian analyst with the Al-Ahram Center for Political and Strategic Studies. "The frustration is just huge."

The rising resentment is weighing heavily on Arab leaders as their foreign ministers gathered in Beirut yesterday for an emergency meeting. Moderates such as Egypt, Jordan and Saudi Arabia may want a halt to the fighting, but they can't be seen as backing a U.S.-promoted cease-fire that Hezbollah has depicted as a surrender.

Even more worrisome for Arab leaders is that violence could turn on them. On Saturday, al Qaeda announced that an Egyptian militant group had joined the terror network. Although the group denied it, many fear that public anger could benefit militants across the region.

Demonstrators have denounced leaders of Egypt, Jordan and Saudi Arabia for blaming Hezbollah -- sometimes implicitly, sometimes overtly -- for starting the fighting by abducting two Israeli soldiers in a July 12 cross-border raid.

Three days of protests broke out last week among the normally quiet Shi'ite minority in Saudi Arabia, where demonstrations are rare. Although protesters were cautious not to criticize the ruling family, hundreds of Shi'ites waved posters of Sheik Nasrallah, chanting, "Oh Nasrallah, oh beloved one, destroy, destroy Tel Aviv."

Cairo has seen nearly daily demonstrations against Egyptian President Hosni Mubarak for what protesters see as his failure to support Hezbollah. On Sunday, demonstrators held up a poster of Mr. Mubarak with a Star of David on his forehead, labeling him "the enemy of the Egyptian people."

Last week, more than 1,000 protesters rallied in downtown Cairo, burning Israeli and American flags.

"Arab majesties, excellencies and highnesses, we spit on you," one banner read.

Similar protests have erupted in Jordan and Kuwait, where anti-U.S. demonstrations are rare.

Lebanon may be the spark, but there's plenty of tinder for the discontent, particularly the growing sectarian violence in Iraq and domestic economic strains.

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Late last month, the Egyptian government reduced subsidies on gas, resulting in a 30 percent jump from 65 to 84 cents a gallon. Subway fares went up from 13 cents to 17. The increases angered many in a country where the average income is less than $1,400 a year.

Cash-strapped Jordan is wrestling with rising commodity prices after three consecutive fuel price increases in the past year.

Sheik Nasrallah, a Shi'ite, has emerged as a hero, even among some secular Sunnis in Egypt and Jordan. In Egypt, protesters and opposition newspapers compare him to the late Egyptian President Gamal Abdel Nasser, the Arab nationalist champion against Israel.

Some find the lionizing of the guerrillas alarming.

"Hezbollah took Lebanon hostage, and then came the tragedy we all know," wrote Lebanese columnist Dalal al-Bizri in the pan-Arab daily Al-Hayat on Sunday. "Ironically, as the number of victims increases, the party becomes more popular."

War And Diplomacy (WP)

The Washington Post, August 8, 2006

ONCE AGAIN yesterday, the headlines on Lebanon were bleak. A proposed United Nations resolution drafted by France and the United States brought an angry reaction in Beirut and other Arab capitals. More people on both sides of the Lebanon-Israel border were killed or wounded. Israel threatened escalation in the absence of a diplomatic breakthrough.

Such a breakthrough may be out of reach -- but it shouldn't be, because most of the parties agree on the essential ingredients of a peace deal. Those have to include the deployment to southern Lebanon of the Lebanese armed forces in combination with a serious international force. Such a combined force would take over as Israeli troops withdraw and would prevent Hezbollah's militia from simply returning to the position it occupied a month ago -- and from which it was able to trigger this war. It was a hopeful and significant sign that the Lebanese government yesterday, amid all its angry rhetoric, agreed, without objection from Hezbollah, to send 15,000 troops south to accomplish such a mission.

If agreement can be reached on the substance of such a plan, some diplomatic details will become relatively unimportant. Whether a deal is accomplished with one U.N. resolution or two may not really matter; nor should things be held up on the question of whether the international force is considered an extension of the existing, feckless U.N. Interim Force in Lebanon (UNIFIL) or instead gets a new name. What does matter, though, is that the Israelis not be forced to withdraw until a serious new force arrives -- one that, unlike UNIFIL, is well-led, well-trained, and able and willing to stand up to Hezbollah. Such a force must deploy not only to the south but to the Syrian border as well, to prevent unauthorized arms shipments. Leaving a vacuum for Hezbollah almost guarantees renewed conflict, and neither the present U.N. force nor the Lebanese army acting alone can fill the vacuum.

Such an agreement would serve Lebanon's interest even more than Israel's. Hezbollah has sought to function as a political party inside Lebanon's democracy and as an independent armed force that subverts the very same democracy. Any cease-fire that allows it to continue to play both roles unimpeded is unlikely to endure for long.

The Cease-Fire Stakes (WSJ)

The Wall Street Journal, August 8, 2006

Prior to 9/11, no terrorist organization had killed more Americans than Hezbollah, which was responsible for the 1983 Beirut Marine barracks bombing, among other attacks. The outcome of Israel's current war with the "Party of God" remains very much in doubt. But the good news is that Israel is being given all the diplomatic cover it could have hoped for to strike a blow to the terror group and its Iranian patrons.

The U.N. cease-fire resolution for Lebanon offered on the weekend by France and the U.S. isn't everything we might like. But it does show a new international sobriety concerning the Hezbollah problem. While there are few sources of vocal support for Ehud Olmert's Israeli government, there does seem to be widespread recognition that a return to the status quo before Hezbollah attacked is unacceptable.

Thus the draft resolution would allow Israeli troops to remain in southern Lebanon and to act defensively should the Hezbollah rocket barrages continue. A second resolution would then be needed to create a multinational peacekeeping force whose mission would be to disarm Hezbollah, not just verify that it isn't launching Katyushas.

We doubt this or any other U.N. plan can succeed before Israel has done a lot more to degrade Hezbollah's military capabilities. But the U.S.-French approach is certainly far preferable to the kind of solution proposed by Secretary General Kofi Annan, which is essentially an unconditional Israeli cease-fire that would leave Hezbollah intact and ready to attack again whenever it chooses. For Hezbollah, this would be a major victory -- one that would damage both Israel and Lebanon for years to come.

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Reaction to the Security Council text has certainly been clarifying. "This agreement is bad in every sense of the word," said Syrian Foreign Minister Walid al-Moallem, whose government effectively ran Lebanon until last year. President Bush gave the appropriate response yesterday at his Crawford ranch when he said that "Syria and Iran sponsor and promote Hezbollah activities." He added that the Syrians "know exactly what our position is. The problem is that their response hasn't been very positive. As a matter of fact, it hasn't been positive at all."

Harder to dismiss is criticism from the Lebanese government. But that mostly shows the extent to which Hezbollah -- with 14 parliamentary seats and violent tactics -- is a cancer on Lebanon and that country's nascent democratic process. "A state within a state" is an apt description for the group, whose prominence within Lebanon is akin to what Ireland would have been like if the IRA/Sinn Fein had been armed and powerful enough to launch rockets on English towns from Irish soil. Simply put, any Lebanese politician who resists Hezbollah now risks assassination.

Meanwhile, it's notable that few international voices have seconded Mr. Annan's calls for unconditional cease-fire. The U.S.-French resolution draft craftily goes in the opposite direction, calling on Mr. Annan to come up with suggestions for delineating Israel's border with Lebanon, which the U.N. already recognizes and only Hezbollah disputes.

One oversight in the resolution is the failure to mention -- or "decry" in U.N. language -- the use of civilians as targets or shields. This kind of "enemy combatant" behavior is Hezbollah's stock-in-trade, and it would be useful to have the Security Council declare that there is no moral equivalence between such tactics and military operations that seek to minimize civilian casualties. Nonetheless, the resolution clearly identifies Hezbollah as the aggressor and points to the solution -- the enforcement of prior Security Council Resolution 1559, which calls for Hezbollah to disarm and for the Lebanese government to deploy its Army in the southern part of its own country.

To be sure, plenty of obstacles remain should this U.S.-French proposal gain U.N. acceptance. A peacekeeping force might be hard to assemble given the likelihood it would become another target for Hezbollah. But as Secretary of State Condoleezza Rice pointed out yesterday, "We're trying to deal with a problem that has been festering and brewing in Lebanon now for years and years and years. And so it's not going to be solved by one resolution."

Short-lived cease-fires are as common as dictators in the Middle East, and they merely provide the illusion of peace. The Bush Administration has been widely criticized for practicing a diplomacy that shuns such a feel-good political fix, as if merely by declaring that "the violence must stop" the U.S. could make it so. Just as important, Mr. Bush has stood up to critics who claim that Israel's conflict with Hezbollah isn't part of the civilized world's larger struggle with terror. We imagine the relatives of the American and French peacekeepers who died in the 1983 Beirut bombings would agree with the White House on this one.

Start Talking (NYT)

The New York Times, August 8, 2006

When asked yesterday why the United States isn't talking with Syria about the Lebanon crisis, President Bush replied, "Syria knows what we think." That may be. But Syria is also unlikely to even consider doing what Mr. Bush wants — rein in Hezbollah and help halt the killing in Lebanon and Israel— unless its leaders know what potential rewards as well as punishments await them. And for that, the United States needs to offer a serious high-level discussion with Syria, and it needs to do it now.

Syrian President Bashar al-Assad is undeniably a bad actor — brutal, dishonest and less than competent. But he may also be more vulnerable to outside pressure, and inducements, than Hezbollah's other patron, Iran. Driving even the thinnest wedge between Syria and Iran would be a diplomatic breakthrough for a White House badly in need of breakthroughs. Even if the United States and France manage to pry a resolution out of the Security Council, unless Hezbollah is constrained there is little chance of actually deploying an international peacekeeping force, regaining Lebanon's sovereignty and building a stable peace.

Mr. Bush has always seen talking, by itself, as a reward. As a result, American diplomats have been barred from any serious contact with a host of bad and dangerous characters from Pyongyang to Tehran to Damascus. That cold shoulder may have made Mr. Bush feel righteous, but it hasn't done anything to choke off nuclear programs in Iran or North Korea. And it's not likely to persuade Syria to cut off shipments of rockets to Hezbollah, or accept international monitors on its border, or oust Iraqi Baathist financiers from Damascus — or any of the other things the White House wants Syria to do but refuses even to discuss with its leaders.

Of course, talking isn't enough. Mr. Bush's impulse, even when he agrees to talk, is to lecture and not listen. The White House will have to hear what Syria wants and consider what inducements might be worth offering in exchange for Syria's help.

That's not appeasement. That's negotiation. No one is suggesting Mr. Bush give away the store. At a minimum, however, Mr. Bush will have to start with a clear signal that what the United States wants is a change in Syria's conduct, not the overthrow of its regime.

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After much internal roiling, Mr. Bush grudgingly agreed to talk to North Korea and has signaled that the United States may also be willing to sit down with Iran. But in the time it has taken for him to come to those decisions, North Korea has churned out plutonium for even more bombs, while Iran is on its way to mastering the skills needed to produce weapons-grade uranium.

There is no guarantee that negotiations will persuade any of these countries to do what's right or even what's in their obvious self-interest. Mr. Assad is not known for personal courage or good sense. But the price for not trying to talk will be more fury toward the United States and our few remaining allies in the region. That's no reward.

Bush's Change Of Heart On The Middle East (LAT)

The Los Angeles Times, August 8, 2006

PRESIDENT BUSH WAS SLOW TO endorse an immediate cease-fire in Lebanon, and his explanation for the delay is hardly convincing: An earlier pronouncement would have been pointless, he said, because there was no consensus about how to deal with the "root cause" of the conflict. Yet even an "unsustainable" cease-fire a week ago could have spelled the difference between life and death for many innocent Lebanese and Israelis.

Still, those who favor a more cynical explanation — that Washington is acting now because Hezbollah has put up unexpected resistance against the Israeli army — should welcome the administration's change of heart. In asking the U.N. Security Council to adopt a French-U.S. resolution calling for an immediate "cessation" of hostilities, as opposed to a "cease-fire," Bush has regained the moral as well as the diplomatic high ground.

In an appearance Monday with Secretary of State Condoleezza Rice, the president explained that the cessation would be the first stage of a two-part process. In the first stage, the Security Council would adopt a cease-fire resolution that would also impose an embargo on the shipment of arms into Lebanon. A second resolution would provide for the deployment of the Lebanese army to the southern part of the country, where it would receive aid from an international peacekeeping force.

The challenge, and it's a formidable one, is to persuade the government of Lebanon to endorse, or at least accept, the resolution. Theoretically, Lebanon should welcome the disarmament of Hezbollah, which has created an armed faction in southern Lebanon reminiscent of the Palestine Liberation Organization's similar apparatus in the late 1970s and 1980s. But Beirut cannot be seen as buckling under to U.S. or Israeli pressure.

Initial criticism of the resolution by Lebanese Prime Minister Fouad Siniora suggests that changes may be necessary to win Lebanon's support. For example, the draft calls for "the immediate cessation by Hezbollah of all attacks." But it orders Israel to stop only "offensive" operations — a distinction that seems to create a loophole for Israel to engage in post-cease-fire operations that it could characterize as defensive.

Less valid is criticism that the cease-fire must be accompanied by the complete withdrawal of Israeli ground forces from Lebanon. After all, Hezbollah started this conflict — after Israel withdrew from Lebanon — and the government in Beirut was unable to restrain it. Beirut's attitude may be changing, however. On Monday the Cabinet approved sending 15,000 troops to the south in the event of a cease-fire.

It would be in Israel's interest to associate itself with Bush's promise Monday that "as these Lebanese and international forces deploy, the Israeli defense forces will withdraw." Diplomacy may yet provide Israel with the protection for its citizens that weeks of war have not achieved.

World Leaders Press On, But Path To Peace Is Uncertain (USAT)

USA Today, August 8, 2006

With civilians dying daily on both sides and the risk of a wider war, United Nations resolutions aimed at stopping the intensifying violence between Israel and Lebanon's Hezbollah guerrillas are worthy efforts that, if approved, would carry the weight of international opinion.

What they wouldn't do is guarantee a quick cease-fire, much less a long-term solution to what President Bush calls the "root causes" of the four-week conflict.

In the short run, there's little hope that wrangling diplomats can separate the region's two strongest and most determined enemies before they themselves want to stop.

In a region where the perception of strength is crucial, Israel can't let itself be seen as weak or vulnerable. It wants to significantly degrade Hezbollah's ability to launch rockets and raids from Lebanon into Israeli cities, then prevent Hezbollah from rearming.

Hezbollah, meanwhile, has already withstood Israeli attacks longer than Arab armies did in the 1960s and 1970s. That has sharply raised the group's stature in Lebanon and the wider Arab world. Hezbollah believes it can win merely by surviving.

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The U.N. resolution drafted by the United States and France calls on Hezbollah to immediately halt all attacks, and on Israel to immediately stop any "offensive military operations" — implying that Israel could respond if attacked. It does not call for Israel to immediately withdraw from Lebanon, which Lebanon and Hezbollah call a deal breaker.

A proposed second resolution would eventually authorize an international force to help the Lebanese army secure southern Lebanon, disarm Hezbollah and allow the Israelis to leave. Lebanon's Cabinet on Monday authorized sending 15,000 Lebanese troops to the border area once Israel pulls out, an offer that's intriguing if the troops would actually be willing to enforce a previously ignored U.N. resolution to disarm Hezbollah there.

Bush said repeatedly on Monday that the new resolutions are designed to address the underlying reasons for the conflict, but his root causes — Hezbollah's rogue state-within-a-state in southern Lebanon, its deliberate provocation of Israel — are entirely different from what Israel's enemies view as root causes: the very existence of Israel and its occupation of Palestinian territories.

Repeated wars have shown there is no purely military solution to Middle East violence. International pressure on all the combatants — including Hezbollah backers Syria and Iran — is an important precursor to peace, but one that will have limited impact as long as both sides believe they have ample reason to keep fighting.

Condi's Gambit: Hope For The Worst (WSJ)

By Bret Stephens

The Wall Street Journal, August 8, 2006

There are two ways to think of the U.N. Security Council's prospective cease-fire resolution for Israel and Lebanon: Either it is ill-designed for success or brilliantly engineered for failure.

Take the second possibility first. Israel has manifestly failed to destroy Hezbollah as a fighting force or humiliate it as a political one (all the while squandering its credibility by boasting to the contrary). Yet an Israeli military victory remains the best and likeliest way for the U.S. to achieve its basic strategic objectives in the conflict: dislodging Hezbollah from southern Lebanon; decapitating its leadership in Beirut; isolating its patrons in Damascus and Tehran. That will require two or three more weeks of fighting, assuming Israeli commanders can improve on their mediocre performance.

So it is with a sense of sippuk -- satisfaction -- that the draft resolution agreed to over the weekend by France and the U.S. is being greeted in Jerusalem. The resolution requires "the immediate cessation by Israel of all offensive military operations." But it does not require Israel to remove its forces from Lebanon, nor does it define the meaning of the term "offensive." As far as Israelis are concerned, all of their operations in and over Lebanon have been fundamentally defensive.

Best of all, from the point of view of Israeli military planners, the resolution also requires that Hezbollah halt its attacks. Fingers crossed, it won't, meaning Israel will resume full-scale operations after a brief lull in the fighting.

That's the likelier scenario, although as of this writing it's also possible the resolution will fall apart completely over Lebanese objections. Either way, it's a successful failure for the Bush administration and the government of Israeli Prime Minister Ehud Olmert. If the resolution fails, Israel pursues its military options at a quickened pace, helped by the fact that it has finally mobilized and deployed its reserves. If the resolution passes only to be met by a fresh barrage of Hezbollah missiles, then Israel will have demonstrated "who is for peace and who isn't," as Condoleezza Rice put it over the weekend.

But what if Hezbollah leader Hassan Nasrallah accepts and abides (at least for a while) by the resolution? The chance may seem remote, given Hezbollah's apparent rejection of the resolution, but the dangers are potent.

Consider the choice now before Mr. Nasrallah. As a matter of propaganda, he might prefer to keep the war going. He has been riding a wave of Muslim support that shows no signs of cresting. Even in Egypt, the cleric is compared to Gamal Abdel Nasser, the difference being that while Nasser was thrashed by Israel in less than a week, Mr. Nasrallah remains unbeaten and unbowed after nearly a month. For now, he is the symbolic leader of the Muslim world, bridging the gap between Sunnis and Shiites, secular nationalists and Muslim fundamentalists -- a latter-day Yasser Arafat in the garb of an ayatollah.

As a matter of strategy, however, Mr. Nasrallah would do well to exercise restraint. Politically, his stock can go no higher; if the war really ends tomorrow, he will emerge not only as the clear victor against Israel but as the de facto master of Lebanon. The international community will be required to consult, court and ultimately legitimize him as the details of this resolution -- as well as a subsequent one spelling out the remit of an international force for southern Lebanon -- are put into place. That could take weeks or months. In the meantime, Israel would lose the military and political initiative, demobilize its reserves and begin to withdraw its forces. The Lebanese government of Fuad Siniora, formerly an ally of the U.S. and an opponent of Syria -- would also be brought to heel, as it would be entirely dependent on Mr. Nasrallah's say-so to implement a resolution to which it is ostensibly a party.

Nor would Mr. Nasrallah be forced to abide by the terms of the resolution, which, on the face of it, are broadly hostile to his interests. The resolution demands that Hezbollah withdraw from its positions in southern Lebanon and that it disarm. It also

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imposes an international arms embargo on Hezbollah "except as authorized by its government" and demands the "elimination of foreign forces in Lebanon," which means not only Israel but also the hundreds of elite Iranian troops who have long trained and equipped, and in recent weeks fought alongside, Hezbollah.

But why should a resolution that merely regurgitates demands made, and never enforced, by the Taif Accords of 1989 and U.N. Resolution 1559 of 2004 succeed this time? How, given that the border between Syria and Lebanon is long, open and porous, can an arms embargo be realistically enforced? What happens if Mr. Siniora's government or its successor authorizes (or simply allows) the transfer of weapons to Hezbollah? Who is going to monitor the inflow of Iranian officers into Lebanon?

The answer to all this, supposedly, is that the Lebanese government, along with a "robust" multinational force, will provide the will and wherewithal to take on Mr. Nasrallah. This is a joke. The Lebanese will never defy Hezbollah unless it has already been crippled militarily. No patchwork of Swedish, Italian and French troops is going to risk the fate of previous multinational forces in the Levant in the name of Israel's security and another numbered U.N. resolution. Instead, they will stick to their garrisons and make themselves inconspicuous. When Hezbollah decides it is time for them to go, it will find a way.

Now the world is making a list (and checking it twice) to see who's naughty or nice. Mr. Nasrallah, who bided his time for six years between Israel's withdrawal from southern Lebanon and the attacks of last month, has demonstrated he's capable of being either. As for the U.S. and Israel, they are now in the unenviable position of hoping he says "No" and that their own resolution fails. They might spare a thought for the worst of all scenarios -- the one where Hassan Nasrallah says "Yes."

Israel Could Win The Peace, For Once (WSJ)

By Michael Oren

The Wall Street Journal, August 8, 2006

JERUSALEM -- Israel, it is often observed, wins wars but loses the subsequent diplomatic contests.

Though it has emerged victorious from at least five wars and two intifadas, Israel has been unable to transform those triumphs into peace and security -- its paramount diplomatic goal. Now for the first time, in Lebanon, Israel stands to fall short of achieving a decisive military outcome. Paradoxically, though, the current conflict may present the first case in which the absence of a total Israeli success on the battlefield results in a breakthrough for Israeli diplomacy. More propitiously, this war affords the world an unprecedented opportunity to establish a new paradigm for combating Islamic extremism. * * *

In its 1948 War of Independence, Israel defeated six Arab armies and yet at the end of the fighting merely achieved armistice agreements that denied it recognition and perpetuated the state of war.

In 1956, the Israel Defense Forces vanquished Egypt's Soviet-supplied army, but was then forced to evacuate Sinai and Gaza.

Israel's unqualified victory in the 1967 Six Day War produced United Nations Resolution 242, which, contrary to conventional belief, does not explicitly require Arab rulers to recognize the Jewish state even in return for territory.

Israeli forces rebounded from initial setbacks in the 1973 Yom Kippur War to rout the Egyptian and Syrian armies only to receive U.N. Resolution 338, a reiteration of 242. When, in 1982, Israel drove the PLO out of Lebanon, the Reagan administration responded with a plan for Israel to withdraw from the West Bank and Gaza. Israel quelled two Palestinian insurgencies but ended up retreating from Gaza and acceding to the creation of a Palestinian state.

Israel's inability to make military capital yield diplomatic dividends reflected the international community's reluctance to jeopardize its relationship with the Arab world and imperil its access to oil. Indeed, much of the world felt compelled to compensate the Arabs for their every defeat by qualifying, if not vitiating, Israel's diplomatic gains. This did not, however, prevent Western governments from tacitly applauding Israel for protecting moderate Middle Eastern regimes from Nasserists, Baathists and Islamists.

In pure military terms, Israel cannot win the current war in Lebanon. Even if its forces reach the Litani river and eject Hezbollah from all of southern Lebanon, rockets will continue to be fired at Israel from north of the river. Israel, which has proven incapable of eliminating the Qassam missile threat from Gaza, will not be able to destroy all of the medium- and long-range launchers in the vastly larger and more mountainous Lebanon. Victory can only be achieved by decimating the entire country, which Israel is morally and politically unable to do. But failure to defeat Hezbollah conclusively will guarantee that Lebanon becomes an armed outpost of Iran, threatening moderate regimes throughout the region -- a catastrophic consequence for the world.

Clearly, the United States and its allies can no longer rely on Israel alone to check the Iranian threat. Realizing that, the Security Council is poised to adopt a resolution laying the groundwork for the U.N.'s first-ever armed intervention in the Middle East. In contrast to the toothless peacekeeping missions that have impotently watched -- and sometimes inflamed -- Arab-Israeli borders, the proposed mandated force can expel all terrorist elements from the area between the border and the Litani, and enforce "an international embargo on the sale and supply of arms" to Hezbollah.

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At the same time, Israel will receive the "unconditional release" of its kidnapped soldiers while, under Chapter VII of the U.N. Charter, reserving the right to "self-defense if an armed attack occurs." An incomplete military victory promises to produce an unprecedented diplomatic achievement for Israel and a new multinational machinery for confronting terror. * * *

These milestones will only be reached, of course, if the text of the resolution survives undiluted -- and if the Security Council members remain resolute in implementing its provisions. Countries contributing to the force must be committed to fighting Hezbollah and its supporters, who are certain to target its contingents. "It will be necessary for . . . Arab brothers . . . to put up resistance against them," the Syrian government has declared, "through various means and methods" (translation courtesy of Memri).

Special caution must also be taken to ensure that the intervening troops do not serve as a shield behind which Hezbollah can keep shooting at Israel. Attaining peace depends on the international force's determination to apply effective military power and conclude the campaign to neutralize Hezbollah.

If successful, the international intervention in Lebanon will serve as a model for future efforts at conflict-management in the Middle East. The U.N. is finally recognizing that certain governments in the region are either powerless or unwilling to reign in terrorist groups within their borders.

Acting on this realization may give rise to charges of neocolonialism: France, Turkey and Egypt, which have volunteered troops to the international force, have all occupied Lebanon in the past. But while the imperialist powers of previous centuries were spurred by the desire for prestige and profit, today's peacemakers aspire only to save a sovereign nation and safeguard their own security. At stake, they know, is not only Lebanon's integrity but also global peace.

Mr. Oren is a senior fellow at the Shalem Center, an academic research institute in Jerusalem, and the author of "Power, Faith and Fantasy: America in the Middle East: 1776 to the Present," forthcoming from Norton next year.

Israel's Way Out (LAT)

By Daniel Jonah Goldhagen

The Los Angeles Times, August 8, 2006

FOR THE SECOND TIME in the long history of the Middle East conflict, an enemy of Israel has effectively said: We do not care what you do.

Hezbollah — in choosing not to return the two soldiers it seized on July 12, and in its bombardment of Israel — has declared that it does not care if its war-making leads Israel to attack Lebanon's cities, ruin that country's economy and kill its people. What matters most is inflicting damage on Israel, weakening its morale and goading it to a level of destruction that will incite the world's wrath. The Palestinians said as much with their second intifada and their suicide bombings. But this is different because Hezbollah's daily rainfall of rockets in Israel portends an intolerable military assault without end.

What can Israel do — what could any country do? — with such an enemy? Except for a desperate Saddam Hussein during the Persian Gulf War, other countries and armies that would have liked to destroy Israel did not target Israeli cities because they knew that Israel would intensely bomb Cairo, Amman or Damascus. Israel had deterrence. Had an enemy dared such an attack, Israel could have compelled it to stop by inflicting massive damage. With Hezbollah — and with Hamas as well — Israel's ability to deter attacks or to compel them to stop has been lost.

The third strategic means of dealing with an enemy — making a genuine peace — has not been possible because Hezbollah and Hamas are expressly committed to Israel's destruction. They see any cessation of hostilities as an interlude before further attack.

So Israel has adopted the fourth strategic possibility: to devastate its dangerous foe, which also would restore deterrence. Yet Israel has discovered that against combatants who look like civilians and whose rockets are hidden everywhere, it must fight longer and occupy and destroy much more of Lebanon than it may deem moral, wise or feasible. Even a future international force in southern Lebanon — the possibility of which is highly uncertain — may be incapable of thwarting Hezbollah and would still leave northern Israel in Hezbollah's rocket range.

What strategies remain? No. 5 is intolerable: living with ongoing, and probably increasing, rocket attacks into northern Israel and beyond. Hezbollah's leader, Sheik Hassan Nasrallah, promises that "there are many cities in the center [of Israel] which will be targeted in the phase of 'beyond Haifa.' "

The sixth option is to compel Hezbollah's suppliers and patrons — Syria and Iran — to end the terror. Neither country wishes a war with militarily superior Israel (Syria's saber rattling notwithstanding). If every Hezbollah missile into Israel produced Israeli retaliation against Syria, and possibly Iran (including its nuclear production sites), Syria and Iran would be forced to make Hezbollah stop. Obviously, this is a last-ditch option. It would escalate the conflict and increase international pressure on Israel to desist.

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All of Israel's strategic choices are bad or ineffective or undesirable. And yet this last option would be the most likely to reestablish the deterrence critical to Israel's long-term survival — and to peace in the region — by demonstrating Israel's enduring power to compel an end of attacks. And it might prevent still more massive devastation of Lebanon.

Make no mistake: Israel is fighting for its life. It faces a historically new kind of fanatical foe, political Islam, which combines three characteristics: a political-religious ideology calling for its enemies' annihilation; indifference to, even the celebration of, its own people's death (because martyrs are rewarded with a place in heaven); and virtually unstoppable technology (missiles) and techniques (suicide bombing) of terror.

The political Islamists are emboldened by their newfound power. As Nasrallah has boasted, "When were 2 million Israelis forced to become displaced, or to stay in bomb shelters for more than 18 days?" And the danger will escalate a thousandfold if Iran, the epicenter of political Islam and Hezbollah's master, achieves its own invulnerability with nuclear weapons, so that it too can launch rocket and other attacks against its many targets. Iran's former president and current power broker, Hashemi Rafsanjani, spoke candidly in 2001: "The use of even one nuclear bomb inside Israel will destroy everything," he said, although it would harm the Islamic world. "It is not irrational," he went on, "to contemplate such an eventuality."

A nuclear Iran, sharing Hezbollah's and Hamas' enmity for Israel's very existence, is a foe with a million times the wealth and destructive might to found, fund and supply many more Hezbollahs against many more enemies, including the hated West.

Israel's political Islamic enemies are studying and rejoicing over the new geostrategic situation. These totalitarians' ultimate targets — all "infidels," especially here and in Europe — should study it as well, be sobered and realize that Israel, in fighting this war in its self-defense, to reestablish a geostrategic balance, and for its long-term survival, is ultimately fighting for them as well.

Shrugs For The Dead (NYT)

By Nicholas D. Kristof

The New York Times, August 8, 2006

This is the tale of two military interventions, of which one happened and the other didn't.

Three weeks ago, with President Bush supplying the weaponry and moral support, Israel began bombarding Lebanon. The war has killed hundreds of people, galvanized international attention and may lead to an international force of perhaps 20,000 peacekeepers.

Three years ago, Sudan began a genocide against African tribes in its Darfur region. That war has killed hundreds of thousands of people, and it is now spreading. There is talk of U.N. peacekeepers someday, but none are anywhere in sight.

The moral of the story? Never, ever be born to a tribe that is victim to genocide in Africa.

Arabs have often argued that Americans have a double standard in the Middle East: We are more solicitous of casualties in Israel than in Gaza or Lebanon. I think they're right, for a variety of reasons. (One is that terror attacks are particularly newsworthy; another is that journalists are more likely to live in Jerusalem than Gaza.)

But if we have double standards, so do Arabs. I sympathize with their horror at what is happening in Lebanon, but I wish they were just as outraged when Muslims slaughter Muslims in Darfur.

Even the world as a whole has double standards. The U.S. and European countries are working frenetically on a U.N. solution in Lebanon, and there is talk of rapidly sending European peacekeepers to stop the bloodshed. In Darfur, there is nothing like as much interest in what is often considered the ultimate human crime: genocide.

The Tyndall Report, which monitors television network evening news programs, says that since the bombardment of Lebanon began, the crisis there has received more minutes of coverage on average each week than the Darfur genocide has received in total since it began in 2003.

Meanwhile, Darfur continues to drift toward chaos, and the contagion is spreading into Chad and Central African Republic. We may remember Darfur as only the beginning of a much broader calamity in all three countries that ended up claiming millions of lives.

There is, of course, no direct connection between the events in Lebanon and those in Darfur. But indirectly there is: the Arab president of Sudan is manipulating the anti-American feeling sweeping the Arab world to bolster his own authority and defy peacekeeping efforts. In this crazy world of ours, the bombardment of Lebanon has become one more reason to kill African villagers.

So what do we do with these two messes?

In the case of the Middle East, it's time to use the crisis to push for a major settlement between Israel and Lebanon, even if that means Israel gives up Shebaa Farms and the U.S. engages in direct talks with Syria. Also, President Bush should put much more energy and initiative into he Israeli-Palestinian peace effort.

Sandy Berger, the former national security adviser, says that when he was flying by helicopter to the Israeli-Palestinian talks at Camp David in 2000, President Clinton turned to him and said, "We're either going to succeed or get caught trying." In

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other words, even if the effort to achieve a Middle East peace failed, there would still be a payoff for the U.S. in the court of global public opinion.

"We used to get criticized all the time for being too tough on the Palestinians, on the Arabs," said Dennis Ross, a Middle East envoy for both President Clinton and the first President Bush. "But nobody ever accused us of not being passionate about trying to resolve the conflict. We got enormous credit for that, because we showed we weren't indifferent to a core grievance in the region. It's been an enormous mistake in the last few years to send a message of indifference."

In the case of Darfur, what we need is precisely the attention that the Lebanon conflict has been getting in the last few weeks; a high-level U.S. envoy would be a start. And while we're working to get U.N. peacekeepers into Darfur itself, we need to send an international force to the Chad side of the Sudan-Chad border, to stop the genocidal marauders who are invading Chad and destabilizing that country. Chad wants such a force — and it just might keep the catastrophe from spreading across the region.

Both of these cataclysms demand our attention. The killing of children is a tragedy even when they lack geopolitical significance, even when they are simply part of a knotty African genocide that doesn't make the television news.

Lebanon's Proposals Change Dynamics (WP)

By Michael A. Fletcher And Robin Wright

The Washington Post, August 8, 2006

CRAWFORD, Tex., Aug. 7 -- U.S. diplomatic efforts to end the hostilities between Israel and Hezbollah stalled Monday amid growing divisions over terms to end the conflict. President Bush called for swift passage of a U.N. resolution, but Lebanon won Arab League support for major revisions to expedite a cease-fire and withdrawal of Israeli forces.

After talks with the Lebanese government Monday, an Arab League delegation is scheduled to meet today with the U.N. Security Council to press for amendments to the proposal, prompting officials to postpone a vote on the resolution until later in the week.

In a dramatic move, Lebanon's government, including cabinet ministers belonging to Hezbollah, voted unanimously on Monday to deploy 15,000 troops in the south along the border with Israel. It also proposed two major amendments to accompany the deployment. One change calls for Israel, upon cessation of hostilities, to hand over the territory it holds to U.N. troops already deployed in the south and then pull out. Within 72 hours, the U.N. force would transfer control to the Lebanese army.

Lebanon also proposed that Shebaa Farms, a disputed territory where Hezbollah and Israel have waged their most intense confrontation for six years, be handed over to U.N. custody until the border between Lebanon and Syria can be determined. Hezbollah has justified keeping a private army to regain control of Shebaa Farms, which abuts Israel, Lebanon and Syria.

Speaking to reporters at his ranch, Bush voiced serious reservations about an immediate Israeli withdrawal, on grounds it would allow Hezbollah to rearm and remain in southern Lebanon.

"Whatever happens in the U.N., we must not create a vacuum into which Hezbollah and its sponsors are able to move more weapons," Bush said. "Sometimes the world likes to take the easy route in order to solve a problem. Our view is, it's time to address root causes of problems. And to create a vacuum . . . is unacceptable."

But U.S., European and Arab envoys also said yesterday that Lebanon's concerns have to be factored in because the government of Prime Minister Fouad Siniora, although not a direct party to the fighting, is pivotal to an eventual peace. The U.S.-backed formula relies on Lebanon to persuade Hezbollah to disarm, give up its arsenal and prevent it from rearming. Siniora has argued that he needs some concessions to win Hezbollah's agreement.

A senior State Department official called Lebanon's troop proposal a "positive development" and said the administration is exploring how the proposed resolution might be adapted accordingly. "There are now many different permutations of how this might come out in terms of Security Council action," the official said.

France's U.N. ambassador, Jean-Marc de La Sabliere, acknowledged the need to address Lebanon's demands. "So I'm going to work today to improve the text," he said.

Israel is still studying the new proposals. "We are not against the Lebanese army deploying in the south," said a senior diplomat, but he noted that both the army and the current U.N. force in Lebanon had a "mixed record" in preventing militias from attacking Israel.

Bush's statement in support of U.N. action came as a new Washington Post-ABC News poll suggests that the public is finding plenty of blame to go around when it comes to the fighting in Lebanon.

Asked who is most to blame for the conflict, 46 percent said Israel and Hezbollah were equally responsible, while 39 percent blamed Hezbollah alone. Fewer than one in 10 Americans blamed Israel.

By a wide margin, Americans say Hezbollah, which has been criticized for hiding in residential areas, bears more responsibility for civilian casualties than does Israel.

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Overall, more Americans disapprove than approve of the way Bush is handling the situation.

Talking to reporters, Bush said that loss of life on both sides has been a "great tragedy," but added that the conflict could not have been stopped sooner because the international community had not agreed on how to address the root cause of the problem.

Bush said that he is counting on "international pressure" on Hezbollah -- as well as its sponsors Iran and Syria -- to prompt them to abide by any eventual peace agreement.

The joint U.S.-French proposal being deliberated at the United Nations would impose a cease-fire, while providing the framework for an international force to help Lebanon extend its authority into the areas now controlled by Hezbollah.

Under a second resolution, the Lebanese armed forces, supported by the international force, would deploy to southern Lebanon. "This international force will help Lebanon patrol its border with Syria and prevent illegal arms shipments to Hezbollah," Bush said.

The steps would "prevent armed militias like Hezbollah and its Iranian and Syrian sponsors from sparking another crisis," Bush said. They would also "protect innocent Lebanese and Israelis" and help the international community deliver humanitarian relief and support reconstruction, he said.

But Lebanon has significant objections to ending the conflict in two phases through separate resolutions. It wants one package, built around its deployment in the south for the first time since Israel's first invasion in 1978, Lebanese officials say. Its proposed amendments would also create an effective timeline to ensure the process does not drag.

"For the past 30 years, this is something that has been asked of Lebanon," said Saad Hariri, a member of parliament and son of a former prime minister assassinated last year. "With this decision, it's possible to have only one resolution. We have seen what happened with Oslo, with the road map," he said, referring to peace talks in Norway and the U.S.-orchestrated peace plan. "Nothing has happened. Israel has proven in too many ways that it can delay."

But the United States ruled out putting Shebaa Farms under U.N. custody since the Security Council concluded that Israel had fully withdrawn from Lebanon years ago. "If there's going to be a change in the condition of Shebaa Farms, that's for Syria and Lebanon to decide," U.S. Ambassador John R. Bolton said.

After four weeks of news featuring civilian deaths, the Washington Post-ABC News poll suggests that Israel is facing sharp public criticism for its conduct of the conflict.

While 47 percent of poll respondents say Israel is justified in bombing what it says are Hezbollah targets in civilian areas, just as many Americans say it is not justified. And 54 percent say Israel "should do more" to avoid civilian casualties. Two in three Americans support sending a new international force to southern Lebanon as part of a cease-fire agreement, but only one in four supports including U.S. troops as peacekeepers -- a prospect that Bush has rejected.

A total of 1,002 randomly selected adults were interviewed Aug. 3-6 for this survey. The margin of sampling error is plus or minus three percentage points.

Wright reported from Washington. Assistant polling director Claudia Deane in Washington and staff writer Colum Lynch at the United Nations contributed to this report.

Lebanese Offer To Send Troops To Patrol Border Is Dismissed By Israel (NYT)

By Hassan M. Fattah And Steven Erlanger

The New York Times, August 8, 2006

BEIRUT, Lebanon, Aug. 7 — Lebanon's government, including two Hezbollah ministers, offered Monday to deploy 15,000 of its troops in the south if Israel entirely withdraws its forces, a largely symbolic maneuver that would answer a demand by the international community for Lebanon to secure its southern border, which is now controlled by Hezbollah.

Ghazi Aridi, Lebanon's information minister, said the proposed deployment underscores the government commitment to a negotiated cease-fire.

"The army is ready and this is not empty speak," said Mr. Aridi, who announced the measure on Monday after a late-night cabinet meeting.

Israel dismissed the overture as it intensified airstrikes on targets throughout Lebanon, insisting that its troops will retain their positions in the south until an international force capable of halting Hezbollah missile strikes into Israel is in place. But diplomatic efforts stalled at the United Nations on Monday, after Lebanon and Arab League members objected to a draft resolution on a cease-fire.

If diplomatic efforts to end the fighting fail to make progress, Israel will broaden its ground offensive in Lebanon within days, the Israeli defense minister, Amir Peretz, told Parliament in Jerusalem on Monday.

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"I gave an order that, if within the coming days the diplomatic process does not reach a conclusion, Israeli forces will carry out the operations necessary to take control of Katyusha rocket launching sites in every location," Mr. Peretz told a parliamentary committee in a statement broadcast on Israeli news media.

He called this one of the most decisive stages of the war.

Foreign ministers of 20 Arab countries attended an emergency Arab League session in Beirut on Monday to register their disapproval of the resolution proposed by France and the United States. Lebanon's prime minister, Fouad Siniora, in an emotional speech, dismissed the resolution as insufficient, insisting that it would allow Israeli troops to remain in south Lebanon until an international force is deployed and would give Israel leeway to continue attacks in self-defense.

"It barely leads to a cease-fire," Mr. Siniora said. "We want a permanent and full cease-fire."

Mr. Siniora has lobbied for a plan calling for an immediate cessation of hostilities, the withdrawal of Israeli forces from southern Lebanon and the return of displaced civilians, followed by the deployment of the Lebanese Army along the southern border, among other steps.

The American-French proposal, worked out after a week of intensive talks between Paris and Washington, calls for a truce, asks the current United Nations peacekeeping force to monitor the border area and lays out a plan for a permanent cease-fire and political settlement. In the second phase of a two-step solution, the United Nations Security Council would follow up with a second resolution setting up an international force and addressing the conflict's broader dimensions.

Speaking to reporters from his ranch in Crawford, Tex., President Bush called for the resolution's speedy adoption, but made clear that the main sticking point — Lebanon's insistence that the draft be altered to require Israel to withdraw troops immediately — was nonnegotiable.

"I understand both parties aren't going to agree with all aspects of the resolution," Mr. Bush said. He also conceded that diplomacy was taking longer than he would like.

"I wish things happened quicker in the diplomatic realm," he said.

The foreign ministers, in a closing communiqué read by Mr. Siniora after the other officials rushed out of the country, warned the Security Council against adopting resolutions that do not serve Lebanon's interests. The group dispatched a high-level delegation to New York to press Lebanon's case.

A Council meeting was set for Tuesday afternoon to hear the group, which includes the foreign ministers of Qatar and the United Arab Emirates and the league's secretary general, Amr Moussa of Egypt.

Jean-Marc de la Sablière, the French ambassador to the United Nations, said he would consider making changes in the text of the measure to meet Lebanon's objections, saying, "We have to take into account the concerns of all."

John R. Bolton, the American ambassador, said, "We have to be thinking of ways to take their views into account but to continue to move to a vote as soon as other members of the Council want."

Members of the Council, criticized widely for not having taken action to stop the fighting, had hoped to vote Monday on the resolution, which was introduced by France and the United States on Saturday. The new delay meant that Wednesday was now the earliest a vote could be scheduled.

Beirut offered an amendment on Sunday which would make Israel leave the country immediately, with the United Nations taking over for 72 hours before transferring control to the Lebanese military.

In resisting Lebanon's demand for a speedy pullout, Mr. Bush said such a withdrawal could create the "unacceptable" situation of allowing Hezbollah to flourish at the border. "Whatever happens at the U.N.," he said, "we must not create a vacuum into which Hezbollah and its sponsors are able to move more weapons."

The president's remarks, in a rare full-scale news conference at his Crawford ranch, were his first on the resolution since it was drafted over the weekend.

He was joined by Secretary of State Condoleezza Rice, who said there is "more agreement than you might think" about how to prevent another attack across the blue line by Hezbollah.

In response to the Lebanese proposal to put its troops on the border, Dan Gillerman, the Israeli ambassador to the United Nations said, "I'm very skeptical about the possibility of the Lebanese Army being able to do it." He added, "They had their chance to do it for years when they had the power and the authority. To expect them to be able to do it now against the wishes of Hezbollah seems to me to be terribly naïve."

Mr. Bolton said the United States would listen to the dissident views, but he pointed out that the resolution had been worked out in close consultation with Lebanon and that Ms. Rice had spoken with Mr. Siniora, "I don't know how many times over the past eight or nine days."

"It's not as though we drafted this resolution in a closet somewhere and suddenly sprang the text on any member government," he said.

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The violence escalated as the diplomatic efforts continued, as Israeli warplanes pounded the country while Hezbollah fired 111 rockets into Israel by 6 p.m.

Israeli bombs struck in and around Beirut's southern suburbs as well as other areas of Lebanon, killing 15 people, Lebanese officials said. In northern Israel, scores of Hezbollah rockets wounded 5 people, rescue workers said.

In Tyre, bombs smashed four large apartment buildings, one of which was raided by Israeli commandos on Saturday. The buildings were largely empty and by early Monday evening, it was still not clear if there had been any casualties. Rescue workers said no one had been evacuated.

Mr. Siniora, in his opening speech, announced tearfully that 40 civilians had died in an Israeli airstrike in the border village of Hula, in what he called "a horrible massacre, a deliberate massacre."

Later, however, he said that only one person had been found dead and that more than 50 people had been pulled from rubble in the village.

"It turns out there was one person killed," he said. "Thank God, they have been saved. But those who shoot to kill innocent people proved they have the intention to kill."

The Israeli Army issued a statement describing Hula as a "Hezbollah stronghold," and saying that civilians had been warned away repeatedly. "Responsibility for any harm to Lebanese civilians lies with the Hezbollah terrorist organization which operates from within the civilian population," it said.

The Israeli Army said it killed 13 Hezbollah gunmen on Monday in fighting across south Lebanon.

Most of the Hezbollah rockets hit the northern towns of Kiryat Shmona, Safed and Nahariya, leaving nine people wounded, according to an Israeli Army spokesman.

The air force attacked more than 150 targets in Lebanon within 24 hours, including rocket launchers in Tyre and Qana that Israel said were used for strikes on Haifa on Sunday.

After the deaths of 15 Israelis on Sunday from rocket attacks, the Israeli government is under pressure to try to stop the rain of rockets on northern Israel, and the army says it can do that only if it can push Hezbollah rocket-launching teams beyond the Litani River, some 15 miles north of the border.

A cease-fire that holds would make such a push unnecessary. The Israelis say that a push to the Litani would take time and would be costly in terms of casualties on both sides. But without a diplomatic solution, they say, the military advance must continue.

The Associated Press reported Monday that Israel's Army had warned Lebanese south of the Litani not to go outdoors after 10 p.m.

Mr. Peretz accompanied Prime Minister Ehud Olmert to an army base near the border. Mr. Olmert is skeptical of the need to go to the Litani, Israeli officials say, arguing that Hezbollah can fire missiles into Israel from beyond it. But the army says that longer-range missiles and, crucially, their launchers, which are hard to replace, are easier to hit from the air than the many short-range Katyushas now hitting northern Israel.

Israeli Jets Kill 30; No Letup In Militia Attacks (WP)

By Edward Cody

The Washington Post, August 8, 2006

BEIRUT, Aug. 7 -- Israeli jets in a relentless hunt for Hezbollah rockets raided sites across Lebanon on Monday, cutting roads and killing about 30 civilians. Despite the attacks, Hezbollah fighters fired 135 more of the weapons into northern Israel. Ten Israelis were reported injured.

In Beirut, foreign ministers from Arab countries called at a meeting for an immediate cease-fire. An emotional Lebanese Prime Minister Fouad Siniora accused Israel of state terrorism; officials in Israel signaled an intention to expand their offensive, which they say is necessary to protect their citizens from rocket attacks.

Ground fighting continued in multiple locations in hilly southern Lebanon. Three Israeli soldiers were killed and seven wounded in combat in the heavily damaged town of Bint Jbeil, the Israeli military said.

As negotiations toward a cease-fire continued at United Nations headquarters in New York, the war concluded its 27th day with no end in sight.

Israeli Defense Minister Amir Peretz told a parliamentary committee in broadcast remarks that the country is preparing to expand military operations unless the United Nations finds a solution quickly. "I gave an order that, if within the coming days the diplomatic process does not reach a conclusion, Israeli forces will carry out the operations necessary to take control of Katyusha rocket launching sites in every location."

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During a meeting with reservists near the Lebanese border, Israeli Prime Minister Ehud Olmert gave a similar forecast, according to his office. "We are not stopping," he was quoted as saying, adding that there "will be no military restrictions" on stopping rocket launches.

The foreign ministers from member states of the Arab League gathered in Beirut despite the hostilities for a day-long show of solidarity. They decided to send representatives to the United Nations to press the case for an immediate cease-fire and other changes in a proposed Security Council resolution. Their deliberations were overshadowed, however, by knowledge that a cease-fire decision resided not with Arab governments, but with Israel, Hezbollah and the big powers on the Security Council.

Reflecting the frustration, Siniora told the ministers that Lebanon has been "stunned" by Israel's attacks, which he said have set Lebanon back decades just as it seemed on the verge of recovery from previous wars. Tears welling in his eyes, he lamented the long list of Lebanese civilians killed in the conflict. He included 40 "martyrs" who he said perished Monday in a "massacre" in the village of Hula, hit by Israeli airstrikes. Later he said that his information had been wrong and that one civilian died at Hula.

"Thank God they were not killed," Siniora said in response to a reporter's question about his emotional speech. "What do you expect when my countrymen are being killed? Children, just because they are Lebanese, they are being killed. How do you expect me to behave?

"Put yourself in my shoes," he went on. "I am just an ordinary man, and I feel with every woman, every child and every man. This is state terrorism, and this is unacceptable. To see what crimes Israel is committing is unacceptable, and we should not tolerate it anymore."

As Siniora's speech was broadcast live via satellite to Israel, a hush fell over Israeli soldiers watching on ceiling-mounted televisions in the lobby of an army-run hotel in the northern Israeli town of Kiryat Shemona. As his voice began to waver, many groaned or yelled at the screen. "You should cry to Nasrallah," one shouted, referring to the Hezbollah leader, Hasan Nasrallah.

The commander of Lebanon's Internal Security Forces, Maj. Gen. Ashraf Rifi, said Israeli attacks had collapsed a building in Hula, burying 18 people under the rubble. Two other places in the village where large numbers of civilians had taken refuge also were hit, he said, and rescuers were unable to reach them immediately because of continued attacks. After the bombing ceased, other officials said, rescue workers discovered that one villager was dead but that about 50 had survived unscathed in a shelter under the rubble.

At the town of Qasmiyeh, seven people were reported killed by airstrikes apparently aimed at interdicting traffic down the coastal road leading to the border area.

Another six or seven people, including a mother and her daughter, were killed in a half-dozen other villages that came under attack from Israeli bombs, missiles and heavy artillery, according to reports from local officials and Lebanese media.

Explosions were heard echoing across Baalbek, the main city in the Bekaa Valley and a longtime Hezbollah stronghold. One person was killed in a bombing run on roads in the Bekaa Valley, a frequent transit route for Hezbollah munitions and other supplies coming from Syria.

Another Israeli airstrike blasted the area near Masnaa, the main crossing from Syria into Lebanon and a frequent target of warplanes since hostilities began July 12.

Israeli jets hit the southern suburbs of Beirut, where Hezbollah has its headquarters, and for the first time extended their strikes into the suburb of Al Shiyah, where many Christians live. Ten people were killed in that attack, according to Beirut television stations quoting police on the scene.

Nasrallah, the Hezbollah leader, warned last week that if Israel struck Beirut, he would order missile strikes against Tel Aviv. It was unclear whether Monday evening's attack would fulfill the conditions of his threat, because it did not hit the city center. But many Lebanese consider Al Shiyah to be part of the capital itself, unlike the southern suburbs.

An Israeli F-16 fighter jet shot down a Hezbollah unmanned drone over the Mediterranean Sea about seven miles west of the Israeli coastal city of Haifa, according to a military official. An Israeli naval vessel plucked the drone from the water, and it was being examined Monday night, officials said.

Airstrikes blasted apart a makeshift bridge north of the southern city of Tyre, severing the main route south for relief supplies, according to witnesses. Relief agencies complained that the delivery of food, medicine and other supplies to displaced families was interrupted.

The bombings in Hula came after what Hezbollah described as sharp clashes between its fighters and Israeli troops maneuvering in the area's rocky hillsides with heavy battle tanks. Four Israeli soldiers were killed in the fighting, Hezbollah said. The Israeli military said five were wounded and none killed.

Fighting also broke out near Bint Jbeil to the southwest, according to Hezbollah and the Israeli military, which acknowledged that two Israeli soldiers were killed by an antitank missile fired at their tank and one in a firefight. Seven soldiers were wounded in the two incidents, the military said.

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Fifteen Hezbollah fighters were killed, an Israeli spokesman said.

In all, Israel has reported killing 400 Hezbollah fighters, while the radical Shiite Muslim movement has acknowledged losing about 55. A Lebanese source with access to military intelligence estimated Hezbollah losses at more than 200, including fighters and others associated with its war effort such as messengers and truck drivers.

Maj. Gen. Udi Adam, who commands Israeli forces inside southern Lebanon, said that "for three weeks we have been calling on the Lebanese population to evacuate the towns and villages that we are operating in. We know that the majority of the population already fled. If you hear that there are several people in destroyed houses or something like this, then they must be supporting Hezbollah."

In what could presage larger-scale ground operations, the Israeli military changed its warnings, now telling civilians in southern Lebanon to remain inside their houses instead of fleeing the area.

The Israeli military warned vehicles against traveling on roads south of the Litani River after 10 p.m., but it said that it would coordinate movement of relief convoys.

The Israeli military has so far been unable to establish the band of Hezbollah-free territory along the border that it envisioned. Many of the ground clashes and airstrikes have been taking place in the same villages and hills for three weeks.

Brig. Gen. Yossi Kuperwasser, who until last month was director of Israeli military intelligence analysis, told reporters in Jerusalem that the Israeli military does not know how many more rockets and launchers Hezbollah retains after nearly four weeks of Israeli strikes. "They still have missiles and rockets, and they're going to use them," he said.

Kuperwasser declined to estimate how much longer it would take the military to severely limit Hezbollah's ability to fire rockets into Israel. He said the fighters have proved more organized than anticipated.

Moore reported from Jerusalem. Correspondents Nora Boustany in Beirut and Jonathan Finer in Ein Zeitin, Israel, contributed to this report.

Israel Vows To Widen War On Hezbollah (LAT)

By Megan K. Stack And Tracy Wilkinson

The Los Angeles Times, August 8, 2006

BEIRUT — On one of the deadliest days of nearly a month of warfare, Israeli bombardment killed at least 61 people Monday in strikes on a busy south Beirut neighborhood, the eastern Bekaa Valley and southern Lebanon.

With diplomatic overtures for a cease-fire stalled, Israel vowed to expand its offensive. Prime Minister Ehud Olmert said he would place "no limits" on the army in its efforts to move Hezbollah fighters in south Lebanon out of firing range on Israel.

In south Lebanon, at least three Israeli soldiers from a tank crew were killed and seven injured during pitched battles with Hezbollah guerrillas, who again rocketed northern Israel with devastating effect. Israel attacked 80 purported Hezbollah targets overnight, including what the military said were roads leading to rocket-launching positions.

The day's heaviest toll was exacted when Israeli warplanes flattened a crowded, six-story apartment building in the southern Beirut neighborhood of Shiyah. By midnight, at least 20 people had been found dead, Lebanese television reported.

The late Monday attack came as Israeli military figures acknowledged that they have been unable to stop Hezbollah guerrillas and demanded a freer hand to move deeper into Lebanon.

Disagreement also mounted over a U.S.-backed United Nations draft resolution aimed at ending the bloodshed, which has claimed the lives of nearly 800 Lebanese and nearly 100 Israelis. Arab states said the proposed resolution gave unfair advantage to Israel, which is not required to withdraw or cease "defensive" operations.

Lebanon's weak and beleaguered government on Monday said it would deploy a 15,000-strong army south of the Litani River if Israel withdrew from Lebanon, an important signal from Beirut that it will attempt to exert control over territory long ago ceded to Hezbollah. The government ordered army reservists called up in anticipation of the deployment.

Israel's attack on the Shiyah neighborhood was especially terrifying because it was an area considered safe; refugees from bombings elsewhere had taken shelter in the neighborhood, which is not part of the Hezbollah-dominated suburban band that rings Beirut's southern edge.

"Now it's possible to bomb anywhere," said Hassan Tarraf, a 25-year-old chef who lives near the targeted building. "We were considering this a safe area."

Blast victim Zeineb Chaito, 40, lay in a Beirut hospital bed Monday night, her face badly bruised, her leg so violently broken that the bone had burst through the skin.

"I was listening to the news and I felt myself fall down and I lost consciousness," she said. "I was talking to somebody in my family and then the bomb hit."

Sprawled on a hospital cot, Chaito was calling for her sisters, who had been with her just before the blast. A distant family member explained gently that many people still lay trapped under the rubble. Chaito pressed, asking for her sisters. "Really, I

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don't know," he said slowly. But it wasn't true. The two women had been crushed by the debris, he told visitors quietly; their chances for survival were slim.

The Israeli military declined to say why the neighborhood was targeted.

Details remained sketchy about airstrikes in the Lebanese border village of Houla, where Israel bombed a set of farmhouses where residents said at least 150 people had taken shelter. Lebanese Prime Minister Fouad Siniora initially said the blasts killed 40 people, but later revised the death toll to one.

Elsewhere in southern Lebanon and in the Bekaa Valley, an additional 40 people were reported killed in air raids.

At the United Nations, an investigation of the July 30 bombing of the Lebanese village of Qana concluded that Israel's attack might be part of a "pattern of violations of international law." The bombing killed 28 civilians, including at least 14 children.

The investigators said they could not confirm or disprove Israel's claim that Hezbollah was launching missiles from the area, but noted that all the victims were civilians and that no weapons were found in or around the bombed building.

The report, released Monday night, emphasized that Israel's evacuation warnings did not release it from its obligation under international law to avoid harming civilians. Many of the villagers were unable to leave, the report said.

Olmert, touring military command headquarters in Israel's besieged north, said he would give the army free rein to press its offensive, if rocket fire continued.

"We have to stop the rockets," Olmert told reserve officers. "We cannot have a million residents living in shelters. On this matter, there will be no limitations on the army…. Israel cannot allow itself to let others think that … we will not punch them back in full force."

Defense Minister Amir Peretz, who accompanied Olmert, said later that he had ordered the army to broaden its attacks on Hezbollah rocketlaunching sites "wherever they are" if diplomacy remained stalled.

"We are at one of the most decisive stages of this war," Peretz told the Foreign Affairs and Defense Committee of the Israeli Knesset, or parliament.

But criticism was growing among many Israelis as authorities acknowledged that Hezbollah still possessed thousands of short-range rockets, hundreds of longer-range weapons and 10,000 launchers, despite nearly a month of ferocious air, land and sea attacks.

"At this point, we are in a war. We are bleeding," said Maj. Gen. Doron Almog, retired head of the army's doctrine and training branch. He said failing to deploy a larger ground force earlier and deeper was a critical mistake, for which Israel was now paying.

Maj. Gen. Yoram Yair, a retired commander and former military attache to Washington, said Israel would have to move deeper into Lebanon to neutralize the "tens of thousands" of short-range Hezbollah rockets.

"In order to prevent their launching, you have to be out in the field," Yair said. "That means 15 or 20 kilometers [nine to 12 miles] inside Lebanon."

The Israeli air force, meanwhile, said it shot down an unmanned Hezbollah drone that was flying toward Israel's densely populated western coast.

Of 140 rockets fired at northern Israel on Monday, more than 50 slammed into Kiryat Shemona alone, torching the surrounding hillsides and spewing shrapnel through residential neighborhoods that are all but deserted. One rocket speared the roof of a two-story apartment building and landed on the first floor. Three people were wounded.

"Explosions all morning, and in the afternoon the same. Everyday the same," said Simeon Flatskis, a Ukrainian-born Israeli who is one of the few people in the northern Israeli city who has not fled and keeps his business open despite the onslaught. He sells liquor, he said, and sales are up.

Israeli police say nearly 2,900 rockets have plowed into northern Israel since the current conflict began.

Israeli soldiers returning from combat forays inside southern Lebanon describe an adversary that is more well-armed and better trained than the Palestinians they confronted in the past.

"Like you have a dog in your house, they have weapons in the houses," said David, a combat medic from the Nahal brigade, who was not allowed to give his full name. "And it's every family."

Diplomatic attempts to end the bloodshed continued to sputter.

In Beirut, Prime Minister Siniora broke down in tears as he made a desperate appeal to a special meeting of the Arab League.

"You see your countrymen being killed and they are innocent people," Siniora said later. "Put yourself in my shoes. They are being bombarded with no mercy." The Arab representatives agreed to go to the U.N. to seek changes in the draft resolution aimed at ending the conflict.

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In New York, the U.N. Security Council said it would hear the Arab League foreign ministers as it discussed Lebanese demands to amend the draft resolution. The council will delay a vote on the resolution until Wednesday at the earliest, and probably Thursday, to allow time to consider the ministers' case.

Lebanon says the resolution must require Israel to halt all attacks and withdraw from Lebanese territory immediately.

President Bush and Secretary of State Condoleezza Rice conceded that disagreements persisted among negotiators over the details of the U.N. resolution.

"Whatever happens in the U.N., we must not create a vacuum into which Hezbollah and its sponsors are able to move more weapons," Bush said in Crawford, Texas.

"Sometimes the world likes to take the easy route in order to solve a problem. Our view is, it's time to address root causes of problems."

Stack reported from Beirut and Wilkinson from Kiryat Shemona. Times staff writers Walter Hamilton and Maggie Farley at the United Nations and Peter Wallsten in Crawford and special correspondent Maha

Israeli planes flatten a six-story apartment building, killing at least 20 people in Shiyah, a southern Beirut neighborhood.

The Lebanese government announces that it will send a 15,000-member force across the Litani River when Israeli troops withdraw. It orders army reservists to be called in anticipation of the deployment.

Israel bombs farmhouses where scores had taken shelter in the border village of Houla. One person is confirmed dead.

About 40 people reportedly die in other air raids in southern Lebanon and the Bekaa Valley.

Lebanon asks that the contested, Israeli-occupied Shabaa Farms area be turned over to U.N. jurisdiction and proposes a mutual prisoner release involving two Israeli soldiers whose July 12 abduction set off the nearly four-week-old conflict.

Israel

More than 50 rockets hit Kiryat Shemona.

Israel shoots down an unmanned drone headed toward the country's densely populated Mediterranean coast.

At Least 55 Killed In Lebanon As Diplomatic Efforts Stall (MCT)

By Shashank Bengali And Leila Fadel

McClatchy Newspapers, August 8, 2006

BEIRUT, Lebanon - Israeli attacks on Beirut and key southern Lebanese cities killed at least 55 people on Monday while a U.S.-backed effort to end the fighting appeared in danger of foundering.

Arab League foreign ministers meeting in Beirut joined Lebanese officials in rejecting a proposed U.N. Security Council resolution that called for a "full cessation of hostilities" because it didn't require that some 10,000 Israeli troops leave Lebanon.

The foreign ministers dispatched a delegation to New York, where a vote on the resolution was delayed to allow the delegation to address Security Council members Tuesday afternoon. Diplomats said the vote would be Wednesday evening at the earliest.

Earlier, President Bush called for swift passage of the resolution and rebuffed calls for an Israeli pullout.

"Whatever happens in the U.N., we must not create a vacuum into which Hezbollah and its sponsors are able to move more weapons," Bush said at a news conference in Crawford, Texas, where he's vacationing on his ranch.

The resolution should be passed quickly, Bush said, and followed with a second resolution authorizing an international peacekeeping force, which would "provide the help necessary for the Lebanese government to secure its country."

The back and forth over the U.N. resolution came on one of the bloodiest days in the 27-day conflict.

Israeli raids killed at least 55 people, mostly in Hezbollah strongholds in southern Lebanon and the eastern Bekaa Valley, one of the highest one-day death tolls since fighting began July 12. Nearly 1,000 Lebanese, many of them children, have been killed by Israeli airstrikes and ground operations.

Fighting in the Lebanese border village of Bint Jbail also killed three Israeli soldiers, bringing to nearly 100 the number of Israelis, civilian and military, killed in Hezbollah attacks. There were no reports of Israeli civilian casualties from any of the 141 rockets Hezbollah fired into Israel.

Shortly after nightfall, an attack on a residential area of south Beirut killed at least five people, according to the Lebanese Red Cross. A series of booming explosions rocked the city as three or four buildings collapsed at the border of a Christian section and a Shiite Muslim section, in an area where many displaced families had been camping.

Television images showed Lebanese rescue workers pushing bloodied bodies into ambulance cars as civilians and relief crews tried to rescue people trapped under the wreckage.

No Hezbollah officials were believed to be missing or dead in the attack, according to a spokesman for the group.

In the southern village of Ghaziyeh, police said at least 15 people were killed and 20 wounded when Israeli missiles struck three apartment buildings at about 8 a.m. The dead included at least six children, said authorities on the scene.

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Among them were Rajaa Omar Shour's mother and nearly 2-year-old son. Shour had left them sleeping at home while she went to sip coffee with friends, still clad in her blue pajamas.

On Monday afternoon, Shour's body shook as she sobbed into her hands near the mass of cinderblock and twisted metal. Guilt filled her face as her family lifted her from a plastic chair near the blast and took her away.

Relief teams worked for at least nine hours to pull bodies and the wounded from the rubble, digging through debris with jackhammers and sledgehammers, and then their bare hands.

At one point, they pulled out drawers and mirrors as the sound of a strangled cry grew stronger from below.

"Say, `God willing,'" a rescue worker said in the direction of the whimper, before pulling a long-haired young woman from the wreckage.

Israeli forces had dropped fliers in the area days before, warning residents to leave.

Less than a mile away, a three-story building had been reduced to a pile of rocks. Eight people from the Badran family were killed and two were wounded, police said. Five of the dead were younger than 7.

Israel appeared to be paving the way for a larger offensive in southern Lebanon. Airstrikes destroyed the last bridge connecting the town of Tyre, some 15 miles from the Israeli border, with northern areas, cutting Tyre off from the rest of Lebanon and further inhibiting the flow of humanitarian aid.

Israeli forces also issued a stark warning to people in southern Lebanon to stay indoors after 10 p.m.

In a visit to Israel's northern command headquarters, Prime Minister Ehud Olmert said Israel has to stop the barrage of Hezbollah rockets, which has forced 1 million Israelis from their homes.

"On this matter, there will be no limitations on the army," Olmert said. "I will give you every strength and support. We are not stopping."

The back and forth over the U.N. resolution seemed to promise several more days of fighting.

The proposed resolution, backed by the United States and France, would require Hezbollah to stop its attacks but allow Israel to conduct "defensive" military operations, a term that Lebanon has said can be broadly interpreted. Israeli officials have described the current operation as a defensive one, precipitated by Hezbollah's kidnapping of two Israeli soldiers from a border post on July 12.

Lebanese officials have objected to the resolution because it doesn't require that Israel withdraw its troops from southern Lebanon. On Monday they also voiced disagreement with the requirement for an international peacekeeping force, which U.S. officials have said would be "robust" so it could prevent Hezbollah from returning to southern Lebanon.

Lebanese officials said late Monday that they would deploy 15,000 troops to southern Lebanon if Israel withdraws. But it was unclear whether the United States or Israel would trust Lebanon's relatively weak army to keep Hezbollah's Shiite Muslim militants in check.

Lebanon's top diplomat in Washington, Carla Jazzar, warned that any resolution passed that relied on an international force instead of the Lebanese army wouldn't be implemented by the Lebanese government.

Mark Regev, the Israeli foreign ministry's spokesman, questioned whether Lebanese troops would be able to police Hezbollah, which has launched more than 3,000 rockets on northern Israel since the conflict began.

"Up until now, the Lebanese army has done nothing to limit the freedom of movement of Hezbollah, to disarm them or to prevent them from launching attacks," Regev said on CNN.

Fadel reported from Ghaziyeh, Lebanon, Bengali from Beirut. Contributing to this report were McClatchy Newspapers correspondents Matthew Schofield in Jerusalem, Hannah Allam in Beirut and Warren P. Strobel in Washington.

Israel Shows Video Of Hezbollah Fighter (AP-Y)

By Sarah El Deeb

AP2, August 8, 2006

Israel's army released a video Monday purporting to show the interrogation of a Hezbollah fighter acknowledging his part in the raid on an Israeli army patrol July 12 — the spark that ignited the current conflict in Lebanon.

In the video, Hussein Ali Suleiman, 22, said the seizure of the two Israelis was the second time he had taken part in such an attempt, following an unsuccessful raid in 2005. He also spoke about training in Iran.

The tape shown on Israeli television appeared to be heavily edited, and some answers were cut off in mid-sentence. He appeared to have light bruises or wounds on his cheeks and lips.

Israel announced his capture Sunday, although it was not clear when he fell into Israeli hands. Separate television footage showed him in the custody of soldiers in the field with his arms bound and a large cloth covering his eyes.

In the video, Suleiman said he joined the Islamic militia when he was 15 and received four rounds of training before he took part in an attempt to seize Israeli soldiers.

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Israel says Hezbollah has tried repeatedly to capture Israelis to barter for the release of prisoners from Israeli jails. In early 2004, Hezbollah swapped an Israeli businessman kidnapped in Europe and the bodies of three Israeli soldiers for hundreds of Arab prisoners and scores of guerrilla corpses.

Speaking in Arabic, Suleiman told his interrogators he attended military maneuvers in Iran with 40 or 50 other Hezbollah guerrillas in 2003. He gave no details on the parts of the tape made public.

He said the trainees drove from Beirut to the Syrian capital, Damascus, in Hezbollah cars and from there took a special flight to Iran without passing through passport control.

Suleiman said his first operation was in late 2005, apparently an attempt to take Israeli prisoners. His task was to manage anti-tank missiles.

Asked if the operation failed, he said: "It had other aims. The main aim didn't go well, but the secondary aim was to direct a severe blow to the (Israeli) posts."

The tape showed Suleiman speaking briefly about the July 12 cross-border operation in which his unit killed three Israelis and took two others with them to Lebanon. His job was to cut the access routes to the patrol, he said before the tape abruptly cut off.

In 1998, Suleiman said he attended night school for 1 1/2 months, a "soldiers course" that involved classes in Islamic law and jurisprudence.

He said he received his next training after Israel ended its 18-year occupation of south Lebanon in 2000, a 45-day "fighter" course that involved weapons training, sabotage and communications. Four months later, he trained on anti-tank weapons and underwent more training several months later.

Plot To Free Terrorist May Have Led To Fight (WT)

By Abraham Rabinovich

The Washington Times, August 8, 2006

JERUSALEM -- The long battle between Israel and Hezbollah, including the fighting over the past month that has left scores of Lebanese and Israelis dead, may have begun as a bid to free a single Lebanese terrorist.

Hezbollah leader Sheik Hassan Nasrallah had publicly announced his intention three years ago of doing whatever necessary, including capturing Israeli soldiers as bargaining chips, to free Samir Kuntar, who has been held prisoner in Israel for 27 years. Hezbollah's capture of two Israeli soldiers last month touched off the current conflict.

In 1979, Kuntar, then 16, was among four terrorists who reached the northern Israeli town of Nahariya, six miles from the Lebanese border, in the pre-dawn hours by rubber boat. They killed a policeman who came upon them and they entered an apartment building close to the shore.

Hearing the shooting, one of the residents, Dan Haran, helped his wife, Smadar, into a crawl space above their bedroom together with their 2-year-old daughter, Yael. He tried to leave the apartment with their other daughter, Einat, 4, to find shelter elsewhere but the terrorists were already at their door and pushed them back inside. As they searched the apartment, Mrs. Haran, whose mother had hidden from the Nazis during the Holocaust, covered Yael's mouth with her hand to keep her from crying.

The terrorists took Mr. Haran and Einat back to the beach as hostages. In an ensuing shootout with police, two of the infiltrators and another policeman were killed. Kuntar shot Mr. Haran in front of his daughter, then crushed the girl's skull with his rifle butt before being taken prisoner with the other remaining terrorist. Back in the apartment, Mrs. Haran discovered that she had suffocated her youngest daughter, resulting in her death.

Kuntar was tried and sentenced to four terms of life imprisonment. The other terrorist was also sentenced to life but he was freed in 1986 as part of a deal involving the return of three captured Israeli soldiers. Israel refused to include Kuntar in that package and in subsequent prisoner exchanges.

Abu Abbas, head of the Palestine Liberation Front, said he had sent the terrorists to protest the signing of the Egyptian-Israeli peace accords the previous year. In 1985, four of Abu Abbas' men hijacked the cruise ship Achille Lauro off Egypt and killed an American in a wheelchair named Leon Klinghoffer. The four men demanded the release of 50 prisoners held by Israel. The only one specifically named was Kuntar. The terrorists eventually surrendered to Egyptian authorities.

Kuntar became a symbol in Lebanon as the longest-serving prisoner held by Israel. His family appealed to Sheik Nasrallah to obtain his release.

Six years ago, Hezbollah fighters attacked an Israeli patrol vehicle on a disputed part of the border and brought three severely wounded soldiers into Lebanon, where they died. Sheik Nasrallah succeeded three years later in exchanging their remains, together with an Israeli businessman who had been seized, for more than 400 Lebanese and Palestinian prisoners.

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Israel had agreed to release Kuntar as well, but only in exchange for information on the fate of an Israeli air force navigator who had been shot down and captured alive in Lebanon in 1986. No such information was handed over, and Kuntar remained in Israeli custody.

It was then that Sheik Nasrallah, who has always prided himself on keeping his word, warned he would capture more Israeli soldiers in order to win Kuntar's release. Hezbollah made a bid to capture Israeli soldiers earlier this year at another point on the border, but the attempt ended with several dead Hezbollah men and no Israeli casualties.

Last month, with the capture of the two soldiers, a smiling Sheik Nasrallah appeared on TV to announce that he had kept his word -- apparently triggering the present conflict that has claimed more than 1,000 Lebanese and almost 100 Israeli lives.

Rockets Hit Israeli-Arabs, Too (CSM)

By Ilene R. Prusher

The Christian Science Monitor, August 8, 2006

HAIFA, ISRAEL

When the siren sounded, Labiba Mizawi hurried into the courtyard where her grandchildren were playing to shepherd them inside.

It was her last act. Among the 29 Katyusha rockets launched by Hizbullah at Haifa late Sunday, one landed on Mrs. Mizawi's courtyard, killing her and two others.

The steady rocket fire on northern Israel underscores an important demographic on Israel's map of people exposed to Katyusha attacks: A sizable proportion of Israel's citizens, such as Mizawi, in the north are Arabs.

Throughout the war, Israeli-Arabs have been victims of Hizbullah rockets almost as often as Israel's Jewish majority. As a result, the war is putting people who have sympathies - and even relatives - on both sides of the border into the cross hairs of a war that shows no indication of letting up, despite diplomatic efforts to reach a UN resolution acceptable to everyone.

On Monday, at least 120 Katyushas fell on the north, according to the Israeli army. In southern Lebanon, there was heavy fighting between Israeli troops and Hizbullah guerrillas in the town of Bint Jbail and elsewhere in the south, killing at least 23 people. At least two Israeli soldier were killed and several injured.

Sunday night's attack deflates the hopes of many here that Israel had made significant progress in achieving its goals: pushing Hizbullah back from the border and decimating its weapons capabilities.

Rather, the attack on Haifa showed that Hizbullah still possesses a significant enough arsenal to inflict damage deep into Israel, in addition to a massive supply of short-range missiles that are the easiest for guerrillas to stash and launch - and hardest for the Israelis to locate.

Holding in a thin glaze of tears as his colleagues from the police force, both Jews and Arabs, come to pay their condolences at the Catholic Church where his mother's funeral was soon to take place, Suhail Mizawi says, "[Labiba] got the kids into the room, but didn't succeed in getting there herself."

In the end, it's seen as a minor miracle that more people didn't die, considering that here in the Arab neighborhood of Wadi Nisnas, where the missiles struck, there isn't a single bomb shelter.

Instead, says Lorette Androus, who lives across the street, when the sirens warning of an incoming Katyusha go off and the radio warns people to go to their shelters or "defensive rooms," her family simply goes under a set of set of stairs in the center or their apartment, out of the way of flying glass.

"We have no idea if this is safe," sighs Ms. Androus, a skinny, tank-topped woman with long, black braids, showing a visitor their hiding place for weathering the intermittent hail of rockets.

"The closest shelter is a 15-minute walk," she says. "Do you know how much work it takes sometimes just to get our grandmother out of her bed and into this room?"

Many residents of Wadi Nisnas, one of the best-known Arab neighborhoods in a city often celebrated as a model of peaceful Jewish-Arab coexistence, expressed frustration Monday that the Israeli municipality had not built any shelters here or found other solutions for the residents.

Some say that is a symbol of the persistent disadvantages faced by the nearly 20 percent of Israel's citizens who are Arab.

"It's not only that there are no shelters in this neighborhood, but that there is a system of discrimination in all kinds of services," says Jafar Farah, the director of the Mossawa Center, a local Arab rights organization. "We were asking them since the second day of the war open something and they have refused."

An Israeli government spokeswoman says that the lack of shelters in Wadi Nisnas has nothing to do with the fact that it's an Arab neighborhood, and everything to do with the fact that Israel stopped building public bomb shelters in the early 1990s.

After the signing of the Oslo Peace Accords, says Israeli government spokeswoman Miri Eisin, security analysts here determined that the threat of Israel facing another conventional war was quickly passing into history.

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"One of the sad aspects of this is that back then, we thought we were on the road to peace," says Ms. Eisin. "While I can understand the bitterness people feel, that's what's happened and it has nothing to do with neighborhoods being Jewish and Arab."

Instead of public shelters, she says, new building codes were set, requiring that structures have reinforced, sealable rooms or bomb-resistant stairwells. However, for people living in historic old buildings, the building code changes are irrelevant.

Thousands of residents in northern Israel who are in range of Katyusha rockets are out-of-range of a shelter. A spokesman for the Israeli army's Homefront Command says that there are not enough shelters for most Haifa residents to get to in a flash, and instead, they should go to a stairwell or the interior room of a house.

Since the war began last month, several Arab members of Knesset, Israel's parliament, have condemned Israel's attacks in Lebanon, particularly those that have led to a high proportion of civilian deaths. Some Israelis, in turn, have questioned why Israeli-Arabs, also under fire from Hizbullah, have not condemned the Lebanese militia for attacking Israel in the first place.

One Israeli-Arab columnist explained their dilemma.

"Don't expect Israeli Arabs to take to the streets and demonstrate against the Hizbullah and Hassan Nasrallah, and don't expect them to embark on rallies of support for Prime Minister Ehud Olmert and Defense Minister Amir Peretz. On the other hand, you can expect to see us standing in the front row of those demanding the end of the war and calling for peace between Israel and the Arab world," wrote Basam Jaber in a widely read column in Panorma, an Israeli-Arab weekly magazine.

"The Israeli public must realize that Arab citizens living in Israel are suffering from a complex dilemma, particularly at a time when the country, in which they are citizens, is fighting against its own people. Sometimes it's the Palestinian people and sometimes it's the Arab Lebanese people."

But for some local Arab residents, Hizbullah's missile attacks have had an opposite effect: unifying all kinds of Israelis because they're all in the line of fire.

"The leaders will shoot something at you and it doesn't discriminate over where it lands. Jews, Arabs, it hits everyone just the same," says Khalil Badin, a neighbor who escaped the previous night's bombing unscathed, as he jiggled a palm full of deadly steel pellets - gray balls that shoot out of the Katyusha rocket on impact. "The leaders are the ones who push the button and start the war, and we blame them all."

Lebanon's Infrastructure Takes New Beating (USAT)

By Jeffrey Stinson

USA Today, August 8, 2006

BEIRUT — Israel's bombing campaign in Lebanon has sliced the country into pieces and caused more than $2.5 billion in damage, says Lebanon's Council for Development and Reconstruction.

The CDR, a quasi-governmental body that oversaw rebuilding after the 1975-91 Lebanese civil war, has begun to inventory infrastructure damage that has resulted from Israel's 27-day drive to rout the militant Shiite group Hezbollah.

“I have seen all the wars in Lebanon since 1975,” says Al-Fadl Chalak, the council's president. “This is the most intense one I have seen in terms of destruction. The results of this war are catastrophic.”

The council says Israeli warplanes, artillery and naval guns have devastated airports, highways, bridges, utilities, small businesses and homes, effectively partitioning large pieces of territory by making roads and bridges impassable. Eighty percent of Lebanon's factories are idle, and more than 30 have been bombed, says Charles Arbid, vice president of the Association of Lebanese Industrialists.

Israel's coastal blockade has cut off the supply of fuel to generate electricity and run cars and trucks.

David Siegel, a spokesman for the Israeli Embassy in Washington, says Israel is “only targeting Hezbollah and its military capabilities in threatening Israel. The infrastructure that is affected is only (involved) in Hezbollah's ability to maneuver with mobile missiles and heavy launchers, and rearm itself from Syria and Iran.”

Construction along Beirut's gleaming skyline — a symbol of the capital's renaissance and evidence of Lebanon's 5%-6% economic growth in the first six months of the year — has halted.

Tourists fled two weeks ago, dooming government forecasts for a record 1.6 million visitors this year.

The United Nations says the fighting has prompted more than 800,000 people, or more than 20% of the population, to abandon their work and homes. Villages in southern Lebanon and apartment blocks in south Beirut — both Hezbollah strongholds inhabited mainly by Shiites — have been flattened.

Chalak estimates that the conflict has cost Lebanon about 8% of its $24 billion annual economic output. Chalak's estimates could not be independently verified. When the fighting stops, the task of rebuilding will fall to the CDR and Lebanon's government. Chalak and others say it will be difficult but not impossible.

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"The economy is quite resilient," says Samir Makdisi, economics professor at the American University of Beirut and a former minister of economy and trade. "Where it's come since the civil war has proven that."

The current fighting has crushed much of the optimism about the economy, which was growing at its fastest pace since the end of the civil war.

"Before all this started, the Lebanese economy was at its peak," says Ramzi El Hafez, publisher of Lebanon Opportunities magazine and the Arabic edition of Business Week. "I think we were finally able to shed the scars of past wars and economic problems."

El Hafez says Lebanon had begun attracting long-term investment. Lebanese banks were lending both at home and throughout the Middle East. The Beirut Stock Exchange began 2006 with $4.91 billion in capitalization, coming off a record 2005, when both volume and value of trading tripled.

About a dozen hotels and residential high-rises, many offering luxury condos and apartments, were under construction in downtown Beirut, in the nearby hills and along the coast. Makdisi estimates that about half of the investment came from oil-rich Persian Gulf nations and from wealthy Lebanese living abroad.

Beirut, with its Western attitudes and diversity, has long attracted tourists from the Gulf region and served as a second home to Arabs living in more-restrictive countries. Tourism generates 20% of the country's gross domestic product.

Abbas Safieddine, a partner in PlastiMed, maker of disposable medical supplies, says he wants to know why the Israelis targeted PlastiMed's factory near the coastal city of Tyre. The plant, which employed about 100 workers, was demolished in an airstrike two weeks ago.

Israel's insistence that it is striking only targets connected to Hezbollah is a "bunch of bull," he says. Israel is hitting non-Hezbollah targets in hopes of forcing other Lebanese "to make a stand against Hezbollah," Makdisi says.

Siegel said much of Lebanon's civilian infrastructure has not been hit, including most major refineries, power stations, water plants, government buildings and military assets, "which Israel has no reason in targeting and wouldn't target."

"This is not about punishing the civilian population. It is about degrading Hezbollah military capabilities," he said.

Walid Assaf, who owns the Pepsi franchise in Lebanon, said his bottling plant closed when it was damaged during the Israeli bombing of Beirut International Airport. The plant, which employs 1,350 people, will remain closed until the fighting stops, he says.

Businessmen such as Safieddine and Assaf question whether it's worth it to rebuild.

There are signs that Lebanon can recover. The Lebanese central bank has kept the local currency, the Lebanese pound, stable with the help of a $1 billion deposit from Saudi Arabia and $500 million from Kuwait.

The two nations have already pledged $800 million for reconstruction. The stock market reopened last week after closing to prevent a run. Trading restrictions are imposed to stop a steep drop in prices.

The CDR's Chalak says damage to the airport and some highways can be fixed quickly. Within three years, he says, most infrastructure can be rebuilt. He says he is confident that Lebanon can pay with help from Gulf states despite its $37.7 billion debt.

"The big question is government stability," says Frank Soussa, director for the Middle East and Africa for Standard & Poor's. That will determine whether Safieddine and his partners spend $15.4 million to rebuild the PlastiMed plant, he says. "It all depends on the political outcome."

Many Lebanese Stay Put, Despite Crossfire (WT)

By Betsy Pisik

The Washington Times, August 8, 2006

GHAZIYE, Lebanon -- Israeli warplanes dropped the leaflets on Sunday, warning residents that they should leave for their own safety.

None did, according to neighbors, who were indignant that Israel would order them to flee their homes in this village just south of the port city of Sidon.

Early yesterday, bombs fell on three of the village's apartment buildings, killing 15 persons and injuring 20, according to local police.

The United Nations estimates that 70 percent to 80 percent of Lebanon's people south of the Litani River have abandoned their homes and moved northward for safety, part of a total dislocation estimated at more than 900,000 people nationwide.

But thousands more still cling to their homes and fields in the war zone, refusing to leave for reasons of ideology or economics or just plain stubbornness, in spite of the imminent threat of Israeli bombing and a ground war with Hezbollah.

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"Where would we go?" asked a witness to yesterday's strikes in Ghaziye, who declined to be identified. "I was here in 1982, and I saw Israeli soldiers coming down this road. I was not afraid then. I have been through five wars, and I am not afraid now."

In Qana, a village which Israel says was the source of Hezbollah rocket fire that killed 12 reservists on Sunday, farmers stayed on their land through a week of sporadic bombing, including a strike that crushed 28 persons under a house.

To abandon their summer fields lush with tobacco, tomatoes and figs, survivors said, would be to lose the income for the year.

In Bint Jbeil, a Hezbollah stronghold near the Israeli border and one of Israel's first targets in the war, thousands of civilians walked to safety after having been pinned down by a week of air strikes and harrowing ground fighting.

But many stayed, aid workers said, to guard their homes, to care for those too weak to walk away or to support the Hezbollah fighters.

Still others across the south are desperate to get to safer ground, but cannot afford the extortionate taxi fare -- which currently runs between $200 and $1,000 for a trip to Beirut from anywhere in the region.

"Most people here have taken the decision not to leave," said Abdul Rahman Bizri, the mayor of Sidon.

"Many of us have suffered ... Israeli occupation before. We felt the humiliation of leaving our homes. Many lack the resources to leave. Many have no place to go."

In Beirut, much of the social life has shifted to the safety of the mountains, less than an hour out of town. It is not exactly standing fast against the enemy, but those who are summering in Beit Meri or Jounieh say they are more loyal than those who fled to Paris, Toronto or Grand Rapids, Mich.

Across Lebanon, people are wrestling with the daily calculation of risk.

Some say they have decided to stay put in the face of near-certain danger rather than endure the indignity and discomfort of sheltering in overcrowded schools or parking garages.

Others have sent their women and children to the relative safety of Cyprus or Syria, leaving behind towns filled only with men. Some are making money on the war economy; others are motivated by something more complex.

"Every house here has a fighter," said Mohamad Mowla, a burly Baalbek taxi driver, who added that resistance takes many forms.

Bourj al-Barajneh, a heavily bombed southern Beirut suburb, has been largely abandoned apart from a cadre of young men aligned with Hezbollah who have remained to guard against looters among the clusters of small apartments that once teemed with large families.

"No one comes in here without us," said a boy who gave his name as "Bob."

Some of the young and socially conscious say they are staying in Lebanon to show their loyalty to a country that has survived civil war, occupation and crushing debt, all in their lifetimes.

"I am the generation that lived the civil war," said Suzanne, a physicist and poet who feels the need to volunteer in Beirut's shelters but declined to be identified in full.

"We Lebanese, we do not shock so easily. There is no one else like us."

Red Cross: Israel Denying Safe Passage (AP)

By Kathy Gannon, Associated Press Writer

AP, August 8, 2006

The Israeli military has denied permission for aid groups to move food and medicine to besieged villages in southern Lebanon for two days, the Red Cross said Monday.

Without guarantees of safe passage, the Red Cross has been unable to move supplies beyond the port city of Tyre to towns and villages south of the Litani River, where thousands of people are believed trapped, said Richard Huguenin, a spokesman for the International Committee of the Red Cross.

The Litani runs roughly parallel to the Lebanese-Israeli border, about 20 miles to the north. The area between it and the border has been the site of the heaviest Israeli bombardment and ground fighting with Hezbollah guerrillas.

"It is now a question of the humanitarian consequences of what is looking like a blockade," Huguenin told The Associated Press in Tyre.

"At night we ask for permission and in the morning we get either a red light or a green light and for the past 48 hours it has been red," he said.

The Israeli army told the AP Monday that humanitarian agencies wishing to send convoys into the area should coordinate with the military in advance as they have in the past. The army said that in the past, it has been necessary to deny permission for military operational reasons, but no convoy had ever been hit.

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A Greek ship loaded with Red Cross supplies had been due Monday but was denied permission to dock in Tyre and was diverted to Sidon, north of the Litani, Huguenin said. Israeli warships have blockaded ports since the conflict began, only letting aid ships into Beirut and occasionally into the southern ports.

"It seems the military buildup has really begun in the last two days. It has certainly been a lot noisier," he said of the aerial bombing of areas around Tyre and south on the road to Naqoura.

The Red Cross estimates there are still 100,000 people south of the Litani. Among them are 27,000 in Tyre, 40,000 Palestinian refugees living in four camps that surround the city and 33,000 in villages.

Huguenin said the Red Cross has distributed aid throughout Tyre and has some supplies meant for villages south and east of the city, but is unable to deliver them.

"What do we do next?" he said. "We are getting phone calls from isolated areas in the south close to the border from people who need food and medicines."

He said people who did not leave during last week's pause in Israeli air assaults were among the most vulnerable — the poor, sick and those without vehicles. He spoke to elderly "who said if they were going to die, they wanted to die in their homes."

The Red Cross said it was not seeking a halt to the fighting but asked that at least one route be designated safe to allow aid through.

"The lifeline must be made to this part of the country. It is under blockade, no ships coming in, and the roads are blocked," said Huguenin.

Sidon, Lebanon's third-largest city, is now home to some 50,000 refugees. Last weekend, Israel dropped leaflets warning residents to flee, but Huguenin said there have been no reports of people leaving Sidon.

Annick Bouvier of the ICRC said in Geneva the relief agency had planned to reach some villages in southern Lebanon, "but due to the level of hostilities, it's impossible for us to proceed."

A Red Cross convoy did bring supplies to Marjayoun from Beirut on Monday, but it was the only convoy able to reach cities south of Sidon, an ICRC statement said.

The World Health Organization warned that 60 percent of the hospitals in Lebanon would have to close unless fuel was delivered this week.

"We urge all parties to ensure safe passage of fuel supplies to hospitals," said Dr. Ala Alwan of WHO.

Dry Forests In Northern Israel Are Damaged As Hezbollah's Rocket Attacks Ignite Fires (NYT)

By Dina Kraft

The New York Times, August 8, 2006

TEL AVIV, Aug. 7 — Hezbollah rocket fire that has kept Israelis in the north of the country in underground bomb shelters for weeks is also taking a toll on the environment there, igniting hundreds of fires in Israel's few forests, in the Galilee region.

Officials estimated Monday that as much as 9,000 acres of land, including almost 3,000 acres of forest, have been damaged by fire in the nearly four weeks of cross-border fighting between Israel and Hezbollah. The conflict has brought daily barrages of rockets from Lebanon.

"There has never been a situation like this before," said Shimon Romach, 57, Israel's national fire and rescue commissioner, during a break late last week from reviewing the situation with his staff at the fire station in the town of Nahariya, one of the stations being used as an operations center during the crisis. Aerial and topographical maps of the region line the walls of their operations room.

"Lately there are more Katyushas, and so more land is being burned," Mr. Romach said.

Many of the rockets, packed with tons of explosive material, have landed and detonated in the forests, vineyards, orchards and open fields of Galilee, which in more peaceful times has been celebrated for its green vistas and tranquillity.

The greening of Israel, a largely arid country, has been a major part of the Zionist ethos. Many of the forests that are now under fire were planted by the Jewish National Fund in the 1950's, during the early years of the Israeli state.

At least one major forest in northern Israel has lost up 75 percent of its trees. Across the border in southern Lebanon, forest fires also rage, from Israeli bombs. In the dry heat of summer, the land is especially vulnerable.

Mr. Romach has brought firefighters from other parts of the country to expand local forces. In normal times there are three shifts of 75 firefighters a day in northern Israel. These days there are more than 180 on each shift.

He coordinates his operations with those of the Jewish National Fund. The fund, which predates the state of Israel and is supported by the government and private donations, is the official caretaker of the land, including the nation's forests. It has its own force of about 100 firefighters.

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Mr. Romach said that during the current crisis the firefighters had been working long days without sufficient staff or equipment. They are sent to as many as 100 fires a day, including those in residential and public buildings as well as forests and other open areas.

Although many of them are not equipped with flak jackets, they sometimes they find themselves putting out fires even as Katyusha rockets fall nearby.

Small planes, usually used in the north for crop-dusting, are being employed to help put out the fires. Pilots release tons of a red flame retardant to contain the fires. The flames in the most serious fires have reached as high as 130 feet.

But Mr. Romach said he has run out of money from his regular budget to hire the planes. The Jewish National Fund has provided extra emergency money to cover operations for now, but it was not immediately clear when additional government financing would come through. The fund has been raising money abroad to buy additional safety equipment and trucks.

Amir Levi, 33, the chief of operations for the Western Galilee fire department, surveyed the damage one recent day in a single-engine plane. He pointed out a swath of blackened earth on the border with Lebanon, the aftermath of a blaze that ignited when a Hezbollah rocket plunged into a forest of pine trees.

"As firefighters we, too, are taking part in this war," said Mr. Levi, who has not had a day off since the fighting — and the fires — began with a cross-border attack by Hezbollah on July 12. He sent his wife and two young daughters to a kibbutz in the southern part of the country for their protection. "We are among those fighting on the home front," he said.

The firefighting teams include Jews and Arabs. "There is a type of coexistence under fire," said Dr. Omri Bonneh, the Jewish National Fund's director for Israel's northern region. "They work together, shoulder to shoulder. The volunteers from nearby that come out to help are also both Arabs and Jews. They bring us food and water and encourage the firefighters."

Mr. Romach expressed a more skeptical view. He said that there was evidence that some of the fires had been caused by arson and that there were suspicions that some local Arab residents might have set them to protest Israel's military action in Lebanon. No arrests have been made.

There is great damage to the north's landscape, but it is unclear just how severe the long-term environmental damage will be.

"The ecological system is used to living with fires,'' said Raanan Boral, the head of the environmental protection division of the Society for the Protection of Nature in Israel. "It is part of life for the system. Some trees get burned, and so do some nests. Some animals don't have the time to flee, but the system can rehabilitate itself. It takes time and it is not nice to look at, but it is not an irreversible disaster."

In Lebanon the environment has been hit harder. Most notably, Israeli airstrikes caused an oil spill that is devastating the country's coastline.

Meanwhile, a group of volunteer firefighters from New York arrived last week to help reinforce their counterparts in Israel.

"We felt it was important we offer help in the north or help man depleted firefighting crews," said Nathan Rothschild, 49, from Rockland County, N.Y., who is helping to staff a Jerusalem firehouse, many of whose members have been called north. "We feel if we can make a difference, we are happy to do that."

Israeli Soldiers Find A Tenacious Foe In Hezbollah (WP)

By Jonathan Finer

The Washington Post, August 8, 2006

KIRYAT SHEMONA, Israel, Aug. 7 -- Late last week while guarding a house in southern Lebanon that Israeli forces were using as a command post, Cpl. Matan Tyler received an unusual order from his commander: Watch out for guys wearing Israeli uniforms.

A day earlier, a nearby regiment had been approached by fighters wearing familiar olive shirts and vests with Hebrew writing, Tyler said he was told. The fighters -- Hezbollah militiamen disguised as Israelis -- opened fire on a house full of Israeli soldiers.

"You really can't underestimate the Hezbollah," said Tyler, 20, a member of the army's Nahal Brigade. "They are the masters of the field. They know the area better than us. They know where to hide and when to move. They always know where we are."

The incident is just one among dozens of examples of an enemy that has proven more resilient and better-equipped than Israeli military forces anticipated. After nearly four weeks of air attacks and ground combat, Israeli military officials say that they have killed only a small fraction of Hezbollah's fighters and that the group still has hundreds of launchers and thousands of rockets at its disposal.

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"What we face is an infantry division with state-of-the-art weaponry -- night-vision gear, advanced rifles, well-equipped -- deployed along our border," said Brig. Gen. Yossi Kuperwasser, who until last month was director of analysis for Israeli military intelligence. "They have some of the most advanced antitank missiles in the world."

In more than two dozen interviews at army bases, hotels, artillery batteries and staging points for their entry into Lebanon since the heaviest ground fighting began last week, Israeli soldiers expressed confidence in their superiority over Hezbollah, but frustration that they are fighting an elusive enemy as difficult to find as it is to defeat.

"Most of the time we only see them when they want to draw attention to themselves, then they kick us from behind," said Tyler, who was resting with his battalion at a lakefront hotel near Tiberias after a week in southern Lebanon. "It's horrible, yes. You feel -- not weak, but how do you say it, threatened? There is always, always uncertainty."

Several soldiers said they were surprised by how long the operation has taken. When Israelis invaded Lebanon in 1982, they reached to within 10 miles of Beirut in two days. In the current conflict, after more than three weeks of fighting, the heaviest ground combat is still in a string of towns along the border.

"It's so slow and you're just going crazy. You're not really getting very far in there and it's brutally hot just sitting in those houses," said Cpl. David Gross, 22, of Livingston, N.J., who moved to Israel two years ago to join the army.

"Look, we're all smart enough to know it's probably best that they do it this way. Fewer people get killed," he added. "But it's also hard because I don't know if we will ever be able to stop the rocket attacks. You just feel like we'll keep pushing them back and they'll just shoot the rockets farther. Is that frustrating? Yes."

The soldiers described a battlefield littered with booby traps and fortified by fighters who have been preparing to repel a ground invasion since Israeli withdrew from southern Lebanon six years ago, after an 18-year occupation.

Master Sgt. Yusaf, a scout for the army's Baram Brigade who spent 16 years fighting in southern Lebanon during the 1980s and 1990s and who spoke on the condition that only his first name be used, said comparing Hezbollah's capabilities then and now "is like talking about the difference between men who have guns and an army."

Moving at the front of an advancing infantry platoon, he is always on the lookout for traps and hiding places, he said during an interview at a base in Shomera, near the border, hours after leaving a village in southern Lebanon. He described one bunker near the Lebanese town of Maroun al-Ras that was more than 25 feet deep and contained a network of tunnels linking several large storage rooms and multiple entrances and exits. He said it was equipped with a camera at the entrance, linked to a monitor below to help Hezbollah fighters ambush Israeli soldiers.

Israeli soldiers and commanders are quick to point out that Israel is winning by most traditional measures, such as equipment destroyed, territory seized and casualties -- 61 Israeli soldiers have died in the fighting, along with about 450 Hezbollah fighters, by Israel's count. But in comments that echo those of earlier guerrilla conflicts, they also acknowledge that the two sides have different standards of success. "All they have to do is survive and some people will say they won," one soldier said in a recent interview near the Israeli border town of Avivim.

First Sgt. Dekel Peled, who suffered cuts to his head and hands in a Lebanese village 10 days ago when a mortar shell struck a house in which he was waiting, said he is fighting in a "a war that no one can be mentally prepared for."

He was interviewed at an army-run hotel in Kiryat Shemona this week as he returned to his unit, though he still can't fight because he lost feeling in his trigger finger.

"Some days it seems like it is going to be over tomorrow, and on other days I get the impression it can last another month," he said.

Few said they had experienced sustained firefights. Rather, they said, there were long hours of edgy anticipation, and short bursts of intense combat. The most feared weapons in Hezbollah's arsenal, they said, are the antitank missiles that have been responsible for dozens of Israeli casualties, blasting through the armor of the most advanced Merkava tanks or at infantry soldiers maneuvering on foot.

Cpl. Eviatar Shalev, 19, described spotting a Hezbollah fighter standing 200 yards away and aiming a shoulder-fired missile at the house where he was posted. "He was already in the firing position, so we called up a combat helicopter," Shalev said. "We entered the inner-most part of the house. We put on all of our defensive gear and we prayed. When you are in there, you can't stop imagining a red spot on your window."

The fighter was killed by an Israeli airstrike before he could shoot the missile, Shalev said in an interview at the hotel in Kiryat Shemona.

Israeli commanders say Hezbollah has obtained its sophisticated weaponry from its main backers, Syria and Iran. "Some have Arabic inscriptions on them, some Iranian, some Russian," said Maj. Gen Udi Adam, commander of Israel's northern forces, in a recent briefing for reporters. "The ones with Russian on them come from Syria," he added.

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Several soldiers said they felt the army should be striking harder at Hezbollah but was being held back by concern for civilian casualties. Lt. Col. Svika Nezer, the commander of an artillery battery a few miles outside Kiryat Shemona, said his unit was operating at about 20 percent of its firepower.

"We could do much, much more. But the orders we get are limited," said Nezer, a reservist who is a lawyer in civilian life.

Among the main challenges facing Israeli soldiers, they say, is that Hezbollah chooses to fight in and among civilian centers, making it difficult to target its fighters without killing bystanders. Lebanese officials and human rights organizations have criticized Israel for what they term indiscriminate bombing, but commanders say that, if anything, they err on the side of caution when deciding whom to shoot.

"There have been many times when we let go someone whom we knew was a terrorist because we are not sure we could take them down safely," Adam said. "Meanwhile, they try to kill as many of our civilians as they can."

Lt. Itamar Abo, 20, on his way back to the front after a weekend at home in the northern town of Tzfat, said his friends and family grilled him throughout his time off about when the fighting would end and the rocket barrage would stop.

"When a Katyusha falls on somebody's house, it's hard to tell them this is going well. They keep saying, Please get it over with. I don't know what to tell them," he said. "We have to do what we are doing, and I think it is helping, but I also think that no matter what, when this war is over, the threat will still be there, right on our border."

Seated nearby, Cpl. Shai Kaplan, 19, was blunt. "They are experts at deception. Everyone will think they won no matter what. That's how you win when there's a few thousand of you and 50,000 of us," he said. "The more of them we kill, the more of them who are generated. Unfortunately, this is a lost war."

Bombing Obliterates Last Route Out Of Tyre (WP)

By Anthony Shadid

The Washington Post, August 8, 2006

TYRE, Lebanon, Aug. 7 -- The nine ambulances were parked outside the Lebanese Red Cross. They couldn't leave -- neither by the road north, which was bombed, nor the road south, which was shelled Monday. Blasts thundered across the Tyre sky, and rumors flew with almost equal vigor: No one could walk outside after 10 p.m., no one should stand in the street in groups bigger than three.

That left Qasim Chaalan, a gentle Red Cross volunteer, with a problem: He had promised to take Khadija Tajj al-Din, a 74-year-old woman, in an ambulance from the Jabal Amel Hospital to a school where her relatives had sought refuge, a trip of a couple of miles.

"You want to help, but you say at any second, it could be your time," Chaalan said.

"You want to make the people feel safe," he added, "but you don't feel it yourself."

For the first time since the war had started, there was no way out of Tyre. And for those left behind, there was no way to get around.

The night before, Israeli aircraft had bombed a pile of powdery sand along a wilting banana plantation that forded the Litani River, what had become the last link between Tyre and the rest of Lebanon. The rest of the bridges along the river, which bisects southern Lebanon, were bombed in the early days of the nearly month-long war. On Monday, Israeli military forces shelled the road to the south, where columns of smoke rose and the whistle of outgoing rockets sounded across the afternoon.

Inside Tyre, besieged and desperate, Israeli missiles struck an apartment complex targeted by an Israeli commando raid last weekend, reducing four five-story buildings to rubble and igniting a fire in a building still standing. The percussion of blasts paralyzed Tyre, transforming the seaside city into a ghost town.

What was supposed to serve as a staging point for relief into southern Lebanon -- the city where aid officials say thousands remain stranded and corpses have rotted in the streets for as many as 10 days -- had become too dangerous for anyone but a few motorcyclists.

"The city is completely cut off from the rest of the world," said Roland Huguenin, a spokesman for the International Committee of the Red Cross, which has been prevented from sending out convoys for three days. "Tyre doesn't have a lifeline now."

At Jabal Amel Hospital, physician Ahmad Mroue slumped in a leather chair, chatting with a colleague, Bassam Mteirak.

"No ambulances," Mroue said, shaking his head.

"The ambulances are here, and they can't go to the buildings over there," Mteirak said.

He pointed less than a mile away, where the missiles had destroyed the apartment buildings.

"How many are under those four buildings?" Mroue asked.

Mteirak shook his head, glum like Mroue. "God knows," he said.

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Israeli naval commandos, under cover of night, had attacked a single apartment in one of the buildings on Saturday, killing four people in a battle that stretched until dawn and spanned across the complex and into a citrus grove along the street. The apartment was gutted. Rifles, ammunition and two rocket-propelled grenades still littered the floor hours later. On Monday, that building, along with three others, was wrecked, only the antennas and satellite dishes still standing amid the splintered concrete and crushed red tile.

"It sounded like an earthquake," said Hussein Muennis, a resident who lived about 100 yards away.

Most of the buildings appeared to have been abandoned after the commando raid. Left behind in the wreckage was a piece of paper from a school report: "Hello! My name is Rana. I am 6 years old." A brass kettle was tipped over, brown tea leaves spilling out. A red, heart-shaped pillow with yellow fringe was partially buried. "I love you," it read.

A playful tune sounded from a child's toy buried underneath other wreckage.

Along a cinder-block wall, graffiti in blue read: "Welcome."

"We Lebanese have lived through everything, but this is enough," said Ahmed Dubouk, a 68-year-old neighbor.

"What a pity!" he said, walking through the wreckage. "What a pity! I swear to God, it's a pity!"

The Israeli military said Hezbollah teams firing missiles toward northern Israel were based at the complex, and hours later, witnesses said they saw men who appeared to be Hezbollah militiamen moving from building to building before leaving. Residents seemed aware of the activity, and a Red Cross worker said most appeared to have fled soon after the commando raid Saturday.

"Ninety or 95 percent of the people had left," said Ali Sweidan, a 43-year-old ambulance driver.

The destruction of the makeshift bridge over the Litani threw relief and medical efforts into further chaos and tangled the lives of the thousands of residents still here who call this war their most trying -- more unsettling than the 1975-90 civil war, more devastating than the 1982 Israeli invasion, and more destructive than Israeli offensives against Lebanon in 1993 and 1996.

At Jabal Amel Hospital, Mteirak, a native of Sidon, said he had been unable to go home for 28 days. He calls his wife and three children once a day. They send photos by cellphone. "There's no way to leave," he said. He repeated the words.

Mroue recalled a patient, Mariam Jawad, who arrived at the hospital from Bint Jbeil on Sunday. She had been wounded three days earlier. The usual 45-minute drive took 10 hours. Her leg was amputated, too damaged by a tourniquet tied to it to stop the bleeding.

"I'm not thinking about anything else other than to stay living," Mroue said, as blasts echoed in the distance, smoke mingling with puffy clouds. "It's not one of the human rights? We want only this. Not democracy, not liberty, nothing. Just this one."

For three days, the International Committee of the Red Cross said it has been unable to win permission from the Israeli military to venture on roads into southern Lebanon. "And I doubt we'll be up and about tomorrow," Huguenin said.

"Our contention is that there may be military necessities, but that doesn't mean the entire region should be off-limits," he added. "The fact you give prior warning doesn't exonerate you of responsibility under international law."

The United Nations said it was trying to get its forces to repair the Litani bridge, which was bombed Sunday night, but Huguenin said workers were reluctant to drive heavy machinery, fearing that Israeli forces would mistake it for missile launchers. The problem had become so bad that earlier, the Red Cross had run into problems getting cranes to the Tyre port to unload a ship with relief supplies.

On Monday, Doctors Without Borders created a 200-yard-long human chain across the river, passing hand to hand in knee-deep water three tons of medical supplies and gasoline, said Sergio Cecchini, a spokesman for the group.

All that spans the rest of the river, its meandering water tinted green, is a fallen tree, he said.

"This is the only way at the moment to connect Tyre to the rest of Lebanon," Cecchini said.

By nightfall, the Israeli military declared a curfew on any traffic in southern Lebanon, south of the Litani River, "from 10 p.m. on." Rumors of it had already spread by afternoon on television news, whose broadcasts have become the secluded city's favorite pastime.

"It's better to die inside than to die in the road," said Khalil al-Ashkar, 25, whose family owns the Salinas restaurant.

Ashkar, his father, uncle and cousin sat on the stoop of the seaside restaurant, watching blasts across the bay.

"I see the smoke and I hear the sounds," his father, Hussein, said simply, with a hint of world-weariness.

A friend popped his head out the door of the restaurant, where he was watching al-Jazeera. The Lebanese army had warned people in the south not to stand outside in groups bigger than three, he said. A few minutes later, the cousin, Hisham, wandered toward the deserted street. "Don't stand there!" Hisham's father, Mohammed, shouted.

A few more minutes and another sound joined the cacophony of explosions, jets and surveillance drones.

"Be careful, there's a helicopter," Hussein shouted.

Around the corner was the Red Cross office, where Chaalan spoke on his phone to a friend trying to enter Tyre.

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"How are you going to come?" he asked. "The road is cut. There's no other way."

Chaalan, a volunteer at the Red Cross since 1993, sat in a broken white plastic chair. "A casualty of war," he called it, smiling. He was waiting to take Tajj al-Din two miles from Jabal Amel Hospital to the Jaafariya school in a Red Cross ambulance. He talked about the stress. The patients expected the volunteers to be calm, assured; and to put it simply, they weren't.

"Every time we go out," he said, "we're not sure if we're going to come back or not. This is what we feel."

Word came from the Red Cross operations office: The roads were too dangerous in Tyre.

He waited, as the volunteers often do. Then permission finally came.

He picked her up at the hospital, where other elderly women had gathered. They all wanted to go home, into the hinterland.

"I looked at them and smiled," he said. "I told them, 'All the people are leaving these villages and you want to go?' "

"The old people," he said, "it's not easy to tell them no."

After Bomb Kills Loved Ones, Life Turns Ghostly (NYT)

By Sabrina Tavernise

The New York Times, August 8, 2006

TYRE, Lebanon, Aug. 7 — After a bomb hits, the remains of a life are modest.

Ghazi Samra, a fisherman, is feeling the new shape of his. Last month, his wife, one of his daughters and a granddaughter were killed in an Israeli airstrike. Since then, his life has shrunk to the size of one crooked city block. He tries to sleep in an apartment that is not his own. He wears his wife's glasses, more out of a craving for closeness to her than as an aid to see. The shirt and shorts he is wearing are his brother's. He has not felt able to return to his own apartment.

"I became a different person," said Mr. Samra, sitting on a battered chair in a local gathering space at the intersection of two narrow stone streets. "I can't talk with my children. I'm not wearing my own clothes."

Across Lebanon and Israel, missiles, rockets and bombs have punched holes into families and, slowly, painstakingly, the survivors are trying to put themselves back together again. It is a quiet process that unfolds in the private space of people's lives. It is full of ache and of empty places. It is a major consequence of war that often goes unnoticed, after the flash of bombs and the headlines that chronicle them fade away.

For Mr. Samra, who is 50, the healing is happening in a warren of narrow stone streets in the old section of this town. He begins his day with a short walk down a narrow alley to the place, several doorways down, where he passes the hours. He walks slowly, in leather sandals, usually smoking a cigarette. It is supposed to be an exercise in forgetting, but often it is the first few minutes of another day full of extremely painful memories.

Those memories began on the late afternoon of July 16, when his wife, a granddaughter and four of his children, afraid of a possible airstrike, sought shelter in the basement of a nearby building, as theirs lacked one. The building housed the main office for the city's emergency workers, and the family felt sure it would be safe.

They were wrong. Around 5:30 p.m., missiles struck the building's foundations and its top floors. Residents now say a Hezbollah official may have been living there. There was no response from the Israeli Defense Ministry to a request, submitted last week, for comment about the target.

Mr. Samra had been sitting with friends elsewhere. He raced to the building and frantically began to dig. He found his 5-year-old daughter, Sally, torn apart. Her torso and an arm lay separate from her legs. Another daughter, Noor, 8, was moving under the rubble. His granddaughter Lynn, not yet 2, had part of her face smashed. His wife, Alia Waabi, had died immediately.

Two other daughters, Zahra and Mirna, made it to safety, though Zahra was badly injured.

"This is my family," he said, his face creased, sitting under the eaves of the stone houses. "Three of them are buried and three of them are in hospitals."

After the adrenaline of the rescue and its aftermath fell away, Mr. Samra sank into blankness. He could not focus on anything. He had trouble remembering things. His vision seemed to blur.

He found it difficult to process what had happened. One thing that keeps him from mourning properly is that his wife and daughter will not be able to have a proper burial until the violence has died down. They were temporarily buried in an empty lot with dozens of others. They were assigned numbers. Alia is No. 35 and Sally is No. 67.

"They are numbers now,'' he said. "There are no names anymore."

He tried twice to return to his apartment, but he turned back both times. On Sunday, his friend opened it for a visitor. The rooms were still neatly composed, life suspended. Dishes were done. Laundry — tiny pink pants, a head scarf, a bra — was hanging on lines. But details showed something was wrong. The clothes were dusty from the pulverized concrete and soot of the explosion. A bowl of cucumbers and a pot of beans in the refrigerator were covered with mold.

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As is often the case, the deaths felt arbitrary. On another day, Mr. Samra's family might not have gone to the building at all. It was the first time they decided to hide. The timing of the missile strike could not have been worse. The family had eaten dinner early to be underground before dark.

This plunged Mr. Samra into guilt. He would often take his family to Cyprus in times of danger, throughout Lebanon's fraught recent history, and briefly considered it in this case, but assumed Tyre would be safe.

Areas hit by bombs are often a jumble of incongruities. Bread spilled out into the road from a van that was hit by a missile in northern Tyre on Sunday morning. The area around the basement where Mr. Samra's family was hit was a swirl of household items — a shampoo bottle, a high heel from a shoe, a shower curtain — mixed with ragged concrete and wire.

"Regret is killing me inside," Mr. Samra said. "I should have taken them away."

The rest of the family was having difficulties of its own. When 17-year-old Zahra awoke in her hospital bed, she did not know that her mother had been killed. Mr. Samra did not have the heart to tell her. Her face had been burned, and when she walked into the bathroom and looked into the mirror, she sobbed, said her brother Muhammad, who was with her.

Mr. Samra passed the afternoon watching the small neighborhood move around him. He has not returned to work. Muhammad has taken over visiting the hospitalized girls.

"My wife was my life," he said, looking toward a television set up near the couches in the narrow alley.

"My heart aches."

Israel Is Accused Of Sending Poison To Hamas Premier (LAT)

By Ashraf Khalil

The Los Angeles Times, August 8, 2006

GAZA CITY — Hamas on Monday accused Israel of a failed assassination attempt against Palestinian Authority Prime Minister Ismail Haniyeh using a poison-filled letter.

Several employees in the office of Deputy Prime Minister Nasser Shaer in the West Bank city of Ramallah were hospitalized after one of them opened a letter addressed to Haniyeh. The letter contained a tissue that gave off a strange smell, filling the room and overwhelming several employees, Palestinian sources said.

Seven employees were hospitalized, one in serious condition.

An Israeli army spokesman who declined to give his name denied any involvement by Israeli troops or officials.

During a Cabinet meeting in Gaza City, Haniyeh called the incident a "criminal and dangerous act," according to the Ramattan news agency.

He said the letter was sent from Tel Aviv addressed personally to him.

Shaer promised a full investigation, saying the tissue had been sent to a lab for analysis.

In 1997, Israeli agents tried to kill Hamas senior leader Khaled Meshaal in Amman, Jordan, by injecting poison in his ear. The attempt failed, and the agents were captured and later exchanged for jailed Hamas founder Sheik Ahmed Yassin.

Haniyeh, whose Hamas-led government is opposed by Israel, has been unable to leave the Gaza Strip since taking power in late March because of Israeli limitations.

Dozens of Hamas-affiliated ministers and lawmakers have since been detained without charges by Israel, most recently parliament Speaker Aziz Dweik, who was hospitalized by his captors Monday. An Israeli army spokesman said Dweik had complained of dizziness and chest pains and was being kept overnight for observation.

In Gaza City, supporters of Islamic Jihad held a rally in support of Hezbollah leader Sheik Hassan Nasrallah. About a thousand protesters marched through Palestine Square downtown, waving black Islamic Jihad banners and yellow Hezbollah flags and chanting, "We are loyal to you, O Nasrallah."

They also harshly criticized the anemic response of Arab governments to the Israeli offensive in Lebanon and to the ongoing siege that has paralyzed the Gaza Strip and killed at least 170 Palestinians.

Islamic Jihad senior leader Khalid Batch condemned what he called "the international silence over Palestine that has given Israel the right to kill and commit massacres."

Nasrallah's popularity has soared throughout the Arab world during the nearly 4-week-old Israeli offensive. Hezbollah flags and posters of Nasrallah are some of the hottest-selling items in Gazan stores.

The Lebanese Shiite Muslim group has long been well regarded among opponents of Israel for its protracted guerrilla war, which helped lead to the withdrawal of Israeli troops from Lebanon in 2000.

Cuban Officials Say Castro Is Recovering (NYT)

By James C. McKinley Jr.

The New York Times, August 8, 2006

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MEXICO CITY, Aug. 7 — High-ranking Cuban officials worked hard Monday to put out the message that Cuba was stable after the transfer of power from Fidel Castro to his younger brother last week.

Fidel Castro has remained out of the public eye since undergoing surgery a week ago for an undisclosed illness that involved intestinal bleeding. For the first time in his 47 years as Cuba's authoritarian leader, Mr. Castro relinquished power, to his brother Raúl, who is the defense minister, along with a cadre of cabinet officials. The government has said Fidel Castro's health is "a state secret."

Although no detailed information on Mr. Castro's illness or a prognosis for him has been released, the president of the National Assembly, Ricardo Alarcón, and the minister in charge of the island's economy, Carlos Lage Dávila, both said Monday that he was recovering rapidly.

Speaking in Bogotá, Colombia, where he was attending the swearing in of President Álvaro Uribe, Mr. Lage said Mr. Castro would be able to return to his duties "in a short time," according to Mexico's and Cuba's official news agencies. He said the Cuban leader "finds himself well cared for in a hospital and has been conscious the whole time.''

Mr. Alarcón, meanwhile, scoffed at Cuban exiles in Miami and conservatives in Washington who believe the Communist government cannot long survive without Mr. Castro at the helm.

"All those who have been dreaming, or trying to fool the world and put out the idea that something terrible would happen in Cuba, that people would take to the streets, that there would be great instability, all those, the door slammed on them and they must have swollen hands now," Mr. Alarcón said, speaking on the Venezuelan network Telesur.

On Friday, Cuba's health minister, José Ramón Balaguer Cabrera, also said that Mr. Castro was "recuperating satisfactorily." His comments came as he visited Guatemala for the opening of a hospital built with Cuban aid.

Over the weekend, other rumors swirled through Latin America about the leftist icon's health. The Brazilian newspaper Folha de São Paulo reported that Cuban authorities had told the Brazilian president that Mr. Castro had cancer and would not return to his duties, a report the government later denied. One member of Cuba's Council of State, or cabinet, Roberto Fernández Retamar, told reporters at a news conference in Havana that the country had set in motion a peaceful political succession. It was not clear whether he meant that the transfer of power to Raúl Castro would turn out to be permanent, but the statement was clearly meant to suggest that the Castro government was not about to crumble.

...

President Bush, meanwhile, at a news conference in Crawford, Tex., spoke of the United States' desire to see Cuba change from a one-party autocracy to a democracy with freedom of speech and competing political parties.

The United States has kept up an economic embargo of the island for more than four decades and the Bush administration, like nine others before it, has made it known that it would welcome democracy in Cuba. Still, American officials said last week that there were no plans to interfere with the current transition of power, nor are there plans to invade the island, something Cuba's propaganda machine warns of constantly.

"Our desire for the Cuban people is to be able to choose their own form of government," Mr. Bush said. He added: "Cuba has the possibility of transforming itself from a tyrannical situation to a different type of society. The Cuban people ought to decide."

Cuba's Ailing Castro Back At Helm Within Weeks: Officials (AFP)

By Isabel Sanchez

AFP, August 8, 2006

Cuba's vice president says Fidel Castro should be back at the helm within weeks, but another top official spoke of months, reflecting the secrecy surrounding the ailing president's condition.

Asked when the communist leader would reassume the presidency he had temporarily ceded to his brother Raul, Vice President Carlos Lage said: "in weeks, as he himself says."

But Roberto Fernandez Retamar, a member of Cuba's Council of State, estimated it would take "several months" before Castro resumes his presidential functions.

Few details of Castro's health have emerged since a television anchor read a message on July 31 in which the Cuban president announced he had undergone surgery after intestinal bleeding, and handed over to Raul Castro, his designated successor and Cuba's defense minister.

US President George W. Bush admitted Monday he, too was in the dark about the condition of the Cuban leader, who turns 80 on Sunday.

Neither of the two Castro brothers has appeared in public since the July 31 announcement.

But officials say the president's recovery is going well. Speaking to journalists in Bogota, Lage said Castro was "conscious at all times" and was being well cared for at a hospital.

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"A few hours ago, a friend who spent time with the commander and was impressed by his recovery told us: 'he is a copal tree'," the official Granma daily said.

It pointed out that the copal is an "incorruptible, compact and extremely hard tree" that is "ideal to build lasting works."

In his initial message, Castro said he decided to postpone his 80th birthday celebrations, but Granma reported Monday that 100,000 workers in the sugar production sector planned to stage a rally on Sunday to mark the event.

More than three million Cubans participated in a total of 80,000 demonstrations of support for Fidel and Raul Castro over the past days, according to the country's official and only trade union federation.

Among the well-wishers was Daniel Ortega, Nicaragua's ex-rebel leader, who is campaigning for a second presidential term. Ortega traveled to the Caribbean island to show solidarity with the Castro brothers, state-run press reported.

In Crawford, Texas, Bush said he had little knowledge of Castro's condition.

"The only thing I know is what has been speculated. And that is that he is very ill. On the other hand he's going to be coming out of hospital. I don't know. Really don't know."

But he said the communist-run nation had the possibility to become "a different type of society," insisting, "the people on the island of Cuba ought to decide" how that change occurs.

"Once the people of Cuba decide the form of government, then Cuban-Americans can take an interest in that country and address the issues of property confiscation. But first things first. The Cuban people need to decide the future of their country."

Bush and Secretary of State Condoleezza Rice have urged Cubans to work for democratic change and pledged US support following the temporary handover of power. On Friday, Rice delivered a message to Cubans on US-funded Radio and TV Marti.

But the speaker of Cuba's National Assembly, Ricardo Alarcon, denounced the Bush administration's comments as an attempt to interfere in his country's domestic politics.

The US government believes it can decide "who is going to govern this country," Alarcon said in an interview with Telesur television. He added that the United States had always had ambitions to rule over Cuba.

Anti-Castro groups in Miami disagreed with Bush's call for them to stand aside for the moment, however, saying that the Cuban exile community had a crucial role to play.

"Cuban-Americans have an interest in every aspect of transition in Cuba and what all of that involves, including how these claims will be handled in a post-Castro era," said Camila Ruiz of the Cuban-American National Foundation.

But she admitted it would be premature to address Cuban property questions at this stage, "particularly since the regime utilizes this issue to scare Cubans into thinking the exiles want to go back, retake their property, and kick people out of their homes."

In Havana, Retamar ridiculed what he said was Washington's conviction that Cuba without Castro would plunge into chaos. "Fidel is not at the head of Cuba and chaos has not taken over the country."

He made the comments during the presentation of a document signed by 400 international personalities who urged the US administration to respect Cuba's sovereignty.

"We must at all cost prevent a new aggression," the document said.

The signatories include seven Nobel prize laureates, among them South Africa's Desmond Tutu and Nadine Gordimer, as well as Nigeria's Wole Soyinka.

U.S. Told: Hands Off Cuba (WT/AP)

By Anita Snow

The Washington Times, August 8, 2006

HAVANA -- Leftist intellectuals and human rights activists from around the world pleaded with the United States yesterday not to interfere with Cuba while Fidel Castro recovers from intestinal surgery.

Many of the 400 signers of the open letter are from Latin America, and numerous Nobel Peace Prize laureates are listed, such as former Archbishop Desmond Tutu of South Africa and activist Rigoberta Menchu of Guatemala.

Announcing the letter at a press conference, leading Cuban writer Roberto Fernandez Retamar said Cubans are convinced that Mr. Castro's transfer of power to his younger brother and defense minister, Raul Castro, is temporary.

"In a few months, we'll have him back with us," Mr. Retamar said.

That optimistic assessment has been reinforced by statements from Fidel Castro's inner circle and Latin American allies, who say the Cuban leader is recovering well from surgery for internal bleeding.

Cubans were told that most details of his health would be kept "a state secret" to prevent enemies from taking advantage of his condition.

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President Bush said the United States remains in the dark about the illness, but he didn't miss the chance to motivate anti-Castro activists to push for change.

"The only thing I know is what has been speculated, and this is that, on the one hand, he is very ill and, on the other hand, he is going to be coming out of hospital," Mr. Bush said at his ranch in Crawford, Texas. "Our desire is for the Cuban people to choose their own form of government."

On Sunday, Secretary of State Condoleezza Rice denied that the United States is contemplating an invasion of the island in the wake of Mr. Castro's illness, but said Washington wants to help Cubans prepare for democracy.

"The notion that somehow the United States is going to invade Cuba, because there are troubles in Cuba, is simply far-fetched," Miss Rice told NBC.

The Castro brothers have been out of sight since the July 31 announcement on state television that Fidel had undergone surgery and was temporarily ceding power to Raul. Meanwhile, the government has tried to promote a sense of normalcy, an image Mr. Retamar fostered yesterday.

"Fidel is not at the helm of Cuba, and there has been no chaos to overpower the Cuban people," the writer said.

A growing number of Cuban officials and Castro allies have come forward, meanwhile, to say he will return soon.

"In a few weeks, he'll be recovered and he'll return to his duties," Vice President Carlos Lage said Sunday, shooting down reports that Mr. Castro, who turns 80 on Aug. 13, has stomach cancer.

Venezuelan President Hugo Chavez said Mr. Castro was out of bed, talking, and even watching Mr. Chavez's talk show.

"How are you, Fidel?" Mr. Chavez said during his weekly TV and radio program. "We have reliable information of your quick and notable recuperation."

Mr. Chavez also called fellow leftist Bolivian President Evo Morales on the show Sunday, telling him Mr. Castro was bouncing back quickly.

The Communist Party daily Granma yesterday compared Mr. Castro to a caguairan, a tropical hardwood tree found in eastern Cuba where he was born. The tree "is incorruptible, compact, of extraordinary hardness," the newspaper said.

Cubans In Dark On Fate Of Fidel (WT)

By Stephanie Mansfield

The Washington Times, August 8, 2006

Cubans have no idea whether dictator Fidel Castro is lying at death's door or sitting up and watching reruns of "Jeopardy."

The health of the country's leader is a state secret. Even President Bush yesterday said he had no idea what the prognosis is for the ailing Mr. Castro.

The situation is reminiscent of the secrecy surrounding the death of Josef Stalin in 1953. The only clue for Russians that the iron-fisted Soviet dictator had died was when radio stations started playing gloomy music and bells tolled.

"There is a certain parallel between the Kremlin and Cuba," said award-winning Stalin biographer Robert Conquest.

After handing over power to his younger brother, Raul, Fidel Castro has disappeared from the radar, leaving both the people of the communist island and Cuban exiles in the United States to wonder what has become of the man who has ruled Cuba for more than four decades.

"Nobody knows anything," said Tamara Lush, a Miami-based staff writer for the St. Petersburg (Fla.) Times. "I was just at a meeting with a Cuban-American group, and every five minutes somebody's cell would ring. 'Do you know anything?' They want to pop the cork on the champagne."

Cuba's state-run press is not saying much. First, the 79-year-old Mr. Castro was said to have an intestinal ailment, brought on by stress. After surgery, said to be "complicated" and "important," there was radio silence. Where and when the surgery took place was not known, nor the name of the doctor. Mr. Castro is said to be recovering in an undisclosed location.

"Especially with authoritarian leaders, there is great effort to conceal any illness," said Jerrold Post, a George Washington University professor who has written extensively on totalitarianism.

Such secrecy was commonplace in the Soviet Union, said Mr. Conquest, a research fellow at Stanford University's Hoover Institution. "Before [Mikhail] Gorbachev, when [Soviet leader Leonid] Brezhnev fell ill, they kept it a secret."

In fragile political systems such as Russia and Cuba, Mr. Conquest added, "You've got a machine. When one of the plugs is pulled out, it doesn't work the same way."

When news that Mr. Castro had undergone surgery reached Miami last week, Cuban refugees immediately flooded the streets of Little Havana, with car horns beeping, weeping and waving Cuban flags.

But expectations of the dictator's demise may be premature. "They're always trying to kill me off," Mr. Castro has often joked.

"The celebrating has turned into reality," said Miss Lush. "Everybody's on edge here. Nobody's seen Raul, either."

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She was told to look for troop movements as a signal of a shifting political landscape. "There have been troop movements. That may signal the military getting ready," Miss Lush said.

The official explanation from Havana was that Cuba's military was gearing up to prevent a U.S. invasion. But the man who would order such an invasion says he's in the dark, too.

On vacation in Crawford, Texas, Mr. Bush had plenty to say yesterday about the situation in Lebanon, but when a reporter asked about Mr. Castro, the president professed to be as mystified as any other American.

"First of all, Cuba is not a very transparent society, so the only thing I know is what has been speculated, and that is that on the one hand, he's very ill; and on the other hand, he's going to be coming out of a hospital," Mr. Bush said during a press conference with Secretary of State Condoleezza Rice. "I don't know. I really don't know."

In Cuba last week, National Assembly President Ricardo Alarcon said Mr. Castro was "very alive."

Raul Castro, 75, assumed power, but he has yet to address the nation. White House press secretary Tony Snow said he didn't have any information because Cuba is a "closed society."

Concealing the state of a president's deteriorating health is nothing new. Francois Mitterrand, president of France, hid the fact that he had cancer for 14 years before his death in January 1996 at age 79. When Palestinian leader Yasser Arafat fell ill last year, there was speculation that he suffered from AIDS or was poisoned, but no information was given and his wife refused an autopsy.

And then there was Spain's Francisco Franco. The Spanish leader lingered on life support for so long under a cloud of secrecy that when he was officially pronounced dead in 1975, it was old news, inspiring a running joke on TV's "Saturday Night Live" with Chevy Chase announcing, "This breaking news just in: Generalissimo Francisco Franco is still dead."

Dwight D. Eisenhower was president when Mr. Castro seized power in Cuba's 1959 revolution. Mr. Castro has remained in power through nine succeeding U.S. administrations, surviving assassination attempts and other health crises over the years. But this time, as he nears the age of 80, no news may be bad news.

Reports of the dictator's illness sparked a capitalist frenzy on EBay, where one entrepreneur last week offered a new domain name for sale. The starting bid was $1,900 for www.adiosfidel.com.

Bush: Cubans On The Island Will Decide Country's Fate (AFP)

By Olivier Knox

AFP, August 8, 2006

US President George W. Bush said that Cubans "on the island" ought to decide their own future after ailing Fidel Castro gives up power, sending a strong signal to US-based Cuban exiles to stay on the sidelines for now.

But Cuban-American groups in Miami rejected Bush's view, saying they would not wait for the end to Castro's regime to involve themselves in the island's politics.

"Our desire is for the Cuban people to be able to choose their own form of government," said Bush, speaking from his Texas ranch one week after the Cuban leader provisionally handed power to his brother, defense minister Raul Castro, as he reportedly recovered from surgery to stem intestinal bleeding.

US officials "would hope that -- and we'll make this very clear -- that as Cuba has the possibility of transforming itself from a tyrannical situation to a different type of society, the Cuban people ought to decide," Bush said.

Once Cubans form a government, "then Cuban-Americans can take an interest in that country and redress the issues of property confiscation," he said.

"But first things first, and that is the Cuban people need to decide the future of their country."

Reacting to Bush's statement, two leading Cuban exile groups in Miami said that they would not wait for political change to get involved in Cuban affairs.

"Our concerns and participation in the developments in Cuba will not wait until there is a political transition," said Camila Ruiz, spokeswoman for the Cuban-American National Foundation, one of the largest anti-Castro exile groups.

"We are very interested in helping, and accelerating a transition towards democracy as much as we can," she said.

Bush cannot determine "when the exiles can participate or not" in Cuban internal affairs, added Ninoska Perez with the Cuban Liberty Council, another anti-Castro group.

Ruiz conceded that it was "premature" to discuss issues like property recovery, "particularly because the regime uses it to scare Cubans, making them believe that the exiles want to return to recover their property and throw people out of their homes."

There were raucous celebrations last week among the 800,000 Cuban-Americans in south Florida at the news that Castro had turned over power to his brother, with many hoping for a complete regime change that would allow them to return to the island.

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But since then, neither Fidel, who turns 80 on Sunday, nor Raul, 75, have appeared in public, raising speculation about the state of Cuba's leadership.

Cuban exiles in Miami have called for protests and an anti-communist uprising on the island.

Officials in Havana have said that Castro's health has to be treated as a state secret because of pressure from the United States for political transition as well as -- according to Havana -- a possible US invasion.

But both US Secretary of State Condoleezza Rice and Bush spokesman Tony Snow have dismissed the idea, with Rice describing it as "simply far-fetched" and "not true" in a Sunday television interview.

According to Cuba's official media, Castro is recovering well from surgery. Cuban Vice President Carlos Lage said Monday Castro should be back at the helm "in weeks."

Bush said he had no information about Castro's condition.

"Cuba is not a very transparent society," he said.

"The only thing I know is what has been speculated. And that is that he is very ill. On the other hand he's going to be coming out of hospital. I don't know. Really don't know."

Bush on Thursday urged Cubans to work for democratic change and pledged US support following the temporary handover of power. On Friday Rice delivered a message to Cubans on US-funded Radio and TV Marti repeating the same themes.

It was unclear if Cubans saw or heard the message, as the Communist government goes to great lengths to jam Radio and TV Marti broadcasts.

Last month Bush more than doubled funding, to 150 million dollars, for efforts to support a transition to democracy in post-Castro Cuba.

White House Weighs Change To Cuba Policy (NYT)

By Eric Lipton

The New York Times, August 8, 2006

WASHINGTON, Aug. 7 — With the fate of Fidel Castro still unclear, the Bush administration is looking for ways to prevent a possible surge in illegal immigration from Cuba while perhaps easing the way for some Cuban-Americans to bring their relatives to the United States.

Any effort by Cubans to enter the United States illegally by boat or other means will still be blocked, and officials are considering adopting a policy of rejecting new or pending visa applications for anyone caught trying to sneak in.

But the administration is considering setting up a system that would speed the immigration process for Cubans with close relatives in the United States who have entry applications pending, according to a report on Monday by The Associated Press that was confirmed by two federal officials.

The change would not necessarily increase the number of Cubans annually given permission to enter the United States, which is about 22,000, but it would give people with families here higher priority.

Before the Cubans could come to the United States, however, Cuba would have to grant them exit permits, said the officials, who asked not to be identified because no final policy decisions had been made.

Consideration of policy changes has been accelerated by the recent transfer of power from Mr. Castro to his brother Raúl.

The officials said another possible change would ease immigration for Cuban doctors who have gone abroad as part of a program sponsored by the Cuban government to send physicians to developing nations. But the United States would block immigration for Cubans with ties to the Castro government who have been involved in human rights abuses.

Russ Knocke, a spokesman for the Homeland Security Department, which oversees immigration enforcement matters, said that no changes had been made and that Cubans should not see these discussions as a reason to consider trying to enter the United States illegally.

“The administration continues to urge Cuban people to stay on the island and work for a democratic Cuba,” Mr. Knocke said.

U.S. Weighs Immigration-Policy Changes For Cuba (WSJ)

By John D. Mckinnon And Robert Block

The Wall Street Journal, August 8, 2006

WASHINGTON -- The Bush administration, concerned that boatloads of refugees may attempt to reach Florida as the Castro regime totters, is considering changes to immigration policy that would ease legal entry to the U.S. for many Cubans.

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But some government officials worry that the policy shift itself could unleash an unmanageable flood of immigrants, and there were signs yesterday of last-minute second-guessing within the administration. A spokeswoman for the Department of Homeland Security, Joanna Gonzalez, said there were "ongoing deliberations," but "at this time there is no change in policy."

The review predates Cuban leader Fidel Castro's recent hospitalization. But it comes as the Bush administration confronts the prospect that Mr. Castro's exit from power -- and possible replacement by his brother Raúl -- will produce waves of immigration and dislocation.

A senior U.S. diplomat said fear of the political ramifications of a massive influx before the November elections -- potentially troublesome to President Bush, as well as his brother, Florida Gov. Jeb Bush -- was a factor in the deliberations. They are saying Raúl will become a swim coach: Castro will gasp his last breath and he'll blow a whistle and then everyone will be in the water swimming for the U.S.," he said.

The most notable move under consideration could speed up the arrival of thousands of Cubans who have immediate relatives living in the U.S. Under current policy, they must wait as long as 12 years to get visas to be reunited with their families. As contemplated, the U.S. might allow those Cubans to come here nearly immediately, and then qualify for U.S. residency under a special law that grants legal status to Cubans who make it to U.S. soil. That change could discourage smugglers, U.S. officials believe, as well as would-be rafters and boaters.

The U.S. also is considering allowing Cuban doctors working in other countries to enter the U.S. Another possibility is using available information to create a list of Castro-regime collaborators who would become ineligible for entry to the U.S.

Some in the administration worry that the change under consideration for immediate family members would itself inundate Florida with immigrants. But other officials say the prospect of Mr. Castro's demise might induce many to stay in Cuba, in hopes that the situation there will improve.

Any changes are likely to be accompanied by warnings that a mass exodus wouldn't be acceptable to the U.S., according to a person familiar with the discussions. Homeland Security officials are looking at ways to discourage Cuban Americans from heading to Cuba to rescue family or to try to take back property.

Administration Shifting Cuba Policy (AP-Y)

By Lara Jakes Jordan

AP2, August 8, 2006

The Bush administration is preparing to help reunite some Cuban families with relatives already in the United States as part of a limited easing of immigration rules following Fidel Castro's handoff of power.

At the same time, draft documents obtained Monday describe proposals to discourage smugglers trying to sneak immigrants into the U.S. from Cuba, in hopes of impeding any mass migration. In addition, the plan would refuse entry to Cuban government officials who have engaged in human rights abuses but make it easier for some Cuban doctors to move to the U.S.

While stressing that any policy shift was not yet final, administration officials said the changes could be announced as early as this week.

"Taken together, they promote safe, legal and orderly migration, while they also support the Cuban people in their aspirations for a free and prosperous society," says a draft copy of Homeland Security Department talking points obtained by The Associated Press.

The new rules are being considered three months before elections in which Florida's governorship and at least one U.S. House seat in Florida are considered in play. Many Cuban immigrants live in the state.

The Homeland Security Department oversees U.S. immigration policy.

The administration has been tightlipped about any changes since Castro stunned the world by temporarily ceding power a week ago to his brother, Raul, to undergo surgery. U.S. officials say they fear that any signal of a relaxed immigration policy could trigger a mass migration from Cuba.

To discourage Cubans from setting off for the U.S. by boat or raft, the administration is considering plans to cancel or reject visa applications from those who are caught trying to sneak in. Currently, Cubans stopped at sea are returned home — or taken to the U.S. Naval Base at Guantanamo Bay for asylum interviews if necessary — but do not face any penalties if they apply for visas in the future.

An estimated 125,000 Cubans fled the island in April 1980, followed by 40,000 more in August 1994. U.S. officials say fewer than 1,000 Cubans now reach American shores by sea annually.

Under the "wet foot/dry foot" policy, most Cubans who reach U.S. soil are allowed to remain, while those intercepted at sea are sent home. It is unknown how many attempt the risky voyage and don't make it.

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The documents indicate that measures to help more Cubans flee Castro's government were under discussion before the longtime leader stepped aside. "The administration has been considering possible changes for some time," noted a list of possible questions and answers included in the Homeland Security talking points.

President Bush said Monday, "We would hope that — and we'll make this very clear — that as Cuba has the possibility of transforming itself from a tyrannical situation to a different type of society, the Cuban people ought to decide."

Still, the Homeland Security documents reveal potential scenarios under discussion to help some Cubans flee their country. They include:

_Reuniting families by allowing U.S. residents to apply for expedited parole — legal entry into the country — for close relatives in Cuba. This would speed the immigration process for an estimated 10,000 Cubans who are waiting for U.S. visas to join families in the United States. Fewer than 1,200 visas have been issued annually to Cubans over the past five years, the documents show.

The Cuban government, however, would have to agree to issue exit visas for people headed to the United States. The documents do not address what the U.S. would do if Cuban authorities denied the exit visas, except to note that the Cuban government can ensure "the safety and welfare of its nationals by granting exit permission to people who are ready to travel."

_Discouraging human smuggling operations from picking up Cubans at sea by allowing U.S.-based relatives to get information on their whereabouts. Currently, federal authorities are not supposed to release specific information about migrants who are picked up at sea.

Under one scenario, according to a Homeland Security official, the new policy would allow U.S. relatives to obtain that information through their representative in Congress. The lawmaker would then get the information from Homeland Security and pass it back to the constituent.

_Giving Cuban doctors who have gone to other nations — and their families — more access to immigrating to the U.S. after undergoing background security checks. According to the documents, the Cuban government sends medical professionals to developing nations "as a foreign policy tool." The administration also is considering expanding this benefit to other professions.

_Refusing U.S. entry to Cubans, or deporting those who are already in the country, who are found to have committed human rights abuses on behalf of the Castro government.

"They will be barred from entering our country by legal means whenever possible, and if they are discovered within our borders, we will take every measure to ensure that they suffer the consequences for their past behavior," the documents note.

Castro's power handoff prompted the Bush administration to meet with congressional lawmakers in Miami and south Florida about possible immigration changes to accommodate an influx of Cuban migrants. An aide to one of the lawmakers, speaking on condition of anonymity because of the sensitivity of the matter, said efforts to reunite families were among plans being discussed.

New Plan Would Lead To US Troop Cuts In South Korea: Official (AFP)

AFP, August 8, 2006

US force levels in Korea will be reduced under proposed command arrangements that would move the US military from the lead to a supporting role in the defense of South Korea in time of war, a senior US defense official said.

The new plan is still being finalized but the two countries hope to reach agreement by late October, said the official, who briefed reporters on condition of anonymity.

The official said the troop reductions would involve headquarters and support elements, and would not result in a cut in US combat capabilities on the Korean peninsula, which he said would be increased.

"As the adjustments take place there will be a reduction in the number of US forces located in the Republic of Korea beyond the level of 25,000 we've currently agreed to," said the official, who briefed reporters on condition of anonymity.

"Will it be a substantial reduction? I do not believe so," he said, adding that details would be worked out over the next few months.

The official said the United States and Seoul expect to have agreement on the change in command structure when the US and South Korean defense ministers meet in Washington for annual security talks at the end of October.

"What the Republic of Korea has suggested is it would like to be able to retain wartime operational control over its forces," he said. "We think this is a reasonable request. We think it is a request whose time has come."

The proposals call for scrapping the current command arrangement under which a US general would take charge of a combined US-South Korean force if war broke out on the divided peninsula.

Instead, the South Korean military would assume primary responsibility for defending the country in time of war, and US forces would play a supporting role, the official said.

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US troops would not come under South Korean operational control but would fall under a parallel US command, the official said.

How soon the changes could go into effect is still under discussion, he said. The South Koreans have said 2012 but the Americans believe it could be accomplished as early as 2009, he said.

Probe Into KBR Role In Nigeria Bribe Case (FT)

By Michael Peel

Financial Times, August 8, 2006

A subsidiary of Halliburton is under investigation by the UK's Serious Fraud Office over the US oil service company's part in an alleged plot to pay more than $170m (£89m) of bribes to win billions of dollars of work at a giant Nigerian gas plant.

The SFO said it had carried out searches at business and residential premises as part of the probe into KBR, whose work on the project was underwritten partly by British government money.

The SFO's action opens a fresh front in a high-profile case being investigated in the US, France and Nigeria. For part of the period under investigation, Halliburton was headed by Dick Cheney, the US vice-president.

The SFO gave few details about its probe, which it said opened in March. The searches were carried out on July 20 at three residential addresses and one company office in London, and at a house in Somerset.

Halliburton said it continued to co-operate and was "committed to getting resolution". It declined further comment.

The Nigerian bribery allegations erupted three years ago, when a former executive of the consortium working on the gas plant told a French judge it had operated an offshore slush fund to win contracts since the mid-1990s. The consortium is quarter-owned by KBR, through its 55 per cent-controlled British joint venture, MW Kellogg.

More than $12bn has so far been invested in the gas plant, which supercools natural gas into liquid form so it can be shipped. Royal Dutch/Shell is the project's biggest private shareholder, partnered by Total of France, Italy's Eni and the Nigerian government.

In 2004, Halliburton severed links with two former employees including Jack Stanley, the former KBR chairman, for having taken "improper personal benefits" in connection with the project. Lee Kaplan, Mr Stanley's lawyer, declined to comment.

¦The bribery allegations centre on the construction of the Nigeria LNG natural gas liquefaction plant. The plant is 49 per cent owned by the Nigerian government, 25.6 per cent by Royal Dutch/Shell, 15 per cent by Total of France and 10.4 per cent by Italy's Eni

What the SFO is investigating

¦The SFO investigation comes after the launch of invest-

igations by a French magistrate, the US Department of Justice and Nigeria's Economic and Financial Crimes Commission

¦Investigators are looking into allegations that TSKJ, the plant's main construction consortium for the past decade, agreed between 1994 and 2003 to pay more than $170m in bribes to win billions of dollars of building work.

¦One of the consortium members is MW Kellogg, a British joint venture in which Halliburton's KBR subsidiary has a 55 per cent stake. The other companies involved are JGC of Japan, Technip of France and Italy's Snamprogetti

¦The payments in question were made by the consortium to an offshore company controlled by Jeffrey Tesler, a London-

based lawyer, who has declined to comment. His lawyer has denied the money was used for bribes.

¦The contracts are for services such as promoting the consor-

tium, advising on contractors and helping to maintain good relations with the client, government authorities and business representatives. They include a no-bribery clause

¦Halliburton has severed ties with two former employees including Jack Stanley, a former KBR chairman, for allegedly receiving 'improper personal benefit'

¦Halliburton has said minutes of internal meetings show the consortium had 'considered payments to Nigerian officials'

Big U.S. Business Troupe Is Being Readied For India (NYT)

By Somini Sengupta

The New York Times, August 8, 2006

NEW DELHI, Aug. 7 — The Bush administration is organizing a business delegation to India this fall, potentially the largest such mission ever to a single country, an administration official said Monday, and one that underscores the economic potential of a nation of 1.1 billion, with an annual growth rate of 8 percent.

"That's a reflection of interest in India," the official, Assistant Secretary of State Richard A. Boucher, said, referring to what could be a delegation of up to 400 American business leaders planned in November.

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Trade between the countries has grown by a projected 21 percent this year, to nearly $26 billion, according to the United States Trade Commission and American Embassy officials here.

Exports to India are expected to grow still further if officials in New Delhi carry through with economic changes sought by Washington, including the end of restrictions on foreign investment in industries like retailing and banking. The United States is India's largest trading partner.

The Indian-American nuclear deal, the most potent symbol of a partnership between the countries, bears important consequences for American companies that produce nuclear technology.

The deal, brokered by the leaders of the countries during President Bush's visit to India in March, would offer India access to nuclear technology to expand its civilian program. India has not signed the Nuclear Nonproliferation Treaty. American legislation, if passed, would offer India, which is seeking energy sources, access to the global nuclear market for the first time and, as Secretary of State Condoleezza Rice reminded Congress in testimony earlier this year, also "create a new market for American nuclear firms."

The House overwhelmingly approved the measure last month. Mr. Boucher said the Senate was expected to take it up in September. "It's on track, it's moving swiftly," he told a meeting of politicians and business leaders organized by the Federation of Indian Chambers of Commerce and Industry on Monday. "This bill will reflect the agreement made by the president and the prime minister."

But differences over Iran have dogged the partnership. Last week, the Bush administration announced that it had imposed sanctions on two Indian companies for doing business with Iran. On Monday, the Indian Foreign Ministry criticized the move, saying that the Indian companies, Balaji Amines and Prachi Poly Products, did not breach Indian law "or our international obligations." The companies are accused of selling chemicals to Tehran, a violation of a United States law.

The Foreign Ministry spokesman, Navtej Sarna, said: "India is working with the international community, including with the U.S., as a partner against proliferation. In this context, the imposition of sanctions by the U.S. on our firms, which in our view have not acted in violation of our laws or regulations, is not justified."

Washington also remains critical of a proposal to build a pipeline that would carry natural gas from Iran, through Pakistan, to India. Mr. Boucher suggested this week that India look to energy-producing Central Asian republics like Kazakhstan and Tajikistan instead.

Falkland Islands Dispute Heats Up (CSM)

By Oliver Balch And Mark Rice-oxley

The Christian Science Monitor, August 8, 2006

BUENOS AIRES AND LONDON

It seems an unlikely scrap of land to squabble over. Treeless, remote, and blasted by the full fury of the South Atlantic, the Falkland Islands are home to less than 3,000 people, and thrilling only to those who love nature, big winds, and spectacular isolation.

But Britain and Argentina considered the archipelago important enough to fight over in 1982. And suddenly, unobtrusively, a new row is simmering over the British-owned outcrop, known universally in South America as Las Malvinas.

Argentina has grumbled about British ownership of the islands, situated around 350 miles from its southern coast, ever since British forces routed Argentine troops in a 73-day war a generation ago. But recently, top Argentine officials have started laying serious claim to the Falklands once again.

In April, Argentina's president, Nestor Kirchner, marked the anniversary of the war's inception by saying the islands "must be a national objective of all Argentines," adding that "we must recover them for our homeland."

In June, he announced the creation of a top-level parliamentary group dedicated to winning back the disputed islands, which Argentina claims were forcibly seized by British settlers in 1833.

"The Falklands question is one of marked importance for our country, not only because it implies an evident territorial disintegration, but because of the historical significance this anomaly has for our country," says Jorge Argüello, a pro-Kirchner congressman and head of the new Parliamentary Observatory on the Falklands Question.

At the same time, the foreign minister, Jorge Taiana, used a private audience with UN Secretary-General Kofi Annan to request his intervention in a new round of talks on the islands' sovereignty. Tensions are set to heighten as Britain prepares a major celebration for next year's 25th anniversary of the war. British response to renewed friction

The response from Britain - and from Falklanders - has been unequivocal. Britain says that as long as the islanders want to remain part of Britain there can be no question of ceding sovereignty, despite the annual £100 million ($191 million) bill of keeping 1,200 soldiers on the islands.

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Sir Nicholas Winterton, a British MP who chairs a parliamentary group on the Falkland Islands, says Mr Kirchner's "aggressive comments" were "without foundation and totally unjustified. The comments are no doubt for internal domestic purposes," he says, a reference to upcoming elections in Argentina.

And the islanders apparently have no wish to cede their British status. "We are happy with our state as overseas territory of the [United Kingdom]," says Sukey Cameron, the islands' representative in London. "We are a British community and we value and wish to retain those links."

Britain has a dozen or so overseas territories like the Falklands. It ceded Hong Kong back to China in 1997, but officials stress that that was a different case as the territory had been leased in the first place. Of the others, only Gibraltar is disputed, but even there Britain and Spain and the Gibraltarians manage to conduct normal relations while a solution is worked out.

That is not the case with the Falklands. Argentina is geographically closest to the islands, and yet there are no flights, no trade, and very few visitors from the country. Given the small population, the islanders are reliant on visiting specialists - obstetricians, opticians, even piano tuners and stand-up comedians - to fill in the gap in the Falklander skills base. Such services could be provided from Argentina, but instead all fly the 16,000-mile round trip from Britain. 'Economic warfare'

The economic potential of the islands has not been lost on Argentina. It has repeatedly protested to Britain about oil prospecting and fishing activities in the waters around the islands. The fisheries, professionally run, have proved so lucrative in fact that several Falklanders have become millionaires in recent years. In response, the Argentines have strongly criticized the Falklands government for extending commercial fishing permits from one to 25 years.

Some Falklanders suspect that this time Argentina might use economic tools rather than military hardware to achieve its ambitions. A recent decision to ban charter flights to the Falklands, for example, is estimated to be costing the islands' booming tourist industry up to $3 million a year.

"They want to damage our economy. They want to go for trade and economic warfare rather than military warfare," says Tim Miller, president of the Falklands' chamber of commerce.

Yet, Congressman Argüello denies that Argentina's renewed interest in the Falklands is economically motivated, maintaining that the government's current policy merely reflects "the strong sensitivity" of public opinion toward the islands. The dispute is most keenly felt in the south of the country, home to many of the veterans of the 1982 Falklands War as well as President Kirchner.

But many younger Argentines don't share the current government's enthusiasm.

"These islands have already caused years of dispute," says arts student Magdalena Bustamante, who was 2 years old when the 1982 conflict broke out. "Even though they are geographically with our territory, I don't think that is sufficient reason for us to appropriate them."

Buenos Aires resident Fernando Arias says most Argentines are not bothered by the issue. But he adds: "Should the British give it back? I would say 'yes' because we feel the British stole them from us. Should they be English? Not more than Hong Kong or Gibraltar."

Embassy's Reopening Hits Dry Hole (WT)

By Jim Mcelhatton

The Washington Times, August 8, 2006

The Libyan government took 25 years to repair diplomatic ties with the United States to be able to reopen an embassy in the District, but it can't because the District's utilities authority refuses to turn on water service.

At issue is more than $27,000 in outstanding water and sewer bills for the property where the Libyan government is trying to reopen its embassy on U.S. soil for the first time since 1981.

The D.C. Water and Sewer Authority (WASA) has filed liens and shut off sewer and water service for the property, located at 2201 Wyoming Ave. NW.

The dispute prompted Libya last week to file a lawsuit against WASA in federal court in the District. The suit demands that water and sewer service be turned on and that WASA pay $1 million in damages.

This isn't the first time WASA has tangled with a foreign government. The utility has filed property liens against more than a dozen foreign countries in recent years, though several embassies eventually settled the debts, records show.

In its lawsuit, Libya says it hasn't occupied the Wyoming Avenue property since 1981, when the United States cut diplomatic ties with the country and shut its embassy.

The Libyan government wants to reopen the embassy because Secretary of State Condoleezza Rice upgraded relations with Libya in May.

During the years Libya had no embassy in the District, the United Arab Emirates took control of the property. For several years, "squatters" stayed there without permission from Libya or the United Arab Emirates, the suit says.

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The United Arab Emirates evicted the squatters in 2003 and ordered water and sewer service to be shut off, the suit says.

WASA won't provide water or sewer service until the outstanding bill is paid.

WASA records show water and sewer accounts at the property in the name of the "United Kingdom of Libya," and the authority has filed a lien demanding payment.

The Libyan government, however, says it shouldn't have to pay because it didn't authorize the service.

A WASA spokeswoman yesterday said she could not comment on the dispute because the authority's policy is not to discuss pending lawsuits.

In general, WASA spokeswoman Michele Quander-Collins said, the agency doesn't treat foreign embassies any differently than any other ratepaying customers.

"Basically, if they're in arrears, we pursue the customer, no matter who they are," she said. "Most of the time, once we file a lien, the customer will make arrangements to pay."

But collecting debts from foreign governments can pose different challenges.

"We've seen situations where the embassies have claimed they weren't there when the service was rendered, or else their country is no longer in existence," Miss Quander-Collins said.

WASA has filed liens against several foreign countries for debts ranging from a few hundred dollars to tens of thousands of dollars, according to city records.

The Republic of Yugoslavia fell apart in the 1990s, becoming the independent states of Bosnia-Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Slovenia. Yet Yugoslavia still owes more than $14,000 to WASA, according to a lien filed last year.

The former Zaire -- now known as the Democratic Republic of Congo -- has had more than $20,000 in outstanding bills owed to WASA, according to a property lien the utility filed at the D.C. Office of the Recorder of the Deeds in April.

An official at the Congolese Embassy yesterday said officials would not discuss the matter.

Other countries facing WASA liens for outstanding bills in recent years include the Ivory Coast, which owes $6,151, and the Republic of Guinea, which owes $10,796, city records show.

Colombia's Uribe Begins Second Term (WP/AP)

By Joshua Goodman

The Washington Post, August 8, 2006

BOGOTA, Colombia, Aug. 7 -- President Alvaro Uribe began a second term Monday, promising to seek an elusive peace with leftist rebels while maintaining the hard-line security policies credited with a sharp drop in murder and kidnappings.

In an inauguration ceremony attended by 11 heads of state, Uribe said he would devote "all of his energies" to pursuing a peaceful end to this nation's four-decade-old civil war.

"I'm not afraid of negotiating peace," Uribe, 54, said after taking the oath of office. "I confess what worries me more is falling short of that goal and instead seeing our gains in security eroded."

After reforming the constitution last year to allow himself to seek a second term, Uribe coasted to victory in the May 28 elections with 62 percent of the vote -- 10 percentage points more than he won in 2002. He is Colombia's first sitting president to be reelected.

Despite his reputation as a free-market conservative and Washington's closest ally in Latin America, Uribe at times in his speech sounded like the left-leaning social democrats favored of late by voters in neighboring countries.

"We are against a fiscally tight macro-economic policy that leaves economic growth to the luck of supply and demand. The state must be devoted in equal parts to growth and equality," he said.

Uribe made no bold proposals for improving the lot of the 50 percent of Colombians who live below the poverty line -- on less than three U.S. dollars a day -- even as the rich benefit from the increased foreign investment that improved security has brought.

Chad's Switch To Beijing's Side Draws Angry Response In Taiwan (NYT)

By Keith Bradsher

The New York Times, August 8, 2006

HONG KONG, Aug. 7 — Taiwan's foreign minister warned Monday that Beijing's establishment of diplomatic relations over the weekend with Chad, one of Taiwan's few remaining allies, would hurt relations across the Taiwan Strait.

The switch in diplomatic relations also raises the possibility that China may use its influence to try to restrain Sudan and Chadian rebels, as both reportedly receive arms from Beijing. Sudanese militias with government links and Chadian rebels have been tied to killings and rapes in eastern Chad and in the Darfur region of neighboring Sudan.

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Foreign Minister James Huang of Taiwan said the switch in diplomatic relations followed two months of secret meetings between Chadian and Chinese diplomats in New York and Paris, as part of an effort by Chad to buy peace on its eastern border.

While diplomatic relations with a landlocked, impoverished country engulfed in civil war might seem a small prize, Taiwan and mainland China have a history of acrimonious disputes over ties to even the smallest nations. When the Pacific island nation of Nauru temporarily switched relations to mainland China in July 2002, President Chen Shui-bian of Taiwan infuriated Beijing by suggesting in two public remarks that Taiwan was moving toward greater political separation from the mainland.

Beijing officials view Taiwan as a renegade province, split off from the mainland since the Nationalists took refuge there during the 1940's civil war with the Communists. The mainland has threatened to use force if Taiwan declares formal independence.

Mr. Huang said in a telephone interview from his home in Taipei on Monday night that his government was especially upset because of the way Chad and China went about establishing diplomatic relations. Prime Minister Su Tseng-chang of Taiwan had been invited to attend the inauguration of President Idriss Déby of Chad on Tuesday and was within hours of flying to Chad when Taiwanese officials learned that Chad was switching diplomatic recognition to mainland China, officially known as the People's Republic of China.

"It's actually a setup by the P.R.C. to humiliate Taiwan and that's not acceptable, and it's going to have repercussions in terms of cross-straits relations," Mr. Huang said.

Taiwan pre-empted Chad by breaking relations early Sunday morning, and Chad and China then established diplomatic relations at a ceremony in Beijing on Sunday night.

Beijing's official New China News Agency said a communiqué from the ceremony declared that, "Taiwan is an inalienable part of the Chinese territory." The Chinese news agency made no mention of the turmoil in eastern Chad or the Darfur region of western Sudan, or of China's role there.

Mr. Huang said President Déby had previously told Taiwanese officials that China was arming rebels in eastern Chad who are trying to overthrow his government. The rebels have been blamed for some of the killings in eastern Chad and in Darfur.

China is also a close ally of Sudan, buying oil from it and helping Sudan resist pressure at the United Nations to force government-linked Sudanese militias to end their violence against civilians in Darfur.

"President Déby indicated over and over again that China is supporting the rebels to try to topple the government," he said. "He even mentioned that China is our common enemy."

Mr. Huang said China was also interested in Chad's oil. Last year, a Taiwanese oil company obtained oil exploration rights in Chad; it has not heard whether the switch in diplomatic relations will affect it, he said.

A Couple Divided By Faith (LAT)

By Sebastian Rotella

The Los Angeles Times, August 8, 2006

PARIS — He has spent the last year in Iraq's notorious Abu Ghraib prison, a suspected foreign militant many miles from home.

She remains in the neighborhood on the northeastern edge of Paris where they grew up, worrying, wondering, trying to bring him back.

But the 23-year-olds are separated by more than distance and prison walls.

He's a Muslim who grew up in a housing project and worked as a deliveryman. She's a middle-class university student from a Jewish background who has relatives in Israel.

Yet they fell in love. And they stayed together after he fell into the harsh world of Islamic extremism. He became remote, obsessive, groggy from overnight prayer rituals. He told her it was a sin for them to touch each other. So he sat across the room when she visited, making his mother serve as chaperone.

She remained loyal even after he turned up in Iraq, after 10 of his friends were slain, maimed or jailed, the human debris of a doomed odyssey. She still talks about their romance as if it has a future.

On one level, the story of Peter Cherif and his girlfriend is a Romeo and Juliet tale. On another, it offers a look at the confused world of young European extremists, for whom holy war can be as much about identity and machismo as religion, as much about group psychology as ideology.

"He was never anti-American," says the tanned, pretty student with long hair, her eyes shining with tears. "He likes McDonald's, rap, American war movies. He never said anything anti-Jewish."

The girlfriend asked that her name be withheld for reasons of safety and because she has kept the relationship a secret from her family. During an interview at a cafe here, the strain on her was evident. She toyed with her drink and fidgeted. The sound of passing sirens made her grimace.

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"We talked a lot about Israel and the Palestinians, how kids and innocent people always suffered," she recalled. "He was more concerned about the Palestinians, so I told him about the Israeli side. And he listened to me. I can't believe he went off to Iraq to kill anyone."

But French anti-terrorism police say Cherif belonged to a cell of young Islamic extremists that took root in the 19th arrondissement of Paris in 2003. The youngest, Salah, was only 13 when he went off to study at a Koranic school in Syria. He allegedly helped operatives acquire weapons and cross into Iraq. Salah, whose last name is being withheld because he is a minor, has since disappeared.

Cherif was the sole member of the group with military experience. The others "trained" by jogging in Buttes-Chaumont Park, a lush expanse of rocky hills and waterfalls near their homes. In some cases, their determination seemed to waver: During the months when he was girding for combat in Iraq, one suspect also applied for a job with the Paris subway system.

Recruits to Islamic extremism are younger and more volatile today because radicalization happens faster than ever, investigators say.

"That's what's interesting and worrisome," a senior French anti-terrorism official said. "No logic, totally aberrant behavior. We've seen some of them, just before leaving for jihad, whose lives were dissolute, not at all Islamic."

Cherif's father, who died when his son was 14, was a Catholic Afro-Caribbean immigrant. His mother, Myriam, was born in Tunisia. She talks proudly about her own father's medal-winning exploits with the French military in World War II and Indochina. Myriam Cherif is a petite woman with flowing dark hair who has struggled with illness as well as her son's ordeal. She did not raise Cherif as a practicing Muslim; he did not speak Arabic as a child. His interests were typical: sports, MP3s, the Internet. He grew up in a household that cherished French values of democracy, secularism and tolerance, his mother said.

"I am not anti-American, I am not anti-Semitic. And there you have it: Peter's fiancee is Jewish," said Myriam Cherif, who has developed a warm bond with her son's girlfriend.

Their neighborhood is multiethnic. In drab public housing towers, working-class Muslim families predominate. Around the park and the scenic La Villette canal, gentrified pockets are spreading. The area has a significant Jewish population.

Cherif's girlfriend is not devout. One of her parents is Jewish; she regards Judaism as a strong element of her identity. She has visited relatives in Israel. She considers herself open to all faiths and nationalities.

"I have always had many religions around me, and I like it like that," she said.

France's immigrant neighborhoods can be hostile turf for Jews. Arson and vandalism against synagogues escalate when conflict flares in the Middle East. Orthodox Jewish men and boys often wear baseball caps to conceal their yarmulkes because of periodic assaults.

Nonetheless, Cherif's girlfriend says she has never had problems in her neighborhood, even during visits to Cherif's apartment complex.

"The project can be a little uneasy, but people have gotten to know me there," she said. "Everybody knows Peter; he's lived there since he was little. They associate me with him, and with his mother, and they leave me alone."

Part of the young woman's family migrated to France from an Arab country, like many French Jews. That shared background sometimes helps bridge the gulf with North African Muslims here. Despite ideological and religious tensions, some Jews and Muslims in mixed areas accept each other as part of a close-knit culture that treats neighbors differently than outsiders.

The couple have known each other since middle school, but their romance began in 2002 after they ran into each other on the street. Cherif had just been discharged from the army. He had permanently damaged his back and ankle in a parachute jump, ending his hope of joining an elite unit and following a military career like his grandfather.

Although hobbled, Cherif was athletic and broad-shouldered, and had a streetwise charm. As they grew close, his girlfriend said she began to see the world through his eyes. Like many dark-skinned working-class youths, he was haunted by prejudice and paranoia, by the conviction that his fellow French citizens saw him as a thug.

"He told me, 'You watch. You'll see how people react when we go out. They are thinking: What's a girl like that doing with a guy like him?' It was true. When people saw him on the subway, they would hide their cellphones like they thought he was going to steal them. That hurt him a lot. But he learned to live with it. He was proud to be with me. And I was proud to be with him," she said.

The relationship seemed to give Cherif a renewed sense of purpose. He got a job as a deliveryman, saving enough to buy a car and help his mother with household expenses.

"He was becoming a respectable, responsible guy," his girlfriend said.

But Cherif also turned increasingly religious, perhaps because of restlessness and the psychological blow of his career-ending injury. Anti-terrorism investigators say such traumas often open the door to radicalization.

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Cherif started praying in his room every night, his girlfriend said, then decided to go to the neighborhood mosque. There he met Farid Benyettou. Only a year older, Benyettou wore thick glasses and unruly long hair beneath a turban, and had the magnetism of a true believer. His brother-in-law had done time for involvement in an Algerian terrorist network.

Cherif joined a "study group" that spent hours at Benyettou's apartment reading the Koran, praying and talking about Islam. The girlfriend said she never met Benyettou, whom Cherif called "my professor." But the street ideologue soon intruded into her life.

"It was like a sect," she said. "Benyettou knew all the weak and strong points of his disciples. He made them fast. He kept them awake all night praying. The fatigue made them vulnerable. Then he started clearing the environment around them. He knew I was a strong influence. He told Peter to get rid of me; I was an obstacle to his faith, a non-Muslim."

Cherif acquired a beard and a withdrawn, sullen air. He recoiled from sexual temptation, avoiding physical contact with his girlfriend and even averting his eyes from billboard advertisements for lingerie.

But unlike other wives and girlfriends of European extremists, she never considered converting to Islam. She thought she could eventually rescue him from fanaticism. Despite the tension and bickering, she was encouraged that Cherif seemed unwilling to break up with her. So she accepted Cherif's insistence on a purely "spiritual relationship."

"We talked a lot," she said with a melancholy grin. "We couldn't do anything else, so we had long conversations."

Cherif's transformation also distressed his mother. She passionately denounces radical recruiters such as Benyettou, who was jailed here last year on charges of sending his disciples to fight in Iraq.

"They toy with our children, brainwash them," she said. "They bring together a group and tell them they are all brothers together. That fraternal love, it fulfills something everyone is looking for. But it turns into hate for the outside world."

In early 2004, Cherif took part in protests against a French law banning Islamic head scarves in public schools. He was filmed by news crews and police intelligence officers next to Benyettou, raging against France and praying on the sidewalk.

Investigators say Cherif's group also displayed the fierce anti-Semitism common among Islamic extremists. One suspect made threatening comments about taking revenge on the Jewish owner of a restaurant where he had worked, according to investigators.

Cherif opposed the war in Iraq, his girlfriend said, but so did she.

When he left for Damascus, the Syrian capital, in May 2004, he said he was going to join friends studying at a Koranic school. The school has served as a way station for European jihadis on their way to Iraq.

Back in Paris, Cherif's mother and girlfriend were not enthusiastic, but at first the experience seemed positive. Cherif communicated almost every day with his mother using a webcam at a cyber cafe, and his girlfriend often came to her house to take part.

"He said no one looked at him strangely on the street in Syria; he felt welcome, comfortable. He told his mother we should come visit. It's hard for me to think he was getting ready to fight in Iraq if he wanted us to join him," his girlfriend said.

But by July, Cherif had cut off contact. His girlfriend heard his voice for the last time during a short, tense call to her cellphone in November 2004. Cherif asked insistently about his mother. He told his girlfriend not to use his name on the phone.

"He told me: 'I can't talk right now. I'll try to call you again, but I can't promise anything.' Then he hung up. I looked at the number and I realized it was an Iraqi area code. From then on, I was desperate," she said.

U.S. troops in Iraq captured Cherif and another Frenchman near Fallouja on Dec. 2, 2004, shortly after the ferocious battle for that insurgent stronghold. Court documents indicate Cherif was detained, unarmed, at a checkpoint and imprisoned at Camp Bucca in southern Iraq. In August 2005, he was transferred to Abu Ghraib.

At least three of his friends have died in combat or suicide attacks in Iraq, French investigators say. Another, Mohammed Ayouni, turned up recently in Syria missing an eye and part of an arm. Syria deported him to France, where he is in jail on terrorism charges. Ayouni sustained the wounds fighting in Fallouja, the senior official said. Ayouni says he was helping rescue civilians caught up in the fighting, according to his lawyers. Three more suspects are jailed here.

Although the fate of his friends does not help Cherif's case, his girlfriend and mother question the length of time he has been held and the fairness of Iraq's judicial system. In March, lawyers acting on behalf of Cherif and the two women filed suit here alleging unjust imprisonment.

"We believe the length of time he has been held and the lack of information about the charges are violations of international law," said Olivier Foks, one of the lawyers. "After 19 months in this situation, our goal is that he be repatriated to France and that the French justice system looks into his case."

Communications are very limited, but Myriam Cherif says the International Red Cross has delivered three brief messages from her son. He is apparently in good health. He has been housed in a large, air-conditioned tent where inmates can watch DVDs, Foks said.

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In response to a recent inquiry from the Los Angeles Times, a U.S. military spokesman in Baghdad reported that Cherif was tried in Iraq's Central Criminal Court between June 28 and July 4 on charges of illegally crossing the border. Iraqi courts sometimes use immigration laws to go after suspected foreign fighters.

Cherif was convicted and will be turned over to the Iraqi prison system, said Army Lt. Col. Keir-Kevin Curry, the U.S. military spokesman. The sentence: 15 years.

Cherif's girlfriend wants to believe that he did not take part in combat.

"It's possible he was convinced to fight, but I want to think he hung onto his true ideas," she said. "I hope he gets brought back to France. He has to explain himself to everyone. He has to explain himself to me."

Tantrum South Of The Border (LAT)

The Los Angeles Times, August 8, 2006

UNWILLING TO ACKNOWLEDGE THAT his own dismal campaign may have cost him the presidency, Mexico's sore loser, Andres Manuel Lopez Obrador, is threatening to bring the country to a standstill. He repeated his call for a civil disobedience campaign in the aftermath of Saturday's preliminary decision by the nation's Federal Electoral Tribunal to review only 9% of ballots cast in the July 2 election.

Lopez Obrador, who lost by less than 1% of the vote to conservative Felipe Calderon, has demanded a full recount of all ballots, but the tribunal for now will be looking at polling places where affidavits suggest a possible error. Already, Lopez Obrador's cries that he was robbed have left Mexico City with a sizable headache. The leftist former mayor's supporters have pitched tents on the city's central square and along busy Reforma Avenue.

As much as Lopez Obrador would like to believe otherwise, this isn't the Mexico of a quarter of a century ago. The nation's electoral system is now independent. Lopez Obrador hasn't been victimized by an authoritarian government, as he and Calderon's party were in the heyday of the long-ruling Institutional Revolution Party, or PRI. Instead, Lopez Obrador is now trying to intimidate and undermine the democratic process.

In the weeks since the election, Lopez Obrador has been trying to have it both ways — exercising his right to challenge the results before the specialized court created for that purpose while arguing that the vote was rigged and that he will never concede defeat. Thus far, his attempts to find irregularities have failed miserably. A video purported by Lopez Obrador in mid-July to show ballot stuffing in the state of Guanajuato was discounted by a representative from his own party. He replied, in typical fashion, by questioning the integrity of his party's representative.

Widespread fraud in this election would have been quite a logistical undertaking, involving hundreds of thousands of citizens chosen at random — much like Americans are chosen for jury duty — to operate polling stations.

Given Lopez Obrador's incessant complaining about the unfairness of the election, it is important to remember that the independent bodies that oversee elections in Mexico were largely created and designed in response to the urgings of Lopez Obrador's Democratic Revolution Party, or PRD. The tribunal could still call for a broader review, but Mexican law is wary of full recounts lest the election-day work of those conscripted ballot-counting citizens be undermined.

Even some within his party, including influential Michoacan Gov. Lazaro Cardenas (grandson of the nation's iconic populist president and son of the PRD's founder), are suggesting that Lopez Obrador's tantrums are going too far. And 15 of 17 PRI governors, who saw their presidential candidate come in third place, have echoed the assessment of international monitors who called the election exceptionally clean.

For their part, the two-thirds of Mexicans who did not vote for Lopez Obrador in July must be feeling a lot better about their decision with each passing day. Trouble is, even if Lopez Obrador only convinces a fraction of those who voted for him that he is the victim of a rapacious fraud, he can still do the country a great deal of harm.

In Mexico, A Challenger Stays Put (WP)

By Eugene Robinson

The Washington Post, August 8, 2006

MEXICO CITY -- This huge, cosmopolitan city takes almost everything in stride, but nerves are beginning to fray. For the past week, the Paseo De La Reforma and the Zocalo -- Mexico City's grandest boulevard and its most historical plaza -- have been occupied by a tent-city encampment of protesters demanding a recount of last month's presidential election. Traffic was always bad, but now the concept of gridlock is being redefined.

On Thursday demonstrators briefly blocked the entrance to the stock exchange. Rumors that they would try to shut down Mexico City's international airport prompted authorities to send in elite forces to beef up security. Newspapers speculate daily on other potential targets.

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In his first interview with U.S. journalists since the election, the man responsible for all the drama, AndrÃ©s Manuel LÃ³pez Obrador, didn't sound like the delusional would-be Messiah his opponents portray. He sounded like a confident, stubborn man who truly believes he was robbed of victory in the July 2 election and intends to fight to the bitter end. Maybe beyond.

Official returns showed leftist LÃ³pez Obrador losing to the candidate of the right, Felipe CalderÃ³n, by a margin of 0.6 percent. LÃ³pez Obrador seemed a sure winner, according to exit polls, and he alleged widespread fraud in the vote count. On Saturday the Federal Electoral Judicial Tribunal ordered a limited recount -- fewer than 10 percent of ballots cast will be reviewed -- and LÃ³pez Obrador answered by renewing his demand that every single vote cast nationwide be recounted.

"I could not accept anything else," LÃ³pez Obrador said in the interview Sunday, which took place in the silver-and-blue tent at the edge of the Zocalo where he had spent the past several nights, surrounded by supporters from his Democratic Revolutionary Party (PRD) coalition. He had just finished a speech reassuring those in the crowd that their "peaceful civil resistance" would continue.

Hanging from a stanchion behind him was a Mexican flag suitable for the tent of a president. There was a kind of antechamber in which he conducted business and another compartment furnished with a cot.

In LÃ³pez Obrador's view, Mexico is still in a democratic transition after seven decades of one-party rule. It is a country with "profound social inequalities," a "classist and racist" nation where the wealthy power brokers "are not businessmen but are traffickers in influence." He sees his candidacy as a historic opportunity to give the disenfranchised majority a real voice for the first time.

His message has had tremendous resonance. Mexico is riven by many fractures -- rich vs. poor, white vs. indigenous, the relatively affluent north vs. the desperately impoverished south. Roughly speaking, CalderÃ³n appealed to the wealthy, the middle class and the upwardly mobile poor who believed they had a chance of reaching the middle class. LÃ³pez Obrador appealed to poor Mexicans who believed the deck was stacked against them and to better-off voters who agreed with his ideology.

The election was also a referendum on the free-market policies that President Vicente Fox has adopted and that CalderÃ³n, who is also of Fox's National Action Party (PAN), would continue. Many poor Mexicans have yet to see any benefit.

LÃ³pez Obrador said he believes CalderÃ³n and his supporters are resisting a full recount because they know fraud was committed. "Fundamentally, what you have is a profound fear of losing privilege," he said. "They believe that Mexico belongs to them."

The electoral court rejected many of LÃ³pez Obrador's specific allegations of voting irregularities. CalderÃ³n's camp says that now that the court has ruled, the limited recount will proceed and the matter will be settled. So few ballot boxes are being reexamined that it is virtually impossible for the result to change. But if the electoral court sees a pattern of fraud, it might still order a full recount or even an annulment of the whole election. The court has until Sept. 6 to make a final ruling.

LÃ³pez Obrador's major weapon in this struggle is the ability to summon a million people to the Zocalo for a rally, as he did recently -- and to inspire tens of thousands to sleep for a week in tents pitched on hard pavement, through rain, sleet and unseasonal cold. They say they will never give up.

Mexico's public universities resume classes on Monday, which will throw thousands of left-leaning students into the mix -- a potentially volatile element. But LÃ³pez Obrador won't say when he will give the order to strike the tents and go home. He also won't say what he'll do if the whole legal process is exhausted and he still doesn't get the full recount he demands.

"We'll see," he promised.

The writer will answer questions at 1 p.m. today athttp://www.washingtonpost.com. His e-mail address iseugenerobinson@washpost.com.

August 22 (WSJ)

By Bernard Lewis

The Wall Street Journal, August 8, 2006

During the Cold War, both sides possessed weapons of mass destruction, but neither side used them, deterred by what was known as MAD, mutual assured destruction. Similar constraints have no doubt prevented their use in the confrontation between India and Pakistan. In our own day a new such confrontation seems to be looming between a nuclear-armed Iran and its favorite enemies, named by the late Ayatollah Khomeini as the Great Satan and the Little Satan, i.e., the United States and Israel. Against the U.S. the bombs might be delivered by terrorists, a method having the advantage of bearing no return address. Against Israel, the target is small enough to attempt obliteration by direct bombardment.

It seems increasingly likely that the Iranians either have or very soon will have nuclear weapons at their disposal, thanks to their own researches (which began some 15 years ago), to some of their obliging neighbors, and to the ever-helpful rulers of

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North Korea. The language used by Iranian President Ahmadinejad would seem to indicate the reality and indeed the imminence of this threat.

Would the same constraints, the same fear of mutual assured destruction, restrain a nuclear-armed Iran from using such weapons against the U.S. or against Israel? * * *

There is a radical difference between the Islamic Republic of Iran and other governments with nuclear weapons. This difference is expressed in what can only be described as the apocalyptic worldview of Iran's present rulers. This worldview and expectation, vividly expressed in speeches, articles and even schoolbooks, clearly shape the perception and therefore the policies of Ahmadinejad and his disciples.

Even in the past it was clear that terrorists claiming to act in the name of Islam had no compunction in slaughtering large numbers of fellow Muslims. A notable example was the blowing up of the American embassies in East Africa in 1998, killing a few American diplomats and a much larger number of uninvolved local passersby, many of them Muslims. There were numerous other Muslim victims in the various terrorist attacks of the last 15 years.

The phrase "Allah will know his own" is usually used to explain such apparently callous unconcern; it means that while infidel, i.e., non-Muslim, victims will go to a well-deserved punishment in hell, Muslims will be sent straight to heaven. According to this view, the bombers are in fact doing their Muslim victims a favor by giving them a quick pass to heaven and its delights -- the rewards without the struggles of martyrdom. School textbooks tell young Iranians to be ready for a final global struggle against an evil enemy, named as the U.S., and to prepare themselves for the privileges of martyrdom.

A direct attack on the U.S., though possible, is less likely in the immediate future. Israel is a nearer and easier target, and Mr. Ahmadinejad has given indication of thinking along these lines. The Western observer would immediately think of two possible deterrents. The first is that an attack that wipes out Israel would almost certainly wipe out the Palestinians too. The second is that such an attack would evoke a devastating reprisal from Israel against Iran, since one may surely assume that the Israelis have made the necessary arrangements for a counterstrike even after a nuclear holocaust in Israel.

The first of these possible deterrents might well be of concern to the Palestinians -- but not apparently to their fanatical champions in the Iranian government. The second deterrent -- the threat of direct retaliation on Iran -- is, as noted, already weakened by the suicide or martyrdom complex that plagues parts of the Islamic world today, without parallel in other religions, or for that matter in the Islamic past. This complex has become even more important at the present day, because of this new apocalyptic vision.

In Islam, as in Judaism and Christianity, there are certain beliefs concerning the cosmic struggle at the end of time -- Gog and Magog, anti-Christ, Armageddon, and for Shiite Muslims, the long awaited return of the Hidden Imam, ending in the final victory of the forces of good over evil, however these may be defined. Mr. Ahmadinejad and his followers clearly believe that this time is now, and that the terminal struggle has already begun and is indeed well advanced. It may even have a date, indicated by several references by the Iranian president to giving his final answer to the U.S. about nuclear development by Aug. 22. This was at first reported as "by the end of August," but Mr. Ahmadinejad's statement was more precise.

What is the significance of Aug. 22? This year, Aug. 22 corresponds, in the Islamic calendar, to the 27th day of the month of Rajab of the year 1427. This, by tradition, is the night when many Muslims commemorate the night flight of the prophet Muhammad on the winged horse Buraq, first to "the farthest mosque," usually identified with Jerusalem, and then to heaven and back (c.f., Koran XVII.1). This might well be deemed an appropriate date for the apocalyptic ending of Israel and if necessary of the world. It is far from certain that Mr. Ahmadinejad plans any such cataclysmic events precisely for Aug. 22. But it would be wise to bear the possibility in mind.

A passage from the Ayatollah Khomeini, quoted in an 11th-grade Iranian schoolbook, is revealing. "I am decisively announcing to the whole world that if the world-devourers [i.e., the infidel powers] wish to stand against our religion, we will stand against their whole world and will not cease until the annihilation of all them. Either we all become free, or we will go to the greater freedom which is martyrdom. Either we shake one another's hands in joy at the victory of Islam in the world, or all of us will turn to eternal life and martyrdom. In both cases, victory and success are ours."

In this context, mutual assured destruction, the deterrent that worked so well during the Cold War, would have no meaning. At the end of time, there will be general destruction anyway. What will matter will be the final destination of the dead -- hell for the infidels, and heaven for the believers. For people with this mindset, MAD is not a constraint; it is an inducement.

How then can one confront such an enemy, with such a view of life and death? Some immediate precautions are obviously possible and necessary. In the long term, it would seem that the best, perhaps the only hope is to appeal to those Muslims, Iranians, Arabs and others who do not share these apocalyptic perceptions and aspirations, and feel as much threatened, indeed even more threatened, than we are. There must be many such, probably even a majority in the lands of Islam. Now is the time for them to save their countries, their societies and their religion from the madness of MAD.

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Mr. Lewis, professor emeritus at Princeton, is the author, most recently, of "From Babel to Dragomans: Interpreting the Middle East" (Oxford University Press, 2004).

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Miller, Charles S

From: Miller, Charles S
Sent: Tuesday, August 8, 2006 10:49 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 8/8/06 Civil Division News

PUC asks Verizon for privacy guarantees; Clarification sought in eavesdropping case

AOL releases search query data

Utah Medical presses claim that the FDA abused power Misconduct? Utah company again asks the feds to look at the agency's failed bid to shut its business down

Pilot settles suit against feds who had blocked license upgrade

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A Judgment Call: A Law Professor Says Removal of Judge Lamberth From the Trust Case Was "Nothing Short of a Tragedy"

Bangor Daily News

August 8, 2006

PUC asks Verizon for privacy guarantees; Clarification sought in eavesdropping case

AUGUSTA - State utility regulators are giving Verizon Communications two weeks to provide adequate guarantees the company has not violated privacy laws by cooperating with a domestic surveillance program.

During a brief meeting Monday, Kurt Adams, chairman of the Public Utilities Commission, said a press release from Verizon stating it had not cooperated with the federal government by facilitating eavesdropping on private conversations or maintained an informational database for the National Security Agency was insufficient for the commission to render a finding in a request for an investigation lodged by

22 Maine residents.

"I really feel as though we need a signed document from someone with decision-making authority here," Adams said.

Citing concerns about national security, the Bush administration has threatened a lawsuit if Maine utility regulators investigate whether Verizon violated privacy laws by cooperating with a domestic surveillance program. The U.S. Department of Justice advised the PUC in a letter last week that it likely would wind up in court if it elects to look into whether the telecom giant turned over customer information to the NSA.

Similar cases have surfaced in other states in response to news reports alleging that phone companies have cooperated with government surveillance efforts. The Justice Department has filed lawsuits to prevent the disclosure of information in New Jersey and Missouri. Officials in Vermont are considering whether to open an investigation of Verizon and AT&T, prompting the department to come down against the idea.

Maine groups that favor an investigation criticized the department's stance and suggested that precautions could be taken to ensure that no state secrets are revealed.

After the decision to request further information from Verizon by Adams and fellow Commissioner Sharon M. Reishus, Shenna Bellows, executive director of the Maine Civil Liberties Union, chastised the PUC for "choosing not to investigate" the matter immediately.

"If Verizon will state under oath that it has absolutely 100 percent not disclosed the records of Maine customers to any entity without a warrant, I'll be surprised and somewhat pleased," she said. "We don't understand why the PUC can't [investigate Verizon] without breaking any sort of federal law. ... These press releases have very little weight."

Former PUC staff member James Cowie of Portland, who is among the 22 Maine residents desiring an investigation of Verizon, was disappointed the commission had chosen - at least for the moment - not to pursue any of the questions he had posed in his request to the commission.

"[PUC] staff hasn't asked Verizon a single question," he said.

Adams declined to comment on the matter, explaining the commission has a policy of not commenting on pending cases.

END

AFX

August 8, 2006

AOL releases search query data

NEW YORK (AFX) - AOL released the Internet search terms that more than 650,000 of its subscribers entered over a three-month period and admitted Monday that what it originally intended as a gesture to researchers amounted to a privacy breach and a mistake.

Although AOL had substituted numeric IDs for the subscribers' real user names, the company acknowledged the search queries themselves may contain personally identifiable data.

For example, many users type their names to find out whether sites have dirt on them and then separately search for online mentions of their phone, credit card or Social Security numbers. A few days later, they may search for pizzerias in their neighborhoods, revealing their locations, or for prescription drug prices, revealing their medical conditions. All those separate searches would be linked to the same numeric ID.

'Search query data can contain the sum total of our work, interests, associations, desires, dreams, fantasies and even darkest fears,' said Lauren Weinstein, a privacy advocate.

The company apologized for the disclosure.

'This was a screw up, and we're angry and upset about it,' AOL spokesman Andrew Weinstein said. 'It was an innocent enough attempt to reach out to the academic community with new research tools, but it was obviously not appropriately vetted, and if it had been, it would have been stopped in an instant.'

He could not say whether anyone has been disciplined, saying an internal investigation was continuing.

The disclosure comes as the Time Warner Inc. unit tries to increase usage of its search services and other free, ad-supported features to offset a decline in subscriptions, a drop likely to accelerate with its recent decision to give away AOL.com e-mail accounts and software.

AOL ranks fourth in search, behind Google Inc., Yahoo Inc. and Microsoft Corp.'s MSN, according to Nielsen/NetRatings. Although AOL gets search results and keyword ads from Google, which owns 5 percent of the company, AOL is trying to get people to search directly on its own sites in hopes of distracting them with an ad-supported video or two.

Ari Schwartz, deputy director of the technology watchdog group Center for Democracy and Technology, lauded AOL for responding quickly.

'We're glad to hear that AOL is treating this as a serious incident because it is a serious incident,' he said.

He added that search engines should use AOL's disclosure to re-evaluate why they even retain such data.

'Old searches don't mean a lot to them and present a big risk to individuals,' he said.

The AOL search data had been posted about 10 days ago but were not widely known outside the research community until Web journals began pointing to AOL's research site Sunday. AOL removed the file, but not before copies were already circulating on the Internet.

The data file included information on what search terms were used, when the search was conducted and whether the user clicked on any of the results.

One user, for instance, was repeatedly searching for information about divorcing someone whose husband is in the Army and about dating services in Oak Brook, Ill., while another kept searching for members of one family by name, along with a Chicago auto dealer and 'naked Russian women.'

All told, the file had information on 19 million queries from 658,086 subscribers from March 1 to May 31. The data only included searches conducted in the United States using AOL's proprietary software, which until last week was available only to paying subscribers. Searches made over the free AOL.com portal were not disclosed.

AOL's Weinstein said only 0.3 percent of all searches were released.

AOL, like other search engines, does make such data available to law-enforcement authorities with subpoenas. It complied with a Justice Department request for search queries as part of the Bush

administration's effort to revive a law meant to shield children from online pornography. AOL said it did so without compromising users' privacy.

Google, on the other hand, fought the subpoena, and a judge ultimately ruled that the company didn't have to turn over specific search requests.

A display in the lobby of Google's headquarters in Mountain View, Calif., continually scrolls some of the searches being conducted through its site. The data, however, can be viewed only by people physically at Google, and multiple searches by the same person are not linked.

'It doesn't really matter if someone is peeking at you,' said Alex Halavais, a professor of interactive communications at Quinnipiac University in Hamden, Conn. 'When the data starts to get tied together, it becomes much more invasive.'

He said such data would be useful for researchers like him, 'but if I were an AOL subscriber, I would be a little more than upset.'

END

Salt Lake Tribune
August 8, 2006

Utah Medical presses claim that the FDA abused power Misconduct? Utah company again asks the feds to look at the agency's failed bid to shut its business down

By Bob Mims
The Salt Lake Tribune

Salt Lake Tribune Utah Medical Products Inc. is demanding that the government review the company's allegations of misconduct in the U.S. Food and Drug Administration's failed efforts to shut it down.

In 2004, the FDA sued to shutter Utah Medical's Midvale plant, though the agency acknowledged finding no direct product-safety issues. The FDA cited mostly technical data-processing issues in charging that the company was not complying with good manufacturing practices.

In October 2005, Judge Bruce Jenkins ruled against the agency. He chided the FDA for hounding Utah Medical during a four-year period of inspections, then following with costly prosecution that rose to little more than a "nitpicking case."

In February, the Department of Health and Human Services - the FDA's parent agency - refused to investigate Utah Medical's specific claims of "abuse of process in relation to the negligence and wrongful acts of FDA employees" during inspections of the Midvale facilities in 2001, 2002 and 2003.

On Monday, Utah Medical formally requested that HHS reconsider. Officials for the FDA and Justice Department, which had unsuccessfully prosecuted Utah Medical on FDA's behalf, declined to discuss the matter.

The feud between the FDA and the maker of gynecological/neonatal and electrosurgical devices erupted into the public arena in August 2004, when the FDA issued a news release alleging that the company's plant did not meet quality-control related system regulations. The FDA followed soon after with its federal lawsuit against the 150-employee company.

Despite Jenkins' ruling, which the FDA chose not to appeal, the vestiges of that earlier negative publicity continue to hurt sales, Utah Medical contends. One of the company's demands is that the FDA remove the controversial news release from its Web site.

"The FDA has the power to destroy public institutions and people's careers and lives. That power should be used carefully and judiciously," said Utah Medical CEO Kevin Cornwell. "If there's not a risk to public health, FDA should not be capriciously using its power to punish people. [That is] a direct contradiction to their mission."

Utah Medical also asked HHS to order that a new statement be placed on the FDA's Web site acknowledging that the company "is and has been in compliance" with regulatory requirements;" that FDA inspectors involved in the 2001-2003 plant inspections be barred from any future regulatory work involving the company; that FDA files related to the inspections be purged; and that a public statement be issued underscoring the requirement for ethical conduct by FDA employees.

Finally, Utah Medical asks HHS to determine financial damages due Utah Medical related to FDA misconduct. The filing did not specify an amount, but the company has previously estimated its losses have been in excess of $7 million.

END

AP

August 7, 2006

Pilot settles suit against feds who had blocked license upgrade

BOSTON_A Cape Air pilot on Monday dropped his lawsuit against federal authorities after they stated he "does not pose a threat to aviation or national security," according to court documents.

Robert Gray, 36, of Yarmouth, sued the Transportation Security Administration last year after he was denied permission to upgrade his commercial pilot's license so he could fly larger planes.

The TSA alleged in January 2005 that Gray was a "threat to aviation or national security" based on "derogatory information" in Gray's background. Federal authorities have never told Gray or his lawyers what the specific allegation was, Grays's lawyers maintain.

Both sides filed a settlement agreement on Monday in U.S. District Court.

The filing states in part, "... the federal government having concluded, based on new information voluntarily provided by the plaintiff, Robert William George Mulryne Gray, that at this time he does not pose a threat to aviation or national security."

Gray, who was born in Belfast, Northern Ireland, said in a prepared statement that he's relieved.

"This has been the most traumatic experience of my life," he said. "To see this country's government behave as it did was quite a shock."

Assistant US Attorney Mark T. Quinlivan and a press spokeswoman declined to comment on what new information led them to the settlement.

One of Gray's lawyers, Paul Holtzman, said his client has no criminal history of any kind.

"We alerted them to the fact that he's never been so much as questioned by a law enforcement agency," he said. "He has no connection to any unlawful activity."

In a side letter, Quinlivan gave Gray's lawyers a list of TSA names and phone numbers so that should a future problem arise with Gray, he can call them "in the attempt to quickly and informally resolve the matter."

Gray, who still is employed by Cape Air, also was represented by the American Civil Liberties Union.

Gray holds a British passport and is a legal permanent resident of the United States. He has lived in the United States since 1993 and began working as a commercial pilot in 1997.

An identical settlement agreement was filed in the 1st U.S. Circuit Court of Appeals. Gray had sued there, as well, for technical reasons.

END

AP

August 8, 2006

Court reinstates Rio Tinto lawsuit in U.S.

SAN FRANCISCO_A United States appeals court reinstated Monday a lawsuit brought by Papua New Guinea residents against Rio Tinto PLC, accusing the London-based mining concern of genocide and environmental damage.

The case is being brought under the Alien Tort Claims Act, an obscure 1789 U.S. statute that grants overseas victims of atrocities access to American courts to sue for damages.

Papua New Guinea's Bougainville province forces fought a decade-long civil war after sabotaging a gold and copper mine in an effort to win independence from the South Pacific's largest island state. About 20,000 people perished during the conflict.

A cease-fire was declared in 1998 by both sides and negotiations on the mineral-rich province's political future began.

The lawsuit by current and former residents says Rio Tinto's mine fouled water supplies and the air and that the mine financially backed the government in committing rape, murder and other atrocities during the conflict.

A Los Angeles judge threw out the suit in 2002, ruling that the Alien Tort Claims Act did not allow the lawsuit because it could undermine the peace process in Bougainville, and the U.S. government said it

might interfere in its relations with Papua New Guinea.

The San Francisco-based 9th U.S. Circuit Court of Appeals reinstated the case, which has not gone to trial, saying the lower court had wrongly construed the law.

A three-judge panel, ruling 2-1, said Monday it was "leaving it to Congress or the Supreme Court, to take the next step, if warranted."

The case is Sarei v. Rio Tinto PLC, 02-56390.

END

Legal Times
August 7, 2006

A Judgment Call: A Law Professor Says Removal of Judge Lamberth From the Trust Case Was "Nothing Short of a Tragedy"

by Peter B. Rutledge
Associate Professor of Law, Catholic University
Legal Times

Adverse judicial orders are a reality for every lawyer. The possible responses range from acceptance, to appeal, to downright anger in the case of orders that, in the lawyer's mind, are unduly harsh or critical. Rarely, though, does a lawyer take the extraordinary step of seeking the judge's removal from a case based on an adverse ruling.

Yet that is precisely what the U.S. government recently did, and last month the U.S. Court of Appeals for the D.C. Circuit gave the government exactly what it wanted. A unanimous panel of the D.C. Circuit ordered the removal of U.S. District Judge Royce Lamberth from Cobell v. Kempthorne, the decade-long litigation over the federal government's admitted mismanagement of American Indian trust accounts.

For some, particularly the government parties and their lawyers, this decision undoubtedly is seen as a victory. In my view, it's nothing short of a tragedy. Not only is the court's July 11 removal order wrong, but it also threatens to damage the essential independence of this nation's federal judiciary. A bit of background on Cobell v. Kempthorne: In the 19th century, the United States took title to various Indian lands and thereby assumed a trustee's role for certain tribes. Ten years ago, several members of those tribes filed suit against the secretary of the interior and others. The suit alleged that the government had breached its fiduciary obligations, lost critical documents, and converted trust assets to its own use.

After an extensive trial, Lamberth found that the federal government had breached its duties, ordered it to come into compliance, and retained jurisdiction over the case, requiring the government to file quarterly reports. The 1999 decision is known as Cobell v. Babbit (this case has outlived the tenures of several secretaries of the interior). The D.C. Circuit unanimously affirmed Lamberth's decision in virtually all material respects in Cobell v. Norton (2001). The ensuing five years have seen protracted litigation over implementation of the government's fiduciary responsibilities.

The events precipitating Lamberth's removal stem from a July 2005 decision. In that decision, the judge ordered the Interior Department to include a notice in all written communications to trust beneficiaries, essentially telling them that based on evidence unearthed in the case, information from the Interior

Department about the trust may be unreliable. On appeal, the government both sought reversal of that order and asked the appellate court to remove Lamberth from the case. The D.C. Circuit granted both requests.

Although the court's reversal of Lamberth's decision is defensible, its removal order is not.

HARSH WORDS

Stripped to its essence, the D.C. Circuit's opinion gives two reasons for removal, neither of which withstands close scrutiny. First, the court claims that Lamberth's July 2005 decision "all but accuses current Interior officials of racism."

But Lamberth's opinion does not condemn any particular current official of the Interior Department in that way. Instead, it makes more general observations about the department's attitude, past and present, toward American Indians — observations that are undeniably harsh (such as his use of the phrase "morally and culturally oblivious") but do not, contrary to the appellate court's suggestion, label current officials as racist.

Even if the D.C. Circuit's reading is accurate, there is something simply Orwellian about grounding the removal of a judge in part on the language of his opinion. Ordinarily, as the D.C. Circuit acknowledges, judges are removed on the basis of something they do, such as engaging in impermissible ex parte contacts. But here, Lamberth is being removed on the basis of what he said (or, more accurately, did not say) in a judicial opinion. This is remarkable.

The reality is that judges regularly fill their opinions with strong words, especially in the face of a recalcitrant litigant. The D.C. Circuit itself grants that "condemnation [of the Interior Department] in the strongest terms" is appropriate in this case. As with any speech that might be offensive, the proper remedy is to permit counterspeech, not to muffle the speaker.

A STRING OF REVERSALS

The second reason the D.C. Circuit gives for removing Lamberth is "a string of reversed district court orders." Since its opinion affirming his original findings and judgment, the D.C. Circuit has on eight occasions set aside his post-trial orders. Among other things, those orders held Interior officials in contempt, appointed a special master to oversee the case, required disconnection of portions of the department's computer system from the Internet, and required the department to formulate costly plans to fulfill its fiduciary obligations.

Although this reversal rate is troubling, the court's opinion fails to tell the full story. It was the D.C. Circuit itself that set the stage for these orders. In its 2001 opinion affirming Lamberth's judgment, the D.C. Circuit stressed that absent congressional restriction, federal courts possess the full range of legal and equitable powers "necessary to cure the [government's] legal transgressions" and analogized the case to the school-desegregation decisions. While conceding that judicial oversight of the Interior Department, like judicial oversight of segregated school districts, might seem intrusive, the court justified the intrusion on the basis of "the magnitude of government malfeasance and potential prejudice" to the Indian tribes.

With this broad license from the D.C. Circuit, one can understand why Lamberth rode herd on the Interior Department.

Even if Lamberth's orders went too far, erroneous orders do not support a judge's removal. Higher courts routinely reverse inferior court decisions. The remedy for an erroneous order is simple — vacate it. And if the lower court is repeatedly entering orders that the reviewing court finds erroneous, the proper remedy is for the appellate court to provide more detailed instructions in its remand order.

Not only is Lamberth's removal a disproportionate remedy, it is woefully inefficient. As noted, he has spent nearly 10 years on this case. He knows the parties and the issues better than anyone else. His

institutional knowledge of the dispute is something the D.C. Circuit should value, not scorn.

Reassigning the case to another judge squanders that knowledge. It saddles another overworked district judge with the responsibility to learn a long and convoluted record afresh. And it wastes judicial resources at a time when our federal trial judges, who already carry a heavy caseload, can ill afford the added burdens.

FREE TO DECIDE?

Even more important than its intemperance or its inefficiency, the D.C. Circuit's decision to remove a judge on the basis of his opinions threatens to harm judicial independence.

The case of Cobell v. Kempthorne perfectly illustrates the value of the independence of Article III judges. A federal judge, an arm of the government and himself a Republican appointee, has punished the executive branch, also an arm of the government and currently run by the same political party that appointed the judge, for its handling of assets belonging to a small group of people that the government had defeated in armed conflict. In how many other nations would such healthy self-scrutiny even be possible? In a less independent system, a judge could hardly be expected to withstand the political pressures that might incline him to defer to the sovereign and his appointing party.

The independence at the core of Article III enabled Lamberth to stand firm and insist that an incredible injustice be remedied. Removing him only encourages the executive branch to shop for a judge who it believes will be more inclined to support its view (notably, this is not the Interior Department's first attempt to secure Lamberth's removal). If it encounters another less-than-sympathetic judge, the department may dig in its heels even deeper, hoping to develop a new record of reversals and enough provocative morsels in that judge's opinions to seek his removal under the logic of the D.C. Circuit's opinion.

IF YOU DON'T LIKE THE JUDGE . . .

Moreover, the implications of the D.C. Circuit's decision extend far beyond this case, where the equities are relatively one-sided. Though no one doubts that the Interior Department engaged in a serious injustice, imagine a true clash of legal principles, such as an abortion dispute or the Terri Schiavo case. The D.C. Circuit's opinion gives passionate litigants an entirely new battleground — not simply whether a judge is correct on the law, but whether the judge's language is too critical of them. Judicial opinions will be pored over for bad word choice. Judges in long-running disputes will need to develop a superhuman ability not to remember or reflect on litigants' past behavior in that very case.

Under the logic of the D.C. Circuit's opinion, litigants should not wait for a final decision in the case. If a judge has criticized a party elsewhere or has been hit with multiple reversals in favor of the party, the D.C. Circuit's opinion suggests, that party should immediately seek the judge's removal.

I certainly do not wish to suggest that the D.C. Circuit faced an easy call or to blame the government lawyers for their litigation strategy. The panel that unanimously ordered Lamberth's removal consisted of three respected judges from across the jurisprudential spectrum. The executive branch, as a party in the matter, had every right to vindicate its interests through the available procedural mechanisms, including seeking removal of a judge. Friends have told me that senior people at the Interior Department feel personally besieged by Lamberth's orders about a problem they inherited but did not create.

Yet despite the reasonable intentions of these actors, the decision has dealt an unfortunate blow to the independent judiciary so essential to our freedom. No one doubts that the Interior Department has mismanaged the American Indians' trust assets — the D.C. Circuit described "a serious injustice that has persisted for over a century" — or that Judge Lamberth has helped to expose the very injustice that the D.C. Circuit laments. Removing him this way sends an unfortunate message to other federal judges that the next time they uncover a "serious injustice" perpetrated by the people's government, they should beware what they do and what they say.

Peter B. Rutledge is an associate professor at Catholic University of America's Columbus School of Law, where his teaching and research interests include international dispute resolution and criminal law.

END

Grider, Mark (ODAG)

Subject:	Updated: Updated: Anti-Methamphetamine Coordination Committee Meeting
Location:	Main Justice - Room 4525
Start:	Wednesday, August 09, 2006 2:00 PM
End:	Wednesday, August 09, 2006 3:30 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Grider, Mark (ODAG)
Required Attendees:	Macklin, Kristi R; Manning, John; Martinson, Wanda; McKeown, Matt (ENRD); Roland, Sarah E; Sola, Stephen; Avergun, Jodi L.; Carroll, Carson W.; Nash, Stuart (ODAG); Elston, Michael (ODAG); Barrera, Staci; Buchanan, David; McFarland, Steven T (ODAG); Stieglitz, Albert
Optional Attendees:	Sampson, Kyle; Braun, Michael A.; Brand, Rachel; Goodling, Monica; Davis, Margaret (CRM) (OCDETF); Jezierski, Crystal; Harris, Greg; Raman, Mythili (ODAG); Toll, Donald A.
Attachments:	METH.AGENDA.8.9.06.wpd

When: Wednesday, August 09, 2006 2:00 PM-3:30 PM (GMT-05:00) Eastern Time (US & Canada).
Where: Main Justice - Room 4525

~~*~*~*~*~*~*~*~*~*

Please review the attached agenda. Thanks.

U.S. Department of Justice

Office of the Deputy Attorney General

Washington, D.C. 20530

AGENDA

Department of Justice
Anti-Methamphetamine Coordination Committee
Meeting
August 9, 2006

1. Introduction (Nash)

2. Meth Conference Update (USA Scott)

3. Demand Reduction Overview (AAG Brand)

4. Supply Reduction Overview (ADAG Nash)

    a. Criminal Division Overview

    b. DEA Overview

5. Review Department Methamphetamine Initiatives (Macklin/Grider)

6. Component Methamphetamine Updates
(Please come prepared to give your component's brief thoughts on the future of Meth and what your component is currently hearing about the Meth issue – 2 minutes.)

7. Items for General Discussion

Karan_Bhatia@ustr.eop.gov

From: Karan_Bhatia@ustr.eop.gov
Sent: Tuesday, August 08, 2006 10:17 PM
To: Gorsuch, Neil M; ngorsuch@hotmail.com
Subject: RE: Contact Information

Neil - I feel awful! I'd meant to take you out to lunch, or have you and Louise over to the house for a long-overdue dinner, and now you've gone and split town. I'm so sorry that we missed you, but I am so delighted for you (and the country!) that your nomination worked out so smoothly. Sara and I will do our best to get to Denver to check up on you all, and I do hope that we get to see you occasionally back East (that is, until the permanent move back here to take that Stevens slot...) Our very best to you, Louise and the girls - K.

-----Original Message-----
From: Neil.Gorsuch@usdoj.gov [mailto:Neil.Gorsuch@usdoj.gov]
Sent: Thursday, August 03, 2006 9:32 AM
To: Neil.Gorsuch@usdoj.gov
Subject: Contact Information

Dear Friends,

As many of you know, tomorrow is my last day in the office at DOJ.
Though I expect to visit DC from time to time in coming weeks to facilitate The Move, I am headed to Colorado Saturday morning. Louise and I will miss those of you here and very much hope you will keep in touch. Please do be sure to look us up whenever you're headed to God's Country. You are always welcome in our home. My contact information follows --

For the balance of the month, I am perhaps best reachable by cell (202) 532-5384. My DOJ email will also remain operational until the end of August (neil.gorsuch@usdoj.gov).

My new contact information at the court house will be:

U.S. Court of Appeals for the Tenth Circuit Byron White Court House 1823 Stout Street Denver, CO 80257

chambers phone: (303) 335-2896
chambers email: Judge_Neil_Gorsuch@ca10.uscourts.gov Home email: ngorsuch@hotmail.com

Louise and I thank each of you for your continuing friendship and support.

Warm wishes,

Neil Gorsuch

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, August 9, 2006 7:49 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, August 09, 2006
Attachments:	agnb060809.pdf; agnb060809.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, AUGUST 9, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

"Revolutionary" Administration Plan Aims To Order, Direct Counter-Terrorism Efforts....3
Miami Terror Cell Suspect Seeks Release On Bail....4
Attorney Who Argued Hamdan Case Profiled....4

Patriot Act:

Civil Liberties Groups Renew Challenge To FBI Library, Internet Searches....4

Homeland Response:

FBI Issues Nationwide Alert For No-Show Egyptian Students...5
Peace Activist Claims FBI Counter-Terrorism Surveillance Targeting Organization....5
E-Passports Spark Privacy Concerns....5
Report Finds Munitions Stored On Forest Service Land Remain Vulnerable To Terrorists....5
New Hampshire Legislative Committee Votes To Accept Federal Funds To Study Real ID Act....6
Stone's WTC Movie Gets Mixed Reviews....6
Expanding Cost Of Katrina Contracts Prompts Renewed Scrutiny....6
New Orleans Struggles To Replace Federal Employees....6
NOAA Downgrades Hurricane Projections....7

War News:

Deadly Violence Continues In Baghdad....7
Iraqi Shiite Leaders "Aggressively Promoting" Partition Of Iraq....8
Northern Territory Assigned To Iraqi Army....8
Bush Explanation Of US Role In Iraq Examined....8
War Crimes Act Amendments Would Reduce Prosecution Risk....8
Soldier Says Unit Involved In Rape Accusation Was "Full Of Despair."....9
Iraqi Refugees Seek Safety In US....9
Colombia May Help Afghanistan's Drug War....9
Trial Of Ex-CIA Contractor Continues....9
Army Recruits Being Trained By Iraq, Afghanistan Veterans....9
Congress Could Slash Funds For Brain Injury Center....10

DOJ:

Gonzales Pledges Crime Fighting Help For Cincinnati....10

Corporate Scandals:

Pixar Granted Options At Low Prices; Cablevision To Delay Earnings Results....11
2nd Circuit Reinstates Shareholder Suit Against American Express....11
Grasso Trial Delayed As Judge Considers Compensation Issue....12

Criminal Law:

Former Philadelphia Official Sentenced To 2½ Years In Prison....12
Report Finds San Diego Engaged In Reckless Fiscal Mismanagement....12
FBI Investigating Former Louisiana Gaming Commissioner's Corruption Claims....13
Ohio Executes Inmate Convicted Of Killing Three....13
Study Finds Online Predators Less Prevalent....13
Ohio Death Penalty Challenged Over Jury Smoking Ban....14
FBI Joins Search For Woman Accused Of Murdering Husband With Boiling Oil....14
Mississippi Woman Pleads Guilty To Katrina Relief Fraud....14
Massachusetts Investment Advisor Charged With Fraud....14
Ohio Fund Manager Sentenced To Six Years In Prison For Defrauding Investors....14
California Man Pleads Guilty To Stealing Trade Secrets From Concrete Company....15
Brooklyn Woman Sentenced To Prison For Extorting Money From Russian Strippers....15

DC Crime Figures Show Little Change Since Emergency Declared 15
Prostitution Sting Nets Four Near BWI Airport 15
Piracy Laws Are Confusing, Often Misunderstood Or Ignored 15

Civil Law:

Philadelphia Squares Off With Park Service Over Independence Hall Fence 16
Search Data Released By AOL Allows Reporter To Track Down User 16
Watchdog Groups Ask House Defense Conferees To Agree To Whistle-Blower Protection 17

Civil Rights:

DOJ Sues Missouri Landlord For Harassment 17
Alabama Congressman Asks DOJ To Re-Examine Voting Rights Suit 17
Former Maryland Police Officer Pleads Guilty To Civil Rights Charges 18
9th Circuit Panel Rules Employees Have No Privacy Rights On Workplace Computers 18
Study Finds Assaults On Maryland Jail Guards Increased After Staffing Cuts 18
USED Proposes Regulations For Students' Racial Categories 19

Antitrust:

Oklahoma Firm, Officials Plead Guilty In Pipeline Price-Fixing Case 19
Aramark To Go Private In $6.3 Billion Deal 19
Nokia To Purchase Loudeye In Bid To Compete With iTunes 20
Apotex Launches Generic Rival To Plavix 20
Cinemark To Buy Century Theaters 20
Anadarko Gets Antitrust Nod To Buy Western Gas Resources 21
WSJournal Says Net Neutrality Thesis Proven Wrong By WiMax 21

Environment:

Bodman Confident About Oil Supply Despite Pipeline Problems 21
Judge Says Camping, Parking Bans Near Bush Ranch Are Constitutional 24
Appeals Court Rebuffs Nevada's Yucca Mountain Challenge 24
States Scrambling For Bird Flu Drug Funds 25
Biologists Seek Preservation Of Pronghorn Migration Route. 25

FBI/DEA/ATF/USMS:

Georgia Officials Asks DOJ To Intervene In Dispute Over Disbursement Of Seized Drug Money 25
Man Convicted For His Role In 1994 Killing Of DEA Agent 25
Nine Plead Guilty In Florida Marijuana Case 26
Man Claiming To Be Covert Operative Makes Accusations Against Bush, DEA 26
USOC Says It Won't Reconsider Decision Banning Track Coach From Facilities 26
Utah Man Appeals Lengthy Mandatory Sentence 26
In Venezuela, Authorities Arrest Alleged Head Of International Drug Ring 26
Walters: Future Of Afghanistan Depends On "Rule Of Law." .. 26
Colombia May Set Up Permanent Anti-Narcotics Training For Afghanistan 27
Rebels Said To Be Infiltrating Colombia's Public Institutions 27
Despite Violence In Colombia, Uribe Still Credited With Improvements 27
UN: Addiction Rates Climbing In Afghanistan 27

Immigration:

Border Crackdown Prompts Immigrant Smugglers To Adopt Dangerous Tactics 27

Tax:

Seattle Hedge Fund Firm Under Probe For Tax Shelters 27

Congress-Administration:

ABA Calls For End To Presidential Signing Statements 28
Reid Calls For VA Secretary To Resign 28
USDA's WTO Negotiator To Resign 29
Conservatives Worried About Pork In Appropriations Omnibus Bill 29
Pension Reform Law Will Increase Automatic Worker Savings 29
DOE Designates "Critical Congestion" Areas In Electric Grid 29
Report Says Advantage Plans Cost Government 11% More Than Traditional Medicare 29
FDA, Barr Agree On Plan To Resubmit Over-Counter Sales Proposal For Plan B 30
Administration Proposes Cuts In Medicare Payments To Doctors 30
Researchers Chafe At Restrictions In Bush Stem Cell Funding Policy 30
Miller Real Estate Loans May Have Violated House Ethics Rules 30
Air Traffic Controllers' Union Head Loses Reelection Bid 30

DOJ_NMG_0045258

Other News:
Fed Leaves Rates Unchanged....31
Federal Judge Denies Pro Hac Vice Request In Pennsylvania Case....31
WPost Argues Virginia Should Step Aside In Visitation Rights Case....32
Lieberman Loses Primary, Says He'll Run As An Independent....32
New Members Want Gold Star Mothers To Become More Involved In Political Issues....34
McKinney Loses Runoff....35
DeLay Say He Will Not Run For Reelection Despite Court Ruling....35
Bush Help For GOP Candidates Mostly Low-Key....36
Leading GOP Candidate To Replace Ney May Be Ineligible 36
Clinton's Role In Welfare Reform Touted....36
Dean Book On Conservatives Seen As "Disappointing."....36
Terry Explains Appearance On Colbert Report....37
NYTimes Says Measles Vaccination Should Be Mandatory For All Young Children....37
UN Security Council Fails To Reach Agreement On Lebanon Peace Plan....37
Olmert Says His Security Cabinet Will Consider Expanding Military Offensive....40
State Department Sees No Signs Iran Plans To Heed UN Deadline....41
Officials In India Concerned About Emergency Of Home-Grown Terrorism....42
Cuban Military Seen As Loyal To Raul Castro....42
Partial Recount Not Expected To Change Mexican Election Results....42
Russia Arms Negotiations With Argentina Anger US....43
FMLN Splinter Group Said To Be Fomenting Violence....43
Libya Sues DC Over Refusal To Turn On Water Service For Embassy....43
UN Highlights Killings Of Sudan Aid Workers....43
Chinese Official Executed For Alleged Spying For Taiwan ...44
WPost Says UN Should Address Burma....44
WSJournal Hopeful Over China's Changing Policy On North Korean Refugees....44

The Big Picture:
Headlines From Today's Front Pages....44

Washington's Schedule:
Today's Events In Washington....45

TERRORISM NEWS:

"Revolutionary" Administration Plan Aims To Order, Direct Counter-Terrorism Efforts.

In its ongoing special "Five Years Later" series about post-9/11 counter-terror preparations, the Washington Post (8/8, A1, DeYoung, 748K) reports, "Early this summer, a new strategy for combating terrorism, described by its authors as 'revolutionary' in concept, arrived on President Bush's desk. … Written by officials at the National Counterterrorism Center, under a directive signed by the president last winter," the National Implementation Plan "aspires to achieve what has eluded the Bush administration in the five years since the Sept. 11, 2001, attacks: bringing order and direction to the fight against terrorism. In the years since Bush stood atop the smoldering ruins of the World Trade Center and pledged retaliation against 'the people who knocked down these buildings,' the federal government has undergone an unprecedented expansion and reorganization. … The proof that it is all working, White House officials often say, is that there has been no attack on U.S. soil since 2001. But critics say that after nearly five years, the fight against terrorism often seems like a chaotic work in progress."

NBC Nightly News (8/8, story 8, 2:55, Williams, 9.87M) reported on the Washington Post story in its "In Depth" segment, saying, "The anti-terrorism bureaucracy is certainly bigger today but is it truly better?" NBC (Priest) added that after 9/11, the government created "the biggest new bureaucracy since the new deal. … The cost -- hundreds of billions and counting." Karen Deyoung, Washington Post: "One of the problems is they keep adding layers and layers and layers without taking any layers away." Priest: "Experts say much of the system suffers from high turnover, poor coordination and unclear leadership." Michael Sheehan, NBC News Analyst: "I think Homeland Security when it was created after 9/11 was too big. They are still trying to define what their primary missions are." Priest: "Yet a new plan to sharpen the fight against terror is on the President's desk. It's

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an unwieldy document, 160 pages long assigning 500 separate tasks to an already-bloated bureaucracy."

Miami Terror Cell Suspect Seeks Release On Bail. The AP (8/9, Anderson) reports alleged Miami terror cell member Lyglenson Lemorin "sought to distance himself from the group and wanted nothing to do with such mass destruction, his attorney said Tuesday." At the bail hearing, Defense lawyer Joel DeFabio "added that Lemorin left Miami in the spring after members of the group pledged allegiance to the al-Qaida terrorist network" and "made no effort to conceal his whereabouts." However, Assistant US Attorney Richard Getchell "portrayed…Lemorin as part of the 'inner circle' of followers of Narseal Batiste," despite the fact "Lemorin gave a statement to the FBI the day of his arrest making similar claims that he sought to get away from Batiste." Getchell added that Lemorin's "decision to leave for Atlanta was more likely because he feared imminent arrest." The AP adds, "U.S. Magistrate Judge Barry Garber did not issue an immediate ruling on the bail request and scheduled a second hearing for Thursday."

Attorney Who Argued Hamdan Case Profiled. The Legal Times (8/9, Goldman) reports on Neal Katyal, a Georgetown law professor who successfully argued against the government in the Hamdan v. Rumsfeld case before the US Supreme Court. The Times reports, "Katyal had never argued before the high court, but in Hamdan he literally took on George W. Bush, arguing that the military commissions the president established to try the Guantanamo Bay Naval Base detainees -- including his client, Salim Hamdan, a former driver for Osama bin Laden -- were illegal. The Court, in a 5-3 decision written by its senior justice, John Paul Stevens, agreed." The Times adds, "It was a complex case that stretched back three years, implicating not only the limits of executive power but delving into the nature of the interrelationship of all three branches of government. … Katyal first argued the case Oct. 25, 2004, before Judge James Robertson of the U.S. District Court for the District of Columbia and won. Robertson was reversed by a three-judge panel of the U.S. Court of Appeals for the D.C. Circuit, which included soon-to-be Supreme Court Chief Justice John Roberts Jr. Finally, he won again when the Supreme Court announced its decision June 29. (Because he ruled at the appellate level, Roberts recused himself from the case.)" The Times continues, "And it's true that Katyal's pedigree has been almost entirely academic: a private Catholic boys school in Wilmette, just north of Chicago; a national reputation as a champion high school debater; Dartmouth College, followed by a year coaching the Dartmouth debate team; then Yale Law School, from which he graduated in 1995. … His law school internships each summer could not have been more propitious. Summer No. 1: a legal intern in the office of Vice President Al Gore. Summer No. 2: a legal intern in the Office of the Solicitor General. Katyal spent his third summer at Washington's Hogan & Hartson, where he worked specifically for Supreme Court litigator and now-Chief Justice Roberts. … After law school, Katyal spent two years clerking, first for Guido Calabrese, the former Yale Law School dean who had recently been named a judge on the 2nd U.S. Circuit Court of Appeals, then for Supreme Court Justice Stephen Breyer. … At age 27, just after his Breyer clerkship, Katyal joined the law school faculty at Georgetown, a job he deferred until the fall of 1999 so he could be the adviser for national security affairs in the Clinton Justice Department. … Katyal was the point person at the DOJ during the year in which the independent counsel statute, which gave Bill Clinton investigator Kenneth Star his job, was set to lapse. Katyal and a small team crafted the attorney general's special counsel regulations that are now on the books."

PATRIOT ACT:

Civil Liberties Groups Renew Challenge To FBI Library, Internet Searches. National Journal's Technology Daily (8/9, Noyes) reports, "Civil-liberties defenders will renew their court challenge to a special subpoena power built into anti-terrorism law that permits the FBI to scour library and Internet service provider files without search warrants." Tech Daily continues, "The practice is allowed under 'national security letters,' a power recently reauthorized in the 2001 law known as the USA PATRIOT Act. The law bars recipients of the letters from disclosing the requests to anyone. … The American Civil Liberties Union and its New York chapter filed a new federal complaint last month, the groups said Monday. The legal papers originally were under seal because of the gag provision, but redacted versions were released with court approval." Tech Daily adds, "The ACLU launched the case in April 2004 on behalf of an unnamed Internet service provider that received a subpoena. Several months later, a U.S. district court in New York ruled

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the power unconstitutional. The judge in the case, Victor Marrero, held that indefinite gag orders violate First Amendment free-speech rights, the ACLU said. … The government appealed the decision to the 2nd U.S. Circuit Court of Appeals, but before the court could rule, Congress amended the language on national security letters, the ACLU said. In May, the appeals court asked the district court to examine the amended language. … In its latest complaint, the ALCU argues that the gag provision gives the FBI authority to suppress speech without prior judicial review. The group also contends that the subpoena power is unconstitutional because while it permits courts to review the letters after they are issued, judges must defer to the FBI."

HOMELAND RESPONSE:

FBI Issues Nationwide Alert For No-Show Egyptian Students. ABC World News Tonight (8/8, story 6, 2:10, Moran, 8.78M) reported, "The FBI's issued a nationwide alert for 11 Egyptian students who entered the US ten days ago and failed to report to a college exchange program." ABC (Thomas) added, "Before 9/11, no one would have thought twice about a few missing students. But tonight, even though there's no reason to suspect the Egyptian students of anything, the government is scrambling. Police nationwide and every federal law enforcement agency has been notified to be on the lookout. Federal agents have been to the Montana campus and are interviewing Egyptian officials, family and friends in Egypt."

CNN's The Situation Room (8/8, Verjee) noted, "The FBI says that they are not considered terror suspects, but, an immigration official says, they will likely be sent home -- once they're located -- for violating their visas."

Fund Says Incident Shows Ongoing Security, Student Visa Problems. On Fox News' The Big Story With John Gibson (8/8), the Wall Street Journal's John Fund said of the missing students, "I think it is very serious. Remember the student visa program was very leaky before 9/11. They have tightened it up a little, but I can report tonight there is an ongoing investigation about bribery in the student visa program -- whether or not people overseas are bribing low-level consular officials to get into the country. That's serious. I think we have to find the people pretty quickly because 11 can do an awful lot of damage as a group." Fund added that the students "are probably harmless and enjoying the Grand Canyon for all I know. But the bottom line is, this shows our security is not what it should be."

Peace Activist Claims FBI Counter-Terrorism Surveillance Targeting Organization. The National Catholic Reporter (8/11, Cooper, Hodge) reports, "School of the Americas Watch, a faith-based peace organization that seeks to close a U.S. military school that has advocated the use of torture and assassination, finds itself under surveillance by the FBI's counterterrorism unit. Fr. Roy Bourgeois, a Maryknoll priest who founded the organization, recently told members of the U.N. Human Rights Committee in Geneva that the spying has been going on for years." The Reporter adds, "With help from the American Civil Liberties Union, Bourgeois obtained FBI records showing it has been targeting his organization," and "what is chilling, Bourgeois said, is that the surveillance continues despite the fact the FBI's own documents conclude that SOA Watch is a peaceful group."

E-Passports Spark Privacy Concerns. The Wall Street Journal (8/9, D11, Anderson, 2.03M) reports passports containing an RFID chip to be issued by the State Department starting Monday have sparked "some concerns about privacy and…vulnerability to hacking." The new passports are "designed to make it easier for customs officers to verify travelers' identities," but critics "charge that the technology hasn't been sufficiently tested, and some experts have recently found ways to pull data off the…chips in e-passports in other countries." Meanwhile, some experts say "the perception of e-passports as being unsafe comes from confusing RFID tags with contactless technology, such as that used on some ATM and credit cards."

Report Finds Munitions Stored On Forest Service Land Remain Vulnerable To Terrorists. The Washington Post/McClatchy (8/9, A15, Doyle) reports the Agriculture Department's Office of Inspector General has released a report finding that "howitzers, recoilless rifles and explosives" stored on Forest Service land throughout the country could fall into the hands of terrorists. Though the physical security of the munitions, used "to blast boulders and prevent avalanches," was described in the report "as 'generally' sufficient," investigators found that "important reforms" called for three years ago have not been completed. Forest Service officials stress that they

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take security seriously, and they indicated they will soon finish complying with all of the investigators' security recommendations, which were first made in April 2003."

New Hampshire Legislative Committee Votes To Accept Federal Funds To Study Real ID Act. The New York Times (8/9, 1.21M) reports a committee formed by the New Hampshire state Senate to study the Real ID Act "voted yesterday to accept $3 million in federal money to test" the mandates for stricter identification requirements for driver's licenses. The matter now goes to Gov. John Lynch's executive council for approval or rejection. Mr. Lynch, a Democrat, plans to meet with state safety officials before making a decision on the money, a spokeswoman, Pamela Walsh, said."

Stone's WTC Movie Gets Mixed Reviews. Reviews for Oliver Stone's "World Trade Center" among major papers were mixed, with some praising the movie, and others panning it. The New York Times (8/9, Scott, 1.21M) reviews says "subtle is unlikely to be on the list" of adjectives for the film, which makes Stone "the right man for the job, since there was nothing subtle about the emotions of 9/11." The Times adds that Stone "edits like a maestro conducting Beethoven." USA Today (8/9, 1D, Puig, 2.27M) leads its review saying the film "is a fitting and moving tribute to all those who died or were wounded as the towers tumbled." However, the Wall Street Journal (8/9, D1, Morgenstern, 2.03M) calls the film "a patchwork narrative to which the filmmaker and his colleagues have brought the sensibility of an old-fashioned Hollywood disaster movie, and a mediocre one at that," and the Washington Post (8/9, C1, Thompson, 748K) says the film "shortchanges audiences when it comes to dramatic revelations that could have resonated on a deeper level."

Expanding Cost Of Katrina Contracts Prompts Renewed Scrutiny. The Washington Post (8/9, A8, Hsu, 748K) reports FEMA contracts awarded to Bechtel Corp., CH2M Hill Inc., Fluor Corp. and the Shaw Group Inc. to house Hurricane Katrina evacuees "have ballooned in value from $400 million to about $3.4 billion, prompting renewed scrutiny from Congress and federal auditors about the disaster agency's management of the aftermath of the storm." DHS IG Richard Skinner "is, for at least a second time, reviewing the contracts …, even as FEMA expects to competitively award at least $1 billion for similar work in future contingencies within days." Though "FEMA Director R. David Paulison and Homeland Security Secretary Michael Chertoff promised Congress last October to re-bid the pacts and spun off $3.6 billion in maintenance and future dismantling of the trailers to 36 small and minority-owned firms in March," FEMA's "critics say that has not addressed the entire problem." Some argue that staffing shortages at DHS "and increasing dependence on larger contracts to handle complex new missions feeds an unhealthy cycle, in which firms vying for an ever-growing flow of taxpayer dollars raid agency staff for expertise, weakening FEMA's ability to independently carry out its missions."

New Orleans Residents No Longer Using FEMA Trailers Want Them Removed. NBC Nightly News (8/8, story 9, 2:30, Williams, 9.87M) reported that with 100,000 fewer residential listings in its new white pages, New Orleans has combined them with a reduced yellow pages for the first time. "The phone book may be a good deal slimmer but there are still thousands of residents from the Katrina flood zone who still have no homes to go to" while "a big supply of trailer homes provided by FEMA" go unused. NBC (Mott) continued that some residents who have moved back into their homes are waiting for FEMA to remove now vacant trailers from their yards. "More than an eyesore, residents worry the trailers might become dangerous projectiles in a bad storm or could damage restored houses. Or worse, injure families. Their frustration is aimed at FEMA, which they say isn't delivering on a promise to take back more than 2,000 trailers. A number growing every day." The agency "has increased the number of removal teams but offers this reminder:" George Smith, of FEMA was shown saying, "Our highest priority has always been to house people in the first place."

New Orleans Struggles To Replace Federal Employees. In its "Federal Diary" column, the Washington Post (8/9, D4, Barr, 748K) reports Gary Goeke, a federal employee in New Orleans, says his Minerals Management Service office's four job openings "have stirred little interest." Though the Office of Personnel Management says the federal workforce in the city has "dropped by about 11 percent," some New Orleans officials "think the post-Katrina decline might be even larger, in part because many federal employees on New Orleans rosters are working for their agencies temporarily at offices outside the city." Kathy

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Barré , executive director of the New Orleans Federal Executive Board, "said many federal employees in New Orleans think they should receive a cost-of-living adjustment or additional locality pay for rebuilding, but she said such remedies could be difficult to justify and would take two to three years to win approval."

"Expatriates" Said To Be Returning To New Orleans To Help Rebuild. Meanwhile, the Los Angeles Times (8/9, Simmons, 918K) reports on the self-proclaimed "expatriates" returning to New Orleans "after a long absence — drawn by a sense of duty to help rebuild, by opportunities, or by nostalgia." Though there is no hard evidence of the group's return, "online homecoming tales, real estate sales records, hiring data and anecdotes suggest their presence is growing." In addition to the expatriates, "Migrant workers have flooded the job market, and scores of government and private workers involved in rebuilding also have settled in the city since Katrina. And of course there are speculators scouting for opportunities."

NOAA Downgrades Hurricane Projections. The New York Times (8/9, Lipton, 1.21M) reports officials at the National Oceanic and Atmospheric Administration "modestly downgraded their projections for the intensity of this year's hurricane season on Tuesday," predicting seven to nine hurricanes, three or four of them Category 3 or higher. "The agency's forecast was similar to that made last week by hurricane researchers at Colorado State University, who reduced their number of hurricanes predicted to seven from nine. Three of those storms would be intense, the researchers said." However, FEMA Director R. David Paulison warned residents along the Atlantic and Gulf coasts that it was "not a time for complacency. … It only takes one hurricane to give you a very bad day."

The Washington Post (8/9, A8, Whoriskey, 748K) reports that the prediction, which comes midway through a season that has yet to see a named hurricane, still anticipates an "above average" season. Max Mayfield, director of the National Hurricane Center said, "It only takes one hurricane to make it a really bad year." The Post adds that "ocean waters are a half a degree to two degrees Fahrenheit warmer than average" this year, which is likely to "help generate above-average tropical storm activity, but not as much as last year, when comparable ocean temperatures were two to three degrees warmer than average." USA Today (8/9, 2.27M) runs a brief report on the downgraded predictions. ABC World News Tonight (8/8, story 7, 0:10, Moran, 8.78M) also briefly noted the new predictions.

WAR NEWS:

Deadly Violence Continues In Baghdad. NBC Nightly News (8/8, story 7, Williams, 9.87M) reported last night, "Despite a new buildup of American and Iraqi troops in Baghdad, 24 people were killed there today. 10 of them when bombs exploded in a city market. Another 70 or so were wounded in that attack. And just minutes later, bank robbers killed five people during a holdup."

The AP (8/9, Abdul-Zahra) reports "a series of bombings and shootings killed at least 33 people Tuesday, most in the Baghdad area, as more American soldiers patrolled the streets of the capital in a make-or-break bid to quell sectarian violence." The violence "underscores the security crisis facing Baghdad, which prompted American commanders to send more U.S. soldiers to the capital in a renewed bid to curb sectarian killings and kidnappings." USA Today (8/9, 2.27M) runs a similar AP story, in which it adds "the violence has prompted US commanders to send more US soldiers to the capital. US officials said the latest phase of the operation was launched Monday 'to reduce the level of murders, kidnappings, assassinations, terrorism and sectarian violence in the city and to reinforce the Iraqi government's control of Baghdad.'"

The New York Times (8/9, Von Zielbauer, 1.21M) describes the "three apparently coordinated explosions near the Interior Ministry, in the center of Baghdad," and notes that "in the past week, four Iraqi journalists from various news organizations based here were fatally shot, said a member of an Iraqi journalists' group that tracks attacks on reporters."

US General Says Current Baghdad Campaign "Defining Battle" Of Iraq Conflict. ABC World News Tonight (8/8, lead story, 2:40, Moran, 8.78M) reported "thousands more US troops are deploying throughout the Iraqi capital, in a campaign to save that city from a savage cycle of violence. It's an uphill fight." ABC (Raddatz) added, "We rode with General Peter Chiarelli into Baghdad today in one of the hundreds of armored Stryker vehicles now moving throughout the city. This is one of the most critical missions ever undertaken by US forces in Iraq. So critical that 3,700 soldiers who had already been here for a year were told just moments before heading home that they would have to stay for four more weeks." LT. General Peter Chiarelli, US Army

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Iraq: "And I hope you know this decision was not made lightly. This will be the defining battle of this particular campaign. We've got to take back Baghdad." Chiarelli "is the architect for that mission -- a sweeping, new plan to regain control of Baghdad. In the past 24 hours, whole neighborhoods have been cordoned off and 4,000 homes have been cleared." Chiarelli: "I think it will work because we have a government. And it will be a government that will be in power for four years. And they understand the necessity to move forward in Baghdad."

Iraqi Shiite Leaders "Aggressively Promoting" Partition Of Iraq. The Los Angeles Times (8/9, Daragahi, 918K) reports, "They have a new constitution, a new government and a new military. But faced with incessant sectarian bloodshed, Iraqis for the first time have begun openly discussing whether the only way to stop the violence is to remake the country they have just built." The Times adds, "Leaders of Iraq's powerful Shiite Muslim political bloc have begun aggressively promoting a radical plan to partition the country as a way of separating the warring sects. Some Iraqis are even talking about dividing the capital, with the Tigris River as a kind of Berlin Wall." Shiites "have long advocated some sort of autonomy in the south on par with the Kurds' 15-year-old enclave in the north, with its own defense forces and control over oil exploration. And the new constitution does allow provinces to team up into federal regions." But "the latest effort, promulgated by Cabinet ministers, clerics and columnists, marks the first time they've advocated regional partition as a way of stemming violence." The "growing clamor for partition illustrates how dire Iraq's security, economic and political problems have come to seem to many Iraqis: Until recently, Iraqis shunned the idea of redrawing the 8 1/2-decade-old map of Iraq as seditious."

Meyerson Suggests Rationale For Bush Policy Would Collapse If Civil War Breaks Out. Harold Meyerson writes in the Washington Post (8/9, A17, 748K), "Of all the signs that the American people are fed up with the war in Iraq, the one that the administration should fear most was put forth last week by a longtime supporter of both the president and the war, Virginia Republican John Warner. While chairing a hearing of the Senate Armed Services Committee, Warner suggested that the president might need a new congressional resolution authorizing our presence in Iraq, since the conflict there has become (or, best case, may yet become) a civil war. Now, that would be one challenging resolution to write." Meyerson adds, "The problem here is that only the Republican hard core still has confidence in Bush's Iraq policy, and a campaign focusing on affirming that policy would further inflame not only Democrats but independents as well." But "with Republicans worrying about how just to turn out their base, staying the course in Iraq does retain a certain warped logic. Once it's acknowledged that the war in Iraq is a sectarian civil war, however, staying the course has no logic for anyone."

Northern Territory Assigned To Iraqi Army. The Washington Post (8/9, Mosher, 748K) reports, "US military commanders on Tuesday handed over to their Iraqi counterparts primary security responsibility for a swath of northern territory extending from the foothills of Iraq's eastern mountains all the way west to the Syrian border." The Iraqi 4th Division was "given the lead security role in Salahuddin, Nineveh and Tamim provinces." The Post reports, "Five of the Iraqi army's 10 divisions now have primary responsibility for security in their areas, and FOB Dagger becomes the 48th of 110 U.S. bases handed over to Iraqi control." While US and Iraqi officials praised the transfer as a "watershed moment," "events in the capital and surrounding provinces ... illustrated how deeply entrenched Iraq's security problems are after 3 1/2 years of war punctuated by nearly six months of intense sectarian violence." Eighteen Iraqis were killed in a market bombing in Baghdad, while 29 others were killed in Diyala province.

Bush Explanation Of US Role In Iraq Examined. In the Washington Post's "In the Loop" column (8/9, A15), Al Kamen says, "President Bush, at his Monday news conference in Crawford, Tex., tried one more time to explain to those who simply can't -- or won't -- understand what role the United States is playing in Iraq. It's pretty straightforward. It's all about liberty and freedom, he said." Bush said, "We don't impose liberty. Liberty is universal. [There are] some [who] would be willing to say that it's okay for people not to live in a free society. It's not okay for us. If you love peace, in order to achieve peace, you must help people realize that which is universal. And that is freedom." The Post adds, "And, let's be honest, there will always be some people who need more help than others. That's why, on July 28, Bush sent 3,700 more troops to help in Baghdad."

War Crimes Act Amendments Would Reduce Prosecution Risk. The Washington Post (8/9, Smith,

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748K) reports in a front page article, "The Bush administration has drafted amendments to a war crimes law that would eliminate the risk of prosecution for political appointees, CIA officers and former military personnel for humiliating or degrading war prisoners, according to US officials and a copy of the amendments." Officials contend that the revisions "would alter a U.S. law passed in the mid-1990s that criminalized violations of the Geneva Conventions." Ten experts who reviewed the revisions for the Post expressed concern that "the changes could affect how those involved in detainee matters act and how other nations view Washington's respect for its treaty obligations."

Soldier Says Unit Involved In Rape Accusation Was "Full Of Despair." USA Today/AP (8/8, Lenz) reports, "A US Army private on Tuesday described the ever-present fear of death gripping his unit, whose members stand accused of raping and murdering a 14-year-old girl and killing her family." Pfc. Justin Cross, who is not one of the accused, said that depressed soldiers consumed whiskey and painkillers. Testimony so far "has painted a picture of a demoralized unit, drained emotionally after the deaths of comrades and exhausted after the frequent attacks in the mostly Sunni Arab area." However, Eugene Fidell, president of the National Institute of Military Justice, called combat stress as a defense a "long shot" unless it "rose to the level of an insanity defense or negated some element of the crime."

The AP (8/8, Lenz) also reports that prosecutors "argued that the threats of war, arduous missions and frequent loss of life were no excuse for rape and murder." One argued, "Cold food didn't kill that family. Personnel assignments didn't rape and murder that 14-year-old little girl."

The Washington Post (8/9, Mosher, 748K) reports as well on the hearing. It quotes Pfc. Cross's description of "several devastating setbacks" to morale: "On Feb. 5, the unit's living quarters in Yusufiyah burned to the ground, destroying many soldiers' personal belongings. And the shooting of two members of the unit at a checkpoint 'pretty much crushed the platoon,' Cross said."

Iraqi Refugees Seek Safety In US. The Wall Street Journal (8/9, Dreazen, 2.03M) reports that, amid growing sectarian violence, "Hundreds of thousands of Iraqis are becoming refugees, with thousands of them trying to reach the U.S. But with visas difficult to come by, a growing number -- including the Shabo family -- are entering illegally and then seeking asylum, sparking questions about how much Washington should assist those fleeing a U.S.-led war." "One of the largest exoduses in modern Middle Eastern history" is under way: "the Iraqi government has over the past 12 months issued more than 1.8 million new passports, a figure that corresponds with nearly 10% of the country's population." A profiled refugee "fears Iraq can't be salvaged and blames the Bush administration for failing to do more to prevent militants from entering the country."

Colombia May Help Afghanistan's Drug War. The Financial Times (8/8, Webb-Vidal) reports, "Colombia, the world's top producer of cocaine, may provide a permanent anti-narcotics training programme for Afghanistan, the world's largest supplier of heroin, to help it combat the flow of illegal drugs." Four Colombian narcotics officers returned from an "exploratory mission" to Afghanistan last weekend. They found similarities in Afghan and Colombian criminal practices, such as the armed groups that protect poppy plantations and the methods used by mules to smuggle drugs out of the Kabul airport.

Trial Of Ex-CIA Contractor Continues. The AP (8/8, Thompson) reports on the trial of David Passaro, "A former CIA contract worker charged with beating an Afghani detainee who later died admitted he assaulted the prisoner during an interrogation, a fellow agency employee testifying in disguise said Tuesday." The witness, alias "Randy Wilson," "was one of three CIA employees who testified Tuesday in disguise and under assumed names." The AP writes, "The other two witnesses — a career CIA agent and another contract worker — testified that civil contractors hired to work in places like Afghanistan were not trained in interrogation techniques and were not given special rules allowing them to beat detainees."

Army Recruits Being Trained By Iraq, Afghanistan Veterans. USA Today (8/8, Vanden Brook, 2.27M) reports that war in Afghanistan and Iraq has benefited the Army in one sense: "for the first time in decades, a majority of drill sergeants have real-war experience." Colonel Kevin Shwedo said "most" drill sergeants now have combat experience, for the first time since the mid-1970s. Professor James Martin warned that sometimes experienced instructors can bring "home the wrong lessons from war."

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USA Today remarks that the Army "has put a premium on helping its recruits succeed rather than washing them out of basic training. The new approach reflects another reality: Each recruit is precious." In 2005 the Army was 8% short of its recruiting goal.

Congress Could Slash Funds For Brain Injury Center. USA Today (8/8, Zoroya, 2.27M) reports, "Congress appears ready to slash funding for the research and treatment of brain injuries caused by bomb blasts, an injury that military scientists describe as a signature wound of the Iraq war. House and Senate versions of the 2007 Defense appropriation bill contain $7 million for the Defense and Veterans Brain Injury Center — half of what the center received last fiscal year." Proponents of the funding expressed "shock" at plans to cut funding for the Brain Injury Center, with one calling the idea "unpardonable." In recent months, the center "has clashed with the Pentagon" over its suggestion that all troops returning from Iraq be screened "for mild to moderate brain injuries." The Pentagon contends "that more research is needed."

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Gonzales Pledges Crime Fighting Help For Cincinnati. The Cincinnati Enquirer (8/9, Horn) reports, "U.S. Attorney General Alberto Gonzales toured Over-the-Rhine this morning and promised local authorities a little help in their efforts to stop rising gun violence." The Enquirer continues, "The visit to Over-the-Rhine, one of Cincinnati's most violent neighborhoods, was short. Gonzales stood for a few minutes in a vacant lot with Police Chief Tom Streicher and Congressman Steve Chabot, pausing briefly to answer questions from reporters. … The attorney general did not speak to any of the handful of residents who watched from the sidewalk, but he did meet an hour later with local law enforcement officials to talk about crime." The Enquirer adds, "Gonzales said he would assign an additional federal prosecutor to southern Ohio to help prosecute drug and violent crime cases. He said 22 other cities around the country also would get an additional prosecutor from the Department of Justice. … 'This is at the heart of the department's effort to dismantle drug trafficking organizations,' Gonzales said of the new prosecutors. 'No community is immune from the destructive power of drugs and violent crime.' … He also endorsed local efforts to build a new jail in Hamilton County, saying jail space is crucial to keeping criminals off the street."

The AP (8/9, Cornwell) reports, "The new jobs will be assigned to U.S. attorneys' offices nationwide, including one in the Southern District of Ohio. They will be assigned to the Organized Crime Drug Enforcement Task Force, and their sole focus will be to prosecute major drug trafficking organizations, Gonzales said on his first visit to Cincinnati." The AP continues, "The nation's highest law enforcement officer said the task force is at the heart of Department of Justice efforts to target the organizations that bring drugs into neighborhoods across the country. … 'I know that Cincinnati has seen its share of pain when it comes to the subject of drug use, addiction and trade,' Gonzales said after touring one of Cincinnati's highest crime neighborhoods and a local treatment center for drug and alcohol abuse." The AP adds, "Gonzales praised the efforts of Cincinnati police in cooperation with state and federal officials to make the city safer and drug-free, but said that he was startled to see so many boarded-up and abandoned buildings in the Over-the-Rhine neighborhood. The inner-city neighborhood was the center of race riots five years ago and has a high rate of violent crime, especially among drug dealers. … 'On the other hand there seem to be many images of hope,' said Gonzales, who noted continuing efforts to redevelop the area."

ChannelCincinnati, NBC 5 (8/9) reports, "As part of his visit to the city, U.S. Attorney General Alberto Gonzales visited Over-the-Rhine -- a neighborhood known for high crime rates, but also an area where there's high hope. The nation's top law enforcement saw firsthand Over-the-Rhine's run-down, abandoned buildings and people living in poverty. … 'Quite frankly, I was startled. This is my first visit to Cincinnati, so I was a little bit startled in seeing what I saw,' he said." ChannelCincinnati continues, "At a stop at the Talbert House -- a drug rehabilitation center -- Gonzales announced that he's adding a new assistant U.S. attorney to go after drug kingpins. … 'We need to send a strong message of deterrence. You do that by showing the community that you have the resources and are willing to dedicate the resources to prosecute those who engage in violent crime, for example, so that is a start. Is that going to solve the problem? Absolutely not,' Gonzales said."

WKRC-TV, CBS 12, Cincinnati (8/9) reports, "Federal agents secured 14th and Race Streets, a tough corner on the U.S. Attorney's tour of the city. That is where where a

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Sharonville mother was killed Opening Day trying to buy drugs. There was little chance of such violence with all the agents travelling with U.S. Attorney General Alberto Gonzales, Police Chief Tom Streicher and Congressman Steve Chabot . He invited Gonzales here to talk about ways to reduce gun and drug violence. … Alberto Gonzales, U.S. Attorney General: 'What is available to young kids after school so they don't get in trouble? There is a number of different agencies police work with in the city and school system.'" WKRC-TV adds, "Gonzales said he was surprised at the number of abandoned buildings in Over-the-Rhine, and impressed with the strength of the community. … 'No matter where you grow up you still have dreams of doing something great in our great country.' … Gonzales said there are pilot programs in other cities to rescue young people from gangs and drugs. If they work, the programs could expand, possibly to Cincinnati. And there was jail talk about getting federal money to help pay for a new one."

CORPORATE SCANDALS:

Pixar Granted Options At Low Prices; Cablevision To Delay Earnings Results. The Wall Street Journal (8/9, Forelle, Stecklow, Searcey) reports, "Top executives of Pixar Animation Studios, the computer-animation company co-founded by Apple Computer Inc. Chief Executive Steve Jobs, received stock-option grants priced at the stock's annual lows in four years between 1997 and 2003." The Journal continues, "The pattern of fortuitous timing raises questions about whether the options might have been backdated or otherwise manipulated to give executives the chance to increase their payouts." The Journal adds, "Separately, Cablevision Systems Corp. yesterday became the latest company to say it is reviewing its program of stock-option grants, as it delayed the release of its second-quarter earnings and warned that its financial results since 1997 shouldn't be relied upon. … The Bethpage, N.Y., cable-television operator said it has yet to determine the size of any adjustments it may need to make to its results. It was unclear how significant any changes would be, or whether the probe involves options granted to President and Chief Executive James Dolan or other executives. … SEC filings show that during some of the years in question Mr. Dolan and a handful of other executives collectively received hundreds of thousands of shares on dates that were followed by significant increases in the share price." The Journal notes, "More than 80 companies are under federal investigation over the timing of their option grants. Dozens of companies have said they will need to restate earnings as a result of options troubles, and several executives have left their posts. Two former officials of Brocade Communications Systems Inc. have been charged with criminal securities fraud relating to backdated options at the networking firm."

Apple Officials Seek Counsel Amid Backdating Probe. The California Recorder (8/9, Scheck) reports, "For the last few months, the San Francisco U.S. Attorney's Office has been investigating whether Apple -- like so many other Silicon Valley companies -- changed the dates on stock option grants to employees in order to maximize executive payouts, according to lawyers familiar with the case." The Recorder continues, "That investigation has chugged along quietly, even as Apple has twice made public admissions that it has backdating problems. … But behind the scenes, Apple -- and some of its current and former executives -- are seeking counsel." The Recorder adds, "Nancy Heinen -- Apple's longtime general counsel who left the company earlier this year -- has hired East Bay defense lawyers Cristina Arguedas and Miles Ehrlich to represent her in connection with the government probe. … Arguedas, a partner at Arguedas, Cassman & Headley, has represented a string of high-profile targets, including an Enron defendant and athletes tied up in the Balco steroids case. … Ehrlich is the former head of the San Francisco U.S. Attorney's Office's white-collar section, a job he left last year to start the firm Ramsey & Ehrlich."

2nd Circuit Reinstates Shareholder Suit Against American Express. The Wall Street Journal (8/9) reports, "American Express Co., Chief Executive Kenneth I. Chenault and other executives will have to defend themselves in a shareholder lawsuit over the firm's investments in junk bonds in the late 1990s, a federal appeals court ruled." The Journal continues, "The Second Circuit Court of Appeals remanded the case back to U.S. District Judge William H. Pauley III in Manhattan, saying the lower court erred in dismissing two claims it found were time-barred by the statute of limitations. The case was dismissed in 2004. … 'merican Express will once again seek to dismiss the case,'said Judy Tenzor, a spokeswoman for the New York consumer-finance company." The Journal adds, "The securities-fraud lawsuit, which claimed American Express made material misrepresentations about the high-yield

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investment portfolio at its former American Express Financial Advisors unit, had sought class-action status for American Express shareholders between July 1999 and July 2001. The financial-advisory unit was spun off last year and is now named Ameriprise Financial Inc."

Grasso Trial Delayed As Judge Considers Compensation Issue. The Wall Street Journal (8/9, Lucchetti, Ceron) reports, "A trial in New York Attorney General Eliot Spitzer's excessive-compensation lawsuit against former New York Stock Exchange Chairman Dick Grasso was delayed until mid-October." The Journal continues, "That means the case could still be in court come November, when New Yorkers elect a new governor; Mr. Spitzer is favored to be the Democratic nominee in that race. Previously, the case was set to go to trial Sept. 5." The Journal adds, "Mr. Spitzer is seeking the return of a big chunk of Mr. Grasso's $187.5 million pay package from the exchange. Mr. Grasso, who left the NYSE amid an outcry over the pay package in 2003, has denied wrongdoing. … New York Supreme Court Justice Charles Ramos set the new trial start date yesterday at a hearing where he also decided to rule on one key aspect of the case on his own in a 'bench' trial. The adjudication of that point -- whether Mr. Grasso's compensation was reasonable for the head of a not-for-profit corporation, which the Big Board was when he ran it -- will come ahead of other claims in the case. An early decision on that allegation could possibly reduce the role of other high-profile litigants in the matter such as former NYSE Chairman John Reed and former exchange board members Kenneth Langone and H. Carl McCall."

The Washington Post (8/9, D03, Masters) reports, "Spitzer's representative in court, Deputy Attorney General Avi Schick, argued that his request and Ramos's ruling were an effort to streamline the case to focus on the key issue: whether the size of Grasso's paycheck violates a state law requiring that pay at not-for-profit institutions be reasonable. 'Try that case first,' Schick said after the hearing. 'If you resolve that claim, you have a good chance of resolving the issue.' … But Grasso's attorneys complained and said they would appeal Ramos's decision. … 'The issue of reasonable compensation is one that Dick Grasso is entitled to a jury trial on. So yes, we will take up the issue on appeal,' said Gerson Zweifach, one of Grasso's attorneys. 'It is remarkable the lengths that Spitzer will go to in trying to avoid letting a jury decide this case.'"

CRIMINAL LAW:

Former Philadelphia Official Sentenced To 2½ Years In Prison. The Philadelphia Inquirer (8/9, A1, Shiffman, 399K) reports, "Leonard N. Ross' corruption had already cost him his wife, his law license, his assets, his reputation, and his friendship with Mayor Street. Yesterday, it cost him his freedom. A federal judge ordered Ross to prison for 2 1/2 years for corrupting the city's 2003 effort to redevelop the Penn's Landing waterfront. Ross is the 22d person convicted in the City Hall corruption investigation." The Inquirer adds that during the sentencing hearing, Assistant US Attorney Bea Witzleben "said FBI wiretaps of White and Ross revealed their naked greed and perpetuated the perception of Philadelphia as a place where corruption is the cost doing business." The Philadelphia Daily News (8/9, Davies, 109K) adds, "Just a few years ago, the dapper, silver-haired Ross was often holding court at The Palm restaurant, a political insider who called Mayor Street one of his best friends." But his "downfall came when Street appointed him to a committee evaluating Penn's Landing proposals and he came under FBI scrutiny." The AP (8/9, Loviglio) also reports on the sentence and notes, "Nearly two dozen people have been convicted in a federal corruption probe that became public when police discovered an FBI bug in Street's office in October 2003."

Report Finds San Diego Engaged In Reckless Fiscal Mismanagement. The AP (8/9, Spagat) reports that San Diego "recklessly and deliberately mismanaged its finances for years, according to a report released Tuesday that marks a key milestone in San Diego's fiscal recovery." The AP continues, "Kroll Inc. said San Diego 'fell prey to the same type of corruption' that ruined companies including Enron Corp. and WorldCom Inc. and prompted Orange County to file for bankruptcy protection in 1994. … 'The evidence demonstrates not mere negligence but deliberate disregard for the law, disregard for fiduciary responsibility and disregard for the financial welfare of the city's residents,' the report concludes." The AP adds, "The 266-page tome, which took 18 months to complete and cost the city $20 million, offers one of the most detailed accounts of how San Diego created a $1.4 billion pension shortfall that has crippled its ability to borrow money. … The investigation was led by a cast of accounting luminaries including Arthur

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Levitt, former chairman of the U.S. Securities and Exchange Commission. It clears the way for San Diego to complete overdue audits, which are widely considered a key step to returning the nation's eighth-largest city to Wall Street's good graces." The AP notes, "San Diego's unfunded pension liability -- the gap between the value of its pension assets and its obligation to retirees -- soared after the City Council decided in 1996 and again in 2002 to avoid payments to the pension fund and, at the same time, enhance retirement benefits. … The fiscal meltdown that resulted sparked investigations by the U.S. Justice Department and the SEC in early 2004. Five former city and pension fund officials were charged with federal fraud and conspiracy in January."

The Los Angeles Times (8/9, Marosi, 918K) reports the "long-awaited audit released Tuesday blames San Diego's pension fund debacle on mismanagement and illegal financial manipulations that recall the fiscal crises of Orange County and Enron Corp." The 266-page report "concludes that some former city and pension board officials violated state and federal laws in their ill-advised pursuit of short-term solutions for a pension fund deficit that now approaches $2 billion." Former SEC Chairman Arthur Levitt Jr. said, "The evidence demonstrates not mere negligence, but deliberate disregard for the law, disregard for fiduciary responsibility and disregard for the financial welfare of the city's residents over an extended period of time." The Times adds the report, "which cost $20 million, is considered a key step in San Diego's bid to restore its once solid reputation for conservative fiscal management. City officials hope that the report by Kroll Inc., a risk management firm in New York, will win back Wall Street's trust."

FBI Investigating Former Louisiana Gaming Commissioner's Corruption Claims. The Baton Rouge Advocate (8/9) reports, "An FBI investigation of the Louisiana State Gaming Control Board has been verified by Louisiana State Police, even though FBI officials will neither confirm nor deny an investigation exists. The former executive director of the gaming board, Gloria Anne Neeb, was the subject of an investigation by Louisiana's Inspector General Sharon Robinson and the State Police into her work attendance when she worked for the Louisiana board. … When investigations were concluded by both the Inspector General's Office and the State Police, both inquiries showed that Neeb owed the state around $2,700. However, Neeb, who is currently the executive director of the Pennsylvania Gaming Control Board, is crying foul. Neeb claims the charges against her are politically motivated and that corruption exists in the gaming agency."

Ohio Executes Inmate Convicted Of Killing Three. The AP (8/9, Viviano) reports, "A man who said he worshipped Satan and enjoyed killing three people, stabbing and beating them and stomping on them with steel-toed boots, was executed Tuesday." The AP continues, "Darrell Ferguson, 28, the youngest person put to death in Ohio since 1962, died by injection at 10:21 a.m. at the Southern Ohio Correctional Facility. … He had asked for the death penalty and chose not to pursue appeals, which could have delayed his execution for years." The AP adds, "Ferguson was the second inmate executed using the state's new lethal injection protocol, adopted after an execution in May was delayed while prison staff struggled to find a useable vein on that inmate, who asked them to find another way to kill him. … Officials said Ferguson's veins were closely examined before his execution, and the guidelines called for two injection sites to be prepared plus a new method of ensuring veins stay open. … He was convicted of three counts of aggravated murder in the Christmas Day killing of Thomas King, 61, in 2001 and the deaths the next day of Arlie Fugate, 68, and his wife Mae, 69. King was disabled and used crutches, Arlie Fugate had cancer and Mae Fugate took meals to wheelchair-using neighbors."

Study Finds Online Predators Less Prevalent. USA Today (8/9, Kornblum) reports, "Despite the rise of social networking sites such as MySpace, a smaller percentage of young people are being sexually solicited online than five years ago. … But children ages 10 to 17 are being increasingly bombarded with online porn and are being harassed and bullied more — often by peers, a study finds." USA continues, "The long-awaited report, to be released today, is the only national study of its kind. It is by the University of New Hampshire's Crimes Against Children Research Center, which surveyed 1,500 children ages 10 to 17 last year and compared findings with a similar group five years earlier. … About 13% said in 2005 that they had received an unwanted request to engage in sexual activity or conversations in the previous year from either adults or other children. Five years earlier, it was 19%. … Though that's an improvement, it's 'still way too high,' says Ernie Allen, president of the National Center for Missing & Exploited

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Children. The center financed the research with a grant from Congress." USA notes, "Allen and researcher David Finkelhor attribute improvements to education campaigns stressing 'stranger danger' and less time spent in chat rooms 'where creepy people hang out,' Finkelhor says."

Ohio Death Penalty Challenged Over Jury Smoking Ban. The New York Times (8/9, Maag) reports, "Lawyers for a man convicted of beating a former girlfriend to death with a lead pipe argued before the Ohio Supreme Court on Tuesday that their client should be spared the death penalty, partly because jurors were not allowed to smoke while deliberating. … 'A capital trial is supposed to be a considered process,' said Keith A. Yeazel, one of the lawyers. 'Jurors shouldn't be trying to speed up the process so they can go outside and smoke a Kool cigarette.'" The Times continues, "The defendant, Phillip E. Elmore, 43, admitted his guilt during his trial in October 2003. While on the stand, Mr. Elmore said, 'I feel I deserve the worst punishment that there is,' according to the court transcript. … But in an hourlong hearing here, lawyers representing Mr. Elmore in the appeals process argued that his trial lawyers had failed to provide an adequate defense that might have spared his life. … They also noted that the trial lawyers had not objected when Judge Jon R. Spahr of the Licking County Common Pleas Court rejected jurors' request for cigarette breaks while they were deliberating. This amounted to discrimination against smokers, Joseph Edwards, another of the lawyers, said Tuesday, and created a reason for jurors to rush through the most important phase of the trial."

FBI Joins Search For Woman Accused Of Murdering Husband With Boiling Oil. The Biloxi Sun Herald (8/8, LaFontaine, 44K) reported, "FBI agents have joined the hunt for a Diamondhead woman who faces a murder charge in the death of her sleeping husband. Police said Monday they are closing in on Edna May Sanders, who allegedly doused her husband, Sherman, with more than two quarts of boiling oil while he slept in the couple's bedroom on July 28." The Sun Herald added, "FBI Special Agent Jason Pack confirmed that federal authorities will provide assistance to the Hancock County Sheriff's Department in a nationwide search for 45-year-old Sanders." The AP (8/9) also reports on the FBI assistance with the search.

Mississippi Woman Pleads Guilty To Katrina Relief Fraud. The Jackson (MI) Clarion Ledger (8/8, Rupp) reported, "A Gulfport woman pleaded guilty Monday to submitting fraudulent FEMA claims relating to Hurricane Katrina. Shera Simes received $2,268 after filing for disaster unemployment after reporting her last day of work was Aug. 28, a day before Katrina hit the Gulf Coast. Burger King in Gulfport actually paid Sims until Nov. 4."

Mississippi Hotel Owners Arrested On Relief Fraud Charges. The Natchez Democrat (8/9, Finley) reported, "Two Natchez hotel owners were arrested Monday in connection with state investigations into price gouging in the aftermath of Hurricane Katrina. The Attorney General's Office has been looking into reports about the Excellent Inn & Suites and Scottish Inn since shortly after the storm Director of Consumer Protection Grant Hedgepeth said. Owners Alex Patel and Sonal A. Patel were each charged with 16 counts of price gouging and one count of conspiracy to commit price gouging. The men jointly own both Natchez hotels.

Massachusetts Investment Advisor Charged With Fraud. The AP (8/7) reported Mark Conway of Waltham, Mass., was charged on Monday with "defrauding more than fifty people out of an estimated $5 million dollars in an investment fraud scheme. … Authorities say Conway was the managing partner of Groundswell Partners LLC. They say between January 2001 and last October, Conway made numerous misrepresentations to investors including that his funds would follow a specific market timing investment strategy. Instead, Conway stopped using the promised investment strategy and then created false documentation to ensure his investors."

Ohio Fund Manager Sentenced To Six Years In Prison For Defrauding Investors. The Akron Beacon Journal (8/5, 134K) reported, "The president of Agnitio Fund Management LLC has been sentenced to six years in prison and ordered to repay his defrauded customers $1.5 million." Jesse Bonner "was accused of defrauding 38 investors in Ohio, Virginia, New York, Michigan, North Carolina and Florida, according to the U.S. Attorney's Office in Cleveland. Bonner promised great returns on investments, but faked statements -- including an independent audit -- presented to clients between 2001 and September 2005, federal authorities said."

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California Man Pleads Guilty To Stealing Trade Secrets From Concrete Company. The San Diego Union-Tribune (8/5, Soto, 337K) reported, "A San Diego man who broke into a computer at the concrete company where he once worked and stole information he then used to make a competing bid for his new employer pleaded guilty yesterday to stealing trade secrets." Benjamin Muñoz III "faces up to two years in prison when sentenced in September in San Diego federal court." The Union-Tribune noted, "Muñoz took advantage of easy-to-figure computer passwords at his former employer, T.B. Penick & Sons Inc., to break into a computer system and get figures for a concrete bid," and "he then used that information – 136 pages of documents he printed at home – to help his new employer…bid on the same job without having to recalculate how much concrete to use or how many people to hire. … Penick notified the FBI when it realized its computer system was compromised, and it ended up with the $4 million job."

Brooklyn Woman Sentenced To Prison For Extorting Money From Russian Strippers. The AP (8/5) reported, "A woman was sentenced to four years in federal prison Friday for extorting money from two women brought illegally from Russia to work in New Jersey strip clubs." Viktoriya I'lina of Brooklyn "pleaded guilty in January to conspiracy to commit extortion and conspiracy to commit visa fraud. Two men, including her husband, Lev Trakhtenberg, have also pleaded guilty in the case."

DC Crime Figures Show Little Change Since Emergency Declared. The Washington Times (8/9, Doolittle) reports, "Violent crime rates have changed little in the District since Metropolitan Police Chief Charles H. Ramsey declared a citywide crime emergency nearly a month ago." The Times continues, "According to police statistics, the city had 21 homicides last month, when Chief Ramsey declared the crime emergency, and 20 in June. .. In addition, there were 309 reports of assaults with a deadly weapon last month, compared with 311 such reports in June. Sexual assaults numbered 33 last month and 38 in June." The Times adds, "Last month, Mayor Anthony A. Williams said the crime emergency's goal was to decrease crime by 50 percent in 30 days. … Yesterday, city officials defended the crime emergency, saying that arrests and enforcement have improved even if the crime rate has not. … 'Our real goal would be to eliminate crime 100 percent and to have zero crime in the city,' said Vincent Morris, a spokesman for Mr. Williams. 'You set a goal, and you know the reality is there's crime in every city. … We think we've made amazing progress in just the few short weeks since the emergency has been declared,' he said." The Times notes, "Police statistics show that arrests have increased 21 percent, firearm recoveries have increased 46 percent and curfew violation citations have increased 177 percent since the emergency began."

Prostitution Sting Nets Four Near BWI Airport. The Washington Times (8/9, Lively) reports, "Anne Arundel County police arrested four women near Baltimore-Washington International Thurgood Marshall Airport and say escort service masquerades are phasing out street prostitution in the county. … 'We're definitely noticing a trend,' said Officer Sara Schriver, a county police spokeswoman. … 'In the Laurel area and around BWI, there's been a decline in street prostitution and an increase in online-advertised escort services,' which are often fronts for prostitution, she said." The Times continues, "The women arrested in the undercover investigation were Ashley Price, 20, of the District; Emily Fritz, 18, of Costa Mesa, Calif.; Carlena Perry, 26, of Schaumburg, Ill.; and Kelly West, 20, who has no fixed address. … The four women were charged with prostitution stemming from a sting operation conducted by the police department's vice unit. They were arrested between July 13 and Aug. 1." The Times notes, "Authorities said the women had been using the Internet to advertise their services as escorts in the Laurel area and near the airport. … Police said prostitution services frequently operate under the guise of being legitimate escort services. Authorities said some dating Web sites and online classified services feature overt ads for prostitution. … To avoid local vice officers, prostitutes advertising online usually will stay in one place for weeks at a time, meeting with several clients in arranged appointments before flying to other cities."

Piracy Laws Are Confusing, Often Misunderstood Or Ignored. The Los Angeles Times (8/9, Duhigg) reports that the attitude "that copying purchased CDs or DVDs is legal, while copying stolen music or movies is a crime -- is pervasive among young people ages 12 to 24, according to a Los Angeles Times/Bloomberg poll. … Among teens ages 12 to 17 who were polled, 69% said they believed it was legal to copy a CD from a friend who

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purchased the original. By comparison, only 21% said it was legal to copy a CD if a friend got the music free. Similarly, 58% thought it was legal to copy a friend's purchased DVD or videotape, but only 19% thought copying was legal if the movie wasn't purchased." The Times continues, "Those figures are a big problem for the Recording Industry Assn. of America and the Motion Picture Assn. of America, both of which have spent millions of dollars to deter copying of any kind. The music industry now considers 'schoolyard' piracy -- copies of physical discs given to friends and classmates -- a greater threat than illegal peer-to-peer downloading, according to the RIAA. … Similarly, an MPAA spokesperson said that, in the U.S., copying and reproducing DVDs is a bigger problem than illegal downloading of movies." The Times notes, "Indeed, years of anti-downloading campaigns seem to be working: 80% of teens surveyed in the poll said downloading free music from unauthorized computer networks was a crime. Much of that might stem from highly publicized crackdowns on online music sharing. A 2004 study by the Pew Internet & American Life Project found that close to 6 million Americans said they had stopped downloading unauthorized tunes because of lawsuits filed by the RIAA. … But when it comes to stopping people from copying physical CDs, high-profile lawsuits are much less likely to occur. Prosecutors say it would be next to impossible to get one teen to testify in court that another had slipped him or her a copied disc at lunchtime. … Even lawyers say the law is hard to understand. Distributing free copies of a purchased CD or DVD is only a federal copyright crime if the value of the copied discs exceeds $1,000, said Assistant U.S. Atty. Elena Duarte. … But giving away even one copied disc may be a civil violation or break a state law."

CIVIL LAW:

Philadelphia Squares Off With Park Service Over Independence Hall Fence. The New York Times (8/9, Urbina) reports, "Hands off our Liberty. That is what Philadelphia officials are saying to a plan by the National Park Service to erect a seven-foot-tall fence behind Independence Hall. One effect of the project would be to bisect the historic square where the Declaration of Independence was publicly read for the first time, on July 8, 1776." The Times continues, "The plan calls for a wrought-iron fence about 130 feet behind the building, the original home of the Liberty Bell. The Park Service, which operates the site, says the fence is among $2 million in security precautions that the Department of Homeland Security has mandated at the Independence National Historical Park. It is not unlike antiterrorism steps being taken at other major landmarks around the country, parks officials say. … But city and state officeholders say the fence exceeds what is required and will turn an enduring symbol of American freedom into an eyesore." The Times adds, "Mayor John F. Street has said the fence will give visitors a sense that they are 'entering an armed camp.' He is trying to negotiate an alternative with the Park Service. … 'We're opposed to the fence and believe Independence Park should be as open to the people as reasonably possible,' Mr. Street said by e-mail." The Times notes, "Jane Cowley, a spokeswoman for the park, said the Park Service was caught between competing priorities. 'We're attempting a balancing act between providing the best security for these national icons and listening to the legitimate concerns of our neighbors and partners about access to the site,' Ms. Cowley said. The deadline for public comment on the proposal has been extended by a month, she said, to Sept. 1."

Search Data Released By AOL Allows Reporter To Track Down User. The New York Times (8/9, Barbaro, Zeller) reports, "Buried in a list of 20 million Web search queries collected by AOL and recently released on the Internet is user No. 4417749. The number was assigned by the company to protect the searcher's anonymity, but it was not much of a shield." The Times continues, "No. 4417749 conducted hundreds of searches over a three-month period on topics ranging from 'numb fingers' to '60 single men' to 'dog that urinates on everything.' .. And search by search, click by click, the identity of AOL user No. 4417749 became easier to discern. There are queries for 'landscapers in Lilburn, Ga,' several people with the last name Arnold and 'homes sold in shadow lake subdivision gwinnett county georgia.'" The Times adds, "It did not take much investigating to follow that data trail to Thelma Arnold, a 62-year-old widow who lives in Lilburn, Ga., frequently researches her friends' medical ailments and loves her three dogs. 'Those are my searches,' she said, after a reporter read part of the list to her. … AOL removed the search data from its site over the weekend and apologized for its release, saying it was an unauthorized move by a team that had hoped it would benefit academic researchers. … But the detailed records of searches conducted by Ms. Arnold and

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657,000 other Americans, copies of which continue to circulate online, underscore how much people unintentionally reveal about themselves when they use search engines — and how risky it can be for companies like AOL, Google and Yahoo to compile such data. … Those risks have long pitted privacy advocates against online marketers and other Internet companies seeking to profit from the Internet's unique ability to track the comings and goings of users, allowing for more focused and therefore more lucrative advertising. … But the unintended consequences of all that data being compiled, stored and cross-linked are what Marc Rotenberg, the executive director of the Electronic Privacy Information Center, a privacy rights group in Washington, called 'a ticking privacy time bomb.'"

Watchdog Groups Ask House Defense Conferees To Agree To Whistle-Blower Protection. The Hill (8/9, Schor) reports the "numerous watchdog groups lobbying for a package of whistle-blower protections attached to the Senate's defense authorization bill are calling on likely House conferees to agree to the Senate provisions during imminent conference talks." The groups, which compose "the Make it Safe Coalition, point to recent events suggesting an erosion of 1989's landmark Whistleblower Protection Act, including the subpoena last month of former National Security Agency (NSA) analyst Russell Tice and a May Supreme Court decision that weakened the free-speech rights of government employees who are subjected to retaliation because they criticize aspects of their jobs." Citing "the conservative bogeyman of 'judicial activism' to blast federal appeals courts ruling against whistle-blower rights, Make it Safe sent talking points Friday to House Armed Services Committee Chairman Duncan Hunter (R-Calif.), ranking Democrat Ike Skelton (Mo.) and 18 other committee members." But their "battle is an uphill one."

CIVIL RIGHTS:

DOJ Sues Missouri Landlord For Harassment. The AP (8/9, Hananel) reports, "The Justice Department on Tuesday sued a northwest Missouri landlord Tuesday alleging he sexually harassed female tenants and threatened them with eviction if they refused his advances." The AP continues, "The lawsuit claims 85-year-old Harold Calvert, manager of 16 rental properties in Richmond, Mo., made unwanted verbal and physical sexual advances to women who lived in his units. … 'Housing is a fundamental need and no woman should be victimized while trying to obtain shelter for herself and her family,' said Wan J. Kim, assistant attorney general for the Justice Department's civil rights division." The AP adds, "The lawsuit, filed in U.S. District Court in Kansas City, alleges Calvert violated the federal Fair Housing Act, which prohibits sexual discrimination in housing. Some of Calvert's tenants receive Section 8 federal rental assistance from the Richmond Housing Authority. … Government officials also named Calvert Properties Inc., in the lawsuit, alleging the property management company failed to prevent or curtail the discriminatory conduct. Calvert is president of the company. … The government is seeking damages to compensate the victims, plus civil penalties and a court order barring further discrimination. … Kim said the Justice Department has recently stepped up its enforcement against landlords accused of sexually harassing tenants."

Alabama Congressman Asks DOJ To Re-Examine Voting Rights Suit. The AP (8/9, Johnson) reports, "A congressman asked the U.S. attorney general Tuesday to re-examine a Justice Department suit that led to Republican Gov. Bob Riley being put in charge of a state voter registration database, replacing a Democrat, as he leads the GOP ticket on the November ballot. … 'It is impossible to ignore the partisan colorations of the court's intervention,' U.S. Rep. Artur Davis, a Democrat from Birmingham, said in the letter" to Attorney General Alberto Gonzales. "'The Secretary of State is a Democrat who is standing for re-election in November. The governor is a Republican who also faces re-election in November.'" The AP continues, "The Justice Department sued Secretary of State Nancy Worley because she did not meet the deadline for creating the statewide database required by the federal Help America Vote Act. U.S. District Judge Keith Watkins last week named Riley to be 'special master' to oversee implementation of the database, a move recommended by the Justice Department." The AP adds, "Davis expressed concern that some of the duties of the state's top elections official would be stripped from an elected Democrat and given to a Republican in the middle of their re-election campaigns. … A spokeswoman for the Justice Department, Cynthia Magnuson, declined to comment specifically on Davis's letter …,saying department officials had not read it.

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But she denied that the department's motives in the case were political. … 'This has nothing to do with politics and everything to do with coming into compliance with the law,' Magnuson said."

The Tuscaloosa (AL) News (8/9, Lee) reports, "U.S. Rep. Artur Davis accused the Justice Department Tuesday of 'judicial activism' when it urged a federal district judge to appoint Gov. Bob Riley to oversee Alabama's voter registration database project. … 'This is the kind of situation where the court should bend over backwards to avoid the appearance of partisan politics,' Davis, D-Birmingham, said of Riley's appointment a week ago." The News continues, "The computerized database is required under the 2002 Help America Vote Act, enacted in the wake of allegations of voter fraud in the 2000 elections. … On May 1, the Justice Department sued Alabama for failing to create the statewide voter database required by law. New York and Maine, two other states that also missed the January 1 deadline, face federal lawsuits as well. .. Secretary of State Nancy Worley, a Democrat running for re-election, is the state's top elections official with the constitutional authority to implement the database, for which Alabama received $41 million in federal funds. … Worley said Tuesday that a number of problems contributed to the missed deadline, including stalled negotiations with vendors and resistance from counties that wanted to retain their own voter registration rolls." The News notes, "Federal District Judge Keith Watkins rejected a modified compliance plan Worley submitted June 29 that sought to extend the deadline for completing the database until early 2008. … Although Worley said she is not opposed to the appointment of a special master for the database, she said she is concerned that the Justice Department is singling out states that have Democratic secretaries of state. … Worley's concern was echoed by Davis in his letter to Attorney General Alberto Gonzales Tuesday. He called the Justice Department's appointment of Riley, a Republican, a 'bizarre intrusion,' arguing that 'an elected official has been stripped of her constitutional and statutory authority without any final or declaratory judgment that she has acted wrongfully.'"

Former Maryland Police Officer Pleads Guilty To Civil Rights Charges. The AP (8/9, Dishneau) reports former Hagerstown police officer Jeffrey S. Shifler "pleaded guilty Tuesday to two civil-rights charges for making anonymous death threats against black school children and Hagerstown's first black city council member." Shifler "faces up to 20 years in prison and $500,000 in fines at his Dec. 8 sentencing. 'When a law enforcement officer makes racist threats against government officials and school students, it is a threat to the very fabric of our society,' U.S. Attorney Rod J. Rosenstein said." The AP notes, "According to a criminal complaint filed in February, the threats began in 2004 after Shifler, a 16-year veteran of the Hagerstown police force, was fired for falsifying payroll records." The Baltimore Sun (8/9, Dolan, 262K) also reports on Shifler's guilty plea.

9th Circuit Panel Rules Employees Have No Privacy Rights On Workplace Computers. The San Francisco Chronicle (8/9, Egelko, 405K) reports a three-judge panel of the 9th US Circuit Court of Appeals yesterday "upheld a Montana man's conviction for receiving obscene material that his employer found on his computer during a late-night raid." In the 3-0 ruling, Judge Diarmuid O'Scannlain wrote, "Social norms suggest that employees are not entitled to privacy in the use of workplace computers, which belong to their employers and pose significant dangers in terms of diminished productivity and even employer liability." O'Scannlain "said other courts have consistently ruled that employers are entitled to monitor their workers' use of computers as long as they had disclosed that policy to their workforce." Bay City News Service (8/8, Cheeve) notes the panel "issued the decision in the case of a Montana man, Jeffrey Ziegler, who was prosecuted in federal court for receiving child pornography images on his office computer." The images "were found after representatives of Ziegler's employer…gave the FBI copies of a hard drive from his computer in 2001." Ziegler "argued unsuccessfully that the evidence from his computer should not be allowed in court because the FBI obtained it without a search warrant."

Study Finds Assaults On Maryland Jail Guards Increased After Staffing Cuts. The Baltimore Sun (8/9, Garland) reports, "Inmate assaults on Maryland correctional officers rose sharply from 2003 to 2005 -- a time when staff positions were being eliminated, overtime budgets were cut and vacancies went unfilled, a legislative panel was told Tuesday." The Sun continues, "A report summarizing how prison staffing levels affect safety was prepared by nonpartisan legislative analysts, who presented their findings to a joint hearing of Senate and House subcommittees in Annapolis Tuesday. … The legislators met in emergency session to discuss a wave of recent prison

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violence, including the stabbing death of a correctional officer at the House of Correction in Jessup last month." The Sun adds, "Offering details from the report, analyst Rebecca Moore told legislators that total vacancies in the Division of Correction more than doubled between fiscal years 2003 and 2005 -- from 3.5 percent to 9.5 percent. More than 150 authorized positions and $5.6 million in overtime spending were cut during the same period, she reported. … The analyst's report showed that inmate-on-staff assaults nearly doubled at maximum security prisons -- from 3.44 per 100 inmates in fiscal 2004 to 6.64 per 100 inmates in fiscal 2005."

USED Proposes Regulations For Students' Racial Categories. The New York Times (8/9, Gootman, 1.21M) reports the US Department of Education "has proposed new regulations that would let students" identify themselves by "as many" racial "categories as they want." The change "raises intriguing questions on how educational progress among different racial groups will be monitored." Under the new rules, "students who identify themselves as Hispanic would be counted only as Hispanics" while non-Hispanic students who "check off more than one racial category" will "be listed under 'two or more races,' but those races will not be specified."

ANTITRUST:

Oklahoma Firm, Officials Plead Guilty In Pipeline Price-Fixing Case. The Tulsa World (8/9) reports, "Federal prosecutors said Monday that a Tulsa-based oil field construction and maintenance company has provided 'substantial assistance' in a federal criminal investigation of the pipeline construction industry." The World continues, "The statement about Flint Energy Services Inc. was in a U.S. District Court filing made by the prosecutors and the company. In the filing, the firm admitted it had conspired to rig bids for pipeline construction in Colorado. … Because of the company's cooperation with the FBI and prosecutors, prosecutors said in the filing that they will ask a judge to fine the company $100,000, instead of an amount in a range recommended in sentencing guidelines of between $161,288 and $322,577." The World adds, "The company, through its president, Paul Boechler, pleaded guilty to conspiracy to suppress and eliminate competition in violation of federal antitrust laws. … The filing, a 16-page plea agreement, said Flint 'through the acts of Kenneth L. Rains, the regional manager and head of the defendant's Farmington, N.M., office, participated in a conspiracy among pipeline companies.' … Rains, 55, pleaded guilty to the same crime. He now lives in Mounds, Okla. … Because of his 'substantial assistance' in the investigation of the industry, prosecutors said they will ask the judge to sentence Rains to six months in prison and a $10,000 fine. Sentencing guidelines recommend a sentence of between eight months and 14 months and a fine of between $6,720 and $33,602. … Nothing was revealed at Monday's court proceeding about the scope or status of the investigation. However, a U.S. Justice Department prosecutor told Judge Phillip Figa that an investigation of Rains' co-conspirators is continuing. … Flint and Rains were charged July 11 by the Department of Justice's antitrust division."

Aramark To Go Private In $6.3 Billion Deal. The Wall Street Journal (8/9, Davidson) reports, "Aramark Corp. agreed to be acquired by a group of private-equity investors, including Joseph Neubauer, the concessionaire's chairman and chief executive, in a deal valued at about $6.3 billion. The buyers will also assume $2 billion in debt." The Journal continues, "Shareholders will get $33.80 in cash for each Aramark share, a 20% premium over Aramark's closing stock price April 28, the last day of trading before the group made its original bid of $32 a share. … The private-equity groups involved include Goldman Sachs Group Inc.'s GS Capital Partners, CCMP Capital Advisors, J.P. Morgan Chase & Co.'s J.P. Morgan Partners, Thomas H. Lee Partners and Warburg Pincus LLC." The Journal notes, "Investors reacted negatively to the deal, which some had expected to fetch as much as $36 to $37 a share. In 4 p.m. composite trading on the New York Stock Exchange, Aramark shares were down 47 cents, or 1.4%, to $32.58."

USA Today (8/9) reports, "Aramark, the USA's No. 3 food-service company in revenue, is going private, again. … The board on Tuesday approved a $6.3 billion deal to sell Aramark to CEO Joseph Neubauer, 65, and a consortium of private equity groups including GS Capital Partners, CCMP Capital Advisors, JPMorgan Partners, Thomas Lee Partners and Warburg Pincus. … Neubauer said he would contribute up to $250 million to the buyout." USA adds, "The group will get a company with food and beverage contracts for thousands of venues nationwide including executive suites, prisons, schools, hospitals and stadiums. … The agreement to pay $33.80 in cash for each Aramark share tops the group's

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$32 offer in May. That represented a 20% premium over the closing price the day before they made the initial bid. … As part of the deal, the group will assume about $2 billion in debt. The transaction is expected to close by early 2007 if it is cleared by federal regulators and shareholders. Although Neubauer owns 41% of Aramark's stock, he agreed to have his voting power restricted to 5% of the total."

Nokia To Purchase Loudeye In Bid To Compete With iTunes. The New York Times (8/9, Pfanner, Tribune) reports, "Nokia, the world's biggest maker of cellular phones, cranked up the volume in an effort to turn mobile music into a viable alternative to Apple Computer's iTunes online service, agreeing today to buy Loudeye, a digital music distributor, for $60 million." The Times continues, "Though sales of music via cellular phone networks have been sluggish, some analysts say that wireless distribution offers the greatest prospects for future growth of the music industry, particularly among young, on-the-go fans. … But a shortage of viable mobile services and phones has left the digital music business to be dominated by online offerings like iTunes, linked to Apple's portable iPod device." The Times adds, "Nokia said that the acquisition of Loudeye, which runs music services for more than 60 partners, ranging from Microsoft's MSN Web portal to the charity, Oxfam, would help Nokia create a 'comprehensive mobile music experience,' beginning next year. … Analysts said the announcement raised a number of important questions. … Nokia did not say, for instance, whether it planned to offer a digital music service under its own brand name. While the name is widely recognized by mobile phone users, analysts say the use of the Nokia brand could create conflicts with mobile phone operators."

Apotex Launches Generic Rival To Plavix. The AP (8/9, Agovino, Witkowski) reports, "Bristol-Myers Squibb Co. shares plunged nearly 7 percent Tuesday on concerns its earnings and dividend are in serious jeopardy now that a generic version of its best-selling medicine has been launched by Apotex Corp." The AP continues, "Some patients will likely to be able to purchase the generic version of blood thinner Plavix beginning on Wednesday. Rite Aid Corp. spokeswoman Jody Cook said the company expects to have the drug 'at most, if not all' its 3,300 stores by then. … Apotex declined to say how much it was charging for its pills. Plavix pills have a wholesale price of $3.89 each." The AP adds, "Apotex's announcement Tuesday that it had begun selling the drug came just hours after Bristol-Myers disclosed it was expecting such a move in an SEC filing. … Bristol-Myers and Sanofi-Aventis SA, which sells Plavix outside the U.S., reached a deal earlier this year with Apotex to pay it at least $40 million to end a patent challenge in return for allowing it to introduce a version of Plavix -- in 2011, several months before the patent expired."

Bloomberg (8/9, Rapaport) reports, "At stake for Paris-based Sanofi and New York-based Bristol- Myers is $6.3 billion in annual revenue from the $4-a-day pill. A new generic drug may account for 90 percent of prescriptions within three months of introduction, according to IMS Health Inc., a Fairfield, Connecticut, provider of pharmaceutical data. Weston, Ontario-based Apotex may be subject to penalties if the patent is later upheld in court."

The New York Times (8/9, Saul) reports, "Dr. Barry Sherman, the chief executive of Apotex, predicted that the introduction would be the 'largest and most successful launch' of a generic drug in history. … But it is a significant threat to the two big companies that now sell Plavix, Bristol-Myers Squibb and Sanofi-Aventis. They have been fighting Apotex in court to protect their United States patent on the drug, which does not expire until 2011. Bristol-Myers, which depends on the drug for a large portion of its revenue, is especially vulnerable."

Cinemark To Buy Century Theaters. The Sacramento Business Journal (8/9) reports, "Century Theatres Inc., one of the largest operators of movie screens in the Sacramento region, is being sold to Cinemark USA Inc. of Plano, Texas" The Journal continues, "Under a definitive agreement Cinemark will acquire all of the outstanding stock of Century for a combination of cash and stock of Cinemark's parent company. … Cinemark has 202 theaters and 2,469 screens in 34 states. It also has theaters in 13 countries, mainly in Mexico, South and Central America. … Century Theatres operates 78 theaters with 994 screens in 12 western states." The Journal adds, "For decades, Century was be the dominant theater operator in the Sacramento area, but its status declined in recent years with the merger and consolidation of Regal Entertainment Group absorbing Regal Theaters, United Artists theaters and Edwards Theaters. … After the Century-Cinemark deal, the combined companies will have 391 theaters with 4,395, screens in 37

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states and 13 countries. … Completion of the acquisition is subject to antitrust approval and completion of financing."

Anadarko Gets Antitrust Nod To Buy Western Gas Resources. The AP (8/9) reports, "Anadarko Petroleum Corp. has received U.S. antitrust clearance to acquire Western Gas Resources Inc., the company announced Tuesday." The AP continues, "Houston-based Anadarko announced last week it had received the same clearance for its simultaneous acquisition of Kerr-McGee Corp." The AP adds, "The separate all-cash transactions, worth a combined $21.1 billion, are slated to close in the third quarter and will create the nation's largest independent exploration and production company. However, Anadarko could shrink to No. 2 or No. 3 among independent producers through asset sales aimed at cutting deal-related debt over the next two years. … Anadarko will pay $16.4 billion in cash for Oklahoma City-based Kerr-McGee and assume $1.6 billion in debt. The Houston producer will pay $4.74 billion Denver-based Western Gas and assume $560 million in debt."

WSJournal Says Net Neutrality Thesis Proven Wrong By WiMax. The Wall Street Journal (8/9, 2.03M) editorializes, "The backers of so-called Net neutrality have lost nearly every battle in Congress so far, although they plan to take another tilt at that windmill when lawmakers return from recess in September. Out in the real world, however, things are not proceeding according to script, at least for those who insist that what the Internet really needs is a brand-new layer of government regulation. Yesterday, Sprint announced plans to spend as much as $3 billion building a nationwide WiMax network that would provide high-speed Internet access to 100 million consumers by 2008, according to Sprint's estimate." Those who "want to regulate broadband providers are saying that the phone and cable networks are too valuable and too hard to replicate for anyone to break up the duopoly. We guess Sprint didn't get the memo. If Congress should for some reason lose its cool and give in to the MoveOn.org crowd pushing for greater Internet regulation, it will likely come just in time for its backers, once again, to be proven wrong about the absence of competition in telecom."

ENVIRONMENT:

Bodman Confident About Oil Supply Despite Pipeline Problems. The AP (8/8, Hebert) reports, "Energy Secretary Samuel Bodman said Tuesday it could take months to resume normal shipments of Alaska oil, but that there are adequate supplies to make up for the loss to West Coast refineries. 'My sense is we're in pretty reasonable shape,' Bodman told a news conference." Bodman "said there are relatively high inventories of crude oil in the system and that oil can be diverted from other producers, including Saudi Arabia and Mexico, to meet refinery needs." He also "said that officials at BP Alaska told him it would 'take probably months to fix' the pipeline problem 'so we are going to have to deal with the issue at hand.'" Bodman added that "a complete shut down of the Prudhoe Bay system may not be necessary."

The New York Times (8/9, Wald, Krauss, 1.21M) reports Bodman "said that the western half of the field, which produces 200,000 barrels of oil a day, might be able to keep operating during the repairs. He said it was more likely that the eastern half would have to close." White House Press Secretary Tony Snow said, "There does not seem to be a significant supply interruption at this point." Snow also "said that the pipelines in question, which gather oil from individual wells, were not regulated by the federal government, but that the Transportation Department was 'in the process of accelerating the rule-making process that would enable the creation of a robust regulatory regime over those pipelines.'"

The Los Angeles Times (8/9, Sanchez, Douglas, 918K) notes "the Energy Information Administration said, "The greatest impact of the lowered Alaskan crude oil production is on the West Coast, which consumes almost all of the Alaskan oil production. The reduction in Alaska crude oil supply from the shut-in of Prudhoe Bay production can be made up for in several ways: drawdown of crude oil or product stocks and substitution of other supplies for the Alaskan crude oil."

Network newscasts highlighted the pipeline shutdown's effect on prices and Energy Secretary Bodman's efforts to reassure consumers. NBC Nightly News (8/8, lead story, 2:55, Williams, 9.87M) reported, "Tonight the biggest oil field in America remains shut down because the feeder lines leading to the massive Alaska oil pipeline are not fit to carry oil. And now the effect on the oil market is being felt across this country. The Federal Government said today it is ready

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and able to deal with this problem and oil is coming into the market from other countries. But tonight the price watch is now on at pumps across the country. NBC (Lewis) said, "today, both BP and the Energy Department tried to reassure consumers that the company might be able to stave off price hikes by keeping part of the Alaska oil flowing." Bodman: "A complete shutdown of the Prudhoe Bay system may not be necessary. We don't know that for sure." NBC (Lewis) reported, "The government plans to release oil from the strategic petroleum reserve to fill in the gaps. Energy analysts say most of the country should be in good shape."

And the CBS Evening News (8/8, story 3, 2:45, Smith, 7.66M) reported, "up to 400,000 barrels of crude a day, fully 8% of US domestic production, has suddenly dried up. But Energy Secretary Samuel Bodman said today there's no reason to panic, especially with both Mexico and Saudi Arabia pledging to help make up the difference." Bodman: "My sense is that we are in pretty reasonable shape in terms of the current situation."

The Wall Street Journal (8/9, Fialka, 2.03M) also reports, "BP PLC officials and the Energy Department held out hope yesterday the energy giant may not have to shut down all of the massive Prudhoe Bay oil field in a time of tight crude supplies." BP "said it was studying with federal and Alaska officials whether it could keep part of the field open while repair crews replace corroded pipes. Still, BP said it had shut off half of the field's production so far and indicated it would move ahead with plans to close the whole field."

President Said To Eschew Tough Measures To Curb Oil "Addiction." In an analysis, the Wall Street Journal (8/9, McKinnon, Meckler, 2.03M) writes that President Bush "is using the bully pulpit to warn that America needs to change its gas-guzzling ways. But what the president isn't doing is just as important. He isn't proposing new mandates for ethanol use or new incentives for gasoline stations to stock the fuel. He isn't making tougher auto fuel-economy standards a high priority and doesn't support a higher gasoline tax." While "[c]ritics believe that by shying away from major new federal initiatives, he won't be able to achieve the goals he talks about," the President's "say that by giving ethanol a high-profile boost, Mr. Bush has begun to create a new national consensus on alternative fuels." The Journal adds, "If nothing else, the Bush administration's focus on ethanol is good politics." It helps "two big industries -- domestic auto makers and farmers -- while imposing virtually no pain on anybody else."

Gasoline Prices Hold Steady Despite Prospective Shutdown. The New York Times (8/9, Holusha, 1.21M) reports, "Gasoline prices held steady today, the AAA reported, despite the prospective shutdown of an Alaskan oil field that supplies about 2.6 percent of the nation's crude oil production. The national average price for a gallon of regular was $3.036, the same as the previous day, the association reported. Even on the West Coast, where much of Alaska's oil is refined, prices were little changed." The Times says, "there were indications that the cutoff of supplies may not be as large as initially feared."

The New York Times (8/9, Johnson, 1.21M) reports, "Car owners across the country braced themselves on Tuesday for another smack in the face at the gasoline pump, as the shutdown of the giant Prudhoe Bay oil field in Alaska rippled through energy markets and consumer psyches." The Times says, "Americans are deeply divided in their responses to high gasoline prices. ... Researchers, pollsters and ordinary Americans in interviews on Tuesday said they saw no broad national experience or commonality of sacrifice when it came to gasoline, even when the nation endured a jolt like the one from Alaska."

BP Blamed For Failing To Act. Network newscasts were highly critical of BP's role in what they characterized as a preventable problem. ABC World News Tonight (8/8, story 4, 2:30, Moran, 8.78M) reported, "There's a bit of a blame game going on here, Terry, over who is responsible for the condition of those pipe lines. The Federal Government and the state of Alaska had an oversight role. But this is largely a self-regulating industry. And the evidence suggests BP did a poor job. Energy Secretary Samuel Bodman said today there will be no quick fix to problems in the Prudhoe oil field that have been decades in the making." Bodman: "According to BP, it's going to take months to fix. So, we're going to have to deal with the issues at hand." ABC News (Stark) said, "One of the issues -- why a company with record profits didn't spend more on maintenance. In the last five years of the $36 billion BP earned in profits, $51 billion went to enrich shareholders. But just $1.5 billion was spent maintaining the nation's largest oil field in Prudhoe Bay."

The CBS Evening News (8/8, story 3, 2:45, Smith, 7.66M) reported, "Oil prices stabilized today after the markets digested news that America's largest oil field has to shut down because of a leak. But now another shocking development: The leak may have been preventable if the owner of the pipeline had inspected it even once in the past

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decade." CBS (Attkisson) reported, "US officials confirm today that incredibly BP hadn't inspected its rusty pipeline in 16 years. The government's pipeline safety expert, Thomas Barrett, said BP wasn't doing its job."

NBC Nightly News (8/8, story 2, 2:15, Williams, 9.87M) reported, "This decision to shut down the Prudhoe Bay oil field came as a surprise to most people who heard about it yesterday. But there is evidence the big oil company BP knew it had big problems with its pipelines for months." NBC (Myers) said, "When BP shut down the vital oil pipeline, the company blamed unexpectedly severe corrosion in transit pipes. Yet only five months ago, BP's aging pipeline created the largest ever oil spill on the North Slope. Federal regulators blamed the spill on internal corrosion and said in some areas, the walls of the pipes were so corroded they were almost paper-thin. So critics and industry experts say the latest problem was hardly a surprise."

The Financial Times (8/9, McNulty) reports, "BP's board and London-based executives were informed of widespread corrosion at the UK oil giant's Alaska field two years before the company was forced to shut it this week, citing 'unexpectedly severe corrosion.'" In 2004, "Chuck Hamel, an advocate for BP workers in Alaska, took the charges directly to Dr Walter E. Massey, chairman of the environment committee of BP's non-executive board of directors." He "told Dr Massey that in the previous four years BP employees and contract workers had brought to him concerns about safety, health and threats to the environment at Prudhoe Bay, Alaska. 'They seek to see the corrosion problem addressed and corrective action undertaken without further delay and before any of their colleagues at Prudhoe are harmed,' he wrote in the letter."

The Washington Post (8/9, Mufson, Eilperin, 748K) reports, "The pipeline fiasco has dealt a particularly hard blow to BP because it has smudged the company's environmentally correct image. For the past seven years, the company has trumpeted its concern for the environment." However, "[n]ow critics allege that BP neglected its pipelines for years and that its corporate culture fostered disregard of warnings about maintenance. Members of Congress have called for investigations and tougher federal oversight."

The AP (8/9, Hebert) reports, "Shutting its North Slope operations is only the latest problem for oil giant BP, which already is the target of a federal grand jury, the Environmental Protection Agency and congressional investigators for letting its Alaska pipeline crumble." The AP continues, "The Justice Department is pursuing possible criminal charges in connection with the oil spill in March on one leg of BP's feeder system in its Prudhoe Bay field. … A federal grand jury is taking evidence in that case in Anchorage. The Justice Department is demanding BP Alaska cut a 12-foot section of pipe where the leak occurred and send it to investigators. … At the same time, members of Congress are pressing for hearings, possibly in September, into BP's maintenance of its pipeline system as the company prepares to complete the shutdown of its North Slope operation to make repairs -- at a loss of 400,000 barrels of oil a day. .. 'Meanwhile, the pipeline repairs -- and loss of more than half of Alaska's crude oil -- are likely to take months, curtailing Alaskan production into next year, according to the Energy Department."

BP's Woes Spur Worries About Aging National Pipeline System. USA Today (8/9, Heath, Healy, 2.27M) reports that BP's problems in Alaska are "triggering worries about not only the safety record of energy giant BP but also the reliability of the 200,000 miles of pipe that moves oil products across the USA." New York Sen. Charles Schumer (D) said, "We're learning that BP did not do its maintenance, but also that federal regulators have been asleep at the switch." Schumer "demanded that federal regulators inspect interstate pipelines in the next 30 days 'before another disruption causes a national energy emergency.'"

More Commentary. In an editorial, the New York Times (8/9, 1.21M) condemns "some politicians' attempt to use the shutdown to realize their drilling dreams. Pete Domenici, the Senate Energy Committee chairman, was quick off the mark pronouncing BP's travails as yet another reason to drill more at home." The Times writes, "No matter what Mr. Domenici and other oil company cheerleaders say, the BP fiasco also reminds us why we should not put the fate of America's wilderness in the hands of the oil companies." The Times says, "BP has a lot of explaining to do, starting with why the ragged condition of its pipelines went undetected for so long. But it has already reinforced one lesson: True energy security does not entail more drilling, especially in Alaska."

In an editorial, USA Today (8/9, 2.27M) writes that the Prudhoe bay field's "shutdown need not be a calamity if the right lessons are learned:" First "is that the big oil companies, rolling in record profits, have no excuse for not properly maintaining their pipelines. ... Second, the shutdown highlights the need to expand domestic oil production, which is dangerously concentrated in Alaska and the hurricane-

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prone Gulf of Mexico." USA Today writes, "Over the long term, the nation can't drill its way to energy independence; it must develop alternative fuels and more energy-efficient vehicles, homes and offices. For now, though, more diverse domestic exploration needs to be part of the solution, even if it won't help immediately. After all, where would the nation be if Alaska's North Slope had remained untouched? This week, unfortunately, we're finding out."

In a USA Today (8/9, 2.27M) op-ed, Sierra Club Executive Director Carl Pope writes, "The latest discovery by BP of severe corrosion in a Prudhoe Bay, Alaska, pipeline is a reminder that oil and gas drilling is a dirty and messy business. Instead of committing to destructive drilling off our beaches, Congress could be adopting smart energy solutions that would help wean Americans off oil and save money at the pump."

In a Wall Street Journal (8/9, 2.03M) op-ed, Daniel Yergin, chairman of Cambridge Energy Research Associates, writes, "Unlike what is happening in Nigeria, Iraq and Venezuela, Prudhoe Bay's troubles are of an engineering nature that can be fixed, perhaps in a matter of months." Yergin writes, "The sooner Prudhoe Bay is safely back in operation, the better: A market this tight is very vulnerable to shocks of any kind. The shocks don't have to be physical. From late March, the price of oil has been primarily driven up not by actual disruption (until Prudhoe Bay); rather, it has been fear of disruption." Yergin writes, "Yet there is another side to the picture, though not one that spells relief any time very soon. Despite fears of 'running out' of oil, Cambridge Energy Research Associates' new analysis of oil-industry activity points to a considerable growth in the capacity to produce oil in the years ahead." Yergin notes, "important qualifications," but says, "a 25% increase in physical capacity by 2015 is a reasonable expectation, based upon today's evidence, and that would go a long way to meeting the growing demand from China, India and other motorizing countries."

Judge Says Camping, Parking Bans Near Bush Ranch Are Constitutional. The AP (8/9, Brown) reports a Federal judge ruled "roadside camping and parking bans are constitutional," a moved that blocked "protesters from pitching tents or placing portable toilets in ditches near President Bush's ranch." Protesters "sought to make a smaller makeshift campsite than what Cindy Sheehan set up a year ago off the winding, two-lane road leading to Bush's ranch, said attorney David Broiles, who sued on behalf of Sheehan and four other anti-war demonstrators." But "less than a week after asking the protesters and McLennan County officials to try to reach a compromise, U.S. District Judge Walter S. Smith ruled unexpectedly late Monday that the county ordinances enacted last fall are constitutional."

Snow, Other Bush Aides Join 100 Degree Club. The Los Angeles Times (8/9, Wallsten, 918K) reports President Bush "knows how to turn up the heat on his staff. Tugging at their pride, and perhaps straining their loyalty, the exerciser in chief presided Tuesday over the latest inductees into the 100-Degree Club — the clique of White House aides brave (or perhaps gullible) enough to run three miles in the blazing August sun of central Texas." The run, "whose participants included new White House Press Secretary Tony Snow and a dozen or so other staffers, commenced around 4 p.m. — exactly when local temperature readings hit the three-digit mark. The prize for those who completed the exercise: a 100-Degree Club T-shirt and a photo with the president, along with a sunburn and a good story to tell friends back home."

Rice For President Supporters Buy Billboard Space Near Bush's Ranch. The Washington Times (8/9, Harper, 88K) reports in its "Inside Politics" column, "'Americans for Dr. Rice -- Condi in '08. Make it happen.' So reads a new billboard on U.S. Highway 84 outside Crawford, Texas, set up by the 'Condistas' -- a District-based group that wants Secretary of State Condoleezza Rice to run for president in 2008. They positioned the billboard 'on the way to the ranch,' and visible to passing motorcades."

Appeals Court Rebuffs Nevada's Yucca Mountain Challenge. The AP (8/8) reports, "Nevada was dealt a blow in its effort to avoid a radioactive waste dump Tuesday as a federal appeals court turned aside arguments against transportation plans. Nevada contended that the Energy Department overstepped its authority and violated environmental rules in deciding to rely mostly on trains to take 77,000 tons of commercial spent fuel and high-level defense waste from sites around the country to Yucca Mountain." The court said, "We conclude that some of Nevada's claims are unripe for review and the remaining claims are without merit." The AP says, "Energy Department officials welcomed the decision. 'The court's ruling today upheld the transportation aspects of the department's

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comprehensive environmental impact statement for the Yucca Mountain project,' said spokesman Craig Stevens."

States Scrambling For Bird Flu Drug Funds. USA Today (8/9, B3, Schmit, 2.27M) reports some states are "scrambling to find money to pay for anti-flu drugs, so orders from states may fall short of the federal government's goal of stockpiling enough to treat 25% of the population in a flu pandemic." States were required to indicate by last week how many anti-virals they intended to buy and stockpile through a federal contract that makes the drugs available to states at a discount. At least 43 states have told the federal government they intend to purchase their full allotments or have asked for them to be reserved. However, Colorado, Montana, Connecticut, Nebraska and North Dakota have said they are "unlikely" to buy full allotments. Colorado officials said they "fear the drugs may not work very well if a bird flu pandemic eventually hits," while other states "say buying the drugs is not the best use of limited public health and pandemic resources."

Biologists Seek Preservation Of Pronghorn Migration Route. In a New York Times op-ed (8/9), Joel Berger and Kim Murray Berger, biologists at the Wildlife Conservation Society's Teton field office, say, "Of all the species living in the Greater Yellowstone Ecosystem of northwest Wyoming, the pronghorn is the only one native to the American West — elk, bison and even grizzly bears moved in from Asia centuries ago — but it is by no means the least exotic." Twice a year "for 6,000 years, one population of pronghorn" has traveled "more than 90 miles from their summer range in Grand Teton National Park to the Upper Green River basin, where they spend the winter. In recent decades, the migration has been threatened by human development." Steps "need to be taken to keep this last path from shrinking any more. Only a few hundred of Wyoming's half a million pronghorn travel between Grand Teton and the Upper Green River basin. But unless their last route is preserved, pronghorn will no longer live in Grand Teton at all; the winter snows are too deep to allow them to stay all year."

FBI/DEA/ATF/USMS:

Georgia Officials Asks DOJ To Intervene In Dispute Over Disbursement Of Seized Drug Money. The Fayetteville (GA) Citizen (8/9, Munford) reports, "Fayette County Commission Chairman Greg Dunn has taken his dispute with the Fayette County Sheriff's Department to U.S. Attorney General Alberto Gonzales." The Citizen continues, "Dunn has written a letter to Gonzales urging him to stop the disbursement of federal drug seizure money to the sheriff's office or instead funnel the money through the county's finance department. .. . Dunn contends that Sheriff Randall Johnson 'has not provided the board with documentation supporting how the funds have been expended.'" The Citizen adds, "Sheriff's officials say that's not so, noting that the funds have been reviewed on several occasions by county finance staff in addition to a forensic auditing firm that was hired by the county. … 'He's lying like a dog,' Sheriff Randall Johnson said of Dunn's allegation that his office hasn't fully opened its books on the drug seizure funds." The Citizen notes, "The county commission previously attempted to have the drug funds routed through the county coffers instead of going directly to the sheriff's office. But the U.S. Department of Justice, which administers that program, nixed that because the funds must go directly to the intended law enforcement agency, according to federal guidelines. … Nonetheless, Dunn's letter to Gonzales states the county again wants to have the drug funds routed through the county's finance department instead of the checks going directly to the sheriff's office."

Man Convicted For His Role In 1994 Killing Of DEA Agent. The Arizona Republic (8/8) reports that 12 years after a DEA agent "was shot to death during a drug sting in Glendale, the man prosecutors say masterminded the crime was convicted of his murder in Maricopa County Superior Court Tuesday morning. Agustin Vasquez Mendoza, 30, was found guilty of first-degree murder, conspiracy to commit armed robbery, two counts of aggravated assault, three counts of kidnapping, and three counts of attempted armed robbery. Vasquez Mendoza's half brother actually fired the shots that killed DEA Agent Richard Fass in 1994; he was convicted in 1996 and is already serving a life sentence for the slaying."

The AP (8/8) reports a jury in Phoenix "convicted a man of first-degree murder and other charges in the 1994 killing of a federal agent during a drug bust gone bad. Augustin Vasquez Mendoza was found in his native Mexico in 2000 but wasn't extradited to the U-S until five years later. Three co-defendants were tried and convicted in the mid-1990s in the killing of DEA Agent Richard Fass."

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Nine Plead Guilty In Florida Marijuana Case. The Tampa Tribune (8/9) reports, "A year ago, authorities say, 11 people were growing marijuana inside upscale houses in some of the nicest neighborhoods in the Tampa Bay area. Now, nine of them have pleaded guilty and are facing prison terms. All nine have agreed to testify for the prosecution when Herbert Ferrell Jr., accused of leading the ring, goes on trial next week. … According to a Drug Enforcement Administration affidavit, the organization also included a Realtor, who helped find houses that met specifications."

Man Claiming To Be Covert Operative Makes Accusations Against Bush, DEA. According to Indian Country Today (8/9), "In federal court, Charles August Schlund III stated he is a covert operative and supports…assertions that the United States took action to suppress rock music because of its role in rallying opposition to the Vietnam War. … In an affidavit to the Ninth Circuit Court of Appeals in a Racketeer Influenced and Corrupt Organizations Act lawsuit against President George W. Bush and others, Schlund alleged he has been tortured in his attempts to reveal the truth about the Bush family's manipulation of U.S. voting results and the Drug Enforcement Agency's covert drug supplies to black communities."

USOC Says It Won't Reconsider Decision Banning Track Coach From Facilities. The AP (8/9) reports the lawyer for Justin Gatlin's track coach "asked the Unites States Olympic Committee to lift its ban of Trevor Graham on Tuesday, saying he passed a lie-detector test when he denied giving performance-enhancing drugs to athletes. Joe Zeszotarski said Graham would pursue 'all legal avenues' to regain access to the USOC's training centers and training sites. … But the USOC said Tuesday it would not reconsider its decision."

The New York Times (8/9, Zinser) reports Graham "said that he was not involved in providing his athletes with performance-enhancing drugs and that the results of a polygraph test affirming his innocence had been sent to the grand jury investigating the Bay Area Laboratory Co-Operative. … It was the first lengthy response from Graham to recent attempts to hold him accountable for his athletes' positive test results, including the United States Olympic Committee's barring him from its facilities."

Utah Man Appeals Lengthy Mandatory Sentence. The AP (8/9) reports from Salt Lake City, "Attorneys for a man convicted of carrying a handgun during three marijuana deals have asked the Supreme Court to overturn his 55-year mandatory federal prison sentence." The AP continues, "A judge gave Weldon Angelos the minimum sentence under the law -- a harsher sentence than a child rapist or a terrorist who detonates a bomb aboard an aircraft would receive, according to his attorneys. They also say the sentence amounts to cruel and unusual punishment. … Angelos' offense in state court would have likely carried a sentence of probation or a few years in jail, according to his attorneys." The AP adds, "Now 27, Angelos was convicted of 16 counts of violating federal firearms, drug and money laundering laws in 2003. The charges stemmed from his sale of three 8-ounce bags of marijuana to an undercover informant. … He had a gun but never brandished or used it. Nevertheless, the three counts of possession of a firearm in a drug transaction required the mandatory minimum sentence. … 'This seems to be a case of grossly disproportionate punishment when you look at the facts of the case. Weldon Angelos didn't deserve a life sentence for his offense,' said Erik Luna, a law professor at the University of Utah and one of the attorneys. … Justice Department spokeswoman Kathleen Blomquist said the department would not comment on an ongoing case."

In Venezuela, Authorities Arrest Alleged Head Of International Drug Ring. The AP (8/9) reports Venezuelan authorities "said Tuesday they had captured the alleged head of an international drug trafficking group that was involved in a major cocaine smuggling operation earlier this year in France. Elias Verde, believed to be the leader of a drug ring in Venezuela and Europe, was detained Monday in Caracas. Verde is being investigated for alleged links to 22 Venezuelans who were detained March 21 at a Paris airport."

Walters: Future Of Afghanistan Depends On "Rule Of Law." The UK's Guardian (8/8) reports John Walters has "acknowledged that US allies have voiced doubts about the wisdom of opium eradication in parts of southern Afghanistan where insurgents have killed 10 British troops over the past two months. Speaking during a visit to London for talks with British officials, Mr. Walters recognized that the situation in Helmand province had been 'difficult.'" The

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Guardian reports Walters said, "Sometimes we talk as if security and drugs control are at odds, but the places where we have the best security are the places where we have some of the best drugs control…[Afghan farmers] know that their future and that of Afghanistan depends on rule of law, not being ruled by drug mafias."

Colombia May Set Up Permanent Anti-Narcotics Training For Afghanistan. The Financial Times (8/9, Webb-Vidal) reports Colombia may "provide a permanent anti-narcotics training program for Afghanistan…to help it combat the flow of illegal drugs. An agreement for such a plan could follow the return last weekend of an exploratory mission to Kabul by four Colombian anti-narcotics police, and the arrival in Bogotá of Said Tayeb Jawad, Afghanistan's ambassador to Washington. … The Colombian police found that Afghan poppy plantations were protected by rival armed groups similar to those in Colombia, where coca fields and laboratories are largely controlled by guerrilla and paramilitary outfits."

Rebels Said To Be Infiltrating Colombia's Public Institutions. In Colombia, the AP (8/9) reports that when Freddy Escobar "was arrested this month for being the secret political head of one of the biggest urban militias of the Revolutionary Armed Forces of Colombia, or FARC, he had already served four months on the board of directors of the country's largest public utilities companies, Empresas Publicas Medellin. … Escobar's arrest is a reminder of the shadow war being fought in Colombian cities and the infiltration of public institutions by rebels and their enemies, the far-right paramilitaries. … The U.S. has been Colombia's largest supporter in its fight against the world's largest cocaine industry and a leftist insurgency, providing billions of dollars, equipment, training and military advisers."

Despite Violence In Colombia, Uribe Still Credited With Improvements. In Bogota, the Los Angeles Times (8/8, Kraul) reports on President Uribe's second inauguration and writes, "Six civilians working in a program to eradicate coca leaves used in the production of cocaine were killed when guerrillas exploded a bomb in the Macarena National Park, site of large-scale illicit coca plantations. The attack was seen as a warning that working for the government was risky business. Over the last several days, hundreds of troops and armored vehicles patrolled Bogota's streets, conducting searches of vehicles at intersections and on thoroughfares. … But although the country is still at war, there is a widespread belief that things have improved significantly since Uribe took office."

UN: Addiction Rates Climbing In Afghanistan. On its Web site, Voice of America (8/8) reports the United Nations "says addiction rates in war-torn Afghanistan have doubled in the past two years, to the point that nearly a million people are now using illegal drugs. … Almost 200,000 of them are hard-core opium and heroin addicts. … Afghanistan's grinding poverty and massive illegal drug trade are creating a new generation of addicts, male and female."

IMMIGRATION:

Border Crackdown Prompts Immigrant Smugglers To Adopt Dangerous Tactics. The New York Times (8/9, Archibold, 1.21M) reports the "deaths of nine people Monday in the crash of a sport utility vehicle fleeing the Border Patrol is evidence of the growing practice of smugglers packing as many people as they can into vehicles and driving recklessly to avoid capture." With Federal agents "flooding traditional smuggling routes and thousands of National Guard troops now helping out, smugglers have sought to get the most people over the border in the quickest of ways. That often means cramming people into vehicles, usually vans and S.U.V.'s, in which people have been found under seats and the dashboard and, in larger vehicles, hidden in the gas tank." Jennifer Allen, "executive director of the Border Action Network in Tucson, an advocacy group, said escalating deaths and the spate of crashes showed that the crackdown on the border had deadly consequences that policy makers in Washington often ignored."

TAX:

Seattle Hedge Fund Firm Under Probe For Tax Shelters. The New York Times (8/9, Browning) reports, "A Seattle hedge fund firm has come under scrutiny as a result of its work with questionable tax shelters." The Times continues, "Last week, for the second time in three

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years, a Senate subcommittee described the firm, the Quellos Group, as a maker and seller of abusive tax shelters, focusing on a high-end shelter that helped five wealthy clients shield $2 billion in taxes. … The firm has rejected such characterizations, saying that its tax shelter work, which began in the mid-1990's and ended in 2001, was not only legitimate, but also small and separate from its main business. .. But it was the tax shelter work that helped Quellos become one of the largest sellers of funds-of-funds, or funds that invest in hedge funds, former senior employees say. Quellos now manages more than $15 billion in assets for clients like the Hong Kong Jockey Club and the University of British Columbia." The Times adds, "The firm's work on questionable shelters is drawing increasing attention from federal prosecutors, highlighting how the late 1990's boom in aggressive shelters continues to haunt investment firms, banks and accounting and law firms that played a part in their creation and sale. Senate investigators have estimated that abusive tax shelters cost the Treasury more than $100 billion in unpaid taxes in recent years. … Earlier this year, senior Quellos executives and Quellos-affiliated firms received subpoenas from a federal grand jury in Manhattan, which has been investigating the roles played in abusive tax shelters by individuals and companies including Deutsche Bank, Ernst & Young and former employees of the accounting firm KPMG, 16 of whom are under criminal indictment stemming from their tax shelter work. Quellos and its current and former employees are not targets in the investigation, according to people close to the inquiry. … The Internal Revenue Service, meanwhile, has been conducting a tax shelter promoter audit of the firm, which can in theory lead to civil penalties or a criminal referral to the Justice Department for further investigation. Quellos has told investors that it is cooperating with federal prosecutors and the I.R.S."

CONGRESS-ADMINISTRATION:

ABA Calls For End To Presidential Signing Statements. The Boston Globe (8/9, Savage, 425K) reports the American Bar Association's House of Delegates "voted yesterday to call on President Bush and future presidents not to issue 'signing statements' that claim the power to bypass laws, and it urged Congress to pass legislation to help courts put a stop to the growing practice." Meeting in Hawaii, "the policy-making body for the world's largest organization of attorneys endorsed the findings of its bipartisan task force, which last month issued a unanimous report portraying signing statements as an unconstitutional power grab by presidents." The ABA "also urged Congress to pass legislation giving courts greater jurisdiction to review signing statements in which a president asserts that some parts of a bill unconstitutionally infringe on his executive powers and need not be obeyed."

The AP (8/9, Godvin) reports, "The Bush statements say the president reserves the right to revise, interpret or disregard measures on national security and constitutional grounds. … 'The constitution says the president has two choices: either sign the bill or veto it. And if you sign it, you can't have your hand behind your back with your fingers crossed,' said Michael Greco, the ABA's outgoing president. … The bar delegates urged Congress to require the president to promptly submit copies of any signing statements, along with a report giving the legal basis for his objections."

Reid Calls For VA Secretary To Resign. The AP (8/8, Yen) reports, "The Senate's top Democrat says Veterans Affairs Secretary Jim Nicholson should resign, calling his leadership a threat to national security after the VA lost another computer containing veterans' personal data." Sen. Harry Reid said, "Enough is enough. … Less than a month after promising to make the VA the 'gold standard' in data security, Secretary Nicholson has again presided over loss of the personal information of thousands more veterans." The minority leader "is the third Senate Democrat -- joining Sens. Patrick Leahy of Vermont and John Kerry of Massachusetts -- who has called for Nicholson's ouster following high-profile data thefts at the government's second largest agency." AP adds, "VA spokesman Matt Burns dismissed the statements as 'political opportunism.'"

In a brief, the Washington Post (8/9, A4, 748K) adds, "Sen. Larry E. Craig (R-Idaho), who chairs the Veterans' Affairs Committee, said calls for Nicholson to step down are 'over the top.' He added: 'It does not and will not solve the problem.'"

Nicholson Was Vacationing In Bermuda When Story Broke. In his "In the Loop" column in the Washington Post (8/9, A15, 748K), Al Kamen writes, "Sometimes it's hard to always be around when a crisis hits your agency. At the Department of Veterans Affairs these days, you'd have to bring in a sleep sofa. … VA was notified Thursday that the computer had disappeared from the office of a subcontractor handling insurance collections for Pennsylvania. The VA

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promptly sent a team to investigate, but by then VA Secretary Jim Nicholson was in Bermuda with his wife on a long-planned four-day vacation. We are told, however, that he stayed in touch by phone and BlackBerry, directing Monday's announcement and response in a virtual kind of way."

USDA's WTO Negotiator To Resign. The Wall Street Journal (8/9, B9, 2.03M) reports Agriculture Undersecretary J.B. Penn, "an economist who helped steer the Bush administration's negotiations at the now-stalled global trade talks at the World Trade Organization," is resigning at the end of this month to become the chief economist of farm equipment-maker Deere & Co. The Journal says the move "signals that Deere, usually tight-lipped, is preparing to take a bigger public stand on agricultural policy." The Bush administration has not made an announcement on Penn's successor.

Conservatives Worried About Pork In Appropriations Omnibus Bill. The Washington Times (8/9, DeBose, 88K) reports congressional fiscal conservatives "fear the Senate's failure to get a handle on appropriation bills will lead to a pork-barrel spending spree this fall, undermining repeated promises for fiscal reform." The Senate "left for summer recess after completing one of 12 spending bills needed to keep government agencies operating next year, all but assuring the need for an omnibus package, which are typically laden with pet projects never discussed or voted on." House members, "having promised to reform the appropriations process and pushing harder after Hurricane Katrina forced new spending provisions, passed 10 of 12 bills before leaving town. But the Senate often lags behind the House pace, and this year is no different." Omnibus appropriations measures allow "members to anonymously slip in spending provisions for pet projects, called earmarks or pork, without discussion or votes, and that leads to abuse," according to Rep. Jeb Hensarling.

Pension Reform Law Will Increase Automatic Worker Savings. The Christian Science Monitor (8/9, Trumbull, 58K) reports Americans "are about to get a much-needed dose of retirement-saving discipline. Under legislation that will soon be signed by President Bush, key features of the nation's pension system will shift from discretion toward autopilot for both companies and workers." The goal "is to restore the financial health of traditional corporate pensions and of households." The new pension "law will hardly close America's savings gap by itself. But in a nation where free choices aren't always financially wise ones, experts say it will prod more people to build retirement nest eggs."

Pension Bill Provision Could Boost Charitable Contributions. The Wall Street Journal (8/9, Wells, 2.03M) reports a "new bill Congress passed will be a boon for charities and their benefactors, allowing older taxpayers to donate up to $100,000 from their Individual Retirement Accounts tax-free each year to a charitable cause." Taxpayers also "will face tighter record-keeping requirements that favor check instead of cash donations. Write-offs of certain historical property also will be restricted." The changes "are part of a major rewrite of pension laws the Senate approved last week and sent to President Bush for his signature, expected next week. The bill has dozens of significant tax provisions, such as making permanent higher contribution limits for IRAs and 401(k) plans." The IRA rollover provision "could generate an additional $400 million in new giving to the charitable sector, according to a preliminary estimate by United Way of America."

DOE Designates "Critical Congestion" Areas In Electric Grid. The New York Times (8/9, Wald, 1.21M) reports, the DOE "took the first step on Tuesday toward designating parts of the nation's electric grid as 'critical congestion' areas, which could force New York, New Jersey and other states to allow construction of new power lines that they do not want." The Times says, "The department published a nationwide study listing places where transmission bottlenecks prevent power generation by distant plants with lower costs, and instead require the use of closer, more costly equipment." Energy Secretary Samuel Bodman said, "if appropriate, I am empowered by the Energy Policy Act to designate certain corridors as national corridors." Bodman "said the problem was not restructuring, but simple lack of investment in the transmission system."

Report Says Advantage Plans Cost Government 11% More Than Traditional Medicare. USA Today (8/9, Appleby, 2.27M) reports, "Enrollment in a type of Medicare alternative has jumped 265% in seven months, pleasing insurers, who say the plans provide more choice to members. But fiscal watchdogs say the plans provide little benefit to taxpayers. The rapidly growing type of plan, called private, fee-for-service Medicare,

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allows access to almost any doctor or hospital and appeals to seniors wary of joining a more restrictive managed care plan, such as an HMO." USA adds, "Congress expected Medicare Advantage plans to use the cost-control methods of managed care to save money. But Medicare Advantage plans cost the government an average of 11% more than traditional Medicare, the Medicare Payment Advisory Commission said in a recent report. The industry's lobbying group disputes that percentage, saying the increased payment is likely lower."

FDA, Barr Agree On Plan To Resubmit Over-Counter Sales Proposal For Plan B. The New York Times (8/9, Harris, 1.21M) reports the Food and Drug Administration and Barr Laboratories, maker of the Plan B "morning after pill," "agreed yesterday on a plan that could lead within weeks to over-the-counter sales" of the product. The two said Barr Laboratories "would resubmit its application…within two weeks," and FDA spokeswoman Susan Bro "said the agency would act quickly on the application." The FDA has "delayed a decision on Plan B for three years in a process that critics have said was driven by political considerations." The drug agency "has asked that the new Barr application restrict over-the-counter sales to women older than 18."

Administration Proposes Cuts In Medicare Payments To Doctors. The Bush Administration yesterday proposed a 5.1% across the board cut in Medicare payments for services provided by doctors to elderly and disabled patients in 2007. The New York Times (8/9, Pear, 1.21M) reports that the Administration said the cut "was required because spending on doctors' services was increasing faster than expected, and faster than the annual goals set by a statutory formula. The increase directly affects beneficiaries because their premiums are set each year to cover about 25 percent of projected spending under Part B of Medicare, which pays for doctors' services and other outpatient care. Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, said Tuesday that the premium would probably rise to $98.40 next year, up $9.90 or 11 percent over this year's premium."

Researchers Chafe At Restrictions In Bush Stem Cell Funding Policy. The Los Angeles Times (8/9, Kaplan, Cline, 918K) reports President Bush's "embryonic stem cell policy, which now restricts federal support to research involving about 20 cell lines, has created a logistical nightmare for science." Researchers who "study both federally approved and unapproved stem cells have had to buy duplicate equipment to conduct their experiments, then set up elaborate systems to keep their work completely separate." Some scientists "say the cumbersome dual system — reaffirmed last month when Bush vetoed a bipartisan bill that would have expanded funding to more than 100 newer cell lines — puts U.S. researchers at a disadvantage." So far, Federal funding agencies "have yet to redress anyone for violating their rules. But the fear that they would is palpable, because universities rely on the federal government for nearly two-thirds of their overall research budgets."

Miller Real Estate Loans May Have Violated House Ethics Rules. The Hill (8/9, Crabtree) reports Rep. Gary Miller (R-Calif.) "may have violated House ethics rules when he took out nearly $7.5 million in promissory notes in 2004 from a campaign contributor and business partner, Lewis Operating Corp., which he used to purchase real estate from the company." The real-estate development company, which is "based in Southern California, is one of Miller's top campaign contributors; employees of the company have donated $19,300 to Miller's campaign committee since his election in 1998." Miller has "partnered or has been involved with a number of real-estate transactions with the company in the past few years. In 2005, he made $1.1 million to $6 million in profits from real-estate deals involving Lewis Operating in some part of the transaction, according to his financial disclosure report." However, House Rules "explicitly state that before entering into loans from an entity other than a financial institution, members of Congress and staff must submit the terms of the loans for review and a determination from the ethics committee on whether the loan is acceptable under the gift rule."

Air Traffic Controllers' Union Head Loses Reelection Bid. In the Washington Post's "In the Loop" column (8/9, A15), Al Kamen says, "A sad Loop farewell to John Carr, president of the National Air Traffic Controllers Association, who was trounced last week in his bid for a third term. Carr infuriated Chicago-region members when he supported Mayor Richard M. Daley's proposal to expand

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O'Hare International Airport -- a plan that the local union said was unsafe."

OTHER NEWS:

Fed Leaves Rates Unchanged. The Washington Post (8/9, D1, Blustein, 748K) reports this morning "the longest sustained campaign of interest-rate hikes in Federal Reserve history ended yesterday as the central bank left its benchmark rate unchanged, snapping a string of 17 consecutive increases." The decision "reflected a belief by Fed policymakers that the economy is slowing sharply and may continue to do so in coming months -- enough, the Fed hopes, to quell an upsurge of inflation."

The Federal Reserve's decision is being widely portrayed as a reflection of the slowing economy. ABC World News Tonight (8/8, story 3, 1:00, Moran, 8.78M) reported, "The Federal Reserve has decided to leave interest rates unchanged at 5.25%. It's the first time in more than two years the Fed hasn't raid the rate. And it hopes that this will be the pause that refreshes the economy." ABC (Stark) added the Fed's move is due to the fact that "the economy has slowed down so much. Whether it's consumer spending. The cool down in the housing market. The cool down in the job market. To keep tapping on the brakes to risk putting it into recession."

The CBS Evening News (8/8, lead story, 2:55, Smith, 7.66M) called the move "welcome news." The economy "slowed sharply in the second quarter of this year, growing only half as fast as the first quarter. Inflation has picked up some. It's running 4.7% this year compared to 3.4% last year. But in its interest rate announcement today, the Fed said it is betting that inflation will moderate in the months ahead. And the Fed indicated that if it is wrong, it's ready to raise interest rates again." NBC Nightly News (8/8, story 3, 0:25, Williams, 9.87M) also noted "the Fed left the nation's benchmark interest rate at its current level -- 5.25% -- but said in their statement that some inflation risks remain, meaning further rate hikes could be coming."

USA Today (8/9, Kirchhoff, 2.27M) reports the move points "to the slowing economy," while The New York Times (8/9, Andrews, 1.21M) says the "long-awaited policy shift" is "based on the hope that a modest economic slowdown will subdue inflation without much pain."

The Wall Street Journal (8/9, lp, 2.03M) reports, "Reflecting the difficulty of the Fed's task, economists -- like the Fed's policy makers themselves -- aren't unanimous about what the central bank should do as the economy sends mixed signals. Some economists feel the Fed has raised rates too far already, while others say it hasn't raised them enough."

In an analysis piece titled "Fed Rate Pause Could Be Brief," USA Today (8/9, Hagenbaugh, 2.27M) reports that "the Fed many times in the past has taken a breather when in the process of raising or lowering rates, only to pick up the campaign again. During the last cycle of interest rate increases in 1999 and 2000, the Fed skipped two meetings but followed each with a quarter-percentage-point increase."

Stocks Down. The Financial Times (8/9, Guha, Hughes) reports "financial markets, which priced in a Fed pause following weak employment data on Friday, had difficulty interpreting the message. The S&P 500 swung between a 0.4 per cent gain and a 0.5 per cent loss, ending down 0.3 per cent at 1,278.14." NBC Nightly News (8/8, story 4, 0:10, Williams, 9.87M) reported "the Dow [was] off just under 46 points [close at 11,173.59]. Nasdaq was down almost 12 points [to close at 2,060.85]." The Wall Street Journal (8/9, McKay, 2.03M) and USA Today (8/9, Shell, 2.27M), among other sources, also report the stock numbers.

WSJournal Criticizes Fed's Decision. The Wall Street Journal (8/9, 2.03M) editorializes, "The Federal Reserve has seemed unsure how to proceed on monetary policy for several months, and yesterday it proved it." The Fed's "decided not to raise interest rates again -- not because inflation is contained but because it says the economy is slowing. Uh, oh. Here we go again, back to the era of the Phillips curve, the economic theory that postulates a trade-off between inflation and unemployment. We thought Paul Volcker and Alan Greenspan had buried that notion years ago." But "apparently it lives on like Arthur Burns's ghost in the attic of the Fed, ready to inhabit a new Chairman who has inherited an inflation and is afraid that breaking it will send the economy into recession." Bernanke "no doubt hopes that yesterday's pause is one that refreshes; we fear it has only postponed the ultimate day of reckoning."

Federal Judge Denies Pro Hac Vice Request In Pennsylvania Case. The Legal Intelligencer (8/9, Duffy) reports, "The vast majority of motions by lawyers seeking pro hac vice admission in federal court go unopposed and are quickly granted. But in MAR-VEL International Inc. v. Milnes, an ugly battle erupted that ended

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in a judge's sharp criticism and denial of the motion." The Intelligencer continues, "Senior U.S. District Judge John P. Fullam decided that attorney John Vogel is not entitled to pro hac vice admission because he is licensed only in the state of New York, but is maintaining a law office in Radnor, Pa. … Fullam concluded that Vogel is violating Pennsylvania's ethical rules by establishing a Pennsylvania law office without first obtaining a Pennsylvania license. … Granting the motion, Fullam said, 'would simply enable Mr. Vogel to expand his Pennsylvania law practice in violation of Pennsylvania Rule of Professional Conduct 5.5(b), and to evade CLE requirements.'" The Intelligencer adds, "Vogel, in an interview, said he disagreed with Fullam's ruling since his role in the case would have been limited to his area of expertise -- the law relating to federal contracts -- and that he never intended to work on issues relating to Pennsylvania law."

WPost Argues Virginia Should Step Aside In Visitation Rights Case. The Washington Post (8/9, A16) editorializes, "Isabella Miller-Jenkins has two mommies. That isn't a big deal these days, and it shouldn't be, except for this: Isabella's biological mother, Lisa Miller-Jenkins, doesn't want her former partner, Janet Miller-Jenkins, to have any visitation rights -- though the two women decided together to conceive the child (Lisa had artificial insemination through an anonymous donor they jointly selected) and raised her together. When they split up two years ago, Lisa Miller-Jenkins initially acknowledged that Janet was Isabella's parent and asked that Janet be given 'suitable parent-child contact.' A judge in Vermont, where the couple had been living, agreed. … But then Lisa, who moved back home to Virginia after they split, changed her mind. And in a legally flawed and morally reprehensible decision, a state court judge in Virginia backed Lisa. As a result, Janet hasn't been allowed to see Isabella for more than two years, since June 2004. Last week the Vermont Supreme Court sided with Janet by ruling, correctly, that the Virginia court shouldn't have intruded. An appeals court in Virginia has been awaiting the Vermont ruling before issuing its judgment in the case. It should honor the Vermont decision and let Janet finally see her daughter." The Post adds, "This case has gotten tangled up in Vermont's civil union statute (Lisa and Janet entered a civil union in 2000) and Virginia's small-minded reaction to it, the Affirmation of Marriage Act, which declares 'void in all respects in Virginia' any 'civil union, partnership contract or other arrangement entered into by persons of the same sex in another state.' In fact, though, neither the Vermont civil union law nor Virginia's anti-gay-marriage law is legally relevant. … In this case Vermont exercised jurisdiction over the dissolution of the Miller-Jenkins civil union and made a custody determination -- which under the parental kidnapping law Virginia is obliged to respect. Child custody and visitation cases are supposed to be about the best interests of the child. In this case, the Vermont court found, Isabella has two parents who love her and who are entitled to see her. Nothing in Virginia's intolerant Affirmation of Marriage Act need prevent that from happening."

Lieberman Loses Primary, Says He'll Run As An Independent. The Hartford Courant (8/9, 195K) reports, "With the nation watching, Connecticut Democrats thronged to the polls in unexpectedly high numbers Tuesday to reject Sen. Joseph I. Lieberman and endorse his anti-war challenger, Ned Lamont. Unofficial results showed Lamont winning 52 percent of the vote, defeating a three-term incumbent who had come to be defined by his defense of the war in Iraq despite an advertising blitz begging voters to judge him on a progressive labor and environmental record." Lieberman, "a vice presidential nominee in 2000 and a presidential hopeful only two years ago, conceded at 11:03 p.m. in a Hartford ballroom." Statewide "turnout was estimated at more than 40 percent, 15 percentage points higher than the last major statewide Democratic primary, a gubernatorial contest in 1994."

The Norwich Bulletin (8/9, Schneider) notes Lieberman "promised supporters he would continue campaigning as an independent candidate for the November election." He said, "We've just finished the first half and the Lamont team is ahead," but "in the second half our team -- team Connecticut -- is going to surge forward to victory in November." The New York Times (8/9, Healy, 1.21M) reports the senator also "said the he could not let the results stand, 'for the sake for our state, my party, and our country.' And he added: 'But I am not discouraged. I am disappointed not just because I lost but because of all the old politics of polarization won today.'"

The Washington Times (8/9, Hurt, 88K) reports that "at the Lamont victory party, the candidate was flanked by prominent liberals such as the Revs. Jesse Jackson and Al Sharpton and lamented the ratio of lobbyists to lawmakers in Washington." But Lamont "sent his supporters into their greatest frenzy when he mentioned his lead issue -- ending

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US involvement in Iraq. 'We have 132,000 heroes stuck' in a civil war in Iraq, he said. 'I say it's high time to bring them home.'"

In fact, media reports are widely describing the primary as a referendum on the Iraq war, and predict Lieberman's defeat could have reverberations across the national political stage. The New York Times (8/9, Nagourney, 1.21M) calls the election results "a vivid demonstration of how the Iraq war is buffeting American politics and of the deep hostility toward President Bush among Democrats." It also "suggested there are stiff anti-status-quo winds blowing across the political landscape as the fall elections approach." Lamont's victory "marked the first time that liberal political blogs, after playing an increasingly noisy role in Democratic politics, have been associated with a major winning campaign, suggesting a moment of arrival for this new force in political combat." The outcome, adds the Times, "will also undoubtedly prod other Democrats who supported the war -- albeit with less gusto than Mr. Lieberman -- to step farther away from the increasingly unpopular conflict." The Times also concludes "Lieberman's support of the war was toxic for him."

The New London Day (8/9, Ouellette) reports that "for years Lieberman has symbolized the wing of the party who argued that Democrats had to move to the political center to gain majority support," and notes that "among those moving through the Lamont crowd was former Gov. Lowell P. Weicker, the man who Lieberman defeated in his first Senate race, and the Rev. Jesse Jackson, who characterized the race as a battle for the soul of the Democratic party."

USA Today (8/9, Page, 2.27M) reports "Lieberman's ouster was a sign of the Democratic voters' anger over the war and their impatience with elected officials who haven't confronted Bush with what they see as sufficient force." In an analysis piece, USA Today (8/9, Page, 2.27M) says Lieberman "said he felt the rumblings of a political earthquake even back when non-partisan political analysts were rating his re-election as safe. 'I saw this coming,' the Connecticut senator said in an interview Sunday with USA TODAY." Yesterday, "the depth of Democratic opposition to the war in Iraq coupled with a challenger who had personal wealth and the fervent backing of liberal bloggers denied Lieberman his party's nomination for a fourth term -- and launched a warning flare to some incumbents in both parties."

The Washington Post (8/9, A5, Murray, 748K) reports that "with its strong Internet presence and gung-ho supporters, Lamont's campaign soon came to resemble Howard Dean's bid for the Democratic presidential nomination two years ago." But "there are key differences. Despite the national implications of Lamont's candidacy, his campaign retained a distinctly local flavor, staffed by veteran state operatives and a homegrown volunteer corps. As the hype grew, the campaign stuck to the basics." It "focused on building a file of likely voters, organizing a turnout effort and circulating Lamont at events, including small gatherings in living rooms."

The Los Angeles Times (8/9, Barry, 918K) says "the race, initially predicted as a blowout victory for Lieberman, became a lesson in how the war in Iraq has reshaped partisan politics." The Times reports "Lieberman became a Democratic star in the '90s, a time when the party worried about losing touch with an increasingly conservative electorate."

Before the results were known, ABC World News Tonight (8/8, story 2, 2:05, Tapper, 8.78M) reported, "Democrats are already getting the signal. Since Lamont surged ahead of Lieberman in the polls, 2008 presidential hopeful, Hillary Clinton, publicly called for the resignation of Donald Rumsfeld. Lieberman says if he loses tonight, he will run as an independent. A former vice presidential nominee, purged from his party." NBC Nightly News (8/8, story 5, 2:15, Reid, 9.87M) showed Eli Pariser, of MoveOn.org Political Action, saying, "I think you had this gale force wind out there that was blowing for change. And the Internet kind of acted like a sail." Democratic pollster Peter Hart "says whoever wins, there's a lesson in this race for candidates across the country." Peter Hart: "Voters are going to insist that we do something different in Iraq and you'll see it in the fall elections and you're going to see it right straight through 2008."

The CBS Evening News (8/8, story 6, 2:50, Smith, 7.66M) referred to the campaign as "a referendum on his support for the war in Iraq," while the Washington Post (8/9, A1, Balz, Murray, 748K), this morning, calls the election results "a stark repudiation" of Lieberman, and also describes the contest as "a referendum on the incumbent's support for the Iraq war."

Both candidates appeared on MCNBC's Hardball (8/8). Lieberman said), "I was always tried to do what I believe is right. And sometimes people disagree with you. I have to tell you this, I know I've taken some tough stands on the war that not everybody agrees with. But I've also taken some tough controversial stands based on my belief when it came to the

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rights of working people or women's rights or the rights of gay and lesbian Americans, or to protect the environment and that's why all those groups are supporting me. So you know, in the end, you've got to carry out the oath with your right hand in the air and your left hand on the bible to do what you think is really best to uphold the principles of the Constitution and to protect your country."

Lamont, also on MSNBC's Hardball (8/8), said, "It was a good campaign. Everybody asked me, what would do you different and I can't think of anything I would do different. We stuck to the issues. I think the issues were on our side, people fundamentally want to change in Washington DC. The people of Connecticut think that stay the course is not a winning strategy in Iraq. They want to start bringing our troops home. They want to start investing that money back in the United States of America, so I would stick to the issues and that was very favorable for us."

Lieberman Campaign Accuses Lamont Camp Of Hacking Its Web Site. CNN's The Situation Room (8/8, Snow) reported that Sen. Joe Lieberman's campaign accused challenger Ned Lamont's campaign "of hacking into a Lieberman campaign Web site and disabling it, a charge the Lamont camp strongly denied -- a smaller fight against the backdrop of the much larger one that voters told us brought them to the polls, the war in Iraq." The AP (8/9, Haigh) and New York Times (8/9, Cooper, Markoff, 1.21M) also report the story.

Democrats Debate Whether To Support An Independent Bid By Lieberman. Before the results were known, CNN's The Situation Room (8/8, Blitzer) reported, "Lieberman's dicey political fate is putting many of his Democratic colleagues in a serious bind. If Lieberman loses today, should they throw their support behind Ned Lamont, even if Lieberman still runs, without his party's nomination, as an independent?" CNN (Bash) added that most of Lieberman's Democratic colleagues in the Senate "have refused to even talk about 'what if?' in public. But we know, obviously, that those discussions are going on. There are a handful of moderate Democrats who have said they will stick with Lieberman, even if he runs as an independent. But we are told, most top Democrats, from the official party apparatus, to rank-and-file senators, even those close to Lieberman, will say that they have to respect the will of Connecticut Democrats, and support Ned Lamont, if he, in fact, wins tonight."

More Commentary. Under the headline "Revenge Of The Irate Moderates," the New York Times (8/9, 1.21M) editorializes that the primary is "bound to send a message to politicians of both parties that voters are angry and frustrated over the war in Iraq. The primary upset was not, however, a rebellion against the bipartisanship and centrism that Mr. Lieberman said he represented in the Senate. Instead, Connecticut Democrats were reacting to the way those concepts have been perverted by the Bush White House." The Times adds, "When Mr. Lieberman told The Washington Post, 'I haven't changed. Events around me have changed,' he actually put his finger on his political problem. His constituents felt that when the White House led the country into a disastrous international crisis and started subverting the nation's basic traditions, Joe Lieberman should have changed enough to take a lead in fighting back."

Noam Scheiber, a senior editor at The New Republic, writes in the New York Times (8/9, 1.21M) that "Lieberman's problem wasn't so much the war as the perception that he's a less than reliable partisan. To see why you probably have to go back to his overly civil performance during the 2000 presidential campaign. Or to his 1998 speech denouncing President Bill Clinton's affair with Monica Lewinsky. Or to his occasional flirtation with school vouchers. Or to his...well, you get the idea." But "Lieberman is right about one thing: there was a time when the support of key Democratic interest groups would have more than made up for such heresies. That he could not depend on that traditional lifeline this time should be alarming even for those who hoped for his defeat."

New Members Want Gold Star Mothers To Become More Involved In Political Issues.

USA Today (8/9, Dorell, 2.27M) reports American Gold Star Mothers, whose members are parents of children killed in action, is "not a stranger to politics. After the Vietnam War, members pushed for treatment programs for veterans suffering from post-traumatic stress disorder. Members recently lobbied lawmakers for a $1,500 annual payment for parents of servicemembers who die at war." Traditionally, members "devoted themselves to supporting one another and volunteering at VA hospitals," but some new members "want the national leadership to get more involved in such issues as whether troops have enough armor." Judith Young, "the group's service officer and 2005 president, says change is coming to a group that has seen little."

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McKinney Loses Runoff. The Atlanta Journal-Constitution (8/9, Suggs, Jacobs, 399K) reports, "Hank Johnson, the soft-spoken DeKalb County commissioner who forced US Rep. Cynthia McKinney into a surprising runoff, finished the job Tuesday, decidedly defeating the 4th Congressional District lawmaker in their fierce rematch." In a race that "attracted national attention and a higher turnout than election officials expected at home," McKinney, "a six-term Democrat and outspoken critic of the Bush administration, suffered her second defeat in four years. Before the day was out, the incumbent was complaining of voting irregularities, which election officials discounted."

USA Today/AP (8/9, Bluestein) reports McKinney "received 41% of the vote against challenger Hank Johnson, a former DeKalb County commissioner, who won 55%." The New York Times (8/9, Goodman, 1.21M) notes that "at her campaign headquarters, Ms. McKinney began her concession speech by singing along to the song 'Dear Mr. President' by the pop artist Pink. 'I wanted you to hear this song, which says so much about why this election in Georgia was so important,' she said." McKinney's "political future had been uncertain since an encounter she had in March with a Capitol Police officer who had tried to stop her after he said he had failed to recognize her at a security checkpoint. The officer accused Ms. McKinney of hitting him, but she was never charged with wrongdoing."

DeLay Say He Will Not Run For Reelection Despite Court Ruling. CNN's The Situation Room (8/8, Bash) reported that former Rep. Tom DeLay "said today that, despite losing his bid to take his name off the ballot, he is sticking with this decision not to run for reelection, because, he said, anything else would be hypocrisy. That means that Republicans are now going to have to look for a candidate to rally around and launch a campaign to write that candidate's name on to the ballot. That's going to be costly and complicated, but crucial if they want to keep that seat in Republican hands." The AP (8/9, Gamboa) notes DeLay "said his June 9 resignation from Congress was 'irrevocable' and maintained that he's no longer a Texan."

The New York Times (8/9, Stout, 1.21M) reports, "The lawyer who argued the Republicans' case, James Bopp Jr., said Tuesday that there might still be ways to keep Mr. DeLay off the ballot. For instance, Mr. Bopp said in a telephone interview, Gov. Rick Perry of Texas, a Republican, could appoint or nominate Mr. DeLay to another office, making him ineligible to serve in Congress." In that case, "another Republican could be named to take Mr. DeLay's place on the ballot, Mr. Bopp said." The Times adds, "The chairwoman of the Texas Republican Party, Tina Benkiser, said that even if no Republican was on the ballot, Democrats would not be allowed to 'steal the election.' In a statement, Ms. Benkiser suggested that the party would get behind a write-in candidate, saying, 'Republicans are working together with grass-roots leadership in the district to get behind and vigorously support one candidate, whether he or she is on the ballot or not.'"

The Washington Times (8/9, Hallow, 88K) notes "other Republicans were more pessimistic about retaining the seat that Mr. DeLay, 59, held for 22 years -- and about keeping control of Congress. 'This means there would be no Republican named on the ballot, and I think the prevailing wisdom here is that a write-in candidate would not have much chance of success,' said Bill Crocker, a Republican National Committee member from Texas." Crocker "said the possible triumph of Mr. Lampson, a former House member, only darkens the party's prospects for keeping Democrats from netting the 15 seats they need to regain control of the House."

The Washington Post (8/9, A4, Weisman, 748K) says "a Republican successor to DeLay would have significant hurdles, said Amy Walter, a House political analyst at the Cook Political Report. With less than 100 days to go, Republicans have not even begun to coalesce around a name to write in. Most polling places in the Houston suburbs will be using touch-screen computers without keyboards, making the process of typing in a name laborious -- especially one such as Sekula-Gibbs, the councilwoman joked. "And "the Democrat on the ballot, Nick Lampson, is a former House member with millions of dollars to spend." Stuart Rothenberg "said he had categorized DeLay's Texas district as leaning Republican when he believed the party would choose a successor. Now it will be back to a tossup.'"

The Hill (8/9, Bolton) reports, "Environmental lawyer Tom Campbell, state Rep. Charlie Howard, state Sen. Mike Jackson, Fort Bend County Commissioner Andy Meyers, Houston City Councilwoman Shelley Sekula-Gibbs, state Rep. Robert Talton, businessman Timothy Turner and Sugar Land Mayor David Wallace are Republicans who have expressed interest in the seat." Campbell "finished second to DeLay in the GOP primary earlier this year." USA Today (8/9, 2.27M) runs a brief story on DeLay's decision.

DOJ_NMG_0045291

Bush Help For GOP Candidates Mostly Low-Key. The Financial Times (8/9, Luce, Daniel) reports the White House is "doing its best to create the impression that" President Bush's 10-day vacation in Crawford, Texas, is "a working holiday." White House spokesman Tony Snow said, "There is a lot going on right now and unfortunately it does not provide enough time or space for an extended vacation." The Times adds, "But Republican consultants doubt Mr Bush's industrious vacation schedule will have an impact on his low approval ratings, which have remained below 40 per cent for most of the last year." GOP pollster Frank Luntz "said Mr Bush had yet to shed the image of incompetence that many Americans derived from his response last year to Hurricane Katrina, which struck America's south-east coastline when he was holidaying in Crawford." Meanwhile, in the "build-up to elections in November, many embattled Republicans are seeking to distance themselves from Mr Bush for the first time since he became president in 2000." This election cycle, the President "is sticking to more discreet and closed-door fundraising trips to key Republican campaign zones."

Leading GOP Candidate To Replace Ney May Be Ineligible. The AP (8/9, Sidoti) reports state Sen. Joy Padget, "the leading Republican candidate to replace scandal-scarred Rep. Bob Ney on the November ballot may be ineligible, party officials said Tuesday, complicating GOP efforts to assure a smooth transition for the fall campaign." Part leaders are reviewing "a state law that bars politicians who lose one primary from entering another one during the same year. … One Republican strategist, speaking on condition of anonymity, said lawyers had concluded Padgett was likely covered by the so-called political sore loser's law and thus would not be eligible to run." But "Bob Bennett, the state party chairman, said he didn't believe the law applied to her, and said he would seek a formal ruling from the secretary of state."

The Hill (8/9, Kucinich) notes Padgett "lost her bid for lieutenant governor in the Ohio primary in May 2006, which could bring her under the provision." Padget said yesterday, ""The law is designed for someone who ran in a primary and then tries to run as an independent [in the general election[. … I was on a separate ballot in a completely different race."

Clinton's Role In Welfare Reform Touted. In a Wall Street Journal letter to the editor (8/9), Democratic Leadership Council founder and CEO Al From says, "As Ron Haskins writes, welfare reform is a great success ('Welfare Check,' editorial page, July 27). However, he greatly understates President Clinton's role in both the passage of welfare reform and its success. Welfare reform was central to President Clinton's 1992 campaign; remember 'ending welfare as we know it' and 'welfare should be a second chance, not a way of life.' Reform came about because of the president's impetus, not because of the Republicans in Congress." Welfare reform "was a signature achievement of President Clinton and his New Democrat approach to governing -- and revisionist historians should not try to take credit away from him."

In another Wall Street Journal letter to the editor (8/9), Rep. Sander Levin also comments on Haskin's welfare piece, saying he creates the impression "that President Clinton had vetoed the same bill twice, then signed it under pressure from congressional Republicans. Nothing could be farther from the truth. The truth is that President Clinton and many Democrats in Congress were long-time supporters of 'welfare to work.' I voted for the welfare reform law President Clinton signed into law after he vetoed two other bills." The first bill "that President Clinton vetoed would have ended Medicaid's guarantee of health care to poor families as well as disabled and elderly people; capped funding for placing abused children in safe homes; and provided no health care and very inadequate child care access for those who moved from welfare to work." The second bill "Mr. Clinton vetoed still failed to guarantee health care and child care for those moving to work, retained child welfare limits, and included a provision which would have limited access to the federal school lunch program for many children. The final bill, which I voted for and the president signed, preserved federal guarantees of help and nutrition for children and provided transitional Medicaid and substantial funding for child care to make sure parents could move from welfare to work."

Dean Book On Conservatives Seen As "Disappointing." The Washington Post (8/9, A15, Cillizza, 748K) reviews John W. Dean's new book, "Conservatives Without Conscience," which is "less an examination of the forces behind social conservatism than a screed against them. Dean quickly deals with the validity of the movement to spend the bulk of the book showing how and why it is not just wrong but 'evil.'" At its "core, the book argues that the growing power of social and neoconservatives within the Republican Party has created an army of guileless

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followers -- willing to swallow whatever medicine GOP leaders spoon out. Blind loyalty has allowed the Bush administration, as well as congressional Republicans, to run roughshod over formerly sacred civil liberties with an approach that borders on 'American-style despotism.'" The book is "more disappointing than just plain bad."

Terry Explains Appearance On Colbert Report. The Hill (8/9) reports in its "Under the Dome" column that Nebraska Rep. Lee Terry explained his appearance on "The Colbert Report." Terry "acknowledged host Stephen Colbert had made a fool of him in a column on the subject that appeared in the Los Angeles Times on Monday. But Terry added that the interview was 'one of the best' the rank and filer had made since he started serving in Congress." Terry said "not only did Americans outside of Omaha get to know something about the district," but the show "also gave him to opportunity to let his constituents know that he can take a joke. He said he has never had as much feedback from a TV appearance as he's had subsequent to appearing on Colbert." Terry "also chided House Minority Leader Nancy Pelosi (D-Calif.) for warning members away from the show, and urged lawmakers "to put aside their political differences and let Stephen Colbert make fun of both parties equally."

NYTimes Says Measles Vaccination Should Be Mandatory For All Young Children. An editorial in the New York Times (8/9, 1.21M) says, "Measles is a highly infectious viral disease that can cause a rash, fever, diarrhea and, in severe cases, pneumonia, encephalitis and even death. … In this country, measles was once a common childhood disease, but it had been largely eliminated by 2000, thanks mostly to development of a vaccine and compulsory immunization of schoolchildren." A measles outbreak in Indiana last year "provided evidence of what can happen to a triumph of public health when a community lets its guard down. … The vaccine isn't foolproof…but it protects the vast majority of recipients. Families that evade vaccination put themselves and their neighbors at risk. All young children, not just those attending school, should be required to get immunized."

UN Security Council Fails To Reach Agreement On Lebanon Peace Plan. The Financial Times (8/9, Birchall) reports, "Efforts to end the fighting in southern Lebanon faltered at the United Nations on Tuesday, as Israel and the Arab states demonstrated the gulf between them over a proposed UN resolution." Tariq Mitri, Lebanon's acting foreign minister, "restated his government's view that the UN should demand an immediate withdrawal of Israeli forces, to be replaced by a 15,000-strong Lebanese force and an enhanced UN peacekeeping presence." Mitri "added that Lebanon wanted any international force to be under direct UN command, rather than an international force operating under a UN mandate." But Dan Gillerman, Israel's UN ambassador, "said Israel insisted on the deployment of a 'strong, robust and effective' international force in southern Lebanon, and was accusing Iran and Syria of using Hizbollah to fight a proxy war on Israel's northern border."

The CBS Evening News (8/8, story 4, 2:15, Smith, 7.66M) reported, "An Arab delegation told the UN Security Council today that a draft resolution proposed by the United States and France to end fighting in the Middle East would only make the crisis worse. And while the talk went on, so did the violence." ABC World News Tonight (8/8, story 5, 2:30, Moran, 8.78M) also reported "all the parties are still far apart on the terms of any cease-fire. And Israel's declared a no-drive zone in southern Lebanon."

The Los Angeles Times (8/9, Farley, 918K) notes "the United States and Israel argue that an Israeli pullout would create a vacuum that Hezbollah would quickly fill." President Bush said yesterday that "he wanted Israel to stay until an international force arrived to help Lebanon take control of the southern part of the country, where Hezbollah's operations are based. 'Whatever happens in the UN, we must not create a vacuum into which Hezbollah and its sponsors are able to move more weapons,' Bush said at a news conference at his ranch outside Crawford, Texas."

Fox News' Special Report (8/8, Baier) reported, "Late in the day senior US officials told Fox News that the alliance between the US and France on this draft resolution is 'crumbling.' Sources say the French are caving on all fronts, calling for a complete Israeli withdrawal of Lebanon and agreeing to Arab demands that no multinational force is needed." Likewise, the Washington Post (8/9, A11, Lynch, Wright, 748K) reports the United States and France "have split over key provisions in a compromise resolution to end hostilities between Hezbollah and Israel, triggering intense diplomatic scrambling, according to European and US officials." The Post adds, "France wants to incorporate ideas from Lebanon's new proposals, particularly on two issues:

DOJ_NMG_0045293

deploying Lebanese troops alongside a more robust version of the UN force now in Lebanon as a means to expedite an Israeli withdrawal, and settling the status of Shebaa Farms, the officials said." But "the United States, which has accepted Israel's concerns on both issues, thinks that a strong international force still needs to be in place before an Israeli withdrawal to ensure that the Shiite militia is not able to resume control of southern Lebanon or shoot at Israeli forces as they pull out, US and European officials say." The Bush administration also "does not want to offer more specific language on Shebaa Farms -- the disputed border area that abuts Israel, Lebanon and Syria that Hezbollah has used to justify keeping its weapons -- for fear it would be seen as a reward to the Shiite movement, European officials say."

The AP (8/9, Pickler), however, says "the Bush administration worked behind the scenes to ready a US-French cease-fire proposal for a vote at the United Nations Security Council this week." Secretary of State Condoleezza Rice "is expected to address the council at a vote tentatively scheduled for Thursday."

The AP (8/9, Ghattas) reports, "The Lebanese government said Monday it will send 15,000 soldiers to south Lebanon as soon as Israeli forces withdraw, and the army command called up reserve soldiers to prepare for the deployment. The idea has drawn interest in the United States and Israel, and Lebanon is pressing for it to be incorporated into a draft UN cease-fire resolution." The United Nations, the US and Israel have long demanded the deployment of the Lebanese army along the border with Israel. But until Monday, the Lebanese government refused, saying it won't act as a policeman for Israel and that a deployment without an Arab-Israeli peace settlement would risk having its army destroyed by Israel's more powerful military. … That effectively left the guerrillas in control of the border area." The Wall Street Journal (8/9, Solomon, 2.03M) runs a report titled "Local Force Lebanon's Army, Key To US Plan, Is Work In Progress," in which it says "Lebanese commanders such as Maj. Gen. Achraf Rifi, who leads the nation's police force, believe the task" of having the Lebanese Army in charge of the border area "could prove difficult. Lebanon's military is poorly equipped and fragmented along ethnic and religious lines. Its police force has 20,000 members, but fewer than half have guns or ammunition. Some of the weapons they use are World War II-era rifles."

Lebanese Prime Minister Calls Israeli Offensive Criminal. In a Washington Post op-ed (8/9, A17), Lebanese Prime Minister Fouad Siniora says, "A military solution to Israel's savage war on Lebanon and the Lebanese people is both morally unacceptable and totally unrealistic. We in Lebanon call upon the international community and citizens everywhere to support my country's sovereignty and end this folly now. We also insist that Israel be made to respect international humanitarian law, including the provisions of the Geneva Conventions, which it has repeatedly and willfully violated." For "all this carnage and death, and on behalf of all Lebanese, we demand an international inquiry into Israel's criminal actions in Lebanon and insist that Israel pay compensation for its wanton destruction."

Growing Anti-American Furor Seen As Hurting Arab Democrats. The New York Times (8/9, MacFarquhar, 1.21M) reports, "Moderate reformers across the Arab world say American support for Israel's battle with Hezbollah has put them on the defensive, tarring them by association and boosting Islamist parties. The very people whom the United States wanted to encourage to promote democracy from Bahrain to Casablanca instead feel trapped by a policy that they now ridicule more or less as 'destroying the region in order to save it.'" The Times adds, "Indeed, many of those reformers who have been working for change in their own societies -- often isolated, harassed by state security, or marginalized to begin with -- say American policy either strangles nascent reform movements or props up repressive governments that remain Washington's best allies in the region."

The Christian Science Monitor (8/9, Grier, 58K) reports, "As the fighting between Israel and Hizbullah passes the one-month mark, it has grown from a skirmish into a swirling conflict with a geopolitical impact that could rival the iconic wars of modern Middle Eastern history. At stake may be the US push for democracy in the region, the influence of radical Islamists in surrounding states, and the progress of Iran's nuclear program - not to mention the futures of both Israel and Lebanon." The conflict's "historical footprint" may hinge on the outcome of this week's frantic diplomatic maneuvers." Secretary of State Condoleezza Rice "has described the fighting as the 'birth pangs' of a new Middle East. To the US administration, the conflict may be an opportunity to damage and discredit Hizbullah and its state sponsors, Syria and Iran." But "the US decision to, in essence, allow Israel time to continue its assault has sounded harsh to much of the Middle East. Anti-Americanism in the region was already on the rise,

DOJ_NMG_0045294

said Hisham Milhem, Washington correspondent for the Lebanese daily Al-Nahar."

Hezbollah Official Optimistic About Group's Future In Lebanon. The Washington Times (8/9, Pisik, 88K) reports on the visit of Hezbollah's social welfare operations leader for the city of Sidon, "Abou Ali," to a reporter. Four weeks "of relentless Israeli air strikes and bloody ground fighting may have degraded Hezbollah's military capability, but seem to have done little to break its spirit, at least in Sidon. These optimistic and determined midnight visitors say the world is witnessing a reborn Hezbollah that is trained, armed, dedicated and ferocious." Abou Ali is "especially concerned about how the American people view Hezbollah, or the 'Party of God.' He seems aggrieved to learn that Americans are much more aware of its military wing than of its political power and vast relief operations -- now geared up to assist tens of thousands of evacuees from the southern front." Abou Ali and his US-educated aide "complain that Israel is waging an unfair war by targeting civilians and, especially, children. But they reject criticism of their own Haifa-bound rockets, refusing to admit the similarities."

Israelis United In Support For War. The New York Times (8/9, Erlanger, 1.21M) reports, "As Israel's war with Hezbollah finishes a fourth difficult week, domestic criticism of its prosecution is growing. Yet there is a paradoxical effect as well: the harder the war has been, the more the public wants it to proceed." The criticism "is not that the war is going on, but that it is going poorly. The public wants the army to hit Hezbollah harder, so it will not threaten Israel again." The Times adds that "while Israelis are upset with how Prime Minister Ehud Olmert has run the war, they seem to agree with what he told aides this week -- that given the weaponry and competence of Hezbollah and the damage already done to Israel, 'I thank God the confrontation came now, because with every year their arsenal would have grown.'"

Blair's Handling Of Middle East Conflict Prompts Demand For Parliament Recall. The AFP (8/9) reports that "as many as 100 British members of Parliament, most of them from the governing Labour Party, are to demand that parliament is re-called immediately amid concern over the government's strategy to end the conflict in the Middle East, The Guardian reported." British Prime Minister Tony Blair's government "has been criticised for failing to call for an immediate ceasefire to the conflict between Israel and the Shiite militia Hezbollah. The lower House of Commons and upper House of Lords are in their annual recess until October 9."

Wehner Defends Bush's Middle East Democracy Agenda. In a Wall Street Journal op-ed (8/9), Peter Wehner, deputy assistant to the president and director of the White House's Office of Strategic Initiatives, says, "Recent elections in the Middle East discredit the Bush administration's efforts to promote democracy in that region, according to a line of argument." But it is "worth examining these arguments with care. It is not as if Hamas replaced the Palestinian version of the Federalist Party. Hamas defeated Fatah, which was a corrupt and brutal regime under Yasser Arafat -- himself a father of the modern terrorist movement." Hezbollah is "powerful not because of the number of its parliamentary seats (14 out of 128); it is so because it is an armed, brutal militia that exists in a weak state and a fledgling democracy. Beyond that, Hamas, Hezbollah and the Muslim Brotherhood were not the creation of free elections. None was radicalized by them; all were dangerous before them. It's also worth noting that radical Islamic governments have come to power through means other than the ballot. It's not as if an undemocratic Middle East is a region characterized by peace and harmony. Elections are not the problem; rather, they reveal what problems exist and remind us what tyranny in the Middle East has wrought. Liberty is the antidote to the virus, not the virus itself. But freedom requires more time to work in the Middle East than the blink of an historical eye."

More Commentary. In his New York Times column (8/9), Thomas Friedman says the "most important thing you need to know about Israel today and how it has performed so far in the war with Hezbollah is Warren Buffett." The "most talked-about story in Israel, before Hezbollah started this war, was the fact that on May 5, Mr. Buffett, the Berkshire Hathaway chairman and the world's most successful investor, bought an 80 percent stake in the privately held Israeli precision tools company, Iscar Metalworking, for $4 billion — Mr. Buffett's first purchase of a company outside America." Young Israelis "dream of being inventors, and their role models are the Israeli innovators who made it to the Nasdaq. Hezbollah youth dream of being martyrs, and their role models are Islamic militants who made it to the Next World. Israel spent the last six years preparing for Warren Buffett, while Hezbollah spent the last six years preparing for this war." Israel "needs to get a cease-fire and an international force into south Lebanon — and get out. Israel can't defeat Hezbollah, it can only hurt it enough to make it think twice

DOJ_NMG_0045295

about ever doing this again — and it has pretty much done that." Israel "wins when Warren Buffett's company there is fully back in business — not when Nasrallah is out of business. Because that will only happen, not by war, but when Arabs wake up and realize that he is just another fraud, just another Nasser, whose strategy would condemn the flower of Arab youth — who deserve and need so much better — to another decade of making potato chips, not microchips."

In a Wall Street Journal op-ed (8/9), Thane Rosenbaum, a novelist and professor at Fordham Law School, says, "This is a soul-searching moment for the Jewish left. Actually, for many Jewish liberals, navigating the gloomy politics of the Middle East is like walking with two left feet." Since "9/11 and the second intifada, where suicide bombings and beheadings have become the calling cards of Arab diplomacy, and with Hamas and Hezbollah emerging as elected entities that, paradoxically, reject the first principles of liberal democracy, I feel a great deal of moral anguish. Perhaps I have been naïve all along." Many Jewish liberals "are surrendering to the mindset that there are no solutions other than to allow Israel to defend itself -- with whatever means necessary. Unfortunately, the inevitability of Israel coincides with the inevitability of anti-Semitism." The "recent disastrous events in Lebanon and Gaza have inadvertently created a newly united Jewish consciousness -- bringing right and left together into one deeply cynical red state."

Olmert Says His Security Cabinet Will Consider Expanding Military Offensive. CNN's The Situation Room (8/8, Blitzer) reported that Israeli Prime Minister Ehud Olmert says his security cabinet will meet tomorrow to discuss expanding the military offensive in southern Lebanon. And he's using the word 'interesting' to describe Lebanon's offer to send peacekeeping troops to southern Lebanon if Israel pulls out. The White House is echoing that sentiment right now."

McClatchy (8/9, Strobel, Rosenberg) reports Israel "prepared Tuesday to dispatch thousands more troops to southern Lebanon in an effort to end Hezbollah rocket attacks on northern Israel as diplomats at the United Nations searched for a compromise that might end the nearly month-old war." The CBS Evening News (8/8, story 5, 1:45, Pizzey, 7.66M) also reported that "rumors are rife that the security cabinet will decide tomorrow whether to pour even more troops into Lebanon and seize territory right to the Litani River. In a move analysts here say is significant, the general in charge of the northern front has been shoved aside in favor of a more seasoned general known to be an advocate of pushing harder into Lebanon."

The Washington Times/AP (8/9, Karam) reports on the Israeli high command change, noting the naming of "a new top commander" and the effectively demotion of "another general after criticism of the army's handling of the four-week-old offensive." The military "said that Maj. Gen. Moshe Kaplinsky, a veteran of previous Lebanon campaigns, was named 'to coordinate the Israeli army's operations in Lebanon.'" The AP adds, "Israeli commentators saw the move as effectively pushing aside Gen. Udi Adam, head of northern command, at a time when some Israelis are asking why the region's mightiest army has failed to halt Hezbollah rocket fire after 28 days of fighting."

The Washington Post (8/9, A10, Finer, Cody, 748K) reports "some Israeli television reports described the arrival of Kaplinsky, who had previously commanded Israeli forces in the West Bank and Lebanon, as 'an impeachment' and said it was the first time since 1973 that the top command had been reshuffled during a war."

Meanwhile, the fighting continues. USA Today/AP (8/9, Gannon) reports Israel "declared a no-drive zone Tuesday in southern Lebanon below the Litani River and threatened to blast any moving vehicle as a guerrilla target. Only pedestrians ventured into the streets of Tyre, and country roads and highways were deserted throughout the region." In "the 28th day of the war between Israel and Hezbollah guerrillas, ground fighting intensified across the southern Lebanon front. At least 19 Lebanese died in airstrikes." Israel "reported three soldiers killed Tuesday and no civilian fatalities." NBC Nightly News (8/8, story 6, 2:10, Williams, 9.87M) reported, "With the death toll from yesterday's attacks on Lebanon now officially up to 77, that is the highest since the war began."

The New York Times (8/9, Oppel, 1.21M), meanwhile, says that "with the Israeli military unable to stop Hezbollah from firing hundreds of deadly Katyusha rockets into the north every day, the government is moving to temporarily relocate thousands of residents who are too poor, too sick or otherwise unable to leave on their own." The Times adds, "Coming almost four weeks after the start of the fighting, the effort appears to be another indication that Israeli officials have concluded that, absent a cease-fire, the war will prove long and difficult, and that Hezbollah will continue to have the

DOJ_NMG_0045296

ability to fire its ball-bearing-laced rockets into a wide swath of northern Israel."

The Washington Post (8/9, A11, Moore, 748K), in a feature focusing on the war's toll on Israelis, says, "Like the suicide bombers who terrified Israelis during the Palestinian uprising, Hezbollah's unguided and relatively unsophisticated missiles have left one of the world's best-equipped armies unable to defend its citizens." The Post adds, "Military analysts say Israel believed, perhaps mistakenly, that it could wage a Kosovo-style air war to eliminate most of Hezbollah's launchers. They also fault the military's over-reliance on high technology in an era of guerrilla-style threats, and a political strategy of trying to keep military deaths low by using minimal ground forces."

The Washington Post (8/9, A11, Cody, 748K) reports on the destruction in Beirut, where "the jumbled streets with their little sandwich shops and decrepit walls, where laborers and clerks raised their families, a pair of rockets fired from an Israeli warplane Monday evening streaked down and destroyed three apartment buildings. The blasts crumpled cars like accordions. Apartment buildings collapsed into piles of rubble. Windows shattered for blocks around. The steel shutters of storefronts buckled."

Humanitarian Crisis Seen As Deepening. The New York Times (8/9, Kifner, 1.21M) reports, "A humanitarian crisis deepened across Lebanon on Tuesday as fighting continued to rage between Israeli soldiers and Hezbollah guerrillas along the border, amid indications that Israel was preparing for a major escalation." In Tyre, "the besieged major city in the south, leaflets fluttered down warning that any car on the roads south of the Litani River could be hit." The United Nations, "as well as the Red Cross and other aid groups, said they were unable to move convoys to the villages around Tyre to deliver supplies or even dig out bodies buried under rubble." The New York Times (8/9, Fattah, 1.21M) reports on the situation in Lebanon, in a story titled "As Lebanon's Fuel Runs Out, Fears Of A Doomsday Moment." The Times says that "even when authorities have been able to scrounge up diesel fuel to power generators, trucks have not been able to deliver it to hospitals in the south of the country because of bombed out roadways and continuing air strikes. The most pessimistic estimates have the country running out of fuel for its power plants in a week; the most optimistic give Lebanon less than a month before the blackout."

US Crackdown On Islamic Charities Complicating Relief Efforts. The Washington Post (8/9, A3, Cooperman, 748K) reports, "Charities prefer that people send money…because in-kind donations force the charities to pay for shipping, delay the arrival of the aid, and saddle relief workers with the task of sorting and distributing items that may not be needed." However, relief groups lament, "many people who are inclined to write checks for emergency aid and reconstruction in Lebanon are afraid of ending up in some government database of suspected supporters of terrorism. … Though aimed at cutting off illicit funding for terrorist groups," the US crackdown on Islamic charities "has complicated legitimate humanitarian relief efforts in Lebanon, Gaza and the West Bank." Arab American Institute president James Zogby added, "In the context of the NSA monitoring everything under the sun, people are afraid."

State Department Sees No Signs Iran Plans To Heed UN Deadline. The AP (8/9, Schweid) reports, "With deadlines approaching, the State Department on Tuesday said it has seen no indications that Iran plans to comply with UN demands that it suspend enrichment of uranium, a key step in making nuclear weapons. Defiance could trigger efforts by the United States and European allies to impose economic or political sanctions on Iran in the Security Council." Secretary of State Condoleezza Rice, "due in New York this week to oversee UN attempts to bring about a cease-fire in the Mideast, will also confer with foreign ministers about how to deal with Iran, said the State Department spokesman Sean McCormack." Said McCormack, "There have been a variety of public statements from the Iranians, but we haven't seen any evidence yet that they are complying with the demand and requirement of the international community."

Pakistan, Iran Agree To Boost Cooperation To Battle Terrorism. The AP (8/9) reports, "Pakistan and Iran have agreed to increase cooperation to fight terrorism, drug and human trafficking and to ensure the early release of each other's prisoners, a senior government official said Tuesday." The decision "was made at the sixth Pakistan-Iran Special Security meeting in Tehran last week, said Kamal Shah of the Interior Ministry, who led the Pakistani delegation. … Because terrorism poses a threat to both sides, they also resolved to frequently exchange intelligence and help each other fight this 'menace.'"

Senate Iran-Sanctions Bill Said To Be Gaining Momentum. The Hill (8/9, Mikhail) reports, "While the war between Israel and Hezbollah continues to dominate

DOJ_NMG_0045297

international headlines, new momentum is developing for a long-stalled Iran-sanctions bill that the Senate will consider after the August recess." The Senate Banking Committee "will consider provisions of the Iran Freedom and Support Act, which Sen. Rick Santorum (R-Pa.) introduced last year. The recent conflict between Israel and Hezbollah, as well as the recent breakdown in negotiations aimed at curtailing Iran's alleged attempts at a nuclear-weapons program, could help persuade enough Senators to vote in favor of the sanctions language." The provisions "call for sanctioning companies that invest in Iran's petroleum sector, an attempt to cut off investment that could be used to help create or acquire a nuclear weapon." The measure "would amend existing provisions of the Iran-Libya Sanctions Act (ILSA) by decreasing the discretion of the President to employ such measures."

Officials In India Concerned About Emergency Of Home-Grown Terrorism. The New York Times (8/9, Sengupta, 1.21M) reports, "The bomb attacks last month on seven Mumbai commuter trains did more than raise Indian hackles against Pakistan for failing to rein in terrorist groups operating on its soil." They also "underscored a gathering threat for India: a small but increasingly deadly cadre of young and often educated Indian Muslims who are being drawn directly into terrorist operations." The Times adds, "The scale and coordination of the July 11 attacks, a senior Indian government official said, suggest that at least one terrorist cell, made up of fewer than a dozen local people and probably directed and financed by militants based in Pakistan, carried out the bombings, which killed 183 people." The emergence of a "sophisticated homegrown terror cells carries grave repercussions not only for national security, but also for domestic politics, Hindu-Muslim relations and diplomacy with Pakistan."

Cuban Military Seen As Loyal To Raul Castro. The AP (8/9, Snow) reports, "With the military controlling a good share of Cuba's tourism, electronics imports and foreign currency reserves, the defense minister is as much entrepreneur as soldier. Now that he's filling in as president for his ailing brother, Fidel, Raul Castro can count on a network of similarly positioned uniformed and retired officers who are as loyal to him from behind their desks as they were on the battlefields of Angola and Ethiopia." Those generals and colonels "are known as 'Raulistas,' and their loyalty has helped them move into the highest echelons of the government and the economy." The AP adds, "Even dissident Vladimiro Roca, a former fighter pilot under Castro's command before breaking with the government, believes Castro has the military leadership's support."

US Companies Eye Unpaid Claims In Post-Castro Cuba. The Washington Times (8/9, Sparshott, 88K) reports that since the Bay of Pigs invasion, US companies have claimed a total of $1.85 billion in loses in Cuba. Those claims, "accruing 6 percent interest and now valued between $7 billion and $8 billion, would have to be settled by a post-Castro government to ease trade and investment between the island nation and the US." And with President Fidel Castro's declining health, the Times says "those companies and people that once owned property in Cuba may be closer to getting it back or receiving compensation." Ultimately, the Times says the State Department would negotiate a claims-settlement agreement with Cuba.

Exiles' View Of Cuba Analyzed. USA Today (8/9, Parker, 2.27M) reports "the illness that recently led Castro to cede power for the first time has rekindled hopes among Cuban-Americans that a new Cuba -- one that will be warm to democracy, or at least to capitalism -- finally could be on the horizon. … Now, amid hopes that Castro's successors could embrace economic reform, the take-back-Cuba movement also has turned pragmatic: The youngest exiles and children of those who fled Cuba say they don't necessarily want to live on the island, but they are planning ways to make money from its revitalization." USA Today adds, "Veterans of the failed, US-backed Bay of Pigs invasion in 1961 still hold war games in Florida's Everglades decades later, training on weekends even as they have grown paunchy over the years. … Meanwhile, aging Cuban-American lawyers run out of Havana by Castro, including Valdes-Faudi's father, Raul, spent much of 1995 writing potential laws and a new Cuban constitution. … Some older exiles' children, meanwhile, take a more pragmatic view about the notion of returning to Cuba by focusing on the island's economic potential."

Partial Recount Not Expected To Change Mexican Election Results. The Wall Street Journal (8/9, Lyons, 2.03M) reports, "Mexican electoral authorities planned today to start a partial recount of votes from the nation's presidential contest, but most observers predict the review won't find big discrepancies or evidence of fraud and will most likely reinforce the narrow victory of conservative

DOJ_NMG_0045298

candidate Felipe Calderón." The proceedings "probably won't assuage Andrés Manuel López Obrador, the second-place finisher who is challenging the outcome. Though numerous foreign election observers have said the July 2 balloting was conducted fairly, Mr. López Obrador, a populist former mayor of Mexico City, has rejected the partial review as insufficient and has demanded a full recount."

Mexican Election Escalates Debate Over NAFTA Provisions. USA Today (8/9, B6, Llana, 2.27M) reports corn is "fueling a clash between Mexico and the United States as cheap American corn has inundated Mexican farms and marketplaces under the North America Free Trade Agreement (NAFTA)." The "politics of corn" continue to "escalate as a 2008 NAFTA deadline looms for Mexico to scrap its corn and bean import tariffs." Meanwhile, USA Today says the disputed Mexican presidential election "has only heightened those tensions." While campaigning, runner-up Andrés Manuel López Obrador vowed to renegotiate NAFTA provisions, which has "raised the hopes of farmers across the country, many of whom have rallied around Obrador and promise a long, hard fight ahead if rival Felipe Calderón, a staunch supporter of NAFTA, is certified as president." Former assistant US trade representative Jon Huenenmann warns that corn is "one of the areas that has the potential to become extremely explosive." This article also appears in today's Christian Science Monitor (8/9, Llana, 58K).

Russia Arms Negotiations With Argentina Anger US. The Washington Times (8/9, Hearn, 88K) reports Russia is "negotiating arms sales to Argentina less than two weeks after angering Washington with a $3 billion deal to sell jets and helicopters to Venezuelan President Hugo Chavez." Russian Ambassador Yuri Korchagin "met with Argentine Minister of Defense Nilda Garre on Aug. 2 to express Moscow's willingness to 'open a road to military and technical cooperation,' according to a statement from Argentina's Ministry of Defense."

FMLN Splinter Group Said To Be Fomenting Violence. The Los Angeles Times (8/9, Tobar, Renderos, 918K) reports a "1992 peace treaty between El Salvador's right-wing government and the leftist Farabundo Marti National Liberation Front, or FMLN, brought this country's civil war to an end after more than a decade of guerrilla warfare and government-sanctioned killings and massacres. The FMLN became a legitimate party and entered politics." But "frustration with the country's lingering poverty, and the continuing political domination of the right-wing Nationalist Republican Alliance, known as Arena, has fed a growing discontent within the ranks of the FMLN, analysts say." The Times notes a recent "attack on police officers" that killed two "occurred during a student demonstration outside the National University, the scene of many violent and tragic protests during the civil war. The incident began as a peaceful protest of increases in bus fares and utility rates." According to "news and police reports, a group of radical FMLN activists known as the Limon Brigade from the San Salvador suburb of Mejicanos was responsible for the attack. Many have parents who fought and died in the civil war, sources close to the group say."

Libya Sues DC Over Refusal To Turn On Water Service For Embassy. The AP (8/9) reports Libya "wants to reopen an embassy in the United States, but it can't get the District of Columbia to turn on the water." The Libyan government "sued the D.C. Water and Sewer Authority last week in federal court, demanding that the property's water and sewer service be turned on. The lawsuit also asks for $1 million in damages." The dispute originates with "more than $27,000 in outstanding water and sewer bills. The D.C. utility won't provide water or sewer service until someone pays." The city's records "show water and sewer accounts at the property in the name of the 'United Kingdom of Libya,' and the authority has filed a lien demanding payment, The Washington Times reported Tuesday." Libya says "it hasn't occupied the Wyoming Avenue building since 1981, when the U.S. government cut diplomatic ties with the country and shut the embassy."

UN Highlights Killings Of Sudan Aid Workers. The New York Times (8/9, Polgreen, 1.21M) reports the UN said "more aid workers in Darfur, the troubled Sudanese region, have been killed in the past month than in the previous three years of conflict there." Eight Sudanese aid workers "were killed in July in attacks across Darfur, the United Nations said, compared with only six from 2003, when the conflict began, through June." The violence "has already contracted the scope of aid operations, depriving tens of thousands of people of food handouts, medical care and clean water. Beyond that, the deepening chaos imperils the

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effort to help millions of other displaced people in the region, officials of aid groups that work in the region say."

Chinese Official Executed For Alleged Spying For Taiwan. The AP (8/9, McDonald) reports an official "from China's social security fund has been executed on charges of spying for rival Taiwan, a spokesman for the agency said Tuesday, and government employees have been required to watch a video about the case." Tong Daning, "director of the general office of the National Social Security Fund, was executed April 21, said Yan Caiping, the agency's chief press officer. Yan said Tong was convicted of spying for Taiwan but wouldn't give any other details."

Chinese Punk Scene Seeks Breakthrough From Margins. The Washington Post (8/9, A1, Fan, 748K) reports in a front page story on the punk music scene in China, noting "it might take screaming to be heard. They make up a small slice of the music industry here, and they play to a largely underground scene. But their struggle to gain attention provides a glimpse of what it's like to be a rebel in a country that suppresses dissent and individuality, and an artist in a culture that worships money and Western fads."

WPost Says UN Should Address Burma. The Washington Post (8/9, A16, 748K) says in an editorial, "This might seem the least likely moment to expect the U.N. Security Council to take up the question of Burma. Lebanon is burning; Iran is going nuclear -- do the world's diplomats really need one more intractable problem?" But the "fact that Burma is not at the top of anyone's agenda is exactly the reason the Security Council should act." It offers the UN "a chance to show that it can deal with a threat to global security before it explodes onto the front page." Its "malevolent dictatorship does represent a threat to peace: Its depredations at home (mass rapes, enforced child labor, burning of farms and villages) push masses of refugees across its borders. Its economic failures make it a locus of AIDS and other diseases. Its corruption makes it a leading source of illegal drugs. And its population of 50 million suffers under a regime whose repressiveness is rivaled only by North Korea's." The United Nations "would enhance its own stature by associating itself with Burma's nonviolent democrats."

WSJournal Hopeful Over China's Changing Policy On North Korean Refugees. The Wall Street Journal (8/9, 2.03M) says in an editorial that the "story of the North Korean refugees who received asylum in the U.S. last month has received little attention world-wide. But it's the first glimmer of hope for the tens of thousands of desperate North Koreans -- perhaps more -- who are hiding in northeast China." The three refugees "arrived in the U.S. directly from Shenyang, China, where they had sought refuge in the US consulate." This "is an extraordinary development" because "until now, China had strictly enforced its policy of repatriating every refugee it tracks down and catches -- a policy that condemns returnees to the North Korean gulag, or worse. The fact that Beijing authorized the release to the U.S. of the three North Koreans hints that it might be reconsidering this inhumane policy."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

""Lieberman Is Defeated In Primary."
"Is Copying A Crime? Well …."
"Ambush On Path To Recovery."
"Shiites Press For A Partition Of Iraq."
"Sense Of Duty Lures 'Expats' Back Home To New Orleans."
"Report Compares San Diego Pension Fund Scandal To Enron."

USA Today:

"Online predators Less Prevalent."
"Exiles' Vision For Cuba A Mix Of Hope, 'Fantasy.'"
"Fed Lets Rates Stay Put For Now."
"Expert: Most Bus Fires Unrecorded."
"Lieberman Loses Senate Race In Conn."

New York Times:

"Lamont Defeats Lieberman In Primary."
"In Policy Shift, Fed Calls A Halt To Raising Rates."
"Anti-U.S. Feeling Leaves Arab Reformers Isolated."
"A Face Is Exposed For AOL Searcher No. 4417749."
"Gas Prices Alter Habits Of Many, But Far From All."

Washington Post:

"Punks And Posers In China."
"War Crimes Act Changes Would Reduce Threat Of Prosecution."
"A Fight Against Terrorism -- And Disorganization."
"In An Executive Race Short On Contrasts, Traffic Creates A Clear Fissure."
"Neighbors Keep A Wary Eye On Swelling GMU."

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Washington Times:
"Lieberman Loses Primary."
"Israeli Attacks Kill 13 In Lebanon."
"Cuba Eyed For Unpaid Claims."
"Slow Senate Likely To Force Omnibus Bill."
"Germans Find Deaths At Berlin Wall."
"Madden Mania At A Fever Pitch For Release Of '07 Game."

Detroit Free Press:
"Tension Surges In Raven Case."
"Bouchard, Stabenow Will Face Off In November."
"Strong Showing In Oakland Hurts Butler."

Atlanta Journal-Constitution:
"McKinney Defeated."
"My, What Red Eyes You Have! And What Sky-High Scores..."
"9/11 Film: Is The National Psyche's Wound Too Raw?"

Houston Chronicle:
"DeLay Is taking Name Off ballot."
"Star Serves Up Tricks, Treat."
"BP Line Was Not Subject To Oversight."
"Penguins Dive Into Trouble On Their Southward Journey."

Story Lineup From Last Night's Network News:
ABC: Sectarian Violence; Lieberman Campaign; Fed-Interest Rates; BP Oil Pipeline Shutdown; Israeli Offensive; Missing Foreign Students; Hurricane Risk; Surgery-Conjoined Twins; Teenage Female Race Car Driver.
CBS: Interest Rates Announcement; Home Foreclosures; BP Oil Pipeline Shutdown; Israeli Offensive-Beirut; Israeli Cabinet Expansion; Lieberman Campaign; Fantasy Baseball; Dangerous Defibrillators; Soft Drinks-Obesity; Surgery-Conjoined Twins."
NBC: BP Oil Pipeline Shutdown; BP-Maintenance Investigation; Fed-Interest Rates; Stock Market; Lieberman Campaign; Israeli Offensive-Beirut; Iraq-Sectarian Violence; Counter Terrorism; FEMA Trailers-New Orleans; Faith Night Baseball.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: CT-Lieberman Primary Loss; GA-McKinney Primary Loss; DeLay Ballot Case; Iraq-US Helicopter Crash.
CBS: CT-Lieberman Primary Loss; GA-McKinney Primary Loss; Israel-Lebanon Attacks; UT-conjoined Twins Separated; NFL-Fan Behavior.
NPR: CT-Lieberman Primary Loss; GA-McKinney Primary Loss; Lebanon-Troop Proposal; Israel-Lebanon Attacks; ABA-Bush Signing Statements; Wall Street; Hurricane Season; Federal Reserve-Interest Rates.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: GREEN ROOF _ 9 a.m. The Chesapeake Bay Foundation and its partners unveil the largest green roof in D.C. at the new U.S. Department of Transportation headquarters on M Street SE. The twin roofs, which will hold 68,000 square feet of plants, are available to see being planted, and also under construction, so the layers of filters and material under the plants will be visible. The twin roofs, which will hold 68,000 square feet of plants, are available to see being planted, and also under construction, so the layers of filters and material under the plants will be visible. Location: M Street SE, between New Jersey Avenue and 4th Street, near the Naval Yard.

IRAQ-DEMONSTRATION _ 9:30 a.m. Arab-American, Muslim and U.S. peace organizations hold a news conference to announce an Aug. 12 anti-Iraq war rally in Washington. Location: National Press Club.

ENVIRONMENTAL GROUPS-OIL _ 11 a.m. Representatives for the Natural Resources Defense Council, other environmental groups, hold a teleconference to discuss how they feel the country should address what sponsors say is the real problem highlighted by the latest Alaskan oil spill: Americas growing dependence on oil. Contacts: Julia bovey, 202-289-2420. Notes: Please call 800-901-1248, ask for ``BP Call. Credentialed media only.

MOVEON-LIEBERMAN _ 11:30 a.m. Eli Pariser, Executive Director of MoveOn.org Political Action, others, holds a teleconfeence to discuss the results and implications of Connecticut's Democratic Senate primary election, as well as MoveOns strategy for the November elections. Contacts: Trevor FitzGibbon, 202-246-5303. Notes: Dial 800-905.0392, Conference ID: ``MoveOn To RSVP, please contact Alex Howe at: ahowefenton.com or 202-822-5200.

PUBLIC RADIO _ 1:30 p.m. The Calvert Foundation, others, hold a telephone briefing on the ``Public Radio Fund,"

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designed to expand public radio and local radio voices in the US. Contacts: Patrick Mitchell, 703-276-3266. Notes: Callin number: 800-860-2442; passcocde: investing in public radio.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, AUGUST 9, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
"Revolutionary" Administration Plan Aims To Order, Direct Counter-Terrorism Efforts ... 3
Miami Terror Cell Suspect Seeks Release On Bail ... 3
Attorney Who Argued Hamdan Case Profiled ... 3

Patriot Act:
Civil Liberties Groups Renew Challenge To FBI Library, Internet Searches ... 4

Homeland Response:
FBI Issues Nationwide Alert For No-Show Egyptian Students ... 4
Peace Activist Claims FBI Counter-Terrorism Surveillance Targeting Organization ... 4
E-Passports Spark Privacy Concerns ... 5
Report Finds Munitions Stored On Forest Service Land Remain Vulnerable To Terrorists ... 5
New Hampshire Legislative Committee Votes To Accept Federal Funds To Study Real ID Act ... 5
Stone's WTC Movie Gets Mixed Reviews ... 5
Expanding Cost Of Katrina Contracts Prompts Renewed Scrutiny ... 5
New Orleans Struggles To Replace Federal Employees ... 6
NOAA Downgrades Hurricane Projections ... 6

War News:
Deadly Violence Continues In Baghdad ... 6
Iraqi Shiite Leaders "Aggressively Promoting" Partition Of Iraq ... 7
Northern Territory Assigned To Iraqi Army ... 7
Bush Explanation Of US Role In Iraq Examined ... 7
War Crimes Act Amendments Would Reduce Prosecution Risk ... 7
Soldier Says Unit Involved In Rape Accusation Was "Full Of Despair." ... 8
Iraqi Refugees Seek Safety In US ... 8
Colombia May Help Afghanistan's Drug War ... 8
Trial Of Ex-CIA Contractor Continues ... 8
Army Recruits Being Trained By Iraq, Afghanistan Veterans ... 8
Congress Could Slash Funds For Brain Injury Center ... 8

DOJ:
Gonzales Pledges Crime Fighting Help For Cincinnati ... 9

Corporate Scandals:
Pixar Granted Options At Low Prices; Cablevision To Delay Earnings Results ... 9
2nd Circuit Reinstates Shareholder Suit Against American Express ... 10
Grasso Trial Delayed As Judge Considers Compensation Issue ... 10

Criminal Law:
Former Philadelphia Official Sentenced To 2½ Years In Prison ... 11
Report Finds San Diego Engaged In Reckless Fiscal Mismanagement ... 11
FBI Investigating Former Louisiana Gaming Commissioner's Corruption Claims ... 11
Ohio Executes Inmate Convicted Of Killing Three ... 11
Study Finds Online Predators Less Prevalent ... 12
Ohio Death Penalty Challenged Over Jury Smoking Ban ... 12
FBI Joins Search For Woman Accused Of Murdering Husband With Boiling Oil ... 12
Mississippi Woman Pleads Guilty To Katrina Relief Fraud ... 12
Massachusetts Investment Advisor Charged With Fraud ... 12
Ohio Fund Manager Sentenced To Six Years In Prison For Defrauding Investors ... 13
California Man Pleads Guilty To Stealing Trade Secrets From Concrete Company ... 13
Brooklyn Woman Sentenced To Prison For Extorting Money From Russian Strippers ... 13
DC Crime Figures Show Little Change Since Emergency Declared ... 13
Prostitution Sting Nets Four Near BWI Airport ... 13
Piracy Laws Are Confusing, Often Misunderstood Or Ignored ... 14

Civil Law:
Philadelphia Squares Off With Park Service Over Independence Hall Fence ... 14
Search Data Released By AOL Allows Reporter To Track Down User ... 14
Watchdog Groups Ask House Defense Conferees To Agree To Whistle-Blower Protection ... 15

Civil Rights:
DOJ Sues Missouri Landlord For Harassment ... 15

Alabama Congressman Asks DOJ To Re-Examine Voting Rights Suit ... 15
Former Maryland Police Officer Pleads Guilty To Civil Rights Charges ... 16
9th Circuit Panel Rules Employees Have No Privacy Rights On Workplace Computers ... 16
Study Finds Assaults On Maryland Jail Guards Increased After Staffing Cuts ... 16
USED Proposes Regulations For Students' Racial Categories .. 16

Antitrust:

Oklahoma Firm, Officials Plead Guilty In Pipeline Price-Fixing Case ... 17
Aramark To Go Private In $6.3 Billion Deal ... 17
Nokia To Purchase Loudeye In Bid To Compete With iTunes ... 17
Apotex Launches Generic Rival To Plavix ... 17
Cinemark To Buy Century Theaters ... 18
Anadarko Gets Antitrust Nod To Buy Western Gas Resources .. 18
WSJournal Says Net Neutrality Thesis Proven Wrong By WiMax18

Environment:

Bodman Confident About Oil Supply Despite Pipeline Problems 18
Judge Says Camping, Parking Bans Near Bush Ranch Are Constitutional ... 21
Appeals Court Rebuffs Nevada's Yucca Mountain Challenge ... 21
States Scrambling For Bird Flu Drug Funds ... 22
Biologists Seek Preservation Of Pronghorn Migration Route ... 22

FBI/DEA/ATF/USMS:

Georgia Officials Asks DOJ To Intervene In Dispute Over Disbursement Of Seized Drug Money ... 22
Man Convicted For His Role In 1994 Killing Of DEA Agent ... 22
Nine Plead Guilty In Florida Marijuana Case ... 22
Man Claiming To Be Covert Operative Makes Accusations Against Bush, DEA ... 23
USOC Says It Won't Reconsider Decision Banning Track Coach From Facilities ... 23
Utah Man Appeals Lengthy Mandatory Sentence ... 23
In Venezuela, Authorities Arrest Alleged Head Of International Drug Ring ... 23
Walters: Future Of Afghanistan Depends On "Rule Of Law." ... 23
Colombia May Set Up Permanent Anti-Narcotics Training For Afghanistan ... 23
Rebels Said To Be Infiltrating Colombia's Public Institutions ... 24
Despite Violence In Colombia, Uribe Still Credited With Improvements ... 24
UN: Addiction Rates Climbing In Afghanistan ... 24

Immigration:

Border Crackdown Prompts Immigrant Smugglers To Adopt Dangerous Tactics ... 24

Tax:

Seattle Hedge Fund Firm Under Probe For Tax Shelters ... 24

Congress-Administration:

ABA Calls For End To Presidential Signing Statements ... 25
Reid Calls For VA Secretary To Resign ... 25
USDA's WTO Negotiator To Resign ... 25
Conservatives Worried About Pork In Appropriations Omnibus Bill ... 25
Pension Reform Law Will Increase Automatic Worker Savings .. 25
DOE Designates "Critical Congestion" Areas In Electric Grid ... 26
Report Says Advantage Plans Cost Government 11% More Than Traditional Medicare ... 26
FDA, Barr Agree On Plan To Resubmit Over-Counter Sales Proposal For Plan B ... 26
Administration Proposes Cuts In Medicare Payments To Doctors26
Researchers Chafe At Restrictions In Bush Stem Cell Funding Policy ... 26
Miller Real Estate Loans May Have Violated House Ethics Rules27
Air Traffic Controllers' Union Head Loses Reelection Bid ... 27

Other News:

Fed Leaves Rates Unchanged ... 27
Federal Judge Denies Pro Hac Vice Request In Pennsylvania Case ... 28
WPost Argues Virginia Should Step Aside In Visitation Rights Case ... 28
Lieberman Loses Primary, Says He'll Run As An Independent .. 28
New Members Want Gold Star Mothers To Become More Involved In Political Issues ... 30
McKinney Loses Runoff ... 30
DeLay Say He Will Not Run For Reelection Despite Court Ruling31
Bush Help For GOP Candidates Mostly Low-Key ... 31
Leading GOP Candidate To Replace Ney May Be Ineligible ... 31
Clinton's Role In Welfare Reform Touted ... 32
Dean Book On Conservatives Seen As "Disappointing." ... 32
Terry Explains Appearance On Colbert Report ... 32
NYTimes Says Measles Vaccination Should Be Mandatory For All Young Children ... 32
UN Security Council Fails To Reach Agreement On Lebanon Peace Plan ... 33
Olmert Says His Security Cabinet Will Consider Expanding Military Offensive ... 35
State Department Sees No Signs Iran Plans To Heed UN Deadline ... 36
Officials In India Concerned About Emergency Of Home-Grown Terrorism ... 37
Cuban Military Seen As Loyal To Raul Castro ... 37
Partial Recount Not Expected To Change Mexican Election Results ... 37
Russia Arms Negotiations With Argentina Anger US ... 38
FMLN Splinter Group Said To Be Fomenting Violence ... 38
Libya Sues DC Over Refusal To Turn On Water Service For Embassy ... 38
UN Highlights Killings Of Sudan Aid Workers ... 38
Chinese Official Executed For Alleged Spying For Taiwan ... 38
WPost Says UN Should Address Burma ... 38
WSJournal Hopeful Over China's Changing Policy On North Korean Refugees ... 39

DOJ_NMG_0045304

The Big Picture:
Headlines From Today's Front Pages 39

Washington's Schedule:
Today's Events In Washington 40

TERRORISM NEWS:

"Revolutionary" Administration Plan Aims To Order, Direct Counter-Terrorism Efforts. In its ongoing special "Five Years Later" series about post-9/11 counter-terror preparations, the Washington Post (8/8, A1, DeYoung, 748K) reports, "Early this summer, a new strategy for combating terrorism, described by its authors as 'revolutionary' in concept, arrived on President Bush's desk. … Written by officials at the National Counterterrorism Center, under a directive signed by the president last winter," the National Implementation Plan "aspires to achieve what has eluded the Bush administration in the five years since the Sept. 11, 2001, attacks: bringing order and direction to the fight against terrorism. In the years since Bush stood atop the smoldering ruins of the World Trade Center and pledged retaliation against 'the people who knocked down these buildings,' the federal government has undergone an unprecedented expansion and reorganization. … The proof that it is all working, White House officials often say, is that there has been no attack on U.S. soil since 2001. But critics say that after nearly five years, the fight against terrorism often seems like a chaotic work in progress."

NBC Nightly News (8/8, story 8, 2:55, Williams, 9.87M) reported on the Washington Post story in its "In Depth" segment, saying, "The anti-terrorism bureaucracy is certainly bigger today but is it truly better?" NBC (Priest) added that after 9/11, the government created "the biggest new bureaucracy since the new deal. … The cost -- hundreds of billions and counting." Karen Deyoung, Washington Post: "One of the problems is they keep adding layers and layers and layers without taking any layers away." Priest: "Experts say much of the system suffers from high turnover, poor coordination and unclear leadership." Michael Sheehan, NBC News Analyst: "I think Homeland Security when it was created after 9/11 was too big. They are still trying to define what their primary missions are." Priest: "Yet a new plan to sharpen the fight against terror is on the President's desk. It's an unwieldy document, 160 pages long assigning 500 separate tasks to an already-bloated bureaucracy."

Miami Terror Cell Suspect Seeks Release On Bail. The AP (8/9, Anderson) reports alleged Miami terror cell member Lyglenson Lemorin "sought to distance himself from the group and wanted nothing to do with such mass destruction, his attorney said Tuesday." At the bail hearing, Defense lawyer Joel DeFabio "added that Lemorin left Miami in the spring after members of the group pledged allegiance to the al-Qaida terrorist network" and "made no effort to conceal his whereabouts." However, Assistant US Attorney Richard Getchell "portrayed…Lemorin as part of the 'inner circle' of followers of Narseal Batiste," despite the fact "Lemorin gave a statement to the FBI the day of his arrest making similar claims that he sought to get away from Batiste." Getchell added that Lemorin's "decision to leave for Atlanta was more likely because he feared imminent arrest." The AP adds, "U.S. Magistrate Judge Barry Garber did not issue an immediate ruling on the bail request and scheduled a second hearing for Thursday."

Attorney Who Argued Hamdan Case Profiled. The Legal Times (8/9, Goldman) reports on Neal Katyal, a Georgetown law professor who successfully argued against the government in the Hamdan v. Rumsfeld case before the US Supreme Court. The Times reports, "Katyal had never argued before the high court, but in Hamdan he literally took on George W. Bush, arguing that the military commissions the president established to try the Guantanamo Bay Naval Base detainees -- including his client, Salim Hamdan, a former driver for Osama bin Laden -- were illegal. The Court, in a 5-3 decision written by its senior justice, John Paul Stevens, agreed." The Times adds, "It was a complex case that stretched back three years, implicating not only the limits of executive power but delving into the nature of the interrelationship of all three branches of government. … Katyal first argued the case Oct. 25, 2004, before Judge James Robertson of the U.S. District Court for the District of Columbia and won. Robertson was reversed by a three-judge panel of the U.S. Court of Appeals for the D.C. Circuit, which included soon-to-be Supreme Court Chief Justice John Roberts Jr. Finally, he won again when the Supreme Court announced its decision June 29. (Because he ruled at the appellate level, Roberts recused himself from the case.)" The Times continues, "And it's true that Katyal's pedigree has been almost entirely academic: a private Catholic boys school in Wilmette, just north of Chicago; a national reputation as a champion high school debater; Dartmouth College, followed by a year coaching the Dartmouth debate team; then Yale Law School, from which he graduated in 1995. … His law school internships each summer could not have been more propitious. Summer No. 1: a legal intern in the office of Vice

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President Al Gore. Summer No. 2: a legal intern in the Office of the Solicitor General. Katyal spent his third summer at Washington's Hogan & Hartson, where he worked specifically for Supreme Court litigator and now-Chief Justice Roberts. … After law school, Katyal spent two years clerking, first for Guido Calabrese, the former Yale Law School dean who had recently been named a judge on the 2nd U.S. Circuit Court of Appeals, then for Supreme Court Justice Stephen Breyer. … At age 27, just after his Breyer clerkship, Katyal joined the law school faculty at Georgetown, a job he deferred until the fall of 1999 so he could be the adviser for national security affairs in the Clinton Justice Department. … Katyal was the point person at the DOJ during the year in which the independent counsel statute, which gave Bill Clinton investigator Kenneth Star his job, was set to lapse. Katyal and a small team crafted the attorney general's special counsel regulations that are now on the books."

PATRIOT ACT:

Civil Liberties Groups Renew Challenge To FBI Library, Internet Searches. National Journal's Technology Daily (8/9, Noyes) reports, "Civil-liberties defenders will renew their court challenge to a special subpoena power built into anti-terrorism law that permits the FBI to scour library and Internet service provider files without search warrants." Tech Daily continues, "The practice is allowed under 'national security letters,' a power recently reauthorized in the 2001 law known as the USA PATRIOT Act. The law bars recipients of the letters from disclosing the requests to anyone. … The American Civil Liberties Union and its New York chapter filed a new federal complaint last month, the groups said Monday. The legal papers originally were under seal because of the gag provision, but redacted versions were released with court approval." Tech Daily adds, "The ACLU launched the case in April 2004 on behalf of an unnamed Internet service provider that received a subpoena. Several months later, a U.S. district court in New York ruled the power unconstitutional. The judge in the case, Victor Marrero, held that indefinite gag orders violate First Amendment free-speech rights, the ACLU said. … The government appealed the decision to the 2nd U.S. Circuit Court of Appeals, but before the court could rule, Congress amended the language on national security letters, the ACLU said. In May, the appeals court asked the district court to examine the amended language. … In its latest complaint, the ALCU argues that the gag provision gives the FBI authority to suppress speech without prior judicial review. The group also contends that the subpoena power is unconstitutional because while it permits courts to review the letters after they are issued, judges must defer to the FBI."

HOMELAND RESPONSE:

FBI Issues Nationwide Alert For No-Show Egyptian Students. ABC World News Tonight (8/8, story 6, 2:10, Moran, 8.78M) reported, "The FBI's issued a nationwide alert for 11 Egyptian students who entered the US ten days ago and failed to report to a college exchange program." ABC (Thomas) added, "Before 9/11, no one would have thought twice about a few missing students. But tonight, even though there's no reason to suspect the Egyptian students of anything, the government is scrambling. Police nationwide and every federal law enforcement agency has been notified to be on the lookout. Federal agents have been to the Montana campus and are interviewing Egyptian officials, family and friends in Egypt."

CNN's The Situation Room (8/8, Verjee) noted, "The FBI says that they are not considered terror suspects, but, an immigration official says, they will likely be sent home -- once they're located -- for violating their visas."

Fund Says Incident Shows Ongoing Security, Student Visa Problems. On Fox News' The Big Story With John Gibson (8/8), the Wall Street Journal's John Fund said of the missing students, "I think it is very serious. Remember the student visa program was very leaky before 9/11. They have tightened it up a little, but I can report tonight there is an ongoing investigation about bribery in the student visa program -- whether or not people overseas are bribing low-level consular officials to get into the country. That's serious. I think we have to find the people pretty quickly because 11 can do an awful lot of damage as a group." Fund added that the students "are probably harmless and enjoying the Grand Canyon for all I know. But the bottom line is, this shows our security is not what it should be."

Peace Activist Claims FBI Counter-Terrorism Surveillance Targeting Organization. The National Catholic Reporter (8/11, Cooper, Hodge) reports, "School of the Americas Watch, a faith-based peace organization that seeks to close a U.S. military school that has advocated the use of torture and assassination, finds itself under surveillance by the FBI's counterterrorism unit. Fr. Roy Bourgeois, a Maryknoll priest who founded the organization, recently told members of the U.N. Human Rights Committee in Geneva that the spying has been going on for years." The Reporter adds, "With help from the American Civil Liberties Union, Bourgeois obtained FBI records showing it has been targeting his organization," and "what is chilling, Bourgeois said, is that the surveillance continues despite the fact the FBI's own documents conclude that SOA Watch is a peaceful group."

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E-Passports Spark Privacy Concerns. The Wall Street Journal (8/9, D11, Anderson, 2.03M) reports passports containing an RFID chip to be issued by the State Department starting Monday have sparked "some concerns about privacy and…vulnerability to hacking." The new passports are "designed to make it easier for customs officers to verify travelers' identities," but critics "charge that the technology hasn't been sufficiently tested, and some experts have recently found ways to pull data off the…chips in e-passports in other countries." Meanwhile, some experts say "the perception of e-passports as being unsafe comes from confusing RFID tags with contactless technology, such as that used on some ATM and credit cards."

Report Finds Munitions Stored On Forest Service Land Remain Vulnerable To Terrorists. The Washington Post/McClatchy (8/9, A15, Doyle) reports the Agriculture Department's Office of Inspector General has released a report finding that "howitzers, recoilless rifles and explosives" stored on Forest Service land throughout the country could fall into the hands of terrorists. Though the physical security of the munitions, used "to blast boulders and prevent avalanches," was described in the report "as 'generally' sufficient," investigators found that "important reforms" called for three years ago have not been completed. Forest Service officials stress that they take security seriously, and they indicated they will soon finish complying with all of the investigators' security recommendations, which were first made in April 2003."

New Hampshire Legislative Committee Votes To Accept Federal Funds To Study Real ID Act. The New York Times (8/9, 1.21M) reports a committee formed by the New Hampshire state Senate to study the Real ID Act "voted yesterday to accept $3 million in federal money to test" the mandates for stricter identification requirements for driver's licenses. The matter now goes to Gov. John Lynch's executive council for approval or rejection. Mr. Lynch, a Democrat, plans to meet with state safety officials before making a decision on the money, a spokeswoman, Pamela Walsh, said."

Stone's WTC Movie Gets Mixed Reviews. Reviews for Oliver Stone's "World Trade Center" among major papers were mixed, with some praising the movie, and others panning it. The New York Times (8/9, Scott, 1.21M) reviews says "subtle is unlikely to be on the list" of adjectives for the film, which makes Stone "the right man for the job, since there was nothing subtle about the emotions of 9/11." The Times adds that Stone "edits like a maestro conducting Beethoven." USA Today (8/9, 1D, Puig, 2.27M) leads its review saying the film "is a fitting and moving tribute to all those who died or were wounded as the towers tumbled." However, the Wall Street Journal (8/9, D1, Morgenstern, 2.03M) calls the film "a patchwork narrative to which the filmmaker and his colleagues have brought the sensibility of an old-fashioned Hollywood disaster movie, and a mediocre one at that," and the Washington Post (8/9, C1, Thompson, 748K) says the film "shortchanges audiences when it comes to dramatic revelations that could have resonated on a deeper level."

Expanding Cost Of Katrina Contracts Prompts Renewed Scrutiny. The Washington Post (8/9, A8, Hsu, 748K) reports FEMA contracts awarded to Bechtel Corp., CH2M Hill Inc., Fluor Corp. and the Shaw Group Inc. to house Hurricane Katrina evacuees "have ballooned in value from $400 million to about $3.4 billion, prompting renewed scrutiny from Congress and federal auditors about the disaster agency's management of the aftermath of the storm." DHS IG Richard Skinner "is, for at least a second time, reviewing the contracts …, even as FEMA expects to competitively award at least $1 billion for similar work in future contingencies within days." Though "FEMA Director R. David Paulison and Homeland Security Secretary Michael Chertoff promised Congress last October to re-bid the pacts and spun off $3.6 billion in maintenance and future dismantling of the trailers to 36 small and minority-owned firms in March," FEMA's "critics say that has not addressed the entire problem." Some argue that staffing shortages at DHS "and increasing dependence on larger contracts to handle complex new missions feeds an unhealthy cycle, in which firms vying for an ever-growing flow of taxpayer dollars raid agency staff for expertise, weakening FEMA's ability to independently carry out its missions."

New Orleans Residents No Longer Using FEMA Trailers Want Them Removed. NBC Nightly News (8/8, story 9, 2:30, Williams, 9.87M) reported that with 100,000 fewer residential listings in its new white pages, New Orleans has combined them with a reduced yellow pages for the first time. "The phone book may be a good deal slimmer but there are still thousands of residents from the Katrina flood zone who still have no homes to go to" while "a big supply of trailer homes provided by FEMA" go unused. NBC (Mott) continued that some residents who have moved back into their homes are waiting for FEMA to remove now vacant trailers from their yards. "More than an eyesore, residents worry the trailers might become dangerous projectiles in a bad storm or could damage restored houses. Or worse, injure families. Their frustration is aimed at FEMA, which they say isn't delivering on a promise to take back more than 2,000 trailers. A number growing every day." The agency "has increased the number of removal teams but offers this reminder:" George Smith, of FEMA was shown saying, "Our

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highest priority has always been to house people in the first place."

New Orleans Struggles To Replace Federal Employees. In its "Federal Diary" column, the Washington Post (8/9, D4, Barr, 748K) reports Gary Goeke, a federal employee in New Orleans, says his Minerals Management Service office's four job openings "have stirred little interest." Though the Office of Personnel Management says the federal workforce in the city has "dropped by about 11 percent," some New Orleans officials "think the post-Katrina decline might be even larger, in part because many federal employees on New Orleans rosters are working for their agencies temporarily at offices outside the city." Kathy Barré , executive director of the New Orleans Federal Executive Board, "said many federal employees in New Orleans think they should receive a cost-of-living adjustment or additional locality pay for rebuilding, but she said such remedies could be difficult to justify and would take two to three years to win approval."

"Expatriates" Said To Be Returning To New Orleans To Help Rebuild. Meanwhile, the Los Angeles Times (8/9, Simmons, 918K) reports on the self-proclaimed "expatriates" returning to New Orleans "after a long absence — drawn by a sense of duty to help rebuild, by opportunities, or by nostalgia." Though there is no hard evidence of the group's return, "online homecoming tales, real estate sales records, hiring data and anecdotes suggest their presence is growing." In addition to the expatriates, "Migrant workers have flooded the job market, and scores of government and private workers involved in rebuilding also have settled in the city since Katrina. And of course there are speculators scouting for opportunities."

NOAA Downgrades Hurricane Projections. The New York Times (8/9, Lipton, 1.21M) reports officials at the National Oceanic and Atmospheric Administration "modestly downgraded their projections for the intensity of this year's hurricane season on Tuesday," predicting seven to nine hurricanes, three or four of them Category 3 or higher. "The agency's forecast was similar to that made last week by hurricane researchers at Colorado State University, who reduced their number of hurricanes predicted to seven from nine. Three of those storms would be intense, the researchers said." However, FEMA Director R. David Paulison warned residents along the Atlantic and Gulf coasts that it was "not a time for complacency. … It only takes one hurricane to give you a very bad day."

The Washington Post (8/9, A8, Whoriskey, 748K) reports that the prediction, which comes midway through a season that has yet to see a named hurricane, still anticipates an "above average" season. Max Mayfield, director of the National Hurricane Center said, "It only takes one hurricane to make it a really bad year." The Post adds that "ocean waters are a half a degree to two degrees Fahrenheit warmer than average" this year, which is likely to "help generate above-average tropical storm activity, but not as much as last year, when comparable ocean temperatures were two to three degrees warmer than average." USA Today (8/9, 2.27M) runs a brief report on the downgraded predictions. ABC World News Tonight (8/8, story 7, 0:10, Moran, 8.78M) also briefly noted the new predictions.

WAR NEWS:

Deadly Violence Continues In Baghdad. NBC Nightly News (8/8, story 7, Williams, 9.87M) reported last night, "Despite a new buildup of American and Iraqi troops in Baghdad, 24 people were killed there today. 10 of them when bombs exploded in a city market. Another 70 or so were wounded in that attack. And just minutes later, bank robbers killed five people during a holdup."

The AP (8/9, Abdul-Zahra) reports "a series of bombings and shootings killed at least 33 people Tuesday, most in the Baghdad area, as more American soldiers patrolled the streets of the capital in a make-or-break bid to quell sectarian violence." The violence "underscores the security crisis facing Baghdad, which prompted American commanders to send more U.S. soldiers to the capital in a renewed bid to curb sectarian killings and kidnappings." USA Today (8/9, 2.27M) runs a similar AP story, in which it adds "the violence has prompted US commanders to send more US soldiers to the capital. US officials said the latest phase of the operation was launched Monday 'to reduce the level of murders, kidnappings, assassinations, terrorism and sectarian violence in the city and to reinforce the Iraqi government's control of Baghdad.'"

The New York Times (8/9, Von Zielbauer, 1.21M) describes the "three apparently coordinated explosions near the Interior Ministry, in the center of Baghdad," and notes that "in the past week, four Iraqi journalists from various news organizations based here were fatally shot, said a member of an Iraqi journalists' group that tracks attacks on reporters."

US General Says Current Baghdad Campaign "Defining Battle" Of Iraq Conflict. ABC World News Tonight (8/8, lead story, 2:40, Moran, 8.78M) reported "thousands more US troops are deploying throughout the Iraqi capital, in a campaign to save that city from a savage cycle of violence. It's an uphill fight." ABC (Raddatz) added, "We rode with General Peter Chiarelli into Baghdad today in one of the hundreds of armored Stryker vehicles now moving throughout the city. This is one of the most critical missions ever undertaken by US forces in Iraq. So critical that 3,700 soldiers who had already been here for a year were told just moments before heading home that they would have to stay

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for four more weeks." LT. General Peter Chiarelli, US Army Iraq: "And I hope you know this decision was not made lightly. This will be the defining battle of this particular campaign. We've got to take back Baghdad." Chiarelli "is the architect for that mission -- a sweeping, new plan to regain control of Baghdad. In the past 24 hours, whole neighborhoods have been cordoned off and 4,000 homes have been cleared." Chiarelli: "I think it will work because we have a government. And it will be a government that will be in power for four years. And they understand the necessity to move forward in Baghdad."

Iraqi Shiite Leaders "Aggressively Promoting" Partition Of Iraq. The Los Angeles Times (8/9, Daragahi, 918K) reports, "They have a new constitution, a new government and a new military. But faced with incessant sectarian bloodshed, Iraqis for the first time have begun openly discussing whether the only way to stop the violence is to remake the country they have just built." The Times adds, "Leaders of Iraq's powerful Shiite Muslim political bloc have begun aggressively promoting a radical plan to partition the country as a way of separating the warring sects. Some Iraqis are even talking about dividing the capital, with the Tigris River as a kind of Berlin Wall." Shiites "have long advocated some sort of autonomy in the south on par with the Kurds' 15-year-old enclave in the north, with its own defense forces and control over oil exploration. And the new constitution does allow provinces to team up into federal regions." But "the latest effort, promulgated by Cabinet ministers, clerics and columnists, marks the first time they've advocated regional partition as a way of stemming violence." The "growing clamor for partition illustrates how dire Iraq's security, economic and political problems have come to seem to many Iraqis: Until recently, Iraqis shunned the idea of redrawing the 8 1/2-decade-old map of Iraq as seditious."

Meyerson Suggests Rationale For Bush Policy Would Collapse If Civil War Breaks Out. Harold Meyerson writes in the Washington Post (8/9, A17, 748K), "Of all the signs that the American people are fed up with the war in Iraq, the one that the administration should fear most was put forth last week by a longtime supporter of both the president and the war, Virginia Republican John Warner. While chairing a hearing of the Senate Armed Services Committee, Warner suggested that the president might need a new congressional resolution authorizing our presence in Iraq, since the conflict there has become (or, best case, may yet become) a civil war. Now, that would be one challenging resolution to write." Meyerson adds, "The problem here is that only the Republican hard core still has confidence in Bush's Iraq policy, and a campaign focusing on affirming that policy would further inflame not only Democrats but independents as well." But "with Republicans worrying about how just to turn out their base, staying the course in Iraq does retain a certain warped logic. Once it's acknowledged that the war in Iraq is a sectarian civil war, however, staying the course has no logic for anyone."

Northern Territory Assigned To Iraqi Army. The Washington Post (8/9, Mosher, 748K) reports, "US military commanders on Tuesday handed over to their Iraqi counterparts primary security responsibility for a swath of northern territory extending from the foothills of Iraq's eastern mountains all the way west to the Syrian border." The Iraqi 4th Division was "given the lead security role in Salahuddin, Nineveh and Tamim provinces." The Post reports, "Five of the Iraqi army's 10 divisions now have primary responsibility for security in their areas, and FOB Dagger becomes the 48th of 110 U.S. bases handed over to Iraqi control." While US and Iraqi officials praised the transfer as a "watershed moment," "events in the capital and surrounding provinces ... illustrated how deeply entrenched Iraq's security problems are after 3 1/2 years of war punctuated by nearly six months of intense sectarian violence." Eighteen Iraqis were killed in a market bombing in Baghdad, while 29 others were killed in Diyala province.

Bush Explanation Of US Role In Iraq Examined. In the Washington Post's "In the Loop" column (8/9, A15), Al Kamen says, "President Bush, at his Monday news conference in Crawford, Tex., tried one more time to explain to those who simply can't -- or won't -- understand what role the United States is playing in Iraq. It's pretty straightforward. It's all about liberty and freedom, he said." Bush said, "We don't impose liberty. Liberty is universal. [There are] some [who] would be willing to say that it's okay for people not to live in a free society. It's not okay for us. If you love peace, in order to achieve peace, you must help people realize that which is universal. And that is freedom." The Post adds, "And, let's be honest, there will always be some people who need more help than others. That's why, on July 28, Bush sent 3,700 more troops to help in Baghdad."

War Crimes Act Amendments Would Reduce Prosecution Risk. The Washington Post (8/9, Smith, 748K) reports in a front page article, "The Bush administration has drafted amendments to a war crimes law that would eliminate the risk of prosecution for political appointees, CIA officers and former military personnel for humiliating or degrading war prisoners, according to US officials and a copy of the amendments." Officials contend that the revisions "would alter a U.S. law passed in the mid-1990s that criminalized violations of the Geneva Conventions." Ten experts who reviewed the revisions for the Post expressed concern that "the changes could affect how those involved in

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detainee matters act and how other nations view Washington's respect for its treaty obligations."

Soldier Says Unit Involved In Rape Accusation Was "Full Of Despair." USA Today/AP (8/8, Lenz) reports, "A US Army private on Tuesday described the ever-present fear of death gripping his unit, whose members stand accused of raping and murdering a 14-year-old girl and killing her family." Pfc. Justin Cross, who is not one of the accused, said that depressed soldiers consumed whiskey and painkillers. Testimony so far "has painted a picture of a demoralized unit, drained emotionally after the deaths of comrades and exhausted after the frequent attacks in the mostly Sunni Arab area." However, Eugene Fidell, president of the National Institute of Military Justice, called combat stress as a defense a "long shot" unless it "rose to the level of an insanity defense or negated some element of the crime."

The AP (8/8, Lenz) also reports that prosecutors "argued that the threats of war, arduous missions and frequent loss of life were no excuse for rape and murder." One argued, "Cold food didn't kill that family. Personnel assignments didn't rape and murder that 14-year-old little girl."

The Washington Post (8/9, Mosher, 748K) reports as well on the hearing. It quotes Pfc. Cross's description of "several devastating setbacks" to morale: "On Feb. 5, the unit's living quarters in Yusufiyah burned to the ground, destroying many soldiers' personal belongings. And the shooting of two members of the unit at a checkpoint 'pretty much crushed the platoon,' Cross said."

Iraqi Refugees Seek Safety In US. The Wall Street Journal (8/9, Dreazen, 2.03M) reports that, amid growing sectarian violence, "Hundreds of thousands of Iraqis are becoming refugees, with thousands of them trying to reach the U.S. But with visas difficult to come by, a growing number -- including the Shabo family -- are entering illegally and then seeking asylum, sparking questions about how much Washington should assist those fleeing a U.S.-led war." "One of the largest exoduses in modern Middle Eastern history" is under way: "the Iraqi government has over the past 12 months issued more than 1.8 million new passports, a figure that corresponds with nearly 10% of the country's population." A profiled refugee "fears Iraq can't be salvaged and blames the Bush administration for failing to do more to prevent militants from entering the country."

Colombia May Help Afghanistan's Drug War. The Financial Times (8/8, Webb-Vidal) reports, "Colombia, the world's top producer of cocaine, may provide a permanent anti-narcotics training programme for Afghanistan, the world's largest supplier of heroin, to help it combat the flow of illegal drugs." Four Colombian narcotics officers returned from an "exploratory mission" to Afghanistan last weekend. They found similarities in Afghan and Colombian criminal practices, such as the armed groups that protect poppy plantations and the methods used by mules to smuggle drugs out of the Kabul airport.

Trial Of Ex-CIA Contractor Continues. The AP (8/8, Thompson) reports on the trial of David Passaro, "A former CIA contract worker charged with beating an Afghani detainee who later died admitted he assaulted the prisoner during an interrogation, a fellow agency employee testifying in disguise said Tuesday." The witness, alias "Randy Wilson," "was one of three CIA employees who testified Tuesday in disguise and under assumed names." The AP writes, "The other two witnesses — a career CIA agent and another contract worker — testified that civil contractors hired to work in places like Afghanistan were not trained in interrogation techniques and were not given special rules allowing them to beat detainees."

Army Recruits Being Trained By Iraq, Afghanistan Veterans. USA Today (8/8, Vanden Brook, 2.27M) reports that war in Afghanistan and Iraq has benefited the Army in one sense: "for the first time in decades, a majority of drill sergeants have real-war experience." Colonel Kevin Shwedo said "most" drill sergeants now have combat experience, for the first time since the mid-1970s. Professor James Martin warned that sometimes experienced instructors can bring "home the wrong lessons from war." USA Today remarks that the Army "has put a premium on helping its recruits succeed rather than washing them out of basic training. The new approach reflects another reality: Each recruit is precious." In 2005 the Army was 8% short of its recruiting goal.

Congress Could Slash Funds For Brain Injury Center. USA Today (8/8, Zoroya, 2.27M) reports, "Congress appears ready to slash funding for the research and treatment of brain injuries caused by bomb blasts, an injury that military scientists describe as a signature wound of the Iraq war. House and Senate versions of the 2007 Defense appropriation bill contain $7 million for the Defense and Veterans Brain Injury Center — half of what the center received last fiscal year." Proponents of the funding expressed "shock" at plans to cut funding for the Brain Injury Center, with one calling the idea "unpardonable." In recent months, the center "has clashed with the Pentagon" over its suggestion that all troops returning from Iraq be screened "for mild to moderate brain injuries." The Pentagon contends "that more research is needed."

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Gonzales Pledges Crime Fighting Help For Cincinnati. The Cincinnati Enquirer (8/9, Horn) reports, "U.S. Attorney General Alberto Gonzales toured Over-the-Rhine this morning and promised local authorities a little help in their efforts to stop rising gun violence." The Enquirer continues, "The visit to Over-the-Rhine, one of Cincinnati's most violent neighborhoods, was short. Gonzales stood for a few minutes in a vacant lot with Police Chief Tom Streicher and Congressman Steve Chabot, pausing briefly to answer questions from reporters. … The attorney general did not speak to any of the handful of residents who watched from the sidewalk, but he did meet an hour later with local law enforcement officials to talk about crime." The Enquirer adds, "Gonzales said he would assign an additional federal prosecutor to southern Ohio to help prosecute drug and violent crime cases. He said 22 other cities around the country also would get an additional prosecutor from the Department of Justice. … 'This is at the heart of the department's effort to dismantle drug trafficking organizations,' Gonzales said of the new prosecutors. 'No community is immune from the destructive power of drugs and violent crime.' … He also endorsed local efforts to build a new jail in Hamilton County, saying jail space is crucial to keeping criminals off the street."

The AP (8/9, Cornwell) reports, "The new jobs will be assigned to U.S. attorneys' offices nationwide, including one in the Southern District of Ohio. They will be assigned to the Organized Crime Drug Enforcement Task Force, and their sole focus will be to prosecute major drug trafficking organizations, Gonzales said on his first visit to Cincinnati." The AP continues, "The nation's highest law enforcement officer said the task force is at the heart of Department of Justice efforts to target the organizations that bring drugs into neighborhoods across the country. … 'I know that Cincinnati has seen its share of pain when it comes to the subject of drug use, addiction and trade,' Gonzales said after touring one of Cincinnati's highest crime neighborhoods and a local treatment center for drug and alcohol abuse." The AP adds, "Gonzales praised the efforts of Cincinnati police in cooperation with state and federal officials to make the city safer and drug-free, but said that he was startled to see so many boarded-up and abandoned buildings in the Over-the-Rhine neighborhood. The inner-city neighborhood was the center of race riots five years ago and has a high rate of violent crime, especially among drug dealers. … 'On the other hand there seem to be many images of hope,' said Gonzales, who noted continuing efforts to redevelop the area."

ChannelCincinnati, NBC 5 (8/9) reports, "As part of his visit to the city, U.S. Attorney General Alberto Gonzales visited Over-the-Rhine -- a neighborhood known for high crime rates, but also an area where there's high hope. The nation's top law enforcement saw firsthand Over-the-Rhine's run-down, abandoned buildings and people living in poverty. … 'Quite frankly, I was startled. This is my first visit to Cincinnati, so I was a little bit startled in seeing what I saw,' he said." ChannelCincinnati continues, "At a stop at the Talbert House -- a drug rehabilitation center -- Gonzales announced that he's adding a new assistant U.S. attorney to go after drug kingpins. … 'We need to send a strong message of deterrence. You do that by showing the community that you have the resources and are willing to dedicate the resources to prosecute those who engage in violent crime, for example, so that is a start. Is that going to solve the problem? Absolutely not,' Gonzales said."

WKRC-TV, CBS 12, Cincinnati (8/9) reports, "Federal agents secured 14th and Race Streets, a tough corner on the U.S. Attorney's tour of the city. That is where where a Sharonville mother was killed Opening Day trying to buy drugs. There was little chance of such violence with all the agents travelling with U.S. Attorney General Alberto Gonzales, Police Chief Tom Streicher and Congressman Steve Chabot . He invited Gonzales here to talk about ways to reduce gun and drug violence. … Alberto Gonzales, U.S. Attorney General: 'What is available to young kids after school so they don't get in trouble? There is a number of different agencies police work with in the city and school system.'" WKRC-TV adds, "Gonzales said he was surprised at the number of abandoned buildings in Over-the-Rhine, and impressed with the strength of the community. … 'No matter where you grow up you still have dreams of doing something great in our great country.' … Gonzales said there are pilot programs in other cities to rescue young people from gangs and drugs. If they work, the programs could expand, possibly to Cincinnati. And there was jail talk about getting federal money to help pay for a new one."

CORPORATE SCANDALS:

Pixar Granted Options At Low Prices; Cablevision To Delay Earnings Results. The Wall Street Journal (8/9, Forelle, Stecklow, Searcey) reports, "Top executives of Pixar Animation Studios, the computer-animation company co-founded by Apple Computer Inc. Chief Executive Steve Jobs, received stock-option grants priced at the stock's annual lows in four years between 1997 and 2003." The Journal continues, "The pattern of fortuitous timing raises questions about whether the options might have been backdated or otherwise manipulated to give executives the chance to increase their payouts." The Journal adds,

DOJ_NMG_0045311

"Separately, Cablevision Systems Corp. yesterday became the latest company to say it is reviewing its program of stock-option grants, as it delayed the release of its second-quarter earnings and warned that its financial results since 1997 shouldn't be relied upon. … The Bethpage, N.Y., cable-television operator said it has yet to determine the size of any adjustments it may need to make to its results. It was unclear how significant any changes would be, or whether the probe involves options granted to President and Chief Executive James Dolan or other executives. … SEC filings show that during some of the years in question Mr. Dolan and a handful of other executives collectively received hundreds of thousands of shares on dates that were followed by significant increases in the share price." The Journal notes, "More than 80 companies are under federal investigation over the timing of their option grants. Dozens of companies have said they will need to restate earnings as a result of options troubles, and several executives have left their posts. Two former officials of Brocade Communications Systems Inc. have been charged with criminal securities fraud relating to backdated options at the networking firm."

Apple Officials Seek Counsel Amid Backdating Probe. The California Recorder (8/9, Scheck) reports, "For the last few months, the San Francisco U.S. Attorney's Office has been investigating whether Apple -- like so many other Silicon Valley companies -- changed the dates on stock option grants to employees in order to maximize executive payouts, according to lawyers familiar with the case." The Recorder continues, "That investigation has chugged along quietly, even as Apple has twice made public admissions that it has backdating problems. … But behind the scenes, Apple -- and some of its current and former executives -- are seeking counsel." The Recorder adds, "Nancy Heinen -- Apple's longtime general counsel who left the company earlier this year -- has hired East Bay defense lawyers Cristina Arguedas and Miles Ehrlich to represent her in connection with the government probe. … Arguedas, a partner at Arguedas, Cassman & Headley, has represented a string of high-profile targets, including an Enron defendant and athletes tied up in the Balco steroids case. … Ehrlich is the former head of the San Francisco U.S. Attorney's Office's white-collar section, a job he left last year to start the firm Ramsey & Ehrlich."

2nd Circuit Reinstates Shareholder Suit Against American Express. The Wall Street Journal (8/9) reports, "American Express Co., Chief Executive Kenneth I. Chenault and other executives will have to defend themselves in a shareholder lawsuit over the firm's investments in junk bonds in the late 1990s, a federal appeals court ruled." The Journal continues, "The Second Circuit Court of Appeals remanded the case back to U.S. District Judge William H. Pauley III in Manhattan, saying the lower court erred in dismissing two claims it found were time-barred by the statute of limitations. The case was dismissed in 2004. … 'merican Express will once again seek to dismiss the case,'said Judy Tenzor, a spokeswoman for the New York consumer-finance company." The Journal adds, "The securities-fraud lawsuit, which claimed American Express made material misrepresentations about the high-yield investment portfolio at its former American Express Financial Advisors unit, had sought class-action status for American Express shareholders between July 1999 and July 2001. The financial-advisory unit was spun off last year and is now named Ameriprise Financial Inc."

Grasso Trial Delayed As Judge Considers Compensation Issue. The Wall Street Journal (8/9, Lucchetti, Ceron) reports, "A trial in New York Attorney General Eliot Spitzer's excessive-compensation lawsuit against former New York Stock Exchange Chairman Dick Grasso was delayed until mid-October." The Journal continues, "That means the case could still be in court come November, when New Yorkers elect a new governor; Mr. Spitzer is favored to be the Democratic nominee in that race. Previously, the case was set to go to trial Sept. 5." The Journal adds, "Mr. Spitzer is seeking the return of a big chunk of Mr. Grasso's $187.5 million pay package from the exchange. Mr. Grasso, who left the NYSE amid an outcry over the pay package in 2003, has denied wrongdoing. … New York Supreme Court Justice Charles Ramos set the new trial start date yesterday at a hearing where he also decided to rule on one key aspect of the case on his own in a 'bench' trial. The adjudication of that point -- whether Mr. Grasso's compensation was reasonable for the head of a not-for-profit corporation, which the Big Board was when he ran it -- will come ahead of other claims in the case. An early decision on that allegation could possibly reduce the role of other high-profile litigants in the matter such as former NYSE Chairman John Reed and former exchange board members Kenneth Langone and H. Carl McCall."

The Washington Post (8/9, D03, Masters) reports, "Spitzer's representative in court, Deputy Attorney General Avi Schick, argued that his request and Ramos's ruling were an effort to streamline the case to focus on the key issue: whether the size of Grasso's paycheck violates a state law requiring that pay at not-for-profit institutions be reasonable. 'Try that case first,' Schick said after the hearing. 'If you resolve that claim, you have a good chance of resolving the issue.' … But Grasso's attorneys complained and said they would appeal Ramos's decision. … 'The issue of reasonable compensation is one that Dick Grasso is entitled to a jury trial on. So yes, we will take up the issue on appeal,' said Gerson Zweifach, one of Grasso's attorneys. 'It is remarkable the

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lengths that Spitzer will go to in trying to avoid letting a jury decide this case.'"

CRIMINAL LAW:

Former Philadelphia Official Sentenced To 2½ Years In Prison. The Philadelphia Inquirer (8/9, A1, Shiffman, 399K) reports, "Leonard N. Ross' corruption had already cost him his wife, his law license, his assets, his reputation, and his friendship with Mayor Street. Yesterday, it cost him his freedom. A federal judge ordered Ross to prison for 2 1/2 years for corrupting the city's 2003 effort to redevelop the Penn's Landing waterfront. Ross is the 22d person convicted in the City Hall corruption investigation." The Inquirer adds that during the sentencing hearing, Assistant US Attorney Bea Witzleben "said FBI wiretaps of White and Ross revealed their naked greed and perpetuated the perception of Philadelphia as a place where corruption is the cost doing business." The Philadelphia Daily News (8/9, Davies, 109K) adds, "Just a few years ago, the dapper, silver-haired Ross was often holding court at The Palm restaurant, a political insider who called Mayor Street one of his best friends." But his "downfall came when Street appointed him to a committee evaluating Penn's Landing proposals and he came under FBI scrutiny." The AP (8/9, Loviglio) also reports on the sentence and notes, "Nearly two dozen people have been convicted in a federal corruption probe that became public when police discovered an FBI bug in Street's office in October 2003."

Report Finds San Diego Engaged In Reckless Fiscal Mismanagement. The AP (8/9, Spagat) reports that San Diego "recklessly and deliberately mismanaged its finances for years, according to a report released Tuesday that marks a key milestone in San Diego's fiscal recovery." The AP continues, "Kroll Inc. said San Diego 'fell prey to the same type of corruption' that ruined companies including Enron Corp. and WorldCom Inc. and prompted Orange County to file for bankruptcy protection in 1994. … 'The evidence demonstrates not mere negligence but deliberate disregard for the law, disregard for fiduciary responsibility and disregard for the financial welfare of the city's residents,' the report concludes." The AP adds, "The 266-page tome, which took 18 months to complete and cost the city $20 million, offers one of the most detailed accounts of how San Diego created a $1.4 billion pension shortfall that has crippled its ability to borrow money. … The investigation was led by a cast of accounting luminaries including Arthur Levitt, former chairman of the U.S. Securities and Exchange Commission. It clears the way for San Diego to complete overdue audits, which are widely considered a key step to returning the nation's eighth-largest city to Wall Street's good graces." The AP notes, "San Diego's unfunded pension liability -- the gap between the value of its pension assets and its obligation to retirees -- soared after the City Council decided in 1996 and again in 2002 to avoid payments to the pension fund and, at the same time, enhance retirement benefits. … The fiscal meltdown that resulted sparked investigations by the U.S. Justice Department and the SEC in early 2004. Five former city and pension fund officials were charged with federal fraud and conspiracy in January."

The Los Angeles Times (8/9, Marosi, 918K) reports the "long-awaited audit released Tuesday blames San Diego's pension fund debacle on mismanagement and illegal financial manipulations that recall the fiscal crises of Orange County and Enron Corp." The 266-page report "concludes that some former city and pension board officials violated state and federal laws in their ill-advised pursuit of short-term solutions for a pension fund deficit that now approaches $2 billion." Former SEC Chairman Arthur Levitt Jr. said, "The evidence demonstrates not mere negligence, but deliberate disregard for the law, disregard for fiduciary responsibility and disregard for the financial welfare of the city's residents over an extended period of time." The Times adds the report, "which cost $20 million, is considered a key step in San Diego's bid to restore its once solid reputation for conservative fiscal management. City officials hope that the report by Kroll Inc., a risk management firm in New York, will win back Wall Street's trust."

FBI Investigating Former Louisiana Gaming Commissioner's Corruption Claims. The Baton Rouge Advocate (8/9) reports, "An FBI investigation of the Louisiana State Gaming Control Board has been verified by Louisiana State Police, even though FBI officials will neither confirm nor deny an investigation exists. The former executive director of the gaming board, Gloria Anne Neeb, was the subject of an investigation by Louisiana's Inspector General Sharon Robinson and the State Police into her work attendance when she worked for the Louisiana board. … When investigations were concluded by both the Inspector General's Office and the State Police, both inquiries showed that Neeb owed the state around $2,700. However, Neeb, who is currently the executive director of the Pennsylvania Gaming Control Board, is crying foul. Neeb claims the charges against her are politically motivated and that corruption exists in the gaming agency."

Ohio Executes Inmate Convicted Of Killing Three. The AP (8/9, Viviano) reports, "A man who said he worshipped Satan and enjoyed killing three people, stabbing and beating them and stomping on them with steel-toed boots, was executed Tuesday." The AP continues, "Darrell Ferguson, 28, the youngest person put to death in Ohio since

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1962, died by injection at 10:21 a.m. at the Southern Ohio Correctional Facility. … He had asked for the death penalty and chose not to pursue appeals, which could have delayed his execution for years." The AP adds, "Ferguson was the second inmate executed using the state's new lethal injection protocol, adopted after an execution in May was delayed while prison staff struggled to find a useable vein on that inmate, who asked them to find another way to kill him. … Officials said Ferguson's veins were closely examined before his execution, and the guidelines called for two injection sites to be prepared plus a new method of ensuring veins stay open. … He was convicted of three counts of aggravated murder in the Christmas Day killing of Thomas King, 61, in 2001 and the deaths the next day of Arlie Fugate, 68, and his wife Mae, 69. King was disabled and used crutches, Arlie Fugate had cancer and Mae Fugate took meals to wheelchair-using neighbors."

Study Finds Online Predators Less Prevalent. USA Today (8/9, Kornblum) reports, "Despite the rise of social networking sites such as MySpace, a smaller percentage of young people are being sexually solicited online than five years ago. … But children ages 10 to 17 are being increasingly bombarded with online porn and are being harassed and bullied more — often by peers, a study finds." USA continues, "The long-awaited report, to be released today, is the only national study of its kind. It is by the University of New Hampshire's Crimes Against Children Research Center, which surveyed 1,500 children ages 10 to 17 last year and compared findings with a similar group five years earlier. … About 13% said in 2005 that they had received an unwanted request to engage in sexual activity or conversations in the previous year from either adults or other children. Five years earlier, it was 19%. … Though that's an improvement, it's 'still way too high,' says Ernie Allen, president of the National Center for Missing & Exploited Children. The center financed the research with a grant from Congress." USA notes, "Allen and researcher David Finkelhor attribute improvements to education campaigns stressing 'stranger danger' and less time spent in chat rooms 'where creepy people hang out,' Finkelhor says."

Ohio Death Penalty Challenged Over Jury Smoking Ban. The New York Times (8/9, Maag) reports, "Lawyers for a man convicted of beating a former girlfriend to death with a lead pipe argued before the Ohio Supreme Court on Tuesday that their client should be spared the death penalty, partly because jurors were not allowed to smoke while deliberating. … 'A capital trial is supposed to be a considered process,' said Keith A. Yeazel, one of the lawyers. 'Jurors shouldn't be trying to speed up the process so they can go outside and smoke a Kool cigarette.'" The Times continues, "The defendant, Phillip E. Elmore, 43, admitted his guilt during his trial in October 2003. While on the stand, Mr. Elmore said, 'I feel I deserve the worst punishment that there is,' according to the court transcript. … But in an hourlong hearing here, lawyers representing Mr. Elmore in the appeals process argued that his trial lawyers had failed to provide an adequate defense that might have spared his life. … They also noted that the trial lawyers had not objected when Judge Jon R. Spahr of the Licking County Common Pleas Court rejected jurors' request for cigarette breaks while they were deliberating. This amounted to discrimination against smokers, Joseph Edwards, another of the lawyers, said Tuesday, and created a reason for jurors to rush through the most important phase of the trial."

FBI Joins Search For Woman Accused Of Murdering Husband With Boiling Oil. The Biloxi Sun Herald (8/8, LaFontaine, 44K) reported, "FBI agents have joined the hunt for a Diamondhead woman who faces a murder charge in the death of her sleeping husband. Police said Monday they are closing in on Edna May Sanders, who allegedly doused her husband, Sherman, with more than two quarts of boiling oil while he slept in the couple's bedroom on July 28." The Sun Herald added, "FBI Special Agent Jason Pack confirmed that federal authorities will provide assistance to the Hancock County Sheriff's Department in a nationwide search for 45-year-old Sanders." The AP (8/9) also reports on the FBI assistance with the search.

Mississippi Woman Pleads Guilty To Katrina Relief Fraud. The Jackson (MI) Clarion Ledger (8/8, Rupp) reported, "A Gulfport woman pleaded guilty Monday to submitting fraudulent FEMA claims relating to Hurricane Katrina. Shera Simes received $2,268 after filing for disaster unemployment after reporting her last day of work was Aug. 28, a day before Katrina hit the Gulf Coast. Burger King in Gulfport actually paid Sims until Nov. 4."

Mississippi Hotel Owners Arrested On Relief Fraud Charges. The Natchez Democrat (8/9, Finley) reported, "Two Natchez hotel owners were arrested Monday in connection with state investigations into price gouging in the aftermath of Hurricane Katrina. The Attorney General's Office has been looking into reports about the Excellent Inn & Suites and Scottish Inn since shortly after the storm Director of Consumer Protection Grant Hedgepeth said. Owners Alex Patel and Sonal A. Patel were each charged with 16 counts of price gouging and one count of conspiracy to commit price gouging. The men jointly own both Natchez hotels.

Massachusetts Investment Advisor Charged With Fraud. The AP (8/7) reported Mark Conway of Waltham, Mass., was charged on Monday with "defrauding more than fifty people out of an estimated $5 million dollars in

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an investment fraud scheme. … Authorities say Conway was the managing partner of Groundswell Partners LLC. They say between January 2001 and last October, Conway made numerous misrepresentations to investors including that his funds would follow a specific market timing investment strategy. Instead, Conway stopped using the promised investment strategy and then created false documentation to ensure his investors."

Ohio Fund Manager Sentenced To Six Years In Prison For Defrauding Investors. The Akron Beacon Journal (8/5, 134K) reported, "The president of Agnitio Fund Management LLC has been sentenced to six years in prison and ordered to repay his defrauded customers $1.5 million." Jesse Bonner "was accused of defrauding 38 investors in Ohio, Virginia, New York, Michigan, North Carolina and Florida, according to the U.S. Attorney's Office in Cleveland. Bonner promised great returns on investments, but faked statements -- including an independent audit -- presented to clients between 2001 and September 2005, federal authorities said."

California Man Pleads Guilty To Stealing Trade Secrets From Concrete Company. The San Diego Union-Tribune (8/5, Soto, 337K) reported, "A San Diego man who broke into a computer at the concrete company where he once worked and stole information he then used to make a competing bid for his new employer pleaded guilty yesterday to stealing trade secrets." Benjamin Muñoz III "faces up to two years in prison when sentenced in September in San Diego federal court." The Union-Tribune noted, "Muñoz took advantage of easy-to-figure computer passwords at his former employer, T.B. Penick & Sons Inc., to break into a computer system and get figures for a concrete bid," and "he then used that information – 136 pages of documents he printed at home – to help his new employer…bid on the same job without having to recalculate how much concrete to use or how many people to hire. … Penick notified the FBI when it realized its computer system was compromised, and it ended up with the $4 million job."

Brooklyn Woman Sentenced To Prison For Extorting Money From Russian Strippers. The AP (8/5) reported, "A woman was sentenced to four years in federal prison Friday for extorting money from two women brought illegally from Russia to work in New Jersey strip clubs." Viktoriya I'lina of Brooklyn "pleaded guilty in January to conspiracy to commit extortion and conspiracy to commit visa fraud. Two men, including her husband, Lev Trakhtenberg, have also pleaded guilty in the case."

DC Crime Figures Show Little Change Since Emergency Declared. The Washington Times (8/9, Doolittle) reports, "Violent crime rates have changed little in the District since Metropolitan Police Chief Charles H. Ramsey declared a citywide crime emergency nearly a month ago." The Times continues, "According to police statistics, the city had 21 homicides last month, when Chief Ramsey declared the crime emergency, and 20 in June. .. In addition, there were 309 reports of assaults with a deadly weapon last month, compared with 311 such reports in June. Sexual assaults numbered 33 last month and 38 in June." The Times adds, "Last month, Mayor Anthony A. Williams said the crime emergency's goal was to decrease crime by 50 percent in 30 days. … Yesterday, city officials defended the crime emergency, saying that arrests and enforcement have improved even if the crime rate has not. … 'Our real goal would be to eliminate crime 100 percent and to have zero crime in the city,' said Vincent Morris, a spokesman for Mr. Williams. 'You set a goal, and you know the reality is there's crime in every city. … We think we've made amazing progress in just the few short weeks since the emergency has been declared,' he said." The Times notes, "Police statistics show that arrests have increased 21 percent, firearm recoveries have increased 46 percent and curfew violation citations have increased 177 percent since the emergency began."

Prostitution Sting Nets Four Near BWI Airport. The Washington Times (8/9, Lively) reports, "Anne Arundel County police arrested four women near Baltimore-Washington International Thurgood Marshall Airport and say escort service masquerades are phasing out street prostitution in the county. … 'We're definitely noticing a trend,' said Officer Sara Schriver, a county police spokeswoman. … 'In the Laurel area and around BWI, there's been a decline in street prostitution and an increase in online-advertised escort services,' which are often fronts for prostitution, she said." The Times continues, "The women arrested in the undercover investigation were Ashley Price, 20, of the District; Emily Fritz, 18, of Costa Mesa, Calif.; Carlena Perry, 26, of Schaumburg, Ill.; and Kelly West, 20, who has no fixed address. … The four women were charged with prostitution stemming from a sting operation conducted by the police department's vice unit. They were arrested between July 13 and Aug. 1." The Times notes, "Authorities said the women had been using the Internet to advertise their services as escorts in the Laurel area and near the airport. … Police said prostitution services frequently operate under the guise of being legitimate escort services. Authorities said some dating Web sites and online classified services feature overt ads for prostitution. … To avoid local vice officers, prostitutes advertising online usually will stay in one place for

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weeks at a time, meeting with several clients in arranged appointments before flying to other cities."

Piracy Laws Are Confusing, Often Misunderstood Or Ignored. The Los Angeles Times (8/9, Duhigg) reports that the attitude "that copying purchased CDs or DVDs is legal, while copying stolen music or movies is a crime -- is pervasive among young people ages 12 to 24, according to a Los Angeles Times/Bloomberg poll. … Among teens ages 12 to 17 who were polled, 69% said they believed it was legal to copy a CD from a friend who purchased the original. By comparison, only 21% said it was legal to copy a CD if a friend got the music free. Similarly, 58% thought it was legal to copy a friend's purchased DVD or videotape, but only 19% thought copying was legal if the movie wasn't purchased." The Times continues, "Those figures are a big problem for the Recording Industry Assn. of America and the Motion Picture Assn. of America, both of which have spent millions of dollars to deter copying of any kind. The music industry now considers 'schoolyard' piracy -- copies of physical discs given to friends and classmates -- a greater threat than illegal peer-to-peer downloading, according to the RIAA. … Similarly, an MPAA spokesperson said that, in the U.S., copying and reproducing DVDs is a bigger problem than illegal downloading of movies." The Times notes, "Indeed, years of anti-downloading campaigns seem to be working: 80% of teens surveyed in the poll said downloading free music from unauthorized computer networks was a crime. Much of that might stem from highly publicized crackdowns on online music sharing. A 2004 study by the Pew Internet & American Life Project found that close to 6 million Americans said they had stopped downloading unauthorized tunes because of lawsuits filed by the RIAA. … But when it comes to stopping people from copying physical CDs, high-profile lawsuits are much less likely to occur. Prosecutors say it would be next to impossible to get one teen to testify in court that another had slipped him or her a copied disc at lunchtime. … Even lawyers say the law is hard to understand. Distributing free copies of a purchased CD or DVD is only a federal copyright crime if the value of the copied discs exceeds $1,000, said Assistant U.S. Atty. Elena Duarte. … But giving away even one copied disc may be a civil violation or break a state law."

CIVIL LAW:

Philadelphia Squares Off With Park Service Over Independence Hall Fence. The New York Times (8/9, Urbina) reports, "Hands off our Liberty. That is what Philadelphia officials are saying to a plan by the National Park Service to erect a seven-foot-tall fence behind Independence Hall. One effect of the project would be to bisect the historic square where the Declaration of Independence was publicly read for the first time, on July 8, 1776." The Times continues, "The plan calls for a wrought-iron fence about 130 feet behind the building, the original home of the Liberty Bell. The Park Service, which operates the site, says the fence is among $2 million in security precautions that the Department of Homeland Security has mandated at the Independence National Historical Park. It is not unlike antiterrorism steps being taken at other major landmarks around the country, parks officials say. … But city and state officeholders say the fence exceeds what is required and will turn an enduring symbol of American freedom into an eyesore." The Times adds, "Mayor John F. Street has said the fence will give visitors a sense that they are 'entering an armed camp.' He is trying to negotiate an alternative with the Park Service. … 'We're opposed to the fence and believe Independence Park should be as open to the people as reasonably possible,' Mr. Street said by e-mail." The Times notes, "Jane Cowley, a spokeswoman for the park, said the Park Service was caught between competing priorities. 'We're attempting a balancing act between providing the best security for these national icons and listening to the legitimate concerns of our neighbors and partners about access to the site,' Ms. Cowley said. The deadline for public comment on the proposal has been extended by a month, she said, to Sept. 1."

Search Data Released By AOL Allows Reporter To Track Down User. The New York Times (8/9, Barbaro, Zeller) reports, "Buried in a list of 20 million Web search queries collected by AOL and recently released on the Internet is user No. 4417749. The number was assigned by the company to protect the searcher's anonymity, but it was not much of a shield." The Times continues, "No. 4417749 conducted hundreds of searches over a three-month period on topics ranging from 'numb fingers' to '60 single men' to 'dog that urinates on everything.' .. And search by search, click by click, the identity of AOL user No. 4417749 became easier to discern. There are queries for 'landscapers in Lilburn, Ga,' several people with the last name Arnold and 'homes sold in shadow lake subdivision gwinnett county georgia.'" The Times adds, "It did not take much investigating to follow that data trail to Thelma Arnold, a 62-year-old widow who lives in Lilburn, Ga., frequently researches her friends' medical ailments and loves her three dogs. 'Those are my searches,' she said, after a reporter read part of the list to her. … AOL removed the search data from its site over the weekend and apologized for its release, saying it was an unauthorized move by a team that had hoped it would benefit academic researchers. … But the detailed records of searches conducted by Ms. Arnold and 657,000 other Americans, copies of which continue to circulate online,

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underscore how much people unintentionally reveal about themselves when they use search engines — and how risky it can be for companies like AOL, Google and Yahoo to compile such data. … Those risks have long pitted privacy advocates against online marketers and other Internet companies seeking to profit from the Internet's unique ability to track the comings and goings of users, allowing for more focused and therefore more lucrative advertising. … But the unintended consequences of all that data being compiled, stored and cross-linked are what Marc Rotenberg, the executive director of the Electronic Privacy Information Center, a privacy rights group in Washington, called 'a ticking privacy time bomb.'"

Watchdog Groups Ask House Defense Conferees To Agree To Whistle-Blower Protection. The Hill (8/9, Schor) reports the "numerous watchdog groups lobbying for a package of whistle-blower protections attached to the Senate's defense authorization bill are calling on likely House conferees to agree to the Senate provisions during imminent conference talks." The groups, which compose "the Make it Safe Coalition, point to recent events suggesting an erosion of 1989's landmark Whistleblower Protection Act, including the subpoena last month of former National Security Agency (NSA) analyst Russell Tice and a May Supreme Court decision that weakened the free-speech rights of government employees who are subjected to retaliation because they criticize aspects of their jobs." Citing "the conservative bogeyman of 'judicial activism' to blast federal appeals courts ruling against whistle-blower rights, Make it Safe sent talking points Friday to House Armed Services Committee Chairman Duncan Hunter (R-Calif.), ranking Democrat Ike Skelton (Mo.) and 18 other committee members." But their "battle is an uphill one."

CIVIL RIGHTS:

DOJ Sues Missouri Landlord For Harassment. The AP (8/9, Hananel) reports, "The Justice Department on Tuesday sued a northwest Missouri landlord Tuesday alleging he sexually harassed female tenants and threatened them with eviction if they refused his advances." The AP continues, "The lawsuit claims 85-year-old Harold Calvert, manager of 16 rental properties in Richmond, Mo., made unwanted verbal and physical sexual advances to women who lived in his units. … 'Housing is a fundamental need and no woman should be victimized while trying to obtain shelter for herself and her family,' said Wan J. Kim, assistant attorney general for the Justice Department's civil rights division." The AP adds, "The lawsuit, filed in U.S. District Court in Kansas City, alleges Calvert violated the federal Fair Housing Act, which prohibits sexual discrimination in housing. Some of Calvert's tenants receive Section 8 federal rental assistance from the Richmond Housing Authority. … Government officials also named Calvert Properties Inc., in the lawsuit, alleging the property management company failed to prevent or curtail the discriminatory conduct. Calvert is president of the company. … The government is seeking damages to compensate the victims, plus civil penalties and a court order barring further discrimination. … Kim said the Justice Department has recently stepped up its enforcement against landlords accused of sexually harassing tenants."

Alabama Congressman Asks DOJ To Re-Examine Voting Rights Suit. The AP (8/9, Johnson) reports, "A congressman asked the U.S. attorney general Tuesday to re-examine a Justice Department suit that led to Republican Gov. Bob Riley being put in charge of a state voter registration database, replacing a Democrat, as he leads the GOP ticket on the November ballot. … 'It is impossible to ignore the partisan colorations of the court's intervention,' U.S. Rep. Artur Davis, a Democrat from Birmingham, said in the letter" to Attorney General Alberto Gonzales. "'The Secretary of State is a Democrat who is standing for re-election in November. The governor is a Republican who also faces re-election in November.'" The AP continues, "The Justice Department sued Secretary of State Nancy Worley because she did not meet the deadline for creating the statewide database required by the federal Help America Vote Act. U.S. District Judge Keith Watkins last week named Riley to be 'special master' to oversee implementation of the database, a move recommended by the Justice Department." The AP adds, "Davis expressed concern that some of the duties of the state's top elections official would be stripped from an elected Democrat and given to a Republican in the middle of their re-election campaigns. … A spokeswoman for the Justice Department, Cynthia Magnuson, declined to comment specifically on Davis's letter …,saying department officials had not read it. But she denied that the department's motives in the case were political. … 'This has nothing to do with politics and everything to do with coming into compliance with the law,' Magnuson said."

The Tuscaloosa (AL) News (8/9, Lee) reports, "U.S. Rep. Artur Davis accused the Justice Department Tuesday of 'judicial activism' when it urged a federal district judge to appoint Gov. Bob Riley to oversee Alabama's voter registration database project. … 'This is the kind of situation where the court should bend over backwards to avoid the appearance of partisan politics,' Davis, D-Birmingham, said of Riley's appointment a week ago." The News continues, "The computerized database is required under the 2002 Help America Vote Act, enacted in the wake of allegations of voter fraud in the 2000 elections. … On May 1, the Justice Department sued Alabama for failing to create the statewide

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voter database required by law. New York and Maine, two other states that also missed the January 1 deadline, face federal lawsuits as well. .. Secretary of State Nancy Worley, a Democrat running for re-election, is the state's top elections official with the constitutional authority to implement the database, for which Alabama received $41 million in federal funds. … Worley said Tuesday that a number of problems contributed to the missed deadline, including stalled negotiations with vendors and resistance from counties that wanted to retain their own voter registration rolls." The News notes, "Federal District Judge Keith Watkins rejected a modified compliance plan Worley submitted June 29 that sought to extend the deadline for completing the database until early 2008. … Although Worley said she is not opposed to the appointment of a special master for the database, she said she is concerned that the Justice Department is singling out states that have Democratic secretaries of state. … Worley's concern was echoed by Davis in his letter to Attorney General Alberto Gonzales Tuesday. He called the Justice Department's appointment of Riley, a Republican, a 'bizarre intrusion,' arguing that 'an elected official has been stripped of her constitutional and statutory authority without any final or declaratory judgment that she has acted wrongfully.'"

Former Maryland Police Officer Pleads Guilty To Civil Rights Charges. The AP (8/9, Dishneau) reports former Hagerstown police officer Jeffrey S. Shifler "pleaded guilty Tuesday to two civil-rights charges for making anonymous death threats against black school children and Hagerstown's first black city council member." Shifler "faces up to 20 years in prison and $500,000 in fines at his Dec. 8 sentencing. 'When a law enforcement officer makes racist threats against government officials and school students, it is a threat to the very fabric of our society,' U.S. Attorney Rod J. Rosenstein said." The AP notes, "According to a criminal complaint filed in February, the threats began in 2004 after Shifler, a 16-year veteran of the Hagerstown police force, was fired for falsifying payroll records." The Baltimore Sun (8/9, Dolan, 262K) also reports on Shifler's guilty plea.

9th Circuit Panel Rules Employees Have No Privacy Rights On Workplace Computers. The San Francisco Chronicle (8/9, Egelko, 405K) reports a three-judge panel of the 9th US Circuit Court of Appeals yesterday "upheld a Montana man's conviction for receiving obscene material that his employer found on his computer during a late-night raid." In the 3-0 ruling, Judge Diarmuid O'Scannlain wrote, "Social norms suggest that employees are not entitled to privacy in the use of workplace computers, which belong to their employers and pose significant dangers in terms of diminished productivity and even employer liability." O'Scannlain "said other courts have consistently ruled that employers are entitled to monitor their workers' use of computers as long as they had disclosed that policy to their workforce." Bay City News Service (8/8, Cheeve) notes the panel "issued the decision in the case of a Montana man, Jeffrey Ziegler, who was prosecuted in federal court for receiving child pornography images on his office computer." The images "were found after representatives of Ziegler's employer…gave the FBI copies of a hard drive from his computer in 2001." Ziegler "argued unsuccessfully that the evidence from his computer should not be allowed in court because the FBI obtained it without a search warrant."

Study Finds Assaults On Maryland Jail Guards Increased After Staffing Cuts. The Baltimore Sun (8/9, Garland) reports, "Inmate assaults on Maryland correctional officers rose sharply from 2003 to 2005 -- a time when staff positions were being eliminated, overtime budgets were cut and vacancies went unfilled, a legislative panel was told Tuesday." The Sun continues, "A report summarizing how prison staffing levels affect safety was prepared by nonpartisan legislative analysts, who presented their findings to a joint hearing of Senate and House subcommittees in Annapolis Tuesday. … The legislators met in emergency session to discuss a wave of recent prison violence, including the stabbing death of a correctional officer at the House of Correction in Jessup last month." The Sun adds, "Offering details from the report, analyst Rebecca Moore told legislators that total vacancies in the Division of Correction more than doubled between fiscal years 2003 and 2005 -- from 3.5 percent to 9.5 percent. More than 150 authorized positions and $5.6 million in overtime spending were cut during the same period, she reported. … The analyst's report showed that inmate-on-staff assaults nearly doubled at maximum security prisons -- from 3.44 per 100 inmates in fiscal 2004 to 6.64 per 100 inmates in fiscal 2005."

USED Proposes Regulations For Students' Racial Categories. The New York Times (8/9, Gootman, 1.21M) reports the US Department of Education "has proposed new regulations that would let students" identify themselves by "as many" racial "categories as they want." The change "raises intriguing questions on how educational progress among different racial groups will be monitored." Under the new rules, "students who identify themselves as Hispanic would be counted only as Hispanics" while non-Hispanic students who "check off more than one racial category" will "be listed under 'two or more races,' but those races will not be specified."

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ANTITRUST:

Oklahoma Firm, Officials Plead Guilty In Pipeline Price-Fixing Case. The Tulsa World (8/9) reports, "Federal prosecutors said Monday that a Tulsa-based oil field construction and maintenance company has provided 'substantial assistance' in a federal criminal investigation of the pipeline construction industry." The World continues, "The statement about Flint Energy Services Inc. was in a U.S. District Court filing made by the prosecutors and the company. In the filing, the firm admitted it had conspired to rig bids for pipeline construction in Colorado. … Because of the company's cooperation with the FBI and prosecutors, prosecutors said in the filing that they will ask a judge to fine the company $100,000, instead of an amount in a range recommended in sentencing guidelines of between $161,288 and $322,577." The World adds, "The company, through its president, Paul Boechler, pleaded guilty to conspiracy to suppress and eliminate competition in violation of federal antitrust laws. … The filing, a 16-page plea agreement, said Flint 'through the acts of Kenneth L. Rains, the regional manager and head of the defendant's Farmington, N.M., office, participated in a conspiracy among pipeline companies.' … Rains, 55, pleaded guilty to the same crime. He now lives in Mounds, Okla. … Because of his 'substantial assistance' in the investigation of the industry, prosecutors said they will ask the judge to sentence Rains to six months in prison and a $10,000 fine. Sentencing guidelines recommend a sentence of between eight months and 14 months and a fine of between $6,720 and $33,602. … Nothing was revealed at Monday's court proceeding about the scope or status of the investigation. However, a U.S. Justice Department prosecutor told Judge Phillip Figa that an investigation of Rains' co-conspirators is continuing. … Flint and Rains were charged July 11 by the Department of Justice's antitrust division."

Aramark To Go Private In $6.3 Billion Deal. The Wall Street Journal (8/9, Davidson) reports, "Aramark Corp. agreed to be acquired by a group of private-equity investors, including Joseph Neubauer, the concessionaire's chairman and chief executive, in a deal valued at about $6.3 billion. The buyers will also assume $2 billion in debt." The Journal continues, "Shareholders will get $33.80 in cash for each Aramark share, a 20% premium over Aramark's closing stock price April 28, the last day of trading before the group made its original bid of $32 a share. … The private-equity groups involved include Goldman Sachs Group Inc.'s GS Capital Partners, CCMP Capital Advisors, J.P. Morgan Chase & Co.'s J.P. Morgan Partners, Thomas H. Lee Partners and Warburg Pincus LLC." The Journal notes, "Investors reacted negatively to the deal, which some had expected to fetch as much as $36 to $37 a share. In 4 p.m. composite trading on the New York Stock Exchange, Aramark shares were down 47 cents, or 1.4%, to $32.58."

USA Today (8/9) reports, "Aramark, the USA's No. 3 food-service company in revenue, is going private, again. … The board on Tuesday approved a $6.3 billion deal to sell Aramark to CEO Joseph Neubauer, 65, and a consortium of private equity groups including GS Capital Partners, CCMP Capital Advisors, JPMorgan Partners, Thomas Lee Partners and Warburg Pincus. … Neubauer said he would contribute up to $250 million to the buyout." USA adds, "The group will get a company with food and beverage contracts for thousands of venues nationwide including executive suites, prisons, schools, hospitals and stadiums. … The agreement to pay $33.80 in cash for each Aramark share tops the group's $32 offer in May. That represented a 20% premium over the closing price the day before they made the initial bid. … As part of the deal, the group will assume about $2 billion in debt. The transaction is expected to close by early 2007 if it is cleared by federal regulators and shareholders. Although Neubauer owns 41% of Aramark's stock, he agreed to have his voting power restricted to 5% of the total."

Nokia To Purchase Loudeye In Bid To Compete With iTunes. The New York Times (8/9, Pfanner, Tribune) reports, "Nokia, the world's biggest maker of cellular phones, cranked up the volume in an effort to turn mobile music into a viable alternative to Apple Computer's iTunes online service, agreeing today to buy Loudeye, a digital music distributor, for $60 million." The Times continues, "Though sales of music via cellular phone networks have been sluggish, some analysts say that wireless distribution offers the greatest prospects for future growth of the music industry, particularly among young, on-the-go fans. … But a shortage of viable mobile services and phones has left the digital music business to be dominated by online offerings like iTunes, linked to Apple's portable iPod device." The Times adds, "Nokia said that the acquisition of Loudeye, which runs music services for more than 60 partners, ranging from Microsoft's MSN Web portal to the charity, Oxfam, would help Nokia create a 'comprehensive mobile music experience,' beginning next year. … Analysts said the announcement raised a number of important questions. … Nokia did not say, for instance, whether it planned to offer a digital music service under its own brand name. While the name is widely recognized by mobile phone users, analysts say the use of the Nokia brand could create conflicts with mobile phone operators."

Apotex Launches Generic Rival To Plavix. The AP (8/9, Agovino, Witkowski) reports, "Bristol-Myers Squibb Co. shares plunged nearly 7 percent Tuesday on concerns its

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earnings and dividend are in serious jeopardy now that a generic version of its best-selling medicine has been launched by Apotex Corp." The AP continues, "Some patients will likely to be able to purchase the generic version of blood thinner Plavix beginning on Wednesday. Rite Aid Corp. spokeswoman Jody Cook said the company expects to have the drug 'at most, if not all' its 3,300 stores by then. … Apotex declined to say how much it was charging for its pills. Plavix pills have a wholesale price of $3.89 each." The AP adds, "Apotex's announcement Tuesday that it had begun selling the drug came just hours after Bristol-Myers disclosed it was expecting such a move in an SEC filing. … Bristol-Myers and Sanofi-Aventis SA, which sells Plavix outside the U.S., reached a deal earlier this year with Apotex to pay it at least $40 million to end a patent challenge in return for allowing it to introduce a version of Plavix -- in 2011, several months before the patent expired."

Bloomberg (8/9, Rapaport) reports, "At stake for Paris-based Sanofi and New York-based Bristol- Myers is $6.3 billion in annual revenue from the $4-a-day pill. A new generic drug may account for 90 percent of prescriptions within three months of introduction, according to IMS Health Inc., a Fairfield, Connecticut, provider of pharmaceutical data. Weston, Ontario-based Apotex may be subject to penalties if the patent is later upheld in court."

The New York Times (8/9, Saul) reports, "Dr. Barry Sherman, the chief executive of Apotex, predicted that the introduction would be the 'largest and most successful launch' of a generic drug in history. … But it is a significant threat to the two big companies that now sell Plavix, Bristol-Myers Squibb and Sanofi-Aventis. They have been fighting Apotex in court to protect their United States patent on the drug, which does not expire until 2011. Bristol-Myers, which depends on the drug for a large portion of its revenue, is especially vulnerable."

Cinemark To Buy Century Theaters. The Sacramento Business Journal (8/9) reports, "Century Theatres Inc., one of the largest operators of movie screens in the Sacramento region, is being sold to Cinemark USA Inc. of Plano, Texas" The Journal continues, "Under a definitive agreement Cinemark will acquire all of the outstanding stock of Century for a combination of cash and stock of Cinemark's parent company. … Cinemark has 202 theaters and 2,469 screens in 34 states. It also has theaters in 13 countries, mainly in Mexico, South and Central America. … Century Theatres operates 78 theaters with 994 screens in 12 western states." The Journal adds, "For decades, Century was be the dominant theater operator in the Sacramento area, but its status declined in recent years with the merger and consolidation of Regal Entertainment Group absorbing Regal Theaters, United Artists theaters and Edwards Theaters. … After the Century-Cinemark deal, the combined companies will have 391 theaters with 4,395, screens in 37 states and 13 countries. … Completion of the acquisition is subject to antitrust approval and completion of financing."

Anadarko Gets Antitrust Nod To Buy Western Gas Resources. The AP (8/9) reports, "Anadarko Petroleum Corp. has received U.S. antitrust clearance to acquire Western Gas Resources Inc., the company announced Tuesday." The AP continues, "Houston-based Anadarko announced last week it had received the same clearance for its simultaneous acquisition of Kerr-McGee Corp." The AP adds, "The separate all-cash transactions, worth a combined $21.1 billion, are slated to close in the third quarter and will create the nation's largest independent exploration and production company. However, Anadarko could shrink to No. 2 or No. 3 among independent producers through asset sales aimed at cutting deal-related debt over the next two years. … Anadarko will pay $16.4 billion in cash for Oklahoma City-based Kerr-McGee and assume $1.6 billion in debt. The Houston producer will pay $4.74 billion Denver-based Western Gas and assume $560 million in debt."

WSJournal Says Net Neutrality Thesis Proven Wrong By WiMax. The Wall Street Journal (8/9, 2.03M) editorializes, "The backers of so-called Net neutrality have lost nearly every battle in Congress so far, although they plan to take another tilt at that windmill when lawmakers return from recess in September. Out in the real world, however, things are not proceeding according to script, at least for those who insist that what the Internet really needs is a brand-new layer of government regulation. Yesterday, Sprint announced plans to spend as much as $3 billion building a nationwide WiMax network that would provide high-speed Internet access to 100 million consumers by 2008, according to Sprint's estimate." Those who "want to regulate broadband providers are saying that the phone and cable networks are too valuable and too hard to replicate for anyone to break up the duopoly. We guess Sprint didn't get the memo. If Congress should for some reason lose its cool and give in to the MoveOn.org crowd pushing for greater Internet regulation, it will likely come just in time for its backers, once again, to be proven wrong about the absence of competition in telecom."

ENVIRONMENT:

Bodman Confident About Oil Supply Despite Pipeline Problems. The AP (8/8, Hebert) reports, "Energy Secretary Samuel Bodman said Tuesday it could take months to resume normal shipments of Alaska oil, but

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that there are adequate supplies to make up for the loss to West Coast refineries. 'My sense is we're in pretty reasonable shape,' Bodman told a news conference." Bodman "said there are relatively high inventories of crude oil in the system and that oil can be diverted from other producers, including Saudi Arabia and Mexico, to meet refinery needs." He also "said that officials at BP Alaska told him it would 'take probably months to fix' the pipeline problem 'so we are going to have to deal with the issue at hand.'" Bodman added that "a complete shut down of the Prudhoe Bay system may not be necessary."

The New York Times (8/9, Wald, Krauss, 1.21M) reports Bodman "said that the western half of the field, which produces 200,000 barrels of oil a day, might be able to keep operating during the repairs. He said it was more likely that the eastern half would have to close." White House Press Secretary Tony Snow said, "There does not seem to be a significant supply interruption at this point." Snow also "said that the pipelines in question, which gather oil from individual wells, were not regulated by the federal government, but that the Transportation Department was 'in the process of accelerating the rule-making process that would enable the creation of a robust regulatory regime over those pipelines.'"

The Los Angeles Times (8/9, Sanchez, Douglas, 918K) notes "the Energy Information Administration said, "The greatest impact of the lowered Alaskan crude oil production is on the West Coast, which consumes almost all of the Alaskan oil production. The reduction in Alaska crude oil supply from the shut-in of Prudhoe Bay production can be made up for in several ways: drawdown of crude oil or product stocks and substitution of other supplies for the Alaskan crude oil."

Network newscasts highlighted the pipeline shutdown's effect on prices and Energy Secretary Bodman's efforts to reassure consumers. NBC Nightly News (8/8, lead story, 2:55, Williams, 9.87M) reported, "Tonight the biggest oil field in America remains shut down because the feeder lines leading to the massive Alaska oil pipeline are not fit to carry oil. And now the effect on the oil market is being felt across this country. The Federal Government said today it is ready and able to deal with this problem and oil is coming into the market from other countries. But tonight the price watch is now on at pumps across the country. NBC (Lewis) said, "today, both BP and the Energy Department tried to reassure consumers that the company might be able to stave off price hikes by keeping part of the Alaska oil flowing." Bodman: "A complete shutdown of the Prudhoe Bay system may not be necessary. We don't know that for sure." NBC (Lewis) reported, "The government plans to release oil from the strategic petroleum reserve to fill in the gaps. Energy analysts say most of the country should be in good shape."

And the CBS Evening News (8/8, story 3, 2:45, Smith, 7.66M) reported, "up to 400,000 barrels of crude a day, fully 8% of US domestic production, has suddenly dried up. But Energy Secretary Samuel Bodman said today there's no reason to panic, especially with both Mexico and Saudi Arabia pledging to help make up the difference." Bodman: "My sense is that we are in pretty reasonable shape in terms of the current situation."

The Wall Street Journal (8/9, Fialka, 2.03M) also reports, "BP PLC officials and the Energy Department held out hope yesterday the energy giant may not have to shut down all of the massive Prudhoe Bay oil field in a time of tight crude supplies." BP "said it was studying with federal and Alaska officials whether it could keep part of the field open while repair crews replace corroded pipes. Still, BP said it had shut off half of the field's production so far and indicated it would move ahead with plans to close the whole field."

President Said To Eschew Tough Measures To Curb Oil "Addiction." In an analysis, the Wall Street Journal (8/9, McKinnon, Meckler, 2.03M) writes that President Bush "is using the bully pulpit to warn that America needs to change its gas-guzzling ways. But what the president isn't doing is just as important. He isn't proposing new mandates for ethanol use or new incentives for gasoline stations to stock the fuel. He isn't making tougher auto fuel-economy standards a high priority and doesn't support a higher gasoline tax." While "[c]ritics believe that by shying away from major new federal initiatives, he won't be able to achieve the goals he talks about," the President's "say that by giving ethanol a high-profile boost, Mr. Bush has begun to create a new national consensus on alternative fuels." The Journal adds, "If nothing else, the Bush administration's focus on ethanol is good politics." It helps "two big industries -- domestic auto makers and farmers -- while imposing virtually no pain on anybody else."

Gasoline Prices Hold Steady Despite Prospective Shutdown. The New York Times (8/9, Holusha, 1.21M) reports, "Gasoline prices held steady today, the AAA reported, despite the prospective shutdown of an Alaskan oil field that supplies about 2.6 percent of the nation's crude oil production. The national average price for a gallon of regular was $3.036, the same as the previous day, the association reported. Even on the West Coast, where much of Alaska's oil is refined, prices were little changed." The Times says, "there were indications that the cutoff of supplies may not be as large as initially feared."

The New York Times (8/9, Johnson, 1.21M) reports, "Car owners across the country braced themselves on Tuesday for another smack in the face at the gasoline pump, as the shutdown of the giant Prudhoe Bay oil field in Alaska rippled through energy markets and consumer psyches." The Times says, "Americans are deeply divided in their responses to high gasoline prices. ... Researchers, pollsters and ordinary Americans in interviews on Tuesday said they saw no broad national experience or commonality of sacrifice

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when it came to gasoline, even when the nation endured a jolt like the one from Alaska."

BP Blamed For Failing To Act. Network newscasts were highly critical of BP's role in what they characterized as a preventable problem. ABC World News Tonight (8/8, story 4, 2:30, Moran, 8.78M) reported, "There's a bit of a blame game going on here, Terry, over who is responsible for the condition of those pipe lines. The Federal Government and the state of Alaska had an oversight role. But this is largely a self-regulating industry. And the evidence suggests BP did a poor job. Energy Secretary Samuel Bodman said today there will be no quick fix to problems in the Prudhoe oil field that have been decades in the making." Bodman: "According to BP, it's going to take months to fix. So, we're going to have to deal with the issues at hand." ABC News (Stark) said, "One of the issues -- why a company with record profits didn't spend more on maintenance. In the last five years of the $36 billion BP earned in profits, $51 billion went to enrich shareholders. But just $1.5 billion was spent maintaining the nation's largest oil field in Prudhoe Bay."

The CBS Evening News (8/8, story 3, 2:45, Smith, 7.66M) reported, "Oil prices stabilized today after the markets digested news that America's largest oil field has to shut down because of a leak. But now another shocking development: The leak may have been preventable if the owner of the pipeline had inspected it even once in the past decade." CBS (Attkisson) reported, "US officials confirm today that incredibly BP hadn't inspected its rusty pipeline in 16 years. The government's pipeline safety expert, Thomas Barrett, said BP wasn't doing its job."

NBC Nightly News (8/8, story 2, 2:15, Williams, 9.87M) reported, "This decision to shut down the Prudhoe Bay oil field came as a surprise to most people who heard about it yesterday. But there is evidence the big oil company BP knew it had big problems with its pipelines for months." NBC (Myers) said, "When BP shut down the vital oil pipeline, the company blamed unexpectedly severe corrosion in transit pipes. Yet only five months ago, BP's aging pipeline created the largest ever oil spill on the North Slope. Federal regulators blamed the spill on internal corrosion and said in some areas, the walls of the pipes were so corroded they were almost paper-thin. So critics and industry experts say the latest problem was hardly a surprise."

The Financial Times (8/9, McNulty) reports, "BP's board and London-based executives were informed of widespread corrosion at the UK oil giant's Alaska field two years before the company was forced to shut it this week, citing 'unexpectedly severe corrosion.'" In 2004, "Chuck Hamel, an advocate for BP workers in Alaska, took the charges directly to Dr Walter E. Massey, chairman of the environment committee of BP's non-executive board of directors." He "told Dr Massey that in the previous four years BP employees and contract workers had brought to him concerns about safety, health and threats to the environment at Prudhoe Bay, Alaska. 'They seek to see the corrosion problem addressed and corrective action undertaken without further delay and before any of their colleagues at Prudhoe are harmed,' he wrote in the letter."

The Washington Post (8/9, Mufson, Eilperin, 748K) reports, "The pipeline fiasco has dealt a particularly hard blow to BP because it has smudged the company's environmentally correct image. For the past seven years, the company has trumpeted its concern for the environment." However, "[n]ow critics allege that BP neglected its pipelines for years and that its corporate culture fostered disregard of warnings about maintenance. Members of Congress have called for investigations and tougher federal oversight."

The AP (8/9, Hebert) reports, "Shutting its North Slope operations is only the latest problem for oil giant BP, which already is the target of a federal grand jury, the Environmental Protection Agency and congressional investigators for letting its Alaska pipeline crumble." The AP continues, "The Justice Department is pursuing possible criminal charges in connection with the oil spill in March on one leg of BP's feeder system in its Prudhoe Bay field. … A federal grand jury is taking evidence in that case in Anchorage. The Justice Department is demanding BP Alaska cut a 12-foot section of pipe where the leak occurred and send it to investigators. … At the same time, members of Congress are pressing for hearings, possibly in September, into BP's maintenance of its pipeline system as the company prepares to complete the shutdown of its North Slope operation to make repairs -- at a loss of 400,000 barrels of oil a day. .. 'Meanwhile, the pipeline repairs -- and loss of more than half of Alaska's crude oil -- are likely to take months, curtailing Alaskan production into next year, according to the Energy Department."

BP's Woes Spur Worries About Aging National Pipeline System. USA Today (8/9, Heath, Healy, 2.27M) reports that BP's problems in Alaska are "triggering worries about not only the safety record of energy giant BP but also the reliability of the 200,000 miles of pipe that moves oil products across the USA." New York Sen. Charles Schumer (D) said, "We're learning that BP did not do its maintenance, but also that federal regulators have been asleep at the switch." Schumer "demanded that federal regulators inspect interstate pipelines in the next 30 days 'before another disruption causes a national energy emergency.'"

More Commentary. In an editorial, the New York Times (8/9, 1.21M) condemns "some politicians' attempt to use the shutdown to realize their drilling dreams. Pete Domenici, the Senate Energy Committee chairman, was quick off the mark pronouncing BP's travails as yet another reason to drill more at home." The Times writes, "No matter what Mr. Domenici and other oil company cheerleaders say, the BP fiasco also reminds us why we should not put the fate

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of America's wilderness in the hands of the oil companies." The Times says, "BP has a lot of explaining to do, starting with why the ragged condition of its pipelines went undetected for so long. But it has already reinforced one lesson: True energy security does not entail more drilling, especially in Alaska."

In an editorial, USA Today (8/9, 2.27M) writes that the Prudhoe bay field's "shutdown need not be a calamity if the right lessons are learned:" First "is that the big oil companies, rolling in record profits, have no excuse for not properly maintaining their pipelines. ... Second, the shutdown highlights the need to expand domestic oil production, which is dangerously concentrated in Alaska and the hurricane-prone Gulf of Mexico." USA Today writes, "Over the long term, the nation can't drill its way to energy independence; it must develop alternative fuels and more energy-efficient vehicles, homes and offices. For now, though, more diverse domestic exploration needs to be part of the solution, even if it won't help immediately. After all, where would the nation be if Alaska's North Slope had remained untouched? This week, unfortunately, we're finding out."

In a USA Today (8/9, 2.27M) op-ed, Sierra Club Executive Director Carl Pope writes, "The latest discovery by BP of severe corrosion in a Prudhoe Bay, Alaska, pipeline is a reminder that oil and gas drilling is a dirty and messy business. Instead of committing to destructive drilling off our beaches, Congress could be adopting smart energy solutions that would help wean Americans off oil and save money at the pump."

In a Wall Street Journal (8/9, 2.03M) op-ed, Daniel Yergin, chairman of Cambridge Energy Research Associates, writes, "Unlike what is happening in Nigeria, Iraq and Venezuela, Prudhoe Bay's troubles are of an engineering nature that can be fixed, perhaps in a matter of months." Yergin writes, "The sooner Prudhoe Bay is safely back in operation, the better: A market this tight is very vulnerable to shocks of any kind. The shocks don't have to be physical. From late March, the price of oil has been primarily driven up not by actual disruption (until Prudhoe Bay); rather, it has been fear of disruption." Yergin writes, "Yet there is another side to the picture, though not one that spells relief any time very soon. Despite fears of 'running out' of oil, Cambridge Energy Research Associates' new analysis of oil-industry activity points to a considerable growth in the capacity to produce oil in the years ahead." Yergin notes, "important qualifications," but says, "a 25% increase in physical capacity by 2015 is a reasonable expectation, based upon today's evidence, and that would go a long way to meeting the growing demand from China, India and other motorizing countries."

Judge Says Camping, Parking Bans Near Bush Ranch Are Constitutional. The AP (8/9, Brown) reports a Federal judge ruled "roadside camping and parking bans are constitutional," a moved that blocked "protesters from pitching tents or placing portable toilets in ditches near President Bush's ranch." Protesters "sought to make a smaller makeshift campsite than what Cindy Sheehan set up a year ago off the winding, two-lane road leading to Bush's ranch, said attorney David Broiles, who sued on behalf of Sheehan and four other anti-war demonstrators." But "less than a week after asking the protesters and McLennan County officials to try to reach a compromise, U.S. District Judge Walter S. Smith ruled unexpectedly late Monday that the county ordinances enacted last fall are constitutional."

Snow, Other Bush Aides Join 100 Degree Club. The Los Angeles Times (8/9, Wallsten, 918K) reports President Bush "knows how to turn up the heat on his staff. Tugging at their pride, and perhaps straining their loyalty, the exerciser in chief presided Tuesday over the latest inductees into the 100-Degree Club — the clique of White House aides brave (or perhaps gullible) enough to run three miles in the blazing August sun of central Texas." The run, "whose participants included new White House Press Secretary Tony Snow and a dozen or so other staffers, commenced around 4 p.m. — exactly when local temperature readings hit the three-digit mark. The prize for those who completed the exercise: a 100-Degree Club T-shirt and a photo with the president, along with a sunburn and a good story to tell friends back home."

Rice For President Supporters Buy Billboard Space Near Bush's Ranch. The Washington Times (8/9, Harper, 88K) reports in its "Inside Politics" column, "'Americans for Dr. Rice -- Condi in '08. Make it happen.' So reads a new billboard on U.S. Highway 84 outside Crawford, Texas, set up by the 'Condistas' -- a District-based group that wants Secretary of State Condoleezza Rice to run for president in 2008. They positioned the billboard 'on the way to the ranch,' and visible to passing motorcades."

Appeals Court Rebuffs Nevada's Yucca Mountain Challenge. The AP (8/8) reports, "Nevada was dealt a blow in its effort to avoid a radioactive waste dump Tuesday as a federal appeals court turned aside arguments against transportation plans. Nevada contended that the Energy Department overstepped its authority and violated environmental rules in deciding to rely mostly on trains to take 77,000 tons of commercial spent fuel and high-level defense waste from sites around the country to Yucca Mountain." The court said, "We conclude that some of Nevada's claims are unripe for review and the remaining claims are without merit." The AP says, "Energy Department officials welcomed the decision. 'The court's ruling today

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upheld the transportation aspects of the department's comprehensive environmental impact statement for the Yucca Mountain project,' said spokesman Craig Stevens."

States Scrambling For Bird Flu Drug Funds. USA Today (8/9, B3, Schmit, 2.27M) reports some states are "scrambling to find money to pay for anti-flu drugs, so orders from states may fall short of the federal government's goal of stockpiling enough to treat 25% of the population in a flu pandemic." States were required to indicate by last week how many anti-virals they intended to buy and stockpile through a federal contract that makes the drugs available to states at a discount. At least 43 states have told the federal government they intend to purchase their full allotments or have asked for them to be reserved. However, Colorado, Montana, Connecticut, Nebraska and North Dakota have said they are "unlikely" to buy full allotments. Colorado officials said they "fear the drugs may not work very well if a bird flu pandemic eventually hits," while other states "say buying the drugs is not the best use of limited public health and pandemic resources."

Biologists Seek Preservation Of Pronghorn Migration Route. In a New York Times op-ed (8/9), Joel Berger and Kim Murray Berger, biologists at the Wildlife Conservation Society's Teton field office, say, "Of all the species living in the Greater Yellowstone Ecosystem of northwest Wyoming, the pronghorn is the only one native to the American West — elk, bison and even grizzly bears moved in from Asia centuries ago — but it is by no means the least exotic." Twice a year "for 6,000 years, one population of pronghorn" has traveled "more than 90 miles from their summer range in Grand Teton National Park to the Upper Green River basin, where they spend the winter. In recent decades, the migration has been threatened by human development." Steps "need to be taken to keep this last path from shrinking any more. Only a few hundred of Wyoming's half a million pronghorn travel between Grand Teton and the Upper Green River basin. But unless their last route is preserved, pronghorn will no longer live in Grand Teton at all; the winter snows are too deep to allow them to stay all year."

FBI/DEA/ATF/USMS:

Georgia Officials Asks DOJ To Intervene In Dispute Over Disbursement Of Seized Drug Money. The Fayetteville (GA) Citizen (8/9, Munford) reports, "Fayette County Commission Chairman Greg Dunn has taken his dispute with the Fayette County Sheriff's Department to U.S. Attorney General Alberto Gonzales." The Citizen continues, "Dunn has written a letter to Gonzales urging him to stop the disbursement of federal drug seizure money to the sheriff's office or instead funnel the money through the county's finance department. .. . Dunn contends that Sheriff Randall Johnson 'has not provided the board with documentation supporting how the funds have been expended.'" The Citizen adds, "Sheriff's officials say that's not so, noting that the funds have been reviewed on several occasions by county finance staff in addition to a forensic auditing firm that was hired by the county. … 'He's lying like a dog,' Sheriff Randall Johnson said of Dunn's allegation that his office hasn't fully opened its books on the drug seizure funds." The Citizen notes, "The county commission previously attempted to have the drug funds routed through the county coffers instead of going directly to the sheriff's office. But the U.S. Department of Justice, which administers that program, nixed that because the funds must go directly to the intended law enforcement agency, according to federal guidelines. … Nonetheless, Dunn's letter to Gonzales states the county again wants to have the drug funds routed through the county's finance department instead of the checks going directly to the sheriff's office."

Man Convicted For His Role In 1994 Killing Of DEA Agent. The Arizona Republic (8/8) reports that 12 years after a DEA agent "was shot to death during a drug sting in Glendale, the man prosecutors say masterminded the crime was convicted of his murder in Maricopa County Superior Court Tuesday morning. Agustin Vasquez Mendoza, 30, was found guilty of first-degree murder, conspiracy to commit armed robbery, two counts of aggravated assault, three counts of kidnapping, and three counts of attempted armed robbery. Vasquez Mendoza's half brother actually fired the shots that killed DEA Agent Richard Fass in 1994; he was convicted in 1996 and is already serving a life sentence for the slaying."

The AP (8/8) reports a jury in Phoenix "convicted a man of first-degree murder and other charges in the 1994 killing of a federal agent during a drug bust gone bad. Augustin Vasquez Mendoza was found in his native Mexico in 2000 but wasn't extradited to the U-S until five years later. Three co-defendants were tried and convicted in the mid-1990s in the killing of DEA Agent Richard Fass."

Nine Plead Guilty In Florida Marijuana Case. The Tampa Tribune (8/9) reports, "A year ago, authorities say, 11 people were growing marijuana inside upscale houses in some of the nicest neighborhoods in the Tampa Bay area. Now, nine of them have pleaded guilty and are facing prison terms. All nine have agreed to testify for the prosecution when Herbert Ferrell Jr., accused of leading the ring, goes on trial next week. … According to a Drug Enforcement Administration affidavit, the organization also

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included a Realtor, who helped find houses that met specifications."

Man Claiming To Be Covert Operative Makes Accusations Against Bush, DEA. According to Indian Country Today (8/9), "In federal court, Charles August Schlund III stated he is a covert operative and supports…assertions that the United States took action to suppress rock music because of its role in rallying opposition to the Vietnam War. … In an affidavit to the Ninth Circuit Court of Appeals in a Racketeer Influenced and Corrupt Organizations Act lawsuit against President George W. Bush and others, Schlund alleged he has been tortured in his attempts to reveal the truth about the Bush family's manipulation of U.S. voting results and the Drug Enforcement Agency's covert drug supplies to black communities."

USOC Says It Won't Reconsider Decision Banning Track Coach From Facilities. The AP (8/9) reports the lawyer for Justin Gatlin's track coach "asked the Unites States Olympic Committee to lift its ban of Trevor Graham on Tuesday, saying he passed a lie-detector test when he denied giving performance-enhancing drugs to athletes. Joe Zeszotarski said Graham would pursue 'all legal avenues' to regain access to the USOC's training centers and training sites. … But the USOC said Tuesday it would not reconsider its decision."

The New York Times (8/9, Zinser) reports Graham "said that he was not involved in providing his athletes with performance-enhancing drugs and that the results of a polygraph test affirming his innocence had been sent to the grand jury investigating the Bay Area Laboratory Co-Operative. … It was the first lengthy response from Graham to recent attempts to hold him accountable for his athletes' positive test results, including the United States Olympic Committee's barring him from its facilities."

Utah Man Appeals Lengthy Mandatory Sentence. The AP (8/9) reports from Salt Lake City, "Attorneys for a man convicted of carrying a handgun during three marijuana deals have asked the Supreme Court to overturn his 55-year mandatory federal prison sentence." The AP continues, "A judge gave Weldon Angelos the minimum sentence under the law -- a harsher sentence than a child rapist or a terrorist who detonates a bomb aboard an aircraft would receive, according to his attorneys. They also say the sentence amounts to cruel and unusual punishment. … Angelos' offense in state court would have likely carried a sentence of probation or a few years in jail, according to his attorneys." The AP adds, "Now 27, Angelos was convicted of 16 counts of violating federal firearms, drug and money laundering laws in 2003. The charges stemmed from his sale of three 8-ounce bags of marijuana to an undercover informant. … He had a gun but never brandished or used it. Nevertheless, the three counts of possession of a firearm in a drug transaction required the mandatory minimum sentence. … 'This seems to be a case of grossly disproportionate punishment when you look at the facts of the case. Weldon Angelos didn't deserve a life sentence for his offense,' said Erik Luna, a law professor at the University of Utah and one of the attorneys. … Justice Department spokeswoman Kathleen Blomquist said the department would not comment on an ongoing case."

In Venezuela, Authorities Arrest Alleged Head Of International Drug Ring. The AP (8/9) reports Venezuelan authorities "said Tuesday they had captured the alleged head of an international drug trafficking group that was involved in a major cocaine smuggling operation earlier this year in France. Elias Verde, believed to be the leader of a drug ring in Venezuela and Europe, was detained Monday in Caracas. Verde is being investigated for alleged links to 22 Venezuelans who were detained March 21 at a Paris airport."

Walters: Future Of Afghanistan Depends On "Rule Of Law." The UK's Guardian (8/8) reports John Walters has "acknowledged that US allies have voiced doubts about the wisdom of opium eradication in parts of southern Afghanistan where insurgents have killed 10 British troops over the past two months. Speaking during a visit to London for talks with British officials, Mr. Walters recognized that the situation in Helmand province had been 'difficult.'" The Guardian reports Walters said, "Sometimes we talk as if security and drugs control are at odds, but the places where we have the best security are the places where we have some of the best drugs control…[Afghan farmers] know that their future and that of Afghanistan depends on rule of law, not being ruled by drug mafias."

Colombia May Set Up Permanent Anti-Narcotics Training For Afghanistan. The Financial Times (8/9, Webb-Vidal) reports Colombia may "provide a permanent anti-narcotics training program for Afghanistan…to help it combat the flow of illegal drugs. An agreement for such a plan could follow the return last weekend of an exploratory mission to Kabul by four Colombian anti-narcotics police, and the arrival in Bogotá of Said Tayeb Jawad, Afghanistan's ambassador to Washington. … The Colombian police found that Afghan poppy plantations were protected by rival armed groups similar to those in Colombia, where coca fields and laboratories are largely controlled by guerrilla and paramilitary outfits."

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Rebels Said To Be Infiltrating Colombia's Public Institutions. In Colombia, the AP (8/9) reports that when Freddy Escobar "was arrested this month for being the secret political head of one of the biggest urban militias of the Revolutionary Armed Forces of Colombia, or FARC, he had already served four months on the board of directors of the country's largest public utilities companies, Empresas Publicas Medellin. … Escobar's arrest is a reminder of the shadow war being fought in Colombian cities and the infiltration of public institutions by rebels and their enemies, the far-right paramilitaries. … The U.S. has been Colombia's largest supporter in its fight against the world's largest cocaine industry and a leftist insurgency, providing billions of dollars, equipment, training and military advisers."

Despite Violence In Colombia, Uribe Still Credited With Improvements. In Bogota, the Los Angeles Times (8/8, Kraul) reports on President Uribe's second inauguration and writes, "Six civilians working in a program to eradicate coca leaves used in the production of cocaine were killed when guerrillas exploded a bomb in the Macarena National Park, site of large-scale illicit coca plantations. The attack was seen as a warning that working for the government was risky business. Over the last several days, hundreds of troops and armored vehicles patrolled Bogota's streets, conducting searches of vehicles at intersections and on thoroughfares. … But although the country is still at war, there is a widespread belief that things have improved significantly since Uribe took office."

UN: Addiction Rates Climbing In Afghanistan. On its Web site, Voice of America (8/8) reports the United Nations "says addiction rates in war-torn Afghanistan have doubled in the past two years, to the point that nearly a million people are now using illegal drugs. … Almost 200,000 of them are hard-core opium and heroin addicts. … Afghanistan's grinding poverty and massive illegal drug trade are creating a new generation of addicts, male and female."

IMMIGRATION:

Border Crackdown Prompts Immigrant Smugglers To Adopt Dangerous Tactics. The New York Times (8/9, Archibold, 1.21M) reports the "deaths of nine people Monday in the crash of a sport utility vehicle fleeing the Border Patrol is evidence of the growing practice of smugglers packing as many people as they can into vehicles and driving recklessly to avoid capture." With Federal agents "flooding traditional smuggling routes and thousands of National Guard troops now helping out, smugglers have sought to get the most people over the border in the quickest of ways. That often means cramming people into vehicles, usually vans and S.U.V.'s, in which people have been found under seats and the dashboard and, in larger vehicles, hidden in the gas tank." Jennifer Allen, "executive director of the Border Action Network in Tucson, an advocacy group, said escalating deaths and the spate of crashes showed that the crackdown on the border had deadly consequences that policy makers in Washington often ignored."

TAX:

Seattle Hedge Fund Firm Under Probe For Tax Shelters. The New York Times (8/9, Browning) reports, "A Seattle hedge fund firm has come under scrutiny as a result of its work with questionable tax shelters." The Times continues, "Last week, for the second time in three years, a Senate subcommittee described the firm, the Quellos Group, as a maker and seller of abusive tax shelters, focusing on a high-end shelter that helped five wealthy clients shield $2 billion in taxes. … The firm has rejected such characterizations, saying that its tax shelter work, which began in the mid-1990's and ended in 2001, was not only legitimate, but also small and separate from its main business. .. But it was the tax shelter work that helped Quellos become one of the largest sellers of funds-of-funds, or funds that invest in hedge funds, former senior employees say. Quellos now manages more than $15 billion in assets for clients like the Hong Kong Jockey Club and the University of British Columbia." The Times adds, "The firm's work on questionable shelters is drawing increasing attention from federal prosecutors, highlighting how the late 1990's boom in aggressive shelters continues to haunt investment firms, banks and accounting and law firms that played a part in their creation and sale. Senate investigators have estimated that abusive tax shelters cost the Treasury more than $100 billion in unpaid taxes in recent years. … Earlier this year, senior Quellos executives and Quellos-affiliated firms received subpoenas from a federal grand jury in Manhattan, which has been investigating the roles played in abusive tax shelters by individuals and companies including Deutsche Bank, Ernst & Young and former employees of the accounting firm KPMG, 16 of whom are under criminal indictment stemming from their tax shelter work. Quellos and its current and former employees are not targets in the investigation, according to people close to the inquiry. … The Internal Revenue Service, meanwhile, has been conducting a tax shelter promoter audit of the firm, which can in theory lead to civil penalties or a criminal referral to the Justice Department for further investigation. Quellos has told investors that it is cooperating with federal prosecutors and the I.R.S."

DOJ_NMG_0045326

CONGRESS-ADMINISTRATION:

ABA Calls For End To Presidential Signing Statements. The Boston Globe (8/9, Savage, 425K) reports the American Bar Association's House of Delegates "voted yesterday to call on President Bush and future presidents not to issue 'signing statements' that claim the power to bypass laws, and it urged Congress to pass legislation to help courts put a stop to the growing practice." Meeting in Hawaii, "the policy-making body for the world's largest organization of attorneys endorsed the findings of its bipartisan task force, which last month issued a unanimous report portraying signing statements as an unconstitutional power grab by presidents." The ABA "also urged Congress to pass legislation giving courts greater jurisdiction to review signing statements in which a president asserts that some parts of a bill unconstitutionally infringe on his executive powers and need not be obeyed."

The AP (8/9, Godvin) reports, "The Bush statements say the president reserves the right to revise, interpret or disregard measures on national security and constitutional grounds. … 'The constitution says the president has two choices: either sign the bill or veto it. And if you sign it, you can't have your hand behind your back with your fingers crossed,' said Michael Greco, the ABA's outgoing president. … The bar delegates urged Congress to require the president to promptly submit copies of any signing statements, along with a report giving the legal basis for his objections."

Reid Calls For VA Secretary To Resign. The AP (8/8, Yen) reports, "The Senate's top Democrat says Veterans Affairs Secretary Jim Nicholson should resign, calling his leadership a threat to national security after the VA lost another computer containing veterans' personal data." Sen. Harry Reid said, "Enough is enough. … Less than a month after promising to make the VA the 'gold standard' in data security, Secretary Nicholson has again presided over loss of the personal information of thousands more veterans." The minority leader "is the third Senate Democrat -- joining Sens. Patrick Leahy of Vermont and John Kerry of Massachusetts -- who has called for Nicholson's ouster following high-profile data thefts at the government's second largest agency." AP adds, "VA spokesman Matt Burns dismissed the statements as 'political opportunism.'"

In a brief, the Washington Post (8/9, A4, 748K) adds, "Sen. Larry E. Craig (R-Idaho), who chairs the Veterans' Affairs Committee, said calls for Nicholson to step down are 'over the top.' He added: 'It does not and will not solve the problem.'"

Nicholson Was Vacationing In Bermuda When Story Broke. In his "In the Loop" column in the Washington Post (8/9, A15, 748K), Al Kamen writes, "Sometimes it's hard to always be around when a crisis hits your agency. At the Department of Veterans Affairs these days, you'd have to bring in a sleep sofa. … VA was notified Thursday that the computer had disappeared from the office of a subcontractor handling insurance collections for Pennsylvania. The VA promptly sent a team to investigate, but by then VA Secretary Jim Nicholson was in Bermuda with his wife on a long-planned four-day vacation. We are told, however, that he stayed in touch by phone and BlackBerry, directing Monday's announcement and response in a virtual kind of way."

USDA's WTO Negotiator To Resign. The Wall Street Journal (8/9, B9, 2.03M) reports Agriculture Undersecretary J.B. Penn, "an economist who helped steer the Bush administration's negotiations at the now-stalled global trade talks at the World Trade Organization," is resigning at the end of this month to become the chief economist of farm equipment-maker Deere & Co. The Journal says the move "signals that Deere, usually tight-lipped, is preparing to take a bigger public stand on agricultural policy." The Bush administration has not made an announcement on Penn's successor.

Conservatives Worried About Pork In Appropriations Omnibus Bill. The Washington Times (8/9, DeBose, 88K) reports congressional fiscal conservatives "fear the Senate's failure to get a handle on appropriation bills will lead to a pork-barrel spending spree this fall, undermining repeated promises for fiscal reform." The Senate "left for summer recess after completing one of 12 spending bills needed to keep government agencies operating next year, all but assuring the need for an omnibus package, which are typically laden with pet projects never discussed or voted on." House members, "having promised to reform the appropriations process and pushing harder after Hurricane Katrina forced new spending provisions, passed 10 of 12 bills before leaving town. But the Senate often lags behind the House pace, and this year is no different." Omnibus appropriations measures allow "members to anonymously slip in spending provisions for pet projects, called earmarks or pork, without discussion or votes, and that leads to abuse," according to Rep. Jeb Hensarling.

Pension Reform Law Will Increase Automatic Worker Savings. The Christian Science Monitor (8/9, Trumbull, 58K) reports Americans "are about to get a much-needed dose of retirement-saving discipline. Under legislation that will soon be signed by President Bush, key features of the nation's pension system will shift from discretion toward autopilot for both companies and workers."

DOJ_NMG_0045327

The goal "is to restore the financial health of traditional corporate pensions and of households." The new pension "law will hardly close America's savings gap by itself. But in a nation where free choices aren't always financially wise ones, experts say it will prod more people to build retirement nest eggs."

Pension Bill Provision Could Boost Charitable Contributions. The Wall Street Journal (8/9, Wells, 2.03M) reports a "new bill Congress passed will be a boon for charities and their benefactors, allowing older taxpayers to donate up to $100,000 from their Individual Retirement Accounts tax-free each year to a charitable cause." Taxpayers also "will face tighter record-keeping requirements that favor check instead of cash donations. Write-offs of certain historical property also will be restricted." The changes "are part of a major rewrite of pension laws the Senate approved last week and sent to President Bush for his signature, expected next week. The bill has dozens of significant tax provisions, such as making permanent higher contribution limits for IRAs and 401(k) plans." The IRA rollover provision "could generate an additional $400 million in new giving to the charitable sector, according to a preliminary estimate by United Way of America."

DOE Designates "Critical Congestion" Areas In Electric Grid. The New York Times (8/9, Wald, 1.21M) reports, the DOE "took the first step on Tuesday toward designating parts of the nation's electric grid as 'critical congestion' areas, which could force New York, New Jersey and other states to allow construction of new power lines that they do not want." The Times says, "The department published a nationwide study listing places where transmission bottlenecks prevent power generation by distant plants with lower costs, and instead require the use of closer, more costly equipment." Energy Secretary Samuel Bodman said, "if appropriate, I am empowered by the Energy Policy Act to designate certain corridors as national corridors." Bodman "said the problem was not restructuring, but simple lack of investment in the transmission system."

Report Says Advantage Plans Cost Government 11% More Than Traditional Medicare. USA Today (8/9, Appleby, 2.27M) reports, "Enrollment in a type of Medicare alternative has jumped 265% in seven months, pleasing insurers, who say the plans provide more choice to members. But fiscal watchdogs say the plans provide little benefit to taxpayers. The rapidly growing type of plan, called private, fee-for-service Medicare, allows access to almost any doctor or hospital and appeals to seniors wary of joining a more restrictive managed care plan, such as an HMO." USA adds, "Congress expected Medicare Advantage plans to use the cost-control methods of managed care to save money. But Medicare Advantage plans cost the government an average of 11% more than traditional Medicare, the Medicare Payment Advisory Commission said in a recent report. The industry's lobbying group disputes that percentage, saying the increased payment is likely lower."

FDA, Barr Agree On Plan To Resubmit Over-Counter Sales Proposal For Plan B. The New York Times (8/9, Harris, 1.21M) reports the Food and Drug Administration and Barr Laboratories, maker of the Plan B "morning after pill," "agreed yesterday on a plan that could lead within weeks to over-the-counter sales" of the product. The two said Barr Laboratories "would resubmit its application…within two weeks," and FDA spokeswoman Susan Bro "said the agency would act quickly on the application." The FDA has "delayed a decision on Plan B for three years in a process that critics have said was driven by political considerations." The drug agency "has asked that the new Barr application restrict over-the-counter sales to women older than 18."

Administration Proposes Cuts In Medicare Payments To Doctors. The Bush Administration yesterday proposed a 5.1% across the board cut in Medicare payments for services provided by doctors to elderly and disabled patients in 2007. The New York Times (8/9, Pear, 1.21M) reports that the Administration said the cut "was required because spending on doctors' services was increasing faster than expected, and faster than the annual goals set by a statutory formula. The increase directly affects beneficiaries because their premiums are set each year to cover about 25 percent of projected spending under Part B of Medicare, which pays for doctors' services and other outpatient care. Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, said Tuesday that the premium would probably rise to $98.40 next year, up $9.90 or 11 percent over this year's premium."

Researchers Chafe At Restrictions In Bush Stem Cell Funding Policy. The Los Angeles Times (8/9, Kaplan, Cline, 918K) reports President Bush's "embryonic stem cell policy, which now restricts federal support to research involving about 20 cell lines, has created a logistical nightmare for science." Researchers who "study both federally approved and unapproved stem cells have had to buy duplicate equipment to conduct their experiments, then set up elaborate systems to keep their work completely separate." Some scientists "say the cumbersome dual system — reaffirmed last month when Bush vetoed a bipartisan bill that would have expanded funding to more than 100 newer cell lines — puts U.S. researchers at a disadvantage." So far, Federal funding agencies "have yet to

DOJ_NMG_0045328

redress anyone for violating their rules. But the fear that they would is palpable, because universities rely on the federal government for nearly two-thirds of their overall research budgets."

Miller Real Estate Loans May Have Violated House Ethics Rules. The Hill (8/9, Crabtree) reports Rep. Gary Miller (R-Calif.) "may have violated House ethics rules when he took out nearly $7.5 million in promissory notes in 2004 from a campaign contributor and business partner, Lewis Operating Corp., which he used to purchase real estate from the company." The real-estate development company, which is "based in Southern California, is one of Miller's top campaign contributors; employees of the company have donated $19,300 to Miller's campaign committee since his election in 1998." Miller has "partnered or has been involved with a number of real-estate transactions with the company in the past few years. In 2005, he made $1.1 million to $6 million in profits from real-estate deals involving Lewis Operating in some part of the transaction, according to his financial disclosure report." However, House Rules "explicitly state that before entering into loans from an entity other than a financial institution, members of Congress and staff must submit the terms of the loans for review and a determination from the ethics committee on whether the loan is acceptable under the gift rule."

Air Traffic Controllers' Union Head Loses Reelection Bid. In the Washington Post's "In the Loop" column (8/9, A15), Al Kamen says, "A sad Loop farewell to John Carr, president of the National Air Traffic Controllers Association, who was trounced last week in his bid for a third term. Carr infuriated Chicago-region members when he supported Mayor Richard M. Daley's proposal to expand O'Hare International Airport -- a plan that the local union said was unsafe."

OTHER NEWS:

Fed Leaves Rates Unchanged. The Washington Post (8/9, D1, Blustein, 748K) reports this morning "the longest sustained campaign of interest-rate hikes in Federal Reserve history ended yesterday as the central bank left its benchmark rate unchanged, snapping a string of 17 consecutive increases." The decision "reflected a belief by Fed policymakers that the economy is slowing sharply and may continue to do so in coming months -- enough, the Fed hopes, to quell an upsurge of inflation."

The Federal Reserve's decision is being widely portrayed as a reflection of the slowing economy. ABC World News Tonight (8/8, story 3, 1:00, Moran, 8.78M) reported, "The Federal Reserve has decided to leave interest rates unchanged at 5.25%. It's the first time in more than two years the Fed hasn't raid the rate. And it hopes that this will be the pause that refreshes the economy." ABC (Stark) added the Fed's move is due to the fact that "the economy has slowed down so much. Whether it's consumer spending. The cool down in the housing market. The cool down in the job market. To keep tapping on the brakes to risk putting it into recession."

The CBS Evening News (8/8, lead story, 2:55, Smith, 7.66M) called the move "welcome news." The economy "slowed sharply in the second quarter of this year, growing only half as fast as the first quarter. Inflation has picked up some. It's running 4.7% this year compared to 3.4% last year. But in its interest rate announcement today, the Fed said it is betting that inflation will moderate in the months ahead. And the Fed indicated that if it is wrong, it's ready to raise interest rates again." NBC Nightly News (8/8, story 3, 0:25, Williams, 9.87M) also noted "the Fed left the nation's benchmark interest rate at its current level -- 5.25% -- but said in their statement that some inflation risks remain, meaning further rate hikes could be coming."

USA Today (8/9, Kirchhoff, 2.27M) reports the move points "to the slowing economy," while The New York Times (8/9, Andrews, 1.21M) says the "long-awaited policy shift" is "based on the hope that a modest economic slowdown will subdue inflation without much pain."

The Wall Street Journal (8/9, Ip, 2.03M) reports, "Reflecting the difficulty of the Fed's task, economists -- like the Fed's policy makers themselves -- aren't unanimous about what the central bank should do as the economy sends mixed signals. Some economists feel the Fed has raised rates too far already, while others say it hasn't raised them enough."

In an analysis piece titled "Fed Rate Pause Could Be Brief," USA Today (8/9, Hagenbaugh, 2.27M) reports that "the Fed many times in the past has taken a breather when in the process of raising or lowering rates, only to pick up the campaign again. During the last cycle of interest rate increases in 1999 and 2000, the Fed skipped two meetings but followed each with a quarter-percentage-point increase."

Stocks Down. The Financial Times (8/9, Guha, Hughes) reports "financial markets, which priced in a Fed pause following weak employment data on Friday, had difficulty interpreting the message. The S&P 500 swung between a 0.4 per cent gain and a 0.5 per cent loss, ending down 0.3 per cent at 1,278.14." NBC Nightly News (8/8, story 4, 0:10, Williams, 9.87M) reported "the Dow [was] off just under 46 points [close at 11,173.59]. Nasdaq was down almost 12 points [to close at 2,060.85]." The Wall Street Journal (8/9, McKay, 2.03M) and USA Today (8/9, Shell, 2.27M), among other sources, also report the stock numbers.

DOJ_NMG_0045329

WSJournal Criticizes Fed's Decision. The Wall Street Journal (8/9, 2.03M) editorializes, "The Federal Reserve has seemed unsure how to proceed on monetary policy for several months, and yesterday it proved it." The Fed's "decided not to raise interest rates again -- not because inflation is contained but because it says the economy is slowing. Uh, oh. Here we go again, back to the era of the Phillips curve, the economic theory that postulates a trade-off between inflation and unemployment. We thought Paul Volcker and Alan Greenspan had buried that notion years ago." But "apparently it lives on like Arthur Burns's ghost in the attic of the Fed, ready to inhabit a new Chairman who has inherited an inflation and is afraid that breaking it will send the economy into recession." Bernanke "no doubt hopes that yesterday's pause is one that refreshes; we fear it has only postponed the ultimate day of reckoning."

Federal Judge Denies Pro Hac Vice Request In Pennsylvania Case. The Legal Intelligencer (8/9, Duffy) reports, "The vast majority of motions by lawyers seeking pro hac vice admission in federal court go unopposed and are quickly granted. But in MAR-VEL International Inc. v. Milnes, an ugly battle erupted that ended in a judge's sharp criticism and denial of the motion." The Intelligencer continues, "Senior U.S. District Judge John P. Fullam decided that attorney John Vogel is not entitled to pro hac vice admission because he is licensed only in the state of New York, but is maintaining a law office in Radnor, Pa. … Fullam concluded that Vogel is violating Pennsylvania's ethical rules by establishing a Pennsylvania law office without first obtaining a Pennsylvania license. … Granting the motion, Fullam said, 'would simply enable Mr. Vogel to expand his Pennsylvania law practice in violation of Pennsylvania Rule of Professional Conduct 5.5(b), and to evade CLE requirements.'" The Intelligencer adds, "Vogel, in an interview, said he disagreed with Fullam's ruling since his role in the case would have been limited to his area of expertise -- the law relating to federal contracts -- and that he never intended to work on issues relating to Pennsylvania law."

WPost Argues Virginia Should Step Aside In Visitation Rights Case. The Washington Post (8/9, A16) editorializes, "Isabella Miller-Jenkins has two mommies. That isn't a big deal these days, and it shouldn't be, except for this: Isabella's biological mother, Lisa Miller-Jenkins, doesn't want her former partner, Janet Miller-Jenkins, to have any visitation rights -- though the two women decided together to conceive the child (Lisa had artificial insemination through an anonymous donor they jointly selected) and raised her together. When they split up two years ago, Lisa Miller-Jenkins initially acknowledged that Janet was Isabella's parent and asked that Janet be given 'suitable parent-child contact.' A judge in Vermont, where the couple had been living, agreed. … But then Lisa, who moved back home to Virginia after they split, changed her mind. And in a legally flawed and morally reprehensible decision, a state court judge in Virginia backed Lisa. As a result, Janet hasn't been allowed to see Isabella for more than two years, since June 2004. Last week the Vermont Supreme Court sided with Janet by ruling, correctly, that the Virginia court shouldn't have intruded. An appeals court in Virginia has been awaiting the Vermont ruling before issuing its judgment in the case. It should honor the Vermont decision and let Janet finally see her daughter." The Post adds, "This case has gotten tangled up in Vermont's civil union statute (Lisa and Janet entered a civil union in 2000) and Virginia's small-minded reaction to it, the Affirmation of Marriage Act, which declares 'void in all respects in Virginia' any 'civil union, partnership contract or other arrangement entered into by persons of the same sex in another state.' In fact, though, neither the Vermont civil union law nor Virginia's anti-gay-marriage law is legally relevant. … In this case Vermont exercised jurisdiction over the dissolution of the Miller-Jenkins civil union and made a custody determination -- which under the parental kidnapping law Virginia is obliged to respect. Child custody and visitation cases are supposed to be about the best interests of the child. In this case, the Vermont court found, Isabella has two parents who love her and who are entitled to see her. Nothing in Virginia's intolerant Affirmation of Marriage Act need prevent that from happening."

Lieberman Loses Primary, Says He'll Run As An Independent. The Hartford Courant (8/9, 195K) reports, "With the nation watching, Connecticut Democrats thronged to the polls in unexpectedly high numbers Tuesday to reject Sen. Joseph I. Lieberman and endorse his anti-war challenger, Ned Lamont. Unofficial results showed Lamont winning 52 percent of the vote, defeating a three-term incumbent who had come to be defined by his defense of the war in Iraq despite an advertising blitz begging voters to judge him on a progressive labor and environmental record." Lieberman, "a vice presidential nominee in 2000 and a presidential hopeful only two years ago, conceded at 11:03 p.m. in a Hartford ballroom." Statewide "turnout was estimated at more than 40 percent, 15 percentage points higher than the last major statewide Democratic primary, a gubernatorial contest in 1994."

The Norwich Bulletin (8/9, Schneider) notes Lieberman "promised supporters he would continue campaigning as an independent candidate for the November election." He said, "We've just finished the first half and the Lamont team is ahead," but "in the second half our team -- team Connecticut -- is going to surge forward to victory in November." The New York Times (8/9, Healy, 1.21M) reports the senator also "said

DOJ_NMG_0045330

the he could not let the results stand, 'for the sake for our state, my party, and our country.' And he added: 'But I am not discouraged. I am disappointed not just because I lost but because of all the old politics of polarization won today.'"

The Washington Times (8/9, Hurt, 88K) reports that "at the Lamont victory party, the candidate was flanked by prominent liberals such as the Revs. Jesse Jackson and Al Sharpton and lamented the ratio of lobbyists to lawmakers in Washington." But Lamont "sent his supporters into their greatest frenzy when he mentioned his lead issue -- ending US involvement in Iraq. 'We have 132,000 heroes stuck' in a civil war in Iraq, he said. 'I say it's high time to bring them home.'"

In fact, media reports are widely describing the primary as a referendum on the Iraq war, and predict Lieberman's defeat could have reverberations across the national political stage. The New York Times (8/9, Nagourney, 1.21M) calls the election results "a vivid demonstration of how the Iraq war is buffeting American politics and of the deep hostility toward President Bush among Democrats." It also "suggested there are stiff anti-status-quo winds blowing across the political landscape as the fall elections approach." Lamont's victory "marked the first time that liberal political blogs, after playing an increasingly noisy role in Democratic politics, have been associated with a major winning campaign, suggesting a moment of arrival for this new force in political combat." The outcome, adds the Times, "will also undoubtedly prod other Democrats who supported the war -- albeit with less gusto than Mr. Lieberman -- to step farther away from the increasingly unpopular conflict." The Times also concludes "Lieberman's support of the war was toxic for him."

The New London Day (8/9, Ouellette) reports that "for years Lieberman has symbolized the wing of the party who argued that Democrats had to move to the political center to gain majority support," and notes that "among those moving through the Lamont crowd was former Gov. Lowell P. Weicker, the man who Lieberman defeated in his first Senate race, and the Rev. Jesse Jackson, who characterized the race as a battle for the soul of the Democratic party."

USA Today (8/9, Page, 2.27M) reports "Lieberman's ouster was a sign of the Democratic voters' anger over the war and their impatience with elected officials who haven't confronted Bush with what they see as sufficient force." In an analysis piece, USA Today (8/9, Page, 2.27M) says Lieberman "said he felt the rumblings of a political earthquake even back when non-partisan political analysts were rating his re-election as safe. 'I saw this coming,' the Connecticut senator said in an interview Sunday with USA TODAY." Yesterday, "the depth of Democratic opposition to the war in Iraq coupled with a challenger who had personal wealth and the fervent backing of liberal bloggers denied Lieberman his party's nomination for a fourth term -- and launched a warning flare to some incumbents in both parties."

The Washington Post (8/9, A5, Murray, 748K) reports that "with its strong Internet presence and gung-ho supporters, Lamont's campaign soon came to resemble Howard Dean's bid for the Democratic presidential nomination two years ago." But "there are key differences. Despite the national implications of Lamont's candidacy, his campaign retained a distinctly local flavor, staffed by veteran state operatives and a homegrown volunteer corps. As the hype grew, the campaign stuck to the basics." It "focused on building a file of likely voters, organizing a turnout effort and circulating Lamont at events, including small gatherings in living rooms."

The Los Angeles Times (8/9, Barry, 918K) says "the race, initially predicted as a blowout victory for Lieberman, became a lesson in how the war in Iraq has reshaped partisan politics." The Times reports "Lieberman became a Democratic star in the '90s, a time when the party worried about losing touch with an increasingly conservative electorate."

Before the results were known, ABC World News Tonight (8/8, story 2, 2:05, Tapper, 8.78M) reported, "Democrats are already getting the signal. Since Lamont surged ahead of Lieberman in the polls, 2008 presidential hopeful, Hillary Clinton, publicly called for the resignation of Donald Rumsfeld. Lieberman says if he loses tonight, he will run as an independent. A former vice presidential nominee, purged from his party." NBC Nightly News (8/8, story 5, 2:15, Reid, 9.87M) showed Eli Pariser, of MoveOn.org Political Action, saying, "I think you had this gale force wind out there that was blowing for change. And the Internet kind of acted like a sail." Democratic pollster Peter Hart "says whoever wins, there's a lesson in this race for candidates across the country." Peter Hart: "Voters are going to insist that we do something different in Iraq and you'll see it in the fall elections and you're going to see it right straight through 2008."

The CBS Evening News (8/8, story 6, 2:50, Smith, 7.66M) referred to the campaign as "a referendum on his support for the war in Iraq," while the Washington Post (8/9, A1, Balz, Murray, 748K), this morning, calls the election results "a stark repudiation" of Lieberman, and also describes the contest as "a referendum on the incumbent's support for the Iraq war."

Both candidates appeared on MCNBC's Hardball (8/8). Lieberman said), "I was always tried to do what I believe is right. And sometimes people disagree with you. I have to tell you this, I know I've taken some tough stands on the war that not everybody agrees with. But I've also taken some tough controversial stands based on my belief when it came to the rights of working people or women's rights or the rights of gay and lesbian Americans, or to protect the environment and that's why all those groups are supporting me. So you know, in the end, you've got to carry out the oath with your right hand in the air and your left hand on the bible to do what you

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think is really best to uphold the principles of the Constitution and to protect your country."

Lamont, also on MSNBC's Hardball (8/8), said, "It was a good campaign. Everybody asked me, what would do you different and I can't think of anything I would do different. We stuck to the issues. I think the issues were on our side, people fundamentally want to change in Washington DC. The people of Connecticut think that stay the course is not a winning strategy in Iraq. They want to start bringing our troops home. They want to start investing that money back in the United States of America, so I would stick to the issues and that was very favorable for us."

Lieberman Campaign Accuses Lamont Camp Of Hacking Its Web Site. CNN's The Situation Room (8/8, Snow) reported that Sen. Joe Lieberman's campaign accused challenger Ned Lamont's campaign "of hacking into a Lieberman campaign Web site and disabling it, a charge the Lamont camp strongly denied -- a smaller fight against the backdrop of the much larger one that voters told us brought them to the polls, the war in Iraq." The AP (8/9, Haigh) and New York Times (8/9, Cooper, Markoff, 1.21M) also report the story.

Democrats Debate Whether To Support An Independent Bid By Lieberman. Before the results were known, CNN's The Situation Room (8/8, Blitzer) reported, "Lieberman's dicey political fate is putting many of his Democratic colleagues in a serious bind. If Lieberman loses today, should they throw their support behind Ned Lamont, even if Lieberman still runs, without his party's nomination, as an independent?" CNN (Bash) added that most of Lieberman's Democratic colleagues in the Senate "have refused to even talk about 'what if?' in public. But we know, obviously, that those discussions are going on. There are a handful of moderate Democrats who have said they will stick with Lieberman, even if he runs as an independent. But we are told, most top Democrats, from the official party apparatus, to rank-and-file senators, even those close to Lieberman, will say that they have to respect the will of Connecticut Democrats, and support Ned Lamont, if he, in fact, wins tonight."

More Commentary. Under the headline "Revenge Of The Irate Moderates," the New York Times (8/9, 1.21M) editorializes that the primary is "bound to send a message to politicians of both parties that voters are angry and frustrated over the war in Iraq. The primary upset was not, however, a rebellion against the bipartisanship and centrism that Mr. Lieberman said he represented in the Senate. Instead, Connecticut Democrats were reacting to the way those concepts have been perverted by the Bush White House." The Times adds, "When Mr. Lieberman told The Washington Post, 'I haven't changed. Events around me have changed,' he actually put his finger on his political problem. His constituents felt that when the White House led the country into a disastrous international crisis and started subverting the nation's basic traditions, Joe Lieberman should have changed enough to take a lead in fighting back."

Noam Scheiber, a senior editor at The New Republic, writes in the New York Times (8/9, 1.21M) that "Lieberman's problem wasn't so much the war as the perception that he's a less than reliable partisan. To see why you probably have to go back to his overly civil performance during the 2000 presidential campaign. Or to his 1998 speech denouncing President Bill Clinton's affair with Monica Lewinsky. Or to his occasional flirtation with school vouchers. Or to his...well, you get the idea." But "Lieberman is right about one thing: there was a time when the support of key Democratic interest groups would have more than made up for such heresies. That he could not depend on that traditional lifeline this time should be alarming even for those who hoped for his defeat."

New Members Want Gold Star Mothers To Become More Involved In Political Issues. USA Today (8/9, Dorell, 2.27M) reports American Gold Star Mothers, whose members are parents of children killed in action, is "not a stranger to politics. After the Vietnam War, members pushed for treatment programs for veterans suffering from post-traumatic stress disorder. Members recently lobbied lawmakers for a $1,500 annual payment for parents of servicemembers who die at war." Traditionally, members "devoted themselves to supporting one another and volunteering at VA hospitals," but some new members "want the national leadership to get more involved in such issues as whether troops have enough armor." Judith Young, "the group's service officer and 2005 president, says change is coming to a group that has seen little."

McKinney Loses Runoff. The Atlanta Journal-Constitution (8/9, Suggs, Jacobs, 399K) reports, "Hank Johnson, the soft-spoken DeKalb County commissioner who forced US Rep. Cynthia McKinney into a surprising runoff, finished the job Tuesday, decidedly defeating the 4th Congressional District lawmaker in their fierce rematch." In a race that "attracted national attention and a higher turnout than election officials expected at home," McKinney, "a six-term Democrat and outspoken critic of the Bush administration, suffered her second defeat in four years. Before the day was out, the incumbent was complaining of voting irregularities, which election officials discounted."

USA Today/AP (8/9, Bluestein) reports McKinney "received 41% of the vote against challenger Hank Johnson, a former DeKalb County commissioner, who won 55%." The New York Times (8/9, Goodman, 1.21M) notes that "at her campaign headquarters, Ms. McKinney began her concession speech by singing along to the song 'Dear Mr. President' by the pop artist Pink. 'I wanted you to hear this song, which says so much about why this election in Georgia

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was so important,' she said." McKinney's "political future had been uncertain since an encounter she had in March with a Capitol Police officer who had tried to stop her after he said he had failed to recognize her at a security checkpoint. The officer accused Ms. McKinney of hitting him, but she was never charged with wrongdoing."

DeLay Say He Will Not Run For Reelection Despite Court Ruling. CNN's The Situation Room (8/8, Bash) reported that former Rep. Tom DeLay "said today that, despite losing his bid to take his name off the ballot, he is sticking with this decision not to run for reelection, because, he said, anything else would be hypocrisy. That means that Republicans are now going to have to look for a candidate to rally around and launch a campaign to write that candidate's name on to the ballot. That's going to be costly and complicated, but crucial if they want to keep that seat in Republican hands." The AP (8/9, Gamboa) notes DeLay "said his June 9 resignation from Congress was 'irrevocable' and maintained that he's no longer a Texan."

The New York Times (8/9, Stout, 1.21M) reports, "The lawyer who argued the Republicans' case, James Bopp Jr., said Tuesday that there might still be ways to keep Mr. DeLay off the ballot. For instance, Mr. Bopp said in a telephone interview, Gov. Rick Perry of Texas, a Republican, could appoint or nominate Mr. DeLay to another office, making him ineligible to serve in Congress." In that case, "another Republican could be named to take Mr. DeLay's place on the ballot, Mr. Bopp said." The Times adds, "The chairwoman of the Texas Republican Party, Tina Benkiser, said that even if no Republican was on the ballot, Democrats would not be allowed to 'steal the election.' In a statement, Ms. Benkiser suggested that the party would get behind a write-in candidate, saying, 'Republicans are working together with grass-roots leadership in the district to get behind and vigorously support one candidate, whether he or she is on the ballot or not.'"

The Washington Times (8/9, Hallow, 88K) notes "other Republicans were more pessimistic about retaining the seat that Mr. DeLay, 59, held for 22 years -- and about keeping control of Congress. 'This means there would be no Republican named on the ballot, and I think the prevailing wisdom here is that a write-in candidate would not have much chance of success,' said Bill Crocker, a Republican National Committee member from Texas." Crocker "said the possible triumph of Mr. Lampson, a former House member, only darkens the party's prospects for keeping Democrats from netting the 15 seats they need to regain control of the House."

The Washington Post (8/9, A4, Weisman, 748K) says "a Republican successor to DeLay would have significant hurdles, said Amy Walter, a House political analyst at the Cook Political Report. With less than 100 days to go, Republicans have not even begun to coalesce around a name to write in. Most polling places in the Houston suburbs will be using touch-screen computers without keyboards, making the process of typing in a name laborious -- especially one such as Sekula-Gibbs, the councilwoman joked. "And "the Democrat on the ballot, Nick Lampson, is a former House member with millions of dollars to spend." Stuart Rothenberg "said he had categorized DeLay's Texas district as leaning Republican when he believed the party would choose a successor. Now it will be back to a tossup.'"

The Hill (8/9, Bolton) reports, "Environmental lawyer Tom Campbell, state Rep. Charlie Howard, state Sen. Mike Jackson, Fort Bend County Commissioner Andy Meyers, Houston City Councilwoman Shelley Sekula-Gibbs, state Rep. Robert Talton, businessman Timothy Turner and Sugar Land Mayor David Wallace are Republicans who have expressed interest in the seat." Campbell "finished second to DeLay in the GOP primary earlier this year." USA Today (8/9, 2.27M) runs a brief story on DeLay's decision.

Bush Help For GOP Candidates Mostly Low-Key. The Financial Times (8/9, Luce, Daniel) reports the White House is "doing its best to create the impression that" President Bush's 10-day vacation in Crawford, Texas, is "a working holiday." White House spokesman Tony Snow said, "There is a lot going on right now and unfortunately it does not provide enough time or space for an extended vacation." The Times adds, "But Republican consultants doubt Mr Bush's industrious vacation schedule will have an impact on his low approval ratings, which have remained below 40 per cent for most of the last year." GOP pollster Frank Luntz "said Mr Bush had yet to shed the image of incompetence that many Americans derived from his response last year to Hurricane Katrina, which struck America's south-east coastline when he was holidaying in Crawford." Meanwhile, in the "build-up to elections in November, many embattled Republicans are seeking to distance themselves from Mr Bush for the first time since he became president in 2000." This election cycle, the President "is sticking to more discreet and closed-door fundraising trips to key Republican campaign zones."

Leading GOP Candidate To Replace Ney May Be Ineligible. The AP (8/9, Sidoti) reports state Sen. Joy Padget, "the leading Republican candidate to replace scandal-scarred Rep. Bob Ney on the November ballot may be ineligible, party officials said Tuesday, complicating GOP efforts to assure a smooth transition for the fall campaign." Part leaders are reviewing "a state law that bars politicians who lose one primary from entering another one during the same year. … One Republican strategist, speaking on

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condition of anonymity, said lawyers had concluded Padgett was likely covered by the so-called political sore loser's law and thus would not be eligible to run." But "Bob Bennett, the state party chairman, said he didn't believe the law applied to her, and said he would seek a formal ruling from the secretary of state."

The Hill (8/9, Kucinich) notes Padgett "lost her bid for lieutenant governor in the Ohio primary in May 2006, which could bring her under the provision." Padget said yesterday, ""The law is designed for someone who ran in a primary and then tries to run as an independent [in the general election[. … I was on a separate ballot in a completely different race."

Clinton's Role In Welfare Reform Touted. In a Wall Street Journal letter to the editor (8/9), Democratic Leadership Council founder and CEO Al From says, "As Ron Haskins writes, welfare reform is a great success ('Welfare Check,' editorial page, July 27). However, he greatly understates President Clinton's role in both the passage of welfare reform and its success. Welfare reform was central to President Clinton's 1992 campaign; remember 'ending welfare as we know it' and 'welfare should be a second chance, not a way of life.' Reform came about because of the president's impetus, not because of the Republicans in Congress." Welfare reform "was a signature achievement of President Clinton and his New Democrat approach to governing -- and revisionist historians should not try to take credit away from him."

In another Wall Street Journal letter to the editor (8/9), Rep. Sander Levin also comments on Haskin's welfare piece, saying he creates the impression "that President Clinton had vetoed the same bill twice, then signed it under pressure from congressional Republicans. Nothing could be farther from the truth. The truth is that President Clinton and many Democrats in Congress were long-time supporters of 'welfare to work.' I voted for the welfare reform law President Clinton signed into law after he vetoed two other bills." The first bill "that President Clinton vetoed would have ended Medicaid's guarantee of health care to poor families as well as disabled and elderly people; capped funding for placing abused children in safe homes; and provided no health care and very inadequate child care access for those who moved from welfare to work." The second bill "Mr. Clinton vetoed still failed to guarantee health care and child care for those moving to work, retained child welfare limits, and included a provision which would have limited access to the federal school lunch program for many children. The final bill, which I voted for and the president signed, preserved federal guarantees of help and nutrition for children and provided transitional Medicaid and substantial funding for child care to make sure parents could move from welfare to work."

Dean Book On Conservatives Seen As "Disappointing." The Washington Post (8/9, A15, Cillizza, 748K) reviews John W. Dean's new book, "Conservatives Without Conscience," which is "less an examination of the forces behind social conservatism than a screed against them. Dean quickly deals with the validity of the movement to spend the bulk of the book showing how and why it is not just wrong but 'evil.'" At its "core, the book argues that the growing power of social and neoconservatives within the Republican Party has created an army of guileless followers -- willing to swallow whatever medicine GOP leaders spoon out. Blind loyalty has allowed the Bush administration, as well as congressional Republicans, to run roughshod over formerly sacred civil liberties with an approach that borders on 'American-style despotism.'" The book is "more disappointing than just plain bad."

Terry Explains Appearance On Colbert Report. The Hill (8/9) reports in its "Under the Dome" column that Nebraska Rep. Lee Terry explained his appearance on "The Colbert Report." Terry "acknowledged host Stephen Colbert had made a fool of him in a column on the subject that appeared in the Los Angeles Times on Monday. But Terry added that the interview was 'one of the best' the rank and filer had made since he started serving in Congress." Terry said "not only did Americans outside of Omaha get to know something about the district," but the show "also gave him to opportunity to let his constituents know that he can take a joke. He said he has never had as much feedback from a TV appearance as he's had subsequent to appearing on Colbert." Terry "also chided House Minority Leader Nancy Pelosi (D-Calif.) for warning members away from the show, and urged lawmakers "to put aside their political differences and let Stephen Colbert make fun of both parties equally."

NYTimes Says Measles Vaccination Should Be Mandatory For All Young Children. An editorial in the New York Times (8/9, 1.21M) says, "Measles is a highly infectious viral disease that can cause a rash, fever, diarrhea and, in severe cases, pneumonia, encephalitis and even death. … In this country, measles was once a common childhood disease, but it had been largely eliminated by 2000, thanks mostly to development of a vaccine and compulsory immunization of schoolchildren." A measles outbreak in Indiana last year "provided evidence of what can happen to a triumph of public health when a community lets its guard down. … The vaccine isn't foolproof…but it protects the vast majority of recipients. Families that evade vaccination put themselves and their neighbors at risk. All young children, not just those attending school, should be required to get immunized."

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UN Security Council Fails To Reach Agreement On Lebanon Peace Plan. The Financial Times (8/9, Birchall) reports, "Efforts to end the fighting in southern Lebanon faltered at the United Nations on Tuesday, as Israel and the Arab states demonstrated the gulf between them over a proposed UN resolution." Tariq Mitri, Lebanon's acting foreign minister, "restated his government's view that the UN should demand an immediate withdrawal of Israeli forces, to be replaced by a 15,000-strong Lebanese force and an enhanced UN peacekeeping presence." Mitri "added that Lebanon wanted any international force to be under direct UN command, rather than an international force operating under a UN mandate." But Dan Gillerman, Israel's UN ambassador, "said Israel insisted on the deployment of a 'strong, robust and effective' international force in southern Lebanon, and was accusing Iran and Syria of using Hizbollah to fight a proxy war on Israel's northern border."

The CBS Evening News (8/8, story 4, 2:15, Smith, 7.66M) reported, "An Arab delegation told the UN Security Council today that a draft resolution proposed by the United States and France to end fighting in the Middle East would only make the crisis worse. And while the talk went on, so did the violence." ABC World News Tonight (8/8, story 5, 2:30, Moran, 8.78M) also reported "all the parties are still far apart on the terms of any cease-fire. And Israel's declared a no-drive zone in southern Lebanon."

The Los Angeles Times (8/9, Farley, 918K) notes "the United States and Israel argue that an Israeli pullout would create a vacuum that Hezbollah would quickly fill." President Bush said yesterday that "he wanted Israel to stay until an international force arrived to help Lebanon take control of the southern part of the country, where Hezbollah's operations are based. 'Whatever happens in the UN, we must not create a vacuum into which Hezbollah and its sponsors are able to move more weapons,' Bush said at a news conference at his ranch outside Crawford, Texas."

Fox News' Special Report (8/8, Baier) reported, "Late in the day senior US officials told Fox News that the alliance between the US and France on this draft resolution is 'crumbling.' Sources say the French are caving on all fronts, calling for a complete Israeli withdrawal of Lebanon and agreeing to Arab demands that no multinational force is needed." Likewise, the Washington Post (8/9, A11, Lynch, Wright, 748K) reports the United States and France "have split over key provisions in a compromise resolution to end hostilities between Hezbollah and Israel, triggering intense diplomatic scrambling, according to European and US officials." The Post adds, "France wants to incorporate ideas from Lebanon's new proposals, particularly on two issues: deploying Lebanese troops alongside a more robust version of the UN force now in Lebanon as a means to expedite an Israeli withdrawal, and settling the status of Shebaa Farms, the officials said." But "the United States, which has accepted Israel's concerns on both issues, thinks that a strong international force still needs to be in place before an Israeli withdrawal to ensure that the Shiite militia is not able to resume control of southern Lebanon or shoot at Israeli forces as they pull out, US and European officials say." The Bush administration also "does not want to offer more specific language on Shebaa Farms -- the disputed border area that abuts Israel, Lebanon and Syria that Hezbollah has used to justify keeping its weapons -- for fear it would be seen as a reward to the Shiite movement, European officials say."

The AP (8/9, Pickler), however, says "the Bush administration worked behind the scenes to ready a US-French cease-fire proposal for a vote at the United Nations Security Council this week." Secretary of State Condoleezza Rice "is expected to address the council at a vote tentatively scheduled for Thursday."

The AP (8/9, Ghattas) reports, "The Lebanese government said Monday it will send 15,000 soldiers to south Lebanon as soon as Israeli forces withdraw, and the army command called up reserve soldiers to prepare for the deployment. The idea has drawn interest in the United States and Israel, and Lebanon is pressing for it to be incorporated into a draft UN cease-fire resolution." The United Nations, the US and Israel have long demanded the deployment of the Lebanese army along the border with Israel. But until Monday, the Lebanese government refused, saying it won't act as a policeman for Israel and that a deployment without an Arab-Israeli peace settlement would risk having its army destroyed by Israel's more powerful military. … That effectively left the guerrillas in control of the border area." The Wall Street Journal (8/9, Solomon, 2.03M) runs a report titled "Local Force Lebanon's Army, Key To US Plan, Is Work In Progress," in which it says "Lebanese commanders such as Maj. Gen. Achraf Rifi, who leads the nation's police force, believe the task" of having the Lebanese Army in charge of the border area "could prove difficult. Lebanon's military is poorly equipped and fragmented along ethnic and religious lines. Its police force has 20,000 members, but fewer than half have guns or ammunition. Some of the weapons they use are World War II-era rifles."

Lebanese Prime Minister Calls Israeli Offensive Criminal. In a Washington Post op-ed (8/9, A17), Lebanese Prime Minister Fouad Siniora says, "A military solution to Israel's savage war on Lebanon and the Lebanese people is both morally unacceptable and totally unrealistic. We in Lebanon call upon the international community and citizens everywhere to support my country's sovereignty and end this folly now. We also insist that Israel be made to respect international humanitarian law, including the provisions of the Geneva Conventions, which it has repeatedly and willfully violated." For "all this carnage and death, and on behalf of all Lebanese, we demand an international inquiry into Israel's

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criminal actions in Lebanon and insist that Israel pay compensation for its wanton destruction."

Growing Anti-American Furor Seen As Hurting Arab Democrats. The New York Times (8/9, MacFarquhar, 1.21M) reports, "Moderate reformers across the Arab world say American support for Israel's battle with Hezbollah has put them on the defensive, tarring them by association and boosting Islamist parties. The very people whom the United States wanted to encourage to promote democracy from Bahrain to Casablanca instead feel trapped by a policy that they now ridicule more or less as 'destroying the region in order to save it.'" The Times adds, "Indeed, many of those reformers who have been working for change in their own societies -- often isolated, harassed by state security, or marginalized to begin with -- say American policy either strangles nascent reform movements or props up repressive governments that remain Washington's best allies in the region."

The Christian Science Monitor (8/9, Grier, 58K) reports, "As the fighting between Israel and Hizbullah passes the one-month mark, it has grown from a skirmish into a swirling conflict with a geopolitical impact that could rival the iconic wars of modern Middle Eastern history. At stake may be the US push for democracy in the region, the influence of radical Islamists in surrounding states, and the progress of Iran's nuclear program - not to mention the futures of both Israel and Lebanon." The conflict's "historical footprint" may hinge on the outcome of this week's frantic diplomatic maneuvers." Secretary of State Condoleezza Rice "has described the fighting as the 'birth pangs' of a new Middle East. To the US administration, the conflict may be an opportunity to damage and discredit Hizbullah and its state sponsors, Syria and Iran." But "the US decision to, in essence, allow Israel time to continue its assault has sounded harsh to much of the Middle East. Anti-Americanism in the region was already on the rise, said Hisham Milhem, Washington correspondent for the Lebanese daily Al-Nahar."

Hezbollah Official Optimistic About Group's Future In Lebanon. The Washington Times (8/9, Pisik, 88K) reports on the visit of Hezbollah's social welfare operations leader for the city of Sidon, "Abou Ali," to a reporter. Four weeks "of relentless Israeli air strikes and bloody ground fighting may have degraded Hezbollah's military capability, but seem to have done little to break its spirit, at least in Sidon. These optimistic and determined midnight visitors say the world is witnessing a reborn Hezbollah that is trained, armed, dedicated and ferocious." Abou Ali is "especially concerned about how the American people view Hezbollah, or the 'Party of God.' He seems aggrieved to learn that Americans are much more aware of its military wing than of its political power and vast relief operations -- now geared up to assist tens of thousands of evacuees from the southern front." Abou Ali and his US-educated aide "complain that Israel is waging an unfair war by targeting civilians and, especially, children. But they reject criticism of their own Haifa-bound rockets, refusing to admit the similarities."

Israelis United In Support For War. The New York Times (8/9, Erlanger, 1.21M) reports, "As Israel's war with Hezbollah finishes a fourth difficult week, domestic criticism of its prosecution is growing. Yet there is a paradoxical effect as well: the harder the war has been, the more the public wants it to proceed." The criticism "is not that the war is going on, but that it is going poorly. The public wants the army to hit Hezbollah harder, so it will not threaten Israel again." The Times adds that "while Israelis are upset with how Prime Minister Ehud Olmert has run the war, they seem to agree with what he told aides this week -- that given the weaponry and competence of Hezbollah and the damage already done to Israel, 'I thank God the confrontation came now, because with every year their arsenal would have grown.'"

Blair's Handling Of Middle East Conflict Prompts Demand For Parliament Recall. The AFP (8/9) reports that "as many as 100 British members of Parliament, most of them from the governing Labour Party, are to demand that parliament is re-called immediately amid concern over the government's strategy to end the conflict in the Middle East, The Guardian reported." British Prime Minister Tony Blair's government "has been criticised for failing to call for an immediate ceasefire to the conflict between Israel and the Shiite militia Hezbollah. The lower House of Commons and upper House of Lords are in their annual recess until October 9."

Wehner Defends Bush's Middle East Democracy Agenda. In a Wall Street Journal op-ed (8/9), Peter Wehner, deputy assistant to the president and director of the White House's Office of Strategic Initiatives, says, "Recent elections in the Middle East discredit the Bush administration's efforts to promote democracy in that region, according to a line of argument." But it is "worth examining these arguments with care. It is not as if Hamas replaced the Palestinian version of the Federalist Party. Hamas defeated Fatah, which was a corrupt and brutal regime under Yasser Arafat -- himself a father of the modern terrorist movement." Hezbollah is "powerful not because of the number of its parliamentary seats (14 out of 128); it is so because it is an armed, brutal militia that exists in a weak state and a fledgling democracy. Beyond that, Hamas, Hezbollah and the Muslim Brotherhood were not the creation of free elections. None was radicalized by them; all were dangerous before them. It's also worth noting that radical Islamic governments have come to power through means other than the ballot. It's not as if an undemocratic Middle East is a region characterized by peace and harmony. Elections are not the problem; rather, they reveal what problems exist and remind us what tyranny in the Middle East has wrought. Liberty is the antidote to the virus,

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not the virus itself. But freedom requires more time to work in the Middle East than the blink of an historical eye."

More Commentary. In his New York Times column (8/9), Thomas Friedman says the "most important thing you need to know about Israel today and how it has performed so far in the war with Hezbollah is Warren Buffett." The "most talked-about story in Israel, before Hezbollah started this war, was the fact that on May 5, Mr. Buffett, the Berkshire Hathaway chairman and the world's most successful investor, bought an 80 percent stake in the privately held Israeli precision tools company, Iscar Metalworking, for $4 billion — Mr. Buffett's first purchase of a company outside America." Young Israelis "dream of being inventors, and their role models are the Israeli innovators who made it to the Nasdaq. Hezbollah youth dream of being martyrs, and their role models are Islamic militants who made it to the Next World. Israel spent the last six years preparing for Warren Buffett, while Hezbollah spent the last six years preparing for this war." Israel "needs to get a cease-fire and an international force into south Lebanon — and get out. Israel can't defeat Hezbollah, it can only hurt it enough to make it think twice about ever doing this again — and it has pretty much done that." Israel "wins when Warren Buffett's company there is fully back in business — not when Nasrallah is out of business. Because that will only happen, not by war, but when Arabs wake up and realize that he is just another fraud, just another Nasser, whose strategy would condemn the flower of Arab youth — who deserve and need so much better — to another decade of making potato chips, not microchips."

In a Wall Street Journal op-ed (8/9), Thane Rosenbaum, a novelist and professor at Fordham Law School, says, "This is a soul-searching moment for the Jewish left. Actually, for many Jewish liberals, navigating the gloomy politics of the Middle East is like walking with two left feet." Since "9/11 and the second intifada, where suicide bombings and beheadings have become the calling cards of Arab diplomacy, and with Hamas and Hezbollah emerging as elected entities that, paradoxically, reject the first principles of liberal democracy, I feel a great deal of moral anguish. Perhaps I have been naïve all along." Many Jewish liberals "are surrendering to the mindset that there are no solutions other than to allow Israel to defend itself -- with whatever means necessary. Unfortunately, the inevitability of Israel coincides with the inevitability of anti-Semitism." The "recent disastrous events in Lebanon and Gaza have inadvertently created a newly united Jewish consciousness -- bringing right and left together into one deeply cynical red state."

Olmert Says His Security Cabinet Will Consider Expanding Military Offensive. CNN's The Situation Room (8/8, Blitzer) reported that Israeli Prime Minister Ehud Olmert says his security cabinet will meet tomorrow to discuss expanding the military offensive in southern Lebanon. And he's using the word 'interesting' to describe Lebanon's offer to send peacekeeping troops to southern Lebanon if Israel pulls out. The White House is echoing that sentiment right now."

McClatchy (8/9, Strobel, Rosenberg) reports Israel "prepared Tuesday to dispatch thousands more troops to southern Lebanon in an effort to end Hezbollah rocket attacks on northern Israel as diplomats at the United Nations searched for a compromise that might end the nearly month-old war." The CBS Evening News (8/8, story 5, 1:45, Pizzey, 7.66M) also reported that "rumors are rife that the security cabinet will decide tomorrow whether to pour even more troops into Lebanon and seize territory right to the Litani River. In a move analysts here say is significant, the general in charge of the northern front has been shoved aside in favor of a more seasoned general known to be an advocate of pushing harder into Lebanon."

The Washington Times/AP (8/9, Karam) reports on the Israeli high command change, noting the naming of "a new top commander" and the effectively demotion of "another general after criticism of the army's handling of the four-week-old offensive." The military "said that Maj. Gen. Moshe Kaplinsky, a veteran of previous Lebanon campaigns, was named 'to coordinate the Israeli army's operations in Lebanon.'" The AP adds, "Israeli commentators saw the move as effectively pushing aside Gen. Udi Adam, head of northern command, at a time when some Israelis are asking why the region's mightiest army has failed to halt Hezbollah rocket fire after 28 days of fighting."

The Washington Post (8/9, A10, Finer, Cody, 748K) reports "some Israeli television reports described the arrival of Kaplinsky, who had previously commanded Israeli forces in the West Bank and Lebanon, as 'an impeachment' and said it was the first time since 1973 that the top command had been reshuffled during a war."

Meanwhile, the fighting continues. USA Today/AP (8/9, Gannon) reports Israel "declared a no-drive zone Tuesday in southern Lebanon below the Litani River and threatened to blast any moving vehicle as a guerrilla target. Only pedestrians ventured into the streets of Tyre, and country roads and highways were deserted throughout the region." In "the 28th day of the war between Israel and Hezbollah guerrillas, ground fighting intensified across the southern Lebanon front. At least 19 Lebanese died in airstrikes." Israel "reported three soldiers killed Tuesday and no civilian fatalities." NBC Nightly News (8/8, story 6, 2:10, Williams, 9.87M) reported, "With the death toll from yesterday's attacks on Lebanon now officially up to 77, that is the highest since the war began."

The New York Times (8/9, Oppel, 1.21M), meanwhile, says that "with the Israeli military unable to stop Hezbollah

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from firing hundreds of deadly Katyusha rockets into the north every day, the government is moving to temporarily relocate thousands of residents who are too poor, too sick or otherwise unable to leave on their own." The Times adds, "Coming almost four weeks after the start of the fighting, the effort appears to be another indication that Israeli officials have concluded that, absent a cease-fire, the war will prove long and difficult, and that Hezbollah will continue to have the ability to fire its ball-bearing-laced rockets into a wide swath of northern Israel."

The Washington Post (8/9, A11, Moore, 748K), in a feature focusing on the war's toll on Israelis, says, "Like the suicide bombers who terrified Israelis during the Palestinian uprising, Hezbollah's unguided and relatively unsophisticated missiles have left one of the world's best-equipped armies unable to defend its citizens." The Post adds, "Military analysts say Israel believed, perhaps mistakenly, that it could wage a Kosovo-style air war to eliminate most of Hezbollah's launchers. They also fault the military's over-reliance on high technology in an era of guerrilla-style threats, and a political strategy of trying to keep military deaths low by using minimal ground forces."

The Washington Post (8/9, A11, Cody, 748K) reports on the destruction in Beirut, where "the jumbled streets with their little sandwich shops and decrepit walls, where laborers and clerks raised their families, a pair of rockets fired from an Israeli warplane Monday evening streaked down and destroyed three apartment buildings. The blasts crumpled cars like accordions. Apartment buildings collapsed into piles of rubble. Windows shattered for blocks around. The steel shutters of storefronts buckled."

Humanitarian Crisis Seen As Deepening. The New York Times (8/9, Kifner, 1.21M) reports, "A humanitarian crisis deepened across Lebanon on Tuesday as fighting continued to rage between Israeli soldiers and Hezbollah guerrillas along the border, amid indications that Israel was preparing for a major escalation." In Tyre, "the besieged major city in the south, leaflets fluttered down warning that any car on the roads south of the Litani River could be hit." The United Nations, "as well as the Red Cross and other aid groups, said they were unable to move convoys to the villages around Tyre to deliver supplies or even dig out bodies buried under rubble." The New York Times (8/9, Fattah, 1.21M) reports on the situation in Lebanon, in a story titled "As Lebanon's Fuel Runs Out, Fears Of A Doomsday Moment." The Times says that "even when authorities have been able to scrounge up diesel fuel to power generators, trucks have not been able to deliver it to hospitals in the south of the country because of bombed out roadways and continuing air strikes. The most pessimistic estimates have the country running out of fuel for its power plants in a week; the most optimistic give Lebanon less than a month before the blackout."

US Crackdown On Islamic Charities Complicating Relief Efforts. The Washington Post (8/9, A3, Cooperman, 748K) reports, "Charities prefer that people send money…because in-kind donations force the charities to pay for shipping, delay the arrival of the aid, and saddle relief workers with the task of sorting and distributing items that may not be needed." However, relief groups lament, "many people who are inclined to write checks for emergency aid and reconstruction in Lebanon are afraid of ending up in some government database of suspected supporters of terrorism. … Though aimed at cutting off illicit funding for terrorist groups," the US crackdown on Islamic charities "has complicated legitimate humanitarian relief efforts in Lebanon, Gaza and the West Bank." Arab American Institute president James Zogby added, "In the context of the NSA monitoring everything under the sun, people are afraid."

State Department Sees No Signs Iran Plans To Heed UN Deadline. The AP (8/9, Schweid) reports, "With deadlines approaching, the State Department on Tuesday said it has seen no indications that Iran plans to comply with UN demands that it suspend enrichment of uranium, a key step in making nuclear weapons. Defiance could trigger efforts by the United States and European allies to impose economic or political sanctions on Iran in the Security Council." Secretary of State Condoleezza Rice, "due in New York this week to oversee UN attempts to bring about a cease-fire in the Mideast, will also confer with foreign ministers about how to deal with Iran, said the State Department spokesman Sean McCormack." Said McCormack, "There have been a variety of public statements from the Iranians, but we haven't seen any evidence yet that they are complying with the demand and requirement of the international community."

Pakistan, Iran Agree To Boost Cooperation To Battle Terrorism. The AP (8/9) reports, "Pakistan and Iran have agreed to increase cooperation to fight terrorism, drug and human trafficking and to ensure the early release of each other's prisoners, a senior government official said Tuesday." The decision "was made at the sixth Pakistan-Iran Special Security meeting in Tehran last week, said Kamal Shah of the Interior Ministry, who led the Pakistani delegation. … Because terrorism poses a threat to both sides, they also resolved to frequently exchange intelligence and help each other fight this 'menace.'"

Senate Iran-Sanctions Bill Said To Be Gaining Momentum. The Hill (8/9, Mikhail) reports, "While the war between Israel and Hezbollah continues to dominate international headlines, new momentum is developing for a long-stalled Iran-sanctions bill that the Senate will consider after the August recess." The Senate Banking Committee "will consider provisions of the Iran Freedom and Support Act, which Sen. Rick Santorum (R-Pa.) introduced last year. The

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recent conflict between Israel and Hezbollah, as well as the recent breakdown in negotiations aimed at curtailing Iran's alleged attempts at a nuclear-weapons program, could help persuade enough Senators to vote in favor of the sanctions language." The provisions "call for sanctioning companies that invest in Iran's petroleum sector, an attempt to cut off investment that could be used to help create or acquire a nuclear weapon." The measure "would amend existing provisions of the Iran-Libya Sanctions Act (ILSA) by decreasing the discretion of the President to employ such measures."

Officials In India Concerned About Emergency Of Home-Grown Terrorism. The New York Times (8/9, Sengupta, 1.21M) reports, "The bomb attacks last month on seven Mumbai commuter trains did more than raise Indian hackles against Pakistan for failing to rein in terrorist groups operating on its soil." They also "underscored a gathering threat for India: a small but increasingly deadly cadre of young and often educated Indian Muslims who are being drawn directly into terrorist operations." The Times adds, "The scale and coordination of the July 11 attacks, a senior Indian government official said, suggest that at least one terrorist cell, made up of fewer than a dozen local people and probably directed and financed by militants based in Pakistan, carried out the bombings, which killed 183 people." The emergence of a "sophisticated homegrown terror cells carries grave repercussions not only for national security, but also for domestic politics, Hindu-Muslim relations and diplomacy with Pakistan."

Cuban Military Seen As Loyal To Raul Castro. The AP (8/9, Snow) reports, "With the military controlling a good share of Cuba's tourism, electronics imports and foreign currency reserves, the defense minister is as much entrepreneur as soldier. Now that he's filling in as president for his ailing brother, Fidel, Raul Castro can count on a network of similarly positioned uniformed and retired officers who are as loyal to him from behind their desks as they were on the battlefields of Angola and Ethiopia." Those generals and colonels "are known as 'Raulistas,' and their loyalty has helped them move into the highest echelons of the government and the economy." The AP adds, "Even dissident Vladimiro Roca, a former fighter pilot under Castro's command before breaking with the government, believes Castro has the military leadership's support."

US Companies Eye Unpaid Claims In Post-Castro Cuba. The Washington Times (8/9, Sparshott, 88K) reports that since the Bay of Pigs invasion, US companies have claimed a total of $1.85 billion in loses in Cuba. Those claims, "accruing 6 percent interest and now valued between $7 billion and $8 billion, would have to be settled by a post-Castro government to ease trade and investment between the island nation and the US." And with President Fidel Castro's declining health, the Times says "those companies and people that once owned property in Cuba may be closer to getting it back or receiving compensation." Ultimately, the Times says the State Department would negotiate a claims-settlement agreement with Cuba.

Exiles' View Of Cuba Analyzed. USA Today (8/9, Parker, 2.27M) reports "the illness that recently led Castro to cede power for the first time has rekindled hopes among Cuban-Americans that a new Cuba -- one that will be warm to democracy, or at least to capitalism -- finally could be on the horizon. … Now, amid hopes that Castro's successors could embrace economic reform, the take-back-Cuba movement also has turned pragmatic: The youngest exiles and children of those who fled Cuba say they don't necessarily want to live on the island, but they are planning ways to make money from its revitalization." USA Today adds, "Veterans of the failed, US-backed Bay of Pigs invasion in 1961 still hold war games in Florida's Everglades decades later, training on weekends even as they have grown paunchy over the years. … Meanwhile, aging Cuban-American lawyers run out of Havana by Castro, including Valdes-Faudi's father, Raul, spent much of 1995 writing potential laws and a new Cuban constitution. … Some older exiles' children, meanwhile, take a more pragmatic view about the notion of returning to Cuba by focusing on the island's economic potential."

Partial Recount Not Expected To Change Mexican Election Results. The Wall Street Journal (8/9, Lyons, 2.03M) reports, "Mexican electoral authorities planned today to start a partial recount of votes from the nation's presidential contest, but most observers predict the review won't find big discrepancies or evidence of fraud and will most likely reinforce the narrow victory of conservative candidate Felipe Calderón." The proceedings "probably won't assuage Andrés Manuel López Obrador, the second-place finisher who is challenging the outcome. Though numerous foreign election observers have said the July 2 balloting was conducted fairly, Mr. López Obrador, a populist former mayor of Mexico City, has rejected the partial review as insufficient and has demanded a full recount."

Mexican Election Escalates Debate Over NAFTA Provisions. USA Today (8/9, B6, Llana, 2.27M) reports corn is "fueling a clash between Mexico and the United States as cheap American corn has inundated Mexican farms and marketplaces under the North America Free Trade Agreement (NAFTA)." The "politics of corn" continue to "escalate as a 2008 NAFTA deadline looms for Mexico to scrap its corn and bean import tariffs." Meanwhile, USA Today says the disputed Mexican presidential election "has only heightened those tensions." While campaigning, runner-up Andrés Manuel López Obrador vowed to renegotiate

DOJ_NMG_0045339

NAFTA provisions, which has "raised the hopes of farmers across the country, many of whom have rallied around Obrador and promise a long, hard fight ahead if rival Felipe Calderón, a staunch supporter of NAFTA, is certified as president." Former assistant US trade representative Jon Huenenmann warns that corn is "one of the areas that has the potential to become extremely explosive." This article also appears in today's Christian Science Monitor (8/9, Llana, 58K).

Russia Arms Negotiations With Argentina Anger US. The Washington Times (8/9, Hearn, 88K) reports Russia is "negotiating arms sales to Argentina less than two weeks after angering Washington with a $3 billion deal to sell jets and helicopters to Venezuelan President Hugo Chavez." Russian Ambassador Yuri Korchagin "met with Argentine Minister of Defense Nilda Garre on Aug. 2 to express Moscow's willingness to 'open a road to military and technical cooperation,' according to a statement from Argentina's Ministry of Defense."

FMLN Splinter Group Said To Be Fomenting Violence. The Los Angeles Times (8/9, Tobar, Renderos, 918K) reports a "1992 peace treaty between El Salvador's right-wing government and the leftist Farabundo Marti National Liberation Front, or FMLN, brought this country's civil war to an end after more than a decade of guerrilla warfare and government-sanctioned killings and massacres. The FMLN became a legitimate party and entered politics." But "frustration with the country's lingering poverty, and the continuing political domination of the right-wing Nationalist Republican Alliance, known as Arena, has fed a growing discontent within the ranks of the FMLN, analysts say." The Times notes a recent "attack on police officers" that killed two "occurred during a student demonstration outside the National University, the scene of many violent and tragic protests during the civil war. The incident began as a peaceful protest of increases in bus fares and utility rates." According to "news and police reports, a group of radical FMLN activists known as the Limon Brigade from the San Salvador suburb of Mejicanos was responsible for the attack. Many have parents who fought and died in the civil war, sources close to the group say."

Libya Sues DC Over Refusal To Turn On Water Service For Embassy. The AP (8/9) reports Libya "wants to reopen an embassy in the United States, but it can't get the District of Columbia to turn on the water." The Libyan government "sued the D.C. Water and Sewer Authority last week in federal court, demanding that the property's water and sewer service be turned on. The lawsuit also asks for $1 million in damages." The dispute originates with "more than $27,000 in outstanding water and sewer bills. The D.C. utility won't provide water or sewer service until someone pays." The city's records "show water and sewer accounts at the property in the name of the 'United Kingdom of Libya,' and the authority has filed a lien demanding payment, The Washington Times reported Tuesday." Libya says "it hasn't occupied the Wyoming Avenue building since 1981, when the U.S. government cut diplomatic ties with the country and shut the embassy."

UN Highlights Killings Of Sudan Aid Workers. The New York Times (8/9, Polgreen, 1.21M) reports the UN said "more aid workers in Darfur, the troubled Sudanese region, have been killed in the past month than in the previous three years of conflict there." Eight Sudanese aid workers "were killed in July in attacks across Darfur, the United Nations said, compared with only six from 2003, when the conflict began, through June." The violence "has already contracted the scope of aid operations, depriving tens of thousands of people of food handouts, medical care and clean water. Beyond that, the deepening chaos imperils the effort to help millions of other displaced people in the region, officials of aid groups that work in the region say."

Chinese Official Executed For Alleged Spying For Taiwan. The AP (8/9, McDonald) reports an official "from China's social security fund has been executed on charges of spying for rival Taiwan, a spokesman for the agency said Tuesday, and government employees have been required to watch a video about the case." Tong Daning, "director of the general office of the National Social Security Fund, was executed April 21, said Yan Caiping, the agency's chief press officer. Yan said Tong was convicted of spying for Taiwan but wouldn't give any other details."

Chinese Punk Scene Seeks Breakthrough From Margins. The Washington Post (8/9, A1, Fan, 748K) reports in a front page story on the punk music scene in China, noting "it might take screaming to be heard. They make up a small slice of the music industry here, and they play to a largely underground scene. But their struggle to gain attention provides a glimpse of what it's like to be a rebel in a country that suppresses dissent and individuality, and an artist in a culture that worships money and Western fads."

WPost Says UN Should Address Burma. The Washington Post (8/9, A16, 748K) says in an editorial, "This might seem the least likely moment to expect the U.N. Security Council to take up the question of Burma. Lebanon is burning; Iran is going nuclear -- do the world's diplomats really need one more intractable problem?" But the "fact that Burma is not at the top of anyone's agenda is exactly the reason the Security Council should act." It offers the UN "a chance to show that it can deal with a threat to global security

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before it explodes onto the front page." Its "malevolent dictatorship does represent a threat to peace: Its depredations at home (mass rapes, enforced child labor, burning of farms and villages) push masses of refugees across its borders. Its economic failures make it a locus of AIDS and other diseases. Its corruption makes it a leading source of illegal drugs. And its population of 50 million suffers under a regime whose repressiveness is rivaled only by North Korea's." The United Nations "would enhance its own stature by associating itself with Burma's nonviolent democrats."

WSJournal Hopeful Over China's Changing Policy On North Korean Refugees. The Wall Street Journal (8/9, 2.03M) says in an editorial that the "story of the North Korean refugees who received asylum in the U.S. last month has received little attention world-wide. But it's the first glimmer of hope for the tens of thousands of desperate North Koreans -- perhaps more -- who are hiding in northeast China." The three refugees "arrived in the U.S. directly from Shenyang, China, where they had sought refuge in the US consulate." This "is an extraordinary development" because "until now, China had strictly enforced its policy of repatriating every refugee it tracks down and catches -- a policy that condemns returnees to the North Korean gulag, or worse. The fact that Beijing authorized the release to the U.S. of the three North Koreans hints that it might be reconsidering this inhumane policy."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
""Lieberman Is Defeated In Primary."
"Is Copying A Crime? Well …."
"Ambush On Path To Recovery."
"Shiites Press For A Partition Of Iraq."
"Sense Of Duty Lures 'Expats' Back Home To New Orleans."
"Report Compares San Diego Pension Fund Scandal To Enron."

USA Today:
"Online predators Less Prevalent."
"Exiles' Vision For Cuba A Mix Of Hope, 'Fantasy.'"
"Fed Lets Rates Stay Put For Now."
"Expert: Most Bus Fires Unrecorded."
"Lieberman Loses Senate Race In Conn."

New York Times:
"Lamont Defeats Lieberman In Primary."
"In Policy Shift, Fed Calls A Halt To Raising Rates."
"Anti-U.S. Feeling Leaves Arab Reformers Isolated."
"A Face Is Exposed For AOL Searcher No. 4417749."
"Gas Prices Alter Habits Of Many, But Far From All."

Washington Post:
"Punks And Posers In China."
"War Crimes Act Changes Would Reduce Threat Of Prosecution."
"A Fight Against Terrorism -- And Disorganization."
"In An Executive Race Short On Contrasts, Traffic Creates A Clear Fissure."
"Neighbors Keep A Wary Eye On Swelling GMU."

Washington Times:
"Lieberman Loses Primary."
"Israeli Attacks Kill 13 In Lebanon."
"Cuba Eyed For Unpaid Claims."
"Slow Senate Likely To Force Omnibus Bill."
"Germans Find Deaths At Berlin Wall."
"Madden Mania At A Fever Pitch For Release Of '07 Game."

Detroit Free Press:
"Tension Surges In Raven Case."
"Bouchard, Stabenow Will Face Off In November."
"Strong Showing In Oakland Hurts Butler."

Atlanta Journal-Constitution:
"McKinney Defeated."
"My, What Red Eyes You Have! And What Sky-High Scores..."
"9/11 Film: Is The National Psyche's Wound Too Raw?"

Houston Chronicle:
"DeLay Is taking Name Off ballot."
"Star Serves Up Tricks, Treat."
"BP Line Was Not Subject To Oversight."
"Penguins Dive Into Trouble On Their Southward Journey."

Story Lineup From Last Night's Network News:
ABC: Sectarian Violence; Lieberman Campaign; Fed-Interest Rates; BP Oil Pipeline Shutdown; Israeli Offensive; Missing Foreign Students; Hurricane Risk; Surgery-Conjoined Twins; Teenage Female Race Car Driver.
CBS: Interest Rates Announcement; Home Foreclosures; BP Oil Pipeline Shutdown; Israeli Offensive-Beirut; Israeli Cabinet Expansion; Lieberman Campaign; Fantasy Baseball; Dangerous Defibrillators; Soft Drinks-Obesity; Surgery-Conjoined Twins."
NBC: BP Oil Pipeline Shutdown; BP-Maintenance Investigation; Fed-Interest Rates; Stock Market; Lieberman Campaign; Israeli Offensive-Beirut; Iraq-Sectarian Violence; Counter Terrorism; FEMA Trailers-New Orleans; Faith Night Baseball.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: CT-Lieberman Primary Loss; GA-McKinney Primary Loss; DeLay Ballot Case; Iraq-US Helicopter Crash.

DOJ_NMG_0045341

CBS: CT-Lieberman Primary Loss; GA-McKinney Primary Loss; Israel-Lebanon Attacks; UT-conjoined Twins Separated; NFL-Fan Behavior.
NPR: CT-Lieberman Primary Loss; GA-McKinney Primary Loss; Lebanon-Troop Proposal; Israel-Lebanon Attacks; ABA-Bush Signing Statements; Wall Street; Hurricane Season; Federal Reserve-Interest Rates.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: GREEN ROOF _ 9 a.m. The Chesapeake Bay Foundation and its partners unveil the largest green roof in D.C. at the new U.S. Department of Transportation headquarters on M Street SE. The twin roofs, which will hold 68,000 square feet of plants, are available to see being planted, and also under construction, so the layers of filters and material under the plants will be visible. The twin roofs, which will hold 68,000 square feet of plants, are available to see being planted, and also under construction, so the layers of filters and material under the plants will be visible. Location: M Street SE, between New Jersey Avenue and 4th Street, near the Naval Yard.

IRAQ-DEMONSTRATION _ 9:30 a.m. Arab-American, Muslim and U.S. peace organizations hold a news conference to announce an Aug. 12 anti-Iraq war rally in Washington. Location: National Press Club.

ENVIRONMENTAL GROUPS-OIL _ 11 a.m. Representatives for the Natural Resources Defense Council, other environmental groups, hold a teleconference to discuss how they feel the country should address what sponsors say is the real problem highlighted by the latest Alaskan oil spill: Americas growing dependence on oil. Contacts: Julia bovey, 202-289-2420. Notes: Please call 800-901-1248, ask for ``BP Call. Credentialed media only.

MOVEON-LIEBERMAN _ 11:30 a.m. Eli Pariser, Executive Director of MoveOn.org Political Action, others, holds a teleconfeence to discuss the results and implications of Connecticut's Democratic Senate primary election, as well as MoveOns strategy for the November elections. Contacts: Trevor FitzGibbon, 202-246-5303. Notes: Dial 800-905.0392, Conference ID: ``MoveOn To RSVP, please contact Alex Howe at: ahowefenton.com or 202-822-5200.

PUBLIC RADIO _ 1:30 p.m. The Calvert Foundation, others, hold a telephone briefing on the ``Public Radio Fund," designed to expand public radio and local radio voices in the US. Contacts: Patrick Mitchell, 703-276-3266. Notes: Callin number: 800-860-2442; passcocde: investing in public radio.

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Subject:	Department of Justice News Clips for Wednesday, August 09, 2006
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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, AUGUST 9, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

A Fight Against Terrorism -- And Disorganization (WP) 4
One Of Seven Alleged Terrorist Plotters Seeks Release On Bail (AP) 9
How An Overachieving Law Professor Toppled The President's Terror Tribunals (LAW) 9

Patriot Act:

Foes Of FBI Searches Of Library, Internet Records Renew Challenge (NJTD) 13

Homeland Response:

Peace Group Under FBI Surveillance (NCR) 14
Passport Chip Sets Security Concerns (WSJ) 15
Report Warns Of Vulnerable Munitions (WP/MCT) 16
Testing Of An ID Takes Step Ahead (NYT) 17
Pinned Under The Weight Of 9/11 History (NYT) 17
Intimate 'Trade Center' Tells Larger Tale (USAT) 19
New Oliver Stone Film Commits One Offense: Making 9/11 Tedious (WSJ) 19
Oliver Stone's 'Trade Center' Is Two Stories Short (WP) 21
$400 Million FEMA Contracts Now Total $3.4 Billion (WP) 22
Agencies In New Orleans Struggle To Rebuild Workforce (WP) 24
Sense Of Duty Lures 'Expats' Back Home To New Orleans (LAT) 25
U.S. Officials Revise Outlook For Hurricanes (NYT) 27
NOAA Curtails Hurricane Forecast (WP) 27
Forecasters Predict Fewer Hurricanes (USAT) 28

War News:

Bombings, Shootings Kill 33 Across Iraq (AP) 28
At Least 20 Die In Series Of Baghdad Bombings (USAT/AP) 30
Bank Robbery And Bombs Kill 24 In Iraq (NYT) 30
Shia Embrace Partitioning Of Iraq (LAT) 32
So What's Our Role In Iraq's Civil War? (WP) 34
Swath Of North Turned Over To Iraqi Army (WP) 35
Prognosticating Below Par (WP) 36
War Crimes Act Changes Would Reduce Threat Of Prosecution (WP) 37
Soldier Describes Unit 'full Of Despair' In Iraq (USAT/AP) 39
Prosecutors Shun Excuses For Accused GIs (AP) 40
At Rape Hearing, U.S. Soldiers Describe Stress Of War (WP) 41
Iraqi Refugees Seek Safe Harbor -- In U.S. (WSJ) 42
Bogotá Set To Assist In Kabul's Drugs Battle (FT) 43
Witness: CIA Worker Says He Hit Afghani (AP) 44
Army Recruits Learn Combat From Experts (USAT) 45
Center For War-related Brain Injuries Faces Budget Cut (USAT) 46

DOJ:

Attorney General Talks Crime (CINE) 46
Attorney General To Add 23 Drug Prosecutors (AP) 47
Gonzales Tours OTR, Announces New U.S. Attorney For Region (CHANCIN) 47
U.S. Attorney General Visits Cincinnati (WKRC-TV) 48

Corporate Scandals:

Pixar Granted Options At Lows; Cablevision Is To Delay Results (WSJ) 48
Apple Execs, Former GC Seek Counsel In Face Of Backdating Probe (LAW) 50
Suit Against American Express Is Reinstated (WSJ) 51
Judge Delays Grasso Trial Date, Will Decide If Pay Was Reasonable (WSJ) 51
Grasso Compensation Trial Hinges On Issue Of 'Reasonable' Pay (WP) 52

Criminal Law:

Mayor's Friend Gets 21/2 Years (PHI) 52
Not Worth The Stretch (PHDN) 54
Phila. Mayor's Ex-Law Partner Sentenced (WP/AP) 54

Report: San Diego Books Long Mismanaged (AP) 55
Report Compares San Diego Pension Fund Scandal To Enron (LAT) 56
Neeb Cries Foul In Investigation (BRADV) 57
Ohio Executes Man Convicted Of Killing 3 (FINDLAW/AP) 58
Online Predators Less Prevalent (USAT) 58
Lawyers In Murder Appeal Use Cigarette-Break Defense (NYT) 59
FBI Joins Hunt In Boiling-oil Murder (BSH) 60
Woman Sought In Husband's Hot Oil Death (WP/AP) 60
Woman Pleads Guiilty To Katrina Fraud (CL) 61
Hotel Owners Arrested (NATDEM) 61
Waltham Man Charged With Defrauding 50 Out Of About $5 Million (AP) 61
Fund Manager Gets Six Years For Fraud (ABJ) 62
Man Admits Stealing Trade Secrets (SDUT) 62
Woman Gets 4 Years In Prison For Extortion Against Strippers (AP) 62
Crime Emergency Affects Very Little (WT) 63
Prostitution Sting Nets 4 Near BWI (WT) 64
Is Copying A Crime? Well … (LAT) 64

Civil Law:

City Takes On U.S. In The Battle Of Independence Square (NYT) 69
A Face Is Exposed For AOL Searcher No. 4417749 (NYT) ... 70
Coalition Urges House To Let Whistle-blowers Speak Freely (HILL) 71

Civil Rights:

Mo. Landlord, 85, Accused Of Harassment (AP) 72
Davis To Gonzalez: GOP Candidate Riley Wrong For Voter Database (AP) 73
Davis Claims Court Decision A Partisan Move (TUSN) 74
Ex-Policeman Admits Civil-Rights Crimes (LAT/AP) 74
Ex-officer Admits Guilt In Threats (BSUN) 75
Federal Appeals Court Rules Against Workplace PC Privacy (SFC) 76
U.S. Court Rules Against Employee Computer Privacy Rights (BCNS) 77
Assaults On Jail Guards Doubled (BSUN) 77
Proposal Adds Options For Students To Specify Race (NYT) 78

Antitrust:

Tulsa Firm, Officials Plead Guilty In Pipeline Case (TULSAW) 79
Aramark To Be Sold In $6.3 Billion Deal (WSJ) 80
Aramark OKs $6.3B Offer To Go Private (USAT) 80
Nokia To Buy Loudeye In Bid To Outdo ITunes (NYT) 81
Generic Version Launched Of Bristol-Myers Best Selling Drug (AP) 82
Sanofi, Bristol-Myers Face Generic Rival For Plavix (Update5) (BLOOM) 83
Bristol-Myers Sees A Generic Rival To Plavix (NYT) 85
Blockbuster Deal: Cinemark To Buy Century (SACBIZ) 85
Anadarko Gets Clearance For Acquisitions (AP) 86
Wi-Fi To The Max (WSJ) 86

Environment:

Bodman Confident Oil Supply Can Recover (AP-Y) 87
Country Can Cope With Oil Loss, Energy Chief Says (NYT) ... 88
May Be January When Alaskan Oil Flows As Before (LAT) 88
BP Considers Ways To Keep Part Of Its Prudhoe Bay Oil Field Open (WSJ) 91
Bush Eschews Harsh Medicine In Treating U.S. Oil 'Addiction' (WSJ) 91
Gas Prices Hold Steady Despite Oil Field Shutdown (NYT) .. 94
Gas Prices Alter Habits Of Many, But Far From All (NYT) 95
BP Given Earlier Warning Of Corrosion (FT) 97
For BP, A Pair Of Repairs (WP) 97
BP Faces Scrutiny For Pipeline Shutdown (AP) 99
Worries Rise Over Pipeline Reliability (USAT) 100
Lessons From Prudhoe Bay (NYT) 101
Loss Of One Oil Field Stings; Scores More Lie Untapped (USAT) 101
Drilling Isn't The Answer (USAT) 102
Crisis In The Pipeline By (WSJ) 103
Judge OKs Camping Ban Near Bush Ranch (AP-Y) 104
Bush Tells Staff To Make A Run For It (LAT) 104
Inside Politics (WT) 105
Court Rejects Nev. Yucca Mountain Appeal (AP-Y) 107
States Scrape Up Bird Flu Drug Funds (USAT) 108
Let The Antelope Roam (NYT) 109

FBI/DEA/ATF/USMS:

Dunn Pursues Sheriff Dispute To U.S. Att'y General (FAYCIT) 110
'Mastermind' In '94 Slaying Of U.S. Drug Agent Convicted (AR) 110
Man Convicted In Phoenix Of Murdering DEA Agent In 1994 (AP) 111
9 Plead Guilty In Marijuana Ring In Upscale Neighborhoods (TT) 111
Buffy Sainte-Marie's Censored Sounds (ICT) 112
Banned Track Coach Seeks Reversal By The USOC (AP) .. 113

DOJ_NMG_0045345

Graham Says A Polygraph Proves He Was Not Doping (NYT) 114
Lengthy Mandatory Sentence Appealed (AP) 115
Alleged Drug Leader Caught In Venezuela (AP) 115
US Defends Opium Policy Despite Afghanistan Violence (GUA) 116
Colombian Guerrilla Was Board Member Of Public Utility (AP) 117
At 2nd Inauguration, Colombia's Uribe Vows To Pursue Peace (LAT) 117
Drug Addiction Rates Soar In War-Torn Afghanistan (VOA) . 118

Immigration:

Risky Measures By Smugglers Increase Toll On Immigrants (NYT) 119

Tax:

Tax Shelters Under Scrutiny At Seattle Hedge Fund Firm (NYT) 121

Congress-Administration:

ABA Urges Halt To `signing Statements' (BOS) 122
ABA Condemns President Bush's Use Of Signing Statements (LAW/AP) 123
VA Chief Blamed For Data Thefts (AP-Y) 124
WASHINGTON IN BRIEF (WP) 125
WTO Negotiator Penn To Resign (WSJ) 125
Slow Senate Likely To Force Omnibus Bill (WT) 126
Pension Reform Aims To Boost Savings (CSM) 127
New Bill May Boost Charitable Giving (WSJ) 128
U.S. Lists Places Where It Could Force New Power Lines (NYT) 130
Fiscal Experts Question Cost Effectiveness Of Medicare Plans (USAT) 131
F.D.A. Gains Accord On Wider Sales Of Next-Day Pill (NYT) 132
Medicare Payments To Doctors Face Cuts (NYT) 132
Stem Cell Limits Have Scientists Seeing Double (LAT) 133
Miller May Have Violated House Ethics Rules By Borrowing $7.5M (HILL) 135

Other News:

Fed Keeps Key Rate Steady At 5.25% (WP) 136
Fed Lets Rates Stay Put For Now (USAT) 138
In Policy Shift, Fed Calls A Halt To Raising Rates (NYT) 138
Fed Pause Aims To Balance Risks Facing Economy (WSJ) 140
Fed Rate Pause Could Be Brief (USAT) 142
Fed Holds Rates For First Time In Two Years (FT) 143
Stocks Stumble After Fed Leaves Rates Unchanged (WSJ) 143
Stocks Fall Despite Fed's Pause In Rates (USAT) 144
A Pause That Digresses (WSJ) 145
Taking The Vice Out Of Pro Hac Vice (LAW) 145
Virginia Vs. Vermont (WP) 147
Lieberman Defiant In Defeat (HARTC) 147
LAMONT ROMPS TO WIN; LIEBERMAN VOWS INDEPENDENT RUN; DESTEFANO TOPS MALLOY (NB) 149
Lamont Defeats Lieberman In Primary (NYT) 151
Lieberman Loses Primary (WT) 152
A Referendum On Iraq Policy (NYT) 153
Lamont Victorious, But Lieberman Stays In Race (NLD) 155
Lieberman Loses Senate Race In Conn. (USAT) 156
Support For War Weakened Lieberman From Start (USAT) 156
Lamont Relied On Net Roots -- And Grass Roots (WP) 157
Lieberman Is Defeated In Primary (LAT) 159
Lieberman Defeated In Democratic Primary (WP) 161
Lieberman Campaign Website Hacked (AP) 163
Charges Of Dirty Tricks On Web Feed Speculation In The Blogosphere (NYT) 164
Revenge Of The Irate Moderates (NYT) 165
The Lieberman Lesson (NYT) 166
Moms Of Slain Troops Weigh New Goals (USAT) 168
Johnson Declares Victory Over McKinney (AJC) 169
Georgia Voters Oust McKinney From Congress Seat — Again (USAT/AP) 171
Democratic Congresswoman Loses Georgia Runoff For Re-election (NYT) 171
DeLay Vows To Take Name Off Texas Ballot (AP-Y) 172
DeLay Rules Out Campaign For His Former House Seat (NYT) 173
GOP Plans Write-in For DeLay Seat (WT) 174
With DeLay Out, GOP Searches For Write-In Candidate (WP) 175
Tom DeLay Will Not Run (HILL) 176
DeLay Vows To Get His Name Off Texas Ballot (USAT) 177
Republicans Keep Distance From Bush (FT) 178
Law May Complicate Plans To Replace Ney (AP-Y) 179
After Ney Exit, Padgett Faces Ballot Hurdles (HILL) 180
Give Clinton Credit For Welfare Reform (WSJ) 181
In Your Heart, Not Quite Right (WP) 182
Why He Did It (HILL) 184
The Measles Vaccine Follies (NYT) 185
Bid To End Lebanon Crisis Falters (FT) 186
Push For Cease-Fire Heats Up At U.N. (LAT) 186
U.S., France At Odds On Resolution For Mideast (WP) 189
U.S. Says Lebanese Forces Need Help (AP) 189

DOJ_NMG_0045346

Lebanese Army May Help Break Deadlock (AP).....190
Local Force Lebanon's Army, Key To U.S. Plan, Is Work In Progress (WSJ).....192
End This Tragedy Now (WP).....194
Anti-U.S. Feeling Leaves Arab Reformers Isolated (NYT).....196
In Mideast War, Stakes Keep Rising (CSM).....198
Hezbollah Visitors Arrive With Questions (WT).....199
Left Or Right, Israelis Are Pro-War (NYT).....200
British MPs To Demand Recall Of Parliament (AFP).....202
Democracy And Its Discontents (WSJ).....203
Buffett And Hezbollah (NYT).....204
Red State Jews (WSJ).....205
Israel Edges Closer To Expanding Ground War In Lebanon (MCT).....206
Israeli Attacks Kill 13 In Lebanon (WT/AP).....208
Israel Shuffles Command Of Lebanon Offensive (WP).....209
Israel Forbids Vehicle Traffic In Southern Lebanon (USAT/AP).....211
Thousands Of Residents Are Moved From Northern Israeli Towns As Rockets Keep Falling (NYT).....212
Israelis Confront 'New Kind Of War' (WP).....214
With Fatal Blasts, War Invades Quiet Enclave Of Beirut (WP)215
As Lebanon's Fuel Runs Out, Fears Of A Doomsday Moment (NYT).....216
Muslim Charities Say Fear Is Damming Flow Of Money (WP)218
U.S.: No Sign Iran Will Comply With U.N. (AP).....219
Pakistan, Iran Boost Terror Cooperation (AP).....220
Momentum Builds For Iran-sanctions Bill (HILL).....220
India Fears Terrorism May Attract Its Muslims (NYT).....221
Cuba's Military Men Loyal To Raul Castro (AP).....224
Cuba Eyed For Unpaid Claims (WT).....225
Exiles' Vision For Cuba A Mix Of Hope, 'fantasy' (USAT).....226
Mexico Recount Augurs Few Changes (WSJ).....229
Battle Escalates Over Cheap U.S. Corn Popping Into Mexico (USAT).....230
Politics Of Corn Loom For Divided Mexico (CSM).....231
Russia Negotiating Arms Sales To Buenos Aires (WT).....232
A New Rebellion In An Old Conflict (LAT).....233
No Water At Libyan Embassy In D.C. (AP).....234
Deaths Of Aid Workers In Darfur On Rise, U.N. Says (NYT).235
Chinese Official Executed As Taiwan Spy (AP).....236
Punks And Posers In China (WP).....236
Time To Act On Burma (WP).....238
Three Of The Lucky Ones (WSJ).....239

TERRORISM NEWS:

A Fight Against Terrorism -- And Disorganization (WP)

By Karen Deyoung

The Washington Post, August 9, 2006

Early this summer, a new strategy for combating terrorism, described by its authors as "revolutionary" in concept, arrived on President Bush's desk. The highly classified National Implementation Plan for the first time set government-wide goals and assigned responsibility for achieving them to specific departments and agencies.

Written by officials at the National Counterterrorism Center, under a directive signed by the president last winter, the 160-page plan aspires to achieve what has eluded the Bush administration in the five years since the Sept. 11, 2001, attacks: bringing order and direction to the fight against terrorism.

In the years since Bush stood atop the smoldering ruins of the World Trade Center and pledged retaliation against "the people who knocked down these buildings," the federal government has undergone an unprecedented expansion and reorganization.

Yet the counterterrorism infrastructure that resulted has become so immense and unwieldy that many looking at it from the outside, and even some on the inside, have trouble understanding how it works or how much safer it has made the country.

Huge amounts of money have been spent -- $430 billion so far on overseas military and diplomatic counterterrorism operations, according to the U.S. comptroller general, a tripling of pre-9/11 expenditures for domestic security programs to an estimated $50 billion to $60 billion this year, and untallied billions more in state and local money.

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Institutions historically charged with protecting the nation have produced a new generation of bureaucratic offspring -- the Pentagon's Counterintelligence Field Activity (CIFA) and Joint Intelligence Task Force for Combating Terrorism (JITF-CT), the Treasury Department's Office of Intelligence and Analysis (OIA), and the FBI's National Security Service (NSS), to name a few -- many with seemingly overlapping missions.

New laws have broadened domestic enforcement powers, and the Justice Department has been radically restructured to emphasize counterterrorism. The FBI, where counterterrorism now accounts for half of all investigations, has nearly doubled its budget to $6 billion since 2001 and added 7,000 employees. Twenty-two domestic agencies have been combined under the new Department of Homeland Security, while separate counterterrorism divisions now exist in virtually every nook and cranny of the federal government, from the Transportation Department to the Food and Drug Administration.

Outside Washington, 42 states have established intelligence "fusion centers" -- centralized locations where local, state and federal officials operate joint information-gathering and analysis operations.

The proof that it is all working, White House officials often say, is that there has been no attack on U.S. soil since 2001.

But critics say that after nearly five years, the fight against terrorism often seems like a chaotic work in progress.

"It's as if we're at 2002 and not 2006 in terms of where we are," Rep. Zoe Lofgren (D-Calif.), a member of the House Homeland Security Committee, said in an interview.

The ad hoc construction, adding layer upon layer with none taken away, has left intelligence and security agencies competing for turf. Deadlines for priorities have been missed. DHS, for example, has repeatedly delayed supplying a congressionally mandated list of the nation's critical infrastructure, and a blueprint for information-sharing among federal, state and local entities has been slow to get off the ground.

Continuity and coherence have been undercut by rapid turnover among top officials, particularly in the institutions responsible for domestic security and preparedness.

DHS's cybersecurity division has been run by an acting director since the last full-time appointee -- the third person to leave the post in a year -- resigned in October 2004. In April, the FBI's sixth counterterrorism chief since 2001 tendered his resignation after 10 months on the job. Many with government training and security clearances resign or retire, only to sign on at far higher salaries with the burgeoning private-sector security industry.

At the state and local front lines, officials complain of limited input in the development of homeland security policies and impenetrable layers of federal secrecy -- including as many as 90 categories of "sensitive but unclassified" information -- that limit the usefulness of terrorism alerts they receive from Washington, according to separate surveys this spring by the National Governors Association and the Government Accountability Office.

On paper, at least, the man in charge of much of the counterterrorism effort is Director of National Intelligence John D. Negroponte. His office was created last year under the 2004 Intelligence Reform and Terrorism Prevention Act to fix two widely acknowledged problems. The first was the intelligence community's pre-9/11 failure to collect and share information that might have warned of the al-Qaeda attacks. The second problem was the confusion and competition spawned by post-9/11 attempts to fix the first.

Negroponte supervises the 16 agencies that make up the federal intelligence community and is the president's chief intelligence adviser. Directly under him, the National Counterterrorism Center (NCTC) is the central repository for terrorism information collected throughout the community. Its several hundred analysts integrate intelligence, figure out what it means and redistribute it across the government. The center's strategic planning division provides what NCTC Director John Scott Redd has called "the missing piece" between White House policy decisions and the operational departments and agencies that carry them out.

"We've done a great deal" in the years since 9/11, said one of a number of counterterrorism officials interviewed for this article, all of whom agreed to speak only if their names were not used. "There's a lot more we need to do. A lot more."

The official added: "The American people ought to have some faith that we're working on it."Beyond the Military Approach

It was only natural that the military would take the lead in fighting terrorism after Sept. 11. In Afghanistan and other al-Qaeda locales, U.S. forces produced victories that were substantive and quantifiable, as well as politically useful to the administration.

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Other parts of the government had important roles. But the Defense Department, buttressed by its intrinsic organizational skills, its traditional role as the recipient of the lion's share of the intelligence budget, and the zeal and policymaking influence of Defense Secretary Donald H. Rumsfeld, quickly grew to dominate much more than the war-fighting effort.

The Pentagon has clashed repeatedly with the CIA and the State Department as it has sought to expand its counterterrorism mission. Last year, both protested a secret Pentagon program that sends Special Forces units in plain clothes on intelligence-gathering missions to countries where no war is in progress and with which the United States has friendly diplomatic relations.

The Pentagon argued that troops report to their commanders and the defense secretary, not the secretary of state or the CIA director, and do not need to seek permission from or even to inform local U.S. ambassadors or CIA station chiefs. And, it said, the military needs its own "situational awareness" of possible future combat areas.

When the level of animosity peaked last summer, Rumsfeld and then-CIA Director Porter J. Goss were prodded by Michael V. Hayden, then deputy director of national intelligence, to negotiate an agreement to delineate intelligence-gathering responsibilities. Under a separate memorandum of understanding, the Pentagon and the State Department agreed that ambassadors would be informed of all military activity in their countries and given the opportunity to object.

Beyond the turf battles, however, counterterrorism officials grew concerned that U.S. strategy needed to expand beyond what one called the "whack, capture, interrogate and whack again" approach of the military. "Our thinking has matured radically since 2001," he said. "Then, it was looked at as the al-Qaeda network. Now, it is seen as looser, more diffuse, and also in our own country, in Western Europe and Canada."

"The military can't be the big hammer" anymore, he said, because al-Qaeda and its affiliates "are not the nail."

"You'll never win unless you can get to the sources of radicalization," he added. ". . . As the threat has changed, we've tried to adapt. But it's taken some time. As an American taxpayer, I wish we could have gotten it right in October 2001."

The "changing paradigm" applies at home as well as overseas, said a senior FBI official. The FBI operated on the assumption that "al-Qaeda was 'The Sopranos,' with a boss, an underboss, the consiglieri and the captains who ran the cells," the official said. "It was comfortable for us to understand."

New initiatives such as the National Implementation Plan were launched to eliminate overlap and set priorities for what the administration now calls the "long war." Beyond drawing sharper lines of responsibility, officials said, the plan is designed to drag the nation's counterterrorism strategy back from military dominance, better balancing the military "whack" with diplomacy and the "hearts and minds" campaigns that are now seen as critical to long-term victory.

Bush was briefed on the plan on June 26. A White House official said the plan reflects Bush's feeling that the terrorism fight is "all-encompassing," including military attacks but also "the war of ideas and the softer side, the long-term battle."

Within half a dozen broad objectives, the document designates lead and subordinate agencies to carry out more than 500 discrete counterterrorism tasks, among them vanquishing al-Qaeda, protecting the homeland, wooing allies, training experts in other languages and cultures, and understanding and influencing the Islamic psyche.

Achieving agreement among more than 200 department and agency representatives over 10 months of often-torturous negotiations was "a heroically ambitious exercise," said a senior administration official who participated in the process. "A couple of months ago, everybody was still shaking their heads."

The plan is expected to prompt a rewrite of the president's February 2003 National Strategy for Combating Terrorism, which emphasized the physical elimination of terrorist networks while making largely symbolic bows to international partnerships and addressing the "underlying conditions that terrorists seek to exploit."

Eventually, officials acknowledged, it will also require a reconfiguration of the intelligence budget, now heavily weighted toward the military. No one expects that to happen overnight -- early proposals to shift spending brought a sharp protest from Rumsfeld.

But even at the Pentagon there are signs of turf-war fatigue. "Two years ago, we didn't have anything," said Brig. Gen. Robert Caslen Jr., who until June was the Joint Chiefs of Staff's deputy director for the terrorism fight. "Every department of government had its own idea on who was the enemy. Now we have a strategy and a plan that gives specific tasks and responsibility," he said.

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Others are guardedly optimistic that the plan can be implemented. "It's going to alleviate a lot of the turf tensions and the growing pains," said one senior counterterrorism official. "But they're not going to go away."The Overlaps Persist

In the lead-up to this year's Winter Olympics in Turin, Italy, eight of the 16 agencies in the U.S. intelligence community independently produced assessments of possible terrorist threats to the Games. The "finished intelligence products," a counterterrorism official said, all concluded exactly the same thing -- that the threat was minimal.

"They posted them internally to their own organizations and sent them out to share" with other community members as the authoritative bottom line, the official said. "They would all argue, 'We had to do it for our principal, our Cabinet member' or whatever." Watching the competing agencies, he said, "is like watching 7-year-olds play soccer -- you've got 20 kids all following the ball."

Avoiding such duplication and wasted effort, he said, "was the whole point" of setting up the NCTC as the sole provider of integrated intelligence analysis. Yet neither congressional mandates nor presidential directives have been enough to eliminate the overlap.

Before the Intelligence Reform Act, the CIA was in charge of bringing together "all-source" intelligence and analyzing it for the larger intelligence community, the White House and policymakers. It was the CIA that chaired the daily interagency meeting at 5 p.m. to discuss real-time terrorism information and what to do about it. The agency drew up the daily "threat matrix" and the CIA director briefed the president each morning.

But the Sept. 11 commission found that long-standing tensions within and among the CIA, the FBI and the rest of the community, along with institutional firewalls constructed during the Cold War, meant that "information was not shared" and "analysis was not pooled" that might have warned of the attacks on the Pentagon and World Trade Center.

The CIA's responsibilities for integrating and analyzing all-source intelligence have now been transferred to the DNI and the NCTC. All members of the intelligence community -- including the Defense Intelligence Agency (DIA) and other Defense Department agencies and the FBI -- are restricted to analyzing only what they need to accomplish the "tactical missions" specific to their own assignments. For the CIA, that means concentrating on building the clandestine network and human resources that Congress and a series of outside studies have found lacking, especially in the Middle East.

But the DNI-NCTC structure remains vastly outweighed in power, personnel and tradition by the growing bureaucracies it hopes to tame. While the number of NCTC analysts is scheduled to double to 400 by 2008, the FBI alone has tripled its analytic staff since 2001 to more than 2,700. The DIA has nearly 8,000 employees collecting and analyzing intelligence, and the CIA has twice that many.

On July 11, Negroponte signed an internal document titled "Analytic Framework for Counterterrorism" for distribution among the 16 agencies. In a cover note, he pointedly wrote that while he recognized each "must continue to support its agency leadership and unique operational activities, as well as to provide a robust analytical capability and reliable steam of diverse viewpoints," both Congress and the president had given him the authority and "fully empower the NCTC" to "reduce unnecessary duplication of effort."

The framework, said one counterterrorism official, directs operational agencies such as the CIA "to focus their analytical resources" on "penetrating and eliminating known terrorist organizations," leaving the NCTC to provide comprehensive threat analyses for the government as a whole.

Although Hayden's appointment as CIA director in May is likely to hasten the agency's acceptance of what is known in the community as "the lanes in the road," intelligence officials have not been shy about expressing skepticism and resentment.

Many see themselves as demoted to mere intelligence-gatherers, stripped of their rightful roles as strategic analysts and forward-looking policy advisers. An internal CIA study, declassified last month a year after it was written, criticized the NCTC model as promoting "watered-down analysis, duplication, confusion, and misuse of scarce resources." Separating those who collect intelligence from those who analyze it would result in a weaker product, the study said, and was likely to lead to more strategic failures like those in Iraq.

The addition of new non-operational layers to integrate, analyze and share information "has made the organizational picture more, not less, confusing," Paul R. Pillar, a former national intelligence officer for the Middle East and South Asia, said

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recently. The question of "who's in charge of intelligence, when it comes to counterterrorism, is harder to answer now than it was before."Teamwork at the NCTC

Three times each day -- at 8 a.m., 3 p.m. and 1 a.m. -- representatives from across the intelligence community meet to update the nation's threat matrix. The meetings -- held most days via videoconference -- are chaired at NCTC headquarters, a nondescript, unlabeled office building in Northern Virginia, around a massive, football-shaped wooden table. The table, designed as neutral ground, has 16 seats, pop-up computer terminals and ceiling-mounted screens that can show al-Jazeera broadcasts as well as highly classified graphics.

Participants include representatives of the CIA and FBI; the Defense Intelligence Agency and others under the Pentagon umbrella; the departments of State, Homeland Security, Treasury and Energy; and other subsidiary agencies such as the Drug Enforcement and Transportation Security administrations. Topics include individual suicide bombers, movements of groups and people, potential targets, reliability of information on specific threats, and actions being planned or already taken.

Material for the meetings is gathered by the 24-hour operations center deep within the ultra-secure building. The room is dark, with a high ceiling, drop-down video screens and sound-muffling walls; its carpeted floor is covered with desks where integrated intelligence teams examine and share incoming data from their separate agencies in 12-hour shifts. At opposite ends of the room, the CIA and FBI counterterrorism divisions have satellite offices representing their own headquarters.

The thrice-daily meetings are the substantive and symbolic core of NCTC's melding of the intelligence community. But most of the center's activities take place in offices and cubicles where officials plumb 28 databases of raw and processed intelligence from across the community.

The analysts turn out reports, adding context and information about response actions already taken, that are disseminated to more than 5,500 policy and intelligence officials with the security clearances required to read them.

Even within the NCTC, however, access to information is not easy. Most desks are stacked high with half a dozen or more computer processing units connected to various intelligence agencies that still cannot, or will not, communicate with one another electronically.

Negroponte deputy Dale Meyerrose, a retired Air Force major general and expert in creating and integrating communications systems architecture, is charged with breaking down the technological barriers among what he calls intelligence "tribes" with a built-in reluctance to divulge their secrets.

Meyerrose, a recent addition to the DNI's office, does not dispute or defend the slow pace of information-sharing. "My government's had five years," he acknowledged in a recent interview behind a code-locked door inside the high-security DNI headquarters at Bolling Air Force Base. "I'm very sympathetic to that. But you know what? I've had four months, and there's nothing I can do about the 4 1/2 years that went before me."

Technology is important, but "it's the transparency of the process that people are griping about," Meyerrose said. Feuding intelligence agencies don't argue about a lack of computer interface, he said, they talk in terms of "The FBI wouldn't tell me this." Rather than imposing new computer systems from the top down, he has started from the human end, bringing representatives from different agencies to the same table to work on specific intelligence issues.

The NCTC operates on the same principle of "co-location," fashioned under the 2004 intelligence reforms, that pulled the branches of the armed forces into a combined structure designed to end decades of destructive and expensive rivalry.

The Defense Reorganization Act of 1986 created unified regional commands under a single general or admiral directly answerable to the nation's civilian leadership and named the chairman of the Joint Chiefs the principal military adviser to the president. By making assignments to the joint staff from across the military a prerequisite for most high-level promotions, it created a cadre of senior officers with perspectives beyond the narrow confines of their individual branches.

Negroponte, a former Foreign Service officer who most recently served as ambassador to Iraq and to the United Nations, is the intelligence community's equivalent of the chairman, and the NCTC is his joint staff. NCTC Director Redd is a retired vice admiral, and everyone else in the structure is on temporary duty from somewhere else in the intelligence community, usually for two-year stints. "Everybody still belongs to their other agency," a senior official said. "We're trying to tell them that the NCTC is them ."

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The idea is that familiarity will breed cooperation and that personal relationships formed through shared tasks will carry through once individuals return to their home offices. "We are diverse cultures, working to form habitual relationships," the official said. "It takes time."

Staff writers Walter Pincus, Spencer S. Hsu, Dan Eggen and Ann Scott Tyson contributed to this report.

One Of Seven Alleged Terrorist Plotters Seeks Release On Bail (AP)

By Curt Anderson

AP, August 9, 2006

MIAMI - One of seven men charged with plotting terrorist attacks on Chicago's Sears Tower sought to distance himself from the group and wanted nothing to do with such mass destruction, his attorney said Tuesday.

"He didn't like what was going on, did not want to be any part of it," defense lawyer Joel DeFabio said at a hearing on Lyglenson Lemorin's request for release on bail.

DeFabio added that Lemorin left Miami in the spring after members of the group pledged allegiance to the al-Qaida terrorist network, moving his two children and wife to Atlanta and taking a retail job under his own name.

"He made no effort to conceal his whereabouts. He did nothing to hide," DeFabio said.

Federal prosecutors, however, portrayed the 31-year-old Lemorin as part of the "inner circle" of followers of Narseal Batiste, who they claim sought to turn the group into an arm of al-Qaida that would try to blow up Chicago's Sears Tower and government buildings in major cities.

The group never obtained any explosives and never got beyond the preliminary planning stages, authorities said after their arrests in June. All seven have pleaded not guilty to a four-count terrorism conspiracy indictment and face trial in March.

Lemorin gave a statement to the FBI the day of his arrest making similar claims that he sought to get away from Batiste, a man who made him "do things he didn't want to."

Richard Getchell, an assistant U.S. attorney, said Lemorin was one of the select few allowed contact with a man Batiste believed was an al-Qaida operative sent to help the group formulate its plot but who was actually an FBI informant.

"His inner circle was allowed to meet with the informant, who they thought was from al-Qaida," Getchell said.

Lemorin also was the first of this key group to take the oath of allegiance to al-Qaida at a videotaped ceremony on March 16 at the group's headquarters in Miami's Liberty City neighborhood. Getchell said his decision to leave for Atlanta was more likely because he feared imminent arrest.

"We would say it's not a coincidence that Mr. Lemorin, after 16 years, sought to leave the area," Getchell said.

U.S. Magistrate Judge Barry Garber did not issue an immediate ruling on the bail request and scheduled a second hearing for Thursday. The other six defendants are being held without bail.

Lemorin is a legal permanent U.S. resident but could face deportation to Haiti even if he is not convicted of the terrorism charges, Getchell said. He lived in Haiti before coming to the U.S.

How An Overachieving Law Professor Toppled The President's Terror Tribunals (LAW)

By T.R. Goldman, Legal Times

Legal Times, August 9, 2006

Neal Katyal, hands clasped, back straight, feet flat on the floor -- his fidgeting thumbs the only movement in his body -- faces a speakerphone in a near-vacant room, ready to moot.

Katyal, a law professor (and, hence, the antithesis of the standard big-firm luminaries of the Supreme Court bar), had already achieved his stunning Supreme Court victory, Hamdan v. Rumsfeld, nearly a month earlier. So a visitor might be forgiven if he were to grab Katyal by the collar, look straight into his bright and pleasant face, and exhort: "Neal, you won. It's over ... . Stop mooting!"

Katyal, presumably, would pay you no mind. He mooted his Supreme Court case the day before his March 28 argument, a move so unusual among high court advocates that, says moot team student member Haven Ward, "it freaked everyone out."

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In fact, he mooted his Supreme Court argument 15 times since the granting of cert on Nov. 17, 2005, honing his delivery skills along the way with lessons from Joshua Karton, a Los Angeles-based actor who teaches lawyers how to improve their physical presence, "to have a conversation with the justices, not an argument," Katyal explains.

And though Katyal was steeped in the law he was arguing, he was not everyone's first choice. He asked a prominent law professor for advice. "My real advice to you is to give up the argument," he was told.

"Neal was in a place where he didn't want to be underprepared," notes Stephen Vladeck, a professor at the University of Miami School of Law and a key moot participant. "And the best sort of means of ensuring that you're not underprepared is to be overprepared."

And so, on a sweltering July day, in a conference room at Georgetown Law Center, where Katyal, 36, is a tenured professor, he was spending an hour mooting his upcoming testimony before the Senate Armed Services Committee.

"Hey, guys, it's Neal," says Katyal into the speakerphone to his five student mooters, with a mien so calm and affable he could be your local pharmacist or grocer.

Katyal had never argued before the high court, but in Hamdan he literally took on George W. Bush, arguing that the military commissions the president established to try the Guantanamo Bay Naval Base detainees -- including his client, Salim Hamdan, a former driver for Osama bin Laden -- were illegal. The Court, in a 5-3 decision written by its senior justice, John Paul Stevens, agreed.

It was a complex case that stretched back three years, implicating not only the limits of executive power but delving into the nature of the interrelationship of all three branches of government.

"I know what I told Neal three years ago. I thought it was unwinnable," says Katyal's Yale Law School professor, Akhil Amar, who first met Katyal in 1992 and calls him "the most memorable student I've ever had."

Katyal first argued the case Oct. 25, 2004, before Judge James Robertson of the U.S. District Court for the District of Columbia and won. Robertson was reversed by a three-judge panel of the U.S. Court of Appeals for the D.C. Circuit, which included soon-to-be Supreme Court Chief Justice John Roberts Jr. Finally, he won again when the Supreme Court announced its decision June 29. (Because he ruled at the appellate level, Roberts recused himself from the case.)

In the Georgetown conference room, Katyal polishes off his moot in an hour, while three students playing an unusually bright group of "senators" critique his five-minute opening statement, throwing question after skeptical question back at him. "What do you think my best points are -- if any?" Katyal asks, his seeming self-effacement hard to reconcile with his command of the subject.

If the moot helped, there was scarcely anybody at the next day's hearing -- on possible congressional responses to Hamdan -- to notice. Katyal was on the second panel, and when he delivered his testimony at noon, the only senators present in the Russell Building's regal Caucus Room were Committee Chairman John Warner, R-Va., and ranking member Carl Levin, D-Mich. Still, Katyal appeared to be fine-tuning his address throughout the morning.

"It's the first time I've ever laid eyes on him," said Warner, 79, when asked about Katyal after the hearing. "But he speaks with conviction, and I loved the phrase 'The last thing in the world I ever wanted to do was sue the president.'"

THE BRIGHTEST STAR

Lt. Cmdr. Charles Swift, an intense and talkative Navy JAG and Katyal's co-counsel in Hamdan -- a man everyone seems to feel comfortable calling Charlie -- remembers his first meeting with Katyal, in the spring of 2003. "I'm sure Neal thought his meeting with a bunch of military lawyers would be unproductive. We, on the other hand, thought, We're about to meet an egghead who doesn't have a clue how the world works."

And it's true that Katyal's pedigree has been almost entirely academic: a private Catholic boys school in Wilmette, just north of Chicago; a national reputation as a champion high school debater; Dartmouth College, followed by a year coaching the Dartmouth debate team; then Yale Law School, from which he graduated in 1995.

His law school internships each summer could not have been more propitious. Summer No. 1: a legal intern in the office of Vice President Al Gore. Summer No. 2: a legal intern in the Office of the Solicitor General. Katyal spent his third summer at Washington's Hogan & Hartson, where he worked specifically for Supreme Court litigator and now-Chief Justice Roberts. ("Go

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work for John G. Roberts,'" Katyal says he was told by Miguel Estrada, an assistant solicitor general when Katyal worked in the office. "'The G,' Estrada added, 'is for 'God.'")

After law school, Katyal spent two years clerking, first for Guido Calabrese, the former Yale Law School dean who had recently been named a judge on the 2nd U.S. Circuit Court of Appeals, then for Supreme Court Justice Stephen Breyer. "It was nonstop typing all day," says Carolyn Shapiro, who clerked with Katyal and shared an office with him. "He'd just zoom in and pound out stuff," adds Shapiro, now a law professor at Chicago-Kent College of Law.

Katyal's 1996-97 Supreme Court term was a banner year, with 80 signed opinions, including Clinton v. Jones (a sitting president could be sued), Printz v. United States (imposing limits on the federal government's authority), and Washington v. Glucksberg (no constitutional right to have a physician help you die).

At age 27, just after his Breyer clerkship, Katyal joined the law school faculty at Georgetown, a job he deferred until the fall of 1999 so he could be the adviser for national security affairs in the Clinton Justice Department.

Katyal was recommended for the DOJ job by Kumiki Gibson, the former Gore counsel whom Katyal got to know during that first summer internship.

Katyal was the point person at the DOJ during the year in which the independent counsel statute, which gave Bill Clinton investigator Kenneth Star his job, was set to lapse. Katyal and a small team crafted the attorney general's special counsel regulations that are now on the books. "Laws like the independent counsel statute are a real interference with the clean lines the Founders intended," Katyal says.

During his 18 months at the DOJ, where in his national security role he had his first experiences with military lawyers, Katyal also worked his way through the legal conundrum of how the United States could return to Pakistan several hundred million dollars for 28 F-16s that Pakistan paid for in 1989 but never received. "I enjoy figuring my way out of a maze," says Katyal. "If somebody says we can't do x or y, I like figuring out a way to do x or y."

"It was a funny thing," he muses. "An Indian figuring out a way to give money back to Pakistan."

A FUNKY KINDA DUDE

Katyal's parents emigrated separately from India's Punjab region in the early 1960s, and while Katyal rarely wears his Indian roots on his sleeve, he does not consciously cover them up, either. His parents did not know each other before they returned to India in 1968 for an arranged marriage. Katyal, following Hindu tradition, arrived at his own wedding in New York state on a horse.

The elder Katyal, who died after Neal took the Hamdan case but before it reached the Supreme Court, was a petroleum engineer; his mother is a pediatrician.

It was a relatively secular household, as were many Hindu households in that first wave of Indian immigrants to the United States. But it was socially conscious. "My father was very invested in politics -- he loved to watch the news, to think about what was going on in the world," says Katyal's only sibling, Sonia Katyal. "He treated Neal and I like adults."

Katyal says he was never drawn to litigation as a career, but he is not a model of the cloistered academic, either.

He's an indie-music fan whose students make him CD compilations and a regular at the 9:30 Club in the District's U Street corridor. Katyal just started writing a wine column for The Indian-American magazine. He's also written for Slate and other mainstream publications. He gave an interview to the relatively hip Web site dcist, which chronicles the local political, sports and arts scenes, noting that he celebrated his Supreme Court victory by drinking a Belgian beer, Leffe Brune.

And he pulled six minutes recently on "The Colbert Report," fending off questions like, "How old were you when you said to yourself, 'I am taking this country down?'" by responding with a lecture on the principle of rule under law.

He is surrounded by the law; while his wife is a doctor, his brother-in-law is Jeffrey Rosen, a journalist for The New Republic and a George Washington University law professor. His sister is a law professor at Fordham University.

For the past year and a half, Katyal's also been represented by International Creative Management's lecture department, alongside about 100 other people, ranging from Alan Alda to Frank Gehry to Pete Hamill to Patti LaBelle. "I'm probably the last person on their Web site," he says dismissively, adding that so far he's gotten only a handful of lectures from the deal, although he now expects the speaking gigs to pick up, perhaps considerably.

As might the hate messages, which Katyal says are often no more than expletive-laden rants accusing him of siding with the enemy. For every one piece of hate mail, however, "there are 10 supportive e-mails from [American] troops, saying, 'Thank

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you for defending me and my cause, because if I'm caught in some other country, what's going to save me from a beheading, except for the fact that the U.S. plays by rules,'" Katyal says.

In the Indian-American community, Katyal is already a hero. A lengthy profile last fall in Indian Life and Style magazine describes Katyal like this: "Belying his over-six-foot frame, muscular build and an authoritative Greco-Roman nose, Katyal speaks surprisingly softly even on issues he feels passionately about." Says Katyal, who is 5 feet 10 inches: "It was ridiculous. My mom didn't even believe everything in there."

A BIG-DEAL REQUEST

If Katyal was looking for a maze to master, Hamdan was it. The case was intensely political, and for someone with possible aspirations to return to a Democratic administration, ideally as the national security adviser, representing bin Laden's driver didn't make any sense. The case was notably complex, as well.

"We were out there on questions of law," notes Joseph McMillan, a partner in Seattle's Perkins Coie who was integrally involved in the case. "We're citing commentaries to the Geneva Convention and Winthrop's 'Military Law and Precedents' from 1920," says McMillan. "This was not a case where there was a well-developed body of precedent."

Hamdan, in fact, dealt with six specific areas of law, explains Amar, the Yale Law School scholar: "Habeas, retroactivity, military justice, jurisdiction-stripping, the law of war, and international relations and the Geneva Convention -- each of which is not even taught in most law schools."

Katyal says that when he first read the White House news release announcing the establishment of the military commissions, he thought it was a hoax. "I'm a presidential deferentialist, but I went into my classroom and said, 'Hah. I've found something that's totally unconstitutional.'"

He wrote a Yale Law Journal article with Harvard law professor Lawrence Tribe in April 2002, arguing the commissions were illegal, and in early 2003, got in touch with the Office of Military Commissions' then-acting chief defense counsel, Col. Will Gunn.

"Neal made me aware of the law review piece and told me he just wanted to be of assistance," recalls Gunn, who retired from the Air Force last year and is now president of the Boys and Girls Clubs of Greater Washington. Civilian lawyers are permissible under the commission rules.

Gunn, in turn, put two of his defense counsel, Lt. Cmdr. Swift and Lt. Cmdr. Philip Sundel, in touch with Katyal. They hit it off.

Things really got rolling in November 2003, when the Supreme Court granted cert in Rasul v. Bush, the case that would determine whether the Guantanamo detainees could sue in U.S. court.

Swift says the day cert was granted, he got a call from Katyal. "'Dude, you're not going to believe this; they got cert. We have to file a [amicus] brief,'" says Swift, recalling his conversation with Katyal.

At that time, none of the commission defense counsel had even been assigned clients. But they had potential clients, and early on, it was clear the first step in representing those clients was to challenge the legality of the commissions themselves. And they knew a bad decision in Rasul could preclude that option.

Their gambit: In a Nov. 24, 2003, letter, five defense counsel, including Swift and Sundel, told Gunn's superior, Department of Defense Deputy General Counsel Paul Koffsky, that they planned to retain Katyal in one week as a civilian counsel in order to file an amicus brief in the Rasul case. It was, says Gunn, "a big-deal request. We were a brand-new office, and we were assigned to the office of the [DOD] general counsel, which doesn't have a history of taking positions contrary to the interests of the U.S."

The tactic worked, and permission was granted to file the amicus "if you determine that such a course of action is necessary for the zealous representation of clients of your office," Koffsky wrote Gunn on Dec. 30, 2003.

On June 28, 2004, almost two years to the day before Hamdan was decided, the Supreme Court ruled that the Guantanamo detainees could file habeas petitions in federal court. "The deal was done in the letter of Nov. 24, when they cc'd Neal Katyal," says Gunn. Adds Swift, "If they had tried to shut us up, Neal would have continued."

Katyal never left, however, eventually becoming Hamdan's civilian co-counsel and ultimately managing a case that had 45 law firms working on about as many amicus briefs. He mooted the case up and down the East Coast, spending one $15,000 grant and several tens of thousands of dollars more of his own money (each of the five round-trip flights to Guantanamo Bay to talk with Hamdan, for example, ran $800).

And he continued to work with Karton, the California advocacy expert. "I'd built up a sort of formality, a lot of layers, that weren't conducive [to a court presentation]," Katyal explains. "Josh talks very slowly, and he looks you right in the eye, and he says, 'Tell me the argument you want to make to the justices -- and hold my hand while you do it.'"

On July 4, five days after the high court's ruling, Katyal and Swift flew to Guantanamo to explain the decision to Hamdan, a Yemeni national with a fourth-grade education. "I was going over the case with him and I said, 'In 50 to 100 years, law students will be reading this case and reading your name.'"

Katyal, who says he never quotes Hamdan directly because the Department of Defense might think his client is passing on coded messages, says Hamdan's response was something like this: "Maybe I'll change my name. I just want to go home."

PATRIOT ACT:

Foes Of FBI Searches Of Library, Internet Records Renew Challenge (NJTD)

By Andrew Noyes, National Journal's Technology Daily

National Journal's Technology Daily, August 9, 2006

Civil-liberties defenders will renew their court challenge to a special subpoena power built into anti-terrorism law that permits the FBI to scour library and Internet service provider files without search warrants.

The practice is allowed under "national security letters," a power recently reauthorized in the 2001 law known as the USA PATRIOT Act. The law bars recipients of the letters from disclosing the requests to anyone.

The American Civil Liberties Union and its New York chapter filed a new federal complaint last month, the groups said Monday. The legal papers originally were under seal because of the gag provision, but redacted versions were released with court approval.

The ACLU launched the case in April 2004 on behalf of an unnamed Internet service provider that received a subpoena. Several months later, a U.S. district court in New York ruled the power unconstitutional. The judge in the case, Victor Marrero, held that indefinite gag orders violate First Amendment free-speech rights, the ACLU said.

The government appealed the decision to the 2nd U.S. Circuit Court of Appeals, but before the court could rule, Congress amended the language on national security letters, the ACLU said. In May, the appeals court asked the district court to examine the amended language.

In its latest complaint, the ALCU argues that the gag provision gives the FBI authority to suppress speech without prior judicial review. The group also contends that the subpoena power is unconstitutional because while it permits courts to review the letters after they are issued, judges must defer to the FBI.

Jameel Jaffer, the ACLU's lead counsel in the case, called secretive government use of the letters "excessive and dangerous." According to news reports, investigators issue about 30,000 annually.

The letter in the pending case had a substantial effect on the plaintiff, who is still gagged and identified as "John Doe" in court paperwork, the ACLU said. Despite firsthand knowledge of the authority, the ISP could not participate in the heated PATRIOT Act debate that ensued nationwide in late 2005 and early 2006, the filing said.

In a similar case, the ACLU represented four Connecticut librarians who were part of a consortium that received a national security letter. The group challenged the FBI, and the government eventually withdrew its information demand and abandoned the gag order. The Supreme Court last week ordered that sealed court documents be made public.

George Christian, executive director of the Library Connection, hopes the ACLU's renewed fight results in a "definitive ruling" on "the limits of the extent to which [the letters] can be used to secure information from organizations that have collections of information."

Emily Sheketoff of the American Library Association said the ISP case "will add to the growing judicial agreement" that the "sweeping and perpetual gag order accompanying [such letters] is unconstitutional."

HOMELAND RESPONSE:

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Peace Group Under FBI Surveillance (NCR)

By LINDA COOPER And JAMES HODGE

National Catholic Reporter, August 9, 2006

School of the Americas Watch, a faith-based peace organization that seeks to close a U.S. military school that has advocated the use of torture and assassination, finds itself under surveillance by the FBI's counterterrorism unit.

Fr. Roy Bourgeois, a Maryknoll priest who founded the organization, recently told members of the U.N. Human Rights Committee in Geneva that the spying has been going on for years.

And he has the documents to prove it.

With help from the American Civil Liberties Union, Bourgeois obtained FBI records showing it has been targeting his organization, which monitors the U.S. military school for Latin American officers, now called the Western Hemisphere Institute for Security Cooperation. The group organizes an annual November protest against the school in Fort Benning, Ga.

What is chilling, Bourgeois said, is that the surveillance continues despite the fact the FBI's own documents conclude that SOA Watch is a peaceful group.

An Oct. 14, 2003, field report advises FBI headquarters that SOA Watch leaders "have taken strides to impart upon the protest participants that the protest should be a peaceful event." A Dec. 29, 2003, document says, "Overall the crowd was peaceful in their actions and the SOA Watch leaders appear to foster that type of environment." A Nov. 30, 2004, document states, "This year's protest was peaceful as it has been for the most part over the past 15 years."

Despite these assessments, said Gerry Weber, the ACLU's legal director in Georgia, the FBI surveillance of SOA Watch, once classified as "routine," somehow became "priority," subjecting the group to monitoring by the counterterrorism division.

The FBI denies it monitors political activity. But Weber said the bureau has "made no allegations of wrongdoing" against SOA Watch activists, aside from civil disobedience, leading one to conclude that the FBI is "identifying groups opposed to the administration's policies as potential threats."

"It's become clear to me," Bourgeois said, "that any person or organization critical of U.S. foreign policy becomes the enemy, is seen as subversive, as a possible terrorist."

SOA Watch is often characterized as a grass-roots movement with a large faith-based constituency, including the support of hundreds of priests, nuns and lay Catholics, the Leadership Conference of Women Religious, and the Presbyterian General Assembly.

Bourgeois told U.N. committee members that it was "a scandal" that the U.S. government was squandering "time, money and resources" infiltrating and spying on a peace group, rather than investigating the military school, its use of torture manuals and "the heinous crimes of its graduates, who have caused so much suffering and death in Latin America."

The ACLU hosted the panel of Americans in Geneva, which also included women, minorities and immigrants allegedly victimized by the government. The U.N. committee is reviewing U.S. compliance with a major international human rights treaty.

The redacted FBI documents, which can be found on the ACLU's Web site at www.aclu.org/spyfiles, have the names of FBI personnel blacked out, as well as those of informants and SOA Watch demonstrators.

The documents note the news coverage that the activists receive, as well as the annual growth of the demonstrations, which drew an estimated 19,000 last year.

The Dec. 29, 2003, memo registers the effect that stiffer fines and prison terms have had on the group, saying the immediate jailing of trespassers "has had a chilling effect on those deciding whether to participate in an overt act of civil disobedience."

Weber said the ACLU sees no indication the surveillance will stop anytime soon, as it's difficult to challenge it in court.

Bourgeois said he wouldn't be surprised if the spying increased, given the recent successes of the movement. In March, after he led delegations to meet with Uruguayan defense minister Azucena Berrutti and Argentine defense minister Nilda Garré, both governments announced they were severing their long ties to the school.

Their decisions came two years after Venezuelan president Hugo Chávez made the same announcement six weeks after meeting with Bourgeois' delegation. The priest has also appealed to Bolivian President Evo Morales, who is expected to make a similar announcement.

On the domestic front, SOA Watch and its network helped Massachusetts Congressman Jim McGovern get legislation cutting the school's funding to the House floor.

The June 9 showdown was the first time in six years that the issue was brought to a vote. While the measure failed by a 218-188 margin, school critics were encouraged that the issue had garnered 29 Republican supporters and that only 16 more votes are needed to pass the measure.

The developments on Capitol Hill and in South America have fueled the movement, Bourgeois said, making it less vulnerable to FBI intimidation.

The spying, he said, is an abuse of power and "a clear attempt to stifle political opposition, to instill fear. But we aren't going away."

Linda Cooper and James Hodge are the authors of Disturbing the Peace: The Story of Father Roy Bourgeois and the Movement to Close the School of the Americas.

Passport Chip Sets Security Concerns (WSJ)

By Stacy A. Anderson

The Wall Street Journal, August 9, 2006

A new kind of U.S. passport with an embedded chip containing personal data will be issued starting Monday, amid some concerns about privacy and its vulnerability to hacking.

The State Department says it has chosen the chip technology in the so-called e-passports as part of an effort to better secure U.S. borders by making passports harder to forge. Congress also passed an act requiring countries in the U.S. visa-waiver program to issue passports with such chips by October.

The technology is designed to make it easier for customs officers to verify travelers' identities. Travelers will simply present their e-passports to customs officials the old-fashioned way. Officials will open the passport and scan the characters on the bottom of the personal-data page. The border official then verifies the personal information from the chip that is encrypted and transferred to the screen of a special e-passport reader machine.

Privacy advocates charge that the technology hasn't been sufficiently tested, and some experts have recently found ways to pull data off the radio-frequency-identification, or RFID, chips in e-passports in other countries. But other technology-security experts say such fears are overstated, saying that the perception of e-passports as being unsafe comes from confusing RFID tags with contactless technology, such as that used on some ATM and credit cards. The retail industry uses RFID to track merchandise, crates and pallets. Contactless technology can calculate and store new information that is often encrypted for security purposes.

E-passports will first be issued at the Colorado Passport Agency next week and are scheduled to be rolled out to other U.S. passport agencies in the following months. Existing passport holders may keep their travel documents until the expiration date. All new passports will contain the chip, according to the State Department, and the e-passport will eventually become the national standard.

Although it looks similar to earlier passports, retaining the traditional navy cover with an eagle etched in gold, the e-passport is slightly thicker and displays the international e-passport icon: two bars with a circle in the middle. Inside the back cover is an RFID tag loaded with a traveler's name, nationality, sex, date and place of birth, and a digitized photograph. The e-passport also has a digital signature, an electronic "seal" within the chip that proves the e-passport is issued by the government.

The Department of Homeland Security has run trials at various airports, while State Department personnel have also tested the new passport. The State Department says it has addressed key privacy concerns by adding metal sheets to the document's cover. These metal fibers make the chip inactive and data unreadable when the passport is closed, the State Department says. The chip can only be read by a scanner within a three-to-four-inch distance, says Joerg Borchert of Infineon Technologies North America Corp., which supplies the State Department with chips.

For added security, the chip will also have an electronic-access-code system, known as the Basic Access Control, which will be automatically read by U.S. border officials' scanners. The system generates a key which opens the chip and makes

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reading personal information possible. If the chip in the electronic passport were to fail, border officials would revert to relying solely on the printed personal-data page within the passport.

Report Warns Of Vulnerable Munitions (WP/MCT)

By Michael Doyle

The Washington Post, August 9, 2006

Federal investigators are concerned that terrorists could arm themselves with howitzers, recoilless rifles and explosives stashed on Forest Service land.

The weapons and munitions are stored in 335 sites nationwide, including in California and other Western states, where managers of ski resorts and federal land use them to blast boulders and prevent avalanches.

The problem isn't necessarily broken locks or open doors. The physical security of the Forest Service's munitions magazines was described as "generally" sufficient. Bureaucratically, though, it's been a different story, according to a report by investigators with the Agriculture Department's Office of Inspector General.

Investigators first pinpointed potential weaknesses in the Forest Service's munitions security three years ago, and the new report found that important reforms remained unfinished.

"We attributed this inaction to lack of accountability at the national level for security over the agency's munitions [and] explosives program," the new report said.

"For over three years," investigators noted in one example, "the Forest Service did not have a national leader responsible for the security of its explosives program."

Forest Service officials stress that they take security seriously, and they indicated they will soon finish complying with all of the investigators' security recommendations, which were first made in April 2003. "We've made a lot of progress," Forest Service spokesman Joe Walsh said last week.

Three years ago, facing sharp criticism over its munitions security, the Forest Service agreed that it would adopt 24 reforms by the end of 2003, such as conducting regular inspections and completing a munitions storage database. Eleven of the 24 "critical" security recommendations remained unfinished earlier this summer.

Walsh said that since the investigators' audit was completed in early July, nine of the 11 remaining security recommendations have been wrapped up. The agency is "close to completing" the remaining two, Walsh added. These include updating a property list and a database of explosives.

The Forest Service, which has promised to finish the reforms by Oct. 31, has designated an officer to oversee munitions safety and security, filling a position left vacant since January 2003. The agency will also revise rules that will cover procedures such as changing magazine locks, conducting biannual inventories and investigating the backgrounds of certain Forest Service personnel.

The Forest Service manages about half of the 335 munitions magazines. Ski resorts operate the rest under Forest Service permits.

"We certainly feel the security is adequate," said Dana Vander Houwen, a spokeswoman for the Mammoth Mountain ski resort on the eastern slope of the Sierra Nevada. "And since 9/11, we've taken extra security measures."

Mammoth Mountain ski patrollers use between 100 and 150 dynamite charges and between 30 and 50 artillery shells after major storms to clear out potential avalanches, Vander Houwen said. She said the equipment is stored in "very remote" areas and will be inventoried constantly. The resort no longer uses the old military recoilless rifles.

Investigators' fears are not unfounded. In 1999, several hundred pounds of dynamite, blasting caps and other explosives were stolen from an unguarded police bunker in Fresno County, Calif. In May, 686 sticks of dynamite were reported stolen from a gold-mining company in a remote area of San Bernardino County, Calif.

And Agriculture investigators note that explosives were recently stolen from a Forest Service storage facility. "Since that particular forest had implemented our recommendation to maintain an accurate inventory of its explosives, it was able to quickly determine what was stolen, which in turn helped federal law enforcement authorities recover the explosives," the investigators said.

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Testing Of An ID Takes Step Ahead (NYT)

By The New York Times

The New York Times, August 9, 2006

A New Hampshire legislative committee voted yesterday to accept $3 million in federal money to test the Real ID Act, which mandates stricter identification requirements for driver's licenses nationwide in 2008.

The matter now goes to Gov. John Lynch's executive council for approval or rejection.

Mr. Lynch, a Democrat, plans to meet with state safety officials before making a decision on the money, a spokeswoman, Pamela Walsh, said.

The State House overwhelmingly passed a bill in May that rejected the financing, but the Senate tabled the bill and voted instead to form a committee to study it. That committee is the one that acted yesterday.

Pinned Under The Weight Of 9/11 History (NYT)

By A. O. Scott

The New York Times, August 9, 2006

How will Hollywood respond? This question began to surface not long after the Sept. 11 attacks — shockingly soon after, if memory serves.

It was impossible to banish the thought, even in the midst of that day's horror and confusion, that the attacks themselves represented a movie scenario made grotesquely literal. What other frame of reference did we have for burning skyscrapers and commandeered airplanes? And then our eyes and minds were so quickly saturated with the actual, endlessly replayed images — the second plane's impact; the plumes of smoke coming from the tops of the twin towers; the panicked citizens covered in ash — that the very notion of a cinematic reconstruction seemed worse than redundant. Nobody needed to be told that this was not a movie. And at the same time nobody could doubt that, someday, it would be.

And now, as the fifth anniversary approaches, it is. For a while a lot of movies seemed to deal with 9/11 obliquely or allegorically. But Paul Greengrass's "United 93" and Oliver Stone's "World Trade Center," rather than digging for meanings and metaphors, represent a return to the literal.

Both films revisit the immediate experience of Sept. 11, staking out a narrow perspective and filling it with maximum detail. Mr. Stone, much of whose film takes place at ground zero, does not share Mr. Greengrass's clinical, quasi-documentary aesthetic. His sensibility is one of visual grandeur, sweeping emotion and heightened, sometimes overwrought, drama.

There are many words a critic might use to describe Mr. Stone's films — maddening, brilliant, irresponsible, provocative, long — but subtle is unlikely to be on the list. Which makes him the right man for the job, since there was nothing subtle about the emotions of 9/11. Later there would be complications, nuances, gray areas, as the event and its aftermath were inevitably pulled into the murky, angry swirl of American politics. But that is territory Mr. Stone, somewhat uncharacteristically, avoids.

"World Trade Center" is only the second film, after "U Turn," that he has directed entirely from someone else's script, and Andrea Berloff's screenplay, her first to be produced, imposes a salutary discipline on some of the director's wilder impulses. The unruly intellectual ambitions that animate both Mr. Stone's most vigorous work — "Platoon," "Wall Street," "J.F.K." — and his woolliest — "Alexander," "Natural Born Killers" — may be held in check here, but the sober carefulness of this project nonetheless highlights some of his strengths as a filmmaker.

There is really no other American director who can move so swiftly and emphatically from intimate to epic scale, saturating even quiet moments with fierce emotion. He edits like a maestro conducting Beethoven, coaxing images and sequences into a state of agitated eloquence.

Ms. Berloff's script is composed in the key of strong, simple feeling, and brought to life with vivid clarity by Seamus McGarvey's cinematography. "World Trade Center" is, from the first frame to last, almost unbearably moving. It could hardly be otherwise, given the facts of the story and the memories it will stir up.

The movie concentrates on two Port Authority police officers, John McLoughlin and Will Jimeno, who were trapped deep in the rubble of the collapsed towers, where they had gone to help with the evacuation after the first plane hit. Starting before dawn

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on Sept. 11 and covering roughly the next 24 hours, the narrative switches back and forth from the men to their families, in particular the wives, who spend agonized hours waiting for news of their husbands' fates.

Sergeant McLoughlin, played by Nicolas Cage, has a quiet, watchful air. A veteran of the 1993 bombing of the World Trade Center, he rushes into the breach on 9/11 knowing that no adequate plan exists to deal with a catastrophe of this magnitude. Jimeno (Michael Peña), a rookie, is eager and a little anxious; his face registers his desire to prove himself on the job and also distinct shadings of fear — both the worry that he'll mess up and, as the hours go by, a much deeper terror.

Pinned under tons of smashed masonry and twisted metal, they keep talking to each other to keep despair and sleep at bay, and you get the sense that it's their first real conversation, an exchange of commonplaces in the face of death. McLoughlin and his wife, Donna (Maria Bello), have four children; Jimeno and his wife, Allison (Maggie Gyllenhaal), are expecting their second, and as the two men talk, the banalities of domestic life take on an almost sacred cast.

In an Oliver Stone film actors are well advised to bring their own nuances, and the delicacy and insight of the performances in "World Trade Center" complement the director's bold brushstrokes. Ms. Bello reveals Donna's toughness without overstating it, while Ms. Gyllenhaal suggests a complicated, prickly personality underneath the panic and grief.

Mr. Cage turns all his intensity inward, playing a man who can be a little self-conscious about his own reticence. ("People don't like me because I don't smile a lot," he says.) He looks older and more worn than he has in other films, and he wears his character's tired stoicism like an old shirt.

Mr. Peña, who played the good-hearted locksmith in "Crash," is friendlier and jumpier; Jimeno slips naturally into the role of McLoughlin's talkative kid brother. the temperamental contrast between the two actors keeps the movie going through its long, difficult middle stretch.

Both the officers and their wives spend most of "World Trade Center" in different states of paralysis. The men are physically immobilized, while the women, surrounded by well-meaning friends and family, can neither help their husbands nor learn for sure what has happened to them. And so they sit stricken, by the telephone or in front of the television, as a maelstrom of hectic activity engulfs New York and its environs.

It is this combination of frantic action with stunned, shocked impotence that "World Trade Center" most effectively reproduces. The details are all in place — the office paper falling like snow; the voices of Tom Brokaw and Aaron Brown extemporizing a collective interpretation of something no one could have imagined; the briefly glimpsed faces of George W. Bush and Rudolph W. Giuliani projecting leadership from the television screen — but the point of the movie is not so much to construct a visual replica as to immerse you, once again, in shock, terror, rage and sorrow. And also in the solidarity and concern — the love — that were part of 9/11.

The movie is not only about the victims of the attack and their families, but also about their rescuers, notably David Karnes (Michael Shannon), who leaves his office job in Connecticut, puts on his Marine Corps uniform and slips into ground zero to search for survivors. Karnes is the only character in the film who looks past the smoke and suffering and articulates a desire for revenge.

But Mr. Stone and Ms. Berloff, like Mr. Greengrass, keep their distance from post- — or, for that matter, pre- — 9/11 politics. The two men buried under the Trade Center don't even know what brought it down, and everyone else is much too busy to begin learning the exotic vocabulary we would all eventually acquire. This movie has nothing to say about Osama bin Laden, Al Qaeda or jihad. That comes later.

In the Sept. 11 of "World Trade Center," feeling transcends politics, and the film's astonishingly faithful re-creation of the emotional reality of the day produces a curious kind of nostalgia. It's not that anyone would wish to live through such agony again, but rather that the extraordinary upsurge of fellow feeling that the attacks produced seems precious. And also very distant from the present. Mr. Stone has taken a public tragedy and turned it into something at once genuinely stirring and terribly sad. His film offers both a harrowing return to a singular, disastrous episode in the recent past and a refuge from the ugly, depressing realities of its aftermath.

"World Trade Center" is rated PG-13 (Parents strongly cautioned). It has scenes of extreme, upsetting violence, most of which reproduce images that were originally seen on television during daylight hours.

WORLD TRADE CENTER

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Opens today nationwide.

Directed by Oliver Stone; written by Andrea Berloff, based on the true stories of John and Donna McLoughlin and William and Allison Jimeno; director of photography, Seamus McGarvey; edited by David Brenner and Julie Monroe; music by Craig Armstrong; production designer, Jan Roelfs; produced by Michael Shamberg, Stacey Sher, Moritz Borman and Debra Hill; released by Paramount Pictures. Running time: 129 minutes.

WITH: Nicolas Cage (John McLoughlin), Michael Peña (Will Jimeno), Maggie Gyllenhaal (Allison Jimeno), Maria Bello (Donna McLoughlin), Stephen Dorff (Scott Strauss), Jay Hernandez (Dominick Pezzulo) and Michael Shannon (Dane Karnes).

Intimate 'Trade Center' Tells Larger Tale (USAT)

USA Today, August 9, 2006

World Trade Center (*** out of four) is a fitting and moving tribute to all those who died or were wounded as the towers tumbled on that horrible day in September 2001.

It also is a powerful film told without any discernible political agenda. There can be no more gripping subject to mine for cinematic potency and drama than what has come to be called, in clichéd shorthand, "the terrible events of Sept. 11."

And this film tells the devastating story in a more intimate manner than one might expect from the title. Because the focus is the true story of a pair of police officers trapped for more than a day in the towers' debris, we absorb the magnitude in a personal fashion.

Director Oliver Stone deftly handles sights that are almost too much to bear (bodies hurtling from the top floors, bloodied survivors staggering from buildings) in an almost matter-of-fact style, never detracting from their haunting quality. When disoriented veteran Sgt. John McLoughlin (Nicolas Cage), trapped under 20 feet of concrete and metal, asks fellow officer Will Jimeno (Michael Peña) where they are, Jimeno sums it up in a way that in any other situation would be melodramatic: "In hell." But those words emerge as an understatement.

Peña, last seen as the locksmith in Crash, is pitch-perfect. He outshines Cage, whose New York accent sometimes distracts from what he has to say.

One particularly powerful scene: The camera takes in the wreckage underground, then pans upward as McLoughlin asks whether Jimeno can see any light. The camera continues to pan up until we are outside in a nightmarish mess of bent steel girders. The camera continues to zoom skyward to the unseen satellites beaming reports of the catastrophe around the world. It is an inspired way to encapsulate a global sense of shock and outrage.

Stone does take some missteps: The score has some overbearing moments, and there is a fair amount of clichéd dialogue. Also, scenes featuring the officers' families waiting for news are often wooden and can feel like a TV movie.

But this is a tricky story to tell, given the barrage of news coverage. Stone's use of visual and sound effects are excellent and avoid sensationalism.

Where United 93 was a superb example of masterful storytelling, World Trade Center is a more conventional rendering. Some might have expected a more controversial angle from the director of films such as JFK and Natural Born Killers. Still, in its celebration of the human spirit, it is undeniably uplifting.

Stone takes one of the most tragic events of this century and focuses on the hope, humanity and determination that also held sway amid the darkness. (Rated: PG-13 for intense, emotional content, disturbing images and language. Running time: 2 hours and 2 minutes. Opens today nationwide.)

New Oliver Stone Film Commits One Offense: Making 9/11 Tedious (WSJ)

By Joe Morgenstern

The Wall Street Journal, August 9, 2006

Oliver Stone's "World Trade Center" starts slowly, eloquently, evoking the early-morning life of the city -- the naked city, as it proved to be -- with a sense of dread that is heightened by the feelings we bring to this account of suffering and survival on 9/11. And toward the end, the camera conveys the awful magnitude of the event when, in a blighted blue light, it pulls up and up from a smoking pit that could pass for the site of a meteor's impact, or the entrance to hell. In between the prelude and the coda, though,

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the action, such as it is, consists of a patchwork narrative to which the filmmaker and his colleagues have brought the sensibility of an old-fashioned Hollywood disaster movie, and a mediocre one at that.

The narrative is illuminated, from time to time, by flashes of genuine emotion. How could it not be, since its basis was the true, all but miraculous story of two Port Authority cops who found themselves trapped 20 feet below the rubble field and came out alive? Yet Mr. Stone's stolid direction and Andrea Berloff's tone-deaf script manage to give truth the ring of hackneyed fiction.

What was meant to be inspirational is conventional at best, manipulative at worst and, quite incredibly, repetitive to the point of tedium in the long passages during which the anguished heroes await rescue or death. Before the movie's release, concern was voiced in some quarters that Oliver Stone, a vehement critic of American policies and, in the conspiratorial coils of his "JFK," a twister of American history, was the wrong choice for directing a film intended to celebrate the nation's courage and patriotism in the face of catastrophe. But the problem isn't his politics, or his revisionism; it's the clumsy dramatics and clichés of the production as a whole.

The real-life cops, Officer Will Jimeno and Sgt. John McLoughlin, are played, respectively, by Michael Peña, whose performance is unremarkable, and Nicolas Cage, who has done something close to the role before -- as the haunted paramedic in Martin Scorsese's "Bringing Out the Dead." That's not a reason he shouldn't have been cast this time -- he's rarely uninteresting on the screen -- but he lays a heavy spirit and a familiar movie-star presence on a character that, as written, lacks variety and spontaneity.

MOVIE DETAILS

Learn more1 about Oliver Stone's World Trade Center.

Mr. Cage does get a few lively moments in scenes of his family life. (McLoughlin's wife is played by Maria Bello). Still, the families of both men seem to be imports from network TV -- in flashbacks, during the cops' long entombment, and in cutaways that depict the anguish of wives, children and relatives who don't know if their loved ones are alive or dead. Again, veracity is not the issue. The homely suburban details -- domestic quarreling, the cancellation of a den mothers meeting -- may well be based on fact, but they're made to feel false.

The sole survivor of this stultifying style is Maggie Gyllenhaal, who plays Jimeno's wife, Allison. She avoids being actorly by applying brisk intelligence and restless energy. One of the movie's few spontaneous moments comes when Allison, on the phone with a potential source of information, says impatiently, "Brian, did he go in the building or did he not go in the building? It's basic."

Many moviegoers who see this film will care little or not at all about matters of craftsmanship. In these uncertain times there's a yearning for authentic heroism, a hunger for entertainment that expresses love of country without apology. "World Trade Center" speaks to such needs, though that doesn't make the drama worthy of the subject. The extended prelude certainly has great power -- a shadow crossing the sky as the first jet hits, the shattering sight, and especially the sound, of towers collapsing on themselves -- yet even these sequences carry hints that the film's resources will not be equal to its task.

Pandemonium in the streets isn't shown so much as suggested by the expedient of slo-mo photography. Paper snowflakes fill the air, but only one body falls through them; would the sight of many doomed jumpers have been too distressing? Then what promised to be an epic spectacle suddenly devolves into the narrowly focused, relentlessly claustrophobic story of two men struggling to stay alive in the improbable silence of a steel-and-concrete tomb. That is, of course, the story's essence; one can't ask it to be something else. But the movie, like the men, becomes immobilized, because the story can't sustain the time it fills, notwithstanding those frequent flashbacks and cutaways, gobs of sentimental dialogue, elegiac music and an appallingly risible vision in which the parched Jimeno sees Jesus holding out a bottle of designer water.

A minor but significant character is also fairly appalling, as the film portrays him -- Dave Karnes, an accountant and ex-Marine from Connecticut. The real-life Karnes is the one who found the two Port Authority cops, leading rescuers to where they were buried -- a hero of sorts in his own right. But the Karnes on screen, played by Michael Shannon, is unaccountably full of himself, and given to such windy declarations as "I'm not coming in today. We're going to need some good men out there to avenge this," or, "Looks like God made a curtain with the smoke, shielding us from what we're not yet ready to see." A conspiracy theorist might wonder if Oliver Stone used this weird creation to subvert the patriotism and religiosity of his own film.

In the wake of Paul Greengrass's "United 93," the first big-screen feature to dramatize the events of 9/11, "World Trade Center" is being marketed as an upbeat, optimistic alternative, with a happy ending in which the heroes emerge more or less

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intact, rather than a tragic ending in which the heroes sacrifice their lives to save many others. But the differences go deeper. The hourlong preface of the Greengrass film used deft and agile techniques to tell us specific things we didn't know about the nation's lack of preparedness; then "United 93" took to the air for a taut, horrific drama based convincingly on very few facts. "World Trade Center" shows us many things we already know, though with impressive flair, then plunges underground for an unconvincing drama based on a multitude of facts. It's upbeat, all right, but badly off kilter.

Mr. Morgenstern is the Journal's film critic. Read his reviews this Friday, and every Friday, in Weekend Journal.

Oliver Stone's 'Trade Center' Is Two Stories Short (WP)

By Desson Thomson

The Washington Post, August 9, 2006

When the movies revisit tragedy of grand scale, a viewer's underlying hope is to learn something new and illuminating beyond the immediate story. In a film about two policemen trapped under the collapsed World Trade Center on Sept. 11, 2001, for example, one wants it to go further than chronicle their anguish. It should ask: What did they learn under that bone-crushing steel and concrete? How was the experience for their loved ones, who waited desperately for word of their survival as the world looked on? What was it like to be an American during that time -- or a human being? How do we respond to tragedy?

"World Trade Center," Oliver Stone's film about Port Authority officers John McLoughlin and Will Jimeno (played, respectively, by Nicolas Cage and Michael PeÃ±a), is long on veneration for its subjects and scrupulous in portraying the details, big and small, of what unfolded that day. But it shortchanges audiences when it comes to dramatic revelations that could have resonated on a deeper level. It telegraphs its emotions loud and clear, but somehow they don't reach us.

Stone spends his directorial energies grappling with two purposes -- to express reverence for the two men's plight while trying to create a crowd-pleasing story of heroism -- but doesn't wring out anything more significant than the literal portrayal of the men's ordeal. That spare approach may have been Stone's intention, but it doesn't necessarily make for a satisfying, nuanced film experience.

The story has a basic design flaw: The two officers are portrayed as heroes -- and of course they are, as they courageously rush into the fray -- but soon they are cocooned in the rubble, essentially helpless, for the rest of the film. (Jimeno was trapped for 13 hours; McLoughlin for 21.) Other films that portray modern heroes against a backdrop of grand-scale horror -- "Schindler's List," "Hotel Rwanda" and others -- are effective because we spend the film watching them in heroic action.

Stone, who has never been bashful about rewriting American history with such impressionistic movies as "JFK," "Nixon" and "Platoon," mostly relies upon the reductive shorthand of made-for-television docudrama. Indeed, the film feels decidedly small-screen, bar a couple of scenes, in large part because the characters feel stock rather than uniquely drawn. Screenwriter Andrea Berloff's poor hand effectively chokes director and performer alike.

The filmmakers have omitted a wider context -- something as conspicuous by its absence as the towers themselves. Five years on, most of us understand that day as the opening chapter of a continuing, agonizing chronicle. We crave perspective -- even from a movie that specifically limits itself to one claustrophobic corner of the story. Why reprise this story without the hindsight of Afghanistan, Iraq, Madrid and London? One of the only allusions to the post-9/11 world is a Marine's passing comment that we should avenge ourselves -- which feels oddly ironic, given our failure to capture Osama bin Laden. And the filmmakers' attempts at establishing a wider canvas amount to a quick sequence around the world of people of all races, hues and faiths following the events on live television, more a statement about CNN's Nielsen ratings than a journey beyond the officers' experiences.

Audiences looking for a no-fuss recitation of what happened to McLoughlin and Jimeno, however, will find the movie they seek. Cage and PeÃ±a are believable in their roles. And Stone's trademark stylistics make an effective first act: As Jimeno patrols the Port Authority bus station, the shadow of the first plane darkens a nearby building, and Jimeno looks up with prescient dread, as if the Devil himself just passed over Manhattan. And seconds after the first tower has toppled and the ground beneath the audience seems to rock, a dazzling whiteness, attended by silence, floods the theater. But then the movie's problems really begin.

"World Trade Center," which Berloff based on the firsthand accounts of McLoughlin, Jimeno and their wives, begins that morning when the two officers and their colleagues have just started the day's work, and the first plane strikes the North Tower.

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They reach the World Trade Center concourse just as the second plane hits -- and are forced to retreat into an elevator shaft when tons of debris rains upon them.

It's an impasse all around: Everyone's pinned down by the cliches of half-baked poignancy. McLoughlin communicates with his wife, Donna (Maria Bello), through flashbacks and reveries, and reassesses his commitment to their marriage, but the exchanges don't rise above hollow recitations we've heard in movies before. Jimeno, already a man of faith, has visions of Christ carrying a vessel of water (a rusty pipe, barely within reach, is Jimeno's only potential source). Some viewers may be moved by the backlit special-effects Jesus hovering before him; others will find the image distractingly hokey. Meanwhile, Donna and a pregnant Allison Jimeno (Maggie Gyllenhaal) wait by the phone, bicker a little with their families, berate the Port Authority for its frustratingly few tidbits of information, and try to explain what is happening to their bewildered children.

It's up to the filmmaker to render familiar scenes like these in original ways. In "United 93," about the doomed plane that crashed in Pennsylvania, writer-director Paul Greengrass avoided the cliches of the airborne disaster movie by making you feel you were there: He filmed his actors with multiple hand-held cameras and in sustained takes.

In "World Trade Center," the movie's attempts to make the story feel specific and personal fail miserably. Before 9/11, Allison and Willie had been arguing over what to name their daughter; he wanted Alyssa, she wanted Olivia. Not surprisingly, during the tragedy, each decides to defer to the other's wishes. The idea, of course, is to show how the mundane can become significant in the face of enormous events, but it's such an obvious tug at the heartstrings that the impact is muted. Dave Karnes (Michael Shannon), the Marine who eventually finds the policemen, is portrayed as a single-minded patriot, rather than a three-dimensional being who loves his country.

Stone and Berloff depict the remains of the concourse as a symbolic hell: The men are trapped under slabs of stone in semi-darkness; isolated fires spontaneously erupt. The world of the living is represented by a sliver of skylight 20 feet above them. And it seems McLoughlin and Jimeno will have to undergo spiritual renewal long before they hear the sound of rescuers.

Berloff and Stone are reaching for myth, but failing to follow the rules of classic storytelling. "The Odyssey" spends time with Penelope, the soldier's wife who waits two decades for her husband's return, but it is mainly about the wanderings and heroics of Odysseus. In "World Trade Center," that balance between home and hero is off-kilter. We spend too much time -- with too little dramatic yield -- among the families. The fact that the officers' families aren't fleshed out through deft, original storytelling leaves us only feeling reflexive pity rather than being genuinely moved.

As McLoughlin and Jimeno hope against hope for someone to darken that skylight, we hope for enlightenment ourselves -- not out of callousness for their plight but for the film this might have been.

World Trade Center (125 minutes, at area theaters) is rated PG-13 for emotional content, disturbing images and profanity.

$400 Million FEMA Contracts Now Total $3.4 Billion (WP)

By Spencer S. Hsu

The Washington Post, August 9, 2006

Four no-bid contracts awarded by the Federal Emergency Management Agency to house Hurricane Katrina evacuees have ballooned in value from $400 million to about $3.4 billion, prompting renewed scrutiny from Congress and federal auditors about the disaster agency's management of the aftermath of the storm.

The Department of Homeland Security's inspector general is, for at least a second time, reviewing the contracts with construction and engineering firms Bechtel Corp., CH2M Hill Inc., Fluor Corp. and the Shaw Group Inc. to provide 150,000 trailers for hurricane victims, even as FEMA expects to competitively award at least $1 billion for similar work in future contingencies within days.

A review is underway into how the contracts were awarded, the parties involved and their documentary support, according to Marta Metelko, spokeswoman for Inspector General Richard L. Skinner. She cited the "dollars and risk associated with sole source contracts."

The contracts, which were quickly awarded as Katrina approached and hit the Gulf Coast, have been repeatedly faulted by Skinner's office, congressional auditors and a Senate investigation for poor safeguards and high costs. FEMA valued the contracts at $2 billion last fall and winter, but the agency has raised the limit for each firm over the past several months.

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FEMA Director R. David Paulison and Homeland Security Secretary Michael Chertoff promised Congress last October to re-bid the pacts and spun off $3.6 billion in maintenance and future dismantling of the trailers to 36 small and minority-owned firms in March. But the agency's critics say that has not addressed the entire problem.

Members of Congress say FEMA is unresponsive to complaints and warnings of mismanagement. Outside analysts say that the Department of Homeland Security's staffing shortages and increasing dependence on larger contracts to handle complex new missions feeds an unhealthy cycle, in which firms vying for an ever-growing flow of taxpayer dollars raid agency staff for expertise, weakening FEMA's ability to independently carry out its missions.

Coast Guard Vice Adm. Harvey E. Johnson Jr., FEMA's deputy director since April, said he tracks reports every week of how quickly FEMA is hiring and filling contract management jobs, and said the contracts are large and extremely complex. "I understand . . . how complex [the issues] are, and how many contracts our small staff is asked to complete," he said. "I see nothing that indicates there is any favoritism whatsoever."

FEMA deputy operations director Deidre Lee said the contracts' growth was justified "given the scope of Katrina. We ended up putting over 150,000 trailers and this for all the work, hauling, installing, prepping and set-up."

Spokesmen for Bechtel, which has its headquarters in San Francisco; CH2M Hill, of Englewood, Colo.; Fluor, of Irving, Tex.; and Shaw, of Baton Rouge, La., said they had received no information or requests from the DHS inspector general's office about a review, but routinely cooperate with audits by the office.

"We have delivered on every task they asked us to perform," CH2M Hill spokesman John Corsi said.

Shaw spokesman Chris D. Sammons said: "We are confident that our activities are fully in compliance with respect to all of those [federal and state] regulations."

In May, numerous protests of inflated prices and awards to a Fluor subsidiary led Sens. Byron L. Dorgan (D-N.D.) and Mary Landrieu (D-La.) to call on Skinner to begin another inquiry.

"It's hard to overstate the incompetence involved in all of these contracts," Dorgan said. "We have repeatedly asked them for information, and you get nothing."

The initial contracts began under murky circumstances. Two FEMA officials have said the four firms were tapped even before Hurricane Katrina made landfall, and the Shaw Group announced on Aug. 30, one day after the hurricane struck, that it was in contact with FEMA to mobilize assistance. Its stock rose 21 percent in two days and 32 percent that week after the news.

FEMA publicly announced contracting with the firms for housing on Sept. 8, in what company and government officials have said were letter contracts or agreements worth as much as $100 million. FEMA this week said that the initial contracts had a ceiling of $500 million each, and were awarded Sept. 3 to Fluor and Sept. 30 to the other three companies.

FEMA raised the ceilings of the contracts -- to $950 million for Shaw in February, to $1.4 billion for Fluor in March and to $575 million for Bechtel last month. It expects to raise the CH2M Hill contract to $530 million. FEMA has paid the firms $1.9 billion, and obligated $1 billion based on company charges, whose payment is subject to negotiation.

Skinner told Congress in February that the initial awarding of the housing contracts appeared justified by the emergency, but he concluded in a formal March report that "FEMA had not adequately defined the roles, responsibilities, expectation for deliverables, or performance measures for contractors," leaving taxpayers vulnerable to poor performance and abuse.

Shaw has installed 34,500 of 35,700 housing units expected to be completed by Sept. 30; Fluor, 49,000 of 53,000 units; Bechtel, all 36,000 units; and CH2M Hill, 23,000 of 28,000 units, FEMA said last week. The contracts will end "a couple of months" later, FEMA said.

In total, FEMA has contracted to pay as much as $7 billion for the 150,000 trailers, or about $46,000 per trailer. By law, the agency is required to provide storm victims housing for 18 months, although that term could grow.

Steven L. Schooner, co-director of George Washington University Law School's Government Procurement Law Program, said Homeland Security's high visibility and urgent needs dramatize a government-wide failure by Congress and recent administrations to solve a worsening contract workforce crisis.

"In both gulfs, Iraq and Louisiana, Congress seems to be able to find money to send auditors and inspector generals onto the battlefield after the fact to bayonet the wounded," Schooner said. "But nobody seems to find money to put contracting officers on the ground to do it right the first time."

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Chertoff has championed the re-engineering of FEMA to tap private expertise for tasks including registering victims and clearing debris. Prearranging contracts, for example, could have avoided FEMA's post-Katrina spending of $1.8 billion to provide hotel rooms and cruise ship cabins to storm victims at three to six times the cost of what it paid them to rent apartments, and to buy 26,000 mobile homes, many of which could not be used under agency rules.

Nevertheless, the agency has been slow to carry out such changes, even though its housing needs were identified after four hurricanes hit Florida in 2004.

FEMA's Johnson acknowledged, "We do need more contracting staff and more procurement staff."

Since Katrina, FEMA has boosted the number of contracting officers from 50 to 90, aiming for a total of 134, plus 30 more who may be available in emergencies, said Lee, who joined FEMA in April.

DHS procurement chief Elaine C. Duke said FEMA is working on 70 new contracting projects to help with emergencies, dealing with logistics, government aid, housing inspections and more. "If you look at all that's been done, a year -- or, really, 10 months -- had been a really short time," she said.

Agencies In New Orleans Struggle To Rebuild Workforce (WP)

By Stephen Barr

The Washington Post (column), August 9, 2006

His rent and other living costs have gone up, his family is in another state, and his office has four job openings with little hope of filling them soon.

Gary Goeke is a federal employee in New Orleans, where, he said, "the situation is bleak."

Almost a year after Hurricane Katrina devastated Gulf Coast communities, Goeke's rent for a one-bedroom apartment has jumped 36 percent, to $850 a month. Apartments are jammed with people who lost their homes, the cost of building materials has soared, reliable contractors are scarce, and home insurance premiums are rising, he said.

One employee in his Minerals Management Service office has left to start a new life in Denver, and the office's job postings have stirred little interest. "We are not getting the response to vacancies that we would normally get," Goeke said. "Things are still pretty grim."

According to the Office of Personnel Management, the federal workforce in New Orleans dropped by about 11 percent -- to 9,674 employees -- from March 2005 to March 2006.

But officials in New Orleans think the post-Katrina decline might be even larger, in part because many federal employees on New Orleans rosters are working for their agencies temporarily at offices outside the city.

"We still have significant numbers of people who are in limbo on whether they are willing to return to the area," said Kathy Barr Ã© , executive director of the New Orleans Federal Executive Board. "As time goes on, we know we will be facing a little more of a deficit here."

Louisiana officials want to keep a stable base of federal employees, in part because the services they provide are important to the state and because keeping federal offices open reassures the private sector that the city will bounce back.

Brookings Institution researchers estimate that the overall labor force in New Orleans is 30 percent smaller today than it was a year ago. Rents in the region have increased by 39 percent in that time, and home sale prices have spiked in suburban parishes, the researchers said.

Many employees "are feeling that their federal income is not going as far as it needs to go," BarrÃ© said. They are paying rent and spending money to repair homes or are trying to buy other homes, she said. "The dual output causes people a great problem."

Jerry Lohfink , director of the Agriculture Department's National Finance Center, said he has been steadily recruiting over the past year to replace employees who have left, including 279 who did not return after Katrina. The center, with 1,280 employees, is down 107 from its authorized staffing level. New hires have come from companies and agencies leaving the area, but he has not had much luck in recruiting from outside the region.

"This is still a very fluid sort of situation," Lohfink said.

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BarrÃ© said many federal employees in New Orleans think they should receive a cost-of-living adjustment or additional locality pay for rebuilding, but she said such remedies could be difficult to justify and would take two to three years to win approval.

New Orleans might get quicker relief by applying for special salary rates -- a pay supplement that can be used by federal agencies for hard-to-fill jobs. An effort to study special rates recently began, BarrÃ© said, but she noted that "agencies are operating very lean" and may not be able to spare enough staff members to quickly conduct the research to justify higher pay.

"I'm looking for help from OPM," BarrÃ© said. "I need on-the-ground help to push this forward."

The OPM sent two senior staffers to New Orleans this year to discuss alternative ways to increase pay for employees in the region, said Nancy H. Kichak , an OPM associate director.

In addition to special pay rates, agencies can deal with special circumstances by offering recruitment, relocation and retention bonuses; setting above-minimum salaries for new hires; and granting student-loan repayments, Kichak said.

"Employees have told us that there are problems there," she said, but she noted that the OPM relies on agency officials to decide whether higher pay is appropriate for New Orleans. "We don't start committing agency resources without the support of agency officials," Kichak said.

Sense Of Duty Lures 'Expats' Back Home To New Orleans (LAT)

By Ann M. Simmons, Times Staff Writer

The Los Angeles Times, August 9, 2006

NEW ORLEANS — When Mark Folse told his mother-in-law he had decided to move his family here shortly after Hurricane Katrina hit, she handed him a magazine article about New Orleans' gang problem.

"The understated text was, 'This is where you're taking my grandchildren?' " said Folse, 49, a New Orleans native then living in Fargo, N.D.

"I took the magazine, smiled and read it," Folse recalled. He tried to point out the positives to his mother-in-law: Many criminals had not returned to the city since the storm. Crime-fighting efforts were intensifying. The criminal justice system was being overhauled.

But most important, he told her, was that his children — ages 11 and 14 — would be living in "one of the most unique places in the United States" at a time of unprecedented challenges.

Folse is among a number of "expatriates," as they call themselves, drifting back to New Orleans after a long absence — drawn by a sense of duty to help rebuild, by opportunities, or by nostalgia.

There are no hard statistics on expatriates, but online homecoming tales, real estate sales records, hiring data and anecdotes suggest their presence is growing.

"What I'm seeing are people who … want to be here," said Greg Rigamer, president of GCR & Associates, a data management and strategic planning firm in New Orleans that has hired at least two young expatriates who left careers in other cities because they "wanted to come back and participate."

They aren't the only recent arrivals. Migrant workers have flooded the job market, and scores of government and private workers involved in rebuilding also have settled in the city since Katrina. And of course there are speculators scouting for opportunities.

"Many people will look at New Orleans and say, 'You couldn't pay me to move there,' " said demographer Audrey Singer of the centrist Brookings Institution think tank in Washington, who monitors migration trends including the so-called Katrina diaspora. "Then you have these people who think, 'This is a place I care about and I need to be here,' for various reasons; or those who say, 'There's a lot of work here.' "

Many expatriates say they worry that developers and speculators might mar the city's unique appearance, such as its hodgepodge of French colonial and Caribbean-style architecture; they don't want bland, prefabricated tract homes or McMansions. They also fear an erosion of the city's cultural eclecticism.

Folse is leading an online charge to encourage expatriates to return to New Orleans.

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"The more people who come back, who value the city for what it was and what it is, the more difficult it will be for them to wrest it from us," Folse said.

Watching the catastrophe of Katrina unfold last August, "I felt an overwhelming need to come here and plant my flag and buy a house, and try and save New Orleans," said Folse, who tests computer software for a national bank that lets him telecommute. "Admittedly it sounds grandiose and self-serving. But I felt I had to come here and be part of it."

He arrived in the city on Memorial Day and moved to the Mid-City neighborhood, much of which flooded after Katrina. The family found a home that was spared water damage.

Folse immediately joined his neighborhood association and was named chairman of the group's volunteer housing committee. The group is working to set up a community development corporation that would give residents a say in the fate of the neighborhood's blighted properties and historical buildings, and would work to attract businesses to the area.

Ashley Morris, 42, returned to New Orleans in November after an eight-year absence. He said his urge to participate in the city's recovery had made him "kind of an activist." He helped campaign for three mayoral candidates this year.

And Morris' computer science class at Chicago's DePaul University, where he still teaches two days a week, has designed a database to help coordinate the distribution of resources and donations during an emergency. He plans to offer the software to the city for free.

"Katrina strengthened our resolve to come here, because this is the only city in America I feel is worth fighting for," said Morris, the father of three. His youngest, born in New Orleans in December, is named Rey d'Orleans Morris.

Such fervor also pulled software engineer Ray Shea back to New Orleans from Austin, Texas, where he had lived for 14 years. He and his wife, architect Gina Andre, had been considering a move but hadn't decided where.

Neither could forget the images of flooded New Orleans and its residents.

"Having to watch from afar was just really frustrating and really painful to be helpless throughout the whole thing," recalled Shea, 42, who has family in the city and visited four times after the storm.

So when his wife got a job offer from a New Orleans firm, the couple started packing. They settled here in July.

"It's a once-in-a-lifetime opportunity to be part of something so important," said Andre, 44, a native Texan who had never lived in New Orleans. "Being an architect is like being a rock star here."

Like all New Orleans residents, expatriates must contend with high crime; fewer public schools; low water pressure; frequent electrical outages; and a tattered infrastructure of potholed roads, inconsistent garbage collection and defunct traffic signals.

Shea admitted that such factors as crime and the lack of healthcare facilities made him "nervous," particularly for his two children. And in the back of his mind is the prospect of another Katrina-strength storm.

"I'm hoping that once we get this hurricane season over with, and nothing happens, that there is going to be a big economic boom here, and I just want to be around to be part of that boom," said Shea, whose Austin-based employer is letting him telecommute.

Recent arrivals have helped boost the city's economy simply by moving here, local real estate officials said.

Frank Trapani, president-elect of the New Orleans Metropolitan Assn. of Realtors, said that although expatriates were a minority of new home buyers, they had contributed to rising home sales in the New Orleans metropolitan area in recent months.

"We have many people moving out of the community, who just don't want to go through this life-altering experience," Trapani said. "But we're also seeing those who are anticipating the opportunity to take part in the revival of New Orleans."

Tommy Crane, an independent real estate agent who helped Morris buy his home, said his company's sales to out-of-towners — among them a few expatriates — had jumped from 10% before Katrina to about 15%. And between January and April, he did as much business as he had all of last year.

"Some of these are people who had always had a dream to live here and think now is a good time to be part of the rebuilding process," Crane said.

That's what's driving New Orleans native David Levy, Folse's nephew, to give up his technology marketing job and move this month from Marina del Rey to New Orleans' Mid-City, where he has bought a home. Levy hasn't lived here in 12 years. Now, he is enrolled at Tulane University's law school. His wife, Amanda, lived in New Orleans as a child.

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"We want to try and make a difference," Levy said. He and his wife plan to join volunteer groups sprucing up the city. "The most important thing we felt was, first of all, just to be here."

U.S. Officials Revise Outlook For Hurricanes (NYT)

By Eric Lipton

The New York Times, August 9, 2006

WASHINGTON, Aug. 8 — Federal officials modestly downgraded their projections for the intensity of this year's hurricane season on Tuesday, as the halfway point of the six-month season neared without a single hurricane and only three named tropical storms.

What is obvious already, officials said, is that this year is unlikely to match the activity of last year when there were a record 15 hurricanes; seven were major, and four, including Katrina, hit the United States. By this date in 2005, there had been nine named storms and four hurricanes.

But officials from the National Oceanic and Atmospheric Administration warned that the threat was still real for an above-average hurricane season, as has been the case in 9 of the last 11 years.

They now predict seven to nine hurricanes, including three or four that have sustained winds of at least 111 miles per hour, or Category 3 storms. The seasonal average is six.

The agency's forecast was similar to that made last week by hurricane researchers at Colorado State University, who reduced their number of hurricanes predicted to seven from nine. Three of those storms would be intense, the researchers said.

"While the beginning of this hurricane season has been relatively calm compared to last year, it does not mean we are off the hook," said the under secretary of the National Oceanic and Atmospheric Administration, Conrad C. Lautenbacher.

Mr. Lautenbacher and Gerry Bell, the agency's lead seasonal hurricane forecaster, said the relatively quiet early half of the season was not that unusual, as the peak typically runs from mid-August to mid-October. Mr. Bell said the revised prediction was based on factors including sea surface temperatures.

The director of the Federal Emergency Management Agency, R. David Paulison, said residents along the Atlantic and Gulf coasts must still take steps to prepare themselves. "It is not a time for complacency," Mr. Paulison said. "It only takes one hurricane to give you a very bad day."

The downgrade in the projection is particularly a relief for the Gulf Coast, where 119,000 families are still living in government-supplied travel trailers or mobile homes, which officials say they will urge people to vacate even if winds reach only tropical-force speed.

"We are going to plan for the worst and hope for the best," said Mark C. Smith, spokesman for the Louisiana governor's Office of Homeland Security and Emergency Preparedness.

NOAA Curtails Hurricane Forecast (WP)

By Peter Whoriskey

The Washington Post, August 9, 2006

MIAMI, Aug. 8 -- The 2006 hurricane season -- so far quiet -- has fallen far behind last year's record for tropical storm activity, but scientists on Tuesday issued a prediction that this year will nonetheless be above average, with seven to nine hurricanes forming in the Atlantic basin.

In the kind of season that is anticipated, an average of two or three hurricanes make landfall in the United States, scientists at the National Oceanic and Atmospheric Administration said.

"I don't want anyone to focus on the numbers," said Max Mayfield, director of the National Hurricane Center. "It only takes one hurricane to make it a really bad year."

The prediction, while still threatening, slightly downgrades the predicted hurricane activity from the seasonal outlook the agency issued in May, in which eight to 10 hurricanes were foreseen.

Some scientists have suggested that the recent intensity of hurricanes may be an outcome of global warming. But Gerry Bell, lead meteorologist at NOAA's Climate Prediction Center, said "the work done so far doesn't allow us" to determine how

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much storm activity is due to global warming and how much is the result of a long-recognized fluctuation in hurricane activity created by the "multi-decadal signal."

The multi-decadal signal, in which weather conditions become conducive to hurricanes, is believed to have led to the uptick in Atlantic hurricanes that began in 1995.

The long-term forecasts of tropical storms are used by emergency managers. They are also reviewed by insurers, who have in recent years doubled premiums for properties in some coastal areas and refused to renew policies in others.

"It's not a time for complacency," said FEMA Director R. David Paulison.

The seasonal forecasts are based on an analysis of sea-surface temperatures in areas where hurricanes form, as well as wind conditions and other factors.

The warmth in the ocean is, in essence, the fuel for hurricanes.

This year, ocean waters are a half a degree to two degrees Fahrenheit warmer than average. That likely will help generate above-average tropical storm activity, but not as much as last year, when comparable ocean temperatures were two to three degrees warmer than average.

Three tropical storms have formed this year; last year, seven had formed during June and July.

Another key factor in the forecast is the strength of high-level winds that can inhibit hurricane formation. Essentially, strong shearing winds can blow apart incipient storms.

Wetter-than-predicted conditions over the Pacific Ocean have forced slightly stronger upper-level winds over the Caribbean, said Christopher Landsea of NOAA's Hurricane Research Division, making the weather this year less amenable to hurricane formation than last year.

Still, forecasters predict an above-average season, with 12 to 15 tropical storms, seven to nine hurricanes and three to four major hurricanes.

Those predictions fall in line with a report issued last week by researchers at Colorado State University. They predicted 15 tropical storms (the average is 9.6); seven hurricanes (the average is 5.9); and three major hurricanes (the average is 2.3). It also reported that there is a 73 percent chance that a major hurricane -- Category 3 or greater -- will hit the United States.

Paulison and the NOAA scientists used the announcement to warn residents of coastal areas to prepare before a storm hits. They said that although the government can help, residents who fared best in last year's hurricanes were those who had made adequate preparations.

Forecasters Predict Fewer Hurricanes (USAT)

USA Today, August 9, 2006

The 2006 Atlantic hurricane season should be slightly less active than originally predicted, federal forecasters said Tuesday. Forecasters expect 12 to 15 named storms and seven to nine hurricanes, the National Hurricane Center and other National Oceanic and Atmospheric Administration agencies said. Three or four could be major hurricanes with sustained winds of at least 111 mph, forecasters said.

In May, the forecast was for 13 to 16 named storms, including and eight to 10 hurricanes, four to six of which could become major.

There have been three tropical storms and no hurricanes so far. August through October are typically the most active months. The 2005 hurricane season broke records with 28 named storms, 15 hurricanes and seven major ones. Hurricane Katrina was the most expensive natural disaster in U.S. history. Hurricane season began June 1 and ends Nov. 30.

WAR NEWS:

Bombings, Shootings Kill 33 Across Iraq (AP)

By Qassim Abdul-zahra

AP, August 9, 2006

DOJ_NMG_0045371

A series of bombings and shootings killed at least 33 people Tuesday, most in the Baghdad area, as more American soldiers patrolled the streets of the capital in a make-or-break bid to quell sectarian violence.

Nearly 60 people were wounded in the blasts, police said. The explosions began when three bombs went off simultaneously near the Interior Ministry in central Baghdad, killing 10 people and wounding eight, police Lt. Bilal Ali Majid said.

Two more bombs ripped through the main Shurja market, also in central Baghdad, killing 10 more civilians and wounding 50, police Lt. Mohammed Kheyoun said.

At least 13 other people were killed or found dead Tuesday, most in the Baghdad area, where tension between Sunnis and Shiites runs the highest.

The violence underscores the security crisis facing Baghdad, which prompted American commanders to send more U.S. soldiers to the capital in a renewed bid to curb sectarian killings and kidnappings.

U.S. officials said the latest phase of the security operation was launched Monday "to reduce the level of murders, kidnappings, assassinations, terrorism and sectarian violence in the city and to reinforce the Iraqi government's control of Baghdad."

A U.S. statement said about 6,000 additional Iraqi troops were being sent to the Baghdad area, along with 3,500 U.S. soldiers of the 172nd Stryker Brigade Combat Team and 2,000 troops from the U.S. 1st Armored Division, which has served as the theater reserve force since November.

"Iraqi and Multinational Division-Baghdad soldiers will not fail the Iraqi people," said Maj. Gen. J.D. Thurman, commander of U.S. forces in the capital.

American officials have released few details of the new campaign, citing security. However, more heavily armed U.S. soldiers were seen Tuesday on the streets of Ghazaliyah, one of the neighborhoods targeted in the first stage of the stabilization effort.

Troops were seen patrolling both in vehicles and on foot, hoping to assure residents of the majority Sunni neighborhood they will be protected from criminals and sectarian death squads.

"The general priorities are to bring stability to the key neighborhoods where there is sectarian fighting," the top U.S. commander in Iraq, Gen. George W. Casey Jr., told reporters in Tikrit. "You'll see us starting there and then gradually expanding across the rest of the city."

Much of the violence has been blamed on sectarian militias that have stepped up a campaign of tit-for-tat killings since the Feb. 22 bombing of a Shiite shrine in Samarra, 60 miles north of Baghdad.

Many militias are linked to political parties that are part of Prime Minister Nouri al-Maliki's national unity government, and they are reluctant to disband their armed wings unless others do the same.

The U.S. ambassador to Iraq, Zalmay Khalilzad, said there was talk under way among Sunni and Shiite groups to reach agreements and sign pledges to end sectarian fighting.

"There's more that needs to be done" Khalilzad told reporters. "There's a need for practical steps to move forward. ... I think they're heading in the right direction and this is the right government ... to tackle this issue of sectarian fighting."

Both Khalilzad and Casey were in Tikrit for ceremonies marking the formal transfer of security responsibility from the 101st Airborne Division to the Iraqi army across a wide area of northern Iraq.

U.S. officials emphasized the transfer of authority was on schedule despite the security crisis in Baghdad.

Nevertheless, the ambassador warned that if the violence cannot be curbed in the Baghdad area, Iraq "might be in a much more difficult situation" in the coming months. He said al-Maliki understands the threat and "he's determined to succeed."

However, differences have emerged between U.S. and Iraqi officials on tactics. The prime minister, a Shiite, strongly criticized a U.S.-Iraqi raid Monday on Baghdad's Sadr City district, stronghold of radical cleric Muqtada al-Sadr and his Mahdi Army militia.

Al-Maliki complained that the raid used excessive force, and President Jalal Talabani, a Sunni Kurd, warned the Americans it was in "no one's interest" to provoke a showdown with al-Sadr.

For his part, al-Sadr urged his followers to purge their ranks of "all elements that defame the Mahdi Army" and called on his supporters to denounce kidnappings and the "killing of innocent people."

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But such declarations alone will do little to curb the violence, much of which is believed carried out by criminal gangs and freelance gunmen settling personal scores.

On Tuesday, gunmen in two cars stormed a bank in the Azamiyah district of Baghdad, killing three bank employees before fleeing with the equivalent of $5,500, according to the Defense Ministry.

Two Sunni bothers were slain in their car repair shop in southwestern Baghdad and four Shiites were gunned down in a series of attacks in Baqouba and Muqdadiyah, two cities in Diyala province northeast of the capital, police said.

Police found two bodies, shot in the head, in Sulla in northwest Baghdad, and a policeman was killed in a bombing in Tikrit, police said.

The other victims died in small-scale shootings and bombings in the Baghdad area, police said.

At Least 20 Die In Series Of Baghdad Bombings (USAT/AP)

USA Today, August 9, 2006

BAGHDAD — At least 20 people were killed Tuesday in a string of bombings in the center of Baghdad, as more U.S. soldiers patrolled the streets of the capital in a bid to quell sectarian violence.

Nearly 60 people were wounded in the blasts, police said. The explosions began when three bombs went off simultaneously near the Interior Ministry in central Baghdad, killing 10 people and wounding eight, police Lt. Bilal Ali Majid said.

Two more bombs ripped through the main Shurja market, also in central Baghdad, killing 10 more civilians and wounding 50, police Lt. Mohammed Kheyoun said.

At least 13 other people were killed or found dead Tuesday, most in the Baghdad area, where tension between Sunni Arabs and Shiites runs the highest.

The violence has prompted U.S. commanders to send more U.S. soldiers to the capital. U.S. officials said the latest phase of the operation was launched Monday "to reduce the level of murders, kidnappings, assassinations, terrorism and sectarian violence in the city and to reinforce the Iraqi government's control of Baghdad."

A U.S. statement said 6,000 more Iraqi troops were being sent to the Baghdad area, along with 3,500 U.S. soldiers of the 172nd Stryker Brigade Combat Team and 2,000 soldiers of the 1st Armored Division.

American officials have released few details of the new campaign, citing security. However, more heavily armed U.S. soldiers were seen Tuesday patrolling in vehicles and on foot in a Sunni neighborhood. U.S. forces are trying to assure residents they will be protected from criminals and sectarian death squads.

"The general priorities are to bring stability to the key neighborhoods where there is sectarian fighting," the top U.S. commander in Iraq, Gen. George Casey, said. "You'll see us starting there and then gradually expanding."

Casey was in Tikrit to mark the formal transfer of security responsibility from the 101st Airborne Division to the Iraqi army across a wide area of northern Iraq.

Sectarian militias have stepped up reprisal killings since the Feb. 22 bombing of a Shiite shrine in Samarra, 60 miles north of Baghdad. Many militias are linked to political parties in Prime Minister Nouri al-Maliki's national unity government, and they are reluctant to disband their armed wings unless others do the same.

The U.S. ambassador to Iraq, Zalmay Khalilzad, said there was talk among Sunni and Shiite groups to sign pledges to end sectarian fighting.

Differences have emerged between U.S. and Iraqi officials on tactics. The prime minister, a Shiite, accused U.S. and Iraqi troops of using excessive force in a raid Monday on Baghdad's Sadr City district. The neighborhood is a Shiite slum and stronghold of radical cleric Muqtada al-Sadr and his Mahdi Army militia.

Bank Robbery And Bombs Kill 24 In Iraq (NYT)

By Paul Von Zielbauer

The New York Times, August 9, 2006

BAGHDAD, Iraq, Aug. 8 — Five homemade bombs and a bank robbery left 24 people dead in Baghdad on Tuesday as the level of violence here remained undiminished despite a buildup of American and Iraqi troops meant to restore a sense of order.

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Also Tuesday, several witnesses testified in the continuing military hearing for four soldiers charged with raping a 14-year-old girl and then killing her and her family in March.

The witnesses, members of the soldiers' unit — Company B of the First Battalion, 502nd Infantry, 101st Airborne Division — were called by defense lawyers to describe the extreme conditions the soldiers had endured in their patrols south of Baghdad, and the low morale and combat stress that followed.

The hearing, known as an Article 32, mixes elements of a grand jury proceeding and a jury trial — including the introduction of evidence, testimony from witnesses and cross-examination by defense lawyers — and is the means by which a presiding officer determines whether enough evidence exists to recommend a court-martial, nonjudicial punishment or the dismissal of charges.

The four soldiers accused of killing the family, in Mahmudiya, a volatile town south of Baghdad, are Specialist James P. Barker, Pfc. Jesse V. Spielman, Pfc. Bryan L. Howard and Sgt. Paul E. Cortez.

In addition to rape and murder, each is also charged with arson; after raping the girl, military prosecutors said, the four burned her body with kerosene to conceal evidence.

A fifth soldier, Sergeant Anthony W. Yribe, who is not said to have been present at the rape and killings, is charged with dereliction of duty, for failing to report the crimes.

Several soldiers testified Sunday and Monday that a former member of Company B, Steven D. Green, thought up the plan to attack the family and rape the girl, and persuaded the other four, during card games and while driving golf balls, to go along with it.

Mr. Green, whom the Army allowed to enlist on "moral waivers" because he had a criminal record for minor offenses, was discharged as a private in May after a psychiatric evaluation.

He is in custody in Kentucky, where he faces federal rape and murder charges. He has pleaded not guilty.

In testimony on Tuesday, Sgt. Daniel Carrick, a member of the accused soldiers' platoon, described how patrolling around Mahmudiya, a tense region south of Baghdad known as the "triangle of death," turned many soldiers bitter, particularly Mr. Green.

"Green had hatred for a lot of people in general," Sergeant Carrick said.

Sgt. First Class Jeffrey Fenlason testified about a conversation with Mr. Green "regarding his lack of concern or caring for Iraqi life versus American soldiers' life."

Several soldiers also testified to a grisly tale of how Mr. Green tossed a puppy off the roof of a building and set it on fire.

The increased American and Iraqi Army patrols in Baghdad on Tuesday seemed to have had little effect on the daily violence.

At 10:50 a.m., two explosions in a market in central Baghdad killed 10 people and wounded 69 others, an Interior Ministry official said. Minutes later, in the Adhamiya section of the city, gunmen burst into the Rashid Bank, killed three guards and two bank employees and stole 7 million Iraqi dinars, or about $5,000, the official said.

Earlier Tuesday morning, three apparently coordinated explosions near the Interior Ministry, in the center of Baghdad, killed nine people and wounded eight others, including three policemen, said the ministry official, who spoke on condition of anonymity because he was not authorized to speak to a reporter. Two of the three explosions occurred near police patrols, and the third was at a busy bus station, he said.

The military announced that four American service members were killed Sunday. Three were killed by a roadside bomb southwest of Baghdad. The fourth, who served with the First Brigade, First Armored Division, died in fighting in Anbar Province, west of Baghdad, the military said in a statement.

In the past week, four Iraqi journalists from various news organizations based here were fatally shot, said a member of an Iraqi journalists' group that tracks attacks on reporters.

Muhammad Abbas Hamid, 30, a reporter for the Shiite newspaper Al Bayinna al Jadida, was shot Monday as he left his home in the Adil section of west Baghdad, said the newspaper's publisher, who asked that his name not be printed out of fear of reprisal.

Late Monday, the police found the body of Ismail Amin Ali, 30, a freelance journalist, less than a mile from where he was abducted two weeks ago in northeast Baghdad, according to the journalists' group, the Journalistic Freedoms Observatory.

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In an interview on Tuesday evening, Ziad al-Ajeely, who tracks attacks on journalists for the group, identified the two other journalists killed in Baghdad in the past week as Abdul Wahab al-Qaisi, a reporter for Kol al Dunia magazine, and Adil Naji al-Mansory, a reporter for Al Alim television.

Baghdad's central morgue said it received the bodies of 1,855 people in July, an average of nearly 60 a day, nearly all of whom appeared to have died violently. The tally was a 16 percent rise from June and a 71 percent increase from January.

The United Nations said last month that an average of about 100 people were killed daily throughout Iraq in May and June. The organization based its figures on numbers from the Ministry of Health, which collates records of violent deaths from hospitals around the country and from Baghdad's central morgue, where unidentified bodies are delivered.

Ministry officials said Tuesday that they had not completed the nationwide count for July.

Officials say the greatest concentration of violent deaths has been in Baghdad, which is the focus of a new military strategy to suppress the surge in violence.

Over the weekend, an American combat unit numbering nearly 4,000 soldiers, and featuring the highly mobile and resilient Stryker vehicles, rolled into Baghdad as part of a plan to elevate the street presence of American forces.

Shia Embrace Partitioning Of Iraq (LAT)

By Borzou Daragahi

The Los Angeles Times, August 9, 2006

BAGHDAD, Iraq -- They have a new constitution, a new government and a new military. But faced with incessant sectarian bloodshed, Iraqis for the first time have begun openly discussing whether the only way to stop the violence is to remake the country they have just built.

Leaders of Iraq's powerful Shiite Muslim political bloc have begun aggressively promoting a radical plan to partition the country as a way of separating the warring sects. Some Iraqis are even talking about dividing the capital, with the Tigris River as a kind of Berlin Wall.

Shiites have long advocated some sort of autonomy in the south on par with the Kurds' 15-year-old enclave in the north, with its own defense forces and control over oil exploration. And the new constitution does allow provinces to team up into federal regions. But the latest effort, promulgated by Cabinet ministers, clerics and columnists, marks the first time they've advocated regional partition as a way of stemming violence.

"Federalism will cut off all parts of the country that are incubating terrorism from those that are upgrading and improving," said Khudair Khuzaie, the Shiite education minister. "We will do it just like Kurdistan. We will put soldiers along the frontiers."

The growing clamor for partition illustrates how dire Iraq's security, economic and political problems have come to seem to many Iraqis: Until recently, Iraqis shunned the idea of redrawing the 8 1/2-decade-old map of Iraq as seditious.

Some of the advocates of partitioning the country are circumspect, arguing that federalism is only one of the tools under consideration for reducing violence.

But others push a plan by Abdel Aziz Hakim, head of the Supreme Council of the Islamic Revolution in Iraq, a political party. Hakim advocates the creation of a nine-province district in the largely peaceful south, with 60 percent of the country's proven oil reserves.

Sunni leaders see nothing but greed in the new push -- the Shiites, they say, are taking advantage of the escalating violence to make an oil grab.

Iraq's oil is concentrated in the north and south, with much of the Sunni west and northwest desolate desert tundra, devoid of oil and gas.

"Controlling these areas will create a grand fortune that they can exploit," said Adnan Dulaymi, a leading Sunni Arab politician. "Their motive is that they are thirsty for control and power."

Still, even nationalists who favor a united Iraq acknowledge that sectarian warfare has gotten so out of hand that even the possibility of splitting the capital along the Tigris, which roughly divides the city between a mostly Shiite east and a mostly Sunni west, is being openly discussed.

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"Sunnis and Shiites are both starting to feel that dividing Baghdad will be the solution," despaired Ammar Wajuih, a Sunni politician.

Critics scoff at the idea that any geographical partitioning of Sunni and Shiites will make the country any safer than it is now. In fact, some observers warn that cutting up the country's Arab provinces into separate religious cantons would be as cataclysmic as the partition of Pakistan and India in 1947.

Although growing numbers of Iraqis acknowledge that their country is in the throes of an undeclared civil war, a partition would "actually lead to increasing violence and sectarian displacement," said Hussein Athab, a political scientist and former lawmaker in Basra.

Critics of partitioning note that rival Shiite militias with ties to political parties in government not only appear to be responsible for as much of Iraq's violence as Sunni insurgents, but have been known to turn their guns on each other.

"They're always talking about reconciliation and rejecting violence, but in truth they're not serious," Wajuih said. "Whenever there is a security escalation or violence, they bring the issue of federalism up again."

One Western diplomat, who spoke on condition of anonymity, suggested that the Shiites were using the prospect of a southern mini-state to gain other political concessions from Sunnis, "a threat that they wouldn't want to have to exercise" because tearing the country asunder would be so traumatic.

A U.S. Embassy spokesperson declined to comment publicly on an issue so volatile. But U.S. policymakers have also begun to warm to the idea. Sen. Joseph Biden of Delaware, one of the Democratic Party's leading voices on foreign policy, began openly advocating such a move this year.

"I think it's the only way out," says Ivan Eland, a former Congressional Foreign Affairs Committee staffer who is now an analyst at the Independent Institute, an Oakland, Calif., think tank. "Iraq is already partitioned. Kurds don't want to be part of it. And any central government controlled by one group, the other groups are going to be afraid of being oppressed by it."

The Kurdish experiment has inspired many Shiite leaders, especially Hakim. Clerics loyal to him have already begun using street demonstrations as well as the Friday prayer pulpit to advance to desperate and war-weary Shiite masses that an autonomous southern region will stem the bloodshed and bring prosperity.

"Those afraid of federalism in the south and middle are afraid that we will get our rights back," Sheik Sadraldin Qabanchi told the faithful gathered for Friday prayers in Najaf last month.

"Why not now?" said a July 30 column in Adala, a Shiite daily newspaper. "We are in a race against time to establish federalism in Iraq."

Hakim's advisers have already begun drawing up plans and proposals for what rights and territory such a region would encompass, said Haithem Hussein, one of his deputies. In one plan, the Shiite militias now considered part of Iraq's cycle of violence could be used as regional security force, just as the Kurdish "peshmerga" militias form the core of Kurdistan's regional security forces.

"We don't want to establish a Shiite state or a state within a state," said Mukhlis Zamel, a Shiite lawmaker from the southern city of Nasiriyah. "But we want to manage ourselves by ourselves."

In the halls of parliament, Sunni politicians say their Shiite colleagues try to strong-arm them to go along with their plan.

"They try to convince you that federalism is the only solution, whether you like it or not," said Salim Abdullah Jabouri, a former law professor now serving in parliament as a member of the main Sunni coalition.

He recalled a Saturday morning meeting with members of the 140-seat Shiite bloc in parliament at which the subject of Hakim's nine-province federal region arose. "They say, `The street is fed up with this mess and there's no solution except adopting federalism,'" he said.

Most agree that a partitioning of Iraq along the geographical lines advocated by Shiites would be an agonizing and traumatic process.

Almost all of Iraq's major tribes include both Shiite and Sunni branches, and cross-sectarian marriages abound, especially among cosmopolitan residents of large cities.

Sheik Diyadhin Fayadh, a Shiite politician and cleric, offered up another solution to resolve Iraq's sectarian patchwork once the country has been partitioned: "If people don't like the system in one region," he said, "they can go to another region."

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Times staff writers Saif Rasheed in Baghdad and Saad Fakhrildeen in Najaf contributed to this report.

So What's Our Role In Iraq's Civil War? (WP)

By Harold Meyerson

The Washington Post, August 9, 2006

Of all the signs that the American people are fed up with the war in Iraq, the one that the administration should fear most was put forth last week by a longtime supporter of both the president and the war, Virginia Republican John Warner.

While chairing a hearing of the Senate Armed Services Committee, Warner suggested that the president might need a new congressional resolution authorizing our presence in Iraq, since the conflict there has become (or, best case, may yet become) a civil war.

Now, that would be one challenging resolution to write. Once you've come up with "Whereas the conflict in Iraq is now a civil war between Shiites and Sunnis," what is it, exactly, that we are therefore supposed to resolve? In an Iraqi civil war -- which is precisely what we now confront -- what is the mission of U.S. forces?

There are, after all, civil wars and civil wars. In the carnage that followed the breakup of Yugoslavia, it was chiefly the genocidal aggression of Slobodan Milosevic's Serbian nationalists that needed to be checked, and in time U.S. forces and their allies did just that. But the slaughter in Iraq is the work of many hands on both sides of their religious divide. And the role of American soldiers in an intra-Islamic conflict is impossible to plausibly articulate. (Imagine, for instance, that a small Islamic army had been plunked down in Europe during the Protestant-Catholic strife of the 16th and 17th centuries. Its mission would have been about as clear as ours in Iraq today.)

For the Bush administration, then, any admission that the Iraqi civil war is in fact a civil war destroys whatever remains of its justification for our presence there. For while it is true that the withdrawal of our forces will probably unleash even greater sectarian mayhem, it is also true that our presence cannot stop it and that our presence there has also greatly diminished our diplomatic and military capacity to accomplish anything else anyplace else.

If Iraqis have embarked on a bloody partition of their nation -- and to all appearances they have -- then the one remaining task for any non-indigenous force within Iraq is to help ensure that that division takes place with as little slaughter as possible. In the best of all possible worlds, the Iraqi parties would agree on their new lines of demarcation.

Agreement or no, however, the job of keeping the mayhem to a minimum would best be performed by forces with no perceived stake or history in the conflict -- that is, by a United Nations deployment of troops from nations that are neither Muslim nor Christian.

For George Bush, Dick Cheney and Donald Rumsfeld, however, such a messy and sad resolution would make unmistakably clear the full dimensions of their folly. It's not true that they don't have a plan for Iraq. Their plan is to avoid having such a resolution occur on their watch, to delay the disintegration of Iraq, for which they more than anyone else are responsible, until Bush is out of office and they can lay the blame for this catastrophe on his successor.

There's also a more immediate reason why they need to stay the course. A recent poll of Republican voters commissioned by the Republican National Committee and reported on in yesterday's Los Angeles Times found that the best way the GOP could motivate its base in the upcoming election would be to contrast "the president's commitment to defeat the terrorists in Iraq" with the Democrats' supposed lack of commitment to that goal. (The quote is from pollster Fred Steeper's memo to Republican National Committee Chairman Ken Mehlman.)

The problem here is that only the Republican hard core still has confidence in Bush's Iraq policy, and a campaign focusing on affirming that policy would further inflame not only Democrats but independents as well. But with Republicans worrying about how just to turn out their base, staying the course in Iraq does retain a certain warped logic.

Once it's acknowledged that the war in Iraq is a sectarian civil war, however, staying the course has no logic for anyone. Which is why Bush remains determined to dispute any such characterization. "You know, I hear people say, well, civil war this, civil war that," he told reporters at his Crawford, Tex., ranch on Monday. "The Iraqi people decided against civil war when they went to the ballot box. And a unity government is working to respond to the will of the people. And, frankly, it's quite a remarkable achievement on the political front, and the security front is where there's been troubles."

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As long as there's an Iraqi government, apparently, there can be no civil war in Iraq. Another problem solved in the neat little world of George Bush.

meyersonh@washpost.com

Swath Of North Turned Over To Iraqi Army (WP)

By Andy Mosher

The Washington Post, August 9, 2006

TIKRIT, Iraq, Aug. 8 -- U.S. military commanders on Tuesday handed over to their Iraqi counterparts primary security responsibility for a swath of northern territory extending from the foothills of Iraq's eastern mountains all the way west to the Syrian border.

Visiting U.S. and Iraqi officials hailed the transfer -- which will have no immediate effect on American troop levels in the area -- as a watershed moment in the gradual shift of military duties in Iraq from U.S. forces to this country's nascent army. They also expressed optimism over stepped-up security operations in Baghdad, where military spokesmen announced Tuesday that a new phase of a U.S.-Iraqi crackdown on violence had begun.

Events in the capital and surrounding provinces, however, illustrated how deeply entrenched Iraq's security problems are after 3 1/2 years of war punctuated by nearly six months of intense sectarian violence.

At least 18 people were killed and more than 90 were wounded when two explosions ripped through al-Araby market in the capital's Shorja district, according to hospital workers. And in Diyala province, just east of Baghdad, local officials reported Tuesday night that a wave of killings, apparently sectarian in nature, had claimed at least 29 lives over the course of the day.

At Forward Operating Base Dagger, a U.S.-Iraqi military installation on the outskirts of Tikrit, the Iraqi army's 4th Division was given the lead security role in Salahuddin, Nineveh and Tamim provinces. In a festive ceremony held in the marble-lined main hall of a palace built by Saddam Hussein, the U.S. Army's 101st Airborne Division handed off what commanders described as primary responsibility for coordinating, planning and conducting security operations in the three-province area.

Five of the Iraqi army's 10 divisions now have primary responsibility for security in their areas, and FOB Dagger becomes the 48th of 110 U.S. bases handed over to Iraqi control.

"Half of the Iraqi army is now under control of Iraqis," said the country's national security adviser, Mowaffak al-Rubaie. "We believe they will be much more competent in fighting terrorism. We know our way around."

Thousands of American troops will remain in the area, including about 9,000 at Camp Speicher, a larger base near Tikrit. Rubaie acknowledged that Iraqi forces will depend heavily on U.S troops for intelligence, logistical assistance and heavy firepower.

"I think everyone needs to understand that this is a step," said Gen. George W. Casey, the top U.S. commander in Iraq, who attended the handover ceremony with U.S. Ambassador Zalmay Khalilzad. "First we had to build and train them. Then we put them in the lead, and we'll ultimately help them become independent. That's a little ways down the road."

Khalilzad called it "a good day for Iraq. Iraqi forces are taking on more responsibility."

Asked about the vastly greater challenge of tackling violence in Baghdad, the ambassador said: "Security in Baghdad is vital. It's the national capital, and 7 million Iraqis live there. . . . A new, modified security plan is in the process of being implemented that will take on one neighborhood after another."

After an earlier U.S.-Iraqi security scheme for Baghdad, called Operation Forward Together, failed to stem sectarian killings and other violence ravaging the city, Pentagon officials announced last month that thousands of U.S. troops would be moved to Baghdad from elsewhere in Iraq. A key component of the shift is the 172nd Stryker Brigade Combat Team, whose 3,700 troops have been gradually taking up positions in Baghdad, according to Lt. Col. Barry Johnson, a U.S. military spokesman.

The military said in a statement Tuesday that the second phase of Operation Forward Together had begun, with the Iraqi national police and the 4th Brigade Combat team of the U.S. Army's 4th Infantry Division conducting "clearing operations" in Baghdad.

"We must dramatically reduce the level of violence in Baghdad that is fueling sectarianism," Maj. Gen. J.D. Thurman, commander of the Multi-National Division in Baghdad, said in the statement. "Iraqi and U.S. forces will help the citizens of

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Baghdad by reducing the violence that has plagued this city since the Samarra bombing." The destruction of a Shiite shrine in the northern city of Samarra on Feb. 22 triggered the current wave of sectarian killings.

The bombings in Baghdad's Shorja district laid waste to the shops that make up the al-Araby market, according to survivors.

"The explosion did not hurt me, but glass panels of the shops and in the ceiling were shattered and caused the injuries," said Hameed Jabbar, 34, a merchant who was in serious condition at Kindi Hospital with wounds in the face, chest and abdomen.

Witnesses said that the two bombs detonated about 10 minutes apart and that the second caused the most devastation. "Many of the casualties occurred because of the flying glass caused by the second explosion," said Munthir Yassen, 30, a friend of Jabbar's who escaped injury. "This is a criminal act carried out against innocent civilians trying to make a living at this market."

Late Tuesday night, a pair of bombs exploded near an apartment building in the northern town of Baqubah. Police Capt. Noor Ibrahim said the bombs collapsed the building and heavily damaged a nearby Shiite prayer hall.

Four people were known dead, and rescue workers were still searching through the rubble at about midnight, Ibrahim said.

Prognosticating Below Par (WP)

By Al Kamen

The Washington Post, August 9, 2006

A sad Loop farewell to John Carr , president of the National Air Traffic Controllers Association, who was trounced last week in his bid for a third term.

Carr infuriated Chicago-region members when he supported Mayor Richard M. Daley 's proposal to expand O'Hare International Airport -- a plan that the local union said was unsafe.

Loop Fans may remember Carr for his colorful daily blogs from the annual airport executives conference at the Hapuna Beach Prince Hotel in Hawaii in January. He "congratulated" -- and listed -- the courageous and hardworking lawmakers who attended the conference/golf vacation despite the uproar at the time over lobbyists and freebies and golf outings and such.

Carr's political acumen was worse than the Washington Nationals' pitching. "I hazard a guess," he wrote then, "that new ethics legislation will rocket through Congress when they get back after the State of the Union address, with each side trying to out-honest the other. The results will be draconian, and meetings like this one will become a thing of the past."

Now, there's a misguided appreciation of our lawmakers' concerns about ethics. So book early for the 21st annual conference, Jan. 7-11, 2007, according to the airport execs' Web site. It's to be at the Grand Hyatt Kauai Resort, where the golf course is on "a rolling plateau eight stories above the expansive blue waters of the Pacific Ocean."

Carr won't be there, but maybe new president Patrick Forrey will blog?Here Comes That Rationale Again

President Bush , at his Monday news conference in Crawford, Tex., tried one more time to explain to those who simply can't -- or won't -- understand what role the United States is playing in Iraq. It's pretty straightforward. It's all about liberty and freedom, he said.

"We don't impose liberty. Liberty is universal," he said. There are "some [who] would be willing to say that it's okay for people not to live in a free society," he said. "It's not okay for us. If you love peace, in order to achieve peace, you must help people realize that which is universal. And that is freedom."

And, let's be honest, there will always be some people who need more help than others. That's why, on July 28, Bush sent 3,700 more troops to help in Baghdad.There Go Those GOP Voters

Meanwhile, Democrats think broad public dissatisfaction with the war in Iraq will be a big plus for them in November.

But a new strategy memo by GOP pollster Fred Steeper says the war is one of the best issues for rewing up the Republican base. The memo, sent to Republican National Committee Chairman Ken Mehlman -- a copy of which was obtained by Los Angeles Times reporter Peter Wallsten -- said "a huge 87 percent of the base expresses extremely strong feelings" about national security issues.

"Large majorities" of Republican voters "report satisfaction with the president's commitment to defeat the terrorists in Iraq and his leadership in the war on terror, in general," the memo said.

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That poll is in sync with a new Washington Post-ABC News poll: Sixty percent of Republicans agreed "strongly" that "considering the costs to the United States vs. the benefits . . . the war in Iraq was worth fighting," and 14 percent agreed "somewhat."On the Breach

Sometimes it's hard to always be around when a crisis hits your agency. At the Department of Veterans Affairs these days, you'd have to bring in a sleep sofa.

The agency's latest missing-laptop problem involved personal information on as many as 38,000 patients in VA hospitals in Pennsylvania.

VA was notified Thursday that the computer had disappeared from the office of a subcontractor handling insurance collections for Pennsylvania. The VA promptly sent a team to investigate, but by then VA Secretary Jim Nicholson was in Bermuda with his wife on a long-planned four-day vacation. We are told, however, that he stayed in touch by phone and BlackBerry, directing Monday's announcement and response in a virtual kind of way. Being there is, after all, overrated.Gonzales Takes No Prisoners

This just in from the ballpark at Fort McNair: The Justice Department's softball team beat the visiting U.S. attorneys' team 8-4 yesterday, clinching their best-of-three series, two games to none.

Attorney General Alberto R. Gonzales pitched a complete seven-inning game for the winners, made a fine catch on a line drive back up the middle and went 2-for-3 at the plate with a run batted in. Despite a field full of lawyers, there were no disputed calls by the umpire. "There was no umpire," explained Justice Department spokesman Brian Roehrkasse . "The DOJ respects the rule of law."

War Crimes Act Changes Would Reduce Threat Of Prosecution (WP)

By R. Jeffrey Smith

The Washington Post, August 9, 2006

The Bush administration has drafted amendments to a war crimes law that would eliminate the risk of prosecution for political appointees, CIA officers and former military personnel for humiliating or degrading war prisoners, according to U.S. officials and a copy of the amendments.

Officials say the amendments would alter a U.S. law passed in the mid-1990s that criminalized violations of the Geneva Conventions, a set of international treaties governing military conduct in wartime. The conventions generally bar the cruel, humiliating and degrading treatment of wartime prisoners without spelling out what all those terms mean.

The draft U.S. amendments to the War Crimes Act would narrow the scope of potential criminal prosecutions to 10 specific categories of illegal acts against detainees during a war, including torture, murder, rape and hostage-taking.

Left off the list would be what the Geneva Conventions refer to as "outrages upon [the] personal dignity" of a prisoner and deliberately humiliating acts -- such as the forced nakedness, use of dog leashes and wearing of women's underwear seen at the U.S.-run Abu Ghraib prison in Iraq -- that fall short of torture.

"People have gotten worried, thinking that it's quite likely they might be under a microscope," said a U.S. official. Foreigners are using accusations of unlawful U.S. behavior as a way to rein in American power, the official said, and the amendments are partly meant to fend this off.

The plan has provoked concern at the International Committee of the Red Cross, the entity responsible for safeguarding the Geneva Conventions. A U.S official confirmed that the group's lawyers visited the Pentagon and the State Department last week to discuss the issue but left without any expectation that their objections would be heeded.

The administration has not officially released the draft amendments. Although they are part of broader legislation on military courts still being discussed within the government, their substance has already been embraced by key officials and will not change, two government sources said.

No criminal prosecutions have been brought under the War Crimes Act, which Congress passed in 1996 and expanded in 1997. But 10 experts on the laws of war, who reviewed a draft of the amendments at the request of The Washington Post, said the changes could affect how those involved in detainee matters act and how other nations view Washington's respect for its treaty obligations.

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"This removal of [any] reference to humiliating and degrading treatment will be perceived by experts and probably allies as 'rewriting' " the Geneva Conventions, said retired Army Lt. Col. Geoffrey S. Corn, who was recently chief of the war law branch of the Army's Office of the Judge Advocate General. Others said the changes could affect how foreigners treat U.S. soldiers.

The amendments would narrow the reach of the War Crimes Act, which now states in general terms that Americans can be prosecuted in federal criminal courts for violations of "Common Article 3" of the Geneva Conventions, which the United States ratified in 1949.

U.S. officials have long interpreted the War Crimes Act as applying to civilians, including CIA officers, and former U.S. military personnel. Misconduct by serving military personnel is handled by military courts, which enforce a prohibition on cruelty and mistreatment. The Army Field Manual, which is being revised, separately bars cruel and degrading treatment, corporal punishment, assault, and sensory deprivation.

Common Article 3 is considered the universal minimum standard of treatment for civilian detainees in wartime. It requires that they be treated humanely and bars "violence to life and person," including murder, mutilation, cruel treatment and torture. It further prohibits "outrages upon personal dignity" such as "humiliating and degrading treatment." And it prohibits sentencing or execution by courts that fail to provide "all the judicial guarantees . . . recognized as indispensable by civilized peoples."

The risk of possible prosecution of officials, CIA officers and former service personnel over alleged rough treatment of prisoners arises because the Bush administration, from January 2002 until June, maintained that the Geneva Conventions' protections did not apply to prisoners captured in Afghanistan.

As a result, the government authorized interrogations using methods that U.S. military lawyers have testified were in violation of Common Article 3; it also created a system of military courts not specifically authorized by Congress, which denied defendants many routine due process rights.

The Supreme Court decided in Hamdan v. Rumsfeld on June 29, however, that the administration's policy of not honoring the Geneva Conventions was illegal, and that prisoners in the fight against al-Qaeda are entitled to such protections.

U.S. officials have since responded in three ways: They have asked Congress to pass legislation blocking the prisoners' right to sue for the enforcement of those protections. They have drafted legislation allowing the consideration of intelligence-gathering needs during interrogations, in place of an absolute human rights standard.

They also formulated the War Crimes Act amendments spelling out some serious crimes and omitting altogether some that U.S. officials describe as less serious. For example, two acts considered under international law as constituting "outrages" -- rape and sexual abuse -- are listed as prosecutable.

But humiliations, degrading treatment and other acts specifically deemed as "outrages" by the international tribunal prosecuting war crimes in the former Yugoslavia -- such as placing prisoners in "inappropriate conditions of confinement," forcing them to urinate or defecate in their clothes, and merely threatening prisoners with "physical, mental, or sexual violence" -- would not be among the listed U.S. crimes, officials said.

"It's plain that this proposal would abrogate portions of Common Article 3," said Derek P. Jinks, a University of Texas assistant professor of law and author of a forthcoming book on the Geneva Conventions. The "entire family of techniques" that military interrogators used to deliberately degrade and humiliate, and thus coerce, detainees at Guantanamo Bay, Cuba, and at Abu Ghraib "is not addressed in any way, shape or form" in the new language authorizing prosecutions, he said.

At a Senate Armed Services Committee hearing last Wednesday, however, Attorney General Alberto R. Gonzales complained repeatedly about the ambiguity and broad reach of the phrase "outrages upon personal dignity." He said that, "if left undefined, this provision will create an unacceptable degree of uncertainty for those who fight to defend us from terrorist attack."

Lawmakers from both parties expressed skepticism at the hearing. Sen. John McCain (R-Ariz.) said the military's top uniformed lawyers had told him they are training to comply with Common Article 3 and that complying would not impede operations.

If the underlying treaty provision is too vague, asked Sen. Susan Collins (R-Maine), then how could the Defense Department instruct its personnel in a July 7 memorandum to certify their compliance with it? Deputy Defense Secretary Gordon England, who had signed the memo, responded at the hearing that he was concerned that "degrading" and "humiliating" are relative terms.

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"I mean, what is degrading in one society may not be degrading in another, or may be degrading in one religion, not in another religion," England said. "And since it does have an international interpretation, which is generally, frankly, different than our own, it becomes very, very relevant" to define the meaning in new legislation.

This viewpoint appears to have won over the top uniformed military lawyers, who have criticized other aspects of the administration's detainee policy but said that they support the thrust of these amendments. Maj. Gen. Scott C. Black, the Army's judge advocate general, said in testimony that the changes can "elevate" the War Crimes Act "from an aspiration to an instrument" by defining offenses that can be prosecuted instead of endorsing "the ideals of the laws of war."

Lawyer David Rivkin, formerly on the staff of the Justice Department and the White House counsel's office, said "it's not a question of being stingy but coming up with a well-defined statutory scheme that would withstand constitutional challenges and would lead to successful prosecutions." Former Justice Department lawyer John C. Yoo similarly said that U.S. soldiers and agents should "not be beholden to the definition of vague words by international or foreign courts, who often pursue nakedly political agendas at odds with the United States."

But Corn, the Army's former legal expert, said that Common Article 3 was, according to its written history, "left deliberately vague because efforts to define it would invariably lead to wrongdoers identifying 'exceptions,' and because the meaning was plain -- treat people like humans and not animals or objects." Eugene R. Fidell, president of the nonprofit National Institute of Military Justice, said that laws governing military conduct are filled with broadly described prohibitions that are nonetheless enforceable, including "dereliction of duty," "maltreatment" and "conduct unbecoming an officer."

Retired Rear Adm. John D. Hutson, the Navy's top uniformed lawyer from 1997 to 2000 and now dean of the Franklin Pierce Law Center, said his view is "don't trust the motives of any lawyer who changes a statutory provision that is short, clear, and to the point and replaces it with something that is much longer, more complicated, and includes exceptions within exceptions."

Soldier Describes Unit 'full Of Despair' In Iraq (USAT/AP)

By Ryan Lenz

USA Today, August 9, 2006

BAGHDAD — A U.S. Army private on Tuesday described the ever-present fear of death gripping his unit, whose members stand accused of raping and murdering a 14-year-old girl and killing her family in Iraq's infamous "Triangle of Death."

"You're just walking a death walk," Pfc. Justin Cross said during the last day of a three-day hearing to determine whether five fellow soldiers must stand trial in the attack March 12 near Mahmoudiya.

The hearing officer must forward a recommendation to the brigade commander, Col. Todd Ebel, who will decide whether to order a trial.

Spc. James Barker, Sgt. Paul Cortez, Pfc. Jesse Spielman and Pfc. Bryan Howard are accused of raping and murdering the girl and killing her parents and 5-year-old sister. Another soldier, Sgt. Anthony Yribe, is accused of failing to report the attack but is not alleged to have participated.

Testimony during the Article 32 hearing, the military equivalent of a grand jury, has painted a picture of a demoralized unit, drained emotionally after the deaths of comrades and exhausted after the frequent attacks in the mostly Sunni Arab area, a stronghold of al-Qaeda in Iraq and other religious extremists.

"It drives you nuts. You feel like every step, you might get blown up," Cross testified. "You just hit a point where you're like, 'If I die today, I die.' "

Cross said the unit was "full of despair."

"I couldn't sleep, mainly for fear we would be attacked," Cross said. He said the deaths of two soldiers at a checkpoint "pretty much crushed the platoon."

To cope with the stress, he said, soldiers turned to whiskey — a violation of U.S. regulations in Iraq — and painkillers.

Much of the testimony has centered on former private Steven Green, who was discharged because of an undisclosed "personality disorder."

Green was arrested in North Carolina in June. He has pleaded not guilty in federal court to rape and murder charges and is held in the USA.

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On Tuesday, Sgt. 1st Class Jeffrey Fenlason, the accused soldiers' platoon sergeant, said he was sent to the unit to restore discipline after several soldiers, including Green, began suffering emotionally after losing several comrades. “I recall a conversation with him (Green) regarding his lack of concern or caring for Iraqi life vs. American soldiers' life,” Fenlason said.

Another witness, Sgt. Daniel Carrick, testified that harsh conditions affected everyone — but especially Green.

“Green had hatred for a lot of people in general,” Carrick said.

Cross' testimony was the most riveting. It contrasted with the image of a professional military force, highly trained and committed to the mission regardless of the dangers. Premeditated murder carries the death penalty under U.S. military law.

In Washington, lawyer Eugene Fidell, president of the National Institute of Military Justice, said combat stress as a defense was a long shot “unless it rose to the level of an insanity defense or negated some element of the crime.”

The Mahmoudiya area, about 20 miles south of Baghdad, gained the nickname Triangle of Death because of the large number of Shiites murdered there.

The case has brought demands for changes in an agreement that exempts U.S. soldiers from prosecution in Iraqi courts. Prime Minister Nouri al-Maliki has demanded an independent investigation into the Mahmoudiya allegations.

Prosecutors Shun Excuses For Accused GIs (AP)

By Ryan Lenz

AP, August 9, 2006

A U.S. Army private on Tuesday described the ever-present fear of death gripping his unit, whose members stand accused of raping and murdering a 14-year-old girl and killing her family in Iraq's infamous "Triangle of Death."

"You're just walking a death walk," Pfc. Justin Cross told a hearing to determine whether five fellow soldiers must stand trial in the March 12 attack near Mahmoudiya.

But prosecutors argued that the threats of war, arduous missions and frequent loss of life were no excuse for rape and murder.

"Murder not war. Rape not war. That's what were here talking about today," prosecutor Capt. Alex Pickands said in his closing argument before the three-day hearing concluded. "Cold food didn't kill that family. Personnel assignments didn't rape and murder that 14-year-old little girl."

Pickands said the suspects "gathered together over cards and booze and came up with a plan to rape and murder that little girl."

The hearing officer must forward a recommendation to the brigade commander, Col. Todd Ebel, who must decide whether to order a trial.

Spc. James P. Barker, Sgt. Paul E. Cortez, Pfc. Jesse V. Spielman and Pfc. Bryan L. Howard are accused of raping and murdering the girl and killing her parents and 5-year-old sister. Another soldier, Sgt. Anthony W. Yribe, is accused of failing to report the attack but is not alleged to have participated.

Testimony during the Article 32 hearing, the military equivalent of a grand jury, has painted a picture of a demoralized unit, drained emotionally after the deaths of comrades and exhausted after the frequent attacks in the mostly Sunni Arab area, a stronghold of al-Qaida in Iraq and other religious extremists.

"It drives you nuts. You feel like every step you might get blown up," Cross told the hearing. "You just hit a point where you're like, 'If I die today, I die.'"

Cross said the unit was "full of despair," and he feared dying at his post before he could go home.

"I couldn't sleep mainly for fear we would be attacked," Cross said. He said the deaths of two soldiers at a checkpoint "pretty much crushed the platoon."

To cope with the stress, he said, soldiers turned to whiskey — a violation of U.S. regulations in Iraq — and painkillers to ease their fears.

Much of the testimony has centered on former Pfc. Steven D. Green, who was discharged due to a "personality disorder."

Green was arrested in June shortly after the command learned U.S. soldiers may have been involved in the attack. He has pleaded not guilty to rape and murder charges and is being held in the United States.

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On Tuesday, Sgt. 1st Class Jeffrey Fenlason, the accused soldiers' platoon sergeant, said he was sent to the unit to restore discipline after several soldiers, including Green, began suffering emotionally after losing comrades.

"I recall a conversation with him (Green) regarding his lack of concern or caring for Iraqi life versus American soldiers' life," Fenlason said.

Another witness, Sgt. Daniel Carrick, told the hearing that harsh conditions affected everyone, but especially Green.

"Green had hatred for a lot of people in general," Carrick said.

The final witness, company commander Capt. John Goodwin, testified by secure telephone after his base at Youssifiyah had come under rocket and mortar attack Tuesday.

Goodwin told the hearing that morale had slumped as casualties rose. Asked whether soldiers in his unit hated Iraqis, Goodwin replied: "There's more of a frustration than a hatred."

"I can understand why because of events that happened over the last three months," he added.

But it was Cross' testimony that was the most riveting. His comments were in stark contrast with the image of a professional military force, highly trained and committed to the mission regardless of the dangers.

Premeditated murder carries the death penalty under U.S. military law and the testimony could be an attempt to persuade the command to seek a lesser penalty if a court martial is ordered.

In Washington, lawyer Eugene Fidell, president of the National Institute of Military Justice, said combat stress as a defense was a long shot "unless it rose to the level of an insanity defense or negated some element of the crime."

"It might influence whether it's sent to trial as a capital case," he told The Associated Press. "That may be what the defense considers the main event here... They may be hoping to have the nature of the charges modified, have the case go to trial as something other than premeditated murder."

The Mahmoudiya area, about 20 miles south of Baghdad, became known as the "Triangle of Death" because of the large number of Iraqi Shiites who were waylaid and murdered along the roads between Baghdad and Shiite areas of the south.

On Monday, Army criminal investigator Benjamin Bierce testified about a sworn statement by Barker in which he said the soldiers drank whiskey and played cards while plotting the assault. Bierce said Barker confessed that he, Cortez and Green took turns raping Abeer Qassim al-Janabi and that Green shot the teen as well as her relatives.

On Tuesday, Pfc. Justin Watt said he didn't believe Green "could have done this all by himself." His comments were made during questioning by Yribe's lawyers, who argued in their final summation that there was insufficient evidence to try their client.

Yribe is accused of failing to disclose that he had found a shotgun shell at the victims' house. Shotguns are rarely used by Iraqis, prosecutors alleged.

Lawyers for the other four on Tuesday also submitted a written request for a new hearing, accusing Yribe's counsel of deliberately asking incriminating questions. The decision on the motion rests with the soldiers' brigade commander, who is expected to rule within a week.

Sgt. Anthony Hernandez, a soldier in the same unit, testified Tuesday on behalf of Yribe, recalling that he was recommended for a Silver Star for bravery during an attack on a convoy.

"He always put his life on the line," Hernandez said.

The rape and murders have bolstered allegations of misconduct by soldiers, including illegal killings, beatings and inhuman treatment. The allegations have increased the mistrust and resentment among Iraqis of the American military and increased calls for their withdrawal.

The case has already increased demands for changes in an agreement that exempts U.S. soldiers from prosecution in Iraqi courts. And Prime Minister Nouri al-Maliki has demanded an independent investigation into the Mahmoudiya allegations.

At Rape Hearing, U.S. Soldiers Describe Stress Of War (WP)

By Andy Mosher

The Washington Post, August 9, 2006

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BAGHDAD, Aug. 8 -- The constant fear of death and the trauma of several devastating incidents took a heavy toll on morale in the U.S. Army unit whose members included five soldiers accused of involvement in the rape and killing of an Iraqi teenager, witnesses testified Tuesday in a military court.

Pfc. Justin Cross said the 1st Battalion of the 502nd Infantry Regiment was subjected to intense stress during the months it served in the area south of Baghdad known as the Triangle of Death. Patrols, he said, put soldiers in constant fear for their lives.

"I couldn't sleep, mainly for fear we would be attacked," he said. Cross described his unit as "full of despair" and recalled worrying that he would be killed while manning a checkpoint.

Cross testified during the third day of an Article 32 hearing, the military's equivalent of a grand jury. The hearing is being held to determine whether there is sufficient evidence to try Spec. James P. Barker, Sgt. Paul E. Cortez, Pfc. Jesse V. Spielman and Pfc. Bryan L. Howard on charges of raping and murdering a 14-year-old Iraqi girl and killing her parents and 5-year-old sister.

Another soldier, Sgt. Anthony W. Yribe, is accused of failing to report the attack but is not alleged to have participated.

The soldier described in testimony Monday as the ringleader in the attack, former private Steven D. Green, was discharged because of a "personality disorder" and does not face the possibility of court-martial. Green was arrested in the United States in June and has pleaded not guilty to federal rape and murder charges.

The alleged rape and killings were carried out on March 12 in the town of Mahmudiyah.

In his testimony, Cross said his unit was demoralized not only by the dangers of being posted in the Triangle of Death but also by several devastating setbacks. On Feb. 5, the unit's living quarters in Yusufiyah burned to the ground, destroying many soldiers' personal belongings. And the shooting of two members of the unit at a checkpoint "pretty much crushed the platoon," Cross said.

Sgt. 1st Class Jeffrey Fenlason, who testified that he had been sent to the unit to restore discipline, said that shortly after he arrived, he identified emotional and disciplinary problems in several soldiers, including Barker, Cortez and Green.

"I recall a conversation with [Green] regarding his lack of concern or caring for Iraqi life versus American soldiers' life," Fenlason said.

Eugene Fidell, a Washington military law expert, said Tuesday that the defense attorneys were most likely emphasizing combat stress to argue that their clients not face a possible death penalty in the event of a court-martial. "This is not a defense known to the law," Fidell said. "But this kind of evidence could come in during the court-martial, and it might be pertinent to the sentence. They could be setting the stage to avoid a death penalty."

Iraqi Refugees Seek Safe Harbor -- In U.S. (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, August 9, 2006

CHICAGO -- When gunmen broke into Nabil Toma Shabo's Baghdad home a year ago and threatened to kill his family, he says he decided to flee Iraq. He had no idea how long the search for safety would last -- or where it would take him.

The seven-month trek began in Istanbul, where Mr. Shabo, traveling with his family, found a smuggler who promised to get them to Mexico and then the U.S. for $10,000 -- their life savings. After four months in Mexico, the Shabos were driven to the border. The driver pointed to a fence and told the family to start walking.

"He said, 'There it is, there is America,' " Mr. Shabo remembers. The Shabos walked to a U.S. guard post and, in halting English, requested political asylum. While they wait for a ruling, they are living in a Chicago suburb with Mr. Shabo's parents, who fled to the U.S. with an earlier migratory wave during the regime of former Iraqi President Saddam Hussein.

Amid sectarian violence in Iraq, senior U.S. military commanders warned lawmakers last week that the country is at risk of sliding into civil war. Hundreds of thousands of Iraqis are becoming refugees, with thousands of them trying to reach the U.S. But with visas difficult to come by, a growing number -- including the Shabo family -- are entering illegally and then seeking asylum, sparking questions about how much Washington should assist those fleeing a U.S.-led war.

The Iraqi exiles entering America are part of one of the largest exoduses in modern Middle Eastern history. The Iraqi government has over the past 12 months issued more than 1.8 million new passports, a figure that corresponds with nearly 10%

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of the country's population. The United Nations High Commissioner for Refugees estimates there are more than 800,000 Iraqi exiles in Syria, Jordan and Lebanon.

Some U.S. border officials express general concern that Iraqi insurgents might try to enter the U.S., though they say there is no evidence any have. State Department officials say visa requirements for Iraqis are the same as those for all applicants. Many Iraqis say the process is more time-consuming and costly for them because the American embassy in Baghdad doesn't issue visas, citing security concerns. That means Iraqis must go to the U.S. embassy in Amman, Jordan. Applying for a visa is a multistage process, so Iraqis generally have to make two or three trips.

The State Department says Iraqis received 4,886 visas last year, up from 2,374 in 2003. Those numbers don't include refugees who entered the U.S. illegally and then applied for political asylum. In 2005, 287 Iraqis were granted asylum ; officials at the Department of Homeland Security say figures for the number of applicants aren't available. In the U.S., there are an estimated 300,000 Iraqi expatriates, many of whom arrived during Mr. Hussein's brutal reign.

"There's a real desperation for many Iraqis, which leads to a willingness to do almost anything to get some place safe," says Robert DeKelaita, an Iraqi exile who is an immigration lawyer here. Mr. DeKelaita says he has handled more than 330 Iraqi asylum applications since the war began in March 2003, including several from Iraqi government officials who filed for asylum while in the U.S. on official business. "They are terrified of staying put."

The Shabo family's odyssey began in May 2005, according to an account provided by Mr. Shabo in an interview, and in a written asylum request filed with the Department of Homeland Security by Mr. DeKelaita, the family's lawyer. The account couldn't be independently verified, and a DHS spokeswoman says the department doesn't comment on pending asylum cases and .

Mr. Shabo, a Chaldean Christian, was working at his restaurant in Baghdad while his wife Susan was at home with their four-year-old son, Shmoan. Early one afternoon, four masked men pushed their way into the house and one put his gun to Mrs. Shabo's head, she says. The gunmen told Mrs. Shabo that they wanted her husband dead and would return to kill her if they could not find him. The men accused Mr. Shabo of having ties to the American military occupation, which he denies.

Mr. Shabo hastily sold his restaurant and received about $10,000, less than half its value, he says. The Shabos left their house and possessions and crossed into Turkey through the porous border with Iraqi Kurdistan. In Istanbul, they arranged with the smuggler to get to the U.S. "We didn't see any other option," Mrs. Shabo says.

The family flew to Mexico City from Istanbul. The smuggler had given them forged immigration papers allowing them to enter the country, where they were brought to a house and told to wait. Two months later, the Shabos applied for political asylum at a U.S. border post. Lacking passports and other documents, Mr. Shabo says he was dispatched to a jail-like facility in California. Susan and Shmoan Shabo were sent to a California halfway house run by Citizenship and Immigration Services, DHS's successor to the Immigration and Naturalization Service.

About a month later, the CIS effectively paroled the Shabos into the U.S. while the government weighs their political-asylum application, which argues that anti-Christian violence in Iraq makes it too dangerous for the family to return. Asylum cases generally take a year to move through the system, which means the family should get their ruling in the next few months.

The decision allows the Shabos to remain in the U.S. temporarily but doesn't allow them to legally hold jobs or have access to public schools and other government services. In his parents' home near Chicago, Mr. Shabo, 38 years old, and his wife share a bedroom with their son.

Mr. Shabo fears Iraq can't be salvaged and blames the Bush administration for failing to do more to prevent militants from entering the country. But he is grateful that the U.S. has, for the moment, provided refuge for his family.

Bogotá Set To Assist In Kabul's Drugs Battle (FT)

By Andy Webb-vidal In Bogotá

Financial Times, August 9, 2006

Colombia, the world's top producer of cocaine, may provide a permanent anti-narcotics training programme for Afghanistan, the world's largest supplier of heroin, to help it combat the flow of illegal drugs.

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An agreement for such a plan could follow the return last weekend of an exploratory mission to Kabul by four Colombian anti-narcotics police, and the arrival in Bogotá of Said Tayeb Jawad, Afghanistan's ambassador to Washington,

Colombian police have stepped up anti-drugs efforts under the US-backed government of President Alvaro Uribe, who this week began a second four-year term.

The area in Colombia cultivated with coca, the shrub from which cocaine is derived, has dropped from about 358,000 acres in 2001 to 212,000 acres last year, according to official figures. Colombia is also close to wiping out plantations of poppies used to make heroin.

In Afghanistan, poppy crops have increased in recent years, according to the United Nations, from about 30,000 acres in 2001 to some 250,000 acres last year, posing a big problem for the government of President Hamid Karzai.

Bogotá is keen to share its anti-drugs experience with Afghanistan, and the approach has been brokered by José Serrano, Colombia's ambassador to Vienna.

Some members of the US Congress, such as Henry Hyde, Republican chairman of the House international relations committee, as well as the British government, have also backed the idea.

Dennis Hastert, speaker of the House of Representatives, said in a letter last week to General Jorge Castro, Colombia's police chief, that as a result of the initiative, "Afghan forces fighting narco-terrorism in their country are much better prepared to fight the growing opium trade in the region".

The Colombian police found that Afghan poppy plantations were protected by rival armed groups similar to those in Colombia, where coca fields and laboratories are largely controlled by guerrilla and paramilitary outfits.

One member of the Colombian police team told the FT they also saw evidence that human couriers, or "mules", were using the same methods to transport drugs out of Kabul airport as they do from Bogotá.

"The problem you have [in Afghanistan] is very similar to what we have in Colombia," said Lt Col Oscar Atehortua, who led the team to Kabul. Draft aid plans include sending Colombian police instructors to Kabul, and Afghan police officers for training in Colombia.

But a controversial element of anti-narcotics efforts was aerial fumigation with herbicide, which was used extensively in Colombia but which would be more complicated in Afghanistan, narcotics experts said.

The illegal heroin trade employs far more people and accounts for a larger proportion of economic activity in Afghanistan than in Colombia, making alternative livelihoods for poppy farmers crucial.

Witness: CIA Worker Says He Hit Afghani (AP)

By Estes Thompson, Associated Press Writer

AP, August 9, 2006

A former CIA contract worker charged with beating an Afghani detainee who later died admitted he assaulted the prisoner during an interrogation, a fellow agency employee testifying in disguise said Tuesday.

David Passaro is charged with beating Abdul Wali over two days in June 2003 while questioning the man about rocket attacks on a remote base housing U.S. and Afghan troops. He is the first American civilian charged with mistreating a detainee during the wars in Iraq and Afghanistan.

"He told me that he had struck him," the other CIA contractor testified under the pseudonym Randy Wilson. "I was quite surprised about that."

Wilson added: "He said he thought Wali was going after someone, one of the other persons present during one of the interviews."

Wilson was one of three CIA employees who testified Tuesday in disguise and under assumed names.

U.S. District Judge Terrence Boyle did not say what had been done to alter the witnesses' appearance, but all three had full hair, thick mustaches and glasses. The judge ordered a courtroom sketch artist not to draw their faces.

Passaro, 40, is charged with assault and could get up to 40 years in prison. He is not charged in Wali's death.

Defense attorneys say the former Special Forces medic never hit Wali, and gave him mouth-to-mouth resuscitation on the day he died.

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The other two witnesses — a career CIA agent and another contract worker — testified that civil contractors hired to work in places like Afghanistan were not trained in interrogation techniques and were not given special rules allowing them to beat detainees.

Army Recruits Learn Combat From Experts (USAT)

By Tom Vanden Brook

USA Today, August 9, 2006

FORT JACKSON, S.C. — Combat in Afghanistan and Iraq may be wearing the Army thin, but it also means that for the first time in decades, a majority of drill sergeants have real-war experience.

Chances are good that each of the 80,000 recruits the Army hopes to attract this year will have a battle-tested teacher. Most drill sergeants now have combat experience, says Col. Kevin Shwedo, assistant chief of staff at the Army's Accessions Command at Fort Monroe in Virginia, which is in charge of recruiting and initial training.

That hasn't been the case since the mid-1970s, when drill sergeants came home from Vietnam, he says. There are about 3,500 drill sergeants on active duty.

"You know what they teach these soldiers? Everything they wish somebody had taught them at a similar point," Shwedo says. "When they hold them accountable to a specific standard, who do you think is getting better training, the soldier 10 years ago, the soldier four years ago or the soldier today? There's no comparison."

When these combat veterans talk at Fort Jackson, the Army's largest training center, the recruits pay attention.

"Nine out of 10 listen when I tell them, 'This is what you've got to know,' " Sgt. 1st Class Derryl Haidek, 35, says of the young soldiers. He served in Iraq with the 82nd Airborne Division and is now a drill sergeant at Fort Jackson. "I've seen 99% of what happens in combat. I don't need to raise my voice to make a point."

Stephen Chase is in his second week of training. He's wide-eyed, a little homesick for Utah and sweating from early-morning exercise.

"For me, my fear of heights has been the hardest part," says Chase, 18, who plans to take advanced training in artillery. "I was about scared half to death climbing the tower here, but I put my trust in the drill sergeants."

Combat experience can be a mixed blessing, says James Martin, an expert on military culture at Bryn Mawr College in Pennsylvania. Problems can occur if the drill sergeant brings home the wrong lessons from war, he says.

"The hard facts of seeing fellow soldiers injured or killed and the importance of maintaining the ethics of a soldier are what these drill sergeants can bring back," Martin says. "If sorted out well, these experiences can become great assets.

"The downside is if people bring back the negatives. If they come out of this experience jaded, that gets passed on as well."

New soldiers are particularly interested in the hazards of combat and improvised explosive devices (IEDs), the homemade bombs that have become the top killer of U.S. troops in Iraq.

"They want to know what IEDs look like, what we've seen over there," says Staff Sgt. Paul Evans, 29, of Chicago. He served in Iraq with the 95th Military Police Battalion. "They ask us tons of stuff. I tell them the most important thing they need to know is never get complacent."

Since last year, the Army also has put a premium on helping its recruits succeed rather than washing them out of basic training.

The new approach reflects another reality: Each recruit is precious. Gone are the days when the Army could afford to wash out lots of would-be soldiers. The Army, the principal provider of troops in Iraq and Afghanistan, missed its mark of 80,000 recruits last year by 8%.

In May 2005, about one in six recruits failed to graduate from basic training. Today, just one in 14 fails. "It's an investment strategy," Shwedo says. "It's training every soldier that's trainable."

At times that means less yelling, Shwedo says.

"Does a drill sergeant have to rip your lips off to get your attention?" Shwedo asks. "You know what? If we have automaton soldiers that only react when being yelled at, then we don't need them."

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Staff Sgt. Christopher Scott, 37, another drill sergeant, fought with the 10th Mountain Division in Afghanistan. "You don't need to yell to get their attention," he says at the live-fire convoy training range. "A soldier could go to war from here. They want to absorb as much as possible."

Nevertheless, they do make mistakes. And Scott isn't above pointing it out. Forcefully.

"Hey, wake up!" he shouts at a young soldier who has been careless pointing his rifle. "You're going to get somebody shot!"

Center For War-related Brain Injuries Faces Budget Cut (USAT)

By Gregg Zoroya, Usa Today

USA Today, August 9, 2006

Congress appears ready to slash funding for the research and treatment of brain injuries caused by bomb blasts, an injury that military scientists describe as a signature wound of the Iraq war.

House and Senate versions of the 2007 Defense appropriation bill contain $7 million for the Defense and Veterans Brain Injury Center — half of what the center received last fiscal year.

Proponents of increased funding say they are shocked to see cuts in the treatment of bomb blast injuries in the midst of a war.

"I find it basically unpardonable that Congress is not going to provide funds to take care of our soldiers and sailors who put their lives on the line for their country," says Martin Foil, a member of the center's board of directors. "It blows my imagination."

The Brain Injury Center, devoted to treating and understanding war-related brain injuries, has received more money each year of the war — from $6.5 million in fiscal 2001 to $14 million last year. Spokespersons for the appropriations committees in both chambers say cuts were due to a tight budget this year.

"Honestly, they would have loved to have funded it, but there were just so many priorities," says Jenny Manley, spokeswoman for the Senate Appropriations Committee. "They didn't have any flexibility in such a tight fiscal year."

George Zitnay, co-founder of the center, testified before a Senate subcommittee in May that body armor saves troops caught in blasts but leaves many with brain damage. "Traumatic brain injury is the signature injury of the war on terrorism," he testified.

Zitnay asked for $19 million, and 34 Democratic and six Republican members of Congress signed a letter endorsing the budget request.

The House of Representatives approved its version of the spending bill June 20. A vote in the Senate is pending.

Scientists at the center develop ways to diagnose and treat servicemembers who suffer brain damage. The work is done at seven military and Department of Veterans Affairs hospitals, including the center's headquarters at Walter Reed Army Medical Center in Washington, and one civilian treatment site.

The center has clashed with the Pentagon in recent months over a program to identify troops who have suffered mild to moderate brain injuries in Iraq from mortars, rocket-propelled grenades and roadside bombs — the most common weapons used by insurgents.

Preliminary research by the center shows that about 10% of all troops in Iraq, and up to 20% of front line infantry troops, suffer concussions during combat tours. Many experience headaches, disturbed sleep, memory loss and behavior issues after coming home, the research shows.

The center urged the Pentagon to screen all troops returning from Iraq in order to treat symptoms and create a database of brain injury victims. Scientists say multiple concussions can cause permanent brain damage.

The Pentagon so far has declined to do the screening and argues that more research is needed.

DOJ:

Attorney General Talks Crime (CINE)

By Dan Horn, Enquirer Staff Writer

The Cincinnati Enquirer, August 9, 2006

Gonzales promises help to battle gun violence, drug trade

OVER-THE-RHINE U.S. Attorney General Alberto Gonzales toured Over-the-Rhine this morning and promised local authorities a little help in their efforts to stop rising gun violence.

The visit to Over-the-Rhine, one of Cincinnati's most violent neighborhoods, was short. Gonzales stood for a few minutes in a vacant lot with Police Chief Tom Streicher and Congressman Steve Chabot, pausing briefly to answer questions from reporters.

The attorney general did not speak to any of the handful of residents who watched from the sidewalk, but he did meet an hour later with local law enforcement officials to talk about crime.

Gonzales said he would assign an additional federal prosecutor to southern Ohio to help prosecute drug and violent crime cases. He said 22 other cities around the country also would get an additional prosecutor from the Department of Justice.

"This is at the heart of the department's effort to dismantle drug trafficking organizations," Gonzales said of the new prosecutors. "No community is immune from the destructive power of drugs and violent crime."

He also endorsed local efforts to build a new jail in Hamilton County, saying jail space is crucial to keeping criminals off the street.

Chabot, who is running for re-election this fall, said he would explore the possibility of using federal money to help pay for a new jail.

Because federal prisoners are housed in local jails, Chabot said, it's possible federal money could be used. About 50 federal inmates are held in Hamilton County jails pending trials in Cincinnati.

"There's no question we need to get a jail built," Chabot said. "I'm looking at it a little creatively to see if it's possible to get some federal dollars."

E-mail dhorn@enquirer.com

Attorney General To Add 23 Drug Prosecutors (AP)

By Lisa Cornwell

AP, August 9, 2006

CINCINNATI - U.S. Attorney General Alberto Gonzales said on Tuesday that he has approved the addition of 23 assistant U.S. attorneys to beef up drug prosecutions across the county.

The new jobs will be assigned to U.S. attorneys' offices nationwide, including one in the Southern District of Ohio. They will be assigned to the Organized Crime Drug Enforcement Task Force, and their sole focus will be to prosecute major drug trafficking organizations, Gonzales said on his first visit to Cincinnati.

The nation's highest law enforcement officer said the task force is at the heart of Department of Justice efforts to target the organizations that bring drugs into neighborhoods across the country.

"I know that Cincinnati has seen its share of pain when it comes to the subject of drug use, addiction and trade," Gonzales said after touring one of Cincinnati's highest crime neighborhoods and a local treatment center for drug and alcohol abuse.

Gonzales praised the efforts of Cincinnati police in cooperation with state and federal officials to make the city safer and drug-free, but said that he was startled to see so many boarded-up and abandoned buildings in the Over-the-Rhine neighborhood. The inner-city neighborhood was the center of race riots five years ago and has a high rate of violent crime, especially among drug dealers.

"On the other hand there seem to be many images of hope," said Gonzales, who noted continuing efforts to redevelop the area.

Gonzales and Rep. Steve Chabot, R-Ohio, also met with area law enforcement officials who discussed the lack of adequate jail space.

Chabot said he hoped that the need expressed Tuesday by federal law enforcement officials for more space for their prisoners housed in local jails awaiting trial may provide a way to get some federal money to help build a new jail.

Officials here have begun a push for a one-quarter cent sales tax increase to build a 1,800-bed jail in the suburbs to augment a downtown jail that houses about 1,200 prisoners.

Gonzales Tours OTR, Announces New U.S. Attorney For Region (CHANCIN)

ChannelCincinnati, NBC 5, August 9, 2006

CINCINNATI - As part of his visit to the city, U.S. Attorney General Alberto Gonzales visited Over-the-Rhine -- a neighborhood known for high crime rates, but also an area where there's high hope. The nation's top law enforcement saw firsthand Over-the-Rhine's run-down, abandoned buildings and people living in poverty.

"Quite frankly, I was startled. This is my first visit to Cincinnati, so I was a little bit startled in seeing what I saw," he said.

At a stop at the Talbert House -- a drug rehabilitation center -- Gonzales announced that he's adding a new assistant U.S. attorney to go after drug kingpins.

"We need to send a strong message of deterrence. You do that by showing the community that you have the resources and are willing to dedicate the resources to prosecute those who engage in violent crime, for example, so that is a start. Is that going to solve the problem? Absolutely not," Gonzales said.

Some said the efforts of police, community leaders and neighborhood residents are already making a difference in Over-the-Rhine.

"There seems to be many images of hope," Gonzales said. "Obviously there are efforts under way to buy up portions of that community, redevelop that portion of the community, which I think is very, very helpful."

U.S. Attorney General Visits Cincinnati (WKRC-TV)

WKRC-TV, CBS 12, Cincinnati, August 9, 2006

The country's top law enforcement officer visited Cincinnati Tuesday. U.S. Attorney General Alberto Gonzales says he's surprised at the number of abandoned buildings, but impressed with the police departments and the strong neighborhoods. Gonzales also talked about what the federal government can do for the people of Cincinnati. As Local 12 CrimeStoppers Reporter Deborah Dixon tells us, that includes some talk about jail money.

Federal agents secured 14th and Race Streets, a tough corner on the U.S. Attorney's tour of the city. That is where where a Sharonville mother was killed Opening Day trying to buy drugs. There was little chance of such violence with all the agents travelling with U.S. Attorney General Alberto Gonzales, Police Chief Tom Streicher and Congressman Steve Chabot. He invited Gonzales here to talk about ways to reduce gun and drug violence.

Alberto Gonzales, U.S. Attorney General: "What is available to young kids after school so they don't get in trouble? There is a number of different agencies police work with in the city and school system."

Gonzales said he was surprised at the number of abandoned buildings in Over-the-Rhine, and impressed with the strength of the community.

"No matter where you grow up you still have dreams of doing something great in our great country."

Gonzales said there are pilot programs in other cities to rescue young people from gangs and drugs. If they work, the programs could expand, possibly to Cincinnati. And there was jail talk about getting federal money to help pay for a new one.

Rep. Steve Chabot, R-Ohio: "There is an opportunity, potential for federal dollars, to what extent still has to be seen."

Gonzales approved money for 23 Assistant U.S. Attorneys to target and dismantle drug organizations, one of them now assigned to Cincinnati.

CORPORATE SCANDALS:

Pixar Granted Options At Lows; Cablevision Is To Delay Results (WSJ)

By Charles Forelle, Steve Stecklow And Dionne Searcey

The Wall Street Journal, August 9, 2006

Top executives of Pixar Animation Studios, the computer-animation company co-founded by Apple Computer Inc. Chief Executive Steve Jobs, received stock-option grants priced at the stock's annual lows in four years between 1997 and 2003.

The pattern of fortuitous timing raises questions about whether the options might have been backdated or otherwise manipulated to give executives the chance to increase their payouts.

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Separately, Cablevision Systems Corp. yesterday became the latest company to say it is reviewing its program of stock-option grants, as it delayed the release of its second-quarter earnings and warned that its financial results since 1997 shouldn't be relied upon.

The Bethpage, N.Y., cable-television operator said it has yet to determine the size of any adjustments it may need to make to its results. It was unclear how significant any changes would be, or whether the probe involves options granted to President and Chief Executive James Dolan or other executives.

SEC filings show that during some of the years in question Mr. Dolan and a handful of other executives collectively received hundreds of thousands of shares on dates that were followed by significant increases in the share price.

More than 80 companies are under federal investigation over the timing of their option grants. Dozens of companies have said they will need to restate earnings as a result of options troubles, and several executives have left their posts. Two former officials of Brocade Communications Systems Inc. have been charged with criminal securities fraud relating to backdated options at the networking firm.

At Pixar, which was acquired by Walt Disney Co. earlier this year, a review of proxy statements shows that Mr. Jobs never received any options. One of the low-priced grants went to John Lasseter, Pixar's renowned creative chief, director of "Toy Story" and executive producer of several other Pixar blockbusters. Another went to Edwin Catmull, a Pixar co-founder and a pioneer of computer-generated animation.

Apple recently said it discovered "irregularities" in its options grants, including one to Mr. Jobs, and may restate past results because of them.

Tom Sarris, a spokesman for Pixar, said, "We don't comment on personnel compensation." A Disney spokesperson said: "It would be inappropriate for us to comment on the Pixar stock-option grants, which were awarded before the Disney acquisition." A spokeswoman for Mr. Jobs wasn't immediately available for comment.

At issue in the backdating probes is whether companies or individuals manipulated grants so that they would carry low "strike prices." Options typically are structured so that recipients profit from any rise in share price above the strike price, which usually is set at the market value at the time of the grant. Manipulating the date to give a lower strike price effectively hands recipients potential for additional profit and undermines an option's incentive purpose. It also could expose executives responsible to criminal fraud charges.

Pixar said in filings to the Securities and Exchange Commission that its executive options were granted at "fair market value" on the date of grant -- which typically means the closing price on the grant date or the day before.

Pixar's board had a compensation committee which was responsible for administering option grants. But year after year the company reported that the committee never met, and that instead the full board, which was chaired by Mr. Jobs, performed its functions. Pixar's Mr. Sarris declined to comment.

One compensation-committee member between 1998 and 2002 was Jill E. Barad, the former chief executive of toy maker Mattel Inc. Ms. Barad also served on the compensation committee of the board of Microsoft Corp. between 1997 and 1999. Through 1999, Microsoft had a practice of retroactively pricing option grants at monthly lows -- a variation on backdating. It changed the practice that year and took an accounting charge to adjust its financial results. Ms. Barad couldn't be reached for comment.

Another Pixar board member was Larry W. Sonsini, a Silicon Valley lawyer who also sat on Brocade's board and is a longtime adviser to Apple and Mr. Jobs. A spokeswoman for the firm declined to comment.

Pixar granted options to some top executives at the lowest closing prices of 1997, 1998, 2000 and 2003. A grant in 1999 carried the third-lowest closing price of the year. Such a pattern is highly unlikely to have occurred by chance.

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In 2000, for instance, Pixar awarded option grants to Messrs. Catmull and Lasseter. The grants were dated Dec. 6 and carried the closing price of Dec. 5, the year's low and the bottom of a months-long slide. Pixar shares recovered 13% by the end of the month.

Had the options been dated at the end of the month instead of at the year's low, Mr. Lasseter's potential profit from the grant would have been $3.5 million less, and Mr. Catmull's $1.75 million less. Neither man could immediately be reached for comment.

The separate review at Cablevision was disclosed in a company release issued yesterday morning. The company said it voluntarily reviewed its past granting of options and stock-appreciation rights after learning of problems at other companies. Cablevision found that grants during 1997-2002 "did not correspond to the actual grant date and the closing price of the company's common stock on that day," the release said.

The company said: "Management has concluded that the financial statements for all the periods beginning Jan. 1, 1997, should not be relied upon." In an SEC filing yesterday, the company said its audit committee agrees with that.

During a conference call with analysts, executives declined to answer questions about the probe.

Apple Execs, Former GC Seek Counsel In Face Of Backdating Probe (LAW)

By Justin Scheck, The Recorder

California Recorder, August 9, 2006

For the last few months, the San Francisco U.S. Attorney's Office has been investigating whether Apple -- like so many other Silicon Valley companies -- changed the dates on stock option grants to employees in order to maximize executive payouts, according to lawyers familiar with the case.

That investigation has chugged along quietly, even as Apple has twice made public admissions that it has backdating problems.

But behind the scenes, Apple -- and some of its current and former executives -- are seeking counsel.

Nancy Heinen -- Apple's longtime general counsel who left the company earlier this year -- has hired East Bay defense lawyers Cristina Arguedas and Miles Ehrlich to represent her in connection with the government probe.

Arguedas, a partner at Arguedas, Cassman & Headley, has represented a string of high-profile targets, including an Enron defendant and athletes tied up in the Balco steroids case.

Ehrlich is the former head of the San Francisco U.S. Attorney's Office's white-collar section, a job he left last year to start the firm Ramsey & Ehrlich.

Arguedas and Ehrlich had little to say Tuesday. "We're working together on many cases, and we're working together on this case," Ehrlich said.

Reached in her car Tuesday afternoon, Heinen declined to talk. "I'm driving," she said.

With prosecutors poking around the company, Apple has hired George Riley, a partner with O'Melveny & Myers, to represent it before the government. He didn't return calls seeking comment.

An Apple board committee has turned to John Potter, a partner at Quinn, Emanuel, Urquhart, Oliver & Hedges, to conduct an internal investigation. Potter likewise declined to comment on the internal investigation, as did a spokesperson for the U.S. Attorney's Office.

As Apple announced last week, its investigation has so far turned up enough evidence of backdating that Apple expects to have to restate profits.

Yet unlike many of the dozens of companies to make such admissions since The Wall Street Journal began reporting on backdating issues last spring, little has been divulged about the Apple investigation: no subpoenas from the Securities and Exchange Commission or the Department of Justice, and no open talk of government action.

There's been little public information from Apple on who received problematic options, other than an admission that Jobs received one backdated grant that he did not cash in, and was later cancelled.

Some companies with options problems have pushed out top executives, but that's not likely to happen at Apple. Jobs is credited with rescuing the company in the late 1990s, and Apple's fortunes are seen as being tightly tied to him. He would make a difficult sacrificial offering, the attorneys added, and could complicate Apple's efforts to resolve its situation.

Prosecutors have made it clear that removing executives believed to be responsible for backdating can help a company avoid criminal charges.

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Brocade got rid of three high-level executives last year, long before the company's former CEO and human resources manager last month became the first to receive criminal backdating charges.

Comverse similarly jettisoned top management around the time it turned an internal investigation on backdating over to Brooklyn federal prosecutors, who are close to bringing indictments against the company's former executives.

As for Apple, deeper trouble could be signified by its use of the term "irregularities" to describe what initial inquiries into grant practices had found. That term was used again in the announcement earlier this month indicating that options problems were bad enough to require a restatement of past earnings.

Several Silicon Valley defense lawyers -- all of whom spoke on condition of anonymity because they have ties either to Apple or to other backdating cases -- said that in accounting parlance, "irregularities" generally indicates a problem that's not accidental.

Recorder reporter Petra Pasternak contributed to this story.

Suit Against American Express Is Reinstated (WSJ)

The Wall Street Journal, August 9, 2006

NEW YORK -- American Express Co., Chief Executive Kenneth I. Chenault and other executives will have to defend themselves in a shareholder lawsuit over the firm's investments in junk bonds in the late 1990s, a federal appeals court ruled.

The Second Circuit Court of Appeals remanded the case back to U.S. District Judge William H. Pauley III in Manhattan, saying the lower court erred in dismissing two claims it found were time-barred by the statute of limitations. The case was dismissed in 2004.

"American Express will once again seek to dismiss the case," said Judy Tenzor, a spokeswoman for the New York consumer-finance company.

The securities-fraud lawsuit, which claimed American Express made material misrepresentations about the high-yield investment portfolio at its former American Express Financial Advisors unit, had sought class-action status for American Express shareholders between July 1999 and July 2001. The financial-advisory unit was spun off last year and is now named Ameriprise Financial Inc.

"The Court of Appeals has facilitated a new and full hearing" on the allegations, said Sanford P. Dumain of Milberg Weiss Bershad & Schulman LLP, which represents the lead plaintiffs.

Judge Delays Grasso Trial Date, Will Decide If Pay Was Reasonable (WSJ)

By Aaron Lucchetti And Gaston F. Ceron

The Wall Street Journal, August 9, 2006

A trial in New York Attorney General Eliot Spitzer's excessive-compensation lawsuit against former New York Stock Exchange Chairman Dick Grasso was delayed until mid-October.

That means the case could still be in court come November, when New Yorkers elect a new governor; Mr. Spitzer is favored to be the Democratic nominee in that race. Previously, the case was set to go to trial Sept. 5.

Mr. Spitzer is seeking the return of a big chunk of Mr. Grasso's $187.5 million pay package from the exchange. Mr. Grasso, who left the NYSE amid an outcry over the pay package in 2003, has denied wrongdoing.

New York Supreme Court Justice Charles Ramos set the new trial start date yesterday at a hearing where he also decided to rule on one key aspect of the case on his own in a "bench" trial. The adjudication of that point -- whether Mr. Grasso's compensation was reasonable for the head of a not-for-profit corporation, which the Big Board was when he ran it -- will come ahead of other claims in the case. An early decision on that allegation could possibly reduce the role of other high-profile litigants in the matter such as former NYSE Chairman John Reed and former exchange board members Kenneth Langone and H. Carl McCall.

Mr. Grasso's lawyer, Gerson Zweifach of Williams & Connolly, said in court that his client preferred a jury trial and would appeal Judge Ramos's ruling. Lawyers for Mr. Grasso also sent a letter to Judge Ramos this week requesting that the judge reassign the case to a different judge because of pretrial discussions Judge Ramos had with various lawyers about the possibility of the two sides settling the case.

Mr. Zweifach mentioned the matter indirectly in court yesterday, but Judge Ramos told him that Mr. Grasso's legal team should file a formal motion if it wanted anything to be considered. Speaking after the hearing, Mr. Zweifach said he was still considering whether to file the motion. Mr. Grasso's legal team previously has taken issue with some parts of Judge Ramos's handling of the case.

Legal maneuvering will continue before the trial, as lawyers on both sides await the outcome of a key New York appeals-court decision on the case. Two of the biggest issues the appeals court will likely rule on: whether a jury or Judge Ramos should decide the case and whether all the issues should be heard at once or one at a time, as Judge Ramos ruled yesterday.

Grasso Compensation Trial Hinges On Issue Of 'Reasonable' Pay (WP)

By Brooke A. Masters, Washington Post Staff Writer

The Washington Post, August 9, 2006

Judge Also Rules That He, Not Jury, Will Decide Case

NEW YORK, Aug. 8 -- New York Attorney General Eliot L. Spitzer's attempt to force former New York Stock Exchange chairman Dick Grasso to return $140 million in compensation will ride on the issue of whether the pay package was "reasonable," a trial judge ruled Tuesday.

New York Supreme Court Justice Charles E. Ramos granted Spitzer's motion to delay until a second phase of the trial the more complicated issue of whether Grasso and former NYSE compensation committee chairman Kenneth G. Langone deceived their fellow board members about the pay package details. Ramos also ruled, over Grasso's attorneys' objections, that he, rather than a jury, will make the key decision.

Spitzer's representative in court, Deputy Attorney General Avi Schick, argued that his request and Ramos's ruling were an effort to streamline the case to focus on the key issue: whether the size of Grasso's paycheck violates a state law requiring that pay at not-for-profit institutions be reasonable. "Try that case first," Schick said after the hearing. "If you resolve that claim, you have a good chance of resolving the issue."

But Grasso's attorneys complained and said they would appeal Ramos's decision.

"The issue of reasonable compensation is one that Dick Grasso is entitled to a jury trial on. So yes, we will take up the issue on appeal," said Gerson Zweifach, one of Grasso's attorneys. "It is remarkable the lengths that Spitzer will go to in trying to avoid letting a jury decide this case."

Ramos moved the start of the trial to Oct. 16 from early September to give Grasso's attorneys time to appeal. That decision effectively delays opening arguments in the contentious case until after New York's Sept. 12 primary, in which Spitzer is heavily favored to become the Democratic nominee for governor.

Grasso's compensation package angered many investors when the exchange first made its size public in the summer of 2003, and Grasso was forced out during the ensuing controversy. But Spitzer's 2004 lawsuit trying to force Grasso to return the money also drew criticism both as a publicity stunt and as an unfair attempt to single out Langone for his efforts to defend Grasso publicly.

In the intervening two years, witness depositions have indicated that Spitzer may have a stronger case on the issue of whether Grasso's pay was "reasonable." The issue of whether Grasso and Langone deceived other board members does not appear as strong: Several former NYSE board members have said under oath that Langone kept them properly informed about Grasso's mounting retirement benefits.

Spitzer's lawyers recently produced reports from several compensation experts who argued that Grasso's pay was far larger than it should have been given the size and not-for-profit nature of the institution he supervised. The NYSE has since reconstituted itself as a for-profit company.

CRIMINAL LAW:

Mayor's Friend Gets 21/2 Years (PHI)

By John Shiffman

DOJ_NMG_0045395

The Philadelphia Inquirer, August 9, 2006

Leonard N. Ross' corruption had already cost him his wife, his law license, his assets, his reputation, and his friendship with Mayor Street. Yesterday, it cost him his freedom.

A federal judge ordered Ross to prison for 21/2 years for corrupting the city's 2003 effort to redevelop the Penn's Landing waterfront.

Ross is the 22d person convicted in the City Hall corruption investigation. He used his post as chair of the Penn's Landing makeover effort to extort developers and provide inside information to a lobbyist who helped get him a sweetheart loan.

"I'm embarrassed by what I did," Ross said. "It was almost like an out-of-body experience. It was me but it wasn't me."

Ross said he had no excuse, just an explanation: He did it because he wanted to "feel important."

He wanted to be a player.

"I knew what I did was the wrong thing to do and I did it anyway," Ross said. "I deserve to go to jail."

U.S. District Judge Michael M. Baylson said he would honor the plea agreement, which called for a sentence in the 24- to 30-month range, but made a point of noting that this was "favorable to Mr. Ross." The judge's implication: Ross deserved a longer sentence.

"He had a chance to show leadership," Baylson said. "And if he had done that, perhaps Penn's Landing would be something different and better than it is today, something that many mayors have tried to make happen... . Instead, he allowed himself to be corrupted, and that's the tragedy of this case."

Ross pleaded guilty to corrupting the Penn's Landing redevelopment process in three ways.

First, he intentionally delayed the selection process so prospective bidders would have more time to give to Mayor Street's campaign. This helped Street raise an extra $50,000.

Second, Ross provided inside information to a lobbyist for one of the bidders, Tower Investments. Prosecutors say he did this in exchange for help with a $150,000 loan. The lobbyist was power broker Ronald A. White, a member of the Commerce Bank/Pennsylvania board. White was indicted in a related corruption case but died before trial.

Third, Ross used his position to try to win a job for his wife, Gloria Levin Ross, from one of the bidders, Brandywine Realty Trust. Ross arranged two job interviews between his wife and Brandywine executives, officials said.

In each of these cases, Tower and Brandywine were considered victims of a crime, officials said.

The developers were the two finalists whose plans called for a blend of shops, restaurants, residential and office units, and open space. Each project would have cost about $250 million, at least a third of which would have been borne by taxpayers. Street scrapped the process in 2004, saying all bids required use of too much public money.

In court yesterday, Assistant U.S. Attorney Bea Witzleben said that Ross corrupted one of the city's most important civic and cultural projects "to line his own pockets at every turn."

Witzleben said FBI wiretaps of White and Ross revealed their naked greed and perpetuated the perception of Philadelphia as a place where corruption is the cost doing business.

"This defendant tarnished the reputation of our city," she said.

As the prosecutor detailed the crimes, Ross dabbed sweat from his forehead and upper lip with a white handkerchief.

Defense lawyer James Schwartzman said Ross was a good man who had a distinguished career, but for "an aberration."

"Len has lost everything," Schwartzman said. "He's lost his marriage, his profession, his self-respect. He's virtually penniless."

Ross is the person closest to Street to be sent to prison in the City Hall corruption scandal. Ross shared a law office with Street before he was elected mayor, and vacationed with him.

Ross also lent Street money. For nearly a decade, Street has listed a loan from Ross on his financial-disclosure form, but neither the mayor nor Ross had revealed the amount. What Street still owes on the loan was disclosed yesterday in court: $20,000.

But it wasn't clear whether the $20,000 was the original loan amount or the outstanding balance. Ross and lawyer Joel Slomsky declined to comment.

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Street's spokesman, Joe Grace, declined to comment on "the question of the loan or anything that arises as part of the federal investigation."

When Street was elected mayor, prosecutors said, Ross tried to make money as a lobbyist.

Officials said he made a deal with the Greenberg Traurig law firm that paid $10,000 a month "for so long as John Street is mayor." The contract earned Ross at least $400,000, officials said. Ross yesterday disputed the validity of the contract, saying it had never been signed.

The Ross conviction is part of the long-running FBI and IRS corruption investigation of City Hall. Agents are still reviewing suspect minority-business and insurance contracts.

Street has not been charged with wrongdoing.

According to testimony in a related trial, the FBI had a suspicion that the mayor was conspiring with White to exchange city contracts for campaign contributions, which is why the FBI planted listening devices in Street's office. The bugs were discovered by the mayor's security team before they recorded anything.

Though 22 people have been convicted in the investigation, only one of them was a high-ranking city official, former Treasurer Corey Kemp.

Before Ross was sentenced yesterday, he said he "never thought the last time I would speak in court would be under these circumstances."

"My mom has seen me in court. She saw me in court trying a homicide. She saw me in court representing 26 injured policeman and firemen... and the last time she'll be seeing me in court is at sentencing, where I'll be incarcerated. It's a devastating position to be in."

As he left the courtroom, Ross declined to elaborate. "I've said everything there is to say."

He must report to prison on the day after Labor Day.

Hear audio clips and see transcripts of taped conversations, plus recent coverage of the City Hall corruption investigation at http://go.philly.com/fbiprobe

Not Worth The Stretch (PHDN)

By Dave Davies

Philadelphia Daily News, August 9, 2006

LEONARD Ross' attorney told a federal judge yesterday that since Ross was snagged in a federal corruption probe he "has lost everything - his marriage, his profession, and his self-respect."

For Ross, 58, it's been a long fall.

Just a few years ago, the dapper, silver-haired Ross was often holding court at The Palm restaurant, a political insider who called Mayor Street one of his best friends.

Ross received a history degree from George Washington University in 1969 and graduated from law school in 1972.

He came to Philadelphia and did a stint as a public defender before serving seven years in the district attorney's office.

He left the D.A.'s office in 1983 and began a practice in personal- injury litigation, real estate, and eventually government relations.

In the 1980s, Ross married developer Gloria Levin and became friends with Street, bringing him into his law firm in 1992.

When Street was elected mayor in 1999, Ross moved to the national firm of Greenberg Traurig, which then got $690,000 in city-related legal fees over the next four years.

Ross' downfall came when Street appointed him to a committee evaluating Penn's Landing proposals and he came under FBI scrutiny.

He surrendered his law license on Friday, the result of his December guilty plea on felony corruption charges.

His attorney, James Schwartzman, said yesterday that Ross has "been surviving the last six months on funds he's received from his mother and his sister."

He'll report Sept. 5 to a minimum-security prison for his 2 ½ year sentence.

Phila. Mayor's Ex-Law Partner Sentenced (WP/AP)

By Joann Loviglio, The Associated Press

The Washington Post, August 9, 2006

PHILADELPHIA -- A former associate of Philadelphia's mayor was sentenced Tuesday to 30 months in prison for engaging in fraud and conspiracy as head of an effort to develop the city's waterfront.

Leonard N. Ross, friend and one-time law partner of Mayor John F. Street, used his position to get potential developers to donate money to Street's re-election campaign, provided a lobbyist with inside information to one bidder in exchange for help with a $150,000 bank loan, and sought a job for his wife with another bidder.

"I'm deeply ashamed and embarrassed by what I did," said Ross, 58, who pleaded guilty in December to three counts of honest services fraud and one count of conspiracy. "It's almost like an out-of-body experience: It wasn't me, but it was me."

U.S. District Judge Michael Baylson said he imposed the maximum prison term under federal guidelines because of the nature of the crimes and the betrayal of the public's trust. He also fined Ross $25,000.

"Corruption is a cancer, and unless it is excised and dealt with and killed, it can just spread and do terrible damage," the judge said.

In 2003, Ross was named chairman of a city committee to choose a developer for Penn's Landing, a 13-acre parcel on the Delaware River.

Nearly two dozen people have been convicted in a federal corruption probe that became public when police discovered an FBI bug in Street's office in October 2003. The mayor has denied any wrongdoing and has not been charged.

Street halted the Penn's Landing project in late 2004, saying the city could not afford the $100 million in public funds sought by developers.

Report: San Diego Books Long Mismanaged (AP)

By Elliot Spagat, Associated Press Writer

AP, August 9, 2006

San Diego Engaged in Reckless Fiscal Mismanagement, Report Says

SAN DIEGO (AP) -- The city recklessly and deliberately mismanaged its finances for years, according to a report released Tuesday that marks a key milestone in San Diego's fiscal recovery.

Kroll Inc. said San Diego "fell prey to the same type of corruption" that ruined companies including Enron Corp. and WorldCom Inc. and prompted Orange County to file for bankruptcy protection in 1994.

"The evidence demonstrates not mere negligence but deliberate disregard for the law, disregard for fiduciary responsibility and disregard for the financial welfare of the city's residents," the report concludes.

The 266-page tome, which took 18 months to complete and cost the city $20 million, offers one of the most detailed accounts of how San Diego created a $1.4 billion pension shortfall that has crippled its ability to borrow money.

The investigation was led by a cast of accounting luminaries including Arthur Levitt, former chairman of the U.S. Securities and Exchange Commission. It clears the way for San Diego to complete overdue audits, which are widely considered a key step to returning the nation's eighth-largest city to Wall Street's good graces.

San Diego's unfunded pension liability -- the gap between the value of its pension assets and its obligation to retirees -- soared after the City Council decided in 1996 and again in 2002 to avoid payments to the pension fund and, at the same time, enhance retirement benefits.

The fiscal meltdown that resulted sparked investigations by the U.S. Justice Department and the SEC in early 2004. Five former city and pension fund officials were charged with federal fraud and conspiracy in January.

The report outlines a series of recommendations including creation of an independent audit committee and more authority for the city's chief financial officer.

"You got a second chance here, folks," Lynn Turner, former chief SEC accountant and one of the authors. "I think it's a marvelous city, but you need to change it from being Enron-by-the-Sea to Emerald-by-the Sea."

The report found that several former city officials likely violated federal securities law and others, including two former city managers, were negligent in their work.

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It blames former Mayor Dick Murphy and members of the City Council for failing to disclose the extent of the city's problems to bond investors and for "knowingly and improperly" causing the city to violate state and federal law in its collection of sewage fees. Levitt said the city overcharged homeowners for sewage to subsidize large businesses.

The city delayed publishing an advisory committee's findings because it wanted to avoid scaring bond investors who financed a ballpark for the San Diego Padres, which opened in 2004, the report said.

Levitt said the city also ignored warnings from whistle-blower Diann Shipione, a former pension board member.

"Her pronouncement that the emperor has no clothes was dismissed out of hand," he said.

Murphy, a Republican, resigned in July 2005, less than a year after winning a disputed election to a second four-year term.

Mayor Jerry Sanders, a Republican former police chief who was elected last year, said the report "will hopefully put a very unfortunate chapter of this city's history behind us."

Kroll has come under fire from some city officials who say the firm overcharged for its work. Its most outspoken critic, City Attorney Michael Aguirre, said the report was "essentially useless."

A visibly angered Levitt interrupted Aguirre's aggressive questioning of the authors during a hearing that lasted nearly four hours.

"We're not here to subject ourselves to your petty criticism," Levitt said. "We're not here to subject ourselves to your playing to the press."

An executive at KPMG LLP told the council that Kroll's report cleared the way for his company to finish its audit of San Diego's financial statements for the 2003 fiscal year. Without the audit, San Diego has effectively been shut out of public bond markets.

"We can move forward toward the completion of our work," said J. William Morris III, KPMG's Western Area managing partner for audit and risk advisory services.

Report Compares San Diego Pension Fund Scandal To Enron (LAT)

By Richard Marosi

The Los Angeles Times, August 9, 2006

SAN DIEGO — A long-awaited audit released Tuesday blames San Diego's pension fund debacle on mismanagement and illegal financial manipulations that recall the fiscal crises of Orange County and Enron Corp.

The 266-page report concludes that some former city and pension board officials violated state and federal laws in their ill-advised pursuit of short-term solutions for a pension fund deficit that now approaches $2 billion.

"The evidence demonstrates not mere negligence, but deliberate disregard for the law, disregard for fiduciary responsibility and disregard for the financial welfare of the city's residents over an extended period of time," said Arthur Levitt Jr., the former chairman of the Securities and Exchange Commission who oversaw the independent audit.

The report, which cost $20 million, is considered a key step in San Diego's bid to restore its once solid reputation for conservative fiscal management. City officials hope that the report by Kroll Inc., a risk management firm in New York, will win back Wall Street's trust.

"This is a chance to once again be masters of our own fate and destiny," said Jerry Sanders, who became mayor in December.

Immediately after the report's presentation at a special meeting of the City Council, a representative from the city's outside auditor, KPMG, said it would resume work to certify the city's 2003 financial report.

The firm had refused to complete that report until after a full investigation had been finished.

Earlier this year, a federal grand jury indicted five former and current city pension board officials for their roles in approving the pension fund investment scheme. The SEC is also investigating whether laws were broken when the city filed reports with Wall Street that did not mention the bad news about the pension funds.

KPMG's audit could help the city, which now is saddled with credit ratings as low as junk bond status, return to the bond market to borrow money.

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"This is a very important day for San Diego," said Council President Scott Peters, adding that the Kroll report is a "guide" that will help taxpayers and markets regain confidence in the state's second-largest city.

At the council meeting, City Atty. Michael Aguirre, a longtime opponent of the probe's cost and scope, criticized the Kroll investigators for not going far enough in assigning blame.

Some council members, the report concluded, were negligent in their duties, but did not willfully or knowingly violate laws.

Aguirre, who fears that the report could undercut his plan to roll back pension benefits, suggested that Kroll had whitewashed the report to suit the council's interests.

Levitt angrily denied the charges at the council meeting. He accused Aguirre of engaging in the same kind of political factionalism that he said got the city into trouble in the first place.

"You are taking us back to the past. You are continuing to demagogue a process, to embarrass your colleagues, to embarrass yourself in a way that I think is demeaning," Levitt said.

San Diego got into trouble by increasing employee pension benefits to satisfy politically powerful labor unions and then counting on a soaring stock market to keep the pension plan fully funded.

When the stock market plunged in the dot-com collapse, the City Council did not compensate by raising the city's contribution to the pension fund.

The pension deficit and the city's failure to disclose the problem to Wall Street led to the biggest financial mess in San Diego's history.

"San Diego city officials fell prey to the same type of corruption of financial management and reporting that has afflicted municipalities such as Orange County and such private sector companies as Enron," the report states.

Orange County filed for bankruptcy in 1994 after $1.7 billion in losses from highly speculative securities. Enron, the Houston-based energy firm, collapsed in 2001, and its top officers were convicted of fraud for engaging in creative schemes that inflated its value.

The 18-month San Diego investigation, which reviewed more than 1 million documents, found that the pension board made false and misleading statements to disguise the extent of the funding shortfall.

And it concluded that the city misrepresented to investors that it was making contributions to its pension system at appropriate levels when it was not.

"Under the pressure of short-term needs, city officials gave expedience a higher priority than fiscal responsibility and came to view the law as an impediment to be circumvented through artful manipulation," the report states.

The wide-ranging audit also found that San Diego homeowners were improperly overcharged on their monthly sewage bills, with the excess being unlawfully used to subsidize the sewage costs of large industrial users.

The Kroll report is the second in two years to harshly criticize the city. In 2004, lawyers from the Washington firm of Vinson & Elkins concluded that the city suffered from chronic bad management and an almost dysfunctional environment, ignoring a fiscal crisis that it compared to a "snake in the garden."

Since the scandal erupted, the city has made sweeping changes to its reporting and accounting systems, and adopted stricter financial disclosure rules. Several officials have resigned or been forced out.

And voters approved a strong-mayor form of government that gives the city's top official more power and responsibility over financial matters.

The Kroll report said, however, that San Diego had yet to come to terms with its need for fundamental reform.

Among other things, it recommends that the city create a permanent audit committee, appoint an independent monitor to oversee the reforms and create more accountability by strengthening the chief financial officer's role.

Carl DeMaio, president of the Performance Institute, a local watchdog group, said the report should allow the city a fresh start, but cautions that the council must follow through on recommended reforms.

"Now is the time for the City Council to demonstrate through action its commitment to reform," DeMaio said, "and in doing so send a strong message to the SEC and Wall Street."

Neeb Cries Foul In Investigation (BRADV)

Baton Rouge Advocate, August 9, 2006

For over a year, the FBI has been looking into whether or not the person in charge of the Louisiana State Gaming Board at the time the investigation started, Anne Neeb was actually showing up for work. However, according to published reports, the person who is at the center of that investigation is crying foul.

An FBI investigation of the Louisiana State Gaming Control Board has been verified by Louisiana State Police, even though FBI officials will neither confirm nor deny an investigation exists.

((((We need to verify here that the FBI is looking into the Gaming Board based on allegations Neeb is making)))

The former executive director of the gaming board, Gloria Anne Neeb, was the subject of an investigation by Louisiana's Inspector General Sharon Robinson and the State Police into her work attendance when she worked for the Louisiana board.

"That was one of the things we decided to take a look at," said Robinson, "whether she was attending or if there was documentation of her being at work."

When investigations were concluded by both the Inspector General's Office and the State Police, both inquiries showed that Neeb owed the state around $2,700.

However, Neeb, who is currently the executive director of the Pennsylvania Gaming Control Board, is crying foul.

Neeb claims the charges against her are politically motivated and that corruption exists in the gaming agency.

Ohio Executes Man Convicted Of Killing 3 (FINDLAW/AP)

By Joanne Viviano, Associated Press Writer

AP, August 9, 2006

(AP) - LUCASVILLE, Ohio-A man who said he worshipped Satan and enjoyed killing three people, stabbing and beating them and stomping on them with steel-toed boots, was executed Tuesday.

Darrell Ferguson, 28, the youngest person put to death in Ohio since 1962, died by injection at 10:21 a.m. at the Southern Ohio Correctional Facility.

He had asked for the death penalty and chose not to pursue appeals, which could have delayed his execution for years.

Ferguson was the second inmate executed using the state's new lethal injection protocol, adopted after an execution in May was delayed while prison staff struggled to find a useable vein on that inmate, who asked them to find another way to kill him.

Officials said Ferguson's veins were closely examined before his execution, and the guidelines called for two injection sites to be prepared plus a new method of ensuring veins stay open.

He was convicted of three counts of aggravated murder in the Christmas Day killing of Thomas King, 61, in 2001 and the deaths the next day of Arlie Fugate, 68, and his wife Mae, 69. King was disabled and used crutches, Arlie Fugate had cancer and Mae Fugate took meals to wheelchair-using neighbors.

The victims let Ferguson into their homes in Dayton because they knew him. Ferguson's mother had been married to King's brother, and Ferguson's family had once lived near the Fugates.

Ferguson committed the murders after getting a two-day pass from a drug treatment program he had been ordered to attend following a burglary conviction.

At his sentencing, he taunted the victims' families, saying he worshipped Satan, enjoyed the killings, had no remorse, and, if released from prison, would pick up where he left off.

Defense attorney Victor Hodge said Ferguson's behavior might have been a ploy to make sure he was sentenced to death so he could avoid spending the rest of his life in prison.

Online Predators Less Prevalent (USAT)

By Janet Kornblum

USA Today, August 9, 2006

Despite the rise of social networking sites such as MySpace, a smaller percentage of young people are being sexually solicited online than five years ago.

But children ages 10 to 17 are being increasingly bombarded with online porn and are being harassed and bullied more — often by peers, a study finds.

The long-awaited report, to be released today, is the only national study of its kind. It is by the University of New Hampshire's Crimes Against Children Research Center, which surveyed 1,500 children ages 10 to 17 last year and compared findings with a similar group five years earlier.

About 13% said in 2005 that they had received an unwanted request to engage in sexual activity or conversations in the previous year from either adults or other children. Five years earlier, it was 19%.

Though that's an improvement, it's "still way too high," says Ernie Allen, president of the National Center for Missing & Exploited Children. The center financed the research with a grant from Congress.

Allen and researcher David Finkelhor attribute improvements to education campaigns stressing "stranger danger" and less time spent in chat rooms "where creepy people hang out," Finkelhor says.

Many solicitations, 43%, were from others under age 18. And most of the time, children brushed them off. Aggressive solicitations, on the other hand, remained about the same.

Internet researcher Larry Rosen, a professor of psychology at California State University, Dominguez Hills, says the new research reinforces what he has seen: "There simply is not the volume of predators on MySpace that people imagine."

Children's exposure to porn comes despite increased supervision and use of filters. Also, five years ago, technology impeded the flow of graphic images; today, more people have high-speed access and fast computers, Finkelhor says.

The study found 9% of kids were "very upset" by seeing porn, up from 6% five years ago.

Finkelhor says more attention must be paid to online harassment. "We were concerned that not only were kids being harassed more, but they were doing more harassing."

Allen advocates a "three-pronged solution": education, enforcing existing laws and improving tools such as filters.

Lawyers In Murder Appeal Use Cigarette-Break Defense (NYT)

By Christopher Maag

The New York Times, August 9, 2006

COLUMBUS, Ohio, Aug. 8 — Lawyers for a man convicted of beating a former girlfriend to death with a lead pipe argued before the Ohio Supreme Court on Tuesday that their client should be spared the death penalty, partly because jurors were not allowed to smoke while deliberating.

"A capital trial is supposed to be a considered process," said Keith A. Yeazel, one of the lawyers. "Jurors shouldn't be trying to speed up the process so they can go outside and smoke a Kool cigarette."

The defendant, Phillip E. Elmore, 43, admitted his guilt during his trial in October 2003. While on the stand, Mr. Elmore said, "I feel I deserve the worst punishment that there is," according to the court transcript.

But in an hourlong hearing here, lawyers representing Mr. Elmore in the appeals process argued that his trial lawyers had failed to provide an adequate defense that might have spared his life.

They also noted that the trial lawyers had not objected when Judge Jon R. Spahr of the Licking County Common Pleas Court rejected jurors' request for cigarette breaks while they were deliberating. This amounted to discrimination against smokers, Joseph Edwards, another of the lawyers, said Tuesday, and created a reason for jurors to rush through the most important phase of the trial.

The jurors had had to decide whether Mr. Elmore was guilty of aggravated murder and, in a second phase of deliberations, whether he deserved the death penalty or life in prison.

The justices appeared unimpressed with the lawyers' argument.

"You're saying that because the trial judge didn't allow them to smoke that smokers are being discriminated against?" Justice Maureen O'Connor said. "Are you proposing a new right for an entire class of people?"

Before the hearing, Mr. Elmore's lawyers acknowledged that the tactic was unusual and unlikely to succeed.

"We don't believe this is the best issue in the case," Mr. Yeazel said. "But if we don't raise it on direct appeal, we'll never be able to talk about it if it becomes an issue in federal court."

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Mr. Edwards said that Mr. Elmore's father had beat Mr. Elmore and sexually abused his sister. Mr. Elmore was in and out of jail for various offenses from ages 20 to 38, Mr. Yeazel said, including a stint at the Licking County Jail, where his girlfriend, Pamela Annarino, worked as a sheriff's deputy.

On June 1, 2002, Mr. Elmore broke into Ms. Annarino's house while she was away, according to the case transcript. He was upset because she had ended their relationship, he said at trial. Ms. Annarino returned home to find Mr. Elmore waiting with a loaded shotgun, the transcript says.

He then choked her and struck her four times in the head with a pipe, according to his confession, which was entered as evidence.

FBI Joins Hunt In Boiling-oil Murder (BSH)

By Ryan Lafontaine

Biloxi Sun Herald, August 9, 2006

HANCOCK COUNTY - FBI agents have joined the hunt for a Diamondhead woman who faces a murder charge in the death of her sleeping husband.

Police said Monday they are closing in on Edna May Sanders, who allegedly doused her husband, Sherman, with more than two quarts of boiling oil while he slept in the couple's bedroom on July 28.

He died Friday in an Alabama hospital with third-degree burns on more than half of his body.

FBI Special Agent Jason Pack confirmed that federal authorities will provide assistance to the Hancock County Sheriff's Department in a nationwide search for 45-year-old Sanders.

Hancock investigators believe Sanders likely is seeking shelter with family in Louisiana or Texas, and because she may have crossed state lines, the FBI can lend its resources.

Investigators said Sanders, whose maiden name is Miller, fled in a 2001 Pontiac Grand Prix, with a retired U.S. Navy license plate. Two children were in the car, according to police.

Kenny Hurt, Hancock's chief investigator, said police have not been able to find a motive for the killing.

According to neighbors living near the Sanders' Maili Way home, there were no visible signs of a marriage on the rocks. The couple was rarely seen outside and most residents said the Sanders family kept to themselves.

The couple began renting the home just a few months ago and Hurt said there was no history of domestic violence at the Diamondhead address.

They had been married only a short time.

The burns to Sherman's head, face, chest and arms were reportedly so severe he had to use a car horn to signal a neighbor for help because he couldn't dial a phone. But he was able to speak briefly to investigators.

However, police were unable to speak with him again last week while he was hospitalized.

Woman Sought In Husband's Hot Oil Death (WP/AP)

The Associated Press

The Washington Post, August 9, 2006

BAY ST. LOUIS, Miss. -- A woman accused of dumping hot cooking oil on her sleeping husband has been charged with murder, and the FBI has joined the search for her.

Sherman Sanders died Friday after a week in the burn center at the University of South Alabama in Mobile. He had suffered third-degree burns over more than half of his body.

Investigators said his wife, Edna May Sanders, 45, fled their home in Diamondhead with their two children on July 28.

Police believe she heated about two quarts of household cooking oil on the stove, allowing it to reach a simmer before pouring it over her husband's head chest and arms.

Authorities have said they were unsure what led to the assault. The couple had been married only a short time.

FBI Special Agent Jason Pack confirmed that federal authorities will help the Hancock County Sheriff's Department search for Edna Sanders because she may have crossed state lines.

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"She has family in Texas and Louisiana and that's where we are concentrating all our efforts right now," said Kenny Hurt, the county's chief investigator.

Woman Pleads Guilty To Katrina Fraud (CL)

By Leah Rupp

The Clarion-Ledger (MS), August 8, 2006

A Gulfport woman pleaded guilty Monday to submitting fraudulent FEMA claims relating to Hurricane Katrina.

Shera Simes received $2,268 after filing for disaster unemployment after reporting her last day of work was Aug. 28, a day before Katrina hit the Gulf Coast.

Burger King in Gulfport actually paid Sims until Nov. 4.

The charges carry a maximum sentence of five years in prison, a fine of up to $250,000 and up to three years of supervised release.

Hotel Owners Arrested (NATDEM)

By Julie Finley, The Natchez Democrat

Natchez Democrat, August 9, 2006

NATCHEZ — Two Natchez hotel owners were arrested Monday in connection with state investigations into price gouging in the aftermath of Hurricane Katrina.

The Attorney General's Office has been looking into reports about the Excellent Inn & Suites and Scottish Inn since shortly after the storm Director of Consumer Protection Grant Hedgepeth said.

Owners Alex Patel and Sonal A. Patel were each charged with 16 counts of price gouging and one count of conspiracy to commit price gouging. The men jointly own both Natchez hotels.

One count alleges that the room rate at the Excellent Inn went from $93.50 one day to $198 soon after. Price hikes vary in the other counts and are sometimes as low as a $15 increase, Hedgepeth said.

All the counts fall in the weeks after Katrina when every Miss-Lou hotel room was full, most with evacuees from New Orleans and the coast.

"We've got other price gouging investigations going on in the state of Mississippi," Hedgepeth said. "There are quite a few. This is the first wave of indictments."

Some of the counts against the Natchez men are felonies — cases involving more than $250 — he said. A felony price gouging conviction is punishable by up to five years in prison and a $5,000 fine.

The men were booked into that Adams County Jail and later released on $30,000 bond Monday. Any court proceedings will be handled in Adams County, Hedgepeth said.

Hedgepeth said other investigations in the state are ongoing.

"We've just had so many of them it's taken a while for the meat to get through the system," he said. "When we find what is sufficient evidence we are going to seek indictments and prosecute these people."

Hedgepeth said the Attorney General's Office has authorized hiring more investigators to work similar cases and staff a Biloxi office that will specialize in home repair fraud — a new crime emerging in the wake of Katrina. Email this story | [print]

Waltham Man Charged With Defrauding 50 Out Of About $5 Million (AP)

AP, August 9, 2006

BOSTON A Waltham man is charged in federal court today of defrauding more than fifty people out of an estimated five (m) million dollars in an investment fraud scheme.Prosecutors say 45-year-old Mark Conway is charged with thirteen counts of mail and wire fraud.Authorities say Conway was the managing partner of Groundswell Partners L-L-C. They say between January 2001 and last October, Conway made numerous misrepresentations to investors including that his funds would follow a specific market timing investment strategy.Instead, Conway stopped using the promised investment strategy and then created false documentation to ensure his investors.If convicted, Conway faces up to 20 years in prison, three years of probation and a 250-thousand dollars fine.

Fund Manager Gets Six Years For Fraud (ABJ)

Akron Beacon Journal, August 9, 2006

CLEVELAND - The president of Agnitio Fund Management LLC has been sentenced to six years in prison and ordered to repay his defrauded customers $1.5 million.

Jesse Bonner, 28, of Taylor May Road in Mantua, was accused of defrauding 38 investors in Ohio, Virginia, New York, Michigan, North Carolina and Florida, according to the U.S. Attorney's Office in Cleveland.

Bonner promised great returns on investments, but faked statements -- including an independent audit -- presented to clients between 2001 and September 2005, federal authorities said. He collected about $1.5 million from investors.

He used the money ``for his personal benefit and to perpetuate the illegal scheme," according to the U.S. Attorney's Office.

Man Admits Stealing Trade Secrets (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, August 9, 2006

Former employee broke into computer

A San Diego man who broke into a computer at the concrete company where he once worked and stole information he then used to make a competing bid for his new employer pleaded guilty yesterday to stealing trade secrets.

Benjamin Muñoz III, 33, faces up to two years in prison when sentenced in September in San Diego federal court. His defense lawyer said mitigating circumstances warrant a more lenient sentence.

“He did a stupid thing,” lawyer John F. Kelly said. “He tried to take a shortcut.”

Muñoz took advantage of easy-to-figure computer passwords at his former employer, T.B. Penick & Sons Inc., to break into a computer system and get figures for a concrete bid for a project at the Otay Ranch Town Center, according to the lawyer and court documents.

He then used that information – 136 pages of documents he printed at home – to help his new employer, Progressive Concrete Images Inc. of Escondido, bid on the same job without having to recalculate how much concrete to use or how many people to hire.

Progressive was not aware of the theft, officials said.

“We had no idea,” said owner Terri Huth. “We withdrew it immediately.”

Huth said trade secret theft is endemic to the cut-throat concrete industry, where companies try to underbid one another and employees take their work products with them as they hop from firm to firm.

“He is not the first one,” she said. “It's a very loose industry.”

She said she hopes that this case will put others in the industry on notice.

“There's plenty of work within San Diego County for everybody,” she said. “I don't understand why they can't just go and do their own business.”

Muñoz had worked on the bid while employed at Penick, Kelly said.

“He was just trying to get his work product which, of course, belonged to his previous employer,” Kelly said.

Penick notified the FBI when it realized its computer system was compromised, and it ended up with the $4 million job, Kelly said.

“They did not lose any money,” he said.

The lawyer said Progressive continued to employ Muñoz after learning of the investigation. He has since left the company for unrelated reasons and is working at another concrete company.

Prosecutor Mitch Dembin said he would ask Judge John A. Houston to sentence Muñoz to two years in prison.

Officials at Penick were unavailable for comment yesterday.

Woman Gets 4 Years In Prison For Extortion Against Strippers (AP)

AP, August 9, 2006

NEWARK, N.J. (AP) - A woman was sentenced to four years in federal prison Friday for extorting money from two women brought illegally from Russia to work in New Jersey strip clubs.

Viktoriya I'lina, 42, of Brooklyn, pleaded guilty in January to conspiracy to commit extortion and conspiracy to commit visa fraud. Two men, including her husband, Lev Trakhtenberg, have also pleaded guilty in the case.

I'lina admitted that she and the two men demanded $5,200 from one woman and $2,600 from another when they said they wanted to stop working as nude dancers - and that she made them think their families in Russia might be in danger if they did not pay up.

Crime Emergency Affects Very Little (WT)

By Amy Doolittle

The Washington Times, August 9, 2006

Violent crime rates have changed little in the District since Metropolitan Police Chief Charles H. Ramsey declared a citywide crime emergency nearly a month ago.

According to police statistics, the city had 21 homicides last month, when Chief Ramsey declared the crime emergency, and 20 in June.

In addition, there were 309 reports of assaults with a deadly weapon last month, compared with 311 such reports in June. Sexual assaults numbered 33 last month and 38 in June.

Last month, Mayor Anthony A. Williams said the crime emergency's goal was to decrease crime by 50 percent in 30 days.

Yesterday, city officials defended the crime emergency, saying that arrests and enforcement have improved even if the crime rate has not.

"Our real goal would be to eliminate crime 100 percent and to have zero crime in the city," said Vincent Morris, a spokesman for Mr. Williams. "You set a goal, and you know the reality is there's crime in every city.

"We think we've made amazing progress in just the few short weeks since the emergency has been declared," he said.

Police statistics show that arrests have increased 21 percent, firearm recoveries have increased 46 percent and curfew violation citations have increased 177 percent since the emergency began.

"Stretch goals are something you have in order to achieve as much as you possibly can," said Chief Ramsey, who declared the emergency July 12. "We're dealing with a very serious crime problem, and it's not easy to get rid of. We're working as hard as we can."

Within the first few hours of the emergency being declared, two groups of tourists were robbed on the Mall, but there have been no additional incidents there since then.

The Mall is patrolled by the U.S. Park Police, which has increased its deployment of officers in the area since the crime emergency went into effect.

Police statistics for last month, which tallied 3,042 crimes, are nearly identical to those for July 2005, which numbered 3,034 crimes.

"Every month has its own unique characteristics," Chief Ramsey said. "Each month is so different in terms of trends -- the weather, school being in and out of session, etc."

Chief Ramsey declared the emergency after the slaying of a British activist in Georgetown, the District's 13th homicide in 11 days.

On July 19, Mr. Williams called the D.C. Council out of its summer recess to push through emergency anti-crime legislation that allows closed-circuit surveillance cameras in neighborhoods and institutes a 10 p.m. weeknight curfew for city teens through the end of this month.

Council Chairman Linda W. Cropp, an at-large Democrat running for mayor, helped pass the legislation. She said she is satisfied with the emergency's results.

"I never anticipated that there would be a specific huge [crime] reduction," she said. "What I wanted to see was a deterrent to crime."

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Council member Adrian Fenty, a Ward 4 Democrat running for mayor, voted against the anti-crime legislation. He said the crime rate is not falling because officials are not tackling the problem.

"Crime in the District ... is not being adequately addressed," Mr. Fenty said. "The way to reduce it permanently requires internal work inside the government."

This is the third summer in four years that Chief Ramsey has declared a crime emergency and the fourth time overall since he became chief in 1998. The chief announced an emergency in 2003 to stem a surge in homicides and in 2004 to curb a spate of car thefts by juveniles.

Prostitution Sting Nets 4 Near BWI (WT)

By Tarron Lively

The Washington Times, August 9, 2006

Anne Arundel County police arrested four women near Baltimore-Washington International Thurgood Marshall Airport and say escort service masquerades are phasing out street prostitution in the county.

"We're definitely noticing a trend," said Officer Sara Schriver, a county police spokeswoman.

"In the Laurel area and around BWI, there's been a decline in street prostitution and an increase in online-advertised escort services," which are often fronts for prostitution, she said.

The women arrested in the undercover investigation were Ashley Price, 20, of the District; Emily Fritz, 18, of Costa Mesa, Calif.; Carlena Perry, 26, of Schaumburg, Ill.; and Kelly West, 20, who has no fixed address.

The four women were charged with prostitution stemming from a sting operation conducted by the police department's vice unit. They were arrested between July 13 and Aug. 1.

Authorities said the women had been using the Internet to advertise their services as escorts in the Laurel area and near the airport.

Police said prostitution services frequently operate under the guise of being legitimate escort services. Authorities said some dating Web sites and online classified services feature overt ads for prostitution.

To avoid local vice officers, prostitutes advertising online usually will stay in one place for weeks at a time, meeting with several clients in arranged appointments before flying to other cities.

Officer Schriver would not comment on whether police linked the women to the same service or the methods used to catch them, because the investigation is continuing.

"We don't want to tip off others," she said, noting that many of the escort services skirt the law by coding the words of the advertisements to offer sexual services discreetly.

Anne Arundel County is one of several jurisdictions in Maryland targeting prostitution.

Earlier this year, Brandy Britton, 41, of Ellicott City was arrested and charged with running a prostitution service out of her home.

Mrs. Britton, a former sociology and anthropology teacher at the University of Maryland Baltimore County, charged hourly rates of more than $300, authorities said.

On the Web site that police say she used to solicit business, Mrs. Britton said she receives money for modeling and companionship -- not for prostitution.

In Hagerstown, police increased their sting operations after a wave of prostitution appeared on downtown streets this spring.

Is Copying A Crime? Well … (LAT)

By Charles Duhigg, Times Staff Writer

The Los Angeles Times, August 9, 2006

Many young people say that duplicating CDs or DVDs they own is legal. The industries disagree.

A few years ago, when a friend offered 15-year-old Evan Collins a compact disc of illegally downloaded music, Collins turned him down flat.

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"Me and my parents used to download music for free," said Collins, who lives in Bloomington, Minn. "But we decided it was like stealing from musicians. So I don't take stolen music from friends, either."

But later that year, when Collins met a girl he liked, he made her a CD filled with songs by Linkin Park, Blue Man Group and Eiffel 65. Why was his CD OK, while his friends' were verboten? Because Collins paid for his music in the first place, he said.

"I think you're allowed to make, like, two or three copies of a CD you bought and give them to friends," said Collins. "It's only once you make five copies, or copy a CD of stolen music, that it's illegal."

Actually, attorneys say, copying a purchased CD for even one friend violates the federal copyright code most of the time.

But Collins' attitude — that copying purchased CDs or DVDs is legal, while copying stolen music or movies is a crime — is pervasive among young people ages 12 to 24, according to a Los Angeles Times/Bloomberg poll.

Among teens ages 12 to 17 who were polled, 69% said they believed it was legal to copy a CD from a friend who purchased the original. By comparison, only 21% said it was legal to copy a CD if a friend got the music free. Similarly, 58% thought it was legal to copy a friend's purchased DVD or videotape, but only 19% thought copying was legal if the movie wasn't purchased.

Those figures are a big problem for the Recording Industry Assn. of America and the Motion Picture Assn. of America, both of which have spent millions of dollars to deter copying of any kind. The music industry now considers "schoolyard" piracy — copies of physical discs given to friends and classmates — a greater threat than illegal peer-to-peer downloading, according to the RIAA.

Similarly, an MPAA spokesperson said that, in the U.S., copying and reproducing DVDs is a bigger problem than illegal downloading of movies.

"We've made substantial progress educating people that downloading copyrighted music for free is illegal," said RIAA Chairman Mitch Bainwol. "But we still confront a significant challenge educating kids that copying a CD for a friend is also a crime. This is a major focus for the entire industry."

Indeed, years of anti-downloading campaigns seem to be working: 80% of teens surveyed in the poll said downloading free music from unauthorized computer networks was a crime. Much of that might stem from highly publicized crackdowns on online music sharing. A 2004 study by the Pew Internet & American Life Project found that close to 6 million Americans said they had stopped downloading unauthorized tunes because of lawsuits filed by the RIAA.

But when it comes to stopping people from copying physical CDs, high-profile lawsuits are much less likely to occur. Prosecutors say it would be next to impossible to get one teen to testify in court that another had slipped him or her a copied disc at lunchtime. And besides, isn't sharing music a time-honored part of teen friendship?

"It's pretty confusing," said Collins, who was interviewed after participating in the poll.

Even lawyers say the law is hard to understand. Distributing free copies of a purchased CD or DVD is only a federal copyright crime if the value of the copied discs exceeds $1,000, said Assistant U.S. Atty. Elena Duarte.

But giving away even one copied disc may be a civil violation or break a state law.

"A strict interpretation of the law says that if making a copy robs the marketplace of a sale, it is prohibited," said attorney Mark Radcliffe, a copyright expert at DLA Piper Rudnick Gray Cary. "So anyone giving a copy to a friend could technically be sued. But there is some sentiment that as long as people are only giving copies to families and a few friends, it's probably OK. But how many friends should one person have?"

In the last decade, copyright activists and entertainment companies have battled over that very question. Courts have generally avoided commenting on the appropriateness of copying CDs for friends or how many friends constitutes a copyright violation. But music and film companies have argued that any sharing violates the copyright code.

However, free-speech advocates say the copyright laws were never intended to stop kids from giving mix-CDs to friends. In fact, some say, because music is as much about personal expression as listening pleasure, sharing is integral to why songs have value in the first place.

"At my wedding I handed out about 150 mix-CDs," said Siva Vaidhyanathan, an associate professor at New York University and author of "Copyrights and Copywrongs: The Rise of Intellectual Property and How It Threatens Creativity."

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"I was freeloading on songs by Louis Armstrong and others, but I think that's why they became musicians in the first place," Vaidhyanathan said. "Music has worth because it lets us communicate in ways we can't manage on our own. But to communicate, we have to be able to share."

Some of those polled agree. While 97% of teens and adults polled said they considered shoplifting an item worth less than $20 a crime, fewer of them (83% of teens, 76% of young adults) considered it a crime to buy a bootlegged CD. (In fact, according to Duarte, although selling a bootleg violates the law, purchasing it is not prohibited by the federal copyright code.)

"I rely on my instinct to determine what's right and wrong about sharing music," said Annette Cook, a 21-year-old senior at San Diego State University who participated in the poll. "If my friend makes me a copy of a CD they purchased, it's not really stealing, it's spreading interest in a band. That's how I learn about music I end up buying."

The RIAA and MPAA hopes that attitude will wane. To that end, the recording industry association is sponsoring school programs to convince students that any kind of copying — what they call "songlifting" — is a crime. "Songlifting is like shoplifting, and that means it's wrong," reads a lesson plan the group sent to middle school teachers. The motion picture industry's trade association is also sponsoring school programs to discourage piracy.

Their efforts may be working. Younger poll respondents were more likely than older peers to believe that copying CDs and DVDs breaks the law, and only 25% of teens said they had a friend who illegally downloaded music, compared with 33% of young adults.

"One of my friends always gives me a blank CD for my birthday, and then I go to her house and pick out songs to burn on it," said Charlie Letson, 14, a poll respondent in Hampton, Conn. "But we always download new copies of the songs, so that we're not breaking the law."

Even Evan Collins, the 15-year-old from Minnesota, is beginning to reconsider his position. After the mix-CD he made to woo a classmate failed to impress ("She said 'thanks,' but that was about it," he said), he started rethinking his attitude about copying CDs.

"I used to make two copies of each CD I bought for friends, but I think I'm going to stop doing that," said Collins, who was speaking within earshot of his mother. "I play the piano and the trumpet, so I understand what it's like to be a musician. I don't think it's right to gyp anyone out of making money."

That, says Collins' mother, is music to her ears.

"We've tried to use CD copying to teach bigger lessons about morality," said Jill Collins, 47. "Things are so different now. The Internet makes the world a lot more complicated. If we can get right and wrong down on small things like copying music, hopefully bigger things will be clearer down the road."

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(INFOBOX BELOW)

Is it stealing?

Younger consumers see strong differences between copying and outright stealing.

Proportion of young people who thought the following would be committing a crime: (Combined minor and serious crime) *

Q: Where or how did you first find out about the music you most

recently acquired? (Multiple answers allowed, selected answers shown.) *

Q: How would you describe the type of music you are most passionate about? (One answer, selected answers shown.)

Male

Ages 12-14

Rock: 23%

Pop: 6%

Rap/hip-hop: 25%

Country: 3%

My music tastes range across genres: 27%

Male

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Ages 15-17
Rock: 23%
Pop: 1%
Rap/hip-hop: 27%
Country: 6%
My music tastes range across genres: 29%

Male
Ages 18-20
Rock: 21%
Pop: 1%
Rap/hip-hop: 23%
Country: 12%
My music tastes range across genres: 34%

Male
Ages 21-24
Rock: 21%
Pop: 0%
Rap/hip-hop: 21%
Country: 11%
My music tastes range across genres: 31%

Female
Ages 12-14
Rock: 12%
Pop: 14%
Rap/hip-hop: 21%
Country: 4%
My music tastes range across genres: 31%

Female
Ages 15-17
Rock: 13%
Pop: 8%
Rap/hip-hop: 28%
Country: 6%
My music tastes range across genres: 33%

Female
Ages 18-20
Rock: 16%
Pop: 4%
Rap/hip-hop: 19%
Country: 7%
My music tastes range across genres: 42%

Female

Ages 21-24

Rock: 12%

Pop: 5%

Rap/hip-hop: 18%

Country: 10%

My music tastes range across genres: 39%

Note: More information on this poll can be found at: latimes.com/entertainmentpoll

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How the poll was conducted

The Los Angeles Times/Bloomberg poll was conducted from June 23 to July 3 using the Knowledge Networks' Web-enabled panel, which provides a representative nationwide sample of U.S. households. Of the 4,466 minors and young adults invited to participate in the survey, 1,904 (43%) responded to the survey, with 1,650 qualifying. The 1,650 qualified respondents included 839 minors (ages 12 to 17) and 811 young adults (ages 18 to 24). The margin of sampling error for both groups is plus or minus 3 percentage points. In order to provide as representative a sample as possible, the survey results were weighted to U.S. census figures for 12- to 24-year-olds in the United States in terms of age, race or ethnicity, gender and region, and for urban or rural residence and Internet access.

Source: Times/Bloomberg poll

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The Entertainment Poll

Monday

A new Los Angeles Times/Bloomberg poll finds that a large majority of 12- to 24-year-olds are bored with their entertainment choices. Their solution? Even more options. Plus: Busting myths about teens and young adults.

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Tuesday

The old Hollywood movie model doesn't interest younger audiences. They want to see films as soon as they come out at home — whether on TV, computer or the next new gadget.

*

Today

Within the music industry, copied CDs are considered a greater threat than illegal peer-to-peer downloading. But young people are confused about where sharing ends and piracy begins in the era of iTunes.

*

Thursday

Is new technology the answer for TV and video? Teens and young adults — the generation most likely to be the early adopters of this new technology — have yet to fully embrace it.

*

Friday

A day in the life of a typical plugged-in tween. Plus: Does multi-tasking hurt homework?

*

On the Web

Readers weigh in: How has the entertainment industry failed today's young people? Plus, read previous installments of this series. All at latimes.com/entertainmentpoll.

DOJ_NMG_0045411

CIVIL LAW:

City Takes On U.S. In The Battle Of Independence Square (NYT)

By Ian Urbina

The New York Times, August 9, 2006

PHILADELPHIA, Aug. 7 — Hands off our Liberty. That is what Philadelphia officials are saying to a plan by the National Park Service to erect a seven-foot-tall fence behind Independence Hall. One effect of the project would be to bisect the historic square where the Declaration of Independence was publicly read for the first time, on July 8, 1776.

The plan calls for a wrought-iron fence about 130 feet behind the building, the original home of the Liberty Bell. The Park Service, which operates the site, says the fence is among $2 million in security precautions that the Department of Homeland Security has mandated at the Independence National Historical Park. It is not unlike antiterrorism steps being taken at other major landmarks around the country, parks officials say.

But city and state officeholders say the fence exceeds what is required and will turn an enduring symbol of American freedom into an eyesore.

Mayor John F. Street has said the fence will give visitors a sense that they are "entering an armed camp." He is trying to negotiate an alternative with the Park Service.

"We're opposed to the fence and believe Independence Park should be as open to the people as reasonably possible," Mr. Street said by e-mail.

Jane Cowley, a spokeswoman for the park, said the Park Service was caught between competing priorities. "We're attempting a balancing act between providing the best security for these national icons and listening to the legitimate concerns of our neighbors and partners about access to the site," Ms. Cowley said. The deadline for public comment on the proposal has been extended by a month, she said, to Sept. 1.

The purpose of the fence, stretching from Fifth to Sixth Street, would be to force all visitors to Independence Square to pass through a security checkpoint with metal detectors inside the Old Supreme Court Building, adjacent to the front of Independence Hall, according to planning documents. A double layer of smaller bike-rack fencing already cordons off the entrance at the rear, but the wrought-iron fence would provide something more lasting.

A variety of added security steps have already been taken in the last five years, leaving some tourists frustrated. Standing in line, Ken Deangelis, 23, of Mount Pleasant, Mich., said with a shake of his head: "I came here when I was in grammar school, and we walked right in. All this security has done is leave us waiting."

Brad Maule, a photographer who moved to Philadelphia in 2000, said that ever since Sept. 11, 2001, he had watched with consternation as security measures encroached on access to the monuments.

It was not long ago that visitors across the street from Independence Hall could still touch the Liberty Bell itself, said Mr. Maule, whose daily commute to work takes him past the hall and whose blog has been covering the fight over the fencing. "Then came the velvet ropes," he said, "cordoning the bell off."

Tourists were also once able to meander through the arches along Chestnut Street directly into Independence Square. No longer. And the height of irony, Mr. Maule said, is that after the Liberty Bell was placed in a new and more secure building in 2003, a metal detector was installed in the exact location from which it had been moved.

Mayor Street said he had consistently resisted the trend, citing his struggle with federal officials in getting the stretch of Chestnut Street in front of Independence Hall reopened after nearly two years in the wake of the Sept. 11 attacks. "The city has a strong working relationship with Independence National Historical Park," he added, "and we expect the issue will be resolved without this proposed fence being installed."

Representative Chaka Fattah, a Philadelphia Democrat, said he was not taking any chances. Since the Park Service does not currently have a permanent director, Mr. Fattah said, he has been urging that Senator Arlen Specter use the eventual nominee's confirmation hearing to win a commitment not to build the fence. Mr. Specter, the state's senior Republican lawmaker, has said he will raise the matter at the hearing.

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"Personally, I do not like the fence," Mr. Specter wrote in a July 28 letter to park officials. "I am troubled by the proposal and more than troubled by the apparent intransigence of the bureaucrats in Washington to listen to the community."

It remains unclear who will have the final say, since it is the city that owns Independence Square, including the hall, but the Park Service that manages the property. Though the two sides have said they will work together, Park Service officials have also said they are not legally obligated to get the city's approval.

Gov. Edward G. Rendell sides squarely with the city.

"If I were a terrorist," said Mr. Rendell, a first-term Democrat, "I'd look at this plan and smile. This plan does not mean that America has become more security conscious but that we are making all sorts of unnecessary expenditures."

A Face Is Exposed For AOL Searcher No. 4417749 (NYT)

By MICHAEL BARBARO And TOM ZELLER Jr.

The New York Times, August 9, 2006

Buried in a list of 20 million Web search queries collected by AOL and recently released on the Internet is user No. 4417749. The number was assigned by the company to protect the searcher's anonymity, but it was not much of a shield.

No. 4417749 conducted hundreds of searches over a three-month period on topics ranging from "numb fingers" to "60 single men" to "dog that urinates on everything."

And search by search, click by click, the identity of AOL user No. 4417749 became easier to discern. There are queries for "landscapers in Lilburn, Ga," several people with the last name Arnold and "homes sold in shadow lake subdivision gwinnett county georgia."

It did not take much investigating to follow that data trail to Thelma Arnold, a 62-year-old widow who lives in Lilburn, Ga., frequently researches her friends' medical ailments and loves her three dogs. "Those are my searches," she said, after a reporter read part of the list to her.

AOL removed the search data from its site over the weekend and apologized for its release, saying it was an unauthorized move by a team that had hoped it would benefit academic researchers.

But the detailed records of searches conducted by Ms. Arnold and 657,000 other Americans, copies of which continue to circulate online, underscore how much people unintentionally reveal about themselves when they use search engines — and how risky it can be for companies like AOL, Google and Yahoo to compile such data.

Those risks have long pitted privacy advocates against online marketers and other Internet companies seeking to profit from the Internet's unique ability to track the comings and goings of users, allowing for more focused and therefore more lucrative advertising.

But the unintended consequences of all that data being compiled, stored and cross-linked are what Marc Rotenberg, the executive director of the Electronic Privacy Information Center, a privacy rights group in Washington, called "a ticking privacy time bomb."

Mr. Rotenberg pointed to Google's own joust earlier this year with the Justice Department over a subpoena for some of its search data. The company successfully fended off the agency's demand in court, but several other search companies, including AOL, complied. The Justice Department sought the information to help it defend a challenge to a law that is meant to shield children from sexually explicit material.

"We supported Google at the time," Mr. Rotenberg said, "but we also said that it was a mistake for Google to be saving so much information because it creates a risk."

Ms. Arnold, who agreed to discuss her searches with a reporter, said she was shocked to hear that AOL had saved and published three months' worth of them. "My goodness, it's my whole personal life," she said. "I had no idea somebody was looking over my shoulder."

In the privacy of her four-bedroom home, Ms. Arnold searched for the answers to scores of life's questions, big and small. How could she buy "school supplies for Iraq children"? What is the "safest place to live"? What is "the best season to visit Italy"?

Her searches are a catalog of intentions, curiosity, anxieties and quotidian questions. There was the day in May, for example, when she typed in "termites," then "tea for good health" then "mature living," all within a few hours.

Her queries mirror millions of those captured in AOL's database, which reveal the concerns of expectant mothers, cancer patients, college students and music lovers. User No. 2178 searches for "foods to avoid when breast feeding." No. 3482401 seeks guidance on "calorie counting." No. 3483689 searches for the songs "Time After Time" and "Wind Beneath My Wings."

At times, the searches appear to betray intimate emotions and personal dilemmas. No. 3505202 asks about "depression and medical leave." No. 7268042 types "fear that spouse contemplating cheating."

There are also many thousands of sexual queries, along with searches about "child porno" and "how to kill oneself by natural gas" that raise questions about what legal authorities can and should do with such information.

But while these searches can tell the casual observer — or the sociologist or the marketer — much about the person who typed them, they can also prove highly misleading.

Coalition Urges House To Let Whistle-blowers Speak Freely (HILL)

By Elana Schor

The Hill, August 9, 2006

The numerous watchdog groups lobbying for a package of whistle-blower protections attached to the Senate's defense authorization bill are calling on likely House conferees to agree to the Senate provisions during imminent conference talks.

The groups, which have formed the Make it Safe Coalition, point to recent events suggesting an erosion of 1989's landmark Whistleblower Protection Act, including the subpoena last month of former National Security Agency (NSA) analyst Russell Tice and a May Supreme Court decision that weakened the free-speech rights of government employees who are subjected to retaliation because they criticize aspects of their jobs.

Invoking the conservative bogeyman of "judicial activism" to blast federal appeals courts ruling against whistle-blower rights, Make it Safe sent talking points Friday to House Armed Services Committee Chairman Duncan Hunter (R-Calif.), ranking Democrat Ike Skelton (Mo.) and 18 other committee members.

"Never before has it been so clear that those who make it safe for America's families from internal and external threats need state-of-the-art whistle-blower protection to defend themselves. Unfortunately, these employees are the most vulnerable to retaliation," wrote 36 coalition participants, who represent individuals locked in their own pending whistle-blower cases, as well as open-government and labor groups.

Their battle is an uphill one. Sen. Daniel Akaka (D-Hawaii) has introduced his whistle-blower bill in past Congresses only to see no floor action on it. But a bipartisan cadre of senators, led by Finance Committee Chairman Chuck Grassley (R-Iowa), Homeland Security and Governmental Affairs Chairwoman Susan Collins (R-Maine) and ranking Democrat Joe Lieberman (Conn.), helped Akaka secure unanimous consent to add the legislation to the defense authorization bill, which is often a magnet for contentious debate.

A House version of the Akaka bill, which would prohibit retaliatory internal investigations against whistle-blowers and allow them to make classified disclosures to lawmakers and aides with security clearances, has six GOP sponsors, including author Rep. Todd Platts (R-Pa.).

Make it Safe has another influential House ally in Government Reform Committee Chairman Tom Davis (R-Va.), whose panel passed a strong whistle-blower-protection bill in April that Davis and ranking Democrat Henry Waxman (D-Calif.) sought to attach to pending lobbying reform legislation. The coalition asks House defense-authorization conferees to bolster the Senate's provisions with elements of the Davis bill, including the extension of whistle-blower rights to government contractors who point to possible misuse of taxpayer funds.

"Chairman Davis has expressed his strong preference to conferees that real whistle-blower protections remain in the bill," Government Reform Committee spokeswoman Andrea LeBlanc said.

Collins said last week that she and Davis were keeping tabs on the whistle-blower provisions and that she is confident the House will accept her committee's language. "The Supreme Court's decision lends new urgency to passing [it]… The only issue is whether it belongs on the defense authorization," she said.

Tice, fired from the NSA last year, has acknowledged that he was a possible source for media reports exposing the agency's covert warrantless surveillance of Americans' telephone calls. The government later agreed to postpone Tice's

appearance, originally slated for last week, before a grand jury investigating "possible violations of federal criminal law" tied to the wiretapping leaks.

While Make it Safe members began talking up Tice's subpoena as proof of the need for stronger whistle-blower-rights laws, Sen. Kit Bond (R-Mo.) introduced a bill just before the recess that would expand the Justice Department's ability to prosecute whistle-blowers who knowingly leak classified information. The bill, which exempts the media from possible punishment, also would protect government employees' and contractors' speech to congressional committees.

"We need to send a message that leaks will not be tolerated and give prosecutors a modern and appropriate tool to go after those who do leak," Bond said in a statement accompanying his legislation, which has 11 GOP cosponsors, including four chairmen. Bond continues to weigh all available options for moving his bill, including attaching it as an amendment to upcoming legislation, a spokesman for the senator said.

Bond's bill won an immediate endorsement from the Association For Intelligence Officers, a group of retired officials that aims to educate lawmakers and the public about the importance of clandestine intelligence. Bond has not taken a position on the Akaka-Collins bill despite its dramatically different approach to whistle-blower rights, the Bond spokesman added.

As of press time, the House Armed Services Committee had not returned a request for comment on the fate of the Akaka whistle-blower bill. The panel traditionally does not comment on pending conference issues before a final report is agreed upon.

Among the Make it Safe members signing on to the letter were the American Civil Liberties Union; the American Federation of Government Employees, an AFL-CIO member union representing federal workers; and National Security Whistleblowers Coalition founder Sibel Edmonds, the translator ousted from the Federal Bureau of Investigation (FBI) after airing charges of lax management at the agency.

"We have two conflicting movements in the House and Senate" on whistle-blower issues, Edmonds said in an interview. "On the one hand, you have [Akaka-Collins and Davis's] bills that have received support from Republicans and Democrats. … On the other hand, you have people like Bond who are going toward the opposite direction, saying, basically, put a gag order on whistle-blowers."

Whistleblowers fearing punishment from the government for voicing their criticism, Edmonds added, "say, 'I'm going to leak to the press because I don't have any appropriate channel to inform the Congress,'" a sentiment that the language in Senate's defense authorization bill would help combat.

CIVIL RIGHTS:

Mo. Landlord, 85, Accused Of Harassment (AP)

By Sam Hananel, ASSOCIATED PRESS

AP, August 9, 2006

WASHINGTON (AP) - The Justice Department on Tuesday sued a northwest Missouri landlord Tuesday alleging he sexually harassed female tenants and threatened them with eviction if they refused his advances.

The lawsuit claims 85-year-old Harold Calvert, manager of 16 rental properties in Richmond, Mo., made unwanted verbal and physical sexual advances to women who lived in his units.

"Housing is a fundamental need and no woman should be victimized while trying to obtain shelter for herself and her family," said Wan J. Kim, assistant attorney general for the Justice Department's civil rights division.

The lawsuit, filed in U.S. District Court in Kansas City, alleges Calvert violated the federal Fair Housing Act, which prohibits sexual discrimination in housing. Some of Calvert's tenants receive Section 8 federal rental assistance from the Richmond Housing Authority.

Government officials also named Calvert Properties Inc., in the lawsuit, alleging the property management company failed to prevent or curtail the discriminatory conduct. Calvert is president of the company.

The government is seeking damages to compensate the victims, plus civil penalties and a court order barring further discrimination.

A person who answered the phone at Calvert's residence said he was not available for comment.

In June, Calvert and his company faced similar charges from the U.S. Department of Housing and Urban Development.

HUD officials said their investigation showed at least seven female tenants were subjected to "offensive sexual behavior." The administrative action alleged that Calvert offered to pay tenants for sex, requested sex in exchange for rent or other favors, made unwanted attempts to kiss and grope and had repeated sexual intercourse with at least one female tenant.

The HUD action is pending before an administrative law judge.

Kim said the Justice Department has recently stepped up its enforcement against landlords accused of sexually harassing tenants.

Davis To Gonzalez: GOP Candidate Riley Wrong For Voter Database (AP)

By Bob Johnson, The Associated Press

AP, August 9, 2006

MONTGOMERY, Ala. (AP) — A congressman asked the U.S. attorney general Tuesday to re-examine a Justice Department suit that led to Republican Gov. Bob Riley being put in charge of a state voter registration database, replacing a Democrat, as he leads the GOP ticket on the November ballot.

"It is impossible to ignore the partisan colorations of the court's intervention," U.S. Rep. Artur Davis, a Democrat from Birmingham, said in the letter to Attorney General Alberto Gonzalez. "The Secretary of State is a Democrat who is standing for re-election in November. The governor is a Republican who also faces re-election in November."

The Justice Department sued Secretary of State Nancy Worley because she did not meet the deadline for creating the statewide database required by the federal Help America Vote Act. U.S. District Judge Keith Watkins last week named Riley to be "special master" to oversee implementation of the database, a move recommended by the Justice Department.

Davis expressed concern that some of the duties of the state's top elections official would be stripped from an elected Democrat and given to a Republican in the middle of their re-election campaigns.

A spokeswoman for the Justice Department, Cynthia Magnuson, declined to comment specifically on Davis's letter to Gonzalez, saying department officials had not read it. But she denied that the department's motives in the case were political.

"This has nothing to do with politics and everything to do with coming into compliance with the law," Magnuson said.

Watkins filed his formal order appointing Riley special master Tuesday. In the order, Watkins said he saw Riley as the best person to make sure Alabama had a statewide database that complied with federal law in place before the 2008 elections.

"Gov. Riley is the official who can marshal the most governmental resources in the shortest time to apply to the task," Watkins said in the order.

Watkins' order requires Riley to complete the process by Aug. 31, 2007 and asks him to file monthly reports detailing progress made toward creating the database.

Alabama Attorney General Troy King, also a Republican, had joined the Justice Department in asking Watkins to name Riley the special master overseeing development of the voter registration database. Under state law, King is representing Worley in the case.

Davis said he was concerned that the Republican attorney general continued to represent Worley in court, even though King supported replacing her with Riley. Davis said he felt an outside attorney should have been appointed to represent Worley.

Worley said Tuesday that she initially asked King to appoint an independent counsel to represent her and that the attorney general declined.

"I feel the office of Secretary of State would have been heard more fully with my own views if I had my own counsel," Worley said.

A spokesman for King, Chris Bence, declined to comment on Davis's letter.

"We are not going to participate in the politicizing of a very serious issue that effects all Alabamians," Bence said.

Davis said Tuesday he decided to ask Gonzalez to re-examine the case because he felt there was a way to bring the state into compliance with the law that didn't have such a "partisan look."

He said one solution would have been to name a special master who was not a candidate for office this year.

"To the voters all over the state this has a partisan look to it," Davis said.

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Watkins has given Riley until Aug. 31, 2007 to create the voter registration database.

At last week's hearing, Watkins denied requests from the Alabama Democratic Party and the mostly black Alabama Democratic Conference to intervene in the case.

Davis Claims Court Decision A Partisan Move (TUSN)

By Suevon Lee, Washington Correspondent

Tuscaloosa News (Alabama), August 9, 2006

WASHINGTON | U.S. Rep. Artur Davis accused the Justice Department Tuesday of "judicial activism" when it urged a federal district judge to appoint Gov. Bob Riley to oversee Alabama's voter registration database project.

"This is the kind of situation where the court should bend over backwards to avoid the appearance of partisan politics," Davis, D-Birmingham, said of Riley's appointment a week ago.

The computerized database is required under the 2002 Help America Vote Act, enacted in the wake of allegations of voter fraud in the 2000 elections.

On May 1, the Justice Department sued Alabama for failing to create the statewide voter database required by law. New York and Maine, two other states that also missed the January 1 deadline, face federal lawsuits as well.

Secretary of State Nancy Worley, a Democrat running for re-election, is the state's top elections official with the constitutional authority to implement the database, for which Alabama received $41 million in federal funds.

Worley said Tuesday that a number of problems contributed to the missed deadline, including stalled negotiations with vendors and resistance from counties that wanted to retain their own voter registration rolls.

Federal District Judge Keith Watkins rejected a modified compliance plan Worley submitted June 29 that sought to extend the deadline for completing the database until early 2008.

"We were looking potentially at all delays that could occur," Worley said. "(Watkins) agreed with our plan, he did not agree with our timeline."

Although Worley said she is not opposed to the appointment of a special master for the database, she said she is concerned that the Justice Department is singling out states that have Democratic secretaries of state.

"I welcome working with anyone who's a special master as long as they keep politics and greed from this process," she said.

Worley's concern was echoed by Davis in his letter to Attorney General Alberto Gonzales Tuesday. He called the Justice Department's appointment of Riley, a Republican, a "bizarre intrusion," arguing that "an elected official has been stripped of her constitutional and statutory authority without any final or declaratory judgment that she has acted wrongfully."

"It is impossible to ignore the partisan colorations of the court's intervention."

Edward Still, a Birmingham attorney who had filed a motion on behalf of the Alabama Democratic Party opposing a special master, said the Justice Department's backing of Riley "sort of smells bad."

"The governor has duties under HAVA, but he doesn't have that many under HAVA," Still said.

Riley's spokesman, Ken Wallis, said the governor would appoint a commission of between one and three people, including former GOP secretary of state Jim Bennett, to manage the voter database compilation.

William Stewart, professor emeritus of political science at the University of Alabama, said he knows Bennett personally, and while he would prefer Worley be allowed to complete the job, "(Bennett) can be trusted to do an honest and ethical job. I don't see him as a partisan person at all."

Davis, however, said the judge should have appointed an independent special master to avoid even the appearance of partisan politics.

"This is judicial activism at its core," he said.

Ex-Policeman Admits Civil-Rights Crimes (LAT/AP)

By David Dishneau, Associated Press Writer

The Los Angeles Times, August 9, 2006

HAGERSTOWN, Md. — A former police officer pleaded guilty Tuesday to two civil-rights charges for making anonymous death threats against black school children and Hagerstown's first black city council member.

Jeffrey S. Shifler, 42, entered the pleas in federal court in Baltimore and faces up to 20 years in prison and $500,000 in fines at his Dec. 8 sentencing.

"When a law enforcement officer makes racist threats against government officials and school students, it is a threat to the very fabric of our society," U.S. Attorney Rod J. Rosenstein said.

Shifler was working for the Boonsboro Police Department when he made a series of calls to Hagerstown school officials and threatened to shoot black students, according to court records. The calls prompted several school lockdowns.

On Jan. 31, Shifler left an anonymous voice message at the home of Hagerstown City Council member Alesia Parson-McBean, claiming to represent the Ku Klux Klan and threatening to burn her house. He had sent her racially charged letters in 2004 on the letterhead of the Hagerstown Police Department, where he worked at the time.

Shifler, of Maugansville, Md., pleaded guilty Tuesday to charges of interfering with public-school attendance and interfering with housing in connection with the threats against the students and Parons-McBean.

Parson-McBean didn't immediately return telephone calls seeking her reaction to the pleas. In February, she called the threats "devastating" and "bone-chilling."

Deputy Federal Public Defender Joseph A. Balter, who represented Shifler, declined to comment on his client's motive, but said he is "deeply sorry about the pain that he caused to the victims."

According to a criminal complaint filed in February, the threats began in 2004 after Shifler, a 16-year veteran of the Hagerstown police force, was fired for falsifying payroll records.

He was fired from the Boonsboro Police Department after the federal charges were filed.

Ex-officer Admits Guilt In Threats (BSUN)

By Matthew Dolan, Sun Reporter

The Baltimore Sun, August 9, 2006

In plea, former Hagerstown policeman says he targeted schools, black leaders

A former Hagerstown police officer admitted in federal court yesterday that he terrorized the city he once served, phoning anonymous bomb threats to local schools and targeting black leaders with harassing letters and calls threatening their lives.

Wearing a gray T-shirt and jeans, Jeffrey Shifler pleaded guilty to two violations of federal civil rights law. Shifler acknowledged that he was the nameless voice who threatened black students at two Hagerstown high schools starting late last year.

He also pretended to be a murderous Ku Klux Klan member when he called a black Hagerstown City Council member with a profane message.

"Any threat of violence based on bigotry is abhorrent. It is even worse when the threat is made by an officer against kids," said Assistant Attorney General for the U.S. Civil Rights Division Wan J. Kim, whose staff is prosecuting the case in conjunction with the Maryland U.S. attorney's office.

Shifler faces a maximum sentence of 20 years in prison and a $500,000 fine. U.S. District Judge J. Frederick Motz scheduled sentencing for Dec. 8. Shifler remains in federal custody.

His attorney said Shifler's troubles started when Hagerstown fired him from its Police Department.

"He's now accepted responsibility," Deputy Federal Public Defender Joseph A. Balter said. "He's deeply sorry about the pain and anxiety that he caused the victims of these crimes. Mr. Shifler hopes that this plea can start the healing process."

The 42-year-old suspended officer from Maugansville had been arrested and charged in February with sending racist and homophobic letters to public officials and community leaders and calling in an anthrax threat to City Hall in Hagerstown.

Shifler was an officer with the Hagerstown Police Department for about 16 years. On Nov. 3, 2003, Shifler was fired for falsifying payroll. Later he became a Boonsboro police officer. After his arrest, Boonsboro officials suspended him.

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Consumed by lingering resentment over his firing in Hagerstown, Shifler anonymously called the Washington County Board of Education on Nov. 29 last year, saying "There are two guns at North [Hagerstown] High and two guns at South [Hagerstown] High. We're going to blow the [expletive] away."

Just over a month later, Shifler called North Hagerstown High School and falsely reported that there were guns in the school. Four days later, Shifler dialed South Hagerstown High School, threatening to take black hostages and kill them.

On Jan. 24 this year, Shifler called E. Russell Hicks Middle School in Hagerstown.

"David and Jimmy have a .22 in their locker and are going to use it on teachers, then they are going to go to Western Heights [Middle School] and use it on [the school principal]," he said, according to court papers.

On all three occasions, the schools were locked down as students waited for authorities to respond.

In late January, he zeroed in on Hagerstown City Council member Alesia Parson-McBean.

"We're the KKK," he told her, according to court papers. "We're about to take you down and burn your house. The end is near."

The councilwoman appeared in court yesterday to watch the guilty plea but declined to comment afterward. Parson-McBean said the experience had traumatized her.

In 2004 and 2005, Parson-McBean and her supporters from a black community in Hagerstown received anonymous and racially charged letters from Shifler. The letters, one of which was written on photocopied Hagerstown Department of Police letterhead, threatened harm to Parson-McBean and her supporters if she did not withdraw from the City Council election.

matthew.dolan@baltsun.com

Federal Appeals Court Rules Against Workplace PC Privacy (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, August 9, 2006

(08-08) 17:27 PDT SAN FRANCISCO -- If you think the Web sites you access on your workplace computer are nobody else's business, think again.

That was the message today from the Ninth U.S. Circuit Court of Appeals in San Francisco, which upheld a Montana man's conviction for receiving obscene material that his employer found on his computer during a late-night raid.

"Social norms suggest that employees are not entitled to privacy in the use of workplace computers, which belong to their employers and pose significant dangers in terms of diminished productivity and even employer liability," said Judge Diarmuid O'Scannlain in the 3-0 ruling.

He said other courts have consistently ruled that employers are entitled to monitor their workers' use of computers as long as they had disclosed that policy to their workforce.

That may reflect current societal views but it's still troubling, said Assistant Federal Defender David Ness, the defense lawyer in the case.

"It seems like it's one more intrusion on people's privacy rights," he said. "There may be some things on my computer that I wouldn't necessarily mind someone at my office looking at, but I wouldn't want to share them with (law enforcement agents) or even the community at large."

Ness' client, Jeffrey Ziegler, was director of operations for Frontline Processing, a Bozeman, Mont., company that handled on-line electronic payments. An FBI agent learned in January 2001 that an employee had accessed child pornography on a company computer and contacted Frontline's Internet technology administrator. The administrator said the Web sites had been traced to Ziegler's computer and that the company then started monitoring the computer with a recording device.

At 10 p.m. that day, the court said, the administrator and his assistant got a key to Ziegler's office, entered and made copies of the computer hard drive, which they turned over to the FBI. While reserving the right to challenge the search, Ziegler pleaded guilty to one count of receiving obscene material and was fined $1,000 and placed on probation.

In today's ruling, the court said Frontline had notified its employees before Ziegler's arrest that their computers were company property, were not to be used for personal activities and were subject to monitoring. The court cited a 2001 American

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Management Association study, quoted in a California court decision, that said more than three-quarters of the nation's major firms monitored employee communications on the job, including e-mails and phone calls.

"Employer monitoring is largely an assumed practice," O'Scannlain said.

U.S. Court Rules Against Employee Computer Privacy Rights (BCNS)

By Julia Cheever, Bay City News Service

Bay City News Service, August 9, 2006

SAN FRANCISCO (BCN) - A federal appeals court in San Francisco ruled today that workers have no legal expectation of privacy on their office computers when their employer has an announced policy of monitoring computers.

The 9th U.S. Circuit Court of Appeals issued the decision in the case of a Montana man, Jeffrey Ziegler, who was prosecuted in federal court for receiving child pornography images on his office computer.

The images were found after representatives of Ziegler's employer, Frontline Processing of Bozeman, Mont., gave the FBI copies of a hard drive from his computer in 2001.

The company had an announced policy that it could monitor computers and that employees shouldn't use their office computers for private purposes.

Ziegler argued unsuccessfully that the evidence from his computer should not be allowed in court because the FBI obtained it without a search warrant.

But a three-judge panel of the appeals court ruled that workers have no legitimate expectation of privacy when their employer has a policy that computer usage can be monitored.

The federal court based its ruling partly on the reasoning of a similar decision by a California appeals court in Los Angeles in 2002.

The California court said that current social norms support a doctrine that an employer's policy of monitoring computers can overcome any expectation of privacy.

Federal Circuit Judge Diarmuid O'Scannlain wrote, "We think the California court's reasoning is compelling."

O'Scannlain continued, "Social norms suggest that employees are not entitled to privacy in the use of workplace computers, which belong to their employers and pose significant dangers in terms of diminished productivity and even employer liability."

In the Montana case, Ziegler pleaded guilty in 2004 to a charge of receiving obscene materials, but retained the right to appeal the issue of whether the evidence should be suppressed. He was sentenced to probation and fined $1,000.

Assaults On Jail Guards Doubled (BSUN)

By Greg Garland

The Baltimore Sun, August 9, 2006

Inmate assaults on Maryland correctional officers rose sharply from 2003 to 2005 -- a time when staff positions were being eliminated, overtime budgets were cut and vacancies went unfilled, a legislative panel was told Tuesday.

A report summarizing how prison staffing levels affect safety was prepared by nonpartisan legislative analysts, who presented their findings to a joint hearing of Senate and House subcommittees in Annapolis Tuesday.

The legislators met in emergency session to discuss a wave of recent prison violence, including the stabbing death of a correctional officer at the House of Correction in Jessup last month.

Offering details from the report, analyst Rebecca Moore told legislators that total vacancies in the Division of Correction more than doubled between fiscal years 2003 and 2005 -- from 3.5 percent to 9.5 percent. More than 150 authorized positions and $5.6 million in overtime spending were cut during the same period, she reported.

"Cuts in personnel and overtime spending, coupled with high vacancy rates, coincides with increases in inmate-on-staff assault rates during the same period, especially among maximum security institutions," Moore said.

The analyst's report showed that inmate-on-staff assaults nearly doubled at maximum security prisons -- from 3.44 per 100 inmates in fiscal 2004 to 6.64 per 100 inmates in fiscal 2005.

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The packed, 3 1/2-hour hearing offered legislators their first opportunity to question Public Safety and Correctional Services Secretary Mary Ann Saar and her top staff about conditions inside the prisons.

Among other things, Saar said it has been difficult to recruit correctional officers because Maryland's economy is doing well and people looking for jobs have other, more desirable options.

But Sen. James E. DeGrange Sr., chairman of a Senate subcommittee on public safety, said the department will never be able to fill vacant positions until prison managers put a stop to the violence. "My personal opinion is, if you don't make the facilities safe, you are not going to have a pool of applicants to draw from," the Anne Arundel County Democrat told Saar.

Saar said that staffing shortages were not factors in the stabbing death last month of Correctional Officer David McGuinn or in the killing in January of Correctional Officer Jeffery Wroten as he guarded an inmate at a Western Maryland hospital.

However, she acknowledged that recruiting and retaining staff has been a challenge.

Pay raises and other incentives approved this year have helped to fill vacant positions in most state prisons, Saar said. But she said problems remain in the Baltimore and Jessup regions, which account for 306 of the 505 vacancies that exist system-wide.

State Sen. Ida Rubin, a Montgomery County Democrat, scolded Saar for not going to her boss, Gov. Robert L. Ehrlich Jr., and insisting that he provide the financial resources needed to operate the prison system safely.

"You are leaving these people [correctional officers] open to tragedy by not filling positions as quickly as you can," Rubin said. "As far as I'm concerned, the buck stops with you."

Division of Correction Commissioner Frank C. Sizer Jr. also testified Tuesday. After the hearing, Saar clarified remarks she made to reporters Monday in which she had seemed to be distancing herself from Sizer.

"I consider him a part of our team and have no plans to replace him," Saar said Tuesday, referring to Sizer. However, the department is changing wardens at the House of Correction. Saar said James Peguese, assistant commissioner in charge of security, is serving temporarily as warden.

DeGrange said after the hearing that he was not satisfied with many of the responses he heard from Saar and her staff.

"I am scared to death someone else is going to die," DeGrange said. "It's a time bomb waiting to happen."

Del. Joan Cadden, an Anne Arundel County Democrat who chairs a House subcommittee on public safety, said she thought the meeting was productive.

"I believe the Secretary [Saar] paid close attention today to the comments and could hear there were concerns about areas of her staff, and it will be up to her to address those concerns," Cadden said.

Proposal Adds Options For Students To Specify Race (NYT)

By Elissa Gootman

The New York Times, August 9, 2006

For years, some mixed-heritage students have rebelled against schools' and colleges' efforts to get them to identify themselves as one race or another. Now the federal Education Department has proposed new regulations that would let students circle as many categories as they want.

In releasing its proposal, the department is complying with guidelines set forth nine years ago by the Office of Management and Budget that mandated that people be allowed to mark more than one race on federally required forms.

As immigration and intermarriage are redefining race across the country, a growing number of people who cannot easily place themselves in one category have become increasingly frustrated with having to do so. The 2000 census allowed people to circle multiple racial categories; 2.4 percent did so.

With its proposal, the Education Department is also seeking to capture that population. But the move raises intriguing questions on how educational progress among different racial groups will be monitored, and how the new categories may skew long-term studies of the racial achievement gap.

"We basically have a continuous way of defining these categories that's gone on for close to 40 years, and this is going to be a big change," said Gary Orfield, the director of the Civil Rights Project at Harvard, who said the proposal would harm the ability of researchers and civil rights groups to track race on campus.

Under existing regulations, schools and colleges must report to the government how many of their students fall into each of five categories: black, white, Hispanic, Asian/Pacific Islander and Native American/Alaska Native.

Under the proposed regulations, which were issued Monday and first reported by the Web publication Inside Higher Ed, there would be two questions. The first would ask whether a student is Hispanic. The second would ask students to select one or more descriptions from the following groups: American Indian or Alaska Native, Asian, black, Native Hawaiian or other Pacific Islander, and white.

But students who identify themselves as Hispanic would be counted only as Hispanics, even if they also check off other categories. If non-Hispanic students check off more than one racial category in response to the second question, they will be listed under "two or more races," but those races will not be specified.

The new reporting system would not directly affect the way kindergarten through 12th-grade schools are required to break down achievement data by race and ethnicity under the No Child Left Behind law, which sanctions schools that fail to bring all groups to proficiency. The rules are now subject to a 45-day comment period and, if approved by the department, will go into effect in 2009.

Patrick J. Sherrill of the Office of Planning, Evaluation and Policy Development at the Education Department said the proposal balanced the need for information on schools' racial makeup with the desire not to saddle schools and colleges with overly burdensome reporting.

"We have a growing population of people that want to be identified other than is currently possible, and to meet the needs of this group we're going to have to make a change," Mr. Sherrill said. "Some people would like to have it broken down into every cell. They'd like to have a matrix of every race by every race. But you'd end up breaking it down into such small groups that you can't for our purposes plot any trends."

Mr. Orfield of Harvard, however, said the new system would most likely lead to an undercount of blacks, American Indians, Asians and Pacific Islanders, and would "tend to produce a maximum number of Latino students."

"There's a huge difference between a Japanese person who marries a Hawaiian and a black person who marries a Latino," he said. "Those categories are related to totally different destinies in our society, and they'll all be lumped into this box."

Alfredo Padilla, education manager at the Mavin Foundation, a Seattle group that deals with issues affecting people of mixed heritage, said that while he was pleased that the proposed regulations would no longer force multiracial students to choose one category, they raised new problems.

"It provides them with visibility of students' mixed heritage," he said of the Education Department, "but it renders their specific heritage invisible."

ANTITRUST:

Tulsa Firm, Officials Plead Guilty In Pipeline Case (TULSAW)

Tulsa World, August 9, 2006

Investigators in Denver say Flint Energy Services is cooperating. DENVER -- Federal prosecutors said Monday that a Tulsa-based oil field construction and maintenance company has provided "substantial assistance" in a federal criminal investigation of the pipeline construction industry.

The statement about Flint Energy Services Inc. was in a U.S. District Court filing made by the prosecutors and the company. In the filing, the firm admitted it had conspired to rig bids for pipeline construction in Colorado.

Because of the company's cooperation with the FBI and prosecutors, prosecutors said in the filing that they will ask a judge to fine the company $100,000, instead of an amount in a range recommended in sentencing guidelines of between $161,288 and $322,577.

The company, through its president, Paul Boechler, pleaded guilty to conspiracy to suppress and eliminate competition in violation of federal antitrust laws.

The filing, a 16-page plea agreement, said Flint "through the acts of Kenneth L. Rains, the regional manager and head of the defendant's Farmington, N.M., office, participated in a conspiracy among pipeline companies."

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Rains, 55, pleaded guilty to the same crime. He now lives in Mounds, Okla.

Because of his "substantial assistance" in the investigation of the industry, prosecutors said they will ask the judge to sentence Rains to six months in prison and a $10,000 fine. Sentencing guidelines recommend a sentence of between eight months and 14 months and a fine of between $6,720 and $33,602.

Nothing was revealed at Monday's court proceeding about the scope or status of the investigation. However, a U.S. Justice Department prosecutor told Judge Phillip Figa that an investigation of Rains' co-conspirators is continuing.

Flint and Rains were charged July 11 by the Department of Justice's antitrust division.

The conspiracy they admitted to on Monday involved rigging noncompetitive bids for construction of pipelines to transport natural gas from wells in southwestern Colorado.

The victim was BP America Production Co., and the conspiracy lasted from June until December last year, prosecutors, Flint and Rains said in the plea agreement.

Flint "has already made restitution" to BP, according to the plea document. BP awarded Flint four contracts totaling $672,036 during the conspiracy, according to the document.

After the court proceeding, Boechler said he moved Rains to corporate headquarters in Tulsa "when I found out what was going on" in the Farmington office. Boechler said Rains helps him with project management.

Afterwards, Rains said he had no comment and would let the company, pointing to Boechler, speak for him.

Figa found Rains and the company guilty. The judge set Oct. 30 as the date to sentence Flint.

A prosecutor asked Figa to delay sentencing Rains until Jan. 8 so prosecutors can use his help in the ongoing investigation of his co-conspirators. Figa agreed.

Aramark To Be Sold In $6.3 Billion Deal (WSJ)

By Alex Davidson

The Wall Street Journal, August 9, 2006

Aramark Corp. agreed to be acquired by a group of private-equity investors, including Joseph Neubauer, the concessionaire's chairman and chief executive, in a deal valued at about $6.3 billion. The buyers will also assume $2 billion in debt.

Shareholders will get $33.80 in cash for each Aramark share, a 20% premium over Aramark's closing stock price April 28, the last day of trading before the group made its original bid of $32 a share.

The private-equity groups involved include Goldman Sachs Group Inc.'s GS Capital Partners, CCMP Capital Advisors, J.P. Morgan Chase & Co.'s J.P. Morgan Partners, Thomas H. Lee Partners and Warburg Pincus LLC.

Investors reacted negatively to the deal, which some had expected to fetch as much as $36 to $37 a share. In 4 p.m. composite trading on the New York Stock Exchange, Aramark shares were down 47 cents, or 1.4%, to $32.58.

After Mr. Neubauer, who controls nearly one-third of the voting interest in the Philadelphia company, and the other investors launched their bid in May, some observers characterized the offer of $32 a share as a lowball figure to kick off negotiations between shareholders and management.

In the days following the initial offer, shareholders voiced their opposition to the bid's value by filing two class-action lawsuits. One, Eminence Capital LLC, expressed opposition in a letter directly to the company.

Lehman Brothers analyst Gary Bisbee said in a research note that the $33.80 a share offer is reasonable and puts the company's valuation on par with its European food-service competitors.

The transaction is expected to be completed by late 2006 or early 2007, subject to shareholder and regulatory approvals.

Aramark OKs $6.3B Offer To Go Private (USAT)

By Theresa Howard Usat Today

USA Today, August 9, 2006

NEW YORK — Aramark, the USA's No. 3 food-service company in revenue, is going private, again.

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The board on Tuesday approved a $6.3 billion deal to sell Aramark to CEO Joseph Neubauer, 65, and a consortium of private equity groups including GS Capital Partners, CCMP Capital Advisors, JPMorgan Partners, Thomas Lee Partners and Warburg Pincus.

Neubauer said he would contribute up to $250 million to the buyout.

The group will get a company with food and beverage contracts for thousands of venues nationwide including executive suites, prisons, schools, hospitals and stadiums.

The agreement to pay $33.80 in cash for each Aramark share tops the group's $32 offer in May. That represented a 20% premium over the closing price the day before they made the initial bid.

As part of the deal, the group will assume about $2 billion in debt. The transaction is expected to close by early 2007 if it is cleared by federal regulators and shareholders. Although Neubauer owns 41% of Aramark's stock, he agreed to have his voting power restricted to 5% of the total.

By going private, Aramark can try to revive the business without worrying about Wall Street. The company warned last month that its profit for the quarter that ended in June, which it will report today, would be about half of what analysts expected.

"You have more flexibility when you are out of the public marketplace," says Fentress Seagroves, a partner in PricewaterhouseCooper's private services practice. "You don't have to be beholden to the quarterly earnings pressures."

Aramark, which generated $10.9 billion in revenue last year, would be the sixth-largest U.S. company bought this year by private equity investors. Private equity firms have spent $205 billion so far in 2006, up 700% since 2001, according to financial research firm Dealogic.

"Everybody is going private," says Jay Anand, a professor of corporate strategy at Fisher College of Business at Ohio State University. "Money is being poured into private equity. At the top end it's performed well." The stock market, he says, "hasn't been performing that well."

In 1984 Neubauer took the company private, in a management buyout, in response to a hostile takeover bid. It went public again in 2001.

He said in a statement that the group of private equity firms are "committed to working with us in building long-term solutions that deliver the most value for our clients and customers."

Aramark shares closed at $32.58, down 47 cents.

Nokia To Buy Loudeye In Bid To Outdo ITunes (NYT)

By Eric Pfanner, International Herald Tribune

The New York Times, August 9, 2006

LONDON, Aug. 8 — Nokia, the world's biggest maker of cellular phones, cranked up the volume in an effort to turn mobile music into a viable alternative to Apple Computer's iTunes online service, agreeing today to buy Loudeye, a digital music distributor, for $60 million.

Though sales of music via cellular phone networks have been sluggish, some analysts say that wireless distribution offers the greatest prospects for future growth of the music industry, particularly among young, on-the-go fans.

But a shortage of viable mobile services and phones has left the digital music business to be dominated by online offerings like iTunes, linked to Apple's portable iPod device.

Nokia said that the acquisition of Loudeye, which runs music services for more than 60 partners, ranging from Microsoft's MSN Web portal to the charity, Oxfam, would help Nokia create a "comprehensive mobile music experience," beginning next year.

"Being able to combine Loudeye services with Nokia terminals provides a good base for innovative and useful consumer services," said Ilkka Raiskinen, senior vice president of multimedia experiences at Nokia, which is based in Espoo, Finland.

Analysts said the announcement raised a number of important questions.

Nokia did not say, for instance, whether it planned to offer a digital music service under its own brand name. While the name is widely recognized by mobile phone users, analysts say the use of the Nokia brand could create conflicts with mobile phone operators.

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“Depending what they do with it, it could be a pretty strong contender,” said Michele Mackenzie, principal analyst at Ovum, a telecommunications consulting firm in London. “But for this to really take off, they have to get the operators on board.”

One big drawback for mobile music has been the cost, analysts say.

Not only do users have to pay for the song, they also often have to pay the mobile operator for the use of the network. Also, the popularity of the iPod, which cannot download music wirelessly, may have held back the adoption of phones that can, analysts added.

Nokia said that it sold 15 million phones capable of playing music in the second quarter, making it the biggest seller of portable music devices, ahead of Apple, which sold about 8 million iPods.

The deal to sell Loudeye follows a recent agreement by that company, which is based in Seattle, to sell the bulk of its United States operations to Muze, an entertainment industry information provider. That means Nokia is essentially buying Loudeye’s international business, which centers on a company called On Demand Distribution, or OD2, which was founded by the musician Peter Gabriel six years ago.

Generic Version Launched Of Bristol-Myers Best Selling Drug (AP)

By Theresa Agovino And Wallace Witkowski, Ap Business Writers

AP, August 9, 2006

NEW YORK -- Bristol-Myers Squibb Co. shares plunged nearly 7 percent Tuesday on concerns its earnings and dividend are in serious jeopardy now that a generic version of its best-selling medicine has been launched by Apotex Corp.

Some patients will likely to be able to purchase the generic version of blood thinner Plavix beginning on Wednesday. Rite Aid Corp. spokeswoman Jody Cook said the company expects to have the drug "at most, if not all" its 3,300 stores by then.

Apotex declined to say how much it was charging for its pills. Plavix pills have a wholesale price of $3.89 each.

Apotex's announcement Tuesday that it had begun selling the drug came just hours after Bristol-Myers disclosed it was expecting such a move in an SEC filing.

Bristol-Myers and Sanofi-Aventis SA, which sells Plavix outside the U.S., reached a deal earlier this year with Apotex to pay it at least $40 million to end a patent challenge in return for allowing it to introduce a version of Plavix _ in 2011, several months before the patent expired.

The Canadian generic company is taking a major risk in launching the drug now. Bristol-Myers and Sanofi-Aventis sued Apotex over plans to launch a generic version before agreeing to the deal, which is now under federal criminal investigation.

Apotex reiterated in a statement Tuesday that its version of Plavix doesn't infringe on the drug patent because the patent is invalid. But if a court finds there is infringement, Apotex will have to pay damages to Bristol-Myers and Sanofi-Aventis.

Typically, the damages would amount to three times the patent holder's lost profits. But under the terms of the deal, Apotex will only have to pay either 40 percent or 50 percent of its sales to the brand name makers if a court finds it infringed on the patent.

Experts say the deal reduces the financial risk of the generic launch, calling into question the judgment of the two brand name makers.

"That was a big strategic mistake," said Albert Rauch, an analyst at A.G. Edwards & Sons Inc., who downgraded Bristol-Myers shares to a sell.

Rauch said the deal raises questions about the leadership abilities of Bristol-Myers Chief Executive Peter Dolan, who has been at the helm of the company during a major accounting scandal and a problematic investment in biotech company ImClone Systems Inc. Bristol-Myers invested $2 billion in ImClone to share revenue from one of the biotech company's cancer medicines, only to have regulators reject the new drug's application.

In the filing on Tuesday, Bristol-Myers announced Dolan had been subpoenaed in the criminal investigation of the Apotex deal.

"It think it is a third strike, but whether it is enough to push him out, I don't know," Rauch said.

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Bristol-Myers spokesman Tony Plohoros said the decision to forgo the possibility of triple damages was a concession made during the negotiation process, which always require compromise. He said he wouldn't "dignify" any speculation about Dolan with a response nor would he comment on the possibility of the company slashing the dividend.

Plohoros reiterated that Bristol-Myers and Sanofi-Aventis believe their patent has been infringed upon, and they are exploring their legal and commercial options to address the move by Apotex. Under their agreement with Apotex, Bristol-Myers and Sanofi-Aventis can't seek an injunction preventing Apotex from selling for five days.

Prudential Financial analyst Tim Anderson said in a report that he thinks the drug makers have less than a 50 percent chance of being granted a temporary restraining order against Apotex.

Apotex is a privately held company that has a reputation for aggressively challenging patents. In 2003, it launched a version of GlaxoSmithKline PLC's antidepressant, Paxil, before that drug's patent expired.

Bristol-Myers shares fell $1.56, or 6.8 percent, to close at $21.21 in trading on the New York Stock Exchange. Shares have traded between $20.70 and $26.14 over the past 52 weeks. In the past two weeks, shares have dropped more than 12 percent after a criminal probe was opened into possible antitrust activity surrounding Plavix agreements.

Bristol-Myers has its research headquarters in Princeton, N.J.

Sanofi, Bristol-Myers Face Generic Rival For Plavix (Update5) (BLOOM)

By Susan Deckerlisa Rapaport

Bloomberg, August 9, 2006

Aug. 8 (Bloomberg) -- Sanofi-Aventis SA and Bristol-Myers Squibb Co. are facing generic competition in the U.S. for their top-selling Plavix blood-thinning pill five years earlier than planned.

Apotex Inc., the closely held Canadian maker of generic drugs, said it started shipping cheaper copies today of Plavix, the world's second best-selling pill. Sanofi and Bristol-Myers lost a bid yesterday in U.S. court to block the sales.

At stake for Paris-based Sanofi and New York-based Bristol- Myers is $6.3 billion in annual revenue from the $4-a-day pill. A new generic drug may account for 90 percent of prescriptions within three months of introduction, according to IMS Health Inc., a Fairfield, Connecticut, provider of pharmaceutical data. Weston, Ontario-based Apotex may be subject to penalties if the patent is later upheld in court.

``Sanofi and Bristol are showing their intent to resume aggressive legal action to protect their interests," Chris Shibutani, a JPMorgan Securities Inc. analyst in New York, said in a note today. ``We believe it is in all the parties' interests to move quickly, and will look for prompt movement to a full trial. We expect that a settlement at this point is very unlikely."

Bristol-Myers shares dropped $1.56, or 6.9 percent, to $21.21 at 4 p.m. in New York Stock Exchange composite trading. The stock has lost 18 percent since July 26, the day before the drugmaker disclosed a U.S. Justice Department investigation of an accord to keep the Apotex product off the market until 2011.

Sanofi lost 0.25 euro to 69.55 euros in Paris. The shares have declined 11 percent since July 26.

Drug Distributors

Shares of Medco Health Solutions Inc., Caremark RX Inc. and Express Scripts Inc., the three biggest companies that manage drug benefits for employers and health-insurance providers, rose. They would profit by substituting the Apotex product for branded Plavix because the markup on generic drugs is higher.

Medco, based in Franklin Lakes, New Jersey, gained $1.96, or 3.2 percent, to $62.96. Nashville, Tennessee-based Caremark jumped 74 cents, or 1.4 percent, to $55.38. Express Scripts, based in St. Louis, Missouri, rose $1.77, or 2.2 percent, to $80.68 in Nasdaq Stock Market composite trading.

Plavix Uses

Plavix prevents the formation of blood clots by keeping platelets from clumping together. Doctors prescribe it to reduce complications in patients having heart attacks or undergoing artery-clearing procedures, or to prevent heart attacks and strokes in people with an elevated risk.

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``The companies are evaluating their legal and commercial options, as well as possible remedies under the agreement with Apotex," Sanofi said today in a statement. The partners ``intend to vigorously pursue enforcement of their patent rights in Plavix."

The drug is Bristol-Myers's biggest product and Sanofi's second-largest. Its sales last year were second only to those of Pfizer Inc.'s Lipitor cholesterol pill, with $12.2 billion. The companies spent $121.4 million advertising Plavix last year in the U.S., according to Nielsen Medial Research.

``This is going to be the biggest seller in the history of our company," Barry Sherman, 64, a billionaire who is the chief executive officer and principal owner of Apotex, said in a telephone interview. Sherman said he has a Ph.D. from Massachusetts Institute of Technology.

Apotex had agreed not to sell a generic version of Plavix until 2011 in return for payments of at least $40 million from Sanofi and Bristol-Myers. U.S. state attorneys general last week objected to the accord, which was intended to settle patent litigation.

2002 Suit

Sanofi and Bristol-Myers sued Apotex in 2002, claiming the generic version of Plavix would infringe a patent on clopidogrel bisulfate, the key ingredient in the medicine. The patent expires Nov. 11, 2011. A trial on the case had been set for June and was canceled because of the settlement. No new date has been set.

U.S. District Judge Sidney Stein in New York yesterday denied a request to temporarily block the Apotex sales. At a hearing yesterday, Apotex lawyer Robert Silver said the company had set up distribution agreements after it received U.S. regulatory approval and before the deal was made to keep generic Plavix off the market.

Bristol-Myers lawyer Evan Chesler ``admitted that during the settlement negotiations, Dr. Sherman said, `I'm going to flood the market with a billion dollars of product and you're not going to be able to stop me,' and they still signed this agreement knowing we could do so," Silver said. ``They knew we had orders we were taking for four months."

Next Step

Sanofi and Bristol-Myers are considering whether to submit a new request that Apotex be barred from selling generic Plavix until the lawsuit is ruled upon, Sanofi said in its statement.

Under the terms of their agreement with Apotex, Bristol- Myers and Sanofi must wait until Aug. 15 to file a request that Apotex be ordered to halt sales until the patent-infringement suit is decided. Judge Stein said yesterday he would try to set a hearing during the week of Aug. 21 for arguments on the issue, meaning Apotex is free to ship all its inventory during that period without any interference.

Apotex's copy will be the only approved generic version of Plavix in the U.S. for six months as a reward for being the first to challenge the patent. Bristol-Myers and Sanofi can opt to sell unbranded versions of their medicine as an ``authorized generic" to undercut Apotex.

Risk for Apotex

By selling the generic version without waiting for a court ruling on the patent, Apotex is selling ``at risk." Under U.S. law, that would normally mean Apotex could be forced to reimburse Bristol-Myers and Sanofi as much as three times their lost profits should it lose the case.

Bristol-Myers and Sanofi agreed that damages instead would be based on Apotex profits on the lower-priced generic drug. If the companies were to sell an authorized generic, then Apotex would turn over 40 percent of its profits. If there is no authorized generic, the Apotex would pay 50 percent of net sales.

``We are confident that the patent will be held invalid and that the courts will find inequitable conduct before the patent office on the part of Sanofi," Sherman said in a statement.

``There are arguments to be made and Apotex may ultimately be successful, but the downside risk associated with `at risk' is very substantial," said Andrew Berdon of Quinn Emanuel Urquhart Oliver & Hedges in New York. ``This is a major event for the pharmaceutical industry for someone to be launching `at risk' when there's an acknowledged infringement and the only issue is validity."

Apotex Defense

Apotex concedes it would infringe the patent, and focused its defense on arguments that the patent is invalid because the molecular structure of Plavix was disclosed in a patent that expired in 2003.

Apotex also contends Sanofi engaged in inequitable conduct during the application process before the U.S. Patent and Trademark Office. If the court agrees Sanofi withheld or gave false information with the intent to deceive the patent office, it could rule the patent unenforceable.

The case is Sanofi-Synthelabo v. Apotex Inc., 02cv2255, U.S. District Court for the Southern District of New York.

Bristol-Myers Sees A Generic Rival To Plavix (NYT)

By Stephanie Saul

The New York Times, August 9, 2006

A Canadian drugmaker, Apotex, said today that it had begun shipping a generic version of Plavix, one of the top-selling prescription drugs in the world, to retailers in the United States.

Plavix is an anti-clotting agent, widely used to prevent recurrence of heart attacks and strokes. The generic version is expected to be available to consumers Wednesday or Thursday and cost about 30 percent less than brand-name Plavix, which generally sells in the United States for about $4 a daily dose.

Dr. Barry Sherman, the chief executive of Apotex, predicted that the introduction would be the "largest and most successful launch" of a generic drug in history.

But it is a significant threat to the two big companies that now sell Plavix, Bristol-Myers Squibb and Sanofi-Aventis. They have been fighting Apotex in court to protect their United States patent on the drug, which does not expire until 2011. Bristol-Myers, which depends on the drug for a large portion of its revenue, is especially vulnerable.

A spokesman for Bristol-Myers, Tony Plohoros, said the company was evaluating its legal and commercial options in light of the decision by Apotex to start shipments. It could drastically lower the price of Plavix, or introduce its own generic equivalent.

The company, which is responsible for marketing Plavix in the United States, is also expected to request a temporary injunction blocking the sale of the generic version, called clopidogrel, until the patent litigation can be decided or settled.

But under the terms of an earlier agreement it reached with Apotex, it must wait five days to request the injunction. It was unclear how much clopidogrel Apotex could ship in the meantime.

In a hearing last week in Federal District Court in New York, a lawyer for Bristol-Myers, Evan Chesler, said it appeared that Apotex would try to flood the market with up to $1 billion worth of the drug during that five-day period. Annual sales of Plavix total about $6 billion around the world, with $3.8 billion in the United States.

The three companies — Apotex, Sanofi and Bristol-Myers — have been fighting over the drug in court for years, ever since Apotex challenged the Plavix patent. They reached a settlement in March, but it was rejected last week by a coalition of state attorneys general, and is the subject of an antitrust investigation.

Terms of that agreement were disclosed yesterday in a Securities and Exchange Commission filing. In it, Bristol-Myers and Sanofi waived some of their legal rights, giving up the right to seek triple damages against Apotex and agreeing to the five-day delay in requesting an injunction.

Bristol-Myers shares fell sharply in morning trading on the New York Stock Exchange in reaction to the news that Apotex had begun shipments, falling $1.53 a share or 6.8 percent.

Blockbuster Deal: Cinemark To Buy Century (SACBIZ)

Sacramento Business Journal, August 9, 2006

Century Theatres Inc., one of the largest operators of movie screens in the Sacramento region, is being sold to Cinemark USA Inc. of Plano, Texas

San Rafael-based Century Theatres is a family owned company. It was founded in 1941 by Raymond J. Syufy.

Under a definitive agreement Cinemark will acquire all of the outstanding stock of Century for a combination of cash and stock of Cinemark's parent company.

Cinemark has 202 theaters and 2,469 screens in 34 states. It also has theaters in 13 countries, mainly in Mexico, South and Central America.

Century Theatres operates 78 theaters with 994 screens in 12 western states.

In the Sacramento area, Century operates the Century Downtown Plaza with seven screens; Century Stadium 14 in Point West; Century Greenback 16; Century Laguna 16; Century Roseville 14; the Sacramento Drive Inn 6; and Century Folsom 14.

For decades, Century was be the dominant theater operator in the Sacramento area, but its status declined in recent years with the merger and consolidation of Regal Entertainment Group absorbing Regal Theaters, United Artists theaters and Edwards Theaters.

After the Century-Cinemark deal, the combined companies will have 391 theaters with 4,395, screens in 37 states and 13 countries.

Century Theatres is led by Ray J. Syufy's sons, Raymond W. Syufy and Joseph Syufy. Since 1996, the company has added 641 screens and has expanded into eight states.

In 2000, it launched its CineArts division, with screens in California and Illinois. The company is a founding member of Fandango, a leading Internet ticketing company.

Upon closing of the acquisition, Cinemark's stockholders will include Lee Roy Mitchell, Cinemark founder and chief executive; Syufy Enterprises LP; Quadrangle Capital Partners; and Madison Dearborn Capital Partners, which will remain the controlling shareholder.

Cinemark was founded in 1987 by Lee Roy Mitchell. In 2004, a controlling interest in Cinemark was sold to Madison Dearborn Capital Partners.

Mitchell will remain chairman and CEO of Cinemark and the combined company. Raymond W. Syufy and Joseph Syufy will join the board of directors, representing Syufy Enterprises LP.

The purchase will be financed with a senior credit facility led by an affiliate of Lehman Brothers Inc. and an affiliate of Morgan Stanley & Co. Inc.

Completion of the acquisition is subject to antitrust approval and completion of financing.

Anadarko Gets Clearance For Acquisitions (AP)

AP, August 9, 2006

Anadarko Petroleum Corp. has received U.S. antitrust clearance to acquire Western Gas Resources Inc., the company announced Tuesday.

Houston-based Anadarko announced last week it had received the same clearance for its simultaneous acquisition of Kerr-McGee Corp.

The separate all-cash transactions, worth a combined $21.1 billion, are slated to close in the third quarter and will create the nation's largest independent exploration and production company. However, Anadarko could shrink to No. 2 or No. 3 among independent producers through asset sales aimed at cutting deal-related debt over the next two years.

Anadarko will pay $16.4 billion in cash for Oklahoma City-based Kerr-McGee and assume $1.6 billion in debt. The Houston producer will pay $4.74 billion Denver-based Western Gas and assume $560 million in debt.

Anadarko announced the acquisitions last month. The company said the Kerr-McGee deal is expected to close after Kerr-McGee shareholders approve it at a meeting Thursday. The Western Gas deal is expected to close after getting clearance from the Wyoming Public Service Commission, and Western Gas shareholders are slated to vote on the deal Aug. 23.

Wi-Fi To The Max (WSJ)

The Wall Street Journal, August 9, 2006

The backers of so-called Net neutrality have lost nearly every battle in Congress so far, although they plan to take another tilt at that windmill when lawmakers return from recess in September.

Out in the real world, however, things are not proceeding according to script, at least for those who insist that what the Internet really needs is a brand-new layer of government regulation. Yesterday, Sprint announced plans to spend as much as $3 billion building a nationwide WiMax network that would provide high-speed Internet access to 100 million consumers by 2008, according to Sprint's estimate.

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What does this have to do with Net neutrality? Well, WiMax is one of several emerging technologies that stand to reshape the Internet-service industry in the coming years. Those who argue that the government should enforce some politician's idea of "neutrality" on Internet service claim that the phone and cable companies enjoy a comfy duopoly on providing Internet access to consumers. According to this reasoning, these companies need to be regulated so they don't abuse their market position by trying to erect "tolls" on the information superhighway.

High-speed wireless Internet access, however, means no more duopoly. And WiMax is not the only contender. Starting today, the Federal Communications Commission is auctioning a big swath of wireless spectrum for cell-phone providers. The auction is overdue and beset by market-distorting preferences for certain bidders, but with luck the result will be a lot more wireless bandwidth to go around.

WiMax, meanwhile, operates in unlicensed spectrum, meaning Sprint doesn't have to shell out money in auctions to deploy the technology. WiMax is like a wireless home network or a hot-spot in a coffee-shop, but it works over much longer distances, allowing greater coverage and a wider variety of uses. WiMax is still unproven in a roll-out of this size, but the fact that Sprint is spending billions to give it a go is testimony to the dynamism of the high-speed Internet market.

A decade ago, the conventional wisdom was that the old-fashioned copper-wire phone network was an "essential facility." That is, it was unique, valuable and couldn't be replicated, so competition with the Baby Bells was impossible unless the "last mile" to homes was opened up to competitors to use. Today we have cable companies offering phone service and more and more cell-phone subscribers every day.

A similar thing is happening in the high-speed Internet space. Those who want to regulate broadband providers are saying that the phone and cable networks are too valuable and too hard to replicate for anyone to break up the duopoly. We guess Sprint didn't get the memo. If Congress should for some reason lose its cool and give in to the MoveOn.org crowd pushing for greater Internet regulation, it will likely come just in time for its backers, once again, to be proven wrong about the absence of competition in telecom.

ENVIRONMENT:

Bodman Confident Oil Supply Can Recover (AP-Y)

By H. Josef Hebert

AP2, August 9, 2006

Energy Secretary Samuel Bodman said Tuesday it could take months to resume normal shipments of Alaska oil, but that there are adequate supplies to make up for the loss to West Coast refineries.

"My sense is we're in pretty reasonable shape," Bodman told a news conference.

He said there are relatively high inventories of crude oil in the system and that oil can be diverted from other producers, including Saudi Arabia and Mexico, to meet refinery needs.

About 400,000 barrels a day of Alaska crude oil is expected to be lost because of a shutdown of North Slope operations, following corrosion problems with pipelines.

Bodman said that officials at BP Alaska told him it would "take probably months to fix" the pipeline problem "so we are going to have to deal with the issue at hand."

BP Alaska was forced to shut down its North Slope oil field because of expensive corrosion in two of three feeder pipelines that transport oil into the trans-Alaska pipeline. The field accounts for about 400,000 barrels of oil a day, half the amount from the North Slope.

But Bodman said, "a complete shut down of the Prudhoe Bay system may not be necessary." He said that company officials had told him they may be able to make repairs to some of the damaged lines while continuing production.

Bodman gave an upbeat assessment on the supply picture for West Coast refineries, which rely heavily on Alaska crude.

"Substitutions for Alaska crude oil, we believe, are available," he said.

The secretary cited a new report released Monday by the Energy Information Administration that showed oil inventories at 5 million barrels a day higher this July than at the same time a year ago.

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In addition, said Bodman, there are indications that other producers, including Saudi Arabia, have spare capacity and can divert oil to the West Coast, if necessary. Also, the government is prepared to make available oil from the Strategic Petroleum Reserve, if necessary, he noted.

"We believe we know how to handle this type of situation ... There appears to be adequate supplies," Bodman said.

Country Can Cope With Oil Loss, Energy Chief Says (NYT)

By Matthew L. Wald And Clifford Krauss

The New York Times, August 9, 2006

WASHINGTON, Aug. 8 — Energy Secretary Samuel W. Bodman said Tuesday that the country was prepared to cope with the temporary loss of 400,000 barrels of oil a day from Alaska and that the loss might not be that large.

The oil giant BP said late Sunday that it would stop production at Prudhoe Bay, which pumps 8 percent of America's crude oil, to replace all 16 miles of pipeline feeding from Prudhoe into the Trans-Alaska Pipeline System. The pipeline is heavily corroded, the company said.

"We believe we know how to handle this type of situation," Mr. Bodman said at a news conference. He said that the western half of the field, which produces 200,000 barrels of oil a day, might be able to keep operating during the repairs. He said it was more likely that the eastern half would have to close.

Robert A. Malone, president of BP America, said in a statement on Tuesday that the company, along with state and federal regulators, would study the feasibility of continuing some operations.

The White House press secretary, Tony Snow, said to reporters on Tuesday in Crawford, Tex., "There does not seem to be a significant supply interruption at this point."

The price of oil shot up more than $2 to nearly $77 a barrel on Monday as BP began shutting down production at Prudhoe, but the price of crude eased Tuesday, and gasoline prices appeared stable in most of the country.

Many energy analysts predicted that the West Coast refineries, which are outfitted to handle Alaska's quality crude, would have to scramble to find supplies in a few weeks. But Mr. Bodman suggested that California might be able to cope because stocks were high, and many California refineries could handle other qualities of crude.

He added that Ecuador, Colombia and Mexico could help offset the shortfall, and, if necessary, so could the Strategic Petroleum Reserve. He said that if the strategic reserves were used, they would feed Gulf Coast refineries while the Middle East crude that it displaced would go to the West Coast.

Senator Charles E. Schumer, Democrat of New York, called on the Department of Transportation on Tuesday to complete a survey over the next 30 days of the entire American oil and gas pipeline network. "The massive shutdown should be a wake-up call to get our energy house in order," Mr. Schumer said.

Mr. Snow, the White House spokesman, said that the pipelines in question, which gather oil from individual wells, were not regulated by the federal government, but that the Transportation Department was "in the process of accelerating the rule-making process that would enable the creation of a robust regulatory regime over those pipelines."

May Be January When Alaskan Oil Flows As Before (LAT)

By Jesus Sanchez And Elizabeth Douglass

The Los Angeles Times, August 9, 2006

The Energy Department today said today that a crucial Alaskan oil field may not return to full production until January but that the shortfall could be partially or fully covered by diverting shipments from other oil producing regions and tapping inventories.

The potentially lengthy closure of the Prudhoe Bay oilfield, which accounts for 8% of U.S. oil production, sent crude oil prices soaring as experts warned that the disruption could result in higher gasoline prices in California and other Western states dependent on Alaskan oil.

Trading in energy markets remained turbulent today after the Energy Information Agency projected that production at Prudhoe Bay in Alaska's North Slope would not return to normal until the beginning of next year as British energy giant BP repairs and replaces miles of corroded pipeline that prompted the closure of the field.

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"The greatest impact of the lowered Alaskan crude oil production is on the West Coast, which consumes almost all of the Alaskan oil production," the agency said in its monthly short-term energy outlook. "The reduction in Alaska crude oil supply from the shut-in of Prudhoe Bay production can be made up for in several ways: drawdown of crude oil or product stocks and substitution of other supplies for the Alaskan crude oil."

Inventories of crude oil and gasoline remain high and the agency said that additional production from Saudi Arabia as well as diverted oil shipments from Ecuador, Colombia and Mexico "can offset all or part of the shortfall."

Analysts said it was too early to say how much pump prices would rise, but the most pessimistic predicted $4-a-gallon gas. Officials from the U.S. Energy Department pledged to release oil from the nation's reserve if necessary to blunt the blow to refiners and consumers.

After crude oil prices jumped by more than $2 a barrel to close at nearly $77 a barrel on New York energy markets on Monday, prices retreated slightly in trading today.

In California, refiners get about 20% of their oil supplies from the Alaskan North Slope, where about half of the daily production will be stranded once BP shuts down corroded pipelines and its giant Prudhoe Bay oilfield. BP said it could take months to replace more than 70% of the 22 miles of pipeline affected, but the company did not say when the lines would return to service.

On Sunday, BP began shutting down the pipelines after an inspection uncovered extensive corrosion. The inspections were ordered by the U.S. government after a large oil spill in a nearby area in March -- pollution that has made BP the subject of a federal grand jury investigation.

"We deeply regret that it has been necessary to take this drastic action of an orderly and planned shutdown of the Prudhoe Bay oilfield," BP North America Chairman and President Bob Malone told reporters Monday at a news conference in Anchorage. "On behalf of the BP Group, I apologize for the impact it is having on the nation and the state of Alaska."

BP's chief executive, John Browne, and other executives have had much to apologize for lately in the United States. In June, U.S. regulators accused BP's propane traders of trying to corner the propane market and manipulate prices in 2004. The company has denied wrongdoing.

In March 2005, BP agreed to spend $81 million to settle claims that toxic emissions at its Carson plant went unreported for years. The same month, an explosion at the company's Texas City refinery killed 15 workers.

The corrosion problem, a defect that develops over time and can be prevented with regular cleaning and inspections, prompted Rep. John D. Dingell (D-Mich.) to lash out at the company: "It's appalling that BP let this critical pipeline deteriorate to the point that a major production shutdown is necessary."

Some experts say they expect no immediate impact on fuel supplies or prices because both oil and gasoline inventories nationwide and in California are currently adequate. In addition, it will take several days to completely close off the Prudhoe Bay production, and there are additional supplies of Alaskan oil in tankers en route to the West Coast and in storage tanks awaiting shipping.

"There's no panic yet. But the issue is, how long is this pipeline going to be down?" said Andrew Lipow, an industry consultant in Houston. "There's plenty of gasoline in inventory ... and that can cover us for the next few weeks."

But views differ over how much gasoline prices might jump in California and the Pacific Northwest because of the BP shutdown. Some have suggested that gasoline could reach the next big benchmark, $4 a gallon, whereas others have said the market could adjust relatively quickly, with only a slight increase at the pumps -- a dime or so per gallon.

BP's action triggered a rally in wholesale gasoline prices on the Los Angeles spot market, where refiners can buy supplies for immediate delivery. The wholesale cost of a gallon of regular averaged $2.48 for the day, up 6.75 cents from Friday's trades, according to the Oil Price Information Service. That's roughly the equivalent of $3.18 a gallon at retail after adding 70 cents for taxes, transportation costs and ethanol.

The statewide average pump price in California on Monday was $3.192 for a gallon of self-serve regular, according to a weekly survey by the U.S. Department of Energy, virtually unchanged from a week ago. The nationwide retail average rose 3.4 cents over the last week, to $3.038 a gallon, the government said Monday.

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Consumers will get a better idea how Prudhoe Bay will hit their pockets next month, when refiners in Alaska, California, Hawaii and Washington state don't receive the 400,000 barrels per day of Alaskan oil they were counting on. Whether retail fuel prices soar or merely inch up will be determined mostly by whether the affected refiners can find replacement supplies before their plants and inventories run short.

Five of California's 14 fuel-producing refineries regularly use crude oil from the Alaskan North Slope, said Claudia Chandler, the California Energy Commission's assistant executive director for communications. She would not identify the affected California plants.

Some of California's major refiners said Monday that the supply disruption would have no short-term impact on their operations. Chevron Corp., which runs two large plants in the state, said only that "we continue to meet the supply needs of our refineries."

ConocoPhillips Co., which owns a 36% interest in Prudhoe Bay production, said in a statement, "The company has contingency plans to deal with supply interruptions, but we continue to evaluate the effect of the shut-in on the operations of our West Coast refineries."

BP did not discuss the impact on its Carson plant, a big user of Alaskan crude oil and one of California's largest refiners. That plant is important to Southern California because it supplies Arco gas stations throughout the region.

As a group, the refineries in California and along the West Coast are among the most sophisticated in the nation and can, with some adjustments, process nearly any kind of crude oil. That allows them to pay cut-rate prices for low-quality crude -- which is more plentiful worldwide -- and reap larger profits on the fuels they produce.

"The problem won't be getting the crude. It's available. The problem is getting it to the West Coast," said Tim Hamilton, a consultant for the Santa Monica-based Foundation for Taxpayer and Consumer Rights, a consumer advocacy group. "If they cannot replace this crude oil, and do so very, very fast, then the price in the West will have to go up to slow consumption down by 400,000 barrels per day."

That's a cut of 16.8 million gallons a day of gasoline, diesel and jet fuel across the West. Californians consume 44 million gallons of gasoline and 10 million gallons of diesel daily.

If crude supplies run short and production falters, Hamilton said, "the question is, if we go to $3.75, will the public let go of the nozzle? If not, we'll go to $4. And if not there, we'll go to $5."

That scenario is unlikely, especially now that the government has offered up replacement oil from the Strategic Petroleum Reserve, according to David Hackett, president of Irvine-based Stillwater Associates, an industry consulting firm.

"This isn't a $4 deal because there is a way to replace the crude oil, and gasoline inventories are at a comfortable level out here," he said. "There's a lot of flexibility."

Under one scenario, refiners can ask for oil from the reserve so it can be shipped to the West. But because there are no pipelines to carry it across the Rocky Mountains, the supplies would have to travel weeks through the Panama Canal.

What's more likely, Hackett said, is that companies with refineries on the Gulf Coast and in the West -- and that includes all the largest refiners — would divert some oil tankers to the West and then replace that oil with loans from the reserve.

"If some boat turns left instead of right out of a port and heads to Los Angeles instead of Houston, the [refiner] could backfill that in the gulf with inventories or oil from the strategic reserve," he said.

Judy Dugan, research director at the Foundation for Taxpayer and Consumer Rights, said the fallout from the BP debacle could mean that the high profits already flowing to oil companies in California would rise.

The world's largest oil companies recently reported second-quarter earnings that included billions of dollars in record-high profits.

"Every increase in the price of crude oil is translated immediately into more gravy for the oil companies because they don't just pass through the price of crude oil, they take on indefensible profits for the oil itself and then again at the refinery," Dugan said. "Drivers will pay through the nose for this very preventable emergency."

Judging from profit figures from an industry consulting firm, West Coast refiners could probably pay higher prices for emergency oil supplies and still book a healthy profit.

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In June, West Coast refiners collected operating profit of $33.22 for every barrel of gasoline, diesel and jet fuel they sold -- 79 cents per gallon. That profit, which is substantially higher than in any other region in the United States, is what's left for the refinery after subtracting for the cost of crude oil and additives, as well as fixed and variable costs, according to figures published by the Oil & Gas Journal.

Profits like those leave West Coast refiners plenty of "wiggle room," according to Tom Kloza, chief oil analyst at the Oil Price Information Service. Times wire services contributed to this report.

BP Considers Ways To Keep Part Of Its Prudhoe Bay Oil Field Open (WSJ)

By John J. Fialka

The Wall Street Journal, August 9, 2006

WASHINGTON -- BP PLC officials and the Energy Department held out hope yesterday the energy giant may not have to shut down all of the massive Prudhoe Bay oil field in a time of tight crude supplies.

Meanwhile, addressing a second energy problem, the Energy Department said Southern California and the mid-Atlantic region from New York to northern Virginia have the greatest potential for blackouts because of congestion within the nation's aging power-distribution system.

The London company, which operates the 400,000-barrel-a-day field on behalf of a consortium of oil companies, said it was studying with federal and Alaska officials whether it could keep part of the field open while repair crews replace corroded pipes. Still, BP said it had shut off half of the field's production so far and indicated it would move ahead with plans to close the whole field. (See related article1.)

Energy Secretary Samuel Bodman yesterday said BP officials told him there may be a way to keep half of the field in operation. He said after talks with West Coast oil refiners, the price shock of any shutdown may be minimized by diverting oil shipments from the Middle East and Central and South America.

The field represents about 8% of U.S. crude-oil production. Its total output represents less than 2% of daily consumption in the U.S., which relies heavily on imported oil, but disruptions have had outsize effects on oil and fuel prices amid a tightening world market for crude oil.

Mr. Bodman said loans of oil from the nation's emergency stockpile, called the Strategic Petroleum Reserve, might be given to refiners elsewhere while production originally intended for them is sent to the West Coast instead.

In a report released yesterday on the nation's electricity grid, Energy officials named places where the government could designate "national interest electric transmission corridors." That designation would be part of a new process to help state regulators and utilities locate new transmission lines to relieve the worst congestion and make the grid more reliable in the future.

The report on electricity congestion was the department's first step in stimulating construction of new transmission lines. "Building these facilities takes years of lead time, and the penalties for falling behind will be substantial," said Kevin Kolevar, who heads the department's office of electricity delivery. He said the congestion on the grid already costs the nation's consumers because the bottlenecks restrict supplies of electricity from reaching areas of highest demand.

Department officials said they expect the new federal authority will help regions settle disputes about locating new power lines. Mr. Bodman said they should help regional authorities stimulate new investment in the transmission grid, which, he said, would solve one of the grid's biggest problems. Because of construction work and other requirements, easing the situation with new transmission lines could be years away.

The department identified a second category of trouble-prone areas, called "congestion areas of concern." They include New England, the Phoenix-Tucson area, the Seattle-Portland area, and the San Francisco Bay area.

Bush Eschews Harsh Medicine In Treating U.S. Oil 'Addiction' (WSJ)

By John D. McKinnon And Laura Meckler

The Wall Street Journal, August 9, 2006

WASHINGTON -- Six months ago, George W. Bush upbraided Americans in his State of the Union address for being "addicted to oil" and urged them to look at ethanol as a cure.

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It was the signature moment in the energy strategy the president has developed in the year since Hurricane Katrina. Influenced by meetings behind the scenes with advocates of alternative fuels, Mr. Bush is using the bully pulpit to warn that America needs to change its gas-guzzling ways.

But what the president isn't doing is just as important. He isn't proposing new mandates for ethanol use or new incentives for gasoline stations to stock the fuel. He isn't making tougher auto fuel-economy standards a high priority and doesn't support a higher gasoline tax.

Whether Mr. Bush is moving rapidly enough to promote alternative energy is a subject of debate. Critics believe that by shying away from major new federal initiatives, he won't be able to achieve the goals he talks about. But supporters say things have gone well since the Jan. 31 address. They say that by giving ethanol a high-profile boost, Mr. Bush has begun to create a new national consensus on alternative fuels. At the same time, they say, the administration's new research spending will ensure an adequate long-term supply.

Detroit's Big Three auto makers have said they will double production of so-called flexible-fuel cars that can run on either gasoline or ethanol. Kroger Co. has started selling ethanol-blend fuels at a few of its gasoline stations. Two ethanol producers have gone public in the first such initial public offerings since the 1980s. The Indianapolis 500 has announced that all entries in next year's race will run on a crop-based blend of fuels.

"The president's comments were transformational," says Reid Detchon, executive director of the Energy Future Coalition, a Washington group that promotes alternative fuels in the name of protecting national security. "The phrase 'addicted to oil' crystallized the issue in a way the public broadly understood, but also gave the political class permission to talk about it."

The administration says that ethanol -- with just a little help from Washington -- could feed more than a third of America's gasoline habit by 2025, up from about 3% today. The benefits: less dependence on foreign oil and a cleaner environment because of reduced carbon-dioxide emissions.

The target is an ambitious one. Big oil companies are skeptical about ethanol's viability. They have little incentive to promote the fuel because it competes with their main product. Currently just 800 of the country's 170,000 gasoline stations sell ethanol. Unless they are forced to, it is unclear how many station owners will invest thousands of dollars in ethanol pumps.

Some question the emphasis on ethanol because there is only so much corn in the U.S. to make it. Making ethanol commercially from cheaper stuff such as the cellulose found in wood chips, corn stalks and grasses is still being studied. Due to a recent surge in demand, ethanol now costs as much as conventional gasoline in some places despite generous government subsidies that date to the 1980s.

Mr. Bush's budget for the fiscal year beginning Oct. 1 seeks less than $500 million in federal spending on research for the major alternative-fuel technologies, including cellulosic ethanol. That's less than Americans spend each day on gasoline, by some measures. The administration says its proposed spending for clean-energy research overall represents a 22% increase.

Even if ethanol use meets the most optimistic forecasts, the U.S. could still be just as dependent on foreign oil. Total energy consumption is predicted to rise sharply in coming years unless Americans start using energy more efficiently.

"There's a very real risk of people thinking, 'All we have to do is biofuels now, and that'll solve our problems,'" says Nathanael Greene, a senior policy analyst for the Natural Resources Defense Council, which supports more conservation efforts to protect the environment. "And it can't."

If nothing else, the Bush administration's focus on ethanol is good politics. The ethanol boom is helping two big industries -- domestic auto makers and farmers -- while imposing virtually no pain on anybody else. It could give Republicans an election-year boost in the Midwest, where most ethanol is produced and consumed.

White House officials say there is good reason to use Jimmy Carter-like rhetoric on energy -- for a while, they even encouraged Americans to drive less -- while steering clear of the aggressive government policies the former Democratic president put forward. Their aim is to accelerate the market, not take it in an entirely new direction.

"Really the goal was to provide a strong signal to consumers that there is an alternative [to gasoline] and they need to think even more seriously about taking advantage," says Jim Connaughton, the chief White House environmental adviser. "If you're trying to attract investment capital to a renewable biofuel basis, you have to show a market that is much bigger than people imagine. ... These are the tools of free-market democracy."

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The administration's scramble to revise its energy policy began with Hurricane Katrina last August. Congress had just passed a new energy law that gave a modest boost to ethanol, but otherwise did little to address the nation's oil habit. Then the storm damaged refineries and pipelines along the Gulf Coast, pushing gasoline prices over $3 a gallon. Long-derided conservation measures got new attention. Even oil-friendly Republicans started talking about punishing oil companies, with new taxes and price gouging probes.

Mr. Bush and his aides were skeptical of big-government solutions but also excited by signs that alternative fuels were maturing. On Sept. 20, members of Mr. Detchon's Energy Future Coalition met with Energy Secretary Samuel Bodman to share research on alternative fuels. Mr. Bodman, a former chemical-company executive, perked up when coalition members described how companies such as DuPont Co. were already making big investments in ethanol and other biofuels. DuPont, a big consumer of petroleum, has a corporate goal of deriving 25% of its revenue from products that are made with renewable resources by 2010.

Mr. Bodman says he talked with DuPont's chief executive, Charles Holliday, and later visited Archer-Daniels-Midland Co. in Decatur, Ill., the nation's biggest ethanol producer. "Companies like DuPont and ADM don't get into a business like this unless they see real opportunities for growth," Mr. Bodman says.

At four meetings with Mr. Bush that fall, mostly in the Roosevelt Room just off the Oval Office, aides showed the president how the new ethanol requirements in the just-passed energy bill -- peaking at 7.5 billion gallons a year -- would hardly make an impact when America was already using 140 billion gallons of gasoline a year. Mr. Bush said he wanted to do more.

Working the Crowd

Mr. Bush was working the crowd at a Republican National Committee fund-raiser in Los Angeles last October, when he bumped into Floyd Kvamme, a prominent venture capitalist who is co-chairman of a White House science panel. In their brief chat, Mr. Kvamme says he mentioned that after Katrina, the hot venture-capital trend was investing in alternative fuels.

Mr. Bush was struck by the comment, and mentioned it in his remarks to the crowd. A few weeks later, Mr. Kvamme says he heard from a friend that Mr. Bush had raised the subject again in conversation. "Forty-three says you're really jazzed about what's going on in energy," Mr. Kvamme recalls his friend telling him, using one of Mr. Bush's nicknames.

In November, White House officials invited another venture capitalist, Vinod Khosla, to make presentations. Mr. Khosla, a wealthy co-founder of Sun Microsystems Inc., has become a leading investor in new techniques for producing ethanol. "Alternative energy is not a niche. It's a mainstream option," he says.

Mr. Khosla says he urged the White House Council of Economic Advisers to consider government mandates that would force car companies and gasoline stations to advance ethanol use. The advisers were "not jumping up and down" about the idea, he says. "The questions were along the lines of, 'Do the economics make sense?'" says Mr. Khosla. "They were focused on economics, not environment."

Enthusiasm for Ethanol

The president's enthusiasm for ethanol grew during a November trip to Brazil. Mr. Bush and President Luiz Inácio Lula da Silva talked about how Brazil was on the verge of becoming energy-independent, in large part because of a big boost in production of ethanol from the country's abundant sugar-cane crop.

Over grilled meats at a barbecue near Brasília, Mr. Bush asked several questions about the competitiveness of Brazilian ethanol with gasoline, and how it fits into the marketplace, according to Brazilian officials who attended. Mr. Bush came back from the trip excited about the potential for the U.S. ethanol industry, says Allan Hubbard, the top White House economic adviser.

One fact seems to have made little dent in the president's thinking: Brazil's government used a heavy hand to build up its ethanol industry, heavier even than the U.S. has used in subsidizing ethanol. Brazil gave sugar companies cut-rate loans to build ethanol plants and guaranteed prices for their product. It also required state-run oil giant Petrobras to make the fuel available at filling stations.

The president was more struck, say aides, by the large presence General Motors Corp. and Ford Motor Co. have in Brazil. The two big U.S. auto makers have sold hundreds of thousands of vehicles there that can run on ethanol. Their Japanese rivals are only now considering producing these cars for the U.S. market.

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GM and Ford have lagged Japanese companies in making fuel-efficient hybrid vehicles, which switch between gasoline and electric power. They have long built "flex-fuel" vehicles for the U.S. market that can use ethanol, but only because this allowed them to make more gas-guzzling sport-utility vehicles under a loophole in federal fuel-efficiency standards. Most consumers who owned flex-fuel vehicles weren't even aware of it.

In the weeks after Mr. Bush returned from Brazil, Mr. Hubbard met with Ford Chairman Bill Ford and spoke by phone with the head of GM, Rick Wagoner, and DaimlerChrysler AG officials about expanding ethanol use in the U.S. They told him that they were planning to ramp up production of ethanol-capable cars rapidly in the U.S. The cost, they said, was as little as $100 extra per vehicle, mainly for extra anticorrosive materials and computer sensors. "They said it's not a big deal," Mr. Hubbard recalls.

Welcome Attention

For GM and Ford, who long felt they had a frosty relationship with the Bush White House, it was welcome high-level attention. Mr. Hubbard prodded Mr. Ford to make sure consumers knew they could use ethanol in certain models, says one Ford official.

The White House has also consulted closely with farm-state lawmakers. At an Agriculture Committee hearing in November, Minnesota's Republican Sen. Norm Coleman foreshadowed Mr. Bush's famous speech, saying Americans are "addicted to foreign oil," and arguing that "farmers are a major part of our energy independence." He said he favored a sugar-to-ethanol program, which would happen to benefit his home state's sugar-beet industry.

Mr. Bush personally inserted the "addicted to oil" phrase in his State of the Union speech, and knew it would have a shock value coming from a one-time oilman. "I kind of startled my country when, at my State of the Union, I said we're hooked on oil and we need to get off oil," he said during a trip to Europe in June. "That seemed counterintuitive, for some people, to hear a Texan say."

The oil industry wasn't happy with the president's sound bite but was pleased that he didn't propose big initiatives such as a mandate requiring gasoline stations to sell ethanol, says Red Cavaney, president of the American Petroleum Institute, the industry's trade group in Washington. "We were not directly consulted nor were we kept in the loop" about the language, he says.

Seeking to capitalize on the speech, GM moved up the start date of its "Live Green, Go Yellow" advertising campaign by several weeks, to the following weekend's Super Bowl. The campaign promotes the use of ethanol made from yellow corn as a way of helping the environment and reducing dependence on foreign oil.

Already, GM has seen its sales of flex-fuel vehicles jump. The company is on a pace to sell twice as many of these cars and trucks this year as it did in 2005. Incentives have helped drive especially strong demand in Chicago and Minneapolis. In September, GM will send every owner of a vehicle that can use ethanol a yellow gasoline cap. Even Toyota Motor Corp., a leader in hybrids, said last month it might build ethanol-using cars for the U.S. market. Honda Motor Co., too, is considering the idea.

Whether drivers of these cars will find ethanol and buy it remains an open question. Wal-Mart Stores Inc. is among the national retailers that are looking at selling E85 -- the standard mix of 85% ethanol and 15% gasoline. But oil majors such as Exxon Mobil Corp. and many independent operators who run gasoline stations carrying their names remain skeptical.

The ethanol industry is confident it can persuade stations that the market is real, said Bob Dinneen of the Renewable Fuels Association, the ethanol lobby. The market, he says, "will develop, but it will develop over time and over years."

Gas Prices Hold Steady Despite Oil Field Shutdown (NYT)

By John Holusha

The New York Times, August 9, 2006

Gasoline prices held steady today, the AAA reported, despite the prospective shutdown of an Alaskan oil field that supplies about 2.6 percent of the nation's crude oil production.

The national average price for a gallon of regular was $3.036, the same as the previous day, the association reported. Even on the West Coast, where much of Alaska's oil is refined, prices were little changed.

And there were indications that the cutoff of supplies may not be as large as initially feared. Samuel W. Bodman, the energy secretary, speaking at a news conference on Tuesday morning, said that the United States was prepared to cope with the temporary loss of 400,000 barrels a day of production, and that the loss might not be that large.

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He said that it was possible that the western half of Prudhoe Bay, producing 200,000 barrels a day, could keep operating, though the eastern half would probably have to be shut down because of corrosion problems in feeder pipelines.

Mr. Bodman said that crude stocks in California stood at 55.5 million barrels at the end of July, which was 5.5 million barrels higher than at the same time in 2005. Nationally, crude stocks stood at 333.7 million barrels, up from 318 million barrels a year ago, he said. And inventories of gasoline and other distillate fuels were also higher at the end of July than they were a year earlier, he said.

If more crude is needed to make up a production shortfall, he said, Ecuador, Colombia and Mexico could help, or oil could be released from the Strategic Petroleum Reserve if necessary. Later in the day, Mexico and Saudi Arabia issued statements saying they were prepared to step up shipments to the United States.

"We believe we know how to handle this type of situation," Mr. Bodman said at the news conference.

The giant oil company that operates the Prudhoe Bay field, BP, said late Sunday night that it had found unexpectedly severe corrosion in pipelines serving the field and would have to shut the field down while repairs are made.

BP officials in London said the conditions in Alaska are highly unusual, with the pipes elevated over the permanently frozen soil and exposed to weather conditions that are not endured by most pipelines, which are underground.

"The circumstances related to this pipeline are unique," said Wendy Silcock, a BP spokeswoman, at the company's headquarters in London. "There aren't any lessons or issues that can be applied to other lines."

As a result, she said, the company is not making any special new efforts to inspect the hundreds of miles of pipelines it operates around the world.

Although it may take months to replace the 16 miles of Prudhoe Bay feeder pipes that have been found to be corroded and, in one location, leaking small amounts of oil, the main Trans Alaska Pipeline remains in service. It may be possible to use other feeder pipes to transport crude oil from parts of the Prudhoe Bay field to the main line for shipment to the lower 48 states.

Repairs may be delayed by difficulty in obtaining suitable pipe. Industry reports indicate that manufacturers of the type of steel pipe used in oil and gas pipelines are sold out through the third quarter of 2007. And even if a steel mill were willing to disrupt its production schedule to accommodate a big customer like BP, it could still take months to deliver the pipe to northern Alaska.

Bob Malone, the chairman of BP America, said the company would work to develop a parallel feeder network to keep the Prudhoe Bay field at least partly in production as the repairs are made.

Speaking at a press conference on Monday, he said the company was looking at "opportunities that we feel technically competent that we can run certain portions of the field and continue production safely."

Other BP officials said alternate pipelines were identified and used after an earlier oil spill. The inspections that found the corrosion problem were undertaken after a major spill in March.

Nevertheless, the Energy Information Administration, a part of the Energy Department, said the supply interruption from Alaska and the summer heat wave would drive up the price of oil up in August by $3 a barrel on average, to $76.50.

The benchmark near-month contract for light, low-sulfur crude oil closed at $76.34 a barrel at the end of daytime trading on the New York Mercantile Exchange, off 64 cents from Monday's close.

Gas Prices Alter Habits Of Many, But Far From All (NYT)

By Kirk Johnson

The New York Times, August 9, 2006

DENVER, Aug. 8 — Car owners across the country braced themselves on Tuesday for another smack in the face at the gasoline pump, as the shutdown of the giant Prudhoe Bay oil field in Alaska rippled through energy markets and consumer psyches.

But Justin Ogle, a newly minted light-rail commuter, was calm. Mr. Ogle and his wife, Lauren, bought a new home two months ago, partly to be near the train tracks.

"Rising gas prices are going to force us to be more efficient," Mr. Ogle, 29, said, looking up from the newspaper as his train rattled toward downtown Denver, where he works as an architect.

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Americans are deeply divided in their responses to high gasoline prices, as they are on so many other things, including politics, class and culture. Many say they are using less gasoline, but for every Mr. Ogle, there may well be a Glennis Claxton. Ms. Claxton, a 26-year-old student at Rice University, does not own a car, but she said she had gotten so fried by riding the sweltering buses in Houston that she was thinking of buying one, even with the price of gas what it is.

Researchers, pollsters and ordinary Americans in interviews on Tuesday said they saw no broad national experience or commonality of sacrifice when it came to gasoline, even when the nation endured a jolt like the one from Alaska.

Wealthier people have more choices than others in how and whether to adapt — to drive just as much or buy an expensive hybrid vehicle. Hispanics, lower-income households, urban residents and younger people, according to a national poll by the Pew Research Center, are more likely to change their behavior by carpooling or using mass transit.

There are often regional disparities, too; the West Coast, for example, is likely to be hit hardest by the closing of Prudhoe Bay, experts said, because the Alaskan oil mostly feeds refineries in the West.

Even ethanol, the alcohol additive that is being used more frequently as a component in the nation's fuel supply, can be a point of division. Environmentalists like the additive because it pollutes less, but some energy experts say that ethanol-gas mixtures are less efficient as a fuel and may be leading to more gas consumption. Some ethanol is in about a third of the nation's gasoline supply, up sharply from last year.

In the Pew Research survey of 1,182 Americans — 1,048 of them drivers — 55 percent said they were driving less because of the recent increases in gasoline prices. The poll, taken from June 20 to July 16, had a margin of sampling error of plus or minus three percentage points.

Yet Americans' overall gasoline appetite has barely budged. Total use this year is up about one-half percent to 1 percent compared with 2005, according to federal figures — a slower rate of growth than in the past, but hardly the mark of a nation with its foot fully on the brake.

There are anecdotal glimpses of a drop in driving. The number of passengers taking rail service in Los Angeles County in June was up 11 percent from last year. And the number of cars passing through the Eisenhower Tunnel on Interstate 70 in the Colorado Rockies, which has been rising slightly since 2002, fell slightly in July compared with the same time last year. The decrease is the first since 2001, according to the State Department of Transportation.

Anna Samson, 24, a psychology major at the University of Southern Maine in Portland, said that for her the issue of gasoline supplies came down to milk — at least this week.

"Last night I realized I didn't have milk for breakfast, and that I wasn't going to eat breakfast in the morning," Ms. Samson said Tuesday in an interview. "I wasn't going to go out to get milk because I have to take my car to work, and I didn't want to use the gas."

Experts say the apparent paradox of public reaction to price increases — a majority of people saying they are driving less, but more gas is still being sold year after year — could be explained by several factors, not the least of which is that people sometimes give pollsters and reporters answers they think are more socially acceptable or expected.

"We don't really know the impacts of all these things," said John C. Duff, manager of the weekly petroleum status report surveys for the Federal Energy Information Administration.

Mr. Duff said that demand for gasoline this year had definitely flattened, compared with previous years' increases, suggesting that some people were using less. But those cutbacks may be overwhelmed by other forces, including bigger cars and more miles being driven by a growing population, and perhaps, he said, reduced mileage from cars burning more ethanol.

Researchers at Pew say the pattern of consumers using less when high prices linger has been seen before, in the gasoline price spikes of the 1970's and early 1980's. Per capita consumption of gasoline has fairly consistently mirrored the average price per gallon since at least 1977, falling when prices increased, rising when prices fell, according to the Pew study, which is scheduled to be released Wednesday.

Other experts say the nation's shifting economic, demographic and urban terrain in recent years — greater disparity of rich and poor than in the 1970's, and more transportation options than a generation ago, including mass transit rail lines in more cities and hybrid cars — is making this spike different.

Jose Vargas said he thought the changes he had made to conserve gasoline were probably permanent, for better or worse.

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Mr. Vargas, 45, said he used to hop into his gas-guzzling GMC Jimmy, a sport utility vehicle, and drive to work in downtown Manhattan from his home in West New York, N.J. Now he rides the bus. He used to drive to the beach at Sandy Hook, N.J., about 30 miles away, three or four times a month. Now he mostly stays home.

Mr. Vargas predicted that gasoline would reach $3.50 a gallon before the end of the month, and he shook his head in disbelief.

"It's only going to get more expensive, and once it goes up, it will never come down," he said.

BP Given Earlier Warning Of Corrosion (FT)

By Sheila Mcnulty In Houston

Financial Times, August 9, 2006

BP's board and London-based executives were informed of widespread corrosion at the UK oil giant's Alaska field two years before the company was forced to shut it this week, citing "unexpectedly severe corrosion".

On May 22 2004, Chuck Hamel, an advocate for BP workers in Alaska, took the charges directly to Dr Walter E. Massey, chairman of the environment committee of BP's non-executive board of directors.

In the letter, Mr Hamel told Dr Massey that in the previous four years BP employees and contract workers had brought to him concerns about safety, health and threats to the environment at Prudhoe Bay, Alaska.

"They seek to see the corrosion problem addressed and corrective action undertaken without further delay and before any of their colleagues at Prudhoe are harmed," he wrote in the letter, a copy of which was given to the Financial Times at the time.

Mr Hamel warned Dr Massey that, as a board member, he owed it to shareholders to investigate. He said he would facilitate interviews with the BP engineers and corrosion experts if his committee provided assurances they would not suffer retaliation.

On July 27 2004, Dr Massey wrote to Mr Hamel urging him to provide BP management "sufficient specificity" but without offering the requested protection.

The workers told Mr Hamel that Vinson Elkins, BP's Houston lawyer, went to Alaska with questions that seemed aimed more at identifying whistleblowers than uncovering corrosion.

Dr Massey referred questions by the FT at the time to BP, which gave assurances that corrosion was under control.

On Tuesday, Ronnie Chappell, BP spokesman, said: "I know there have been concerns raised about adequate corrosion inspection program raised by Hamel over time. We have looked into those."

For BP, A Pair Of Repairs (WP)

By Steven Mufson And Juliet Eilperin

The Washington Post, August 9, 2006

Sitting in his Madison Avenue offices two weeks ago, with contemporary art on the walls and a commanding view of Midtown Manhattan, BP PLC chief executive John Browne was asked about the different images of BP, then the world's second-largest oil firm, and its larger rival, Exxon Mobil Corp.

"It's not a matter of competition," Browne said. "It's a matter of different character."

Now the character of BP is being tested. On Sunday, the company revealed that a March oil spill in Alaska stemmed from pipeline corrosion so widespread that BP will suspend all production in Prudhoe Bay, the largest U.S. oil field, while it replaces 16 miles of pipe.

The pipeline fiasco has dealt a particularly hard blow to BP because it has smudged the company's environmentally correct image. For the past seven years, the company has trumpeted its concern for the environment in ads like ones that say, "It's time to turn up the heat on global warming," or "It's time to think outside the barrel." And when Browne talks about "values," he is talking about principles and ethics, not stock values.

Now critics allege that BP neglected its pipelines for years and that its corporate culture fostered disregard of warnings about maintenance. Members of Congress have called for investigations and tougher federal oversight. Energy Secretary Samuel W. Bodman said yesterday that it could take BP six months to get Prudhoe Bay back to full production. And BP's rank

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among publicly traded oil companies slipped to third as its stock price dropped, pushing its market capitalization below that of Royal Dutch Shell PLC.

On anxious oil markets, prices edged down only slightly yesterday, to $76.31 a barrel on the New York Mercantile Exchange.

In the world of corporate image making, BP's image campaign is still viewed as a striking success. After British Petroleum acquired Amoco and Atlantic Richfield Corp. in 1999, the company needed to rebrand its new U.S. subsidiaries. Abandoning the name British Petroleum and trademark shield, it asked a big ad firm to come up with a new sunny logo and simplified its name to BP, which it said stood for "beyond petroleum."

Ogilvy Public Relations Worldwide uses the campaign it coordinated as a case study. "The rebranding entailed the introduction of a new visual identity . . . designed to help BP transcend the oil sector, deliver top-line growth and define the company as innovative, progressive, environmentally responsible and performance driven," Ogilvy's Web site said. The ads won two PRWeek magazine's campaign of the year awards in 2001.

Browne gained an element of celebrity unusual for oil executives. Vanity Fair featured him in its recent "green" issue, along with celebrities such as Ed Norton and Julia Roberts.

"Their campaign worked. You can argue on whether they're green, but they've clearly gained brand trust and brand value," said Andrew S. Winston, co-author of the upcoming book, "Green to Gold: How Smart Companies Use Environmental Strategy to Innovate, Create Value, and Build Competitive Advantage."

In the oil business, some executives are green with envy over the greening of BP's image. Many claim that there is more packaging than substance to BP's claims of concern and that BP inflates the $1 billion a year figure it says its spends on alternative energy by including co-generation projects common in heavy industries. Exxon, for example, spent $1 billion over the past two years on co-generation.

Even $1 billion is a small fraction of the $16 billion BP plans to invest in oil and gas operations this year. David Hamilton, Sierra Club's global warming and energy program director, points out that BP's investments in alternative energy amount to 5.7 percent of its annual capital spending.

But BP's alternative energy division also includes wind farms in the Netherlands, a hydrogen power plant in Scotland, and a solar firm that is the second largest in the United States. And the company has lowered its own greenhouse gases to 10 percent below 1990 levels, in line with the Kyoto Protocol and beating the protocol's deadline by several years.

In an interview in New York, Browne said that BP's concern is real. "If this is PR, I can think of a much cheaper way of doing it," he said. "BP spends a lot of time developing and thinking and doing things about what it actually stands for because it believes, we all believe, that it's the right way to do business and gain more business."

In fact, the distinction between BP and other oil companies on environmental issues predates the rebranding campaign. In 1997, the Cambridge- and Stanford-educated Browne broke with other oil industry leaders by declaring that to ignore climate change warnings "would be unwise and potentially dangerous." He ended the company's financial support for an organization that questioned climate change science. (Exxon still funds the group.)

Activists give BP credit for efforts it has made to reduce its impact on the environment, whether through increased energy efficiency, investments in renewable power or refusing to drill in environmentally-sensitive areas. Since 1998, the company has saved $1.5 billion by cutting millions of tons in carbon emissions, and in March BP pledged not to explore for energy in regions critical to wildlife.

Browne is sounding themes similar to those he hit in 1997. "We have to think about why everyone thinks there's a tradeoff between energy and environment. Can we narrow the gap? Because we need both," he said.

Though Exxon's chief executive, Rex W. Tillerson, says companies need to explore energy alternatives, he does not apologize for Exxon's approach. "Fundamentally . . . we've got a business to run first," Tillerson said at the company's May 30 annual meeting in response to a shareholder's question about the company's alternative energy spending. Tillerson said existing technologies were not good enough anyway. Exxon gives about $10 million a year to a research institute at Stanford University and says it is working with Caterpillar Inc. and Toyota Motor Corp. to come up with a more efficient internal combustion engine.

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Tillerson is also sticking to his determination to question scientists who say carbon dioxide emissions are causing global warming. "We think it's important that there be a very meaningful debate about it," he said at the annual meeting. "And it ought to consider all the skeptics because skeptics sometimes identify an issue that hasn't been thought about."

In a speech delivered two weeks later, Browne said that when companies denied that climate change was a serious issue and said there was nothing business could do, "it gives business a bad name."

Now, however, BP has to restore its tarnished name. In addition to the pipeline problems, BP is still sorting out repairs and lawsuits from a 2004 explosion that killed 15 people at its Texas City, Tex., refinery.

Some other oil companies worry that BP's problems at Prudhoe Bay will cast a dim light on the industry, damaging chances to convince Congress to permit drilling in the Arctic National Wildlife Refuge (ANWR) or allow the construction of a natural gas pipeline in Alaska.

On this issue, too, BP already parted ways with the oil industry. In 2002 the company pulled out of the main ANWR lobbying group, Arctic Power, and in March 2004 BP board chairman Peter Sutherland declared that drilling on ANWR's coastal plain "is not part of our current business plan."

"They decided the economic gain wasn't worth the political risk," said Athan Manuel, who directs lands protection for the Sierra Club and who negotiated with BP officials over drilling in ANWR several years ago.

Like many environmentalists, however, Manuel gives BP only a qualified endorsement. "Compared to their colleagues in the oil and gas industry, they're the best," he said. Manuel added, however, "Being the best of the oil industry is like being the smartest of the Three Stooges. At the end of the day you're Moe, you're still a stooge."

BP Faces Scrutiny For Pipeline Shutdown (AP)

By H. Josef Hebert, Associated Press Writer

AP, August 9, 2006

BP Faces Scrutiny for Shutting Down Alaska Pipeline, Role in Oil Spill

WASHINGTON (AP) -- Shutting its North Slope operations is only the latest problem for oil giant BP, which already is the target of a federal grand jury, the Environmental Protection Agency and congressional investigators for letting its Alaska pipeline crumble.

The Justice Department is pursuing possible criminal charges in connection with the oil spill in March on one leg of BP's feeder system in its Prudhoe Bay field.

A federal grand jury is taking evidence in that case in Anchorage. The Justice Department is demanding BP Alaska cut a 12-foot section of pipe where the leak occurred and send it to investigators.

At the same time, members of Congress are pressing for hearings, possibly in September, into BP's maintenance of its pipeline system as the company prepares to complete the shutdown of its North Slope operation to make repairs -- at a loss of 400,000 barrels of oil a day.

"The U.S. Congress has an obligation to hold hearings to determine what broke down here," said Rep. John Dingell of Michigan, the ranking Democrat on the House Energy and Commerce Committee.

Meanwhile, the pipeline repairs -- and loss of more than half of Alaska's crude oil -- are likely to take months, curtailing Alaskan production into next year, according to the Energy Department.

"It will take months to fix so we must deal with the issue at hand," Energy Secretary Samuel Bodman said Tuesday.

"There seems to be a belief that a complete shutdown of the Prudhoe Bay system may not be necessary," Bodman said after talking with BP executives. Bodman said BP was looking at possible ways to allow continued production from half the oil field while repairs are made.

Trying to calm the markets, Bodman said there are adequate supplies of crude oil in inventory and available from other producers to make up for the losses from Alaska. Alaska's oil primarily goes to West Coast refineries.

"Substitutions for Alaska crude oil, we believe, are available," Bodman told reporters. Oil prices retreated slightly Tuesday after Bodman's upbeat assessment.

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Even before the spill in March dumped 270,000 gallons of oil onto the tundra, BP's maintenance of its pipelines had come into question.

Company whistleblowers reportedly raised concerns about how the company dealt with pipe corrosion as early as 2004, eventually leading to an inquiry into possible violations of the federal Clean Water Act by the Environmental Protection Agency's office in Seattle -- an investigation that intensified after the March spill.

The EPA, following standard policy, declined on Tuesday to confirm or deny such an investigation.

Charles Hamel, 76, a retired management consultant, said Tuesday that technicians within BP Alaska's pipeline maintenance division contacted him in 2004, complaining of inadequate attention to pipe corrosion.

He produced a letter he said he sent that year to a member of BP's board of directors, Walter Massey, asking that the whistleblower's complaints be investigated, but Hamel said he was rebuffed. Instead, the company dispatched two lawyers from Washington to the North Slope who asked questions about employee discontent, he maintained.

Massey, president of Morehouse College, did not return a message left at his office, and a receptionist referred calls to BP. A BP Alaska spokesman did not return telephone and e-mail requests for comment.

In a letter in June to the Transportation Department agency that regulates pipeline safety, BP Alaska cited the grand jury probe as one reason it had not been able to comply with agency demands to conduct required corrosion tests on the western half of its feeder pipeline system.

A grand jury subpoena demanded the 12-foot section of pipe where the March spill occurred be cut away and provided to investigators. This could take six months, the company said, preventing the necessary corrosion tests.

But in a letter to PB Alaska last month, the department's Pipeline and Hazardous Materials Safety Administration demanded the company move more quickly and expressed concern about the condition of the pipes.

It noted that BP believed that the "enhanced corrosion" in a three-mile section of pipe, where the March spill occurred, was caused by the development of bacteria in the pipe as a result of too low a dose of corrosion inhibitors being used.

The agency said it also was concerned that months after the spill, some 17,000 barrels of oil had yet to be drained from that section of pipe.

"The stagnant environment ... in combination with other risk factors, including the presence of water in the pipeline, poses an ongoing leak threat," the agency said in its July 20 letter to BP Alaska. If conditions are not corrected, the agency continued, there could be a risk of "serious harm to life, property or the environment."

Thomas J. Barrett, the federal pipeline agency's administrator, acknowledged in an interview with AP Radio on Tuesday that before the spill in March, the agency viewed the BP feeder lines as a low priority.

He said they were low-pressure, in a rural area and had no history of spills. Still, he said, BP should have provided a higher standard of care, and the agency is now paying closer attention to such pipelines.

AP Business Writer Dan Caterinicchia contributed to this report.

Worries Rise Over Pipeline Reliability (USAT)

By Brad Heath And James R. Healey

USA Today, August 9, 2006

Pipeline damage that crippled the nation's biggest oil field this week is triggering worries about not only the safety record of energy giant BP but also the reliability of the 200,000 miles of pipe that moves oil products across the USA.

Some of that pipe was installed 100 years ago; most in the 1960s and '70s.

“We're learning that BP did not do its maintenance, but also that federal regulators have been asleep at the switch,” Sen. Charles Schumer, D-N.Y., said Tuesday. He demanded that federal regulators inspect interstate pipelines in the next 30 days “before another disruption causes a national energy emergency.”

BP on Sunday ordered the shutdown of the Prudhoe Bay, Alaska, oil field, source of 8% of oil produced in the USA. A pipeline was dangerously corroded. BP said the line, built in 1977, hadn't been scrubbed of sludge since 1992.

Regulators had ordered BP to test the line after a similar one at the oil field ruptured in March, spilling more than 200,000 gallons of oil. BP said this summer it could not meet the government's deadline because too much sludge — a cause of

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corrosion — was in the line to send a probe known as a "smart pig" through, said James Wiggins, a spokesman for the U.S. Pipeline and Hazardous Materials Safety Administration.

BP ultimately tested parts of the line and found corrosion had eaten more than two-thirds of the way through its walls in spots, triggering the shutdown.

The cause is being investigated, but "poor maintenance was obviously a factor," Wiggins said.

BP plans to replace 16 of the 22 miles of pipeline it operates around Prudhoe Bay. Spokesman Daren Beaudo said the company would ask regulators for permission to continue some production while repairs are made. The government said it expects the field back in full production after January.

U.S. crude prices, which shot up after the shutdown was announced, closed Tuesday at $76.31, down 67 cents.

Beaudo said BP would "upgrade" inspection practices at Prudhoe Bay.

Corrosion inside and outside the pipes is the biggest single cause of pipeline leaks, resisting eradication even as the industry minimizes other problems.

Data from the federal Office of Pipeline Safety show that from 2002 to mid-2006, internal corrosion, such as that at BP, was blamed for 60 of 593 pipeline accidents, totaling 69,292 barrels, causing $8.1 million in damage.

Corrosion can't be halted, only slowed, notes Tony Keane, executive director of NACE International, a corrosion engineers' trade group. "It has to be an ongoing maintenance process."

A 2001 regulation requires tests every five years. Low-pressure lines such as those at Prudhoe Bay, presumed safer, are not subject to the federal rules.

Lessons From Prudhoe Bay (NYT)

The New York Times, August 9, 2006

No sooner did BP announce that a corrosion problem was forcing a shutdown of its pipelines serving Alaska's Prudhoe Bay than prices again shot up, with oil temporarily gaining more than $2 a barrel, to nearly $77, and gasoline rising five cents a gallon in some cities. Consumers are understandably rankled. But there's nothing necessarily predatory about what's going on — this time.

Refineries and gas stations that are not well stocked rush to buy when there's a sudden shortage, provoking an immediate price increase. Meanwhile, BP and the other oil companies that share in the Prudhoe Bay oil field stand to lose more from the shutdown than they will reap from a spike in prices.

What is predatory is some politicians' attempt to use the shutdown to realize their drilling dreams. Pete Domenici, the Senate Energy Committee chairman, was quick off the mark pronouncing BP's travails as yet another reason to drill more at home.

That's backward, for two reasons.

First, even all-out drilling won't vaccinate the market from unexpected shortages because there simply isn't enough potential domestic supply to dent Americans' demand. The United States holds only 3 percent of global oil reserves, yet uses 25 percent of the world's oil.

Until we have marketable alternatives to oil, the only thing that will truly reduce Americans' vulnerability to oil shocks is reduced demand. According to the nonprofit National Environmental Trust, if Americans had started a 10-year phase-in of 40-mile-a-gallon driving standards in 2001, they would already be saving 267 million barrels of oil a year. That's nearly twice the amount produced annually at the Prudhoe Bay field.

No matter what Mr. Domenici and other oil company cheerleaders say, the BP fiasco also reminds us why we should not put the fate of America's wilderness in the hands of the oil companies.

BP has a lot of explaining to do, starting with why the ragged condition of its pipelines went undetected for so long. But it has already reinforced one lesson: True energy security does not entail more drilling, especially in Alaska.

Loss Of One Oil Field Stings; Scores More Lie Untapped (USAT)

USA Today, August 9, 2006

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In this summer of discontent about $3-a-gallon gasoline, the energy market is taking on a Murphy's Law quality: Anything that can go wrong, will.

The latest thing to go awry is the shutdown of the USA's biggest oil field, on Alaska's North Slope, as a result of severe corrosion in a BP pipeline.

Because the Prudhoe Bay field yields about 8% of daily U.S. oil production, its closure for weeks or months is expected to add another 5 to 10 cents to the price of gas. Yet the field's shutdown need not be a calamity if the right lessons are learned:

• First, and most obvious, is that the big oil companies, rolling in record profits, have no excuse for not properly maintaining their pipelines. It's mind-boggling that BP, which earned $7.3 billion in the second quarter of this year, last tested its Prudhoe line with a corrosion-sensing device called a "smart pig" in 1992.

• Second, the shutdown highlights the need to expand domestic oil production, which is dangerously concentrated in Alaska and the hurricane-prone Gulf of Mexico.

In a tight oil market like the current one, any disruption in supply has severe consequences. America imports 60% of the oil it consumes, pumping petro-dollars into unstable or hostile regimes, several of which underwrite radical Islam.

Over the next two decades, U.S. demand for oil will increase by a third, the U.S. Department of Energy estimates. Alternative energy sources won't come close to meeting that demand for the foreseeable future. Yet while the lower 48 states are surrounded by billions of barrels of oil offshore, energy companies have been prevented from drilling for it, except in portions of the Gulf Coast.

A moratorium on drilling off the Atlantic and Pacific coasts has been in effect for 25 years. Efforts to drill in Alaska's Arctic National Wildlife Refuge, with reserves that rival Prudhoe Bay, have so far been thwarted by environmental concerns.

Those concerns are real, as proved by the March leak in a BP low-pressure Alaska line that spilled more than 200,000 gallons. But newer technology, along with tougher oversight by regulators, can minimize the impact of drilling.

Responding to an electorate unhappy with high gasoline prices, Congress is showing signs of breaking the not-in-my-backyard syndrome. The Senate voted last week to open 8.3 million acres in the Gulf to drilling. A House bill passed in June would effectively end the moratorium and allow drilling on most of the outer continental shelf in the Atlantic and Pacific. Legislators will try to iron out a compromise when they return to Washington next month.

That would be progress, but it should not be oversold to election-year voters. It would have little immediate impact on oil supply or prices. If new drilling started today, it would take five or more years before a drop reached consumers. Over the long term, the nation can't drill its way to energy independence; it must develop alternative fuels and more energy-efficient vehicles, homes and offices.

For now, though, more diverse domestic exploration needs to be part of the solution, even if it won't help immediately. After all, where would the nation be if Alaska's North Slope had remained untouched? This week, unfortunately, we're finding out.

Drilling Isn't The Answer (USAT)

USA Today, August 9, 2006

Opening our nation's coastline to drilling will do nothing to end our dangerous dependence on oil. It will do nothing to lower gas prices for American families and businesses. But Big Oil will love it.

There's no denying that America faces an urgent energy challenge. We can continue the current expensive and unsustainable energy practices and policies that have left us addicted to oil. Or we can make the changes and take the actions that will put us on the path to a smarter, cheaper and cleaner energy future.

The latest discovery by BP of severe corrosion in a Prudhoe Bay, Alaska, pipeline is a reminder that oil and gas drilling is a dirty and messy business. Instead of committing to destructive drilling off our beaches, Congress could be adopting smart energy solutions that would help wean Americans off oil and save money at the pump.

For example, if our cars, trucks and SUVs together averaged 40 miles per gallon — something that is achievable with existing technology — we would save as much oil as the United States currently imports from the Persian Gulf, with another million barrels to spare. And the average driver would save nearly $600 a year at the pump.

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Sacrificing America's shoreline is not what will bring down — and keep down — energy prices. Four times more natural gas is available in areas already open to drilling than in waters protected by the moratorium, and the industry is using only 18% of what it already has access to. It should use what it has first before going after the last protected places.

There is no magic solution to America's energy problems. But if we want to leave our children and grandchildren a healthy planet, our generation must decrease its dependence on polluting, global-warming-causing petroleum and other finite fossil fuels.

We know our nation can do it. Our history shows that there are few challenges we have not overcome with American ingenuity. Now we just need the political will and courage — something that is in short supply these days in Washington.

Carl Pope is executive director of the Sierra Club, the nation's oldest environmental group.

Crisis In The Pipeline By (WSJ)

The Wall Street Journal, August 9, 2006

Daniel YerginThe abrupt shutdown of the Prudhoe Bay oil field on Alaska's North Slope adds to the slow-motion supply shock that's been pushing oil prices up the "wall of worry." It comes on top of the interruption of production by insurgents in Iraq and Nigeria, continuing production declines in Venezuela since President Hugo Chávez consolidated his rule, and some supply that has yet to come back after last year's Gulf of Mexico hurricanes.

Add it all up, and about 2.3 million barrels per day of capacity is currently out of commission. Though only about 2.6% of total world capacity, this loss is very significant in a market where the balance between supply and demand is so tight. It exceeds the extra "spare capacity" that is the shock absorber for the oil market.

Unlike what is happening in Nigeria, Iraq and Venezuela, Prudhoe Bay's troubles are of an engineering nature that can be fixed, perhaps in a matter of months. And despite the recurrent images, the problem is not along the 800-mile Trans-Alaska Pipeline System (TAPS), but in the far smaller network of pipes that gathers crude oil from wells. While challenging, replacing 10 to 22 miles of gathering pipes is not on the same order of difficulty as quelling an insurgency spilling out of the creeks of Nigeria's Delta region.

Moreover, the reason for the shutdown was precautionary -- not an accident, but rather the detection of greater-than-expected corrosion inside the pipes, along with a leakage totaling about five barrels. * * *

Prudhoe Bay, along with the other subsequently discovered fields on the North Slope, has been a bulwark of U.S. energy supply for several decades. Yet it almost did not get discovered. In the mid-1960s, after a string of dry holes, the explorers were about to give up. But since the drilling rig was still on the slope, and already paid for, they decided to have one last try -- and the discovery well came in with a roar on the day after Christmas, 1967.

The next thing was to build the system. But that, too, almost did not happen. Trucks and tractors and pipe were brought up to a staging point on the banks of the Yukon River. And there they stayed, unmoving, for half a decade, as development was held up by environmental objections. The project only got the go-ahead after the tumultuous shock of the 1973 oil embargo. By 1977, oil was moving down the TAPS pipeline.

Prudhoe Bay turned out to be the largest oilfield ever discovered in North America. It proved critical to improving America's energy position -- adding two million barrels per day at the same time that automobile fuel-efficiency standards were saving two million barrels per day. Although Prudhoe Bay's output -- 400,000 barrels per day, out of 860,000 on the entire North Slope -- is far lower than it was in the 1980s, the field has been a workhorse. While its proven recoverable reserves were originally estimated at 9.6 billion barrels, output to date has been 11.7 billion barrels, with at least another two billion still to go.

The sooner Prudhoe Bay is safely back in operation, the better: A market this tight is very vulnerable to shocks of any kind. The shocks don't have to be physical. From late March, the price of oil has been primarily driven up not by actual disruption (until Prudhoe Bay); rather, it has been fear of disruption -- arising from anxiety about Iran's looming showdown with the United Nations over its nuclear program, and about the possible spread of the conflict between Israel and Hezbollah -- compounded by the suspicion that the two may not be unconnected. The math in the mind of the market is pretty simple: Iran's exports of 2.5 million barrels per day are considerably bigger than the current spare capacity in Saudi Arabia and a few other countries. (Still, it should

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be remembered that the U.S. Strategic Petroleum Reserve, and the strategic stocks held by other governments, are equivalent to almost 600 days of Iranian exports.)

Yet there is another side to the picture, though not one that spells relief any time very soon. Despite fears of "running out" of oil, Cambridge Energy Research Associates' new analysis of oil-industry activity points to a considerable growth in the capacity to produce oil in the years ahead. Based upon our field-by-field examination of current activity and of 360 new projects that are either underway or very likely, we see capacity growing from its current 89 mbd to 110 mbd by 2015, a 25% increase. A substantial part of this growth reflects the advance of technology, i.e., the rapid growth in "non-traditional" hydrocarbons, such as from very deep offshore waters, Canadian oil sands, and liquids made from natural gas. (We are not counting in this increase the additional supplement that will come from ethanol and other fuels made from plants.)

There are important qualifications, however. First, this is physical capacity to produce, not actual flows, which, as we have seen over the last year, can be disrupted by everything from natural disasters to government decision, to conflict and geopolitical discord. Second, while prices are going up rapidly, so are costs; and shortages of equipment and people can slow things down. Third, greater scale and technical complexity can generate delays. Still, a 25% increase in physical capacity by 2015 is a reasonable expectation, based upon today's evidence, and that would go a long way to meeting the growing demand from China, India and other motorizing countries.

Admittedly, it may be hard to conceive of this kind of increase when oil prices are climbing the wall of worry, when each new disruption reverberates around the world, when Iranian politicians threaten $100 or $250 oil in the event of sanctions, and when so many geopolitical trends seem so adverse. All this underlines the fact that while the challenges below ground are extensive, the looming uncertainties -- and risks -- remain above ground.

Judge OKs Camping Ban Near Bush Ranch (AP-Y)

By Angela K. Brown

AP2, August 9, 2006

Roadside camping and parking bans are constitutional, a federal judge ruled, blocking protesters from pitching tents or placing portable toilets in ditches near President Bush's ranch.

Protesters sought to make a smaller makeshift campsite than what Cindy Sheehan set up a year ago off the winding, two-lane road leading to Bush's ranch, said attorney David Broiles, who sued on behalf of Sheehan and four other anti-war demonstrators.

But less than a week after asking the protesters and McLennan County officials to try to reach a compromise, U.S. District Judge Walter S. Smith ruled unexpectedly late Monday that the county ordinances enacted last fall are constitutional.

"I can't speculate about why," Broiles said, adding that his clients may appeal the ruling or continue trying to reach a compromise with the county.

Herbert S. Bristow, one of the attorneys who represented the county in the lawsuit, said he was not surprised by the judge's ruling because the ordinances — banning parking on parts of 14 roads near Bush's ranch and prohibiting camping in any county ditch — were well-researched.

Last fall, county commissioners banned roadside camping and parking after Sheehan's small group of protesters swelled to several thousand people on weekends and locals complained of the noise, traffic and odor from portable toilets.

Sheehan and a handful of protesters sat in chairs across from a roadblock near Bush's ranch again Tuesday, where she also released 18 balloons with postcards saying she wanted to meet with the president.

Sheehan kicked off her summer protest Sunday on a 5-acre lot she bought last month. The land near downtown is more than 7 miles from the ranch, much farther from the group's second protest site, a 1-acre lot a sympathetic landowner let the group use until recently.

Bush Tells Staff To Make A Run For It (LAT)

By Peter Wallsten

The Los Angeles Times, August 9, 2006

CRAWFORD, Texas — President Bush knows how to turn up the heat on his staff.

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Tugging at their pride, and perhaps straining their loyalty, the exerciser in chief presided Tuesday over the latest inductees into the 100-Degree Club — the clique of White House aides brave (or perhaps gullible) enough to run three miles in the blazing August sun of central Texas.

The run, whose participants included new White House Press Secretary Tony Snow and a dozen or so other staffers, commenced around 4 p.m. — exactly when local temperature readings hit the three-digit mark.

The prize for those who completed the exercise: a 100-Degree Club T-shirt and a photo with the president, along with a sunburn and a good story to tell friends back home.

Bush, a one-time avid jogger who was forced to stop after developing knee problems in 2003, rode circles on his bicycle around the runners, offering playful taunts and encouragement.

"You can do it! Come on!" he told one aide as the group trotted along a path through the president's 1,600-acre Prairie Chapel Ranch.

The run has been an annual event since the 2000 campaign, when Bush had a hankering to hit the trails no matter what the temperature.

"It was August and well over 100 degrees," he told Runner's World magazine in 2002. "We landed in Crawford, and I said that I had to go for a run. I knew if I didn't get it in then, I'd never do it. So as I recall, there was a change of shift of the Secret Service agents. And I just told them that we should all go for a run right then. So both shifts of agents went right with me in the heat. And afterward, I had 100-Degree Club T-shirts and certificates printed up and gave 'em away to everybody who went with me."

This week's run came during a 10-day respite from Washington that the White House has described as a working vacation. Since arriving here, Bush has devoted considerable time to policy matters, meeting with aides as his administration tries to forge a peace deal to halt the fighting in Israel and Lebanon.

On Monday, he broke from "ranch-casual" attire to appear in a gray suit before cameras to talk about the United Nations resolution, saying that the disarmament of Hezbollah was one piece of the war on terrorism that he called the "challenge of the 21st century."

But staffers on Monday were buzzing about a different challenge — the next day's 100-degree run. Snow, whose workout routine at a Baylor University gym in Waco, Texas, lasts an hour and a half, prepared by chowing down a greasy burger on Monday from Crawford's famous Coffee Station restaurant.

He predicted that the three-mile run might leave him a bit short of breath.

"It's going to be more of a pant-out," he quipped when reporters asked for a readout on the 100-Degree Club. Then, as if considering how his words might be misconstrued, Snow added, "That does not refer to items of clothing."

Inside Politics (WT)

By Jennifer Harper

The Washington Times, August 9, 2006

W's legacy

Rockets fly between Israel and Lebanon, analysts argue. Ben Stein spelled out the greater truths of it all at the American Spectator yesterday:

"Even if by some miracle Israel wiped out every Hezbollah killer in Lebanon tomorrow, Iran could easily replace them forever. Resupplying the missilery is child's play: just buy it from China, our dear friends, who will sell it to anyone. This means Israel is in for an extremely prolonged, agonizing period of suffering."

"For anyone with even a sliver of sensitivity to see this happening to a people who have already suffered more than any other people in history, is torture. To see George W. Bush stand up for Israel while the left whines about totally meaningless multilateralism -- which means asking France to defend Israel, sort of like asking Martin Bormann to defend Israel -- is to see clear decency versus a waffling, age-old anti-Semitic sickness."

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"The line of the fight between civilization and barbarism runs right along the Israel-Lebanon non-border. If it's not won there, it won't be long until the front line is right here, and then it will be too late. When George Bush stands up for Israel, he stands up for the whole future of mankind. Yes, he has flaws and has made serious mistakes, but right now, he is a hero for the ages."

Making cents

A penny for the nation's thoughts?

Although Rep. Jim Kolbe, Arizona Republican, introduced legislation July 16 to do away with the penny, citing the rising cost of zinc and other factors, the public doesn't agree with his contention that the coin is a "nuisance."

Seventy-nine percent of Americans want to keep it, up from 66 percent a year ago, according to a new survey of 1,000 adults released yesterday by Coinstar, which manufacturers those snappy coin-counting machines found in bank lobbies and supermarkets.

Fifty-one percent are concerned about price-rounding to the nearest nickel if the penny disappears, while 63 percent say the penny should be retained as an important symbol of American culture and history. Sixty-nine percent pick up pennies off the ground, while 58 percent are not concerned that the penny costs more to produce than its value. The poll has a margin of error of 3.1 percentage points.

Libs exposed

It's not your father's party anymore: Mean-spirited treatment of Sen. Joe Lieberman by liberal pundits has given Lanny Davis pause. Once President Clinton's one-time special counsel, Mr. Davis is also an old chum of the Connecticut Democrat.

"This kind of scary hatred, my dad used to tell me, comes only from the right wing -- in his day from people such as the late Sen. Joseph McCarthy, with his tirades against 'communists and their fellow travelers.'" Mr. Davis wrote in the Wall Street Journal yesterday.

He continued, "I came to believe that we liberals couldn't possibly be so intolerant and hateful, because our ideology was famous for ACLU-type commitments to free speech, dissent and, especially, tolerance for those who differed with us. And in recent years -- with the deadly combination of sanctimony and vitriol displayed by the likes of Rush Limbaugh, Ann Coulter and Michael Savage -- I held on to the view that the left was inherently more tolerant and less hateful than the right."

"Now, in the closing days of the Lieberman primary campaign, I have reluctantly concluded that I was wrong. The far right does not have a monopoly on bigotry and hatred and sanctimony."

Calling Ed Murrow

CBS News has begun broadcasting promotional spots for the Sept. 5 debut of Katie Couric as anchorlady. The network's getting all cuddly, judging by the script.

"I believe people really want perspective, and I think there's a way to do that by explaining not just what's happened, but what it means to you," Miss Couric purrs to the camera.

It's the "The CBS News Mush with Katie Couric," according to Brent Baker of the Media Research Center.

"That sounds just like a plug for the worst of gimmicky local-TV 'news you can use.' For Couric's portion of the 15-second promo, CBS made her image fuzzy, as well as the knick-knacks and flowers in the background. Could the Martha Stewart-like stage be the new 'news' set? Beside her you can see a phone and what looks like the top of a computer screen. Maybe the blurry image is intended to convey warmth and softness," Mr. Baker noted yesterday.

'Condi in '08'

"Americans for Dr. Rice -- Condi in '08. Make it happen." So reads a new billboard on U.S. Highway 84 outside Crawford, Texas, set up by the "Condistas" -- a District-based group that wants Secretary of State Condoleezza Rice to run for president in 2008. They positioned the billboard "on the way to the ranch," and visible to passing motorcades.

Area resident Valerie Duty, an enthusiastic President Bush supporter who leads counterprotests to peace activist Cindy Sheehan's vigils in Crawford, is also an enthusiastic Condista.

"I think she'd be an awesome president," Mrs. Duty told the Waco Tribune-Herald yesterday. "She needs to know there are millions of people across the country who support her."

MoveOn's dump truck

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"John Murtha is a hero to millions of Americans and the best way to honor him is to beat the Republicans who smear him ," proclaimed Tom Matzzie of MoveOn.org in a message to supporters yesterday, referring to the Democratic congressman from Pennsylvania who has become an icon to the anti-war left.

The group aspires to raise $500,000 this week to fund a TV spotthat depicts a dump truck releasing bags of money in a desert.

"We've prepared a hard-hitting new TV ad about Iraq to move this fight into the congressional districts of vulnerable Republicans. ... If we raise the money, we'll put the ads on TV in six key districts -- places we can win especially because of frustration with Iraq. That'll make a sweeping Democratic takeover even more possible."

Mr. Matzzie continued, "Why August? The candidate TV ads aren't expected to start until after Labor Day -- starting now will force the Republicans to play defense early."

Court Rejects Nev. Yucca Mountain Appeal (AP-Y)

By Erica Werner

AP2, August 9, 2006

Nevada was dealt a blow in its effort to avoid a radioactive waste dump Tuesday as a federal appeals court turned aside arguments against transportation plans.

Nevada contended that the Energy Department overstepped its authority and violated environmental rules in deciding to rely mostly on trains to take 77,000 tons of commercial spent fuel and high-level defense waste from sites around the country to Yucca Mountain, 90 miles north of Las Vegas.

The state also raised a series of technical objections to the department's selection of the 319-mile Caliente Corridor — stretching from Caliente near the Utah border to Yucca — as its preferred route for getting nuclear waste to the dump once it reaches Nevada.

"We conclude that some of Nevada's claims are unripe for review and the remaining claims are without merit," said a decision written by Judge Karen LeCraft Henderson for a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit.

"We do no think that the inadequacies to which Nevada points make the (Final Environmental Impact Statement) inadequate," the opinion said. "The DOE's selection of the Caliente Corridor therefore was not arbitrary or capricious."

Energy Department officials welcomed the decision.

"The court's ruling today upheld the transportation aspects of the department's comprehensive environmental impact statement for the Yucca Mountain project," said spokesman Craig Stevens.

Joe Egan, an attorney for Nevada, said the state was considering whether to ask for a rehearing.

"It just looks to us like the court didn't want another anti-Yucca decision here. They really went out of their way to pound this decision into DOE's favor, in our view," Egan said.

The same court dealt a setback to Yucca Mountain two years ago by throwing out the government's radiation safety standards for the dump. The Environmental Protection Agency still is rewriting those standards.

The court didn't address some of Nevada's underlying arguments, saying the time was not right for review as aspects of the Energy Department's waste-transport plans aren't final.

Egan also said that some of the ground covered in the lawsuit may be moot because the Energy Department already has changed some of its plans, including announcing a new multi-use canister for waste transportation that will require separate environmental reviews.

The department also is considering reviving a possible alternative to the Caliente Corridor because the Walker River Paiute Tribe, which has a reservation in the western part of the state, recently withdrew its long-held opposition to hosting a rail line for waste.

The challenge to the waste transport plan was just one avenue Nevada is pursuing against the long-delayed Yucca Mountain project, which is now scheduled to open in 2017 — 19 years late. The state is ready to challenge the Environmental

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Protection Agency's new radiation standards as soon as they're released, and it has sued over Nuclear Regulatory Commission rule-making on the dump.

Nevada's congressional delegation, led by Senate Minority Leader Harry Reid, D-Nev., also takes every opportunity to cut funding and create political hurdles.

States Scrape Up Bird Flu Drug Funds (USAT)

By Julie Schmit

USA Today, August 9, 2006

Some states are scrambling to find money to pay for anti-flu drugs, so orders from states may fall short of the federal government's goal of stockpiling enough to treat 25% of the population in a flu pandemic.

States had to indicate by last week how many anti-virals they intended to buy and stockpile through a federal contract that makes the drugs available to states at a discount. States must confirm those numbers by Dec. 29 to be sure to get a federal subsidy covering 25% of their cost.

North Carolina asked the federal government to reserve its full allotment of 884,000 anti-virals. However, in a July 31 letter to federal officials, the state said it was "impossible to make an accurate estimate at this time," about what it would buy, given the "uncertainty regarding the availability of state funding" and whether other entities in the state could help pay.

At least 43 states have told the federal government they intend to purchase their full allotments or have asked for them to be reserved. Others have also warned that funding is uncertain.

Colorado, Montana, Connecticut, Nebraska and North Dakota have said they are unlikely to buy full allotments. Colorado officials fear the drugs may not work very well if a bird flu pandemic eventually hits. Other states say buying the drugs is not the best use of limited public health and pandemic resources.

Arizona and Oklahoma have reserved their full allotments and are seeking partners, such as local health districts and tribal governments, to share the cost. They'd get "a lot more bang for the buck," buying at the federal price than on the open market, says Arizona state epidemiologist David Engelthaler. If Arizona bought its full amount, the $8 million tab would gut its ability to prepare hospitals for a pandemic, he says.

The federal government plans to buy 44 million anti-viral courses for the states this fiscal year (which ends Sept. 30) and next, enough to cover 17% of the population. It wants states to buy 31 million more courses, to reach 25%. A course treats one person.

The plan has critics, including health advocacy organization Trust for America's Health. It warned earlier this year that cash-strapped states may not follow through on full anti-viral purchases. "Where you live should not dictate the level of protection," says spokeswoman Kim Elliott. The federal government should pay the full freight, TFAH says.

Under the federal contract for state purchases, one course of Tamiflu costs $19 and one of Relenza costs $22, about one-third to one-fifth the Internet retail price. States pay 75%; the federal government pays 25%. If states buy all 31 million treatments, their cost will be roughly $465 million.

States can order the drugs at the discounted price until mid-2008. After Dec. 29, the federal government may reallocate unused subsidy money to other states that want to buy more than their allotted amounts, says William Raub, a senior official at the Department of Health and Human Services.

Bird flu has killed 135 people in nine countries in Asia, the Middle East and the Republic of Djibouti in Africa since 2003. The virus has not shown it can spread easily among humans, but there's fear that if it starts to, it could spark a pandemic, because humans have no immunity to the virus and there are no proven vaccines.

Anti-virals Tamiflu and Relenza cut the severity of regular flu and may improve survival for bird flu victims, the World Health Organization says.

For now, North Dakota has told the federal government it intends to buy 44,000 of the 66,000 courses allotted to it. But it may not buy any through the federal program, says Tim Wiedrich, the state's chief of emergency preparedness.

HHS says the drugs must be used only for a pandemic. They have a five-year shelf life. States may have to throw out what they buy if there is no pandemic. North Dakota wants the freedom to use some to treat regular flu before they expire. It's exploring

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whether it can get a bulk discount on its own. HHS says letting states use pandemic supplies for regular flu would take future sales away from Roche and GlaxoSmithKline, which sold the drugs at a discount for pandemic use only. “Their annual market could disappear,” Raub says.

Federal stockpiles may be kept beyond the drugs' five-year shelf life if testing by the Food and Drug Administration or Department of Defense shows they are effective longer, Raub says. As of now, state stockpiles are not eligible for shelf-life extension, he says.

The Aug. 1 deadline for states to inform HHS of their intentions will help drugmakers plan production. Roche makes Tamiflu, the No. 1 anti-viral, and GlaxoSmithKline makes Relenza. Tamiflu is expected to fill the bulk of the stockpiles.

Roche says it's filling orders on a first-come, first-served basis, except for those from countries where there have been bird flu outbreaks.

Roche will fill federal and state stockpiles concurrently, says spokesman Terry Hurley. It also has enough capacity to deliver all 81 million stockpile courses in 2007, he says. That won't happen, though, if state and federal orders aren't placed in time.

Let The Antelope Roam (NYT)

By Joel Berger And Kim Murray Berger

The New York Times, August 9, 2006

Grand Teton National Park, Wyo.

Of all the species living in the Greater Yellowstone Ecosystem of northwest Wyoming, the pronghorn is the only one native to the American West — elk, bison and even grizzly bears moved in from Asia centuries ago — but it is by no means the least exotic.

The deerlike creatures (often called American antelope, though they are not related to Old World antelope) are the fastest distance runners in the Western Hemisphere, capable of traveling 50 miles an hour. Twice a year for 6,000 years, one population of pronghorn has used that speed to travel more than 90 miles from their summer range in Grand Teton National Park to the Upper Green River basin, where they spend the winter.

In recent decades, the migration has been threatened by human development. Encroaching roads, reservoirs and ranches have closed many of the pronghorn’s routes. And the one that could conceivably remain open is being squeezed in places. Though it is a mile wide most of the way, the corridor narrows to only 650 yards at one spot and 120 yards at another. Steps need to be taken to keep this last path from shrinking any more.

Only a few hundred of Wyoming’s half a million pronghorn travel between Grand Teton and the Upper Green River basin. But unless their last route is preserved, pronghorn will no longer live in Grand Teton at all; the winter snows are too deep to allow them to stay all year.

Preserving the route should not be difficult, because 90 percent of it lies on land owned by the United States Forest Service or the Bureau of Land Management. The two agencies need only require that ranchers who pay for grazing rights keep fences at least knee-high off the ground (so that the animals can squeeze under them) and keep energy companies from setting up drilling operations in the corridor. Mining for natural gas or coal-bed methane could still be allowed, as long as wells are dug diagonally so that they come to the surface outside the edges of the corridor.

The private landowners who control the remaining 10 percent of the pronghorn corridor could be offered tax breaks in return for keeping the land passable. By setting up conservation easements, subdividing the land for housing developments could be prevented and fences on the property restricted.

Gov. Dave Freudenthal of Wyoming has already come out in support of conserving migration routes, as have many ranchers, hunters and environmentalists in the area. But Congressional action is needed to formally protect the pronghorn corridor.

All over the world, wide-ranging animals have been hemmed in by human development. Railroad lines in Central Asia restrict the migration of Mongolian gazelles; farmers’ fields block the movement of wildebeest in the Serengeti; hydroelectric dams hamper woodland caribou in Canada; and highways impede travel for North American grizzly bears.

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Protecting the corridor for pronghorn would be more than a symbolic victory. It would showcase America's commitment to conservation.

FBI/DEA/ATF/USMS:

Dunn Pursues Sheriff Dispute To U.S. Att'y General (FAYCIT)

By John Munford

Fayetteville (GA) Citizen, August 9, 2006

Fayette County Commission Chairman Greg Dunn has taken his dispute with the Fayette County Sheriff's Department to U.S. Attorney General Alberto Gonzales.

Dunn has written a letter to Gonzales urging him to stop the disbursement of federal drug seizure money to the sheriff's office or instead funnel the money through the county's finance department.

Dunn contends that Sheriff Randall Johnson "has not provided the board with documentation supporting how the funds have been expended."

Sheriff's officials say that's not so, noting that the funds have been reviewed on several occasions by county finance staff in addition to a forensic auditing firm that was hired by the county.

"He's lying like a dog," Sheriff Randall Johnson said of Dunn's allegation that his office hasn't fully opened its books on the drug seizure funds.

The county commission previously attempted to have the drug funds routed through the county coffers instead of going directly to the sheriff's office. But the U.S. Department of Justice, which administers that program, nixed that because the funds must go directly to the intended law enforcement agency, according to federal guidelines.

Nonetheless, Dunn's letter to Gonzales states the county again wants to have the drug funds routed through the county's finance department instead of the checks going directly to the sheriff's office.

In the letter, Dunn notes that the Department of Justice "classified this as a local issue for the county to handle" and takes issue with the drug fund payments continuing to the sheriff's department since the county commission has declined to file two pieces of paperwork necessary to continue doing so as part of an attempted protest against the sheriff's department.

"The expenditure of these funds has the effect of increasing liability exposure to the board by the manner in which the funds are used (if not in compliance with the federal guidelines) or by the property which is purchased by these funds," Dunn wrote. "This additional liability is unacceptable to the board."

Dunn suggested that since an "exception" for the paperwork requirement has been carved for Fayette County, the feds should also allow the county to be indemnified from any legal action that might stem from that new procedure.

A local lawsuit is pending to resolve this and similar disputes between the sheriff and the county commission. The most recent order in the suit requires Johnson to dispose of property through the county, but does not require the sheriff to purchase property using county procedures and guidelines.

Dunn's letter to Gonzales indicates the county commission may not be ready to make nice despite a recommendation from the judge in the pending lawsuit that both sides should broker a resolution to the case.

Dunn said in the letter to Gonzales that the board of commissioners wants the matter addressed, but the letter was only signed by Dunn instead of each individual county commissioner.

Dunn recently lost his reelection bid in the Republican primary to a supporter of the sheriff, attorney Eric Maxwell. Dunn's term runs through the end of December this year.

'Mastermind' In '94 Slaying Of U.S. Drug Agent Convicted (AR)

Arizona Republic, August 8, 2006

Twelve years after a U.S. Drug Enforcement Agent was shot to death during a drug sting in Glendale, the man prosecutors say masterminded the crime was convicted of his murder in Maricopa County Superior Court Tuesday morning.

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Agustin Vasquez Mendoza, 30, was found guilty of first-degree murder, conspiracy to commit armed robbery, two counts of aggravated assault, three counts of kidnapping, and three counts of attempted armed robbery.

Vasquez Mendoza's half brother actually fired the shots that killed DEA Agent Richard Fass in 1994; he was convicted in 1996 and is already serving a life sentence for the slaying.

advertisement

But Vasquez Mendoza fled to Mexico, where he hid for six years until Mexican police arrested him in 2000. He was not extradited to the United States until 2005.

"Sometimes it's slow in coming, but justice is served," said Maricopa County Sheriff's Sgt. Craig Lewis, who was part of the multiagency task force at the stakeout where Fass was killed.

Vasquez Mendoza and three others planned to rip off a drug dealer, who turned out to be undercover agent Fass. They arranged a meeting at a garage that Vasquez Mendoza co-owned with two Argentine brothers, who were actually DEA informants.

Vasquez Mendoza did not go to the meeting; instead he sent his half brother, Juan Rubio Mendoza, and two other men to meet with Fass. Rubio Mendoza announced a stickup. Fass pulled his gun, and Rubio Mendoza shot him to death.

Lewis said that Fass was about to be transferred to Mexico City.

"This would have been his last deal in Phoenix," he said.

The three men were apprehended immediately. Vasquez Mendoza fled.

"They worked diligently for 12 years, not only to locate him but to facilitate his arrest," said Gus Fassler, a former DEA special assistant in charge, who was also at the scene when Fass was killed.

Because prosecutors sought the death penalty against Rubio Vasquez and there was no federal statute that would allow it, they decided to try him in Superior Court. They did not succeed in getting a death penalty.

Vasquez Mendoza was also tried in Superior Court, and two Assistant U.S. Attorneys were deputized as County Attorneys in order to try the case. Prosecutors did not seek the death penalty against Vasquez Mendoza as part of the extradition agreement with Mexican authorities..

Prosecutor Kevin Rapp summed up the trial.

"If you kill a law enforcement officer in the line of duty, we will find you and bring you to justice," he said.

Man Convicted In Phoenix Of Murdering DEA Agent In 1994 (AP)

AP, August 9, 2006

PHOENIX A jury in Phoenix today convicted a man of first-degree murder and other charges in the 1994 killing of a federal agent during a drug bust gone bad.Augustin Vasquez Mendoza was found in his native Mexico in 2000 but wasn't extradited to the U-S until five years later.Three co-defendants were tried and convicted in the mid-1990s in the killing of D-E-A Agent Richard Fass. The agent was shot to death in Glendale while posing as a man trying to buy methamphetamine.Under the terms of his extradition, Vasquez Mendoza faces a maximum sentence of life in prison with chance of parole after 25 years. Sentencing is set for October sixth.

9 Plead Guilty In Marijuana Ring In Upscale Neighborhoods (TT)

Tampa Tribune, August 9, 2006

TAMPA - A year ago, authorities say, 11 people were growing marijuana inside upscale houses in some of the nicest neighborhoods in the Tampa Bay area.

Now, nine of them have pleaded guilty and are facing prison terms. All nine have agreed to testify for the prosecution when Herbert Ferrell Jr., accused of leading the ring, goes on trial next week. Another defendant, Giovanny Caballero, pleaded guilty but retracted his plea and will go on trial, too.

Five defendants - Rigoberto Same Jr., Yasmany Same, Rocco Sarley, Isleidy Morales and Jose Gonzalez - pleaded guilty Tuesday before U.S. Magistrate Elizabeth Jenkins.

Jenkins almost refused to allow Morales and Gonzalez to plead guilty when both defendants equivocated.

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Gonzalez, an electrician who admitted to wiring houses for marijuana growing, said through his attorney that he was "willfully blind" to the fact that marijuana was being farmed. That was not enough to justify a guilty plea, Jenkins said. After some hesitation, Gonzalez said he knew about the marijuana.

Morales initially said she was coerced by her former boyfriend, Rigo Same, to help harvest and package marijuana. Same, the father of Rigoberto Same Jr. and Yasmany Same, previously pleaded guilty.

But as Jenkins was about to end the hearing without allowing her guilty plea, Morales changed her story and said she harvested marijuana of her own free will.

In addition to Rigo Same and Caballero, three others have previously admitted guilt: Delvys Castellon, Mynor Bonilla and Jose Dias.

Authorities said the organization employed its own plumber, carpenter and Gonzalez as an electrician to "jump" its source of electric power to avoid detection and steal electricity. According to a Drug Enforcement Administration affidavit, the organization also included a Realtor, who helped find houses that met specifications.

As part of its investigation, the DEA supervised the operation of one indoor farm by a confidential informant in a four-bedroom, three-bathroom contemporary stucco house at 18970 Crooked Lane in Lutz, authorities said. The purpose of the house was to infiltrate the organization, officials said.

In September, Rigo Same and Diaz brought 119 marijuana plants to the house, and Diaz, an electrician, wired the structure for the required lighting to grow marijuana, according to court documents. At all the houses, Diaz or another conspirator rigged it so the electricity was stolen directly from a pole outside.

In October, conspirators brought cultivated marijuana from another grow house to the house on Crooked Lane to be harvested and cut. Rigo Same took about 5 pounds of the packaged marijuana from the house. Investigators later seized it during a motor vehicle stop, according to court papers.

Authorities estimated the annual revenue for 10 houses used by the ring at $3 million. The operators of the ring also used a 1962 Cessna 210B fixed-wing single-engine aircraft, according to court papers.

Ferrell invested money into grow houses and sought other investors, including Sarley, who has pleaded guilty, according to court papers.

Buffy Sainte-Marie's Censored Sounds (ICT)

By By: Brenda Norrell, Indian Country Today

Indian Country Today, August 9, 2006

PHOENIX - Nearly two decades after Cree singer and songwriter Buffy Sainte-Marie's song "Universal Soldier" was released and shipments of her records mysteriously disappeared, the truth of the censorship and suppression by the U.S. government became public.

Now, in federal court, Charles August Schlund III stated he is a covert operative and supports Sainte-Marie's assertions that the United States took action to suppress rock music because of its role in rallying opposition to the Vietnam War.

Sainte-Marie says she was blacklisted and, along with other American Indians in the Red Power movements, was put out of business in the 1970s.

"I found out 10 years later, in the 1980s, that [President] Lyndon Johnson had been writing letters on White House stationary praising radio stations for suppressing my music," Sainte-Marie said in a 1999 interview with Indian Country Today at Dine' College.

"In the 1970s, not only was the protest movement put out of business, but the Native American movement was attacked," Sainte-Marie said.

In an affidavit to the Ninth Circuit Court of Appeals in a Racketeer Influenced and Corrupt Organizations Act lawsuit against President George W. Bush and others, Schlund alleged he has been tortured in his attempts to reveal the truth about the Bush family's manipulation of U.S. voting results and the Drug Enforcement Agency's covert drug supplies to black communities.

Detailing the assassinations of the Kennedys and exposing the "Don Bolles" papers, named after the murdered Phoenix news reporter, Schlund said he remains alive today because of FBI protection.

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Schlund, who said he previously worked in the covert drug operations in Phoenix, said rock music posed a threat to the United States and played a role in opposition to the Vietnam War.

In his federal court affidavit, Schlund said he has knowledge of "the detailed plans for the break-up and destruction of rock n' roll music including the assassinations of many people to achieve their goals. The detailed plans to replace rock n' roll music with all-American music called country western."

"This massive CIA and DEA covert operation was being conducted to stop political overtones in the rock n' roll music and to stop foreign influences on Americans caused by the exposure to foreign music. This operation was conducted because the Rockefellers had lost the Vietnam War because of the protest that was in part directly linked with rock n' roll music. In these files, the Rockefellers had needed the natural resources of Vietnam for the expansion of their corporate empire and they blamed the loss of the war in part on rock n' roll music.

"The assassinations started long before Vietnam but the plans to replace rock n' roll with country western music started during the Vietnam War and have continued to the present," Schlund stated to the court.

In his federal court affidavits filed in Maricopa County in Arizona, Schlund also stated that singer Buddy Holly, killed in an airplane crash in 1959, was considered a threat to the U.S. government.

Meanwhile, Sainte-Marie said she cut a singular path as she was being censored in the '60s and '70s.

"I usually didn't do what other people did. You didn't find me at peace marches. I was out in Indian country."

Earlier, a young Bob Dylan heard Sainte-Marie sing in Greenwich Village and recommended she perform at the Gaslight, another hangout of the avant garde. Janis Joplin, Elvis Presley and Tracy Chapman were among those soon recording her lyrics. On the road, she traveled the world and received a medal from Queen Elizabeth II.

During this time, Sainte-Marie was selling more records than ever in Canada and Asia. But in the United States, her records were disappearing. Thousands of people at concerts wanted records. Although the distributor said the records had been shipped, no one seemed to know where they were. One thing was for sure: They were not on record store shelves.

"I was put out of business in the United States."

Later, Sainte-Marie discovered the censorship and pressure applied to radio stations by Johnson during the Vietnam era, particularly toward "Universal Soldier" during the anti-war movement.

Sainte-Marie said Native people were put out of business, not just because they were succeeding in Indian country, but because they were succeeding in the broader community. She and others were a threat to the moneymakers of concert halls, uranium and oil, she said.

Then, fellow activist and Santee poet John Trudell's wife, mother-in-law and children were burned to death in a mysterious house fire shortly after Trudell burned an American flag in Washington, D.C., Feb. 11, 1979.

"I was just one person put out of business. John Trudell is just another person whose life was put out of business. Anna Mae Aquash and Leonard Peltier were put out of the living business - we were made ineffective," Sainte-Marie said of slain American Indian Movement activist Aquash and imprisoned Peltier.

But Sainte-Marie continued with her music and efforts with children after becoming a familiar face on "Sesame Street." In the 1990s, from her home in Hawaii, she created the Cradleboard Teaching Project to link American Indian students with other students online around the world.

Remembering the 1970s and Trudell, Sainte-Marie said, "We just kept chugging on. We kept coming to Indian country. We didn't worry about the fortune and fame because we went with our sincerity, our hearts and with our friends."

Those years, however, were filled with pain.

"It was hard - seeing people hurt," she said.

Banned Track Coach Seeks Reversal By The USOC (AP)

AP, August 9, 2006

Lawyer for Trevor Graham says lie-detector test showed he didn't give athletes illicit drugs.

DOJ_NMG_0045456

RALEIGH, N.C. — The lawyer for Justin Gatlin's track coach asked the Unites States Olympic Committee to lift its ban of Trevor Graham on Tuesday, saying he passed a lie-detector test when he denied giving performance-enhancing drugs to athletes.

Joe Zeszotarski said Graham would pursue "all legal avenues" to regain access to the USOC's training centers and training sites.

"Trevor has stepped forward and provided affirmative evidence — this polygraph result — that he is telling the truth," Zeszotarski wrote in a six-page statement. "We look forward to the USOC explaining why it should pursue a restriction against Trevor, when Trevor is telling the truth, and has never distributed any illicit substance to any of his athletes."

But the USOC said Tuesday it would not reconsider its decision.

"Access to our training facilities is a privilege, not a right, and we are operating fully within the scope of our authority," said USOC spokesman Darryl Seibel. "We are committed to being a leader in the fight against doping in sport."

Graham operates Raleigh-based Sprint Capitol USA, a team of about 10 athletes that includes Gatlin.

The co-world-record holder in the 100 meters faces a lifetime ban after testing positive for testosterone or other steroids in April following a track meet in Lawrence, Kan. Gatlin has denied doping, and Graham has accused Oregon massage therapist Chris Whetstine of rubbing a steroid cream on Gatlin to trigger the positive test. Whetstine has denied the allegations.

Graham, who once trained five-time Olympic medalist Marion Jones, has been involved with at least half a dozen athletes who have received drug suspensions.

Me'Lisa Barber, a sprinter who trains with Graham, said she wouldn't decide whether to stay with the coach until after her season ends.

The ban "didn't just affect one person," Barber said in a phone interview last week. "It's going to affect probably all the athletes in a major way. Everything's kind of up in the air.... I just want to stay focused and worry about my next meet."

Graham helped trigger the federal investigation of the Bay Area Laboratory Co-Operative three years ago by anonymously mailing a syringe containing "the clear," a previously undetectable steroid, to the U.S. Anti-Doping Agency. At the 2004 Athens Olympics, Graham acknowledged mailing the drug.

Zeszotarski said the lie-detector test results also refute claims made by Angel Guillermo Heredia, who formerly worked with Graham.

Heredia told a San Francisco grand jury and investigators that he supplied performance-enhancing drugs to the coach and many of his athletes, including Jones, C.J. Hunter, Tim Montgomery and Michelle Collins, the New York Times reported last month.

"Trevor has previously been told that he is a witness in the BALCO investigation," Zeszotarski said. "No one from the government has told him he is any sort of target."

Graham Says A Polygraph Proves He Was Not Doping (NYT)

By Lynn Zinser

The New York Times, August 9, 2006

The embattled track coach Trevor Graham said that he was not involved in providing his athletes with performance-enhancing drugs and that the results of a polygraph test affirming his innocence had been sent to the grand jury investigating the Bay Area Laboratory Co-Operative.

Graham, the coach of Justin Gatlin and several other athletes who have been suspended for doping, issued his statement yesterday through his lawyer, Joseph Zeszotarski. It was the first lengthy response from Graham to recent attempts to hold him accountable for his athletes' positive test results, including the United States Olympic Committee's barring him from its facilities.

In the statement, Graham refuted the grand jury testimony of Angel Guillermo Heredia, an athlete and nutritionist who said he provided steroids, human growth hormone and the performance-boosting drug EPO to athletes at the direction of Graham. That testimony was described to The New York Times by people with knowledge of the proceedings. They spoke on condition of anonymity because the investigation had not concluded.

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Graham's statement also said he passed a polygraph test administered by a "nationally respected polygraph examiner." It did not identify the examiner but said that the information had been given to government investigators.

Graham also reiterated that he had not been told that he was a target of the Balco grand jury. While Graham has not testified before the grand jury, he could face charges of making false statements or obstructing justice. Graham helped crack open the Balco case by sending a syringe of the previously undetectable steroid THG to antidoping authorities.

Graham has come under increasing fire since Gatlin's positive test for elevated testosterone levels became public last month. Track's international federation said it would pursue a lifetime suspension of Gatlin, who had a previous doping offense. At least six of Graham's other athletes have served doping bans. That moved the U.S.O.C. to announce last week that it would not allow Graham to use any of its training sites.

In his statement, Graham said he would pursue legal action if the U.S.O.C. maintained the suspension.

"We are not reversing or reconsidering our decision," said Darryl Seibel, a U.S.O.C. spokesman. "Access to our training facilities is a privilege, not a right, and we are operating fully within the scope of our authority."

Graham said that there was no evidence linking him to the doping activities of his athletes and that many of the athletes were not working with him when they were caught. Graham also used to coach Marion Jones, who has been implicated in the Balco proceedings but has not been charged and has never tested positive for drugs.

"It should be remembered that one of the chief reasons that the issue of doping has come to the forefront in America is because of Trevor's integrity and courage in turning in the sample that led to the Balco investigation," the statement read.

Others, however, have testified that he sent the syringe in retaliation after a split with Balco, according to the people with knowledge of the proceedings.

Once the grand jury completes its investigation, antidoping agencies may use that evidence to bar Graham, and it is possible that Gatlin could be offered a lesser punishment if he cooperates.

Lengthy Mandatory Sentence Appealed (AP)

AP, August 9, 2006

SALT LAKE CITY (AP) -- Attorneys for a man convicted of carrying a handgun during three marijuana deals have asked the Supreme Court to overturn his 55-year mandatory federal prison sentence.

A judge gave Weldon Angelos the minimum sentence under the law -- a harsher sentence than a child rapist or a terrorist who detonates a bomb aboard an aircraft would receive, according to his attorneys. They also say the sentence amounts to cruel and unusual punishment.

Angelos' offense in state court would have likely carried a sentence of probation or a few years in jail, according to his attorneys.

Now 27, Angelos was convicted of 16 counts of violating federal firearms, drug and money laundering laws in 2003. The charges stemmed from his sale of three 8-ounce bags of marijuana to an undercover informant.

He had a gun but never brandished or used it. Nevertheless, the three counts of possession of a firearm in a drug transaction required the mandatory minimum sentence.

"This seems to be a case of grossly disproportionate punishment when you look at the facts of the case. Weldon Angelos didn't deserve a life sentence for his offense," said Erik Luna, a law professor at the University of Utah and one of the attorneys.

Justice Department spokeswoman Kathleen Blomquist said the department would not comment on an ongoing case.

At the time of his arrest, Angelos ran a rap music label based in Utah that had recently released a CD featuring several prominent hip-hop artists.

Alleged Drug Leader Caught In Venezuela (AP)

AP, August 8, 2006

CARACAS, Venezuela (AP) -- Venezuelan authorities said Tuesday they had captured the alleged head of an international drug trafficking group that was involved in a major cocaine smuggling operation earlier this year in France.

Elias Verde, believed to be the leader of a drug ring in Venezuela and Europe, was detained Monday in Caracas, the Public Ministry said in a statement.

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Verde is being investigated for alleged links to 22 Venezuelans who were detained March 21 at a Paris airport.

About 45 pounds of cocaine destined for Amsterdam was seized from the group.

Venezuelan authorities last week detained a suspected Colombian drug trafficker and paramilitary fighter, Libardo de Jesus Parra Gonzalez, 43, and later deported him to Colombia. Gonzalez was wanted in Colombia and the United States for alleged crimes including drug trafficking, kidnapping and extortion.

Venezuela is a major transit point for drugs -- primarily cocaine -- being smuggled out of Colombia headed for the United States and Europe.

US Defends Opium Policy Despite Afghanistan Violence (GUA)

Guardian, August 8, 2006

America's drug tsar, John Walters, today acknowledged that US allies have voiced doubts about the wisdom of opium eradication in parts of southern Afghanistan where insurgents have killed 10 British troops over the past two months.

Speaking during a visit to London for talks with British officials, Mr Walters recognised that the situation in Helmand province had been "difficult".

In recent months, officials within the British government and military have privately expressed growing disquiet about the role of opium eradication in fuelling the Afghan insurgency.

Unrest in Helmand, where 4,800 British troops are stationed under the command of the International Security Assistance Force (Isaf), has claimed the lives of 10 British soldiers since the start of June. Before then, only two British soldiers had been killed in the whole country since October 2001.

The British army chief, General Sir Mike Jackson, has said eradication would be "counterproductive" unless done when all other conditions were right and the Conservative whip, Tobias Ellwood, last month called for the opium crop to be legalised.

But Mr Walters today said that eradicating the opium crop was the only way for Afghanistan to achieve lasting peace.

"Sometimes we talk as if security and drugs control are at odds, but the places where we have the best security are the places where we have some of the best drugs control," he said. "[Afghan farmers] know that their future and that of Afghanistan depends on rule of law, not being ruled by drug mafias."

Local officials say that the eradication programme is corrupting local government and driving support for the insurgency, as richer farmers pay bribes to protect their opium crops and poor farmers who can't afford bribes are forced into the pay of the Taliban.

Emmanuel Reinart, the director of the Senlis Council, a pro-licensing thinktank, said that the eradication policy was destroying trust between Afghan farmers and central government.

"Directly attacking the livelihood of farmers like this has very counterproductive side effects. Locals see these eradication programmes are conducted by foreigners and they often assume that they're being organised by Nato troops, which makes it harder for those troops to gain local trust," he said.

But Mr Walters dismissed the group's proposals to license opium production as "a sideshow" and said there was no market for the legal opium that licensing would produce.

"[Farmers] understand that the Taliban and the drug barons are on one side and [the Afghan president, Hamid Karzai] and the international community are on the other side, and we are trying to allow them to make the choice between those sides in a way that works," he said.

The total number of hectares under opium poppy cultivation dropped 48% in Afghanistan during 2005, although a more recent study by the UN office of drugs control found that production only sank 2.4% as individual farms became increasingly productive.

Around 90% of the UK's illegal heroin originates in Afghanistan and, despite around £36m being spent annually on opium eradication by the US and Britain, officials expect the opium crop to increase this year.

Mr Walters said there was a perception that the US was pursuing crop eradication before any attempts had been made to provide farmers with alternative means of income. But he insisted that many areas of the country had shown considerable progress in wiping out the trade.

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"To say that we are losing ground or [eradication is] not making progress requires you to look at this in a very, very distorted way," he said.

Afghanistan's counter-narcotics minister, Habibullah Qaderi, will visit London tomorrow to discuss the role of US drug policy in his country at a conference that will also be attended by Mr Walters.

Colombian Guerrilla Was Board Member Of Public Utility (AP)

AP, August 9, 2006

BOGOTA (AP)--When corporate board members are paraded before reporters in handcuffs, it's usually for embezzlement, cooking the books or some other financial malfeasance.

But it's almost never for being a rebel fighting to overthrow a capitalist economy and impose a Marxist-style government.

When Freddy Escobar was arrested this month for being the secret political head of one of the biggest urban militias of the Revolutionary Armed Forces of Colombia, or FARC, he had already served four months on the board of directors of the country's largest public utilities companies, Empresas Publicas Medellin.

It was then revealed that Escobar, 37, was appointed by Medellin Mayor Sergio Fajardo, a rising political star and solid supporter of President Alvaro Uribe's hard-line against the leftist insurgency.

"I personally invited him to join the board ... I feel bitter and perplexed that this could have happened," said Fajardo, mayor of Colombia's second-largest city, in an interview with The Associated Press. "It's very lucky the army captured him."

Fajardo says he nominated Escobar, a professor of political studies at the University of Antioquia, because of his articulate speeches urging better conditions for the country's poor.

"He was very organized in his way of discussing issues, he spoke for the communities," Fajardo said.

He said he is confident that Escobar did not receive any sensitive data.

"What's discussed in these meetings is public information," said Fajardo.

Asked about whether Escobar would have details on the security of electricity stations, a popular rebel target for bombings, Fajardo replied: "He wouldn't know about those ... whenever I've gone to these meetings, they've never talked to me about such things."

The board of directors of Empresas Publicas Medellin expressed "deep concern that these organizations are infiltrating all of society," in a statement.

Escobar's arrest is a reminder of the shadow war being fought in Colombian cities and the infiltration of public institutions by rebels and their enemies, the far-right paramilitaries.

While the four-decade-old civil conflict rages fiercest in the countryside, an entirely different struggle is being waged in the urban centers, where plainclothes militia members fight for control of neighborhoods.

The U.S. has been Colombia's largest supporter in its fight against the world's largest cocaine industry and a leftist insurgency, providing billions of dollars, equipment, training and military advisers.

The army said in a statement announcing his capture on August 4 that Escobar acknowledged being a member of the FARC since 2000.

"This is a heavy blow to the organizational structures and political structures of the FARC," said the army's commander, Gen. Mario Montoya.

At 2nd Inauguration, Colombia's Uribe Vows To Pursue Peace (LAT)

By Chris Kraul, Times Staff Writer

The Los Angeles Times, August 8, 2006

BOGOTA, Colombia — Alvaro Uribe took the oath Monday as the first reelected president in Colombian history, vowing to maintain a firm hand with leftist guerrillas but to aggressively pursue what his citizens want above all: an end to four decades of armed conflict.

In a speech to Congress, Uribe reviewed what he called his first term's progress in reestablishing security in much of the nation. That in turn has helped democracy rebound and the economy stage a comeback after a decade of near-chaos, he said.

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But he acknowledged that there was "a long way to go and difficulties persist," and he promised to pursue peace with armed rebels despite the failure of such gestures in the past.

"We are not afraid to negotiate peace. I confess that I worry about something different, the risk of not achieving peace and reverting to insecurity," Uribe said.

Sections of Bogota, the capital, resembled armed camps Monday as Colombians tensely awaited the swearing-in. During Uribe's first inauguration, in 2002, guerrillas launched several mortar shells near the presidential palace, killing 21 civilians, one of the low points of Colombia's long civil war. But Monday passed without major incidents.

Voters reelected Uribe in May by a large margin, rewarding him for having brought the country a long way since those humiliating attacks during his first inauguration. With billions of dollars in U.S. aid to help pay for 120,000 additional soldiers and police in recent years, he has improved security in urban areas and along the highways and provided protection to local officials.

But the inauguration caps a week in which fighters thought to be leftist guerrillas sought to remind Uribe and Colombia that, though weakened, they still are a force to be reckoned with.

In the days leading up to the swearing-in, several bomb attacks killed 22 soldiers and six police officers across the country. On Wednesday, authorities broke up a guerrilla ring and seized 250 pounds of high explosives in a working-class neighborhood in southern Bogota. Had the explosives detonated, a whole city block might have been leveled.

A day earlier, six civilians working in a program to eradicate coca leaves used in the production of cocaine were killed when guerrillas exploded a bomb in the Macarena National Park, site of large-scale illicit coca plantations. The attack was seen as a warning that working for the government was risky business.

Over the last several days, hundreds of troops and armored vehicles patrolled Bogota's streets, conducting searches of vehicles at intersections and on thoroughfares. Office buildings and parking lots close to the presidential palace were off-limits.

But although the country is still at war, there is a widespread belief that things have improved significantly since Uribe took office.

The economy has strengthened, and inflation and unemployment are down.

Much of the growth, however, had little to do with Uribe's policies: The economy has been propelled by the increase in prices of Colombian commodities such as coal, oil, coffee and bananas. But Wall Street has praised Uribe's fiscal management as well as his plan to impose a wealth tax similar to one in 2002 that he levied to finance the war against both left- and right-wing militants.

Bogota and other cities are in the midst of a construction boom, and foreign investment is pouring into the country.

Whereas much of Latin America has taken a leftward turn politically, Uribe remains a steadfast friend of the Bush administration. But in a nod to prevailing political winds, he acknowledged in his inauguration speech that free-market policies of recent years had proved insufficient to alleviate the country's grinding poverty and financial inequality.

"We don't share the idea of promoting growth and abandoning the war on poverty to the fate of the free market. We reject the notion of the equitable distribution of poverty. We believe in the growth of social justice," he said.

Drug Addiction Rates Soar In War-Torn Afghanistan (VOA)

Voice of America, August 8, 2006

The United Nations says addiction rates in war-torn Afghanistan have doubled in the past two years, to the point that nearly a million people are now using illegal drugs.

The lyrics are a prayer. A drug counselor is asking God to help end drug addiction in Afghanistan.

As he sings, about 25 men sit on cushions scattered across the floor of the drug treatment center, nodding their heads as they listen. Several of the men are in their 50s or 60s and silently stroke their beards in time to the music.

The clinic is an old two-story building with a small central courtyard. From the street the building is anonymous, just one more dilapidated house on a dusty street outside Kabul. But inside, the men are taking their first steps toward ending their addiction. Most are still using drugs but have promised to cut back. Within a week, they will try to stop entirely.

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Upstairs, 43-year-old Abdul Jalil is in the second stage of recovery. He stopped taking drugs several days ago, and is going through the painful process of withdrawal. As he speaks, he wraps his arms around his stomach and leans forward slowly until he is almost doubled over.

He says he started abusing drugs more than 20 years ago, during the Soviet Union's invasion of Afghanistan.

Like so many other men here at the clinic, he says he began smoking hashish after he lost his job and could not find new work. Soon he was experimenting with tiny bits of opium. Within months, he says, he was a heroin addict, injecting himself with the opium derivative several times a day.

According to a recent United Nations survey, there are nearly a million drug abusers in Afghanistan today. Almost 200,000 of them are hard-core opium and heroin addicts.

Dr. Tariq Suliman runs the Nejat Center in Kabul, where Jalil is recovering. He says addiction rates throughout the country are higher now than ever before.

He says the number of female addicts, in particular, is on the rise. More than 100,000 women addicts were identified in the U.N. survey, but he says the real number could be several times higher.

Like the men, many of the women started taking drugs while living in refugee camps in neighboring Pakistan or Iran during the war against the Soviet Union, or the subsequent civil war. For thousands of these refugees, he says, drugs were one of the only ways to relieve the pain and frustration of camp life.

Today, Suliman says, Afghanistan's grinding poverty and massive illegal drug trade are creating a new generation of addicts, male and female.

The country produces an estimated 90 percent of the world's illegal opium, and the drug is readily available in almost every town and city throughout the country.

When the strict Islamist Taleban group controlled the country in the late 1990s, it used draconian measures to cut the opium crop sharply. But since the Taleban's overthrow in 2001, impoverished farmers have returned to growing the lucrative opium.

The international community has committed millions of dollars to help Afghanistan fight opium production. But Suliman says funding to help drug addicts like Jalil is almost non-existent.

He says his clinic only has room for 20 live-in patients. Another 20 take part in an out-patient program. In the entire country, he says, there are only three other drug centers, with fewer than 100 beds among them.

For women the situation is even worse. The clinics are all reserved for men out of deference to Afghanistan's conservative social customs.

Female addicts can only receive treatment in their own homes, and without the benefit of support groups.

The Afghan government says it plans to build at least five new clinics around the country. But so far, funding is short, and construction has yet to begin. For now the focus is on prevention. The U.N. is helping train local health workers and funds public awareness campaigns in an effort to limit the number of new addicts.

Back at the Nejat Center, the patients say they know just how lucky they are to have at least a chance of recovery.

As the day patients play music to pass the time, several of the men jump to their feet and start dancing.

Upstairs, Abdul Jalil says he can feel the drugs leaving his body. He says that in a few days, he should be healthy enough to go home and see his family. If he is lucky, he says, he will find a job.

IMMIGRATION:

Risky Measures By Smugglers Increase Toll On Immigrants (NYT)

By Randal C. Archibold

The New York Times, August 9, 2006

PHOENIX, Aug. 8 — The deaths of nine people Monday in the crash of a sport utility vehicle fleeing the Border Patrol is evidence of the growing practice of smugglers packing as many people as they can into vehicles and driving recklessly to avoid capture.

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With federal agents flooding traditional smuggling routes and thousands of National Guard troops now helping out, smugglers have sought to get the most people over the border in the quickest of ways. That often means cramming people into vehicles, usually vans and S.U.V.'s, in which people have been found under seats and the dashboard and, in larger vehicles, hidden in the gas tank.

The Yuma County Sheriff's Department said Tuesday that the three men and six women killed were among 21 Mexicans "stacked like cordwood" in a Chevrolet Suburban whose driver lost control after crossing a spike strip laid down by Border Patrol agents.

Twelve people were injured, including five critically. The driver had made a U-turn apparently to avoid a Border Patrol checkpoint, sped as fast as 80 miles per hour and crashed shortly after driving over the spikes on a state highway 30 miles north of Yuma, said Maj. Leon Wilmot of the sheriff's department.

The driver, Adan Pineda, 20, was charged Tuesday with transporting illegal immigrants, and Major Wilmot said he might face additional charges when the investigation was complete.

Jennifer Allen, executive director of the Border Action Network in Tucson, an advocacy group, said escalating deaths and the spate of crashes showed that the crackdown on the border had deadly consequences that policy makers in Washington often ignored. Ms. Allen questioned the use of the spike strip, which Border Patrol officials said appeared to have been properly deployed and generally causes vehicles to slow to a stop.

"The practices are lethal," Ms. Allen said. "It should not be a death sentence to flee the Border Patrol."

The Border Patrol said it began seeing a surge in vehicle deaths in 2003, the start of a major push in border enforcement. Deaths in motor vehicle accidents jumped to 40 that year from 22 the previous year.

Since October, the start of the government's fiscal year, there have been 42 deaths in accidents during illegal crossings at the Mexican border, already more than the 36 recorded all of last year.

"You are seeing smuggling organizations and the people who put their hands in smuggling organizations with a total disregard for human life," said Mario Martinez, a spokesman for the Border Patrol in Washington.

The vehicles either crossed the border in rough terrain or picked up people who had already crossed at arranged places in the field or in safe houses, Mr. Martinez said.

Local police said the crashes often involved increasingly risky smugglers desperate not to get caught and not to lose their payment, generally around $3,000 a person, for delivering immigrants to their destinations.

Major Wilmot said the smugglers "even ram into patrol cars trying to get away."

Figures were not immediately available for the number of injuries in such crashes, Mr. Martinez said, but they are believed to be high. In February, a van carrying 28 people crashed near the Mexican border in San Diego, injuring 20 people.

In April, near Sonoita, Ariz., 4 illegal immigrants died and 21 were injured when their truck overturned.

Often, officials said, the vehicles are in disrepair, making the trip ever more perilous.

In general, as enforcement tightens across the 2,000-mile border, smuggling by car seems to be increasing. Arrests of illegal immigrants in the San Ysidro section of San Diego and the Otay Mesa section of Chula Vista, together the biggest ports of entry, have increased in recent years.

Arrests of people being smuggled in cars tripled to just under 50,000 last year from 19,000 in 2001. This year, however, such captures have decreased to about 14,000 since October, with customs and Border Patrol officials theorizing that smugglers have been deterred by additional screening of vehicles put in place in January, more officers and dogs searching cars, and other efforts.

Advocates for immigrants said the deaths Monday and an overall increase in recent years arise from immigrants making ever more desperate efforts to cross the border.

Last year, a record 473 died along the Southwest border, most of them succumbing to desert heat that regularly exceeds 100 degrees or drowning in rivers. This year, 353 people have died, a 6 percent drop from the same period last year.

TAX:

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Tax Shelters Under Scrutiny At Seattle Hedge Fund Firm (NYT)

By Lynnley Browning

The New York Times, August 9, 2006

A Seattle hedge fund firm has come under scrutiny as a result of its work with questionable tax shelters.

Last week, for the second time in three years, a Senate subcommittee described the firm, the Quellos Group, as a maker and seller of abusive tax shelters, focusing on a high-end shelter that helped five wealthy clients shield $2 billion in taxes.

The firm has rejected such characterizations, saying that its tax shelter work, which began in the mid-1990's and ended in 2001, was not only legitimate, but also small and separate from its main business.

But it was the tax shelter work that helped Quellos become one of the largest sellers of funds-of-funds, or funds that invest in hedge funds, former senior employees say. Quellos now manages more than $15 billion in assets for clients like the Hong Kong Jockey Club and the University of British Columbia.

The firm's work on questionable shelters is drawing increasing attention from federal prosecutors, highlighting how the late 1990's boom in aggressive shelters continues to haunt investment firms, banks and accounting and law firms that played a part in their creation and sale. Senate investigators have estimated that abusive tax shelters cost the Treasury more than $100 billion in unpaid taxes in recent years.

Earlier this year, senior Quellos executives and Quellos-affiliated firms received subpoenas from a federal grand jury in Manhattan, which has been investigating the roles played in abusive tax shelters by individuals and companies including Deutsche Bank, Ernst & Young and former employees of the accounting firm KPMG, 16 of whom are under criminal indictment stemming from their tax shelter work. Quellos and its current and former employees are not targets in the investigation, according to people close to the inquiry.

The Internal Revenue Service, meanwhile, has been conducting a tax shelter promoter audit of the firm, which can in theory lead to civil penalties or a criminal referral to the Justice Department for further investigation. Quellos has told investors that it is cooperating with federal prosecutors and the I.R.S.

Michael Gross, a spokesman for Quellos, said that "long ago we ceased involvement in the area of tax-advantaged strategies, which was never our core business, and we are deeply disturbed by the recent unfair and inaccurate portrayal of our firm and its activities.''

Quellos was founded in 1994 as Quadra Capital Management by Jeffrey I. Greenstein, then a little-known money manager. For two years starting in mid-1997, Quadra Capital ran its New York operations out of the Midtown Manhattan foundation office of James D. Wolfensohn, the investment banker who was then serving as president of the World Bank. Mr. Wolfensohn was Quadra's first New York client, brought in by Larry B. Scheinfeld, a former KPMG partner who later became a Quadra executive. Other early hedge fund clients included Robert Wood Johnson IV, the owner of the New York Jets and scion of the Johnson baby shampoo fortune, and several West Coast dot-com executives.

In the late 1990's, some clients — although never Mr. Wolfensohn, according to one of his spokesmen — were seeking not just to get into hedge funds, but also to shelter their wealth from taxes.

"A lot of these prospective investors would say when you call, 'I can do business with any of the hedge funds, so what are you going to do for me?' " said one former Quadra employee who worked there from the late 1990's through recent years. "People start asking you for favors, and as a result of the favors, they choose to put money into your hedge fund." He spoke on condition of anonymity, saying that he did not want to become part of the investigation.

Quadra, which changed its name to Quellos in 2000, was a high-end provider of aggressive shelters thanks to the alliances it had with accounting firms, law firms and banks, many caught up in the widening investigation. Its accounting firm was KPMG, and Jeffrey Eischeid, one of the former KPMG employees now under indictment, was its auditor.

Quadra's largest tax shelter client, according to a person close to the firm, was Haim Saban, producer of the "Mighty Morphin Power Rangers'' television show. In 1999, Mr. Saban paid Quellos and lawyers $54 million in fees to shelter $300 million in taxes owed from his sale of his $1.5 billion interest in the Family Channel and other assets, according to the Senate subcommittee. Mr. Saban, through an affiliate, had also invested in some of its funds.

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By 1999, according to two former employees, tax shelters accounted for about 40 percent to 50 percent of Quadra's annual earnings, and reached at least into the high tens of millions of dollars.

With shelters as the lure, investors poured into Quadra's hedge funds, swelling its assets under management from $100 million in 1995 to $2.3 billion just five years later. Buoyed by strong returns, the firm expanded into investment banking, private equity, brokerage services and venture capital, according to a former senior Quadra employee.

Last week's findings by the Permanent Subcommittee on Investigations focused on just one Quellos tax shelter, called Point, which was sold to investors like Mr. Johnson and the wealthy Wyly brothers of Texas. The findings were the second by the subcommittee to point a finger at Quellos. The first, in 2003, used internal documents to show that Quellos and its predecessor, Quadra, had formal arrangements with KPMG and PricewaterhouseCoopers, among others, to make and sell two abusive shelters known as Flip and Opis.

In both hearings, Mr. Greenstein, now 44, said that his firm did nothing wrong. He called last week's report "unfair, inaccurate and one-sided."

Jeffrey H. Brotman, the chairman and founder of Costco, which has been a Quellos client for six years, said that he was aware of Quellos's involvement in aggressive shelters, but he defended the firm. "I know the principals well, to be honest, straightforward people, and their performance has been stellar," Mr. Brotman said. "They're not like they were portrayed during the hearings."

The focus on Quellos also shows how close the ties were among the accounting firms, law firms, banks and investment firms caught up in the tax shelter investigation.

Those ties are seen in internal documents that have emerged in civil lawsuits. One such memo was written in July 1997 by Robert Pfaff, then a KPMG employee in Denver, to two KPMG executives, John Lanning and Jeffrey Stein. (All three men are now under indictment.)

"My initial reaction would be to sever the Quadra relationship, in light of their open and notorious relationship'' with a rival, Coopers & Lybrand, Mr. Pfaff wrote. He continued, "on reflection, this would probably be ill-advised because we need to live with Quadra, particularly on I.R.S. exams and on completed transactions."

CONGRESS-ADMINISTRATION:

ABA Urges Halt To `signing Statements' (BOS)

By Charlie Savage

The Boston Globe, August 9, 2006

WASHINGTON -- The American Bar Association's House of Delegates voted yesterday to call on President Bush and future presidents not to issue ``signing statements" that claim the power to bypass laws, and it urged Congress to pass legislation to help courts put a stop to the growing practice.

Meeting in Hawaii, the policy-making body for the world's largest organization of attorneys endorsed the findings of its bipartisan task force, which last month issued a unanimous report portraying signing statements as an unconstitutional power grab by presidents. Under the Constitution, the report said, presidents have only two options when presented with a bill Congress has passed: sign it and enforce all its components, or veto it.

After an hour's debate, the ABA voted to declare that it ``opposes, as contrary to the rule of law and our constitutional system of separation of powers, the misuse of presidential signing statements by claiming the authority . . . to disregard or decline to enforce all or part of a law the president has signed, or to interpret such a law in a manner inconsistent with the clear intent of Congress."

The ABA also urged Congress to pass legislation giving courts greater jurisdiction to review signing statements in which a president asserts that some parts of a bill unconstitutionally infringe on his executive powers and need not be obeyed. Senate Judiciary Committee chairman Arlen Specter, Republican of Pennsylvania, has already filed such a bill.

No individual tally was recorded of the ABA vote, but several witnesses said the overwhelming majority of the 550-member House of Delegates favored the resolution. The body represents more than 400,000 ABA members.

Outgoing ABA President Michael Greco, a Boston attorney who created the task force following a Globe report on Bush's use of signing statements, said the ABA had acted to protect the American system of checks and balances that divides power between the executive, legislative, and judicial branches of government.

``We're not saying a president doesn't have the right to express his opinion about what is constitutional," Greco said. ``But what he doesn't have is the awesome power of declaring something unconstitutional and not enforcing it -- of accruing under himself the powers of all three branches."

Incoming ABA president Karen Mathis, a Denver attorney, said the organization will now urge Congress and the executive branch to curb the use of presidential signing statements.

The Justice Department did not return a call yesterday evening. But administration attorneys have vigorously defended the use of signing statements, noting that previous presidents used them as well and arguing that the practice was more ``respectful" of Congress than a veto because it preserved other parts of a bill.

The use of presidential signing statements dates back to the 19th century, but they were very rare until the 1980s, when President Ronald Reagan began issuing them more frequently. Reagan's successors continued the practice, including President Bill Clinton, who challenged 140 laws over eight years.

Under the current administration, however, the practice has reached a new level of intensity.

Bush has used signing statement to challenge more than 800 laws -- more than all previous presidents combined. At the same time, Bush has vetoed just one bill -- the fewest number of vetos since the 1800s, sharply limiting Congress's ability to override his judgments.

Among the laws Bush has challenged are a torture ban, oversight provisions in the USA Patriot Act, restrictions against using US soldiers to fight Colombian rebels, whistleblower protections for executive branch employees, safeguards against political interference in federally funded scientific research, and numerous other statutory restrictions or requirements on his powers.

The ABA itself has come under fire from some liberal law professors -- including Laurence Tribe of Harvard Law School -- who say that it should have focused its criticism on Bush for his use of signing statements to advance a controversial view of his own powers. The ABA's critics argued that it distorted the issue because it wanted to appear bipartisan.

Because Congress often lumps many separate laws into a single bill, skeptics of the ABA's report said, it is sometimes impractical to veto the entire package because a few of its components have constitutional problems.

Signing statements, the critics argued, can be useful and appropriate when wielded by a president with more mainstream views about what is unconstitutional.

But Greco insisted yesterday that the Constitution requires presidents to veto bills if they think some of the components are unconstitutional. And he praised the ABA for ``keeping the debate at the higher level" of what powers any president can wield.

Neal Sonnett, a former federal prosecutor who chaired the signing statements task force, said the group had sent a strong message that society needs to push back against what has been an under-the-radar but escalating arrogation of executive power.

``I think the American people should understand that the ABA has spoken strongly in defense of our system of separation of powers," Sonnett said. ``No president is above the law, and the president cannot decide to enforce a law or not to enforce a law at his whim."

ABA Condemns President Bush's Use Of Signing Statements (LAW/AP)

By Tara Godvin, The Associated Press

AP, August 9, 2006

The American Bar Association on Tuesday approved a resolution condemning President Bush's practice of writing exceptions to legislation he signs into law.

Delegates, representing 410,000 members, at the ABA's annual meeting approved the resolution objecting to any president using bill signing statements as a way of diluting or changing laws rather than using an outright veto.

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Bush has vetoed only one bill, on stem cell research, but written exceptions to some 800 bills, more than all previous presidents combined.

The Bush statements say the president reserves the right to revise, interpret or disregard measures on national security and constitutional grounds.

"The constitution says the president has two choices: either sign the bill or veto it. And if you sign it, you can't have your hand behind your back with your fingers crossed," said Michael Greco, the ABA's outgoing president.

A call Tuesday to the White House was not immediately returned.

The bar delegates urged Congress to require the president to promptly submit copies of any signing statements, along with a report giving the legal basis for his objections.

The resolution also proposes that Congress create a system allowing courts to review any claim by the president that he has the authority to disregard or decline to enforce a law he signs or interpret the law in a different way than Congress had intended.

Sen. Arlen Specter, R-Pa., submitted a bill last month seeking to ensure that signing statements aren't used to rewrite legislation or veto parts of bills.

VA Chief Blamed For Data Thefts (AP-Y)

By Hope Yen, Associated Press Writer

AP, August 9, 2006

The Senate's top Democrat says Veterans Affairs Secretary Jim Nicholson should resign, calling his leadership a threat to national security after the VA lost another computer containing veterans' personal data.

"Enough is enough," Senate Minority Leader Harry Reid, D-Nev., said Tuesday. "Less than a month after promising to make the VA the 'gold standard' in data security, Secretary Nicholson has again presided over loss of the personal information of thousands more veterans."

Reid is the third Senate Democrat — joining Sens. Patrick Leahy of Vermont and John Kerry of Massachusetts — who has called for Nicholson's ouster following high-profile data thefts at the government's second largest agency.

"Unfortunately, this dangerous incompetence has become all too common in the Bush White House, and it has made America less safe," Reid said.

VA spokesman Matt Burns dismissed the statements as "political opportunism."

"It's nice to see that political season is in full swing," Burns said. "Unfortunately, angry personal attacks and political opportunism accomplish nothing in the way of providing solutions to the important issues facing our nation's veterans."

On Monday, the VA announced that one of its subcontractors, Unisys Corp., had lost a desktop computer containing personal data for as many as 38,000 veterans who received care at VA medical centers in Philadelphia and Pittsburgh. The computer was located at Unisys' offices in Reston, Va.

Federal and local authorities were investigating the incident, which is believed to involve veterans' names, addresses, Social Security numbers, dates of birth, insurance carriers and claims data including medical information.

The disclosure came two days after authorities said they had arrested two teens in connection with the May 3 theft of a laptop and external drive containing the personal data of 26.5 million veterans at a VA employee's home in suburban Maryland.

On Tuesday, lawmakers from both parties criticized the latest data loss, which they said needlessly put veterans and active-duty troops at risk of identity theft.

In recent weeks, the VA has also acknowledged losing sensitive data for more than 16,000 veterans in at least two other cases in Minneapolis and Indianapolis.

"We clearly appear to have a systems problem with VA data security that needs to be fixed," said Sen. Larry Craig, R-Idaho, who chairs the Senate Veterans Affairs Committee.

Leahy said it was time for Bush to hold Nicholson accountable. In May, White House press secretary Tony Snow said Bush had "full faith and confidence" in Nicholson's leadership.

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"Certainly, our nation's veterans, who have been willing to make the ultimate sacrifice for their country, deserve better," Leahy said.

Kerry said, "Fire the incompetents. ... Losing veterans' most sensitive personal information must have consequences."

WASHINGTON IN BRIEF (WP)

By From Staff Reports And News Services

The Washington Post, August 9, 2006

VA Chief's Leadership Is Called a Security Threat

The Senate's top Democrat said Veterans Affairs Secretary Jim Nicholson should resign, and called his leadership a threat to national security, after his department lost another computer containing veterans' personal data.

"Enough is enough," Senate Minority Leader Harry M. Reid (Nev.) said yesterday. "Less than a month after promising to make the VA the 'gold standard' in data security, Secretary Nicholson has again presided over loss of the personal information of thousands more veterans."

Reid is the third Senate Democrat -- joining Sens. Patrick J. Leahy (Vt.) and John F. Kerry (Mass.) -- to call for Nicholson's ouster after high-profile data thefts at the government's second-largest agency.

Department of Veterans Affairs spokesman Matt Burns said last night that Nicholson will not resign. He called Reid's and Kerry's statements "political opportunism."

Sen. Larry E. Craig (R-Idaho), who chairs the Veterans' Affairs Committee, said calls for Nicholson to step down are "over the top." He added: "It does not and will not solve the problem."

On Monday, the VA announced that one of its subcontractors had lost a desktop computer containing the personal data of as many as 38,000 veterans who had received care at VA medical centers in Philadelphia and Pittsburgh. In May, a laptop and an external drive containing the personal data of 26.5 million veterans were stolen from a VA employee's home in Maryland.Appeals Court Upholds Plans for Nuclear Waste

A federal appeals court refused to review the Energy Department's plans for transporting nuclear waste by train to a waste dump inside Nevada's Yucca Mountain.

A three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit rejected Nevada's argument that the Energy Department overstepped its authority and violated environmental rules in deciding upon its plan. The department wants to take 77,000 tons of spent commercial fuel and high-level defense waste from sites around the country to Yucca Mountain, 90 miles north of Las Vegas.

"We conclude that some of Nevada's claims are unripe for review and the remaining claims are without merit," said a decision written by Judge Karen LeCraft Henderson.Positive Signs Not Seen In Iran's Nuclear Efforts

With deadlines approaching, the State Department said that it has seen no indications that Iran plans to comply with the United Nations' demands that it suspend its enrichment of uranium.

"There have been a variety of public statements from the Iranians, but we haven't seen any evidence yet that they are complying with the demand and requirement of the international community," State Department spokesman Sean McCormack said.

The U.N. Security Council passed a resolution on July 31 giving Iran until Aug. 31 to suspend the enrichment or face the threat of economic and diplomatic sanctions. Secretary of State Condoleezza Rice will confer with foreign ministers in New York this week on how to deal with Iran, McCormack said.

WTO Negotiator Penn To Resign (WSJ)

The Wall Street Journal, August 9, 2006

WASHINGTON -- Agriculture Undersecretary J.B. Penn, an economist who helped steer the Bush administration's negotiations at the now-stalled global trade talks at the World Trade Organization, is resigning at the end of this month to become the chief economist of Deere & Co., the Moline, Ill., maker of farm and construction equipment.

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The move signals that Deere, usually tight-lipped, is preparing to take a bigger public stand on agricultural policy. Dr. Penn, 61 years old, argued for shrinking certain subsidy checks to U.S. farmers in order to win trade concessions from the other members of the WTO.

The Bush administration hasn't named a successor to Dr. Penn, who will analyze policy and trade developments at Deere, and track the macro-economy.

Slow Senate Likely To Force Omnibus Bill (WT)

By Brian Debose

The Washington Times, August 9, 2006

Fiscal conservatives in Congress fear the Senate's failure to get a handle on appropriation bills will lead to a pork-barrel spending spree this fall, undermining repeated promises for fiscal reform.

The Senate left for summer recess after completing one of 12 spending bills needed to keep government agencies operating next year, all but assuring the need for an omnibus package, which are typically laden with pet projects never discussed or voted on.

"When you have senators ... who have traditionally used these bills to bring home more than their fair share of the bacon -- and are used to doing that -- without some action by the Senate leadership, this omnibus is sure to be loaded," said Tom Schatz, executive director of Citizens Against Government Waste, a watchdog group.

Rep. Jeb Hensarling, Texas Republican, described that scenario as "our worst nightmare" for the more than 90 House members of the Republican Study Committee, the fiscal conservative block bent on controlling spending.

"If for some reason, we can't take this in the regular order, meaning we review each bill individually, House conservatives would ask for a continuing resolution as opposed to an omnibus which are usually a smorgasbord-buffet of pork," Mr. Hensarling said.

Appropriations bills regulate how government agencies spend their money within the federal budget and are supposed to be completed by Oct. 1, the start of the new fiscal year. The House and Senate each pass their own versions, then hammer out the differences and pass 12 compromise bills.

House members, having promised to reform the appropriations process and pushing harder after Hurricane Katrina forced new spending provisions, passed 10 of 12 bills before leaving town.

But the Senate often lags behind the House pace, and this year is no different.

As a result, Congress is forced to pass a voluminous appropriations bill called an omnibus, with thousands of pages for lawmakers to review. That allows members to anonymously slip in spending provisions for pet projects, called earmarks or pork, without discussion or votes, and that leads to abuse, Mr. Hensarling said.

Last year, Congress passed every appropriations bill individually, but in 2004, an election year, Congress missed its deadlines and had to roll nine bills into a $388 billion omnibus measure. Citizens Against Government Waste said Congress included $27.3 billion in earmark spending that year.

Congress is unlikely to pass all 12 individual bills this year because, with midterm congressional elections coming in November, no business will be done in October. That means the Senate would have to pass 11 bills, the House pass two bills and the chambers hammer out a compromise on all 12 bills -- in the 15 work days scheduled for September.

"That will likely be reduced to 12 days since the Senate rarely votes or does any serious work on Mondays and Fridays," said Senate Minority Leader Harry Reid, Nevada Democrat.

Lawmakers could return after the election in a "lame-duck" session, but even then, progress is not likely.

Senate Majority Leader Bill Frist, Tennessee Republican, will be a lame duck, retiring ahead of a possible 2008 presidential bid, with little influence over the standing members.

Sen. Trent Lott, Mississippi Republican and a former majority leader, thinks a "conscious decision was made along the lines to not get [appropriations bills] done before the election."

Mr. Lott said a "clean" continuing resolution without any extraneous provisions would be offered in September followed by an omnibus, "with at least seven or eight, maybe even nine" appropriations bills.

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As of last week, the Senate had passed only the Homeland Security spending bill.

Senate Democrats tried to blame Republicans for the scheduling mess.

"The Senate hasn't acted on the Defense appropriations bill even though the president's military leaders say they will need an emergency supplemental" bill, Mr. Reid said.

However, when Mr. Frist suggested that the Senate spend seven hours to get the bill done, Mr. Reid said it was too big. He blamed Mr. Frist for waiting until the last minute to work on the bill, saying, "The majority leader sets the schedule, not us."

Senate Appropriations Committee Chairman Thad Cochran said the defense bill "will test how well we handle the other appropriations bills going into the future"

The Mississippi Republican said as much as he would have liked to handle Defense and the other bills individually, he expects that a package of appropriations bills will be rolled into one big "omnibus bill" at the end of the year.

That would be a disaster for opponents of earmarks and pork-barrel spending.

"The worst nightmare for someone trying to reform the earmark process is a Christmas Eve Omnibus while everyone is trying to get out of town," Mr. Hensarling said.

Pension Reform Aims To Boost Savings (CSM)

By Mark Trumbull

The Christian Science Monitor, August 9, 2006

Americans are about to get a much-needed dose of retirement-saving discipline.

Under legislation that will soon be signed by President Bush, key features of the nation's pension system will shift from discretion toward autopilot for both companies and workers.

The goal is to restore the financial health of traditional corporate pensions and of households. The problem isn't merely that Americans aren't saving enough for retirement. During the past year, government reports comparing national income and spending found that households have a negative savings rate.

Millions of workers, to be sure, are contributing regularly to individual retirement accounts (IRAs) or employer-sponsored 401(k) savings plans. But millions of others aren't participating. And many in both camps have been borrowing or dipping into savings to pay for current living costs such as a rising tab at the gas pump. Consumer credit-card debt surged in June to $2.2 trillion, the Federal Reserve reported Monday.

The new pension law will hardly close Ameri- ca's savings gap by itself. But in a nation where free choices aren't always financially wise ones, experts say it will prod more people to build retirement nest eggs.

"This should make [employers] more willing to put in the automatic enrollment provisions" for 401(k) plans, says Alicia Munnell, director of the Center for Retirement Research at Boston College. "We need to make these plans as easy and automatic as possible."

At the same time, she and other retirement experts express concern that the Pension Protection Act of 2006 could accelerate the trend of companies freezing or abandoning traditional pensions that have helped provide a secure retirement for millions of workers at large corporations.

"As popular as 401(k) and other savings plans are, all the evidence is that they can't do the job," of ensuring retirement security, says Karen Ferguson, director of the Pension Rights Center, a consumer advocacy group in Washington. These do-it-yourself plans have "been used as a way of switching away from traditional pensions."

While 401(k) savings are tax-sheltered and portable among jobs, experts cite a host of shortcomings. Many employers don't offer such plans. Even with automatic enrollment, workers can opt out. Workers who do participate often don't save enough or withdraw money before retirement. And many employers don't match employee contributions.

About 58 percent of families have some type of pension plan, according to the most recent data from the Federal Reserve, which is for 2004. Of that group, 57 percent have a standard defined-benefit plan, while 63 percent have personal accounts, such as 401(k)s. Those two numbers total more than 100 percent because 20 percent of the families have both types of plan.

The pension bill, which was passed by the Senate last week, includes a host of significant changes to current law:

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• Companies that offer traditional "defined benefit" plans, in which a promised benefit is typically paid to former workers as an annuity, face tighter rules to ensure the plans are fully funded. Employers will have to set aside 100 percent of amount needed to meet their obligations, and will have seven years to reach that standard.

• There will be special breaks for the hard-hit airline industry, intended to make it easier for some airlines to avoid terminating their existing pension plans. In the past few years, airline bankruptcies have helped create big deficits at the federal insurance program for corporate pensions, the Pension Benefit Guaranty Corp (PBGC). Although the PBGC is funded by corporate premiums, the collapse of some big pension plans has raised fears that a taxpayer bailout could be needed down the road.

• Companies get an "all-clear" signal about whether they can convert a traditional pension to a hybrid "cash-balance" plan, in which employers contribute a set percentage of salary to a worker's account each year. Workers can roll over that money into an IRA when they leave the job, or they can convert it at retirement to a lifetime annuity or a lump-sum payout.

• Companies are encouraged to enroll workers in 401(k) plans automatically. The new law allays concerns that this step conflicts with state laws forbidding garnishment of wages.

• It will be easier for companies to make their 401(k) plan's default investment one that includes stocks. A current pitfall: The default option is often a money-market fund, and participants stick with that instead of options that tend to offer better long-run returns.

• A controversial provision allows the companies that provide investments to 401(k) plans to also offer investment advice to the participants, as long as that advice is based on a computer model. Critics say that provides too little defense against self-serving advice from those companies.

Retirement experts generally see the new rules for traditional pensions as a trade-off. The risk of a taxpayer bailout will probably decline, but many worry that the measure may accelerate the pattern of companies freezing their pension plans, so that new workers don't get that benefit.

"We should everything we reasonably can to preserve and encourage" traditional pensions with defined benefits, says Mark Iwry, a former chief federal pension regulator now at the Retirement Security Project, a research and advocacy group in Washington supported by The Pew Charitable Trusts.

The law could make that goal harder to reach.

Its measures to promote participation in 401(k) plans, however, are less controversial.

"The automatic 401(k) provisions are a major step forward," Mr. Iwry says.

"We're already seeing a dramatic increase in automatic enrollment," he says, and the new law will give that trend a further boost.

Among large employers, about 39 percent now offer some balanced investment option, including stocks, as the default choice in 401(k) plans, according to surveys by Hewitt Associates, a consulting firm based in Lincolnshire, Ill. That's up from 28 percent in 1999, says Barbara Hogg, a senior retirement specialist at Hewitt.

New Bill May Boost Charitable Giving (WSJ)

By Rob Wells

The Wall Street Journal, August 9, 2006

A new bill Congress passed will be a boon for charities and their benefactors, allowing older taxpayers to donate up to $100,000 from their Individual Retirement Accounts tax-free each year to a charitable cause.

Taxpayers also will face tighter record-keeping requirements that favor check instead of cash donations. Write-offs of certain historical property also will be restricted.

The changes are part of a major rewrite of pension laws the Senate approved last week and sent to President Bush for his signature, expected next week. The bill has dozens of significant tax provisions, such as making permanent higher contribution limits for IRAs and 401(k) plans.

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One major change will allow tax-free charitable distributions from IRAs for people age 70½ and older. It's effective for "qualified charitable distributions" made before Jan. 1, 2008; Congress typically passes temporary measures to limit the cost of tax bills.

The IRA rollover provision could generate an additional $400 million in new giving to the charitable sector, according to a preliminary estimate by United Way of America. Others, such as the charity coalition Independent Sector, predict an even larger boon in giving, despite the provision's two-year life span.

"We're expecting that donations, even in this framework, to be in the billions," said Diana Aviv, president and chief executive officer of Independent Sector, which represents foundations, corporate giving programs and charities.

Tax experts foresee a select group of people using the break: people over age 70½ with well-funded IRAs who have more than enough to live on or to give to their heirs. These people will need to take minimum distributions, which under current rules are taxed, from their IRAs anyway, said Mel Schwarz, director of Grant Thornton LLP's national tax office and a former official with Congress's Joint Committee on Taxation.

In such cases, the IRA money would substitute "for some contribution that you otherwise were going to make," Mr. Schwarz said.

Another analyst, Christopher Hoyt of the University of Missouri-Kansas City School of Law, thinks the provision will be useful for people who don't itemize their deductions and who live in states with no charitable deduction. Nearly two-thirds of taxpayers claim the standard deduction.

Universities, colleges and other charities that typically target older, high-income donors are most likely to benefit, said Patrick Lester, director of public policy at United Way.

But funds from an IRA rollover carry specific restrictions: They have to be made directly to a charity and can't be made to a donor-advised fund or a supporting organization. This restriction angered the Council on Foundations, a trade group, which urged Congress to amend the bill to allow the IRA rollover into these vehicles.

Taxpayers might find the IRA rollover a useful technique to contribute highly appreciated stock on a tax-free basis, said Mark Luscombe, a federal tax analyst with CCH Inc., a Riverwoods, Ill., tax publisher.

Mr. Luscombe notes that a taxpayer can't obtain a double benefit, or also receive a charitable deduction for contributing funds from an IRA. Meanwhile, funds contributed to an IRA that didn't qualify for a tax deduction, known as nondeductible contributions, are subject to special rules that restrict their use for an IRA donation, since tax has already been paid on these funds.

Charitable donations from these retirement accounts make the most sense when using a traditional IRA, but less so with a Roth IRA, since those accounts already allow tax-free distributions in the first place, Mr. Luscombe says.

The pension bill will also affect how you account for Sunday church donations. The new rules seek to create the same documentation standard for cash donations as for property. The rules say that "regardless of the amount," a taxpayer needs to keep "a record of the contribution, a bank record or a written communication from the donee." This will specify the name of the donee organization, the date of the contribution, and the amount of the contribution.

"The $20 bill in the collection plate won't be such a good idea," Mr. Luscombe said. Instead, a taxpayer will want to consider writing a check to properly document the donation.

The reporting requirement could discourage giving on the margins, as taxpayers find the paperwork burdensome. But it could have long-run benefits, says Mr. Lester of the United Way. "If it's part of a broader effort that will improve trust in the sector, it will help encourage charitable giving," Mr. Lester says.

The bill also would tighten rules involving charitable contributions of historic facades and easements of buildings in registered historic districts. The change comes after reports of homeowners inflating property donations in historic neighborhoods such as Washington's Georgetown and Capitol Hill neighborhoods.

The provision allows charitable deductions to preserve entire buildings, rather than deductions just to preserve the front of a building, and imposes more stringent appraisal and recordkeeping requirements.

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Additionally, shareholders of closely held businesses or family-run firms organized as "S Corporations" won better tax benefits when the corporation donates money or property to a charity. The change essentially will reduce the potential capital gain for S Corporation shareholders, giving them the same tax treatment afforded to partnerships and other entities. * * *

The Senate last week failed to advance a bill to reduce estate-tax rates and boost the minimum wage, but the bill isn't dead yet.

It was the second defeat for estate-tax reform this year, but Senate Majority Leader Bill Frist (R.,Tenn.) said he may try again in the fall. "I want to have maximum flexibility until I see what the American people want," he told reporters. Treasury spokesman Tony Fratto says the Bush administration will still push for permanent estate-tax repeal, or short of that, a deep cut in estate-tax rates.

Meanwhile, Senate Democrats intend to push separate legislation to renew expiring tax breaks such as the corporate-research tax credit and the deduction for state sales taxes. These provisions were part of the latest estate-tax and minimum-wage bill. * * *

BRIEFS: David M. Walker, the U.S. Comptroller General, told a Senate committee that he completed his 2005 tax return by hand last month, after obtaining an extension. Mr. Walker found the process "incredibly complex, confusing and extremely frustrating." If every member of Congress endured the ordeal, "we would have tax reform next year," he said. Senate Finance Committee Chairman Charles Grassley (R., Iowa) quickly replied: "I don't accept the challenge."

U.S. Lists Places Where It Could Force New Power Lines (NYT)

By Matthew L. Wald

The New York Times, August 9, 2006

WASHINGTON, Aug. 8 — The Energy Department took the first step on Tuesday toward designating parts of the nation's electric grid as "critical congestion" areas, which could force New York, New Jersey and other states to allow construction of new power lines that they do not want.

The department published a nationwide study listing places where transmission bottlenecks prevent power generation by distant plants with lower costs, and instead require the use of closer, more costly equipment.

These areas include the lower Hudson Valley in New York, where a company based in Albany wants to build a line from Utica to Orange County. Also included are the power-line corridors that link New Jersey to the west and south, and the Delaware River path, connecting Wilmington, Del., and Philadelphia to northern New Jersey. More broadly, the report mentions the Northeast corridor between New York City and Washington, and Southern California.

"If appropriate, I am empowered by the Energy Policy Act to designate certain corridors as national corridors,'' said Samuel W. Bodman, the energy secretary.

If he did so, under law, the state or states involved would have a year to approve a power company's request for a new line or changes in an existing one. If it did not, the company that wanted to build the line could apply to an independent agency, the Federal Energy Regulatory Commission, which could itself authorize construction, overriding the state.

The department asked for public comment by Oct. 10, after which it plans to decide whether to intervene. Mr. Bodman said he hoped to decide by the end of the year whether to designate any corridors. The new system that lets the federal government override the states was part of the Energy Policy Act, signed by President Bush on Aug. 8, 2005. Kevin Kolevar, the director of the Energy Department Office of Electricity Delivery and Energy Reliability, said the congestion report would be updated annually.

The congestion results in part from the restructuring of the electric industry in the last few years.

Formerly, the grid was adequate because an integrated utility would build a power plant and the lines necessary to connect the plant to its customers. The power companies had a profit motive for building the lines, and generally had the expertise to do so, along with the argument that it was needed to keep the lights on.

Now, companies that serve customers buy their power from other companies that own power plants, in transactions managed by independent system operators. As transactions occur over longer distances, the buyers and sellers often find that the transmission is not available. And the responsibility for building lines has become less clear.

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Some engineers say that the breakup of the old integrated utilities has reduced the reliability of the system and played a role in the biggest blackout in North American history, in August 2003. The question has not been studied by the government, and Mr. Kolevar said on Tuesday that he did not know when it would be.

Mr. Bodman said the problem was not restructuring, but simple lack of investment in the transmission system.

Lack of power lines will eventually affect reliability, according to the report issued on Tuesday. And new lines will be needed around the country if new wind farms and coal plants are built, it said.

The report also quoted an estimate by P J M Interconnection, which manages power flows in parts of Pennsylvania, New Jersey, Maryland, Delaware, Ohio and Illinois, that congestion had cost electricity users more than $1.3 billion over the past three years.

It did not include a similar estimate for New York, but noted, "New Yorkers would benefit from improved access to low-cost power.'' The state is dependent on oil and gas for about 35 percent of power production, which is half again as large as the national average.

Fiscal Experts Question Cost Effectiveness Of Medicare Plans (USAT)

By Julie Appleby

USA Today, August 9, 2006

Enrollment in a type of Medicare alternative has jumped 265% in seven months, pleasing insurers, who say the plans provide more choice to members. But fiscal watchdogs say the plans provide little benefit to taxpayers.

The rapidly growing type of plan, called private, fee-for-service Medicare, allows access to almost any doctor or hospital and appeals to seniors wary of joining a more restrictive managed care plan, such as an HMO.

The growth follows a big push by some insurers to expand into as many states as possible with the new plans, part of an effort to gain access to all corners of the 43 million-member Medicare market.

"The industry has figured out there is this enormous pot of gold out there," says Robert Laszewski, a former insurance executive who is now president of Health Policy and Strategy Associates, a consulting firm in Washington, D.C. "But how does the taxpayer and the effort to control costs in Medicare get anything out of this?"

The numbers are included in the latest tally of enrollment in private-sector alternatives to traditional Medicare, called Medicare Advantage plans, which include several types of managed care and the private, fee-for-service (PFFS) model.

Congress expected Medicare Advantage plans to use the cost-control methods of managed care to save money. But Medicare Advantage plans cost the government an average of 11% more than traditional Medicare, the Medicare Payment Advisory Commission said in a recent report. The industry's lobbying group disputes that percentage, saying the increased payment is likely lower. In addition, insurers say that, starting this year, they must return to the government 25% of the additional amount they are paid.

Insurers like the PFFS plans, in part, because they are less onerous to manage because insurers don't have to create networks of doctors or hospitals. For beneficiaries, enrollment in PFFS plans can cost less than traditional Medicare because many plans have lower co-payments and deductibles.

"More choice is good news for beneficiaries," says Karen Ignagni, head of the industry's trade group, America's Health Insurance Plans.

But some critics question what advantage the plans provide to taxpayers and the Medicare program itself, which is seeing a rapid rise in spending.

"There is absolutely none, except for the religious fervor that surrounds the notion that the private sector is better than the public sector," says Marilyn Moon, a vice president at the American Institutes for Research, a non-profit research firm in Washington.

Congress added the PFFS plans to Medicare managed care options in 1997 legislation, but growth was slow initially. But data from the Centers for Medicare and Medicaid Services and private consulting firm Avalere Health show:

•From Dec. 1, 2005, to July 1, enrollment in PFFS plans jumped from 208,990 to 763,559, a tiny portion of total Medicare membership but an amount representing more than 47% of the growth in Medicare Advantage plans during that period.

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•Growth was heavily concentrated among a few insurers. Humana and UnitedHealth combined have 79% of the PFFS enrollment.

•Enrollment in all types of Medicare Advantage plans grew from 6.1 million in December to 7.3 million in July, a 19% increase.

Rick Jelinek of SecureHorizons, the UnitedHealth Group division that offers Medicare Advantage plans, says the program will save money for Medicare, members and society. "Over the long run, managed care will demonstrate lower cost escalation," says Jelinek, who said it particularly benefits lower-income members who might otherwise have trouble making their Medicare co-payments and deductibles.

F.D.A. Gains Accord On Wider Sales Of Next-Day Pill (NYT)

By Gardiner Harris

The New York Times, August 9, 2006

Drug regulators and the maker of an emergency contraceptive medicine agreed yesterday on a plan that could lead within weeks to over-the-counter sales of the morning-after pill.

The two said the manufacturer, Barr Laboratories, would resubmit its application for the birth control pill, Plan B, within two weeks. A spokeswoman for the Food and Drug Administration, Susan Bro, said the agency would act quickly on the application.

The F.D.A. has delayed a decision on Plan B for three years in a process that critics have said was driven by political considerations.

Many anti-abortion groups oppose wider availability of Plan B because they see it as an abortion drug. The drug agency officially called Plan B a contraceptive, not an abortion medicine. Abortion rights advocates have pushed for easier access to Plan B, in part to reduce abortions.

The drug agency has asked that the new Barr application restrict over-the-counter sales to women older than 18. Girls younger than 18 would have access to the pills only with prescriptions. Over-the-counter pills would be sold just in pharmacies and licensed clinics, the chairman of Barr, Bruce Downey, said.

Mr. Downey said the acting Food and Drug Commissioner, Andrew C. von Eschenbach, had assured him in a call that the agency was committed to resolving the Plan B impasse. Barr had hoped to sell Plan B to women and girls of all ages, Mr. Downey said, "but I don't have the ability to get all that I want."

The company was also concerned that the agency would require Barr to package pills differently for the over-the-counter and prescription markets. The company was concerned that pharmacies would refuse to stock the prescription version of the pill because most sales would be to women older than 18.

Medicare Payments To Doctors Face Cuts (NYT)

By Robert Pear

The New York Times, August 9, 2006

WASHINGTON, Aug. 8 — The Bush administration on Tuesday proposed a cut of 5.1 percent across the board in Medicare payments for services provided by doctors to elderly and disabled patients in 2007.

It said the cut was required because spending on doctors' services was increasing faster than expected, and faster than the annual goals set by a statutory formula.

The increase directly affects beneficiaries because their premiums are set each year to cover about 25 percent of projected spending under Part B of Medicare, which pays for doctors' services and other outpatient care.

Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, said Tuesday that the premium would probably rise to $98.40 next year, up $9.90 or 11 percent over this year's premium. The figures do not include separate premiums paid by many beneficiaries for prescription drug coverage.

"Our current system of paying for physician services is simply not sustainable, from the point of view of taxpayers or Medicare beneficiaries,'' Dr. McClellan said.

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The White House, Congress and doctors have been talking for more than a year about ways to link Medicare payments to the quality of care doctors provide. To date, they have not offered any specific proposals and are still seeking ways to measure the quality of care, particularly for medical specialists.

More than 42 million people are insured by Medicare. Officials estimate that the program will pay $61.5 billion to 875,000 doctors and other health care professionals next year.

Such spending has increased sharply in recent years, Dr. McClellan said, because of "increases in the number and complexity of services furnished to Medicare beneficiaries, including more frequent and intensive office visits, and rapid growth in the use of imaging techniques, laboratory services and physician-administered drugs.''

Budget estimates are based on the assumption that doctors' fees under Medicare will be cut in 2007 and later years, as required under the statutory formula. Congress often steps in to block or moderate such cuts, but it normally looks for some way to offset the cost of its action, often by trimming payments to other health care providers.

Dr. McClellan said it would cost the government $13 billion over five years if it blocked the cut scheduled for 2007, without giving doctors any allowance for inflation. The costs would ripple through later years because future updates would be computed from a higher starting point.

Federal officials contend that many doctors partly offset cuts in their Medicare fees by performing more services. Donald B. Marron, acting director of the Congressional Budget Office, said substantial evidence suggested that "a reduction in payment rates leads physicians to increase the volume and intensity of the services they perform.'' But, Mr. Marron cautioned, some "are likely to respond to continuing reductions in payment rates by declining to participate in the Medicare program.''

The Bush administration also announced that it would require hospitals to provide the government with information on their "investment and compensation relationships with physicians.'' Hospitals that specialize in cardiac, orthopedic or surgical care will have to inform patients if any staff doctors have "an investment interest'' in the hospital.

Hospitals look to doctors as a source of referrals. But Medicare officials said doctors could be violating federal law if they received financial returns out of proportion to their investments — if, for example, a doctor held 2 percent of the stock in a specialty hospital but received 8 percent of the profits.

Hospitals that do not comply with the new disclosure requirements will face civil fines up to $10,000 a day.

Stem Cell Limits Have Scientists Seeing Double (LAT)

By Karen Kaplan And Erin Cline

The Los Angeles Times, August 9, 2006

For biologist Meri Firpo, the controversy over human embryonic stem cells boils down to pens.

In one of her laboratories — the one that gets government money to study federally approved stem cells — researchers are required to use Paper Mate Flexgrips.

Just across the hall is a nearly identical laboratory set up with private funds so she can study new embryonic stem cell lines that do not have President Bush's seal of approval. Firpo requires lab workers there to use Uni-balls to make sure no federally funded pen finds its way into forbidden territory.

It's an admittedly peculiar situation, but Firpo, a professor at the University of Minnesota, said she was not taking any chances. A willful violation of federal policy could make her liable for criminal and civil penalties. Even a mistake might imperil federal grants for her lab — and for the rest of the university.

Bush's embryonic stem cell policy, which now restricts federal support to research involving about 20 cell lines, has created a logistical nightmare for science.

Researchers who study both federally approved and unapproved stem cells have had to buy duplicate equipment to conduct their experiments, then set up elaborate systems to keep their work completely separate.

Some scientists say the cumbersome dual system — reaffirmed last month when Bush vetoed a bipartisan bill that would have expanded funding to more than 100 newer cell lines — puts U.S. researchers at a disadvantage.

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"This is a bunch of compliance red tape that is a real pain in the neck," said Dr. John Boockvar, who heads Cornell University's Neurosurgery Laboratory for Translational Stem Cell Research. "It's hard enough to do successful research without having to worry about all this stuff."

So far, federal funding agencies have yet to redress anyone for violating their rules. But the fear that they would is palpable, because universities rely on the federal government for nearly two-thirds of their overall research budgets.

Don Ralbovsky, a spokesman for the National Institutes of Health, which bankrolls the bulk of federal stem cell funding, said the government was willing to be flexible.

If a researcher inadvertently mixes money, "we would work with them to rectify the situation and make whatever restitution is necessary," he said.

Those words offer little comfort to developmental biologist Susan Fisher of UC San Francisco.

Fisher was conducting research in a converted pediatric clinic in 2002 when a winter storm knocked out the power, shutting down the freezers that housed the stem cell lines her group had spent two years cultivating.

The makeshift lab had no backup power. Her freezer at home wasn't cold enough. She considered sending the precious cell lines to colleagues with industrial-strength freezers, but all their labs were federally funded.

Her cells melted into puddles.

"I never calculated the manpower hours lost, but it was huge," Fisher said.

The federal stem cell funding policy was created in August 2001, when Bush offered what seemed like a deft compromise to a frustratingly divisive issue.

For the first time, he offered stem cell scientists a chance at federal research funds — a pool of money that includes more than $20 billion a year from the NIH and $5 billion a year from the National Science Foundation.

But he also had to appease social conservatives, who oppose work on human embryonic stem cells because they cannot be harvested without sacrificing days-old embryos. Each embryo is a life, they say, and to destroy one is tantamount to murder.

To ensure that taxpayers would not pay for research that destroys more embryos, he restricted federal funds to 78 existing cell lines.

Many scientists, physicians and patients saw the arrangement as a way to press ahead with their efforts to understand the mysteries of embryonic stem cells, which have the ability to become any kind of cell in the body. Learning to manipulate the cells might produce one of the biggest revolutions in medicine, leading to therapies for such intractable diseases as Alzheimer's, Parkinson's and juvenile diabetes.

"I thought it was a good policy because all of the lines that were available were eligible," said Larry Goldstein, a professor of cellular and molecular medicine at UC San Diego.

"Five years later," he said, "things have changed."

Out of the 78 so-called presidential cell lines, researchers later found that about 20 were usable.

That was too limited to represent the variety of medical disorders and the genetic diversity of patients. As some of the lines aged, they acquired chromosomal abnormalities and other mutations that made them difficult to work with. Because the lines had been cultured with animal products, many physicians worried they could never be used for human therapies.

A solution is to derive fresh cell lines. For some scientists, there is only one way to go about that.

MIT geneticist Richard Young and his colleagues at the Whitehead Institute for Biomedical Research in Cambridge, Mass., are putting together a new laboratory with a $52,000 fluorescence microscope, two $7,500 incubators, a $6,500 tabletop centrifuge and an annual research budget of more than $1 million.

Much of it duplicates his existing lab. "We have to do it," Young said. Otherwise, "we will lose our edge."

At the University of Minnesota, Firpo installed a key-card security system for her private laboratory to keep out researchers who are funded entirely by Uncle Sam.

UCLA's new Institute for Stem Cell Biology and Medicine has decided to pursue a different tack, using cost accounting to allocate federal and private dollars in proportion to the amount of time scientists spend on presidential and unapproved cells.

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"In an ideal world, stem cell work will become integrated into all basic research," said Rob DuWors, the institute's deputy director for finance and administration. "Does that mean anyone doing any work with any unapproved stem cell line is going to have to be in a separate building? I just don't see that being viable."

But that delicate accounting dance makes some researchers queasy.

"You can imagine that someone wishing to cause you great trouble could do so if they could find in your accounting any evidence that you happened to commingle funds," MIT's Young said.

Some of the scenarios scientists are contemplating seem flat-out ridiculous given the collaborative nature of research.

If privately funded students make a discovery on an unapproved cell line, can they share that data with those funded by the NIH? If a privately funded researcher extracts proteins or DNA from an unapproved cell line, can they be analyzed with federal money?

"We have to hire lawyers to give us opinions on this," Young said.

Goldstein of UC San Diego was so befuddled that he sent a list of questions to the NIH in November 2004. He is still waiting for definitive answers.

"It is just obscene that the government establishes a policy that not only restricts our ability to do valuable medical research, but then doesn't even help us interpret the policy in a way that allows us to stick to it," he said. "Everyone is making judgment calls."

Ralbovsky, the NIH spokesman, said the agency tried to be "as helpful as possible," but he acknowledged that there were many gray areas with no simple answers.

The ambiguity has left scientists in constant fear of tripping up.

Jeanne Loring, co-director of the stem cell lab at the Burnham Institute for Biomedical Research in La Jolla, is so wary of making a mistake that she designed homemade labels for her incubators, stainless-steel biosafety hoods and other equipment.

Items that she called "kosher" to use with any cell lines bear stickers depicting a cluster of cells surrounded by a green circle. Other stickers, for equipment paid for by the government, show cells in a red circle with a slash through it.

Loring said she hadn't used any of the red stickers, "but they're in the drawer in case we ever get any NIH-funded equipment."

Miller May Have Violated House Ethics Rules By Borrowing $7.5M (HILL)

By Susan Crabtree

The Hill, August 9, 2006

Rep. Gary Miller (R-Calif.) may have violated House ethics rules when he took out nearly $7.5 million in promissory notes in 2004 from a campaign contributor and business partner, Lewis Operating Corp., which he used to purchase real estate from the company.

Lewis Operating Corp., a real-estate development company based in Southern California, is one of Miller's top campaign contributors; employees of the company have donated $19,300 to Miller's campaign committee since his election in 1998.

Miller has partnered or has been involved with a number of real-estate transactions with the company in the past few years. In 2005, he made $1.1 million to $6 million in profits from real-estate deals involving Lewis Operating in some part of the transaction, according to his financial disclosure report.

The House Rules explicitly state that before entering into loans from an entity other than a financial institution, members of Congress and staff must submit the terms of the loans for review and a determination from the ethics committee on whether the loan is acceptable under the gift rule.

"Whether a loan from a person other than a financial institution is on terms that are 'commercially reasonable,' and hence acceptable under the committee's determination, will depend on a number of facts and circumstances," the rules state.

The rules governing loans intend to ensure that House members, officers and employees accept opportunities and benefits that are "in the form of loans from banks and other financial institutions on terms generally available to the public." The rules go on to say that members may accept loans provided that "the loan is on commercially reasonable terms, including requirements for repayment and a reasonable rate of interest."

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Miller's office has not responded to several calls seeking information about the terms of the loan or whether the congressman submitted the terms of the loan to the ethics committee for review. The congressman has denied any wrongdoing.

Miller took out three separate promissory notes in 2004 from Lewis entities: one for approximately $4.75 million from Lewis Investment Co., one for approximately $1.26 million from Fontana Library Co., and another for approximately $1.45 million from Church Haven Co., all part of the Lewis Group of Companies, which share the same address as Lewis Operating's Southern California regional offices.

Miller bought land from Lewis Investment using that money in seller-financed deals for land in areas that the company is developing into planned communities or retail space, some of the same land where Lewis Investment has business dealings with the city of Fontana, Calif., in developing tracts of homes and stores.

Seller-financed deals occur when the landowner lends the money directly to the buyer without a mortgage company involved. The loans typically provide many advantages to the purchaser in terms of lower costs, lower down payments and potentially lower interest rates. They also give the seller more control over the land.

The majority of the parcels Miller bought from Lewis Operating and later sold to Fontana are adjacent to Interstate 210, a little more than a mile from an eastern expansion of the freeway, and about two miles from the city of Rialto's municipal airport, which Miller helped to close in last year's transportation bill.

As a member of the Transportation and Infrastructure Committee, Miller pushed for a provision in the bill that allowed the city to close the airport, the first time an act of Congress has ever shuttered an airport. It is a power the Federal Aviation Administration traditionally has had sole authority to exercise.

The closing of the airport paved the way for Lewis Operating to win a multimillion dollar contract from the City of Rialto, Calif. to develop the airport land and build a planned community consisting of 2,500 homes, parks and 80 acres of retail space on the former airport and adjacent land.

As first reported by the Los Angeles Newspaper Group, watchdog groups have criticized Miller for helping to secure $1.28 million in last year's transportation bill for street improvements in front of a planned housing and retail center, including a Target store that he co-owned with Lewis Operating in his district.

Stan Brand, a former chief counsel for the House ethics committee, said the committee wants to make sure that House members and staff keep outside entities at "arm's length" and do not engage in financial arrangements under terms that other members of the general public would not have access to.

But without knowing the terms of the promissory note, Brand said, it's impossible to know whether Miller is complying with the gift rules.

"In the current climate with the U.S. attorneys of America prowling around and scrutinizing every one of these members' deals, it strikes me as overly aggressive to be engaging in this type of transaction without getting some kind of assurance from some body that the loans meet the [ethics] standards."

Specifically, Brand said, the ethics committee would need to review what collateral Miller had offered and what kind of interest rate applied to the loan. If Miller did not submit the information, he said, prosecutors would be very interested in scrutinizing the terms of the loan.

"Hopefully it will stand up as an arm's-length, real transaction," Brand said.

OTHER NEWS:

Fed Keeps Key Rate Steady At 5.25% (WP)

By Paul Blustein

The Washington Post, August 9, 2006

The longest sustained campaign of interest-rate hikes in Federal Reserve history ended yesterday as the central bank left its benchmark rate unchanged, snapping a string of 17 consecutive increases.

The decision reflected a belief by Fed policymakers that the economy is slowing sharply and may continue to do so in coming months -- enough, the Fed hopes, to quell an upsurge of inflation.

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The central bank warned that it was ready to increase the rate again if inflation went higher. But keeping the rate steady yesterday could be a major turning point in the economy after a relentless upward march in the federal funds rate, the short-term interest rate that the Fed directly controls.

Since June 2004, when the rate was at a four-decade low of 1 percent, the policy-setting Federal Open Market Committee has lifted it 17 times by one-quarter of a percentage point at each of its meetings. The rate, which is 5.25 percent, indirectly affects many other interest rates.

"There's an end in sight," said Peter Hooper, chief U.S. economist at Deutsche Bank Securities Inc. and a former Fed economist. "If growth has slowed enough now for the Fed to stop raising rates, then mortgage rates don't have to go up much further, for instance. But there's some bad news here too" -- that unemployment will have to rise if the Fed is to refrain from further increases.

If the job market is stronger than expected and wages continue going up rapidly, Hooper said, "we'll have to pay more in interest rates, to slow things down."

The Fed signaled that it wanted to assess the effects of its rate increases before tightening more. Typically, a rate increase takes a year or more before it is shown in the spending behavior of businesses and consumers.

"Economic growth has moderated from its quite strong pace earlier this year," the Fed said in a written statement. Although certain factors such as high energy costs may keep inflation rising, "inflation pressures seem likely to moderate over time, reflecting contained inflation expectations and the cumulative effects of monetary policy actions and other factors," the statement said.

Recent government statistics showing a marked cooling in the economy, stemming in part from the blow that higher interest has dealt to the once red-hot housing industry. The latest evidence came Friday in a report showing that the unemployment rate edged up to 4.8 percent in July, from 4.6 percent in June, while the growth in payrolls for the month was a relatively sluggish 113,000.

Some economists are worried that in its zeal to contain inflation, the Fed may have tipped the economy toward recession. Concern about excessively raising interest rates was clearly on the minds of Fed policymakers yesterday; Janet L. Yellen, president of the Federal Reserve Bank of San Francisco, warned recently that "if we kept automatically raising rates until we saw inflation start to respond, we most likely would have gone too far."

The opposite risk is that the buildup in inflationary pressures will prove so great that in pausing now, the Fed will only have to raise rates more drastically later. Labor costs have mounted in recent months, aggravating worries that inflationary pressures are more deeply rooted than the single problem of rising oil and gas prices.

A Labor Department report yesterday said labor costs for each unit of output rose at an annual rate of 4.2 percent in the second quarter, up from 2.5 percent in the first three months of the year.

Among the most prominent economists voicing such concerns was Martin S. Feldstein, a Harvard University professor, who in a Wall Street Journal article on Monday warned that the Fed's goal of a "soft landing," with low inflation and solid growth, may be impossible. "If the Fed wants to convince the markets that inflation will be contained in the future, it must show that it is willing to take the risk of tightening too much," Feldstein wrote.

One of the 12 members of the Federal Open Market Committee took a similar view yesterday. Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, voted against the decision to keep rates steady, the first dissent since a committee meeting last October. He wanted another quarter-percentage-point increase.

Seeking to assuage fears that it will relax its guard, the Fed said in its statement that "some inflation risks remain. The extent and timing of any additional [rate increases] that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information."

That statement "left the door open to another hike, and I think the inflation data will push them through that door," said Ethan S. Harris, chief U.S. economist at Lehman Brothers Inc.

"They're in a very tight bind," he said. "They've got a weak economy on one hand, and creeping inflation on the other. It must have been a close call at the meeting today. If I were at the Fed, I might have voted with Mr. Lacker for a rate hike, but I can understand why they have decided to pause."

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Financial markets, which had anticipated the Fed's decision, gyrated a bit after it was announced at 2:15 p.m. The Dow Jones industrial average rose at first but then fell, closing down 45.79 points, to 11,173.59.

Fed Lets Rates Stay Put For Now (USAT)

By Sue Kirchhoff

USA Today, August 9, 2006

USA TODAY

WASHINGTON — The Federal Reserve left short-term interest rates unchanged at 5.25% Tuesday after two years of steady increases, pointing to the slowing economy. The Fed didn't rule out future rate rises, however, if needed to contain "inflation risks."

The central bank's policymaking Federal Open Market Committee was not united. Jeffrey Lacker, president of the Richmond, Va., Fed, voted "no," wanting a quarter-point rise. That's the first dissent under Fed Chairman Ben Bernanke, who took over in February, and just the fifth in four years.

"Readings on core inflation have been elevated in recent months," the Fed said in a statement, adding that high energy and commodity prices and tight labor markets could "sustain inflation pressures."

Still, the Fed judged that inflation was likely to moderate over time as previous rate moves filter through the economy, slowing growth. It added that "some inflation risks remain" and said the extent and timing of any future increases depend on economic data.

Stock prices dipped slightly Tuesday, even though markets had predicted the Fed would pause. Traders worried that the Fed could still boost rates ahead.

The Fed had raised its target for short-term rates 17 times since mid-2004, when it was a low 1%. Banks, in turn, have increased rates on consumer loans. With the Fed's pause, banks' prime lending rate, to which many credit cards and consumer loans are pegged, stays at 8.25%.

Mortgage rates, influenced but not set by Fed moves, have gradually risen as the Fed has raised rates. Lender Quicken Loans said mortgage rates could still rise in the short term as the Fed calibrates its policy.

The Fed is balancing slower growth against rising inflation. Oil prices are near records following BP's Sunday announcement that it's shutting down a key Alaskan pipeline. A government report Tuesday showed wage gains, a potential inflation driver.

Economists are split on whether the Fed has finished. Some say it has slowed the economy too much, risking a downturn; others say inflation is a big threat. "The Fed is behind the curve, and it's been behind the curve," says Brian Wesbury of First Trust Advisors.

Robert MacIntosh, vice president of Eaton Vance Management, says the Fed probably went too far when it raised rates in June: "They don't need to do any more. We'll continue to see data in the next couple of months showing that the economy is slowing."

Consumer prices rose at a 5.1% annual rate in the past three months. Core inflation, which excludes food and energy, is up 3.6% in that period, above Bernanke's 1% to 2% comfort zone. The Fed expects the economy to expand at a moderate 3.25% to 3.5% pace this year. Growth dropped from a strong 5.6% annual rate in the first quarter of 2006 to 2.5% in the second.

In Policy Shift, Fed Calls A Halt To Raising Rates (NYT)

By Edmund L. Andrews

The New York Times, August 9, 2006

WASHINGTON, Aug. 8 — The Federal Reserve on Tuesday suspended its two-year campaign of raising interest rates, a long-awaited policy shift based on the hope that a modest economic slowdown will subdue inflation without much pain.

After 17 consecutive increases at each meeting since June 2004, the central bank voted to hold its benchmark interest rate steady at 5.25 percent. Policy makers suggested that they wanted more time to see where the economy was headed before deciding whether further increases might be necessary.

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In a statement accompanying its decision, the Fed acknowledged that inflation had accelerated. But it predicted that slowing economic growth — led by the retreat of the housing market — would lead to smaller consumer price increases before long.

"Readings on core inflation have been elevated in recent months," the Fed's policy-making committee said. "However, inflation pressures seem likely to moderate over time, reflecting contained inflation expectations and the cumulative effects of monetary policy actions and other factors restraining aggregate demand."

The central bank left itself ample room to resume its rate increases if inflation proves more stubborn than expected. But it implied that its hope was to avoid any more increases for the foreseeable future.

The shift amounts to a bet by the Federal Reserve's chairman, Ben S. Bernanke, on an elusive goal in monetary policy: a "soft landing" in which the economy slows enough to cool spending and ease inflationary pressures but not enough to cause a big jump in unemployment.

The move comes at a risky moment. Inflation, while still modest, has been stoked by surging oil prices that are now being accompanied by rising costs for materials and labor.

At the same time, economic growth has slowed sharply, unemployment is creeping up and productivity growth — the primary determinant of overall prosperity and the crucial ingredient in having healthy growth without rising prices — has stalled.

In a sign of uncertainty among policy makers, the Fed committee was not unanimous in its decision on interest rates, a relatively rare occurrence in a body that strives for consensus. Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, who has often sounded alarms about inflation, argued for raising rates an additional one-quarter percentage point. It was the first such dissent since Mr. Bernanke took over the Fed chairmanship from Alan Greenspan in February.

Many economists said they disagreed with the Fed's sanguine outlook, saying that prices and wages were both climbing significantly faster than just a year ago and showed no signs of slowing yet.

"There hasn't been even a whisper of inflation pressures easing," Ethan Harris, chief economist at Lehman Brothers, said. "It's amazing that the Fed can sound that comfortable on a day that you've had another piece of bad news on the inflation front. If I were on the Fed, I would have voted for another rate increase."

A few hours before the Fed announced its decision, the Commerce Department reported that workers' compensation — the biggest component in production costs — climbed at an annual rate of 5.4 percent in the second quarter of 2006. Unit labor costs, which are the cost of labor necessary to produce a given amount of output, were 3.2 percent higher in the second quarter than during the period 12 months earlier. That was the biggest jump in almost five years.

The dilemma for policy makers is that if the Fed is forced into a serious crackdown on inflation, it risks throwing the economy into a recession. That would leave workers whose wages have barely kept up with price increases in worse shape, just as many are beginning to reap some modest gains from economic growth. And with energy prices up sharply, many workers, whose pay increases have lagged far behind productivity gains, have less disposable income for other purposes.

The central bank stopped short of saying that additional "firming" — Fed jargon for higher interest rates — would be necessary. Instead, it repeated previous statements that "the extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth."

Among economists, one camp interpreted the statement to mean the Fed was essentially finished with this round of interest rate increases. And in contrast to those more worried about inflation, they argued that the Fed was right to leave interest rates alone.

"It's the end of the game," wrote Bernard Baumohl, executive director of the Economic Outlook Group in Princeton Junction, N.J., in a research note to clients.

He argued that the Fed's previous 17 rate increases had already set the stage for lower inflation and that further rate increases risked tilting an economy that was already hitting the brakes into a full-blown recession.

"By keeping their hands off the monetary throttle at this time," Mr. Baumohl wrote, "the Federal Reserve has increased the probability the economy is on approach toward a soft landing."

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The nation's overall economic growth slowed to an annual pace of just 2.5 percent in the second quarter of this year, less than half the torrid pace of the first quarter. Job creation has been low for the last four months, and the unemployment rate edged up to 4.8 percent in July from 4.6 percent in June.

But other experts are skeptical, saying the Fed may be forced by inflation data to begin raising rates again soon. In practice, the Fed has effectively engineered only one other "soft landing" in history — in 1994 and 1995, under Mr. Greenspan.

Conditions then were in many ways more benign than they are today, however. Inflation was heading down, not up; the federal budget was moving toward lower rather than higher deficits; energy prices were erratic, but far lower than they are today.

"The current situation looks a lot more like the 1970's than the 1990's," said Allen Sinai, chief economist at Decision Economics. "We are seeing the leading edge, though not necessarily the ultimate outcome, of what in the old days used to be called the wage-price inflation spiral."

Mr. Bernanke, both before and after he became Fed chairman, has said that his definition of price stability is a "core" inflation rate — excluding prices for energy and food — of 1 to 2 percent. But by the Fed's preferred measure of core inflation prices are about 2.9 percent higher than one year ago. That is the biggest year-over-year jump in 11 years.

"Rather than taking pre-emptive measures against a very serious inflation threat, Bernanke and company have adopted a very dangerous reactionary approach," said Richard Yamarone, chief economist at Argus Research. "They're in a wait-and-see mode."

Laurence H. Meyer, a former Fed governor and now an economic forecaster at Macroeconomic Advisers, predicted that it would take more than a soft landing to reduce inflation significantly. For that to happen, he said, unemployment would have to rise for a sustained period.

But Mr. Meyer speculated that Fed officials might not want to reduce inflation to Mr. Bernanke's unofficial targets. He noted that the Fed's latest economic outlook, based on forecasts from Fed district banks, called for core inflation to remain about 2 or 2.25 percent through 2007.

Even that goal could require a painful economic adjustment. "There's too much inflation in the system," said Mr. Harris of Lehman Brothers, who predicted that the Fed would be forced to raise rates again before the year is over. "At this stage, there has to be a bumpy landing."

Fed Pause Aims To Balance Risks Facing Economy (WSJ)

By Greg Ip

The Wall Street Journal, August 9, 2006

WASHINGTON -- By leaving interest rates unchanged yesterday after two years of steady increases, the Federal Reserve sought to balance the risks of a sharp slowdown and rising inflation -- an effort many economists said might not succeed.

Reflecting the difficulty of the Fed's task, economists -- like the Fed's policy makers themselves -- aren't unanimous about what the central bank should do as the economy sends mixed signals. Some economists feel the Fed has raised rates too far already, while others say it hasn't raised them enough.

In keeping its target for short-term interest rates at 5.25%, the Fed acknowledged that "readings on core inflation have been elevated in recent months." But, reiterating Chairman Ben Bernanke's forecast last month, it added: "Inflation pressures seem likely to moderate over time, reflecting contained inflation expectations and the cumulative effects of monetary-policy actions and other factors."

That sentence suggests the Fed feels it has done enough, or almost enough, to rein in economic growth and nudge inflation down to a more acceptable level.

Still, as it did in June, the central bank left the door open to further rate increases, saying that "some inflation risks remain. The extent and timing of any additional [increases]...to address these risks will depend on the evolution of the outlook for both inflation and economic growth."

Yesterday's decision was widely, though not universally, expected. Stocks initially rallied on the news, but ended the day lower, with the Dow Jones Industrial Average down 45.79 points at 11173.59. Bonds were little changed on the day.

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The Fed is entering what has traditionally been one of the most delicate phases of the business cycle. The economy has reached full strength and inflation pressures have built. There are signs that higher interest rates are slowing the economy, but it remains unclear if they have slowed it enough -- or too much. The Fed paused at a similar point in February 1995, and in May 2000. The first time, the economy had a "soft landing" -- slow growth followed by five more years of expansion. The second time, it fell into recession.

If economic data "do signal some relief on the inflation front and further softening in the economy this could be the end of the [rate-hiking] cycle," said Al Broaddus, former president of the Federal Reserve Bank of Richmond. "And if they're lucky and timed it right, that would reduce the risk that the Fed causes the economy to weaken too much."

But by retaining its bias toward raising rates, the Fed has discouraged investors from driving down long-term interest rates and made it easier to raise rates again if needed, Mr. Broaddus added.

In recent months, inflation has risen above the Fed's informal "comfort zone" of 1% to 2%, excluding food and energy. The Fed attributes the rise primarily to companies passing higher energy costs on to consumers, and it believes inflation will drop back so long as energy prices stabilize and growth doesn't exceed "potential" -- the rate at which the economy can grow without straining its available work force and industrial capacity. Meanwhile, it expects economic growth to remain steady as businesses and exports offset a slowdown in consumer spending.

Recent data, however, haven't fully supported that view. Economic growth slowed to a 2.5% annual rate in the second quarter in part because of a surprise drop in investment on business equipment. Payroll growth was sluggish, and the unemployment rate rose in July.

Moreover, inflation pressures appear to have been bubbling longer than previously realized. The Labor Department said yesterday that growth in nonfarm business productivity -- or output per hour worked -- in the second quarter slowed sharply to a 1.1% annual rate from 4.3% in the first quarter, and was 2.4% in the four quarters ended in June. Wage-and-benefit costs per unit of output grew 4.2% in the second quarter, and were up 3.2% from a year earlier.

Unit labor costs fell in 2004, but began growing again late that year. Their growth has steadily accelerated since, and is now fast enough to eat into profit margins, which could encourage companies to raise prices.

Pat Henry, executive vice president of operations at RehabCare Corp., a St. Louis-based provider of rehabilitative health services, said a shortage of physical, occupational and speech therapists is driving up wages for those positions and forcing the company to rely on costly contract labor.

Last year, RehabCare raised contract rates to clients an average of 3% to 4% to compensate for higher wages. This year, Ms. Henry estimates around 50% of the company's contracts will see price increases. "Labor costs keep going up, so we keep having to go back to our clients and say, "Hey, we can't do this anymore at this price.'"

In its statement yesterday, the Fed didn't repeat its assertion in June that "ongoing productivity gains have held down the rise in unit labor costs."

After three years in which monetary-policy decisions were relatively simple, the economic crosscurrents today have made the Fed's decision much trickier and views within the central bank have diverged. Yesterday's was the first meeting since Mr. Bernanke succeeded Alan Greenspan as chairman on Feb. 1 that the policy-setting Federal Open Market Committee wasn't unanimous. Federal Reserve Bank of Richmond President Jeffrey Lacker dissented, favoring another quarter-point increase.

Mr. Lacker has been worried about the pace of inflation, inflationary psychology, and the Fed's anti-inflation credibility. In an interview with The Wall Street Journal in mid-June, he expressed concern at how much inflation expectations, as measured by inflation-indexed Treasury bonds, had fluctuated in response to new economic data. "That's evidence of some residual uncertainty about our intentions regarding inflation," he said then.

In theory, those expectations wouldn't move much if the markets thought the Fed would always keep inflation stable and low. Inflation expectations rose in late April, after Mr. Bernanke broached the possibility the Fed might pause in its rate increases. They later declined after the Fed talked tough on inflation and raised rates in June, and have since moved higher again, on both new data and yesterday's rate pause.

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The Richmond Fed is traditionally one of the more hawkish of the Fed's 12 regional banks. Mr. Broaddus, Mr. Lacker's predecessor, speculated that Mr. Lacker wanted another increase for "additional credibility insurance. I probably would have gone the same way."

Futures markets now put only about a 20% probability on the Fed raising rates at its next meeting Sept. 20. They see no additional increases beyond that. Economists, however, are deeply split on what the Fed should do.

"There was a strong case for pausing at 4.5%," said Ian Shepherdson, chief U.S. economist at High Frequency Economics. "There was already plenty of evidence the previous hikes had begun to soften growth." He predicted the Fed will start to cut rates by next April.

Ethan Harris, chief U.S. economist at Lehman Brothers, said the Fed shouldn't have paused, and predicted it will eventually raise its short-term rate target to 5.75%. "You can't fight inflation without risking overkill on the economy," he said. "That is a risk, and it's a risk they should take."

Though unhappy with the current level of inflation, Fed officials also realize the economy can change direction suddenly, especially when prices of assets, such as for stocks or homes, fall sharply. Inflation and labor costs were both rising in 2000 when the Fed halted its last cycle of rate increases. As it later became clear, however, the slump in stocks and business investment had already set in motion a slide into recession the following year and a big drop in inflation.

Fed officials acknowledge that a key risk to their forecast is that the housing market could fall harder than they expect, with ripple effects on consumer confidence, spending and investment. Avoiding such a low-probability, high-cost event may have been a motivation for pausing.

Nouriel Roubini, an economist at New York University and writer of a popular economics blog, said it is already too late. "The Fed should have tightened earlier to avoid a festering of the housing bubble early on. The Fed is facing a nightmare now: the recession will come and easing will not prevent it."

Fed Rate Pause Could Be Brief (USAT)

By Barbara Hagenbaugh

USA Today, August 9, 2006

WASHINGTON — The fat lady hasn't sung.

Although Federal Reserve policymakers left interest rates unchanged Tuesday, it doesn't mean they won't raise their target for short-term rates again this year. In fact, the Fed many times in the past has taken a breather when in the process of raising or lowering rates, only to pick up the campaign again.

During the last cycle of interest rate increases in 1999 and 2000, the Fed skipped two meetings but followed each with a quarter-percentage-point increase.

“Just because the Federal Reserve paused here in August should not be taken as a pre-judgment that they will pause again in September, because some inflation risks remain,” Decision Economics President Allen Sinai says.

The Fed raised interest rates 17 times from June 2004 through June 2006 without skipping a meeting. On Tuesday, Fed Chairman Ben Bernanke and his colleagues kept interest rates unchanged but suggested another rate increase was possible to thwart inflation.

Some economists, such as Sinai and Nigel Gault of Global Insight, say they anticipate the Fed will raise rates at least once more to stem inflation. Sinai noted that the fact that Richmond Fed President Jeffrey Lacker dissented Tuesday, instead advocating a rate increase, enforces the view that there is support for further rate rises within the Fed. The next Fed meeting is on Sept. 20.

“Inflation risks are getting worse,” Gault says. He notes rising oil prices and labor costs are putting pressure on firms to increase prices to keep their margins intact. That could lead to higher inflation.

Tuesday, the Labor Department said a key measure of companies' expenses for employees, unit labor costs, rose at the fastest pace since the fourth quarter of 2004.

Other data on consumer and producer-level inflation suggest price pressures are rising, says Richard Yamarone, director of economic research at Argus Research.

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"Prices are escalating, and it's the Fed's job to rein them in," he says, arguing Fed policymakers made a mistake Tuesday and will have to increase interest rates later this year. But at that point, inflation may be running so high that more drastic measures may be needed.

"This is a big policy blunder," Yamarone says. "Eventually, it will come back and haunt them."

Fed Holds Rates For First Time In Two Years (FT)

By Krishna Guha In Washington And Jennifer Hughes In New York

Financial Times, August 9, 2006

The Federal Reserve on Tuesday held US interest rates at 5.25 per cent, ending an unbroken series of rises that began in June 2004.

Financial markets appeared uncertain about how to react to what is – at least at this stage – only a pause in the rate-tightening cycle. Equities, bonds and the dollar were all whipsawed by the announcement.

The Fed statement signalled that it still saw inflation risks and could raise rates further. But it did not go out of its way to emphasise its hawkish intentions. One member of the policy making committee, Jeffrey Lacker, president of the Richmond Fed, broke ranks and voted for a rate increase – the first formal dissent since Ben Bernanke became Fed chairman this year.

Financial markets, which priced in a Fed pause following weak employment data on Friday, had difficulty interpreting the message. The S&P 500 swung between a 0.4 per cent gain and a 0.5 per cent loss, ending down 0.3 per cent at 1,278.14.

"The immediate reaction was positive because the Fed did not raise," said Markus Schomer, chief economist at AIG Global Investment Group. "Then people looked over the statement and realised this is a genuine pause, not an end to the tightening."

Bonds rallied, and short dated yields fell, unwinding the inversion of the bond market yield curve. Meanwhile, the dollar traded lower against the euro. But overall, reaction was muted.

Peter Hooper, chief economist at Deutsche Bank Securities, said: "That was what they were aiming for. They did not want this taken as a signal that they are done." He said Mr Bernanke might not mind Mr Lacker's dissent, which reinforces the Fed's inflation-fighting commitment.

Figures earlier in the day showed unit labour costs rose at an annualised rate of 4.2 per cent in the second quarter, with productivity growth at only 1.1 per cent in the non-farm sector.

The Fed statement explained why it had ended its sequence of 17 successive rate increases.

In the past it only said there were suggestions of a slowdown but this time it said "growth has moderated from its quite strong pace earlier this year".

It acknowledged, as in previous statements, that core inflation has been "elevated", and that the combination of high levels of resource utilisation and energy prices "have the potential to sustain inflation pressures".

But it expressed confidence that inflationary pressures "seem likely to moderate over time".

It cited "contained inflation expectations" and the cumulative effect of past interest rate rises as reasons to expect inflation to ease. But, reflecting the unit labour cost picture, it no longer cited productivity gains too.

The statement noted "some inflation risks remain" and leaving open the "extent and timing of any additional firming". This suggests the Fed retains a tightening bias, and it is more likely that its next step will be up.

Stocks Stumble After Fed Leaves Rates Unchanged (WSJ)

By Peter A. Mckay

The Wall Street Journal, August 9, 2006

The Federal Reserve's long run of monetary tightening ended with a whimper in financial markets, with stocks rallying briefly after the central bank's announcement of a rate pause but finishing the day lower.

At its afternoon peak, the Dow Jones Industrial Average had gained nearly 57 points. But it finished the day at 11173.59, off 45.79 points, or 0.4%, up 4.3% on the year. The broad Standard & Poor's 500-stock index shed 0.3%, or 4.29 points, to end at 1271.48, up 1.9% on the year. The technology-heavy Nasdaq Composite Index fell 0.6%, or 11.65, to 2060.85, off 6.6% on the year.

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In the first part of the trading day, the Fed's announcement was heavily anticipated. But investors were mainly on the watch for surprises, and the central bank's decision not to raise rates for the 18th straight time didn't qualify.

"We would have liked to see the Fed raise rates another quarter [percentage] point at the meeting" to categorically choke off the risk of inflation, said economist John Ryding of Bear Stearns. But Bear Stearns and most other Wall Street firms had been telling clients not to expect another rate increase at the just-completed meeting of central bank policy makers.

Treasury prices also rose initially after the Fed's decision was unveiled at midafternoon. But bond investors quickly reconsidered the inflation warnings to be found in the accompanying policy statement from the Fed and reversed position, leaving the benchmark Treasury near flat late in the day. Inflation erodes the value of fixed-income assets.

The Fed's short-term interest-rate target stands at 5.25%, with the economy looking ever creakier. In particular, analysts cited recent reports of slower second-quarter growth in gross domestic product, along with tepid July job growth, as signals that allowed investors to bet that a pause was likely.

Mr. Ryding says he believes the central bank will hold steady through its meeting next month, then perhaps raise rates again in October. That way, policy makers will be able to see an extra month's worth of data to make sure they aren't applying too much pressure to keep inflation in check.

In major U.S. market action:

Bond prices were mixed: The 10-year note inched up 1/32, or 31.25 cents for each $1,000 invested, nudging the yield down to 4.925%. The 30-year bond fell 7/32 to push its yield up to 5.022%.

The dollar weakened. Against the Japanese currency, the dollar slipped to 115.10 yen, compared with 115.11. The euro rose to $1.2848, compared with $1.2841.

Stocks Fall Despite Fed's Pause In Rates (USAT)

By Adam Shell

USA Today, August 9, 2006

NEW YORK — Arguably the biggest overhang facing stocks the past two years was lifted Tuesday when the Federal Reserve ended its streak of interest-rate increases at 17 (stories, 1A, 2B).

But the Fed's long-awaited and much-anticipated pause at 5.25% did not result in the hoped-for "Fed is done" rally on Wall Street. Stocks actually suffered mild declines as investors shifted their worries to the economy and corporate earnings, which they fear could be slowed by the more than two years of rate increases. The Fed said economic growth has "moderated."

The Dow Jones industrial average fell 45.79 points, or 0.4%, to 11,173.59. During the Fed's nearly 26-month tightening campaign, which began June 30, 2004, the blue-chip index has gained 7.3%.

Broader stock indexes also fell. The Standard & Poor's 500 index lost 4.29 points, or 0.3%, to 1271.48. The Nasdaq composite declined 11.65 points, or 0.6%, to 2060.85.

Wall Street pros say stocks didn't shoot higher because they had already moved up in anticipation of the news.

"People have been looking for a pause," says Dick Hoey, chief economist at Dreyfus. "And there was neither shock nor awe in this Fed decision."

Attention immediately shifted to the Fed's next interest-rate policy meeting in September. Analysts were debating whether the Fed was done for good or whether it would raise rates again if inflation continues to increase.

In its post-meeting statement, the Fed said, "Some inflation risks remain," and that the need for additional rate increases would depend on incoming data on inflation and economic growth.

"Nothing in this statement said it's the end," says Quincy Krosby, chief investment strategist at The Hartford, a financial services firm. The big issue facing investors is gauging how much the economy and earnings growth will slow because of the rate increases in the pipeline, Krosby says.

Analysts expect the S&P 500 to grow earnings 15% in the July-through-September quarter and 14.7% in the fourth quarter, says earnings tracker Thomson Financial. Third-quarter estimates have slipped slightly since July 1, when analysts were projecting 15.3% growth, says Thomson analyst John Butters.

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Despite being one of the most-hyped Fed meetings in many years, the market reaction was subdued. “It became this sort of event, but it was anticlimactic,” Krosby says.

A Pause That Digresses (WSJ)

The Wall Street Journal, August 9, 2006

The Federal Reserve has seemed unsure how to proceed on monetary policy for several months, and yesterday it proved it. The Fed's Open Market Committee decided not to raise interest rates again -- not because inflation is contained but because it says the economy is slowing.

Uh, oh. Here we go again, back to the era of the Phillips curve, the economic theory that postulates a trade-off between inflation and unemployment. We thought Paul Volcker and Alan Greenspan had buried that notion years ago. But apparently it lives on like Arthur Burns's ghost in the attic of the Fed, ready to inhabit a new Chairman who has inherited an inflation and is afraid that breaking it will send the economy into recession. And so yesterday it gave new Fed chief Ben Bernanke his excuse to "pause" in raising interest rates for the first time since June 2004.

In its statement, the Fed conceded that "readings on core inflation have been elevated in recent months," and that this may continue. However, the Fed is guessing that "inflation pressures seem likely to moderate over time," thanks to previous monetary tightening "and other factors restraining aggregate demand." That last bit is the Phillips curve giveaway, suggesting that slower economic growth, such as in the housing market, will reduce inflation along with it.

Let's hope Mr. Bernanke is right about the future direction of prices. But as we all learned the hard way in the 1970s, inflation can increase even when growth slows if the Fed has printed too much money and pricing pressures continue to pass through the economy.

And yesterday's data for second-quarter productivity and labor costs were far from reassuring on that score. Nonfarm business productivity growth slowed to 1.1% at an annual rate, even as hourly compensation (up 5.4%) and unit labor costs (plus 4.2%) climbed sharply. Including upward revisions for previous periods, unit labor costs are now 3.2% higher than a year ago; that's the fastest rate of increase since 2000 when monetary policy was considerably tighter than it is now. When labor costs outstrip productivity gains by that much, it's called inflation.

Perhaps all of this is what Richmond Fed President Jeffrey Lacker was looking at as he cast a dissenting vote yesterday in favor of raising the Fed funds rate (now at 5.25%) another 25 basis points. Come next month, Mr. Lacker will look like a prophet if Mr. Bernanke is confronted with further price increases that force the Fed to resume tightening. This may also explain yesterday's sullen reaction in financial markets to the Fed's "pause," as stocks fell on the news. Typically stocks rally at the end of the Fed's rate-rising cycle, but investors don't seem to be convinced that the Fed is really done.

The larger context here is that the Fed is struggling to make up for its easy-money blunders of 2004 and 2005 without tipping the economy into recession. Like much of the rest of the economic establishment, the Fed underestimated the economy's strength in the wake of the Bush tax cuts of 2003. It kept money too easy for too long, and the inflationary pressures it created are only now showing up with a vengeance in the consumer price and labor cost indices.

While this was mainly Alan Greenspan's last hurrah, Mr. Bernanke was along for part of that ride as a member of the Open Market Committee. The Fed's mistake then has made his job that much more difficult now. Mr. Bernanke no doubt hopes that yesterday's pause is one that refreshes; we fear it has only postponed the ultimate day of reckoning.

Taking The Vice Out Of Pro Hac Vice (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, August 9, 2006

The vast majority of motions by lawyers seeking pro hac vice admission in federal court go unopposed and are quickly granted. But in MAR-VEL International Inc. v. Milnes, an ugly battle erupted that ended in a judge's sharp criticism and denial of the motion.

Senior U.S. District Judge John P. Fullam decided that attorney John Vogel is not entitled to pro hac vice admission because he is licensed only in the state of New York, but is maintaining a law office in Radnor, Pa.

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Fullam concluded that Vogel is violating Pennsylvania's ethical rules by establishing a Pennsylvania law office without first obtaining a Pennsylvania license.

Granting the motion, Fullam said, "would simply enable Mr. Vogel to expand his Pennsylvania law practice in violation of Pennsylvania Rule of Professional Conduct 5.5(b), and to evade CLE requirements."

Vogel, in an interview, said he disagreed with Fullam's ruling since his role in the case would have been limited to his area of expertise -- the law relating to federal contracts -- and that he never intended to work on issues relating to Pennsylvania law.

"I think he's wrong as a matter of law, but Judge Fullam is Judge Fullam," Vogel said.

A 1969 graduate of New York University Law School, Vogel passed the New York bar, but spent more than three decades working as an in-house corporate attorney in King of Prussia, first for General Electric and continuing in the same post through mergers and acquisitions for Martin Marietta and Lockheed Martin. He retired in 2002.

Vogel said he was asked by attorney Sidney L. Gold to join the defense team in MAR-VEL due to his extensive experience in government contracting.

In the suit, Pennsauken, N.J.-based MAR-VEL claims that two of its former employees, along with a brother of one of the former employees, "hatched a scheme to establish a new company that would directly compete with MAR-VEL."

Attorney David G. Concannon filed the suit, which accuses Bradford Milnes, Brian Milnes and Devon Greer of "stealing and making use of MAR-VEL's trade secrets and corporate assets, and by soliciting MAR-VEL's vendors and customers."

The suit cites claims of fraud; misappropriation of trade secrets; tortious interference with contractual relations; breach of the duty of loyalty; usurping corporate opportunities; conversion; replevin; civil conspiracy; and violations of the federal Computer Fraud and Abuse Act.

Court records show that Gold entered his appearance for the defendants and soon after moved for Vogel to be admitted pro hac vice.

Concannon objected, arguing in court papers that Vogel should be denied pro hac vice admission because he "has violated the Pennsylvania Rules of Professional Conduct and the Local Rules of the United States District Court for the Eastern District of Pennsylvania by practicing in Pennsylvania without a license and by actively participating in this case without being admitted in this district and without leave of the court."

In an order handed down on July 25, Fullam sided with Concannon.

Fullam noted that the letterhead of Gold's firm lists Vogel as "of counsel," with a notation in "extremely small print" that says Vogel is admitted in New York only.

The Internet Web site for Gold's firm, Fullam said, lists Vogel as "the managing attorney for the firm's Radnor office."

As a result, Fullam concluded that Vogel was violating Rule 5.5(b) of the Pennsylvania Rules of Professional Conduct, which says that a lawyer who is not admitted to practice in Pennsylvania "shall not ... establish an office or other systematic and continuous presence in this jurisdiction for the practice of law."

In light of Gold's letterhead and Web site, Fullam said, "it would seem that Mr. Vogel has violated and is violating that rule."

The violation, Fullam said, was not, as Concannon complained, that Vogel had been actively participating in the negotiations with MAR-VEL, since that activity "does not necessarily constitute practicing law 'before this court.'"

Instead, Fullam said, Vogel was in violation of the rule because of his "office or other systematic and continuous presence in this jurisdiction for the practice of law."

Fullam denied the motion and gave Vogel 60 days "to achieve compliance with the applicable Rules of Professional Conduct."

In a renewed motion, Gold urged Fullam to reconsider because his first ruling was premised on a misunderstanding of Vogel's role in Gold's firm and the nature of the Radnor office.

Gold said his Web site never should have described Vogel as the "managing attorney" of the Radnor office, but instead should have listed him as the "managing administrator."

The motion also said that the Radnor office is not a law firm, but the headquarters of a corporation established by Vogel for which Vogel serves as CEO.

But Fullam refused to change his mind.

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In an Aug. 1 opinion, Fullam said: "Notwithstanding these changes, it cannot be doubted that Mr. Vogel has established an 'office or other systematic and continuous presence in this jurisdiction for the practice of law' within the meaning of Pennsylvania Rule of Professional Conduct 5.5(b)."

Since Vogel is violating Pennsylvania's ethical rules, Fullam said, it would be wrong to grant him admission to practice in a federal court.

"I conclude that, at the very least, considerations of comity and respect for the mechanisms of the Pennsylvania Supreme Court make it inappropriate for this court to grant the pending application for pro hac vice admission," Fullam wrote.

Vogel, in an interview, said he believes Fullam erred by focusing on the issue of his residence in Pennsylvania.

"If I was being brought in to practice Pennsylvania law, I could understand his position," Vogel said.

But the truth, Vogel said, is that Gold would have taken the lead role in the case, with Vogel's role limited to working in his area of expertise -- federal government contracting.

When granting pro hac vice motions, Vogel said, "judges assume ... that lawyers will divvy up responsibilities in a responsible manner."

Vogel said he and Gold are not likely to appeal the ruling, but that Vogel will continue to work on the case, providing Gold with advice and support in his area of expertise.

Virginia Vs. Vermont (WP)

The Washington Post, August 9, 2006

ISABELLA MILLER-JENKINS has two mommies. That isn't a big deal these days, and it shouldn't be, except for this: Isabella's biological mother, Lisa Miller-Jenkins, doesn't want her former partner, Janet Miller-Jenkins, to have any visitation rights -- though the two women decided together to conceive the child (Lisa had artificial insemination through an anonymous donor they jointly selected) and raised her together. When they split up two years ago, Lisa Miller-Jenkins initially acknowledged that Janet was Isabella's parent and asked that Janet be given "suitable parent-child contact." A judge in Vermont, where the couple had been living, agreed.

But then Lisa, who moved back home to Virginia after they split, changed her mind. And in a legally flawed and morally reprehensible decision, a state court judge in Virginia backed Lisa. As a result, Janet hasn't been allowed to see Isabella for more than two years, since June 2004. Last week the Vermont Supreme Court sided with Janet by ruling, correctly, that the Virginia court shouldn't have intruded. An appeals court in Virginia has been awaiting the Vermont ruling before issuing its judgment in the case. It should honor the Vermont decision and let Janet finally see her daughter.

This case has gotten tangled up in Vermont's civil union statute (Lisa and Janet entered a civil union in 2000) and Virginia's small-minded reaction to it, the Affirmation of Marriage Act, which declares "void in all respects in Virginia" any "civil union, partnership contract or other arrangement entered into by persons of the same sex in another state." In fact, though, neither the Vermont civil union law nor Virginia's anti-gay-marriage law is legally relevant.

As the Vermont Supreme Court understood, this dispute isn't about whether Virginia is bound to honor same-sex unions. (The federal Defense of Marriage Act protects Virginia from that supposedly frightful consequence.) It's about the application of a federal law designed to help states -- and children -- avoid the sort of ugly tug of war that has ensnared Isabella here. Once one state's court has properly started hearing a case, the law provides, other states should stay out. Otherwise, parents who don't like the custody deal they got the first time could shop around for friendlier courts.

In this case Vermont exercised jurisdiction over the dissolution of the Miller-Jenkins civil union and made a custody determination -- which under the parental kidnapping law Virginia is obliged to respect. Child custody and visitation cases are supposed to be about the best interests of the child. In this case, the Vermont court found, Isabella has two parents who love her and who are entitled to see her. Nothing in Virginia's intolerant Affirmation of Marriage Act need prevent that from happening.

Lieberman Defiant In Defeat (HARTC)

By Mark Pazniokas

The Hartford Courant, August 9, 2006

DOJ_NMG_0045490

With the nation watching, Connecticut Democrats thronged to the polls in unexpectedly high numbers Tuesday to reject Sen. Joseph I. Lieberman and endorse his anti-war challenger, Ned Lamont.

Unofficial results showed Lamont winning 52 percent of the vote, defeating a three-term incumbent who had come to be defined by his defense of the war in Iraq despite an advertising blitz begging voters to judge him on a progressive labor and environmental record.

Lieberman, 64, a vice presidential nominee in 2000 and a presidential hopeful only two years ago, conceded at 11:03 p.m. in a Hartford ballroom packed with national and international press, then defiantly announced he would press on as a petitioning candidate, forcing a three-way race in November.

"As I see it, in this campaign we just finished the first half and the Lamont team is ahead. But in the second half our team, Team Connecticut, is going to surge forward to victory in November," Lieberman said. Then he shouted, "Will you join me?"

Lamont, 52, a wealthy Greenwich cable-television entrepreneur who became the unlikely champion of a potent anti-war movement, celebrated in a Meriden hotel filled with supporters who ran the gamut from a former state party chairman to national civil rights leaders to a new brand of activist: Internet bloggers.

"They call Connecticut the land of steady habits," a smiling Lamont told his supporters. "Tonight we voted for a big change."

Lamont called his victory the product of a coalition for change that would spread beyond the borders of a small New England state.

"It's time we fixed George Bush's failed foreign policy," Lamont said, setting off a roaring round of cheers.

Statewide turnout was estimated at more than 40 percent, 15 percentage points higher than the last major statewide Democratic primary, a gubernatorial contest in 1994.

Some voters came to the polls with a passion, certain for months they would either stand by Lieberman or reject him over the war. Others struggled with their decision until entering the voting booth, uneasy over rejecting a man who held statewide office for 26 years.

Sam Goldenberg gave his mother, Minnie Goldenberg, a ride to the polls in the West Hartford so she could cast her usual vote for Lieberman. Then he drove home to West Haven and canceled his mother's choice with a vote for Lamont.

"The war is the main issue," he said, almost sadly. "Actually, Lieberman is a pretty good guy, but the war is simply the most important issue."

Lamont rolled up lopsided margins in the Farmington Valley, Litchfield County, the lower Connecticut River Valley and scattered suburbs around the state. He won Hartford and Lieberman's hometown of New Haven, which first elected Lieberman to the state Senate in 1970.

Lieberman dominated in the New Haven suburbs, the struggling rural towns of eastern Connecticut and old mill towns of the Naugatuck Valley, home of conservative Reagan Democrats and the place he chose to begin his campaign bus tour 10 days ago.

The incumbent carried Bridgeport.

At 11 a.m. today, Lieberman will be on the outside looking in on a Democratic unity press conference, where public pressure is sure to begin on Lieberman to abandon his plans to continue as a petitioning candidate in a three-way race with Lamont and Republican Alan Schlesinger.

At the Goodwin Hotel in Hartford, the ballroom was evenly divided among supporters, including U.S. Rep. John B. Larson, D-1st District, and reporters attracted by the prospect of a preview on the mid-term Congressional elections and a referendum on Iraq.

One of the news crews was from a Japanese TV network. Correspondent Yasushi Komatsu traveled with a cameraman and producer from the New York bureau of TV Asahi America Inc., because of the Lieberman-Lamont primary's significance in Japan.

"People in Japan are interested in the war in Iraq and how it is going to develop," he said. "The result of the election could be interpreted to mean the American people are saying yes or no to what Bush is doing in Iraq."

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Early Tuesday, the Lieberman campaign complained that hackers had disabled their web site and demanded state and federal investigations.

Lamont's campaign focused on a massive field organization, staffed with thousands of volunteers.

Urania Petit, 37, a naturalized U.S. citizen from the West Indian island of St. Lucia, said she always found American politics lacking the passion of her homeland, until opinion turned against the war and Lamont launched what he called a campaign for "the heart and soul of the Democratic Party."

"This is the first one," said Petit, a volunteer at Lamont's North Hartford satellite office on Albany Avenue. Carrie Saxon Perry, the former mayor, said, "You have a moment in history. People understand that."

Turnout did notmatch the suburbs, but at midday it ran well ahead of a citywide municipal primary in 2003.

At King Philip Middle School in the north end of West Hartford, turnout hit 40 percent by 2:30 p.m., surprising party leaders who thought a high turnout would be 35 percent.

"I really am voting against Joe Lieberman. I think it's a shame," said Paula Cohn, 76, who abandoned Lieberman over the war. "I'm a liberal Democrat. I feel obligated to vote against Lieberman. Lamont's OK."

"It's a hard vote," said Wendy Ennis, who did not decide until an hour before she voted. "I voted against Lieberman. That's exactly what it was. It was very hard."

Lamont voted early in Greenwich, where 67 percent of Democrats voted for him, then toured the state, greeting voters and thanking supporters. At one polling place in Hartford's West End, he met the Rev. Jesse Jackson, who campaigned for him.

Jackson told Lamont that Lieberman's plan to run as a petitioning candidate in November if he lost the primary had hurt the incumbent.

"Are you hearing a lot of feedback on that?" Lamont asked.

"Of course, because Democrats who support him in the primary do not choose to destroy the party just to support a guy who cannot give it up," Jackson said.

"You know what I love hearing?" Lamont said. Lamont said the early reports of a record high turnout for the mid-summer primary were astounding. By 6 p.m., for example, the turnout in West Hartford was 59 percent. Lamont would take the suburb with 52 percent of the vote.

"When hope rises, turnout rises. In some sense, your campaign represents hope," Jackson told him.

Standing in the late-evening shade, a relaxed Lamont agreed with Jackson and discounted polling data that showed that half of Lamont's vote was a rejection of Lieberman, not an embrace of a man some voters still were getting to know.

"I think we've given people a reason to vote for something, something bigger than themselves," Lamont said.

LAMONT ROMPS TO WIN; LIEBERMAN VOWS INDEPENDENT RUN; DESTEFANO TOPS MALLOY (NB)

By Dorothy Schneider

Norwich Bulletin Lieberman Loses, August 9, 2006

U.S. Sen. Joseph Lieberman conceded Tuesday's primary election to challenger Ned Lamont, but promised supporters he would continue campaigning as an independent candidate for the November election.

With nearly 95 percent of precincts reporting results, Lieberman trailed by nearly 4 percent, or 8,274 votes, according to the Associated Press.

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"We've just finished the first half and the Lamont team is ahead," Lieberman told his supporters at a Hartford rally. "But in the second half our team — team Connecticut — is going to surge forward to victory in November."

In his Meriden victory rally, Lamont thanked Lieberman for his service to the state and said he hoped the senator would change his mind over the next few days about running as an independent, and "we'll go forward united."

If elected in November, Lamont pledged to work on health care reform, fiscal planning and an end to American troop's presence in Iraq.

"Tonight we voted for a big change," he said. "It's time to fix Congress."

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Meanwhile, the Democratic gubernatorial race between Dannel Malloy and John DeStefano remained close up until the end. With 98 percent of precincts reporting, DeStefano led by fewer than two percentage points, or 4,092 votes.

Malloy, speaking to supporters in Stamford, said it appeared DeStefano had won the election, and though he did not publicly concede the race, he spoke graciously of his challenger.

"It's time for a change," Mallow said, "and if DeStefano is the one to lead us to that change, (so be it)."

DeStefano, riding the support of organized labor and national minority leaders, won the Democratic primary for governor Tuesday to set up a general election showdown with Republican Gov. M. Jodi Rell in November. His victory came despite indications the race was tightening in recent days. A poll released Monday showed DeStefano with only a seven-point lead, the closest the race had been for months.

"I'm just so excited. We won the election," DeStefano told The Associated Press.

Voter turnout across the state was projected at twice the norm for a primary.

Lieberman and DeStefano led the polls in 21 Eastern Connecticut towns.

Lieberman had a 548-vote lead over Lamont and New Haven Mayor John DeStefano had a more resounding 1,219-vote lead over Stamford Mayor Dannel Malloy in Eastern Connecticut.

Lieberman carried 12 towns: Bozrah, Brooklyn, Griswold, Killingly, Lisbon, Norwich, Plainfield, Preston, Putnam, Sprague, Thompson and Voluntown.

DeStefano carried 19 towns: Bozrah, Brooklyn, Canterbury, Colchester, Franklin Griswold, Killingly, Lebanon, Ledyard, Lisbon, Montville, Norwich, Plainfield, Pomfret, Preston, Putnam, Sterling, Voluntown and Woodstock.

After voting Tuesday, Charlie Carito of Killingly said he doesn't like the way the war in Iraq is going, but he still likes Lieberman.

"He had the courage to stand up and do what he thought was right and he hasn't backed down," Carito said.

Questions over the handling of the Iraq War divided voters across the state and raised the Connecticut Senate race to national prominence.

Sprague resident Cathy Osten supported Lamont at the polls Tuesday because she feels the war has had too many negative impacts in Connecticut to ignore Lieberman's stance in supporting it.

Osten, a union president for supervisors with the state Department of Correction, said she appreciated Ned Lamont's opinion on the war and called Lieberman "out of touch with the voters of Connecticut."

She said money being spent to fund a war is better spent on alleviating the burden for Connecticut taxpayers.

Lieberman told supporters he understands many Democrats' frustration with the way things are being handled in Washington.

"I've been there and I'm fed up, too," he said, adding if voters send him to back as an independent candidate, he will work hard with the other parties to find solutions.

The gubernatorial race was less heated and, for many voters, boiled down to a question of which mayor they liked better.

Todd Mercier of Plainfield supported DeStefano Tuesday, saying, "He says he's for the working man and I am a working man."

Jude Malone of Norwich said there were not any key issues that swayed her in the gubernatorial primary, but said she read a lot of articles about the candidates before making her decision to support DeStefano.

"Both (mayors) have done great things for their cities," she said. "I just decided the person I'd go with was DeStefano."

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Zoom Photo

The Associated Press

Greenwich businessman Ned Lamont celebrates his victory Tuesday over incumbent Sen. Joe Lieberman in the Democratic state primary at the Four Points Sheraton in Meriden.

Zoom Photo

Khoi Ton/Norwich Bulletin

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U.S. Sen Joseph Lieberman and his wife, Hadassah, immediately before the senator conceded the Democratic primary to challenger Ned Lamont Tuesday at Goodwin Hotel in Hartford.

Lamont Defeats Lieberman In Primary (NYT)

By Patrick Healy

The New York Times, August 9, 2006

Ned Lamont, a Connecticut millionaire whose candidacy for the United States Senate soared from nowhere on a fierce antiwar message, won a narrow but decisive victory Tuesday night over the storied incumbent, Joseph I. Lieberman, in the race for the Democratic nomination.

Mr. Lieberman conceded shortly after 11 p.m. after nearly complete results showed him trailing Mr. Lamont by close to 4 percentage points.

But speaking to his cheering supporters Tuesday night, Mr. Lieberman vowed to continue his fight to remain Connecticut's junior senator by running as an independent in November.

"As I see it in this campaign, we just finished the finished the first half and the Lamont team is ahead,'' he said. "But in the second half, our team — Team Connecticut — is going to surge forward to victory in November."

He said the he could not let the results stand, "for the sake for our state, my party, and our country.'' And he added: "But I am not discouraged. I am disappointed not just because I lost but because of all the old politicsof polarization won today."

Later in the evening Mr. Lamont stood before his supporters and said: "Families still dream of a land of opportunity. With your vote this evening, we're going to start to make your dreams come true.''

With 98 percent of Connecticut's precincts reporting, Mr. Lamont held 51.8 percent of the vote, with Mr. Lieberman holding 48.2 percent.

The Connecticut race drew national and even international attention this summer as a barometer of the mood of American Democrats over the Iraq war. Among political insiders, too, it was seen as a test for liberal bloggers to shape the outcome of a major election, instead of merely commenting on politics in cyberspace.

Mr. Lieberman, a leading moderate Democrat, drew derision from members of his own party for supporting the war and, with particularly forceful language, defending President Bush's foreign policy at times. But some voters also felt that Mr. Lieberman had lost touch with Connecticut after being a player on the national stage after 18 years in the Senate and as a vice presidential nominee and a presidential candidate in 2004.

Many liberals never forgave him for his friendly manner in a vice presidential debate against Dick Cheney in 2000, and they were further turned off when Mr. Lieberman said on national television last year that he would have kept Terri Schiavo on a feeding tube against her husband's wishes.

Mr. Lamont, a former Greenwich selectman who, at 52, has never held statewide office, capitalized on the disaffection by spending at least $4 million of his own money on hard-edged television commercials, such as one where Mr. Lieberman's face morphed into President Bush's as an announcer said that the senator "talks like George W. Bush and acts like George W. Bush."

Mr. Lamont, meanwhile, battled the perception that he was a multimillionaire pawn of the bloggers, trying to broaden his antiwar message with a liberal load of proposed federal programs, such as universal preschool and expanded health insurance.

The returns showed Lamont narrowly winning such cities as Danbury, New London and having a commanding edge in Norwalk and his hometown of Greenwich, where he captured 68 percent of the vote. He also held the edge in incomplete returns from New Haven. Mr. Lieberman was ahead in Stamford, which is in Mr. Lamont's home county of Stamford.

Lamont aides said Tuesday night that they were cautiously optimistic of victory, and were already plotting strategy for the general election — in particular, uniting state and national Democratic officials to persuade Mr. Lieberman to drop out of the race in the face of an ascendant Lamont candidacy.

Douglas Schwartz, director of the Quinnipiac University Poll, which had predicted a 6-point Lamont victory, said that a Lamont victory would scramble Mr. Lieberman's current edge in polls forecasting the general election.

"Lamont is going to get even more positive news coverage from his win, and Democrats will likely rally around their party's candidate," Mr. Schwartz said. "Lieberman will be viewed differently Wednesday — he will be viewed as the losing candidate."

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Mr. Lamont was a virtual unknown among Connecticut Democrats only two months ago, yet, for a relative rookie, he ran a campaign that impressed voters. In the most recent Quinnipiac Poll, 42 percent of likely Democratic primary voters had a favorable impression of him, 18 percent were unfavorable, and 22 percent were mixed. By comparison, Mr. Lieberman was viewed favorably by 40 percent, unfavorably by 34 percent, and mixed by 24 percent.

According to interviews of voters leaving the polls Tuesday, Mr. Lamont appeared to be particularly popular with Democrats who opposed the war in Iraq, young people, African-Americans, liberals, and college graduates.

Polls closed at 8 p.m. after a day of relatively heavy voting. Connecticut officials said that turn-out could be as high as 45 or even 50 percent, state officials said, which would exceed the previous record for a statewide primary in a non-presidential year, 38.8 percent in the 1970 Senate race.

The hard-fought contest took an especially bitter turn during the day Tuesday as Lieberman advisers denounced the collapse of their campaign Web site, blaming unnamed "political opponents." Yet it was not clear who was at fault. The Lieberman advisers said they had no evidence implicating the Lamont campaign and could not explain the precise nature of the problem, except to say that the campaign server's bandwidth had been overwhelmed.

Lamont aides and Internet bloggers who oppose the senator said the problem appeared to be that the Lieberman campaign did not spend enough money for a Web site that could handle high traffic.

Mr. Lieberman's campaign manager, Sean Smith, said the problem amounted to suppression of the turnout, since it disabled e-mail and left aides without a tool to communicate with tens of thousands of supporters on Primary Day.

Mr. Smith said the campaign would file a formal complaint asking state and federal legal authorities to investigate. Another Lieberman adviser, Dan Gerstein, added that as of yesterday evening, there were no plans to challenge the results of the primary on the basis of a charge of suppressing the turnout.

In Bridgeport, a fiercely contested city where Mr. Lamont campaigned repeatedly in the last week, John Stafstrom, the city's Democratic Party chairman, said he expected turnout to reach 30 percent, a figure he called "amazing" for a primary in the middle of the summer.

Mr. Lamont voted at 7 a.m. at Greenwich High School, and Mr. Lieberman voted shortly before 10 a.m. in New Haven, where he lives.

As reporters gathered yesterday morning at Mr. Lieberman's polling station, warring supporters of Mr. Lieberman and Mr. Lamont gathered as well, though they were far outnumbered by the journalists. Of a dozen voters who streamed into the polling station after 9 a.m., meanwhile, eight identified themselves as Lamont supporters.

Mr. Lamont, a cable television executive, made a last-minute push for votes in Bridgeport, New Haven and Hartford, three cities where he is counting on a strong vote. Among the 697,000 Democrats who are registered to vote in the primary, Mr. Lamont has particularly targeted African-Americans, disaffected union members, antiwar Democrats, and liberals as crucial blocs, his advisers say.

Lieberman Loses Primary (WT)

By Charles Hurt

The Washington Times, August 9, 2006

HARTFORD, Conn. -- Anti-war challenger Ned Lamont defeated three-term incumbent Sen. Joe Lieberman in yesterday's Democratic primary here after a campaign that turned into a referendum on the Iraq war and President Bush.

Mr. Lieberman, who just six years ago was his party's vice-presidential nominee, called Mr. Lamont shortly before 11 p.m. to concede. But standing before supporters moments later at the Goodwin Hotel, he conceded nothing as he vowed to file papers this morning with the Connecticut secretary of state to run as an independent.

"We just finished the first half, and the Lamont team is ahead," he said in possibly the most upbeat concession speech in recent American politics. "But in the second half, our team -- Team Connecticut -- is going to surge ahead."

With 98 percent of precincts reporting, Mr. Lamont had 144,005 votes to Mr. Lieberman's 134,026 -- a lead of 52 percent to 48 percent.

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At the Lamont victory party, the candidate was flanked by prominent liberals such as the Revs. Jesse Jackson and Al Sharpton and lamented the ratio of lobbyists to lawmakers in Washington. But Mr. Lamont sent his supporters into their greatest frenzy when he mentioned his lead issue -- ending U.S. involvement in Iraq.

"We have 132,000 heroes stuck" in a civil war in Iraq, he said. "I say it's high time to bring them home."

With that the crowd began chanting repeatedly: "Bring them home. Bring them home."

Mr. Lieberman was not the only incumbent Democrat to lose last night. Rep. Cynthia A. McKinney of Georgia lost the primary runoff in her solidly Democratic district to former DeKalb County Commissioner Hank Johnson.

But all eyes in Connecticut immediately turned to the general election in which Mr. Lieberman promised to run as an independent, against Mr. Lamont and Republican Alan Schlesinger.

Supporters at the Goodwin Hotel last night were elated that Mr. Lieberman would still be on November's ballot and predicted that he would win easily after picking up all the independents and Republicans who could not vote in yesterday's primary.

Still, it is expected that starting this morning, Mr. Lieberman will come under intense pressure from national Democrats to get out of the race so the party can rally around it's nominee.

But Mr. Lieberman made it clear last night that he took personally the campaign -- and the attacks of "insults instead of ideas."

"I am disappointed not just because I lost but because the old politics of partisan polarization won the day," he said. "For the sake of our state, our country and my party, I cannot and will not let that result stand."

"I will continue to offer Connecticut a different path forward" he said.

With the defeat, Mr. Lieberman became just the fourth sitting senator to lose a primary election since 1980.

With primaries held across the country yesterday, the Lamont-Lieberman race dominated headlines as reporters converged on the tiny state, often outnumbering voters at restaurants and rallies.

During a stop at the Rajun Cajun restaurant here this week, Mr. Lieberman looked around a room full of reporters, cameras and fuzzy boom microphones and asked: "Are there any real people here?"

Only a few, it turned out.

Six months ago, the race looked as if it would be a lopsided snoozer -- with Mr. Lieberman 55 points ahead in polls. By the start of August, Mr. Lamont had demolished that lead and, according to the latest poll conducted by Quinnipiac University, taken a 54 percent to 41 percent lead over Mr. Lieberman.

By the day of the primary, Mr. Lieberman had cut the poll lead in half, and the race had become the hottest in the country, drawing supporters to both camps from outside the state. The interest boosted turnout to near 50 percent of eligible Democrats -- a figure rarely seen in party primaries in a nonpresidential election year.

Supporting Mr. Lamont have been the New York Times, anti-war activists, and liberal bloggers and activists such as Mr. Sharpton. Coming to Mr. Lieberman's support has been former President Bill Clinton and the editorial board of every major Connecticut paper.

Markos Moulitsas Zuniga, the founder and head of the popular Daily Kos site, exulted in the defeat of Mr. Lieberman last night and gave a hint of what the party's liberal base will demand if Mr. Lieberman runs as an independent, or as Mr. Moulitsas put it -- tries to "stab his allies and his party in the back."

"Here's what we all need to do the next few days," he said in a post last night. "1. Push Harry Reid to strip Lieberman of all committee assignments; 2. Let people know what a sore loser Lieberman is; 3. Get all Democrats -- including Bill Clinton -- to publicly back Ned Lamont; 4. Get the Democratic interest groups who backed Lieberman to switch allegiances in the general."

A Referendum On Iraq Policy (NYT)

By Adam Nagourney

The New York Times, August 9, 2006

The victory of Ned Lamont over Joseph I. Lieberman, a three-term senator and former vice presidential candidate, was a vivid demonstration of how the Iraq war is buffeting American politics and of the deep hostility toward President Bush among

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Democrats. It also suggested there are stiff anti-status-quo winds blowing across the political landscape as the fall elections approach.

Mr. Lamont's victory marked the first time that liberal political blogs, after playing an increasingly noisy role in Democratic politics, have been associated with a major winning campaign, suggesting a moment of arrival for this new force in political combat. And the outcome will also undoubtedly prod other Democrats who supported the war — albeit with less gusto than Mr. Lieberman — to step farther away from the increasingly unpopular conflict.

But more than that, the results of this most closely watched primary of the year raised red flags for both parties, going into the highly competitive fall elections.

For Democrats, the result — closer than polls suggested and than many Democrats had expected — dramatized the fault lines in the party over the war. And with Mr. Lieberman pledging in a concession speech last night to run as an independent in the general election, with a fierce attack on Mr. Lamont and "partisan" Washington Democrats, national Democrats have been put in an excruciating position.

They will be forced in the days ahead to choose between publicly renouncing a Democratic fixture, one popular among moderate and Jewish voters across the country, and embracing a Democrat who won a clear primary victory and has come to represent the winds of change. Although virtually every major national Democrat is expected to endorse Mr. Lamont as the winner of the party's primary — from former President Bill Clinton, who campaigned on behalf of Mr. Lieberman in the primary, to the party's prospective 2008 presidential candidates — that is different from coming to campaign on his behalf, against Mr. Lieberman.

At the same time, Republicans are ready to pounce on what they hoped could be a political opening presented by Mr. Lamont's rising star, during what has been a difficult political season for them. They said this could become a crystallizing moment: an opportunity to frame the primary results in a way that has historically worked for them and that they have exploited ruthlessly, by presenting Republicans as better able to protect Americans in a dangerous world.

Ken Mehlman, the Republican National Committee chairman, is planning to give a speech in Columbus, Ohio this morning in which he will use Mr. Lamont's victory to portray Democrats as a party weak on national defense, and his affiliation with blogs to present the Democrats as captive to the extreme wing of the party, Republican aides said.

Even before the results in Connecticut emerged, Republicans had made clear that they would try again to make national security the central issue in the fall Congressional elections. A list of talking points issued by Republican leaders for Senate Republicans to use while on recess this month bluntly advised them to note how "there have been no terrorist attacks on American soil since 9/11."

But the results suggest problems for Republicans as well. For Republicans already contemplating a gloomy fall horizon, the Lamont victory suggested that many Democrats — stirred by their opposition to the war and hostility toward Mr. Bush — are as energized as any group of voters in years, enough so to move them to the voting booth in huge numbers.

A primary or not, this still appears to have been a vote against the status quo, something that no party in power can welcome. And the results suggested that bloggers, who are more of a force for Democrats than Republicans, may have almost as much bite as bark, which could be significant in tight low-turnout Congressional elections this fall.

For Republicans, already worried about getting their supporters to the polls after what has been a tough year for the White House and Congress, this is unwelcome news — starting in Connecticut, where Democrats have put three House Republicans, including Rep. Christopher Shays, a strong backer of the war, at the top of their target list.

"This shows what blind loyalty to George Bush and being his love child means," said Representative Rahm Emanuel of Illinois, the leader of the Democratic House Congressional campaign. "This is not about the war. It's blind loyalty to Bush."

The road ahead for Mr. Lamont is hardly smooth. He now has to make the adjustment from being an insurgent — he gave his victory speech with the Rev. Al Sharpton and the Rev. Jesse Jackson at his side — to being the official Democratic nominee, the symbol of the party establishment. He is relatively inexperienced, and is facing Mr. Lieberman, who still has extensive support from Republican and moderate voters.

In his concession, Mr. Lieberman sought to portray Mr. Lamont as the symbol of poisonous partisanship in Washington and to position himself as a candidate who could bridge the partisan divide. But increasing polarization over the Iraq war is what

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powered the Lamont campaign and it is unclear, without a base in either party, if Mr. Lieberman will be able to find a similar energy source.

To a considerable extent, this election may have been about a senator out of step with his constituency on the biggest issue of the day, running in an unusually narrow and liberal electorate. But even before the results were known, the accepted wisdom in political circles was that a victory by Mr. Lamont would signal there is little room in the Democratic Party for Iraq war supporters, an unwelcome event for a party still struggling to arrive at a unified position about the war, and elevate the influence of bloggers.

The actual outcome appears slightly more complicated than that. The bloggers certainly played a notable role in drawing attention to the Lamont candidacy, but they were one of a number of factors that contributed to the Lieberman defeat.

"My view is they got this whole thing started,'' said Douglas Schwartz, the director of the Quinnipiac University Poll, which has been regularly surveying voters in this race. "But in the end, this is about a lot more than the blogs."

Mr. Lieberman's support of the war was toxic for him. But he is not alone in his party in supporting the war: two of the Democrats' leading potential candidates for the 2008 presidential nomination — Senator Hillary Rodham Clinton of New York and Mark Warner, former governor of Virginia — hold similar positions.

Mr. Lieberman stands apart from them and other Democratic war supporters because he came to be seen by Democrats, fairly or not, as a cheerleader for the president, and a scold to Democrats who opposed Mr. Bush's war policy. That was a matter of great frustration to Mr. Lieberman, who complained, as polls showed him slipping to defeat, that he had been critical of the way the war has been fought.

Perhaps. But if that was the case, it did not come through. And for Democrats contemplating the new landscape, that is sure to be one of the enduring lessons of what happened in Connecticut.

Lamont Victorious, But Lieberman Stays In Race (NLD)

By Paul Choiniere, Ted Mann

New London Day Lieberman Loses, August 9, 2006

Sen. Joe Lieberman has conceded that he has lost his primary race to Ned Lamont but reiterated his pledge to run as an Independent in November.

Lieberman began speaking to his supporters shortly before 11 p.m.

"We just lost the first half to the Lamont team," he said, but he will prevail in the "second half."

With 98 percent of the precincts reporting, Lamont has 52 percent of the vote to Lieberman's 48.

"I'm hoping over the course of the next few days, the party is going to stick together and we are going to go forward together," said Lamont, who addressed supporters at 11:20 p.m. just moments after the senator issued his concession speech, but vowed to fight on.

The voters, said Lamont, have voted for change and Lieberman should accept their verdict.

"Staying the course. That's not a winning strategy in Iraq and it's not a winning strategy for America," Lamont said.

While he called for universal healthcare, deficit reduction, reforms on lobbying in Washington, Lamont got the loudest cheers for what was the biggest issue in this campaign – the Iraq war.

"We have 132,000 of our bravest troops stuck in the middle of a bloody civil war in Iraq and I say it's high time we bring them home to the heroes' welcome," Lamont said, with his supporters responding with a chant of, "Bring them home."Some long-time Democrats see the Lamont victory as a rebirth of sorts for the party, evidence that a candidate can focus on traditional party values and get elected.

"It's a breath of fresh air, it shows that change is possible. It sends a very clear message nationally that there are things worth fighting for and values worth fighting for and Connecticut Democrats are willing to fight for them," said George Jepsen, former chairman of the state Democratic party.

Those values, he said, include universal healthcare, changing trades laws to stem the tide of jobs being lost overseas, as well as bringing the troops home from Iraq.

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"He is an intelligent, articulate messenger delivering a message of hope and change that contrasted with Joe Lieberman, who has stood with national Republicans on a wide range of issues, not just the war," said Jepsen.

For years Lieberman has symbolized the wing of the party who argued that Democrats had to move to the political center to gain majority support. Lamont's success gives lie to that position, Jepsen said.

"He went too far, he went way out of the mainstream in Connecticut," Jepsen said of Lieberman. "This was not an assault from the left, these are mainstream Democrats that supported Ned Lamont.

"You don't have to vote with Republicans on social issues to attract a majority, most Americans share our values, we just have get the message out and Lamont did that."

Among those moving through the Lamont crowd was former Gov. Lowell P. Weicker, the man who Lieberman defeated in his first Senate race, and the Rev. Jesse Jackson, who characterized the race as a battle for the soul of the Democratic party.

For a second, a cheer went up in the lobby of the Goodwin: The glum Lieberman crowd roared when WTNH's campaign graphic revealed that Lieberman's 8-point deficit had been transformed into an 8-point advantage.

A miracle: Their candidate was up, 54-46.

It did not last long. The graphic had been reversed, the graphic was corrected, and a groan spread around the room.

Charles Epstein, the Democratic chairman in Cromwell, spoke for the masses.

"I'm not very happy about what happened in our town," Epstein said, when a reporter asked how he was doing. According to the tattered paper produced from Epstein's pocket, Cromwell voted, 723-581, for Lamont.

Lieberman has pledged to run as an Independent to retain his seat if he loses in the primary.

Lieberman Loses Senate Race In Conn. (USAT)

By Susan Page

USA Today, August 9, 2006

Six years after he was cheered as the Democrats' choice for vice president, Connecticut Sen. Joe Lieberman on Tuesday was denied his party's nomination for a fourth term in a bitter primary challenge that turned into a referendum on the Iraq war.

Challenger Ned Lamont, 52, a millionaire businessman who was unknown to nine of 10 Democrats in the state just three months ago, tapped anti-war sentiment and the support of liberal Internet bloggers to unseat one of the nation's most prominent Democrats.

However, Lieberman vowed to run as an independent against Lamont in the general election.

"I am, of course, disappointed by the results, but I am not discouraged," Lieberman told supporters as he conceded at a Hartford hotel just after 11 p.m. He said "the old politics of political partisanship won today" and declared: "For the sake of our state, our country and my party, I cannot and will not let that result go unchallenged."

A few minutes later in Meriden, Lamont decried that U.S. troops were "stuck in a civil war in Iraq" and said it was "high time we bring them home to a hero's welcome." The crowd chanted: "Bring them home."

Lamont's margin of victory — a lead of about 10,000 votes — was a bit narrower than predicted by statewide polls over the past week.

In a final dispute, Lieberman accused Lamont's supporters of crashing his campaign website on Tuesday and demanded a criminal investigation by state and federal authorities. The senator said he didn't have proof who was responsible but said it was safe to assume that "it wasn't any casual observer."

Lamont denied his campaign was involved and called the accusation "another scurrilous charge."

Lieberman's ouster was a sign of the Democratic voters' anger over the war and their impatience with elected officials who haven't confronted Bush with what they see as sufficient force.

In the past half-century, the only other such prominent senator to lose his party's nomination was J. William Fulbright, chairman of the Senate Foreign Relations Committee and a leading critic of the Vietnam War. He was defeated in the 1974 Arkansas Democratic primary by then-governor Dale Bumpers.

Support For War Weakened Lieberman From Start (USAT)

By Susan Page

DOJ_NMG_0045499

USA Today, August 9, 2006

Sen. Joe Lieberman said he felt the rumblings of a political earthquake even back when non-partisan political analysts were rating his re-election as safe.

"I saw this coming," the Connecticut senator said in an interview Sunday with USA TODAY. At the beginning of the year, before Ned Lamont had surfaced as a candidate, Lieberman's campaign conducted polls to test various political scenarios.

Against an unnamed anti-war challenger, "it got to be a dead heat stunningly quickly," Lieberman said glumly.

On Tuesday, the depth of Democratic opposition to the war in Iraq coupled with a challenger who had personal wealth and the fervent backing of liberal bloggers denied Lieberman his party's nomination for a fourth term — and launched a warning flare to some incumbents in both parties.

"I like to think the people of Washington, D.C., will hear what the people of Connecticut have to say," Lamont said in the campaign's final days. "I think it could make a difference" in stiffening Democratic opposition to President Bush, especially on Iraq.

Lamont, 52, didn't bring political experience to the race — the businessman had served only as a selectman in Greenwich — but his unflappable demeanor and unrelenting message against the war and in favor of change proved to be enough. He hammered Lieberman's position that the United States needs to keep troops in Iraq until Iraqi forces can take over.

In a Quinnipiac Poll taken last week, 54% of Lamont's supporters said their vote was more against Lieberman than for Lamont. Nine of 10 said Lieberman's stance on Iraq was a reason for their decision.

Some factors leading to Lieberman's demise are particular to the Nutmeg State, which is affluent and liberal-leaning. Its quirky voting history includes a victory in the 1992 presidential primary for Jerry Brown over Bill Clinton.

Lieberman is not ready to leave the scene. He said Tuesday night that he would submit petitions today to put his name on the November ballot as an independent.

One question raised by Tuesday's result: Would the Republican Party try to replace its obscure Senate nominee, Alan Schlesinger, with a stronger contender for a three-way general election?

Tuesday night, anti-war activists who backed a political neophyte were celebrating. They had succeeded in defeating one of the nation's senior Democrats, the party's vice-presidential nominee just six years ago and former head of the centrist Democratic Leadership Council.

"There is a wave of anti-incumbent, pro-change feeling building, and I think we're going to see that crash to shore in November," said Eli Pariser, executive director of MoveOn.org Political Action. "It's a bad time to be defending the status quo, and if you're a politician who is defending the president's war policies at a time we all know that the current strategy isn't going well, you're in trouble."

That message could be heard by, among others, New York Sen. Hillary Rodham Clinton. She supported the invasion of Iraq and hasn't endorsed calls for a timetable to withdraw U.S. troops, but she sharply criticized Defense Secretary Donald Rumsfeld last week, then called for his resignation.

Republicans were quick to portray Lieberman's defeat as a sign that Democrats were wavering on the nation's defense. "Lieberman is the last of the Scoop Jackson Democrats who stands just as tall as Republicans do on national security," said GOP strategist Charles Black. Washington Sen. Henry Jackson was a leading Democrat on military issues a generation ago. Black said Lieberman's defeat would reinforce the soft-on-defense accusation leveled at Democrats since Vietnam.

Stuart Rothenberg of the non-partisan Rothenberg Political Report, one of the newsletters that rated Lieberman as safe early in the year, said the repercussions of Lieberman's demise could reverberate beyond November, to "2008 and 2010 and 2012" with jockeying between the party's moderates and liberals. "You could be back to another fight within the Democratic Party for its heart and soul," he said.

Lamont Relied On Net Roots -- And Grass Roots (WP)

By Shailagh Murray

The Washington Post, August 9, 2006

MERIDEN, Conn., Aug. 8 -- Almost no one saw it coming.

Six months ago, Ned Lamont's name recognition was, within the margin of error, zero. He made campaign fliers on a copy machine. In a race against a Democratic senator with a national reputation, the political novice had two main things in his favor: substantial personal wealth and a potent issue.

From Day One, the man who became Connecticut's Democratic nominee for the Senate on Tuesday stuck to a simple message: The war in Iraq was wrong and Sen. Joseph I. Lieberman was wrong to continue supporting it. But while Lamont's success has been widely attributed to the rising power of the antiwar movement and liberal Internet bloggers, the 52-year-old upstart from Greenwich became a political giant-killer by blending both new- and old-style politics. He tapped the Net roots to promote his cause -- but the grass roots to win over voters.

With its strong Internet presence and gung-ho supporters, Lamont's campaign soon came to resemble Howard Dean's bid for the Democratic presidential nomination two years ago. But there are key differences. Despite the national implications of Lamont's candidacy, his campaign retained a distinctly local flavor, staffed by veteran state operatives and a homegrown volunteer corps. As the hype grew, the campaign stuck to the basics. It focused on building a file of likely voters, organizing a turnout effort and circulating Lamont at events, including small gatherings in living rooms.

"The story is really about voters in Connecticut who stood with Ned Lamont," said Tom Matzzie, political director for the antiwar organization MoveOn.org, one of numerous outside groups that promoted Lamont's candidacy. "He went from town to town, house to house, for months. It defined grass-roots campaigning."

The Lamont effort started slowly, with a clear mission but low expectations. The multimillionaire cable television businessman had little political experience aside from a stint as a Greenwich selectman in the late 1980s. When Lamont entered the race in March, polls showed Lieberman with strong popularity, despite the state's strong antiwar leanings. Moreover, Connecticut's election laws forced primary challengers into a costly and time-consuming qualifying process that led other Democrats to conclude the road was too steeply uphill to proceed.

Lamont turned those early obstacles into opportunities. He decided to pursue both avenues for getting on the ballot: collecting signatures and wooing Democratic delegates at the state convention. Both required aggressive outreach and helped to expand his support base. The results were so impressive, campaign manager Tom Swan said, that once Lamont secured a third of the delegates -- well in excess of the 10 percent he needed -- his workers continued collecting signatures to expand their database.

Lamont's success at the state convention was the first of three turning points. The second was Lieberman's announcement in July that if he lost, he would run as an independent -- a decision that offended some Democrats and reinforced Lamont's argument that Lieberman is not a true Democrat. The third was a debate performance that showed Lamont could stand up against a skilled politician while pressing his case to a statewide audience.

Lamont is not a typical insurgent. Preppy and mild-mannered, he is the scion of a patrician banking family, with a lineage that includes a great-grandfather, Thomas W. Lamont, who was chairman of J.P. Morgan.

He first met with Swan in early December. Swan, the director of a consumer advocacy organization called Connecticut Citizen Action Group, was an experienced local organizer. He had nursed a grudge against Lieberman since 1994, when the senator opposed the Clinton administration's universal health care plan. Swan and his colleague John Murphy had been invited to meet Lamont by a mutual friend, a statewide political figure who become angry with Lieberman over the war.

"The first meeting, it was clear to us that he was not a typical politician," Swan said of Lamont. "There was something that we found really, really appealing -- an earnestness."

After Christmas, Lamont decided to challenge Lieberman, and Swan and Murphy took leaves of absence from CCAG to join him. One early move was to launch a primitive Web page seeking 1,000 volunteers in all 169 of the state's municipalities, building on the strength of local Democratic organizations. They began a voter-history project to track down people who voted in every obscure local primary and referendum -- information that was not available in statewide rolls.

The campaign relied heavily on "house parties," or small neighborhood gatherings -- a tactic used in the 2004 presidential campaign, in particular by Dean. Organizers used the events to build their lists of likely voters and add to the volunteer ranks. Eventually, the campaign put the whole system online.

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"Their voting techniques are on the cutting edge of politics," said Matzzie, whose organization, MoveOn.org, is a pioneer of the house-party model.

Lamont's wealth was also a critical factor. His campaign raised and spent about $4 million through July 19, about$2.5 million of which came from his own pocket.

The campaign also reached out to organized groups that had grown frustrated with Lieberman over issues other than the war, including unions that opposed free trade as well as women's groups that had been angered by the senator's support for a decision by Connecticut's Catholic hospitals to refuse emergency contraception to rape victims.

Those issues underscored a weakness that Lamont and others had sensed from the outset: that after 18 years in the Senate, Lieberman had grown distant from Connecticut Democrats. "I don't know if any of it would have worked, if Joe hadn't been so out of touch," Swan said.

Though highly effective in the primary, Lamont's grass-roots model may need some tweaking if Lieberman decides to run as an independent. "The grass-roots approach is targeted at left-leaning Democrats," said Ken Dautrich, a professor of public policy at the University of Connecticut.

In his victory statement Tuesday night, Lamont said: "This race started out as a dream, many thought an impossible dream, but thanks to all of you and thousands of citizens across the state . . . we have a coalition that believes this is a time for change."

Lieberman Is Defeated In Primary (LAT)

By Ellen Barry

The Los Angeles Times, August 9, 2006

HARTFORD, Conn. — Sen. Joe Lieberman, who angered Democratic voters with his staunch support of the war in Iraq, on Tuesday narrowly lost his party's nomination to Ned Lamont, an antiwar candidate who was unknown seven months ago.

Lieberman is only the fourth incumbent senator to lose his party's nomination since 1980. He promised to run for a fourth term as an independent candidate. Looking out at his supporters Tuesday night, he beamed and raised a fist defiantly in the air.

"The old politics of polarization won today," he said. "For the sake of our state, our country and my party, I cannot and will not let that result stand."

The race, initially predicted as a blowout victory for Lieberman, became a lesson in how the war in Iraq has reshaped partisan politics. In Lamont's headquarters, a jubilant crowd celebrated an upset win that, last year, would not have seemed possible.

Lamont thanked Lieberman for "the grace and dignity with which he has served our state for many years," and vowed to act as an agent for change.

"Some call Connecticut 'the land of steady habits.' Connecticut voters do not call for change lightly, but today we called for change decisively," he said. "No more 'stay the course.' Stay the course is not a winning strategy in Iraq, and it is not a winning strategy in America."

Lamont, a wealthy cable executive, led Lieberman by less than four percentage points, with 51.8% of the vote to Lieberman's 48.2% with 99% of precincts reporting. Several of his supporters — among them Rep. Maxine Waters (D-Los Angeles) — said they hoped Lamont's win would prove to be a transforming moment for the Democratic Party.

"I believe this is the most significant election of all the Democrats that are running," Waters said. Many elected officials, she said, "could not bring themselves to stand up against this war because they thought they didn't have public support. Ned Lamont's courage will give courage to a lot of people."

As the race drew national attention this summer, nearly 30,000 new voters either registered as Democrats or switched their registration for the chance to vote in the primary. Turnout was close to 40%, which is 15 percentage points higher than the previous recorded turnout for a Connecticut primary.

An independent Lieberman campaign will force an awkward choice for state Democratic leaders: fully shift their support to the novice politician who has the party's backing, or stick with Lieberman. They must make that decision before 11 a.m. today, when Democrats will gather for a public "unity meeting," said Steven Donen, a consultant and Lieberman supporter.

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"Do they appear with [Lamont] jointly? Do they raise money for him?" Donen asked. "Don't you support your friends through thick and thin, no matter what?"

Leslie O'Brien, a past executive director of the state Democratic Party, said there was no question that Democrats would embrace Lamont; the question is "how warmly." George Jepsen, a former chair of the state party who worked with Lamont's campaign, said he expected the shift to go smoothly.

"I've had people who have come up to me and said, 'George, I'll write him a check on Aug. 9,' " he said.

A year ago, Lieberman was considered so popular and well-financed that no established Democrat could be induced to run against him. Lamont officially declared his candidacy in March, five months before the primary. In January, when he began campaigning against Lieberman, his statewide name recognition was 4%, campaign manager Tom Swan said.

Lamont, 52, poured $2.5 million of his own money into launching the campaign and paid dozens of visits to small-town Democrats whose frustration with Lieberman was building. The challenger's vigorous, plain-spoken broadsides against the war attracted the attention of progressive activists and bloggers.

From the beginning, most prospective Lamont voters said they were supporting him out of dislike for Lieberman. In a Quinnipiac University poll released Monday, 54% of Lamont voters said that was the main reason they support him.

"Not to say anything bad about the Lamont campaign," said Kenneth Dautrich, a public policy professor at the University of Connecticut, "but this has always been about Lieberman."

Lieberman became a Democratic star in the '90s, a time when the party worried about losing touch with an increasingly conservative electorate.

The son of a liquor store owner in Stamford, Conn., Lieberman began running for office as a high school student and never stopped. At Yale University, he wrote an admiring senior thesis on John M. Bailey, Connecticut's cigar-chewing political boss whose motto was "You gotta do what you gotta do."

Lieberman, 64, is an Orthodox Jew who has observed the Sabbath throughout his career, refraining from driving, writing or talking on the telephone. A mild-mannered figure in the Senate, he took stands on moral issues — he chastised Hollywood for glamorizing sex and violence — and won high marks in the labor and environmental movements. Alongside an old friend, Bill Clinton, he cultivated a reputation as a centrist.

Lieberman was the first non-Southern U.S. senator to endorse Clinton in 1992. But six years later, he became President Clinton's most prominent Democratic critic, siding increasingly with the GOP on issues such as fundraising tactics. In 1998, he rebuked the president in the thick of the Monica S. Lewinsky scandal, calling Clinton's behavior "immoral and harmful." He was the first Democrat to do so.

Democrats' grievances against Lieberman have mounted since then. Many in the party resent the fact that he did not drop out of the race for his Senate seat in 2000, when Al Gore selected him as a vice presidential running mate; others are angry that he backed Republican efforts to prevent the removal of Terri Schiavo's feeding tube, or that he voted to prevent a Democratic filibuster of Supreme Court Justice Samuel A. Alito Jr.

But the fundamental complaint from liberals has been Lieberman's support of the war in Iraq, which seemed to grow stronger as other Democrats lined up against it. In December, he chided President Bush's critics, saying that "in matters of war we undermine presidential credibility at our nation's peril." He was one of six Democrats this summer to vote against a resolution calling for U.S. forces to begin leaving Iraq this year.

Lieberman's friendly relationship with Republicans became the Lamont campaign's favorite emblem. Lamont's supporters wear buttons portraying "the Kiss" — a moment when Lieberman embraced Bush after his 2005 State of the Union address. And a television advertisement aired this summer showed Lieberman's face morphing into Bush's as an announcer intoned, "If it sounds like George W. Bush, and acts like George W. Bush, it's certainly not a Connecticut Democrat."

When Democrats convened in May to nominate a candidate, Lamont won 33% of the delegates, more than twice what he needed to force Lieberman into a primary race. Tom Matzzie, the executive director of Move On.org Political Action, said activists found themselves "in the right place at the right time" in a year when MoveOn members' priorities — the war in Iraq, healthcare, energy and "standing up to Bush" — aligned with the concerns of Connecticut voters.

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Marshall Wittman of the centrist Democratic Leadership Council, who supports Lieberman, said Lamont has allowed himself to be defined by his left-wing supporters.

"Had it not been for the involvement of the Democratic left, the party would be fairly united going into midterm elections," he said. "The Lamont campaign can be potentially devastating to the party, not in 2006, but in 2008. At a time of horrific news for the Republican Party, this is the only silver lining they have right now."

Although shades of regret seemed to flicker across the face of Lieberman's wife, Hadassah, Lieberman was upbeat about his independent run. Polls have showed he has strong support among independent and Republican voters, and could win a three-way race.

"I'm a sports fan, so I'll use a sports comparison," he said. "As I see it, in this campaign, we've just finished the first half, and the Lamont team is ahead, but in the second half, our team — Team Connecticut — is going to surge forward to victory."

Kenneth Fellenbaum stood for a while not far from the stage after Lieberman and his family had filed out.

"It is sad," said Fellenbaum, 57, who is a Republican. "Here's a man who was his party's nominee for vice president, who served three terms in the Senate, and to have somebody with no experience come up, with one issue — this obviously is a travesty."

Lieberman Defeated In Democratic Primary (WP)

By Dan Balz And Shailagh Murray

The Washington Post, August 9, 2006

HARTFORD, Conn., Aug. 8 -- In a stark repudiation, Sen. Joseph I. Lieberman (D-Conn.) narrowly lost the Democratic Senate primary here Tuesday night, falling to antiwar candidate Ned Lamont in a campaign that became a referendum on the incumbent's support for the Iraq war.

Lieberman publicly conceded the primary shortly after 11 p.m., after a congratulatory call to Lamont. But he appeared almost exuberant in defeat, telling supporters at a hotel in Hartford that he planned to run as an independent in November and predicting that he would be returned to the Senate for a fourth term.

Lieberman, accused by many in his own party of being too accommodating to President Bush, also made it clear that he would try to make the general election a campaign about a tone and style of politics that he said has stalemated Washington and that he charged was at the heart of Lamont's campaign.

"I am, of course, disappointed by the results, but I am not discouraged," Lieberman said. "I'm disappointed not just because I lost but because the old politics of partisan polarization won today. For the sake of our state, our country and my party, I cannot and will not let that result stand."

Lieberman faces potentially substantial hurdles in his independent candidacy, despite a poll taken early in the summer showing him winning a three-way race easily. His own party's leadership is likely to be nearly united in opposition to his candidacy, at least on the basis of their previous statements that they would back the primary winner. Lieberman hopes to attract moderate independents and many Republicans while holding on to at least part of his Democratic support.

Lamont, who was given little chance of winning when he launched his campaign in the spring, appeared moments later before a cheering, chanting crowd of supporters at a victory party in Meriden. "They call Connecticut the land of steady habits," he said to supporters. "Tonight we voted for a big change."

Saying the time has come to "fix George Bush's failed foreign policy," Lamont said he would push for a withdrawal of U.S. forces in Iraq. "I say it's high time to bring them home to a hero's welcome," he said as his supporters began to chant "Bring them home, bring them home."

In his victory speech, Lamont praised Lieberman for his service to the state but added: "I'm hoping that over the course of the next few days that we'll come to the conclusion that the party's going to stick together and we'll go forward united."

The three-term incumbent lost his bid for renomination exactly six years after he was chosen as Al Gore's vice presidential running mate, marking a fall from grace among his fellow Democrats that came with brutal swiftness and signaled the growing strength of the antiwar movement inside the Democratic Party.

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With almost all precincts reporting, Lamont had 52 percent of the vote to Lieberman's 48 percent. The Connecticut secretary of state's office reported strong turnout in a campaign that built in intensity over the summer.

The Senate primary was closely watched around the country as a barometer of antiwar sentiment that could shape the November midterm elections, particularly in Democratic-leaning states.

Beyond that, the Lieberman-Lamont contest carried implications for a Democratic Party that long has been split over national security and whose congressional leaders and prospective 2008 presidential candidates have struggled to find consensus on the war.

Republican officials have argued that a Lamont victory would represent a left turn for the Democrats on security issues, a charge that Democratic leaders have rejected, arguing that the contest here was as much about Democratic frustration with the president as with the war.

At a minimum, the Connecticut primary is likely to ensure that Democrats of all stripes -- those who initially supported the war and those who have opposed it -- take a more aggressive posture in combating the president and his policies at home and abroad.

Lieberman had trailed badly in some pre-election polls and mounted a final-week push that included a speech Sunday night designed to address criticism of his position on the war and his relationship with Bush. That helped make the contest much tighter than it once appeared, but still left Lieberman short of his goal.

Lieberman, 64, was first elected to the Senate in 1988, defeating Republican incumbent Lowell P. Weicker Jr. Earlier he served as Connecticut attorney general. In this three terms in the Senate, he became one of the party's most prominent hawks on military matters and an advocate of bipartisanship who sometimes relished his reputation for crossing party lines on matters of principle.

Those characteristics put him on the defensive in the primary campaign, even though he enjoyed the support of former president Bill Clinton and an array of Democratic officials nationally and in the state, as well as the support of major newspapers in Connecticut and key Democratic constituency groups.

Lamont, 52, is a wealthy Greenwich businessman whose great-grandfather Thomas W. Lamont was a chairman of J.P. Morgan & Co. He made a fortune in the telecommunications industry but is a relative newcomer to politics, having served previously as a Greenwich selectman. He lost a bid for the state Senate in 1990.

Lamont built his campaign initially with the enthusiastic support of the "Net roots" -- bloggers and other Internet-based activists -- and then expanded with a grass-roots campaign that attracted rank-and-file Democrats who opposed the war and who complained that Lieberman had neglected the interests of his home state.

Many Democratic officials had said that, despite their support for Lieberman in the primary, they would back Lamont in the general election if he defeated the incumbent. Many more are likely to come aboard the Lamont campaign on Wednesday.

That sets up what is likely to be a bitter rerun of the primary and continued divisions within the party here that some Democrats fear could affect their chances of capturing three closely contested Republican-held U.S. House seats in Connecticut.

Democrats have been talking privately about efforts to persuade Lieberman not to run as an independent, but the margin of Lamont's victory may make that far more problematic. Lieberman advisers had said for days they doubted that the incumbent could be turned back for running as an independent, and he seemed almost liberated on Tuesday night by the ability to run in the fall without having to bow to the anger inside his own party that brought about Lamont's extraordinary victory.

It is rare that Senate incumbents lose their primaries and rarer still that they are felled by the kind of challenge that Lamont's candidacy represented. Lieberman's defeat was the result of many factors, including perceptions that he cared more about his national agenda and ambitions than he did about Connecticut. But it was the war and Democratic frustration with Bush that brought about his downfall.

Controversy marred the final hours of the campaign. On Monday, Lieberman's Web site crashed. Lieberman advisers blamed that on pro-Lamont hackers. Lamont's campaign denied involvement.

The contest ahead is expected to be contentious. The Republican candidate, Alan Schlesinger, is lightly regarded, and there has been some speculation that Republicans would seek to have him step aside in favor of a stronger candidate.

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Lieberman and Lamont met in their only debate of the campaign on July 6. Lieberman hammered Lamont as a single-issue candidate who had taken multiple positions on the war and urged his rival -- and Connecticut voters -- not to take out their anger at Bush on him.

"I know George Bush," Lieberman said. "I've worked against George Bush. I've even run against George Bush, but I'm not George Bush. So why don't you stop running against him and have the courage and honesty to run against me and the facts of my record?"

Lamont fired back, "Senator Lieberman, if you won't challenge President Bush and his failed agenda, I will."

Democrats also were selecting a nominee to run against the popular Republican governor, M. Jodi Rell. With almost all the voted counted, New Haven Mayor John DeStefano led Stamford Mayor Dannel Malloy by about 4,000 votes.

Lieberman Campaign Website Hacked (AP)

AP, August 9, 2006

HARTFORD, Conn. - Democratic Sen. Joe Lieberman, who was locked in a battle with an anti-war challenger in the nation's most closely watched primary race Tuesday, accused his opponent's supporters of hacking his campaign Web site and e-mail system.

Lieberman campaign manager Sean Smith said the campaign has contacted the Connecticut attorney general's office and asked for a criminal investigation by state and federal authorities.

Campaigning Tuesday in New Haven, Lieberman said he has no proof that Ned Lamont's supporters are responsible, but is asking state party chairman to intervene.

"I'm concerned that our Web site is knocked out on the day of the primary, you'd assume it wasn't any casual observer," Lieberman said.

Lamont, campaigning early Tuesday afternoon in Bridgeport, said he knew nothing about the accusations. "It's just another scurrilous charge," he said.

A spokesman for the U.S. Attorney's office declined immediate comment. Calls placed to the FBI and the chief state's attorney's office seeking comment were not immediately returned.

Smith said the site began having problems Monday night and crashed for good at 7 a.m.

"Voters cannot go to our Web site. They cannot access information," Smith said. "It is a deliberate attempt to disenfranchise voters."

Elections also were being held Tuesday in Colorado, Missouri, Michigan and Georgia. In Georgia, Rep. Cynthia McKinney, who made headlines this year for a scuffle with a U.S. Capitol Police officer, faced a runoff for her district's Democratic nomination.

A new poll showed the race tightening between Lieberman and Lamont, with Lamont holding a slight lead. Lieberman has said he will run as an independent in the fall if defeated in the primary.

Lamont, the millionaire owner of a cable television company, held a slight lead of 51 percent to 45 percent over Lieberman among likely Democratic voters, according to a Quinnipiac University poll released Monday.

The telephone poll of 784 likely Democratic primary voters, conducted from July 31 to Aug. 6, has a sampling error margin of plus or minus 3.5 percentage points.

Jack Ellovich said he voted for Lieberman, citing the three-term senator's experience.

"He's already got the standing in the Senate," said Ellovich, after casting his vote at a downtown Hartford precinct. "I think he can get stuff done for Connecticut and I don't think Lamont really knows how the system works."

Others, however, say they were swayed by the 2000 vice presidential candidate's support for the Iraq war, saying he is too close to Republicans and President Bush.

"I'm completely for Lamont because of the war issue. I'm totally disgusted with Lieberman and his positions. I think he sold us out," teacher William Clement, 57, said after casting his vote for Lamont in Hartford's west end.

"He's more like Bush than anything else. I think he's his little puppet," voter Raymond Deauchemn, 55, said in Norwich.

If defeated, Lieberman would be only the fourth incumbent senator since 1980 to lose a primary election.

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Lieberman said he believes voters are coming back to him.

"I feel they were flirting with the other guy for a while, wanting to send me a message," he said Monday during a stop at a restaurant in Hartford. "I got their message. I think they want to send me back to Washington to continue working with them, fighting for them, and delivering for Connecticut."

The race attracted tremendous interest, both in Connecticut and nationally. Secretary of the State Susan Bysiewicz said she expected turnout Tuesday of 40 percent, much higher than the 25 percent that is typical of state primaries.

More than 14,000 Connecticut voters switched their registration from unaffiliated to Democrat to vote in the primary, while another 14,000 new voters registered as Democrats, according to state statistics.

"People want change and people like what they hear from Ned," said Liz Dupont-Diehl, Lamont's campaign spokeswoman.

Some argue the GOP would be better off if Lieberman wins, on the theory that anti-war activists would become discouraged and stay home in November.

Others argue that Republicans will be better off if Lamont prevails. That way, the argument goes, they can try to win over voters by telling them the Democrats have been taken over by an anti-war fringe and can't be trusted to protect the nation's security.

In other primaries Tuesday:

_In Colorado's heavily conservative 5th District, voters chose among six GOP candidates to succeed retiring Republican Rep. Joel Hefley, a 10-year veteran. The winner will face Democratic Air Force veteran Jay Fawcett. In another race, three Democrats competed to replace U.S. Rep. Bob Beauprez, the Republican nominee for governor.

_Michigan Republican Rep. Joe Schwarz faced a serious challenge from former state lawmaker Tim Walberg. Schwarz, a moderate Republican, was backed by President Bush, Arizona Sen. John McCain and the National Rifle Association. But the race was dominated by a struggle over GOP principles. Outside groups have spent more than $1 million on the race.

_Missouri Republican Sen. Jim Talent and Democratic challenger Claire McCaskill, the state auditor, were expected to win their party's primaries. Voters will also decide whether to renew a 22-year-old sales tax to fund state parks and other conservation initiatives.

Charges Of Dirty Tricks On Web Feed Speculation In The Blogosphere (NYT)

By Michael Cooper And John Markoff

The New York Times, August 9, 2006

When Senator Joseph I. Lieberman's campaign Web site crashed in the hours leading up to yesterday's Democratic primary election, it was hard not to read some deeper meaning into the problem.

Was it a sign that Senator Lieberman was clumsy when it came to marshaling the technology that his opponents had used so well against him? Or had some shadowy, sinister bloggertypes who were championing his challenger, Ned Lamont, hacked into the site and shut it down, as the Lieberman campaign charged?

The Lieberman campaign said that "we believe that this is the result of a coordinated attack by our political opponents." The Lamont campaign responded that "if Senator Lieberman's Web site was indeed hacked, we had absolutely no part in it, denounce the action, and urge whoever is responsible cease and desist immediately."

Either way, the Web battles that marked Primary Day made for a fitting coda to a campaign that played out nearly as much on the Internet as it did on the stump. Even before Mr. Lamont entered the primary race that he would eventually win, the anger directed at Senator Lieberman over his support for the Iraq war and the Bush administration had found a focal point, and a forum, on the Web, among the bloggers and activists who call themselves Netroots.

The crash yesterday of Senator Lieberman's site, Joe2006.com, along with the accusation that it was a political dirty trick, provided more fodder for the blogs.

First, pro-Lamont bloggers speculated that the Lieberman campaign had not paid its bills. The Lieberman campaign denied that, and said its site had been attacked. Some Lamont supporters contended that the Lieberman campaign had become the victim of its own cheap Web site, which they said was easily overwhelmed, while others suggested that the whole thing was a

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dirty trick to distract attention from a potential Lieberman loss. Others asked why another Lieberman campaign Web site that criticizes Mr. Lamont, MeetNed.com, was working.

The Lieberman campaign acknowledged that it had no evidence that its opponents were behind the crash. Connecticut officials said that they were investigating, and that they had contacted the F.B.I.

"At this point, I really can't comment on what kind of evidence we have, if any, of purposeful interference or hacking," Richard Blumenthal, the Connecticut attorney general, said in an interview. He said that there were "potentially a variety of explanations.''

The Web site consultant employed by the Lieberman campaign said yesterday afternoon that the network went down after being deluged by server queries.

"It's like trying to drink from a fire hose,'' said the consultant, Dan Geary, whose one-person company, Geary Internet Services, is based in Las Vegas. He acknowledged that he was not an Internet security expert.

Mr. Geary disputed claims made by Lamont supporters that the Lieberman site was running on a cheap Internet service that did not have enough bandwidth. He said that shortly after the campaign began, a video of a bear cub had overloaded the site, and as a result he put the campaign on a custom plan that could handle increased traffic.

The Lieberman campaign had access to 200 gigabytes of data capacity a month, he said, a figure that is significantly higher than the capacity of 10 gigabytes a month, which had been cited by Lamont supporters.

Mr. Geary said that claims by Lamont supporters that the site was being run by a single, inexpensive computer were also inaccurate. He said that he had contracted with a Dallas-based Web company, Server Matrix, as the host of Joe2006.com. Executives at Server Matrix did not return phone calls seeking comment.

It was only fitting that a primary effort by both Mr. Lamont and Mr. Lieberman that practically began on the Web should end there, too.

Bloggers provided forums for criticism of Senator Lieberman's pronouncements on Iraq. They posted links to a video of President Bush planting what looked like a kiss on Mr. Lieberman's cheek after the 2005 State of the Union address.

Thrown in the mix were name-calling, thought-provoking analyses of the senator's stances on issues from Social Security to the Terri Schiavo right-to-die case, and reporting on campaign donations.

It all paved the way for Mr. Lamont, a virtually unknown cable executive, to enter the race and be taken seriously. Bloggers watched as the points they made began to catch on, and then as the mainstream news media that they distrust alternately caricatured them as angry liberal lunatics or tried to anoint them the new Democratic kingmakers.

Revenge Of The Irate Moderates (NYT)

The New York Times, August 9, 2006

The defeat of Senator Joseph Lieberman at the hands of a little-known Connecticut businessman is bound to send a message to politicians of both parties that voters are angry and frustrated over the war in Iraq. The primary upset was not, however, a rebellion against the bipartisanship and centrism that Mr. Lieberman said he represented in the Senate. Instead, Connecticut Democrats were reacting to the way those concepts have been perverted by the Bush White House.

Ned Lamont, a relative political novice, said he ran against Mr. Lieberman because he was offended by the senator's sunny descriptions of what was happening in Iraq and his denunciation of Democrats who criticized the administration's handling of the war. Many other people in Connecticut may have felt that sense of frustration, but no one else had the money and moxie to do what Mr. Lamont did. Mr. Lieberman was stunned to find himself on the defensive, and it was only in the last few weeks that the 18-year veteran mounted a desperate campaign to reclaim his party's support.

Senator Lieberman says he will run as an independent in November, taking on Mr. Lamont and the Republican, Alan Schlesinger. Mr. Schlesinger is a very weak candidate, but Mr. Lieberman should consider the risk of splitting his party if the Republicans are able to convince Mr. Schlesinger to drop out of the race in favor of a stronger nominee.

Mr. Lieberman's supporters have tried to depict Mr. Lamont and his backers as wild-eyed radicals who want to punish the senator for working with Republicans and to force the Democratic Party into a disastrous turn toward extremism. It's hard to

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imagine Connecticut, which likes to be called the Land of Steady Habits, as an encampment of left-wing isolationists, and it's hard to imagine Mr. Lamont, who worked happily with the Republicans in Greenwich politics, leading that kind of revolution.

The rebellion against Mr. Lieberman was actually an uprising by that rare phenomenon, irate moderates. They are the voters who have been unnerved over the last few years as the country has seemed to be galloping in a deeply unmoderate direction. A war that began at the president's choosing has degenerated into a desperate, bloody mess that has turned much of the world against the United States. The administration's contempt for international agreements, Congressional prerogatives and the authority of the courts has undermined the rule of law abroad and at home.

Yet while all this has been happening, the political discussion in Washington has become a captive of the Bush agenda. Traditional beliefs like every person's right to a day in court, or the conviction that America should not start wars it does not know how to win, wind up being portrayed as extreme. The middle becomes a place where senators struggle to get the president to volunteer to obey the law when the mood strikes him. Attempting to regain the real center becomes a radical alternative.

When Mr. Lieberman told The Washington Post, "I haven't changed. Events around me have changed," he actually put his finger on his political problem. His constituents felt that when the White House led the country into a disastrous international crisis and started subverting the nation's basic traditions, Joe Lieberman should have changed enough to take a lead in fighting back.

The Lieberman Lesson (NYT)

By Noam Scheiber

The New York Times, August 9, 2006

Washington

IF you asked Senator Joseph I. Lieberman why he faced the fight of his life in yesterday's Democratic primary in Connecticut, the answer would likely be "Iraq."

It's basically an argument by deduction. Mr. Lieberman has repeatedly said that his endorsements from a who's who of environmentalists, abortion rights groups and labor unions certify that he's a Democrat in good standing. The war, he has suggested, was the only major issue on which he dissented from his party. So the fact that many Democratic voters turned on him in the primary must mean that the party has become intolerant of dissenting foreign policy views.

In truth, Mr. Lieberman's problem wasn't so much the war as the perception that he's a less than reliable partisan. To see why you probably have to go back to his overly civil performance during the 2000 presidential campaign. Or to his 1998 speech denouncing President Bill Clinton's affair with Monica Lewinsky. Or to his occasional flirtation with school vouchers. Or to his ... well, you get the idea.

But Mr. Lieberman is right about one thing: there was a time when the support of key Democratic interest groups would have more than made up for such heresies. That he could not depend on that traditional lifeline this time should be alarming even for those who hoped for his defeat.

Consider the way Democratic politics has worked for most of the last 40 years. If you were a Democratic member of Congress, pretty much the only way to earn yourself a primary challenger was to oppose a powerful local interest group on an issue it deemed critical. If you represented a Rust Belt district, for example, you could all but count on winning your party's nomination every two years as long as you voted with the local union on trade legislation.

Under this old model, Mr. Lieberman was an all-star. He was a reliable vote on what Connecticut liberals care about: defending the right to abortion, fighting oil drilling in the Alaskan Arctic, raising the minimum wage. When he did depart from Democratic orthodoxy, it usually involved attacking constituencies with little influence in his state, like Hollywood movie producers.

But over the last six years this old model has broken down. As anyone who hasn't been living in a cave knows, traditional Democratic interest groups have steadily lost ground to a more partisan, progressive movement skilled at using the Internet to communicate and raise money. The most visible faces of the new movement are the thousands of political bloggers — and their millions of readers — who delighted in panning Mr. Lieberman these last several months.

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But the movement also consists of national fund-raising and advocacy groups like MoveOn.org and Democracy for America (the current incarnation of Howard Dean's 2004 presidential campaign). Call them the counter-Bushies, after the president whose singular talent it is to drive them to paroxysms of rage.

What matters to the counter-Bushies is basically the opposite of what mattered to the traditional interest groups. The new gang doesn't care so much about any one issue; it wants Democrats to present a united, and generally liberal, front. (According to a Pew Research Center survey released last year, more than 80 percent of Democracy for America supporters consider themselves liberal, versus less than 30 percent of all Democrats.)

But to discuss the counter-Bushies' approach strictly in terms of substance doesn't do them justice. Often they care as much about style as about issues — they want Democrats to denounce Republicans loudly and stridently, and to block the administration's agenda whenever possible.

Oddly, a party in which the counter-Bushies have replaced the traditional interests may even move rightward in particular cases. Under the new model, for example, our old Rust Belt congressman can probably buck the local union on trade. But the changes do make the party more liberal over all, because our congressman must now make up what he lost in labor backing with support from the counter-Bushies. He can only do that by stridently denouncing the Republican Party and racking up a more liberal voting record.

The flip side of this calculus for that Rust Belt congressman is that simply voting the right way on trade no longer suffices. Labor has lost the power to deliver him the nomination, just like it's lost the power to sandbag him.

This is something Mr. Lieberman came to understand far too late. By contrast, Senator Harry Reid of Nevada, the minority leader, may be one of the most successful politicians of the new era. He initially supported the war in Iraq, but today he's viewed as one of the more reliable anti-Bush votes in Congress.

Perhaps more important, Mr. Reid is one of the more effective Democrats when it comes to denouncing and disrupting the Republican agenda. He routinely outfoxes his Republican counterpart, Senator Bill Frist of Tennessee, as when he frustrated Republican efforts to tie a rollback of the estate tax to a bill raising the minimum wage. The rank and file revere him for it. According to a poll last year, roughly three-quarters of liberals who had formed an opinion of Mr. Reid had a favorable impression of him.

There's no doubt this new arrangement has a lot to recommend it. A party should stand for more than the sum of its interest groups. Anyone who doesn't think so needs only review, say, the 1984 presidential campaign, in which opponents successfully attacked Walter F. Mondale as a captive of big labor.

But the old interest group system had at least one key advantage. In principle, it was capable of producing winning candidates in every part of the country, because it gave Democrats more ideological or partisan room on more issues.

Mr. Lieberman, it should be pointed out, probably abused this flexibility. But over the years many Democrats, among them Rust Belt politicians like Representative John Murtha of Pennsylvania, used it to remain viable in districts that were more conservative than the party's liberal wing.

The counter-Bushies typically respond that they're pragmatic enough to know when pressuring fellow Democrats helps the party and when it hurts. And to their credit, they've taken it easy on moderate Democratic senators from red states, including Bill Nelson of Florida and Ben Nelson of Nebraska. As a general rule, they try to favor the most liberal candidate who can win a race, not the most liberal candidate period.

But the rising influence of the counter-Bushies raises two big problems. First, their judgment may be flawed when it comes to questions of electability. After all, many believed that Howard Dean — a man who imploded during his first test, the Iowa caucuses — could win a presidential election.

Second, the demise of the old interest group model makes it tough for Democrats who don't share the counter-Bushies' liberalism to enter politics, since the structure that traditionally supported them may no longer exist. For example, even though today the counter-Bushies generally support the Senate campaign of Bob Casey, the Pennsylvania state treasurer and son of a former Democratic governor, the socially conservative Casey dynasty was built with strong support from organized labor.

LIKEWISE, Mr. Reid may be pretty close to an ideal political tactician for the age of the counter-Bushies. But as a young politician in Nevada, he was known more for his opposition to abortion rights, to the equal rights amendment and to some

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restrictions on gun control than he was for his anti-Republican salvos. Without a socially moderate constituency like organized labor having pull within the party, it's unlikely that he would have ever been elected to the Senate — and unlikely that future Harry Reids will be able to win the lower offices that prepare them for federal races. That's a shame, because while Democrats may feel that they no longer have any use for Mr. Lieberman, they need all the Harry Reids they can get. Interest group liberalism is a lousy way to run a party. But it may be better than the alternatives.

Moms Of Slain Troops Weigh New Goals (USAT)

By Oren Dorell

USA Today, August 9, 2006

Alma Hart and Nikki Likely are American Gold Star Mothers, having received the honor when their sons died serving their country in war.

While both joined to be with women who could understand their loss, the two are at odds in a debate that could convert the group begun in World War I from a charitable outfit to a powerful lobby.

A college administrator whose son died in Iraq in 2003, Hart says Gold Star Mothers can be a potent advocate for improving and protecting the lives of servicemembers.

"If somebody has to get mad about scissors or funding or tourniquets" needed by troops in combat, who better to speak out than a mother who lost her child, says Hart, 48, of Bedford, Mass.

Likely, 73, worries that taking on sensitive issues could divide a group whose chief purpose is to honor the memory of men and women who gave their full measure of devotion to their country.

"We don't like change," says Likely of Newton, Mass., who has volunteered many hours at the Veterans Affairs hospital in Bedford.

"We were more dedicated," she says. "This generation is more political. … I don't think politics belongs here."

American Gold Star Mothers is not a stranger to politics. After the Vietnam War, members pushed for treatment programs for veterans suffering from post-traumatic stress disorder. Members recently lobbied lawmakers for a $1,500 annual payment for parents of servicemembers who die at war.

Traditionally, members devoted themselves to supporting one another and volunteering at VA hospitals. Members like Hart want the national leadership to get more involved in such issues as whether troops have enough armor.

Hart's son, Pfc. John Hart, 20, died when his patrol was hit by rifle fire and grenades.

"We're the ones that can do it," Hart says. "Because no congressman is going to be caught dead being rude to a Gold Star Mother."

Judith Young, the group's service officer and 2005 president, says change is coming to a group that has seen little.

Headquartered in a row house in Washington, the group has started computerizing records that until recently were maintained on 3-by-5-inch cards and quadruplicate carbon-copy forms meant for manual typewriters.

"I personally think we have to get involved in more activities, like supporting something," Young, 57, says. "We have new moms, and they want to do things. I think you're going to see more of this."

Before the terrorist attacks of Sept. 11, 2001, the group was fading into the twilight. Most members, who always wear white at functions, date to the Vietnam and Korean wars.

The deaths of servicemembers in Iraq and Afghanistan renewed interest in the group. New Gold Star Mothers wanted to meet and network.

"I think we are poised to move in a wonderful direction," says Molly Morel, 55, an entrepreneur who lives in Martin, Tenn., and whose Marine officer son died in Iraq.

U.S. Rep. Michael McNulty, D-N.Y., who sponsored a version of the Gold Star annual $1,500 payment bill in the House of Representatives, says the American Gold Star Mothers have always been "a laid-back, patriotic group." He wasn't even aware of their involvement in the bill, which he sponsored.

"I would welcome any interest they have on any issues. They've certainly earned their right to speak out," he says.

Others agree.

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"You're talking about a very unique group of people that have suffered a great loss," says Steve Robertson, the chief lobbyist for the American Legion.

American Gold Star Mothers was founded by Grace Seibold, a Washingtonian whose son fought with the British in World War I and was shot down over France. The name was based on the gold lapel pin sent to mothers of fallen troops.

At its peak, the group numbered 25,000 members, Young says. That number has dropped to 1,500, of which 230 joined in the past two years.

Pat Merville, 53, of Edgewood, N.M., whose son Christopher, 26, was killed by a sniper in Iraq, thinks getting more politically active fits in with the group's missions. She says mothers like her have a better understanding of legislative issues, like increases to the health insurance premiums of military retirees.

"We're in a position where we're more aware of veterans' issues than we would have been," she says. "You just get more of a sense of what's right and what should be done."

Ruth Stonesifer, 59, of Kitnersville, Pa., joined after her son, Army Ranger Kris, 28, died in Afghanistan in 2001.

"The first thing that you wake up and think about is that you're in this parallel universe: How did you get derailed?"

Stonesifer joined American Gold Star Mothers to find a volunteer project. She picked up quilting and now makes presentation quilts for new arrivals at Walter Reed Army Medical Center.

"Speaking to another mom is therapy in itself. … They understand, even in silence," she says.

Stonesifer says she has no interest in lobbying. She says she doesn't want to be like Cindy Sheehan, an anti-war activist whose son Casey, 24, died in Iraq in 2004.

"Just because my son was killed and died for his country, that doesn't weight my political opinion any more than anyone else's in the country," Stonesifer says. "I wasn't going to let anyone stand on his coffin for a cause, because I wasn't going to do it either."

Johnson Declares Victory Over McKinney (AJC)

By Ernie Suggs, Sonji Jacobs

The Atlanta Journal-Constitution, August 9, 2006

Hank Johnson, the soft-spoken DeKalb County commissioner who forced U.S. Rep. Cynthia McKinney into a surprising runoff, finished the job Tuesday, decidedly defeating the 4th Congressional District lawmaker in their fierce rematch.

In a race that attracted national attention and a higher turnout than election officials expected at home, McKinney, a six-term Democrat and outspoken critic of the Bush administration, suffered her second defeat in four years. Before the day was out, the incumbent was complaining of voting irregularities, which election officials discounted.

Johnson, a 51-year-old lawyer and former magistrate judge, will face Republican Catherine Davis in the November general election in a DeKalb County district that is considered solidly in the Democratic corner. The district covers DeKalb and parts of Gwinnett and Rockdale counties.

Johnsonâ€™s message during brutal campaign simple: â€œReplace McKinney.â€• On Tuesday, Johnson found that a majority voters in the district had come to the same conclusion.

â€œWhat we have done today is something that has been watched by the nation,â€• Johnson said. â€œIt is clear, where most people have a low opinion of the work of our Congress, that they want to see things done differently.â€•

He added, â€œI pledge Iâ€™m going to work with each and every person to work for solutions,â€ Johnson said. â€œI am here to serve you, to make you proud.â€•

McKinney, who arrived to be with supporters at the Omega World Center on Snapfinger Drive late Tuesday, was whisked in but would not comment to reporters.

Earlier in the day, the congresswoman complained about alleged voting irregularities. She said supporters told her some of the ballots did not include her name and that some of the electronic voting machines were not working properly.

â€œWe are disappointed that the secretary of stateâ€™s office has not dealt adequately with these electronic voting machines and the deficiencies,â€• McKinney said in a brief interview. She declined to provide specifics.

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Both local and state elections officials said they were taking McKinneyâ€™s allegations seriously. But they were also quick to say many of the complaints were invalid.

The vote counting was delayed by an hour in DeKalb County after the computer used to upload the information from the touch-screen voting machines malfunctioned, officials said. It took officials about an hour to substitute the malfunctioning equipment with a working one, and the process finally began at 9 p.m. â€“ an hour behind schedule, said Linda Lattimore, director of Voter Registration & Elections.

Johnson constantly reminded voters that she had been more of an embarassment than a benefit to the affluent and diverse district, more polarizing than productive at home and in Washington.

â€œI think Mr. Johnson has shown that he is a quality candidate who will represent DeKalb County with dignity, style , class and honor,â€ Michael Tyler, a Johnson supporter, said at the the candidateâ€™s victory party at a Decatur Holiday Inn Tuesday night.

A preliminary analysis showed tht about 64,000 people voted in the 4th District primary, but more than 70,000 voted in the runoff. Key to Johnsonâ€™s victory was the support he received in Gwinnett and Rockdale, where voters, many of them white, came to the polls in surprising numbers. Johnson carried those areas overwhelmingly, while also making inroads into McKinneyâ€™s traditional political strength in key parts of DeKalb.

Johnsonâ€™s first foray into politics was in 1986, when he ran for a state House seat and lost. Three years later, he became a magistrate judge, where he remained for 12 years until he won a seat on the DeKalb commission in 2000. During his five-year stint as a commissioner, he chaired the budget committee and, like his colleagues, handled zoning and planning issues. He resigned in April to run for the 4th District seat.

McKinney appeared to take the race for granted until Johnson denied her the more than 50 percent majority of primary votes she needed to avoid a runoff — she received 47 percent to his 44 percent, with the remaining votes going to businessman John F. Coyne III.

After the primary, Johnson built momentum across political lines and in quarters that traditionally had been critical of McKinneyâ€™s congressional service. Major contributions and endorsements began pouring in from unlikely supporters, including former GOP gubernatorial candidate Guy Millner, former GOP state Rep. Emory Morsberger of Gwinnett County and Home Depot co-founders Bernie Marcus and Arthur Blank.

He ran as the clear alternative to McKinney, promising to make efforts to work across the aisle with not only Democrats, but Republicans. In a radio debate on Monday, he even quoted Atlanta Mayor Shirley Franklin, vowing to make voters â€œproudâ€• if he is elected.

McKinney reminded voters that she had brought millions of dollars to the district as their representative in Congress. She touted a top rating on her legislative accomplishments and her willingness to criticize the Bush administration on its policies, especially on the war in Iraq.

Connie Zellers, 55, of Stone Mountain, and her husband, Remus Zellers, are longtime McKinney supporters.

â€œSheâ€™s brought a lot of resources - money - to the 4th District,â€ said Connie Zellers, a businesswoman. â€œShe truly believes in representing the people and not special interests. Thatâ€™s more important to me than anything else.â€•

But McKinneyâ€™s outspokeness, and her run-in earlier this year with a U.S. Capitol police officer, provided fuel to her critics, who saw her as polarizing and divisive. She was accused of striking the officer when he tried to stop her to see her identification. A grand jury declined to indict her on assault charges.

Johnson used the growing sentiment against the incumbent to his advantage. In the final days of the runoff, he insisted that McKinney had not completely explained her run-in with a U.S. Capitol police officer in March, keeping her on the defensive.

McKinney also kept Johnson on the ropes by bringing up past financial problems — including a bankruptcy and tax liens — he had with his law practice.

Johnson said the negative aspects of the campaign was the hardest for him â€“ particularly his bankruptcy revelations.

â€œIt was tough for my family,â€ Johnson said. â€œBut it was strengthing. Iron is forged when it gets hot.â€

Staff writers Jeremy Redmon, James Salzer, David Milliron, Saeed Ahmed, Jill Young Miller, Stephanie Reid and Julie Turkewitz contributed to this report.

Complete election returns coverage

Georgia Voters Oust McKinney From Congress Seat — Again (USAT/AP)

By Greg Bluestein

USA Today, August 9, 2006

ATLANTA — U.S. Rep. Cynthia McKinney, whose shoving of a U.S. Capitol Police officer led to a grand jury probe, was ousted Tuesday in her Democratic primary by a former county commissioner.

McKinney received 41% of the vote against challenger Hank Johnson, a former DeKalb County commissioner, who won 55%.

McKinney, 51, had asked voters to send her back to Washington to "speak truth to power." Johnson, also 51, urged voters to choose him if they want "an effective legislator" who can get along with people.

After his victory, Johnson told cheering supporters, "I'm going to make you proud. Thanks for giving me the opportunity to serve you."

After 10 years in Congress, McKinney lost the 2002 primary to political newcomer Denise Majette, who vacated the seat two years later to run for the U.S. Senate. McKinney emerged from a crowded 2004 Democratic primary to easily reclaim the seat in the predominantly Democratic district.

At least five House members have lost their seat at least twice, according Fred Beuttler, deputy House historian.

After her return to Washington, McKinney kept a relatively low profile until March when her scuffle with a Capitol Hill police officer grabbed national headlines. Even though a grand jury declined to indict her in the incident, the tiff seemed to energize Johnson's campaign, landing him within 1,700 votes of McKinney in the three-candidate primary.

"I vote all the time but that really sparked it," said Phillip Baker, a Republican who is a 65-year-old retired dentist from Tucker. "That was just an added insult to our district."

In other primary elections:

•Michigan Republican Rep. Joe Schwarz faced a challenge from former state lawmaker Tim Walberg. Schwarz, a moderate Republican, was backed by President Bush and Arizona Sen. John McCain.

•Colorado voters chose among six Republican candidates to succeed retiring Republican Rep. Joel Hefley. The winner will face Democratic Air Force veteran Jay Fawcett. Three Democrats sought the nomination for the seat of Rep. Bob Beauprez, the Republican nominee for governor.

•Missouri Republican Sen. Jim Talent and Democratic challenger Claire McCaskill won their party's primaries.

Democratic Congresswoman Loses Georgia Runoff For Re-election (NYT)

By Brenda Goodman

The New York Times, August 9, 2006

ATLANTA, Aug. 8 — A lawyer and former DeKalb County commissioner unseated Cynthia McKinney, the controversial incumbent congresswoman, on Tuesday night in a runoff election for the Democratic nomination in Georgia's Fourth Congressional District.

The winner, Henry C. Johnson Jr., must still defeat the Republican candidate, Catherine Davis, in November. But as the Democratic nominee in what has historically been considered a safely Democratic seat, he is presumed to already be on his way to Washington. Mr. Johnson led Ms. McKinney by 17 percentage points, winning 58 percent of the vote.

Mr. Johnson, 51, a trial lawyer in Decatur, Ga., said watching the returns "was kind of like waiting for a jury to come back."

"I was glad to finally get to the end of the campaign," he said.

At her campaign headquarters, Ms. McKinney began her concession speech by singing along to the song "Dear Mr. President" by the pop artist Pink. "I wanted you to hear this song, which says so much about why this election in Georgia was so important," she said.

"Not only do we want our country back, we want our party back," she said in a speech that criticized President Bush, the news media and electronic voting machines. She concluded, "I wish the new representative of the Fourth Congressional District well."

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Ms. McKinney's political future had been uncertain since an encounter she had in March with a Capitol Police officer who had tried to stop her after he said he had failed to recognize her at a security checkpoint.

The officer accused Ms. McKinney of hitting him, but she was never charged with wrongdoing.

Still, Ms. McKinney's response to that episode was a factor for some voters. "I would definitely not vote for Cynthia McKinney," said Jennipher Johnson, 24, a prekindergarten teacher in Decatur who said she was a Democrat. "I believe Democrats are dissatisfied with her. I wasn't pleased with what happened on Capitol Hill. It made her look crazy to me."

In tone, political observers found this election to be much like the 2002 contest Ms. McKinney lost to Denise Majette, a Democrat who campaigned then, as Mr. Johnson did this time, as the anti-McKinney candidate. A significant percentage of voters in that race, however, were Republicans who had crossed party lines to vote Ms. McKinney out of office in an organized "Anyone but Cynthia" campaign.

Ms. McKinney, 51, the first black congresswoman from Georgia, reclaimed her seat in 2004 after Ms. Majette dropped out of that race to run for the United States Senate. Ms. McKinney has served six terms in the House over 14 years.

Alan I. Abramowitz, a professor of political science at Emory University here, said that unlike the 2002 election, this race's outcome was likely to be determined by Democrats ready for a change.

That's why Frederick Gray, 68, a retired Methodist minister who described himself as a lifelong Democrat, said he had cast his ballot for Mr. Johnson. "I think Johnson can do a better job than she," Mr. Gray said. "I think anybody can."

But Lamar Barber, 24, an artist who lives in Decatur, said he liked that Ms. McKinney was "more outspoken."

"In politics you need somebody to speak for you," Mr. Barber said. "You need a loud voice to be heard."

DeLay Vows To Take Name Off Texas Ballot (AP-Y)

By Suzanne Gamboa

AP2, August 9, 2006

Former Majority Leader Tom DeLay said Tuesday he is taking the necessary steps to remove his name from the November ballot, giving his party a chance to field a write-in candidate in hopes of holding the House seat.

Buffeted by scandal, DeLay said his June 9 resignation from Congress was "irrevocable" and maintained that he's no longer a Texan.

"As a Virginia resident, I will take the actions necessary to remove my name from the Texas ballot. To do anything else would be hypocrisy," DeLay said in a statement.

DeLay was forced to act after Republicans lost several court fights to remove his name from the ballot in the Houston-area district and replace him with a GOP-chosen nominee. Republicans ended their legal battles Monday when Supreme Court Justice Antonin Scalia refused to hear their case, letting the appeals court decision stand.

DeLay criticized the courts' decisions as he encouraged the Republican Party to "take any and all actions necessary to give Texas voters an up-or-down choice this fall between two major party candidates."

He said the courts' decisions in the Texas case conflicted with legal rulings in 2002 when Democrats were allowed to replace New Jersey Sen. Robert Torricelli with former Sen. Frank Lautenberg on the November ballot weeks before the election. Torricelli abandoned the race amid ethics allegations.

"Voters should be concerned," DeLay said.

David Wallace, mayor of DeLay's home town of Sugar Land, is the expected pick for the Republicans' write-in campaign. He has name recognition and money-raising ability — more than $157,000 cash on hand as of June 30 — that party officials need to take on former Rep. Nick Lampson, the Democratic nominee.

Lampson had amassed more than $2 million in his campaign treasury as of June 30 in preparation for a race against DeLay.

While DeLay said he was giving voters a choice between major party candidates, Lampson's campaign said DeLay "cut and run" — again.

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"He knows Nick Lampson is a strong candidate whose mainstream Texas values make him hard to beat in November," said Lampson campaign manager Mike Malaise. "Nick will continue running his positive, issue-based campaign and we hope the multiple write-in candidates who enter this race will do the same and reject DeLay's brand of dirty politics."

A write-in must declare candidacy and pay a fee or submit required signatures by Aug. 29.

DeLay faces money laundering charges in Texas alleging he helped route illegal corporate cash to legislative campaigns in 2002. DeLay also has close ties to Jack Abramoff, the lobbyist at the center of a congressional corruption investigation. Two former DeLay aides who later worked with Abramoff have pleaded guilty in the investigation.

DeLay has denied any wrongdoing in both investigations but the indictment forced him to step down from his job as majority leader and Republicans urged him to abandon his efforts to reclaim the job.

Four men have been elected to Congress as write-in candidates. In 1954, Sen. Strom Thurmond of South Carolina won the state's Democratic nomination using fliers showing voters how and where to write his name.

More recently, in May, Charlie Wilson, an Ohio legislator, won the Democratic primary nomination for the House through a write-in campaign heavily financed by his party.

DeLay Rules Out Campaign For His Former House Seat (NYT)

By David Stout

The New York Times, August 9, 2006

WASHINGTON, Aug. 8 — Tom DeLay, the former House majority leader who resigned from Congress in June, said Tuesday that he would not campaign for his old seat in Texas and would try to remove his name from the November ballot. That move could give another Republican a better chance of a write-in victory.

A series of federal judges have ruled that the Texas Republican Party cannot replace Mr. DeLay's name on the ballot because he won the primary in March. On Monday, the United States Supreme Court refused to consider an emergency stay of those rulings.

Because Mr. DeLay is under indictment on charges of campaign finance violations and is caught up in the Jack Abramoff lobbying scandal, Democrats have worked to keep him on the ballot.

The lawyer who argued the Republicans' case, James Bopp Jr., said Tuesday that there might still be ways to keep Mr. DeLay off the ballot. For instance, Mr. Bopp said in a telephone interview, Gov. Rick Perry of Texas, a Republican, could appoint or nominate Mr. DeLay to another office, making him ineligible to serve in Congress.

In that case, another Republican could be named to take Mr. DeLay's place on the ballot, Mr. Bopp said.

The chairwoman of the Texas Republican Party, Tina Benkiser, said that even if no Republican was on the ballot, Democrats would not be allowed to "steal the election."

In a statement, Ms. Benkiser suggested that the party would get behind a write-in candidate, saying, "Republicans are working together with grass-roots leadership in the district to get behind and vigorously support one candidate, whether he or she is on the ballot or not."

Several Texas Republicans said the candidate could be Mayor David G. Wallace of Sugar Land, Mr. DeLay's hometown, The Associated Press reported. Another possible candidate is Tom Campbell, a lawyer who came in second in the March primary.

Mr. DeLay remained defiant.

"Earlier this year, I resigned from the U.S. House of Representatives and became a resident of the state of Virginia to establish my business, and where I now legally reside, pay taxes and vote," he said in a statement, citing factors he said should remove his name from the ballot. "In November, voters in the 22nd District of Texas deserve a choice between candidates who actually live in the district, between a Republican and a Democrat, and between those two people whose names should appear on the ballot."

Fighting for his seat at this point, he added, "would be hypocrisy."

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Lower federal courts had ruled that the sole constitutional residency requirement for House members was that they lived in the state "when elected." They added that no one could know whether Mr. DeLay would be a Texas resident in November, even though he said he was a resident of Virginia now.

Mr. Bopp, the lawyer for the Republicans, said Monday that the Supreme Court refusal to consider a stay of the lower court rulings meant that "there's nothing else we're going to do legally."

"We've certainly exhausted our appeals," Mr. Bopp said.

He suggested that political options remained. He said he had not talked to Governor Perry or to other Texas Republicans about what to do next.

The Democratic candidate in Texas is former Representative Nick Lampson, who was defeated in 2004 when Mr. DeLay helped reconfigure his district in a way that increased Republican strength.

Ms. Benkiser called the Democrat "an empty suit," but Mr. Lampson's campaign said that Mr. DeLay had "cut and run" to avoid facing a strong candidate with mainstream values.

"Nick will continue running his positive, issue-based campaign," the Lampson campaign said in a statement, "and we hope the multiple write-in candidates who enter this race will do the same and reject DeLay's brand of dirty politics."

GOP Plans Write-in For DeLay Seat (WT)

By Ralph Z. Hallow

The Washington Times, August 9, 2006

Republicans yesterday claimed to be overjoyed that former Rep. Tom DeLay intends to remove his name from the Nov. 7 ballot, opening the way for a write-in candidate to go up against Democrat Nick Lampson in the predominantly conservative 22nd Congressional District in Texas.

"This effectively makes it impossible for Nick Lampson to win the seat," said National Republican Congressional Committee spokesman Carl Forti. "His only hope was to run against Tom DeLay. Lampson cannot beat any of the available Republican alternatives."

"It is always a challenge to win with a write-in candidate, but I believe the seat is still winnable," state Republican Party Chairman Tina Benkiser told The Washington Times. "We are not going to let Democrat Lampson steal this election."

She said party leaders were consulting state grass-roots leaders for advice on who would make the best candidate. "We have been making calls all day today and that will continue into the night," she said.

Other Republicans were more pessimistic about retaining the seat that Mr. DeLay, 59, held for 22 years -- and about keeping control of Congress.

"This means there would be no Republican named on the ballot, and I think the prevailing wisdom here is that a write-in candidate would not have much chance of success," said Bill Crocker, a Republican National Committee member from Texas.

Mr. Crocker said the possible triumph of Mr. Lampson, a former House member, only darkens the party's prospects for keeping Democrats from netting the 15 seats they need to regain control of the House.

Mr. DeLay, having won the Republican nomination, decided to resign his House seat when polling showed he would have a difficult time getting re-elected, thanks in large part to an indictment in Texas and to the close association of current and former aides to disgraced lobbyist Jack Abramoff.

"I will take the actions necessary to remove my name from the Texas ballot," Mr. DeLay said yesterday. "To do anything else would be hypocrisy."

Friends of Mr. DeLay said he had concluded that raising money for a successful campaign would be difficult at best under the circumstances. Mr. Lampson has a campaign kitty of $2.1 million, while Mr. DeLay is contending with mounting legal expenses.

"I'm betting the push now will be on getting David Wallace [Republican mayor of Sugar Land, the Houston-area city where Mr. DeLay has a home] to run as the write-in candidate," an aide to a powerful House Republican lawmaker from Texas said privately.

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Mr. Wallace, 44, has raised $200,000 for a possible run, and Republicans in the state say he could quickly raise much more, but only if he wins the support of numerous state party officials.

But other Texas conservatives favor Harris County Judge Robert Eckels, and another top-tier contender would be state Sen. Mike Jackson.

With DeLay Out, GOP Searches For Write-In Candidate (WP)

By Jonathan Weisman

The Washington Post, August 9, 2006

Former House majority leader Tom DeLay announced yesterday that he will make whatever moves are necessary to remove his name from the ballot in November, leaving the Texas Republican Party with no name on the ticket in his district but allowing GOP leaders to back a write-in candidate.

DeLay's decision leaves his party with a difficult write-in campaign, in which it will seek to hold the retired politician's Houston area district in a year when Democrats have a chance to seize control of the House.

"It's a huge uphill battle to win against the circumstances that are in place," said Shelley Sekula-Gibbs, a Republican member of the Houston City Council who has been preparing to run for DeLay's seat. "It's difficult to get voters to take a write-in candidate seriously."

Democrats need a net gain of 15 seats to take control of the House. On Monday, two Republican districts were thrown into havoc when Rep. Robert W. Ney (Ohio) announced that he will not stand for reelection and the Supreme Court refused to intervene on the GOP's behalf to allow Republicans to find a replacement for DeLay on the ballot.

"All things being equal, if current trends continue, the Democrats take the House," predicted Stuart Rothenberg, editor of the nonpartisan Rothenberg Political Report. "That's a pretty strong statement for August."

For DeLay, there were no good options. Under indictment in Texas and facing a federal investigation in Washington, he resigned from the House in June after winning his party's primary three months earlier, hoping to help pick his successor. But successive federal court rulings backed Texas Democrats, who contended that the GOP could not pick a replacement once DeLay had won the primary.

That left DeLay with two choices: Ask the voters he had abandoned to elect him to represent a district he hoped to leave, or force the party to mount a write-in campaign.

DeLay said yesterday that his decision to leave the House, move to Alexandria and go into business "is irrevocable."

"As a Virginia resident, I will take the actions necessary to remove my name from the Texas ballot. To do anything else would be hypocrisy," he continued. "I strongly encourage the Republican Party to take any and all actions necessary to give Texas voters an up-or-down choice this fall between two major-party candidates."

At least two possible candidates, Sekula-Gibbs and Sugar Land Mayor David G. Wallace, had been preparing to jump in if Republicans prevailed in their efforts to replace DeLay's name on the ballot. Other possible candidates include state Reps. Charlie Howard and Robert Talton.

Besides Sekula-Gibbs, it is not clear which potential candidate could mount a write-in campaign. Such efforts have prevailed in the past. Republican Ron Packard won a California election as a write-in in 1982, as did Republican Joe Skeen in New Mexico in 1980. Arkansas Democrat Thomas Dale Alford won his seat the same way in 1958.

But a Republican successor to DeLay would have significant hurdles, said Amy Walter, a House political analyst at the Cook Political Report. With less than 100 days to go, Republicans have not even begun to coalesce around a name to write in. Most polling places in the Houston suburbs will be using touch-screen computers without keyboards, making the process of typing in a name laborious -- especially one such as Sekula-Gibbs, the councilwoman joked. And the Democrat on the ballot, Nick Lampson, is a former House member with millions of dollars to spend.

Rothenberg said he had categorized DeLay's Texas district as leaning Republican when he believed the party would choose a successor. Now it will be back to a tossup.

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Republican efforts to retain Ney's Ohio seat ran into complications yesterday as well, when GOP officials said the leading party candidate may prove ineligible. House Republican leaders prevailed upon Ney to drop out rather than hobble into the contest under federal investigation for his ties to convicted lobbyist Jack Abramoff.

But their chosen candidate, state Sen. Joy Padgett, may be barred from running by Ohio's "sore loser" law, which prohibits politicians who lose one primary from entering another in the same year. Padgett lost a primary in May to stand as her party's nominee for lieutenant governor.

"The net result of all this is more uncertainty, not more clarity," Rothenberg said.

For Democrats, the longer the uncertainty hangs over the Republican campaigns, the better their chances, analysts agreed. And the anti-incumbent, anti-Washington, antiwar atmosphere already clouding the midterm elections is showing no signs of abating.

If anything, races on no one's watch lists are suddenly heating up. Republican incumbents such as Reps. Chris Chocola (Ind.) and Thelma D. Drake (Va.), who were considered second-tier targets for the Democrats, are running behind in recent polls.

Tom DeLay Will Not Run (HILL)

By Alexander Bolton

The Hill, August 9, 2006

Former House Majority Leader Tom DeLay announced yesterday that he would not run for re-election in Texas's 22nd district, forcing GOP officials to prepare a write-in campaign to keep the seat in Republican hands.

The decision dismayed Republican officials who think the best chance for holding the seat is for DeLay to run, even though he is under indictment for money-laundering charges in Texas and is linked to the federal corruption investigation of Jack Abramoff in Washington.

But DeLay said yesterday his decision to leave Texas and live in Virginia "was and is irrevocable, which I made clear from Day One."

"As a Virginia resident, I will take the actions necessary to remove my name from the Texas ballot. To do anything else would be hypocrisy," DeLay said in a statement. "I strongly encourage the Republican Party to take any and all actions necessary to give Texas voters and up-or-down choice this fall between two major party candidates."

As a result of DeLay's decision, the Republican slot on the ballot for House representative for the 22nd district will remain blank and the only chance for Republicans to retain control is to win a write-in campaign.

There is no limit to how many aspirants may run as write-in candidates, so the challenge for local GOP officials will be to coalesce around one person.

Environmental lawyer Tom Campbell, state Rep. Charlie Howard, state Sen. Mike Jackson, Fort Bend County Commissioner Andy Meyers, Houston City Councilwoman Shelley Sekula-Gibbs, state Rep. Robert Talton, businessman Timothy Turner and Sugar Land Mayor David Wallace are Republicans who have expressed interest in the seat.

Campbell finished second to DeLay in the GOP primary earlier this year.

The GOP chairmen of two of the four counties that make up the 22nd district said yesterday that they would have preferred to see DeLay run for re-election.

"The only good option is for the congressmen to run," said Gary Gillen, chairman of the Republican Party of Fort Bend County, which he said includes about 50 percent of the district's residents.

Gillen predicted that defeating DeLay's Democratic opponent, former Rep. Nick Lampson (Texas), through a write-in campaign would be an uphill battle. Lampson has more than $2 million saved in his war chest.

"I think it would be very difficult," he said. "Especially for a congressional race. There's a lot of territory and a lot of people."

"I don't even know if all four counties have the same voting machines," he added. "There are a number of technical issues."

Nevertheless, Gillen said that any Republican candidate could beat Lampson because "we tend to be conservative and we don't want a liberal Democrat representing us in Congress."

Yvonne Dewey, chairman of the Brazoria County Republicans, agreed with Gillen.

"This is really not Lampson country," she said, but dismissed the strategy of waging a write-in campaign.

"I just don't think a write-in candidate is viable," she said. "I just don't think that would work here. I think it would be hard for us to get the voters to sink their teeth into the idea."

Democratic Congressional Campaign Committee spokeswoman Adrienne Elrod predicted that a write-in campaign would be unsuccessful.

"Texas voters don't want to write-in the same old status-quo policies created by Tom DeLay and the GOP establishment," Elrod said. "They're ready for a change in a new direction and Nick Lampson is a candidate who will put Texas values first."

Write-in campaigns have succeeded in the past, but only rarely, say political experts.

Earlier this year, Ohio state Sen. Charlie Wilson used a write-in campaign to capture the Democratic nomination to replace Rep. Sherrod Brown (D-Ohio), who is running for Senate. Wilson missed a slot on the Democratic primary ballot because he failed to garner enough valid signatures on a petition.

Also, for example, the late Sen. Strom Thurmond (R-S.C.), who set a record for longevity in the upper chamber, first won election to the Senate on a write-in campaign.

The Texas Republicans' current quandary is the result of a series of adverse court decisions.

A Republican-appointed federal judge in Texas ruled last month in a lawsuit brought by Texas Democrats that Republicans could not replace DeLay on the ballot.

DeLay attempted to give local party officials the opportunity to replace him by resigning from Congress and moving to Alexandria, Va., in June. Under Texas election law, the winner of a congressional primary must appear on the general election ballot unless he or she dies or no longer lives in the district.

But U.S. District Judge Sam Sparks ruled that Republicans failed to prove that DeLay would not be living in the district on Election Day, heeding Democratic arguments that DeLay still had a residence in the Houston suburbs where his wife still lived.

Republicans appealed to the 5th U.S. Circuit Court of Appeals, but that court ruled that public records did not "conclusively establish" that DeLay was ineligible to run for re-election in Texas.

The final straw came Monday when Supreme Court Justice Antonin Scalia denied Republicans' request to stay the 5th Circuit ruling. Each justice is assigned jurisdiction over such requests related to a particular circuit court.

James Bopp, Jr., who argued the Republican side in court, said DeLay could press for an "en banc" hearing before the entire 5th Circuit but that that appeal would take months to be resolved. Practically, he said, DeLay has no further legal recourse, since the election is less than 100 days away.

Bopp said an appeal might be pursued to reverse what he called a terrible precedent.

"They've created horrible law that allows one party to in effect select the nominee of another political party and have denied the voters a choice," he said.

DeLay could have made it easier for Republicans to hold his seat if he had resigned before the GOP primary in March. But he is said to have decided against doing so because he didn't want to give local Republican critics who ran in the primary an opportunity to succeed him.

DeLay Vows To Get His Name Off Texas Ballot (USAT)

USA Today, August 9, 2006

Former House majority leader Tom DeLay said Tuesday that he will do whatever is necessary to remove his name from the November ballot, a step that would let the Republican Party field a write-in candidate in hope of holding his seat in Texas. "I strongly encourage the Republican Party to take any and all actions necessary to give Texas voters an up-or-down choice this fall between two major-party candidates," DeLay said.

Texas Republicans on Monday abandoned their legal fight to replace DeLay after the Supreme Court refused to block a court ruling saying he should remain on the ballot. Democrats had sued to keep him on the ballot.

DeLay, who won a March primary, is awaiting trial on charges of violating state campaign-finance laws. He resigned from Congress in June and switched his legal residence to Virginia.

Democratic leader wants VA chief out

Senate Minority Leader Harry Reid, D-Nev., called for Veterans Affairs Secretary Jim Nicholson to resign after the loss of another computer containing sensitive personal data on veterans.

"Less than a month after promising to make the VA the 'gold standard' in data security, Secretary Nicholson has again presided over loss of the personal information of thousands more veterans," Reid said.

The VA had no immediate comment.

Democratic Sens. Patrick Leahy and John Kerry also have called for Nicholson's ouster.

On Monday, the VA said a subcontractor lost a desktop computer with personal data on up to 38,000 veterans treated at VA medical centers in Philadelphia and Pittsburgh. In May, a laptop computer containing data on 26.5 million veterans was stolen from a VA employee's home. It has since been recovered.

Court rejects bid to bar nuclear shipments

A federal appeals court rejected Nevada's attempt to overturn a plan to transport nuclear waste to a proposed federal storage site at Yucca Mountain, 90 miles northwest of Las Vegas. Nevada contended the Energy Department overstepped its authority and violated environmental rules in deciding to rely mostly on trains to move 77,000 tons of waste from sites around the USA. A three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit ruled that Nevada's claims were without merit or were premature.

Republicans Keep Distance From Bush (FT)

By Edward Luce And Caroline Daniel In Washington

Financial Times, August 9, 2006

American television viewers are being treated to a new spectacle – the sight of their president, George W. Bush, dressed in a suit on his Texan ranch in Crawford. Mindful of the potential negative publicity of taking a holiday in the midst of the crisis in Lebanon, Mr Bush has cut short his traditional August break to just 10 days and is avoiding the traditional photo-opportunity of clearing brush in his trademark cowboy hat and jeans.

His White House team, some of which has decamped to Crawford with him, is doing its best to create the impression that this is a working holiday. At the weekend Mr Bush huddled with Condoleezza Rice, the secretary of state, and Stephen Hadley, the national security adviser, to discuss the Middle East crisis.

On Thursday he will kick off a midterm congressional election campaign visit to Green Bay, Wisconsin. And on Friday he will host a Republican National Committee reception in Crawford. He returns to Washington on Sunday. "There is a lot going on right now and unfortunately it does not provide enough time or space for an extended vacation," said Tony Snow, the White House spokesman.

But Republican consultants doubt Mr Bush's industrious vacation schedule will have an impact on his low approval ratings, which have remained below 40 per cent for most of the last year. Frank Luntz, probably the most influential Republican pollster, said Mr Bush had yet to shed the image of incompetence that many Americans derived from his response last year to Hurricane Katrina, which struck America's south-east coastline when he was holidaying in Crawford.

On the first anniversary of Katrina later this month Mr Bush will visit reconstruction zones in coastal Mississippi.

Since taking office Mr Bush has spent part or all of 384 days in Crawford, according to CBS news.

"Hurricane Katrina was what really damaged the Bush presidency more than everything else combined," said Mr Luntz. "Americans have always felt that Republicans favour the rich but that they were the best party to handle a crisis. The image of people stuck on their roofs holding up signs saying 'Help Me' was a deeply un-American, third world image that Mr Bush has yet to escape."

In the build-up to elections in November, many embattled Republicans are seeking to distance themselves from Mr Bush for the first time since he became president in 2000. In 2002 and 2004, congressional Republican candidates vied with one another to persuade Mr Bush and Vice-President Dick Cheney to visit their districts and states. This time the president is sticking to more discreet and closed-door fundraising trips to key Republican campaign zones.

Furthermore, many Republican candidates have concluded that the impending fifth anniversary of the September 11 attacks is unlikely to benefit Mr Bush as much as the first anniversary of Katrina will damage him – and them. In remarks that

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caused embarrassment to the White House last week, Michael Steele, a Republican Senate candidate in Maryland, said: "In 2001 we were attacked and the president is on the ground with his arm around a fireman – a symbol of America. In Katrina, the president is at 30,000 feet in an airplane looking down at people dying. And that disconnect sums up for me the frustration that Americans feel."

Because of the continuing difficulties in Iraq, which many senior US military officials are close to declaring a civil war, Mr Bush will also be limited in his ability to proclaim improvements to US national security at the September 11 commemorations. "If you go on about 9/11 too much, then people's thoughts will turn to Iraq," said Mr Luntz.

According to Mr Luntz's research and other recent opinion poll findings, many Republican voters plan to stay at home in November. The same polls show very high motivation among Democratic voters.

Law May Complicate Plans To Replace Ney (AP-Y)

By Liz Sidoti

AP2, August 9, 2006

The leading Republican candidate to replace scandal-scarred Rep. Bob Ney on the November ballot may be ineligible, party officials said Tuesday, complicating GOP efforts to assure a smooth transition for the fall campaign.

"As far as I know, I have a green light," said state Sen. Joy Padgett, as party lawyers reviewed a state law that bars politicians who lose one primary from entering another one during the same year.

The developments came one day after Ney announced he would abandon his race for re-election, acting under pressure from party officials who feared the loss of his seat. The six-term lawmaker has come under scrutiny for his ties to Jack Abramoff, a lobbyist at the center of a congressional corruption scandal.

Ney has not been charged, and denies all wrongdoing.

In stepping down, Ney threw his support to Padgett, who also said she had been encouraged by House Majority Leader John Boehner, R-Ohio, to run.

One Republican strategist, speaking on condition of anonymity, said lawyers had concluded Padgett was likely covered by the so-called political sore loser's law and thus would not be eligible to run.

But Bob Bennett, the state party chairman, said he didn't believe the law applied to her, and said he would seek a formal ruling from the secretary of state.

One official said the legal controversy arose at least in part because the law as drafted differed from what lawmakers had said they intended — which was to prevent a primary loser from later filing as a candidate in the same race.

Gov. Bob Taft is expected to set a date for a primary to fill the ballot vacancy.

The Democratic candidate is Zack Space, a lawyer from Dover in the district's most populous county.

Democrats had already begun to attack Padgett as a political creature of Ney and Taft. The governor has been unpopular since he pleaded no contest last August to failing to report golf outings and other gifts while in office.

"This would just be a continuation of everything that's going on in Washington," Rep. Tim Ryan, D-Ohio, said Monday in an opening salvo. "Whether you're in Ohio or in Washington, you can put the Republicans in a paper bag and shake them up."

"I'm sure they're going to try to saddle me with that baggage. They're not running against Bob Ney. They're not running against Bob Taft. They're running against Joy Padgett. It will be a very clear choice between myself and Mr. Space," Padgett said in response to the criticism.

Padgett's elimination would likely clear the way for a more open primary battle. James Brodbelt Harris, who took 30 percent of the vote in the May primary against Ney, also is considering another run.

Ney has not been charged with any crimes, but court papers from Abramoff's guilty plea to fraud and corruption charges detailed lavish gifts and contributions that Abramoff says he gave to an unnamed House member in return for official acts, including support of Abramoff's American Indian tribe clients in Texas. Officials have confirmed that congressman is Ney.

Ohio law requires a primary if a candidate withdraws or dies more than 80 days before a general election. However, the county where Ney would file his official notice of withdrawal, Tuscarawas, had not received Ney's filing Tuesday.

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If Ney were to wait until after the 80-day cutoff — which would be Aug. 21 — there is a four-day window in which county party officials could appoint a replacement, said James Lee, a spokesman for Ohio Secretary of State Kenneth Blackwell.

After Ney Exit, Padgett Faces Ballot Hurdles (HILL)

By Jackie Kucinich

The Hill, August 9, 2006

COLUMBUS, OHIO– While election officials are examining whether Rep. Bob Ney's (R-Ohio) hand-picked successor is eligible to run for his seat in the fall, some political insiders are noting that a somewhat similar effort by another Ohio candidate for Congress was rejected last month.

Charles Morrison, a former Republican, was barred in July by the Franklin County Board of Elections from running as an independent against Rep. Deborah Pryce (R-Ohio) and Democrat Mary Jo Kilroy under the section of Ohio election law known as the "sore loser" provision.

This section states no individual who seeks a party nomination in the primary election by "declaration of candidacy or by declaration of intent to be a write in candidate" is permitted to run in the general election for any other office, other than a member of a board of education or a "township trustee."

Ney's pick to take his seat in the 18th District, Ohio state Sen. Joy Padgett (R), lost her bid for lieutenant governor in the Ohio primary in May 2006, which could bring her under the provision.

However, Padgett is confident that election officials will decide in her favor and that she will be able to run for Ney's seat against Democrat Zack Space.

"The law is designed for someone who ran in a primary and then tries to run as an independent [in the general election]," Padgett said. "I was on a separate ballot in a completely different race."

The Space campaign did not immediately return a call seeking comment.

Morrison said, "She would come under the law directly – I think she should be allowed to run, but because of some court actions in the past … she should not be allowed."

In response to Morrison's move, the three GOP county chairmen filed a protest against his petition to run in the 2006 congressional race, citing his run for a Republican position in May 2006 as an indication he was not an independent.

In July, the Franklin County Board of Elections, composed of two Democrats and two Republicans, split on the decision as to whether Morrison could run as an independent against Pryce and Kilroy.

The two Democrats voted to allow Morrison to run as an independent while two Republicans on the board voted against Morrison, citing his run for a leadership post on the Republican Central Committee in May of this year as a sign he was not a true independent.

The office of Ohio Secretary of State Kenneth Blackwell (R) cast the tie-breaking vote, barring Morrison.

John McClelland, a spokesman for the Ohio Republican Party said, "At this point we are talking with our legal counsel and county elections officials about the law and the proper way to proceed."

The Ohio Democratic Party expressed frustration at the decision of state Republicans to support Padgett.

"The fact that Ney tried to hand pick his successor [for] the people of that congressional district shows the arrogance [of the Republican Party]," said Brian Rothenberg, a spokesman or the Ohio Democratic Party.

No other Republican has entered the race for Ney's seat, but it is clear that Padgett has the backing of senior Republican lawmakers and strategists.

Rothenberg said that whether Padgett will end up on the ballot depends on how the law is interpreted.

"We live in the world of Ken Blackwell," Rothenberg said, indicating it will be up to the secretary of state how the law is applied in this case.

Daniel Tokaji, an assistant professor of law at the Ohio State University's Moritz College of Law, agreed that it would depend on how statute is interpreted.

He said that while the cases are different, the law could be read in a similar way.

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"In both cases, there's a question as to whether the sore-loser statute applies and as to whether, if it does apply, the statute is constitutional," he said. "Beyond that, the cases are totally different as I see it — although the answer may well be the same."

He said that it was unlikely that Padgett would be kept off the ballot since she was appointed to run by Ney but that Morrison could be kept off by statute because he has sought to run as an independent by petition.

On July 31, Morrison filed a motion in United States District Court "to compel the Franklin County Board of Election to certify" his petition to run.

"I am completely in compliance with the law," Morrison said. "I collected more than 2,000 signatures as an independent."

His case is scheduled to be heard at the end of this month.

According to Morrison, Ohio Republicans are worried that he would pull vital votes away from Pryce, who faces a tough challenge from Kilroy this fall.

Morrison has run unsuccessfully against Pryce in the 2002 and 2004 Ohio primaries.

Pryce spokesman George Rasley said the campaign wasn't concerned about whether Morrison was on ballot.

"We are not party to the lawsuit, and, honestly, whether Morrison is in or out, we will have the most votes on Election Day," he said.

Padgett told The Hill she had already spoken to House Majority Leader John Boehner (R-Ohio) and National Republican Congressional Committee Chairman Tom Reynolds (R-N.Y.) and had received widespread encouragement to run.

On Monday, Ney abruptly announced he would not seek re-election citing his need to put his family first as legal bills mount and the Justice Department continues its probe into his involvement with disgraced Washington lobbyist Jack Abramoff.

James Lee, a spokesman for the office of the Ohio Secretary of State, said if Ney files the necessary paperwork to withdraw from the election within 80 days of Election Day, then a primary must be held for his replacement.

If he files within 76 days of the election, a replacement would be appointed by the chairman of the Tuscarawas County Republican Party and the secretaries of the county organization.

"The sore loser law does not specifically address [a situation] where the candidate is appointed," Lee said.

Ney has not yet filed his official paperwork withdrawing from the race, according to spokeswoman Katie Harbath.

"No decision has been made," Lee said and added that one cannot be made until Ney files his paperwork with the Tuscarawas board of elections.

Give Clinton Credit For Welfare Reform (WSJ)

The Wall Street Journal, August 9, 2006

As Ron Haskins writes, welfare reform is a great success ("Welfare Check1," editorial page, July 27). However, he greatly understates President Clinton's role in both the passage of welfare reform and its success. Welfare reform was central to President Clinton's 1992 campaign; remember "ending welfare as we know it" and "welfare should be a second chance, not a way of life." Reform came about because of the president's impetus, not because of the Republicans in Congress.

Furthermore, the expanded earned income tax credit that made work more valuable than welfare -- and was critical in moving millions from welfare to work -- was passed in the president's 1993 budget package that won many a Republican vote in Congress. After welfare reform was enacted, President Clinton helped create the Welfare to Work Partnership, under the leadership of the late Eli Segal, that enlisted American businesses to take on welfare graduates as employees. Welfare reform was a signature achievement of President Clinton and his New Democrat approach to governing -- and revisionist historians should not try to take credit away from him.

Al From

Founder and CEO

Democratic Leadership Council

Washington

Reading Ron Haskins's "Welfare Check," one might think that President Clinton had vetoed the same bill twice, then signed it under pressure from congressional Republicans. Nothing could be farther from the truth.

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The truth is that President Clinton and many Democrats in Congress were long-time supporters of "welfare to work." I voted for the welfare reform law President Clinton signed into law after he vetoed two other bills.

The first bill that President Clinton vetoed would have ended Medicaid's guarantee of health care to poor families as well as disabled and elderly people; capped funding for placing abused children in safe homes; and provided no health care and very inadequate child care access for those who moved from welfare to work.

The second bill Mr. Clinton vetoed still failed to guarantee health care and child care for those moving to work, retained child welfare limits, and included a provision which would have limited access to the federal school lunch program for many children.

The final bill, which I voted for and the president signed, preserved federal guarantees of help and nutrition for children and provided transitional Medicaid and substantial funding for child care to make sure parents could move from welfare to work.

After declining for the first four years post welfare reform, child poverty began increasing in 2001 and has increased every year since. Comprehensive federal data shows that most families that leave welfare earn less than 42% of the median wage in their states, placing them below the federal poverty line for a family of three. So many who left welfare many years ago have not moved up the economic ladder, and some are no longer working. Despite our efforts to guarantee health coverage, nearly half of women leaving welfare are uninsured a year after they go to work.

This year, instead of addressing these challenges, congressional Republicans passed legislation to fundamentally change the 1996 law, essentially barring states from using some of the most effective strategies for "welfare to work." The new law also scales back the federal commitment to child care, child support collections and education.

We had a real opportunity to celebrate welfare reform by promoting work and making it pay. I was eager to participate in that process. Unfortunately, congressional Republicans and their allies have instead chosen to focus on distorting history.

Rep. Sander M. Levin (D., Mich.)

House Committee on Ways and Means

Washington

Ron Haskins expertly exposed how people can do much better for themselves than they can when the government takes care of them. It has been a dismal misconception amongst liberals and populists in this country since the New Deal that the average person simply wasn't equipped to take care of himself, and needed to be granted a fair share of the government largesse to get by. However, Mr. Haskins's article disproves this theory by showing how working class people, when given an incentive to work, can better their lives through perseverance and tenacity -- which is essentially the core of the American Dream.

The only point that Mr. Haskins unfortunately neglects to make is that by cutting off the government largesse to those on welfare, we have facilitated a great increase in their personal independence. Throughout the history of social welfare programs the world over, an unintended -- or maybe even consciously intended -- side effect has been the dependency of the people on their government for welfare.

The reduction of the welfare state, however, increases the amount of personal independence. The liberation of those dependent on welfare has led to an increase in work, productivity, and ultimately wealth creation.

Michael P. Paletta

Los Angeles

In Your Heart, Not Quite Right (WP)

By Chris Cillizza

The Washington Post, August 9, 2006

John W. Dean, the top lawyer in the Nixon White House, has turned his criticism of his former party into a cottage industry.

Take Dean's appearance in the spring before the Senate Judiciary Committee. He was asked to testify about the legality of President Bush's domestic eavesdropping program by Russell Feingold (D-Wis.), one of the most liberal members of the Senate: "No president that I can find in the history of our country has really ever adopted a policy of expanding presidential powers for the sake of expanding presidential powers," Dean said. "And I think that's what we have going on in this presidency."

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That idea has germinated into "Conservatives Without Conscience," a follow-up to Dean's 2004 "Worse Than Watergate: The Secret Presidency of George W. Bush" in which he argued that the Bush administration had done more harm than even Tricky Dick.

"Conservatives Without Conscience" was envisioned as a collaboration between Dean and former senator Barry M. Goldwater (R-Ariz.) -- the acknowledged godfather of the conservative movement and the 1964 GOP presidential nominee -- with the aim of deconstructing the social conservatives who had come to dominate Republican politics. "We would attempt to understand their strident and intolerant politics by talking with people like Chuck Colson, Pat Robertson, and Jerry Falwell," Dean wrote.

Unfortunately for Dean (and readers of this book), Goldwater fell ill shortly after the two began the project. (The senator died in May 1998.) Despite that setback, Dean said he felt compelled to continue with the writing because of the "serious deterioration and disintegration of conservative principles under Bush and Cheney."

As you might guess from the sentence above, "Conservatives Without Conscience" is less an examination of the forces behind social conservatism than a screed against them. Dean quickly deals with the validity of the movement to spend the bulk of the book showing how and why it is not just wrong but "evil."

That argument relies heavily on the work of academics and reads like a textbook in spots. It is jam-packed with linguistic studies and behavioral analyses; it bursts with definitions.

Need an explanation of the book's title? Conservatism, to Dean, is best defined by Goldwater (author of "The Conscience of a Conservative," a primary text of the modern conservative movement) as a belief that "the solutions of the problems of today can be found in the proven values of the past"; conscience, says Dean, "checks the unfettered expression of impulses."

At its core, the book argues that the growing power of social and neoconservatives within the Republican Party has created an army of guileless followers -- willing to swallow whatever medicine GOP leaders spoon out. Blind loyalty has allowed the Bush administration, as well as congressional Republicans, to run roughshod over formerly sacred civil liberties with an approach that borders on "American-style despotism."

At times Dean builds his case cogently and convincingly. He writes that Republicans have effectively used the "politics of fear" after the Sept. 11, 2001, attacks to enhance their power within the government and cow their base into submission.

As evidence, Dean cites a speech by White House senior adviser Karl Rove to the Republican National Committee earlier this year in which Rove contrasted Republicans' "post-September 11 worldview" with Democrats' "pre-September 11 worldview."

Republicans make no secret that they see national security (and, more specifically, the threat of another terrorist attack in America) as one issue that can energize their base and still attract Democrats in the November midterm elections. "Most Republicans are content to engage in fearmongering if that is what is needed to win elections," writes Dean, adding that the 2008 presidential race will feature more of the same, as "authoritarians will make certain fear is a prominent part of the platform."

The lone voice on the danger posed by the politics of fear, says Dean, is former vice president Al Gore -- a former and perhaps future candidate for president.

These moments of insight backed by fact are few and far between, however, as Dean repeatedly allows his distaste for individuals within the conservative movement to override his instincts for analysis.

Nowhere is that clearer than in Dean's portrait of outgoing Senate Majority Leader Bill Frist (R-Tenn.). "Frist is Richard Nixon with Bill Clinton's brains, and Nixon was no mental slouch," writes Dean. Not a exactly a flattering description, but not a cheap shot. Dean, however, doesn't stop there. He points out that Frist played quarterback at a "private high school," "dumped [his fiancÃ©e] just days" before the wedding and is a "serial cat killer."

While each allegation is technically true (Frist went to Montgomery Bell Academy in Nashville, broke off his engagement days before the scheduled marriage and has acknowledged adopting cats from animal shelters to dissect them), the totality of Dean's description makes the Tennessee senator sound like the second coming of Satan. Having watched Frist in and out of the Senate over the past few years, he seems more Ward Cleaver from "Leave It to Beaver" than Beelzebub.

In the end, "Conservatives Without Conscience" is more disappointing than just plain bad. Its premise is an intriguing one, and perhaps if Goldwater had lived to see it through, the result might have been a thoughtful examination of the leaders and

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ideas that make modern conservatism tick. Instead, this book is another rhetorical bomb in the war of words between political left and right.

Why He Did It (HILL)

The Hill, August 9, 2006

One of the more perplexing mysteries of the universe is why lawmakers, who in general are careful cultivators of their image, freely accept an invitation to be made fun of on "The Colbert Report."

Now an answer comes from Republican Rep. Lee Terry, of Nebraska's Fighting 2nd district. Terry acknowledged host Stephen Colbert had made a fool of him in a column on the subject that appeared in the Los Angeles Times on Monday. But Terry added that the interview was "one of the best" the rank and filer had made since he started serving in Congress.

Not only did Americans outside of Omaha get to know something about the district, Terry said the show also gave him to opportunity to let his constituents know that he can take a joke. He said he has never had as much feedback from a TV appearance as he's had subsequent to appearing on Colbert. He also said that the rest of the country now knows that the First National Center is the tallest building between Minneapolis and Denver.

Terry also chided House Minority Leader Nancy Pelosi (D-Calif.) for warning members away from the show, and urged lawmakers "to put aside their political differences and let Stephen Colbert make fun of both parties equally."

Manure debate in Minnesota

There's been plenty of mud-slinging in their campaign, but last week Minnesota Senate candidates Rep. Mark Kennedy (R) and Amy Klobuchar (D) moved to something a little harsher – manure.

Don't worry, they weren't actually throwing it. In fact, they agree it's not hazardous – and neither was their humorous exchange over the issue at FarmFest in Redwood Falls, Minn.

According to the Grand Forks Herald, Kennedy accused Klobuchar of believing manure is toxic waste because one of the organizations supporting her says it is.

Klobuchar said she doesn't necessarily agree with her endorsers and challenged Kennedy: "If he wants to go down in the manure, I will go down with him."

Kennedy said Klobuchar is afraid to take a position on the issue. "You know where I stand," he said, reportedly emphasizing the remarks by pointing his finger into a reporter's face.

Rest assured, it won't be the last time a candidate talks crap.

Lawmakers react to Landis controversy

Two Pennsylvania lawmakers late last month praised cyclist – and constituent — Floyd Landis for his dominating win at this year's Tour de France.

Sen. Rick Santorum (R-Pa.) said Landis "has become the face of American cycling, and, frankly, we could not ask for a better spokesman."

Rep. Joe Pitts (R-Pa.) called Landis's performance an inspiration, adding that "he represented his hometown and his country well."

Of course, these statements were made before the controversy about Landis's high testosterone levels and accusations that he took substances that helped him win the Tour de France.

Despite two tests that indicate Landis's testosterone levels were unnatural, Landis has denied any and all wrongdoing.

So do Santorum and Pitts believe Landis?

Santorum spokesman Robert Traynham said, "The senator is deeply troubled [by the allegations] and like all Americans, was surprised by the news." Traynham noted that "we live in a society where you are innocent before proven guilty" and that Santorum is "very hopeful" that Landis will be cleared.

Pitts spokesman Skip Brown said the House lawmaker is also hopeful, but added if Landis is guilty, Pitts and his constituents will be "devastated."

Grassley and Thomas, Episode 314

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Senate Republicans lost their bet last week on the level of Democratic support for a package of popular tax extenders, a minimum-wage hike and a steep estate-tax cut — a legislative gambit that one House Republican boasted had "outfoxed" the opposition.

But even before the "trifecta" bill failed on long odds to overcome a filibuster, Senate Finance Chairman Committee Chuck Grassley (R-Iowa) couldn't resist a rejoinder to House Ways and Means Committee Chairman Bill Thomas (R-Calif.), Grassley's longtime conference committee nemesis and one of the trifecta concept's chief architects.

In a colorful floor statement during debate on the trifecta measure, Grassley began by noting that a $2 trifecta bet on this year's Kentucky Derby would have paid $11,418. The legislative long shot, Grassley continued, "was the result of my 'wily' counterpart. You know the guy who, according to House colleagues and staff, supposedly 'snookers' the Senate year in and year out in conferences."

The Ways and Means Committee declined to comment on whether Thomas would have preferred "clever," "crafty" or "cunning."

Byron Dorgan: Senator, author

If you are a member of the Senate, there's better than a one-in-five chance that you've also written a book. With the recent publication of his book on the outsourcing of American jobs to low-wage countries, Sen. Byron Dorgan (D-N.D.) becomes the 22nd sitting senator who's written a book while in office, according to the Senate Historical Office and Senate Library.

Dorgan's "Take This Job and Ship It: How Corporate Greed and Brain-Dead Politics are selling out America," published in July by Thomas Dunne Books, is No. 373 on the Amazon.com sales list, and has received generally favorable reviews, including one by a reader who described himself as a "staunch conservative Republican" who thinks Dorgan "is right on the money."

Dorgan joins Sens. Gordon Smith (R-Ore.) and Edward Kennedy (D-Mass.) as the only senators who have published books this year, although Sen. Barack Obama's (D-Ill.) second book, "The Audacity of Hope: Thoughts on Reclaiming the American Dream," is scheduled for publication in October.

Obama's first book, "Dreams from My Father: A Story of Race and Inheritance," earned him $378,000 in royalties last year, and he received an $847,167 advance for his second book.

But Sen. Hillary Rodham Clinton (D-N.Y.) has made the most money by far as an author. She received an $8 million advance for her 2003 autobiography, "Living History," which earned her $872,891 in royalties last year.

Kennedy and Sens. Robert Byrd (D-W.Va.) and John McCain (R-Ariz.) are the most prolific authors or co-authors, each with five books to their credit, while Sens. Bill Frist (R-Tenn.) and John Kerry (D-Mass.) each have four; Sens. Orrin Hatch (R-Utah) and Richard Lugar (R-Ind.) three each; and Sens. Pete Domenici (R-N.M.), Jim Jeffords (I-Vt.), Joe Lieberman (D-Conn.) and Barbara Mikulski (D-Md.) two each.

But none is likely to match the record of the most prolific senator-author, the late Henry Cabot Lodge (R-Mass.), who has 10 books to his credit.

The Measles Vaccine Follies (NYT)

The New York Times, August 9, 2006

Irrational fears of vaccination seem to have been responsible for an outbreak of measles in Indiana last year. It was a sad example of how parents who think they are protecting their children by shunning a vaccine can end up doing them harm.

Measles is a highly infectious viral disease that can cause a rash, fever, diarrhea and, in severe cases, pneumonia, encephalitis and even death. Worldwide, it infects some 30 million people and causes more than 450,000 deaths a year. In this country, measles was once a common childhood disease, but it had been largely eliminated by 2000, thanks mostly to development of a vaccine and compulsory immunization of schoolchildren. The introduction of a second dose of vaccine to bolster the first proved especially effective.

The outbreak in Indiana last year, which was detailed in a recent report in The New England Journal of Medicine, provided evidence of what can happen to a triumph of public health when a community lets its guard down. A 17-year-old unvaccinated girl who visited an orphanage in Romania on a church mission picked up the virus there.

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When the girl returned, she attended a gathering of some 500 church members that included many other unvaccinated children. Most had been schooled at home and thus avoided compulsory shots. Their families had access to the vaccine but declined the opportunity because of reports that it might cause autism or other problems. Their fears overrode assurances by health authorities that the vaccine is extremely safe and has no link to autism.

By the time the outbreak had run its course, 34 people had become ill. Three were hospitalized, including one with life-threatening complications. No doubt the toll would have been considerably higher had not most of the community been protected by vaccinations. The vaccine isn't foolproof — two of the Indiana victims had been vaccinated — but it protects the vast majority of recipients.

Families that evade vaccination put themselves and their neighbors at risk. All young children, not just those attending school, should be required to get immunized.

Bid To End Lebanon Crisis Falters (FT)

By Jonathan Birchall In New York

Financial Times, August 9, 2006

Efforts to end the fighting in southern Lebanon faltered at the United Nations on Tuesday, as Israel and the Arab states demonstrated the gulf between them over a proposed UN resolution.

Tariq Mitri, Lebanon's acting foreign minister, restated his government's view that the UN should demand an immediate withdrawal of Israeli forces, to be replaced by a 15,000-strong Lebanese force and an enhanced UN peacekeeping presence. "It allows the true effective cessation of hostilities; it leads to a durable ceasefire; it opens the way forwards towards a more durable solution," he said.

Mr Mitri added that Lebanon wanted any international force to be under direct UN command, rather than an international force operating under a UN mandate. But Dan Gillerman, Israel's UN ambassador, said Israel insisted on the deployment of a "strong, robust and effective" international force in southern Lebanon, and was accusing Iran and Syria of using Hizbollah to fight a proxy war on Israel's northern border.

"Once there is a viable international force in place we will be happy to leave Lebanon," he told reporters.

The open session of the Security Council, called at the request of the Arab League, has further delayed a possible vote on a resolution drawn up by France and the US that calls for an end to fighting, and lays out a framework for an Israeli withdrawal. No vote is expected until tomorrow at the earliest.

The Security Council continued consultations on Tuesday night on the proposed text of its resolution, with the Arab League delegation led by Sheikh Hamad bin Jassem al-Thani, Qatar's foreign minister.

Sheikh Hamad, who accused the UN of "standing idly by" in the crisis, told the Security Council that the current resolution was overly sympathetic to Israel's point of view and threatened to destabilise Lebanon. "If we adopt resolutions without fully considering the reality of Lebanon we will face a civil war. Instead of helping Lebanon . . . we will destroy Lebanon."

But Mr Gillerman argued that the Israeli move into Lebanon had changed the dynamics on the ground, by destroying "a significant part" of Hizbollah's capabilities, and creating the opportunity for future stability, provided an international force was deployed.

"The critical test this council faces is not whether it can adapt a resolution, but end the threat that Hizbollah and its sponsors pose to Israel and Lebanon and the region as a whole," he said.

Earlier, the US also questioned Lebanon's proposal to use its own army to control the south. "They are not, at this point, a robust enough entity to be able, on their own, to exercise total control of that southern area of Lebanon," said Sean McCormack, the State Department spokesman.

Push For Cease-Fire Heats Up At U.N. (LAT)

By Maggie Farley

The Los Angeles Times, August 9, 2006

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UNITED NATIONS — The struggle for a diplomatic solution to the Israel-Hezbollah conflict intensified at the United Nations on Tuesday, while Israel faced its own disagreements over tactics, replacing a key general who wanted to hit the enemy harder.

Israel launched fresh aerial attacks in Lebanon early today.

Arab leaders told the Security Council on Tuesday that its draft cease-fire resolution must call for Israel's complete withdrawal and an immediate halt to fighting or it risked destroying Lebanon.

Qatari Foreign Minister Sheik Hamad Jassim ibn Jaber al Thani said the resolution under consideration was unenforceable and would "further complicate the situation on the ground and have grave ramifications for Lebanon and all the countries in the region."

The draft calls for a halt in the fighting and would allow each side to hold its position, while allowing Israel to take defensive action. Hamad Jassim was part of an Arab League delegation that flew to New York to press Lebanon's demands.

The United States and Israel argue that an Israeli pullout would create a vacuum that Hezbollah would quickly fill. President Bush said Tuesday that he wanted Israel to stay until an international force arrived to help Lebanon take control of the southern part of the country, where Hezbollah's operations are based.

"Whatever happens in the U.N., we must not create a vacuum into which Hezbollah and its sponsors are able to move more weapons," Bush said at a news conference at his ranch outside Crawford, Texas.

Lebanon's acting foreign minister, Tareq Mitri, asked for additional forces to bolster U.N. peacekeepers already in the country and pleaded for swift action to stop the bloodshed.

"Twenty-seven days ago, we asked for an immediate cease-fire. More than 900 lives ago, we asked for an immediate cease-fire," Mitri said. He called the draft resolution's provisions to stop the fighting "neither immediate nor a cease-fire."

The United States and France are expected to produce a new version of the draft resolution today and hope for a vote Thursday. French Ambassador Jean-Marc de la Sabliere said that his country supported Lebanon's proposal to deploy 15,000 troops to control the southern region along with international help.

"I'm working on how to incorporate this important element into the text," De la Sabliere said after meeting with the Arab League delegation. He denied that France and the United States had split after Tuesday's session.

In a sign of potential flexibility, Israel said that the Lebanese government's pledge to send 15,000 troops into southern Lebanon was worth studying. But Prime Minister Ehud Olmert stressed that the composition of an international force needed to be "discussed rapidly." Israel wants the force to have a strong mandate to prevent attacks by Hezbollah and to curtail the guerrillas' procurement of weapons.

At the same time, Olmert's government appeared poised to endorse a wider ground offensive in Lebanon, in which as many as 10,000 troops seek to secure a 4-mile-deep strip north of the border.

Olmert's so-called security Cabinet, a small circle of senior advisors, was expected today to approve a new push by Israeli troops that could extend to the Litani River, whose meandering course runs about 18 miles north of the border.

Israeli Defense Minister Amir Peretz, speaking to his fellow Labor Party lawmakers, said Israel's military aim was to push Hezbollah fighters away from the border in order to quell rocket attacks. More than 160 rockets fell on Israel's northern tier Tuesday, but no casualties were reported.

"I instructed the military leaders to carry out an operation to … reduce Hezbollah's ability to launch rockets at the state of Israel," Peretz said. "The army's objective is to allow the home front to live normally."

Tens of thousands of Israelis have fled their homes in the north, seeking to escape Hezbollah rocket strikes. The Israeli government has agreed to evacuate 15,000 residents in the rocket-battered north, sending them to coastal cities for up to a week.

Israeli Brig. Gen. Shuki Shihrur, deputy commander of the northern command, said the army planned to press ahead with an offensive from land, air and sea, controlling villages and roads in southern Lebanon and pounding bridges and buildings in the south and around Beirut.

Israeli commanders say they plan to push on to the Litani River until told otherwise.

Shihrur said he was confident the Israeli military had hurt Hezbollah by killing about 35% of its active fighting force and significantly depleting its ability to fire rockets.

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"The Hezbollah terrorist organization is not the same organization we met four weeks ago," he said.

All of southern Lebanon was under virtual lockdown Tuesday after Israeli aircraft dropped fliers warning that non-humanitarian-aid vehicles venturing onto roads south of the Litani could be attacked.

"Every vehicle, whatever its nature, which travels south of the Litani will be bombed on suspicion of transporting rockets and arms for the terrorists," said the fliers, which were signed, "The state of Israel." Aid vehicles were allowed to enter a security zone but were all but stranded north of the Litani after Israeli jets took out a bridge north of Tyre that had been used to carry aid shipments from Beirut.

"For the time being, Tyre is cut off," said Robin Lodge, spokesman for the U.N.'s World Food Program. "Food and fresh water are a problem. The supplies seem to be limited, and they're running out."

Aid agencies hoped to establish a detour into the region today, but heavy fighting prevented them from reaching some of the most devastated villages in the south.

In the village of Ghazieh, southeast of Sidon, where 16 villagers were killed during a series of airstrikes Monday, a wave of missiles hit about 500 yards from a large funeral procession.

At least 13 people were killed and 23 injured in the attack, reportedly targeted at the home of a Hezbollah cleric. Witnesses told Lebanon's New TV that a series of missiles slammed into five houses within half an hour as an estimated 1,500 mourners were passing through the streets.

The mourners chanted, "Death to America, death to Israel."

Israel said the strike in Ghazieh was aimed at buildings and did not come near the funeral procession.

Airstrikes continued throughout southern Lebanon on Tuesday and early today, with sporadic shelling in towns south and east of Tyre. Israel also carried out at least 15 airstrikes around Baalbek in the Bekaa Valley, and five trucks carrying diesel from Syria were targeted and set ablaze.

Early today, Israeli warplanes hit Lebanon's largest Palestinian refugee camp near Sidon, killing at least one person. The Israeli military said it was targeting buildings in the camp used by Hezbollah. Israeli artillery also pounded the southern border area overnight ahead of a possible new incursion.

On Tuesday, half a dozen new strikes hit south Beirut, where workers spent the morning scouring the rubble of an apartment building in the Shiyah neighborhood that was struck Monday. The death toll climbed to 32, with more than 75 wounded.

In a nearby hospital, doctors removed dead 6-month-old twin fetuses from the womb of a woman whose uterus and liver were torn apart in the blast. A 13-year-old boy lay stunned with pain, his body covered from scalp to calves with purple and yellow shrapnel wounds.

Ali Ammar, a member of the Lebanese parliament from Hezbollah, told reporters at the scene of the attack that the apartment building contained no Hezbollah members.

"The enemy only targets civilians," he said.

"This massacre will not pass without punishment, because the enemy only understands the language of force. We trust that the resistance will respond, as it has always kept its promise."

In a sign of internal disagreement over battle tactics, Israel named a new commander for operations in Lebanon, sidelining the general who had been directing the offensive.

Maj. Gen. Moshe Kaplinsky, the army's deputy chief of staff and a veteran of earlier campaigns in Lebanon, was named to "coordinate the Israeli army's operations in Lebanon." He takes over for Maj. Gen. Udi Adam, who in his position as head of the northern command ran an offensive that some Israelis think failed to deal a crippling blow to Hezbollah.

Israeli commentators suggested that Adam was demoted because he angered Olmert when he accused the political establishment of tying the hands of the military.

Some commentators expressed concerns that the turmoil could hurt the war effort.

"There is no other way to say it except that today a baby-sitter was appointed for Udi Adam," said political analyst Amnon Avramovich, who called the change of command puzzling.

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Adam, whose father, Gen. Yekutiel Adam, was the highest-ranking commander killed in Israel's 1982 invasion of Lebanon, will remain in his post, the army statement said. Adam told Israeli television that he would continue to make the "final decisions" in the northern command.

U.S., France At Odds On Resolution For Mideast (WP)

By Colum Lynch And Robin Wright

The Washington Post, August 9, 2006

UNITED NATIONS, Aug. 8 -- The United States and France have split over key provisions in a compromise resolution to end hostilities between Hezbollah and Israel, triggering intense diplomatic scrambling, according to European and U.S. officials.

The two co-sponsors of the resolution had agreed on the need for changes after Lebanon's proposal Monday to deploy 15,000 troops in the south, but Washington and Paris have basic differences over the issues and the scope of other modifications that Beirut had requested.

France wants to incorporate ideas from Lebanon's new proposals, particularly on two issues: deploying Lebanese troops alongside a more robust version of the U.N. force now in Lebanon as a means to expedite an Israeli withdrawal, and settling the status of Shebaa Farms, the officials said.

But the United States, which has accepted Israel's concerns on both issues, thinks that a strong international force still needs to be in place before an Israeli withdrawal to ensure that the Shiite militia is not able to resume control of southern Lebanon or shoot at Israeli forces as they pull out, U.S. and European officials say.

The Bush administration also does not want to offer more specific language on Shebaa Farms -- the disputed border area that abuts Israel, Lebanon and Syria that Hezbollah has used to justify keeping its weapons -- for fear it would be seen as a reward to the Shiite movement, European officials say.

"We have differences on how to incorporate the needs of the Lebanese," a French official said.

French President Jacques Chirac will hold talks Wednesday with his prime minister, foreign minister and defense minister to review the situation. France thinks that Prime Minister Fouad Siniora needs to have Lebanon's concerns taken into account to be able to persuade Hezbollah to cooperate and eventually disarm, French officials say.

If Lebanon's proposals are not incorporated in some significant way, France fears the fragile Beirut government will break apart and throw Lebanon into political chaos, making a resolution far more difficult, the officials say.

In a special Security Council session Tuesday, a high-level Arab League delegation appealed for a resolution that includes an immediate halt to Israel's offensive against Hezbollah and its withdrawal from southern Lebanon, warning that Israel's continued presence threatens to trigger a civil war.

The Arab initiative reflected mounting concern by Lebanese officials that Hezbollah and its key foreign backers, Iran and Syria, would resist a U.S.-backed plan to send an international force to the region to ensure an end to attacks against Israel.

The proposal has complicated efforts by the United States and France to seek passage of a resolution that would call for a full cessation of hostilities in southern Lebanon but allow Israeli troops to remain until an international force is deployed along the border.

Key sticking points include the timing of Israel's withdrawal from southern Lebanon and the mandate of a new international force for the south. The Lebanese favor expanding a U.N. peacekeeping operation to help the Lebanese army restore control over the south.

"The draft resolution not only falls short of meeting many of our legitimate requirements, but it also may not bring about the results that the international community hopes to achieve," said Tarek Mitri, special envoy to the Lebanese council of ministers.

But Israel insists that a robust European-led multinational force with the authority to fight be sent to the region. It says that the 2,000-strong U.N. Interim Force in Lebanon is too weak to restrain Hezbollah.

The Arab League secretary general and foreign ministers from Qatar and the United Arab Emirates warned that the deployment of a heavily armed Western force could plunge the region into chaos. "If we adopt resolutions without fully considering the reality of Lebanon, we will face a civil war," Qatari Foreign Minister Sheik Hamad Bin Jasim al-Thani said.

U.S. Says Lebanese Forces Need Help (AP)

DOJ_NMG_0045532

By Nedra Pickler, Associated Press Writer

AP, August 9, 2006

The United States is willing to consider a proposal to use Lebanese troops as a peacekeeping force in Hezbollah-controlled areas but is convinced that Lebanon is not equipped to handle the job on its own, the White House said Tuesday.

Lebanon offered to send up to 15,000 troops to the region to assert control over Hezbollah.

Meanwhile, the Bush administration worked behind the scenes to ready a U.S.-French cease-fire proposal for a vote at the United Nations Security Council this week. Secretary of State Condoleezza Rice is expected to address the council at a vote tentatively scheduled for Thursday.

The issue of who will patrol southern Lebanon, where Hezbollah militants have been operating in their fight against Israel, has become the dominant sticking point in U.N. cease-fire negotiations.

Israeli ground troops are in the area, and Lebanon and other Arab nations are insisting they must leave before an agreement can be reached. President Bush said Monday that he wants an international force to replace the Israeli soldiers, but that could take weeks.

"The administration understands that the Lebanese armed forces are going to need some help, and we're working with allies to try to figure out the proper way to do it," White House press secretary Tony Snow told reporters gathered near the president's vacation home.

Snow said the White House did not consider the Lebanese offer to send peacekeeping troops a setback to negotiations over a cease-fire resolution among members of the U.N. Security Council.

At the State Department, spokesman Sean McCormack called the Lebanese offer important and "a necessary step for peace," but echoed the view that the Lebanese forces could not do the job alone.

"You will need international forces to support the Lebanese armed forces," he said. "They are not, at this point, a robust enough entity to be able to, on their own, exercise total control of that southern area of Lebanon. That's why you have the need for an international force."

McCormack did not rule out that the eventual international military force could be a beefed-up version of a United Nations monitoring force that is already deployed in southern Lebanon. The U.N. Interim Force in Lebanon was created in 1978 with a weak mandate. It has done little to counter Hezbollah.

The United States does not intend to contribute troops to the eventual force, but may provide logistical or other support.

The United States and France circulated the first draft resolution of a cease-fire resolution on Saturday. They demanded that Hezbollah stop all attacks and that Israel end all offensive operations.

That distinction drew criticism from Lebanon, which was also angered that the resolution mentioned nothing about a timetable for Israel to withdraw from southern Lebanon. A delegation of Arab foreign ministers relayed Lebanon's concerns directly to the Security Council on Tuesday.

In quiet negotiations, U.S. and French diplomats sought to amend the resolution to allay Lebanon's fears that the draft favored Israel.

While Americans tend to sympathize with Israel, they are evenly split on whether Israel is justified in bombing Hezbollah targets where civilians may be killed or wounded. More than half, 54 percent, say Israel could do more to avoid civilian casualties in Lebanon, an ABC-Washington Post poll found this week.

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AP Diplomatic Writer Anne Gearan contributed to this report from Washington.

Lebanese Army May Help Break Deadlock (AP)

By Sam F. Ghattas, Associated Press Writer

AP, August 9, 2006

Lebanon's national army is no match for Israel's military. It won't take on the Hezbollah guerrillas or fight Israel head on.

But it is being called upon to be part of a peaceful settlement to the worst Hezbollah-Israeli confrontation in 24 years.

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The 70,000-member force has largely stayed out of the battle — though it has been hit several times by Israeli strikes that killed 29 soldiers. Still, it may help get between the two combatants to ensure an end to fighting.

The Lebanese government said Monday it will send 15,000 soldiers to south Lebanon as soon as Israeli forces withdraw, and the army command called up reserve soldiers to prepare for the deployment.

The idea has drawn interest in the United States and Israel, and Lebanon is pressing for it to be incorporated into a draft U.N. cease-fire resolution.

It could help break a deadlock caused by what Lebanon and Arab nations say is a key fault in the U.S.-backed draft resolution, which calls for a cease-fire but would leave thousands of Israeli troops in south Lebanon for the time being.

Hezbollah has said it won't abide by any cease-fire while Israeli troops are in Lebanon. Israel says it won't halt its offensive until it is guaranteed Hezbollah rocket fire will stop.

The United Nations, the U.S. and Israel have long demanded the deployment of the Lebanese army along the border with Israel.

But until Monday, the Lebanese government refused, saying it won't act as a policeman for Israel and that a deployment without an Arab-Israeli peace settlement would risk having its army destroyed by Israel's more powerful military.

Many Lebanese also feared that moving into the south would mean a confrontation with Hezbollah that could split the military — which includes many Shiites — along sectarian lines, as happened in the 1975-1990 civil war.

That effectively left the guerrillas in control of the border area. On July 12, they crossed the border and captured two Israeli soldiers, sparking the current bout of fighting.

Hezbollah and pro-Syrian Lebanese politicians have led the resistance to sending the army south. But after devastating Israeli airstrikes, the government, including Hezbollah's two Cabinet ministers, yielded to the demands Monday and said it would send soldiers south.

Hezbollah may have done so in hopes of preventing the deployment of a larger international force, a key part of the U.S.-backed peace plan.

The Lebanese government has not accepted or rejected the plan for a new, larger force. Instead, it is talking about beefing up the 2,000-member U.N. peacekeeping force already present in the south to help the Lebanese army once it deploys.

There are already 1,000 soldiers and police in the south but they have no presence on the border where Hezbollah acts freely.

The military has also turned a blind eye to weapons shipments to Hezbollah. When anti-Syrian politicians raised rare criticism over a shipment the military let in from Syria earlier this year, the command replied that under government policy the guerrillas were a legitimate force and it was up to the Cabinet to decide otherwise.

The Lebanese army has been rebuilt and grew from 35,000 to 70,000 since the end of Lebanon's 1975-90 civil war. It far outnumbers Hezbollah's estimated 6,000 fighters. But its troops lack the guerrillas' battle experience and the religious zeal driving the Shiite Muslim militant group. The army has no fixed-wing aircraft, only helicopters equipped with machine guns.

Still, many believe the army can be trusted to act as a protective force in the south.

It stayed cohesive — and neutral — in the last 18 months of political upheaval in Lebanon, when Syrian troops were forced to end their decades-long presence in the country and anti-Syrian politicians were voted into power.

The army refused to quell massive anti-Syrian protests but also has prevented any moves to oust Lebanon's pro-Syrian president — and it warded off any slide into violence during the Syrian withdrawal.

Some — including U.N. envoy Terje Roed-Larsen and anti-Syrian Lebanese politician Walid Jumblatt — have raised the idea of integrating Hezbollah guerrillas into the military. But Lebanese President Emile Lahoud, a Hezbollah ally, rejected that idea.

Israeli Prime Minister Ehud Olmert on Tuesday said the offer of a Lebanese army deployment in the south was "interesting."

But it appeared Israeli leaders were wary it might be a ploy to get Israeli troops out without removing Hezbollah first.

"We should see actions," said Asaf Shariv, Olmert's chief spokesman. "Let's see what happens on the ground."

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Local Force Lebanon's Army, Key To U.S. Plan, Is Work In Progress (WSJ)

By Jay Solomon

The Wall Street Journal, August 9, 2006

BEIRUT, Lebanon -- With the United Nations pushing to disarm the militant group Hezbollah, the U.S. and other countries have expressed confidence that Lebanon's army can handle the job with help from a multinational force.

But Lebanese commanders such as Maj. Gen. Achraf Rifi, who leads the nation's police force, believe the task could prove difficult. Lebanon's military is poorly equipped and fragmented along ethnic and religious lines. Its police force has 20,000 members, but fewer than half have guns or ammunition. Some of the weapons they use are World War II-era rifles.

Lebanon's army, the other branch of its security forces, currently numbers about 40,000. Some of its tanks were produced in the 1940s, say senior army officers. And American-made helicopters it has purchased are one-engine models that are no longer legal to fly in the U.S.

Before Syrian forces withdrew from Lebanon just over a year ago, Lebanon's army and its police, called the Internal Security Forces, were under the direct control of Syria, a principal backer of Hezbollah. For that reason, both the U.S. and Israel didn't want Lebanon to strengthen its armed forces. But now they and other nations are pushing for exactly that. They hope a beefed up Lebanese force can play a central role in reining in Hezbollah, whose militia is now far more powerful than Lebanon's state security forces.

Secretary of State Condoleezza Rice said Sunday that the international community's mission was to "get Lebanese authority to flow into the south" so that this type of war "doesn't happen again." The White House, the U.N. and the Lebanese government have all said in recent days they are laying the groundwork for Lebanon's army to deploy to the south, which Hezbollah has run as its own de facto state within a state. The Lebanese government is prepared to send 15,000 soldiers into the south. The Pentagon has talked of ramping up military assistance and training, though details are still being debated.

CONTINUING VIOLENCE

See continuing coverage1 of developments in the Middle East conflict, including a news tracker2 with the latest updates on the crisis, an interactive map3 of major strikes and a photo gallery4.

Lebanon's armed forces are just emerging from nearly 20 years of Syrian control. When Syrian forces withdrew from Lebanon, Gen. Rifi recalled recently, "we were in an institution without a soul or initiative. ... The habit was to receive orders from the Syrians."

Even today, the military's civilian commander, Lebanese President Emile Lahoud, is a Syrian ally, and has called for the military to join with Hezbollah to fight Israel. But operational control of the army has shifted to Lebanon's cabinet. And the president's son-in-law, Defense Minister Elias Murr, has shown independence from Syria. A bomb that nearly killed him last year was widely attributed to operatives close to Syria, although Syria denied any involvement. This confusing picture has made it difficult for some American and other Western officials to understand exactly who is in charge of Lebanon's security apparatus.

Gen. Rifi, who is 52 years old, and other senior Lebanese officials say the nation's security forces are just beginning a major reform after the years of Syrian control. Syrian troops moved into Lebanon in 1976, and the Syrian government eventually became a caretaker power. Syria had the tacit backing of the international community, which hoped it would control competing Christian, Shiite, and Druze militias that had ensnared Lebanon in civil war. Lebanon's military had splintered, former Lebanese officers say, and some factions joined the militias in sectarian warfare. Beirut divided into a Christian east and a Muslim west.

Initially, some Lebanese military officers hoped Syria would rebuild the armed forces and the rest of Beirut's government. But Syria introduced its own pervasive security and intelligence apparatus, which fueled violence in Lebanon, say many current and former Lebanese officers. Syria favored Hezbollah and kept Lebanon's military weak, these officers say.

Nizar Abdel-Kader, a retired Lebanese general, says he was appointed to an army commission in the early 1990s that sought to transform the army by assembling more mechanized and rapid-reaction units and by refocusing it on quelling internal unrest. At the same time, it aimed to deter Israel, whose armed forces occupied southern Lebanon from 1982 until 2000. Under the "Army in the Year 2000" project, Mr. Abdel-Kader hoped to increase the army's size to 60,000 full-time soldiers and to expand its presence through territories controlled by Lebanon's many religious communities, including the Shiites in the south.

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As the decade progressed, however, Lebanon's army shrank and its equipment deteriorated, say Mr. Abdel-Kader and some active army officers. Syria forced Lebanon to purchase second-hand Russian and American equipment. The Syrians called for Lebanon to cancel its draft, reducing the size of its army. According to Lebanese and American officials, Iran and Syria increased weapons shipments to Hezbollah, which the U.S. has labeled a terrorist organization. Militia units received sophisticated mines, long-range rockets and telecommunications equipment.

"The army was fully manipulated by the Syrians," says Mr. Abdel-Kader, who writes today on military affairs for Lebanese and foreign publications.

'Talking to a Wall'

Some former Lebanese diplomats say the U.S. military alliance with Israel prevented any meaningful American arms sales to Lebanon. Riad Tabbarah, who was Beirut's ambassador to the U.S. in the mid-1990s, says he negotiated a deal in 1996 to purchase used armored-personnel carriers from the Pentagon. But when the deal came before the Senate Foreign Relations Committee, then headed by Sen. Jesse Helms, it was scrapped. Mr. Tabbarah says he was told by Mr. Helms's staffers that the weapons could challenge Israel's security. "It was like talking to a wall," says Mr. Tabbarah, who went on to become a foreign-affairs adviser to former Prime Minister Rafik Hariri.

Danielle Pletka of the conservative think tank American Enterprise Institute, who was then an aide to the now-retired senator, says Mr. Helms's office held up a training program for Lebanese soldiers from 1992 to 1993 due to concerns over Beirut's ties to Syria. She says no major arms sales to Lebanon were ever considered due to the belief that the Lebanese military was a "wholly owned subsidiary" of Damascus. Israeli officials acknowledge they tried to prevent arms sales to Lebanon in the past, due to Syria's involvement there.

As Syrian intelligence services continued to dictate Lebanon's affairs, Lebanese politicians increasingly called for independence from Damascus, Lebanese officials say. A U.N. investigation into the bombing last year that killed Mr. Hariri, the former prime minister, pointed to pro-Syrian Lebanese intelligence agents, and suggested that officials in Syria might have been involved. Mr. Hariri's death fueled massive protests that eventually forced Syrian leader Bashar Assad to pull his remaining 17,000 troops out of Lebanon, freeing Lebanese forces from direct Syrian control.

In the months before the July 12 outbreak of war between Israel and Hezbollah, Lebanese Prime Minister Fuad Siniora's newly elected government began another push to reform the country's security forces. The government arrested four senior Lebanese military officials, including heads of the army's military intelligence unit and the Palace Guards, due to evidence of their complicity in the killing of Mr. Hariri. The longstanding commander of the police force, Ali al-Hajj, was also detained, and Gen. Rifi was appointed to the top post.

Both the army and police force, or ISF, moved to expand their ranks and resume training programs with the U.S., Europe and a number of Arab countries. Mr. Siniora authorized a "national dialogue" with Hezbollah aimed at gradually disarming it and possibly subsuming some of its members into the army.

The ISF set out to break up a network that smuggled arms into Lebanon, which was linked to pro-Syrian elements inside Lebanon. ISF officials say they were concerned that the arms could be used to continue a string of political assassinations that had continued even after Syria's withdrawal.

But with the Syrians gone, many members of Lebanon's armed forces were confused and timid, say Gen. Rifi and other senior military officers. Gen. Rifi says his officers had been trained "just to apply" the Syrians' orders. "We had to tell them that the security decisions were now our own," he says.

Widespread Distrust

Distrust of the U.S. government is still widespread among Lebanese officials. Some worry that Lebanon's attempts to purchase arms from the U.S. and France could still be rebuffed. Lebanese officials say that unless the U.S. shows greater trust toward Beirut and a more balanced policy toward Israel's role in the Middle East, any peacekeeping operation in southern Lebanon could fail.

Lebanese officials say that several countries have pledged to provide new equipment to the army and the ISF, but that little has materialized thus far. Ahmad Fatfat, Lebanon's interior minister, says he met on more than three occasions with senior

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Pentagon and State Department officials, including Assistant Secretary of State David Welch. He says he told them he desperately needs military hardware, particularly machine guns, but he has yet to receive any.

A spokesman for Mr. Welch acknowledges that the requests were received, but says no promises were made. The U.S., he says, might contribute logistical help, "but actual armaments would almost certainly run afoul of Congress."

So far this year, the U.S. has provided Lebanon with $1.62 million in military assistance, all in financial aid and training programs. But a U.S. official said an additional $10.6 million could be offered if there is an international agreement on how to disarm Hezbollah.

"The international community asks us for everything, yet gives us nothing," says Mr. Fatfat, who was a close aide to the late Mr. Hariri. "In such a situation, I ask: Why do I have to be friends of the U.S.?"

Israeli and U.S. officials say they are prepared to increase support for Lebanon's armed forces if that could lead to disarming Hezbollah. "We support any international efforts to strengthen the Lebanese government and army," says Mark Regev, a spokesman for the Israeli Foreign Ministry. "It's good for Lebanon and it's good for regional stability." But a firm plan hasn't been put in place.

Lebanon sees its armed forces as helping lend legitimacy to a larger U.N. peacekeeping force. Over time, as Lebanon's troops strengthen, they would take full control of the south, aides to Mr. Siniora say.

Cooperation between the U.S. and Lebanon has increased. Federal Bureau of Investigation officials credit the ISF with helping them crack what they say was an al Qaeda plot this year to attack underwater train tunnels leading into New York City. In April, Lebanese officers arrested a Lebanese man they say was preparing to fly to Pakistan to begin training for the plot. Gen. Rifi said such joint investigations with the FBI have allowed his officers to gain technical and forensic skills needed to conduct counterterrorism operations against believed al Qaeda cells.

Pentagon officials say they've been impressed with the Lebanese army's new leadership. The two countries had planned to hold joint-exercises on Lebanese soil last month, but the fighting forced them to be canceled.

As the international community calls for Lebanon's armed forces to regain control of the nation's south, senior members of Mr. Siniora's government say the war has taxed their army and police forces even more. Over the past month, the principal mission of Lebanese troops has been to help secure the shipment of humanitarian aid to the nearly one million Lebanese displaced by the war, the government officials say. The army and the ISF have also had to provide shelter and protection for the mostly Shiite refugees who have pushed into Beirut and its suburbs from Lebanon's south.

Senior Lebanese officials say dealing with this chaos has left them little time to put together a long-term plan to disarm Hezbollah. Some of them say that will require a comprehensive agreement with Israel involving land disputes and a prisoner exchange. Roughly 40% of Lebanon's security forces are Shiite Muslims and are viewed as sympathetic to Hezbollah's cause, they say. Some Lebanese analysts fear the military could splinter or rebel if it is called upon to disarm Hezbollah without the approval of Hezbollah's leader, Hassan Nasrallah.

As hundreds of thousands of Shiite refugees push into territories that are home to Christians and Sunnis, Lebanese officials are concerned that the nation's historical sectarian tensions could be rekindled.

The potential for such conflict was apparent on Saturday at the Karm El-Zeitoun high-school complex in Beirut's Christian enclave of Achrafieh. More than 100 Shiite families were packed into two compounds, their laundry hanging from the classrooms. Painted on the school's walls were the symbols of Lebanon's largest Christian militia-turned-political party, the Lebanese Forces.

Army and ISF officers stationed at the school said concern is growing that the families might not be able to return home for months, potentially scuppering the upcoming school year and fueling unrest.

End This Tragedy Now (WP)

By Fouad Siniora

The Washington Post, August 9, 2006

BEIRUT

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Amilitary solution to Israel's savage war on Lebanon and the Lebanese people is both morally unacceptable and totally unrealistic. We in Lebanon call upon the international community and citizens everywhere to support my country's sovereignty and end this folly now. We also insist that Israel be made to respect international humanitarian law, including the provisions of the Geneva Conventions, which it has repeatedly and willfully violated.

As the world watches, Israel has besieged and ravaged our country, created a humanitarian and environmental disaster, and shattered our infrastructure and economy, putting an intolerable strain on our social and economic systems. Fuel, food and medical equipment are in short supply; homes, factories and warehouses have been destroyed; roads severed, bridges smashed and airports disabled.

The damage to infrastructure alone is running into the billions of dollars, as are the losses to owners of private property, and the long-term direct and indirect costs due to lost revenue in tourism, agriculture and industrial sectors are expected to be many more billions. Lebanon's well-known achievements in 15 years of postwar development have been wiped out in a matter of days by Israel's deadly military might.

For all this carnage and death, and on behalf of all Lebanese, we demand an international inquiry into Israel's criminal actions in Lebanon and insist that Israel pay compensation for its wanton destruction.

Israel seems to think that its attacks will sow discord among the Lebanese. This will never happen. Israel should know that the Lebanese people will remain steadfast and united in the face of this latest Israeli aggression -- its seventh invasion -- just as they were during nearly two decades of brutal occupation. The people's will to resist grows ever stronger with each village demolished and each massacre committed.

On July 25, at the international conference for Lebanon in Rome, I proposed a comprehensive seven-point plan to end the war. It was well received by the conference and got the unanimous and full backing of the Lebanese Council of Ministers, in which Hezbollah is represented, as well as of the speaker of parliament and a majority of parliamentary blocs. Representatives of diverse segments of Lebanese civil society have come out strongly in favor, as has the Islamic-Christian Summit, representing all the religious confessions, ensuring a broad national consensus and preserving our delicate social equilibrium.

The plan, which also received the full support of the 56 member states of the Organization of the Islamic Conference, included an immediate, unconditional and comprehensive cease-fire and called for:

Â· The release of Lebanese and Israeli prisoners and detainees through the International Committee of the Red Cross.

Â· The withdrawal of the Israeli army behind the "blue line."

Â· A commitment from the U.N. Security Council to place the Shebaa Farms and Kfar Shouba Hills areas under U.N. jurisdiction until border delineation and Lebanese sovereignty over them are fully settled. Further, Israel must surrender all maps of remaining land mines in southern Lebanon to the United Nations.

Â· Extension of the Lebanese government's authority over its territory through its legitimate armed forces, with no weapons or authority other than that of the Lebanese state, as stipulated in the Taif accord. We have indicated that the Lebanese armed forces are ready and able to deploy in southern Lebanon, alongside the U.N. forces there, the moment Israel pulls back to the international border.

Â· The supplementing of the U.N. international force operating in southern Lebanon and its enhancement in numbers, equipment, mandate and scope of operation, as needed, to undertake urgent humanitarian and relief work and guarantee stability and security in the south so that those who fled their homes can return.

Â· Action by the United Nations on the necessary measures to once again put into effect the 1949 armistice agreement signed by Lebanon and Israel and to ensure adherence to its provisions, as well as to explore possible amendments to or development of those provisions as necessary.

Â· The commitment of the international community to support Lebanon on all levels, including relief, reconstruction and development needs.

As part of this comprehensive plan, and empowered by strong domestic political support and the unanimous backing of the cabinet, the Lebanese government decided to deploy the Lebanese armed forces in southern Lebanon as the sole domestic military force in the area, alongside U.N. forces there, the moment Israel pulls back to the international border.

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Israel responded by slaughtering more civilians in the biblical town of Qana. Such horrible scenes have been repeated daily for nearly four weeks and continue even as I write these words.

The resolution to this war must respect international law and U.N. resolutions, not just those selected by Israel, a state that deserves its reputation as a pariah because of its consistent disdain for and rejection of international law and the wishes of the international community for over half a century.

Lebanon calls, once again, on the United Nations to bring about an immediate cease-fire to relieve the beleaguered people of Lebanon. Only then can the root causes of this war -- Israeli occupation of Lebanese territories and its perennial threat to Lebanon's security, as well as Lebanon's struggle to regain full sovereignty over all its territory -- be addressed.

I believe that a political resolution rooted in international law and based on these seven points will lead to long-term stability. If Israel would realize that the peoples of the Middle East cannot be cowed into submission, that they aspire only to live in freedom and dignity, it could also be a stepping stone to a final solution of the wider Arab-Israeli conflict, which has plagued our region for 60 years.

The 2002 Arab summit in Beirut, which called for a just, comprehensive and lasting peace based on the principle of land for peace, showed the way forward. A political solution cannot, however, be implemented as long as Israel continues to occupy Arab land in Lebanon, Gaza, the West Bank and the Syrian Golan Heights and as long as it wages war on innocent people in Lebanon and Palestine. As Jawaharlal Nehru said, "the only alternative to coexistence is co-destruction."

Enough destruction, dispossession, desperation, displacement and death! Lebanon must be allowed to reclaim its position in this troubled region as a beacon of freedom and democracy where justice and the rule of law prevail, and as a refuge for the oppressed where moderation, tolerance and enlightenment triumph.

Anti-U.S. Feeling Leaves Arab Reformers Isolated (NYT)

By Neil Macfarquhar

The New York Times, August 9, 2006

DAMASCUS, Syria, Aug. 8 — Moderate reformers across the Arab world say American support for Israel's battle with Hezbollah has put them on the defensive, tarring them by association and boosting Islamist parties.

The very people whom the United States wanted to encourage to promote democracy from Bahrain to Casablanca instead feel trapped by a policy that they now ridicule more or less as "destroying the region in order to save it."

Indeed, many of those reformers who have been working for change in their own societies — often isolated, harassed by state security, or marginalized to begin with — say American policy either strangles nascent reform movements or props up repressive governments that remain Washington's best allies in the region.

"We are really afraid of this 'new Middle East,' " said Ali Abdulemam, a 28-year-old computer engineer who founded the most popular political Web site in Bahrain. He was referring to Secretary of State Condoleezza Rice's statement last month that the situation in Lebanon represented the birth pangs of a "new Middle East."

"They talk about how they will reorganize the region in a different way, but they never talk about the people," Mr. Abdulemam said. "They never mention what the people want. They are just giving more power to the systems that exist already."

His plight is shared by reformers across the Arab world.

Fawaziah al-Bakr, who promotes educational change and women's rights in Saudi Arabia, helped organize women to protest the Israeli attacks. "Nobody is talking about reform in Saudi Arabia," she said. "All we talk about is the war, what to do about the war. There is no question that the U.S. has lost morally because of the war. Even if you like the people and the culture of the United States, you can't defend it."

The statement by Ms. Rice — during a fleeting stopover in Beirut last month — is being juxtaposed with the mounting carnage to rally popular opposition against all things American.

In Lebanon, Israel continues bombing despite the fact that the violence could destabilize the government of Prime Minister Fouad Siniora, elected last year in a vote that the United States hailed as a democratic example for the Middle East. Iraq was the previous such example, reformers note bitterly.

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In Bahrain, Mr. Abdulemam fears that a proposed new anti-terrorism law could severely curb the freewheeling discussions on BahrainOnline.org, his Web site, perhaps even shutting it down, because among other things the law bans attacking the Constitution. Recently, the government cut off access to Google Earth, he said, probably because too many citizens were zeroing in on royal palaces.

Members of Islamist political organizations, in particular, consider American actions a godsend, putting their own repressive governments under pressure and distancing their capitals from Washington, reformers say.

The Americans "wanted to tarnish the Islamic resistance and opposition movements, but in reality they only served them," said Sobhe Salih, a 53-year-old lawyer in the Muslim Brotherhood, which was swept into the Egyptian Parliament in an election last fall after capturing an unprecedented 20 percent of the seats. "They made them more appealing to the public, made them a beacon of hope for everyone who hates American policies."

Glance at any television screen — they are everywhere — and chances are that the screen will be showing mayhem in Lebanon, Baghdad or Gaza. It usually takes a minute or so to decipher which Arab city is burning. Popular satellite news channels like Al Jazeera say repeatedly that the carnage arrives via American policy and American weapons.

Before 2003, the hardest step for any Islamist movement was recruitment, noted Mohamed Salah, an expert on Islamic extremist movements who writes for the pan-Arab daily Al Hayat from Cairo. Moving someone from being merely devout to being an extremist took a long time. No longer, he said. Moderate Arab governments, which have pursued peace with Israel for nearly 30 years, have seen that policy undermined among their publics by Hezbollah's ability to strike at Israel.

"Recruitment has become the easiest stage because the people have already been psychologically predisposed against the Americans, the West and against Israel," Mr. Salah said.

Moderate reformers say they are driven to despair by what they see as inconsistencies in Washington's Middle East policy. For example, in Lebanon lives a black-turbaned Shiite cleric who runs a secretive militia close to Iran. His name is Sheik Hassan Nasrallah and Washington approves of Israel's bombing campaign to stamp out his organization, Hezbollah.

There is another black-turbaned Shiite cleric who runs a different secretive militia close to Iran. His name is Abdel Aziz al-Hakim, and he lives in Iraq. He is an American friend.

"In Iraq the same kind of group is an ally of the United States, while in Lebanon they are an enemy whom they are fighting," said Samir al-Qudah, a Jordanian civil engineer. "It has nothing to do with reform, but where America's interests lie."

The overwhelming conclusion drawn by Arabs is that Washington's interests lie with Israel, no matter what the cost.

"Those calling for democratic reform in Egypt have discovered that once Israeli interests are in conflict with political reform in the Middle East, then the United States will immediately favor Israel's interests," said Ibrahim Issa, the editor of the weekly Al Dustour, who faces a jail sentence on charges of insulting President Hosni Mubarak of Egypt.

Reformers invariably add that a credible effort to solve the issue of Arab land occupied by Israel, which they believe is the taproot of extremism, does not even seem to be on Washington's radar.

Sheik Nasrallah is particularly adept at exploiting public anger at civilian deaths in Lebanon by talking about how fickle the United States can be as a friend.

"I want you never to forget that this is the U.S. administration, Lebanon's friend, ally and lover," he mocked in a speech on Thursday. He also issued a pointed warning to other Arab leaders that if they spend more time defending their thrones than the people of Lebanon, they might find themselves pushed off those thrones.

Reformers also worry that the chaos in Iraq has fueled public perception that a despot can at least keep violence and sectarian differences at bay. In Syria, war news drowned out dismay over the jailing of activists in a crackdown by the Syrian government this spring.

Omar Amiralay, a Syrian documentary filmmaker, was in a taxi recently when the radio broadcast a news bulletin about a suicide bombing in Baghdad that killed some 35 people.

"The Americans should just let Saddam out of jail for a week," he quoted the driver as saying, only half joking. The dictator would slay one million Iraqis and "everything would be peaceful again."

Mr. Amiralay is convinced that change will come only with an eruption from within, but people have no time to think about that now. "Uncertainty has become the order of the day," he said.

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There is a general sense in the region that the Bush administration soured on pushing democracy because of the successes of Islamist parties in the most recent Egyptian and Palestinian elections — the Muslim Brotherhood in Egypt and Hamas, an offshoot of the Brotherhood, in the Palestinian territories.

For the first time in a while, political analysts are again comparing governments like that of Mr. Mubarak of Egypt to that of the late Shah of Iran — an isolated despot who ignored the broad wishes of the population while currying favor with the American administration. Some rulers are clearly nervous.

King Abdullah of Jordan initially criticized Hezbollah when the fighting erupted nearly a month ago, but in an interview with the BBC on Tuesday he was dismissive of American plans for a "new Middle East." The monarch said he could "no longer read the political map" of the region because of black clouds gathering from Somalia to Lebanon.

That kind of attitude may prove beneficial, reformers say, allowing more breathing space for public debate as leaders try to quiet public anger. But they doubt moderates will find much of a platform.

"There is no room on the street for a moderate like me," said Mr. Qudah, the civil engineer in Jordan. "We are all against Israel attacking Lebanon, but I am also against hitting cities in Israel where there are civilians. If I tried to say the things in public that I am telling you on the phone, I might be beaten. In a war like this, the extremists alone own the streets."

In Mideast War, Stakes Keep Rising (CSM)

By Peter Grier

The Christian Science Monitor, August 9, 2006

WASHINGTON

The Arab-Israeli Conflict of 1967. The Yom Kippur War of 1973. The Israeli invasion of Lebanon of 1982.

And now, 2006?

As the fighting between Israel and Hizbullah passes the one-month mark, it has grown from a skirmish into a swirling conflict with a geopolitical impact that could rival the iconic wars of modern Middle Eastern history.

At stake may be the US push for democracy in the region, the influence of radical Islamists in surrounding states, and the progress of Iran's nuclear program - not to mention the futures of both Israel and Lebanon.

"A fight that started as a dust-up between a local power and a nonstate actor may have developed into something with larger repercussions for everyone involved, including the United States," says Ellen Laipson, former vice chairwoman of the National Intelligence Council and current president of the Henry L. Stimson Center in Washington. As conflict rages, diplomacy crawls

The conflict's historical footprint may hinge on the outcome of this week's frantic diplomatic maneuvers. On Monday, President Bush called for quick UN approval of a cease-fire resolution, telling reporters at his Texas ranch that "we all recognize that the violence must stop."

But even as he called for peace, Bush resisted Lebanese demands that Israel immediately withdraw its troops from Lebanon. Such a move would allow Hizbullah time to regroup, Bush said. On Tuesday, Arab leaders were set to meet with Western diplomats to amend the plan.

The president's push for a cease-fire represents something of a change in US diplomacy towards the region. But it has taken weeks to reach this point - weeks in which civilian casualties have mounted on both sides of the fighting.

Under the US plan, a second UN resolution would approve deployment of an international force to the Lebanese border region.

"Whatever happens in the UN, we must not create a vaccuum into which Hizbullah and its sponsors are able to move weapons," said Bush.

Secretary of State Condoleezza Rice has described the fighting as the "birth pangs" of a new Middle East. To the US administration, the conflict may be an opportunity to damage and discredit Hizbullah and its state sponsors, Syria and Iran.

But the US decision to, in essence, allow Israel time to continue its assault has sounded harsh to much of the Middle East. Anti-Americanism in the region was already on the rise, said Hisham Milhem, Washington correspondent for the Lebanese daily Al-Nahar.

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Now, "it is the new religion in the Middle East," said Milhem at a recent conference at the Brookings Institution in Washington.

Hizbullah and its backers may see the conflict in the same terms as the White House: an opportunity to mold the region in their own vision.

Just by fighting Israel and surviving, Hizbullah leader Sheikh Hassan Nasrullah and his fighters appear to have gained immense prestige among the surrounding Arab nations. The group's popularity threatens both Israeli safety and the Sunni Arab governments of the region, many of which have followed a policy of accommodating Israel's presence. A further spike in anti-Israeli sentiment could bode ill for the region's long-term stability.

"With conflict continuing, the radicalization of the Arab masses is going to become more pervasive, the sympathy for Hizbullah more extensive and, as a consequence, the prospects for a favorable outcome beyond some sort of ad hoc solution will be reduced," said former National Security Advisor Dr. Zbigniew Brzezinski at a recent Center for Strategic and International Studies press briefing.

Meanwhile, some analysts have gone so far as to describe the current conflict as the possible beginning of a third world war or a much-anticipated "clash of civilizations."But other experts say such predictions are almost certainly overblown. It remains unclear, for instance, how much involvement Iran has had in Hizbullah's assaults. Islamists are far from a united movement, given that Al Qaeda is dominated by Sunni Muslims, while Hizbullah consists of Shiite radicals. Same game, different players

As has often happened at key moments such as the 1973 Yom Kippur War, Middle East fighting has become entangled in America's larger geopolitical problems.

Back in 73, the problem was the cold war, as the US and Russia eyed each other nervously to see how the other would react to the fighting. In 2006, the conflict is aligned around Iran and its nuclear program.

In 2002, when Iran's undeclared nuclear activities were exposed, Iranian officials retreated to buy time and devise a new strategy, according to George Perkovich, nuclear proliferation expert and vice president for studies at the Carnegie Endowment for International Peace in Washington.

But as the US became mired in Iraq, the mullahs reversed their strategy. Since 2005, they have been on a "robust counter attack with only a few pauses," writes Perkovich in a recent report.

On August 6, for instance, Iran defied UN Security Council demands to suspend nuclear enrichment activities or face economic sanctions.

Meanwhile, Hizbullah's actions may be a signal of the chaos Iran can command.

"Attention and energy are diverted from the UN effort to isolate Iran, and the idea of accommodating Iran rather than confronting it starts to seem the least bad among no good policy options," writes Perkovich.

Iran's ultimate goal may be to become, not just a nuclear power, but the dominant indigenous power in the region.

Hezbollah Visitors Arrive With Questions (WT)

By Betsy Pisik

The Washington Times, August 9, 2006

SIDON, Lebanon -- Abou Ali is calm and curious, oblivious to the fact that it's 3 a.m. and he's making small talk with sleepy foreigners, uninvited, in the home of someone he's never met.

He wants to know about America's view of his organization, Hezbollah. He wants to talk about the Bush administration's plans for the "new" Middle East.

"What do Americans really think of us?" he asks through his lieutenant, a burly businessman who went to college in Mississippi and speaks perfect English. "Do they really think we are just soldiers? They think we are like al Qaeda?"

Abou Ali -- a pseudonym -- has his own plans for the new Middle East: They include a rebuilt southern Lebanon patrolled by the national army, with Hezbollah backing, and friendly relations with a neighboring country called Palestine -- occupying what is now the state of Israel.

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Four weeks of relentless Israeli air strikes and bloody ground fighting may have degraded Hezbollah's military capability, but seem to have done little to break its spirit, at least in Sidon.

These optimistic and determined midnight visitors say the world is witnessing a reborn Hezbollah that is trained, armed, dedicated and ferocious.

"We have not been asleep for six years," Abou Ali says, referring to the years since the Israeli army withdrew from the security zone it had occupied until 2000 in southernmost Lebanon.

"We have the Internet, TV, magazines. We adapt and we learn. They have been preparing for this war, and so have we."

Abou Ali and his colleague, who uses the name Sam, came to the apartment shortly after 2 a.m. yesterday, after five armed Hezbollah lookouts found two reporters on the roof transmitting their stories by satellite.

Mid-level Hezbollah officials subsequently established that the writers were no threat to their operations, but warned that Israeli aircraft could target the apartment building. Polite and genuinely contrite about the shouting and the firearms, they offered to escort the reporters back to the roof to finish their work.

An hour later, Abou Ali appeared at the home where they were staying with their Lebanese driver and translator.

Dressed in blue jeans and short-sleeve pullover with a closely trimmed beard, the head of Hezbollah's local social welfare operations does not cut a dangerous figure. All that sets him apart from any other overworked man in his mid-40s was the enormous chrome-plated two-way radio squawking quietly beside him on the sofa.

Smoking the occasional cigarette and listening intently to Sam's translation, Abou Ali is especially concerned about how the American people view Hezbollah, or the "Party of God." He seems aggrieved to learn that Americans are much more aware of its military wing than of its political power and vast relief operations -- now geared up to assist tens of thousands of evacuees from the southern front.

The two men complain that Israel is waging an unfair war by targeting civilians and, especially, children. But they reject criticism of their own Haifa-bound rockets, refusing to admit the similarities. Hezbollah has no airplanes, Sam argues.

Both Abou Ali and Sam, who wears heavy silver rings on several fingers and fiddles with prayer beads, shrug off any suggestion that Hezbollah's power will be diminished after a cease-fire. They are incredulous that President Bush or any other leader thinks the organization can be destroyed.

Unlike al Qaeda, they say as cups of sweetened tea are brought from the kitchen, Hezbollah -- labeled a terrorist organization by the United States -- is integrated into the fabric of Lebanon and has broad support among the people.

Hezbollah is already preparing for the future, the two men say, beginning with the day when Israeli troops return across the border. An international force will be welcome, briefly, they say, but they would prefer that it be based in Israel since Lebanon is already hosting a U.N. peacekeeping mission.

In their view, Hezbollah will patch up the infrastructure in the south as residents return to their homes. The Lebanese army may protect Lebanese citizens at the border, but armed Hezbollah forces will be right behind them, where they have always been, in towns and villages.

The two men are already counting on direct investment from Arab nations to rebuild the ruined roads, bridges and homes in the area south of the Litani River.

"The Saudis were the first," says Sam, referring to a contribution of $1.5 billion to shore up the central bank and provide relief. "The others will follow. Why? So that Iran and Syria cannot take credit for rebuilding the south."

Left Or Right, Israelis Are Pro-War (NYT)

By Steven Erlanger

The New York Times, August 9, 2006

JERUSALEM, Aug. 8 — As Israel's war with Hezbollah finishes a fourth difficult week, domestic criticism of its prosecution is growing. Yet there is a paradoxical effect as well: the harder the war has been, the more the public wants it to proceed.

The criticism is not that the war is going on, but that it is going poorly. The public wants the army to hit Hezbollah harder, so it will not threaten Israel again.

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And while Israelis are upset with how Prime Minister Ehud Olmert has run the war, they seem to agree with what he told aides this week — that given the weaponry and competence of Hezbollah and the damage already done to Israel, "I thank God the confrontation came now, because with every year their arsenal would have grown."

Abroad, Israel is criticized for having overreacted and for causing disproportionate damage to Lebanon and its civilian population and even for indiscriminate bombing. But within Israel, the sense is nearly universal that unlike its invasion of Lebanon in 1982, this war is a matter of survival, not choice, and its legitimacy is unquestioned.

Even the bulk of the Israeli left feels that way. There is no real peace camp in Israel right now, says Yariv Oppenheimer, the secretary general of Peace Now, which has pressed hard for a deal with the Palestinians and on June 22, before this Lebanon war, called for a halt to air raids over the Gaza Strip. "We're a left-wing Zionist movement, and we believe that Israel has the legitimate right to defend itself," Mr. Oppenheimer said. "We're not pacifists. Unlike in Gaza or the West Bank, Israel isn't occupying Lebanese territory or trying to control the lives of Lebanese. The only occupier there is Hezbollah, and Israel is trying to defend itself."

In the daily newspaper Haaretz, a cartoon satirized the group, showing a Peace Now advocate, balding with a ponytail, in a coffee shop saying, "It won't end until we wipe Beirut off the map."

After the war, Mr. Olmert and his defense minister, Amir Peretz, will face hard questioning, particularly from the center-right, about why there was such an early and naïve dependence on air power and why the ground war began so tentatively, especially in the face of so many rocket attacks on northern cities.

But as the fighting against Hezbollah has proved difficult and hazardous, most Israelis have come to believe that it is important to press ahead with the war and try to secure a visibly successful outcome rather than risk leaving Hezbollah emboldened enough to threaten Israel again.

Ehud Yaari, an Arab affairs analyst with Israeli Channel 2, sees popular opinion reflected in his mother. He is from Metulla, in northern Israel. His mother, 85, grew up in southern Lebanon and knows it well, and knows what it is like to be shelled.

"She calls me all the time to ask me how come the army is still having a fistfight with Hezbollah in places 500 meters from the border," Mr. Yaari said. "I think she's very typical. There is a feeling that Olmert was right to respond with force on July 12, but he should now do it properly, and that the harder it is, the more important it is to continue it, so Hezbollah can't regroup and rebuild themselves."

With the diplomacy so unclear, and no end to the fighting in easy sight, the Israeli government sees the best chance of a conclusion favorable to Israel, and to the government's political reputation, coming from aggressively moving farther northward into Lebanon to try to reduce Hezbollah's ability to fire its extensive stockpile of short-range rockets at Israeli civilians.

Continuing blows to Hezbollah will inevitably weaken it further, the Israelis feel, and make it more likely to bow to international pressure to allow a robust multinational force to patrol Lebanon south of the Litani River and prevent Hezbollah from regrouping there.

Mr. Oppenheimer of Peace Now said the only dispute in his group was over timing and tactics. Some feel Israel hit Lebanon's infrastructure too hard in the beginning, trying to punish Lebanon to hurt Hezbollah, and in the process hurt too many civilians, he said, but now the army has shifted its sights more directly at Hezbollah.

The real debate, he said, "is whether this is the right time to stop the fighting and get a good agreement that accomplishes our goals, or do we have to keep hitting Hezbollah harder in order to get a good agreement."

In this debate, too, he said, Peace Now "is together with the mainstream of Israelis." On Wednesday, he said, Peace Now will publish an advertisement — not calling on the government to stop the war, but to "take seriously" the new Lebanese offer to deploy its army to the south.

Similarly, Yossi Beilin, the leader of the dovish Meretz Party, said the left must hold to the principle that the Jewish people have the right to "a democratic and secure state." In an opinion column in Haaretz, he wrote that the war in both Gaza and Lebanon to secure the release of captured Israeli soldiers is legitimate, "but that is not reason enough to support all aspects of the war," including the government's falling "into the trap set by Hezbollah of an extended war of attrition."

Once the war is over, Mr. Beilin said, "the right will turn against the government, because they'll say the army didn't go far enough. But a big land operation could push us into a long battle that will be very costly."

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There have been weekly demonstrations against the war from smaller, more pacifist groups, but they have rarely drawn more than a few hundred supporters.

Yaron Ezrahi, an Israeli political scientist, sees two other reasons for strong popular support for the war. After years of seeing its army deployed to occupy the West Bank, "pride in Israel's people's army has been eroded because of the checkpoints, the shooting of civilians, the confrontation with women and children," he said. "Suddenly you have a war against an unambiguous enemy and the army is defending the Israeli public."

Second, he said, Israelis see Hezbollah as a proxy for Iran, which wants to destroy Israel. "It's unifying," he said. "People see it intuitively as part of the war against Iran."

The fiercest critics of Mr. Olmert and Mr. Peretz, the head of the Labor Party, have come from the right, especially from the Likud Party that Ariel Sharon and Mr. Olmert left behind when they formed Kadima, now the ruling party. The Likud leader, Benjamin Netanyahu, has been a loyal supporter of the government and the war, but most expect him to be scathing about the government's performance after the conflict is over.

But there are even strong murmurings within Kadima that neither Mr. Olmert nor Mr. Peretz was experienced enough in security matters to ask the military leaders tough questions about war plans, especially given a chief of staff who is, for the first time in Israel's history, from the air force, and a chief of military intelligence also from the air force.

Gerald M. Steinberg, who directs the Program on Conflict Management at Bar-Ilan University, says Mr. Olmert and Mr. Peretz have been badly damaged. "This is not the disaster of the Yom Kippur war" in 1973, when Golda Meir was pushed out of office after Israel was judged to have been taken by surprise, he said. "But there is a strong sense of hesitation, of the lack of military leadership needed in times like this."

Once the war is over, Mr. Steinberg said, regardless now of the outcome, "there will be investigations, and serious questions in Parliament and out, and you could have some defections from the current government."

Yuval Steinitz of Likud, head of the parliamentary subcommittee for defense preparedness, is already loaded for bear. "Doubts?" he asked. "That's an understatement. People are talking of failure.

"The bombardment of Israeli cities was supposed to be over after 48 hours. The fact that only now the government is ready to even start the real ground campaign is overwhelming."

Israeli defense doctrine, formulated by Israel's first prime minister, David Ben-Gurion, is that tiny Israel should immediately carry the fighting "deep into enemy territory to protect its civilian rear," Mr. Steinitz said. "This didn't happen, and against who? Hezbollah, which is the size of a Syrian division without any air defense. So what would we do against Syria?"

Dan Schueftan, deputy director of the National Security Studies Center at the University of Haifa, said that "what will determine Olmert's future is not one good or bad day, but the outcome and how it affects the larger issues."

"It's not just rooting out Hezbollah," he said. "The real issue is Iran and the nuclearization of Iran."

The diplomacy at the end is crucial. "Olmert comes out well if at the end of this, the United States, France and Egypt will have greater sway over the Lebanese government than Hezbollah," Mr. Schueftan said. "If Iran and Syria can no longer use Hezbollah as a proxy, Olmert comes out well."

British MPs To Demand Recall Of Parliament (AFP)

AFP, August 9, 2006

As many as 100 British members of Parliament, most of them from the governing Labour Party, are to demand that parliament is re-called immediately amid concern over the government's strategy to end the conflict in the Middle East, The Guardian reported.

British Prime Minister Tony Blair's government has been criticised for failing to call for an immediate ceasefire to the conflict between Israel and the Shiite militia Hezbollah.

The lower House of Commons and upper House of Lords are in their annual recess until October 9.

The newspaper said the demand is likely to be made in the next two days, with the organisers apparently in discussion with smaller opposition parties including the Liberal Democrat Party and Scottish National Party.

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"In this crisis, parliament needs to speak for the nation," said Jon Trickett, chairman of the 50-member Compass group of left-wing MPs.

"We are living in a 24-7 society, yet our parliament seems so ossified that it goes into recess for 11 weeks and there seems no way for back-benchers (MPs who are not part of their party's cabinet) to bring MPs back."

The demand will be made to Jack Straw, leader of the Commons. The final decision will then be taken by the speaker of the Commons, on the recommendation of the government.

The Guardian said that unnamed sources in the cabinet acknowledged that if efforts for a United Nations Security Council resolution to bring about an end to the conflict fell apart, there could be a recall. Until then, however, Downing Street does not see a great need for one, the newspaper said.

France and the United States have been working together at the UN to draft a resolution, one that doesn't call for Israeli withdrawal from Lebanon.

An Arab League delegation on Tuesday, however, called for the UN to order Israeli forces to leave Lebanon as part of any resolution on a truce deal.

Democracy And Its Discontents (WSJ)

By Peter Wehner

The Wall Street Journal, August 9, 2006

Recent elections in the Middle East discredit the Bush administration's efforts to promote democracy in that region, according to a line of argument. On "Meet the Press," Tim Russert summarized the criticism this way: "You have free elections in Iraq, and the head of the parliament calls us butchers. You have free elections in Palestine, and Hamas wins. You have elections in Lebanon, and Hezbollah wins 10, 12 seats in the parliament and two cabinet seats. Free elections are no guarantee of democracy."

George Will said this: "Elections have brought the Muslim Brotherhood into government in Egypt. Elections turned Hamas into the government of the Palestinian territories. . . . It could be that there are moments when sampling and empowering the popular will is going to empower extremism." And Time claims, "[E]lections [in the Middle East] are producing governments more hospitable to extremism, not less. Exhibit A was the election of Hamas . . ."

It's worth examining these arguments with care. It is not as if Hamas replaced the Palestinian version of the Federalist Party. Hamas defeated Fatah, which was a corrupt and brutal regime under Yasser Arafat -- himself a father of the modern terrorist movement. Mahmoud Abbas is a very different man and committed to peace, but he has been unable to fundamentally reform Fatah. The Palestinian people voted against Fatah in part because of Arafat's despotism. And note: Before the election, Hamas had influence and was under no international pressure to reform its ways; today, because of elections, it is for the first time facing pressure from other nations. The worst situation of all might have been for Hamas to have influence but no responsibility for governing. Now it has responsibility -- and like other governments, it should be held accountable for the choices it makes.

Hezbollah is powerful not because of the number of its parliamentary seats (14 out of 128); it is so because it is an armed, brutal militia that exists in a weak state and a fledgling democracy. Beyond that, Hamas, Hezbollah and the Muslim Brotherhood were not the creation of free elections. None was radicalized by them; all were dangerous before them. It's also worth noting that radical Islamic governments have come to power through means other than the ballot. It's not as if an undemocratic Middle East is a region characterized by peace and harmony.

Elections are not the problem; rather, they reveal what problems exist and remind us what tyranny in the Middle East has wrought. Liberty is the antidote to the virus, not the virus itself. But freedom requires more time to work in the Middle East than the blink of an historical eye.

Perfection cannot be the price of support for democracy, and the fact that not every election goes as we might hope does not invalidate support for the effort to promote liberty. Freedom has a remarkable track record, including in regions that were once thought to be inimical to it. But it takes commitment to see it to success. We may well be present at the creation of

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something remarkable in the Arab world; but it will not come to pass without hardships. That is the nature of historic transitions, which can be jolting and where progress can be uneven.

In the very early days of democracy in the Middle East, we have seen the millions of purple fingers in Iraq -- and we have seen the election of Hamas. There have been instances of progress and setbacks. But the one thing we know is that the status quo in the Middle East gave us bin Ladenism, which is what the administration is attempting to undo. No serious alternative strategy to the Freedom Agenda has been proposed. And the best proof of how dangerous democracy is to Islamic fascists is the energy with which they are trying to defeat it. It would be better if a vibrant democratic culture existed in nations before elections were held, but how can such a culture be created in repressive societies? Civic institutions tend not to flourish in a society where, on a daily basis, jackboots stomp on human faces. And once people are liberated, is the argument that the U.S., as the liberating power, should postpone elections for five years? 10? Longer?

Free elections are not sufficient, but they can be catalyzing. They can help build the institutions of democracy and foster civic habits. It's also worth emphasizing that democracies in the Middle East will not look like our own, because they will reflect the traditions of their own citizens. What liberty in the Middle East will ultimately require is the emergence of responsible religious and secular parties.

Do critics of democracy believe we would be significantly better off with the reign of an Arafat? Do they believe that Iraq, which consists of a freely elected, multiethnic government whose leadership is fighting terrorism instead of supporting it, was better under Saddam Hussein than it is now? Do they believe that it was better to have the Taliban control Afghanistan, not Hamid Karzai? Do they believe we should support more repression within Arab societies? In the past, Western nations tolerated oppression for the sake of "stability." But this gave rise to resentments, anger and an ideology of violence -- and on Sept. 11, 2001, that ideology struck with deadly fury. * * *

The people of the Middle East have for generations suffered under tyranny and been raised on hatred. Democracy and the accompanying rise in free institutions are what they deserve, and what our own security demands. The Freedom Agenda is morally compelling because liberty is better than bondage. But there is also a strong realpolitik argument in favor of the Freedom Agenda. In the words of President Bush, "The survival of liberty in our land increasingly depends on the success of liberty in other lands. The best hope for peace in our world is the expansion of freedom in all the world." Those who disagree with him must believe, by the power of their own logic, that continued tyranny is the route to a better world. The president has a fundamentally different view, and his remarkable effort to promote human liberty and American security sets him apart from his critics.

In his autobiography, Dean Acheson wrote about the immensity of the task the Truman administration faced after war ended in 1945, which "only slowly revealed itself. As it did so, it began to appear as just a bit less formidable than that described in the first chapter of Genesis. That was to create a world out of chaos . . ." He wrote about the great revival of Western Europe after the war -- and of the "deepening gloom" and the "spirit of defeatism" that engulfed many people during the conflict with North Korea. Secretary Acheson's goal was to "tell a tale of large conceptions, great achievements, and some failures, the product of enormous will and effort."

We face a similar moment. The difficulties are just as formidable, the stakes just as high, the critics just as vocal, and the imperative for success just as vital.

Mr. Wehner is deputy assistant to the president and director of the White House's Office of Strategic Initiatives.

Buffett And Hezbollah (NYT)

By Thomas L. Friedman

The New York Times, August 9, 2006

Warren Buffett. The most important thing you need to know about Israel today and how it has performed so far in the war with Hezbollah is Warren Buffett.

Say what? Well, the most talked-about story in Israel, before Hezbollah started this war, was the fact that on May 5, Mr. Buffett, the Berkshire Hathaway chairman and the world's most successful investor, bought an 80 percent stake in the privately held Israeli precision tools company, Iscar Metalworking, for $4 billion — Mr. Buffett's first purchase of a company outside America. According to BusinessWeek, as a result of the deal, Iscar's owners were "likely to pay about $1 billion in capital gains

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taxes into the Israeli government's coffers — an unexpected windfall. With the Israeli budget already running a $2 billion surplus, the government is considering slashing value-added tax by one percentage point to 15 percent."

In May, Israeli papers were filled with pages about how cool it was that Israel had produced a cutting-edge company that Warren Buffett wanted to buy. It was being discussed everywhere, pushing the Tel Aviv stock exchange to an all-time high.

That is where Israel's head was on the eve of this war — and it explains something I sensed when I visited Israel shortly after the fighting started. Nobody wanted this war, and nobody was prepared for it. Look closely at pictures of Israeli soldiers from Lebanon. There is no enthusiasm in their faces, and certainly no triumphalism. Their expressions tell the whole story: "I just don't want to be doing this — another war with the Arabs."

Israeli soldiers were napping when this war started — that's why they got ambushed — for the very best reasons: They have so much more to do with their lives, and they live in a society that empowers and enables them to do it. (Unfortunately, the Buffett company is in northern Israel and had to be temporarily closed because of rocket attacks.)

Young Israelis dream of being inventors, and their role models are the Israeli innovators who made it to the Nasdaq. Hezbollah youth dream of being martyrs, and their role models are Islamic militants who made it to the Next World. Israel spent the last six years preparing for Warren Buffett, while Hezbollah spent the last six years preparing for this war.

"Israel was not prepared for this war," said the Israeli political theorist Yaron Ezrahi. "It came upon us like the crash of a meteorite. ... The whole focus of debate in the country before this war was on withdrawal." The Israeli Army had just taken on its own extremists, the settlers in Gaza, and removed them against their will, added Mr. Ezrahi, "and the country had just elected for the first time a prime minister who promised voters to unilaterally withdraw from the West Bank in return for nothing."

In the end, Israel will do whatever it has to do to prevail. But what is so troubling for Israelis is that this war is about nothing and everything. That is, Israel got out of Lebanon, and yet Hezbollah keeps coming. It is all about Hezbollah's need to justify its existence and Iran's need for a distraction.

What is doubly sad is that Lebanon was getting its act together. Rafik Hariri, the former prime minister, represented a whole new type of Arab leader — one who rose to power by being a builder and an entrepreneur. He understood that Lebanon, freed of Syria, was a country whose youth had the energy and skill to compete anywhere. He thought Lebanon could again be a model of how Arabs can embrace modernity. But Mr. Hariri was murdered, allegedly by Syria, and now Lebanon's democracy is being murdered by Hezbollah. Once again, in the Arab world, the past buries the future.

Israel mustn't get sucked into that same grave. Israel needs to get a cease-fire and an international force into south Lebanon — and get out. Israel can't defeat Hezbollah, it can only hurt it enough to make it think twice about ever doing this again — and it has pretty much done that. It must not destroy any more of Lebanon, which is going to still be its neighbor when the guns fall silent.

Israel wins when Warren Buffett's company there is fully back in business — not when Nasrallah is out of business. Because that will only happen, not by war, but when Arabs wake up and realize that he is just another fraud, just another Nasser, whose strategy would condemn the flower of Arab youth — who deserve and need so much better — to another decade of making potato chips, not microchips. Nasrallah can win in the long run only if he can condemn the flower of Israel's youth to the same fate. Don't let it happen, Israel.

Red State Jews (WSJ)

By Thane Rosenbaum

The Wall Street Journal, August 9, 2006

This is a soul-searching moment for the Jewish left. Actually, for many Jewish liberals, navigating the gloomy politics of the Middle East is like walking with two left feet.

I would know. For six years I was the literary editor of Tikkun magazine, a leading voice for progressive Jewish politics that never avoided subjecting Israel to moral scrutiny. I also teach human rights at a Jesuit university, imparting the lessons of reciprocal grievances and the moral necessity to regard all people with dignity and mutual respect. And I am deeply sensitive to Palestinian pain, and mortified when innocent civilians are used as human shields and then cynically martyred as casualties of war.

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Yet, since 9/11 and the second intifada, where suicide bombings and beheadings have become the calling cards of Arab diplomacy, and with Hamas and Hezbollah emerging as elected entities that, paradoxically, reject the first principles of liberal democracy, I feel a great deal of moral anguish. Perhaps I have been naïve all along.

And I am not alone. Many Jews are in my position -- the children and grandchildren of labor leaders, socialists, pacifists, humanitarians, antiwar protestors -- instinctively leaning left, rejecting war, unwilling to demonize, and insisting that violence only breeds more violence. Most of all we share the profound belief that killing, humiliation and the infliction of unnecessary pain are not Jewish attributes.

However, the world as we know it today -- post-Holocaust, post-9/11, post-sanity -- is not cooperating. Given the realities of the new Middle East, perhaps it is time for a reality check. For this reason, many Jewish liberals are surrendering to the mindset that there are no solutions other than to allow Israel to defend itself -- with whatever means necessary. Unfortunately, the inevitability of Israel coincides with the inevitability of anti-Semitism.

This is what more politically conservative Jews and hardcore Zionists maintained from the outset. And it was this nightmare that the Jewish left always refused to imagine. So we lay awake at night, afraid to sleep. Surely the Arabs were tired, too. Surely they would want to improve their societies and educate their children rather than strap bombs on to them.

If the Palestinians didn't want that for themselves, if building a nation was not their priority, then peace in exchange for territories was nothing but a pipe dream. It was all wish-fulfillment, morally and practically necessary, yet ultimately motivated by a weary Israeli society -- the harsh reality of Arab animus, the spiritual toll that the occupation had taken on a Jewish state battered by negative world opinion.

Despite the deep cynicism, however, Israel knew that it must try. It would have to set aside nearly 60 years of hard-won experience, starting from the very first days of its independence, and believe that the Arab world had softened, would become more welcoming neighbors, and would stop chanting: "Not in our backyard -- the Middle East is for Arabs only."

It is true that Israel has entered into peace agreements with Egypt and Jordan that have brought some measure of historic stability to the region. But with Israel having withdrawn from Lebanon and Gaza, and with Israeli public opinion virtually united in favor of near-total withdrawal from the West Bank, why are rockets being launched at Israel now, why are their soldiers being kidnapped if the aspirations of the Palestinian people, and the intentions of Hamas and Hezbollah, stand for something other than the total destruction of Israel? And if Palestinians and the Lebanese are electing terrorists and giving them the portfolio of statesmen, then what message is being sent to moderate voices, what incentives are there to negotiate, and how can any of this sobering news be recast in a more favorable light?

The Jewish left is now in shambles. Peace Now advocates have lost their momentum, and, in some sense, their moral clarity. Opinion polls in Israel are showing near unanimous support for stronger incursions into Lebanon. And until kidnapped soldiers are returned and acts of terror curtailed, any further conversations about the future of the West Bank have been set aside.

Not unlike the deep divisions between the values of red- and blue-state America, world Jewry is being forced to reconsider all of its underlying assumptions about peace in the Middle East. The recent disastrous events in Lebanon and Gaza have inadvertently created a newly united Jewish consciousness -- bringing right and left together into one deeply cynical red state.

Mr. Rosenbaum, a novelist and professor at Fordham Law School, is author, most recently, of "The Myth of Moral Justice" (HarperCollins, 2004).

Israel Edges Closer To Expanding Ground War In Lebanon (MCT)

By Warren P. Strobel And Carol Rosenberg

McClatchy Newspapers, August 9, 2006

JERUSALEM - Israel prepared Tuesday to dispatch thousands more troops to southern Lebanon in an effort to end Hezbollah rocket attacks on northern Israel as diplomats at the United Nations searched for a compromise that might end the nearly month-old war.

Israeli Prime Minister Ehud Olmert and his security Cabinet were to debate expanding the ground campaign Wednesday amid signs that Israel is preparing for greater conflict.

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Trucks carrying tanks and troop carriers have become common on highways leading to the northern border throughout the week. On Tuesday, Israeli authorities stepped up the evacuation of Kiryat Shemona, the country's northernmost city, which has been hit by more than 500 Hezbollah rockets in the past month.

The city's mayor said the government's plan to relocate 15,000 people from the north overnight was a response to unprecedented Hezbollah rocket attacks.

"This is the first time in (Israel's) history that a million people are living under fire," Mayor Chaim Barbivai said, referring to the population of northern Israel. "The IDF (Israel Defense Forces) is so much stronger than Hezbollah, we thought it would be over in a flash."

At the United Nations, an emergency delegation of Arab envoys rejected a draft Security Council resolution that's the only near-term hope of ending a conflict that's killed nearly 1,000 Lebanese and more than 100 Israelis.

Lebanese envoy Tarek Mitri told the Security Council that Lebanon opposes the proposal because it doesn't require Israel to withdraw from Lebanese territory immediately.

He said the draft resolution would fall short of achieving an immediate cease-fire, something his country had asked for "more than 900 lives ago."

"The draft resolution not only falls short of meeting many of our legitimate requirements, but it also may not bring about the results that the international community hopes to achieve," Mitri said.

French and U.S. diplomats met into the evening, trying to find a compromise that would satisfy both Lebanon and Israel.

But that seemed unlikely. Israel is refusing to withdraw from southern Lebanon, which Hezbollah has controlled for years, until a strong international force arrives to assist Lebanon's weak national army in disarming the militant Islamist group.

A proposal by Lebanon to send 15,000 of its troops to the south, which a revised U.N. resolution is expected to endorse, appeared to satisfy neither Israel nor the United States, though the U.S. said it would welcome the Lebanese army as part of the international force.

Lebanon's armed forces "are not at this point a robust-enough entity to be able to, on their own, exercise total control of that southern area of Lebanon," State Department spokesman Sean McCormack said.

Also at issue is the disputed area of Chebaa Farms, occupied by Israel and claimed by Syria and Lebanon. Lebanon wants Israel to hand over the area to U.N. custody, something Israel is hesitant to do because it might be perceived as rewarding Hezbollah, which has demanded its surrender since 2000.

A U.N. cease-fire vote isn't expected until at least Thursday, if it comes at all.

Qatar's foreign minister, Sheik Hamad bin Jassem bin Jabr al-Thani, accused the world body of inaction. "It is most saddening that this council stands idly by, crippled, unable to stop the blood bath," he said.

Meanwhile, the violence that began July 12 when Hezbollah militants crossed the border and ambushed an Israeli patrol, killing three soldiers and capturing two, continued.

Israeli airstrikes reportedly killed 14 people and wounded 23 others in the southern Lebanese village of Ghaziyeh, the same village in which 15 people were killed Monday in an air raid. The Israeli army said the new strike hit a building that belonged to a senior Hezbollah member.

Four Israeli soldiers were killed in fighting in Lebanon, raising Israel's military and civilian death toll to 101.

Hezbollah fired more than 150 rockets into northern Israel, but no serious injuries were reported.

Israel's inability to stop the rocket attacks has raised pressure for a wider ground campaign, which risks higher casualties and a quagmire like the one that followed Israel's 1982 invasion of Lebanon.

Miri Eisin, an Israeli government spokeswoman, said that while Olmert and his Cabinet would discuss a wider invasion, it wasn't certain that they'd agree to it. "It's one of the options, but it's not the favored option," she said.

Another Israeli official, speaking on condition of anonymity to be more blunt, warned: "The missiles stop; either by diplomacy or by military force."

Some Israeli analysts suggested that time was running out for a diplomatic effort to head off a broader military operation.

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"On a scale of zero (a political settlement) to 10 (comprehensive ground warfare), we were at eight yesterday," analyst Alex Fishman wrote in Tuesday's edition of the Yedioth Ahronoth newspaper. "Today we are getting near nine. There is not a lot of time left to block the escalation. Another 48 hours, or perhaps 72. Then we'll pass the point of no return."

The decision to move more people out of Kiryat Shemona was a sign of the growing anxiety over the continued rocket attacks.

The scene was near chaos at the Tel Hai Elementary School around 8 p.m. Tuesday as a busload of people milled around waiting for their trips out of town. A volley of four Hezbollah rockets hit somewhere in the city as they waited.

Most appeared traumatized from a month of living underground.

"I was a month in the shelter. My son is epileptic," said Rachel Ben Shitrit, 46, who said 20 people from two families had been in the bunker. Her husband, Yehiel, 58, stood nearby with their 11-year-old epileptic son, Yahkir. Yehiel Shitrit was using a crutch after he'd fallen running to the shelter two days earlier during a barrage amid sirens warning that more rockets were coming.

Among those leaving was 1-week-old Star Saranga, whose mother, Karin, 25, said the child had been born last Wednesday in the bomb shelter of the Safad Hospital. She said she'd previously been taken with her family by bus to Eilat for a four-day reprieve and had been back in Kiryat Shemona on Sunday and Monday before leaving again.

Still, some residents said they wouldn't be run out of town by the Hezbollah strikes or the mostly nighttime cacophony of Israeli artillery strikes north from big guns arrayed across the border. Earlier in the day, the city had sponsored a day trip to Tel Aviv for four busloads of residents, who visited an animal park and returned before sundown.

Strobel reported from Washington, The Miami Herald's Rosenberg from Kiryat Shemona. Dion Nissenbaum contributed to this article from Jerusalem.

Israeli Attacks Kill 13 In Lebanon (WT/AP)

By Zeina Karam

The Washington Times, August 9, 2006

BEIRUT -- Israeli air strikes killed 13 persons in one southern Lebanon town yesterday as diplomats at the United Nations struggled to keep a peace plan from collapsing over Arab demands for an immediate Israeli withdrawal. Military planners in Jerusalem said they will push even deeper into Lebanon to target rocket sites.

Israel declared a no-drive zone in the entire region south of Lebanon's Litani River -- 20 miles from the border -- warning residents that any vehicle on the roads would be destroyed on the assumption it was carrying Hezbollah rockets or supplies. The order left the streets of Tyre, the region's main city, empty and civilians in villages across the south unable to flee.

Attempts to draw a cease-fire blueprint came down to a test between a step-by-step proposal backed by Washington and Lebanon's insistence -- supported by Arab allies -- that nothing can happen before Israeli soldiers leave. In New York, Arab envoys and U.N. Security Council members tried to hammer out a compromise.

Israel shuffled its high command, naming a new top commander for its Lebanon war effort yesterday and effectively demoting another general after criticism of the army's handling of the four-week-old offensive.

The military said that Maj. Gen. Moshe Kaplinsky, a veteran of previous Lebanon campaigns, was named "to coordinate the Israeli army's operations in Lebanon."

Israeli commentators saw the move as effectively pushing aside Gen. Udi Adam, head of northern command, at a time when some Israelis are asking why the region's mightiest army has failed to halt Hezbollah rocket fire after 28 days of fighting.

In Beirut, the embattled Lebanese government was hoping yesterday to secure Israel's agreement to a cease-fire and a pullout of its troops from Lebanon by offering to send 15,000 soldiers to the southern border with Israel and the stronghold of Shi'ite militant group Hezbollah.

Lebanese Prime Minister Fuad Siniora said the decision to deploy the army will help "the Lebanese state to be the sole authority in the country ... and ensure that there would not be weapons beside those of the Lebanese state."

The proposed deployment was conditioned on an Israeli withdrawal from Lebanese territory.

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Israel cautiously welcomed the Lebanese proposal but ordered its army to prepare for an expanded ground offensive if diplomatic efforts fail.

Israeli Prime Minister Ehud Olmert called Beirut's offer to send troops to southern Lebanon if Israeli forces withdraw "an interesting step that we have to study."

Also yesterday the Lebanese prime minister praised Hezbollah's resistance, but said it was time for Lebanon to "impose its full control, authority and presence" over the war-weary country.

State Department spokesman Sean McCormack said the Lebanese forces "would need to be supported by international forces." He added: "It certainly is a significant proposal."

Mr. McCormack said the United States was ready to put more than $10 million into training and equipping the Lebanese armed forces, to beef up their capacity to counter the Hezbollah guerrillas.

In the rocky hills of southern Lebanon, ground fighting continued in attempts to control key villages and territory near the border, including sites used for Hezbollah rocket barrages that have reached deep into Israel in the heaviest Arab-Israeli battles in 24 years.

At least 145 Hezbollah rockets hit northern Israel by midafternoon.

Israeli artillery and air strikes pounded a broad swath of southern Lebanon from the Mediterranean coast to inland valleys -- including many areas in the Hezbollah heartland now under a blanket curfew imposed by Israel to try to choke off arms routes.

Israeli warplanes hit buildings in Ghaziyeh, a Shi'ite town southeast of Sidon, killing 13 persons inside just minutes after a funeral procession of 1,500 in nearby streets, hospital officials said. Another 18 persons were wounded.

The funeral was for 15 persons killed in air strikes Monday that flattened three buildings.

The latest casualties brought the number of persons killed in Lebanon to at least 684, while the Israeli death toll was 100.

The Israeli air force shot down a Hezbollah drone for the first time Monday, sending its wreckage plunging into the sea, the army said.

Israeli press reported that the unmanned aircraft had the capacity to carry 90 pounds of explosives, nearly as much as the more powerful rockets Hezbollah has been firing into Israel for the last 27 days. Unlike the rockets, however, the drone has a guidance system for accurate targeting.

The army said it was the first time Israel had downed a Hezbollah drone, though it was the third time the Islamic militant group had tried to send an unmanned vehicle into Israeli airspace since November 2004.

In a southern suburb of Beirut, workers yesterday pulled 20 bodies from the rubble of two buildings hit by a rocket on Monday, raising the death toll from that strike to 30. That attack came just hours after Arab League foreign ministers wrapped up a crisis meeting that threw their full diplomatic weight behind Lebanon.

It set the baseline demand for the Security Council: a full Israeli withdrawal or no peace deal is possible. The message was given in an emotional address by Mr. Siniora and carried to the U.N. by Arab League envoys.

The move was an attempt to show that Lebanon has the will and ability to assert control over its south, where Hezbollah rules with near autonomy bolstered by channels of aid and weapons from Iran and Syria.

Lebanon has avoided any attempt to implement a two-year-old U.N. resolution calling for the disarmament of Hezbollah, fearing it could touch off civil unrest.

The original proposal, drafted by the United States and France, demanded a "full cessation of hostilities" on both sides and a buffer zone patrolled by Lebanese forces and U.N. troops. But the plan did not specifically call for an Israeli withdrawal. Critics said it would give room for Israeli defensive operations.

In Geneva, the U.N. Human Rights Council said it plans to convene a special session this week to consider taking action against Israel for its Lebanon offensive.

•Staff writer Sharon Behn in Washington contributed to this report.

Israel Shuffles Command Of Lebanon Offensive (WP)

By Jonathan Finer And Edward Cody

The Washington Post, August 9, 2006

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KIRYAT SHEMONA, Israel, Aug. 8 -- Israeli forces and Hezbollah fighters waged deadly clashes in several border towns Tuesday and exchanged air and rocket attacks as the Israeli army sent a new commander to oversee its offensive, a move widely believed to reflect dissatisfaction with the way the war is proceeding.

The command change came as Israel's top security officials were set to meet Wednesday to consider an expansion of the ground offensive in Lebanon, a move called for by several commanders.

Maj. Gen. Moshe Kaplinsky, deputy chief of staff of the Israel Defense Forces, was named "to coordinate the Israeli army's operations in Lebanon," according to a statement. It said top army officials retained "complete confidence" in Maj. Gen. Udi Adam, head of Israel's Northern Command, who has led the assault on Hezbollah since it began July 12.

But some Israeli television reports described the arrival of Kaplinsky, who had previously commanded Israeli forces in the West Bank and Lebanon, as "an impeachment" and said it was the first time since 1973 that the top command had been reshuffled during a war.

Although the Israeli public has strongly backed the four-week air and ground campaign, criticism had recently begun to mount about the way it was being conducted. Commanders have said the assault is aimed at pushing Hezbollah away from the border to prevent it from launching rocket attacks on Israeli towns, but the group has carried out its deadliest barrages of the war in recent days, including attacks that killed 15 civilians and soldiers Sunday. More than 160 rockets were fired at northern Israel Tuesday, though no deaths were reported.

Commanders, including Adam and Brig. Gen Guy Tzur, had said a more substantial invasion of Lebanon could stem the rocket attacks. Prime Minister Ehud Olmert was scheduled to confer with cabinet members Wednesday to consider their request to send more troops deeper into Lebanon.

[Early Wednesday, Israeli gunboats shelled Lebanon's largest Palestinian refugee camp, killing at least one person and wounding three others, the Associated Press reported from Beirut, citing Lebanese and Palestinian officials. Israeli gunboats fired two shells, they said. One landed in the Ein el-Hilweh camp, located on the outskirts of the southern port city of Sidon, and the other slammed into the city's amusement park, they added. An Israeli military spokesman said, "It was an aerial attack, not a naval attack, and it was on a house in the camp that belongs to a Hezbollah member."]

The Israeli army on Tuesday reported three soldiers killed and several others wounded, almost all of them by antitank missiles in Lebanese border towns. It said at least 20 Hezbollah fighters had been killed in the day's clashes.

In Naqourah, on the Mediterranean coast just north of the Israeli border, Hezbollah said its fighters attacked an Israeli patrol, killing a number of soldiers. The Israeli military acknowledged two killed in the battle.

Israeli warplanes pursued their bombing campaign against Hezbollah positions across southern Lebanon and the Bekaa Valley. One airstrike killed five people in the village of Ghazieh, south of Sidon, as villagers were burying 15 people who had been killed Monday in a similar bombing run, Hezbollah and Lebanese media reported.

Fighting also raged around Bint Jbeil, a town three miles north of the border that has been the scene of almost daily clashes since Israeli forces pushed into Lebanon. Hezbollah said its militia fighters entrenched in the town destroyed an approaching Israeli armored bulldozer and inflicted a number of casualties.

As Arab envoys traveled to the United Nations to push Lebanon's case for an immediate cease-fire, Prime Minister Fouad Siniora said the Lebanese army is capable of assuming control of the border area in cooperation with the United Nations Interim Force in Lebanon, or UNIFIL, if Israeli troops withdraw as Lebanon has demanded.

Siniora has proposed dispatching 15,000 Lebanese soldiers under the UNIFIL aegis until a more permanent international peacekeeping force can be assembled and deployed. In an interview on al-Arabiya television, he sought to allay Israeli fears that such an arrangement would allow Hezbollah fighters to rearm and remain in place just north of the Lebanese border with Israel in terrain they have controlled for years.

"There will be no authority, no one in command, no weapons, other than those of the Lebanese state," he said.

If the army were to be stationed in the border area, it would mark the first time it has returned in force since 1978, when it was chased out by an earlier Israeli invasion. Hezbollah has controlled the border zone since Israeli forces withdrew in 2000 after an intervention that began on a small scale in the late 1970s and grew into a full-scale occupation in 1982.

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Olmert described the Lebanese government's proposal of deploying 15,000 soldiers to south Lebanon as "an interesting step that we need to examine and investigate and see if it's all that it means." He said one of Israel's primary goals has been persuading the Lebanese army to disarm or remove Hezbollah fighters from southern Lebanon.

There were numerous signs Tuesday that a broader Israeli invasion was imminent, pending government approval. The government began evacuating about 15,000 residents of northern towns struck frequently by rocket attacks. An estimated half-million residents of the north, about half the region's population, have already left on their own or with assistance from private groups.

At several staging points used by Israeli soldiers to enter Lebanon, including the town of Metula, columns of tanks and armored vehicles could be seen lined up Tuesday night. And the army told Lebanese civilians in leaflet drops and radio messages not to travel by vehicle in the country's south.

In a briefing for reporters Tuesday evening, Brig. Gen. Shucki Shacher, deputy commander of Israel's northern forces, listed what he called the accomplishments of the operation to date, adding, "The Israeli government will have to decide tomorrow if this is enough or not."

Other commanders have in recent days called such an expansion "necessary" to stop the rocket attacks that have plagued northern Israel for nearly four weeks.

Israeli forces dropped leaflets that residents found in the streets of Tyre on Tuesday morning, warning of attacks on any cars on the roads in southern Lebanon. The leaflet was addressed to the "people of Lebanon living south of the Litani River."

"Any vehicle of any type that moves south of the Litani River will be targeted because it will be suspected of carrying rockets and other military equipment," it said. "Be warned that anyone traveling in any vehicle will be exposed to great danger."

The warning removed almost all traffic from Tyre. Only a few shops opened, as residents gathered for coffee or hurriedly unloaded the few shipments of bread arriving into town. The Lebanese Red Cross and aid groups were hunkered down.

The United Nations was awaiting permission from Israeli forces to rebuild a bridge that was destroyed Sunday night over the Litani, which bisects southern Lebanon. Bulldozers stood at the ready, but the drivers were afraid to operate the machines without an Israeli guarantee. In the afternoon, residents standing in knee-deep water passed dozens of packets of bread across the river by hand.

Among those crossing a fallen tree over the Litani, effectively the last link between southern Lebanon and the rest of the country, was Jakob Kellenberger, president of the International Committee of the Red Cross, who visited Tyre on Tuesday and was on his way to Israel on Wednesday.

"We must have access to evacuate wounded civilians in villages," he said at a news conference in Tyre. "We've had no access so far."

He said he also was trying to win more access to remove corpses from the rubble.

Kellenberger, hewing to the strict Red Cross policy of neutrality, stopped short of criticizing any party to the conflict. But in an implicit criticism of Israeli forces, he said, "By letting down leaflets, you do not get rid of your responsibility under international law."

Cody reported from Beirut. Correspondents Molly Moore in Jerusalem and Anthony Shadid in Tyre contributed to this report.

Israel Forbids Vehicle Traffic In Southern Lebanon (USAT/AP)

By Kathy Gannon

USA Today, August 9, 2006

TYRE, Lebanon — Israel declared a no-drive zone Tuesday in southern Lebanon below the Litani River and threatened to blast any moving vehicle as a guerrilla target.

Only pedestrians ventured into the streets of Tyre, and country roads and highways were deserted throughout the region.

The United Nations suspended attempts to send relief to southern Lebanon because of heavy shelling in the area, said Christian Berthiaume of the World Food Program in Geneva. Aid shipments arrived elsewhere in the country.

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"The Israeli forces were warning today, saying that there shouldn't be any vehicles in the southern part of Lebanon," Berthiaume said. "They had exempted humanitarian convoys, (but) we decided not to go because there has been heavy shelling the last 24 hours."

In the 28th day of the war between Israel and Hezbollah guerrillas, ground fighting intensified across the southern Lebanon front. At least 19 Lebanese died in airstrikes.

Israel reported three soldiers killed Tuesday and no civilian fatalities. Since fighting began, at least 689 Lebanese people have died, a figure that includes an unknown number of Hezbollah fighters. The Israeli death toll stood at 101 — 36 civilians and 64 soldiers.

The commander of the Israeli military appointed his deputy to oversee Israel's battles in Lebanon, a dramatic mid-offensive shift sidelining the head of the northern command. The move had Maj. Gen. Moshe Kaplinski replacing Maj. Gen. Udi Adam.

The last time a similar switch was made was during the 1973 Middle East war, when generals in the army reserves, including former prime minister Ariel Sharon, were sent to the southern command to effectively take over from the general in charge in the battle against Egypt.

The change comes amid heavy criticism from Israeli representatives for the slowness of the military's ground campaign against Hezbollah.

The Israeli Security Cabinet, made up of senior ministers, was to meet today to an expansion of the Israeli offensive northward to the Litani River, 20 miles from the border.

Diplomatic efforts to end the fighting moved slowly, although both Israel and the United States issued positive, if lukewarm, assessments of the Lebanese government's offer to dispatch 15,000 soldiers into south Lebanon if Israeli forces agree to withdraw.

"It looks interesting, and we will examine it closely," Israeli Prime Minister Ehud Olmert said.

State Department spokesman Sean McCormack said the Lebanese proposal was significant. President Bush warned against leaving a vacuum into which Hezbollah and its sponsors are able to move more weapons.

Though Bush said a U.N. Security Council resolution was needed quickly, the council put off for at least one day voting on a U.S.-French cease-fire proposal to allow Arab officials to present arguments that the resolution did not take Lebanon's interests into account.

Some of the fiercest ground fighting Tuesday continued around the village of Bint Jbail, a Hezbollah stronghold Israel has tried to capture for weeks. Rockets hit northern Israel, most in and around the towns of Nahariya, Kiryat Shemona, Maalot and Safed.

A Palestinian was killed when Lebanon's largest refugee camp was struck by Israeli gunboat shells today, Lebanese and Palestinian officials told the Associated Press, speaking on condition of anonymity because they were not authorized to speak to the media. The Israeli military said the attack was an airstrike, not from the sea.

A day after his Cabinet conditionally approved dispatching the troops to the south, Lebanese Prime Minister Fuad Saniora praised Hezbollah.

However, Saniora said it was time for Lebanon to "impose its full control, authority and presence" nationwide — as directed in previous U.N. resolutions that also called for the government to disarm Hezbollah. "There will be no authority, no one in command, no weapons other than those of the Lebanese state," he said on Al-Arabiya TV.

Thousands Of Residents Are Moved From Northern Israeli Towns As Rockets Keep Falling (NYT)

By Richard A. Oppel Jr.

The New York Times, August 9, 2006

KIRYAT SHMONA, Israel, Aug. 8 — With the Israeli military unable to stop Hezbollah from firing hundreds of deadly Katyusha rockets into the north every day, the government is moving to temporarily relocate thousands of residents who are too poor, too sick or otherwise unable to leave on their own.

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Coming almost four weeks after the start of the fighting, the effort appears to be another indication that Israeli officials have concluded that, absent a cease-fire, the war will prove long and difficult, and that Hezbollah will continue to have the ability to fire its ball-bearing-laced rockets into a wide swath of northern Israel.

With most of Kiryat Shmona's 25,000 residents already gone, those who have stayed in this city a few miles from the Lebanese border have been driven underground or behind reinforced concrete. Local officials estimate that 5,000 to 10,000 residents remain, living largely in basements or other shelters to avoid the rocket attacks that have become common.

"My psychologist told me today that if I don't get out I'm in big trouble," shrieked Mali Nizri, the mother of a 17-year-old boy, as she pleaded unsuccessfully with volunteers to allow her to board a bus taking Kiryat Shmona residents to the coastal city of Netanya on Tuesday night. She said the final straw came when she took clothes outside to be hung to dry and a Katyusha detonated nearby.

The first priority, said Mayor Haim Barbibay, was those without enough money to leave on their own, single mothers and older residents. "More people want to leave than stay," he said.

About 500 Kiryat Shmona residents left Tuesday for what local officials described as a "refreshment" trip for those who have spent the past four weeks in shelters. Although the mayor said that "it's very difficult psychologically for people to come back here," the plan was for the residents to return this weekend after they have had time to recuperate, and be replaced by another group.

But in Jerusalem, government officials suggested that many residents of Kiryat Shmona and other northern towns that have borne the brunt of the Katyusha salvos might be relocated indefinitely.

The Israeli newspaper Haaretz reported that the prime minister's office decided Tuesday that any Kiryat Shmona resident wishing to leave would probably be evacuated as part of a "wide-scale relocation." A trade fair and convention center in Tel Aviv is expected to house 3,000 people arriving this weekend from Kiryat Shmona, as well as 3,000 residents arriving later from other northern towns, the newspaper reported.

The inability to stop the Katyusha barrages continued to frustrate the Israeli military, still reeling from a rocket attack on Sunday that killed a dozen military reservists staying at the Kfar Giladi kibbutz a few miles north of Kiryat Shmona.

Israeli officials insisted that they had wiped out 40 percent of Hezbollah's short-range missile capability. But despite a 10,000-soldier force in southern Lebanon, the Israeli military continues to fight pitched battles within a few miles of the border, easily within range of the Katyushas. Moreover, Israeli commanders acknowledge that they cannot say to what extent the Lebanese militia is being resupplied with armaments.

"Hundreds of rockets and ammunition are coming to Damascus International Airport with Iranian aircraft," Brig. Gen. Shuki Shahar said at a news conference on Tuesday.

Since the fighting began on July 12, 36 Israeli civilians have been killed and 545 wounded, he said. He said 65 soldiers had been killed, mostly in combat.

Psychological damage is mounting too, local officials here say. Even small children have grown accustomed to the earsplitting explosions from rocket detonations and outgoing Israeli artillery, said Yariv Amiad, a volunteer who spent Tuesday at the Kiryat Shmona municipal offices helping to organize the first departure of families.

Katyushas fall here constantly, destroying homes and setting fire to the dry brush that surrounds the city and filling the adjacent valley with thick white smoke.

"We can't take it anymore," said Galit Shimoni, 37, as she waited with her three children and husband at a high school to board a bus to Netanya on Tuesday.

Nearby, a young man screamed at one of the organizers that he had been promised over the phone that his name was on the list of those allowed on the bus. "I can't see your name on it," the organizer replied. Then, realizing she had made a mistake, she told him to board, and he leapt in the air and waved his arms.

The vice principal of the high school, Ofer Zafrani, said the 117 people who had left for Netanya from his rocket-damaged school and others who had departed from other locations were told they would return in five days. But he said they might be allowed to stay until the end of the war. He just did not want them to be misled.

"We want them to feel this is it," Mr. Zafrani said. "We don't want them to feel optimistic."

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Israelis Confront 'New Kind Of War' (WP)

By Molly Moore

The Washington Post, August 9, 2006

JERUSALEM, Aug. 8 -- Three years ago, Ron Kehrmann's 17-year-old daughter died when a suicide bomber blew up a Haifa city bus.

Two nights ago, a Hezbollah rocket landed about 100 yards from Kehrmann's print shop in downtown Haifa, the coastal city that has been the target of scores of rocket attacks.

"There's a lot of resemblance with what happened when my daughter was killed and what is going on now," said Kehrmann, a 48-year-old Haifa native. "This time it's an even more threatening situation. When you're a suicide bomber, you're one or two people; in this case there are barrages of 17 or more rockets, and your chances of getting hit are much higher."

Like the suicide bombers who terrified Israelis during the Palestinian uprising, Hezbollah's unguided and relatively unsophisticated missiles have left one of the world's best-equipped armies unable to defend its citizens.

Military analysts say Israel believed, perhaps mistakenly, that it could wage a Kosovo-style air war to eliminate most of Hezbollah's launchers. They also fault the military's over-reliance on high technology in an era of guerrilla-style threats, and a political strategy of trying to keep military deaths low by using minimal ground forces.

"I don't think anybody had any way to really grasp the implications of this kind of war," said Gerald Steinberg, head of the conflict management program at Bar-Ilan University.

With 150 to 200 missiles landing almost daily in northern Israel, the country's primary defense has been to clear citizens from the region or send them into shelters. The relentless and indiscriminant rocket attacks -- which increased despite Israeli air and ground wars against Hezbollah in Lebanon -- have undermined the country's faith in both military and political leaders and are likely to force major shifts in Israeli military strategy and tactics, according to many analysts.

"This war will be studied in all military academies in the world as a new kind of war which requires new and unprecedented definitions of how to fight it and how to win it," said Yaron Ezrahi, a professor at Hebrew University who is one of Israel's leading political scientists.

"The problem for the army and the problem for the Israeli government is the concept of military victory which was inscribed in the minds of Israelis in wars like the Six-Day War or even the Yom Kippur War," said Ezrahi. "That is utterly irrelevant to this kind of war, to the war of a regular army against a terrorist network."

One of the most significant military debates spawned by the conflict is over the investment in a state-of-the-art military that appears to be ill-equipped to combat weaponry such as Hezbollah's rockets.

"Technology has taken a blow in this war," said Hillel Frisch, a senior researcher at the Begin-Sadat Center for Strategic Studies. "The Israeli air force is going to come under tremendous criticism."

The United States and Israel invested in developing a multibillion-dollar missile defense system after Saddam Hussein fired Scud missiles at Israeli cities in the 1991 Persian Gulf War. But the Arrow-2 system is incapable of hitting Hezbollah's long- or short-range rockets, which are launched too close to Israel and land too quickly.

The Israeli military scuttled a program several years ago to develop defenses against primitive rocketry, deciding the effort was too expensive and might not work, according to Frisch.

Instead, Israel Defense Forces aircraft, drones and surveillance systems have been trying to spot the elusive rocket launchers, usually after the rockets have been fired and the portable launchers have been driven away by Hezbollah fighters.

Just as suicide bombers packed their explosive devices with pieces of shrapnel and ball bearings to increase their potency, many of Hezbollah's warheads have been filled with bullets and tiny metal balls that augment their destructive power when they hit humans, buildings or automobiles, according to police investigators who have examined the rocket debris.

"These missiles are very inaccurate," said Martin Van Creveld, a prominent Israeli military historian who teaches at Hebrew University. The deaths of 12 reserve soldiers lounging in a parking lot in the border town of Kfar Giladi on Sunday "was a pure accident," he said. "It might have landed anywhere else."

Forty-eight people have died in the rocket attacks -- 36 civilians and 12 soldiers, according to the Israeli military.

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The Israeli military has "not been able to break their spirit, yet," said Van Creveld, referring to Hezbollah. "Unless it is stopped diplomatically, it could go on for a long time."

Analysts and the Israeli military estimate that Hezbollah had anywhere from 12,000 to 16,000 rockets. The military estimates that Hezbollah has fired nearly 3,500 rockets into Israel -- most of them the medium- and shorter-range varieties. Those projectiles range from 302mm rockets weighing 165 pounds that can fly up to 68 miles to a Haseb rocket weighing 14 pounds that can travel up to seven miles, according to the Israeli National Police.

Steinberg estimated that Hezbollah had 1,000 to 1,500 rocket launchers before the conflict began, many of them hidden or kept underground. After four weeks of aerial bombardments and ground skirmishes, the Israeli military estimates that it has destroyed about 300 launchers, a spokesman said.

"To find all the needles in the haystack is going to be difficult," Steinberg said.

"Experience shows that air force is not good enough to deal with rocket-launching," said Eran Duvdevani, a military operations specialist at Israel's International Policy Institute for Counter Terrorism and an instructor for Israeli military officer training programs. "There is no alternative but to use ground forces."

The debate over sending Israeli ground troops into southern Lebanon was one of the most emotional of the conflict.

Military officials feared significant casualties, and political leaders worried about the impact of the deaths in a nation where military service is mandatory for men and women.

"The Israeli army didn't move quickly and decisively as it should have," said Frisch, the military analyst. "The big debate is the change in ethos. Now soldiers' lives have become more precious than losses in the rear."

With Fatal Blasts, War Invades Quiet Enclave Of Beirut (WP)

By Edward Cody

The Washington Post, August 9, 2006

BEIRUT, Aug. 8 -- Then the war came to Al Shiyah.

In the jumbled streets with their little sandwich shops and decrepit walls, where laborers and clerks raised their families, a pair of rockets fired from an Israeli warplane Monday evening streaked down and destroyed three apartment buildings.

The blasts crumpled cars like accordions. Apartment buildings collapsed into piles of rubble. Windows shattered for blocks around. The steel shutters of storefronts buckled.

Suddenly, the death and destruction of Lebanon's war invaded a mixed quarter of southern Beirut where Christian and Muslim neighbors had thought they were safe from the lethal standoff between Hezbollah and the Israeli armed forces.

The Lebanese Health Ministry, listing names on the national news agency, said 29 people were killed and more than 70 were wounded in the attack. Brig. Gen. Darwish Hobeika, commander of Lebanon's Civil Defense Corps, said others may still be missing.

The nearby suburbs called Dahiya, where Hezbollah is the de facto government, have been pounded repeatedly by Israeli jets since the war began July 12. Most of the residents have fled, leaving the streets empty except for stray dogs and Hezbollah cadres. But Al Shiyah, where Shiite Muslims live comfortably with Christians and give their loyalty to the Amal party of parliament speaker Nabih Berri, was not expecting to get hit.

"This is not fair," complained Mohammed al-Husseini, 35, a Brooklyn taxi driver who brought his family to Lebanon on what was supposed to be a summer vacation.

The Husseini family originally hails from Bint Jbeil, he explained, the town in the southern Lebanese hills where Israeli troops and Hezbollah militia fighters have clashed repeatedly in the 28-day-old war. But Al Shiyah was their home now, he said, the place where the clan had come to be safe from the strife that has battered southern Lebanon over 30 years.

Husseini's grandfather, Mohammed Yassin, 75, and his elderly aunt Aila and uncle Hussein were sitting at home in Al Shiyah when the missiles struck, he said. Their apartment building was blasted open on one side -- and the three elderly people now were nowhere to be found.

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"They were right up there," Husseini said, pointing up to the shell of what had been a modest little apartment, its now ragged curtains flapping in the wind. "I'm confused," he added. "I could take my wife and daughter back home, I guess. But I have all my family here."

Dust hung in the hot Middle Eastern sunshine as front-end loaders shoved around blocks of concrete and cranes loaded the crumpled cars on flatbed trucks to cart them away. Husseini watched them work, wondering if and when the bodies of his family members would be uncovered in the mess. Glass shards littered the street around him, and ripped-out electricity wires dangled overhead. A neighbor held up two teddy bears picked from the devastation.

"You see what they did, the Israelis?" asked Tony Haddad, a Christian who lives down the street. "There is no Hezbollah here. No offices. No armed men. Just residential apartments. Women and children."

A pair of young men walked into the street, lumps in the small of their backs betraying pistols in their belts. They questioned several bystanders and then walked away. Soon they returned with a short, gray-haired man in a safari suit. With the two youths at his side as bodyguards, he surveyed the damage, saying nothing.

A giant portrait of Berri looked down on the scene from about a block away. His party, a Shiite-based group, has disbanded its militia and become a key player in Lebanon's political system. Berri has been the main conduit for Prime Minister Fouad Siniora and U.S. and other diplomats seeking to pass messages to the well-hidden Hezbollah leadership.

The sun was just setting over the Mediterranean when the war intruded on his followers in Al Shiyah. It came first in the form of an Israeli reconnaissance drone, which residents said circled overhead with its strange buzz for more than two hours. Shortly before 8 p.m., they recounted, an unidentified man on a motorcycle stopped his vehicle, stepped to the pavement and fired toward the drone with an AK-47 assault rifle. Residents of a nearby hillside saw the tracer rounds heading skyward.

Residents described the man as a lunatic, saying they did not know who he was and why he opened fire. But within minutes, the crowded streets of Al Shiyah trembled with the pair of explosions.

Aly Rmaisseh, speaking from his bed in Mount Lebanon Hospital, said he and his wife, Huda, were out on the balcony of their second-floor apartment with several of their children when the first missile landed on their building.

"I didn't hear a thing," he recalled, his head swathed in bandages. "I didn't realize what was happening. I just felt I was being thrown down, out of control. Then I couldn't move. I tried to move. Then came the second blast."

Physician Nazih Gharios, who heads the hospital staff, said Rmaisseh and his wife, who was lying in the next bed, were lucky because the first blast propelled them through the air from the balcony into the street. The fate of the children who were with them was unclear, Gharios said, but others in the extended Rmaisseh family -- 15 in all -- were inside the apartment and were buried in the rubble.

Some were dragged out and brought in for care. A 9-year-old boy, Hussein Rmaisseh, was in intensive care Tuesday with critical injuries to his brain and shrapnel gouges in his body, Gharios said. A woman named Saadiyeh Rmaisseh was treated in the emergency room soon after the attack but died in the chaos as doctors tried to deal with a sudden flood of patients, he said.

"I don't know about my children yet," Aly Rmaisseh told visitors to his room. "They were taken to different hospitals."

In a corridor outside, Gharios said Rmaisseh had not yet been told that most members of the family were believed to have perished in the rubble. The 50-year-old father, an employee of the nearby Beirut international airport, suffered grave damage to his head and may not be able to withstand the news, Gharios said.

As Lebanon's Fuel Runs Out, Fears Of A Doomsday Moment (NYT)

By Hassan M. Fattah

The New York Times, August 9, 2006

BEIRUT, Lebanon, Aug. 8 — Dr. Nadim Cortas saw the destruction wrought by Lebanon's 15-year civil war, and the shortages of medical supplies that went with it.

But, he says, he never thought he would face a situation like this: the respirators and critical medical equipment in his hospital could soon come to a halt.

"This is the doomsday scenario," said Dr. Cortas, dean of the faculty of medicine at the American University of Beirut and vice president for medical affairs. "We have about 10 days of power left," he said.

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Almost one month into the siege of Lebanon, with a land, sea and air blockade by Israel choking off the country, fuel reserves have all but dried up.

Two ships that were to offload more than 30,000 tons each of diesel fuel and fuel oil to crank the country's power plants and generators have languished in Cyprus, unable or unwilling to enter Lebanese waters.

A large stockpile of fuel oil at the Jiyeh power plant, just south of Beirut, was lost when Israeli warplanes bombed it on the second day of the war, sending oil seeping into the Mediterranean Sea or catching fire, sending a thick plume over Beirut.

Even when authorities have been able to scrounge up diesel fuel to power generators, trucks have not been able to deliver it to hospitals in the south of the country because of bombed out roadways and continuing air strikes.

The most pessimistic estimates have the country running out of fuel for its power plants in a week; the most optimistic give Lebanon less than a month before the blackout.

"We're counting down the days," said Nabil al-Asr, a government adviser who has been focused on fuel issues for the High Relief Council, a governmental board. "There are going to be problems everywhere from hospitals to water pumping. The pain will go all around."

The blockade has affected every part of Lebanon's economy. Lines at gas stations now stretch for blocks in Beirut, making filling up a half-day affair. Gasoline sold on the black market in Beirut costs at least twice as much as usual; in the south it can reach $100 per gallon.

Electricity is being rationed, with the power out almost 12 hours a day in some places. Lebanon's utility company has dropped generating output to a quarter of its capacity just to make supplies last, Mr. Asr said. But that has only increased demand for diesel to fuel private generators.

The menus at most restaurants have shrunk, too, as food supplies have begun dwindling. Even diet cola is in short supply.

Newspapers have begun to run out of newsprint, forcing some to reduce page counts and make plans to stop printing altogether. Even for those that can print full editions, sales have dropped because of the difficulty of distributing them.

Nowhere have the shortages been more critical, though, than in Lebanon's hospitals, many of which have been forced to close departments or turn away all but the most critical cases.

Kidney dialysis supplies have been running out, as have stocks of heart medications and nuclear medicine for diagnostic tests, Dr. Cortas said.

The potential loss of electrical power — both from the national utility, Électricité du Liban, and from in-house generators — poses the most catastrophic problem, he and others said.

"A hospital won't stop working because it's missing one or two medications — you simply find substitutes," said Sleiman Haroun, head of Lebanon's association of hospital owners, which has scrambled to find fuel and keep supply lines running. "But a hospital will grind to a halt if it's out of fuel."

The American University Hospital, the region's pre-eminent medical research and treatment center, never closed its doors during the civil war or during numerous Israeli bombardments that followed. But even here, doctors and personnel have begun to fear a possible shutdown.

"We never thought we could get to ground zero in such a short time," said George Tomey, who became acting president of the university when the school's American and European staff evacuated at the beginning of the war. "I have been here for 40 years and this is the worst it has ever been."

By Monday, 200 of the hospital's 325 beds were occupied. There were between 8 and 12 patients in intensive care, 22 babies in critical condition in the neonatal ward and at least 37 casualties from the bombings in the south.

It could take up to 20 tons of diesel fuel a day to keep the hospital running if the main utility shuts down, says Dr. Haroun, the hospital association official. Even smaller hospitals need hundreds of gallons of diesel per day to stay powered, quantities that are becoming harder find.

"Hospitals typically store 20 day's worth of fuel — now many have only two or three days," Dr. Haroun said. "Sure you can eventually find one or two days' worth. But then what?"

In Beirut, hospital administrators have agreed to funnel utility power to Beirut's four largest hospitals and leave smaller hospitals powered by generators, said Dr. Cortas, the medical school dean.

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That decision ensures diesel supplies remain with those hospitals, buying perhaps several more days. More drastic plans include gathering critical patients at one hospital that will get priority for diesel.

American University Hospital officials have also begun to lobby the United States to pressure Israel to allow oil tankers to sail into Beirut. The ships' captains have refused to enter Lebanese waters without Israeli and United Nations guarantees. So far, however, the Israelis have not granted the ships safe passage, Mr. Asr said.

Muslim Charities Say Fear Is Damming Flow Of Money (WP)

By Alan Cooperman

The Washington Post, August 9, 2006

In a Detroit warehouse, boxes of diapers, water-purification tablets, lentils, rice, powdered milk and cooking oil are stacked almost to the ceiling, destined for Lebanon. More packages, mostly from individual donors across the country, arrive every day.

But nobody -- not even the charity that is collecting them -- is very happy about it.

"Obviously, it makes more sense for us to get financial contributions. Obviously, this is the most inefficient way to do humanitarian aid," said Mohammed Alomari, a spokesman for the charity, Life for Relief and Development in Southfield, Mich.

Charities prefer that people send money rather than food, medicine or other goods, because in-kind donations force the charities to pay for shipping, delay the arrival of the aid, and saddle relief workers with the task of sorting and distributing items that may not be needed.

The problem, according to relief groups, is that many people who are inclined to write checks for emergency aid and reconstruction in Lebanon are afraid of ending up in some government database of suspected supporters of terrorism.

Arab American leaders say this is one of the unintended consequences of the U.S. government's crackdown on charities run by Muslims. Though aimed at cutting off illicit funding for terrorist groups, the crackdown has complicated legitimate humanitarian relief efforts in Lebanon, Gaza and the West Bank.

"Dozens of people have approached me. They want to help, they want to send money to buy medicine, and they're afraid of the government reaction to their contribution," said Nihad Awad, executive director of the Washington-based Council on American-Islamic Relations. "Some do it anyway. They can't sit idly. But they worry that one day they'll hear a knock on the door."

CAIR, which is one of the country's largest Muslim organizations, reluctantly is encouraging donations of goods, on the grounds that they are better than nothing. Its Web site, http://www.cair-net.org , lists needed items, such as rice, sugar and cooking oil, along with detailed instructions on how to pack and send them.

"We're forced to go the least effective route, which is sending actual relief supplies, because of the restrictions on, and the problems associated with, sending financial relief to the Middle East," CAIR spokesman Ibrahim Hooper said. "If you send lentils, at least no one can accuse you of supporting terrorism."

Some other groups, such as the Arab American Institute, are taking the opposite tack, recommending against in-kind donations.

"We've been encouraged not to do that by the Lebanese Embassy and others -- not to send goods, because it's inefficient and it takes money to sort it out and decide what to do with it. What's needed is cash so people on the ground can buy what they need, when they need it," said James J. Zogby, president of the institute, a Washington-based advocacy group.

Zogby agreed, however, that there is "a chill factor" on giving money to charities operating in Arab countries.

"In the context of the NSA monitoring everything under the sun, people are afraid," he said, referring to the National Security Agency's monitoring of international phone calls and e-mails. He added that he has repeatedly urged U.S. officials to publish a list of legitimate charities, to no avail.

Since the terrorist attacks of Sept. 11, 2001, the U.S. government has shut down three major U.S.-based charities for allegedly funneling support to terrorists, and it has designated more than 40 charities internationally as terrorist financiers. Last week, the Treasury Department barred U.S. citizens from contributing to two more groups: the Philippine and Indonesian branches of the Saudi Arabia-based International Islamic Relief Organization.

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Treasury Department spokeswoman Molly Millerwise said that the department's Office of Foreign Assets Control maintains a "one-stop shopping" list of banned entities, known as the Specially Designated Nationals List, on its Web site, http://www.treasury.gov/ofac .

But she said the department has declined to produce a list of approved charities in the Middle East "for two reasons: No. 1, any charity that we deemed clean, we could not guarantee that it would always remain so. And No. 2, it would put the government in the position of playing favorites."

Some U.S. Muslims complain that they get a continual runaround from U.S. agencies.

Shaker Elsayed, imam of the Dar Al Hijrah mosque in Falls Church, said he wanted to make a contribution to a medical clinic in Bethlehem two years ago and sought U.S. government approval. He said Treasury Department officials referred him to the National Security Council, which sent him to the State Department, which directed him to the Justice Department, which referred him back to Treasury.

"After I really badgered them for an answer, they finally said, 'You know what? We'll never tell you this is okay,' " Elsayed said. "That is why our community feels so uneasy about helping people who are in desperate need, and how unfair it is when you go to the authorities and say, 'This is the name of the institution we want to help. Is it okay if we help them?' And they say, 'We're not going to give you an answer.' " United Jewish Communities, an umbrella organization for 155 Jewish charities across the country, announced last week that it will raise at least $300 million in emergency aid for Israel. The Jewish Federation of Greater Washington alone intends to raise $10 million toward that goal.

By comparison, the flow of private U.S. donations for humanitarian aid in Lebanon and the Palestinian territories is a mere trickle, estimated by relief groups at a few million dollars. Donors who fear giving to Muslim charities can contribute to the International Committee of the Red Cross or groups such as CARE and Mercy Corps -- large, international relief groups that are the major conduit of such aid.

Laila Al-Qatami, a spokeswoman for the American-Arab Anti-Discrimination Committee, said the organization has decided to funnel its Lebanon relief contributions through Mercy Corps, an Oregon-based group that she pointedly noted "is not an Islamic charity."

But some Muslim groups are intent on proving that they, too, can collect money and distribute it without problems.

Ziad J. Asali, a retired physician in Illinois who heads the American Task Force on Palestine, said his group is giving $20,000 each to Makassed Hospital in Jerusalem and St. Luke's Hospital in the West Bank city of Nablus. After consulting with the State Department, he said, the task force decided to pay the bills for medical supplies that the hospitals order from their regular suppliers.

"We specified the exact equipment they're going to buy and the exact providers, and we have given all that information, with all the details, both to the State Department and to the Israelis," he said. "We wanted to have our own channels, because we wanted the Palestinian people to know you can do this and be clean and be perceived as clean."

U.S.: No Sign Iran Will Comply With U.N. (AP)

By Barry Schweid, Ap Diplomatic Writer

AP, August 9, 2006

With deadlines approaching, the State Department on Tuesday said it has seen no indications that Iran plans to comply with U.N. demands that it suspend enrichment of uranium, a key step in making nuclear weapons.

Defiance could trigger efforts by the United States and European allies to impose economic or political sanctions on Iran in the Security Council.

Secretary of State Condoleezza Rice, due in New York this week to oversee U.N. attempts to bring about a cease-fire in the Mideast, will also confer with foreign ministers about how to deal with Iran, said the State Department spokesman Sean McCormack.

"There have been a variety of public statements from the Iranians, but we haven't seen any evidence yet that they are complying with the demand and requirement of the international community," McCormack said.

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World powers in June offered Iran a package of incentives to curb its enrichment program. These included the United States supplying Iran with some nuclear technology for civilian projects.

Iran denies that is developing nuclear weapons, describing its enrichment and related activities as civilian in nature.

The U.N. Security Council on July 31 passed a resolution giving Iran until Aug. 31 to suspend enrichment or face the threat of economic and diplomatic sanctions.

Iran has promised a response by Aug. 22, although it vowed last Sunday to expand uranium enrichment "where required."

Pakistan, Iran Boost Terror Cooperation (AP)

AP, August 9, 2006

Pakistan and Iran have agreed to increase cooperation to fight terrorism, drug and human trafficking and to ensure the early release of each other's prisoners, a senior government official said Tuesday.

The decision was made at the sixth Pakistan-Iran Special Security meeting in Tehran last week, said Kamal Shah of the Interior Ministry, who led the Pakistani delegation.

Pakistan is holding 10 Iranian citizens and 94 Pakistanis are detained at Iranian jails, he said.

"Pakistan raised the issue of consular access to its detainees in Iran. We emphasized that there are inordinate delays in granting consular access to Pakistani detainees," Shah said, adding that Iran agreed to look into the matter this month.

Because terrorism poses a threat to both sides, they also resolved to frequently exchange intelligence and help each other fight this "menace," he said.

Pakistan shares a 608 mile border with Iran, and the border guards from the two countries will hold monthly and quarterly meetings to discuss how to curb human trafficking, Shah said.

Iran is considered a major route for illegal immigrants who head to Europe with human traffickers in search of better jobs, and Tehran every year deports thousands of Pakistanis after capturing them for traveling without valid documents.

Momentum Builds For Iran-sanctions Bill (HILL)

By David Mikhail

The Hill, August 9, 2006

While the war between Israel and Hezbollah continues to dominate international headlines, new momentum is developing for a long-stalled Iran-sanctions bill that the Senate will consider after the August recess.

The Senate Banking Committee will consider provisions of the Iran Freedom and Support Act, which Sen. Rick Santorum (R-Pa.) introduced last year. The recent conflict between Israel and Hezbollah, as well as the recent breakdown in negotiations aimed at curtailing Iran's alleged attempts at a nuclear-weapons program, could help persuade enough Senators to vote in favor of the sanctions language.

The provisions call for sanctioning companies that invest in Iran's petroleum sector, an attempt to cut off investment that could be used to help create or acquire a nuclear weapon. The measure would amend existing provisions of the Iran-Libya Sanctions Act (ILSA) by decreasing the discretion of the President to employ such measures.

Andrew Gray, a spokesman for the Banking Committee, said the committee would consider the sanctions language when it takes up ILSA renewal. He added that Santorum, a member of the committee, "does have some ideas in his legislation" and that "his thoughts will be part of the discussion."

Gray also noted that Sen. Richard Shelby (R-Ala.), the committee chairman, had decided to hold off on scheduling a markup of a bill that would simply re-authorize the ILSA statute for another five years, legislation that Santorum and Sen. Evan Bayh (D-Ind.) introduced. The move would make it possible to add the sanctions language to the legislation before the committee vote.

Robert Traynham, communications director for Santorum, said in March that his boss is interested in attaching his bill to ILSA reauthorization legislation.

The House and Senate approved a bill last week that would extend ILSA, which was set to expire on August 5th, until September 29th. Congress will likely have to decide within this limited time frame whether to solely reauthorize ILSA for another period of years or strengthen the sanctions provisions by amending the statute.

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The Santorum bill has moved little since its introduction in February 2005. The legislation has been bottled up in the Foreign Relations Committee, largely because its chairman, Sen. Richard Lugar (R-Ind.), has objected publicly to the use of sanctions.

Santorum offered his legislation as an amendment to the defense authorization bill in June, which resulted in a floor debate between Santorum and Armed Services Committee Chairman John Warner (R-Va.), who argued that the amendment would undermine negotiations with Iran. The amendment was ultimately rejected, missing passage by just four votes, with 24 out of the bill's 61 co-sponsors voting against it, including Sen. John McCain (R-Ariz.) and Senate Minority Leader Harry Reid (D-Nev.).

However, Sens. Thad Cochran (R-Miss.), Carl Levin (D-Mich.) and Barbara Mikulski (D-Md.), all of them co-sponsors of the bill who also voted against it in June plan on supporting the bill in the future, according to their spokespeople. Melissa Schwartz, Mikulski's spokeswoman, said that "the bill is now more important than ever" in light of the recent conflict between Israel and Hezbollah.

The House companion bill, introduced by Rep. Ileana Ros-Lehtinen (R-Fla.), also has stalled since it was referred to the Senate Foreign Relations Committee in April. The legislation passed in the House by a vote of 397 to 21.

Santorum referenced his bill during a speech he delivered at the National Press Club on July 20th, stating that "when we pass the Iran Freedom and Support Act, its major diplomatic effect will be to strengthen our negotiating position."

"I'm sure the President will sign it when it passes," he added. Santorum's office did not respond to calls for comment.

The Bush Administration, however, has consistently opposed the bill, stating that it would hamper relations with countries whose companies are investing in Iranian petroleum such as France, China and Russia.

James Phillips, a research fellow for Middle Eastern Affairs with the Heritage Foundation, predicted that the recent fighting between Israel and Hezbollah, "which was partly instigated by Iran, will strengthen support for escalating sanctions against Iran" and that "the Senate should act as soon as possible to send a signal to Iran that its provocative actions have concrete negative consequences."

Michael O'Hanlon, senior fellow for foreign relations studies with the Brookings Institution, argued that "giving away the President's ability to negotiate prior to the completion of negotiations [with Iran] makes no sense."

President Clinton signed the ILSA statute into law in 1996. It was intended to slow down Iran's ability to acquire weapons of mass destruction by significantly cutting off investment in their petroleum reserves. According to the Congressional Research Service, however, no company or country has been sanctioned under the law within the past 10 years in spite of several instances of petroleum investment.

Recent events surrounding both the Israel-Hezbollah conflict and the negotiations with Iran would play a significant role if enough Senators ultimately decide to support the sanctions language. Both Republicans and Democrats have accused Iran of motivating Hezbollah to kidnap two Israeli soldiers on July 12th — an act that lead to the recent strife — and to launch missiles into Haifa, the Israeli seaport.

Iran has historically provided military and financial support to Hezbollah, and many of the missiles fired have reportedly been Iranian-manufactured, including the missiles that were likely used during the attacks on Haifa.

Additionally, Iran recently declared that it would not halt its uranium enrichment program after the U.N. passed a Security Council resolution demanding that Iran suspend its program by August 31 or face possible sanctions. In May, a U.S.-European delegation offered Iran an incentives package, which included providing civilian nuclear technology to Iran. The U.S.-European delegation proceeded with the resolution after Iran initially said it would not respond until August 22nd.

India Fears Terrorism May Attract Its Muslims (NYT)

By Somini Sengupta

The New York Times, August 9, 2006

NEW DELHI, Aug. 8 — The bomb attacks last month on seven Mumbai commuter trains did more than raise Indian hackles against Pakistan for failing to rein in terrorist groups operating on its soil.

They also underscored a gathering threat for India: a small but increasingly deadly cadre of young and often educated Indian Muslims who are being drawn directly into terrorist operations.

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The scale and coordination of the July 11 attacks, a senior Indian government official said, suggest that at least one terrorist cell, made up of fewer than a dozen local people and probably directed and financed by militants based in Pakistan, carried out the bombings, which killed 183 people.

In the past, the official said, Indian operatives have aided foreign militants in what he called a benign fashion, sometimes providing little more than shelter or food. "The change is that some of them really know what they are up to," the official said, speaking on condition of anonymity because the investigation was in progress.

The emergence of more sophisticated homegrown terror cells carries grave repercussions not only for national security, but also for domestic politics, Hindu-Muslim relations and diplomacy with Pakistan.

Perhaps most important, it touches on India's idea of itself as the world's largest secular democracy, capable of including a multitude of peoples and faiths.

"A small section of the Indian Muslim community has been radicalized," said C. Raja Mohan, a columnist for the daily Indian Express and a member of the National Security Advisory Board. "That's what makes it that much more challenging for the country as a whole to deal with."

The police have arrested eight men from Mumbai, formerly Bombay, in connection with the attacks, though no specifics have been disclosed about their possible links to the bombings. Among them are a doctor of traditional Islamic medicine and a largely self-taught software worker who the police said had landed a job with the American database and software company Oracle.

Six of those arrested are said by the Indian authorities to have trained at terrorist camps in Pakistan run by the militant group Lashkar-e-Taiba. Several have been linked to a radical homegrown outfit, now banned, called the Students Islamic Movement of India.

For all the finger-pointing across the border, the attacks have forced India to confront a worrying disquiet among Muslims at home, who have overwhelmingly resisted calls to join in Islamic radicalism.

"That is still true to a very, very large extent," India's national security adviser, M. K. Narayanan, maintained. "But what has happened is that a very, very manifest attempt to recruit Indian Muslims is now being done."

Those efforts, he said in an interview on CNN-IBN television, are increasingly directed at educated Indian Muslims and, more troubling, at elements within the military.

Senior Lashkar officials interviewed in Rawalpindi, Pakistani, said no more than 50 Indians attended military and religious training camps in Pakistan and the Pakistani-controlled part of Kashmir on average each year.

But they confirmed that an active recruitment drive was under way in India.

It is impossible to pinpoint to what extent the still apparently small number of recruits are motivated by essentially Indian grievances — especially the pogroms in 2002 against Muslims in the state of Gujarat, which left 1,100 dead — or by the ideology of global political Islam.

But increasingly, many here fear, the two are at risk of merging.

In fact, Mr. Narayanan said, a reminder of anti-Muslim violence in India is a powerful recruitment tool. "Quite often," he said, "the motivation is 'You know what happened in Gujarat.' "

The Business Standard, an English-language daily, urged India in an editorial last week to start looking inward at what it called a "homegrown jihad," suggesting that blaming Pakistan alone for attacks on Indian soil was no longer sufficient.

"The national effort should make sure that even if Pakistan does its damnedest to plant evil seeds in this country, it must not find hospitable soil," the editorial concluded.

Just how hospitable India, home to roughly 140 million Muslims, may be as a breeding ground for extremism remains a matter of debate.

Some analysts in India maintain that were it not for the efforts of Pakistan-based militants, Indian Muslims would lack the resources to carry out large-scale terror attacks.

"The entire leadership that is creating violence in India is in Pakistan," insisted Ajai Sahni, an intelligence analyst in New Delhi who runs a Web site called the South Asia Terrorism Portal. "If you extract Pakistan from the problem and the flow of funds, the subversive cadres, there would not be this problem in India."

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But visiting the Muslim neighborhoods of Mumbai in the aftermath of the July 11 bombings, what can plainly be felt is fear and resentment, fueled more than anything by police suspicion.

In the last two weeks the police have combed these neighborhoods in search of clues and suspects. They have knocked on doors demanding that parents produce their sons for questioning, unleashing even more bitterness.

"It has become now very difficult to live as a Muslim in this country," Aslam Ansari, 58, grumbled in the hallway of a dilapidated largely Muslim apartment block in a central city neighborhood called Mominpura. "We have to bear. We cannot go anywhere."

Among those arrested was one of Mr. Ansari's neighbors, a doctor named Tanvir Ansari, 32, who according to the police traveled to Pakistan for arms and explosives training. The two are not related, and Aslam Ansari insists that his neighbor is innocent.

Also taken into custody were two brothers from Mira Road, a largely Muslim northern suburb of Mumbai.

Faisal Shaikh, 30, the elder brother, is described by investigators as a crucial Indian liaison to Lashkar-e-Taiba. It was his younger brother, Muzamil, 23, who was hired by Oracle in Bangalore. The police say he followed his brother into the arms of Lashkar, and to Pakistan, via Iran, for training.

Sleeper cells connected to Pakistani-based organizations came on the Indian intelligence radar at least 10 years ago. Since then, bombings, arrests and weapons seizures have offered tiny peepholes into their suspected scope and strength.

In 2003, a Mumbai couple with suspected links to Jaish-e-Muhammad, a banned Pakistani-based group, was charged in connection with a pair of powerful car bomb attacks, including one in front of the iconic Gateway of India monument in Mumbai that killed more than 50 people.

The police said at the time that the couple was accused of planting the bombs in the trunks of two taxis as part of a local outfit calling itself the Gujarat Revenge Force.

Last year, the Delhi police arrested a mechanical engineer on charges of conspiring to attack military and financial centers on behalf of Lashkar.

And in May a large haul of guns and military explosives exposed what the police called a sleeper cell of roughly a dozen people operating out of Aurangabad, a provincial town about 200 miles northeast of here.

As in the past, the arrests in the last three weeks have largely homed in on the Students Islamic Movement of India. The police say several of those arrested in connection with the July 11 blasts were once members. Its leaders deny any involvement with the attacks.

"Some such modules have been unearthed here," said Mumbai's commissioner of police, A. N. Roy. He said former members of the organization "form a fertile ground for providing local foot soldiers."

Founded 30 years ago to promote Islamic teaching among Indian youth, the group began to espouse armed resistance more than a decade ago after a band of Hindu radicals tore down the 400-year-old Babri Mosque in the north Indian city of Ayodhya in 1992, unleashing an orgy of Hindu-Muslim riots across the country.

The lingering tensions in this city are deeply worrying. Since the July attacks even career-minded young Indian Muslims complain that they are under constant glare.

The ones who sport beards and skullcaps worry about how many times they will be frisked at the train station. Those who live in Muslim enclaves see the police knocking on doors.

One young man recalled a banner that went up in his neighborhood, exhorting enemies of India to leave the country. "Our identity is the main problem," said Abdul Hannan Khan, 21, a college student who plans a career in advertising.

It is the same routine after every act of terror, said Sheik Abdul Qayyum, 20, recalling the Gujarat riots, which broke out after fire engulfed a train carrying Hindu pilgrims, killing 59. Whether the fire was deliberate or accidental is still disputed, and embroiled in political feuds.

In Mr. Qayyum's mind there is no disputing the lesson of Gujarat, where he lived at the time. He says the violence there was the most important event in his life.

"I learned that as minority Muslims we are unprotected," he said, and then quickly added, "According to the current situation, Muslims in the whole world are not protected."

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Cuba's Military Men Loyal To Raul Castro (AP)

By Anita Snow, Associated Press Writer

AP, August 9, 2006

Raul Castro, CEO.

With the military controlling a good share of Cuba's tourism, electronics imports and foreign currency reserves, the defense minister is as much entrepreneur as soldier.

Now that he's filling in as president for his ailing brother, Fidel, Raul Castro can count on a network of similarly positioned uniformed and retired officers who are as loyal to him from behind their desks as they were on the battlefields of Angola and Ethiopia.

Those generals and colonels are known as "Raulistas," and their loyalty has helped them move into the highest echelons of the government and the economy.

Even dissident Vladimiro Roca, a former fighter pilot under Castro's command before breaking with the government, believes Castro has the military leadership's support. But more than either Castro, they are "committed to the system," Roca said of the generals. "What they are interested in is maintaining their status."

That status is significant. Five active generals sit on the Communist Party's powerful 19-member Politburo, which also includes the Castro brothers.

So do two retired military men: Juan Almeida Bosque, who played a historic military role in the revolution's early years, and Vice President Jose Ramon Fernandez, who helped lead Cuba's victorious troops at the U.S.-backed invasion of the Bay of Pigs in 1961.

Two of those active generals also run key ministries. Lt. Gen. Abelardo Colome Ibarra, 66, oversees the island's vast domestic security and intelligence apparatus as interior minister. As sugar minister, Maj. Gen. Ulises Rosales del Toro, 64, controls Cuba's economically important production of cane for export.

Generals and colonels also head the fishing and transportation ministries, as well as Habanos S.A., which works with a European firm to market the island's world-famous cigars abroad. Another former commander, Ramiro Valdes, operates Grupo de Electronica de Cuba, which imports computers and other electronics.

The Armed Forces also operates the TRD Caribe chain, which has hundreds of small stores selling consumer goods across the country, and Gaviota S.A., a tourism company that runs more than 30 hotels and has subsidiaries that provide tourist travel.

The military's economic enterprises are run by the Defense Ministry's Business Administration Group, overseen by Raul Castro's second-in-command and confidant, Lt. Gen. Julio Casas Regueiro.

By all accounts, the defense minister is a highly capable manager, and many believe his pragmatism and sharp business sense could prompt him to open Cuba's economy should he ever be placed in power permanently. Former Sandinista rebel commander Tomas Borge said Fidel Castro once told him Raul was the best organizer he knew.

"The ministry with the greatest efficiency, in all senses and aspects, has always been the Armed Forces," said dissident Roca, whose late father Blas Roca was a top Communist Party leader.

Known as a warm and jocular man who dotes on friends and family, Raul Castro also has proven to be capable of extreme toughness. In 1959, in the first months after the revolution, he and Ernesto "Che" Guevara oversaw the executions of officials from the deposed government of dictator Fulgencio Batista.

"My hand didn't tremble then and it doesn't tremble now," Castro told state news media in 1989 when he voted to uphold the death penalty for a highly decorated Maj. Gen. Arnaldo Ochoa — who reportedly had been one of his closest friends — and three officers convicted of drug trafficking.

Ochoa and most of the top generals who Castro now counts on for support spent years on the battlefields of Angola and Ethiopia in the 1970s and 1980s, leading troops in African struggles for independence from colonial rulers.

The defense minister directed those wars from Havana, deferring always to his brother, Fidel, who is commander in chief and took a keen interest in the most minute details of military movements and battles.

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The military reached its zenith of power in those years, and the decorated generals returning home were treated as conquering heroes. But when the Soviet Union collapsed and Cuba lost its primary benefactor, the military's role changed drastically.

Fidel Castro announced that Cuba would no longer fight in independence movements abroad, and the military developed a new focus on defense and the economy. The military today is probably Cuba's most powerful and respected institution.

The military has an estimated 37,000 troops and 700,000 reservists, according to "Jane's World Armies." It can also call on more than 1 million militia members, as well as paramilitary and civilian groups.

But Raul Castro made sure that was only a part of the armed forces' role. It now uses its stores and tourism business to capture hard currency to pay for imports, and the 100,000-member Youth Labor Army produces basic foodstuffs to be sold at extremely low cost at government markets.

"Raul was the lead architect of these adaptations in military missions," former CIA analyst Brian Latell wrote in his book "After Fidel."

"Like the concessions Fidel made to allow foreign tourism and dollarization, Raul had no illusions about the risks of giving selected officers access to substantial financial flows," Latell wrote. "But as the economy collapsed, he concluded there was no alternative if the military was to survive and the revolution was to endure."

Cuba Eyed For Unpaid Claims (WT)

By Jeffrey Sparshott

The Washington Times, August 9, 2006

United Fruit Co. lost thousands of acres of land when Fidel Castro's government in 1960 seized its Cuban operations.

The company first tried to win back the property by providing ships to support Mr. Castro's ouster. Cuba's armed forces rebuffed the 1961 Bay of Pigs invasion.

United Fruit, along with thousands of other companies and people that lost property, then asked for compensation.

A U.S. commission in 1972 certified 5,911 such claims worth $1.85 billion. Those claims, accruing 6 percent interest and now valued between $7 billion and $8 billion, would have to be settled by a post-Castro government to ease trade and investment between the island nation and the U.S.

"The claims cannot be ignored," said Robert Muse, a Washington lawyer who represents some of the largest corporate claimants against Cuba's 1960 expropriations. "The claims have to be resolved, or they will stymie renewed trade and investment with Cuba."

U.S. companies and people that once owned property in Cuba may be closer to getting it back or receiving compensation. Fidel Castro last week temporarily transferred power to his brother, Raul, for medical reasons. That has boosted speculation that Cuba may be nearing a post-Castro, post-communist era and an end to the U.S. embargo against the island.

But it also would require Cuba's new government to settle old debts.

United Fruit and its subsidiaries claimed millions of dollars in losses. The Foreign Claims Settlement Commission, an independent agency within the Justice Department, certified a total payment due of $87.4 million, plus interest.

"There has always been a hope that, post-Castro, this claim would translate into something of value, and Chiquita's position has consistently been that we expect the claim to be honored," said Michael Mitchell, spokesman for Chiquita Brands International, the Cincinnati company that subsumed United Fruit.

Chiquita's claim is one of the easier ones to untangle. Many of the U.S. companies that operated in Cuba have since been bought, sold, split up or shut down, while the Cuba claim lives on as an asset.

"These are commodities. The corporations are constantly being merged into others," said Mauricio Tamargo, chairman of the settlement commission.

OfficeMax, the Itasca, Ill., office-supply retailer, inherited the largest corporate claim against Cuba from Boise Cascade, the one-time paper company. That claim, with interest worth just under $1 billion, is from the Cuban Electric Co., once a U.S.-owned utility.

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International Telephone and Telegraph had the next-biggest claim, now worth $483.5 million. The company in 1995 broke apart, and part of its claim went to Starwood Hotels and Resorts Worldwide Inc., the White Plains, N.Y., company that runs the Sheraton and other hotel chains.

A predecessor to Freeport-McMoRan Copper & Gold, a New Orleans mining outfit, owned nickel and cobalt mines and processing facilities in Cuba. Canada's Sherritt Corp. now runs the mines in a joint venture with the Cuban government.

"If the embargo is lifted, Freeport is likely to reclaim the asset," Robbert van Batenburg, head of research at Louis Capital Markets, said last week. "Freeport may have to fight Sherritt for the Cuban asset."

Freeport's legal rights, however, may be muddied because it transferred the expropriation claim to a bank during bankruptcy proceedings.

"The whole situation is too speculative for us to comment on right now," said William Collier, Freeport spokesman.

Ultimately, the State Department would use the commission's decisions as the basis for negotiating a claims-settlement agreement with Cuba. The companies are entitled to compensation, whether property or cash.

In one recent case, the U.S. and Vietnam in 1995 settled claims dating to the 1975 fall of South Vietnam. The communist country provided $203.5 million for payment of 192 claims, which covered principal and interest at about 4.8 percent -- less than the 6 percent in the original awards.

Without a political solution, U.S. companies and individuals could slow trade with a hypothetical post-embargo Cuba.

"Unless the claims are resolved, there will be a large amount of litigation seeking to attach Cuban bank accounts and Cuban cargoes entering the U.S.," Mr. Muse said. Essentially, a claimant could ask U.S. authorities to seize and hold Cuban goods, like sugar or nickel, entering the U.S. as security against their losses.

Resolution of the multibillion-dollar issue, however, still awaits a new government in Cuba. Mr. Castro's health yesterday remained a mystery. And the direction of any new government was even less clear.

"Once the people of Cuba decide the form of government, then Cuban-Americans can, you know, take an interest in that country and redress the ... issues of property confiscation," President Bush told reporters Monday at his ranch in Crawford, Texas. "But first things first, and that is the Cuban people need to decide the future of their country."

Exiles' Vision For Cuba A Mix Of Hope, 'fantasy' (USAT)

By Laura Parker

USA Today, August 9, 2006

MIAMI — Sergio Pino, one of the largest home builders in South Florida, has big plans for remaking Cuba after Fidel Castro dies.

Pino and another home builder here have given $500,000 to the Florida International University School of Architecture to design the "restoration" of Havana, which has fallen into disrepair in the 47 years since Castro's revolution ousted Fulgencio Batista's military dictatorship. Architects at the university are creating their vision of the Cuban capital, block by block, in a series of models that call for renovating Havana's crumbling downtown and adding 250,000 badly needed homes.

Whether Pino's dream will ever be realized is anyone's guess. But it symbolizes how the illness that recently led Castro to cede power for the first time has rekindled hopes among Cuban-Americans that a new Cuba — one that will be warm to democracy, or at least to capitalism — finally could be on the horizon.

For nearly a half-century, this has been the goal of thousands of Cuban exiles and their families who have built new lives in Florida. The idea of returning to Cuba has inspired exiles to conduct war games in Florida's swamplands, draft new constitutions for a democratic Cuba and pressure Washington to hold a hard line against Castro.

Now, amid hopes that Castro's successors could embrace economic reform, the take-back-Cuba movement also has turned pragmatic: The youngest exiles and children of those who fled Cuba say they don't necessarily want to live on the island, but they are planning ways to make money from its revitalization.

None of the schemes to rid the island of Castro appears to have had any effect on the island, except to draw ridicule from the dictator. With many exiles now in their twilight years, it's unclear how many really would move back to such a poor country, even if it opened up.

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Advisers to Castro, who will be 80 on Sunday, say he is recovering from intestinal surgery. Even if he is fatally ill, Cuba's communist dictatorship probably would continue under Castro's brother and designated successor, Raul Castro, 75.

And when change finally comes after the Castro brothers are gone, there is no assurance that the 11 million Cubans on the island — 60% of whom were born under Castro's communist regime — will want to take direction from their Americanized cousins in Florida.

Those who believe that Cuban-Americans will choreograph life in post-Castro Cuba "live in a fantasy totally devoid of reality," says Gonzalo Valdes-Fauli, an investment banker in a prominent Cuban-American family in south Florida. "People don't realize things function there. Badly, but they function. There are laws. They may be arbitrary, (but) it's a country."

Cubans on the island may bemoan impoverishment and complain about a lack of opportunities, but most don't view Castro through the same harsh lens as Cuban-Americans, says Jorge Piñon, senior research associate at the Institute for Cuban and Cuban-American Studies at the University of Miami.

"People are jumping way, way ahead of themselves," Piñon says. "The opening of that Ace Hardware franchise or the revitalizing of Old Havana architecture — that's far away. Before any of this begins, there has to be a diplomatic relationship between Cuba and the U.S."

Pino, the home builder, acknowledges that the opening of Cuba may take many years.

However, he figures the country's government will need significant help in rebuilding an economy whose cars, buildings, waterworks and electrical grid have largely been stuck in the late 1950s, in part because of the United States' embargo on trade with Cuba that was imposed after Castro took power.

Pino says his goal is "to make sure that when we go back, we do it right."

"We are planning a city, how it should look, keeping the historic monuments," he says. "Our goal is to have a plan so that we just don't go back and build everywhere."

It says something about the Cuban-American community's obsession with Castro that Piñon and his associates at the University of Miami spent several hours last week on a "mapping exercise" to try to make sense of what's happening in Havana.

They reviewed Castro's health history with doctors in Miami. They also pored over photos and video of Castro's trip to Argentina in July, and a pair of speeches he made in Cuba on July 26.

In Argentina, Castro walked with "long, clear strides," his posture "typical Fidel," Piñon says. "And then all of a sudden, this happens."

The exercise by academics, working without solid information about what actually is going on in Cuba, underscores the significance of Castro to exiles' lives and his intense hold on their emotions.

The dream of many here, nourished through decades of frustrated waiting for Castro's demise, has been to return home and reclaim property confiscated from their families in the name of the revolution. Their determination to do so has spawned passionate actions that have not always been realistic.

Veterans of the failed, U.S.-backed Bay of Pigs invasion in 1961 still hold war games in Florida's Everglades decades later, training on weekends even as they have grown paunchy over the years.

"There are people as old as I am who put on their camouflage uniforms and go out to practice in the Everglades to get prepared" for an imagined battle for Cuba, says Alberto Beguiristain, 74, a businessman and lawyer in Miami.

"A lot of people say, 'Come on, that's enough,' " he says. "They realize they are old and they are not going to accomplish anything. But they've still got the illusion that they will fight against Castro."

Meanwhile, aging Cuban-American lawyers run out of Havana by Castro, including Valdes-Faudi's father, Raul, spent much of 1995 writing potential laws and a new Cuban constitution.

The Cuban American National Foundation, which rose to prominence among anti-Castro groups in the 1990s, also has taken the position that Cuba's post-Castro future could be shaped by exiles in Miami — especially as the Cuban economy teetered after losing a $4 billion annual stipend when the Soviet Union fell apart in 1991.

The group's founder, Jorge Mas Canosa, who arrived in Miami penniless and became a millionaire, was touted by supporters as Cuba's next president, although he denied such ambitions.

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If such efforts seemed slightly disconnected from reality, it didn't make much difference here, where exiles' passion for Cuba endures.

"My parents never forgave Castro. They hated him," Piñon says. "Every Christmas there was always a toast: 'Next year, we'll be back in Cuba.' "

Piñon was 12 when he arrived in Miami with his parents in December 1960, not long after Castro confiscated property and nationalized industry. He says the family walked away from a comfortable middle-class life rather than educate its children in state-run schools.

Piñon's father, who had worked for the railroad in Cuba, became a dishwasher at the Fontainebleau Hotel in Miami Beach.

Piñon says his parents did not get involved in exile politics but spent the rest of their lives planning what they would do when they returned home. He says his father died in 2000, his mother in 2001.

Many others are gone now as well. Jorge Mas Canosa died of lung cancer in 1997.

Meanwhile, Castro hangs on. He brought Cuba through the 1990s, then forged financial partnerships with Venezuela and China. He has not been seen publicly since his surgery, but vowed in a letter read on Cuban TV to retake the helm of the government when he is well.

"Those of us who started as teenagers, we are senior citizens now and we are still waiting for him to die," says Frank Hernández-Trujillo, who left Cuba in 1961 at age 19. "We are getting closer to death ourselves. This is like a race. The last man standing wins."

Hernández-Trujillo is still at it. The retired Miami schoolteacher organized a group in 1994 that supplies dissident groups in Havana with shortwave radios, books, magazines, vitamins and other goods, which is legal under U.S. and Cuban law. Last week, he shipped 17,000 pounds of goods to the island.

He also finds ways to get laptop computers, DVDs, CDs and players — which Cubans are not allowed to bring into the country — into dissidents' hands.

Beguiristain says he lost two sugar mills, a distillery, his houses, insurance business and farm land to Castro. He says he then helped the CIA prepare for its Bay of Pigs invasion.

In October 1960, he says, he picked up a shipment of arms off the coast of Cuba and delivered it to insurgents on the island for use in the ill-fated operation. After arriving in Miami in 1964, he says, he continued to work against Castro, ferrying operatives between Florida and Cuba by boat.

Beguiristain says he gave up covert activities in 1970 and built a successful insurance business in Miami.

Now he focuses on trying to regain what he lost in Cuba through legal claims. He is president of the National Association of Sugar Mill Owners of Cuba, a group that originated in Cuba and moved to Miami when the mill owners left the island. It meets monthly for lunch to work on plans to file lawsuits aimed at recovering their mills.

Such property claims could take years to sort out, if ever.

Cuban exiles whose property was confiscated by Castro have filed more than 6,000 claims for compensation with the U.S. government. Under the 1996 Helms-Burton Act, the government has been unwilling to press them; doing so could alienate countries such as Spain that have large investments in Cuba.

Older exiles continue to debate what a post-Castro constitution should say. Beguiristain says the favored view is that Cuba ought to return to its 1940 constitution, which called for an independent judiciary and presidential elections every four years. The constitution was suspended when Batista seized power in 1952.

Some older exiles' children, meanwhile, take a more pragmatic view about the notion of returning to Cuba by focusing on the island's economic potential.

Hugo Arza, 32, a Miami-born attorney whose parents fled Cuba in the late 1960s, says he met with clients in the construction business two days after hearing that Castro had transferred power to his brother. The clients, whom Arza declined to name, are jockeying to be well-positioned when the time comes to start reconstruction.

"Cuban infrastructure needs to be rebuilt," he says. "They were just here in my office asking, 'What have you heard? Keep us aware. Let's make sure we have ideas and access to the right people.' "

Pino, 49, says he has no desire to move back to the Cuba he left as a boy.

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His life is in Miami, where he parlayed a plumbing store he bought when he was 20 into real estate investments that led to the establishment of Century Homes, the largest home builder in Miami-Dade County.

He says home building in Cuba will be “an incredible business.” He says the island will need 1 million new homes to accommodate its growing population and replace structures that have fallen into disrepair during Castro's regime.

Thus, the Havana project at Florida International University. The goal is to complete it by the end of the year. Nicolas Quintana, an architecture professor who is directing the project, says it will include a 400-page book and 21 models featuring 25 projects in Havana.

Quintana says he left Cuba on Jan. 8, 1960, “exactly a year after Fidel came to Havana. I was 35 years old. I am 81 right now.”

He will post the plan on the Internet, for the current regime or its successors to use. He says he is a realist. Real change, he says, will have to come from within Cuba.

“The Castros will hate it,” he says of the plan. “I am totally convinced I will never see the final development of all this. But I'll be watching from up there. I'm simply planting a seed for the future.”

Mexico Recount Augurs Few Changes (WSJ)

By John Lyons

The Wall Street Journal, August 9, 2006

MEXICO CITY -- Mexican electoral authorities planned today to start a partial recount of votes from the nation's presidential contest, but most observers predict the review won't find big discrepancies or evidence of fraud and will most likely reinforce the narrow victory of conservative candidate Felipe Calderón.

The proceedings probably won't assuage Andrés Manuel López Obrador, the second-place finisher who is challenging the outcome. Though numerous foreign election observers have said the July 2 balloting was conducted fairly, Mr. López Obrador, a populist former mayor of Mexico City, has rejected the partial review as insufficient and has demanded a full recount. He continues to contest his apparent defeat and yesterday began a new series of protests along the capital city's highways.

Electoral judges will supervise the recount of about 9% of the 42 million votes cast, which must be completed by Sunday night. They will scrutinize the tallies of about 3.8 million votes, mainly in pro-Calderon states such as Jalisco and Baja California, where Mr. López Obrador's lawyers were able to demonstrate evidence of irregularities to the court. In rejecting Mr. López Obrador's legal request for a full recount, the court ruled that he failed to show evidence of irregularities at any other voting stations than those under review. The decision indicated the court will also likely rule against Mr. López Obrador on a series of other challenges he has filed.

The judges have until Sept. 6 to declare a winner.

To reverse the outcome, which put Mr. Calderón ahead by a margin of 244,000 votes, or 0.6% of those cast, the partial review would need to find that, on average, slightly more than three votes for every 100 counted were mistakenly taken from Mr. López Obrador and awarded to Mr. Calderón. That would represent such a large -- and improbable -- degree of fraud or incompetence that it "offers some comfort to the Calderon camp," according to Goldman Sachs research.

Even so, political analysts expect Mr. López Obrador to seize on even small discrepancies found in the recount and portray them as evidence of widespread fraud, fueling more street protests. The secretary-general of Mr. López Obrador's Party of the Democratic Revolution said yesterday that protests, which so far have been confined to Mexico City, would soon spread to other cities.

Yesterday, Mr. López Obrador escalated his protest. His supporters blockaded the Agriculture Ministry and seized tollbooths on main highways into Mexico City, allowing motorists to pass free of charge. He may have been looking to win support from commuters who have been angered that his weeklong campaign of street blockades have worsened Mexico City's already snarled traffic.

The new counts will take place in the voting districts where they were ordered. Officials of the federal agency that manages the country's local and national elections will do the retallying. Each district where a review takes place will release its results when it is completed. A member of each political party will be allowed to observe the vote.

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Mr. López Obrador's Party of the Democratic Revolution initially considered boycotting the process and not sending an observer. But a senior aide said party officials would indeed observe the count "under protest."

To keep pressure on electoral officials, Mr. López Obrador led his supporters to a mass protest Monday night outside the courthouse where the election tribunal meets. There he lambasted judges hearing the case for their decision and said he wanted to broaden his protest into a movement to redraw the lines of Mexican society, indicating he may seek to continue the tactics even if the court rules definitively that Mr. Calderón won the election.

"We are going to change this country, and it is going to happen one way or another," Mr. López Obrador, slightly hoarse from his daily speeches, told supporters, some of whom chanted "Revolución!"

Battle Escalates Over Cheap U.S. Corn Popping Into Mexico (USAT)

By Sara Miller Llana

USA Today, August 9, 2006

PUEBLA STATE, Mexico — Corn plays an important role in ancient Mexican mythology. The Aztecs revered a corn god named Centeotl; the Mayans believed man's flesh was formed from corn dough.

But these days, the crop that is still the centerpiece of the Mexican diet is fueling a clash between Mexico and the United States as cheap American corn has inundated Mexican farms and marketplaces under the North America Free Trade Agreement (NAFTA).

"They should not send their corn here. They can send it somewhere else," says farmer Luis Damaso, tending his milpa, or corn patch, outside the town of Santa Ana Xalmimilulco in the central state of Puebla. "No one will pay for (our corn) now."

The politics of corn continue to escalate, as a 2008 NAFTA deadline looms for Mexico to scrap its corn and bean import tariffs. And the disputed July 2 presidential election here has only heightened those tensions.

On the campaign trail, runner-up Andrés Manuel López Obrador said he would renegotiate NAFTA provisions to protect the nation's corn and bean farmers. Now, Obrador is leading mass protests for a full, vote-by-vote recount of the election he lost by 0.6 of a percentage point.

He has put NAFTA supporters on the defensive and raised the hopes of farmers across the country, many of whom have rallied around Obrador and promise a long, hard fight ahead if rival Felipe Calderón, a staunch supporter of NAFTA, is certified as president. That decision is in the hands of an electoral court, which has until Sept. 6 to rule.

"(Corn in Mexico) is one of the areas that has the potential to become extremely explosive," says Jon Huenemann, a former assistant U.S. trade representative who helped negotiate many agricultural provisions under NAFTA. "U.S.-Mexican trade is huge and getting bigger and more significant to producers and consumers. And yet, for the same reason, the sensitivities are getting potentially more complicated. ... It's a bit of a tinderbox."

The USA is the largest corn producer in the world, exporting 18% of its crop. In the 2004-05 season, U.S. corn growers shipped 231 million bushels to Mexico, its second-largest customer after Japan, with a price tag of about $462 million, says Jon Doggett, vice president of public policy at the National Corn Growers Association. Most of the corn exported from the USA is yellow corn used to feed livestock, not the white corn that Mexicans traditionally consume.

"I don't think we are a threat to the Mexican farmer who is raising white corn," Doggett says.

But critics of NAFTA disagree. They say the flow into Mexico of American corn, sold 15% to 20% cheaper than the cost to produce it in the USA, is lowering the price of all corn, displacing farmers and eroding a way of life. Victor Suarez, a congressman for Obrador's Democratic Revolution Party who helped organize a mass protest of farmers in 2003, says nearly a million farmers have been displaced since NAFTA went into effect in 1994. He says their only recourse is to head north along the border or into the USA.

Damaso says he used to sell corn from his family's 1.2-acre milpa to his local tortilla-maker, but the price of corn has dropped while the prices for fertilizer and diesel have gone up. He says it is no longer worth it. "You can't break even anymore," he says.

Now he tends the field for family consumption, while the rest of the family has looked for work elsewhere: A few siblings are in New York, while others work in a textile factory. He recently returned home after three years working in Brooklyn.

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But many say Mexico is better off with cheaper U.S. corn. For Jorge Gonzalez, a professor of economics at Trinity University in San Antonio, not complying with corn provisions under NAFTA "would imply that the price for corn, and therefore tortillas, would increase for everyone," he says. "They would be protecting domestic farmers but hurting everyone else."

Some farmers agree. Just a few miles from Damaso's plot, Fredy Alvarez Cortez prepared soil for the white, red and blue corn he cultivates and sells. Yet for the yellow corn that feeds his family's 25 cows, he buys U.S. imports. Like many farmers in the area, he knows little about the provisions under NAFTA, but he knows his budget. "It's more economical for us now," he says.

That could change. Corn prices in the USA have been rising as demand increases for ethanol, generally made from corn.

Even if Obrador does win, he does not have the authority to renegotiate NAFTA provisions unilaterally. If Mexico were to not honor its obligations, the U.S. could enter a dispute under NAFTA or retaliate by not honoring other provisions, such as slapping limits on the Mexican avocado industry, which has flourished under NAFTA.

Still, farm groups say they plan on fighting for the renegotiations promised by Obrador.

Suarez says if his group's demands are not met, they will not go away quietly: "There will be more demonstrations, and stronger demonstrations."

Politics Of Corn Loom For Divided Mexico (CSM)

By Sara Miller Llana

The Christian Science Monitor, August 9, 2006

PUEBLA STATE, MEXICO

Corn plays an important role in ancient Mexican mythology. The Aztecs revered a corn god named Centeotl; the Mayans believed man's flesh was formed from corn dough.

But these days the folklore of a crop that is still the centerpiece of the Mexican diet is fueling a bilateral clash between Mexico and the US as cheap American corn has inundated Mexican farms and marketplaces under the North America Free Trade Agreement (NAFTA).

"They should not send their corn here, they can send it somewhere else," says farmer Luis Damaso tending his milpa, or corn patch, outside the town of Santa Ana Xalmimilulco in the central state of Puebla. "No one will pay for [our corn] now."

The politics of corn continue to escalate, as a 2008 NAFTA deadline looms for Mexico to scrap its corn and bean import tariffs. And the disputed July 2 election has only heightened those tensions. On the campaign trail, runner-up Andrés Manuel López Obrador said he would renegotiate NAFTA provisions to protect the nation's corn and bean farmers. Now Mr. Obrador is leading mass protests for a full, vote-by-vote recount of the election he lost by 0.6 of a percentage point.

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But critics of NAFTA disagree. They say the flow into Mexico of American corn, sold 15 to 20 percent cheaper than the cost to produce it in the US, is lowering the price of all corn, displacing farmers, and eroding a way of life. Victor Suarez, a congressman for Obrador's Democratic Revolution Party (PRD) who helped organize a mass protest of farmers in 2003, says nearly a million farmers have been displaced since NAFTA went into effect in 1994. He says their only recourse is to head north along the border or into the US.

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Mr. Damaso's experience seems to exemplify that concern. He says he used to sell corn on his family's 1.2-acre milpa to his local tortilla-maker, but since the price of corn has dropped - while the price for fertilizer and diesel has gone up - he says it is no longer worth it. "You can't break even anymore," he says.

Now he tends the field for family consumption - while the rest of the family has looked for work elsewhere: a few siblings are in New York, others work in a textile factory. He recently returned home after three years working in Brooklyn.

In Mexico, both the culture of small-plot farming and limited investment in technology have prevented the development of vast, mechanized fields like those found in the American Midwest. Nor are Mexican farmers supported as heartily as US corn farmers, who receive an average of $10 billion a year in government subsidies.

Because of these inherent inequalities, many say Mexico is better off with cheaper US corn. For Jorge Gonzalez, a professor of Economics at Trinity University in Texas, not complying with corn provisions under NAFTA "would imply that the price for corn, and therefore tortillas, would increase for everyone," he says. "They would be protecting domestic farmers, but hurting everyone else."

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Even if Obrador does win, he does not have the authority to renegotiate NAFTA provisions unilaterally, experts say.

If Mexico were to not honor its obligations, the US could enter a dispute under NAFTA or retaliate by not honoring other provisions - like slapping limits on the Mexican avocado industry, which has flourished under NAFTA.

"It becomes much more difficult to predict the array of outcomes," says Mr. Huenemann. The US sent $9.4 billion worth of goods to Mexico in 2005, and is the largest market for Mexico's products. "It's the slippery slope theory."

Still, farm groups say they plan on fighting for the renegotiations promised by Obrador. In January 2003 tens of thousands descended upon Mexico City to demand the renegotiation of agricultural provisions under NAFTA.

Now, says Ana De Ita, executive director of the Center for the Study of Change in the Mexican Countryside, groups are remobilizing. Farmers from across the country have attended Obrador rallies, she says. But they are preparing an information campaign to educate farmers about the impacts of 2008 regardless of who wins, and she says they could hold another demonstration by the middle of next year.

Mr. Suarez, who planned a convocation for August to drum up new strategies, says if his group's demands are not met, they will not go away quietly. "There will be more demonstrations," he says, "and stronger demonstrations."

Russia Negotiating Arms Sales To Buenos Aires (WT)

By Kelly Hearn

The Washington Times, August 9, 2006

BUENOS AIRES -- Russia is negotiating arms sales to Argentina less than two weeks after angering Washington with a $3 billion deal to sell jets and helicopters to Venezuelan President Hugo Chavez.

Russian Ambassador Yuri Korchagin met with Argentine Minister of Defense Nilda Garre on Aug. 2 to express Moscow's willingness to "open a road to military and technical cooperation," according to a statement from Argentina's Ministry of Defense.

The statement said the Russian official presented a formal letter of intent, but an Argentine Defense Ministry spokesman declined to provide further details.

Miss Garre met previously on Jan. 18 and again on April 17 with the Russian ambassador, who was accompanied by Alexander Fomin, a ranking official within Russia's technical and military cooperation program.

A leading Argentine newspaper, La Nacion, reported on Monday that in those earlier meetings, the Russian officials raised the idea of trading Argentine beef, of which Russia is the largest importer, for military helicopters and armor-plated patrol boats.

Argentina has for years looked to acquire artillery-capable helicopters, but its 2001-2002 economic collapse scuttled those plans, and a Venezuelan buyout of Argentina's debt to the World Bank last year has done little to ease the burden.

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But Mr. Chavez and Argentina's leftist president, Nestor Kirchner, have deepened their relations recently with new energy deals and a joint effort to create a South American development bank that would compete with the international lenders.

Officials have yet to offer a public response to the Russian proposal.

"Argentina has maintained in recent years a low level of military purchases because of the economic situation, among other reasons," Miss Garre told the ambassador, according to the official account of the meeting.

That account also said Mr. Korchagin talked of Russia's military ties with Brazil, Colombia, Mexico, Peru and Uruguay.

The United States has already registered its concerns about Russian arms sales to Venezuela, whose president has been using his country's oil wealth to counter American influence in the region.

On Friday, the U.S. government imposed sanctions on seven arms companies in Cuba, India, North Korea and Russia, including Moscow's state-owned Sukhoi, a maker of fighter aircraft, and its state-owned export firm, Rosoboronexport.

Washington said the sanctions, which will remain in place until July 28, 2008, were imposed because of transfers of military technology to Iran. But Russian media are linking the sanctions instead to Washington's anger over Rosoboronexport's deal with Mr. Chavez, announced on July 27.

That deal provides for the shipment of 24 Russian Su-30 fighter jets and 53 helicopters. Venezuela, itself hit with a U.S. arms embargo in May, had already contracted to buy 100,000 Russian AK-103 machine guns, part of what U.S. officials cast as a disproportionate and unjustified Venezuelan military buildup.

In July, the Stockholm International Peace Research Institute, or SIPRI, reported that military purchases in Latin America and the Caribbean spiked by 7.2 percent in 2005. The report says Venezuela experienced the third-largest yearly increase after Brazil and Chile.

During a visit to Moscow last month, Mr. Chavez praised Russia for defying U.S. objections to selling him arms and repeated an earlier proposal to combine the militaries of the five nations that make up Mercosur, the South American political and trade bloc.

"We must form a defensive military pact between the armies of the region with a common doctrine and organization," Mr. Chavez said July 5 in Caracas during a military parade attended by Mr. Kirchner.

During his Russia visit, Mr. Chavez said: "We must form the armed forces of Mercosur, merging warfare capabilities of the continent."

During a nationally televised program on Monday, Mr. Chavez said he intends to build a network of anti-aircraft missiles.

"We're going to acquire the most modern anti-aircraft defense system," Mr. Chavez said. "We're going to armor Venezuela." He suggested he saw the components of such a system during his visits to Russia, Belarus and Iran late last month.

A New Rebellion In An Old Conflict (LAT)

By Héctor Tobar And Alex Renderos, Special To The Times

The Los Angeles Times, August 9, 2006

Discontent in a former leftist rebel group has fed fears of a return to civil war in El Salvador.

SAN SALVADOR — The young men ran across the street, their faces covered with bandannas. One fired an automatic weapon, imitating the guerrilla warfare of an earlier generation.

The actions of the men, photographed at a demonstration here last month that left two police officers dead, have reverberated deeply in Salvadoran society, leading many to wonder whether the bad old days of civil war might return.

"We have to admit that a new revolutionary fringe is forming," said Beatrice Alamanni de Carrillo, El Salvador's ombudswoman for human rights. "It's an open secret."

A 1992 peace treaty between El Salvador's right-wing government and the leftist Farabundo Marti National Liberation Front, or FMLN, brought this country's civil war to an end after more than a decade of guerrilla warfare and government-sanctioned killings and massacres. The FMLN became a legitimate party and entered politics.

But frustration with the country's lingering poverty, and the continuing political domination of the right-wing Nationalist Republican Alliance, known as Arena, has fed a growing discontent within the ranks of the FMLN, analysts say.

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"This is a very patient country where the people have not yet seen any solution to their social and economic problems," said Leonel Gomez, a political analyst here who has worked as an investigator on several U.S. congressional inquiries. "If there are no solutions, people start to yell. If you don't answer them, they yell more. If even then you don't listen to them, they will start to shoot at you."

The attack on police officers occurred during a student demonstration outside the National University, the scene of many violent and tragic protests during the civil war. The incident began as a peaceful protest of increases in bus fares and utility rates.

According to news and police reports, a group of radical FMLN activists known as the Limon Brigade from the San Salvador suburb of Mejicanos was responsible for the attack. Many have parents who fought and died in the civil war, sources close to the group say.

"They come from a culture of social consciousness," said one source who asked not to be named. "They live in poverty and in a community which has been packed with weapons" since a 1989 guerrilla offensive.

Photographs captured at least one young man firing an automatic weapon. Police and news reports later identified him as Jose Mario Belloso, a leader of the Limon Brigade who had held positions in the FMLN-controlled Mejicanos city government as recently as 2003. At one point, he was elected to the Mejicanos City Council.

FMLN officials said Belloso was expelled from the party last year for disobeying orders from party leaders. He remains at large.

After the incident, the FMLN issued a statement declaring its "emphatic condemnation of the use of violence."

But the same communique called on the government to "revive" the 1992 peace treaty, saying that several provisions of the agreement are no longer being enforced.

One complaint repeated often by FMLN leaders and human rights activists is that former members of right-wing death squads hold key positions in the country's police forces.

"We signed the treaty, but we've never lived the peace," said Gregorio Rosa Chavez, the auxiliary bishop of San Salvador. "Reconciliation is not just based on healing wounds, but also on healing them well…. People are losing confidence in the institutions."

The overwhelming majority of FMLN activists and supporters have not given up on Salvadoran democracy, analysts say. But the members of the Limon Brigade and other groups think the party leadership has failed to offer strong resistance to the austerity policies and anti-crime measures of the government of conservative President Tony Saca.

"The only thing we've produced after the peace accords is more crime and more hunger," Gomez said. "What these young people are saying is that they are revolutionaries."

Saca accused leftist leaders of being involved in the deadly protest and other violent demonstrations.

"If we look at the burning of buses, the blockade of streets … the takeovers of the [National] Cathedral, we can see that in all of these incidents the same people are present, and that they belong to groups linked to the FMLN," Saca told the newspaper El Diario de Hoy.

"It's necessary, for the health of our democracy, that the FMLN disassociate itself completely" from these groups.

Times staff writer Tobar reported from Mexico City and special correspondent Renderos from San Salvador.

No Water At Libyan Embassy In D.C. (AP)

AP, August 9, 2006

Libya wants to reopen an embassy in the United States, but it can't get the District of Columbia to turn on the water.

The Libyan government sued the D.C. Water and Sewer Authority last week in federal court, demanding that the property's water and sewer service be turned on. The lawsuit also asks for $1 million in damages.

At the heart of the dispute are more than $27,000 in outstanding water and sewer bills. The D.C. utility won't provide water or sewer service until someone pays.

The city's records show water and sewer accounts at the property in the name of the "United Kingdom of Libya," and the authority has filed a lien demanding payment, The Washington Times reported Tuesday.

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Libya says it hasn't occupied the Wyoming Avenue building since 1981, when the U.S. government cut diplomatic ties with the country and shut the embassy.

Washington announced in May that it would restore normal diplomatic relations with Libya. The U.S. State Department officially removed Moammar Gadhafi's regime from its list of state sponsors of terrorism on June 30.

The United Arab Emirates took control of the embassy property after the Libyans left. And, according to the suit, squatters stayed there for several years without permission from Libya or UAE.

The UAE evicted the squatters in 2003 and ordered water and sewer service to be shut off, the suit said.

The Libyan government said it shouldn't have to pay because it didn't authorize the service.

The city agency declined to comment on the suit but said they treat foreign embassies the same as other customers, said Michele Quander-Collins, a spokeswoman for the water authority.

"Basically, if they're in arrears, we pursue the customer no matter who they are," she said.

The city utility has filed property liens against more than a dozen foreign countries in recent years, records show. The debts ranged from a few hundred dollars to tens of thousands — and some will be difficult to collect.

The Republic of Yugoslavia disintegrated in the 1990s but still owes more than $14,000 to the city, according to a lien filed last year. And the former Zaire — now known as the Democratic Republic of Congo — has had more than $20,000 in outstanding bills, according to another lien.

Deaths Of Aid Workers In Darfur On Rise, U.N. Says (NYT)

By Lydia Polgreen

The New York Times, August 9, 2006

DAKAR, Senegal Aug. 8 — More aid workers in Darfur, the troubled Sudanese region, have been killed in the past month than in the previous three years of conflict there, the United Nations said Tuesday.

Eight aid workers, all of them Sudanese, were killed in July in attacks across Darfur, the United Nations said, compared with only six from 2003, when the conflict began, through June.

“The level of violence being faced by humanitarian workers in Darfur is unprecedented,” Manuel Aranda da Silva, the top United Nations aid official in Sudan, said in a statement.

The violence has already contracted the scope of aid operations, depriving tens of thousands of people of food handouts, medical care and clean water. Beyond that, the deepening chaos imperils the effort to help millions of other displaced people in the region, officials of aid groups that work in the region say.

A United Nations map of no-go areas is covered with blotches of orange, indicating vast regions where aid workers cannot reach people trapped in camps and villages. About 14,000 workers are in Darfur, 1,000 of them foreigners.

The spike in violence has occurred as the peace agreement signed in May has faltered. The pact was supposed to end the fighting in a conflict between non-Arab rebel groups and the Arab-dominated central government, from which the rebel groups sought greater autonomy and more of Sudan’s wealth for the long-neglected Darfur region.

But the landscape has grown more perilous since the pact was signed in Nigeria. On Monday, the rebel leader who signed it, Minni Arcu Minnawi, became the senior assistant to the president, as stipulated by the agreement, but amid allegations that his troops were carrying out bloody raids in North Darfur to try punish other rebel groups that had not signed the agreement.

Mr. Minnawi met with President Bush at the White House on July 25, in the wake of a United Nations report released earlier in the month that said Mr. Minnawi’s troops were “indiscriminately killing, raping women and abducting.”

Elements of the two groups that did not sign, the Justice and Equality Movement and a faction of the Sudan Liberation Army, have joined forces to form the National Redemption Front, which is firmly opposed to the agreement. The group said Monday that it had shot down a government Antonov bomber, a statement the Sudanese military quickly denied. The latest fighting in North Darfur has routed 25,000 people from their homes.

The crowded camps in Darfur and eastern Chad, where 2.5 million people pushed from their homes in recent years by the conflict live, have become anxious and turbulent, making aid work in them dangerous.

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"Since the signing of the agreement, Darfur has become increasingly tense and violent," Paul Smith-Lomas, regional director of Oxfam, an aid group with a large presence in Darfur, said in a statement. The declining security situation, he added, "has led to the tragic deaths of far too many civilians and aid workers."

Chinese Official Executed As Taiwan Spy (AP)

By Joe Mcdonald, Associated Press Writer

AP, August 9, 2006

An official from China's social security fund has been executed on charges of spying for rival Taiwan, a spokesman for the agency said Tuesday, and government employees have been required to watch a video about the case.

Tong Daning, director of the general office of the National Social Security Fund, was executed April 21, said Yan Caiping, the agency's chief press officer. Yan said Tong was convicted of spying for Taiwan but wouldn't give any other details.

China and Taiwan, which split in 1949 amid civil war, are believed to spy actively on each other.

Beijing claims Taiwan as its own territory. The communist mainland government has threatened repeatedly to attack and has been trying to isolate the island internationally, giving Taipei a strong interest in the mainland's military and diplomatic policy.

A spokesman for Taiwan's Ministry of Defense, Wang Rui-lung, said he couldn't comment on whether Tong spied for Taipei.

In 1999, a Chinese general and colonel reportedly were executed for selling military secrets to Taiwan. The officers sold information about 1996 missile tests carried out by Beijing near Taiwan in an attempt to intimidate voters during the island's first direct presidential election, according to Taiwanese reports.

In the latest case, employees of Chinese universities, radio and television stations and other agencies have been required to watch a video titled "Tong Daning's Spying Case" in recent weeks.

The video is meant to "strengthen employees' concept of protecting secrets," said the Web site of a river management agency in the central province of Henan.

Similar accounts appeared on Web sites of more than a dozen other agencies, including weather bureaus and a family planning office. Some showed employees watching the video and taking notes but none gave any details of its contents.

The mainland government has steadily expanded its arsenal of missiles, submarines and other long-range weapons in an effort to extend the reach of its military and back up threats to attack Taiwan.

Beijing also has waged a successful campaign to isolate Taiwan on the world stage, pressing its diplomatic partners not to treat the island as a sovereign nation and to bar its democratically elected government from the United Nations and other world bodies.

Last month, Taiwanese news reports said two officers of Taiwan's Military Intelligence Bureau were captured by Chinese agents in Vietnam in May after they went there to meet a double agent.

The two sides have no official ties, but commercial relations are thriving, and Taiwanese companies have invested some $100 billion in factories and other assets on the mainland.

In 2004, China displayed before reporters a group of Taiwanese businessmen who it said were caught spying for Taipei.

Punks And Posers In China (WP)

By Maureen Fan

The Washington Post, August 9, 2006

BEIJING -- Shortly after midnight, in a smoky bar in a western Beijing neighborhood, a lanky 33-year-old in blue jeans and thick, black-rimmed glasses took the stage, looking every bit like an engineering student.

But as the guitarists on either side of Yang Haisong began thrashing out minor chords, he left little doubt about his credentials. He contorted his face, uttered an anguished cry and jerked his head to the frenetic rhythm that is universally recognizable to fans of punk rock.

"At the moment when blood flows out," Yang sang, "make a V sign, and scream loud!"

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For Chinese punks today, it might take screaming to be heard. They make up a small slice of the music industry here, and they play to a largely underground scene. But their struggle to gain attention provides a glimpse of what it's like to be a rebel in a country that suppresses dissent and individuality, and an artist in a culture that worships money and Western fads.

"Most bands are into punk because it's fashionable. They are more like copy bands, cover bands that copy the lifestyle. Punk rock should be more dangerous, more deep. You should establish your own style," said Yang, the lead singer of P.K. 14, which has a sizable following and performed Saturday night at a bar in Beijing's Wudaokou district.

"We want to be a dangerous band, like Fugazi or The Clash or Bob Dylan. Woody Guthrie's folk music influenced me a lot," Yang said. "But because the government doesn't care about us, we are not forbidden from playing. Maybe we are not dangerous. It's sad."

In the West, punk rock is about annoying your parents and confronting the establishment at every turn. In theory, it's the same in China.

Punks here believe they can say whatever they want. They are pierced and sullen, with spiderweb tattoos on their elbows and cheap dye in their hair. Band slogans include "No future" and "Revolution for your life." Their lyrics urge fans to "never forget the lessons from Orwell" and to fight the police "until dead."

But in China, bands can't publicly turn the national anthem into a rock statement, as Jimi Hendrix did at Woodstock. Artists can't publish anti-government songs in Chinese. Just last month, the Culture Ministry announced a plan to help prevent the spread in karaoke bars of "unhealthy or obscene" music, or songs that have inappropriate sexual or political content.

As a result of these limitations, would-be anarchists in China have to be flexible. Chinese punks may admire Johnny Rotten and Sid Vicious of the Sex Pistols, but their methods are different.

One popular band sings sarcastically about its destructive need for Zhongnanhai cigarettes, a brand that happens to share its name with the residential compound for China's top leaders. Another band sings about "the square of hopelessness," without ever mentioning Tiananmen.

Still, some punk rockers say they don't shy away from making a statement.

"You can confront the government," insisted Lei Jun, 31, lead singer for Misando, a band named after a sweet traditional Chinese dessert.

Lei said he started listening to bootleg tapes of punk music in 1996. He and his friends attended their first live show a year later, more than two decades after punks began shocking audiences in New York and London.

"First, we liked the music. We felt excited," said Misando's drummer, Guo Yang, 20. "The characters. The personality. Sid Vicious. The power of 'Anarchy in the UK' and 'God Save the Queen.' We liked the energy and the fact that they could say what they were saying on stage."

Today, Lei wears combat boots, black T-shirts and white suspenders, and he shaves his head. It's a look, he said, meant to connect with the working class. He speaks of a "stress between the people and the government."

"Of course the government tells you what to do. It tells Americans what to do," he said. "The politics everywhere are ugly. It looks different here, but the nature of it is the same."

Li Yang, 23, is the lead singer for a band called Demerit. He spent $3 to dye a chunk of his black hair blond. He gave a tailor another $3 to narrow a pair of black pants and add huge zippers and chains. A button on his jacket said, "No Life, No Future."

At a recent day-long punk festival at a drive-in movie theater, where even the resident dog had a mohawk, Li argued that Chinese punks have rejected the drugs and violence of some of the punks who gave rise to the genre in Europe and the United States.

"They were troublemakers," said Li, who is also known as Spike. "We are trying to change the image of punk rockers. We just want to tell the audience that the music is pure and that we are nice and not violent."

Many punk rockers in China are long on style and short on substance, critics say. Few of them can articulate what they stand for or explain what their songs mean. Some claim to be voices for the downtrodden but aren't familiar with true poverty.

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Critics point out that most of the punks are members of a generation born in the 1980s, and the first to be raised in the one-child-only families mandated by the government. Their parents are seen as more indulgent, willing to let their only children lead the lives that they want.

"They don't know what they want because they want so many things," said Lu Bo, chief executive of Scream Records and owner of a now-defunct club that helped popularize punk music in Beijing eight years ago. "Those born in the '60s and '70s were told by their teachers and parents, 'This is the way you should lead your lives.' No one told this group. They're free to follow new trends."

Some analysts say that, in a way, China's punks can afford to be a little aimless. Many of them are more well-off than their parents.

"We have a lot of anger, but because of the high speed of the economic growth, it has covered the anger, the injustice," said Guan Kai, a sociologist who was among the protesters at Tiananmen Square in 1989.

Back then, a subversive song called "A Piece of Red Cloth" by Cui Jian, the father of Chinese rock-and-roll, became an anthem for the students:

That day you used a piece of red cloth
To blindfold my eyes and cover up the sky
You asked me what I had seen
I said I saw happiness
The feeling really made me comfortable
Made me forget I had no place to live
You asked where I wanted to go
I said I want to follow your road

The new generation of musicians don't have the same sense of mission, Guan said.

Even as they claim the freedom to say whatever they want, punks admit there are lines they cannot cross.

"When we were younger we believed in politics, but we found it to be useless," said Lei, Misando's lead singer, listening to a mix of The Pogues and Madness on his bassist's home computer. "We used to have a song about police injustice, called 'The Soul of Chinese Cops.' But we're not politicians or the president. We can't change the system."

The obstacles to China's music, filmmaking and painting are not always from government censors. China's pressure-cooker university system has been criticized for destroying creativity and preparing students only for exams. Much of the most interesting art is found underground. Often, it is society that is unsupportive.

"If a filmmaker shows the dark side of society, for example, homosexual life, even if the government doesn't stop you, people will not come out to see the film," Lu said. "If you are a singer and you have your own style of music and only five people come to see you, can you survive?"

At a recent concert, a Chinese punk rocker was "just following the script for punkness" and attacking President Bush, said Michael Pettis, owner of the club where P.K. 14 performed. "Chinese punks should be attacking Hu Jintao, but that's not the way it works in China. That's dangerous."

Cui Jian, an icon for some punks in China, said cooperating with government censors doesn't necessarily mean you have to change the meaning of a song. "Chinese punks want to show they're angry. That's enough. They don't have to make a big statement," he said in an interview. "The most important thing is don't lose yourself."

Yang Haisong, the lead singer of P.K. 14, said Chinese are looking for meaning in a country that is changing so drastically. "The average man has to look for support, something to live for," he said. "The government told people you should live for money, a house, a car, a bigger house. So more people get rich and more people get poor. It's a bad situation. Some foreigners say China has a bright future, but I say there's no future.

"I try to sing about this, express this in our music," Yang said. "I am not a fighter, a protester, a politician. Music is what I do, I can only do that."

Time To Act On Burma (WP)

DOJ_NMG_0045581

The Washington Post, August 9, 2006

THIS MIGHT seem the least likely moment to expect the U.N. Security Council to take up the question of Burma. Lebanon is burning; Iran is going nuclear -- do the world's diplomats really need one more intractable problem?

But in one sense, the fact that Burma is not at the top of anyone's agenda is exactly the reason the Security Council should act. Burma, also known as Myanmar, offers the United Nations a chance to show that it can deal with a threat to global security before it explodes onto the front page. Burma is not engaging in nuclear blackmail, and it has not attacked a neighboring country. But its malevolent dictatorship does represent a threat to peace: Its depredations at home (mass rapes, enforced child labor, burning of farms and villages) push masses of refugees across its borders. Its economic failures make it a locus of AIDS and other diseases. Its corruption makes it a leading source of illegal drugs. And its population of 50 million suffers under a regime whose repressiveness is rivaled only by North Korea's.

In the face of this anguish, the beleaguered democrats of this Southeast Asian nation are asking only that the Security Council put their misery on its agenda. They are not asking for U.N.-mandated sanctions, let alone peacekeepers or intervention -- only some attention from Secretary General Kofi Annan and the international body that promised, not so long ago, not to let notions of national sovereignty keep it from standing up for human rights.

This shouldn't be a hard call. Unlike many dictatorships, Burma boasts a clearly legitimate alternative: the National League for Democracy, which demonstrated overwhelming popular support when the hubristic junta mistakenly permitted free elections in 1990. Many party leaders have been in prison since, and the NLD's leader -- Nobel Peace Prize laureate Aung San Suu Kyi -- is under house arrest. But despite that treatment, she and her colleagues are asking only for dialogue about a gradual transition to democracy. The Security Council needs to put Burma on its formal agenda and then adopt a resolution calling for her freedom and the release of all political prisoners; for a process of national reconciliation with the democrats at the table; for U.N. and other international aid to flow directly to Burma's most vulnerable people, not through the corrupt bureaucracy; and for Mr. Annan to report back regularly on progress made on all these points.

The United Nations would enhance its own stature by associating itself with Burma's nonviolent democrats.

Three Of The Lucky Ones (WSJ)

The Wall Street Journal, August 9, 2006

The story of the North Korean refugees who received asylum in the U.S. last month has received little attention world-wide. But it's the first glimmer of hope for the tens of thousands of desperate North Koreans -- perhaps more -- who are hiding in northeast China.

The three refugees arrived in the U.S. directly from Shenyang, China, where they had sought refuge in the U.S. consulate. For those who follow the plight of the North Korean refugees, this is an extraordinary development. Until now, China had strictly enforced its policy of repatriating every refugee it tracks down and catches -- a policy that condemns returnees to the North Korean gulag, or worse. The fact that Beijing authorized the release to the U.S. of the three North Koreans hints that it might be reconsidering this inhumane policy.

Many North Koreans in China live as virtual slaves, sold to locals as "wives" or laborers. Others hide in forests and eke out a living off the land. It's a telling commentary on life in Kim Jong Il's workers' paradise that this doesn't stop desperate men and women from crossing the border. Those who eventually escape all the way to freedom do so via an underground railroad that ferries them thousands of miles across China to bordering countries and then, usually, on to Seoul, but now also to the U.S.

That's what happened to the first group of refugees who were granted asylum in the U.S. in May under the 2004 North Korean Human Rights Act. The four women and two men arrived here from an unnamed third country in Southeast Asia to which they had been shepherded by a South Korean Christian network.

It's too early to know how to interpret the Chinese move. Beijing could be making a one-time offering to President Bush, who pressed the subject when Chinese President Hu Jintao visited Washington in April. Or it could be sending a signal to Kim Jong Il, who undoubtedly recalls the East German exodus to West Germany before the fall of the Berlin Wall and fears his regime could be threatened if North Koreans similarly voted with their feet.

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A more hopeful interpretation is that Beijing may be ready to live up to its obligations under the Convention Relating to the Status of Refugees, to which it is a signatory. China currently refuses to permit the United Nations to help the North Koreans in any way, or even to interview them.

The U.S. wants the U.N. to be able to set up temporary camps in China until the refugees could be transferred to third countries. Several nations -- possibly Mongolia, the Philippines, Thailand -- are willing to be transit ports, providing China does not object and the U.S. pays for it. From there most of the refugees could eventually go to South Korea, whose constitution requires it to accept defectors from the North. Human-rights and religious organizations are prepared to help in the resettlement process. Last year South Korea accepted 1,387 refugees.

The plight of the North Koreans in China is a humanitarian disaster. While Pyongyang bears ultimate responsibility for the abuse of its people, China acts as a facilitator. We hope it is finally willing to fulfill its obligations under international law to provide for the humane treatment of refugees. Until then, the North Koreans who just made it to the U.S. are three of the lucky ones.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

A Fight Against Terrorism -- And Disorganization (WP) ... 3
One Of Seven Alleged Terrorist Plotters Seeks Release On Bail (AP) ... 7
How An Overachieving Law Professor Toppled The President's Terror Tribunals (LAW) ... 8

Patriot Act:

Foes Of FBI Searches Of Library, Internet Records Renew Challenge (NJTD) ... 11

Homeland Response:

Peace Group Under FBI Surveillance (NCR) ... 12
Passport Chip Sets Security Concerns (WSJ) ... 13
Report Warns Of Vulnerable Munitions (WP/MCT) ... 14
Testing Of An ID Takes Step Ahead (NYT) ... 14
Pinned Under The Weight Of 9/11 History (NYT) ... 15
Intimate 'Trade Center' Tells Larger Tale (USAT) ... 16
New Oliver Stone Film Commits One Offense: Making 9/11 Tedious (WSJ) ... 17
Oliver Stone's 'Trade Center' Is Two Stories Short (WP) ... 18
$400 Million FEMA Contracts Now Total $3.4 Billion (WP) ... 19
Agencies In New Orleans Struggle To Rebuild Workforce (WP) 21
Sense Of Duty Lures 'Expats' Back Home To New Orleans (LAT) ... 22
U.S. Officials Revise Outlook For Hurricanes (NYT) ... 23
NOAA Curtails Hurricane Forecast (WP) ... 24
Forecasters Predict Fewer Hurricanes (USAT) ... 25

War News:

Bombings, Shootings Kill 33 Across Iraq (AP) ... 25
At Least 20 Die In Series Of Baghdad Bombings (USAT/AP) ... 26
Bank Robbery And Bombs Kill 24 In Iraq (NYT) ... 27
Shia Embrace Partitioning Of Iraq (LAT) ... 28
So What's Our Role In Iraq's Civil War? (WP) ... 29
Swath Of North Turned Over To Iraqi Army (WP) ... 30
Prognosticating Below Par (WP) ... 31
War Crimes Act Changes Would Reduce Threat Of Prosecution (WP) ... 32
Soldier Describes Unit 'full Of Despair' In Iraq (USAT/AP) ... 34
Prosecutors Shun Excuses For Accused GIs (AP) ... 35
At Rape Hearing, U.S. Soldiers Describe Stress Of War (WP) ... 36
Iraqi Refugees Seek Safe Harbor -- In U.S. (WSJ) ... 37
Bogotá Set To Assist In Kabul's Drugs Battle (FT) ... 38
Witness: CIA Worker Says He Hit Afghani (AP) ... 39
Army Recruits Learn Combat From Experts (USAT) ... 39
Center For War-related Brain Injuries Faces Budget Cut (USAT) 40

DOJ:

Attorney General Talks Crime (CINE) ... 41
Attorney General To Add 23 Drug Prosecutors (AP) ... 41
Gonzales Tours OTR, Announces New U.S. Attorney For Region (CHANCIN) ... 42
U.S. Attorney General Visits Cincinnati (WKRC-TV) ... 42

Corporate Scandals:

Pixar Granted Options At Lows; Cablevision Is To Delay Results (WSJ) ... 42
Apple Execs, Former GC Seek Counsel In Face Of Backdating Probe (LAW) ... 44
Suit Against American Express Is Reinstated (WSJ) ... 44
Judge Delays Grasso Trial Date, Will Decide If Pay Was Reasonable (WSJ) ... 45
Grasso Compensation Trial Hinges On Issue Of 'Reasonable' Pay (WP) ... 45

Criminal Law:

Mayor's Friend Gets 21/2 Years (PHI) ... 46
Not Worth The Stretch (PHDN) ... 47
Phila. Mayor's Ex-Law Partner Sentenced (WP/AP) ... 48
Report: San Diego Books Long Mismanaged (AP) ... 48
Report Compares San Diego Pension Fund Scandal To Enron (LAT) ... 49
Neeb Cries Foul In Investigation (BRADV) ... 50
Ohio Executes Man Convicted Of Killing 3 (FINDLAW/AP) ... 51
Online Predators Less Prevalent (USAT) ... 51
Lawyers In Murder Appeal Use Cigarette-Break Defense (NYT) 52
FBI Joins Hunt In Boiling-oil Murder (BSH) ... 52
Woman Sought In Husband's Hot Oil Death (WP/AP) ... 53
Woman Pleads Guilty To Katrina Fraud (CL) ... 53
Hotel Owners Arrested (NATDEM) ... 53
Waltham Man Charged With Defrauding 50 Out Of About $5 Million (AP) ... 54
Fund Manager Gets Six Years For Fraud (ABJ) ... 54
Man Admits Stealing Trade Secrets (SDUT) ... 54

Woman Gets 4 Years In Prison For Extortion Against Strippers (AP) ... 55
Crime Emergency Affects Very Little (WT) ... 55
Prostitution Sting Nets 4 Near BWI (WT) ... 56
Is Copying A Crime? Well … (LAT) ... 56

Civil Law:

City Takes On U.S. In The Battle Of Independence Square (NYT) ... 60
A Face Is Exposed For AOL Searcher No. 4417749 (NYT) ... 61
Coalition Urges House To Let Whistle-blowers Speak Freely (HILL) ... 62

Civil Rights:

Mo. Landlord, 85, Accused Of Harassment (AP) ... 63
Davis To Gonzalez: GOP Candidate Riley Wrong For Voter Database (AP) ... 64
Davis Claims Court Decision A Partisan Move (TUSN) ... 64
Ex-Policeman Admits Civil-Rights Crimes (LAT/AP) ... 65
Ex-officer Admits Guilt In Threats (BSUN) ... 66
Federal Appeals Court Rules Against Workplace PC Privacy (SFC) ... 66
U.S. Court Rules Against Employee Computer Privacy Rights (BCNS) ... 67
Assaults On Jail Guards Doubled (BSUN) ... 67
Proposal Adds Options For Students To Specify Race (NYT) ... 68

Antitrust:

Tulsa Firm, Officials Plead Guilty In Pipeline Case (TULSAW) ... 69
Aramark To Be Sold In $6.3 Billion Deal (WSJ) ... 70
Aramark OKs $6.3B Offer To Go Private (USAT) ... 70
Nokia To Buy Loudeye In Bid To Outdo ITunes (NYT) ... 71
Generic Version Launched Of Bristol-Myers Best Selling Drug (AP) ... 71
Sanofi, Bristol-Myers Face Generic Rival For Plavix (Update5) (BLOOM) ... 72
Bristol-Myers Sees A Generic Rival To Plavix (NYT) ... 74
Blockbuster Deal: Cinemark To Buy Century (SACBIZ) ... 74
Anadarko Gets Clearance For Acquisitions (AP) ... 75
Wi-Fi To The Max (WSJ) ... 75

Environment:

Bodman Confident Oil Supply Can Recover (AP-Y) ... 76
Country Can Cope With Oil Loss, Energy Chief Says (NYT) ... 76
May Be January When Alaskan Oil Flows As Before (LAT) ... 77
BP Considers Ways To Keep Part Of Its Prudhoe Bay Oil Field Open (WSJ) ... 79
Bush Eschews Harsh Medicine In Treating U.S. Oil 'Addiction' (WSJ) ... 80
Gas Prices Hold Steady Despite Oil Field Shutdown (NYT) ... 82
Gas Prices Alter Habits Of Many, But Far From All (NYT) ... 83
BP Given Earlier Warning Of Corrosion (FT) ... 84
For BP, A Pair Of Repairs (WP) ... 85
BP Faces Scrutiny For Pipeline Shutdown (AP) ... 86
Worries Rise Over Pipeline Reliability (USAT) ... 88
Lessons From Prudhoe Bay (NYT) ... 88
Loss Of One Oil Field Stings; Scores More Lie Untapped (USAT) ... 89
Drilling Isn't The Answer (USAT) ... 89
Crisis In The Pipeline By (WSJ) ... 90
Judge OKs Camping Ban Near Bush Ranch (AP-Y) ... 91
Bush Tells Staff To Make A Run For It (LAT) ... 91
Inside Politics (WT) ... 92
Court Rejects Nev. Yucca Mountain Appeal (AP-Y) ... 93
States Scrape Up Bird Flu Drug Funds (USAT) ... 94
Let The Antelope Roam (NYT) ... 95

FBI/DEA/ATF/USMS:

Dunn Pursues Sheriff Dispute To U.S. Att'y General (FAYCIT) ... 96
'Mastermind' In '94 Slaying Of U.S. Drug Agent Convicted (AR) 96
Man Convicted In Phoenix Of Murdering DEA Agent In 1994 (AP) ... 97
9 Plead Guilty In Marijuana Ring In Upscale Neighborhoods (TT) 97
Buffy Sainte-Marie's Censored Sounds (ICT) ... 98
Banned Track Coach Seeks Reversal By The USOC (AP) ... 99
Graham Says A Polygraph Proves He Was Not Doping (NYT) 100
Lengthy Mandatory Sentence Appealed (AP) ... 100
Alleged Drug Leader Caught In Venezuela (AP) ... 101
US Defends Opium Policy Despite Afghanistan Violence (GUA) 101
Colombian Guerrilla Was Board Member Of Public Utility (AP) 102
At 2nd Inauguration, Colombia's Uribe Vows To Pursue Peace (LAT) ... 102
Drug Addiction Rates Soar In War-Torn Afghanistan (VOA) ... 103

Immigration:

Risky Measures By Smugglers Increase Toll On Immigrants (NYT) ... 104

Tax:

Tax Shelters Under Scrutiny At Seattle Hedge Fund Firm (NYT) 105

Congress-Administration:

ABA Urges Halt To `signing Statements' (BOS) ... 107
ABA Condemns President Bush's Use Of Signing Statements (LAW/AP) ... 108
VA Chief Blamed For Data Thefts (AP-Y) ... 108
WASHINGTON IN BRIEF (WP) ... 109
WTO Negotiator Penn To Resign (WSJ) ... 109
Slow Senate Likely To Force Omnibus Bill (WT) ... 110
Pension Reform Aims To Boost Savings (CSM) ... 111
New Bill May Boost Charitable Giving (WSJ) ... 112
U.S. Lists Places Where It Could Force New Power Lines (NYT) 113
Fiscal Experts Question Cost Effectiveness Of Medicare Plans (USAT) ... 114
F.D.A. Gains Accord On Wider Sales Of Next-Day Pill (NYT) ... 115
Medicare Payments To Doctors Face Cuts (NYT) ... 115
Stem Cell Limits Have Scientists Seeing Double (LAT) ... 116
Miller May Have Violated House Ethics Rules By Borrowing $7.5M (HILL) ... 118

Other News:

Fed Keeps Key Rate Steady At 5.25% (WP) ... 119
Fed Lets Rates Stay Put For Now (USAT) ... 120

DOJ_NMG_0045585

In Policy Shift, Fed Calls A Halt To Raising Rates (NYT)..... 121
Fed Pause Aims To Balance Risks Facing Economy (WSJ).... 122
Fed Rate Pause Could Be Brief (USAT)..... 124
Fed Holds Rates For First Time In Two Years (FT) 124
Stocks Stumble After Fed Leaves Rates Unchanged (WSJ).... 125
Stocks Fall Despite Fed's Pause In Rates (USAT)..... 126
A Pause That Digresses (WSJ)..... 126
Taking The Vice Out Of Pro Hac Vice (LAW)..... 127
Virginia Vs. Vermont (WP)..... 128
Lieberman Defiant In Defeat (HARTC)..... 129
LAMONT ROMPS TO WIN; LIEBERMAN VOWS INDEPENDENT RUN; DESTEFANO TOPS MALLOY (NB)..... 130
Lamont Defeats Lieberman In Primary (NYT) 131
Lieberman Loses Primary (WT)..... 133
A Referendum On Iraq Policy (NYT) 134
Lamont Victorious, But Lieberman Stays In Race (NLD) 135
Lieberman Loses Senate Race In Conn. (USAT)..... 136
Support For War Weakened Lieberman From Start (USAT) 136
Lamont Relied On Net Roots -- And Grass Roots (WP) 137
Lieberman Is Defeated In Primary (LAT)..... 139
Lieberman Defeated In Democratic Primary (WP) 140
Lieberman Campaign Website Hacked (AP)..... 142
Charges Of Dirty Tricks On Web Feed Speculation In The Blogosphere (NYT)..... 143
Revenge Of The Irate Moderates (NYT)..... 144
The Lieberman Lesson (NYT)..... 145
Moms Of Slain Troops Weigh New Goals (USAT)..... 146
Johnson Declares Victory Over McKinney (AJC)..... 147
Georgia Voters Oust McKinney From Congress Seat — Again (USAT/AP)..... 149
Democratic Congresswoman Loses Georgia Runoff For Re-election (NYT)..... 149
DeLay Vows To Take Name Off Texas Ballot (AP-Y)..... 150
DeLay Rules Out Campaign For His Former House Seat (NYT)151
GOP Plans Write-in For DeLay Seat (WT)..... 151
With DeLay Out, GOP Searches For Write-In Candidate (WP) 152
Tom DeLay Will Not Run (HILL) 153
DeLay Vows To Get His Name Off Texas Ballot (USAT)..... 154
Republicans Keep Distance From Bush (FT)..... 155
Law May Complicate Plans To Replace Ney (AP-Y)..... 156
After Ney Exit, Padgett Faces Ballot Hurdles (HILL)..... 156
Give Clinton Credit For Welfare Reform (WSJ)..... 158
In Your Heart, Not Quite Right (WP)..... 159
Why He Did It (HILL)..... 160
The Measles Vaccine Follies (NYT) 161
Bid To End Lebanon Crisis Falters (FT) 162
Push For Cease-Fire Heats Up At U.N. (LAT)..... 162
U.S., France At Odds On Resolution For Mideast (WP) 164
U.S. Says Lebanese Forces Need Help (AP)..... 165
Lebanese Army May Help Break Deadlock (AP)..... 166
Local Force Lebanon's Army, Key To U.S. Plan, Is Work In Progress (WSJ) 167
End This Tragedy Now (WP) 169
Anti-U.S. Feeling Leaves Arab Reformers Isolated (NYT) 171
In Mideast War, Stakes Keep Rising (CSM)..... 172
Hezbollah Visitors Arrive With Questions (WT) 173
Left Or Right, Israelis Are Pro-War (NYT) 174
British MPs To Demand Recall Of Parliament (AFP) 176
Democracy And Its Discontents (WSJ)..... 177
Buffett And Hezbollah (NYT)..... 178
Red State Jews (WSJ)..... 179
Israel Edges Closer To Expanding Ground War In Lebanon (MCT)..... 180
Israeli Attacks Kill 13 In Lebanon (WT/AP)..... 181
Israel Shuffles Command Of Lebanon Offensive (WP)..... 182
Israel Forbids Vehicle Traffic In Southern Lebanon (USAT/AP) 184
Thousands Of Residents Are Moved From Northern Israeli Towns As Rockets Keep Falling (NYT) 185
Israelis Confront 'New Kind Of War' (WP) 186
With Fatal Blasts, War Invades Quiet Enclave Of Beirut (WP) . 187
As Lebanon's Fuel Runs Out, Fears Of A Doomsday Moment (NYT) 188
Muslim Charities Say Fear Is Damming Flow Of Money (WP) . 189
U.S.: No Sign Iran Will Comply With U.N. (AP) 191
Pakistan, Iran Boost Terror Cooperation (AP)..... 191
Momentum Builds For Iran-sanctions Bill (HILL) 191
India Fears Terrorism May Attract Its Muslims (NYT) 193
Cuba's Military Men Loyal To Raul Castro (AP) 195
Cuba Eyed For Unpaid Claims (WT) 196
Exiles' Vision For Cuba A Mix Of Hope, 'fantasy' (USAT)..... 197
Mexico Recount Augurs Few Changes (WSJ) 199
Battle Escalates Over Cheap U.S. Corn Popping Into Mexico (USAT)..... 200
Politics Of Corn Loom For Divided Mexico (CSM) 201
Russia Negotiating Arms Sales To Buenos Aires (WT) 202
A New Rebellion In An Old Conflict (LAT) 203
No Water At Libyan Embassy In D.C. (AP) 204
Deaths Of Aid Workers In Darfur On Rise, U.N. Says (NYT).... 204
Chinese Official Executed As Taiwan Spy (AP) 205
Punks And Posers In China (WP)..... 206
Time To Act On Burma (WP)..... 207
Three Of The Lucky Ones (WSJ) 208

TERRORISM NEWS:

A Fight Against Terrorism -- And Disorganization (WP)

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By Karen Deyoung

The Washington Post, August 9, 2006

Early this summer, a new strategy for combating terrorism, described by its authors as "revolutionary" in concept, arrived on President Bush's desk. The highly classified National Implementation Plan for the first time set government-wide goals and assigned responsibility for achieving them to specific departments and agencies.

Written by officials at the National Counterterrorism Center, under a directive signed by the president last winter, the 160-page plan aspires to achieve what has eluded the Bush administration in the five years since the Sept. 11, 2001, attacks: bringing order and direction to the fight against terrorism.

In the years since Bush stood atop the smoldering ruins of the World Trade Center and pledged retaliation against "the people who knocked down these buildings," the federal government has undergone an unprecedented expansion and reorganization.

Yet the counterterrorism infrastructure that resulted has become so immense and unwieldy that many looking at it from the outside, and even some on the inside, have trouble understanding how it works or how much safer it has made the country.

Huge amounts of money have been spent -- $430 billion so far on overseas military and diplomatic counterterrorism operations, according to the U.S. comptroller general, a tripling of pre-9/11 expenditures for domestic security programs to an estimated $50 billion to $60 billion this year, and untallied billions more in state and local money.

Institutions historically charged with protecting the nation have produced a new generation of bureaucratic offspring -- the Pentagon's Counterintelligence Field Activity (CIFA) and Joint Intelligence Task Force for Combating Terrorism (JITF-CT), the Treasury Department's Office of Intelligence and Analysis (OIA), and the FBI's National Security Service (NSS), to name a few -- many with seemingly overlapping missions.

New laws have broadened domestic enforcement powers, and the Justice Department has been radically restructured to emphasize counterterrorism. The FBI, where counterterrorism now accounts for half of all investigations, has nearly doubled its budget to $6 billion since 2001 and added 7,000 employees. Twenty-two domestic agencies have been combined under the new Department of Homeland Security, while separate counterterrorism divisions now exist in virtually every nook and cranny of the federal government, from the Transportation Department to the Food and Drug Administration.

Outside Washington, 42 states have established intelligence "fusion centers" -- centralized locations where local, state and federal officials operate joint information-gathering and analysis operations.

The proof that it is all working, White House officials often say, is that there has been no attack on U.S. soil since 2001.

But critics say that after nearly five years, the fight against terrorism often seems like a chaotic work in progress.

"It's as if we're at 2002 and not 2006 in terms of where we are," Rep. Zoe Lofgren (D-Calif.), a member of the House Homeland Security Committee, said in an interview.

The ad hoc construction, adding layer upon layer with none taken away, has left intelligence and security agencies competing for turf. Deadlines for priorities have been missed. DHS, for example, has repeatedly delayed supplying a congressionally mandated list of the nation's critical infrastructure, and a blueprint for information-sharing among federal, state and local entities has been slow to get off the ground.

Continuity and coherence have been undercut by rapid turnover among top officials, particularly in the institutions responsible for domestic security and preparedness.

DHS's cybersecurity division has been run by an acting director since the last full-time appointee -- the third person to leave the post in a year -- resigned in October 2004. In April, the FBI's sixth counterterrorism chief since 2001 tendered his resignation after 10 months on the job. Many with government training and security clearances resign or retire, only to sign on at far higher salaries with the burgeoning private-sector security industry.

At the state and local front lines, officials complain of limited input in the development of homeland security policies and impenetrable layers of federal secrecy -- including as many as 90 categories of "sensitive but unclassified" information -- that limit the usefulness of terrorism alerts they receive from Washington, according to separate surveys this spring by the National Governors Association and the Government Accountability Office.

On paper, at least, the man in charge of much of the counterterrorism effort is Director of National Intelligence John D. Negroponte. His office was created last year under the 2004 Intelligence Reform and Terrorism Prevention Act to fix two widely acknowledged problems. The first was the intelligence community's pre-9/11 failure to collect and share information that might have warned of the al-Qaeda attacks. The second problem was the confusion and competition spawned by post-9/11 attempts to fix the first.

Negroponte supervises the 16 agencies that make up the federal intelligence community and is the president's chief intelligence adviser. Directly under him, the National Counterterrorism Center (NCTC) is the central repository for terrorism information collected throughout the community. Its several hundred analysts integrate intelligence, figure out what it means and

redistribute it across the government. The center's strategic planning division provides what NCTC Director John Scott Redd has called "the missing piece" between White House policy decisions and the operational departments and agencies that carry them out.

"We've done a great deal" in the years since 9/11, said one of a number of counterterrorism officials interviewed for this article, all of whom agreed to speak only if their names were not used. "There's a lot more we need to do. A lot more."

The official added: "The American people ought to have some faith that we're working on it."Beyond the Military Approach

It was only natural that the military would take the lead in fighting terrorism after Sept. 11. In Afghanistan and other al-Qaeda locales, U.S. forces produced victories that were substantive and quantifiable, as well as politically useful to the administration.

Other parts of the government had important roles. But the Defense Department, buttressed by its intrinsic organizational skills, its traditional role as the recipient of the lion's share of the intelligence budget, and the zeal and policymaking influence of Defense Secretary Donald H. Rumsfeld, quickly grew to dominate much more than the war-fighting effort.

The Pentagon has clashed repeatedly with the CIA and the State Department as it has sought to expand its counterterrorism mission. Last year, both protested a secret Pentagon program that sends Special Forces units in plain clothes on intelligence-gathering missions to countries where no war is in progress and with which the United States has friendly diplomatic relations.

The Pentagon argued that troops report to their commanders and the defense secretary, not the secretary of state or the CIA director, and do not need to seek permission from or even to inform local U.S. ambassadors or CIA station chiefs. And, it said, the military needs its own "situational awareness" of possible future combat areas.

When the level of animosity peaked last summer, Rumsfeld and then-CIA Director Porter J. Goss were prodded by Michael V. Hayden, then deputy director of national intelligence, to negotiate an agreement to delineate intelligence-gathering responsibilities. Under a separate memorandum of understanding, the Pentagon and the State Department agreed that ambassadors would be informed of all military activity in their countries and given the opportunity to object.

Beyond the turf battles, however, counterterrorism officials grew concerned that U.S. strategy needed to expand beyond what one called the "whack, capture, interrogate and whack again" approach of the military. "Our thinking has matured radically since 2001," he said. "Then, it was looked at as the al-Qaeda network. Now, it is seen as looser, more diffuse, and also in our own country, in Western Europe and Canada."

"The military can't be the big hammer" anymore, he said, because al-Qaeda and its affiliates "are not the nail."

"You'll never win unless you can get to the sources of radicalization," he added. ". . . As the threat has changed, we've tried to adapt. But it's taken some time. As an American taxpayer, I wish we could have gotten it right in October 2001."

The "changing paradigm" applies at home as well as overseas, said a senior FBI official. The FBI operated on the assumption that "al-Qaeda was 'The Sopranos,' with a boss, an underboss, the consiglieri and the captains who ran the cells," the official said. "It was comfortable for us to understand."

New initiatives such as the National Implementation Plan were launched to eliminate overlap and set priorities for what the administration now calls the "long war." Beyond drawing sharper lines of responsibility, officials said, the plan is designed to drag the nation's counterterrorism strategy back from military dominance, better balancing the military "whack" with diplomacy and the "hearts and minds" campaigns that are now seen as critical to long-term victory.

Bush was briefed on the plan on June 26. A White House official said the plan reflects Bush's feeling that the terrorism fight is "all-encompassing," including military attacks but also "the war of ideas and the softer side, the long-term battle."

Within half a dozen broad objectives, the document designates lead and subordinate agencies to carry out more than 500 discrete counterterrorism tasks, among them vanquishing al-Qaeda, protecting the homeland, wooing allies, training experts in other languages and cultures, and understanding and influencing the Islamic psyche.

Achieving agreement among more than 200 department and agency representatives over 10 months of often-torturous negotiations was "a heroically ambitious exercise," said a senior administration official who participated in the process. "A couple of months ago, everybody was still shaking their heads."

The plan is expected to prompt a rewrite of the president's February 2003 National Strategy for Combating Terrorism, which emphasized the physical elimination of terrorist networks while making largely symbolic bows to international partnerships and addressing the "underlying conditions that terrorists seek to exploit."

Eventually, officials acknowledged, it will also require a reconfiguration of the intelligence budget, now heavily weighted toward the military. No one expects that to happen overnight -- early proposals to shift spending brought a sharp protest from Rumsfeld.

But even at the Pentagon there are signs of turf-war fatigue. "Two years ago, we didn't have anything," said Brig. Gen. Robert Caslen Jr., who until June was the Joint Chiefs of Staff's deputy director for the terrorism fight. "Every department of

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government had its own idea on who was the enemy. Now we have a strategy and a plan that gives specific tasks and responsibility," he said.

Others are guardedly optimistic that the plan can be implemented. "It's going to alleviate a lot of the turf tensions and the growing pains," said one senior counterterrorism official. "But they're not going to go away."The Overlaps Persist

In the lead-up to this year's Winter Olympics in Turin, Italy, eight of the 16 agencies in the U.S. intelligence community independently produced assessments of possible terrorist threats to the Games. The "finished intelligence products," a counterterrorism official said, all concluded exactly the same thing -- that the threat was minimal.

"They posted them internally to their own organizations and sent them out to share" with other community members as the authoritative bottom line, the official said. "They would all argue, 'We had to do it for our principal, our Cabinet member' or whatever." Watching the competing agencies, he said, "is like watching 7-year-olds play soccer -- you've got 20 kids all following the ball."

Avoiding such duplication and wasted effort, he said, "was the whole point" of setting up the NCTC as the sole provider of integrated intelligence analysis. Yet neither congressional mandates nor presidential directives have been enough to eliminate the overlap.

Before the Intelligence Reform Act, the CIA was in charge of bringing together "all-source" intelligence and analyzing it for the larger intelligence community, the White House and policymakers. It was the CIA that chaired the daily interagency meeting at 5 p.m. to discuss real-time terrorism information and what to do about it. The agency drew up the daily "threat matrix" and the CIA director briefed the president each morning.

But the Sept. 11 commission found that long-standing tensions within and among the CIA, the FBI and the rest of the community, along with institutional firewalls constructed during the Cold War, meant that "information was not shared" and "analysis was not pooled" that might have warned of the attacks on the Pentagon and World Trade Center.

The CIA's responsibilities for integrating and analyzing all-source intelligence have now been transferred to the DNI and the NCTC. All members of the intelligence community -- including the Defense Intelligence Agency (DIA) and other Defense Department agencies and the FBI -- are restricted to analyzing only what they need to accomplish the "tactical missions" specific to their own assignments. For the CIA, that means concentrating on building the clandestine network and human resources that Congress and a series of outside studies have found lacking, especially in the Middle East.

But the DNI-NCTC structure remains vastly outweighed in power, personnel and tradition by the growing bureaucracies it hopes to tame. While the number of NCTC analysts is scheduled to double to 400 by 2008, the FBI alone has tripled its analytic staff since 2001 to more than 2,700. The DIA has nearly 8,000 employees collecting and analyzing intelligence, and the CIA has twice that many.

On July 11, Negroponte signed an internal document titled "Analytic Framework for Counterterrorism" for distribution among the 16 agencies. In a cover note, he pointedly wrote that while he recognized each "must continue to support its agency leadership and unique operational activities, as well as to provide a robust analytical capability and reliable steam of diverse viewpoints," both Congress and the president had given him the authority and "fully empower the NCTC" to "reduce unnecessary duplication of effort."

The framework, said one counterterrorism official, directs operational agencies such as the CIA "to focus their analytical resources" on "penetrating and eliminating known terrorist organizations," leaving the NCTC to provide comprehensive threat analyses for the government as a whole.

Although Hayden's appointment as CIA director in May is likely to hasten the agency's acceptance of what is known in the community as "the lanes in the road," intelligence officials have not been shy about expressing skepticism and resentment.

Many see themselves as demoted to mere intelligence-gatherers, stripped of their rightful roles as strategic analysts and forward-looking policy advisers. An internal CIA study, declassified last month a year after it was written, criticized the NCTC model as promoting "watered-down analysis, duplication, confusion, and misuse of scarce resources." Separating those who collect intelligence from those who analyze it would result in a weaker product, the study said, and was likely to lead to more strategic failures like those in Iraq.

The addition of new non-operational layers to integrate, analyze and share information "has made the organizational picture more, not less, confusing," Paul R. Pillar, a former national intelligence officer for the Middle East and South Asia, said recently. The question of "who's in charge of intelligence, when it comes to counterterrorism, is harder to answer now than it was before."Teamwork at the NCTC

Three times each day -- at 8 a.m., 3 p.m. and 1 a.m. -- representatives from across the intelligence community meet to update the nation's threat matrix. The meetings -- held most days via videoconference -- are chaired at NCTC headquarters, a nondescript, unlabeled office building in Northern Virginia, around a massive, football-shaped wooden table. The table, designed

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as neutral ground, has 16 seats, pop-up computer terminals and ceiling-mounted screens that can show al-Jazeera broadcasts as well as highly classified graphics.

Participants include representatives of the CIA and FBI; the Defense Intelligence Agency and others under the Pentagon umbrella; the departments of State, Homeland Security, Treasury and Energy; and other subsidiary agencies such as the Drug Enforcement and Transportation Security administrations. Topics include individual suicide bombers, movements of groups and people, potential targets, reliability of information on specific threats, and actions being planned or already taken.

Material for the meetings is gathered by the 24-hour operations center deep within the ultra-secure building. The room is dark, with a high ceiling, drop-down video screens and sound-muffling walls; its carpeted floor is covered with desks where integrated intelligence teams examine and share incoming data from their separate agencies in 12-hour shifts. At opposite ends of the room, the CIA and FBI counterterrorism divisions have satellite offices representing their own headquarters.

The thrice-daily meetings are the substantive and symbolic core of NCTC's melding of the intelligence community. But most of the center's activities take place in offices and cubicles where officials plumb 28 databases of raw and processed intelligence from across the community.

The analysts turn out reports, adding context and information about response actions already taken, that are disseminated to more than 5,500 policy and intelligence officials with the security clearances required to read them.

Even within the NCTC, however, access to information is not easy. Most desks are stacked high with half a dozen or more computer processing units connected to various intelligence agencies that still cannot, or will not, communicate with one another electronically.

Negroponte deputy Dale Meyerrose, a retired Air Force major general and expert in creating and integrating communications systems architecture, is charged with breaking down the technological barriers among what he calls intelligence "tribes" with a built-in reluctance to divulge their secrets.

Meyerrose, a recent addition to the DNI's office, does not dispute or defend the slow pace of information-sharing. "My government's had five years," he acknowledged in a recent interview behind a code-locked door inside the high-security DNI headquarters at Bolling Air Force Base. "I'm very sympathetic to that. But you know what? I've had four months, and there's nothing I can do about the 4 1/2 years that went before me."

Technology is important, but "it's the transparency of the process that people are griping about," Meyerrose said. Feuding intelligence agencies don't argue about a lack of computer interface, he said, they talk in terms of "The FBI wouldn't tell me this." Rather than imposing new computer systems from the top down, he has started from the human end, bringing representatives from different agencies to the same table to work on specific intelligence issues.

The NCTC operates on the same principle of "co-location," fashioned under the 2004 intelligence reforms, that pulled the branches of the armed forces into a combined structure designed to end decades of destructive and expensive rivalry.

The Defense Reorganization Act of 1986 created unified regional commands under a single general or admiral directly answerable to the nation's civilian leadership and named the chairman of the Joint Chiefs the principal military adviser to the president. By making assignments to the joint staff from across the military a prerequisite for most high-level promotions, it created a cadre of senior officers with perspectives beyond the narrow confines of their individual branches.

Negroponte, a former Foreign Service officer who most recently served as ambassador to Iraq and to the United Nations, is the intelligence community's equivalent of the chairman, and the NCTC is his joint staff. NCTC Director Redd is a retired vice admiral, and everyone else in the structure is on temporary duty from somewhere else in the intelligence community, usually for two-year stints. "Everybody still belongs to their other agency," a senior official said. "We're trying to tell them that the NCTC is them ."

The idea is that familiarity will breed cooperation and that personal relationships formed through shared tasks will carry through once individuals return to their home offices. "We are diverse cultures, working to form habitual relationships," the official said. "It takes time."

Staff writers Walter Pincus, Spencer S. Hsu, Dan Eggen and Ann Scott Tyson contributed to this report.

One Of Seven Alleged Terrorist Plotters Seeks Release On Bail (AP)

By Curt Anderson

AP, August 9, 2006

MIAMI - One of seven men charged with plotting terrorist attacks on Chicago's Sears Tower sought to distance himself from the group and wanted nothing to do with such mass destruction, his attorney said Tuesday.

"He didn't like what was going on, did not want to be any part of it," defense lawyer Joel DeFabio said at a hearing on Lyglenson Lemorin's request for release on bail.

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DeFabio added that Lemorin left Miami in the spring after members of the group pledged allegiance to the al-Qaida terrorist network, moving his two children and wife to Atlanta and taking a retail job under his own name.

"He made no effort to conceal his whereabouts. He did nothing to hide," DeFabio said.

Federal prosecutors, however, portrayed the 31-year-old Lemorin as part of the "inner circle" of followers of Narseal Batiste, who they claim sought to turn the group into an arm of al-Qaida that would try to blow up Chicago's Sears Tower and government buildings in major cities.

The group never obtained any explosives and never got beyond the preliminary planning stages, authorities said after their arrests in June. All seven have pleaded not guilty to a four-count terrorism conspiracy indictment and face trial in March.

Lemorin gave a statement to the FBI the day of his arrest making similar claims that he sought to get away from Batiste, a man who made him "do things he didn't want to."

Richard Getchell, an assistant U.S. attorney, said Lemorin was one of the select few allowed contact with a man Batiste believed was an al-Qaida operative sent to help the group formulate its plot but who was actually an FBI informant.

"His inner circle was allowed to meet with the informant, who they thought was from al-Qaida," Getchell said.

Lemorin also was the first of this key group to take the oath of allegiance to al-Qaida at a videotaped ceremony on March 16 at the group's headquarters in Miami's Liberty City neighborhood. Getchell said his decision to leave for Atlanta was more likely because he feared imminent arrest.

"We would say it's not a coincidence that Mr. Lemorin, after 16 years, sought to leave the area," Getchell said.

U.S. Magistrate Judge Barry Garber did not issue an immediate ruling on the bail request and scheduled a second hearing for Thursday. The other six defendants are being held without bail.

Lemorin is a legal permanent U.S. resident but could face deportation to Haiti even if he is not convicted of the terrorism charges, Getchell said. He lived in Haiti before coming to the U.S.

How An Overachieving Law Professor Toppled The President's Terror Tribunals (LAW)

By T.R. Goldman, Legal Times

Legal Times, August 9, 2006

Neal Katyal, hands clasped, back straight, feet flat on the floor -- his fidgeting thumbs the only movement in his body -- faces a speakerphone in a near-vacant room, ready to moot.

Katyal, a law professor (and, hence, the antithesis of the standard big-firm luminaries of the Supreme Court bar), had already achieved his stunning Supreme Court victory, Hamdan v. Rumsfeld, nearly a month earlier. So a visitor might be forgiven if he were to grab Katyal by the collar, look straight into his bright and pleasant face, and exhort: "Neal, you won. It's over ... . Stop mooting!"

Katyal, presumably, would pay you no mind. He mooted his Supreme Court case the day before his March 28 argument, a move so unusual among high court advocates that, says moot team student member Haven Ward, "it freaked everyone out."

In fact, he mooted his Supreme Court argument 15 times since the granting of cert on Nov. 17, 2005, honing his delivery skills along the way with lessons from Joshua Karton, a Los Angeles-based actor who teaches lawyers how to improve their physical presence, "to have a conversation with the justices, not an argument," Katyal explains.

And though Katyal was steeped in the law he was arguing, he was not everyone's first choice. He asked a prominent law professor for advice. "My real advice to you is to give up the argument," he was told.

"Neal was in a place where he didn't want to be underprepared," notes Stephen Vladeck, a professor at the University of Miami School of Law and a key moot participant. "And the best sort of means of ensuring that you're not underprepared is to be overprepared."

And so, on a sweltering July day, in a conference room at Georgetown Law Center, where Katyal, 36, is a tenured professor, he was spending an hour mooting his upcoming testimony before the Senate Armed Services Committee.

"Hey, guys, it's Neal," says Katyal into the speakerphone to his five student mooters, with a mien so calm and affable he could be your local pharmacist or grocer.

Katyal had never argued before the high court, but in Hamdan he literally took on George W. Bush, arguing that the military commissions the president established to try the Guantanamo Bay Naval Base detainees -- including his client, Salim Hamdan, a former driver for Osama bin Laden -- were illegal. The Court, in a 5-3 decision written by its senior justice, John Paul Stevens, agreed.

It was a complex case that stretched back three years, implicating not only the limits of executive power but delving into the nature of the interrelationship of all three branches of government.

"I know what I told Neal three years ago. I thought it was unwinnable," says Katyal's Yale Law School professor, Akhil Amar, who first met Katyal in 1992 and calls him "the most memorable student I've ever had."

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Katyal first argued the case Oct. 25, 2004, before Judge James Robertson of the U.S. District Court for the District of Columbia and won. Robertson was reversed by a three-judge panel of the U.S. Court of Appeals for the D.C. Circuit, which included soon-to-be Supreme Court Chief Justice John Roberts Jr. Finally, he won again when the Supreme Court announced its decision June 29. (Because he ruled at the appellate level, Roberts recused himself from the case.)

In the Georgetown conference room, Katyal polishes off his moot in an hour, while three students playing an unusually bright group of "senators" critique his five-minute opening statement, throwing question after skeptical question back at him. "What do you think my best points are -- if any?" Katyal asks, his seeming self-effacement hard to reconcile with his command of the subject.

If the moot helped, there was scarcely anybody at the next day's hearing -- on possible congressional responses to Hamdan -- to notice. Katyal was on the second panel, and when he delivered his testimony at noon, the only senators present in the Russell Building's regal Caucus Room were Committee Chairman John Warner, R-Va., and ranking member Carl Levin, D-Mich. Still, Katyal appeared to be fine-tuning his address throughout the morning.

"It's the first time I've ever laid eyes on him," said Warner, 79, when asked about Katyal after the hearing. "But he speaks with conviction, and I loved the phrase 'The last thing in the world I ever wanted to do was sue the president.'"

THE BRIGHTEST STAR

Lt. Cmdr. Charles Swift, an intense and talkative Navy JAG and Katyal's co-counsel in Hamdan -- a man everyone seems to feel comfortable calling Charlie -- remembers his first meeting with Katyal, in the spring of 2003. "I'm sure Neal thought his meeting with a bunch of military lawyers would be unproductive. We, on the other hand, thought, We're about to meet an egghead who doesn't have a clue how the world works."

And it's true that Katyal's pedigree has been almost entirely academic: a private Catholic boys school in Wilmette, just north of Chicago; a national reputation as a champion high school debater; Dartmouth College, followed by a year coaching the Dartmouth debate team; then Yale Law School, from which he graduated in 1995.

His law school internships each summer could not have been more propitious. Summer No. 1: a legal intern in the office of Vice President Al Gore. Summer No. 2: a legal intern in the Office of the Solicitor General. Katyal spent his third summer at Washington's Hogan & Hartson, where he worked specifically for Supreme Court litigator and now-Chief Justice Roberts. ("'Go work for John G. Roberts,'" Katyal says he was told by Miguel Estrada, an assistant solicitor general when Katyal worked in the office. "'The G,' Estrada added, 'is for 'God.'")

After law school, Katyal spent two years clerking, first for Guido Calabrese, the former Yale Law School dean who had recently been named a judge on the 2nd U.S. Circuit Court of Appeals, then for Supreme Court Justice Stephen Breyer. "It was nonstop typing all day," says Carolyn Shapiro, who clerked with Katyal and shared an office with him. "He'd just zoom in and pound out stuff," adds Shapiro, now a law professor at Chicago-Kent College of Law.

Katyal's 1996-97 Supreme Court term was a banner year, with 80 signed opinions, including Clinton v. Jones (a sitting president could be sued), Printz v. United States (imposing limits on the federal government's authority), and Washington v. Glucksberg (no constitutional right to have a physician help you die).

At age 27, just after his Breyer clerkship, Katyal joined the law school faculty at Georgetown, a job he deferred until the fall of 1999 so he could be the adviser for national security affairs in the Clinton Justice Department.

Katyal was recommended for the DOJ job by Kumiki Gibson, the former Gore counsel whom Katyal got to know during that first summer internship.

Katyal was the point person at the DOJ during the year in which the independent counsel statute, which gave Bill Clinton investigator Kenneth Star his job, was set to lapse. Katyal and a small team crafted the attorney general's special counsel regulations that are now on the books. "Laws like the independent counsel statute are a real interference with the clean lines the Founders intended," Katyal says.

During his 18 months at the DOJ, where in his national security role he had his first experiences with military lawyers, Katyal also worked his way through the legal conundrum of how the United States could return to Pakistan several hundred million dollars for 28 F-16s that Pakistan paid for in 1989 but never received. "I enjoy figuring my way out of a maze," says Katyal. "If somebody says we can't do x or y, I like figuring out a way to do x or y."

"It was a funny thing," he muses. "An Indian figuring out a way to give money back to Pakistan."

A FUNKY KINDA DUDE

Katyal's parents emigrated separately from India's Punjab region in the early 1960s, and while Katyal rarely wears his Indian roots on his sleeve, he does not consciously cover them up, either. His parents did not know each other before they returned to India in 1968 for an arranged marriage. Katyal, following Hindu tradition, arrived at his own wedding in New York state on a horse.

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The elder Katyal, who died after Neal took the Hamdan case but before it reached the Supreme Court, was a petroleum engineer; his mother is a pediatrician.

It was a relatively secular household, as were many Hindu households in that first wave of Indian immigrants to the United States. But it was socially conscious. "My father was very invested in politics -- he loved to watch the news, to think about what was going on in the world," says Katyal's only sibling, Sonia Katyal. "He treated Neal and I like adults."

Katyal says he was never drawn to litigation as a career, but he is not a model of the cloistered academic, either.

He's an indie-music fan whose students make him CD compilations and a regular at the 9:30 Club in the District's U Street corridor. Katyal just started writing a wine column for The Indian-American magazine. He's also written for Slate and other mainstream publications. He gave an interview to the relatively hip Web site dcist, which chronicles the local political, sports and arts scenes, noting that he celebrated his Supreme Court victory by drinking a Belgian beer, Leffe Brune.

And he pulled six minutes recently on "The Colbert Report," fending off questions like, "How old were you when you said to yourself, 'I am taking this country down?'" by responding with a lecture on the principle of rule under law.

He is surrounded by the law; while his wife is a doctor, his brother-in-law is Jeffrey Rosen, a journalist for The New Republic and a George Washington University law professor. His sister is a law professor at Fordham University.

For the past year and a half, Katyal's also been represented by International Creative Management's lecture department, alongside about 100 other people, ranging from Alan Alda to Frank Gehry to Pete Hamill to Patti LaBelle. "I'm probably the last person on their Web site," he says dismissively, adding that so far he's gotten only a handful of lectures from the deal, although he now expects the speaking gigs to pick up, perhaps considerably.

As might the hate messages, which Katyal says are often no more than expletive-laden rants accusing him of siding with the enemy. For every one piece of hate mail, however, "there are 10 supportive e-mails from [American] troops, saying, 'Thank you for defending me and my cause, because if I'm caught in some other country, what's going to save me from a beheading, except for the fact that the U.S. plays by rules,'" Katyal says.

In the Indian-American community, Katyal is already a hero. A lengthy profile last fall in Indian Life and Style magazine describes Katyal like this: "Belying his over-six-foot frame, muscular build and an authoritative Greco-Roman nose, Katyal speaks surprisingly softly even on issues he feels passionately about." Says Katyal, who is 5 feet 10 inches: "It was ridiculous. My mom didn't even believe everything in there."

A BIG-DEAL REQUEST

If Katyal was looking for a maze to master, Hamdan was it. The case was intensely political, and for someone with possible aspirations to return to a Democratic administration, ideally as the national security adviser, representing bin Laden's driver didn't make any sense. The case was notably complex, as well.

"We were out there on questions of law," notes Joseph McMillan, a partner in Seattle's Perkins Coie who was integrally involved in the case. "We're citing commentaries to the Geneva Convention and Winthrop's 'Military Law and Precedents' from 1920," says McMillan. "This was not a case where there was a well-developed body of precedent."

Hamdan, in fact, dealt with six specific areas of law, explains Amar, the Yale Law School scholar: "Habeas, retroactivity, military justice, jurisdiction-stripping, the law of war, and international relations and the Geneva Convention -- each of which is not even taught in most law schools."

Katyal says that when he first read the White House news release announcing the establishment of the military commissions, he thought it was a hoax. "I'm a presidential deferentialist, but I went into my classroom and said, 'Hah. I've found something that's totally unconstitutional.'"

He wrote a Yale Law Journal article with Harvard law professor Lawrence Tribe in April 2002, arguing the commissions were illegal, and in early 2003, got in touch with the Office of Military Commissions' then-acting chief defense counsel, Col. Will Gunn.

"Neal made me aware of the law review piece and told me he just wanted to be of assistance," recalls Gunn, who retired from the Air Force last year and is now president of the Boys and Girls Clubs of Greater Washington. Civilian lawyers are permissible under the commission rules.

Gunn, in turn, put two of his defense counsel, Lt. Cmdr. Swift and Lt. Cmdr. Philip Sundel, in touch with Katyal. They hit it off.

Things really got rolling in November 2003, when the Supreme Court granted cert in Rasul v. Bush, the case that would determine whether the Guantanamo detainees could sue in U.S. court.

Swift says the day cert was granted, he got a call from Katyal. "'Dude, you're not going to believe this; they got cert. We have to file a [amicus] brief,'" says Swift, recalling his conversation with Katyal.

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At that time, none of the commission defense counsel had even been assigned clients. But they had potential clients, and early on, it was clear the first step in representing those clients was to challenge the legality of the commissions themselves. And they knew a bad decision in Rasul could preclude that option.

Their gambit: In a Nov. 24, 2003, letter, five defense counsel, including Swift and Sundel, told Gunn's superior, Department of Defense Deputy General Counsel Paul Koffsky, that they planned to retain Katyal in one week as a civilian counsel in order to file an amicus brief in the Rasul case. It was, says Gunn, "a big-deal request. We were a brand-new office, and we were assigned to the office of the [DOD] general counsel, which doesn't have a history of taking positions contrary to the interests of the U.S."

The tactic worked, and permission was granted to file the amicus "if you determine that such a course of action is necessary for the zealous representation of clients of your office," Koffsky wrote Gunn on Dec. 30, 2003.

On June 28, 2004, almost two years to the day before Hamdan was decided, the Supreme Court ruled that the Guantanamo detainees could file habeas petitions in federal court. "The deal was done in the letter of Nov. 24, when they cc'd Neal Katyal," says Gunn. Adds Swift, "If they had tried to shut us up, Neal would have continued."

Katyal never left, however, eventually becoming Hamdan's civilian co-counsel and ultimately managing a case that had 45 law firms working on about as many amicus briefs. He mooted the case up and down the East Coast, spending one $15,000 grant and several tens of thousands of dollars more of his own money (each of the five round-trip flights to Guantanamo Bay to talk with Hamdan, for example, ran $800).

And he continued to work with Karton, the California advocacy expert. "I'd built up a sort of formality, a lot of layers, that weren't conducive [to a court presentation]," Katyal explains. "Josh talks very slowly, and he looks you right in the eye, and he says, 'Tell me the argument you want to make to the justices -- and hold my hand while you do it.'"

On July 4, five days after the high court's ruling, Katyal and Swift flew to Guantanamo to explain the decision to Hamdan, a Yemeni national with a fourth-grade education. "I was going over the case with him and I said, 'In 50 to 100 years, law students will be reading this case and reading your name.'"

Katyal, who says he never quotes Hamdan directly because the Department of Defense might think his client is passing on coded messages, says Hamdan's response was something like this: "Maybe I'll change my name. I just want to go home."

PATRIOT ACT:

Foes Of FBI Searches Of Library, Internet Records Renew Challenge (NJTD)

By Andrew Noyes, National Journal's Technology Daily

National Journal's Technology Daily, August 9, 2006

Civil-liberties defenders will renew their court challenge to a special subpoena power built into anti-terrorism law that permits the FBI to scour library and Internet service provider files without search warrants.

The practice is allowed under "national security letters," a power recently reauthorized in the 2001 law known as the USA PATRIOT Act. The law bars recipients of the letters from disclosing the requests to anyone.

The American Civil Liberties Union and its New York chapter filed a new federal complaint last month, the groups said Monday. The legal papers originally were under seal because of the gag provision, but redacted versions were released with court approval.

The ACLU launched the case in April 2004 on behalf of an unnamed Internet service provider that received a subpoena. Several months later, a U.S. district court in New York ruled the power unconstitutional. The judge in the case, Victor Marrero, held that indefinite gag orders violate First Amendment free-speech rights, the ACLU said.

The government appealed the decision to the 2nd U.S. Circuit Court of Appeals, but before the court could rule, Congress amended the language on national security letters, the ACLU said. In May, the appeals court asked the district court to examine the amended language.

In its latest complaint, the ALCU argues that the gag provision gives the FBI authority to suppress speech without prior judicial review. The group also contends that the subpoena power is unconstitutional because while it permits courts to review the letters after they are issued, judges must defer to the FBI.

Jameel Jaffer, the ACLU's lead counsel in the case, called secretive government use of the letters "excessive and dangerous." According to news reports, investigators issue about 30,000 annually.

The letter in the pending case had a substantial effect on the plaintiff, who is still gagged and identified as "John Doe" in court paperwork, the ACLU said. Despite firsthand knowledge of the authority, the ISP could not participate in the heated PATRIOT Act debate that ensued nationwide in late 2005 and early 2006, the filing said.

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In a similar case, the ACLU represented four Connecticut librarians who were part of a consortium that received a national security letter. The group challenged the FBI, and the government eventually withdrew its information demand and abandoned the gag order. The Supreme Court last week ordered that sealed court documents be made public.

George Christian, executive director of the Library Connection, hopes the ACLU's renewed fight results in a "definitive ruling" on "the limits of the extent to which [the letters] can be used to secure information from organizations that have collections of information."

Emily Sheketoff of the American Library Association said the ISP case "will add to the growing judicial agreement" that the "sweeping and perpetual gag order accompanying [such letters] is unconstitutional."

HOMELAND RESPONSE:

Peace Group Under FBI Surveillance (NCR)

By LINDA COOPER And JAMES HODGE

National Catholic Reporter, August 9, 2006

School of the Americas Watch, a faith-based peace organization that seeks to close a U.S. military school that has advocated the use of torture and assassination, finds itself under surveillance by the FBI's counterterrorism unit.

Fr. Roy Bourgeois, a Maryknoll priest who founded the organization, recently told members of the U.N. Human Rights Committee in Geneva that the spying has been going on for years.

And he has the documents to prove it.

With help from the American Civil Liberties Union, Bourgeois obtained FBI records showing it has been targeting his organization, which monitors the U.S. military school for Latin American officers, now called the Western Hemisphere Institute for Security Cooperation. The group organizes an annual November protest against the school in Fort Benning, Ga.

What is chilling, Bourgeois said, is that the surveillance continues despite the fact the FBI's own documents conclude that SOA Watch is a peaceful group.

An Oct. 14, 2003, field report advises FBI headquarters that SOA Watch leaders "have taken strides to impart upon the protest participants that the protest should be a peaceful event." A Dec. 29, 2003, document says, "Overall the crowd was peaceful in their actions and the SOA Watch leaders appear to foster that type of environment." A Nov. 30, 2004, document states, "This year's protest was peaceful as it has been for the most part over the past 15 years."

Despite these assessments, said Gerry Weber, the ACLU's legal director in Georgia, the FBI surveillance of SOA Watch, once classified as "routine," somehow became "priority," subjecting the group to monitoring by the counterterrorism division.

The FBI denies it monitors political activity. But Weber said the bureau has "made no allegations of wrongdoing" against SOA Watch activists, aside from civil disobedience, leading one to conclude that the FBI is "identifying groups opposed to the administration's policies as potential threats."

"It's become clear to me," Bourgeois said, "that any person or organization critical of U.S. foreign policy becomes the enemy, is seen as subversive, as a possible terrorist."

SOA Watch is often characterized as a grass-roots movement with a large faith-based constituency, including the support of hundreds of priests, nuns and lay Catholics, the Leadership Conference of Women Religious, and the Presbyterian General Assembly.

Bourgeois told U.N. committee members that it was "a scandal" that the U.S. government was squandering "time, money and resources" infiltrating and spying on a peace group, rather than investigating the military school, its use of torture manuals and "the heinous crimes of its graduates, who have caused so much suffering and death in Latin America."

The ACLU hosted the panel of Americans in Geneva, which also included women, minorities and immigrants allegedly victimized by the government. The U.N. committee is reviewing U.S. compliance with a major international human rights treaty.

The redacted FBI documents, which can be found on the ACLU's Web site at www.aclu.org/spyfiles, have the names of FBI personnel blacked out, as well as those of informants and SOA Watch demonstrators.

The documents note the news coverage that the activists receive, as well as the annual growth of the demonstrations, which drew an estimated 19,000 last year.

The Dec. 29, 2003, memo registers the effect that stiffer fines and prison terms have had on the group, saying the immediate jailing of trespassers "has had a chilling effect on those deciding whether to participate in an overt act of civil disobedience."

Weber said the ACLU sees no indication the surveillance will stop anytime soon, as it's difficult to challenge it in court.

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Bourgeois said he wouldn't be surprised if the spying increased, given the recent successes of the movement. In March, after he led delegations to meet with Uruguayan defense minister Azucena Berrutti and Argentine defense minister Nilda Garré, both governments announced they were severing their long ties to the school.

Their decisions came two years after Venezuelan president Hugo Chávez made the same announcement six weeks after meeting with Bourgeois' delegation. The priest has also appealed to Bolivian President Evo Morales, who is expected to make a similar announcement.

On the domestic front, SOA Watch and its network helped Massachusetts Congressman Jim McGovern get legislation cutting the school's funding to the House floor.

The June 9 showdown was the first time in six years that the issue was brought to a vote. While the measure failed by a 218-188 margin, school critics were encouraged that the issue had garnered 29 Republican supporters and that only 16 more votes are needed to pass the measure.

The developments on Capitol Hill and in South America have fueled the movement, Bourgeois said, making it less vulnerable to FBI intimidation.

The spying, he said, is an abuse of power and "a clear attempt to stifle political opposition, to instill fear. But we aren't going away."

Linda Cooper and James Hodge are the authors of Disturbing the Peace: The Story of Father Roy Bourgeois and the Movement to Close the School of the Americas.

Passport Chip Sets Security Concerns (WSJ)

By Stacy A. Anderson

The Wall Street Journal, August 9, 2006

A new kind of U.S. passport with an embedded chip containing personal data will be issued starting Monday, amid some concerns about privacy and its vulnerability to hacking.

The State Department says it has chosen the chip technology in the so-called e-passports as part of an effort to better secure U.S. borders by making passports harder to forge. Congress also passed an act requiring countries in the U.S. visa-waiver program to issue passports with such chips by October.

The technology is designed to make it easier for customs officers to verify travelers' identities. Travelers will simply present their e-passports to customs officials the old-fashioned way. Officials will open the passport and scan the characters on the bottom of the personal-data page. The border official then verifies the personal information from the chip that is encrypted and transferred to the screen of a special e-passport reader machine.

Privacy advocates charge that the technology hasn't been sufficiently tested, and some experts have recently found ways to pull data off the radio-frequency-identification, or RFID, chips in e-passports in other countries. But other technology-security experts say such fears are overstated, saying that the perception of e-passports as being unsafe comes from confusing RFID tags with contactless technology, such as that used on some ATM and credit cards. The retail industry uses RFID to track merchandise, crates and pallets. Contactless technology can calculate and store new information that is often encrypted for security purposes.

E-passports will first be issued at the Colorado Passport Agency next week and are scheduled to be rolled out to other U.S. passport agencies in the following months. Existing passport holders may keep their travel documents until the expiration date. All new passports will contain the chip, according to the State Department, and the e-passport will eventually become the national standard.

Although it looks similar to earlier passports, retaining the traditional navy cover with an eagle etched in gold, the e-passport is slightly thicker and displays the international e-passport icon: two bars with a circle in the middle. Inside the back cover is an RFID tag loaded with a traveler's name, nationality, sex, date and place of birth, and a digitized photograph. The e-passport also has a digital signature, an electronic "seal" within the chip that proves the e-passport is issued by the government.

The Department of Homeland Security has run trials at various airports, while State Department personnel have also tested the new passport. The State Department says it has addressed key privacy concerns by adding metal sheets to the document's cover. These metal fibers make the chip inactive and data unreadable when the passport is closed, the State Department says. The chip can only be read by a scanner within a three-to-four-inch distance, says Joerg Borchert of Infineon Technologies North America Corp., which supplies the State Department with chips.

For added security, the chip will also have an electronic-access-code system, known as the Basic Access Control, which will be automatically read by U.S. border officials' scanners. The system generates a key which opens the chip and makes reading personal information possible. If the chip in the electronic passport were to fail, border officials would revert to relying solely on the printed personal-data page within the passport.

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Report Warns Of Vulnerable Munitions (WP/MCT)

By Michael Doyle

The Washington Post, August 9, 2006

Federal investigators are concerned that terrorists could arm themselves with howitzers, recoilless rifles and explosives stashed on Forest Service land.

The weapons and munitions are stored in 335 sites nationwide, including in California and other Western states, where managers of ski resorts and federal land use them to blast boulders and prevent avalanches.

The problem isn't necessarily broken locks or open doors. The physical security of the Forest Service's munitions magazines was described as "generally" sufficient. Bureaucratically, though, it's been a different story, according to a report by investigators with the Agriculture Department's Office of Inspector General.

Investigators first pinpointed potential weaknesses in the Forest Service's munitions security three years ago, and the new report found that important reforms remained unfinished.

"We attributed this inaction to lack of accountability at the national level for security over the agency's munitions [and] explosives program," the new report said.

"For over three years," investigators noted in one example, "the Forest Service did not have a national leader responsible for the security of its explosives program."

Forest Service officials stress that they take security seriously, and they indicated they will soon finish complying with all of the investigators' security recommendations, which were first made in April 2003. "We've made a lot of progress," Forest Service spokesman Joe Walsh said last week.

Three years ago, facing sharp criticism over its munitions security, the Forest Service agreed that it would adopt 24 reforms by the end of 2003, such as conducting regular inspections and completing a munitions storage database. Eleven of the 24 "critical" security recommendations remained unfinished earlier this summer.

Walsh said that since the investigators' audit was completed in early July, nine of the 11 remaining security recommendations have been wrapped up. The agency is "close to completing" the remaining two, Walsh added. These include updating a property list and a database of explosives.

The Forest Service, which has promised to finish the reforms by Oct. 31, has designated an officer to oversee munitions safety and security, filling a position left vacant since January 2003. The agency will also revise rules that will cover procedures such as changing magazine locks, conducting biannual inventories and investigating the backgrounds of certain Forest Service personnel.

The Forest Service manages about half of the 335 munitions magazines. Ski resorts operate the rest under Forest Service permits.

"We certainly feel the security is adequate," said Dana Vander Houwen, a spokeswoman for the Mammoth Mountain ski resort on the eastern slope of the Sierra Nevada. "And since 9/11, we've taken extra security measures."

Mammoth Mountain ski patrollers use between 100 and 150 dynamite charges and between 30 and 50 artillery shells after major storms to clear out potential avalanches, Vander Houwen said. She said the equipment is stored in "very remote" areas and will be inventoried constantly. The resort no longer uses the old military recoilless rifles.

Investigators' fears are not unfounded. In 1999, several hundred pounds of dynamite, blasting caps and other explosives were stolen from an unguarded police bunker in Fresno County, Calif. In May, 686 sticks of dynamite were reported stolen from a gold-mining company in a remote area of San Bernardino County, Calif.

And Agriculture investigators note that explosives were recently stolen from a Forest Service storage facility. "Since that particular forest had implemented our recommendation to maintain an accurate inventory of its explosives, it was able to quickly determine what was stolen, which in turn helped federal law enforcement authorities recover the explosives," the investigators said.

Testing Of An ID Takes Step Ahead (NYT)

By The New York Times

The New York Times, August 9, 2006

A New Hampshire legislative committee voted yesterday to accept $3 million in federal money to test the Real ID Act, which mandates stricter identification requirements for driver's licenses nationwide in 2008.

The matter now goes to Gov. John Lynch's executive council for approval or rejection.

Mr. Lynch, a Democrat, plans to meet with state safety officials before making a decision on the money, a spokeswoman, Pamela Walsh, said.

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The State House overwhelmingly passed a bill in May that rejected the financing, but the Senate tabled the bill and voted instead to form a committee to study it. That committee is the one that acted yesterday.

Pinned Under The Weight Of 9/11 History (NYT)

By A. O. Scott

The New York Times, August 9, 2006

How will Hollywood respond? This question began to surface not long after the Sept. 11 attacks — shockingly soon after, if memory serves.

It was impossible to banish the thought, even in the midst of that day's horror and confusion, that the attacks themselves represented a movie scenario made grotesquely literal. What other frame of reference did we have for burning skyscrapers and commandeered airplanes? And then our eyes and minds were so quickly saturated with the actual, endlessly replayed images — the second plane's impact; the plumes of smoke coming from the tops of the twin towers; the panicked citizens covered in ash — that the very notion of a cinematic reconstruction seemed worse than redundant. Nobody needed to be told that this was not a movie. And at the same time nobody could doubt that, someday, it would be.

And now, as the fifth anniversary approaches, it is. For a while a lot of movies seemed to deal with 9/11 obliquely or allegorically. But Paul Greengrass's "United 93" and Oliver Stone's "World Trade Center," rather than digging for meanings and metaphors, represent a return to the literal.

Both films revisit the immediate experience of Sept. 11, staking out a narrow perspective and filling it with maximum detail. Mr. Stone, much of whose film takes place at ground zero, does not share Mr. Greengrass's clinical, quasi-documentary aesthetic. His sensibility is one of visual grandeur, sweeping emotion and heightened, sometimes overwrought, drama.

There are many words a critic might use to describe Mr. Stone's films — maddening, brilliant, irresponsible, provocative, long — but subtle is unlikely to be on the list. Which makes him the right man for the job, since there was nothing subtle about the emotions of 9/11. Later there would be complications, nuances, gray areas, as the event and its aftermath were inevitably pulled into the murky, angry swirl of American politics. But that is territory Mr. Stone, somewhat uncharacteristically, avoids.

"World Trade Center" is only the second film, after "U Turn," that he has directed entirely from someone else's script, and Andrea Berloff's screenplay, her first to be produced, imposes a salutary discipline on some of the director's wilder impulses. The unruly intellectual ambitions that animate both Mr. Stone's most vigorous work — "Platoon," "Wall Street," "J.F.K." — and his woolliest — "Alexander," "Natural Born Killers" — may be held in check here, but the sober carefulness of this project nonetheless highlights some of his strengths as a filmmaker.

There is really no other American director who can move so swiftly and emphatically from intimate to epic scale, saturating even quiet moments with fierce emotion. He edits like a maestro conducting Beethoven, coaxing images and sequences into a state of agitated eloquence.

Ms. Berloff's script is composed in the key of strong, simple feeling, and brought to life with vivid clarity by Seamus McGarvey's cinematography. "World Trade Center" is, from the first frame to last, almost unbearably moving. It could hardly be otherwise, given the facts of the story and the memories it will stir up.

The movie concentrates on two Port Authority police officers, John McLoughlin and Will Jimeno, who were trapped deep in the rubble of the collapsed towers, where they had gone to help with the evacuation after the first plane hit. Starting before dawn on Sept. 11 and covering roughly the next 24 hours, the narrative switches back and forth from the men to their families, in particular the wives, who spend agonized hours waiting for news of their husbands' fates.

Sergeant McLoughlin, played by Nicolas Cage, has a quiet, watchful air. A veteran of the 1993 bombing of the World Trade Center, he rushes into the breach on 9/11 knowing that no adequate plan exists to deal with a catastrophe of this magnitude. Jimeno (Michael Peña), a rookie, is eager and a little anxious; his face registers his desire to prove himself on the job and also distinct shadings of fear — both the worry that he'll mess up and, as the hours go by, a much deeper terror.

Pinned under tons of smashed masonry and twisted metal, they keep talking to each other to keep despair and sleep at bay, and you get the sense that it's their first real conversation, an exchange of commonplaces in the face of death. McLoughlin and his wife, Donna (Maria Bello), have four children; Jimeno and his wife, Allison (Maggie Gyllenhaal), are expecting their second, and as the two men talk, the banalities of domestic life take on an almost sacred cast.

In an Oliver Stone film actors are well advised to bring their own nuances, and the delicacy and insight of the performances in "World Trade Center" complement the director's bold brushstrokes. Ms. Bello reveals Donna's toughness without overstating it, while Ms. Gyllenhaal suggests a complicated, prickly personality underneath the panic and grief.

Mr. Cage turns all his intensity inward, playing a man who can be a little self-conscious about his own reticence. ("People don't like me because I don't smile a lot," he says.) He looks older and more worn than he has in other films, and he wears his character's tired stoicism like an old shirt.

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Mr. Peña, who played the good-hearted locksmith in "Crash," is friendlier and jumpier; Jimeno slips naturally into the role of McLoughlin's talkative kid brother. the temperamental contrast between the two actors keeps the movie going through its long, difficult middle stretch.

Both the officers and their wives spend most of "World Trade Center" in different states of paralysis. The men are physically immobilized, while the women, surrounded by well-meaning friends and family, can neither help their husbands nor learn for sure what has happened to them. And so they sit stricken, by the telephone or in front of the television, as a maelstrom of hectic activity engulfs New York and its environs.

It is this combination of frantic action with stunned, shocked impotence that "World Trade Center" most effectively reproduces. The details are all in place — the office paper falling like snow; the voices of Tom Brokaw and Aaron Brown extemporizing a collective interpretation of something no one could have imagined; the briefly glimpsed faces of George W. Bush and Rudolph W. Giuliani projecting leadership from the television screen — but the point of the movie is not so much to construct a visual replica as to immerse you, once again, in shock, terror, rage and sorrow. And also in the solidarity and concern — the love — that were part of 9/11.

The movie is not only about the victims of the attack and their families, but also about their rescuers, notably David Karnes (Michael Shannon), who leaves his office job in Connecticut, puts on his Marine Corps uniform and slips into ground zero to search for survivors. Karnes is the only character in the film who looks past the smoke and suffering and articulates a desire for revenge.

But Mr. Stone and Ms. Berloff, like Mr. Greengrass, keep their distance from post- — or, for that matter, pre- — 9/11 politics. The two men buried under the Trade Center don't even know what brought it down, and everyone else is much too busy to begin learning the exotic vocabulary we would all eventually acquire. This movie has nothing to say about Osama bin Laden, Al Qaeda or jihad. That comes later.

In the Sept. 11 of "World Trade Center," feeling transcends politics, and the film's astonishingly faithful re-creation of the emotional reality of the day produces a curious kind of nostalgia. It's not that anyone would wish to live through such agony again, but rather that the extraordinary upsurge of fellow feeling that the attacks produced seems precious. And also very distant from the present. Mr. Stone has taken a public tragedy and turned it into something at once genuinely stirring and terribly sad. His film offers both a harrowing return to a singular, disastrous episode in the recent past and a refuge from the ugly, depressing realities of its aftermath.

"World Trade Center" is rated PG-13 (Parents strongly cautioned). It has scenes of extreme, upsetting violence, most of which reproduce images that were originally seen on television during daylight hours.

WORLD TRADE CENTER

Opens today nationwide.

Directed by Oliver Stone; written by Andrea Berloff, based on the true stories of John and Donna McLoughlin and William and Allison Jimeno; director of photography, Seamus McGarvey; edited by David Brenner and Julie Monroe; music by Craig Armstrong; production designer, Jan Roelfs; produced by Michael Shamberg, Stacey Sher, Moritz Borman and Debra Hill; released by Paramount Pictures. Running time: 129 minutes.

WITH: Nicolas Cage (John McLoughlin), Michael Peña (Will Jimeno), Maggie Gyllenhaal (Allison Jimeno), Maria Bello (Donna McLoughlin), Stephen Dorff (Scott Strauss), Jay Hernandez (Dominick Pezzulo) and Michael Shannon (Dane Karnes).

Intimate 'Trade Center' Tells Larger Tale (USAT)

USA Today, August 9, 2006

World Trade Center (*** out of four) is a fitting and moving tribute to all those who died or were wounded as the towers tumbled on that horrible day in September 2001.

It also is a powerful film told without any discernible political agenda. There can be no more gripping subject to mine for cinematic potency and drama than what has come to be called, in clichéd shorthand, "the terrible events of Sept. 11."

And this film tells the devastating story in a more intimate manner than one might expect from the title. Because the focus is the true story of a pair of police officers trapped for more than a day in the towers' debris, we absorb the magnitude in a personal fashion.

Director Oliver Stone deftly handles sights that are almost too much to bear (bodies hurtling from the top floors, bloodied survivors staggering from buildings) in an almost matter-of-fact style, never detracting from their haunting quality. When disoriented veteran Sgt. John McLoughlin (Nicolas Cage), trapped under 20 feet of concrete and metal, asks fellow officer Will Jimeno (Michael Peña) where they are, Jimeno sums it up in a way that in any other situation would be melodramatic: "In hell." But those words emerge as an understatement.

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Peña, last seen as the locksmith in Crash, is pitch-perfect. He outshines Cage, whose New York accent sometimes distracts from what he has to say.

One particularly powerful scene: The camera takes in the wreckage underground, then pans upward as McLoughlin asks whether Jimeno can see any light. The camera continues to pan up until we are outside in a nightmarish mess of bent steel girders. The camera continues to zoom skyward to the unseen satellites beaming reports of the catastrophe around the world. It is an inspired way to encapsulate a global sense of shock and outrage.

Stone does take some missteps: The score has some overbearing moments, and there is a fair amount of clichéd dialogue. Also, scenes featuring the officers' families waiting for news are often wooden and can feel like a TV movie.

But this is a tricky story to tell, given the barrage of news coverage. Stone's use of visual and sound effects are excellent and avoid sensationalism.

Where United 93 was a superb example of masterful storytelling, World Trade Center is a more conventional rendering. Some might have expected a more controversial angle from the director of films such as JFK and Natural Born Killers. Still, in its celebration of the human spirit, it is undeniably uplifting.

Stone takes one of the most tragic events of this century and focuses on the hope, humanity and determination that also held sway amid the darkness. (Rated: PG-13 for intense, emotional content, disturbing images and language. Running time: 2 hours and 2 minutes. Opens today nationwide.)

New Oliver Stone Film Commits One Offense: Making 9/11 Tedious (WSJ)

By Joe Morgenstern

The Wall Street Journal, August 9, 2006

Oliver Stone's "World Trade Center" starts slowly, eloquently, evoking the early-morning life of the city -- the naked city, as it proved to be -- with a sense of dread that is heightened by the feelings we bring to this account of suffering and survival on 9/11. And toward the end, the camera conveys the awful magnitude of the event when, in a blighted blue light, it pulls up and up from a smoking pit that could pass for the site of a meteor's impact, or the entrance to hell. In between the prelude and the coda, though, the action, such as it is, consists of a patchwork narrative to which the filmmaker and his colleagues have brought the sensibility of an old-fashioned Hollywood disaster movie, and a mediocre one at that.

The narrative is illuminated, from time to time, by flashes of genuine emotion. How could it not be, since its basis was the true, all but miraculous story of two Port Authority cops who found themselves trapped 20 feet below the rubble field and came out alive? Yet Mr. Stone's stolid direction and Andrea Berloff's tone-deaf script manage to give truth the ring of hackneyed fiction.

What was meant to be inspirational is conventional at best, manipulative at worst and, quite incredibly, repetitive to the point of tedium in the long passages during which the anguished heroes await rescue or death. Before the movie's release, concern was voiced in some quarters that Oliver Stone, a vehement critic of American policies and, in the conspiratorial coils of his "JFK," a twister of American history, was the wrong choice for directing a film intended to celebrate the nation's courage and patriotism in the face of catastrophe. But the problem isn't his politics, or his revisionism; it's the clumsy dramatics and clichés of the production as a whole.

The real-life cops, Officer Will Jimeno and Sgt. John McLoughlin, are played, respectively, by Michael Peña, whose performance is unremarkable, and Nicolas Cage, who has done something close to the role before -- as the haunted paramedic in Martin Scorsese's "Bringing Out the Dead." That's not a reason he shouldn't have been cast this time -- he's rarely uninteresting on the screen -- but he lays a heavy spirit and a familiar movie-star presence on a character that, as written, lacks variety and spontaneity.

MOVIE DETAILS

Learn more1 about Oliver Stone's World Trade Center.

Mr. Cage does get a few lively moments in scenes of his family life. (McLoughlin's wife is played by Maria Bello). Still, the families of both men seem to be imports from network TV -- in flashbacks, during the cops' long entombment, and in cutaways that depict the anguish of wives, children and relatives who don't know if their loved ones are alive or dead. Again, veracity is not the issue. The homely suburban details -- domestic quarreling, the cancellation of a den mothers meeting -- may well be based on fact, but they're made to feel false.

The sole survivor of this stultifying style is Maggie Gyllenhaal, who plays Jimeno's wife, Allison. She avoids being actorly by applying brisk intelligence and restless energy. One of the movie's few spontaneous moments comes when Allison, on the phone with a potential source of information, says impatiently, "Brian, did he go in the building or did he not go in the building? It's basic."

Many moviegoers who see this film will care little or not at all about matters of craftsmanship. In these uncertain times there's a yearning for authentic heroism, a hunger for entertainment that expresses love of country without apology. "World

Trade Center" speaks to such needs, though that doesn't make the drama worthy of the subject. The extended prelude certainly has great power -- a shadow crossing the sky as the first jet hits, the shattering sight, and especially the sound, of towers collapsing on themselves -- yet even these sequences carry hints that the film's resources will not be equal to its task.

Pandemonium in the streets isn't shown so much as suggested by the expedient of slo-mo photography. Paper snowflakes fill the air, but only one body falls through them; would the sight of many doomed jumpers have been too distressing? Then what promised to be an epic spectacle suddenly devolves into the narrowly focused, relentlessly claustrophobic story of two men struggling to stay alive in the improbable silence of a steel-and-concrete tomb. That is, of course, the story's essence; one can't ask it to be something else. But the movie, like the men, becomes immobilized, because the story can't sustain the time it fills, notwithstanding those frequent flashbacks and cutaways, gobs of sentimental dialogue, elegiac music and an appallingly risible vision in which the parched Jimeno sees Jesus holding out a bottle of designer water.

A minor but significant character is also fairly appalling, as the film portrays him -- Dave Karnes, an accountant and ex-Marine from Connecticut. The real-life Karnes is the one who found the two Port Authority cops, leading rescuers to where they were buried -- a hero of sorts in his own right. But the Karnes on screen, played by Michael Shannon, is unaccountably full of himself, and given to such windy declarations as "I'm not coming in today. We're going to need some good men out there to avenge this," or, "Looks like God made a curtain with the smoke, shielding us from what we're not yet ready to see." A conspiracy theorist might wonder if Oliver Stone used this weird creation to subvert the patriotism and religiosity of his own film.

In the wake of Paul Greengrass's "United 93," the first big-screen feature to dramatize the events of 9/11, "World Trade Center" is being marketed as an upbeat, optimistic alternative, with a happy ending in which the heroes emerge more or less intact, rather than a tragic ending in which the heroes sacrifice their lives to save many others. But the differences go deeper. The hourlong preface of the Greengrass film used deft and agile techniques to tell us specific things we didn't know about the nation's lack of preparedness; then "United 93" took to the air for a taut, horrific drama based convincingly on very few facts. "World Trade Center" shows us many things we already know, though with impressive flair, then plunges underground for an unconvincing drama based on a multitude of facts. It's upbeat, all right, but badly off kilter.

Mr. Morgenstern is the Journal's film critic. Read his reviews this Friday, and every Friday, in Weekend Journal.

Oliver Stone's 'Trade Center' Is Two Stories Short (WP)

By Desson Thomson

The Washington Post, August 9, 2006

When the movies revisit tragedy of grand scale, a viewer's underlying hope is to learn something new and illuminating beyond the immediate story. In a film about two policemen trapped under the collapsed World Trade Center on Sept. 11, 2001, for example, one wants it to go further than chronicle their anguish. It should ask: What did they learn under that bone-crushing steel and concrete? How was the experience for their loved ones, who waited desperately for word of their survival as the world looked on? What was it like to be an American during that time -- or a human being? How do we respond to tragedy?

"World Trade Center," Oliver Stone's film about Port Authority officers John McLoughlin and Will Jimeno (played, respectively, by Nicolas Cage and Michael PeÃ±a), is long on veneration for its subjects and scrupulous in portraying the details, big and small, of what unfolded that day. But it shortchanges audiences when it comes to dramatic revelations that could have resonated on a deeper level. It telegraphs its emotions loud and clear, but somehow they don't reach us.

Stone spends his directorial energies grappling with two purposes -- to express reverence for the two men's plight while trying to create a crowd-pleasing story of heroism -- but doesn't wring out anything more significant than the literal portrayal of the men's ordeal. That spare approach may have been Stone's intention, but it doesn't necessarily make for a satisfying, nuanced film experience.

The story has a basic design flaw: The two officers are portrayed as heroes -- and of course they are, as they courageously rush into the fray -- but soon they are cocooned in the rubble, essentially helpless, for the rest of the film. (Jimeno was trapped for 13 hours; McLoughlin for 21.) Other films that portray modern heroes against a backdrop of grand-scale horror -- "Schindler's List," "Hotel Rwanda" and others -- are effective because we spend the film watching them in heroic action.

Stone, who has never been bashful about rewriting American history with such impressionistic movies as "JFK," "Nixon" and "Platoon," mostly relies upon the reductive shorthand of made-for-television docudrama. Indeed, the film feels decidedly small-screen, bar a couple of scenes, in large part because the characters feel stock rather than uniquely drawn. Screenwriter Andrea Berloff's poor hand effectively chokes director and performer alike.

The filmmakers have omitted a wider context -- something as conspicuous by its absence as the towers themselves. Five years on, most of us understand that day as the opening chapter of a continuing, agonizing chronicle. We crave perspective-- even from a movie that specifically limits itself to one claustrophobic corner of the story. Why reprise this story without the hindsight of Afghanistan, Iraq, Madrid and London? One of the only allusions to the post-9/11 world is a Marine's passing

comment that we should avenge ourselves -- which feels oddly ironic, given our failure to capture Osama bin Laden. And the filmmakers' attempts at establishing a wider canvas amount to a quick sequence around the world of people of all races, hues and faiths following the events on live television, more a statement about CNN's Nielsen ratings than a journey beyond the officers' experiences.

Audiences looking for a no-fuss recitation of what happened to McLoughlin and Jimeno, however, will find the movie they seek. Cage and PeÃ±a are believable in their roles. And Stone's trademark stylistics make an effective first act: As Jimeno patrols the Port Authority bus station, the shadow of the first plane darkens a nearby building, and Jimeno looks up with prescient dread, as if the Devil himself just passed over Manhattan. And seconds after the first tower has toppled and the ground beneath the audience seems to rock, a dazzling whiteness, attended by silence, floods the theater. But then the movie's problems really begin.

"World Trade Center," which Berloff based on the firsthand accounts of McLoughlin, Jimeno and their wives, begins that morning when the two officers and their colleagues have just started the day's work, and the first plane strikes the North Tower. They reach the World Trade Center concourse just as the second plane hits -- and are forced to retreat into an elevator shaft when tons of debris rains upon them.

It's an impasse all around: Everyone's pinned down by the cliches of half-baked poignancy. McLoughlin communicates with his wife, Donna (Maria Bello), through flashbacks and reveries, and reassesses his commitment to their marriage, but the exchanges don't rise above hollow recitations we've heard in movies before. Jimeno, already a man of faith, has visions of Christ carrying a vessel of water (a rusty pipe, barely within reach, is Jimeno's only potential source). Some viewers may be moved by the backlit special-effects Jesus hovering before him; others will find the image distractingly hokey. Meanwhile, Donna and a pregnant Allison Jimeno (Maggie Gyllenhaal) wait by the phone, bicker a little with their families, berate the Port Authority for its frustratingly few tidbits of information, and try to explain what is happening to their bewildered children.

It's up to the filmmaker to render familiar scenes like these in original ways. In "United 93," about the doomed plane that crashed in Pennsylvania, writer-director Paul Greengrass avoided the cliches of the airborne disaster movie by making you feel you were there: He filmed his actors with multiple hand-held cameras and in sustained takes.

In "World Trade Center," the movie's attempts to make the story feel specific and personal fail miserably. Before 9/11, Allison and Willie had been arguing over what to name their daughter; he wanted Alyssa, she wanted Olivia. Not surprisingly, during the tragedy, each decides to defer to the other's wishes. The idea, of course, is to show how the mundane can become significant in the face of enormous events, but it's such an obvious tug at the heartstrings that the impact is muted. Dave Karnes (Michael Shannon), the Marine who eventually finds the policemen, is portrayed as a single-minded patriot, rather than a three-dimensional being who loves his country.

Stone and Berloff depict the remains of the concourse as a symbolic hell: The men are trapped under slabs of stone in semi-darkness; isolated fires spontaneously erupt. The world of the living is represented by a sliver of skylight 20 feet above them. And it seems McLoughlin and Jimeno will have to undergo spiritual renewal long before they hear the sound of rescuers.

Berloff and Stone are reaching for myth, but failing to follow the rules of classic storytelling. "The Odyssey" spends time with Penelope, the soldier's wife who waits two decades for her husband's return, but it is mainly about the wanderings and heroics of Odysseus. In "World Trade Center," that balance between home and hero is off-kilter. We spend too much time -- with too little dramatic yield -- among the families. The fact that the officers' families aren't fleshed out through deft, original storytelling leaves us only feeling reflexive pity rather than being genuinely moved.

As McLoughlin and Jimeno hope against hope for someone to darken that skylight, we hope for enlightenment ourselves -- not out of callousness for their plight but for the film this might have been.

World Trade Center (125 minutes, at area theaters) is rated PG-13 for emotional content, disturbing images and profanity.

$400 Million FEMA Contracts Now Total $3.4 Billion (WP)

By Spencer S. Hsu

The Washington Post, August 9, 2006

Four no-bid contracts awarded by the Federal Emergency Management Agency to house Hurricane Katrina evacuees have ballooned in value from $400 million to about $3.4 billion, prompting renewed scrutiny from Congress and federal auditors about the disaster agency's management of the aftermath of the storm.

The Department of Homeland Security's inspector general is, for at least a second time, reviewing the contracts with construction and engineering firms Bechtel Corp., CH2M Hill Inc., Fluor Corp. and the Shaw Group Inc. to provide 150,000 trailers for hurricane victims, even as FEMA expects to competitively award at least $1 billion for similar work in future contingencies within days.

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A review is underway into how the contracts were awarded, the parties involved and their documentary support, according to Marta Metelko, spokeswoman for Inspector General Richard L. Skinner. She cited the "dollars and risk associated with sole source contracts."

The contracts, which were quickly awarded as Katrina approached and hit the Gulf Coast, have been repeatedly faulted by Skinner's office, congressional auditors and a Senate investigation for poor safeguards and high costs. FEMA valued the contracts at $2 billion last fall and winter, but the agency has raised the limit for each firm over the past several months.

FEMA Director R. David Paulison and Homeland Security Secretary Michael Chertoff promised Congress last October to re-bid the pacts and spun off $3.6 billion in maintenance and future dismantling of the trailers to 36 small and minority-owned firms in March. But the agency's critics say that has not addressed the entire problem.

Members of Congress say FEMA is unresponsive to complaints and warnings of mismanagement. Outside analysts say that the Department of Homeland Security's staffing shortages and increasing dependence on larger contracts to handle complex new missions feeds an unhealthy cycle, in which firms vying for an ever-growing flow of taxpayer dollars raid agency staff for expertise, weakening FEMA's ability to independently carry out its missions.

Coast Guard Vice Adm. Harvey E. Johnson Jr., FEMA's deputy director since April, said he tracks reports every week of how quickly FEMA is hiring and filling contract management jobs, and said the contracts are large and extremely complex. "I understand . . . how complex [the issues] are, and how many contracts our small staff is asked to complete," he said. "I see nothing that indicates there is any favoritism whatsoever."

FEMA deputy operations director Deidre Lee said the contracts' growth was justified "given the scope of Katrina. We ended up putting over 150,000 trailers and this for all the work, hauling, installing, prepping and set-up."

Spokesmen for Bechtel, which has its headquarters in San Francisco; CH2M Hill, of Englewood, Colo.; Fluor, of Irving, Tex.; and Shaw, of Baton Rouge, La., said they had received no information or requests from the DHS inspector general's office about a review, but routinely cooperate with audits by the office.

"We have delivered on every task they asked us to perform," CH2M Hill spokesman John Corsi said.

Shaw spokesman Chris D. Sammons said: "We are confident that our activities are fully in compliance with respect to all of those [federal and state] regulations."

In May, numerous protests of inflated prices and awards to a Fluor subsidiary led Sens. Byron L. Dorgan (D-N.D.) and Mary Landrieu (D-La.) to call on Skinner to begin another inquiry.

"It's hard to overstate the incompetence involved in all of these contracts," Dorgan said. "We have repeatedly asked them for information, and you get nothing."

The initial contracts began under murky circumstances. Two FEMA officials have said the four firms were tapped even before Hurricane Katrina made landfall, and the Shaw Group announced on Aug. 30, one day after the hurricane struck, that it was in contact with FEMA to mobilize assistance. Its stock rose 21 percent in two days and 32 percent that week after the news.

FEMA publicly announced contracting with the firms for housing on Sept. 8, in what company and government officials have said were letter contracts or agreements worth as much as $100 million. FEMA this week said that the initial contracts had a ceiling of $500 million each, and were awarded Sept. 3 to Fluor and Sept. 30 to the other three companies.

FEMA raised the ceilings of the contracts -- to $950 million for Shaw in February, to $1.4 billion for Fluor in March and to $575 million for Bechtel last month. It expects to raise the CH2M Hill contract to $530 million. FEMA has paid the firms $1.9 billion, and obligated $1 billion based on company charges, whose payment is subject to negotiation.

Skinner told Congress in February that the initial awarding of the housing contracts appeared justified by the emergency, but he concluded in a formal March report that "FEMA had not adequately defined the roles, responsibilities, expectation for deliverables, or performance measures for contractors," leaving taxpayers vulnerable to poor performance and abuse.

Shaw has installed 34,500 of 35,700 housing units expected to be completed by Sept. 30; Fluor, 49,000 of 53,000 units; Bechtel, all 36,000 units; and CH2M Hill, 23,000 of 28,000 units, FEMA said last week. The contracts will end "a couple of months" later, FEMA said.

In total, FEMA has contracted to pay as much as $7 billion for the 150,000 trailers, or about $46,000 per trailer. By law, the agency is required to provide storm victims housing for 18 months, although that term could grow.

Steven L. Schooner, co-director of George Washington University Law School's Government Procurement Law Program, said Homeland Security's high visibility and urgent needs dramatize a government-wide failure by Congress and recent administrations to solve a worsening contract workforce crisis.

"In both gulfs, Iraq and Louisiana, Congress seems to be able to find money to send auditors and inspector generals onto the battlefield after the fact to bayonet the wounded," Schooner said. "But nobody seems to find money to put contracting officers on the ground to do it right the first time."

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Chertoff has championed the re-engineering of FEMA to tap private expertise for tasks including registering victims and clearing debris. Prearranging contracts, for example, could have avoided FEMA's post-Katrina spending of $1.8 billion to provide hotel rooms and cruise ship cabins to storm victims at three to six times the cost of what it paid them to rent apartments, and to buy 26,000 mobile homes, many of which could not be used under agency rules.

Nevertheless, the agency has been slow to carry out such changes, even though its housing needs were identified after four hurricanes hit Florida in 2004.

FEMA's Johnson acknowledged, "We do need more contracting staff and more procurement staff."

Since Katrina, FEMA has boosted the number of contracting officers from 50 to 90, aiming for a total of 134, plus 30 more who may be available in emergencies, said Lee, who joined FEMA in April.

DHS procurement chief Elaine C. Duke said FEMA is working on 70 new contracting projects to help with emergencies, dealing with logistics, government aid, housing inspections and more. "If you look at all that's been done, a year -- or, really, 10 months -- had been a really short time," she said.

Agencies In New Orleans Struggle To Rebuild Workforce (WP)

By Stephen Barr

The Washington Post (column), August 9, 2006

His rent and other living costs have gone up, his family is in another state, and his office has four job openings with little hope of filling them soon.

Gary Goeke is a federal employee in New Orleans, where, he said, "the situation is bleak."

Almost a year after Hurricane Katrina devastated Gulf Coast communities, Goeke's rent for a one-bedroom apartment has jumped 36 percent, to $850 a month. Apartments are jammed with people who lost their homes, the cost of building materials has soared, reliable contractors are scarce, and home insurance premiums are rising, he said.

One employee in his Minerals Management Service office has left to start a new life in Denver, and the office's job postings have stirred little interest. "We are not getting the response to vacancies that we would normally get," Goeke said. "Things are still pretty grim."

According to the Office of Personnel Management, the federal workforce in New Orleans dropped by about 11 percent -- to 9,674 employees -- from March 2005 to March 2006.

But officials in New Orleans think the post-Katrina decline might be even larger, in part because many federal employees on New Orleans rosters are working for their agencies temporarily at offices outside the city.

"We still have significant numbers of people who are in limbo on whether they are willing to return to the area," said Kathy Barr Ã© , executive director of the New Orleans Federal Executive Board. "As time goes on, we know we will be facing a little more of a deficit here."

Louisiana officials want to keep a stable base of federal employees, in part because the services they provide are important to the state and because keeping federal offices open reassures the private sector that the city will bounce back.

Brookings Institution researchers estimate that the overall labor force in New Orleans is 30 percent smaller today than it was a year ago. Rents in the region have increased by 39 percent in that time, and home sale prices have spiked in suburban parishes, the researchers said.

Many employees "are feeling that their federal income is not going as far as it needs to go," BarrÃ© said. They are paying rent and spending money to repair homes or are trying to buy other homes, she said. "The dual output causes people a great problem."

Jerry Lohfink , director of the Agriculture Department's National Finance Center, said he has been steadily recruiting over the past year to replace employees who have left, including 279 who did not return after Katrina. The center, with 1,280 employees, is down 107 from its authorized staffing level. New hires have come from companies and agencies leaving the area, but he has not had much luck in recruiting from outside the region.

"This is still a very fluid sort of situation," Lohfink said.

BarrÃ© said many federal employees in New Orleans think they should receive a cost-of-living adjustment or additional locality pay for rebuilding, but she said such remedies could be difficult to justify and would take two to three years to win approval.

New Orleans might get quicker relief by applying for special salary rates -- a pay supplement that can be used by federal agencies for hard-to-fill jobs. An effort to study special rates recently began, BarrÃ© said, but she noted that "agencies are operating very lean" and may not be able to spare enough staff members to quickly conduct the research to justify higher pay.

"I'm looking for help from OPM," BarrÃ© said. "I need on-the-ground help to push this forward."

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The OPM sent two senior staffers to New Orleans this year to discuss alternative ways to increase pay for employees in the region, said Nancy H. Kichak , an OPM associate director.

In addition to special pay rates, agencies can deal with special circumstances by offering recruitment, relocation and retention bonuses; setting above-minimum salaries for new hires; and granting student-loan repayments, Kichak said.

"Employees have told us that there are problems there," she said, but she noted that the OPM relies on agency officials to decide whether higher pay is appropriate for New Orleans. "We don't start committing agency resources without the support of agency officials," Kichak said.

Sense Of Duty Lures 'Expats' Back Home To New Orleans (LAT)

By Ann M. Simmons, Times Staff Writer

The Los Angeles Times, August 9, 2006

NEW ORLEANS — When Mark Folse told his mother-in-law he had decided to move his family here shortly after Hurricane Katrina hit, she handed him a magazine article about New Orleans' gang problem.

"The understated text was, 'This is where you're taking my grandchildren?' " said Folse, 49, a New Orleans native then living in Fargo, N.D.

"I took the magazine, smiled and read it," Folse recalled. He tried to point out the positives to his mother-in-law: Many criminals had not returned to the city since the storm. Crime-fighting efforts were intensifying. The criminal justice system was being overhauled.

But most important, he told her, was that his children — ages 11 and 14 — would be living in "one of the most unique places in the United States" at a time of unprecedented challenges.

Folse is among a number of "expatriates," as they call themselves, drifting back to New Orleans after a long absence — drawn by a sense of duty to help rebuild, by opportunities, or by nostalgia.

There are no hard statistics on expatriates, but online homecoming tales, real estate sales records, hiring data and anecdotes suggest their presence is growing.

"What I'm seeing are people who … want to be here," said Greg Rigamer, president of GCR & Associates, a data management and strategic planning firm in New Orleans that has hired at least two young expatriates who left careers in other cities because they "wanted to come back and participate."

They aren't the only recent arrivals. Migrant workers have flooded the job market, and scores of government and private workers involved in rebuilding also have settled in the city since Katrina. And of course there are speculators scouting for opportunities.

"Many people will look at New Orleans and say, 'You couldn't pay me to move there,' " said demographer Audrey Singer of the centrist Brookings Institution think tank in Washington, who monitors migration trends including the so-called Katrina diaspora. "Then you have these people who think, 'This is a place I care about and I need to be here,' for various reasons; or those who say, 'There's a lot of work here.' "

Many expatriates say they worry that developers and speculators might mar the city's unique appearance, such as its hodgepodge of French colonial and Caribbean-style architecture; they don't want bland, prefabricated tract homes or McMansions. They also fear an erosion of the city's cultural eclecticism.

Folse is leading an online charge to encourage expatriates to return to New Orleans.

"The more people who come back, who value the city for what it was and what it is, the more difficult it will be for them to wrest it from us," Folse said.

Watching the catastrophe of Katrina unfold last August, "I felt an overwhelming need to come here and plant my flag and buy a house, and try and save New Orleans," said Folse, who tests computer software for a national bank that lets him telecommute. "Admittedly it sounds grandiose and self-serving. But I felt I had to come here and be part of it."

He arrived in the city on Memorial Day and moved to the Mid-City neighborhood, much of which flooded after Katrina. The family found a home that was spared water damage.

Folse immediately joined his neighborhood association and was named chairman of the group's volunteer housing committee. The group is working to set up a community development corporation that would give residents a say in the fate of the neighborhood's blighted properties and historical buildings, and would work to attract businesses to the area.

Ashley Morris, 42, returned to New Orleans in November after an eight-year absence. He said his urge to participate in the city's recovery had made him "kind of an activist." He helped campaign for three mayoral candidates this year.

And Morris' computer science class at Chicago's DePaul University, where he still teaches two days a week, has designed a database to help coordinate the distribution of resources and donations during an emergency. He plans to offer the software to the city for free.

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"Katrina strengthened our resolve to come here, because this is the only city in America I feel is worth fighting for," said Morris, the father of three. His youngest, born in New Orleans in December, is named Rey d'Orleans Morris.

Such fervor also pulled software engineer Ray Shea back to New Orleans from Austin, Texas, where he had lived for 14 years. He and his wife, architect Gina Andre, had been considering a move but hadn't decided where.

Neither could forget the images of flooded New Orleans and its residents.

"Having to watch from afar was just really frustrating and really painful to be helpless throughout the whole thing," recalled Shea, 42, who has family in the city and visited four times after the storm.

So when his wife got a job offer from a New Orleans firm, the couple started packing. They settled here in July.

"It's a once-in-a-lifetime opportunity to be part of something so important," said Andre, 44, a native Texan who had never lived in New Orleans. "Being an architect is like being a rock star here."

Like all New Orleans residents, expatriates must contend with high crime; fewer public schools; low water pressure; frequent electrical outages; and a tattered infrastructure of potholed roads, inconsistent garbage collection and defunct traffic signals.

Shea admitted that such factors as crime and the lack of healthcare facilities made him "nervous," particularly for his two children. And in the back of his mind is the prospect of another Katrina-strength storm.

"I'm hoping that once we get this hurricane season over with, and nothing happens, that there is going to be a big economic boom here, and I just want to be around to be part of that boom," said Shea, whose Austin-based employer is letting him telecommute.

Recent arrivals have helped boost the city's economy simply by moving here, local real estate officials said.

Frank Trapani, president-elect of the New Orleans Metropolitan Assn. of Realtors, said that although expatriates were a minority of new home buyers, they had contributed to rising home sales in the New Orleans metropolitan area in recent months.

"We have many people moving out of the community, who just don't want to go through this life-altering experience," Trapani said. "But we're also seeing those who are anticipating the opportunity to take part in the revival of New Orleans."

Tommy Crane, an independent real estate agent who helped Morris buy his home, said his company's sales to out-of-towners — among them a few expatriates — had jumped from 10% before Katrina to about 15%. And between January and April, he did as much business as he had all of last year.

"Some of these are people who had always had a dream to live here and think now is a good time to be part of the rebuilding process," Crane said.

That's what's driving New Orleans native David Levy, Folse's nephew, to give up his technology marketing job and move this month from Marina del Rey to New Orleans' Mid-City, where he has bought a home. Levy hasn't lived here in 12 years. Now, he is enrolled at Tulane University's law school. His wife, Amanda, lived in New Orleans as a child.

"We want to try and make a difference," Levy said. He and his wife plan to join volunteer groups sprucing up the city. "The most important thing we felt was, first of all, just to be here."

U.S. Officials Revise Outlook For Hurricanes (NYT)

By Eric Lipton

The New York Times, August 9, 2006

WASHINGTON, Aug. 8 — Federal officials modestly downgraded their projections for the intensity of this year's hurricane season on Tuesday, as the halfway point of the six-month season neared without a single hurricane and only three named tropical storms.

What is obvious already, officials said, is that this year is unlikely to match the activity of last year when there were a record 15 hurricanes; seven were major, and four, including Katrina, hit the United States. By this date in 2005, there had been nine named storms and four hurricanes.

But officials from the National Oceanic and Atmospheric Administration warned that the threat was still real for an above-average hurricane season, as has been the case in 9 of the last 11 years.

They now predict seven to nine hurricanes, including three or four that have sustained winds of at least 111 miles per hour, or Category 3 storms. The seasonal average is six.

The agency's forecast was similar to that made last week by hurricane researchers at Colorado State University, who reduced their number of hurricanes predicted to seven from nine. Three of those storms would be intense, the researchers said.

"While the beginning of this hurricane season has been relatively calm compared to last year, it does not mean we are off the hook," said the under secretary of the National Oceanic and Atmospheric Administration, Conrad C. Lautenbacher.

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Mr. Lautenbacher and Gerry Bell, the agency's lead seasonal hurricane forecaster, said the relatively quiet early half of the season was not that unusual, as the peak typically runs from mid-August to mid-October. Mr. Bell said the revised prediction was based on factors including sea surface temperatures.

The director of the Federal Emergency Management Agency, R. David Paulison, said residents along the Atlantic and Gulf coasts must still take steps to prepare themselves. "It is not a time for complacency," Mr. Paulison said. "It only takes one hurricane to give you a very bad day."

The downgrade in the projection is particularly a relief for the Gulf Coast, where 119,000 families are still living in government-supplied travel trailers or mobile homes, which officials say they will urge people to vacate even if winds reach only tropical-force speed.

"We are going to plan for the worst and hope for the best," said Mark C. Smith, spokesman for the Louisiana governor's Office of Homeland Security and Emergency Preparedness.

NOAA Curtails Hurricane Forecast (WP)

By Peter Whoriskey

The Washington Post, August 9, 2006

MIAMI, Aug. 8 -- The 2006 hurricane season -- so far quiet -- has fallen far behind last year's record for tropical storm activity, but scientists on Tuesday issued a prediction that this year will nonetheless be above average, with seven to nine hurricanes forming in the Atlantic basin.

In the kind of season that is anticipated, an average of two or three hurricanes make landfall in the United States, scientists at the National Oceanic and Atmospheric Administration said.

"I don't want anyone to focus on the numbers," said Max Mayfield, director of the National Hurricane Center. "It only takes one hurricane to make it a really bad year."

The prediction, while still threatening, slightly downgrades the predicted hurricane activity from the seasonal outlook the agency issued in May, in which eight to 10 hurricanes were foreseen.

Some scientists have suggested that the recent intensity of hurricanes may be an outcome of global warming. But Gerry Bell, lead meteorologist at NOAA's Climate Prediction Center, said "the work done so far doesn't allow us" to determine how much storm activity is due to global warming and how much is the result of a long-recognized fluctuation in hurricane activity created by the "multi-decadal signal."

The multi-decadal signal, in which weather conditions become conducive to hurricanes, is believed to have led to the uptick in Atlantic hurricanes that began in 1995.

The long-term forecasts of tropical storms are used by emergency managers. They are also reviewed by insurers, who have in recent years doubled premiums for properties in some coastal areas and refused to renew policies in others.

"It's not a time for complacency," said FEMA Director R. David Paulison.

The seasonal forecasts are based on an analysis of sea-surface temperatures in areas where hurricanes form, as well as wind conditions and other factors.

The warmth in the ocean is, in essence, the fuel for hurricanes.

This year, ocean waters are a half a degree to two degrees Fahrenheit warmer than average. That likely will help generate above-average tropical storm activity, but not as much as last year, when comparable ocean temperatures were two to three degrees warmer than average.

Three tropical storms have formed this year; last year, seven had formed during June and July.

Another key factor in the forecast is the strength of high-level winds that can inhibit hurricane formation. Essentially, strong shearing winds can blow apart incipient storms.

Wetter-than-predicted conditions over the Pacific Ocean have forced slightly stronger upper-level winds over the Caribbean, said Christopher Landsea of NOAA's Hurricane Research Division, making the weather this year less amenable to hurricane formation than last year.

Still, forecasters predict an above-average season, with 12 to 15 tropical storms, seven to nine hurricanes and three to four major hurricanes.

Those predictions fall in line with a report issued last week by researchers at Colorado State University. They predicted 15 tropical storms (the average is 9.6); seven hurricanes (the average is 5.9); and three major hurricanes (the average is 2.3). It also reported that there is a 73 percent chance that a major hurricane -- Category 3 or greater -- will hit the United States.

Paulison and the NOAA scientists used the announcement to warn residents of coastal areas to prepare before a storm hits. They said that although the government can help, residents who fared best in last year's hurricanes were those who had made adequate preparations.

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Forecasters Predict Fewer Hurricanes (USAT)

USA Today, August 9, 2006

The 2006 Atlantic hurricane season should be slightly less active than originally predicted, federal forecasters said Tuesday. Forecasters expect 12 to 15 named storms and seven to nine hurricanes, the National Hurricane Center and other National Oceanic and Atmospheric Administration agencies said. Three or four could be major hurricanes with sustained winds of at least 111 mph, forecasters said.

In May, the forecast was for 13 to 16 named storms, including and eight to 10 hurricanes, four to six of which could become major.

There have been three tropical storms and no hurricanes so far. August through October are typically the most active months. The 2005 hurricane season broke records with 28 named storms, 15 hurricanes and seven major ones. Hurricane Katrina was the most expensive natural disaster in U.S. history. Hurricane season began June 1 and ends Nov. 30.

WAR NEWS:

Bombings, Shootings Kill 33 Across Iraq (AP)

By Qassim Abdul-zahra

AP, August 9, 2006

A series of bombings and shootings killed at least 33 people Tuesday, most in the Baghdad area, as more American soldiers patrolled the streets of the capital in a make-or-break bid to quell sectarian violence.

Nearly 60 people were wounded in the blasts, police said. The explosions began when three bombs went off simultaneously near the Interior Ministry in central Baghdad, killing 10 people and wounding eight, police Lt. Bilal Ali Majid said.

Two more bombs ripped through the main Shurja market, also in central Baghdad, killing 10 more civilians and wounding 50, police Lt. Mohammed Kheyoun said.

At least 13 other people were killed or found dead Tuesday, most in the Baghdad area, where tension between Sunnis and Shiites runs the highest.

The violence underscores the security crisis facing Baghdad, which prompted American commanders to send more U.S. soldiers to the capital in a renewed bid to curb sectarian killings and kidnappings.

U.S. officials said the latest phase of the security operation was launched Monday "to reduce the level of murders, kidnappings, assassinations, terrorism and sectarian violence in the city and to reinforce the Iraqi government's control of Baghdad."

A U.S. statement said about 6,000 additional Iraqi troops were being sent to the Baghdad area, along with 3,500 U.S. soldiers of the 172nd Stryker Brigade Combat Team and 2,000 troops from the U.S. 1st Armored Division, which has served as the theater reserve force since November.

"Iraqi and Multinational Division-Baghdad soldiers will not fail the Iraqi people," said Maj. Gen. J.D. Thurman, commander of U.S. forces in the capital.

American officials have released few details of the new campaign, citing security. However, more heavily armed U.S. soldiers were seen Tuesday on the streets of Ghazaliyah, one of the neighborhoods targeted in the first stage of the stabilization effort.

Troops were seen patrolling both in vehicles and on foot, hoping to assure residents of the majority Sunni neighborhood they will be protected from criminals and sectarian death squads.

"The general priorities are to bring stability to the key neighborhoods where there is sectarian fighting," the top U.S. commander in Iraq, Gen. George W. Casey Jr., told reporters in Tikrit. "You'll see us starting there and then gradually expanding across the rest of the city."

Much of the violence has been blamed on sectarian militias that have stepped up a campaign of tit-for-tat killings since the Feb. 22 bombing of a Shiite shrine in Samarra, 60 miles north of Baghdad.

Many militias are linked to political parties that are part of Prime Minister Nouri al-Maliki's national unity government, and they are reluctant to disband their armed wings unless others do the same.

The U.S. ambassador to Iraq, Zalmay Khalilzad, said there was talk under way among Sunni and Shiite groups to reach agreements and sign pledges to end sectarian fighting.

"There's more that needs to be done" Khalilzad told reporters. "There's a need for practical steps to move forward. ... I think they're heading in the right direction and this is the right government ... to tackle this issue of sectarian fighting."

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Both Khalilzad and Casey were in Tikrit for ceremonies marking the formal transfer of security responsibility from the 101st Airborne Division to the Iraqi army across a wide area of northern Iraq.

U.S. officials emphasized the transfer of authority was on schedule despite the security crisis in Baghdad.

Nevertheless, the ambassador warned that if the violence cannot be curbed in the Baghdad area, Iraq "might be in a much more difficult situation" in the coming months. He said al-Maliki understands the threat and "he's determined to succeed."

However, differences have emerged between U.S. and Iraqi officials on tactics. The prime minister, a Shiite, strongly criticized a U.S.-Iraqi raid Monday on Baghdad's Sadr City district, stronghold of radical cleric Muqtada al-Sadr and his Mahdi Army militia.

Al-Maliki complained that the raid used excessive force, and President Jalal Talabani, a Sunni Kurd, warned the Americans it was in "no one's interest" to provoke a showdown with al-Sadr.

For his part, al-Sadr urged his followers to purge their ranks of "all elements that defame the Mahdi Army" and called on his supporters to denounce kidnappings and the "killing of innocent people."

But such declarations alone will do little to curb the violence, much of which is believed carried out by criminal gangs and freelance gunmen settling personal scores.

On Tuesday, gunmen in two cars stormed a bank in the Azamiyah district of Baghdad, killing three bank employees before fleeing with the equivalent of $5,500, according to the Defense Ministry.

Two Sunni bothers were slain in their car repair shop in southwestern Baghdad and four Shiites were gunned down in a series of attacks in Baqouba and Muqdadiyah, two cities in Diyala province northeast of the capital, police said.

Police found two bodies, shot in the head, in Sulla in northwest Baghdad, and a policeman was killed in a bombing in Tikrit, police said.

The other victims died in small-scale shootings and bombings in the Baghdad area, police said.

At Least 20 Die In Series Of Baghdad Bombings (USAT/AP)

USA Today, August 9, 2006

BAGHDAD — At least 20 people were killed Tuesday in a string of bombings in the center of Baghdad, as more U.S. soldiers patrolled the streets of the capital in a bid to quell sectarian violence.

Nearly 60 people were wounded in the blasts, police said. The explosions began when three bombs went off simultaneously near the Interior Ministry in central Baghdad, killing 10 people and wounding eight, police Lt. Bilal Ali Majid said.

Two more bombs ripped through the main Shurja market, also in central Baghdad, killing 10 more civilians and wounding 50, police Lt. Mohammed Kheyoun said.

At least 13 other people were killed or found dead Tuesday, most in the Baghdad area, where tension between Sunni Arabs and Shiites runs the highest.

The violence has prompted U.S. commanders to send more U.S. soldiers to the capital. U.S. officials said the latest phase of the operation was launched Monday “to reduce the level of murders, kidnappings, assassinations, terrorism and sectarian violence in the city and to reinforce the Iraqi government's control of Baghdad.”

A U.S. statement said 6,000 more Iraqi troops were being sent to the Baghdad area, along with 3,500 U.S. soldiers of the 172nd Stryker Brigade Combat Team and 2,000 soldiers of the 1st Armored Division.

American officials have released few details of the new campaign, citing security. However, more heavily armed U.S. soldiers were seen Tuesday patrolling in vehicles and on foot in a Sunni neighborhood. U.S. forces are trying to assure residents they will be protected from criminals and sectarian death squads.

“The general priorities are to bring stability to the key neighborhoods where there is sectarian fighting,” the top U.S. commander in Iraq, Gen. George Casey, said. “You'll see us starting there and then gradually expanding.”

Casey was in Tikrit to mark the formal transfer of security responsibility from the 101st Airborne Division to the Iraqi army across a wide area of northern Iraq.

Sectarian militias have stepped up reprisal killings since the Feb. 22 bombing of a Shiite shrine in Samarra, 60 miles north of Baghdad. Many militias are linked to political parties in Prime Minister Nouri al-Maliki's national unity government, and they are reluctant to disband their armed wings unless others do the same.

The U.S. ambassador to Iraq, Zalmay Khalilzad, said there was talk among Sunni and Shiite groups to sign pledges to end sectarian fighting.

Differences have emerged between U.S. and Iraqi officials on tactics. The prime minister, a Shiite, accused U.S. and Iraqi troops of using excessive force in a raid Monday on Baghdad's Sadr City district. The neighborhood is a Shiite slum and stronghold of radical cleric Muqtada al-Sadr and his Mahdi Army militia.

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Bank Robbery And Bombs Kill 24 In Iraq (NYT)

By Paul Von Zielbauer

The New York Times, August 9, 2006

BAGHDAD, Iraq, Aug. 8 — Five homemade bombs and a bank robbery left 24 people dead in Baghdad on Tuesday as the level of violence here remained undiminished despite a buildup of American and Iraqi troops meant to restore a sense of order.

Also Tuesday, several witnesses testified in the continuing military hearing for four soldiers charged with raping a 14-year-old girl and then killing her and her family in March.

The witnesses, members of the soldiers' unit — Company B of the First Battalion, 502nd Infantry, 101st Airborne Division — were called by defense lawyers to describe the extreme conditions the soldiers had endured in their patrols south of Baghdad, and the low morale and combat stress that followed.

The hearing, known as an Article 32, mixes elements of a grand jury proceeding and a jury trial — including the introduction of evidence, testimony from witnesses and cross-examination by defense lawyers — and is the means by which a presiding officer determines whether enough evidence exists to recommend a court-martial, nonjudicial punishment or the dismissal of charges.

The four soldiers accused of killing the family, in Mahmudiya, a volatile town south of Baghdad, are Specialist James P. Barker, Pfc. Jesse V. Spielman, Pfc. Bryan L. Howard and Sgt. Paul E. Cortez.

In addition to rape and murder, each is also charged with arson; after raping the girl, military prosecutors said, the four burned her body with kerosene to conceal evidence.

A fifth soldier, Sergeant Anthony W. Yribe, who is not said to have been present at the rape and killings, is charged with dereliction of duty, for failing to report the crimes.

Several soldiers testified Sunday and Monday that a former member of Company B, Steven D. Green, thought up the plan to attack the family and rape the girl, and persuaded the other four, during card games and while driving golf balls, to go along with it.

Mr. Green, whom the Army allowed to enlist on "moral waivers" because he had a criminal record for minor offenses, was discharged as a private in May after a psychiatric evaluation.

He is in custody in Kentucky, where he faces federal rape and murder charges. He has pleaded not guilty.

In testimony on Tuesday, Sgt. Daniel Carrick, a member of the accused soldiers' platoon, described how patrolling around Mahmudiya, a tense region south of Baghdad known as the "triangle of death," turned many soldiers bitter, particularly Mr. Green.

"Green had hatred for a lot of people in general," Sergeant Carrick said.

Sgt. First Class Jeffrey Fenlason testified about a conversation with Mr. Green "regarding his lack of concern or caring for Iraqi life versus American soldiers' life."

Several soldiers also testified to a grisly tale of how Mr. Green tossed a puppy off the roof of a building and set it on fire.

The increased American and Iraqi Army patrols in Baghdad on Tuesday seemed to have had little effect on the daily violence.

At 10:50 a.m., two explosions in a market in central Baghdad killed 10 people and wounded 69 others, an Interior Ministry official said. Minutes later, in the Adhamiya section of the city, gunmen burst into the Rashid Bank, killed three guards and two bank employees and stole 7 million Iraqi dinars, or about $5,000, the official said.

Earlier Tuesday morning, three apparently coordinated explosions near the Interior Ministry, in the center of Baghdad, killed nine people and wounded eight others, including three policemen, said the ministry official, who spoke on condition of anonymity because he was not authorized to speak to a reporter. Two of the three explosions occurred near police patrols, and the third was at a busy bus station, he said.

The military announced that four American service members were killed Sunday. Three were killed by a roadside bomb southwest of Baghdad. The fourth, who served with the First Brigade, First Armored Division, died in fighting in Anbar Province, west of Baghdad, the military said in a statement.

In the past week, four Iraqi journalists from various news organizations based here were fatally shot, said a member of an Iraqi journalists' group that tracks attacks on reporters.

Muhammad Abbas Hamid, 30, a reporter for the Shiite newspaper Al Bayinna al Jadida, was shot Monday as he left his home in the Adil section of west Baghdad, said the newspaper's publisher, who asked that his name not be printed out of fear of reprisal.

Late Monday, the police found the body of Ismail Amin Ali, 30, a freelance journalist, less than a mile from where he was abducted two weeks ago in northeast Baghdad, according to the journalists' group, the Journalistic Freedoms Observatory.

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In an interview on Tuesday evening, Ziad al-Ajeely, who tracks attacks on journalists for the group, identified the two other journalists killed in Baghdad in the past week as Abdul Wahab al-Qaisi, a reporter for Kol al Dunia magazine, and Adil Naji al-Mansory, a reporter for Al Alim television.

Baghdad's central morgue said it received the bodies of 1,855 people in July, an average of nearly 60 a day, nearly all of whom appeared to have died violently. The tally was a 16 percent rise from June and a 71 percent increase from January.

The United Nations said last month that an average of about 100 people were killed daily throughout Iraq in May and June. The organization based its figures on numbers from the Ministry of Health, which collates records of violent deaths from hospitals around the country and from Baghdad's central morgue, where unidentified bodies are delivered.

Ministry officials said Tuesday that they had not completed the nationwide count for July.

Officials say the greatest concentration of violent deaths has been in Baghdad, which is the focus of a new military strategy to suppress the surge in violence.

Over the weekend, an American combat unit numbering nearly 4,000 soldiers, and featuring the highly mobile and resilient Stryker vehicles, rolled into Baghdad as part of a plan to elevate the street presence of American forces.

Shia Embrace Partitioning Of Iraq (LAT)

By Borzou Daragahi

The Los Angeles Times, August 9, 2006

BAGHDAD, Iraq -- They have a new constitution, a new government and a new military. But faced with incessant sectarian bloodshed, Iraqis for the first time have begun openly discussing whether the only way to stop the violence is to remake the country they have just built.

Leaders of Iraq's powerful Shiite Muslim political bloc have begun aggressively promoting a radical plan to partition the country as a way of separating the warring sects. Some Iraqis are even talking about dividing the capital, with the Tigris River as a kind of Berlin Wall.

Shiites have long advocated some sort of autonomy in the south on par with the Kurds' 15-year-old enclave in the north, with its own defense forces and control over oil exploration. And the new constitution does allow provinces to team up into federal regions. But the latest effort, promulgated by Cabinet ministers, clerics and columnists, marks the first time they've advocated regional partition as a way of stemming violence.

"Federalism will cut off all parts of the country that are incubating terrorism from those that are upgrading and improving," said Khudair Khuzaie, the Shiite education minister. "We will do it just like Kurdistan. We will put soldiers along the frontiers."

The growing clamor for partition illustrates how dire Iraq's security, economic and political problems have come to seem to many Iraqis: Until recently, Iraqis shunned the idea of redrawing the 8 1/2-decade-old map of Iraq as seditious.

Some of the advocates of partitioning the country are circumspect, arguing that federalism is only one of the tools under consideration for reducing violence.

But others push a plan by Abdel Aziz Hakim, head of the Supreme Council of the Islamic Revolution in Iraq, a political party. Hakim advocates the creation of a nine-province district in the largely peaceful south, with 60 percent of the country's proven oil reserves.

Sunni leaders see nothing but greed in the new push -- the Shiites, they say, are taking advantage of the escalating violence to make an oil grab.

Iraq's oil is concentrated in the north and south, with much of the Sunni west and northwest desolate desert tundra, devoid of oil and gas.

"Controlling these areas will create a grand fortune that they can exploit," said Adnan Dulaymi, a leading Sunni Arab politician. "Their motive is that they are thirsty for control and power."

Still, even nationalists who favor a united Iraq acknowledge that sectarian warfare has gotten so out of hand that even the possibility of splitting the capital along the Tigris, which roughly divides the city between a mostly Shiite east and a mostly Sunni west, is being openly discussed.

"Sunnis and Shiites are both starting to feel that dividing Baghdad will be the solution," despaired Ammar Wajuih, a Sunni politician.

Critics scoff at the idea that any geographical partitioning of Sunni and Shiites will make the country any safer than it is now. In fact, some observers warn that cutting up the country's Arab provinces into separate religious cantons would be as cataclysmic as the partition of Pakistan and India in 1947.

Although growing numbers of Iraqis acknowledge that their country is in the throes of an undeclared civil war, a partition would "actually lead to increasing violence and sectarian displacement," said Hussein Athab, a political scientist and former lawmaker in Basra.

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Critics of partitioning note that rival Shiite militias with ties to political parties in government not only appear to be responsible for as much of Iraq's violence as Sunni insurgents, but have been known to turn their guns on each other.

"They're always talking about reconciliation and rejecting violence, but in truth they're not serious," Wajuih said. "Whenever there is a security escalation or violence, they bring the issue of federalism up again."

One Western diplomat, who spoke on condition of anonymity, suggested that the Shiites were using the prospect of a southern mini-state to gain other political concessions from Sunnis, "a threat that they wouldn't want to have to exercise" because tearing the country asunder would be so traumatic.

A U.S. Embassy spokesperson declined to comment publicly on an issue so volatile. But U.S. policymakers have also begun to warm to the idea. Sen. Joseph Biden of Delaware, one of the Democratic Party's leading voices on foreign policy, began openly advocating such a move this year.

"I think it's the only way out," says Ivan Eland, a former Congressional Foreign Affairs Committee staffer who is now an analyst at the Independent Institute, an Oakland, Calif., think tank. "Iraq is already partitioned. Kurds don't want to be part of it. And any central government controlled by one group, the other groups are going to be afraid of being oppressed by it."

The Kurdish experiment has inspired many Shiite leaders, especially Hakim. Clerics loyal to him have already begun using street demonstrations as well as the Friday prayer pulpit to advance to desperate and war-weary Shiite masses that an autonomous southern region will stem the bloodshed and bring prosperity.

"Those afraid of federalism in the south and middle are afraid that we will get our rights back," Sheik Sadraldin Qabanchi told the faithful gathered for Friday prayers in Najaf last month.

"Why not now?" said a July 30 column in Adala, a Shiite daily newspaper. "We are in a race against time to establish federalism in Iraq."

Hakim's advisers have already begun drawing up plans and proposals for what rights and territory such a region would encompass, said Haithem Hussein, one of his deputies. In one plan, the Shiite militias now considered part of Iraq's cycle of violence could be used as regional security force, just as the Kurdish "peshmerga" militias form the core of Kurdistan's regional security forces.

"We don't want to establish a Shiite state or a state within a state," said Mukhlis Zamel, a Shiite lawmaker from the southern city of Nasiriyah. "But we want to manage ourselves by ourselves."

In the halls of parliament, Sunni politicians say their Shiite colleagues try to strong-arm them to go along with their plan.

"They try to convince you that federalism is the only solution, whether you like it or not," said Salim Abdullah Jabouri, a former law professor now serving in parliament as a member of the main Sunni coalition.

He recalled a Saturday morning meeting with members of the 140-seat Shiite bloc in parliament at which the subject of Hakim's nine-province federal region arose. "They say, `The street is fed up with this mess and there's no solution except adopting federalism,'" he said.

Most agree that a partitioning of Iraq along the geographical lines advocated by Shiites would be an agonizing and traumatic process.

Almost all of Iraq's major tribes include both Shiite and Sunni branches, and cross-sectarian marriages abound, especially among cosmopolitan residents of large cities.

Sheik Diyadhin Fayadh, a Shiite politician and cleric, offered up another solution to resolve Iraq's sectarian patchwork once the country has been partitioned: "If people don't like the system in one region," he said, "they can go to another region."

Times staff writers Saif Rasheed in Baghdad and Saad Fakhrildeen in Najaf contributed to this report.

So What's Our Role In Iraq's Civil War? (WP)

By Harold Meyerson

The Washington Post, August 9, 2006

Of all the signs that the American people are fed up with the war in Iraq, the one that the administration should fear most was put forth last week by a longtime supporter of both the president and the war, Virginia Republican John Warner.

While chairing a hearing of the Senate Armed Services Committee, Warner suggested that the president might need a new congressional resolution authorizing our presence in Iraq, since the conflict there has become (or, best case, may yet become) a civil war.

Now, that would be one challenging resolution to write. Once you've come up with "Whereas the conflict in Iraq is now a civil war between Shiites and Sunnis," what is it, exactly, that we are therefore supposed to resolve? In an Iraqi civil war -- which is precisely what we now confront -- what is the mission of U.S. forces?

There are, after all, civil wars and civil wars. In the carnage that followed the breakup of Yugoslavia, it was chiefly the genocidal aggression of Slobodan Milosevic's Serbian nationalists that needed to be checked, and in time U.S. forces and their

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allies did just that. But the slaughter in Iraq is the work of many hands on both sides of their religious divide. And the role of American soldiers in an intra-Islamic conflict is impossible to plausibly articulate. (Imagine, for instance, that a small Islamic army had been plunked down in Europe during the Protestant-Catholic strife of the 16th and 17th centuries. Its mission would have been about as clear as ours in Iraq today.)

For the Bush administration, then, any admission that the Iraqi civil war is in fact a civil war destroys whatever remains of its justification for our presence there. For while it is true that the withdrawal of our forces will probably unleash even greater sectarian mayhem, it is also true that our presence cannot stop it and that our presence there has also greatly diminished our diplomatic and military capacity to accomplish anything else anyplace else.

If Iraqis have embarked on a bloody partition of their nation -- and to all appearances they have -- then the one remaining task for any non-indigenous force within Iraq is to help ensure that that division takes place with as little slaughter as possible. In the best of all possible worlds, the Iraqi parties would agree on their new lines of demarcation.

Agreement or no, however, the job of keeping the mayhem to a minimum would best be performed by forces with no perceived stake or history in the conflict -- that is, by a United Nations deployment of troops from nations that are neither Muslim nor Christian.

For George Bush, Dick Cheney and Donald Rumsfeld, however, such a messy and sad resolution would make unmistakably clear the full dimensions of their folly. It's not true that they don't have a plan for Iraq. Their plan is to avoid having such a resolution occur on their watch, to delay the disintegration of Iraq, for which they more than anyone else are responsible, until Bush is out of office and they can lay the blame for this catastrophe on his successor.

There's also a more immediate reason why they need to stay the course. A recent poll of Republican voters commissioned by the Republican National Committee and reported on in yesterday's Los Angeles Times found that the best way the GOP could motivate its base in the upcoming election would be to contrast "the president's commitment to defeat the terrorists in Iraq" with the Democrats' supposed lack of commitment to that goal. (The quote is from pollster Fred Steeper's memo to Republican National Committee Chairman Ken Mehlman.)

The problem here is that only the Republican hard core still has confidence in Bush's Iraq policy, and a campaign focusing on affirming that policy would further inflame not only Democrats but independents as well. But with Republicans worrying about how just to turn out their base, staying the course in Iraq does retain a certain warped logic.

Once it's acknowledged that the war in Iraq is a sectarian civil war, however, staying the course has no logic for anyone. Which is why Bush remains determined to dispute any such characterization. "You know, I hear people say, well, civil war this, civil war that," he told reporters at his Crawford, Tex., ranch on Monday. "The Iraqi people decided against civil war when they went to the ballot box. And a unity government is working to respond to the will of the people. And, frankly, it's quite a remarkable achievement on the political front, and the security front is where there's been troubles."

As long as there's an Iraqi government, apparently, there can be no civil war in Iraq. Another problem solved in the neat little world of George Bush.

meyersonh@washpost.com

Swath Of North Turned Over To Iraqi Army (WP)

By Andy Mosher

The Washington Post, August 9, 2006

TIKRIT, Iraq, Aug. 8 -- U.S. military commanders on Tuesday handed over to their Iraqi counterparts primary security responsibility for a swath of northern territory extending from the foothills of Iraq's eastern mountains all the way west to the Syrian border.

Visiting U.S. and Iraqi officials hailed the transfer -- which will have no immediate effect on American troop levels in the area -- as a watershed moment in the gradual shift of military duties in Iraq from U.S. forces to this country's nascent army. They also expressed optimism over stepped-up security operations in Baghdad, where military spokesmen announced Tuesday that a new phase of a U.S.-Iraqi crackdown on violence had begun.

Events in the capital and surrounding provinces, however, illustrated how deeply entrenched Iraq's security problems are after 3 1/2 years of war punctuated by nearly six months of intense sectarian violence.

At least 18 people were killed and more than 90 were wounded when two explosions ripped through al-Araby market in the capital's Shorja district, according to hospital workers. And in Diyala province, just east of Baghdad, local officials reported Tuesday night that a wave of killings, apparently sectarian in nature, had claimed at least 29 lives over the course of the day.

At Forward Operating Base Dagger, a U.S.-Iraqi military installation on the outskirts of Tikrit, the Iraqi army's 4th Division was given the lead security role in Salahuddin, Nineveh and Tamim provinces. In a festive ceremony held in the marble-lined

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main hall of a palace built by Saddam Hussein, the U.S. Army's 101st Airborne Division handed off what commanders described as primary responsibility for coordinating, planning and conducting security operations in the three-province area.

Five of the Iraqi army's 10 divisions now have primary responsibility for security in their areas, and FOB Dagger becomes the 48th of 110 U.S. bases handed over to Iraqi control.

"Half of the Iraqi army is now under control of Iraqis," said the country's national security adviser, Mowaffak al-Rubaie. "We believe they will be much more competent in fighting terrorism. We know our way around."

Thousands of American troops will remain in the area, including about 9,000 at Camp Speicher, a larger base near Tikrit. Rubaie acknowledged that Iraqi forces will depend heavily on U.S troops for intelligence, logistical assistance and heavy firepower.

"I think everyone needs to understand that this is a step," said Gen. George W. Casey, the top U.S. commander in Iraq, who attended the handover ceremony with U.S. Ambassador Zalmay Khalilzad. "First we had to build and train them. Then we put them in the lead, and we'll ultimately help them become independent. That's a little ways down the road."

Khalilzad called it "a good day for Iraq. Iraqi forces are taking on more responsibility."

Asked about the vastly greater challenge of tackling violence in Baghdad, the ambassador said: "Security in Baghdad is vital. It's the national capital, and 7 million Iraqis live there. . . . A new, modified security plan is in the process of being implemented that will take on one neighborhood after another."

After an earlier U.S.-Iraqi security scheme for Baghdad, called Operation Forward Together, failed to stem sectarian killings and other violence ravaging the city, Pentagon officials announced last month that thousands of U.S. troops would be moved to Baghdad from elsewhere in Iraq. A key component of the shift is the 172nd Stryker Brigade Combat Team, whose 3,700 troops have been gradually taking up positions in Baghdad, according to Lt. Col. Barry Johnson, a U.S. military spokesman.

The military said in a statement Tuesday that the second phase of Operation Forward Together had begun, with the Iraqi national police and the 4th Brigade Combat team of the U.S. Army's 4th Infantry Division conducting "clearing operations" in Baghdad.

"We must dramatically reduce the level of violence in Baghdad that is fueling sectarianism," Maj. Gen. J.D. Thurman, commander of the Multi-National Division in Baghdad, said in the statement. "Iraqi and U.S. forces will help the citizens of Baghdad by reducing the violence that has plagued this city since the Samarra bombing." The destruction of a Shiite shrine in the northern city of Samarra on Feb. 22 triggered the current wave of sectarian killings.

The bombings in Baghdad's Shorja district laid waste to the shops that make up the al-Araby market, according to survivors.

"The explosion did not hurt me, but glass panels of the shops and in the ceiling were shattered and caused the injuries," said Hameed Jabbar, 34, a merchant who was in serious condition at Kindi Hospital with wounds in the face, chest and abdomen.

Witnesses said that the two bombs detonated about 10 minutes apart and that the second caused the most devastation. "Many of the casualties occurred because of the flying glass caused by the second explosion," said Munthir Yassen, 30, a friend of Jabbar's who escaped injury. "This is a criminal act carried out against innocent civilians trying to make a living at this market."

Late Tuesday night, a pair of bombs exploded near an apartment building in the northern town of Baqubah. Police Capt. Noor Ibrahim said the bombs collapsed the building and heavily damaged a nearby Shiite prayer hall.

Four people were known dead, and rescue workers were still searching through the rubble at about midnight, Ibrahim said.

Prognosticating Below Par (WP)

By Al Kamen

The Washington Post, August 9, 2006

A sad Loop farewell to John Carr , president of the National Air Traffic Controllers Association, who was trounced last week in his bid for a third term.

Carr infuriated Chicago-region members when he supported Mayor Richard M. Daley 's proposal to expand O'Hare International Airport -- a plan that the local union said was unsafe.

Loop Fans may remember Carr for his colorful daily blogs from the annual airport executives conference at the Hapuna Beach Prince Hotel in Hawaii in January. He "congratulated" -- and listed -- the courageous and hardworking lawmakers who attended the conference/golf vacation despite the uproar at the time over lobbyists and freebies and golf outings and such.

Carr's political acumen was worse than the Washington Nationals' pitching. "I hazard a guess," he wrote then, "that new ethics legislation will rocket through Congress when they get back after the State of the Union address, with each side trying to out-honest the other. The results will be draconian, and meetings like this one will become a thing of the past."

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Now, there's a misguided appreciation of our lawmakers' concerns about ethics. So book early for the 21st annual conference, Jan. 7-11, 2007, according to the airport execs' Web site. It's to be at the Grand Hyatt Kauai Resort, where the golf course is on "a rolling plateau eight stories above the expansive blue waters of the Pacific Ocean."

Carr won't be there, but maybe new president Patrick Forrey will blog?Here Comes That Rationale Again

President Bush , at his Monday news conference in Crawford, Tex., tried one more time to explain to those who simply can't -- or won't -- understand what role the United States is playing in Iraq. It's pretty straightforward. It's all about liberty and freedom, he said.

"We don't impose liberty. Liberty is universal," he said. There are "some [who] would be willing to say that it's okay for people not to live in a free society," he said. "It's not okay for us. If you love peace, in order to achieve peace, you must help people realize that which is universal. And that is freedom."

And, let's be honest, there will always be some people who need more help than others. That's why, on July 28, Bush sent 3,700 more troops to help in Baghdad.There Go Those GOP Voters

Meanwhile, Democrats think broad public dissatisfaction with the war in Iraq will be a big plus for them in November.

But a new strategy memo by GOP pollster Fred Steeper says the war is one of the best issues for revving up the Republican base. The memo, sent to Republican National Committee Chairman Ken Mehlman -- a copy of which was obtained by Los Angeles Times reporter Peter Wallsten -- said "a huge 87 percent of the base expresses extremely strong feelings" about national security issues.

"Large majorities" of Republican voters "report satisfaction with the president's commitment to defeat the terrorists in Iraq and his leadership in the war on terror, in general," the memo said.

That poll is in sync with a new Washington Post-ABC News poll: Sixty percent of Republicans agreed "strongly" that "considering the costs to the United States vs. the benefits . . . the war in Iraq was worth fighting," and 14 percent agreed "somewhat."On the Breach

Sometimes it's hard to always be around when a crisis hits your agency. At the Department of Veterans Affairs these days, you'd have to bring in a sleep sofa.

The agency's latest missing-laptop problem involved personal information on as many as 38,000 patients in VA hospitals in Pennsylvania.

VA was notified Thursday that the computer had disappeared from the office of a subcontractor handling insurance collections for Pennsylvania. The VA promptly sent a team to investigate, but by then VA Secretary Jim Nicholson was in Bermuda with his wife on a long-planned four-day vacation. We are told, however, that he stayed in touch by phone and BlackBerry, directing Monday's announcement and response in a virtual kind of way. Being there is, after all, overrated.Gonzales Takes No Prisoners

This just in from the ballpark at Fort McNair: The Justice Department's softball team beat the visiting U.S. attorneys' team 8-4 yesterday, clinching their best-of-three series, two games to none.

Attorney General Alberto R. Gonzales pitched a complete seven-inning game for the winners, made a fine catch on a line drive back up the middle and went 2-for-3 at the plate with a run batted in. Despite a field full of lawyers, there were no disputed calls by the umpire. "There was no umpire," explained Justice Department spokesman Brian Roehrkasse . "The DOJ respects the rule of law."

War Crimes Act Changes Would Reduce Threat Of Prosecution (WP)

By R. Jeffrey Smith

The Washington Post, August 9, 2006

The Bush administration has drafted amendments to a war crimes law that would eliminate the risk of prosecution for political appointees, CIA officers and former military personnel for humiliating or degrading war prisoners, according to U.S. officials and a copy of the amendments.

Officials say the amendments would alter a U.S. law passed in the mid-1990s that criminalized violations of the Geneva Conventions, a set of international treaties governing military conduct in wartime. The conventions generally bar the cruel, humiliating and degrading treatment of wartime prisoners without spelling out what all those terms mean.

The draft U.S. amendments to the War Crimes Act would narrow the scope of potential criminal prosecutions to 10 specific categories of illegal acts against detainees during a war, including torture, murder, rape and hostage-taking.

Left off the list would be what the Geneva Conventions refer to as "outrages upon [the] personal dignity" of a prisoner and deliberately humiliating acts -- such as the forced nakedness, use of dog leashes and wearing of women's underwear seen at the U.S.-run Abu Ghraib prison in Iraq -- that fall short of torture.

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"People have gotten worried, thinking that it's quite likely they might be under a microscope," said a U.S. official. Foreigners are using accusations of unlawful U.S. behavior as a way to rein in American power, the official said, and the amendments are partly meant to fend this off.

The plan has provoked concern at the International Committee of the Red Cross, the entity responsible for safeguarding the Geneva Conventions. A U.S official confirmed that the group's lawyers visited the Pentagon and the State Department last week to discuss the issue but left without any expectation that their objections would be heeded.

The administration has not officially released the draft amendments. Although they are part of broader legislation on military courts still being discussed within the government, their substance has already been embraced by key officials and will not change, two government sources said.

No criminal prosecutions have been brought under the War Crimes Act, which Congress passed in 1996 and expanded in 1997. But 10 experts on the laws of war, who reviewed a draft of the amendments at the request of The Washington Post, said the changes could affect how those involved in detainee matters act and how other nations view Washington's respect for its treaty obligations.

"This removal of [any] reference to humiliating and degrading treatment will be perceived by experts and probably allies as 'rewriting' " the Geneva Conventions, said retired Army Lt. Col. Geoffrey S. Corn, who was recently chief of the war law branch of the Army's Office of the Judge Advocate General. Others said the changes could affect how foreigners treat U.S. soldiers.

The amendments would narrow the reach of the War Crimes Act, which now states in general terms that Americans can be prosecuted in federal criminal courts for violations of "Common Article 3" of the Geneva Conventions, which the United States ratified in 1949.

U.S. officials have long interpreted the War Crimes Act as applying to civilians, including CIA officers, and former U.S. military personnel. Misconduct by serving military personnel is handled by military courts, which enforce a prohibition on cruelty and mistreatment. The Army Field Manual, which is being revised, separately bars cruel and degrading treatment, corporal punishment, assault, and sensory deprivation.

Common Article 3 is considered the universal minimum standard of treatment for civilian detainees in wartime. It requires that they be treated humanely and bars "violence to life and person," including murder, mutilation, cruel treatment and torture. It further prohibits "outrages upon personal dignity" such as "humiliating and degrading treatment." And it prohibits sentencing or execution by courts that fail to provide "all the judicial guarantees . . . recognized as indispensable by civilized peoples."

The risk of possible prosecution of officials, CIA officers and former service personnel over alleged rough treatment of prisoners arises because the Bush administration, from January 2002 until June, maintained that the Geneva Conventions' protections did not apply to prisoners captured in Afghanistan.

As a result, the government authorized interrogations using methods that U.S. military lawyers have testified were in violation of Common Article 3; it also created a system of military courts not specifically authorized by Congress, which denied defendants many routine due process rights.

The Supreme Court decided in Hamdan v. Rumsfeld on June 29, however, that the administration's policy of not honoring the Geneva Conventions was illegal, and that prisoners in the fight against al-Qaeda are entitled to such protections.

U.S. officials have since responded in three ways: They have asked Congress to pass legislation blocking the prisoners' right to sue for the enforcement of those protections. They have drafted legislation allowing the consideration of intelligence-gathering needs during interrogations, in place of an absolute human rights standard.

They also formulated the War Crimes Act amendments spelling out some serious crimes and omitting altogether some that U.S. officials describe as less serious. For example, two acts considered under international law as constituting "outrages" -- rape and sexual abuse -- are listed as prosecutable.

But humiliations, degrading treatment and other acts specifically deemed as "outrages" by the international tribunal prosecuting war crimes in the former Yugoslavia -- such as placing prisoners in "inappropriate conditions of confinement," forcing them to urinate or defecate in their clothes, and merely threatening prisoners with "physical, mental, or sexual violence" -- would not be among the listed U.S. crimes, officials said.

"It's plain that this proposal would abrogate portions of Common Article 3," said Derek P. Jinks, a University of Texas assistant professor of law and author of a forthcoming book on the Geneva Conventions. The "entire family of techniques" that military interrogators used to deliberately degrade and humiliate, and thus coerce, detainees at Guantanamo Bay, Cuba, and at Abu Ghraib "is not addressed in any way, shape or form" in the new language authorizing prosecutions, he said.

At a Senate Armed Services Committee hearing last Wednesday, however, Attorney General Alberto R. Gonzales complained repeatedly about the ambiguity and broad reach of the phrase "outrages upon personal dignity." He said that, "if left undefined, this provision will create an unacceptable degree of uncertainty for those who fight to defend us from terrorist attack."

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Lawmakers from both parties expressed skepticism at the hearing. Sen. John McCain (R-Ariz.) said the military's top uniformed lawyers had told him they are training to comply with Common Article 3 and that complying would not impede operations.

If the underlying treaty provision is too vague, asked Sen. Susan Collins (R-Maine), then how could the Defense Department instruct its personnel in a July 7 memorandum to certify their compliance with it? Deputy Defense Secretary Gordon England, who had signed the memo, responded at the hearing that he was concerned that "degrading" and "humiliating" are relative terms.

"I mean, what is degrading in one society may not be degrading in another, or may be degrading in one religion, not in another religion," England said. "And since it does have an international interpretation, which is generally, frankly, different than our own, it becomes very, very relevant" to define the meaning in new legislation.

This viewpoint appears to have won over the top uniformed military lawyers, who have criticized other aspects of the administration's detainee policy but said that they support the thrust of these amendments. Maj. Gen. Scott C. Black, the Army's judge advocate general, said in testimony that the changes can "elevate" the War Crimes Act "from an aspiration to an instrument" by defining offenses that can be prosecuted instead of endorsing "the ideals of the laws of war."

Lawyer David Rivkin, formerly on the staff of the Justice Department and the White House counsel's office, said "it's not a question of being stingy but coming up with a well-defined statutory scheme that would withstand constitutional challenges and would lead to successful prosecutions." Former Justice Department lawyer John C. Yoo similarly said that U.S. soldiers and agents should "not be beholden to the definition of vague words by international or foreign courts, who often pursue nakedly political agendas at odds with the United States."

But Corn, the Army's former legal expert, said that Common Article 3 was, according to its written history, "left deliberately vague because efforts to define it would invariably lead to wrongdoers identifying 'exceptions,' and because the meaning was plain -- treat people like humans and not animals or objects." Eugene R. Fidell, president of the nonprofit National Institute of Military Justice, said that laws governing military conduct are filled with broadly described prohibitions that are nonetheless enforceable, including "dereliction of duty," "maltreatment" and "conduct unbecoming an officer."

Retired Rear Adm. John D. Hutson, the Navy's top uniformed lawyer from 1997 to 2000 and now dean of the Franklin Pierce Law Center, said his view is "don't trust the motives of any lawyer who changes a statutory provision that is short, clear, and to the point and replaces it with something that is much longer, more complicated, and includes exceptions within exceptions."

Soldier Describes Unit 'full Of Despair' In Iraq (USAT/AP)

By Ryan Lenz

USA Today, August 9, 2006

BAGHDAD — A U.S. Army private on Tuesday described the ever-present fear of death gripping his unit, whose members stand accused of raping and murdering a 14-year-old girl and killing her family in Iraq's infamous "Triangle of Death."

"You're just walking a death walk," Pfc. Justin Cross said during the last day of a three-day hearing to determine whether five fellow soldiers must stand trial in the attack March 12 near Mahmoudiya.

The hearing officer must forward a recommendation to the brigade commander, Col. Todd Ebel, who will decide whether to order a trial.

Spc. James Barker, Sgt. Paul Cortez, Pfc. Jesse Spielman and Pfc. Bryan Howard are accused of raping and murdering the girl and killing her parents and 5-year-old sister. Another soldier, Sgt. Anthony Yribe, is accused of failing to report the attack but is not alleged to have participated.

Testimony during the Article 32 hearing, the military equivalent of a grand jury, has painted a picture of a demoralized unit, drained emotionally after the deaths of comrades and exhausted after the frequent attacks in the mostly Sunni Arab area, a stronghold of al-Qaeda in Iraq and other religious extremists.

"It drives you nuts. You feel like every step, you might get blown up," Cross testified. "You just hit a point where you're like, 'If I die today, I die.' "

Cross said the unit was "full of despair."

"I couldn't sleep, mainly for fear we would be attacked," Cross said. He said the deaths of two soldiers at a checkpoint "pretty much crushed the platoon."

To cope with the stress, he said, soldiers turned to whiskey — a violation of U.S. regulations in Iraq — and painkillers.

Much of the testimony has centered on former private Steven Green, who was discharged because of an undisclosed "personality disorder."

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Green was arrested in North Carolina in June. He has pleaded not guilty in federal court to rape and murder charges and is held in the USA.

On Tuesday, Sgt. 1st Class Jeffrey Fenlason, the accused soldiers' platoon sergeant, said he was sent to the unit to restore discipline after several soldiers, including Green, began suffering emotionally after losing several comrades. “I recall a conversation with him (Green) regarding his lack of concern or caring for Iraqi life vs. American soldiers' life,” Fenlason said.

Another witness, Sgt. Daniel Carrick, testified that harsh conditions affected everyone — but especially Green.

“Green had hatred for a lot of people in general,” Carrick said.

Cross' testimony was the most riveting. It contrasted with the image of a professional military force, highly trained and committed to the mission regardless of the dangers. Premeditated murder carries the death penalty under U.S. military law.

In Washington, lawyer Eugene Fidell, president of the National Institute of Military Justice, said combat stress as a defense was a long shot “unless it rose to the level of an insanity defense or negated some element of the crime.”

The Mahmoudiya area, about 20 miles south of Baghdad, gained the nickname Triangle of Death because of the large number of Shiites murdered there.

The case has brought demands for changes in an agreement that exempts U.S. soldiers from prosecution in Iraqi courts. Prime Minister Nouri al-Maliki has demanded an independent investigation into the Mahmoudiya allegations.

Prosecutors Shun Excuses For Accused GIs (AP)

By Ryan Lenz

AP, August 9, 2006

A U.S. Army private on Tuesday described the ever-present fear of death gripping his unit, whose members stand accused of raping and murdering a 14-year-old girl and killing her family in Iraq's infamous "Triangle of Death."

"You're just walking a death walk," Pfc. Justin Cross told a hearing to determine whether five fellow soldiers must stand trial in the March 12 attack near Mahmoudiya.

But prosecutors argued that the threats of war, arduous missions and frequent loss of life were no excuse for rape and murder.

"Murder not war. Rape not war. That's what were here talking about today," prosecutor Capt. Alex Pickands said in his closing argument before the three-day hearing concluded. "Cold food didn't kill that family. Personnel assignments didn't rape and murder that 14-year-old little girl."

Pickands said the suspects "gathered together over cards and booze and came up with a plan to rape and murder that little girl."

The hearing officer must forward a recommendation to the brigade commander, Col. Todd Ebel, who must decide whether to order a trial.

Spc. James P. Barker, Sgt. Paul E. Cortez, Pfc. Jesse V. Spielman and Pfc. Bryan L. Howard are accused of raping and murdering the girl and killing her parents and 5-year-old sister. Another soldier, Sgt. Anthony W. Yribe, is accused of failing to report the attack but is not alleged to have participated.

Testimony during the Article 32 hearing, the military equivalent of a grand jury, has painted a picture of a demoralized unit, drained emotionally after the deaths of comrades and exhausted after the frequent attacks in the mostly Sunni Arab area, a stronghold of al-Qaida in Iraq and other religious extremists.

"It drives you nuts. You feel like every step you might get blown up," Cross told the hearing. "You just hit a point where you're like, 'If I die today, I die.'"

Cross said the unit was "full of despair," and he feared dying at his post before he could go home.

"I couldn't sleep mainly for fear we would be attacked," Cross said. He said the deaths of two soldiers at a checkpoint "pretty much crushed the platoon."

To cope with the stress, he said, soldiers turned to whiskey — a violation of U.S. regulations in Iraq — and painkillers to ease their fears.

Much of the testimony has centered on former Pfc. Steven D. Green, who was discharged due to a "personality disorder."

Green was arrested in June shortly after the command learned U.S. soldiers may have been involved in the attack. He has pleaded not guilty to rape and murder charges and is being held in the United States.

On Tuesday, Sgt. 1st Class Jeffrey Fenlason, the accused soldiers' platoon sergeant, said he was sent to the unit to restore discipline after several soldiers, including Green, began suffering emotionally after losing comrades.

"I recall a conversation with him (Green) regarding his lack of concern or caring for Iraqi life versus American soldiers' life," Fenlason said.

Another witness, Sgt. Daniel Carrick, told the hearing that harsh conditions affected everyone, but especially Green.

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"Green had hatred for a lot of people in general," Carrick said.

The final witness, company commander Capt. John Goodwin, testified by secure telephone after his base at Youssifiyah had come under rocket and mortar attack Tuesday.

Goodwin told the hearing that morale had slumped as casualties rose. Asked whether soldiers in his unit hated Iraqis, Goodwin replied: "There's more of a frustration than a hatred."

"I can understand why because of events that happened over the last three months," he added.

But it was Cross' testimony that was the most riveting. His comments were in stark contrast with the image of a professional military force, highly trained and committed to the mission regardless of the dangers.

Premeditated murder carries the death penalty under U.S. military law and the testimony could be an attempt to persuade the command to seek a lesser penalty if a court martial is ordered.

In Washington, lawyer Eugene Fidell, president of the National Institute of Military Justice, said combat stress as a defense was a long shot "unless it rose to the level of an insanity defense or negated some element of the crime."

"It might influence whether it's sent to trial as a capital case," he told The Associated Press. "That may be what the defense considers the main event here... They may be hoping to have the nature of the charges modified, have the case go to trial as something other than premeditated murder."

The Mahmoudiya area, about 20 miles south of Baghdad, became known as the "Triangle of Death" because of the large number of Iraqi Shiites who were waylaid and murdered along the roads between Baghdad and Shiite areas of the south.

On Monday, Army criminal investigator Benjamin Bierce testified about a sworn statement by Barker in which he said the soldiers drank whiskey and played cards while plotting the assault. Bierce said Barker confessed that he, Cortez and Green took turns raping Abeer Qassim al-Janabi and that Green shot the teen as well as her relatives.

On Tuesday, Pfc. Justin Watt said he didn't believe Green "could have done this all by himself." His comments were made during questioning by Yribe's lawyers, who argued in their final summation that there was insufficient evidence to try their client.

Yribe is accused of failing to disclose that he had found a shotgun shell at the victims' house. Shotguns are rarely used by Iraqis, prosecutors alleged.

Lawyers for the other four on Tuesday also submitted a written request for a new hearing, accusing Yribe's counsel of deliberately asking incriminating questions. The decision on the motion rests with the soldiers' brigade commander, who is expected to rule within a week.

Sgt. Anthony Hernandez, a soldier in the same unit, testified Tuesday on behalf of Yribe, recalling that he was recommended for a Silver Star for bravery during an attack on a convoy.

"He always put his life on the line," Hernandez said.

The rape and murders have bolstered allegations of misconduct by soldiers, including illegal killings, beatings and inhuman treatment. The allegations have increased the mistrust and resentment among Iraqis of the American military and increased calls for their withdrawal.

The case has already increased demands for changes in an agreement that exempts U.S. soldiers from prosecution in Iraqi courts. And Prime Minister Nouri al-Maliki has demanded an independent investigation into the Mahmoudiya allegations.

At Rape Hearing, U.S. Soldiers Describe Stress Of War (WP)

By Andy Mosher

The Washington Post, August 9, 2006

BAGHDAD, Aug. 8 -- The constant fear of death and the trauma of several devastating incidents took a heavy toll on morale in the U.S. Army unit whose members included five soldiers accused of involvement in the rape and killing of an Iraqi teenager, witnesses testified Tuesday in a military court.

Pfc. Justin Cross said the 1st Battalion of the 502nd Infantry Regiment was subjected to intense stress during the months it served in the area south of Baghdad known as the Triangle of Death. Patrols, he said, put soldiers in constant fear for their lives.

"I couldn't sleep, mainly for fear we would be attacked," he said. Cross described his unit as "full of despair" and recalled worrying that he would be killed while manning a checkpoint.

Cross testified during the third day of an Article 32 hearing, the military's equivalent of a grand jury. The hearing is being held to determine whether there is sufficient evidence to try Spec. James P. Barker, Sgt. Paul E. Cortez, Pfc. Jesse V. Spielman and Pfc. Bryan L. Howard on charges of raping and murdering a 14-year-old Iraqi girl and killing her parents and 5-year-old sister.

Another soldier, Sgt. Anthony W. Yribe, is accused of failing to report the attack but is not alleged to have participated.

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The soldier described in testimony Monday as the ringleader in the attack, former private Steven D. Green, was discharged because of a "personality disorder" and does not face the possibility of court-martial. Green was arrested in the United States in June and has pleaded not guilty to federal rape and murder charges.

The alleged rape and killings were carried out on March 12 in the town of Mahmudiyah.

In his testimony, Cross said his unit was demoralized not only by the dangers of being posted in the Triangle of Death but also by several devastating setbacks. On Feb. 5, the unit's living quarters in Yusufiyah burned to the ground, destroying many soldiers' personal belongings. And the shooting of two members of the unit at a checkpoint "pretty much crushed the platoon," Cross said.

Sgt. 1st Class Jeffrey Fenlason, who testified that he had been sent to the unit to restore discipline, said that shortly after he arrived, he identified emotional and disciplinary problems in several soldiers, including Barker, Cortez and Green.

"I recall a conversation with [Green] regarding his lack of concern or caring for Iraqi life versus American soldiers' life," Fenlason said.

Eugene Fidell, a Washington military law expert, said Tuesday that the defense attorneys were most likely emphasizing combat stress to argue that their clients not face a possible death penalty in the event of a court-martial. "This is not a defense known to the law," Fidell said. "But this kind of evidence could come in during the court-martial, and it might be pertinent to the sentence. They could be setting the stage to avoid a death penalty."

Iraqi Refugees Seek Safe Harbor -- In U.S. (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, August 9, 2006

CHICAGO -- When gunmen broke into Nabil Toma Shabo's Baghdad home a year ago and threatened to kill his family, he says he decided to flee Iraq. He had no idea how long the search for safety would last -- or where it would take him.

The seven-month trek began in Istanbul, where Mr. Shabo, traveling with his family, found a smuggler who promised to get them to Mexico and then the U.S. for $10,000 -- their life savings. After four months in Mexico, the Shabos were driven to the border. The driver pointed to a fence and told the family to start walking.

"He said, 'There it is, there is America,' " Mr. Shabo remembers. The Shabos walked to a U.S. guard post and, in halting English, requested political asylum. While they wait for a ruling, they are living in a Chicago suburb with Mr. Shabo's parents, who fled to the U.S. with an earlier migratory wave during the regime of former Iraqi President Saddam Hussein.

Amid sectarian violence in Iraq, senior U.S. military commanders warned lawmakers last week that the country is at risk of sliding into civil war. Hundreds of thousands of Iraqis are becoming refugees, with thousands of them trying to reach the U.S. But with visas difficult to come by, a growing number -- including the Shabo family -- are entering illegally and then seeking asylum, sparking questions about how much Washington should assist those fleeing a U.S.-led war.

The Iraqi exiles entering America are part of one of the largest exoduses in modern Middle Eastern history. The Iraqi government has over the past 12 months issued more than 1.8 million new passports, a figure that corresponds with nearly 10% of the country's population. The United Nations High Commissioner for Refugees estimates there are more than 800,000 Iraqi exiles in Syria, Jordan and Lebanon.

Some U.S. border officials express general concern that Iraqi insurgents might try to enter the U.S., though they say there is no evidence any have. State Department officials say visa requirements for Iraqis are the same as those for all applicants. Many Iraqis say the process is more time-consuming and costly for them because the American embassy in Baghdad doesn't issue visas, citing security concerns. That means Iraqis must go to the U.S. embassy in Amman, Jordan. Applying for a visa is a multistage process, so Iraqis generally have to make two or three trips.

The State Department says Iraqis received 4,886 visas last year, up from 2,374 in 2003. Those numbers don't include refugees who entered the U.S. illegally and then applied for political asylum. In 2005, 287 Iraqis were granted asylum; officials at the Department of Homeland Security say figures for the number of applicants aren't available. In the U.S., there are an estimated 300,000 Iraqi expatriates, many of whom arrived during Mr. Hussein's brutal reign.

"There's a real desperation for many Iraqis, which leads to a willingness to do almost anything to get some place safe," says Robert DeKelaita, an Iraqi exile who is an immigration lawyer here. Mr. DeKelaita says he has handled more than 330 Iraqi asylum applications since the war began in March 2003, including several from Iraqi government officials who filed for asylum while in the U.S. on official business. "They are terrified of staying put."

The Shabo family's odyssey began in May 2005, according to an account provided by Mr. Shabo in an interview, and in a written asylum request filed with the Department of Homeland Security by Mr. DeKelaita, the family's lawyer. The account couldn't be independently verified, and a DHS spokeswoman says the department doesn't comment on pending asylum cases and .

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Mr. Shabo, a Chaldean Christian, was working at his restaurant in Baghdad while his wife Susan was at home with their four-year-old son, Shmoan. Early one afternoon, four masked men pushed their way into the house and one put his gun to Mrs. Shabo's head, she says. The gunmen told Mrs. Shabo that they wanted her husband dead and would return to kill her if they could not find him. The men accused Mr. Shabo of having ties to the American military occupation, which he denies.

Mr. Shabo hastily sold his restaurant and received about $10,000, less than half its value, he says. The Shabos left their house and possessions and crossed into Turkey through the porous border with Iraqi Kurdistan. In Istanbul, they arranged with the smuggler to get to the U.S. "We didn't see any other option," Mrs. Shabo says.

The family flew to Mexico City from Istanbul. The smuggler had given them forged immigration papers allowing them to enter the country, where they were brought to a house and told to wait. Two months later, the Shabos applied for political asylum at a U.S. border post. Lacking passports and other documents, Mr. Shabo says he was dispatched to a jail-like facility in California. Susan and Shmoan Shabo were sent to a California halfway house run by Citizenship and Immigration Services, DHS's successor to the Immigration and Naturalization Service.

About a month later, the CIS effectively paroled the Shabos into the U.S. while the government weighs their political-asylum application, which argues that anti-Christian violence in Iraq makes it too dangerous for the family to return. Asylum cases generally take a year to move through the system, which means the family should get their ruling in the next few months.

The decision allows the Shabos to remain in the U.S. temporarily but doesn't allow them to legally hold jobs or have access to public schools and other government services. In his parents' home near Chicago, Mr. Shabo, 38 years old, and his wife share a bedroom with their son.

Mr. Shabo fears Iraq can't be salvaged and blames the Bush administration for failing to do more to prevent militants from entering the country. But he is grateful that the U.S. has, for the moment, provided refuge for his family.

Bogotá Set To Assist In Kabul's Drugs Battle (FT)

By Andy Webb-vidal In Bogotá

Financial Times, August 9, 2006

Colombia, the world's top producer of cocaine, may provide a permanent anti-narcotics training programme for Afghanistan, the world's largest supplier of heroin, to help it combat the flow of illegal drugs.

An agreement for such a plan could follow the return last weekend of an exploratory mission to Kabul by four Colombian anti-narcotics police, and the arrival in Bogotá of Said Tayeb Jawad, Afghanistan's ambassador to Washington,

Colombian police have stepped up anti-drugs efforts under the US-backed government of President Alvaro Uribe, who this week began a second four-year term.

The area in Colombia cultivated with coca, the shrub from which cocaine is derived, has dropped from about 358,000 acres in 2001 to 212,000 acres last year, according to official figures. Colombia is also close to wiping out plantations of poppies used to make heroin.

In Afghanistan, poppy crops have increased in recent years, according to the United Nations, from about 30,000 acres in 2001 to some 250,000 acres last year, posing a big problem for the government of President Hamid Karzai.

Bogotá is keen to share its anti-drugs experience with Afghanistan, and the approach has been brokered by José Serrano, Colombia's ambassador to Vienna.

Some members of the US Congress, such as Henry Hyde, Republican chairman of the House international relations committee, as well as the British government, have also backed the idea.

Dennis Hastert, speaker of the House of Representatives, said in a letter last week to General Jorge Castro, Colombia's police chief, that as a result of the initiative, "Afghan forces fighting narco-terrorism in their country are much better prepared to fight the growing opium trade in the region".

The Colombian police found that Afghan poppy plantations were protected by rival armed groups similar to those in Colombia, where coca fields and laboratories are largely controlled by guerrilla and paramilitary outfits.

One member of the Colombian police team told the FT they also saw evidence that human couriers, or "mules", were using the same methods to transport drugs out of Kabul airport as they do from Bogotá.

"The problem you have [in Afghanistan] is very similar to what we have in Colombia," said Lt Col Oscar Atehortua, who led the team to Kabul. Draft aid plans include sending Colombian police instructors to Kabul, and Afghan police officers for training in Colombia.

But a controversial element of anti-narcotics efforts was aerial fumigation with herbicide, which was used extensively in Colombia but which would be more complicated in Afghanistan, narcotics experts said.

The illegal heroin trade employs far more people and accounts for a larger proportion of economic activity in Afghanistan than in Colombia, making alternative livelihoods for poppy farmers crucial.

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Witness: CIA Worker Says He Hit Afghani (AP)

By Estes Thompson, Associated Press Writer

AP, August 9, 2006

A former CIA contract worker charged with beating an Afghani detainee who later died admitted he assaulted the prisoner during an interrogation, a fellow agency employee testifying in disguise said Tuesday.

David Passaro is charged with beating Abdul Wali over two days in June 2003 while questioning the man about rocket attacks on a remote base housing U.S. and Afghan troops. He is the first American civilian charged with mistreating a detainee during the wars in Iraq and Afghanistan.

"He told me that he had struck him," the other CIA contractor testified under the pseudonym Randy Wilson. "I was quite surprised about that."

Wilson added: "He said he thought Wali was going after someone, one of the other persons present during one of the interviews."

Wilson was one of three CIA employees who testified Tuesday in disguise and under assumed names.

U.S. District Judge Terrence Boyle did not say what had been done to alter the witnesses' appearance, but all three had full hair, thick mustaches and glasses. The judge ordered a courtroom sketch artist not to draw their faces.

Passaro, 40, is charged with assault and could get up to 40 years in prison. He is not charged in Wali's death.

Defense attorneys say the former Special Forces medic never hit Wali, and gave him mouth-to-mouth resuscitation on the day he died.

The other two witnesses — a career CIA agent and another contract worker — testified that civil contractors hired to work in places like Afghanistan were not trained in interrogation techniques and were not given special rules allowing them to beat detainees.

Army Recruits Learn Combat From Experts (USAT)

By Tom Vanden Brook

USA Today, August 9, 2006

FORT JACKSON, S.C. — Combat in Afghanistan and Iraq may be wearing the Army thin, but it also means that for the first time in decades, a majority of drill sergeants have real-war experience.

Chances are good that each of the 80,000 recruits the Army hopes to attract this year will have a battle-tested teacher. Most drill sergeants now have combat experience, says Col. Kevin Shwedo, assistant chief of staff at the Army's Accessions Command at Fort Monroe in Virginia, which is in charge of recruiting and initial training.

That hasn't been the case since the mid-1970s, when drill sergeants came home from Vietnam, he says. There are about 3,500 drill sergeants on active duty.

"You know what they teach these soldiers? Everything they wish somebody had taught them at a similar point," Shwedo says. "When they hold them accountable to a specific standard, who do you think is getting better training, the soldier 10 years ago, the soldier four years ago or the soldier today? There's no comparison."

When these combat veterans talk at Fort Jackson, the Army's largest training center, the recruits pay attention.

"Nine out of 10 listen when I tell them, 'This is what you've got to know,' " Sgt. 1st Class Derryl Haidek, 35, says of the young soldiers. He served in Iraq with the 82nd Airborne Division and is now a drill sergeant at Fort Jackson. "I've seen 99% of what happens in combat. I don't need to raise my voice to make a point."

Stephen Chase is in his second week of training. He's wide-eyed, a little homesick for Utah and sweating from early-morning exercise.

"For me, my fear of heights has been the hardest part," says Chase, 18, who plans to take advanced training in artillery. "I was about scared half to death climbing the tower here, but I put my trust in the drill sergeants."

Combat experience can be a mixed blessing, says James Martin, an expert on military culture at Bryn Mawr College in Pennsylvania. Problems can occur if the drill sergeant brings home the wrong lessons from war, he says.

"The hard facts of seeing fellow soldiers injured or killed and the importance of maintaining the ethics of a soldier are what these drill sergeants can bring back," Martin says. "If sorted out well, these experiences can become great assets.

"The downside is if people bring back the negatives. If they come out of this experience jaded, that gets passed on as well."

New soldiers are particularly interested in the hazards of combat and improvised explosive devices (IEDs), the homemade bombs that have become the top killer of U.S. troops in Iraq.

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"They want to know what IEDs look like, what we've seen over there," says Staff Sgt. Paul Evans, 29, of Chicago. He served in Iraq with the 95th Military Police Battalion. "They ask us tons of stuff. I tell them the most important thing they need to know is never get complacent."

Since last year, the Army also has put a premium on helping its recruits succeed rather than washing them out of basic training.

The new approach reflects another reality: Each recruit is precious. Gone are the days when the Army could afford to wash out lots of would-be soldiers. The Army, the principal provider of troops in Iraq and Afghanistan, missed its mark of 80,000 recruits last year by 8%.

In May 2005, about one in six recruits failed to graduate from basic training. Today, just one in 14 fails. "It's an investment strategy," Shwedo says. "It's training every soldier that's trainable."

At times that means less yelling, Shwedo says.

"Does a drill sergeant have to rip your lips off to get your attention?" Shwedo asks. "You know what? If we have automaton soldiers that only react when being yelled at, then we don't need them."

Staff Sgt. Christopher Scott, 37, another drill sergeant, fought with the 10th Mountain Division in Afghanistan. "You don't need to yell to get their attention," he says at the live-fire convoy training range. "A soldier could go to war from here. They want to absorb as much as possible."

Nevertheless, they do make mistakes. And Scott isn't above pointing it out. Forcefully.

"Hey, wake up!" he shouts at a young soldier who has been careless pointing his rifle. "You're going to get somebody shot!"

Center For War-related Brain Injuries Faces Budget Cut (USAT)

By Gregg Zoroya, Usa Today

USA Today, August 9, 2006

Congress appears ready to slash funding for the research and treatment of brain injuries caused by bomb blasts, an injury that military scientists describe as a signature wound of the Iraq war.

House and Senate versions of the 2007 Defense appropriation bill contain $7 million for the Defense and Veterans Brain Injury Center — half of what the center received last fiscal year.

Proponents of increased funding say they are shocked to see cuts in the treatment of bomb blast injuries in the midst of a war.

"I find it basically unpardonable that Congress is not going to provide funds to take care of our soldiers and sailors who put their lives on the line for their country," says Martin Foil, a member of the center's board of directors. "It blows my imagination."

The Brain Injury Center, devoted to treating and understanding war-related brain injuries, has received more money each year of the war — from $6.5 million in fiscal 2001 to $14 million last year. Spokespersons for the appropriations committees in both chambers say cuts were due to a tight budget this year.

"Honestly, they would have loved to have funded it, but there were just so many priorities," says Jenny Manley, spokeswoman for the Senate Appropriations Committee. "They didn't have any flexibility in such a tight fiscal year."

George Zitnay, co-founder of the center, testified before a Senate subcommittee in May that body armor saves troops caught in blasts but leaves many with brain damage. "Traumatic brain injury is the signature injury of the war on terrorism," he testified.

Zitnay asked for $19 million, and 34 Democratic and six Republican members of Congress signed a letter endorsing the budget request.

The House of Representatives approved its version of the spending bill June 20. A vote in the Senate is pending.

Scientists at the center develop ways to diagnose and treat servicemembers who suffer brain damage. The work is done at seven military and Department of Veterans Affairs hospitals, including the center's headquarters at Walter Reed Army Medical Center in Washington, and one civilian treatment site.

The center has clashed with the Pentagon in recent months over a program to identify troops who have suffered mild to moderate brain injuries in Iraq from mortars, rocket-propelled grenades and roadside bombs — the most common weapons used by insurgents.

Preliminary research by the center shows that about 10% of all troops in Iraq, and up to 20% of front line infantry troops, suffer concussions during combat tours. Many experience headaches, disturbed sleep, memory loss and behavior issues after coming home, the research shows.

The center urged the Pentagon to screen all troops returning from Iraq in order to treat symptoms and create a database of brain injury victims. Scientists say multiple concussions can cause permanent brain damage.

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The Pentagon so far has declined to do the screening and argues that more research is needed.

DOJ:

Attorney General Talks Crime (CINE)

By Dan Horn, Enquirer Staff Writer

The Cincinnati Enquirer, August 9, 2006

Gonzales promises help to battle gun violence, drug trade

OVER-THE-RHINE U.S. Attorney General Alberto Gonzales toured Over-the-Rhine this morning and promised local authorities a little help in their efforts to stop rising gun violence.

The visit to Over-the-Rhine, one of Cincinnati's most violent neighborhoods, was short. Gonzales stood for a few minutes in a vacant lot with Police Chief Tom Streicher and Congressman Steve Chabot, pausing briefly to answer questions from reporters.

The attorney general did not speak to any of the handful of residents who watched from the sidewalk, but he did meet an hour later with local law enforcement officials to talk about crime.

Gonzales said he would assign an additional federal prosecutor to southern Ohio to help prosecute drug and violent crime cases. He said 22 other cities around the country also would get an additional prosecutor from the Department of Justice.

"This is at the heart of the department's effort to dismantle drug trafficking organizations," Gonzales said of the new prosecutors. "No community is immune from the destructive power of drugs and violent crime."

He also endorsed local efforts to build a new jail in Hamilton County, saying jail space is crucial to keeping criminals off the street.

Chabot, who is running for re-election this fall, said he would explore the possibility of using federal money to help pay for a new jail.

Because federal prisoners are housed in local jails, Chabot said, it's possible federal money could be used. About 50 federal inmates are held in Hamilton County jails pending trials in Cincinnati.

"There's no question we need to get a jail built," Chabot said. "I'm looking at it a little creatively to see if it's possible to get some federal dollars."

E-mail dhorn@enquirer.com

Attorney General To Add 23 Drug Prosecutors (AP)

By Lisa Cornwell

AP, August 9, 2006

CINCINNATI - U.S. Attorney General Alberto Gonzales said on Tuesday that he has approved the addition of 23 assistant U.S. attorneys to beef up drug prosecutions across the county.

The new jobs will be assigned to U.S. attorneys' offices nationwide, including one in the Southern District of Ohio. They will be assigned to the Organized Crime Drug Enforcement Task Force, and their sole focus will be to prosecute major drug trafficking organizations, Gonzales said on his first visit to Cincinnati.

The nation's highest law enforcement officer said the task force is at the heart of Department of Justice efforts to target the organizations that bring drugs into neighborhoods across the country.

"I know that Cincinnati has seen its share of pain when it comes to the subject of drug use, addiction and trade," Gonzales said after touring one of Cincinnati's highest crime neighborhoods and a local treatment center for drug and alcohol abuse.

Gonzales praised the efforts of Cincinnati police in cooperation with state and federal officials to make the city safer and drug-free, but said that he was startled to see so many boarded-up and abandoned buildings in the Over-the-Rhine neighborhood. The inner-city neighborhood was the center of race riots five years ago and has a high rate of violent crime, especially among drug dealers.

"On the other hand there seem to be many images of hope," said Gonzales, who noted continuing efforts to redevelop the area.

Gonzales and Rep. Steve Chabot, R-Ohio, also met with area law enforcement officials who discussed the lack of adequate jail space.

Chabot said he hoped that the need expressed Tuesday by federal law enforcement officials for more space for their prisoners housed in local jails awaiting trial may provide a way to get some federal money to help build a new jail.

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Officials here have begun a push for a one-quarter cent sales tax increase to build a 1,800-bed jail in the suburbs to augment a downtown jail that houses about 1,200 prisoners.

Gonzales Tours OTR, Announces New U.S. Attorney For Region (CHANCIN)

ChannelCincinnati, NBC 5, August 9, 2006

CINCINNATI - As part of his visit to the city, U.S. Attorney General Alberto Gonzales visited Over-the-Rhine -- a neighborhood known for high crime rates, but also an area where there's high hope. The nation's top law enforcement saw firsthand Over-the-Rhine's run-down, abandoned buildings and people living in poverty.

"Quite frankly, I was startled. This is my first visit to Cincinnati, so I was a little bit startled in seeing what I saw," he said.

At a stop at the Talbert House -- a drug rehabilitation center -- Gonzales announced that he's adding a new assistant U.S. attorney to go after drug kingpins.

"We need to send a strong message of deterrence. You do that by showing the community that you have the resources and are willing to dedicate the resources to prosecute those who engage in violent crime, for example, so that is a start. Is that going to solve the problem? Absolutely not," Gonzales said.

Some said the efforts of police, community leaders and neighborhood residents are already making a difference in Over-the-Rhine.

"There seems to be many images of hope," Gonzales said. "Obviously there are efforts under way to buy up portions of that community, redevelop that portion of the community, which I think is very, very helpful."

U.S. Attorney General Visits Cincinnati (WKRC-TV)

WKRC-TV, CBS 12, Cincinnati, August 9, 2006

The country's top law enforcement officer visited Cincinnati Tuesday. U.S. Attorney General Alberto Gonzales says he's surprised at the number of abandoned buildings, but impressed with the police departments and the strong neighborhoods. Gonzales also talked about what the federal government can do for the people of Cincinnati. As Local 12 CrimeStoppers Reporter Deborah Dixon tells us, that includes some talk about jail money.

Federal agents secured 14th and Race Streets, a tough corner on the U.S. Attorney's tour of the city. That is where where a Sharonville mother was killed Opening Day trying to buy drugs. There was little chance of such violence with all the agents travelling with U.S. Attorney General Alberto Gonzales, Police Chief Tom Streicher and Congressman Steve Chabot . He invited Gonzales here to talk about ways to reduce gun and drug violence.

Alberto Gonzales, U.S. Attorney General: "What is available to young kids after school so they don't get in trouble? There is a number of different agencies police work with in the city and school system."

Gonzales said he was surprised at the number of abandoned buildings in Over-the-Rhine, and impressed with the strength of the community.

"No matter where you grow up you still have dreams of doing something great in our great country."

Gonzales said there are pilot programs in other cities to rescue young people from gangs and drugs. If they work, the programs could expand, possibly to Cincinnati. And there was jail talk about getting federal money to help pay for a new one.

Rep. Steve Chabot, R-Ohio: "There is an opportunity, potential for federal dollars, to what extent still has to be seen."

Gonzales approved money for 23 Assistant U.S. Attorneys to target and dismantle drug organizations, one of them now assigned to Cincinnati.

CORPORATE SCANDALS:

Pixar Granted Options At Lows; Cablevision Is To Delay Results (WSJ)

By Charles Forelle, Steve Stecklow And Dionne Searcey

The Wall Street Journal, August 9, 2006

Top executives of Pixar Animation Studios, the computer-animation company co-founded by Apple Computer Inc. Chief Executive Steve Jobs, received stock-option grants priced at the stock's annual lows in four years between 1997 and 2003.

The pattern of fortuitous timing raises questions about whether the options might have been backdated or otherwise manipulated to give executives the chance to increase their payouts.

Separately, Cablevision Systems Corp. yesterday became the latest company to say it is reviewing its program of stock-option grants, as it delayed the release of its second-quarter earnings and warned that its financial results since 1997 shouldn't be relied upon.

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The Bethpage, N.Y., cable-television operator said it has yet to determine the size of any adjustments it may need to make to its results. It was unclear how significant any changes would be, or whether the probe involves options granted to President and Chief Executive James Dolan or other executives.

SEC filings show that during some of the years in question Mr. Dolan and a handful of other executives collectively received hundreds of thousands of shares on dates that were followed by significant increases in the share price.

More than 80 companies are under federal investigation over the timing of their option grants. Dozens of companies have said they will need to restate earnings as a result of options troubles, and several executives have left their posts. Two former officials of Brocade Communications Systems Inc. have been charged with criminal securities fraud relating to backdated options at the networking firm.

At Pixar, which was acquired by Walt Disney Co. earlier this year, a review of proxy statements shows that Mr. Jobs never received any options. One of the low-priced grants went to John Lasseter, Pixar's renowned creative chief, director of "Toy Story" and executive producer of several other Pixar blockbusters. Another went to Edwin Catmull, a Pixar co-founder and a pioneer of computer-generated animation.

Apple recently said it discovered "irregularities" in its options grants, including one to Mr. Jobs, and may restate past results because of them.

Tom Sarris, a spokesman for Pixar, said, "We don't comment on personnel compensation." A Disney spokesperson said: "It would be inappropriate for us to comment on the Pixar stock-option grants, which were awarded before the Disney acquisition." A spokeswoman for Mr. Jobs wasn't immediately available for comment.

At issue in the backdating probes is whether companies or individuals manipulated grants so that they would carry low "strike prices." Options typically are structured so that recipients profit from any rise in share price above the strike price, which usually is set at the market value at the time of the grant. Manipulating the date to give a lower strike price effectively hands recipients potential for additional profit and undermines an option's incentive purpose. It also could expose executives responsible to criminal fraud charges.

Pixar said in filings to the Securities and Exchange Commission that its executive options were granted at "fair market value" on the date of grant -- which typically means the closing price on the grant date or the day before.

Pixar's board had a compensation committee which was responsible for administering option grants. But year after year the company reported that the committee never met, and that instead the full board, which was chaired by Mr. Jobs, performed its functions. Pixar's Mr. Sarris declined to comment.

One compensation-committee member between 1998 and 2002 was Jill E. Barad, the former chief executive of toy maker Mattel Inc. Ms. Barad also served on the compensation committee of the board of Microsoft Corp. between 1997 and 1999. Through 1999, Microsoft had a practice of retroactively pricing option grants at monthly lows -- a variation on backdating. It changed the practice that year and took an accounting charge to adjust its financial results. Ms. Barad couldn't be reached for comment.

Another Pixar board member was Larry W. Sonsini, a Silicon Valley lawyer who also sat on Brocade's board and is a longtime adviser to Apple and Mr. Jobs. A spokeswoman for the firm declined to comment.

Pixar granted options to some top executives at the lowest closing prices of 1997, 1998, 2000 and 2003. A grant in 1999 carried the third-lowest closing price of the year. Such a pattern is highly unlikely to have occurred by chance.

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In 2000, for instance, Pixar awarded option grants to Messrs. Catmull and Lasseter. The grants were dated Dec. 6 and carried the closing price of Dec. 5, the year's low and the bottom of a months-long slide. Pixar shares recovered 13% by the end of the month.

Had the options been dated at the end of the month instead of at the year's low, Mr. Lasseter's potential profit from the grant would have been $3.5 million less, and Mr. Catmull's $1.75 million less. Neither man could immediately be reached for comment.

The separate review at Cablevision was disclosed in a company release issued yesterday morning. The company said it voluntarily reviewed its past granting of options and stock-appreciation rights after learning of problems at other companies. Cablevision found that grants during 1997-2002 "did not correspond to the actual grant date and the closing price of the company's common stock on that day," the release said.

The company said: "Management has concluded that the financial statements for all the periods beginning Jan. 1, 1997, should not be relied upon." In an SEC filing yesterday, the company said its audit committee agrees with that.

During a conference call with analysts, executives declined to answer questions about the probe.

Apple Execs, Former GC Seek Counsel In Face Of Backdating Probe (LAW)

By Justin Scheck, The Recorder

California Recorder, August 9, 2006

For the last few months, the San Francisco U.S. Attorney's Office has been investigating whether Apple -- like so many other Silicon Valley companies -- changed the dates on stock option grants to employees in order to maximize executive payouts, according to lawyers familiar with the case.

That investigation has chugged along quietly, even as Apple has twice made public admissions that it has backdating problems.

But behind the scenes, Apple -- and some of its current and former executives -- are seeking counsel.

Nancy Heinen -- Apple's longtime general counsel who left the company earlier this year -- has hired East Bay defense lawyers Cristina Arguedas and Miles Ehrlich to represent her in connection with the government probe.

Arguedas, a partner at Arguedas, Cassman & Headley, has represented a string of high-profile targets, including an Enron defendant and athletes tied up in the Balco steroids case.

Ehrlich is the former head of the San Francisco U.S. Attorney's Office's white-collar section, a job he left last year to start the firm Ramsey & Ehrlich.

Arguedas and Ehrlich had little to say Tuesday. "We're working together on many cases, and we're working together on this case," Ehrlich said.

Reached in her car Tuesday afternoon, Heinen declined to talk. "I'm driving," she said.

With prosecutors poking around the company, Apple has hired George Riley, a partner with O'Melveny & Myers, to represent it before the government. He didn't return calls seeking comment.

An Apple board committee has turned to John Potter, a partner at Quinn, Emanuel, Urquhart, Oliver & Hedges, to conduct an internal investigation. Potter likewise declined to comment on the internal investigation, as did a spokesperson for the U.S. Attorney's Office.

As Apple announced last week, its investigation has so far turned up enough evidence of backdating that Apple expects to have to restate profits.

Yet unlike many of the dozens of companies to make such admissions since The Wall Street Journal began reporting on backdating issues last spring, little has been divulged about the Apple investigation: no subpoenas from the Securities and Exchange Commission or the Department of Justice, and no open talk of government action.

There's been little public information from Apple on who received problematic options, other than an admission that Jobs received one backdated grant that he did not cash in, and was later cancelled.

Some companies with options problems have pushed out top executives, but that's not likely to happen at Apple. Jobs is credited with rescuing the company in the late 1990s, and Apple's fortunes are seen as being tightly tied to him. He would make a difficult sacrificial offering, the attorneys added, and could complicate Apple's efforts to resolve its situation.

Prosecutors have made it clear that removing executives believed to be responsible for backdating can help a company avoid criminal charges.

Brocade got rid of three high-level executives last year, long before the company's former CEO and human resources manager last month became the first to receive criminal backdating charges.

Comverse similarly jettisoned top management around the time it turned an internal investigation on backdating over to Brooklyn federal prosecutors, who are close to bringing indictments against the company's former executives.

As for Apple, deeper trouble could be signified by its use of the term "irregularities" to describe what initial inquiries into grant practices had found. That term was used again in the announcement earlier this month indicating that options problems were bad enough to require a restatement of past earnings.

Several Silicon Valley defense lawyers -- all of whom spoke on condition of anonymity because they have ties either to Apple or to other backdating cases -- said that in accounting parlance, "irregularities" generally indicates a problem that's not accidental.

Recorder reporter Petra Pasternak contributed to this story.

Suit Against American Express Is Reinstated (WSJ)

The Wall Street Journal, August 9, 2006

NEW YORK -- American Express Co., Chief Executive Kenneth I. Chenault and other executives will have to defend themselves in a shareholder lawsuit over the firm's investments in junk bonds in the late 1990s, a federal appeals court ruled.

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The Second Circuit Court of Appeals remanded the case back to U.S. District Judge William H. Pauley III in Manhattan, saying the lower court erred in dismissing two claims it found were time-barred by the statute of limitations. The case was dismissed in 2004.

"American Express will once again seek to dismiss the case," said Judy Tenzor, a spokeswoman for the New York consumer-finance company.

The securities-fraud lawsuit, which claimed American Express made material misrepresentations about the high-yield investment portfolio at its former American Express Financial Advisors unit, had sought class-action status for American Express shareholders between July 1999 and July 2001. The financial-advisory unit was spun off last year and is now named Ameriprise Financial Inc.

"The Court of Appeals has facilitated a new and full hearing" on the allegations, said Sanford P. Dumain of Milberg Weiss Bershad & Schulman LLP, which represents the lead plaintiffs.

Judge Delays Grasso Trial Date, Will Decide If Pay Was Reasonable (WSJ)

By Aaron Lucchetti And Gaston F. Ceron

The Wall Street Journal, August 9, 2006

A trial in New York Attorney General Eliot Spitzer's excessive-compensation lawsuit against former New York Stock Exchange Chairman Dick Grasso was delayed until mid-October.

That means the case could still be in court come November, when New Yorkers elect a new governor; Mr. Spitzer is favored to be the Democratic nominee in that race. Previously, the case was set to go to trial Sept. 5.

Mr. Spitzer is seeking the return of a big chunk of Mr. Grasso's $187.5 million pay package from the exchange. Mr. Grasso, who left the NYSE amid an outcry over the pay package in 2003, has denied wrongdoing.

New York Supreme Court Justice Charles Ramos set the new trial start date yesterday at a hearing where he also decided to rule on one key aspect of the case on his own in a "bench" trial. The adjudication of that point -- whether Mr. Grasso's compensation was reasonable for the head of a not-for-profit corporation, which the Big Board was when he ran it -- will come ahead of other claims in the case. An early decision on that allegation could possibly reduce the role of other high-profile litigants in the matter such as former NYSE Chairman John Reed and former exchange board members Kenneth Langone and H. Carl McCall.

Mr. Grasso's lawyer, Gerson Zweifach of Williams & Connolly, said in court that his client preferred a jury trial and would appeal Judge Ramos's ruling. Lawyers for Mr. Grasso also sent a letter to Judge Ramos this week requesting that the judge reassign the case to a different judge because of pretrial discussions Judge Ramos had with various lawyers about the possibility of the two sides settling the case.

Mr. Zweifach mentioned the matter indirectly in court yesterday, but Judge Ramos told him that Mr. Grasso's legal team should file a formal motion if it wanted anything to be considered. Speaking after the hearing, Mr. Zweifach said he was still considering whether to file the motion. Mr. Grasso's legal team previously has taken issue with some parts of Judge Ramos's handling of the case.

Legal maneuvering will continue before the trial, as lawyers on both sides await the outcome of a key New York appeals-court decision on the case. Two of the biggest issues the appeals court will likely rule on: whether a jury or Judge Ramos should decide the case and whether all the issues should be heard at once or one at a time, as Judge Ramos ruled yesterday.

Grasso Compensation Trial Hinges On Issue Of 'Reasonable' Pay (WP)

By Brooke A. Masters, Washington Post Staff Writer

The Washington Post, August 9, 2006

Judge Also Rules That He, Not Jury, Will Decide Case

NEW YORK, Aug. 8 -- New York Attorney General Eliot L. Spitzer's attempt to force former New York Stock Exchange chairman Dick Grasso to return $140 million in compensation will ride on the issue of whether the pay package was "reasonable," a trial judge ruled Tuesday.

New York Supreme Court Justice Charles E. Ramos granted Spitzer's motion to delay until a second phase of the trial the more complicated issue of whether Grasso and former NYSE compensation committee chairman Kenneth G. Langone deceived their fellow board members about the pay package details. Ramos also ruled, over Grasso's attorneys' objections, that he, rather than a jury, will make the key decision.

Spitzer's representative in court, Deputy Attorney General Avi Schick, argued that his request and Ramos's ruling were an effort to streamline the case to focus on the key issue: whether the size of Grasso's paycheck violates a state law requiring that

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pay at not-for-profit institutions be reasonable. "Try that case first," Schick said after the hearing. "If you resolve that claim, you have a good chance of resolving the issue."

But Grasso's attorneys complained and said they would appeal Ramos's decision.

"The issue of reasonable compensation is one that Dick Grasso is entitled to a jury trial on. So yes, we will take up the issue on appeal," said Gerson Zweifach, one of Grasso's attorneys. "It is remarkable the lengths that Spitzer will go to in trying to avoid letting a jury decide this case."

Ramos moved the start of the trial to Oct. 16 from early September to give Grasso's attorneys time to appeal. That decision effectively delays opening arguments in the contentious case until after New York's Sept. 12 primary, in which Spitzer is heavily favored to become the Democratic nominee for governor.

Grasso's compensation package angered many investors when the exchange first made its size public in the summer of 2003, and Grasso was forced out during the ensuing controversy. But Spitzer's 2004 lawsuit trying to force Grasso to return the money also drew criticism both as a publicity stunt and as an unfair attempt to single out Langone for his efforts to defend Grasso publicly.

In the intervening two years, witness depositions have indicated that Spitzer may have a stronger case on the issue of whether Grasso's pay was "reasonable." The issue of whether Grasso and Langone deceived other board members does not appear as strong: Several former NYSE board members have said under oath that Langone kept them properly informed about Grasso's mounting retirement benefits.

Spitzer's lawyers recently produced reports from several compensation experts who argued that Grasso's pay was far larger than it should have been given the size and not-for-profit nature of the institution he supervised. The NYSE has since reconstituted itself as a for-profit company.

CRIMINAL LAW:

Mayor's Friend Gets 21/2 Years (PHI)

By John Shiffman

The Philadelphia Inquirer, August 9, 2006

Leonard N. Ross' corruption had already cost him his wife, his law license, his assets, his reputation, and his friendship with Mayor Street. Yesterday, it cost him his freedom.

A federal judge ordered Ross to prison for 21/2 years for corrupting the city's 2003 effort to redevelop the Penn's Landing waterfront.

Ross is the 22d person convicted in the City Hall corruption investigation. He used his post as chair of the Penn's Landing makeover effort to extort developers and provide inside information to a lobbyist who helped get him a sweetheart loan.

"I'm embarrassed by what I did," Ross said. "It was almost like an out-of-body experience. It was me but it wasn't me."

Ross said he had no excuse, just an explanation: He did it because he wanted to "feel important."

He wanted to be a player.

"I knew what I did was the wrong thing to do and I did it anyway," Ross said. "I deserve to go to jail."

U.S. District Judge Michael M. Baylson said he would honor the plea agreement, which called for a sentence in the 24- to 30-month range, but made a point of noting that this was "favorable to Mr. Ross." The judge's implication: Ross deserved a longer sentence.

"He had a chance to show leadership," Baylson said. "And if he had done that, perhaps Penn's Landing would be something different and better than it is today, something that many mayors have tried to make happen... . Instead, he allowed himself to be corrupted, and that's the tragedy of this case."

Ross pleaded guilty to corrupting the Penn's Landing redevelopment process in three ways.

First, he intentionally delayed the selection process so prospective bidders would have more time to give to Mayor Street's campaign. This helped Street raise an extra $50,000.

Second, Ross provided inside information to a lobbyist for one of the bidders, Tower Investments. Prosecutors say he did this in exchange for help with a $150,000 loan. The lobbyist was power broker Ronald A. White, a member of the Commerce Bank/Pennsylvania board. White was indicted in a related corruption case but died before trial.

Third, Ross used his position to try to win a job for his wife, Gloria Levin Ross, from one of the bidders, Brandywine Realty Trust. Ross arranged two job interviews between his wife and Brandywine executives, officials said.

In each of these cases, Tower and Brandywine were considered victims of a crime, officials said.

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The developers were the two finalists whose plans called for a blend of shops, restaurants, residential and office units, and open space. Each project would have cost about $250 million, at least a third of which would have been borne by taxpayers. Street scrapped the process in 2004, saying all bids required use of too much public money.

In court yesterday, Assistant U.S. Attorney Bea Witzleben said that Ross corrupted one of the city's most important civic and cultural projects "to line his own pockets at every turn."

Witzleben said FBI wiretaps of White and Ross revealed their naked greed and perpetuated the perception of Philadelphia as a place where corruption is the cost doing business.

"This defendant tarnished the reputation of our city," she said.

As the prosecutor detailed the crimes, Ross dabbed sweat from his forehead and upper lip with a white handkerchief.

Defense lawyer James Schwartzman said Ross was a good man who had a distinguished career, but for "an aberration."

"Len has lost everything," Schwartzman said. "He's lost his marriage, his profession, his self-respect. He's virtually penniless."

Ross is the person closest to Street to be sent to prison in the City Hall corruption scandal. Ross shared a law office with Street before he was elected mayor, and vacationed with him.

Ross also lent Street money. For nearly a decade, Street has listed a loan from Ross on his financial-disclosure form, but neither the mayor nor Ross had revealed the amount. What Street still owes on the loan was disclosed yesterday in court: $20,000.

But it wasn't clear whether the $20,000 was the original loan amount or the outstanding balance. Ross and lawyer Joel Slomsky declined to comment.

Street's spokesman, Joe Grace, declined to comment on "the question of the loan or anything that arises as part of the federal investigation."

When Street was elected mayor, prosecutors said, Ross tried to make money as a lobbyist.

Officials said he made a deal with the Greenberg Traurig law firm that paid $10,000 a month "for so long as John Street is mayor." The contract earned Ross at least $400,000, officials said. Ross yesterday disputed the validity of the contract, saying it had never been signed.

The Ross conviction is part of the long-running FBI and IRS corruption investigation of City Hall. Agents are still reviewing suspect minority-business and insurance contracts.

Street has not been charged with wrongdoing.

According to testimony in a related trial, the FBI had a suspicion that the mayor was conspiring with White to exchange city contracts for campaign contributions, which is why the FBI planted listening devices in Street's office. The bugs were discovered by the mayor's security team before they recorded anything.

Though 22 people have been convicted in the investigation, only one of them was a high-ranking city official, former Treasurer Corey Kemp.

Before Ross was sentenced yesterday, he said he "never thought the last time I would speak in court would be under these circumstances."

"My mom has seen me in court. She saw me in court trying a homicide. She saw me in court representing 26 injured policeman and firemen... and the last time she'll be seeing me in court is at sentencing, where I'll be incarcerated. It's a devastating position to be in."

As he left the courtroom, Ross declined to elaborate. "I've said everything there is to say."

He must report to prison on the day after Labor Day.

Hear audio clips and see transcripts of taped conversations, plus recent coverage of the City Hall corruption investigation at http://go.philly.com/fbiprobe

Not Worth The Stretch (PHDN)

By Dave Davies

Philadelphia Daily News, August 9, 2006

LEONARD Ross' attorney told a federal judge yesterday that since Ross was snagged in a federal corruption probe he "has lost everything - his marriage, his profession, and his self-respect."

For Ross, 58, it's been a long fall.

Just a few years ago, the dapper, silver-haired Ross was often holding court at The Palm restaurant, a political insider who called Mayor Street one of his best friends.

Ross received a history degree from George Washington University in 1969 and graduated from law school in 1972.

He came to Philadelphia and did a stint as a public defender before serving seven years in the district attorney's office.

He left the D.A.'s office in 1983 and began a practice in personal- injury litigation, real estate, and eventually government relations.

In the 1980s, Ross married developer Gloria Levin and became friends with Street, bringing him into his law firm in 1992.

When Street was elected mayor in 1999, Ross moved to the national firm of Greenberg Traurig, which then got $690,000 in city-related legal fees over the next four years.

Ross' downfall came when Street appointed him to a committee evaluating Penn's Landing proposals and he came under FBI scrutiny.

He surrendered his law license on Friday, the result of his December guilty plea on felony corruption charges.

His attorney, James Schwartzman, said yesterday that Ross has "been surviving the last six months on funds he's received from his mother and his sister."

He'll report Sept. 5 to a minimum-security prison for his 2 ½ year sentence.

Phila. Mayor's Ex-Law Partner Sentenced (WP/AP)

By Joann Loviglio, The Associated Press

The Washington Post, August 9, 2006

PHILADELPHIA -- A former associate of Philadelphia's mayor was sentenced Tuesday to 30 months in prison for engaging in fraud and conspiracy as head of an effort to develop the city's waterfront.

Leonard N. Ross, friend and one-time law partner of Mayor John F. Street, used his position to get potential developers to donate money to Street's re-election campaign, provided a lobbyist with inside information to one bidder in exchange for help with a $150,000 bank loan, and sought a job for his wife with another bidder.

"I'm deeply ashamed and embarrassed by what I did," said Ross, 58, who pleaded guilty in December to three counts of honest services fraud and one count of conspiracy. "It's almost like an out-of-body experience: It wasn't me, but it was me."

U.S. District Judge Michael Baylson said he imposed the maximum prison term under federal guidelines because of the nature of the crimes and the betrayal of the public's trust. He also fined Ross $25,000.

"Corruption is a cancer, and unless it is excised and dealt with and killed, it can just spread and do terrible damage," the judge said.

In 2003, Ross was named chairman of a city committee to choose a developer for Penn's Landing, a 13-acre parcel on the Delaware River.

Nearly two dozen people have been convicted in a federal corruption probe that became public when police discovered an FBI bug in Street's office in October 2003. The mayor has denied any wrongdoing and has not been charged.

Street halted the Penn's Landing project in late 2004, saying the city could not afford the $100 million in public funds sought by developers.

Report: San Diego Books Long Mismanaged (AP)

By Elliot Spagat, Associated Press Writer

AP, August 9, 2006

San Diego Engaged in Reckless Fiscal Mismanagement, Report Says

SAN DIEGO (AP) -- The city recklessly and deliberately mismanaged its finances for years, according to a report released Tuesday that marks a key milestone in San Diego's fiscal recovery.

Kroll Inc. said San Diego "fell prey to the same type of corruption" that ruined companies including Enron Corp. and WorldCom Inc. and prompted Orange County to file for bankruptcy protection in 1994.

"The evidence demonstrates not mere negligence but deliberate disregard for the law, disregard for fiduciary responsibility and disregard for the financial welfare of the city's residents," the report concludes.

The 266-page tome, which took 18 months to complete and cost the city $20 million, offers one of the most detailed accounts of how San Diego created a $1.4 billion pension shortfall that has crippled its ability to borrow money.

The investigation was led by a cast of accounting luminaries including Arthur Levitt, former chairman of the U.S. Securities and Exchange Commission. It clears the way for San Diego to complete overdue audits, which are widely considered a key step to returning the nation's eighth-largest city to Wall Street's good graces.

San Diego's unfunded pension liability -- the gap between the value of its pension assets and its obligation to retirees -- soared after the City Council decided in 1996 and again in 2002 to avoid payments to the pension fund and, at the same time, enhance retirement benefits.

The fiscal meltdown that resulted sparked investigations by the U.S. Justice Department and the SEC in early 2004. Five former city and pension fund officials were charged with federal fraud and conspiracy in January.

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The report outlines a series of recommendations including creation of an independent audit committee and more authority for the city's chief financial officer.

"You got a second chance here, folks," Lynn Turner, former chief SEC accountant and one of the authors. "I think it's a marvelous city, but you need to change it from being Enron-by-the-Sea to Emerald-by-the Sea."

The report found that several former city officials likely violated federal securities law and others, including two former city managers, were negligent in their work.

It blames former Mayor Dick Murphy and members of the City Council for failing to disclose the extent of the city's problems to bond investors and for "knowingly and improperly" causing the city to violate state and federal law in its collection of sewage fees. Levitt said the city overcharged homeowners for sewage to subsidize large businesses.

The city delayed publishing an advisory committee's findings because it wanted to avoid scaring bond investors who financed a ballpark for the San Diego Padres, which opened in 2004, the report said.

Levitt said the city also ignored warnings from whistle-blower Diann Shipione, a former pension board member.

"Her pronouncement that the emperor has no clothes was dismissed out of hand," he said.

Murphy, a Republican, resigned in July 2005, less than a year after winning a disputed election to a second four-year term.

Mayor Jerry Sanders, a Republican former police chief who was elected last year, said the report "will hopefully put a very unfortunate chapter of this city's history behind us."

Kroll has come under fire from some city officials who say the firm overcharged for its work. Its most outspoken critic, City Attorney Michael Aguirre, said the report was "essentially useless."

A visibly angered Levitt interrupted Aguirre's aggressive questioning of the authors during a hearing that lasted nearly four hours.

"We're not here to subject ourselves to your petty criticism," Levitt said. "We're not here to subject ourselves to your playing to the press."

An executive at KPMG LLP told the council that Kroll's report cleared the way for his company to finish its audit of San Diego's financial statements for the 2003 fiscal year. Without the audit, San Diego has effectively been shut out of public bond markets.

"We can move forward toward the completion of our work," said J. William Morris III, KPMG's Western Area managing partner for audit and risk advisory services.

Report Compares San Diego Pension Fund Scandal To Enron (LAT)

By Richard Marosi

The Los Angeles Times, August 9, 2006

SAN DIEGO — A long-awaited audit released Tuesday blames San Diego's pension fund debacle on mismanagement and illegal financial manipulations that recall the fiscal crises of Orange County and Enron Corp.

The 266-page report concludes that some former city and pension board officials violated state and federal laws in their ill-advised pursuit of short-term solutions for a pension fund deficit that now approaches $2 billion.

"The evidence demonstrates not mere negligence, but deliberate disregard for the law, disregard for fiduciary responsibility and disregard for the financial welfare of the city's residents over an extended period of time," said Arthur Levitt Jr., the former chairman of the Securities and Exchange Commission who oversaw the independent audit.

The report, which cost $20 million, is considered a key step in San Diego's bid to restore its once solid reputation for conservative fiscal management. City officials hope that the report by Kroll Inc., a risk management firm in New York, will win back Wall Street's trust.

"This is a chance to once again be masters of our own fate and destiny," said Jerry Sanders, who became mayor in December.

Immediately after the report's presentation at a special meeting of the City Council, a representative from the city's outside auditor, KPMG, said it would resume work to certify the city's 2003 financial report.

The firm had refused to complete that report until after a full investigation had been finished.

Earlier this year, a federal grand jury indicted five former and current city pension board officials for their roles in approving the pension fund investment scheme. The SEC is also investigating whether laws were broken when the city filed reports with Wall Street that did not mention the bad news about the pension funds.

KPMG's audit could help the city, which now is saddled with credit ratings as low as junk bond status, return to the bond market to borrow money.

"This is a very important day for San Diego," said Council President Scott Peters, adding that the Kroll report is a "guide" that will help taxpayers and markets regain confidence in the state's second-largest city.

At the council meeting, City Atty. Michael Aguirre, a longtime opponent of the probe's cost and scope, criticized the Kroll investigators for not going far enough in assigning blame.

Some council members, the report concluded, were negligent in their duties, but did not willfully or knowingly violate laws.

Aguirre, who fears that the report could undercut his plan to roll back pension benefits, suggested that Kroll had whitewashed the report to suit the council's interests.

Levitt angrily denied the charges at the council meeting. He accused Aguirre of engaging in the same kind of political factionalism that he said got the city into trouble in the first place.

"You are taking us back to the past. You are continuing to demagogue a process, to embarrass your colleagues, to embarrass yourself in a way that I think is demeaning," Levitt said.

San Diego got into trouble by increasing employee pension benefits to satisfy politically powerful labor unions and then counting on a soaring stock market to keep the pension plan fully funded.

When the stock market plunged in the dot-com collapse, the City Council did not compensate by raising the city's contribution to the pension fund.

The pension deficit and the city's failure to disclose the problem to Wall Street led to the biggest financial mess in San Diego's history.

"San Diego city officials fell prey to the same type of corruption of financial management and reporting that has afflicted municipalities such as Orange County and such private sector companies as Enron," the report states.

Orange County filed for bankruptcy in 1994 after $1.7 billion in losses from highly speculative securities. Enron, the Houston-based energy firm, collapsed in 2001, and its top officers were convicted of fraud for engaging in creative schemes that inflated its value.

The 18-month San Diego investigation, which reviewed more than 1 million documents, found that the pension board made false and misleading statements to disguise the extent of the funding shortfall.

And it concluded that the city misrepresented to investors that it was making contributions to its pension system at appropriate levels when it was not.

"Under the pressure of short-term needs, city officials gave expedience a higher priority than fiscal responsibility and came to view the law as an impediment to be circumvented through artful manipulation," the report states.

The wide-ranging audit also found that San Diego homeowners were improperly overcharged on their monthly sewage bills, with the excess being unlawfully used to subsidize the sewage costs of large industrial users.

The Kroll report is the second in two years to harshly criticize the city. In 2004, lawyers from the Washington firm of Vinson & Elkins concluded that the city suffered from chronic bad management and an almost dysfunctional environment, ignoring a fiscal crisis that it compared to a "snake in the garden."

Since the scandal erupted, the city has made sweeping changes to its reporting and accounting systems, and adopted stricter financial disclosure rules. Several officials have resigned or been forced out.

And voters approved a strong-mayor form of government that gives the city's top official more power and responsibility over financial matters.

The Kroll report said, however, that San Diego had yet to come to terms with its need for fundamental reform.

Among other things, it recommends that the city create a permanent audit committee, appoint an independent monitor to oversee the reforms and create more accountability by strengthening the chief financial officer's role.

Carl DeMaio, president of the Performance Institute, a local watchdog group, said the report should allow the city a fresh start, but cautions that the council must follow through on recommended reforms.

"Now is the time for the City Council to demonstrate through action its commitment to reform," DeMaio said, "and in doing so send a strong message to the SEC and Wall Street."

Neeb Cries Foul In Investigation (BRADV)

Baton Rouge Advocate, August 9, 2006

For over a year, the FBI has been looking into whether or not the person in charge of the Louisiana State Gaming Board at the time the investigation started, Anne Neeb was actually showing up for work. However, according to published reports, the person who is at the center of that investigation is crying foul.

An FBI investigation of the Louisiana State Gaming Control Board has been verified by Louisiana State Police, even though FBI officials will neither confirm nor deny an investigation exists.

((((We need to verify here that the FBI is looking into the Gaming Board based on allegations Neeb is making)))

The former executive director of the gaming board, Gloria Anne Neeb, was the subject of an investigation by Louisiana's Inspector General Sharon Robinson and the State Police into her work attendance when she worked for the Louisiana board.

"That was one of the things we decided to take a look at," said Robinson, "whether she was attending or if there was documentation of her being at work."

When investigations were concluded by both the Inspector General's Office and the State Police, both inquiries showed that Neeb owed the state around $2,700.

However, Neeb, who is currently the executive director of the Pennsylvania Gaming Control Board, is crying foul.

Neeb claims the charges against her are politically motivated and that corruption exists in the gaming agency.

Ohio Executes Man Convicted Of Killing 3 (FINDLAW/AP)

By Joanne Viviano, Associated Press Writer

AP, August 9, 2006

(AP) - LUCASVILLE, Ohio-A man who said he worshipped Satan and enjoyed killing three people, stabbing and beating them and stomping on them with steel-toed boots, was executed Tuesday.

Darrell Ferguson, 28, the youngest person put to death in Ohio since 1962, died by injection at 10:21 a.m. at the Southern Ohio Correctional Facility.

He had asked for the death penalty and chose not to pursue appeals, which could have delayed his execution for years.

Ferguson was the second inmate executed using the state's new lethal injection protocol, adopted after an execution in May was delayed while prison staff struggled to find a useable vein on that inmate, who asked them to find another way to kill him.

Officials said Ferguson's veins were closely examined before his execution, and the guidelines called for two injection sites to be prepared plus a new method of ensuring veins stay open.

He was convicted of three counts of aggravated murder in the Christmas Day killing of Thomas King, 61, in 2001 and the deaths the next day of Arlie Fugate, 68, and his wife Mae, 69. King was disabled and used crutches, Arlie Fugate had cancer and Mae Fugate took meals to wheelchair-using neighbors.

The victims let Ferguson into their homes in Dayton because they knew him. Ferguson's mother had been married to King's brother, and Ferguson's family had once lived near the Fugates.

Ferguson committed the murders after getting a two-day pass from a drug treatment program he had been ordered to attend following a burglary conviction.

At his sentencing, he taunted the victims' families, saying he worshipped Satan, enjoyed the killings, had no remorse, and, if released from prison, would pick up where he left off.

Defense attorney Victor Hodge said Ferguson's behavior might have been a ploy to make sure he was sentenced to death so he could avoid spending the rest of his life in prison.

Online Predators Less Prevalent (USAT)

By Janet Kornblum

USA Today, August 9, 2006

Despite the rise of social networking sites such as MySpace, a smaller percentage of young people are being sexually solicited online than five years ago.

But children ages 10 to 17 are being increasingly bombarded with online porn and are being harassed and bullied more — often by peers, a study finds.

The long-awaited report, to be released today, is the only national study of its kind. It is by the University of New Hampshire's Crimes Against Children Research Center, which surveyed 1,500 children ages 10 to 17 last year and compared findings with a similar group five years earlier.

About 13% said in 2005 that they had received an unwanted request to engage in sexual activity or conversations in the previous year from either adults or other children. Five years earlier, it was 19%.

Though that's an improvement, it's “still way too high,” says Ernie Allen, president of the National Center for Missing & Exploited Children. The center financed the research with a grant from Congress.

Allen and researcher David Finkelhor attribute improvements to education campaigns stressing “stranger danger” and less time spent in chat rooms “where creepy people hang out,” Finkelhor says.

Many solicitations, 43%, were from others under age 18. And most of the time, children brushed them off. Aggressive solicitations, on the other hand, remained about the same.

Internet researcher Larry Rosen, a professor of psychology at California State University, Dominguez Hills, says the new research reinforces what he has seen: “There simply is not the volume of predators on MySpace that people imagine.”

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Children's exposure to porn comes despite increased supervision and use of filters. Also, five years ago, technology impeded the flow of graphic images; today, more people have high-speed access and fast computers, Finkelhor says.

The study found 9% of kids were "very upset" by seeing porn, up from 6% five years ago.

Finkelhor says more attention must be paid to online harassment. "We were concerned that not only were kids being harassed more, but they were doing more harassing."

Allen advocates a "three-pronged solution": education, enforcing existing laws and improving tools such as filters.

Lawyers In Murder Appeal Use Cigarette-Break Defense (NYT)

By Christopher Maag

The New York Times, August 9, 2006

COLUMBUS, Ohio, Aug. 8 — Lawyers for a man convicted of beating a former girlfriend to death with a lead pipe argued before the Ohio Supreme Court on Tuesday that their client should be spared the death penalty, partly because jurors were not allowed to smoke while deliberating.

"A capital trial is supposed to be a considered process," said Keith A. Yeazel, one of the lawyers. "Jurors shouldn't be trying to speed up the process so they can go outside and smoke a Kool cigarette."

The defendant, Phillip E. Elmore, 43, admitted his guilt during his trial in October 2003. While on the stand, Mr. Elmore said, "I feel I deserve the worst punishment that there is," according to the court transcript.

But in an hourlong hearing here, lawyers representing Mr. Elmore in the appeals process argued that his trial lawyers had failed to provide an adequate defense that might have spared his life.

They also noted that the trial lawyers had not objected when Judge Jon R. Spahr of the Licking County Common Pleas Court rejected jurors' request for cigarette breaks while they were deliberating. This amounted to discrimination against smokers, Joseph Edwards, another of the lawyers, said Tuesday, and created a reason for jurors to rush through the most important phase of the trial.

The jurors had had to decide whether Mr. Elmore was guilty of aggravated murder and, in a second phase of deliberations, whether he deserved the death penalty or life in prison.

The justices appeared unimpressed with the lawyers' argument.

"You're saying that because the trial judge didn't allow them to smoke that smokers are being discriminated against?" Justice Maureen O'Connor said. "Are you proposing a new right for an entire class of people?"

Before the hearing, Mr. Elmore's lawyers acknowledged that the tactic was unusual and unlikely to succeed.

"We don't believe this is the best issue in the case," Mr. Yeazel said. "But if we don't raise it on direct appeal, we'll never be able to talk about it if it becomes an issue in federal court."

Mr. Edwards said that Mr. Elmore's father had beat Mr. Elmore and sexually abused his sister. Mr. Elmore was in and out of jail for various offenses from ages 20 to 38, Mr. Yeazel said, including a stint at the Licking County Jail, where his girlfriend, Pamela Annarino, worked as a sheriff's deputy.

On June 1, 2002, Mr. Elmore broke into Ms. Annarino's house while she was away, according to the case transcript. He was upset because she had ended their relationship, he said at trial. Ms. Annarino returned home to find Mr. Elmore waiting with a loaded shotgun, the transcript says.

He then choked her and struck her four times in the head with a pipe, according to his confession, which was entered as evidence.

FBI Joins Hunt In Boiling-oil Murder (BSH)

By Ryan Lafontaine

Biloxi Sun Herald, August 9, 2006

HANCOCK COUNTY - FBI agents have joined the hunt for a Diamondhead woman who faces a murder charge in the death of her sleeping husband.

Police said Monday they are closing in on Edna May Sanders, who allegedly doused her husband, Sherman, with more than two quarts of boiling oil while he slept in the couple's bedroom on July 28.

He died Friday in an Alabama hospital with third-degree burns on more than half of his body.

FBI Special Agent Jason Pack confirmed that federal authorities will provide assistance to the Hancock County Sheriff's Department in a nationwide search for 45-year-old Sanders.

Hancock investigators believe Sanders likely is seeking shelter with family in Louisiana or Texas, and because she may have crossed state lines, the FBI can lend its resources.

DOJ_NMG_0045635

Investigators said Sanders, whose maiden name is Miller, fled in a 2001 Pontiac Grand Prix, with a retired U.S. Navy license plate. Two children were in the car, according to police.

Kenny Hurt, Hancock's chief investigator, said police have not been able to find a motive for the killing.

According to neighbors living near the Sanders' Maili Way home, there were no visible signs of a marriage on the rocks. The couple was rarely seen outside and most residents said the Sanders family kept to themselves.

The couple began renting the home just a few months ago and Hurt said there was no history of domestic violence at the Diamondhead address.

They had been married only a short time.

The burns to Sherman's head, face, chest and arms were reportedly so severe he had to use a car horn to signal a neighbor for help because he couldn't dial a phone. But he was able to speak briefly to investigators.

However, police were unable to speak with him again last week while he was hospitalized.

Woman Sought In Husband's Hot Oil Death (WP/AP)

The Associated Press

The Washington Post, August 9, 2006

BAY ST. LOUIS, Miss. -- A woman accused of dumping hot cooking oil on her sleeping husband has been charged with murder, and the FBI has joined the search for her.

Sherman Sanders died Friday after a week in the burn center at the University of South Alabama in Mobile. He had suffered third-degree burns over more than half of his body.

Investigators said his wife, Edna May Sanders, 45, fled their home in Diamondhead with their two children on July 28.

Police believe she heated about two quarts of household cooking oil on the stove, allowing it to reach a simmer before pouring it over her husband's head chest and arms.

Authorities have said they were unsure what led to the assault. The couple had been married only a short time.

FBI Special Agent Jason Pack confirmed that federal authorities will help the Hancock County Sheriff's Department search for Edna Sanders because she may have crossed state lines.

"She has family in Texas and Louisiana and that's where we are concentrating all our efforts right now," said Kenny Hurt, the county's chief investigator.

Woman Pleads Guiilty To Katrina Fraud (CL)

By Leah Rupp

The Clarion-Ledger (MS), August 8, 2006

A Gulfport woman pleaded guilty Monday to submitting fraudulent FEMA claims relating to Hurricane Katrina.

Shera Simes received $2,268 after filing for disaster unemployment after reporting her last day of work was Aug. 28, a day before Katrina hit the Gulf Coast.

Burger King in Gulfport actually paid Sims until Nov. 4.

The charges carry a maximum sentence of five years in prison, a fine of up to $250,000 and up to three years of supervised release.

Hotel Owners Arrested (NATDEM)

By Julie Finley, The Natchez Democrat

Natchez Democrat, August 9, 2006

NATCHEZ — Two Natchez hotel owners were arrested Monday in connection with state investigations into price gouging in the aftermath of Hurricane Katrina.

The Attorney General's Office has been looking into reports about the Excellent Inn & Suites and Scottish Inn since shortly after the storm Director of Consumer Protection Grant Hedgepeth said.

Owners Alex Patel and Sonal A. Patel were each charged with 16 counts of price gouging and one count of conspiracy to commit price gouging. The men jointly own both Natchez hotels.

One count alleges that the room rate at the Excellent Inn went from $93.50 one day to $198 soon after. Price hikes vary in the other counts and are sometimes as low as a $15 increase, Hedgepeth said.

All the counts fall in the weeks after Katrina when every Miss-Lou hotel room was full, most with evacuees from New Orleans and the coast.

"We've got other price gouging investigations going on in the state of Mississippi," Hedgepeth said. "There are quite a few. This is the first wave of indictments."

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Some of the counts against the Natchez men are felonies — cases involving more than $250 — he said. A felony price gouging conviction is punishable by up to five years in prison and a $5,000 fine.

The men were booked into that Adams County Jail and later released on $30,000 bond Monday. Any court proceedings will be handled in Adams County, Hedgepeth said.

Hedgepeth said other investigations in the state are ongoing.

"We've just had so many of them it's taken a while for the meat to get through the system," he said. "When we find what is sufficient evidence we are going to seek indictments and prosecute these people."

Hedgepeth said the Attorney General's Office has authorized hiring more investigators to work similar cases and staff a Biloxi office that will specialize in home repair fraud — a new crime emerging in the wake of Katrina. Email this story | [print]

Waltham Man Charged With Defrauding 50 Out Of About $5 Million (AP)

AP, August 9, 2006

BOSTON A Waltham man is charged in federal court today of defrauding more than fifty people out of an estimated five (m) million dollars in an investment fraud scheme.Prosecutors say 45-year-old Mark Conway is charged with thirteen counts of mail and wire fraud.Authorities say Conway was the managing partner of Groundswell Partners L-L-C. They say between January 2001 and last October, Conway made numerous misrepresentations to investors including that his funds would follow a specific market timing investment strategy.Instead, Conway stopped using the promised investment strategy and then created false documentation to ensure his investors.If convicted, Conway faces up to 20 years in prison, three years of probation and a 250-thousand dollars fine.

Fund Manager Gets Six Years For Fraud (ABJ)

Akron Beacon Journal, August 9, 2006

CLEVELAND - The president of Agnitio Fund Management LLC has been sentenced to six years in prison and ordered to repay his defrauded customers $1.5 million.

Jesse Bonner, 28, of Taylor May Road in Mantua, was accused of defrauding 38 investors in Ohio, Virginia, New York, Michigan, North Carolina and Florida, according to the U.S. Attorney's Office in Cleveland.

Bonner promised great returns on investments, but faked statements -- including an independent audit -- presented to clients between 2001 and September 2005, federal authorities said. He collected about $1.5 million from investors.

He used the money ``for his personal benefit and to perpetuate the illegal scheme," according to the U.S. Attorney's Office.

Man Admits Stealing Trade Secrets (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, August 9, 2006

Former employee broke into computer

A San Diego man who broke into a computer at the concrete company where he once worked and stole information he then used to make a competing bid for his new employer pleaded guilty yesterday to stealing trade secrets.

Benjamin Muñoz III, 33, faces up to two years in prison when sentenced in September in San Diego federal court. His defense lawyer said mitigating circumstances warrant a more lenient sentence.

"He did a stupid thing," lawyer John F. Kelly said. "He tried to take a shortcut."

Muñoz took advantage of easy-to-figure computer passwords at his former employer, T.B. Penick & Sons Inc., to break into a computer system and get figures for a concrete bid for a project at the Otay Ranch Town Center, according to the lawyer and court documents.

He then used that information – 136 pages of documents he printed at home – to help his new employer, Progressive Concrete Images Inc. of Escondido, bid on the same job without having to recalculate how much concrete to use or how many people to hire.

Progressive was not aware of the theft, officials said.

"We had no idea," said owner Terri Huth. "We withdrew it immediately."

Huth said trade secret theft is endemic to the cut-throat concrete industry, where companies try to underbid one another and employees take their work products with them as they hop from firm to firm.

"He is not the first one," she said. "It's a very loose industry."

She said she hopes that this case will put others in the industry on notice.

"There's plenty of work within San Diego County for everybody," she said. "I don't understand why they can't just go and do their own business."

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Muñoz had worked on the bid while employed at Penick, Kelly said.

"He was just trying to get his work product which, of course, belonged to his previous employer," Kelly said.

Penick notified the FBI when it realized its computer system was compromised, and it ended up with the $4 million job, Kelly said.

"They did not lose any money," he said.

The lawyer said Progressive continued to employ Muñoz after learning of the investigation. He has since left the company for unrelated reasons and is working at another concrete company.

Prosecutor Mitch Dembin said he would ask Judge John A. Houston to sentence Muñoz to two years in prison.

Officials at Penick were unavailable for comment yesterday.

Woman Gets 4 Years In Prison For Extortion Against Strippers (AP)

AP, August 9, 2006

NEWARK, N.J. (AP) - A woman was sentenced to four years in federal prison Friday for extorting money from two women brought illegally from Russia to work in New Jersey strip clubs.

Viktoriya I'lina, 42, of Brooklyn, pleaded guilty in January to conspiracy to commit extortion and conspiracy to commit visa fraud. Two men, including her husband, Lev Trakhtenberg, have also pleaded guilty in the case.

I'lina admitted that she and the two men demanded $5,200 from one woman and $2,600 from another when they said they wanted to stop working as nude dancers - and that she made them think their families in Russia might be in danger if they did not pay up.

Crime Emergency Affects Very Little (WT)

By Amy Doolittle

The Washington Times, August 9, 2006

Violent crime rates have changed little in the District since Metropolitan Police Chief Charles H. Ramsey declared a citywide crime emergency nearly a month ago.

According to police statistics, the city had 21 homicides last month, when Chief Ramsey declared the crime emergency, and 20 in June.

In addition, there were 309 reports of assaults with a deadly weapon last month, compared with 311 such reports in June. Sexual assaults numbered 33 last month and 38 in June.

Last month, Mayor Anthony A. Williams said the crime emergency's goal was to decrease crime by 50 percent in 30 days.

Yesterday, city officials defended the crime emergency, saying that arrests and enforcement have improved even if the crime rate has not.

"Our real goal would be to eliminate crime 100 percent and to have zero crime in the city," said Vincent Morris, a spokesman for Mr. Williams. "You set a goal, and you know the reality is there's crime in every city.

"We think we've made amazing progress in just the few short weeks since the emergency has been declared," he said.

Police statistics show that arrests have increased 21 percent, firearm recoveries have increased 46 percent and curfew violation citations have increased 177 percent since the emergency began.

"Stretch goals are something you have in order to achieve as much as you possibly can," said Chief Ramsey, who declared the emergency July 12. "We're dealing with a very serious crime problem, and it's not easy to get rid of. We're working as hard as we can."

Within the first few hours of the emergency being declared, two groups of tourists were robbed on the Mall, but there have been no additional incidents there since then.

The Mall is patrolled by the U.S. Park Police, which has increased its deployment of officers in the area since the crime emergency went into effect.

Police statistics for last month, which tallied 3,042 crimes, are nearly identical to those for July 2005, which numbered 3,034 crimes.

"Every month has its own unique characteristics," Chief Ramsey said. "Each month is so different in terms of trends -- the weather, school being in and out of session, etc."

Chief Ramsey declared the emergency after the slaying of a British activist in Georgetown, the District's 13th homicide in 11 days.

On July 19, Mr. Williams called the D.C. Council out of its summer recess to push through emergency anti-crime legislation that allows closed-circuit surveillance cameras in neighborhoods and institutes a 10 p.m. weeknight curfew for city teens through the end of this month.

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Council Chairman Linda W. Cropp, an at-large Democrat running for mayor, helped pass the legislation. She said she is satisfied with the emergency's results.

"I never anticipated that there would be a specific huge [crime] reduction," she said. "What I wanted to see was a deterrent to crime."

Council member Adrian Fenty, a Ward 4 Democrat running for mayor, voted against the anti-crime legislation. He said the crime rate is not falling because officials are not tackling the problem.

"Crime in the District ... is not being adequately addressed," Mr. Fenty said. "The way to reduce it permanently requires internal work inside the government."

This is the third summer in four years that Chief Ramsey has declared a crime emergency and the fourth time overall since he became chief in 1998. The chief announced an emergency in 2003 to stem a surge in homicides and in 2004 to curb a spate of car thefts by juveniles.

Prostitution Sting Nets 4 Near BWI (WT)

By Tarron Lively

The Washington Times, August 9, 2006

Anne Arundel County police arrested four women near Baltimore-Washington International Thurgood Marshall Airport and say escort service masquerades are phasing out street prostitution in the county.

"We're definitely noticing a trend," said Officer Sara Schriver, a county police spokeswoman.

"In the Laurel area and around BWI, there's been a decline in street prostitution and an increase in online-advertised escort services," which are often fronts for prostitution, she said.

The women arrested in the undercover investigation were Ashley Price, 20, of the District; Emily Fritz, 18, of Costa Mesa, Calif.; Carlena Perry, 26, of Schaumburg, Ill.; and Kelly West, 20, who has no fixed address.

The four women were charged with prostitution stemming from a sting operation conducted by the police department's vice unit. They were arrested between July 13 and Aug. 1.

Authorities said the women had been using the Internet to advertise their services as escorts in the Laurel area and near the airport.

Police said prostitution services frequently operate under the guise of being legitimate escort services. Authorities said some dating Web sites and online classified services feature overt ads for prostitution.

To avoid local vice officers, prostitutes advertising online usually will stay in one place for weeks at a time, meeting with several clients in arranged appointments before flying to other cities.

Officer Schriver would not comment on whether police linked the women to the same service or the methods used to catch them, because the investigation is continuing.

"We don't want to tip off others," she said, noting that many of the escort services skirt the law by coding the words of the advertisements to offer sexual services discreetly.

Anne Arundel County is one of several jurisdictions in Maryland targeting prostitution.

Earlier this year, Brandy Britton, 41, of Ellicott City was arrested and charged with running a prostitution service out of her home.

Mrs. Britton, a former sociology and anthropology teacher at the University of Maryland Baltimore County, charged hourly rates of more than $300, authorities said.

On the Web site that police say she used to solicit business, Mrs. Britton said she receives money for modeling and companionship -- not for prostitution.

In Hagerstown, police increased their sting operations after a wave of prostitution appeared on downtown streets this spring.

Is Copying A Crime? Well … (LAT)

By Charles Duhigg, Times Staff Writer

The Los Angeles Times, August 9, 2006

Many young people say that duplicating CDs or DVDs they own is legal. The industries disagree.

A few years ago, when a friend offered 15-year-old Evan Collins a compact disc of illegally downloaded music, Collins turned him down flat.

"Me and my parents used to download music for free," said Collins, who lives in Bloomington, Minn. "But we decided it was like stealing from musicians. So I don't take stolen music from friends, either."

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But later that year, when Collins met a girl he liked, he made her a CD filled with songs by Linkin Park, Blue Man Group and Eiffel 65. Why was his CD OK, while his friends' were verboten? Because Collins paid for his music in the first place, he said.

"I think you're allowed to make, like, two or three copies of a CD you bought and give them to friends," said Collins. "It's only once you make five copies, or copy a CD of stolen music, that it's illegal."

Actually, attorneys say, copying a purchased CD for even one friend violates the federal copyright code most of the time.

But Collins' attitude — that copying purchased CDs or DVDs is legal, while copying stolen music or movies is a crime — is pervasive among young people ages 12 to 24, according to a Los Angeles Times/Bloomberg poll.

Among teens ages 12 to 17 who were polled, 69% said they believed it was legal to copy a CD from a friend who purchased the original. By comparison, only 21% said it was legal to copy a CD if a friend got the music free. Similarly, 58% thought it was legal to copy a friend's purchased DVD or videotape, but only 19% thought copying was legal if the movie wasn't purchased.

Those figures are a big problem for the Recording Industry Assn. of America and the Motion Picture Assn. of America, both of which have spent millions of dollars to deter copying of any kind. The music industry now considers "schoolyard" piracy — copies of physical discs given to friends and classmates — a greater threat than illegal peer-to-peer downloading, according to the RIAA.

Similarly, an MPAA spokesperson said that, in the U.S., copying and reproducing DVDs is a bigger problem than illegal downloading of movies.

"We've made substantial progress educating people that downloading copyrighted music for free is illegal," said RIAA Chairman Mitch Bainwol. "But we still confront a significant challenge educating kids that copying a CD for a friend is also a crime. This is a major focus for the entire industry."

Indeed, years of anti-downloading campaigns seem to be working: 80% of teens surveyed in the poll said downloading free music from unauthorized computer networks was a crime. Much of that might stem from highly publicized crackdowns on online music sharing. A 2004 study by the Pew Internet & American Life Project found that close to 6 million Americans said they had stopped downloading unauthorized tunes because of lawsuits filed by the RIAA.

But when it comes to stopping people from copying physical CDs, high-profile lawsuits are much less likely to occur. Prosecutors say it would be next to impossible to get one teen to testify in court that another had slipped him or her a copied disc at lunchtime. And besides, isn't sharing music a time-honored part of teen friendship?

"It's pretty confusing," said Collins, who was interviewed after participating in the poll.

Even lawyers say the law is hard to understand. Distributing free copies of a purchased CD or DVD is only a federal copyright crime if the value of the copied discs exceeds $1,000, said Assistant U.S. Atty. Elena Duarte.

But giving away even one copied disc may be a civil violation or break a state law.

"A strict interpretation of the law says that if making a copy robs the marketplace of a sale, it is prohibited," said attorney Mark Radcliffe, a copyright expert at DLA Piper Rudnick Gray Cary. "So anyone giving a copy to a friend could technically be sued. But there is some sentiment that as long as people are only giving copies to families and a few friends, it's probably OK. But how many friends should one person have?"

In the last decade, copyright activists and entertainment companies have battled over that very question. Courts have generally avoided commenting on the appropriateness of copying CDs for friends or how many friends constitutes a copyright violation. But music and film companies have argued that any sharing violates the copyright code.

However, free-speech advocates say the copyright laws were never intended to stop kids from giving mix-CDs to friends. In fact, some say, because music is as much about personal expression as listening pleasure, sharing is integral to why songs have value in the first place.

"At my wedding I handed out about 150 mix-CDs," said Siva Vaidhyanathan, an associate professor at New York University and author of "Copyrights and Copywrongs: The Rise of Intellectual Property and How It Threatens Creativity."

"I was freeloading on songs by Louis Armstrong and others, but I think that's why they became musicians in the first place," Vaidhyanathan said. "Music has worth because it lets us communicate in ways we can't manage on our own. But to communicate, we have to be able to share."

Some of those polled agree. While 97% of teens and adults polled said they considered shoplifting an item worth less than $20 a crime, fewer of them (83% of teens, 76% of young adults) considered it a crime to buy a bootlegged CD. (In fact, according to Duarte, although selling a bootleg violates the law, purchasing it is not prohibited by the federal copyright code.)

"I rely on my instinct to determine what's right and wrong about sharing music," said Annette Cook, a 21-year-old senior at San Diego State University who participated in the poll. "If my friend makes me a copy of a CD they purchased, it's not really stealing, it's spreading interest in a band. That's how I learn about music I end up buying."

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The RIAA and MPAA hopes that attitude will wane. To that end, the recording industry association is sponsoring school programs to convince students that any kind of copying — what they call "songlifting" — is a crime. "Songlifting is like shoplifting, and that means it's wrong," reads a lesson plan the group sent to middle school teachers. The motion picture industry's trade association is also sponsoring school programs to discourage piracy.

Their efforts may be working. Younger poll respondents were more likely than older peers to believe that copying CDs and DVDs breaks the law, and only 25% of teens said they had a friend who illegally downloaded music, compared with 33% of young adults.

"One of my friends always gives me a blank CD for my birthday, and then I go to her house and pick out songs to burn on it," said Charlie Letson, 14, a poll respondent in Hampton, Conn. "But we always download new copies of the songs, so that we're not breaking the law."

Even Evan Collins, the 15-year-old from Minnesota, is beginning to reconsider his position. After the mix-CD he made to woo a classmate failed to impress ("She said 'thanks,' but that was about it," he said), he started rethinking his attitude about copying CDs.

"I used to make two copies of each CD I bought for friends, but I think I'm going to stop doing that," said Collins, who was speaking within earshot of his mother. "I play the piano and the trumpet, so I understand what it's like to be a musician. I don't think it's right to gyp anyone out of making money."

That, says Collins' mother, is music to her ears.

"We've tried to use CD copying to teach bigger lessons about morality," said Jill Collins, 47. "Things are so different now. The Internet makes the world a lot more complicated. If we can get right and wrong down on small things like copying music, hopefully bigger things will be clearer down the road."

*

(INFOBOX BELOW)

Is it stealing?

Younger consumers see strong differences between copying and outright stealing.

Proportion of young people who thought the following would be committing a crime: (Combined minor and serious crime) *

Q: Where or how did you first find out about the music you most
recently acquired? (Multiple answers allowed, selected answers shown.) *

Q: How would you describe the type of music you are most passionate about? (One answer, selected answers shown.)

Male
Ages 12-14
Rock: 23%
Pop: 6%
Rap/hip-hop: 25%
Country: 3%
My music tastes range across genres: 27%

Male
Ages 15-17
Rock: 23%
Pop: 1%
Rap/hip-hop: 27%
Country: 6%
My music tastes range across genres: 29%

Male
Ages 18-20
Rock: 21%
Pop: 1%
Rap/hip-hop: 23%
Country: 12%
My music tastes range across genres: 34%

Male

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Ages 21-24
Rock: 21%
Pop: 0%
Rap/hip-hop: 21%
Country: 11%
My music tastes range across genres: 31%

Female
Ages 12-14
Rock: 12%
Pop: 14%
Rap/hip-hop: 21%
Country: 4%
My music tastes range across genres: 31%

Female
Ages 15-17
Rock: 13%
Pop: 8%
Rap/hip-hop: 28%
Country: 6%
My music tastes range across genres: 33%

Female
Ages 18-20
Rock: 16%
Pop: 4%
Rap/hip-hop: 19%
Country: 7%
My music tastes range across genres: 42%

Female
Ages 21-24
Rock: 12%
Pop: 5%
Rap/hip-hop: 18%
Country: 10%
My music tastes range across genres: 39%

Note: More information on this poll can be found at: latimes.com/entertainmentpoll
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How the poll was conducted

The Los Angeles Times/Bloomberg poll was conducted from June 23 to July 3 using the Knowledge Networks' Web-enabled panel, which provides a representative nationwide sample of U.S. households. Of the 4,466 minors and young adults invited to participate in the survey, 1,904 (43%) responded to the survey, with 1,650 qualifying. The 1,650 qualified respondents included 839 minors (ages 12 to 17) and 811 young adults (ages 18 to 24). The margin of sampling error for both groups is plus or minus 3 percentage points. In order to provide as representative a sample as possible, the survey results were weighted to U.S. census figures for 12- to 24-year-olds in the United States in terms of age, race or ethnicity, gender and region, and for urban or rural residence and Internet access.

Source: Times/Bloomberg poll
*
The Entertainment Poll
Monday

DOJ_NMG_0045642

A new Los Angeles Times/Bloomberg poll finds that a large majority of 12- to 24-year-olds are bored with their entertainment choices. Their solution? Even more options. Plus: Busting myths about teens and young adults.

*

Tuesday

The old Hollywood movie model doesn't interest younger audiences. They want to see films as soon as they come out at home — whether on TV, computer or the next new gadget.

*

Today

Within the music industry, copied CDs are considered a greater threat than illegal peer-to-peer downloading. But young people are confused about where sharing ends and piracy begins in the era of iTunes.

*

Thursday

Is new technology the answer for TV and video? Teens and young adults — the generation most likely to be the early adopters of this new technology — have yet to fully embrace it.

*

Friday

A day in the life of a typical plugged-in tween. Plus: Does multi-tasking hurt homework?

*

On the Web

Readers weigh in: How has the entertainment industry failed today's young people? Plus, read previous installments of this series. All at latimes.com/entertainmentpoll.

CIVIL LAW:

City Takes On U.S. In The Battle Of Independence Square (NYT)

By Ian Urbina

The New York Times, August 9, 2006

PHILADELPHIA, Aug. 7 — Hands off our Liberty. That is what Philadelphia officials are saying to a plan by the National Park Service to erect a seven-foot-tall fence behind Independence Hall. One effect of the project would be to bisect the historic square where the Declaration of Independence was publicly read for the first time, on July 8, 1776.

The plan calls for a wrought-iron fence about 130 feet behind the building, the original home of the Liberty Bell. The Park Service, which operates the site, says the fence is among $2 million in security precautions that the Department of Homeland Security has mandated at the Independence National Historical Park. It is not unlike antiterrorism steps being taken at other major landmarks around the country, parks officials say.

But city and state officeholders say the fence exceeds what is required and will turn an enduring symbol of American freedom into an eyesore.

Mayor John F. Street has said the fence will give visitors a sense that they are “entering an armed camp.” He is trying to negotiate an alternative with the Park Service.

“We’re opposed to the fence and believe Independence Park should be as open to the people as reasonably possible,” Mr. Street said by e-mail.

Jane Cowley, a spokeswoman for the park, said the Park Service was caught between competing priorities. “We’re attempting a balancing act between providing the best security for these national icons and listening to the legitimate concerns of our neighbors and partners about access to the site,” Ms. Cowley said. The deadline for public comment on the proposal has been extended by a month, she said, to Sept. 1.

The purpose of the fence, stretching from Fifth to Sixth Street, would be to force all visitors to Independence Square to pass through a security checkpoint with metal detectors inside the Old Supreme Court Building, adjacent to the front of Independence Hall, according to planning documents. A double layer of smaller bike-rack fencing already cordons off the entrance at the rear, but the wrought-iron fence would provide something more lasting.

A variety of added security steps have already been taken in the last five years, leaving some tourists frustrated. Standing in line, Ken Deangelis, 23, of Mount Pleasant, Mich., said with a shake of his head: “I came here when I was in grammar school, and we walked right in. All this security has done is leave us waiting.”

DOJ_NMG_0045643

Brad Maule, a photographer who moved to Philadelphia in 2000, said that ever since Sept. 11, 2001, he had watched with consternation as security measures encroached on access to the monuments.

It was not long ago that visitors across the street from Independence Hall could still touch the Liberty Bell itself, said Mr. Maule, whose daily commute to work takes him past the hall and whose blog has been covering the fight over the fencing. "Then came the velvet ropes," he said, "cordoning the bell off."

Tourists were also once able to meander through the arches along Chestnut Street directly into Independence Square. No longer. And the height of irony, Mr. Maule said, is that after the Liberty Bell was placed in a new and more secure building in 2003, a metal detector was installed in the exact location from which it had been moved.

Mayor Street said he had consistently resisted the trend, citing his struggle with federal officials in getting the stretch of Chestnut Street in front of Independence Hall reopened after nearly two years in the wake of the Sept. 11 attacks. "The city has a strong working relationship with Independence National Historical Park," he added, "and we expect the issue will be resolved without this proposed fence being installed."

Representative Chaka Fattah, a Philadelphia Democrat, said he was not taking any chances. Since the Park Service does not currently have a permanent director, Mr. Fattah said, he has been urging that Senator Arlen Specter use the eventual nominee's confirmation hearing to win a commitment not to build the fence. Mr. Specter, the state's senior Republican lawmaker, has said he will raise the matter at the hearing.

"Personally, I do not like the fence," Mr. Specter wrote in a July 28 letter to park officials. "I am troubled by the proposal and more than troubled by the apparent intransigence of the bureaucrats in Washington to listen to the community."

It remains unclear who will have the final say, since it is the city that owns Independence Square, including the hall, but the Park Service that manages the property. Though the two sides have said they will work together, Park Service officials have also said they are not legally obligated to get the city's approval.

Gov. Edward G. Rendell sides squarely with the city.

"If I were a terrorist," said Mr. Rendell, a first-term Democrat, "I'd look at this plan and smile. This plan does not mean that America has become more security conscious but that we are making all sorts of unnecessary expenditures."

A Face Is Exposed For AOL Searcher No. 4417749 (NYT)

By MICHAEL BARBARO And TOM ZELLER Jr.

The New York Times, August 9, 2006

Buried in a list of 20 million Web search queries collected by AOL and recently released on the Internet is user No. 4417749. The number was assigned by the company to protect the searcher's anonymity, but it was not much of a shield.

No. 4417749 conducted hundreds of searches over a three-month period on topics ranging from "numb fingers" to "60 single men" to "dog that urinates on everything."

And search by search, click by click, the identity of AOL user No. 4417749 became easier to discern. There are queries for "landscapers in Lilburn, Ga," several people with the last name Arnold and "homes sold in shadow lake subdivision gwinnett county georgia."

It did not take much investigating to follow that data trail to Thelma Arnold, a 62-year-old widow who lives in Lilburn, Ga., frequently researches her friends' medical ailments and loves her three dogs. "Those are my searches," she said, after a reporter read part of the list to her.

AOL removed the search data from its site over the weekend and apologized for its release, saying it was an unauthorized move by a team that had hoped it would benefit academic researchers.

But the detailed records of searches conducted by Ms. Arnold and 657,000 other Americans, copies of which continue to circulate online, underscore how much people unintentionally reveal about themselves when they use search engines — and how risky it can be for companies like AOL, Google and Yahoo to compile such data.

Those risks have long pitted privacy advocates against online marketers and other Internet companies seeking to profit from the Internet's unique ability to track the comings and goings of users, allowing for more focused and therefore more lucrative advertising.

But the unintended consequences of all that data being compiled, stored and cross-linked are what Marc Rotenberg, the executive director of the Electronic Privacy Information Center, a privacy rights group in Washington, called "a ticking privacy time bomb."

Mr. Rotenberg pointed to Google's own joust earlier this year with the Justice Department over a subpoena for some of its search data. The company successfully fended off the agency's demand in court, but several other search companies, including AOL, complied. The Justice Department sought the information to help it defend a challenge to a law that is meant to shield children from sexually explicit material.

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"We supported Google at the time," Mr. Rotenberg said, "but we also said that it was a mistake for Google to be saving so much information because it creates a risk."

Ms. Arnold, who agreed to discuss her searches with a reporter, said she was shocked to hear that AOL had saved and published three months' worth of them. "My goodness, it's my whole personal life," she said. "I had no idea somebody was looking over my shoulder."

In the privacy of her four-bedroom home, Ms. Arnold searched for the answers to scores of life's questions, big and small. How could she buy "school supplies for Iraq children"? What is the "safest place to live"? What is "the best season to visit Italy"?

Her searches are a catalog of intentions, curiosity, anxieties and quotidian questions. There was the day in May, for example, when she typed in "termites," then "tea for good health" then "mature living," all within a few hours.

Her queries mirror millions of those captured in AOL's database, which reveal the concerns of expectant mothers, cancer patients, college students and music lovers. User No. 2178 searches for "foods to avoid when breast feeding." No. 3482401 seeks guidance on "calorie counting." No. 3483689 searches for the songs "Time After Time" and "Wind Beneath My Wings."

At times, the searches appear to betray intimate emotions and personal dilemmas. No. 3505202 asks about "depression and medical leave." No. 7268042 types "fear that spouse contemplating cheating."

There are also many thousands of sexual queries, along with searches about "child porno" and "how to kill oneself by natural gas" that raise questions about what legal authorities can and should do with such information.

But while these searches can tell the casual observer — or the sociologist or the marketer — much about the person who typed them, they can also prove highly misleading.

Coalition Urges House To Let Whistle-blowers Speak Freely (HILL)

By Elana Schor

The Hill, August 9, 2006

The numerous watchdog groups lobbying for a package of whistle-blower protections attached to the Senate's defense authorization bill are calling on likely House conferees to agree to the Senate provisions during imminent conference talks.

The groups, which have formed the Make it Safe Coalition, point to recent events suggesting an erosion of 1989's landmark Whistleblower Protection Act, including the subpoena last month of former National Security Agency (NSA) analyst Russell Tice and a May Supreme Court decision that weakened the free-speech rights of government employees who are subjected to retaliation because they criticize aspects of their jobs.

Invoking the conservative bogeyman of "judicial activism" to blast federal appeals courts ruling against whistle-blower rights, Make it Safe sent talking points Friday to House Armed Services Committee Chairman Duncan Hunter (R-Calif.), ranking Democrat Ike Skelton (Mo.) and 18 other committee members.

"Never before has it been so clear that those who make it safe for America's families from internal and external threats need state-of-the-art whistle-blower protection to defend themselves. Unfortunately, these employees are the most vulnerable to retaliation," wrote 36 coalition participants, who represent individuals locked in their own pending whistle-blower cases, as well as open-government and labor groups.

Their battle is an uphill one. Sen. Daniel Akaka (D-Hawaii) has introduced his whistle-blower bill in past Congresses only to see no floor action on it. But a bipartisan cadre of senators, led by Finance Committee Chairman Chuck Grassley (R-Iowa), Homeland Security and Governmental Affairs Chairwoman Susan Collins (R-Maine) and ranking Democrat Joe Lieberman (Conn.), helped Akaka secure unanimous consent to add the legislation to the defense authorization bill, which is often a magnet for contentious debate.

A House version of the Akaka bill, which would prohibit retaliatory internal investigations against whistle-blowers and allow them to make classified disclosures to lawmakers and aides with security clearances, has six GOP sponsors, including author Rep. Todd Platts (R-Pa.).

Make it Safe has another influential House ally in Government Reform Committee Chairman Tom Davis (R-Va.), whose panel passed a strong whistle-blower-protection bill in April that Davis and ranking Democrat Henry Waxman (D-Calif.) sought to attach to pending lobbying reform legislation. The coalition asks House defense-authorization conferees to bolster the Senate's provisions with elements of the Davis bill, including the extension of whistle-blower rights to government contractors who point to possible misuse of taxpayer funds.

"Chairman Davis has expressed his strong preference to conferees that real whistle-blower protections remain in the bill," Government Reform Committee spokeswoman Andrea LeBlanc said.

Collins said last week that she and Davis were keeping tabs on the whistle-blower provisions and that she is confident the House will accept her committee's language. "The Supreme Court's decision lends new urgency to passing [it]… The only issue is whether it belongs on the defense authorization," she said.

Tice, fired from the NSA last year, has acknowledged that he was a possible source for media reports exposing the agency's covert warrantless surveillance of Americans' telephone calls. The government later agreed to postpone Tice's appearance, originally slated for last week, before a grand jury investigating "possible violations of federal criminal law" tied to the wiretapping leaks.

While Make it Safe members began talking up Tice's subpoena as proof of the need for stronger whistle-blower-rights laws, Sen. Kit Bond (R-Mo.) introduced a bill just before the recess that would expand the Justice Department's ability to prosecute whistle-blowers who knowingly leak classified information. The bill, which exempts the media from possible punishment, also would protect government employees' and contractors' speech to congressional committees.

"We need to send a message that leaks will not be tolerated and give prosecutors a modern and appropriate tool to go after those who do leak," Bond said in a statement accompanying his legislation, which has 11 GOP cosponsors, including four chairmen. Bond continues to weigh all available options for moving his bill, including attaching it as an amendment to upcoming legislation, a spokesman for the senator said.

Bond's bill won an immediate endorsement from the Association For Intelligence Officers, a group of retired officials that aims to educate lawmakers and the public about the importance of clandestine intelligence. Bond has not taken a position on the Akaka-Collins bill despite its dramatically different approach to whistle-blower rights, the Bond spokesman added.

As of press time, the House Armed Services Committee had not returned a request for comment on the fate of the Akaka whistle-blower bill. The panel traditionally does not comment on pending conference issues before a final report is agreed upon.

Among the Make it Safe members signing on to the letter were the American Civil Liberties Union; the American Federation of Government Employees, an AFL-CIO member union representing federal workers; and National Security Whistleblowers Coalition founder Sibel Edmonds, the translator ousted from the Federal Bureau of Investigation (FBI) after airing charges of lax management at the agency.

"We have two conflicting movements in the House and Senate" on whistle-blower issues, Edmonds said in an interview. "On the one hand, you have [Akaka-Collins and Davis's] bills that have received support from Republicans and Democrats. … On the other hand, you have people like Bond who are going toward the opposite direction, saying, basically, put a gag order on whistle-blowers."

Whistleblowers fearing punishment from the government for voicing their criticism, Edmonds added, "say, 'I'm going to leak to the press because I don't have any appropriate channel to inform the Congress,'" a sentiment that the language in Senate's defense authorization bill would help combat.

CIVIL RIGHTS:

Mo. Landlord, 85, Accused Of Harassment (AP)

By Sam Hananel, ASSOCIATED PRESS

AP, August 9, 2006

WASHINGTON (AP) - The Justice Department on Tuesday sued a northwest Missouri landlord Tuesday alleging he sexually harassed female tenants and threatened them with eviction if they refused his advances.

The lawsuit claims 85-year-old Harold Calvert, manager of 16 rental properties in Richmond, Mo., made unwanted verbal and physical sexual advances to women who lived in his units.

"Housing is a fundamental need and no woman should be victimized while trying to obtain shelter for herself and her family," said Wan J. Kim, assistant attorney general for the Justice Department's civil rights division.

The lawsuit, filed in U.S. District Court in Kansas City, alleges Calvert violated the federal Fair Housing Act, which prohibits sexual discrimination in housing. Some of Calvert's tenants receive Section 8 federal rental assistance from the Richmond Housing Authority.

Government officials also named Calvert Properties Inc., in the lawsuit, alleging the property management company failed to prevent or curtail the discriminatory conduct. Calvert is president of the company.

The government is seeking damages to compensate the victims, plus civil penalties and a court order barring further discrimination.

A person who answered the phone at Calvert's residence said he was not available for comment.

In June, Calvert and his company faced similar charges from the U.S. Department of Housing and Urban Development.

HUD officials said their investigation showed at least seven female tenants were subjected to "offensive sexual behavior." The administrative action alleged that Calvert offered to pay tenants for sex, requested sex in exchange for rent or other favors, made unwanted attempts to kiss and grope and had repeated sexual intercourse with at least one female tenant.

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The HUD action is pending before an administrative law judge.

Kim said the Justice Department has recently stepped up its enforcement against landlords accused of sexually harassing tenants.

Davis To Gonzalez: GOP Candidate Riley Wrong For Voter Database (AP)

By Bob Johnson, The Associated Press

AP, August 9, 2006

MONTGOMERY, Ala. (AP) — A congressman asked the U.S. attorney general Tuesday to re-examine a Justice Department suit that led to Republican Gov. Bob Riley being put in charge of a state voter registration database, replacing a Democrat, as he leads the GOP ticket on the November ballot.

"It is impossible to ignore the partisan colorations of the court's intervention," U.S. Rep. Artur Davis, a Democrat from Birmingham, said in the letter to Attorney General Alberto Gonzalez. "The Secretary of State is a Democrat who is standing for re-election in November. The governor is a Republican who also faces re-election in November."

The Justice Department sued Secretary of State Nancy Worley because she did not meet the deadline for creating the statewide database required by the federal Help America Vote Act. U.S. District Judge Keith Watkins last week named Riley to be "special master" to oversee implementation of the database, a move recommended by the Justice Department.

Davis expressed concern that some of the duties of the state's top elections official would be stripped from an elected Democrat and given to a Republican in the middle of their re-election campaigns.

A spokeswoman for the Justice Department, Cynthia Magnuson, declined to comment specifically on Davis's letter to Gonzalez, saying department officials had not read it. But she denied that the department's motives in the case were political.

"This has nothing to do with politics and everything to do with coming into compliance with the law," Magnuson said.

Watkins filed his formal order appointing Riley special master Tuesday. In the order, Watkins said he saw Riley as the best person to make sure Alabama had a statewide database that complied with federal law in place before the 2008 elections.

"Gov. Riley is the official who can marshal the most governmental resources in the shortest time to apply to the task," Watkins said in the order.

Watkins' order requires Riley to complete the process by Aug. 31, 2007 and asks him to file monthly reports detailing progress made toward creating the database.

Alabama Attorney General Troy King, also a Republican, had joined the Justice Department in asking Watkins to name Riley the special master overseeing development of the voter registration database. Under state law, King is representing Worley in the case.

Davis said he was concerned that the Republican attorney general continued to represent Worley in court, even though King supported replacing her with Riley. Davis said he felt an outside attorney should have been appointed to represent Worley.

Worley said Tuesday that she initially asked King to appoint an independent counsel to represent her and that the attorney general declined.

"I feel the office of Secretary of State would have been heard more fully with my own views if I had my own counsel," Worley said.

A spokesman for King, Chris Bence, declined to comment on Davis's letter.

"We are not going to participate in the politicizing of a very serious issue that effects all Alabamians," Bence said.

Davis said Tuesday he decided to ask Gonzalez to re-examine the case because he felt there was a way to bring the state into compliance with the law that didn't have such a "partisan look."

He said one solution would have been to name a special master who was not a candidate for office this year.

"To the voters all over the state this has a partisan look to it," Davis said.

Watkins has given Riley until Aug. 31, 2007 to create the voter registration database.

At last week's hearing, Watkins denied requests from the Alabama Democratic Party and the mostly black Alabama Democratic Conference to intervene in the case.

Davis Claims Court Decision A Partisan Move (TUSN)

By Suevon Lee, Washington Correspondent

Tuscaloosa News (Alabama), August 9, 2006

WASHINGTON | U.S. Rep. Artur Davis accused the Justice Department Tuesday of “judicial activism" when it urged a federal district judge to appoint Gov. Bob Riley to oversee Alabama’s voter registration database project.

“This is the kind of situation where the court should bend over backwards to avoid the appearance of partisan politics," Davis, D-Birmingham, said of Riley’s appointment a week ago.

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The computerized database is required under the 2002 Help America Vote Act, enacted in the wake of allegations of voter fraud in the 2000 elections.

On May 1, the Justice Department sued Alabama for failing to create the statewide voter database required by law. New York and Maine, two other states that also missed the January 1 deadline, face federal lawsuits as well.

Secretary of State Nancy Worley, a Democrat running for re-election, is the state's top elections official with the constitutional authority to implement the database, for which Alabama received $41 million in federal funds.

Worley said Tuesday that a number of problems contributed to the missed deadline, including stalled negotiations with vendors and resistance from counties that wanted to retain their own voter registration rolls.

Federal District Judge Keith Watkins rejected a modified compliance plan Worley submitted June 29 that sought to extend the deadline for completing the database until early 2008.

"We were looking potentially at all delays that could occur," Worley said. "(Watkins) agreed with our plan, he did not agree with our timeline."

Although Worley said she is not opposed to the appointment of a special master for the database, she said she is concerned that the Justice Department is singling out states that have Democratic secretaries of state.

"I welcome working with anyone who's a special master as long as they keep politics and greed from this process," she said.

Worley's concern was echoed by Davis in his letter to Attorney General Alberto Gonzales Tuesday. He called the Justice Department's appointment of Riley, a Republican, a "bizarre intrusion," arguing that "an elected official has been stripped of her constitutional and statutory authority without any final or declaratory judgment that she has acted wrongfully."

"It is impossible to ignore the partisan colorations of the court's intervention."

Edward Still, a Birmingham attorney who had filed a motion on behalf of the Alabama Democratic Party opposing a special master, said the Justice Department's backing of Riley "sort of smells bad."

"The governor has duties under HAVA, but he doesn't have that many under HAVA," Still said.

Riley's spokesman, Ken Wallis, said the governor would appoint a commission of between one and three people, including former GOP secretary of state Jim Bennett, to manage the voter database compilation.

William Stewart, professor emeritus of political science at the University of Alabama, said he knows Bennett personally, and while he would prefer Worley be allowed to complete the job, "(Bennett) can be trusted to do an honest and ethical job. I don't see him as a partisan person at all."

Davis, however, said the judge should have appointed an independent special master to avoid even the appearance of partisan politics.

"This is judicial activism at its core," he said.

Ex-Policeman Admits Civil-Rights Crimes (LAT/AP)

By David Dishneau, Associated Press Writer

The Los Angeles Times, August 9, 2006

HAGERSTOWN, Md. — A former police officer pleaded guilty Tuesday to two civil-rights charges for making anonymous death threats against black school children and Hagerstown's first black city council member.

Jeffrey S. Shifler, 42, entered the pleas in federal court in Baltimore and faces up to 20 years in prison and $500,000 in fines at his Dec. 8 sentencing.

"When a law enforcement officer makes racist threats against government officials and school students, it is a threat to the very fabric of our society," U.S. Attorney Rod J. Rosenstein said.

Shifler was working for the Boonsboro Police Department when he made a series of calls to Hagerstown school officials and threatened to shoot black students, according to court records. The calls prompted several school lockdowns.

On Jan. 31, Shifler left an anonymous voice message at the home of Hagerstown City Council member Alesia Parson-McBean, claiming to represent the Ku Klux Klan and threatening to burn her house. He had sent her racially charged letters in 2004 on the letterhead of the Hagerstown Police Department, where he worked at the time.

Shifler, of Maugansville, Md., pleaded guilty Tuesday to charges of interfering with public-school attendance and interfering with housing in connection with the threats against the students and Parons-McBean.

Parson-McBean didn't immediately return telephone calls seeking her reaction to the pleas. In February, she called the threats "devastating" and "bone-chilling."

Deputy Federal Public Defender Joseph A. Balter, who represented Shifler, declined to comment on his client's motive, but said he is "deeply sorry about the pain that he caused to the victims."

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According to a criminal complaint filed in February, the threats began in 2004 after Shifler, a 16-year veteran of the Hagerstown police force, was fired for falsifying payroll records.

He was fired from the Boonsboro Police Department after the federal charges were filed.

Ex-officer Admits Guilt In Threats (BSUN)

By Matthew Dolan, Sun Reporter

The Baltimore Sun, August 9, 2006

In plea, former Hagerstown policeman says he targeted schools, black leaders

A former Hagerstown police officer admitted in federal court yesterday that he terrorized the city he once served, phoning anonymous bomb threats to local schools and targeting black leaders with harassing letters and calls threatening their lives.

Wearing a gray T-shirt and jeans, Jeffrey Shifler pleaded guilty to two violations of federal civil rights law. Shifler acknowledged that he was the nameless voice who threatened black students at two Hagerstown high schools starting late last year.

He also pretended to be a murderous Ku Klux Klan member when he called a black Hagerstown City Council member with a profane message.

"Any threat of violence based on bigotry is abhorrent. It is even worse when the threat is made by an officer against kids," said Assistant Attorney General for the U.S. Civil Rights Division Wan J. Kim, whose staff is prosecuting the case in conjunction with the Maryland U.S. attorney's office.

Shifler faces a maximum sentence of 20 years in prison and a $500,000 fine. U.S. District Judge J. Frederick Motz scheduled sentencing for Dec. 8. Shifler remains in federal custody.

His attorney said Shifler's troubles started when Hagerstown fired him from its Police Department.

"He's now accepted responsibility," Deputy Federal Public Defender Joseph A. Balter said. "He's deeply sorry about the pain and anxiety that he caused the victims of these crimes. Mr. Shifler hopes that this plea can start the healing process."

The 42-year-old suspended officer from Maugansville had been arrested and charged in February with sending racist and homophobic letters to public officials and community leaders and calling in an anthrax threat to City Hall in Hagerstown.

Shifler was an officer with the Hagerstown Police Department for about 16 years. On Nov. 3, 2003, Shifler was fired for falsifying payroll. Later he became a Boonsboro police officer. After his arrest, Boonsboro officials suspended him.

Consumed by lingering resentment over his firing in Hagerstown, Shifler anonymously called the Washington County Board of Education on Nov. 29 last year, saying "There are two guns at North [Hagerstown] High and two guns at South [Hagerstown] High. We're going to blow the [expletive] away."

Just over a month later, Shifler called North Hagerstown High School and falsely reported that there were guns in the school. Four days later, Shifler dialed South Hagerstown High School, threatening to take black hostages and kill them.

On Jan. 24 this year, Shifler called E. Russell Hicks Middle School in Hagerstown.

"David and Jimmy have a .22 in their locker and are going to use it on teachers, then they are going to go to Western Heights [Middle School] and use it on [the school principal]," he said, according to court papers.

On all three occasions, the schools were locked down as students waited for authorities to respond.

In late January, he zeroed in on Hagerstown City Council member Alesia Parson-McBean.

"We're the KKK," he told her, according to court papers. "We're about to take you down and burn your house. The end is near."

The councilwoman appeared in court yesterday to watch the guilty plea but declined to comment afterward. Parson-McBean said the experience had traumatized her.

In 2004 and 2005, Parson-McBean and her supporters from a black community in Hagerstown received anonymous and racially charged letters from Shifler. The letters, one of which was written on photocopied Hagerstown Department of Police letterhead, threatened harm to Parson-McBean and her supporters if she did not withdraw from the City Council election.

matthew.dolan@baltsun.com

Federal Appeals Court Rules Against Workplace PC Privacy (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, August 9, 2006

(08-08) 17:27 PDT SAN FRANCISCO -- If you think the Web sites you access on your workplace computer are nobody else's business, think again.

That was the message today from the Ninth U.S. Circuit Court of Appeals in San Francisco, which upheld a Montana man's conviction for receiving obscene material that his employer found on his computer during a late-night raid.

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"Social norms suggest that employees are not entitled to privacy in the use of workplace computers, which belong to their employers and pose significant dangers in terms of diminished productivity and even employer liability," said Judge Diarmuid O'Scannlain in the 3-0 ruling.

He said other courts have consistently ruled that employers are entitled to monitor their workers' use of computers as long as they had disclosed that policy to their workforce.

That may reflect current societal views but it's still troubling, said Assistant Federal Defender David Ness, the defense lawyer in the case.

"It seems like it's one more intrusion on people's privacy rights," he said. "There may be some things on my computer that I wouldn't necessarily mind someone at my office looking at, but I wouldn't want to share them with (law enforcement agents) or even the community at large."

Ness' client, Jeffrey Ziegler, was director of operations for Frontline Processing, a Bozeman, Mont., company that handled on-line electronic payments. An FBI agent learned in January 2001 that an employee had accessed child pornography on a company computer and contacted Frontline's Internet technology administrator. The administrator said the Web sites had been traced to Ziegler's computer and that the company then started monitoring the computer with a recording device.

At 10 p.m. that day, the court said, the administrator and his assistant got a key to Ziegler's office, entered and made copies of the computer hard drive, which they turned over to the FBI. While reserving the right to challenge the search, Ziegler pleaded guilty to one count of receiving obscene material and was fined $1,000 and placed on probation.

In today's ruling, the court said Frontline had notified its employees before Ziegler's arrest that their computers were company property, were not to be used for personal activities and were subject to monitoring. The court cited a 2001 American Management Association study, quoted in a California court decision, that said more than three-quarters of the nation's major firms monitored employee communications on the job, including e-mails and phone calls.

"Employer monitoring is largely an assumed practice," O'Scannlain said.

U.S. Court Rules Against Employee Computer Privacy Rights (BCNS)

By Julia Cheever, Bay City News Service

Bay City News Service, August 9, 2006

SAN FRANCISCO (BCN) - A federal appeals court in San Francisco ruled today that workers have no legal expectation of privacy on their office computers when their employer has an announced policy of monitoring computers.

The 9th U.S. Circuit Court of Appeals issued the decision in the case of a Montana man, Jeffrey Ziegler, who was prosecuted in federal court for receiving child pornography images on his office computer.

The images were found after representatives of Ziegler's employer, Frontline Processing of Bozeman, Mont., gave the FBI copies of a hard drive from his computer in 2001.

The company had an announced policy that it could monitor computers and that employees shouldn't use their office computers for private purposes.

Ziegler argued unsuccessfully that the evidence from his computer should not be allowed in court because the FBI obtained it without a search warrant.

But a three-judge panel of the appeals court ruled that workers have no legitimate expectation of privacy when their employer has a policy that computer usage can be monitored.

The federal court based its ruling partly on the reasoning of a similar decision by a California appeals court in Los Angeles in 2002.

The California court said that current social norms support a doctrine that an employer's policy of monitoring computers can overcome any expectation of privacy.

Federal Circuit Judge Diarmuid O'Scannlain wrote, "We think the California court's reasoning is compelling."

O'Scannlain continued, "Social norms suggest that employees are not entitled to privacy in the use of workplace computers, which belong to their employers and pose significant dangers in terms of diminished productivity and even employer liability."

In the Montana case, Ziegler pleaded guilty in 2004 to a charge of receiving obscene materials, but retained the right to appeal the issue of whether the evidence should be suppressed. He was sentenced to probation and fined $1,000.

Assaults On Jail Guards Doubled (BSUN)

By Greg Garland

The Baltimore Sun, August 9, 2006

DOJ_NMG_0045650

Inmate assaults on Maryland correctional officers rose sharply from 2003 to 2005 -- a time when staff positions were being eliminated, overtime budgets were cut and vacancies went unfilled, a legislative panel was told Tuesday.

A report summarizing how prison staffing levels affect safety was prepared by nonpartisan legislative analysts, who presented their findings to a joint hearing of Senate and House subcommittees in Annapolis Tuesday.

The legislators met in emergency session to discuss a wave of recent prison violence, including the stabbing death of a correctional officer at the House of Correction in Jessup last month.

Offering details from the report, analyst Rebecca Moore told legislators that total vacancies in the Division of Correction more than doubled between fiscal years 2003 and 2005 -- from 3.5 percent to 9.5 percent. More than 150 authorized positions and $5.6 million in overtime spending were cut during the same period, she reported.

"Cuts in personnel and overtime spending, coupled with high vacancy rates, coincides with increases in inmate-on-staff assault rates during the same period, especially among maximum security institutions," Moore said.

The analyst's report showed that inmate-on-staff assaults nearly doubled at maximum security prisons -- from 3.44 per 100 inmates in fiscal 2004 to 6.64 per 100 inmates in fiscal 2005.

The packed, 3 1/2-hour hearing offered legislators their first opportunity to question Public Safety and Correctional Services Secretary Mary Ann Saar and her top staff about conditions inside the prisons.

Among other things, Saar said it has been difficult to recruit correctional officers because Maryland's economy is doing well and people looking for jobs have other, more desirable options.

But Sen. James E. DeGrange Sr., chairman of a Senate subcommittee on public safety, said the department will never be able to fill vacant positions until prison managers put a stop to the violence. "My personal opinion is, if you don't make the facilities safe, you are not going to have a pool of applicants to draw from," the Anne Arundel County Democrat told Saar.

Saar said that staffing shortages were not factors in the stabbing death last month of Correctional Officer David McGuinn or in the killing in January of Correctional Officer Jeffery Wroten as he guarded an inmate at a Western Maryland hospital.

However, she acknowledged that recruiting and retaining staff has been a challenge.

Pay raises and other incentives approved this year have helped to fill vacant positions in most state prisons, Saar said. But she said problems remain in the Baltimore and Jessup regions, which account for 306 of the 505 vacancies that exist system-wide.

State Sen. Ida Rubin, a Montgomery County Democrat, scolded Saar for not going to her boss, Gov. Robert L. Ehrlich Jr., and insisting that he provide the financial resources needed to operate the prison system safely.

"You are leaving these people [correctional officers] open to tragedy by not filling positions as quickly as you can," Rubin said. "As far as I'm concerned, the buck stops with you."

Division of Correction Commissioner Frank C. Sizer Jr. also testified Tuesday. After the hearing, Saar clarified remarks she made to reporters Monday in which she had seemed to be distancing herself from Sizer.

"I consider him a part of our team and have no plans to replace him," Saar said Tuesday, referring to Sizer. However, the department is changing wardens at the House of Correction. Saar said James Peguese, assistant commissioner in charge of security, is serving temporarily as warden.

DeGrange said after the hearing that he was not satisfied with many of the responses he heard from Saar and her staff.

"I am scared to death someone else is going to die," DeGrange said. "It's a time bomb waiting to happen."

Del. Joan Cadden, an Anne Arundel County Democrat who chairs a House subcommittee on public safety, said she thought the meeting was productive.

"I believe the Secretary [Saar] paid close attention today to the comments and could hear there were concerns about areas of her staff, and it will be up to her to address those concerns," Cadden said.

Proposal Adds Options For Students To Specify Race (NYT)

By Elissa Gootman

The New York Times, August 9, 2006

For years, some mixed-heritage students have rebelled against schools' and colleges' efforts to get them to identify themselves as one race or another. Now the federal Education Department has proposed new regulations that would let students circle as many categories as they want.

In releasing its proposal, the department is complying with guidelines set forth nine years ago by the Office of Management and Budget that mandated that people be allowed to mark more than one race on federally required forms.

As immigration and intermarriage are redefining race across the country, a growing number of people who cannot easily place themselves in one category have become increasingly frustrated with having to do so. The 2000 census allowed people to circle multiple racial categories; 2.4 percent did so.

With its proposal, the Education Department is also seeking to capture that population. But the move raises intriguing questions on how educational progress among different racial groups will be monitored, and how the new categories may skew long-term studies of the racial achievement gap.

"We basically have a continuous way of defining these categories that's gone on for close to 40 years, and this is going to be a big change," said Gary Orfield, the director of the Civil Rights Project at Harvard, who said the proposal would harm the ability of researchers and civil rights groups to track race on campus.

Under existing regulations, schools and colleges must report to the government how many of their students fall into each of five categories: black, white, Hispanic, Asian/Pacific Islander and Native American/Alaska Native.

Under the proposed regulations, which were issued Monday and first reported by the Web publication Inside Higher Ed, there would be two questions. The first would ask whether a student is Hispanic. The second would ask students to select one or more descriptions from the following groups: American Indian or Alaska Native, Asian, black, Native Hawaiian or other Pacific Islander, and white.

But students who identify themselves as Hispanic would be counted only as Hispanics, even if they also check off other categories. If non-Hispanic students check off more than one racial category in response to the second question, they will be listed under "two or more races," but those races will not be specified.

The new reporting system would not directly affect the way kindergarten through 12th-grade schools are required to break down achievement data by race and ethnicity under the No Child Left Behind law, which sanctions schools that fail to bring all groups to proficiency. The rules are now subject to a 45-day comment period and, if approved by the department, will go into effect in 2009.

Patrick J. Sherrill of the Office of Planning, Evaluation and Policy Development at the Education Department said the proposal balanced the need for information on schools' racial makeup with the desire not to saddle schools and colleges with overly burdensome reporting.

"We have a growing population of people that want to be identified other than is currently possible, and to meet the needs of this group we're going to have to make a change," Mr. Sherrill said. "Some people would like to have it broken down into every cell. They'd like to have a matrix of every race by every race. But you'd end up breaking it down into such small groups that you can't for our purposes plot any trends."

Mr. Orfield of Harvard, however, said the new system would most likely lead to an undercount of blacks, American Indians, Asians and Pacific Islanders, and would "tend to produce a maximum number of Latino students."

"There's a huge difference between a Japanese person who marries a Hawaiian and a black person who marries a Latino," he said. "Those categories are related to totally different destinies in our society, and they'll all be lumped into this box."

Alfredo Padilla, education manager at the Mavin Foundation, a Seattle group that deals with issues affecting people of mixed heritage, said that while he was pleased that the proposed regulations would no longer force multiracial students to choose one category, they raised new problems.

"It provides them with visibility of students' mixed heritage," he said of the Education Department, "but it renders their specific heritage invisible."

ANTITRUST:

Tulsa Firm, Officials Plead Guilty In Pipeline Case (TULSAW)

Tulsa World, August 9, 2006

Investigators in Denver say Flint Energy Services is cooperating. DENVER -- Federal prosecutors said Monday that a Tulsa-based oil field construction and maintenance company has provided "substantial assistance" in a federal criminal investigation of the pipeline construction industry.

The statement about Flint Energy Services Inc. was in a U.S. District Court filing made by the prosecutors and the company. In the filing, the firm admitted it had conspired to rig bids for pipeline construction in Colorado.

Because of the company's cooperation with the FBI and prosecutors, prosecutors said in the filing that they will ask a judge to fine the company $100,000, instead of an amount in a range recommended in sentencing guidelines of between $161,288 and $322,577.

The company, through its president, Paul Boechler, pleaded guilty to conspiracy to suppress and eliminate competition in violation of federal antitrust laws.

The filing, a 16-page plea agreement, said Flint "through the acts of Kenneth L. Rains, the regional manager and head of the defendant's Farmington, N.M., office, participated in a conspiracy among pipeline companies."

DOJ_NMG_0045652

Rains, 55, pleaded guilty to the same crime. He now lives in Mounds, Okla.

Because of his "substantial assistance" in the investigation of the industry, prosecutors said they will ask the judge to sentence Rains to six months in prison and a $10,000 fine. Sentencing guidelines recommend a sentence of between eight months and 14 months and a fine of between $6,720 and $33,602.

Nothing was revealed at Monday's court proceeding about the scope or status of the investigation. However, a U.S. Justice Department prosecutor told Judge Phillip Figa that an investigation of Rains' co-conspirators is continuing.

Flint and Rains were charged July 11 by the Department of Justice's antitrust division.

The conspiracy they admitted to on Monday involved rigging noncompetitive bids for construction of pipelines to transport natural gas from wells in southwestern Colorado.

The victim was BP America Production Co., and the conspiracy lasted from June until December last year, prosecutors, Flint and Rains said in the plea agreement.

Flint "has already made restitution" to BP, according to the plea document. BP awarded Flint four contracts totaling $672,036 during the conspiracy, according to the document.

After the court proceeding, Boechler said he moved Rains to corporate headquarters in Tulsa "when I found out what was going on" in the Farmington office. Boechler said Rains helps him with project management.

Afterwards, Rains said he had no comment and would let the company, pointing to Boechler, speak for him.

Figa found Rains and the company guilty. The judge set Oct. 30 as the date to sentence Flint.

A prosecutor asked Figa to delay sentencing Rains until Jan. 8 so prosecutors can use his help in the ongoing investigation of his co-conspirators. Figa agreed.

Aramark To Be Sold In $6.3 Billion Deal (WSJ)

By Alex Davidson

The Wall Street Journal, August 9, 2006

Aramark Corp. agreed to be acquired by a group of private-equity investors, including Joseph Neubauer, the concessionaire's chairman and chief executive, in a deal valued at about $6.3 billion. The buyers will also assume $2 billion in debt.

Shareholders will get $33.80 in cash for each Aramark share, a 20% premium over Aramark's closing stock price April 28, the last day of trading before the group made its original bid of $32 a share.

The private-equity groups involved include Goldman Sachs Group Inc.'s GS Capital Partners, CCMP Capital Advisors, J.P. Morgan Chase & Co.'s J.P. Morgan Partners, Thomas H. Lee Partners and Warburg Pincus LLC.

Investors reacted negatively to the deal, which some had expected to fetch as much as $36 to $37 a share. In 4 p.m. composite trading on the New York Stock Exchange, Aramark shares were down 47 cents, or 1.4%, to $32.58.

After Mr. Neubauer, who controls nearly one-third of the voting interest in the Philadelphia company, and the other investors launched their bid in May, some observers characterized the offer of $32 a share as a lowball figure to kick off negotiations between shareholders and management.

In the days following the initial offer, shareholders voiced their opposition to the bid's value by filing two class-action lawsuits. One, Eminence Capital LLC, expressed opposition in a letter directly to the company.

Lehman Brothers analyst Gary Bisbee said in a research note that the $33.80 a share offer is reasonable and puts the company's valuation on par with its European food-service competitors.

The transaction is expected to be completed by late 2006 or early 2007, subject to shareholder and regulatory approvals.

Aramark OKs $6.3B Offer To Go Private (USAT)

By Theresa Howard Usat Today

USA Today, August 9, 2006

NEW YORK — Aramark, the USA's No. 3 food-service company in revenue, is going private, again.

The board on Tuesday approved a $6.3 billion deal to sell Aramark to CEO Joseph Neubauer, 65, and a consortium of private equity groups including GS Capital Partners, CCMP Capital Advisors, JPMorgan Partners, Thomas Lee Partners and Warburg Pincus.

Neubauer said he would contribute up to $250 million to the buyout.

The group will get a company with food and beverage contracts for thousands of venues nationwide including executive suites, prisons, schools, hospitals and stadiums.

The agreement to pay $33.80 in cash for each Aramark share tops the group's $32 offer in May. That represented a 20% premium over the closing price the day before they made the initial bid.

As part of the deal, the group will assume about $2 billion in debt. The transaction is expected to close by early 2007 if it is cleared by federal regulators and shareholders. Although Neubauer owns 41% of Aramark's stock, he agreed to have his voting power restricted to 5% of the total.

By going private, Aramark can try to revive the business without worrying about Wall Street. The company warned last month that its profit for the quarter that ended in June, which it will report today, would be about half of what analysts expected.

"You have more flexibility when you are out of the public marketplace," says Fentress Seagroves, a partner in PricewaterhouseCooper's private services practice. "You don't have to be beholden to the quarterly earnings pressures."

Aramark, which generated $10.9 billion in revenue last year, would be the sixth-largest U.S. company bought this year by private equity investors. Private equity firms have spent $205 billion so far in 2006, up 700% since 2001, according to financial research firm Dealogic.

"Everybody is going private," says Jay Anand, a professor of corporate strategy at Fisher College of Business at Ohio State University. "Money is being poured into private equity. At the top end it's performed well." The stock market, he says, "hasn't been performing that well."

In 1984 Neubauer took the company private, in a management buyout, in response to a hostile takeover bid. It went public again in 2001.

He said in a statement that the group of private equity firms are "committed to working with us in building long-term solutions that deliver the most value for our clients and customers."

Aramark shares closed at $32.58, down 47 cents.

Nokia To Buy Loudeye In Bid To Outdo ITunes (NYT)

By Eric Pfanner, International Herald Tribune

The New York Times, August 9, 2006

LONDON, Aug. 8 — Nokia, the world's biggest maker of cellular phones, cranked up the volume in an effort to turn mobile music into a viable alternative to Apple Computer's iTunes online service, agreeing today to buy Loudeye, a digital music distributor, for $60 million.

Though sales of music via cellular phone networks have been sluggish, some analysts say that wireless distribution offers the greatest prospects for future growth of the music industry, particularly among young, on-the-go fans.

But a shortage of viable mobile services and phones has left the digital music business to be dominated by online offerings like iTunes, linked to Apple's portable iPod device.

Nokia said that the acquisition of Loudeye, which runs music services for more than 60 partners, ranging from Microsoft's MSN Web portal to the charity, Oxfam, would help Nokia create a "comprehensive mobile music experience," beginning next year.

"Being able to combine Loudeye services with Nokia terminals provides a good base for innovative and useful consumer services," said Ilkka Raiskinen, senior vice president of multimedia experiences at Nokia, which is based in Espoo, Finland.

Analysts said the announcement raised a number of important questions.

Nokia did not say, for instance, whether it planned to offer a digital music service under its own brand name. While the name is widely recognized by mobile phone users, analysts say the use of the Nokia brand could create conflicts with mobile phone operators.

"Depending what they do with it, it could be a pretty strong contender," said Michele Mackenzie, principal analyst at Ovum, a telecommunications consulting firm in London. "But for this to really take off, they have to get the operators on board."

One big drawback for mobile music has been the cost, analysts say.

Not only do users have to pay for the song, they also often have to pay the mobile operator for the use of the network. Also, the popularity of the iPod, which cannot download music wirelessly, may have held back the adoption of phones that can, analysts added.

Nokia said that it sold 15 million phones capable of playing music in the second quarter, making it the biggest seller of portable music devices, ahead of Apple, which sold about 8 million iPods.

The deal to sell Loudeye follows a recent agreement by that company, which is based in Seattle, to sell the bulk of its United States operations to Muze, an entertainment industry information provider. That means Nokia is essentially buying Loudeye's international business, which centers on a company called On Demand Distribution, or OD2, which was founded by the musician Peter Gabriel six years ago.

Generic Version Launched Of Bristol-Myers Best Selling Drug (AP)

By Theresa Agovino And Wallace Witkowski, Ap Business Writers

DOJ_NMG_0045654

AP, August 9, 2006

NEW YORK -- Bristol-Myers Squibb Co. shares plunged nearly 7 percent Tuesday on concerns its earnings and dividend are in serious jeopardy now that a generic version of its best-selling medicine has been launched by Apotex Corp.

Some patients will likely to be able to purchase the generic version of blood thinner Plavix beginning on Wednesday. Rite Aid Corp. spokeswoman Jody Cook said the company expects to have the drug "at most, if not all" its 3,300 stores by then.

Apotex declined to say how much it was charging for its pills. Plavix pills have a wholesale price of $3.89 each.

Apotex's announcement Tuesday that it had begun selling the drug came just hours after Bristol-Myers disclosed it was expecting such a move in an SEC filing.

Bristol-Myers and Sanofi-Aventis SA, which sells Plavix outside the U.S., reached a deal earlier this year with Apotex to pay it at least $40 million to end a patent challenge in return for allowing it to introduce a version of Plavix _ in 2011, several months before the patent expired.

The Canadian generic company is taking a major risk in launching the drug now. Bristol-Myers and Sanofi-Aventis sued Apotex over plans to launch a generic version before agreeing to the deal, which is now under federal criminal investigation.

Apotex reiterated in a statement Tuesday that its version of Plavix doesn't infringe on the drug patent because the patent is invalid. But if a court finds there is infringement, Apotex will have to pay damages to Bristol-Myers and Sanofi-Aventis.

Typically, the damages would amount to three times the patent holder's lost profits. But under the terms of the deal, Apotex will only have to pay either 40 percent or 50 percent of its sales to the brand name makers if a court finds it infringed on the patent.

Experts say the deal reduces the financial risk of the generic launch, calling into question the judgment of the two brand name makers.

"That was a big strategic mistake," said Albert Rauch, an analyst at A.G. Edwards & Sons Inc., who downgraded Bristol-Myers shares to a sell.

Rauch said the deal raises questions about the leadership abilities of Bristol-Myers Chief Executive Peter Dolan, who has been at the helm of the company during a major accounting scandal and a problematic investment in biotech company ImClone Systems Inc. Bristol-Myers invested $2 billion in ImClone to share revenue from one of the biotech company's cancer medicines, only to have regulators reject the new drug's application.

In the filing on Tuesday, Bristol-Myers announced Dolan had been subpoenaed in the criminal investigation of the Apotex deal.

"It think it is a third strike, but whether it is enough to push him out, I don't know," Rauch said.

Bristol-Myers spokesman Tony Plohoros said the decision to forgo the possibility of triple damages was a concession made during the negotiation process, which always require compromise. He said he wouldn't "dignify" any speculation about Dolan with a response nor would he comment on the possibility of the company slashing the dividend.

Plohoros reiterated that Bristol-Myers and Sanofi-Aventis believe their patent has been infringed upon, and they are exploring their legal and commercial options to address the move by Apotex. Under their agreement with Apotex, Bristol-Myers and Sanofi-Aventis can't seek an injunction preventing Apotex from selling for five days.

Prudential Financial analyst Tim Anderson said in a report that he thinks the drug makers have less than a 50 percent chance of being granted a temporary restraining order against Apotex.

Apotex is a privately held company that has a reputation for aggressively challenging patents. In 2003, it launched a version of GlaxoSmithKline PLC's antidepressant, Paxil, before that drug's patent expired.

Bristol-Myers shares fell $1.56, or 6.8 percent, to close at $21.21 in trading on the New York Stock Exchange. Shares have traded between $20.70 and $26.14 over the past 52 weeks. In the past two weeks, shares have dropped more than 12 percent after a criminal probe was opened into possible antitrust activity surrounding Plavix agreements.

Bristol-Myers has its research headquarters in Princeton, N.J.

Sanofi, Bristol-Myers Face Generic Rival For Plavix (Update5) (BLOOM)

By Susan Deckerlisa Rapaport

Bloomberg, August 9, 2006

Aug. 8 (Bloomberg) -- Sanofi-Aventis SA and Bristol-Myers Squibb Co. are facing generic competition in the U.S. for their top-selling Plavix blood-thinning pill five years earlier than planned.

Apotex Inc., the closely held Canadian maker of generic drugs, said it started shipping cheaper copies today of Plavix, the world's second best-selling pill. Sanofi and Bristol-Myers lost a bid yesterday in U.S. court to block the sales.

At stake for Paris-based Sanofi and New York-based Bristol- Myers is $6.3 billion in annual revenue from the $4-a-day pill. A new generic drug may account for 90 percent of prescriptions within three months of introduction, according to IMS Health Inc.,

a Fairfield, Connecticut, provider of pharmaceutical data. Weston, Ontario-based Apotex may be subject to penalties if the patent is later upheld in court.

``Sanofi and Bristol are showing their intent to resume aggressive legal action to protect their interests," Chris Shibutani, a JPMorgan Securities Inc. analyst in New York, said in a note today. ``We believe it is in all the parties' interests to move quickly, and will look for prompt movement to a full trial. We expect that a settlement at this point is very unlikely."

Bristol-Myers shares dropped $1.56, or 6.9 percent, to $21.21 at 4 p.m. in New York Stock Exchange composite trading. The stock has lost 18 percent since July 26, the day before the drugmaker disclosed a U.S. Justice Department investigation of an accord to keep the Apotex product off the market until 2011.

Sanofi lost 0.25 euro to 69.55 euros in Paris. The shares have declined 11 percent since July 26.

Drug Distributors

Shares of Medco Health Solutions Inc., Caremark RX Inc. and Express Scripts Inc., the three biggest companies that manage drug benefits for employers and health-insurance providers, rose. They would profit by substituting the Apotex product for branded Plavix because the markup on generic drugs is higher.

Medco, based in Franklin Lakes, New Jersey, gained $1.96, or 3.2 percent, to $62.96. Nashville, Tennessee-based Caremark jumped 74 cents, or 1.4 percent, to $55.38. Express Scripts, based in St. Louis, Missouri, rose $1.77, or 2.2 percent, to $80.68 in Nasdaq Stock Market composite trading.

Plavix Uses

Plavix prevents the formation of blood clots by keeping platelets from clumping together. Doctors prescribe it to reduce complications in patients having heart attacks or undergoing artery-clearing procedures, or to prevent heart attacks and strokes in people with an elevated risk.

``The companies are evaluating their legal and commercial options, as well as possible remedies under the agreement with Apotex," Sanofi said today in a statement. The partners ``intend to vigorously pursue enforcement of their patent rights in Plavix."

The drug is Bristol-Myers's biggest product and Sanofi's second-largest. Its sales last year were second only to those of Pfizer Inc.'s Lipitor cholesterol pill, with $12.2 billion. The companies spent $121.4 million advertising Plavix last year in the U.S., according to Nielsen Medial Research.

``This is going to be the biggest seller in the history of our company," Barry Sherman, 64, a billionaire who is the chief executive officer and principal owner of Apotex, said in a telephone interview. Sherman said he has a Ph.D. from Massachusetts Institute of Technology.

Apotex had agreed not to sell a generic version of Plavix until 2011 in return for payments of at least $40 million from Sanofi and Bristol-Myers. U.S. state attorneys general last week objected to the accord, which was intended to settle patent litigation.

2002 Suit

Sanofi and Bristol-Myers sued Apotex in 2002, claiming the generic version of Plavix would infringe a patent on clopidogrel bisulfate, the key ingredient in the medicine. The patent expires Nov. 11, 2011. A trial on the case had been set for June and was canceled because of the settlement. No new date has been set.

U.S. District Judge Sidney Stein in New York yesterday denied a request to temporarily block the Apotex sales. At a hearing yesterday, Apotex lawyer Robert Silver said the company had set up distribution agreements after it received U.S. regulatory approval and before the deal was made to keep generic Plavix off the market.

Bristol-Myers lawyer Evan Chesler ``admitted that during the settlement negotiations, Dr. Sherman said, `I'm going to flood the market with a billion dollars of product and you're not going to be able to stop me,' and they still signed this agreement knowing we could do so," Silver said. ``They knew we had orders we were taking for four months."

Next Step

Sanofi and Bristol-Myers are considering whether to submit a new request that Apotex be barred from selling generic Plavix until the lawsuit is ruled upon, Sanofi said in its statement.

Under the terms of their agreement with Apotex, Bristol- Myers and Sanofi must wait until Aug. 15 to file a request that Apotex be ordered to halt sales until the patent-infringement suit is decided. Judge Stein said yesterday he would try to set a hearing during the week of Aug. 21 for arguments on the issue, meaning Apotex is free to ship all its inventory during that period without any interference.

Apotex's copy will be the only approved generic version of Plavix in the U.S. for six months as a reward for being the first to challenge the patent. Bristol-Myers and Sanofi can opt to sell unbranded versions of their medicine as an ``authorized generic" to undercut Apotex.

Risk for Apotex

By selling the generic version without waiting for a court ruling on the patent, Apotex is selling ``at risk.'' Under U.S. law, that would normally mean Apotex could be forced to reimburse Bristol-Myers and Sanofi as much as three times their lost profits should it lose the case.

Bristol-Myers and Sanofi agreed that damages instead would be based on Apotex profits on the lower-priced generic drug. If the companies were to sell an authorized generic, then Apotex would turn over 40 percent of its profits. If there is no authorized generic, the Apotex would pay 50 percent of net sales.

``We are confident that the patent will be held invalid and that the courts will find inequitable conduct before the patent office on the part of Sanofi,'' Sherman said in a statement.

``There are arguments to be made and Apotex may ultimately be successful, but the downside risk associated with `at risk' is very substantial,'' said Andrew Berdon of Quinn Emanuel Urquhart Oliver & Hedges in New York. ``This is a major event for the pharmaceutical industry for someone to be launching `at risk' when there's an acknowledged infringement and the only issue is validity.''

Apotex Defense

Apotex concedes it would infringe the patent, and focused its defense on arguments that the patent is invalid because the molecular structure of Plavix was disclosed in a patent that expired in 2003.

Apotex also contends Sanofi engaged in inequitable conduct during the application process before the U.S. Patent and Trademark Office. If the court agrees Sanofi withheld or gave false information with the intent to deceive the patent office, it could rule the patent unenforceable.

The case is Sanofi-Synthelabo v. Apotex Inc., 02cv2255, U.S. District Court for the Southern District of New York.

Bristol-Myers Sees A Generic Rival To Plavix (NYT)

By Stephanie Saul

The New York Times, August 9, 2006

A Canadian drugmaker, Apotex, said today that it had begun shipping a generic version of Plavix, one of the top-selling prescription drugs in the world, to retailers in the United States.

Plavix is an anti-clotting agent, widely used to prevent recurrence of heart attacks and strokes. The generic version is expected to be available to consumers Wednesday or Thursday and cost about 30 percent less than brand-name Plavix, which generally sells in the United States for about $4 a daily dose.

Dr. Barry Sherman, the chief executive of Apotex, predicted that the introduction would be the “largest and most successful launch” of a generic drug in history.

But it is a significant threat to the two big companies that now sell Plavix, Bristol-Myers Squibb and Sanofi-Aventis. They have been fighting Apotex in court to protect their United States patent on the drug, which does not expire until 2011. Bristol-Myers, which depends on the drug for a large portion of its revenue, is especially vulnerable.

A spokesman for Bristol-Myers, Tony Plohoros, said the company was evaluating its legal and commercial options in light of the decision by Apotex to start shipments. It could drastically lower the price of Plavix, or introduce its own generic equivalent.

The company, which is responsible for marketing Plavix in the United States, is also expected to request a temporary injunction blocking the sale of the generic version, called clopidogrel, until the patent litigation can be decided or settled.

But under the terms of an earlier agreement it reached with Apotex, it must wait five days to request the injunction. It was unclear how much clopidogrel Apotex could ship in the meantime.

In a hearing last week in Federal District Court in New York, a lawyer for Bristol-Myers, Evan Chesler, said it appeared that Apotex would try to flood the market with up to $1 billion worth of the drug during that five-day period. Annual sales of Plavix total about $6 billion around the world, with $3.8 billion in the United States.

The three companies — Apotex, Sanofi and Bristol-Myers — have been fighting over the drug in court for years, ever since Apotex challenged the Plavix patent. They reached a settlement in March, but it was rejected last week by a coalition of state attorneys general, and is the subject of an antitrust investigation.

Terms of that agreement were disclosed yesterday in a Securities and Exchange Commission filing. In it, Bristol-Myers and Sanofi waived some of their legal rights, giving up the right to seek triple damages against Apotex and agreeing to the five-day delay in requesting an injunction.

Bristol-Myers shares fell sharply in morning trading on the New York Stock Exchange in reaction to the news that Apotex had begun shipments, falling $1.53 a share or 6.8 percent.

Blockbuster Deal: Cinemark To Buy Century (SACBIZ)

Sacramento Business Journal, August 9, 2006

DOJ_NMG_0045657

Century Theatres Inc., one of the largest operators of movie screens in the Sacramento region, is being sold to Cinemark USA Inc. of Plano, Texas

San Rafael-based Century Theatres is a family owned company. It was founded in 1941 by Raymond J. Syufy.

Under a definitive agreement Cinemark will acquire all of the outstanding stock of Century for a combination of cash and stock of Cinemark's parent company.

Cinemark has 202 theaters and 2,469 screens in 34 states. It also has theaters in 13 countries, mainly in Mexico, South and Central America.

Century Theatres operates 78 theaters with 994 screens in 12 western states.

In the Sacramento area, Century operates the Century Downtown Plaza with seven screens; Century Stadium 14 in Point West; Century Greenback 16; Century Laguna 16; Century Roseville 14; the Sacramento Drive Inn 6; and Century Folsom 14.

For decades, Century was be the dominant theater operator in the Sacramento area, but its status declined in recent years with the merger and consolidation of Regal Entertainment Group absorbing Regal Theaters, United Artists theaters and Edwards Theaters.

After the Century-Cinemark deal, the combined companies will have 391 theaters with 4,395, screens in 37 states and 13 countries.

Century Theatres is led by Ray J. Syufy's sons, Raymond W. Syufy and Joseph Syufy. Since 1996, the company has added 641 screens and has expanded into eight states.

In 2000, it launched its CineArts division, with screens in California and Illinois. The company is a founding member of Fandango, a leading Internet ticketing company.

Upon closing of the acquisition, Cinemark's stockholders will include Lee Roy Mitchell, Cinemark founder and chief executive; Syufy Enterprises LP; Quadrangle Capital Partners; and Madison Dearborn Capital Partners, which will remain the controlling shareholder.

Cinemark was founded in 1987 by Lee Roy Mitchell. In 2004, a controlling interest in Cinemark was sold to Madison Dearborn Capital Partners.

Mitchell will remain chairman and CEO of Cinemark and the combined company. Raymond W. Syufy and Joseph Syufy will join the board of directors, representing Syufy Enterprises LP.

The purchase will be financed with a senior credit facility led by an affiliate of Lehman Brothers Inc. and an affiliate of Morgan Stanley & Co. Inc.

Completion of the acquisition is subject to antitrust approval and completion of financing.

Anadarko Gets Clearance For Acquisitions (AP)

AP, August 9, 2006

Anadarko Petroleum Corp. has received U.S. antitrust clearance to acquire Western Gas Resources Inc., the company announced Tuesday.

Houston-based Anadarko announced last week it had received the same clearance for its simultaneous acquisition of Kerr-McGee Corp.

The separate all-cash transactions, worth a combined $21.1 billion, are slated to close in the third quarter and will create the nation's largest independent exploration and production company. However, Anadarko could shrink to No. 2 or No. 3 among independent producers through asset sales aimed at cutting deal-related debt over the next two years.

Anadarko will pay $16.4 billion in cash for Oklahoma City-based Kerr-McGee and assume $1.6 billion in debt. The Houston producer will pay $4.74 billion Denver-based Western Gas and assume $560 million in debt.

Anadarko announced the acquisitions last month. The company said the Kerr-McGee deal is expected to close after Kerr-McGee shareholders approve it at a meeting Thursday. The Western Gas deal is expected to close after getting clearance from the Wyoming Public Service Commission, and Western Gas shareholders are slated to vote on the deal Aug. 23.

Wi-Fi To The Max (WSJ)

The Wall Street Journal, August 9, 2006

The backers of so-called Net neutrality have lost nearly every battle in Congress so far, although they plan to take another tilt at that windmill when lawmakers return from recess in September.

Out in the real world, however, things are not proceeding according to script, at least for those who insist that what the Internet really needs is a brand-new layer of government regulation. Yesterday, Sprint announced plans to spend as much as $3 billion building a nationwide WiMax network that would provide high-speed Internet access to 100 million consumers by 2008, according to Sprint's estimate.

DOJ_NMG_0045658

What does this have to do with Net neutrality? Well, WiMax is one of several emerging technologies that stand to reshape the Internet-service industry in the coming years. Those who argue that the government should enforce some politician's idea of "neutrality" on Internet service claim that the phone and cable companies enjoy a comfy duopoly on providing Internet access to consumers. According to this reasoning, these companies need to be regulated so they don't abuse their market position by trying to erect "tolls" on the information superhighway.

High-speed wireless Internet access, however, means no more duopoly. And WiMax is not the only contender. Starting today, the Federal Communications Commission is auctioning a big swath of wireless spectrum for cell-phone providers. The auction is overdue and beset by market-distorting preferences for certain bidders, but with luck the result will be a lot more wireless bandwidth to go around.

WiMax, meanwhile, operates in unlicensed spectrum, meaning Sprint doesn't have to shell out money in auctions to deploy the technology. WiMax is like a wireless home network or a hot-spot in a coffee-shop, but it works over much longer distances, allowing greater coverage and a wider variety of uses. WiMax is still unproven in a roll-out of this size, but the fact that Sprint is spending billions to give it a go is testimony to the dynamism of the high-speed Internet market.

A decade ago, the conventional wisdom was that the old-fashioned copper-wire phone network was an "essential facility." That is, it was unique, valuable and couldn't be replicated, so competition with the Baby Bells was impossible unless the "last mile" to homes was opened up to competitors to use. Today we have cable companies offering phone service and more and more cell-phone subscribers every day.

A similar thing is happening in the high-speed Internet space. Those who want to regulate broadband providers are saying that the phone and cable networks are too valuable and too hard to replicate for anyone to break up the duopoly. We guess Sprint didn't get the memo. If Congress should for some reason lose its cool and give in to the MoveOn.org crowd pushing for greater Internet regulation, it will likely come just in time for its backers, once again, to be proven wrong about the absence of competition in telecom.

ENVIRONMENT:

Bodman Confident Oil Supply Can Recover (AP-Y)

By H. Josef Hebert

AP2, August 9, 2006

Energy Secretary Samuel Bodman said Tuesday it could take months to resume normal shipments of Alaska oil, but that there are adequate supplies to make up for the loss to West Coast refineries.

"My sense is we're in pretty reasonable shape," Bodman told a news conference.

He said there are relatively high inventories of crude oil in the system and that oil can be diverted from other producers, including Saudi Arabia and Mexico, to meet refinery needs.

About 400,000 barrels a day of Alaska crude oil is expected to be lost because of a shutdown of North Slope operations, following corrosion problems with pipelines.

Bodman said that officials at BP Alaska told him it would "take probably months to fix" the pipeline problem "so we are going to have to deal with the issue at hand."

BP Alaska was forced to shut down its North Slope oil field because of expensive corrosion in two of three feeder pipelines that transport oil into the trans-Alaska pipeline. The field accounts for about 400,000 barrels of oil a day, half the amount from the North Slope.

But Bodman said, "a complete shut down of the Prudhoe Bay system may not be necessary." He said that company officials had told him they may be able to make repairs to some of the damaged lines while continuing production.

Bodman gave an upbeat assessment on the supply picture for West Coast refineries, which rely heavily on Alaska crude.

"Substitutions for Alaska crude oil, we believe, are available," he said.

The secretary cited a new report released Monday by the Energy Information Administration that showed oil inventories at 5 million barrels a day higher this July than at the same time a year ago.

In addition, said Bodman, there are indications that other producers, including Saudi Arabia, have spare capacity and can divert oil to the West Coast, if necessary. Also, the government is prepared to make available oil from the Strategic Petroleum Reserve, if necessary, he noted.

"We believe we know how to handle this type of situation ... There appears to be adequate supplies," Bodman said.

Country Can Cope With Oil Loss, Energy Chief Says (NYT)

DOJ_NMG_0045659

By Matthew L. Wald And Clifford Krauss

The New York Times, August 9, 2006

WASHINGTON, Aug. 8 — Energy Secretary Samuel W. Bodman said Tuesday that the country was prepared to cope with the temporary loss of 400,000 barrels of oil a day from Alaska and that the loss might not be that large.

The oil giant BP said late Sunday that it would stop production at Prudhoe Bay, which pumps 8 percent of America's crude oil, to replace all 16 miles of pipeline feeding from Prudhoe into the Trans-Alaska Pipeline System. The pipeline is heavily corroded, the company said.

"We believe we know how to handle this type of situation," Mr. Bodman said at a news conference. He said that the western half of the field, which produces 200,000 barrels of oil a day, might be able to keep operating during the repairs. He said it was more likely that the eastern half would have to close.

Robert A. Malone, president of BP America, said in a statement on Tuesday that the company, along with state and federal regulators, would study the feasibility of continuing some operations.

The White House press secretary, Tony Snow, said to reporters on Tuesday in Crawford, Tex., "There does not seem to be a significant supply interruption at this point."

The price of oil shot up more than $2 to nearly $77 a barrel on Monday as BP began shutting down production at Prudhoe, but the price of crude eased Tuesday, and gasoline prices appeared stable in most of the country.

Many energy analysts predicted that the West Coast refineries, which are outfitted to handle Alaska's quality crude, would have to scramble to find supplies in a few weeks. But Mr. Bodman suggested that California might be able to cope because stocks were high, and many California refineries could handle other qualities of crude.

He added that Ecuador, Colombia and Mexico could help offset the shortfall, and, if necessary, so could the Strategic Petroleum Reserve. He said that if the strategic reserves were used, they would feed Gulf Coast refineries while the Middle East crude that it displaced would go to the West Coast.

Senator Charles E. Schumer, Democrat of New York, called on the Department of Transportation on Tuesday to complete a survey over the next 30 days of the entire American oil and gas pipeline network. "The massive shutdown should be a wake-up call to get our energy house in order," Mr. Schumer said.

Mr. Snow, the White House spokesman, said that the pipelines in question, which gather oil from individual wells, were not regulated by the federal government, but that the Transportation Department was "in the process of accelerating the rule-making process that would enable the creation of a robust regulatory regime over those pipelines."

May Be January When Alaskan Oil Flows As Before (LAT)

By Jesus Sanchez And Elizabeth Douglass

The Los Angeles Times, August 9, 2006

The Energy Department today said today that a crucial Alaskan oil field may not return to full production until January but that the shortfall could be partially or fully covered by diverting shipments from other oil producing regions and tapping inventories.

The potentially lengthy closure of the Prudhoe Bay oilfield, which accounts for 8% of U.S. oil production, sent crude oil prices soaring as experts warned that the disruption could result in higher gasoline prices in California and other Western states dependent on Alaskan oil.

Trading in energy markets remained turbulent today after the Energy Information Agency projected that production at Prudhoe Bay in Alaska's North Slope would not return to normal until the beginning of next year as British energy giant BP repairs and replaces miles of corroded pipeline that prompted the closure of the field.

"The greatest impact of the lowered Alaskan crude oil production is on the West Coast, which consumes almost all of the Alaskan oil production," the agency said in its monthly short-term energy outlook. "The reduction in Alaska crude oil supply from the shut-in of Prudhoe Bay production can be made up for in several ways: drawdown of crude oil or product stocks and substitution of other supplies for the Alaskan crude oil."

Inventories of crude oil and gasoline remain high and the agency said that additional production from Saudi Arabia as well as diverted oil shipments from Ecuador, Colombia and Mexico "can offset all or part of the shortfall."

Analysts said it was too early to say how much pump prices would rise, but the most pessimistic predicted $4-a-gallon gas. Officials from the U.S. Energy Department pledged to release oil from the nation's reserve if necessary to blunt the blow to refiners and consumers.

After crude oil prices jumped by more than $2 a barrel to close at nearly $77 a barrel on New York energy markets on Monday, prices retreated slightly in trading today.

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In California, refiners get about 20% of their oil supplies from the Alaskan North Slope, where about half of the daily production will be stranded once BP shuts down corroded pipelines and its giant Prudhoe Bay oilfield. BP said it could take months to replace more than 70% of the 22 miles of pipeline affected, but the company did not say when the lines would return to service.

On Sunday, BP began shutting down the pipelines after an inspection uncovered extensive corrosion. The inspections were ordered by the U.S. government after a large oil spill in a nearby area in March -- pollution that has made BP the subject of a federal grand jury investigation.

"We deeply regret that it has been necessary to take this drastic action of an orderly and planned shutdown of the Prudhoe Bay oilfield," BP North America Chairman and President Bob Malone told reporters Monday at a news conference in Anchorage. "On behalf of the BP Group, I apologize for the impact it is having on the nation and the state of Alaska."

BP's chief executive, John Browne, and other executives have had much to apologize for lately in the United States. In June, U.S. regulators accused BP's propane traders of trying to corner the propane market and manipulate prices in 2004. The company has denied wrongdoing.

In March 2005, BP agreed to spend $81 million to settle claims that toxic emissions at its Carson plant went unreported for years. The same month, an explosion at the company's Texas City refinery killed 15 workers.

The corrosion problem, a defect that develops over time and can be prevented with regular cleaning and inspections, prompted Rep. John D. Dingell (D-Mich.) to lash out at the company: "It's appalling that BP let this critical pipeline deteriorate to the point that a major production shutdown is necessary."

Some experts say they expect no immediate impact on fuel supplies or prices because both oil and gasoline inventories nationwide and in California are currently adequate. In addition, it will take several days to completely close off the Prudhoe Bay production, and there are additional supplies of Alaskan oil in tankers en route to the West Coast and in storage tanks awaiting shipping.

"There's no panic yet. But the issue is, how long is this pipeline going to be down?" said Andrew Lipow, an industry consultant in Houston. "There's plenty of gasoline in inventory ... and that can cover us for the next few weeks."

But views differ over how much gasoline prices might jump in California and the Pacific Northwest because of the BP shutdown. Some have suggested that gasoline could reach the next big benchmark, $4 a gallon, whereas others have said the market could adjust relatively quickly, with only a slight increase at the pumps -- a dime or so per gallon.

BP's action triggered a rally in wholesale gasoline prices on the Los Angeles spot market, where refiners can buy supplies for immediate delivery. The wholesale cost of a gallon of regular averaged $2.48 for the day, up 6.75 cents from Friday's trades, according to the Oil Price Information Service. That's roughly the equivalent of $3.18 a gallon at retail after adding 70 cents for taxes, transportation costs and ethanol.

The statewide average pump price in California on Monday was $3.192 for a gallon of self-serve regular, according to a weekly survey by the U.S. Department of Energy, virtually unchanged from a week ago. The nationwide retail average rose 3.4 cents over the last week, to $3.038 a gallon, the government said Monday.

Consumers will get a better idea how Prudhoe Bay will hit their pockets next month, when refiners in Alaska, California, Hawaii and Washington state don't receive the 400,000 barrels per day of Alaskan oil they were counting on. Whether retail fuel prices soar or merely inch up will be determined mostly by whether the affected refiners can find replacement supplies before their plants and inventories run short.

Five of California's 14 fuel-producing refineries regularly use crude oil from the Alaskan North Slope, said Claudia Chandler, the California Energy Commission's assistant executive director for communications. She would not identify the affected California plants.

Some of California's major refiners said Monday that the supply disruption would have no short-term impact on their operations. Chevron Corp., which runs two large plants in the state, said only that "we continue to meet the supply needs of our refineries."

ConocoPhillips Co., which owns a 36% interest in Prudhoe Bay production, said in a statement, "The company has contingency plans to deal with supply interruptions, but we continue to evaluate the effect of the shut-in on the operations of our West Coast refineries."

BP did not discuss the impact on its Carson plant, a big user of Alaskan crude oil and one of California's largest refiners. That plant is important to Southern California because it supplies Arco gas stations throughout the region.

As a group, the refineries in California and along the West Coast are among the most sophisticated in the nation and can, with some adjustments, process nearly any kind of crude oil. That allows them to pay cut-rate prices for low-quality crude -- which is more plentiful worldwide -- and reap larger profits on the fuels they produce.

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"The problem won't be getting the crude. It's available. The problem is getting it to the West Coast," said Tim Hamilton, a consultant for the Santa Monica-based Foundation for Taxpayer and Consumer Rights, a consumer advocacy group. "If they cannot replace this crude oil, and do so very, very fast, then the price in the West will have to go up to slow consumption down by 400,000 barrels per day."

That's a cut of 16.8 million gallons a day of gasoline, diesel and jet fuel across the West. Californians consume 44 million gallons of gasoline and 10 million gallons of diesel daily.

If crude supplies run short and production falters, Hamilton said, "the question is, if we go to $3.75, will the public let go of the nozzle? If not, we'll go to $4. And if not there, we'll go to $5."

That scenario is unlikely, especially now that the government has offered up replacement oil from the Strategic Petroleum Reserve, according to David Hackett, president of Irvine-based Stillwater Associates, an industry consulting firm.

"This isn't a $4 deal because there is a way to replace the crude oil, and gasoline inventories are at a comfortable level out here," he said. "There's a lot of flexibility."

Under one scenario, refiners can ask for oil from the reserve so it can be shipped to the West. But because there are no pipelines to carry it across the Rocky Mountains, the supplies would have to travel weeks through the Panama Canal.

What's more likely, Hackett said, is that companies with refineries on the Gulf Coast and in the West -- and that includes all the largest refiners — would divert some oil tankers to the West and then replace that oil with loans from the reserve.

"If some boat turns left instead of right out of a port and heads to Los Angeles instead of Houston, the [refiner] could backfill that in the gulf with inventories or oil from the strategic reserve," he said.

Judy Dugan, research director at the Foundation for Taxpayer and Consumer Rights, said the fallout from the BP debacle could mean that the high profits already flowing to oil companies in California would rise.

The world's largest oil companies recently reported second-quarter earnings that included billions of dollars in record-high profits.

"Every increase in the price of crude oil is translated immediately into more gravy for the oil companies because they don't just pass through the price of crude oil, they take on indefensible profits for the oil itself and then again at the refinery," Dugan said. "Drivers will pay through the nose for this very preventable emergency."

Judging from profit figures from an industry consulting firm, West Coast refiners could probably pay higher prices for emergency oil supplies and still book a healthy profit.

In June, West Coast refiners collected operating profit of $33.22 for every barrel of gasoline, diesel and jet fuel they sold -- 79 cents per gallon. That profit, which is substantially higher than in any other region in the United States, is what's left for the refinery after subtracting for the cost of crude oil and additives, as well as fixed and variable costs, according to figures published by the Oil & Gas Journal.

Profits like those leave West Coast refiners plenty of "wiggle room," according to Tom Kloza, chief oil analyst at the Oil Price Information Service. Times wire services contributed to this report.

BP Considers Ways To Keep Part Of Its Prudhoe Bay Oil Field Open (WSJ)

By John J. Fialka

The Wall Street Journal, August 9, 2006

WASHINGTON -- BP PLC officials and the Energy Department held out hope yesterday the energy giant may not have to shut down all of the massive Prudhoe Bay oil field in a time of tight crude supplies.

Meanwhile, addressing a second energy problem, the Energy Department said Southern California and the mid-Atlantic region from New York to northern Virginia have the greatest potential for blackouts because of congestion within the nation's aging power-distribution system.

The London company, which operates the 400,000-barrel-a-day field on behalf of a consortium of oil companies, said it was studying with federal and Alaska officials whether it could keep part of the field open while repair crews replace corroded pipes. Still, BP said it had shut off half of the field's production so far and indicated it would move ahead with plans to close the whole field. (See related article1.)

Energy Secretary Samuel Bodman yesterday said BP officials told him there may be a way to keep half of the field in operation. He said after talks with West Coast oil refiners, the price shock of any shutdown may be minimized by diverting oil shipments from the Middle East and Central and South America.

The field represents about 8% of U.S. crude-oil production. Its total output represents less than 2% of daily consumption in the U.S., which relies heavily on imported oil, but disruptions have had outsize effects on oil and fuel prices amid a tightening world market for crude oil.

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Mr. Bodman said loans of oil from the nation's emergency stockpile, called the Strategic Petroleum Reserve, might be given to refiners elsewhere while production originally intended for them is sent to the West Coast instead.

In a report released yesterday on the nation's electricity grid, Energy officials named places where the government could designate "national interest electric transmission corridors." That designation would be part of a new process to help state regulators and utilities locate new transmission lines to relieve the worst congestion and make the grid more reliable in the future.

The report on electricity congestion was the department's first step in stimulating construction of new transmission lines. "Building these facilities takes years of lead time, and the penalties for falling behind will be substantial," said Kevin Kolevar, who heads the department's office of electricity delivery. He said the congestion on the grid already costs the nation's consumers because the bottlenecks restrict supplies of electricity from reaching areas of highest demand.

Department officials said they expect the new federal authority will help regions settle disputes about locating new power lines. Mr. Bodman said they should help regional authorities stimulate new investment in the transmission grid, which, he said, would solve one of the grid's biggest problems. Because of construction work and other requirements, easing the situation with new transmission lines could be years away.

The department identified a second category of trouble-prone areas, called "congestion areas of concern." They include New England, the Phoenix-Tucson area, the Seattle-Portland area, and the San Francisco Bay area.

Bush Eschews Harsh Medicine In Treating U.S. Oil 'Addiction' (WSJ)

By John D. McKinnon And Laura Meckler

The Wall Street Journal, August 9, 2006

WASHINGTON -- Six months ago, George W. Bush upbraided Americans in his State of the Union address for being "addicted to oil" and urged them to look at ethanol as a cure.

It was the signature moment in the energy strategy the president has developed in the year since Hurricane Katrina. Influenced by meetings behind the scenes with advocates of alternative fuels, Mr. Bush is using the bully pulpit to warn that America needs to change its gas-guzzling ways.

But what the president isn't doing is just as important. He isn't proposing new mandates for ethanol use or new incentives for gasoline stations to stock the fuel. He isn't making tougher auto fuel-economy standards a high priority and doesn't support a higher gasoline tax.

Whether Mr. Bush is moving rapidly enough to promote alternative energy is a subject of debate. Critics believe that by shying away from major new federal initiatives, he won't be able to achieve the goals he talks about. But supporters say things have gone well since the Jan. 31 address. They say that by giving ethanol a high-profile boost, Mr. Bush has begun to create a new national consensus on alternative fuels. At the same time, they say, the administration's new research spending will ensure an adequate long-term supply.

Detroit's Big Three auto makers have said they will double production of so-called flexible-fuel cars that can run on either gasoline or ethanol. Kroger Co. has started selling ethanol-blend fuels at a few of its gasoline stations. Two ethanol producers have gone public in the first such initial public offerings since the 1980s. The Indianapolis 500 has announced that all entries in next year's race will run on a crop-based blend of fuels.

"The president's comments were transformational," says Reid Detchon, executive director of the Energy Future Coalition, a Washington group that promotes alternative fuels in the name of protecting national security. "The phrase 'addicted to oil' crystallized the issue in a way the public broadly understood, but also gave the political class permission to talk about it."

The administration says that ethanol -- with just a little help from Washington -- could feed more than a third of America's gasoline habit by 2025, up from about 3% today. The benefits: less dependence on foreign oil and a cleaner environment because of reduced carbon-dioxide emissions.

The target is an ambitious one. Big oil companies are skeptical about ethanol's viability. They have little incentive to promote the fuel because it competes with their main product. Currently just 800 of the country's 170,000 gasoline stations sell ethanol. Unless they are forced to, it is unclear how many station owners will invest thousands of dollars in ethanol pumps.

Some question the emphasis on ethanol because there is only so much corn in the U.S. to make it. Making ethanol commercially from cheaper stuff such as the cellulose found in wood chips, corn stalks and grasses is still being studied. Due to a recent surge in demand, ethanol now costs as much as conventional gasoline in some places despite generous government subsidies that date to the 1980s.

Mr. Bush's budget for the fiscal year beginning Oct. 1 seeks less than $500 million in federal spending on research for the major alternative-fuel technologies, including cellulosic ethanol. That's less than Americans spend each day on gasoline, by some measures. The administration says its proposed spending for clean-energy research overall represents a 22% increase.

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Even if ethanol use meets the most optimistic forecasts, the U.S. could still be just as dependent on foreign oil. Total energy consumption is predicted to rise sharply in coming years unless Americans start using energy more efficiently.

"There's a very real risk of people thinking, 'All we have to do is biofuels now, and that'll solve our problems,'" says Nathanael Greene, a senior policy analyst for the Natural Resources Defense Council, which supports more conservation efforts to protect the environment. "And it can't."

If nothing else, the Bush administration's focus on ethanol is good politics. The ethanol boom is helping two big industries -- domestic auto makers and farmers -- while imposing virtually no pain on anybody else. It could give Republicans an election-year boost in the Midwest, where most ethanol is produced and consumed.

White House officials say there is good reason to use Jimmy Carter-like rhetoric on energy -- for a while, they even encouraged Americans to drive less -- while steering clear of the aggressive government policies the former Democratic president put forward. Their aim is to accelerate the market, not take it in an entirely new direction.

"Really the goal was to provide a strong signal to consumers that there is an alternative [to gasoline] and they need to think even more seriously about taking advantage," says Jim Connaughton, the chief White House environmental adviser. "If you're trying to attract investment capital to a renewable biofuel basis, you have to show a market that is much bigger than people imagine. ... These are the tools of free-market democracy."

The administration's scramble to revise its energy policy began with Hurricane Katrina last August. Congress had just passed a new energy law that gave a modest boost to ethanol, but otherwise did little to address the nation's oil habit. Then the storm damaged refineries and pipelines along the Gulf Coast, pushing gasoline prices over $3 a gallon. Long-derided conservation measures got new attention. Even oil-friendly Republicans started talking about punishing oil companies, with new taxes and price gouging probes.

Mr. Bush and his aides were skeptical of big-government solutions but also excited by signs that alternative fuels were maturing. On Sept. 20, members of Mr. Detchon's Energy Future Coalition met with Energy Secretary Samuel Bodman to share research on alternative fuels. Mr. Bodman, a former chemical-company executive, perked up when coalition members described how companies such as DuPont Co. were already making big investments in ethanol and other biofuels. DuPont, a big consumer of petroleum, has a corporate goal of deriving 25% of its revenue from products that are made with renewable resources by 2010.

Mr. Bodman says he talked with DuPont's chief executive, Charles Holliday, and later visited Archer-Daniels-Midland Co. in Decatur, Ill., the nation's biggest ethanol producer. "Companies like DuPont and ADM don't get into a business like this unless they see real opportunities for growth," Mr. Bodman says.

At four meetings with Mr. Bush that fall, mostly in the Roosevelt Room just off the Oval Office, aides showed the president how the new ethanol requirements in the just-passed energy bill -- peaking at 7.5 billion gallons a year -- would hardly make an impact when America was already using 140 billion gallons of gasoline a year. Mr. Bush said he wanted to do more.

Working the Crowd

Mr. Bush was working the crowd at a Republican National Committee fund-raiser in Los Angeles last October, when he bumped into Floyd Kvamme, a prominent venture capitalist who is co-chairman of a White House science panel. In their brief chat, Mr. Kvamme says he mentioned that after Katrina, the hot venture-capital trend was investing in alternative fuels.

Mr. Bush was struck by the comment, and mentioned it in his remarks to the crowd. A few weeks later, Mr. Kvamme says he heard from a friend that Mr. Bush had raised the subject again in conversation. "Forty-three says you're really jazzed about what's going on in energy," Mr. Kvamme recalls his friend telling him, using one of Mr. Bush's nicknames.

In November, White House officials invited another venture capitalist, Vinod Khosla, to make presentations. Mr. Khosla, a wealthy co-founder of Sun Microsystems Inc., has become a leading investor in new techniques for producing ethanol. "Alternative energy is not a niche. It's a mainstream option," he says.

Mr. Khosla says he urged the White House Council of Economic Advisers to consider government mandates that would force car companies and gasoline stations to advance ethanol use. The advisers were "not jumping up and down" about the idea, he says. "The questions were along the lines of, 'Do the economics make sense?'" says Mr. Khosla. "They were focused on economics, not environment."

Enthusiasm for Ethanol

The president's enthusiasm for ethanol grew during a November trip to Brazil. Mr. Bush and President Luiz Inácio Lula da Silva talked about how Brazil was on the verge of becoming energy-independent, in large part because of a big boost in production of ethanol from the country's abundant sugar-cane crop.

Over grilled meats at a barbecue near Brasília, Mr. Bush asked several questions about the competitiveness of Brazilian ethanol with gasoline, and how it fits into the marketplace, according to Brazilian officials who attended. Mr. Bush came back

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from the trip excited about the potential for the U.S. ethanol industry, says Allan Hubbard, the top White House economic adviser.

One fact seems to have made little dent in the president's thinking: Brazil's government used a heavy hand to build up its ethanol industry, heavier even than the U.S. has used in subsidizing ethanol. Brazil gave sugar companies cut-rate loans to build ethanol plants and guaranteed prices for their product. It also required state-run oil giant Petrobras to make the fuel available at filling stations.

The president was more struck, say aides, by the large presence General Motors Corp. and Ford Motor Co. have in Brazil. The two big U.S. auto makers have sold hundreds of thousands of vehicles there that can run on ethanol. Their Japanese rivals are only now considering producing these cars for the U.S. market.

GM and Ford have lagged Japanese companies in making fuel-efficient hybrid vehicles, which switch between gasoline and electric power. They have long built "flex-fuel" vehicles for the U.S. market that can use ethanol, but only because this allowed them to make more gas-guzzling sport-utility vehicles under a loophole in federal fuel-efficiency standards. Most consumers who owned flex-fuel vehicles weren't even aware of it.

In the weeks after Mr. Bush returned from Brazil, Mr. Hubbard met with Ford Chairman Bill Ford and spoke by phone with the head of GM, Rick Wagoner, and DaimlerChrysler AG officials about expanding ethanol use in the U.S. They told him that they were planning to ramp up production of ethanol-capable cars rapidly in the U.S. The cost, they said, was as little as $100 extra per vehicle, mainly for extra anticorrosive materials and computer sensors. "They said it's not a big deal," Mr. Hubbard recalls.

Welcome Attention

For GM and Ford, who long felt they had a frosty relationship with the Bush White House, it was welcome high-level attention. Mr. Hubbard prodded Mr. Ford to make sure consumers knew they could use ethanol in certain models, says one Ford official.

The White House has also consulted closely with farm-state lawmakers. At an Agriculture Committee hearing in November, Minnesota's Republican Sen. Norm Coleman foreshadowed Mr. Bush's famous speech, saying Americans are "addicted to foreign oil," and arguing that "farmers are a major part of our energy independence." He said he favored a sugar-to-ethanol program, which would happen to benefit his home state's sugar-beet industry.

Mr. Bush personally inserted the "addicted to oil" phrase in his State of the Union speech, and knew it would have a shock value coming from a one-time oilman. "I kind of startled my country when, at my State of the Union, I said we're hooked on oil and we need to get off oil," he said during a trip to Europe in June. "That seemed counterintuitive, for some people, to hear a Texan say."

The oil industry wasn't happy with the president's sound bite but was pleased that he didn't propose big initiatives such as a mandate requiring gasoline stations to sell ethanol, says Red Cavaney, president of the American Petroleum Institute, the industry's trade group in Washington. "We were not directly consulted nor were we kept in the loop" about the language, he says.

Seeking to capitalize on the speech, GM moved up the start date of its "Live Green, Go Yellow" advertising campaign by several weeks, to the following weekend's Super Bowl. The campaign promotes the use of ethanol made from yellow corn as a way of helping the environment and reducing dependence on foreign oil.

Already, GM has seen its sales of flex-fuel vehicles jump. The company is on a pace to sell twice as many of these cars and trucks this year as it did in 2005. Incentives have helped drive especially strong demand in Chicago and Minneapolis. In September, GM will send every owner of a vehicle that can use ethanol a yellow gasoline cap. Even Toyota Motor Corp., a leader in hybrids, said last month it might build ethanol-using cars for the U.S. market. Honda Motor Co., too, is considering the idea.

Whether drivers of these cars will find ethanol and buy it remains an open question. Wal-Mart Stores Inc. is among the national retailers that are looking at selling E85 -- the standard mix of 85% ethanol and 15% gasoline. But oil majors such as Exxon Mobil Corp. and many independent operators who run gasoline stations carrying their names remain skeptical.

The ethanol industry is confident it can persuade stations that the market is real, said Bob Dinneen of the Renewable Fuels Association, the ethanol lobby. The market, he says, "will develop, but it will develop over time and over years."

Gas Prices Hold Steady Despite Oil Field Shutdown (NYT)

By John Holusha

The New York Times, August 9, 2006

Gasoline prices held steady today, the AAA reported, despite the prospective shutdown of an Alaskan oil field that supplies about 2.6 percent of the nation's crude oil production.

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The national average price for a gallon of regular was $3.036, the same as the previous day, the association reported. Even on the West Coast, where much of Alaska's oil is refined, prices were little changed.

And there were indications that the cutoff of supplies may not be as large as initially feared. Samuel W. Bodman, the energy secretary, speaking at a news conference on Tuesday morning, said that the United States was prepared to cope with the temporary loss of 400,000 barrels a day of production, and that the loss might not be that large.

He said that it was possible that the western half of Prudhoe Bay, producing 200,000 barrels a day, could keep operating, though the eastern half would probably have to be shut down because of corrosion problems in feeder pipelines.

Mr. Bodman said that crude stocks in California stood at 55.5 million barrels at the end of July, which was 5.5 million barrels higher than at the same time in 2005. Nationally, crude stocks stood at 333.7 million barrels, up from 318 million barrels a year ago, he said. And inventories of gasoline and other distillate fuels were also higher at the end of July than they were a year earlier, he said.

If more crude is needed to make up a production shortfall, he said, Ecuador, Colombia and Mexico could help, or oil could be released from the Strategic Petroleum Reserve if necessary. Later in the day, Mexico and Saudi Arabia issued statements saying they were prepared to step up shipments to the United States.

"We believe we know how to handle this type of situation," Mr. Bodman said at the news conference.

The giant oil company that operates the Prudhoe Bay field, BP, said late Sunday night that it had found unexpectedly severe corrosion in pipelines serving the field and would have to shut the field down while repairs are made.

BP officials in London said the conditions in Alaska are highly unusual, with the pipes elevated over the permanently frozen soil and exposed to weather conditions that are not endured by most pipelines, which are underground.

"The circumstances related to this pipeline are unique," said Wendy Silcock, a BP spokeswoman, at the company's headquarters in London. "There aren't any lessons or issues that can be applied to other lines."

As a result, she said, the company is not making any special new efforts to inspect the hundreds of miles of pipelines it operates around the world.

Although it may take months to replace the 16 miles of Prudhoe Bay feeder pipes that have been found to be corroded and, in one location, leaking small amounts of oil, the main Trans Alaska Pipeline remains in service. It may be possible to use other feeder pipes to transport crude oil from parts of the Prudhoe Bay field to the main line for shipment to the lower 48 states.

Repairs may be delayed by difficulty in obtaining suitable pipe. Industry reports indicate that manufacturers of the type of steel pipe used in oil and gas pipelines are sold out through the third quarter of 2007. And even if a steel mill were willing to disrupt its production schedule to accommodate a big customer like BP, it could still take months to deliver the pipe to northern Alaska.

Bob Malone, the chairman of BP America, said the company would work to develop a parallel feeder network to keep the Prudhoe Bay field at least partly in production as the repairs are made.

Speaking at a press conference on Monday, he said the company was looking at "opportunities that we feel technically competent that we can run certain portions of the field and continue production safely."

Other BP officials said alternate pipelines were identified and used after an earlier oil spill. The inspections that found the corrosion problem were undertaken after a major spill in March.

Nevertheless, the Energy Information Administration, a part of the Energy Department, said the supply interruption from Alaska and the summer heat wave would drive up the price of oil up in August by $3 a barrel on average, to $76.50.

The benchmark near-month contract for light, low-sulfur crude oil closed at $76.34 a barrel at the end of daytime trading on the New York Mercantile Exchange, off 64 cents from Monday's close.

Gas Prices Alter Habits Of Many, But Far From All (NYT)

By Kirk Johnson

The New York Times, August 9, 2006

DENVER, Aug. 8 — Car owners across the country braced themselves on Tuesday for another smack in the face at the gasoline pump, as the shutdown of the giant Prudhoe Bay oil field in Alaska rippled through energy markets and consumer psyches.

But Justin Ogle, a newly minted light-rail commuter, was calm. Mr. Ogle and his wife, Lauren, bought a new home two months ago, partly to be near the train tracks.

"Rising gas prices are going to force us to be more efficient," Mr. Ogle, 29, said, looking up from the newspaper as his train rattled toward downtown Denver, where he works as an architect.

Americans are deeply divided in their responses to high gasoline prices, as they are on so many other things, including politics, class and culture. Many say they are using less gasoline, but for every Mr. Ogle, there may well be a Glennis Claxton.

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Ms. Claxton, a 26-year-old student at Rice University, does not own a car, but she said she had gotten so fried by riding the sweltering buses in Houston that she was thinking of buying one, even with the price of gas what it is.

Researchers, pollsters and ordinary Americans in interviews on Tuesday said they saw no broad national experience or commonality of sacrifice when it came to gasoline, even when the nation endured a jolt like the one from Alaska.

Wealthier people have more choices than others in how and whether to adapt — to drive just as much or buy an expensive hybrid vehicle. Hispanics, lower-income households, urban residents and younger people, according to a national poll by the Pew Research Center, are more likely to change their behavior by carpooling or using mass transit.

There are often regional disparities, too; the West Coast, for example, is likely to be hit hardest by the closing of Prudhoe Bay, experts said, because the Alaskan oil mostly feeds refineries in the West.

Even ethanol, the alcohol additive that is being used more frequently as a component in the nation's fuel supply, can be a point of division. Environmentalists like the additive because it pollutes less, but some energy experts say that ethanol-gas mixtures are less efficient as a fuel and may be leading to more gas consumption. Some ethanol is in about a third of the nation's gasoline supply, up sharply from last year.

In the Pew Research survey of 1,182 Americans — 1,048 of them drivers — 55 percent said they were driving less because of the recent increases in gasoline prices. The poll, taken from June 20 to July 16, had a margin of sampling error of plus or minus three percentage points.

Yet Americans' overall gasoline appetite has barely budged. Total use this year is up about one-half percent to 1 percent compared with 2005, according to federal figures — a slower rate of growth than in the past, but hardly the mark of a nation with its foot fully on the brake.

There are anecdotal glimpses of a drop in driving. The number of passengers taking rail service in Los Angeles County in June was up 11 percent from last year. And the number of cars passing through the Eisenhower Tunnel on Interstate 70 in the Colorado Rockies, which has been rising slightly since 2002, fell slightly in July compared with the same time last year. The decrease is the first since 2001, according to the State Department of Transportation.

Anna Samson, 24, a psychology major at the University of Southern Maine in Portland, said that for her the issue of gasoline supplies came down to milk — at least this week.

"Last night I realized I didn't have milk for breakfast, and that I wasn't going to eat breakfast in the morning," Ms. Samson said Tuesday in an interview. "I wasn't going to go out to get milk because I have to take my car to work, and I didn't want to use the gas."

Experts say the apparent paradox of public reaction to price increases — a majority of people saying they are driving less, but more gas is still being sold year after year — could be explained by several factors, not the least of which is that people sometimes give pollsters and reporters answers they think are more socially acceptable or expected.

"We don't really know the impacts of all these things," said John C. Duff, manager of the weekly petroleum status report surveys for the Federal Energy Information Administration.

Mr. Duff said that demand for gasoline this year had definitely flattened, compared with previous years' increases, suggesting that some people were using less. But those cutbacks may be overwhelmed by other forces, including bigger cars and more miles being driven by a growing population, and perhaps, he said, reduced mileage from cars burning more ethanol.

Researchers at Pew say the pattern of consumers using less when high prices linger has been seen before, in the gasoline price spikes of the 1970's and early 1980's. Per capita consumption of gasoline has fairly consistently mirrored the average price per gallon since at least 1977, falling when prices increased, rising when prices fell, according to the Pew study, which is scheduled to be released Wednesday.

Other experts say the nation's shifting economic, demographic and urban terrain in recent years — greater disparity of rich and poor than in the 1970's, and more transportation options than a generation ago, including mass transit rail lines in more cities and hybrid cars — is making this spike different.

Jose Vargas said he thought the changes he had made to conserve gasoline were probably permanent, for better or worse.

Mr. Vargas, 45, said he used to hop into his gas-guzzling GMC Jimmy, a sport utility vehicle, and drive to work in downtown Manhattan from his home in West New York, N.J. Now he rides the bus. He used to drive to the beach at Sandy Hook, N.J., about 30 miles away, three or four times a month. Now he mostly stays home.

Mr. Vargas predicted that gasoline would reach $3.50 a gallon before the end of the month, and he shook his head in disbelief.

"It's only going to get more expensive, and once it goes up, it will never come down," he said.

BP Given Earlier Warning Of Corrosion (FT)

By Sheila Mcnulty In Houston

Financial Times, August 9, 2006

BP's board and London-based executives were informed of widespread corrosion at the UK oil giant's Alaska field two years before the company was forced to shut it this week, citing "unexpectedly severe corrosion".

On May 22 2004, Chuck Hamel, an advocate for BP workers in Alaska, took the charges directly to Dr Walter E. Massey, chairman of the environment committee of BP's non-executive board of directors.

In the letter, Mr Hamel told Dr Massey that in the previous four years BP employees and contract workers had brought to him concerns about safety, health and threats to the environment at Prudhoe Bay, Alaska.

"They seek to see the corrosion problem addressed and corrective action undertaken without further delay and before any of their colleagues at Prudhoe are harmed," he wrote in the letter, a copy of which was given to the Financial Times at the time.

Mr Hamel warned Dr Massey that, as a board member, he owed it to shareholders to investigate. He said he would facilitate interviews with the BP engineers and corrosion experts if his committee provided assurances they would not suffer retaliation.

On July 27 2004, Dr Massey wrote to Mr Hamel urging him to provide BP management "sufficient specificity" but without offering the requested protection.

The workers told Mr Hamel that Vinson Elkins, BP's Houston lawyer, went to Alaska with questions that seemed aimed more at identifying whistleblowers than uncovering corrosion.

Dr Massey referred questions by the FT at the time to BP, which gave assurances that corrosion was under control.

On Tuesday, Ronnie Chappell, BP spokesman, said: "I know there have been concerns raised about adequate corrosion inspection program raised by Hamel over time. We have looked into those."

For BP, A Pair Of Repairs (WP)

By Steven Mufson And Juliet Eilperin

The Washington Post, August 9, 2006

Sitting in his Madison Avenue offices two weeks ago, with contemporary art on the walls and a commanding view of Midtown Manhattan, BP PLC chief executive John Browne was asked about the different images of BP, then the world's second-largest oil firm, and its larger rival, Exxon Mobil Corp.

"It's not a matter of competition," Browne said. "It's a matter of different character."

Now the character of BP is being tested. On Sunday, the company revealed that a March oil spill in Alaska stemmed from pipeline corrosion so widespread that BP will suspend all production in Prudhoe Bay, the largest U.S. oil field, while it replaces 16 miles of pipe.

The pipeline fiasco has dealt a particularly hard blow to BP because it has smudged the company's environmentally correct image. For the past seven years, the company has trumpeted its concern for the environment in ads like ones that say, "It's time to turn up the heat on global warming," or "It's time to think outside the barrel." And when Browne talks about "values," he is talking about principles and ethics, not stock values.

Now critics allege that BP neglected its pipelines for years and that its corporate culture fostered disregard of warnings about maintenance. Members of Congress have called for investigations and tougher federal oversight. Energy Secretary Samuel W. Bodman said yesterday that it could take BP six months to get Prudhoe Bay back to full production. And BP's rank among publicly traded oil companies slipped to third as its stock price dropped, pushing its market capitalization below that of Royal Dutch Shell PLC.

On anxious oil markets, prices edged down only slightly yesterday, to $76.31 a barrel on the New York Mercantile Exchange.

In the world of corporate image making, BP's image campaign is still viewed as a striking success. After British Petroleum acquired Amoco and Atlantic Richfield Corp. in 1999, the company needed to rebrand its new U.S. subsidiaries. Abandoning the name British Petroleum and trademark shield, it asked a big ad firm to come up with a new sunny logo and simplified its name to BP, which it said stood for "beyond petroleum."

Ogilvy Public Relations Worldwide uses the campaign it coordinated as a case study. "The rebranding entailed the introduction of a new visual identity . . . designed to help BP transcend the oil sector, deliver top-line growth and define the company as innovative, progressive, environmentally responsible and performance driven," Ogilvy's Web site said. The ads won two PRWeek magazine's campaign of the year awards in 2001.

Browne gained an element of celebrity unusual for oil executives. Vanity Fair featured him in its recent "green" issue, along with celebrities such as Ed Norton and Julia Roberts.

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"Their campaign worked. You can argue on whether they're green, but they've clearly gained brand trust and brand value," said Andrew S. Winston, co-author of the upcoming book, "Green to Gold: How Smart Companies Use Environmental Strategy to Innovate, Create Value, and Build Competitive Advantage."

In the oil business, some executives are green with envy over the greening of BP's image. Many claim that there is more packaging than substance to BP's claims of concern and that BP inflates the $1 billion a year figure it says its spends on alternative energy by including co-generation projects common in heavy industries. Exxon, for example, spent $1 billion over the past two years on co-generation.

Even $1 billion is a small fraction of the $16 billion BP plans to invest in oil and gas operations this year. David Hamilton, Sierra Club's global warming and energy program director, points out that BP's investments in alternative energy amount to 5.7 percent of its annual capital spending.

But BP's alternative energy division also includes wind farms in the Netherlands, a hydrogen power plant in Scotland, and a solar firm that is the second largest in the United States. And the company has lowered its own greenhouse gases to 10 percent below 1990 levels, in line with the Kyoto Protocol and beating the protocol's deadline by several years.

In an interview in New York, Browne said that BP's concern is real. "If this is PR, I can think of a much cheaper way of doing it," he said. "BP spends a lot of time developing and thinking and doing things about what it actually stands for because it believes, we all believe, that it's the right way to do business and gain more business."

In fact, the distinction between BP and other oil companies on environmental issues predates the rebranding campaign. In 1997, the Cambridge- and Stanford-educated Browne broke with other oil industry leaders by declaring that to ignore climate change warnings "would be unwise and potentially dangerous." He ended the company's financial support for an organization that questioned climate change science. (Exxon still funds the group.)

Activists give BP credit for efforts it has made to reduce its impact on the environment, whether through increased energy efficiency, investments in renewable power or refusing to drill in environmentally-sensitive areas. Since 1998, the company has saved $1.5 billion by cutting millions of tons in carbon emissions, and in March BP pledged not to explore for energy in regions critical to wildlife.

Browne is sounding themes similar to those he hit in 1997. "We have to think about why everyone thinks there's a tradeoff between energy and environment. Can we narrow the gap? Because we need both," he said.

Though Exxon's chief executive, Rex W. Tillerson, says companies need to explore energy alternatives, he does not apologize for Exxon's approach. "Fundamentally . . . we've got a business to run first," Tillerson said at the company's May 30 annual meeting in response to a shareholder's question about the company's alternative energy spending. Tillerson said existing technologies were not good enough anyway. Exxon gives about $10 million a year to a research institute at Stanford University and says it is working with Caterpillar Inc. and Toyota Motor Corp. to come up with a more efficient internal combustion engine.

Tillerson is also sticking to his determination to question scientists who say carbon dioxide emissions are causing global warming. "We think it's important that there be a very meaningful debate about it," he said at the annual meeting. "And it ought to consider all the skeptics because skeptics sometimes identify an issue that hasn't been thought about."

In a speech delivered two weeks later, Browne said that when companies denied that climate change was a serious issue and said there was nothing business could do, "it gives business a bad name."

Now, however, BP has to restore its tarnished name. In addition to the pipeline problems, BP is still sorting out repairs and lawsuits from a 2004 explosion that killed 15 people at its Texas City, Tex., refinery.

Some other oil companies worry that BP's problems at Prudhoe Bay will cast a dim light on the industry, damaging chances to convince Congress to permit drilling in the Arctic National Wildlife Refuge (ANWR) or allow the construction of a natural gas pipeline in Alaska.

On this issue, too, BP already parted ways with the oil industry. In 2002 the company pulled out of the main ANWR lobbying group, Arctic Power, and in March 2004 BP board chairman Peter Sutherland declared that drilling on ANWR's coastal plain "is not part of our current business plan."

"They decided the economic gain wasn't worth the political risk," said Athan Manuel, who directs lands protection for the Sierra Club and who negotiated with BP officials over drilling in ANWR several years ago.

Like many environmentalists, however, Manuel gives BP only a qualified endorsement. "Compared to their colleagues in the oil and gas industry, they're the best," he said. Manuel added, however, "Being the best of the oil industry is like being the smartest of the Three Stooges. At the end of the day you're Moe, you're still a stooge."

BP Faces Scrutiny For Pipeline Shutdown (AP)

By H. Josef Hebert, Associated Press Writer

AP, August 9, 2006

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BP Faces Scrutiny for Shutting Down Alaska Pipeline, Role in Oil Spill

WASHINGTON (AP) -- Shutting its North Slope operations is only the latest problem for oil giant BP, which already is the target of a federal grand jury, the Environmental Protection Agency and congressional investigators for letting its Alaska pipeline crumble.

The Justice Department is pursuing possible criminal charges in connection with the oil spill in March on one leg of BP's feeder system in its Prudhoe Bay field.

A federal grand jury is taking evidence in that case in Anchorage. The Justice Department is demanding BP Alaska cut a 12-foot section of pipe where the leak occurred and send it to investigators.

At the same time, members of Congress are pressing for hearings, possibly in September, into BP's maintenance of its pipeline system as the company prepares to complete the shutdown of its North Slope operation to make repairs -- at a loss of 400,000 barrels of oil a day.

"The U.S. Congress has an obligation to hold hearings to determine what broke down here," said Rep. John Dingell of Michigan, the ranking Democrat on the House Energy and Commerce Committee.

Meanwhile, the pipeline repairs -- and loss of more than half of Alaska's crude oil -- are likely to take months, curtailing Alaskan production into next year, according to the Energy Department.

"It will take months to fix so we must deal with the issue at hand," Energy Secretary Samuel Bodman said Tuesday.

"There seems to be a belief that a complete shutdown of the Prudhoe Bay system may not be necessary," Bodman said after talking with BP executives. Bodman said BP was looking at possible ways to allow continued production from half the oil field while repairs are made.

Trying to calm the markets, Bodman said there are adequate supplies of crude oil in inventory and available from other producers to make up for the losses from Alaska. Alaska's oil primarily goes to West Coast refineries.

"Substitutions for Alaska crude oil, we believe, are available," Bodman told reporters. Oil prices retreated slightly Tuesday after Bodman's upbeat assessment.

Even before the spill in March dumped 270,000 gallons of oil onto the tundra, BP's maintenance of its pipelines had come into question.

Company whistleblowers reportedly raised concerns about how the company dealt with pipe corrosion as early as 2004, eventually leading to an inquiry into possible violations of the federal Clean Water Act by the Environmental Protection Agency's office in Seattle -- an investigation that intensified after the March spill.

The EPA, following standard policy, declined on Tuesday to confirm or deny such an investigation.

Charles Hamel, 76, a retired management consultant, said Tuesday that technicians within BP Alaska's pipeline maintenance division contacted him in 2004, complaining of inadequate attention to pipe corrosion.

He produced a letter he said he sent that year to a member of BP's board of directors, Walter Massey, asking that the whistleblower's complaints be investigated, but Hamel said he was rebuffed. Instead, the company dispatched two lawyers from Washington to the North Slope who asked questions about employee discontent, he maintained.

Massey, president of Morehouse College, did not return a message left at his office, and a receptionist referred calls to BP. A BP Alaska spokesman did not return telephone and e-mail requests for comment.

In a letter in June to the Transportation Department agency that regulates pipeline safety, BP Alaska cited the grand jury probe as one reason it had not been able to comply with agency demands to conduct required corrosion tests on the western half of its feeder pipeline system.

A grand jury subpoena demanded the 12-foot section of pipe where the March spill occurred be cut away and provided to investigators. This could take six months, the company said, preventing the necessary corrosion tests.

But in a letter to PB Alaska last month, the department's Pipeline and Hazardous Materials Safety Administration demanded the company move more quickly and expressed concern about the condition of the pipes.

It noted that BP believed that the "enhanced corrosion" in a three-mile section of pipe, where the March spill occurred, was caused by the development of bacteria in the pipe as a result of too low a dose of corrosion inhibitors being used.

The agency said it also was concerned that months after the spill, some 17,000 barrels of oil had yet to be drained from that section of pipe.

"The stagnant environment ... in combination with other risk factors, including the presence of water in the pipeline, poses an ongoing leak threat," the agency said in its July 20 letter to BP Alaska. If conditions are not corrected, the agency continued, there could be a risk of "serious harm to life, property or the environment."

Thomas J. Barrett, the federal pipeline agency's administrator, acknowledged in an interview with AP Radio on Tuesday that before the spill in March, the agency viewed the BP feeder lines as a low priority.

He said they were low-pressure, in a rural area and had no history of spills. Still, he said, BP should have provided a higher standard of care, and the agency is now paying closer attention to such pipelines.

AP Business Writer Dan Caterinicchia contributed to this report.

Worries Rise Over Pipeline Reliability (USAT)

By Brad Heath And James R. Healey

USA Today, August 9, 2006

Pipeline damage that crippled the nation's biggest oil field this week is triggering worries about not only the safety record of energy giant BP but also the reliability of the 200,000 miles of pipe that moves oil products across the USA.

Some of that pipe was installed 100 years ago; most in the 1960s and '70s.

"We're learning that BP did not do its maintenance, but also that federal regulators have been asleep at the switch," Sen. Charles Schumer, D-N.Y., said Tuesday. He demanded that federal regulators inspect interstate pipelines in the next 30 days "before another disruption causes a national energy emergency."

BP on Sunday ordered the shutdown of the Prudhoe Bay, Alaska, oil field, source of 8% of oil produced in the USA. A pipeline was dangerously corroded. BP said the line, built in 1977, hadn't been scrubbed of sludge since 1992.

Regulators had ordered BP to test the line after a similar one at the oil field ruptured in March, spilling more than 200,000 gallons of oil. BP said this summer it could not meet the government's deadline because too much sludge — a cause of corrosion — was in the line to send a probe known as a "smart pig" through, said James Wiggins, a spokesman for the U.S. Pipeline and Hazardous Materials Safety Administration.

BP ultimately tested parts of the line and found corrosion had eaten more than two-thirds of the way through its walls in spots, triggering the shutdown.

The cause is being investigated, but "poor maintenance was obviously a factor," Wiggins said.

BP plans to replace 16 of the 22 miles of pipeline it operates around Prudhoe Bay. Spokesman Daren Beaudo said the company would ask regulators for permission to continue some production while repairs are made. The government said it expects the field back in full production after January.

U.S. crude prices, which shot up after the shutdown was announced, closed Tuesday at $76.31, down 67 cents.

Beaudo said BP would "upgrade" inspection practices at Prudhoe Bay.

Corrosion inside and outside the pipes is the biggest single cause of pipeline leaks, resisting eradication even as the industry minimizes other problems.

Data from the federal Office of Pipeline Safety show that from 2002 to mid-2006, internal corrosion, such as that at BP, was blamed for 60 of 593 pipeline accidents, totaling 69,292 barrels, causing $8.1 million in damage.

Corrosion can't be halted, only slowed, notes Tony Keane, executive director of NACE International, a corrosion engineers' trade group. "It has to be an ongoing maintenance process."

A 2001 regulation requires tests every five years. Low-pressure lines such as those at Prudhoe Bay, presumed safer, are not subject to the federal rules.

Lessons From Prudhoe Bay (NYT)

The New York Times, August 9, 2006

No sooner did BP announce that a corrosion problem was forcing a shutdown of its pipelines serving Alaska's Prudhoe Bay than prices again shot up, with oil temporarily gaining more than $2 a barrel, to nearly $77, and gasoline rising five cents a gallon in some cities. Consumers are understandably rankled. But there's nothing necessarily predatory about what's going on — this time.

Refineries and gas stations that are not well stocked rush to buy when there's a sudden shortage, provoking an immediate price increase. Meanwhile, BP and the other oil companies that share in the Prudhoe Bay oil field stand to lose more from the shutdown than they will reap from a spike in prices.

What is predatory is some politicians' attempt to use the shutdown to realize their drilling dreams. Pete Domenici, the Senate Energy Committee chairman, was quick off the mark pronouncing BP's travails as yet another reason to drill more at home.

That's backward, for two reasons.

First, even all-out drilling won't vaccinate the market from unexpected shortages because there simply isn't enough potential domestic supply to dent Americans' demand. The United States holds only 3 percent of global oil reserves, yet uses 25 percent of the world's oil.

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Until we have marketable alternatives to oil, the only thing that will truly reduce Americans' vulnerability to oil shocks is reduced demand. According to the nonprofit National Environmental Trust, if Americans had started a 10-year phase-in of 40-mile-a-gallon driving standards in 2001, they would already be saving 267 million barrels of oil a year. That's nearly twice the amount produced annually at the Prudhoe Bay field.

No matter what Mr. Domenici and other oil company cheerleaders say, the BP fiasco also reminds us why we should not put the fate of America's wilderness in the hands of the oil companies.

BP has a lot of explaining to do, starting with why the ragged condition of its pipelines went undetected for so long. But it has already reinforced one lesson: True energy security does not entail more drilling, especially in Alaska.

Loss Of One Oil Field Stings; Scores More Lie Untapped (USAT)

USA Today, August 9, 2006

In this summer of discontent about $3-a-gallon gasoline, the energy market is taking on a Murphy's Law quality: Anything that can go wrong, will.

The latest thing to go awry is the shutdown of the USA's biggest oil field, on Alaska's North Slope, as a result of severe corrosion in a BP pipeline.

Because the Prudhoe Bay field yields about 8% of daily U.S. oil production, its closure for weeks or months is expected to add another 5 to 10 cents to the price of gas. Yet the field's shutdown need not be a calamity if the right lessons are learned:

· First, and most obvious, is that the big oil companies, rolling in record profits, have no excuse for not properly maintaining their pipelines. It's mind-boggling that BP, which earned $7.3 billion in the second quarter of this year, last tested its Prudhoe line with a corrosion-sensing device called a "smart pig" in 1992.

· Second, the shutdown highlights the need to expand domestic oil production, which is dangerously concentrated in Alaska and the hurricane-prone Gulf of Mexico.

In a tight oil market like the current one, any disruption in supply has severe consequences. America imports 60% of the oil it consumes, pumping petro-dollars into unstable or hostile regimes, several of which underwrite radical Islam.

Over the next two decades, U.S. demand for oil will increase by a third, the U.S. Department of Energy estimates. Alternative energy sources won't come close to meeting that demand for the foreseeable future. Yet while the lower 48 states are surrounded by billions of barrels of oil offshore, energy companies have been prevented from drilling for it, except in portions of the Gulf Coast.

A moratorium on drilling off the Atlantic and Pacific coasts has been in effect for 25 years. Efforts to drill in Alaska's Arctic National Wildlife Refuge, with reserves that rival Prudhoe Bay, have so far been thwarted by environmental concerns.

Those concerns are real, as proved by the March leak in a BP low-pressure Alaska line that spilled more than 200,000 gallons. But newer technology, along with tougher oversight by regulators, can minimize the impact of drilling.

Responding to an electorate unhappy with high gasoline prices, Congress is showing signs of breaking the not-in-my-backyard syndrome. The Senate voted last week to open 8.3 million acres in the Gulf to drilling. A House bill passed in June would effectively end the moratorium and allow drilling on most of the outer continental shelf in the Atlantic and Pacific. Legislators will try to iron out a compromise when they return to Washington next month.

That would be progress, but it should not be oversold to election-year voters. It would have little immediate impact on oil supply or prices. If new drilling started today, it would take five or more years before a drop reached consumers. Over the long term, the nation can't drill its way to energy independence; it must develop alternative fuels and more energy-efficient vehicles, homes and offices.

For now, though, more diverse domestic exploration needs to be part of the solution, even if it won't help immediately. After all, where would the nation be if Alaska's North Slope had remained untouched? This week, unfortunately, we're finding out.

Drilling Isn't The Answer (USAT)

USA Today, August 9, 2006

Opening our nation's coastline to drilling will do nothing to end our dangerous dependence on oil. It will do nothing to lower gas prices for American families and businesses. But Big Oil will love it.

There's no denying that America faces an urgent energy challenge. We can continue the current expensive and unsustainable energy practices and policies that have left us addicted to oil. Or we can make the changes and take the actions that will put us on the path to a smarter, cheaper and cleaner energy future.

The latest discovery by BP of severe corrosion in a Prudhoe Bay, Alaska, pipeline is a reminder that oil and gas drilling is a dirty and messy business. Instead of committing to destructive drilling off our beaches, Congress could be adopting smart energy solutions that would help wean Americans off oil and save money at the pump.

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For example, if our cars, trucks and SUVs together averaged 40 miles per gallon — something that is achievable with existing technology — we would save as much oil as the United States currently imports from the Persian Gulf, with another million barrels to spare. And the average driver would save nearly $600 a year at the pump.

Sacrificing America's shoreline is not what will bring down — and keep down — energy prices. Four times more natural gas is available in areas already open to drilling than in waters protected by the moratorium, and the industry is using only 18% of what it already has access to. It should use what it has first before going after the last protected places.

There is no magic solution to America's energy problems. But if we want to leave our children and grandchildren a healthy planet, our generation must decrease its dependence on polluting, global-warming-causing petroleum and other finite fossil fuels.

We know our nation can do it. Our history shows that there are few challenges we have not overcome with American ingenuity. Now we just need the political will and courage — something that is in short supply these days in Washington.

Carl Pope is executive director of the Sierra Club, the nation's oldest environmental group.

Crisis In The Pipeline By (WSJ)

The Wall Street Journal, August 9, 2006

Daniel YerginThe abrupt shutdown of the Prudhoe Bay oil field on Alaska's North Slope adds to the slow-motion supply shock that's been pushing oil prices up the "wall of worry." It comes on top of the interruption of production by insurgents in Iraq and Nigeria, continuing production declines in Venezuela since President Hugo Chávez consolidated his rule, and some supply that has yet to come back after last year's Gulf of Mexico hurricanes.

Add it all up, and about 2.3 million barrels per day of capacity is currently out of commission. Though only about 2.6% of total world capacity, this loss is very significant in a market where the balance between supply and demand is so tight. It exceeds the extra "spare capacity" that is the shock absorber for the oil market.

Unlike what is happening in Nigeria, Iraq and Venezuela, Prudhoe Bay's troubles are of an engineering nature that can be fixed, perhaps in a matter of months. And despite the recurrent images, the problem is not along the 800-mile Trans-Alaska Pipeline System (TAPS), but in the far smaller network of pipes that gathers crude oil from wells. While challenging, replacing 10 to 22 miles of gathering pipes is not on the same order of difficulty as quelling an insurgency spilling out of the creeks of Nigeria's Delta region.

Moreover, the reason for the shutdown was precautionary -- not an accident, but rather the detection of greater-than-expected corrosion inside the pipes, along with a leakage totaling about five barrels. * * *

Prudhoe Bay, along with the other subsequently discovered fields on the North Slope, has been a bulwark of U.S. energy supply for several decades. Yet it almost did not get discovered. In the mid-1960s, after a string of dry holes, the explorers were about to give up. But since the drilling rig was still on the slope, and already paid for, they decided to have one last try -- and the discovery well came in with a roar on the day after Christmas, 1967.

The next thing was to build the system. But that, too, almost did not happen. Trucks and tractors and pipe were brought up to a staging point on the banks of the Yukon River. And there they stayed, unmoving, for half a decade, as development was held up by environmental objections. The project only got the go-ahead after the tumultuous shock of the 1973 oil embargo. By 1977, oil was moving down the TAPS pipeline.

Prudhoe Bay turned out to be the largest oilfield ever discovered in North America. It proved critical to improving America's energy position -- adding two million barrels per day at the same time that automobile fuel-efficiency standards were saving two million barrels per day. Although Prudhoe Bay's output -- 400,000 barrels per day, out of 860,000 on the entire North Slope -- is far lower than it was in the 1980s, the field has been a workhorse. While its proven recoverable reserves were originally estimated at 9.6 billion barrels, output to date has been 11.7 billion barrels, with at least another two billion still to go.

The sooner Prudhoe Bay is safely back in operation, the better: A market this tight is very vulnerable to shocks of any kind. The shocks don't have to be physical. From late March, the price of oil has been primarily driven up not by actual disruption (until Prudhoe Bay); rather, it has been fear of disruption -- arising from anxiety about Iran's looming showdown with the United Nations over its nuclear program, and about the possible spread of the conflict between Israel and Hezbollah -- compounded by the suspicion that the two may not be unconnected. The math in the mind of the market is pretty simple: Iran's exports of 2.5 million barrels per day are considerably bigger than the current spare capacity in Saudi Arabia and a few other countries. (Still, it should be remembered that the U.S. Strategic Petroleum Reserve, and the strategic stocks held by other governments, are equivalent to almost 600 days of Iranian exports.)

Yet there is another side to the picture, though not one that spells relief any time very soon. Despite fears of "running out" of oil, Cambridge Energy Research Associates' new analysis of oil-industry activity points to a considerable growth in the capacity to produce oil in the years ahead. Based upon our field-by-field examination of current activity and of 360 new projects that are either underway or very likely, we see capacity growing from its current 89 mbd to 110 mbd by 2015, a 25% increase. A

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substantial part of this growth reflects the advance of technology, i.e., the rapid growth in "non-traditional" hydrocarbons, such as from very deep offshore waters, Canadian oil sands, and liquids made from natural gas. (We are not counting in this increase the additional supplement that will come from ethanol and other fuels made from plants.)

There are important qualifications, however. First, this is physical capacity to produce, not actual flows, which, as we have seen over the last year, can be disrupted by everything from natural disasters to government decision, to conflict and geopolitical discord. Second, while prices are going up rapidly, so are costs; and shortages of equipment and people can slow things down. Third, greater scale and technical complexity can generate delays. Still, a 25% increase in physical capacity by 2015 is a reasonable expectation, based upon today's evidence, and that would go a long way to meeting the growing demand from China, India and other motorizing countries.

Admittedly, it may be hard to conceive of this kind of increase when oil prices are climbing the wall of worry, when each new disruption reverberates around the world, when Iranian politicians threaten $100 or $250 oil in the event of sanctions, and when so many geopolitical trends seem so adverse. All this underlines the fact that while the challenges below ground are extensive, the looming uncertainties -- and risks -- remain above ground.

Judge OKs Camping Ban Near Bush Ranch (AP-Y)

By Angela K. Brown

AP2, August 9, 2006

Roadside camping and parking bans are constitutional, a federal judge ruled, blocking protesters from pitching tents or placing portable toilets in ditches near President Bush's ranch.

Protesters sought to make a smaller makeshift campsite than what Cindy Sheehan set up a year ago off the winding, two-lane road leading to Bush's ranch, said attorney David Broiles, who sued on behalf of Sheehan and four other anti-war demonstrators.

But less than a week after asking the protesters and McLennan County officials to try to reach a compromise, U.S. District Judge Walter S. Smith ruled unexpectedly late Monday that the county ordinances enacted last fall are constitutional.

"I can't speculate about why," Broiles said, adding that his clients may appeal the ruling or continue trying to reach a compromise with the county.

Herbert S. Bristow, one of the attorneys who represented the county in the lawsuit, said he was not surprised by the judge's ruling because the ordinances — banning parking on parts of 14 roads near Bush's ranch and prohibiting camping in any county ditch — were well-researched.

Last fall, county commissioners banned roadside camping and parking after Sheehan's small group of protesters swelled to several thousand people on weekends and locals complained of the noise, traffic and odor from portable toilets.

Sheehan and a handful of protesters sat in chairs across from a roadblock near Bush's ranch again Tuesday, where she also released 18 balloons with postcards saying she wanted to meet with the president.

Sheehan kicked off her summer protest Sunday on a 5-acre lot she bought last month. The land near downtown is more than 7 miles from the ranch, much farther from the group's second protest site, a 1-acre lot a sympathetic landowner let the group use until recently.

Bush Tells Staff To Make A Run For It (LAT)

By Peter Wallsten

The Los Angeles Times, August 9, 2006

CRAWFORD, Texas — President Bush knows how to turn up the heat on his staff.

Tugging at their pride, and perhaps straining their loyalty, the exerciser in chief presided Tuesday over the latest inductees into the 100-Degree Club — the clique of White House aides brave (or perhaps gullible) enough to run three miles in the blazing August sun of central Texas.

The run, whose participants included new White House Press Secretary Tony Snow and a dozen or so other staffers, commenced around 4 p.m. — exactly when local temperature readings hit the three-digit mark.

The prize for those who completed the exercise: a 100-Degree Club T-shirt and a photo with the president, along with a sunburn and a good story to tell friends back home.

Bush, a one-time avid jogger who was forced to stop after developing knee problems in 2003, rode circles on his bicycle around the runners, offering playful taunts and encouragement.

"You can do it! Come on!" he told one aide as the group trotted along a path through the president's 1,600-acre Prairie Chapel Ranch.

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The run has been an annual event since the 2000 campaign, when Bush had a hankering to hit the trails no matter what the temperature.

"It was August and well over 100 degrees," he told Runner's World magazine in 2002. "We landed in Crawford, and I said that I had to go for a run. I knew if I didn't get it in then, I'd never do it. So as I recall, there was a change of shift of the Secret Service agents. And I just told them that we should all go for a run right then. So both shifts of agents went right with me in the heat. And afterward, I had 100-Degree Club T-shirts and certificates printed up and gave 'em away to everybody who went with me."

This week's run came during a 10-day respite from Washington that the White House has described as a working vacation. Since arriving here, Bush has devoted considerable time to policy matters, meeting with aides as his administration tries to forge a peace deal to halt the fighting in Israel and Lebanon.

On Monday, he broke from "ranch-casual" attire to appear in a gray suit before cameras to talk about the United Nations resolution, saying that the disarmament of Hezbollah was one piece of the war on terrorism that he called the "challenge of the 21st century."

But staffers on Monday were buzzing about a different challenge — the next day's 100-degree run. Snow, whose workout routine at a Baylor University gym in Waco, Texas, lasts an hour and a half, prepared by chowing down a greasy burger on Monday from Crawford's famous Coffee Station restaurant.

He predicted that the three-mile run might leave him a bit short of breath.

"It's going to be more of a pant-out," he quipped when reporters asked for a readout on the 100-Degree Club. Then, as if considering how his words might be misconstrued, Snow added, "That does not refer to items of clothing."

Inside Politics (WT)

By Jennifer Harper

The Washington Times, August 9, 2006

W's legacy

Rockets fly between Israel and Lebanon, analysts argue. Ben Stein spelled out the greater truths of it all at the American Spectator yesterday:

"Even if by some miracle Israel wiped out every Hezbollah killer in Lebanon tomorrow, Iran could easily replace them forever. Resupplying the missilery is child's play: just buy it from China, our dear friends, who will sell it to anyone. This means Israel is in for an extremely prolonged, agonizing period of suffering."

"For anyone with even a sliver of sensitivity to see this happening to a people who have already suffered more than any other people in history, is torture. To see George W. Bush stand up for Israel while the left whines about totally meaningless multilateralism -- which means asking France to defend Israel, sort of like asking Martin Bormann to defend Israel -- is to see clear decency versus a waffling, age-old anti-Semitic sickness."

"The line of the fight between civilization and barbarism runs right along the Israel-Lebanon non-border. If it's not won there, it won't be long until the front line is right here, and then it will be too late. When George Bush stands up for Israel, he stands up for the whole future of mankind. Yes, he has flaws and has made serious mistakes, but right now, he is a hero for the ages."

Making cents

A penny for the nation's thoughts?

Although Rep. Jim Kolbe, Arizona Republican, introduced legislation July 16 to do away with the penny, citing the rising cost of zinc and other factors, the public doesn't agree with his contention that the coin is a "nuisance."

Seventy-nine percent of Americans want to keep it, up from 66 percent a year ago, according to a new survey of 1,000 adults released yesterday by Coinstar, which manufacturers those snappy coin-counting machines found in bank lobbies and supermarkets.

Fifty-one percent are concerned about price-rounding to the nearest nickel if the penny disappears, while 63 percent say the penny should be retained as an important symbol of American culture and history. Sixty-nine percent pick up pennies off the ground, while 58 percent are not concerned that the penny costs more to produce than its value. The poll has a margin of error of 3.1 percentage points.

Libs exposed

It's not your father's party anymore: Mean-spirited treatment of Sen. Joe Lieberman by liberal pundits has given Lanny Davis pause. Once President Clinton's one-time special counsel, Mr. Davis is also an old chum of the Connecticut Democrat.

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"This kind of scary hatred, my dad used to tell me, comes only from the right wing -- in his day from people such as the late Sen. Joseph McCarthy, with his tirades against 'communists and their fellow travelers.'" Mr. Davis wrote in the Wall Street Journal yesterday.

He continued, "I came to believe that we liberals couldn't possibly be so intolerant and hateful, because our ideology was famous for ACLU-type commitments to free speech, dissent and, especially, tolerance for those who differed with us. And in recent years -- with the deadly combination of sanctimony and vitriol displayed by the likes of Rush Limbaugh, Ann Coulter and Michael Savage -- I held on to the view that the left was inherently more tolerant and less hateful than the right."

"Now, in the closing days of the Lieberman primary campaign, I have reluctantly concluded that I was wrong. The far right does not have a monopoly on bigotry and hatred and sanctimony."

Calling Ed Murrow

CBS News has begun broadcasting promotional spots for the Sept. 5 debut of Katie Couric as anchorlady. The network's getting all cuddly, judging by the script.

"I believe people really want perspective, and I think there's a way to do that by explaining not just what's happened, but what it means to you," Miss Couric purrs to the camera.

It's the "The CBS News Mush with Katie Couric," according to Brent Baker of the Media Research Center.

"That sounds just like a plug for the worst of gimmicky local-TV 'news you can use.' For Couric's portion of the 15-second promo, CBS made her image fuzzy, as well as the knick-knacks and flowers in the background. Could the Martha Stewart-like stage be the new 'news' set? Beside her you can see a phone and what looks like the top of a computer screen. Maybe the blurry image is intended to convey warmth and softness," Mr. Baker noted yesterday.

'Condi in '08'

"Americans for Dr. Rice -- Condi in '08. Make it happen." So reads a new billboard on U.S. Highway 84 outside Crawford, Texas, set up by the "Condistas" -- a District-based group that wants Secretary of State Condoleezza Rice to run for president in 2008. They positioned the billboard "on the way to the ranch," and visible to passing motorcades.

Area resident Valerie Duty, an enthusiastic President Bush supporter who leads counterprotests to peace activist Cindy Sheehan's vigils in Crawford, is also an enthusiastic Condista.

"I think she'd be an awesome president," Mrs. Duty told the Waco Tribune-Herald yesterday. "She needs to know there are millions of people across the country who support her."

MoveOn's dump truck

"John Murtha is a hero to millions of Americans and the best way to honor him is to beat the Republicans who smear him," proclaimed Tom Matzzie of MoveOn.org in a message to supporters yesterday, referring to the Democratic congressman from Pennsylvania who has become an icon to the anti-war left.

The group aspires to raise $500,000 this week to fund a TV spotthat depicts a dump truck releasing bags of money in a desert.

"We've prepared a hard-hitting new TV ad about Iraq to move this fight into the congressional districts of vulnerable Republicans. ... If we raise the money, we'll put the ads on TV in six key districts -- places we can win especially because of frustration with Iraq. That'll make a sweeping Democratic takeover even more possible."

Mr. Matzzie continued, "Why August? The candidate TV ads aren't expected to start until after Labor Day -- starting now will force the Republicans to play defense early."

Court Rejects Nev. Yucca Mountain Appeal (AP-Y)

By Erica Werner

AP2, August 9, 2006

Nevada was dealt a blow in its effort to avoid a radioactive waste dump Tuesday as a federal appeals court turned aside arguments against transportation plans.

Nevada contended that the Energy Department overstepped its authority and violated environmental rules in deciding to rely mostly on trains to take 77,000 tons of commercial spent fuel and high-level defense waste from sites around the country to Yucca Mountain, 90 miles north of Las Vegas.

The state also raised a series of technical objections to the department's selection of the 319-mile Caliente Corridor — stretching from Caliente near the Utah border to Yucca — as its preferred route for getting nuclear waste to the dump once it reaches Nevada.

"We conclude that some of Nevada's claims are unripe for review and the remaining claims are without merit," said a decision written by Judge Karen LeCraft Henderson for a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit.

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"We do no think that the inadequacies to which Nevada points make the (Final Environmental Impact Statement) inadequate," the opinion said. "The DOE's selection of the Caliente Corridor therefore was not arbitrary or capricious."

Energy Department officials welcomed the decision.

"The court's ruling today upheld the transportation aspects of the department's comprehensive environmental impact statement for the Yucca Mountain project," said spokesman Craig Stevens.

Joe Egan, an attorney for Nevada, said the state was considering whether to ask for a rehearing.

"It just looks to us like the court didn't want another anti-Yucca decision here. They really went out of their way to pound this decision into DOE's favor, in our view," Egan said.

The same court dealt a setback to Yucca Mountain two years ago by throwing out the government's radiation safety standards for the dump. The Environmental Protection Agency still is rewriting those standards.

The court didn't address some of Nevada's underlying arguments, saying the time was not right for review as aspects of the Energy Department's waste-transport plans aren't final.

Egan also said that some of the ground covered in the lawsuit may be moot because the Energy Department already has changed some of its plans, including announcing a new multi-use canister for waste transportation that will require separate environmental reviews.

The department also is considering reviving a possible alternative to the Caliente Corridor because the Walker River Paiute Tribe, which has a reservation in the western part of the state, recently withdrew its long-held opposition to hosting a rail line for waste.

The challenge to the waste transport plan was just one avenue Nevada is pursuing against the long-delayed Yucca Mountain project, which is now scheduled to open in 2017 — 19 years late. The state is ready to challenge the Environmental Protection Agency's new radiation standards as soon as they're released, and it has sued over Nuclear Regulatory Commission rule-making on the dump.

Nevada's congressional delegation, led by Senate Minority Leader Harry Reid, D-Nev., also takes every opportunity to cut funding and create political hurdles.

States Scrape Up Bird Flu Drug Funds (USAT)

By Julie Schmit

USA Today, August 9, 2006

Some states are scrambling to find money to pay for anti-flu drugs, so orders from states may fall short of the federal government's goal of stockpiling enough to treat 25% of the population in a flu pandemic.

States had to indicate by last week how many anti-virals they intended to buy and stockpile through a federal contract that makes the drugs available to states at a discount. States must confirm those numbers by Dec. 29 to be sure to get a federal subsidy covering 25% of their cost.

North Carolina asked the federal government to reserve its full allotment of 884,000 anti-virals. However, in a July 31 letter to federal officials, the state said it was “impossible to make an accurate estimate at this time,” about what it would buy, given the “uncertainty regarding the availability of state funding” and whether other entities in the state could help pay.

At least 43 states have told the federal government they intend to purchase their full allotments or have asked for them to be reserved. Others have also warned that funding is uncertain.

Colorado, Montana, Connecticut, Nebraska and North Dakota have said they are unlikely to buy full allotments. Colorado officials fear the drugs may not work very well if a bird flu pandemic eventually hits. Other states say buying the drugs is not the best use of limited public health and pandemic resources.

Arizona and Oklahoma have reserved their full allotments and are seeking partners, such as local health districts and tribal governments, to share the cost. They'd get “a lot more bang for the buck,” buying at the federal price than on the open market, says Arizona state epidemiologist David Engelthaler. If Arizona bought its full amount, the $8 million tab would gut its ability to prepare hospitals for a pandemic, he says.

The federal government plans to buy 44 million anti-viral courses for the states this fiscal year (which ends Sept. 30) and next, enough to cover 17% of the population. It wants states to buy 31 million more courses, to reach 25%. A course treats one person.

The plan has critics, including health advocacy organization Trust for America's Health. It warned earlier this year that cash-strapped states may not follow through on full anti-viral purchases. “Where you live should not dictate the level of protection,” says spokeswoman Kim Elliott. The federal government should pay the full freight, TFAH says.

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Under the federal contract for state purchases, one course of Tamiflu costs $19 and one of Relenza costs $22, about one-third to one-fifth the Internet retail price. States pay 75%; the federal government pays 25%. If states buy all 31 million treatments, their cost will be roughly $465 million.

States can order the drugs at the discounted price until mid-2008. After Dec. 29, the federal government may reallocate unused subsidy money to other states that want to buy more than their allotted amounts, says William Raub, a senior official at the Department of Health and Human Services.

Bird flu has killed 135 people in nine countries in Asia, the Middle East and the Republic of Djibouti in Africa since 2003. The virus has not shown it can spread easily among humans, but there's fear that if it starts to, it could spark a pandemic, because humans have no immunity to the virus and there are no proven vaccines.

Anti-virals Tamiflu and Relenza cut the severity of regular flu and may improve survival for bird flu victims, the World Health Organization says.

For now, North Dakota has told the federal government it intends to buy 44,000 of the 66,000 courses allotted to it. But it may not buy any through the federal program, says Tim Wiedrich, the state's chief of emergency preparedness.

HHS says the drugs must be used only for a pandemic. They have a five-year shelf life. States may have to throw out what they buy if there is no pandemic. North Dakota wants the freedom to use some to treat regular flu before they expire. It's exploring whether it can get a bulk discount on its own. HHS says letting states use pandemic supplies for regular flu would take future sales away from Roche and GlaxoSmithKline, which sold the drugs at a discount for pandemic use only. “Their annual market could disappear,” Raub says.

Federal stockpiles may be kept beyond the drugs' five-year shelf life if testing by the Food and Drug Administration or Department of Defense shows they are effective longer, Raub says. As of now, state stockpiles are not eligible for shelf-life extension, he says.

The Aug. 1 deadline for states to inform HHS of their intentions will help drugmakers plan production. Roche makes Tamiflu, the No. 1 anti-viral, and GlaxoSmithKline makes Relenza. Tamiflu is expected to fill the bulk of the stockpiles.

Roche says it's filling orders on a first-come, first-served basis, except for those from countries where there have been bird flu outbreaks.

Roche will fill federal and state stockpiles concurrently, says spokesman Terry Hurley. It also has enough capacity to deliver all 81 million stockpile courses in 2007, he says. That won't happen, though, if state and federal orders aren't placed in time.

Let The Antelope Roam (NYT)

By Joel Berger And Kim Murray Berger

The New York Times, August 9, 2006

Grand Teton National Park, Wyo.

Of all the species living in the Greater Yellowstone Ecosystem of northwest Wyoming, the pronghorn is the only one native to the American West — elk, bison and even grizzly bears moved in from Asia centuries ago — but it is by no means the least exotic.

The deerlike creatures (often called American antelope, though they are not related to Old World antelope) are the fastest distance runners in the Western Hemisphere, capable of traveling 50 miles an hour. Twice a year for 6,000 years, one population of pronghorn has used that speed to travel more than 90 miles from their summer range in Grand Teton National Park to the Upper Green River basin, where they spend the winter.

In recent decades, the migration has been threatened by human development. Encroaching roads, reservoirs and ranches have closed many of the pronghorn’s routes. And the one that could conceivably remain open is being squeezed in places. Though it is a mile wide most of the way, the corridor narrows to only 650 yards at one spot and 120 yards at another. Steps need to be taken to keep this last path from shrinking any more.

Only a few hundred of Wyoming’s half a million pronghorn travel between Grand Teton and the Upper Green River basin. But unless their last route is preserved, pronghorn will no longer live in Grand Teton at all; the winter snows are too deep to allow them to stay all year.

Preserving the route should not be difficult, because 90 percent of it lies on land owned by the United States Forest Service or the Bureau of Land Management. The two agencies need only require that ranchers who pay for grazing rights keep fences at least knee-high off the ground (so that the animals can squeeze under them) and keep energy companies from setting up drilling operations in the corridor. Mining for natural gas or coal-bed methane could still be allowed, as long as wells are dug diagonally so that they come to the surface outside the edges of the corridor.

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The private landowners who control the remaining 10 percent of the pronghorn corridor could be offered tax breaks in return for keeping the land passable. By setting up conservation easements, subdividing the land for housing developments could be prevented and fences on the property restricted.

Gov. Dave Freudenthal of Wyoming has already come out in support of conserving migration routes, as have many ranchers, hunters and environmentalists in the area. But Congressional action is needed to formally protect the pronghorn corridor.

All over the world, wide-ranging animals have been hemmed in by human development. Railroad lines in Central Asia restrict the migration of Mongolian gazelles; farmers' fields block the movement of wildebeest in the Serengeti; hydroelectric dams hamper woodland caribou in Canada; and highways impede travel for North American grizzly bears.

Protecting the corridor for pronghorn would be more than a symbolic victory. It would showcase America's commitment to conservation.

FBI/DEA/ATF/USMS:

Dunn Pursues Sheriff Dispute To U.S. Att'y General (FAYCIT)

By John Munford

Fayetteville (GA) Citizen, August 9, 2006

Fayette County Commission Chairman Greg Dunn has taken his dispute with the Fayette County Sheriff's Department to U.S. Attorney General Alberto Gonzales.

Dunn has written a letter to Gonzales urging him to stop the disbursement of federal drug seizure money to the sheriff's office or instead funnel the money through the county's finance department.

Dunn contends that Sheriff Randall Johnson "has not provided the board with documentation supporting how the funds have been expended."

Sheriff's officials say that's not so, noting that the funds have been reviewed on several occasions by county finance staff in addition to a forensic auditing firm that was hired by the county.

"He's lying like a dog," Sheriff Randall Johnson said of Dunn's allegation that his office hasn't fully opened its books on the drug seizure funds.

The county commission previously attempted to have the drug funds routed through the county coffers instead of going directly to the sheriff's office. But the U.S. Department of Justice, which administers that program, nixed that because the funds must go directly to the intended law enforcement agency, according to federal guidelines.

Nonetheless, Dunn's letter to Gonzales states the county again wants to have the drug funds routed through the county's finance department instead of the checks going directly to the sheriff's office.

In the letter, Dunn notes that the Department of Justice "classified this as a local issue for the county to handle" and takes issue with the drug fund payments continuing to the sheriff's department since the county commission has declined to file two pieces of paperwork necessary to continue doing so as part of an attempted protest against the sheriff's department.

"The expenditure of these funds has the effect of increasing liability exposure to the board by the manner in which the funds are used (if not in compliance with the federal guidelines) or by the property which is purchased by these funds," Dunn wrote. "This additional liability is unacceptable to the board."

Dunn suggested that since an "exception" for the paperwork requirement has been carved for Fayette County, the feds should also allow the county to be indemnified from any legal action that might stem from that new procedure.

A local lawsuit is pending to resolve this and similar disputes between the sheriff and the county commission. The most recent order in the suit requires Johnson to dispose of property through the county, but does not require the sheriff to purchase property using county procedures and guidelines.

Dunn's letter to Gonzales indicates the county commission may not be ready to make nice despite a recommendation from the judge in the pending lawsuit that both sides should broker a resolution to the case.

Dunn said in the letter to Gonzales that the board of commissioners wants the matter addressed, but the letter was only signed by Dunn instead of each individual county commissioner.

Dunn recently lost his reelection bid in the Republican primary to a supporter of the sheriff, attorney Eric Maxwell. Dunn's term runs through the end of December this year.

'Mastermind' In '94 Slaying Of U.S. Drug Agent Convicted (AR)

Arizona Republic, August 8, 2006

DOJ_NMG_0045679

Twelve years after a U.S. Drug Enforcement Agent was shot to death during a drug sting in Glendale, the man prosecutors say masterminded the crime was convicted of his murder in Maricopa County Superior Court Tuesday morning.

Agustin Vasquez Mendoza, 30, was found guilty of first-degree murder, conspiracy to commit armed robbery, two counts of aggravated assault, three counts of kidnapping, and three counts of attempted armed robbery.

Vasquez Mendoza's half brother actually fired the shots that killed DEA Agent Richard Fass in 1994; he was convicted in 1996 and is already serving a life sentence for the slaying.

advertisement

But Vasquez Mendoza fled to Mexico, where he hid for six years until Mexican police arrested him in 2000. He was not extradited to the United States until 2005.

"Sometimes it's slow in coming, but justice is served," said Maricopa County Sheriff's Sgt. Craig Lewis, who was part of the multiagency task force at the stakeout where Fass was killed.

Vasquez Mendoza and three others planned to rip off a drug dealer, who turned out to be undercover agent Fass. They arranged a meeting at a garage that Vasquez Mendoza co-owned with two Argentine brothers, who were actually DEA informants.

Vasquez Mendoza did not go to the meeting; instead he sent his half brother, Juan Rubio Mendoza, and two other men to meet with Fass. Rubio Mendoza announced a stickup. Fass pulled his gun, and Rubio Mendoza shot him to death.

Lewis said that Fass was about to be transferred to Mexico City.

"This would have been his last deal in Phoenix," he said.

The three men were apprehended immediately. Vasquez Mendoza fled.

"They worked diligently for 12 years, not only to locate him but to facilitate his arrest," said Gus Fassler, a former DEA special assistant in charge, who was also at the scene when Fass was killed.

Because prosecutors sought the death penalty against Rubio Vasquez and there was no federal statute that would allow it, they decided to try him in Superior Court. They did not succeed in getting a death penalty.

Vasquez Mendoza was also tried in Superior Court, and two Assistant U.S. Attorneys were deputized as County Attorneys in order to try the case. Prosecutors did not seek the death penalty against Vasquez Mendoza as part of the extradition agreement with Mexican authorities..

Prosecutor Kevin Rapp summed up the trial.

"If you kill a law enforcement officer in the line of duty, we will find you and bring you to justice," he said.

Man Convicted In Phoenix Of Murdering DEA Agent In 1994 (AP)

AP, August 9, 2006

PHOENIX A jury in Phoenix today convicted a man of first-degree murder and other charges in the 1994 killing of a federal agent during a drug bust gone bad.Augustin Vasquez Mendoza was found in his native Mexico in 2000 but wasn't extradited to the U-S until five years later.Three co-defendants were tried and convicted in the mid-1990s in the killing of D-E-A Agent Richard Fass. The agent was shot to death in Glendale while posing as a man trying to buy methamphetamine.Under the terms of his extradition, Vasquez Mendoza faces a maximum sentence of life in prison with chance of parole after 25 years. Sentencing is set for October sixth.

9 Plead Guilty In Marijuana Ring In Upscale Neighborhoods (TT)

Tampa Tribune, August 9, 2006

TAMPA - A year ago, authorities say, 11 people were growing marijuana inside upscale houses in some of the nicest neighborhoods in the Tampa Bay area.

Now, nine of them have pleaded guilty and are facing prison terms. All nine have agreed to testify for the prosecution when Herbert Ferrell Jr., accused of leading the ring, goes on trial next week. Another defendant, Giovanny Caballero, pleaded guilty but retracted his plea and will go on trial, too.

Five defendants - Rigoberto Same Jr., Yasmany Same, Rocco Sarley, Isleidy Morales and Jose Gonzalez - pleaded guilty Tuesday before U.S. Magistrate Elizabeth Jenkins.

Jenkins almost refused to allow Morales and Gonzalez to plead guilty when both defendants equivocated.

Gonzalez, an electrician who admitted to wiring houses for marijuana growing, said through his attorney that he was "willfully blind" to the fact that marijuana was being farmed. That was not enough to justify a guilty plea, Jenkins said. After some hesitation, Gonzalez said he knew about the marijuana.

Morales initially said she was coerced by her former boyfriend, Rigo Same, to help harvest and package marijuana. Same, the father of Rigoberto Same Jr. and Yasmany Same, previously pleaded guilty.

But as Jenkins was about to end the hearing without allowing her guilty plea, Morales changed her story and said she harvested marijuana of her own free will.

In addition to Rigo Same and Caballero, three others have previously admitted guilt: Delvys Castellon, Mynor Bonilla and Jose Dias.

Authorities said the organization employed its own plumber, carpenter and Gonzalez as an electrician to "jump" its source of electric power to avoid detection and steal electricity. According to a Drug Enforcement Administration affidavit, the organization also included a Realtor, who helped find houses that met specifications.

As part of its investigation, the DEA supervised the operation of one indoor farm by a confidential informant in a four-bedroom, three-bathroom contemporary stucco house at 18970 Crooked Lane in Lutz, authorities said. The purpose of the house was to infiltrate the organization, officials said.

In September, Rigo Same and Diaz brought 119 marijuana plants to the house, and Diaz, an electrician, wired the structure for the required lighting to grow marijuana, according to court documents. At all the houses, Diaz or another conspirator rigged it so the electricity was stolen directly from a pole outside.

In October, conspirators brought cultivated marijuana from another grow house to the house on Crooked Lane to be harvested and cut. Rigo Same took about 5 pounds of the packaged marijuana from the house. Investigators later seized it during a motor vehicle stop, according to court papers.

Authorities estimated the annual revenue for 10 houses used by the ring at $3 million. The operators of the ring also used a 1962 Cessna 210B fixed-wing single-engine aircraft, according to court papers.

Ferrell invested money into grow houses and sought other investors, including Sarley, who has pleaded guilty, according to court papers.

Buffy Sainte-Marie's Censored Sounds (ICT)

By By: Brenda Norrell, Indian Country Today

Indian Country Today, August 9, 2006

PHOENIX - Nearly two decades after Cree singer and songwriter Buffy Sainte-Marie's song "Universal Soldier" was released and shipments of her records mysteriously disappeared, the truth of the censorship and suppression by the U.S. government became public.

Now, in federal court, Charles August Schlund III stated he is a covert operative and supports Sainte-Marie's assertions that the United States took action to suppress rock music because of its role in rallying opposition to the Vietnam War.

Sainte-Marie says she was blacklisted and, along with other American Indians in the Red Power movements, was put out of business in the 1970s.

"I found out 10 years later, in the 1980s, that [President] Lyndon Johnson had been writing letters on White House stationary praising radio stations for suppressing my music," Sainte-Marie said in a 1999 interview with Indian Country Today at Dine' College.

"In the 1970s, not only was the protest movement put out of business, but the Native American movement was attacked," Sainte-Marie said.

In an affidavit to the Ninth Circuit Court of Appeals in a Racketeer Influenced and Corrupt Organizations Act lawsuit against President George W. Bush and others, Schlund alleged he has been tortured in his attempts to reveal the truth about the Bush family's manipulation of U.S. voting results and the Drug Enforcement Agency's covert drug supplies to black communities.

Detailing the assassinations of the Kennedys and exposing the "Don Bolles" papers, named after the murdered Phoenix news reporter, Schlund said he remains alive today because of FBI protection.

Schlund, who said he previously worked in the covert drug operations in Phoenix, said rock music posed a threat to the United States and played a role in opposition to the Vietnam War.

In his federal court affidavit, Schlund said he has knowledge of "the detailed plans for the break-up and destruction of rock n' roll music including the assassinations of many people to achieve their goals. The detailed plans to replace rock n' roll music with all-American music called country western."

"This massive CIA and DEA covert operation was being conducted to stop political overtones in the rock n' roll music and to stop foreign influences on Americans caused by the exposure to foreign music. This operation was conducted because the Rockefellers had lost the Vietnam War because of the protest that was in part directly linked with rock n' roll music. In these files, the Rockefellers had needed the natural resources of Vietnam for the expansion of their corporate empire and they blamed the loss of the war in part on rock n' roll music.

"The assassinations started long before Vietnam but the plans to replace rock n' roll with country western music started during the Vietnam War and have continued to the present," Schlund stated to the court.

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In his federal court affidavits filed in Maricopa County in Arizona, Schlund also stated that singer Buddy Holly, killed in an airplane crash in 1959, was considered a threat to the U.S. government.

Meanwhile, Sainte-Marie said she cut a singular path as she was being censored in the '60s and '70s.

"I usually didn't do what other people did. You didn't find me at peace marches. I was out in Indian country."

Earlier, a young Bob Dylan heard Sainte-Marie sing in Greenwich Village and recommended she perform at the Gaslight, another hangout of the avant garde. Janis Joplin, Elvis Presley and Tracy Chapman were among those soon recording her lyrics. On the road, she traveled the world and received a medal from Queen Elizabeth II.

During this time, Sainte-Marie was selling more records than ever in Canada and Asia. But in the United States, her records were disappearing. Thousands of people at concerts wanted records. Although the distributor said the records had been shipped, no one seemed to know where they were. One thing was for sure: They were not on record store shelves.

"I was put out of business in the United States."

Later, Sainte-Marie discovered the censorship and pressure applied to radio stations by Johnson during the Vietnam era, particularly toward "Universal Soldier" during the anti-war movement.

Sainte-Marie said Native people were put out of business, not just because they were succeeding in Indian country, but because they were succeeding in the broader community. She and others were a threat to the moneymakers of concert halls, uranium and oil, she said.

Then, fellow activist and Santee poet John Trudell's wife, mother-in-law and children were burned to death in a mysterious house fire shortly after Trudell burned an American flag in Washington, D.C., Feb. 11, 1979.

"I was just one person put out of business. John Trudell is just another person whose life was put out of business. Anna Mae Aquash and Leonard Peltier were put out of the living business - we were made ineffective," Sainte-Marie said of slain American Indian Movement activist Aquash and imprisoned Peltier.

But Sainte-Marie continued with her music and efforts with children after becoming a familiar face on "Sesame Street." In the 1990s, from her home in Hawaii, she created the Cradleboard Teaching Project to link American Indian students with other students online around the world.

Remembering the 1970s and Trudell, Sainte-Marie said, "We just kept chugging on. We kept coming to Indian country. We didn't worry about the fortune and fame because we went with our sincerity, our hearts and with our friends."

Those years, however, were filled with pain.

"It was hard - seeing people hurt," she said.

Banned Track Coach Seeks Reversal By The USOC (AP)

AP, August 9, 2006

Lawyer for Trevor Graham says lie-detector test showed he didn't give athletes illicit drugs.

RALEIGH, N.C. — The lawyer for Justin Gatlin's track coach asked the Unites States Olympic Committee to lift its ban of Trevor Graham on Tuesday, saying he passed a lie-detector test when he denied giving performance-enhancing drugs to athletes.

Joe Zeszotarski said Graham would pursue "all legal avenues" to regain access to the USOC's training centers and training sites.

"Trevor has stepped forward and provided affirmative evidence — this polygraph result — that he is telling the truth," Zeszotarski wrote in a six-page statement. "We look forward to the USOC explaining why it should pursue a restriction against Trevor, when Trevor is telling the truth, and has never distributed any illicit substance to any of his athletes."

But the USOC said Tuesday it would not reconsider its decision.

"Access to our training facilities is a privilege, not a right, and we are operating fully within the scope of our authority," said USOC spokesman Darryl Seibel. "We are committed to being a leader in the fight against doping in sport."

Graham operates Raleigh-based Sprint Capitol USA, a team of about 10 athletes that includes Gatlin.

The co-world-record holder in the 100 meters faces a lifetime ban after testing positive for testosterone or other steroids in April following a track meet in Lawrence, Kan. Gatlin has denied doping, and Graham has accused Oregon massage therapist Chris Whetstine of rubbing a steroid cream on Gatlin to trigger the positive test. Whetstine has denied the allegations.

Graham, who once trained five-time Olympic medalist Marion Jones, has been involved with at least half a dozen athletes who have received drug suspensions.

Me'Lisa Barber, a sprinter who trains with Graham, said she wouldn't decide whether to stay with the coach until after her season ends.

The ban "didn't just affect one person," Barber said in a phone interview last week. "It's going to affect probably all the athletes in a major way. Everything's kind of up in the air.... I just want to stay focused and worry about my next meet."

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Graham helped trigger the federal investigation of the Bay Area Laboratory Co-Operative three years ago by anonymously mailing a syringe containing "the clear," a previously undetectable steroid, to the U.S. Anti-Doping Agency. At the 2004 Athens Olympics, Graham acknowledged mailing the drug.

Zeszotarski said the lie-detector test results also refute claims made by Angel Guillermo Heredia, who formerly worked with Graham.

Heredia told a San Francisco grand jury and investigators that he supplied performance-enhancing drugs to the coach and many of his athletes, including Jones, C.J. Hunter, Tim Montgomery and Michelle Collins, the New York Times reported last month.

"Trevor has previously been told that he is a witness in the BALCO investigation," Zeszotarski said. "No one from the government has told him he is any sort of target."

Graham Says A Polygraph Proves He Was Not Doping (NYT)

By Lynn Zinser

The New York Times, August 9, 2006

The embattled track coach Trevor Graham said that he was not involved in providing his athletes with performance-enhancing drugs and that the results of a polygraph test affirming his innocence had been sent to the grand jury investigating the Bay Area Laboratory Co-Operative.

Graham, the coach of Justin Gatlin and several other athletes who have been suspended for doping, issued his statement yesterday through his lawyer, Joseph Zeszotarski. It was the first lengthy response from Graham to recent attempts to hold him accountable for his athletes' positive test results, including the United States Olympic Committee's barring him from its facilities.

In the statement, Graham refuted the grand jury testimony of Angel Guillermo Heredia, an athlete and nutritionist who said he provided steroids, human growth hormone and the performance-boosting drug EPO to athletes at the direction of Graham. That testimony was described to The New York Times by people with knowledge of the proceedings. They spoke on condition of anonymity because the investigation had not concluded.

Graham's statement also said he passed a polygraph test administered by a "nationally respected polygraph examiner." It did not identify the examiner but said that the information had been given to government investigators.

Graham also reiterated that he had not been told that he was a target of the Balco grand jury. While Graham has not testified before the grand jury, he could face charges of making false statements or obstructing justice. Graham helped crack open the Balco case by sending a syringe of the previously undetectable steroid THG to antidoping authorities.

Graham has come under increasing fire since Gatlin's positive test for elevated testosterone levels became public last month. Track's international federation said it would pursue a lifetime suspension of Gatlin, who had a previous doping offense. At least six of Graham's other athletes have served doping bans. That moved the U.S.O.C. to announce last week that it would not allow Graham to use any of its training sites.

In his statement, Graham said he would pursue legal action if the U.S.O.C. maintained the suspension.

"We are not reversing or reconsidering our decision," said Darryl Seibel, a U.S.O.C. spokesman. "Access to our training facilities is a privilege, not a right, and we are operating fully within the scope of our authority."

Graham said that there was no evidence linking him to the doping activities of his athletes and that many of the athletes were not working with him when they were caught. Graham also used to coach Marion Jones, who has been implicated in the Balco proceedings but has not been charged and has never tested positive for drugs.

"It should be remembered that one of the chief reasons that the issue of doping has come to the forefront in America is because of Trevor's integrity and courage in turning in the sample that led to the Balco investigation," the statement read.

Others, however, have testified that he sent the syringe in retaliation after a split with Balco, according to the people with knowledge of the proceedings.

Once the grand jury completes its investigation, antidoping agencies may use that evidence to bar Graham, and it is possible that Gatlin could be offered a lesser punishment if he cooperates.

Lengthy Mandatory Sentence Appealed (AP)

AP, August 9, 2006

SALT LAKE CITY (AP) -- Attorneys for a man convicted of carrying a handgun during three marijuana deals have asked the Supreme Court to overturn his 55-year mandatory federal prison sentence.

A judge gave Weldon Angelos the minimum sentence under the law -- a harsher sentence than a child rapist or a terrorist who detonates a bomb aboard an aircraft would receive, according to his attorneys. They also say the sentence amounts to cruel and unusual punishment.

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Angelos' offense in state court would have likely carried a sentence of probation or a few years in jail, according to his attorneys.

Now 27, Angelos was convicted of 16 counts of violating federal firearms, drug and money laundering laws in 2003. The charges stemmed from his sale of three 8-ounce bags of marijuana to an undercover informant.

He had a gun but never brandished or used it. Nevertheless, the three counts of possession of a firearm in a drug transaction required the mandatory minimum sentence.

"This seems to be a case of grossly disproportionate punishment when you look at the facts of the case. Weldon Angelos didn't deserve a life sentence for his offense," said Erik Luna, a law professor at the University of Utah and one of the attorneys.

Justice Department spokeswoman Kathleen Blomquist said the department would not comment on an ongoing case.

At the time of his arrest, Angelos ran a rap music label based in Utah that had recently released a CD featuring several prominent hip-hop artists.

Alleged Drug Leader Caught In Venezuela (AP)

AP, August 8, 2006

CARACAS, Venezuela (AP) -- Venezuelan authorities said Tuesday they had captured the alleged head of an international drug trafficking group that was involved in a major cocaine smuggling operation earlier this year in France.

Elias Verde, believed to be the leader of a drug ring in Venezuela and Europe, was detained Monday in Caracas, the Public Ministry said in a statement.

Verde is being investigated for alleged links to 22 Venezuelans who were detained March 21 at a Paris airport.

About 45 pounds of cocaine destined for Amsterdam was seized from the group.

Venezuelan authorities last week detained a suspected Colombian drug trafficker and paramilitary fighter, Libardo de Jesus Parra Gonzalez, 43, and later deported him to Colombia. Gonzalez was wanted in Colombia and the United States for alleged crimes including drug trafficking, kidnapping and extortion.

Venezuela is a major transit point for drugs -- primarily cocaine -- being smuggled out of Colombia headed for the United States and Europe.

US Defends Opium Policy Despite Afghanistan Violence (GUA)

Guardian, August 8, 2006

America's drug tsar, John Walters, today acknowledged that US allies have voiced doubts about the wisdom of opium eradication in parts of southern Afghanistan where insurgents have killed 10 British troops over the past two months.

Speaking during a visit to London for talks with British officials, Mr Walters recognised that the situation in Helmand province had been "difficult".

In recent months, officials within the British government and military have privately expressed growing disquiet about the role of opium eradication in fuelling the Afghan insurgency.

Unrest in Helmand, where 4,800 British troops are stationed under the command of the International Security Assistance Force (Isaf), has claimed the lives of 10 British soldiers since the start of June. Before then, only two British soldiers had been killed in the whole country since October 2001.

The British army chief, General Sir Mike Jackson, has said eradication would be "counterproductive" unless done when all other conditions were right and the Conservative whip, Tobias Ellwood, last month called for the opium crop to be legalised.

But Mr Walters today said that eradicating the opium crop was the only way for Afghanistan to achieve lasting peace.

"Sometimes we talk as if security and drugs control are at odds, but the places where we have the best security are the places where we have some of the best drugs control," he said. "[Afghan farmers] know that their future and that of Afghanistan depends on rule of law, not being ruled by drug mafias."

Local officials say that the eradication programme is corrupting local government and driving support for the insurgency, as richer farmers pay bribes to protect their opium crops and poor farmers who can't afford bribes are forced into the pay of the Taliban.

Emmanuel Reinart, the director of the Senlis Council, a pro-licensing thinktank, said that the eradication policy was destroying trust between Afghan farmers and central government.

"Directly attacking the livelihood of farmers like this has very counterproductive side effects. Locals see these eradication programmes are conducted by foreigners and they often assume that they're being organised by Nato troops, which makes it harder for those troops to gain local trust," he said.

But Mr Walters dismissed the group's proposals to license opium production as "a sideshow" and said there was no market for the legal opium that licensing would produce.

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"[Farmers] understand that the Taliban and the drug barons are on one side and [the Afghan president, Hamid Karzai] and the international community are on the other side, and we are trying to allow them to make the choice between those sides in a way that works," he said.

The total number of hectares under opium poppy cultivation dropped 48% in Afghanistan during 2005, although a more recent study by the UN office of drugs control found that production only sank 2.4% as individual farms became increasingly productive.

Around 90% of the UK's illegal heroin originates in Afghanistan and, despite around £36m being spent annually on opium eradication by the US and Britain, officials expect the opium crop to increase this year.

Mr Walters said there was a perception that the US was pursuing crop eradication before any attempts had been made to provide farmers with alternative means of income. But he insisted that many areas of the country had shown considerable progress in wiping out the trade.

"To say that we are losing ground or [eradication is] not making progress requires you to look at this in a very, very distorted way," he said.

Afghanistan's counter-narcotics minister, Habibullah Qaderi, will visit London tomorrow to discuss the role of US drug policy in his country at a conference that will also be attended by Mr Walters.

Colombian Guerrilla Was Board Member Of Public Utility (AP)

AP, August 9, 2006

BOGOTA (AP)--When corporate board members are paraded before reporters in handcuffs, it's usually for embezzlement, cooking the books or some other financial malfeasance.

But it's almost never for being a rebel fighting to overthrow a capitalist economy and impose a Marxist-style government.

When Freddy Escobar was arrested this month for being the secret political head of one of the biggest urban militias of the Revolutionary Armed Forces of Colombia, or FARC, he had already served four months on the board of directors of the country's largest public utilities companies, Empresas Publicas Medellin.

It was then revealed that Escobar, 37, was appointed by Medellin Mayor Sergio Fajardo, a rising political star and solid supporter of President Alvaro Uribe's hard-line against the leftist insurgency.

"I personally invited him to join the board ... I feel bitter and perplexed that this could have happened," said Fajardo, mayor of Colombia's second-largest city, in an interview with The Associated Press. "It's very lucky the army captured him."

Fajardo says he nominated Escobar, a professor of political studies at the University of Antioquia, because of his articulate speeches urging better conditions for the country's poor.

"He was very organized in his way of discussing issues, he spoke for the communities," Fajardo said.

He said he is confident that Escobar did not receive any sensitive data.

"What's discussed in these meetings is public information," said Fajardo.

Asked about whether Escobar would have details on the security of electricity stations, a popular rebel target for bombings, Fajardo replied: "He wouldn't know about those ... whenever I've gone to these meetings, they've never talked to me about such things."

The board of directors of Empresas Publicas Medellin expressed "deep concern that these organizations are infiltrating all of society," in a statement.

Escobar's arrest is a reminder of the shadow war being fought in Colombian cities and the infiltration of public institutions by rebels and their enemies, the far-right paramilitaries.

While the four-decade-old civil conflict rages fiercest in the countryside, an entirely different struggle is being waged in the urban centers, where plainclothes militia members fight for control of neighborhoods.

The U.S. has been Colombia's largest supporter in its fight against the world's largest cocaine industry and a leftist insurgency, providing billions of dollars, equipment, training and military advisers.

The army said in a statement announcing his capture on August 4 that Escobar acknowledged being a member of the FARC since 2000.

"This is a heavy blow to the organizational structures and political structures of the FARC," said the army's commander, Gen. Mario Montoya.

At 2nd Inauguration, Colombia's Uribe Vows To Pursue Peace (LAT)

By Chris Kraul, Times Staff Writer

The Los Angeles Times, August 8, 2006

DOJ_NMG_0045685

BOGOTA, Colombia — Alvaro Uribe took the oath Monday as the first reelected president in Colombian history, vowing to maintain a firm hand with leftist guerrillas but to aggressively pursue what his citizens want above all: an end to four decades of armed conflict.

In a speech to Congress, Uribe reviewed what he called his first term's progress in reestablishing security in much of the nation. That in turn has helped democracy rebound and the economy stage a comeback after a decade of near-chaos, he said.

But he acknowledged that there was "a long way to go and difficulties persist," and he promised to pursue peace with armed rebels despite the failure of such gestures in the past.

"We are not afraid to negotiate peace. I confess that I worry about something different, the risk of not achieving peace and reverting to insecurity," Uribe said.

Sections of Bogota, the capital, resembled armed camps Monday as Colombians tensely awaited the swearing-in. During Uribe's first inauguration, in 2002, guerrillas launched several mortar shells near the presidential palace, killing 21 civilians, one of the low points of Colombia's long civil war. But Monday passed without major incidents.

Voters reelected Uribe in May by a large margin, rewarding him for having brought the country a long way since those humiliating attacks during his first inauguration. With billions of dollars in U.S. aid to help pay for 120,000 additional soldiers and police in recent years, he has improved security in urban areas and along the highways and provided protection to local officials.

But the inauguration caps a week in which fighters thought to be leftist guerrillas sought to remind Uribe and Colombia that, though weakened, they still are a force to be reckoned with.

In the days leading up to the swearing-in, several bomb attacks killed 22 soldiers and six police officers across the country. On Wednesday, authorities broke up a guerrilla ring and seized 250 pounds of high explosives in a working-class neighborhood in southern Bogota. Had the explosives detonated, a whole city block might have been leveled.

A day earlier, six civilians working in a program to eradicate coca leaves used in the production of cocaine were killed when guerrillas exploded a bomb in the Macarena National Park, site of large-scale illicit coca plantations. The attack was seen as a warning that working for the government was risky business.

Over the last several days, hundreds of troops and armored vehicles patrolled Bogota's streets, conducting searches of vehicles at intersections and on thoroughfares. Office buildings and parking lots close to the presidential palace were off-limits.

But although the country is still at war, there is a widespread belief that things have improved significantly since Uribe took office.

The economy has strengthened, and inflation and unemployment are down.

Much of the growth, however, had little to do with Uribe's policies: The economy has been propelled by the increase in prices of Colombian commodities such as coal, oil, coffee and bananas. But Wall Street has praised Uribe's fiscal management as well as his plan to impose a wealth tax similar to one in 2002 that he levied to finance the war against both left- and right-wing militants.

Bogota and other cities are in the midst of a construction boom, and foreign investment is pouring into the country.

Whereas much of Latin America has taken a leftward turn politically, Uribe remains a steadfast friend of the Bush administration. But in a nod to prevailing political winds, he acknowledged in his inauguration speech that free-market policies of recent years had proved insufficient to alleviate the country's grinding poverty and financial inequality.

"We don't share the idea of promoting growth and abandoning the war on poverty to the fate of the free market. We reject the notion of the equitable distribution of poverty. We believe in the growth of social justice," he said.

Drug Addiction Rates Soar In War-Torn Afghanistan (VOA)

Voice of America, August 8, 2006

The United Nations says addiction rates in war-torn Afghanistan have doubled in the past two years, to the point that nearly a million people are now using illegal drugs.

The lyrics are a prayer. A drug counselor is asking God to help end drug addiction in Afghanistan.

As he sings, about 25 men sit on cushions scattered across the floor of the drug treatment center, nodding their heads as they listen. Several of the men are in their 50s or 60s and silently stroke their beards in time to the music.

The clinic is an old two-story building with a small central courtyard. From the street the building is anonymous, just one more dilapidated house on a dusty street outside Kabul. But inside, the men are taking their first steps toward ending their addiction. Most are still using drugs but have promised to cut back. Within a week, they will try to stop entirely.

Upstairs, 43-year-old Abdul Jalil is in the second stage of recovery. He stopped taking drugs several days ago, and is going through the painful process of withdrawal. As he speaks, he wraps his arms around his stomach and leans forward slowly until he is almost doubled over.

He says he started abusing drugs more than 20 years ago, during the Soviet Union's invasion of Afghanistan.

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Like so many other men here at the clinic, he says he began smoking hashish after he lost his job and could not find new work. Soon he was experimenting with tiny bits of opium. Within months, he says, he was a heroin addict, injecting himself with the opium derivative several times a day.

According to a recent United Nations survey, there are nearly a million drug abusers in Afghanistan today. Almost 200,000 of them are hard-core opium and heroin addicts.

Dr. Tariq Suliman runs the Nejat Center in Kabul, where Jalil is recovering. He says addiction rates throughout the country are higher now than ever before.

He says the number of female addicts, in particular, is on the rise. More than 100,000 women addicts were identified in the U.N. survey, but he says the real number could be several times higher.

Like the men, many of the women started taking drugs while living in refugee camps in neighboring Pakistan or Iran during the war against the Soviet Union, or the subsequent civil war. For thousands of these refugees, he says, drugs were one of the only ways to relieve the pain and frustration of camp life.

Today, Suliman says, Afghanistan's grinding poverty and massive illegal drug trade are creating a new generation of addicts, male and female.

The country produces an estimated 90 percent of the world's illegal opium, and the drug is readily available in almost every town and city throughout the country.

When the strict Islamist Taleban group controlled the country in the late 1990s, it used draconian measures to cut the opium crop sharply. But since the Taleban's overthrow in 2001, impoverished farmers have returned to growing the lucrative opium.

The international community has committed millions of dollars to help Afghanistan fight opium production. But Suliman says funding to help drug addicts like Jalil is almost non-existent.

He says his clinic only has room for 20 live-in patients. Another 20 take part in an out-patient program. In the entire country, he says, there are only three other drug centers, with fewer than 100 beds among them.

For women the situation is even worse. The clinics are all reserved for men out of deference to Afghanistan's conservative social customs.

Female addicts can only receive treatment in their own homes, and without the benefit of support groups.

The Afghan government says it plans to build at least five new clinics around the country. But so far, funding is short, and construction has yet to begin. For now the focus is on prevention. The U.N. is helping train local health workers and funds public awareness campaigns in an effort to limit the number of new addicts.

Back at the Nejat Center, the patients say they know just how lucky they are to have at least a chance of recovery.

As the day patients play music to pass the time, several of the men jump to their feet and start dancing.

Upstairs, Abdul Jalil says he can feel the drugs leaving his body. He says that in a few days, he should be healthy enough to go home and see his family. If he is lucky, he says, he will find a job.

IMMIGRATION:

Risky Measures By Smugglers Increase Toll On Immigrants (NYT)

By Randal C. Archibold

The New York Times, August 9, 2006

PHOENIX, Aug. 8 — The deaths of nine people Monday in the crash of a sport utility vehicle fleeing the Border Patrol is evidence of the growing practice of smugglers packing as many people as they can into vehicles and driving recklessly to avoid capture.

With federal agents flooding traditional smuggling routes and thousands of National Guard troops now helping out, smugglers have sought to get the most people over the border in the quickest of ways. That often means cramming people into vehicles, usually vans and S.U.V.'s, in which people have been found under seats and the dashboard and, in larger vehicles, hidden in the gas tank.

The Yuma County Sheriff's Department said Tuesday that the three men and six women killed were among 21 Mexicans "stacked like cordwood" in a Chevrolet Suburban whose driver lost control after crossing a spike strip laid down by Border Patrol agents.

Twelve people were injured, including five critically. The driver had made a U-turn apparently to avoid a Border Patrol checkpoint, sped as fast as 80 miles per hour and crashed shortly after driving over the spikes on a state highway 30 miles north of Yuma, said Maj. Leon Wilmot of the sheriff's department.

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The driver, Adan Pineda, 20, was charged Tuesday with transporting illegal immigrants, and Major Wilmot said he might face additional charges when the investigation was complete.

Jennifer Allen, executive director of the Border Action Network in Tucson, an advocacy group, said escalating deaths and the spate of crashes showed that the crackdown on the border had deadly consequences that policy makers in Washington often ignored. Ms. Allen questioned the use of the spike strip, which Border Patrol officials said appeared to have been properly deployed and generally causes vehicles to slow to a stop.

"The practices are lethal," Ms. Allen said. "It should not be a death sentence to flee the Border Patrol."

The Border Patrol said it began seeing a surge in vehicle deaths in 2003, the start of a major push in border enforcement. Deaths in motor vehicle accidents jumped to 40 that year from 22 the previous year.

Since October, the start of the government's fiscal year, there have been 42 deaths in accidents during illegal crossings at the Mexican border, already more than the 36 recorded all of last year.

"You are seeing smuggling organizations and the people who put their hands in smuggling organizations with a total disregard for human life," said Mario Martinez, a spokesman for the Border Patrol in Washington.

The vehicles either crossed the border in rough terrain or picked up people who had already crossed at arranged places in the field or in safe houses, Mr. Martinez said.

Local police said the crashes often involved increasingly risky smugglers desperate not to get caught and not to lose their payment, generally around $3,000 a person, for delivering immigrants to their destinations.

Major Wilmot said the smugglers "even ram into patrol cars trying to get away."

Figures were not immediately available for the number of injuries in such crashes, Mr. Martinez said, but they are believed to be high. In February, a van carrying 28 people crashed near the Mexican border in San Diego, injuring 20 people.

In April, near Sonoita, Ariz., 4 illegal immigrants died and 21 were injured when their truck overturned.

Often, officials said, the vehicles are in disrepair, making the trip ever more perilous.

In general, as enforcement tightens across the 2,000-mile border, smuggling by car seems to be increasing. Arrests of illegal immigrants in the San Ysidro section of San Diego and the Otay Mesa section of Chula Vista, together the biggest ports of entry, have increased in recent years.

Arrests of people being smuggled in cars tripled to just under 50,000 last year from 19,000 in 2001. This year, however, such captures have decreased to about 14,000 since October, with customs and Border Patrol officials theorizing that smugglers have been deterred by additional screening of vehicles put in place in January, more officers and dogs searching cars, and other efforts.

Advocates for immigrants said the deaths Monday and an overall increase in recent years arise from immigrants making ever more desperate efforts to cross the border.

Last year, a record 473 died along the Southwest border, most of them succumbing to desert heat that regularly exceeds 100 degrees or drowning in rivers. This year, 353 people have died, a 6 percent drop from the same period last year.

TAX:

Tax Shelters Under Scrutiny At Seattle Hedge Fund Firm (NYT)

By Lynnley Browning

The New York Times, August 9, 2006

A Seattle hedge fund firm has come under scrutiny as a result of its work with questionable tax shelters.

Last week, for the second time in three years, a Senate subcommittee described the firm, the Quellos Group, as a maker and seller of abusive tax shelters, focusing on a high-end shelter that helped five wealthy clients shield $2 billion in taxes.

The firm has rejected such characterizations, saying that its tax shelter work, which began in the mid-1990's and ended in 2001, was not only legitimate, but also small and separate from its main business.

But it was the tax shelter work that helped Quellos become one of the largest sellers of funds-of-funds, or funds that invest in hedge funds, former senior employees say. Quellos now manages more than $15 billion in assets for clients like the Hong Kong Jockey Club and the University of British Columbia.

The firm's work on questionable shelters is drawing increasing attention from federal prosecutors, highlighting how the late 1990's boom in aggressive shelters continues to haunt investment firms, banks and accounting and law firms that played a part in their creation and sale. Senate investigators have estimated that abusive tax shelters cost the Treasury more than $100 billion in unpaid taxes in recent years.

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Earlier this year, senior Quellos executives and Quellos-affiliated firms received subpoenas from a federal grand jury in Manhattan, which has been investigating the roles played in abusive tax shelters by individuals and companies including Deutsche Bank, Ernst & Young and former employees of the accounting firm KPMG, 16 of whom are under criminal indictment stemming from their tax shelter work. Quellos and its current and former employees are not targets in the investigation, according to people close to the inquiry.

The Internal Revenue Service, meanwhile, has been conducting a tax shelter promoter audit of the firm, which can in theory lead to civil penalties or a criminal referral to the Justice Department for further investigation. Quellos has told investors that it is cooperating with federal prosecutors and the I.R.S.

Michael Gross, a spokesman for Quellos, said that "long ago we ceased involvement in the area of tax-advantaged strategies, which was never our core business, and we are deeply disturbed by the recent unfair and inaccurate portrayal of our firm and its activities.''

Quellos was founded in 1994 as Quadra Capital Management by Jeffrey I. Greenstein, then a little-known money manager. For two years starting in mid-1997, Quadra Capital ran its New York operations out of the Midtown Manhattan foundation office of James D. Wolfensohn, the investment banker who was then serving as president of the World Bank. Mr. Wolfensohn was Quadra's first New York client, brought in by Larry B. Scheinfeld, a former KPMG partner who later became a Quadra executive. Other early hedge fund clients included Robert Wood Johnson IV, the owner of the New York Jets and scion of the Johnson baby shampoo fortune, and several West Coast dot-com executives.

In the late 1990's, some clients — although never Mr. Wolfensohn, according to one of his spokesmen — were seeking not just to get into hedge funds, but also to shelter their wealth from taxes.

"A lot of these prospective investors would say when you call, 'I can do business with any of the hedge funds, so what are you going to do for me?' " said one former Quadra employee who worked there from the late 1990's through recent years. "People start asking you for favors, and as a result of the favors, they choose to put money into your hedge fund." He spoke on condition of anonymity, saying that he did not want to become part of the investigation.

Quadra, which changed its name to Quellos in 2000, was a high-end provider of aggressive shelters thanks to the alliances it had with accounting firms, law firms and banks, many caught up in the widening investigation. Its accounting firm was KPMG, and Jeffrey Eischeid, one of the former KPMG employees now under indictment, was its auditor.

Quadra's largest tax shelter client, according to a person close to the firm, was Haim Saban, producer of the "Mighty Morphin Power Rangers'' television show. In 1999, Mr. Saban paid Quellos and lawyers $54 million in fees to shelter $300 million in taxes owed from his sale of his $1.5 billion interest in the Family Channel and other assets, according to the Senate subcommittee. Mr. Saban, through an affiliate, had also invested in some of its funds.

By 1999, according to two former employees, tax shelters accounted for about 40 percent to 50 percent of Quadra's annual earnings, and reached at least into the high tens of millions of dollars.

With shelters as the lure, investors poured into Quadra's hedge funds, swelling its assets under management from $100 million in 1995 to $2.3 billion just five years later. Buoyed by strong returns, the firm expanded into investment banking, private equity, brokerage services and venture capital, according to a former senior Quadra employee.

Last week's findings by the Permanent Subcommittee on Investigations focused on just one Quellos tax shelter, called Point, which was sold to investors like Mr. Johnson and the wealthy Wyly brothers of Texas. The findings were the second by the subcommittee to point a finger at Quellos. The first, in 2003, used internal documents to show that Quellos and its predecessor, Quadra, had formal arrangements with KPMG and PricewaterhouseCoopers, among others, to make and sell two abusive shelters known as Flip and Opis.

In both hearings, Mr. Greenstein, now 44, said that his firm did nothing wrong. He called last week's report "unfair, inaccurate and one-sided."

Jeffrey H. Brotman, the chairman and founder of Costco, which has been a Quellos client for six years, said that he was aware of Quellos's involvement in aggressive shelters, but he defended the firm. "I know the principals well, to be honest, straightforward people, and their performance has been stellar," Mr. Brotman said. "They're not like they were portrayed during the hearings."

The focus on Quellos also shows how close the ties were among the accounting firms, law firms, banks and investment firms caught up in the tax shelter investigation.

Those ties are seen in internal documents that have emerged in civil lawsuits. One such memo was written in July 1997 by Robert Pfaff, then a KPMG employee in Denver, to two KPMG executives, John Lanning and Jeffrey Stein. (All three men are now under indictment.)

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"My initial reaction would be to sever the Quadra relationship, in light of their open and notorious relationship'' with a rival, Coopers & Lybrand, Mr. Pfaff wrote. He continued, "on reflection, this would probably be ill-advised because we need to live with Quadra, particularly on I.R.S. exams and on completed transactions."

CONGRESS-ADMINISTRATION:

ABA Urges Halt To `signing Statements' (BOS)

By Charlie Savage

The Boston Globe, August 9, 2006

WASHINGTON -- The American Bar Association's House of Delegates voted yesterday to call on President Bush and future presidents not to issue ``signing statements" that claim the power to bypass laws, and it urged Congress to pass legislation to help courts put a stop to the growing practice.

Meeting in Hawaii, the policy-making body for the world's largest organization of attorneys endorsed the findings of its bipartisan task force, which last month issued a unanimous report portraying signing statements as an unconstitutional power grab by presidents. Under the Constitution, the report said, presidents have only two options when presented with a bill Congress has passed: sign it and enforce all its components, or veto it.

After an hour's debate, the ABA voted to declare that it ``opposes, as contrary to the rule of law and our constitutional system of separation of powers, the misuse of presidential signing statements by claiming the authority . . . to disregard or decline to enforce all or part of a law the president has signed, or to interpret such a law in a manner inconsistent with the clear intent of Congress."

The ABA also urged Congress to pass legislation giving courts greater jurisdiction to review signing statements in which a president asserts that some parts of a bill unconstitutionally infringe on his executive powers and need not be obeyed. Senate Judiciary Committee chairman Arlen Specter, Republican of Pennsylvania, has already filed such a bill.

No individual tally was recorded of the ABA vote, but several witnesses said the overwhelming majority of the 550-member House of Delegates favored the resolution. The body represents more than 400,000 ABA members.

Outgoing ABA President Michael Greco, a Boston attorney who created the task force following a Globe report on Bush's use of signing statements, said the ABA had acted to protect the American system of checks and balances that divides power between the executive, legislative, and judicial branches of government.

``We're not saying a president doesn't have the right to express his opinion about what is constitutional," Greco said. ``But what he doesn't have is the awesome power of declaring something unconstitutional and not enforcing it -- of accruing under himself the powers of all three branches."

Incoming ABA president Karen Mathis, a Denver attorney, said the organization will now urge Congress and the executive branch to curb the use of presidential signing statements.

The Justice Department did not return a call yesterday evening. But administration attorneys have vigorously defended the use of signing statements, noting that previous presidents used them as well and arguing that the practice was more ``respectful" of Congress than a veto because it preserved other parts of a bill.

The use of presidential signing statements dates back to the 19th century, but they were very rare until the 1980s, when President Ronald Reagan began issuing them more frequently. Reagan's successors continued the practice, including President Bill Clinton, who challenged 140 laws over eight years.

Under the current administration, however, the practice has reached a new level of intensity.

Bush has used signing statement to challenge more than 800 laws -- more than all previous presidents combined. At the same time, Bush has vetoed just one bill -- the fewest number of vetos since the 1800s, sharply limiting Congress's ability to override his judgments.

Among the laws Bush has challenged are a torture ban, oversight provisions in the USA Patriot Act, restrictions against using US soldiers to fight Colombian rebels, whistleblower protections for executive branch employees, safeguards against political interference in federally funded scientific research, and numerous other statutory restrictions or requirements on his powers.

The ABA itself has come under fire from some liberal law professors -- including Laurence Tribe of Harvard Law School -- who say that it should have focused its criticism on Bush for his use of signing statements to advance a controversial view of his own powers. The ABA's critics argued that it distorted the issue because it wanted to appear bipartisan.

Because Congress often lumps many separate laws into a single bill, skeptics of the ABA's report said, it is sometimes impractical to veto the entire package because a few of its components have constitutional problems.

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Signing statements, the critics argued, can be useful and appropriate when wielded by a president with more mainstream views about what is unconstitutional.

But Greco insisted yesterday that the Constitution requires presidents to veto bills if they think some of the components are unconstitutional. And he praised the ABA for ``keeping the debate at the higher level'' of what powers any president can wield.

Neal Sonnett, a former federal prosecutor who chaired the signing statements task force, said the group had sent a strong message that society needs to push back against what has been an under-the-radar but escalating arrogation of executive power.

``I think the American people should understand that the ABA has spoken strongly in defense of our system of separation of powers,'' Sonnett said. ``No president is above the law, and the president cannot decide to enforce a law or not to enforce a law at his whim.''

ABA Condemns President Bush's Use Of Signing Statements (LAW/AP)

By Tara Godvin, The Associated Press

AP, August 9, 2006

The American Bar Association on Tuesday approved a resolution condemning President Bush's practice of writing exceptions to legislation he signs into law.

Delegates, representing 410,000 members, at the ABA's annual meeting approved the resolution objecting to any president using bill signing statements as a way of diluting or changing laws rather than using an outright veto.

Bush has vetoed only one bill, on stem cell research, but written exceptions to some 800 bills, more than all previous presidents combined.

The Bush statements say the president reserves the right to revise, interpret or disregard measures on national security and constitutional grounds.

"The constitution says the president has two choices: either sign the bill or veto it. And if you sign it, you can't have your hand behind your back with your fingers crossed," said Michael Greco, the ABA's outgoing president.

A call Tuesday to the White House was not immediately returned.

The bar delegates urged Congress to require the president to promptly submit copies of any signing statements, along with a report giving the legal basis for his objections.

The resolution also proposes that Congress create a system allowing courts to review any claim by the president that he has the authority to disregard or decline to enforce a law he signs or interpret the law in a different way than Congress had intended.

Sen. Arlen Specter, R-Pa., submitted a bill last month seeking to ensure that signing statements aren't used to rewrite legislation or veto parts of bills.

VA Chief Blamed For Data Thefts (AP-Y)

By Hope Yen, Associated Press Writer

AP, August 9, 2006

The Senate's top Democrat says Veterans Affairs Secretary Jim Nicholson should resign, calling his leadership a threat to national security after the VA lost another computer containing veterans' personal data.

"Enough is enough," Senate Minority Leader Harry Reid, D-Nev., said Tuesday. "Less than a month after promising to make the VA the 'gold standard' in data security, Secretary Nicholson has again presided over loss of the personal information of thousands more veterans."

Reid is the third Senate Democrat — joining Sens. Patrick Leahy of Vermont and John Kerry of Massachusetts — who has called for Nicholson's ouster following high-profile data thefts at the government's second largest agency.

"Unfortunately, this dangerous incompetence has become all too common in the Bush White House, and it has made America less safe," Reid said.

VA spokesman Matt Burns dismissed the statements as "political opportunism."

"It's nice to see that political season is in full swing," Burns said. "Unfortunately, angry personal attacks and political opportunism accomplish nothing in the way of providing solutions to the important issues facing our nation's veterans."

On Monday, the VA announced that one of its subcontractors, Unisys Corp., had lost a desktop computer containing personal data for as many as 38,000 veterans who received care at VA medical centers in Philadelphia and Pittsburgh. The computer was located at Unisys' offices in Reston, Va.

Federal and local authorities were investigating the incident, which is believed to involve veterans' names, addresses, Social Security numbers, dates of birth, insurance carriers and claims data including medical information.

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The disclosure came two days after authorities said they had arrested two teens in connection with the May 3 theft of a laptop and external drive containing the personal data of 26.5 million veterans at a VA employee's home in suburban Maryland.

On Tuesday, lawmakers from both parties criticized the latest data loss, which they said needlessly put veterans and active-duty troops at risk of identity theft.

In recent weeks, the VA has also acknowledged losing sensitive data for more than 16,000 veterans in at least two other cases in Minneapolis and Indianapolis.

"We clearly appear to have a systems problem with VA data security that needs to be fixed," said Sen. Larry Craig, R-Idaho, who chairs the Senate Veterans Affairs Committee.

Leahy said it was time for Bush to hold Nicholson accountable. In May, White House press secretary Tony Snow said Bush had "full faith and confidence" in Nicholson's leadership.

"Certainly, our nation's veterans, who have been willing to make the ultimate sacrifice for their country, deserve better," Leahy said.

Kerry said, "Fire the incompetents. ... Losing veterans' most sensitive personal information must have consequences."

WASHINGTON IN BRIEF (WP)

By From Staff Reports And News Services

The Washington Post, August 9, 2006

VA Chief's Leadership Is Called a Security Threat

The Senate's top Democrat said Veterans Affairs Secretary Jim Nicholson should resign, and called his leadership a threat to national security, after his department lost another computer containing veterans' personal data.

"Enough is enough," Senate Minority Leader Harry M. Reid (Nev.) said yesterday. "Less than a month after promising to make the VA the 'gold standard' in data security, Secretary Nicholson has again presided over loss of the personal information of thousands more veterans."

Reid is the third Senate Democrat -- joining Sens. Patrick J. Leahy (Vt.) and John F. Kerry (Mass.) -- to call for Nicholson's ouster after high-profile data thefts at the government's second-largest agency.

Department of Veterans Affairs spokesman Matt Burns said last night that Nicholson will not resign. He called Reid's and Kerry's statements "political opportunism."

Sen. Larry E. Craig (R-Idaho), who chairs the Veterans' Affairs Committee, said calls for Nicholson to step down are "over the top." He added: "It does not and will not solve the problem."

On Monday, the VA announced that one of its subcontractors had lost a desktop computer containing the personal data of as many as 38,000 veterans who had received care at VA medical centers in Philadelphia and Pittsburgh. In May, a laptop and an external drive containing the personal data of 26.5 million veterans were stolen from a VA employee's home in Maryland.Appeals Court Upholds Plans for Nuclear Waste

A federal appeals court refused to review the Energy Department's plans for transporting nuclear waste by train to a waste dump inside Nevada's Yucca Mountain.

A three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit rejected Nevada's argument that the Energy Department overstepped its authority and violated environmental rules in deciding upon its plan. The department wants to take 77,000 tons of spent commercial fuel and high-level defense waste from sites around the country to Yucca Mountain, 90 miles north of Las Vegas.

"We conclude that some of Nevada's claims are unripe for review and the remaining claims are without merit," said a decision written by Judge Karen LeCraft Henderson.Positive Signs Not Seen In Iran's Nuclear Efforts

With deadlines approaching, the State Department said that it has seen no indications that Iran plans to comply with the United Nations' demands that it suspend its enrichment of uranium.

"There have been a variety of public statements from the Iranians, but we haven't seen any evidence yet that they are complying with the demand and requirement of the international community," State Department spokesman Sean McCormack said.

The U.N. Security Council passed a resolution on July 31 giving Iran until Aug. 31 to suspend the enrichment or face the threat of economic and diplomatic sanctions. Secretary of State Condoleezza Rice will confer with foreign ministers in New York this week on how to deal with Iran, McCormack said.

WTO Negotiator Penn To Resign (WSJ)

The Wall Street Journal, August 9, 2006

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WASHINGTON -- Agriculture Undersecretary J.B. Penn, an economist who helped steer the Bush administration's negotiations at the now-stalled global trade talks at the World Trade Organization, is resigning at the end of this month to become the chief economist of Deere & Co., the Moline, Ill., maker of farm and construction equipment.

The move signals that Deere, usually tight-lipped, is preparing to take a bigger public stand on agricultural policy. Dr. Penn, 61 years old, argued for shrinking certain subsidy checks to U.S. farmers in order to win trade concessions from the other members of the WTO.

The Bush administration hasn't named a successor to Dr. Penn, who will analyze policy and trade developments at Deere, and track the macro-economy.

Slow Senate Likely To Force Omnibus Bill (WT)

By Brian Debose

The Washington Times, August 9, 2006

Fiscal conservatives in Congress fear the Senate's failure to get a handle on appropriation bills will lead to a pork-barrel spending spree this fall, undermining repeated promises for fiscal reform.

The Senate left for summer recess after completing one of 12 spending bills needed to keep government agencies operating next year, all but assuring the need for an omnibus package, which are typically laden with pet projects never discussed or voted on.

"When you have senators ... who have traditionally used these bills to bring home more than their fair share of the bacon -- and are used to doing that -- without some action by the Senate leadership, this omnibus is sure to be loaded," said Tom Schatz, executive director of Citizens Against Government Waste, a watchdog group.

Rep. Jeb Hensarling, Texas Republican, described that scenario as "our worst nightmare" for the more than 90 House members of the Republican Study Committee, the fiscal conservative block bent on controlling spending.

"If for some reason, we can't take this in the regular order, meaning we review each bill individually, House conservatives would ask for a continuing resolution as opposed to an omnibus which are usually a smorgasbord-buffet of pork," Mr. Hensarling said.

Appropriations bills regulate how government agencies spend their money within the federal budget and are supposed to be completed by Oct. 1, the start of the new fiscal year. The House and Senate each pass their own versions, then hammer out the differences and pass 12 compromise bills.

House members, having promised to reform the appropriations process and pushing harder after Hurricane Katrina forced new spending provisions, passed 10 of 12 bills before leaving town.

But the Senate often lags behind the House pace, and this year is no different.

As a result, Congress is forced to pass a voluminous appropriations bill called an omnibus, with thousands of pages for lawmakers to review. That allows members to anonymously slip in spending provisions for pet projects, called earmarks or pork, without discussion or votes, and that leads to abuse, Mr. Hensarling said.

Last year, Congress passed every appropriations bill individually, but in 2004, an election year, Congress missed its deadlines and had to roll nine bills into a $388 billion omnibus measure. Citizens Against Government Waste said Congress included $27.3 billion in earmark spending that year.

Congress is unlikely to pass all 12 individual bills this year because, with midterm congressional elections coming in November, no business will be done in October. That means the Senate would have to pass 11 bills, the House pass two bills and the chambers hammer out a compromise on all 12 bills -- in the 15 work days scheduled for September.

"That will likely be reduced to 12 days since the Senate rarely votes or does any serious work on Mondays and Fridays," said Senate Minority Leader Harry Reid, Nevada Democrat.

Lawmakers could return after the election in a "lame-duck" session, but even then, progress is not likely.

Senate Majority Leader Bill Frist, Tennessee Republican, will be a lame duck, retiring ahead of a possible 2008 presidential bid, with little influence over the standing members.

Sen. Trent Lott, Mississippi Republican and a former majority leader, thinks a "conscious decision was made along the lines to not get [appropriations bills] done before the election."

Mr. Lott said a "clean" continuing resolution without any extraneous provisions would be offered in September followed by an omnibus, "with at least seven or eight, maybe even nine" appropriations bills.

As of last week, the Senate had passed only the Homeland Security spending bill.

Senate Democrats tried to blame Republicans for the scheduling mess.

"The Senate hasn't acted on the Defense appropriations bill even though the president's military leaders say they will need an emergency supplemental" bill, Mr. Reid said.

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However, when Mr. Frist suggested that the Senate spend seven hours to get the bill done, Mr. Reid said it was too big. He blamed Mr. Frist for waiting until the last minute to work on the bill, saying, "The majority leader sets the schedule, not us."

Senate Appropriations Committee Chairman Thad Cochran said the defense bill "will test how well we handle the other appropriations bills going into the future"

The Mississippi Republican said as much as he would have liked to handle Defense and the other bills individually, he expects that a package of appropriations bills will be rolled into one big "omnibus bill" at the end of the year.

That would be a disaster for opponents of earmarks and pork-barrel spending.

"The worst nightmare for someone trying to reform the earmark process is a Christmas Eve Omnibus while everyone is trying to get out of town," Mr. Hensarling said.

Pension Reform Aims To Boost Savings (CSM)

By Mark Trumbull

The Christian Science Monitor, August 9, 2006

Americans are about to get a much-needed dose of retirement-saving discipline.

Under legislation that will soon be signed by President Bush, key features of the nation's pension system will shift from discretion toward autopilot for both companies and workers.

The goal is to restore the financial health of traditional corporate pensions and of households. The problem isn't merely that Americans aren't saving enough for retirement. During the past year, government reports comparing national income and spending found that households have a negative savings rate.

Millions of workers, to be sure, are contributing regularly to individual retirement accounts (IRAs) or employer-sponsored 401(k) savings plans. But millions of others aren't participating. And many in both camps have been borrowing or dipping into savings to pay for current living costs such as a rising tab at the gas pump. Consumer credit-card debt surged in June to $2.2 trillion, the Federal Reserve reported Monday.

The new pension law will hardly close Ameri- ca's savings gap by itself. But in a nation where free choices aren't always financially wise ones, experts say it will prod more people to build retirement nest eggs.

"This should make [employers] more willing to put in the automatic enrollment provisions" for 401(k) plans, says Alicia Munnell, director of the Center for Retirement Research at Boston College. "We need to make these plans as easy and automatic as possible."

At the same time, she and other retirement experts express concern that the Pension Protection Act of 2006 could accelerate the trend of companies freezing or abandoning traditional pensions that have helped provide a secure retirement for millions of workers at large corporations.

"As popular as 401(k) and other savings plans are, all the evidence is that they can't do the job," of ensuring retirement security, says Karen Ferguson, director of the Pension Rights Center, a consumer advocacy group in Washington. These do-it-yourself plans have "been used as a way of switching away from traditional pensions."

While 401(k) savings are tax-sheltered and portable among jobs, experts cite a host of shortcomings. Many employers don't offer such plans. Even with automatic enrollment, workers can opt out. Workers who do participate often don't save enough or withdraw money before retirement. And many employers don't match employee contributions.

About 58 percent of families have some type of pension plan, according to the most recent data from the Federal Reserve, which is for 2004. Of that group, 57 percent have a standard defined-benefit plan, while 63 percent have personal accounts, such as 401(k)s. Those two numbers total more than 100 percent because 20 percent of the families have both types of plan.

The pension bill, which was passed by the Senate last week, includes a host of significant changes to current law:

· Companies that offer traditional "defined benefit" plans, in which a promised benefit is typically paid to former workers as an annuity, face tighter rules to ensure the plans are fully funded. Employers will have to set aside 100 percent of amount needed to meet their obligations, and will have seven years to reach that standard.

· There will be special breaks for the hard-hit airline industry, intended to make it easier for some airlines to avoid terminating their existing pension plans. In the past few years, airline bankruptcies have helped create big deficits at the federal insurance program for corporate pensions, the Pension Benefit Guaranty Corp (PBGC). Although the PBGC is funded by corporate premiums, the collapse of some big pension plans has raised fears that a taxpayer bailout could be needed down the road.

· Companies get an "all-clear" signal about whether they can convert a traditional pension to a hybrid "cash-balance" plan, in which employers contribute a set percentage of salary to a worker's account each year. Workers can roll over that money into an IRA when they leave the job, or they can convert it at retirement to a lifetime annuity or a lump-sum payout.

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· Companies are encouraged to enroll workers in 401(k) plans automatically. The new law allays concerns that this step conflicts with state laws forbidding garnishment of wages.

· It will be easier for companies to make their 401(k) plan's default investment one that includes stocks. A current pitfall: The default option is often a money-market fund, and participants stick with that instead of options that tend to offer better long-run returns.

· A controversial provision allows the companies that provide investments to 401(k) plans to also offer investment advice to the participants, as long as that advice is based on a computer model. Critics say that provides too little defense against self-serving advice from those companies.

Retirement experts generally see the new rules for traditional pensions as a trade-off. The risk of a taxpayer bailout will probably decline, but many worry that the measure may accelerate the pattern of companies freezing their pension plans, so that new workers don't get that benefit.

"We should everything we reasonably can to preserve and encourage" traditional pensions with defined benefits, says Mark Iwry, a former chief federal pension regulator now at the Retirement Security Project, a research and advocacy group in Washington supported by The Pew Charitable Trusts.

The law could make that goal harder to reach.

Its measures to promote participation in 401(k) plans, however, are less controversial.

"The automatic 401(k) provisions are a major step forward," Mr. Iwry says.

"We're already seeing a dramatic increase in automatic enrollment," he says, and the new law will give that trend a further boost.

Among large employers, about 39 percent now offer some balanced investment option, including stocks, as the default choice in 401(k) plans, according to surveys by Hewitt Associates, a consulting firm based in Lincolnshire, Ill. That's up from 28 percent in 1999, says Barbara Hogg, a senior retirement specialist at Hewitt.

New Bill May Boost Charitable Giving (WSJ)

By Rob Wells

The Wall Street Journal, August 9, 2006

A new bill Congress passed will be a boon for charities and their benefactors, allowing older taxpayers to donate up to $100,000 from their Individual Retirement Accounts tax-free each year to a charitable cause.

Taxpayers also will face tighter record-keeping requirements that favor check instead of cash donations. Write-offs of certain historical property also will be restricted.

The changes are part of a major rewrite of pension laws the Senate approved last week and sent to President Bush for his signature, expected next week. The bill has dozens of significant tax provisions, such as making permanent higher contribution limits for IRAs and 401(k) plans.

One major change will allow tax-free charitable distributions from IRAs for people age 70½ and older. It's effective for "qualified charitable distributions" made before Jan. 1, 2008; Congress typically passes temporary measures to limit the cost of tax bills.

The IRA rollover provision could generate an additional $400 million in new giving to the charitable sector, according to a preliminary estimate by United Way of America. Others, such as the charity coalition Independent Sector, predict an even larger boon in giving, despite the provision's two-year life span.

"We're expecting that donations, even in this framework, to be in the billions," said Diana Aviv, president and chief executive officer of Independent Sector, which represents foundations, corporate giving programs and charities.

Tax experts foresee a select group of people using the break: people over age 70½ with well-funded IRAs who have more than enough to live on or to give to their heirs. These people will need to take minimum distributions, which under current rules are taxed, from their IRAs anyway, said Mel Schwarz, director of Grant Thornton LLP's national tax office and a former official with Congress's Joint Committee on Taxation.

In such cases, the IRA money would substitute "for some contribution that you otherwise were going to make," Mr. Schwarz said.

Another analyst, Christopher Hoyt of the University of Missouri-Kansas City School of Law, thinks the provision will be useful for people who don't itemize their deductions and who live in states with no charitable deduction. Nearly two-thirds of taxpayers claim the standard deduction.

Universities, colleges and other charities that typically target older, high-income donors are most likely to benefit, said Patrick Lester, director of public policy at United Way.

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But funds from an IRA rollover carry specific restrictions: They have to be made directly to a charity and can't be made to a donor-advised fund or a supporting organization. This restriction angered the Council on Foundations, a trade group, which urged Congress to amend the bill to allow the IRA rollover into these vehicles.

Taxpayers might find the IRA rollover a useful technique to contribute highly appreciated stock on a tax-free basis, said Mark Luscombe, a federal tax analyst with CCH Inc., a Riverwoods, Ill., tax publisher.

Mr. Luscombe notes that a taxpayer can't obtain a double benefit, or also receive a charitable deduction for contributing funds from an IRA. Meanwhile, funds contributed to an IRA that didn't qualify for a tax deduction, known as nondeductible contributions, are subject to special rules that restrict their use for an IRA donation, since tax has already been paid on these funds.

Charitable donations from these retirement accounts make the most sense when using a traditional IRA, but less so with a Roth IRA, since those accounts already allow tax-free distributions in the first place, Mr. Luscombe says.

The pension bill will also affect how you account for Sunday church donations. The new rules seek to create the same documentation standard for cash donations as for property. The rules say that "regardless of the amount," a taxpayer needs to keep "a record of the contribution, a bank record or a written communication from the donee." This will specify the name of the donee organization, the date of the contribution, and the amount of the contribution.

"The $20 bill in the collection plate won't be such a good idea," Mr. Luscombe said. Instead, a taxpayer will want to consider writing a check to properly document the donation.

The reporting requirement could discourage giving on the margins, as taxpayers find the paperwork burdensome. But it could have long-run benefits, says Mr. Lester of the United Way. "If it's part of a broader effort that will improve trust in the sector, it will help encourage charitable giving," Mr. Lester says.

The bill also would tighten rules involving charitable contributions of historic facades and easements of buildings in registered historic districts. The change comes after reports of homeowners inflating property donations in historic neighborhoods such as Washington's Georgetown and Capitol Hill neighborhoods.

The provision allows charitable deductions to preserve entire buildings, rather than deductions just to preserve the front of a building, and imposes more stringent appraisal and recordkeeping requirements.

Additionally, shareholders of closely held businesses or family-run firms organized as "S Corporations" won better tax benefits when the corporation donates money or property to a charity. The change essentially will reduce the potential capital gain for S Corporation shareholders, giving them the same tax treatment afforded to partnerships and other entities. * * *

The Senate last week failed to advance a bill to reduce estate-tax rates and boost the minimum wage, but the bill isn't dead yet.

It was the second defeat for estate-tax reform this year, but Senate Majority Leader Bill Frist (R.,Tenn.) said he may try again in the fall. "I want to have maximum flexibility until I see what the American people want," he told reporters. Treasury spokesman Tony Fratto says the Bush administration will still push for permanent estate-tax repeal, or short of that, a deep cut in estate-tax rates.

Meanwhile, Senate Democrats intend to push separate legislation to renew expiring tax breaks such as the corporate-research tax credit and the deduction for state sales taxes. These provisions were part of the latest estate-tax and minimum-wage bill. * * *

BRIEFS: David M. Walker, the U.S. Comptroller General, told a Senate committee that he completed his 2005 tax return by hand last month, after obtaining an extension. Mr. Walker found the process "incredibly complex, confusing and extremely frustrating." If every member of Congress endured the ordeal, "we would have tax reform next year," he said. Senate Finance Committee Chairman Charles Grassley (R., Iowa) quickly replied: "I don't accept the challenge."

U.S. Lists Places Where It Could Force New Power Lines (NYT)

By Matthew L. Wald

The New York Times, August 9, 2006

WASHINGTON, Aug. 8 — The Energy Department took the first step on Tuesday toward designating parts of the nation's electric grid as "critical congestion" areas, which could force New York, New Jersey and other states to allow construction of new power lines that they do not want.

The department published a nationwide study listing places where transmission bottlenecks prevent power generation by distant plants with lower costs, and instead require the use of closer, more costly equipment.

These areas include the lower Hudson Valley in New York, where a company based in Albany wants to build a line from Utica to Orange County. Also included are the power-line corridors that link New Jersey to the west and south, and the Delaware

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River path, connecting Wilmington, Del., and Philadelphia to northern New Jersey. More broadly, the report mentions the Northeast corridor between New York City and Washington, and Southern California.

"If appropriate, I am empowered by the Energy Policy Act to designate certain corridors as national corridors,'' said Samuel W. Bodman, the energy secretary.

If he did so, under law, the state or states involved would have a year to approve a power company's request for a new line or changes in an existing one. If it did not, the company that wanted to build the line could apply to an independent agency, the Federal Energy Regulatory Commission, which could itself authorize construction, overriding the state.

The department asked for public comment by Oct. 10, after which it plans to decide whether to intervene. Mr. Bodman said he hoped to decide by the end of the year whether to designate any corridors. The new system that lets the federal government override the states was part of the Energy Policy Act, signed by President Bush on Aug. 8, 2005. Kevin Kolevar, the director of the Energy Department Office of Electricity Delivery and Energy Reliability, said the congestion report would be updated annually.

The congestion results in part from the restructuring of the electric industry in the last few years.

Formerly, the grid was adequate because an integrated utility would build a power plant and the lines necessary to connect the plant to its customers. The power companies had a profit motive for building the lines, and generally had the expertise to do so, along with the argument that it was needed to keep the lights on.

Now, companies that serve customers buy their power from other companies that own power plants, in transactions managed by independent system operators. As transactions occur over longer distances, the buyers and sellers often find that the transmission is not available. And the responsibility for building lines has become less clear.

Some engineers say that the breakup of the old integrated utilities has reduced the reliability of the system and played a role in the biggest blackout in North American history, in August 2003. The question has not been studied by the government, and Mr. Kolevar said on Tuesday that he did not know when it would be.

Mr. Bodman said the problem was not restructuring, but simple lack of investment in the transmission system.

Lack of power lines will eventually affect reliability, according to the report issued on Tuesday. And new lines will be needed around the country if new wind farms and coal plants are built, it said.

The report also quoted an estimate by P J M Interconnection, which manages power flows in parts of Pennsylvania, New Jersey, Maryland, Delaware, Ohio and Illinois, that congestion had cost electricity users more than $1.3 billion over the past three years.

It did not include a similar estimate for New York, but noted, "New Yorkers would benefit from improved access to low-cost power.'' The state is dependent on oil and gas for about 35 percent of power production, which is half again as large as the national average.

Fiscal Experts Question Cost Effectiveness Of Medicare Plans (USAT)

By Julie Appleby

USA Today, August 9, 2006

Enrollment in a type of Medicare alternative has jumped 265% in seven months, pleasing insurers, who say the plans provide more choice to members. But fiscal watchdogs say the plans provide little benefit to taxpayers.

The rapidly growing type of plan, called private, fee-for-service Medicare, allows access to almost any doctor or hospital and appeals to seniors wary of joining a more restrictive managed care plan, such as an HMO.

The growth follows a big push by some insurers to expand into as many states as possible with the new plans, part of an effort to gain access to all corners of the 43 million-member Medicare market.

"The industry has figured out there is this enormous pot of gold out there," says Robert Laszewski, a former insurance executive who is now president of Health Policy and Strategy Associates, a consulting firm in Washington, D.C. "But how does the taxpayer and the effort to control costs in Medicare get anything out of this?"

The numbers are included in the latest tally of enrollment in private-sector alternatives to traditional Medicare, called Medicare Advantage plans, which include several types of managed care and the private, fee-for-service (PFFS) model.

Congress expected Medicare Advantage plans to use the cost-control methods of managed care to save money. But Medicare Advantage plans cost the government an average of 11% more than traditional Medicare, the Medicare Payment Advisory Commission said in a recent report. The industry's lobbying group disputes that percentage, saying the increased payment is likely lower. In addition, insurers say that, starting this year, they must return to the government 25% of the additional amount they are paid.

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Insurers like the PFFS plans, in part, because they are less onerous to manage because insurers don't have to create networks of doctors or hospitals. For beneficiaries, enrollment in PFFS plans can cost less than traditional Medicare because many plans have lower co-payments and deductibles.

"More choice is good news for beneficiaries," says Karen Ignagni, head of the industry's trade group, America's Health Insurance Plans.

But some critics question what advantage the plans provide to taxpayers and the Medicare program itself, which is seeing a rapid rise in spending.

"There is absolutely none, except for the religious fervor that surrounds the notion that the private sector is better than the public sector," says Marilyn Moon, a vice president at the American Institutes for Research, a non-profit research firm in Washington.

Congress added the PFFS plans to Medicare managed care options in 1997 legislation, but growth was slow initially. But data from the Centers for Medicare and Medicaid Services and private consulting firm Avalere Health show:

·From Dec. 1, 2005, to July 1, enrollment in PFFS plans jumped from 208,990 to 763,559, a tiny portion of total Medicare membership but an amount representing more than 47% of the growth in Medicare Advantage plans during that period.

·Growth was heavily concentrated among a few insurers. Humana and UnitedHealth combined have 79% of the PFFS enrollment.

·Enrollment in all types of Medicare Advantage plans grew from 6.1 million in December to 7.3 million in July, a 19% increase.

Rick Jelinek of SecureHorizons, the UnitedHealth Group division that offers Medicare Advantage plans, says the program will save money for Medicare, members and society. "Over the long run, managed care will demonstrate lower cost escalation," says Jelinek, who said it particularly benefits lower-income members who might otherwise have trouble making their Medicare co-payments and deductibles.

F.D.A. Gains Accord On Wider Sales Of Next-Day Pill (NYT)

By Gardiner Harris

The New York Times, August 9, 2006

Drug regulators and the maker of an emergency contraceptive medicine agreed yesterday on a plan that could lead within weeks to over-the-counter sales of the morning-after pill.

The two said the manufacturer, Barr Laboratories, would resubmit its application for the birth control pill, Plan B, within two weeks. A spokeswoman for the Food and Drug Administration, Susan Bro, said the agency would act quickly on the application.

The F.D.A. has delayed a decision on Plan B for three years in a process that critics have said was driven by political considerations.

Many anti-abortion groups oppose wider availability of Plan B because they see it as an abortion drug. The drug agency officially called Plan B a contraceptive, not an abortion medicine. Abortion rights advocates have pushed for easier access to Plan B, in part to reduce abortions.

The drug agency has asked that the new Barr application restrict over-the-counter sales to women older than 18. Girls younger than 18 would have access to the pills only with prescriptions. Over-the-counter pills would be sold just in pharmacies and licensed clinics, the chairman of Barr, Bruce Downey, said.

Mr. Downey said the acting Food and Drug Commissioner, Andrew C. von Eschenbach, had assured him in a call that the agency was committed to resolving the Plan B impasse. Barr had hoped to sell Plan B to women and girls of all ages, Mr. Downey said, "but I don't have the ability to get all that I want."

The company was also concerned that the agency would require Barr to package pills differently for the over-the-counter and prescription markets. The company was concerned that pharmacies would refuse to stock the prescription version of the pill because most sales would be to women older than 18.

Medicare Payments To Doctors Face Cuts (NYT)

By Robert Pear

The New York Times, August 9, 2006

WASHINGTON, Aug. 8 — The Bush administration on Tuesday proposed a cut of 5.1 percent across the board in Medicare payments for services provided by doctors to elderly and disabled patients in 2007.

It said the cut was required because spending on doctors' services was increasing faster than expected, and faster than the annual goals set by a statutory formula.

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The increase directly affects beneficiaries because their premiums are set each year to cover about 25 percent of projected spending under Part B of Medicare, which pays for doctors' services and other outpatient care.

Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, said Tuesday that the premium would probably rise to $98.40 next year, up $9.90 or 11 percent over this year's premium. The figures do not include separate premiums paid by many beneficiaries for prescription drug coverage.

"Our current system of paying for physician services is simply not sustainable, from the point of view of taxpayers or Medicare beneficiaries," Dr. McClellan said.

The White House, Congress and doctors have been talking for more than a year about ways to link Medicare payments to the quality of care doctors provide. To date, they have not offered any specific proposals and are still seeking ways to measure the quality of care, particularly for medical specialists.

More than 42 million people are insured by Medicare. Officials estimate that the program will pay $61.5 billion to 875,000 doctors and other health care professionals next year.

Such spending has increased sharply in recent years, Dr. McClellan said, because of "increases in the number and complexity of services furnished to Medicare beneficiaries, including more frequent and intensive office visits, and rapid growth in the use of imaging techniques, laboratory services and physician-administered drugs."

Budget estimates are based on the assumption that doctors' fees under Medicare will be cut in 2007 and later years, as required under the statutory formula. Congress often steps in to block or moderate such cuts, but it normally looks for some way to offset the cost of its action, often by trimming payments to other health care providers.

Dr. McClellan said it would cost the government $13 billion over five years if it blocked the cut scheduled for 2007, without giving doctors any allowance for inflation. The costs would ripple through later years because future updates would be computed from a higher starting point.

Federal officials contend that many doctors partly offset cuts in their Medicare fees by performing more services. Donald B. Marron, acting director of the Congressional Budget Office, said substantial evidence suggested that "a reduction in payment rates leads physicians to increase the volume and intensity of the services they perform." But, Mr. Marron cautioned, some "are likely to respond to continuing reductions in payment rates by declining to participate in the Medicare program."

The Bush administration also announced that it would require hospitals to provide the government with information on their "investment and compensation relationships with physicians." Hospitals that specialize in cardiac, orthopedic or surgical care will have to inform patients if any staff doctors have "an investment interest" in the hospital.

Hospitals look to doctors as a source of referrals. But Medicare officials said doctors could be violating federal law if they received financial returns out of proportion to their investments — if, for example, a doctor held 2 percent of the stock in a specialty hospital but received 8 percent of the profits.

Hospitals that do not comply with the new disclosure requirements will face civil fines up to $10,000 a day.

Stem Cell Limits Have Scientists Seeing Double (LAT)

By Karen Kaplan And Erin Cline

The Los Angeles Times, August 9, 2006

For biologist Meri Firpo, the controversy over human embryonic stem cells boils down to pens.

In one of her laboratories — the one that gets government money to study federally approved stem cells — researchers are required to use Paper Mate Flexgrips.

Just across the hall is a nearly identical laboratory set up with private funds so she can study new embryonic stem cell lines that do not have President Bush's seal of approval. Firpo requires lab workers there to use Uni-balls to make sure no federally funded pen finds its way into forbidden territory.

It's an admittedly peculiar situation, but Firpo, a professor at the University of Minnesota, said she was not taking any chances. A willful violation of federal policy could make her liable for criminal and civil penalties. Even a mistake might imperil federal grants for her lab — and for the rest of the university.

Bush's embryonic stem cell policy, which now restricts federal support to research involving about 20 cell lines, has created a logistical nightmare for science.

Researchers who study both federally approved and unapproved stem cells have had to buy duplicate equipment to conduct their experiments, then set up elaborate systems to keep their work completely separate.

Some scientists say the cumbersome dual system — reaffirmed last month when Bush vetoed a bipartisan bill that would have expanded funding to more than 100 newer cell lines — puts U.S. researchers at a disadvantage.

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"This is a bunch of compliance red tape that is a real pain in the neck," said Dr. John Boockvar, who heads Cornell University's Neurosurgery Laboratory for Translational Stem Cell Research. "It's hard enough to do successful research without having to worry about all this stuff."

So far, federal funding agencies have yet to redress anyone for violating their rules. But the fear that they would is palpable, because universities rely on the federal government for nearly two-thirds of their overall research budgets.

Don Ralbovsky, a spokesman for the National Institutes of Health, which bankrolls the bulk of federal stem cell funding, said the government was willing to be flexible.

If a researcher inadvertently mixes money, "we would work with them to rectify the situation and make whatever restitution is necessary," he said.

Those words offer little comfort to developmental biologist Susan Fisher of UC San Francisco.

Fisher was conducting research in a converted pediatric clinic in 2002 when a winter storm knocked out the power, shutting down the freezers that housed the stem cell lines her group had spent two years cultivating.

The makeshift lab had no backup power. Her freezer at home wasn't cold enough. She considered sending the precious cell lines to colleagues with industrial-strength freezers, but all their labs were federally funded.

Her cells melted into puddles.

"I never calculated the manpower hours lost, but it was huge," Fisher said.

The federal stem cell funding policy was created in August 2001, when Bush offered what seemed like a deft compromise to a frustratingly divisive issue.

For the first time, he offered stem cell scientists a chance at federal research funds — a pool of money that includes more than $20 billion a year from the NIH and $5 billion a year from the National Science Foundation.

But he also had to appease social conservatives, who oppose work on human embryonic stem cells because they cannot be harvested without sacrificing days-old embryos. Each embryo is a life, they say, and to destroy one is tantamount to murder.

To ensure that taxpayers would not pay for research that destroys more embryos, he restricted federal funds to 78 existing cell lines.

Many scientists, physicians and patients saw the arrangement as a way to press ahead with their efforts to understand the mysteries of embryonic stem cells, which have the ability to become any kind of cell in the body. Learning to manipulate the cells might produce one of the biggest revolutions in medicine, leading to therapies for such intractable diseases as Alzheimer's, Parkinson's and juvenile diabetes.

"I thought it was a good policy because all of the lines that were available were eligible," said Larry Goldstein, a professor of cellular and molecular medicine at UC San Diego.

"Five years later," he said, "things have changed."

Out of the 78 so-called presidential cell lines, researchers later found that about 20 were usable.

That was too limited to represent the variety of medical disorders and the genetic diversity of patients. As some of the lines aged, they acquired chromosomal abnormalities and other mutations that made them difficult to work with. Because the lines had been cultured with animal products, many physicians worried they could never be used for human therapies.

A solution is to derive fresh cell lines. For some scientists, there is only one way to go about that.

MIT geneticist Richard Young and his colleagues at the Whitehead Institute for Biomedical Research in Cambridge, Mass., are putting together a new laboratory with a $52,000 fluorescence microscope, two $7,500 incubators, a $6,500 tabletop centrifuge and an annual research budget of more than $1 million.

Much of it duplicates his existing lab. "We have to do it," Young said. Otherwise, "we will lose our edge."

At the University of Minnesota, Firpo installed a key-card security system for her private laboratory to keep out researchers who are funded entirely by Uncle Sam.

UCLA's new Institute for Stem Cell Biology and Medicine has decided to pursue a different tack, using cost accounting to allocate federal and private dollars in proportion to the amount of time scientists spend on presidential and unapproved cells.

"In an ideal world, stem cell work will become integrated into all basic research," said Rob DuWors, the institute's deputy director for finance and administration. "Does that mean anyone doing any work with any unapproved stem cell line is going to have to be in a separate building? I just don't see that being viable."

But that delicate accounting dance makes some researchers queasy.

"You can imagine that someone wishing to cause you great trouble could do so if they could find in your accounting any evidence that you happened to commingle funds," MIT's Young said.

Some of the scenarios scientists are contemplating seem flat-out ridiculous given the collaborative nature of research.

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If privately funded students make a discovery on an unapproved cell line, can they share that data with those funded by the NIH? If a privately funded researcher extracts proteins or DNA from an unapproved cell line, can they be analyzed with federal money?

"We have to hire lawyers to give us opinions on this," Young said.

Goldstein of UC San Diego was so befuddled that he sent a list of questions to the NIH in November 2004. He is still waiting for definitive answers.

"It is just obscene that the government establishes a policy that not only restricts our ability to do valuable medical research, but then doesn't even help us interpret the policy in a way that allows us to stick to it," he said. "Everyone is making judgment calls."

Ralbovsky, the NIH spokesman, said the agency tried to be "as helpful as possible," but he acknowledged that there were many gray areas with no simple answers.

The ambiguity has left scientists in constant fear of tripping up.

Jeanne Loring, co-director of the stem cell lab at the Burnham Institute for Biomedical Research in La Jolla, is so wary of making a mistake that she designed homemade labels for her incubators, stainless-steel biosafety hoods and other equipment.

Items that she called "kosher" to use with any cell lines bear stickers depicting a cluster of cells surrounded by a green circle. Other stickers, for equipment paid for by the government, show cells in a red circle with a slash through it.

Loring said she hadn't used any of the red stickers, "but they're in the drawer in case we ever get any NIH-funded equipment."

Miller May Have Violated House Ethics Rules By Borrowing $7.5M (HILL)

By Susan Crabtree

The Hill, August 9, 2006

Rep. Gary Miller (R-Calif.) may have violated House ethics rules when he took out nearly $7.5 million in promissory notes in 2004 from a campaign contributor and business partner, Lewis Operating Corp., which he used to purchase real estate from the company.

Lewis Operating Corp., a real-estate development company based in Southern California, is one of Miller's top campaign contributors; employees of the company have donated $19,300 to Miller's campaign committee since his election in 1998.

Miller has partnered or has been involved with a number of real-estate transactions with the company in the past few years. In 2005, he made $1.1 million to $6 million in profits from real-estate deals involving Lewis Operating in some part of the transaction, according to his financial disclosure report.

The House Rules explicitly state that before entering into loans from an entity other than a financial institution, members of Congress and staff must submit the terms of the loans for review and a determination from the ethics committee on whether the loan is acceptable under the gift rule.

"Whether a loan from a person other than a financial institution is on terms that are 'commercially reasonable,' and hence acceptable under the committee's determination, will depend on a number of facts and circumstances," the rules state.

The rules governing loans intend to ensure that House members, officers and employees accept opportunities and benefits that are "in the form of loans from banks and other financial institutions on terms generally available to the public." The rules go on to say that members may accept loans provided that "the loan is on commercially reasonable terms, including requirements for repayment and a reasonable rate of interest."

Miller's office has not responded to several calls seeking information about the terms of the loan or whether the congressman submitted the terms of the loan to the ethics committee for review. The congressman has denied any wrongdoing.

Miller took out three separate promissory notes in 2004 from Lewis entities: one for approximately $4.75 million from Lewis Investment Co., one for approximately $1.26 million from Fontana Library Co., and another for approximately $1.45 million from Church Haven Co., all part of the Lewis Group of Companies, which share the same address as Lewis Operating's Southern California regional offices.

Miller bought land from Lewis Investment using that money in seller-financed deals for land in areas that the company is developing into planned communities or retail space, some of the same land where Lewis Investment has business dealings with the city of Fontana, Calif., in developing tracts of homes and stores.

Seller-financed deals occur when the landowner lends the money directly to the buyer without a mortgage company involved. The loans typically provide many advantages to the purchaser in terms of lower costs, lower down payments and potentially lower interest rates. They also give the seller more control over the land.

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The majority of the parcels Miller bought from Lewis Operating and later sold to Fontana are adjacent to Interstate 210, a little more than a mile from an eastern expansion of the freeway, and about two miles from the city of Rialto's municipal airport, which Miller helped to close in last year's transportation bill.

As a member of the Transportation and Infrastructure Committee, Miller pushed for a provision in the bill that allowed the city to close the airport, the first time an act of Congress has ever shuttered an airport. It is a power the Federal Aviation Administration traditionally has had sole authority to exercise.

The closing of the airport paved the way for Lewis Operating to win a multimillion dollar contract from the City of Rialto, Calif. to develop the airport land and build a planned community consisting of 2,500 homes, parks and 80 acres of retail space on the former airport and adjacent land.

As first reported by the Los Angeles Newspaper Group, watchdog groups have criticized Miller for helping to secure $1.28 million in last year's transportation bill for street improvements in front of a planned housing and retail center, including a Target store that he co-owned with Lewis Operating in his district.

Stan Brand, a former chief counsel for the House ethics committee, said the committee wants to make sure that House members and staff keep outside entities at "arm's length" and do not engage in financial arrangements under terms that other members of the general public would not have access to.

But without knowing the terms of the promissory note, Brand said, it's impossible to know whether Miller is complying with the gift rules.

"In the current climate with the U.S. attorneys of America prowling around and scrutinizing every one of these members' deals, it strikes me as overly aggressive to be engaging in this type of transaction without getting some kind of assurance from some body that the loans meet the [ethics] standards."

Specifically, Brand said, the ethics committee would need to review what collateral Miller had offered and what kind of interest rate applied to the loan. If Miller did not submit the information, he said, prosecutors would be very interested in scrutinizing the terms of the loan.

"Hopefully it will stand up as an arm's-length, real transaction," Brand said.

OTHER NEWS:

Fed Keeps Key Rate Steady At 5.25% (WP)

By Paul Blustein

The Washington Post, August 9, 2006

The longest sustained campaign of interest-rate hikes in Federal Reserve history ended yesterday as the central bank left its benchmark rate unchanged, snapping a string of 17 consecutive increases.

The decision reflected a belief by Fed policymakers that the economy is slowing sharply and may continue to do so in coming months -- enough, the Fed hopes, to quell an upsurge of inflation.

The central bank warned that it was ready to increase the rate again if inflation went higher. But keeping the rate steady yesterday could be a major turning point in the economy after a relentless upward march in the federal funds rate, the short-term interest rate that the Fed directly controls.

Since June 2004, when the rate was at a four-decade low of 1 percent, the policy-setting Federal Open Market Committee has lifted it 17 times by one-quarter of a percentage point at each of its meetings. The rate, which is 5.25 percent, indirectly affects many other interest rates.

"There's an end in sight," said Peter Hooper, chief U.S. economist at Deutsche Bank Securities Inc. and a former Fed economist. "If growth has slowed enough now for the Fed to stop raising rates, then mortgage rates don't have to go up much further, for instance. But there's some bad news here too" -- that unemployment will have to rise if the Fed is to refrain from further increases.

If the job market is stronger than expected and wages continue going up rapidly, Hooper said, "we'll have to pay more in interest rates, to slow things down."

The Fed signaled that it wanted to assess the effects of its rate increases before tightening more. Typically, a rate increase takes a year or more before it is shown in the spending behavior of businesses and consumers.

"Economic growth has moderated from its quite strong pace earlier this year," the Fed said in a written statement. Although certain factors such as high energy costs may keep inflation rising, "inflation pressures seem likely to moderate over time, reflecting contained inflation expectations and the cumulative effects of monetary policy actions and other factors," the statement said.

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Recent government statistics showing a marked cooling in the economy, stemming in part from the blow that higher interest has dealt to the once red-hot housing industry. The latest evidence came Friday in a report showing that the unemployment rate edged up to 4.8 percent in July, from 4.6 percent in June, while the growth in payrolls for the month was a relatively sluggish 113,000.

Some economists are worried that in its zeal to contain inflation, the Fed may have tipped the economy toward recession. Concern about excessively raising interest rates was clearly on the minds of Fed policymakers yesterday; Janet L. Yellen, president of the Federal Reserve Bank of San Francisco, warned recently that "if we kept automatically raising rates until we saw inflation start to respond, we most likely would have gone too far."

The opposite risk is that the buildup in inflationary pressures will prove so great that in pausing now, the Fed will only have to raise rates more drastically later. Labor costs have mounted in recent months, aggravating worries that inflationary pressures are more deeply rooted than the single problem of rising oil and gas prices.

A Labor Department report yesterday said labor costs for each unit of output rose at an annual rate of 4.2 percent in the second quarter, up from 2.5 percent in the first three months of the year.

Among the most prominent economists voicing such concerns was Martin S. Feldstein, a Harvard University professor, who in a Wall Street Journal article on Monday warned that the Fed's goal of a "soft landing," with low inflation and solid growth, may be impossible. "If the Fed wants to convince the markets that inflation will be contained in the future, it must show that it is willing to take the risk of tightening too much," Feldstein wrote.

One of the 12 members of the Federal Open Market Committee took a similar view yesterday. Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, voted against the decision to keep rates steady, the first dissent since a committee meeting last October. He wanted another quarter-percentage-point increase.

Seeking to assuage fears that it will relax its guard, the Fed said in its statement that "some inflation risks remain. The extent and timing of any additional [rate increases] that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information."

That statement "left the door open to another hike, and I think the inflation data will push them through that door," said Ethan S. Harris, chief U.S. economist at Lehman Brothers Inc.

"They're in a very tight bind," he said. "They've got a weak economy on one hand, and creeping inflation on the other. It must have been a close call at the meeting today. If I were at the Fed, I might have voted with Mr. Lacker for a rate hike, but I can understand why they have decided to pause."

Financial markets, which had anticipated the Fed's decision, gyrated a bit after it was announced at 2:15 p.m. The Dow Jones industrial average rose at first but then fell, closing down 45.79 points, to 11,173.59.

Fed Lets Rates Stay Put For Now (USAT)

By Sue Kirchhoff

USA Today, August 9, 2006

USA TODAY

WASHINGTON — The Federal Reserve left short-term interest rates unchanged at 5.25% Tuesday after two years of steady increases, pointing to the slowing economy. The Fed didn't rule out future rate rises, however, if needed to contain “inflation risks.”

The central bank's policymaking Federal Open Market Committee was not united. Jeffrey Lacker, president of the Richmond, Va., Fed, voted “no,” wanting a quarter-point rise. That's the first dissent under Fed Chairman Ben Bernanke, who took over in February, and just the fifth in four years.

“Readings on core inflation have been elevated in recent months,” the Fed said in a statement, adding that high energy and commodity prices and tight labor markets could “sustain inflation pressures.”

Still, the Fed judged that inflation was likely to moderate over time as previous rate moves filter through the economy, slowing growth. It added that “some inflation risks remain” and said the extent and timing of any future increases depend on economic data.

Stock prices dipped slightly Tuesday, even though markets had predicted the Fed would pause. Traders worried that the Fed could still boost rates ahead.

The Fed had raised its target for short-term rates 17 times since mid-2004, when it was a low 1%. Banks, in turn, have increased rates on consumer loans. With the Fed's pause, banks' prime lending rate, to which many credit cards and consumer loans are pegged, stays at 8.25%.

Mortgage rates, influenced but not set by Fed moves, have gradually risen as the Fed has raised rates. Lender Quicken Loans said mortgage rates could still rise in the short term as the Fed calibrates its policy.

The Fed is balancing slower growth against rising inflation. Oil prices are near records following BP's Sunday announcement that it's shutting down a key Alaskan pipeline. A government report Tuesday showed wage gains, a potential inflation driver.

Economists are split on whether the Fed has finished. Some say it has slowed the economy too much, risking a downturn; others say inflation is a big threat. "The Fed is behind the curve, and it's been behind the curve," says Brian Wesbury of First Trust Advisors.

Robert MacIntosh, vice president of Eaton Vance Management, says the Fed probably went too far when it raised rates in June: "They don't need to do any more. We'll continue to see data in the next couple of months showing that the economy is slowing."

Consumer prices rose at a 5.1% annual rate in the past three months. Core inflation, which excludes food and energy, is up 3.6% in that period, above Bernanke's 1% to 2% comfort zone. The Fed expects the economy to expand at a moderate 3.25% to 3.5% pace this year. Growth dropped from a strong 5.6% annual rate in the first quarter of 2006 to 2.5% in the second.

In Policy Shift, Fed Calls A Halt To Raising Rates (NYT)

By Edmund L. Andrews

The New York Times, August 9, 2006

WASHINGTON, Aug. 8 — The Federal Reserve on Tuesday suspended its two-year campaign of raising interest rates, a long-awaited policy shift based on the hope that a modest economic slowdown will subdue inflation without much pain.

After 17 consecutive increases at each meeting since June 2004, the central bank voted to hold its benchmark interest rate steady at 5.25 percent. Policy makers suggested that they wanted more time to see where the economy was headed before deciding whether further increases might be necessary.

In a statement accompanying its decision, the Fed acknowledged that inflation had accelerated. But it predicted that slowing economic growth — led by the retreat of the housing market — would lead to smaller consumer price increases before long.

"Readings on core inflation have been elevated in recent months," the Fed's policy-making committee said. "However, inflation pressures seem likely to moderate over time, reflecting contained inflation expectations and the cumulative effects of monetary policy actions and other factors restraining aggregate demand."

The central bank left itself ample room to resume its rate increases if inflation proves more stubborn than expected. But it implied that its hope was to avoid any more increases for the foreseeable future.

The shift amounts to a bet by the Federal Reserve's chairman, Ben S. Bernanke, on an elusive goal in monetary policy: a "soft landing" in which the economy slows enough to cool spending and ease inflationary pressures but not enough to cause a big jump in unemployment.

The move comes at a risky moment. Inflation, while still modest, has been stoked by surging oil prices that are now being accompanied by rising costs for materials and labor.

At the same time, economic growth has slowed sharply, unemployment is creeping up and productivity growth — the primary determinant of overall prosperity and the crucial ingredient in having healthy growth without rising prices — has stalled.

In a sign of uncertainty among policy makers, the Fed committee was not unanimous in its decision on interest rates, a relatively rare occurrence in a body that strives for consensus. Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, who has often sounded alarms about inflation, argued for raising rates an additional one-quarter percentage point. It was the first such dissent since Mr. Bernanke took over the Fed chairmanship from Alan Greenspan in February.

Many economists said they disagreed with the Fed's sanguine outlook, saying that prices and wages were both climbing significantly faster than just a year ago and showed no signs of slowing yet.

"There hasn't been even a whisper of inflation pressures easing," Ethan Harris, chief economist at Lehman Brothers, said. "It's amazing that the Fed can sound that comfortable on a day that you've had another piece of bad news on the inflation front. If I were on the Fed, I would have voted for another rate increase."

A few hours before the Fed announced its decision, the Commerce Department reported that workers' compensation — the biggest component in production costs — climbed at an annual rate of 5.4 percent in the second quarter of 2006. Unit labor costs, which are the cost of labor necessary to produce a given amount of output, were 3.2 percent higher in the second quarter than during the period 12 months earlier. That was the biggest jump in almost five years.

The dilemma for policy makers is that if the Fed is forced into a serious crackdown on inflation, it risks throwing the economy into a recession. That would leave workers whose wages have barely kept up with price increases in worse shape, just as many are beginning to reap some modest gains from economic growth. And with energy prices up sharply, many workers, whose pay increases have lagged far behind productivity gains, have less disposable income for other purposes.

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The central bank stopped short of saying that additional "firming" — Fed jargon for higher interest rates — would be necessary. Instead, it repeated previous statements that "the extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth."

Among economists, one camp interpreted the statement to mean the Fed was essentially finished with this round of interest rate increases. And in contrast to those more worried about inflation, they argued that the Fed was right to leave interest rates alone.

"It's the end of the game," wrote Bernard Baumohl, executive director of the Economic Outlook Group in Princeton Junction, N.J., in a research note to clients.

He argued that the Fed's previous 17 rate increases had already set the stage for lower inflation and that further rate increases risked tilting an economy that was already hitting the brakes into a full-blown recession.

"By keeping their hands off the monetary throttle at this time," Mr. Baumohl wrote, "the Federal Reserve has increased the probability the economy is on approach toward a soft landing."

The nation's overall economic growth slowed to an annual pace of just 2.5 percent in the second quarter of this year, less than half the torrid pace of the first quarter. Job creation has been low for the last four months, and the unemployment rate edged up to 4.8 percent in July from 4.6 percent in June.

But other experts are skeptical, saying the Fed may be forced by inflation data to begin raising rates again soon. In practice, the Fed has effectively engineered only one other "soft landing" in history — in 1994 and 1995, under Mr. Greenspan.

Conditions then were in many ways more benign than they are today, however. Inflation was heading down, not up; the federal budget was moving toward lower rather than higher deficits; energy prices were erratic, but far lower than they are today.

"The current situation looks a lot more like the 1970's than the 1990's," said Allen Sinai, chief economist at Decision Economics. "We are seeing the leading edge, though not necessarily the ultimate outcome, of what in the old days used to be called the wage-price inflation spiral."

Mr. Bernanke, both before and after he became Fed chairman, has said that his definition of price stability is a "core" inflation rate — excluding prices for energy and food — of 1 to 2 percent. But by the Fed's preferred measure of core inflation prices are about 2.9 percent higher than one year ago. That is the biggest year-over-year jump in 11 years.

"Rather than taking pre-emptive measures against a very serious inflation threat, Bernanke and company have adopted a very dangerous reactionary approach," said Richard Yamarone, chief economist at Argus Research. "They're in a wait-and-see mode."

Laurence H. Meyer, a former Fed governor and now an economic forecaster at Macroeconomic Advisers, predicted that it would take more than a soft landing to reduce inflation significantly. For that to happen, he said, unemployment would have to rise for a sustained period.

But Mr. Meyer speculated that Fed officials might not want to reduce inflation to Mr. Bernanke's unofficial targets. He noted that the Fed's latest economic outlook, based on forecasts from Fed district banks, called for core inflation to remain about 2 or 2.25 percent through 2007.

Even that goal could require a painful economic adjustment. "There's too much inflation in the system," said Mr. Harris of Lehman Brothers, who predicted that the Fed would be forced to raise rates again before the year is over. "At this stage, there has to be a bumpy landing."

Fed Pause Aims To Balance Risks Facing Economy (WSJ)

By Greg Ip

The Wall Street Journal, August 9, 2006

WASHINGTON -- By leaving interest rates unchanged yesterday after two years of steady increases, the Federal Reserve sought to balance the risks of a sharp slowdown and rising inflation -- an effort many economists said might not succeed.

Reflecting the difficulty of the Fed's task, economists -- like the Fed's policy makers themselves -- aren't unanimous about what the central bank should do as the economy sends mixed signals. Some economists feel the Fed has raised rates too far already, while others say it hasn't raised them enough.

In keeping its target for short-term interest rates at 5.25%, the Fed acknowledged that "readings on core inflation have been elevated in recent months." But, reiterating Chairman Ben Bernanke's forecast last month, it added: "Inflation pressures seem likely to moderate over time, reflecting contained inflation expectations and the cumulative effects of monetary-policy actions and other factors."

That sentence suggests the Fed feels it has done enough, or almost enough, to rein in economic growth and nudge inflation down to a more acceptable level.

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Still, as it did in June, the central bank left the door open to further rate increases, saying that "some inflation risks remain. The extent and timing of any additional [increases]...to address these risks will depend on the evolution of the outlook for both inflation and economic growth."

Yesterday's decision was widely, though not universally, expected. Stocks initially rallied on the news, but ended the day lower, with the Dow Jones Industrial Average down 45.79 points at 11173.59. Bonds were little changed on the day.

The Fed is entering what has traditionally been one of the most delicate phases of the business cycle. The economy has reached full strength and inflation pressures have built. There are signs that higher interest rates are slowing the economy, but it remains unclear if they have slowed it enough -- or too much. The Fed paused at a similar point in February 1995, and in May 2000. The first time, the economy had a "soft landing" -- slow growth followed by five more years of expansion. The second time, it fell into recession.

If economic data "do signal some relief on the inflation front and further softening in the economy this could be the end of the [rate-hiking] cycle," said Al Broaddus, former president of the Federal Reserve Bank of Richmond. "And if they're lucky and timed it right, that would reduce the risk that the Fed causes the economy to weaken too much."

But by retaining its bias toward raising rates, the Fed has discouraged investors from driving down long-term interest rates and made it easier to raise rates again if needed, Mr. Broaddus added.

In recent months, inflation has risen above the Fed's informal "comfort zone" of 1% to 2%, excluding food and energy. The Fed attributes the rise primarily to companies passing higher energy costs on to consumers, and it believes inflation will drop back so long as energy prices stabilize and growth doesn't exceed "potential" -- the rate at which the economy can grow without straining its available work force and industrial capacity. Meanwhile, it expects economic growth to remain steady as businesses and exports offset a slowdown in consumer spending.

Recent data, however, haven't fully supported that view. Economic growth slowed to a 2.5% annual rate in the second quarter in part because of a surprise drop in investment on business equipment. Payroll growth was sluggish, and the unemployment rate rose in July.

Moreover, inflation pressures appear to have been bubbling longer than previously realized. The Labor Department said yesterday that growth in nonfarm business productivity -- or output per hour worked -- in the second quarter slowed sharply to a 1.1% annual rate from 4.3% in the first quarter, and was 2.4% in the four quarters ended in June. Wage-and-benefit costs per unit of output grew 4.2% in the second quarter, and were up 3.2% from a year earlier.

Unit labor costs fell in 2004, but began growing again late that year. Their growth has steadily accelerated since, and is now fast enough to eat into profit margins, which could encourage companies to raise prices.

Pat Henry, executive vice president of operations at RehabCare Corp., a St. Louis-based provider of rehabilitative health services, said a shortage of physical, occupational and speech therapists is driving up wages for those positions and forcing the company to rely on costly contract labor.

Last year, RehabCare raised contract rates to clients an average of 3% to 4% to compensate for higher wages. This year, Ms. Henry estimates around 50% of the company's contracts will see price increases. "Labor costs keep going up, so we keep having to go back to our clients and say, "Hey, we can't do this anymore at this price.'"

In its statement yesterday, the Fed didn't repeat its assertion in June that "ongoing productivity gains have held down the rise in unit labor costs."

After three years in which monetary-policy decisions were relatively simple, the economic crosscurrents today have made the Fed's decision much trickier and views within the central bank have diverged. Yesterday's was the first meeting since Mr. Bernanke succeeded Alan Greenspan as chairman on Feb. 1 that the policy-setting Federal Open Market Committee wasn't unanimous. Federal Reserve Bank of Richmond President Jeffrey Lacker dissented, favoring another quarter-point increase.

Mr. Lacker has been worried about the pace of inflation, inflationary psychology, and the Fed's anti-inflation credibility. In an interview with The Wall Street Journal in mid-June, he expressed concern at how much inflation expectations, as measured by inflation-indexed Treasury bonds, had fluctuated in response to new economic data. "That's evidence of some residual uncertainty about our intentions regarding inflation," he said then.

In theory, those expectations wouldn't move much if the markets thought the Fed would always keep inflation stable and low. Inflation expectations rose in late April, after Mr. Bernanke broached the possibility the Fed might pause in its rate increases. They later declined after the Fed talked tough on inflation and raised rates in June, and have since moved higher again, on both new data and yesterday's rate pause.

The Richmond Fed is traditionally one of the more hawkish of the Fed's 12 regional banks. Mr. Broaddus, Mr. Lacker's predecessor, speculated that Mr. Lacker wanted another increase for "additional credibility insurance. I probably would have gone the same way."

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Futures markets now put only about a 20% probability on the Fed raising rates at its next meeting Sept. 20. They see no additional increases beyond that. Economists, however, are deeply split on what the Fed should do.

"There was a strong case for pausing at 4.5%," said Ian Shepherdson, chief U.S. economist at High Frequency Economics. "There was already plenty of evidence the previous hikes had begun to soften growth." He predicted the Fed will start to cut rates by next April.

Ethan Harris, chief U.S. economist at Lehman Brothers, said the Fed shouldn't have paused, and predicted it will eventually raise its short-term rate target to 5.75%. "You can't fight inflation without risking overkill on the economy," he said. "That is a risk, and it's a risk they should take."

Though unhappy with the current level of inflation, Fed officials also realize the economy can change direction suddenly, especially when prices of assets, such as for stocks or homes, fall sharply. Inflation and labor costs were both rising in 2000 when the Fed halted its last cycle of rate increases. As it later became clear, however, the slump in stocks and business investment had already set in motion a slide into recession the following year and a big drop in inflation.

Fed officials acknowledge that a key risk to their forecast is that the housing market could fall harder than they expect, with ripple effects on consumer confidence, spending and investment. Avoiding such a low-probability, high-cost event may have been a motivation for pausing.

Nouriel Roubini, an economist at New York University and writer of a popular economics blog, said it is already too late. "The Fed should have tightened earlier to avoid a festering of the housing bubble early on. The Fed is facing a nightmare now: the recession will come and easing will not prevent it."

Fed Rate Pause Could Be Brief (USAT)

By Barbara Hagenbaugh

USA Today, August 9, 2006

WASHINGTON — The fat lady hasn't sung.

Although Federal Reserve policymakers left interest rates unchanged Tuesday, it doesn't mean they won't raise their target for short-term rates again this year. In fact, the Fed many times in the past has taken a breather when in the process of raising or lowering rates, only to pick up the campaign again.

During the last cycle of interest rate increases in 1999 and 2000, the Fed skipped two meetings but followed each with a quarter-percentage-point increase.

“Just because the Federal Reserve paused here in August should not be taken as a pre-judgment that they will pause again in September, because some inflation risks remain,” Decision Economics President Allen Sinai says.

The Fed raised interest rates 17 times from June 2004 through June 2006 without skipping a meeting. On Tuesday, Fed Chairman Ben Bernanke and his colleagues kept interest rates unchanged but suggested another rate increase was possible to thwart inflation.

Some economists, such as Sinai and Nigel Gault of Global Insight, say they anticipate the Fed will raise rates at least once more to stem inflation. Sinai noted that the fact that Richmond Fed President Jeffrey Lacker dissented Tuesday, instead advocating a rate increase, enforces the view that there is support for further rate rises within the Fed. The next Fed meeting is on Sept. 20.

“Inflation risks are getting worse,” Gault says. He notes rising oil prices and labor costs are putting pressure on firms to increase prices to keep their margins intact. That could lead to higher inflation.

Tuesday, the Labor Department said a key measure of companies' expenses for employees, unit labor costs, rose at the fastest pace since the fourth quarter of 2004.

Other data on consumer and producer-level inflation suggest price pressures are rising, says Richard Yamarone, director of economic research at Argus Research.

“Prices are escalating, and it's the Fed's job to rein them in,” he says, arguing Fed policymakers made a mistake Tuesday and will have to increase interest rates later this year. But at that point, inflation may be running so high that more drastic measures may be needed.

“This is a big policy blunder,” Yamarone says. “Eventually, it will come back and haunt them.”

Fed Holds Rates For First Time In Two Years (FT)

By Krishna Guha In Washington And Jennifer Hughes In New York

Financial Times, August 9, 2006

The Federal Reserve on Tuesday held US interest rates at 5.25 per cent, ending an unbroken series of rises that began in June 2004.

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Financial markets appeared uncertain about how to react to what is – at least at this stage – only a pause in the rate-tightening cycle. Equities, bonds and the dollar were all whipsawed by the announcement.

The Fed statement signalled that it still saw inflation risks and could raise rates further. But it did not go out of its way to emphasise its hawkish intentions. One member of the policy making committee, Jeffrey Lacker, president of the Richmond Fed, broke ranks and voted for a rate increase – the first formal dissent since Ben Bernanke became Fed chairman this year.

Financial markets, which priced in a Fed pause following weak employment data on Friday, had difficulty interpreting the message. The S&P 500 swung between a 0.4 per cent gain and a 0.5 per cent loss, ending down 0.3 per cent at 1,278.14.

"The immediate reaction was positive because the Fed did not raise," said Markus Schomer, chief economist at AIG Global Investment Group. "Then people looked over the statement and realised this is a genuine pause, not an end to the tightening."

Bonds rallied, and short dated yields fell, unwinding the inversion of the bond market yield curve. Meanwhile, the dollar traded lower against the euro. But overall, reaction was muted.

Peter Hooper, chief economist at Deutsche Bank Securities, said: "That was what they were aiming for. They did not want this taken as a signal that they are done." He said Mr Bernanke might not mind Mr Lacker's dissent, which reinforces the Fed's inflation-fighting commitment.

Figures earlier in the day showed unit labour costs rose at an annualised rate of 4.2 per cent in the second quarter, with productivity growth at only 1.1 per cent in the non-farm sector.

The Fed statement explained why it had ended its sequence of 17 successive rate increases.

In the past it only said there were suggestions of a slowdown but this time it said "growth has moderated from its quite strong pace earlier this year".

It acknowledged, as in previous statements, that core inflation has been "elevated", and that the combination of high levels of resource utilisation and energy prices "have the potential to sustain inflation pressures".

But it expressed confidence that inflationary pressures "seem likely to moderate over time".

It cited "contained inflation expectations" and the cumulative effect of past interest rate rises as reasons to expect inflation to ease. But, reflecting the unit labour cost picture, it no longer cited productivity gains too.

The statement noted "some inflation risks remain" and leaving open the "extent and timing of any additional firming". This suggests the Fed retains a tightening bias, and it is more likely that its next step will be up.

Stocks Stumble After Fed Leaves Rates Unchanged (WSJ)

By Peter A. Mckay

The Wall Street Journal, August 9, 2006

The Federal Reserve's long run of monetary tightening ended with a whimper in financial markets, with stocks rallying briefly after the central bank's announcement of a rate pause but finishing the day lower.

At its afternoon peak, the Dow Jones Industrial Average had gained nearly 57 points. But it finished the day at 11173.59, off 45.79 points, or 0.4%, up 4.3% on the year. The broad Standard & Poor's 500-stock index shed 0.3%, or 4.29 points, to end at 1271.48, up 1.9% on the year. The technology-heavy Nasdaq Composite Index fell 0.6%, or 11.65, to 2060.85, off 6.6% on the year.

In the first part of the trading day, the Fed's announcement was heavily anticipated. But investors were mainly on the watch for surprises, and the central bank's decision not to raise rates for the 18th straight time didn't qualify.

"We would have liked to see the Fed raise rates another quarter [percentage] point at the meeting" to categorically choke off the risk of inflation, said economist John Ryding of Bear Stearns. But Bear Stearns and most other Wall Street firms had been telling clients not to expect another rate increase at the just-completed meeting of central bank policy makers.

Treasury prices also rose initially after the Fed's decision was unveiled at midafternoon. But bond investors quickly reconsidered the inflation warnings to be found in the accompanying policy statement from the Fed and reversed position, leaving the benchmark Treasury near flat late in the day. Inflation erodes the value of fixed-income assets.

The Fed's short-term interest-rate target stands at 5.25%, with the economy looking ever creakier. In particular, analysts cited recent reports of slower second-quarter growth in gross domestic product, along with tepid July job growth, as signals that allowed investors to bet that a pause was likely.

Mr. Ryding says he believes the central bank will hold steady through its meeting next month, then perhaps raise rates again in October. That way, policy makers will be able to see an extra month's worth of data to make sure they aren't applying too much pressure to keep inflation in check.

In major U.S. market action:

Bond prices were mixed: The 10-year note inched up 1/32, or 31.25 cents for each $1,000 invested, nudging the yield down to 4.925%. The 30-year bond fell 7/32 to push its yield up to 5.022%.

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The dollar weakened. Against the Japanese currency, the dollar slipped to 115.10 yen, compared with 115.11. The euro rose to $1.2848, compared with $1.2841.

Stocks Fall Despite Fed's Pause In Rates (USAT)

By Adam Shell

USA Today, August 9, 2006

NEW YORK — Arguably the biggest overhang facing stocks the past two years was lifted Tuesday when the Federal Reserve ended its streak of interest-rate increases at 17 (stories, 1A, 2B).

But the Fed's long-awaited and much-anticipated pause at 5.25% did not result in the hoped-for "Fed is done" rally on Wall Street. Stocks actually suffered mild declines as investors shifted their worries to the economy and corporate earnings, which they fear could be slowed by the more than two years of rate increases. The Fed said economic growth has "moderated."

The Dow Jones industrial average fell 45.79 points, or 0.4%, to 11,173.59. During the Fed's nearly 26-month tightening campaign, which began June 30, 2004, the blue-chip index has gained 7.3%.

Broader stock indexes also fell. The Standard & Poor's 500 index lost 4.29 points, or 0.3%, to 1271.48. The Nasdaq composite declined 11.65 points, or 0.6%, to 2060.85.

Wall Street pros say stocks didn't shoot higher because they had already moved up in anticipation of the news.

"People have been looking for a pause," says Dick Hoey, chief economist at Dreyfus. "And there was neither shock nor awe in this Fed decision."

Attention immediately shifted to the Fed's next interest-rate policy meeting in September. Analysts were debating whether the Fed was done for good or whether it would raise rates again if inflation continues to increase.

In its post-meeting statement, the Fed said, "Some inflation risks remain," and that the need for additional rate increases would depend on incoming data on inflation and economic growth.

"Nothing in this statement said it's the end," says Quincy Krosby, chief investment strategist at The Hartford, a financial services firm. The big issue facing investors is gauging how much the economy and earnings growth will slow because of the rate increases in the pipeline, Krosby says.

Analysts expect the S&P 500 to grow earnings 15% in the July-through-September quarter and 14.7% in the fourth quarter, says earnings tracker Thomson Financial. Third-quarter estimates have slipped slightly since July 1, when analysts were projecting 15.3% growth, says Thomson analyst John Butters.

Despite being one of the most-hyped Fed meetings in many years, the market reaction was subdued. "It became this sort of event, but it was anticlimactic," Krosby says.

A Pause That Digresses (WSJ)

The Wall Street Journal, August 9, 2006

The Federal Reserve has seemed unsure how to proceed on monetary policy for several months, and yesterday it proved it. The Fed's Open Market Committee decided not to raise interest rates again -- not because inflation is contained but because it says the economy is slowing.

Uh, oh. Here we go again, back to the era of the Phillips curve, the economic theory that postulates a trade-off between inflation and unemployment. We thought Paul Volcker and Alan Greenspan had buried that notion years ago. But apparently it lives on like Arthur Burns's ghost in the attic of the Fed, ready to inhabit a new Chairman who has inherited an inflation and is afraid that breaking it will send the economy into recession. And so yesterday it gave new Fed chief Ben Bernanke his excuse to "pause" in raising interest rates for the first time since June 2004.

In its statement, the Fed conceded that "readings on core inflation have been elevated in recent months," and that this may continue. However, the Fed is guessing that "inflation pressures seem likely to moderate over time," thanks to previous monetary tightening "and other factors restraining aggregate demand." That last bit is the Phillips curve giveaway, suggesting that slower economic growth, such as in the housing market, will reduce inflation along with it.

Let's hope Mr. Bernanke is right about the future direction of prices. But as we all learned the hard way in the 1970s, inflation can increase even when growth slows if the Fed has printed too much money and pricing pressures continue to pass through the economy.

And yesterday's data for second-quarter productivity and labor costs were far from reassuring on that score. Nonfarm business productivity growth slowed to 1.1% at an annual rate, even as hourly compensation (up 5.4%) and unit labor costs (plus 4.2%) climbed sharply. Including upward revisions for previous periods, unit labor costs are now 3.2% higher than a year ago; that's the fastest rate of increase since 2000 when monetary policy was considerably tighter than it is now. When labor costs outstrip productivity gains by that much, it's called inflation.

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Perhaps all of this is what Richmond Fed President Jeffrey Lacker was looking at as he cast a dissenting vote yesterday in favor of raising the Fed funds rate (now at 5.25%) another 25 basis points. Come next month, Mr. Lacker will look like a prophet if Mr. Bernanke is confronted with further price increases that force the Fed to resume tightening. This may also explain yesterday's sullen reaction in financial markets to the Fed's "pause," as stocks fell on the news. Typically stocks rally at the end of the Fed's rate-rising cycle, but investors don't seem to be convinced that the Fed is really done.

The larger context here is that the Fed is struggling to make up for its easy-money blunders of 2004 and 2005 without tipping the economy into recession. Like much of the rest of the economic establishment, the Fed underestimated the economy's strength in the wake of the Bush tax cuts of 2003. It kept money too easy for too long, and the inflationary pressures it created are only now showing up with a vengeance in the consumer price and labor cost indices.

While this was mainly Alan Greenspan's last hurrah, Mr. Bernanke was along for part of that ride as a member of the Open Market Committee. The Fed's mistake then has made his job that much more difficult now. Mr. Bernanke no doubt hopes that yesterday's pause is one that refreshes; we fear it has only postponed the ultimate day of reckoning.

Taking The Vice Out Of Pro Hac Vice (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, August 9, 2006

The vast majority of motions by lawyers seeking pro hac vice admission in federal court go unopposed and are quickly granted. But in MAR-VEL International Inc. v. Milnes, an ugly battle erupted that ended in a judge's sharp criticism and denial of the motion.

Senior U.S. District Judge John P. Fullam decided that attorney John Vogel is not entitled to pro hac vice admission because he is licensed only in the state of New York, but is maintaining a law office in Radnor, Pa.

Fullam concluded that Vogel is violating Pennsylvania's ethical rules by establishing a Pennsylvania law office without first obtaining a Pennsylvania license.

Granting the motion, Fullam said, "would simply enable Mr. Vogel to expand his Pennsylvania law practice in violation of Pennsylvania Rule of Professional Conduct 5.5(b), and to evade CLE requirements."

Vogel, in an interview, said he disagreed with Fullam's ruling since his role in the case would have been limited to his area of expertise -- the law relating to federal contracts -- and that he never intended to work on issues relating to Pennsylvania law.

"I think he's wrong as a matter of law, but Judge Fullam is Judge Fullam," Vogel said.

A 1969 graduate of New York University Law School, Vogel passed the New York bar, but spent more than three decades working as an in-house corporate attorney in King of Prussia, first for General Electric and continuing in the same post through mergers and acquisitions for Martin Marietta and Lockheed Martin. He retired in 2002.

Vogel said he was asked by attorney Sidney L. Gold to join the defense team in MAR-VEL due to his extensive experience in government contracting.

In the suit, Pennsauken, N.J.-based MAR-VEL claims that two of its former employees, along with a brother of one of the former employees, "hatched a scheme to establish a new company that would directly compete with MAR-VEL."

Attorney David G. Concannon filed the suit, which accuses Bradford Milnes, Brian Milnes and Devon Greer of "stealing and making use of MAR-VEL's trade secrets and corporate assets, and by soliciting MAR-VEL's vendors and customers."

The suit cites claims of fraud; misappropriation of trade secrets; tortious interference with contractual relations; breach of the duty of loyalty; usurping corporate opportunities; conversion; replevin; civil conspiracy; and violations of the federal Computer Fraud and Abuse Act.

Court records show that Gold entered his appearance for the defendants and soon after moved for Vogel to be admitted pro hac vice.

Concannon objected, arguing in court papers that Vogel should be denied pro hac vice admission because he "has violated the Pennsylvania Rules of Professional Conduct and the Local Rules of the United States District Court for the Eastern District of Pennsylvania by practicing in Pennsylvania without a license and by actively participating in this case without being admitted in this district and without leave of the court."

In an order handed down on July 25, Fullam sided with Concannon.

Fullam noted that the letterhead of Gold's firm lists Vogel as "of counsel," with a notation in "extremely small print" that says Vogel is admitted in New York only.

The Internet Web site for Gold's firm, Fullam said, lists Vogel as "the managing attorney for the firm's Radnor office."

As a result, Fullam concluded that Vogel was violating Rule 5.5(b) of the Pennsylvania Rules of Professional Conduct, which says that a lawyer who is not admitted to practice in Pennsylvania "shall not ... establish an office or other systematic and continuous presence in this jurisdiction for the practice of law."

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In light of Gold's letterhead and Web site, Fullam said, "it would seem that Mr. Vogel has violated and is violating that rule."

The violation, Fullam said, was not, as Concannon complained, that Vogel had been actively participating in the negotiations with MAR-VEL, since that activity "does not necessarily constitute practicing law 'before this court.'"

Instead, Fullam said, Vogel was in violation of the rule because of his "office or other systematic and continuous presence in this jurisdiction for the practice of law."

Fullam denied the motion and gave Vogel 60 days "to achieve compliance with the applicable Rules of Professional Conduct."

In a renewed motion, Gold urged Fullam to reconsider because his first ruling was premised on a misunderstanding of Vogel's role in Gold's firm and the nature of the Radnor office.

Gold said his Web site never should have described Vogel as the "managing attorney" of the Radnor office, but instead should have listed him as the "managing administrator."

The motion also said that the Radnor office is not a law firm, but the headquarters of a corporation established by Vogel for which Vogel serves as CEO.

But Fullam refused to change his mind.

In an Aug. 1 opinion, Fullam said: "Notwithstanding these changes, it cannot be doubted that Mr. Vogel has established an 'office or other systematic and continuous presence in this jurisdiction for the practice of law' within the meaning of Pennsylvania Rule of Professional Conduct 5.5(b)."

Since Vogel is violating Pennsylvania's ethical rules, Fullam said, it would be wrong to grant him admission to practice in a federal court.

"I conclude that, at the very least, considerations of comity and respect for the mechanisms of the Pennsylvania Supreme Court make it inappropriate for this court to grant the pending application for pro hac vice admission," Fullam wrote.

Vogel, in an interview, said he believes Fullam erred by focusing on the issue of his residence in Pennsylvania.

"If I was being brought in to practice Pennsylvania law, I could understand his position," Vogel said.

But the truth, Vogel said, is that Gold would have taken the lead role in the case, with Vogel's role limited to working in his area of expertise -- federal government contracting.

When granting pro hac vice motions, Vogel said, "judges assume ... that lawyers will divvy up responsibilities in a responsible manner."

Vogel said he and Gold are not likely to appeal the ruling, but that Vogel will continue to work on the case, providing Gold with advice and support in his area of expertise.

Virginia Vs. Vermont (WP)

The Washington Post, August 9, 2006

ISABELLA MILLER-JENKINS has two mommies. That isn't a big deal these days, and it shouldn't be, except for this: Isabella's biological mother, Lisa Miller-Jenkins, doesn't want her former partner, Janet Miller-Jenkins, to have any visitation rights -- though the two women decided together to conceive the child (Lisa had artificial insemination through an anonymous donor they jointly selected) and raised her together. When they split up two years ago, Lisa Miller-Jenkins initially acknowledged that Janet was Isabella's parent and asked that Janet be given "suitable parent-child contact." A judge in Vermont, where the couple had been living, agreed.

But then Lisa, who moved back home to Virginia after they split, changed her mind. And in a legally flawed and morally reprehensible decision, a state court judge in Virginia backed Lisa. As a result, Janet hasn't been allowed to see Isabella for more than two years, since June 2004. Last week the Vermont Supreme Court sided with Janet by ruling, correctly, that the Virginia court shouldn't have intruded. An appeals court in Virginia has been awaiting the Vermont ruling before issuing its judgment in the case. It should honor the Vermont decision and let Janet finally see her daughter.

This case has gotten tangled up in Vermont's civil union statute (Lisa and Janet entered a civil union in 2000) and Virginia's small-minded reaction to it, the Affirmation of Marriage Act, which declares "void in all respects in Virginia" any "civil union, partnership contract or other arrangement entered into by persons of the same sex in another state." In fact, though, neither the Vermont civil union law nor Virginia's anti-gay-marriage law is legally relevant.

As the Vermont Supreme Court understood, this dispute isn't about whether Virginia is bound to honor same-sex unions. (The federal Defense of Marriage Act protects Virginia from that supposedly frightful consequence.) It's about the application of a federal law designed to help states -- and children -- avoid the sort of ugly tug of war that has ensnared Isabella here. Once one state's court has properly started hearing a case, the law provides, other states should stay out. Otherwise, parents who don't like the custody deal they got the first time could shop around for friendlier courts.

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In this case Vermont exercised jurisdiction over the dissolution of the Miller-Jenkins civil union and made a custody determination -- which under the parental kidnapping law Virginia is obliged to respect. Child custody and visitation cases are supposed to be about the best interests of the child. In this case, the Vermont court found, Isabella has two parents who love her and who are entitled to see her. Nothing in Virginia's intolerant Affirmation of Marriage Act need prevent that from happening.

Lieberman Defiant In Defeat (HARTC)

By Mark Pazniokas

The Hartford Courant, August 9, 2006

With the nation watching, Connecticut Democrats thronged to the polls in unexpectedly high numbers Tuesday to reject Sen. Joseph I. Lieberman and endorse his anti-war challenger, Ned Lamont.

Unofficial results showed Lamont winning 52 percent of the vote, defeating a three-term incumbent who had come to be defined by his defense of the war in Iraq despite an advertising blitz begging voters to judge him on a progressive labor and environmental record.

Lieberman, 64, a vice presidential nominee in 2000 and a presidential hopeful only two years ago, conceded at 11:03 p.m. in a Hartford ballroom packed with national and international press, then defiantly announced he would press on as a petitioning candidate, forcing a three-way race in November.

"As I see it, in this campaign we just finished the first half and the Lamont team is ahead. But in the second half our team, Team Connecticut, is going to surge forward to victory in November," Lieberman said. Then he shouted, "Will you join me?"

Lamont, 52, a wealthy Greenwich cable-television entrepreneur who became the unlikely champion of a potent anti-war movement, celebrated in a Meriden hotel filled with supporters who ran the gamut from a former state party chairman to national civil rights leaders to a new brand of activist: Internet bloggers.

"They call Connecticut the land of steady habits," a smiling Lamont told his supporters. "Tonight we voted for a big change."

Lamont called his victory the product of a coalition for change that would spread beyond the borders of a small New England state.

"It's time we fixed George Bush's failed foreign policy," Lamont said, setting off a roaring round of cheers.

Statewide turnout was estimated at more than 40 percent, 15 percentage points higher than the last major statewide Democratic primary, a gubernatorial contest in 1994.

Some voters came to the polls with a passion, certain for months they would either stand by Lieberman or reject him over the war. Others struggled with their decision until entering the voting booth, uneasy over rejecting a man who held statewide office for 26 years.

Sam Goldenberg gave his mother, Minnie Goldenberg, a ride to the polls in the West Hartford so she could cast her usual vote for Lieberman. Then he drove home to West Haven and canceled his mother's choice with a vote for Lamont.

"The war is the main issue," he said, almost sadly. "Actually, Lieberman is a pretty good guy, but the war is simply the most important issue."

Lamont rolled up lopsided margins in the Farmington Valley, Litchfield County, the lower Connecticut River Valley and scattered suburbs around the state. He won Hartford and Lieberman's hometown of New Haven, which first elected Lieberman to the state Senate in 1970.

Lieberman dominated in the New Haven suburbs, the struggling rural towns of eastern Connecticut and old mill towns of the Naugatuck Valley, home of conservative Reagan Democrats and the place he chose to begin his campaign bus tour 10 days ago.

The incumbent carried Bridgeport.

At 11 a.m. today, Lieberman will be on the outside looking in on a Democratic unity press conference, where public pressure is sure to begin on Lieberman to abandon his plans to continue as a petitioning candidate in a three-way race with Lamont and Republican Alan Schlesinger.

At the Goodwin Hotel in Hartford, the ballroom was evenly divided among supporters, including U.S. Rep. John B. Larson, D-1st District, and reporters attracted by the prospect of a preview on the mid-term Congressional elections and a referendum on Iraq.

One of the news crews was from a Japanese TV network. Correspondent Yasushi Komatsu traveled with a cameraman and producer from the New York bureau of TV Asahi America Inc., because of the Lieberman-Lamont primary's significance in Japan.

"People in Japan are interested in the war in Iraq and how it is going to develop," he said. "The result of the election could be interpreted to mean the American people are saying yes or no to what Bush is doing in Iraq."

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Early Tuesday, the Lieberman campaign complained that hackers had disabled their web site and demanded state and federal investigations.

Lamont's campaign focused on a massive field organization, staffed with thousands of volunteers.

Urania Petit, 37, a naturalized U.S. citizen from the West Indian island of St. Lucia, said she always found American politics lacking the passion of her homeland, until opinion turned against the war and Lamont launched what he called a campaign for "the heart and soul of the Democratic Party."

"This is the first one," said Petit, a volunteer at Lamont's North Hartford satellite office on Albany Avenue. Carrie Saxon Perry, the former mayor, said, "You have a moment in history. People understand that."

Turnout did notmatch the suburbs, but at midday it ran well ahead of a citywide municipal primary in 2003.

At King Philip Middle School in the north end of West Hartford, turnout hit 40 percent by 2:30 p.m., surprising party leaders who thought a high turnout would be 35 percent.

"I really am voting against Joe Lieberman. I think it's a shame," said Paula Cohn, 76, who abandoned Lieberman over the war. "I'm a liberal Democrat. I feel obligated to vote against Lieberman. Lamont's OK."

"It's a hard vote," said Wendy Ennis, who did not decide until an hour before she voted. "I voted against Lieberman. That's exactly what it was. It was very hard."

Lamont voted early in Greenwich, where 67 percent of Democrats voted for him, then toured the state, greeting voters and thanking supporters. At one polling place in Hartford's West End, he met the Rev. Jesse Jackson, who campaigned for him.

Jackson told Lamont that Lieberman's plan to run as a petitioning candidate in November if he lost the primary had hurt the incumbent.

"Are you hearing a lot of feedback on that?" Lamont asked.

"Of course, because Democrats who support him in the primary do not choose to destroy the party just to support a guy who cannot give it up," Jackson said.

"You know what I love hearing?" Lamont said. Lamont said the early reports of a record high turnout for the mid-summer primary were astounding. By 6 p.m., for example, the turnout in West Hartford was 59 percent. Lamont would take the suburb with 52 percent of the vote.

"When hope rises, turnout rises. In some sense, your campaign represents hope," Jackson told him.

Standing in the late-evening shade, a relaxed Lamont agreed with Jackson and discounted polling data that showed that half of Lamont's vote was a rejection of Lieberman, not an embrace of a man some voters still were getting to know.

"I think we've given people a reason to vote for something, something bigger than themselves," Lamont said.

LAMONT ROMPS TO WIN; LIEBERMAN VOWS INDEPENDENT RUN; DESTEFANO TOPS MALLOY (NB)

By Dorothy Schneider

Norwich Bulletin Lieberman Loses, August 9, 2006

U.S. Sen. Joseph Lieberman conceded Tuesday's primary election to challenger Ned Lamont, but promised supporters he would continue campaigning as an independent candidate for the November election.

With nearly 95 percent of precincts reporting results, Lieberman trailed by nearly 4 percent, or 8,274 votes, according to the Associated Press.

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"We've just finished the first half and the Lamont team is ahead," Lieberman told his supporters at a Hartford rally. "But in the second half our team — team Connecticut — is going to surge forward to victory in November."

In his Meriden victory rally, Lamont thanked Lieberman for his service to the state and said he hoped the senator would change his mind over the next few days about running as an independent, and "we'll go forward united."

If elected in November, Lamont pledged to work on health care reform, fiscal planning and an end to American troop's presence in Iraq.

"Tonight we voted for a big change," he said. "It's time to fix Congress."

Meanwhile, the Democratic gubernatorial race between Dannel Malloy and John DeStefano remained close up until the end. With 98 percent of precincts reporting, DeStefano led by fewer than two percentage points, or 4,092 votes.

Malloy, speaking to supporters in Stamford, said it appeared DeStefano had won the election, and though he did not publicly concede the race, he spoke graciously of his challenger.

"It's time for a change," Mallow said, "and if DeStefano is the one to lead us to that change, (so be it)."

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DeStefano, riding the support of organized labor and national minority leaders, won the Democratic primary for governor Tuesday to set up a general election showdown with Republican Gov. M. Jodi Rell in November. His victory came despite indications the race was tightening in recent days. A poll released Monday showed DeStefano with only a seven-point lead, the closest the race had been for months.

"I'm just so excited. We won the election," DeStefano told The Associated Press.

Voter turnout across the state was projected at twice the norm for a primary.

Lieberman and DeStefano led the polls in 21 Eastern Connecticut towns.

Lieberman had a 548-vote lead over Lamont and New Haven Mayor John DeStefano had a more resounding 1,219-vote lead over Stamford Mayor Dannel Malloy in Eastern Connecticut.

Lieberman carried 12 towns: Bozrah, Brooklyn, Griswold, Killingly, Lisbon, Norwich, Plainfield, Preston, Putnam, Sprague, Thompson and Voluntown.

DeStefano carried 19 towns: Bozrah, Brooklyn, Canterbury, Colchester, Franklin Griswold, Killingly, Lebanon, Ledyard, Lisbon, Montville, Norwich, Plainfield, Pomfret, Preston, Putnam, Sterling, Voluntown and Woodstock.

After voting Tuesday, Charlie Carito of Killingly said he doesn't like the way the war in Iraq is going, but he still likes Lieberman.

"He had the courage to stand up and do what he thought was right and he hasn't backed down," Carito said.

Questions over the handling of the Iraq War divided voters across the state and raised the Connecticut Senate race to national prominence.

Sprague resident Cathy Osten supported Lamont at the polls Tuesday because she feels the war has had too many negative impacts in Connecticut to ignore Lieberman's stance in supporting it.

Osten, a union president for supervisors with the state Department of Correction, said she appreciated Ned Lamont's opinion on the war and called Lieberman "out of touch with the voters of Connecticut."

She said money being spent to fund a war is better spent on alleviating the burden for Connecticut taxpayers.

Lieberman told supporters he understands many Democrats' frustration with the way things are being handled in Washington.

"I've been there and I'm fed up, too," he said, adding if voters send him to back as an independent candidate, he will work hard with the other parties to find solutions.

The gubernatorial race was less heated and, for many voters, boiled down to a question of which mayor they liked better.

Todd Mercier of Plainfield supported DeStefano Tuesday, saying, "He says he's for the working man and I am a working man."

Jude Malone of Norwich said there were not any key issues that swayed her in the gubernatorial primary, but said she read a lot of articles about the candidates before making her decision to support DeStefano.

"Both (mayors) have done great things for their cities," she said. "I just decided the person I'd go with was DeStefano."

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Zoom Photo

The Associated Press

Greenwich businessman Ned Lamont celebrates his victory Tuesday over incumbent Sen. Joe Lieberman in the Democratic state primary at the Four Points Sheraton in Meriden.

Zoom Photo

Khoi Ton/Norwich Bulletin

U.S. Sen Joseph Lieberman and his wife, Hadassah, immediately before the senator conceded the Democratic primary to challenger Ned Lamont Tuesday at Goodwin Hotel in Hartford.

Lamont Defeats Lieberman In Primary (NYT)

By Patrick Healy

The New York Times, August 9, 2006

Ned Lamont, a Connecticut millionaire whose candidacy for the United States Senate soared from nowhere on a fierce antiwar message, won a narrow but decisive victory Tuesday night over the storied incumbent, Joseph I. Lieberman, in the race for the Democratic nomination.

Mr. Lieberman conceded shortly after 11 p.m. after nearly complete results showed him trailing Mr. Lamont by close to 4 percentage points.

But speaking to his cheering supporters Tuesday night, Mr. Lieberman vowed to continue his fight to remain Connecticut's junior senator by running as an independent in November.

"As I see it in this campaign, we just finished the finished the first half and the Lamont team is ahead,'' he said. "But in the second half, our team — Team Connecticut — is going to surge forward to victory in November."

He said the he could not let the results stand, "for the sake for our state, my party, and our country.'' And he added: "But I am not discouraged. I am disappointed not just because I lost but because of all the old politicsof polarization won today."

Later in the evening Mr. Lamont stood before his supporters and said: "Families still dream of a land of opportunity. With your vote this evening, we're going to start to make your dreams come true.''

With 98 percent of Connecticut's precincts reporting, Mr. Lamont held 51.8 percent of the vote, with Mr. Lieberman holding 48.2 percent.

The Connecticut race drew national and even international attention this summer as a barometer of the mood of American Democrats over the Iraq war. Among political insiders, too, it was seen as a test for liberal bloggers to shape the outcome of a major election, instead of merely commenting on politics in cyberspace.

Mr. Lieberman, a leading moderate Democrat, drew derision from members of his own party for supporting the war and, with particularly forceful language, defending President Bush's foreign policy at times. But some voters also felt that Mr. Lieberman had lost touch with Connecticut after being a player on the national stage after 18 years in the Senate and as a vice presidential nominee and a presidential candidate in 2004.

Many liberals never forgave him for his friendly manner in a vice presidential debate against Dick Cheney in 2000, and they were further turned off when Mr. Lieberman said on national television last year that he would have kept Terri Schiavo on a feeding tube against her husband's wishes.

Mr. Lamont, a former Greenwich selectman who, at 52, has never held statewide office, capitalized on the disaffection by spending at least $4 million of his own money on hard-edged television commercials, such as one where Mr. Lieberman's face morphed into President Bush's as an announcer said that the senator "talks like George W. Bush and acts like George W. Bush."

Mr. Lamont, meanwhile, battled the perception that he was a multimillionaire pawn of the bloggers, trying to broaden his antiwar message with a liberal load of proposed federal programs, such as universal preschool and expanded health insurance.

The returns showed Lamont narrowly winning such cities as Danbury, New London and having a commanding edge in Norwalk and his hometown of Greenwich, where he captured 68 percent of the vote. He also held the edge in incomplete returns from New Haven. Mr. Lieberman was ahead in Stamford, which is in Mr. Lamont's home county of Stamford.

Lamont aides said Tuesday night that they were cautiously optimistic of victory, and were already plotting strategy for the general election — in particular, uniting state and national Democratic officials to persuade Mr. Lieberman to drop out of the race in the face of an ascendant Lamont candidacy.

Douglas Schwartz, director of the Quinnipiac University Poll, which had predicted a 6-point Lamont victory, said that a Lamont victory would scramble Mr. Lieberman's current edge in polls forecasting the general election.

"Lamont is going to get even more positive news coverage from his win, and Democrats will likely rally around their party's candidate," Mr. Schwartz said. "Lieberman will be viewed differently Wednesday — he will be viewed as the losing candidate."

Mr. Lamont was a virtual unknown among Connecticut Democrats only two months ago, yet, for a relative rookie, he ran a campaign that impressed voters. In the most recent Quinnipiac Poll, 42 percent of likely Democratic primary voters had a favorable impression of him, 18 percent were unfavorable, and 22 percent were mixed. By comparison, Mr. Lieberman was viewed favorably by 40 percent, unfavorably by 34 percent, and mixed by 24 percent.

According to interviews of voters leaving the polls Tuesday, Mr. Lamont appeared to be particularly popular with Democrats who opposed the war in Iraq, young people, African-Americans, liberals, and college graduates.

Polls closed at 8 p.m. after a day of relatively heavy voting. Connecticut officials said that turn-out could be as high as 45 or even 50 percent, state officials said, which would exceed the previous record for a statewide primary in a non-presidential year, 38.8 percent in the 1970 Senate race.

The hard-fought contest took an especially bitter turn during the day Tuesday as Lieberman advisers denounced the collapse of their campaign Web site, blaming unnamed "political opponents." Yet it was not clear who was at fault. The Lieberman advisers said they had no evidence implicating the Lamont campaign and could not explain the precise nature of the problem, except to say that the campaign server's bandwidth had been overwhelmed.

Lamont aides and Internet bloggers who oppose the senator said the problem appeared to be that the Lieberman campaign did not spend enough money for a Web site that could handle high traffic.

Mr. Lieberman's campaign manager, Sean Smith, said the problem amounted to suppression of the turnout, since it disabled e-mail and left aides without a tool to communicate with tens of thousands of supporters on Primary Day.

Mr. Smith said the campaign would file a formal complaint asking state and federal legal authorities to investigate. Another Lieberman adviser, Dan Gerstein, added that as of yesterday evening, there were no plans to challenge the results of the primary on the basis of a charge of suppressing the turnout.

In Bridgeport, a fiercely contested city where Mr. Lamont campaigned repeatedly in the last week, John Stafstrom, the city's Democratic Party chairman, said he expected turnout to reach 30 percent, a figure he called "amazing" for a primary in the middle of the summer.

Mr. Lamont voted at 7 a.m. at Greenwich High School, and Mr. Lieberman voted shortly before 10 a.m. in New Haven, where he lives.

As reporters gathered yesterday morning at Mr. Lieberman's polling station, warring supporters of Mr. Lieberman and Mr. Lamont gathered as well, though they were far outnumbered by the journalists. Of a dozen voters who streamed into the polling station after 9 a.m., meanwhile, eight identified themselves as Lamont supporters.

Mr. Lamont, a cable television executive, made a last-minute push for votes in Bridgeport, New Haven and Hartford, three cities where he is counting on a strong vote. Among the 697,000 Democrats who are registered to vote in the primary, Mr. Lamont has particularly targeted African-Americans, disaffected union members, antiwar Democrats, and liberals as crucial blocs, his advisers say.

Lieberman Loses Primary (WT)

By Charles Hurt

The Washington Times, August 9, 2006

HARTFORD, Conn. -- Anti-war challenger Ned Lamont defeated three-term incumbent Sen. Joe Lieberman in yesterday's Democratic primary here after a campaign that turned into a referendum on the Iraq war and President Bush.

Mr. Lieberman, who just six years ago was his party's vice-presidential nominee, called Mr. Lamont shortly before 11 p.m. to concede. But standing before supporters moments later at the Goodwin Hotel, he conceded nothing as he vowed to file papers this morning with the Connecticut secretary of state to run as an independent.

"We just finished the first half, and the Lamont team is ahead," he said in possibly the most upbeat concession speech in recent American politics. "But in the second half, our team -- Team Connecticut -- is going to surge ahead."

With 98 percent of precincts reporting, Mr. Lamont had 144,005 votes to Mr. Lieberman's 134,026 -- a lead of 52 percent to 48 percent.

At the Lamont victory party, the candidate was flanked by prominent liberals such as the Revs. Jesse Jackson and Al Sharpton and lamented the ratio of lobbyists to lawmakers in Washington. But Mr. Lamont sent his supporters into their greatest frenzy when he mentioned his lead issue -- ending U.S. involvement in Iraq.

"We have 132,000 heroes stuck" in a civil war in Iraq, he said. "I say it's high time to bring them home."

With that the crowd began chanting repeatedly: "Bring them home. Bring them home."

Mr. Lieberman was not the only incumbent Democrat to lose last night. Rep. Cynthia A. McKinney of Georgia lost the primary runoff in her solidly Democratic district to former DeKalb County Commissioner Hank Johnson.

But all eyes in Connecticut immediately turned to the general election in which Mr. Lieberman promised to run as an independent, against Mr. Lamont and Republican Alan Schlesinger.

Supporters at the Goodwin Hotel last night were elated that Mr. Lieberman would still be on November's ballot and predicted that he would win easily after picking up all the independents and Republicans who could not vote in yesterday's primary.

Still, it is expected that starting this morning, Mr. Lieberman will come under intense pressure from national Democrats to get out of the race so the party can rally around it's nominee.

But Mr. Lieberman made it clear last night that he took personally the campaign -- and the attacks of "insults instead of ideas."

"I am disappointed not just because I lost but because the old politics of partisan polarization won the day," he said. "For the sake of our state, our country and my party, I cannot and will not let that result stand."

"I will continue to offer Connecticut a different path forward" he said.

With the defeat, Mr. Lieberman became just the fourth sitting senator to lose a primary election since 1980.

With primaries held across the country yesterday, the Lamont-Lieberman race dominated headlines as reporters converged on the tiny state, often outnumbering voters at restaurants and rallies.

During a stop at the Rajun Cajun restaurant here this week, Mr. Lieberman looked around a room full of reporters, cameras and fuzzy boom microphones and asked: "Are there any real people here?"

Only a few, it turned out.

Six months ago, the race looked as if it would be a lopsided snoozer -- with Mr. Lieberman 55 points ahead in polls. By the start of August, Mr. Lamont had demolished that lead and, according to the latest poll conducted by Quinnipiac University, taken a 54 percent to 41 percent lead over Mr. Lieberman.

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By the day of the primary, Mr. Lieberman had cut the poll lead in half, and the race had become the hottest in the country, drawing supporters to both camps from outside the state. The interest boosted turnout to near 50 percent of eligible Democrats -- a figure rarely seen in party primaries in a nonpresidential election year.

Supporting Mr. Lamont have been the New York Times, anti-war activists, and liberal bloggers and activists such as Mr. Sharpton. Coming to Mr. Lieberman's support has been former President Bill Clinton and the editorial board of every major Connecticut paper.

Markos Moulitsas Zuniga, the founder and head of the popular Daily Kos site, exulted in the defeat of Mr. Lieberman last night and gave a hint of what the party's liberal base will demand if Mr. Lieberman runs as an independent, or as Mr. Moulitsas put it -- tries to "stab his allies and his party in the back."

"Here's what we all need to do the next few days," he said in a post last night. "1. Push Harry Reid to strip Lieberman of all committee assignments; 2. Let people know what a sore loser Lieberman is; 3. Get all Democrats -- including Bill Clinton -- to publicly back Ned Lamont; 4. Get the Democratic interest groups who backed Lieberman to switch allegiances in the general."

A Referendum On Iraq Policy (NYT)

By Adam Nagourney

The New York Times, August 9, 2006

The victory of Ned Lamont over Joseph I. Lieberman, a three-term senator and former vice presidential candidate, was a vivid demonstration of how the Iraq war is buffeting American politics and of the deep hostility toward President Bush among Democrats. It also suggested there are stiff anti-status-quo winds blowing across the political landscape as the fall elections approach.

Mr. Lamont's victory marked the first time that liberal political blogs, after playing an increasingly noisy role in Democratic politics, have been associated with a major winning campaign, suggesting a moment of arrival for this new force in political combat. And the outcome will also undoubtedly prod other Democrats who supported the war — albeit with less gusto than Mr. Lieberman — to step farther away from the increasingly unpopular conflict.

But more than that, the results of this most closely watched primary of the year raised red flags for both parties, going into the highly competitive fall elections.

For Democrats, the result — closer than polls suggested and than many Democrats had expected — dramatized the fault lines in the party over the war. And with Mr. Lieberman pledging in a concession speech last night to run as an independent in the general election, with a fierce attack on Mr. Lamont and "partisan" Washington Democrats, national Democrats have been put in an excruciating position.

They will be forced in the days ahead to choose between publicly renouncing a Democratic fixture, one popular among moderate and Jewish voters across the country, and embracing a Democrat who won a clear primary victory and has come to represent the winds of change. Although virtually every major national Democrat is expected to endorse Mr. Lamont as the winner of the party's primary — from former President Bill Clinton, who campaigned on behalf of Mr. Lieberman in the primary, to the party's prospective 2008 presidential candidates — that is different from coming to campaign on his behalf, against Mr. Lieberman.

At the same time, Republicans are ready to pounce on what they hoped could be a political opening presented by Mr. Lamont's rising star, during what has been a difficult political season for them. They said this could become a crystallizing moment: an opportunity to frame the primary results in a way that has historically worked for them and that they have exploited ruthlessly, by presenting Republicans as better able to protect Americans in a dangerous world.

Ken Mehlman, the Republican National Committee chairman, is planning to give a speech in Columbus, Ohio this morning in which he will use Mr. Lamont's victory to portray Democrats as a party weak on national defense, and his affiliation with blogs to present the Democrats as captive to the extreme wing of the party, Republican aides said.

Even before the results in Connecticut emerged, Republicans had made clear that they would try again to make national security the central issue in the fall Congressional elections. A list of talking points issued by Republican leaders for Senate Republicans to use while on recess this month bluntly advised them to note how "there have been no terrorist attacks on American soil since 9/11."

But the results suggest problems for Republicans as well. For Republicans already contemplating a gloomy fall horizon, the Lamont victory suggested that many Democrats — stirred by their opposition to the war and hostility toward Mr. Bush — are as energized as any group of voters in years, enough so to move them to the voting booth in huge numbers.

A primary or not, this still appears to have been a vote against the status quo, something that no party in power can welcome. And the results suggested that bloggers, who are more of a force for Democrats than Republicans, may have almost as much bite as bark, which could be significant in tight low-turnout Congressional elections this fall.

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For Republicans, already worried about getting their supporters to the polls after what has been a tough year for the White House and Congress, this is unwelcome news — starting in Connecticut, where Democrats have put three House Republicans, including Rep. Christopher Shays, a strong backer of the war, at the top of their target list.

"This shows what blind loyalty to George Bush and being his love child means," said Representative Rahm Emanuel of Illinois, the leader of the Democratic House Congressional campaign. "This is not about the war. It's blind loyalty to Bush."

The road ahead for Mr. Lamont is hardly smooth. He now has to make the adjustment from being an insurgent— he gave his victory speech with the Rev. Al Sharpton and the Rev. Jesse Jackson at his side — to being the official Democratic nominee, the symbol of the party establishment. He is relatively inexperienced, and is facing Mr. Lieberman, who still has extensive support from Republican and moderate voters.

In his concession, Mr. Lieberman sought to portray Mr. Lamont as the symbol of poisonous partisanship in Washington and to position himself as a candidate who could bridge the partisan divide. But increasing polarization over the Iraq war is what powered the Lamont campaign and it is unclear, without a base in either party, if Mr. Lieberman will be able to find a similar energy source.

To a considerable extent, this election may have been about a senator out of step with his constituency on the biggest issue of the day, running in an unusually narrow and liberal electorate. But even before the results were known, the accepted wisdom in political circles was that a victory by Mr. Lamont would signal there is little room in the Democratic Party for Iraq war supporters, an unwelcome event for a party still struggling to arrive at a unified position about the war, and elevate the influence of bloggers.

The actual outcome appears slightly more complicated than that. The bloggers certainly played a notable role in drawing attention to the Lamont candidacy, but they were one of a number of factors that contributed to the Lieberman defeat.

"My view is they got this whole thing started," said Douglas Schwartz, the director of the Quinnipiac University Poll, which has been regularly surveying voters in this race. "But in the end, this is about a lot more than the blogs."

Mr. Lieberman's support of the war was toxic for him. But he is not alone in his party in supporting the war: two of the Democrats' leading potential candidates for the 2008 presidential nomination — Senator Hillary Rodham Clinton of New York and Mark Warner, former governor of Virginia — hold similar positions.

Mr. Lieberman stands apart from them and other Democratic war supporters because he came to be seen by Democrats, fairly or not, as a cheerleader for the president, and a scold to Democrats who opposed Mr. Bush's war policy. That was a matter of great frustration to Mr. Lieberman, who complained, as polls showed him slipping to defeat, that he had been critical of the way the war has been fought.

Perhaps. But if that was the case, it did not come through. And for Democrats contemplating the new landscape, that is sure to be one of the enduring lessons of what happened in Connecticut.

Lamont Victorious, But Lieberman Stays In Race (NLD)

By Paul Choiniere, Ted Mann

New London Day Lieberman Loses, August 9, 2006

Sen. Joe Lieberman has conceded that he has lost his primary race to Ned Lamont but reiterated his pledge to run as an Independent in November.

Lieberman began speaking to his supporters shortly before 11 p.m.

"We just lost the first half to the Lamont team," he said, but he will prevail in the "second half."

With 98 percent of the precincts reporting, Lamont has 52 percent of the vote to Lieberman's 48.

"I'm hoping over the course of the next few days, the party is going to stick together and we are going to go forward together," said Lamont, who addressed supporters at 11:20 p.m. just moments after the senator issued his concession speech, but vowed to fight on.

The voters, said Lamont, have voted for change and Lieberman should accept their verdict.

"Staying the course. That's not a winning strategy in Iraq and it's not a winning strategy for America," Lamont said.

While he called for universal healthcare, deficit reduction, reforms on lobbying in Washington, Lamont got the loudest cheers for what was the biggest issue in this campaign – the Iraq war.

"We have 132,000 of our bravest troops stuck in the middle of a bloody civil war in Iraq and I say it's high time we bring them home to the heroes' welcome," Lamont said, with his supporters responding with a chant of, "Bring them home."Some long-time Democrats see the Lamont victory as a rebirth of sorts for the party, evidence that a candidate can focus on traditional party values and get elected.

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"It's a breath of fresh air, it shows that change is possible. It sends a very clear message nationally that there are things worth fighting for and values worth fighting for and Connecticut Democrats are willing to fight for them," said George Jepsen, former chairman of the state Democratic party.

Those values, he said, include universal healthcare, changing trades laws to stem the tide of jobs being lost overseas, as well as bringing the troops home from Iraq.

"He is an intelligent, articulate messenger delivering a message of hope and change that contrasted with Joe Lieberman, who has stood with national Republicans on a wide range of issues, not just the war," said Jepsen.

For years Lieberman has symbolized the wing of the party who argued that Democrats had to move to the political center to gain majority support. Lamont's success gives lie to that position, Jepsen said.

"He went too far, he went way out of the mainstream in Connecticut," Jepsen said of Lieberman. "This was not an assault from the left, these are mainstream Democrats that supported Ned Lamont.

"You don't have to vote with Republicans on social issues to attract a majority, most Americans share our values, we just have get the message out and Lamont did that."

Among those moving through the Lamont crowd was former Gov. Lowell P. Weicker, the man who Lieberman defeated in his first Senate race, and the Rev. Jesse Jackson, who characterized the race as a battle for the soul of the Democratic party.

For a second, a cheer went up in the lobby of the Goodwin: The glum Lieberman crowd roared when WTNH's campaign graphic revealed that Lieberman's 8-point deficit had been transformed into an 8-point advantage.

A miracle: Their candidate was up, 54-46.

It did not last long. The graphic had been reversed, the graphic was corrected, and a groan spread around the room.

Charles Epstein, the Democratic chairman in Cromwell, spoke for the masses.

"I'm not very happy about what happened in our town," Epstein said, when a reporter asked how he was doing. According to the tattered paper produced from Epstein's pocket, Cromwell voted, 723-581, for Lamont.

Lieberman has pledged to run as an Independent to retain his seat if he loses in the primary.

Lieberman Loses Senate Race In Conn. (USAT)

By Susan Page

USA Today, August 9, 2006

Six years after he was cheered as the Democrats' choice for vice president, Connecticut Sen. Joe Lieberman on Tuesday was denied his party's nomination for a fourth term in a bitter primary challenge that turned into a referendum on the Iraq war.

Challenger Ned Lamont, 52, a millionaire businessman who was unknown to nine of 10 Democrats in the state just three months ago, tapped anti-war sentiment and the support of liberal Internet bloggers to unseat one of the nation's most prominent Democrats.

However, Lieberman vowed to run as an independent against Lamont in the general election.

"I am, of course, disappointed by the results, but I am not discouraged," Lieberman told supporters as he conceded at a Hartford hotel just after 11 p.m. He said "the old politics of political partisanship won today" and declared: "For the sake of our state, our country and my party, I cannot and will not let that result go unchallenged."

A few minutes later in Meriden, Lamont decried that U.S. troops were "stuck in a civil war in Iraq" and said it was "high time we bring them home to a hero's welcome." The crowd chanted: "Bring them home."

Lamont's margin of victory — a lead of about 10,000 votes — was a bit narrower than predicted by statewide polls over the past week.

In a final dispute, Lieberman accused Lamont's supporters of crashing his campaign website on Tuesday and demanded a criminal investigation by state and federal authorities. The senator said he didn't have proof who was responsible but said it was safe to assume that "it wasn't any casual observer."

Lamont denied his campaign was involved and called the accusation "another scurrilous charge."

Lieberman's ouster was a sign of the Democratic voters' anger over the war and their impatience with elected officials who haven't confronted Bush with what they see as sufficient force.

In the past half-century, the only other such prominent senator to lose his party's nomination was J. William Fulbright, chairman of the Senate Foreign Relations Committee and a leading critic of the Vietnam War. He was defeated in the 1974 Arkansas Democratic primary by then-governor Dale Bumpers.

Support For War Weakened Lieberman From Start (USAT)

By Susan Page

USA Today, August 9, 2006

DOJ_NMG_0045719

Sen. Joe Lieberman said he felt the rumblings of a political earthquake even back when non-partisan political analysts were rating his re-election as safe.

"I saw this coming," the Connecticut senator said in an interview Sunday with USA TODAY. At the beginning of the year, before Ned Lamont had surfaced as a candidate, Lieberman's campaign conducted polls to test various political scenarios.

Against an unnamed anti-war challenger, "it got to be a dead heat stunningly quickly," Lieberman said glumly.

On Tuesday, the depth of Democratic opposition to the war in Iraq coupled with a challenger who had personal wealth and the fervent backing of liberal bloggers denied Lieberman his party's nomination for a fourth term — and launched a warning flare to some incumbents in both parties.

"I like to think the people of Washington, D.C., will hear what the people of Connecticut have to say," Lamont said in the campaign's final days. "I think it could make a difference" in stiffening Democratic opposition to President Bush, especially on Iraq.

Lamont, 52, didn't bring political experience to the race — the businessman had served only as a selectman in Greenwich — but his unflappable demeanor and unrelenting message against the war and in favor of change proved to be enough. He hammered Lieberman's position that the United States needs to keep troops in Iraq until Iraqi forces can take over.

In a Quinnipiac Poll taken last week, 54% of Lamont's supporters said their vote was more against Lieberman than for Lamont. Nine of 10 said Lieberman's stance on Iraq was a reason for their decision.

Some factors leading to Lieberman's demise are particular to the Nutmeg State, which is affluent and liberal-leaning. Its quirky voting history includes a victory in the 1992 presidential primary for Jerry Brown over Bill Clinton.

Lieberman is not ready to leave the scene. He said Tuesday night that he would submit petitions today to put his name on the November ballot as an independent.

One question raised by Tuesday's result: Would the Republican Party try to replace its obscure Senate nominee, Alan Schlesinger, with a stronger contender for a three-way general election?

Tuesday night, anti-war activists who backed a political neophyte were celebrating. They had succeeded in defeating one of the nation's senior Democrats, the party's vice-presidential nominee just six years ago and former head of the centrist Democratic Leadership Council.

"There is a wave of anti-incumbent, pro-change feeling building, and I think we're going to see that crash to shore in November," said Eli Pariser, executive director of MoveOn.org Political Action. "It's a bad time to be defending the status quo, and if you're a politician who is defending the president's war policies at a time we all know that the current strategy isn't going well, you're in trouble."

That message could be heard by, among others, New York Sen. Hillary Rodham Clinton. She supported the invasion of Iraq and hasn't endorsed calls for a timetable to withdraw U.S. troops, but she sharply criticized Defense Secretary Donald Rumsfeld last week, then called for his resignation.

Republicans were quick to portray Lieberman's defeat as a sign that Democrats were wavering on the nation's defense. "Lieberman is the last of the Scoop Jackson Democrats who stands just as tall as Republicans do on national security," said GOP strategist Charles Black. Washington Sen. Henry Jackson was a leading Democrat on military issues a generation ago. Black said Lieberman's defeat would reinforce the soft-on-defense accusation leveled at Democrats since Vietnam.

Stuart Rothenberg of the non-partisan Rothenberg Political Report, one of the newsletters that rated Lieberman as safe early in the year, said the repercussions of Lieberman's demise could reverberate beyond November, to "2008 and 2010 and 2012" with jockeying between the party's moderates and liberals. "You could be back to another fight within the Democratic Party for its heart and soul," he said.

Lamont Relied On Net Roots -- And Grass Roots (WP)

By Shailagh Murray

The Washington Post, August 9, 2006

MERIDEN, Conn., Aug. 8 -- Almost no one saw it coming.

Six months ago, Ned Lamont's name recognition was, within the margin of error, zero. He made campaign fliers on a copy machine. In a race against a Democratic senator with a national reputation, the political novice had two main things in his favor: substantial personal wealth and a potent issue.

From Day One, the man who became Connecticut's Democratic nominee for the Senate on Tuesday stuck to a simple message: The war in Iraq was wrong and Sen. Joseph I. Lieberman was wrong to continue supporting it. But while Lamont's success has been widely attributed to the rising power of the antiwar movement and liberal Internet bloggers, the 52-year-old upstart from Greenwich became a political giant-killer by blending both new- and old-style politics. He tapped the Net roots to promote his cause -- but the grass roots to win over voters.

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With its strong Internet presence and gung-ho supporters, Lamont's campaign soon came to resemble Howard Dean's bid for the Democratic presidential nomination two years ago. But there are key differences. Despite the national implications of Lamont's candidacy, his campaign retained a distinctly local flavor, staffed by veteran state operatives and a homegrown volunteer corps. As the hype grew, the campaign stuck to the basics. It focused on building a file of likely voters, organizing a turnout effort and circulating Lamont at events, including small gatherings in living rooms.

"The story is really about voters in Connecticut who stood with Ned Lamont," said Tom Matzzie, political director for the antiwar organization MoveOn.org, one of numerous outside groups that promoted Lamont's candidacy. "He went from town to town, house to house, for months. It defined grass-roots campaigning."

The Lamont effort started slowly, with a clear mission but low expectations. The multimillionaire cable television businessman had little political experience aside from a stint as a Greenwich selectman in the late 1980s. When Lamont entered the race in March, polls showed Lieberman with strong popularity, despite the state's strong antiwar leanings. Moreover, Connecticut's election laws forced primary challengers into a costly and time-consuming qualifying process that led other Democrats to conclude the road was too steeply uphill to proceed.

Lamont turned those early obstacles into opportunities. He decided to pursue both avenues for getting on the ballot: collecting signatures and wooing Democratic delegates at the state convention. Both required aggressive outreach and helped to expand his support base. The results were so impressive, campaign manager Tom Swan said, that once Lamont secured a third of the delegates -- well in excess of the 10 percent he needed -- his workers continued collecting signatures to expand their database.

Lamont's success at the state convention was the first of three turning points. The second was Lieberman's announcement in July that if he lost, he would run as an independent -- a decision that offended some Democrats and reinforced Lamont's argument that Lieberman is not a true Democrat. The third was a debate performance that showed Lamont could stand up against a skilled politician while pressing his case to a statewide audience.

Lamont is not a typical insurgent. Preppy and mild-mannered, he is the scion of a patrician banking family, with a lineage that includes a great-grandfather, Thomas W. Lamont, who was chairman of J.P. Morgan.

He first met with Swan in early December. Swan, the director of a consumer advocacy organization called Connecticut Citizen Action Group, was an experienced local organizer. He had nursed a grudge against Lieberman since 1994, when the senator opposed the Clinton administration's universal health care plan. Swan and his colleague John Murphy had been invited to meet Lamont by a mutual friend, a statewide political figure who become angry with Lieberman over the war.

"The first meeting, it was clear to us that he was not a typical politician," Swan said of Lamont. "There was something that we found really, really appealing -- an earnestness."

After Christmas, Lamont decided to challenge Lieberman, and Swan and Murphy took leaves of absence from CCAG to join him. One early move was to launch a primitive Web page seeking 1,000 volunteers in all 169 of the state's municipalities, building on the strength of local Democratic organizations. They began a voter-history project to track down people who voted in every obscure local primary and referendum -- information that was not available in statewide rolls.

The campaign relied heavily on "house parties," or small neighborhood gatherings -- a tactic used in the 2004 presidential campaign, in particular by Dean. Organizers used the events to build their lists of likely voters and add to the volunteer ranks. Eventually, the campaign put the whole system online.

"Their voting techniques are on the cutting edge of politics," said Matzzie, whose organization, MoveOn.org, is a pioneer of the house-party model.

Lamont's wealth was also a critical factor. His campaign raised and spent about $4 million through July 19, about$2.5 million of which came from his own pocket.

The campaign also reached out to organized groups that had grown frustrated with Lieberman over issues other than the war, including unions that opposed free trade as well as women's groups that had been angered by the senator's support for a decision by Connecticut's Catholic hospitals to refuse emergency contraception to rape victims.

Those issues underscored a weakness that Lamont and others had sensed from the outset: that after 18 years in the Senate, Lieberman had grown distant from Connecticut Democrats. "I don't know if any of it would have worked, if Joe hadn't been so out of touch," Swan said.

Though highly effective in the primary, Lamont's grass-roots model may need some tweaking if Lieberman decides to run as an independent. "The grass-roots approach is targeted at left-leaning Democrats," said Ken Dautrich, a professor of public policy at the University of Connecticut.

In his victory statement Tuesday night, Lamont said: "This race started out as a dream, many thought an impossible dream, but thanks to all of you and thousands of citizens across the state . . . we have a coalition that believes this is a time for change."

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Lieberman Is Defeated In Primary (LAT)

By Ellen Barry

The Los Angeles Times, August 9, 2006

HARTFORD, Conn. — Sen. Joe Lieberman, who angered Democratic voters with his staunch support of the war in Iraq, on Tuesday narrowly lost his party's nomination to Ned Lamont, an antiwar candidate who was unknown seven months ago.

Lieberman is only the fourth incumbent senator to lose his party's nomination since 1980. He promised to run for a fourth term as an independent candidate. Looking out at his supporters Tuesday night, he beamed and raised a fist defiantly in the air.

"The old politics of polarization won today," he said. "For the sake of our state, our country and my party, I cannot and will not let that result stand."

The race, initially predicted as a blowout victory for Lieberman, became a lesson in how the war in Iraq has reshaped partisan politics. In Lamont's headquarters, a jubilant crowd celebrated an upset win that, last year, would not have seemed possible.

Lamont thanked Lieberman for "the grace and dignity with which he has served our state for many years," and vowed to act as an agent for change.

"Some call Connecticut 'the land of steady habits.' Connecticut voters do not call for change lightly, but today we called for change decisively," he said. "No more 'stay the course.' Stay the course is not a winning strategy in Iraq, and it is not a winning strategy in America."

Lamont, a wealthy cable executive, led Lieberman by less than four percentage points, with 51.8% of the vote to Lieberman's 48.2% with 99% of precincts reporting. Several of his supporters — among them Rep. Maxine Waters (D-Los Angeles) — said they hoped Lamont's win would prove to be a transforming moment for the Democratic Party.

"I believe this is the most significant election of all the Democrats that are running," Waters said. Many elected officials, she said, "could not bring themselves to stand up against this war because they thought they didn't have public support. Ned Lamont's courage will give courage to a lot of people."

As the race drew national attention this summer, nearly 30,000 new voters either registered as Democrats or switched their registration for the chance to vote in the primary. Turnout was close to 40%, which is 15 percentage points higher than the previous recorded turnout for a Connecticut primary.

An independent Lieberman campaign will force an awkward choice for state Democratic leaders: fully shift their support to the novice politician who has the party's backing, or stick with Lieberman. They must make that decision before 11 a.m. today, when Democrats will gather for a public "unity meeting," said Steven Donen, a consultant and Lieberman supporter.

"Do they appear with [Lamont] jointly? Do they raise money for him?" Donen asked. "Don't you support your friends through thick and thin, no matter what?"

Leslie O'Brien, a past executive director of the state Democratic Party, said there was no question that Democrats would embrace Lamont; the question is "how warmly." George Jepsen, a former chair of the state party who worked with Lamont's campaign, said he expected the shift to go smoothly.

"I've had people who have come up to me and said, 'George, I'll write him a check on Aug. 9,' " he said.

A year ago, Lieberman was considered so popular and well-financed that no established Democrat could be induced to run against him. Lamont officially declared his candidacy in March, five months before the primary. In January, when he began campaigning against Lieberman, his statewide name recognition was 4%, campaign manager Tom Swan said.

Lamont, 52, poured $2.5 million of his own money into launching the campaign and paid dozens of visits to small-town Democrats whose frustration with Lieberman was building. The challenger's vigorous, plain-spoken broadsides against the war attracted the attention of progressive activists and bloggers.

From the beginning, most prospective Lamont voters said they were supporting him out of dislike for Lieberman. In a Quinnipiac University poll released Monday, 54% of Lamont voters said that was the main reason they support him.

"Not to say anything bad about the Lamont campaign," said Kenneth Dautrich, a public policy professor at the University of Connecticut, "but this has always been about Lieberman."

Lieberman became a Democratic star in the '90s, a time when the party worried about losing touch with an increasingly conservative electorate.

The son of a liquor store owner in Stamford, Conn., Lieberman began running for office as a high school student and never stopped. At Yale University, he wrote an admiring senior thesis on John M. Bailey, Connecticut's cigar-chewing political boss whose motto was "You gotta do what you gotta do."

Lieberman, 64, is an Orthodox Jew who has observed the Sabbath throughout his career, refraining from driving, writing or talking on the telephone. A mild-mannered figure in the Senate, he took stands on moral issues — he chastised Hollywood for

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glamorizing sex and violence — and won high marks in the labor and environmental movements. Alongside an old friend, Bill Clinton, he cultivated a reputation as a centrist.

Lieberman was the first non-Southern U.S. senator to endorse Clinton in 1992. But six years later, he became President Clinton's most prominent Democratic critic, siding increasingly with the GOP on issues such as fundraising tactics. In 1998, he rebuked the president in the thick of the Monica S. Lewinsky scandal, calling Clinton's behavior "immoral and harmful." He was the first Democrat to do so.

Democrats' grievances against Lieberman have mounted since then. Many in the party resent the fact that he did not drop out of the race for his Senate seat in 2000, when Al Gore selected him as a vice presidential running mate; others are angry that he backed Republican efforts to prevent the removal of Terri Schiavo's feeding tube, or that he voted to prevent a Democratic filibuster of Supreme Court Justice Samuel A. Alito Jr.

But the fundamental complaint from liberals has been Lieberman's support of the war in Iraq, which seemed to grow stronger as other Democrats lined up against it. In December, he chided President Bush's critics, saying that "in matters of war we undermine presidential credibility at our nation's peril." He was one of six Democrats this summer to vote against a resolution calling for U.S. forces to begin leaving Iraq this year.

Lieberman's friendly relationship with Republicans became the Lamont campaign's favorite emblem. Lamont's supporters wear buttons portraying "the Kiss" — a moment when Lieberman embraced Bush after his 2005 State of the Union address. And a television advertisement aired this summer showed Lieberman's face morphing into Bush's as an announcer intoned, "If it sounds like George W. Bush, and acts like George W. Bush, it's certainly not a Connecticut Democrat."

When Democrats convened in May to nominate a candidate, Lamont won 33% of the delegates, more than twice what he needed to force Lieberman into a primary race. Tom Matzzie, the executive director of Move On.org Political Action, said activists found themselves "in the right place at the right time" in a year when MoveOn members' priorities — the war in Iraq, healthcare, energy and "standing up to Bush" — aligned with the concerns of Connecticut voters.

Marshall Wittman of the centrist Democratic Leadership Council, who supports Lieberman, said Lamont has allowed himself to be defined by his left-wing supporters.

"Had it not been for the involvement of the Democratic left, the party would be fairly united going into midterm elections," he said. "The Lamont campaign can be potentially devastating to the party, not in 2006, but in 2008. At a time of horrific news for the Republican Party, this is the only silver lining they have right now."

Although shades of regret seemed to flicker across the face of Lieberman's wife, Hadassah, Lieberman was upbeat about his independent run. Polls have showed he has strong support among independent and Republican voters, and could win a three-way race.

"I'm a sports fan, so I'll use a sports comparison," he said. "As I see it, in this campaign, we've just finished the first half, and the Lamont team is ahead, but in the second half, our team — Team Connecticut — is going to surge forward to victory."

Kenneth Fellenbaum stood for a while not far from the stage after Lieberman and his family had filed out.

"It is sad," said Fellenbaum, 57, who is a Republican. "Here's a man who was his party's nominee for vice president, who served three terms in the Senate, and to have somebody with no experience come up, with one issue — this obviously is a travesty."

Lieberman Defeated In Democratic Primary (WP)

By Dan Balz And Shailagh Murray

The Washington Post, August 9, 2006

HARTFORD, Conn., Aug. 8 -- In a stark repudiation, Sen. Joseph I. Lieberman (D-Conn.) narrowly lost the Democratic Senate primary here Tuesday night, falling to antiwar candidate Ned Lamont in a campaign that became a referendum on the incumbent's support for the Iraq war.

Lieberman publicly conceded the primary shortly after 11 p.m., after a congratulatory call to Lamont. But he appeared almost exuberant in defeat, telling supporters at a hotel in Hartford that he planned to run as an independent in November and predicting that he would be returned to the Senate for a fourth term.

Lieberman, accused by many in his own party of being too accommodating to President Bush, also made it clear that he would try to make the general election a campaign about a tone and style of politics that he said has stalemated Washington and that he charged was at the heart of Lamont's campaign.

"I am, of course, disappointed by the results, but I am not discouraged," Lieberman said. "I'm disappointed not just because I lost but because the old politics of partisan polarization won today. For the sake of our state, our country and my party, I cannot and will not let that result stand."

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Lieberman faces potentially substantial hurdles in his independent candidacy, despite a poll taken early in the summer showing him winning a three-way race easily. His own party's leadership is likely to be nearly united in opposition to his candidacy, at least on the basis of their previous statements that they would back the primary winner. Lieberman hopes to attract moderate independents and many Republicans while holding on to at least part of his Democratic support.

Lamont, who was given little chance of winning when he launched his campaign in the spring, appeared moments later before a cheering, chanting crowd of supporters at a victory party in Meriden. "They call Connecticut the land of steady habits," he said to supporters. "Tonight we voted for a big change."

Saying the time has come to "fix George Bush's failed foreign policy," Lamont said he would push for a withdrawal of U.S. forces in Iraq. "I say it's high time to bring them home to a hero's welcome," he said as his supporters began to chant "Bring them home, bring them home."

In his victory speech, Lamont praised Lieberman for his service to the state but added: "I'm hoping that over the course of the next few days that we'll come to the conclusion that the party's going to stick together and we'll go forward united."

The three-term incumbent lost his bid for renomination exactly six years after he was chosen as Al Gore's vice presidential running mate, marking a fall from grace among his fellow Democrats that came with brutal swiftness and signaled the growing strength of the antiwar movement inside the Democratic Party.

With almost all precincts reporting, Lamont had 52 percent of the vote to Lieberman's 48 percent. The Connecticut secretary of state's office reported strong turnout in a campaign that built in intensity over the summer.

The Senate primary was closely watched around the country as a barometer of antiwar sentiment that could shape the November midterm elections, particularly in Democratic-leaning states.

Beyond that, the Lieberman-Lamont contest carried implications for a Democratic Party that long has been split over national security and whose congressional leaders and prospective 2008 presidential candidates have struggled to find consensus on the war.

Republican officials have argued that a Lamont victory would represent a left turn for the Democrats on security issues, a charge that Democratic leaders have rejected, arguing that the contest here was as much about Democratic frustration with the president as with the war.

At a minimum, the Connecticut primary is likely to ensure that Democrats of all stripes -- those who initially supported the war and those who have opposed it -- take a more aggressive posture in combating the president and his policies at home and abroad.

Lieberman had trailed badly in some pre-election polls and mounted a final-week push that included a speech Sunday night designed to address criticism of his position on the war and his relationship with Bush. That helped make the contest much tighter than it once appeared, but still left Lieberman short of his goal.

Lieberman, 64, was first elected to the Senate in 1988, defeating Republican incumbent Lowell P. Weicker Jr. Earlier he served as Connecticut attorney general. In this three terms in the Senate, he became one of the party's most prominent hawks on military matters and an advocate of bipartisanship who sometimes relished his reputation for crossing party lines on matters of principle.

Those characteristics put him on the defensive in the primary campaign, even though he enjoyed the support of former president Bill Clinton and an array of Democratic officials nationally and in the state, as well as the support of major newspapers in Connecticut and key Democratic constituency groups.

Lamont, 52, is a wealthy Greenwich businessman whose great-grandfather Thomas W. Lamont was a chairman of J.P. Morgan & Co. He made a fortune in the telecommunications industry but is a relative newcomer to politics, having served previously as a Greenwich selectman. He lost a bid for the state Senate in 1990.

Lamont built his campaign initially with the enthusiastic support of the "Net roots" -- bloggers and other Internet-based activists -- and then expanded with a grass-roots campaign that attracted rank-and-file Democrats who opposed the war and who complained that Lieberman had neglected the interests of his home state.

Many Democratic officials had said that, despite their support for Lieberman in the primary, they would back Lamont in the general election if he defeated the incumbent. Many more are likely to come aboard the Lamont campaign on Wednesday.

That sets up what is likely to be a bitter rerun of the primary and continued divisions within the party here that some Democrats fear could affect their chances of capturing three closely contested Republican-held U.S. House seats in Connecticut.

Democrats have been talking privately about efforts to persuade Lieberman not to run as an independent, but the margin of Lamont's victory may make that far more problematic. Lieberman advisers had said for days they doubted that the incumbent could be turned back for running as an independent, and he seemed almost liberated on Tuesday night by the ability to run in the fall without having to bow to the anger inside his own party that brought about Lamont's extraordinary victory.

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It is rare that Senate incumbents lose their primaries and rarer still that they are felled by the kind of challenge that Lamont's candidacy represented. Lieberman's defeat was the result of many factors, including perceptions that he cared more about his national agenda and ambitions than he did about Connecticut. But it was the war and Democratic frustration with Bush that brought about his downfall.

Controversy marred the final hours of the campaign. On Monday, Lieberman's Web site crashed. Lieberman advisers blamed that on pro-Lamont hackers. Lamont's campaign denied involvement.

The contest ahead is expected to be contentious. The Republican candidate, Alan Schlesinger, is lightly regarded, and there has been some speculation that Republicans would seek to have him step aside in favor of a stronger candidate.

Lieberman and Lamont met in their only debate of the campaign on July 6. Lieberman hammered Lamont as a single-issue candidate who had taken multiple positions on the war and urged his rival -- and Connecticut voters -- not to take out their anger at Bush on him.

"I know George Bush," Lieberman said. "I've worked against George Bush. I've even run against George Bush, but I'm not George Bush. So why don't you stop running against him and have the courage and honesty to run against me and the facts of my record?"

Lamont fired back, "Senator Lieberman, if you won't challenge President Bush and his failed agenda, I will."

Democrats also were selecting a nominee to run against the popular Republican governor, M. Jodi Rell. With almost all the voted counted, New Haven Mayor John DeStefano led Stamford Mayor Dannel Malloy by about 4,000 votes.

Lieberman Campaign Website Hacked (AP)

AP, August 9, 2006

HARTFORD, Conn. - Democratic Sen. Joe Lieberman, who was locked in a battle with an anti-war challenger in the nation's most closely watched primary race Tuesday, accused his opponent's supporters of hacking his campaign Web site and e-mail system.

Lieberman campaign manager Sean Smith said the campaign has contacted the Connecticut attorney general's office and asked for a criminal investigation by state and federal authorities.

Campaigning Tuesday in New Haven, Lieberman said he has no proof that Ned Lamont's supporters are responsible, but is asking state party chairman to intervene.

"I'm concerned that our Web site is knocked out on the day of the primary, you'd assume it wasn't any casual observer," Lieberman said.

Lamont, campaigning early Tuesday afternoon in Bridgeport, said he knew nothing about the accusations. "It's just another scurrilous charge," he said.

A spokesman for the U.S. Attorney's office declined immediate comment. Calls placed to the FBI and the chief state's attorney's office seeking comment were not immediately returned.

Smith said the site began having problems Monday night and crashed for good at 7 a.m.

"Voters cannot go to our Web site. They cannot access information," Smith said. "It is a deliberate attempt to disenfranchise voters."

Elections also were being held Tuesday in Colorado, Missouri, Michigan and Georgia. In Georgia, Rep. Cynthia McKinney, who made headlines this year for a scuffle with a U.S. Capitol Police officer, faced a runoff for her district's Democratic nomination.

A new poll showed the race tightening between Lieberman and Lamont, with Lamont holding a slight lead. Lieberman has said he will run as an independent in the fall if defeated in the primary.

Lamont, the millionaire owner of a cable television company, held a slight lead of 51 percent to 45 percent over Lieberman among likely Democratic voters, according to a Quinnipiac University poll released Monday.

The telephone poll of 784 likely Democratic primary voters, conducted from July 31 to Aug. 6, has a sampling error margin of plus or minus 3.5 percentage points.

Jack Ellovich said he voted for Lieberman, citing the three-term senator's experience.

"He's already got the standing in the Senate," said Ellovich, after casting his vote at a downtown Hartford precinct. "I think he can get stuff done for Connecticut and I don't think Lamont really knows how the system works."

Others, however, say they were swayed by the 2000 vice presidential candidate's support for the Iraq war, saying he is too close to Republicans and President Bush.

"I'm completely for Lamont because of the war issue. I'm totally disgusted with Lieberman and his positions. I think he sold us out," teacher William Clement, 57, said after casting his vote for Lamont in Hartford's west end.

"He's more like Bush than anything else. I think he's his little puppet," voter Raymond Deauchemn, 55, said in Norwich.

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If defeated, Lieberman would be only the fourth incumbent senator since 1980 to lose a primary election.

Lieberman said he believes voters are coming back to him.

"I feel they were flirting with the other guy for a while, wanting to send me a message," he said Monday during a stop at a restaurant in Hartford. "I got their message. I think they want to send me back to Washington to continue working with them, fighting for them, and delivering for Connecticut."

The race attracted tremendous interest, both in Connecticut and nationally. Secretary of the State Susan Bysiewicz said she expected turnout Tuesday of 40 percent, much higher than the 25 percent that is typical of state primaries.

More than 14,000 Connecticut voters switched their registration from unaffiliated to Democrat to vote in the primary, while another 14,000 new voters registered as Democrats, according to state statistics.

"People want change and people like what they hear from Ned," said Liz Dupont-Diehl, Lamont's campaign spokeswoman.

Some argue the GOP would be better off if Lieberman wins, on the theory that anti-war activists would become discouraged and stay home in November.

Others argue that Republicans will be better off if Lamont prevails. That way, the argument goes, they can try to win over voters by telling them the Democrats have been taken over by an anti-war fringe and can't be trusted to protect the nation's security.

In other primaries Tuesday:

_In Colorado's heavily conservative 5th District, voters chose among six GOP candidates to succeed retiring Republican Rep. Joel Hefley, a 10-year veteran. The winner will face Democratic Air Force veteran Jay Fawcett. In another race, three Democrats competed to replace U.S. Rep. Bob Beauprez, the Republican nominee for governor.

_Michigan Republican Rep. Joe Schwarz faced a serious challenge from former state lawmaker Tim Walberg. Schwarz, a moderate Republican, was backed by President Bush, Arizona Sen. John McCain and the National Rifle Association. But the race was dominated by a struggle over GOP principles. Outside groups have spent more than $1 million on the race.

_Missouri Republican Sen. Jim Talent and Democratic challenger Claire McCaskill, the state auditor, were expected to win their party's primaries. Voters will also decide whether to renew a 22-year-old sales tax to fund state parks and other conservation initiatives.

Charges Of Dirty Tricks On Web Feed Speculation In The Blogosphere (NYT)

By Michael Cooper And John Markoff

The New York Times, August 9, 2006

When Senator Joseph I. Lieberman's campaign Web site crashed in the hours leading up to yesterday's Democratic primary election, it was hard not to read some deeper meaning into the problem.

Was it a sign that Senator Lieberman was clumsy when it came to marshaling the technology that his opponents had used so well against him? Or had some shadowy, sinister bloggertypes who were championing his challenger, Ned Lamont, hacked into the site and shut it down, as the Lieberman campaign charged?

The Lieberman campaign said that "we believe that this is the result of a coordinated attack by our political opponents." The Lamont campaign responded that "if Senator Lieberman's Web site was indeed hacked, we had absolutely no part in it, denounce the action, and urge whoever is responsible cease and desist immediately."

Either way, the Web battles that marked Primary Day made for a fitting coda to a campaign that played out nearly as much on the Internet as it did on the stump. Even before Mr. Lamont entered the primary race that he would eventually win, the anger directed at Senator Lieberman over his support for the Iraq war and the Bush administration had found a focal point, and a forum, on the Web, among the bloggers and activists who call themselves Netroots.

The crash yesterday of Senator Lieberman's site, Joe2006.com, along with the accusation that it was a political dirty trick, provided more fodder for the blogs.

First, pro-Lamont bloggers speculated that the Lieberman campaign had not paid its bills. The Lieberman campaign denied that, and said its site had been attacked. Some Lamont supporters contended that the Lieberman campaign had become the victim of its own cheap Web site, which they said was easily overwhelmed, while others suggested that the whole thing was a dirty trick to distract attention from a potential Lieberman loss. Others asked why another Lieberman campaign Web site that criticizes Mr. Lamont, MeetNed.com, was working.

The Lieberman campaign acknowledged that it had no evidence that its opponents were behind the crash. Connecticut officials said that they were investigating, and that they had contacted the F.B.I.

"At this point, I really can't comment on what kind of evidence we have, if any, of purposeful interference or hacking," Richard Blumenthal, the Connecticut attorney general, said in an interview. He said that there were "potentially a variety of explanations."

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The Web site consultant employed by the Lieberman campaign said yesterday afternoon that the network went down after being deluged by server queries.

"It's like trying to drink from a fire hose,'' said the consultant, Dan Geary, whose one-person company, Geary Internet Services, is based in Las Vegas. He acknowledged that he was not an Internet security expert.

Mr. Geary disputed claims made by Lamont supporters that the Lieberman site was running on a cheap Internet service that did not have enough bandwidth. He said that shortly after the campaign began, a video of a bear cub had overloaded the site, and as a result he put the campaign on a custom plan that could handle increased traffic.

The Lieberman campaign had access to 200 gigabytes of data capacity a month, he said, a figure that is significantly higher than the capacity of 10 gigabytes a month, which had been cited by Lamont supporters.

Mr. Geary said that claims by Lamont supporters that the site was being run by a single, inexpensive computer were also inaccurate. He said that he had contracted with a Dallas-based Web company, Server Matrix, as the host of Joe2006.com. Executives at Server Matrix did not return phone calls seeking comment.

It was only fitting that a primary effort by both Mr. Lamont and Mr. Lieberman that practically began on the Web should end there, too.

Bloggers provided forums for criticism of Senator Lieberman's pronouncements on Iraq. They posted links to a video of President Bush planting what looked like a kiss on Mr. Lieberman's cheek after the 2005 State of the Union address.

Thrown in the mix were name-calling, thought-provoking analyses of the senator's stances on issues from Social Security to the Terri Schiavo right-to-die case, and reporting on campaign donations.

It all paved the way for Mr. Lamont, a virtually unknown cable executive, to enter the race and be taken seriously. Bloggers watched as the points they made began to catch on, and then as the mainstream news media that they distrust alternately caricatured them as angry liberal lunatics or tried to anoint them the new Democratic kingmakers.

Revenge Of The Irate Moderates (NYT)

The New York Times, August 9, 2006

The defeat of Senator Joseph Lieberman at the hands of a little-known Connecticut businessman is bound to send a message to politicians of both parties that voters are angry and frustrated over the war in Iraq. The primary upset was not, however, a rebellion against the bipartisanship and centrism that Mr. Lieberman said he represented in the Senate. Instead, Connecticut Democrats were reacting to the way those concepts have been perverted by the Bush White House.

Ned Lamont, a relative political novice, said he ran against Mr. Lieberman because he was offended by the senator's sunny descriptions of what was happening in Iraq and his denunciation of Democrats who criticized the administration's handling of the war. Many other people in Connecticut may have felt that sense of frustration, but no one else had the money and moxie to do what Mr. Lamont did. Mr. Lieberman was stunned to find himself on the defensive, and it was only in the last few weeks that the 18-year veteran mounted a desperate campaign to reclaim his party's support.

Senator Lieberman says he will run as an independent in November, taking on Mr. Lamont and the Republican, Alan Schlesinger. Mr. Schlesinger is a very weak candidate, but Mr. Lieberman should consider the risk of splitting his party if the Republicans are able to convince Mr. Schlesinger to drop out of the race in favor of a stronger nominee.

Mr. Lieberman's supporters have tried to depict Mr. Lamont and his backers as wild-eyed radicals who want to punish the senator for working with Republicans and to force the Democratic Party into a disastrous turn toward extremism. It's hard to imagine Connecticut, which likes to be called the Land of Steady Habits, as an encampment of left-wing isolationists, and it's hard to imagine Mr. Lamont, who worked happily with the Republicans in Greenwich politics, leading that kind of revolution.

The rebellion against Mr. Lieberman was actually an uprising by that rare phenomenon, irate moderates. They are the voters who have been unnerved over the last few years as the country has seemed to be galloping in a deeply unmoderate direction. A war that began at the president's choosing has degenerated into a desperate, bloody mess that has turned much of the world against the United States. The administration's contempt for international agreements, Congressional prerogatives and the authority of the courts has undermined the rule of law abroad and at home.

Yet while all this has been happening, the political discussion in Washington has become a captive of the Bush agenda. Traditional beliefs like every person's right to a day in court, or the conviction that America should not start wars it does not know how to win, wind up being portrayed as extreme. The middle becomes a place where senators struggle to get the president to volunteer to obey the law when the mood strikes him. Attempting to regain the real center becomes a radical alternative.

When Mr. Lieberman told The Washington Post, "I haven't changed. Events around me have changed," he actually put his finger on his political problem. His constituents felt that when the White House led the country into a disastrous international crisis and started subverting the nation's basic traditions, Joe Lieberman should have changed enough to take a lead in fighting back.

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The Lieberman Lesson (NYT)

By Noam Scheiber

The New York Times, August 9, 2006

Washington

IF you asked Senator Joseph I. Lieberman why he faced the fight of his life in yesterday's Democratic primary in Connecticut, the answer would likely be "Iraq."

It's basically an argument by deduction. Mr. Lieberman has repeatedly said that his endorsements from a who's who of environmentalists, abortion rights groups and labor unions certify that he's a Democrat in good standing. The war, he has suggested, was the only major issue on which he dissented from his party. So the fact that many Democratic voters turned on him in the primary must mean that the party has become intolerant of dissenting foreign policy views.

In truth, Mr. Lieberman's problem wasn't so much the war as the perception that he's a less than reliable partisan. To see why you probably have to go back to his overly civil performance during the 2000 presidential campaign. Or to his 1998 speech denouncing President Bill Clinton's affair with Monica Lewinsky. Or to his occasional flirtation with school vouchers. Or to his ... well, you get the idea.

But Mr. Lieberman is right about one thing: there was a time when the support of key Democratic interest groups would have more than made up for such heresies. That he could not depend on that traditional lifeline this time should be alarming even for those who hoped for his defeat.

Consider the way Democratic politics has worked for most of the last 40 years. If you were a Democratic member of Congress, pretty much the only way to earn yourself a primary challenger was to oppose a powerful local interest group on an issue it deemed critical. If you represented a Rust Belt district, for example, you could all but count on winning your party's nomination every two years as long as you voted with the local union on trade legislation.

Under this old model, Mr. Lieberman was an all-star. He was a reliable vote on what Connecticut liberals care about: defending the right to abortion, fighting oil drilling in the Alaskan Arctic, raising the minimum wage. When he did depart from Democratic orthodoxy, it usually involved attacking constituencies with little influence in his state, like Hollywood movie producers.

But over the last six years this old model has broken down. As anyone who hasn't been living in a cave knows, traditional Democratic interest groups have steadily lost ground to a more partisan, progressive movement skilled at using the Internet to communicate and raise money. The most visible faces of the new movement are the thousands of political bloggers — and their millions of readers — who delighted in panning Mr. Lieberman these last several months.

But the movement also consists of national fund-raising and advocacy groups like MoveOn.org and Democracy for America (the current incarnation of Howard Dean's 2004 presidential campaign). Call them the counter-Bushies, after the president whose singular talent it is to drive them to paroxysms of rage.

What matters to the counter-Bushies is basically the opposite of what mattered to the traditional interest groups. The new gang doesn't care so much about any one issue; it wants Democrats to present a united, and generally liberal, front. (According to a Pew Research Center survey released last year, more than 80 percent of Democracy for America supporters consider themselves liberal, versus less than 30 percent of all Democrats.)

But to discuss the counter-Bushies' approach strictly in terms of substance doesn't do them justice. Often they care as much about style as about issues — they want Democrats to denounce Republicans loudly and stridently, and to block the administration's agenda whenever possible.

Oddly, a party in which the counter-Bushies have replaced the traditional interests may even move rightward in particular cases. Under the new model, for example, our old Rust Belt congressman can probably buck the local union on trade. But the changes do make the party more liberal over all, because our congressman must now make up what he lost in labor backing with support from the counter-Bushies. He can only do that by stridently denouncing the Republican Party and racking up a more liberal voting record.

The flip side of this calculus for that Rust Belt congressman is that simply voting the right way on trade no longer suffices. Labor has lost the power to deliver him the nomination, just like it's lost the power to sandbag him.

This is something Mr. Lieberman came to understand far too late. By contrast, Senator Harry Reid of Nevada, the minority leader, may be one of the most successful politicians of the new era. He initially supported the war in Iraq, but today he's viewed as one of the more reliable anti-Bush votes in Congress.

Perhaps more important, Mr. Reid is one of the more effective Democrats when it comes to denouncing and disrupting the Republican agenda. He routinely outfoxes his Republican counterpart, Senator Bill Frist of Tennessee, as when he frustrated Republican efforts to tie a rollback of the estate tax to a bill raising the minimum wage. The rank and file revere him for it.

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According to a poll last year, roughly three-quarters of liberals who had formed an opinion of Mr. Reid had a favorable impression of him.

There's no doubt this new arrangement has a lot to recommend it. A party should stand for more than the sum of its interest groups. Anyone who doesn't think so needs only review, say, the 1984 presidential campaign, in which opponents successfully attacked Walter F. Mondale as a captive of big labor.

But the old interest group system had at least one key advantage. In principle, it was capable of producing winning candidates in every part of the country, because it gave Democrats more ideological or partisan room on more issues.

Mr. Lieberman, it should be pointed out, probably abused this flexibility. But over the years many Democrats, among them Rust Belt politicians like Representative John Murtha of Pennsylvania, used it to remain viable in districts that were more conservative than the party's liberal wing.

The counter-Bushies typically respond that they're pragmatic enough to know when pressuring fellow Democrats helps the party and when it hurts. And to their credit, they've taken it easy on moderate Democratic senators from red states, including Bill Nelson of Florida and Ben Nelson of Nebraska. As a general rule, they try to favor the most liberal candidate who can win a race, not the most liberal candidate period.

But the rising influence of the counter-Bushies raises two big problems. First, their judgment may be flawed when it comes to questions of electability. After all, many believed that Howard Dean — a man who imploded during his first test, the Iowa caucuses — could win a presidential election.

Second, the demise of the old interest group model makes it tough for Democrats who don't share the counter-Bushies' liberalism to enter politics, since the structure that traditionally supported them may no longer exist. For example, even though today the counter-Bushies generally support the Senate campaign of Bob Casey, the Pennsylvania state treasurer and son of a former Democratic governor, the socially conservative Casey dynasty was built with strong support from organized labor.

LIKEWISE, Mr. Reid may be pretty close to an ideal political tactician for the age of the counter-Bushies. But as a young politician in Nevada, he was known more for his opposition to abortion rights, to the equal rights amendment and to some restrictions on gun control than he was for his anti-Republican salvos. Without a socially moderate constituency like organized labor having pull within the party, it's unlikely that he would have ever been elected to the Senate — and unlikely that future Harry Reids will be able to win the lower offices that prepare them for federal races. That's a shame, because while Democrats may feel that they no longer have any use for Mr. Lieberman, they need all the Harry Reids they can get. Interest group liberalism is a lousy way to run a party. But it may be better than the alternatives.

Moms Of Slain Troops Weigh New Goals (USAT)

By Oren Dorell

USA Today, August 9, 2006

Alma Hart and Nikki Likely are American Gold Star Mothers, having received the honor when their sons died serving their country in war.

While both joined to be with women who could understand their loss, the two are at odds in a debate that could convert the group begun in World War I from a charitable outfit to a powerful lobby.

A college administrator whose son died in Iraq in 2003, Hart says Gold Star Mothers can be a potent advocate for improving and protecting the lives of servicemembers.

"If somebody has to get mad about scissors or funding or tourniquets" needed by troops in combat, who better to speak out than a mother who lost her child, says Hart, 48, of Bedford, Mass.

Likely, 73, worries that taking on sensitive issues could divide a group whose chief purpose is to honor the memory of men and women who gave their full measure of devotion to their country.

"We don't like change," says Likely of Newton, Mass., who has volunteered many hours at the Veterans Affairs hospital in Bedford.

"We were more dedicated," she says. "This generation is more political. … I don't think politics belongs here."

American Gold Star Mothers is not a stranger to politics. After the Vietnam War, members pushed for treatment programs for veterans suffering from post-traumatic stress disorder. Members recently lobbied lawmakers for a $1,500 annual payment for parents of servicemembers who die at war.

Traditionally, members devoted themselves to supporting one another and volunteering at VA hospitals. Members like Hart want the national leadership to get more involved in such issues as whether troops have enough armor.

Hart's son, Pfc. John Hart, 20, died when his patrol was hit by rifle fire and grenades.

"We're the ones that can do it," Hart says. "Because no congressman is going to be caught dead being rude to a Gold Star Mother."

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Judith Young, the group's service officer and 2005 president, says change is coming to a group that has seen little.

Headquartered in a row house in Washington, the group has started computerizing records that until recently were maintained on 3-by-5-inch cards and quadruplicate carbon-copy forms meant for manual typewriters.

"I personally think we have to get involved in more activities, like supporting something," Young, 57, says. "We have new moms, and they want to do things. I think you're going to see more of this."

Before the terrorist attacks of Sept. 11, 2001, the group was fading into the twilight. Most members, who always wear white at functions, date to the Vietnam and Korean wars.

The deaths of servicemembers in Iraq and Afghanistan renewed interest in the group. New Gold Star Mothers wanted to meet and network.

"I think we are poised to move in a wonderful direction," says Molly Morel, 55, an entrepreneur who lives in Martin, Tenn., and whose Marine officer son died in Iraq.

U.S. Rep. Michael McNulty, D-N.Y., who sponsored a version of the Gold Star annual $1,500 payment bill in the House of Representatives, says the American Gold Star Mothers have always been "a laid-back, patriotic group." He wasn't even aware of their involvement in the bill, which he sponsored.

"I would welcome any interest they have on any issues. They've certainly earned their right to speak out," he says.

Others agree.

"You're talking about a very unique group of people that have suffered a great loss," says Steve Robertson, the chief lobbyist for the American Legion.

American Gold Star Mothers was founded by Grace Seibold, a Washingtonian whose son fought with the British in World War I and was shot down over France. The name was based on the gold lapel pin sent to mothers of fallen troops.

At its peak, the group numbered 25,000 members, Young says. That number has dropped to 1,500, of which 230 joined in the past two years.

Pat Merville, 53, of Edgewood, N.M., whose son Christopher, 26, was killed by a sniper in Iraq, thinks getting more politically active fits in with the group's missions. She says mothers like her have a better understanding of legislative issues, like increases to the health insurance premiums of military retirees.

"We're in a position where we're more aware of veterans' issues than we would have been," she says. "You just get more of a sense of what's right and what should be done."

Ruth Stonesifer, 59, of Kitnersville, Pa., joined after her son, Army Ranger Kris, 28, died in Afghanistan in 2001.

"The first thing that you wake up and think about is that you're in this parallel universe: How did you get derailed?"

Stonesifer joined American Gold Star Mothers to find a volunteer project. She picked up quilting and now makes presentation quilts for new arrivals at Walter Reed Army Medical Center.

"Speaking to another mom is therapy in itself. … They understand, even in silence," she says.

Stonesifer says she has no interest in lobbying. She says she doesn't want to be like Cindy Sheehan, an anti-war activist whose son Casey, 24, died in Iraq in 2004.

"Just because my son was killed and died for his country, that doesn't weight my political opinion any more than anyone else's in the country," Stonesifer says. "I wasn't going to let anyone stand on his coffin for a cause, because I wasn't going to do it either."

Johnson Declares Victory Over McKinney (AJC)

By Ernie Suggs, Sonji Jacobs

The Atlanta Journal-Constitution, August 9, 2006

Hank Johnson, the soft-spoken DeKalb County commissioner who forced U.S. Rep. Cynthia McKinney into a surprising runoff, finished the job Tuesday, decidedly defeating the 4th Congressional District lawmaker in their fierce rematch.

In a race that attracted national attention and a higher turnout than election officials expected at home, McKinney, a six-term Democrat and outspoken critic of the Bush administration, suffered her second defeat in four years. Before the day was out, the incumbent was complaining of voting irregularities, which election officials discounted.

Johnson, a 51-year-old lawyer and former magistrate judge, will face Republican Catherine Davis in the November general election in a DeKalb County district that is considered solidly in the Democratic corner. The district covers DeKalb and parts of Gwinnett and Rockdale counties.

Johnsonâ€™s message during brutal campaign simple: â€œReplace McKinney.â€ On Tuesday, Johnson found that a majority voters in the district had come to the same conclusion.

â€œWhat we have done today is something that has been watched by the nation,â€ Johnson said. â€œIt is clear, where most people have a low opinion of the work of our Congress, that they want to see things done differently.â€

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He added, â€œI pledge Iâ€™m going to work with each and every person to work for solutions,â€ Johnson said. â€œI am here to serve you, to make you proud.â€

McKinney, who arrived to be with supporters at the Omega World Center on Snapfinger Drive late Tuesday, was whisked in but would not comment to reporters.

Earlier in the day, the congresswoman complained about alleged voting irregularities. She said supporters told her some of the ballots did not include her name and that some of the electronic voting machines were not working properly.

â€œWe are disappointed that the secretary of stateâ€™s office has not dealt adequately with these electronic voting machines and the deficiencies,â€ McKinney said in a brief interview. She declined to provide specifics.

Both local and state elections officials said they were taking McKinneyâ€™s allegations seriously. But they were also quick to say many of the complaints were invalid.

The vote counting was delayed by an hour in DeKalb County after the computer used to upload the information from the touch-screen voting machines malfunctioned, officials said. It took officials about an hour to substitute the malfunctioning equipment with a working one, and the process finally began at 9 p.m. â€“ an hour behind schedule, said Linda Lattimore, director of Voter Registration & Elections.

Johnson constantly reminded voters that she had been more of an embarassment than a benefit to the affluent and diverse district, more polarizing than productive at home and in Washington.

â€œI think Mr. Johnson has shown that he is a quality candidate who will represent DeKalb County with dignity, style, class and honor,â€ Michael Tyler, a Johnson supporter, said at the the candidateâ€™s victory party at a Decatur Holiday Inn Tuesday night.

A preliminary analysis showed tht about 64,000 people voted in the 4th District primary, but more than 70,000 voted in the runoff. Key to Johnsonâ€™s victory was the support he received in Gwinnett and Rockdale, where voters, many of them white, came to the polls in surprising numbers. Johnson carried those areas overwhelmingly, while also making inroads into McKinneyâ€™s traditional political strength in key parts of DeKalb.

Johnsonâ€™s first foray into politics was in 1986, when he ran for a state House seat and lost. Three years later, he became a magistrate judge, where he remained for 12 years until he won a seat on the DeKalb commission in 2000. During his five-year stint as a commissioner, he chaired the budget committee and, like his colleagues, handled zoning and planning issues. He resigned in April to run for the 4th District seat.

McKinney appeared to take the race for granted until Johnson denied her the more than 50 percent majority of primary votes she needed to avoid a runoff — she received 47 percent to his 44 percent, with the remaining votes going to businessman John F. Coyne III.

After the primary, Johnson built momentum across political lines and in quarters that traditionally had been critical of McKinneyâ€™s congressional service. Major contributions and endorsements began pouring in from unlikely supporters, including former GOP gubernatorial candidate Guy Millner, former GOP state Rep. Emory Morsberger of Gwinnett County and Home Depot co-founders Bernie Marcus and Arthur Blank.

He ran as the clear alternative to McKinney, promising to make efforts to work across the aisle with not only Democrats, but Republicans. In a radio debate on Monday, he even quoted Atlanta Mayor Shirley Franklin, vowing to make voters â€œproudâ€ if he is elected.

McKinney reminded voters that she had brought millions of dollars to the district as their representative in Congress. She touted a top rating on her legislative accomplishments and her willingness to criticize the Bush administration on its policies, especially on the war in Iraq.

Connie Zellers, 55, of Stone Mountain, and her husband, Remus Zellers, are longtime McKinney supporters.

â€œSheâ€™s brought a lot of resources - money - to the 4th District,â€ said Connie Zellers, a businesswoman. â€œShe truly believes in representing the people and not special interests. Thatâ€™s more important to me than anything else.â€

But McKinneyâ€™s outspokeness, and her run-in earlier this year with a U.S. Capitol police officer, provided fuel to her critics, who saw her as polarizing and divisive. She was accused of striking the officer when he tried to stop her to see her identification. A grand jury declined to indict her on assault charges.

Johnson used the growing sentiment against the incumbent to his advantage. In the final days of the runoff, he insisted that McKinney had not completely explained her run-in with a U.S. Capitol police officer in March, keeping her on the defensive.

McKinney also kept Johnson on the ropes by bringing up past financial problems — including a bankruptcy and tax liens — he had with his law practice.

Johnson said the negative aspects of the campaign was the hardest for him â€“ particularly his bankruptcy revelations.

â€œIt was tough for my family,â€ Johnson said. â€œBut it was strengthing. Iron is forged when it gets hot.â€

Staff writers Jeremy Redmon, James Salzer, David Milliron, Saeed Ahmed, Jill Young Miller, Stephanie Reid and Julie Turkewitz contributed to this report.

Complete election returns coverage

Georgia Voters Oust McKinney From Congress Seat — Again (USAT/AP)

By Greg Bluestein

USA Today, August 9, 2006

ATLANTA — U.S. Rep. Cynthia McKinney, whose shoving of a U.S. Capitol Police officer led to a grand jury probe, was ousted Tuesday in her Democratic primary by a former county commissioner.

McKinney received 41% of the vote against challenger Hank Johnson, a former DeKalb County commissioner, who won 55%.

McKinney, 51, had asked voters to send her back to Washington to "speak truth to power." Johnson, also 51, urged voters to choose him if they want "an effective legislator" who can get along with people.

After his victory, Johnson told cheering supporters, "I'm going to make you proud. Thanks for giving me the opportunity to serve you."

After 10 years in Congress, McKinney lost the 2002 primary to political newcomer Denise Majette, who vacated the seat two years later to run for the U.S. Senate. McKinney emerged from a crowded 2004 Democratic primary to easily reclaim the seat in the predominantly Democratic district.

At least five House members have lost their seat at least twice, according Fred Beuttler, deputy House historian.

After her return to Washington, McKinney kept a relatively low profile until March when her scuffle with a Capitol Hill police officer grabbed national headlines. Even though a grand jury declined to indict her in the incident, the tiff seemed to energize Johnson's campaign, landing him within 1,700 votes of McKinney in the three-candidate primary.

"I vote all the time but that really sparked it," said Phillip Baker, a Republican who is a 65-year-old retired dentist from Tucker. "That was just an added insult to our district."

In other primary elections:

·Michigan Republican Rep. Joe Schwarz faced a challenge from former state lawmaker Tim Walberg. Schwarz, a moderate Republican, was backed by President Bush and Arizona Sen. John McCain.

·Colorado voters chose among six Republican candidates to succeed retiring Republican Rep. Joel Hefley. The winner will face Democratic Air Force veteran Jay Fawcett. Three Democrats sought the nomination for the seat of Rep. Bob Beauprez, the Republican nominee for governor.

·Missouri Republican Sen. Jim Talent and Democratic challenger Claire McCaskill won their party's primaries.

Democratic Congresswoman Loses Georgia Runoff For Re-election (NYT)

By Brenda Goodman

The New York Times, August 9, 2006

ATLANTA, Aug. 8 — A lawyer and former DeKalb County commissioner unseated Cynthia McKinney, the controversial incumbent congresswoman, on Tuesday night in a runoff election for the Democratic nomination in Georgia's Fourth Congressional District.

The winner, Henry C. Johnson Jr., must still defeat the Republican candidate, Catherine Davis, in November. But as the Democratic nominee in what has historically been considered a safely Democratic seat, he is presumed to already be on his way to Washington. Mr. Johnson led Ms. McKinney by 17 percentage points, winning 58 percent of the vote.

Mr. Johnson, 51, a trial lawyer in Decatur, Ga., said watching the returns "was kind of like waiting for a jury to come back."

"I was glad to finally get to the end of the campaign," he said.

At her campaign headquarters, Ms. McKinney began her concession speech by singing along to the song "Dear Mr. President" by the pop artist Pink. "I wanted you to hear this song, which says so much about why this election in Georgia was so important," she said.

"Not only do we want our country back, we want our party back," she said in a speech that criticized President Bush, the news media and electronic voting machines. She concluded, "I wish the new representative of the Fourth Congressional District well."

Ms. McKinney's political future had been uncertain since an encounter she had in March with a Capitol Police officer who had tried to stop her after he said he had failed to recognize her at a security checkpoint.

The officer accused Ms. McKinney of hitting him, but she was never charged with wrongdoing.

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Still, Ms. McKinney's response to that episode was a factor for some voters. "I would definitely not vote for Cynthia McKinney," said Jennipher Johnson, 24, a prekindergarten teacher in Decatur who said she was a Democrat. "I believe Democrats are dissatisfied with her. I wasn't pleased with what happened on Capitol Hill. It made her look crazy to me."

In tone, political observers found this election to be much like the 2002 contest Ms. McKinney lost to Denise Majette, a Democrat who campaigned then, as Mr. Johnson did this time, as the anti-McKinney candidate. A significant percentage of voters in that race, however, were Republicans who had crossed party lines to vote Ms. McKinney out of office in an organized "Anyone but Cynthia" campaign.

Ms. McKinney, 51, the first black congresswoman from Georgia, reclaimed her seat in 2004 after Ms. Majette dropped out of that race to run for the United States Senate. Ms. McKinney has served six terms in the House over 14 years.

Alan I. Abramowitz, a professor of political science at Emory University here, said that unlike the 2002 election, this race's outcome was likely to be determined by Democrats ready for a change.

That's why Frederick Gray, 68, a retired Methodist minister who described himself as a lifelong Democrat, said he had cast his ballot for Mr. Johnson. "I think Johnson can do a better job than she," Mr. Gray said. "I think anybody can."

But Lamar Barber, 24, an artist who lives in Decatur, said he liked that Ms. McKinney was "more outspoken."

"In politics you need somebody to speak for you," Mr. Barber said. "You need a loud voice to be heard."

DeLay Vows To Take Name Off Texas Ballot (AP-Y)

By Suzanne Gamboa

AP2, August 9, 2006

Former Majority Leader Tom DeLay said Tuesday he is taking the necessary steps to remove his name from the November ballot, giving his party a chance to field a write-in candidate in hopes of holding the House seat.

Buffeted by scandal, DeLay said his June 9 resignation from Congress was "irrevocable" and maintained that he's no longer a Texan.

"As a Virginia resident, I will take the actions necessary to remove my name from the Texas ballot. To do anything else would be hypocrisy," DeLay said in a statement.

DeLay was forced to act after Republicans lost several court fights to remove his name from the ballot in the Houston-area district and replace him with a GOP-chosen nominee. Republicans ended their legal battles Monday when Supreme Court Justice Antonin Scalia refused to hear their case, letting the appeals court decision stand.

DeLay criticized the courts' decisions as he encouraged the Republican Party to "take any and all actions necessary to give Texas voters an up-or-down choice this fall between two major party candidates."

He said the courts' decisions in the Texas case conflicted with legal rulings in 2002 when Democrats were allowed to replace New Jersey Sen. Robert Torricelli with former Sen. Frank Lautenberg on the November ballot weeks before the election. Torricelli abandoned the race amid ethics allegations.

"Voters should be concerned," DeLay said.

David Wallace, mayor of DeLay's home town of Sugar Land, is the expected pick for the Republicans' write-in campaign. He has name recognition and money-raising ability — more than $157,000 cash on hand as of June 30 — that party officials need to take on former Rep. Nick Lampson, the Democratic nominee.

Lampson had amassed more than $2 million in his campaign treasury as of June 30 in preparation for a race against DeLay.

While DeLay said he was giving voters a choice between major party candidates, Lampson's campaign said DeLay "cut and run" — again.

"He knows Nick Lampson is a strong candidate whose mainstream Texas values make him hard to beat in November," said Lampson campaign manager Mike Malaise. "Nick will continue running his positive, issue-based campaign and we hope the multiple write-in candidates who enter this race will do the same and reject DeLay's brand of dirty politics."

A write-in must declare candidacy and pay a fee or submit required signatures by Aug. 29.

DeLay faces money laundering charges in Texas alleging he helped route illegal corporate cash to legislative campaigns in 2002. DeLay also has close ties to Jack Abramoff, the lobbyist at the center of a congressional corruption investigation. Two former DeLay aides who later worked with Abramoff have pleaded guilty in the investigation.

DeLay has denied any wrongdoing in both investigations but the indictment forced him to step down from his job as majority leader and Republicans urged him to abandon his efforts to reclaim the job.

Four men have been elected to Congress as write-in candidates. In 1954, Sen. Strom Thurmond of South Carolina won the state's Democratic nomination using fliers showing voters how and where to write his name.

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More recently, in May, Charlie Wilson, an Ohio legislator, won the Democratic primary nomination for the House through a write-in campaign heavily financed by his party.

DeLay Rules Out Campaign For His Former House Seat (NYT)

By David Stout

The New York Times, August 9, 2006

WASHINGTON, Aug. 8 — Tom DeLay, the former House majority leader who resigned from Congress in June, said Tuesday that he would not campaign for his old seat in Texas and would try to remove his name from the November ballot. That move could give another Republican a better chance of a write-in victory.

A series of federal judges have ruled that the Texas Republican Party cannot replace Mr. DeLay's name on the ballot because he won the primary in March. On Monday, the United States Supreme Court refused to consider an emergency stay of those rulings.

Because Mr. DeLay is under indictment on charges of campaign finance violations and is caught up in the Jack Abramoff lobbying scandal, Democrats have worked to keep him on the ballot.

The lawyer who argued the Republicans' case, James Bopp Jr., said Tuesday that there might still be ways to keep Mr. DeLay off the ballot. For instance, Mr. Bopp said in a telephone interview, Gov. Rick Perry of Texas, a Republican, could appoint or nominate Mr. DeLay to another office, making him ineligible to serve in Congress.

In that case, another Republican could be named to take Mr. DeLay's place on the ballot, Mr. Bopp said.

The chairwoman of the Texas Republican Party, Tina Benkiser, said that even if no Republican was on the ballot, Democrats would not be allowed to "steal the election."

In a statement, Ms. Benkiser suggested that the party would get behind a write-in candidate, saying, "Republicans are working together with grass-roots leadership in the district to get behind and vigorously support one candidate, whether he or she is on the ballot or not."

Several Texas Republicans said the candidate could be Mayor David G. Wallace of Sugar Land, Mr. DeLay's hometown, The Associated Press reported. Another possible candidate is Tom Campbell, a lawyer who came in second in the March primary.

Mr. DeLay remained defiant.

"Earlier this year, I resigned from the U.S. House of Representatives and became a resident of the state of Virginia to establish my business, and where I now legally reside, pay taxes and vote," he said in a statement, citing factors he said should remove his name from the ballot. "In November, voters in the 22nd District of Texas deserve a choice between candidates who actually live in the district, between a Republican and a Democrat, and between those two people whose names should appear on the ballot."

Fighting for his seat at this point, he added, "would be hypocrisy."

Lower federal courts had ruled that the sole constitutional residency requirement for House members was that they lived in the state "when elected." They added that no one could know whether Mr. DeLay would be a Texas resident in November, even though he said he was a resident of Virginia now.

Mr. Bopp, the lawyer for the Republicans, said Monday that the Supreme Court refusal to consider a stay of the lower court rulings meant that "there's nothing else we're going to do legally."

"We've certainly exhausted our appeals," Mr. Bopp said.

He suggested that political options remained. He said he had not talked to Governor Perry or to other Texas Republicans about what to do next.

The Democratic candidate in Texas is former Representative Nick Lampson, who was defeated in 2004 when Mr. DeLay helped reconfigure his district in a way that increased Republican strength.

Ms. Benkiser called the Democrat "an empty suit," but Mr. Lampson's campaign said that Mr. DeLay had "cut and run" to avoid facing a strong candidate with mainstream values.

"Nick will continue running his positive, issue-based campaign," the Lampson campaign said in a statement, "and we hope the multiple write-in candidates who enter this race will do the same and reject DeLay's brand of dirty politics."

GOP Plans Write-in For DeLay Seat (WT)

By Ralph Z. Hallow

The Washington Times, August 9, 2006

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Republicans yesterday claimed to be overjoyed that former Rep. Tom DeLay intends to remove his name from the Nov. 7 ballot, opening the way for a write-in candidate to go up against Democrat Nick Lampson in the predominantly conservative 22nd Congressional District in Texas.

"This effectively makes it impossible for Nick Lampson to win the seat," said National Republican Congressional Committee spokesman Carl Forti. "His only hope was to run against Tom DeLay. Lampson cannot beat any of the available Republican alternatives."

"It is always a challenge to win with a write-in candidate, but I believe the seat is still winnable," state Republican Party Chairman Tina Benkiser told The Washington Times. "We are not going to let Democrat Lampson steal this election."

She said party leaders were consulting state grass-roots leaders for advice on who would make the best candidate. "We have been making calls all day today and that will continue into the night," she said.

Other Republicans were more pessimistic about retaining the seat that Mr. DeLay, 59, held for 22 years -- and about keeping control of Congress.

"This means there would be no Republican named on the ballot, and I think the prevailing wisdom here is that a write-in candidate would not have much chance of success," said Bill Crocker, a Republican National Committee member from Texas.

Mr. Crocker said the possible triumph of Mr. Lampson, a former House member, only darkens the party's prospects for keeping Democrats from netting the 15 seats they need to regain control of the House.

Mr. DeLay, having won the Republican nomination, decided to resign his House seat when polling showed he would have a difficult time getting re-elected, thanks in large part to an indictment in Texas and to the close association of current and former aides to disgraced lobbyist Jack Abramoff.

"I will take the actions necessary to remove my name from the Texas ballot," Mr. DeLay said yesterday. "To do anything else would be hypocrisy."

Friends of Mr. DeLay said he had concluded that raising money for a successful campaign would be difficult at best under the circumstances. Mr. Lampson has a campaign kitty of $2.1 million, while Mr. DeLay is contending with mounting legal expenses.

"I'm betting the push now will be on getting David Wallace [Republican mayor of Sugar Land, the Houston-area city where Mr. DeLay has a home] to run as the write-in candidate," an aide to a powerful House Republican lawmaker from Texas said privately.

Mr. Wallace, 44, has raised $200,000 for a possible run, and Republicans in the state say he could quickly raise much more, but only if he wins the support of numerous state party officials.

But other Texas conservatives favor Harris County Judge Robert Eckels, and another top-tier contender would be state Sen. Mike Jackson.

With DeLay Out, GOP Searches For Write-In Candidate (WP)

By Jonathan Weisman

The Washington Post, August 9, 2006

Former House majority leader Tom DeLay announced yesterday that he will make whatever moves are necessary to remove his name from the ballot in November, leaving the Texas Republican Party with no name on the ticket in his district but allowing GOP leaders to back a write-in candidate.

DeLay's decision leaves his party with a difficult write-in campaign, in which it will seek to hold the retired politician's Houston area district in a year when Democrats have a chance to seize control of the House.

"It's a huge uphill battle to win against the circumstances that are in place," said Shelley Sekula-Gibbs, a Republican member of the Houston City Council who has been preparing to run for DeLay's seat. "It's difficult to get voters to take a write-in candidate seriously."

Democrats need a net gain of 15 seats to take control of the House. On Monday, two Republican districts were thrown into havoc when Rep. Robert W. Ney (Ohio) announced that he will not stand for reelection and the Supreme Court refused to intervene on the GOP's behalf to allow Republicans to find a replacement for DeLay on the ballot.

"All things being equal, if current trends continue, the Democrats take the House," predicted Stuart Rothenberg, editor of the nonpartisan Rothenberg Political Report. "That's a pretty strong statement for August."

For DeLay, there were no good options. Under indictment in Texas and facing a federal investigation in Washington, he resigned from the House in June after winning his party's primary three months earlier, hoping to help pick his successor. But successive federal court rulings backed Texas Democrats, who contended that the GOP could not pick a replacement once DeLay had won the primary.

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That left DeLay with two choices: Ask the voters he had abandoned to elect him to represent a district he hoped to leave, or force the party to mount a write-in campaign.

DeLay said yesterday that his decision to leave the House, move to Alexandria and go into business "is irrevocable."

"As a Virginia resident, I will take the actions necessary to remove my name from the Texas ballot. To do anything else would be hypocrisy," he continued. "I strongly encourage the Republican Party to take any and all actions necessary to give Texas voters an up-or-down choice this fall between two major-party candidates."

At least two possible candidates, Sekula-Gibbs and Sugar Land Mayor David G. Wallace, had been preparing to jump in if Republicans prevailed in their efforts to replace DeLay's name on the ballot. Other possible candidates include state Reps. Charlie Howard and Robert Talton.

Besides Sekula-Gibbs, it is not clear which potential candidate could mount a write-in campaign. Such efforts have prevailed in the past. Republican Ron Packard won a California election as a write-in in 1982, as did Republican Joe Skeen in New Mexico in 1980. Arkansas Democrat Thomas Dale Alford won his seat the same way in 1958.

But a Republican successor to DeLay would have significant hurdles, said Amy Walter, a House political analyst at the Cook Political Report. With less than 100 days to go, Republicans have not even begun to coalesce around a name to write in. Most polling places in the Houston suburbs will be using touch-screen computers without keyboards, making the process of typing in a name laborious -- especially one such as Sekula-Gibbs, the councilwoman joked. And the Democrat on the ballot, Nick Lampson, is a former House member with millions of dollars to spend.

Rothenberg said he had categorized DeLay's Texas district as leaning Republican when he believed the party would choose a successor. Now it will be back to a tossup.

Republican efforts to retain Ney's Ohio seat ran into complications yesterday as well, when GOP officials said the leading party candidate may prove ineligible. House Republican leaders prevailed upon Ney to drop out rather than hobble into the contest under federal investigation for his ties to convicted lobbyist Jack Abramoff.

But their chosen candidate, state Sen. Joy Padgett, may be barred from running by Ohio's "sore loser" law, which prohibits politicians who lose one primary from entering another in the same year. Padgett lost a primary in May to stand as her party's nominee for lieutenant governor.

"The net result of all this is more uncertainty, not more clarity," Rothenberg said.

For Democrats, the longer the uncertainty hangs over the Republican campaigns, the better their chances, analysts agreed. And the anti-incumbent, anti-Washington, antiwar atmosphere already clouding the midterm elections is showing no signs of abating.

If anything, races on no one's watch lists are suddenly heating up. Republican incumbents such as Reps. Chris Chocola (Ind.) and Thelma D. Drake (Va.), who were considered second-tier targets for the Democrats, are running behind in recent polls.

Tom DeLay Will Not Run (HILL)

By Alexander Bolton

The Hill, August 9, 2006

Former House Majority Leader Tom DeLay announced yesterday that he would not run for re-election in Texas's 22nd district, forcing GOP officials to prepare a write-in campaign to keep the seat in Republican hands.

The decision dismayed Republican officials who think the best chance for holding the seat is for DeLay to run, even though he is under indictment for money-laundering charges in Texas and is linked to the federal corruption investigation of Jack Abramoff in Washington.

But DeLay said yesterday his decision to leave Texas and live in Virginia "was and is irrevocable, which I made clear from Day One."

"As a Virginia resident, I will take the actions necessary to remove my name from the Texas ballot. To do anything else would be hypocrisy," DeLay said in a statement. "I strongly encourage the Republican Party to take any and all actions necessary to give Texas voters and up-or-down choice this fall between two major party candidates."

As a result of DeLay's decision, the Republican slot on the ballot for House representative for the 22nd district will remain blank and the only chance for Republicans to retain control is to win a write-in campaign.

There is no limit to how many aspirants may run as write-in candidates, so the challenge for local GOP officials will be to coalesce around one person.

Environmental lawyer Tom Campbell, state Rep. Charlie Howard, state Sen. Mike Jackson, Fort Bend County Commissioner Andy Meyers, Houston City Councilwoman Shelley Sekula-Gibbs, state Rep. Robert Talton, businessman Timothy Turner and Sugar Land Mayor David Wallace are Republicans who have expressed interest in the seat.

Campbell finished second to DeLay in the GOP primary earlier this year.

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The GOP chairmen of two of the four counties that make up the 22nd district said yesterday that they would have preferred to see DeLay run for re-election.

"The only good option is for the congressmen to run," said Gary Gillen, chairman of the Republican Party of Fort Bend County, which he said includes about 50 percent of the district's residents.

Gillen predicted that defeating DeLay's Democratic opponent, former Rep. Nick Lampson (Texas), through a write-in campaign would be an uphill battle. Lampson has more than $2 million saved in his war chest.

"I think it would be very difficult," he said. "Especially for a congressional race. There's a lot of territory and a lot of people."

"I don't even know if all four counties have the same voting machines," he added. "There are a number of technical issues."

Nevertheless, Gillen said that any Republican candidate could beat Lampson because "we tend to be conservative and we don't want a liberal Democrat representing us in Congress."

Yvonne Dewey, chairman of the Brazoria County Republicans, agreed with Gillen.

"This is really not Lampson country," she said, but dismissed the strategy of waging a write-in campaign.

"I just don't think a write-in candidate is viable," she said. "I just don't think that would work here. I think it would be hard for us to get the voters to sink their teeth into the idea."

Democratic Congressional Campaign Committee spokeswoman Adrienne Elrod predicted that a write-in campaign would be unsuccessful.

"Texas voters don't want to write-in the same old status-quo policies created by Tom DeLay and the GOP establishment," Elrod said. "They're ready for a change in a new direction and Nick Lampson is a candidate who will put Texas values first."

Write-in campaigns have succeeded in the past, but only rarely, say political experts.

Earlier this year, Ohio state Sen. Charlie Wilson used a write-in campaign to capture the Democratic nomination to replace Rep. Sherrod Brown (D-Ohio), who is running for Senate. Wilson missed a slot on the Democratic primary ballot because he failed to garner enough valid signatures on a petition.

Also, for example, the late Sen. Strom Thurmond (R-S.C.), who set a record for longevity in the upper chamber, first won election to the Senate on a write-in campaign.

The Texas Republicans' current quandary is the result of a series of adverse court decisions.

A Republican-appointed federal judge in Texas ruled last month in a lawsuit brought by Texas Democrats that Republicans could not replace DeLay on the ballot.

DeLay attempted to give local party officials the opportunity to replace him by resigning from Congress and moving to Alexandria, Va., in June. Under Texas election law, the winner of a congressional primary must appear on the general election ballot unless he or she dies or no longer lives in the district.

But U.S. District Judge Sam Sparks ruled that Republicans failed to prove that DeLay would not be living in the district on Election Day, heeding Democratic arguments that DeLay still had a residence in the Houston suburbs where his wife still lived.

Republicans appealed to the 5th U.S. Circuit Court of Appeals, but that court ruled that public records did not "conclusively establish" that DeLay was ineligible to run for re-election in Texas.

The final straw came Monday when Supreme Court Justice Antonin Scalia denied Republicans' request to stay the 5th Circuit ruling. Each justice is assigned jurisdiction over such requests related to a particular circuit court.

James Bopp, Jr., who argued the Republican side in court, said DeLay could press for an "en banc" hearing before the entire 5th Circuit but that that appeal would take months to be resolved. Practically, he said, DeLay has no further legal recourse, since the election is less than 100 days away.

Bopp said an appeal might be pursued to reverse what he called a terrible precedent.

"They've created horrible law that allows one party to in effect select the nominee of another political party and have denied the voters a choice," he said.

DeLay could have made it easier for Republicans to hold his seat if he had resigned before the GOP primary in March. But he is said to have decided against doing so because he didn't want to give local Republican critics who ran in the primary an opportunity to succeed him.

DeLay Vows To Get His Name Off Texas Ballot (USAT)

USA Today, August 9, 2006

Former House majority leader Tom DeLay said Tuesday that he will do whatever is necessary to remove his name from the November ballot, a step that would let the Republican Party field a write-in candidate in hope of holding his seat in Texas. "I strongly encourage the Republican Party to take any and all actions necessary to give Texas voters an up-or-down choice this fall between two major-party candidates," DeLay said.

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Texas Republicans on Monday abandoned their legal fight to replace DeLay after the Supreme Court refused to block a court ruling saying he should remain on the ballot. Democrats had sued to keep him on the ballot.

DeLay, who won a March primary, is awaiting trial on charges of violating state campaign-finance laws. He resigned from Congress in June and switched his legal residence to Virginia.

Democratic leader wants VA chief out

Senate Minority Leader Harry Reid, D-Nev., called for Veterans Affairs Secretary Jim Nicholson to resign after the loss of another computer containing sensitive personal data on veterans.

"Less than a month after promising to make the VA the 'gold standard' in data security, Secretary Nicholson has again presided over loss of the personal information of thousands more veterans," Reid said.

The VA had no immediate comment.

Democratic Sens. Patrick Leahy and John Kerry also have called for Nicholson's ouster.

On Monday, the VA said a subcontractor lost a desktop computer with personal data on up to 38,000 veterans treated at VA medical centers in Philadelphia and Pittsburgh. In May, a laptop computer containing data on 26.5 million veterans was stolen from a VA employee's home. It has since been recovered.

Court rejects bid to bar nuclear shipments

A federal appeals court rejected Nevada's attempt to overturn a plan to transport nuclear waste to a proposed federal storage site at Yucca Mountain, 90 miles northwest of Las Vegas. Nevada contended the Energy Department overstepped its authority and violated environmental rules in deciding to rely mostly on trains to move 77,000 tons of waste from sites around the USA. A three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit ruled that Nevada's claims were without merit or were premature.

Republicans Keep Distance From Bush (FT)

By Edward Luce And Caroline Daniel In Washington

Financial Times, August 9, 2006

American television viewers are being treated to a new spectacle – the sight of their president, George W. Bush, dressed in a suit on his Texan ranch in Crawford. Mindful of the potential negative publicity of taking a holiday in the midst of the crisis in Lebanon, Mr Bush has cut short his traditional August break to just 10 days and is avoiding the traditional photo-opportunity of clearing brush in his trademark cowboy hat and jeans.

His White House team, some of which has decamped to Crawford with him, is doing its best to create the impression that this is a working holiday. At the weekend Mr Bush huddled with Condoleezza Rice, the secretary of state, and Stephen Hadley, the national security adviser, to discuss the Middle East crisis.

On Thursday he will kick off a midterm congressional election campaign visit to Green Bay, Wisconsin. And on Friday he will host a Republican National Committee reception in Crawford. He returns to Washington on Sunday. "There is a lot going on right now and unfortunately it does not provide enough time or space for an extended vacation," said Tony Snow, the White House spokesman.

But Republican consultants doubt Mr Bush's industrious vacation schedule will have an impact on his low approval ratings, which have remained below 40 per cent for most of the last year. Frank Luntz, probably the most influential Republican pollster, said Mr Bush had yet to shed the image of incompetence that many Americans derived from his response last year to Hurricane Katrina, which struck America's south-east coastline when he was holidaying in Crawford.

On the first anniversary of Katrina later this month Mr Bush will visit reconstruction zones in coastal Mississippi.

Since taking office Mr Bush has spent part or all of 384 days in Crawford, according to CBS news.

"Hurricane Katrina was what really damaged the Bush presidency more than everything else combined," said Mr Luntz. "Americans have always felt that Republicans favour the rich but that they were the best party to handle a crisis. The image of people stuck on their roofs holding up signs saying 'Help Me' was a deeply un-American, third world image that Mr Bush has yet to escape."

In the build-up to elections in November, many embattled Republicans are seeking to distance themselves from Mr Bush for the first time since he became president in 2000. In 2002 and 2004, congressional Republican candidates vied with one another to persuade Mr Bush and Vice-President Dick Cheney to visit their districts and states. This time the president is sticking to more discreet and closed-door fundraising trips to key Republican campaign zones.

Furthermore, many Republican candidates have concluded that the impending fifth anniversary of the September 11 attacks is unlikely to benefit Mr Bush as much as the first anniversary of Katrina will damage him – and them. In remarks that caused embarrassment to the White House last week, Michael Steele, a Republican Senate candidate in Maryland, said: "In 2001 we were attacked and the president is on the ground with his arm around a fireman – a symbol of America. In Katrina, the

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president is at 30,000 feet in an airplane looking down at people dying. And that disconnect sums up for me the frustration that Americans feel."

Because of the continuing difficulties in Iraq, which many senior US military officials are close to declaring a civil war, Mr Bush will also be limited in his ability to proclaim improvements to US national security at the September 11 commemorations. "If you go on about 9/11 too much, then people's thoughts will turn to Iraq," said Mr Luntz.

According to Mr Luntz's research and other recent opinion poll findings, many Republican voters plan to stay at home in November. The same polls show very high motivation among Democratic voters.

Law May Complicate Plans To Replace Ney (AP-Y)

By Liz Sidoti

AP2, August 9, 2006

The leading Republican candidate to replace scandal-scarred Rep. Bob Ney on the November ballot may be ineligible, party officials said Tuesday, complicating GOP efforts to assure a smooth transition for the fall campaign.

"As far as I know, I have a green light," said state Sen. Joy Padgett, as party lawyers reviewed a state law that bars politicians who lose one primary from entering another one during the same year.

The developments came one day after Ney announced he would abandon his race for re-election, acting under pressure from party officials who feared the loss of his seat. The six-term lawmaker has come under scrutiny for his ties to Jack Abramoff, a lobbyist at the center of a congressional corruption scandal.

Ney has not been charged, and denies all wrongdoing.

In stepping down, Ney threw his support to Padgett, who also said she had been encouraged by House Majority Leader John Boehner, R-Ohio, to run.

One Republican strategist, speaking on condition of anonymity, said lawyers had concluded Padgett was likely covered by the so-called political sore loser's law and thus would not be eligible to run.

But Bob Bennett, the state party chairman, said he didn't believe the law applied to her, and said he would seek a formal ruling from the secretary of state.

One official said the legal controversy arose at least in part because the law as drafted differed from what lawmakers had said they intended — which was to prevent a primary loser from later filing as a candidate in the same race.

Gov. Bob Taft is expected to set a date for a primary to fill the ballot vacancy.

The Democratic candidate is Zack Space, a lawyer from Dover in the district's most populous county.

Democrats had already begun to attack Padgett as a political creature of Ney and Taft. The governor has been unpopular since he pleaded no contest last August to failing to report golf outings and other gifts while in office.

"This would just be a continuation of everything that's going on in Washington," Rep. Tim Ryan, D-Ohio, said Monday in an opening salvo. "Whether you're in Ohio or in Washington, you can put the Republicans in a paper bag and shake them up."

"I'm sure they're going to try to saddle me with that baggage. They're not running against Bob Ney. They're not running against Bob Taft. They're running against Joy Padgett. It will be a very clear choice between myself and Mr. Space," Padgett said in response to the criticism.

Padgett's elimination would likely clear the way for a more open primary battle. James Brodbelt Harris, who took 30 percent of the vote in the May primary against Ney, also is considering another run.

Ney has not been charged with any crimes, but court papers from Abramoff's guilty plea to fraud and corruption charges detailed lavish gifts and contributions that Abramoff says he gave to an unnamed House member in return for official acts, including support of Abramoff's American Indian tribe clients in Texas. Officials have confirmed that congressman is Ney.

Ohio law requires a primary if a candidate withdraws or dies more than 80 days before a general election. However, the county where Ney would file his official notice of withdrawal, Tuscarawas, had not received Ney's filing Tuesday.

If Ney were to wait until after the 80-day cutoff — which would be Aug. 21 — there is a four-day window in which county party officials could appoint a replacement, said James Lee, a spokesman for Ohio Secretary of State Kenneth Blackwell.

After Ney Exit, Padgett Faces Ballot Hurdles (HILL)

By Jackie Kucinich

The Hill, August 9, 2006

COLUMBUS, OHIO– While election officials are examining whether Rep. Bob Ney's (R-Ohio) hand-picked successor is eligible to run for his seat in the fall, some political insiders are noting that a somewhat similar effort by another Ohio candidate for Congress was rejected last month.

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Charles Morrison, a former Republican, was barred in July by the Franklin County Board of Elections from running as an independent against Rep. Deborah Pryce (R-Ohio) and Democrat Mary Jo Kilroy under the section of Ohio election law known as the "sore loser" provision.

This section states no individual who seeks a party nomination in the primary election by "declaration of candidacy or by declaration of intent to be a write in candidate" is permitted to run in the general election for any other office, other than a member of a board of education or a "township trustee."

Ney's pick to take his seat in the 18th District, Ohio state Sen. Joy Padgett (R), lost her bid for lieutenant governor in the Ohio primary in May 2006, which could bring her under the provision.

However, Padgett is confident that election officials will decide in her favor and that she will be able to run for Ney's seat against Democrat Zack Space.

"The law is designed for someone who ran in a primary and then tries to run as an independent [in the general election]," Padgett said. "I was on a separate ballot in a completely different race."

The Space campaign did not immediately return a call seeking comment.

Morrison said, "She would come under the law directly – I think she should be allowed to run, but because of some court actions in the past … she should not be allowed."

In response to Morrison's move, the three GOP county chairmen filed a protest against his petition to run in the 2006 congressional race, citing his run for a Republican position in May 2006 as an indication he was not an independent.

In July, the Franklin County Board of Elections, composed of two Democrats and two Republicans, split on the decision as to whether Morrison could run as an independent against Pryce and Kilroy.

The two Democrats voted to allow Morrison to run as an independent while two Republicans on the board voted against Morrison, citing his run for a leadership post on the Republican Central Committee in May of this year as a sign he was not a true independent.

The office of Ohio Secretary of State Kenneth Blackwell (R) cast the tie-breaking vote, barring Morrison.

John McClelland, a spokesman for the Ohio Republican Party said, "At this point we are talking with our legal counsel and county elections officials about the law and the proper way to proceed."

The Ohio Democratic Party expressed frustration at the decision of state Republicans to support Padgett.

"The fact that Ney tried to hand pick his successor [for] the people of that congressional district shows the arrogance [of the Republican Party]," said Brian Rothenberg, a spokesman or the Ohio Democratic Party.

No other Republican has entered the race for Ney's seat, but it is clear that Padgett has the backing of senior Republican lawmakers and strategists.

Rothenberg said that whether Padgett will end up on the ballot depends on how the law is interpreted.

"We live in the world of Ken Blackwell," Rothenberg said, indicating it will be up to the secretary of state how the law is applied in this case.

Daniel Tokaji, an assistant professor of law at the Ohio State University's Moritz College of Law, agreed that it would depend on how statute is interpreted.

He said that while the cases are different, the law could be read in a similar way.

"In both cases, there's a question as to whether the sore-loser statute applies and as to whether, if it does apply, the statute is constitutional," he said. "Beyond that, the cases are totally different as I see it — although the answer may well be the same."

He said that it was unlikely that Padgett would be kept off the ballot since she was appointed to run by Ney but that Morrison could be kept off by statute because he has sought to run as an independent by petition.

On July 31, Morrison filed a motion in United States District Court "to compel the Franklin County Board of Election to certify" his petition to run.

"I am completely in compliance with the law," Morrison said. "I collected more than 2,000 signatures as an independent."

His case is scheduled to be heard at the end of this month.

According to Morrison, Ohio Republicans are worried that he would pull vital votes away from Pryce, who faces a tough challenge from Kilroy this fall.

Morrison has run unsuccessfully against Pryce in the 2002 and 2004 Ohio primaries.

Pryce spokesman George Rasley said the campaign wasn't concerned about whether Morrison was on ballot.

"We are not party to the lawsuit, and, honestly, whether Morrison is in or out, we will have the most votes on Election Day," he said.

Padgett told The Hill she had already spoken to House Majority Leader John Boehner (R-Ohio) and National Republican Congressional Committee Chairman Tom Reynolds (R-N.Y.) and had received widespread encouragement to run.

On Monday, Ney abruptly announced he would not seek re-election citing his need to put his family first as legal bills mount and the Justice Department continues its probe into his involvement with disgraced Washington lobbyist Jack Abramoff.

James Lee, a spokesman for the office of the Ohio Secretary of State, said if Ney files the necessary paperwork to withdraw from the election within 80 days of Election Day, then a primary must be held for his replacement.

If he files within 76 days of the election, a replacement would be appointed by the chairman of the Tuscarawas County Republican Party and the secretaries of the county organization.

"The sore loser law does not specifically address [a situation] where the candidate is appointed," Lee said.

Ney has not yet filed his official paperwork withdrawing from the race, according to spokeswoman Katie Harbath.

"No decision has been made," Lee said and added that one cannot be made until Ney files his paperwork with the Tuscarawas board of elections.

Give Clinton Credit For Welfare Reform (WSJ)

The Wall Street Journal, August 9, 2006

As Ron Haskins writes, welfare reform is a great success ("Welfare Check1," editorial page, July 27). However, he greatly understates President Clinton's role in both the passage of welfare reform and its success. Welfare reform was central to President Clinton's 1992 campaign; remember "ending welfare as we know it" and "welfare should be a second chance, not a way of life." Reform came about because of the president's impetus, not because of the Republicans in Congress.

Furthermore, the expanded earned income tax credit that made work more valuable than welfare -- and was critical in moving millions from welfare to work -- was passed in the president's 1993 budget package that won many a Republican vote in Congress. After welfare reform was enacted, President Clinton helped create the Welfare to Work Partnership, under the leadership of the late Eli Segal, that enlisted American businesses to take on welfare graduates as employees. Welfare reform was a signature achievement of President Clinton and his New Democrat approach to governing -- and revisionist historians should not try to take credit away from him.

Al From
Founder and CEO
Democratic Leadership Council
Washington

Reading Ron Haskins's "Welfare Check," one might think that President Clinton had vetoed the same bill twice, then signed it under pressure from congressional Republicans. Nothing could be farther from the truth.

The truth is that President Clinton and many Democrats in Congress were long-time supporters of "welfare to work." I voted for the welfare reform law President Clinton signed into law after he vetoed two other bills.

The first bill that President Clinton vetoed would have ended Medicaid's guarantee of health care to poor families as well as disabled and elderly people; capped funding for placing abused children in safe homes; and provided no health care and very inadequate child care access for those who moved from welfare to work.

The second bill Mr. Clinton vetoed still failed to guarantee health care and child care for those moving to work, retained child welfare limits, and included a provision which would have limited access to the federal school lunch program for many children.

The final bill, which I voted for and the president signed, preserved federal guarantees of help and nutrition for children and provided transitional Medicaid and substantial funding for child care to make sure parents could move from welfare to work.

After declining for the first four years post welfare reform, child poverty began increasing in 2001 and has increased every year since. Comprehensive federal data shows that most families that leave welfare earn less than 42% of the median wage in their states, placing them below the federal poverty line for a family of three. So many who left welfare many years ago have not moved up the economic ladder, and some are no longer working. Despite our efforts to guarantee health coverage, nearly half of women leaving welfare are uninsured a year after they go to work.

This year, instead of addressing these challenges, congressional Republicans passed legislation to fundamentally change the 1996 law, essentially barring states from using some of the most effective strategies for "welfare to work." The new law also scales back the federal commitment to child care, child support collections and education.

We had a real opportunity to celebrate welfare reform by promoting work and making it pay. I was eager to participate in that process. Unfortunately, congressional Republicans and their allies have instead chosen to focus on distorting history.

Rep. Sander M. Levin (D., Mich.)
House Committee on Ways and Means
Washington

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Ron Haskins expertly exposed how people can do much better for themselves than they can when the government takes care of them. It has been a dismal misconception amongst liberals and populists in this country since the New Deal that the average person simply wasn't equipped to take care of himself, and needed to be granted a fair share of the government largesse to get by. However, Mr. Haskins's article disproves this theory by showing how working class people, when given an incentive to work, can better their lives through perseverance and tenacity -- which is essentially the core of the American Dream.

The only point that Mr. Haskins unfortunately neglects to make is that by cutting off the government largesse to those on welfare, we have facilitated a great increase in their personal independence. Throughout the history of social welfare programs the world over, an unintended -- or maybe even consciously intended -- side effect has been the dependency of the people on their government for welfare.

The reduction of the welfare state, however, increases the amount of personal independence. The liberation of those dependent on welfare has led to an increase in work, productivity, and ultimately wealth creation.

Michael P. Paletta
Los Angeles

In Your Heart, Not Quite Right (WP)

By Chris Cillizza
The Washington Post, August 9, 2006

John W. Dean, the top lawyer in the Nixon White House, has turned his criticism of his former party into a cottage industry.

Take Dean's appearance in the spring before the Senate Judiciary Committee. He was asked to testify about the legality of President Bush's domestic eavesdropping program by Russell Feingold (D-Wis.), one of the most liberal members of the Senate: "No president that I can find in the history of our country has really ever adopted a policy of expanding presidential powers for the sake of expanding presidential powers," Dean said. "And I think that's what we have going on in this presidency."

That idea has germinated into "Conservatives Without Conscience," a follow-up to Dean's 2004 "Worse Than Watergate: The Secret Presidency of George W. Bush" in which he argued that the Bush administration had done more harm than even Tricky Dick.

"Conservatives Without Conscience" was envisioned as a collaboration between Dean and former senator Barry M. Goldwater (R-Ariz.) -- the acknowledged godfather of the conservative movement and the 1964 GOP presidential nominee -- with the aim of deconstructing the social conservatives who had come to dominate Republican politics. "We would attempt to understand their strident and intolerant politics by talking with people like Chuck Colson, Pat Robertson, and Jerry Falwell," Dean wrote.

Unfortunately for Dean (and readers of this book), Goldwater fell ill shortly after the two began the project. (The senator died in May 1998.) Despite that setback, Dean said he felt compelled to continue with the writing because of the "serious deterioration and disintegration of conservative principles under Bush and Cheney."

As you might guess from the sentence above, "Conservatives Without Conscience" is less an examination of the forces behind social conservatism than a screed against them. Dean quickly deals with the validity of the movement to spend the bulk of the book showing how and why it is not just wrong but "evil."

That argument relies heavily on the work of academics and reads like a textbook in spots. It is jam-packed with linguistic studies and behavioral analyses; it bursts with definitions.

Need an explanation of the book's title? Conservatism, to Dean, is best defined by Goldwater (author of "The Conscience of a Conservative," a primary text of the modern conservative movement) as a belief that "the solutions of the problems of today can be found in the proven values of the past"; conscience, says Dean, "checks the unfettered expression of impulses."

At its core, the book argues that the growing power of social and neoconservatives within the Republican Party has created an army of guileless followers -- willing to swallow whatever medicine GOP leaders spoon out. Blind loyalty has allowed the Bush administration, as well as congressional Republicans, to run roughshod over formerly sacred civil liberties with an approach that borders on "American-style despotism."

At times Dean builds his case cogently and convincingly. He writes that Republicans have effectively used the "politics of fear" after the Sept. 11, 2001, attacks to enhance their power within the government and cow their base into submission.

As evidence, Dean cites a speech by White House senior adviser Karl Rove to the Republican National Committee earlier this year in which Rove contrasted Republicans' "post-September 11 worldview" with Democrats' "pre-September 11 worldview."

Republicans make no secret that they see national security (and, more specifically, the threat of another terrorist attack in America) as one issue that can energize their base and still attract Democrats in the November midterm elections. "Most Republicans are content to engage in fearmongering if that is what is needed to win elections," writes Dean, adding that the 2008 presidential race will feature more of the same, as "authoritarians will make certain fear is a prominent part of the platform."

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The lone voice on the danger posed by the politics of fear, says Dean, is former vice president Al Gore -- a former and perhaps future candidate for president.

These moments of insight backed by fact are few and far between, however, as Dean repeatedly allows his distaste for individuals within the conservative movement to override his instincts for analysis.

Nowhere is that clearer than in Dean's portrait of outgoing Senate Majority Leader Bill Frist (R-Tenn.). "Frist is Richard Nixon with Bill Clinton's brains, and Nixon was no mental slouch," writes Dean. Not a exactly a flattering description, but not a cheap shot. Dean, however, doesn't stop there. He points out that Frist played quarterback at a "private high school," "dumped [his fiancÃ©e] just days" before the wedding and is a "serial cat killer."

While each allegation is technically true (Frist went to Montgomery Bell Academy in Nashville, broke off his engagement days before the scheduled marriage and has acknowledged adopting cats from animal shelters to dissect them), the totality of Dean's description makes the Tennessee senator sound like the second coming of Satan. Having watched Frist in and out of the Senate over the past few years, he seems more Ward Cleaver from "Leave It to Beaver" than Beelzebub.

In the end, "Conservatives Without Conscience" is more disappointing than just plain bad. Its premise is an intriguing one, and perhaps if Goldwater had lived to see it through, the result might have been a thoughtful examination of the leaders and ideas that make modern conservatism tick. Instead, this book is another rhetorical bomb in the war of words between political left and right.

Why He Did It (HILL)

The Hill, August 9, 2006

One of the more perplexing mysteries of the universe is why lawmakers, who in general are careful cultivators of their image, freely accept an invitation to be made fun of on “The Colbert Report.”

Now an answer comes from Republican Rep. Lee Terry, of Nebraska’s Fighting 2nd district. Terry acknowledged host Stephen Colbert had made a fool of him in a column on the subject that appeared in the Los Angeles Times on Monday. But Terry added that the interview was “one of the best” the rank and filer had made since he started serving in Congress.

Not only did Americans outside of Omaha get to know something about the district, Terry said the show also gave him to opportunity to let his constituents know that he can take a joke. He said he has never had as much feedback from a TV appearance as he’s had subsequent to appearing on Colbert. He also said that the rest of the country now knows that the First National Center is the tallest building between Minneapolis and Denver.

Terry also chided House Minority Leader Nancy Pelosi (D-Calif.) for warning members away from the show, and urged lawmakers “to put aside their political differences and let Stephen Colbert make fun of both parties equally.”

Manure debate in Minnesota

There’s been plenty of mud-slinging in their campaign, but last week Minnesota Senate candidates Rep. Mark Kennedy (R) and Amy Klobuchar (D) moved to something a little harsher – manure.

Don’t worry, they weren’t actually throwing it. In fact, they agree it’s not hazardous – and neither was their humorous exchange over the issue at FarmFest in Redwood Falls, Minn.

According to the Grand Forks Herald, Kennedy accused Klobuchar of believing manure is toxic waste because one of the organizations supporting her says it is.

Klobuchar said she doesn’t necessarily agree with her endorsers and challenged Kennedy: “If he wants to go down in the manure, I will go down with him.”

Kennedy said Klobuchar is afraid to take a position on the issue. “You know where I stand,” he said, reportedly emphasizing the remarks by pointing his finger into a reporter’s face.

Rest assured, it won’t be the last time a candidate talks crap.

Lawmakers react to Landis controversy

Two Pennsylvania lawmakers late last month praised cyclist – and constituent — Floyd Landis for his dominating win at this year’s Tour de France.

Sen. Rick Santorum (R-Pa.) said Landis “has become the face of American cycling, and, frankly, we could not ask for a better spokesman.”

Rep. Joe Pitts (R-Pa.) called Landis’s performance an inspiration, adding that “he represented his hometown and his country well.”

Of course, these statements were made before the controversy about Landis’s high testosterone levels and accusations that he took substances that helped him win the Tour de France.

Despite two tests that indicate Landis’s testosterone levels were unnatural, Landis has denied any and all wrongdoing.

So do Santorum and Pitts believe Landis?

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Santorum spokesman Robert Traynham said, "The senator is deeply troubled [by the allegations] and like all Americans, was surprised by the news." Traynham noted that "we live in a society where you are innocent before proven guilty" and that Santorum is "very hopeful" that Landis will be cleared.

Pitts spokesman Skip Brown said the House lawmaker is also hopeful, but added if Landis is guilty, Pitts and his constituents will be "devastated."

Grassley and Thomas, Episode 314

Senate Republicans lost their bet last week on the level of Democratic support for a package of popular tax extenders, a minimum-wage hike and a steep estate-tax cut — a legislative gambit that one House Republican boasted had "outfoxed" the opposition.

But even before the "trifecta" bill failed on long odds to overcome a filibuster, Senate Finance Chairman Committee Chuck Grassley (R-Iowa) couldn't resist a rejoinder to House Ways and Means Committee Chairman Bill Thomas (R-Calif.), Grassley's longtime conference committee nemesis and one of the trifecta concept's chief architects.

In a colorful floor statement during debate on the trifecta measure, Grassley began by noting that a $2 trifecta bet on this year's Kentucky Derby would have paid $11,418. The legislative long shot, Grassley continued, "was the result of my 'wily' counterpart. You know the guy who, according to House colleagues and staff, supposedly 'snookers' the Senate year in and year out in conferences."

The Ways and Means Committee declined to comment on whether Thomas would have preferred "clever," "crafty" or "cunning."

Byron Dorgan: Senator, author

If you are a member of the Senate, there's better than a one-in-five chance that you've also written a book. With the recent publication of his book on the outsourcing of American jobs to low-wage countries, Sen. Byron Dorgan (D-N.D.) becomes the 22nd sitting senator who's written a book while in office, according to the Senate Historical Office and Senate Library.

Dorgan's "Take This Job and Ship It: How Corporate Greed and Brain-Dead Politics are selling out America," published in July by Thomas Dunne Books, is No. 373 on the Amazon.com sales list, and has received generally favorable reviews, including one by a reader who described himself as a "staunch conservative Republican" who thinks Dorgan "is right on the money."

Dorgan joins Sens. Gordon Smith (R-Ore.) and Edward Kennedy (D-Mass.) as the only senators who have published books this year, although Sen. Barack Obama's (D-Ill.) second book, "The Audacity of Hope: Thoughts on Reclaiming the American Dream," is scheduled for publication in October.

Obama's first book, "Dreams from My Father: A Story of Race and Inheritance," earned him $378,000 in royalties last year, and he received an $847,167 advance for his second book.

But Sen. Hillary Rodham Clinton (D-N.Y.) has made the most money by far as an author. She received an $8 million advance for her 2003 autobiography, "Living History," which earned her $872,891 in royalties last year.

Kennedy and Sens. Robert Byrd (D-W.Va.) and John McCain (R-Ariz.) are the most prolific authors or co-authors, each with five books to their credit, while Sens. Bill Frist (R-Tenn.) and John Kerry (D-Mass.) each have four; Sens. Orrin Hatch (R-Utah) and Richard Lugar (R-Ind.) three each; and Sens. Pete Domenici (R-N.M.), Jim Jeffords (I-Vt.), Joe Lieberman (D-Conn.) and Barbara Mikulski (D-Md.) two each.

But none is likely to match the record of the most prolific senator-author, the late Henry Cabot Lodge (R-Mass.), who has 10 books to his credit.

The Measles Vaccine Follies (NYT)

The New York Times, August 9, 2006

Irrational fears of vaccination seem to have been responsible for an outbreak of measles in Indiana last year. It was a sad example of how parents who think they are protecting their children by shunning a vaccine can end up doing them harm.

Measles is a highly infectious viral disease that can cause a rash, fever, diarrhea and, in severe cases, pneumonia, encephalitis and even death. Worldwide, it infects some 30 million people and causes more than 450,000 deaths a year. In this country, measles was once a common childhood disease, but it had been largely eliminated by 2000, thanks mostly to development of a vaccine and compulsory immunization of schoolchildren. The introduction of a second dose of vaccine to bolster the first proved especially effective.

The outbreak in Indiana last year, which was detailed in a recent report in The New England Journal of Medicine, provided evidence of what can happen to a triumph of public health when a community lets its guard down. A 17-year-old unvaccinated girl who visited an orphanage in Romania on a church mission picked up the virus there.

When the girl returned, she attended a gathering of some 500 church members that included many other unvaccinated children. Most had been schooled at home and thus avoided compulsory shots. Their families had access to the vaccine but

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declined the opportunity because of reports that it might cause autism or other problems. Their fears overrode assurances by health authorities that the vaccine is extremely safe and has no link to autism.

By the time the outbreak had run its course, 34 people had become ill. Three were hospitalized, including one with life-threatening complications. No doubt the toll would have been considerably higher had not most of the community been protected by vaccinations. The vaccine isn't foolproof — two of the Indiana victims had been vaccinated — but it protects the vast majority of recipients.

Families that evade vaccination put themselves and their neighbors at risk. All young children, not just those attending school, should be required to get immunized.

Bid To End Lebanon Crisis Falters (FT)

By Jonathan Birchall In New York

Financial Times, August 9, 2006

Efforts to end the fighting in southern Lebanon faltered at the United Nations on Tuesday, as Israel and the Arab states demonstrated the gulf between them over a proposed UN resolution.

Tariq Mitri, Lebanon's acting foreign minister, restated his government's view that the UN should demand an immediate withdrawal of Israeli forces, to be replaced by a 15,000-strong Lebanese force and an enhanced UN peacekeeping presence. "It allows the true effective cessation of hostilities; it leads to a durable ceasefire; it opens the way forwards towards a more durable solution," he said.

Mr Mitri added that Lebanon wanted any international force to be under direct UN command, rather than an international force operating under a UN mandate. But Dan Gillerman, Israel's UN ambassador, said Israel insisted on the deployment of a "strong, robust and effective" international force in southern Lebanon, and was accusing Iran and Syria of using Hizbollah to fight a proxy war on Israel's northern border.

"Once there is a viable international force in place we will be happy to leave Lebanon," he told reporters.

The open session of the Security Council, called at the request of the Arab League, has further delayed a possible vote on a resolution drawn up by France and the US that calls for an end to fighting, and lays out a framework for an Israeli withdrawal. No vote is expected until tomorrow at the earliest.

The Security Council continued consultations on Tuesday night on the proposed text of its resolution, with the Arab League delegation led by Sheikh Hamad bin Jassem al-Thani, Qatar's foreign minister.

Sheikh Hamad, who accused the UN of "standing idly by" in the crisis, told the Security Council that the current resolution was overly sympathetic to Israel's point of view and threatened to destabilise Lebanon. "If we adopt resolutions without fully considering the reality of Lebanon we will face a civil war. Instead of helping Lebanon . . . we will destroy Lebanon."

But Mr Gillerman argued that the Israeli move into Lebanon had changed the dynamics on the ground, by destroying "a significant part" of Hizbollah's capabilities, and creating the opportunity for future stability, provided an international force was deployed.

"The critical test this council faces is not whether it can adapt a resolution, but end the threat that Hizbollah and its sponsors pose to Israel and Lebanon and the region as a whole," he said.

Earlier, the US also questioned Lebanon's proposal to use its own army to control the south. "They are not, at this point, a robust enough entity to be able, on their own, to exercise total control of that southern area of Lebanon," said Sean McCormack, the State Department spokesman.

Push For Cease-Fire Heats Up At U.N. (LAT)

By Maggie Farley

The Los Angeles Times, August 9, 2006

UNITED NATIONS — The struggle for a diplomatic solution to the Israel-Hezbollah conflict intensified at the United Nations on Tuesday, while Israel faced its own disagreements over tactics, replacing a key general who wanted to hit the enemy harder.

Israel launched fresh aerial attacks in Lebanon early today.

Arab leaders told the Security Council on Tuesday that its draft cease-fire resolution must call for Israel's complete withdrawal and an immediate halt to fighting or it risked destroying Lebanon.

Qatari Foreign Minister Sheik Hamad Jassim ibn Jaber al Thani said the resolution under consideration was unenforceable and would "further complicate the situation on the ground and have grave ramifications for Lebanon and all the countries in the region."

The draft calls for a halt in the fighting and would allow each side to hold its position, while allowing Israel to take defensive action. Hamad Jassim was part of an Arab League delegation that flew to New York to press Lebanon's demands.

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The United States and Israel argue that an Israeli pullout would create a vacuum that Hezbollah would quickly fill. President Bush said Tuesday that he wanted Israel to stay until an international force arrived to help Lebanon take control of the southern part of the country, where Hezbollah's operations are based.

"Whatever happens in the U.N., we must not create a vacuum into which Hezbollah and its sponsors are able to move more weapons," Bush said at a news conference at his ranch outside Crawford, Texas.

Lebanon's acting foreign minister, Tareq Mitri, asked for additional forces to bolster U.N. peacekeepers already in the country and pleaded for swift action to stop the bloodshed.

"Twenty-seven days ago, we asked for an immediate cease-fire. More than 900 lives ago, we asked for an immediate cease-fire," Mitri said. He called the draft resolution's provisions to stop the fighting "neither immediate nor a cease-fire."

The United States and France are expected to produce a new version of the draft resolution today and hope for a vote Thursday. French Ambassador Jean-Marc de la Sabliere said that his country supported Lebanon's proposal to deploy 15,000 troops to control the southern region along with international help.

"I'm working on how to incorporate this important element into the text," De la Sabliere said after meeting with the Arab League delegation. He denied that France and the United States had split after Tuesday's session.

In a sign of potential flexibility, Israel said that the Lebanese government's pledge to send 15,000 troops into southern Lebanon was worth studying. But Prime Minister Ehud Olmert stressed that the composition of an international force needed to be "discussed rapidly." Israel wants the force to have a strong mandate to prevent attacks by Hezbollah and to curtail the guerrillas' procurement of weapons.

At the same time, Olmert's government appeared poised to endorse a wider ground offensive in Lebanon, in which as many as 10,000 troops seek to secure a 4-mile-deep strip north of the border.

Olmert's so-called security Cabinet, a small circle of senior advisors, was expected today to approve a new push by Israeli troops that could extend to the Litani River, whose meandering course runs about 18 miles north of the border.

Israeli Defense Minister Amir Peretz, speaking to his fellow Labor Party lawmakers, said Israel's military aim was to push Hezbollah fighters away from the border in order to quell rocket attacks. More than 160 rockets fell on Israel's northern tier Tuesday, but no casualties were reported.

"I instructed the military leaders to carry out an operation to … reduce Hezbollah's ability to launch rockets at the state of Israel," Peretz said. "The army's objective is to allow the home front to live normally."

Tens of thousands of Israelis have fled their homes in the north, seeking to escape Hezbollah rocket strikes. The Israeli government has agreed to evacuate 15,000 residents in the rocket-battered north, sending them to coastal cities for up to a week.

Israeli Brig. Gen. Shuki Shihrur, deputy commander of the northern command, said the army planned to press ahead with an offensive from land, air and sea, controlling villages and roads in southern Lebanon and pounding bridges and buildings in the south and around Beirut.

Israeli commanders say they plan to push on to the Litani River until told otherwise.

Shihrur said he was confident the Israeli military had hurt Hezbollah by killing about 35% of its active fighting force and significantly depleting its ability to fire rockets.

"The Hezbollah terrorist organization is not the same organization we met four weeks ago," he said.

All of southern Lebanon was under virtual lockdown Tuesday after Israeli aircraft dropped fliers warning that non-humanitarian-aid vehicles venturing onto roads south of the Litani could be attacked.

"Every vehicle, whatever its nature, which travels south of the Litani will be bombed on suspicion of transporting rockets and arms for the terrorists," said the fliers, which were signed, "The state of Israel." Aid vehicles were allowed to enter a security zone but were all but stranded north of the Litani after Israeli jets took out a bridge north of Tyre that had been used to carry aid shipments from Beirut.

"For the time being, Tyre is cut off," said Robin Lodge, spokesman for the U.N.'s World Food Program. "Food and fresh water are a problem. The supplies seem to be limited, and they're running out."

Aid agencies hoped to establish a detour into the region today, but heavy fighting prevented them from reaching some of the most devastated villages in the south.

In the village of Ghazieh, southeast of Sidon, where 16 villagers were killed during a series of airstrikes Monday, a wave of missiles hit about 500 yards from a large funeral procession.

At least 13 people were killed and 23 injured in the attack, reportedly targeted at the home of a Hezbollah cleric. Witnesses told Lebanon's New TV that a series of missiles slammed into five houses within half an hour as an estimated 1,500 mourners were passing through the streets.

The mourners chanted, "Death to America, death to Israel."

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Israel said the strike in Ghazieh was aimed at buildings and did not come near the funeral procession.

Airstrikes continued throughout southern Lebanon on Tuesday and early today, with sporadic shelling in towns south and east of Tyre. Israel also carried out at least 15 airstrikes around Baalbek in the Bekaa Valley, and five trucks carrying diesel from Syria were targeted and set ablaze.

Early today, Israeli warplanes hit Lebanon's largest Palestinian refugee camp near Sidon, killing at least one person. The Israeli military said it was targeting buildings in the camp used by Hezbollah. Israeli artillery also pounded the southern border area overnight ahead of a possible new incursion.

On Tuesday, half a dozen new strikes hit south Beirut, where workers spent the morning scouring the rubble of an apartment building in the Shiyah neighborhood that was struck Monday. The death toll climbed to 32, with more than 75 wounded.

In a nearby hospital, doctors removed dead 6-month-old twin fetuses from the womb of a woman whose uterus and liver were torn apart in the blast. A 13-year-old boy lay stunned with pain, his body covered from scalp to calves with purple and yellow shrapnel wounds.

Ali Ammar, a member of the Lebanese parliament from Hezbollah, told reporters at the scene of the attack that the apartment building contained no Hezbollah members.

"The enemy only targets civilians," he said.

"This massacre will not pass without punishment, because the enemy only understands the language of force. We trust that the resistance will respond, as it has always kept its promise."

In a sign of internal disagreement over battle tactics, Israel named a new commander for operations in Lebanon, sidelining the general who had been directing the offensive.

Maj. Gen. Moshe Kaplinsky, the army's deputy chief of staff and a veteran of earlier campaigns in Lebanon, was named to "coordinate the Israeli army's operations in Lebanon." He takes over for Maj. Gen. Udi Adam, who in his position as head of the northern command ran an offensive that some Israelis think failed to deal a crippling blow to Hezbollah.

Israeli commentators suggested that Adam was demoted because he angered Olmert when he accused the political establishment of tying the hands of the military.

Some commentators expressed concerns that the turmoil could hurt the war effort.

"There is no other way to say it except that today a baby-sitter was appointed for Udi Adam," said political analyst Amnon Avramovich, who called the change of command puzzling.

Adam, whose father, Gen. Yekutiel Adam, was the highest-ranking commander killed in Israel's 1982 invasion of Lebanon, will remain in his post, the army statement said. Adam told Israeli television that he would continue to make the "final decisions" in the northern command.

U.S., France At Odds On Resolution For Mideast (WP)

By Colum Lynch And Robin Wright

The Washington Post, August 9, 2006

UNITED NATIONS, Aug. 8 -- The United States and France have split over key provisions in a compromise resolution to end hostilities between Hezbollah and Israel, triggering intense diplomatic scrambling, according to European and U.S. officials.

The two co-sponsors of the resolution had agreed on the need for changes after Lebanon's proposal Monday to deploy 15,000 troops in the south, but Washington and Paris have basic differences over the issues and the scope of other modifications that Beirut had requested.

France wants to incorporate ideas from Lebanon's new proposals, particularly on two issues: deploying Lebanese troops alongside a more robust version of the U.N. force now in Lebanon as a means to expedite an Israeli withdrawal, and settling the status of Shebaa Farms, the officials said.

But the United States, which has accepted Israel's concerns on both issues, thinks that a strong international force still needs to be in place before an Israeli withdrawal to ensure that the Shiite militia is not able to resume control of southern Lebanon or shoot at Israeli forces as they pull out, U.S. and European officials say.

The Bush administration also does not want to offer more specific language on Shebaa Farms -- the disputed border area that abuts Israel, Lebanon and Syria that Hezbollah has used to justify keeping its weapons -- for fear it would be seen as a reward to the Shiite movement, European officials say.

"We have differences on how to incorporate the needs of the Lebanese," a French official said.

French President Jacques Chirac will hold talks Wednesday with his prime minister, foreign minister and defense minister to review the situation. France thinks that Prime Minister Fouad Siniora needs to have Lebanon's concerns taken into account to be able to persuade Hezbollah to cooperate and eventually disarm, French officials say.

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If Lebanon's proposals are not incorporated in some significant way, France fears the fragile Beirut government will break apart and throw Lebanon into political chaos, making a resolution far more difficult, the officials say.

In a special Security Council session Tuesday, a high-level Arab League delegation appealed for a resolution that includes an immediate halt to Israel's offensive against Hezbollah and its withdrawal from southern Lebanon, warning that Israel's continued presence threatens to trigger a civil war.

The Arab initiative reflected mounting concern by Lebanese officials that Hezbollah and its key foreign backers, Iran and Syria, would resist a U.S.-backed plan to send an international force to the region to ensure an end to attacks against Israel.

The proposal has complicated efforts by the United States and France to seek passage of a resolution that would call for a full cessation of hostilities in southern Lebanon but allow Israeli troops to remain until an international force is deployed along the border.

Key sticking points include the timing of Israel's withdrawal from southern Lebanon and the mandate of a new international force for the south. The Lebanese favor expanding a U.N. peacekeeping operation to help the Lebanese army restore control over the south.

"The draft resolution not only falls short of meeting many of our legitimate requirements, but it also may not bring about the results that the international community hopes to achieve," said Tarek Mitri, special envoy to the Lebanese council of ministers.

But Israel insists that a robust European-led multinational force with the authority to fight be sent to the region. It says that the 2,000-strong U.N. Interim Force in Lebanon is too weak to restrain Hezbollah.

The Arab League secretary general and foreign ministers from Qatar and the United Arab Emirates warned that the deployment of a heavily armed Western force could plunge the region into chaos. "If we adopt resolutions without fully considering the reality of Lebanon, we will face a civil war," Qatari Foreign Minister Sheik Hamad Bin Jasim al-Thani said.

U.S. Says Lebanese Forces Need Help (AP)

By Nedra Pickler, Associated Press Writer

AP, August 9, 2006

The United States is willing to consider a proposal to use Lebanese troops as a peacekeeping force in Hezbollah-controlled areas but is convinced that Lebanon is not equipped to handle the job on its own, the White House said Tuesday.

Lebanon offered to send up to 15,000 troops to the region to assert control over Hezbollah.

Meanwhile, the Bush administration worked behind the scenes to ready a U.S.-French cease-fire proposal for a vote at the United Nations Security Council this week. Secretary of State Condoleezza Rice is expected to address the council at a vote tentatively scheduled for Thursday.

The issue of who will patrol southern Lebanon, where Hezbollah militants have been operating in their fight against Israel, has become the dominant sticking point in U.N. cease-fire negotiations.

Israeli ground troops are in the area, and Lebanon and other Arab nations are insisting they must leave before an agreement can be reached. President Bush said Monday that he wants an international force to replace the Israeli soldiers, but that could take weeks.

"The administration understands that the Lebanese armed forces are going to need some help, and we're working with allies to try to figure out the proper way to do it," White House press secretary Tony Snow told reporters gathered near the president's vacation home.

Snow said the White House did not consider the Lebanese offer to send peacekeeping troops a setback to negotiations over a cease-fire resolution among members of the U.N. Security Council.

At the State Department, spokesman Sean McCormack called the Lebanese offer important and "a necessary step for peace," but echoed the view that the Lebanese forces could not do the job alone.

"You will need international forces to support the Lebanese armed forces," he said. "They are not, at this point, a robust enough entity to be able to, on their own, exercise total control of that southern area of Lebanon. That's why you have the need for an international force."

McCormack did not rule out that the eventual international military force could be a beefed-up version of a United Nations monitoring force that is already deployed in southern Lebanon. The U.N. Interim Force in Lebanon was created in 1978 with a weak mandate. It has done little to counter Hezbollah.

The United States does not intend to contribute troops to the eventual force, but may provide logistical or other support.

The United States and France circulated the first draft resolution of a cease-fire resolution on Saturday. They demanded that Hezbollah stop all attacks and that Israel end all offensive operations.

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That distinction drew criticism from Lebanon, which was also angered that the resolution mentioned nothing about a timetable for Israel to withdraw from southern Lebanon. A delegation of Arab foreign ministers relayed Lebanon's concerns directly to the Security Council on Tuesday.

In quiet negotiations, U.S. and French diplomats sought to amend the resolution to allay Lebanon's fears that the draft favored Israel.

While Americans tend to sympathize with Israel, they are evenly split on whether Israel is justified in bombing Hezbollah targets where civilians may be killed or wounded. More than half, 54 percent, say Israel could do more to avoid civilian casualties in Lebanon, an ABC-Washington Post poll found this week.

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AP Diplomatic Writer Anne Gearan contributed to this report from Washington.

Lebanese Army May Help Break Deadlock (AP)

By Sam F. Ghattas, Associated Press Writer

AP, August 9, 2006

Lebanon's national army is no match for Israel's military. It won't take on the Hezbollah guerrillas or fight Israel head on.

But it is being called upon to be part of a peaceful settlement to the worst Hezbollah-Israeli confrontation in 24 years.

The 70,000-member force has largely stayed out of the battle — though it has been hit several times by Israeli strikes that killed 29 soldiers. Still, it may help get between the two combatants to ensure an end to fighting.

The Lebanese government said Monday it will send 15,000 soldiers to south Lebanon as soon as Israeli forces withdraw, and the army command called up reserve soldiers to prepare for the deployment.

The idea has drawn interest in the United States and Israel, and Lebanon is pressing for it to be incorporated into a draft U.N. cease-fire resolution.

It could help break a deadlock caused by what Lebanon and Arab nations say is a key fault in the U.S.-backed draft resolution, which calls for a cease-fire but would leave thousands of Israeli troops in south Lebanon for the time being.

Hezbollah has said it won't abide by any cease-fire while Israeli troops are in Lebanon. Israel says it won't halt its offensive until it is guaranteed Hezbollah rocket fire will stop.

The United Nations, the U.S. and Israel have long demanded the deployment of the Lebanese army along the border with Israel.

But until Monday, the Lebanese government refused, saying it won't act as a policeman for Israel and that a deployment without an Arab-Israeli peace settlement would risk having its army destroyed by Israel's more powerful military.

Many Lebanese also feared that moving into the south would mean a confrontation with Hezbollah that could split the military — which includes many Shiites — along sectarian lines, as happened in the 1975-1990 civil war.

That effectively left the guerrillas in control of the border area. On July 12, they crossed the border and captured two Israeli soldiers, sparking the current bout of fighting.

Hezbollah and pro-Syrian Lebanese politicians have led the resistance to sending the army south. But after devastating Israeli airstrikes, the government, including Hezbollah's two Cabinet ministers, yielded to the demands Monday and said it would send soldiers south.

Hezbollah may have done so in hopes of preventing the deployment of a larger international force, a key part of the U.S.-backed peace plan.

The Lebanese government has not accepted or rejected the plan for a new, larger force. Instead, it is talking about beefing up the 2,000-member U.N. peacekeeping force already present in the south to help the Lebanese army once it deploys.

There are already 1,000 soldiers and police in the south but they have no presence on the border where Hezbollah acts freely.

The military has also turned a blind eye to weapons shipments to Hezbollah. When anti-Syrian politicians raised rare criticism over a shipment the military let in from Syria earlier this year, the command replied that under government policy the guerrillas were a legitimate force and it was up to the Cabinet to decide otherwise.

The Lebanese army has been rebuilt and grew from 35,000 to 70,000 since the end of Lebanon's 1975-90 civil war. It far outnumbers Hezbollah's estimated 6,000 fighters. But its troops lack the guerrillas' battle experience and the religious zeal driving the Shiite Muslim militant group. The army has no fixed-wing aircraft, only helicopters equipped with machine guns.

Still, many believe the army can be trusted to act as a protective force in the south.

It stayed cohesive — and neutral — in the last 18 months of political upheaval in Lebanon, when Syrian troops were forced to end their decades-long presence in the country and anti-Syrian politicians were voted into power.

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The army refused to quell massive anti-Syrian protests but also has prevented any moves to oust Lebanon's pro-Syrian president — and it warded off any slide into violence during the Syrian withdrawal.

Some — including U.N. envoy Terje Roed-Larsen and anti-Syrian Lebanese politician Walid Jumblatt — have raised the idea of integrating Hezbollah guerrillas into the military. But Lebanese President Emile Lahoud, a Hezbollah ally, rejected that idea.

Israeli Prime Minister Ehud Olmert on Tuesday said the offer of a Lebanese army deployment in the south was "interesting."

But it appeared Israeli leaders were wary it might be a ploy to get Israeli troops out without removing Hezbollah first.

"We should see actions," said Asaf Shariv, Olmert's chief spokesman. "Let's see what happens on the ground."

Local Force Lebanon's Army, Key To U.S. Plan, Is Work In Progress (WSJ)

By Jay Solomon

The Wall Street Journal, August 9, 2006

BEIRUT, Lebanon -- With the United Nations pushing to disarm the militant group Hezbollah, the U.S. and other countries have expressed confidence that Lebanon's army can handle the job with help from a multinational force.

But Lebanese commanders such as Maj. Gen. Achraf Rifi, who leads the nation's police force, believe the task could prove difficult. Lebanon's military is poorly equipped and fragmented along ethnic and religious lines. Its police force has 20,000 members, but fewer than half have guns or ammunition. Some of the weapons they use are World War II-era rifles.

Lebanon's army, the other branch of its security forces, currently numbers about 40,000. Some of its tanks were produced in the 1940s, say senior army officers. And American-made helicopters it has purchased are one-engine models that are no longer legal to fly in the U.S.

Before Syrian forces withdrew from Lebanon just over a year ago, Lebanon's army and its police, called the Internal Security Forces, were under the direct control of Syria, a principal backer of Hezbollah. For that reason, both the U.S. and Israel didn't want Lebanon to strengthen its armed forces. But now they and other nations are pushing for exactly that. They hope a beefed up Lebanese force can play a central role in reining in Hezbollah, whose militia is now far more powerful than Lebanon's state security forces.

Secretary of State Condoleezza Rice said Sunday that the international community's mission was to "get Lebanese authority to flow into the south" so that this type of war "doesn't happen again." The White House, the U.N. and the Lebanese government have all said in recent days they are laying the groundwork for Lebanon's army to deploy to the south, which Hezbollah has run as its own de facto state within a state. The Lebanese government is prepared to send 15,000 soldiers into the south. The Pentagon has talked of ramping up military assistance and training, though details are still being debated.

CONTINUING VIOLENCE

See continuing coverage1 of developments in the Middle East conflict, including a news tracker2 with the latest updates on the crisis, an interactive map3 of major strikes and a photo gallery4.

Lebanon's armed forces are just emerging from nearly 20 years of Syrian control. When Syrian forces withdrew from Lebanon, Gen. Rifi recalled recently, "we were in an institution without a soul or initiative. ... The habit was to receive orders from the Syrians."

Even today, the military's civilian commander, Lebanese President Emile Lahoud, is a Syrian ally, and has called for the military to join with Hezbollah to fight Israel. But operational control of the army has shifted to Lebanon's cabinet. And the president's son-in-law, Defense Minister Elias Murr, has shown independence from Syria. A bomb that nearly killed him last year was widely attributed to operatives close to Syria, although Syria denied any involvement. This confusing picture has made it difficult for some American and other Western officials to understand exactly who is in charge of Lebanon's security apparatus.

Gen. Rifi, who is 52 years old, and other senior Lebanese officials say the nation's security forces are just beginning a major reform after the years of Syrian control. Syrian troops moved into Lebanon in 1976, and the Syrian government eventually became a caretaker power. Syria had the tacit backing of the international community, which hoped it would control competing Christian, Shiite, and Druze militias that had ensnared Lebanon in civil war. Lebanon's military had splintered, former Lebanese officers say, and some factions joined the militias in sectarian warfare. Beirut divided into a Christian east and a Muslim west.

Initially, some Lebanese military officers hoped Syria would rebuild the armed forces and the rest of Beirut's government. But Syria introduced its own pervasive security and intelligence apparatus, which fueled violence in Lebanon, say many current and former Lebanese officers. Syria favored Hezbollah and kept Lebanon's military weak, these officers say.

Nizar Abdel-Kader, a retired Lebanese general, says he was appointed to an army commission in the early 1990s that sought to transform the army by assembling more mechanized and rapid-reaction units and by refocusing it on quelling internal unrest. At the same time, it aimed to deter Israel, whose armed forces occupied southern Lebanon from 1982 until 2000. Under

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the "Army in the Year 2000" project, Mr. Abdel-Kader hoped to increase the army's size to 60,000 full-time soldiers and to expand its presence through territories controlled by Lebanon's many religious communities, including the Shiites in the south.

As the decade progressed, however, Lebanon's army shrank and its equipment deteriorated, say Mr. Abdel-Kader and some active army officers. Syria forced Lebanon to purchase second-hand Russian and American equipment. The Syrians called for Lebanon to cancel its draft, reducing the size of its army. According to Lebanese and American officials, Iran and Syria increased weapons shipments to Hezbollah, which the U.S. has labeled a terrorist organization. Militia units received sophisticated mines, long-range rockets and telecommunications equipment.

"The army was fully manipulated by the Syrians," says Mr. Abdel-Kader, who writes today on military affairs for Lebanese and foreign publications.

'Talking to a Wall'

Some former Lebanese diplomats say the U.S. military alliance with Israel prevented any meaningful American arms sales to Lebanon. Riad Tabbarah, who was Beirut's ambassador to the U.S. in the mid-1990s, says he negotiated a deal in 1996 to purchase used armored-personnel carriers from the Pentagon. But when the deal came before the Senate Foreign Relations Committee, then headed by Sen. Jesse Helms, it was scrapped. Mr. Tabbarah says he was told by Mr. Helms's staffers that the weapons could challenge Israel's security. "It was like talking to a wall," says Mr. Tabbarah, who went on to become a foreign-affairs adviser to former Prime Minister Rafik Hariri.

Danielle Pletka of the conservative think tank American Enterprise Institute, who was then an aide to the now-retired senator, says Mr. Helms's office held up a training program for Lebanese soldiers from 1992 to 1993 due to concerns over Beirut's ties to Syria. She says no major arms sales to Lebanon were ever considered due to the belief that the Lebanese military was a "wholly owned subsidiary" of Damascus. Israeli officials acknowledge they tried to prevent arms sales to Lebanon in the past, due to Syria's involvement there.

As Syrian intelligence services continued to dictate Lebanon's affairs, Lebanese politicians increasingly called for independence from Damascus, Lebanese officials say. A U.N. investigation into the bombing last year that killed Mr. Hariri, the former prime minister, pointed to pro-Syrian Lebanese intelligence agents, and suggested that officials in Syria might have been involved. Mr. Hariri's death fueled massive protests that eventually forced Syrian leader Bashar Assad to pull his remaining 17,000 troops out of Lebanon, freeing Lebanese forces from direct Syrian control.

In the months before the July 12 outbreak of war between Israel and Hezbollah, Lebanese Prime Minister Fuad Siniora's newly elected government began another push to reform the country's security forces. The government arrested four senior Lebanese military officials, including heads of the army's military intelligence unit and the Palace Guards, due to evidence of their complicity in the killing of Mr. Hariri. The longstanding commander of the police force, Ali al-Hajj, was also detained, and Gen. Rifi was appointed to the top post.

Both the army and police force, or ISF, moved to expand their ranks and resume training programs with the U.S., Europe and a number of Arab countries. Mr. Siniora authorized a "national dialogue" with Hezbollah aimed at gradually disarming it and possibly subsuming some of its members into the army.

The ISF set out to break up a network that smuggled arms into Lebanon, which was linked to pro-Syrian elements inside Lebanon. ISF officials say they were concerned that the arms could be used to continue a string of political assassinations that had continued even after Syria's withdrawal.

But with the Syrians gone, many members of Lebanon's armed forces were confused and timid, say Gen. Rifi and other senior military officers. Gen. Rifi says his officers had been trained "just to apply" the Syrians' orders. "We had to tell them that the security decisions were now our own," he says.

Widespread Distrust

Distrust of the U.S. government is still widespread among Lebanese officials. Some worry that Lebanon's attempts to purchase arms from the U.S. and France could still be rebuffed. Lebanese officials say that unless the U.S. shows greater trust toward Beirut and a more balanced policy toward Israel's role in the Middle East, any peacekeeping operation in southern Lebanon could fail.

Lebanese officials say that several countries have pledged to provide new equipment to the army and the ISF, but that little has materialized thus far. Ahmad Fatfat, Lebanon's interior minister, says he met on more than three occasions with senior Pentagon and State Department officials, including Assistant Secretary of State David Welch. He says he told them he desperately needs military hardware, particularly machine guns, but he has yet to receive any.

A spokesman for Mr. Welch acknowledges that the requests were received, but says no promises were made. The U.S., he says, might contribute logistical help, "but actual armaments would almost certainly run afoul of Congress."

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So far this year, the U.S. has provided Lebanon with $1.62 million in military assistance, all in financial aid and training programs. But a U.S. official said an additional $10.6 million could be offered if there is an international agreement on how to disarm Hezbollah.

"The international community asks us for everything, yet gives us nothing," says Mr. Fatfat, who was a close aide to the late Mr. Hariri. "In such a situation, I ask: Why do I have to be friends of the U.S.?"

Israeli and U.S. officials say they are prepared to increase support for Lebanon's armed forces if that could lead to disarming Hezbollah. "We support any international efforts to strengthen the Lebanese government and army," says Mark Regev, a spokesman for the Israeli Foreign Ministry. "It's good for Lebanon and it's good for regional stability." But a firm plan hasn't been put in place.

Lebanon sees its armed forces as helping lend legitimacy to a larger U.N. peacekeeping force. Over time, as Lebanon's troops strengthen, they would take full control of the south, aides to Mr. Siniora say.

Cooperation between the U.S. and Lebanon has increased. Federal Bureau of Investigation officials credit the ISF with helping them crack what they say was an al Qaeda plot this year to attack underwater train tunnels leading into New York City. In April, Lebanese officers arrested a Lebanese man they say was preparing to fly to Pakistan to begin training for the plot. Gen. Rifi said such joint investigations with the FBI have allowed his officers to gain technical and forensic skills needed to conduct counterterrorism operations against believed al Qaeda cells.

Pentagon officials say they've been impressed with the Lebanese army's new leadership. The two countries had planned to hold joint-exercises on Lebanese soil last month, but the fighting forced them to be canceled.

As the international community calls for Lebanon's armed forces to regain control of the nation's south, senior members of Mr. Siniora's government say the war has taxed their army and police forces even more. Over the past month, the principal mission of Lebanese troops has been to help secure the shipment of humanitarian aid to the nearly one million Lebanese displaced by the war, the government officials say. The army and the ISF have also had to provide shelter and protection for the mostly Shiite refugees who have pushed into Beirut and its suburbs from Lebanon's south.

Senior Lebanese officials say dealing with this chaos has left them little time to put together a long-term plan to disarm Hezbollah. Some of them say that will require a comprehensive agreement with Israel involving land disputes and a prisoner exchange. Roughly 40% of Lebanon's security forces are Shiite Muslims and are viewed as sympathetic to Hezbollah's cause, they say. Some Lebanese analysts fear the military could splinter or rebel if it is called upon to disarm Hezbollah without the approval of Hezbollah's leader, Hassan Nasrallah.

As hundreds of thousands of Shiite refugees push into territories that are home to Christians and Sunnis, Lebanese officials are concerned that the nation's historical sectarian tensions could be rekindled.

The potential for such conflict was apparent on Saturday at the Karm El-Zeitoun high-school complex in Beirut's Christian enclave of Achrafieh. More than 100 Shiite families were packed into two compounds, their laundry hanging from the classrooms. Painted on the school's walls were the symbols of Lebanon's largest Christian militia-turned-political party, the Lebanese Forces.

Army and ISF officers stationed at the school said concern is growing that the families might not be able to return home for months, potentially scuppering the upcoming school year and fueling unrest.

End This Tragedy Now (WP)

By Fouad Siniora

The Washington Post, August 9, 2006

BEIRUT

Amilitary solution to Israel's savage war on Lebanon and the Lebanese people is both morally unacceptable and totally unrealistic. We in Lebanon call upon the international community and citizens everywhere to support my country's sovereignty and end this folly now. We also insist that Israel be made to respect international humanitarian law, including the provisions of the Geneva Conventions, which it has repeatedly and willfully violated.

As the world watches, Israel has besieged and ravaged our country, created a humanitarian and environmental disaster, and shattered our infrastructure and economy, putting an intolerable strain on our social and economic systems. Fuel, food and medical equipment are in short supply; homes, factories and warehouses have been destroyed; roads severed, bridges smashed and airports disabled.

The damage to infrastructure alone is running into the billions of dollars, as are the losses to owners of private property, and the long-term direct and indirect costs due to lost revenue in tourism, agriculture and industrial sectors are expected to be many more billions. Lebanon's well-known achievements in 15 years of postwar development have been wiped out in a matter of days by Israel's deadly military might.

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For all this carnage and death, and on behalf of all Lebanese, we demand an international inquiry into Israel's criminal actions in Lebanon and insist that Israel pay compensation for its wanton destruction.

Israel seems to think that its attacks will sow discord among the Lebanese. This will never happen. Israel should know that the Lebanese people will remain steadfast and united in the face of this latest Israeli aggression -- its seventh invasion -- just as they were during nearly two decades of brutal occupation. The people's will to resist grows ever stronger with each village demolished and each massacre committed.

On July 25, at the international conference for Lebanon in Rome, I proposed a comprehensive seven-point plan to end the war. It was well received by the conference and got the unanimous and full backing of the Lebanese Council of Ministers, in which Hezbollah is represented, as well as of the speaker of parliament and a majority of parliamentary blocs. Representatives of diverse segments of Lebanese civil society have come out strongly in favor, as has the Islamic-Christian Summit, representing all the religious confessions, ensuring a broad national consensus and preserving our delicate social equilibrium.

The plan, which also received the full support of the 56 member states of the Organization of the Islamic Conference, included an immediate, unconditional and comprehensive cease-fire and called for:

Â· The release of Lebanese and Israeli prisoners and detainees through the International Committee of the Red Cross.

Â· The withdrawal of the Israeli army behind the "blue line."

Â· A commitment from the U.N. Security Council to place the Shebaa Farms and Kfar Shouba Hills areas under U.N. jurisdiction until border delineation and Lebanese sovereignty over them are fully settled. Further, Israel must surrender all maps of remaining land mines in southern Lebanon to the United Nations.

Â· Extension of the Lebanese government's authority over its territory through its legitimate armed forces, with no weapons or authority other than that of the Lebanese state, as stipulated in the Taif accord. We have indicated that the Lebanese armed forces are ready and able to deploy in southern Lebanon, alongside the U.N. forces there, the moment Israel pulls back to the international border.

Â· The supplementing of the U.N. international force operating in southern Lebanon and its enhancement in numbers, equipment, mandate and scope of operation, as needed, to undertake urgent humanitarian and relief work and guarantee stability and security in the south so that those who fled their homes can return.

Â· Action by the United Nations on the necessary measures to once again put into effect the 1949 armistice agreement signed by Lebanon and Israel and to ensure adherence to its provisions, as well as to explore possible amendments to or development of those provisions as necessary.

Â· The commitment of the international community to support Lebanon on all levels, including relief, reconstruction and development needs.

As part of this comprehensive plan, and empowered by strong domestic political support and the unanimous backing of the cabinet, the Lebanese government decided to deploy the Lebanese armed forces in southern Lebanon as the sole domestic military force in the area, alongside U.N. forces there, the moment Israel pulls back to the international border.

Israel responded by slaughtering more civilians in the biblical town of Qana. Such horrible scenes have been repeated daily for nearly four weeks and continue even as I write these words.

The resolution to this war must respect international law and U.N. resolutions, not just those selected by Israel, a state that deserves its reputation as a pariah because of its consistent disdain for and rejection of international law and the wishes of the international community for over half a century.

Lebanon calls, once again, on the United Nations to bring about an immediate cease-fire to relieve the beleaguered people of Lebanon. Only then can the root causes of this war -- Israeli occupation of Lebanese territories and its perennial threat to Lebanon's security, as well as Lebanon's struggle to regain full sovereignty over all its territory -- be addressed.

I believe that a political resolution rooted in international law and based on these seven points will lead to long-term stability. If Israel would realize that the peoples of the Middle East cannot be cowed into submission, that they aspire only to live in freedom and dignity, it could also be a stepping stone to a final solution of the wider Arab-Israeli conflict, which has plagued our region for 60 years.

The 2002 Arab summit in Beirut, which called for a just, comprehensive and lasting peace based on the principle of land for peace, showed the way forward. A political solution cannot, however, be implemented as long as Israel continues to occupy Arab land in Lebanon, Gaza, the West Bank and the Syrian Golan Heights and as long as it wages war on innocent people in Lebanon and Palestine. As Jawaharlal Nehru said, "the only alternative to coexistence is co-destruction."

Enough destruction, dispossession, desperation, displacement and death! Lebanon must be allowed to reclaim its position in this troubled region as a beacon of freedom and democracy where justice and the rule of law prevail, and as a refuge for the oppressed where moderation, tolerance and enlightenment triumph.

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Anti-U.S. Feeling Leaves Arab Reformers Isolated (NYT)

By Neil Macfarquhar

The New York Times, August 9, 2006

DAMASCUS, Syria, Aug. 8 — Moderate reformers across the Arab world say American support for Israel's battle with Hezbollah has put them on the defensive, tarring them by association and boosting Islamist parties.

The very people whom the United States wanted to encourage to promote democracy from Bahrain to Casablanca instead feel trapped by a policy that they now ridicule more or less as "destroying the region in order to save it."

Indeed, many of those reformers who have been working for change in their own societies — often isolated, harassed by state security, or marginalized to begin with — say American policy either strangles nascent reform movements or props up repressive governments that remain Washington's best allies in the region.

"We are really afraid of this 'new Middle East,' " said Ali Abdulemam, a 28-year-old computer engineer who founded the most popular political Web site in Bahrain. He was referring to Secretary of State Condoleezza Rice's statement last month that the situation in Lebanon represented the birth pangs of a "new Middle East."

"They talk about how they will reorganize the region in a different way, but they never talk about the people," Mr. Abdulemam said. "They never mention what the people want. They are just giving more power to the systems that exist already."

His plight is shared by reformers across the Arab world.

Fawaziah al-Bakr, who promotes educational change and women's rights in Saudi Arabia, helped organize women to protest the Israeli attacks. "Nobody is talking about reform in Saudi Arabia," she said. "All we talk about is the war, what to do about the war. There is no question that the U.S. has lost morally because of the war. Even if you like the people and the culture of the United States, you can't defend it."

The statement by Ms. Rice — during a fleeting stopover in Beirut last month — is being juxtaposed with the mounting carnage to rally popular opposition against all things American.

In Lebanon, Israel continues bombing despite the fact that the violence could destabilize the government of Prime Minister Fouad Siniora, elected last year in a vote that the United States hailed as a democratic example for the Middle East. Iraq was the previous such example, reformers note bitterly.

In Bahrain, Mr. Abdulemam fears that a proposed new anti-terrorism law could severely curb the freewheeling discussions on BahrainOnline.org, his Web site, perhaps even shutting it down, because among other things the law bans attacking the Constitution. Recently, the government cut off access to Google Earth, he said, probably because too many citizens were zeroing in on royal palaces.

Members of Islamist political organizations, in particular, consider American actions a godsend, putting their own repressive governments under pressure and distancing their capitals from Washington, reformers say.

The Americans "wanted to tarnish the Islamic resistance and opposition movements, but in reality they only served them," said Sobhe Salih, a 53-year-old lawyer in the Muslim Brotherhood, which was swept into the Egyptian Parliament in an election last fall after capturing an unprecedented 20 percent of the seats. "They made them more appealing to the public, made them a beacon of hope for everyone who hates American policies."

Glance at any television screen — they are everywhere — and chances are that the screen will be showing mayhem in Lebanon, Baghdad or Gaza. It usually takes a minute or so to decipher which Arab city is burning. Popular satellite news channels like Al Jazeera say repeatedly that the carnage arrives via American policy and American weapons.

Before 2003, the hardest step for any Islamist movement was recruitment, noted Mohamed Salah, an expert on Islamic extremist movements who writes for the pan-Arab daily Al Hayat from Cairo. Moving someone from being merely devout to being an extremist took a long time. No longer, he said. Moderate Arab governments, which have pursued peace with Israel for nearly 30 years, have seen that policy undermined among their publics by Hezbollah's ability to strike at Israel.

"Recruitment has become the easiest stage because the people have already been psychologically predisposed against the Americans, the West and against Israel," Mr. Salah said.

Moderate reformers say they are driven to despair by what they see as inconsistencies in Washington's Middle East policy. For example, in Lebanon lives a black-turbaned Shiite cleric who runs a secretive militia close to Iran. His name is Sheik Hassan Nasrallah and Washington approves of Israel's bombing campaign to stamp out his organization, Hezbollah.

There is another black-turbaned Shiite cleric who runs a different secretive militia close to Iran. His name is Abdel Aziz al-Hakim, and he lives in Iraq. He is an American friend.

"In Iraq the same kind of group is an ally of the United States, while in Lebanon they are an enemy whom they are fighting," said Samir al-Qudah, a Jordanian civil engineer. "It has nothing to do with reform, but where America's interests lie."

The overwhelming conclusion drawn by Arabs is that Washington's interests lie with Israel, no matter what the cost.

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"Those calling for democratic reform in Egypt have discovered that once Israeli interests are in conflict with political reform in the Middle East, then the United States will immediately favor Israel's interests," said Ibrahim Issa, the editor of the weekly Al Dustour, who faces a jail sentence on charges of insulting President Hosni Mubarak of Egypt.

Reformers invariably add that a credible effort to solve the issue of Arab land occupied by Israel, which they believe is the taproot of extremism, does not even seem to be on Washington's radar.

Sheik Nasrallah is particularly adept at exploiting public anger at civilian deaths in Lebanon by talking about how fickle the United States can be as a friend.

"I want you never to forget that this is the U.S. administration, Lebanon's friend, ally and lover," he mocked in a speech on Thursday. He also issued a pointed warning to other Arab leaders that if they spend more time defending their thrones than the people of Lebanon, they might find themselves pushed off those thrones.

Reformers also worry that the chaos in Iraq has fueled public perception that a despot can at least keep violence and sectarian differences at bay. In Syria, war news drowned out dismay over the jailing of activists in a crackdown by the Syrian government this spring.

Omar Amiralay, a Syrian documentary filmmaker, was in a taxi recently when the radio broadcast a news bulletin about a suicide bombing in Baghdad that killed some 35 people.

"The Americans should just let Saddam out of jail for a week," he quoted the driver as saying, only half joking. The dictator would slay one million Iraqis and "everything would be peaceful again."

Mr. Amiralay is convinced that change will come only with an eruption from within, but people have no time to think about that now. "Uncertainty has become the order of the day," he said.

There is a general sense in the region that the Bush administration soured on pushing democracy because of the successes of Islamist parties in the most recent Egyptian and Palestinian elections — the Muslim Brotherhood in Egypt and Hamas, an offshoot of the Brotherhood, in the Palestinian territories.

For the first time in a while, political analysts are again comparing governments like that of Mr. Mubarak of Egypt to that of the late Shah of Iran — an isolated despot who ignored the broad wishes of the population while currying favor with the American administration. Some rulers are clearly nervous.

King Abdullah of Jordan initially criticized Hezbollah when the fighting erupted nearly a month ago, but in an interview with the BBC on Tuesday he was dismissive of American plans for a "new Middle East." The monarch said he could "no longer read the political map" of the region because of black clouds gathering from Somalia to Lebanon.

That kind of attitude may prove beneficial, reformers say, allowing more breathing space for public debate as leaders try to quiet public anger. But they doubt moderates will find much of a platform.

"There is no room on the street for a moderate like me," said Mr. Qudah, the civil engineer in Jordan. "We are all against Israel attacking Lebanon, but I am also against hitting cities in Israel where there are civilians. If I tried to say the things in public that I am telling you on the phone, I might be beaten. In a war like this, the extremists alone own the streets."

In Mideast War, Stakes Keep Rising (CSM)

By Peter Grier

The Christian Science Monitor, August 9, 2006

WASHINGTON

The Arab-Israeli Conflict of 1967. The Yom Kippur War of 1973. The Israeli invasion of Lebanon of 1982.

And now, 2006?

As the fighting between Israel and Hizbullah passes the one-month mark, it has grown from a skirmish into a swirling conflict with a geopolitical impact that could rival the iconic wars of modern Middle Eastern history.

At stake may be the US push for democracy in the region, the influence of radical Islamists in surrounding states, and the progress of Iran's nuclear program - not to mention the futures of both Israel and Lebanon.

"A fight that started as a dust-up between a local power and a nonstate actor may have developed into something with larger repercussions for everyone involved, including the United States," says Ellen Laipson, former vice chairwoman of the National Intelligence Council and current president of the Henry L. Stimson Center in Washington. As conflict rages, diplomacy crawls

The conflict's historical footprint may hinge on the outcome of this week's frantic diplomatic maneuvers. On Monday, President Bush called for quick UN approval of a cease-fire resolution, telling reporters at his Texas ranch that "we all recognize that the violence must stop."

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But even as he called for peace, Bush resisted Lebanese demands that Israel immediately withdraw its troops from Lebanon. Such a move would allow Hizbullah time to regroup, Bush said. On Tuesday, Arab leaders were set to meet with Western diplomats to amend the plan.

The president's push for a cease-fire represents something of a change in US diplomacy towards the region. But it has taken weeks to reach this point - weeks in which civilian casualties have mounted on both sides of the fighting.

Under the US plan, a second UN resolution would approve deployment of an international force to the Lebanese border region.

"Whatever happens in the UN, we must not create a vaccuum into which Hizbullah and its sponsors are able to move weapons," said Bush.

Secretary of State Condoleezza Rice has described the fighting as the "birth pangs" of a new Middle East. To the US administration, the conflict may be an opportunity to damage and discredit Hizbullah and its state sponsors, Syria and Iran.

But the US decision to, in essence, allow Israel time to continue its assault has sounded harsh to much of the Middle East. Anti-Americanism in the region was already on the rise, said Hisham Milhem, Washington correspondent for the Lebanese daily Al-Nahar.

Now, "it is the new religion in the Middle East," said Milhem at a recent conference at the Brookings Institution in Washington.

Hizbullah and its backers may see the conflict in the same terms as the White House: an opportunity to mold the region in their own vision.

Just by fighting Israel and surviving, Hizbullah leader Sheikh Hassan Nasrullah and his fighters appear to have gained immense prestige among the surrounding Arab nations. The group's popularity threatens both Israeli safety and the Sunni Arab governments of the region, many of which have followed a policy of accommodating Israel's presence. A further spike in anti-Israeli sentiment could bode ill for the region's long-term stability.

"With conflict continuing, the radicalization of the Arab masses is going to become more pervasive, the sympathy for Hizbullah more extensive and, as a consequence, the prospects for a favorable outcome beyond some sort of ad hoc solution will be reduced," said former National Security Advisor Dr. Zbigniew Brzezinski at a recent Center for Strategic and International Studies press briefing.

Meanwhile, some analysts have gone so far as to describe the current conflict as the possible beginning of a third world war or a much-anticipated "clash of civilizations."But other experts say such predictions are almost certainly overblown. It remains unclear, for instance, how much involvement Iran has had in Hizbullah's assaults. Islamists are far from a united movement, given that Al Qaeda is dominated by Sunni Muslims, while Hizbullah consists of Shiite radicals. Same game, different players

As has often happened at key moments such as the 1973 Yom Kippur War, Middle East fighting has become entangled in America's larger geopolitical problems.

Back in 73, the problem was the cold war, as the US and Russia eyed each other nervously to see how the other would react to the fighting. In 2006, the conflict is aligned around Iran and its nuclear program.

In 2002, when Iran's undeclared nuclear activities were exposed, Iranian officials retreated to buy time and devise a new strategy, according to George Perkovich, nuclear proliferation expert and vice president for studies at the Carnegie Endowment for International Peace in Washington.

But as the US became mired in Iraq, the mullahs reversed their strategy. Since 2005, they have been on a "robust counter attack with only a few pauses," writes Perkovich in a recent report.

On August 6, for instance, Iran defied UN Security Council demands to suspend nuclear enrichment activities or face economic sanctions.

Meanwhile, Hizbullah's actions may be a signal of the chaos Iran can command.

"Attention and energy are diverted from the UN effort to isolate Iran, and the idea of accommodating Iran rather than confronting it starts to seem the least bad among no good policy options," writes Perkovich.

Iran's ultimate goal may be to become, not just a nuclear power, but the dominant indigenous power in the region.

Hezbollah Visitors Arrive With Questions (WT)

By Betsy Pisik

The Washington Times, August 9, 2006

SIDON, Lebanon -- Abou Ali is calm and curious, oblivious to the fact that it's 3 a.m. and he's making small talk with sleepy foreigners, uninvited, in the home of someone he's never met.

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He wants to know about America's view of his organization, Hezbollah. He wants to talk about the Bush administration's plans for the "new" Middle East.

"What do Americans really think of us?" he asks through his lieutenant, a burly businessman who went to college in Mississippi and speaks perfect English. "Do they really think we are just soldiers? They think we are like al Qaeda?"

Abou Ali -- a pseudonym -- has his own plans for the new Middle East: They include a rebuilt southern Lebanon patrolled by the national army, with Hezbollah backing, and friendly relations with a neighboring country called Palestine -- occupying what is now the state of Israel.

Four weeks of relentless Israeli air strikes and bloody ground fighting may have degraded Hezbollah's military capability, but seem to have done little to break its spirit, at least in Sidon.

These optimistic and determined midnight visitors say the world is witnessing a reborn Hezbollah that is trained, armed, dedicated and ferocious.

"We have not been asleep for six years," Abou Ali says, referring to the years since the Israeli army withdrew from the security zone it had occupied until 2000 in southernmost Lebanon.

"We have the Internet, TV, magazines. We adapt and we learn. They have been preparing for this war, and so have we."

Abou Ali and his colleague, who uses the name Sam, came to the apartment shortly after 2 a.m. yesterday, after five armed Hezbollah lookouts found two reporters on the roof transmitting their stories by satellite.

Mid-level Hezbollah officials subsequently established that the writers were no threat to their operations, but warned that Israeli aircraft could target the apartment building. Polite and genuinely contrite about the shouting and the firearms, they offered to escort the reporters back to the roof to finish their work.

An hour later, Abou Ali appeared at the home where they were staying with their Lebanese driver and translator.

Dressed in blue jeans and short-sleeve pullover with a closely trimmed beard, the head of Hezbollah's local social welfare operations does not cut a dangerous figure. All that sets him apart from any other overworked man in his mid-40s was the enormous chrome-plated two-way radio squawking quietly beside him on the sofa.

Smoking the occasional cigarette and listening intently to Sam's translation, Abou Ali is especially concerned about how the American people view Hezbollah, or the "Party of God." He seems aggrieved to learn that Americans are much more aware of its military wing than of its political power and vast relief operations -- now geared up to assist tens of thousands of evacuees from the southern front.

The two men complain that Israel is waging an unfair war by targeting civilians and, especially, children. But they reject criticism of their own Haifa-bound rockets, refusing to admit the similarities. Hezbollah has no airplanes, Sam argues.

Both Abou Ali and Sam, who wears heavy silver rings on several fingers and fiddles with prayer beads, shrug off any suggestion that Hezbollah's power will be diminished after a cease-fire. They are incredulous that President Bush or any other leader thinks the organization can be destroyed.

Unlike al Qaeda, they say as cups of sweetened tea are brought from the kitchen, Hezbollah -- labeled a terrorist organization by the United States -- is integrated into the fabric of Lebanon and has broad support among the people.

Hezbollah is already preparing for the future, the two men say, beginning with the day when Israeli troops return across the border. An international force will be welcome, briefly, they say, but they would prefer that it be based in Israel since Lebanon is already hosting a U.N. peacekeeping mission.

In their view, Hezbollah will patch up the infrastructure in the south as residents return to their homes. The Lebanese army may protect Lebanese citizens at the border, but armed Hezbollah forces will be right behind them, where they have always been, in towns and villages.

The two men are already counting on direct investment from Arab nations to rebuild the ruined roads, bridges and homes in the area south of the Litani River.

"The Saudis were the first," says Sam, referring to a contribution of $1.5 billion to shore up the central bank and provide relief. "The others will follow. Why? So that Iran and Syria cannot take credit for rebuilding the south."

Left Or Right, Israelis Are Pro-War (NYT)

By Steven Erlanger

The New York Times, August 9, 2006

JERUSALEM, Aug. 8 — As Israel's war with Hezbollah finishes a fourth difficult week, domestic criticism of its prosecution is growing. Yet there is a paradoxical effect as well: the harder the war has been, the more the public wants it to proceed.

The criticism is not that the war is going on, but that it is going poorly. The public wants the army to hit Hezbollah harder, so it will not threaten Israel again.

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And while Israelis are upset with how Prime Minister Ehud Olmert has run the war, they seem to agree with what he told aides this week — that given the weaponry and competence of Hezbollah and the damage already done to Israel, "I thank God the confrontation came now, because with every year their arsenal would have grown."

Abroad, Israel is criticized for having overreacted and for causing disproportionate damage to Lebanon and its civilian population and even for indiscriminate bombing. But within Israel, the sense is nearly universal that unlike its invasion of Lebanon in 1982, this war is a matter of survival, not choice, and its legitimacy is unquestioned.

Even the bulk of the Israeli left feels that way. There is no real peace camp in Israel right now, says Yariv Oppenheimer, the secretary general of Peace Now, which has pressed hard for a deal with the Palestinians and on June 22, before this Lebanon war, called for a halt to air raids over the Gaza Strip. "We're a left-wing Zionist movement, and we believe that Israel has the legitimate right to defend itself," Mr. Oppenheimer said. "We're not pacifists. Unlike in Gaza or the West Bank, Israel isn't occupying Lebanese territory or trying to control the lives of Lebanese. The only occupier there is Hezbollah, and Israel is trying to defend itself."

In the daily newspaper Haaretz, a cartoon satirized the group, showing a Peace Now advocate, balding with a ponytail, in a coffee shop saying, "It won't end until we wipe Beirut off the map."

After the war, Mr. Olmert and his defense minister, Amir Peretz, will face hard questioning, particularly from the center-right, about why there was such an early and naïve dependence on air power and why the ground war began so tentatively, especially in the face of so many rocket attacks on northern cities.

But as the fighting against Hezbollah has proved difficult and hazardous, most Israelis have come to believe that it is important to press ahead with the war and try to secure a visibly successful outcome rather than risk leaving Hezbollah emboldened enough to threaten Israel again.

Ehud Yaari, an Arab affairs analyst with Israeli Channel 2, sees popular opinion reflected in his mother. He is from Metulla, in northern Israel. His mother, 85, grew up in southern Lebanon and knows it well, and knows what it is like to be shelled.

"She calls me all the time to ask me how come the army is still having a fistfight with Hezbollah in places 500 meters from the border," Mr. Yaari said. "I think she's very typical. There is a feeling that Olmert was right to respond with force on July 12, but he should now do it properly, and that the harder it is, the more important it is to continue it, so Hezbollah can't regroup and rebuild themselves."

With the diplomacy so unclear, and no end to the fighting in easy sight, the Israeli government sees the best chance of a conclusion favorable to Israel, and to the government's political reputation, coming from aggressively moving farther northward into Lebanon to try to reduce Hezbollah's ability to fire its extensive stockpile of short-range rockets at Israeli civilians.

Continuing blows to Hezbollah will inevitably weaken it further, the Israelis feel, and make it more likely to bow to international pressure to allow a robust multinational force to patrol Lebanon south of the Litani River and prevent Hezbollah from regrouping there.

Mr. Oppenheimer of Peace Now said the only dispute in his group was over timing and tactics. Some feel Israel hit Lebanon's infrastructure too hard in the beginning, trying to punish Lebanon to hurt Hezbollah, and in the process hurt too many civilians, he said, but now the army has shifted its sights more directly at Hezbollah.

The real debate, he said, "is whether this is the right time to stop the fighting and get a good agreement that accomplishes our goals, or do we have to keep hitting Hezbollah harder in order to get a good agreement."

In this debate, too, he said, Peace Now "is together with the mainstream of Israelis." On Wednesday, he said, Peace Now will publish an advertisement — not calling on the government to stop the war, but to "take seriously" the new Lebanese offer to deploy its army to the south.

Similarly, Yossi Beilin, the leader of the dovish Meretz Party, said the left must hold to the principle that the Jewish people have the right to "a democratic and secure state." In an opinion column in Haaretz, he wrote that the war in both Gaza and Lebanon to secure the release of captured Israeli soldiers is legitimate, "but that is not reason enough to support all aspects of the war," including the government's falling "into the trap set by Hezbollah of an extended war of attrition."

Once the war is over, Mr. Beilin said, "the right will turn against the government, because they'll say the army didn't go far enough. But a big land operation could push us into a long battle that will be very costly."

There have been weekly demonstrations against the war from smaller, more pacifist groups, but they have rarely drawn more than a few hundred supporters.

Yaron Ezrahi, an Israeli political scientist, sees two other reasons for strong popular support for the war. After years of seeing its army deployed to occupy the West Bank, "pride in Israel's people's army has been eroded because of the checkpoints, the shooting of civilians, the confrontation with women and children," he said. "Suddenly you have a war against an unambiguous enemy and the army is defending the Israeli public."

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Second, he said, Israelis see Hezbollah as a proxy for Iran, which wants to destroy Israel. “It’s unifying,” he said. “People see it intuitively as part of the war against Iran.”

The fiercest critics of Mr. Olmert and Mr. Peretz, the head of the Labor Party, have come from the right, especially from the Likud Party that Ariel Sharon and Mr. Olmert left behind when they formed Kadima, now the ruling party. The Likud leader, Benjamin Netanyahu, has been a loyal supporter of the government and the war, but most expect him to be scathing about the government’s performance after the conflict is over.

But there are even strong murmurings within Kadima that neither Mr. Olmert nor Mr. Peretz was experienced enough in security matters to ask the military leaders tough questions about war plans, especially given a chief of staff who is, for the first time in Israel’s history, from the air force, and a chief of military intelligence also from the air force.

Gerald M. Steinberg, who directs the Program on Conflict Management at Bar-Ilan University, says Mr. Olmert and Mr. Peretz have been badly damaged. “This is not the disaster of the Yom Kippur war” in 1973, when Golda Meir was pushed out of office after Israel was judged to have been taken by surprise, he said. “But there is a strong sense of hesitation, of the lack of military leadership needed in times like this.”

Once the war is over, Mr. Steinberg said, regardless now of the outcome, “there will be investigations, and serious questions in Parliament and out, and you could have some defections from the current government.”

Yuval Steinitz of Likud, head of the parliamentary subcommittee for defense preparedness, is already loaded for bear. “Doubts?” he asked. “That’s an understatement. People are talking of failure.

“The bombardment of Israeli cities was supposed to be over after 48 hours. The fact that only now the government is ready to even start the real ground campaign is overwhelming.”

Israeli defense doctrine, formulated by Israel’s first prime minister, David Ben-Gurion, is that tiny Israel should immediately carry the fighting “deep into enemy territory to protect its civilian rear,” Mr. Steinitz said. “This didn’t happen, and against who? Hezbollah, which is the size of a Syrian division without any air defense. So what would we do against Syria?”

Dan Schueftan, deputy director of the National Security Studies Center at the University of Haifa, said that “what will determine Olmert’s future is not one good or bad day, but the outcome and how it affects the larger issues.”

“It’s not just rooting out Hezbollah,” he said. “The real issue is Iran and the nuclearization of Iran.”

The diplomacy at the end is crucial. “Olmert comes out well if at the end of this, the United States, France and Egypt will have greater sway over the Lebanese government than Hezbollah,” Mr. Schueftan said. “If Iran and Syria can no longer use Hezbollah as a proxy, Olmert comes out well.”

British MPs To Demand Recall Of Parliament (AFP)

AFP, August 9, 2006

As many as 100 British members of Parliament, most of them from the governing Labour Party, are to demand that parliament is re-called immediately amid concern over the government's strategy to end the conflict in the Middle East, The Guardian reported.

British Prime Minister Tony Blair's government has been criticised for failing to call for an immediate ceasefire to the conflict between Israel and the Shiite militia Hezbollah.

The lower House of Commons and upper House of Lords are in their annual recess until October 9.

The newspaper said the demand is likely to be made in the next two days, with the organisers apparently in discussion with smaller opposition parties including the Liberal Democrat Party and Scottish National Party.

"In this crisis, parliament needs to speak for the nation," said Jon Trickett, chairman of the 50-member Compass group of left-wing MPs.

"We are living in a 24-7 society, yet our parliament seems so ossified that it goes into recess for 11 weeks and there seems no way for back-benchers (MPs who are not part of their party's cabinet) to bring MPs back."

The demand will be made to Jack Straw, leader of the Commons. The final decision will then be taken by the speaker of the Commons, on the recommendation of the government.

The Guardian said that unnamed sources in the cabinet acknowledged that if efforts for a United Nations Security Council resolution to bring about an end to the conflict fell apart, there could be a recall. Until then, however, Downing Street does not see a great need for one, the newspaper said.

France and the United States have been working together at the UN to draft a resolution, one that doesn't call for Israeli withdrawal from Lebanon.

An Arab League delegation on Tuesday, however, called for the UN to order Israeli forces to leave Lebanon as part of any resolution on a truce deal.

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Democracy And Its Discontents (WSJ)

By Peter Wehner

The Wall Street Journal, August 9, 2006

Recent elections in the Middle East discredit the Bush administration's efforts to promote democracy in that region, according to a line of argument. On "Meet the Press," Tim Russert summarized the criticism this way: "You have free elections in Iraq, and the head of the parliament calls us butchers. You have free elections in Palestine, and Hamas wins. You have elections in Lebanon, and Hezbollah wins 10, 12 seats in the parliament and two cabinet seats. Free elections are no guarantee of democracy."

George Will said this: "Elections have brought the Muslim Brotherhood into government in Egypt. Elections turned Hamas into the government of the Palestinian territories. . . . It could be that there are moments when sampling and empowering the popular will is going to empower extremism." And Time claims, "[E]lections [in the Middle East] are producing governments more hospitable to extremism, not less. Exhibit A was the election of Hamas . . ."

It's worth examining these arguments with care. It is not as if Hamas replaced the Palestinian version of the Federalist Party. Hamas defeated Fatah, which was a corrupt and brutal regime under Yasser Arafat -- himself a father of the modern terrorist movement. Mahmoud Abbas is a very different man and committed to peace, but he has been unable to fundamentally reform Fatah. The Palestinian people voted against Fatah in part because of Arafat's despotism. And note: Before the election, Hamas had influence and was under no international pressure to reform its ways; today, because of elections, it is for the first time facing pressure from other nations. The worst situation of all might have been for Hamas to have influence but no responsibility for governing. Now it has responsibility -- and like other governments, it should be held accountable for the choices it makes.

Hezbollah is powerful not because of the number of its parliamentary seats (14 out of 128); it is so because it is an armed, brutal militia that exists in a weak state and a fledgling democracy. Beyond that, Hamas, Hezbollah and the Muslim Brotherhood were not the creation of free elections. None was radicalized by them; all were dangerous before them. It's also worth noting that radical Islamic governments have come to power through means other than the ballot. It's not as if an undemocratic Middle East is a region characterized by peace and harmony.

Elections are not the problem; rather, they reveal what problems exist and remind us what tyranny in the Middle East has wrought. Liberty is the antidote to the virus, not the virus itself. But freedom requires more time to work in the Middle East than the blink of an historical eye.

Perfection cannot be the price of support for democracy, and the fact that not every election goes as we might hope does not invalidate support for the effort to promote liberty. Freedom has a remarkable track record, including in regions that were once thought to be inimical to it. But it takes commitment to see it to success. We may well be present at the creation of something remarkable in the Arab world; but it will not come to pass without hardships. That is the nature of historic transitions, which can be jolting and where progress can be uneven.

In the very early days of democracy in the Middle East, we have seen the millions of purple fingers in Iraq -- and we have seen the election of Hamas. There have been instances of progress and setbacks. But the one thing we know is that the status quo in the Middle East gave us bin Ladenism, which is what the administration is attempting to undo. No serious alternative strategy to the Freedom Agenda has been proposed. And the best proof of how dangerous democracy is to Islamic fascists is the energy with which they are trying to defeat it. It would be better if a vibrant democratic culture existed in nations before elections were held, but how can such a culture be created in repressive societies? Civic institutions tend not to flourish in a society where, on a daily basis, jackboots stomp on human faces. And once people are liberated, is the argument that the U.S., as the liberating power, should postpone elections for five years? 10? Longer?

Free elections are not sufficient, but they can be catalyzing. They can help build the institutions of democracy and foster civic habits. It's also worth emphasizing that democracies in the Middle East will not look like our own, because they will reflect the traditions of their own citizens. What liberty in the Middle East will ultimately require is the emergence of responsible religious and secular parties.

Do critics of democracy believe we would be significantly better off with the reign of an Arafat? Do they believe that Iraq, which consists of a freely elected, multiethnic government whose leadership is fighting terrorism instead of supporting it, was better under Saddam Hussein than it is now? Do they believe that it was better to have the Taliban control Afghanistan, not Hamid Karzai? Do they believe we should support more repression within Arab societies? In the past, Western nations tolerated oppression for the sake of "stability." But this gave rise to resentments, anger and an ideology of violence -- and on Sept. 11, 2001, that ideology struck with deadly fury. * * *

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The people of the Middle East have for generations suffered under tyranny and been raised on hatred. Democracy and the accompanying rise in free institutions are what they deserve, and what our own security demands. The Freedom Agenda is morally compelling because liberty is better than bondage. But there is also a strong realpolitik argument in favor of the Freedom Agenda. In the words of President Bush, "The survival of liberty in our land increasingly depends on the success of liberty in other lands. The best hope for peace in our world is the expansion of freedom in all the world." Those who disagree with him must believe, by the power of their own logic, that continued tyranny is the route to a better world. The president has a fundamentally different view, and his remarkable effort to promote human liberty and American security sets him apart from his critics.

In his autobiography, Dean Acheson wrote about the immensity of the task the Truman administration faced after war ended in 1945, which "only slowly revealed itself. As it did so, it began to appear as just a bit less formidable than that described in the first chapter of Genesis. That was to create a world out of chaos . . ." He wrote about the great revival of Western Europe after the war -- and of the "deepening gloom" and the "spirit of defeatism" that engulfed many people during the conflict with North Korea. Secretary Acheson's goal was to "tell a tale of large conceptions, great achievements, and some failures, the product of enormous will and effort."

We face a similar moment. The difficulties are just as formidable, the stakes just as high, the critics just as vocal, and the imperative for success just as vital.

Mr. Wehner is deputy assistant to the president and director of the White House's Office of Strategic Initiatives.

Buffett And Hezbollah (NYT)

By Thomas L. Friedman

The New York Times, August 9, 2006

Warren Buffett. The most important thing you need to know about Israel today and how it has performed so far in the war with Hezbollah is Warren Buffett.

Say what? Well, the most talked-about story in Israel, before Hezbollah started this war, was the fact that on May 5, Mr. Buffett, the Berkshire Hathaway chairman and the world's most successful investor, bought an 80 percent stake in the privately held Israeli precision tools company, Iscar Metalworking, for $4 billion — Mr. Buffett's first purchase of a company outside America. According to BusinessWeek, as a result of the deal, Iscar's owners were "likely to pay about $1 billion in capital gains taxes into the Israeli government's coffers — an unexpected windfall. With the Israeli budget already running a $2 billion surplus, the government is considering slashing value-added tax by one percentage point to 15 percent."

In May, Israeli papers were filled with pages about how cool it was that Israel had produced a cutting-edge company that Warren Buffett wanted to buy. It was being discussed everywhere, pushing the Tel Aviv stock exchange to an all-time high.

That is where Israel's head was on the eve of this war — and it explains something I sensed when I visited Israel shortly after the fighting started. Nobody wanted this war, and nobody was prepared for it. Look closely at pictures of Israeli soldiers from Lebanon. There is no enthusiasm in their faces, and certainly no triumphalism. Their expressions tell the whole story: "I just don't want to be doing this — another war with the Arabs."

Israeli soldiers were napping when this war started — that's why they got ambushed — for the very best reasons: They have so much more to do with their lives, and they live in a society that empowers and enables them to do it. (Unfortunately, the Buffett company is in northern Israel and had to be temporarily closed because of rocket attacks.)

Young Israelis dream of being inventors, and their role models are the Israeli innovators who made it to the Nasdaq. Hezbollah youth dream of being martyrs, and their role models are Islamic militants who made it to the Next World. Israel spent the last six years preparing for Warren Buffett, while Hezbollah spent the last six years preparing for this war.

"Israel was not prepared for this war," said the Israeli political theorist Yaron Ezrahi. "It came upon us like the crash of a meteorite. ... The whole focus of debate in the country before this war was on withdrawal." The Israeli Army had just taken on its own extremists, the settlers in Gaza, and removed them against their will, added Mr. Ezrahi, "and the country had just elected for the first time a prime minister who promised voters to unilaterally withdraw from the West Bank in return for nothing."

In the end, Israel will do whatever it has to do to prevail. But what is so troubling for Israelis is that this war is about nothing and everything. That is, Israel got out of Lebanon, and yet Hezbollah keeps coming. It is all about Hezbollah's need to justify its existence and Iran's need for a distraction.

What is doubly sad is that Lebanon was getting its act together. Rafik Hariri, the former prime minister, represented a whole new type of Arab leader — one who rose to power by being a builder and an entrepreneur. He understood that Lebanon, freed of Syria, was a country whose youth had the energy and skill to compete anywhere. He thought Lebanon could again be a model of how Arabs can embrace modernity. But Mr. Hariri was murdered, allegedly by Syria, and now Lebanon's democracy is being murdered by Hezbollah. Once again, in the Arab world, the past buries the future.

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Israel mustn't get sucked into that same grave. Israel needs to get a cease-fire and an international force into south Lebanon — and get out. Israel can't defeat Hezbollah, it can only hurt it enough to make it think twice about ever doing this again — and it has pretty much done that. It must not destroy any more of Lebanon, which is going to still be its neighbor when the guns fall silent.

Israel wins when Warren Buffett's company there is fully back in business — not when Nasrallah is out of business. Because that will only happen, not by war, but when Arabs wake up and realize that he is just another fraud, just another Nasser, whose strategy would condemn the flower of Arab youth — who deserve and need so much better — to another decade of making potato chips, not microchips. Nasrallah can win in the long run only if he can condemn the flower of Israel's youth to the same fate. Don't let it happen, Israel.

Red State Jews (WSJ)

By Thane Rosenbaum

The Wall Street Journal, August 9, 2006

This is a soul-searching moment for the Jewish left. Actually, for many Jewish liberals, navigating the gloomy politics of the Middle East is like walking with two left feet.

I would know. For six years I was the literary editor of Tikkun magazine, a leading voice for progressive Jewish politics that never avoided subjecting Israel to moral scrutiny. I also teach human rights at a Jesuit university, imparting the lessons of reciprocal grievances and the moral necessity to regard all people with dignity and mutual respect. And I am deeply sensitive to Palestinian pain, and mortified when innocent civilians are used as human shields and then cynically martyred as casualties of war.

Yet, since 9/11 and the second intifada, where suicide bombings and beheadings have become the calling cards of Arab diplomacy, and with Hamas and Hezbollah emerging as elected entities that, paradoxically, reject the first principles of liberal democracy, I feel a great deal of moral anguish. Perhaps I have been naïve all along.

And I am not alone. Many Jews are in my position -- the children and grandchildren of labor leaders, socialists, pacifists, humanitarians, antiwar protestors -- instinctively leaning left, rejecting war, unwilling to demonize, and insisting that violence only breeds more violence. Most of all we share the profound belief that killing, humiliation and the infliction of unnecessary pain are not Jewish attributes.

However, the world as we know it today -- post-Holocaust, post-9/11, post-sanity -- is not cooperating. Given the realities of the new Middle East, perhaps it is time for a reality check. For this reason, many Jewish liberals are surrendering to the mindset that there are no solutions other than to allow Israel to defend itself -- with whatever means necessary. Unfortunately, the inevitability of Israel coincides with the inevitability of anti-Semitism.

This is what more politically conservative Jews and hardcore Zionists maintained from the outset. And it was this nightmare that the Jewish left always refused to imagine. So we lay awake at night, afraid to sleep. Surely the Arabs were tired, too. Surely they would want to improve their societies and educate their children rather than strap bombs on to them.

If the Palestinians didn't want that for themselves, if building a nation was not their priority, then peace in exchange for territories was nothing but a pipe dream. It was all wish-fulfillment, morally and practically necessary, yet ultimately motivated by a weary Israeli society -- the harsh reality of Arab animus, the spiritual toll that the occupation had taken on a Jewish state battered by negative world opinion.

Despite the deep cynicism, however, Israel knew that it must try. It would have to set aside nearly 60 years of hard-won experience, starting from the very first days of its independence, and believe that the Arab world had softened, would become more welcoming neighbors, and would stop chanting: "Not in our backyard -- the Middle East is for Arabs only."

It is true that Israel has entered into peace agreements with Egypt and Jordan that have brought some measure of historic stability to the region. But with Israel having withdrawn from Lebanon and Gaza, and with Israeli public opinion virtually united in favor of near-total withdrawal from the West Bank, why are rockets being launched at Israel now, why are their soldiers being kidnapped if the aspirations of the Palestinian people, and the intentions of Hamas and Hezbollah, stand for something other than the total destruction of Israel? And if Palestinians and the Lebanese are electing terrorists and giving them the portfolio of statesmen, then what message is being sent to moderate voices, what incentives are there to negotiate, and how can any of this sobering news be recast in a more favorable light?

The Jewish left is now in shambles. Peace Now advocates have lost their momentum, and, in some sense, their moral clarity. Opinion polls in Israel are showing near unanimous support for stronger incursions into Lebanon. And until kidnapped soldiers are returned and acts of terror curtailed, any further conversations about the future of the West Bank have been set aside.

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Not unlike the deep divisions between the values of red- and blue-state America, world Jewry is being forced to reconsider all of its underlying assumptions about peace in the Middle East. The recent disastrous events in Lebanon and Gaza have inadvertently created a newly united Jewish consciousness -- bringing right and left together into one deeply cynical red state.

Mr. Rosenbaum, a novelist and professor at Fordham Law School, is author, most recently, of "The Myth of Moral Justice" (HarperCollins, 2004).

Israel Edges Closer To Expanding Ground War In Lebanon (MCT)

By Warren P. Strobel And Carol Rosenberg

McClatchy Newspapers, August 9, 2006

JERUSALEM - Israel prepared Tuesday to dispatch thousands more troops to southern Lebanon in an effort to end Hezbollah rocket attacks on northern Israel as diplomats at the United Nations searched for a compromise that might end the nearly month-old war.

Israeli Prime Minister Ehud Olmert and his security Cabinet were to debate expanding the ground campaign Wednesday amid signs that Israel is preparing for greater conflict.

Trucks carrying tanks and troop carriers have become common on highways leading to the northern border throughout the week. On Tuesday, Israeli authorities stepped up the evacuation of Kiryat Shemona, the country's northernmost city, which has been hit by more than 500 Hezbollah rockets in the past month.

The city's mayor said the government's plan to relocate 15,000 people from the north overnight was a response to unprecedented Hezbollah rocket attacks.

"This is the first time in (Israel's) history that a million people are living under fire," Mayor Chaim Barbivai said, referring to the population of northern Israel. "The IDF (Israel Defense Forces) is so much stronger than Hezbollah, we thought it would be over in a flash."

At the United Nations, an emergency delegation of Arab envoys rejected a draft Security Council resolution that's the only near-term hope of ending a conflict that's killed nearly 1,000 Lebanese and more than 100 Israelis.

Lebanese envoy Tarek Mitri told the Security Council that Lebanon opposes the proposal because it doesn't require Israel to withdraw from Lebanese territory immediately.

He said the draft resolution would fall short of achieving an immediate cease-fire, something his country had asked for "more than 900 lives ago."

"The draft resolution not only falls short of meeting many of our legitimate requirements, but it also may not bring about the results that the international community hopes to achieve," Mitri said.

French and U.S. diplomats met into the evening, trying to find a compromise that would satisfy both Lebanon and Israel.

But that seemed unlikely. Israel is refusing to withdraw from southern Lebanon, which Hezbollah has controlled for years, until a strong international force arrives to assist Lebanon's weak national army in disarming the militant Islamist group.

A proposal by Lebanon to send 15,000 of its troops to the south, which a revised U.N. resolution is expected to endorse, appeared to satisfy neither Israel nor the United States, though the U.S. said it would welcome the Lebanese army as part of the international force.

Lebanon's armed forces "are not at this point a robust-enough entity to be able to, on their own, exercise total control of that southern area of Lebanon," State Department spokesman Sean McCormack said.

Also at issue is the disputed area of Chebaa Farms, occupied by Israel and claimed by Syria and Lebanon. Lebanon wants Israel to hand over the area to U.N. custody, something Israel is hesitant to do because it might be perceived as rewarding Hezbollah, which has demanded its surrender since 2000.

A U.N. cease-fire vote isn't expected until at least Thursday, if it comes at all.

Qatar's foreign minister, Sheik Hamad bin Jassem bin Jabr al-Thani, accused the world body of inaction. "It is most saddening that this council stands idly by, crippled, unable to stop the blood bath," he said.

Meanwhile, the violence that began July 12 when Hezbollah militants crossed the border and ambushed an Israeli patrol, killing three soldiers and capturing two, continued.

Israeli airstrikes reportedly killed 14 people and wounded 23 others in the southern Lebanese village of Ghaziyeh, the same village in which 15 people were killed Monday in an air raid. The Israeli army said the new strike hit a building that belonged to a senior Hezbollah member.

Four Israeli soldiers were killed in fighting in Lebanon, raising Israel's military and civilian death toll to 101.

Hezbollah fired more than 150 rockets into northern Israel, but no serious injuries were reported.

Israel's inability to stop the rocket attacks has raised pressure for a wider ground campaign, which risks higher casualties and a quagmire like the one that followed Israel's 1982 invasion of Lebanon.

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Miri Eisin, an Israeli government spokeswoman, said that while Olmert and his Cabinet would discuss a wider invasion, it wasn't certain that they'd agree to it. "It's one of the options, but it's not the favored option," she said.

Another Israeli official, speaking on condition of anonymity to be more blunt, warned: "The missiles stop; either by diplomacy or by military force."

Some Israeli analysts suggested that time was running out for a diplomatic effort to head off a broader military operation.

"On a scale of zero (a political settlement) to 10 (comprehensive ground warfare), we were at eight yesterday," analyst Alex Fishman wrote in Tuesday's edition of the Yedioth Ahronoth newspaper. "Today we are getting near nine. There is not a lot of time left to block the escalation. Another 48 hours, or perhaps 72. Then we'll pass the point of no return."

The decision to move more people out of Kiryat Shemona was a sign of the growing anxiety over the continued rocket attacks.

The scene was near chaos at the Tel Hai Elementary School around 8 p.m. Tuesday as a busload of people milled around waiting for their trips out of town. A volley of four Hezbollah rockets hit somewhere in the city as they waited.

Most appeared traumatized from a month of living underground.

"I was a month in the shelter. My son is epileptic," said Rachel Ben Shitrit, 46, who said 20 people from two families had been in the bunker. Her husband, Yehiel, 58, stood nearby with their 11-year-old epileptic son, Yahkir. Yehiel Shitrit was using a crutch after he'd fallen running to the shelter two days earlier during a barrage amid sirens warning that more rockets were coming.

Among those leaving was 1-week-old Star Saranga, whose mother, Karin, 25, said the child had been born last Wednesday in the bomb shelter of the Safad Hospital. She said she'd previously been taken with her family by bus to Eilat for a four-day reprieve and had been back in Kiryat Shemona on Sunday and Monday before leaving again.

Still, some residents said they wouldn't be run out of town by the Hezbollah strikes or the mostly nighttime cacophony of Israeli artillery strikes north from big guns arrayed across the border. Earlier in the day, the city had sponsored a day trip to Tel Aviv for four busloads of residents, who visited an animal park and returned before sundown.

Strobel reported from Washington, The Miami Herald's Rosenberg from Kiryat Shemona. Dion Nissenbaum contributed to this article from Jerusalem.

Israeli Attacks Kill 13 In Lebanon (WT/AP)

By Zeina Karam

The Washington Times, August 9, 2006

BEIRUT -- Israeli air strikes killed 13 persons in one southern Lebanon town yesterday as diplomats at the United Nations struggled to keep a peace plan from collapsing over Arab demands for an immediate Israeli withdrawal. Military planners in Jerusalem said they will push even deeper into Lebanon to target rocket sites.

Israel declared a no-drive zone in the entire region south of Lebanon's Litani River -- 20 miles from the border -- warning residents that any vehicle on the roads would be destroyed on the assumption it was carrying Hezbollah rockets or supplies. The order left the streets of Tyre, the region's main city, empty and civilians in villages across the south unable to flee.

Attempts to draw a cease-fire blueprint came down to a test between a step-by-step proposal backed by Washington and Lebanon's insistence -- supported by Arab allies -- that nothing can happen before Israeli soldiers leave. In New York, Arab envoys and U.N. Security Council members tried to hammer out a compromise.

Israel shuffled its high command, naming a new top commander for its Lebanon war effort yesterday and effectively demoting another general after criticism of the army's handling of the four-week-old offensive.

The military said that Maj. Gen. Moshe Kaplinsky, a veteran of previous Lebanon campaigns, was named "to coordinate the Israeli army's operations in Lebanon."

Israeli commentators saw the move as effectively pushing aside Gen. Udi Adam, head of northern command, at a time when some Israelis are asking why the region's mightiest army has failed to halt Hezbollah rocket fire after 28 days of fighting.

In Beirut, the embattled Lebanese government was hoping yesterday to secure Israel's agreement to a cease-fire and a pullout of its troops from Lebanon by offering to send 15,000 soldiers to the southern border with Israel and the stronghold of Shi'ite militant group Hezbollah.

Lebanese Prime Minister Fuad Siniora said the decision to deploy the army will help "the Lebanese state to be the sole authority in the country ... and ensure that there would not be weapons beside those of the Lebanese state."

The proposed deployment was conditioned on an Israeli withdrawal from Lebanese territory.

Israel cautiously welcomed the Lebanese proposal but ordered its army to prepare for an expanded ground offensive if diplomatic efforts fail.

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Israeli Prime Minister Ehud Olmert called Beirut's offer to send troops to southern Lebanon if Israeli forces withdraw "an interesting step that we have to study."

Also yesterday the Lebanese prime minister praised Hezbollah's resistance, but said it was time for Lebanon to "impose its full control, authority and presence" over the war-weary country.

State Department spokesman Sean McCormack said the Lebanese forces "would need to be supported by international forces." He added: "It certainly is a significant proposal."

Mr. McCormack said the United States was ready to put more than $10 million into training and equipping the Lebanese armed forces, to beef up their capacity to counter the Hezbollah guerrillas.

In the rocky hills of southern Lebanon, ground fighting continued in attempts to control key villages and territory near the border, including sites used for Hezbollah rocket barrages that have reached deep into Israel in the heaviest Arab-Israeli battles in 24 years.

At least 145 Hezbollah rockets hit northern Israel by midafternoon.

Israeli artillery and air strikes pounded a broad swath of southern Lebanon from the Mediterranean coast to inland valleys -- including many areas in the Hezbollah heartland now under a blanket curfew imposed by Israel to try to choke off arms routes.

Israeli warplanes hit buildings in Ghaziyeh, a Shi'ite town southeast of Sidon, killing 13 persons inside just minutes after a funeral procession of 1,500 in nearby streets, hospital officials said. Another 18 persons were wounded.

The funeral was for 15 persons killed in air strikes Monday that flattened three buildings.

The latest casualties brought the number of persons killed in Lebanon to at least 684, while the Israeli death toll was 100.

The Israeli air force shot down a Hezbollah drone for the first time Monday, sending its wreckage plunging into the sea, the army said.

Israeli press reported that the unmanned aircraft had the capacity to carry 90 pounds of explosives, nearly as much as the more powerful rockets Hezbollah has been firing into Israel for the last 27 days. Unlike the rockets, however, the drone has a guidance system for accurate targeting.

The army said it was the first time Israel had downed a Hezbollah drone, though it was the third time the Islamic militant group had tried to send an unmanned vehicle into Israeli airspace since November 2004.

In a southern suburb of Beirut, workers yesterday pulled 20 bodies from the rubble of two buildings hit by a rocket on Monday, raising the death toll from that strike to 30. That attack came just hours after Arab League foreign ministers wrapped up a crisis meeting that threw their full diplomatic weight behind Lebanon.

It set the baseline demand for the Security Council: a full Israeli withdrawal or no peace deal is possible. The message was given in an emotional address by Mr. Siniora and carried to the U.N. by Arab League envoys.

The move was an attempt to show that Lebanon has the will and ability to assert control over its south, where Hezbollah rules with near autonomy bolstered by channels of aid and weapons from Iran and Syria.

Lebanon has avoided any attempt to implement a two-year-old U.N. resolution calling for the disarmament of Hezbollah, fearing it could touch off civil unrest.

The original proposal, drafted by the United States and France, demanded a "full cessation of hostilities" on both sides and a buffer zone patrolled by Lebanese forces and U.N. troops. But the plan did not specifically call for an Israeli withdrawal. Critics said it would give room for Israeli defensive operations.

In Geneva, the U.N. Human Rights Council said it plans to convene a special session this week to consider taking action against Israel for its Lebanon offensive.

·Staff writer Sharon Behn in Washington contributed to this report.

Israel Shuffles Command Of Lebanon Offensive (WP)

By Jonathan Finer And Edward Cody

The Washington Post, August 9, 2006

KIRYAT SHEMONA, Israel, Aug. 8 -- Israeli forces and Hezbollah fighters waged deadly clashes in several border towns Tuesday and exchanged air and rocket attacks as the Israeli army sent a new commander to oversee its offensive, a move widely believed to reflect dissatisfaction with the way the war is proceeding.

The command change came as Israel's top security officials were set to meet Wednesday to consider an expansion of the ground offensive in Lebanon, a move called for by several commanders.

Maj. Gen. Moshe Kaplinsky, deputy chief of staff of the Israel Defense Forces, was named "to coordinate the Israeli army's operations in Lebanon," according to a statement. It said top army officials retained "complete confidence" in Maj. Gen. Udi Adam, head of Israel's Northern Command, who has led the assault on Hezbollah since it began July 12.

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But some Israeli television reports described the arrival of Kaplinsky, who had previously commanded Israeli forces in the West Bank and Lebanon, as "an impeachment" and said it was the first time since 1973 that the top command had been reshuffled during a war.

Although the Israeli public has strongly backed the four-week air and ground campaign, criticism had recently begun to mount about the way it was being conducted. Commanders have said the assault is aimed at pushing Hezbollah away from the border to prevent it from launching rocket attacks on Israeli towns, but the group has carried out its deadliest barrages of the war in recent days, including attacks that killed 15 civilians and soldiers Sunday. More than 160 rockets were fired at northern Israel Tuesday, though no deaths were reported.

Commanders, including Adam and Brig. Gen Guy Tzur, had said a more substantial invasion of Lebanon could stem the rocket attacks. Prime Minister Ehud Olmert was scheduled to confer with cabinet members Wednesday to consider their request to send more troops deeper into Lebanon.

[Early Wednesday, Israeli gunboats shelled Lebanon's largest Palestinian refugee camp, killing at least one person and wounding three others, the Associated Press reported from Beirut, citing Lebanese and Palestinian officials. Israeli gunboats fired two shells, they said. One landed in the Ein el-Hilweh camp, located on the outskirts of the southern port city of Sidon, and the other slammed into the city's amusement park, they added. An Israeli military spokesman said, "It was an aerial attack, not a naval attack, and it was on a house in the camp that belongs to a Hezbollah member."]

The Israeli army on Tuesday reported three soldiers killed and several others wounded, almost all of them by antitank missiles in Lebanese border towns. It said at least 20 Hezbollah fighters had been killed in the day's clashes.

In Naqourah, on the Mediterranean coast just north of the Israeli border, Hezbollah said its fighters attacked an Israeli patrol, killing a number of soldiers. The Israeli military acknowledged two killed in the battle.

Israeli warplanes pursued their bombing campaign against Hezbollah positions across southern Lebanon and the Bekaa Valley. One airstrike killed five people in the village of Ghazieh, south of Sidon, as villagers were burying 15 people who had been killed Monday in a similar bombing run, Hezbollah and Lebanese media reported.

Fighting also raged around Bint Jbeil, a town three miles north of the border that has been the scene of almost daily clashes since Israeli forces pushed into Lebanon. Hezbollah said its militia fighters entrenched in the town destroyed an approaching Israeli armored bulldozer and inflicted a number of casualties.

As Arab envoys traveled to the United Nations to push Lebanon's case for an immediate cease-fire, Prime Minister Fouad Siniora said the Lebanese army is capable of assuming control of the border area in cooperation with the United Nations Interim Force in Lebanon, or UNIFIL, if Israeli troops withdraw as Lebanon has demanded.

Siniora has proposed dispatching 15,000 Lebanese soldiers under the UNIFIL aegis until a more permanent international peacekeeping force can be assembled and deployed. In an interview on al-Arabiya television, he sought to allay Israeli fears that such an arrangement would allow Hezbollah fighters to rearm and remain in place just north of the Lebanese border with Israel in terrain they have controlled for years.

"There will be no authority, no one in command, no weapons, other than those of the Lebanese state," he said.

If the army were to be stationed in the border area, it would mark the first time it has returned in force since 1978, when it was chased out by an earlier Israeli invasion. Hezbollah has controlled the border zone since Israeli forces withdrew in 2000 after an intervention that began on a small scale in the late 1970s and grew into a full-scale occupation in 1982.

Olmert described the Lebanese government's proposal of deploying 15,000 soldiers to south Lebanon as "an interesting step that we need to examine and investigate and see if it's all that it means." He said one of Israel's primary goals has been persuading the Lebanese army to disarm or remove Hezbollah fighters from southern Lebanon.

There were numerous signs Tuesday that a broader Israeli invasion was imminent, pending government approval. The government began evacuating about 15,000 residents of northern towns struck frequently by rocket attacks. An estimated half-million residents of the north, about half the region's population, have already left on their own or with assistance from private groups.

At several staging points used by Israeli soldiers to enter Lebanon, including the town of Metula, columns of tanks and armored vehicles could be seen lined up Tuesday night. And the army told Lebanese civilians in leaflet drops and radio messages not to travel by vehicle in the country's south.

In a briefing for reporters Tuesday evening, Brig. Gen. Shucki Shacher, deputy commander of Israel's northern forces, listed what he called the accomplishments of the operation to date, adding, "The Israeli government will have to decide tomorrow if this is enough or not."

Other commanders have in recent days called such an expansion "necessary" to stop the rocket attacks that have plagued northern Israel for nearly four weeks.

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Israeli forces dropped leaflets that residents found in the streets of Tyre on Tuesday morning, warning of attacks on any cars on the roads in southern Lebanon. The leaflet was addressed to the "people of Lebanon living south of the Litani River."

"Any vehicle of any type that moves south of the Litani River will be targeted because it will be suspected of carrying rockets and other military equipment," it said. "Be warned that anyone traveling in any vehicle will be exposed to great danger."

The warning removed almost all traffic from Tyre. Only a few shops opened, as residents gathered for coffee or hurriedly unloaded the few shipments of bread arriving into town. The Lebanese Red Cross and aid groups were hunkered down.

The United Nations was awaiting permission from Israeli forces to rebuild a bridge that was destroyed Sunday night over the Litani, which bisects southern Lebanon. Bulldozers stood at the ready, but the drivers were afraid to operate the machines without an Israeli guarantee. In the afternoon, residents standing in knee-deep water passed dozens of packets of bread across the river by hand.

Among those crossing a fallen tree over the Litani, effectively the last link between southern Lebanon and the rest of the country, was Jakob Kellenberger, president of the International Committee of the Red Cross, who visited Tyre on Tuesday and was on his way to Israel on Wednesday.

"We must have access to evacuate wounded civilians in villages," he said at a news conference in Tyre. "We've had no access so far."

He said he also was trying to win more access to remove corpses from the rubble.

Kellenberger, hewing to the strict Red Cross policy of neutrality, stopped short of criticizing any party to the conflict. But in an implicit criticism of Israeli forces, he said, "By letting down leaflets, you do not get rid of your responsibility under international law."

Cody reported from Beirut. Correspondents Molly Moore in Jerusalem and Anthony Shadid in Tyre contributed to this report.

Israel Forbids Vehicle Traffic In Southern Lebanon (USAT/AP)

By Kathy Gannon

USA Today, August 9, 2006

TYRE, Lebanon — Israel declared a no-drive zone Tuesday in southern Lebanon below the Litani River and threatened to blast any moving vehicle as a guerrilla target.

Only pedestrians ventured into the streets of Tyre, and country roads and highways were deserted throughout the region.

The United Nations suspended attempts to send relief to southern Lebanon because of heavy shelling in the area, said Christian Berthiaume of the World Food Program in Geneva. Aid shipments arrived elsewhere in the country.

“The Israeli forces were warning today, saying that there shouldn't be any vehicles in the southern part of Lebanon,” Berthiaume said. “They had exempted humanitarian convoys, (but) we decided not to go because there has been heavy shelling the last 24 hours.”

In the 28th day of the war between Israel and Hezbollah guerrillas, ground fighting intensified across the southern Lebanon front. At least 19 Lebanese died in airstrikes.

Israel reported three soldiers killed Tuesday and no civilian fatalities. Since fighting began, at least 689 Lebanese people have died, a figure that includes an unknown number of Hezbollah fighters. The Israeli death toll stood at 101 — 36 civilians and 64 soldiers.

The commander of the Israeli military appointed his deputy to oversee Israel's battles in Lebanon, a dramatic mid-offensive shift sidelining the head of the northern command. The move had Maj. Gen. Moshe Kaplinski replacing Maj. Gen. Udi Adam.

The last time a similar switch was made was during the 1973 Middle East war, when generals in the army reserves, including former prime minister Ariel Sharon, were sent to the southern command to effectively take over from the general in charge in the battle against Egypt.

The change comes amid heavy criticism from Israeli representatives for the slowness of the military's ground campaign against Hezbollah.

The Israeli Security Cabinet, made up of senior ministers, was to meet today to an expansion of the Israeli offensive northward to the Litani River, 20 miles from the border.

Diplomatic efforts to end the fighting moved slowly, although both Israel and the United States issued positive, if lukewarm, assessments of the Lebanese government's offer to dispatch 15,000 soldiers into south Lebanon if Israeli forces agree to withdraw.

“It looks interesting, and we will examine it closely,” Israeli Prime Minister Ehud Olmert said.

State Department spokesman Sean McCormack said the Lebanese proposal was significant. President Bush warned against leaving a vacuum into which Hezbollah and its sponsors are able to move more weapons.

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Though Bush said a U.N. Security Council resolution was needed quickly, the council put off for at least one day voting on a U.S.-French cease-fire proposal to allow Arab officials to present arguments that the resolution did not take Lebanon's interests into account.

Some of the fiercest ground fighting Tuesday continued around the village of Bint Jbail, a Hezbollah stronghold Israel has tried to capture for weeks. Rockets hit northern Israel, most in and around the towns of Nahariya, Kiryat Shemona, Maalot and Safed.

A Palestinian was killed when Lebanon's largest refugee camp was struck by Israeli gunboat shells today, Lebanese and Palestinian officials told the Associated Press, speaking on condition of anonymity because they were not authorized to speak to the media. The Israeli military said the attack was an airstrike, not from the sea.

A day after his Cabinet conditionally approved dispatching the troops to the south, Lebanese Prime Minister Fuad Saniora praised Hezbollah.

However, Saniora said it was time for Lebanon to "impose its full control, authority and presence" nationwide — as directed in previous U.N. resolutions that also called for the government to disarm Hezbollah. "There will be no authority, no one in command, no weapons other than those of the Lebanese state," he said on Al-Arabiya TV.

Thousands Of Residents Are Moved From Northern Israeli Towns As Rockets Keep Falling (NYT)

By Richard A. Oppel Jr.

The New York Times, August 9, 2006

KIRYAT SHMONA, Israel, Aug. 8 — With the Israeli military unable to stop Hezbollah from firing hundreds of deadly Katyusha rockets into the north every day, the government is moving to temporarily relocate thousands of residents who are too poor, too sick or otherwise unable to leave on their own.

Coming almost four weeks after the start of the fighting, the effort appears to be another indication that Israeli officials have concluded that, absent a cease-fire, the war will prove long and difficult, and that Hezbollah will continue to have the ability to fire its ball-bearing-laced rockets into a wide swath of northern Israel.

With most of Kiryat Shmona's 25,000 residents already gone, those who have stayed in this city a few miles from the Lebanese border have been driven underground or behind reinforced concrete. Local officials estimate that 5,000 to 10,000 residents remain, living largely in basements or other shelters to avoid the rocket attacks that have become common.

"My psychologist told me today that if I don't get out I'm in big trouble," shrieked Mali Nizri, the mother of a 17-year-old boy, as she pleaded unsuccessfully with volunteers to allow her to board a bus taking Kiryat Shmona residents to the coastal city of Netanya on Tuesday night. She said the final straw came when she took clothes outside to be hung to dry and a Katyusha detonated nearby.

The first priority, said Mayor Haim Barbibay, was those without enough money to leave on their own, single mothers and older residents. "More people want to leave than stay," he said.

About 500 Kiryat Shmona residents left Tuesday for what local officials described as a "refreshment" trip for those who have spent the past four weeks in shelters. Although the mayor said that "it's very difficult psychologically for people to come back here," the plan was for the residents to return this weekend after they have had time to recuperate, and be replaced by another group.

But in Jerusalem, government officials suggested that many residents of Kiryat Shmona and other northern towns that have borne the brunt of the Katyusha salvos might be relocated indefinitely.

The Israeli newspaper Haaretz reported that the prime minister's office decided Tuesday that any Kiryat Shmona resident wishing to leave would probably be evacuated as part of a "wide-scale relocation." A trade fair and convention center in Tel Aviv is expected to house 3,000 people arriving this weekend from Kiryat Shmona, as well as 3,000 residents arriving later from other northern towns, the newspaper reported.

The inability to stop the Katyusha barrages continued to frustrate the Israeli military, still reeling from a rocket attack on Sunday that killed a dozen military reservists staying at the Kfar Giladi kibbutz a few miles north of Kiryat Shmona.

Israeli officials insisted that they had wiped out 40 percent of Hezbollah's short-range missile capability. But despite a 10,000-soldier force in southern Lebanon, the Israeli military continues to fight pitched battles within a few miles of the border, easily within range of the Katyushas. Moreover, Israeli commanders acknowledge that they cannot say to what extent the Lebanese militia is being resupplied with armaments.

"Hundreds of rockets and ammunition are coming to Damascus International Airport with Iranian aircraft," Brig. Gen. Shuki Shahar said at a news conference on Tuesday.

Since the fighting began on July 12, 36 Israeli civilians have been killed and 545 wounded, he said. He said 65 soldiers had been killed, mostly in combat.

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Psychological damage is mounting too, local officials here say. Even small children have grown accustomed to the earsplitting explosions from rocket detonations and outgoing Israeli artillery, said Yariv Amiad, a volunteer who spent Tuesday at the Kiryat Shmona municipal offices helping to organize the first departure of families.

Katyushas fall here constantly, destroying homes and setting fire to the dry brush that surrounds the city and filling the adjacent valley with thick white smoke.

“We can’t take it anymore,” said Galit Shimoni, 37, as she waited with her three children and husband at a high school to board a bus to Netanya on Tuesday.

Nearby, a young man screamed at one of the organizers that he had been promised over the phone that his name was on the list of those allowed on the bus. “I can’t see your name on it,” the organizer replied. Then, realizing she had made a mistake, she told him to board, and he leapt in the air and waved his arms.

The vice principal of the high school, Ofer Zafrani, said the 117 people who had left for Netanya from his rocket-damaged school and others who had departed from other locations were told they would return in five days. But he said they might be allowed to stay until the end of the war. He just did not want them to be misled.

“We want them to feel this is it,” Mr. Zafrani said. “We don’t want them to feel optimistic.”

Israelis Confront 'New Kind Of War' (WP)

By Molly Moore

The Washington Post, August 9, 2006

JERUSALEM, Aug. 8 -- Three years ago, Ron Kehrmann's 17-year-old daughter died when a suicide bomber blew up a Haifa city bus.

Two nights ago, a Hezbollah rocket landed about 100 yards from Kehrmann's print shop in downtown Haifa, the coastal city that has been the target of scores of rocket attacks.

"There's a lot of resemblance with what happened when my daughter was killed and what is going on now," said Kehrmann, a 48-year-old Haifa native. "This time it's an even more threatening situation. When you're a suicide bomber, you're one or two people; in this case there are barrages of 17 or more rockets, and your chances of getting hit are much higher."

Like the suicide bombers who terrified Israelis during the Palestinian uprising, Hezbollah's unguided and relatively unsophisticated missiles have left one of the world's best-equipped armies unable to defend its citizens.

Military analysts say Israel believed, perhaps mistakenly, that it could wage a Kosovo-style air war to eliminate most of Hezbollah's launchers. They also fault the military's over-reliance on high technology in an era of guerrilla-style threats, and a political strategy of trying to keep military deaths low by using minimal ground forces.

"I don't think anybody had any way to really grasp the implications of this kind of war," said Gerald Steinberg, head of the conflict management program at Bar-Ilan University.

With 150 to 200 missiles landing almost daily in northern Israel, the country's primary defense has been to clear citizens from the region or send them into shelters. The relentless and indiscriminant rocket attacks -- which increased despite Israeli air and ground wars against Hezbollah in Lebanon -- have undermined the country's faith in both military and political leaders and are likely to force major shifts in Israeli military strategy and tactics, according to many analysts.

"This war will be studied in all military academies in the world as a new kind of war which requires new and unprecedented definitions of how to fight it and how to win it," said Yaron Ezrahi, a professor at Hebrew University who is one of Israel's leading political scientists.

"The problem for the army and the problem for the Israeli government is the concept of military victory which was inscribed in the minds of Israelis in wars like the Six-Day War or even the Yom Kippur War," said Ezrahi. "That is utterly irrelevant to this kind of war, to the war of a regular army against a terrorist network."

One of the most significant military debates spawned by the conflict is over the investment in a state-of-the-art military that appears to be ill-equipped to combat weaponry such as Hezbollah's rockets.

"Technology has taken a blow in this war," said Hillel Frisch, a senior researcher at the Begin-Sadat Center for Strategic Studies. "The Israeli air force is going to come under tremendous criticism."

The United States and Israel invested in developing a multibillion-dollar missile defense system after Saddam Hussein fired Scud missiles at Israeli cities in the 1991 Persian Gulf War. But the Arrow-2 system is incapable of hitting Hezbollah's long- or short-range rockets, which are launched too close to Israel and land too quickly.

The Israeli military scuttled a program several years ago to develop defenses against primitive rocketry, deciding the effort was too expensive and might not work, according to Frisch.

Instead, Israel Defense Forces aircraft, drones and surveillance systems have been trying to spot the elusive rocket launchers, usually after the rockets have been fired and the portable launchers have been driven away by Hezbollah fighters.

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Just as suicide bombers packed their explosive devices with pieces of shrapnel and ball bearings to increase their potency, many of Hezbollah's warheads have been filled with bullets and tiny metal balls that augment their destructive power when they hit humans, buildings or automobiles, according to police investigators who have examined the rocket debris.

"These missiles are very inaccurate," said Martin Van Creveld, a prominent Israeli military historian who teaches at Hebrew University. The deaths of 12 reserve soldiers lounging in a parking lot in the border town of Kfar Giladi on Sunday "was a pure accident," he said. "It might have landed anywhere else."

Forty-eight people have died in the rocket attacks -- 36 civilians and 12 soldiers, according to the Israeli military.

The Israeli military has "not been able to break their spirit, yet," said Van Creveld, referring to Hezbollah. "Unless it is stopped diplomatically, it could go on for a long time."

Analysts and the Israeli military estimate that Hezbollah had anywhere from 12,000 to 16,000 rockets. The military estimates that Hezbollah has fired nearly 3,500 rockets into Israel -- most of them the medium- and shorter-range varieties. Those projectiles range from 302mm rockets weighing 165 pounds that can fly up to 68 miles to a Haseb rocket weighing 14 pounds that can travel up to seven miles, according to the Israeli National Police.

Steinberg estimated that Hezbollah had 1,000 to 1,500 rocket launchers before the conflict began, many of them hidden or kept underground. After four weeks of aerial bombardments and ground skirmishes, the Israeli military estimates that it has destroyed about 300 launchers, a spokesman said.

"To find all the needles in the haystack is going to be difficult," Steinberg said.

"Experience shows that air force is not good enough to deal with rocket-launching," said Eran Duvdevani, a military operations specialist at Israel's International Policy Institute for Counter Terrorism and an instructor for Israeli military officer training programs. "There is no alternative but to use ground forces."

The debate over sending Israeli ground troops into southern Lebanon was one of the most emotional of the conflict.

Military officials feared significant casualties, and political leaders worried about the impact of the deaths in a nation where military service is mandatory for men and women.

"The Israeli army didn't move quickly and decisively as it should have," said Frisch, the military analyst. "The big debate is the change in ethos. Now soldiers' lives have become more precious than losses in the rear."

With Fatal Blasts, War Invades Quiet Enclave Of Beirut (WP)

By Edward Cody

The Washington Post, August 9, 2006

BEIRUT, Aug. 8 -- Then the war came to Al Shiyah.

In the jumbled streets with their little sandwich shops and decrepit walls, where laborers and clerks raised their families, a pair of rockets fired from an Israeli warplane Monday evening streaked down and destroyed three apartment buildings.

The blasts crumpled cars like accordions. Apartment buildings collapsed into piles of rubble. Windows shattered for blocks around. The steel shutters of storefronts buckled.

Suddenly, the death and destruction of Lebanon's war invaded a mixed quarter of southern Beirut where Christian and Muslim neighbors had thought they were safe from the lethal standoff between Hezbollah and the Israeli armed forces.

The Lebanese Health Ministry, listing names on the national news agency, said 29 people were killed and more than 70 were wounded in the attack. Brig. Gen. Darwish Hobeika, commander of Lebanon's Civil Defense Corps, said others may still be missing.

The nearby suburbs called Dahiya, where Hezbollah is the de facto government, have been pounded repeatedly by Israeli jets since the war began July 12. Most of the residents have fled, leaving the streets empty except for stray dogs and Hezbollah cadres. But Al Shiyah, where Shiite Muslims live comfortably with Christians and give their loyalty to the Amal party of parliament speaker Nabih Berri, was not expecting to get hit.

"This is not fair," complained Mohammed al-Husseini, 35, a Brooklyn taxi driver who brought his family to Lebanon on what was supposed to be a summer vacation.

The Husseini family originally hails from Bint Jbeil, he explained, the town in the southern Lebanese hills where Israeli troops and Hezbollah militia fighters have clashed repeatedly in the 28-day-old war. But Al Shiyah was their home now, he said, the place where the clan had come to be safe from the strife that has battered southern Lebanon over 30 years.

Husseini's grandfather, Mohammed Yassin, 75, and his elderly aunt Aila and uncle Hussein were sitting at home in Al Shiyah when the missiles struck, he said. Their apartment building was blasted open on one side -- and the three elderly people now were nowhere to be found.

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"They were right up there," Husseini said, pointing up to the shell of what had been a modest little apartment, its now ragged curtains flapping in the wind. "I'm confused," he added. "I could take my wife and daughter back home, I guess. But I have all my family here."

Dust hung in the hot Middle Eastern sunshine as front-end loaders shoved around blocks of concrete and cranes loaded the crumpled cars on flatbed trucks to cart them away. Husseini watched them work, wondering if and when the bodies of his family members would be uncovered in the mess. Glass shards littered the street around him, and ripped-out electricity wires dangled overhead. A neighbor held up two teddy bears picked from the devastation.

"You see what they did, the Israelis?" asked Tony Haddad, a Christian who lives down the street. "There is no Hezbollah here. No offices. No armed men. Just residential apartments. Women and children."

A pair of young men walked into the street, lumps in the small of their backs betraying pistols in their belts. They questioned several bystanders and then walked away. Soon they returned with a short, gray-haired man in a safari suit. With the two youths at his side as bodyguards, he surveyed the damage, saying nothing.

A giant portrait of Berri looked down on the scene from about a block away. His party, a Shiite-based group, has disbanded its militia and become a key player in Lebanon's political system. Berri has been the main conduit for Prime Minister Fouad Siniora and U.S. and other diplomats seeking to pass messages to the well-hidden Hezbollah leadership.

The sun was just setting over the Mediterranean when the war intruded on his followers in Al Shiyah. It came first in the form of an Israeli reconnaissance drone, which residents said circled overhead with its strange buzz for more than two hours. Shortly before 8 p.m., they recounted, an unidentified man on a motorcycle stopped his vehicle, stepped to the pavement and fired toward the drone with an AK-47 assault rifle. Residents of a nearby hillside saw the tracer rounds heading skyward.

Residents described the man as a lunatic, saying they did not know who he was and why he opened fire. But within minutes, the crowded streets of Al Shiyah trembled with the pair of explosions.

Aly Rmaisseh, speaking from his bed in Mount Lebanon Hospital, said he and his wife, Huda, were out on the balcony of their second-floor apartment with several of their children when the first missile landed on their building.

"I didn't hear a thing," he recalled, his head swathed in bandages. "I didn't realize what was happening. I just felt I was being thrown down, out of control. Then I couldn't move. I tried to move. Then came the second blast."

Physician Nazih Gharios, who heads the hospital staff, said Rmaisseh and his wife, who was lying in the next bed, were lucky because the first blast propelled them through the air from the balcony into the street. The fate of the children who were with them was unclear, Gharios said, but others in the extended Rmaisseh family -- 15 in all -- were inside the apartment and were buried in the rubble.

Some were dragged out and brought in for care. A 9-year-old boy, Hussein Rmaisseh, was in intensive care Tuesday with critical injuries to his brain and shrapnel gouges in his body, Gharios said. A woman named Saadiyeh Rmaisseh was treated in the emergency room soon after the attack but died in the chaos as doctors tried to deal with a sudden flood of patients, he said.

"I don't know about my children yet," Aly Rmaisseh told visitors to his room. "They were taken to different hospitals."

In a corridor outside, Gharios said Rmaisseh had not yet been told that most members of the family were believed to have perished in the rubble. The 50-year-old father, an employee of the nearby Beirut international airport, suffered grave damage to his head and may not be able to withstand the news, Gharios said.

As Lebanon's Fuel Runs Out, Fears Of A Doomsday Moment (NYT)

By Hassan M. Fattah

The New York Times, August 9, 2006

BEIRUT, Lebanon, Aug. 8 — Dr. Nadim Cortas saw the destruction wrought by Lebanon's 15-year civil war, and the shortages of medical supplies that went with it.

But, he says, he never thought he would face a situation like this: the respirators and critical medical equipment in his hospital could soon come to a halt.

"This is the doomsday scenario," said Dr. Cortas, dean of the faculty of medicine at the American University of Beirut and vice president for medical affairs. "We have about 10 days of power left," he said.

Almost one month into the siege of Lebanon, with a land, sea and air blockade by Israel choking off the country, fuel reserves have all but dried up.

Two ships that were to offload more than 30,000 tons each of diesel fuel and fuel oil to crank the country's power plants and generators have languished in Cyprus, unable or unwilling to enter Lebanese waters.

A large stockpile of fuel oil at the Jiyeh power plant, just south of Beirut, was lost when Israeli warplanes bombed it on the second day of the war, sending oil seeping into the Mediterranean Sea or catching fire, sending a thick plume over Beirut.

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Even when authorities have been able to scrounge up diesel fuel to power generators, trucks have not been able to deliver it to hospitals in the south of the country because of bombed out roadways and continuing air strikes.

The most pessimistic estimates have the country running out of fuel for its power plants in a week; the most optimistic give Lebanon less than a month before the blackout.

"We're counting down the days," said Nabil al-Asr, a government adviser who has been focused on fuel issues for the High Relief Council, a governmental board. "There are going to be problems everywhere from hospitals to water pumping. The pain will go all around."

The blockade has affected every part of Lebanon's economy. Lines at gas stations now stretch for blocks in Beirut, making filling up a half-day affair. Gasoline sold on the black market in Beirut costs at least twice as much as usual; in the south it can reach $100 per gallon.

Electricity is being rationed, with the power out almost 12 hours a day in some places. Lebanon's utility company has dropped generating output to a quarter of its capacity just to make supplies last, Mr. Asr said. But that has only increased demand for diesel to fuel private generators.

The menus at most restaurants have shrunk, too, as food supplies have begun dwindling. Even diet cola is in short supply.

Newspapers have begun to run out of newsprint, forcing some to reduce page counts and make plans to stop printing altogether. Even for those that can print full editions, sales have dropped because of the difficulty of distributing them.

Nowhere have the shortages been more critical, though, than in Lebanon's hospitals, many of which have been forced to close departments or turn away all but the most critical cases.

Kidney dialysis supplies have been running out, as have stocks of heart medications and nuclear medicine for diagnostic tests, Dr. Cortas said.

The potential loss of electrical power — both from the national utility, Électricité du Liban, and from in-house generators — poses the most catastrophic problem, he and others said.

"A hospital won't stop working because it's missing one or two medications — you simply find substitutes," said Sleiman Haroun, head of Lebanon's association of hospital owners, which has scrambled to find fuel and keep supply lines running. "But a hospital will grind to a halt if it's out of fuel."

The American University Hospital, the region's pre-eminent medical research and treatment center, never closed its doors during the civil war or during numerous Israeli bombardments that followed. But even here, doctors and personnel have begun to fear a possible shutdown.

"We never thought we could get to ground zero in such a short time," said George Tomey, who became acting president of the university when the school's American and European staff evacuated at the beginning of the war. "I have been here for 40 years and this is the worst it has ever been."

By Monday, 200 of the hospital's 325 beds were occupied. There were between 8 and 12 patients in intensive care, 22 babies in critical condition in the neonatal ward and at least 37 casualties from the bombings in the south.

It could take up to 20 tons of diesel fuel a day to keep the hospital running if the main utility shuts down, says Dr. Haroun, the hospital association official. Even smaller hospitals need hundreds of gallons of diesel per day to stay powered, quantities that are becoming harder find.

"Hospitals typically store 20 day's worth of fuel — now many have only two or three days," Dr. Haroun said. "Sure you can eventually find one or two days' worth. But then what?"

In Beirut, hospital administrators have agreed to funnel utility power to Beirut's four largest hospitals and leave smaller hospitals powered by generators, said Dr. Cortas, the medical school dean.

That decision ensures diesel supplies remain with those hospitals, buying perhaps several more days. More drastic plans include gathering critical patients at one hospital that will get priority for diesel.

American University Hospital officials have also begun to lobby the United States to pressure Israel to allow oil tankers to sail into Beirut. The ships' captains have refused to enter Lebanese waters without Israeli and United Nations guarantees. So far, however, the Israelis have not granted the ships safe passage, Mr. Asr said.

Muslim Charities Say Fear Is Damming Flow Of Money (WP)

By Alan Cooperman

The Washington Post, August 9, 2006

In a Detroit warehouse, boxes of diapers, water-purification tablets, lentils, rice, powdered milk and cooking oil are stacked almost to the ceiling, destined for Lebanon. More packages, mostly from individual donors across the country, arrive every day.

But nobody -- not even the charity that is collecting them -- is very happy about it.

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"Obviously, it makes more sense for us to get financial contributions. Obviously, this is the most inefficient way to do humanitarian aid," said Mohammed Alomari, a spokesman for the charity, Life for Relief and Development in Southfield, Mich.

Charities prefer that people send money rather than food, medicine or other goods, because in-kind donations force the charities to pay for shipping, delay the arrival of the aid, and saddle relief workers with the task of sorting and distributing items that may not be needed.

The problem, according to relief groups, is that many people who are inclined to write checks for emergency aid and reconstruction in Lebanon are afraid of ending up in some government database of suspected supporters of terrorism.

Arab American leaders say this is one of the unintended consequences of the U.S. government's crackdown on charities run by Muslims. Though aimed at cutting off illicit funding for terrorist groups, the crackdown has complicated legitimate humanitarian relief efforts in Lebanon, Gaza and the West Bank.

"Dozens of people have approached me. They want to help, they want to send money to buy medicine, and they're afraid of the government reaction to their contribution," said Nihad Awad, executive director of the Washington-based Council on American-Islamic Relations. "Some do it anyway. They can't sit idly. But they worry that one day they'll hear a knock on the door."

CAIR, which is one of the country's largest Muslim organizations, reluctantly is encouraging donations of goods, on the grounds that they are better than nothing. Its Web site, http://www.cair-net.org , lists needed items, such as rice, sugar and cooking oil, along with detailed instructions on how to pack and send them.

"We're forced to go the least effective route, which is sending actual relief supplies, because of the restrictions on, and the problems associated with, sending financial relief to the Middle East," CAIR spokesman Ibrahim Hooper said. "If you send lentils, at least no one can accuse you of supporting terrorism."

Some other groups, such as the Arab American Institute, are taking the opposite tack, recommending against in-kind donations.

"We've been encouraged not to do that by the Lebanese Embassy and others -- not to send goods, because it's inefficient and it takes money to sort it out and decide what to do with it. What's needed is cash so people on the ground can buy what they need, when they need it," said James J. Zogby, president of the institute, a Washington-based advocacy group.

Zogby agreed, however, that there is "a chill factor" on giving money to charities operating in Arab countries.

"In the context of the NSA monitoring everything under the sun, people are afraid," he said, referring to the National Security Agency's monitoring of international phone calls and e-mails. He added that he has repeatedly urged U.S. officials to publish a list of legitimate charities, to no avail.

Since the terrorist attacks of Sept. 11, 2001, the U.S. government has shut down three major U.S.-based charities for allegedly funneling support to terrorists, and it has designated more than 40 charities internationally as terrorist financiers. Last week, the Treasury Department barred U.S. citizens from contributing to two more groups: the Philippine and Indonesian branches of the Saudi Arabia-based International Islamic Relief Organization.

Treasury Department spokeswoman Molly Millerwise said that the department's Office of Foreign Assets Control maintains a "one-stop shopping" list of banned entities, known as the Specially Designated Nationals List, on its Web site, http://www.treasury.gov/ofac .

But she said the department has declined to produce a list of approved charities in the Middle East "for two reasons: No. 1, any charity that we deemed clean, we could not guarantee that it would always remain so. And No. 2, it would put the government in the position of playing favorites."

Some U.S. Muslims complain that they get a continual runaround from U.S. agencies.

Shaker Elsayed, imam of the Dar Al Hijrah mosque in Falls Church, said he wanted to make a contribution to a medical clinic in Bethlehem two years ago and sought U.S. government approval. He said Treasury Department officials referred him to the National Security Council, which sent him to the State Department, which directed him to the Justice Department, which referred him back to Treasury.

"After I really badgered them for an answer, they finally said, 'You know what? We'll never tell you this is okay,' " Elsayed said. "That is why our community feels so uneasy about helping people who are in desperate need, and how unfair it is when you go to the authorities and say, 'This is the name of the institution we want to help. Is it okay if we help them?' And they say, 'We're not going to give you an answer.' " United Jewish Communities, an umbrella organization for 155 Jewish charities across the country, announced last week that it will raise at least $300 million in emergency aid for Israel. The Jewish Federation of Greater Washington alone intends to raise $10 million toward that goal.

By comparison, the flow of private U.S. donations for humanitarian aid in Lebanon and the Palestinian territories is a mere trickle, estimated by relief groups at a few million dollars. Donors who fear giving to Muslim charities can contribute to the

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International Committee of the Red Cross or groups such as CARE and Mercy Corps -- large, international relief groups that are the major conduit of such aid.

Laila Al-Qatami, a spokeswoman for the American-Arab Anti-Discrimination Committee, said the organization has decided to funnel its Lebanon relief contributions through Mercy Corps, an Oregon-based group that she pointedly noted "is not an Islamic charity."

But some Muslim groups are intent on proving that they, too, can collect money and distribute it without problems.

Ziad J. Asali, a retired physician in Illinois who heads the American Task Force on Palestine, said his group is giving $20,000 each to Makassed Hospital in Jerusalem and St. Luke's Hospital in the West Bank city of Nablus. After consulting with the State Department, he said, the task force decided to pay the bills for medical supplies that the hospitals order from their regular suppliers.

"We specified the exact equipment they're going to buy and the exact providers, and we have given all that information, with all the details, both to the State Department and to the Israelis," he said. "We wanted to have our own channels, because we wanted the Palestinian people to know you can do this and be clean and be perceived as clean."

U.S.: No Sign Iran Will Comply With U.N. (AP)

By Barry Schweid, Ap Diplomatic Writer

AP, August 9, 2006

With deadlines approaching, the State Department on Tuesday said it has seen no indications that Iran plans to comply with U.N. demands that it suspend enrichment of uranium, a key step in making nuclear weapons.

Defiance could trigger efforts by the United States and European allies to impose economic or political sanctions on Iran in the Security Council.

Secretary of State Condoleezza Rice, due in New York this week to oversee U.N. attempts to bring about a cease-fire in the Mideast, will also confer with foreign ministers about how to deal with Iran, said the State Department spokesman Sean McCormack.

"There have been a variety of public statements from the Iranians, but we haven't seen any evidence yet that they are complying with the demand and requirement of the international community," McCormack said.

World powers in June offered Iran a package of incentives to curb its enrichment program. These included the United States supplying Iran with some nuclear technology for civilian projects.

Iran denies that is developing nuclear weapons, describing its enrichment and related activities as civilian in nature.

The U.N. Security Council on July 31 passed a resolution giving Iran until Aug. 31 to suspend enrichment or face the threat of economic and diplomatic sanctions.

Iran has promised a response by Aug. 22, although it vowed last Sunday to expand uranium enrichment "where required."

Pakistan, Iran Boost Terror Cooperation (AP)

AP, August 9, 2006

Pakistan and Iran have agreed to increase cooperation to fight terrorism, drug and human trafficking and to ensure the early release of each other's prisoners, a senior government official said Tuesday.

The decision was made at the sixth Pakistan-Iran Special Security meeting in Tehran last week, said Kamal Shah of the Interior Ministry, who led the Pakistani delegation.

Pakistan is holding 10 Iranian citizens and 94 Pakistanis are detained at Iranian jails, he said.

"Pakistan raised the issue of consular access to its detainees in Iran. We emphasized that there are inordinate delays in granting consular access to Pakistani detainees," Shah said, adding that Iran agreed to look into the matter this month.

Because terrorism poses a threat to both sides, they also resolved to frequently exchange intelligence and help each other fight this "menace," he said.

Pakistan shares a 608 mile border with Iran, and the border guards from the two countries will hold monthly and quarterly meetings to discuss how to curb human trafficking, Shah said.

Iran is considered a major route for illegal immigrants who head to Europe with human traffickers in search of better jobs, and Tehran every year deports thousands of Pakistanis after capturing them for traveling without valid documents.

Momentum Builds For Iran-sanctions Bill (HILL)

By David Mikhail

The Hill, August 9, 2006

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While the war between Israel and Hezbollah continues to dominate international headlines, new momentum is developing for a long-stalled Iran-sanctions bill that the Senate will consider after the August recess.

The Senate Banking Committee will consider provisions of the Iran Freedom and Support Act, which Sen. Rick Santorum (R-Pa.) introduced last year. The recent conflict between Israel and Hezbollah, as well as the recent breakdown in negotiations aimed at curtailing Iran's alleged attempts at a nuclear-weapons program, could help persuade enough Senators to vote in favor of the sanctions language.

The provisions call for sanctioning companies that invest in Iran's petroleum sector, an attempt to cut off investment that could be used to help create or acquire a nuclear weapon. The measure would amend existing provisions of the Iran-Libya Sanctions Act (ILSA) by decreasing the discretion of the President to employ such measures.

Andrew Gray, a spokesman for the Banking Committee, said the committee would consider the sanctions language when it takes up ILSA renewal. He added that Santorum, a member of the committee, "does have some ideas in his legislation" and that "his thoughts will be part of the discussion."

Gray also noted that Sen. Richard Shelby (R-Ala.), the committee chairman, had decided to hold off on scheduling a markup of a bill that would simply re-authorize the ILSA statute for another five years, legislation that Santorum and Sen. Evan Bayh (D-Ind.) introduced. The move would make it possible to add the sanctions language to the legislation before the committee vote.

Robert Traynham, communications director for Santorum, said in March that his boss is interested in attaching his bill to ILSA reauthorization legislation.

The House and Senate approved a bill last week that would extend ILSA, which was set to expire on August 5th, until September 29th. Congress will likely have to decide within this limited time frame whether to solely reauthorize ILSA for another period of years or strengthen the sanctions provisions by amending the statute.

The Santorum bill has moved little since its introduction in February 2005. The legislation has been bottled up in the Foreign Relations Committee, largely because its chairman, Sen. Richard Lugar (R-Ind.), has objected publicly to the use of sanctions.

Santorum offered his legislation as an amendment to the defense authorization bill in June, which resulted in a floor debate between Santorum and Armed Services Committee Chairman John Warner (R-Va.), who argued that the amendment would undermine negotiations with Iran. The amendment was ultimately rejected, missing passage by just four votes, with 24 out of the bill's 61 co-sponsors voting against it, including Sen. John McCain (R-Ariz.) and Senate Minority Leader Harry Reid (D-Nev.).

However, Sens. Thad Cochran (R-Miss.), Carl Levin (D-Mich.) and Barbara Mikulski (D-Md.), all of them co-sponsors of the bill who also voted against it in June plan on supporting the bill in the future, according to their spokespeople. Melissa Schwartz, Mikulski's spokeswoman, said that "the bill is now more important than ever" in light of the recent conflict between Israel and Hezbollah.

The House companion bill, introduced by Rep. Ileana Ros-Lehtinen (R-Fla.), also has stalled since it was referred to the Senate Foreign Relations Committee in April. The legislation passed in the House by a vote of 397 to 21.

Santorum referenced his bill during a speech he delivered at the National Press Club on July 20th, stating that "when we pass the Iran Freedom and Support Act, its major diplomatic effect will be to strengthen our negotiating position."

"I'm sure the President will sign it when it passes," he added. Santorum's office did not respond to calls for comment.

The Bush Administration, however, has consistently opposed the bill, stating that it would hamper relations with countries whose companies are investing in Iranian petroleum such as France, China and Russia.

James Phillips, a research fellow for Middle Eastern Affairs with the Heritage Foundation, predicted that the recent fighting between Israel and Hezbollah, "which was partly instigated by Iran, will strengthen support for escalating sanctions against Iran" and that "the Senate should act as soon as possible to send a signal to Iran that its provocative actions have concrete negative consequences."

Michael O'Hanlon, senior fellow for foreign relations studies with the Brookings Institution, argued that "giving away the President's ability to negotiate prior to the completion of negotiations [with Iran] makes no sense."

President Clinton signed the ILSA statute into law in 1996. It was intended to slow down Iran's ability to acquire weapons of mass destruction by significantly cutting off investment in their petroleum reserves. According to the Congressional Research Service, however, no company or country has been sanctioned under the law within the past 10 years in spite of several instances of petroleum investment.

Recent events surrounding both the Israel-Hezbollah conflict and the negotiations with Iran would play a significant role if enough Senators ultimately decide to support the sanctions language. Both Republicans and Democrats have accused Iran of motivating Hezbollah to kidnap two Israeli soldiers on July 12th — an act that lead to the recent strife — and to launch missiles into Haifa, the Israeli seaport.

Iran has historically provided military and financial support to Hezbollah, and many of the missiles fired have reportedly been Iranian-manufactured, including the missiles that were likely used during the attacks on Haifa.

Additionally, Iran recently declared that it would not halt its uranium enrichment program after the U.N. passed a Security Council resolution demanding that Iran suspend its program by August 31 or face possible sanctions. In May, a U.S.-European delegation offered Iran an incentives package, which included providing civilian nuclear technology to Iran. The U.S.-European delegation proceeded with the resolution after Iran initially said it would not respond until August 22nd.

India Fears Terrorism May Attract Its Muslims (NYT)

By Somini Sengupta

The New York Times, August 9, 2006

NEW DELHI, Aug. 8 — The bomb attacks last month on seven Mumbai commuter trains did more than raise Indian hackles against Pakistan for failing to rein in terrorist groups operating on its soil.

They also underscored a gathering threat for India: a small but increasingly deadly cadre of young and often educated Indian Muslims who are being drawn directly into terrorist operations.

The scale and coordination of the July 11 attacks, a senior Indian government official said, suggest that at least one terrorist cell, made up of fewer than a dozen local people and probably directed and financed by militants based in Pakistan, carried out the bombings, which killed 183 people.

In the past, the official said, Indian operatives have aided foreign militants in what he called a benign fashion, sometimes providing little more than shelter or food. "The change is that some of them really know what they are up to," the official said, speaking on condition of anonymity because the investigation was in progress.

The emergence of more sophisticated homegrown terror cells carries grave repercussions not only for national security, but also for domestic politics, Hindu-Muslim relations and diplomacy with Pakistan.

Perhaps most important, it touches on India's idea of itself as the world's largest secular democracy, capable of including a multitude of peoples and faiths.

"A small section of the Indian Muslim community has been radicalized," said C. Raja Mohan, a columnist for the daily Indian Express and a member of the National Security Advisory Board. "That's what makes it that much more challenging for the country as a whole to deal with."

The police have arrested eight men from Mumbai, formerly Bombay, in connection with the attacks, though no specifics have been disclosed about their possible links to the bombings. Among them are a doctor of traditional Islamic medicine and a largely self-taught software worker who the police said had landed a job with the American database and software company Oracle.

Six of those arrested are said by the Indian authorities to have trained at terrorist camps in Pakistan run by the militant group Lashkar-e-Taiba. Several have been linked to a radical homegrown outfit, now banned, called the Students Islamic Movement of India.

For all the finger-pointing across the border, the attacks have forced India to confront a worrying disquiet among Muslims at home, who have overwhelmingly resisted calls to join in Islamic radicalism.

"That is still true to a very, very large extent," India's national security adviser, M. K. Narayanan, maintained. "But what has happened is that a very, very manifest attempt to recruit Indian Muslims is now being done."

Those efforts, he said in an interview on CNN-IBN television, are increasingly directed at educated Indian Muslims and, more troubling, at elements within the military.

Senior Lashkar officials interviewed in Rawalpindi, Pakistani, said no more than 50 Indians attended military and religious training camps in Pakistan and the Pakistani-controlled part of Kashmir on average each year.

But they confirmed that an active recruitment drive was under way in India.

It is impossible to pinpoint to what extent the still apparently small number of recruits are motivated by essentially Indian grievances — especially the pogroms in 2002 against Muslims in the state of Gujarat, which left 1,100 dead — or by the ideology of global political Islam.

But increasingly, many here fear, the two are at risk of merging.

In fact, Mr. Narayanan said, a reminder of anti-Muslim violence in India is a powerful recruitment tool. "Quite often," he said, "the motivation is 'You know what happened in Gujarat.' "

The Business Standard, an English-language daily, urged India in an editorial last week to start looking inward at what it called a "homegrown jihad," suggesting that blaming Pakistan alone for attacks on Indian soil was no longer sufficient.

"The national effort should make sure that even if Pakistan does its damnedest to plant evil seeds in this country, it must not find hospitable soil," the editorial concluded.

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Just how hospitable India, home to roughly 140 million Muslims, may be as a breeding ground for extremism remains a matter of debate.

Some analysts in India maintain that were it not for the efforts of Pakistan-based militants, Indian Muslims would lack the resources to carry out large-scale terror attacks.

"The entire leadership that is creating violence in India is in Pakistan," insisted Ajai Sahni, an intelligence analyst in New Delhi who runs a Web site called the South Asia Terrorism Portal. "If you extract Pakistan from the problem and the flow of funds, the subversive cadres, there would not be this problem in India."

But visiting the Muslim neighborhoods of Mumbai in the aftermath of the July 11 bombings, what can plainly be felt is fear and resentment, fueled more than anything by police suspicion.

In the last two weeks the police have combed these neighborhoods in search of clues and suspects. They have knocked on doors demanding that parents produce their sons for questioning, unleashing even more bitterness.

"It has become now very difficult to live as a Muslim in this country," Aslam Ansari, 58, grumbled in the hallway of a dilapidated largely Muslim apartment block in a central city neighborhood called Mominpura. "We have to bear. We cannot go anywhere."

Among those arrested was one of Mr. Ansari's neighbors, a doctor named Tanvir Ansari, 32, who according to the police traveled to Pakistan for arms and explosives training. The two are not related, and Aslam Ansari insists that his neighbor is innocent.

Also taken into custody were two brothers from Mira Road, a largely Muslim northern suburb of Mumbai.

Faisal Shaikh, 30, the elder brother, is described by investigators as a crucial Indian liaison to Lashkar-e-Taiba. It was his younger brother, Muzamil, 23, who was hired by Oracle in Bangalore. The police say he followed his brother into the arms of Lashkar, and to Pakistan, via Iran, for training.

Sleeper cells connected to Pakistani-based organizations came on the Indian intelligence radar at least 10 years ago. Since then, bombings, arrests and weapons seizures have offered tiny peepholes into their suspected scope and strength.

In 2003, a Mumbai couple with suspected links to Jaish-e-Muhammad, a banned Pakistani-based group, was charged in connection with a pair of powerful car bomb attacks, including one in front of the iconic Gateway of India monument in Mumbai that killed more than 50 people.

The police said at the time that the couple was accused of planting the bombs in the trunks of two taxis as part of a local outfit calling itself the Gujarat Revenge Force.

Last year, the Delhi police arrested a mechanical engineer on charges of conspiring to attack military and financial centers on behalf of Lashkar.

And in May a large haul of guns and military explosives exposed what the police called a sleeper cell of roughly a dozen people operating out of Aurangabad, a provincial town about 200 miles northeast of here.

As in the past, the arrests in the last three weeks have largely homed in on the Students Islamic Movement of India. The police say several of those arrested in connection with the July 11 blasts were once members. Its leaders deny any involvement with the attacks.

"Some such modules have been unearthed here," said Mumbai's commissioner of police, A. N. Roy. He said former members of the organization "form a fertile ground for providing local foot soldiers."

Founded 30 years ago to promote Islamic teaching among Indian youth, the group began to espouse armed resistance more than a decade ago after a band of Hindu radicals tore down the 400-year-old Babri Mosque in the north Indian city of Ayodhya in 1992, unleashing an orgy of Hindu-Muslim riots across the country.

The lingering tensions in this city are deeply worrying. Since the July attacks even career-minded young Indian Muslims complain that they are under constant glare.

The ones who sport beards and skullcaps worry about how many times they will be frisked at the train station. Those who live in Muslim enclaves see the police knocking on doors.

One young man recalled a banner that went up in his neighborhood, exhorting enemies of India to leave the country. "Our identity is the main problem," said Abdul Hannan Khan, 21, a college student who plans a career in advertising.

It is the same routine after every act of terror, said Sheik Abdul Qayyum, 20, recalling the Gujarat riots, which broke out after fire engulfed a train carrying Hindu pilgrims, killing 59. Whether the fire was deliberate or accidental is still disputed, and embroiled in political feuds.

In Mr. Qayyum's mind there is no disputing the lesson of Gujarat, where he lived at the time. He says the violence there was the most important event in his life.

"I learned that as minority Muslims we are unprotected," he said, and then quickly added, "According to the current situation, Muslims in the whole world are not protected."

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Cuba's Military Men Loyal To Raul Castro (AP)

By Anita Snow, Associated Press Writer

AP, August 9, 2006

Raul Castro, CEO.

With the military controlling a good share of Cuba's tourism, electronics imports and foreign currency reserves, the defense minister is as much entrepreneur as soldier.

Now that he's filling in as president for his ailing brother, Fidel, Raul Castro can count on a network of similarly positioned uniformed and retired officers who are as loyal to him from behind their desks as they were on the battlefields of Angola and Ethiopia.

Those generals and colonels are known as "Raulistas," and their loyalty has helped them move into the highest echelons of the government and the economy.

Even dissident Vladimiro Roca, a former fighter pilot under Castro's command before breaking with the government, believes Castro has the military leadership's support. But more than either Castro, they are "committed to the system," Roca said of the generals. "What they are interested in is maintaining their status."

That status is significant. Five active generals sit on the Communist Party's powerful 19-member Politburo, which also includes the Castro brothers.

So do two retired military men: Juan Almeida Bosque, who played a historic military role in the revolution's early years, and Vice President Jose Ramon Fernandez, who helped lead Cuba's victorious troops at the U.S.-backed invasion of the Bay of Pigs in 1961.

Two of those active generals also run key ministries. Lt. Gen. Abelardo Colome Ibarra, 66, oversees the island's vast domestic security and intelligence apparatus as interior minister. As sugar minister, Maj. Gen. Ulises Rosales del Toro, 64, controls Cuba's economically important production of cane for export.

Generals and colonels also head the fishing and transportation ministries, as well as Habanos S.A., which works with a European firm to market the island's world-famous cigars abroad. Another former commander, Ramiro Valdes, operates Grupo de Electronica de Cuba, which imports computers and other electronics.

The Armed Forces also operates the TRD Caribe chain, which has hundreds of small stores selling consumer goods across the country, and Gaviota S.A., a tourism company that runs more than 30 hotels and has subsidiaries that provide tourist travel.

The military's economic enterprises are run by the Defense Ministry's Business Administration Group, overseen by Raul Castro's second-in-command and confidant, Lt. Gen. Julio Casas Regueiro.

By all accounts, the defense minister is a highly capable manager, and many believe his pragmatism and sharp business sense could prompt him to open Cuba's economy should he ever be placed in power permanently. Former Sandinista rebel commander Tomas Borge said Fidel Castro once told him Raul was the best organizer he knew.

"The ministry with the greatest efficiency, in all senses and aspects, has always been the Armed Forces," said dissident Roca, whose late father Blas Roca was a top Communist Party leader.

Known as a warm and jocular man who dotes on friends and family, Raul Castro also has proven to be capable of extreme toughness. In 1959, in the first months after the revolution, he and Ernesto "Che" Guevara oversaw the executions of officials from the deposed government of dictator Fulgencio Batista.

"My hand didn't tremble then and it doesn't tremble now," Castro told state news media in 1989 when he voted to uphold the death penalty for a highly decorated Maj. Gen. Arnaldo Ochoa — who reportedly had been one of his closest friends — and three officers convicted of drug trafficking.

Ochoa and most of the top generals who Castro now counts on for support spent years on the battlefields of Angola and Ethiopia in the 1970s and 1980s, leading troops in African struggles for independence from colonial rulers.

The defense minister directed those wars from Havana, deferring always to his brother, Fidel, who is commander in chief and took a keen interest in the most minute details of military movements and battles.

The military reached its zenith of power in those years, and the decorated generals returning home were treated as conquering heroes. But when the Soviet Union collapsed and Cuba lost its primary benefactor, the military's role changed drastically.

Fidel Castro announced that Cuba would no longer fight in independence movements abroad, and the military developed a new focus on defense and the economy. The military today is probably Cuba's most powerful and respected institution.

The military has an estimated 37,000 troops and 700,000 reservists, according to "Jane's World Armies." It can also call on more than 1 million militia members, as well as paramilitary and civilian groups.

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But Raul Castro made sure that was only a part of the armed forces' role. It now uses its stores and tourism business to capture hard currency to pay for imports, and the 100,000-member Youth Labor Army produces basic foodstuffs to be sold at extremely low cost at government markets.

"Raul was the lead architect of these adaptations in military missions," former CIA analyst Brian Latell wrote in his book "After Fidel."

"Like the concessions Fidel made to allow foreign tourism and dollarization, Raul had no illusions about the risks of giving selected officers access to substantial financial flows," Latell wrote. "But as the economy collapsed, he concluded there was no alternative if the military was to survive and the revolution was to endure."

Cuba Eyed For Unpaid Claims (WT)

By Jeffrey Sparshott

The Washington Times, August 9, 2006

United Fruit Co. lost thousands of acres of land when Fidel Castro's government in 1960 seized its Cuban operations.

The company first tried to win back the property by providing ships to support Mr. Castro's ouster. Cuba's armed forces rebuffed the 1961 Bay of Pigs invasion.

United Fruit, along with thousands of other companies and people that lost property, then asked for compensation.

A U.S. commission in 1972 certified 5,911 such claims worth $1.85 billion. Those claims, accruing 6 percent interest and now valued between $7 billion and $8 billion, would have to be settled by a post-Castro government to ease trade and investment between the island nation and the U.S.

"The claims cannot be ignored," said Robert Muse, a Washington lawyer who represents some of the largest corporate claimants against Cuba's 1960 expropriations. "The claims have to be resolved, or they will stymie renewed trade and investment with Cuba."

U.S. companies and people that once owned property in Cuba may be closer to getting it back or receiving compensation. Fidel Castro last week temporarily transferred power to his brother, Raul, for medical reasons. That has boosted speculation that Cuba may be nearing a post-Castro, post-communist era and an end to the U.S. embargo against the island.

But it also would require Cuba's new government to settle old debts.

United Fruit and its subsidiaries claimed millions of dollars in losses. The Foreign Claims Settlement Commission, an independent agency within the Justice Department, certified a total payment due of $87.4 million, plus interest.

"There has always been a hope that, post-Castro, this claim would translate into something of value, and Chiquita's position has consistently been that we expect the claim to be honored," said Michael Mitchell, spokesman for Chiquita Brands International, the Cincinnati company that subsumed United Fruit.

Chiquita's claim is one of the easier ones to untangle. Many of the U.S. companies that operated in Cuba have since been bought, sold, split up or shut down, while the Cuba claim lives on as an asset.

"These are commodities. The corporations are constantly being merged into others," said Mauricio Tamargo, chairman of the settlement commission.

OfficeMax, the Itasca, Ill., office-supply retailer, inherited the largest corporate claim against Cuba from Boise Cascade, the one-time paper company. That claim, with interest worth just under $1 billion, is from the Cuban Electric Co., once a U.S.-owned utility.

International Telephone and Telegraph had the next-biggest claim, now worth $483.5 million. The company in 1995 broke apart, and part of its claim went to Starwood Hotels and Resorts Worldwide Inc., the White Plains, N.Y., company that runs the Sheraton and other hotel chains.

A predecessor to Freeport-McMoRan Copper & Gold, a New Orleans mining outfit, owned nickel and cobalt mines and processing facilities in Cuba. Canada's Sherritt Corp. now runs the mines in a joint venture with the Cuban government.

"If the embargo is lifted, Freeport is likely to reclaim the asset," Robbert van Batenburg, head of research at Louis Capital Markets, said last week. "Freeport may have to fight Sherritt for the Cuban asset."

Freeport's legal rights, however, may be muddied because it transferred the expropriation claim to a bank during bankruptcy proceedings.

"The whole situation is too speculative for us to comment on right now," said William Collier, Freeport spokesman.

Ultimately, the State Department would use the commission's decisions as the basis for negotiating a claims-settlement agreement with Cuba. The companies are entitled to compensation, whether property or cash.

In one recent case, the U.S. and Vietnam in 1995 settled claims dating to the 1975 fall of South Vietnam. The communist country provided $203.5 million for payment of 192 claims, which covered principal and interest at about 4.8 percent -- less than the 6 percent in the original awards.

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Without a political solution, U.S. companies and individuals could slow trade with a hypothetical post-embargo Cuba.

"Unless the claims are resolved, there will be a large amount of litigation seeking to attach Cuban bank accounts and Cuban cargoes entering the U.S.," Mr. Muse said. Essentially, a claimant could ask U.S. authorities to seize and hold Cuban goods, like sugar or nickel, entering the U.S. as security against their losses.

Resolution of the multibillion-dollar issue, however, still awaits a new government in Cuba. Mr. Castro's health yesterday remained a mystery. And the direction of any new government was even less clear.

"Once the people of Cuba decide the form of government, then Cuban-Americans can, you know, take an interest in that country and redress the ... issues of property confiscation," President Bush told reporters Monday at his ranch in Crawford, Texas. "But first things first, and that is the Cuban people need to decide the future of their country."

Exiles' Vision For Cuba A Mix Of Hope, 'fantasy' (USAT)

By Laura Parker

USA Today, August 9, 2006

MIAMI — Sergio Pino, one of the largest home builders in South Florida, has big plans for remaking Cuba after Fidel Castro dies.

Pino and another home builder here have given $500,000 to the Florida International University School of Architecture to design the "restoration" of Havana, which has fallen into disrepair in the 47 years since Castro's revolution ousted Fulgencio Batista's military dictatorship. Architects at the university are creating their vision of the Cuban capital, block by block, in a series of models that call for renovating Havana's crumbling downtown and adding 250,000 badly needed homes.

Whether Pino's dream will ever be realized is anyone's guess. But it symbolizes how the illness that recently led Castro to cede power for the first time has rekindled hopes among Cuban-Americans that a new Cuba — one that will be warm to democracy, or at least to capitalism — finally could be on the horizon.

For nearly a half-century, this has been the goal of thousands of Cuban exiles and their families who have built new lives in Florida. The idea of returning to Cuba has inspired exiles to conduct war games in Florida's swamplands, draft new constitutions for a democratic Cuba and pressure Washington to hold a hard line against Castro.

Now, amid hopes that Castro's successors could embrace economic reform, the take-back-Cuba movement also has turned pragmatic: The youngest exiles and children of those who fled Cuba say they don't necessarily want to live on the island, but they are planning ways to make money from its revitalization.

None of the schemes to rid the island of Castro appears to have had any effect on the island, except to draw ridicule from the dictator. With many exiles now in their twilight years, it's unclear how many really would move back to such a poor country, even if it opened up.

Advisers to Castro, who will be 80 on Sunday, say he is recovering from intestinal surgery. Even if he is fatally ill, Cuba's communist dictatorship probably would continue under Castro's brother and designated successor, Raul Castro, 75.

And when change finally comes after the Castro brothers are gone, there is no assurance that the 11 million Cubans on the island — 60% of whom were born under Castro's communist regime — will want to take direction from their Americanized cousins in Florida.

Those who believe that Cuban-Americans will choreograph life in post-Castro Cuba "live in a fantasy totally devoid of reality," says Gonzalo Valdes-Fauli, an investment banker in a prominent Cuban-American family in south Florida. "People don't realize things function there. Badly, but they function. There are laws. They may be arbitrary, (but) it's a country."

Cubans on the island may bemoan impoverishment and complain about a lack of opportunities, but most don't view Castro through the same harsh lens as Cuban-Americans, says Jorge Piñon, senior research associate at the Institute for Cuban and Cuban-American Studies at the University of Miami.

"People are jumping way, way ahead of themselves," Piñon says. "The opening of that Ace Hardware franchise or the revitalizing of Old Havana architecture — that's far away. Before any of this begins, there has to be a diplomatic relationship between Cuba and the U.S."

Pino, the home builder, acknowledges that the opening of Cuba may take many years.

However, he figures the country's government will need significant help in rebuilding an economy whose cars, buildings, waterworks and electrical grid have largely been stuck in the late 1950s, in part because of the United States' embargo on trade with Cuba that was imposed after Castro took power.

Pino says his goal is "to make sure that when we go back, we do it right."

"We are planning a city, how it should look, keeping the historic monuments," he says. "Our goal is to have a plan so that we just don't go back and build everywhere."

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It says something about the Cuban-American community's obsession with Castro that Piñon and his associates at the University of Miami spent several hours last week on a “mapping exercise” to try to make sense of what's happening in Havana.

They reviewed Castro's health history with doctors in Miami. They also pored over photos and video of Castro's trip to Argentina in July, and a pair of speeches he made in Cuba on July 26.

In Argentina, Castro walked with “long, clear strides,” his posture “typical Fidel,” Piñon says. “And then all of a sudden, this happens.”

The exercise by academics, working without solid information about what actually is going on in Cuba, underscores the significance of Castro to exiles' lives and his intense hold on their emotions.

The dream of many here, nourished through decades of frustrated waiting for Castro's demise, has been to return home and reclaim property confiscated from their families in the name of the revolution. Their determination to do so has spawned passionate actions that have not always been realistic.

Veterans of the failed, U.S.-backed Bay of Pigs invasion in 1961 still hold war games in Florida's Everglades decades later, training on weekends even as they have grown paunchy over the years.

“There are people as old as I am who put on their camouflage uniforms and go out to practice in the Everglades to get prepared” for an imagined battle for Cuba, says Alberto Beguiristain, 74, a businessman and lawyer in Miami.

“A lot of people say, ‘Come on, that's enough,' ” he says. “They realize they are old and they are not going to accomplish anything. But they've still got the illusion that they will fight against Castro.”

Meanwhile, aging Cuban-American lawyers run out of Havana by Castro, including Valdes-Faudi's father, Raul, spent much of 1995 writing potential laws and a new Cuban constitution.

The Cuban American National Foundation, which rose to prominence among anti-Castro groups in the 1990s, also has taken the position that Cuba's post-Castro future could be shaped by exiles in Miami — especially as the Cuban economy teetered after losing a $4 billion annual stipend when the Soviet Union fell apart in 1991.

The group's founder, Jorge Mas Canosa, who arrived in Miami penniless and became a millionaire, was touted by supporters as Cuba's next president, although he denied such ambitions.

If such efforts seemed slightly disconnected from reality, it didn't make much difference here, where exiles' passion for Cuba endures.

“My parents never forgave Castro. They hated him,” Piñon says. “Every Christmas there was always a toast: ‘Next year, we'll be back in Cuba.' ”

Piñon was 12 when he arrived in Miami with his parents in December 1960, not long after Castro confiscated property and nationalized industry. He says the family walked away from a comfortable middle-class life rather than educate its children in state-run schools.

Piñon's father, who had worked for the railroad in Cuba, became a dishwasher at the Fontainebleau Hotel in Miami Beach.

Piñon says his parents did not get involved in exile politics but spent the rest of their lives planning what they would do when they returned home. He says his father died in 2000, his mother in 2001.

Many others are gone now as well. Jorge Mas Canosa died of lung cancer in 1997.

Meanwhile, Castro hangs on. He brought Cuba through the 1990s, then forged financial partnerships with Venezuela and China. He has not been seen publicly since his surgery, but vowed in a letter read on Cuban TV to retake the helm of the government when he is well.

“Those of us who started as teenagers, we are senior citizens now and we are still waiting for him to die,” says Frank Hernández-Trujillo, who left Cuba in 1961 at age 19. “We are getting closer to death ourselves. This is like a race. The last man standing wins.”

Hernández-Trujillo is still at it. The retired Miami schoolteacher organized a group in 1994 that supplies dissident groups in Havana with shortwave radios, books, magazines, vitamins and other goods, which is legal under U.S. and Cuban law. Last week, he shipped 17,000 pounds of goods to the island.

He also finds ways to get laptop computers, DVDs, CDs and players — which Cubans are not allowed to bring into the country — into dissidents' hands.

Beguiristain says he lost two sugar mills, a distillery, his houses, insurance business and farmland to Castro. He says he then helped the CIA prepare for its Bay of Pigs invasion.

In October 1960, he says, he picked up a shipment of arms off the coast of Cuba and delivered it to insurgents on the island for use in the ill-fated operation. After arriving in Miami in 1964, he says, he continued to work against Castro, ferrying operatives between Florida and Cuba by boat.

Beguiristain says he gave up covert activities in 1970 and built a successful insurance business in Miami.

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Now he focuses on trying to regain what he lost in Cuba through legal claims. He is president of the National Association of Sugar Mill Owners of Cuba, a group that originated in Cuba and moved to Miami when the mill owners left the island. It meets monthly for lunch to work on plans to file lawsuits aimed at recovering their mills.

Such property claims could take years to sort out, if ever.

Cuban exiles whose property was confiscated by Castro have filed more than 6,000 claims for compensation with the U.S. government. Under the 1996 Helms-Burton Act, the government has been unwilling to press them; doing so could alienate countries such as Spain that have large investments in Cuba.

Older exiles continue to debate what a post-Castro constitution should say. Beguiristain says the favored view is that Cuba ought to return to its 1940 constitution, which called for an independent judiciary and presidential elections every four years. The constitution was suspended when Batista seized power in 1952.

Some older exiles' children, meanwhile, take a more pragmatic view about the notion of returning to Cuba by focusing on the island's economic potential.

Hugo Arza, 32, a Miami-born attorney whose parents fled Cuba in the late 1960s, says he met with clients in the construction business two days after hearing that Castro had transferred power to his brother. The clients, whom Arza declined to name, are jockeying to be well-positioned when the time comes to start reconstruction.

"Cuban infrastructure needs to be rebuilt," he says. "They were just here in my office asking, 'What have you heard? Keep us aware. Let's make sure we have ideas and access to the right people.' "

Pino, 49, says he has no desire to move back to the Cuba he left as a boy.

His life is in Miami, where he parlayed a plumbing store he bought when he was 20 into real estate investments that led to the establishment of Century Homes, the largest home builder in Miami-Dade County.

He says home building in Cuba will be "an incredible business." He says the island will need 1 million new homes to accommodate its growing population and replace structures that have fallen into disrepair during Castro's regime.

Thus, the Havana project at Florida International University. The goal is to complete it by the end of the year. Nicolas Quintana, an architecture professor who is directing the project, says it will include a 400-page book and 21 models featuring 25 projects in Havana.

Quintana says he left Cuba on Jan. 8, 1960, "exactly a year after Fidel came to Havana. I was 35 years old. I am 81 right now."

He will post the plan on the Internet, for the current regime or its successors to use. He says he is a realist. Real change, he says, will have to come from within Cuba.

"The Castros will hate it," he says of the plan. "I am totally convinced I will never see the final development of all this. But I'll be watching from up there. I'm simply planting a seed for the future."

Mexico Recount Augurs Few Changes (WSJ)

By John Lyons

The Wall Street Journal, August 9, 2006

MEXICO CITY -- Mexican electoral authorities planned today to start a partial recount of votes from the nation's presidential contest, but most observers predict the review won't find big discrepancies or evidence of fraud and will most likely reinforce the narrow victory of conservative candidate Felipe Calderón.

The proceedings probably won't assuage Andrés Manuel López Obrador, the second-place finisher who is challenging the outcome. Though numerous foreign election observers have said the July 2 balloting was conducted fairly, Mr. López Obrador, a populist former mayor of Mexico City, has rejected the partial review as insufficient and has demanded a full recount. He continues to contest his apparent defeat and yesterday began a new series of protests along the capital city's highways.

Electoral judges will supervise the recount of about 9% of the 42 million votes cast, which must be completed by Sunday night. They will scrutinize the tallies of about 3.8 million votes, mainly in pro-Calderon states such as Jalisco and Baja California, where Mr. López Obrador's lawyers were able to demonstrate evidence of irregularities to the court. In rejecting Mr. López Obrador's legal request for a full recount, the court ruled that he failed to show evidence of irregularities at any other voting stations than those under review. The decision indicated the court will also likely rule against Mr. López Obrador on a series of other challenges he has filed.

The judges have until Sept. 6 to declare a winner.

To reverse the outcome, which put Mr. Calderón ahead by a margin of 244,000 votes, or 0.6% of those cast, the partial review would need to find that, on average, slightly more than three votes for every 100 counted were mistakenly taken from Mr. López Obrador and awarded to Mr. Calderón. That would represent such a large -- and improbable -- degree of fraud or incompetence that it "offers some comfort to the Calderon camp," according to Goldman Sachs research.

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Even so, political analysts expect Mr. López Obrador to seize on even small discrepancies found in the recount and portray them as evidence of widespread fraud, fueling more street protests. The secretary-general of Mr. López Obrador's Party of the Democratic Revolution said yesterday that protests, which so far have been confined to Mexico City, would soon spread to other cities.

Yesterday, Mr. López Obrador escalated his protest. His supporters blockaded the Agriculture Ministry and seized tollbooths on main highways into Mexico City, allowing motorists to pass free of charge. He may have been looking to win support from commuters who have been angered that his weeklong campaign of street blockades have worsened Mexico City's already snarled traffic.

The new counts will take place in the voting districts where they were ordered. Officials of the federal agency that manages the country's local and national elections will do the retallying. Each district where a review takes place will release its results when it is completed. A member of each political party will be allowed to observe the vote.

Mr. López Obrador's Party of the Democratic Revolution initially considered boycotting the process and not sending an observer. But a senior aide said party officials would indeed observe the count "under protest."

To keep pressure on electoral officials, Mr. López Obrador led his supporters to a mass protest Monday night outside the courthouse where the election tribunal meets. There he lambasted judges hearing the case for their decision and said he wanted to broaden his protest into a movement to redraw the lines of Mexican society, indicating he may seek to continue the tactics even if the court rules definitively that Mr. Calderón won the election.

"We are going to change this country, and it is going to happen one way or another," Mr. López Obrador, slightly hoarse from his daily speeches, told supporters, some of whom chanted "Revolución!"

Battle Escalates Over Cheap U.S. Corn Popping Into Mexico (USAT)

By Sara Miller Llana

USA Today, August 9, 2006

PUEBLA STATE, Mexico — Corn plays an important role in ancient Mexican mythology. The Aztecs revered a corn god named Centeotl; the Mayans believed man's flesh was formed from corn dough.

But these days, the crop that is still the centerpiece of the Mexican diet is fueling a clash between Mexico and the United States as cheap American corn has inundated Mexican farms and marketplaces under the North America Free Trade Agreement (NAFTA).

"They should not send their corn here. They can send it somewhere else," says farmer Luis Damaso, tending his milpa, or corn patch, outside the town of Santa Ana Xalmimilulco in the central state of Puebla. "No one will pay for (our corn) now."

The politics of corn continue to escalate, as a 2008 NAFTA deadline looms for Mexico to scrap its corn and bean import tariffs. And the disputed July 2 presidential election here has only heightened those tensions.

On the campaign trail, runner-up Andrés Manuel López Obrador said he would renegotiate NAFTA provisions to protect the nation's corn and bean farmers. Now, Obrador is leading mass protests for a full, vote-by-vote recount of the election he lost by 0.6 of a percentage point.

He has put NAFTA supporters on the defensive and raised the hopes of farmers across the country, many of whom have rallied around Obrador and promise a long, hard fight ahead if rival Felipe Calderón, a staunch supporter of NAFTA, is certified as president. That decision is in the hands of an electoral court, which has until Sept. 6 to rule.

"(Corn in Mexico) is one of the areas that has the potential to become extremely explosive," says Jon Huenemann, a former assistant U.S. trade representative who helped negotiate many agricultural provisions under NAFTA. "U.S.-Mexican trade is huge and getting bigger and more significant to producers and consumers. And yet, for the same reason, the sensitivities are getting potentially more complicated. ... It's a bit of a tinderbox."

The USA is the largest corn producer in the world, exporting 18% of its crop. In the 2004-05 season, U.S. corn growers shipped 231 million bushels to Mexico, its second-largest customer after Japan, with a price tag of about $462 million, says Jon Doggett, vice president of public policy at the National Corn Growers Association. Most of the corn exported from the USA is yellow corn used to feed livestock, not the white corn that Mexicans traditionally consume.

"I don't think we are a threat to the Mexican farmer who is raising white corn," Doggett says.

But critics of NAFTA disagree. They say the flow into Mexico of American corn, sold 15% to 20% cheaper than the cost to produce it in the USA, is lowering the price of all corn, displacing farmers and eroding a way of life. Victor Suarez, a congressman for Obrador's Democratic Revolution Party who helped organize a mass protest of farmers in 2003, says nearly a million farmers have been displaced since NAFTA went into effect in 1994. He says their only recourse is to head north along the border or into the USA.

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Damaso says he used to sell corn from his family's 1.2-acre milpa to his local tortilla-maker, but the price of corn has dropped while the prices for fertilizer and diesel have gone up. He says it is no longer worth it. "You can't break even anymore," he says.

Now he tends the field for family consumption, while the rest of the family has looked for work elsewhere: A few siblings are in New York, while others work in a textile factory. He recently returned home after three years working in Brooklyn.

But many say Mexico is better off with cheaper U.S. corn. For Jorge Gonzalez, a professor of economics at Trinity University in San Antonio, not complying with corn provisions under NAFTA "would imply that the price for corn, and therefore tortillas, would increase for everyone," he says. "They would be protecting domestic farmers but hurting everyone else."

Some farmers agree. Just a few miles from Damaso's plot, Fredy Alvarez Cortez prepared soil for the white, red and blue corn he cultivates and sells. Yet for the yellow corn that feeds his family's 25 cows, he buys U.S. imports. Like many farmers in the area, he knows little about the provisions under NAFTA, but he knows his budget. "It's more economical for us now," he says.

That could change. Corn prices in the USA have been rising as demand increases for ethanol, generally made from corn.

Even if Obrador does win, he does not have the authority to renegotiate NAFTA provisions unilaterally. If Mexico were to not honor its obligations, the U.S. could enter a dispute under NAFTA or retaliate by not honoring other provisions, such as slapping limits on the Mexican avocado industry, which has flourished under NAFTA.

Still, farm groups say they plan on fighting for the renegotiations promised by Obrador.

Suarez says if his group's demands are not met, they will not go away quietly: "There will be more demonstrations, and stronger demonstrations."

Politics Of Corn Loom For Divided Mexico (CSM)

By Sara Miller Llana

The Christian Science Monitor, August 9, 2006

PUEBLA STATE, MEXICO

Corn plays an important role in ancient Mexican mythology. The Aztecs revered a corn god named Centeotl; the Mayans believed man's flesh was formed from corn dough.

But these days the folklore of a crop that is still the centerpiece of the Mexican diet is fueling a bilateral clash between Mexico and the US as cheap American corn has inundated Mexican farms and marketplaces under the North America Free Trade Agreement (NAFTA).

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But critics of NAFTA disagree. They say the flow into Mexico of American corn, sold 15 to 20 percent cheaper than the cost to produce it in the US, is lowering the price of all corn, displacing farmers, and eroding a way of life. Victor Suarez, a congressman for Obrador's Democratic Revolution Party (PRD) who helped organize a mass protest of farmers in 2003, says nearly a million farmers have been displaced since NAFTA went into effect in 1994. He says their only recourse is to head north along the border or into the US.

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Mr. Damaso's experience seems to exemplify that concern. He says he used to sell corn on his family's 1.2-acre milpa to his local tortilla-maker, but since the price of corn has dropped - while the price for fertilizer and diesel has gone up - he says it is no longer worth it. "You can't break even anymore," he says.

Now he tends the field for family consumption - while the rest of the family has looked for work elsewhere: a few siblings are in New York, others work in a textile factory. He recently returned home after three years working in Brooklyn.

In Mexico, both the culture of small-plot farming and limited investment in technology have prevented the development of vast, mechanized fields like those found in the American Midwest. Nor are Mexican farmers supported as heartily as US corn farmers, who receive an average of $10 billion a year in government subsidies.

Because of these inherent inequalities, many say Mexico is better off with cheaper US corn. For Jorge Gonzalez, a professor of Economics at Trinity University in Texas, not complying with corn provisions under NAFTA "would imply that the price for corn, and therefore tortillas, would increase for everyone," he says. "They would be protecting domestic farmers, but hurting everyone else."

Some farmers agree. Just a few miles from Damaso's plot, Fredy Alvarez Cortez prepared soil for the white, red, and blue corn he cultivates and sells. Yet for the yellow corn that feeds his family's 25 cows, they purchase US imports. Like many farmers in the area, he knows little about the provisions under NAFTA, but he does know his budget. "It's more economical for us now," he says.

Even if Obrador does win, he does not have the authority to renegotiate NAFTA provisions unilaterally, experts say.

If Mexico were to not honor its obligations, the US could enter a dispute under NAFTA or retaliate by not honoring other provisions - like slapping limits on the Mexican avocado industry, which has flourished under NAFTA.

"It becomes much more difficult to predict the array of outcomes," says Mr. Huenemann. The US sent $9.4 billion worth of goods to Mexico in 2005, and is the largest market for Mexico's products. "It's the slippery slope theory."

Still, farm groups say they plan on fighting for the renegotiations promised by Obrador. In January 2003 tens of thousands descended upon Mexico City to demand the renegotiation of agricultural provisions under NAFTA.

Now, says Ana De Ita, executive director of the Center for the Study of Change in the Mexican Countryside, groups are remobilizing. Farmers from across the country have attended Obrador rallies, she says. But they are preparing an information campaign to educate farmers about the impacts of 2008 regardless of who wins, and she says they could hold another demonstration by the middle of next year.

Mr. Suarez, who planned a convocation for August to drum up new strategies, says if his group's demands are not met, they will not go away quietly. "There will be more demonstrations," he says, "and stronger demonstrations."

Russia Negotiating Arms Sales To Buenos Aires (WT)

By Kelly Hearn

The Washington Times, August 9, 2006

BUENOS AIRES -- Russia is negotiating arms sales to Argentina less than two weeks after angering Washington with a $3 billion deal to sell jets and helicopters to Venezuelan President Hugo Chavez.

Russian Ambassador Yuri Korchagin met with Argentine Minister of Defense Nilda Garre on Aug. 2 to express Moscow's willingness to "open a road to military and technical cooperation," according to a statement from Argentina's Ministry of Defense.

The statement said the Russian official presented a formal letter of intent, but an Argentine Defense Ministry spokesman declined to provide further details.

Miss Garre met previously on Jan. 18 and again on April 17 with the Russian ambassador, who was accompanied by Alexander Fomin, a ranking official within Russia's technical and military cooperation program.

A leading Argentine newspaper, La Nacion, reported on Monday that in those earlier meetings, the Russian officials raised the idea of trading Argentine beef, of which Russia is the largest importer, for military helicopters and armor-plated patrol boats.

Argentina has for years looked to acquire artillery-capable helicopters, but its 2001-2002 economic collapse scuttled those plans, and a Venezuelan buyout of Argentina's debt to the World Bank last year has done little to ease the burden.

But Mr. Chavez and Argentina's leftist president, Nestor Kirchner, have deepened their relations recently with new energy deals and a joint effort to create a South American development bank that would compete with the international lenders.

Officials have yet to offer a public response to the Russian proposal.

"Argentina has maintained in recent years a low level of military purchases because of the economic situation, among other reasons," Miss Garre told the ambassador, according to the official account of the meeting.

That account also said Mr. Korchagin talked of Russia's military ties with Brazil, Colombia, Mexico, Peru and Uruguay.

The United States has already registered its concerns about Russian arms sales to Venezuela, whose president has been using his country's oil wealth to counter American influence in the region.

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On Friday, the U.S. government imposed sanctions on seven arms companies in Cuba, India, North Korea and Russia, including Moscow's state-owned Sukhoi, a maker of fighter aircraft, and its state-owned export firm, Rosoboronexport.

Washington said the sanctions, which will remain in place until July 28, 2008, were imposed because of transfers of military technology to Iran. But Russian media are linking the sanctions instead to Washington's anger over Rosoboronexport's deal with Mr. Chavez, announced on July 27.

That deal provides for the shipment of 24 Russian Su-30 fighter jets and 53 helicopters. Venezuela, itself hit with a U.S. arms embargo in May, had already contracted to buy 100,000 Russian AK-103 machine guns, part of what U.S. officials cast as a disproportionate and unjustified Venezuelan military buildup.

In July, the Stockholm International Peace Research Institute, or SIPRI, reported that military purchases in Latin America and the Caribbean spiked by 7.2 percent in 2005. The report says Venezuela experienced the third-largest yearly increase after Brazil and Chile.

During a visit to Moscow last month, Mr. Chavez praised Russia for defying U.S. objections to selling him arms and repeated an earlier proposal to combine the militaries of the five nations that make up Mercosur, the South American political and trade bloc.

"We must form a defensive military pact between the armies of the region with a common doctrine and organization," Mr. Chavez said July 5 in Caracas during a military parade attended by Mr. Kirchner.

During his Russia visit, Mr. Chavez said: "We must form the armed forces of Mercosur, merging warfare capabilities of the continent."

During a nationally televised program on Monday, Mr. Chavez said he intends to build a network of anti-aircraft missiles.

"We're going to acquire the most modern anti-aircraft defense system," Mr. Chavez said. "We're going to armor Venezuela." He suggested he saw the components of such a system during his visits to Russia, Belarus and Iran late last month.

A New Rebellion In An Old Conflict (LAT)

By Héctor Tobar And Alex Renderos, Special To The Times

The Los Angeles Times, August 9, 2006

Discontent in a former leftist rebel group has fed fears of a return to civil war in El Salvador.

SAN SALVADOR — The young men ran across the street, their faces covered with bandannas. One fired an automatic weapon, imitating the guerrilla warfare of an earlier generation.

The actions of the men, photographed at a demonstration here last month that left two police officers dead, have reverberated deeply in Salvadoran society, leading many to wonder whether the bad old days of civil war might return.

"We have to admit that a new revolutionary fringe is forming," said Beatrice Alamanni de Carrillo, El Salvador's ombudswoman for human rights. "It's an open secret."

A 1992 peace treaty between El Salvador's right-wing government and the leftist Farabundo Marti National Liberation Front, or FMLN, brought this country's civil war to an end after more than a decade of guerrilla warfare and government-sanctioned killings and massacres. The FMLN became a legitimate party and entered politics.

But frustration with the country's lingering poverty, and the continuing political domination of the right-wing Nationalist Republican Alliance, known as Arena, has fed a growing discontent within the ranks of the FMLN, analysts say.

"This is a very patient country where the people have not yet seen any solution to their social and economic problems," said Leonel Gomez, a political analyst here who has worked as an investigator on several U.S. congressional inquiries. "If there are no solutions, people start to yell. If you don't answer them, they yell more. If even then you don't listen to them, they will start to shoot at you."

The attack on police officers occurred during a student demonstration outside the National University, the scene of many violent and tragic protests during the civil war. The incident began as a peaceful protest of increases in bus fares and utility rates.

According to news and police reports, a group of radical FMLN activists known as the Limon Brigade from the San Salvador suburb of Mejicanos was responsible for the attack. Many have parents who fought and died in the civil war, sources close to the group say.

"They come from a culture of social consciousness," said one source who asked not to be named. "They live in poverty and in a community which has been packed with weapons" since a 1989 guerrilla offensive.

Photographs captured at least one young man firing an automatic weapon. Police and news reports later identified him as Jose Mario Belloso, a leader of the Limon Brigade who had held positions in the FMLN-controlled Mejicanos city government as recently as 2003. At one point, he was elected to the Mejicanos City Council.

FMLN officials said Belloso was expelled from the party last year for disobeying orders from party leaders. He remains at large.

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After the incident, the FMLN issued a statement declaring its "emphatic condemnation of the use of violence."

But the same communique called on the government to "revive" the 1992 peace treaty, saying that several provisions of the agreement are no longer being enforced.

One complaint repeated often by FMLN leaders and human rights activists is that former members of right-wing death squads hold key positions in the country's police forces.

"We signed the treaty, but we've never lived the peace," said Gregorio Rosa Chavez, the auxiliary bishop of San Salvador. "Reconciliation is not just based on healing wounds, but also on healing them well…. People are losing confidence in the institutions."

The overwhelming majority of FMLN activists and supporters have not given up on Salvadoran democracy, analysts say. But the members of the Limon Brigade and other groups think the party leadership has failed to offer strong resistance to the austerity policies and anti-crime measures of the government of conservative President Tony Saca.

"The only thing we've produced after the peace accords is more crime and more hunger," Gomez said. "What these young people are saying is that they are revolutionaries."

Saca accused leftist leaders of being involved in the deadly protest and other violent demonstrations.

"If we look at the burning of buses, the blockade of streets … the takeovers of the [National] Cathedral, we can see that in all of these incidents the same people are present, and that they belong to groups linked to the FMLN," Saca told the newspaper El Diario de Hoy.

"It's necessary, for the health of our democracy, that the FMLN disassociate itself completely" from these groups.

Times staff writer Tobar reported from Mexico City and special correspondent Renderos from San Salvador.

No Water At Libyan Embassy In D.C. (AP)

AP, August 9, 2006

Libya wants to reopen an embassy in the United States, but it can't get the District of Columbia to turn on the water.

The Libyan government sued the D.C. Water and Sewer Authority last week in federal court, demanding that the property's water and sewer service be turned on. The lawsuit also asks for $1 million in damages.

At the heart of the dispute are more than $27,000 in outstanding water and sewer bills. The D.C. utility won't provide water or sewer service until someone pays.

The city's records show water and sewer accounts at the property in the name of the "United Kingdom of Libya," and the authority has filed a lien demanding payment, The Washington Times reported Tuesday.

Libya says it hasn't occupied the Wyoming Avenue building since 1981, when the U.S. government cut diplomatic ties with the country and shut the embassy.

Washington announced in May that it would restore normal diplomatic relations with Libya. The U.S. State Department officially removed Moammar Gadhafi's regime from its list of state sponsors of terrorism on June 30.

The United Arab Emirates took control of the embassy property after the Libyans left. And, according to the suit, squatters stayed there for several years without permission from Libya or UAE.

The UAE evicted the squatters in 2003 and ordered water and sewer service to be shut off, the suit said.

The Libyan government said it shouldn't have to pay because it didn't authorize the service.

The city agency declined to comment on the suit but said they treat foreign embassies the same as other customers, said Michele Quander-Collins, a spokeswoman for the water authority.

"Basically, if they're in arrears, we pursue the customer no matter who they are," she said.

The city utility has filed property liens against more than a dozen foreign countries in recent years, records show. The debts ranged from a few hundred dollars to tens of thousands — and some will be difficult to collect.

The Republic of Yugoslavia disintegrated in the 1990s but still owes more than $14,000 to the city, according to a lien filed last year. And the former Zaire — now known as the Democratic Republic of Congo — has had more than $20,000 in outstanding bills, according to another lien.

Deaths Of Aid Workers In Darfur On Rise, U.N. Says (NYT)

By Lydia Polgreen

The New York Times, August 9, 2006

DAKAR, Senegal Aug. 8 — More aid workers in Darfur, the troubled Sudanese region, have been killed in the past month than in the previous three years of conflict there, the United Nations said Tuesday.

Eight aid workers, all of them Sudanese, were killed in July in attacks across Darfur, the United Nations said, compared with only six from 2003, when the conflict began, through June.

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"The level of violence being faced by humanitarian workers in Darfur is unprecedented," Manuel Aranda da Silva, the top United Nations aid official in Sudan, said in a statement.

The violence has already contracted the scope of aid operations, depriving tens of thousands of people of food handouts, medical care and clean water. Beyond that, the deepening chaos imperils the effort to help millions of other displaced people in the region, officials of aid groups that work in the region say.

A United Nations map of no-go areas is covered with blotches of orange, indicating vast regions where aid workers cannot reach people trapped in camps and villages. About 14,000 workers are in Darfur, 1,000 of them foreigners.

The spike in violence has occurred as the peace agreement signed in May has faltered. The pact was supposed to end the fighting in a conflict between non-Arab rebel groups and the Arab-dominated central government, from which the rebel groups sought greater autonomy and more of Sudan's wealth for the long-neglected Darfur region.

But the landscape has grown more perilous since the pact was signed in Nigeria. On Monday, the rebel leader who signed it, Minni Arcu Minnawi, became the senior assistant to the president, as stipulated by the agreement, but amid allegations that his troops were carrying out bloody raids in North Darfur to try punish other rebel groups that had not signed the agreement.

Mr. Minnawi met with President Bush at the White House on July 25, in the wake of a United Nations report released earlier in the month that said Mr. Minnawi's troops were "indiscriminately killing, raping women and abducting."

Elements of the two groups that did not sign, the Justice and Equality Movement and a faction of the Sudan Liberation Army, have joined forces to form the National Redemption Front, which is firmly opposed to the agreement. The group said Monday that it had shot down a government Antonov bomber, a statement the Sudanese military quickly denied. The latest fighting in North Darfur has routed 25,000 people from their homes.

The crowded camps in Darfur and eastern Chad, where 2.5 million people pushed from their homes in recent years by the conflict live, have become anxious and turbulent, making aid work in them dangerous.

"Since the signing of the agreement, Darfur has become increasingly tense and violent," Paul Smith-Lomas, regional director of Oxfam, an aid group with a large presence in Darfur, said in a statement. The declining security situation, he added, "has led to the tragic deaths of far too many civilians and aid workers."

Chinese Official Executed As Taiwan Spy (AP)

By Joe Mcdonald, Associated Press Writer

AP, August 9, 2006

An official from China's social security fund has been executed on charges of spying for rival Taiwan, a spokesman for the agency said Tuesday, and government employees have been required to watch a video about the case.

Tong Daning, director of the general office of the National Social Security Fund, was executed April 21, said Yan Caiping, the agency's chief press officer. Yan said Tong was convicted of spying for Taiwan but wouldn't give any other details.

China and Taiwan, which split in 1949 amid civil war, are believed to spy actively on each other.

Beijing claims Taiwan as its own territory. The communist mainland government has threatened repeatedly to attack and has been trying to isolate the island internationally, giving Taipei a strong interest in the mainland's military and diplomatic policy.

A spokesman for Taiwan's Ministry of Defense, Wang Rui-lung, said he couldn't comment on whether Tong spied for Taipei.

In 1999, a Chinese general and colonel reportedly were executed for selling military secrets to Taiwan. The officers sold information about 1996 missile tests carried out by Beijing near Taiwan in an attempt to intimidate voters during the island's first direct presidential election, according to Taiwanese reports.

In the latest case, employees of Chinese universities, radio and television stations and other agencies have been required to watch a video titled "Tong Daning's Spying Case" in recent weeks.

The video is meant to "strengthen employees' concept of protecting secrets," said the Web site of a river management agency in the central province of Henan.

Similar accounts appeared on Web sites of more than a dozen other agencies, including weather bureaus and a family planning office. Some showed employees watching the video and taking notes but none gave any details of its contents.

The mainland government has steadily expanded its arsenal of missiles, submarines and other long-range weapons in an effort to extend the reach of its military and back up threats to attack Taiwan.

Beijing also has waged a successful campaign to isolate Taiwan on the world stage, pressing its diplomatic partners not to treat the island as a sovereign nation and to bar its democratically elected government from the United Nations and other world bodies.

Last month, Taiwanese news reports said two officers of Taiwan's Military Intelligence Bureau were captured by Chinese agents in Vietnam in May after they went there to meet a double agent.

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The two sides have no official ties, but commercial relations are thriving, and Taiwanese companies have invested some $100 billion in factories and other assets on the mainland.

In 2004, China displayed before reporters a group of Taiwanese businessmen who it said were caught spying for Taipei.

Punks And Posers In China (WP)

By Maureen Fan

The Washington Post, August 9, 2006

BEIJING -- Shortly after midnight, in a smoky bar in a western Beijing neighborhood, a lanky 33-year-old in blue jeans and thick, black-rimmed glasses took the stage, looking every bit like an engineering student.

But as the guitarists on either side of Yang Haisong began thrashing out minor chords, he left little doubt about his credentials. He contorted his face, uttered an anguished cry and jerked his head to the frenetic rhythm that is universally recognizable to fans of punk rock.

"At the moment when blood flows out," Yang sang, "make a V sign, and scream loud!"

For Chinese punks today, it might take screaming to be heard. They make up a small slice of the music industry here, and they play to a largely underground scene. But their struggle to gain attention provides a glimpse of what it's like to be a rebel in a country that suppresses dissent and individuality, and an artist in a culture that worships money and Western fads.

"Most bands are into punk because it's fashionable. They are more like copy bands, cover bands that copy the lifestyle. Punk rock should be more dangerous, more deep. You should establish your own style," said Yang, the lead singer of P.K. 14, which has a sizable following and performed Saturday night at a bar in Beijing's Wudaokou district.

"We want to be a dangerous band, like Fugazi or The Clash or Bob Dylan. Woody Guthrie's folk music influenced me a lot," Yang said. "But because the government doesn't care about us, we are not forbidden from playing. Maybe we are not dangerous. It's sad."

In the West, punk rock is about annoying your parents and confronting the establishment at every turn. In theory, it's the same in China.

Punks here believe they can say whatever they want. They are pierced and sullen, with spiderweb tattoos on their elbows and cheap dye in their hair. Band slogans include "No future" and "Revolution for your life." Their lyrics urge fans to "never forget the lessons from Orwell" and to fight the police "until dead."

But in China, bands can't publicly turn the national anthem into a rock statement, as Jimi Hendrix did at Woodstock. Artists can't publish anti-government songs in Chinese. Just last month, the Culture Ministry announced a plan to help prevent the spread in karaoke bars of "unhealthy or obscene" music, or songs that have inappropriate sexual or political content.

As a result of these limitations, would-be anarchists in China have to be flexible. Chinese punks may admire Johnny Rotten and Sid Vicious of the Sex Pistols, but their methods are different.

One popular band sings sarcastically about its destructive need for Zhongnanhai cigarettes, a brand that happens to share its name with the residential compound for China's top leaders. Another band sings about "the square of hopelessness," without ever mentioning Tiananmen.

Still, some punk rockers say they don't shy away from making a statement.

"You can confront the government," insisted Lei Jun, 31, lead singer for Misando, a band named after a sweet traditional Chinese dessert.

Lei said he started listening to bootleg tapes of punk music in 1996. He and his friends attended their first live show a year later, more than two decades after punks began shocking audiences in New York and London.

"First, we liked the music. We felt excited," said Misando's drummer, Guo Yang, 20. "The characters. The personality. Sid Vicious. The power of 'Anarchy in the UK' and 'God Save the Queen.' We liked the energy and the fact that they could say what they were saying on stage."

Today, Lei wears combat boots, black T-shirts and white suspenders, and he shaves his head. It's a look, he said, meant to connect with the working class. He speaks of a "stress between the people and the government."

"Of course the government tells you what to do. It tells Americans what to do," he said. "The politics everywhere are ugly. It looks different here, but the nature of it is the same."

Li Yang, 23, is the lead singer for a band called Demerit. He spent $3 to dye a chunk of his black hair blond. He gave a tailor another $3 to narrow a pair of black pants and add huge zippers and chains. A button on his jacket said, "No Life, No Future."

At a recent day-long punk festival at a drive-in movie theater, where even the resident dog had a mohawk, Li argued that Chinese punks have rejected the drugs and violence of some of the punks who gave rise to the genre in Europe and the United States.

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"They were troublemakers," said Li, who is also known as Spike. "We are trying to change the image of punk rockers. We just want to tell the audience that the music is pure and that we are nice and not violent."

Many punk rockers in China are long on style and short on substance, critics say. Few of them can articulate what they stand for or explain what their songs mean. Some claim to be voices for the downtrodden but aren't familiar with true poverty.

Critics point out that most of the punks are members of a generation born in the 1980s, and the first to be raised in the one-child-only families mandated by the government. Their parents are seen as more indulgent, willing to let their only children lead the lives that they want.

"They don't know what they want because they want so many things," said Lu Bo, chief executive of Scream Records and owner of a now-defunct club that helped popularize punk music in Beijing eight years ago. "Those born in the '60s and '70s were told by their teachers and parents, 'This is the way you should lead your lives.' No one told this group. They're free to follow new trends."

Some analysts say that, in a way, China's punks can afford to be a little aimless. Many of them are more well-off than their parents.

"We have a lot of anger, but because of the high speed of the economic growth, it has covered the anger, the injustice," said Guan Kai, a sociologist who was among the protesters at Tiananmen Square in 1989.

Back then, a subversive song called "A Piece of Red Cloth" by Cui Jian, the father of Chinese rock-and-roll, became an anthem for the students:

That day you used a piece of red cloth
To blindfold my eyes and cover up the sky
You asked me what I had seen
I said I saw happiness
The feeling really made me comfortable
Made me forget I had no place to live
You asked where I wanted to go
I said I want to follow your road

The new generation of musicians don't have the same sense of mission, Guan said.

Even as they claim the freedom to say whatever they want, punks admit there are lines they cannot cross.

"When we were younger we believed in politics, but we found it to be useless," said Lei, Misando's lead singer, listening to a mix of The Pogues and Madness on his bassist's home computer. "We used to have a song about police injustice, called 'The Soul of Chinese Cops.' But we're not politicians or the president. We can't change the system."

The obstacles to China's music, filmmaking and painting are not always from government censors. China's pressure-cooker university system has been criticized for destroying creativity and preparing students only for exams. Much of the most interesting art is found underground. Often, it is society that is unsupportive.

"If a filmmaker shows the dark side of society, for example, homosexual life, even if the government doesn't stop you, people will not come out to see the film," Lu said. "If you are a singer and you have your own style of music and only five people come to see you, can you survive?"

At a recent concert, a Chinese punk rocker was "just following the script for punkness" and attacking President Bush, said Michael Pettis, owner of the club where P.K. 14 performed. "Chinese punks should be attacking Hu Jintao, but that's not the way it works in China. That's dangerous."

Cui Jian, an icon for some punks in China, said cooperating with government censors doesn't necessarily mean you have to change the meaning of a song. "Chinese punks want to show they're angry. That's enough. They don't have to make a big statement," he said in an interview. "The most important thing is don't lose yourself."

Yang Haisong, the lead singer of P.K. 14, said Chinese are looking for meaning in a country that is changing so drastically. "The average man has to look for support, something to live for," he said. "The government told people you should live for money, a house, a car, a bigger house. So more people get rich and more people get poor. It's a bad situation. Some foreigners say China has a bright future, but I say there's no future.

"I try to sing about this, express this in our music," Yang said. "I am not a fighter, a protester, a politician. Music is what I do, I can only do that."

Time To Act On Burma (WP)

The Washington Post, August 9, 2006

THIS MIGHT seem the least likely moment to expect the U.N. Security Council to take up the question of Burma. Lebanon is burning; Iran is going nuclear -- do the world's diplomats really need one more intractable problem?

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But in one sense, the fact that Burma is not at the top of anyone's agenda is exactly the reason the Security Council should act. Burma, also known as Myanmar, offers the United Nations a chance to show that it can deal with a threat to global security before it explodes onto the front page. Burma is not engaging in nuclear blackmail, and it has not attacked a neighboring country. But its malevolent dictatorship does represent a threat to peace: Its depredations at home (mass rapes, enforced child labor, burning of farms and villages) push masses of refugees across its borders. Its economic failures make it a locus of AIDS and other diseases. Its corruption makes it a leading source of illegal drugs. And its population of 50 million suffers under a regime whose repressiveness is rivaled only by North Korea's.

In the face of this anguish, the beleaguered democrats of this Southeast Asian nation are asking only that the Security Council put their misery on its agenda. They are not asking for U.N.-mandated sanctions, let alone peacekeepers or intervention -- only some attention from Secretary General Kofi Annan and the international body that promised, not so long ago, not to let notions of national sovereignty keep it from standing up for human rights.

This shouldn't be a hard call. Unlike many dictatorships, Burma boasts a clearly legitimate alternative: the National League for Democracy, which demonstrated overwhelming popular support when the hubristic junta mistakenly permitted free elections in 1990. Many party leaders have been in prison since, and the NLD's leader -- Nobel Peace Prize laureate Aung San Suu Kyi -- is under house arrest. But despite that treatment, she and her colleagues are asking only for dialogue about a gradual transition to democracy. The Security Council needs to put Burma on its formal agenda and then adopt a resolution calling for her freedom and the release of all political prisoners; for a process of national reconciliation with the democrats at the table; for U.N. and other international aid to flow directly to Burma's most vulnerable people, not through the corrupt bureaucracy; and for Mr. Annan to report back regularly on progress made on all these points.

The United Nations would enhance its own stature by associating itself with Burma's nonviolent democrats.

Three Of The Lucky Ones (WSJ)

The Wall Street Journal, August 9, 2006

The story of the North Korean refugees who received asylum in the U.S. last month has received little attention world-wide. But it's the first glimmer of hope for the tens of thousands of desperate North Koreans -- perhaps more -- who are hiding in northeast China.

The three refugees arrived in the U.S. directly from Shenyang, China, where they had sought refuge in the U.S. consulate. For those who follow the plight of the North Korean refugees, this is an extraordinary development. Until now, China had strictly enforced its policy of repatriating every refugee it tracks down and catches -- a policy that condemns returnees to the North Korean gulag, or worse. The fact that Beijing authorized the release to the U.S. of the three North Koreans hints that it might be reconsidering this inhumane policy.

Many North Koreans in China live as virtual slaves, sold to locals as "wives" or laborers. Others hide in forests and eke out a living off the land. It's a telling commentary on life in Kim Jong Il's workers' paradise that this doesn't stop desperate men and women from crossing the border. Those who eventually escape all the way to freedom do so via an underground railroad that ferries them thousands of miles across China to bordering countries and then, usually, on to Seoul, but now also to the U.S.

That's what happened to the first group of refugees who were granted asylum in the U.S. in May under the 2004 North Korean Human Rights Act. The four women and two men arrived here from an unnamed third country in Southeast Asia to which they had been shepherded by a South Korean Christian network.

It's too early to know how to interpret the Chinese move. Beijing could be making a one-time offering to President Bush, who pressed the subject when Chinese President Hu Jintao visited Washington in April. Or it could be sending a signal to Kim Jong Il, who undoubtedly recalls the East German exodus to West Germany before the fall of the Berlin Wall and fears his regime could be threatened if North Koreans similarly voted with their feet.

A more hopeful interpretation is that Beijing may be ready to live up to its obligations under the Convention Relating to the Status of Refugees, to which it is a signatory. China currently refuses to permit the United Nations to help the North Koreans in any way, or even to interview them.

The U.S. wants the U.N. to be able to set up temporary camps in China until the refugees could be transferred to third countries. Several nations -- possibly Mongolia, the Philippines, Thailand -- are willing to be transit ports, providing China does not object and the U.S. pays for it. From there most of the refugees could eventually go to South Korea, whose constitution requires it to accept defectors from the North. Human-rights and religious organizations are prepared to help in the resettlement process. Last year South Korea accepted 1,387 refugees.

The plight of the North Koreans in China is a humanitarian disaster. While Pyongyang bears ultimate responsibility for the abuse of its people, China acts as a facilitator. We hope it is finally willing to fulfill its obligations under international law to provide for the humane treatment of refugees. Until then, the North Koreans who just made it to the U.S. are three of the lucky ones.

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Miller, Charles S

From: Miller, Charles S
Sent: Wednesday, August 9, 2006 11:05 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory (CIV); Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 8/9/2006 Civil Division News

Judge puts US phone spying case on hold

Transcript: Pentagon extends Mori's posting to David Hicks case

Anthrax hearing delayed again

Lawsuits make us less safe (VICP)

How an Overachieving Law Professor Toppled the President's Terror Tribunals

AGENCE FRANCE PRESSE ENGLISH WIRE

August 9, 2006

Judge puts US phone spying case on hold

by Glenn Chapman

SAN FRANCISCO, Aug 8, 2006 (AFP) - A federal judge on Tuesday put on hold a domestic spying lawsuit against AT and T to allow time to consolidate dozens of such pending cases against telecom companies in a single US court.

US District Court Judge Vaughn Walker said during a hearing that he expected the stay of proceedings to last until late September or early October.

The judge went on to suggest that former Central Intelligence Agency director James Woolsey be

recruited to oversee handling of sensitive evidence once the litigation gets back under way.

Walker's ruling disappointed AT and T and US government lawyers who wanted the lawsuit halted indefinitely while they tried to convince an appeals court to throw the case out in the interest of national security.

The decision also fell short of what the Electronic Frontier Foundation (EFF) wanted, which was to continue apace with the suit it filed against AT and T in San Francisco federal court on January 31, 2006.

"It is a situation where neither side got exactly what they were asking for going in," EFF attorney Kurt Opsahl told AFP. "We certainly wanted to get going on things."

The EFF suit charged AT and T with helping to spy on millions of customers by sharing telephone and e-mail data with the US National Security Agency without proper legal authority.

Federal lawyers intervened before AT and T even responded in court to the charge.

Government attorneys urged Walker to reject the suit\l "l" on the basis that it was groundless and that its hearing could threaten national security by revealing how authorities gather intelligence.

Walker refused last month to toss out the case and US Department of Justice lawyers asked the Ninth Circuit Court of Appeals in Northern California to override the judge's decision.

The appellate court had yet to indicate whether it will consider the government's request, which rival attorneys expected would make its way to the US Supreme Court.

AT and T has neither confirmed nor denied sharing its customers' phone, e-mail and Internet records with authorities.

It said such a suit should be brought against the government itself and that the existing case was based on unsubstantiated media reports.

US Director of National Intelligence John Negroponte and NSA chief Keith Alexander have argued in court filings that a trial in the case could cause "exceptionally grave damage" to national security.

Walker countered in a ruling that the presidential power to squash cases in the name of "state secret" had limits.

"The compromise between liberty and security remains a difficult one," Walker wrote. "But dismissing this case at the outset would sacrifice liberty for no apparent enhancement of security."

US President George W. Bush authorized the collection of "one-end foreign" telephone calls and e-mails to "counter the Al-Qaeda threat," Negroponte indicated in court papers.

END

ABC Online (Australia)

August 9, 2006

Transcript: Pentagon extends Mori's posting to David Hicks case

Reporter: Leigh Sales

TONY EASTLEY: In a sign that David Hicks' case isn't likely to be resolved any time soon, the Pentagon has extended the posting of his military lawyer, Major Michael Mori, for another year.

The marine says he's happy to defend Australia's Guantanmano Bay detainee, although he admits he would like the chance to do something else, as he told National Security Correspondent Leigh Sales.

MICHAEL MORI: Well, obviously I'm happy to stay with David as long as possible. Obviously, I'm very disappointed that it's going on over three years.

LEIGH SALES: What would you have been doing if you weren't on this Hicks case?

MICHAEL MORI: Well, I don't know. I was hoping to get the opportunity to deploy to Iraq, or serve as a military judge, you know, opportunities that come. Hopefully they'll still be there for me when this is over.

LEIGH SALES: So is being involved with this case so long term having a detrimental effect on your career with the US military?

MICHAEL MORI: I wouldn't... I mean, it's hard to tell. You go... you've got a saying, you've got to bloom wherever you're planted and I came to this job and got assigned to David and I'm going to go at it as long as they let me, or at least until David's free.

LEIGH SALES: You're a United States marine, the most respected military code in your country, a very patriotic person.

David Hicks is somebody who's allegedly been affiliated with people who wanted to destroy your country and its values. You seem an unlikely person to have ended up as his staunchest ally.

Why have you ended up doing that?

MICHAEL MORI: Well, first of all, David has no animosity towards America, he probably has more in common with the Alabama National Guards outside his cell, than the individual locked up next to him.

And the issues revolving around David's situation are basic fundamental rights and protections that everyone deserves, and we give to everyone in our own countries, both in Australia and the United States - the most heinous criminal gets the most fundamental protections of due process and fairness, yet for some reason, we don't want to give that to David Hicks, who's not even charged with injuring anyone.

TONY EASTLEY: Military lawyer Major Michael Mori, speaking to Leigh Sales.

END

Marine Corps Times

August 08, 2006

Anthrax hearing delayed again

By Gayle S. Putrich
Staff writer

The second delay of an anthrax vaccination hearing will keep the question of mandatory shots for

members of the military up in the air for at least another month.

An Aug. 9 status hearing on the Doe vs. Rumsfeld case has been pushed back to Sept. 7, this time at the request of the judge. The hearing, in which the judge would ask questions and hear arguments from both sides without rendering a decision, was originally scheduled for June 27, but moved back at the request of the government without explanation.

Mark Zaid, an attorney for the six anonymous military and federal civilian plaintiffs in the suit, said he had no details on the reason for either of the delays.

The anthrax vaccine became voluntary in late 2004 when U.S. District Judge Emmet Sullivan shut down the mandatory program, ruling that the Food and Drug Administration had failed to properly license the vaccine.

The FDA issued a final rule certifying the vaccine for all types of anthrax, including inhaled, last December. The Pentagon then appealed not only to have Sullivan's injunction lifted, but to have the courts certify that the mandatory program had been legal all along.

In February, an appeals court dissolved the injunction but sent the case back to Sullivan to decide whether the mandatory program was legal.

END

Townhall.com

August 9, 2006

Lawsuits make us less safe (VICP)

By John Stossel

Imagine if an evil business routinely deprived us of products that would help us live longer with less pain and more comfort. We'd be outraged, and lawyers would line up to sue. Yet something similar happens today, thanks to lawsuit abuse. Makers of all kinds of products are afraid to sell them to us because one lawsuit could ruin them.

Personal-injury lawyers claim they make America safer, but that's a myth. It's easy to see who benefits from those big damage awards we read about. Less obvious -- but just as real -- are the things we'd all like to have but never will get because of this climate of fear. Here are a few examples.

Monsanto once developed a substitute for asbestos -- a new fire-resistant form of insulation that might save thousands of lives. But Monsanto decided not to sell it for fear of liability. Richard F. Mahoney, the CEO at the time, said, "There may well have been a safe, effective asbestos replacement on the market, and now there isn't."

Why do we have to worry about shortages of flu vaccine? Because only a handful of companies still make it. And why is that? Because when you vaccinate millions of people, some get sick and sue. Between 1980 and 1986, personal-injury lawyers demanded billions of dollars from vaccine manufacturers. That scared many American drug companies out of the business.

In 1986, Congress stepped in. To help curb the lawsuits that discouraged vaccine production, the government established a fund called the National Childhood Vaccine Injury Compensation Program. It would pay victims' families directly so they wouldn't have to hire lawyers and suffer the delays of litigation. This was supposed to entice vaccine makers back into production, but drug companies were still leery,

fearing that plaintiffs' lawyers would sue them anyway.

They were right to worry. Eli Lilly developed a mercury-based preservative called Thimerosal that was used in many children's vaccines. Plaintiffs' lawyers jumped on scaremongers' claims that mercury causes autism in children. Although a government-issued review found no such link, more than 100 autism lawsuits have been filed against vaccine makers since the National Childhood Vaccine Injury Compensation Act passed. No wonder most drug manufacturers still steer clear of vaccine research.

Even when new vaccines are discovered, drug companies are sometimes afraid to sell them. The FDA has approved a vaccine against Lyme disease. Want some? Forget about it. No company wants to take the risk.

Fear of being sued reduced the number of American companies researching contraceptives from 13 to two.

After scientifically groundless lawsuits against breast-implant makers bankrupted Dow Corning, Japanese silicone makers stopped producing a pain-reducing silicone coating for hypodermic needles. A company director said, "We're sure our product is safe, but we don't want to risk a lawsuit."

Union Carbide has invented a small portable kidney dialysis machine. It would make life much easier for people with kidney disease, but Union Carbide won't sell it. With legal sharks circling, the risk of expensive lawsuits outweighs the possible profit.

Are you pregnant and nauseous? Bendectin would probably cure your morning sickness. For 27 years doctors prescribed the drug to 33 million women because it was so good at stopping nausea and vomiting. But you can't buy Bendectin today because lawyers kept suing the manufacturer, Merrell Dow, claiming the drug caused birth defects.

Studies did not show that Bendectin caused birth defects, and Merrell Dow won most of the lawsuits. But after spending $100 million in legal fees and awards, the company gave up selling the drug. Bendectin has never been effectively replaced, and morning sickness is now a major contributor to dehydration during pregnancy.

Dr. Paul Offit, professor of pediatrics at the University of Pennsylvania School of Medicine, says, "Within two years of discontinuing Bendectin, the incidence of hospitalization for dehydration during early pregnancy doubled; the incidence of birth defects was unchanged."

Those are just some of the life-enhancing products we *know* we must do without because America's peculiar legal system makes it profitable for trial lawyers to pursue extortion -- like litigation. What wonderful products will we never even hear about because the lawyers have created a climate of fear?

END

Legal Times
08-09-2006

How an Overachieving Law Professor Toppled the President's Terror Tribunals

T.R. Goldman

Neal Katyal, hands clasped, back straight, feet flat on the floor -- his fidgeting thumbs the only movement

in his body -- faces a speakerphone in a near-vacant room, ready to moot.

Katyal, a law professor (and, hence, the antithesis of the standard big-firm luminaries of the Supreme Court bar), had already achieved his stunning Supreme Court victory, *Hamdan v. Rumsfeld*, nearly a month earlier. So a visitor might be forgiven if he were to grab Katyal by the collar, look straight into his bright and pleasant face, and exhort: "Neal, you won. It's over … . Stop mooting!"

Katyal, presumably, would pay you no mind. He mooted his Supreme Court case the day before his March 28 argument, a move so unusual among high court advocates that, says moot team student member Haven Ward, "it freaked everyone out."

In fact, he mooted his Supreme Court argument 15 times since the granting of cert on Nov. 17, 2005, honing his delivery skills along the way with lessons from Joshua Karton, a Los Angeles-based actor who teaches lawyers how to improve their physical presence, "to have a conversation with the justices, not an argument," Katyal explains.

And though Katyal was steeped in the law he was arguing, he was not everyone's first choice. He asked a prominent law professor for advice. "My real advice to you is to give up the argument," he was told.

"Neal was in a place where he didn't want to be underprepared," notes Stephen Vladeck, a professor at the University of Miami School of Law and a key moot participant. "And the best sort of means of ensuring that you're not underprepared is to be overprepared."

And so, on a sweltering July day, in a conference room at Georgetown Law Center, where Katyal, 36, is a tenured professor, he was spending an hour mooting his upcoming testimony before the Senate Armed Services Committee.

"Hey, guys, it's Neal," says Katyal into the speakerphone to his five student mooters, with a mien so calm and affable he could be your local pharmacist or grocer.

Katyal had never argued before the high court, but in *Hamdan* he literally took on George W. Bush, arguing that the military commissions the president established to try the Guantanamo Bay Naval Base detainees -- including his client, Salim Hamdan, a former driver for Osama bin Laden -- were illegal. The Court, in a 5-3 decision written by its senior justice, John Paul Stevens, agreed.

It was a complex case that stretched back three years, implicating not only the limits of executive power but delving into the nature of the interrelationship of all three branches of government.

"I know what I told Neal three years ago. I thought it was unwinnable," says Katyal's Yale Law School professor, Akhil Amar, who first met Katyal in 1992 and calls him "the most memorable student I've ever had."

Katyal first argued the case Oct. 25, 2004, before Judge James Robertson of the U.S. District Court for the District of Columbia and won. Robertson was reversed by a three-judge panel of the U.S. Court of Appeals for the D.C. Circuit, which included soon-to-be Supreme Court Chief Justice John Roberts Jr. Finally, he won again when the Supreme Court announced its decision June 29. (Because he ruled at the appellate level, Roberts recused himself from the case.)

In the Georgetown conference room, Katyal polishes off his moot in an hour, while three students playing an unusually bright group of "senators" critique his five-minute opening statement, throwing question after skeptical question back at him. "What do you think my best points are -- if any?" Katyal asks, his seeming self-effacement hard to reconcile with his command of the subject.

If the moot helped, there was scarcely anybody at the next day's hearing -- on possible congressional responses to *Hamdan* -- to notice. Katyal was on the second panel, and when he delivered his testimony at noon, the only senators present in the Russell Building's regal Caucus Room were Committee Chairman John Warner, R-Va., and ranking member Carl Levin, D-Mich. Still, Katyal appeared to be fine-tuning his address throughout the morning.

"It's the first time I've ever laid eyes on him," said Warner, 79, when asked about Katyal after the hearing. "But he speaks with conviction, and I loved the phrase 'The last thing in the world I ever wanted to do was sue the president.'"

THE BRIGHTEST STAR

Lt. Cmdr. Charles Swift, an intense and talkative Navy JAG and Katyal's co-counsel in *Hamdan* -- a man everyone seems to feel comfortable calling Charlie -- remembers his first meeting with Katyal, in the spring of 2003. "I'm sure Neal thought his meeting with a bunch of military lawyers would be unproductive. We, on the other hand, thought, We're about to meet an egghead who doesn't have a clue how the world works."

And it's true that Katyal's pedigree has been almost entirely academic: a private Catholic boys school in Wilmette, just north of Chicago; a national reputation as a champion high school debater; Dartmouth College, followed by a year coaching the Dartmouth debate team; then Yale Law School, from which he graduated in 1995.

His law school internships each summer could not have been more propitious. Summer No. 1: a legal intern in the office of Vice President Al Gore. Summer No. 2: a legal intern in the Office of the Solicitor General. Katyal spent his third summer at Washington's Hogan & Hartson, where he worked specifically for Supreme Court litigator and now-Chief Justice Roberts. ("'Go work for John G. Roberts,'" Katyal says he was told by Miguel Estrada, an assistant solicitor general when Katyal worked in the office. "'The G,' Estrada added, 'is for 'God.'")

After law school, Katyal spent two years clerking, first for Guido Calabrese, the former Yale Law School dean who had recently been named a judge on the 2nd U.S. Circuit Court of Appeals, then for Supreme Court Justice Stephen Breyer. "It was nonstop typing all day," says Carolyn Shapiro, who clerked with Katyal and shared an office with him. "He'd just zoom in and pound out stuff," adds Shapiro, now a law professor at Chicago-Kent College of Law.

Katyal's 1996-97 Supreme Court term was a banner year, with 80 signed opinions, including *Clinton v. Jones* (a sitting president could be sued), *Printz v. United States* (imposing limits on the federal government's authority), and *Washington v. Glucksberg* (no constitutional right to have a physician help you die).

At age 27, just after his Breyer clerkship, Katyal joined the law school faculty at Georgetown, a job he deferred until the fall of 1999 so he could be the adviser for national security affairs in the Clinton Justice Department.

Katyal was recommended for the DOJ job by Kumiki Gibson, the former Gore counsel whom Katyal got to know during that first summer internship.

Katyal was the point person at the DOJ during the year in which the independent counsel statute, which gave Bill Clinton investigator Kenneth Star his job, was set to lapse. Katyal and a small team crafted the attorney general's special counsel regulations that are now on the books. "Laws like the independent counsel statute are a real interference with the clean lines the Founders intended," Katyal says.

During his 18 months at the DOJ, where in his national security role he had his first experiences with military lawyers, Katyal also worked his way through the legal conundrum of how the United States could return to Pakistan several hundred million dollars for 28 F-16s that Pakistan paid for in 1989 but never received. "I enjoy figuring my way out of a maze," says Katyal. "If somebody says we can't do x or y, I like figuring out a way to do x or y."

"It was a funny thing," he muses. "An Indian figuring out a way to give money back to Pakistan."

A FUNKY KINDA DUDE

Katyal's parents emigrated separately from India's Punjab region in the early 1960s, and while Katyal

rarely wears his Indian roots on his sleeve, he does not consciously cover them up, either. His parents did not know each other before they returned to India in 1968 for an arranged marriage. Katyal, following Hindu tradition, arrived at his own wedding in New York state on a horse.

The elder Katyal, who died after Neal took the *Hamdan* case but before it reached the Supreme Court, was a petroleum engineer; his mother is a pediatrician.

It was a relatively secular household, as were many Hindu households in that first wave of Indian immigrants to the United States. But it was socially conscious. "My father was very invested in politics -- he loved to watch the news, to think about what was going on in the world," says Katyal's only sibling, Sonia Katyal. "He treated Neal and I like adults."

Katyal says he was never drawn to litigation as a career, but he is not a model of the cloistered academic, either.

He's an indie-music fan whose students make him CD compilations and a regular at the 9:30 Club in the District's U Street corridor. Katyal just started writing a wine column for *The Indian-American* magazine. He's also written for *Slate* and other mainstream publications. He gave an interview to the relatively hip Web site *dcist*, which chronicles the local political, sports and arts scenes, noting that he celebrated his Supreme Court victory by drinking a Belgian beer, Leffe Brune.

And he pulled six minutes recently on "The Colbert Report," fending off questions like, "How old were you when you said to yourself, 'I am taking this country down?'" by responding with a lecture on the principle of rule under law.

He is surrounded by the law; while his wife is a doctor, his brother-in-law is Jeffrey Rosen, a journalist for *The New Republic* and a George Washington University law professor. His sister is a law professor at Fordham University.

For the past year and a half, Katyal's also been represented by International Creative Management's lecture department, alongside about 100 other people, ranging from Alan Alda to Frank Gehry to Pete Hamill to Patti LaBelle. "I'm probably the last person on their Web site," he says dismissively, adding that so far he's gotten only a handful of lectures from the deal, although he now expects the speaking gigs to pick up, perhaps considerably.

As might the hate messages, which Katyal says are often no more than expletive-laden rants accusing him of siding with the enemy. For every one piece of hate mail, however, "there are 10 supportive e-mails from [American] troops, saying, 'Thank you for defending me and my cause, because if I'm caught in some other country, what's going to save me from a beheading, except for the fact that the U.S. plays by rules,'" Katyal says.

In the Indian-American community, Katyal is already a hero. A lengthy profile last fall in *Indian Life and Style* magazine describes Katyal like this: "Belying his over-six-foot frame, muscular build and an authoritative Greco-Roman nose, Katyal speaks surprisingly softly even on issues he feels passionately about." Says Katyal, who is 5 feet 10 inches: "It was ridiculous. My mom didn't even believe everything in there."

A BIG-DEAL REQUEST

If Katyal was looking for a maze to master, *Hamdan* was it. The case was intensely political, and for someone with possible aspirations to return to a Democratic administration, ideally as the national security adviser, representing bin Laden's driver didn't make any sense. The case was notably complex, as well.

"We were out there on questions of law," notes Joseph McMillan, a partner in Seattle's Perkins Coie who was integrally involved in the case. "We're citing commentaries to the Geneva Convention and Winthrop's 'Military Law and Precedents' from 1920," says McMillan. "This was not a case where there was a

well-developed body of precedent."

Hamdan, in fact, dealt with six specific areas of law, explains Amar, the Yale Law School scholar: "Habeas, retroactivity, military justice, jurisdiction-stripping, the law of war, and international relations and the Geneva Convention -- each of which is not even taught in most law schools."

Katyal says that when he first read the White House news release announcing the establishment of the military commissions, he thought it was a hoax. "I'm a presidential deferentialist, but I went into my classroom and said, 'Hah. I've found something that's totally unconstitutional.'"

He wrote a *Yale Law Journal* article with Harvard law professor Lawrence Tribe in April 2002, arguing the commissions were illegal, and in early 2003, got in touch with the Office of Military Commissions' then-acting chief defense counsel, Col. Will Gunn.

"Neal made me aware of the law review piece and told me he just wanted to be of assistance," recalls Gunn, who retired from the Air Force last year and is now president of the Boys and Girls Clubs of Greater Washington. Civilian lawyers are permissible under the commission rules.

Gunn, in turn, put two of his defense counsel, Lt. Cmdr. Swift and Lt. Cmdr. Philip Sundel, in touch with Katyal. They hit it off.

Things really got rolling in November 2003, when the Supreme Court granted cert in *Rasul v. Bush*, the case that would determine whether the Guantanamo detainees could sue in U.S. court.

Swift says the day cert was granted, he got a call from Katyal. "'Dude, you're not going to believe this; they got cert. We have to file a [amicus] brief,'" says Swift, recalling his conversation with Katyal.

At that time, none of the commission defense counsel had even been assigned clients. But they had potential clients, and early on, it was clear the first step in representing those clients was to challenge the legality of the commissions themselves. And they knew a bad decision in Rasul could preclude that option.

Their gambit: In a Nov. 24, 2003, letter, five defense counsel, including Swift and Sundel, told Gunn's superior, Department of Defense Deputy General Counsel Paul Koffsky, that they planned to retain Katyal in one week as a civilian counsel in order to file an amicus brief in the Rasul case. It was, says Gunn, "a big-deal request. We were a brand-new office, and we were assigned to the office of the [DOD] general counsel, which doesn't have a history of taking positions contrary to the interests of the U.S."

The tactic worked, and permission was granted to file the amicus "if you determine that such a course of action is necessary for the zealous representation of clients of your office," Koffsky wrote Gunn on Dec. 30, 2003.

On June 28, 2004, almost two years to the day before *Hamdan* was decided, the Supreme Court ruled that the Guantanamo detainees could file habeas petitions in federal court. "The deal was done in the letter of Nov. 24, when they cc'd Neal Katyal," says Gunn. Adds Swift, "If they had tried to shut us up, Neal would have continued."

Katyal never left, however, eventually becoming Hamdan's civilian co-counsel and ultimately managing a case that had 45 law firms working on about as many amicus briefs. He mooted the case up and down the East Coast, spending one $15,000 grant and several tens of thousands of dollars more of his own money (each of the five round-trip flights to Guantanamo Bay to talk with Hamdan, for example, ran $800).

And he continued to work with Karton, the California advocacy expert. "I'd built up a sort of formality, a lot of layers, that weren't conducive [to a court presentation]," Katyal explains. "Josh talks very slowly, and he looks you right in the eye, and he says, 'Tell me the argument you want to make to the justices -- and hold my hand while you do it.'"

On July 4, five days after the high court's ruling, Katyal and Swift flew to Guantanamo to explain the decision to Hamdan, a Yemeni national with a fourth-grade education. "I was going over the case with him and I said, 'In 50 to 100 years, law students will be reading this case and reading your name.'"

Katyal, who says he never quotes Hamdan directly because the Department of Defense might think his client is passing on coded messages, says Hamdan's response was something like this: "Maybe I'll change my name. I just want to go home."

END

Gorsuch, Neil M

From: Gorsuch, Neil M
Sent: Wednesday, August 09, 2006 11:39 AM
To: 'Karan_Bhatia@ustr.eop.gov'
Subject: Re: Contact Information

Thanks for the kind email, Karan. I'm very sorry to have slipped out of town wo a proper goodbye, but to the Senate's credit it acted rather more promptly than I had expected. And my new colleagues had certain expectations about my participation in arguments as early as next month...

I will be in dc from time to time facilitating the family's move and I'd love to see you then. Likewise, if ever you find yourself headed this way I hope you will look us up. You and Sara are great friends and I'd like it to stay that way for life, distance notwithstanding. Please do give my love to Sara.

All the best, Neil

-----Original Message-----
From: Karan_Bhatia@ustr.eop.gov <Karan_Bhatia@ustr.eop.gov>
To: Gorsuch, Neil M; ngorsuch@hotmail.com <ngorsuch@hotmail.com>
Sent: Tue Aug 08 22:17:23 2006
Subject: RE: Contact Information

Neil - I feel awful! I'd meant to take you out to lunch, or have you and Louise over to the house for a long-overdue dinner, and now you've gone and split town. I'm so sorry that we missed you, but I am so delighted for you (and the country!) that your nomination worked out so smoothly. Sara and I will do our best to get to Denver to check up on you all, and I do hope that we get to see you occasionally back East (that is, until the permanent move back here to take that Stevens slot...) Our very best to you, Louise and the girls - K.

-----Original Message-----
From: Neil.Gorsuch@usdoj.gov [mailto:Neil.Gorsuch@usdoj.gov]
Sent: Thursday, August 03, 2006 9:32 AM
To: Neil.Gorsuch@usdoj.gov
Subject: Contact Information

Dear Friends,

As many of you know, tomorrow is my last day in the office at DOJ.
Though I expect to visit DC from time to time in coming weeks to facilitate The Move, I am headed to Colorado Saturday morning. Louise and I will miss those of you here and very much hope you will keep in touch. Please do be sure to look us up whenever you're headed to God's Country. You are always welcome in our home. My contact information follows --

For the balance of the month, I am perhaps best reachable by cell (202) 532-5384. My DOJ email will also remain operational until the end of August (neil.gorsuch@usdoj.gov)

also remain operational until the end of August (neil.gorsuch@usdoj.gov).

My new contact information at the court house will be:

U.S. Court of Appeals for the Tenth Circuit Byron White Court House 1823 Stout Street Denver, CO 80257

chambers phone: (303) 335-2896
chambers email: Judge_Neil_Gorsuch@ca10.uscourts.gov Home email: ngorsuch@hotmail.com

Louise and I thank each of you for your continuing friendship and support.

Warm wishes,

Neil Gorsuch

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, August 10, 2006 8:28 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, August 10, 2006
Attachments:	agnb060810.pdf; agnb060810.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, AUGUST 10, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

UK Police Disrupt "Major Terrorist Plot" To Bomb US-Bound Airliners....4
Three Of 11 Missing Egyptian Students Arrested....4
Two Michigan Men Arrested In Ohio On Terrorism Charges..5
Georgia Terror Suspect Pleads Not Guilty....5
Pentagon Counterintelligence Office Director, Deputy To Resign....5
Judge Rejects Prosecution Motion For Anonymous Jury In Hamas-Funding Trial....6

Homeland Response:

Georgia Considered For Site Of National Bioterror Lab....6
Intern At Federation Of American Scientists Develops Own Version Of Ready.gov....6
9/11 Hero Turns Up After Seeing World Trade Center Commercial....6
Contractors That Won Major Katrina Work Chosen To Handle Future Disasters....6

War News:

Both Parties Increasingly "Unsettled" On Iraq, War On Terror..7
Three Soldiers Killed, Two Missing In Anbar....7
Problems Remain Among Iraqi Police Force Officers....8
Arrests Made In Kidnapping Of Journalist Carroll....8
Platoon Leader Expected To Face Charges In Hamdaniyah Killing....8
Parliament Panel Says British Troops Need Essential Supplies....8
Witnesses Say Ex-CIA Contractor Harshly Beat Afghan Detainee....8
Taliban Reportedly Kills Woman And Son, Calling Them Spies....8
Kabul Power Problems Stoke Anger At Karzai....9
Navy Considers Refueling Ships In Yemen....9
Ex- Army War College Commander Calls For Improved Infantry....9

Corporate Scandals:

US Charges Three Ex-Comverse Officials In Options Probe...9
Fannie Mae Believes It Has Found Last Of Accounting Errors....11
SEC Proposes Postponing Deadline For Accounting Safeguards....11
Imax Stock Value Falls Amid SEC Probe....11
GTSI Cites Errors In Revising Earnings Results....12
SEC Moves To Loosen Sarbox Rules For Foreign Companies....12

Criminal Law:

Internal House Probe Reveals Cunningham Abuse....12
US Seeks Death Penalty In New York Kidnap-Murder....12
Three Memphis Police Officers Charged With Stealing Drug, Money....13
FBI Says Porn Sweeps Off To "Good Start."....13
Transportation Department Computer With Personal Data On Over 100,000 Stolen....13
Nicholson Announces Credit Protection For Veterans....14
Judge Inclined To Deny DeVecchio Motion To Try Case In Federal Court....14
FBI Suspects "Copycat Sniper" In Northern Indiana....15
Jury Deliberations Begin In Minnesota Bribery Trial....15
Oklahoma Man Sentenced To Five Months In Prison For FEMA Relief Fraud....15
Missouri Trio To Plead Guilty To Stealing Funds From Money Transfer Company....15
Navy Officer Charged In Espionage Scheme....16
2nd Circuit Rejects Bright Line On Jury Instructions....16
Treasury Employee Charged With Passing Partially Printed Bills....16

Another Indiana Sniper Attack Reported 16
North Carolina Creates Commission To Review Death Penalty Convictions 17
Virginia Man Sentenced To 30 Years For Killing College Student 17
First DC Crime Cameras To Be Set Up This Week 17

Civil Law:

DOJ Probes Alabama Bank's Automobile Lending Practices 18
House Members Back Senate Whistleblower Protection Amendment 18
Google To Continue Storing Search Requests 18
Jury Awards $10.3 Million Verdict In Asbestos Case 19
Kaiser Faces $2 Million Fine Over Kidney Program 19

Civil Rights:

Judge Denies Challenge To Mississippi School Desegregation Settlement 19
Georgia Election Official Expects McKinney Election Challenge 19
Study Finds Harassment, Discrimination Damaging Arab-Americans' Mental Health 20
NYTimes Decries Missouri's Voter ID Requirement 20

Antitrust:

Apotex Says Bristol-Myers, Sanofi Misplayed Plavix Defense 20
Georgia PSC Asked To Restrict Terms Of AT&T-BellSouth Merger 21
FTC Clears Blackstone Buyout Of Encore Medical Corp 21
Judge Orders Sempra To Turn Over Trader Tapes 21

Environment:

BP Officials Were Warned About Corrosion 22
US Charges Citgo With Clean Air Act Violations 23
US Expands Bird Flu Testing Nationally 23
Gore Accused Of Doing Little To Reduce Global Warming .. 24
WPost Says Congress Should Fund Potomac Snakehead Management 24

FBI/DEA/ATF/USMS:

IG Report Clears FBI In Death Of Ojeda Rios 24
Former SAC Goes On Trial For Allegedly Lying About Relationship With Informant 24
In Tennessee, Indictment Reveals More Details In Marijuana-Trafficking Investigation 25
Father And Son Plead Guilty In Kentucky OxyContin Case 25
Los Angeles Police Chief Defends Drug-Use Policy Change For Recruits 25
Zero-Tolerance School Discipline Policies Said To Be "Backfiring." 25
Survey Indicates Small Percentage Of Teens Use Internet To Buy Alcohol 25
UN Report Expected To Show Opium Poppy Cultivation Increase In Afghanistan 26
Coble Bill Said To Hinder ATF's Ability To Curb Illegal Gun Sales 26
Man Wanted For Raping Child In Massachusetts Captured In Louisiana 26

Immigration:

Gonzales Issues New Rules For Immigration Judges 26
AFL-CIO Reaches Deal With Day Labor Association On Labor Rule Enforcement 27
Immigration Reform Protests May Unify Hispanic Voting Bloc 28

Congress-Administration:

Group Seeks Review Of NIH Researcher's Drug Company Ties 28
Bush's "100-Degree Club" Described 28
Air Force Memorial To Be Dedicated October 14 29
Herbert Says GOP "Deceit" Is Orwellian 29

Other News:

Stocks Fall Despite Fed Decision To Leave Interest Rates Unchanged 29
Cuban Americans, Analysts Question Proposed Cuba Policy Changes 29
Lieberman Files To Run As An Independent As Democrats Coalesce Around Lamont 30
Tuesday's Primaries Said To Reveal Unfriendly Terrain For Incumbents 34
McKinney Contends Crossover GOP Vote Defeated Her 34
GOP Seen As Facing Serious Risk In DeLay's Old Seat 35
Five Candidates File Papers To Challenge Jefferson 35
Ehrlich Aide Says Firings Were Not Based In Party ID 35
Colorado Initiative To Limit Judges' Terms Noted 35
Ornstein Suggests Mandatory Voting To Increase Turnout ... 36
WSJournal Says Walberg Won In Michigan On Economic Issues 36
France May Counter US Lebanon Position With Its Own Security Council Resolution 36
Israeli Cabinet Votes To Expand Ground Offensive 38
In Bid To Boost Imports, Gutierrez To Lead Trade Delegation To China 39
Rice Promoting More "Agile" Foreign Service Corps 39

DOJ_NMG_0045807

Mexican Electoral Officials Begin Partial Recount Of Presidential Ballots 40
Kyrgyzstan Turns Over Political Refugees To Uzbekistan 40
Hardliner Expected To Replace Koizumi As Japanese Prime Minister 40
Libya Settles Lawsuit With DC Water Authority 41

The Big Picture:

Headlines From Today's Front Pages 41

Washington's Schedule:

Today's Events In Washington 42

DOJ_NMG_0045808

TERRORISM NEWS:

UK Police Disrupt "Major Terrorist Plot" To Bomb US-Bound Airliners. The Washington Post (8/10, Barbash, 748K) reports on its website, "British authorities said today they had disrupted a 'major terrorist plot' to blow up flights between the United Kingdom and the United States. In response, both Britain and the United States issued alerts for heightened security on all flights between the two countries." The AP (8/10) says that as he raised the threat level for UK-US flights, DHS Secretary Michael Chertoff said in a statement, "We believe that these arrests have significantly disrupted the threat, but we cannot be sure that the threat has been entirely eliminated or the plot completely thwarted. … To defend further against any remaining threat from this plot, we will also raise the threat level to high, or orange, for all commercial aviation operating in or destined for the United States." However, Chertoff added, "currently, there is no indication...of plotting within the United States."

BBC News (8/10) reports on its Web site, "It is thought the plan was to detonate explosive devices smuggled on aircraft in hand luggage. Police have arrested about 18 people in the London area after an anti-terrorist operation lasting several months. Security at all airports in the UK has been tightened and delays are expected. MI5 has raised the UK threat level to critical -- the highest possible." BBC notes, "Prime Minister Tony Blair is on holiday in the Caribbean, but Downing Street said the police operation was undertaken with his full support and he has been 'in constant touch'. A spokesman for Number 10 added that Mr Blair had briefed US President George Bush on the situation during the night." The AP (8/10, Kirka) adds UK Home Secretary John Reid "said the alleged plot was 'significant' and that terrorists aimed to 'bring down a number of aircraft through mid-flight explosions, causing a considerable loss of life.'" The AP also notes Blair "had briefed President Bush on the situation overnight, Blair's office said."

The Los Angeles Times (8/10, Stobart, 918K) reports, "A massive security operation has since begun at all British airports, and a Transport Department advisory said all baggage must be carried in the hold, not in the cabin. Passengers may not carry items even in their pockets…but will be allowed to carry aboard a transparent plastic bag containing a few items, such as wallets, travel documents and spectacles. … Passengers were advised to expect meticulous hand searches and delays of up to five hours for all flights leaving the country. Delays could be longer for flights to the United States." On its website, the Financial Times (8/10) notes "the news sparked a sharp fall in London stocks, with the FTSE 100 index of blue-chip stocks down more than 100 points in early trading."

The Seattle Times (8/10, 217K) reports DHS "banned all liquids from being carried onto flights. The plot was believed to have involved smuggling explosive devices on board aircraft in hand luggage, police said. It was likely to target flights from Britain to the US, police said."

Bloomberg (8/10) notes "today's arrests follow the return of an American Airlines Inc. flight to Boston from London on Aug. 7 to Heathrow Airport after takeoff due to an unspecified security issue. Four passengers detained by the authorities were later released after being questioned."

Plotters Planned To Smuggle Explosives In Hand Luggage. A story appearing on the UK Guardian (8/10) reports, "Police have revealed how terrorists were intending to cause death and destruction on UK airlines. A Scotland Yard spokesman said: 'It is believed that the aim was to detonate explosive devices smuggled on board the aircraft in hand luggage.'" Meanwhile, "It is believed the covert investigation had been going on for several months and it is understood that officers made the arrests overnight, not because they feared an attack was likely to happen on Thursday but for other intelligence reasons which meant they had to act quickly."

Three Of 11 Missing Egyptian Students Arrested. NBC Nightly News (8/9, story 5, 1:20, B. Williams, 9.87M) reported, "It appears tonight the case of 11 young men lost in America -- or maybe deliberately missing -- has just about been solved." NBC (P. Williams) added, "The students came here to get a lesson in American culture. What they are learning about is post 9/11 security. … Three were picked up today…one in New Jersey who got lost and called the police. In the past three years since the US began tracking these violations, more than 7,000 have been reported -- nearly 1,300 of them are unresolved." ABC World News Tonight (8/9, story 6,Gibson, 8.78M) noted, "The FBI would

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not say why the three vanished, but said they pose no threat. And they're looking for the eight other men."

CNN (8/9, Phillips, 1:29 p.m.) reported that the FBI "actually issued a nationwide BOLO for 11 Egyptian students," and "we understand there has been one arrest now." CNN (Meserve) added that FBI and DHS "did not think these 11 had ties to criminal or terrorist activity but advising caution when law enforcement saw them and approached them. Clearly find them has been something of a priority."

The Washington Post (8/10, A16, Eggen, Hsu, 748K) reports, "The episode is the latest in a series of cases…in which the FBI and other law enforcement agencies have gone to great lengths to locate individuals even when there is no clear evidence of a threat. 'In the post-9/11 world, the rules have changed,' Special Agent Richard Kolko, an FBI spokesman, said in a statement about the case earlier this week. … Federal officials said they never sought to make the search public," and ICE spokesman Dean Boyd said, "We've been talking to people around the globe, and at this point we have not turned up any evidence of ties with any known terrorist or criminal organizations."

The AP (8/10, Aamot) notes, "Eslam Ibrahim Mohamed El-Dessouki, 21, was taken into custody in Minneapolis on an immigration violation. Two other students -- Mohamed Ragab Mohamed Abd Alla and Ebrahim Mabrouk Moustafa Abdou, both 22 -- surrendered to police in Manville, N.J., after hearing media reports that they were wanted, FBI spokesman Steven Siegal said. Eight students remain at large," but they "pose no terrorism threat, the FBI said."

ICE Deploys Seven New Fugitive-Hunting Teams. The Washington Times (8/10, Seper, 88K) reports, "U.S. Immigration and Customs Enforcement (ICE) yesterday said seven new fugitive-operations teams are now functioning in Atlanta; Houston; Los Angeles; Newark, N.J.; Phoenix; Raleigh, N.C.; and Washington." DHS Assistant Secretary Julie L. Myers "said the new teams bring to 45 the number of fugitive-hunting operations nationwide. 'The United States is a land of opportunity, but it is also a nation of laws,' said Mrs. Myers. … 'The addition of these new fugitive teams increases ICE's ability to aggressively pursue immigration violators as part of our nationwide interior-enforcement strategy.'"

Two Michigan Men Arrested In Ohio On Terrorism Charges. In a widely-distributed story, the AP (8/10) reports, "Investigators in southeast Ohio said they were working to unravel how two Michigan men charged with supporting terrorism came to have airplane passenger lists and airport security information." Osama Sabhi Abulhassan and Ali Houssaiky of Dearborn "were being held…on $200,000 bond each, which could be raised at a Thursday afternoon court hearing. Deputies stopped the two on a traffic violation Tuesday and found the flight documents along with $11,000 cash and 12 phones in their car." The AP notes, "FBI spokesman Mike Brooks in Cincinnati said his office was investigating. Abulhassan and Houssaiky admitted buying about 600 phones in recent months at stores in southeast Ohio, said sheriff's Maj. John Winstanley. They sold the phones to someone in Dearborn, Winstanley said."

Georgia Terror Suspect Pleads Not Guilty. The Atlanta Journal-Constitution (8/10, Torpy, 399K) reports, "Ehsanul Islam Sadequee's long, strange journey over two continents brought him back to Atlanta on Wednesday and into federal court. … The hearing was brief, and Sadequee spoke just three times, answering 'yes' to prosecutor Katherine Monahan when she asked him questions, including if he was going to plead not guilty." The Journal-Constitution notes, "Sadequee and former Georgia Tech student, Syed Haris Ahmed, are accused of traveling to Canada in March 2005 and meeting with others to discuss 'violent jihad.' … Each faces four felony charges, including conspiracy to provide material support to terrorists."

Meanwhile, the AP (8/10, Weber) reports Sadequee defense lawyer Don Samuel "said Wednesday he will challenge his client's pretrial detention after he receives more information in the case." Samuel "told U.S. Magistrate Judge C. Christopher Hagy that he needs documents and other materials to help make his argument for bond." Outside court, Samuel told reporters Sadeqee is "reading the Quran, studying. He's trying to make do with the terrible conditions in the U.S. penitentiary." The AP notes, "While the indictment discusses meetings, conversations and training exercises, nowhere does it say the two men obtained or tried to obtain weapons or explosives to commit terrorism."

Pentagon Counterintelligence Office Director, Deputy To Resign. The Washington Post (8/10, A4, Pincus, 748K) reports the director and deputy director of the Counterintelligence Field Activity, the Pentagon's "newest intelligence agency whose contracts based on congressional earmarks are under investigation by

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the Pentagon and federal prosecutors," will resign at the end of the month. Director David Burtt II said he and deputy Joseph Hefferon would depart. A Pentagon spokesman "confirmed they were leaving and said it was 'a personal decision that they both made together.'"

Judge Rejects Prosecution Motion For Anonymous Jury In Hamas-Funding Trial. The Chicago Tribune (8/10, Bush, 623K) reports, "A federal judge in Chicago on Wednesday denied prosecutors' request to seat an anonymous jury in the trial of a Bridgeview man charged with funneling money to the Palestinian group Hamas, which the U.S. has labeled a terrorist organization. U.S. District Judge Amy St. Eve ruled that prosecutors failed to show Muhammad Salah and his co-defendant, Abdelhaleem Ashqar of Virginia, are likely to intimidate or harass jurors. 'The mere invocation of the word "terrorism," without more, is insufficient to warrant such an anonymous jury,' St. Eve wrote." The Tribune notes Salah lawyer Michael Deutsch "said that he…expects to ask St. Eve to postpone Salah's October trial because of fighting in the Middle East."

HOMELAND RESPONSE:

Georgia Considered For Site Of National Bioterror Lab. The Atlanta Journal-Constitution (8/10, Woods, 399K) reports two sites at the University of Georgia in Athens have made" the first cut in a competition to become a stronghold in the federal government's defense against bioterrorism and pandemic diseases." The US Department of Homeland Security has included the two properties "on a list of 18 potential sites in 11 states for what is called the National Bio and Agro-Defense Facility, a research center that would be a top lab for fighting biological threats to national security." However, the newspaper notes that Georgia faces "stiff competition" from a number of states with "formidable economic and political muscle" that also made the cut Wednesday, including Texas, North Carolina and California. The Department of Homeland Security expects to narrow the list by the end of the year and select a site by 2008. The facility could open by 2013.

Intern At Federation Of American Scientists Develops Own Version Of Ready.gov. The Washington Post (8/10, A21, Goldfarb, 748K) reports Emily Hesaltine, an intern at the Federation of American Scientists, has developed her own version of DHS' Ready.gov "that the federation calls significantly improved." The Post adds that since February 2003, Ready.gov "has been lampooned for what critics said were obvious or dubious suggestions. Hesaltine set out to examine the site's flaws, by consulting emergency preparedness research and experts at the federation and elsewhere, and create a more comprehensive, accurate and easy-to-understand version, ReallyReady.org, which went live last week. The site's main problems, her analysis said, 'include generic advice, unnecessarily lengthy descriptions, and verbatim repetition of details on multiple pages, all encapsulated within a confusing navigational structure.'"

9/11 Hero Turns Up After Seeing World Trade Center Commercial. ABC World News Tonight (8/9, story 13, 2:10, Gibson, 8.78M) reported Jason Thomas, a "real-life person portrayed" the movie World Trade Center, has been identified after nearly five years. ABC (Weiner) added that Thomas was an "ex-Marines who ignored orders to keep out of the scalding rubble of the Twin Towers and found two trapped policemen." He had "disappeared" until last week when he saw a commercial for the movie. Thomas: "I see the two Marines walk over to the hole. And I said, that's us."

Contractors That Won Major Katrina Work Chosen To Handle Future Disasters. The Washington Post (8/10, D1, Witte, Hsu, 748K) reports FEMA announced yesterday that Bechtel Corp., CH2M Hill Cos., Fluor Corp. and Shaw Group Inc., which, the Post reported Wednesday, "received controversial no-bid contracts to house Hurricane Katrina evacuees last September," will earn "up to $250 million apiece to do similar work after future disasters, the Federal Emergency Management Agency said yesterday." Yesterday's contracts were "after a bidding process," and Deidre Lee, FEMA's deputy director of operations and chief acquisitions officer "stressed…that winners were chosen because they offered the best combination of price and capacity to do the work." However, "some questioned why the same four companies that received the no-bid Katrina work also won most of the work this time around."

The AP (8/9, Yen) reported FEMA Director David Paulison said the new contracts, also awarded to Partnership for Temporary Housing and Disaster Solution Alliance, "will go a long way toward ensuring the federal government is

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prepared and can act quickly." The AP added, "Some of the companies have strong political and government ties, and Homeland Security inspector general Richard Skinner has been reviewing the propriety of the contracts, with a report expected in October."

Storm Victims In Louisiana Waiting On "Road Home" Funds. The AP (8/9, Deslatte) reports, "More than 11 months after Hurricane Katrina, Louisiana's 'Road Home' housing-aid program for victims of Katrina and Hurricane Rita has yet to come through with money for…the roughly 100,000" applicants. "it could be more than two years before the last of the money is handed out." The AP adds that most of the funding for the program was "caught up in disputes over the costs of the Iraq war and other spending" and "had to run a gantlet of additional state and federal approvals." However, "State officials hope the housing aid will start flowing before the end of August."

Brookings Says New Orleans' Recovery From Katrina Mixed. The AP (8/10, Sayre) reports in a report on New Orleans' recovery from Hurricane Katrina released Wednesday, the Brookings Institution says the city has seen "a turnaround in the housing market and increased tourism and business travel," but has unemployment rates above pre-Katrina levels. "'This may mean that a good portion of the new workers in the labor force are returning residents entering the job market and not having much luck,' the report said. Education and health services have been the biggest losers, with a combined loss of 32,600 jobs — or 41 percent of the pre-Katrina count." Brookings said affordable housing "is key to the city's recovery."

WAR NEWS:

Both Parties Increasingly "Unsettled" On Iraq, War On Terror. The Christian Science Monitor (8/10, Chaddock, 58K) writes that even before Sen. Joseph Lieberman's primary defeat this week, signs were "pointing to an increasing unsettledness among Capitol Hill lawmakers -- of both parties -- over the war in Iraq and other US activities pertaining to the war on terror." Votes on related matters "await lawmakers upon their return from their August recess, and many -- especially those dismayed" by Lieberman's loss – "are using this month to calibrate the intensity of public sentiment on the Iraq conflict."

The Wall Street Journal (8/10, Cummings, Dreazen, 2.03M) runs a similar report on its front page, leading by saying the "spreading cloud cast by the Iraq war over congressional elections this year is testing the political skills of both parties and complicating Washington's management of the conflict." The White House "moved swiftly in an effort to stem rising antiwar sentiment," portraying Lieberman's loss "by an outspoken critic of the war as a symbol" of the Democrats' "weakness on national-security issues." But while until recently, GOP legislators were "largely unified in their strategy of backing the White House on Iraq and portraying criticism as tantamount to weakness," Rep. Walter Jones, "who has attended the funerals of U.S. servicemen, has called for a withdrawal" of US troops, and Rep. Gil Gutknecht, "who warned Democrats in June not to go 'wobbly' on the war, recently returned from Iraq shaken by what he had seen there."

Three Soldiers Killed, Two Missing In Anbar. The AP (8/10, Reid) reports three soldiers of the 1st Brigade, 1st Armored Division were killed in Anbar Wednesday, and two more were missing after a Black Hawk went down in the same province Tuesday. Meanwhile, Iraqi officials "said about 1,500 people died violently last month in the capital -- many shot execution-style by sectarian death squads." Other than the Carroll kidnappers story, the only Iraq mention on the three networks was a brief CBS Evening News (8/9, story 4, 0:10, Smith, 7.66M) item reporting that "three more American soldiers were killed in combat today in Iraq and Iraqi officials say violence is so bad in Baghdad bodies have to be stacked in the morgue like so much lumber."

Baghdad Morgue Reports Record Number Of Bodies In July. The Washington Post (8/10, A20, Mosher, 748K) reports figures compiled by the Baghdad morgue suggest the "number of killings in the Iraqi capital reached a new high last month," with 1,815 bodies taken in in July, and the US military "said a new effort to bring security to Baghdad will succeed only if Iraqis 'want it to work.'"

USA Today (8/10, Michaels, 2.27M) leads its front page story by saying that US commander Gen. George Casey said more people in Baghdad "are being killed by Shiite death squads than by al-Qaeda and Sunni insurgents." While Casey "did not say that the trend in sectarian killings was evidence of a civil war, he said: 'The conflict here is transitioning from an insurgency against us to a struggle for a division of political and economic power among the Iraqis.'"

Bomb Blasts Near Revered Shiite Mosque In Najaf Kill At Least 24. The AP (8/10) reports, "Two bombs

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exploded in a market near a highly revered Shiite shrine in Najaf on Thursday, killing at least 24 people and injuring 30, doctors said." The bombs "went off near the Imam Ali mosque, which contains the tomb of Prophet Muhammad's son-in-law, Ali, and is one of the world's most sacred shrines for Shiites." Najaf and "its twin city of Kufa, a stronghold of anti-American cleric Muqtada al-Sadr, are tightly controlled by Shiite guards and police to prevent attacks by Sunnis." The "last major attack in the twin cities occurred on July 18, when a suicide car bomber detonated explosives in a crowd of laborers gathered across the street from another major Shiite shrine in Kufa, killing at least 53 people and wounding 105."

Problems Remain Among Iraqi Police Force Officers. The New York Times (8/10, Cave, 1.21M) reports on Iraqi national police force officers in Baghdad, in a headline calling them "Eager, Erratic And Green." The Times says while Baghdad "was supposed to be the showcase" for an Iraqi force, as the "city has slid into increasing chaos, the American military has reversed course, sending thousands more troops in to bolster the raw Iraqi forces who have been assigned control of 70 percent of the capital in recent months." Two years after an "all-out training effort" began, "many of the early troubles remain: weak discipline, divided loyalties, failure to complete tasks, the tendency to fire wildly in every direction at the first sign of danger."

Arrests Made In Kidnapping Of Journalist Carroll. The three broadcast networks had little coverage of Iraq Wednesday night, but all three reported on the arrest of four men in connection with the kidnapping of journalist Jill Carroll. The CBS Evening News (8/9, story 5, 2:20, Smith, 7.66M) said Carroll was "suddenly, improbably," freed at the end of March, "unharmed. Today another surprise. The US military said they've caught her captors." CBS showed a video displaying "the last place where she was held as a hostage by a group calling itself the 'Revenge Brigade.' The house is actually within sight of a US military base in western Iraq."

NBC Nightly News (8/9, story 4, 0:20, Williams, 9.87M) ran a brief item, and at the end of its report, ABC World News Tonight (8/9, story 5, 0:56, Gibson, 8.78M) said Carroll "will speak in detail about her ordeal in an exclusive series, starting Sunday on csmonitor.com and ABC News World News Sunday." Interestingly, given ABC's upcoming exclusive, the network spent much less time on the arrests than did CBS.

The New York Times (8/10, Von Zielbauer, 1.21M) reports Maj. Gen. William B. Caldwell IV said the four men "were arrested in the Sunni Arab-dominated region west of Baghdad." Acting on "details of her confinement that Ms. Carroll gave them after her release, marines searched four houses where military officials now believe she was held." The Los Angeles Times (8/10, Roug, 918K) reports that while the "four suspects were detained west of Baghdad in the Anbar province at least a month ago," it " was unclear why the military chose to announce their detention now." The Washington Post (8/10, A10, Mosher, 748K) and the AP (8/10, Castaneda) also report on the arrests.

Platoon Leader Expected To Face Charges In Hamdaniyah Killing. The Washington Post (8/10, A20, White, Geis, 748K) reports USMC platoon leader Lt. Nathan Phan "is expected to be charged with assault this week for his alleged role in the slaying of an Iraqi citizen" in Hamdaniyah on April 26, which would make him the "ninth U.S. serviceman charged in relation to the case."

Parliament Panel Says British Troops Need Essential Supplies. The AFP (8/10) reports a defense committee of the UK parliament said the Ministry of Defence must "urgently" send essential supplies to British troops in Iraq "who are under-equipped and overstretched despite escalating violence there."

Witnesses Say Ex-CIA Contractor Harshly Beat Afghan Detainee. The AP (8/10, Thompson) reports two witnesses testified Wednesday that ex-CIA contractor David Passaro, charged with beating Afghan detainee Abdul Wali, who later died, "hit the man with a flashlight and kicked in him the groin with enough force to lift him off the ground." Passaro "could face up to 40 years in prison if convicted" of assault charges.

Taliban Reportedly Kills Woman And Son, Calling Them Spies. The New York Times (8/10, Gall, 1.21M) reports the Afghan government said Taliban militants "killed a woman and her 13-year-old son after accusing them of spying for the government and for foreign troops." The woman was reportedly shot "and her son was hanged by an electrical wire from a tree on Monday in Helmand Province."

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Kabul Power Problems Stoke Anger At Karzai. The Washington Post (8/10, A10, Constable, 748K) reports on ongoing electrical power problems in Kabul, which have "focused growing anger at the government of President Hamid Karzai, who last year appointed a former militia leader and governor with no technical experience as minister of energy and water. Many Kabul residents say they do not understand why, nearly five years after the overthrow of Taliban rule, and with the influx of millions of dollars in foreign aid, the government cannot even light the capital."

Navy Considers Refueling Ships In Yemen. In its "Washington Wire" column on its web site, the Wall Street Journal (8/9, 2.03M) reported, "Six years after al Qaeda struck a Navy destroyer in Yemen's Gulf of Aden, senior U.S. officials say the Navy is once again considering returning to the country for refueling missions. … US officials say it's possible that U.S. Navy ships could be using the harbor within the next year."

Ex- Army War College Commander Calls For Improved Infantry. In a Washington Times (8/10, 88K) op-ed, former Army War College commander retired Maj. Gen. Robert Scales writes, "Experience in Afghanistan, Iraq and now in Lebanon has taught al Qaeda, Hamas and Hezbollah how to lessen the killing effects of Western weapons by choosing to fight in urban areas, where they can disperse and hide among the innocents. The race between precision-killing technologies and an elusive enemy is a contest that neither Israel nor the United States can win. … Except for better training, morale and leadership, Israeli and American light infantry go into battle today with a cumulative advantage not much better than their grandfathers had in Vietnam or during the Six-Day War. If we are to win the long war against radical Islamism we must fix this problem."

CORPORATE SCANDALS:

US Charges Three Ex-Comverse Officials In Options Probe. Federal prosecutors charged three former Comverse Technology officials with criminal conspiracy Wednesday. USA Today (8/10, Smith) reports, "Three former executives at Comverse Technology systematically backdated company stock options, taking advantage of market gains to fraudulently pocket millions of dollars, the government charged Wednesday in criminal and civil complaints against the former officials." USA continues, "Former CEO Jacob 'Kobi' Alexander, 54, a prominent Israeli businessman who did not appear at his arraignment and is considered a fugitive by U.S. authorities, is accused of masterminding a securities-fraud conspiracy, assisted by former chief financial officer David Kreinberg and former general counsel William Sorin, according to lawsuits filed by the U.S. Attorney's Office in Brooklyn, N.Y., and the Securities and Exchange Commission."

The Washington Post (8/10, A1, Johnson) reports, "Authorities accused the former Comverse Technology Inc. officials of misleading investors by backdating stock option awards and creating a slush fund to benefit top employees without properly disclosing the compensation to board members. … The rapidly evolving scandal over stock options comes as shareholders and securities regulators are expressing renewed concern about excessive executive compensation and whether companies are fudging the amount of pay and perquisites they offer their leaders." The Post adds, "The criminal charges increase pressure on the scores of U.S. businesses -- from Apple Computer Inc. to Monster Worldwide Inc. -- that have launched internal probes of past stock option practices in recent weeks. Well over a dozen companies have delayed filing financial reports as they await the results of investigations. The FBI is pursuing 45 backdating cases, and regulators at the Securities and Exchange Commission are examining 80 companies, law enforcement officials said at a news conference in Washington. … Acting Assistant FBI Director James 'Chip' Burrus called the behavior a 'deceitful abuse of corporate power' and said that options backdating represents 'the newest trend in investor fleecing' after accounting scandals at Enron Corp. and WorldCom Inc. in recent years. … 'It's the corporate equivalent of placing a bet after the race has been won,' Burrus told reporters."

The AP (8/10, Hays) reports, "Kreinberg, 41, of Teaneck, N.J., and Sorin, 56, of New York, surrendered Wednesday morning to the FBI, authorities said. They were released on $1 million bond each and left the courthouse without speaking to reporters. Alexander, 54, was not in custody. … Authorities said Alexander, a dual citizen of the United States and Israel, in recent months transferred $57 million to Israel, fueling speculation he may have fled there." The AP adds, "Besides filing criminal charges, authorities also 'initiated action to freeze bank accounts worth $45 million used to launder the proceeds of the scheme' and

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'initiated forfeiture proceedings,' Deputy Attorney General Paul J. McNulty said at a Washington, D.C., news conference." The AP notes, "The defendants were accused of making stock options more lucrative by backdating their exercise price to a low point in the stock's value. Usually, a stock option's exercise price coincides with the market value at the time of a grant to give the recipient an incentive to drive the price higher. … 'By backdating these options, the defendants, in effect, gave themselves and others an opportunity to place a bet in the middle of a race -- a bet that paid off handsomely,' U.S. Attorney Roslynn Mauskopf said in a statement."

The Wall Street Journal (8/10, Forelle, Bandler) reports, "Kobi Alexander's stellar business career began to unravel in early March with a call from a reporter asking why his stock options had often been granted at the bottom of sharp dips in the stock price of the telecom company he headed, Comverse Technology Inc. … According to an affidavit by a Federal Bureau of Investigation agent, unsealed in Brooklyn, N.Y., the call to a Comverse director set off a furious chain of events inside the company that culminated yesterday in criminal charges against Mr. Alexander and two other former executives. Federal authorities alleged the trio were key players in a decade-long fraudulent scheme to manipulate the company's stock options to enrich themselves and other employees." The Journal adds, "After the March 3 phone call from a Wall Street Journal reporter, the FBI affidavit said, Mr. Alexander and the other two executives, former chief financial officer David Kreinberg and former senior general counsel William F. Sorin, attempted to hide the scheme. Their actions allegedly included lying to a company lawyer, misleading auditors and attempting to alter computer records to hide a secret options-related slush fund, originally nicknamed 'I.M. Fanton.' It wasn't until a dramatic series of confessions later in March, the affidavit said, that the executives admitted having backdated options. The trio resigned in May."

The New York Times (8/10, Creswell) reports, "The criminal case against the Comverse executives, who all resigned from the company in May, is the second involving the manipulation of stock options. Last month, federal prosecutors in San Francisco charged the former chief executive of Brocade Communications Systems and its former head of human resources with securities fraud." The Times adds, "The Comverse case is the first to be brought by federal prosecutors in Brooklyn. The Securities and Exchange Commission also filed a civil complaint against the three men yesterday. … Mr. Burrus said that the F.B.I. was investigating 45 cases involving the backdating of options. More than 80 companies nationwide are now under investigation over their options practices by the S.E.C. or by federal prosecutors in San Francisco, Brooklyn and Manhattan."

Bloomberg (8/10, Schmidt) reports, "More than 90 companies including Apple Computer Inc. have said they are the subject of government or internal stock option inquiries. The FBI said today it is investigating 45 backdating cases. Prosecutors in the past three weeks have charged five former executives of two companies, including two ex-CEOs. … 'Rest assured, Comverse will not be the last,' said Jacob S. Frenkel, a former U.S. Securities and Exchange Commission lawyer now in private practice in Rockville, Maryland. 'I think we're likely to see a steady stream of these cases over the next six to 12 months, some criminal, some SEC civil cases.'"

The New York Law Journal (8/10, Bar) reports, "The criminal charges are the first to be filed in New York and only the second nationwide relating to the brewing options backdating scandal. Last month, California prosecutors charged two former executives of Brocade Communications Systems Inc. of participating in a scheme to change the date of employee stock options to increase their value. … It is also the first time an attorney has been accused of wrongdoing in connection with the backdating of stock options. Prosecutors say Sorin was Comverse's general counsel from the company's inception in 1986 and reported to Alexander. He was also the company's corporate secretary and director, and was responsible for drafting Comverse's stock option plans and public filings. He signed the company's annual filings and submitted its proxy statements."

AFP (8/10) also reports on the charges.

Judge Denies Motion To Dismiss Charges Against Ex-Brocade Officials. The San Jose Mercury News (8/10, Schwanhausser) reports, "The first Silicon Valley executives to face criminal charges in the nationwide stock options scandal were dealt a setback Wednesday when a federal judge rejected their request to dismiss their cases, saying that prosecutors had gathered ``quite detailed'' evidence of wrongdoing at Brocade Communications Systems." The News continues, "It was no surprise that Judge Edward Chen of the U.S. District Court in San Francisco let federal prosecutors continue to press their charges of securities fraud against Greg Reyes, the San Jose company's former chief executive, and Stephanie Jensen, a former vice

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president of human resources. Though Reyes and Jensen face a criminal complaint at this stage, a grand jury indictment could follow soon, perhaps as early as today." The News adds, "In court Wednesday, defense attorneys offered clues about how they will try to center the case on the former executives' motives. In short: They will argue that Reyes and Jensen backdated stock options to entice and reward new employees -- not to mislead investors by manipulating financial statements to make the company appear more profitable. … The Brocade case is being closely watched because it is the first time executives have been criminally charged in the growing scandal. But it's particularly relevant in Silicon Valley, home to the largest concentration of companies under investigation by the Securities and Exchange Commission and Justice Department."

Fannie Mae Believes It Has Found Last Of Accounting Errors. The AP (8/10, Gordon) reports, "Fannie Mae said Wednesday it believes a massive review of its accounting has uncovered all of the errors, clearing the way for the mortgage company to complete the restatement of its 2004 earnings by the end of this year. The company disclosed that the multibillion-dollar correction could be less than estimated previously." The AP continues, "The government-sponsored company, which finances one of every five home loans in the United States, also said it would miss a regulatory deadline Wednesday for filing its financial report for the second quarter of 2006. Fannie Mae hasn't filed an earnings statement since late 2004." The AP adds, "Federal regulators that year accused Fannie Mae of serious accounting problems and earnings manipulation to meet Wall Street targets, and the Securities and Exchange Commission ordered the company to restate earnings back to 2001. The Justice Department has been pursuing a criminal investigation, which the company confirmed Wednesday 'remains open.'"

SEC Proposes Postponing Deadline For Accounting Safeguards. The Wall Street Journal (8/10, Reilly) reports, "In what some business leaders called a victory for small public companies, the Securities and Exchange Commission yesterday proposed delaying when these companies must prove they have adequate safeguards in place to catch accounting mistakes and financial fraud." The Journal continues, "The move was cheered by critics of requirements related to so-called internal controls. These safeguards are supposed to have been in place at public companies since the 1970s. The Sarbanes-Oxley corporate-governance law of 2002 added strictures that require top executives to attest that their internal controls are shipshape and outside auditors to do the same. Companies of all sizes, but particularly smaller firms, have complained about the costs of verifying the soundness of their internal controls, citing the need to add staff, purchase software and make other investments." The Journal adds, "Governance advocates promptly slammed the delay, saying it could let problems fester at companies whose systems aren't up to snuff. Some close followers of the internal-controls debate offered a more nuanced view, saying that the later start date could give the SEC political breathing room yet still preserve investor protections."

Imax Stock Value Falls Amid SEC Probe. The Wall Street Journal (8/10, Heinzl) reports, "Imax Corp. said it couldn't find a buyer at a price sought by the company, five months after the big-screen movie company put itself up for sale. … Separately, Imax said it is the subject of an informal inquiry by the Securities and Exchange Commission over the company's revenue-recognition practices." The Journal continues, "In March, Imax said it hired financial advisers to explore a possible sale or merger after the company received 'several unsolicited inquiries.' … Although Imax received 'significant initial interest from multiple parties,' there are 'presently no buyers who have indicated a willingness to acquire the company at a valuation sought by the board of directors,' Imax said in a statement. It said the company's bankers continue to explore a possible transaction, however, 'because interest remains from several parties at a lower valuation.' … Shares of Imax were down 22 cents, or 2%, to $9.63 in 4 p.m. composite trading on the Nasdaq Stock Market. After the company's announcement, the stock decreased to about $6.15 in after-hours trading. When Imax announced its plans for a possible sale of the company in March, shares rose about 9%. At the 4 p.m. trading price, Imax's market value was about $400 million on a fully diluted basis." The Journal notes, "Imax said the SEC has inquired about the company's use of 'multiple element arrangement accounting' when Imax sells a big-screen theater system. Imax said it books revenue associated with different segments of a theater system at different times. The company said it booked revenue in the fourth quarter of 2005 on 10 theater systems in theaters that didn't open during the quarter.

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In seven of those cases, revenue associated with the screen portion of the system wasn't booked until the final screen was installed, Imax said."

GTSI Cites Errors In Revising Earnings Results. The Washington Post (8/10, D4, Witte) reports, "Chantilly-based government technology provider GTSI Corp. said yesterday that it will restate its financial results for the past two years because of accounting errors. It faces possible delisting of its stock." The Post continues, "The company was able to provide only preliminary results for the second quarter yesterday because of the errors, and will also have to restate earnings from the first quarter of 2006." The Post adds, "GTSI president and chief executive Jim Leto said in an interview that the errors stemmed from a failure to spread income on leased items across the life of the lease. The total profit affected by the error was $3.7 million in 2004 and $5.9 million in 2005. GTSI's revenue was $1.1 billion in 2004 and $886 million in 2005. … The firm also found that it had been double-counting the costs of certain sales in 2006. Leto said the changes will improve the company's bottom line for this year but drag down results for 2004 and 2005. Leto described the decision to restate results as a difficult one because the accounting problems were not clear-cut, but 'at the end of the day we decided we had better err on the side of caution.' … Leto said GTSI will complete its restatement by September."

SEC Moves To Loosen Sarbox Rules For Foreign Companies. The Financial Times (8/10, Grant) reports the US "moved to address the loss of company listings abroad by proposing that foreign companies listing on US stock markets be given a year's exemption from complying with the toughest part of the controversial Sarbanes-Oxley laws." The Securities and Exchange Commission proposal "was part of package of measures aimed at foreign and small to medium-sized US companies deferring deadlines for complying with Section 404 of the law." The section "requires company executives to check internal controls and have outside auditors make additional checks. Executives complain this has added to costs and needlessly tied up management." Critics of the law, "which include US politicians and business on both sides of the Atlantic, blame Section 404 for driving company listings abroad to London and Hong Kong."

CRIMINAL LAW:

Internal House Probe Reveals Cunningham Abuse. The Los Angeles Times (8/10, Miller, 918K) reports an "internal congressional investigation has found that 'major breakdowns' in legislative controls enabled former Republican Rep. Randy 'Duke' Cunningham to use his position on the House Intelligence Committee to steer classified government contracts to political cronies, according to a memo distributed this week to Democrats on the panel." The memo, written by ranking Democrat Jane Harman, "accuses Republicans of backing out of an agreement to subpoena Cunningham, and calls for the public release of a 20-page unclassified report documenting the findings of the investigation." Harman's description "suggests that the seven-month probe by the House intelligence panel could significantly broaden the scope of the scandal surrounding Cunningham, the Rancho Santa Fe lawmaker who pleaded guilty last year to bribery and tax evasion and is serving an eight-year prison sentence." The criminal investigation "of Cunningham focused largely on the military contracts he influenced as a member of the House Defense Appropriations Subcommittee." But the "internal House probe has found a similar pattern of abuses in contracts involving U.S. intelligence agencies — and includes language describing cases in which the disgraced congressman pressured committee aides to set aside secret funds for his associates, according to congressional sources familiar with the investigation."

US Seeks Death Penalty In New York Kidnap-Murder. The Rochester (NY) Democrat & Chronicle (8/10, Zeigler) reports, "Federal prosecutors are seeking the death penalty for one of three men charged with kidnapping a drug-dealing comrade in Connecticut and killing him in Genesee County." The D&C continues, "In papers filed in U.S. District Court in Rochester, the prosecution said it would ask for the execution of Noah Gladding, 25, if he were convicted of capital murder charges in the death of Jason Argersinger in March 2005. … Prosecutors said they were not asking for death for co-defendants Eric Connelly, 22, and Josiah Howenstine, 26." The D&C adds, "Gladding's lawyer, William T. Easton, assailed the decision, which was made by officials of the U.S. Justice Department in Washington, D.C. … 'This decision … is unfounded and will impose great costs on our

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criminal justice system and the entire community,' Easton said. 'It is not in accordance with death penalty law, the history of this jurisdiction, the facts of this case, prior decisions of other attorney generals, and the circumstances of our client's life. It is wrong.'" The D&C notes, "Gladding goes to trial later this month in Batavia on a noncapital state charge of first-degree murder. No federal trial date has been set for him, Connelly or Howenstine. … Federal death penalty prosecutions are rare. It's the first time since 1994 that federal prosecutors had to decide whether a defendant charged in Rochester's federal court should be eligible for the death penalty if convicted. … In that case, prosecutors chose not to seek death for package bomber Michael Stevens, who killed five people across western New York during a bombing spree in December 1993. Stevens was convicted and ordered to prison for life without parole."

Three Memphis Police Officers Charged With Stealing Drug, Money. WREG-TV, News Channel 3, Memphis (8/10) reports, "Former police officer Arthur Sease, and officers Antoine Owens and Alexander Johnson are charged with conspiracy to violate civil rights and distribute controlled substances. Police say what the officers would do was arrange drug transactions with drug dealers, but when the drug dealers arrived, the officers in uniform and squad cars would detain them and steal the drugs, jewelry and money." WREG-TV continues, "Police say Arthur Sease was the apparent ring leader. He faces a 50 count indictment, including conspiracy, extortion, possession of controlled substances and numerous constitutional rights violations. … Officers Owens and Johnson have each been charged with two conspiracy counts. Police say the 3 would divide the stolen drugs and money and would sell the drugs and keep the profits. … 'When the officers violate the trust and the confidence of the public, they are going to be prosecuted by the department of justice.' says Western District U.S. Attorney David Kustoff."

FBI Says Porn Sweeps Off To "Good Start." The National Journal's Technology Daily (8/10, Noyes) reports, "A series of FBI sweeps aimed at the adult entertainment industry's compliance with federal record-keeping laws are off to a good start, an agency official told reporters Tuesday. … Pornographers 'expected guns and battering rams, and we came in with suits and pencils,' said Chip Burrus, assistant director of criminal investigations at the FBI." Technology Daily continues, "Since 1998, porn publishers and video producers have been required to obey Section 2257 of the U.S. code, which requires them to maintain consent forms and proof of ages for performers. … The statute gained greater visibility when former Attorney General John Ashcroft announced that the Internet would be included. He extended the regulation's reach by trying to make webmasters, who are largely secondary producers having no contact with porn talent, comply with the law, an adult trade group said." Technology Daily adds, "Ashcroft's successor, Alberto Gonzales, has had investigators pull paperwork on business owners and conduct on-site examinations. Only two inspections have been completed to date, and audit results 'are still preliminary,' Burrus said. He refused to provide details but said producers have been compliant so far."

Transportation Department Computer With Personal Data On Over 100,000 Stolen. The CBS Evening News (8/9, story 6 , 0:15, Smith, 7.66M) reported, "Well, this may sound like a stuck CD. But it's happened again, another government computer stolen, putting more than 100,000 Americans at risk of identity theft. This time it's a Transportation Department laptop taken from a government vehicle in Florida. It contains about 133,000 drivers and pilots' records, including Social Security numbers."

USA Today (8/10, Levin, 2.27M) reports the Transportation Department's Inspector General "announced the theft Wednesday, two weeks after the laptop was stolen in Doral, Fla., and five days after investigators learned that its hard drive contained sensitive data. Letters are being sent to those who may be affected, acting Inspector General Todd Zinser said."

The Washington Post (8/10, A6, Lee, Wilber, 748K) reports the laptop, "assigned to a special agent in the Miami office, was stolen from a government vehicle on July 27 in Doral, Fla., Zinser told Florida Gov. Jeb Bush (R) yesterday in a letter." The theft "is the latest in a string of embarrassing data breaches reported by federal agencies, including the departments of Agriculture, Energy, the Navy and Veterans Affairs, as well as the Social Security Administration and the Internal Revenue Service."

Industry, Government Undecided On How Best To Fight Data Theft. The National Law Journal (8/10, Coyle) reports, "In the past year, state legislatures have leapt ahead

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of Congress in enacting laws to notify and protect consumers whose personal data, held by businesses and other entities, have been stolen. But now the states are worried about being victims of their own success." The Journal continues, "Just before leaving town for its August recess less than two weeks ago, the U.S. House of Representatives delayed an anticipated vote on federal legislation, heavily favored by industry, that would pre-empt state data-breach notification laws, set a national notification standard and remove state attorneys general from the enforcement picture." The Journal adds, "There is 'absolutely' no need for federal legislation now, said Edmund Mierzwinski, director of consumer programs for U.S. Public Interest Research Group (U.S. PIRG), which, along with Consumers Union, Privacy Rights Clearinghouse and other groups, has been mining the data security issue in Congress and in the states. … 'The states have solved the problem and we have constructive compliance nationally with the strongest state laws,' he said. 'Industry seeks to pre-empt not for uniformity. What they seek is very weak uniformity as well as pre-emption. They're trying to undercut the best of the state laws.' … But the need for federal legislation is 'really critical,' countered Lisa Sotto, chairwoman of the privacy and information management practice in the New York office of Richmond, Va.'s Hunton & Williams. 'Right now there are 34 data breach laws; 32 impact companies other than data brokers [buyers and sellers of data] and governments,' she said. 'It changes daily. Interpreting these laws is a nightmare. You need outside counsel. It's very complex.' … Final action on the House bill, which is considered by consumer groups to be the worst of a spate of data security bills and yet largely favored by business, fell apart at the last moment because of a jurisdictional dispute between two House committees with oversight of the issue."

Nicholson Announces Credit Protection For Veterans. The Washington Times/AP (8/10) reports, "VA Secretary Jim Nicholson said his department had arranged for" ID Analytics of San Diego "to detect potential patterns of credit misuse for up to 26.5 million veterans whose names, birth dates and Social Security numbers were on a laptop and hard drive taken last May from a VA data analyst's Maryland home," even though "the FBI recovered the laptop and hard drive and determined with a 'high degree of confidence' that the data wasn't accessed or copied." Also, VA subcontractor Unisys Corp. "agreed to provide one year of free credit monitoring for as many as 38,000 veterans after the company last week lost a desktop computer containing their data at its offices in Reston. Letters will be sent in coming days to veterans affected in the Unisys case describing how to sign up for the free credit monitoring."

GOP Doesn't Support Reid's Call For Nicholson's Resignation. CQ (8/10, Yoest) reports, "Senate Minority Leader Harry Reid's call for Veterans Affairs Secretary Jim Nicholson to resign has fallen on deaf ears among Republican lawmakers, who say Nicholson should not bear sole responsibility for the department's second major data theft this year." Senate Veterans' Affairs Chairman Larry E. Craig "criticized Reid's call for a resignation as 'over the top,'" and Rep. Steve Buyer, who heads the House Veterans' Affairs panel, "portrayed the VA's recent information technology woes as stretching beyond Nicholson." VA spokesman Matt Burns noted "political season is in full swing," adding, "angry personal attacks and political opportunism accomplish nothing in the way of providing solutions to the important issues facing our nation's veterans."

NYTimes Calls For Additional Governmental Computer Security. The New York Times (8/10, 1.21M) editorializes, "It sounds like the summer sequel to a techno-horror film: The Veterans Affairs Department has lost yet another computer filled with data that identity thieves would pay handsomely to rifle." V.A. Secretary Jim Nicholson "vowed that his agency would set the 'gold standard' for securing vital government records. Fool's gold, so far." However, "Critics' demand for management change at Veterans Affairs is hardly the full solution for such a pernicious and potentially far more widespread problem," and "Congressional outrage will prove useless unless far firmer safeguards are demanded."

Judge Inclined To Deny DeVecchio Motion To Try Case In Federal Court. The New York Daily News (8/10, Marzulli, 729K) reports, "The retired FBI agent accused by the Brooklyn district attorney of helping a Mafia informant whack his enemies isn't likely to get his wish moving the case to federal court, a judge indicated yesterday." US District Judge Frederic Block "told lawyers for Lindley DeVecchio that he's inclined to side with state prosecutors and keep the case under state jurisdiction." Block "reserved decision, asking both sides to submit additional briefs. DeVecchio's lawyer, Douglas Grover, refused to say why he's seeking the transfer but said he

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remains hopeful." The New York Post (8/10, Ginsberg, Haberman, 608K) reports Block "took the wind out of an alleged rogue FBI agent's push to make his trial a federal case -- saying yesterday he was 'leaning' toward letting it play out in state court. … 'I would enjoy trying this case,' said Block, 'but my constitutional duty obliges me to apply the law.'"

FBI Suspects "Copycat Sniper" In Northern Indiana. WNDU-TV South Bend (8/9) reports, "The FBI is working on a profile of the so-called 'copycat sniper' who's struck cars driving in Lake County over the last few weeks. Police closed down Cline Avenue in Hammond Wednesday looking for clues in the attacks" after another vehicle was hit by a projectile yesterday. "They scooped up debris from the side of the road, but wouldn't say if what they found is evidence." The Chicago Tribune (8/10, Doyle, Maxwell, 623K) adds that Lake County sheriff's spokesman Mike Higgins "said two men were driving…about 4:30 p.m. when they heard a 'very loud pop.'" The men "thought that a tire had blown but moments later realized the cab's back window was shattered, officials said. 'It was definitely [shattered by] a projectile,' Higgins said. … Mark Becker, supervisory special agent for the FBI in Merrillville, Ind., said agents are planning on creating a psychological profile of the serial shooter. 'We're in contact with the National Center for Analysis of Violent Crimes in Virginia,' he said. 'The more evidence we gather, the better a profile can be. We're trying to develop one right now.'"

The Northwest Indiana Times (8/10) reports, "Police said tips from the public continued to pour in Wednesday as local, state and federal investigators kept up their search for whoever is responsible for the string of suspected vehicle shootings. … FBI Supervisory Special Agent Mark Becker said 'nothing of substance' had yet been gleaned from the special tip line…but he encouraged people to continue to use it. 'We've been running down any lead we've gotten. We still want the public to call us, even if they don't think (their tip) is important,' Becker said."

Jury Deliberations Begin In Minnesota Bribery Trial. The Minneapolis Star Tribune (8/10, Furst, 398K) reports, "On the surface it would seem to be a slam dunk for the prosecution: incriminating videotapes of a fast-talking developer handing envelopes containing wads of cash to a Minneapolis City Council member. There are also more than two hours of audiotape in which Dean Zimmermann is constantly changing his story, telling 'bald-face lies' to two FBI agents, according to a federal prosecutor. But as a jury of seven women and five men begin their second day of deliberation today in U.S. District Court in Minneapolis, it will have to grapple with other questions that will determine whether the 64-year-old former council member is convicted. Did Zimmermann intend to take the bribes in a cynical shakedown of a businessman, or was he a victim of an over-eager white-collar-fraud division of the FBI that crafted a plan to force cash on him?" The Star Tribune notes, "After an eight-day trial, the jury deliberated for about three hours on Wednesday and will resume at 8:30 this morning."

Oklahoma Man Sentenced To Five Months In Prison For FEMA Relief Fraud. The AP (8/10) reports Atari Finley of Lawton, Okla., "has been sentenced to five months in prison for fraudulently cashing a hurricane relief check." US Attorney John C. Richter said that "Finley was accused of cashing a $2000 check from the Federal Emergency Management Agency. Finley was ordered to serve five months of home confinement at the conclusion of his prison term and pay restitution." The AP notes, "Finley never lived at the Louisiana address on his FEMA application."

Missouri Trio To Plead Guilty To Stealing Funds From Money Transfer Company. The St. Louis Post-Dispatch (8/10, Patrick, 300K) reports, "The last members of a ring of southern Missouri residents accused of stealing more than $100,000 by using cordless telephone parts to tap into an international money transfer company will plead guilty today and Friday, according to court documents and lawyers involved in the case. … Four of the seven defendants have already pleaded guilty in federal court in St. Louis to a charge of access device fraud," and defendant Andrew L. Burditt "is due in court for a plea this morning." Defendants Tiffany Nicole Raue and Eric M. Weiser "are scheduled for pleas Friday morning." The Post-Dispatch notes, "The scheme was uncovered in January by a Jennings Quick Shop employee who became suspicious…after hearing clicks on the telephone line. He discovered the cordless phone equipment attached to his phone line and called Jennings police and MoneyGram, who called the FBI."

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Navy Officer Charged In Espionage Scheme. The Washington Post (8/10, A6, White, 748K) reports a US Navy petty officer "has been charged with stealing classified military information from his submarine and attempting to pass it to foreign governments in an espionage scheme, Navy officials said yesterday." Fire Control Technician 3rd Class Ariel J. Weinmann, 21, "of Salem, Ore., allegedly deserted his submarine, the USS Albuquerque, in July 2005 and took electronic copies of information classified 'confidential' and 'secret.' According to military charge sheets, Weinmann tried to pass information to foreign government officials in three countries, once while on active duty." Military officials "allege that Weinmann tried to pass secrets to foreign officials while in Bahrain in March 2005; in Vienna in October 2005; and in Mexico City in March." Defense officials "said yesterday it is unclear what information Weinmann might have taken and how damaging it could be, though they said they believed it was 'low-level' information possibly related to the operation of the submarine. Officials said Weinmann allegedly was trying to pass it to Russia."

2nd Circuit Rejects Bright Line On Jury Instructions. The New York Law Journal (8/10, Hamblett) reports, "Judges prodding divided jurors to reach a verdict do not necessarily have to tell them to follow their consciences, according to a federal appeals court." The Journal continues, "The 2nd U.S. Circuit Court of Appeals declined to adopt a hard-and-fast rule on the words a judge should use when giving a potentially deadlocked jury a so-called 'modified' Allen charge. … Rather, the court said the standard for evaluating such a supplemental charge remained the same under its own case law and that of the U.S. Supreme Court: The instructions must be evaluated in context and under all the circumstances." The Journal adds, "In so ruling, the court upheld the denial of a habeas corpus petition for a convicted armed robber who said his Fifth and Sixth Amendment rights were violated by the jury charge in his trial at state Supreme Court in Brooklyn."

Treasury Employee Charged With Passing Partially Printed Bills. The Washington Post (8/10, B1, Wiggins) reports, "After more than 30 years of working where money is made, David C. Faison decided to make some of it work for him, law enforcement officials say. … He devised an elaborate moneymaking scheme involving a pair of scissors, 10 sheets of partially printed $100 bills from the Bureau of Engraving and Printing and a three-state gambling spree, according to documents charging him with theft of government property." The Post continues, "Investigators say Faison, 56, of Largo stole the sheets of $100 bills from the bureau's printing facility in the District, cut them and passed at least 145 of the bills through slot machines in casinos in Delaware, New Jersey and West Virginia. … Faison, who has no prior record, was charged Monday in U.S. District Court in Washington and released on his own recognizance. No future court date has been set." The Post adds, "Magistrate Judge Alan Kay ordered Faison to stay out of trouble with the law, submit to random drug testing and remain within 50 miles of the District. … Faison worked as a stock control recorder at the Bureau of Engraving and Printing, distributing paper stock throughout the plant -- a job that gave him access to the plant's printing section. … Claudia Dickens, a bureau spokesman, said it was not the first time a bureau employee had stolen money. … But Rich Delmar, counsel to the inspector general for the Treasury Department, which is working on the Faison case with the Secret Service and the Federal Bureau of Investigation, said the scheme was 'pretty rare.'"

Another Indiana Sniper Attack Reported. The Chicago Tribune (8/10, Doyle, Maxwell) reports, "What appears to be a projectile shattered the window of a pickup truck in northwest Indiana Wednesday afternoon in what law enforcement officials said was the 10th such incident in two weeks." The Tribune continues, "Lake County, Ind., sheriff's spokesman Mike Higgins said two men were driving south on Cline Avenue near Riley Road in East Chicago about 4:30 p.m. when they heard a 'very loud pop.' … The 28-year-old men, from Channahon and Chicago, thought that a tire had blown but moments later realized the cab's back window was shattered, officials said. … 'It was definitely [shattered by] a projectile,' Higgins said. … But he would not say if a projectile had been found, and investigators have not discovered any projectiles in the previous nine cases." The Tribune adds, "Mark Becker, supervisory special agent for the FBI in Merrillville, Ind., said agents are planning on creating a psychological profile of the serial shooter. … 'We're in contact with the National Center for Analysis of Violent Crimes in Virginia,' he said. 'The more evidence we gather, the better a profile can be. We're trying to develop one right now.'"

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North Carolina Creates Commission To Review Death Penalty Convictions. The Christian Science Monitor (8/10, Jonsson) reports, "Eighty-five percent of all executions in the US take place in the South. … For that reason alone, anti-death penalty activists claimed a major victory when North Carolina last week became the first state in the union to establish a government commission that will review evidence and, if warranted, send a recommendation of innocence to a three-judge panel." The Monitor continues, "The creation of the North Carolina Innocence Inquiry Commission fits in with a broader national inquiry into the moral responsibility of legal executions. In North Carolina, it was primarily those who work inside the justice system who helped bring about the commission. … It's an idea with appeal: Lawmakers in at least 12 other states - including Texas, where nearly half of all executions take place each year - are considering filing similar legislation next year, according to the National Coalition to Abolish the Death Penalty. … 'North Carolina is now the center of gravity in the death penalty debate,' says David Elliot of the coalition. 'That's significant because the death penalty increasingly is a Southern phenomenon.'" The Monitor adds, "There are 188 convicts in North Carolina on death row. After the high-profile exonerations of death row inmate Alan Gell and 'lifer' Darryl Hunt in the state, a judicial review committee found a proliferation of both large and small mistakes that cast a shadow on the state's justice system. For one: 80 percent of freed prisoners were exonerated because of faulty eyewitness accounts. That opened some eyes, including those of then-Supreme Court Chief Justice I. Beverly Lake. … 'We realized we had a problem and that we needed to take a look at what was causing these wrongful convictions and how we might correct the mistakes that were being made,' says Judge Lake, a conservative jurist and death penalty supporter who led the reform effort. … The commission, signed into law by Gov. Mike Easley (D) last Thursday, is expected to convene in November."

Virginia Man Sentenced To 30 Years For Killing College Student. The Washington Post (8/10, B1, Stockwell) reports, "A Fairfax County mother was mostly composed Wednesday during a 90-minute hearing in (Mathews County, VA), until the man who killed her daughter was led slowly from the courtroom in shackles. 'Murderer!' she screamed. … Moments earlier, Benjamin Fawley had stood up -- his head shaking back and forth, a photograph of his two young daughters in his left hand -- and entered a plea in the murder of 17-year-old Taylor Behl, just eight days before his trial was scheduled to begin." The Post continues, "It has been 11 months since Janet Pelasara last saw her daughter, who was a freshman at Virginia Commonwealth University in Richmond. Behl's mostly naked and decomposing body was found a month after she was reported missing, buried in a shallow ravine off a winding country road. … Fawley, 39, has repeatedly said that Behl died during a consensual sex act in which he restricted her breathing. But standing in the crowded courtroom, Fawley entered an Alford plea to second-degree murder. … In doing so, Fawley did not admit his guilt but conceded that the state had enough evidence to convict him in Behl's killing. Circuit Court Judge William H. Shaw III accepted the plea and sentenced him to 30 years in prison." The Post adds, "The court action closed a case that garnered national headlines and was the focus of an intense manhunt last fall, a case that prosecutors said Wednesday was never about 'sex or bondage or erotic asphyxiation.' … Simply, 'this was a case about murder,' said John S. "Jack" Gill, the county's chief prosecutor. … Under the terms of the agreement, 22 counts of unrelated child pornography charges filed last fall in Richmond will be dropped, each of which carried a minimum punishment of five years."

First DC Crime Cameras To Be Set Up This Week. The Washington Post (8/10, B1, Klein) reports, "Four neighborhood surveillance cameras will be installed this week on D.C. streets as part of the city's crime emergency plan, which will bring as many as 48 cameras to some of Washington's more violent areas in the coming weeks." The Post continues, "The first cameras will be installed in the Northeast, Southeast and Northwest quadrants, on blocks where robberies, drug dealing and assaults frequently occur, police said. All will be encased in bulletproof boxes." The Post adds, "As if to underscore the crime problem, which has been marked among juveniles, a man was killed yesterday at one of the sites, and a 15-year-old was charged in the death. Ricardo Jones, 22, of the District was fatally shot at 14th and Girard streets NW about 12:30 p.m. Last night, the teen, a male who had been arguing with Jones, was charged as a juvenile with second-degree murder while armed, police said. … Had the cameras been up, investigators could have checked whether the killing was recorded. Cameras will roll 24 hours a day but will not be monitored live. … 'It's not a

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panacea,' Police Chief Charles H. Ramsey said. 'It gives us a chance to see some crimes being committed in public places.' … The cameras are part of the 90-day crime emergency package passed by the D.C. Council last month in response to a summer crime surge. The package also authorized 300 new police officers and a 10 p.m. youth curfew."

CIVIL LAW:

DOJ Probes Alabama Bank's Automobile Lending Practices. The Birmingham News (AL) (8/9, Hubbard) reports, "Compass Bancshares Inc., Alabama's third-largest bank, said Tuesday the Justice Department is investigating its automobile lending practices." The News continues, "The Birmingham-based operator of 400 branches in six states said in a quarterly filing with the Securities and Exchange Commission the government's investigation concentrates on 'indirect auto lending' practices. The investigation is a civil matter, not a criminal one." The News adds, "Investigators are looking for discriminatory practices against co-applicants who weren't married, Compass said. The probe is limited to lending activity between May 2001 and May 2003, Compass said. Indirect loans are ones that originate at auto dealers and are forwarded to banks for approval. … 'It's a small part of our business and deals with events that happened five years ago,' Compass spokesman Ed Bilek said. … Compass said it learned of the investigation and the possibility of an ensuing civil lawsuit in U.S. District Court in Birmingham in early June. Compass said in the SEC filing that all fair lending laws were obeyed and that the company is cooperating with the investigation."

House Members Back Senate Whistleblower Protection Amendment. The Washington Post (8/10, D4, Barr, 748K) reports in its "Federal Diary" column that Reps. Tom Davis, Henry Waxman and Todd Platts "are urging support for a Senate amendment that would reinforce the rights of federal employees who disclose waste, fraud and abuse in government. … The Senate amendment would restore and clarify congressional intent as to what type of whistle-blowing is protected and where it may take place, according to sponsors. Amendment supporters claim that the Federal Circuit appeals court, which rules in employee cases, has created loopholes in whistle-blower law and eroded safeguards for federal workers." The amendment "was added to the fiscal 2007 defense authorization bill by Sen. Daniel K. Akaka (D-Hawaii) and other senators. In their letter, the House members urged Reps. Duncan Hunter (R-Calif.) and Ike Skelton (D-Mo.), chairman and ranking members of the House Armed Services Committee, to include the amendment in the final version of the bill."

Google To Continue Storing Search Requests. The AP (8/10, Liedtke) reports, "Although he was alarmed by AOL's haphazard release of its subscribers' online search requests, Google Inc. CEO Eric Schmidt said Wednesday the privacy concerns raised by that breach won't change his company's practice of storing the inquiries made by its users. … 'We are reasonably satisfied ... that this sort of thing would not happen at Google, although you can never say never,' Schmidt said during an appearance at a major search engine conference in San Jose." The AP continues, "The security breakdown, disclosed earlier this week, publicly exposed about 19 million search requests made by more than 658,000 AOL subscribers during the three months ended in May. Time Warner Inc.'s AOL intended to release the data exclusively to researchers, but the information somehow surfaced on the Internet and was widely copied." The AP adds, "The lapse provided a glaring example of how the information that people enter into search engines can provide a window into their embarrassing - or even potentially incriminating - wishes and desires. The search requests leaked by AOL included inquiries seeking information about murder techniques and nude teenage girls. … AOL's gaffe hits close to home for Google because the two companies have extremely close business ties." The AP notes, "Google keeps its users' search requests as part of its efforts to better understand what specific people are looking for on the Internet. … But by storing the search requests, Google and its competitors are creating an opportunity for the material to be mistakenly released or stolen, according to privacy advocates. … Schmidt said he is less concerned about those possibilities than the governments of countries around the world demanding to review people's search requests. … The U.S. Justice Department last year subpoenaed Google for millions of its users' search requests as part of a court case involving protections against online child pornography. … Google refused to comply, resulting in a high-profile court battle earlier this year that culminated in a federal judge ruling

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that the search engine didn't have to hand over individual search requests to the government."

Jury Awards $10.3 Million Verdict In Asbestos Case. The California Recorder (8/10, Smith) reports, "A San Francisco Superior Court jury awarded $10.3 million in economic and non-economic damages Monday in an asbestos case brought by a 60-year-old man allegedly suffering from mesothelioma." The Recorder continues, "Jeffrey Kaiser of San Francisco plaintiffs firm Levin Simes Kaiser & Gornick said it's a big verdict for his relatively new firm, and that he thinks it's one of California's 10 largest compensatory verdicts for asbestos cases in the last 15 years." The Recorder adds, "Even in the best scenario, however, plaintiff George Barnes won't collect nearly that much. The jury only attributed 15 percent of the harm to Thorpe Insulation Co., the lone named defendant at trial. … By the time Judge Diane Wick makes a final ruling on the company's liability, Barnes will probably only be entitled to about $2.3 million from Thorpe, Kaiser said. .. . Kaiser also does not expect Thorpe will have the assets to pay, meaning his firm is now bracing to go to battle against the insulation company's insurers over coverage."

Kaiser Faces $2 Million Fine Over Kidney Program. The Los Angeles Times (8/10, Ornstein, Weber) reports, "Kaiser Permanente has agreed to pay a $2-million fine after state HMO regulators found that its Northern California kidney transplant program imperiled hundreds of patients, in some cases delaying critical surgeries or losing track of patients altogether, four people familiar with the deal said." The penalty, which "would be the largest ever levied by the California Department of Managed Health Care," is "part of a consent decree that stipulates a series of corrective actions Kaiser must take, the sources said on condition of anonymity."

CIVIL RIGHTS:

Judge Denies Challenge To Mississippi School Desegregation Settlement. The Hattiesburg (MS) American (8/10, Kaffer) reports, "A federal judge Tuesday denied a request from a group of Covington County parents to gain legal standing that would let them contest the controversial resolution of a 40-year-old desegregation case." The American continues, "Charles Magee, president of the Covington County Chapter of the National Association for the Advancement of Colored People, said the community members involved in the case plan to file an appeal. … 'We are taking it to the 5th Circuit because we think the kids of Covington County deserve a better deal than we've got,' Magee said." The American adds, "Plaintiffs Arthur and Peggy Keys and their children Savon and Danniesha, represented by Suzanne Keys of Jackson-based Isaac Byrd Associates, filed a motion to intervene on June 19. Had the motion been granted, the Keys family, along with other Covington County families named in the suit, would have been able to ask the court to halt the implementation of a March 8 consent decree filed in federal court. .. . The decree settled a desegregation case, initially filed in 1966 but reactivated by the U.S. Department of Justice in 2001 at the request of the NAACP. The suit alleged that Covington County Schools failed to integrate."

Georgia Election Official Expects McKinney Election Challenge. The Atlanta Journal-Constitution (8/10, Badertscher) reports, "A top election official in DeKalb County said Wednesday morning that she expects U.S. Rep. Cynthia McKinney to take her complaints about alleged voting irregularities in Tuesday's election straight to Washington — just like she did when she lost four years ago. … 'I guess I could be real optimistic and say when she wakes up today she'll feel a lot different about this and she'll just bow down gracefully,' said Linda Lattimore, DeKalb's director of voter registration and elections. 'But I'm not dreaming this morning. I'm just ready for whatever happens.'" The AJC continues, "McKinney lost Tuesday's Democratic runoff election to former DeKalb County Commissioner Hank Johnson by a sizable margin. She complained throughout the day through her attorneys and on her web site of voting irregularities that ranged from her name not appearing on ballots to malfunctioning machines that prevented supporters from recording a vote for her. … McKinney at this point has not filed a formal complaint, and she could not be reached for comment." The AJC adds, "A campaign volunteer who was answering the phone in McKinney's headquarters Wednesday morning talked vaguely about voting irregularities in yesterday's runoff and said she plans to fill out an affidavit with a lawyer. The woman, who would only give her first name Dana, called the election a 'lie.'"

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Study Finds Harassment, Discrimination Damaging Arab-Americans' Mental Health. USA Today (8/10, 1D, Elias, 2.27M) reports that "harassment and discrimination against Muslims are rising, advocacy groups say. A USA TODAY/Gallup Poll of 1,007 Americans shows strong anti-Muslim feeling. And the hard feelings are damaging the mental health of U.S. Muslims, suggest new studies to be released at the American Psychological Association meeting starting today in New Orleans." USA adds, "Verbal harassment and discrimination correlate with worse mental health in studies of Muslims and Arab-Americans since 9/11, says psychologist Mona Amer of Yale University School of Medicine. In her new study of 611 adults…they had much worse mental health than Americans overall. About half had symptoms of clinical depression, compared with 20% in an average U.S. group, Amer says."

Muslim-American Groups Expanding Community Outreach. USA Today (8/10, 2D, Elias, 2.27M) reports, "Muslims in the USA might receive more favorable treatment if more Americans knew them. In a new USA TODAY/Gallup Poll of 1,007 Americans, 58% said they had never met a Muslim. And those who did know Muslims felt a lot better about them." USA notes, "Since 9/11, Muslim groups have greatly expanded their outreach, offering educational seminars on their religion and cultural practices to audiences such as the police, private companies, hospital workers, teachers, students and therapists. … And many interfaith groups involving Muslims have formed in the past few years in cities as diverse as Boston, Syracuse, N.Y., and Elyria, Ohio."

NYTimes Decries Missouri's Voter ID Requirement. The New York Times (8/10) editorializes, "Missouri is the latest front in the Republican Party's campaign to use photo ID requirements to suppress voting. The Republican legislators who pushed through Missouri's ID law earlier this year said they wanted to deter fraud, but that claim falls apart on close inspection. Missouri's new ID rules — and similar ones adopted last year in Indiana and Georgia — are intended to deter voting by blacks, poor people and other groups that are less likely to have driver's licenses. Georgia's law has been blocked by the courts, and the others should be too." The Times continues, "Missourians who have driver's licenses will have little trouble voting, but many who do not will have to go to considerable trouble to get special ID's. The supporting documents needed to get these, like birth certificates, often have fees attached, so some Missourians will have to pay to keep voting. It is likely that many people will not jump all of the bureaucratic hurdles to get the special ID, and will become ineligible to vote." The Times adds, "The new law's supporters say its purpose is to deter fraud. But there is little evidence of 'imposter voting,' the sort of fraud that ID laws are aimed at, in Missouri or anywhere else. Groups in Missouri that want to suppress voting have a long history of crying fraud, but investigations by the Justice Department and The St. Louis Post-Dispatch, among others, have refuted such claims in the past. If the Legislature really wanted to deter fraud, it would have focused its efforts on absentee ballots, which are a notorious source of election fraud — and are not covered by Missouri's new ID requirements. … Unduly onerous voter ID laws violate equal protection, and when voters have to pay to get the ID's, they are an illegal poll tax. They are also an insult to democracy, because their goal is to have elections in which eligible voters are turned away."

ANTITRUST:

Apotex Says Bristol-Myers, Sanofi Misplayed Plavix Defense. Bloomberg (8/10, Rapaport) reports, "Bristol-Myers Squibb Co. and Sanofi- Aventis SA misplayed the defense of their patent on the top- selling heart pill Plavix, says Barry Sherman, chief executive officer of their generic competitor, Apotex Inc." Bloomberg continues, "The closely held Canadian drug company yesterday started selling cheaper versions of Plavix, even though Bristol-Myers and Sanofi say they have a patent that protects the drug against copycats. The drug, a blood thinner prescribed to prevent heart attacks and strokes that had $6.3 billion in sales last year, is New York-based Bristol-Myers's best-seller and Paris-based Sanofi's second-biggest product." Bloomberg adds, "Bristol-Myers and Sanofi earlier this year settled a lawsuit they brought against Apotex, agreeing to pay Sherman's company at least $40 million to keep discounted versions of Plavix off the market until 2011. Last week, the companies' agreement was rejected by the U.S. authorities. Sherman says aspects of the agreement still in place protect Apotex should the larger drugmakers revive their lawsuit. … Bristol-Myers and Sanofi were 'so blinded by the desire to extend their monopoly' until 2011 that they made too many concessions to settle patent litigation, Sherman said yesterday in a telephone interview."

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Bristol-Myers Stock Stabilizes As Generic Plavix Hits Market. The AP (8/10, Witkowski) reports, "Shares of Bristol-Myers Squibb Co. appeared to stabilize Wednesday following the previous day's 7 point drop when a privately held drug maker launched its generic version of the company's best-selling pill Plavix." The AP continues, "Investors are looking for the Bristol-Myers' next move -- whether it and partner Sanofi-Aventis SA will push for an injunction against Canadian drug maker Apotex Corp. to prevent sales of the generic blood thinner. Under an earlier agreement, Bristol-Myers and Sanofi-Aventis cannot seek an injunction preventing Apotex from selling for five days, and gave up their right to sue Apotex for treble damages." The AP adds, "Moody's Investors Service joined two other ratings firms in placing Bristol-Myers' long-term and short-term ratings under review for a possible downgrade. On Tuesday, Standard & Poor's and Fitch placed Bristol-Myers on a credit watch with negative implications. … In a research note, Morgan Stanley's Jami Rubin, who rates Bristol-Myers 'Equal-weight,' said that channel checks suggest some wholesalers and pharmaceuticals benefit managers have up to 6 months worth of generic Plavix in their channels." The AP notes, "In late July, Bristol-Myers and Sanofi-Aventis revealed the Justice Department had launched a criminal probe into an out-of-court settlement with Apotex. The companies had agreed to pay Apotex a minimum of $40 million to keep its Food and Drug Administration-approved version of Plavix off the market until 2011, when the Plavix patent expires. … FBI agents with a search warrant confiscated documents at Bristol-Myers' Manhattan headquarters, and both companies received grand jury subpoenas, to determine if the agreement broke antitrust laws."

Georgia PSC Asked To Restrict Terms Of AT&T-BellSouth Merger. Cox News Service (8/10, Leith) reports, "Out of all the states in the country, Georgia likely will be the last to decide whether to approve the pending merger of AT&T and BellSouth." Cox continues, "The state's Public Service Commission on Tuesday heard nearly three hours of arguments about the proposed deal. Competitors, mostly small telecommunications providers, fear the new AT&T will be too powerful. BellSouth and AT&T, on the other hand, maintain little will change for Georgia customers and think the merger should be allowed." Cox adds, "Next week, the combatants will learn what the PSC thinks. A vote scheduled for Aug. 18 could bring anything from a simple rubber stamp to an approval with limitations, such as on how digital subscriber line service is provided in Georgia. … Tuesday's arguments were spurred largely by rivals to BellSouth and AT&T, including EarthLink, Cbeyond and Time Warner Telecom." Cox notes, "Though some companies and interest groups oppose the merger altogether, most competitors want the PSC to place a few conditions on the new AT&T. … EarthLink, for example, wants the state to freeze rates that companies pay to get certain services from the new AT&T. … At the federal level, the Justice Department and the Federal Communications Commission haven't issued decisions yet. AT&T and BellSouth previously have said they expect the merger to close in the fall."

FTC Clears Blackstone Buyout Of Encore Medical Corp. The Austin (TX) Business Journal (8/10) reports, "The U.S. Federal Trade Commission has given its blessing to Encore Medical Corp.'s plan to sell itself to The Blackstone Group for $870 million." The Journal continues, "Austin-based Encore says the FTC granted early termination of the antitrust waiting period for Encore's proposed acquisition by affiliates of New York-based Blackstone. … Encore and Blackstone submitted pre-merger notification and report forms with the FTC and the U.S. Department of Justice's Antitrust Division in July. The FTC's early termination means the merger of the two companies has cleared antitrust review, but, Encore says, the proposed merger remains subject to satisfaction of several other conditions, including approval by Encore stockholders."

Judge Orders Sempra To Turn Over Trader Tapes. The AP (8/10) reports, "Sempra Energy and more than a dozen other companies accused of inflating natural gas prices for California consumers must release recordings of traders' conversations in a $1 billion lawsuit, a judge ruled." The AP continues, "Excerpts from the tapes played in court before Superior Court Judge Ronald Prager were filled with expletives, and featured one trader telling another he had 'an insatiable appetite' for swindling California's markets though he used a phrase that was far from polite." The AP adds, "The lawsuit is among a handful of outstanding cases alleging wrongdoing by energy companies during California's 2000-2001 energy crisis. The suit charges that energy traders for Sempra, Duke Energy Corp., EnCana Corp. and Reliant Energy Inc. engaged in fraud against California consumers.

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… Doug Kline, a spokesman for Sempra, which owns San Diego Gas & Electric Co. and Southern California Gas Co., said the company would comply with the judge's ruling Tuesday."

ENVIRONMENT:

BP Officials Were Warned About Corrosion.

The Washington Post/Bloomberg News (8/10, Carr) reports BP "was told by employees and contractors in a February 2004 survey that its Prudhoe Bay pipeline network probably was not being adequately monitored for corrosion, according to a company report. 'If we find pipe that we know is rotten, they have to replace it,' an unidentified employee was quoted as saying in the report, posted on BP's Web site. 'My concern, however, is that they are not taking a look at every piece of pipe that they need to be.'"

NBC Nightly News (8/9, story 6, 1:50, Myers, 9.87M) reported "the warnings were laid out in correspondence obtained by NBC News between Chuck Hamel, an advocate for oil workers and senior BP officials. Hamel writes that BP workers had come to him predicting a major catastrophic event. And warning that cost cutting had caused serious corrosion damage to flow lines and systems." NBC (Myers) reported, "BP officials did respond at the time but said, we could not investigate or act without specific information. In the last few months a number of BP workers have told the FBI that for years supervisors ordered them to cut back on a key chemical know as corrosion inhibitor put into the system to protect pipes. After a major spill last March, BP told federal regulators there was a reduced level of corrosion inhibitor in the system which failed. Federal officials ordered BP to inject more chemicals into the pipeline." NBC showed a clip of an unidentified BP official saying, "We're learning. We recognize that we thought we had a program that was sufficient but we need to do more." Myers: A learning process likely to soon cost consumers at the pump."

ABC World News Tonight (8/9, story 7, 2:35, Stark, 8.78M) reported, "According to the Department of Transportation, the 800-mile-long Trans-Alaskan pipeline gets cleaned every 14 days. BP's network of pipelines that feed into the Trans-Alaskan, hadn't been cleaned in 14 years."

BP's Malone Says Shutdown Shows Commitment To Environment. The CBS Evening News (8/9, story 8, 2:00, Smith, 7.66M) ran an interview with BP's Robert Malone, asking: "As people watch this, they've seen the oil companies collect record profits over the last several quarters, you're operating in an environmentally sensitive area and people wonder if profits are more important than proper stewardship." Malone: "On Sunday we found the pipeline that was in question. We shut down the eastern side of the Prudhoe Bay oil field and took out of production 200,000 barrels. That is a commitment to protecting the environment." Smith: "It's interesting because I understand the corporate stance of saying we should take credit for avoiding a catastrophe. On the other hand, don't you bear some responsibility for allowing the screw up to take place?" Malone: "The first thing I did after arriving in Alaska was to express to the state of Alaska and to the nation my regret that we had to take this action and I've apologized on behalf of the BP Group. We realize the disruption that we've caused both here in Alaska and in the nation and we're doing everything we possibly can to mitigate that as quickly and safely as possible." Smith: "How long do you think it's going to take to get this fixed?" Malone: "We're developing the plans now so I can't be definitive. It's going to be longer than a month and my guess is several months."

Regulation Of Low-Pressure Pipelines Has Been Low Priority For Transportation Department. The AP (8/9, Hebert) reports, "Fourteen years ago Congress urged the Transportation Department to start regulating low-pressure pipelines such as those blamed for shutting down Alaska's North Slope oil production. But it didn't happen. And only now, after questions about pipe maintenance and two damaging oil spills in Alaska, are officials pushing hard to establish federal rules and standards for such lines." A 1992 pipeline safety law directed the Transportation Department to "pay closer attention to low-stress oil and other hazardous liquid pipelines, which still today are exempt from federal regulations. The "department's Office of Pipeline Safety had other priorities including a growing concern about natural gas pipeline accidents where leaks had caused several high-profile explosions and fatalities."

USA Today (8/9, Heath, Healey, Davidson, 2.27M) reports, "Neither state nor federal regulators require any specific measures to find or limit corrosion on low-pressure oil pipelines like the one that caused BP to begin shutting off oil deliveries from the nation's biggest oil field." USA Today says, "The regulatory gap has prompted additional federal concern about pipeline safety. Wednesday, Rep. John Dingell, D-Mich., called on Congress to apply maintenance laws for other types of lines to the low-pressure lines. ...

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Federal regulators, who already were working on rules for low-pressure pipelines, promised this week to accelerate the process because of the BP shutdown."

Alaska Governor Freezes State Hiring. ABC World News Tonight (8/9, story 8, 0:10, Gibson, 8.78M) reported, "Alaska's Governor imposed a state hiring freeze today. The loss of oil production will cost the state about $6.4 million a day in royalties and taxes. Alaska's Governor said he would look to hold BP accountable for the state's losses." NBC Nightly News (8/9, story 6, 1:50, Williams, 9.87M) and the CBS Evening News (8/9, story 8, 2:00, Smith, 7.66M) also reported on the hiring freeze.

The Washington Times (8/10, Hudson, 88K) reports Murkowski "worried over whether the state has enough heating oil or funding for social services as Alaskans braced for an economic crisis brought on by the sudden shutdown of oil production in Prudhoe Bay." Alaska's "revenue commissioner says the state can operate for about two months before running out of money. Long-term projects will be completed in phases and Cabinet commissioners will create a plan to keep social services operational and to meet in-state oil needs, Mr. Murkowski told a joint session of the state Legislature yesterday." Murkowski said, "Because of a leak of, frankly, a few barrels, BP abruptly decided to shut down the entire field. One has to ask, what did BP learn last Saturday or Sunday, that it did not know previously, that would cause BP to take such a precipitous action?"

The Financial Times (8/10, Hoyos) reports Alaska "is exploring whether it can hold BP accountable for tax and royalty losses of $6.4m a day related to the Prudhoe Bay oilfield shutdown." Murkowski "requested that Alaska's attorney-general determine whether the state could demand compensation for the tax losses." His "office said it would be 'irresponsible' not to seek some redress given the fact that the company had not indicated the extent of the pipeline corrosion in its regular reports to the state." Murkowski said, "We will hold BP accountable for past and future field management. I am concerned that solids built up and corrosion occurred without earlier corrective action by BP."

Professor Says Fuel Scarcity Compels Energy Innovation. In a New York Times op-ed, Stephen L. Sass, a Cornell professor of materials science and engineering, writes that while the specter of $100-a-barrel oil "seems novel and terrifying, it is in fact familiar and useful. Throughout history, shortages of vital resources have driven innovation, and energy has often starred in these technological dramas." Sass writes, "If there is anything to be learned from history, it's that we need to face the harsh reality of fossil fuel scarcity and begin something like a Manhattan project to develop clean, economical, and preferably sustainable new sources of energy. Just as importantly, we need to innovate on the side of conservation and efficiency."

US Charges Citgo With Clean Air Act Violations. The AP (8/10) reports, "Citgo Petroleum Corp. was accused Wednesday in a 10-count federal indictment of violating the Clean Air Act and the Migratory Bird Treaty Act at its Corpus Christi refinery." The AP continues, "Houston-based Citgo, wholly owned by state oil company Petroleos de Venezuela SA, or PDVSA, denied breaking any laws. … The indictment accuses Citgo of two counts of violating an emissions standard for emitting benzene from its refinery. Benzene is a hazardous chemical found to cause cancer in people exposed to small amounts. Citgo also is charged with operating the facility without the necessary emissions controls." The AP adds, "The refinery's environmental manager Philip Vrazel is accused of filing an inaccurate environmental report." The AP notes, "The Justice Department said in a statement that 20 protected birds were found coated with oil as a result of landing in open top tanks. The species included northern shoveler; blue winged teal duck; double crested cormorants; lesser scaup and black-bellied whistling tree duck. … If convicted, Citgo faces fines up to $500,000 or twice the gross economic gain, whichever is greater, and five years probation. Vrazel, who is also named on the migratory bird charges, faces fines up to $500,000 and five years in prison."

US Expands Bird Flu Testing Nationally. The AP (8/10, Heilprin) reports the government Wednesday expanded its monitoring of wild migratory birds for the bird flu virus to cover the entire nation and US territories in the Pacific. "This move to test thousands more wild birds throughout the country will help us to quickly identify, respond and control the virus if it arrives in the United States," said Agriculture Secretary Mike Johanns. "Because we cannot control wild birds, our best protection is an early warning system," he added. Interior Secretary Dirk Kempthorne said more coordinated monitoring by federal agencies, states and universities "will be important this fall as birds now nesting in Alaska and Canada begin their migration south through the continental United States." As part of the effort, the Agriculture

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and Interior departments are providing $4 million to state agencies.

Meanwhile, USA Today (8/10, A3, Ritter, 2.27M) reports "tens of thousands of samples are arriving" at a US Geological Survey lab in Madison, Wisconsin and labs in 36 states. So far, none of the US samples has tested positive.

Gore Accused Of Doing Little To Reduce Global Warming. In a USA Today op-ed (8/10), Hoover Institution research fellow Peter Schweizer says Al Gore "graciously…tells consumers how to change their lives to curb their carbon-gobbling ways: Switch to compact fluorescent light bulbs, use a clothesline, drive a hybrid, use renewable energy, dramatically cut back on consumption. Better still, responsible global citizens can follow Gore's example, because, as he readily points out in his speeches, he lives a 'carbon-neutral lifestyle.' But if Al Gore is the world's role model for ecology, the planet is doomed." Public records "reveal that as Gore lectures Americans on excessive consumption, he and his wife Tipper live in two properties: a 10,000-square-foot, 20-room, eight-bathroom home in Nashville, and a 4,000-square-foot home in Arlington, Va. (He also has a third home in Carthage, Tenn.) For someone rallying the planet to pursue a path of extreme personal sacrifice, Gore requires little from himself."

WPost Says Congress Should Fund Potomac Snakehead Management. The Washington Post (8/10, A22, 748K) says in an editorial, "The snakehead, a fish that can stay upright and wriggle its way around for short distances on land, has infested the Potomac River. The House directed $660,000 to managing the area's snakehead population in its report on the Interior Department's fiscal 2007 budget. The Senate should do the same before it votes on the bill."

FBI/DEA/ATF/USMS:

IG Report Clears FBI In Death Of Ojeda Rios. In a widely-distributed story, the AP (8/10, Rivera) reports, "FBI agents were justified in shooting to death a Puerto Rican militant in a September 2005 raid, federal investigators said Wednesday in a report that was dismissed by pro-independence activists as a cover-up. Filiberto Ojeda Rios shot at agents as they came to arrest him…justifying their return fire, the U.S. Department of Justice Office of the Inspector General concluded," but the report added "that the FBI should have anticipated a shootout and attempted to force Ojeda…to surrender." US Rep. Jose Serrano said it "confirmed his belief that the FBI should have avoided the confrontation. 'I believe that if the FBI had followed procedures, the three FBI agents might not have been shot and Ojeda Rios might not have died,' he said." The AP adds, "In a statement, the FBI said it welcomed the inspector general's report and would review its recommendations, which primarily dealt with preparations for this type of raid. 'Although careful planning and preparation are part of every arrest scenario undertaken by the FBI, shooting incidents are sometimes an unfortunate result given the nature of the FBI's mission,' it said." USA Today (8/10, 3A, 2.27M) notes, "Independence activist Hector Pesquera said the report shows that agents 'never had any intention of capturing Filiberto, that they came to kill him, not arrest him.'"

The New York Times (8/10, Aguayo, 1.21M) reports, "Director Robert S. Mueller of the F.B.I. requested the investigation after Mr. Ojeda Ríos's wife said agents shot at him first. While the investigation concluded that agents did not deliberately let Mr. Ojeda Ríos bleed to death, it found that the agents should have first made efforts to capture him." CNN.com (8/9, Frieden) also noted that the report concluded "the FBI appropriately handled the…shooting," although "Fine found fault with some procedural issues…including delayed communications between FBI headquarters and agents at the scene. … In response to the report, the bureau said that 'shooting incidents are sometimes an unfortunate result given the nature of the FBI's mission.' 'The FBI recognizes the importance of strengthening communication and coordination between FBI headquarters, the hostage rescue team and our field offices during significant operational matters of this nature,' the agency's statement said." The Washington Times (8/10, Seper, 88K) also reports on the IG review, under the headline "Report Clears FBI Agents In Killing Of Terror Leader."

Former SAC Goes On Trial For Allegedly Lying About Relationship With Informant. The San Antonio Express-News (8/10, Contreras) reports retired FBI El Paso SAC Hardrick Crawford Jr. "went on trial Wednesday in El Paso on charges that he lied to Justice Department investigators about his relationship with a former confidential informant." Crawford "faces five federal charges that he did not fully disclose information about gifts, trips and

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services he received from Jose Maria Guardia, once a close friend." The Express-News adds, "Besides questions about the gifts, Crawford's indictment alleges he wrongfully vouched for Guardia — in an official capacity — while Guardia fended off allegations from his own government that he was involved in drug trafficking." The AP notes, "In opening arguments, federal prosecutor Jim Blankenship told jurors" Crawford "ignored repeated warnings" about Guardia, but "Crawford's lawyer, Mary Stillinger, countered that the allegations against Guardia…were from dubious sources." Additionally, "anything not reported to his bosses, Stillinger said, was either paid for or given to his wife as part of a benefit package she received for her job as an executive with Guardia's company in Ciudad Juarez."

In Tennessee, Indictment Reveals More Details In Marijuana-Trafficking Investigation. The Knoxville (TN) News Sentinel (8/10, Satterfield) reports that according to a new indictment homes owned by Scott West; his brother, James Michael West; his alleged marijuana broker, Mark Anthony Cort; and accused marijuana supplier Phillip A. Apodaca were brimming with cash. Authorities, including agents with the U.S. Drug Enforcement Administration and the Internal Revenue Service, seized $206,816 from three locations under Mike West's control. … Federal prosecutors Hugh Ward and David Jennings sought the new indictment against the West brothers, their wives, Apodaca and Cort to reflect new details emerging as part of the ongoing probe into the alleged marijuana trafficking and money-laundering conspiracy."

Father And Son Plead Guilty In Kentucky OxyContin Case. WLEX-TV, Lexington (8/10) reports a father and son who were "caught in the middle of a drug transaction in January pleaded guilty in federal court in Lexington Wednesday after making plea deals with prosecutors. Eddie Baker, Sr., 53, described by authorities as one of the biggest drug dealers in eastern Kentucky, was accused of trying to run down several officers and federal agents with a truck during the January 19 drug bust. … His son, Eddie Baker, Jr. was arrested during the bust. … Police say the Bakers were caught in the middle of trying to sell a large quantity of OxyContin pills in the Barwick community in Breathitt County when officers and federal agents, participating in the Operation Unite drug enforcement program, moved in to make arrests."

WKYT-TV, Lexington (8/9) reports that for more than two months, Baker Sr. "taunted police with video tapes sent to regional television stations and even gave several interviews to newspaper reporters. He continually proclaimed his innocence and said he would not turn himself in to authorities. On March 22, troopers from Kentucky State Police Post 13 in Hazard spotted Baker near a neighbor's trailer and chased him into the woods where he was arrested."

Los Angeles Police Chief Defends Drug-Use Policy Change For Recruits. The Los Angeles Times (8/9, Mcgreevy) reports Los Angeles Police Department officials "went on the offensive Tuesday, saying drug use on the force has not increased since employment standards were relaxed in 2004. Chief William J. Bratton told the Police Commission that while officers have undergone 30,000 random drug tests over the last decade and a half, only 15 tested positive. … The policy was changed to allow recruits who have used cocaine once or twice before they were 25 years old and when that use was at least 10 years in the past, said Phyllis Lynes, assistant general manager of the city Personnel Department."

Zero-Tolerance School Discipline Policies Said To Be "Backfiring." USA Today (8/10, Elias) reports the American Psychological Association "said Wednesday 'zero tolerance' discipline policies that are enforced widely in U.S. schools are backfiring: They may be promoting misbehavior and making students feel more anxious. … Zero-tolerance policies spread in the 1990s as a tool to fight drug use and violence on campuses. … Kids feel less safe and perform worse academically in schools with high suspension or expulsion rates, even taking into account students' income levels, the association's report says."

Survey Indicates Small Percentage Of Teens Use Internet To Buy Alcohol. The USA Today (8/10, Leinwand) reports a year after the Supreme Court "made it easier for wineries to ship products to customers in a different state, a new survey indicates that teens haven't necessarily rushed to use the Internet to buy alcohol, as critics of the court's decision have feared. The survey by Teenage Research Unlimited (TRU) in Northbrook, Ill., found that 2% of youths ages 14-20 reported having purchased alcohol online, and that 12% reported having a friend who

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had ordered alcohol online." The ONDCP's Tom Riley "said the survey indicates online alcohol sales to teens aren't a major problem, but he warned that could change. 'While online sales of alcohol have not yet been a big part of the addiction problem, parents need to learn what teens already know: that the drug dealer who used to lurk in the seedy side of town is now just an e-mail or a URL away from your home.'"

Network TV Coverage. NBC Nightly News (8/9, story 8, 2:20, Williams) reported, "Online liquor sales to minors, how easy is it for kids to buy alcohol with just the click of a mouse? In the past year alone 20 states made it easier for people to buy alcohol online. … According to a new survey to be released tomorrow, 1-10 teenagers have an underage friend that's ordered wine or beer over the Internet. Nearly half think they will not get caught. … The survey was paid for by the Wine and Spirits Wholesalers of America whose members compete against online sales."

UN Report Expected To Show Opium Poppy Cultivation Increase In Afghanistan. The AP (8/9) reports a UN report "will likely show that more opium has been grown in Afghanistan this year than last, despite international intervention and an aggressive anti-drugs policy. 'We expect (it) to show that there has been an increase in cultivation this year,' U.K. Foreign Office minister Kim Howells said during a news conference Wednesday. 'Much of the increase is due to a substantial increase in planting in Helmand, and other southern provinces."

Coble Bill Said To Hinder ATF's Ability To Curb Illegal Gun Sales. In a letter to the editor of the Washington Post (8/10, A22), Daniel R. Vice, a staff attorney for the Brady Center to Prevent Gun Violence, writes, "Using his finest Orwellian doublespeak, Rep. Howard Coble (R-N.C.) defended his bill gutting the power of the Bureau of Alcohol, Tobacco, Firearms and Explosives to revoke the licenses of lawbreaking gun shops as a bill to 'modernize' the bureau [letters, Aug. 1]." Vice continues, "The bill, backed by the gun lobby, was introduced just after the license held by National Rifle Association board member Sanford M. Abrams for his shop, Valley Gun of Baltimore, was revoked for 900 federal gun law violations. Mr. Abrams's shop was also one of the top suppliers of guns used in crimes in the nation. The Justice Department called the store a 'serial violator' of gun laws that 'endangered the public' by failing to account for hundreds of weapons. .. . Yet the bill would make it virtually impossible to revoke the licenses of dealers such as Mr. Abrams caught violating federal law. Instead, the ATF would have to meet a new, extraordinary burden of proof to impose a meager $5,000 fine -- an average $5.56 fine per violation in a case such as Mr. Abrams's -- that the bill would then postpone through years of appeals. This is how Mr. Coble's bill 'strengthens' the bureau?" Vice concludes, "Congress must stop coddling corrupt gun dealers and their gun lobby friends and instead give the ATF the tools it needs to crack down on rogue gun shops that feed the gun-wrought carnage in our communities."

Man Wanted For Raping Child In Massachusetts Captured In Louisiana. The AP (8/10) reports, "A 30-year-old Massachusetts man who had been on the run for about 20 months since fleeing a Massachusetts courthouse was arrested Wednesday (in Gretna, LA) on charges of raping a child, U.S. marshals said." The AP continues, "Marlon Morris was arrested without incident at a home in the New Orleans suburb of Gretna in Jefferson Parish, marshals said. He was in the New Orleans area doing construction work to fix damage from Hurricane Katrina, officials said. … Morris walked out of Cambridge Superior Court in November 2004 shortly before a jury found him guilty of two counts of forcible rape of a child, two counts of statutory rape and three counts of indecent assault and battery on a child. … At the time, Morris was free on bail for the November 2002 crime so he was not in custody when he walked out of court." The AP adds, "Morris raped and sexually assaulted the victim on Nov. 17, 2002, prosecutors said. The 13-year-old girl reported the incident to her mother the next day, and Morris was arrested a day later. Morris and the victim knew each other. … Morris pleaded not guilty at his arraignment and was released on $5,000 bail. He faces a maximum sentence of life in prison."

IMMIGRATION:

Gonzales Issues New Rules For Immigration Judges. The AP (8/10, Gamboa) reports, "Immigration court judges will undergo periodic evaluations and additional immigration appeals judges will be hired, Attorney General Alberto Gonzales announced Wednesday." The AP continues, "Gonzales opened a review of the immigration courts, which operate as part of the Justice Department, in January after chastising some of them for 'intemperate or

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even abusive' conduct toward asylum seekers. … 'This review has left me reassured of the talent and professionalism that exists in the immigration courts and at the Board of Immigration Appeals,' Gonzales said in a statement. But he found room for improvement." The AP adds, "The more than 200 immigration judges handle hundreds of thousands of cases each year. Some of the judges have criticized the quality of their colleagues' work and the disparaging way some judges have treated foreigners seeking to remain in this country. … Gonzales' predecessor, John Ashcroft, overhauled immigration reviews in 2002, but his changes have been highly criticized. Ashcroft's overhaul led to more asylum and other cases being decided by a single judge rather than a three-judge panel of the Bureau of Immigration Appeals. The reforms were followed by a marked increase in the number of cases later taken to regular federal appeals courts. … Gonzales declined to return to the three-judge format, but made other tweaks to Ashcroft's reforms, such as allowing for the return of a case to the immigration appeals panel if it warrants reconsideration. … Also Gonzales said the Justice Department will seek additional money in fiscal year 2008 to hire more judges and staff. He wants to add four members to the Board of Immigration Appeals and continue using temporary board members as needed."

The New York Times (8/10, Bernstein) reports, "Attorney General Alberto R. Gonzales warned the nation's 215 immigration judges on Wednesday that they all faced annual performance evaluations for the first time and regular scrutiny to detect high reversal rates, frequent complaints or unusual backlogs. … But the consequences of failing were not spelled out. And some of the judges said they worried that evaluations would increase pressure on all judges to make decisions faster, without weeding out the handful of judges who have drawn the most criticism." The Times continues, "Immigration judges, who now handle 300,000 cases a year under stepped-up guidelines, are employees of the Justice Department, not the federal judiciary. After battling for years to unionize, they ratified their first labor contract on Monday. … Performance evaluations were among several measures, most still in the planning stages, that Mr. Gonzales announced here in a luncheon speech at the judges' annual training conference. He has been under mounting pressure to disclose the findings of a comprehensive review that he ordered last January after federal appeals courts around the country complained of a pattern of biased and incoherent decisions on asylum and rebuked some immigration judges by name for 'bullying' and 'brow-beating' people seeking refuge from persecution. … The speech was closed to the news media, but according to prepared remarks, he assured the immigration judges that the review had found that the vast majority did their jobs well 'under pressures that would try even the most patient among us.' … But Mr. Gonzales added: 'Patterns have developed around specific areas of concern. I have seen evidence that some immigration judges, on rare occasions, do behave inappropriately toward those appearing before them, whether aliens, their representatives' or Department of Homeland Security lawyers."

The Los Angeles Times (8/10, Schmitt) reports, "Under pressure from human rights groups, the Bush administration announced plans Wednesday to improve the performance of immigration judges, responding to reports of intemperate and abusive jurists and complaints about how the system has dealt with a growing backlog of cases." The Times continues, "The moves…include establishing periodic performance evaluations and implementing proficiency exams for judges who are appointed after Dec. 31. … Gonzales said that he also would seek to hire more immigration judges and to add four members to the 11-person Board of Immigration Appeals." The Times adds, "The moves were among 22 recommendations made by a Justice Department task force that Gonzales established in January to review the performance of the nation's 224 immigration judges, including 55 in California. … The review was ordered after immigrant-rights groups alleged that judges were wrongly deporting people or denying bids for political asylum because of erroneous evidence or incompetence."

AFL-CIO Reaches Deal With Day Labor Association On Labor Rule Enforcement.

The Wall Street Journal (8/10, Maher, 2.03M) reports the AFL-CIO "reached an agreement with a big national day-laborer association to press for tougher enforcement of wage and safety laws, signaling the mainstream labor movement's wider embrace of immigrant workers." The "labor federation reached the agreement with the National Day Laborer Organizing Network, a group seeking to represent the immigrant work force tapped by construction contractors and homeowners for physical, often off-the-books work. The two groups said the move will give day laborers the ability to use the federation's clout to press for better enforcement of wage and hour laws and health and safety regulations, among other protections."

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The New York Times (8/10, Greenhouse, 1.21M) reports the AFL-CIO agreement with the National Day Labor Organizing Network is "intended to help the languishing labor movement tap into the potent energy of the immigrant rights movement." With the agreement, "the A.F.L.-C.I.O. is embracing workers who many union members have accused of driving down wages. The partnership connects the labor federation to a network that largely represents illegal immigrant workers who often have run-ins with the police as they stand on street corners soliciting jobs."

The Washington Post (8/10, A5, Brulliard, 748K) reports, "Six years after organized labor made an about-face to support illegal workers, the agreement further cemented the struggling labor movement's embrace of illegal immigrants as key parts of the U.S. workforce and potential union members. Research indicates that about three-fourths of day laborers are in the country illegally." For "day laborers and their organizers, who have faced high-profile opposition in Herndon and elsewhere, the agreement offers access to expert lobbyists and lawyers and a chance to devise strategies with local councils of the 10 million-member AFL-CIO, which backed sanctions against illegal immigrants until a policy shift in 2000. The partnership does not require day laborers to join unions." The alliance "comes one year after four major unions split from the AFL-CIO, taking a third of its membership, and as the labor movement struggles with decline."

NYTimes Praises AFL-CIO For Working With Day Laborer Movement. The New York Times (8/10, 1.21M) editorializes that the AFL-CIO and National Day Laborer Organizing Network "plan to lobby for labor-friendly laws, to expose workplace abuses and to press for comprehensive immigration reform." Critics "may accuse unions of trying to draw a jolt of energy from a pool of illegal workers. But the value of worker centers goes beyond such expedience. As Washington dithers over fixing the broken immigration system, worker centers have arisen as a modest step to removing some perversity from the status quo, in which the benefits of illegal immigration largely flow to unscrupulous employers. The way to fix immigration chaos is to channel and regulate it."

Immigration Reform Protests May Unify Hispanic Voting Bloc. The Christian Science Monitor (8/10, Henao, 58K) reports, "Five months after pro-immigrant protests swept through more than 100 US cities, an unprecedented Hispanic political force seems to be taking hold, one that may finally unite what could be the fastest-growing voting bloc in the United States." In the "latest poll after the marches, 63 percent of Latinos surveyed said the rallies signaled the beginning of a new social movement, according to the 2006 National Survey of Hispanics by the Pew Hispanic Center." Historically, Latino "voter-participation numbers have lagged," but "the marches may have been a catalyst for change. In the last Pew poll, three-quarters of Latinos said the debate would prompt many more of them to vote in November."

CONGRESS-ADMINISTRATION:

Group Seeks Review Of NIH Researcher's Drug Company Ties. The Los Angeles Times (8/10, Willman, 918K) reports a "bipartisan group of congressional leaders has asked the director of the National Institutes of Health to provide details of a senior researcher's ties to several pharmaceutical companies." The congressional leaders, "including the Republican chairman and the ranking Democrat of the House Energy and Commerce Committee, said in their letter that they wanted the details in order to evaluate conflict-of-interest policies at the NIH. They requested a response by week's end." The "senior researcher, Dr. Thomas J. Walsh of the National Cancer Institute, helped lead clinical trials that used the companies' drugs to treat suspected fungal infections in patients with compromised immune systems. Walsh also appeared alongside company representatives at various U.S. Food and Drug Administration meetings regarding antifungal products made by the companies." Two of the companies, Pfizer Inc. and Merck & Co., "have acknowledged paying Walsh fees in recent years."

Bush's "100-Degree Club" Described. The New York Times (8/10, Stolberg, 1.21M) reports in a "Reporter's Notebook" column on the setting and domestic minutiae at President Bush's ranch in Crawford, Texas. The Times notes a large cricket nearly interrupted President Bush's news conference with Secretary of State Condoleezza Rice and the results of the 100-Degree Club run. The rules for membership in the 100-Degree Club "are simple: members run 3 miles, or bike for 10, when the thermometer hits triple digits. The reward for finishing: a photo with the president and a gray Under Armour athletic shirt (retail

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$19.99) emblazoned with a Texas star encircled by the words 'The President's 100-Degree Club.'" Eighteen aides participated in the run this year, including press Secretary Tony Snow. Most, "including Mr. Snow, finished. But the ones who did not learned the hard way that Mr. Bush does not make exceptions to his rules. They did not get the shirt." The Times also discusses the accommodation rules for staff, guests, and reporters at Crawford.

Air Force Memorial To Be Dedicated October 14. The New York Times (8/10, Janofsky, 1.21M) reports, "From a promontory high above the Pentagon, three arching spires reach skyward, their elongated tips pointing to the infinity of space." The spires "appear as abstract art forms but only until their symbolism is made clear by their setting: They are the starring elements of a memorial to the United States Air Force, the only branch of the American military that has not had a prominent monument in the Washington area. More than 14 years in planning, the memorial is in the final stages of construction and will be dedicated Oct. 14."

Herbert Says GOP "Deceit" Is Orwellian. In his New York Times column (8/10), Bob Herbert says, "In a move that was typically and patently deceitful, Republicans in Congress tried to pass a minimum wage measure last week in which the biggest winners would have been some of the wealthiest people in America." The "point is the extent to which the Republican Party is willing to engage in deceit to try and achieve ends it could not achieve any other way. The latest incarnation of the Republican Party has taken deceit in government and politics to dangerous new extremes, and it's time to call a halt to it. The war in Iraq will be remembered as one of the greatest exercises in systematic governmental deceit in U.S. history. But the Iraq fiasco is just the most stunning and tragic example of a style of governing and politicking that has become second nature to the Bush administration and much of the national Republican establishment."

OTHER NEWS:

Stocks Fall Despite Fed Decision To Leave Interest Rates Unchanged. The Wall Street Journal (8/10, Browning, 2.03M) reports that to the "surprise of some, stocks fell for a second consecutive session despite the Federal Reserve's decision Tuesday to leave its interest-rate target unchanged. After starting the day with a strong gain, the Dow Jones Industrial Average ran out of steam and finished down 97.41 points, or 0.87%, at 11076.18." The Nasdaq Composite Index "also soared initially, only to give up its advance and finish down 0.03%, or 0.57 point, at 2060.28. It is down 6.6% this year." The Standard & Poor's 500-stock index "finished down 0.43%, or 5.53 points, at 1265.95, still up 1.4% this year." At least "for now, worries about rising interest rates have been replaced by fears that rates may already have risen too much, and that the economy is running into trouble." NBC Nightly News (8/9, story 7, , Williams, 9.87M) also noted the stock numbers.

Fed Decision To Pause Rate Hikes Seen As Mistake. In a Wall Street Journal op-ed (8/10), Michael Darda, chief economist for MKM Partners, LLC, says, "The Federal Open Market Committee's decision to suspend its tightening campaign on Tuesday -- with the Fed funds target rate at 5.25% -- is likely to be short-lived. With both forward- and backward-looking measures of inflation pressures accelerating, the Fed has placed a high-risk bet that a further slowdown in housing and additional cooling in the broader economy will restrain inflation in the not-too-distant future. These assumptions are unlikely to bear fruit." The Fed "should worry less about slowing growth and more about rising inflation. The FOMC could move back in front of the inflation curve by hiking the Fed funds rate to 6%, with more hikes to follow until forward-looking price-level indicators respond."

Vacation Home Market Slows Significantly. The New York Times (8/10, Bajaj, 1.21M) reports the "once-bustling deal making in a wide variety of popular locations for second homes -- areas like Florida, the Jersey Shore and Lake Tahoe, as well as the high-price playground on the East End of Long Island -- has slowed markedly in recent months." In "second-home markets around the country, the number of sales is shrinking even as the properties on the market increase. Prices at all levels are softening, and in a few places recently have begun dropping."

Cuban Americans, Analysts Question Proposed Cuba Policy Changes. The Los Angeles Times (8/10, Williams, 918K) reports, "A Bush administration proposal to change current immigration practices for Cubans, aimed at discouraging a politically disastrous mass migration, could backfire, exiles and analysts say." The Times adds that "some Cuban Americans

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in South Florida say they are tired of being used by politicians who tailor important issues such as immigration to appease a hard-line minority of exiles in exchange for their electoral support." Meanwhile, "Cuba analysts warn that disqualifying "wet feet" from future visa consideration could be counterproductive. The proposal to punish illegal immigrants intercepted at sea by making them ineligible for US visas provides scant deterrent to those who have no family members here to join."

Bush Criticized For Limiting Access To Cuba. The New York Times (8/10, 1.21M) says in an editorial, "President Bush and his top aides have said repeatedly in recent days that they haven't a clue what's going on inside Cuba. With Fidel Castro's health faltering, they need to start figuring it out. Cuba is a closed, repressive society. But the Bush administration has gone out of its way to ensure that the United States has neither access nor the slightest chance to influence events there." In the "name of tightening the failed embargo -- a bipartisan policy for more than four decades -- Mr. Bush has made it much harder for academics, artists, religious people and anyone else who might spread the good word about America to travel to Cuba, and much harder for Cubans to travel here. In a decidedly un-family-values move, the administration has also limited visits to Cuba by Cuban-Americans to once every three years."

Lieberman Files To Run As An Independent As Democrats Coalesce Around Lamont.

NBC Nightly News (8/9, lead story, 2:45, Reid, 9.87M) reported, "Joe Lieberman officially filed to run as an independent candidate and the reaction was swift. Dozens of Democrats, once some of his biggest supporters, are now firmly aligned against him." Lieberman's "increasing isolation was on display as a flood of prominent national Democrats abandoned him in favor of his victorious opponent." Sen. Hillary Clinton was shown saying, "I will be sending a contribution to Mr. Lamont today. I called to offer whatever support he needs."

The AP (8/10, Reitz) reports "top Senate Democrats, including John Kerry and Edward Kennedy of Massachusetts, Harry Reid of Nevada, Frank Lautenberg of New Jersey and Chuck Schumer of New York, said they supported Lamont as the duly elected choice of Connecticut's Democratic voters." Reid and Schumer, "the party's Senate leader, and the head of the Democratic Senate campaign committee -- said: 'The perception was that (Lieberman) was too close to George Bush and this was, in many respects, a referendum on the president more than anything else. The results bode well for Democratic victories in November and our efforts to take the country in a new direction.'" Kennedy "called Lamont's victory 'a clarion call for change,' and a spokeswoman said Kennedy planned to campaign for the nominee." Similarly, McClatchy (8/10, Thomma) says Lieberman "found himself a political orphan Wednesday."

The Washington Post (8/10, A1, Murray, Balz, 748K) says that "in background conversations, Democratic officials gently signaled their desire that Lieberman abandon his independent candidacy but appeared reluctant to press him publicly. A senior Democratic official in Washington said leaders had met and decided to put off confronting Lieberman at least for a few days, to allow the senator time to absorb the implications of his loss and his new isolation from longtime colleagues and supporters." USA Today (8/10, Lawrence, 2.27M) notes "a handful of Democrats went further. Retired general Wesley Clark, a 2004 and possible 2008 presidential candidate, exhorted backers to sign an online petition and 'send a message to Joe Lieberman to end his independent campaign.'" And Simon Rosenberg, president of the centrist New Democrat Network, "called Lieberman's loss 'a political failure of great magnitude' and urged him to 'end this part of your remarkable career.'"

The Washington Times (8/10, Hurt, 88K) reports Democrats "worry that Mr. Lieberman's independent candidacy -- which is considered formidable because of his name recognition and historical ability to appeal to Republican and independent voters -- could split left-leaning support and give Republican Alan Schlesinger a chance at victory." However, Lamont "yesterday said he would win anyway." Said Lamont, "He'll end up splitting the Republican vote … He gets a lot more support from Republicans than he does from Democrats."

The Baltimore Sun (8/10, West, 262K) reports, "Privately, Democrats said it would be a mistake to write off the 64-year-old senator, who has promised to vote with Democrats in organizing the Senate if he wins." Lieberman "stands a reasonable chance of gaining re-election, they said, if he can maintain his support among independents and Republicans." Seeking to assess Lieberman's chances, the Washington Post (8/10, C1, Weeks, 748K) interviews former Republican Sen. Lowell Weicker, who lost his Senate seat to Lieberman and later won the governorship as an independent. There is "a strong independent constituency in

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Connecticut, Weicker says, but 'I suspect the public is going to see right through' Lieberman's party switch. It's not the purpose of the U.S. Senate to provide Lieberman with steady employment, he says. 'He wants a job.'"

Lieberman's defeat was the lead story on each of the networks, which devoted approximately 14 minutes and six segments to the Connecticut Senate primary. Each of the networks, as well as reports in today's major newspapers, tended to focus on Sen. Hillary Clinton to illustrate the dilemma faced by Democrats who supported Lieberman but now are cast their lot with Lamont. For example, the CBS Evening News (8/9, lead story, 2:35, Smith, 7.66M) reported, "The war in Iraq, which has cost nearly 2,600 Americans their lives has just taken its first major political casualty here at home." CBS (Regan) added Democrats such as Sen. Hillary Clinton are "making the switch, even though she, like her long-time ally Joe Lieberman, supported President Bush's decision to invade Iraq."

Little Consensus On Analysis Of Primary's Political Consequences. Media reports are portraying Lieberman's primary defeat as a watershed moment in recent US political history. ABC World News Tonight (8/9, lead story, 2:55, Gibson, 8.78M), called it "an earthquake in the Democratic Party," while the Christian Science Monitor (8/10, Feldmann, 58K) refers to "a shock wave across the American political landscape." In an editorial, the Wall Street Journal (8/10, 2.03M) says Lamont's win is "arguably the most important victory for the American left since the Watergate rout of 1974."

There's less consensus on the political consequences of the Connecticut primary, particularly on the issue of which party will end up benefiting from it. Typical of the coverage was the CBS Evening News (8/9, story 2, 2:20, Axelrod, 7.66M), which reported Lamont's victory "could well embolden more Democrats to call for troop withdrawal." However, as CBS added, Republicans "seem confident Democrats will overplay their hand if voters feel pulling out troops helps terrorists." Tony Snow, White House press secretary, was shown saying, "If we walk away, they're going to get stronger, not weaker. So those are some of the issues raised by the primary yesterday in Connecticut." ABC World News Tonight (8/9, lead story, 2:55, Tapper, 8.78M) also said Republicans "are relishing these Democratic divisions." Tony Snow was shown saying, "It's a defining moment for the Democratic Party, whose national leaders now have made it clear that if you disagree with the extreme left in their party, they're going to come after you."

Also on ABC World News Tonight (8/9, story 2, 1:40, Gibson, 8.78M), chief Washington correspondent George Stephanopoulos said, "This is bad for Democrats. And the more Joe Lieberman is out there, the more he's making the Republican point that Ned Lamont and the leaders who support him represent the far left of the Democratic Party. On the other hand, the fact that a political unknown like Ned Lamont unseated an established senator, like Joe Lieberman, shows there's really anger out in the electorate, against the war in Iraq, against incumbents and against George Bush. That's bad news for Republicans."

On NBC Nightly News (8/9, story 2, 1:25, Williams, 9.87M), 'Meet the Press' moderator Tim Russert also suggested Lamont's win could be bad news for Republicans, "The message is at least Democrats are very angry about this war and they want you to get right about it. … Republicans are being told by the White House it is OK to criticize the management of the war just don't be for immediate withdrawal of troops." Ret. Gen. Wesley Clark makes a similar point in the Wall Street Journal (8/10, 2.03M), writing that "if I were a Republican, I'd recognize this as the beginning of the end." The "growing public awareness provides Democrats the opportunity to reshape our party to help America meet the challenges ahead. For Republicans, it signals the end of using patriotism to cover up for persistent failures to deal effectively with pressing national security issues."

Likewise, the Financial Times (8/10, Yeager) says the vote "represented a sharp rebuke to supporters of the war in Iraq and a warning to all incumbents that US voters are in the mood for change." David Broder, in the Washington Post (8/10, A23, 748K) also weighs in on the question of what Lamont's win means, arguing that "the opposition to current policy in Iraq is building," and "the greatest frustration is among the broad swath of centrist voters who feel they have no voice. In this environment, incumbents of neither party can feel safe."

Meanwhile, Time's website (8/10, Allen) runs a piece headlined "Why The Republicans Are Loving The Lieberman Loss," in which it argues that "at a time when the GOP should be back on its heels, Connecticut voters' rejection of a centrist Senator gives the party a potentially powerful new weapon to use against the Democrats this fall." Time adds, "From Washington State to Missouri to Pennsylvania,

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Democratic candidates found themselves on the defensive Wednesday as the Republican Party worked ferociously at every level to try to use the primary defeat of…Lieberman…to portray the opposition as the party of weakness and isolation on national security and liberal leanings on domestic policy."

But in a story titled "Jury Out On Lieberman Effect," the Washington Post (8/10, A4, Weisman, Murray, 748K) says Lieberman's independent bid "will mean that three marquee US House races in the state will have to share top billing in November with a bitter rematch that could divert money and publicity from those critical contests. That could complicate Democrats' designs to win those races as part of an effort to seize control of the House." But "by keeping the state's electorate focused on President Bush and the war in Iraq, the Lamont-Lieberman rematch will keep voters energized, and may ultimately bolster the House challengers, Democrats and some independent analysts said."

The New York Times (8/10, Hulse, 1.21M) says Republicans "said a general election matchup in which Mr. Lieberman ran as an independent against Ned Lamont, the winner of the primary, could hinder Democrats in their efforts to unseat three incumbent representatives who are top Democratic targets." Democrats "disputed that and said the high-intensity Senate fight could help the Democratic challengers for the House seats by drawing Democratic voters to the polls."

The Chicago Tribune (8/10, Zeleny, 623K), meanwhile, notes that "given that Connecticut is among the most Democratic-friendly states in the country, strategists caution reading too much into the outcome of the party's primary."

Cheney Says Lieberman Defeat Might Encourage "Al Qaeda Types." The New York Times (8/10, Nagourney, 1.21M) notes Snow's argument, reporting "Republicans began a concerted effort to use Mr. Lieberman's defeat to portray Democrats as weak on national defense, reprising a theme that they made central to the last two national campaigns. The attacks came in searing remarks from, among others, Ken Mehlman, the chairman of the Republican National Committee and Vice President Dick Cheney, who went so far as to suggest that the ouster of Mr. Lieberman might encourage 'al Qaeda types.'" Cheney said in a telephone interview with news service reporters, "It's an unfortunate development, I think, from the standpoint of the Democratic Party, to see a man like Lieberman pushed aside because of his willingness to support an aggressive posture in terms of our national security strategy."

Bush Will Not Support Lieberman Candidacy. CNN's The Situation Room (8/9, Blitzer) reported that Tony Snow "said President Bush will not support Lieberman, as he makes a bid to keep his Senate seat as an independent."

Lamont Says He's Heard Rumors Of Communication Between Lieberman, White House. Ned Lamont was asked on MSNBC's Hardball (8/9) if he is aware of any communication between the White House and Lieberman. Lamont, said, "I've heard some rumors to that effect, but I don't have any direct knowledge, no."

Mehlman Stops Short Of Endorsing GOP Candidate In Connecticut. RNC Chairman Ken Mehlman was asked on MSNBC's Hardball (8/9) if Republicans should vote for Lieberman or GOP nominee Alan Schlesinger in November. Mehlman said, "I think it's up to the Republicans individually to make that decision."

"Highly Coordinated" GOP Response Noted. The Los Angeles Times (8/10, Wallsten, 918K) says Republicans "sought to use the Lieberman loss as an opportunity to drive wedges in the Democratic base -- following the strategy designed by White House advisor Karl Rove of energizing conservatives while trying to give certain Democratic voters a reason to question their loyalty." For instance, "the Republican Jewish Coalition announced Wednesday that it had begun purchasing ads in Jewish newspapers saying Lieberman was a 'voice of support for Israel' that had been 'silenced by the Democratic Party.'" Meanwhile, "an internal RNC analysis argued that low-income voters should not feel comfortable with Lamont. It said his victory was fueled by 'limousine liberals,' while Lieberman's votes came from less affluent voters who could not afford to be so devoted to opposing the Iraq war." The Times adds, "The Republican response Wednesday was highly coordinated, tightly matching a set of GOP talking points distributed to activists and strategists."

Michael Barone, in the Wall Street Journal (8/10, 2.03M), writes about issues similar to those raised by the "internal RNC analysis" mentioned by the LATimes. Barone says "Lamont carried most of the cities and towns that were carried by Richard Nixon. In Stamford, where Joe Lieberman grew up the son of a liquor-store owner, and where there are still sizeable blue-collar and black communities, Mr. Lieberman won with 55% of the vote. In next-door Greenwich, where Ned Lamont (like former President George H.W. Bush) grew up as the scion of an investment banker family, and where the housing values are now among the highest in the

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nation, Mr. Lamont won with 68% of the vote. If Mr. Lamont wins in November, he will be just one of several members of a Democratic caucus who have made, inherited or married big money." Barone adds, "The working class Democrats of the mid-20th century voted their interests, and knew that one of their interests was protecting the nation in which they were proud to live. The professional class Democrats of today vote their ideology."

Poll Finds Voters' "Anger" Key To Lamont Win. The New York Times (8/10, Confessore, Connelly, 1.21M) reports, "Lamont harnessed anger with the president, opposition to the Iraq war and a desire for change in his primary victory over…Lieberman, according to a survey of Democratic voters leaving polling places on Tuesday. Seventy-one percent said they strongly disapproved of how President Bush was handling his job, and 59 percent described Mr. Lieberman as being too close to Mr. Bush, according to the survey by The New York Times and CBS News." The Times adds, "About 6 in 10 of the Democratic primary voters surveyed said they strongly disapproved of the decision to go to war with Iraq and almost 7 in 10 said the United States should start removing its troops from Iraq soon."

State AFL-CIO To Consider Endorsing Lieberman. The New York Times (8/10, Medina, Healy, 1.21M) reports "at least one steadfast Lieberman ally, the A.F.L.-C.I.O., Connecticut's largest labor group, said it would consider endorsing Mr. Lieberman through the general election, providing crucial muscle for a fall campaign."

GOP Candidate Given Little Chance Of Winning. The New York Times (8/10, Kornblut, 1.21M) reports on GOP candidate Alan Schlesinger, who "began his general election campaign for the Senate on Wednesday with a cellphone, a stack of literature and a coterie of three aides who trailed him along this town's mostly empty sidewalks. 'Hi, moms! I'm Alan Schlesinger, I'm the Republican running for the US Senate,' he said, holding out his hand to stop two women pushing strollers. They nodded warily and kept walking." Schlesinger, a former mayor of the town of Derby, "first burst into the headlines this summer after The Hartford Courant reported that he had gambled under a fake name and once had gambling debts (he dismissed the accounts as irrelevant). The Republican governor, M. Jodi Rell, soon called on Mr. Schlesinger to give up his place on the ballot. He declined. And interviews with state Republicans suggest that no one had much of an idea about a more attractive alternative to replace him." The Times adds, "Given the strange situation the Democrats find themselves in, that state of affairs now strikes some as a lost opportunity."

WPost Urges Lieberman To Run. The Washington Post (8/10, A22, 748K) editorializes, "Lieberman's decision to move forward with an independent candidacy after his loss in the Democratic primary is a controversial choice but in this circumstance the correct one. … We are not among those who differ substantially with Mr. Lieberman on Iraq," but "Lieberman became an object of voter anger not only about the war but at the Bush administration in general. Because Mr. Bush has governed too often in a partisan way, many Democratic voters concluded that anyone who reached across the aisle in an effort to cooperate must be a sap." The Post concludes, "We hope that the broader electorate will choose to return Mr. Lieberman to the Senate -- the best outcome for the state, the country, and, yes, even the Democratic Party."

Clinton Distances Herself From Lieberman. The New York Times (8/10, Hernandez, 1.21M) reports, "Senator Hillary Rodham Clinton embarked on her first major day of campaigning in her re-election bid yesterday, but wound up facing a flurry of questions about Senator Joseph I. Lieberman's defeat by an antiwar candidate in the Connecticut Democratic primary." Clinton "sought to distance herself from Mr. Lieberman." She said, "I have been a consistent critic from the beginning," and "the record reflects that." Clinton, "speaking to reporters as she campaigned throughout New York City yesterday, insisted that she would support Mr. Lamont and noted that she had, in a phone call to him, offered to provide any assistance he needed as he campaigned in the general election."

Syndicated columnist Robert Novak (8/10) weighs in on Clinton's strategy, writing that New York Sen. Hillary Clinton's "confrontation with Donald Rumsfeld at the Senate Armed Services Committee last week lasted only 12 minutes but offered a glimpse of the 2008 Democratic Presidential front-runner's style. A tense Sen. Clinton seemed mechanical, reading a five-minute indictment of the secretary of defense. … Like a candidate brandishing embarrassing rhetoric from an opponent's past, Clinton aides were seeking and shaping partial Rumsfeld quotations to make sure their boss avoids being Liebermanized."

Executive Director Of MoveOn PAC Calls Lamont Win "Death Of Triangulation." Eli Pariser, executive director of the MoveOn Political Action Committee, writes in a Washington Post op-ed (8/10, A23) titled "The Death Of

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Triangulation" that "with triangulation passing, a new era of bolder, principle-driven politics can begin." Lamont's "success should be the opening salvo in a 90-day campaign to establish the clear-cut differences between Democrats and Republicans. Most independent voters, like Democrats, want change, but many of them aren't sure yet whether Democratic candidates are capable of giving it to them. Now's the chance to seize that mantle. … The pendulum is swinging, driven by the all-too-apparent shortcomings of the Bush administration. To paraphrase a great Democrat, the only thing Democratic leaders have to fear is timidity in the face of opportunity."

The Washington Times (8/10, Bellantoni, 88K) reports Pariser also "told supporters in an e-mail yesterday that his group represents 'people-powered politics' that 'proved the pundits wrong.' 'It's been a long six years, but things are beginning to change,' he said. 'Our nation is waking up from the long nightmare of the Bush presidency.'"

More Commentary. In an editorial, the Wall Street Journal (8/10, 2.03M) calls Lamont's win a "political thunder clap, arguably the most important victory for the American left since the Watergate rout of 1974. … The Lamont victory means that the Democrats are now the withdraw-from-Iraq party. Democratic leaders in the House and Senate united behind a somewhat more cautious pullout policy last week, calling for a phased withdrawal beginning this year. But with the support Mr. Lamont is now drawing from mainstream Democrats, the momentum within the party is all toward the come-home-now left." This "means that if Democrats retake Congress, we will be back where we were in Vietnam circa 1975. Early that year the Congressional left blocked funds for our allies in the government of South Vietnam, weakening its defenses even as Hanoi massed for an attack. Within weeks, the North was on the march and the last American helicopters were leaving Saigon. The stakes are just as serious today in Iraq." Bush "can help his own cause by going on offense in Baghdad, adding more troops if necessary and doing whatever it takes to demonstrate that the fight continues to be worth the cost in lives and treasure. The Lamont Democrats may be dangerously wrong, but the American people will turn to them in frustration if Mr. Bush doesn't make the policy differences and the security stakes perfectly clear."

USA Today (8/10, 2.27M) editorializes that "Lieberman was a casualty of a drive to enforce partisan ideological purity, which is making it harder for politicians to be centrists and reach across party lines to solve the nation's problems. Enforcers from the far right and left are yanking down the 'big tents' that allowed for a diversity of viewpoints within the parties."

David Brooks writes in the New York Times (8/10, 1.21M), "There are two major parties on the ballot, but there are three major parties in America. There is the Democratic Party, the Republican Party and the McCain-Lieberman Party. All were on display Tuesday night. … The McCain-Lieberman Party begins with a rejection of the Sunni-Shiite style of politics itself. It rejects those whose emotional attachment to their party is so all-consuming it becomes a form of tribalism, and who believe the only way to get American voters to respond is through aggression and stridency."

Tuesday's Primaries Said To Reveal Unfriendly Terrain For Incumbents. USA Today (8/10, Lawrence, 2.27M) reports, "So much for the benefits of incumbency. This week's Connecticut, Georgia and Michigan primaries provided hard evidence of what polls have been signaling for months: Voters are in the mood for change. The defeats of Sen. Joe Lieberman, D-Conn., Rep. Cynthia McKinney, D-Ga., and Rep. Joe Schwarz, R-Mich., came two months after Pennsylvanians ousted 17 state legislators in primaries." Charles Cook, editor of the non-partisan Cook Political Report, told USA Today, "Voters are not showing a reticence to vote against entrenched incumbents."

The Wall Street Journal (8/10, Cummings, 2.03M) runs a similar report under the headline "Incumbents Appear On The Outs With Voters," reporting the "anti-incumbent sentiment that claimed several notable victims in this week's congressional primary elections may spell trouble for politicians from both parties, in primaries later this year and in November elections." The "defeats of…three lawmakers -- from different parties, political philosophies and regions of the country -- are the latest evidence of broader anti-incumbent sentiment."

McKinney Contends Crossover GOP Vote Defeated Her. The New York Times (8/10, Goodman, 1.21M) reports from Atlanta, "Her cheering supporters were clearly surprised by Representative Cynthia McKinney's defeat in Tuesday's Democratic primary runoff, but those who follow this city's changing demographics were not. Over the past few years, increasing numbers of affluent blacks have moved into southern DeKalb County, the base of Ms.

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McKinney's district, and many were not impressed by her confrontational and occasionally erratic style." But "McKinney and her supporters contend that Republicans mounted a campaign to vote her out of office, as they did four years ago when crossover voting helped elect her Democratic challenger, Denise Majette. … Several Republican strategists acknowledged that widespread crossover voting was organized and encouraged on Tuesday."

ABC World News Tonight (8/9, story 3, 0:15, Gibson, 8.78M) noted McKinney's defeat last night, noting she "battled with a Capitol Hill police officer at a check point. She apologized to the House. Now, she's voted out of the House."

GOP Seen As Facing Serious Risk In DeLay's Old Seat. The Christian Science Monitor (8/10, Axtman, 58K) reports "GOP leaders in District 22 are gearing up for a massive write-in campaign in support of one of the candidates they wanted to replace [former Rep. Tom] DeLay with in the first place. There's just one problem. Winning an election with a write-in candidate is an extreme long shot, political scientists say." That "suggests that District 22, which has sent a Republican to Congress in every election since 1978, could go Democratic, analysts say, especially since the US Supreme Court declined to intervene early this week."

Sugar Land Mayor To Run As Write-In Candidate. The AP (8/10, Gamboa) reports, "The mayor of former Majority Leader Tom DeLay's hometown said Wednesday he will run as a write-in candidate for his House seat after the scandal-scarred DeLay moved to withdraw from the November ballot." David Wallace, "one of the candidates Texas Republicans were considering to replace DeLay, said in a statement that he had the backing of family, grass-roots leaders and friends in his write-in bid."

Five Candidates File Papers To Challenge Jefferson. The AP (8/10, Simpson) reports, "A string of challengers jumped into the race Wednesday against Rep. William Jefferson, whose Washington office was raided by the FBI amid a federal bribery investigation. The three-day filing period for entering the November elections started Wednesday. In Louisiana, there are no earlier party primaries; if no candidate gets more than 50 percent of the vote on Election Day, the top two go to a December runoff." The AP adds, "Five candidates registered Wednesday to challenge the eight-term Democrat, including two familiar names in New Orleans-area politics. Another longtime New Orleans politician was expected to enter the race later this week." State Sen. Derrick Shepherd, Troy Carter, a former New Orleans City Council member, and Regina Bartholomew, "a lawyer who has worked for the city's school board and the US Department of Labor…filed for the race. Two little-known candidates also registered." State Rep. Karen Carter "plans to register Friday, her aides said."

Ehrlich Aide Says Firings Were Not Based In Party ID. The Washington Post (8/10, A1, Mosk, 748K) reports in a front page story that Joseph Steffen, "the central figure in the probe of Maryland Gov. Robert L. Ehrlich Jr.'s firing practices, testified yesterday that he identified numerous state employees for dismissal and that he did so at the direction of the governor's top aides." Steffen said "he was not specifically instructed to target Democrats, but he did consider party affiliation while evaluating whether to retain certain state employees in Maryland's first Republican administration in a generation. He portrayed himself as a key player in advising the administration on personnel changes, directly contradicting earlier sworn testimony from a top Ehrlich aide." Steffen's testimony before a special state legislative committee was "compelled by a subpoena and a judge's order," and his "descriptions of the terminations did not betray any sympathy for those who were fired and at times seemed to border on cavalier." Steffen's appearance "was the climax of a year-long probe by state lawmakers into the dismissal of 340 state workers that came in the months after Ehrlich was elected. Democratic delegates and senators have sought to learn whether Ehrlich, working through operatives such as Steffen, intended to dismiss veteran state employees solely on the basis of their party affiliation -- something Ehrlich has long denied. To do so would have violated workers' constitutional rights. In that respect, Steffen did little to help the Democrats."

Colorado Initiative To Limit Judges' Terms Noted. In a Wall Street Journal op-ed (8/10), John Andrews, chairman of the Limit the Judges campaign and former president of the Colorado Senate, says, "Americans' concern with a court system out of control has simmered for decades, never coming to a boil. The perennial frustration with judges rewriting the laws and the Constitution is like Mark Twain's comment on the weather -- everybody talks about it but nobody does anything about it. That may be

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about to change in Colorado, if voters pass judicial term limits this fall." Judicial term limits "have not met a great deal of legislative success," but "this year, reformers have gathered petitions with about 108,000 signatures, and recently set up a November 2006 vote on '10 years and out' for justices of the Colorado Supreme Court and judges of the Court of Appeals. The ballot initiative will almost certainly be certified in the coming days."

Ornstein Suggests Mandatory Voting To Increase Turnout. In a New York Times op-ed (8/10), American Enterprise Institute analyst Norman Ornstein says the "unhappy effects of low turnout are clear: ever-greater polarization in the country and in Washington, which in turn has led to ever-more rancor and ever-less legislative progress." With participation rates "of about 10 percent or less of the eligible electorate in many primaries to 35 percent or so in midterm general elections to 50 percent or 60 percent in presidential contests, the name of the game for parties is turnout — and the key to success is turning out one's ideological base. Whichever party does a better job getting its base to the polls reaps the rewards of majority status. And what's the best way to get your base to show up at the polls? Focus on divisive issues that underscore the differences between the parties." One "possible solution" is "mandatory voting. A number of countries, including Singapore, Cyprus, Austria and Belgium, have forms of mandatory voting. But Australia, a sprawling polity like ours, provides perhaps the best example of why it bears consideration for the United States." In the Australian system, "registered voters who do not show up at the polls either have to provide a reason for not voting or pay a modest fine, the equivalent of about $15. The fine accelerates with subsequent offenses. The result, however, is a turnout rate of more than 95 percent. The fine, of course, is an incentive to vote. But the system has also instilled the idea that voting is a societal obligation."

WSJournal Says Walberg Won In Michigan On Economic Issues. The Wall Street Journal (8/10, 2.03M) says in an editorial, "In Michigan, GOP Representative Joe Schwarz was defeated by Tim Walberg, a small-government conservative. The Schwarz camp and other liberal Republicans in Michigan say the abortion issue explains the pro-choice incumbent's loss to Mr. Walberg, a former state lawmaker who is pro-life. But Pat Toomey of the Club for Growth, which backed Mr. Walberg, says the main issues that concerned voters were 'limited government and economic freedom, specifically less spending and lower taxes, which is what Walberg stood for and Schwarz clearly stood against.' By the way, the Michigan election marked the first time the Club for Growth has defeated a Republican in a primary after several tries, a fact that underscores this year's anti-incumbent mood. The Club's next target is liberal Rhode Island Senator Lincoln Chafee, who is facing a tough primary challenge from Cranston Mayor Stephen Laffey."

France May Counter US Lebanon Position With Its Own Security Council Resolution. The Financial Times (8/10, Birchall, Wallis) reports French President Jacques Chirac "on Wednesday raised the prospect of a renewed diplomatic confrontation with the US over Lebanon, saying Paris was prepared to introduce its own ceasefire plan to the United Nations Security Council if efforts to forge agreement with Washington failed." Chirac's move "reflected growing frustration with the diplomatic deadlock at the UN, centred on an initial draft ceasefire resolution agreed by France and the US at the weekend." While Chirac seeks a position more in line with Arab requests, "diplomats say the US remains opposed to placing such a demand on Israel."

The Washington Post (8/10, A14, Lynch, Wright, 748K) says France "on Wednesday introduced elements of a draft resolution urging Israel to begin withdrawing thousands of troops from southern Lebanon 'at the earliest' possible date, as the United States warned that the next 24 hours are crucial because of Israel's threat to launch a ground invasion of Lebanon." An increase in violence "raised the stakes in diplomatic efforts by the United States and France to bring a halt to the four-week conflict." Ambassador Bolton and his French counterpart "said that the two sides had made progress in talks Wednesday evening but that important differences remain." One "senior administration official warned late Wednesday that diplomacy is reaching a crunch point." The AP (8/10, Lederer) runs a similar report under the headline "UN's Mideast Diplomatic Efforts Falter," in which it says Chirac "appeared increasingly frustrated with the US position."

USA Today (8/10, Katz, Nichols, 2.27M) reports "the US ambassador to the UN, John Bolton, acknowledged there were 'disagreements.'" He said "the United States and France had agreed on a suitable text once before and 'we may yet do it again.'" USA Today adds, "Any vote was unlikely

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before Friday. Once a vote is scheduled, the Security Council's common practice is to give diplomats 24 hours to consult with leaders."

CNN's The Situation Room (8/9, Malveaux) reported the Administration "is trying to show that President Bush is still involved in this process, that he wants to bring an end to the hostilities through this UN Security Council resolution." White House Press Secretary Tony Snow "refused to characterize negotiations at an impasse, but he did say that there are some differences they still need to bridge. And not to oversimplify, but the difference, essentially, when those Israeli troops would be required to pull out, whether or not that would happen before or after a multinational force goes in. The Administration very much sticking to its position."

Administration Splits Said To Hinder Rice's Diplomatic Work In Mideast. Under the headline, "Rice's Hurdles On Middle East Begin At Home," today's New York Times (8/10, Cooper, 1.21M) reports, "As fighting was breaking out last month between Hezbollah and Israel," Secretary Rice "worked through the night at her guest quarters on Russia's Baltic coast to draft America's response to the unfolding crisis." Her plan, "which President Bush approved the next morning and [which] has served as the basis for American strategy during the crisis, was more than a policy blueprint. It was also Ms. Rice's answer to opposing camps within the Bush administration." The Times adds, "As Ms. Rice has struggled with the Middle East crisis over the last four weeks, she has found herself trying to be not only a peacemaker abroad but also a mediator among contending parties at home." The Times says NSC Senior Director Elliott Abrams and Assistant Secretary David Welch have "very different outlooks on the conflict;" Abrams, "a neoconservative with strong ties to Mr. Cheney, has pushed the administration to throw its support behind Israel," while Welch "represents the traditional State Department view that the United States should serve as a neutral broker in the Middle East." The Times continues, "The tensions in the region and within the administration have left Ms. Rice visibly weary and she has at times spoken in unusually personal, emotional terms. … The popular image of Ms. Rice as America's impeccably clad, composed, dashing diplomat -- an image she and her aides have encouraged -- has given way to a more somber figure struggling, like many of her predecessors, to resolve a Middle East conflict."

Assistant Secretary Welch Makes Unannounced Visit To Beirut. CNN's The Situation Room (8/9, Blitzer) reported that US special envoy David Welch "made an unannounced trip to Beirut today to meet with Lebanon's prime minister. Lebanon has raised concerns about a UN draft resolution on the conflict. It was brokered by the United States and France. Diplomats say they hope for a vote on the resolution perhaps tomorrow. They've been hoping for such a vote now for days."

British MP Resigns From Defense Ministry Post Over Lebanon. The AFP (8/10) reports a British Member of Parliament "became the first to resign over the government's stance on the Middle East conflict when he quit his post at the Ministry of Defence." Jim Sheridan, "a member of Prime Minister Tony Blair's governing Labour Party, said he was standing down as the parliamentary private secretary to the defence minister and his deputy -- though he acknowledged his resignation would have little impact on the government's Middle East strategy." Sheridan said, "The reason I am resigning is the current conflict in the Middle East and once again the Palestinian situation has been put on the back-burner." AFP adds rather than "call for an immediate ceasefire between Israel and the Hezbollah militia in Lebanon, the British government has pushed for a lasting cessation of hostilities that would be fully observed by both sides."

Lebanese Deputy Chief Of Mission In DC Profiled. The Washington Post (8/10, C1, Duke, 748K) reports on the Lebanese diplomat Carla Jazzar, noting "Lebanon's ambassador, Farid Abboud, was recalled shortly after the conflict started. He'd suggested on CNN that Hezbollah's action represented a Lebanese government policy, which sparked outrage back in Beirut and the early end of Abboud's Washington posting. Into the breach stepped Jazzar, the embassy's deputy chief of mission." She "is 40 and fashionable and diplomatically experienced, having served in Beirut, London and Paris, where as a senior diplomat for Lebanon's mission to UNESCO she had to take over after the Lebanese ambassador there suffered a stroke."

Holbrooke Argues For New, Comprehensive Strategy In Middle East. In an op-ed in today's Washington Post (8/10, A23, 748K), former UN Ambassador and Assistant Secretary Richard Holbrooke writes, "Two full-blown crises, in Lebanon and Iraq, are merging into a single emergency. A chain reaction could spread quickly almost anywhere between Cairo and Bombay." The "only beneficiaries" of the region's "chaos are Iran, Hezbollah, al-Qaeda and the Iraqi Shiite leader Moqtada al-Sadr." Holbrooke calls today's

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"combination of combustible elements" possibly "the greatest threat to global stability since the 1962 Cuban missile crisis." Holbrooke He adds, "Unfortunately, there is little public sign that the president and his top advisers recognize how close we are to a chain reaction, or that they have any larger strategy beyond tactical actions." The "United States must also understand, and deal with, the wider consequences of its own actions and public statements, which have caused an unprecedented decline in America's position in much of the world and are provoking dangerous new anti-American coalitions and encouraging a new generation of terrorists." The Administration's policy "has had the unintended, but entirely predictable, effect of pushing our enemies closer together." The Administration "should redeploy some U.S. troops into the safer northern areas of Iraq to serve as a buffer between the increasingly agitated Turks and the restive, independence-minded Kurds," while sending "more troops to Afghanistan." Holbrook concludes, "Containing the violence must be Washington's first priority. Finding a stable and secure solution that protects Israel must follow. Then must come the unwinding of America's disastrous entanglement in Iraq in a manner that is not a complete humiliation and does not lead to even greater turmoil."

Israeli Cabinet Votes To Expand Ground Offensive. ABC World News Tonight (8/9, story 4,2:40, Gibson, 8.78M) reported, "The Israeli war cabinet voted to expand and intensify the ground war in Lebanon. One official said they're going to need 30 more days to get Hezbollah out of southern Lebanon. 15 Israeli soldiers were killed today. The worst day of the war for Israel." ABC (Muir) added the cabinet was "certainly responding to public opinion here in Israel, Charlie. And the offensive has already begun tonight. Hezbollah fighters are being seen by Israeli tanks that are pushing in; beyond the four to six-mile barrier they've already reached. They plan to push some 14 miles in. And what this says is they've not been able to wipe out Hezbollah fighters as they had hoped in the first month of the war. Public opinion is very strong here. People are asking why the Hezbollah fighters are able to fire the rockets back. In fact, there were 180 more rockets fired into northern Israel just today alone."

The CBS Evening News (8/9, story 3, 2:00, Smith, 7.66M) also reported "Israel upped the ante its drive to crush Hezbollah." CBS (Pizzey) added, "Hezbollah says its stockpile of rockets has not been depleted and warned Arab residents of Haifa to leave for their own safety. In a major shift of policy, Nasrallah backed plans to deploy 15,000 Lebanese troops in the south of the country. It appears they'll have to move fast to get there before Israeli armor does."

NBC Nightly News (8/9, story 3, 1:55, Fletcher, 9.87M) reported, "The army warns up to 200 soldiers could die in the wider offensive. 15 soldiers were reported killed today. Hezbollah leaders had a warning. Thousands of holly warriors are waiting. Lebanon will be a graveyard for Israeli soldiers."

The New York Times (8/10, Erlanger, 1.21M) focuses its reporting on Israeli military planning, saying "Israel decided Wednesday to move thousands more troops into Lebanon in a major expansion of its ground operation aimed at pushing Hezbollah and its rocket launchers farther away from Israeli cities." The Chicago Tribune (8/10, Greenberg, 623K), Christian Science Monitor (8/10, Prusher, 58K), Washington Times (8/10, Mitnick, 88K) and Los Angeles Times (8/10, Chu, Murphy, 918K) run similar stories on the Israeli decision to step up the ground offensive.

The Wall Street Journal (8/10, Chazan, Leggett, 2.03M) reports, "An expansion of Israel's ground campaign into Lebanon could help it to end Hezbollah rocket strikes and to forge a clear victory over the heavily armed militia, but the shift -- an acknowledgment that a strategy of aerial bombardments and limited incursions failed -- carries serious risks for the combatants and the wider region." Such an expansion "could trigger the first rift with the U.S." and "could mean far higher casualties on both sides, greater odds of widening the conflict regionally and, for Israel, more chance of being bogged down in the quagmire of a second occupation of southern Lebanon only six years after the first one ended." The Administration "said yesterday after Israel's plans were in motion that neither side should escalate the hostilities."

The Washington Times (8/10, Scarborough, 88K) reports, "Israel deploys main battle tanks -- in this case the homegrown Merkava -- to win in the villages. But military sources said Hezbollah has been able to destroy tanks using Iranian-provided rocket-propelled grenades." The Times adds, "They worry that such weapons may show up in Iraq, adding to the woes of American troops already bedeviled by improvised explosive devices. Like US forces in Iraq, Israel now finds itself fighting an unfamiliar foe on foreign land and is trying to adjust with new countertactics."

The AP (8/10, Nessman) reports that "in a televised speech, Hezbollah's leader taunted the Israelis. 'If you enter our land, we will throw you out by force and we will turn the

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land of our invaluable south into your graveyard,' Sheik Hassan Nasrallah said. 'We will be waiting for you at every village, at every valley. Thousands of courageous holy warriors are waiting for you.'" The Washington Post (8/10, A1, Moore, Finer, 748K) says Nasrallah also "called on the Arab residents of Haifa to evacuate their neighborhoods. 'To the Arabs of Haifa, a special message,' he said. 'I plead with you to leave that city.'"

The Washington Post (8/10, A1, Shadid, 748K) reports, "In a month-long war with Israel, still raging in villages along the border, Hezbollah has survived as a guerrilla army with support of the Shiite Muslim population in southern Lebanon, an organization honed by a nearly two-decade fight against the Israelis and devotion instilled by faith." The New York Times (8/10, Tavernise, 1.21M) runs a similar report about life among Hezbollah fighters.

White House Says Neither Side Should Escalate Conflict. The AP (8/10, Pickler) reports, "The White House said Wednesday neither Israel nor Hezbollah should escalate their month-old war, as Israel decided to widen its ground invasion in southern Lebanon." Tony Snow "said the US message was for both sides, though his remarks came after Israel's Security Cabinet voted to expand the war effort in an attempt to deal further blows to Hezbollah." Said Snow, "We are working hard now to bridge differences between the United States position and some of the positions of our allies. … We want an end to violence and we do not want escalations."

The Financial Times (8/10, Morris, Birchall, Wallis) reports some Iraqi "ministers indicated…that Israel may defer launching a fresh offensive to see if international efforts to end the fighting can produce a formula that the country could accept." Meanwhile, "the US State Department spokesman in Washington urged Israel to exercise "the utmost care" in avoiding civilian casualties."

Relief Effort Slowed By Violence. The Washington Times (8/10, Pisik, 88K) reports, "The president of the International Committee of the Red Cross walked across a log suspended over the shallow Litani River into southern Lebanon yesterday, a symbolic protest against Israel for knocking out bridges and making aid deliveries difficult. The log has become the supply route for determined relief agencies and an uneasy egress for Lebanese civilians stranded in the south as Israel expands its ground war to eliminate Hezbollah rocket attacks against Israeli civilians." Lebanese "officials say they won't rebuild the bridges as long as Israel targets vehicles crossing the Litani." The Times adds, "Relief agencies say the threat of Israeli air strikes and badly damaged roads have kept them from delivering desperately needed assistance to those stranded in southern towns and villages. Aid is dispatched in convoys of fewer, smaller vehicles, which the Israeli military suspects of resupplying of Hezbollah arms." Even "those deliveries are curtailed by an acute shortage of gasoline."

Israel's High-Tech Industry Surviving War. The Wall Street Journal (8/10, Chazan, 2.03M) reports, "With Israel's War against Hezbollah still raging, the economic damage wrought by the weeks-old conflict already is being counted in the billions of dollars." But "one critical part of Israel's economy is weathering the storm -- so far. The high-technology sector has continued to function, proving far more resilient than more-traditional industries such as agriculture, tourism and retail." That "says a lot about how advanced-knowledge economies are better able to endure the stress of war and bend to absorb its blows. Israel's adaptability has allowed it to pursue an open-ended campaign in southern Lebanon with little fear of economic collapse on the home front, at least in the short term."

In Bid To Boost Imports, Gutierrez To Lead Trade Delegation To China. The AP (8/10, Crutsinger) reports Commerce Secretary Carlos Gutierrez said "he will lead a delegation of business executives to China this fall as part of an effort to boost exports and reduce America's record trade deficit." Gutierrez said, "China is one of our fastest growing export markets and we are having a great year." The AP adds that through May, "U.S. exports to China were up by 37 percent from the same period a year ago, and that increase came on top of 19 percent growth in U.S. exports to China in 2005." Still, "even with those gains, the U.S. trade deficit with China is running 13 percent above the pace set last year, when Americans recorded a $202 billion deficit with the Chinese, the biggest imbalance ever with a single country."

Rice Promoting More "Agile" Foreign Service Corps. The Wall Street Journal (8/10, King, 2.03M) reports in a front page story that the US' top diplomat in the Sudan, Bob Whitehead, "has been in the vanguard of a new, very grass-roots push by the Bush administration to make up for the diplomatic damage done by the Iraq war and to try and leave the U.S. better positioned to respond to -- and

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possibly even pre-empt -- conflagrations of the future. Instead of dictating terms from on high, the administration is trying to nudge along reforms from below, often far from national capitals. And that, goes the new logic, requires making the U.S. diplomatic corps more agile and less hemmed in by the high walls and bureaucracies of the traditional embassy." Even as she "struggles publicly with raging war in the Middle East and other prominent crises, Secretary of State Condoleezza Rice has quietly made the push a central plank of the administration's second-term drive to promote ground-level change in some of the world's remotest nooks and crannies."

Mexican Electoral Officials Begin Partial Recount Of Presidential Ballots. The AP (8/10, Adams) reports Mexican electoral officials "fanned out across the country Wednesday to begin a partial recount" in that country's "tight presidential election, while leftists alleging vote fraud blocked bank headquarters in the capital and vowed to take their disruptive protests nationwide." Guarded "by soldiers and monitored by electoral judges and representatives of all of Mexico's five political parties, authorities started sifting through ballots cast at 11,839 polling booths, about 9 percent of the 130,000 booths used during the July 2 election." The initial results "gave Felipe Calderon, the pro-business candidate of conservative President Vicente Fox's National Action Party, a lead of 240,000 votes, or less than 1 percent, over leftist candidate Andres Manuel Lopez Obrador, former mayor of Mexico City." The partial count "could change those results, but it was considered unlikely to tip the balance in favor of Lopez Obrador."

The Los Angeles Times (8/10, Enriquez, 918K) reports that in Mexico City, "elections officials on Wednesday began recounting nearly 12,000 disputed ballots from July's presidential election while supporters of second-place finisher Andres Manuel Lopez Obrador expanded their civil disobedience campaign to a blockade of three bank buildings." The recount "was ordered last week by a seven-judge tribunal that has the final say over election matters. They must declare a new president within a month, or throw out the results of the July 2 election." The tribunal "appeared to close the door on a full recount Saturday, after justices said the law allows the recounting of ballots only at polling stations that appeared to have made arithmetic errors or show other irregularities. Lopez Obrador so far has offered no proof of fraud."

The New York Times (8/10, McKinley, 1.21M) reports, "With the political crisis deepening, Mexicans of all political stripes are hoping the partial recount will either put to rest Mr. López Obrador's claims of widespread fraud or lend them credence, which might force the court to order a wider recount." Experts "on election law said that while the partial recount was far less than Mr. López Obrador had wanted, it indicated a major concession to his party. What is more, counting ballots a second time in nearly 12,000 polling places could unearth a raft of errors that would give more leverage to proponents of a completely new tally."

WSJournal Criticizes Obrador's Recount Effort. The Wall Street Journal (8/10, 2.03M) says in an editorial, "Mexico City traffic moves slowly even on good days, and recently it has come to a near-standstill as thousands of supporters of failed leftist presidential candidate Andrés Manuel López Obrador (a.k.a. AMLO) have set up tents and formed human chains along the Paseo de la Reforma, the city's main drag. But we're glad to note that at least one thing is functioning efficiently south of the border: the rule of law." Barring the "discovery of major irregularities, it now seems certain that center-right candidate Felipe Calderón will take office when President Vicente Fox's term expires in December. But the danger AMLO poses to Mexico's young democracy remains. After declaring himself the winner on election night he has failed to concede even the possibility of defeat, all the while calling a squatters' army into the streets to 'defend democracy.'" Still, "we are confident that Mexico will weather these assaults, and perhaps emerge somewhat better for them."

Kyrgyzstan Turns Over Political Refugees To Uzbekistan. The Washington Post (8/10, A17, Finn, 748K) reports, "Five people who fled the Uzbek city of Andijan to neighboring Kyrgyzstan last year during a deadly government crackdown were turned over to Uzbekistan on Wednesday. The decision drew swift condemnation from the United Nations and human rights groups, which said the men now face the prospect of being tortured or executed." Officials in Kyrgyzstan's "government could not be reached Wednesday evening. Kyrgyz officials have alleged that the five committed serious nonpolitical crimes, and Kyrgyz courts have ruled that they did not qualify for refugee status."

Hardliner Expected To Replace Koizumi As Japanese Prime Minister. USA Today (8/10,

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Wiseman, Nishiwaki, 2.27M) reports Shinzo Abe, "who takes a hard-line approach to regional rogue North Korea, appears to be a shoo-in to replace Junichiro Koizumi in September as the next prime minister of Japan." Abe, "already was the front-runner when North Korea defiantly launched seven missiles into the Sea of Japan last month. As chief Cabinet secretary, Abe has led Japan's hard-nosed response to the North Korean provocation. He has pushed for economic sanctions and a United Nations Security Council resolution criticizing the North Korean regime."

Libya Settles Lawsuit With DC Water Authority. The Washington Times (8/10, McElhatton, 88K) reports the Libyan government "has settled a federal lawsuit with the District's water authority in a dispute involving more than $27,000 in outstanding bills. The settlement allows Libyan officials to move ahead with plans to open an embassy in Northwest." Libya had "sued the D.C. Water and Sewer Authority (WASA) earlier this month and demanded that the utility restore water and sewer service at its property at 2201 Wyoming Ave. NW. The settlement was reached Tuesday after The Washington Times first reported the dispute."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Letters Coax A Serial Killer To Confess."
"Israel Readies Broader Push As Losses Rise."
"Partisan Crevasse May Be Widening."
"Kaiser To Pay Record $2-Million Fine For Kidney Program."
"Statin Looks Effective In Preventing New Strokes."
"Britain Holds 18 In Airline Plot Case."

USA Today:
"For Some, Renting Makes More Sense."
"Shiites Redefine Battle In Baghdad."
"Study: More Babies Are Overweight."
"The Standards."

New York Times:
"Israel, Seeking Rocket Buffer, Sets Expansion."
"Rice's Hurdles On Middle East Begin at Home."
"Democrats Back Lamont In Race In Show Of Unity."
"On Patrol, Iraqis Prove Eager, Erratic And Green."
"An Oil Leak Rattles A State and Its Workers."
"Hot Market For Second Homes Hits Slump."

Washington Post:
"Israel Expands Ground Operations In Lebanon."
"Ehrlich Adviser Details Firings."
"Democratic Leadership Welcomes Lamont."
"Commuter's Revenge Will Be A Blast."
"Probe Grows Into Stock Options Backdating."
"'It's Dangerous, But Hezbollah Is Strong'."

Washington Times:
"Israel Widens Ground War In Lebanon."
"Wilson Bridge To Face Wrath."
"Local, National Democrats Line Up Behind Lemont."
"District To Start Setting Up cameras."
"BP Oil Facility Closure Sends Chills Across Alaska."

Detroit Free Press:
"State deals To get $1 Billion From Ford."
"Debate To grow As End Of Tax Nears."
"Conservatives Oust Moderate Schwarz."
"Ford To Eliminate Twist Gas Caps On All Vehicles."

Atlanta Journal-Constitution:
"Israel Votes To Expand Ground War In Lebanon."
"November Lineup Pleases Both Parties."
"Ex-Board Menu Grady Insolvent."
"Atlanta's Versailles' Could Go Condo."

Houston Chronicle:
"State Finds Evacuees In Holding Pattern."
"Roaring Tale Of Deceit Ends With A Whimper."
"Israelis Expanding Operation On ground."
"Refugee's Haven Now His Homeland."
"Baby Fat Not Always Just Cute, Experts Say."

Story Lineup From Last Night's Network News:
ABC: Lieberman Defeated; Democratic Left; McKinney Defeated; Israeli Cabinet-War Expansion; Carroll's Kidnappers Arrested; Missing Foreign Students Found; BP Oil Pipeline Shutdown; Alaska-Hiring Freeze; Lipitor; Williams-Alcohol Abuse; Police Abuse; Lieberman Campaign; 9/11 Hero Found.
CBS: Lieberman-Defeated; Lieberman Campaign; Israeli Cabinet-War Expansion; Iraq- Sectarian Violence; Carroll's Kidnappers Arrested; VA-Another Lost Computer; Sex Online; BP Oil Pipeline Shutdown; Stock Scandal; Automated Customer Service Lines.

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NBC: Lieberman Defeated; Democratic Left; Israeli Cabinet-War Expansion; Caroll's Kidnappers Arrested; Missing Foreign Students Found; BP Oil Pipeline Shutdown; Stock Market; Online Liquor Sales- Minors; Statue Of Liberty; Lung Cancer New Test; Williams-Alcohol Abuse; Viewer Response-Sexually Explicit Lyrics.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: UK-Terror Plot Averted; US-Airport Security Stepped Up; UN-Mideast War Resolution.

CBS: UK-Terror Plot Averted; UN-Mideast War Resolution; Missing Egyptian Exchange Students Found; CT-Lieberman Independent Senate Bid; Online Liquor Sales.

NPR: UK-Terror Plot Averted; Nasrallah Tape; Bush Administration-Detainees; Iraq-Bombings; Boston-Longshoremen's Union Arrests.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Tours Fox Valley Metal-Tech, Green Bay, Wis.; makes a statement on the economy, Fox Valley Metal-Tech, Green Bay, Wis.; attends a Gard for Congress reception, private residence, Oneida, Wis.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: CPSC-SCHOOL DAYS _ 10 a.m. US Consumer Product Safety Commission Acting Chairman Nancy Nord holds a media availability to discuss shopping tips and advice for parents to help their children avoid injury when traveling to and playing outside of school. Location: Bethesda Elementary School playground, 7600 Arlington Road, Bethesda.

EDUCATION _ 10 a.m. Meeting of the Commission on the Future of Higher Education. Location: Barnard Auditorium, Education Department, 400 Maryland Ave. SW.

MEXICAN ELECTION _ 10 a.m. Juan Molinar, congressman from the Mexican Partido Accion Nacional and Arturo Sarukhan spokesman for PAN presidential candidate Felipe Calderon discuss the Mexican election results at a National Press Club Newsmaker news conference. Location: National Press Club.

SOCIAL SECURITY-ELECTIONS _ 11:30 a.m. Sen. Robert Menendez, and Rep. Sandy Levin, Campaign for America's Future co-director Roger Hickey and Democratic pollster Guy Malyneux hold a telephone briefing to discuss how Social Security's guaranteed benefit is at stake in this year's midterm elections. Contacts: Toby Chaudhuri, 202-955-5665. Notes: Callin number: 888-802-2225, passcode: 8146768.

FOREIGN BORN POPULATION _ 12:30 p.m. The Pew Hispanic Center holds a telephone news conference to release a report on growth in the foreign-born population and the employment of native-born workers. Contacts: Angela Luben, 202-419-3606. Notes: Callin number: 888-603-6873; passcode: 7723669.

9/11 AVAILABILITIES _ 1 p.m. The Defense Department's Washington Headquarters Services Communications Department holds one in a series of availabilities to assist media organizations with Sept. 11 fifth anniversary efforts, such as getting B roll, interviews, etc. Location: Pentagon.

MEDICAL ETHICIST _ 5 p.m. - 6:30 p.m. Steven Miles will discuss his new book,``Oath Betrayed: Torture, Medical Complicity, and the War," which explores the medical systems role in military torture cases such as Abu Ghraib and Guantanamo Bay. Reactions and questions from experts Gregg Bloche and Edmund Howe will follow. The event is sponsored by Georgetowns Center for Clinical Bioethics and the School of Nursing and Health Studies and the Center for Ethics at Washington Hospital Center. Location: Georgetown University Medical Center, Gorman Building Gorman Auditorium, 3800 Reservoir Road NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, AUGUST 10, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

UK Police Disrupt "Major Terrorist Plot" To Bomb US-Bound Airliners ... 3
Three Of 11 Missing Egyptian Students Arrested ... 3
Two Michigan Men Arrested In Ohio On Terrorism Charges ... 4
Georgia Terror Suspect Pleads Not Guilty ... 4
Pentagon Counterintelligence Office Director, Deputy To Resign. 4
Judge Rejects Prosecution Motion For Anonymous Jury In Hamas-Funding Trial ... 4

Homeland Response:

Georgia Considered For Site Of National Bioterror Lab ... 5
Intern At Federation Of American Scientists Develops Own Version Of Ready.gov ... 5
9/11 Hero Turns Up After Seeing World Trade Center Commercial ... 5
Contractors That Won Major Katrina Work Chosen To Handle Future Disasters ... 5

War News:

Both Parties Increasingly "Unsettled" On Iraq, War On Terror ... 6
Three Soldiers Killed, Two Missing In Anbar ... 6
Problems Remain Among Iraqi Police Force Officers ... 6
Arrests Made In Kidnapping Of Journalist Carroll ... 6
Platoon Leader Expected To Face Charges In Hamdaniyah Killing ... 7
Parliament Panel Says British Troops Need Essential Supplies ... 7
Witnesses Say Ex-CIA Contractor Harshly Beat Afghan Detainee ... 7
Taliban Reportedly Kills Woman And Son, Calling Them Spies ... 7
Kabul Power Problems Stoke Anger At Karzai ... 7
Navy Considers Refueling Ships In Yemen ... 7
Ex- Army War College Commander Calls For Improved Infantry.. 7

Corporate Scandals:

US Charges Three Ex-Comverse Officials In Options Probe ... 7
Fannie Mae Believes It Has Found Last Of Accounting Errors ... 9
SEC Proposes Postponing Deadline For Accounting Safeguards 9
Imax Stock Value Falls Amid SEC Probe ... 9
GTSI Cites Errors In Revising Earnings Results ... 10
SEC Moves To Loosen Sarbox Rules For Foreign Companies.. 10

Criminal Law:

Internal House Probe Reveals Cunningham Abuse ... 10
US Seeks Death Penalty In New York Kidnap-Murder ... 10
Three Memphis Police Officers Charged With Stealing Drug, Money ... 11
FBI Says Porn Sweeps Off To "Good Start." ... 11
Transportation Department Computer With Personal Data On Over 100,000 Stolen ... 11
Nicholson Announces Credit Protection For Veterans ... 12
Judge Inclined To Deny DeVecchio Motion To Try Case In Federal Court ... 12
FBI Suspects "Copycat Sniper" In Northern Indiana ... 12
Jury Deliberations Begin In Minnesota Bribery Trial ... 13
Oklahoma Man Sentenced To Five Months In Prison For FEMA Relief Fraud ... 13
Missouri Trio To Plead Guilty To Stealing Funds From Money Transfer Company ... 13
Navy Officer Charged In Espionage Scheme ... 13
2nd Circuit Rejects Bright Line On Jury Instructions ... 13
Treasury Employee Charged With Passing Partially Printed Bills 13
Another Indiana Sniper Attack Reported ... 14
North Carolina Creates Commission To Review Death Penalty Convictions ... 14
Virginia Man Sentenced To 30 Years For Killing College Student 14
First DC Crime Cameras To Be Set Up This Week ... 15

Civil Law:

DOJ Probes Alabama Bank's Automobile Lending Practices ... 15
House Members Back Senate Whistleblower Protection Amendment ... 15
Google To Continue Storing Search Requests ... 15
Jury Awards $10.3 Million Verdict In Asbestos Case ... 16
Kaiser Faces $2 Million Fine Over Kidney Program ... 16

Civil Rights:

Judge Denies Challenge To Mississippi School Desegregation Settlement ... 16
Georgia Election Official Expects McKinney Election Challenge 16
Study Finds Harassment, Discrimination Damaging Arab-Americans' Mental Health ... 17
NYTimes Decries Missouri's Voter ID Requirement ... 17

Antitrust:
Apotex Says Bristol-Myers, Sanofi Misplayed Plavix Defense 17
Georgia PSC Asked To Restrict Terms Of AT&T-BellSouth Merger 18
FTC Clears Blackstone Buyout Of Encore Medical Corp 18
Judge Orders Sempra To Turn Over Trader Tapes 18

Environment:
BP Officials Were Warned About Corrosion 18
US Charges Citgo With Clean Air Act Violations 20
US Expands Bird Flu Testing Nationally 20
Gore Accused Of Doing Little To Reduce Global Warming 20
WPost Says Congress Should Fund Potomac Snakehead Management 20

FBI/DEA/ATF/USMS:
IG Report Clears FBI In Death Of Ojeda Rios 20
Former SAC Goes On Trial For Allegedly Lying About Relationship With Informant 21
In Tennessee, Indictment Reveals More Details In Marijuana-Trafficking Investigation 21
Father And Son Plead Guilty In Kentucky OxyContin Case 21
Los Angeles Police Chief Defends Drug-Use Policy Change For Recruits 22
Zero-Tolerance School Discipline Policies Said To Be "Backfiring." 22
Survey Indicates Small Percentage Of Teens Use Internet To Buy Alcohol 22
UN Report Expected To Show Opium Poppy Cultivation Increase In Afghanistan 22
Coble Bill Said To Hinder ATF's Ability To Curb Illegal Gun Sales 22
Man Wanted For Raping Child In Massachusetts Captured In Louisiana 22

Immigration:
Gonzales Issues New Rules For Immigration Judges 23
AFL-CIO Reaches Deal With Day Labor Association On Labor Rule Enforcement 24
Immigration Reform Protests May Unify Hispanic Voting Bloc 24

Congress-Administration:
Group Seeks Review Of NIH Researcher's Drug Company Ties 24
Bush's "100-Degree Club" Described 24
Air Force Memorial To Be Dedicated October 14 25
Herbert Says GOP "Deceit" Is Orwellian 25

Other News:
Stocks Fall Despite Fed Decision To Leave Interest Rates Unchanged 25
Cuban Americans, Analysts Question Proposed Cuba Policy Changes 25
Lieberman Files To Run As An Independent As Democrats Coalesce Around Lamont 26
Tuesday's Primaries Said To Reveal Unfriendly Terrain For Incumbents 30
McKinney Contends Crossover GOP Vote Defeated Her 30
GOP Seen As Facing Serious Risk In DeLay's Old Seat 30
Five Candidates File Papers To Challenge Jefferson 30
Ehrlich Aide Says Firings Were Not Based In Party ID 30
Colorado Initiative To Limit Judges' Terms Noted 31
Ornstein Suggests Mandatory Voting To Increase Turnout 31
WSJournal Says Walberg Won In Michigan On Economic Issues 31
France May Counter US Lebanon Position With Its Own Security Council Resolution 31
Israeli Cabinet Votes To Expand Ground Offensive 33
In Bid To Boost Imports, Gutierrez To Lead Trade Delegation To China 34
Rice Promoting More "Agile" Foreign Service Corps 34
Mexican Electoral Officials Begin Partial Recount Of Presidential Ballots 34
Kyrgyzstan Turns Over Political Refugees To Uzbekistan 35
Hardliner Expected To Replace Koizumi As Japanese Prime Minister 35
Libya Settles Lawsuit With DC Water Authority 35

The Big Picture:
Headlines From Today's Front Pages 35

Washington's Schedule:
Today's Events In Washington 36

DOJ_NMG_0045849

TERRORISM NEWS:

UK Police Disrupt "Major Terrorist Plot" To Bomb US-Bound Airliners. The Washington Post (8/10, Barbash, 748K) reports on its website, "British authorities said today they had disrupted a 'major terrorist plot' to blow up flights between the United Kingdom and the United States. In response, both Britain and the United States issued alerts for heightened security on all flights between the two countries." The AP (8/10) says that as he raised the threat level for UK-US flights, DHS Secretary Michael Chertoff said in a statement, "We believe that these arrests have significantly disrupted the threat, but we cannot be sure that the threat has been entirely eliminated or the plot completely thwarted. … To defend further against any remaining threat from this plot, we will also raise the threat level to high, or orange, for all commercial aviation operating in or destined for the United States." However, Chertoff added, "currently, there is no indication...of plotting within the United States."

BBC News (8/10) reports on its Web site, "It is thought the plan was to detonate explosive devices smuggled on aircraft in hand luggage. Police have arrested about 18 people in the London area after an anti-terrorist operation lasting several months. Security at all airports in the UK has been tightened and delays are expected. MI5 has raised the UK threat level to critical -- the highest possible." BBC notes, "Prime Minister Tony Blair is on holiday in the Caribbean, but Downing Street said the police operation was undertaken with his full support and he has been 'in constant touch'. A spokesman for Number 10 added that Mr Blair had briefed US President George Bush on the situation during the night." The AP (8/10, Kirka) adds UK Home Secretary John Reid "said the alleged plot was 'significant' and that terrorists aimed to 'bring down a number of aircraft through mid-flight explosions, causing a considerable loss of life.'" The AP also notes Blair "had briefed President Bush on the situation overnight, Blair's office said."

The Los Angeles Times (8/10, Stobart, 918K) reports, "A massive security operation has since begun at all British airports, and a Transport Department advisory said all baggage must be carried in the hold, not in the cabin. Passengers may not carry items even in their pockets…but will be allowed to carry aboard a transparent plastic bag containing a few items, such as wallets, travel documents and spectacles. … Passengers were advised to expect meticulous hand searches and delays of up to five hours for all flights leaving the country. Delays could be longer for flights to the United States." On its website, the Financial Times (8/10) notes "the news sparked a sharp fall in London stocks, with the FTSE 100 index of blue-chip stocks down more than 100 points in early trading."

The Seattle Times (8/10, 217K) reports DHS "banned all liquids from being carried onto flights. The plot was believed to have involved smuggling explosive devices on board aircraft in hand luggage, police said. It was likely to target flights from Britain to the US, police said."

Bloomberg (8/10) notes "today's arrests follow the return of an American Airlines Inc. flight to Boston from London on Aug. 7 to Heathrow Airport after takeoff due to an unspecified security issue. Four passengers detained by the authorities were later released after being questioned."

Plotters Planned To Smuggle Explosives In Hand Luggage. A story appearing on the UK Guardian (8/10) reports, "Police have revealed how terrorists were intending to cause death and destruction on UK airlines. A Scotland Yard spokesman said: 'It is believed that the aim was to detonate explosive devices smuggled on board the aircraft in hand luggage.'" Meanwhile, "It is believed the covert investigation had been going on for several months and it is understood that officers made the arrests overnight, not because they feared an attack was likely to happen on Thursday but for other intelligence reasons which meant they had to act quickly."

Three Of 11 Missing Egyptian Students Arrested. NBC Nightly News (8/9, story 5, 1:20, B. Williams, 9.87M) reported, "It appears tonight the case of 11 young men lost in America -- or maybe deliberately missing -- has just about been solved." NBC (P. Williams) added, "The students came here to get a lesson in American culture. What they are learning about is post 9/11 security. … Three were picked up today…one in New Jersey who got lost and called the police. In the past three years since the US began tracking these violations, more than 7,000 have been reported -- nearly 1,300 of them are unresolved." ABC World News Tonight (8/9, story 6,Gibson, 8.78M) noted, "The FBI would not say why the three vanished, but said they pose no threat. And they're looking for the eight other men."

CNN (8/9, Phillips, 1:29 p.m.) reported that the FBI "actually issued a nationwide BOLO for 11 Egyptian students," and "we understand there has been one arrest now." CNN (Meserve) added that FBI and DHS "did not think these 11 had ties to criminal or terrorist activity but advising caution when law enforcement saw them and approached them. Clearly find them has been something of a priority."

The Washington Post (8/10, A16, Eggen, Hsu, 748K) reports, "The episode is the latest in a series of cases…in which the FBI and other law enforcement agencies have gone to great lengths to locate individuals even when there is

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no clear evidence of a threat. 'In the post-9/11 world, the rules have changed,' Special Agent Richard Kolko, an FBI spokesman, said in a statement about the case earlier this week. … Federal officials said they never sought to make the search public," and ICE spokesman Dean Boyd said, "We've been talking to people around the globe, and at this point we have not turned up any evidence of ties with any known terrorist or criminal organizations."

The AP (8/10, Aamot) notes, "Eslam Ibrahim Mohamed El-Dessouki, 21, was taken into custody in Minneapolis on an immigration violation. Two other students -- Mohamed Ragab Mohamed Abd Alla and Ebrahim Mabrouk Moustafa Abdou, both 22 -- surrendered to police in Manville, N.J., after hearing media reports that they were wanted, FBI spokesman Steven Siegal said. Eight students remain at large," but they "pose no terrorism threat, the FBI said."

ICE Deploys Seven New Fugitive-Hunting Teams. The Washington Times (8/10, Seper, 88K) reports, "U.S. Immigration and Customs Enforcement (ICE) yesterday said seven new fugitive-operations teams are now functioning in Atlanta; Houston; Los Angeles; Newark, N.J.; Phoenix; Raleigh, N.C.; and Washington." DHS Assistant Secretary Julie L. Myers "said the new teams bring to 45 the number of fugitive-hunting operations nationwide. 'The United States is a land of opportunity, but it is also a nation of laws,' said Mrs. Myers. … 'The addition of these new fugitive teams increases ICE's ability to aggressively pursue immigration violators as part of our nationwide interior-enforcement strategy.'"

Two Michigan Men Arrested In Ohio On Terrorism Charges. In a widely-distributed story, the AP (8/10) reports, "Investigators in southeast Ohio said they were working to unravel how two Michigan men charged with supporting terrorism came to have airplane passenger lists and airport security information." Osama Sabhi Abulhassan and Ali Houssaiky of Dearborn "were being held…on $200,000 bond each, which could be raised at a Thursday afternoon court hearing. Deputies stopped the two on a traffic violation Tuesday and found the flight documents along with $11,000 cash and 12 phones in their car." The AP notes, "FBI spokesman Mike Brooks in Cincinnati said his office was investigating. Abulhassan and Houssaiky admitted buying about 600 phones in recent months at stores in southeast Ohio, said sheriff's Maj. John Winstanley. They sold the phones to someone in Dearborn, Winstanley said."

Georgia Terror Suspect Pleads Not Guilty. The Atlanta Journal-Constitution (8/10, Torpy, 399K) reports, "Ehsanul Islam Sadequee's long, strange journey over two continents brought him back to Atlanta on Wednesday and into federal court. … The hearing was brief, and Sadequee spoke just three times, answering 'yes' to prosecutor Katherine Monahan when she asked him questions, including if he was going to plead not guilty." The Journal-Constitution notes, "Sadequee and former Georgia Tech student, Syed Haris Ahmed, are accused of traveling to Canada in March 2005 and meeting with others to discuss 'violent jihad.' … Each faces four felony charges, including conspiracy to provide material support to terrorists."

Meanwhile, the AP (8/10, Weber) reports Sadequee defense lawyer Don Samuel "said Wednesday he will challenge his client's pretrial detention after he receives more information in the case." Samuel "told U.S. Magistrate Judge C. Christopher Hagy that he needs documents and other materials to help make his argument for bond." Outside court, Samuel told reporters Sadeqee is "reading the Quran, studying. He's trying to make do with the terrible conditions in the U.S. penitentiary." The AP notes, "While the indictment discusses meetings, conversations and training exercises, nowhere does it say the two men obtained or tried to obtain weapons or explosives to commit terrorism."

Pentagon Counterintelligence Office Director, Deputy To Resign. The Washington Post (8/10, A4, Pincus, 748K) reports the director and deputy director of the Counterintelligence Field Activity, the Pentagon's "newest intelligence agency whose contracts based on congressional earmarks are under investigation by the Pentagon and federal prosecutors," will resign at the end of the month. Director David Burtt II said he and deputy Joseph Hefferon would depart. A Pentagon spokesman "confirmed they were leaving and said it was 'a personal decision that they both made together.'"

Judge Rejects Prosecution Motion For Anonymous Jury In Hamas-Funding Trial. The Chicago Tribune (8/10, Bush, 623K) reports, "A federal judge in Chicago on Wednesday denied prosecutors' request to seat an anonymous jury in the trial of a Bridgeview man charged with funneling money to the Palestinian group Hamas, which the U.S. has labeled a terrorist organization. U.S. District Judge Amy St. Eve ruled that prosecutors failed to show Muhammad Salah and his co-defendant, Abdelhaleem Ashqar of Virginia, are likely to intimidate or harass jurors. 'The mere invocation of the word "terrorism," without more, is insufficient to warrant such an anonymous jury,' St. Eve wrote." The Tribune notes Salah lawyer Michael Deutsch "said that he…expects to ask St. Eve to postpone Salah's October trial because of fighting in the Middle East."

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HOMELAND RESPONSE:

Georgia Considered For Site Of National Bioterror Lab. The Atlanta Journal-Constitution (8/10, Woods, 399K) reports two sites at the University of Georgia in Athens have made" the first cut in a competition to become a stronghold in the federal government's defense against bioterrorism and pandemic diseases." The US Department of Homeland Security has included the two properties "on a list of 18 potential sites in 11 states for what is called the National Bio and Agro-Defense Facility, a research center that would be a top lab for fighting biological threats to national security." However, the newspaper notes that Georgia faces "stiff competition" from a number of states with "formidable economic and political muscle" that also made the cut Wednesday, including Texas, North Carolina and California. The Department of Homeland Security expects to narrow the list by the end of the year and select a site by 2008. The facility could open by 2013.

Intern At Federation Of American Scientists Develops Own Version Of Ready.gov. The Washington Post (8/10, A21, Goldfarb, 748K) reports Emily Hesaltine, an intern at the Federation of American Scientists, has developed her own version of DHS' Ready.gov "that the federation calls significantly improved." The Post adds that since February 2003, Ready.gov "has been lampooned for what critics said were obvious or dubious suggestions. Hesaltine set out to examine the site's flaws, by consulting emergency preparedness research and experts at the federation and elsewhere, and create a more comprehensive, accurate and easy-to-understand version, ReallyReady.org, which went live last week. The site's main problems, her analysis said, 'include generic advice, unnecessarily lengthy descriptions, and verbatim repetition of details on multiple pages, all encapsulated within a confusing navigational structure.'"

9/11 Hero Turns Up After Seeing World Trade Center Commercial. ABC World News Tonight (8/9, story 13, 2:10, Gibson, 8.78M) reported Jason Thomas, a "real-life person portrayed" the movie World Trade Center, has been identified after nearly five years. ABC (Weiner) added that Thomas was an "ex-Marines who ignored orders to keep out of the scalding rubble of the Twin Towers and found two trapped policemen." He had "disappeared" until last week when he saw a commercial for the movie. Thomas: "I see the two Marines walk over to the hole. And I said, that's us."

Contractors That Won Major Katrina Work Chosen To Handle Future Disasters. The Washington Post (8/10, D1, Witte, Hsu, 748K) reports FEMA announced yesterday that Bechtel Corp., CH2M Hill Cos., Fluor Corp. and Shaw Group Inc., which, the Post reported Wednesday, "received controversial no-bid contracts to house Hurricane Katrina evacuees last September," will earn "up to $250 million apiece to do similar work after future disasters, the Federal Emergency Management Agency said yesterday." Yesterday's contracts were "after a bidding process," and Deidre Lee, FEMA's deputy director of operations and chief acquisitions officer "stressed…that winners were chosen because they offered the best combination of price and capacity to do the work." However, "some questioned why the same four companies that received the no-bid Katrina work also won most of the work this time around."

The AP (8/9, Yen) reported FEMA Director David Paulison said the new contracts, also awarded to Partnership for Temporary Housing and Disaster Solution Alliance, "will go a long way toward ensuring the federal government is prepared and can act quickly." The AP added, "Some of the companies have strong political and government ties, and Homeland Security inspector general Richard Skinner has been reviewing the propriety of the contracts, with a report expected in October."

Storm Victims In Louisiana Waiting On "Road Home" Funds. The AP (8/9, Deslatte) reports, "More than 11 months after Hurricane Katrina, Louisiana's 'Road Home' housing-aid program for victims of Katrina and Hurricane Rita has yet to come through with money for…the roughly 100,000" applicants. "it could be more than two years before the last of the money is handed out." The AP adds that most of the funding for the program was "caught up in disputes over the costs of the Iraq war and other spending" and "had to run a gantlet of additional state and federal approvals." However, "State officials hope the housing aid will start flowing before the end of August."

Brookings Says New Orleans' Recovery From Katrina Mixed. The AP (8/10, Sayre) reports in a report on New Orleans' recovery from Hurricane Katrina released Wednesday, the Brookings Institution says the city has seen "a turnaround in the housing market and increased tourism and business travel," but has unemployment rates above pre-Katrina levels. "'This may mean that a good portion of the new workers in the labor force are returning residents entering the job market and not having much luck,' the report said. Education and health services have been the biggest losers, with a combined loss of 32,600 jobs — or 41 percent of the pre-Katrina count." Brookings said affordable housing "is key to the city's recovery."

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WAR NEWS:

Both Parties Increasingly "Unsettled" On Iraq, War On Terror. The Christian Science Monitor (8/10, Chaddock, 58K) writes that even before Sen. Joseph Lieberman's primary defeat this week, signs were "pointing to an increasing unsettledness among Capitol Hill lawmakers -- of both parties -- over the war in Iraq and other US activities pertaining to the war on terror." Votes on related matters "await lawmakers upon their return from their August recess, and many -- especially those dismayed" by Lieberman's loss – "are using this month to calibrate the intensity of public sentiment on the Iraq conflict."

The Wall Street Journal (8/10, Cummings, Dreazen, 2.03M) runs a similar report on its front page, leading by saying the "spreading cloud cast by the Iraq war over congressional elections this year is testing the political skills of both parties and complicating Washington's management of the conflict." The White House "moved swiftly in an effort to stem rising antiwar sentiment," portraying Lieberman's loss "by an outspoken critic of the war as a symbol" of the Democrats' "weakness on national-security issues." But while until recently, GOP legislators were "largely unified in their strategy of backing the White House on Iraq and portraying criticism as tantamount to weakness," Rep. Walter Jones, "who has attended the funerals of U.S. servicemen, has called for a withdrawal" of US troops, and Rep. Gil Gutknecht, "who warned Democrats in June not to go 'wobbly' on the war, recently returned from Iraq shaken by what he had seen there."

Three Soldiers Killed, Two Missing In Anbar. The AP (8/10, Reid) reports three soldiers of the 1st Brigade, 1st Armored Division were killed in Anbar Wednesday, and two more were missing after a Black Hawk went down in the same province Tuesday. Meanwhile, Iraqi officials "said about 1,500 people died violently last month in the capital -- many shot execution-style by sectarian death squads." Other than the Carroll kidnappers story, the only Iraq mention on the three networks was a brief CBS Evening News (8/9, story 4, 0:10, Smith, 7.66M) item reporting that "three more American soldiers were killed in combat today in Iraq and Iraqi officials say violence is so bad in Baghdad bodies have to be stacked in the morgue like so much lumber."

Baghdad Morgue Reports Record Number Of Bodies In July. The Washington Post (8/10, A20, Mosher, 748K) reports figures compiled by the Baghdad morgue suggest the "number of killings in the Iraqi capital reached a new high last month," with 1,815 bodies taken in in July, and the US military "said a new effort to bring security to Baghdad will succeed only if Iraqis 'want it to work.'"

USA Today (8/10, Michaels, 2.27M) leads its front page story by saying that US commander Gen. George Casey said more people in Baghdad "are being killed by Shiite death squads than by al-Qaeda and Sunni insurgents." While Casey "did not say that the trend in sectarian killings was evidence of a civil war, he said: 'The conflict here is transitioning from an insurgency against us to a struggle for a division of political and economic power among the Iraqis.'"

Bomb Blasts Near Revered Shiite Mosque In Najaf Kill At Least 24. The AP (8/10) reports, "Two bombs exploded in a market near a highly revered Shiite shrine in Najaf on Thursday, killing at least 24 people and injuring 30, doctors said." The bombs "went off near the Imam Ali mosque, which contains the tomb of Prophet Muhammad's son-in-law, Ali, and is one of the world's most sacred shrines for Shiites." Najaf and "its twin city of Kufa, a stronghold of anti-American cleric Muqtada al-Sadr, are tightly controlled by Shiite guards and police to prevent attacks by Sunnis." The "last major attack in the twin cities occurred on July 18, when a suicide car bomber detonated explosives in a crowd of laborers gathered across the street from another major Shiite shrine in Kufa, killing at least 53 people and wounding 105."

Problems Remain Among Iraqi Police Force Officers. The New York Times (8/10, Cave, 1.21M) reports on Iraqi national police force officers in Baghdad, in a headline calling them "Eager, Erratic And Green." The Times says while Baghdad "was supposed to be the showcase" for an Iraqi force, as the "city has slid into increasing chaos, the American military has reversed course, sending thousands more troops in to bolster the raw Iraqi forces who have been assigned control of 70 percent of the capital in recent months." Two years after an "all-out training effort" began, "many of the early troubles remain: weak discipline, divided loyalties, failure to complete tasks, the tendency to fire wildly in every direction at the first sign of danger."

Arrests Made In Kidnapping Of Journalist Carroll. The three broadcast networks had little coverage of Iraq Wednesday night, but all three reported on the arrest of four men in connection with the kidnapping of journalist Jill Carroll. The CBS Evening News (8/9, story 5, 2:20, Smith, 7.66M) said Carroll was "suddenly, improbably," freed at the end of March, "unharmed. Today another surprise. The US military said they've caught her captors." CBS showed a video displaying "the last place where she was held as a hostage by a group calling itself the 'Revenge Brigade.' The house is actually within sight of a US military base in western Iraq."

NBC Nightly News (8/9, story 4, 0:20, Williams, 9.87M) ran a brief item, and at the end of its report, ABC World News Tonight (8/9, story 5, 0:56, Gibson, 8.78M) said Carroll "will

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speak in detail about her ordeal in an exclusive series, starting Sunday on csmonitor.com and ABC News World News Sunday." Interestingly, given ABC's upcoming exclusive, the network spent much less time on the arrests than did CBS.

The New York Times (8/10, Von Zielbauer, 1.21M) reports Maj. Gen. William B. Caldwell IV said the four men "were arrested in the Sunni Arab-dominated region west of Baghdad." Acting on "details of her confinement that Ms. Carroll gave them after her release, marines searched four houses where military officials now believe she was held." The Los Angeles Times (8/10, Roug, 918K) reports that while the "four suspects were detained west of Baghdad in the Anbar province at least a month ago," it " was unclear why the military chose to announce their detention now." The Washington Post (8/10, A10, Mosher, 748K) and the AP (8/10, Castaneda) also report on the arrests.

Platoon Leader Expected To Face Charges In Hamdaniyah Killing. The Washington Post (8/10, A20, White, Geis, 748K) reports USMC platoon leader Lt. Nathan Phan "is expected to be charged with assault this week for his alleged role in the slaying of an Iraqi citizen" in Hamdaniyah on April 26, which would make him the "ninth U.S. serviceman charged in relation to the case."

Parliament Panel Says British Troops Need Essential Supplies. The AFP (8/10) reports a defense committee of the UK parliament said the Ministry of Defence must "urgently" send essential supplies to British troops in Iraq "who are under-equipped and overstretched despite escalating violence there."

Witnesses Say Ex-CIA Contractor Harshly Beat Afghan Detainee. The AP (8/10, Thompson) reports two witnesses testified Wednesday that ex-CIA contractor David Passaro, charged with beating Afghan detainee Abdul Wali, who later died, "hit the man with a flashlight and kicked in him the groin with enough force to lift him off the ground." Passaro "could face up to 40 years in prison if convicted" of assault charges.

Taliban Reportedly Kills Woman And Son, Calling Them Spies. The New York Times (8/10, Gall, 1.21M) reports the Afghan government said Taliban militants "killed a woman and her 13-year-old son after accusing them of spying for the government and for foreign troops." The woman was reportedly shot "and her son was hanged by an electrical wire from a tree on Monday in Helmand Province."

Kabul Power Problems Stoke Anger At Karzai. The Washington Post (8/10, A10, Constable, 748K) reports on ongoing electrical power problems in Kabul, which have "focused growing anger at the government of President Hamid Karzai, who last year appointed a former militia leader and governor with no technical experience as minister of energy and water. Many Kabul residents say they do not understand why, nearly five years after the overthrow of Taliban rule, and with the influx of millions of dollars in foreign aid, the government cannot even light the capital."

Navy Considers Refueling Ships In Yemen. In its "Washington Wire" column on its web site, the Wall Street Journal (8/9, 2.03M) reported, "Six years after al Qaeda struck a Navy destroyer in Yemen's Gulf of Aden, senior U.S. officials say the Navy is once again considering returning to the country for refueling missions. … US officials say it's possible that U.S. Navy ships could be using the harbor within the next year."

Ex- Army War College Commander Calls For Improved Infantry. In a Washington Times (8/10, 88K) op-ed, former Army War College commander retired Maj. Gen. Robert Scales writes, "Experience in Afghanistan, Iraq and now in Lebanon has taught al Qaeda, Hamas and Hezbollah how to lessen the killing effects of Western weapons by choosing to fight in urban areas, where they can disperse and hide among the innocents. The race between precision-killing technologies and an elusive enemy is a contest that neither Israel nor the United States can win. … Except for better training, morale and leadership, Israeli and American light infantry go into battle today with a cumulative advantage not much better than their grandfathers had in Vietnam or during the Six-Day War. If we are to win the long war against radical Islamism we must fix this problem."

CORPORATE SCANDALS:

US Charges Three Ex-Comverse Officials In Options Probe. Federal prosecutors charged three former Comverse Technology officials with criminal conspiracy Wednesday. USA Today (8/10, Smith) reports, "Three former executives at Comverse Technology systematically backdated company stock options, taking advantage of market gains to fraudulently pocket millions of dollars, the government charged Wednesday in criminal and civil complaints against the former officials." USA continues, "Former CEO Jacob 'Kobi' Alexander, 54, a prominent Israeli businessman who did not appear at his arraignment and is considered a fugitive by U.S. authorities, is accused of masterminding a securities-fraud conspiracy, assisted by former chief financial officer David Kreinberg and former general counsel William Sorin, according to lawsuits filed by the U.S. Attorney's Office in Brooklyn, N.Y., and the Securities and Exchange Commission."

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The Washington Post (8/10, A1, Johnson) reports, "Authorities accused the former Comverse Technology Inc. officials of misleading investors by backdating stock option awards and creating a slush fund to benefit top employees without properly disclosing the compensation to board members. … The rapidly evolving scandal over stock options comes as shareholders and securities regulators are expressing renewed concern about excessive executive compensation and whether companies are fudging the amount of pay and perquisites they offer their leaders." The Post adds, "The criminal charges increase pressure on the scores of U.S. businesses -- from Apple Computer Inc. to Monster Worldwide Inc. -- that have launched internal probes of past stock option practices in recent weeks. Well over a dozen companies have delayed filing financial reports as they await the results of investigations. The FBI is pursuing 45 backdating cases, and regulators at the Securities and Exchange Commission are examining 80 companies, law enforcement officials said at a news conference in Washington. … Acting Assistant FBI Director James 'Chip' Burrus called the behavior a 'deceitful abuse of corporate power' and said that options backdating represents 'the newest trend in investor fleecing' after accounting scandals at Enron Corp. and WorldCom Inc. in recent years. … 'It's the corporate equivalent of placing a bet after the race has been won,' Burrus told reporters."

The AP (8/10, Hays) reports, "Kreinberg, 41, of Teaneck, N.J., and Sorin, 56, of New York, surrendered Wednesday morning to the FBI, authorities said. They were released on $1 million bond each and left the courthouse without speaking to reporters. Alexander, 54, was not in custody. … Authorities said Alexander, a dual citizen of the United States and Israel, in recent months transferred $57 million to Israel, fueling speculation he may have fled there." The AP adds, "Besides filing criminal charges, authorities also 'initiated action to freeze bank accounts worth $45 million used to launder the proceeds of the scheme' and 'initiated forfeiture proceedings,' Deputy Attorney General Paul J. McNulty said at a Washington, D.C., news conference." The AP notes, "The defendants were accused of making stock options more lucrative by backdating their exercise price to a low point in the stock's value. Usually, a stock option's exercise price coincides with the market value at the time of a grant to give the recipient an incentive to drive the price higher. … 'By backdating these options, the defendants, in effect, gave themselves and others an opportunity to place a bet in the middle of a race -- a bet that paid off handsomely,' U.S. Attorney Roslynn Mauskopf said in a statement."

The Wall Street Journal (8/10, Forelle, Bandler) reports, "Kobi Alexander's stellar business career began to unravel in early March with a call from a reporter asking why his stock options had often been granted at the bottom of sharp dips in the stock price of the telecom company he headed, Comverse Technology Inc. … According to an affidavit by a Federal Bureau of Investigation agent, unsealed in Brooklyn, N.Y., the call to a Comverse director set off a furious chain of events inside the company that culminated yesterday in criminal charges against Mr. Alexander and two other former executives. Federal authorities alleged the trio were key players in a decade-long fraudulent scheme to manipulate the company's stock options to enrich themselves and other employees." The Journal adds, "After the March 3 phone call from a Wall Street Journal reporter, the FBI affidavit said, Mr. Alexander and the other two executives, former chief financial officer David Kreinberg and former senior general counsel William F. Sorin, attempted to hide the scheme. Their actions allegedly included lying to a company lawyer, misleading auditors and attempting to alter computer records to hide a secret options-related slush fund, originally nicknamed 'I.M. Fanton.' It wasn't until a dramatic series of confessions later in March, the affidavit said, that the executives admitted having backdated options. The trio resigned in May."

The New York Times (8/10, Creswell) reports, "The criminal case against the Comverse executives, who all resigned from the company in May, is the second involving the manipulation of stock options. Last month, federal prosecutors in San Francisco charged the former chief executive of Brocade Communications Systems and its former head of human resources with securities fraud." The Times adds, "The Comverse case is the first to be brought by federal prosecutors in Brooklyn. The Securities and Exchange Commission also filed a civil complaint against the three men yesterday. … Mr. Burrus said that the F.B.I. was investigating 45 cases involving the backdating of options. More than 80 companies nationwide are now under investigation over their options practices by the S.E.C. or by federal prosecutors in San Francisco, Brooklyn and Manhattan."

Bloomberg (8/10, Schmidt) reports, "More than 90 companies including Apple Computer Inc. have said they are the subject of government or internal stock option inquiries. The FBI said today it is investigating 45 backdating cases. Prosecutors in the past three weeks have charged five former executives of two companies, including two ex-CEOs. … 'Rest assured, Comverse will not be the last,' said Jacob S. Frenkel, a former U.S. Securities and Exchange Commission lawyer now in private practice in Rockville, Maryland. 'I think we're likely to see a steady stream of these cases over the next six to 12 months, some criminal, some SEC civil cases.'"

The New York Law Journal (8/10, Bar) reports, "The criminal charges are the first to be filed in New York and only the second nationwide relating to the brewing options backdating scandal. Last month, California prosecutors charged two former executives of Brocade Communications Systems Inc. of participating in a scheme to change the date

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of employee stock options to increase their value. … It is also the first time an attorney has been accused of wrongdoing in connection with the backdating of stock options. Prosecutors say Sorin was Comverse's general counsel from the company's inception in 1986 and reported to Alexander. He was also the company's corporate secretary and director, and was responsible for drafting Comverse's stock option plans and public filings. He signed the company's annual filings and submitted its proxy statements."

AFP (8/10) also reports on the charges.

Judge Denies Motion To Dismiss Charges Against Ex-Brocade Officials. The San Jose Mercury News (8/10, Schwanhausser) reports, "The first Silicon Valley executives to face criminal charges in the nationwide stock options scandal were dealt a setback Wednesday when a federal judge rejected their request to dismiss their cases, saying that prosecutors had gathered ``quite detailed'' evidence of wrongdoing at Brocade Communications Systems." The News continues, "It was no surprise that Judge Edward Chen of the U.S. District Court in San Francisco let federal prosecutors continue to press their charges of securities fraud against Greg Reyes, the San Jose company's former chief executive, and Stephanie Jensen, a former vice president of human resources. Though Reyes and Jensen face a criminal complaint at this stage, a grand jury indictment could follow soon, perhaps as early as today." The News adds, "In court Wednesday, defense attorneys offered clues about how they will try to center the case on the former executives' motives. In short: They will argue that Reyes and Jensen backdated stock options to entice and reward new employees -- not to mislead investors by manipulating financial statements to make the company appear more profitable. … The Brocade case is being closely watched because it is the first time executives have been criminally charged in the growing scandal. But it's particularly relevant in Silicon Valley, home to the largest concentration of companies under investigation by the Securities and Exchange Commission and Justice Department."

Fannie Mae Believes It Has Found Last Of Accounting Errors. The AP (8/10, Gordon) reports, "Fannie Mae said Wednesday it believes a massive review of its accounting has uncovered all of the errors, clearing the way for the mortgage company to complete the restatement of its 2004 earnings by the end of this year. The company disclosed that the multibillion-dollar correction could be less than estimated previously." The AP continues, "The government-sponsored company, which finances one of every five home loans in the United States, also said it would miss a regulatory deadline Wednesday for filing its financial report for the second quarter of 2006. Fannie Mae hasn't filed an earnings statement since late 2004." The AP adds, "Federal regulators that year accused Fannie Mae of serious accounting problems and earnings manipulation to meet Wall Street targets, and the Securities and Exchange Commission ordered the company to restate earnings back to 2001. The Justice Department has been pursuing a criminal investigation, which the company confirmed Wednesday 'remains open.'"

SEC Proposes Postponing Deadline For Accounting Safeguards. The Wall Street Journal (8/10, Reilly) reports, "In what some business leaders called a victory for small public companies, the Securities and Exchange Commission yesterday proposed delaying when these companies must prove they have adequate safeguards in place to catch accounting mistakes and financial fraud." The Journal continues, "The move was cheered by critics of requirements related to so-called internal controls. These safeguards are supposed to have been in place at public companies since the 1970s. The Sarbanes-Oxley corporate-governance law of 2002 added strictures that require top executives to attest that their internal controls are shipshape and outside auditors to do the same. Companies of all sizes, but particularly smaller firms, have complained about the costs of verifying the soundness of their internal controls, citing the need to add staff, purchase software and make other investments." The Journal adds, "Governance advocates promptly slammed the delay, saying it could let problems fester at companies whose systems aren't up to snuff. Some close followers of the internal-controls debate offered a more nuanced view, saying that the later start date could give the SEC political breathing room yet still preserve investor protections."

Imax Stock Value Falls Amid SEC Probe. The Wall Street Journal (8/10, Heinzl) reports, "Imax Corp. said it couldn't find a buyer at a price sought by the company, five months after the big-screen movie company put itself up for sale. … Separately, Imax said it is the subject of an informal inquiry by the Securities and Exchange Commission over the company's revenue-recognition practices." The Journal continues, "In March, Imax said it hired financial advisers to explore a possible sale or merger after the company received 'several unsolicited inquiries.' … Although Imax received 'significant initial interest from multiple parties,' there are 'presently no buyers who have indicated a willingness to acquire the company at a valuation sought by the board of directors,' Imax said in a statement. It said the company's bankers continue to explore a possible transaction, however, 'because interest remains from several parties at a lower valuation.' … Shares of Imax were down 22 cents, or 2%, to $9.63 in 4 p.m. composite trading on the Nasdaq Stock Market. After the company's announcement, the stock decreased to about $6.15 in after-hours trading. When Imax

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announced its plans for a possible sale of the company in March, shares rose about 9%. At the 4 p.m. trading price, Imax's market value was about $400 million on a fully diluted basis." The Journal notes, "Imax said the SEC has inquired about the company's use of 'multiple element arrangement accounting' when Imax sells a big-screen theater system. Imax said it books revenue associated with different segments of a theater system at different times. The company said it booked revenue in the fourth quarter of 2005 on 10 theater systems in theaters that didn't open during the quarter. In seven of those cases, revenue associated with the screen portion of the system wasn't booked until the final screen was installed, Imax said."

GTSI Cites Errors In Revising Earnings Results. The Washington Post (8/10, D4, Witte) reports, "Chantilly-based government technology provider GTSI Corp. said yesterday that it will restate its financial results for the past two years because of accounting errors. It faces possible delisting of its stock." The Post continues, "The company was able to provide only preliminary results for the second quarter yesterday because of the errors, and will also have to restate earnings from the first quarter of 2006." The Post adds, "GTSI president and chief executive Jim Leto said in an interview that the errors stemmed from a failure to spread income on leased items across the life of the lease. The total profit affected by the error was $3.7 million in 2004 and $5.9 million in 2005. GTSI's revenue was $1.1 billion in 2004 and $886 million in 2005. … The firm also found that it had been double-counting the costs of certain sales in 2006. Leto said the changes will improve the company's bottom line for this year but drag down results for 2004 and 2005. Leto described the decision to restate results as a difficult one because the accounting problems were not clear-cut, but 'at the end of the day we decided we had better err on the side of caution.' … Leto said GTSI will complete its restatement by September."

SEC Moves To Loosen Sarbox Rules For Foreign Companies. The Financial Times (8/10, Grant) reports the US "moved to address the loss of company listings abroad by proposing that foreign companies listing on US stock markets be given a year's exemption from complying with the toughest part of the controversial Sarbanes-Oxley laws." The Securities and Exchange Commission proposal "was part of package of measures aimed at foreign and small to medium-sized US companies deferring deadlines for complying with Section 404 of the law." The section "requires company executives to check internal controls and have outside auditors make additional checks. Executives complain this has added to costs and needlessly tied up management." Critics of the law, "which include US politicians and business on both sides of the Atlantic, blame Section 404 for driving company listings abroad to London and Hong Kong."

CRIMINAL LAW:

Internal House Probe Reveals Cunningham Abuse. The Los Angeles Times (8/10, Miller, 918K) reports an "internal congressional investigation has found that 'major breakdowns' in legislative controls enabled former Republican Rep. Randy 'Duke' Cunningham to use his position on the House Intelligence Committee to steer classified government contracts to political cronies, according to a memo distributed this week to Democrats on the panel." The memo, written by ranking Democrat Jane Harman, "accuses Republicans of backing out of an agreement to subpoena Cunningham, and calls for the public release of a 20-page unclassified report documenting the findings of the investigation." Harman's description "suggests that the seven-month probe by the House intelligence panel could significantly broaden the scope of the scandal surrounding Cunningham, the Rancho Santa Fe lawmaker who pleaded guilty last year to bribery and tax evasion and is serving an eight-year prison sentence." The criminal investigation "of Cunningham focused largely on the military contracts he influenced as a member of the House Defense Appropriations Subcommittee." But the "internal House probe has found a similar pattern of abuses in contracts involving U.S. intelligence agencies — and includes language describing cases in which the disgraced congressman pressured committee aides to set aside secret funds for his associates, according to congressional sources familiar with the investigation."

US Seeks Death Penalty In New York Kidnap-Murder. The Rochester (NY) Democrat & Chronicle (8/10, Zeigler) reports, "Federal prosecutors are seeking the death penalty for one of three men charged with kidnapping a drug-dealing comrade in Connecticut and killing him in Genesee County." The D&C continues, "In papers filed in U.S. District Court in Rochester, the prosecution said it would ask for the execution of Noah Gladding, 25, if he were convicted of capital murder charges in the death of Jason Argersinger in March 2005. … Prosecutors said they were not asking for death for co-defendants Eric Connelly, 22, and Josiah Howenstine, 26." The D&C adds, "Gladding's lawyer, William T. Easton, assailed the decision, which was made by officials of the U.S. Justice Department in Washington, D.C. … 'This decision … is unfounded and will impose great costs on our criminal justice system and the entire community,' Easton said. 'It is not in accordance with death penalty law, the history of this jurisdiction, the facts of this case, prior decisions of other attorney generals, and the circumstances

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of our client's life. It is wrong.'" The D&C notes, "Gladding goes to trial later this month in Batavia on a noncapital state charge of first-degree murder. No federal trial date has been set for him, Connelly or Howenstine. … Federal death penalty prosecutions are rare. It's the first time since 1994 that federal prosecutors had to decide whether a defendant charged in Rochester's federal court should be eligible for the death penalty if convicted. … In that case, prosecutors chose not to seek death for package bomber Michael Stevens, who killed five people across western New York during a bombing spree in December 1993. Stevens was convicted and ordered to prison for life without parole."

Three Memphis Police Officers Charged With Stealing Drug, Money. WREG-TV, News Channel 3, Memphis (8/10) reports, "Former police officer Arthur Sease, and officers Antoine Owens and Alexander Johnson are charged with conspiracy to violate civil rights and distribute controlled substances. Police say what the officers would do was arrange drug transactions with drug dealers, but when the drug dealers arrived, the officers in uniform and squad cars would detain them and steal the drugs, jewelry and money." WREG-TV continues, "Police say Arthur Sease was the apparent ring leader. He faces a 50 count indictment, including conspiracy, extortion, possession of controlled substances and numerous constitutional rights violations. … Officers Owens and Johnson have each been charged with two conspiracy counts. Police say the 3 would divide the stolen drugs and money and would sell the drugs and keep the profits. … 'When the officers violate the trust and the confidence of the public, they are going to be prosecuted by the department of justice.' says Western District U.S. Attorney David Kustoff."

FBI Says Porn Sweeps Off To "Good Start." The National Journal's Technology Daily (8/10, Noyes) reports, "A series of FBI sweeps aimed at the adult entertainment industry's compliance with federal record-keeping laws are off to a good start, an agency official told reporters Tuesday. … Pornographers 'expected guns and battering rams, and we came in with suits and pencils,' said Chip Burrus, assistant director of criminal investigations at the FBI." Technology Daily continues, "Since 1998, porn publishers and video producers have been required to obey Section 2257 of the U.S. code, which requires them to maintain consent forms and proof of ages for performers. … The statute gained greater visibility when former Attorney General John Ashcroft announced that the Internet would be included. He extended the regulation's reach by trying to make webmasters, who are largely secondary producers having no contact with porn talent, comply with the law, an adult trade group said." Technology Daily adds, "Ashcroft's successor, Alberto Gonzales, has had investigators pull paperwork on business owners and conduct on-site examinations. Only two inspections have been completed to date, and audit results 'are still preliminary,' Burrus said. He refused to provide details but said producers have been compliant so far."

Transportation Department Computer With Personal Data On Over 100,000 Stolen. The CBS Evening News (8/9, story 6 , 0:15, Smith, 7.66M) reported, "Well, this may sound like a stuck CD. But it's happened again, another government computer stolen, putting more than 100,000 Americans at risk of identity theft. This time it's a Transportation Department laptop taken from a government vehicle in Florida. It contains about 133,000 drivers and pilots' records, including Social Security numbers."

USA Today (8/10, Levin, 2.27M) reports the Transportation Department's Inspector General "announced the theft Wednesday, two weeks after the laptop was stolen in Doral, Fla., and five days after investigators learned that its hard drive contained sensitive data. Letters are being sent to those who may be affected, acting Inspector General Todd Zinser said."

The Washington Post (8/10, A6, Lee, Wilber, 748K) reports the laptop, "assigned to a special agent in the Miami office, was stolen from a government vehicle on July 27 in Doral, Fla., Zinser told Florida Gov. Jeb Bush (R) yesterday in a letter." The theft "is the latest in a string of embarrassing data breaches reported by federal agencies, including the departments of Agriculture, Energy, the Navy and Veterans Affairs, as well as the Social Security Administration and the Internal Revenue Service."

Industry, Government Undecided On How Best To Fight Data Theft. The National Law Journal (8/10, Coyle) reports, "In the past year, state legislatures have leapt ahead of Congress in enacting laws to notify and protect consumers whose personal data, held by businesses and other entities, have been stolen. But now the states are worried about being victims of their own success." The Journal continues, "Just before leaving town for its August recess less than two weeks ago, the U.S. House of Representatives delayed an anticipated vote on federal legislation, heavily favored by industry, that would pre-empt state data-breach notification laws, set a national notification standard and remove state attorneys general from the enforcement picture." The Journal adds, "There is 'absolutely' no need for federal legislation now, said Edmund Mierzwinski, director of consumer programs for U.S. Public Interest Research Group (U.S. PIRG), which, along with Consumers Union, Privacy Rights Clearinghouse and other groups, has been mining the data security issue in Congress and in the states. … 'The states have solved the problem and we have constructive compliance nationally with the strongest state laws,' he said.

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'Industry seeks to pre-empt not for uniformity. What they seek is very weak uniformity as well as pre-emption. They're trying to undercut the best of the state laws.' … But the need for federal legislation is 'really critical,' countered Lisa Sotto, chairwoman of the privacy and information management practice in the New York office of Richmond, Va.'s Hunton & Williams. 'Right now there are 34 data breach laws; 32 impact companies other than data brokers [buyers and sellers of data] and governments,' she said. 'It changes daily. Interpreting these laws is a nightmare. You need outside counsel. It's very complex.' … Final action on the House bill, which is considered by consumer groups to be the worst of a spate of data security bills and yet largely favored by business, fell apart at the last moment because of a jurisdictional dispute between two House committees with oversight of the issue."

Nicholson Announces Credit Protection For Veterans. The Washington Times/AP (8/10) reports, "VA Secretary Jim Nicholson said his department had arranged for" ID Analytics of San Diego "to detect potential patterns of credit misuse for up to 26.5 million veterans whose names, birth dates and Social Security numbers were on a laptop and hard drive taken last May from a VA data analyst's Maryland home," even though "the FBI recovered the laptop and hard drive and determined with a 'high degree of confidence' that the data wasn't accessed or copied." Also, VA subcontractor Unisys Corp. "agreed to provide one year of free credit monitoring for as many as 38,000 veterans after the company last week lost a desktop computer containing their data at its offices in Reston. Letters will be sent in coming days to veterans affected in the Unisys case describing how to sign up for the free credit monitoring."

GOP Doesn't Support Reid's Call For Nicholson's Resignation. CQ (8/10, Yoest) reports, "Senate Minority Leader Harry Reid's call for Veterans Affairs Secretary Jim Nicholson to resign has fallen on deaf ears among Republican lawmakers, who say Nicholson should not bear sole responsibility for the department's second major data theft this year." Senate Veterans' Affairs Chairman Larry E. Craig "criticized Reid's call for a resignation as 'over the top,'" and Rep. Steve Buyer, who heads the House Veterans' Affairs panel, "portrayed the VA's recent information technology woes as stretching beyond Nicholson." VA spokesman Matt Burns noted "political season is in full swing," adding, "angry personal attacks and political opportunism accomplish nothing in the way of providing solutions to the important issues facing our nation's veterans."

NYTimes Calls For Additional Governmental Computer Security. The New York Times (8/10, 1.21M) editorializes, "It sounds like the summer sequel to a techno-horror film: The Veterans Affairs Department has lost yet another computer filled with data that identity thieves would pay handsomely to rifle." V.A. Secretary Jim Nicholson "vowed that his agency would set the 'gold standard' for securing vital government records. Fool's gold, so far." However, "Critics' demand for management change at Veterans Affairs is hardly the full solution for such a pernicious and potentially far more widespread problem," and "Congressional outrage will prove useless unless far firmer safeguards are demanded."

Judge Inclined To Deny DeVecchio Motion To Try Case In Federal Court. The New York Daily News (8/10, Marzulli, 729K) reports, "The retired FBI agent accused by the Brooklyn district attorney of helping a Mafia informant whack his enemies isn't likely to get his wish moving the case to federal court, a judge indicated yesterday." US District Judge Frederic Block "told lawyers for Lindley DeVecchio that he's inclined to side with state prosecutors and keep the case under state jurisdiction." Block "reserved decision, asking both sides to submit additional briefs. DeVecchio's lawyer, Douglas Grover, refused to say why he's seeking the transfer but said he remains hopeful." The New York Post (8/10, Ginsberg, Haberman, 608K) reports Block "took the wind out of an alleged rogue FBI agent's push to make his trial a federal case -- saying yesterday he was 'leaning' toward letting it play out in state court. … 'I would enjoy trying this case,' said Block, 'but my constitutional duty obliges me to apply the law.'"

FBI Suspects "Copycat Sniper" In Northern Indiana. WNDU-TV South Bend (8/9) reports, "The FBI is working on a profile of the so-called 'copycat sniper' who's struck cars driving in Lake County over the last few weeks. Police closed down Cline Avenue in Hammond Wednesday looking for clues in the attacks" after another vehicle was hit by a projectile yesterday. "They scooped up debris from the side of the road, but wouldn't say if what they found is evidence." The Chicago Tribune (8/10, Doyle, Maxwell, 623K) adds that Lake County sheriff's spokesman Mike Higgins "said two men were driving…about 4:30 p.m. when they heard a 'very loud pop.'" The men "thought that a tire had blown but moments later realized the cab's back window was shattered, officials said. 'It was definitely [shattered by] a projectile,' Higgins said. … Mark Becker, supervisory special agent for the FBI in Merrillville, Ind., said agents are planning on creating a psychological profile of the serial shooter. 'We're in contact with the National Center for Analysis of Violent Crimes in Virginia,' he said. 'The more evidence we gather, the better a profile can be. We're trying to develop one right now.'"

The Northwest Indiana Times (8/10) reports, "Police said tips from the public continued to pour in Wednesday as

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local, state and federal investigators kept up their search for whoever is responsible for the string of suspected vehicle shootings. … FBI Supervisory Special Agent Mark Becker said 'nothing of substance' had yet been gleaned from the special tip line…but he encouraged people to continue to use it. 'We've been running down any lead we've gotten. We still want the public to call us, even if they don't think (their tip) is important,' Becker said."

Jury Deliberations Begin In Minnesota Bribery Trial. The Minneapolis Star Tribune (8/10, Furst, 398K) reports, "On the surface it would seem to be a slam dunk for the prosecution: incriminating videotapes of a fast-talking developer handing envelopes containing wads of cash to a Minneapolis City Council member. There are also more than two hours of audiotape in which Dean Zimmermann is constantly changing his story, telling 'bald-face lies' to two FBI agents, according to a federal prosecutor. But as a jury of seven women and five men begin their second day of deliberation today in U.S. District Court in Minneapolis, it will have to grapple with other questions that will determine whether the 64-year-old former council member is convicted. Did Zimmermann intend to take the bribes in a cynical shakedown of a businessman, or was he a victim of an over-eager white-collar-fraud division of the FBI that crafted a plan to force cash on him?" The Star Tribune notes, "After an eight-day trial, the jury deliberated for about three hours on Wednesday and will resume at 8:30 this morning."

Oklahoma Man Sentenced To Five Months In Prison For FEMA Relief Fraud. The AP (8/10) reports Atari Finley of Lawton, Okla., "has been sentenced to five months in prison for fraudulently cashing a hurricane relief check." US Attorney John C. Richter said that "Finley was accused of cashing a $2000 check from the Federal Emergency Management Agency. Finley was ordered to serve five months of home confinement at the conclusion of his prison term and pay restitution." The AP notes, "Finley never lived at the Louisiana address on his FEMA application."

Missouri Trio To Plead Guilty To Stealing Funds From Money Transfer Company. The St. Louis Post-Dispatch (8/10, Patrick, 300K) reports, "The last members of a ring of southern Missouri residents accused of stealing more than $100,000 by using cordless telephone parts to tap into an international money transfer company will plead guilty today and Friday, according to court documents and lawyers involved in the case. … Four of the seven defendants have already pleaded guilty in federal court in St. Louis to a charge of access device fraud," and defendant Andrew L. Burditt "is due in court for a plea this morning." Defendants Tiffany Nicole Raue and Eric M. Weiser "are scheduled for pleas Friday morning." The Post-Dispatch notes, "The scheme was uncovered in January by a Jennings Quick Shop employee who became suspicious…after hearing clicks on the telephone line. He discovered the cordless phone equipment attached to his phone line and called Jennings police and MoneyGram, who called the FBI."

Navy Officer Charged In Espionage Scheme. The Washington Post (8/10, A6, White, 748K) reports a US Navy petty officer "has been charged with stealing classified military information from his submarine and attempting to pass it to foreign governments in an espionage scheme, Navy officials said yesterday." Fire Control Technician 3rd Class Ariel J. Weinmann, 21, "of Salem, Ore., allegedly deserted his submarine, the USS Albuquerque, in July 2005 and took electronic copies of information classified 'confidential' and 'secret.' According to military charge sheets, Weinmann tried to pass information to foreign government officials in three countries, once while on active duty." Military officials "allege that Weinmann tried to pass secrets to foreign officials while in Bahrain in March 2005; in Vienna in October 2005; and in Mexico City in March." Defense officials "said yesterday it is unclear what information Weinmann might have taken and how damaging it could be, though they said they believed it was 'low-level' information possibly related to the operation of the submarine. Officials said Weinmann allegedly was trying to pass it to Russia."

2nd Circuit Rejects Bright Line On Jury Instructions. The New York Law Journal (8/10, Hamblett) reports, "Judges prodding divided jurors to reach a verdict do not necessarily have to tell them to follow their consciences, according to a federal appeals court." The Journal continues, "The 2nd U.S. Circuit Court of Appeals declined to adopt a hard-and-fast rule on the words a judge should use when giving a potentially deadlocked jury a so-called 'modified' Allen charge. … Rather, the court said the standard for evaluating such a supplemental charge remained the same under its own case law and that of the U.S. Supreme Court: The instructions must be evaluated in context and under all the circumstances." The Journal adds, "In so ruling, the court upheld the denial of a habeas corpus petition for a convicted armed robber who said his Fifth and Sixth Amendment rights were violated by the jury charge in his trial at state Supreme Court in Brooklyn."

Treasury Employee Charged With Passing Partially Printed Bills. The Washington Post (8/10, B1, Wiggins) reports, "After more than 30 years of working where money is made, David C. Faison decided to make some of it work for him, law enforcement officials say. … He devised an elaborate moneymaking scheme involving a pair of scissors,

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10 sheets of partially printed $100 bills from the Bureau of Engraving and Printing and a three-state gambling spree, according to documents charging him with theft of government property." The Post continues, "Investigators say Faison, 56, of Largo stole the sheets of $100 bills from the bureau's printing facility in the District, cut them and passed at least 145 of the bills through slot machines in casinos in Delaware, New Jersey and West Virginia. … Faison, who has no prior record, was charged Monday in U.S. District Court in Washington and released on his own recognizance. No future court date has been set." The Post adds, "Magistrate Judge Alan Kay ordered Faison to stay out of trouble with the law, submit to random drug testing and remain within 50 miles of the District. … Faison worked as a stock control recorder at the Bureau of Engraving and Printing, distributing paper stock throughout the plant -- a job that gave him access to the plant's printing section. … Claudia Dickens, a bureau spokesman, said it was not the first time a bureau employee had stolen money. … But Rich Delmar, counsel to the inspector general for the Treasury Department, which is working on the Faison case with the Secret Service and the Federal Bureau of Investigation, said the scheme was 'pretty rare.'"

Another Indiana Sniper Attack Reported. The Chicago Tribune (8/10, Doyle, Maxwell) reports, "What appears to be a projectile shattered the window of a pickup truck in northwest Indiana Wednesday afternoon in what law enforcement officials said was the 10th such incident in two weeks." The Tribune continues, "Lake County, Ind., sheriff's spokesman Mike Higgins said two men were driving south on Cline Avenue near Riley Road in East Chicago about 4:30 p.m. when they heard a 'very loud pop.' … The 28-year-old men, from Channahon and Chicago, thought that a tire had blown but moments later realized the cab's back window was shattered, officials said. … 'It was definitely [shattered by] a projectile,' Higgins said. … But he would not say if a projectile had been found, and investigators have not discovered any projectiles in the previous nine cases." The Tribune adds, "Mark Becker, supervisory special agent for the FBI in Merrillville, Ind., said agents are planning on creating a psychological profile of the serial shooter. … 'We're in contact with the National Center for Analysis of Violent Crimes in Virginia,' he said. 'The more evidence we gather, the better a profile can be. We're trying to develop one right now.'"

North Carolina Creates Commission To Review Death Penalty Convictions. The Christian Science Monitor (8/10, Jonsson) reports, "Eighty-five percent of all executions in the US take place in the South. … For that reason alone, anti-death penalty activists claimed a major victory when North Carolina last week became the first state in the union to establish a government commission that will review evidence and, if warranted, send a recommendation of innocence to a three-judge panel." The Monitor continues, "The creation of the North Carolina Innocence Inquiry Commission fits in with a broader national inquiry into the moral responsibility of legal executions. In North Carolina, it was primarily those who work inside the justice system who helped bring about the commission. … It's an idea with appeal: Lawmakers in at least 12 other states - including Texas, where nearly half of all executions take place each year - are considering filing similar legislation next year, according to the National Coalition to Abolish the Death Penalty. … 'North Carolina is now the center of gravity in the death penalty debate,' says David Elliot of the coalition. 'That's significant because the death penalty increasingly is a Southern phenomenon.'" The Monitor adds, "There are 188 convicts in North Carolina on death row. After the high-profile exonerations of death row inmate Alan Gell and 'lifer' Darryl Hunt in the state, a judicial review committee found a proliferation of both large and small mistakes that cast a shadow on the state's justice system. For one: 80 percent of freed prisoners were exonerated because of faulty eyewitness accounts. That opened some eyes, including those of then-Supreme Court Chief Justice I. Beverly Lake. … 'We realized we had a problem and that we needed to take a look at what was causing these wrongful convictions and how we might correct the mistakes that were being made,' says Judge Lake, a conservative jurist and death penalty supporter who led the reform effort. … The commission, signed into law by Gov. Mike Easley (D) last Thursday, is expected to convene in November."

Virginia Man Sentenced To 30 Years For Killing College Student. The Washington Post (8/10, B1, Stockwell) reports, "A Fairfax County mother was mostly composed Wednesday during a 90-minute hearing in (Mathews County, VA), until the man who killed her daughter was led slowly from the courtroom in shackles. 'Murderer!' she screamed. … Moments earlier, Benjamin Fawley had stood up -- his head shaking back and forth, a photograph of his two young daughters in his left hand -- and entered a plea in the murder of 17-year-old Taylor Behl, just eight days before his trial was scheduled to begin." The Post continues, "It has been 11 months since Janet Pelasara last saw her daughter, who was a freshman at Virginia Commonwealth University in Richmond. Behl's mostly naked and decomposing body was found a month after she was reported missing, buried in a shallow ravine off a winding country road. … Fawley, 39, has repeatedly said that Behl died during a consensual sex act in which he restricted her breathing. But standing in the crowded courtroom, Fawley entered an Alford plea to second-degree murder. … In doing

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so, Fawley did not admit his guilt but conceded that the state had enough evidence to convict him in Behl's killing. Circuit Court Judge William H. Shaw III accepted the plea and sentenced him to 30 years in prison." The Post adds, "The court action closed a case that garnered national headlines and was the focus of an intense manhunt last fall, a case that prosecutors said Wednesday was never about 'sex or bondage or erotic asphyxiation.' … Simply, 'this was a case about murder,' said John S. "Jack" Gill, the county's chief prosecutor. … Under the terms of the agreement, 22 counts of unrelated child pornography charges filed last fall in Richmond will be dropped, each of which carried a minimum punishment of five years."

First DC Crime Cameras To Be Set Up This Week. The Washington Post (8/10, B1, Klein) reports, "Four neighborhood surveillance cameras will be installed this week on D.C. streets as part of the city's crime emergency plan, which will bring as many as 48 cameras to some of Washington's more violent areas in the coming weeks." The Post continues, "The first cameras will be installed in the Northeast, Southeast and Northwest quadrants, on blocks where robberies, drug dealing and assaults frequently occur, police said. All will be encased in bulletproof boxes." The Post adds, "As if to underscore the crime problem, which has been marked among juveniles, a man was killed yesterday at one of the sites, and a 15-year-old was charged in the death. Ricardo Jones, 22, of the District was fatally shot at 14th and Girard streets NW about 12:30 p.m. Last night, the teen, a male who had been arguing with Jones, was charged as a juvenile with second-degree murder while armed, police said. … Had the cameras been up, investigators could have checked whether the killing was recorded. Cameras will roll 24 hours a day but will not be monitored live. … 'It's not a panacea,' Police Chief Charles H. Ramsey said. 'It gives us a chance to see some crimes being committed in public places.' … The cameras are part of the 90-day crime emergency package passed by the D.C. Council last month in response to a summer crime surge. The package also authorized 300 new police officers and a 10 p.m. youth curfew."

CIVIL LAW:

DOJ Probes Alabama Bank's Automobile Lending Practices. The Birmingham News (AL) (8/9, Hubbard) reports, "Compass Bancshares Inc., Alabama's third-largest bank, said Tuesday the Justice Department is investigating its automobile lending practices." The News continues, "The Birmingham-based operator of 400 branches in six states said in a quarterly filing with the Securities and Exchange Commission the government's investigation concentrates on 'indirect auto lending' practices. The investigation is a civil matter, not a criminal one." The News adds, "Investigators are looking for discriminatory practices against co-applicants who weren't married, Compass said. The probe is limited to lending activity between May 2001 and May 2003, Compass said. Indirect loans are ones that originate at auto dealers and are forwarded to banks for approval. … 'It's a small part of our business and deals with events that happened five years ago,' Compass spokesman Ed Bilek said. … Compass said it learned of the investigation and the possibility of an ensuing civil lawsuit in U.S. District Court in Birmingham in early June. Compass said in the SEC filing that all fair lending laws were obeyed and that the company is cooperating with the investigation."

House Members Back Senate Whistleblower Protection Amendment. The Washington Post (8/10, D4, Barr, 748K) reports in its "Federal Diary" column that Reps. Tom Davis, Henry Waxman and Todd Platts "are urging support for a Senate amendment that would reinforce the rights of federal employees who disclose waste, fraud and abuse in government. … The Senate amendment would restore and clarify congressional intent as to what type of whistle-blowing is protected and where it may take place, according to sponsors. Amendment supporters claim that the Federal Circuit appeals court, which rules in employee cases, has created loopholes in whistle-blower law and eroded safeguards for federal workers." The amendment "was added to the fiscal 2007 defense authorization bill by Sen. Daniel K. Akaka (D-Hawaii) and other senators. In their letter, the House members urged Reps. Duncan Hunter (R-Calif.) and Ike Skelton (D-Mo.), chairman and ranking members of the House Armed Services Committee, to include the amendment in the final version of the bill."

Google To Continue Storing Search Requests. The AP (8/10, Liedtke) reports, "Although he was alarmed by AOL's haphazard release of its subscribers' online search requests, Google Inc. CEO Eric Schmidt said Wednesday the privacy concerns raised by that breach won't change his company's practice of storing the inquiries made by its users. … 'We are reasonably satisfied ... that this sort of thing would not happen at Google, although you can never say never,' Schmidt said during an appearance at a major search engine conference in San Jose." The AP continues, "The security breakdown, disclosed earlier this week, publicly exposed about 19 million search requests made by more than 658,000 AOL subscribers during the three months ended in May. Time Warner Inc.'s AOL intended to release the data exclusively to researchers, but the information somehow surfaced on the Internet and was widely copied." The AP adds, "The lapse provided a glaring example of how the information that people enter into search engines can

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provide a window into their embarrassing - or even potentially incriminating - wishes and desires. The search requests leaked by AOL included inquiries seeking information about murder techniques and nude teenage girls. … AOL's gaffe hits close to home for Google because the two companies have extremely close business ties." The AP notes, "Google keeps its users' search requests as part of its efforts to better understand what specific people are looking for on the Internet. … But by storing the search requests, Google and its competitors are creating an opportunity for the material to be mistakenly released or stolen, according to privacy advocates. … Schmidt said he is less concerned about those possibilities than the governments of countries around the world demanding to review people's search requests. … The U.S. Justice Department last year subpoenaed Google for millions of its users' search requests as part of a court case involving protections against online child pornography. … Google refused to comply, resulting in a high-profile court battle earlier this year that culminated in a federal judge ruling that the search engine didn't have to hand over individual search requests to the government."

Jury Awards $10.3 Million Verdict In Asbestos Case. The California Recorder (8/10, Smith) reports, "A San Francisco Superior Court jury awarded $10.3 million in economic and non-economic damages Monday in an asbestos case brought by a 60-year-old man allegedly suffering from mesothelioma." The Recorder continues, "Jeffrey Kaiser of San Francisco plaintiffs firm Levin Simes Kaiser & Gornick said it's a big verdict for his relatively new firm, and that he thinks it's one of California's 10 largest compensatory verdicts for asbestos cases in the last 15 years." The Recorder adds, "Even in the best scenario, however, plaintiff George Barnes won't collect nearly that much. The jury only attributed 15 percent of the harm to Thorpe Insulation Co., the lone named defendant at trial. … By the time Judge Diane Wick makes a final ruling on the company's liability, Barnes will probably only be entitled to about $2.3 million from Thorpe, Kaiser said. .. . Kaiser also does not expect Thorpe will have the assets to pay, meaning his firm is now bracing to go to battle against the insulation company's insurers over coverage."

Kaiser Faces $2 Million Fine Over Kidney Program. The Los Angeles Times (8/10, Ornstein, Weber) reports, "Kaiser Permanente has agreed to pay a $2-million fine after state HMO regulators found that its Northern California kidney transplant program imperiled hundreds of patients, in some cases delaying critical surgeries or losing track of patients altogether, four people familiar with the deal said." The penalty, which "would be the largest ever levied by the California Department of Managed Health Care," is "part of a consent decree that stipulates a series of corrective actions Kaiser must take, the sources said on condition of anonymity."

CIVIL RIGHTS:

Judge Denies Challenge To Mississippi School Desegregation Settlement. The Hattiesburg (MS) American (8/10, Kaffer) reports, "A federal judge Tuesday denied a request from a group of Covington County parents to gain legal standing that would let them contest the controversial resolution of a 40-year-old desegregation case." The American continues, "Charles Magee, president of the Covington County Chapter of the National Association for the Advancement of Colored People, said the community members involved in the case plan to file an appeal. … 'We are taking it to the 5th Circuit because we think the kids of Covington County deserve a better deal than we've got,' Magee said." The American adds, "Plaintiffs Arthur and Peggy Keys and their children Savon and Danniesha, represented by Suzanne Keys of Jackson-based Isaac Byrd Associates, filed a motion to intervene on June 19. Had the motion been granted, the Keys family, along with other Covington County families named in the suit, would have been able to ask the court to halt the implementation of a March 8 consent decree filed in federal court. .. . The decree settled a desegregation case, initially filed in 1966 but reactivated by the U.S. Department of Justice in 2001 at the request of the NAACP. The suit alleged that Covington County Schools failed to integrate."

Georgia Election Official Expects McKinney Election Challenge. The Atlanta Journal-Constitution (8/10, Badertscher) reports, "A top election official in DeKalb County said Wednesday morning that she expects U.S. Rep. Cynthia McKinney to take her complaints about alleged voting irregularities in Tuesday's election straight to Washington — just like she did when she lost four years ago. … 'I guess I could be real optimistic and say when she wakes up today she'll feel a lot different about this and she'll just bow down gracefully,' said Linda Lattimore, DeKalb's director of voter registration and elections. 'But I'm not dreaming this morning. I'm just ready for whatever happens.'" The AJC continues, "McKinney lost Tuesday's Democratic runoff election to former DeKalb County Commissioner Hank Johnson by a sizable margin. She complained throughout the day through her attorneys and on her web site of voting irregularities that ranged from her name not appearing on ballots to malfunctioning machines that prevented supporters from recording a vote for her. … McKinney at this point has not filed a formal complaint, and she could not be reached for comment." The AJC adds, "A campaign volunteer who was

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answering the phone in McKinney's headquarters Wednesday morning talked vaguely about voting irregularities in yesterday's runoff and said she plans to fill out an affidavit with a lawyer. The woman, who would only give her first name Dana, called the election a 'lie.'"

Study Finds Harassment, Discrimination Damaging Arab-Americans' Mental Health. USA Today (8/10, 1D, Elias, 2.27M) reports that "harassment and discrimination against Muslims are rising, advocacy groups say. A USA TODAY/Gallup Poll of 1,007 Americans shows strong anti-Muslim feeling. And the hard feelings are damaging the mental health of U.S. Muslims, suggest new studies to be released at the American Psychological Association meeting starting today in New Orleans." USA adds, "Verbal harassment and discrimination correlate with worse mental health in studies of Muslims and Arab-Americans since 9/11, says psychologist Mona Amer of Yale University School of Medicine. In her new study of 611 adults…they had much worse mental health than Americans overall. About half had symptoms of clinical depression, compared with 20% in an average U.S. group, Amer says."

Muslim-American Groups Expanding Community Outreach. USA Today (8/10, 2D, Elias, 2.27M) reports, "Muslims in the USA might receive more favorable treatment if more Americans knew them. In a new USA TODAY/Gallup Poll of 1,007 Americans, 58% said they had never met a Muslim. And those who did know Muslims felt a lot better about them." USA notes, "Since 9/11, Muslim groups have greatly expanded their outreach, offering educational seminars on their religion and cultural practices to audiences such as the police, private companies, hospital workers, teachers, students and therapists. … And many interfaith groups involving Muslims have formed in the past few years in cities as diverse as Boston, Syracuse, N.Y., and Elyria, Ohio."

NYTimes Decries Missouri's Voter ID Requirement. The New York Times (8/10) editorializes, "Missouri is the latest front in the Republican Party's campaign to use photo ID requirements to suppress voting. The Republican legislators who pushed through Missouri's ID law earlier this year said they wanted to deter fraud, but that claim falls apart on close inspection. Missouri's new ID rules — and similar ones adopted last year in Indiana and Georgia — are intended to deter voting by blacks, poor people and other groups that are less likely to have driver's licenses. Georgia's law has been blocked by the courts, and the others should be too." The Times continues, "Missourians who have driver's licenses will have little trouble voting, but many who do not will have to go to considerable trouble to get special ID's. The supporting documents needed to get these, like birth certificates, often have fees attached, so some Missourians will have to pay to keep voting. It is likely that many people will not jump all of the bureaucratic hurdles to get the special ID, and will become ineligible to vote." The Times adds, "The new law's supporters say its purpose is to deter fraud. But there is little evidence of 'imposter voting,' the sort of fraud that ID laws are aimed at, in Missouri or anywhere else. Groups in Missouri that want to suppress voting have a long history of crying fraud, but investigations by the Justice Department and The St. Louis Post-Dispatch, among others, have refuted such claims in the past. If the Legislature really wanted to deter fraud, it would have focused its efforts on absentee ballots, which are a notorious source of election fraud — and are not covered by Missouri's new ID requirements. … Unduly onerous voter ID laws violate equal protection, and when voters have to pay to get the ID's, they are an illegal poll tax. They are also an insult to democracy, because their goal is to have elections in which eligible voters are turned away."

ANTITRUST:

Apotex Says Bristol-Myers, Sanofi Misplayed Plavix Defense. Bloomberg (8/10, Rapaport) reports, "Bristol-Myers Squibb Co. and Sanofi- Aventis SA misplayed the defense of their patent on the top- selling heart pill Plavix, says Barry Sherman, chief executive officer of their generic competitor, Apotex Inc." Bloomberg continues, "The closely held Canadian drug company yesterday started selling cheaper versions of Plavix, even though Bristol-Myers and Sanofi say they have a patent that protects the drug against copycats. The drug, a blood thinner prescribed to prevent heart attacks and strokes that had $6.3 billion in sales last year, is New York-based Bristol-Myers's best-seller and Paris-based Sanofi's second-biggest product." Bloomberg adds, "Bristol-Myers and Sanofi earlier this year settled a lawsuit they brought against Apotex, agreeing to pay Sherman's company at least $40 million to keep discounted versions of Plavix off the market until 2011. Last week, the companies' agreement was rejected by the U.S. authorities. Sherman says aspects of the agreement still in place protect Apotex should the larger drugmakers revive their lawsuit. … Bristol-Myers and Sanofi were 'so blinded by the desire to extend their monopoly' until 2011 that they made too many concessions to settle patent litigation, Sherman said yesterday in a telephone interview."

Bristol-Myers Stock Stabilizes As Generic Plavix Hits Market. The AP (8/10, Witkowski) reports, "Shares of Bristol-Myers Squibb Co. appeared to stabilize Wednesday following the previous day's 7 point drop when a privately held drug maker launched its generic version of the company's best-selling pill Plavix." The AP continues,

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"Investors are looking for the Bristol-Myers' next move -- whether it and partner Sanofi-Aventis SA will push for an injunction against Canadian drug maker Apotex Corp. to prevent sales of the generic blood thinner. Under an earlier agreement, Bristol-Myers and Sanofi-Aventis cannot seek an injunction preventing Apotex from selling for five days, and gave up their right to sue Apotex for treble damages." The AP adds, "Moody's Investors Service joined two other ratings firms in placing Bristol-Myers' long-term and short-term ratings under review for a possible downgrade. On Tuesday, Standard & Poor's and Fitch placed Bristol-Myers on a credit watch with negative implications. … In a research note, Morgan Stanley's Jami Rubin, who rates Bristol-Myers 'Equal-weight,' said that channel checks suggest some wholesalers and pharmaceuticals benefit managers have up to 6 months worth of generic Plavix in their channels." The AP notes, "In late July, Bristol-Myers and Sanofi-Aventis revealed the Justice Department had launched a criminal probe into an out-of-court settlement with Apotex. The companies had agreed to pay Apotex a minimum of $40 million to keep its Food and Drug Administration-approved version of Plavix off the market until 2011, when the Plavix patent expires. … FBI agents with a search warrant confiscated documents at Bristol-Myers' Manhattan headquarters, and both companies received grand jury subpoenas, to determine if the agreement broke antitrust laws."

Georgia PSC Asked To Restrict Terms Of AT&T-BellSouth Merger. Cox News Service (8/10, Leith) reports, "Out of all the states in the country, Georgia likely will be the last to decide whether to approve the pending merger of AT&T and BellSouth." Cox continues, "The state's Public Service Commission on Tuesday heard nearly three hours of arguments about the proposed deal. Competitors, mostly small telecommunications providers, fear the new AT&T will be too powerful. BellSouth and AT&T, on the other hand, maintain little will change for Georgia customers and think the merger should be allowed." Cox adds, "Next week, the combatants will learn what the PSC thinks. A vote scheduled for Aug. 18 could bring anything from a simple rubber stamp to an approval with limitations, such as on how digital subscriber line service is provided in Georgia. … Tuesday's arguments were spurred largely by rivals to BellSouth and AT&T, including EarthLink, Cbeyond and Time Warner Telecom." Cox notes, "Though some companies and interest groups oppose the merger altogether, most competitors want the PSC to place a few conditions on the new AT&T. … EarthLink, for example, wants the state to freeze rates that companies pay to get certain services from the new AT&T. … At the federal level, the Justice Department and the Federal Communications Commission haven't issued decisions yet. AT&T and BellSouth previously have said they expect the merger to close in the fall."

FTC Clears Blackstone Buyout Of Encore Medical Corp. The Austin (TX) Business Journal (8/10) reports, "The U.S. Federal Trade Commission has given its blessing to Encore Medical Corp.'s plan to sell itself to The Blackstone Group for $870 million." The Journal continues, "Austin-based Encore says the FTC granted early termination of the antitrust waiting period for Encore's proposed acquisition by affiliates of New York-based Blackstone. … Encore and Blackstone submitted pre-merger notification and report forms with the FTC and the U.S. Department of Justice's Antitrust Division in July. The FTC's early termination means the merger of the two companies has cleared antitrust review, but, Encore says, the proposed merger remains subject to satisfaction of several other conditions, including approval by Encore stockholders."

Judge Orders Sempra To Turn Over Trader Tapes. The AP (8/10) reports, "Sempra Energy and more than a dozen other companies accused of inflating natural gas prices for California consumers must release recordings of traders' conversations in a $1 billion lawsuit, a judge ruled." The AP continues, "Excerpts from the tapes played in court before Superior Court Judge Ronald Prager were filled with expletives, and featured one trader telling another he had 'an insatiable appetite' for swindling California's markets though he used a phrase that was far from polite." The AP adds, "The lawsuit is among a handful of outstanding cases alleging wrongdoing by energy companies during California's 2000-2001 energy crisis. The suit charges that energy traders for Sempra, Duke Energy Corp., EnCana Corp. and Reliant Energy Inc. engaged in fraud against California consumers. … Doug Kline, a spokesman for Sempra, which owns San Diego Gas & Electric Co. and Southern California Gas Co., said the company would comply with the judge's ruling Tuesday."

ENVIRONMENT:

BP Officials Were Warned About Corrosion. The Washington Post/Bloomberg News (8/10, Carr) reports BP "was told by employees and contractors in a February 2004 survey that its Prudhoe Bay pipeline network probably was not being adequately monitored for corrosion, according to a company report. 'If we find pipe that we know is rotten, they have to replace it,' an unidentified employee was quoted as saying in the report, posted on BP's Web site. 'My concern, however, is that they are not taking a look at every piece of pipe that they need to be.'"

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NBC Nightly News (8/9, story 6, 1:50, Myers, 9.87M) reported "the warnings were laid out in correspondence obtained by NBC News between Chuck Hamel, an advocate for oil workers and senior BP officials. Hamel writes that BP workers had come to him predicting a major catastrophic event. And warning that cost cutting had caused serious corrosion damage to flow lines and systems." NBC (Myers) reported, "BP officials did respond at the time but said, we could not investigate or act without specific information. In the last few months a number of BP workers have told the FBI that for years supervisors ordered them to cut back on a key chemical know as corrosion inhibitor put into the system to protect pipes. After a major spill last March, BP told federal regulators there was a reduced level of corrosion inhibitor in the system which failed. Federal officials ordered BP to inject more chemicals into the pipeline." NBC showed a clip of an unidentified BP official saying, "We're learning. We recognize that we thought we had a program that was sufficient but we need to do more." Myers: A learning process likely to soon cost consumers at the pump."

ABC World News Tonight (8/9, story 7, 2:35, Stark, 8.78M) reported, "According to the Department of Transportation, the 800-mile-long Trans-Alaskan pipeline gets cleaned every 14 days. BP's network of pipelines that feed into the Trans-Alaskan, hadn't been cleaned in 14 years."

BP's Malone Says Shutdown Shows Commitment To Environment. The CBS Evening News (8/9, story 8, 2:00, Smith, 7.66M) ran an interview with BP's Robert Malone, asking: "As people watch this, they've seen the oil companies collect record profits over the last several quarters, you're operating in an environmentally sensitive area and people wonder if profits are more important than proper stewardship." Malone: "On Sunday we found the pipeline that was in question. We shut down the eastern side of the Prudhoe Bay oil field and took out of production 200,000 barrels. That is a commitment to protecting the environment." Smith: "It's interesting because I understand the corporate stance of saying we should take credit for avoiding a catastrophe. On the other hand, don't you bear some responsibility for allowing the screw up to take place?" Malone: "The first thing I did after arriving in Alaska was to express to the state of Alaska and to the nation my regret that we had to take this action and I've apologized on behalf of the BP Group. We realize the disruption that we've caused both here in Alaska and in the nation and we're doing everything we possibly can to mitigate that as quickly and safely as possible." Smith: "How long do you think it's going to take to get this fixed?" Malone: "We're developing the plans now so I can't be definitive. It's going to be longer than a month and my guess is several months."

Regulation Of Low-Pressure Pipelines Has Been Low Priority For Transportation Department. The AP (8/9, Hebert) reports, "Fourteen years ago Congress urged the Transportation Department to start regulating low-pressure pipelines such as those blamed for shutting down Alaska's North Slope oil production. But it didn't happen. And only now, after questions about pipe maintenance and two damaging oil spills in Alaska, are officials pushing hard to establish federal rules and standards for such lines." A 1992 pipeline safety law directed the Transportation Department to "pay closer attention to low-stress oil and other hazardous liquid pipelines, which still today are exempt from federal regulations. The "department's Office of Pipeline Safety had other priorities including a growing concern about natural gas pipeline accidents where leaks had caused several high-profile explosions and fatalities."

USA Today (8/9, Heath, Healey, Davidson, 2.27M) reports, "Neither state nor federal regulators require any specific measures to find or limit corrosion on low-pressure oil pipelines like the one that caused BP to begin shutting off oil deliveries from the nation's biggest oil field." USA Today says, "The regulatory gap has prompted additional federal concern about pipeline safety. Wednesday, Rep. John Dingell, D-Mich., called on Congress to apply maintenance laws for other types of lines to the low-pressure lines. ... Federal regulators, who already were working on rules for low-pressure pipelines, promised this week to accelerate the process because of the BP shutdown."

Alaska Governor Freezes State Hiring. ABC World News Tonight (8/9, story 8, 0:10, Gibson, 8.78M) reported, "Alaska's Governor imposed a state hiring freeze today. The loss of oil production will cost the state about $6.4 million a day in royalties and taxes. Alaska's Governor said he would look to hold BP accountable for the state's losses." NBC Nightly News (8/9, story 6, 1:50, Williams, 9.87M) and the CBS Evening News (8/9, story 8, 2:00, Smith, 7.66M) also reported on the hiring freeze.

The Washington Times (8/10, Hudson, 88K) reports Murkowski "worried over whether the state has enough heating oil or funding for social services as Alaskans braced for an economic crisis brought on by the sudden shutdown of oil production in Prudhoe Bay." Alaska's "revenue commissioner says the state can operate for about two months before running out of money. Long-term projects will be completed in phases and Cabinet commissioners will create a plan to keep social services operational and to meet in-state oil needs, Mr. Murkowski told a joint session of the state Legislature yesterday." Murkowski said, "Because of a leak of, frankly, a few barrels, BP abruptly decided to shut down the entire field. One has to ask, what did BP learn last Saturday or Sunday, that it did not know previously, that would cause BP to take such a precipitous action?"

The Financial Times (8/10, Hoyos) reports Alaska "is exploring whether it can hold BP accountable for tax and royalty losses of $6.4m a day related to the Prudhoe Bay oilfield shutdown." Murkowski "requested that Alaska's

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attorney-general determine whether the state could demand compensation for the tax losses." His "office said it would be 'irresponsible' not to seek some redress given the fact that the company had not indicated the extent of the pipeline corrosion in its regular reports to the state." Murkowski said, "We will hold BP accountable for past and future field management. I am concerned that solids built up and corrosion occurred without earlier corrective action by BP."

Professor Says Fuel Scarcity Compels Energy Innovation. In a New York Times op-ed, Stephen L. Sass, a Cornell professor of materials science and engineering, writes that while the specter of $100-a-barrel oil "seems novel and terrifying, it is in fact familiar and useful. Throughout history, shortages of vital resources have driven innovation, and energy has often starred in these technological dramas." Sass writes, "If there is anything to be learned from history, it's that we need to face the harsh reality of fossil fuel scarcity and begin something like a Manhattan project to develop clean, economical, and preferably sustainable new sources of energy. Just as importantly, we need to innovate on the side of conservation and efficiency."

US Charges Citgo With Clean Air Act Violations. The AP (8/10) reports, "Citgo Petroleum Corp. was accused Wednesday in a 10-count federal indictment of violating the Clean Air Act and the Migratory Bird Treaty Act at its Corpus Christi refinery." The AP continues, "Houston-based Citgo, wholly owned by state oil company Petroleos de Venezuela SA, or PDVSA, denied breaking any laws. … The indictment accuses Citgo of two counts of violating an emissions standard for emitting benzene from its refinery. Benzene is a hazardous chemical found to cause cancer in people exposed to small amounts. Citgo also is charged with operating the facility without the necessary emissions controls." The AP adds, "The refinery's environmental manager Philip Vrazel is accused of filing an inaccurate environmental report." The AP notes, "The Justice Department said in a statement that 20 protected birds were found coated with oil as a result of landing in open top tanks. The species included northern shoveler; blue winged teal duck; double crested cormorants; lesser scaup and black-bellied whistling tree duck. … If convicted, Citgo faces fines up to $500,000 or twice the gross economic gain, whichever is greater, and five years probation. Vrazel, who is also named on the migratory bird charges, faces fines up to $500,000 and five years in prison."

US Expands Bird Flu Testing Nationally. The AP (8/10, Heilprin) reports the government Wednesday expanded its monitoring of wild migratory birds for the bird flu virus to cover the entire nation and US territories in the Pacific. "This move to test thousands more wild birds throughout the country will help us to quickly identify, respond and control the virus if it arrives in the United States," said Agriculture Secretary Mike Johanns. "Because we cannot control wild birds, our best protection is an early warning system," he added. Interior Secretary Dirk Kempthorne said more coordinated monitoring by federal agencies, states and universities "will be important this fall as birds now nesting in Alaska and Canada begin their migration south through the continental United States." As part of the effort, the Agriculture and Interior departments are providing $4 million to state agencies.

Meanwhile, USA Today (8/10, A3, Ritter, 2.27M) reports "tens of thousands of samples are arriving" at a US Geological Survey lab in Madison, Wisconsin and labs in 36 states. So far, none of the US samples has tested positive.

Gore Accused Of Doing Little To Reduce Global Warming. In a USA Today op-ed (8/10), Hoover Institution research fellow Peter Schweizer says Al Gore "graciously…tells consumers how to change their lives to curb their carbon-gobbling ways: Switch to compact fluorescent light bulbs, use a clothesline, drive a hybrid, use renewable energy, dramatically cut back on consumption. Better still, responsible global citizens can follow Gore's example, because, as he readily points out in his speeches, he lives a 'carbon-neutral lifestyle.' But if Al Gore is the world's role model for ecology, the planet is doomed." Public records "reveal that as Gore lectures Americans on excessive consumption, he and his wife Tipper live in two properties: a 10,000-square-foot, 20-room, eight-bathroom home in Nashville, and a 4,000-square-foot home in Arlington, Va. (He also has a third home in Carthage, Tenn.) For someone rallying the planet to pursue a path of extreme personal sacrifice, Gore requires little from himself."

WPost Says Congress Should Fund Potomac Snakehead Management. The Washington Post (8/10, A22, 748K) says in an editorial, "The snakehead, a fish that can stay upright and wriggle its way around for short distances on land, has infested the Potomac River. The House directed $660,000 to managing the area's snakehead population in its report on the Interior Department's fiscal 2007 budget. The Senate should do the same before it votes on the bill."

FBI/DEA/ATF/USMS:

IG Report Clears FBI In Death Of Ojeda Rios. In a widely-distributed story, the AP (8/10, Rivera) reports, "FBI agents were justified in shooting to death a Puerto Rican militant in a September 2005 raid, federal investigators said Wednesday in a report that was dismissed by pro-independence activists as a cover-up. Filiberto Ojeda Rios

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shot at agents as they came to arrest him…justifying their return fire, the U.S. Department of Justice Office of the Inspector General concluded," but the report added "that the FBI should have anticipated a shootout and attempted to force Ojeda…to surrender." US Rep. Jose Serrano said it "confirmed his belief that the FBI should have avoided the confrontation. 'I believe that if the FBI had followed procedures, the three FBI agents might not have been shot and Ojeda Rios might not have died,' he said." The AP adds, "In a statement, the FBI said it welcomed the inspector general's report and would review its recommendations, which primarily dealt with preparations for this type of raid. 'Although careful planning and preparation are part of every arrest scenario undertaken by the FBI, shooting incidents are sometimes an unfortunate result given the nature of the FBI's mission,' it said." USA Today (8/10, 3A, 2.27M) notes, "Independence activist Hector Pesquera said the report shows that agents 'never had any intention of capturing Filiberto, that they came to kill him, not arrest him.'"

The New York Times (8/10, Aguayo, 1.21M) reports, "Director Robert S. Mueller of the F.B.I. requested the investigation after Mr. Ojeda Ríos's wife said agents shot at him first. While the investigation concluded that agents did not deliberately let Mr. Ojeda Ríos bleed to death, it found that the agents should have first made efforts to capture him." CNN.com (8/9, Frieden) also noted that the report concluded "the FBI appropriately handled the…shooting," although "Fine found fault with some procedural issues…including delayed communications between FBI headquarters and agents at the scene. … In response to the report, the bureau said that 'shooting incidents are sometimes an unfortunate result given the nature of the FBI's mission.' 'The FBI recognizes the importance of strengthening communication and coordination between FBI headquarters, the hostage rescue team and our field offices during significant operational matters of this nature,' the agency's statement said." The Washington Times (8/10, Seper, 88K) also reports on the IG review, under the headline "Report Clears FBI Agents In Killing Of Terror Leader."

Former SAC Goes On Trial For Allegedly Lying About Relationship With Informant. The San Antonio Express-News (8/10, Contreras) reports retired FBI El Paso SAC Hardrick Crawford Jr. "went on trial Wednesday in El Paso on charges that he lied to Justice Department investigators about his relationship with a former confidential informant." Crawford "faces five federal charges that he did not fully disclose information about gifts, trips and services he received from Jose Maria Guardia, once a close friend." The Express-News adds, "Besides questions about the gifts, Crawford's indictment alleges he wrongfully vouched for Guardia — in an official capacity — while Guardia fended off allegations from his own government that he was involved in drug trafficking." The AP notes, "In opening arguments, federal prosecutor Jim Blankenship told jurors" Crawford "ignored repeated warnings" about Guardia, but "Crawford's lawyer, Mary Stillinger, countered that the allegations against Guardia…were from dubious sources." Additionally, "anything not reported to his bosses, Stillinger said, was either paid for or given to his wife as part of a benefit package she received for her job as an executive with Guardia's company in Ciudad Juarez."

In Tennessee, Indictment Reveals More Details In Marijuana-Trafficking Investigation. The Knoxville (TN) News Sentinel (8/10, Satterfield) reports that according to a new indictment homes owned by Scott West; his brother, James Michael West; his alleged marijuana broker, Mark Anthony Cort; and accused marijuana supplier Phillip A. Apodaca were brimming with cash. Authorities, including agents with the U.S. Drug Enforcement Administration and the Internal Revenue Service, seized $206,816 from three locations under Mike West's control. … Federal prosecutors Hugh Ward and David Jennings sought the new indictment against the West brothers, their wives, Apodaca and Cort to reflect new details emerging as part of the ongoing probe into the alleged marijuana trafficking and money-laundering conspiracy."

Father And Son Plead Guilty In Kentucky OxyContin Case. WLEX-TV, Lexington (8/10) reports a father and son who were "caught in the middle of a drug transaction in January pleaded guilty in federal court in Lexington Wednesday after making plea deals with prosecutors. Eddie Baker, Sr., 53, described by authorities as one of the biggest drug dealers in eastern Kentucky, was accused of trying to run down several officers and federal agents with a truck during the January 19 drug bust. … His son, Eddie Baker, Jr. was arrested during the bust. … Police say the Bakers were caught in the middle of trying to sell a large quantity of OxyContin pills in the Barwick community in Breathitt County when officers and federal agents, participating in the Operation Unite drug enforcement program, moved in to make arrests."

WKYT-TV, Lexington (8/9) reports that for more than two months, Baker Sr. "taunted police with video tapes sent to regional television stations and even gave several interviews to newspaper reporters. He continually proclaimed his innocence and said he would not turn himself in to authorities. On March 22, troopers from Kentucky State Police Post 13 in Hazard spotted Baker near a neighbor's trailer and chased him into the woods where he was arrested."

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Los Angeles Police Chief Defends Drug-Use Policy Change For Recruits. The Los Angeles Times (8/9, Mcgreevy) reports Los Angeles Police Department officials "went on the offensive Tuesday, saying drug use on the force has not increased since employment standards were relaxed in 2004. Chief William J. Bratton told the Police Commission that while officers have undergone 30,000 random drug tests over the last decade and a half, only 15 tested positive. … The policy was changed to allow recruits who have used cocaine once or twice before they were 25 years old and when that use was at least 10 years in the past, said Phyllis Lynes, assistant general manager of the city Personnel Department."

Zero-Tolerance School Discipline Policies Said To Be "Backfiring." USA Today (8/10, Elias) reports the American Psychological Association "said Wednesday 'zero tolerance' discipline policies that are enforced widely in U.S. schools are backfiring: They may be promoting misbehavior and making students feel more anxious. … Zero-tolerance policies spread in the 1990s as a tool to fight drug use and violence on campuses. … Kids feel less safe and perform worse academically in schools with high suspension or expulsion rates, even taking into account students' income levels, the association's report says."

Survey Indicates Small Percentage Of Teens Use Internet To Buy Alcohol. The USA Today (8/10, Leinwand) reports a year after the Supreme Court "made it easier for wineries to ship products to customers in a different state, a new survey indicates that teens haven't necessarily rushed to use the Internet to buy alcohol, as critics of the court's decision have feared. The survey by Teenage Research Unlimited (TRU) in Northbrook, Ill., found that 2% of youths ages 14-20 reported having purchased alcohol online, and that 12% reported having a friend who had ordered alcohol online." The ONDCP's Tom Riley "said the survey indicates online alcohol sales to teens aren't a major problem, but he warned that could change. 'While online sales of alcohol have not yet been a big part of the addiction problem, parents need to learn what teens already know: that the drug dealer who used to lurk in the seedy side of town is now just an e-mail or a URL away from your home.'"

Network TV Coverage. NBC Nightly News (8/9, story 8, 2:20, Williams) reported, "Online liquor sales to minors, how easy is it for kids to buy alcohol with just the click of a mouse? In the past year alone 20 states made it easier for people to buy alcohol online. … According to a new survey to be released tomorrow, 1-10 teenagers have an underage friend that's ordered wine or beer over the Internet. Nearly half think they will not get caught. … The survey was paid for by the Wine and Spirits Wholesalers of America whose members compete against online sales."

UN Report Expected To Show Opium Poppy Cultivation Increase In Afghanistan. The AP (8/9) reports a UN report "will likely show that more opium has been grown in Afghanistan this year than last, despite international intervention and an aggressive anti-drugs policy. 'We expect (it) to show that there has been an increase in cultivation this year,' U.K. Foreign Office minister Kim Howells said during a news conference Wednesday. 'Much of the increase is due to a substantial increase in planting in Helmand, and other southern provinces."

Coble Bill Said To Hinder ATF's Ability To Curb Illegal Gun Sales. In a letter to the editor of the Washington Post (8/10, A22), Daniel R. Vice, a staff attorney for the Brady Center to Prevent Gun Violence, writes, "Using his finest Orwellian doublespeak, Rep. Howard Coble (R-N.C.) defended his bill gutting the power of the Bureau of Alcohol, Tobacco, Firearms and Explosives to revoke the licenses of lawbreaking gun shops as a bill to 'modernize' the bureau [letters, Aug. 1]." Vice continues, "The bill, backed by the gun lobby, was introduced just after the license held by National Rifle Association board member Sanford M. Abrams for his shop, Valley Gun of Baltimore, was revoked for 900 federal gun law violations. Mr. Abrams's shop was also one of the top suppliers of guns used in crimes in the nation. The Justice Department called the store a 'serial violator' of gun laws that 'endangered the public' by failing to account for hundreds of weapons. .. . Yet the bill would make it virtually impossible to revoke the licenses of dealers such as Mr. Abrams caught violating federal law. Instead, the ATF would have to meet a new, extraordinary burden of proof to impose a meager $5,000 fine -- an average $5.56 fine per violation in a case such as Mr. Abrams's -- that the bill would then postpone through years of appeals. This is how Mr. Coble's bill 'strengthens' the bureau?" Vice concludes, "Congress must stop coddling corrupt gun dealers and their gun lobby friends and instead give the ATF the tools it needs to crack down on rogue gun shops that feed the gun-wrought carnage in our communities."

Man Wanted For Raping Child In Massachusetts Captured In Louisiana. The AP (8/10) reports, "A 30-year-old Massachusetts man who had been on the run for about 20 months since fleeing a Massachusetts courthouse was arrested Wednesday (in Gretna, LA) on charges of raping a child, U.S. marshals said." The AP continues, "Marlon Morris was arrested without incident at a home in the New Orleans suburb of Gretna in Jefferson Parish, marshals said. He was in the New Orleans

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area doing construction work to fix damage from Hurricane Katrina, officials said. … Morris walked out of Cambridge Superior Court in November 2004 shortly before a jury found him guilty of two counts of forcible rape of a child, two counts of statutory rape and three counts of indecent assault and battery on a child. … At the time, Morris was free on bail for the November 2002 crime so he was not in custody when he walked out of court." The AP adds, "Morris raped and sexually assaulted the victim on Nov. 17, 2002, prosecutors said. The 13-year-old girl reported the incident to her mother the next day, and Morris was arrested a day later. Morris and the victim knew each other. … Morris pleaded not guilty at his arraignment and was released on $5,000 bail. He faces a maximum sentence of life in prison."

IMMIGRATION:

Gonzales Issues New Rules For Immigration Judges. The AP (8/10, Gamboa) reports, "Immigration court judges will undergo periodic evaluations and additional immigration appeals judges will be hired, Attorney General Alberto Gonzales announced Wednesday." The AP continues, "Gonzales opened a review of the immigration courts, which operate as part of the Justice Department, in January after chastising some of them for 'intemperate or even abusive' conduct toward asylum seekers. … 'This review has left me reassured of the talent and professionalism that exists in the immigration courts and at the Board of Immigration Appeals,' Gonzales said in a statement. But he found room for improvement." The AP adds, "The more than 200 immigration judges handle hundreds of thousands of cases each year. Some of the judges have criticized the quality of their colleagues' work and the disparaging way some judges have treated foreigners seeking to remain in this country. … Gonzales' predecessor, John Ashcroft, overhauled immigration reviews in 2002, but his changes have been highly criticized. Ashcroft's overhaul led to more asylum and other cases being decided by a single judge rather than a three-judge panel of the Bureau of Immigration Appeals. The reforms were followed by a marked increase in the number of cases later taken to regular federal appeals courts. … Gonzales declined to return to the three-judge format, but made other tweaks to Ashcroft's reforms, such as allowing for the return of a case to the immigration appeals panel if it warrants reconsideration. … Also Gonzales said the Justice Department will seek additional money in fiscal year 2008 to hire more judges and staff. He wants to add four members to the Board of Immigration Appeals and continue using temporary board members as needed."

The New York Times (8/10, Bernstein) reports, "Attorney General Alberto R. Gonzales warned the nation's 215 immigration judges on Wednesday that they all faced annual performance evaluations for the first time and regular scrutiny to detect high reversal rates, frequent complaints or unusual backlogs. … But the consequences of failing were not spelled out. And some of the judges said they worried that evaluations would increase pressure on all judges to make decisions faster, without weeding out the handful of judges who have drawn the most criticism." The Times continues, "Immigration judges, who now handle 300,000 cases a year under stepped-up guidelines, are employees of the Justice Department, not the federal judiciary. After battling for years to unionize, they ratified their first labor contract on Monday. … Performance evaluations were among several measures, most still in the planning stages, that Mr. Gonzales announced here in a luncheon speech at the judges' annual training conference. He has been under mounting pressure to disclose the findings of a comprehensive review that he ordered last January after federal appeals courts around the country complained of a pattern of biased and incoherent decisions on asylum and rebuked some immigration judges by name for 'bullying' and 'brow-beating' people seeking refuge from persecution. … The speech was closed to the news media, but according to prepared remarks, he assured the immigration judges that the review had found that the vast majority did their jobs well 'under pressures that would try even the most patient among us.' … But Mr. Gonzales added: 'Patterns have developed around specific areas of concern. I have seen evidence that some immigration judges, on rare occasions, do behave inappropriately toward those appearing before them, whether aliens, their representatives' or Department of Homeland Security lawyers."

The Los Angeles Times (8/10, Schmitt) reports, "Under pressure from human rights groups, the Bush administration announced plans Wednesday to improve the performance of immigration judges, responding to reports of intemperate and abusive jurists and complaints about how the system has dealt with a growing backlog of cases." The Times continues, "The moves…include establishing periodic performance evaluations and implementing proficiency exams for judges who are appointed after Dec. 31. … Gonzales said that he also would seek to hire more immigration judges and to add four members to the 11-person Board of Immigration Appeals." The Times adds, "The moves were among 22 recommendations made by a Justice Department task force that Gonzales established in January to review the performance of the nation's 224 immigration judges, including 55 in California. … The review was ordered after immigrant-rights groups alleged that judges were wrongly deporting people or denying bids for political asylum because of erroneous evidence or incompetence."

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AFL-CIO Reaches Deal With Day Labor Association On Labor Rule Enforcement. The Wall Street Journal (8/10, Maher, 2.03M) reports the AFL-CIO "reached an agreement with a big national day-laborer association to press for tougher enforcement of wage and safety laws, signaling the mainstream labor movement's wider embrace of immigrant workers." The "labor federation reached the agreement with the National Day Laborer Organizing Network, a group seeking to represent the immigrant work force tapped by construction contractors and homeowners for physical, often off-the-books work. The two groups said the move will give day laborers the ability to use the federation's clout to press for better enforcement of wage and hour laws and health and safety regulations, among other protections."

The New York Times (8/10, Greenhouse, 1.21M) reports the AFL-CIO agreement with the National Day Labor Organizing Network is "intended to help the languishing labor movement tap into the potent energy of the immigrant rights movement." With the agreement, "the A.F.L.-C.I.O. is embracing workers who many union members have accused of driving down wages. The partnership connects the labor federation to a network that largely represents illegal immigrant workers who often have run-ins with the police as they stand on street corners soliciting jobs."

The Washington Post (8/10, A5, Brulliard, 748K) reports, "Six years after organized labor made an about-face to support illegal workers, the agreement further cemented the struggling labor movement's embrace of illegal immigrants as key parts of the U.S. workforce and potential union members. Research indicates that about three-fourths of day laborers are in the country illegally." For "day laborers and their organizers, who have faced high-profile opposition in Herndon and elsewhere, the agreement offers access to expert lobbyists and lawyers and a chance to devise strategies with local councils of the 10 million-member AFL-CIO, which backed sanctions against illegal immigrants until a policy shift in 2000. The partnership does not require day laborers to join unions." The alliance "comes one year after four major unions split from the AFL-CIO, taking a third of its membership, and as the labor movement struggles with decline."

NYTimes Praises AFL-CIO For Working With Day Laborer Movement. The New York Times (8/10, 1.21M) editorializes that the AFL-CIO and National Day Laborer Organizing Network "plan to lobby for labor-friendly laws, to expose workplace abuses and to press for comprehensive immigration reform." Critics "may accuse unions of trying to draw a jolt of energy from a pool of illegal workers. But the value of worker centers goes beyond such expedience. As Washington dithers over fixing the broken immigration system, worker centers have arisen as a modest step to removing some perversity from the status quo, in which the benefits of illegal immigration largely flow to unscrupulous employers. The way to fix immigration chaos is to channel and regulate it."

Immigration Reform Protests May Unify Hispanic Voting Bloc. The Christian Science Monitor (8/10, Henao, 58K) reports, "Five months after pro-immigrant protests swept through more than 100 US cities, an unprecedented Hispanic political force seems to be taking hold, one that may finally unite what could be the fastest-growing voting bloc in the United States." In the "latest poll after the marches, 63 percent of Latinos surveyed said the rallies signaled the beginning of a new social movement, according to the 2006 National Survey of Hispanics by the Pew Hispanic Center." Historically, Latino "voter-participation numbers have lagged," but "the marches may have been a catalyst for change. In the last Pew poll, three-quarters of Latinos said the debate would prompt many more of them to vote in November."

CONGRESS-ADMINISTRATION:

Group Seeks Review Of NIH Researcher's Drug Company Ties. The Los Angeles Times (8/10, Willman, 918K) reports a "bipartisan group of congressional leaders has asked the director of the National Institutes of Health to provide details of a senior researcher's ties to several pharmaceutical companies." The congressional leaders, "including the Republican chairman and the ranking Democrat of the House Energy and Commerce Committee, said in their letter that they wanted the details in order to evaluate conflict-of-interest policies at the NIH. They requested a response by week's end." The "senior researcher, Dr. Thomas J. Walsh of the National Cancer Institute, helped lead clinical trials that used the companies' drugs to treat suspected fungal infections in patients with compromised immune systems. Walsh also appeared alongside company representatives at various U.S. Food and Drug Administration meetings regarding antifungal products made by the companies." Two of the companies, Pfizer Inc. and Merck & Co., "have acknowledged paying Walsh fees in recent years."

Bush's "100-Degree Club" Described. The New York Times (8/10, Stolberg, 1.21M) reports in a "Reporter's Notebook" column on the setting and domestic minutiae at President Bush's ranch in Crawford, Texas. The Times notes a large cricket nearly interrupted President Bush's news conference with Secretary of State Condoleezza Rice and the results of the 100-Degree Club run. The rules for membership in the 100-Degree Club "are simple: members

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run 3 miles, or bike for 10, when the thermometer hits triple digits. The reward for finishing: a photo with the president and a gray Under Armour athletic shirt (retail $19.99) emblazoned with a Texas star encircled by the words 'The President's 100-Degree Club.'" Eighteen aides participated in the run this year, including press Secretary Tony Snow. Most, "including Mr. Snow, finished. But the ones who did not learned the hard way that Mr. Bush does not make exceptions to his rules. They did not get the shirt." The Times also discusses the accommodation rules for staff, guests, and reporters at Crawford.

Air Force Memorial To Be Dedicated October 14. The New York Times (8/10, Janofsky, 1.21M) reports, "From a promontory high above the Pentagon, three arching spires reach skyward, their elongated tips pointing to the infinity of space." The spires "appear as abstract art forms but only until their symbolism is made clear by their setting: They are the starring elements of a memorial to the United States Air Force, the only branch of the American military that has not had a prominent monument in the Washington area. More than 14 years in planning, the memorial is in the final stages of construction and will be dedicated Oct. 14."

Herbert Says GOP "Deceit" Is Orwellian. In his New York Times column (8/10), Bob Herbert says, "In a move that was typically and patently deceitful, Republicans in Congress tried to pass a minimum wage measure last week in which the biggest winners would have been some of the wealthiest people in America." The "point is the extent to which the Republican Party is willing to engage in deceit to try and achieve ends it could not achieve any other way. The latest incarnation of the Republican Party has taken deceit in government and politics to dangerous new extremes, and it's time to call a halt to it. The war in Iraq will be remembered as one of the greatest exercises in systematic governmental deceit in U.S. history. But the Iraq fiasco is just the most stunning and tragic example of a style of governing and politicking that has become second nature to the Bush administration and much of the national Republican establishment."

OTHER NEWS:

Stocks Fall Despite Fed Decision To Leave Interest Rates Unchanged. The Wall Street Journal (8/10, Browning, 2.03M) reports that to the "surprise of some, stocks fell for a second consecutive session despite the Federal Reserve's decision Tuesday to leave its interest-rate target unchanged. After starting the day with a strong gain, the Dow Jones Industrial Average ran out of steam and finished down 97.41 points, or 0.87%, at 11076.18." The Nasdaq Composite Index "also soared initially, only to give up its advance and finish down 0.03%, or 0.57 point, at 2060.28. It is down 6.6% this year." The Standard & Poor's 500-stock index "finished down 0.43%, or 5.53 points, at 1265.95, still up 1.4% this year." At least "for now, worries about rising interest rates have been replaced by fears that rates may already have risen too much, and that the economy is running into trouble." NBC Nightly News (8/9, story 7, , Williams, 9.87M) also noted the stock numbers.

Fed Decision To Pause Rate Hikes Seen As Mistake. In a Wall Street Journal op-ed (8/10), Michael Darda, chief economist for MKM Partners, LLC, says, "The Federal Open Market Committee's decision to suspend its tightening campaign on Tuesday -- with the Fed funds target rate at 5.25% -- is likely to be short-lived. With both forward- and backward-looking measures of inflation pressures accelerating, the Fed has placed a high-risk bet that a further slowdown in housing and additional cooling in the broader economy will restrain inflation in the not-too-distant future. These assumptions are unlikely to bear fruit." The Fed "should worry less about slowing growth and more about rising inflation. The FOMC could move back in front of the inflation curve by hiking the Fed funds rate to 6%, with more hikes to follow until forward-looking price-level indicators respond."

Vacation Home Market Slows Significantly. The New York Times (8/10, Bajaj, 1.21M) reports the "once-bustling deal making in a wide variety of popular locations for second homes -- areas like Florida, the Jersey Shore and Lake Tahoe, as well as the high-price playground on the East End of Long Island -- has slowed markedly in recent months." In "second-home markets around the country, the number of sales is shrinking even as the properties on the market increase. Prices at all levels are softening, and in a few places recently have begun dropping."

Cuban Americans, Analysts Question Proposed Cuba Policy Changes. The Los Angeles Times (8/10, Williams, 918K) reports, "A Bush administration proposal to change current immigration practices for Cubans, aimed at discouraging a politically disastrous mass migration, could backfire, exiles and analysts say." The Times adds that "some Cuban Americans in South Florida say they are tired of being used by politicians who tailor important issues such as immigration to appease a hard-line minority of exiles in exchange for their electoral support." Meanwhile, "Cuba analysts warn that disqualifying "wet feet" from future visa consideration could be counterproductive. The proposal to punish illegal immigrants intercepted at sea by making them ineligible for US visas provides scant deterrent to those who have no family members here to join."

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Bush Criticized For Limiting Access To Cuba. The New York Times (8/10, 1.21M) says in an editorial, "President Bush and his top aides have said repeatedly in recent days that they haven't a clue what's going on inside Cuba. With Fidel Castro's health faltering, they need to start figuring it out. Cuba is a closed, repressive society. But the Bush administration has gone out of its way to ensure that the United States has neither access nor the slightest chance to influence events there." In the "name of tightening the failed embargo -- a bipartisan policy for more than four decades -- Mr. Bush has made it much harder for academics, artists, religious people and anyone else who might spread the good word about America to travel to Cuba, and much harder for Cubans to travel here. In a decidedly un-family-values move, the administration has also limited visits to Cuba by Cuban-Americans to once every three years."

Lieberman Files To Run As An Independent As Democrats Coalesce Around Lamont. NBC Nightly News (8/9, lead story, 2:45, Reid, 9.87M) reported, "Joe Lieberman officially filed to run as an independent candidate and the reaction was swift. Dozens of Democrats, once some of his biggest supporters, are now firmly aligned against him." Lieberman's "increasing isolation was on display as a flood of prominent national Democrats abandoned him in favor of his victorious opponent." Sen. Hillary Clinton was shown saying, "I will be sending a contribution to Mr. Lamont today. I called to offer whatever support he needs."

The AP (8/10, Reitz) reports "top Senate Democrats, including John Kerry and Edward Kennedy of Massachusetts, Harry Reid of Nevada, Frank Lautenberg of New Jersey and Chuck Schumer of New York, said they supported Lamont as the duly elected choice of Connecticut's Democratic voters." Reid and Schumer, "the party's Senate leader, and the head of the Democratic Senate campaign committee -- said: 'The perception was that (Lieberman) was too close to George Bush and this was, in many respects, a referendum on the president more than anything else. The results bode well for Democratic victories in November and our efforts to take the country in a new direction.'" Kennedy "called Lamont's victory 'a clarion call for change,' and a spokeswoman said Kennedy planned to campaign for the nominee." Similarly, McClatchy (8/10, Thomma) says Lieberman "found himself a political orphan Wednesday."

The Washington Post (8/10, A1, Murray, Balz, 748K) says that "in background conversations, Democratic officials gently signaled their desire that Lieberman abandon his independent candidacy but appeared reluctant to press him publicly. A senior Democratic official in Washington said leaders had met and decided to put off confronting Lieberman at least for a few days, to allow the senator time to absorb the implications of his loss and his new isolation from longtime colleagues and supporters." USA Today (8/10, Lawrence, 2.27M) notes "a handful of Democrats went further. Retired general Wesley Clark, a 2004 and possible 2008 presidential candidate, exhorted backers to sign an online petition and 'send a message to Joe Lieberman to end his independent campaign.'" And Simon Rosenberg, president of the centrist New Democrat Network, "called Lieberman's loss 'a political failure of great magnitude' and urged him to 'end this part of your remarkable career.'"

The Washington Times (8/10, Hurt, 88K) reports Democrats "worry that Mr. Lieberman's independent candidacy -- which is considered formidable because of his name recognition and historical ability to appeal to Republican and independent voters -- could split left-leaning support and give Republican Alan Schlesinger a chance at victory." However, Lamont "yesterday said he would win anyway." Said Lamont, "He'll end up splitting the Republican vote … He gets a lot more support from Republicans than he does from Democrats."

The Baltimore Sun (8/10, West, 262K) reports, "Privately, Democrats said it would be a mistake to write off the 64-year-old senator, who has promised to vote with Democrats in organizing the Senate if he wins." Lieberman "stands a reasonable chance of gaining re-election, they said, if he can maintain his support among independents and Republicans." Seeking to assess Lieberman's chances, the Washington Post (8/10, C1, Weeks, 748K) interviews former Republican Sen. Lowell Weicker, who lost his Senate seat to Lieberman and later won the governorship as an independent. There is "a strong independent constituency in Connecticut, Weicker says, but 'I suspect the public is going to see right through' Lieberman's party switch. It's not the purpose of the U.S. Senate to provide Lieberman with steady employment, he says. 'He wants a job.'"

Lieberman's defeat was the lead story on each of the networks, which devoted approximately 14 minutes and six segments to the Connecticut Senate primary. Each of the networks, as well as reports in today's major newspapers, tended to focus on Sen. Hillary Clinton to illustrate the dilemma faced by Democrats who supported Lieberman but now are cast their lot with Lamont. For example, the CBS Evening News (8/9, lead story, 2:35, Smith, 7.66M) reported, "The war in Iraq, which has cost nearly 2,600 Americans their lives has just taken its first major political casualty here at home." CBS (Regan) added Democrats such as Sen. Hillary Clinton are "making the switch, even though she, like her long-time ally Joe Lieberman, supported President Bush's decision to invade Iraq."

Little Consensus On Analysis Of Primary's Political Consequences. Media reports are portraying Lieberman's primary defeat as a watershed moment in recent US political history. ABC World News Tonight (8/9, lead story, 2:55,

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Gibson, 8.78M), called it "an earthquake in the Democratic Party," while the Christian Science Monitor (8/10, Feldmann, 58K) refers to "a shock wave across the American political landscape." In an editorial, the Wall Street Journal (8/10, 2.03M) says Lamont's win is "arguably the most important victory for the American left since the Watergate rout of 1974."

There's less consensus on the political consequences of the Connecticut primary, particularly on the issue of which party will end up benefiting from it. Typical of the coverage was the CBS Evening News (8/9, story 2, 2:20, Axelrod, 7.66M), which reported Lamont's victory "could well embolden more Democrats to call for troop withdrawal." However, as CBS added, Republicans "seem confident Democrats will overplay their hand if voters feel pulling out troops helps terrorists." Tony Snow, White House press secretary, was shown saying, "If we walk away, they're going to get stronger, not weaker. So those are some of the issues raised by the primary yesterday in Connecticut." ABC World News Tonight (8/9, lead story, 2:55, Tapper, 8.78M) also said Republicans "are relishing these Democratic divisions." Tony Snow was shown saying, "It's a defining moment for the Democratic Party, whose national leaders now have made it clear that if you disagree with the extreme left in their party, they're going to come after you."

Also on ABC World News Tonight (8/9, story 2, 1:40, Gibson, 8.78M), chief Washington correspondent George Stephanopoulos said, "This is bad for Democrats. And the more Joe Lieberman is out there, the more he's making the Republican point that Ned Lamont and the leaders who support him represent the far left of the Democratic Party. On the other hand, the fact that a political unknown like Ned Lamont unseated an established senator, like Joe Lieberman, shows there's really anger out in the electorate, against the war in Iraq, against incumbents and against George Bush. That's bad news for Republicans."

On NBC Nightly News (8/9, story 2, 1:25, Williams, 9.87M), 'Meet the Press' moderator Tim Russert also suggested Lamont's win could be bad news for Republicans, "The message is at least Democrats are very angry about this war and they want you to get right about it. … Republicans are being told by the White House it is OK to criticize the management of the war just don't be for immediate withdrawal of troops." Ret. Gen. Wesley Clark makes a similar point in the Wall Street Journal (8/10, 2.03M), writing that "if I were a Republican, I'd recognize this as the beginning of the end." The "growing public awareness provides Democrats the opportunity to reshape our party to help America meet the challenges ahead. For Republicans, it signals the end of using patriotism to cover up for persistent failures to deal effectively with pressing national security issues."

Likewise, the Financial Times (8/10, Yeager) says the vote "represented a sharp rebuke to supporters of the war in Iraq and a warning to all incumbents that US voters are in the mood for change." David Broder, in the Washington Post (8/10, A23, 748K) also weighs in on the question of what Lamont's win means, arguing that "the opposition to current policy in Iraq is building," and "the greatest frustration is among the broad swath of centrist voters who feel they have no voice. In this environment, incumbents of neither party can feel safe."

Meanwhile, Time's website (8/10, Allen) runs a piece headlined "Why The Republicans Are Loving The Lieberman Loss," in which it argues that "at a time when the GOP should be back on its heels, Connecticut voters' rejection of a centrist Senator gives the party a potentially powerful new weapon to use against the Democrats this fall." Time adds, "From Washington State to Missouri to Pennsylvania, Democratic candidates found themselves on the defensive Wednesday as the Republican Party worked ferociously at every level to try to use the primary defeat of…Lieberman…to portray the opposition as the party of weakness and isolation on national security and liberal leanings on domestic policy."

But in a story titled "Jury Out On Lieberman Effect," the Washington Post (8/10, A4, Weisman, Murray, 748K) says Lieberman's independent bid "will mean that three marquee US House races in the state will have to share top billing in November with a bitter rematch that could divert money and publicity from those critical contests. That could complicate Democrats' designs to win those races as part of an effort to seize control of the House." But "by keeping the state's electorate focused on President Bush and the war in Iraq, the Lamont-Lieberman rematch will keep voters energized, and may ultimately bolster the House challengers, Democrats and some independent analysts said."

The New York Times (8/10, Hulse, 1.21M) says Republicans "said a general election matchup in which Mr. Lieberman ran as an independent against Ned Lamont, the winner of the primary, could hinder Democrats in their efforts to unseat three incumbent representatives who are top Democratic targets." Democrats "disputed that and said the high-intensity Senate fight could help the Democratic challengers for the House seats by drawing Democratic voters to the polls."

The Chicago Tribune (8/10, Zeleny, 623K), meanwhile, notes that "given that Connecticut is among the most Democratic-friendly states in the country, strategists caution reading too much into the outcome of the party's primary."

Cheney Says Lieberman Defeat Might Encourage "Al Qaeda Types." The New York Times (8/10, Nagourney, 1.21M) notes Snow's argument, reporting "Republicans began a concerted effort to use Mr. Lieberman's defeat to portray Democrats as weak on national defense, reprising a theme that they made central to the last two national

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campaigns. The attacks came in searing remarks from, among others, Ken Mehlman, the chairman of the Republican National Committee and Vice President Dick Cheney, who went so far as to suggest that the ouster of Mr. Lieberman might encourage 'al Qaeda types.'" Cheney said in a telephone interview with news service reporters, "It's an unfortunate development, I think, from the standpoint of the Democratic Party, to see a man like Lieberman pushed aside because of his willingness to support an aggressive posture in terms of our national security strategy."

Bush Will Not Support Lieberman Candidacy. CNN's The Situation Room (8/9, Blitzer) reported that Tony Snow "said President Bush will not support Lieberman, as he makes a bid to keep his Senate seat as an independent."

Lamont Says He's Heard Rumors Of Communication Between Lieberman, White House. Ned Lamont was asked on MSNBC's Hardball (8/9) if he is aware of any communication between the White House and Lieberman. Lamont, said, "I've heard some rumors to that effect, but I don't have any direct knowledge, no."

Mehlman Stops Short Of Endorsing GOP Candidate In Connecticut. RNC Chairman Ken Mehlman was asked on MSNBC's Hardball (8/9) if Republicans should vote for Lieberman or GOP nominee Alan Schlesinger in November. Mehlman said, "I think it's up to the Republicans individually to make that decision."

"Highly Coordinated" GOP Response Noted. The Los Angeles Times (8/10, Wallsten, 918K) says Republicans "sought to use the Lieberman loss as an opportunity to drive wedges in the Democratic base -- following the strategy designed by White House advisor Karl Rove of energizing conservatives while trying to give certain Democratic voters a reason to question their loyalty." For instance, "the Republican Jewish Coalition announced Wednesday that it had begun purchasing ads in Jewish newspapers saying Lieberman was a 'voice of support for Israel' that had been 'silenced by the Democratic Party.'" Meanwhile, "an internal RNC analysis argued that low-income voters should not feel comfortable with Lamont. It said his victory was fueled by 'limousine liberals,' while Lieberman's votes came from less affluent voters who could not afford to be so devoted to opposing the Iraq war." The Times adds, "The Republican response Wednesday was highly coordinated, tightly matching a set of GOP talking points distributed to activists and strategists."

Michael Barone, in the Wall Street Journal (8/10, 2.03M), writes about issues similar to those raised by the "internal RNC analysis" mentioned by the LATimes. Barone says "Lamont carried most of the cities and towns that were carried by Richard Nixon. In Stamford, where Joe Lieberman grew up the son of a liquor-store owner, and where there are still sizeable blue-collar and black communities, Mr. Lieberman won with 55% of the vote. In next-door Greenwich, where Ned Lamont (like former President George H.W. Bush) grew up as the scion of an investment banker family, and where the housing values are now among the highest in the nation, Mr. Lamont won with 68% of the vote. If Mr. Lamont wins in November, he will be just one of several members of a Democratic caucus who have made, inherited or married big money." Barone adds, "The working class Democrats of the mid-20th century voted their interests, and knew that one of their interests was protecting the nation in which they were proud to live. The professional class Democrats of today vote their ideology."

Poll Finds Voters' "Anger" Key To Lamont Win. The New York Times (8/10, Confessore, Connelly, 1.21M) reports, "Lamont harnessed anger with the president, opposition to the Iraq war and a desire for change in his primary victory over…Lieberman, according to a survey of Democratic voters leaving polling places on Tuesday. Seventy-one percent said they strongly disapproved of how President Bush was handling his job, and 59 percent described Mr. Lieberman as being too close to Mr. Bush, according to the survey by The New York Times and CBS News." The Times adds, "About 6 in 10 of the Democratic primary voters surveyed said they strongly disapproved of the decision to go to war with Iraq and almost 7 in 10 said the United States should start removing its troops from Iraq soon."

State AFL-CIO To Consider Endorsing Lieberman. The New York Times (8/10, Medina, Healy, 1.21M) reports "at least one steadfast Lieberman ally, the A.F.L.-C.I.O., Connecticut's largest labor group, said it would consider endorsing Mr. Lieberman through the general election, providing crucial muscle for a fall campaign."

GOP Candidate Given Little Chance Of Winning. The New York Times (8/10, Kornblut, 1.21M) reports on GOP candidate Alan Schlesinger, who "began his general election campaign for the Senate on Wednesday with a cellphone, a stack of literature and a coterie of three aides who trailed him along this town's mostly empty sidewalks. 'Hi, moms! I'm Alan Schlesinger, I'm the Republican running for the US Senate,' he said, holding out his hand to stop two women pushing strollers. They nodded warily and kept walking." Schlesinger, a former mayor of the town of Derby, "first burst into the headlines this summer after The Hartford Courant reported that he had gambled under a fake name and once had gambling debts (he dismissed the accounts as irrelevant). The Republican governor, M. Jodi Rell, soon called on Mr. Schlesinger to give up his place on the ballot. He declined. And interviews with state Republicans suggest that no one had much of an idea about a more attractive alternative to replace him." The Times adds, "Given the strange situation the Democrats find themselves in, that state of affairs now strikes some as a lost opportunity."

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WPost Urges Lieberman To Run. The Washington Post (8/10, A22, 748K) editorializes, "Lieberman's decision to move forward with an independent candidacy after his loss in the Democratic primary is a controversial choice but in this circumstance the correct one. … We are not among those who differ substantially with Mr. Lieberman on Iraq," but "Lieberman became an object of voter anger not only about the war but at the Bush administration in general. Because Mr. Bush has governed too often in a partisan way, many Democratic voters concluded that anyone who reached across the aisle in an effort to cooperate must be a sap." The Post concludes, "We hope that the broader electorate will choose to return Mr. Lieberman to the Senate -- the best outcome for the state, the country, and, yes, even the Democratic Party."

Clinton Distances Herself From Lieberman. The New York Times (8/10, Hernandez, 1.21M) reports, "Senator Hillary Rodham Clinton embarked on her first major day of campaigning in her re-election bid yesterday, but wound up facing a flurry of questions about Senator Joseph I. Lieberman's defeat by an antiwar candidate in the Connecticut Democratic primary." Clinton "sought to distance herself from Mr. Lieberman." She said, "I have been a consistent critic from the beginning," and "the record reflects that." Clinton, "speaking to reporters as she campaigned throughout New York City yesterday, insisted that she would support Mr. Lamont and noted that she had, in a phone call to him, offered to provide any assistance he needed as he campaigned in the general election."

Syndicated columnist Robert Novak (8/10) weighs in on Clinton's strategy, writing that New York Sen. Hillary Clinton's "confrontation with Donald Rumsfeld at the Senate Armed Services Committee last week lasted only 12 minutes but offered a glimpse of the 2008 Democratic Presidential front-runner's style. A tense Sen. Clinton seemed mechanical, reading a five-minute indictment of the secretary of defense. … Like a candidate brandishing embarrassing rhetoric from an opponent's past, Clinton aides were seeking and shaping partial Rumsfeld quotations to make sure their boss avoids being Liebermanized."

Executive Director Of MoveOn PAC Calls Lamont Win "Death Of Triangulation." Eli Pariser, executive director of the MoveOn Political Action Committee, writes in a Washington Post op-ed (8/10, A23) titled "The Death Of Triangulation" that "with triangulation passing, a new era of bolder, principle-driven politics can begin." Lamont's "success should be the opening salvo in a 90-day campaign to establish the clear-cut differences between Democrats and Republicans. Most independent voters, like Democrats, want change, but many of them aren't sure yet whether Democratic candidates are capable of giving it to them. Now's the chance to seize that mantle. … The pendulum is swinging, driven by the all-too-apparent shortcomings of the Bush administration. To paraphrase a great Democrat, the only thing Democratic leaders have to fear is timidity in the face of opportunity."

The Washington Times (8/10, Bellantoni, 88K) reports Pariser also "told supporters in an e-mail yesterday that his group represents 'people-powered politics' that 'proved the pundits wrong.' 'It's been a long six years, but things are beginning to change,' he said. 'Our nation is waking up from the long nightmare of the Bush presidency.'"

More Commentary. In an editorial, the Wall Street Journal (8/10, 2.03M) calls Lamont's win a "political thunder clap, arguably the most important victory for the American left since the Watergate rout of 1974. … The Lamont victory means that the Democrats are now the withdraw-from-Iraq party. Democratic leaders in the House and Senate united behind a somewhat more cautious pullout policy last week, calling for a phased withdrawal beginning this year. But with the support Mr. Lamont is now drawing from mainstream Democrats, the momentum within the party is all toward the come-home-now left." This "means that if Democrats retake Congress, we will be back where we were in Vietnam circa 1975. Early that year the Congressional left blocked funds for our allies in the government of South Vietnam, weakening its defenses even as Hanoi massed for an attack. Within weeks, the North was on the march and the last American helicopters were leaving Saigon. The stakes are just as serious today in Iraq." Bush "can help his own cause by going on offense in Baghdad, adding more troops if necessary and doing whatever it takes to demonstrate that the fight continues to be worth the cost in lives and treasure. The Lamont Democrats may be dangerously wrong, but the American people will turn to them in frustration if Mr. Bush doesn't make the policy differences and the security stakes perfectly clear."

USA Today (8/10, 2.27M) editorializes that "Lieberman was a casualty of a drive to enforce partisan ideological purity, which is making it harder for politicians to be centrists and reach across party lines to solve the nation's problems. Enforcers from the far right and left are yanking down the 'big tents' that allowed for a diversity of viewpoints within the parties."

David Brooks writes in the New York Times (8/10, 1.21M), "There are two major parties on the ballot, but there are three major parties in America. There is the Democratic Party, the Republican Party and the McCain-Lieberman Party. All were on display Tuesday night. … The McCain-Lieberman Party begins with a rejection of the Sunni-Shiite style of politics itself. It rejects those whose emotional attachment to their party is so all-consuming it becomes a form of tribalism, and who believe the only way to get American voters to respond is through aggression and stridency."

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Tuesday's Primaries Said To Reveal Unfriendly Terrain For Incumbents. USA Today (8/10, Lawrence, 2.27M) reports, "So much for the benefits of incumbency. This week's Connecticut, Georgia and Michigan primaries provided hard evidence of what polls have been signaling for months: Voters are in the mood for change. The defeats of Sen. Joe Lieberman, D-Conn., Rep. Cynthia McKinney, D-Ga., and Rep. Joe Schwarz, R-Mich., came two months after Pennsylvanians ousted 17 state legislators in primaries." Charles Cook, editor of the non-partisan Cook Political Report, told USA Today, "Voters are not showing a reticence to vote against entrenched incumbents."

The Wall Street Journal (8/10, Cummings, 2.03M) runs a similar report under the headline "Incumbents Appear On The Outs With Voters," reporting the "anti-incumbent sentiment that claimed several notable victims in this week's congressional primary elections may spell trouble for politicians from both parties, in primaries later this year and in November elections." The "defeats of…three lawmakers -- from different parties, political philosophies and regions of the country -- are the latest evidence of broader anti-incumbent sentiment."

McKinney Contends Crossover GOP Vote Defeated Her. The New York Times (8/10, Goodman, 1.21M) reports from Atlanta, "Her cheering supporters were clearly surprised by Representative Cynthia McKinney's defeat in Tuesday's Democratic primary runoff, but those who follow this city's changing demographics were not. Over the past few years, increasing numbers of affluent blacks have moved into southern DeKalb County, the base of Ms. McKinney's district, and many were not impressed by her confrontational and occasionally erratic style." But "McKinney and her supporters contend that Republicans mounted a campaign to vote her out of office, as they did four years ago when crossover voting helped elect her Democratic challenger, Denise Majette. … Several Republican strategists acknowledged that widespread crossover voting was organized and encouraged on Tuesday."

ABC World News Tonight (8/9, story 3, 0:15, Gibson, 8.78M) noted McKinney's defeat last night, noting she "battled with a Capitol Hill police officer at a check point. She apologized to the House. Now, she's voted out of the House."

GOP Seen As Facing Serious Risk In DeLay's Old Seat. The Christian Science Monitor (8/10, Axtman, 58K) reports "GOP leaders in District 22 are gearing up for a massive write-in campaign in support of one of the candidates they wanted to replace [former Rep. Tom] DeLay with in the first place. There's just one problem. Winning an election with a write-in candidate is an extreme long shot, political scientists say." That "suggests that District 22, which has sent a Republican to Congress in every election since 1978, could go Democratic, analysts say, especially since the US Supreme Court declined to intervene early this week."

Sugar Land Mayor To Run As Write-In Candidate. The AP (8/10, Gamboa) reports, "The mayor of former Majority Leader Tom DeLay's hometown said Wednesday he will run as a write-in candidate for his House seat after the scandal-scarred DeLay moved to withdraw from the November ballot." David Wallace, "one of the candidates Texas Republicans were considering to replace DeLay, said in a statement that he had the backing of family, grass-roots leaders and friends in his write-in bid."

Five Candidates File Papers To Challenge Jefferson. The AP (8/10, Simpson) reports, "A string of challengers jumped into the race Wednesday against Rep. William Jefferson, whose Washington office was raided by the FBI amid a federal bribery investigation. The three-day filing period for entering the November elections started Wednesday. In Louisiana, there are no earlier party primaries; if no candidate gets more than 50 percent of the vote on Election Day, the top two go to a December runoff." The AP adds, "Five candidates registered Wednesday to challenge the eight-term Democrat, including two familiar names in New Orleans-area politics. Another longtime New Orleans politician was expected to enter the race later this week." State Sen. Derrick Shepherd, Troy Carter, a former New Orleans City Council member, and Regina Bartholomew, "a lawyer who has worked for the city's school board and the US Department of Labor…filed for the race. Two little-known candidates also registered." State Rep. Karen Carter "plans to register Friday, her aides said."

Ehrlich Aide Says Firings Were Not Based In Party ID. The Washington Post (8/10, A1, Mosk, 748K) reports in a front page story that Joseph Steffen, "the central figure in the probe of Maryland Gov. Robert L. Ehrlich Jr.'s firing practices, testified yesterday that he identified numerous state employees for dismissal and that he did so at the direction of the governor's top aides." Steffen said "he was not specifically instructed to target Democrats, but he did consider party affiliation while evaluating whether to retain certain state employees in Maryland's first Republican administration in a generation. He portrayed himself as a key player in advising the administration on personnel changes, directly contradicting earlier sworn testimony from a top Ehrlich aide." Steffen's testimony before a special state legislative committee was "compelled by a subpoena and a judge's order," and his "descriptions of the terminations did not betray any sympathy for those who were fired and at times seemed to border on cavalier." Steffen's appearance

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"was the climax of a year-long probe by state lawmakers into the dismissal of 340 state workers that came in the months after Ehrlich was elected. Democratic delegates and senators have sought to learn whether Ehrlich, working through operatives such as Steffen, intended to dismiss veteran state employees solely on the basis of their party affiliation -- something Ehrlich has long denied. To do so would have violated workers' constitutional rights. In that respect, Steffen did little to help the Democrats."

Colorado Initiative To Limit Judges' Terms Noted. In a Wall Street Journal op-ed (8/10), John Andrews, chairman of the Limit the Judges campaign and former president of the Colorado Senate, says, "Americans' concern with a court system out of control has simmered for decades, never coming to a boil. The perennial frustration with judges rewriting the laws and the Constitution is like Mark Twain's comment on the weather -- everybody talks about it but nobody does anything about it. That may be about to change in Colorado, if voters pass judicial term limits this fall." Judicial term limits "have not met a great deal of legislative success," but "this year, reformers have gathered petitions with about 108,000 signatures, and recently set up a November 2006 vote on '10 years and out' for justices of the Colorado Supreme Court and judges of the Court of Appeals. The ballot initiative will almost certainly be certified in the coming days."

Ornstein Suggests Mandatory Voting To Increase Turnout. In a New York Times op-ed (8/10), American Enterprise Institute analyst Norman Ornstein says the "unhappy effects of low turnout are clear: ever-greater polarization in the country and in Washington, which in turn has led to ever-more rancor and ever-less legislative progress." With participation rates "of about 10 percent or less of the eligible electorate in many primaries to 35 percent or so in midterm general elections to 50 percent or 60 percent in presidential contests, the name of the game for parties is turnout — and the key to success is turning out one's ideological base. Whichever party does a better job getting its base to the polls reaps the rewards of majority status. And what's the best way to get your base to show up at the polls? Focus on divisive issues that underscore the differences between the parties." One "possible solution" is "mandatory voting. A number of countries, including Singapore, Cyprus, Austria and Belgium, have forms of mandatory voting. But Australia, a sprawling polity like ours, provides perhaps the best example of why it bears consideration for the United States." In the Australian system, "registered voters who do not show up at the polls either have to provide a reason for not voting or pay a modest fine, the equivalent of about $15. The fine accelerates with subsequent offenses. The result, however, is a turnout rate of more than 95 percent. The fine, of course, is an incentive to vote. But the system has also instilled the idea that voting is a societal obligation."

WSJournal Says Walberg Won In Michigan On Economic Issues. The Wall Street Journal (8/10, 2.03M) says in an editorial, "In Michigan, GOP Representative Joe Schwarz was defeated by Tim Walberg, a small-government conservative. The Schwarz camp and other liberal Republicans in Michigan say the abortion issue explains the pro-choice incumbent's loss to Mr. Walberg, a former state lawmaker who is pro-life. But Pat Toomey of the Club for Growth, which backed Mr. Walberg, says the main issues that concerned voters were 'limited government and economic freedom, specifically less spending and lower taxes, which is what Walberg stood for and Schwarz clearly stood against.' By the way, the Michigan election marked the first time the Club for Growth has defeated a Republican in a primary after several tries, a fact that underscores this year's anti-incumbent mood. The Club's next target is liberal Rhode Island Senator Lincoln Chafee, who is facing a tough primary challenge from Cranston Mayor Stephen Laffey."

France May Counter US Lebanon Position With Its Own Security Council Resolution. The Financial Times (8/10, Birchall, Wallis) reports French President Jacques Chirac "on Wednesday raised the prospect of a renewed diplomatic confrontation with the US over Lebanon, saying Paris was prepared to introduce its own ceasefire plan to the United Nations Security Council if efforts to forge agreement with Washington failed." Chirac's move "reflected growing frustration with the diplomatic deadlock at the UN, centred on an initial draft ceasefire resolution agreed by France and the US at the weekend." While Chirac seeks a position more in line with Arab requests, "diplomats say the US remains opposed to placing such a demand on Israel."

The Washington Post (8/10, A14, Lynch, Wright, 748K) says France "on Wednesday introduced elements of a draft resolution urging Israel to begin withdrawing thousands of troops from southern Lebanon 'at the earliest' possible date, as the United States warned that the next 24 hours are crucial because of Israel's threat to launch a ground invasion of Lebanon." An increase in violence "raised the stakes in diplomatic efforts by the United States and France to bring a halt to the four-week conflict." Ambassador Bolton and his French counterpart "said that the two sides had made progress in talks Wednesday evening but that important differences remain." One "senior administration official warned late Wednesday that diplomacy is reaching a crunch point." The AP (8/10, Lederer) runs a similar report under the headline "UN's Mideast Diplomatic Efforts Falter," in which it

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says Chirac "appeared increasingly frustrated with the US position."

USA Today (8/10, Katz, Nichols, 2.27M) reports "the US ambassador to the UN, John Bolton, acknowledged there were 'disagreements.'" He said "the United States and France had agreed on a suitable text once before and 'we may yet do it again.'" USA Today adds, "Any vote was unlikely before Friday. Once a vote is scheduled, the Security Council's common practice is to give diplomats 24 hours to consult with leaders."

CNN's The Situation Room (8/9, Malveaux) reported the Administration "is trying to show that President Bush is still involved in this process, that he wants to bring an end to the hostilities through this UN Security Council resolution." White House Press Secretary Tony Snow "refused to characterize negotiations at an impasse, but he did say that there are some differences they still need to bridge. And not to oversimplify, but the difference, essentially, when those Israeli troops would be required to pull out, whether or not that would happen before or after a multinational force goes in. The Administration very much sticking to its position."

Administration Splits Said To Hinder Rice's Diplomatic Work In Mideast. Under the headline, "Rice's Hurdles On Middle East Begin At Home," today's New York Times (8/10, Cooper, 1.21M) reports, "As fighting was breaking out last month between Hezbollah and Israel," Secretary Rice "worked through the night at her guest quarters on Russia's Baltic coast to draft America's response to the unfolding crisis." Her plan, "which President Bush approved the next morning and [which] has served as the basis for American strategy during the crisis, was more than a policy blueprint. It was also Ms. Rice's answer to opposing camps within the Bush administration." The Times adds, "As Ms. Rice has struggled with the Middle East crisis over the last four weeks, she has found herself trying to be not only a peacemaker abroad but also a mediator among contending parties at home." The Times says NSC Senior Director Elliott Abrams and Assistant Secretary David Welch have "very different outlooks on the conflict;" Abrams, "a neoconservative with strong ties to Mr. Cheney, has pushed the administration to throw its support behind Israel," while Welch "represents the traditional State Department view that the United States should serve as a neutral broker in the Middle East." The Times continues, "The tensions in the region and within the administration have left Ms. Rice visibly weary and she has at times spoken in unusually personal, emotional terms. … The popular image of Ms. Rice as America's impeccably clad, composed, dashing diplomat -- an image she and her aides have encouraged -- has given way to a more somber figure struggling, like many of her predecessors, to resolve a Middle East conflict."

Assistant Secretary Welch Makes Unannounced Visit To Beirut. CNN's The Situation Room (8/9, Blitzer) reported that US special envoy David Welch "made an unannounced trip to Beirut today to meet with Lebanon's prime minister. Lebanon has raised concerns about a UN draft resolution on the conflict. It was brokered by the United States and France. Diplomats say they hope for a vote on the resolution perhaps tomorrow. They've been hoping for such a vote now for days."

British MP Resigns From Defense Ministry Post Over Lebanon. The AFP (8/10) reports a British Member of Parliament "became the first to resign over the government's stance on the Middle East conflict when he quit his post at the Ministry of Defence." Jim Sheridan, "a member of Prime Minister Tony Blair's governing Labour Party, said he was standing down as the parliamentary private secretary to the defence minister and his deputy -- though he acknowledged his resignation would have little impact on the government's Middle East strategy." Sheridan said, "The reason I am resigning is the current conflict in the Middle East and once again the Palestinian situation has been put on the back-burner." AFP adds rather than "call for an immediate ceasefire between Israel and the Hezbollah militia in Lebanon, the British government has pushed for a lasting cessation of hostilities that would be fully observed by both sides."

Lebanese Deputy Chief Of Mission In DC Profiled. The Washington Post (8/10, C1, Duke, 748K) reports on the Lebanese diplomat Carla Jazzar, noting "Lebanon's ambassador, Farid Abboud, was recalled shortly after the conflict started. He'd suggested on CNN that Hezbollah's action represented a Lebanese government policy, which sparked outrage back in Beirut and the early end of Abboud's Washington posting. Into the breach stepped Jazzar, the embassy's deputy chief of mission." She "is 40 and fashionable and diplomatically experienced, having served in Beirut, London and Paris, where as a senior diplomat for Lebanon's mission to UNESCO she had to take over after the Lebanese ambassador there suffered a stroke."

Holbrooke Argues For New, Comprehensive Strategy In Middle East. In an op-ed in today's Washington Post (8/10, A23, 748K), former UN Ambassador and Assistant Secretary Richard Holbrooke writes, "Two full-blown crises, in Lebanon and Iraq, are merging into a single emergency. A chain reaction could spread quickly almost anywhere between Cairo and Bombay." The "only beneficiaries" of the region's "chaos are Iran, Hezbollah, al-Qaeda and the Iraqi Shiite leader Moqtada al-Sadr." Holbrooke calls today's "combination of combustible elements" possibly "the greatest threat to global stability since the 1962 Cuban missile crisis." Holbrooke He adds, "Unfortunately, there is little public sign that the president and his top advisers recognize how close we are to a chain reaction, or that they have any larger strategy beyond tactical actions." The "United States must also understand, and deal

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with, the wider consequences of its own actions and public statements, which have caused an unprecedented decline in America's position in much of the world and are provoking dangerous new anti-American coalitions and encouraging a new generation of terrorists." The Administration's policy "has had the unintended, but entirely predictable, effect of pushing our enemies closer together." The Administration "should redeploy some U.S. troops into the safer northern areas of Iraq to serve as a buffer between the increasingly agitated Turks and the restive, independence-minded Kurds," while sending "more troops to Afghanistan." Holbrook concludes, "Containing the violence must be Washington's first priority. Finding a stable and secure solution that protects Israel must follow. Then must come the unwinding of America's disastrous entanglement in Iraq in a manner that is not a complete humiliation and does not lead to even greater turmoil."

Israeli Cabinet Votes To Expand Ground Offensive. ABC World News Tonight (8/9, story 4,2:40, Gibson, 8.78M) reported, "The Israeli war cabinet voted to expand and intensify the ground war in Lebanon. One official said they're going to need 30 more days to get Hezbollah out of southern Lebanon. 15 Israeli soldiers were killed today. The worst day of the war for Israel." ABC (Muir) added the cabinet was "certainly responding to public opinion here in Israel, Charlie. And the offensive has already begun tonight. Hezbollah fighters are being seen by Israeli tanks that are pushing in; beyond the four to six-mile barrier they've already reached. They plan to push some 14 miles in. And what this says is they've not been able to wipe out Hezbollah fighters as they had hoped in the first month of the war. Public opinion is very strong here. People are asking why the Hezbollah fighters are able to fire the rockets back. In fact, there were 180 more rockets fired into northern Israel just today alone."

The CBS Evening News (8/9, story 3, 2:00, Smith, 7.66M) also reported "Israel upped the ante its drive to crush Hezbollah." CBS (Pizzey) added, "Hezbollah says its stockpile of rockets has not been depleted and warned Arab residents of Haifa to leave for their own safety. In a major shift of policy, Nasrallah backed plans to deploy 15,000 Lebanese troops in the south of the country. It appears they'll have to move fast to get there before Israeli armor does."

NBC Nightly News (8/9, story 3, 1:55, Fletcher, 9.87M) reported, "The army warns up to 200 soldiers could die in the wider offensive. 15 soldiers were reported killed today. Hezbollah leaders had a warning. Thousands of holly warriors are waiting. Lebanon will be a graveyard for Israeli soldiers."

The New York Times (8/10, Erlanger, 1.21M) focuses its reporting on Israeli military planning, saying "Israel decided Wednesday to move thousands more troops into Lebanon in a major expansion of its ground operation aimed at pushing Hezbollah and its rocket launchers farther away from Israeli cities." The Chicago Tribune (8/10, Greenberg, 623K), Christian Science Monitor (8/10, Prusher, 58K), Washington Times (8/10, Mitnick, 88K) and Los Angeles Times (8/10, Chu, Murphy, 918K) run similar stories on the Israeli decision to step up the ground offensive.

The Wall Street Journal (8/10, Chazan, Leggett, 2.03M) reports, "An expansion of Israel's ground campaign into Lebanon could help it to end Hezbollah rocket strikes and to forge a clear victory over the heavily armed militia, but the shift -- an acknowledgment that a strategy of aerial bombardments and limited incursions failed -- carries serious risks for the combatants and the wider region." Such an expansion "could trigger the first rift with the U.S." and "could mean far higher casualties on both sides, greater odds of widening the conflict regionally and, for Israel, more chance of being bogged down in the quagmire of a second occupation of southern Lebanon only six years after the first one ended." The Administration "said yesterday after Israel's plans were in motion that neither side should escalate the hostilities."

The Washington Times (8/10, Scarborough, 88K) reports, "Israel deploys main battle tanks -- in this case the homegrown Merkava -- to win in the villages. But military sources said Hezbollah has been able to destroy tanks using Iranian-provided rocket-propelled grenades." The Times adds, "They worry that such weapons may show up in Iraq, adding to the woes of American troops already bedeviled by improvised explosive devices. Like US forces in Iraq, Israel now finds itself fighting an unfamiliar foe on foreign land and is trying to adjust with new countertactics."

The AP (8/10, Nessman) reports that "in a televised speech, Hezbollah's leader taunted the Israelis. 'If you enter our land, we will throw you out by force and we will turn the land of our invaluable south into your graveyard,' Sheik Hassan Nasrallah said. 'We will be waiting for you at every village, at every valley. Thousands of courageous holy warriors are waiting for you.'" The Washington Post (8/10, A1, Moore, Finer, 748K) says Nasrallah also "called on the Arab residents of Haifa to evacuate their neighborhoods. 'To the Arabs of Haifa, a special message,' he said. 'I plead with you to leave that city.'"

The Washington Post (8/10, A1, Shadid, 748K) reports, "In a month-long war with Israel, still raging in villages along the border, Hezbollah has survived as a guerrilla army with support of the Shiite Muslim population in southern Lebanon, an organization honed by a nearly two-decade fight against the Israelis and devotion instilled by faith." The New York Times (8/10, Tavernise, 1.21M) runs a similar report about life among Hezbollah fighters.

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White House Says Neither Side Should Escalate Conflict. The AP (8/10, Pickler) reports, "The White House said Wednesday neither Israel nor Hezbollah should escalate their month-old war, as Israel decided to widen its ground invasion in southern Lebanon." Tony Snow "said the US message was for both sides, though his remarks came after Israel's Security Cabinet voted to expand the war effort in an attempt to deal further blows to Hezbollah." Said Snow, "We are working hard now to bridge differences between the United States position and some of the positions of our allies. … We want an end to violence and we do not want escalations."

The Financial Times (8/10, Morris, Birchall, Wallis) reports some Iraqi "ministers indicated…that Israel may defer launching a fresh offensive to see if international efforts to end the fighting can produce a formula that the country could accept." Meanwhile, "the US State Department spokesman in Washington urged Israel to exercise "the utmost care" in avoiding civilian casualties."

Relief Effort Slowed By Violence. The Washington Times (8/10, Pisik, 88K) reports, "The president of the International Committee of the Red Cross walked across a log suspended over the shallow Litani River into southern Lebanon yesterday, a symbolic protest against Israel for knocking out bridges and making aid deliveries difficult. The log has become the supply route for determined relief agencies and an uneasy egress for Lebanese civilians stranded in the south as Israel expands its ground war to eliminate Hezbollah rocket attacks against Israeli civilians." Lebanese "officials say they won't rebuild the bridges as long as Israel targets vehicles crossing the Litani." The Times adds, "Relief agencies say the threat of Israeli air strikes and badly damaged roads have kept them from delivering desperately needed assistance to those stranded in southern towns and villages. Aid is dispatched in convoys of fewer, smaller vehicles, which the Israeli military suspects of resupplying of Hezbollah arms." Even "those deliveries are curtailed by an acute shortage of gasoline."

Israel's High-Tech Industry Surviving War. The Wall Street Journal (8/10, Chazan, 2.03M) reports, "With Israel's War against Hezbollah still raging, the economic damage wrought by the weeks-old conflict already is being counted in the billions of dollars." But "one critical part of Israel's economy is weathering the storm -- so far. The high-technology sector has continued to function, proving far more resilient than more-traditional industries such as agriculture, tourism and retail." That "says a lot about how advanced-knowledge economies are better able to endure the stress of war and bend to absorb its blows. Israel's adaptability has allowed it to pursue an open-ended campaign in southern Lebanon with little fear of economic collapse on the home front, at least in the short term."

In Bid To Boost Imports, Gutierrez To Lead Trade Delegation To China. The AP (8/10, Crutsinger) reports Commerce Secretary Carlos Gutierrez said "he will lead a delegation of business executives to China this fall as part of an effort to boost exports and reduce America's record trade deficit." Gutierrez said, "China is one of our fastest growing export markets and we are having a great year." The AP adds that through May, "U.S. exports to China were up by 37 percent from the same period a year ago, and that increase came on top of 19 percent growth in U.S. exports to China in 2005." Still, "even with those gains, the U.S. trade deficit with China is running 13 percent above the pace set last year, when Americans recorded a $202 billion deficit with the Chinese, the biggest imbalance ever with a single country."

Rice Promoting More "Agile" Foreign Service Corps. The Wall Street Journal (8/10, King, 2.03M) reports in a front page story that the US' top diplomat in the Sudan, Bob Whitehead, "has been in the vanguard of a new, very grass-roots push by the Bush administration to make up for the diplomatic damage done by the Iraq war and to try and leave the U.S. better positioned to respond to -- and possibly even pre-empt -- conflagrations of the future. Instead of dictating terms from on high, the administration is trying to nudge along reforms from below, often far from national capitals. And that, goes the new logic, requires making the U.S. diplomatic corps more agile and less hemmed in by the high walls and bureaucracies of the traditional embassy." Even as she "struggles publicly with raging war in the Middle East and other prominent crises, Secretary of State Condoleezza Rice has quietly made the push a central plank of the administration's second-term drive to promote ground-level change in some of the world's remotest nooks and crannies."

Mexican Electoral Officials Begin Partial Recount Of Presidential Ballots. The AP (8/10, Adams) reports Mexican electoral officials "fanned out across the country Wednesday to begin a partial recount" in that country's "tight presidential election, while leftists alleging vote fraud blocked bank headquarters in the capital and vowed to take their disruptive protests nationwide." Guarded "by soldiers and monitored by electoral judges and representatives of all of Mexico's five political parties, authorities started sifting through ballots cast at 11,839 polling booths, about 9 percent of the 130,000 booths used during the July 2 election." The initial results "gave Felipe Calderon, the pro-business candidate of conservative President Vicente Fox's National Action Party, a lead of 240,000 votes, or less than 1 percent, over leftist candidate Andres Manuel Lopez Obrador, former mayor of Mexico

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City." The partial count "could change those results, but it was considered unlikely to tip the balance in favor of Lopez Obrador."

The Los Angeles Times (8/10, Enriquez, 918K) reports that in Mexico City, "elections officials on Wednesday began recounting nearly 12,000 disputed ballots from July's presidential election while supporters of second-place finisher Andres Manuel Lopez Obrador expanded their civil disobedience campaign to a blockade of three bank buildings." The recount "was ordered last week by a seven-judge tribunal that has the final say over election matters. They must declare a new president within a month, or throw out the results of the July 2 election." The tribunal "appeared to close the door on a full recount Saturday, after justices said the law allows the recounting of ballots only at polling stations that appeared to have made arithmetic errors or show other irregularities. Lopez Obrador so far has offered no proof of fraud."

The New York Times (8/10, McKinley, 1.21M) reports, "With the political crisis deepening, Mexicans of all political stripes are hoping the partial recount will either put to rest Mr. López Obrador's claims of widespread fraud or lend them credence, which might force the court to order a wider recount." Experts "on election law said that while the partial recount was far less than Mr. López Obrador had wanted, it indicated a major concession to his party. What is more, counting ballots a second time in nearly 12,000 polling places could unearth a raft of errors that would give more leverage to proponents of a completely new tally."

WSJournal Criticizes Obrador's Recount Effort. The Wall Street Journal (8/10, 2.03M) says in an editorial, "Mexico City traffic moves slowly even on good days, and recently it has come to a near-standstill as thousands of supporters of failed leftist presidential candidate Andrés Manuel López Obrador (a.k.a. AMLO) have set up tents and formed human chains along the Paseo de la Reforma, the city's main drag. But we're glad to note that at least one thing is functioning efficiently south of the border: the rule of law." Barring the "discovery of major irregularities, it now seems certain that center-right candidate Felipe Calderón will take office when President Vicente Fox's term expires in December. But the danger AMLO poses to Mexico's young democracy remains. After declaring himself the winner on election night he has failed to concede even the possibility of defeat, all the while calling a squatters' army into the streets to 'defend democracy.'" Still, "we are confident that Mexico will weather these assaults, and perhaps emerge somewhat better for them."

Kyrgyzstan Turns Over Political Refugees To Uzbekistan. The Washington Post (8/10, A17, Finn, 748K) reports, "Five people who fled the Uzbek city of Andijan to neighboring Kyrgyzstan last year during a deadly government crackdown were turned over to Uzbekistan on Wednesday. The decision drew swift condemnation from the United Nations and human rights groups, which said the men now face the prospect of being tortured or executed." Officials in Kyrgyzstan's "government could not be reached Wednesday evening. Kyrgyz officials have alleged that the five committed serious nonpolitical crimes, and Kyrgyz courts have ruled that they did not qualify for refugee status."

Hardliner Expected To Replace Koizumi As Japanese Prime Minister. USA Today (8/10, Wiseman, Nishiwaki, 2.27M) reports Shinzo Abe, "who takes a hard-line approach to regional rogue North Korea, appears to be a shoo-in to replace Junichiro Koizumi in September as the next prime minister of Japan." Abe, "already was the front-runner when North Korea defiantly launched seven missiles into the Sea of Japan last month. As chief Cabinet secretary, Abe has led Japan's hard-nosed response to the North Korean provocation. He has pushed for economic sanctions and a United Nations Security Council resolution criticizing the North Korean regime."

Libya Settles Lawsuit With DC Water Authority. The Washington Times (8/10, McElhatton, 88K) reports the Libyan government "has settled a federal lawsuit with the District's water authority in a dispute involving more than $27,000 in outstanding bills. The settlement allows Libyan officials to move ahead with plans to open an embassy in Northwest." Libya had "sued the D.C. Water and Sewer Authority (WASA) earlier this month and demanded that the utility restore water and sewer service at its property at 2201 Wyoming Ave. NW. The settlement was reached Tuesday after The Washington Times first reported the dispute."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Letters Coax A Serial Killer To Confess."
"Israel Readies Broader Push As Losses Rise."
"Partisan Crevasse May Be Widening."
"Kaiser To Pay Record $2-Million Fine For Kidney Program."
"Statin Looks Effective In Preventing New Strokes."
"Britain Holds 18 In Airline Plot Case."

USA Today:

"For Some, Renting Makes More Sense."
"Shiites Redefine Battle In Baghdad."
"Study: More Babies Are Overweight."
"The Standards."

DOJ_NMG_0045882

New York Times:
"Israel, Seeking Rocket Buffer, Sets Expansion."
"Rice's Hurdles On Middle East Begin at Home."
"Democrats Back Lamont In Race In Show Of Unity."
"On Patrol, Iraqis Prove Eager, Erratic And Green."
"An Oil Leak Rattles A State and Its Workers."
"Hot Market For Second Homes Hits Slump."

Washington Post:
"Israel Expands Ground Operations In Lebanon."
"Ehrlich Adviser Details Firings."
"Democratic Leadership Welcomes Lamont."
"Commuter's Revenge Will Be A Blast."
"Probe Grows Into Stock Options Backdating."
"'It's Dangerous, But Hezbollah Is Strong'."

Washington Times:
"Israel Widens Ground War In Lebanon."
"Wilson Bridge To Face Wrath."
"Local, National Democrats Line Up Behind Lemont."
"District To Start Setting Up cameras."
"BP Oil Facility Closure Sends Chills Across Alaska."

Detroit Free Press:
"State deals To get $1 Billion From Ford."
"Debate To grow As End Of Tax Nears."
"Conservatives Oust Moderate Schwarz."
"Ford To Eliminate Twist Gas Caps On All Vehicles."

Atlanta Journal-Constitution:
"Israel Votes To Expand Ground War In Lebanon."
"November Lineup Pleases Both Parties."
"Ex-Board Menu Grady Insolvent."
"Atlanta's Versailles' Could Go Condo."

Houston Chronicle:
"State Finds Evacuees In Holding Pattern."
"Roaring Tale Of Deceit Ends With A Whimper."
"Israelis Expanding Operation On ground."
"Refugee's Haven Now His Homeland."
"Baby Fat Not Always Just Cute, Experts Say."

Story Lineup From Last Night's Network News:
ABC: Lieberman Defeated; Democratic Left; McKinney Defeated; Israeli Cabinet-War Expansion; Carroll's Kidnappers Arrested; Missing Foreign Students Found; BP Oil Pipeline Shutdown; Alaska-Hiring Freeze; Lipitor; Williams-Alcohol Abuse; Police Abuse; Lieberman Campaign; 9/11 Hero Found.
CBS: Lieberman-Defeated; Lieberman Campaign; Israeli Cabinet-War Expansion; Iraq- Sectarian Violence; Carroll's Kidnappers Arrested; VA-Another Lost Computer; Sex Online; BP Oil Pipeline Shutdown; Stock Scandal; Automated Customer Service Lines.
NBC: Lieberman Defeated; Democratic Left; Israeli Cabinet-War Expansion; Caroll's Kidnappers Arrested; Missing Foreign Students Found; BP Oil Pipeline Shutdown; Stock Market; Online Liquor Sales- Minors; Statue Of Liberty; Lung Cancer New Test; Williams-Alcohol Abuse; Viewer Response-Sexually Explicit Lyrics.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: UK-Terror Plot Averted; US-Airport Security Stepped Up; UN-Mideast War Resolution.
CBS: UK-Terror Plot Averted; UN-Mideast War Resolution; Missing Egyptian Exchange Students Found; CT-Lieberman Independent Senate Bid; Online Liquor Sales.
NPR: UK-Terror Plot Averted; Nasrallah Tape; Bush Administration-Detainees; Iraq-Bombings; Boston-Longshoremen's Union Arrests.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Tours Fox Valley Metal-Tech, Green Bay, Wis.; makes a statement on the economy, Fox Valley Metal-Tech, Green Bay, Wis.; attends a Gard for Congress reception, private residence, Oneida, Wis.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: CPSC-SCHOOL DAYS _ 10 a.m. US Consumer Product Safety Commission Acting Chairman Nancy Nord holds a media availability to discuss shopping tips and advice for parents to help their children avoid injury when traveling to and playing outside of school. Location: Bethesda Elementary School playground, 7600 Arlington Road, Bethesda.

EDUCATION _ 10 a.m. Meeting of the Commission on the Future of Higher Education. Location: Barnard Auditorium, Education Department, 400 Maryland Ave. SW.

MEXICAN ELECTION _ 10 a.m. Juan Molinar, congressman from the Mexican Partido Accion Nacional and Arturo Sarukhan spokesman for PAN presidential candidate Felipe Calderon discuss the Mexican election results at a National Press Club Newsmaker news conference. Location: National Press Club.

SOCIAL SECURITY-ELECTIONS _ 11:30 a.m. Sen. Robert Menendez, and Rep. Sandy Levin, Campaign for America's Future co-director Roger Hickey and Democratic pollster Guy Malyneux hold a telephone briefing to discuss how Social Security's guaranteed benefit is at stake in this year's midterm elections. Contacts: Toby Chaudhuri, 202-955-5665. Notes: Callin number: 888-802-2225, passcode: 8146768.

FOREIGN BORN POPULATION _ 12:30 p.m. The Pew Hispanic Center holds a telephone news conference to

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release a report on growth in the foreign-born population and the employment of native-born workers. Contacts: Angela Luben, 202-419-3606. Notes: Callin number: 888-603-6873; passcode: 7723669.

9/11 AVAILABILITIES _ 1 p.m. The Defense Department's Washington Headquarters Services Communications Department holds one in a series of availabilities to assist media organizations with Sept. 11 fifth anniversary efforts, such as getting B roll, interviews, etc. Location: Pentagon.

MEDICAL ETHICIST _ 5 p.m. - 6:30 p.m. Steven Miles will discuss his new book,``Oath Betrayed: Torture, Medical Complicity, and the War,'' which explores the medical systems role in military torture cases such as Abu Ghraib and Guantanamo Bay. Reactions and questions from experts Gregg Bloche and Edmund Howe will follow. The event is sponsored by Georgetowns Center for Clinical Bioethics and the School of Nursing and Health Studies and the Center for Ethics at Washington Hospital Center. Location: Georgetown University Medical Center, Gorman Building Gorman Auditorium, 3800 Reservoir Road NW.

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DEPARTMENT OF JUSTICE NEWS CLIPS

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, AUGUST 10, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

British Police Thwart Major Terror Plot (WP) 5
U.S. Raises Threat Level To Red For Flights From Britain (AP) 5
'Plot To Blow Up Planes' Foiled (BBC) 6
British Foil Plot To Blow Up Several U.S.-bound Aircraft (AP) 7
Britain Holds 18 In Airline Plot Case (LAT) 8
UK On Highest Alert As Bomb Plot Foiled (FT) 9
Authorities Say They Have Disrupted Major Terror Plot In Britain (SEATIMES) 9
London Police Foil Plan To Blow Up Jets In Flight (BLOOM) 10
'Explosives In Hand Luggage' Theory (GU/PA) 11
3 Visiting Egyptian Students Held; 8 Missing (WP) 12
3 Egyptian Students Taken Into Custody (AP) 13
ICE Adds Seven Teams To Pursue Fugitives (WT) 13
Investigators: Pair With Passenger Info, Phones Linked To Terror (ABJ) 14
Terror Case Suspect Returned To Atlanta (AJC) 15
Defense To Challenge Terrorism Suspect's Detention (MACT) 15
Counterintelligence Officials Resign (WP) 16
Judge Says No To Secret Jury In Terror Case (CHIT) 17

Homeland Response:

Ga. Makes Site List For Federal Lab (AJC) 18
Is DHS Site Really Ready? Science Intern Thinks Not (WP) .. 19
Big Katrina Contractors Win More FEMA Work (WP) 20
FEMA Awards Hurricane Housing Contracts (AP) 21
Katrina Victims Still Waiting For Aid (AP) 22
Study: Katrina Recovery Is A Mixed Bag (AP) 22

War News:

Rising Unease In Congress Over Iraq War (CSM) 23
Iraq Woes Roil Political Debate, Complicate Management Of War (WSJ) 24
3 U.S. Soldiers Killed In Western Iraq (AP) 26
Baghdad Morgue Tallies 1,815 Bodies In July (WP) 27
Shiites Redefine Battle In Baghdad (USAT) 28
Blast Near Major Shiite Shrine Kills 24 (USAT/AP) 29
On Patrol, Iraqis Prove Eager, Erratic And Green (NYT) 29
Four Arrested In U.S. Journalist's Kidnapping (NYT) 31
U.S. Troops Arrest 4 In Jill Carroll Kidnapping (LAT) 32
Four Iraqis Are Held In Kidnapping Of Reporter (WP) 33
Marines: Carroll Was Held Near Iraq Base (AP-Y) 34
Assault Charge Likely For Marine In Iraq Case (WP) 36
British Troops Under-equipped, Overstretched In Iraq (AFP) .. 36
2 Testify CIA Questioner Beat Detainee (AP-Y) 37
Taliban Kill A Woman And A Child Seen As Spies (NYT) 38
Kabul Wilts Under Power Cuts (WP) 38
Democrats In The Middle, Agonizing (wsj) 40
Bolster Infantry Forces (WT) 48

Corporate Scandals:

3 Charged With Stock-option Backdating (USAT) 49
3 Charged As Probe Into Options Widens (WP) 49
3 Former Comverse Execs Accused In Plot (AP-YBIZ) 51
Dating Game Stock-Options Criminal Charge: Slush Fund And Fake Employees (WSJ) 52
3 At Comverse Charged In Stock Options Case (NYT) 55
Comverse Ex-Chief Alexander Charged In Options Case (Update8) (BLOOM) 58
Former GC Among Comverse Executives Facing Backdating Charges (LAW) 60
US Charges Comverse Executives With Stock Options Fraud (AFP-Y) 61
Ex-Brocade Execs Dealt A Loss (MERCN) 62
Fannie Mae Says It Believes Last Of Accounting Errors Have Been Found (AP) 63
Outside Audit SEC Moves To Postpone Deadline On Safeguards (WSJ) 64

Imax Shares Fall Amid SEC Inquiry, Lack Of Buyer (WSJ) 66
Errors Cause GTSI To Revise '04, '05 Results (WP) 66
US Moves To Ease Sarbox Regulation (FT) 67

Criminal Law:

'Duke' Inquiry Cites Breakdowns (LAT) 68
Feds Seek Death In Alleged Area Killing (RD&C) 69
Memphis Police Officers Indicted For Allegedly Stealing Drugs And Money (WREG-TV) 70
FBI Official: Sweeps Of Adult Entertainment Industry Off To 'good Start' (NJTD) 71
Laptop Theft Puts Fla. Residents' Data At Risk (USAT) 71
Computer Theft Puts Floridians At Risk (WP) 72
Industry, Government Fret Over Tactics For Fighting Data Theft (LAW) 73
Veterans To Receive Identity-theft Protection (WT/AP) 76
Rebooting Veterans Affairs (NYT) 76
Former G-man's Mob Trial Likely A State Case - Judge (NYDN) 77
JUDGE WOE FOR 'MOB' FED (NYPOST) 77
FBI Working On Profile Of The "copycat Sniper" (WNDU-TV) 77
Another Indiana Sniper Incident Reported (CHIT) 77
10th Sniper Shooting Reported (NIT) 78
Zimmermann: A Deceiver Or The Victim Of An Over-eager FBI? (MINNST) 78
Lawton Man Sentenced To Prison For FEMA Fraud (AP) 80
Final 3 Pleas Expected In Alleged Cash Transfer Scheme (SLPD) 80
Sailor From Oregon Charged With Espionage (WP) 81
2nd Circuit Declines To Back Jury Instruction Mandate (LAW) 81
Unfinished $100 Bills Lead To An Arrest (WP) 83
North Carolina Creates A New Route To Exoneration (CSM) 84
30-Year Sentence In Slaying Of Student (WP) 85
First 4 D.C. Crime Cameras To Be Set Up This Week (WP) . 86

Civil Law:

Justice Probes Auto Lending (BN) 87
Armor For The Whistle-Blowers (WP) 88
Google To Continue Storing Search Requests Despite AOL Gaffe (AP) 89
Asbestos Case Nets $10.3 Million Verdict (LAW) 90

Civil Rights:

Desegregation Case Request Denied (HATAMER) 91
Election Official Expects McKinney To Protest To Feds (AJC) 92
USA's Muslims Under A Cloud (USAT) 93
Outreach Efforts Help Muslims Make Inroads (USAT) 95
Editorial: Voter Suppression In Missouri (NYT) 95

Antitrust:

Bristol, Sanofi Misplayed Plavix Defense, Apotex Says (Update4) (BLOOM) 96
A Second Look: Bristol-Myers Squibb (AP-YBIZ) 98
Rivals Ask PSC To Restrict Terms Before Approval (COX) 98
FTC Clears Proposed Buyout Of Encore Medical Corp. (AUSTBIZ) 99
Sempra Ordered To Turn Over Trader Tapes (AP) 100

Environment:

BP Was Told Of Pipeline Worries In '04 (WP/BLOOM) 100
Government Renews Push For Pipeline Regs (AP-Y) 101
Pipeline Corrosion Tests Not Required (USAT) 102
BP Oil Facility Closure Sends Chills Across Alaska (WT) 102
Alaska May Seek Compensation From BP (FT) 103
Scarcity, Mother Of Invention (NYT) 104
Citgo Accused Of Violating Clean Air Act (AP) 105
Bird Flu Monitoring Expands Nationally (AP) 105
Bird-flu Testing Migrates To Calif. (USAT) 106
Gore Isn't Quite As Green As He's Led The World To Believe (USAT) 107
Reeling In The Snakehead (WP) 108

FBI/DEA/ATF/USMS:

FBI Cleared In Deadly Puerto Rico Raid (NSDY/AP) 109
Probe Clears Agents In Militant's Death (USAT) 110
Agents Didn't Use Excessive Force In Fugitive's Killing (NYT) 111
Report Backs FBI In Puerto Rican's Death (CNN) 111
Report Clears FBI Agents In Killing Of Terror Leader (WT) .. 112
Ex-FBI Official On Trial Regarding Informant Ties (SAEN) .. 112
Former El Paso FBI Chief Accused Of Lying Goes On Trial (FWST) 113
Record Details Wests' Funds (KNOXNS) 113
Father And Son Plead Guilty To Federal Drug Charges (WLEX) 114
Eddie Baker Pleads Guilty To Drug Charges (WKYT) 115
Officials Defend Eased Drug Rules For LAPD Hires (LAT) .. 116
At Schools, Less Tolerance For 'Zero Tolerance' (USAT) ... 117
Teens Not Rushing Online To Buy Wine, Survey Shows (USAT) 118
Opium Poppy Cultivation Up In S Afghanistan - UK Min (AP) 118
Stop Coddling Corrupt Gun Dealers (WP) 119
Massachusetts Fugitive Arrested In New Orleans Metro Area (AP) 119

DOJ_NMG_0045887

Immigration:

Gonzales Issues New Regulations For Immigration Judges (AP)....120
Immigration Judges Facing Performance Reviews (NYT)...120
Immigration Judges Get New Regulations (LAT)....122
AFL-CIO Embraces Immigrants In Pact With Day-Laborer Group (WSJ)....122
Labor Federation Forms A Pact With Day Workers (NYT)....123
AFL-CIO Aligns With Day-Laborer Advocates (WP)....124
Street-Corner Solidarity (NYT)....125
After The Protests, Latinos Start To Come Together Politically (CSM)....126

Congress-Administration:

Congress To Probe Policies At NIH (LAT)....128
Creatures And Creature Comforts At The President's Ranch (NYT)....129
Nation's Memorial To Air Force Stretches Toward Space (NYT)....130
Deceit Beyond Bounds (NYT)....131

Other News:

Stocks Pull Back As Attention Turns From Fed Rate Decision To Economy (WSJ)....132
How Inflation Gets Fed (WSJ)....133
Hot Market For Second Homes Hits Slump (NYT)....134
Change In Cuba Policy Floated (LAT)....136
90 Miles And Light-Years Away (NYT)....138
Democrats Abandon Lieberman, Back Lamont (AP-Y)....138
Lieberman Vows To Stay In Race As Independent (MCT)...140
Democratic Leadership Welcomes Lamont (WP)....141
Primary Losses Show Incumbents Can Be Vulnerable (USAT)....143
Local, National Democrats Line Up Behind Lamont (WT)...144
Democrats Find Direction In Conn. Vote (BSUN)....145
One State's Independent Streak (WP)....147
Shock Wave From Lieberman Race (CSM)....149
The Lamont Democrats (WSJ)....150
A Judgment On Iraq (WSJ)....151
Lieberman Loss Signals Anti-war Mood (FT)....152
Voter Anger That Cuts Both Ways (WP)....153
Why The Republicans Are Loving The Lieberman Loss (TIME)....154
Jury Out On Lieberman Effect (WP)....155
Lieberman Defeat Shifts Focus To House Races (NYT)....157
Lieberman Loss Reverberates (CHIT)....158
Democrats Back Lamont In Race In Show Of Unity (NYT)..159
Primary Colors (WSJ)....161
Voters' Anger Tipped Scales For Lamont, Survey Finds (NYT)....162
Feeling 'Very Good' About Giving Himself Another Chance (NYT)....163
Amid Major Upset, A Lesser-Known Rival Hits The Trail (NYT)....164
Mr. Lieberman's Choice (WP)....166
In Clinton's New York Run, Much Talk Of Connecticut (NYT)166
Rumsfeld Gets Taste Of Hillary's 'permanent Campaign' Style (NHUL)....167
The Death Of Triangulation (WP)....168
Connecticut Results Mean Little For National Direction (WT)169
Fate Of Two Joes Reflects Drive For Partisan Purity (USAT)171
Party No. 3 (NYT)....171
Primary Losses Show Incumbents Can Be Vulnerable (USAT)....172
Incumbents Appear On The Outs With Voters (WSJ)....173
Democrat Says G.O.P. Voters Led To Her Loss (NYT)....174
After Court Loss, GOP May Lose DeLay's House Seat (CSM)175
Sugar Land Mayor To Seek DeLay's Seat (AP-Y)....176
Embattled La. Lawmaker Gets Competition (AP-Y)....177
Ehrlich Adviser Details Firings (WP)....178
'Ten Years And Out' (WSJ)....179
Vote — Or Else (NYT)....180
Tuesday Tea Leaves (WSJ)....181
France Considers Its Own Ceasefire Plan For UN (FT)....182
At U.N., France Presses Pullback Of Israeli Troops (WP)....183
U.N.'s Mideast Diplomatic Efforts Falter (AP)....184
Israel Aims Deeper Into Lebanon; U.N. Tied Up (USAT)....185
Rice's Hurdles On Middle East Begin At Home (NYT)....186
British MP Quits Defence Post Over Lebanon Conflict (AFP-Y)....188
After A Lifetime Of War, Lebanese Envoy Knows No Peace (WP)....188
The Guns Of August (WP)....190
Israel, Seeking Rocket Buffer, Sets Expansion (NYT)....191
Israel Readies For Expanded Push In Lebanon (CHIT)....194
Israel Vows To Expand Its Ground Offensive (CSM)....196
Israel Widens Ground War In Lebanon (WT)....197
Israeli Casualties Mount Amid Fresh Offensive (LAT)....198
Israel Shifts Military Tactics, Takes On More Risk (WSJ)....200
Military Power Challenged (WT)....201
Israel OKs Expansion; 15 Troops Killed (AP-Y)....202
Israelis Authorize Expansion Of Combat (WP)....204
'It's Dangerous, But Hezbollah Is Strong' (WP)....206

DOJ_NMG_0045888

At A Makeshift River Crossing In South Lebanon, Guerrillas Come Out In The Open (NYT) 209
U.S. Directs Criticism At Israel (AP-Y) 211
Israel Set For Big Push North To Litani (FT) 212
War Devastation Slows Delivery Of Civilian Relief (WT) 213
Israel's Tech Sector Stays Afloat Amid War's Economic Damage (WSJ) 214
China Trade Mission Aims To Boost Exports (AP-Y) 215
Diplomatic Moves Rice Pushes Envoys To Spend Time In Hardship Posts (WSJ) 216
Mexico Starts Partial Recount Of Vote (AP) 218
Mexican Officials Begin Recount Of Disputed Ballots (LAT) 220
Mexico Recount Begins, And Protests Go On (NYT) 220
Mexican Traffic (WSJ) 222
Kyrgyz Deportations Draw U.N. Rebuke (WP) 222
Hard-liner Looks Set To Lead Japan (USAT) 223
Libya Settles WASA Lawsuit (WT) 224

DOJ_NMG_0045889

TERRORISM NEWS:

British Police Thwart Major Terror Plot (WP)

By Fred Barbash

The Washington Post, August 10, 2006

British authorities said today they had disrupted a "major terrorist plot" to blow up flights between the United Kingdom and the United States.

In response, both Britain and the United States issued alerts for heightened security on all flights between the two countries.

Transport officials in Britain also imposed stringent security measures on all air travelers flying in and out of the country's airports.

British Home Secretary John Reid said in a statement that the operation was aimed at bringing down "a number of aircraft through mid-flight explosions, causing a considerable loss of life."

He said that police believe the "alleged plot was a very significant one indeed."

The BBC reported the arrest of 18 people in connection with the plot.

The U.S. government raised its threat level to the highest level for commercial flights from Britain to the United States early today. It also stepped up the general level for all flights within the U.S. or entering the country, wire services said.

"We believe that these arrests [in London] have significantly disrupted the threat, but we cannot be sure that the threat has been entirely eliminated or the plot completely thwarted," said Homeland Security Secretary Michael Chertoff, the Associated Press said.

"To defend further against any remaining threat from this plot, we will also raise the threat level to High, or Orange, for all commercial aviation operating in or destined for the United States," Chertoff said.

A statement issued by Chertoff said "currently, there is no indication . . . of plotting within the United States."

"Consistent with these higher threat levels, the Transportation Security Administration is coordinating with federal partners, airport authorities and commercial airlines on expanding the intensity of existing security requirements," Chertoff said.

"Due to the nature of the threat revealed by this investigation, we are prohibiting any liquids, including beverages, hair gels, and lotions from being carried on the airplane."

He said the changes take effect at 4 a.m. local time across the United States and will be undated as warranted.

The announcement came a little more than a year after terrorists set off bombs on London's subway and bus system, killing 52 people.

U.S. Raises Threat Level To Red For Flights From Britain (AP)

By Lara Jakes Jordan

The AP, August 10, 2006

WASHINGTON — The U.S. government raised its threat warning to the highest level for commercial flights from Britain to the United States early Thursday in response to a reported terror plot in London and also stepped up the general level for all flights within the U.S. or entering the country.

"We believe that these arrests (in London) have significantly disrupted the threat, but we cannot be sure that the threat has been entirely eliminated or the plot completely thwarted," said Homeland Security Secretary Michael Chertoff in announcing that the threat level for flights from Britain to the United States has been raised to the highest "severe or red" level.

"To defend further against any remaining threat from this plot, we will also raise the threat level to high, or orange, for all commercial aviation operating in or destined for the United States," Chertoff said.

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It is believed to be the first time the red alert level in the Homeland Security warning system has been invoked, although there have been brief periods in the past when the orange level was applied. Homeland Security defines the red alert as designating a "severe risk of terrorist attacks."

A statement issued by Chertoff said "currently, there is no indication ... of plotting within the United States."

A U.S. law enforcement official said there have been no arrests in the United States connected to the plot.

A senior U.S. counterterrorism official said authorities believe dozens of people — possibly as many as 50 — were involved in the overseas plot that was uncovered around 10 p.m. EST Wednesday. The plan "had a footprint to al-Qaida back to it," said the official, speaking on condition of anonymity because of the sensitivity of the situation.

The plan involved airline passengers hiding masked explosives in carryon luggage, the official said. "They were not yet sitting on an airplane," but were very close to traveling, the official said, calling the plot "the real deal."

Another Western counterterrorism official, also speaking on condition of anonymity about the highly sensitive investigation, called the investigation "very serious."

U.S. intelligence, particularly the CIA, has been working closely with the Brits on the investigation, which has been ongoing for months, the second official said.

Authorities have not yet arrested or detained all suspects who are believed to be involved in the plot, the official said, prompting Chertoff's alarm.

"Consistent with these higher threat levels, the Transportation Security Administration is coordinating with federal partners, airport authorities and commercial airlines on expanding the intensity of existing security requirements," Chertoff said.

"Due to the nature of the threat revealed by this investigation, we are prohibiting any liquids, including beverages, hair gels, and lotions from being carried on the airplane."

He said the changes take effect at 4 a.m. local time across the United States and will be undated as warranted.

Prime Minister Tony Blair's office said in London that the prime minister, vacationing in the Caribbean, had briefed President Bush on the situation overnight.

There was no immediate public reaction from the White House. Bush is spending a few days at his ranch near Crawford, Texas.

"The United States and the United Kingdom are fully united and resolute in this effort and in our ongoing efforts to secure our respective homelands," said Chertoff.

Chertoff said travelers in the United States "should also anticipate additional security measures within the airport and at screening checkpoints."

"These measures will continue to assure that our aviation system remains safe and secure," Chertoff added. "Travelers should go about their plans confidently, while maintaining vigilance in their surroundings and exercising patience with screening and security officials."

U.S. authorities, including the Transportation Security Administration, planned a news briefing early Thursday.

In London, Britain's Home Secretary John Reid said the alleged plot was "significant" and that terrorists aimed to "bring down a number of aircraft through mid-flight explosions, causing a considerable loss of life."

Police arrested a number of people overnight in London after a major covert counterterrorism operation that had lasted several months, but did not immediately say how many. Heathrow airport in London was closed for most European flights.

The national threat level in Britain was raised to critical — a warning level that indicates the likelihood of an imminent terrorist attack. The threat rating was posted on the Web site of Britain's MI5 — the British domestic spy agency.

'Plot To Blow Up Planes' Foiled (BBC)

BBC News, August 10, 2006

All airports have been put under the restrictions

Police have arrested about 18 people in the London area after an anti-terrorist operation lasting several months.

Security at all airports in the UK has been tightened and delays are reported. MI5 has raised the UK threat level to critical - the highest possible.

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According to MI5's website, critical threat level means "an attack is expected imminently and indicates an extremely high level of threat to the UK".

Home Secretary John Reid confirmed that there had apparently been a plot "to bring down a number of aircraft through mid-flight explosions causing a considerable loss of life".

According to BBC sources the "principal characters" suspected of being involved in the plot were British-born.

In other major developments:

The US Department of Homeland Security said the increased threat level applied to commercial flights originating in the UK

The Home Office confirmed there had been three meetings overnight and on Thursday morning of the Cabinet's emergency committee, Cobra, chaired by Mr Reid, to discuss the terror alert

A spokesman for Number 10 said Tony Blair had briefed US President George Bush on the situation during the night

All passengers were banned from taking hand luggage onto flights, while the government warned of delays. Heathrow Airport has warned travellers to stay at home if possible

Heathrow airport operator BAA asked that all in-bound services not already in the air be suspended, National Air Traffic Services said

BBC home affairs correspondent Daniel Sandford said he did not think the police believed an attack was imminent.

"The reason for raising the threat level is in case there is some other sub-plot, back-up plot around this that the police aren't aware of," he said.

Scotland Yard said in a statement that their investigation into the alleged plot was a "major operation" which would be "lengthy and complex".

"We would like to reassure the public that this operation was carried out with public safety uppermost in our minds."

Prime Minister Tony Blair is on holiday in the Caribbean, but Downing Street said the police operation was undertaken with his full support and he had been "in constant touch".

The current threat level is assessed as critical as of 10th August 2006 - this means that an attack is expected imminently and indicates an extremely high level of threat to the UK

Passengers will not be allowed to take any hand luggage on to any flights in the UK, the department said.

Only the barest essentials - including passports and wallets - will be allowed to be carried on board in transparent plastic bags.

"We hope that these measures, which are being kept under review by the government, will need to be in place for a limited period only," the statement said.

At Heathrow Airport, BBC presenter Fiona Bruce said there were "ranks of people" unable to get into the terminal.

"Terminal One is completely at a standstill. Nobody is being checked in at all."

Passengers have to put any carry-on luggage in plastic bags

She said it was "jam-packed", but passengers were managing to remain "good natured".

BBC journalist Joe Lynam encountered the increased security measures at Gatwick airport.

"I was handed a piece of paper saying that pretty much nothing could be taken on board the plane," he said.

"Everything had to be checked in and that includes mobile phones, ipods, wallets - even spectacle cases had to be checked in."

British Airways said that passengers who do not wish to fly on Thursday can rebook on flights leaving over the next two weeks.

David Learmount from Flight International Magazine said he expected passengers to be searched much more carefully.

He added: "This is the first time this measure has actually been taken. Certainly I've never seen hand luggage banned."

Have you been affected by the new security measures, seen disruption at an airport or witnessed any police raids? Please use the form below to tell us about your experiences

British Foil Plot To Blow Up Several U.S.-bound Aircraft (AP)

DOJ_NMG_0045892

By Danica Kirka

AP, August 10, 2006

LONDON — British authorities thwarted a terrorist plot to blow up several aircraft mid-flight between the United States and Britain using explosives smuggled in hand luggage, officials said Thursday.

Britain's Home Secretary John Reid said the alleged plot was "significant" and that terrorists aimed to "bring down a number of aircraft through mid-flight explosions, causing a considerable loss of life."

Police arrested a number of people overnight in London after a major covert counterterrorism operation that had lasted several months, but did not immediately say how many.

The U.S. government responded by raising its threat assessment to the highest level for commercial flights from Britain to the United States early Thursday.

"We believe that these arrests (in London) have significantly disrupted the threat, but we cannot be sure that the threat has been entirely eliminated or the plot completely thwarted," said U.S. Homeland Security Secretary Michael Chertoff.

Chertoff added in the statement there was no indication of current plots within the U.S.

Britain's national threat level was also raised to critical — a warning level that indicates the likelihood of an imminent terrorist attack. The threat rating was posted on the Web site of Britain's MI5 — the British domestic spy agency.

Prime Minister Tony Blair, vacationing in the Caribbean, had briefed President Bush on the situation overnight, Blair's office said.

The British Department of Transport advised all passengers that they would not be permitted to carry any hand baggage on board any aircraft departing from any airport in the country. Passengers faced delays as tighter security was hastily enforced at the country's airports and additional measures were put in place for all flights.

British Airways said some flights were likely to be canceled. Laptop computers, mobile phones, iPods, and remote controls were among items banned from being carried on its planes.

"I'm terrified really, I'm really scared," said Sarah Challiner, 20, who was waiting to board a flight from Manchester's airport.

Hannah Pillinger, 24, seemed less concerned by the announcement. "Eight hours without an iPod, that's the most inconvenient thing," she said, waiting at the Manchester airport.

London's Heathrow airport was the departure point for a devastating terrorist attack on a Pan Am airplane on Dec. 21, 1988. The blast over Lockerbie, Scotland, killed all 259 people aboard Pan Am Flight 103 and 11 people on the ground.

The explosive was hidden in a portable radio which was hidden in checked baggage.

A Scottish court convicted Libyan intelligence agent Abdel Basset Ali al-Megrahi of the bombing in 2001 and sentenced him to life imprisonment. A second Libyan was acquitted.

In 2003, Libya officially accepted responsibility for the attack and agreed to pay relatives of each bombing victim at least $5 million.

Britain Holds 18 In Airline Plot Case (LAT)

By Janet Stobart

The Los Angeles Times, August 10, 2006

LONDON — British police announced that they had arrested about 18 people in and around London early this morning on suspicion of attempting to blow up planes with devices hidden in hand luggage.

The BBC reported that the plot was aimed particularly at flights from Britain to the United States.

Home Secretary John Reid was quoted as saying that the plot was designed to "bring down a number of aircraft through mid-flight explosions, causing a considerable loss of life."

A Scotland Yard statement said the arrests were made overnight and "a major terrorist plot to allegedly blow up aircraft in mid-flight has been disrupted in a joint, pre-planned, intelligence-led operation by the Metropolitan Police anti-terrorist branch and security services."

A massive security operation has since begun at all British airports, and a Transport Department advisory said all baggage must be carried in the hold, not in the cabin.

DOJ_NMG_0045893

Passengers may not carry items even in their pockets, the department's website said, but will be allowed to carry aboard a transparent plastic bag containing a few items, such as wallets, travel documents and spectacles.

Spectacle cases, however, must be carried in the hold.

A BBC reporter said that even items such as mobile phones and MP3 players had to be sent to the cargo hold.

Passengers were advised to expect meticulous hand searches and delays of up to five hours for all flights leaving the country. Delays could be longer for flights to the United States.

Local news reports said the arrests were carried out about 3 a.m.

On its website, Britain's Home Office said the threat level for attacks in Britain had been raised to "critical."

"This was a very serious and imminent threat," BBC security correspondent Gordon Carrera told a morning news television program.

The arrested plotters, he said, "weren't just talking about it, but had the capability and material to carry this out."

UK On Highest Alert As Bomb Plot Foiled (FT)

By FT Reporters

Financial Times, August 10, 2006

The UK was put on its highest state of alert on Thursday after British police said they had foiled a terrorist plot to blow up transatlantic passenger aircraft in mid-flight. The announcement followed a number of arrests in London overnight. It is believed that flight from the UK to the US were the principal target.

“Overnight the police, with the full knowledge of ministers, have carried out a major counter-terrorism operation to disrupt what we believe to be a major threat to UK and international partners,” said John Reid, home secretary.

In a statement, police said a major terrorist plot allegedly to blow up aircraft in mid-flight had been disrupted in a joint pre-planned intelligence-led operation by the Metropolitan Police’s Anti-terrorist Branch and Security Service.

The police said they believed that the aim was to detonate explosive devices smuggled on board the aircraft in hand luggage.

MI5, the UK home security service, said it had raised its threat level to “critical” from “severe”, indicating that the threat was imminent. The US also raised its threat level to the highest level for commercial flights from the UK to the US.

London’s Heathrow airport was closed to all in-bound aircraft, after BAA, which operates the UK’s main airports, asked that all flights still on the ground should not take off for the airport. National Air Traffic Services, which runs UK air traffic control, said that flights already heading for Heathrow would be allowed to land.

Passengers faced disruption and lengthy check-in delays and were also advised that they could not take hand luggage on board flights. All liquids were banned from being taken on board except for essential medicines. Milk for babies would be allowed on board but must be tasted by the accompanying passenger, BAA said.

Prime Minister Tony Blair, who is on holiday in the Caribbean, had briefed US President George Bush overnight, a spokesman said.

The news sparked a sharp fall in London stocks, with the FTSE 100 index of blue-chip stocks down more than 100 points at one point in early trading.

Authorities Say They Have Disrupted Major Terror Plot In Britain (SEATIMES)

The Seattle Times, August 10, 2006

LONDON– A major terrorist plot to blow up aircraft midflight between Britain and the U.S. has been disrupted, police said today.

Police made arrests overnight in London after a covert counter-terrorist operation lasting several months, police said in a statement. The British Broadcasting Corp. was reporting "about 18" had been arrested.

In response, the U.S. government raised its threat warning to the highest level for commercial flights from Britain to the United States early today and also stepped up the general level for all flights within the U.S. or entering the country.

The Department of Homeland Security banned all liquids from being carried onto flights.

DOJ_NMG_0045894

The plot was believed to have involved smuggling explosive devices on board aircraft in hand luggage, police said. It was likely to target flights from Britain to the U.S., police said.

Britain's Home Secretary John Reid deemed the alleged plot significant and said it was designed to "bring down a number of aircraft through midflight explosions, causing a considerable loss of life."

According to the BBC, security at all airports in Britain has been tightened and travelers should expect "significant" delays.

The Department of Transport said all passengers were to be hand-searched, and that passengers bound for the United States would go through "secondary searches."

Britain's national threat level was raised to critical — a warning level that indicates the likelihood of an imminent terrorist attack. The new threat rating, based on a U.S. Department of Homeland Security model, was posted on the Web site of Britain's MI5, the country's domestic spy agency.

A senior U.S. counterterrorism official said authorities believe dozens of people — possibly as many as 50 — were involved in the plot that was uncovered around 7 p.m. Pacific time Wednesday. The plan "had a footprint to al-Qaida back to it," said the official, speaking on condition of anonymity because of the sensitivity of the situation.

The plan involved airline passengers hiding masked explosives in carry-on luggage, the official said. "They were not yet sitting on an airplane," but were very close to traveling, the official said, calling that the plot was "the real deal."

Authorities have not yet arrested or detained all suspects who are believed to be involved in the plot, the official said.

"We believe that these arrests [in London] have significantly disrupted the threat, but we cannot be sure that the threat has been entirely eliminated or the plot completely thwarted," said U.S. Homeland Security Secretary Michael Chertoff in announcing that the threat level for flights from Britain to the United States has been raised to the highest "severe or red" level.

A statement issued by Chertoff said "currently, there is no indication of plotting within the United States."

"Due to the nature of the threat revealed by this investigation, we are prohibiting any liquids, including beverages, hair gels, and lotions from being carried on the airplane."

He said the changes were to take effect at 4 a.m. local time across the United States and will be updated as warranted.

Prime Minister Tony Blair's office said in London that the prime minister, vacationing in the Caribbean, had briefed President Bush on the situation overnight.

There was no immediate public reaction from the White House. Bush is spending a few days at his ranch near Crawford, Texas.

It is believed to be the first time the red alert level in the Homeland Security warning system has been invoked, although there have been brief periods in the past when the orange level was applied.

British Airways advised passengers on its Web site today that no hand luggage was to be permitted on any aircraft leaving Britain.

The BBC was reporting Wednesday night that "only the barest essentials" would be allowed to be carried on aircraft in transparent plastic bags under the new regulations. Those essentials included such items as passports and wallets, prescription medication, contact-lens holders but no solution, and supplies for infants, such as diapers, milk and food. Contents of each bottle for an infant must be tasted by the accompanying passenger.

Nothing will be allowed to be carried in a passenger's pockets.

The Department of Transport did not specify how long the security measures would be in place.

Independent terrorism expert Paul Beaver said hand luggage was a weak spot in airport security.

"A laptop computer can carry enough explosives to blow up an aircraft," he said. "Hold baggage and cargo can be sniffed for explosives. You can't do that for hand luggage at the moment. The technology is there, but it's time consuming and expensive."

London Police Foil Plan To Blow Up Jets In Flight (BLOOM)

By Alex Moralesnick Allen

Bloomberg, August 10, 2006

DOJ_NMG_0045895

Aug. 10 (Bloomberg) -- London's anti-terrorist police said they foiled a plot to blow up airliners traveling to the U.S. using explosives smuggled in hand luggage, leading to heightened security at airports across the country and canceled flights.

U.K. authorities arrested a number of people overnight, police said today in an e-mailed statement, adding that flights between the U.K. and U.S. would have been ``particularly'' targeted by the attackers. The U.K. and the U.S. raised their terror alert levels. Sky News said 20 aircraft had been targeted and as many as 20 individuals were arrested in London.

``We carried out a major counter-terrorism operation to disrupt what we believe was a major threat to the U.K. and international partners," Home Secretary John Reid said in a televised briefing. Authorities ``are investigating an alleged plot to bring down a number of aircraft through mid-air explosions causing considerable loss of life."

The U.K. and U.S. today raised their threat levels, with Britain putting it to ``critical," the highest category in a five-point scale, indicating an attack is expected ``imminently," according to the Home Office Web site. Airports were instructed not to permit hand baggage aboard flights, the U.K. Department of Transport said.

The pound was little changed against the dollar at $1.9050 at 8:30 a.m. in London, paring a drop of as much as 0.3 percent. The benchmark FTSE 100 stock index fell as much as 1.3 percent to 5783.60 points. U.K. bonds rose, with the yield on the benchmark 10-year gilt falling 3 basis points to 4.65 percent.

U.S. Threat Level

A spokesman at the U.S. Department for Homeland Security said in a telephone interview that the U.S. threat level had been raised. A statement he said he would e-mail didn't immediately arrive. The Associated Press said the threat level for commercial airliners was raised to red, the highest in a five-step scale.

The plot comes almost five years after the September 11, 2001, attacks in the U.S. when hijackers flew planes into New York's World Trade Center and the Pentagon in Washington, killing almost 3,000 people. A U.K. parliamentary committee said in May that an unspecified number of terrorist attacks had been thwarted in Britain since then, including three following last year's suicide bombings on London's public transport system.

Four suicide bombers on July 7, 2005, killed themselves and 52 other people on three London Underground subway trains and a bus in the capital's deadliest terrorist attack.

Lockerbie Jetliner

An airplane was the target of Britain's deadliest terrorist attack, when a Pan Am jetliner was blown up over the Scottish town of Lockerbie in December 1988, killing all 259 passengers and crew as well as 11 people on the ground. Libya later admitted responsibility for the attack.

The Department of Transport said travel documents, pocket- sized wallets, purses and items such as baby food, contact lenses and some medications, are permitted on flights, while handbags, cell-phones, laptops and media players must be checked in.

``We're advising customers to check in as normal: clearly under these circumstances they would be wise to expect delays," Paul Marston, a spokesman for British Airways Plc, the U.K.'s main carrier, said in a telephone interview.

Today's arrests follow the return of an American Airlines Inc. flight to Boston from London on Aug. 7 to Heathrow Airport after takeoff due to an unspecified security issue.

Four passengers detained by the authorities were later released after being questioned.

'Explosives In Hand Luggage' Theory (GU/PA)

Guardian Unlimited/Press Association, August 10, 2006

Police have revealed how terrorists were intending to cause death and destruction on UK airlines.

A Scotland Yard spokesman said: "It is believed that the aim was to detonate explosive devices smuggled on board the aircraft in hand luggage.

"It is believed that the attacks would have been particularly targeted at flights from the UK to the USA."

Sources indicated that around 18 or 19 people in London and the Thames Valley were arrested on Thursday night although there was no official confirmation of the number from police.

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It is believed the covert investigation had been going on for several months and it is understood that officers made the arrests overnight, not because they feared an attack was likely to happen on Thursday but for other intelligence reasons which meant they had to act quickly.

A Metropolitan Police spokesman said: "We would like to reassure the public that this operation was carried out with public safety uppermost in our minds. This is a major operation which inevitably will be lengthy and complex."

Thursday's specific restrictions on liquids on board flights prompted speculation that the terrorists were planning to smuggle liquid explosive devices on board.

If it had been successful, the terror plot would have been the first 'spectacular' since last year's July 7 attacks on London, which killed 52 people.

Meanwhile, the US government raised its threat level to the highest level for commercial flights from Britain to the United States early on Thursday in response to the terror plot in the UK.

It also stepped up the general level for all flights within the US or entering the country.

3 Visiting Egyptian Students Held; 8 Missing (WP)

By Dan Eggen And Spencer S. Hsu

The Washington Post, August 10, 2006

Three Egyptian college students were arrested in Minnesota and New Jersey yesterday after a nationwide alert by the FBI, which said the men were among a group of 11 students who had disappeared after failing to show up for an exchange program at Montana State University.

Authorities said yesterday that preliminary questioning of the three men, along with interviews with friends and relatives overseas, had revealed no apparent ties to terrorist or criminal groups.

The episode is the latest in a series of cases since the Sept. 11, 2001, attacks in which the FBI and other law enforcement agencies have gone to great lengths to locate individuals even when there is no clear evidence of a threat.

"In the post-9/11 world, the rules have changed," Special Agent Richard Kolko, an FBI spokesman, said in a statement about the case earlier this week. "The U.S. wants to assure that foreign students that register to come to the U.S. attend the schools for which they were granted a visa. This is simply out of an abundance of caution."

One of the students, Eslam Ibrahim Mohamed El-Dessouki, 21, was arrested in Minneapolis. Two others, Mohamed Ragab Mohamed Abd Alla and Ebrahim Mabrouk Moustafa Abdocame, both 22, turned themselves in to police in Manville, N.J., who then turned them over to federal immigration agents, officials said. The student visas of the three arrested and the eight who are missing have been revoked, and the men will be deported, authorities said.

They offered no further explanation late yesterday for why the students had disappeared.

It is common for foreigners to overstay or violate student visas. In 2005, the United States reviewed 85,000 potential violations, referred 2,333 for investigation and made 592 arrests. More than 766,000 visitors and 115,000 dependents held U.S. student and exchange visas as of the end of last year, U.S. Immigration and Customs Enforcement reported.

The missing Egyptians were among 17 students from Mansoura University, located north of Cairo, who arrived at John F. Kennedy International Airport in New York on July 29 on their way to a month-long exchange program at Montana State in Bozeman, according to officials from the FBI, the Department of Homeland Security and the college.

But by July 31, only six had arrived on campus, school and government officials said.

News of the disappearances emerged Monday after media reports about the FBI alert. Federal officials said they never sought to make the search public, and stressed that there was no evidence linking the group to terrorism or any other threatening behavior.

"Obviously, for days we've had all their names and dates of birth," said Dean Boyd, spokesman for Immigration and Customs Enforcement. "We've been talking to people around the globe, and at this point we have not turned up any evidence of ties with any known terrorist or criminal organizations."

Kolko said that preliminary investigations have not revealed any "credible or imminent threat" from the students. "The FBI and ICE investigation is ongoing," he said.

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The government was notified about the missing students by the university under new rules implemented after the Sept. 11 attacks. Three of the hijackers had student visas.

The students were part of a new English-language training and cultural exchange program initiated by Mansoura, said David Engberg, director of training and special programs at Montana State. Mansoura picked 20 students for the program, but three were denied visas or did not receive them in time from the U.S. Embassy in Cairo, Engberg said.

The remaining 17 arrived together at Kennedy airport but said they were separated during interviews by customs officers, he said.

"The challenge is a lot of these guys have low English skills," Engberg said. "The process of going through customs and immigration is a lengthy one. . . . if you're an Egyptian male, it can take longer. The group got separated."

3 Egyptian Students Taken Into Custody (AP)

By Gregg Aamot

AP, August 10, 2006

MINNEAPOLIS - Three Egyptian students who were being sought for failing to turn up for an exchange program at Montana State University were taken into custody Wednesday, more than a week after they arrived in the United States.

One student was arrested in Minnesota, and two others surrendered to authorities in New Jersey. They were among 11 students being sought by law enforcement after they failed to attend a monthlong program on the English language and U.S. history and culture in Bozeman, Mont., the FBI said.

Eslam Ibrahim Mohamed El-Dessouki, 21, was taken into custody in Minneapolis on an immigration violation. Two other students - Mohamed Ragab Mohamed Abd Alla and Ebrahim Mabrouk Moustafa Abdou, both 22 - surrendered to police in Manville, N.J., after hearing media reports that they were wanted, FBI spokesman Steven Siegal said.

Eight students remain at large. They arrived in New York on July 29 as part of a group of 17 students. Six students reported to Bozeman on time.

The missing students pose no terrorism threat, the FBI said.

Hamvi Kassab, a Minneapolis grocer who said he is El-Dessouki's uncle, told television station KSTP that his nephew was in town to visit relatives and to inquire about attending the University of Minnesota.

Montana State repeatedly tried to contact the missing students. When that failed, the school notified Homeland Security officials and registered the Egyptians as "no-shows" in the system developed after the Sept. 11 attacks to track foreign students.

The government tightened the student visa process after the attacks. One of the hijackers involved in the attacks had arrived in the U.S. with a student visa, and immigration officials approved student visas for two other hijackers after they entered the country. A fourth attended flight training school without a student visa.

ICE Adds Seven Teams To Pursue Fugitives (WT)

By Jerry Seper

The Washington Times, August 10, 2006

U.S. Immigration and Customs Enforcement (ICE) yesterday said seven new fugitive-operations teams are now functioning in Atlanta; Houston; Los Angeles; Newark, N.J.; Phoenix; Raleigh, N.C.; and Washington.

Department of Homeland Security Assistant Secretary Julie L. Myers, who heads the organization charged with enforcing immigration and customs laws, said the new teams bring to 45 the number of fugitive-hunting operations nationwide.

"The United States is a land of opportunity, but it is also a nation of laws," said Mrs. Myers. "As such, an immigration judge's order of removal is not optional and must be followed. The addition of these new fugitive teams increases ICE's ability to aggressively pursue immigration violators as part of our nationwide interior-enforcement strategy."

ICE spokeswoman Kadia H. Koroma said the fugitive-operations teams, although assigned to specific regional offices, have nationwide jurisdiction and can be deployed to conduct operations anywhere fugitive alien populations are located in the United States.

She said the teams use intelligence information and leads to hunt down aliens who have been ordered to leave the country by an immigration judge, but have failed to comply -- making them fugitive aliens.

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Of the more than 52,000 illegal aliens caught by the teams since the first was created in 2003, Ms. Koroma said, 22,669 had convictions for crimes that included homicide, sexual assault against children, robbery, violent assault, narcotics trafficking and other aggravated felonies.

She said that another group of seven teams will be added by the end of September to form a network of 52 teams covering the nation. Currently, fugitive teams are collectively apprehending more than 1,000 illegal aliens a week.

Many regional ICE offices where there are significant numbers of fugitive aliens have more than one team assigned. Teams currently operate in 22 U.S. cities, including Baltimore and the District.

"These fugitive operations teams are a crucial part of ICE's interior-immigration enforcement," Ms. Koroma said. "A critical element of this interior-enforcement strategy is to identify and remove criminal aliens, fugitives, and other immigration violators from the United States."

The interior-enforcement strategy is part of the Secure Border Initiative (SBI), a multiyear Homeland Security plan to secure America's borders and reduce illegal entry.

The SBI's border-security efforts are focused on gaining control of the country's borders through additional personnel and technology, while re-engineering the detention and removal system to ensure that illegal aliens are removed from the United States quickly.

The strategy is designed to complement the department's border security goals by expanding existing efforts to target immigration violators inside the country and employers of illegal aliens, as well as the criminal networks that support them, Ms. Koroma said.

Investigators: Pair With Passenger Info, Phones Linked To Terror (ABJ)

Akron Beacon Journal, August 10, 2006

MARIETTA, Ohio - Investigators in southeast Ohio said they were working to unravel how two Michigan men charged with supporting terrorism came to have airplane passenger lists and airport security information.

Osama Sabhi Abulhassan, 20, and Ali Houssaiky, 20, both of the Detroit suburb of Dearborn, were being held at the Washington County jail on $200,000 bond each, which could be raised at a Thursday afternoon court hearing. Each was charged Wednesday with money laundering in support of terrorism.

Deputies stopped the two on a traffic violation Tuesday and found the flight documents along with $11,000 cash and 12 phones in their car, Sheriff Larry Mincks said.

It wasn't clear what significance the airline information might have. Assistant County Prosecutor Susan Vessels declined to comment on whether the manifests were for upcoming flights or those that already had flown. She also would not give the origin or destination of the flight or flights.

FBI spokesman Mike Brooks in Cincinnati said his office was investigating.

Abulhassan and Houssaiky admitted buying about 600 phones in recent months at stores in southeast Ohio, said sheriff's Maj. John Winstanley. They sold the phones to someone in Dearborn, Winstanley said.

Vessels declined to say how the phones, cash or flight information involved terrorism.

Investigators going through the car after the pair were pulled over in Marietta also found a map that showed locations of Wal-Mart stores from Ohio through Kentucky, Tennessee and into North and South Carolina, Vessels said.

"We got them at the beginning of their trip," she said.

Vessels did not say why the pair headed to southeast Ohio from Dearborn.

A message seeking comment was left Wednesday evening with Ray Smith, a public defender who represents Abulhassan. Houssaiky did not yet have an attorney, Vessels said.

Houssaiky's family members said he and Abulhassan work in the cell phone trade and were on a business trip, according to Imad Hamad, regional director of the American-Arab Anti-Discrimination Committee in Dearborn, who said he met with Houssaiky's relatives Wednesday.

"I hope this is a case where the government is not overreacting, overreaching and over-reading," Hamad said. "This is sensitive and serious. Nobody should rush to judgment."

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At their brief court appearance Wednesday, the defendants did not address the terror charges. Abulhassan said he is a junior at the University of Michigan and Houssaiky said he is a student at Wayne State University.

The fourth-degree felony charges allege the two laundered between $5,000 and $25,000, Vessels said. A conviction carries a maximum sentence of 18 months in prison and a $5,000 fine.

The men were charged Tuesday with obstructing official business. Winstanley said they initially lied about why they bought the phones.

Those charges were dropped Wednesday when the money laundering charges were filed.

Marietta, with about 14,000 people, is about 90 miles southeast of Columbus and 12 miles northeast of Parkersburg, W.Va.

Terror Case Suspect Returned To Atlanta (AJC)

By Bill Torpy, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, August 10, 2006

Ehsanul Islam Sadequee's long, strange journey over two continents brought him back to Atlanta on Wednesday and into federal court.

The 20-year-old Roswell man accused of helping plot terrorist attacks looked bedraggled but upbeat as he appeared before a federal magistrate to hear the charges against him.

The U.S.-born man of Bangladeshi descent — handcuffed, unshaven and dressed in a T-shirt — smiled at his mother and two older sisters as he entered the courtroom.

He then laughed slightly and chatted with Don Samuel, a prominent Atlanta attorney who has been appointed in the case.

The hearing was brief, and Sadequee spoke just three times, answering "yes" to prosecutor Katherine Monahan when she asked him questions, including if he was going to plead not guilty.

Sadequee, who was arrested in April in Bangladesh, will be held in custody until a bond hearing, possibly in a month.

Sadequee and former Georgia Tech student, Syed Haris Ahmed, are accused of traveling to Canada in March 2005 and meeting with others to discuss "violent jihad." The two men allegedly took "casing videos" of potential targets in Washington in April 2005, and discussed an attack on Dobbins Air Reserve Base in Marietta.

Each faces four felony charges, including conspiracy to provide material support to terrorists.

Samuel called Sadequee a "very relaxed, pleasant young man. He's looking forward to getting it resolved." Later, Samuel described his client as "a 20-year-old kid who's terrified."

Samuel is awaiting a security clearance before he is allowed to review evidence in the case.

The prisoner's family members declined to speak after the hearing.

Sadequee was transferred to Atlanta on Monday night from New York, where he has been held since late April.

He was arrested by secret police in Bangladesh, where he had been living for eight months. He was married earlier this year in Bangladesh, and his arrest there in April was so sudden and unusual that local authorities initially believed it was a kidnapping.

Sadequee was then flown from Bangladesh to Tokyo to Alaska and, finally, to New York, where he was initially held on charges of lying to the FBI about his earlier trip to Canada.

Authorities allege the two men traveled to Toronto by Greyhound bus to meet with "like-minded Islamic extremists."

Authorities claim the Georgia men met with some of the 18 Canadians arrested in June in an alleged terror plot in Toronto.

Sadequee also is accused of transferring the video images of Washington sites to a Web site run by a British man named Younis Tsouli, who allegedly ran a Web site that promoted terrorism and had instructions how to make car bombs.

Tsouli turns out to be a man who called himself Irhabi (Arabic for "Terrorist") 007, a mysterious blogger and hacker who was wanted by counterterrorism officials for at least two years until his arrest last year.

Defense To Challenge Terrorism Suspect's Detention (MACT)

By Harry R. Weber

The Macon Telegraph, August 10, 2006

DOJ_NMG_0045900

ATLANTA - A defense lawyer for a young man charged with aiding terrorists said Wednesday he will challenge his client's pretrial detention after he receives more information in the case.

Don Samuel told U.S. Magistrate Judge C. Christopher Hagy that he needs documents and other materials to help make his argument for bond for Ehsanul Islam Sadequee, who pleaded not guilty at the brief arraignment hearing in federal court in Atlanta.

"There are a number of complicated issues," Samuel told the judge, without elaborating.

Samuel told reporters after the hearing that Sadequee - who smiled and laughed as he talked to his attorney before the hearing - is relaxed, considering the charges he faces, and is anxious to have his day in court. Sadequee was shackled in court and wore glasses, a white T-shirt and tan pants. He recently turned 20 while in custody.

"He's reading the Quran, studying," Samuel said. "He's trying to make do with the terrible conditions in the U.S. penitentiary."

Sadequee and Syed Ahmed, a 21-year-old Georgia Tech student who previously pleaded not guilty in the case, were indicted July 19 on charges of providing material support to terrorists and related conspiracy counts.

In federal court in Brooklyn, Sadequee had been charged with lying to investigators. U.S. Magistrate Judge Cheryl Pollak dismissed the complaint last week, clearing the way for Sadequee to be returned to Georgia.

Sadequee and Ahmed, both of whom are U.S. citizens, are accused of discussing terror targets with Islamic extremists and undergoing training to carry out a "violent jihad" against civilian and government targets, including an air base in suburban Atlanta.

While the indictment discusses meetings, conversations and training exercises, nowhere does it say the two men obtained or tried to obtain weapons or explosives to commit terrorism.

The indictment says Ahmed and Sadequee traveled to Washington to film possible targets, including the U.S. Capitol and the headquarters of the World Bank, and shared the recordings with another alleged terrorist based in Great Britain.

In a previous indictment in Atlanta, the two men were accused of traveling to Canada last year to meet with Islamic extremists to discuss "strategic locations in the United States suitable for a terrorist strike," including military bases and oil refineries.

The July 19 indictment supersedes the previous one against Ahmed and adds new charges against Sadequee. The new indictment says their motivation for planning attacks was "defense of Muslims or retaliation for acts committed against Muslims."

Ahmed was born in Pakistan; Sadequee was born in Virginia and is of Bangladeshi descent. Sadequee has relatives in the Atlanta area. His mother and two sisters attended Wednesday's hearing.

Counterintelligence Officials Resign (WP)

By Walter Pincus

The Washington Post, August 10, 2006

David A. Burtt II, director of the Counterintelligence Field Activity, the Defense Department's newest intelligence agency whose contracts based on congressional earmarks are under investigation by the Pentagon and federal prosecutors, told his staff yesterday that he and his deputy director will resign at the end of the month.

In an internal message, Burtt said, "I do not make this decision without trepidation, but the time is right to move on to the next phase of my career." He said he had been privileged to serve as CIFA director and was "especially proud of all of you and what you have accomplished for the CI [counterintelligence] community and for the overall CI mission."

Joseph Hefferon "has also decided to retire, after over 31 years of federal service," according to Burtt's message. A Pentagon spokesman yesterday confirmed they were leaving and said it was "a personal decision that they both made together."

Burtt, who was a deputy assistant secretary of defense for counterintelligence at the time of the Sept. 11, 2001, attacks, developed the concept for CIFA. It was established in September 2002, originally to coordinate policy and oversee the counterintelligence activities of units within the armed services and Pentagon agencies.

Over the past three years, it has grown to become an analytic and operation organization with nine directorates and widening authority focused primarily on protecting defense facilities and personnel from terrorist attacks. CIFA's size and budget are classified, but according to congressional sources the agency has spent more than $1 billion over the past four years, mostly

for outsourced services. One counterintelligence official yesterday estimated that CIFA had 400 full-time employees and 800 to 900 contractors working for it.

The agency was criticized in December after it was revealed that a database managed by CIFA contained unverified, raw threat information on Americans who were peacefully protesting the war in Iraq at defense facilities, including recruiting offices.

Last March, as a result of the continuing federal investigations arising out of charges against former congressman Randy "Duke" Cunningham (R-Calif.), prosecutors said they were reviewing CIFA contracts that went to MZM Inc., a company run by Mitchell J. Wade, who had pleaded guilty in February to conspiring to bribe Cunningham.

Cunningham, now serving an eight-year prison term, in January 2004 sought about $16.5 million to be added to the defense authorization bill for a CIFA "collaboration center." A month later, he wrote Burtt a thank-you note about the center, adding, according to prosecutors' documents: "I wish to endorse and support MZM, Inc.'s work."

One of the consultants to Burtt, when he was formulating CIFA in 2002, was retired Lt. Gen. James C. King, then an MZM senior vice president who had recently retired as director of the Pentagon-based National Imagery and Mapping Agency.

In late 2002, Cunningham, who received campaign contributions from Wade and other MZM officials, made contracts for Wade's company one of "his top priorities," according to prosecutors' documents. One result, according to prosecutors' documents, was $6 million spent for a data storage system, supposedly for CIFA, that included almost $5.4 million in profit for MZM and a subcontractor.

Following disclosures in Cunningham's case, Undersecretary of Defense Stephen A. Cambone last March ordered an internal study of how funding earmarked in defense bills led to CIFA contracts for MZM. The Defense Information Systems Agency, which has been given responsibility for the inquiry, said in a statement yesterday that "the investigation is still ongoing."

Judge Says No To Secret Jury In Terror Case (CHIT)

By Rudolph Bush

Chicago Tribune, August 10, 2006

A federal judge in Chicago on Wednesday denied prosecutors' request to seat an anonymous jury in the trial of a Bridgeview man charged with funneling money to the Palestinian group Hamas, which the U.S. has labeled a terrorist organization.

U.S. District Judge Amy St. Eve ruled that prosecutors failed to show Muhammad Salah and his co-defendant, Abdelhaleem Ashqar of Virginia, are likely to intimidate or harass jurors.

"The mere invocation of the word 'terrorism,' without more, is insufficient to warrant such an anonymous jury," St. Eve wrote in a ruling released Wednesday.

Salah's attorney, Michael Deutsch, called the ruling a small but significant step toward a fair trial.

"Just because the government invokes the word 'terrorism' doesn't mean they are terrorists," he said.

Deutsch argued that jurors would be unfairly prejudiced against Salah if they knew their names and backgrounds were being kept secret.

"It creates the impression in them that there is some danger associated with the defendants," he said.

In her ruling, St. Eve said that prosecutors acknowledged Salah and Ashqar aren't dangers to their community at their bond hearings.

While St. Eve ruled the identity of jurors won't be kept secret from the defense or prosecution, she suggested she may place their names under seal.

That likely would prevent the public and press from learning jurors' identities.

Salah's attorneys first suggested the possibility of releasing jurors' names to the defense and prosecution but keeping them under seal.

Deutsch said he will wait to see how St. Eve rules before commenting further on the matter.

While prosecutors did not succeed in having St. Eve empanel an anonymous jury, they are awaiting her ruling on whether she will permit Israeli agents to testify outside the presence of the public and under aliases.

Prosecutors argued the measure is needed to protect the security of the witnesses.

"Individuals involved in terrorist organizations are very attentive to the proceedings in this case," prosecutors wrote in seeking to have the Israeli agents testify secretly and in disguise if they choose.

St. Eve did permit two Israeli agents to testify outside the public's presence during a pretrial hearing. The agents also were allowed to testify briefly outside the presence of the defense.

Salah's attorneys renewed a request Tuesday that St. Eve allow them to have another pretrial hearing before a new judge because she heard the agents' testimony without the defense present.

She has previously denied that motion.

In an interview Wednesday, Deutsch said that he also expects to ask St. Eve to postpone Salah's October trial because of fighting in the Middle East.

The fighting has complicated defense attorneys' efforts to prepare for the case because they are unable to travel safely to the West Bank and Gaza to investigate allegations against Salah, Deutsch said. Hamas, which also runs the Palestinian government, is engaged in battles with the Israeli government.

He also said the fighting has created prejudicial media attention toward Palestinians.

St. Eve has previously denied defense requests to extend the trial date.

A hearing on the case is scheduled for Friday morning.

HOMELAND RESPONSE:

Ga. Makes Site List For Federal Lab (AJC)

By Walter Woods

The Atlanta Journal-Constitution, August 10, 2006

Two sites at the University of Georgia in Athens have made the first cut in a competition to become a stronghold in the federal government's defense against bioterrorism and pandemic diseases.

The U.S. Department of Homeland Security has included the two properties on a list of 18 potential sites in 11 states for what's called the National Bio and Agro-Defense Facility, a research center that would be a top lab for fighting biological threats to national security.

State officials consider the National Bio and Agro-Defense Facility a major trophy that could not only create hundreds of jobs but lure more public and private research centers to the winning state.

With the Centers for Disease Control and other local institutions, the facility could make Georgia a "crossroads of global health," said Michael Cassidy, president of the Georgia Research Alliance, a nonprofit economic development group. "Having a national lab in this state would be key to our plans for continuing to build a bio-science industry."

The $500 million facility could hire as many as 500 well-paid scientists and other staff members and generate as much as $6 billion in local economic impact over 20 years, according to a University of Georgia analysis.

Georgia faces stiff competition. A number of states with formidable economic and political muscle made the cut Wednesday, including Texas, North Carolina and California.

The Department of Homeland Security expects to narrow the list by the end of the year and select a site by 2008. The facility could open by 2013.

Winning the facility would be a "huge deal" for Georgia, said Bert Brantley, a spokesman for the state Department of Economic Development. The lab would likely stay put for the long haul, he said, "and this would bring hundreds of high-paid research scientists."

Georgia's first-choice site is a University of Georgia-owned parcel off College Station Road next to the Athens campus and some existing federal buildings.

The state's second possible site sits on South Milledge Avenue on the southern end of the campus.

The 500,000-square-foot center, as planned, would include a laboratory reserved for the most dangerous diseases. Atlanta's Centers for Disease Control and Prevention has a similar facility.

Community acceptance of the lab will be one of the federal government's criteria for picking a location.

Georgia has been trying to establish itself as a hub for life sciences, with mixed results. Just last month, the state lost a $267.5 million Novartis flu vaccine manufacturing plant to North Carolina, which has become a center for biotechnology companies in the South.

Georgia officials have also been lobbying Marietta-based Solvay Pharmaceuticals to build a large flu vaccine plant in Georgia. Solvay has said it's considering the idea.

The National Bio and Agro-Defense Facility could replace the animal disease center at Plum Island, N.Y., a 1950s-era lab that conducts research on mad cow disease and other animal pathogens.

The new facility would also conduct research on animal diseases, as well as diseases that pass from animals to humans.

Georgia's primary site for this new lab is near a U.S. Department of Agriculture research center and the department's Southeastern Poultry Research Laboratory — facilities that could help Georgia's stand out on the not-so-short list of 18 sites in contention, Cassidy said.

The lab presents a major opportunity to "position Georgia as the center of excellence for the next generation of bio-research," Cassidy said.

Is DHS Site Really Ready? Science Intern Thinks Not (WP)

By Zachary A. Goldfarb

The Washington Post, August 10, 2006

Emily Hesaltine was a sophomore at the University of Virginia looking for a summer internship where she could apply her engineering background to a public policy issue.

This summer, as an intern at the Federation of American Scientists, the 20-year-old did that in a big way: She analyzed the Department of Homeland Security's emergency preparedness Web site, Ready.gov, and came up with a new version of the site that the federation calls significantly improved.

The government site, which has had more than 20 million visitors since 2003, offers advice for what to do in the case of a natural disaster or chemical, biological, or nuclear attack. But since it went up in February 2003, the site has been lampooned for what critics said were obvious or dubious suggestions.

Hesaltine set out to examine the site's flaws, by consulting emergency preparedness research and experts at the federation and elsewhere, and create a more comprehensive, accurate and easy-to-understand version, ReallyReady.org, which went live last week.

The site's main problems, her analysis said, "include generic advice, unnecessarily lengthy descriptions, and verbatim repetition of details on multiple pages, all encapsulated within a confusing navigational structure."

Hesaltine's efforts prompted her boss, biology policy director Michael Stebbins, to write on his Web log: "FAS hopes to see Ready.gov updated so that it is more useful to the public that has paid for it, especially since a 20 year-old college student was able to single-handedly complete the same task in only two months."

In a statement, DHS spokeswoman Joanna Gonzalez defended the government site and said that "however well intended, the work done by the Federation of American Scientists, relegated to an intern, runs the risk of confusing rather than benefiting the public."

Hesaltine and Stebbins offered several examples of what they consider flaws of Ready.gov.

The government site says, "If you see signs of a chemical attack, . . . consider if you can get out of the area or if you should go inside the closest building and 'shelter-in-place.' " But Hesaltine said a Rand Corp. think tank study on chemical attacks made clear that "trying to get away from the chemical cloud after the attack is dangerous because it's hard to tell which direction the wind is blowing." The new site urges people to go directly to a building and seal themselves inside a room.

The government site says that if there is no warning of a nuclear explosion, "quickly assess the situation." To which Stebbins moans: "Duhhhhhhh." The ReallyReady site dives right into how to identify a nuclear attack and what to do.

While most of the new site revises and clarifies advice already on the government site, it substantially adds to one facet. Stebbins and Hesaltine found a dearth of guidance on Ready.gov for disabled people. Stebbins noted that about the same amount of information is offered for disabled people as for pets.

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After consulting the National Organization on Disabilities, Hesaltine made suggestions for crisis situations that disabled people might face, such as, she said, "if you're on the 14th floor and you can't go down the elevator and you're in a wheelchair." The government site doesn't mention, she said, that "you should get an evacuation chair so you can help people get you down the stairs."

Hesaltine doesn't know whether she'll continue in this area after college, but she said the summer experience was gratifying because "it was an independent project and the fact now that it's being linked to as useful preparedness experienc e."

Big Katrina Contractors Win More FEMA Work (WP)

By Griff Witte And Spencer S. Hsu

The Washington Post, August 10, 2006

The four giant construction firms that received controversial no-bid contracts to house Hurricane Katrina evacuees last September will be earning up to $250 million apiece to do similar work after future disasters, the Federal Emergency Management Agency said yesterday.

Unlike the Katrina deals, the contracts announced yesterday were awarded after a bidding process. But most of them went to the same four firms: Bechtel Corp., CH2M Hill Cos., Fluor Corp. and Shaw Group Inc. Two new consortia of companies were also chosen for a share of the work. Together, the six winners will receive up to $1.5 billion for hauling and installing temporary trailers to house evacuees during future emergencies.

"These contractors are there and prepared to support us should disaster strike," said Deidre Lee, FEMA's deputy director of operations and chief acquisitions officer.

Lee stressed that the awards were made based on open competition from a field of 13 proposals and that winners were chosen because they offered the best combination of price and capacity to do the work.

But some questioned why the same four companies that received the no-bid Katrina work also won most of the work this time around.

"It just smells like this was a fixed fight from the get-go," said Keith Ashdown, vice president of the watchdog group Taxpayers for Common Sense. "This is going to leave a lot of people that are trying to compete for this kind of work feeling like if they don't have the money or the political connections, they can't get these contracts."

FEMA came under intense criticism last year for awarding contracts on the fly in the weeks after Katrina struck, a practice that outside investigators have since concluded left the government vulnerable to waste and abuse. The four no-bid contracts for temporary trailers became prime examples of the problems with the agency's approach, as questions arose about how the companies, all giants in their field, were chosen .

The trailer contracts were originally supposed to be worth $400 million total but have ballooned in recent months to about $3.4 billion. They are still being reviewed by the Department of Homeland Security inspector general's office, and they have been cited in numerous investigations for poor oversight and high costs.

In October, FEMA Director R. David Paulison vowed to put the contracts up for bidding. But only part of the work ended up being competed for. In the spring, FEMA spun off the maintenance and eventual dismantling of the trailers to 36 small and minority-owned businesses under a $3.6 billion deal.

Meanwhile, Bechtel, CH2M Hill, Fluor and Shaw continued their work under the original, no-bid contract, as costs rapidly grew. Shaw will now receive up to $950 million for the work, Fluor will get up to $1.4 billion, Bechtel will receive as much as $575 million, and the CH2M Hill deal is expected to go as high as $530 million.

Lee said FEMA did not rebid more of the work because the four companies had already begun setting up the trailers and bringing in new contractors would have delayed the process.

In a conference call with reporters yesterday, Lee initially attempted to cast the new contracts as a rebidding of the original deals. But she later conceded the new contracts are separate and that work will continue into September under the old deals even now that the new ones have been awarded.

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She said the four companies were not at fault for the escalating costs and that the ultimate price tags were justified by the extraordinarily high demand for housing. "That's why the amount kept increasing -- because we kept ordering more work," Lee said, adding that the companies have "met our requirements."

Altogether, FEMA is paying up to $7 billion for 153,000 trailers, or about $46,000 per trailer. About 132,000 are now occupied by storm victims. Under law, FEMA provides housing aid for up to 18 months, meaning that the trailers will have cost about $2,500 a month.

Lee acknowledged that the incumbent firms had a leg up on their rivals for the contracts announced yesterday because of their performance under the initial deals but said the agency sought to be fair to all competitors, pointing to the selection of the two multiple-firm consortia in addition to the four giants.

One of those groups includes DynCorp International LLC, Parsons Corp. and Dewberry. Fairfax-based Dewberry worked extensively in the Gulf Coast under a FEMA contract to rebuild public infrastructure. The other consortium was led by PBS&J, also a major player in government engineering and construction work.

Lee said the plan in future emergencies is for the six winners to begin work setting up temporary housing for evacuees but hand off the job as soon as possible to local companies.

Rep. Bennie Thompson (D-Miss.), ranking member of the House Homeland Security Committee, said that he would have liked to see FEMA do more to reach out to firms other than the major national players but that the agency's approach to the contracts discouraged that.

"The bundling of so many different types of services under these contracts assures that small businesses are once again kept out of the game," Thompson said.

FEMA Awards Hurricane Housing Contracts (AP)

By Hope Yen, Associated Press Writer

The AP, August 10, 2006

The Bush administration on Wednesday awarded temporary housing contracts worth up to $1.5 billion for future hurricane disasters, including four to companies that previously received no-bid contracts for Katrina work.

Four of the six contracts awarded will go to Shaw Environmental & Infrastructure, Bechtel National, CH2M Hill Inc. and Fluor Enterprises Inc., which received similar contracts but without competition after Hurricane Katrina last fall.

Partnership for Temporary Housing and Disaster Solution Alliance also received contracts.

All six contracts were awarded following a competitive bidding process.

The six were chosen as winners out of 13 proposals based on the quality of plans, price and resource capacity, the Department of Homeland Security's Federal Emergency Management Agency said.

"The awarding of these contracts will go a long way toward ensuring the federal government is prepared and can act quickly," said FEMA Director David Paulison.

FEMA has come under criticism for awarding no-bid contracts initially worth a total of $400 million for Hurricane Katrina work to Shaw, Bechtel, CH2M Hill and Fluor, prompting a promise from Paulison last fall to rebid them.

Since then, FEMA has competitively awarded portions of the no-bid contracts to small and minority-owned firms for trailer maintenance. But it has also extended contracts for Shaw, Bechtel, CH2M Hill and Fluor to allow them to finish separate work on Katrina.

The value of the four big contracts was raised from $400 million to $2 billion last winter, and then raised again to $3.4 billion to allow completion of the work. Those four companies also were deemed among the most suitable for future disaster work, FEMA said.

Some of the companies have strong political and government ties, and Homeland Security inspector general Richard Skinner has been reviewing the propriety of the contracts, with a report expected in October.

The Shaw Group's lobbyist, Joe Allbaugh, is a former FEMA director and is a friend of President Bush, while Bechtel CEO Riley Bechtel served on Bush's Export Council from 2003-2004, and CH2M Hill Inc. and Fluor Corp. have done extensive previous work for the government. The companies have denied that connections played a factor.

"These large contracts are for our immediate emergency response," said Deidre Lee, FEMA's deputy director of operations and chief acquisitions officer. "We would use the six for an immediate response, and then transition the work to regional contracts."

Katrina Victims Still Waiting For Aid (AP)

By Melinda Deslatte, Associated Press Writer

The AP, August 10, 2006

Theone Watts is pulling waterlogged drywall out of her modest brick home, determined to gut and rebuild. So far, she is doing it with little government help.

"The money would help a great deal," said Watts, a 57-year-old resident of New Orleans' once-bustling Gentilly neighborhood. "But as I see it, a lot of it is going to have to be self-done. It's frustrating the money is slow to come."

More than 11 months after Hurricane Katrina, Louisiana's "Road Home" housing-aid program for victims of Katrina and Hurricane Rita has yet to come through with money for Watts or the roughly 100,000 others who have applied.

The first anniversary of Katrina at the end of August could come and go before they see the first dime. And it could be more than two years before the last of the money is handed out.

Designed by the state and funded by the federal government, the $7.5 billion Road Home will be one of the largest redevelopment programs in U.S. history. Road Home will provide grants of up to $150,000 per homeowner to buy them out or help them repair or rebuild.

It is for Louisiana residents with extensive home damage, and the idea is to make homeowners whole again, by giving them as close as possible to what they had before the storm.

But the bulk of the federal funding was not approved until almost 10 months after Katrina, caught up in disputes over the costs of the Iraq war and other spending. And the program had to run a gantlet of additional state and federal approvals.

Watts and others who can scrape together insurance dollars, loans or savings are rebuilding on their own for now. But others can only wait.

"I think there's a lot more waiting than have started in Cameron Parish," said Tina Horne, administrator of the southwestern Louisiana parish hard-hit by Rita, which flattened homes, fishing and hunting camps, and fields of sugar cane.

State officials hope the housing aid will start flowing before the end of August.

"We're going to move as rapidly as possible," said Michael Byrne, chief program executive for ICF International Inc., a Virginia consulting firm picked to run Louisiana's program.

Mississippi is setting up its own housing-aid program with federal dollars, but only for flooded-out homeowners who lived outside the floodplain. Grants are capped at $150,000. More than 16,500 people have applied, and the first applications have been approved, said Scott Hamilton of the Mississippi Development Authority.

In Louisiana, homeowners will need home inspections and damage assessments to determine if they are eligible. Title searches will also be have to be done to confirm the applicant owns the property. And any title disputes will add to the delays.

The grants will not arrive by check, but will instead be deposited in escrow-like accounts for people to draw down as needed to ensure they spend the money properly.

Those who were in a floodplain and had no flood insurance will have a 30 percent penalty taken off what they can receive. Homeowners who do not want to rebuild in Louisiana will get buyouts of as much as 60 percent of their homes' pre-storm value, up to the $150,000 cap. Any insurance proceeds will be deducted from the grant.

In New Orleans' well-to-do Lakeview section, volunteers from a church helped Eddie Bertrand carry soggy insulation and moldy debris from his home. Bertrand said that the insurance proceeds he received had already been put toward his mortgage.

What was left for rebuilding? "Pocket change," the 44-year-old replied.

Bertrand was skeptical of Road Home.

"You hear good news, then you find out it's far down the road. It seems like the Road Home is going to take place; I just don't naturally believe it's going to be enough. It won't make people whole," he said.

Study: Katrina Recovery Is A Mixed Bag (AP)

DOJ_NMG_0045907

By Alan Sayre, The Associated Press

The AP, August 10, 2006

The city is showing signs of rebirth nearly a year after Hurricane Katrina, but a lack of health care and other services and a dearth of affordable housing could stymie a full recovery, according to a study released Wednesday.

The Brookings Institution, a think tank in Washington, D.C., said positives include signs of a turnaround in the housing market and increased tourism and business travel.

"I think there are really some signs of promise, but many trends remain troubling," said Amy Liu, deputy director of Brookings' Metropolitan Policy Program.

Economic data paint two pictures. On one hand, the New Orleans work force, which has about 190,000 fewer workers than a year ago, has grown by about 14,700 in the past six months, the study said. But unemployment also has risen above pre-Katrina levels.

"This may mean that a good portion of the new workers in the labor force are returning residents entering the job market and not having much luck," the report said.

Education and health services have been the biggest losers, with a combined loss of 32,600 jobs — or 41 percent of the pre-Katrina count.

Affordable housing is key to the city's recovery, the study said. In the past six months, demolition of now-useless housing has picked up, and in Orleans Parish, 38,594 homeowners have received building permits for repairs and renovations. Katrina destroyed or badly damaged an estimated 160,000 homes in the New Orleans area.

At the same time, the study said, the number of houses put up for sale in Orleans Parish — 4,433 — far exceeded the number sold since Katrina — 273. The average sale price for a New Orleans home slid from $292,735 six months after Katrina to $247,436 in June, the report said.

And a two-bedroom apartment now rents for an average of $940 a month, a 39 percent increase from the previous year, the report said.

"Even people who are working temporarily for the rebuilding effort are having trouble finding housing," Liu said.

Recovery could be hampered by a lack of public transportation, child-care services and hospitals, the study warned. Less than half of bus and streetcar routes are running, a little more than a fifth of the pre-Katrina child care centers are available, half of the pre-storm number of hospitals are open, and devastated areas of the city still remain without electricity.

"This picture doesn't include data tracking the latest concerns about elevated crime levels and the spotty water-sewer infrastructure," the report said. "If the quality of services remains uneven and unreliable for much longer, families, even with housing assistance in hand, may vote with their feet."

WAR NEWS:

Rising Unease In Congress Over Iraq War (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, August 10, 2006

WASHINGTON

Signs this summer are pointing to an increasing unsettledness among Capitol Hill lawmakers - of both parties - over the war in Iraq and other US activities pertaining to the war on terror.

The unease was apparent even before Sen. Joseph Lieberman, a strong backer of US strategy in Iraq, took it on the chin Tuesday in Connecticut's Democratic primary. Important congressional votes related to the war on terror await lawmakers upon their return from their August recess, and many - especially those dismayed by Senator Lieberman's defeat - are using this month to calibrate the intensity of public sentiment on the Iraq conflict.

Before they left town last week, lawmakers questioned Pentagon officials about the Iraq campaign - and heard the civilian leaders offer a more positive assessment of progress than did military leaders reporting on the view from the ground. The Pentagon testimony was most out of sync over how close Iraq is to civil war.

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Their words prompted Sen. John Warner (R) of Virginia to signal that Congress may need to vote to authorize US troops to fight in a civil war in Iraq.

"The real question is: Will Senator Warner follow through, or will the White House put so much pressure on him that he won't follow through," says Larry Korb, who served as assistant secretary of Defense in the Reagan administration and is now a senior fellow at the Center for American Progress. "You can't win a civil war."

Whether Capitol Hill's unease over the course of events in Iraq grows may depend in part on the outcome of the fall congressional elections. "If Democrats get control of one house, they'll be able to get a hold of a lot of issues that are under wraps now and could change the climate even more," Mr. Korb says.

One major issue this fall could be the cost of the war. Senate appropriators had hoped to finish debate over next year's defense appropriations bill before the recess, but Senate majority leader Bill Frist instead opted to try to move a tax-cut package. A month's delay puts that debate closer to fall elections that will decide control of the House and Senate.

Since the 9/11 attacks, the cost of the war in Iraq, Afghanistan, and other global war on terror operations is $437 billion, according to a July 28 report by the Congressional Research Service. By law, the president is also required to estimate "reasonably foreseeable costs for ongoing military operations" for the next 12 months, unless he certifies that for national security reasons such an estimate is impossible.

Democrats are also raising the profile on the domestic effects of the global war on terror. Last week, Sens. Richard Durbin of Illinois, Edward Kennedy of Massachusetts, and Russ Feingold of Wisconsin called on President Bush to unblock a Justice Department investigation into whether lawyers who advised him to authorize warrantless domestic surveillance by the National Security Agency (NSA) were guilty of misconduct.

In an Aug. 1 letter to the White House, they announced a hold on the nomination of Steven Bradbury to be head of Justice's Office of Legal Counsel, citing his role in drafting a legal defense of the NSA program. On July 18, Attorney General Alberto Gonzales told a Senate panel that Mr. Bush personally blocked the probe by denying security clearances to Justice investigators.

"We strongly urge you to reconsider your decision," the senators wrote. "[This] investigation is an important and necessary step to restoring the faith of the American people in their government."

A wild card is whether the 109th Congress will open wide-ranging hearings and debate on the conduct of the Iraq war. Nothing is on the agenda yet, say GOP leadership aides. Twelve top Democrats - including ranking members of the armed services, intelligence, and foreign affairs committees- have called on Bush to start withdrawing US troops from Iraq this year.

"The sectarian violence is probably as bad as I've seen it. If it is not stopped, it is possible that Iraq could move toward civil war," said Gen. John Abizaid, commander of US military operations in the Middle East, at the Senate Armed Services Committee hearing last week.

After a closed briefing Aug. 3 with the full Senate, Defense Secretary Donald Rumsfeld dampened speculation about a shift in mission. "The Iraqi government needs our support, and that's the purpose of our mission. And we have no reason to believe that that mission will change," he said.

At a hearing earlier that day, Warner said lawmakers will have to examine "what Congress authorized the president to do in the context of a situation if we're faced with all-out civil war, and whether we have to come back to the Congress to get further indication of support."

Critics say Capitol Hill is slow to recognize the scope of Iraq's sectarian violence - and suggest fuller debate is long overdue. "The military is disagreeing publicly with the civilian leadership openly now," says former Vice President Walter Mondale (D), one of many former senators who follow the war debate. Senate committees need "to call in a bipartisan groups of scholars, leaders, and foreign commanders and do with this war what [Arkansas Sen. William] Fulbright did about the Vietnam War."

He adds: "We have to realize that just carrying on is not neutral. ...[A] lot of people, including the national security director of the Iraqi government, say our presence there is helping to increase anger.... We have to look hard at this."

Iraq Woes Roil Political Debate, Complicate Management Of War (WSJ)

By Jeanne Cummings And Yochi J. Dreazen

The Wall Street Journal, August 10, 2006

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WASHINGTON -- The spreading cloud cast by the Iraq war over congressional elections this year is testing the political skills of both parties and complicating Washington's management of the conflict.

Yesterday, the White House moved swiftly in an effort to stem rising antiwar sentiment, painting Democratic Sen. Joe Lieberman's defeat in the Connecticut primary by an outspoken critic of the war as a symbol of his party's weakness on national-security issues.

"A white flag [in Iraq] in short means a white flag in the war on terror," White House spokesman Tony Snow said, in assessing the Connecticut race.

Sen. Lieberman's defeat on Tuesday adds to evidence that the war is scrambling the political debate this year in ways neither Democrats nor Republicans can be sure of, and that -- in turn -- is affecting policy discussions in Washington.

Until recently, Republicans were largely unified in their strategy of backing the White House on Iraq and portraying criticism as tantamount to weakness. Now, North Carolina Republican Rep. Walter Jones, who has attended the funerals of U.S. servicemen, has called for a withdrawal of American troops from Iraq. Minnesota Rep. Gil Gutknecht, who warned Democrats in June not to go "wobbly" on the war, recently returned from Iraq shaken by what he had seen there.

The White House's slogan of "stay the course" is "politically unsustainable," Mr. Gutknecht said afterward.

Democratic challenger Ned Lamont's primary victory in Connecticut is likely to push Democrats who, like Mr. Lieberman, had supported the war, to adopt tougher rhetoric. New York Sen. Hillary Clinton recently stepped up her criticism of the White House by calling for the resignation of Defense Secretary Donald Rumsfeld.

The mounting political furor over Iraq, which coincides with deteriorating security conditions there, also means the Republican-led Congress is likely to use its short, post-Labor Day, pre-election session to cast a harsher public spotlight on the Bush administration's Iraq strategy and track record.

Connecticut Republican Rep. Christopher Shays, locked in a tight re-election fight, said in a telephone interview yesterday that soon after Congress returns from its summer recess, he plans to hold three hearings titled, "Iraq: A Democracy or a Civil War?"

Mr. Shays says he will call White House officials to participate in the hearings, where they could face tough questioning. "I'm much more concerned about Iraq than I was six months ago," says Mr. Shays, who is about to leave for his 14th visit to that country.

After senior military commanders gave Congress dire warnings last week about the potential for civil war in Iraq, Senate Armed Services Committee Chairman John Warner, a Republican, cautioned that "we have to examine very carefully what Congress authorized to do in the context of a situation if we're faced with an all-out civil war, and whether we have to come back to Congress to get further indication of support."

Lawmakers seeking ways to criticize the current situation in Iraq, short of calling for outright withdrawal, may decide to step up oversight of contracting mismanagement and apparent fraud there. A Senate proposal for tighter oversight of contractors has been stalled, but people familiar with the matter say that opposition has disappeared in recent weeks amid new evidence of shortcomings and misdeeds. They now expect the measure to pass this fall.

A big question is whether a growing number of lawmakers will push President Bush for some kind of plan or timetable for withdrawing troops from Iraq, and how he would respond. One reason for growing Republican concern: Contrary to public statements by American commanders earlier this year, it now appears the number of U.S. troops in Iraq won't be falling by the time Americans head to the polls in November.

As a result, Mr. Bush will face pressure even from his allies in Congress to outline a clearer definition of victory in Iraq and to provide some indication of when the troops might come home. Mr. Bush has resisted such demands to date, and is likely to continue doing so, for fear of emboldening the insurgency in Iraq and undercutting the Iraqi government.

While Congress has little direct leverage over Iraq policy before the election, a campaign centered around the issue could lead to a tougher debate next year over war funding. Against that backdrop, the challenge for the White House over the next two months will be discouraging potential defectors in President Bush's own party and demonstrating that Democrats will pay a political price in November for urging withdrawal.

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Republican National Committee Chairman Ken Mehlman tried to lay the groundwork for that strategy yesterday in a speech in Ohio. "Maybe it would be easier to leave Iraq. Maybe it would be easier to stay at home and hope it never happens to us again. But it would be wrong," Mr. Mehlman said.

Vice President Dick Cheney, in an interview with a small group of reporters, suggested the Connecticut results showed that "the dominant view of the Democratic Party" is a retreat in the war on terror, "that somehow we can retreat behind our oceans and not be actively engaged in this conflict and be safe here at home, which clearly we know we won't -- we can't be."

Meanwhile, the National Republican Senatorial Committee tried to force Democrats who are facing tough re-elections bids, such as Sen. Maria Cantwell of Washington, to choose between the Lieberman and Lamont positions on the war.

In Connecticut itself, an organization of mainly Republican veterans of the wars in Iraq and Afghanistan is working with Republican strategist Dan Senor to boost Mr. Lieberman's efforts to win re-election as an independent. Mr. Senor is working in an unpaid capacity for Vets for Freedom, which plans to kick off its pro-Lieberman push with a full-page ad in Monday's Hartford Courant that praises Mr. Lieberman for "integrity, leadership, and unwavering commitment to America's troops."

The organization hopes to run other print and radio ads in the fall, and is also planning on campaigning door-to-door for Mr. Lieberman and holding a public rally on his behalf. "These vets are grateful to Sen. Lieberman for not letting politics compromise his positions, and they wanted to express that," Mr. Senor says.

Republican leaders are betting that the Connecticut results were more a reflection of the growing anger of the Democratic base, rather than the country as a whole. But some political experts are growing increasingly skeptical that a Republican strategy of tagging the Democrats as weaklings will succeed amid the images of bloodshed coming from Iraq.

"What voters are saying is they want to have a sense of a plan for victory, what it will look like, and not just something we will stumble into," says Michael Franc, of the conservative Heritage Foundation.

Even if they aren't calling for troop withdrawal, more Republicans are talking about the need for a better strategy in Iraq. Maryland Republican Michael S. Steele, who is campaigning for a critical open Senate seat, recently heaped criticism on the White House's handling of the war, saying there is a need to go to "plan B." It is a position he readily admitted would appeal more to his state's heavily Democratic electorate.

In Virginia, Vietnam veteran and former Reagan Navy Secretary Jim Webb is building his Democratic campaign against Republican incumbent Sen. George Allen around a vow to use his insider's knowledge to better scrutinize the Bush administration's management of the war. And Nebraska Sen. Chuck Hagel has put some distance between himself and other potential Republican presidential candidates in 2008 by becoming a regular critic of the White House foreign policy, including its handling of Iraq.

3 U.S. Soldiers Killed In Western Iraq (AP)

By Robert H. Reid, Associated Press Writer

AP, August 10, 2006

Three American soldiers were killed Wednesday in the Sunni insurgent area west of Baghdad, and Iraqi officials said about 1,500 people died violently last month in the capital — many shot execution-style by sectarian death squads.

The soldiers were assigned to the 1st Brigade, 1st Armored Division, a U.S. statement said. The brigade operates around Ramadi, capital of Anbar province where support for the Sunni insurgency is strong.

In addition, two Americans were missing Wednesday after a UH-60 Black Hawk helicopter went down the day before in Anbar province. The helicopter crashed in an unspecified body of water and divers were searching for the missing troops, the military said. The crash was not due to hostile fire, the U.S. said.

The deaths brought to at least 17 the number of American service members killed in Iraq this month. All but five died in Anbar, indicating the ongoing threat from Sunni insurgents at a time when attention has been focused on violence between Sunnis and Shiites in Baghdad.

On Wednesday, deputy Health Minister Dr. Sabah al-Husseini said about 1,500 violent deaths were reported last month in the Baghdad area — excluding members of the U.S.-led coalition.

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The assistant manager of the Baghdad morgue, Dr. Abdul Razzaq al-Obeidi, said 1,815 bodies were brought in last month, and about 85 percent had died violently. The biggest cause of violent deaths was gunshot wounds, mostly in the head, he told The Associated Press.

Head shots are generally associated with death squads that roam the capital seeking victims from the rival Muslim sect. Violence between Shiite and Sunni extremists has been surging since the Feb. 22 bombing of a Shiite shrine in Samarra.

Four people were killed and five wounded when fighting broke out late Wednesday between gunmen and residents of a Shiite community in north Baghdad. police Lt. Salim Ali said. Sporadic clashes were continuing, he said.

Four people were killed and 16 wounded in an explosion late Tuesday at a Shiite mosque in Baqouba, a religiously mixed city 35 miles northeast of Baghdad. Several nearby buildings were damaged.

In a statement Wednesday, the Shiite Endowment, which takes care of Shiite shrines in Iraq, blamed "terrorists" for the blast and demanded that government forces protect places of worship in the area — scene of numerous car bombings, kidnappings and armed attacks by Sunnis and Shiites.

The rise in sectarian violence has dashed U.S. hopes that installation of the national unity government would set the stage for a significant drawdown in the 127,000-member U.S. military force here.

Instead, the U.S. military is rushing 12,000 American and Iraqi soldiers to Baghdad to regain control of the streets from Sunni insurgents, Shiite militiamen, criminals and freelance gunmen.

U.S. officials have refused to say how many reinforcements have arrived in the capital, although some of them have been seen patrolling a tense Sunni neighborhood in west Baghdad.

Maj. Gen. William Caldwell told reporters Wednesday that the buildup would take place gradually and the new operation needs the cooperation of the Iraqi public to succeed.

"They have to be involved. The Iraqi people have to want this to work. If they are not involved ... then there is no solution," Caldwell said.

His appeal reflects the private frustration of some U.S. officials that Iraqis are reluctant to provide information on gunmen hiding in their neighborhoods.

More significantly, many of the sectarian militias responsible for the violence are linked to political parties that are part of Prime Minister Nouri al-Maliki's government, which took office May 20.

Some U.S. officials have said Iraqi commanders themselves are frustrated over what they consider a lack of support from politicians.

Al-Maliki, a Shiite, strongly criticized a U.S.-Iraqi raid Monday on a Shiite neighborhood in which three people were killed. The raid was directed at the stronghold of the Mahdi Army militia of radical cleric Muqtada al-Sadr, an ally of the prime minister.

Caldwell defended the operation, saying U.S. and Iraqi forces tried to avoid civilian casualties and escalated the use of force only after drawing heavy fire from gunmen.

Caldwell said "these death squads, the anti-Iraqi elements" were hiding "within the civilian population" to make it difficult "to get to them without inflicting casualties on civilians."

"They know exactly what they're doing by where they're placing themselves," he said.

Associated Press correspondents Rawya Rageh, Qais al-Bashir, Qassim Abdul-Zahra, Sameer N. Yacoub, Ryan Lenz, Vijay Joshi and Bushra Juhi contributed to this report.

Baghdad Morgue Tallies 1,815 Bodies In July (WP)

By Andy Mosher

The Washington Post, August 10, 2006

BAGHDAD, Aug. 9 -- Figures compiled by the city morgue indicated Wednesday that the number of killings in the Iraqi capital reached a new high last month, and the U.S. military said a new effort to bring security to Baghdad will succeed only if Iraqis "want it to work."

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The Baghdad morgue took in 1,815 bodies during July, news services quoted the facility's assistant manager, Abdul Razzaq al-Obeidi, as saying. The previous month's tally was 1,595. Obeidi estimated that as many as 90 percent of the total died violent deaths.

Since the bombing of a Shiite shrine in the northern town of Samarra in late February, Baghdad has been ravaged by sectarian violence. Shiite militiamen conduct almost nightly raids on Sunni neighborhoods, and Sunni insurgents frequently bomb Shiite mosques and other gathering places. A report from the United Nations combining morgue and hospital body counts for June showed that, on average, more than 100 people were being killed every day.

On Tuesday, the U.S. military announced the start of the second phase of a U.S.-Iraqi crackdown aimed at securing Baghdad known as Operation Forward Together. A key element of the new phase is the transfer of thousands of U.S. troops to Baghdad from elsewhere in Iraq, but the military's top spokesman told reporters Wednesday that force of arms alone cannot bring peace to the capital.

"The key thing about this operation is that . . . it counts on the Iraqi citizens," said Maj. Gen. William B. Caldwell. "They have to be involved. The Iraqi people have to want this to work. If they are not involved, if they're not willing to commit, if they're not willing to be a part of the solution, then there is no solution."

Cautioning that "military force alone cannot achieve peace, it can only set the conditions to allow for peace to take hold and to grow," Caldwell said that an essential part of the heightened security effort is the Iraqi government's program aimed at national reconciliation.

Iraqi officials have made similar assertions in recent weeks. On Monday, Prime Minister Nouri al-Maliki expressed displeasure at a U.S.-Iraqi raid on Baghdad's Sadr City neighborhood, saying it employed excessive force -- including fire from U.S. aircraft -- that could doom reconciliation efforts.

Caldwell said the raid, conducted before dawn on Monday, was an "Iraqi-run operation" intended to apprehend a suspected death-squad leader. "I think everybody understands that the intent was to go in, apprehend the individual in question and come out," he said.

"Nobody intended to have to use force unless absolutely necessary. The Iraqi security forces . . . came under such intense, heavy fire from elements there that they had to use some air support in order to extract themselves safely," he said.

...

Assailants killed five people and wounded two in western Baghdad when they opened fire on a street vendor grilling fish, an Interior Ministry source said.

In western Iraq, a U.S. Army UH-60 Black Hawk helicopter carrying six crew members crashed Tuesday during "an area familiarization flight," the military said in a statement Wednesday. Four soldiers survived and were reported in stable condition. Two were reported missing.

The statement said the crash did not appear to be a result of enemy action.

Shiites Redefine Battle In Baghdad (USAT)

By Jim Michaels

USA Today, August 10, 2006

BAGHDAD — More people in Baghdad are being killed by Shiite death squads than by al-Qaeda and Sunni insurgents, who had been the main focus of U.S. and Iraqi forces in the capital, the top U.S. commander in Iraq said Wednesday.

Though Gen. George Casey did not say that the trend in sectarian killings was evidence of a civil war, he said: “The conflict here is transitioning from an insurgency against us to a struggle for a division of political and economic power among the Iraqis. That's what's happening in Baghdad.”

A United Nations report said about 100 Iraqi civilians were killed each day in June. Iraqi Health Ministry officials said Wednesday that about 1,500 people in Baghdad died violently in July, the Associated Press reported. Casey said about 60% of recent killings here are the work of Shiite death squads. Al-Qaeda and related groups are responsible for the rest, he said.

Many of the political parties in Iraq's Shiite-led government are affiliated with sectarian militias, which raises the risk that U.S. forces could alienate Iraqi political leaders if they crack down too hard on armed Shiite groups.

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Casey said U.S. and Iraqi forces will dismantle all death squads, regardless of affiliation. "We're going after people who are actively killing and murdering other Iraqis," Casey said in an interview.

The Mahdi Army, a Shiite militia loyal to radical anti-U.S. cleric Muqtada al-Sadr, has become the chief focus of efforts to stop death squads, according to Iraqi and U.S. officers. "The Mahdi militia is strong," said Iraqi Col. Talib Abdul Razzaq, a battalion commander in Baghdad. "Their weapons are good. They are able to defeat the Iraqi army."

Al-Sadr's political party has seats in parliament and controls some ministries. The cleric's role as both a political player and head of a private army puts Iraq's government in a sensitive position. Tuesday, Prime Minister Nouri al-Maliki criticized U.S. and Iraqi troops for "excessive force" in a raid on al-Sadr's stronghold in Baghdad's Sadr City slum. Al-Maliki said in a TV interview that he ordered the operation stopped.

U.S. forces put down an armed uprising by the Mahdi Army in Sadr City and Najaf, south of Baghdad, in 2004. More recently, the militia has gained strength in the capital. Mahdi has 6,000 to 10,000 men in Baghdad, Razzaq said. "Each section of Sadr City has its own leader," he said. "But there is no coordination among them."

The rise in Shiite violence has hurt efforts to draw Sunnis into the political process. Sunni leaders are reluctant to put down their arms if Shiite militias retain theirs. Sunnis "are siding with al-Qaeda because they see them as someone who can protect them and defend them," Casey said. "The people who are talking to us on the Sunni side have gone to ground and don't really want to talk to us right now."

U.S. and Iraqi forces have launched an offensive in Baghdad aimed at dismantling death squads of all stripes and reducing violence. This week, the U.S. military announced the second phase of the offensive, which calls for bringing more than 5,000 additional U.S. troops and 6,000 additional Iraqi forces into the capital in coming weeks. They will reinforce the 7,200 U.S. troops and 43,000 Iraqi police and soldiers in Baghdad.

Blast Near Major Shiite Shrine Kills 24 (USAT/AP)

By Associated Press

USA Today, August 10, 2006

NAJAF, Iraq (AP) — Two bombs exploded in a market near a highly revered Shiite shrine in Najaf on Thursday, killing at least 24 people and injuring 30, doctors said.

The bombs went off near the Imam Ali mosque, which contains the tomb of Prophet Muhammad's son-in-law, Ali, and is one of the world's most sacred shrines for Shiites.

At least 24 people were killed and 30 injured, said Dr. Isa Mohammed at the Al-Hakim hospital in Najaf, 100 miles south of Baghdad. The number of casualties was expected to rise, he said.

Najaf and its twin city of Kufa, a stronghold of anti-American cleric Muqtada al-Sadr, are tightly controlled by Shiite guards and police to prevent attacks by Sunnis. The two communities have been embroiled in tit-for-tat attacks that many fear could lead Iraq to civil war.

The last major attack in the twin cities occurred on July 18, when a suicide car bomber detonated explosives in a crowd of laborers gathered across the street from another major Shiite shrine in Kufa, killing at least 53 people and wounding 105.

On Patrol, Iraqis Prove Eager, Erratic And Green (NYT)

By Damien Cave

The New York Times, August 10, 2006

BAGHDAD, Iraq, Aug. 9 — The American soldiers stopped at the corner to watch 20 members of the Iraqi national police force search a Sunni mosque in Dawra, a violent neighborhood in southern Baghdad at the heart of the new American drive to secure the capital.

The first camouflaged Iraqi emerged proudly with a quarter-pound of TNT, which he immediately delivered to the Americans. Others handed over evidence bordering on the bizarre: a roll of white string and a pink dress.

"It's funny, they do this all the time — 'Hey, check this out,' " said Lt. Col. Gregory K. Butts, commander of the United States Army infantry battalion responsible for Dawra. He shook his head at the mix of eagerness and lack of discipline in a unit that

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nominally, at least, had been fully trained. "Then they go in and get something else," he said. "We're close by in case they need some help."

Baghdad was supposed to be the showcase for an Iraqi force that was strong enough to manage the city of six million to eight million, and could eventually take over as American troops pull out of Iraq. But as the city has slid into increasing chaos, the American military has reversed course, sending thousands more troops in to bolster the raw Iraqi forces who have been assigned control of 70 percent of the capital in recent months.

Several days spent in Dawra with the Americans and accompanying Iraqi units, including the Sixth Brigade of the national police force, illustrated some of the shortcomings that American officers say the Iraqis still show. Two years after the start of an all-out training effort by the United States and its allies, many of the early troubles remain: weak discipline, divided loyalties, failure to complete tasks, the tendency to fire wildly in every direction at the first sign of danger.

In Dawra, American commanders said they were concerned that their Iraqi counterparts had leaked the plan of the search operation, tipping off residents. In some of the roughly 5,000 buildings searched in the neighborhood, Iraqi officers failed to scour entire floors, then flashed Americans an O.K. sign as if they had. And one Iraqi accidentally shot another, sending him into shock.

Maj. Gen. William B. Caldwell IV, the spokesman for the American military in Iraq, said Wednesday that Iraqis were in the lead during the raids and "doing an extremely good job at what they're doing."

But on the ground, the reviews were mixed.

In the early morning darkness Tuesday, as he walked into the headquarters of the Iraqi national police brigade in Dawra, Colonel Butts said the Iraqi forces he worked with were improving. He praised Brig. Gen. Abdel Karim Rahman al-Azi, the commander of the Sixth Brigade, for injecting discipline into the ranks.

Moments later, he was told that General Karim was not yet awake, despite having a meeting scheduled. Colonel Butts waited a half-hour past the appointed time, then left declaring, "Well, time to get out there and command and control."

Two hours later, General Karim still had not appeared. His men and their American counterparts waited on 60th Street, between gated stately homes and an empty lot rife with burning trash. The Americans stayed close to their Humvees, weapons ready. The Iraqis, ragtag in mixed uniforms, wandered up and down the street or sat in circles drinking tea.

Two 24-year-old officers sitting on the back gate of an Interior Ministry pickup truck said they received no specific training for the mission. They said they had spent only a day or two learning how to search homes when they first joined the force a year ago.

A block away, the operation looked more methodical. Americans led Iraqis from house to house, marking on maps and with orange stickers what had been cleared. In occupied houses, they asked and received permission to enter — and received praise from residents who complained that earlier sweeps by the Iraqi unit that the Sixth Brigade had replaced had led to unnecessary destruction.

In one squat concrete home, an American sergeant and about six Iraqis moved from room to room while the owner, an older woman in a full black abaya, sat on a bed by the stove and watched. When a revolver was found, she was told that it would be confiscated because Iraqi law permitted only one AK-47 per family.

Smiling, the woman said she appreciated the American presence and hoped the raids would make the neighborhood safer. "I never leave the house because I'm too afraid," she said.

Even here though, Iraqi forces needed to be taught. Dawra is one of several Baghdad neighborhoods that tried recently to prohibit national police units from entering after several people were abducted by men in uniforms and were later found dead. American officers said their mission was not just to make the city safe, but also to shore up support for beleaguered Iraqi forces.

So when Colonel Butts checked in, he immediately zeroed in on two young Iraqi officers wearing bandanas over their faces.

"Tell them to take off their masks, please," he told his translator. "We're not insurgents."

The house, like many houses here, also held another mystery — the woman's two working-age sons were nowhere to be found. The consensus among American officers and soldiers was that the area had emptied out because the plan had been leaked by some of the same commandos who were now working beside them.

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"Iraqi nationals told us they knew five days ago that we were coming," said Sgt. First Class Darryl Money, 33. "We'll never find what we should have."

He said the problem seemed to be a weak command structure — in particular the absence of experienced corporals and sergeants to keep the men on task. "They're good in the morning. By noon, they're gone," he said. "For them, this is just a paycheck until they get tired."

Near the end of 12-hour shifts on Tuesday and Wednesday, Iraqis had in fact started to give up. Some sat on furniture outside people's homes. Others sipped water with residents while Americans like Sgt. Ambrose Moriba, 26, methodically lifted mattresses and opened closet doors in every room with only one loyal Iraqi at his side.

Phase 2 of the plan for Dawra includes immediate trash removal from areas that are secure. But the program also seemed to suffer from a reliance on Iraqis. After cleaning up part of the Dawra market on Monday, the contractor hired to clean the streets failed to show up on Tuesday, promising to arrive later in the week. Lt. Col. Joseph Gandara, the lead Army engineer in charge of the project, said he was not surprised.

"Iraqis have had a top down government for so long, they just don't know how to deal with anything that's bottom up," he said. "They come to us because they think we have power, so we can fix it."

Some of the Americans leading teams of about eight Iraqis tried to play tough. "Come on, get in there," one yelled at a handful of Iraqi officers smoking outside a home that had yet to be searched on Tuesday. But many let the small things go in an effort to build confidence.

General Karim dismissed the errors of his men as "administrative mistakes" in an interview Tuesday. He said British and Australian training programs left many of them without the skills they needed.

Colonel Butts said continued training was critical to Iraq's future. "Everything we do is another training event for the national police," he said, adding: "The sectarian violence is an Iraqi problem. It has to have an Iraqi solution."

At the Dawra mosque, where no Americans were allowed to enter, that solution worked at times, but not at others. Colonel Butts praised the Iraqi officers for assembling close together before crashing through a second floor door, but said he would have searched more methodically, using four men to search room to room.

When the Iraqis emerged with evidence of violent activity, Colonel Butts seemed pleased. When they came out with four detainees, the Iraqi-American contrast sharpened. The Iraqis immediately began interrogating the men with shouts. They rubbed the four men's fingers for a field test for explosive residue test; the cross-hatched strip came up colored, faintly positive, according to the Iraqis. One of the men was crying and pleading to be put in a truck with senior officers because he feared that the others who interrogated him would kill him.

The Americans decided to check again. Two of the men's tests came up negative. With Americans watching, Iraqis cut off their plastic flexcuffs and returned their cellphones.

General Karim shook their hands. "Congratulations," he said, "on your freedom."

Four Arrested In U.S. Journalist's Kidnapping (NYT)

By Paul Von Zielbauer

The New York Times, August 10, 2006

BAGHDAD, Iraq, Aug. 9 — American marines have captured four Iraqi men suspected of playing a role in the kidnapping of an American journalist, Jill Carroll, in Baghdad in January, American military officials said Wednesday.

Maj. Gen. William B. Caldwell IV said the four men, whom he declined to identify, were arrested in the Sunni Arab-dominated region west of Baghdad. On Wednesday, an American spokesman referred reporters to an article about the captures of the men posted on a Web site that describes itself as the official Web site for the multinational force in Iraq, which says that three of the four were arrested by marines on May 19, during a sweep of a home they suspected of having been a safe house where Ms. Carroll was kept. It says that a fourth was arrested later. The Web site is www.mnf-iraq.com.

Ms. Carroll, who was at the time of her abduction a freelance reporter for The Christian Science Monitor, was abducted on Jan. 7 as she traveled to an interview with a Sunni Arab politician in western Baghdad. She was released on March 30, and during her captivity was apparently held in several houses in the Anbar Province and perhaps one in Baghdad.

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Acting on details of her confinement that Ms. Carroll gave them after her release, marines searched four houses where military officials now believe she was held captive during her three-month ordeal, military officials said.

General Caldwell said one of four Iraqi suspects was a member of the Mujahedeen Shura Council, an umbrella group for several Sunni insurgent groups linked to Al Qaeda. The four were arrested in a series of home searches in Anbar Province, a region where several insurgent groups have battled American and Iraqi forces.

The series of home searches began with basic detective work by a young marine lieutenant from the Third Battalion, Fifth Marine Regiment, earlier this year, General Caldwell said. Perusing intelligence briefs and reports that described what Ms. Carroll told American officials about her surroundings during captivity, the marine noticed that the description of green metal window bars and a driveway gate matched those at a home outside the town of Habbaniya that marines had spotted in patrols, General Caldwell said.

The marines asked to search the house, he said, and found items inside, including a bookshelf in an upstairs bedroom, that matched descriptions Ms. Carroll had given of a home where she was held.

The marines arrested the home's owner. Information he gave military interrogators led the marines to three other homes, in an eastward direction toward Baghdad, General Caldwell said. They arrested the Shura Council member after searching the second home, he said.

During a search of the third home, north of Abu Ghraib, several miles west of Baghdad, soldiers from the Fourth Infantry Division freed two hostages and arrested three more people. Information from those people led to the fourth house, on the west side of Baghdad, where officials now believe Ms. Carroll was also held during her detention, General Caldwell said.

It was unclear what the overlap was, if any, with the four men described by General Caldwell as having been arrested by the marines and the three arrested by the soldiers, or who the two other hostages were. It was also unclear why the military waited so long to announce the arrests.

He praised the marines who read the intelligence reports and matched details in them to those they noticed while on the streets of dangerous cities.

"Probably the best factual intelligence we're going to find are those young marines on the streets" patrolling Anbar Province, the general said.

American officials who worked on finding and freeing Ms. Carroll earlier this year believed she was being held in Baghdad. Dan O'Shea, the former coordinator of the Hostage Working Group, which operates out of the American Embassy here, said Wednesday that he was not surprised to learn that Ms. Carroll might have also been held in homes in Anbar Province.

"Every time the individual is moved, they are being sold up the food chain to another group," he said in a telephone interview from Tampa, Fla., on Wednesday. "A lot of the victims, without doubt, have been removed from Baghdad to the Falluja area."

In November 2004, marines conducting a raid in Anbar Province found a 20-page "kidnapping manual," he said, describing it as having been prepared by the Lebanese militia Hezbollah. "The insurgent rings are using kidnapping activities to fund themselves," Mr. O'Shea said. "This is stuff they've learned."

Three American soldiers with the Army's First Brigade, First Armored Division died Wednesday in fighting in Anbar Province, the military said. This week has been particularly brutal for that brigade, which lost another soldier to enemy fire on Sunday.

On Tuesday, a Black Hawk helicopter from the Third Marine Aircraft Wing crashed in Anbar Province with soldiers on board during an "area familiarization" flight, the military said. The cause of the crash, which pitched the helicopter upside down into a body of water, was a mechanical problem, General Caldwell said Wednesday. Divers were still searching for two missing crew members, he said. The remaining four passengers and crew members were in stable condition, the military said.

In Baghdad on Wednesday, gunmen shot dead a fish vendor and four customers in a drive-by shooting near a gas station, an Interior Ministry official said. Six bodies were found on Wednesday in various areas in Baghdad, the official said.

Gunmen shot and killed a police officer in Falluja near his home on Wednesday afternoon, the police said. There was no immediately apparent motive for the killing of the officer, identified by the police as Hazim al-Janabi.

U.S. Troops Arrest 4 In Jill Carroll Kidnapping (LAT)

By Louise Roug

The Los Angeles Times, August 10, 2006

BAGHDAD — Marines have arrested four men suspected of kidnapping American journalist Jill Carroll earlier this year, a U.S. military spokesman said today.

The kidnappers grabbed Carroll, a freelance writer working for the Christian Science Monitor, outside a Sunni political office in Baghdad in early January. The 28-year-old was held in captivity almost three months in different locations before being released March 30.

The four suspects were detained west of Baghdad in the Anbar province at least a month ago, according to another military official. It was unclear why the military chose to announce their detention now.

Meanwhile, the military continued searching for two airmen missing after their Blackhawk helicopter crashed in Anbar on Tuesday. Four other crew members have been evacuated, according to the military.

Meanwhile, at least 13 people were killed in a series of incidents involving gunmen, explosions and a suicide bomber in and around the capital. Morgue officials released statistics today showing that more people were killed in July than any other month since the war started.

The arrests took place after Marines interviewed the owner of a house whose interior included features that led military officials to believe it was one of the locations where Carroll had been held, Maj. Gen. William Caldwell told Associated Press.

"After questioning that suspect, Marines identified additional locations where Jill Carroll was believed to have been held," Caldwell said.

Caldwell said one person was arrested at one of those locations. The three others were arrested at another place north of Abu Ghraib in a raid during which two hostages were freed.

At a news conference, military officials presented a video and photographs taken by Marines at one of the homes, which had a green gate and floral designs on its front door, where they suspect Carroll was held.

Four Iraqis Are Held In Kidnapping Of Reporter (WP)

By Andy Mosher

The Washington Post, August 10, 2006

BAGHDAD, Aug. 9 -- U.S. military forces have arrested four Iraqi men in connection with the kidnapping of Jill Carroll, an American journalist who was held captive for 82 days before being set free on March 30, a military spokesman said Wednesday.

Following a trail of clues that led them to four locations in and around Baghdad, U.S. soldiers and Marines apprehended men alleged to have been among Carroll's captors, said Maj. Gen. William B. Caldwell IV, the military's top spokesman in Iraq.

Three of the sites were confirmed as places where Carroll had been held, including a house near Habbaniyah, about 40 miles west of Baghdad, that was the last place the kidnappers took her, Caldwell said.

"Troops on the ground, young Marines and sailors, paid attention to what may have been considered minor details at the time" to help identify the first site, Caldwell said.

He did not name the four detainees. They are being held by the military pending a decision on whether they will be charged with any crimes, Caldwell said. An FBI spokesman in Washington, Richard Kolko, said in a statement that "this matter remains an ongoing FBI investigation and any questions about potential prosecution will be addressed at a later date."

Carroll, 28, was working as a freelance reporter for the Christian Science Monitor when she was abducted on Jan. 7 in west Baghdad. Gunmen ambushed her car as she was leaving the office of a Sunni Arab political leader, killing her translator, Allan Enwiyah, 32.

The kidnappers, who identified themselves as the Vengeance Brigades, released three videos of Carroll in captivity and demanded that all Iraqi women in U.S. detention be released. U.S. forces freed some women, but said that move was unrelated to the kidnappers' threats.

Carroll was eventually freed outside an office of the Sunni-dominated Iraqi Islamic Party in west Baghdad.

The Monitor, where Carroll now works as an editor, welcomed the arrests. "Like reporters everywhere, we are reassured to hear that several of those believed to have held Jill have been apprehended," editor Richard Bergenheim told reporters in Boston.

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"The daily threat of kidnapping in Iraq remains acute for all. Everything possible needs to be done to relieve Iraqis and others of this scourge.

"Those that are reporting in Iraq, those living in Iraq, are a bit safer today," he said.

The Monitor plans Monday to begin publishing an 11-part series chronicling Carroll's kidnapping. Caldwell said information released by the newspaper in advance of the series led the military to announce the arrests on Wednesday.

For example, a promotional video on the Monitor's Web site states that Carroll was moved nine times during her captivity. Caldwell said that while the military has only identified three places where she was held, the number could be higher.

Caldwell did not say when the searches and arrests occurred. But the Associated Press, reporting details of the case that it had agreed to withhold until the arrests were announced, said the house near Habbaniyah was discovered and the first arrest made on May 19. The house lies within view of a fence that surrounds the Taqqadum logistics base, where dozens of U.S. helicopters and planes fly in and out each day ferrying supplies for Marines serving in western Iraq.

First Lt. Jake Cusack, 24, of Grand Rapids, Mich., had put together intelligence reports to conclude that the house was likely used to hide Carroll, the AP reported. Marines decided to check it out.

On the afternoon of the operation, 20 Marines driving to the targeted home were struck by a roadside bomb, although none was injured. Shortly afterward, a second bomb exploded, and insurgents fired on the Marines from a car. "We knew it was a limited time window," Cusack told the AP. "It was our best shot at it."

When they arrived at the house, the Marines told the owner that their stopover was a routine visit. While several spoke with the man in his living room, others quickly searched the rest of the home. They confirmed that the house matched their intelligence reports. They said they also found a slip of paper with Carroll's name written on it, $3,600 in U.S. currency and an AK-47 assault rifle hidden in a car outside.

"Hey, sir, don't react but this is it," Cusack recalled radioing to his commanding officer, who was still chatting with the suspect.

Marines said the owner calmly responded to their questions -- until one Marine mentioned how a recent spate of kidnappings in the area had angered him. "He blanches, just for a second, then [a Marine] says, 'All right, you're coming up with us,' " Cusack told the news service.

Caldwell, the military spokesman, said evidence gathered at the first house led to a raid on a house near Fallujah. That house, Caldwell said, was believed to be the residence of one of the kidnappers, a member of the Mujaheddin Shura Council, an insurgent coalition that includes the group al-Qaeda in Iraq. Marines arrested one man there, but it was unclear whether he was the targeted council member.

A third raid, this time by members of the U.S. Army's 4th Infantry Division, was conducted at a house where Carroll apparently was held near Abu Ghraib, just outside Baghdad.

The soldiers found and disarmed "devices that had been set to intentionally inflict harm on them if they entered the home. . . . And going in, they did find two hostages -- two kidnap victims in this home here, which they were able to free and return them back to their families," Caldwell said.

Evidence gathered at the Abu Ghraib house, Caldwell said, led to a fourth site in Baghdad's Kadhimiyah neighborhood -- another spot where Carroll was believed to have been held.

Marines: Carroll Was Held Near Iraq Base (AP-Y)

By Antonio Castaneda, Associated Press Writer

AP, August 10, 2006

U.S. Marines who cracked the Jill Carroll kidnapping case say the American journalist was held for a time in a home within sight of a sprawling U.S. military base in western Iraq.

The Marines said the big break occurred May 19 when they searched a suspect's home near the Taqqadum logistics base seven weeks after Carroll's release. A young lieutenant linked the residence to intelligence reports in the case.

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After one man was arrested near Taqqadum, other troops captured three more suspects and freed two kidnapped Iraqis in other hideouts where Carroll is thought to have been held, including a house that was booby-trapped and full of explosives, the U.S. command said Wednesday.

One of the suspects is a member of the Mujahedeen Shura Council, an umbrella organization of Sunni Arab insurgent groups that includes al-Qaida in Iraq, said Maj. Gen. William Caldwell who announced the arrests. He said no decision had been made on what legal action to take against the four.

The Associated Press spoke with the Marines last month on condition the interviews not be published until the U.S. military reported the arrests.

Caldwell said the military decided to announce the detentions in part because Carroll had prepared a series of articles for the Christian Science Monitor detailing her abduction, detention and survival.

Carroll, a freelance journalist for the Monitor, was released March 30 in Baghdad after 82 days in captivity.

Her kidnappers, a previously unknown group calling itself the Revenge Brigade, had threatened to kill her if all female detainees in Iraq were not freed. U.S. officials did release some women before her release but said the decision was unrelated to the demands.

Marines said independent tips led them to a cluster of houses near an abandoned train station outside the Taqqadum base, near Fallujah and about 50 miles west of Baghdad. A one-story home in the relatively peaceful neighborhood that Marines often drove by matched the tips.

"Where it's at, there's a mosque, a school. It blends into the neighborhood. It's like any other house," said 1st. Sgt. Chris Reed, 32, of Kirkland, Wash., who helped arrest the first suspect.

On the afternoon of the operation, 20 Marines from Company L, 3rd Battalion, 5th Regiment driving to the targeted home were struck by a roadside bomb, although none was injured. Shortly afterward a second nearby bomb exploded and insurgents fired from a car several hundred yards away.

"We knew it was a limited time window. It was our best shot at it," said 1st Lt. Jake Cusack, 24, of Grand Rapids, Mich., who matched together the intelligence reports that led to the home.

Marines who arrived at the suspect's house presented their stopover as a regular visit. While several spoke with the suspect in his living room, others quickly searched the rest of the home.

Inside, Marines confirmed the house matched their intelligence reports. They said they also found a slip of paper with Carroll's name written on it, $3,600 in U.S. currency and an AK-47 assault rifle hidden in a car outside. They also discovered a false ceiling in the shower, which had been used to hide explosives in the past.

"Hey, sir, don't react but this is it," Cusack recalled radioing to his commanding officer, who was still chatting with the suspect.

Marines said the suspect calmly responded to their questions — until one Marine mentioned how a recent spate of kidnappings in the area had angered him.

"He blanches, just for a second, then (a Marine) says, 'All right, you're coming up with us,'" recalled Cusack.

Three males at the home were detained, including the one now among the accused in Carroll's abduction.

Marines said they were confident they had found the right house and man. "I'm more sure about this than any other detention I've had in Iraq," Cusack said. "I'm 100 percent sure he's the guy."

The suspect's home lies within view of a fence that surrounds the Taqqadum logistics base, where dozens of U.S. helicopters and planes fly in and out each day ferrying supplies for Marines serving in volatile western Iraq.

"They didn't seem to worry that they were that close to a military base. Maybe they thought it'd be the last place anybody would look," Reed said.

On the day of her release, Carroll was dropped off by her abductors at the offices of the Iraqi Islamic Party in Baghdad. There she was interviewed by the Sunni party's television station before she was retrieved by U.S. forces.

Though she had been shown weeping on a tape broadcast on Al-Jazeera television weeks before, Carroll said she was never hurt or threatened by her captives.

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"I was kept in a very good, small safe place, a safe room, nice furniture," she said. She said she was given clothing and plenty of food.

The Christian Science Monitor expressed gratitude for the arrests.

"Like reporters everywhere, we are reassured to hear that several of those believed to have held Jill have been apprehended," editor Richard Bergenheim said. "The daily threat of kidnapping in Iraq remains acute for all. Everything possible needs to be done to relieve Iraqis and others of this scourge."

The newspaper said Carroll was "enormously grateful" for the efforts on her behalf but would not comment further, pending the release of a story on its Web site.

Assault Charge Likely For Marine In Iraq Case (WP)

By Josh White And Sonya Geis

The Washington Post, August 10, 2006

A Marine Corps platoon leader is expected to be charged with assault this week for his alleged role in the slaying of an Iraqi citizen in the village of Hamdaniyah earlier this year, his defense attorney said. That would make him the ninth U.S. service man charged in relation to the case.

Officials at Camp Pendleton in California declined to comment on potential charges against Lt. Nathan Phan. But his attorney, David P. Sheldon, said he has been informed that Phan is likely to face assault charges in connection with an April 26 incident involving a squad of Marines with Kilo Company, 3rd Battalion, 5th Marine Regiment. Military officials have alleged that the troops grabbed an Iraqi man from his home, bound his arms and legs and shot him in the face.

Sheldon said Phan "had no involvement whatsoever with any wrongdoing," adding that his client was not present when other Marines allegedly shot the Iraqi several times. Seven Marines and a Navy corpsman have already been charged with murder in the case, and three other Marines are under investigation. Defense attorneys have said the Marines were on a mission to ambush insurgents who had been planting bombs in a Hamdaniyah road when they encountered the Iraqi man.

Defense attorneys said they believe preliminary hearings could begin next month. Sheldon said the allegations against Phan are "baseless."

British Troops Under-equipped, Overstretched In Iraq (AFP)

AFP, August 10, 2006

Essential military kit must be sent to Iraq urgently to protect British troops who are under-equipped and overstretched despite escalating violence there, a parliamentary committee reported.

The all-party defence committee highlighted shortages in vital equipment, including armoured vehicles and helicopters, and said repeated tours of duty were threatening the army's operational effectiveness.

"(We) were disturbed by the deficiencies in equipment they faced," the MPs said in a report based on a visit to some of Britain's 7,200 troops in southern Iraq.

"The MoD (Ministry of Defence) must address equipment shortages and capability gaps as a matter of urgency. Our forces cannot wait for long-term procurement projects to come to fruition; they need the kit now.

"We cannot send them on operations without giving them the tools they need to do the job."

British involvement in the March 2003 US-led invasion of Iraq is still a controversial subject here, particularly with the mounting death toll: 115 British personnel have since been killed in Iraq.

Concerns about equipment are equally long-standing: US troops nicknamed their British counterparts "The Borrowers" because of their frequent requests for kit while other problems date from the 1991 Gulf War.

Chief among the MPs' worries was the ineffectiveness of so-called "Snatch" Land Rovers against the increasing use of road-side bombs.

Defence Secretary Des Browne has already ordered an urgent review after several soldiers died while on patrol; he has pledged to send more heavily-protected vehicles to both Iraq and Afghanistan.

But the members of parliament said: "It is unsatisfactory that the lack of capability was not addressed with greater urgency much earlier."

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On helicopters, they said there was a "deeply concerning shortage" and if not addressed, "the effectiveness and coherence of UK operations on the ground will suffer".

The committee also said it was "alarmed" that explosive-suppressant foam may not be fitted to aircraft, despite the deaths of 10 personnel in a missile attack on their Hercules C-130 transport plane in January 2005.

Former defence secretary John Reid conceded in May this year that the foam -- which stops fuel tanks exploding when pierced by bullets and has been standard on US planes since the Vietnam War -- may have saved their lives.

On repeated tours of duty, the MPs said official denials of overstretch "contrasts with what we are hearing from service personnel on the ground".

"The issues raised in this report give rise to a fundamental question: are our armed forces structured, trained and equipped to fulfil the role envisaged for them...

"This is a question that goes to the heart of the government's defence policy. We believe this question needs to be addressed."

In response, Browne said many of the report's recommendations were already being carried out.

"There is no room for complacency, and I welcome the committee's scrutiny. I will respond to the report in full when I have studied it in more detail," he added.

2 Testify CIA Questioner Beat Detainee (AP-Y)

By Estes Thompson, Associated Press Writer

AP, August 10, 2006

An ex-CIA contractor charged with beating an Afghan detainee who later died hit the man with a flashlight and kicked in him the groin with enough force to lift him off the ground, witnesses testified Wednesday.

The two were the first witnesses to say they saw David Passaro beat detainee Abdul Wali during a 2003 interrogation about rocket attacks on a remote base housing U.S. and Afghan troops.

Army Staff Sgt. Matthew Johnson said he was assigned to guard Wali once he was brought into the detention area. In describing the interrogation, Johnson said Passaro at various times grabbed Wali by his shirt and slammed his face to the wall and floor, smacked his head with an open hand and hit him with a metal flashlight.

"Dave kicks him — a straight kick to the groin. There was enough force to launch (Wali) off the ground," Johnson said.

A CIA interpreter who used the pseudonym Farooq Ali and appeared behind a blue privacy screen said Passaro hit Wali with a flashlight whenever he got an answer he didn't like.

"I do not remember exactly how many times (Passaro swung)," Ali said. "It could be 20 times or 30 times, between that."

Defense attorneys have said the former Special Forces medic never hit Wali and gave him mouth-to-mouth resuscitation the day he died.

Prosecutors have charged Passaro, 40, with assault and he could face up to 40 years in prison if convicted. Passaro is the first American civilian charged with mistreating a detainee during the wars in Iraq and Afghanistan.

The top CIA officer at the base — who testified in disguise and using the pseudonym Steve Jones — said Wednesday that Passaro enthusiastically volunteered to take over Wali's questioning after an initial interrogation produced no information. Jones said he allowed Passaro to continue his questioning until learning Wali was "not doing well. He was down in his cell and he was groaning.'"

Wali died later that day. According to Jones, Passaro said he had knocked the prisoner down once during his two days of questioning and that Wali had been caught with a makeshift key trying to open his shackles.

"He mentioned to me that he had to defend himself," Jones said.

Earlier Wednesday, a retired Army Special Forces soldier testified that Passaro become enraged when Wali wasn't able to answer questions during an initial interview about the attacks, but said during cross-examination he never saw Passaro strike the prisoner.

Passaro is standing trial in his home state under a provision of the USA Patriot Act allowing charges against U.S. citizens for crimes committed on land or facilities designated for use by the U.S. government.

Taliban Kill A Woman And A Child Seen As Spies (NYT)

By Carlotta Gall

The New York Times, August 10, 2006

KABUL, Afghanistan, Aug. 9 — Taliban militants killed a woman and her 13-year-old son after accusing them of spying for the government and for foreign troops in southern Afghanistan, the Afghan government said Wednesday.

The woman was shot and her son was hanged by an electrical wire from a tree on Monday in Helmand Province, said a spokesman for the provincial governor, Hajji Mohaiuddin.

In a separate attack late Tuesday night, a group of insurgents fired rockets and small-caliber weapons at an American military base in Nuristan Province in northeastern Afghanistan, an American military statement said. It said the Americans had responded with mortars and gunfire and 13 insurgents had been killed. The base was recently established by American troops as part of an expansion of their control into the mountainous region along the Pakistani border.

British troops have been battling insurgents in northern Helmand Province in recent weeks, and a NATO soldier was wounded in Musa Qala on Wednesday, officials said. The woman and her son were killed in the village of Dast Mastan, near Musa Qala. Local officials, including the police chief, informed the provincial authorities about the killings, Mr. Mohaiuddin said.

"They were very poor people and they were accused of spying for the government and the foreign troops," he said. "Definitely it was done by the Taliban."

He said reports of denials by a Taliban spokesman were not credible. "They deny anything they do, and claim responsibility for things they didn't do," he said of the Taliban, the religious militia linked to the government that was ousted in 2001.

Elders and leaders of Helmand Province had gathered Wednesday in the provincial capital, Lashkar Gah, to condemn the killings, he said. "We all condemned this," he said. "This is not an action of a human or according to Islam."

American and NATO military officials said Taliban insurgents were resorting to fear tactics to establish control among the population in parts of Afghanistan. Col. Thomas Collins, a spokesman for the United States-led coalition, said coalition forces had learned from residents of one district in Ghazni Province, south of Kabul, that men suspected of being insurgents knocked on doors and demanded that each family provide a son to join the Taliban.

NATO spokesmen said they had learned of similar cases in southern Afghanistan, where NATO forces are now operating, including a case of insurgents killing a son in a family who refused the gunmen's orders.

President Hamid Karzai, who is fending off an insurgency that has expanded across the six southern provinces and some eastern provinces, also denounced the killings as being against the historical and cultural values of Muslims.

"The gruesome act is unforgivable, and no one can justify it," he said in a statement. "This shameful act is an affront to all Afghans and their historical traditions."

Kabul Wilts Under Power Cuts (WP)

By Pamela Constable

The Washington Post, August 10, 2006

KABUL, Afghanistan -- Neon palm trees and fountains flicker outside new wedding salons, and brightly lit boutiques line glass-walled shopping centers in the Afghan capital's commercial heart -- all powered by huge private generators that cost a fortune to operate.

But darkness falls swiftly on entire districts of the impoverished outskirts of Kabul that have no electricity. Here children trudge along alleys lugging gas cylinders to be refilled for cooking or car batteries to be charged so their families can watch an hour of television.

While officials are readying plans to import electricity over the snow-capped Hindu Kush mountains from Central Asia by 2009, tens of thousands of Kabul households are enduring another sweltering summer without fans or refrigerators, and looking ahead to a high-altitude winter without hot water or heat.

"I hate it every time the generator runs out of fuel, because then the light goes off and the scorpions come out and walk on the floor near the children," said Raisa, 20, a clerk's wife and mother of three who lives in Karte Nau, a maze of adobe houses and dirt paths rising above the city. "We save up to buy one liter, and after an hour or so it's gone."

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The energy crisis has focused growing anger at the government of President Hamid Karzai, who last year appointed a former militia leader and governor with no technical experience as minister of energy and water. Many Kabul residents say they do not understand why, nearly five years after the overthrow of Taliban rule, and with the influx of millions of dollars in foreign aid, the government cannot even light the capital.

Even in more affluent neighborhoods, city-supplied electricity has been reduced this year from about 23 hours a day to five hours every other night. Families cram all their cooking, washing and studying into short, frustrating stints under a couple of dim bulbs.

Officials here say the cause of the shortage is an antiquated urban infrastructure, damaged by years of war, that has failed to keep up with the power demands of a city population that has swelled from half a million when the Taliban were overthrown to nearly 4 million today.

This year, nature and technical problems have exacerbated the situation. A drought sharply lowered water levels in reservoirs behind two hydroelectric dams, and one of two huge gas turbines that provide power to the city broke down.

Relying on a single gas turbine and 25 costly diesel generators, for which the United States is providing $110 million worth of fuel, officials say they have had no choice but to severely ration electricity throughout the capital in the past six months.

In the mountains north of Kabul, work is just beginning on overhead transmission lines that are to bring 150 megawatts of power from Central Asia. The $300 million project is being financed by the government of India and the Asian Development Bank. A second project, a natural gas power plant in northern Afghanistan to be built with U.S. aid, is still on the drawing boards.

"We have an extremely tough situation, and it will take another two years before those transmission lines are completed," said Gulla Jan Hairan, planning chief for the Ministry of Energy and Water. "People can't pump water to wash, students can't study. We are doing our best to fill the gap, but we are sure we will not be able to provide heat for all the people this winter, so we are asking other ministries to distribute coal and liquid gas to homes."

Authorities have tried to promote energy conservation, but they have had little success, in part because the fees for public electricity are so low. Domestic households pay a penny per kilowatt-hour for the first 600 kilowatts; commercial facilities pay about 10 times more.

Last month, the government proposed doubling fuel prices, with the goal of helping finance both the temporary power supply and long-term development. The political backlash was so intense that the idea was temporarily dropped.

"I remember before the civil war, we had power 24 hours a day. Now we can't even make tea or keep the clothes clean, and I have to send my daughter out for gas so we can cook dinner on a burner," said Faiz Murza, 62, a retired importer who lives in Kabul's Old City, a district of once-elegant homes ruined by war. "If Mr. Karzai had no power in his house for five days, what would he do?"

American aid officials here defended the government, saying Afghan authorities are working closely with foreign donors to develop a long-term, reliable power supply, which will cost a fraction of the current outlays for generator fuel.

"There is a full court press on, but there is a gap in the pipeline of power," said Leon S. Waskin, the U.S. Agency for International Development's mission director for Afghanistan. "The donors and the government are working hard and collaboratively to bring long-term power to Kabul. Everyone is working as fast as they can be reasonably expected to work."

Among residents, though, the power crisis has become fertile ground for jokes on radio dramas and call-in programs -- one story has it that a father beat his daughter for breaking a bulb that refused to turn on. It also has created a nightly cultural phenomenon in which thousands of Kabul families rush to charge batteries or buy generator fuel so they can watch the popular Indian-made TV drama "Tulsi" at 8 p.m.

In photocopy shops, proprietors save money by switching their generators off between each customer. In workshops along the main boulevard of the Old City, men squat among tangles of jury-rigged cables and small generators as they weld doors or fill punctured tires.

"Our generator is too heavy to carry to construction sites, and we are not allowed to operate in the fancy neighborhoods that have better power," said Mohammed Isaac, 24, who hand-fabricates metal door and window grills. "This is our homeland, so we can endure anything, but we wonder where all the foreign money went that was supposed to bring us power."

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One form of enterprise that has flourished in the crisis is the neighborhood battery-chargers, who get about 70 cents a day per customer. In the morning, customers drop off their dead batteries, and in the evening, on the way home, they pick them up charged.

"If you turn on a color TV, it lasts a day. If you turn on a black-and-white TV, it lasts a week. If you turn on a single light bulb, it lasts a month," said Mohammed Shafiq, 35, a former army officer who now spends his days guarding a sidewalk array of batteries. "Look at all the money coming into this country," he said with disgust. "It all goes into certain pockets, while the rest of us are living in darkness."

Residents of Karte Nau, one of the city's poorest and darkest districts, live with a double daily insult. A row of new power poles and lines runs across their neighborhood, for which some families have paid up to $250 for a connection, but none has received electricity yet. When they peer down from their huts at night, they see a row of ornate new mansions beside the main boulevard, lit up like a holiday party.

Perhaps the only advantage of their hillside address, residents say, is the mountain air that brings cooling breezes on summer nights.

"You can see how we are living now, like a camp," said Mir Qalam, 37, a police officer and father of five whose house is a steep, winding climb up the Karte Nau paths. "We can't afford a generator, so we have to find other ways. We use firewood to boil water, we use hand fans to keep cool in the day, and at night we all sleep on the roof."

Democrats In The Middle, Agonizing (wsj)

WSJ Online's "Washington Wire", August 10, 2006

Sen. Joseph Lieberman's decision to run as an independent, in the wake of his defeat in Tuesday's Connecticut primary, has put a lot of Democrats in an awkward position, but none more so than his ideological soul-mates at the Democratic Leadership Council.

The DLC has long been the home for Democrats of Lieberman's persuasion — moderate centrists, somewhat hawkish on defense, somewhat conservative on fiscal matters. Lieberman has long championed the DLC, and the his party to run as an independent against the more liberal Ned Lamont is especially pointed for the DLC. In response, DLC chief executive Al From put out an agonized statement Wednesday saying that "the Democratic Leadership Council as an organization cannot and will not endorse candidates in federal elections." But, he added, "leaders of the DLC exercising their rights as individuals will be on both sides of the Connecticut Senate race this fall." From said that DLC Chairman Tom Vilsack, Iowa's governor, has pledged to support the Democratic nominee, which is Lamont, but that Sen. Tom Carper of Delaware, the DLC vice chairman, will support Lieberman.

"In my personal capacity," From concluded, "I will support Joe Lieberman, running as an independent Democrat. I believe our country needs more senators like Joe Lieberman, not less." —Gerald F. Seib

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August 9, 2006, 11:54 am Top Democrats Pivot to Lamont

Senate Democratic Leader Harry Reid of Nevada and Democratic Senatorial Campaign Committee Chairman Charles Schumer quickly shifted support to Ned Lamont, who defeated Sen. Joe Lieberman in the Connecticut primary.

"The Democratic voters of Connecticut have spoken and chosen Ned Lamont as their nominee," Reid and Schumer said in a statement. "Both we and the Democratic Senatorial Campaign Committee (DSCC) fully support Mr. Lamont's candidacy. Congratulations to Ned on his victory and on a race well run.

"Joe Lieberman has been an effective Democratic senator for Connecticut and for America. But the perception was that he was too close to George Bush and this election was, in many respects, a referendum on the president more than anything else. The results bode well for Democratic victories in November and our efforts to take the country in a new direction."

Sens. Hillary Clinton of New York and John Kerry of Massachusetts also backed Lamont following his primary victory.

At the National Republican Senatorial Committee, Chairwoman Elizabeth Dole focused on Michigan, where Mike Bouchard will take on Democratic Sen. Debbie Stabenow in the November election. Dole congratulated Bouchard, a sheriff in suburban Detroit, for his primary victory yesterday, and said he can "hit the ground running" in the U.S. Senate, bringing "an

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impressive wealth of experience creating jobs as a small business owner, writing laws to protect children in the legislature, and protecting the safety and well-being of Michiganders as sheriff of Oakland County. The people of Michigan are looking for a change in direction, and the NRSC will be doing what we can to help make that happen."

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August 9, 2006, 11:03 am U.S. Navy Weighs Refueling Ships in Yemen

Six years after al Qaeda struck a Navy destroyer in Yemen's Gulf of Aden, senior U.S. officials say the Navy is once again considering returning to the country for refueling missions.

With the help of the U.S., Yemen is building a more capable coast guard that could be used to help secure U.S. ships. American officials in Yemen also note that in recent months both Germany and Great Britain have sent naval vessels into the harbor. Earlier this year, a U.S. aircraft carrier passed through the water just beyond the harbor and briefly played host to Yemen's minister of defense, who was flown out to the vessel.

U.S. officials say it's possible that U.S. Navy ships could be using the harbor within the next year. "It could be sooner than that with a little luck. [U.S.] Navy officials are interested," one U.S. official in the capital of Sanaa said before the recent hostilities in Lebanon, which have stirred up anti-American demonstrations in Yemen.

For the Yemenis, the return of U.S. military vessels to their harbor would represent a big vote of confidence that the government has managed to rein in the threat from Islamic extremists in the country and would lure private investment. –Greg Jaffe

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August 9, 2006, 9:26 am The Base Takes Out Another Joe

MoveOn.org wasn't the only outside group claiming its first big victory in Tuesday's primaries. Conservative Club for Growth is celebrating the defeat of Michigan Republican Rep. Joe Schwarz, a pro-choice moderate at the hands of state representative Tim Walberg.

Just as MoveOn is trying to steer Democrats to the left on certain issues, Club for Growth is dedicated to pushing the Republican Party to the right, and has waged many primary battles against incumbents in recent years. The group's Web site hails "its first-ever primary victory against an incumbent," saying "Michigan Republican voters sent a clear message to Congress that they are tired of big-spending, big-government policies."

The Minuteman PAC, which favors a tough line on immigration policy, says it had also targeted Schwarz with nearly $50,000 in ads and says "Michigan has sent Washington D.C. a piercing message that voters are fed up with coddling illegal aliens with government benefits and amnesty." Schwarz had been endorsed by President Bush, but the Republican party's congressional campaign committee touts the results, saying Walberg "says his highest priority in Congress would be to extend and expand President Bush's tax cuts."

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August 9, 2006, 8:20 am Republicans' Counterassault

The Republican National Committee moves quickly to define Lamont's Connecticut victory, with a pre-7 a.m. press release casting the results as a sign of the Democratic Party turning soft on defense. "From FDR to Ned Lamont," the headline reads: "The Democrat Party's Transformation from Strength to Weakness." The statement traces quotes of Democratic leaders, from Roosevelt's defense of World War II to the Connecticut primary victor's attacks on the Iraq War.

In remarks prepared for delivery this morning to the City Club of Cleveland, Republican National Committee Chair Ken Mehlman said that "like the proud history of so many Democrats before him, Joe Lieberman believed in a strong national defense. And for that, he was purged from his Party. It is a sobering moment."

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August 9, 2006, 8:00 am Oil Question: Will Bush Tactics Work?

Whether President Bush is moving rapidly enough to promote alternative energy is a subject of debate. Critics believe that by shying away from major new federal initiatives, he won't be able to achieve the goals he talks about. But supporters say things have gone well since the Jan. 31 "addicted to oil" address. They say that by giving ethanol a high-profile boost, Bush has begun to

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create a new national consensus on alternative fuels. At the same time, they say, the administration's new research spending will ensure an adequate long-term supply.

Detroit's Big Three auto makers have said they will double production of so-called flexible-fuel cars that can run on either gasoline or ethanol. Kroger Co. has started selling ethanol-blend fuels at a few of its gasoline stations. Two ethanol producers have gone public in the first such initial public offerings since the 1980s. The Indianapolis 500 has announced that all entries in next year's race will run on a crop-based blend of fuels.

"The president's comments were transformational," says Reid Detchon, executive director of the Energy Future Coalition, a Washington group that promotes alternative fuels in the name of protecting national security. "The phrase 'addicted to oil' crystallized the issue in a way the public broadly understood, but also gave the political class permission to talk about it." See a rundown of Bush's comments on energy policy since 2000, or read the full page one article.

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August 8, 2006, 11:34 pm The Show Goes On …

Shortly after 11 p.m. Eastern, Sen. Joe Lieberman took the stage in front of a huge American flag and portrayed his defeat in the primary as merely half-time in a continuing contest. "As I see it, in this campaign we just finished the first half, and the Lamont team is ahead. But, in the second half, our team, Team Connecticut, is going to surge forward to victory in November."

Lieberman told the crowd of sign-waving supporters that he was disappointed in the result, "but I am not discouraged."

He criticized his opponent, Ned Lamont, for what he called "partisan politics" and highlighted his own qualifications as a political unifier. Lieberman said he wouldn't hesitate to work with members of the other party if it helps achieve positive results for Connecticut. "We can find common ground and secure a better future for our children."

Lieberman also said Wednesday his campaign plans to file the paperwork to continue his bid for re-election with Connecticut state officials. – Matt Phillips

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August 8, 2006, 8:01 pm Blogging the Connecticut Primary

They're part pundit, part power broker. They're zealous volunteers and journalists — sometimes at the same time. They're bloggers, a key contingent who have helped push Ned Lamont's primary bid. Around 30 bloggers have been given credentials by the U.S. Senate hopeful's campaign, and they've established a bureau of sorts at Lamont's headquarters.

Half are from Connecticut, said Christina O'Connell, a volunteer media coordinator for the Lamont camp. But the others are from across the country, drawn by a race they see as a bellwether for the nation's political climate.

"This race is a microcosm for what's happening all over the country," said David Ferguson, an Athens, Ga., resident who blogs under the name TRex. "People are fed up."

Ferguson, a 38-year-old who sports horn-rimmed glasses and a Johnny Unitas style brush cut, describes what he does as "left-wing political satire." He says there's high interest in the Lamont-Lieberman contest across the country. But, he says that some bloggers don't want large media outlets to overstate their importance to Lamont's success. "People are thinking the bloggers are the story and we're not," said Ferguson, who traveled from Georgia to both volunteer for and blog on the Lamont campaign. "We're just reporting on the main story." –Matt Phillips

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August 8, 2006, 7:12 pm DeLay Says He Will Try to Get New Name on Ballot

After federal courts decided that former House Majority Leader Tom DeLay's name would remain on the November ballot, DeLay made it clear he won't campaign for his old seat and will "take the actions necessary" to get a Republican candidate on the ballot.

"My action was taken in accordance with Texas law, federal precedent and common sense," he said in a statement Tuesday. "I felt it was my duty to allow Texas Republicans to choose a new candidate for the Fall Election Ballot." Earlier this year, DeLay quit Congress and moved to Virginia amid lobbying scandals. He now faces trial in Texas on state money laundering and conspiracy charges.

Just what DeLay or the Republicans can do at this point to change the ballot is uncertain, and some Republicans figure a write-in candidate to face Democratic nominee, Nick Lampson, is the best way to proceed. As DeLay acknowledged:

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"Unfortunately, the federal courts have slammed the door shut on a fair ballot choice between two 22nd District residents representing our two major parties."

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August 8, 2006, 5:20 pm Crossing State Lines

Lieberman stopped by Claire's Corner Copia, a cafe in downtown New Haven, to eat lunch with his family before pressing on with the day's campaigning. Outside, sign-wielding Lieberman supporters waved at passing traffic. One of them was Debbie Stein, a 23-year-old Washington, D.C., resident who arrived Monday in Connecticut to work on the campaign. "The people who will actually reach across the aisle [to Republicans] are very valuable," she said of Lieberman. What about Lieberman's position on the Iraq war? "He voted the same way as most of the Democrats voted originally," she said, adding that it would be wrong to simply pull out of Iraq. Emerging from the cafe a few moments later, Lieberman acknowledged that some of costituents are extremely angry with the Bush administration and the situation in Iraq. "I've got the message," he said, adding the he is going to work hard to end U.S. involvement in Iraq as soon as possible. "To express their anger with George Bush by voting aganst me, that doesn't make any sense," he said.

Rosi Efthim campaigns from her car. Meanwhile, Rosi Efthim is one of the grass-roots activists who have become the driving force of Ned Lamont's Senate run. The Flemington, N.J., resident arrived in Connecticut three days ago intending to work on the campaign for a day. "Never left," she says, sitting outside the Greenwich high school where Lamont cast his vote this morning. Efthim works with Democracy for America, a Burlington, Vt., activist group that was a spinoff of Howard Dean's failed bid for the Democratic presidential nomination in 2004. "What I'm excited about is the challenge he presented to Lieberman," said Efthim, of Lamont's run, which is a priority for Democracy for America. She says that a strong Lamont showing will make it a lot more difficult for Democrats to "enable" President Bush. "This race is the closest thing to a national race this year." – Matt Phillips

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August 8, 2006, 5:18 pm Response to Skipping School Riles Chertoff

Homeland Security Secretary Michael Chertoff was less than pleased when the Federal Bureau of Investigation put out a BOLO (be-on-the-lookout) for 11 Egyptian students who failed to show up for class.

"The secretary was not happy that we went so far for a just a bunch of kids who cut class," said one senior Homeland Security official. "It's a visa violation not a national security matter. " Foreign students now undergo background checks before being granted visas, the official said. The FBI said today that it was continuing to search for the missing students along with agents from Homeland Security's Immigration and Customs Enforcement bureau. "This remains an active investigation," said FBI Special Agent Richard Kolko.

The Egyptian men were among a group of 17 students who arrived at John F. Kennedy International Airport in New York from Cairo on July 29 with valid visas, according to U.S. authorities and university officials. The other six arrived at the Montana State's campus in Bozeman for a month-long program on English language instruction and U.S. history and culture, university spokeswoman Cathy Conover said.

When the 11 didn't turn up by the end of the last week, the FBI issued a lookout to state and local law enforcement, Kolko said. Law enforcement agencies say that there is no threat at all associated with the group. –Robert Block

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August 8, 2006, 4:20 pm FCC Member Won't Likely Vote on AT&T-BellSouth Deal

New Federal Communications Commission member Robert McDowell may be a self-confessed "phone guy," but he may be sidelined on one of the biggest phone issues this year: the pending $67 billion merger of AT&T Inc. and BellSouth Corp.

During a meet-and-greet with reporters Tuesday morning, McDowell, a Republican who spent 16 years as a telecom attorney, said he is operating under the assumption he will be recused from voting on the transaction. FCC rules prohibit commissioners from voting on matters involving former employers, and McDowell's former employer, Comptel, a trade association of small phone companies, filed comments in early June asking the FCC to reject the merger. McDowell handled political matters for Comptel, not regulatory work. Nevertheless, he said he believes he will be "automatically recused" if his former employer filed comments. So he says he has essentially been ignoring the deal.

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Generally speaking, the FCC's general counsel makes the call on whether commissioners have to refrain from voting on matters on a case-by-case basis. An FCC spokeswoman declined to comment on when a decision might be made on McDowell's status.

Despite the opposition of his former employer and suspicions that McDowell might be sympathetic to concerns of smaller phone companies, his absence from the merger talks could be a problem for AT&T. The company is hoping that few, if any, conditions will be placed on the deal. McDowell's absence from negotiations would give the FCC's two Democrats more leverage to seek conditions — particularly on the issue of net neutrality, or rules requiring Internet traffic be treated equally. McDowell is firmly in FCC Chairman Kevin Martin's camp on that issue, both arguing the government doesn't need to step in unless there's evidence consumers are being harmed. –Amy Schatz

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August 8, 2006, 4:15 pm The Great Fed Debate

Today the Fed paused its rate-increase campaign. Now what?

Signs of slowing growth and rising inflation have aroused deep disagreements among economists on what the Fed should do. Some economists think the Fed has already raised rates too far and is courting recession; some think it must raise them further to stop inflation from accelerating. Some say both things are true.

"You can't fight inflation without risking overkill on the economy," said Ethan Harris, chief U.S. economist at Lehman Brothers, who thinks the Fed shouldn't have paused and predicts it will eventually raise the rate to 5.75%. "That is a risk, and it's a risk they should take." He added: "It's not fair to Bernanke that he steps into his job just as the economy is set to decelerate and inflation takes off." –Greg Ip

Read a roundup of economists' reactions to the Fed move and a graphic comparing the August and June Fed statements.

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August 8, 2006, 3:11 pm Lieberman's Offline

Officials from Joe Lieberman's campaign have filed a formal complaint with the U.S. attorney's office saying the Lieberman campaign Web site was hacked by outsiders. A Lieberman spokesman said the site, www.joe2006.com, crashed Monday, and campaign officials determined that the problems were caused by outsiders. "It was a coordinated effort," said Scott Overland, deputy press secretary for Lieberman's campaign.

Lieberman himself addressed the issue at a campaign stop Tuesday. "It's been hacked and sabotaged and knocked down," he said outside a cafe in downtown New Haven. Lieberman said he didn't know if those responsible were affiliated with his opponent's campaign, but "who else would have the motivation?"

A Lamont campaign spokesperson said the candidate condemned the attack and offered technical assistance to get the Web site back up and running. The site is still unavailable. –Matt Phillips

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August 8, 2006, 12:12 pm Joe vs. Iraq

Around 10 a.m. Edgewood Magnet School, New Haven, Conn. More than a dozen supporters rallied outside the school where Sen. Joe Lieberman cast his vote in the Democratic primary, chanting "Vote for who you know — Joe!" Emerging from the school, Sen. Lieberman fielded a few questions from reporters. He acknowledged that not all agree with some positions he has taken. Sen. Lieberman's support for the war in Iraq has been a focal point of Lamont's opposition. "I've always tried to do what I believe is right," he said, before boarding his campaign bus. As his bus pulled away, several of his supporters waving placards started a chant, drowning out a man who was holding an anti-Lieberman sign and shouting "The worst senator in the United States!" A nearby cameraman grumbled, "Chaos, pure chaos." Quinnipiac University's latest poll shows Lieberman closing Lamont's lead, to six points from double digits last week.– Matt Phillips

Lieberman Woes Scratch Surface of Anti-Incumbent Sentiment

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August 8, 2006, 11:36 am Lamont Loses … His Wallet

Around 7:30 a.m., Greenwich High School, Greenwich, Conn. Around a dozen photographers and camera operators swarmed U.S. Senate hopeful Ned Lamont as he arrived to vote at Greenwich High School in the leafy suburb Tuesday morning.

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Lamont, who arrived with his parents, his wife Annie and his children, predicted a large turnout on primary day. "We're getting people energized," Lamont told reporters. "We're getting Democrats energized." After a brief delay to retrieve his wallet — identification is required, even for a candidate — Lamont stepped into a voting booth with his daughter Lindsay, 15 years old. "We're giving people a real choice," he said, after emerging from the voting booth. – Matt Phillips

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August 8, 2006, 8:02 am Mixed Message for Autocrats

With radicalism on the rise and battles flaring from Beirut to Baghdad to Gaza, the Bush administration's quest for democracy in the Middle East is literally under fire. So while Rice portrays the fighting in Lebanon as "the birth pangs of a new Middle East," the administration is also showing new eagerness to maintain pillars of the old Middle East — particularly America's steadiest allies in the region, the autocracies of Egypt, Jordan and Saudi Arabia.

Last month, Rice delayed her departure to the Middle East to meet with Saudi Arabia's foreign minister, Prince Saud al-Faisal, who received an unusual Sunday audience with President Bush. Rice went on to praise Egypt, Jordan and Saudi Arabia repeatedly during her trip. Hosni Mubarak, president of Egypt for 25 years, is back in Washington's good graces, after being chastised last year for his country's lackluster embrace of democratic change. Mubarak's son and heir-apparent was recently hosted by the administration, which also tamped down a congressional attempt to cut funding to the country.

"There's been a very loud sigh of relief within the White House…that there are still some stable, highly centralized countries in the region to turn to," says Aaron Miller, a veteran Middle East adviser to four administrations — including the current one. He now works at the Wilson Center, a Washington, D.C., research institution. Read the full article. – Neil King Jr. and Yasmine El-Rashidi

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August 8, 2006, 7:56 am Lieberman Test Case

Lieberman's primary fight today reflects a trend: An anti-incumbent mood is striking hardest against politicians aligned with the president, regardless of their party. One of challenger Ned Lamont's most potent weapons is a photo of President Bush planting a kiss on Lieberman's cheek after the 2005 State of the Union speech. A poll released Monday shows Lieberman making up ground, but Lamont is still ahead 51% to 45%.

In a twist, many problems dogging the Democratic incumbent may haunt Republicans, too. The trend has prompted some candidates to avoid appearances with the president and it helps to explain why many of the most endangered House incumbents are moderates who need independent and Democratic votes to win. Three of those Republican centrists are from Connecticut, and like Lieberman, they are fighting charges that they are rubber stamps for President Bush. Rhode Island Republican Sen. Lincoln Chafee, another incumbent willing to work across party lines, is facing re-election prospects as dire as Lieberman's. Read the full article. – Jeanne Cummings

See a rundown of U.S. race results, and a closer look at main Senate and gubernatorial contests.

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August 7, 2006, 7:36 pm Love That Junk Mail

Think most people hate all those pre-approved offers for credit that jam your mailbox every week? Think again.

The Federal Reserve Monday released results from consumer surveys it undertook in 2004 and 2005, and one of the more interesting findings relates to the way people view pre-approved credit offers. While more than half of cardholders said they receive six or more offers a week, and less than half of the people receiving such solicitations actually open them, more than 70% of cardholders said the government should not outlaw pre-approved offers.

Less than 21% of cardholders are even aware there's a current federal law allowing them to opt out of such offers (see optoutprescreen.com or call 1-888-5-OPT-OUT). Of those who are aware, 38% said they thought about opting out but only 20% said they actually did.

The authors of the Fed report say there's a good reason for this: All those annoying, mailbox-clogging offers are actually good for us. The "prevalence of prescreened solicitations is useful in disseminating pricing information and encouraging competitive conditions in markets for credit cards generally, even if only a small minority of recipients actually responds," the

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report said. The authors also found evidence of an "other guy effect" informing consumer views: 85% said they think pre-approved offers cause other people to use more credit, but only 15% admitted doing so themselves. –Christopher Conkey

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August 7, 2006, 6:00 pm DeLay Remains on the Ballot

Supreme Court Justice Antonin Scalia, handed a victory to Democrats today, swiftly denying Texas Republicans' request to remove former Rep. Tom DeLay's name from the November ballot.

Just last week, Judge Edith Clement, another conservative jurist who was considered a potential Supreme Court nominee, was part of a three-judge panel that sided with Democrats in the case when it came before the 5th U.S. Circuit Court of Appeals in New Orleans. The appeals court upheld an earlier ruling by District Judge Sam Sparks of Austin, an appointee of President George H.W. Bush.

Democrats want to keep DeLay on the ballot in November — even though he quit Congress and moved to Virginia — to highlight Republican troubles stemming from the Jack Abramoff scandal… He faces trial on state money laundering and conspiracy charges in Texas

DeLay has indicated he might actually campaign if his name appears on the ballot. The Democratic nominee is Nick Lampson, a former congressman.

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August 7, 2006, 4:43 pm As Ney Quits, 'Sore Loser' Law Crops Up

The Jack Abramoff scandal that rocked Capitol Hill last winter claimed its second electoral victim as Ohio Republican Rep. Bob Ney announced Monday he will abandon his re-election race. But as Republicans try to hold onto the seat, questions are arising over the "sore loser" provision in Ohio election law.

Ney, a 12-year incumbent, has not been charged. He has been named in several guilty pleas of Abramoff associates and federal officials have told him he is a target of the probe. Last month, Ralph Reed, the former Christian Coalition director and another Abramoff associate, lost a Republican primary lieutenant governor's race that was dominated by his work for the former lobbyist who has plead guilty to trying to bribe lawmakers.

The move is likely to improve chances that the mostly rural seat remains Republican. A special primary is expected to be scheduled before the Aug. 23 deadline for candidate filings, but several issues are likely to be hashed out in court before the primary.

State Sen. Joy Padgett, Ney's hand-picked successor for his seat, could fall under a little-known provision of Ohio election law, dubbed the "sore loser" provision. It prevents a candidate who loses in one primary from running in another during the same election cycle. Earlier this year, Padgett was the primary running mate of gubernatorial hopeful James Petro, who lost to the ticket of Ken Blackwell and his running mate, Ohio State Rep. Tom Raga.

Even if Padgett succeeds in getting her name on the new primary ballot, the controversy could invite other Republicans to jump into the unexpected race. James Harris, who lost to Ney in the Republican primary in May, said he's considering running again — although the sore loser provision may apply to him, too.

The winner will face Democrat Zack Space, the Dover City attorney, who had made allegations of corruption a centerpiece of his campaign against Ney. The two sides had battled over polling data, with Space claiming a double-digit lead while Ney bragged about a razor-thin one.

The departure of Ney will give Space an early financial advantage he's not enjoyed until now. He's raised more than $450,000 and has $200,000 in the bank, according to June disclosure reports. Ney, who was chairman of the House Administration Committee, had a campaign kitty of $1.3 million. He's spent more than $900,000 of that, but still had twice as much cash as Space at the end of the reporting period.

In a brief statement, Ney said he decided not to put his family through the ordeal of a nasty re-election campaign. He plans to finish his term, which expires in January. –Jeanne Cummings

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August 7, 2006, 3:36 pm EEOC Chairman Dominguez to Step Down

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Equal Employment Opportunity Commission Chairwoman Cari Dominguez says she'll leave the agency at the end of this month – following months of speculation within the commission that her departure was imminent.

EEOC employees said Dominguez, the second-longest-serving head of the commission, wanted to leave in March after she put in place a plan to restructure the agency, but was asked by the White House to remain through her full term. Opponents of the reorganization said she effectively scaled back some of the larger offices and limited their ability to address employment discrimination.

Commission Vice-Chairwoman Naomi Earp will become acting commissioner on Sept. 1.

Each year, the EEOC receives some 80,000 complaints alleging workplace discrimination but finds enough evidence of violations to file about 350 lawsuits against employers. With Dominguez's departure, the agency will have two Democrats and two Republicans, meaning it could face voting deadlocks until a new appointment is made. In recent weeks, the American Federal of Government Employees and other groups have joined together to highlight what they called crisis in staffing; a hiring freeze has been in effect since 2001, leading to a loss of 20% of the agency's work force.

Dominguez said in an interview that she and President Bush had agreed earlier this year that she would remain with the commission and complete several of the projects she had begun. "There have been several things I really wanted to see through, one of which clearly had to do with trying to get closer to our customers through the national contact center," where complaints can be translated from some 150 languages, she said. Dominguez also said she wanted to keep up momentum on the agency's increasing number of disability cases.

– Gary Fields

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August 7, 2006, 8:04 am Eminent Domain on State Ballots

When a divided court ruled in Kelo v. New London that private landowners had no constitutional grounds to resist eminent-domain property seizures, it effectively kicked regulation of government condemnation suits back to the states. The reaction has been swift: Several states are considering laws that would limit a local government's ability to exercise eminent domain, or the taking of private property for public purpose. Other measures that voters are likely to consider deal with "takings," or government restrictions on private property, such as zoning and building regulations.

In Ohio last month, the state Supreme Court ruled that cities must have a specific reason to seize private property under eminent domain and can't rely on broad justification like economic development to force unwilling landowners to sell. This fall, voters in several states will decide on property-rights proposals.

In the South, four states are entertaining ballot proposals that would tighten the eminent-domain process. A Florida initiative requires local governments to sell expropriated property back to the owners if the land isn't used for the stated purpose, while ballot initiatives in Georgia and South Carolina would crimp government use of eminent domain. In populist-leaning Louisiana, a ballot proposal would prevent local or state government from condemning property and then transferring it to another individual or group, a measure that could affect how the state rebuilds after two devastating hurricanes last year. Read the full article. – Christopher Cooper

The Show Goes On ...

Aug.8, 2006

Blogging the Connecticut Primary

Aug.8, 2006

ABOUT THIS BLOG

The Washington Wire, which is among the most venerated products of the Journal's Washington bureau, also is one of the oldest standing features in American journalism. Since the Wire was launched on Sept. 20, 1940, the Journal has offered readers an informal look at the capital's comings and goings in a series of newsy, and sometimes even gossipy, items. Now online each weekday, the Wire provides a succession of glimpses at what's happening behind hot stories and early warnings of what to watch for in the days ahead. The Wire is the collective product of the Washington bureau, some 40 journalists strong. Write to Washington Wire at washwire@wsj.com.

READER RESOURCES

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See several key resources, including The Wall Street Journal/NBC News poll, a roundup of Senate and gubernatorial races and links to government, political and public-policy Web sites.

Bolster Infantry Forces (WT)

By Robert H. Scales

The Washington Times, August 10, 2006

Trapped in the studio for hours at a time, I find myself staring at video images that continually shift between those of Israeli soldiers marching off into the night to engage Hezbollah and innocent Lebanese women and children being pulled from collapsed houses, the victims of errant Israeli airstrikes.

The two images reflect the dilemma that the Israeli military faces in this war. They can fight the enemy on the ground, lose too many soldiers and suffer condemnation at home, or bomb from the air, kill civilians and suffer condemnation from the global community. The American military has been dealing with precisely the same dilemma for more than four years in Iraq and Afghanistan.

At first glance the aerial approach to solving the dilemma seems the lesser of two evils. But the tragic bombing in Qana highlights the increasingly unacceptable human costs of relying on precision killing from the air to achieve what are essentially human objectives inherent in wars such as these.

Plus the aerial solution is very expensive. Since the end of the Gulf War, we have spent almost $1.5 trillion dollars building aircraft, precision bombs, sensors, satellites and unmanned aerial vehicles in an effort to track and kill an ever more elusive and skillful enemy from the air. In spite of the cost, we still look first to solving military challenges with precision killing. It's in our cultural DNA.

Experience in Afghanistan, Iraq and now in Lebanon has taught al Qaeda, Hamas and Hezbollah how to lessen the killing effects of Western weapons by choosing to fight in urban areas, where they can disperse and hide among the innocents. The race between precision-killing technologies and an elusive enemy is a contest that neither Israel nor the United States can win. How many more examples are needed to prove that an insurgent can find ways to adapt faster than we can develop the technologies to find and kill him from the air without harming innocent civilians?

What about the ground alternative? Haven't Israeli losses in places like Bint Jbeil (or Marine losses in Fallujah) shown that it's too expensive in soldier's lives to confront the enemy on his turf? Haven't we learned in places like Korea and Vietnam that tactical close fighting on the ground is exactly what the enemy wants? Maybe. But experience in Lebanon seems to have resurrected once again the concern that perhaps we haven't tried, really tried, to find ways and means to engage an insurgent on the ground without suffering excessive casualties.

Note that most Israeli dead suffered so far come from the Golani Brigade, an elite light infantry unit. In this country almost four out of five dead suffered at the hands of the enemy since World War II have been light infantry, a force that comprises less than 4 percent of our military — to be sure, body armor, night-vision devices and superior supporting fires from aircraft and drones flying overhead have made today's light infantry more effective and have saved lives.

But these are differences in capabilities that a determined enemy can offset with its familiarity with the terrain and affinity with the local population. The bottom line is as simple as it is startling: Except for better training, morale and leadership, Israeli and American light infantry go into battle today with a cumulative advantage not much better than their grandfathers had in Vietnam or during the Six-Day War.

If we are to win the long war against radical Islamism we must fix this problem. During the past half century we have invested pennies on the defense dollar to keep light infantry alive in battle. That's why we know far less about the science of ground warfare than we know about the science of air warfare.

There are many areas that desperately need attention if we are to commit to keeping light infantry alive in battle. Just a few: Put precision small arms in the hands of infantry; give them better networks to connect them to the outside world and to each other; provide even better personal protection from small arms; and most importantly, find a technological breakthrough that will conceal light infantry as it rushes across the last 50 meters, the so-called "deadly zone" where most of them die.

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Keeping our soldiers alive should be a national — not a service — effort. The Army and Marine Corps are too consumed with fighting today's battles to take on this task alone. If the nation would commit to an expansive long-term program done in a manner similar to the effort that gave us absolute dominance in the air, we might begin to find ways to destroy Hezbollah and its evil clones without losing too many more precious Israeli and American lives.

CORPORATE SCANDALS:

3 Charged With Stock-option Backdating (USAT)

By Elliot Blair Smith

USA Today, August 10, 2006

Three former executives at Comverse Technology systematically backdated company stock options, taking advantage of market gains to fraudulently pocket millions of dollars, the government charged Wednesday in criminal and civil complaints against the former officials.

Former CEO Jacob "Kobi" Alexander, 54, a prominent Israeli businessman who did not appear at his arraignment and is considered a fugitive by U.S. authorities, is accused of masterminding a securities-fraud conspiracy, assisted by former chief financial officer David Kreinberg and former general counsel William Sorin, according to lawsuits filed by the U.S. Attorney's Office in Brooklyn, N.Y., and the Securities and Exchange Commission.

Kreinberg, 41, and Sorin, 56, were arrested and freed after posting bonds of $1 million each. The defendants and Alexander's attorney could not be reached for comment. Comverse spokesman Paul Baker said, "The company has cooperated fully with the (Department of Justice) and the SEC and will continue to do so." Comverse and two publicly traded affiliates, Ulticom and Verint Systems, sell sophisticated communications services.

All three companies have said they may have to restate past financial filings if they discover they overstated profits and understated compensation expense due to the allegedly improperly dated options.

For the first time in the fast-spreading scandal, in which at least 80 U.S. companies have acknowledged government inquiries into options-granting practices, the government was able to draw on accounts given by executives to internal investigators to implicate the executives in the backdating of stock options.

A stock option is the right to purchase a share at a fixed price in the future. Under Comverse's stock-option plan, awards were to be made at market value on the securities' grant date. Below-market grants should have been accounted for as charges on the financial statement.

FBI Special Agent Kevin Riordan filed an affidavit stating that Alexander and Kreinberg repeatedly lied to an attorney conducting an internal review, manufacturing evidence to defend the options grants and then providing rationalizations "when the story they delivered began to fall apart." Comverse launched its review in March, in response to a Wall Street Journal report estimating the odds at 1-in-6 billion that company officials could time the favorable option grants by chance. The three executives quit days later.

Alexander reaped $138 million from cashing in options from 1991 through 2003, including $6.4 million the government attributes to backdating. Kreinberg and Sorin each pocketed $1 million from backdated options, the government says.

According to the criminal complaint, Alexander ultimately justified the backdating by saying all his company's competitors were "doing it" to recruit and retain talent. The government contends Comverse went so far as to establish a roster of phony grant recipients, which a secretary coined the "I.M. Fanton" account after seeing the musical play Phantom of the Opera. The executives allegedly drew from it to reward favored employees while deceiving the board and auditors.

3 Charged As Probe Into Options Widens (WP)

By Carrie Johnson

The Washington Post, August 10, 2006

DOJ_NMG_0045934

Federal prosecutors unsealed criminal conspiracy charges yesterday against three former senior executives at a New York software maker, accusing the men of turning back the clock to reward themselves and favored employees with millions of dollars in stock profits.

Authorities accused the former Comverse Technology Inc. officials of misleading investors by backdating stock option awards and creating a slush fund to benefit top employees without properly disclosing the compensation to board members.

The rapidly evolving scandal over stock options comes as shareholders and securities regulators are expressing renewed concern about excessive executive compensation and whether companies are fudging the amount of pay and perquisites they offer their leaders.

The criminal charges increase pressure on the scores of U.S. businesses -- from Apple Computer Inc. to Monster Worldwide Inc. -- that have launched internal probes of past stock option practices in recent weeks. Well over a dozen companies have delayed filing financial reports as they await the results of investigations. The FBI is pursuing 45 backdating cases, and regulators at the Securities and Exchange Commission are examining 80 companies, law enforcement officials said at a news conference in Washington.

Acting Assistant FBI Director James "Chip" Burrus called the behavior a "deceitful abuse of corporate power" and said that options backdating represents "the newest trend in investor fleecing" after accounting scandals at Enron Corp. and WorldCom Inc. in recent years.

"It's the corporate equivalent of placing a bet after the race has been won," Burrus told reporters.

Options give employees the right to buy stock at a set price and within a specific time frame. People profit based on the difference in price on the date of the award and the date they actually sell the stock.

In backdating cases, executives selected award dates after the fact that happened to mark low points in the company's stock price, increasing the likelihood that they would receive a windfall. Although backdating options is not necessarily illegal, companies must follow certain steps, including obtaining board approval and adequately informing investors.

Authorities said the practice, common during the 1990s tech boom, often broke accounting rules in place at the time and hurt investors because they were not informed of the stock discounts that executives received.

Deputy Attorney General Paul J. McNulty called the options problem "extensive" but cautioned that prosecutors would weed out cases of "sloppiness" from those where there is clear intent to deceive shareholders. In the first criminal stock options case, filed last month, prosecutors maintained that former Brocade Communications Systems Inc. executives doctored board minutes.

In yesterday's charges, the government cited options awards made to "phantom" employees, alleged tampering with a computer database, and potentially damaging statements that the accused Comverse executives made to company lawyers, including a comment that "everyone" across the technology sector had engaged in the practice.

Adding a surreal element to the case, former Comverse chief executive Jacob "Kobi" Alexander failed to surrender yesterday to authorities, who issued a warrant for his arrest. Defense attorneys declined to comment on his whereabouts, as Justice Department officials said they were "getting ahold of him." A dual citizen of Israel and the United States, Alexander secretly transferred $57 million to bank accounts in Israel over the past few months, officials said. Federal prosecutors in the Eastern District of New York moved yesterday to freeze $45 million more in his U.S. investment accounts.

Former Comverse finance chief David Kreinberg and former general counsel William F. Sorin turned themselves in to the FBI and appeared before a federal magistrate in Brooklyn, where each was released on a $1 million bond. They have yet to respond to civil SEC charges, also filed yesterday. Attorneys for the men declined to comment.

In all, regulators say, Alexander collected $6.4 million, and the other two officials each reaped at least $1 million using backdated stock options. Those profits came on top of $138 million in stock sales by Alexander, $12.6 million in stock sales by Kreinberg, and $14 million by Sorin in recent years, prosecutors said. The trio often received two or three times as many stock options as other employees.

Law enforcement officials said the scheme at Comverse, a provider of voice-mail software, quickly unraveled after reporters began to ask the company questions in March. By early May, all three men had resigned and prosecutors had issued a subpoena for corporate records.

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At Alexander and Kreinberg's direction, an unnamed Comverse assistant created a slush fund filled with stock options for phony employees and named the account "I.M. Fanton," after seeing "Phantom of the Opera," court papers said. The assistant later renamed the fund "Fargo," after the movie of the same name, after "thinking better of the wisdom of calling it 'Phantom ,' " according to a lengthy sworn statement filed by FBI special agent Kevin Riordan. Executives hid the account from outside auditors and eventually closed it in 2002, as awareness of corporate fraud investigations heightened.

Eventually, in March of this year, the trio met with lawyers in Manhattan, where they explained that there might be "issues" with Comverse's past options maneuvers. Alexander and Kreinberg later disclosed the existence of the "phantom" slush fund in statements that the outside lawyers turned over to prosecutors in the office of Roslynn R. Mauskopf, the U.S. attorney in Brooklyn.

3 Former Comverse Execs Accused In Plot (AP-YBIZ)

By Tom Hays, Associated Press Writer

AP, August 10, 2006

3 Former Comverse Technology Execs Accused in Stock Option Plot

NEW YORK (AP) -- Three former top executives for leading voicemail software maker Comverse Technology Inc. -- including one who may have fled the country with nearly $60 million -- hatched a scheme to secretly manipulate stock options for profit, authorities charged Wednesday.

A criminal complaint unsealed in federal court in Brooklyn alleges that former Chief Executive Kobi Alexander, former finance chief David Kreinberg and former senior general counsel William Sorin conspired to falsify dates on which the options were granted by the company.

Kreinberg, 41, of Teaneck, N.J., and Sorin, 56, of New York, surrendered Wednesday morning to the FBI, authorities said. They were released on $1 million bond each and left the courthouse without speaking to reporters. Alexander, 54, was not in custody.

Authorities said Alexander, a dual citizen of the United States and Israel, in recent months transferred $57 million to Israel, fueling speculation he may have fled there.

Officials refused to discuss his whereabouts. A telephone call to his attorney, Robert Morvillo, was not immediately returned Wednesday.

Besides filing criminal charges, authorities also "initiated action to freeze bank accounts worth $45 million used to launder the proceeds of the scheme" and "initiated forfeiture proceedings," Deputy Attorney General Paul J. McNulty said at a Washington, D.C., news conference.

The defendants were accused of making stock options more lucrative by backdating their exercise price to a low point in the stock's value. Usually, a stock option's exercise price coincides with the market value at the time of a grant to give the recipient an incentive to drive the price higher.

"By backdating these options, the defendants, in effect, gave themselves and others an opportunity to place a bet in the middle of a race -- a bet that paid off handsomely," U.S. Attorney Roslynn Mauskopf said in a statement.

From 1991 through 2005, Alexander exercised options and sold stocks worth approximately $150 million, making $138 million profit, according to the criminal complaint. Of that, about $6.4 million was generated by backdating options.

In addition, the company put hundreds of thousands of backdated options in a secret slush fund concealed with false documents prepared by Kreinberg, the complaint said. Alexander awarded those options to "favored employees," the papers added.

The Securities and Exchange Commission filed related civil charges on Wednesday against Alexander, Kreinberg and Sorin, seeking restitution of ill-gotten gains and compensation, unspecified civil fines and a ban against them serving as officers or directors of any public company.

More than 80 companies are under federal investigation by the Department of Justice, the SEC or both, or have started internal reviews of possible manipulation of options grants to increase their value to the recipients.

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"Shareholders have a right to full, complete and accurate information regarding executive compensation," said SEC Enforcement Director Linda Thomsen. "As alleged, the backdated option grants and secret option slush fund was a deceit of the highest order upon Comverse Technology Inc.'s shareholders."

If companies backdate options without accounting for the move, it can cause profits to be overstated and taxes to be underpaid. The financial manipulation also exposes companies to possible fraud charges.

The Department of Justice has already brought criminal charges against Brocade Communications Systems Inc.'s former CEO, Gregory Reyes, and is investigating other cases. Reyes is free on a $2 million bond.

More than 20 of the companies entangled in the stock option imbroglio are in Silicon Valley, where the incentives first became a staple of compensation packages for rank-and-file employees as well as top executives.

AP Business Writers Marcy Gordon and Kasie Hunt in Washington contributed to this report.

Dating Game Stock-Options Criminal Charge: Slush Fund And Fake Employees (WSJ)

By Charles Forelle And James Bandler

The Wall Street Journal, August 10, 2006

Kobi Alexander's stellar business career began to unravel in early March with a call from a reporter asking why his stock options had often been granted at the bottom of sharp dips in the stock price of the telecom company he headed, Comverse Technology Inc.

According to an affidavit by a Federal Bureau of Investigation agent, unsealed in Brooklyn, N.Y., the call to a Comverse director set off a furious chain of events inside the company that culminated yesterday in criminal charges against Mr. Alexander and two other former executives. Federal authorities alleged the trio were key players in a decade-long fraudulent scheme to manipulate the company's stock options to enrich themselves and other employees.

WALL STREET JOURNAL VIDEO

Deputy Attorney General Paul McNulty1 details the options-backdating charges against three former Comverse executives.

MORE ON OPTIONS

• Law Blog: Reporter calls, Comverse scrambles2

• Text of criminal complaint against former Comverse executives3

• Options Scorecard: Companies under scrutiny4

• Perfect Payday: Complete coverage5

After the March 3 phone call from a Wall Street Journal reporter, the FBI affidavit said, Mr. Alexander and the other two executives, former chief financial officer David Kreinberg and former senior general counsel William F. Sorin, attempted to hide the scheme. Their actions allegedly included lying to a company lawyer, misleading auditors and attempting to alter computer records to hide a secret options-related slush fund, originally nicknamed "I.M. Fanton." It wasn't until a dramatic series of confessions later in March, the affidavit said, that the executives admitted having backdated options. The trio resigned in May.

The criminal and civil charges leveled against the former executives mark an escalation in the widening federal investigation into whether some companies doctored stock options to benefit insiders. More than 80 companies are being investigated so far. The Comverse case is the first in which authorities allege that top executives personally benefited. The three former executives personally gained a total of more than $8 million from the backdating scheme, the FBI affidavit estimated.

The 50-page affidavit and a related civil complaint filed by the Securities and Exchange Commission offer an unusually detailed account of how a blatant backdating scheme allegedly went on for years in the top ranks of a large corporation. The SEC alleged that Mr. Alexander looked back at Comverse's past stock trading and cherry-picked dates for the options grants when the price was low, making the options more valuable. Mr. Sorin then allegedly misled members of the board compensation committee by getting them to sign paperwork with the prior grant dates already filled out, the government charged.

Stock options, which have become the primary form of compensation for many top executives, give recipients the right to buy the company's stock at a certain exercise or "strike" price. They typically are set at the stock's fair-market value at the time of the grant, giving recipients an incentive to make the stock rise and profiting them only if it does. Manipulating grants to give a

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lower strike price effectively hands recipients potential for additional profit. It also can cause a raft of accounting and tax problems, not to mention criminal or civil liability for those responsible.

Officials from the Justice Department, SEC and FBI announced the charges in Washington. "When options are backdated to a time when the share price was lower, and without honest disclosure, those options are simply theft from shareholders," said Deputy Attorney General Paul McNulty.

Messrs. Kreinberg and Sorin surrendered to FBI agents yesterday morning and appeared before a federal magistrate in Brooklyn in the afternoon. They entered no pleas, and bond was set at $1 million each. Lawyers for the two men declined to comment after the hearing.

Mr. Alexander's whereabouts weren't clear, and a warrant has been issued for his arrest. Justice Department officials declined to say whether they knew where Mr. Alexander was or whether he was considered a fugitive. An attorney for Mr. Alexander, Keith Krakaur, declined to comment on the federal charges.

The SEC alleged that the backdating scheme led Comverse to overstate its profits from 1991 through 2005. The company has admitted to accounting problems and said it will restate financial results. In a statement yesterday, Comverse said it had cooperated fully with federal authorities and would continue to do so.

Officials said Comverse provided the government with information obtained during internal investigations, and that they expected those charged would challenge the admissibility of statements made to company lawyers.

DESKTOP NEWS ALERTS

6

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Mr. Alexander is a dual citizen of the U.S. and Israel. Prosecutors moved to seize more than $45 million in assets held in accounts at a New York financial institution after they alleged he recently wired $57 million to Israel. Prosecutors in court papers alleged that the transfers were "designed to conceal the tainted funds from U.S. authorities."

According to the SEC, the backdating scheme stretched back to 1991, when Comverse was a scrappy player challenging much larger rivals in the telecommunications industry.

The company had its roots more than a decade earlier, when Mr. Alexander, son of the head of Israel's national oil company, moved to the U.S. after studying economics. In the late 1970s, he worked as an investment banker while earning a business degree at night.

He and an Israeli engineer hatched the idea of starting a voice-mail technology company, according to a 1990 article about Mr. Alexander in Newsday. Based in New York, Comverse eventually became a world leader in the field, making software and hardware systems behind the voice-mail services for corporate, government and wireless phone networks. It now has more than 5,000 employees and about $1.2 billion in annual revenue.

Some say the company reflects the exacting personality of Mr. Alexander, who served in an elite unit in the Israeli army. "He's a tough guy, a tough person. The company took on his toughness," said Mark McIlvane, a former Comverse marketing executive. He added that Mr. Alexander kept a tight rein on costs during the early days of the company, even objecting if employees rented too large a car.

A finance and strategy specialist, Mr. Alexander, 54 years old, was able to propel Comverse ahead by securing important contracts with "Baby Bells" and overseas phone companies. In 1997, Comverse, then big in Europe, expanded in the U.S. by buying a competitor. Comverse became a family affair for the Alexanders, with Mr. Alexander's father, sister and brother-in-law, a co-founder, serving at various times on the board.

Mr. Sorin, 56, is one of Mr. Alexander's closest associates. He has been with the company since 1984, having served as a director and corporate secretary. The Harvard Law-educated attorney reviewed and signed the company's annual reports, and also drafted and reviewed its proxy statements and stock-option plans, the government said.

Mr. Kreinberg, 41, who joined in 1994, had been at the company's auditor, Deloitte & Touche LLP. He became chief financial officer in 1999.

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As is the practice at many companies, the compensation committee of the board approved stock-option grants at Comverse. Approvals weren't official, according to federal authorities, until the committee members voted on them or signed documents indicating their assent. The SEC said Comverse's option grants came whenever Mr. Alexander chose to set the process in motion. According to federal authorities, he would look over recent trading in the stock and pick a day when the price had dropped, pretending the options had been awarded on that date, which would be more favorable to options recipients. After 1998, Mr. Kreinberg also helped with the date-selection process, the government asserted.

It said Mr. Sorin, who was responsible for interactions with the compensation committee, in effect tricked it. Mr. Sorin first would call committee members to say options-granting paperwork was on its way. He or an assistant would send members written "consent" forms to approve the grants, which bore the selected dates and said the options were to be granted "as of" those dates, the SEC said.

The account said committee members would sign the forms, which didn't contain any place for them to indicate when they signed -- the only date on the forms being the earlier date that had been chosen. "This was done to conceal the true date of the grant," the FBI affidavit stated. In some cases, it said, directors didn't sign the forms until weeks or months after the purported grant date.

In the affidavit, FBI special agent Kevin Riordan said two compensation-committee members told him they assumed the "as of" date on the consent forms they later received was the day Mr. Sorin had called them. It was not, the affidavit said, adding: "No corporate action whatsoever occurred on the 'as of' dates." The FBI agent added in his affidavit that the two committee members told him they didn't realize the grant carried a lower trading price and that they "did not intend to grant in-the-money options."

One member of the compensation committee for an extended period was Mr. Alexander's sister, Shaula Yemini. She described a similar practice as the other two committee members, the affidavit said.

All told, the SEC said at least 26 stock-option grants were backdated in this way from 1991 to 2001.

A grant dated July 15, 1996, appears at first blush to be a feat of remarkable timing. That day, Comverse shares closed at $23.75; the grant carried that "exercise price," entitling recipients to potentially profit from any rise above that level. That date is the bottom of an icicle-like dip in Comverse's stock chart; shares jumped 13% the next day and by the end of the year had reached more than $37.

Mr. Alexander received 100,000 options, nearly a quarter of those granted. The SEC said options were distributed "company-wide."

The grant really wasn't made that date, the SEC asserted, but instead, Mr. Alexander picked the date after "looking back at [COMVERSE'S]trading history." The agency said directors' consents were likely signed two months later, around Sept. 10, though as usual the signatures weren't dated. The stock closed at $36.50 on Sept. 10, so Mr. Alexander's 100,000 options dated July 15 carried $1.275 million more in potential profit than if they had borne the Sept. 10 price.

As Comverse expanded, so did its option grants. In one dated Oct. 18, 1999, the company gave out 3.8 million options at an exercise price of $93 per share -- on a date later selected by Messrs. Alexander and Kreinberg, according to the SEC. The agency said Mr. Sorin didn't send the consent forms to directors until Nov. 23, 1999, by which time the stock price was above $127.

The difference meant $130 million in extra potential profit to the 1,633 grant recipients, the SEC calculated, with the extra potential amount for Mr. Alexander alone at $10.7 million.

A slush fund was formed in 1999, during the frenzied run-up of tech stocks, according to the FBI affidavit. Its purpose, authorities said: to hide extra options that Mr. Alexander could dole out to favored employees, particularly to keep them out of the arms of competitors.

The slush fund was initially called "I.M. Fanton" in the company's computer system, the affidavit said. The name, according to the affidavit, was the brainchild of an unnamed assistant, who dreamed it up after seeing "Phantom of the Opera." The person apparently thought better of the name, the affidavit said, and later changed it to "Fargo," after a Coen Brothers black comedy about bumbling criminals.

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The government alleged that Messrs. Alexander and Kreinberg populated the slush fund with options by telling the assistant to create dozens of phony employee names to be mixed in with real people on the list of options presented to directors for approval. The assistant merged first and last names of acquaintances to make the bogus names, the affidavit said. Hundreds of thousands of options were thus approved with no real recipient, the government said.

In 2001, Messrs. Alexander and Kreinberg told the assistant to give 10,000 options apiece to 25 more fake employees, the affidavit said. The board unknowingly approved these, too.

In August 2000, Messrs. Alexander and Kreinberg directed the transfer of 48,000 slush-fund options to an Israeli executive displeased with his pay, the affidavit said, adding that Mr. Alexander also directed that the "vesting period" of the options be changed so the executive could cash them out immediately. The executive did, making an instant $2 million, the affidavit said.

In doing its 2001 audit, Deloitte asked for documentation related to stock-option grants. According to the SEC, Mr. Kreinberg instructed an assistant to give the auditors a computer printout of grants but remove a page relating to the Fargo slush-fund options.

On the first Sunday in March, Messrs. Alexander, Kreinberg and Sorin gathered with another company lawyer at Comverse's offices to discuss the Wall Street Journal inquiry, the government said. The Journal's call in early March was occasioned by a remarkable pattern in the eight grants to Mr. Alexander between 1994 and 2001. All but one were dated just before a sharp run-up in company shares; the Journal's analysis figured that the odds of the grant dates falling as they did purely by chance was around one in six billion.

According to the FBI affidavit, Mr. Alexander denied to the company lawyer that there'd been backdating, stating that he had noticed a dip in the stock price and decided that very day to grant the options. Messrs. Alexander, Kreinberg and Sorin stuck with that account for several days.

After meeting with their own lawyers, the three began to backtrack, the government said. In a later meeting with an in-house lawyer, the trio said there might be "some issues" because "hypothetically speaking," phone calls to the compensation committee weren't made on the dates of the grant, according to the affidavit. It added that Messrs. Alexander and Kreinberg "importuned" the in-house lawyer "to handle the internal investigation personally instead of hiring independent counsel." The next day, Comverse's board formed a special committee to investigate the matter.

Around the same time, according to the FBI, Mr. Kreinberg told a Deloitte partner the company's options grants were legal and blamed any discrepancies on a prior chief financial officer. The FBI affidavit called the statements "lies." Mr. Alexander later defended the backdating on the ground that everyone in high technology was "doing it" and Comverse stock was going crazy, the affidavit said.

As company lawyers in March continued to press Messrs. Alexander and Kreinberg about the options' unusual timing, Mr. Kreinberg apparently realized the slush-fund options might be a problem, the affidavit said. Around March 10, the same day the board committee was formed, he used an assistant's password to change the date when the phantom account had been closed. He changed it to a day in 2002 when lots of activity occurred, so that investigators would be less likely to detect it, the affidavit said.

But Mr. Kreinberg apparently realized that his actions would leave a computer trail, the affidavit continued, and tried to reverse the change. Calling himself an "idiot," he asked an assistant to make a minor change to every account record, to cover up his tampering, the FBI affidavit stated.

Comverse's stock traded at $19.37 on the Nasdaq market yesterday, down 15 cents on the day but off about 35% since the options problem surfaced in March. The shares had reached a stock-split-adjusted price of more than $121 in early 2001.

3 At Comverse Charged In Stock Options Case (NYT)

By Julie Creswell

The New York Times, August 10, 2006

Perhaps, in hindsight, naming a company account after “Phantom of the Opera” was not a good idea.

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Describing a brazen scheme to manipulate the granting of options, federal prosecutors in Brooklyn charged three former executives of Comverse Technology with mail, securities and wire fraud yesterday. The three executives, prosecutors said, used fictitious employees to create a secret slush fund of options to be distributed to favored employees.

Two of the executives, David Kreinberg, the former chief financial officer, and William F. Sorin, the former general counsel, were arraigned yesterday in Federal District Court in Brooklyn, where they were released on $1 million bail each, secured by their homes.

But the third, the former chief executive, Jacob Alexander, 54, who had built Comverse, a communications software maker based in New York, into a $1 billion market leader, did not appear in court and is believed to have fled the country to either Germany or Israel, according to a person briefed on the investigation.

Mr. Alexander, known as Kobi, is a highly regarded executive in Israel, where he once owned a stake in a Tel Aviv professional basketball team and where Comverse has extensive business operations. In late July, he wired $57 million to an account in Israel, according to Justice Department court filings. Millions of dollars more are believed to remain in Mr. Alexander's Citigroup Smith Barney accounts in the United States, which prosecutors have asked to be frozen. Yesterday, a warrant was issued for his arrest.

The criminal case against the Comverse executives, who all resigned from the company in May, is the second involving the manipulation of stock options. Last month, federal prosecutors in San Francisco charged the former chief executive of Brocade Communications Systems and its former head of human resources with securities fraud.

The Comverse case is the first to be brought by federal prosecutors in Brooklyn. The Securities and Exchange Commission also filed a civil complaint against the three men yesterday.

"In what can only be called an abuse of corporate power, these executives, through fraud and deceit, rewarded themselves and their friends at the expense of the investing public," said James W. Burrus Jr., the acting assistant director of the Federal Bureau of Investigation, at a news conference in Washington yesterday.

Mr. Burrus said that the F.B.I. was investigating 45 cases involving the backdating of options. More than 80 companies nationwide are now under investigation over their options practices by the S.E.C. or by federal prosecutors in San Francisco, Brooklyn and Manhattan.

Lawyers for Mr. Alexander, of New York, and Mr. Kreinberg, 41, of Teaneck, N.J., declined to comment on the charges. A call to a lawyer for Mr. Sorin, 56, who lives in New York, was not returned.

Prosecutors contend that the three men devised a complex scheme to backdate every companywide grant of options between 1998 and 2001 to days when Comverse's stock was trading at lower prices.

Options give an employee the right to buy a stock at some point in the future at the price of the stock on the day it was granted, commonly referred to as the strike price. The lower the strike price, the more an option is worth to the recipient. By dating the options back to a time when the stock was trading at a lower price, the recipient receives even bigger profits.

But it was the top executives themselves who profited most from the scheme, prosecutors said.

Between 1991 and 2005, Mr. Alexander made profits of $138 million on options he exercised and stock he sold, prosecutors said. About $6.4 million of that profit was a result of backdated options, prosecutors say.

Likewise, Mr. Kreinberg exercised options and sold shares for profits of about $13 million and Mr. Sorin for about $14 million, according to court filings. Around $1 million of the profits for each of the men came from backdating, prosecutors said.

"Each of the former executives realized substantial personal gains from the exercise of the illegally backdated option grants and the subsequent sell of Comverse common stock," said Linda Chatman Thomsen, the director of enforcement at the S.E.C. "Collectively, they realized millions."

The criminal charges are a very public fall from grace for Mr. Alexander, who is credited with turning Comverse — once a penny stock on the verge of failure — into a market leader in voice-messaging software with global operations and annual revenues of more than $1 billion. Comverse has said it would have to restate financial results dating back to 2001 and possibly even further.

Described by several former employees as a meticulous, intelligent man, Mr. Alexander is portrayed in the criminal complaint as someone who paid attention to the smallest detail at the company. ("How many C.E.O.'s do you know who reads

every word of the footnotes?'' he told an employee, according to the complaint.) Mr. Alexander held a bachelor's degree in economics from Hebrew University of Jerusalem and a master's degree in finance from New York University.

The other two men had sterling credentials as well. Mr. Kreinberg was previously a senior manager at Deloitte & Touche, the company's outside auditor, and Mr. Sorin was a Harvard-educated lawyer who, colleagues said, has a fondness for stride, a type of piano jazz that flourished in the 1920's. Mr. Sorin was general counsel from the company's inception in the 1980's through 2003.

According to court filings, the backdating of options began when an assistant who is unnamed in the court filings took on the job of compiling lists of employees for whom stock option grants were being proposed, for consideration by the board's compensation committee. The assistant kept a record of the employee names, option awards and dates in a spreadsheet through a software program called Equity Edge.

It was around this time that Shaula Yemini, Mr. Alexander's sister, joined the board and became a member of the compensation committee. (Mr. Alexander's father, Zvi Alexander, was a board member for several years but did not sit on the compensation committee.)

According to information provided to the government by the assistant, Mr. Alexander or Mr. Kreinberg instructed the assistant at various times to insert earlier dates — when Comverse's stock was trading a lower price — as the dates the stock options had been granted, although that was not true. Mr. Sorin would then place calls to members of the compensation committee to discuss the number of options that were to be awarded.

Two long-serving members of the committee told prosecutors they assumed that the option grants were dated on the date of the telephone calls. In fact, the calls came after the dates of the grants, prosecutors say.

Around 1999, Mr. Alexander and Mr. Kreinberg instructed the assistant to create a secret account for options that the two could give to employees at Mr. Alexander's discretion, as incentives for recruitment and retention.

The assistant, who had recently watched "Phantom of the Opera," named the account "I.M. Fanton," in an altered rendering of "phantom," according to court documents. (Later, the assistant renamed the account "Fargo," apparently after the movie of that name.)

Mr. Alexander and Mr. Kreinberg told the assistant to put dozens of fictitious names on the list of employees proposed to receive options grants, awarding the fake employees about 5,000 options each to avoid attracting the compensation committee's attention, according to the complaint.

After the compensation committee approved the list, the assistant aggregated at least 200,000 options into the Fanton/Fargo account.

Over time, options from the slush fund account were transferred to real employees. In August 2000, the complaint said, the assistant was told to transfer 48,000 options from the account to a top executive in Israel because the executive was unhappy with the level of compensation.

The options, as is typical, had a four-year vesting period, meaning they could be exchanged for stock after four years. But Mr. Alexander told the assistant to make the options exerciseable immediately.

The Israeli executive, who is not identified in the court documents, exercised the options the next day when the stock was trading at nearly double the exercise price and immediately sold the stock for an "instant $2 million profit," the court documents say. The same executive received another $2 million windfall four months later.

When questions about the company's options practices began to arise, the three executives scrambled to hide the account from the board, a special committee formed to investigate the practice and the firm's outside auditor.

"When the story they delivered began to fall apart, they began to make admissions about their conduct, yet tried to justify their unlawful behavior," the complaint says.

Mr. Kreinberg, the former chief financial officer, even tampered with evidence as the special committee was being formed to investigate the options backdating, prosecutors said. Using the assistant's password, Mr. Kreinberg gained access to the options database and altered dates, the complaint said.

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In conversations with lawyers for Comverse, Mr. Alexander tried to justify the backdating and the creation of the slush fund account by saying he had to do it to retain people and that everyone in Silicon Valley was doing the same, according to the complaint.

Comverse Ex-Chief Alexander Charged In Options Case (Update8) (BLOOM)

By Karen Freifeldrobert Schmidt

Bloomberg, August 10, 2006

Aug. 9 (Bloomberg) -- Comverse Technology Inc. former Chief Executive Officer Jacob ``Kobi" Alexander and two other ex-company officials were criminally charged as the government intensified a crackdown on stock-option manipulation.

Prosecutors in Brooklyn, New York, said today Alexander, 54, David Kreinberg, 41, a Comverse ex-finance chief, and William Sorin, 56, a former general counsel, backdated ``millions of stock options" so employees could buy shares at low prices. The former CEO hasn't surrendered to authorities and is being sought.

More than 90 companies including Apple Computer Inc. have said they are the subject of government or internal stock option inquiries. The FBI said today it is investigating 45 backdating cases. Prosecutors in the past three weeks have charged five former executives of two companies, including two ex-CEOs.

``Rest assured, Comverse will not be the last," said Jacob S. Frenkel, a former U.S. Securities and Exchange Commission lawyer now in private practice in Rockville, Maryland. ``I think we're likely to see a steady stream of these cases over the next six to 12 months, some criminal, some SEC civil cases."

Alexander, who has dual U.S. and Israeli citizenship, wired ``nearly $60 million" to Israel last month from an account at Citigroup Inc.'s Smith Barney Unit containing proceeds of fraudulent stock options, the government said. It called the transfer an effort to ``launder the proceeds of the fraud." Authorities have seized $45 million from two U.S. investment accounts in Alexander's name, according to court papers.

`In the Process'

The Justice Department declined to comment on Alexander's whereabouts, saying a warrant was issued for his arrest.

``We are in the process of getting hold of Mr. Alexander," Deputy Attorney General Paul McNulty said today at a press conference in Washington.

The former officials of New York-based Comverse, the world's largest maker of voice-mail software, were charged with conspiracy to commit securities fraud, mail fraud and wire fraud from 1998 to 2001. The conspiracy charges are punishable by as much as five years in prison. The company wasn't charged.

Kreinberg and Sorin appeared in court today and were formally charged. They were released on $1 million bonds secured with their residences and were ordered to turn in their passports. They will enter pleas later.

Alexander, an Israeli immigrant, founded Comverse in 1984. The ex-CEO has a degree in economics from Hebrew University and a master's degree in finance from New York University, the government filing said.

University Backgrounds

In 1999, Alexander was the 75th best-paid U.S. chief executive, with compensation of $4.23 million, Forbes magazine said.

Kreinberg is a certified public accountant and former senior manager at Comverse's outside auditor Deloitte & Touche LLP. He has an accounting degree from Yeshiva University and a master's in finance and international business from Columbia University, the government said.

Sorin earned a law degree at Harvard University and is a member of the New York state bar.

The SEC today separately sued Alexander, Kreinberg and Sorin in Brooklyn federal court. The agency accused the three of engaging in a fraudulent scheme to grant themselves and others backdated options from 1991 through 2001.

``These executives were able to conceal from investors that the company was not recording material compensation expenses" and was overstating Comverse earnings, the SEC said in its complaint. ``These executives collectively realized millions of dollars in illicit compensation through the exercise of illegally backdated grants."

Backdating as Crime

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Comverse said in April it would restate earnings after a committee of outside directors found that dates of stock-option grants may have been inaccurate. The resignations of Alexander, Kreinberg and Sorin were announced May 1, the day before the company received a government subpoena.

The granting of stock options was a popular means of attracting and rewarding employees at technology companies during the late 1990s and early 2000s.

Option-holders have the right to buy or sell a specific number of shares at a later date, usually at the price on the day of the grant.

Federal prosecutors have said that while it's not illegal to backdate stock options, companies may be subject to criminal and civil punishment if the backdating is done with the intent to defraud investors or the grants aren't properly accounted for.

`Investor Fleecing'

``The undisclosed paper gain in the options rewards an employee for prior service rather than providing an incentive for future service, without disclosure or shareholder approval of this kind of compensation,'' the criminal filing said.

The practice misleads investors about a company's profits and dilutes the value of outstanding shares, as well as obligating the company to sell shares to insiders at a discount, the complaint said.

A Federal Bureau of Investigation official, James ``Chip'' Burrus, said the FBI is investigating 45 option-backdating cases. He called backdating ``the newest trend in investor fleecing.''

``It's the corporate equivalent of placing a bet after the race has been run,'' Burrus, an FBI acting assistant director, said at the news conference.

The criminal filing said that from 1991 through 2005, Alexander exercised options and sold stock worth $150 million, making a profit of about $138 million.

Unlawful Profit

``Preliminary analysis shows that almost $6.4 million of that profit was due to backdating,'' the government said. In 2005 and 2006, Alexander exercised more than $11 million in options that were allegedly fraudulently backdated, for a profit of about $5.3 million, prosecutors said.

The government said it identified almost $1 million in profit that Kreinberg made from allegedly backdated options. Sorin profited by ``more than $1 million'' from the scheme, the government claimed.

Alexander and Kreinberg were also accused of setting up a ``slush fund'' where they deposited hundreds of thousands of option grants awarded to fictitious employees.

An assistant, not named in the complaint, drew up a list of fictitious grantees to receive awards of about 5,000 each, few enough to escape the scrutiny of the Comverse compensation committee, the government said.

Once the committee approved the grants, the assistant deposited them in an account initially named ``I.M. Fanton,'' a reference to ``Phantom of the Opera,'' according to the complaint.

`Fanton' to `Fargo'

``The assistant changed the account name to `Fargo' (based on the movie of the same name) after thinking better of the wisdom of calling it Phantom,'' the complaint said.

The government says Alexander distributed the Fargo options to favored employees, including two grants totaling 88,000 options to a single, unnamed Israeli executive. Kreinberg allegedly tried to hide the Fargo account from outside auditors and told the Israeli executive not to sell the shares ``in one shot'' to avoid driving down the stock price, the complaint said.

``I think that this case is one where the prosecution has the strong, strong uphill stance and the balance of advantage,'' John Coffee Jr. a Columbia University law professor, said in an interview. ``Federal securities laws make it a crime to knowingly circumvent any system of internal accounting controls or knowingly falsify any book or record or account. That's almost always happening in backdating cases.''

The Justice Department's McNulty said prosecutors had the ``benefit of cooperation'' from Comverse and learned of the defendants' conduct only in March.

Comverse's Cooperation

``We got good cooperation from Comverse and the assistance that companies often provide in bringing information to light that they have found through their efforts," McNulty said.

In a footnote to the criminal filing, the government cited documents and witnesses that allegedly show Kreinberg, with Sorin's knowledge ``engaged in a similar scheme at Ulticom," a subsidiary of Comverse.

Ulticom, a maker of wireless communication software based in Mount Laurel, New Jersey, is conducting an internal probe of option granting practices.

Attorney Keith Krakaur, who represents Alexander, declined to comment on reports of pending charges. Robert Morvillo, who also represents Alexander, is out of town. Morvillo has said that Comverse's problems should have been dealt with in a regulatory context, not criminally.

James Brochin, an attorney for Sorin, declined to comment, as did Kreinberg's lawyers Kevin J. O'Brien and Matthew Lang.

Earlier Prosecutions

The first ex-CEO accused in the options investigation was Gregory Reyes, who headed Brocade Communications Systems Inc., a Silicon Valley computer equipment maker, and was accused of securities fraud July 20. Accused with him was Stephanie Jensen a former Brocade human resources vice president. Both were also sued by the SEC, as was former Brocade Chief Financial Officer Antonio Canova. All three have denied wrongdoing.

The most recent company to announce it was examining its stock options is First American Corp., the second-largest U.S. title insurer. It asked its independent directors today to review the company's stock option grants and said it might need to take a writedown.

In 2004, before the government's broad investigation of option manipulation, Leonard Goldner, former general counsel of Symbol Technologies Inc., pleaded guilty to orchestrating a scheme to exploit Symbol's stock-option plans to enrich himself and other senior executives and avoid taxes. Other executives were also charged.

That case, like today's, was prosecuted by the office of U.S. Attorney Roslynn Mauskopf of the Eastern District of New York, an area that includes Brooklyn and Long Island.

Paul Baker, a Comverse spokesman, said ``the company continues to fully cooperate with the SEC and the DOJ."

Shares of Comverse fell 15 cents to $19.37 in Nasdaq Stock Market composite trading.

The case is U.S. v. Alexander, 06-mj-817, U.S. District Court, Eastern District of New York (Brooklyn).

Former GC Among Comverse Executives Facing Backdating Charges (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, August 10, 2006

Three former top executives at Woodbury, N.Y.-based Comverse Technology Inc., among them the company's former top lawyer, have been charged with fraudulently manipulating the dates on stock options.

In a complaint unsealed Wednesday, the U.S. Attorney's Office for the Eastern District of New York alleges that Jacob "Kobi" Alexander, the former CEO of the company, a leading manufacturer of voicemail software, David Kreinberg, its former finance chief, and William Sorin, its former senior general counsel, violated federal law and Securities and Exchange Commission rules by conspiring to hide the backdating from shareholders and the investing public.

"The defendants reaped substantial personal gain from their fraudulent conduct," the complaint said. "Alexander exercised options and sold stocks worth approximately $150 million, of which approximately $138 million was profit."

Prosecutors attributed almost $6.4 million of that profit to backdating.

Kreinberg and Sorin surrendered Wednesday, but Alexander's whereabouts were unknown, and a warrant was issued for his arrest, said Robert Nardoza, an Eastern District spokesman.

Each faces a maximum of five years in prison.

The criminal charges are the first to be filed in New York and only the second nationwide relating to the brewing options backdating scandal. Last month, California prosecutors charged two former executives of Brocade Communications Systems Inc. of participating in a scheme to change the date of employee stock options to increase their value.

It is also the first time an attorney has been accused of wrongdoing in connection with the backdating of stock options. Prosecutors say Sorin was Comverse's general counsel from the company's inception in 1986 and reported to Alexander. He was also the company's corporate secretary and director, and was responsible for drafting Comverse's stock option plans and public filings. He signed the company's annual filings and submitted its proxy statements.

Sorin, a graduate of Harvard Law School, has been a member of the New York bar since 1974.

The SEC also filed a civil complaint against the three former Comverse executives Wednesday. Both complaints accuse Alexander, Kreinberg and Sorin of creating a slush fund to cover up their actions. A shareholder derivative action was filed in the Eastern District in April.

The Department of Justice and the SEC are examining the actions of more than 80 companies suspected of being involved in questionable backdating practices.

Alexander, Kreinberg and Sorin are accused of making stock options more lucrative by backdating their exercise price to a low point in the stock's value.

Usually, a stock option's exercise price matches the market value at the time of a grant, which gives the recipient an incentive to drive the price higher.

"By backdating these options, the defendants, in effect, gave themselves and others an opportunity to place a bet in the middle of a race -- a bet that paid off handsomely," U.S. Attorney Roslynn Mauskopf of the Eastern District said in a statement.

It is legal to backdate options when shareholders and regulators are informed, but prosecutors allege the trio broke the law by secretly backdating the grant documents. They also say the defendants issued false proxy statements and periodic public filings falsely claiming that the stock options were granted at fair market value.

ALLEGED SLUSH FUND

In addition to the backdating scheme, the complaint also alleges that Alexander and Kreinberg generated hundreds of thousands of backdated options, which they parked in a secret slush fund to be used at Alexander's discretion.

To create the fund, the government said that Alexander and Kreinberg inserted dozens of fictitious names into the list of option recipients submitted to the compensation committee of the board of directors. Once the committee approved these options, Alexander and Kreinberg deposited the options in an account prosecutors allege was at one time named "Phantom."

Prosecutors also accused Alexander of transferring a total of approximately 88,000 options from the slush fund to another top executive. Although the options had a four-year vesting period, on each occasion Alexander made the options immediately exercisable, prosecutors claimed. He exercised the options the day after receiving them, when the stock was trading at nearly double the strike price, and sold the stock at a profit of $4 million.

"The lying was the problem in this case," said Dan Brecher, a solo practitioner in New York who specializes in securities law but is not involved with the case. "It's akin to tampering with corporate records or documents."

Comverse announced in a May press release that Alexander, Kreinberg and Sorin had resigned their posts in the midst of an internal investigation by a special committee of the company's board.

Kreinberg and Sorin were arraigned Wednesday before Magistrate Judge Viktor V. Pohorelsky, and were each released on a $1 million bond.

Alexander's whereabouts were unknown as of Wednesday. The government has seized $45 million from two investment accounts held in his name, fearing he would bury the money in accounts oversees.

Alexander's attorneys, Keith Krakaur, a partner at Skadden, Arps, Slate, Meagher & Flom, and Robert Morvillo, a partner at Morvillo, Abramowitz, Grand, Iason, Anello & Bohrer, declined to comment on the case.

Andrew J. Levander, a partner at Dechert who represents Kreinberg, declined to comment on the case, as did Lewis Clayton, a white-collar crime specialist at Paul, Weiss, Rifkind, Wharton & Garrison who represents Sorin.

The government's case is being prosecuted by Assistant U.S. Attorneys Ilene Jaroslaw, Linda Lacewell, Sean Casey and Kathleen Nandan.

Representatives from Comverse were unavailable for comment.

US Charges Comverse Executives With Stock Options Fraud (AFP-Y)

AFP, August 10, 2006

The US Justice Department charged three former executives of computer software firm Comverse Technology Inc. with alleged stock options fraud and for running a secret "slush fund."

The move came after top executives at Brocade Communications Systems were last month charged with securities fraud in a burgeoning crackdown on options backdating that threatens to embroil as many as 80 US companies.

The Justice Department said that it had charged former Comverse chief executive officer Jacob "Kobi" Alexander, former chief financial officer David Kreinberg and ex-general counsel William Sorin.

The government said it had seized 45 million dollars held in US bank accounts, including ones at Citigroup, and accused the trio of running a "money laundering" scheme that had funneled over 57 million dollars to Israel.

Kreinberg and Sorin surrendered to the authorities Tuesday morning, but an arrest warrant has been issued for Alexander who is "not in custody" as yet, a spokesman for the US attorney, eastern district of New York said.

"The Justice Department is determined to see that our markets operate fairly and honestly," said federal deputy attorney general Paul McNulty.

"We will continue to pursue misconduct in any boardroom where we find it," he said.

The executives are accused of improperly boosting the value of stock options they were awarded in Comverse stock between 1998 and 2002.

The government said they "fraudulently" backdated the options to days when Comverse stock was trading at a low price, and below the market price on the date when the options were actually granted, thereby maximizing their gains.

"Alexander allegedly took for himself more than 300,000 dollars of those backdated options, for a paper profit of over 11 million," the Justice Department said.

The government said Alexander and Kreinberg placed hundreds of thousands of backdated options in a "secret slush fund to be used at Alexander's sole discretion to benefit favored employees."

The charges come amid a wider government probe into stock options payments that has primarily focused on California's Silicon Valley.

Apple Computer warned this month that it would probably have to revise its financial results since September 2002 following a probe into irregularities of how the company awarded stock option grants to its employees.

Each of the three Comverse executives could face prison terms of up to five years if they are found guilty.

The investigation was led by the Justice Department's Corporate Fraud Task Force, but it was triggered in early March when a Wall Street Journal reporter became suspicious about Comverse's stock option practices.

Ex-Brocade Execs Dealt A Loss (MERCN)

By Mark Schwanhausser

The San Jose Mercury News, August 10, 2006

The first Silicon Valley executives to face criminal charges in the nationwide stock options scandal were dealt a setback Wednesday when a federal judge rejected their request to dismiss their cases, saying that prosecutors had gathered ``quite detailed" evidence of wrongdoing at Brocade Communications Systems.

It was no surprise that Judge Edward Chen of the U.S. District Court in San Francisco let federal prosecutors continue to press their charges of securities fraud against Greg Reyes, the San Jose company's former chief executive, and Stephanie Jensen, a former vice president of human resources. Though Reyes and Jensen face a criminal complaint at this stage, a grand jury indictment could follow soon, perhaps as early as today.

In court Wednesday, defense attorneys offered clues about how they will try to center the case on the former executives' motives. In short: They will argue that Reyes and Jensen backdated stock options to entice and reward new employees -- not to mislead investors by manipulating financial statements to make the company appear more profitable.

The Brocade case is being closely watched because it is the first time executives have been criminally charged in the growing scandal. But it's particularly relevant in Silicon Valley, home to the largest concentration of companies under investigation by the Securities and Exchange Commission and Justice Department.

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When Reyes and Jensen were charged July 20, the SEC said it was probing more than 80 companies to determine whether they secretly rigged stock option prices to give recipients a head start to paper profits. So far, 33 local companies -- including nearly one-fifth of Silicon Valley's 150 biggest companies -- face federal investigation, internal reviews, financial restatements or shareholder lawsuits.

The SEC also has filed civil charges against Reyes, Jensen and Antonio Canova, Brocade's former chief financial officer. The three defendants have said they are innocent of all charges. Canova was not named in the criminal complaint.

A preliminary hearing in the criminal case against Reyes and Jensen was postponed to Aug. 30.

The government's central allegation in the criminal case against Reyes and Jensen is that they falsified corporate records to avoid accounting charges that would make Brocade less profitable. No matter the executives' motives, prosecutors say, backdating option grants and employment offer letters ultimately caused the financial statements to be false.

``What's the reasonable explanation for that conduct?" assistant U.S. Attorney Christopher Steskal asked during Wednesday's hearing.

But defense attorneys argued that prosecutors must prove the executives knew they were breaking the rules and intended to dupe investors.

Reyes' lawyer, Richard Marmaro, said the former CEO's ``primary motivation" was to attract employees at a time when valley companies were bidding rabidly against each other for workers.

``No one warned about the effect on financial statements," Marmaro said.

As a specialist in human relations, Jensen ``knows nothing from nothing about accounting functions," said her attorney, John Keker. ``She did not willfully violate accounting laws. She did not intend to deceive."

For decades Silicon Valley companies have favored stock options pegged to the stock price on the day of the grant because such options didn't trigger accounting charges that would trim profits. (New accounting rules that started last fall require companies to subtract the cost of all options from profits.)

By backdating options and improperly pegging them to earlier, lower prices, companies allowed the recipients to enjoy immediate paper gains that should have been subtracted from corporate profits.

In court filings, prosecutors allege that Reyes and Jensen were masterminds of a backdating scheme that continued even after the implementation of accounting reforms under the Sarbanes-Oxley Act of 2002. The practices were so well-known that a human resources employee drafted a memo to describe the process.

Those filings challenge the argument that Reyes and Jensen were unaware they were breaking the rules. Prosecutors say that Jensen instructed employees not to discuss options grants in e-mails and that she advised Reyes not to routinely pick the lowest possible stock price for options because it would look suspicious.

When an underling challenged Jensen at one point, prosecutors say she ``responded that she did not care and that they did it because that was what Reyes asked them to do."

Fannie Mae Says It Believes Last Of Accounting Errors Have Been Found (AP)

By Marcy Gordon, Associated Press

AP, August 10, 2006

WASHINGTON – Fannie Mae said Wednesday it believes a massive review of its accounting has uncovered all of the errors, clearing the way for the mortgage company to complete the restatement of its 2004 earnings by the end of this year. The company disclosed that the multibillion-dollar correction could be less than estimated previously.

The government-sponsored company, which finances one of every five home loans in the United States, also said it would miss a regulatory deadline Wednesday for filing its financial report for the second quarter of 2006. Fannie Mae hasn't filed an earnings statement since late 2004.

Federal regulators that year accused Fannie Mae of serious accounting problems and earnings manipulation to meet Wall Street targets, and the Securities and Exchange Commission ordered the company to restate earnings back to 2001. The Justice Department has been pursuing a criminal investigation, which the company confirmed Wednesday "remains open."

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The anticipated correction of earnings has been estimated at around $10.8 billion. But Fannie Mae indicated Wednesday that the final amount could be lower, because some losses will be less than previously thought.

The company also has said it expects an upcoming internal report to show that its financial controls remained insufficient as recently as the end of last year.

"We are committed to devoting all resources necessary to complete the restatement as expeditiously as possible," Fannie Mae said in its filing Wednesday with the SEC. "However, because many of the activities are sequential in nature, accelerating the completion of the restatement is difficult."

The company said it believes that at this point "we have identified all errors requiring restatement."

Fannie Mae also said its 2004 losses related to accounting for mortgage commitments will be "significantly smaller" than its previous estimate of $2.4 billion, though it could not specify by what amount.

"We've made significant progress; we still do have a lot of work ahead of us," company President and Chief Executive Daniel Mudd said during a conference call with analysts, in what has become a familiar refrain from Fannie Mae officials in recent months.

"We've made great strides" in restructuring the company, said Mudd, who was the chief operations official at Fannie Mae and was elevated to the top post in December 2004 when the board swept CEO Franklin Raines and Chief Financial Officer Timothy Howard from office.

After the restatement of 2004 earnings is completed and made public by year's end, the company expects those for more recent periods to come "cascading" in the months to follow, Mudd said.

Fannie Mae said the newly disclosed accounting errors involve its so-called master servicing arrangements with the trusts it creates to issue securities backed by the billions of dollars of home mortgages annually that it buys from lenders and bundles together for resale to investors worldwide.

In May, the company disclosed new accounting problems that had been uncovered in that business of issuing securities and in the guaranty fees it charges the banks and other lenders.

Similarly, Fannie Mae in March disclosed new accounting problems that had been uncovered in several areas, including loans, investment securities, houses acquired through foreclosures, interest on delinquent home loans, and reverse mortgages.

They all are in addition to the accounting-rule violations that came to light in September 2004 involving derivatives, the financial instruments Fannie Mae uses to hedge against swings in interest rates, and its mortgage commitments.

The federal agency that regulates Fannie Mae and its smaller government-sponsored sibling, Freddie Mac, issued a blistering report in May alleging a six-year accounting fraud at Washington-based Fannie Mae, the second-largest U.S. financial institution after Citigroup Inc.

The report said Fannie Mae employees manipulated accounting to hit company quarterly earnings targets so senior executives could pocket hundreds of millions in bonuses from 1998 to 2004. The company was fined $400 million in a settlement with the Office of Federal Housing Enterprise Oversight and the SEC, one of the largest civil penalties ever in an accounting fraud case.

Fannie Mae also agreed to temporarily cap its mortgage holdings at $727 billion. The company said in its filing Wednesday that it may request a rise in that ceiling early next year.

Fannie Mae and Freddie Mac were created by Congress to pump money into the $8 trillion home-mortgage market to keep interest rates low and make home ownership affordable for low- and moderate-income people. Freddie Mac has been emerging from its own accounting scandal, which occurred in mid-2003.

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On the Net:

Fannie Mae: www.fanniemae.com

Freddie Mac: www.freddiemac.com

Securities and Exchange Commission: www.sec.gov

Outside Audit SEC Moves To Postpone Deadline On Safeguards (WSJ)

By David Reilly

The Wall Street Journal, August 10, 2006

In what some business leaders called a victory for small public companies, the Securities and Exchange Commission yesterday proposed delaying when these companies must prove they have adequate safeguards in place to catch accounting mistakes and financial fraud.

The move was cheered by critics of requirements related to so-called internal controls. These safeguards are supposed to have been in place at public companies since the 1970s. The Sarbanes-Oxley corporate-governance law of 2002 added strictures that require top executives to attest that their internal controls are shipshape and outside auditors to do the same. Companies of all sizes, but particularly smaller firms, have complained about the costs of verifying the soundness of their internal controls, citing the need to add staff, purchase software and make other investments.

Governance advocates promptly slammed the delay, saying it could let problems fester at companies whose systems aren't up to snuff. Some close followers of the internal-controls debate offered a more nuanced view, saying that the later start date could give the SEC political breathing room yet still preserve investor protections.

If the SEC completely ignored complaints from small companies, "there was a nontrivial risk that Congress might" take action to water down or eliminate the internal-controls requirements for smaller companies, said Joseph Carcello, director of research for the corporate-governance center at the University of Tennessee. The SEC's proposed delay is "a way of letting some pressure out of the system with the expectation that these companies will eventually comply with the rules," he added.

Earlier this year, an SEC advisory group on small companies called for exempting these companies from the Sarbanes-Oxley internal-controls rules entirely, advice that the commission rejected. Companies with market values of more than $75 million have had to follow the internal-controls rules for a few years.

The SEC now proposes that executives at small companies -- those with a market value of less than $75 million -- won't have to attest to the effectiveness of their internal controls until after Dec. 15, 2007, six months later than currently called for. In an even bigger concession, the SEC also proposed that auditors only have to start signing off on these controls for fiscal years ending after Dec. 15, 2008.

The commission also proposed giving foreign companies that file securities documents with the SEC more time to comply with internal-controls rules, a move that conceivably could cheer some U.S. stock-exchange executives who have complained the internal-controls rules have made U.S. markets less competitive in attracting foreign listings.

"I think these are terrific steps," said Steven Bochner, a partner in law firm Wilson Sonsini Goodrich & Rosati and a member of the SEC's small-companies advisory group. "It's a balancing act in allowing [internal-controls rules] to be fully implemented and providing some relief from the crushing burdens of these costs."

Investor advocates counter that the delay poses significant danger, because small companies are most likely to have inadequate safeguards.

"Investors must wait another three years to receive the assurance they need that companies' statements can be relied upon," said Rebecca Todd McEnally, director of the capital-markets policy group at the CFA Institute, a financial-markets organization. "How many more catastrophic problems will go undetected until it is too late between now and 2009?"

In a prepared statement yesterday, SEC Chairman Christopher Cox said the delay was part of "efforts to be sensitive and responsive to the particular needs of smaller public companies" and would allow the agency to "redesign" the way internal-controls rules are imposed so that they are "efficient and cost-effective for investors." * * *

PASSWORD PILFERED: Note to Wall Street human-resource staffs: Collect credit cards and passwords from departing employees.

The New York Stock Exchange's regulatory arm said yesterday it has censured a former Deutsche Bank Securities math whiz for using a computer password from a prior job after he moved to the unit of Deutsche Bank AG.

Earlier this summer, Wei Wu was barred from the securities industry for nine months for breaking into an internal Web site at Lehman Brothers Holdings Inc. more than 200 times while he was a director of quantitative portfolio and index strategies at Deutsche, a job he lost in early 2003 after the German bank discovered the matter.

The Big Board's regulatory division said he didn't personally profit from information he obtained on the Lehman site but, upon discovering his log-in still worked, used it to mine for research and data that he used at his new job. He also shared the log-in with another Deutsche employee. Mr. Wu couldn't be reached for comment. The NYSE's regulatory decision notes he isn't currently employed by another broker-dealer.

Imax Shares Fall Amid SEC Inquiry, Lack Of Buyer (WSJ)

By Mark Heinzl

The Wall Street Journal, August 10, 2006

TORONTO -- Imax Corp. said it couldn't find a buyer at a price sought by the company, five months after the big-screen movie company put itself up for sale.

Separately, Imax said it is the subject of an informal inquiry by the Securities and Exchange Commission over the company's revenue-recognition practices.

In March, Imax said it hired financial advisers to explore a possible sale or merger after the company received "several unsolicited inquiries."

Although Imax received "significant initial interest from multiple parties," there are "presently no buyers who have indicated a willingness to acquire the company at a valuation sought by the board of directors," Imax said in a statement. It said the company's bankers continue to explore a possible transaction, however, "because interest remains from several parties at a lower valuation."

Shares of Imax were down 22 cents, or 2%, to $9.63 in 4 p.m. composite trading on the Nasdaq Stock Market. After the company's announcement, the stock decreased to about $6.15 in after-hours trading. When Imax announced its plans for a possible sale of the company in March, shares rose about 9%. At the 4 p.m. trading price, Imax's market value was about $400 million on a fully diluted basis.

Imax reported second-quarter financial results yesterday, posting net income of $3.5 million, or eight cents a share, compared with $1.1 million, or three cents a share, a year earlier. Revenue climbed 34% to $41.4 million.

Imax said the SEC has inquired about the company's use of "multiple element arrangement accounting" when Imax sells a big-screen theater system. Imax said it books revenue associated with different segments of a theater system at different times. The company said it booked revenue in the fourth quarter of 2005 on 10 theater systems in theaters that didn't open during the quarter. In seven of those cases, revenue associated with the screen portion of the system wasn't booked until the final screen was installed, Imax said.

The company said it believes its application of the accounting policy is in accordance with generally accepted accounting principles and supported by Imax's auditors PricewaterhouseCoopers LLP. Imax said it is cooperating with the inquiry.

Imax officials said on a conference call they don't believe the revenue-recognition issue was related to the inability to sell the company at a price sought by the board.

Errors Cause GTSI To Revise '04, '05 Results (WP)

By Griff Witte

The Washington Post, August 10, 2006

Chantilly-based government technology provider GTSI Corp. said yesterday that it will restate its financial results for the past two years because of accounting errors. It faces possible delisting of its stock.

The company was able to provide only preliminary results for the second quarter yesterday because of the errors, and will also have to restate earnings from the first quarter of 2006.

GTSI president and chief executive Jim Leto said in an interview that the errors stemmed from a failure to spread income on leased items across the life of the lease. The total profit affected by the error was $3.7 million in 2004 and $5.9 million in 2005. GTSI's revenue was $1.1 billion in 2004 and $886 million in 2005.

The firm also found that it had been double-counting the costs of certain sales in 2006. Leto said the changes will improve the company's bottom line for this year but drag down results for 2004 and 2005. Leto described the decision to restate results as

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a difficult one because the accounting problems were not clear-cut, but "at the end of the day we decided we had better err on the side of caution."

Leto said GTSI will complete its restatement by September.

The company said it expects to receive a letter from the Nasdaq Stock Market, warning that it faces possible delistment because of its failure to file timely and accurate financial results. GTSI has already faced possible delistment this year, after it was forced to restate 2005 financial results.

In its preliminary second-quarter results for 2006, GTSI reported it would lose approximately $3 million before taxes -- narrower than the $12 million pretax loss from the second quarter of 2005.

The firm, founded in 1983, has long sold such information-technology equipment as laptops and printers to the government but has recently moved into providing services as well. That transition has been rough for the company; it went through several rounds of layoffs in the past several years, and the company's attrition rate in 2005 was 55 percent. But Leto said the company has stabilized its workforce this year, and that morale is on the upswing.

US Moves To Ease Sarbox Regulation (FT)

By Jeremy Grant

Financial Times, August 10, 2006

The US on Wednesday moved to address the loss of company listings abroad by proposing that foreign companies listing on US stock markets be given a year's exemption from complying with the toughest part of the controversial Sarbanes-Oxley laws.

The move by the Securities and Exchange Commission was part of package of measures aimed at foreign and small to medium-sized US companies deferring deadlines for complying with Section 404 of the law.

The section requires company executives to check internal controls and have outside auditors make additional checks. Executives complain this has added to costs and needlessly tied up management.

It has become a lightning rod for criticism of Sarbanes-Oxley, passed in 2002 in the wake of the Enron and WorldCom scandals.

Critics of the law, which include US politicians and business on both sides of the Atlantic, blame Section 404 for driving company listings abroad to London and Hong Kong.

The SEC said US and foreign companies considering US listings would not be required to file with the regulator either a management report or an auditor's "attestation" report until it had filed one annual report with the SEC - effectively giving companies a year's grace.

John White, director of the SEC's division of corporation finance, told the Financial Times: "Our goal here is to make it easier for foreign issuers to do IPOs in the US. They will still ultimately have to comply but wont have to worry about Section 404 compliance as they worry about their IPO."

Todd Malan, president of the Washington-based Organisation for International Investment, which represents foreign companies with US listings said the move was a step in the right direction.

However, he said: "Whether the issue of US competitiveness is addressed or not relates to the substance and scope of the regulation, not just a deferral."

Other measures included giving foreign companies already listed and with a market capitalisation of under $700m but more than $75m an extra year to comply with Section 404.

The SEC also said such companies would not have to file an auditors report for a further year beyond the current deadline, pushing compliance with this into 2008 in some cases.

The SEC and Public Company Accounting Board, the US accounting watchdog, are expected within months to issue fresh guidelines on how to implement Section 404, in particular how to design more clearly the scope of the company's internal control.

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Mr Malan expressed disappointment that companies with over $750m in market capitalisation were not eligible for relief in the package while such companies represent 39 per cent of the 1,200 foreign companies with US listings. They account for over 90 per cent of market capitalisation of total.

Mr Malan said larger companies faced a “double whammy” of complying with current standards, and adopting eventual changes to Section 404 by the SEC and PCAOB.

CRIMINAL LAW:

'Duke' Inquiry Cites Breakdowns (LAT)

By Greg Miller, Times Staff Writer

The Los Angeles Times, August 10, 2006

The findings could widen the Cunningham scandal, a Democratic memo suggests.

WASHINGTON — An internal congressional investigation has found that "major breakdowns" in legislative controls enabled former Republican Rep. Randy "Duke" Cunningham to use his position on the House Intelligence Committee to steer classified government contracts to political cronies, according to a memo distributed this week to Democrats on the panel.

The memo accuses Republicans of backing out of an agreement to subpoena Cunningham, and calls for the public release of a 20-page unclassified report documenting the findings of the investigation.

The memo was written by Rep. Jane Harman (D-Venice), ranking Democrat on the committee, and circulated to Democrats on Tuesday.

Harman's description suggests that the seven-month probe by the House intelligence panel could significantly broaden the scope of the scandal surrounding Cunningham, the Rancho Santa Fe lawmaker who pleaded guilty last year to bribery and tax evasion and is serving an eight-year prison sentence.

The criminal investigation of Cunningham focused largely on the military contracts he influenced as a member of the House Defense Appropriations Subcommittee.

But the internal House probe has found a similar pattern of abuses in contracts involving U.S. intelligence agencies — and includes language describing cases in which the disgraced congressman pressured committee aides to set aside secret funds for his associates, according to congressional sources familiar with the investigation.

The committee's report, which has not been released publicly, "provides important details about how the committee's processes were abused to accomplish Cunningham's illicit aims," Harman wrote in the memo, a copy of which was obtained by the Los Angeles Times.

The panel's report also "highlights some major breakdowns in the ability of our committee to prevent the damage even after numerous 'red flags' were raised."

Harman did not elaborate on the nature of those "red flags," and a spokesman said she was not available to comment, citing an agreement between Republicans and Democrats on the committee to refrain from public discussion of the report before its release.

But senior congressional aides familiar with the report said the language referred in part to instances in which Cunningham's funding requests or instructions raised concerns among members of the Intelligence Committee staff.

"He wanted certain outcomes and for the committee to do certain things," said one congressional aide who spoke on condition of anonymity because of the sensitive nature of the investigation. "That obviously raised red flags with staff."

Despite those concerns, the aide said, Cunningham's requests often were granted. For that reason, the aide added, portions of the report could be embarrassing to committee staff and leadership. Another aide said that "staff felt pressured by Cunningham" and often acquiesced, "not wanting to offend him or make him upset."

Congressional aides from both parties said the Intelligence Committee had implemented changes to guard against similar abuses in the future.

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In particular, aides said, lawmakers must now get written approval from the panel's top Republican or Democrat before they can submit requests that specific programs or contracts receive funding in spending bills. Requests also must be reviewed by budget directors on the Republican and Democratic committee staffs.

Cunningham abused the congressional process known as earmarking, in which members insert language in large spending bills that steer funds to specific projects, often in their home districts.

Once the funding was in place, Cunningham also pressured budget officers at the Pentagon and other agencies to award contracts to companies led by individuals who gave the lawmaker millions of dollars in cash and gifts. Among those still under investigation by federal authorities is San Diego defense contractor Brent R. Wilkes.

The committee's report is expected to provide significant new detail on Cunningham's efforts to insert provisions in intelligence budgets, which are shielded from public scrutiny because they are classified.

The report also is said to include new information on the activities of Kyle Dustin "Dusty" Foggo, a former high-ranking CIA official and lifelong friend of Wilkes who cultivated close relationships with members of the House Intelligence Committee.

Foggo resigned from the No. 3 position at the agency earlier this year and is under investigation for his role in handling CIA contracts awarded to companies controlled by Wilkes.

As part of its internal inquiry, the committee has sought to question Cunningham. But the former lawmaker has rebuffed those requests, citing his plea agreement and ongoing cooperation with federal prosecutors in San Diego.

Republicans and Democrats have been at odds over whether to compel Cunningham to testify. In her memo, Harman accused Rep. Peter Hoekstra (R-Mich.), chairman of the committee, of backing out of an agreement to issue a subpoena.

"I strongly believe that we should compel his testimony," Harman wrote. "Given the scope of the damage he caused, I do not believe we should let Cunningham off the hook."

A GOP aide said Hoekstra intended to obtain testimony from Cunningham but thought that issuing a subpoena now would be counterproductive. The aide said Hoekstra had instead instructed the attorney leading the committee's investigation, Michael Stern, to negotiate with Cunningham's lawyers "to see if we can secure his testimony."

"We want to get answers from the man," the aide said.

A spokesman for Hoekstra, Jamal D. Ware, said the committee chairman could not comment on the matter, citing the agreement among members not to discuss the investigation publicly.

Cunningham's attorney, K. Lee Blalack II, has warned the committee that if Cunningham were subpoenaed, he would refuse to testify, citing the protection of the 5th Amendment.

In an Aug. 1 letter to the committee, Blalack noted that Cunningham was willing to cooperate and had turned over documents requested by the panel. But he said Cunningham would not testify unless he were granted immunity, or until his cooperation with federal prosecutors was completed.

Republicans and Democrats are divided over how much of the investigation's findings should be released. Senior aides say Stern has completed a classified report that is nearly 50 pages long, as well as a 20-page unclassified version.

In her memo, Harman said Democrats should push to have the full unclassified text released to the public.

"There is no reason that our committee should be able to 'bury' any unclassified facts about our committee's business, however unpleasant or embarrassing," Harman said.

Ware said: "Committee rules don't permit the discussion of internal committee business, even when it's unclassified."

Other Republican and Democratic members of the House Intelligence Committee did not respond to requests for comment.

Feds Seek Death In Alleged Area Killing (RD&C)

By Michael Zeigler, Staff writer

Rochester (NY) Democrat & Chronicle, August 10, 2006

Federal prosecutors are seeking the death penalty for one of three men charged with kidnapping a drug-dealing comrade in Connecticut and killing him in Genesee County.

In papers filed in U.S. District Court in Rochester, the prosecution said it would ask for the execution of Noah Gladding, 25, if he were convicted of capital murder charges in the death of Jason Argersinger in March 2005.

Prosecutors said they were not asking for death for co-defendants Eric Connelly, 22, and Josiah Howenstine, 26.

Gladding's lawyer, William T. Easton, assailed the decision, which was made by officials of the U.S. Justice Department in Washington, D.C.

"This decision … is unfounded and will impose great costs on our criminal justice system and the entire communty," Easton said. "It is not in accordance with death penalty law, the history of this jurisdiction, the facts of this case, prior decisions of other attorney generals, and the circumstances of our client's life. It is wrong."

Gladding goes to trial later this month in Batavia on a noncapital state charge of first-degree murder. No federal trial date has been set for him, Connelly or Howenstine.

Federal death penalty prosecutions are rare. It's the first time since 1994 that federal prosecutors had to decide whether a defendant charged in Rochester's federal court should be eligible for the death penalty if convicted.

In that case, prosecutors chose not to seek death for package bomber Michael Stevens, who killed five people across western New York during a bombing spree in December 1993. Stevens was convicted and ordered to prison for life without parole.

Before a murder defendant can face the federal death penalty, the law requires a grand jury to find that the death was intentional and was accompanied by at least one specified "aggravating factor."

The prosecution cited two aggravating factors in Gladding's case: an alleged kidnapping resulting in death, and the alleged use of a firearm to cause death.

Connecticut police said Argersinger, Gladding, Howenstine and two other men were involved in a conspiracy to traffic marijuana. Gladding allegedly told police that he killed Argersinger over Argersinger's debts.

Gladding allegedly claimed he knocked out Argersinger with a rock in Connecticut and drove him into New York, where he shot him and dumped his body in Black Creek.

Memphis Police Officers Indicted For Allegedly Stealing Drugs And Money (WREG-TV)

WREG-TV, News Channel 3, Memphis, August 10, 2006

Memphis - We have seen officers taking in the bad guys, but the U.S. Attorney says it was three Memphis Police officers who turned into bad guys on the job.

"When the officers violate the trust and the confidence of the public, they are going to be prosecuted by the department of justice." says Western District U.S. Attorney David Kustoff.

Former police officer Arthur Sease, and officers Antoine Owens and Alexander Johnson are charged with conspiracy to violate civil rights and distribute controlled substances. Police say what the officers would do was arrange drug transactions with drug dealers, but when the drug dealers arrived, the officers in uniform and squad cars would detain them and steal the drugs, jewelry and money.

Police say Arthur Sease was the apparent ring leader. He faces a 50 count indictment, including conspiracy, extortion, possession of controlled substances and numerous constitutional rights violations.

Officers Owens and Johnson have each been charged with two conspiracy counts. Police say the 3 would divide the stolen drugs and money and would sell the drugs and keep the profits.

Memphis Police Director Larry Godwin says his department initiated the investigation to weed out corruption. "I think this is a good day. We just removed three more criminals from the city of Memphis. The fact is they work for the Memphis Police Department. I still think we have a beautiful lawn, we just got to continue to pull up the weeds." says Godwin.

Officials say the crackdown will continue as police, the Justice Department and the FBI work together.

"Those of you who think that we are not there, the very next tap may be on your shoulder." says My Harrison, Special Agent with the FBI.

The federal grand jury named former Police Reserve Officer Andrew Hunt as an unindicted co-conspirator. The indicted officers turned themselves in and have made their initial court appearances.

DOJ_NMG_0045955

FBI Official: Sweeps Of Adult Entertainment Industry Off To 'good Start' (NJTD)

By Andrew Noyes, National Journal's Technology Daily

National Journal's Technology Daily, August 10, 2006

A series of FBI sweeps aimed at the adult entertainment industry's compliance with federal record-keeping laws are off to a good start, an agency official told reporters Tuesday.

Pornographers "expected guns and battering rams, and we came in with suits and pencils," said Chip Burrus, assistant director of criminal investigations at the FBI.

Since 1998, porn publishers and video producers have been required to obey Section 2257 of the U.S. code, which requires them to maintain consent forms and proof of ages for performers.

The statute gained greater visibility when former Attorney General John Ashcroft announced that the Internet would be included. He extended the regulation's reach by trying to make webmasters, who are largely secondary producers having no contact with porn talent, comply with the law, an adult trade group said.

Ashcroft's successor, Alberto Gonzales, has had investigators pull paperwork on business owners and conduct on-site examinations. Only two inspections have been completed to date, and audit results "are still preliminary," Burrus said. He refused to provide details but said producers have been compliant so far.

Adult content creator J.J. Ruch, who was the target of one audit, said in an e-mail that he plans to sell his business. It is "absolutely ridiculous that the government is focusing on this industry ... rather than murders, wars, crimes [and] deaths," Ruch said.

A child-protection bill signed into law last month could make the statute's impact on the industry "even more devastating," according to the Free Speech Coalition. The measure, H.R. 4472, governs "lascivious exhibition of the genitals."

The coalition, which sued the Bush administration in June 2005, said required records on simulated sex now will be covered. Legislative Affairs Director Kat Sunlove warned that the language could cover images of a clothed body or a bikini-clad woman.

The change might mobilize opponents of Section 2257 who fear that they will be put at risk for federal sentences and fines even though images and videos they create are made by and for adults, the coalition said.

People who create their own home movies and share them through amateur Web sites also could fall into the category of producers who need to keep records, Sunlove said.

The group said on its Web site that U.S. District Judge Walker Miller likely will be asked by the government to modify an injunction against enforcement of certain provisions of Section 2257 that have insulated coalition members from possible prosecution. The coalition argues that the section and its new components are unconstitutional on many fronts, and said Miller should toss out "the whole section and all of the administrative regulations."

"We're not protecting children from abusers; we're just burdening legal speech -- and in some pretty obvious ways," Sunlove said.

Laptop Theft Puts Fla. Residents' Data At Risk (USAT)

By Alan Levin

USA Today, August 10, 2006

WASHINGTON — A thief stole a government laptop with personal information on 133,000 Florida residents, the latest in a surge of thefts and hacker incursions that could lead to financial fraud.

The U.S. Transportation Department's Inspector General announced the theft Wednesday, two weeks after the laptop was stolen in Doral, Fla., and five days after investigators learned that its hard drive contained sensitive data. Letters are being sent to those who may be affected, acting Inspector General Todd Zinser said.

The agent assigned the computer initially thought he may have left it at a meeting and didn't report it as a theft right away, Zinser said. He said police found that a lock on the agent's car had been tampered with.

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In a separate case, the Veterans Affairs Department said it has arranged with a company to detect credit misuse for millions of veterans whose personal data were on a laptop stolen in May. The FBI recovered the laptop and says it is very unlikely the data was accessed.

Unisys, a VA subcontractor, also agreed to provide credit monitoring for up to 38,000 veterans after the company last week lost a desktop computer.

The data on the computer stolen in Florida included information on 80,670 commercial driver's licenses in the Miami-Dade County area, 42,800 Florida residents with pilot's licenses and about 9,500 commercial or regular driver's licenses in the Tampa area. All of the records included Social Security numbers.

Privacy experts say that having such information could allow thieves to apply for credit cards under the names of people on the lists. Beth Givens, director of the non-profit Privacy Rights Clearinghouse, said losses of personal data are increasingly common. Her group has tracked dozens of thefts and data breaches since Feb. 15, 2005. The number involving laptops climbed from 22 last year to 43 so far in 2006.

Givens urges anyone involved in such a case to place a fraud alert on their credit. “It's better to be safe,” she said.

The inspector general is considering fraud monitoring for people whose information was on the laptop, but Zinser said he doubted his office could afford it. Fraud-monitoring services typically provide alerts to individuals of new activity in their credit files, but many companies charge a fee for the service.

The inspector general is doing an internal review of the case, has assigned 10 agents to assist the Miami-Dade police investigation, and is offering a $10,000 reward for laptop.

Since the theft, inspector general laptops have had sensitive personal data removed from them, Zinser said. The inspector general has set up a hotline to answer questions about the case: 800-424-9071.

Computer Theft Puts Floridians At Risk (WP)

By Christopher Lee And Del Quentin Wilber

The Washington Post, August 10, 2006

A laptop computer from the inspector general's office at the Department of Transportation was stolen last month, putting the sensitive personal information of nearly 133,000 Florida residents at risk, acting Inspector General Todd J. Zinser said yesterday.

The laptop, assigned to a special agent in the Miami office, was stolen from a government vehicle on July 27 in Doral, Fla., Zinser told Florida Gov. Jeb Bush (R) yesterday in a letter.

The computer, which requires a password to operate, contains the unencrypted names, Social Security numbers, birth dates and addresses of 42,792 Florida residents who hold a pilot's license; 80,667 people in the Miami-Dade County area who hold a commercial driver's license; and 9,496 people who were issued a personal or commercial driver's license in the Tampa area, the letter said.

"While we do not have reason to believe that the perpetrators targeted the laptop based on any knowledge of its data contents, we are nonetheless taking all possible steps to inform Florida residents," Zinser wrote.

The theft is the latest in a string of embarrassing data breaches reported by federal agencies, including the departments of Agriculture, Energy, the Navy and Veterans Affairs, as well as the Social Security Administration and the Internal Revenue Service. The most notable breach was a May 3 burglary at the home of a VA analyst. Thieves took a laptop and an external hard drive containing the names, birth dates, and Social Security numbers of as many as 26.5 million veterans and active-duty service members. The equipment was recovered. Two men were charged with the theft last week.

Although Zinser learned of the DOT IG laptop theft on July 31, he was unaware that the computer contained sensitive personal information until Saturday, according to his letter. The IG's office has dispatched a team of 10 special agents to the Miami area to work with local police, and there is a $10,000 reward for information leading to the laptop's recovery. Employees of the IG's office have been told to remove all files containing sensitive personal information from the office's laptops.

"We regret this matter and take our responsibilities seriously," Zinser wrote. Similar letters went to Florida members of Congress.

Chris Dancy, a spokesman for the Aircraft Owners and Pilots Association, said the theft concerns his group of more than 400,000 pilots. "Exactly in the same way that the loss of the VA computer caused concerns for members of the military and veterans, we are very concerned anytime there is the possibility of identity theft involving our members or airmen in general," he said.

The inspector general's office had the sensitive data as part of a multi-agency effort to crack down on people, including some with criminal records, who unlawfully obtain commercial driver's licenses and pilot's licenses, sometimes by using fraudulent Social Security numbers, according to Zinser's letter.

In a conference call with reporters yesterday, Zinser said the agent had placed the laptop in the back of a sport-utility vehicle when he went to lunch with colleagues, and he discovered hours later that the computer was missing. The data had been encrypted as recently as two weeks ago, but that protection was temporarily stripped away as part of a computer upgrade, he said.

Zinser said he is considering offering free credit monitoring to affected Florida residents, "but, quite frankly, I don't have the money to do that, and I would have to go to Congress to get it."

The agency plans to send letters to those affected and has posted a toll-free number on its Web site at http://www.oig.dot.gov/datasecurity.jsp .

At the VA, officials announced yesterday that ID Analytics, a California-based data analysis company, had agreed to try to determine whether the 26.5 million veterans and active-duty personnel whose information was stolen in May are becoming victims of identity theft. The company is performing the service at no charge. The FBI has said that it does not believe that anyone accessed the stolen VA data.

Also yesterday, the VA announced that one of its contractors, Unisys Corp., would provide free credit monitoring to as many as 38,000 veterans whose personal information was stored in a desktop computer that disappeared from a Unisys office in Reston last week.

Industry, Government Fret Over Tactics For Fighting Data Theft (LAW)

By Marcia Coyle, The National Law Journal

National Law Journal, August 10, 2006

In the past year, state legislatures have leapt ahead of Congress in enacting laws to notify and protect consumers whose personal data, held by businesses and other entities, have been stolen. But now the states are worried about being victims of their own success.

Just before leaving town for its August recess less than two weeks ago, the U.S. House of Representatives delayed an anticipated vote on federal legislation, heavily favored by industry, that would pre-empt state data-breach notification laws, set a national notification standard and remove state attorneys general from the enforcement picture.

There is "absolutely" no need for federal legislation now, said Edmund Mierzwinski, director of consumer programs for U.S. Public Interest Research Group (U.S. PIRG), which, along with Consumers Union, Privacy Rights Clearinghouse and other groups, has been mining the data security issue in Congress and in the states.

"The states have solved the problem and we have constructive compliance nationally with the strongest state laws," he said. "Industry seeks to pre-empt not for uniformity. What they seek is very weak uniformity as well as pre-emption. They're trying to undercut the best of the state laws."

But the need for federal legislation is "really critical," countered Lisa Sotto, chairwoman of the privacy and information management practice in the New York office of Richmond, Va.'s Hunton & Williams. "Right now there are 34 data breach laws; 32 impact companies other than data brokers [buyers and sellers of data] and governments," she said. "It changes daily. Interpreting these laws is a nightmare. You need outside counsel. It's very complex."

Final action on the House bill, which is considered by consumer groups to be the worst of a spate of data security bills and yet largely favored by business, fell apart at the last moment because of a jurisdictional dispute between two House committees with oversight of the issue.

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Whether any federal bill can pass in the time remaining in the current session is uncertain, agreed supporters and opponents.

"The only way this gets done is to put together a single, comprehensive vehicle that can be moved. We came close in the House [a week ago]," said Michael Zaneis, a lobbyist on technology issues for the U.S. Chamber of Commerce.

There is "tremendous pressure" from industry to pass a law, said U.S. PIRG's Mierzwinski. "I'm doing my best to kill it. The pressure will only increase in the fall."

FOCUSED ON BREACHES

The problem of data security breaches drew national attention more than a year ago primarily because of ChoicePoint Inc., a company that collects personal and financial information on millions of consumers.

In February 2005, ChoicePoint reported that because of a security breach it had sold the personal information of about 145,000 people to a criminal enterprise. The company disclosed that breach only to California residents because of California's Notice of Security Breach law, which was enacted in 2002 and took effect in 2003.

Since then, of course, there have been other reported data breaches, including last spring's report by the U.S. Department of Veterans Affairs that a laptop containing the Social Security numbers of an estimated 26.5 million veterans had been stolen in a burglary.

But the ChoicePoint breach served as the catalyst for action by many state legislatures, and the California law became their model law. In the past year alone, legislation was introduced in at least 28 states, according to the National Conference of State Legislatures (NCSL).

The states have been addressing the problem essentially in two ways: enacting notification laws that require companies and other entities (often government agencies) to inform consumers when data are lost, and enacting credit report freeze laws.

Under the credit report freeze laws, consumers basically put their credit reports in a "freezer" whenever they are not in the market for new credit. These laws are aimed at identity thieves who may have someone's name and Social Security number and attempt to get credit using them. Only the true consumer, under the law, has the ability to "unfreeze" his or her credit report.

Twenty states have enacted such freeze laws: California, Colorado, Connecticut, Delaware, Florida, Illinois, Kentucky, Louisiana, Maine, Minnesota, Nevada, New Hampshire, New Jersey, New York, North Carolina, Oklahoma, Rhode Island, Utah, Vermont and Wisconsin. An additional five states give this option only to identity-theft victims: Hawaii, Kansas, South Dakota, Texas and Washington. (Washington's law includes consumers who received a security-breach notice.).

Delaware, the home state of the banks, has passed one of the strongest credit report freeze laws in the country, noted Mierzwinski.

The Delaware law, effective in 2008, gives consumers the right to unfreeze their credit reports in 15 minutes. "When the report is frozen, no new credit applications can be accessed," he said.

"Old creditors can check to see if you've become a problem, but new credit applications are blocked. Credit bureaus don't like the idea because they would have to hire real people."

The state security-breach notification laws are generally very similar in what they require, according to the National Association of Attorneys General, the NCSL and consumer groups. The majority of states that have enacted those laws trigger notice to consumers when personal information, whether in electronic or paper form, was acquired or accessed -- or believed to have been -- by an unauthorized person.

But lawyers, like Hunton & Williams' Sotto, who assist companies responding to security breaches don't find the state laws particularly consistent or benign.

"They are not harmonized," said Sotto. "Although the gist is the same -- if there is an event, you need to notify the individuals who are subjects of the event -- the laws differ in some very significant ways."

For example, she explained, the definition of personal information varies under the laws. Some state laws cover personal information such as name, Social Security number and driver's license number. Others add to those items bank account numbers, credit card numbers and PIN numbers, date of birth, employer ID number and mother's maiden name.

Some state laws apply only to information in paper records, she added, while others apply to computerized information. They also vary as to who besides consumers must be notified. What triggers notice also varies widely, said Sotto.

"In many states, a majority, you notify when there is a reasonable belief that data has been acquired by an unauthorized person," she explained. "But some states use the word 'accessed.' Some states have a harm threshold -- there is a reasonable likelihood of harm -- and that is always in different verbiage.

"It's not only maddening to the company dealing with the security event, but it's shifting resources from dealing with the problem to how to figure out how to comply with 30-plus different laws," said Sotto.

PATCHWORK OF LAWS

But not all of industry sees a problem with the states' patchwork of laws in this area.

Emily Hackett, executive director of the Internet Alliance, which represents Internet companies in 50 states, said: "The security- breach laws right now are not overly burdensome or overly complicated. The industry is not having a hard time complying. There have been a lot of them. But I don't think it's ripe for federal legislation."

Hackett noted that the states were well ahead of the federal government in enacting anti-spam legislation. Congress did not act until California was perceived as overreaching, she said.

But with security-breach laws, she said, "The states are asking industry to be careful, to be transparent."

Patchwork state laws are simply "what states do," she said, adding, "If they're too contradictory, then act, but these all follow a similar pattern. California passed its law. If we can keep things within that range, then we're doing pretty well. No one's freaking out."

Although Hackett thinks that the issue is not ripe for federal legislation, she said she would not be surprised to see Congress act. At least a dozen bills have been introduced in the House and Senate to deal with aspects of security breaches and identity theft. But the key issues -- or sticking points common to all -- include:

What types of data breaches should trigger notice to consumers? Any unauthorized disclosure or only those disclosures of information that could lead to harm, such as identity theft?

If there is a national notification standard, which federal agency should enforce it?

Should all state laws be pre-empted?

Will state attorneys general continue to play a role in investigating security breaches and enforcing related consumer laws?

Should data brokers such as ChoicePoint come under federal regulation?

State laws should not be pre-empted because some may offer more consumer protections and more options for redress than any federal law enacted, said Jeremy Meadows of the National Conference of State Legislatures.

The NCSL typically does not oppose minimum standards set by Congress in any number of areas.

"But we definitely don't want Washington setting a maximum that would cap the states' creativity," said Meadows.

The House bill that almost reached a floor vote at the end of last month, H.R. 3997, does cap states' creativity, he added.

"It provides a ceiling rather than a floor. While we don't like a floor either, it is much more tolerable than a ceiling."

U.S. PIRG, Consumers Union, Privacy Rights Clearinghouse and other consumer groups find nothing tolerable in H.R. 3997. They contend that its notification standard is so high that it amounts to no notice of breaches to consumers. They also contend that it pre-empts all state laws, fails to regulate data brokers, eliminates state attorneys general from enforcement efforts in this area, and rolls back protections under other federal privacy laws.

Playing the admitted "contrarian," Albert Gidari, a partner in the privacy and security group of Seattle's Perkins Coie, said that there is no empirical evidence that notice of data breaches helps consumers. "Notice vindicates no rights whatsoever and, personally, I think it scares them to death with no discernible benefit," said Gidari.

The only real damage of a breach is if somebody is able to open an account in the consumer's name, he added. That is easily solved by requiring those companies that extend credit to know to whom they are extending it, he said, and to allow people to clear their names if identity theft happens.

"Based on my experience dealing with more than 20 cases of breach in companies, the state and national approach is not the right one," added Gidari.

"But if an approach has to be made, it should be national. We live in a globalized information world. It's time for states to stop thinking California's need for protection is greater than North Dakota's."

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Veterans To Receive Identity-theft Protection (WT/AP)

The Washington Times, August 10, 2006

ASSOCIATED PRESS

Millions of veterans and active-duty troops whose sensitive personal information was lost by the Veterans Affairs Department (VA) will receive some form of credit protection against identity theft, the government said yesterday.

Separately, the Transportation Department inspector general's office said that one of its laptop computers containing names, birth dates and Social Security numbers for 132,955 Florida residents was stolen July 27 from a government vehicle in suburban Miami.

Transportation officials were helping police investigate the theft of the laptop, which was stolen in Doral, Fla. It is thought to contain data for 80,667 persons issued commercial driver's licenses in the Miami-Dade County area; 42,792 Florida residents holding airman certificates; and 9,496 individuals who obtained personal or commercial driver's licenses in Largo near Tampa.

The laptop was protected by a password, and there was no evidence the data has been used illegally, the department said.

VA Secretary Jim Nicholson said his department had arranged for a data analysis company to detect potential patterns of credit misuse for up to 26.5 million veterans whose names, birth dates and Social Security numbers were on a laptop and hard drive taken last May from a VA data analyst's Maryland home.

VA subcontractor Unisys Corp. also agreed to provide one year of free credit monitoring for as many as 38,000 veterans after the company last week lost a desktop computer containing their data at its offices in Reston.

Letters will be sent in coming days to veterans affected in the Unisys case describing how to sign up for the free credit monitoring.

"Protecting veterans from fraud and abuse remains an important priority for VA," Mr. Nicholson said. "Data breach analysis will provide VA with additional assurances that veterans' personal information remains unharmed."

The VA said ID Analytics of San Diego will provide the extra level of protection for those whose records were taken in the May 3 burglary.

In that case, the FBI recovered the laptop and hard drive and determined with a "high degree of confidence" that the data wasn't accessed or copied. Two teens were arrested last Saturday in what now appears to have been a routine burglary.

ID Analytics will provide an initial analysis of several industries to determine whether there has been any suspicious activity involving the veterans' information. It then will provide follow-up reports every three months for an unspecified period at no cost to veterans or the government, the VA said.

Rebooting Veterans Affairs (NYT)

The New York Times, August 10, 2006

It sounds like the summer sequel to a techno-horror film: The Veterans Affairs Department has lost yet another computer filled with data that identity thieves would pay handsomely to rifle. The first missing computer, a laptop that a V.A. worker blithely took home, had information on millions of veterans and active soldiers. After an anxious six-week search, it was recovered last month, supposedly uncompromised. Two teenagers were charged with taking it from the V.A. worker's home.

V.A. Secretary Jim Nicholson, abashed at not being told of the theft for two weeks, apologized and vowed that his agency would set the "gold standard" for securing vital government records. Fool's gold, so far. The latest V.A. data trove reported at large is a desktop computer that somehow disappeared from a subcontractor's supposedly secure area, leaving an estimated 38,000 medical patients at risk in Pennsylvania. There have been at least two other cases of lost V.A. data involving 16,000 people in Indianapolis and Minneapolis. All this is no surprise to the agency's inspector general, who has written four years of audits warning that V.A. data security is riddled with uncorrected problems.

The harrowing mishaps are doubly alarming for raising questions about the state of computer security across the rest of the federal bureaucracy. Congressional outrage will prove useless unless far firmer safeguards are demanded — from mandatory encryption of identity information to physical security for computer outlets. Critics' demand for management change at Veterans Affairs is hardly the full solution for such a pernicious and potentially far more widespread problem.

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Former G-man's Mob Trial Likely A State Case - Judge (NYDN)

New York Daily News, August 10, 2006

The retired FBI agent accused by the Brooklyn district attorney of helping a Mafia informant whack his enemies isn't likely to get his wish moving the case to federal court, a judge indicated yesterday.

Federal Judge Frederic Block told lawyers for Lindley DeVecchio that he's inclined to side with state prosecutors and keep the case under state jurisdiction.

"I would enjoy trying the case, it's an interesting case," Block said. "But my constitutional duty requires me to apply the law." The judge reserved decision, asking both sides to submit additional briefs.

DeVecchio's lawyer, Douglas Grover, refused to say why he's seeking the transfer but said he remains hopeful. "The game isn't decided until the ninth inning," he said outside court.

John Marzulli

JUDGE WOE FOR 'MOB' FED (NYPOST)

By Alex Ginsberg And Zach Haberman

The New York Post, August 10, 2006

A judge took the wind out of an alleged rogue FBI agent's push to make his trial a federal case - saying yesterday he was "leaning" toward letting it play out in state court.

Brooklyn federal Judge Frederic Block told lawyers for Lindley DeVecchio, accused of helping Colombo crime-family capo Gregory Scarpa commit four gangland rubouts in the 1980s and '90s, that he hasn't been given any reason to snatch the case from state Supreme Court.

"I would enjoy trying this case," said Block, "but my constitutional duty obliges me to apply the law."

FBI Working On Profile Of The "copycat Sniper" (WNDU-TV)

WNDU-TV, August 10, 2006

Lake County, IN - The FBI is working on a profile of the so-called "copycat sniper" who's struck cars driving in Lake County over the last few weeks.

Police closed down Cline Avenue in Hammond Wednesday looking for clues in the attacks.

They scooped up debris from the side of the road, but wouldn't say if what they found is evidence.

Nine people have reported their vehicles were hit with a projectile in the area since July 25th.

Thankfully, unlike last month's sniper attacks in the central part of the state, no one has been hurt in the incidents in Northwest Indiana.

Another Indiana Sniper Incident Reported (CHIT)

By Gerry Doyle And Tonya Maxwell

Chicago Tribune, August 10, 2006

What appears to be a projectile shattered the window of a pickup truck in northwest Indiana Wednesday afternoon in what law enforcement officials said was the 10th such incident in two weeks.

Lake County, Ind., sheriff's spokesman Mike Higgins said two men were driving south on Cline Avenue near Riley Road in East Chicago about 4:30 p.m. when they heard a "very loud pop."

The 28-year-old men, from Channahon and Chicago, thought that a tire had blown but moments later realized the cab's back window was shattered, officials said.

"It was definitely [shattered by] a projectile," Higgins said.

But he would not say if a projectile had been found, and investigators have not discovered any projectiles in the previous nine cases.

The two men pulled off Cline at a gas station off Columbus Drive and called authorities. Neither of the men was injured, Higgins said.

The sheriff's department is investigating the incident, and the crime lab is analyzing evidence collected from the truck, Higgins said.

Mark Becker, supervisory special agent for the FBI in Merrillville, Ind., said agents are planning on creating a psychological profile of the serial shooter.

"We're in contact with the National Center for Analysis of Violent Crimes in Virginia," he said. "The more evidence we gather, the better a profile can be. We're trying to develop one right now."

Officials said the series of shootings began July 25, when the window of a vehicle was shattered on 169th Street near Cline in Gary.

No one has been injured, and the investigation has turned up little, although a "sniper's nest" was discovered Friday off Cline in East Chicago.

10th Sniper Shooting Reported (NIT)

Northwest Indiana Times, August 10, 2006

No one hurt in incident at Cline Ave. and Riley Road

HAMMOND | A Joliet-area man's pickup truck had its rear window shattered Wednesday afternoon on Cline Avenue near Riley Road, making him the tenth victim of the Cline Avenue sniper.

George Simonich, 28, of Channahon, Ill., was driving south on Cline Avenue about 4:30 p.m. when he and his passenger heard a loud pop and thought the truck had blown a tire, according to Lake County sheriff's police.

Simonich and his passenger -- Kevin Reisner, 28, of Chicago -- then realized the truck's back window had been shattered, police said in a news release. Neither man was hurt.

The men pulled into a nearby gas station to call police. Crime lab officers photographed the truck and collected evidence, sheriff's spokesman Mike Higgins said.

The apparent shooting came the day after authorities temporarily closed off all traffic on Cline between the Calumet Avenue and Indiana Toll Road exits too look for evidence.

Police said tips from the public continued to pour in Wednesday as local, state and federal investigators kept up their search for whoever is responsible for the string of suspected vehicle shootings. The Lake County Sheriff's Department is leading the Cline Avenue task force because the county has jurisdiction over the road, which runs along the borders of several cities.

Ten vehicles have been hit on or near Cline Avenue since July 25 with mysterious projectiles that have shattered windows but injured no one. Police say they do not know what type of weapon is being used.

FBI Supervisory Special Agent Mark Becker said "nothing of substance" had yet been gleaned from the special tip line -- (877) 324-4748 -- but he encouraged people to continue to use it.

"We've been running down any lead we've gotten. We still want the public to call us, even if they don't think (their tip) is important," Becker said.

Zimmermann: A Deceiver Or The Victim Of An Over-eager FBI? (MINNST)

By Randy Furst, Star Tribune

Minneapolis Star Tribune, August 10, 2006

A federal court jury must decide whether the ex-Minneapolis City Council member willingly took bribes or was set up.

On the surface it would seem to be a slam dunk for the prosecution: incriminating videotapes of a fast-talking developer handing envelopes containing wads of cash to a Minneapolis City Council member.

There are also more than two hours of audiotape in which Dean Zimmermann is constantly changing his story, telling "bald-face lies" to two FBI agents, according to a federal prosecutor.

But as a jury of seven women and five men begin their second day of deliberation today in U.S. District Court in Minneapolis, it will have to grapple with other questions that will determine whether the 64-year-old former council member is convicted.

Did Zimmermann intend to take the bribes in a cynical shakedown of a businessman, or was he a victim of an over-eager white-collar-fraud division of the FBI that crafted a plan to force cash on him?

Did he accept the money as payoffs for working to win zoning changes, or was he oblivious to that and just trying to help a constituent who was secretly wired by the FBI?

After an eight-day trial, the jury deliberated for about three hours on Wednesday and will resume at 8:30 this morning.

If jurors wish, they have plenty of evidence to review, including about a dozen audiotapes and four videotapes -- three of which show Zimmermann taking money from Gary A. Carlson, an Edina developer. Carlson was building Chicago Commons, an 81-unit condominium development at 24th Street and Chicago Avenue S. in Minneapolis.

Perhaps the most damaging evidence is more than two hours of audiotape secretly recorded by FBI special agents David Kukura and Timothy Bisswurm, who confronted Zimmermann on Sept. 8, 2005.

Without the presence of a lawyer, Zimmermann consented to being grilled about the cash payments, which Zimmermann denied taking but then acknowledged after the agents showed him video of the exchanges. He also admitted spending most of the cash after first claiming he still had it.

Zimmermann, who spent one term on the City Council from 2001 through 2005, is not charged with lying to the FBI or even violating election campaign laws.

Still, Assistant U.S. Attorney John Docherty suggested in his summation that the evidence showed a pattern of deceit, underscoring Zimmermann's guilt.

Docherty, a soft-spoken prosecutor, offered a harsh commentary on Zimmermann's actions.

"The defendant has sold his office," Docherty said. "The evidence has proven that that is what he's done."

Dan Scott, Zimmermann's lawyer, responded with a low-key but passionate defense.

"They are trying to make someone a criminal who is not," Scott said.

Contrasting portraits

Indeed, the trial offered two sharply contrasting images of Zimmermann.

The prosecution painted him as a financially strapped politician who promised to do Carlson favors and took the cash without question in the hopes of getting more, spending it for his own purposes.

The defense portrayed him as an idealistic Green Party activist with a lifetime commitment to civil rights who helped others -- including Carlson as he would any constituent.

Zimmermann is charged with four crimes:

• Taking $5,000 from Carlson at the Baja Riverside restaurant in Minneapolis on June 14, 2005, in return for Zimmermann's efforts to try to get the Chicago Commons project rezoned to include more retail stores.

• Taking $1,200 in four campaign envelopes, each containing $300, from Carlson on Aug. 15, 2005, on a platform of a light-rail station, for providing Carlson help in developing a new Somali-American mall.

• Taking $1,000 from Carlson on Aug. 31, 2005, at Zimmermann's home, for helping with the mall.

• In some e-mails from Oct. 22-29, 2004, soliciting a townhouse developer to build a retaining wall or to provide materials for Zimmerman to build the wall on the property of his former domestic partner.

'Money, money, money'

Wearing a concealed camera at the restaurant, Carlson gave Zimmermann the $5,000, money that would help pay legal bills for a redistricting lawsuit. Docherty said Zimmermann did not reject the money but stuffed it in his pocket. "It was seamless," he said.

At the time, Zimmermann was one of 14 plaintiffs challenging new city ward lines that he said had gerrymandered him and Natalie Johnson Lee, another Green Party member on the City Council, out of their wards. The suit was lost, and both lost their reelection bids.

Docherty said Zimmermann first raised the subject of money when Carlson, seeking rezoning help, asked what he could do for Zimmermann. Zimmermann answered, "Money, money, money," according to the prosecution.

The defense says that Zimmermann mentioned money because Carlson had gone to see him at Zimmermann's campaign fundraising birthday party at the Black Forest Inn in Minneapolis -- and that the theme of the party was "Money, money, money," a phrase Zimmermann used in a speech there.

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The jury will have to decide whether Zimmermann was predisposed to commit a crime, as the government alleges, or indifferent to it.

"If Dean was a corrupt official, out looking for bribes, why was it always Carlson who was the aggressor?" Scott asked in his summation.

In lengthy instructions to the jury, U.S. District Judge Ann Montgomery included a short point on entrapment, saying that if the jury found that if Zimmermann did not intend to commit a crime, but was persuaded or induced to do so, he should be found not guilty.

Randy Furst • 612-6737382

Lawton Man Sentenced To Prison For FEMA Fraud (AP)

AP, August 10, 2006

OKLAHOMA CITY A Lawton man has been sentenced to five months in prison for fraudulently cashing a hurricane relief check.U-S Attorney John C. Richter of Oklahoma City says 26-year-old Atari Finley was accused of cashing a two-thousand-dollar check from the Federal Emergency Management Agency.Finley was ordered to serve five months of home confinement at the conclusion of his prison term and pay restitution.An indictment against Finley says he cashed a Hurricane Katrina disaster relief check made out in his name on September 23rd, 2005.He pleaded guilty in April and admitted that he knew when he cashed the check he was not entitled to any disaster relief money. Finley never lived at the Louisiana address on his FEMA application.

Final 3 Pleas Expected In Alleged Cash Transfer Scheme (SLPD)

By Robert Patrick, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, August 10, 2006

The last members of a ring of southern Missouri residents accused of stealing more than $100,000 by using cordless telephone parts to tap into an international money transfer company will plead guilty today and Friday, according to court documents and lawyers involved in the case.

The group allegedly took the money from MoneyGram International Inc., a global payment services company that says it is the largest processor of money orders in the U.S.

Four of the seven defendants have already pleaded guilty in federal court in St. Louis to a charge of access device fraud. They include Jeffery Allen Miller, 23, and David Matthew McCormick, 20, who pleaded guilty Wednesday morning.

Darlene Wyatt, 35, pleaded guilty Aug. 4, and the alleged ringleader, Kevin Todd Warren, 39, pleaded guilty in June.

According to court documents and lawyers, Andrew L. Burditt, 25, is due in court for a plea this morning and Tiffany Nicole Raue, 20, and Eric M. Weiser, 20, are scheduled for pleas Friday morning.

Defense attorneys say all the defendants are from the Fulton area and work menial jobs.

"This is a bunch of good kids from Fulton," said Weiser's lawyer, Carter Collins Law. "As far as I can tell, they're a bunch of little country mice. And I don't mean that in a ... pejorative way at all," she said.

According to testimony and court documents, including an affidavit filed by FBI Special Agent Keith Kohne, the scheme worked this way:

Warren figured out how to tap into MoneyGram's system using parts of a cordless telephone and recruited and trained some of the others.

Warren or others would send a small amount of money with MoneyGram and listen in on the tapped phone line or in person as MoneyGram agents gave out an identification number.

Using that number and the tapped phone line, Warren would call into MoneyGram and trick the system into accepting a cash transfer. Warren or others would then pick up the money from offices throughout the U.S.

The scheme was uncovered in January by a Jennings Quick Shop employee who became suspicious of Warren and Wyatt, especially after hearing clicks on the telephone line. He discovered the cordless phone equipment attached to his phone line and called Jennings police and MoneyGram, who called the FBI.

A similar scheme had been used in Kansas, Texas, Arkansas, Alabama and other states, court documents say, between June 2005 and February.

Each defendant could be responsible for repaying all or part of the money stolen, lawyers say.

Raue's lawyer, Steve Welby, said his client only received a small amount of money.

Warren's lawyer said he could not comment before talking to his client.

A MoneyGram spokeswoman said she could not immediately comment, and Assistant U.S. Attorney Tracy Berry said she could not comment on a pending case.

The group could have gotten up to 10 years in prison or a fine of $250,000, or both, but are expected to be sentenced to less.

Callaway County Assistant Prosecuting Attorney April Wilson said that Warren was indicted in 2004 and later pleaded guilty to a charge of distribution of more than five grams of marijuana. In 2006, he was charged with forgery, Wilson said.

Sailor From Oregon Charged With Espionage (WP)

By Josh White

The Washington Post, August 10, 2006

A U.S. Navy petty officer has been charged with stealing classified military information from his submarine and attempting to pass it to foreign governments in an espionage scheme, Navy officials said yesterday.

Fire Control Technician 3rd Class Ariel J. Weinmann, 21, of Salem, Ore., allegedly deserted his submarine, the USS Albuquerque, in July 2005 and took electronic copies of information classified "confidential" and "secret." According to military charge sheets, Weinmann tried to pass information to foreign government officials in three countries, once while on active duty.

Military officials allege that Weinmann tried to pass secrets to foreign officials while in Bahrain in March 2005; in Vienna in October 2005; and in Mexico City in March. Immigration and Customs Enforcement agents arrested Weinmann at Dallas/Fort Worth International Airport on March 26, and since then he has been held at the Navy brig in Norfolk, according to a Navy news release.

Defense officials said yesterday it is unclear what information Weinmann might have taken and how damaging it could be, though they said they believed it was "low-level" information possibly related to the operation of the submarine. Officials said Weinmann allegedly was trying to pass it to Russia.

Ted Brown, a spokesman for U.S. Fleet Forces Command in Norfolk, said the Navy finished an Article 32 preliminary hearing into the alleged crimes on July 26, and commanders now must decide whether to send the case to court-martial. Weinmann is charged with desertion, failure to obey a general order, espionage, illegally copying classified information, destruction of government property and larceny.

Lt. Cmdr. Karen Somers, Weinmann's lead attorney, said in a statement that "at this point in the proceeding, it is not in my client's best interest to comment on the case."

The Norfolk Virginian-Pilot newspaper first reported on Weinmann's case last week, pointing out that the sailor had been held in the brig for several months without public knowledge.

According to charge sheets, Weinmann put electronic copies of the classified information onto a government laptop between May and July 2005, knowing that the information "was to be used to the injury of the United States or to the advantage of a foreign nation." He then allegedly stole the laptop when he deserted the submarine in Connecticut on July 3, 2005. Military officials believe he destroyed the hard drive "by smashing it with a mallet" in Vienna in March.

2nd Circuit Declines To Back Jury Instruction Mandate (LAW)

By Mark Hamblett, New York Law Journal

New York Law Journal, August 10, 2006

Judges prodding divided jurors to reach a verdict do not necessarily have to tell them to follow their consciences, according to a federal appeals court.

The 2nd U.S. Circuit Court of Appeals declined to adopt a hard-and-fast rule on the words a judge should use when giving a potentially deadlocked jury a so-called "modified" Allen charge.

Rather, the court said the standard for evaluating such a supplemental charge remained the same under its own case law and that of the U.S. Supreme Court: The instructions must be evaluated in context and under all the circumstances.

In so ruling, the court upheld the denial of a habeas corpus petition for a convicted armed robber who said his Fifth and Sixth Amendment rights were violated by the jury charge in his trial at state Supreme Court in Brooklyn.

Sitting by designation, Southern District of New York Judge John Koeltl wrote the opinion in Spears v. Greiner, 05-2297-pr. Second Circuit Judges Dennis Jacobs and Rosemary Pooler joined in the ruling.

Corey Spears was charged with committing an armed robbery along with co-defendant Lamar Suber.

At trial, the jurors sent Supreme Court Justice Robert Kreindler a series of notes on the first day of deliberations, including one that stated they were a hung jury. The judge responded that the note was "premature."

He asked the jurors "to consider the facts 'with an attempt to reach a verdict if that be possible,' and to continue deliberations 'with a view toward arriving at a verdict if that's possible.'"

The defense attorney did not object to the supplemental charge.

The next day, the jurors sent a note saying they had reached a verdict, finding Spears guilty of first-degree robbery. The judge accepted a partial verdict and declared a mistrial for Suber.

Spears' appeal to the Appellate Division, 2nd Department, argued that the judge had improperly asked the jury whether it had reached a verdict and was wrong to accept a partial verdict.

Spears said the "prompting of the jury to return a verdict" was made "even more problematic by the court's earlier charge when the jury sent out a note saying it was deadlocked as to both defendants."

The Appellate Division rejected the claim on the partial verdict but did not address the supplemental charge.

Eastern District of New York Judge Jack Weinstein then refused to grant Spears' petition for a writ of habeas corpus.

At the circuit, Koeltl first said the panel accepted the trial judge's instructions as a "modified Allen charge."

In Allen v. United States, 164 U.S. 492 (1986), the Supreme Court approved instructions that urged a deadlocked jury to continue deliberating and advised jurors in the minority to listen to the majority's arguments and then consider whether their own views were reasonable under the circumstances.

The instructions in Allen included the statement that "the verdict must be the verdict of each individual juror, and not a mere acquiescence in the conclusion of his fellows" and that it was the jury's duty to "decide the case if they could conscientiously do so."

Koeltl said that in Lowenfield v. Phelps, 484 U.S. 231 (1988), the Supreme Court approved the so-called "modified" Allen charge -- one that "does not speak specifically to minority jurors."

The Supreme Court said the potential coercive effect of a charge to a deadlocked jury must be evaluated "in its context and under all the circumstances."

Koeltl said the 2nd Circuit has applied the Lowenfield standard to find that in any Allen charge that specifically tells jurors to consider the views of others, "specific cautionary language reminding jurors not to abandon their own conscientious beliefs is generally required."

In Smalls v. Batista, 191 F.3d 272 (1999), the 2nd Circuit found that a lack of such cautionary language "especially when coupled with the trial court's thrice repeated direction that the jurors convince each other . . . renders the charge coercive and a violation of Smalls' constitutional rights to due process and a fair trial."

Spears claimed this language created a rule that trial judges must tell the jurors not to surrender their own conscientiously held beliefs.

Not so, said Koeltl.

"This court did not create any new rule in Smalls that would replace the Supreme Court's standard in Lowenfield that an Allen charge must be evaluated 'in its context and under all the circumstances,'" he said.

Although the supplemental charge did not include the cautionary language of Smalls, Koeltl said, "the charge did not urge the jurors to listen to the views of other jurors with whom they disagreed or attempt to persuade each other."

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It was also important, Koeltl said, that the original charge "did include cautionary language telling jurors that they had a right to stick to their arguments and stand up for their own strong opinions," and, as in Lowenfield, the defense counsel failed to object to the charge.

Finally, Koeltl said, the "actions of the jury do not support a finding of coercion" because it continued to deliberate for the rest of the day and into the next morning and they were unable to reach a verdict on Spears' co-defendant.

Tina Schneider of Portland, Maine, represented Spears.

Assistant District Attorneys Victor Barall, Leonard Joblove and Joseph Huttler represented the state.

Unfinished $100 Bills Lead To An Arrest (WP)

By Ovetta Wiggins

The Washington Post, August 10, 2006

After more than 30 years of working where money is made, David C. Faison decided to make some of it work for him, law enforcement officials say.

He devised an elaborate moneymaking scheme involving a pair of scissors, 10 sheets of partially printed $100 bills from the Bureau of Engraving and Printing and a three-state gambling spree, according to documents charging him with theft of government property.

Investigators say Faison, 56, of Largo stole the sheets of $100 bills from the bureau's printing facility in the District, cut them and passed at least 145 of the bills through slot machines in casinos in Delaware, New Jersey and West Virginia.

Faison, who has no prior record, was charged Monday in U.S. District Court in Washington and released on his own recognizance. No future court date has been set.

Magistrate Judge Alan Kay ordered Faison to stay out of trouble with the law, submit to random drug testing and remain within 50 miles of the District.

Yesterday Faison, a widower who lives with his brother, Daniel, declined to comment.

"What do I get out of it?" Faison said in response to a request for an interview.

His brother added, "I really don't know anything about any of this . . . and he doesn't have any comment."

Faison worked as a stock control recorder at the Bureau of Engraving and Printing, distributing paper stock throughout the plant -- a job that gave him access to the plant's printing section.

Claudia Dickens, a bureau spokesman, said it was not the first time a bureau employee had stolen money.

But Rich Delmar, counsel to the inspector general for the Treasury Department, which is working on the Faison case with the Secret Service and the Federal Bureau of Investigation, said the scheme was "pretty rare."

"To my knowledge, I don't believe we've gotten any other reports of an incident like this," Delmar said.

During a two-month period, Faison allegedly used the partially printed bills at Midway Slots, Dover Downs Hotel & Casino and Delaware Park in Delaware, at Bally's and Trump Plaza in New Jersey and at Charles Town Races & Slots in West Virginia.

Within 19 seconds one day last month, Faison allegedly inserted three $100 bills into machines at Midway Slots in Harrington, Del. He later received a cash ticket for $290.

Delmar said officials at a couple of casinos realized that some of the partially printed bills had passed through their slot machines, and they contacted the Secret Service.

According to the charging documents, Faison took the sheets before they had gone through the full manufacturing process. The bills looked finished, but they had not been stamped with serial numbers or the Treasury seal.

Each sheet contained 32 uncut bills, or $3,200.

Law enforcement officials searched through trash from the curb outside Faison's home last month, finding what appeared to be scraps from the cut bills. Investigators later confirmed that the "scraps of paper were scraps of specialized currency paper" used during the production process.

Last week, investigators found some of the stolen sheets of bills hidden in wrapping paper in Faison's closet, according to the affidavit.

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Peter Bradley, the general manager of slot operations at Dover Downs, said the casino received a tip from the Treasury Department that Faison might show up at the casino.

"They gave us a description, and one day one of our surveillance folks picked him up," Bradley said.

The casino made certain that the surveillance videotape of Faison was enough of a close-up to show that one of the $100 bills that Faison inserted into a slot machine did not have serial numbers or the Treasury seal, officials said. Dover Downs security later verified that Faison gambled with $400 that day and that all of the bills were partially printed.

"We were able to trace it back to him," Bradley said. "It was real good work on our folks' part, working with the Treasury Department. Just a good team effort."

North Carolina Creates A New Route To Exoneration (CSM)

By Patrik Jonsson

The Christian Science Monitor, August 10, 2006

RALEIGH, N.C.

Eighty-five percent of all executions in the US take place in the South.

For that reason alone, anti-death penalty activists claimed a major victory when North Carolina last week became the first state in the union to establish a government commission that will review evidence and, if warranted, send a recommendation of innocence to a three-judge panel.

The creation of the North Carolina Innocence Inquiry Commission fits in with a broader national inquiry into the moral responsibility of legal executions. In North Carolina, it was primarily those who work inside the justice system who helped bring about the commission.

It's an idea with appeal: Lawmakers in at least 12 other states - including Texas, where nearly half of all executions take place each year - are considering filing similar legislation next year, according to the National Coalition to Abolish the Death Penalty.

"North Carolina is now the center of gravity in the death penalty debate," says David Elliot of the coalition. "That's significant because the death penalty increasingly is a Southern phenomenon."

There are 188 convicts in North Carolina on death row. After the high-profile exonerations of death row inmate Alan Gell and "lifer" Darryl Hunt in the state, a judicial review committee found a proliferation of both large and small mistakes that cast a shadow on the state's justice system. For one: 80 percent of freed prisoners were exonerated because of faulty eyewitness accounts. That opened some eyes, including those of then-Supreme Court Chief Justice I. Beverly Lake.

"We realized we had a problem and that we needed to take a look at what was causing these wrongful convictions and how we might correct the mistakes that were being made," says Judge Lake, a conservative jurist and death penalty supporter who led the reform effort.

The commission, signed into law by Gov. Mike Easley (D) last Thursday, is expected to convene in November.

The state's two top justices - the chiefs of the state Supreme Court and state Appeals Court - will appoint a panel that the law says must include a member of the general public, a sheriff, a victims' advocate, a criminal defense lawyer, a prosecutor, and a state Superior Court judge. The commission will also have a full staff, including two investigators, who will pore through applications.

Judge Lake says perhaps 30 percent of cases will have enough merit to warrant further investigation. Perhaps 10 percent will receive a commission hearing.

"Certainly there will be a flood, but most of them will be screened out immediately," says state Rep. Joe Hackney (D), an architect of the committee that led to the commission's creation. "There'll be a few that get investigated, even fewer where there's relief granted. Maybe even none."

Five of eight commissioners must agree to pass it on to a three-judge panel, which has to vote unanimously to exonerate a convicted inmate. The commission will look at new evidence that's come to light since the trial, but will not consider legal technicalities. It can take years of appeals in many states before the appellate system looks at evidence that was not introduced to the jury at trial.

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"The innocence commission is a response to the fact that our system doesn't have a process for reevaluating the innocence or guilt of somebody who has been convicted," says Sam Gross, a law professor at the University of Michigan Law School. "There's a hole in the middle of the process."

But critics say that many states - including Texas - have laws that allow such "actual innocence" claims to be litigated early on in the appeals process. Many death penalty proponents - and critics - agree that there's no irrefutable proof that any innocent person has been executed in the US since the death penalty was reinstated in 1976. Proponents say this proves the system works.

Prosecutors, too, wonder whether the commission will work. An early proposal, which would have allowed those who pleaded guilty in court to claim innocence, was changed so that they will have to wait two years to apply.

"Everybody in prison says they're innocent, so our concern was that if you open it up to all guilty pleas, it would swamp the commission before it ever got started," says Peg Dorer, director of the North Carolina Conference of District Attorneys in Raleigh.

Some see the innocence commission as a victory for activists in one of the busiest death penalty states among the 37 that allow capital punishment. Dozens of communities and hundreds of businesses and churches have called for a moratorium on the death penalty.

The Raleigh-Durham-Chapel Hill "Triangle," a politically left-leaning part of the state, has become a wellspring for activists. At North Carolina's Central Prison in Raleigh - the site of death row and the execution chamber - protesters have engaged in acts of civil disobedience in the driveway to the prison.

Yet even some activists who oppose the death penalty have concerns about the motivations behind the new commission.

"[Commission members] all have their own biases, so how fair is it going to be?" says Scott Langley, an activist in Raleigh. "Time will tell."

For some, the new law offers renewed hope. Roberta and Elmer McNeill have been fighting for 13 years to free their son, Elmer Ray McNeill Jr., who they say is innocent despite his conviction for the murder of two grocery store clerks in an armed robbery.

At a recent gathering at a Raleigh church, the McNeills told a small group of activists that the prosecutor tricked the judge and later met jurors for lunch during the trial. If so, that would be grounds for an appeal.

Said John Strange, of the People of Faith Against the Death Penalty: "I imagine that when you tell friends or you tell strangers this story, they don't believe you."

"No, they don't," said Ms. McNeill.

Perhaps now somebody will. The McNeills say they will be among the first to file papers when the commission opens.

30-Year Sentence In Slaying Of Student (WP)

By Jamie Stockwell

The Washington Post, August 10, 2006

MATHEWS COUNTY, Va., Aug. 9 -- A Fairfax County mother was mostly composed Wednesday during a 90-minute hearing in this rural county, until the man who killed her daughter was led slowly from the courtroom in shackles. "Murderer!" she screamed.

Moments earlier, Benjamin Fawley had stood up -- his head shaking back and forth, a photograph of his two young daughters in his left hand -- and entered a plea in the murder of 17-year-old Taylor Behl, just eight days before his trial was scheduled to begin.

It has been 11 months since Janet Pelasara last saw her daughter, who was a freshman at Virginia Commonwealth University in Richmond. Behl's mostly naked and decomposing body was found a month after she was reported missing, buried in a shallow ravine off a winding country road.

Fawley, 39, has repeatedly said that Behl died during a consensual sex act in which he restricted her breathing. But standing in the crowded courtroom, Fawley entered an Alford plea to second-degree murder.

In doing so, Fawley did not admit his guilt but conceded that the state had enough evidence to convict him in Behl's killing. Circuit Court Judge William H. Shaw III accepted the plea and sentenced him to 30 years in prison.

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The court action closed a case that garnered national headlines and was the focus of an intense manhunt last fall, a case that prosecutors said Wednesday was never about "sex or bondage or erotic asphyxiation."

Simply, "this was a case about murder," said John S. "Jack" Gill, the county's chief prosecutor.

"This was a girl going off to college with the same hopes, dreams and fears that all kids have," Gill said. "It's a tragedy she was taken in this manner."

Fawley sobbed at times during the hearing but offered no apologies. Under the terms of the agreement, 22 counts of unrelated child pornography charges filed last fall in Richmond will be dropped, each of which carried a minimum punishment of five years.

His attorneys said afterward that Fawley, a father of two young girls who live with their mother in Pennsylvania, was reluctant to enter a plea. He was "very emotional," said William E. Johnson, one of his attorneys.

"He contends that he thought highly of Taylor. He contends that he never wanted to do her harm," Johnson said. "He is very depressed. But he's resolved to his fate."

Behl, a June 2005 graduate of James Madison High School in Vienna, was just two weeks into her freshman year when she vanished. Her body was found about 75 miles east of the Richmond campus.

An autopsy determined last month that Behl's death was a homicide. But because her body was so badly decomposed, medical examiners were unable to conclude how she was killed.

Behl's mother, who attended the hearing with about 35 relatives, said afterward that she was pleased with the outcome.

"I'm happy that it's over," she said, adding that it does little to help her heal. "I don't know that I'll ever have closure. How do you have closure on losing your only daughter? I don't think there ever will be."

Fawley was romantically involved with Behl before she enrolled at VCU. He has been in jail since September, when he was arrested on unrelated pornography charges after police searched his home computers.

Within days of the discovery of Behl's remains, Fawley told investigators that he had had consensual sex with her in her car, parked near a beach in rural Mathews County, the night of Sept. 5 and that he had accidentally choked her. He told police that he had panicked after she died and dumped her body in the shallow ditch off a narrow dirt road tucked behind sheds and farmhouses.

Detectives were led to the spot by one of Fawley's ex-girlfriends, who recognized the area in a photograph Fawley posted on his Web site. An amateur photographer, he had a gallery of his digital snapshots online, and the critical image showed a portion of his ex-girlfriend's family's property.

Fawley maintained numerous Web sites dedicated to his interests in art, Gothic culture and skulls, and he had a bumper-sticker-plastered van that he decorated with dozens of license plates that he had collected over the years.

He and Behl met early last year, and the two became online friends. They posted messages to one another on their blogs. On one trip to Richmond, Fawley took photographs of a fully clothed Behl and posted them on his Web site.

Behl, too, had a vast online presence with journals and profiles posted at the popular social networking sites http://MySpace.com and http://LiveJournal.com . On her MySpace page, which she last logged into the day before she disappeared, friends continue to post messages about their memories of her.

Little of Behl's online world was mentioned in court yesterday. Instead, prosecutors said she wrote in her journal about a new boyfriend she had met in Richmond. She was eager to delve into college, they said.

And although Fawley told the police that Behl was crazy about him, she thought he was weird, prosecutors said. He later told police that he sometimes blacked out and that he remembers Behl choking before she took her last breath.

"I never like the thoughts in my head," Fawley wrote in a jailhouse letter to a friend that was read aloud Wednesday. "People are right. Something is wrong with me. All the thoughts of killing and death in my head and now it's true. I've killed someone."

First 4 D.C. Crime Cameras To Be Set Up This Week (WP)

By Allison Klein

The Washington Post, August 10, 2006

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Four neighborhood surveillance cameras will be installed this week on D.C. streets as part of the city's crime emergency plan, which will bring as many as 48 cameras to some of Washington's more violent areas in the coming weeks.

The first cameras will be installed in the Northeast, Southeast and Northwest quadrants, on blocks where robberies, drug dealing and assaults frequently occur, police said. All will be encased in bulletproof boxes.

As if to underscore the crime problem, which has been marked among juveniles, a man was killed yesterday at one of the sites, and a 15-year-old was charged in the death. Ricardo Jones, 22, of the District was fatally shot at 14th and Girard streets NW about 12:30 p.m. Last night, the teen, a male who had been arguing with Jones, was charged as a juvenile with second-degree murder while armed, police said.

Had the cameras been up, investigators could have checked whether the killing was recorded. Cameras will roll 24 hours a day but will not be monitored live.

"It's not a panacea," Police Chief Charles H. Ramsey said. "It gives us a chance to see some crimes being committed in public places."

The cameras are part of the 90-day crime emergency package passed by the D.C. Council last month in response to a summer crime surge. The package also authorized 300 new police officers and a 10 p.m. youth curfew.

Police were given $2.3 million for the cameras, primarily for hardware and to set up a wireless network. The city will begin installation today.

On Monday, cameras will go up in five other locations, Ramsey said. He said he will publicly identify those after he receives the approval of council members, who must back cameras in their wards before they are installed.

In choosing the locations, Ramsey is required to consider crime data and recommendations from Advisory Neighborhood Commissions and civic associations. There are also practical concerns, such as the placement of utility poles to hold the devices.

The cameras will go up in about 48 blocks. Police plan to install half this month, and the rest next month. The emergency legislation expires in mid-October.

Ramsey wants the cameras to outlive the legislation: "Hopefully, the council will vote in favor of keeping them permanently."

The cameras will be attached to poles. Signs will alert people to their presence.

The first four sites have had problems with crime. Ramsey said the 1500-1700 blocks of Benning Road NE have been beset by robberies and homicides. The 400 block of O Street NW has problems with drug dealing. And the 1200 block of Valley Avenue SE has seen carjackings and other crimes.

Cities such as Baltimore, Chicago and Los Angeles have used neighborhood cameras for years, and officials there say they have helped reduce crime. In Baltimore, for example, police have noted a 15 percent drop in violent crime in areas with cameras.

Groups such as the American Civil Liberties Union have denounced the cameras, saying they are not effective, are susceptible to abuse and are voyeuristic.

Johnny Barnes, executive director of the ACLU of the National Capital Area, said, "We're about to spend money on the cameras that could be used for other law enforcement techniques, such as more police, streetlights, other things that work in law enforcement."

CIVIL LAW:

Justice Probes Auto Lending (BN)

By Russell Hubbard, News Staff Writer

The Birmingham News (AL), August 10, 2006

Compass Bancshares Inc., Alabama's third-largest bank, said Tuesday the Justice Department is investigating its automobile lending practices.

The Birmingham-based operator of 400 branches in six states said in a quarterly filing with the Securities and Exchange Commission the government's investigation concentrates on "indirect auto lending" practices. The investigation is a civil matter, not a criminal one.

Investigators are looking for discriminatory practices against co-applicants who weren't married, Compass said. The probe is limited to lending activity between May 2001 and May 2003, Compass said. Indirect loans are ones that originate at auto dealers and are forwarded to banks for approval.

"It's a small part of our business and deals with events that happened five years ago," Compass spokesman Ed Bilek said.

Compass said it learned of the investigation and the possibility of an ensuing civil lawsuit in U.S. District Court in Birmingham in early June. Compass said in the SEC filing that all fair lending laws were obeyed and that the company is cooperating with the investigation.

Shares of Compass, which among Alabama banks trails only Regions Financial Corp. and AmSouth Bancorp. in assets, fell 37 cents to $58.83 Tuesday. The shares have risen 25 percent in the past year.

Compass officers and directors last week were among the largest sellers of their own company's stock, according to Bloomberg News. Compass insiders last week told regulators they planned to sell $67.4 million of stock, almost all of it by one director.

Director James Click, an automobile dealer in Irvine, Calif., said in filings he plans to sell 1 million of his Compass shares, a stake worth almost $59 million.

Bilek, the Compass spokesman, said Click has owned his Compass shares since 1998 and is selling them for "portfolio diversification" purposes.

"We knew this was coming," Bilek said. "We are always informed ahead of time by directors and officers."

E-mail: rhubbard@bhamnews.com

Armor For The Whistle-Blowers (WP)

By Stephen Barr

The Washington Post, August 10, 2006

Three House members who favor stronger protections for whistle-blowers are urging support for a Senate amendment that would reinforce the rights of federal employees who disclose waste, fraud and abuse in government.

"We believe there is now a real opportunity for Congress to accomplish a significant bipartisan victory for whistle blowers," Reps. Thomas M. Davis III (R-Va.), Henry A. Waxman (D-Calif.) and Todd R. Platts (R-Pa.) said in a letter released yesterday.

The Senate amendment would restore and clarify congressional intent as to what type of whistle-blowing is protected and where it may take place, according to sponsors. Amendment supporters claim that the Federal Circuit appeals court, which rules in employee cases, has created loopholes in whistle-blower law and eroded safeguards for federal workers.

The issue took on added significance in May when the Supreme Court ruled that public employees cannot seek First Amendment protection in sounding an alarm but must rely on federal and state laws to protect them from reprisals.

Numerous federal whistle-blowers have alleged in recent years that agencies fail to handle their cases in a confidential manner and do not take appropriate steps to stop reprisals from superiors, such as yanking their security clearances and transferring their jobs far from their homes.

The Senate amendment was added to the fiscal 2007 defense authorization bill by Sen. Daniel K. Akaka (D-Hawaii) and other senators. In their letter, the House members urged Reps. Duncan Hunter (R-Calif.) and Ike Skelton (D-Mo.), chairman and ranking members of the House Armed Services Committee, to include the amendment in the final version of the bill.

The letter writers pointed out that the House Government Reform Committee has worked on the issue of enhanced whistle-blower protections since 2000.

"The committee's experience has demonstrated repeatedly that whistle blowers can be America's first line of defense against threats from outside, as well as from bureaucratic breakdowns within the government that can be equally dangerous," the letter said. "Committee investigations and hearings repeatedly have confirmed this conclusion, whether the context was

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protection of nuclear weapons facilities, disregarded advance warnings about vulnerability to 9/11, failure to upgrade homeland security since that tragedy, or fraud and contracting abusers that have undermined the safety of our troops in Iraq and elsewhere."

In the past, the Justice Department has objected to similar efforts to reword whistle-blower law. In 2004, the department opposed a bill sponsored by Akaka, contending proposed changes would be "burdensome, unnecessary and unconstitutional."Tax Chase to Start

The Internal Revenue Service has informed employees that it will begin using private debt collectors to track down tax delinquents starting in late August or early September.

"I'm going to do everything I can to get every nickel that is owed to the government by people who haven't paid their taxes," IRS Commissioner Mark W. Everson said yesterday.

The IRS has estimated that debt collectors could pull in about $1.4 billion over 10 years. Under a 2004 law, the IRS has hired three companies and will pay them on a sliding scale -- from 21 cents to 24 cents for each dollar collected.

Everson said "a modest number of cases" will be turned over to the companies at the start, promising to "ramp this up deliberately and very carefully" to ensure that taxpayer privacy is protected.

The National Treasury Employees Union opposes the use of contractors, saying that tax work should be done by government employees. Union President Colleen M. Kelley yesterday called the program a "foolish endeavor" and noted that the inspector general for tax administration and about two dozen House members have raised concerns about the it.

According to an agency message, IRS employees will refer taxpayers with questions about debt collection notices to the private companies. If taxpayers choose not to work with a debt collector, they must notify the contractor and the IRS in writing, the IRS told employees.

"This is going to be a confusing situation for impacted taxpayers," Kelley said.

Google To Continue Storing Search Requests Despite AOL Gaffe (AP)

By Michael Liedtke

AP, August 10, 2006

SAN JOSE, Calif. - Although he was alarmed by AOL's haphazard release of its subscribers' online search requests, Google Inc. CEO Eric Schmidt said Wednesday the privacy concerns raised by that breach won't change his company's practice of storing the inquiries made by its users.

"We are reasonably satisfied ... that this sort of thing would not happen at Google, although you can never say never," Schmidt said during an appearance at a major search engine conference in San Jose.

The security breakdown, disclosed earlier this week, publicly exposed about 19 million search requests made by more than 658,000 AOL subscribers during the three months ended in May. Time Warner Inc.'s AOL intended to release the data exclusively to researchers, but the information somehow surfaced on the Internet and was widely copied.

The lapse provided a glaring example of how the information that people enter into search engines can provide a window into their embarrassing - or even potentially incriminating - wishes and desires. The search requests leaked by AOL included inquiries seeking information about murder techniques and nude teenage girls.

AOL's gaffe hits close to home for Google because the two companies have extremely close business ties.

Mountain View-based Google owns a 5 percent stake in AOL, which also accounted for about $330 million of the search engine's revenue during the first half of this year. AOL also depends on Google's algorithms for its search results.

Schmidt told reporters Wednesday he hadn't had time to contact AOL executives to discuss the problems underlying the release of the search data, but questioned his business partner's judgment.

"It's a terrible thing," he said during his conference remarks. "Maybe it wasn't a good idea to release it in the first place."

AOL already has publicly apologized for its handling of the search requests, calling it a "screw up."

In response to a reporter's question, Schmidt said some good could still emerge from AOL's error by raising public awareness about the issue. "It may be positive because we want people to know what can happen" to online search requests, Schmidt said.

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Google keeps its users' search requests as part of its efforts to better understand what specific people are looking for on the Internet.

But by storing the search requests, Google and its competitors are creating an opportunity for the material to be mistakenly released or stolen, according to privacy advocates.

Schmidt said he is less concerned about those possibilities than the governments of countries around the world demanding to review people's search requests. "I have always worried the query stream is a fertile ground for governments to snoop on the people."

The U.S. Justice Department last year subpoenaed Google for millions of its users' search requests as part of a court case involving protections against online child pornography.

Google refused to comply, resulting in a high-profile court battle earlier this year that culminated in a federal judge ruling that the search engine didn't have to hand over individual search requests to the government.

In his meeting with reporters, Schmidt also covered familiar ground, including Google's plans to develop more advertising channels and form more revenue-sharing partnerships with content providers.

Toward that end, Google during the past week announced new business alliances with The Associated Press, Viacom Inc.'s MTV Networks and News Corp.'s rapidly growing social networking Web site, MySpace.com. The search engine also plans to start distributing radio ads within the next few months.

Google continues to negotiate with other potential partners, although Schmidt indicated nothing is likely to come to fruition during the next few weeks. "The highest priority right now is not (making) more deals, but implementing the ones we have announced," he told reporters.

Asbestos Case Nets $10.3 Million Verdict (LAW)

By Pam Smith, The Recorder

California Recorder, August 10, 2006

A San Francisco Superior Court jury awarded $10.3 million in economic and non-economic damages Monday in an asbestos case brought by a 60-year-old man allegedly suffering from mesothelioma.

Jeffrey Kaiser of San Francisco plaintiffs firm Levin Simes Kaiser & Gornick said it's a big verdict for his relatively new firm, and that he thinks it's one of California's 10 largest compensatory verdicts for asbestos cases in the last 15 years.

Even in the best scenario, however, plaintiff George Barnes won't collect nearly that much. The jury only attributed 15 percent of the harm to Thorpe Insulation Co., the lone named defendant at trial.

By the time Judge Diane Wick makes a final ruling on the company's liability, Barnes will probably only be entitled to about $2.3 million from Thorpe, Kaiser said.

Kaiser also does not expect Thorpe will have the assets to pay, meaning his firm is now bracing to go to battle against the insulation company's insurers over coverage.

"Unfortunately, I expect they'll continue to deny coverage and we'll have to litigate with the insurance companies," Kaiser said.

Levin Simes senior attorney Martha Berman represented Barnes and his wife, Darlene, at trial.

The jury identified $9 million in non-economic damages for physical pain or mental suffering in its special verdict Monday. The rest, all economic damages, included $210,000 for medical bills, $861,083 for past and future income, and $178,974 for the loss of Barnes' services around his family's two-acre property. They found Darlene Barnes' loss of consortium worth another $100,000.

There were no punitive damages; Kaiser said the plaintiff did not argue negligence.

Kaiser noted Barnes and his wife were both 60 years old, and both testified. "Mr. Barnes had basically worked for 25 years as a union shipfitter. ... He had a very nice life, and a nice family, and I think the jury recognized that he's going to lose it all."

The jury attributed 15 percent of Barnes' harm to Thorpe, 5 percent to the plaintiff himself, 55 percent to his former employer, the U.S. Navy, and 25 percent to other manufacturers and distributors.

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Jane Yee, the Bishop, Barry, Howe, Haney & Ryder lawyer who represented Thorpe at trial, did not immediately return a call seeking comment Tuesday afternoon.

Garrett Sanderson III, a partner in the defense-side toxic tort group at Carroll, Burdick & McDonough, wasn't familiar with the details in Barnes v. Thorpe Insulation Co., 446017. But he noted that a defendant's trial success can be relative, depending on how an adverse judgment compares to the settlement demands they had faced.

Barnes did settle with several other defendants, Kaiser said, but the details were confidential. His firm, three of whose name partners are former defense lawyers from the defunct Brobeck, Phleger & Harrison, usually aims to settle, he added.

"We've only had to try four cases in the 3 and 1/2 years we've been in business," he said.

CIVIL RIGHTS:

Desegregation Case Request Denied (HATAMER)

By Nancy Kaffer

Hattiesburg (MS) American, August 10, 2006

A federal judge Tuesday denied a request from a group of Covington County parents to gain legal standing that would let them contest the controversial resolution of a 40-year-old desegregation case.

Charles Magee, president of the Covington County Chapter of the National Association for the Advancement of Colored People, said the community members involved in the case plan to file an appeal.

"We are taking it to the 5th Circuit because we think the kids of Covington County deserve a better deal than we've got," Magee said.

Plaintiffs Arthur and Peggy Keys and their children Savon and Danniesha, represented by Suzanne Keys of Jackson-based Isaac Byrd Associates, filed a motion to intervene on June 19. Had the motion been granted, the Keys family, along with other Covington County families named in the suit, would have been able to ask the court to halt the implementation of a March 8 consent decree filed in federal court.

The decree settled a desegregation case, initially filed in 1966 but reactivated by the U.S. Department of Justice in 2001 at the request of the NAACP. The suit alleged that Covington County Schools failed to integrate.

The complaint highlighted two schools, 91 percent white Seminary Attendance Center and 98 percent black Hopewell Attendance Center, located in Hot Coffee.

Implementation of the decree begins Thursday when Covington County schools open for the new school year. About 35-40 students from Hopewell will be bused south to Seminary, and a pre-kindergarten program at Hopewell will attract a handful of new students - most of whom, Superintendent Ike Sanford said on the stand Tuesday, were already in the Hopewell area.

Sanford declined a request for comment after the hearing.

Peggy Keys said she wasn't surprised at U.S. District Court Judge Keith Starrett's ruling.

"I kind of felt that was how it was going to happen," she said.

Keys said she's considering sending her son Savon, who is supposed to be bused to Seminary on Thursday, to private school.

Starrett's ruling took into account several issues, but one took center stage - timeliness.

The Keys' motion came more than three months after the consent decree was filed. Starrett said case law doesn't support such a lengthy delay in asking for intervenor status.

"You have to show me why this should be the only case in the judiciary of the United States to allow this," Starrett said.

Attorney Suzanne Keys, who is not related to the plaintiffs, argued that the Keys family and other Covington County families were challenged in their efforts to find a lawyer and obtain funds to mount an appeal.

Suzanne Keys argued that though the community had worked hand in hand with the justice department for several years, no residents were consulted before the consent decree was filed. That's the other requirement the Keys family failed to prove, Starrett said - that the interests of Covington County's black community hadn't been adequately represented by the Justice Department.

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"This plan has not been analyzed to look where the burden falls," Suzanne Keys said. "This puts the burden on blacks to leave their school and come down to Seminary."

Magee said he and other members of Covington County's black community had advocated the consolidation of the district's three high schools -a solution recommended by an expert hired by the government - at one central location in Collins, the county seat.

Starrett said that going forward, community focus should be on improving Covington County Schools.

Election Official Expects McKinney To Protest To Feds (AJC)

By Nancy Badertscher, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, August 10, 2006

A top election official in DeKalb County said Wednesday morning that she expects U.S. Rep. Cynthia McKinney to take her complaints about alleged voting irregularities in Tuesday's election straight to Washington — just like she did when she lost four years ago.

"I guess I could be real optimistic and say when she wakes up today she'll feel a lot different about this and she'll just bow down gracefully," said Linda Lattimore, DeKalb's director of voter registration and elections. "But I'm not dreaming this morning. I'm just ready for whatever happens."

McKinney lost Tuesday's Democratic runoff election to former DeKalb County Commissioner Hank Johnson by a sizable margin. She complained throughout the day through her attorneys and on her web site of voting irregularities that ranged from her name not appearing on ballots to malfunctioning machines that prevented supporters from recording a vote for her.

McKinney at this point has not filed a formal complaint, and she could not be reached for comment.

A campaign volunteer who was answering the phone in McKinneyâ€™s headquarters Wednesday morning talked vaguely about voting irregularities in yesterdayâ€™s runoff and said she plans to fill out an affidavit with a lawyer. The woman, who would only give her first name Dana, called the election a â€œlie.â€•

â€œIâ€™m a voter and I know what happened to me,â€ she said, without offering specifics. â€œThis was predetermined. Everybody knew what was going to happen. We got bomb threats up here â€“ we got all types of threats.â€•

She added the stateâ€™s electronic voting machines â€œare not valid.â€•

â€œThe people of Georgiaâ€™s voice was not heard yesterday,â€• she said before walking away.

One of McKinney's options would be to file the complaint in DeKalb, because that is where she lives.

Lattimore said local election officials investigated the campaign's claims.

"We called all the polls right when she complained to get documentation," Lattimore said. She said she found no evidence of any irregularities.

Kara Sinkule, spokesman for Secretary of State Cathy Cox, said McKinney can request a recount under Georgia law "when it appears that a discrepancy or error, although not apparent on the face of the returns, has been made." This is the only recount provison McKinney can rely on becasue the vote outcome was not numerically close enough to qualiify under the 1 percent recount rule, Sinkule said.

McKinney conceded the election early Wednesday but did not indicate she would support the 51-year-old Johnson in the November race against Republican Catherine Davis. The majority of the 4th Congressional District lies in DeKalb but the district includes parts of Rockdale and Gwinnett counties.

Lattimore said McKinney can file a formal complaint with DeKalb County or the Secretary of State's Office, but will most likely contact the U.S. Justice Department, as she did in 2002 when she lost to Democrat Denise Majette.

In 2002, McKinney alleged that some black voters were denied the right to vote because their precincts were intentionally overcrowded, Lattimore said.

"It was a bad situation that went from bad to worse," she said. "We had the police out there, all my board members out there."

The Justice Department had investigators come to the county and take depositions from various election officials, but they found no irregularities, Lattimore said.

"We probably provided them 10 oak trees worth of paper of everything we had here," she said. " They [the McKinney campaign] wants to accuse us of stuff they don't have any proof of or that can't be proved."

Jeremy Redmon contributed to this report.

USA's Muslims Under A Cloud (USAT)

By Marilyn Elias

USA Today, August 10, 2006

Motaz Elshafi, 28, a software engineer, casually opened an internal e-mail at work last month. The message began, "Dear Terrorist."

The note from a co-worker was sent to Muslims working at Cisco Systems in Research Triangle Park, N.C., a few days after train bombings in India that killed 207. The e-mail warned that such violent acts wouldn't intimidate people, but only make them stronger.

"I was furious," says Elshafi, who is New Jersey-born and bred. "What did I have to do with this violence?"

Reports of such harassment and discrimination against Muslims are rising, advocacy groups say. A USA TODAY/Gallup Poll of 1,007 Americans shows strong anti-Muslim feeling. And the hard feelings are damaging the mental health of U.S. Muslims, suggest new studies to be released at the American Psychological Association meeting starting today in New Orleans.

Thirty-nine percent of respondents to the USA TODAY/Gallup Poll said they felt at least some prejudice against Muslims. The same percentage favored requiring Muslims, including U.S. citizens, to carry a special ID "as a means of preventing terrorist attacks in the United States." About one-third said U.S. Muslims were sympathetic to al-Qaeda, and 22% said they wouldn't want Muslims as neighbors.

Verbal harassment and discrimination correlate with worse mental health in studies of Muslims and Arab-Americans since 9/11, says psychologist Mona Amer of Yale University School of Medicine.

In her new study of 611 adults, thought to be the largest ever done on Arab-Americans, they had much worse mental health than Americans overall. About half had symptoms of clinical depression, compared with 20% in an average U.S. group, Amer says.

Muslims, who made up 70% of the study's participants, had poorer mental health than Christians. Those less likely to be depressed or anxious were people who kept their ethnic or religious ties but also had relationships with other people in the community. And more Christians than Muslims lived this "integrated" lifestyle, Amer says.

Though Muslims said they wanted more contact with Americans of other religions, it may be easier for Arab Christians to integrate, Amer speculates.

"They share the mainstream religion. Muslims may have different kinds of names or dress differently and, especially since 9/11, they're ostracized more."

Virtually no mental health research was done on U.S. Muslims before 9/11, so her findings can't be compared with earlier studies. A new publication, the Journal of Muslim Mental Health, began publication in May, signaling concern about the growing problems and lack of research.

Many therapists are counseling more Arab-Americans and Muslims since 9/11, Amer says. Also, in surveys of Muslim spiritual leaders to be reported at the psychological association meeting, the imams report a surge in worshipers seeking help for anxiety and stress related to possible discrimination.

Reports of such abuses skyrocketed in the first six months after9/11, fell in 2002 and have climbed again since the Iraq war began in 2003, according to data kept by the Council on American-Islamic Relations, an education and advocacy group in Washington, D.C.

The number of assault and other discriminatory complaints filed with the group jumped from 1,019 in 2003 to 1,972 in 2005, says Arsalan Iftikhar, national legal director.

Nobody knows what proportion of U.S. Muslims encounter discrimination; even Muslims disagree.

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"I don't think there's a Muslim out there who hasn't felt some kind of fallout from 9/11," says Jafar Siddiqui, 55, a real estate agent in Lynnwood, Wash. "I myself have been invited to 'go home' at least once a month." Siddiqui has been a U.S. citizen for 20 years.

Despite an increase in harassment since 9/11, "many, many have not felt any discrimination," says Farid Senzai, research director of the Detroit-based Institute for Social Policy and Understanding, a non-profit started four years ago to do research on Muslims.

Harassment charges claiming unreasonable arrest and detention have garnered the most publicity. But discriminatory acts in everyday life — in shops, schools and at work — are reported about as frequently to the American-Islamic relations council.

Elshafi, who got the nasty e-mail at work, still wonders at the boldness of a person who would send such a note. The sender was asked to apologize to several employees who filed complaints with Cisco's human resources department, says Elshafi, who didn't file a complaint.

"We wouldn't confirm a specific internal incident on the record," says Cisco's Robyn Jenkins Blum, who adds, "It is Cisco's policy not to tolerate artificial divisions or harassment of any individual."

Elshafi, a worshiper at the local mosque, says he has received a lot of support from non-Muslim friends at work. "After 9/11, people would say, 'Don't worry, 'Taz, we've got your back.' " He says Muslims are not doing enough to educate people about their religious practices. "We need to talk about our beliefs, know our neighbors."

People such as Elshafi are least vulnerable to becoming depressed due to bigotry, says John Dovidio, a University of Connecticut psychologist and expert on prejudice. "He gets strength from his group identity and support from the outside."

Many are not nearly as fortunate. Children of recent immigrants, women who wear the traditional head scarves or long robes and Iraqi-Americans often aren't faring as well, according to reports at the psychological association meeting.

In Seattle, Hate Free Zone Washington, an education and advocacy group, was launched five years ago to oppose backlash against local Muslims, Sikhs (sometimes mistaken for Muslims) and Arab-Americans. "We've seen an increase in bias-based harassment since 9/11," says Amelia Derr, the group's education director.

Derr says she has seen some Muslim children so traumatized by violent bigotry that she wonders whether they'll ever recover. Last October, a Seattle high school junior who had faced verbal harassment was assaulted in gym class. He suffered a hemorrhage behind his eye and a collapsed lung, Derr says. "The good thing is that the student who did it was convicted of a hate crime."

But the beaten boy won't go back to school, she says. "He's terrified. You can see how damaged he has been. He won't look you in the eye; he just shrinks back. He won't talk." The family came from Afghanistan four years ago, she says.

Even some who were born and raised in the USA feel their religious freedom has limits. Jafumba Asad, 32, of Tulsa stopped wearing the traditional dark robe after 9/11. "It's bad enough just wearing a head scarf. I get nasty stares every day. Wearing full cover makes it harder to get a job. It scares people," says Asad, a community college teacher and graduate student.

Muslim women who wear head scarves are more likely than those who don't to say they face discrimination and a hostile environment, according to a study to be presented at the psychological association's meeting by Alyssa Rippy of the University of Tulsa. The scarves make Muslim women stand out and could change behavior toward them, she suggests.

A few years ago, in a Wal-Mart parking lot, Asad says two men approached her and aggressively shouted "Y'all ought to be (expletive) locked up!" Pregnant at the time, she quickly backed away and then realized there were parked cars behind her. "I felt trapped and very vulnerable. I'm pregnant. I didn't know if they were going to get violent." Luckily, she says, they just walked away.

The mother of three girls says she developed ulcers a few months after 9/11. "I feel stressed a lot."

In Rippy's study, Muslim men were just as likely as women to report discrimination but more likely to become mistrustful and wary because of it. That can encourage sticking with your own group, "which intensifies feelings of paranoia," she says.

Men may back away more than women because they feel discrimination could have more serious consequences for them, for example being pegged as a terrorist or jailed, Rippy says.

The USA TODAY/Gallup Poll suggests Americans have greater fear of Muslim men than women: 31% said they'd feel more nervous flying if a Muslim man was on the plane; 18% said they'd be more nervous with a Muslim woman. The poll, conducted July 28-30, has a margin of error of plus or minus 3 percentage points.

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The Iraq war has made its mark on U.S. Muslims as well, psychologist Ibrahim Kira will say at the meeting. In his study of Iraqi-Americans, the more time people spent listening to the radio and watching TV news about the war, the more likely they were to have post-traumatic stress disorder. Many of them had relatives still in Iraq, and stress-disorder rates were high: 14% compared with 4% for the U.S. population, Kira says.

Tuning in to war news also correlated with more stress-related health problems, such as high blood pressure, headaches and stomach trouble, Kira says.

Although the war creates special problems for Iraqi-Americans, they also share a key challenge with other Muslims: lack of trust from people living here. Many Americans clearly don't trust those of the Muslim faith. In fact, 54% said they couldn't vote for a Muslim for president in a June Los Angeles Times/Bloomberg poll. That compares with 21% who turned thumbs-down on an evangelical Christian and 15% who wouldn't cast their ballot for a Jew.

Amer believes the world has changed for U.S. Muslims since Sept. 11 but says: "I don't think Americans understand what's happened. Muslims have the same anxieties and anguish about terrorism as everyone else in the U.S. At the same time, they're being blamed for it. They're carrying a double burden."

Outreach Efforts Help Muslims Make Inroads (USAT)

By Marilyn Elias

USA Today, August 10, 2006

Muslims in the USA might receive more favorable treatment if more Americans knew them. In a new USA TODAY/Gallup Poll of 1,007 Americans, 58% said they had never met a Muslim. And those who did know Muslims felt a lot better about them.

Ignorance about Islam and isolation from Muslims can only foment trouble, leaders in the Muslim community say.

Since 9/11, Muslim groups have greatly expanded their outreach, offering educational seminars on their religion and cultural practices to audiences such as the police, private companies, hospital workers, teachers, students and therapists.

The Islamic Networks Group, which has affiliates in 12 states, received 1,500 invitations a year to present such programs before 9/11; now it's about 4,000 a year, says president Maha ElGenaidi. "People are more open to learning about us, and we want to tell them."

In the past year, 30,000 Americans requested free Qurans offered by the Council on American-Islamic Relations, says Arsalan Iftikhar of the council. Reading the Quran will help Americans understand and appreciate Islam, he says.

And many interfaith groups involving Muslims have formed in the past few years in cities as diverse as Boston, Syracuse, N.Y., and Elyria, Ohio.

In Los Angeles, there are two "cousins clubs," interfaith groups of Muslim and Jewish women, so named because they share a common ancestor, Abraham. Participants read each others' sacred texts, celebrate holidays together and learn about one another's spiritual lives.

The women have become close, says Shayna Lester, co-founder of one of the groups. "We find we have more likenesses than differences. We no longer call each other cousins. We call each other sisters."

Editorial: Voter Suppression In Missouri (NYT)

The New York Times, August 10, 2006

Missouri is the latest front in the Republican Party's campaign to use photo ID requirements to suppress voting. The Republican legislators who pushed through Missouri's ID law earlier this year said they wanted to deter fraud, but that claim falls apart on close inspection. Missouri's new ID rules — and similar ones adopted last year in Indiana and Georgia — are intended to deter voting by blacks, poor people and other groups that are less likely to have driver's licenses. Georgia's law has been blocked by the courts, and the others should be too.

Even before Missouri passed its new law, it had tougher ID requirements than many states. Voters were required, with limited exceptions, to bring ID with them to the polls, but university ID cards, bank statements mailed to a voter's address, and similar documents were acceptable. The new law requires a government-issued photo ID, which as many as 200,000 Missourians do not have.

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Missourians who have driver's licenses will have little trouble voting, but many who do not will have to go to considerable trouble to get special ID's. The supporting documents needed to get these, like birth certificates, often have fees attached, so some Missourians will have to pay to keep voting. It is likely that many people will not jump all of the bureaucratic hurdles to get the special ID, and will become ineligible to vote.

Not coincidentally, groups that are more likely to vote against the Republicans who passed the ID law will be most disadvantaged. Advocates for blacks, the elderly and the disabled say that those groups are less likely than the average Missourian to have driver's licenses, and most likely to lose their right to vote. In close elections, like the bitterly contested U.S. Senate race now under way in the state, this disenfranchisement could easily make the difference in who wins.

The new law's supporters say its purpose is to deter fraud. But there is little evidence of "imposter voting," the sort of fraud that ID laws are aimed at, in Missouri or anywhere else. Groups in Missouri that want to suppress voting have a long history of crying fraud, but investigations by the Justice Department and The St. Louis Post-Dispatch, among others, have refuted such claims in the past. If the Legislature really wanted to deter fraud, it would have focused its efforts on absentee ballots, which are a notorious source of election fraud — and are not covered by Missouri's new ID requirements.

Because of the important constitutional issues these laws raise, courts will have the final say. Federal and state judges have already blocked Georgia's ID law from taking effect, and although Indiana's law was upheld earlier this year, that ruling is on appeal. Missouri voting-rights advocates recently filed suit against their state's law.

Unduly onerous voter ID laws violate equal protection, and when voters have to pay to get the ID's, they are an illegal poll tax. They are also an insult to democracy, because their goal is to have elections in which eligible voters are turned away.

ANTITRUST:

Bristol, Sanofi Misplayed Plavix Defense, Apotex Says (Update4) (BLOOM)

By Susan Deckerlisa Rapaport

Bloomberg, August 10, 2006

Aug. 9 (Bloomberg) -- Bristol-Myers Squibb Co. and Sanofi- Aventis SA misplayed the defense of their patent on the top-selling heart pill Plavix, says Barry Sherman, chief executive officer of their generic competitor, Apotex Inc.

The closely held Canadian drug company yesterday started selling cheaper versions of Plavix, even though Bristol-Myers and Sanofi say they have a patent that protects the drug against copycats. The drug, a blood thinner prescribed to prevent heart attacks and strokes that had $6.3 billion in sales last year, is New York-based Bristol-Myers's best-seller and Paris-based Sanofi's second-biggest product.

Bristol-Myers and Sanofi earlier this year settled a lawsuit they brought against Apotex, agreeing to pay Sherman's company at least $40 million to keep discounted versions of Plavix off the market until 2011. Last week, the companies' agreement was rejected by the U.S. authorities. Sherman says aspects of the agreement still in place protect Apotex should the larger drugmakers revive their lawsuit.

Bristol-Myers and Sanofi were ``so blinded by the desire to extend their monopoly'' until 2011 that they made too many concessions to settle patent litigation, Sherman said yesterday in a telephone interview.

The accord blocked Bristol-Myers and Sanofi from preventing Apotex's introduction of the generic drug and also reduces the Canadian company's potential liability if the bigger drugmakers prevail in their lawsuit, he said.

Reviewing Options

Bristol-Myers spokesman Jeff Macdonald said he couldn't comment on Sherman's remarks, and Sanofi spokesman Jean Marc Podvin didn't return calls or e-mails seeking comment.

``The companies are evaluating their legal and commercial options, as well as possible remedies under the agreement with Apotex,'' Sanofi said yesterday in a statement. The partners ``intend to vigorously pursue enforcement of their patent rights in Plavix.'' Bristol-Myers spokesman Macdonald said the same thing in a telephone interview yesterday.

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Within the next three months, Apotex's less expensive version of Plavix may grab as much as 90 percent of the larger companies' sales. That is the typical loss that occurs when a generic competitor enters the market, according to IMS Health Inc., a Fairfield, Connecticut, provider of pharmaceutical data.

Apotex, based in the Toronto suburb of Weston, Ontario, wouldn't say what it will charge for its version -- only that it will be less than the current price of $4 for the once-daily pill.

Share Prices

The loss of Plavix revenue has already pulled down the shares of the bigger drugmakers. Bristol-Myers shares lost 9 cents, or less than a percent, to $21.12 at 4:03 p.m. in New York Stock Exchange composite trading. The stock has lost 19 percent since July 26, the day before the drugmaker said the U.S. Justice Department was starting an antitrust investigation into the agreement to settle the lawsuit with Apotex.

Sanofi shares dropped 0.7 euro, or 1 percent, to 68.85 euros at the close of trading in Paris and are down 12 percent since July 26.

Moody's Investors Service placed Bristol-Myers under review for a possible downgrade of its A1/Prime-1 rating on $8 billion in long- and short-term debt. ``Moody's cannot rule out the possibility of a multi-notch downgrade because of the importance of Plavix to Bristol's cash flow," said Patrick Finnegan, managing director of Moody's in New York, in a note today.

`This Debacle'

``The next step in this debacle is the imminent decrease in Bristol-Myers's dividend by what we estimate will be an approximate 50 percent cut -- given the expected softening in earnings per share performance once Plavix goes generic," A.G. Edwards analyst Albert Rauch said in a note to clients. Rauch downgraded Bristol-Myers to ``sell" from ``hold."

Bristol-Myers pays 28 cents quarterly for a 12-month yield of 5.24 percent.

Sherman, 64, founded Apotex in 1974, seven years after he completed a doctorate at Massachusetts Institute of Technology in Cambridge. After starting with two employees, he now has 6,000. He wouldn't disclose revenue or profit or discuss earnings from specific medications. Generic Plavix ``is going to be the biggest seller in the history of our company," Sherman said.

Sherman has a history of challenging big drugmakers by selling generic copies of their drugs before patents expire. In 2001, Apotex made copies of Bayer AG's antibiotic Cipro, the most potent treatment for Anthrax. In 2004, Sherman sold a low-cost version of the antidepressant Paxil before GlaxoSmithKline Plc's patent expired. In both cases, he avoided legal judgments.

Bristol-Myers's Settlement

In the Plavix case, Sherman said Apotex could benefit from Bristol-Myers's previous run-ins with antitrust authorities over generic competition. In 2003, Bristol-Myers resolved allegations that it misused its patents to thwart generic competition to the cancer drug Taxol and the anti-anxiety drug Buspar by agreeing to a settlement with the U.S. Federal Trade Commission.

Among the terms was a 10-year limit on Bristol-Myers's ability to settle patent suits if the generic-drug company received ``anything of value" and agreed not to sell a copycat drug for any period of time. Patent settlements would have to be reviewed by the FTC and attorneys general of U.S. states, who had also sued Bristol-Myers over Buspar and Taxol.

To keep Apotex from competing with Plavix until June 2011, Bristol-Myers and Sanofi agreed this year to pay as much as $40 million to reimburse Apotex for its stock of Plavix copies.

Sherman said the accord was anticompetitive and a violation of the 2003 agreement and wouldn't win approval from the FTC or the states. He set out to obtain concessions that would ease the way for Apotex to sell its copies once the accord was rejected.

`Quite Surprised'

``I was quite surprised that Sanofi and Bristol were under the impression that we could get a deal through the Federal Trade Commission that delayed the launch for five years," Sherman said. ``I never thought it would happen. They were foolish."

Bristol-Myers and Sanofi agreed they wouldn't seek a court order to prevent Apotex from selling the drug and would give Apotex five days' notice before they sought a court ruling to halt sales once they started.

That means Apotex is free to sell its Plavix copies without interference until Aug. 15, when Bristol-Myers and Sanofi can file their request for a court order blocking sales until the patent suit is resolved. U.S. District Judge Sidney Stein said Aug. 7 that he would probably set a hearing during the week of Aug. 21. Bristol-Myers asked for a hearing Aug. 16.

The companies also agreed to limit how much Apotex would have to pay if it began selling the generic drug and then lost the patent suit. Normally under U.S. law, drugmakers can seek up to three times their lost profits.

At an Aug. 4 court hearing, Bristol-Myers lawyer Evan Chesler said Apotex had ``a clear strategy'' to ``derail this settlement negotiation.'' Chesler said Apotex had told regulators the companies had reached a ``secret side agreement'' in which Bristol-Myers pledged not to introduce its own ``authorized generic'' of Plavix in competition with Apotex, even though it had removed such a promise from the accord.

The case is Sanofi-Synthelabo v. Apotex Inc., 02cv2255, U.S. District Court for the Southern District of New York.

A Second Look: Bristol-Myers Squibb (AP-YBIZ)

By Wallace Witkowski, Ap Business Writer

AP, August 10, 2006

Bristol-Myers Squibb Stabilizes As Generic Plavix Finds Its Way Into Pharmacies

NEW YORK (AP) -- Shares of Bristol-Myers Squibb Co. appeared to stabilize Wednesday following the previous day's 7 point drop when a privately held drug maker launched its generic version of the company's best-selling pill Plavix.

Investors are looking for the Bristol-Myers' next move -- whether it and partner Sanofi-Aventis SA will push for an injunction against Canadian drug maker Apotex Corp. to prevent sales of the generic blood thinner. Under an earlier agreement, Bristol-Myers and Sanofi-Aventis cannot seek an injunction preventing Apotex from selling for five days, and gave up their right to sue Apotex for treble damages.

Moody's Investors Service joined two other ratings firms in placing Bristol-Myers' long-term and short-term ratings under review for a possible downgrade. On Tuesday, Standard & Poor's and Fitch placed Bristol-Myers on a credit watch with negative implications.

In a research note, Morgan Stanley's Jami Rubin, who rates Bristol-Myers "Equal-weight," said that channel checks suggest some wholesalers and pharmaceuticals benefit managers have up to 6 months worth of generic Plavix in their channels.

Rite Aid Corp. spokeswoman Jody Cook said the company expects to have the drug "at most, if not all" its 3,300 stores by Wednesday. A quick check of Manhattan Rite-Aids found that pharmacists had received initial supplies. Cook said that the generic drug retails at an average $124 for 30 tablets, compared with an average $148 for 30 tablets of Plavix made by Bristol-Myers. Prices do not take into account discount programs.

In late July, Bristol-Myers and Sanofi-Aventis revealed the Justice Department had launched a criminal probe into an out-of-court settlement with Apotex. The companies had agreed to pay Apotex a minimum of $40 million to keep its Food and Drug Administration-approved version of Plavix off the market until 2011, when the Plavix patent expires.

FBI agents with a search warrant confiscated documents at Bristol-Myers' Manhattan headquarters, and both companies received grand jury subpoenas, to determine if the agreement broke antitrust laws.

General Electric Co.'s cable news channel CNBC reported Wednesday that Bristol-Myers complained to the New York Stock Exchange that short selling interest in its stock nearly doubled in the month before news of the criminal probe broke, suggesting that short traders may have possessed inside information. Bristol-Myers declined to comment on the report, and representatives at the NYSE were not available for immediate comment.

Bristol-Myers shares have dropped more than 18 percent since the criminal probe opened. Sales of Plavix totaled about $5.9 billion last year. It is the second best-selling drug in the world after Pfizer Inc.'s cholesterol medicine, Lipitor.

Shares of Bristol-Myers fell 9 cents to $21.12 in afternoon trading on the NYSE.

Rivals Ask PSC To Restrict Terms Before Approval (COX)

By Scott Leith, Cox News Service

Cox News Service, August 10, 2006

DOJ_NMG_0045983

ATLANTA — Out of all the states in the country, Georgia likely will be the last to decide whether to approve the pending merger of AT&T and BellSouth.

The state's Public Service Commission on Tuesday heard nearly three hours of arguments about the proposed deal. Competitors, mostly small telecommunications providers, fear the new AT&T will be too powerful. BellSouth and AT&T, on the other hand, maintain little will change for Georgia customers and think the merger should be allowed.

Next week, the combatants will learn what the PSC thinks. A vote scheduled for Aug. 18 could bring anything from a simple rubber stamp to an approval with limitations, such as on how digital subscriber line service is provided in Georgia.

Tuesday's arguments were spurred largely by rivals to BellSouth and AT&T, including EarthLink, Cbeyond and Time Warner Telecom.

Though some companies and interest groups oppose the merger altogether, most competitors want the PSC to place a few conditions on the new AT&T.

EarthLink, for example, wants the state to freeze rates that companies pay to get certain services from the new AT&T.

Carolyn Marek, vice president for regulatory affairs in the Southeast for Time Warner Telecom, is wary of the power AT&T could wield, even though the companies have promised few changes. "If they're saying things won't change, put it in writing," Marek said.

AT&T and BellSouth contend the deal should carry no conditions. James Harralson, vice president and associate general counsel at BellSouth, said other state regulators have voted overwhelmingly in favor of the deal. None of those 18 states has imposed conditions on merger approvals.

In Georgia, however, commissioners seem partial to at least one condition — to require the new AT&T to offer digital subscriber line service without requiring customers to also purchase phone service. In industry parlance, this is known as stand-alone DSL, or "naked" DSL.

Wayne Watts, senior vice president and associate general counsel for AT&T in San Antonio, was questioned about offering stand-alone DSL in Georgia. He was noncommittal, half-joking that if the PSC signs off on the deal, AT&T would consider a change.

That answer didn't sit well with PSC Chairman Stan Wise, a proponent of stand-alone DSL. "It was pretty weak," he said. "I was pretty disappointed."

All sides have more than a week to lobby their cases to commissioners.

AT&T and BellSouth have been irritated that Georgia has taken so long to weigh in on the issues. The companies have pursued regulatory approvals for weeks at various levels.

At the federal level, the Justice Department and the Federal Communications Commission haven't issued decisions yet. AT&T and BellSouth previously have said they expect the merger to close in the fall.

Scott Leith writes for the Atlanta Journal-Constitution.

FTC Clears Proposed Buyout Of Encore Medical Corp. (AUSTBIZ)

Austin (TX) Business Journal, August 10, 2006

The U.S. Federal Trade Commission has given its blessing to Encore Medical Corp.'s plan to sell itself to The Blackstone Group for $870 million.

Austin-based Encore (Nasdaq: ENMC - News) says the FTC granted early termination of the antitrust waiting period for Encore's proposed acquisition by affiliates of New York-based Blackstone.

Encore and Blackstone submitted pre-merger notification and report forms with the FTC and the U.S. Department of Justice's Antitrust Division in July. The FTC's early termination means the merger of the two companies has cleared antitrust review, but, Encore says, the proposed merger remains subject to satisfaction of several other conditions, including approval by Encore stockholders.

If all goes according to plan, Encore and Blackstone anticipate closing the merger before the end of 2006.

Encore announced it had entered into an agreement to be acquired by affiliates of Blackstone in a going-private-merger transaction in June.

Blackstone has agreed to pay $6.55 per share of Encore's common stock upon the closing of the merger.

So far, Encore says, there have been two class-action lawsuits filed by Encore shareholders to challenge the deal.

One of the suits was filed in Travis County and the other in Delaware.

Sempra Ordered To Turn Over Trader Tapes (AP)

AP, August 10, 2006

SAN DIEGO -- Sempra Energy and more than a dozen other companies accused of inflating natural gas prices for California consumers must release recordings of traders' conversations in a $1 billion lawsuit, a judge ruled.

Excerpts from the tapes played in court before Superior Court Judge Ronald Prager were filled with expletives, and featured one trader telling another he had "an insatiable appetite" for swindling California's markets though he used a phrase that was far from polite.

The lawsuit is among a handful of outstanding cases alleging wrongdoing by energy companies during California's 2000-2001 energy crisis. The suit charges that energy traders for Sempra, Duke Energy Corp., EnCana Corp. and Reliant Energy Inc. engaged in fraud against California consumers.

Doug Kline, a spokesman for Sempra, which owns San Diego Gas & Electric Co. and Southern California Gas Co., said the company would comply with the judge's ruling Tuesday.

Duke Energy spokesman Peter Sheffield said that company and others had already offered to provide certain recordings.

Transcripts of conversations from the tapes have previously been provided to the court by the energy companies.

The 16 public agencies listed as plaintiffs include the city and county of San Diego, the Los Angeles Department of Water and Power, the University of California and California State University systems, Alameda County and Santa Clara County.

Nanci Nishimura, an attorney representing several natural gas users in the suit, said the decision was significant because the tapes provide "a window into understanding what these traders did and it goes to intent and motive in their conduct."

They include examples of traders who agreed to what are known as "wash" trades, in which both parties buy the same amount of gas from each other in order to report inflated trading prices to an industry publication that helps set market prices for natural gas.

The case, still in the initial stages, is related to a class-action antitrust lawsuit that Sempra settled earlier this year. In that suit, Sempra was accused of conspiring with Houston-based El Paso Corp. to restrict natural gas supplies during the energy crisis to inflate prices.

ENVIRONMENT:

BP Was Told Of Pipeline Worries In '04 (WP/BLOOM)

By Mathew Carr

The Washington Post, August 10, 2006

BP PLC was told by employees and contractors in a February 2004 survey that its Prudhoe Bay pipeline network probably was not being adequately monitored for corrosion, according to a company report.

"If we find pipe that we know is rotten, they have to replace it," an unidentified employee was quoted as saying in the report, posted on BP's Web site. "My concern, however, is that they are not taking a look at every piece of pipe that they need to be."

Production from Prudhoe Bay, Alaska, the largest oilfield in the United States, was shut down Sunday after the company found severe corrosion and a leak in the pipeline. Prudhoe Bay produces 400,000 barrels a day, 8 percent of U.S. output.

BP America President Robert A. Malone said in a television appearance yesterday that the company may be able to keep half the oil field pumping. The corrosion appears to be less severe on pipes on the western side of the field and its engineers are assessing whether those lines can be kept in service. The eastern half has been shut down, the company said.

The Alaska unit used the 2004 survey, prepared by research company McDowell Group Inc., "to help formulate plans for future activities," said Toby Odone, a London-based spokesman for BP.

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Cost cuts created "anxiety in the workforce, and that impacts safety," a contractor and supplier said in the report. "Contractors, suppliers and the conservation community were concerned about BP's purported drive to support the highest standards, yet push for reduced costs in its operations."

The company "has been cutting corners" since about 1999, said Charles Hamel, a former oil broker who lobbies government regulators on behalf of Alaskan oil workers. BP "shareholders were not well served by" the company's cost-cutting, he said in an interview this week.

BP plans to spend $71 million this year in Alaska on corrosion monitoring, prevention and repair, Odone said. That's 15 percent more than last year, he said.

Owners of the Prudhoe Bay field include Exxon Mobil Corp., ConocoPhillips and Chevron Corp.

Government Renews Push For Pipeline Regs (AP-Y)

By H. Josef Hebert, Associated Press Writer

AP, August 10, 2006

Fourteen years ago Congress urged the Transportation Department to start regulating low-pressure pipelines such as those blamed for shutting down Alaska's North Slope oil production.

But it didn't happen. And only now, after questions about pipe maintenance and two damaging oil spills in Alaska, are officials pushing hard to establish federal rules and standards for such lines.

Congress, as part of a pipeline safety law passed in 1992, included among a number of directives that the Transportation Department pay closer attention to low-stress oil and other hazardous liquid pipelines, which still today are exempt from federal regulations.

Over the years the department's Office of Pipeline Safety had other priorities including a growing concern about natural gas pipeline accidents where leaks had caused several high-profile explosions and fatalities, and getting industry to give closer scrutiny to the high-pressure long-distance oil lines.

Only after one of the low-stress feeder lines belonging to BP Alaska sprung a leak last March, dumping 270,000 gallons of oil onto the tundra, did the issue move to the front burner at the Pipeline and Hazardous Materials Safety Administration, a successor to the pipeline safety office.

The agency's chief, Thomas Barrett, said in an interview Wednesday that the agency began working on possible regulation of low-stress pipes about 18 months ago, but he acknowledged now "we've accelerated this process."

Barrett said he expected a formal notice for regulations in a few weeks and possibly a final rule before the end of the year. "It's gotten a lot of attention," said Barrett, a retired vice admiral who in May became the agency's first administrator.

At a congressional hearing last April, Transportation Department officials acknowledged that increased federal oversight of the low-stress feeder lines had been last on the priority list when dealing with directives Congress had issued to improve pipeline safety, some dating back to 1992.

"Now we are working on our last outstanding mandate," Stacey Gerard, the agency's chief safety officer, told the lawmakers, referring to the low-stress pipeline rules.

The Alaska spill in March grabbed everyone's attention and brought new focus on regulating the industry's low-stress federal pipelines.

"The importance of completing and finalizing this rule cannot be overstated," Theodore Alves, a senior assistant in the DOT inspector general's office, told the lawmakers a few weeks after the spill. He too noted that dealing with the gathering lines and low-stress pipes was the remaining mandate from 1992.

On Wednesday, Rep. John Dingell of Michigan, the ranking Democrat on the Energy and Commerce Committee, which held the April hearing, said "the law needs to be changed to explicitly cover low-pressured pipelines" and enforcement of federal rules and standards needs to be toughened.

Barrett acknowledged that scrutiny over low-stress feeder lines in remote areas — such as the ones in question on the North Slope — had been given a relatively low priority as the agency saw a greater potential danger, possibly to life as well as the environment, from high-pressure pipelines and natural gas lines that cut through urban areas.

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The agency focused on those issues.

Also, the feeder, low-stress pipes "frankly have a good record ... even on Prudhoe Bay there (was) no history of spills," said Barrett, although he added that it's clear now that their maintenance and operation require greater federal scrutiny.

Lois Epstein, a consultant for Cook Inlet Keeper, a conservation advocacy group in Alaska, said the spill last March made it clear the lines need to be more closely regulated.

"While low-stress lines may release hazardous liquids at a rate less than other transmission lines, this winter's spill shows that they pose comparable environmental hazards," she testified during the congressional hearing last April.

Pipeline Corrosion Tests Not Required (USAT)

By Brad Heath, James R. Healey And Paul Davidson

USA Today, August 10, 2006

Neither state nor federal regulators require any specific measures to find or limit corrosion on low-pressure oil pipelines like the one that caused BP to begin shutting off oil deliveries from the nation's biggest oil field.

That loophole leaves pipeline operators to apply whatever anti-corrosion measures and corrosion-damage testing they want on what is estimated to be several thousand miles of low-pressure crude-oil pipeline in the USA.

Corrosion is the biggest cause of pipeline leaks, according to government data. Corrosion forced BP to shut the Prudhoe Bay, Alaska, line, starting last Sunday. It now plans to replace 16 of 22 miles of pipeline.

BP spokesman Scott Dean says the company did corrosion maintenance but acknowledges now that its measures were inadequate.

The regulatory gap has prompted additional federal concern about pipeline safety.

Wednesday, Rep. John Dingell, D-Mich., called on Congress to apply maintenance laws for other types of lines to the low-pressure lines. “Making these improvements in the law should be a top priority when Congress reconvenes in September,” he said in a statement.

Federal regulators, who already were working on rules for low-pressure pipelines, promised this week to accelerate the process because of the BP shutdown.

Federal rules say that operators of high-pressure lines have to check them for internal corrosion every five years by sending a device called a “smart pig” through the lines. It measures the thickness of pipeline walls. The requirements don't apply to low-pressure lines.

“Typically, states don't regulate the maintenance of the gathering lines,” says Christine Hansen, executive director of the Interstate Oil & Gas Compact Commission, an organization of state oil and gas regulators.

Alaska Department of Environmental Conservation spokeswoman Lynda Giguere said that her state doesn't require corrosion checks.

Concerns about corrosion appear to predate the latest incident and one in March on another part of BP's Prudhoe Bay line.

Chuck Hamel, a retired oil broker who advocates for workers, said workers approached him in 1999 with concerns that BP was skimping on use of a chemical to prevent corrosion to hold down costs.

In an internal 2004 survey, posted on BP's website, some employees also raised concerns that corrosion problems might be overlooked.

Dean says Hamel needs to provide specifics so BP can investigate.

BP Oil Facility Closure Sends Chills Across Alaska (WT)

By Audrey Hudson

The Washington Times, August 10, 2006

Alaska Gov. Frank H. Murkowski yesterday ordered a state-government hiring freeze and worried over whether the state has enough heating oil or funding for social services as Alaskans braced for an economic crisis brought on by the sudden shutdown of oil production in Prudhoe Bay.

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Oil company BP ceased most operations Sunday after a heavily corroded pipeline was discovered dripping oil. The closure is costing the state $6.4 million a day in tax revenues and royalties, and some officials estimate it could be six months before 16 miles of pipes are repaired and the pipeline is running at full capacity.

Nearly 90 percent of the state's revenue comes from the oil fields, and Alaska's revenue commissioner says the state can operate for about two months before running out of money.

Long-term projects will be completed in phases and Cabinet commissioners will create a plan to keep social services operational and to meet in-state oil needs, Mr. Murkowski told a joint session of the state Legislature yesterday.

With the reduction in oil flowing through the 800-mile pipeline from 56,000 barrels to 28,000 barrels a day, the state will get a smaller share of oil it receives through a royalty payment.

"Heating oil is critical to all Alaskans, jet fuel is critical to travel in Alaska, international travel, and to the economy of the state," Mr. Murkowski said.

The Republican governor did not mince words during the brief address, and criticized BP for shutting down the entire operation before consulting with state officials. He said the oil company will be held responsible.

"Because of a leak of, frankly, a few barrels, BP abruptly decided to shut down the entire field. One has to ask, what did BP learn last Saturday or Sunday, that it did not know previously, that would cause BP to take such a precipitous action?" Mr. Murkowski said.

"The attorney general will review the state's legal rights and will determine an appropriate course of action to protect the state's interests, including the state's right to hold BP fully accountable for losses to the state," he said.

A special commission of the governor's Cabinet, lead by Mike Menge, Department of Natural Resources commissioner, will "carefully scrutinize all proposed corrective action plans and production resumption plans."

Environmental regulations designed to protect the Alaska tundra could postpone some repairs on the pipeline, which stretches across rugged terrain, until the ground is frozen.

"It's not exactly like the Ohio Turnpike," said Tim Kincaid, president of Tern Technologies, an Anchorage company that works on pipeline facilities.

The reduction is not expected to affect the dividend checks that Alaska residents receive from oil-generated revenue drilled on state property, says one state official.

"Our constant concern is getting diesel and heating fuel into the rural areas," the official said.

While the state won't be hiring new workers anytime soon, the shutdown will create new jobs for pipeline workers and oil drillers, the official said.

Mr. Murkowski, who faces a primary against two Republican opponents in less than two weeks, used the opportunity to lobby the Legislature to pass a tax on the second-largest oil field, Kuparuk, which produces more than 172,000 barrels a day with zero production taxes.

Under Mr. Murkowski's plan, the tax would bring the state $1.6 million a day based on current oil prices.

The shutdown has already ignited discussion on Capitol Hill to push through legislation to allow oil drilling in the Arctic National Wildlife Refuge (ANWR).

"If ANWR were open, and we had an extra million barrels of oil, this kind of thing would not have happened," one senior Republican House aide said.

The loss of Prudhoe Bay, the nation's biggest oil field, is also producing political ripples elsewhere on the West Coast, as California Gov. Arnold Schwarzenegger, whose state gets 20 percent of its domestically produced oil from Prudhoe Bay, yesterday said the federal government should tap into the country's Strategic Petroleum Reserve.

Alaska May Seek Compensation From BP (FT)

By Carola Hoyos In London, Sheila Mcnulty In Houston And Stephanie Kirchgaessner In Washington

Financial Times, August 10, 2006

The state of Alaska is exploring whether it can hold BP accountable for tax and royalty losses of $6.4m a day related to the Prudhoe Bay oilfield shutdown.

DOJ_NMG_0045988

Alaska's governor Frank Murkowski on Wednesday instituted a hiring freeze to help the state, which derives 86 per cent of its income from oil revenue, cope with the shutdown.

He also requested that Alaska's attorney-general determine whether the state could demand compensation for the tax losses.

The governor's office said it would be "irresponsible" not to seek some redress given the fact that the company had not indicated the extent of the pipeline corrosion in its regular reports to the state.

"We will hold BP accountable for past and future field management," Mr Murkowski said. "I am concerned that solids built up and corrosion occurred without earlier corrective action by BP." The governor acted as BP sparked hope in the oil markets that it would have to shut down only the eastern side of the field, meaning a loss of 200,000 barrels of oil a day, or 4 per cent of US supplies, rather than 400,000 barrels. BP executives said they hoped to conduct enough ultrasound testing by tomorrow to make a decision about the size of the shutdown.

BP also said that it would not have to increase its US budget to repair 16 miles of corroded pipeline. Analysts put the cost for the Arctic-grade pipeline and its installation at about $90m. BP said on July 25 that it had set aside an extra $1bn on top of $6bn earmarked to improve US operations.

BP is expected to lose $1.75m-$3.5m a day in operating profit as a result of the shutdown.

It separately emerged on Wednesday that Bob Malone, BP's new head of US operations and the man touted to fix the company's troubles there, was warned about potential problems in Alaska in 2004.

The FT has obtained an e-mail from that year in which Mr Malone, who had already moved from being head of BP's US western region to head of its shipping operations, was told troubles had been brewing in Alaska.

"Commencing during your watch, Bob, BP began orchestrating inspection procedures," Chuck Hamel, an advocate for BP workers in Alaska, told Mr Malone.

"By design or happenstance, you and your colleagues at the senior level of BP surely have been insulated from direct knowledge of these activities, while reaping the benefits of the operational cost savings."

Mr Hamel added: "The end result, though, is that there now exists a clear and present danger to the workers, the facilities and the environment."

Scarcity, Mother Of Invention (NYT)

By Stephen L. Sass

The New York Times, August 10, 2006

Ithaca, N.Y.

IN the wake of the closure of a BP oil field in Prudhoe Bay, Alaska, oil prices shot up to $77 a barrel on Wednesday, and the chorus of doomsayers concerned about the dire consequences of our fossil fuel dependency has reached a crescendo. If oil hits $100 a barrel, the impact on our economy and lifestyle could be catastrophic, the handwringers warn. But while such a specter seems novel and terrifying, it is in fact familiar and useful.

Throughout history, shortages of vital resources have driven innovation, and energy has often starred in these technological dramas. The desperate search for new sources of energy and new materials has frequently produced remarkable advances that no one could have imagined when the shortage first became evident.

Consider the transition from the use of bronze to iron in making tools and weapons, which occurred around the 12th century B.C. Early in the second millennium B.C., iron was known as the stuff of meteorites. It was rare and highly prized: if you wanted to give a gift to a pharaoh or a king you didn't give a gold dagger but an iron one. But when the eastern Mediterranean fell short of tin from which to make bronze, a technological revolution occurred. Artisans learned to extract metallic iron from iron-rich materials by heating with charcoal (a process called smelting), which caused the price of iron to fall by a factor of 80,000 over 1200 years. The Iron Age had begun.

Later, in Britain in the 1600's, another shortfall would drive still more invention. As the British empire expanded, demands increased on the island nation's natural resources, particularly its forests. The British used so much wood for heating homes,

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building the ships of its mighty fleet and making charcoal to smelt iron and to fuel other industrial processes that there was eventually a shortage that has been called a "timber famine" in England.

Wood shortages drove the use of coal. But coal had never been the choice fuel for smelting iron because it contains sulfur, which renders iron brittle. Indeed, King James II of Scotland was killed in 1460 by an exploding cannon fashioned from brittle iron. Abraham Darby, the owner of an iron foundry at Coalbrookdale along the Severn River in the west of England, solved this problem when he developed a process to drive the unwanted impurities from coal, producing coke in 1709. Coke was so cheap that Darby could sell cast-iron pots and kettles at prices accessible to common folk.

The story goes on. In order to dig for coal, deep mine shafts were sunk, and these tended to flood. The steam engine was first developed to pump out the mines. The steam engine in turn became the primary new source of power for the Industrial Revolution. All of which came about because of a shortage of wood. Eventually, this cycle of shortage and invention would lead to the canal system in England, railroads and thermodynamics.

The bottom line is that the very process of developing alternative sources of energy to replace fossil fuels may yield benefits beyond our imagining. But if instead we fail to innovate, the consequences could be devastating.

On a recent drive across the country, my wife and I visited a 1000-year-old Indian village that is being unearthed slowly in Mitchell, S.D. The village existed for less than 100 years, because its inhabitants ran out of the wood they used for fuel and to construct their homes. Forced to migrate to the Missouri River, these Indians became the Mandan. Many years later, Lewis and Clark wintered with the Mandan at the start of their long expedition west.

If there is anything to be learned from history, it's that we need to face the harsh reality of fossil fuel scarcity and begin something like a Manhattan project to develop clean, economical, and preferably sustainable new sources of energy. Just as importantly, we need to innovate on the side of conservation and efficiency. The Indians of Mitchell were able to move to the Missouri, but if we use up, or more realistically, greatly deplete, the resources of this earth, we have no place to go.

Citgo Accused Of Violating Clean Air Act (AP)

AP, August 10, 2006

CORPUS CHRISTI, Texas — Citgo Petroleum Corp. was accused Wednesday in a 10-count federal indictment of violating the Clean Air Act and the Migratory Bird Treaty Act at its Corpus Christi refinery.

Houston-based Citgo, wholly owned by state oil company Petroleos de Venezuela SA, or PDVSA, denied breaking any laws.

The indictment accuses Citgo of two counts of violating an emissions standard for emitting benzene from its refinery. Benzene is a hazardous chemical found to cause cancer in people exposed to small amounts. Citgo also is charged with operating the facility without the necessary emissions controls.

The refinery's environmental manager Philip Vrazel is accused of filing an inaccurate environmental report.

The Justice Department said in a statement that 20 protected birds were found coated with oil as a result of landing in open top tanks. The species included northern shoveler; blue winged teal duck; double crested cormorants; lesser scaup and black-bellied whistling tree duck.

If convicted, Citgo faces fines up to $500,000 or twice the gross economic gain, whichever is greater, and five years probation. Vrazel, who is also named on the migratory bird charges, faces fines up to $500,000 and five years in prison.

"Throughout the investigation leading to these charges, Citgo has maintained its innocence and continues to maintain today that none of these issues warrants criminal prosecution," the company said in a statement. "At most, they involve a good faith dispute over the interpretation of highly complex and vague environmental regulations."

Bird Flu Monitoring Expands Nationally (AP)

By John Heilprin

AP, August 10, 2006

The government on Wednesday expanded its monitoring of wild migratory birds for a deadly bird flu virus to cover the entire nation and U.S. territories in the Pacific.

Scientists in the lower 48 states, Hawaii and other Pacific islands will begin keeping an eye out for the deadly H5N1 strain of the avian flu that has killed more than 100 people, mostly in Asia.

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Monitoring began just before summer in Alaska, where the first migratory birds from Asia began arriving.

"This move to test thousands more wild birds throughout the country will help us to quickly identify, respond and control the virus if it arrives in the United States," said Agriculture Secretary Mike Johanns. "Because we cannot control wild birds, our best protection is an early warning system."

Interior Secretary Dirk Kempthorne said more coordinated monitoring by federal agencies, states and universities "will be important this fall as birds now nesting in Alaska and Canada begin their migration south through the continental United States."

The Agriculture and Interior departments are providing $4 million to state agencies to collect samples from specific species of migratory birds winging along four major U.S. migratory bird flyways. Congress budgeted $29 million for monitoring for the highly pathogenic strain of bird flu.

Feces or tissue samples from 75,000 to 100,000 wild bird will be collected, along with 50,000 samples of the water and ground that birds come into contact with. Locations where the samples will be collected will vary depending on weather and habitat conditions.

Likely sites include national and state wildlife refuges and parks, city ponds and parks, and private lands where owners have given approval.

Typically, the virus is spread by direct contact with contaminated birds. Scientists fear the virus could mutate and pass from person to person, leading to a pandemic.

Bird-flu Testing Migrates To Calif. (USAT)

By John Ritter

USA Today, August 10, 2006

NEWARK, Calif. — The nervous little western sandpiper has seen a lot in its short life. Born in the Alaskan wilderness just weeks ago, it flew more than 2,000 miles, probably non-stop and without its parents, to the food-rich salt ponds here next to San Francisco Bay.

Now the white-breasted juvenile, weighing less than an ounce, is getting a gentle work-over from biologists who are part of a vast network trying to learn if a deadly bird-flu virus plaguing Asia has arrived in the USA.

The sandpiper, caught this week when it flew into a net slung across the mud on the pond's bank, is inspected, banded, measured and swabbed in its throat and rear end. A few feathers are pinched off and put in a plastic bag. The swab samples will be flash-frozen in vials, stored at minus-70 degrees and shipped with others to a U.S. Geological Survey (USGS) lab in Madison, Wis.

Tens of thousands of samples are arriving at Madison and labs in 36 states to be tested for the H5N1 virus, which has killed 138 people in nine Asian countries along with untold numbers of poultry since 2003. So far, none of the U.S. samples has tested positive.

Shorebirds, species that feed and roost along beaches, estuaries, ponds and lakes, are the first arrivals in the contiguous 48 states from breeding grounds in Alaska, where they mingled this spring with birds from Asia and could have acquired the H5N1 virus. This fall, ducks, geese and other waterfowl, which migrate later, will get the same attention.

“The bay is hugely important to shorebirds,” says Nils Warnock, co-director of the wetlands program for PRBO Conservation Science, a non-profit research group working with geological survey biologists. Up to half the world's 4 million western sandpipers, to name just one species, stop here sometime during the year, Warnock says.

Daily counts in the spring have found as many as 1 million sandpipers here at a time, he says.

Thousands of acres of artificial ponds built more than a century ago to harvest salt line the bay. A few ponds are still producing salt, many are being restored to marshes, and some will be retained because of their value to shorebirds. Birds retreat to the ponds to feed when the tide comes in and covers mud flats along the bay shores.

“People fly over these salt ponds and think, my God, it's terrible, but it's beautiful habitat for shorebirds — big, wide-open, lots of food like brine flies and brine shrimp,” Warnock says.

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August brought the first shorebirds here along the Pacific Flyway and three other continental flyways, or corridors, that define migration routes to and from breeding grounds in Alaska and sometimes Siberia. Federal and state teams are also sampling in the Central, Mississippi and Atlantic flyways.

U.S. scientists plan to sample 100,000 wild birds by year's end. The team here, with a quota of 1,000-1,200 shorebirds, has logged 106 so far. One day this week, with light winds that didn't rustle nets enough for the birds to see them well, the team gathered 48 samples.

They came from two of three "targeted" species, western sandpiper and long-billed dowitcher. Dunlins, the third target, don't arrive until October. Short-billed dowitchers, which hang out with their long-billed cousins, and semipalmated plovers also flew into the net and were sampled.

"Given that the dowitchers' life histories are so similar, we're sampling both in our early-detection program," USGS lead biologist Sam Iverson says.

The Pacific Flyway isn't confined to the coast. Birds fly from the Arctic and winter in the agricultural Central Valley, along the western Great Basin on the east side of the Sierra Nevada, even in Idaho, Utah and Arizona. San Diego Bay is another important shorebird habitat. Birds range south into Baja, Mexico, and sometimes as far as Chile. Sampling is also underway in coastal Oregon and Washington, particularly Puget Sound.

Because so many wild birds come to California, the state's $2.5 billion-a-year poultry industry is closely monitoring the sampling. "We're pretty confident that it's going to continue to be just a bird disease, not a people disease," says Bill Mattos of the California Poultry Federation. "But our bio-security measures are pretty strong right now."

Extensive sampling of birds that flew south from Europe to Africa last fall, then back to Europe this spring yielded no positive results, despite the disease being confirmed in Africa. So far, the same pattern holds in North America.

"It adds to the mystery of just how much wild birds are involved in the spread of this disease," says Christopher Brand, chief at the Madison lab. "We suspect it's present in live wild birds, but we can't confirm it in samples."

Since an infected wild bird "sheds," or overcomes, the virus in a few days, it's possible that infected Asian birds were clear of H5N1 by the time they reached Alaskan breeding grounds.

The risk to humans from an infected wild bird is thought to be slight, though biologists, wearing gloves and masks, take no chances. Human deaths from bird flu so far have been of people slaughtering or in close contact with infected poultry. Scientists believe the virus would have to mutate before human-to-human transmission is possible.

As for the sampled birds, their five to 10 minutes as captives leaves them no worse for the wear. They suffer short-term stress, and the biggest concern is when a bird lands low in a net, drops into the water and drowns.

"They lose a little bit of weight immediately after sampling, then they're good to go," Warnock says.

Gore Isn't Quite As Green As He's Led The World To Believe (USAT)

By Peter Schweizer

USA Today, August 10, 2006

Al Gore has spoken: The world must embrace a "carbon-neutral lifestyle." To do otherwise, he says, will result in a cataclysmic catastrophe. "Humanity is sitting on a ticking time bomb," warns the website for his film, An Inconvenient Truth. "We have just 10 years to avert a major catastrophe that could send our entire planet into a tailspin."

Graciously, Gore tells consumers how to change their lives to curb their carbon-gobbling ways: Switch to compact fluorescent light bulbs, use a clothesline, drive a hybrid, use renewable energy, dramatically cut back on consumption. Better still, responsible global citizens can follow Gore's example, because, as he readily points out in his speeches, he lives a "carbon-neutral lifestyle." But if Al Gore is the world's role model for ecology, the planet is doomed.

For someone who says the sky is falling, he does very little. He says he recycles and drives a hybrid. And he claims he uses renewable energy credits to offset the pollution he produces when using a private jet to promote his film. (In reality, Paramount Classics, the film's distributor, pays this.)

Public records reveal that as Gore lectures Americans on excessive consumption, he and his wife Tipper live in two properties: a 10,000-square-foot, 20-room, eight-bathroom home in Nashville, and a 4,000-square-foot home in Arlington, Va. (He

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also has a third home in Carthage, Tenn.) For someone rallying the planet to pursue a path of extreme personal sacrifice, Gore requires little from himself.

Then there is the troubling matter of his energy use. In the Washington, D.C., area, utility companies offer wind energy as an alternative to traditional energy. In Nashville, similar programs exist. Utility customers must simply pay a few extra pennies per kilowatt hour, and they can continue living their carbon-neutral lifestyles knowing that they are supporting wind energy. Plenty of businesses and institutions have signed up. Even the Bush administration is using green energy for some federal office buildings, as are thousands of area residents.

But according to public records, there is no evidence that Gore has signed up to use green energy in either of his large residences. When contacted Wednesday, Gore's office confirmed as much but said the Gores were looking into making the switch at both homes. Talk about inconvenient truths.

Gore is not alone. Democratic National Committee Chairman Howard Dean has said, "Global warming is happening, and it threatens our very existence." The DNC website applauds the fact that Gore has "tried to move people to act." Yet, astoundingly, Gore's persuasive powers have failed to convince his own party: The DNC has not signed up to pay an additional two pennies a kilowatt hour to go green. For that matter, neither has the Republican National Committee.

Maybe our very existence isn't threatened.

Gore has held these apocalyptic views about the environment for some time. So why, then, didn't Gore dump his family's large stock holdings in Occidental (Oxy) Petroleum? As executor of his family's trust, over the years Gore has controlled hundreds of thousands of dollars in Oxy stock. Oxy has been mired in controversy over oil drilling in ecologically sensitive areas.

Living carbon-neutral apparently doesn't mean living oil-stock free. Nor does it necessarily mean giving up a mining royalty either.

Humanity might be "sitting on a ticking time bomb," but Gore's home in Carthage is sitting on a zinc mine. Gore receives $20,000 a year in royalties from Pasminco Zinc, which operates a zinc concession on his property. Tennessee has cited the company for adding large quantities of barium, iron and zinc to the nearby Caney Fork River.

The issue here is not simply Gore's hypocrisy; it's a question of credibility. If he genuinely believes the apocalyptic vision he has put forth and calls for radical changes in the way other people live, why hasn't he made any radical change in his life? Giving up the zinc mine or one of his homes is not asking much, given that he wants the rest of us to radically change our lives.

Peter Schweizer is a research fellow at the Hoover Institution and author of Do As I Say (Not As I Do): Profiles in Liberal Hypocrisy.

Reeling In The Snakehead (WP)

The Washington Post, August 10, 2006

SOME OUTSIDE of the recently deposed Kansas school board might suspect it's the missing link. Most just think it's a tasty pest. The snakehead, a fish that can stay upright and wriggle its way around for short distances on land, has infested the Potomac River.

The House directed $660,000 to managing the area's snakehead population in its report on the Interior Department's fiscal 2007 budget. The Senate should do the same before it votes on the bill.

Ever since the species was detected in the area in 2004, local scientists have fretted over the fish, a native of Southeast Asia. If the snakehead population gets large enough, experts warn, it could harm the Potomac by, for example, competing with the river's prized largemouth bass, which have similar feeding requirements but suffer from a shorter breeding season than the snakehead.

Scientists also worry that the fish could spread beyond the Potomac and do worse damage elsewhere. According to an official at the Interstate Commission on the Potomac River Basin, the snakehead is a "really good eating fish." That means anglers fond of its taste might try to introduce it outside the area. And there's a danger that when the region gets heavy rains as it did in June, the salinity of water at the mouth of the Potomac might become low enough for snakeheads to swim to other river systems flowing into the Chesapeake Bay.

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Snakeheads continue to multiply. The most dramatic evidence of this came last year, when heavy rains caused hundreds of the fish to swarm into Virginia's Dogue Creek. John Odenkirk, a biologist at the Virginia Department of Game and Inland Fisheries, caught 62 in two hours while local anglers netted dozens to claim rewards for catching the alien fish. Federal and state scientists say that it's impossible to eradicate the Potomac's snakehead. The best they can do is try to control it and prevent its introduction into other river systems in North America.

Enter Congress, which has already asked for a proposal from the U.S. Fish and Wildlife Service on how to manage the snakehead infestation. The new money the House set aside in its report for Interior's 2007 budget would pay to implement the agency's recommendations, which are likely to focus on how to prevent the spread of the snakehead. Now it's the Senate's turn to approve the funding.

In the meantime, local sport fishermen should frequent snakehead habitats such as Dogue Creek to catch some good eats and thin the Potomac's stock. Here's a tip: They like shallow water and shade.

FBI/DEA/ATF/USMS:

FBI Cleared In Deadly Puerto Rico Raid (NSDY/AP)

By Manuel Ernesto Rivera, Associated Press Writer

Long Island Newsday, August 10, 2006

SAN JUAN, Puerto Rico -- FBI agents were justified in shooting to death a Puerto Rican militant in a September 2005 raid, federal investigators said Wednesday in a report that was dismissed by pro-independence activists as a cover-up.

Filiberto Ojeda Rios shot at agents as they came to arrest him at his rural home in western Puerto Rico, justifying their return fire, the U.S. Department of Justice Office of the Inspector General concluded in a 237-page report. Ojeda shot three agents during the raid and one of them was seriously wounded.

"He clearly posed an imminent threat to the agents," said the report, which also found authorities were justified in waiting 18 hours to enter the home after Ojeda was shot, out of concern that he or other unknown gunmen still posed a threat.

But investigators concluded that the FBI should have anticipated a shootout and attempted to force Ojeda, who had been a fugitive for 15 years, to surrender.

Ojeda, 72, was the leader of a militant group that claimed responsibility for bombings and attacks in the 1970s and 1980s aimed at gaining independence for Puerto Rico from the United States. In one of the attacks, gunmen opened fire in 1979 on a bus carrying U.S. sailors, killing two and wounding 10.

Hector Pesquera, co-president of an independence group, said the investigators' report was "totally contradictory" because it supported the use of deadly force but also concluded the FBI should have tried harder to apprehend Ojeda -- known simply as "Filiberto" to many Puerto Ricans.

"This confirms our initial claims that they never had any intention of capturing Filiberto, that they came to kill him, not arrest him," Pesquera said. "When they weren't sure that they killed him outright, they waited until he bled to death."

Juan Dalmau Ramirez, secretary-general of the Puerto Rican Independence Party, also dismissed the report.

"This report is a cover-up," he said. "If they had followed correct procedures, Filiberto Ojeda would be alive."

New York Congressman Jose Serrano, a native of Puerto Rico, said the report confirmed his belief that the FBI should have avoided the confrontation. "I believe that if the FBI had followed procedures, the three FBI agents might not have been shot and Ojeda Rios might not have died," he said.

Ojeda was convicted for his role in the 1983 robbery of $7 million from a Wells Fargo bank depot in West Hartford, Conn. He fled while on bond but was convicted in absentia and sentenced to 55 years in prison.

In the intervening years, he became something of a folk hero among some Puerto Ricans. He would occasionally grant interviews to reporters on the island and his recorded speeches were played at pro-independence rallies. His death sparked large protests throughout the island.

The report contradicted claims by Ojeda's widow, Elma Beatriz Rosado, that the FBI agents opened fire first during the raid, but said she may have been confused by the agent's use of a non-lethal "flash-bang" outside the house.

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The inspector general also said it found no evidence to confirm media reports that the FBI had information to safely arrest the fugitive away from his home.

In a statement, the FBI said it welcomed the inspector general's report and would review its recommendations, which primarily dealt with preparations for this type of raid.

"Although careful planning and preparation are part of every arrest scenario undertaken by the FBI, shooting incidents are sometimes an unfortunate result given the nature of the FBI's mission," it said.

Probe Clears Agents In Militant's Death (USAT)

USA Today, August 10, 2006

FBI agents were justified when they shot and killed a Puerto Rican militant in a raid on his home in September 2005, a federal investigation concluded. Filiberto Ojeda Rios, a fugitive for 15 years, fired at agents as they came to arrest him on a robbery charge, and they returned fire, said a report Wednesday from the Justice Department's inspector general. Ojeda shot three agents, seriously injuring one.

“He clearly posed an imminent threat to the agents,” the report said. It faulted the FBI, though, for not trying harder to get Ojeda to surrender. Ojeda led a paramilitary Puerto Rican independence group. Independence activist Hector Pesquera said the report shows that agents “never had any intention of capturing Filiberto, that they came to kill him, not arrest him.”

Illinois could approve morning-after pill

Illinois Gov. Rod Blagojevich said he'll find a way to make emergency contraception available without a prescription if the Food and Drug Administration doesn't approve over-the-counter sales of the contraceptive known as Plan B or the “morning-after pill.”

Blagojevich, a Democrat, said he could introduce legislation that would allow Illinois pharmacies to dispense the pill or issue an executive order. Nine states already allow women to get Plan B without a doctor's prescription.

The FDA is considering approving non-prescription sales of the pill for women 18 and older, but it wants to know how manufacturer Barr Pharmaceuticals would ensure that pharmacies enforced the age restriction.

Sailor charged with espionage, desertion

Navy Petty Officer 3rd Class Ariel Weinmann of Salem, Ore., was charged with espionage for allegedly trying to sell to a foreign government the contents of a laptop computer loaded with classified information, the Navy said. Weinmann, a fire-control technician on the submarine USS Albuquerque, tried to pass information to foreign agents in Bahrain, Vienna and Mexico City, a Navy statement said. It said Weinmann gave military secrets to an undisclosed foreign government before he destroyed the computer. He also is accused of deserting in July 2005. Immigration officials at Dallas/Fort Worth International Airport detained Weinmann when he returned to the USA in March 2006. The Navy did not identify the foreign government involved. His Navy lawyers declined to comment.

Coast Guard allows religious headwear

The Coast Guard is altering its rules on religious head coverings after Jack Rosenberg, a Hasidic Jew, was told he could not wear his skullcap while serving. The new rules allow coverings that fit under a hat or helmet and bear no bright colors, writing, pictures or symbols, Coast Guard spokesman Daniel Tremper said. Sikh turbans will still be excluded. The previous rules said religious clothing could not be visible.

The new regulations “have verbally gone into effect” but must be formally adopted, Tremper said. The Defense Department has permitted religious head coverings in its forces since 1987. The Coast Guard is part of the Homeland Security Department.

Kids on Boston port payroll, charges say

A Boston grand jury charged an employee of the Massachusetts Port Authority and 19 current or former longshoremen with payroll and unemployment fraud. Five were accused of filing time sheets for children as young as 2 so the children could gain union cards and then earn higher union wages when they reached adulthood and started working on the docks.

“A culture of fraud exists in the Longshoremen's union at the Port of Boston,” Attorney General Tom Reilly said. James McNamara of the International Longshoremen's Association said the union encourages ethical practices and hadn't seen the indictment.

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Kansas teens plead guilty in school plot

Two teens suspected of plotting an armed attack on their high school in Riverton, Kan., were placed on probation for one year after they pleaded guilty to a reduced charge of conspiracy to riot. James Tillman and Robert Hunt, both 17, had faced felony charges. "Perhaps it wasn't as serious as it appeared a few months ago when it first surfaced," Judge Robert Fleming said.

Tillman and Hunt were among five students arrested April 20, the seventh anniversary of the Columbine High School massacre in Colorado. Charles New, 18; Caleb Byrd, 16; and Andrew Jaeger, 15, have pleaded innocent to the misdemeanor charge.

Cherokee County Sheriff Steve Norman has said deputies found guns, ammunition, knives and coded messages in the bedroom of one suspect after a message about an alleged school shooting plot appeared on MySpace.com.

Two held in Ohio on terror-related charges

Two men stopped on a traffic violation in Marietta, Ohio, were charged with money laundering in support of terrorism. Deputies who stopped Osama Sabhi Abulhassan, 20, and Ali Houssaiky, 20, both of Dearborn, Mich., on Tuesday found airplane passenger lists and information on airport security in their car. They also found $11,000 cash and 12 phones, Washington County Sheriff Larry Mincks said.

Prosecutor Susan Vessels wouldn't say how the phones, cash or flight information involved terrorism. A judge set their bond at $200,000, Vessels said.

Agents Didn't Use Excessive Force In Fugitive's Killing (NYT)

By Terry Aguayo

The New York Times, August 10, 2006

An investigation by the office of the inspector general concluded that Federal Bureau of Investigation agents did not use excessive force in the shooting that killed Filiberto Ojeda Ríos, a fugitive Puerto Rican nationalist leader accused of a $7 million robbery in 1983. Mr. Ojeda Ríos, 72, bled to death last September after an exchange of gunfire with the agents, who claimed he opened fire on them when they came to arrest him at a farmhouse in southwestern Puerto Rico. Director Robert S. Mueller of the F.B.I. requested the investigation after Mr. Ojeda Ríos's wife said agents shot at him first. While the investigation concluded that agents did not deliberately let Mr. Ojeda Ríos bleed to death, it found that the agents should have first made efforts to capture him.

Report Backs FBI In Puerto Rican's Death (CNN)

By Terry Frieden, CNN Washington Bureau

CNN.com, August 10, 2006

WASHINGTON (CNN) -- The FBI appropriately handled the September 2005 shooting death of a Puerto Rican independence movement leader, a Justice Department investigation concluded Wednesday.

The inspector general's probe determined the FBI's use of deadly force was proper in the killing of Filiberto Ojeda Rios, leader of the Macheteros movement, at his house in rural Puerto Rico.

Ojeda bled to death after FBI sniper fire wounded him, prompting allegations on the Caribbean island that agents intentionally allowed him to die.

Wednesday's internal report rejected those accusations, concluding the decision to delay entry into Ojeda's house by 18 hours was prompted by legitimate safety concerns.

Since the 1970s, Ojeda's Macheteros organization has claimed responsibility for acts of violence in its campaign to win independence for Puerto Rico, a U.S. commonwealth.

In 1985, Ojeda was arrested in a 1983 Wells Fargo robbery and shooting of an FBI agent in West Hartford, Connecticut. He was convicted in absentia in 1992 after fleeing while on bond before trial.

Inspector General Glenn Fine found fault with some procedural issues in the Ojeda shooting, including delayed communications between FBI headquarters and agents at the scene.

"Although our report did not find that the FBI violated the deadly force policy or intentionally allowed Ojeda to die, we did find deficiencies in the FBI's conduct of the arrest operation," the report said.

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"FBI decisions suffered from inadequate consideration of alternative options and inadequate preparation for foreseeable scenarios."

In response to the report, the bureau said that "shooting incidents are sometimes an unfortunate result given the nature of the FBI's mission."

"The FBI recognizes the importance of strengthening communication and coordination between FBI headquarters, the hostage rescue team and our field offices during significant operational matters of this nature," the agency's statement said, adding that the investigation will "contribute significantly to a better understanding of this case and planning for future operations."

Report Clears FBI Agents In Killing Of Terror Leader (WT)

By Jerry Seper

The Washington Times, August 10, 2006

FBI agents did not violate Justice Department guidelines on deadly force when they fatally shot the leader of a Puerto Rican terrorist organization in September, according to a report released yesterday.

Inspector General Glenn A. Fine said Filiberto Ojeda Rios fired 19 rounds at FBI agents as they attempted to serve a warrant. Eight of Ojeda's bullets struck the agents, seriously wounding one of them, and the agents, members of a specialized hostage-rescue team, were justified in returning fire, the inspector general concluded.

Ojeda, 72, was wanted as a fugitive in a 1983 Wells Fargo robbery in West Hartford, Conn., during which he also shot at FBI agents, seriously wounding one of them. In 1992, while a federal fugitive, he was convicted of the robbery.

After years of hiding, Ojeda was killed Sept. 23, when FBI agents sought to serve an arrest warrant after surrounding a "safe house" in Hormigueros, Puerto Rico, where he was hiding. The operation raised questions in Puerto Rico, and the inspector general's review was conducted at the request of FBI Director Robert S. Mueller III.

Ojeda was described by U.S. authorities as a Cuba-trained terrorist and a leader of the terrorist group Los Macheteros, which aims to end U.S. control of the island.

His death was mourned by members of the Puerto Rican independence movement and questioned by Puerto Rico's statehood movement and supporters of the commonwealth. In March, the Puerto Rico Justice Department sued federal authorities, including Mr. Mueller and Attorney General Alberto R. Gonzales, seeking an injunction to force them to provide information on the FBI operation that led to Ojeda's death.

Although the inspector general's report said the agents' use of force, including the shot that killed Ojeda, did not violate the Justice Department deadly-force policy, it called the daylight assault "extremely dangerous and not the best option available."

The report said that if Ojeda had been more heavily armed, several FBI agents likely would have been killed or seriously wounded, adding that the daylight raid was "based on the unrealistic assumption that the FBI would still retain the advantage of surprise." It said the FBI "should have expected that the noise from the helicopter airlift" would have alerted Ojeda to their presence.

"The FBI had sufficient information to expect that Ojeda would be prepared to resist an arrest attempt with violence, as he had done in the past," the report said, adding that a strategy of surrounding the residence and calling for Ojeda to surrender, with the option of using tear gas to force him outside, would have been "a safer and more effective strategy."

The FBI said that although careful planning and preparation are a part of every arrest scenario undertaken by the FBI, shooting incidents are sometimes "an unfortunate result, given the nature of the FBI's mission."

"After any shooting incident, there are important lessons to be learned, and the [inspector general's] review will contribute significantly to a better understanding of this case and planning for future operations," the FBI said.

Ex-FBI Official On Trial Regarding Informant Ties (SAEN)

San Antonio Express-News, August 10, 2006

A retired FBI official went on trial Wednesday in El Paso on charges that he lied to Justice Department investigators about his relationship with a former confidential informant.

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Hardrick Crawford Jr., special agent in charge of the El Paso FBI office from July 2001 until November 2003, faces five federal charges that he did not fully disclose information about gifts, trips and services he received from Jose Maria Guardia,once a close friend.

Guardia, a wealthy Mexican citizen who owns the racetrack in Ciudad Juárez, across the border from El Paso, served as an FBI informant from Feb. 11, 2002, to Aug. 8, 2002, court records show.

Crawford retired in 2003 amid an administrative inquiry into his association with Guardia. Besides questions about the gifts, Crawford's indictment alleges he wrongfully vouched for Guardia — in an official capacity — while Guardia fended off allegations from his own government that he was involved in drug trafficking.

Mexican government officials later dropped the allegations against Guardia. Crawford's supporters claim his prosecution stems from diplomatic pressure on the U.S. by Mexican officials Crawford angered.

His trial before U.S. District Judge Philip Martinez is scheduled through the weekend. If convicted, he faces up to five years in prison on each charge.

Former El Paso FBI Chief Accused Of Lying Goes On Trial (FWST)

The Fort Worth Star-Telegram, August 10, 2006

EL PASO, Texas - A federal prosecutor told jurors Wednesday that the former El Paso FBI chief on trial this week for lying to federal investigators was too close to a Mexican racetrack owner-turned FBI informant and accepted thousands of dollars in gifts from the man without reporting them.

Hardrick Crawford Jr., who is on trial on charges that he lied about the gifts, his relationship with the track owner and his wife's job at the racetrack, has denied any wrongdoing.

In opening arguments, federal prosecutor Jim Blankenship told jurors that the former special-agent-in-charge of the El Paso FBI office ignored repeated warnings that his close friend, racetrack owner Jose Maria Guardia, was an informant and was suspected by Mexican authorities of drug trafficking and money laundering.

Crawford's lawyer, Mary Stillinger, countered that the allegations against Guardia, admittedly a close family friend and Crawford's wife's boss, were from dubious sources. As for the allegations that Crawford received gifts, including a country club membership and lavish trips to Las Vegas, Stillinger said Crawford didn't do anything wrong. Anything not reported to his bosses, Stillinger said, was either paid for or given to his wife as part of a benefit package she received for her job as an executive with Guardia's company in Ciudad Juarez.

Crawford's trial on five counts of lying to federal investigators is expected to continue through the week. If convicted he could face up to five years in prison for each count.

Record Details Wests' Funds (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), August 10, 2006

New indictment shows thousands found in Market Square apartment despite claims of financial trouble

That unpaid city tax bill Market Square businessman Scott West insisted he and his wife were struggling to pay? Maybe he should have checked his apartment.

A new indictment issued late Tuesday by a federal grand jury reveals that authorities seized some $13,500 from the Wests' Market Square apartment in a series of raids executed July 16 on the couple's properties.

The couple were in arrears on their city taxes for $10,200. Scott West has cited the tax bill as an example of financial struggles that he suggested would seem to belie charges he and his brother were masterminding an 11-year marijuana-peddling venture involving tons of the illegal weed.

According to the new indictment - known as a superseding indictment because it replaces the original and beefs up details - homes owned by Scott West; his brother, James Michael West; his alleged marijuana broker, Mark Anthony Cort; and accused marijuana supplier Phillip A. Apodaca were brimming with cash.

Authorities, including agents with the U.S. Drug Enforcement Administration and the Internal Revenue Service, seized $206,816 from three locations under Mike West's control, the new indictment states.

Another $15,100 in cash was, according to the indictment, "recovered" from Mike West over three different dates - wording that suggests these were payments made to Mike West by an informant making undercover drug buys from him.

The new indictment alleges authorities seized $13,519 from the Market Square apartment of Scott West and wife Bernadette Trent West; $23,842 from Apodaca's Tucson, Ariz., home; and $55,750 from Cort's home in Durango, Colo.

IRS criminal investigators, including Agent Brian Grove, have uncovered 19 bank accounts connected to either Mike West or his wife, Joanne Baker West, in which $301,129 was stashed, the indictment reveals.

Authorities also took 73 cases of wine, four guns and ammunition from Mike West's Mooresburg, Tenn., home and two guns from Apodaca's home, the indictment states.

Other items seized include a gold bullion coin collection, a Subaru Legacy Outback and a Dodge Ram truck.

All of the items were funded by drug money, authorities contend.

Federal prosecutors Hugh Ward and David Jennings sought the new indictment against the West brothers, their wives, Apodaca and Cort to reflect new details emerging as part of the ongoing probe into the alleged marijuana trafficking and money-laundering conspiracy.

The new indictment also adds as alleged conspirators two corporate entities - Preservation Public LLC and Spiral-Web Inc.

Preservation Public LLC is the corporate entity used by Scott West and his wife to title their Market Square properties. Spiral-Web Inc. is the business name for various ventures, including Sensua Gallery in Atlanta, operated by Mike West and Cort.

The addition of the two corporate entities signals two things: One, federal authorities are not backing down from the notion that the Wests funneled drug money through their businesses, and, two, federal authorities want to leave no financial stone unturned in the quest for properties to seize.

The new indictment includes a specific reference to a lease agreement the Wests entered into with the city on its Market Square businesses, which include the popular Preservation Pub, World Grotto and Earth to Old City. Under that agreement, the Wests deeded the actual buildings to the Industrial Development Board, earning them a substantial tax break, and then leased back the properties for a nominal $1 annual fee.

By including the lease agreement itself, federal authorities are working to ensure that potential buyers of the properties would get the same deal offered the Wests - provided Ward and Jennings are able to snare convictions in the case.

Defense attorney Donald A. Bosch, who represents Scott West, said the superseding indictment does not materially change the criminal allegations against his client.

"There are no major changes in the superseding indictment that would change our position," he said. "We're continuing to investigate the matter."

Mike West's attorney, Assistant Federal Defender Jonathan Moffatt, could not be reached for immediate comment Wednesday evening.

Attorney David Eldridge, who represents Bernadette West, said he had not yet seen the new indictment.

Scott West, Mike West, Apodaca and Cort are accused of peddling tons of marijuana from Mexico, through Arizona to North Carolina, Georgia and Tennessee for more than a decade. Two other indictments issued in recent weeks bring the total number of people charged in the case to 13.

The West wives are accused only in the money-laundering conspiracy.

Father And Son Plead Guilty To Federal Drug Charges (WLEX)

WLEX-TV, August 10, 2006

A father and son who were caught in the middle of a drug transaction in January pleaded guilty in federal court in Lexington Wednesday after making plea deals with prosecutors.

Eddie Baker, Sr., 53, described by authorities as one of the biggest drug dealers in eastern Kentucky, was accused of trying to run down several officers and federal agents with a truck after during the January 19 drug bust, was arrested March 22 in Breathitt County. He had been on the run since the incident. His son, Eddie Baker, Jr. was arrested during the bust.

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On Wednesday, Eddie Baker Sr. pleaded guilty to conspiracy to posess with the intent to distribute oxycontin, guilty to distribution of oxycontin, guilty to a gun charge and guilty to a forfeiture count. In exchange for his pleas, prosecutors are asking that he serve 12 years in prison.

Eddie Baker Jr. pleaded guilty to distribution of oxycontin. His sentence is recommended at five years by prosecutors.

Both will be sentenced in December.

A DEA special agent testified in April that Baker, Sr. had a loaded .22 caliber handgun and more than $15,000 in cash on him when he was arrested.

On March 22, troopers spotted a man who resembled Baker as they were patrolling. The man, who was on the porch of a residence, fled on foot and police ran after him, Trooper Jody Sims said.

The troopers tackled the man, who turned out to be Baker.

"When our troopers caught up with him, he didn't give any problems," Sims said.

Police say the Bakers were caught in the middle of trying to sell a large quantity of Oxycontin pills in the Barwick community in Breathitt County when officers and federal agents, participating in the Operation Unite drug enforcement program, moved in to make arrests.

At that point, police say Baker, Sr. jumped in his truck and, in an effort to escape the scene, tried to run down several officers. Multiple shots were fired at the truck by officers, but the elder Baker was able to elude police. The bullet-riddled truck was found later, but Baker Sr. was not captured.

Baker, Sr. contacted LEX 18 several times during his time on the run, first sending video tapes to LEX 18 offices in which he claimed his innocence, then later contacting LEX 18 reporter Leigh Searcy, who interviewed Baker near his home in February. Baker claims he feared that he was being attacked by unknown strangers and didn't know that they were police officers.

After he went on the run, several neighbors defended Baker Sr. "Everybody knew him and what a good person he was," said Shelly Akemon. Akemon says Baker Sr. took care of his neighbors and made road repairs in the area. "He would fix it and so you could get both cars on the roads, so you wouldn't drop off the road, tear your car up, he would fix stuff the county wouldn't fix," he said.

Other neighbors told LEX 18 News they didn't know where Baker Sr. is, but they feared for his safety.

No officers were hurt in the January incident. Eddie Baker, Jr. was arrested at the scene of the drug bust. Authorities searched Baker's property and confiscated more than $132,000 in pills, including OxyContin; $17,432 in cash; several stolen four-wheelers, including one that belonged to the Perry County coroner; and $20,000 worth of building materials stolen from the Buckhorn Children's Home, according to a statement from Operation UNITE, a federal initiative created to combat street-level drug trafficking.

A convicted felon, Baker served 5 years of a 12-year sentence in prison after police found 10 tons of marijuana in his possession.

Associated Press Wire Services Contributed To This Story.

Eddie Baker Pleads Guilty To Drug Charges (WKYT)

WKYT-TV, August 9, 2006

A Breathitt County man who spent two months on the run from law enforcement officers, while publicly proclaiming his innocence through the media, entered guilty pleas to federal drug charges in U.S. District Court on Wednesday, August 9.

Eddie Arnold Baker Sr. plead guilty to conspiracy to possess with intent to distribute OxyContin and the distribution of OxyContin, one count of a felon in possession of a firearm, as well as two forfeiture counts, announced Amul R. Thapar, United States Attorney for the Eastern District of Kentucky.

Baker's son, Eddie Arnold Baker Jr., also plead guilty to conspiracy to possess with intent to distribute OxyContin and the distribution of OxyContin, and one forfeiture count.

The pleas were entered before the Honorable Chief Judge Joseph M. Hood.

As stated in the plea agreements, the United States has agreed to a sentence of 144 months for Baker Sr. and 60 months for Baker Jr.

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Both defendants are currently scheduled to appear for sentencing before the United States District Court in Lexington on December 4 at 3 p.m. and 3:30 p.m. respectively.

Joining Thapar in announcing the pleas were Robert L. Corso, Special Agent in Charge, Drug Enforcement Administration; Paul J. Vido, Special Agent in Charge, Bureau of Alcohol, Tobacco, Firearms, & Explosives (Louisville Field Division); Karen Engle, Executive Director, Unlawful Narcotics Investigations, Treatment & Education (UNITE); and John (Jack) Adams, Commissioner, Kentucky State Police.

"The Bakers illegal drug activity has had a negative impact on the lives and families of many citizens throughout Southern and Eastern Kentucky," Engle said. "It is gratifying to know these men will no longer be able to engage in their destructive drug-dealing."

The Baker case has drawn statewide attention since Operation UNITE attempted to serve a search warrant at his Strongs Branch Road home in the Barwick Community on Thursday, January 19.

As law enforcement officers pulled into his driveway they observed him making a drug transaction from his truck. Baker immediately attempted to flee by driving his Chevrolet pickup truck through a field toward his son's home at a high rate of speed. Several officers fired shots at the truck after he attempted to run over them.

Baker eventually abandoned his truck after it became stuck in a creek and fled into the woods.

A search of Baker's truck, home and property uncovered 1,621 OxyContin pills with a street value of approximately $132,000, three stolen four-wheelers, approximately $20,000 in stolen building materials, and $7,432 in cash. On January 30, after police received an anonymous tip, police recovered 200 assorted pills - including OxyContin, Hydrocodone and Valium - plus $10,000 in cash from a hidden compartment behind the radio.

For more than two months, Baker taunted police with video tapes sent to regional television stations and even gave several interviews to newspaper reporters. He continually proclaimed his innocence and said he would not turn himself in to authorities.

On March 22, troopers from Kentucky State Police Post 13 in Hazard spotted Baker near a neighbor's trailer and chased him into the woods where he was arrested. At the time police found a large amount of cash, ammunition and a gun.

"The only thing UNITE has wanted was for Mr. Baker to have his day in court," said Dan Smoot, law enforcement director for UNITE. "We always knew the facts would stand for themselves, and today he has pled guilty. Justice has been served."

Officials Defend Eased Drug Rules For LAPD Hires (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, August 9, 2006

Under fire for hiring recruits who experimented with hard drugs in their youth, Los Angeles Police Department officials went on the offensive Tuesday, saying drug use on the force has not increased since employment standards were relaxed in 2004.

Chief William J. Bratton told the Police Commission that while officers have undergone 30,000 random drug tests over the last decade and a half, only 15 tested positive.

In fact, the numbers have been declining since the department dropped its total ban on hiring anyone who had used or encountered hard drugs. That change permitted the hiring of six officers who admitted once having had a limited use of cocaine in their distant pasts.

Critics of the policy shift have "made a mountain out of a molehill," Bratton told the panel. "In the random testing we are not encountering any major concerns at all."

Commissioners sounded satisfied with the explanation, saying the new policy reflects changing times.

"The reality is in 2006 there is a very good likelihood that a young person may have tried drugs on a limited basis," commission President John Mack said.

While the Police Commission was a sympathetic audience, police officials will probably face a more skeptical response from L.A. City Council members when they make their case to the council's personnel committee in the next two weeks. The committee is chaired by Councilman Dennis Zine, who along with councilmen Bernard C. Parks and Greig Smith has criticized the policy change.

The Police Commission asked for the briefing on an issue that Mack acknowledged has sparked "great controversy."

Debate over the drug policy turned acrimonious recently when five council members called for a Police Commission investigation of Bratton for making "unprofessional" comments, including a statement that critics of the hiring change "don't know what the hell they are talking about."

Parks, the former police chief, and Zine, a former police sergeant, have complained that the council was not included in any discussions before the hiring ban was changed.

Zine said Tuesday that he has serious questions for the chief when his committee hears the issue.

"I have no problem with recreational and experimental use" by recruits when they were young, Zine said. "But it's gone beyond that. I have a problem with hard drug use."

The councilman, who remains a reserve police officer, said a recruit who has used marijuana more than 75 times or hard drugs several times is a potential problem for a department that saw officers stealing drugs as part of the Rampart Division police corruption scandal in the late 1990s.

"I understand that the pool of people who want to be police officers is limited, but if you look at the history of the department, and the scandals we have had, we don't want to add to that problem," Zine said.

The Civil Service Commission, not the City Council, has the authority to change policy on hiring standards, LAPD officials said.

Until 2004, the city lumped cocaine in with heroin, LSD and other hard drugs that automatically disqualified candidates for the police force.

The policy was changed to allow recruits who have used cocaine once or twice before they were 25 years old and when that use was at least 10 years in the past, said Phyllis Lynes, assistant general manager of the city Personnel Department.

"We believe no one has been hired or will be hired that presents any risk whatsoever to this city and the citizens of this city," Lynes told the commission.

At the same time, the policy was toughened on marijuana use. Recruits can be disqualified if they have used marijuana more than 75 times or at all in the last two years. Previously, marijuana use was disqualifying if it occurred in the previous year.

The policies were changed based on expert research. The LAPD standard is tougher than the FBI's on hard drug use but less stringent on marijuana use, according to Deputy Chief Sharon Papa.

Bratton said the hiring process also includes polygraph testing designed to weed out recruits who lie about their drug use.

At Schools, Less Tolerance For 'Zero Tolerance' (USAT)

By Marilyn Elias, Usa Today

USA Today, August 10, 2006

"Zero tolerance" discipline policies that are enforced widely in U.S. schools are backfiring: They may be promoting misbehavior and making students feel more anxious, the American Psychological Association (APA) said Wednesday.

The group called for more flexibility and common sense in applying the policies, reserving zero tolerance for the most serious threats to school safety.

Zero-tolerance policies spread in the 1990s as a tool to fight drug use and violence on campuses. Schools often suspend or expel students for having weapons or drugs, which can include over-the-counter medicine, says educational psychologist Cecil Reynolds of Texas A&M University. Verbal threats, fighting or sexual harassment also can get kids booted, he says. "There are cases such as the kindergarten boy who hugged two classmates. His teacher reported him for sexual harassment, and he was suspended."

"The 'one-size-fits-all' approach isn't working. Bringing aspirin to school is not the same as bringing cocaine. A plastic knife isn't the same as a handgun," Reynolds says. He led an APA panel that summarized research on the topic.

Kids feel less safe and perform worse academically in schools with high suspension or expulsion rates, even taking into account students' income levels, the association's report says. Also, students' higher suspension rates predict higher rates of future misbehavior and school failure compared with classmates who weren't suspended for similar misdeeds, Reynolds says.

There are growing signs that zero-tolerance policies are steering more teens into the juvenile justice system, says Russell Skiba, an Indiana University educational psychologist. "Things that used to be handled by principals land kids in juvenile

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detention," he says. The report also mentions racial disparities; minorities are expelled more often than whites for comparable offenses.

Principals who want to be flexible "may be caught in a catch-22," says Richard Flanary of the National Association of Secondary School Principals. If school boards set rigid policies, principals who defy them risk losing their jobs. "Then they're bashed in the press for overreacting to kids' misbehavior."

The National School Boards Association has urged local school boards to give administrators more discretion, says Tom Hutton, the group's staff attorney. State and U.S. laws may limit discretion for certain offenses, he adds.

The APA advised using more violence-prevention programs to reduce problems. "But school boards have to deal with community feelings too," Hutton says. "Boards hear complaints about 'more sensitivity training,' and people sometimes ask, 'Why are they doing all this warm, fuzzy stuff?' "

Teens Not Rushing Online To Buy Wine, Survey Shows (USAT)

By Donna Leinwand, Usa Today

USA Today, August 10, 2006

A year after the Supreme Court made it easier for wineries to ship products to customers in a different state, a new survey indicates that teens haven't necessarily rushed to use the Internet to buy alcohol, as critics of the court's decision have feared.

The survey by Teenage Research Unlimited (TRU) in Northbrook, Ill., found that 2% of youths ages 14-20 reported having purchased alcohol online, and that 12% reported having a friend who had ordered alcohol online.

The survey was commissioned by the Wine & Spirits Wholesalers of America, a trade group that opposed the court's decision allowing direct shipments from wineries to customers in different states.

Such bans on interstate sales were part of an alcohol distribution system that has required wineries, breweries and distilleries to sell their products to state-licensed wholesalers, which sell the products to liquor stores. The wholesalers group argued that besides cutting its members out of such sales, the court's ruling allowing interstate sales online made it easier for teens to buy alcohol without having to go through face-to-face transactions that require them to present an ID.

It's unclear how many teens were buying alcohol online before the court's ruling, but the TRU survey suggests such purchases are rare. The survey of 1,001 people ages 14-20 found that nearly all of those surveyed had Internet access at home and that about one-third were aware that alcohol could be purchased online. Fewer than 10% of the youths surveyed said they had browsed a website that sold alcohol. By contrast, 80% reported having browsed a sexually explicit site.

Tom Riley, spokesman for the White House Office of National Drug Control Policy, said the survey indicates online alcohol sales to teens aren't a major problem, but he warned that could change. "While online sales of alcohol have not yet been a big part of the addiction problem, parents need to learn what teens already know: that the drug dealer who used to lurk in the seedy side of town is now just an e-mail or a URL away from your home."

However, Juanita Duggan of the wholesalers group called the survey results "shocking" and said she expects the number of teens ordering alcohol online to rise. "This is new, hard evidence that should really shake up this debate about direct sales. Every state has a policy choice to make."

Many states are revisiting their alcohol sales laws to comply with the court's ruling, which said New York and Michigan's bans on interstate sales illegally hindered commerce.

Opium Poppy Cultivation Up In S Afghanistan - UK Min (AP)

AP, August 9, 2006

LONDON (AP)--A U.N. report will likely show that more opium has been grown in Afghanistan this year than last, despite international intervention and an aggressive anti-drugs policy, U.K. and Afghan officials said Wednesday.

"We expect (it) to show that there has been an increase in cultivation this year," U.K. Foreign Office minister Kim Howells said during a news conference Wednesday. "Much of the increase is due to a substantial increase in planting in Helmand, and other southern provinces. This is worrying, but it reflects the very difficult security situation and limited law enforcement capability."

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The assessment came ahead of the autumn release of the U.N. Office on Drugs and Crime's annual report on the opium production in the country.

The most troublesome area is the southern province of Helmand, where U.K. troops are concentrated. Howells and Afghanistan's counternarcotics minister, Habibullah Qaderi, said in areas where the security situation is more stable, poppy cultivation has either leveled off or fallen off; where the level of lawlessness is higher, more opium is being grown.

"This year, even if there is an increase, it's because of just one province, where the security situation has gone very bad. The rest of Afghanistan, I can say that it's more stable and in certain areas there will be a decrease," Qaderi said. "We have had a very strong eradication this year, which will have an impact."

Both Howells and Qaderi said the anti-drug policy now in place is sufficient and simply needs time.

"There is nothing wrong with the policy. The policy and strategy is OK," Qaderi said. "The counter-narcotics problem cannot be solved in one year, or in two years. You need a long time to see if the policy is working or not."

Stop Coddling Corrupt Gun Dealers (WP)

The Washington Post, August 10, 2006

Using his finest Orwellian doublespeak, Rep. Howard Coble (R-N.C.) defended his bill gutting the power of the Bureau of Alcohol, Tobacco, Firearms and Explosives to revoke the licenses of lawbreaking gun shops as a bill to "modernize" the bureau [letters, Aug. 1].

The bill, backed by the gun lobby, was introduced just after the license held by National Rifle Association board member Sanford M. Abrams for his shop, Valley Gun of Baltimore, was revoked for 900 federal gun law violations. Mr. Abrams's shop was also one of the top suppliers of guns used in crimes in the nation. The Justice Department called the store a "serial violator" of gun laws that "endangered the public" by failing to account for hundreds of weapons.

Yet the bill would make it virtually impossible to revoke the licenses of dealers such as Mr. Abrams caught violating federal law. Instead, the ATF would have to meet a new, extraordinary burden of proof to impose a meager $5,000 fine -- an average $5.56 fine per violation in a case such as Mr. Abrams's -- that the bill would then postpone through years of appeals. This is how Mr. Coble's bill "strengthens" the bureau?

Congress must stop coddling corrupt gun dealers and their gun lobby friends and instead give the ATF the tools it needs to crack down on rogue gun shops that feed the gun-wrought carnage in our communities.

DANIEL R. VICE
Staff Attorney
Brady Center to Prevent Gun Violence
Washington

Massachusetts Fugitive Arrested In New Orleans Metro Area (AP)

AP, August 10, 2006

GRETNA, La. - A 30-year-old Massachusetts man who had been on the run for about 20 months since fleeing a Massachusetts courthouse was arrested Wednesday on charges of raping a child, U.S. marshals said.

Marlon Morris was arrested without incident at a home in the New Orleans suburb of Gretna in Jefferson Parish, marshals said. He was in the New Orleans area doing construction work to fix damage from Hurricane Katrina, officials said.

Morris walked out of Cambridge Superior Court in November 2004 shortly before a jury found him guilty of two counts of forcible rape of a child, two counts of statutory rape and three counts of indecent assault and battery on a child.

At the time, Morris was free on bail for the November 2002 crime so he was not in custody when he walked out of court.

Morris raped and sexually assaulted the victim on Nov. 17, 2002, prosecutors said. The 13-year-old girl reported the incident to her mother the next day, and Morris was arrested a day later. Morris and the victim knew each other.

Morris pleaded not guilty at his arraignment and was released on $5,000 bail. He faces a maximum sentence of life in prison.

Marshals in New Orleans and Massachusetts said they were assisted in the arrest by the television show "America's Most Wanted."

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IMMIGRATION:

Gonzales Issues New Regulations For Immigration Judges (AP)

By Suzanne Gamboa, Associated Press

AP, August 10, 2006

WASHINGTON – Immigration court judges will undergo periodic evaluations and additional immigration appeals judges will be hired, Attorney General Alberto Gonzales announced Wednesday.

Gonzales opened a review of the immigration courts, which operate as part of the Justice Department, in January after chastising some of them for "intemperate or even abusive" conduct toward asylum seekers.

"This review has left me reassured of the talent and professionalism that exists in the immigration courts and at the Board of Immigration Appeals," Gonzales said in a statement. But he found room for improvement.

The more than 200 immigration judges handle hundreds of thousands of cases each year. Some of the judges have criticized the quality of their colleagues' work and the disparaging way some judges have treated foreigners seeking to remain in this country.

Gonzales' predecessor, John Ashcroft, overhauled immigration reviews in 2002, but his changes have been highly criticized. Ashcroft's overhaul led to more asylum and other cases being decided by a single judge rather than a three-judge panel of the Bureau of Immigration Appeals. The reforms were followed by a marked increase in the number of cases later taken to regular federal appeals courts.

Gonzales declined to return to the three-judge format, but made other tweaks to Ashcroft's reforms, such as allowing for the return of a case to the immigration appeals panel if it warrants reconsideration.

Also Gonzales said the Justice Department will seek additional money in fiscal year 2008 to hire more judges and staff. He wants to add four members to the Board of Immigration Appeals and continue using temporary board members as needed.

Eleanor Acer, asylum program director for Human Rights First, praised many of the improvements, but was disappointed by Gonzales' decision not to return to three-member panels.

"We had urged DOJ to return to three-member review in asylum and similar cases – essential given the life and death stakes in these cases," Acer said.

The immigration judges recently formed a union affiliated with the International Federation of Professional and Technical Engineers, which also represents Social Security judges. Denise Slavin Noonan, president of the National Association of Immigration Judges, said most of the proposed changes would lead to improvements, but she had some concerns about the evaluations.

The attorney general's changes include:

Periodic reviews of the work and performance of each immigration judge and member of the Board of Immigration Appeals.

Developing a written immigration law exam to be given to judges and appeals board members appointed after Dec. 31. The newcomers will have to pass the exam before they can decide cases.

Improved training for judges and appeals board members.

Reviewing a recent study of immigration judges by a Syracuse University-based research group that found great disparity in immigration judges' denial rates in asylum cases.

Giving judges ability to sanction people in their courtroom for fraud or misconduct.

Expanding free services for poor immigrants.

On the Net:

Justice Department: www.doj.gov.

Immigration Judges Facing Performance Reviews (NYT)

By Nina Bernstein

The New York Times, August 10, 2006

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WASHINGTON, Aug. 9 — Attorney General Alberto R. Gonzales warned the nation's 215 immigration judges on Wednesday that they all faced annual performance evaluations for the first time and regular scrutiny to detect high reversal rates, frequent complaints or unusual backlogs.

But the consequences of failing were not spelled out. And some of the judges said they worried that evaluations would increase pressure on all judges to make decisions faster, without weeding out the handful of judges who have drawn the most criticism.

Immigration judges, who now handle 300,000 cases a year under stepped-up guidelines, are employees of the Justice Department, not the federal judiciary. After battling for years to unionize, they ratified their first labor contract on Monday.

Performance evaluations were among several measures, most still in the planning stages, that Mr. Gonzales announced here in a luncheon speech at the judges' annual training conference. He has been under mounting pressure to disclose the findings of a comprehensive review that he ordered last January after federal appeals courts around the country complained of a pattern of biased and incoherent decisions on asylum and rebuked some immigration judges by name for "bullying" and "brow-beating" people seeking refuge from persecution.

The speech was closed to the news media, but according to prepared remarks, he assured the immigration judges that the review had found that the vast majority did their jobs well "under pressures that would try even the most patient among us."

But Mr. Gonzales added: "Patterns have developed around specific areas of concern. I have seen evidence that some immigration judges, on rare occasions, do behave inappropriately toward those appearing before them, whether aliens, their representatives" or Department of Homeland Security lawyers.

Mr. Gonzales acknowledged that many critics attributed the problems to recent changes intended to streamline the Board of Immigration Appeals. Many federal judges say the changes, which reduced the number of judges on the board to 11 from 23, turned the board's internal review of immigration judges' decisions into a rubber stamp, shifting the burden of re-examination to the federal courts.

But the attorney general defended those changes, saying they had worked to reduce a big backlog, while suggesting that a few modifications might be made. He said he would seek to add four members to the board, who would also be subject to yearly evaluations, and devise a system to identify cases appealed to federal court and refer them back to the board for additional review.

Mr. Gonzales said he intended to prepare a budget request to hire more immigration judges, staff lawyers and law clerks.

Other proposals include giving judges appointed after this year an immigration law exam and a two-year probation, upgrading electronic equipment in courts where judges now handle manual tape recorders themselves, and giving judges the power to fine lawyers for frivolous filings or false statements.

Denise N. Slavin, an immigration judge in Miami and the president of the National Association of Immigration Judges, the union local, said her colleagues would welcome more resources. But Ms. Slavin said the performance evaluations raised serious concerns for the independence of judges who by statute are supposed to be neutral, independent decision makers, despite working for the attorney general, like the government lawyers who appear before them.

"We want to be sure that no one's performance is evaluated on quantity rather than quality," she said.

Among the questions unresolved are who will have a hand in the evaluation, Ms. Slavin noted. If complaints are solicited from the lawyers, she said, liberal judges could be at risk of criticism from the Department of Homeland Security and conservative judges could be at risk from members of the private bar.

Brian Roehrkasse, a spokesman for the Justice Department, said that the process of developing the evaluations was just beginning, and that no decisions had been made on how they would be done.

But Mr. Roehrkasse added, "The attorney general's directive makes clear that performance appraisals will not be used to tell judges whether to grant or deny relief" but will focus on their professionalism, reasoning and courteous manner.

Mr. Gonzales also called for the director of the Executive Office of Immigration Review and the acting chief immigration judge to review a recent study highlighting disparities in the rate at which immigration judges grant and deny asylum "and, if appropriate," to make recommendations on the issue.

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"There are serious complaints coming from the Courts of Appeals, the press, and a host of other observers," he said. "You know, as professionals, that these criticisms should not be ignored, and they cannot continue to cast a shadow over your work."

Immigration Judges Get New Regulations (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, August 10, 2006

Atty. Gen. Gonzales plans to hire more jurists and improve their performance after a review of alleged abuses and incompetence.

WASHINGTON — Under pressure from human rights groups, the Bush administration announced plans Wednesday to improve the performance of immigration judges, responding to reports of intemperate and abusive jurists and complaints about how the system has dealt with a growing backlog of cases.

The moves, announced by U.S. Atty. Gen. Alberto R. Gonzales, include establishing periodic performance evaluations and implementing proficiency exams for judges who are appointed after Dec. 31.

Gonzales said that he also would seek to hire more immigration judges and to add four members to the 11-person Board of Immigration Appeals.

The moves were among 22 recommendations made by a Justice Department task force that Gonzales established in January to review the performance of the nation's 224 immigration judges, including 55 in California.

The review was ordered after immigrant-rights groups alleged that judges were wrongly deporting people or denying bids for political asylum because of erroneous evidence or incompetence.

In one instance, an appellate board found that a political asylum case involving an Albanian citizen was mishandled because the judge relied on testimony from a document expert who did not speak or read Albanian. In another case, a judge in Boston was suspended after he referred to himself as "Tarzan" during a court proceeding for a Ugandan woman named Jane.

There have also been concerns that an overhaul of the immigration appeals system, instituted in 2002 by then-Atty. Gen. John Ashcroft, denied noncitizens their rights to due process.

Ashcroft implemented measures aimed at helping the immigration appeals board reduce a backlog of more than 50,000 cases.

Responding to pressure to clear the docket, the appeals board, which traditionally worked in panels of three, began reviewing cases individually, often rendering decisions within minutes and without explanation.

The rate at which board members ruled against foreigners facing deportation soared. Those rulings, in turn, led to more appeals to the federal court system, creating another large and cumbersome backlog.

A group of immigrant advocacy organizations had urged the Justice Department to abandon Aschroft's measures and called for a return to a three-member review process in all asylum cases.

The Justice review found that those measures had brought "much-needed efficiency" to the administrative review process and had helped the board reduce the backlog. At the same time, Gonzales proposed use of three-member written opinions in certain complex cases.

The department also plans to draft a new code of conduct for immigration judges and to institute new procedures for detecting judges of "poor conduct and quality."

"The review has left me reassured of the talent and professionalism that exists in the immigration courts and at the Board of Immigration Appeals," Gonzales said. "But there is room for improvement, and I believe these new measures will assist them greatly in their important work."

Eleanor Acer, who heads the asylum representation program for Human Rights First, said the measures "do not correct all of the harmful changes. But there are important reforms in here."

"There is a recognition of a need for additional funding to hire additional judges and board members, and many of the changes here should improve the training and oversight of judges," she said.

AFL-CIO Embraces Immigrants In Pact With Day-Laborer Group (WSJ)

By Kris Maher

DOJ_NMG_0046007

The Wall Street Journal, August 10, 2006

The AFL-CIO reached an agreement with a big national day-laborer association to press for tougher enforcement of wage and safety laws, signaling the mainstream labor movement's wider embrace of immigrant workers.

The labor federation reached the agreement with the National Day Laborer Organizing Network, a group seeking to represent the immigrant work force tapped by construction contractors and homeowners for physical, often off-the-books work. The two groups said the move will give day laborers the ability to use the federation's clout to press for better enforcement of wage and hour laws and health and safety regulations, among other protections.

It also gives the AFL-CIO greater access to an increasingly important segment of the U.S. work force. While the agreement doesn't mean day laborers will become union members, it states that the network's 40 nationwide centers can affiliate with the federation and receive representation on local labor councils. Separately, the day-laborers network plans to announce today joint organizing efforts with the Laborers' International Union of North America.

Roughly 117,000 people seek day-labor work each day in the U.S., and many are regularly denied wages and exposed to hazardous conditions, according to a study released earlier this year by the Center for the Study of Urban Poverty at the University of California at Los Angeles.

"It's time to bring our organizations closer together," said John Sweeney, president of the AFL-CIO, whose 53 affiliated unions represent nine million workers. Worker centers typically provide a space for day laborers to assemble and set minimum-wage rates, and offer services such as legal representation to recover unpaid wages, English classes and access to health clinics.

Organized labor once opposed undocumented workers, but has shifted its stance in recent years as it has sought to organize janitors, laundry workers and other service-based industries where immigrants often predominate. Some experts see the move as an attempt by the AFL-CIO to leverage the energy and dynamism of the fast-growing day-laborer movement. "It's a bold move by the AFL-CIO of targeting an increasingly critical part of the work force that could well be receptive to unions," said Harley Shaiken, a labor and economics professor at the University of California at Berkeley.

The move is also likely to provoke criticism from groups calling for limits on immigration, because many day laborers are illegal immigrants. Indeed, the two organizations are expected to work toward immigration overhauls that could lead to amnesty for the estimated 11 million illegal immigrants living in the U.S.

Pablo Alvarado, national coordinator of the Los Angeles-based group, said day laborers need the political support of the AFL-CIO. "Our day-laborer centers are really having a hard time lately, because in a way day laborers are becoming the public face of immigrants," he said. "We need to build all the alliances that we can."

It isn't clear how many of the 40 worker centers in the day-workers network will ultimately affiliate with the AFL-CIO, Mr. Alvarado said. In some cities, the groups already have close working relationships.

Hilary Stern, executive director of a worker center in downtown Seattle called Casa Latina, said the group would seek to affiliate with the AFL-CIO's King County Labor Council. About 100 workers visit the center each day and earn an average of $11.40 an hour, doing gardening, landscaping or construction work for homeowners or contractors.

Ms. Stern said she wants to work with the AFL-CIO group to improve enforcement of wage violations and hazardous working conditions for day laborers in Seattle.

"With this agreement, we have the blessing of the AFL-CIO," she said. "We'll be able to work together on maintaining laws and conditions in Washington state that protect all workers."

Labor Federation Forms A Pact With Day Workers (NYT)

By Steven Greenhouse

The New York Times, August 10, 2006

The A.F.L.-C.I.O. and the nation's largest organization of day laborers signed a partnership agreement yesterday intended to help the languishing labor movement tap into the potent energy of the immigrant rights movement.

The A.F.L.-C.I.O. said its partnership with the group, the National Day Labor Organizing Network, would also seek to improve wages and conditions for tens of thousands of laborers and other immigrant workers.

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With the agreement, the A.F.L.-C.I.O. is embracing workers who many union members have accused of driving down wages. The partnership connects the labor federation to a network that largely represents illegal immigrant workers who often have run-ins with the police as they stand on street corners soliciting jobs.

The day laborers' network and the immigrant groups it works with were pivotal in setting up the large demonstrations this spring that backed immigrant rights.

"I think the A.F.L.-C.I.O. needs this energy, this new energy," said Pablo Alvarado, director of the network, a loose association of day laborers and worker centers across the country.

More than 140 of the worker centers exist, and promote the rights of immigrant workers, teach them English, inform them about their rights and help them file claims for unpaid wages.

"The fact is that worker centers are one of the most vibrant parts of the labor movement today, even though they have largely not had a connection to 'organized labor,' " the A.F.L.-C.I.O.'s president, John J. Sweeney, said at a news conference in Chicago, where the federation's executive council was meeting.

Under the partnership, worker centers will be able to have nonvoting representatives on the boards of central labor councils in cities throughout the nation. The day laborers will not pay union dues or become union members.

"We don't bring money, we're not bringing members," Mr. Alvarado said. "But we're bringing something that's extremely important: very humble, very vulnerable workers who say, 'I need to get paid more for what I do.' "

The federation will push for stronger safety and wage enforcement and a path to citizenship for illegal immigrants.

Several labor experts called the partnership a major step for labor.

"Symbolically it's very, very important," said Janice Fine, an assistant professor of labor relations at Rutgers University and the author of a book about worker centers. "It's a clear signal from the A.F.L.-C.I.O. that it's acknowledging the immigrant workers movement that has grown up largely alongside organized labor.

Last January, professors at the University of California, Los Angeles, and the University of Illinois at Chicago released the first nationwide study on day laborers, finding that 117,600 gather at more than 500 hiring sites on a typical day.

The survey found that nearly half of day laborers reported that employers had cheated them out of wages and 18 percent reported incidents of violence by employers.

"This exploitation is wrong — it's immoral," Mr. Sweeney of the labor federation said. "It hurts us all because when standards are dragged down for some workers, they are dragged down for all workers."

Steven A. Camarota, director of research at the Center for Immigration Studies, which supports tighter restrictions on immigration, said it was surprising that the A.F.L.-C.I.O. was embracing day laborers when many American workers oppose the influx of immigrants, convinced that they take away jobs and push down wages.

"The union leadership wants one thing, and union members want another," Mr. Camarota said. "This highlights why it's difficult for the main labor movement — it's completely out of touch with the interests of American workers."

Mr. Alvarado and the Laborers International Union of North America, a construction workers union, are scheduled to announce a partnership today that will focus on improving conditions for thousands of immigrant workers doing housing construction in Riverside, San Bernardino and Sacramento, Calif., as well as in that state's Central Valley.

AFL-CIO Aligns With Day-Laborer Advocates (WP)

By Karin Brulliard

The Washington Post, August 10, 2006

The AFL-CIO voted yesterday to join forces with a national network of day-laborer organizers in a push for worker rights and legalization for unauthorized workers, a move that could provide day laborers with a potent ally in efforts to establish hiring halls and combat shifty employers.

Six years after organized labor made an about-face to support illegal workers, the agreement further cemented the struggling labor movement's embrace of illegal immigrants as key parts of the U.S. workforce and potential union members. Research indicates that about three-fourths of day laborers are in the country illegally.

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For day laborers and their organizers, who have faced high-profile opposition in Herndon and elsewhere, the agreement offers access to expert lobbyists and lawyers and a chance to devise strategies with local councils of the 10 million-member AFL-CIO, which backed sanctions against illegal immigrants until a policy shift in 2000. The partnership does not require day laborers to join unions.

"Day laborers in the United States often face the harshest forms of workplace problems, and this exploitation hurts us all, because when standards are dragged down for some workers, they are dragged down for all workers," John J. Sweeney, president of the AFL-CIO, said at a news conference in Chicago, where he signed an agreement to form a partnership with the Los Angeles-based National Day Labor Organizing Network.

The group, known as NDLON, is made up of about 30 day-laborer centers and organizers, including CASA of Maryland and Tenants and Workers United in Alexandria.

Officials said the groups will begin working together at a national level, crafting policies on workplace issues and campaigning for immigration legislation that includes a path to citizenship but not a guest-worker program, which both groups oppose.

The agreement gives local AFL-CIO councils the option to link up with day-laborer centers. Gustavo Torres, executive director of CASA of Maryland, said he expects to work with local AFL-CIO organizers to boost the state's minimum wage and fight local ordinances that might penalize day laborers.

The alliance comes one year after four major unions split from the AFL-CIO, taking a third of its membership, and as the labor movement struggles with decline. Union membership waned from about 35 percent of the 1950s workforce to about 13 percent last year.

About 117,600 day laborers solicit jobs each day, according to a national study by researchers at the University of Illinois at Chicago, New School University and UCLA. They frequently fall victim to the employer abuses and workplace hazards that unions battle: Nearly half have been stiffed or denied breaks, and 20 percent have been injured on the job, the study found.

"We want to build a stronger network of support for our day-worker centers," Pablo Alvarado, executive director of NDLON, said in an interview.

Since 2000, organized labor has been a chief advocate for immigrants. And worker centers and street-corner activists have been organizing day laborers. But unions and worker centers have rarely collaborated.

Recently they have begun wooing one another. Alvarado recently escorted AFL-CIO leaders to a day-laborer corner in Agoura Hills, Calif., where workers have a pact not to work for less than $15 an hour. Labor leaders see such self-organizing as the "seeds of the labor movement," said Ana AvendaÃ±o, general associate counsel for the AFL-CIO.

Ruth Milkman, a sociology professor at UCLA, said, "The labor movement wants to ride that wave."

Not everyone thinks it is a good idea. In Allentown, Pa., unions are backing a law prohibiting the hiring of illegal immigrants. Vernon M. Briggs Jr., a Cornell University labor economics professor, said labor's support for illegal immigrants could encourage immigration and depress wages for low-skilled Americans.

"Fighting for people who are not supposed to be working in the first place? What kind of union is that?" Briggs said.

In Fairfax County's Culmore neighborhood, men waited for work yesterday outside a 7-Eleven, where organizers with Tenants and Workers United have helped day laborers set a $10 minimum wage and record employers' license plate numbers.

Most were vaguely aware of the agreement. But they described their need for advocates. Jose Santos Lazo, 37, said he dropped a large sheet of wood on his face during a job last year. Surgery cost $17,000, he said, and his boss promised to pay. But the employer has vanished, said Lazo, a Salvadoran who said he has legal residency.

"I do not have money for a lawyer," Lazo said.

Street-Corner Solidarity (NYT)

The New York Times, August 10, 2006

It may be hard to see just what immigrant day laborers, those wiry guys scrambling for landscaping jobs amid clouds of picketing Minutemen, have in common with union workers, the folks with American flags on their hard hats. But the two groups are a lot closer than you might have thought — temperamentally, philosophically and now officially. The A.F.L.-C.I.O. announced

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yesterday that it was forging a partnership with the National Day Laborer Organizing Network, an association of worker centers for the men and women who have become, for many, the public face of illegal immigration.

The groups plan to lobby for labor-friendly laws, to expose workplace abuses and to press for comprehensive immigration reform. As union leaders tell it, it became clear that worker centers and unions had common goals: decent wages and job conditions and an end to unfair competition from employers who exploit immigrant labor. It was probably also clear that anyone looking for signs of life in the labor movement would find it in places like these grass-roots centers — 140 of them in 31 states, and 40 in the growing national network.

Critics may accuse unions of trying to draw a jolt of energy from a pool of illegal workers. But the value of worker centers goes beyond such expedience. As Washington dithers over fixing the broken immigration system, worker centers have arisen as a modest step to removing some perversity from the status quo, in which the benefits of illegal immigration largely flow to unscrupulous employers.

The way to fix immigration chaos is to channel and regulate it. Worker centers bring a shadowy system into the open, discouraging exploitation by holding employers to account. The bold idea behind labor's embrace of immigrants is that third-world outsourcing should stop at our borders — that the best way to help all workers is to start with those at the bottom. The less our street corners resemble a chaotic job bazaar, the better off all workers will be.

After The Protests, Latinos Start To Come Together Politically (CSM)

By Luis Andres Henao

The Christian Science Monitor, August 10, 2006

'Today we march," the banners read, "tomorrow we vote." Seventeen-year-old Paulo V., an undocumented Brazilian student who marched at an immigrant rally in Boston three months ago, was among the Latinos who saw hope in those words. "This was the determining point," says Paulo. Before the marches, "I didn't know anything about the topic. But after, I understood how much I could be a part of it."

Recently, he took a break from painting houses with his dad to teach Edirson Paiva, the editor of a local Portuguese-language newspaper who just got his US citizenship, how to register to vote. "Even if I can't vote," Paulo says in his native Portuguese, "I can get 10 others to vote."

Five months after pro-immigrant protests swept through more than 100 US cities, an unprecedented Hispanic political force seems to be taking hold, one that may finally unite what could be the fastest-growing voting bloc in the United States.

In the latest poll after the marches, 63 percent of Latinos surveyed said the rallies signaled the beginning of a new social movement, according to the 2006 National Survey of Hispanics by the Pew Hispanic Center in Washington, D.C.

"It's important because Latinos have not been a major political force in the US," says Gabriel Escobar, the center's research director and coauthor of the study. It's even more significant "because they represent the fastest-growing minority in the nation. Every year the population will grow and more Latinos will vote."

Currently, 4 out of every 10 adult Latinos are noncitizens and therefore cannot vote. Historically, their voter-participation numbers have lagged. In the last presidential election, only 18 percent of all Hispanics voted, compared with about half of the non-Hispanic white population and more than one-third (39 percent) of the black population, according to Pew data.

The marches may have been a catalyst for change. In the last Pew poll, three-quarters of Latinos said the debate would prompt many more of them to vote in November.

Others are skeptical. "We've been hearing this for years," says John Keeley, director of the Center for Immigration Studies (CIS) in Washington. He might be persuaded if a poll found that naturalized citizens who did not vote in '04 were more likely to in '08.

In order to wield more political power, Latinos need to tackle several issues. One is unity. Mexicans, Brazilians, Salvadorans, and others feel connected to their native lands but have a harder time identifying themselves as "Hispanics." The policy debates that launched the protests may have changed that. The Pew survey showed that most Latinos (58 percent) now believe they are working to achieve common goals.

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The decentralized nature of the movement has helped unify those nationalities around a common goal, says Maria Elena Letona, director of Centro Presente, an immigrant-advocacy group in Cambridge, Mass. "There's not a leader or an organization in particular that stands out [as] in past movements," Ms. Letona explains, "where we have a Martin Luther King Jr. or a César Chávez, because it's not the vision of one but of many."

In order to make that vision a reality, US-born and naturalized Latinos must vote.

"There's an incredible apathy problem," says Jim Gimpel, a professor of government at the University of Maryland in College Park. "Many Latinos seem difficult to mobilize. They tell you: 'What if I do it wrong?' They don't have a sense of advocacy or self-esteem and it's hard to overcome."

The language barrier has also been a problem, says Tom Patterson of Harvard's Kennedy School of Government in Cambridge, Mass. "If you don't speak the language well, how do you navigate this bureaucracy? How do you reach the polls?"

As the debate intensifies, challenges to the movement could come from those who say that illegal immigrants increase crime, overburden hospitals and schools, drive down salaries, and take jobs from US citizens. Several polls show that many want the current wave of immigration to slow and even stop. More than half of Latinos (54 percent) say they see an increase in discrimination as a result of the policy debate, the Pew survey says.

"If anything, we've seen a backlash," says Mr. Keeley of CIS. "It had the unintended effect because it really turned off a lot of Americans who were watching [the marches] on TV."

But the marches, spurred by a House bill that would make it a crime for 11 million illegal immigrants to live and work in the US, also seem to be causing a Hispanic reaction.

"I had always been uninterested in the government," says Lisandro Figueroa, a Salvadoran architect who entered the US illegally three years ago. "But now that there are things worth fighting for, I'm convinced, and I'd like to have the chance to vote. Aside from the marches, it's the vote that can make the difference," says Figueroa, who works at construction and cleaning jobs and pays his taxes.

It's marchers like Figueroa who have the potential to change things, says Pablo Alvarado, national coordinator of the National Day Labor Organizing Network, an immigrant-rights group based in Los Angeles. "The true leaders are the persons who fight to feed their kids, that march in the streets and register to vote because at the end, it's the immigrant worker who has to face the politics," he says.

Letona of Centro Presente says that after the House bill (now on hold), immigrants came together through Spanish-language media, e-mailng, and by telephone. "Technology has had a lot to do with this movement," she says. "Communities can keep in touch via the Internet and cellphones, and we're part of server lists and can check what's going on in the country."

"If you look at Hispanic voters ... they're the future battleground of American politics," Harvard's Mr. Patterson says. "The Democratic Party has not been able to get back the white vote that it lost in the 1960s, and Republicans can't get the African-American vote, so Latinos have the potential for power."

By the 2008 election, Latinos could make a difference, Patterson and members of both parties believe.

"Latinos will continue to have an increasingly important role, and you can't argue with the numbers," says Luis Miranda, spokesman for the Democratic National Committee. "We're not going to take a single vote for granted.... So we're going to reach out to Hispanics in every state through media, town hall meetings, and bilingual publications."

Danny Diaz, spokesman for the Republican National Committee, also says his party has strived to attract Hispanics. "Under this president, it has been a priority," Mr. Diaz says. "[Bush] had 40 percent of the Hispanic vote ... and when you look at the fact that the surgeon general and attorney general are Hispanics, they send messages that if you work hard this is the land of opportunity. "

Last month, thousands of Latinos marched in Chicago calling for a better treatment of illegal immigrants in the largest rally in the city since the March protests.

"It's unpredictable what will happen," says Mr. Alvarado, the former illegal immigrant who now fights for day-laborers' rights. "But I know that the children, the workers, and even the Americans who participated in the marches will be different."

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"Everybody is part of this campaign, so you don't have to be a citizen," Paulo says after he finishes explaining how to register to Mr. Paiva. "I know what it's like - I've lived through this. If I become an important leader, I'll keep on helping - even if I get my citizenship," he says.

CONGRESS-ADMINISTRATION:

Congress To Probe Policies At NIH (LAT)

By David Willman, Times Staff Writer

The Los Angeles Times, August 10, 2006

A bipartisan group asks the health agency for details of a researcher's ties to drug companies to assess its conflict-of-interest guidelines.

WASHINGTON — A bipartisan group of congressional leaders has asked the director of the National Institutes of Health to provide details of a senior researcher's ties to several pharmaceutical companies.

The congressional leaders, including the Republican chairman and the ranking Democrat of the House Energy and Commerce Committee, said in their letter that they wanted the details in order to evaluate conflict-of-interest policies at the NIH. They requested a response by week's end.

"We have received the letter, and NIH will be responding to the committee," NIH spokesman Donald Ralbovsky said Wednesday.

The senior researcher, Dr. Thomas J. Walsh of the National Cancer Institute, helped lead clinical trials that used the companies' drugs to treat suspected fungal infections in patients with compromised immune systems. Walsh also appeared alongside company representatives at various U.S. Food and Drug Administration meetings regarding antifungal products made by the companies.

Two of the companies, Pfizer Inc. and Merck & Co., have acknowledged paying Walsh fees in recent years.

According to the congressional letter, the Energy and Commerce Committee "is seeking to determine if there is a sufficient factual basis to formally investigate questions about National Institutes of Health policy, the adequacy of NIH oversight or other issues that may be raised by the conduct of this NIH scientist."

The July 28 letter was signed by Rep. Joe L. Barton, R-Texas, the committee's chairman; Rep. John D. Dingell, D-Mich., the ranking Democrat; Rep. Edward Whitfield, R-Ky., the chairman of the panel's Oversight and Investigations Subcommittee; and Rep. Bart Stupak, D-Mich.

The letter was prompted by articles published July 16 by the Los Angeles Times, which reported Walsh's appearances with the companies at the FDA meetings, his acceptance of fees from Merck and Pfizer, and his leadership role with the clinical trials.

Walsh's fees were not among the industry payments reported by the NIH to the congressional committee two years ago, when the panel first examined potential conflicts of interest among agency scientists.

The Times also reported that, when results of two of the clinical trials were published in 1999 and in 2004, controversy flared as other scientists questioned whether dosages of "control" drugs used in the studies were adequate. The dosages were set by the scientists who designed and carried out the research in collaboration with the sponsoring companies.

U.S. conflict-of-interest law generally prohibits a federal employee from representing an outside party before a government agency. Walsh, in earlier comments to the newspaper, said that he appeared before the FDA not as a company representative but "as a government scientist providing information and/or evaluation" regarding clinical trials.

As for the dosages, Walsh and researchers with whom he collaborated had said that the studies were properly conducted and followed accepted standards of care. Both studies' designs were reviewed and approved by the FDA and by boards at the medical sites where patients were treated.

In their letter to the NIH director, the four congressional leaders requested a wide range of documents, including all internal financial-disclosure reports filed by Walsh from 1995 to 2005.

The letter also requested copies of any related policy that "permits [NIH] scientists as part of their official duties to assist drug companies with presentations to FDA advisory committees or FDA staff."

Creatures And Creature Comforts At The President's Ranch (NYT)

By Sheryl Gay Stolberg

The New York Times, August 10, 2006

CRAWFORD, Tex., Aug. 9 — All manner of critters — not including the ones who fly in each August from Washington — can be found here in the dry Texas grasslands: wild turkeys and doves, grasshoppers and fire ants, cottonmouth snakes and, of course, armadillos. Mostly, they live in harmony with President Bush on his 1,600-acre ranch, Prairie Chapel.

This week, one threatened the carefully scripted imagery of a presidential news conference.

With its live oaks and pecan trees and scrubby trails in perpetual need of clearing, the ranch provides a useful backdrop for a range of White House story lines, from president-as-jock to president-as-regular-guy. Mr. Bush sometimes greets reporters in full Texas regalia: blue jeans, cowboy boots and oversize brass belt buckle.

Last year, the White House photographer captured the president and Lance Armstrong, the Tour de France winner, barreling past a field of black-eyed Susans.

But this year, with the Middle East in turmoil and the White House still struggling to recover from its handling of Hurricane Katrina at the end of last summer, a different story line was in order.

So it was that Mr. Bush, joined by Secretary of State Condoleezza Rice, held a rare full-scale news conference from an airplane hangar, built for the presidential helicopter, Marine One, just off his property.

The stage was set just like the White House briefing room — blue curtain, wooden lectern, oval-shaped sign bearing the presidential seal and the phrase: "The Western White House, Crawford, Texas."

It all appeared very presidential — until the cricket wandered through.

It was a pretty big cricket, and it ambled slowly across the concrete hangar floor just as the president was declaring that "what the American people need to know is, we've got a strategy — a strategy for freedom in the Middle East.''

As the cricket drew ever closer to Ms. Rice's pump-clad foot, she cast a nervous eye downward, and for a moment, there was a palpable pause in the room, as reporters wondered to themselves: Would she stomp on the cricket? Would he? Would a Secret Service agent burst in with a can of bug spray?

Alas, there was no need. The cricket kept on going, and the rest of America watched Mr. Bush on television appearing hard at work and presidential, just as the White House image-makers had planned.

A Photo Finish

If you are the president and you start a club, you get to make the rules.

So it is with the 100-Degree Club, founded by Mr. Bush several years ago to promote exercise, or perhaps to test staff members' grit, in — you guessed it — the scorching Central Texas heat.

The rules are simple: members run 3 miles, or bike for 10, when the thermometer hits triple digits. The reward for finishing: a photo with the president and a gray Under Armour athletic shirt (retail $19.99) emblazoned with a Texas star encircled by the words "The President's 100-Degree Club.''

The club met Tuesday afternoon, and 18 intrepid White House aides, including the new press secretary, Tony Snow, who had earlier predicted the race would turn into "a pant-out," turned up.

Most, including Mr. Snow, finished. But the ones who did not learned the hard way that Mr. Bush does not make exceptions to his rules.

They did not get the shirt.

The Bunking Order

Protocol is essential in every White House. The Western White House, where the accommodations reflect one's station in life, is no exception.

The president and Laura Bush stay in "the main house,'' the low-slung modern ranch house they built after buying the land in 1999. Everyone else's lodgings follow a kind of unwritten caste system, with three basic classifications: guests, staff and the lowest of the low, reporters.

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Reporters and the press aides, including Mr. Snow, do not stay anywhere near the ranch; they are stuck 25 miles away at the Hilton and other hotels in downtown Waco. On the ranch proper, where the White House deputy chief of staff, Joe Hagin, is in charge of housing assignments, the distinction between guests and staff is not always clear.

Ms. Rice, always a guest, spent last weekend in "the governor's house,'' a modest cottage that the Bushes used before the main house was built.

The national security adviser, Stephen J. Hadley, ordinarily bunks in the staff lodgings: a double-wide trailer decorated, in the words of one aide, in an "early Pottery Barn" motif.

But Mr. Hadley was accompanied last weekend by his wife, and thus was bumped up a notch to a coveted spot in the guest quarters adjacent to the main house, customarily reserved for world leaders and other distinguished visitors.

The staff trailer, with five bedrooms, has a hierarchy of its own. Mr. Hagin, the most senior staff member at the ranch this week, has a bedroom with its own bathroom. If there is a woman, in this case Lindsey Lineweaver, Mrs. Bush's personal aide, she merits a room with a private bath. So does the National Security Council representative, who requires private communications capabilities.

That leaves Mr. Bush's personal aide and the staff secretary, who are forced to brush their teeth in a shared space.

The social stratification does not, however, extend to control of the trailer's large flat-screen television, which this week has been tuned to evening baseball games. There are Washington Nationals, Cincinnati Reds and Altanta Braves fans in the trailer, but Mr. Hagin says the aides just pick whichever game looks best.

"We're very democratic around here,'' he said.

Nation's Memorial To Air Force Stretches Toward Space (NYT)

By Michael Janofsky

The New York Times, August 10, 2006

ARLINGTON, Va., Aug. 9 — From a promontory high above the Pentagon, three arching spires reach skyward, their elongated tips pointing to the infinity of space.

They appear as abstract art forms but only until their symbolism is made clear by their setting: They are the starring elements of a memorial to the United States Air Force, the only branch of the American military that has not had a prominent monument in the Washington area.

More than 14 years in planning, the memorial is in the final stages of construction and will be dedicated Oct. 14.

"I did a lot of flying in the Air Force, and there is a feeling of seeing the world anew when I see this memorial," said Maj. Gen. Edward F. Grillo Jr., a retired Air Force officer who is the president of the Air Force Memorial Foundation. "I think it is fair to say that the memorial evokes the feeling of reaching out to the vast expanses of air and space, connecting us to the basic elements that define America's airmen."

Designed by James Ingo Freed, an architect whose works in Washington include the United States Holocaust Museum and the Ronald Reagan Building and International Trade Center, the memorial overlooks the western face of the Pentagon, which was hit by a hijacked jetliner on Sept. 11, 2001. Just north is the rolling landscape of Arlington National Cemetery, which controls the land on the other three sides of the memorial. In time, it will be almost surrounded by the graves of soldiers.

Like many other monuments and memorials that make their way into prominence around Washington, the Air Force Memorial changed in form and place, surviving challenges in Congress and the courts before a final plan was agreed upon in 2001 and ground was broken three years later.

The result is a signature design, with its spires open to various interpretations symbolizing the mission of the Air Force and its predecessors. By one view, they represent a flying formation; by another, the limitless possibilities of jet and space age flight.

For Mr. Freed, who died last year at the age of 75, the design challenge was creating physical form to represent the essential but intangible nature of the Air Force's mission: air.

"The Navy has the medium of water, which can always be shown in fountains," he said in 2004. "The Army has the medium of land, which can be referenced with mountains and plains. The Air Force has the medium of air, which is very difficult to show. The core of this effort lies in making air tangible, making technology felt."

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Upon completion, the spires will reach 200 feet, 230 feet and 270 feet, each moored by an interior of cement and steel balls. A memorial plaza surrounds them, with walls inscribed with the names of Air Force Medal of Honor recipients and inspirational words from Air Force luminaries like Capt. Edward V. Rickenbacker and lesser-known figures like Sgt. Carl Goldman, a B-17 gunner killed in action in World War II, whose letter to his parents before a raid are etched on a wall, echoing the sentiments of many contemporary soldiers:

"Do not worry about me as everybody has to leave this earth one way or another, and this is the way I have selected. If after this terrible war is over, the world emerges a saner place ... pogroms and persecutions halted, then, I'm glad I gave my efforts with thousands of others for such a cause."

Deceit Beyond Bounds (NYT)

By Bob Herbert

The New York Times, August 10, 2006

It sure looks like American voters want change. And here's an example of the kind of thing they want a change from.

In a move that was typically and patently deceitful, Republicans in Congress tried to pass a minimum wage measure last week in which the biggest winners would have been some of the wealthiest people in America.

The G.O.P. has tended to fight minimum wage hikes the way the Hatfields battled the McCoys. But suddenly this summer, Republicans discovered minimum wage legislation that they could truly love. G.O.P. leaders in Congress linked a modest increase in the minimum wage to a whopping decrease in the estate tax. The cut in the estate tax would have cost the government at least $268 billion in revenue over the next decade, and probably a lot more.

In exchange for this estate tax bonanza for the fabulously wealthy, the G.O.P. was willing to approve a $2.10-an-hour increase, stretched over three years, in the miserly $5.15-an-hour minimum wage. It was made clear that any Democrats who dared oppose this raid on the Treasury would be targeted by Republicans as obstructionists blocking a sorely needed wage hike for the lowest-paid workers in the nation.

I'm for an increase in the minimum wage and against a cut in the estate tax. But that's not the point here. The point is the extent to which the Republican Party is willing to engage in deceit to try and achieve ends it could not achieve any other way. The latest incarnation of the Republican Party has taken deceit in government and politics to dangerous new extremes, and it's time to call a halt to it.

The war in Iraq will be remembered as one of the greatest exercises in systematic governmental deceit in U.S. history. But the Iraq fiasco is just the most stunning and tragic example of a style of governing and politicking that has become second nature to the Bush administration and much of the national Republican establishment.

This is a crowd that will tell you with a straight face that it is creating a wondrous new world in the Middle East, that it is doing what it can to stem the ominous tide of global warming, that the United States does not engage in torture, that the administration carefully guards the civil liberties of ordinary Americans, and that it does not favor the wealthy over poor and working people.

These are folks who will tell you that up is down, and punish you for insisting that up is up.

It is in that same deceitful and vengeful spirit that the party is now attacking Democratic senators who managed to hold fast, under the leadership of the minority leader, Harry Reid, to defeat the legislation that cynically tied the estate tax windfall to an increase in the minimum wage.

The National Republican Senatorial Committee declared that Maria Cantwell, a Democratic senator from Washington who voted against the bogus bill, "decided that giving in to pressure from her party's leadership was more important than voting to raise the federal minimum wage."

Senator Cantwell, who is up for re-election this year, favors an increase in the minimum wage, as does her party's leadership. It has been the Democratic Party that has been pushing for years for an increase in the minimum wage, but there is no room for that reality in the G.O.P.'s corrosive culture of deceit.

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The buying power of the minimum wage is at a 50-year low. Members of Congress have raised their own pay by $31,600 since the last increase in the minimum wage nine years ago. For Republicans to exploit the plight of workers buried in economic hardship in order to put millions of additional dollars into the portfolios of the already wealthy is beyond egregious.

"If you landed here from Mars and looked at Congress's agenda," said Jared Bernstein, senior economist at the Economic Policy Institute in Washington, "you'd think that the problem in America is that rich people don't have enough money."

If the Republicans wanted to increase the minimum wage, they could do it in about the time it takes to snap your finger. Democrats would be on board, and the legislative language would not have to be much longer than a paragraph.

They don't want a minimum wage increase; they want a cut in the estate tax.

Regrettably, there is always a certain amount of deceit in politics. Republicans do not have a monopoly on it. But for a system like ours to work even reasonably well, governmental deceit has to be held within certain limits. Otherwise the system will break down.

Today's Republican Party has gone far beyond those limits.

OTHER NEWS:

Stocks Pull Back As Attention Turns From Fed Rate Decision To Economy (WSJ)

By E.S. Browning

The Wall Street Journal, August 10, 2006

The celebration has been postponed.

To the surprise of some, stocks fell for a second consecutive session despite the Federal Reserve's decision Tuesday to leave its interest-rate target unchanged. After starting the day with a strong gain, the Dow Jones Industrial Average ran out of steam and finished down 97.41 points, or 0.87%, at 11076.18. It remains up 3.3% for 2006.

The Nasdaq Composite Index, powered by a positive quarterly profit report and an upbeat sales forecast from networking giant Cisco Systems, also soared initially, only to give up its advance and finish down 0.03%, or 0.57 point, at 2060.28. It is down 6.6% this year.

The Standard & Poor's 500-stock index finished down 0.43%, or 5.53 points, at 1265.95, still up 1.4% this year.

The problem seems to be that the good news about the Fed move had been widely anticipated, leading investors to buy stocks in advance of the announcement. When the interest-rate decision was made some investors sold to lock in short-term profits, while others began looking around at other news -- and didn't like what they saw. At least for now, worries about rising interest rates have been replaced by fears that rates may already have risen too much, and that the economy is running into trouble.

Fueling those concerns yesterday was an announcement from Toll Brothers, a large luxury-home builder, that quarterly sales fell for the first time in four years. Toll Brothers warned that things could get worse, as new-contract volume has fallen almost by half.

On top of that, investors were startled to see the Dow Jones Transportation Average plunging, which they took as a sign of lack of confidence in the economy. Transportation companies such as railroads, truckers and delivery outfits are sensitive both to energy prices and to the economy's strength, which is why some analysts consider them bellwethers for the broader market.

The transports were hurt by an early jump in oil prices, following a government report showing strong gasoline demand. Oil futures later pulled back to finish up four cents at $76.35. The transports finished down 2.93% at 4162.26, wiping out what was left of the year's once-substantial gain and leaving them down 0.8% for 2006.

Some investors follow an investment system known as Dow Theory, under which simultaneous declines in the Dow industrials and the Dow transports can signal trouble for the markets. Since the industrials haven't suffered nearly as much as the transports, the theory doesn't yet signal trouble, but some believe it is flashing a warning sign.

"The transports were just getting crushed" yesterday, said Todd Clark, director of stock trading at San Francisco money-management and brokerage firm Nollenberger Capital Partners. "And negative guidance from Toll Brothers confirmed the economic slowdown." Declines in shares of transportation and home-building companies "were responsible for reversing the

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gains we saw earlier in the day, and the kind of sizable reversal we saw usually means we can expect more weakness," Mr. Clark added.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.82%, or 1.76 points, to 216.53.

In major U.S. market action:

Stocks were mixed. Total trading volume for stocks listed on the New York Stock Exchange was 2.63 billion shares, as 1,402 stocks rose and 1,906 fell.

Bond prices declined. The 10-year Treasury note fell 4/32, or $1.25 for each $1,000 invested, pushing the yield up to 4.941%. The 30-year bond was down 14/32 to yield 5.051%.

The dollar was mixed. Late in New York, it traded at 115.31 yen, up from 115.10, while the euro rose against the dollar to 1.2861 from 1.2848.

How Inflation Gets Fed (WSJ)

By Michael Darda

The Wall Street Journal, August 10, 2006

The Federal Open Market Committee's decision to suspend its tightening campaign on Tuesday -- with the Fed funds target rate at 5.25% -- is likely to be short-lived. With both forward- and backward-looking measures of inflation pressures accelerating, the Fed has placed a high-risk bet that a further slowdown in housing and additional cooling in the broader economy will restrain inflation in the not-too-distant future. These assumptions are unlikely to bear fruit.

Over the last three decades, the deviation in real output growth from trend (a proxy for the output gap) has had almost no predictive power over inflation one or two years later. In other words, the so-called output gap theory of inflation, which is connected to Phillips Curve trade-offs between unemployment and the price level, has little if any bearing to real-world inflation realities.

The strongest case against the Fed's decision to pause this week was presented by the behavior of several forward-looking price-level indicators in the commodity, currency and credit markets: Gold prices have risen $135/oz. on the year, while the dollar has fallen 6% against G-6 currencies and inflation-linked bond spreads have widened by 33 basis points. In the aftermath of the Fed's decision to pause, gold prices have risen further, inflation-linked bond spreads have widened more and the dollar has continued its weakening trend against the currencies of fairly accommodative central banks. In other words, the FOMC's assumption of "contained inflation expectations" isn't credible.

A host of indicators also cast doubt on the Fed's belief that "the cumulative effects of monetary policy actions and other factors" likely will restrain "aggregate demand." Despite 17 Fed rate hikes, real short-term interest rates remain below historical norms and well below levels typically associated with inverted yield curves and recessions. Monetary velocity, the torque behind the money stock, is growing at an above-trend pace with commodity indicators close to record highs. The 1.65 percentage point gap between annual nominal GDP growth and the Fed funds rate continues to stand nearly one full percentage point above historical norms. Emerging-market credit spreads, usually the weakest link in the global liquidity chain, actually have been tightening recently and remain close to record lows. These are not the trappings of a restrictive monetary policy or future weakness in nominal demand.

Those unmoved by the inflation threat have excused the recent rise in core inflation -- to rates not seen in 11 years -- as unsustainable because unit labor costs had been so well-contained. But data released this week on second-quarter productivity and costs delivered a body blow to this argument: Unit labor costs have advanced 3.2% on a year-to-year basis, the fastest since the fourth quarter of 2000.

Some argue that unit labor costs are a lagging indicator, and that the spike at the end of the year 2000 was the end of the wage inflation cycle, not the beginning. But today's cost and price environment contrasts sharply with the year 2000, when unit prices were rising at less than half the pace of unit labor costs, pressuring profit margins. Unit prices have been advancing at just over a 3% pace since late 2004, representing the fastest growth rate since 1991. In other words, labor had pricing power in the

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late 1990s and early 2000s, but business didn't. Now both labor and business have pricing power -- and the broader economy has inflation.

It is also important to consider the fact that the Fed was running an extremely tight monetary policy in late 2000, with the real Fed funds rate rising five percentage points above core inflation, and 4.5 percentage points above the GDP price deflator. In today's environment, that would require a Fed funds target between 7% to 8%. During 2000, commodity prices were weak, credit spreads were wide, the dollar was strong and monetary velocity growth was negative. Today, commodities are high, the dollar is relatively weak, credit spreads remain narrow and monetary velocity is expanding well above trend. The contrast could not be more glaring.

It is frequently asserted that the 2.5% annualized growth of real GDP during the second quarter -- along with four months of sub-par payroll growth -- have closed the case for a sharp and sustained slowdown in output and employment. But other data continue to exhibit solid forward momentum: The ISM Manufacturing Index for July rose to 54.7 from 53.5, a level consistent with 4.4% real GDP growth. Industrial production, which is highly correlated to trends in real GDP growth, advanced at a 6.6% annual rate during the second quarter and is up 4.5% year-to-year.

Initial jobless claims have hovered in a range just above 300,000 during the last month, a level consistent with 4.6% unemployment and payroll growth of close to 250,000 per month. And for all the hyperventilation over the growth slowdown during the second quarter, personal income actually accelerated to a 6.9% annualized growth rate during the three months ending in June. Real compensation growth has expanded at a 2.5% average annualized pace during the first half of 2006, above historical norms.

The Fed should worry less about slowing growth and more about rising inflation. The FOMC could move back in front of the inflation curve by hiking the Fed funds rate to 6%, with more hikes to follow until forward-looking price-level indicators respond. In other words, real short rates need to be higher, gold needs to fall, the dollar needs to rise and monetary velocity growth needs to cool. This is the best chance the Fed has at corralling excess liquidity and containing inflation expectations without sending the economy into recession.

On the other hand, if the Fed continues to operate under the faulty assumption that the economy is weak and that this will ipso facto slow inflation, the need for truly destabilizing and recession-inducing tightening action would almost surely become inevitable. This would be a threat to housing, a risk to the labor market and an obstacle to the continuation of this expansion as we know it.

Hot Market For Second Homes Hits Slump (NYT)

By Vikas Bajaj

The New York Times, August 10, 2006

WESTHAMPTON, N.Y. — The brand new 6,000-square-foot vacation home, backing on a boat dock on Moriches Bay, has been on the market for more than a year. After plenty of showings, but no offers, the investor who built the house recently cut the price twice, by a total of $600,000, to $4 million.

It has still not been sold. To be sure, the price reductions have created more interest, according to the agent representing the owner, and he now hopes that it will be sold right after Labor Day, a prime season for home transactions in the Hamptons.

"My feeling is that everybody is waiting for the dust to settle before they make their big decision,'' said the agent, Ira Birns of Prudential Douglas Elliman. But, he acknowledged ruefully, "there is a lot to choose from.''

It is not just the most expensive vacation homes that are going begging. The once-bustling deal making in a wide variety of popular locations for second homes — areas like Florida, the Jersey Shore and Lake Tahoe, as well as the high-price playground on the East End of Long Island — has slowed markedly in recent months.

As the overall housing market weakens, the interest in buying vacation homes, from the most modest condominiums on up, appears to be falling faster. Unlike most metropolitan areas — where underlying demand and the normal turnover in primary homes as a result of job moves, new households and family changes provide a more solid floor under prices — the second-home market relies on a different set of motivations that tends to exaggerate booms and busts.

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"Second-home buying is very discretionary," said Edward Leamer, an economist at the University of California, Los Angeles. "There is no force of demographics that is pushing people into buying homes as there is in primary home markets."

In second-home markets around the country, the number of sales is shrinking even as the properties on the market increase. Prices at all levels are softening, and in a few places recently have begun dropping.

In Florida, price declines have been most pronounced in areas dominated by second-home sales. In June, median prices — half the homes sold for more and half for less — fell 8 percent from a year earlier in Naples and nearby Marco Island on the west coast and 10 percent in Panama City in the Panhandle, according to the Florida Association of Realtors.

By comparison, prices rose 3 percent statewide, 4 percent in Miami and 10 percent in Orlando. (In addition to the overbuilding factor, rapidly rising insurance premiums tied to the greater risk of hurricane damage have hurt home sales in many coastal areas of Florida.)

Paul J. Ciotti, 60, a retired New York teacher, has had his two-bedroom beachfront condominium in Naples on the market since late last year. He first asked $999,000, when "everybody was going for pie in the sky."

[He has since cut the price to $799,000, which he says is a bargain because there is little undeveloped beachfront property left in Naples. "The beachfront is still much stronger," he said. "It always will be."]

While the market's strength will be tested this fall, there is little doubt that waterfront property has had a nice run in Naples and elsewhere. Mr. Ciotti's apartment sold for $153,000 in 1987 when the building opened; he bought it for $515,000 in 2004, according to county property records.

During the boom, prices in regions with a heavy concentration of second-home sales rose higher and faster than elsewhere, an analysis by Moody's Economy.com of national mortgage and housing data showed.

In 2004, the latest year for which data is available, Ocean City, N.J., at 73 percent, headed the list of metropolitan areas with high shares of second homes. From 2002 to 2005, home prices in the area, which includes Cape May, rose at an average annual rate of 17 percent, compared with 10 percent for the nation as a whole and 14 percent for New Jersey.

"These have been the most juiced-up markets," said Mark Zandi, chief economist at Economy.com.

But this spring and summer, median home prices in the Ocean City area have fallen by 10 to 15 percent from a year earlier. Sales have slowed and more houses are sitting on the market, according to Nicholas J. Marotta, president of the Ocean City Board of Realtors.

He blames speculators for rapidly inflating and then depressing the market by trading in condominiums and oceanfront homes that they bought with low-interest loans requiring only small down payments.

A local developer added that new construction had flooded the market, with more than 100 homes priced at $2 million or more. "We believed in our own confidence,'' said the developer, Raffaele Pansini, who has been building homes for nine years. "And in a way, we proved ourselves wrong because we don't have 100 buyers coming in."

Like others in the area, he predicted that demand would eventually catch up but that this could take some time.

Elsewhere, increased worries about rising interest rates, higher energy costs and a slowing economy have left some prospective buyers queasy about investing in a second or third property.

That is the experience of Shari Chase, whose real estate firm, Chase International, specializes in the Lake Tahoe winter ski and summer recreation area that straddles the California-Nevada border. Sales fell 35 percent in the first six months of 2006 from the period a year earlier. Prices eked out a 2 percent increase, according to DataQuick Information Systems, a research firm.

Vacation homes, like other luxury items, are frequently caught up in booms that appear to defy gravity. But they depend on a relatively narrow slice of the population, mostly affluent baby boomers, leaving them vulnerable to sudden downturns.

While a number of vacation homes are bought with cash, mortgage data suggests that second homes made up about 14 percent of all home sales in 2004, up from 8.4 percent in 2001.

A survey of consumer finances conducted every three years by the Federal Reserve found that the overall interest in second homes tends to closely follow the ups and downs of the economic cycle. In 1989, some 13.4 percent of those responding said they owned a second home, but that figure fell during the recession in the early 1990's and reached a low point of 11.9 percent in

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1995. Such ownership rose to 13 percent in 1998 but fell back to 11.4 percent in 2001 before rising again to 12.6 percent in 2004.

Anecdotal evidence suggests that vacation homes might have reached a new high-water mark in 2005.

"I saw a lot of clients buy first, and ask questions later, on second and third properties," said Leo P. Grohowski, chief investment officer at U.S. Trust, which caters to affluent families.

Much of Florida and the Jersey Shore, areas considerably more affordable than the Hamptons, have been favored destinations lately for his well-to-do clients and friends, many of whom encouraged Mr. Grohowski to buy with them. He is happy that he resisted, he said, though "for a while, I was looking like a dummy."

Real estate experts note that second-home markets have a natural self-correcting mechanism. However much local people may believe in their particular slice of paradise, destinations can price themselves out of the market. Plenty of people are willing to pay more for waterfront property, privacy and pristine vistas, but no region has a monopoly on those features.

"This is a very efficient market," said Richard A. Smith, vice chairman and president of Realogy, the former real estate arm of Cendant that owns Coldwell Banker and Sotheby's International Realty. "When you don't like the pricing someplace, you can go someplace else."

Still, the market for high luxury, homes costing more than $5 million, tends to be more resilient, said George R. Simpson, president of the Suffolk Research Service, a firm that monitors the real estate market in the East End of Long Island.

"This is a market that is driven by ego and wannabes," he said. "People come here because it's the thing to do. Every time P. Diddy has a cocktail party, the prices go up a little."

But data collected by Mr. Simpson's firm shows that even the Hamptons are not impervious to weakness. Median home prices in East Hampton and Southampton, including the surrounding villages and hamlets, languished in the low $200,000's for most of the 1990's. Adjusted for inflation, prices did not climb past their 1990 levels until the end of the decade.

But for the first six months of 2006, median prices are up 4 percent in Southampton, to $766,000, and 13 percent in East Hampton, to $900,000, according to Suffolk Research, though some of that could reflect a shift in sales toward the top of the market. The number of sales, however, is down 14 percent in Southampton and 19 percent in East Hampton.

Although agents insist that nothing akin to the 1990's slump is setting in, they are spending more time promoting properties and hand-holding sellers — exercises considered unnecessary when homes were moving in a week or so and bidding wars were common.

Earlier this month, Elisabeth Mills, an East Hampton agent who works at the Corcoran Group, started showing a commercial on cable television for a $2.3 million modern home, down from $2.5 million, and another home, built on speculation and offered at $1.99 million. The second property is in a neighborhood where the fashion designer Donna Karan and the rap star and entrepreneur P. Diddy live.

Ms. Mills is paying for the 30-second spot, which pans through the interiors and exteriors of the homes and is being shown on CNBC, HGTV and a local cable news channel in Suffolk County, in hopes that it will create extra buzz among agents and potential buyers.

Response to the ad has been "pretty amazing," she said, particularly from other builders looking for ways to market their own homes. "We seem to have increased activity from brokers," she said.

Walter Priestley, who built the larger house in the ad, said the marketing campaign for the property also includes direct mail and open houses (wine and cheese on Saturdays; bagels and coffee on Sundays) — all in an effort to set his home apart from others. He says he is confident it will be sold by Labor Day.

"There are still plenty of buyers," Mr. Priestly said. "We have 20 to 30 people showing up every time we have an open house."

Change In Cuba Policy Floated (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, August 10, 2006

To prevent an influx, visas may be denied to those who try to enter illegally. Some say that could backfire on GOP.

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MIAMI — A Bush administration proposal to change current immigration practices for Cubans, aimed at discouraging a politically disastrous mass migration, could backfire, exiles and analysts say.

The policy changes under consideration by the Homeland Security Department propose to reject any visa applications from Cubans who attempt to enter the United States illegally. The draft document, obtained by the Associated Press earlier this week, also suggests accelerating visas for family members of U.S. residents — a registry of more than 10,000 who wait as long as a dozen years to be reunited with U.S. relatives.

"Taken together, they promote safe, legal and orderly migration, while they also support the Cuban people in their aspiration for a free and prosperous society," the draft reads.

Encouraging Cubans to remain and work for change on the communist-ruled island echoes appeals by President Bush and Secretary of State Condoleezza Rice for pro-democracy demonstrations while Cuban leader Fidel Castro is incapacitated.

Castro, who has ruled Cuba for nearly 48 years, handed temporary governing authority to his brother Raul after undergoing surgery for intestinal bleeding on July 31. Neither Castro has been seen in public since.

Homeland Security spokeswoman Joanna Gonzalez would say only that the policy changes were matters of "internal deliberation."

"We always consider what could cause a mass migration, but in the event of a mass migration, the Coast Guard is prepared. They have plans," she said.

Politicians here and in Washington have expressed fears that a mass migration of Cubans in this midterm election year could be disastrous for Republicans already under pressure on the issue of security with the Iraq war, the Israel-Lebanon crisis and current immigration policies.

But some Cuban Americans in South Florida say they are tired of being used by politicians who tailor important issues such as immigration to appease a hard-line minority of exiles in exchange for their electoral support.

Any measure to punish illegal migration here would address the desire among the most fervently anti-Castro exiles to ratchet up internal pressures in hopes of stirring an anti-communist uprising.

But more recent and moderate emigres now outnumber those who fled Castro's 1959 revolution, and they are more concerned about the potential for violence among those left behind.

Damian J. Fernandez, director of the Cuban Research Institute at Florida International University, said the administration had been sending up trial balloons like the Homeland Security memo because its No. 1 objective was to prevent another rafter crisis.

He said Washington was under "intense competing political pressures" from the splintered exile community.

With a possible Cuban transition ahead and U.S. political candidates on the midterm election hustings, those seeking office are conscious of the 1980 Mariel boat lift that brought 125,000 Cubans to South Florida in a motley, monthlong flotilla. President Carter lost his reelection bid later that year.

Another 40,000 inundated the state in 1994, when the cutoff of Soviet aid devastated living standards on the island.

The U.S. and Cuba signed a migration pact after that exodus, providing a "safety valve" of 20,000 U.S. visas a year to Cubans and a staged process for reunifying families.

The migration accords deem all other U.S. entry illegal, but in practice Washington has adhered to a "wet foot/dry foot" policy, repatriating Cubans intercepted at sea while allowing those who reach U.S. soil to stay.

Rep. Lincoln Diaz-Balart (R-Fla.) "has always denounced and been opposed to the migration accords," said Ana Carbonell, his chief of staff. "We feel it is a mechanism that has provided relief for the Castro regime and allowed them to control who leaves Cuba."

Cuba analysts warn that disqualifying "wet feet" from future visa consideration could be counterproductive.

The proposal to punish illegal immigrants intercepted at sea by making them ineligible for U.S. visas provides scant deterrent to those who have no family members here to join.

"I don't think it works as a disincentive. I think that when a 25-year-old Cuban is intercepted and told, 'We're taking you back and you will never get a visa,' he will say, 'I'll get another boat,' " said Philip Peters, vice president of the Lexington Institute think tank in Arlington, Va.

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Asked if the public discussion of possible policy change might instigate the kind of migration crisis the administration wants to avoid, Rep. Jim McGovern (D-Mass.) replied: "Possibly."

"I think the question that the Cubans are going to be asking themselves is: 'Why are you doing this?' There is an inherent distrust of the U.S. and especially this administration. There is a concern that this administration might do something that could result in chaos on the island if Fidel Castro should die," McGovern said.

Asked about the Homeland Security memo Tuesday, White House Press Secretary Tony Snow said: "Right now we're encouraging everybody not only to stay put, but urging Cubans to stay on the island and work toward democracy."

If there is a dramatic change in the political situation in Cuba, Snow said, "there may be adjustments in U.S. policy."

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Nicole Gaouette in Washington contributed to this report.

90 Miles And Light-Years Away (NYT)

The New York Times, August 10, 2006

President Bush and his top aides have said repeatedly in recent days that they haven't a clue what's going on inside Cuba. With Fidel Castro's health faltering, they need to start figuring it out.

Cuba is a closed, repressive society. But the Bush administration has gone out of its way to ensure that the United States has neither access nor the slightest chance to influence events there.

In the name of tightening the failed embargo — a bipartisan policy for more than four decades — Mr. Bush has made it much harder for academics, artists, religious people and anyone else who might spread the good word about America to travel to Cuba, and much harder for Cubans to travel here. In a decidedly un-family-values move, the administration has also limited visits to Cuba by Cuban-Americans to once every three years.

Venezuela's Hugo Chávez, a would-be Castro, has helped make up any lost cash with cheap oil exports. And Cuban officials who might be tempted to the side of reform have been given more reason to believe Mr. Castro's claims of unremitting American hostility. In the same cut-off-your-nose spirit, the administration canceled migration talks with Havana — intended to prevent a repeat of earlier boatlifts — that were the only regular high-level sit-downs between the two governments. American diplomats in Havana know their wisest career path is to keep their contacts to the bare minimum.

None of this made much sense when it looked like Mr. Castro would outlast yet another American president. It makes no sense at all now that it's clear his days are numbered.

The White House is understandably nervous that roiling in Cuba could set off a large flow of refugees. It is considering ways to speed up admission of family members while punishing those who try to jump the queue. It also needs to revive migration talks so the governments can coordinate a humane response should those warnings go unheeded.

The administration has moderated its rhetoric, recognizing that it's up to Cubans on the island to decide their future. But if Mr. Bush wants to get the message of democracy across he should loosen restrictions on cultural and academic exchanges and open the way for serious diplomatic contacts.

United States law blocks the White House from doing more even if Mr. Castro's chosen successor, his brother Raúl, shows signs of moderation. Mr. Bush should tell Congress now that he doesn't want his hands pre-emptively tied that way.

No one knows when Mr. Castro will go or whether it will be with a bang or a whimper. But the policies of self-isolation will ensure that the United States is the last to know when big things happen — and will have no one in Cuba to talk to when they do.

Democrats Abandon Lieberman, Back Lamont (AP-Y)

By Stephanie Reitz, Associated Press Writer

AP, August 10, 2006

Top Democrats on Capitol Hill abandoned Sen. Joe Lieberman one by one Wednesday and threw their support to Ned Lamont, the anti-war challenger who defeated him in the primary. But Lieberman said his conscience demands that he run as an independent in November.

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"I think it would be irresponsible and inconsistent with my principles if I were to just walk off the field," Lieberman said in an interview with The Associated Press a day after his loss to the political newcomer in a race that was considered an early referendum on the Iraq war.

Top Senate Democrats, including John Kerry and Edward Kennedy of Massachusetts, Harry Reid of Nevada, Frank Lautenberg of New Jersey and Chuck Schumer of New York, said they supported Lamont as the duly elected choice of Connecticut's Democratic voters.

Reid and Schumer — the party's Senate leader, and the head of the Democratic Senate campaign committee — said: "The perception was that (Lieberman) was too close to George Bush and this was, in many respects, a referendum on the president more than anything else. The results bode well for Democratic victories in November and our efforts to take the country in a new direction."

Kennedy called Lamont's victory "a clarion call for change," and a spokeswoman said Kennedy planned to campaign for the nominee.

Sen. Hillary Rodham Clinton reiterated her pledge to back the winner of the primary. She stopped short of calling on Lieberman to quit the race but urged the senator to "search his conscience and decide what is best for Connecticut and for the Democratic Party."

Lamont raised no public complaint about Lieberman's plan to run as an independent, and predicted he would win in November even with Lieberman on the ballot. "He'll end up splitting the Republican vote," Lamont told CNN. "He gets a lot more support from Republicans than he does from Democrats."

Lieberman showed no signs of backing down, even though the Democrats' withdrawal of support also means he will be starved of money from party sources to again take on the millionaire Lamont.

"The bottom line is that I'm definitely in," said the 64-year-old three-term senator and former vice presidential nominee. "While I consider myself a devoted Democrat, I am even more devoted to my state and my country."

The final returns from Tuesday's primary showed Lamont defeating Lieberman 52 percent to 48 percent.

On Wednesday, as expected, the Lieberman campaign delivered two boxes of petitions to the Connecticut secretary of state's office, and aides said they contained more than enough signatures to qualify him for the November ballot.

The move would set up a three-way race this fall among Lamont, Lieberman and Republican Alan Schlesinger, who has trailed far behind both Democrats in recent polls.

Lieberman said he was not bothered by losing the support of his Democratic colleagues, noting he lost the primary even with their backing. "In the end, the people make up their own minds, and this is going to be a people's campaign," he said.

The defeat put Lieberman in the familiar role of a go-it-alone politician. He was the first prominent Democrat to openly criticize President Clinton's conduct with Monica Lewinsky. His support for the Iraq war and his defense of President Bush also have made him unpopular with members of his own party and gave Lamont a powerful platform on which to run.

Lieberman's name recognition and moderate politics will draw strong support from independents and Republicans in November, according to Kenneth Dautrich, a public policy professor at the University of Connecticut.

"I think Lieberman is now in the driver's seat," Dautrich said, adding that the senator could have "a fairly handy lead" as the campaign begins.

One of the biggest challenges will be fundraising, Dautrich noted. Lamont is a cable TV entrepreneur who put $4 million of his own fortune into the primary. As the Democrats' nominee, he also will get donations from traditional Democratic sources that might otherwise have contributed to Lieberman.

One strategist, who spoke on condition of anonymity, said Lieberman had about $2 million remaining after the primary race against Lamont.

At a Democratic unity rally Wednesday morning, Lamont grinned broadly as he took his place with his new Democratic colleagues — most of whom had originally endorsed Lieberman and campaigned for him.

"Nancy, I got to tell you," he told party chairwoman Nancy DiNardo, "I like being on your team."

Lieberman said he fired his campaign manager and spokesman, and asked for the resignations of his campaign staff. He planned to hire a longtime aide as manager for the fall and began the search for a new pollster and media consultant.

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"We did not answer, adequately answer, the distortions of my record on Iraq and my relationship with George Bush, that the Lamont campaign put out," the senator said, though he insisted he was not blaming campaign workers.

Republicans seized on the results to paint Democrats as careless with the country's security.

Vice President Dick Cheney said the race showed there is a significant segment of the Democratic Party that wants to return to "a pre-9/11 mind-set."

"It's an unfortunate development, I think, from the standpoint of the Democratic Party to see a man like Lieberman pushed aside because of his willingness to support an aggressive posture in terms of our national security strategy," Cheney said from Jackson, Wyo.

"When we see the Democratic Party reject one of its own — a man they selected to be their vice presidential nominee just a few short years ago — that would seem to say a lot about the state the party's in today," he said.

Lieberman's 10,000-vote loss sent shock waves through the local and national Democratic party. It was Lieberman's first loss in a Connecticut campaign since 1980, and he has long been one of Connecticut's most popular Democrats. He became just the fourth Senate incumbent since 1980 to lose a primary.

Lamont won by hammering away at Lieberman's support for the Iraq war and accusing him of being too close to Bush, as evidenced by an incident in which Bush appeared to plant a kiss on the senator's cheek after his 2005 State of the Union address.

Lamont's campaign also was embraced by liberal bloggers, who saw it as a chance to take down an incumbent and play a bigger role in the Democratic Party.

A Quinnipiac University poll released in July showed that 51 percent of likely voters would support Lieberman in a three-way race, versus 27 percent for Lamont and 9 percent for Schlesinger, a lawyer who was formerly a legislator and mayor. However, a CBS News/New York Times exit poll of nearly 2,700 voters on Tuesday found that 61 percent said Lieberman should not run as an independent.

Though having both Lieberman and Lamont on the ballot could split the Democratic vote, Schlesinger is not considered a major threat. His campaign stumbled in July after it was learned that he used a fake name to gamble at a Connecticut casino and had been sued over gambling debts at two New Jersey casinos. Republican Gov. M Jodi Rell urged him to drop out of the Senate race, but Schlesinger called the gambling a "non-issue" and vowed to stay in.

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Associated Press Special Correspondent David Espo contributed to this report from Washington.

Lieberman Vows To Stay In Race As Independent (MCT)

By Steven Thomma

McClatchy Newspapers, August 10, 2006

HARTFORD, Conn. - Sen. Joseph Lieberman, D-Conn., found himself a political orphan Wednesday.

His friends, liberal activists and his party's leaders all seemed to turn against him the day after Connecticut Democrats rejected his bid for a fourth term and voted for an antiwar activist instead. Republicans, unsurprisingly, said the vote exposed Democrats as cowards.

For his part, Lieberman vowed to wage an independent campaign to hold his seat regardless of pressure to drop out and endorse Democratic nominee Ned Lamont.

"My mind is made up," Lieberman said on NBC. "I'm going forward. I'm going forward because I'm fed up with all the partisanship in Washington that stops us from getting anything done."

Meanwhile, Sen. Hillary Rodham Clinton, D-N.Y., who had supported Lieberman until he lost, called Lamont to offer support and campaign contributions.

Liberal blogger David Sirota urged party leaders to strip Lieberman of his Senate committee assignments if he persists in running against Lamont.

Democratic Party leaders found good tidings in Lieberman's defeat.

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"The perception was that he was too close to George Bush and this election was, in many respects, a referendum on the president more than anything else," said a statement issued jointly by Sens. Harry Reid, D-Nev., the Senate Democrats' leader, and Chuck Schumer, D-N.Y., the chairman of the Democratic Senatorial Campaign Committee.

They called Lieberman an "effective" senator, but added that "the results bode well for Democratic victories in November."

Rep. Rahm Emanuel, D-Ill., the chairman of the Democratic Congressional Campaign Committee, said he liked Lieberman, but he, too, saw his defeat as a good sign for Democrats because it meant that voters are angry enough to vote out incumbents - and there are more Republican incumbents than Democrats.

He linked Lieberman's loss to primary defeats Tuesday by two other incumbents - Reps. Cynthia McKinney, D-Ga., and Joe Schwarz, R-Mich.

But while Lieberman's loss did underscore the power of antiwar and anti-Bush anger among Democrats, two independent analysts said the party leaders overreached in claiming a nationwide move against incumbents.

Amy Walter, who analyzes House of Representatives races for the Cook Political Report, said McKinney lost because of a history of erratic behavior and a recent confrontation with a Capitol Police officer. "If you have any political baggage, this is not a year in which you can stow it in the overhead bin and hope nobody will notice," she said.

She said Lieberman and Schwarz lost because of ideological splits in their parties more than anti-incumbent fever, noting that no other incumbent House Democrats appear likely to lose.

Stuart Rothenberg, the editor of the independent Rothenberg Political Report, agreed that Democrats are angry at Bush and the war, and he said that energy would help them in the fall. But he, too, disputed the notion of a national Lieberman effect.

"We saw where the heart and soul of the Democratic Party is. It's against the war and angry at the president," Rothenberg said. "But it's Connecticut. It's a liberal state. And we're talking about Joe Lieberman, who is almost unique in cozying up to the president and criticizing those who criticize the president.

"Democrats in the Northeast are more liberal and are holding their candidates to a higher standard. The Democratic base in the South and Midwest is of a different ilk. There's no message for Senator Ben Nelson," a Nebraska Democrat.

Republicans claimed their own victory from the Democratic primary. Republican National Committee Chairman Ken Mehlman issued a statement labeled "Weak and wrong: Today's Defeat-ocrats."

It said in part: "It speaks volumes about the new Democrat Party: if you stand for a strong defense and victory in the War on Terror, you have no place in the party and you must be purged. ... Watch how the new Democrat Party always chooses weakness over strength, blaming America first."

White House press secretary Tony Snow saw Lieberman's defeat this way:

"This is a defining moment in some ways for the Democratic Party. I know a lot of people have tried to make this a referendum on the president; I would flip it. I think instead it's a defining moment for the Democratic Party, whose national leaders now have made it clear that if you disagree with the extreme left in their party they're going to come after you."

Democratic Leadership Welcomes Lamont (WP)

By Shailagh Murray And Dan Balz

The Washington Post, August 10, 2006

HARTFORD, Conn., Aug. 9 -- Democratic leaders embraced their new antiwar Senate nominee Ned Lamont on Wednesday, but his defeated rival, Sen. Joseph I. Lieberman (D-Conn.) vowed to wage an independent crusade to save his seat and prevent the party from being captured by forces he said are out of the political mainstream.

At a unity breakfast in Hartford, state party officials, who had lined up almost solidly behind Lieberman in Tuesday's primary, including Sen. Christopher J. Dodd (D-Conn.), pledged their support to Lamont in the general election campaign.

In Washington, Senate Minority Leader Harry M. Reid (D-Nev.) and Sen. Charles E. Schumer (D-N.Y.), chairman of the Democratic Senatorial Campaign Committee, said in a statement that Lamont would have the national party's support. Also laying on hands for Lamont were such powerful party figures as former president Bill Clinton, Sens. Hillary Rodham Clinton (N.Y.) and Edward M. Kennedy (Mass.) and House Minority Leader Nancy Pelosi (Calif.).

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In background conversations, Democratic officials gently signaled their desire that Lieberman abandon his independent candidacy but appeared reluctant to press him publicly. A senior Democratic official in Washington said leaders had met and decided to put off confronting Lieberman at least for a few days, to allow the senator time to absorb the implications of his loss and his new isolation from longtime colleagues and supporters. "There's a feeling that the dust needs to settle," the official said.

Lieberman, on the national ticket as Democratic vice presidential nominee six years ago, appeared committed to turning the general election into a contentious rerun of the primary. He said it would be "irresponsible and inconsistent with my principles" to step aside from the fall race. He also announced that he is shaking up his entire campaign staff, accepting the resignations of his entire team, including several veteran consultants who have served him for many years.

Meanwhile, Republicans showed their determination to try to exploit the results of Tuesday's primary in the November elections by claiming that Democrats have been captured by the antiwar left. Vice President Cheney, in a call initiated by his office to news service reporters, said Lieberman had been purged by a party ready to "retreat behind our oceans."

Republican National Committee Chairman Ken Mehlman charged in a speech in Ohio that Lamont's victory showed the Democrats had abandoned the internationalist traditions of Franklin D. Roosevelt and John F. Kennedy. Democratic leaders said the charge was without merit and argued that the Connecticut primary showed broad opposition to President Bush's Iraq war policies that put Lamont closer to the mainstream than his critics. Some Democrats said Lamont's triumph was more likely to turn the midterm elections into a national referendum on the war.

Lieberman's campaign also confirmed an ABC News report that White House Deputy Chief of Staff Karl Rove had called the senator Tuesday night, but denied that the president's top political adviser had offered help and support in the fall. "We would not have been interested, regardless," said Dan Gerstein, Lieberman's campaign communications director.

Earlier that evening, Lieberman spurned a meeting with Dodd, his longtime colleague who had come to caution against making a hasty decision to run as an independent and to explain why he would be supporting Lamont in the fall, according to a Democratic official who asked not to be identified in order to speak freely about events on primary night.

Lamont defeated Lieberman on Tuesday by 52 percent to 48 percent after a campaign in which Lieberman's support for the war and what his critics said was a too-cozy relationship with the president were the dominant issues. When he announced his candidacy earlier this year, Lamont was a lonely figure in the party, enjoying the backing of so-called Net-roots activists and bloggers but little else. His campaign tapped into grass-roots antiwar, anti-Bush sentiment in the state and the race became a national symbol of the debate over the war.

Lieberman conceded shortly after 11 p.m. Tuesday, and 12 hours after a victory speech, Lamont was the star attraction at a Hartford news conference with state Democratic Party leaders. The mood was boisterous. With turnout at 43 percent, the primary had shattered the previous record of 25 percent, suggesting a highly motivated Democratic electorate and an appetite across the state for change.

Speaking briefly at the Democratic rally Wednesday morning, Lamont laid out the three main issues of his campaign: bringing the troops home, expanding health coverage, and improving education. He acknowledged the broader implications of his victory. "I think people around the country are looking at Connecticut," Lamont said.

But there was an undercurrent of frustration, as Democrats considered the tangled implications of a Lieberman independent bid and began to separate themselves from a colleague who won his first seat as a Democrat in 1970. "This is a difficult moment," Dodd acknowledged. Referring to Lieberman, he said, "We're very, very good friends." And then Dodd endorsed Lamont.

Many Democrats see former president Clinton, who campaigned for Lieberman but now supports Lamont, or Dodd as likely emissaries to make the case to Lieberman to halt his independent candidacy.

Based on initial efforts, Lieberman appears unreceptive. Dodd, according to a knowledgeable Democrat, tried to approach Lieberman on Sunday to talk about post-primary decisions to no avail.

On Tuesday night, he knocked on the door of Lieberman's hotel suite, but no one answered. Eventually, he met with Sherry Brown, Lieberman's longtime adviser who was installed Wednesday as campaign manager.

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Some Democrats believe it may take an external event, such as a poll showing that he probably would lose a three-way contest with Lamont and Republican Alan Schlesinger, to persuade him to change his mind. If Lieberman wants to reconsider, Dodd said, "He knows I'm here."

Party strategists who have studied Connecticut said Lieberman faces a challenging general election campaign running as an independent. But they said the fact that he had closed a sizable gap in the last week was reason for cautious optimism inside the Lieberman camp.

A CBS-New York Times exit poll found that 61 percent of those who voted in the primary said Lieberman should not run as an independent.

The party establishment's embrace of Lamont began shortly before Lieberman's concession speech. Reid, Schumer and Hillary Clinton phoned in with congratulations and offers of assistance. Sen. Barack Obama (Ill.) wrote a $5,000 check to the Lamont campaign and said he will pitch in as needed. Sen. Barbara Boxer (Calif.), a war opponent who campaigned with Lieberman last month, offered to return to help Lamont.

Prospective 2008 Democratic presidential candidates also pledged their support. Asked by reporters in New York whether Lieberman should quit the race, Sen. Clinton said, "He has to search his conscience and decide what is best for Connecticut and for the Democratic Party, and then do what's right."

Tom Swan, Lamont's campaign manager, said his team will begin to pivot to a larger audience, by stressing Lamont's domestic priorities, including health coverage for uninsured people and early childhood education.

Two big challenges for Lieberman will be retaining some of the crucial institutional support that he gained in the primary, particularly from unions, which were instrumental in his Election Day turnout effort. But Lamont also must demonstrate that he can attract a broader audience than he did in the primary.

The Connecticut AFL-CIO decided to back Lieberman about a month before the primary and played a key role in turning out voters for him on Tuesday. President John Olsen said the state labor group will decide later whether to endorse anyone in the general election.

In a round of television interviews on Wednesday, Lieberman criticized the Lamont campaign, and said he is in the race to stay. "For me, it is a cause, and it is a cause not to let this Democratic Party that I joined with the inspiration of President Kennedy in 1960 to be taken over by people who are so far from the mainstream of American life," he said.

Gerstein said Lieberman had asked for resignations because he had concluded he "needed to shake things up and move in a different direction." Among the casualties were longtime consultants Carter Eskew, who produced Lieberman's ads, and the polling firm of Greenberg Quinlan Rosner.

Primary Losses Show Incumbents Can Be Vulnerable (USAT)

By Jill Lawrence

USA Today, August 10, 2006

WASHINGTON — So much for the benefits of incumbency. This week's Connecticut, Georgia and Michigan primaries provided hard evidence of what polls have been signaling for months: Voters are in the mood for change.

The defeats of Sen. Joe Lieberman, D-Conn., Rep. Cynthia McKinney, D-Ga., and Rep. Joe Schwarz, R-Mich., came two months after Pennsylvanians ousted 17 state legislators in primaries. “Voters are not showing a reticence to vote against entrenched incumbents,” says Charles Cook, editor of the non-partisan Cook Political Report.

Lieberman's support for President Bush and the Iraq war was central to his 4-percentage-point loss to novice Ned Lamont. The three-term veteran filed petitions Wednesday to run as an independent in November.

Democratic leaders endorsed Lamont, and a few said Lieberman should reconsider.

Republicans said Lieberman had been purged by soft-on-terrorism liberals. Lieberman was “pushed aside because of his willingness to support an aggressive posture in terms of our national security strategy,” Vice President Cheney told reporters. He added that he does not expect anti-war sentiment to dampen GOP prospects this fall.

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The Iraq war figured largely in Lieberman's race but not in the other two incumbent losses. The anti-tax Club for Growth and other conservative groups spent hundreds of thousands to defeat Schwarz. McKinney's scuffle with a Capitol cop helped seal her fate.

The three incumbents "all lost to candidates promising to do the same thing: change Washington," Chuck Todd, editor of the political report Hotline, wrote Wednesday. "Change the spending habits or change the foreign policy or simply change personal behavior."

Beyond that, moderates Lieberman and Schwarz were out of step with fired-up locals — Lieberman too conservative for Connecticut Democrats, Schwarz too liberal for Battle Creek Republicans. "They don't fit with their voters' view of government," independent analyst Stuart Rothenberg says.

Cook, Rothenberg and others warned against overinterpreting the defeats. "Three upsets do not an anti-incumbent groundswell make," said a statement by the Center for Responsive Politics. However, the group noted that Lieberman, McKinney and Schwarz each raised twice as much money as their opponents and still lost. "Challengers should be feeling more confident now," and incumbents should be worried, said the group's acting director, Sheila Krumholz.

Cook and Rothenberg point to Rhode Island Sen. Lincoln Chafee, a GOP moderate facing a conservative challenge, as a potential casualty in his state's primary Sept. 12. They predict Republicans will suffer most if not all losses by incumbents in the general election. "We're going to have significant losses, but all on one side of the aisle," said Rothenberg, editor of the non-partisan Rothenberg Political Report. He and Cook are not predicting yet whether Democrats will win enough races to take over the House of Representatives or Senate.

Recent USA TODAY/Gallup Polls show deep voter restiveness. Two-thirds are dissatisfied with the way things are going in the USA. Three-quarters say the world is more dangerous than at other times in their lives. More than half say it was a mistake to send U.S. troops to Iraq and they should be withdrawn either immediately or within a year.

Lieberman tried Wednesday to depict himself as an opponent of business as usual in Washington. "The last thing I represent is the status quo," he told CNN.

A series of Senate Democrats deserted him Wednesday, including Minority Leader Harry Reid of Nevada, campaign committee chief Charles Schumer of New York, Hillary Rodham Clinton of New York, John Kerry of Massachusetts and Connecticut colleague Chris Dodd.

Dodd said he regretted Lieberman's decision to run as an independent but said it was his to make. Clinton, at an appearance in Harlem, said she would help Lamont as much as possible and urged Lieberman to reconsider: "I'm going to just hope Sen. Lieberman will take a hard look at this and do what is best for Connecticut and the Democratic Party."

A handful of Democrats went further. Retired general Wesley Clark, a 2004 and possible 2008 presidential candidate, exhorted backers to sign an online petition and "send a message to Joe Lieberman to end his independent campaign." Simon Rosenberg, president of the centrist New Democrat Network, called Lieberman's loss "a political failure of great magnitude" and urged him to "end this part of your remarkable career."

Local, National Democrats Line Up Behind Lamont (WT)

By Charles Hurt

The Washington Times, August 10, 2006

HARTFORD, Conn. -- Democrats rallied yesterday around primary winner Ned Lamont whose anti-war campaign brought down incumbent Sen. Joe Lieberman, who filed yesterday to run as an independent.

"Our well-informed and highly educated electorate has once again proved themselves by nominating Ned Lamont to be the Democratic candidate for U.S. Senate," state party Chairwoman Nancy DiNardo said with finality yesterday at a "unity rally" with most of the state primary's winners and losers standing behind her.

Although Democrats here and across the country endorsed Mr. Lamont yesterday, few were willing to try personally to persuade Mr. Lieberman to abandon the independent campaign he began after his loss Tuesday in the primary.

"He's made up his mind," Sen. Christopher J. Dodd, the state's senior Democratic senator, said yesterday. "If Joe wants to talk about it, I'll be glad to talk to him about it. He knows where I am."

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When asked at the rally whether any of the state's Democratic leaders would personally urge Mr. Lieberman to step aside, only one hand went up -- tentatively. It was Mr. Lamont's.

Democrats worry that Mr. Lieberman's independent candidacy -- which is considered formidable because of his name recognition and historical ability to appeal to Republican and independent voters -- could split left-leaning support and give Republican Alan Schlesinger a chance at victory.

Also, Democrats worry that it will cause friction inside the party, which yesterday's unity rally was designed to stem.

But Mr. Lamont yesterday said he would win anyway.

"He'll end up splitting the Republican vote," he told CNN about Mr. Lieberman. "He gets a lot more support from Republicans than he does from Democrats."

Mr. Lieberman, who has served as a Democratic senator from this state for 18 years and held other statewide offices for eight years before that, steered clear of the gathering.

Even before the late-morning rally began at the state party headquarters, Mr. Lieberman had filed papers with the secretary of state to run as an independent. Although he has defiantly promised to avenge what he called a distorted primary campaign against him, he faces incredible pressure both locally and nationally to step out of the race.

Senate Minority Leader Harry Reid of Nevada and Sen. Charles E. Schumer of New York, chairman of Senate Democrats' campaign committee, said in a joint statement yesterday that Democrats in Connecticut "have spoken" and that Mr. Lamont is the party's nominee.

"Joe Lieberman has been an effective Democratic senator for Connecticut and for America," they said. "But the perception was that he was too close to George Bush and this election was, in many respects, a referendum on the president more than anything else."

Democratic Sens. Edward M. Kennedy of Massachusetts, Frank R. Lautenberg of New Jersey and Hillary Rodham Clinton of New York all pledged their support for Mr. Lamont yesterday, although none explicitly called for Mr. Lieberman to step aside.

Mrs. Clinton came closest, saying Mr. Lieberman should "search his conscience and decide what is best for Connecticut and for the Democratic Party."

Liberal activists and bloggers -- who fueled Mr. Lamont's campaign early on and drew national attention to the race -- were gloating yesterday not only over their own success but also over the defeat of someone they accused of straying too far into the Republican camp.

"Let the resounding defeat of Senator Joe Lieberman send a cold shiver down the spine of every Democrat who supported the invasion of Iraq and who continues to support, in any way, this senseless, immoral, unwinnable war," anti-war moviemaker Michael Moore told supporters yesterday.

Although Democrats tried putting the best spin yesterday on the leftward lurch of their party, signs of strain were already evident.

"Nearly every Democrat set to run for president in 2008 is responsible for this war," Mr. Moore fumed. "Lieberman and company made a colossal mistake -- and we are going to make sure they pay for that mistake. Payback time started last night."

From the sidelines, Republicans watched as Democrats surveyed their party's internal damage. In a speech yesterday in Ohio, Republican National Committee Chairman Ken Mehlman called it a "sobering moment."

"Like the proud history of so many Democrats before him, Joe Lieberman believed in a strong national defense," he said. "For that, he was purged from his party."

Vice President Dick Cheney also joined his voice to the Republican chorus, saying that "when we see the Democratic Party reject one of its own -- a man they selected to be their vice-presidential nominee just a few short years ago -- that would seem to say a lot about the state the party's in today," a state he called "a pre-9/11 mind-set."

But as of last night, Mr. Lieberman was showing no signs of backing down. He announced a complete reshuffling of his campaign from its manager on down. But he was quick to add that he blames only himself for his primary loss.

Democrats Find Direction In Conn. Vote (BSUN)

By Paul West

The Baltimore Sun, August 10, 2006

WASHINGTON -- Former Sen. John Edwards was the first national Democrat to congratulate anti-war candidate Ned Lamont on his primary victory over Sen. Joseph I. Lieberman, but the phone call wasn't really about Connecticut.

Edwards is aggressively pursuing his party's presidential nomination, and his call was a reflection of Lamont's emergence as a liberal hero and nod to the new reality of this election year.

Anti-war fever is raging. Democrats, especially those on the left, are angry and aroused, and candidates ignore them at their peril.

"People want change," said Connecticut Sen. Christopher J. Dodd, a recent entrant in the 2008 presidential chase. "That's really what voters, I think, were saying more than anything else."

Dodd, who campaigned for Lieberman, warmly endorsed Lamont Wednesday. He cautioned against reading too much into Tuesday's vote, then added: "Obviously, the Iraq war is a major issue and the ignition behind all of this."

Incandescent anger over the war and the failure by Democrats in Washington to effectively counter President Bush and the Republican-controlled Congress are fueling the resurgence of the party's liberal wing, say politicians and analysts. Incumbents are on notice that they shouldn't take re-election for granted.

On the morning following Tuesday's primary, Democrats began taking sides after Lieberman submitted petitions to put his name on the November ballot as an independent. Most elected officials are backing the primary winner, as are state and national party committees.

Privately, Democrats said it would be a mistake to write off the 64-year-old senator, who has promised to vote with Democrats in organizing the Senate if he wins. Lieberman stands a reasonable chance of gaining re-election, they said, if he can maintain his support among independents and Republicans, who lack a viable candidate in the general election, and hold onto most of the Democrats who voted for him this week. A pre-primary poll last month showed him winning a three-way race.

In television interviews Wednesday, Lieberman sought to portray those who helped defeat him as extremists. He singled out Rep. Maxine Waters, a liberal firebrand from Los Angeles who made repeated campaign appearances in Connecticut, as Lamont's "number one supporter."

"There's too much domination of our politics by the extremes of both parties," he said on CNN.

In a Michigan primary this week, conservative voters ousted a Republican incumbent accused of being too liberal. Freshman Rep. Joe Schwarz lost Tuesday to a conservative challenger who attacked his support for abortion rights and embryonic stem cell research.

ßkern2 Lieberman, rejecting Democratic pleas to abandon his independent candidacy, described it as "a cause" to keep the Democratic Party from being "taken over by people who are so far from the mainstream of American life that I fear we will not elect Democrats in the numbers that we should in the future."

Lamont, who might owe his victory margin to independents who switched to the Democratic Party to vote in the primary, said he was "proud of the fact we have tens of thousands of new Democrats who've gotten involved. ... I wanted them to have something to believe in."

The wealthy 52-year-old businessman, who has put about $4 million of his own money into the campaign, tried to avoid sharp criticism of Lieberman Wednesday.

In a TV interview, Lamont did repeat a theme of his campaign, in tune with an anti-incumbent mood that could help Democrats regain a majority in Congress this year.

"Look," he said on CNN, "why does Washington have to be just for career politicians? [Voters] want somebody who's going to go down to Washington, D.C., and not be afraid to shake things up a little bit, speak on behalf of the common good, and solve some of these problems that the Bush administration just kicks the can down the road."

Divisions over Lieberman's candidacy are, in some respects, details of a larger picture: the growing influence of an energized Democratic left and its impact on the party's efforts to regain power in Washington.

Former Rep. Martin Frost, a Texas moderate who headed the Democratic Party's House campaign committee in the 1990s, said party leaders in Congress must "recognize that there is significant anti-war sentiment in the Democratic Party, but

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[they can not] go all the way over to the anti-war side and give Republicans an opportunity to paint Democrats as soft" on national defense and fighting terrorism.

ßkern2 Republicans lost no time trying to do just that. Attempting to drive the wedge deeper in the Democratic split, Republican National Committee Chairman Ken Mehlman said Lamont's victory was evidence that Democrats have be come the party of "retreat and defeat." Lamont might have aided his critics' efforts to portray him as an extremist by letting the Rev. Al Sharpton and the Rev. Jesse L. Jackson -- two of his party's most polarizing figures -- stand shoulder-to-shoulder with him at his primary night victory celebration.

Mehlman extended the criticism to other contests. In a Cleveland speech, he described Rep. Sherrod Brown, the Democratic challenger to endangered Republican Sen. Mike DeWine, as "Ohio's answer to Ned Lamont." The Republican Party also posted a new Internet ad that sought to demonize Lamont by adding him to a Democratic rogues gallery that featured party Chairman Howard Dean and liberal filmmaker Michael Moore.

But liberals countered that the Connecticut vote was in line with the shifting views of most voters around the country. Robert Borosage of the Campaign For America's Future, a liberal advocacy group, said Lamont represents "a new moral center" in American politics. In an audio statement on his group's Web site, Borosage, a former Jackson campaign adviser, said Lamont's positions on ending the war in Iraq and spending more on education, health care and energy development at home are "policies that have the support of the vast majority of Americans in poll after poll."

Democrats and some independent analysts questioned whether the vote in Connecticut, one of the most liberal states in the nation, would have significant spillover effect on other contests this year. But they said the Lieberman-Lamont race had put a national spotlight on the pressures that Democratic presidential candidates are facing and on the party's continuing struggle to deal with the war.

Since before the 2003 invasion, Democrats have been unable to agree on a unified position on Iraq and are split between those demanding an immediate pullout and others who argue that leaving now would only make the Mideast situation worse.

But as the death toll in Iraq has grown, many of those eyeing the 2008 nomination have become increasingly critical of the U.S. involvement there.

Massachusetts Sen. John Kerry, the 2004 nominee, admitted last year that he had been wrong to give Bush the authority to invade Iraq. Edwards, his running mate, issued a public apology for voting in favor of the war.

Former Vice President Al Gore, who lost to Bush in 2000, has been his party's most prominent war foe, and there continues to be speculation that he would launch another try. Others have moved more slowly, apparently concluding that the more sharpl y they turn to the left, the tougher it would be to get back to the center, where the moderate swing votes that often decide elections are found.

New York Sen. Hillary Rodham Clinton, the Democrats' presumed favorite in 2008, has sought to position herself as a proponent of a strong national defense. One of the staunchest Democratic supporters of the war effort, she drew jeers from liberal activists two months ago when she spoke out against setting a date for a U.S. withdrawal.

Lieberman's defeat "puts a lot of pressure on Hillary Clinton," said Merle Black, an Emory University political scientist. "She hasn't disowned her vote [authorizing force against Iraq], unlike Kerry and John Edwards."

ßkern2 Ten days ago, Clinton quietly endorsed the demand of Democratic leaders in Congress that the United States begin a phased withdrawal from Iraq this year. Her re-election campaign Web site now features prominently her criticism of the war effort last week and her call for the resignation of Defense Secretary Donald H. Rumsfeld, a move that won her praise from liberals such as Borosage, who praised her show of "backbone."

Clinton endorsed Lieberman but avoided the Connecticut campaign trail, promising to support the primary winner. Wednesday, she gave her backing to Lamont and said she would help him "in every way that I'm requested."

One State's Independent Streak (WP)

By Linton Weeks

The Washington Post, August 10, 2006

DOJ_NMG_0046032

A three-term senator in Connecticut is defeated in his race for a fourth term. He abandons his party and runs as an independent. Sound familiar?

It happened in 1988 when Republican Lowell Weicker lost to Democratic challenger Joe Lieberman. Weicker walked away from the GOP, ran for governor as an independent in 1990 and won.

In politics, what goes around comes around, and now an eerily similar scenario is playing out for Lieberman, a three-term senator who lost on Tuesday in Connecticut's Democratic Senate primary to Ned Lamont. Lieberman says he will now run for the Senate in November as an independent.

Who would know better what it's like to run as an independent in that neck of the woods than Weicker?

Looking back on his independent candidacy, "my troubles were pretty clear," Weicker says from his home in Essex, Conn.

He says that his role in the Watergate investigation and his opposition to certain Reagan administration spending cuts "teed off a lot of Republicans."

But he says there were still enough moderate Republicans and Democrats to elect him governor.

Scott Overland, a spokesman for the Lieberman campaign, says his boss believes "deep in his heart" that he is the one person running for the Senate who can represent all of Connecticut's citizens and that he wants a chance to be reelected by all the voters.

Overland says that Lieberman has shown his independence by taking a stand on the Iraq war "that didn't help him politically."

"He believes it was the right thing to do," he says.

In 35 years of public service, Overland continues, Lieberman has built bonds with people of all political parties in the state. He says that Connecticut has shown it can elect an independent candidate. His example: Lowell Weicker.

Weicker, 75, says of Lieberman, "You have to take a look at the origins of his candidacy. And of mine. I made a decision, persuaded by Republicans, to run. But only to run as an independent."

Weicker says it would never have occurred to him to run as a Republican first, then as an independent if he lost.

"I had been thinking about leaving the Republican Party for some time."

But Lieberman, Weicker says, "set himself up to take two bites of the apple. First to run as a Democrat and then, if that didn't work, to run as an independent."

Independents are rare in the Senate. There's only one, Vermont's Jim Jeffords, who was actually elected as a Republican.

In Connecticut, Weicker had become sufficiently liberal that in 1988, conservative Republicans like William F. Buckley Jr. supported Lieberman. Weicker, who was a member of the Senate's Watergate committee, had alienated many Republicans years earlier by criticizing Nixon.

Lieberman likewise alienated many Democrats with some of his policy positions when he ran as Al Gore's vice presidential candidate.

In 1982, a fellow Republican tried to unseat Weicker -- just as Lamont unseated Lieberman. Oddly enough, that Republican was Prescott Bush Jr., brother of the sitting vice president and uncle to the present president. Weicker, independent-minded even as a Republican, beat him handily.

Here's where the parallels end.

Lamont is against the war in Iraq; Lieberman has supported it. Weicker -- who is also against the war -- thought about running against Lieberman on that one issue, but Lamont entered the race and Weicker supported him.

Thomas D'Amore Jr. was one of those Republicans who encouraged Weicker to run as an independent.

D'Amore was once chairman of the state Republican Party and left it when Weicker ran for governor. He served as Weicker's chief of staff -- for the governor's one term -- and recently as senior adviser to Lamont. D'Amore says that he is a great supporter of independent candidates but that Lieberman's candidacy is not an independent one.

"It's all about Joe Lieberman," he says. Weicker is far less polite when talking about the man who defeated him a forever ago.

Weicker does not believe that Lieberman has the coalition necessary to win.

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In the beginning of the race, Weicker says, Lieberman held a 50-point lead and there were many people -- Democrats, Republicans and independents -- who said they were supporting him. That lead evaporated, and, Weicker believes, so did much of Lieberman's multipartisan support. "When Lieberman says 'I closed fast,' that's [expletive]," Weicker says. "No doubt he's hanging onto the Republican right. I suspect his independent support has eroded."

Overland believes that people like Weicker, "who have been out of politics for a decade," have no business attacking Lieberman. Weicker, Overland says, "is not really criticizing the senator on the issues, he's taking cheap shots."

But Weicker, like Lieberman, is passionate about his politics.

There is a strong independent constituency in Connecticut, Weicker says, but "I suspect the public is going to see right through" Lieberman's party switch.

It's not the purpose of the U.S. Senate to provide Lieberman with steady employment, he says.

"He wants a job."

Shock Wave From Lieberman Race (CSM)

By Linda Feldmann

The Christian Science Monitor, August 10, 2006

WASHINGTON

Connecticut Sen. Joseph Lieberman's defeat in the Democratic Party primary has sent a shock wave across the American political landscape, reverberating beyond this November's midterm elections and into the 2008 race for the presidency.

By the time the returns were in Tuesday night, showing Senator Lieberman losing to antiwar businessman Ned Lamont 52 percent to 48 percent, the sight of the 2000 vice presidential candidate losing his party's nomination for a fourth Senate term did not come as a surprise. Polls had shown Lieberman trailing for weeks. Still, the loss came as a stark reminder to all Washington politicians that the support of the voters back home can never be taken for granted - especially if their position on a central issue, in this case the Iraq war, differs markedly from that of a critical mass in their own party.

"It shows the discontentment among Democrats both at [President] Bush and many of his policies - particularly the war - and their desire that the leaders of the Democratic Party in Washington take a more aggressive stance against the administration than Senator Lieberman did," says Howard Reiter, head of the political science department at the University of Connecticut in Storrs.

As political players across the spectrum spun and analyzed the result, Lieberman himself pressed ahead with an independent candidacy, setting up a three-way general election Nov. 7 that pits him against Mr. Lamont and a weak Republican, Alan Schlesinger, who has faced embarrassing allegations about gambling habits. Polls taken before his primary loss showed Lieberman winning such a three-way contest, pulling majority support among Republicans and independents.

But the postprimary world has changed, and Lieberman's prospects are uncertain. Many of his closest Senate allies are now backing Lamont, and his ability to raise funds and organize as an independent remains an open question. Wednesday morning, state Democrats held a unity event with Lamont on the steps of the state capitol in Hartford.

Republican leaders quickly portrayed the Lieberman loss as an example of the Democrats' "cut and run" approach to Iraq and a desire to purge those who believe in a "strong national defense."

The Lieberman defeat "reflects an unfortunate embrace of isolationism, defeatism, and a 'blame America first' attitude by national Democratic leaders at a time when retreating from the world is particularly dangerous," Republican national chair Ken Mehlman told the City Club of Cleveland Wednesday morning.

Democrats of all stripes fired back. In a conference call with reporters, Rep. Rahm Emanuel of Illinois, head of his party's House campaign committee, saw high energy among Connecticut Democrats that will carry through until November. "This should be a flashing red light to the Republican Party," he said, noting the other incumbents, a Republican and a Democrat, defeated in primaries Wednesday. "There's a message to the level of anti-incumbency that resonates in both parties."

Given that more Republican incumbents face serious challengers than Democrats do, that's another flashing red light to the GOP, he said.

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MoveOn.org, one of the "netroots" organizations that helped raise money and provide on-the-ground people power for Lamont, saw all positives for national Democrats in Tuesday's outcome. "Some will say this is a split in the Democratic Party. No, it's the story of a politician who was way too close to George Bush," says Tom Matzzie, MoveOn's Washington director. "Given the disaster in Iraq, Republican leaders are hardly qualified to comment.... If they want to make this election about Iraq, bring it on. I think voters will hold politicians accountable."

In the centrist wing of the Democratic Party, where Lieberman is most at home, analysts sought to minimize any national message in the senator's loss.

"In the end, it's one race - and an idiosyncratic race in a lot of ways, so it's hard to extract lessons from it," says Will Marshall, president of the Progressive Policy Institute, a centrist Democratic think tank.

Mr. Marshall says he didn't think Lieberman's position on the war was so much the problem as that he "expressed insufficient disdain and criticism for Bush." He says Lieberman's defeat represents "a setback for people who think the party ought to be unifying around a strategy that can recapture the Congress in this election and put us in striking position for the White House two years hence."

Even before Tuesday, Lieberman's troubles appeared to be affecting the 2008 presidential race - or at least one senator thinking of running for her party's nomination. In a hearing last week, Sen. Hillary Rodham Clinton of New York - who supported military action against Iraq and has yet to disavow that 2002 vote - was particularly aggressive in criticizing Defense Secretary Donald Rumsfeld's handling of the war, and called for his resignation. Senator Clinton has long sought to portray herself as a centrist on defense issues, a position that some party members felt was the safe position for her to take.

Now, says a Democratic consultant speaking on background, Clinton remains the "800-pound gorilla" in the race for the nomination, and "she needs to make a mistake not to get it." He adds: "One mistake she could make is going too far afoul of the liberal activist base of the party, and she's seeing in Connecticut just how strong [that base] is in the nominating process, and how important the war is to those folks."

The Lamont Democrats (WSJ)

The Wall Street Journal, August 10, 2006

Ned Lamont's toppling of three-term Democratic Senate incumbent Joe Lieberman is a political thunder clap, arguably the most important victory for the American left since the Watergate rout of 1974. Senate incumbents are always hard to beat, never mind one who was on his party's national ticket only six years ago. Connecticut Democrats understood the choice, and their judgment can't be dismissed as a fluke of the Angry Left blogosphere.

Conservatives who are dismissing this as another suicidal lurch to the left should also be more respectful of voter sentiment. We're old enough to recall conservative Jeff Bell's upset of Senator Clifford Case in a New Jersey GOP primary in 1978. The media and political establishments sniffed at that result, and Mr. Bell lost in November to Bill Bradley. But it turned out his primary triumph was also a harbinger of Ronald Reagan. Mr. Lamont's victory is a sign of a resurgent political left that in its opposition to the Iraq War has found an issue that resonates with many voters.

On the other hand, Mr. Lamont has only won a primary, and Republicans and Mr. Lieberman now have a chance to frame the general election debate from here to November. The Lamont victory means that the Democrats are now the withdraw-from-Iraq party. Democratic leaders in the House and Senate united behind a somewhat more cautious pullout policy last week, calling for a phased withdrawal beginning this year. But with the support Mr. Lamont is now drawing from mainstream Democrats, the momentum within the party is all toward the come-home-now left.

This means that if Democrats retake Congress, we will be back where we were in Vietnam circa 1975. Early that year the Congressional left blocked funds for our allies in the government of South Vietnam, weakening its defenses even as Hanoi massed for an attack. Within weeks, the North was on the march and the last American helicopters were leaving Saigon. The stakes are just as serious today in Iraq. The defeat in Vietnam could at least be contained elsewhere in Southeast Asia, although the Soviet Union was clearly emboldened to assert itself via proxies from Afghanistan to Central America.

A precipitous withdrawal from Iraq would likewise signal a defeat echoing far beyond Baghdad. Iran would exploit the turmoil in Iraq to assert itself in the Middle East, and both terrorists and their state sponsors would feel they could hit us again, this

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time with confidence that any U.S. response would be limited, as it was before 9/11. The idea that quitting Iraq would be discrete penance for President Bush's invasion is a delusion against an enemy that cited our 1993 withdrawal from Somalia as a reason to believe it could attack New York with impunity.

The Lamont Democrats argue that a timetable for withdrawal will prod Iraqis to defend themselves more quickly. But there's a reason that every Iraqi ethnic faction -- Sunni, Shiite and Kurdish -- save for the most radical wants the U.S. to stay until security improves. They know the Iraqi Army is standing up as rapidly as possible. They also know the main security threat today comes from Sunnis affiliated with Saddam's regime and ethnic Shiite militias. An American withdrawal would only make Iraqis less likely to take personal risks to assist the new government in defeating those threats. And it would only increase the sectarian violence, as everyone picks sides in preparation for the day when the last Blackhawk helicopters leave Baghdad.

These are the stakes that Mr. Bush, Senator Lieberman and Republicans need to make clear to American voters. In the case of Mr. Lieberman, the pressure is already building for him to renege on his intention to run as an independent. Senate Democratic leaders embraced Mr. Lamont yesterday, and you can expect that both Hillary and Bill Clinton will also soon ask their old college friend to drop out. As she triangulates her way toward the 2008 Democratic Presidential nomination, Senator Clinton has to find some way to appease the newly ascendant Lamont-George Soros-MoveOn.org wing of her party. Ms. Clinton conveniently chose last week to call for Donald Rumsfeld's resignation, and Mr. Lieberman will be her next political offering.

But Mr. Lieberman has every reason to believe he can win in November if he stays in the race. His margin of defeat Tuesday was less than four percentage points, suggesting that many Democrats still support him. The GOP candidate has no chance of winning, so most Republican voters will also swing to his side as the choice becomes clearer. Most of all, Mr. Lieberman knows the consequences for U.S. security if the Lamont Democrats prevail. A Senator Lieberman would prod the Bush Administration for a strategy to win in Iraq; a Senator Lamont would cut and run and hope for the best. * * *

As for the commander in chief, we hope he was also paying attention to Tuesday's outcome. The American public will support a President at war, but only as long as it believes there is a strategy to win. And no President can maintain a war for long without any support from the opposition party; sooner or later his own party will begin to crack as well.

Mr. Bush can help his own cause by going on offense in Baghdad, adding more troops if necessary and doing whatever it takes to demonstrate that the fight continues to be worth the cost in lives and treasure. The Lamont Democrats may be dangerously wrong, but the American people will turn to them in frustration if Mr. Bush doesn't make the policy differences and the security stakes perfectly clear.

A Judgment On Iraq (WSJ)

By Wesley K. Clark

The Wall Street Journal, August 10, 2006

Republican strategists could hardly be happier with the outcome of the Connecticut Democratic primary. And Democrats should be deeply concerned in the near term. But if I were a Republican, I'd recognize this as the beginning of the end. Forget about the neocons. This era is over.

Near term, for the Republicans, this is a triple-edged opportunity. First, the vote was close enough that, if Joe Lieberman follows through on his threat to run as an independent, there's a strong possibility of his winning, with a lot of Republican support, and thereby raising the bar even further for the Democrats' quest to regain control of the Senate this year.

Second, the fact that Mr. Lieberman lost the primary can also feed a national spin machine to talk about "feckless, antiwar Democrats," "not strong enough to protect America," and all the other noxious labels currently in play by the president's defenders. And the third bonus effect for Republicans is to play up the story about how the Dems are split, and lack the unity to win midterm elections, much less govern.

For the Democrats, the election is a snapshot of a revolt in the making, but not yet done. The truth is that Democrats are as patriotic as Republicans, want a strong and secure America, and like every other American, want to trust the president and his team on national security issues. And perhaps, being in Washington, associating with the administration and lawmakers of the other party, it's been more difficult for elected Democrats to sense the mounting rage in much of the electorate over the failures of President Bush's policies, and especially the seemingly never-ending war in Iraq, and his blatant partisanship.

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It's been easy for some of the media to talk disparagingly about "bloggers," but it's also misleading. For the anti-Lieberman vote in Connecticut wasn't just bloggers. The public doesn't have to live with the reminders of old sentiments, jingoistic pronouncements, or votes in the House or Senate. Instead, the public is free to observe, listen and judge. And that judgment has been passed, especially on Iraq: The war was a mistake. Flawed intelligence, overly optimistic planning (or in some cases, none at all) and grandiose geostrategic designs, hyperinflated rhetoric about democracy, and perhaps raw political advantage. Whatever. The public hasn't quite sorted it out -- but they know a failure when they see one. And Iraq, as well as the larger Middle East policy, is such a failure.

Iraq isn't Vietnam. America can't just walk away without horrendous consequences. But "stay the course" isn't a strategy. And the longer the bleeding goes on there, the harder the electorate will dig for answers -- and the tougher they'll be on those who got us in, and aided, abetted and apologized for them.

Perhaps politicians in office will listen a little more attentively now to the outside-the-beltway voices; they'll challenge more, stand up earlier, fight a little tougher against the administration's leadership. And perhaps they'll sweat a little to gain some stand-off from their earlier positions. Longstanding relationships at home, a comfortable bank account, and the continuing blandishments of the lobbying crowd will no longer be sufficient -- Joe Lieberman's defeat shows that the public is now engaged in politics.

The Republicans will suggest that Democrats aren't up to it. They'll play the terrorist-threat card, hope for a few more messages of bin Laden, and ask whether an antiwar party can be trusted to keep America safe. But this is just the spin. The truth is the Democratic Party -- elected leaders, party regulars and the big-time donors -- pretty much agree on the failures of the administration, and even on the policies that need to be adopted, like stronger diplomacy and more reliance on allies and international organizations, coupled with a willingness to fully fund, rearm, strengthen and use America's armed forces. The Connecticut primary will ensure that the Democrats push their positions -- and their differences with the administration -- even more forcefully.

Now Democrats have to be able to stand toe-to-toe against Republicans and their failing policies on national security. There's no dodging it, and no hanging on to the administration's coat-tails, either. Democrats in every race have to be able to speak the language of national security. And convince the electorate that we are a "full-service" party, as ready to be trusted on national defense as on health care, education, or equal opportunity.

The Connecticut race and Republican spinmeisters will be troublesome for Democrats. But the growing public awareness provides Democrats the opportunity to reshape our party to help America meet the challenges ahead. For Republicans, it signals the end of using patriotism to cover up for persistent failures to deal effectively with pressing national security issues.

Lieberman Loss Signals Anti-war Mood (FT)

By Holly Yeager In Hartford, Connecticut

Financial Times, August 10, 2006

The failure of Joseph Lieberman to win renomination to contest his Senate seat represented a sharp rebuke to supporters of the war in Iraq and a warning to all incumbents that US voters are in the mood for change.

Mr Lieberman, a three-term Democratic senator and former vice-presidential candidate, lost in his party's primary on Tuesday to Ned Lamont, a wealthy cable television executive and political novice.

The result poses risks for Democrats. Mr Lamont made Mr Lieberman's support for the war the primary issue in the Connecticut race, and Republicans rushed to paint his victory as proof that the Democrats are soft on national security.

"Like the proud history of so many Democrats before him, Joe Lieberman believed in a strong national defence. And for that, he was purged from his party," said Ken Mehlman, chairman of the Republican National Committee. He said the vote reflected "an unfortunate embrace of isolationism, defeatism, and a 'blame America first' attitude by national Democratic leaders at a time when retreating from the world is particularly dangerous".

Mr Lieberman's loss – a rare defeat of an incumbent in a party primary – had been anticipated by recent polls. But the final margin, 52-48 per cent, was closer than expected, encouraging Mr Lieberman to follow through with what he told supporters would be the "second half" of the race.

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Mr Lieberman, a moderate with a record of working across party lines, filed petitions on Wednesday that would allow him to run in November's election as an independent candidate, rejecting the calls of some Democrats who said such a move would hurt the party.

"I will respectfully say, 'No, no, no'. I am in this race to the end."

Party leaders stopped short of publicly calling for Mr Lieberman to step aside.

But they did endorse Mr Lamont. "I respect the decision of the voters and endorse the Democratic candidate, Ned Lamont, and look forward to working with him for a great congressional victory in Connecticut," said Nancy Pelosi, the party leader in the House of Representatives.

Democrats said they were encouraged by the unusually high turnout in the race, a signal they said of how energised Democratic voters were, and how eager to unseat Republicans in the November midterm elections.

Mr Lamont's upstart campaign was not based solely on the war.

He campaigned on a broad array of liberal issues, including education and universal healthcare and his effort was fuelled by long-simmering discontent with Mr Lieberman, who many state voters said had lost touch with the state as his national profile rose.

It also marked the greatest political victory yet for left-wing bloggers who embraced his candidacy and drew national attention, money and volunteers to the effort, eager to cement the role of the anti-war faction of the party ahead of the 2008 presidential contest.

During his victory celebration on Tuesday, Mr Lamont thanked the "netroots and grassroots" who had helped him, along with labour activists, civil rights leaders and others. "We've got a coalition for change – it's starting in Connecticut and we're going to take it beyond."

The most powerful image of the campaign was what Mr Lamont's supporters called "the kiss" – which President George W. Bush appeared to give Mr Lieberman after the 2005 State of the Union address. It was depicted on a papier-mache float that showed up at Mr Lieberman's events and emblazoned on buttons.

After Bill Clinton campaigned for Mr Lieberman, his backers tried to highlight another image – "the hug" with the popular former president.

But as they assessed what had gone wrong for Mr Lieberman, his advisers said he had been too slow to respond to Mr Lamont's complaints about his support for the war in Iraq: too little, too late.

Many of Mr Lieberman's strongest supporters said they would stick with him for his independent run, shouting "Go, Joe, Go!"

Johnny DiDonato, a marketing executive at a frozen pasta company, said he disagreed with Mr Lieberman on the war. "But you can't punish him for just one thing."

Voter Anger That Cuts Both Ways (WP)

By David S. Broder

The Washington Post, August 10, 2006

The usual political torpor of August was shattered this week by the news that three congressional incumbents had lost their races in a single day. There were special forces at work in the contests in which two Democrats -- Sen. Joe Lieberman of Connecticut and Rep. Cynthia McKinney of Georgia -- and Michigan Republican Rep. Joe Schwarz were defeated. But taken together they are the strongest signal yet of voter dissatisfaction with the status quo in Washington.

McKinney, a combative politician, lost (for the second time in her career) largely because of her unpleasant personality. Schwarz, a physician and freshman House member who had headed the John McCain forces in Michigan, fell victim to a heavily financed right-wing effort to punish him for his support of stem cell research.

The "shake up Washington" theme was explicit in millionaire businessman Ned Lamont's 52 to 48 percent defeat of Lieberman, the 2000 Democratic vice presidential nominee, in the headline event of the day, the Connecticut Democratic primary. Lieberman could claim 18 years of Senate seniority and long service in state government, a reputation for personal integrity, prominence on both foreign and domestic issues, and the active support of his party leaders from Bill Clinton on down.

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But when I went to Connecticut three weeks before the primary, it was evident that he was going to be overwhelmed by the passion to "send a message" through Lamont of frustration with the war in Iraq, the Bush presidency and Congress.

Lieberman, as I wrote, represented a candidacy, while Lamont embodied a cause -- and it was clear that the cause would prevail.

But for how long is a question. Lieberman has filed signatures for a place on the November ballot as an independent, and he has vowed to make the race, no matter how many in his party urge him to drop the fight. And it need not be futile. Rep. Chris Shays, the Connecticut Republican whose seat is a target for the Democrats this year, told me the morning after the primary that he is supporting Lieberman and thinks he can win a three-way race against Lamont and the weak Republican challenger, Alan Schlesinger. Other prominent Republicans are also poised to back Lieberman and raise money for him.

In the primary, Lamont found his most prominent support on the far-left flank of the Democratic Party. His organization was a hand-me-down from the Howard Dean presidential campaign, bolstered by a blizzard of Internet blogs from outside his home state. His roster of visiting campaigners was uniformly of the same political slant -- notably Jesse Jackson, Al Sharpton and Rep. Maxine Waters of California.

Now, with former Lieberman supporters such as Connecticut Sen. Chris Dodd and Rep. Rosa DeLauro closing ranks behind Lamont, the novice candidate will have an opportunity -- and an urgent need -- to moderate his stance and attempt to broaden his base.

DeLauro told me that Lamont has to be "more than an antiwar candidate" and that he has to balance his calls for an early withdrawal from Iraq with other positions that demonstrate that he and his party understand the need for a robust military and a commitment to oppose terrorism. With hopes of defeating not just Shays but also two other Connecticut Republicans, the Democrats simply cannot afford to be "McGovernized" by the GOP charge that they would abandon the fight against those who have targeted the United States.

Nonetheless, you can see the disillusionment with Iraq coloring Democratic politics more broadly. Hillary Clinton, that most cautious of centrists, delivered a public tongue-lashing to Don Rumsfeld last week over his mismanagement of the war and said he should resign. And New Mexico Gov. Bill Richardson, who is coordinating the party's effort in the 36 gubernatorial races this year, told me this week that he thinks the Iraq issue "will spill over" into those contests, adding two or three points to the Democratic side. With American generals talking openly about Iraq's verging on civil war, he said, "it allows Democrats to take positions that are responsive to the public and yet are protected from Republican political attacks."

The opposition to current policy in Iraq is building -- and so is dissatisfaction with a Washington that seems to be drowning in partisanship and incapable of breaking its policy gridlock on immigration, energy or health care. The protests are coming from both the right and left, but the greatest frustration is among the broad swath of centrist voters who feel they have no voice. In this environment, incumbents of neither party can feel safe.

davidbroder@washpost.com

Why The Republicans Are Loving The Lieberman Loss (TIME)

By Mike Allen

Time, August 10, 2006

fall

From Washington State to Missouri to Pennsylvaina, Democratic candidates found themselves on the defensive Wednesday as the Republican Party worked ferociously at every level to try to use the primary defeat of Sen. Joseph Lieberman of Connecticut to portray the oppposition as the party of weakness and isolation on national security and liberal leanings on domestic policy. Doleful Democrats bemoaned the irony: At a time when Republicans should be back on their heels because of chaos abroad and President Bush's unpopularity, the Democrats' rejection of a sensible, moralistic centrist has handed the GOP a weapon that could have vast ramifications for both the midterm elections of '06 and the big dance of '08.

One of the nip-and-tuck Senate races this year is in Missouri, and backers of Sen. Jim Talent are preparing an attack on his opponent, State Auditor Claire McCaskill, that is emblematic of the sort that will be seen all over the country within 24 hours. "Does Claire McCaskill support the wishes of the angry left by endorsing Ned Lamont's candidacy or will she support the man

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who was chosen by Al Gore as the Democrat's 2000 nominee for Vice President?" Republicans ask in a statment that will force McCaskill to talk about messy party business instead of her favored issues of government accountablity and affordable health care.

House candidates planned a similar tack, and the National Republican Congressional Committee issued a memo this morning playing up the potential distraction of Lieberman's independent candidacy in a state where three GOP incumbents — Reps. Rob Simmons, Chris Shays and Nancy Johnson — are perennially endangered. The memo said Connecticut Democrats "will now continue to train their attention on vanquishing Senator Lieberman when their three House candidates need all the help the can get."

Some senior Democrats hoped Lieberman would bow out to avoid underscoring party divisions. But Dan Gerstein, a strategic communications consultant who is a senior adviser to Lieberman, tells TIME that the independent campaign — formally called "Connecticut for Lieberman" — is "full steam ahead" and that the Senator's remarks on election night were "a point-of-no-return speech." Lieberman was doing a series of interviews, mostly with Connecticut reporters, and plans some campaign stops on Thursday with Democrats who supported him and will continue to do so. Organizers shied away from calling it a kick-off tour, instead saying it is a new phase of the campaign. "He's committed," Gerstein said. "He feels liberated and he feels very strongly it's the right thing to do." Gerstein said the Senator is prepared to have some tough conversations with senior Democrats, perhaps even former President Bill Clinton, who may pressure him to withdraw. "He feels there's something much larger at stake," Gerstein said.

Gleeful Republicans across the country mocked their opponents as isolationist "Defeat-ocrats," and even some Democratic officials said they can already imagine the ads in November races saying that Lieberman, once within a few hundred votes of being Vice President of the United States, is now "not liberal enough" for the Democratic Party. Republican officials, who have had little but bad news for months as Iraq festered and U.S. voters showed increasing signs of pessimism and discontent, said the Ned Lamont victory gave them a chance to paint Democrats as a party that had become captive to the liberal wing symbolized by the MoveOn.org civic action group. Mary Matalin, an outside adviser to the White House, signaled the message when she said on Fox News Channel shortly after the polls closed: "MoveOn is not fringe. They're the heart of the party."

On television and in speeches in coming days, party officials and strategists plan to talk about their respect for Lieberman as a distinguished public servant and argue that Lamont's victory represents the end of the long tradition of strong-on-national-defense Democratic leaders in the mold of Franklin Roosevelt, Harry Truman, and John F. Kennedy. The GOP plans to try to broaden the argument beyond Connecticut, a liberal stronghold, and work to convince viewers and voters that Democratic nominees across the country have more in common with Michael Moore and liberal bloggers than Main Street America.

Republican National Committee Chairman Ken Mehlman, speaking to the City Club of Cleveland this morning, said the rejection of a well-liked Senator who was strong on national defense showed that Democratic candidates must embrace "defeatism and isolation" or "risk being purged" for their party. "For those of us who follow politics closely, who work in politics, and who know that there can be good and honest people on the other side of the political divide, it is a shame," he said. "It is also a sign of what the Democratic Party is has become in the 21st century. It reflects an unfortunate embrace of isolationism, defeatism, and a 'blame America first' attitude by national Democratic leaders at a time when retreating from the world is particularly dangerous."

Trying to look on the bright side, Democratic National Committee Chairman Howard Dean issued a statement this morning pointing to strong turnout in the primaries and declaring that Democratic voters "are energized." The challenge for Dean, and his party, is to channel that energy in a direction that makes victory more likely, not less.

Jury Out On Lieberman Effect (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, August 10, 2006

Sen. Joseph I. Lieberman's decision to run as an independent against Ned Lamont, Connecticut's new Democratic nominee for Senate, will mean that three marquee U.S. House races in the state will have to share top billing in November with a bitter rematch that could divert money and publicity from those critical contests.

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That could complicate Democrats' designs to win those races as part of an effort to seize control of the House. But by keeping the state's electorate focused on President Bush and the war in Iraq, the Lamont-Lieberman rematch will keep voters energized, and may ultimately bolster the House challengers, Democrats and some independent analysts said.

"Lieberman will do more for Democratic House candidates by being in the race than by not being in the race," said Ken Dautrich, a professor of public policy at the University of Connecticut. "It's plausible that all three [GOP House incumbents] will fall, and it's more likely if Lieberman is running as an independent."

Democrats need to win 15 seats to gain control of the U.S. House, and Connecticut -- with its strong anti-Bush undercurrents -- represents potentially one-fifth of that total. Democrats think they have a good chance of unseating Republican Reps. Nancy L. Johnson, Christopher Shays and Rob Simmons.

But Lamont's stunning defeat of Lieberman sent both parties back to their playbooks yesterday. Lamont toppled Lieberman in Tuesday's primary by attacking his long-standing support for Bush's Iraq war policies, and Lieberman has vowed to fight back in the general election as an independent.

In no contest will the political lines be as scrambled as in Diane Farrell's House race against Shays, a moderate Republican who has also run into trouble because of his support for the war. Farrell endorsed Lieberman in the primary, then switched to Lamont after he won. Lieberman is backing Farrell, but Shays had allied himself with Lieberman because of their similar views on the war.

"Truth to tell, I'm ambivalent toward it," Farrell said of the Lamont-Lieberman rematch. "But I can't control it. My single focus is Chris Shays right now and his connection to President Bush and the Republican-controlled Congress."

Even Democratic partisans said the rematch would distract activists' attention from the House races. The Democratic Congressional Campaign Committee "will have to deal with the fact that this race will continue to suck oxygen from great pick up opportunities" in the House contests, blogger Markos Moulitsas wrote on his liberal Daily Kos Web site.

However, DCCC Chairman Rahm Emanuel argued -- and Dautrich agreed -- that the Senate campaign's focus on Bush and his Iraq war policies will keep the electorate trained on large national questions, not the local issues that favor incumbents.

Republican strategists see things differently, noting that Democrats may neglect to woo independents to the Democratic House campaigns if they are too busy fighting among themselves over the Senate race. Republicans have done their best to foster that division. Shays vowed yesterday to vote for Lieberman, and Johnson blessed Lieberman's independent bid.

"I have the highest respect for Joe as a statesman and public servant who has conducted himself with dignity and honor representing Connecticut," Johnson said. "Joe certainly has every right to run as an independent in the general election when every voter in Connecticut can decide who they want as their next senator."

Lieberman could prove more successful than Republican Alan Schlesinger in the Senate contest at bringing out GOP voters to oppose Lamont.

"Ned Lamont's victory in the Democrat primary for U.S. Senate represents a major setback for National Democrats," Carl Forti, communications director for the National Republican Congressional Committee, said in a memo.

But Democrats pointed to numbers to bolster their contention that, ultimately, the Lamont-Lieberman rematch will play to their advantage. Lamont's campaign brought tens of thousands of new voters onto the registration rolls, and the record-shattering 43-percent turnout for a primary election indicated an energized electorate.

"The turnout factor, the registration factor -- these are things that cannot be underestimated," said Joe Courtney, who is challenging Simmons.

Chris Murphy said he initially feared that a three-way Senate contest between Lamont, Lieberman and Schlesinger would be a dangerous distraction from his contest to unseat Johnson, a 12-term Republican with a powerful perch near the top of the Ways and Means Committee. But after watching the events of Tuesday, he decided that the Senate race will activate more voters eager for change.

Rep. John B. Larson (D-Conn.) said: "Democrats are engaged. Change is in the atmosphere. People have had enough."

Lieberman will try to bring out independent voters who would not have participated in a Democratic primary. In a poll of independent voters, two-thirds recently said they view Lieberman favorably, a better showing than he had among Democrats and Republicans, Dautrich said.

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But, Dautrich added, those same Connecticut independents virulently oppose the war in Iraq and strongly disfavor Bush. They may vote for Lieberman out of loyalty or affection, but that does not mean they will vote for the Republican House member on the ballot.

Indeed, Connecticut voters are well-practiced at splitting their tickets between parties. Celinda Lake, a Democratic pollster, said that in the last gubernatorial election, half the state's women voted for Republican Gov. M. Jodi Rell, then voted for the Democratic House candidate.

Said Farrell: "The voters in this state are informed voters. I think they can distinguish between all of us."

Lieberman Defeat Shifts Focus To House Races (NYT)

By Carl Hulse

The New York Times, August 10, 2006

WASHINGTON, Aug. 9 — Senator Joseph I. Lieberman's defeat on Tuesday in the Connecticut Democratic primary quickly spilled over into the battle for the House on Wednesday. Leaders of both parties said the Senate fight could influence three races in Connecticut considered crucial in controlling the House.

Republicans said a general election matchup in which Mr. Lieberman ran as an independent against Ned Lamont, the winner of the primary, could hinder Democrats in their efforts to unseat three incumbent representatives who are top Democratic targets.

Democrats disputed that and said the high-intensity Senate fight could help the Democratic challengers for the House seats by drawing Democratic voters to the polls.

The new focus on the Connecticut races developed as each party lost a House incumbent in primaries elsewhere. Those results reinforced recent polls and other analyses that found a level of deep voter unrest that spells trouble for officeholders of both parties but may be a particular problem for Republicans, who control the House and the Senate.

"All signs are pointing to an anti-status-quo election," said Amy Walter, an analyst of House races for the nonpartisan Cook Political report. "Can Democrats win the House is no longer the valid question. The question is whether Republicans can do anything about it."

Nearly any scenario for Democrats to gain the 15 seats necessary to take control of the House foresees them capturing at least one and perhaps two of three Connecticut seats now held by Republicans, Nancy L. Johnson, Christopher Shays and Rob Simmons.

Republican officials and Ms. Walter said Wednesday that the Lieberman-Lamont contest could muddle the Democratic message in the state, distract from the House races and draw out more centrist Democrats who could support Mr. Lieberman and a House Republican.

"Anyone who is going to vote for Lieberman, my guys can get," said Carl Forti, a spokesman for the National Republican Congressional Committee. "The Republicans have continued to be re-elected because they are seen in Connecticut as independent and working for their districts."

Representative Rahm Emanuel of Illinois, chairman of the Democratic Congressional Campaign Committee, took the opposite view, saying the turnout in the primary showed that Democrats were highly motivated and intended to punish politicians seen as too closely allied with President Bush.

At least one Democrat vying for the House in Connecticut, Diane G. Farrell, who is opposing Mr. Shays, quickly endorsed Mr. Lamont.

Mr. Emanuel said the Republicans on the ballot in Connecticut had "all been rubber stamps for George Bush's policy and have come across as stay-the-course Republicans.''

"They are defending the status quo," he added.

The defeated House incumbents, Cynthia McKinney, Democrat of Georgia, and Joe Schwarz, Republican of Michigan, in some ways fell victim to individual circumstances.

Ms. McKinney suffered a backlash after a highly publicized clash with a Capitol Hill police officer.

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Mr. Schwarz, who narrowly won a multicandidate primary in 2004, found himself in a head-to-head contest against an opponent who benefited from $500,000 worth of advertising against him from the Club for Growth, a political action committee that backs conservatives.

When coupled with Mr. Lieberman's defeat and the decisions this week of two Republicans, Tom DeLay of Texas and Bob Ney of Ohio, to abandon their spots on the ballot despite winning earlier primaries, the image of incumbents on the run was reinforced.

"Last night, Connecticut voters sent a clear message for change, rejecting President Bush's failed policies," said Representative Nancy Pelosi, the California Democrat who is the House minority leader.

Vice President Dick Cheney, in a conference call with reporters, cautioned not too read too much into the results.

"I don't see it as an anti-incumbent move," said Mr. Cheney, who predicted that Republicans would keep power on Capitol Hill even in the traditionally difficult terrain of the midterm election of a president's second term. "I think it will be a hard-fought contest, but I do expect we'll retain control of both houses."

The Congressional playing field took clearer shape with the primaries and other developments. In the contest over Mr. DeLay's seat, Mayor David Wallace of Sugar Land, a Republican, announced on Wednesday that he would mount a write-in campaign to succeed Mr. DeLay. That effort that will be daunting, given the head start in fund-raising and organizing enjoyed by the Democratic candidate, former Representative Nick Lampson.

In a closely watched contest in the Denver suburbs, the newly selected Democratic nominee, Ed Perlmutter, and his Republican opponent, Rick O'Donnell, moved toward a series of debates in an evenly divided district seen as a potential barometer of the national mood on major issues.

Lieberman Loss Reverberates (CHIT)

By Jeff Zeleny

Chicago Tribune, August 10, 2006

WASHINGTON -- The reverberations from Sen. Joseph Lieberman's primary defeat were felt far beyond Connecticut on Wednesday as Republicans sought to divide Democrats by linking them to anti-war candidate Ned Lamont and Democrats pledged a unified front to capitalize on fierce voter intensity in the closing months of the midterm campaign.

One day after narrowly losing a primary that became a referendum on the Iraq war, Lieberman stood alone and vowed to run as an independent candidate. Leading Democratic senators and other party officials, meanwhile, quickly embraced Lamont, offering money and campaign advice to the political newcomer.

"My mind is made up," Lieberman said. "I'm going forward because I'm fed up with all the partisanship in Washington that stops us from getting anything done."

Republicans seized on Lieberman's predicament and came to his aid, dispatching Vice President Dick Cheney and other officials to pit Lamont and his backers against moderate Democrats. Not only did it create a curious political dynamic, it provided the GOP a new opportunity to try to caricature Democrats as weak on security and espousing what Cheney called "a pre-9/11 mindset."

"It's an unfortunate development, I think, from the standpoint of the Democratic Party," Cheney said, "to see a man like Lieberman pushed aside because of his willingness to support an aggressive posture in terms of our national security strategy."

It remains an open question whether Republicans, yet again, will be able to successfully paint Democrats as weak on national security and less able to protect the U.S. from attack as they have done to varying degrees in the last three congressional elections.

"Our brand has to be tough and smart," Democratic National Committee chairman Howard Dean said in a recent interview.

In Washington on Wednesday, Democrats rejected the assertion that a Lamont candidacy, built on a forceful opposition to the Iraq war, would damage the party. If a larger message can be divined from Lieberman's defeat, they said, it was that voters are dismayed and intend to turn out to the polls in November to send a message to those who support the policies of the Bush administration.

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"The perception was that he [Lieberman] was too close to George Bush and this election was, in many respect, a referendum on the president more than anything else," Senate Minority Leader Harry Reid of Nevada and Democratic Senatorial Campaign Committee chairman Chuck Schumer of New York said in a joint statement.

Illinois Sen. Dick Durbin, the No. 2 Democrat in the Senate, declared: "The winds of change are blowing."

Indeed, results from other races -- a Republican congressman was defeated in a Michigan primary and a Georgia congresswoman lost a Democratic primary -- suggest voters may have one hunger above all: change. If so, strategists say, incumbents beware.

"There's a pretty strong sense that the country is going in the wrong direction and incumbents are in trouble," said Steve Elmendorf, a veteran Democratic strategist in Washington. "And Republicans have more incumbents than Democrats."

If Democrats are to take control of Congress, they must win 15 seats in the House and gain six in the Senate. Many of the most competitive races fall in states like Ohio, Missouri and Minnesota, where a moderate message is often the key to success.

Yet given that Connecticut is among the most Democratic-friendly states in the country, strategists caution reading too much into the outcome of the party's primary. While the election unquestionably energized the party's base supporters, will candidates elsewhere suffer if they are linked to what is perceived as a liberal anti-war sentiment percolating in the country?

Take, for example, the race unfolding in Indiana's 9th Congressional District.

Rep. Mike Sodrel, the Republican incumbent, did not cast a vote on the war in 2002 because he was elected only two years ago. His Democratic opponent, former Rep. Baron Hill who was in office at the time of the vote, supported the Iraq war resolution, but has since spoken in favor of a new direction in foreign policy.

"When you break eggs," he said of the war, "you've got to try to make an omelet out of it."

In Connecticut, the victory for Lamont also was one of the first major electoral successes for Internet bloggers, whose organization and networking provided early backing for the political novice who had never previously sought statewide office. The implications for the 2008 Democratic presidential race also are palpable, considering the blog community is among the most influential in the early stages of a primary campaign.

Sen. Evan Bayh (D-Ind.), who is exploring a presidential run, was among the first to congratulate Lamont after his victory Tuesday night. Sen. Hillary Rodham Clinton (D-N.Y.) sent a $5,000 check from her political action committee. Though aides to Sen. Barack Obama say he is not actively considering a presidential bid now, the Illinois Democrat also sent a $5,000 check to Lamont and called him.

And retired Gen. Wesley Clark, who sought the Democratic presidential nomination in 2004, sent e-mail to reporters expressing his unequivocal support for Lamont. The fight for control of Congress, he said, could depend upon it.

"We cannot let Joe Lieberman be this year's Ralph Nader," Clark said in his letter to supporters. "Email Joe Lieberman. Encourage him to do the right thing, withdraw from the Connecticut Senate race and focus his efforts on electing Democrats across America."

Democrats Back Lamont In Race In Show Of Unity (NYT)

By Adam Nagourney

The New York Times, August 10, 2006

With promises of both money and personal campaign appearances, Democratic leaders rallied yesterday behind the campaign of Ned Lamont, the antiwar challenger who defeated Senator Joseph I. Lieberman in the Connecticut primary, leaving Mr. Lieberman increasingly isolated as he pledged to forge ahead as an independent candidate.

At the same time, Republicans began a concerted effort to use Mr. Lieberman's defeat to portray Democrats as weak on national defense, reprising a theme that they made central to the last two national campaigns.

The attacks came in searing remarks from, among others, Ken Mehlman, the chairman of the Republican National Committee and Vice President Dick Cheney, who went so far as to suggest that the ouster of Mr. Lieberman might encourage "al Qaeda types."

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"It's an unfortunate development, I think, from the standpoint of the Democratic Party, to see a man like Lieberman pushed aside because of his willingness to support an aggressive posture in terms of our national security strategy,'' Mr. Cheney said in a telephone interview with news service reporters.

Howard Dean, the Democratic national chairman, called on Mr. Lieberman to quit the race, and in an interview said he would be disappointed in any Democratic Party leader who continued to support Mr. Lieberman, declaring that they "have an obligation" to support their nominee.

But most Democrats said they would not pressure Mr. Lieberman to step aside for now, saying he was too angered by his loss to accept such counseling and noting that as of now, the Republicans do not have a strong candidate who could take advantage of a fractured Democratic field.

Mr. Lieberman has said he will vote with the Democratic caucus if he is elected as an independent, a consoling thought for Democrats contemplating a Lieberman victory in November.

"If he wants to talk to me about it, fine," said Christopher Dodd, Connecticut's other senator and a Democrat who was one of Mr. Lieberman's close advisers and friends, who endorsed Mr. Lamont on Wednesday.

"It's not up to me to call. I regret he made that decision but it's pretty firm: I don't think there's any way to talk him out of it."

With the Iraq war now dominating the international stage, and Republicans again trying to turn it to their advantage by casting it as central to efforts to protect Americans from terrorism, Mr. Dean and other Democrats pushed back, declaring that voters would not buy the Republican argument in yet another national election.

The attacks came as Republicans are openly alarmed that their party seems to be heading for big losses this November. Republican polling has also said that national security is the most effective issue Republicans have to motivate the most loyal voters in their party.

"It's right-wing propaganda," Mr. Dean said. "They are beginning to look ridiculous: A majority of Americans now believe that going to Iraq was the wrong thing to do. I think this shows how far out of touch the Republicans are. What you are seeing is the beginning of the end of the Republicans, because a lot of this was a referendum on George Bush's policies. George Bush is going to take a big hit and a lot of people are going down with him, including Ken Mehlman."

Mr. Lieberman dismissed the significance of the supportive words from the vice president, as well as criticism of his party based on his loss. "That's not my fault," he said. "They are not criticizing me for running an independent campaign, they are criticizing Democratic voters for the way they voted."

There was little question that Democrats were united in their decision to back Mr. Lamont, no matter their apprehensions about his skills as a campaigner, his credentials or some of his ideological positions.

Senator Hillary Rodham Clinton of New York, who had backed Mr. Lieberman in the primary, said she had donated $5,000 to Mr. Lamont's campaign and suggested that she was prepared to campaign with him.

Bill Clinton, whose campaign appearance with Mr. Lieberman was described by the senator as an emotional turning point for his campaign, issued a statement affirming his support for the Democratic nominee.

Harry Reid of Nevada, the Senate Democratic leader, and Senator Charles Schumer of New York, the head of the Democratic committee for Senate candidates, described Mr. Lieberman's loss as encouraging news for Democrats going into the fall elections.

"The perception was that he was too close to George Bush, and this election was, in many respects, a referendum on the president more than anything else," Mr. Schumer and Mr. Reid said in a joint statement. "The results bode well for Democratic victories in November."

Mr. Dean, whose brother James was a prominent supporter of Mr. Lamont, said Mr. Lieberman was being "disrespectful of Democrats and disrespectful of the Democratic Party" by saying he would stay in the race as an independent.

"It was decided in Joe's favor three times and this time he didn't get the nod," Mr. Dean said.

Other Democrats, particularly those in the Senate, were notably less aggressive. That reflected the fact that Mr. Lieberman is viewed as having a strong chance of winning the election in November despite his primary defeat. Democrats are looking to avoid doing anything now that might sour their relationships with Senator Lieberman if he is re-elected.

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Several said they thought it was insensitive — and pointless — to call on him to quit now, saying that he might be more receptive to that argument later if polls show he is heading for what would be a second defeat

That strategy could change if Republican officials succeed in persuading the party's Senate candidate, Alan Schlesinger, who entered the race at a time when Republicans thought they had no chance to unseat Mr. Lieberman, to step aside and persuade some better-known and better-financed Republican to run.

Throughout the day, Republicans issued statements calling on Democratic challengers in some of the most contested elections to renounce Mr. Lamont.

"This is a defining moment in some ways for the Democratic Party," said Tony Snow, the White House press secretary, in his opening remarks at the White House news briefing yesterday. "I know a lot of people have tried to make this a referendum on the president; I would flip it. I think instead it's a defining moment for the Democratic Party, whose national leaders now have made it clear that if you disagree with the extreme left in their party they're going to come after you."

In fact, the vast majority of Democratic Party leaders supported Mr. Lieberman in the primary, and did not endorse Mr. Lamont until after the results were in.

Mr. Cheney offered warm praise for Mr. Lieberman, who was his opponent for vice president in 2000, though he said he did not want his remarks to be construed as an endorsement of Mr. Lieberman.

He cast Mr. Lieberman's loss in ominous terms, suggesting that it would hearten American terrorist enemies. Terrorists, he said, are "betting on the proposition that ultimately they can break the will of the American people in terms of our ability to stay in the fight and complete the task.

"And when we see the Democratic Party reject one of its own, a man they selected to be their vice presidential nominee just a few short years ago, it would seem to say a lot about the state the party is in today."

Primary Colors (WSJ)

By Michael Barone

The Wall Street Journal, August 10, 2006

Michael BaroneSen. Joseph Lieberman's narrow defeat in Connecticut's Democratic primary on Tuesday tells us something important about his party. Mr. Lieberman, who has made it clear that he is running in November as an independent, can argue plausibly that his loss represented the judgment of only a sliver of the electorate: Connecticut, where most major party nominations are decided by party conventions, has a tradition of low participation in primaries, and less than one-sixth of the registered voters took the trouble to cast their ballots in this contest. The winner, Ned Lamont, thus got the votes of less than one-tenth of Connecticut voters.

Still, this was a well-publicized contest, and one in which Sen. Lieberman's opponents had reason, from their point of view, to target him. And not just for his staunch support of the American military action in Iraq. On a number of issues, Mr. Lieberman has been at odds with large constituencies in the Democratic Party.

As an observant Orthodox Jew, he has consistently portrayed himself as a man of religious faith, while one-quarter of John Kerry voters in 2004 described their religion as "other" or "none." He has been a critic of vulgarity and obscenity in television programs and movies, while the Democrats enjoy massive financial and psychic support from Hollywood. He has supported school-choice measures, while one of his party's major organized constituencies is the teachers' unions. And he has been an American exceptionalist -- a believer in the idea that this is a special and specially good country -- while his party's base is increasingly made up of people with attitudes that are, in professor Samuel Huntington's term, transnational. In their view, our country is no better than any other, and in many ways it's a whole lot worse.

Through most of the 20th century, American exceptionalism has been the creed of both of our major parties. Franklin Roosevelt and John Kennedy, for all their sophisticated knowledge of foreign cultures, were exceptionalists just as much as Theodore Roosevelt and Ronald Reagan. Among voters, transnational attitudes were espoused by only a very few, in the odd corners of university faculty clubs, investment-banking firm dining rooms and the councils of shop floor socialist intellectuals.

Now it's different. In 2004, pollster Scott Rasmussen asked two questions relating to American exceptionalism: Is this country generally fair and decent? Would the world be better off if more countries were more like America? About two-thirds of

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voters answered yes to both questions. About 80% of George W. Bush voters answered yes. John Kerry voters were split down the middle, with yeses outnumbering nos by small margins. That's reminiscent of the story about the Teamster Union business agent who was in the hospital and received a bouquet of flowers with a note that read, "The executive board wishes you a speedy recovery by a vote of 9-6." Not exactly a wholehearted endorsement.

The Connecticut primary reveals that the center of gravity in the Democratic Party has moved, from the lunch-bucket working class that was the dominant constituency up through the 1960s to the secular transnational professional class that was the dominant constituency in the 2004 presidential cycle. You can see the results on the map. Joe Lieberman carried by and large the same cities and towns that John F. Kennedy carried in the 1960 presidential general election.

Ned Lamont carried most of the cities and towns that were carried by Richard Nixon. In Stamford, where Joe Lieberman grew up the son of a liquor-store owner, and where there are still sizeable blue-collar and black communities, Mr. Lieberman won with 55% of the vote. In next-door Greenwich, where Ned Lamont (like former President George H.W. Bush) grew up as the scion of an investment banker family, and where the housing values are now among the highest in the nation, Mr. Lamont won with 68% of the vote. If Mr. Lamont wins in November, he will be just one of several members of a Democratic caucus who have made, inherited or married big money.

The working class Democrats of the mid-20th century voted their interests, and knew that one of their interests was protecting the nation in which they were proud to live. The professional class Democrats of today vote their ideology and, living a life in which they are insulated from adversity, feel free to imagine that America cannot be threatened by implacable enemies. They can vote to validate their lifestyle choices and their transnational attitudes.

In the mid-20th century the core constituencies of both the Democratic and the Republican Parties stood foursquare for America's prosecution of World War II and the Cold War. Today, as the Connecticut results suggest, it's different. The core constituency of the Republican Party stands foursquare for America's prosecution of the global struggle against Islamofascist terrorism -- and solidly on the side of Israel in its struggle against the same forces. The core constituency of the Democratic Party wants to stand aside from the global struggle -- and, as the presence of Jesse Jackson and Al Sharpton at Mr. Lamont's side on election night suggests, is not necessarily on the side of Israel. It's not your father's Democratic Party.

Mr. Barone is a senior writer at U.S. News & World Report and coauthor of "The Almanac of American Politics" (National Journal Group).

Voters' Anger Tipped Scales For Lamont, Survey Finds (NYT)

By Nicholas Confessore And Marjorie Connelly

The New York Times, August 10, 2006

Ned Lamont harnessed anger with the president, opposition to the Iraq war and a desire for change in his primary victory over Senator Joseph I. Lieberman, according to a survey of Democratic voters leaving polling places on Tuesday.

Seventy-one percent said they strongly disapproved of how President Bush was handling his job, and 59 percent described Mr. Lieberman as being too close to Mr. Bush, according to the survey by The New York Times and CBS News.

About 6 in 10 of the Democratic primary voters surveyed said they strongly disapproved of the decision to go to war with Iraq and almost 7 in 10 said the United States should start removing its troops from Iraq soon.

Joined at the State Democratic Party headquarters in Hartford yesterday for a unity rally with prominent Connecticut Democrats, including the state's other United States senator, Christopher J. Dodd, Mr. Lamont said he wanted to challenge the status quo in Washington.

"We're going to go for it," he said. "And I think we can change Washington, D.C., challenge the Bush administration, and put forth a strong, constructive alternative agenda to what he's doing to this country."

Mr. Lieberman, an 18-year incumbent, has vowed to win re-election on his own independent ballot line, Connecticut for Lieberman. And to beat him a second time, analysts say, Mr. Lamont will have to win the support of a far broader swath of Connecticut voters, including Republicans and unaffiliated voters who will not be swayed by appeals to party loyalty.

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"He has to make some strides in the middle," said Christopher Barnes, a pollster with the public policy department at the University of Connecticut. The state is "ruled by its independents," he said, voters who are at ease with ticket-splitting and habituated to Mr. Lieberman.

Mr. Barnes added that those voters are among the most likely to forgive Mr. Lieberman for his support of the war if he expresses his discontent with its prosecution, as he attempted to do in the primary's closing days.

"If the moderates think that Lieberman got the message, but there's no easy way out of the war, they may decide that's enough," Mr. Barnes said. "The moderate group is a more forgiving population than the Democratic primary voter."

Tom Swan, Mr. Lamont's campaign manager and a veteran progressive organizer in Connecticut, acknowledged yesterday that there would be some retooling of the campaign. He said that "98 percent of our planning had been focused" on the primary.

But he also insisted that Mr. Lamont's basic themes — resistance to the Bush agenda, frustration with the Washington status quo — would appeal to the broader electorate with just as much force.

"I think Ned spoke to the aspirations for people who are not liberals or conservatives, but just want to change," Mr. Swan said.

According to the Times/CBS News survey, 21 percent of Mr. Lamont's support on Tuesday came from voters who thought it was "just time for change."

Forty-three percent said they voted for Mr. Lamont to register their objections about Iraq, and 24 percent because they believed he would oppose Mr. Bush.

Mr. Lamont did best among liberals, voters younger than 30 and college graduates. Mr. Lieberman was supported by a majority of moderates and conservatives, those with no college education and Catholic and Jewish voters. Voters who made up their minds recently — in the last week — tended to support Mr. Lieberman. Those who had made their decision last month preferred Mr. Lamont. Those who had decided before that were almost evenly divided.

The Times/CBS News survey was conducted with 2,669 voters as they were leaving 25 randomly selected precincts throughout the state and has a margin of sampling error of plus or minus three percentage points.

Mr. Swan said yesterday that he thought the anger directed at Mr. Bush and Mr. Lieberman was shared broadly in Connecticut.

"I believe that our message that we need a senator that'll stand up to Bush, that people want to see real change in Washington, will have appeals to voters across the spectrum," he said.

Mr. Lieberman has already tried to frame his second bid as an effort to protect the Democratic Party from the excesses of antiwar liberals.

But, as the party's nominee, Mr. Lamont will be well positioned to level the playing field with Democratic donors and elected officials moving into his camp.

Without that infrastructure, say Lamont aides, Mr. Lieberman will have difficulty.

"I think the Democratic Party is going to be rallying to this candidacy," Mr. Lamont said yesterday. "We're going to be unified going forward. I'm very confident of that."

Feeling 'Very Good' About Giving Himself Another Chance (NYT)

By Jennifer Medina And Patrick Healy

The New York Times, August 10, 2006

HARTFORD, Aug. 9 — The day after losing his party's nomination, Senator Joseph I. Lieberman promised he would battle to keep his seat in the November election, and moved quickly to recharge his nascent independent campaign by replacing his top campaign staff with longtime loyalists and by lining up support from prominent national donors.

Mr. Lieberman and his aides worked to dispel any notion that he would drop out of the race, despite intense pressure from national and local Democrats who abandoned the senator to rally around the party's nominee, Ned Lamont.

And at least one steadfast Lieberman ally, the A.F.L.-C.I.O., Connecticut's largest labor group, said it would consider endorsing Mr. Lieberman through the general election, providing crucial muscle for a fall campaign.

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The senator also prepared to court the state's Republicans and independents, as well as Democrats, by emphasizing the need for bipartisan cooperation on a "progressive domestic agenda" and a "strong national security." He also said that Mr. Lamont had distorted his views on the war in Iraq, the focal point of his bitter primary battle.

"I feel very good about what I decided to do," Mr. Lieberman said, adding that the general election would allow him to "be exactly what I am, which is an independent Democrat. I don't think I am going to be beholden to anyone."

The senator moved on other fronts to assure his political survival, filing the necessary petitions to seek a spot on the ballot for his independent bid.

Signaling the emerging theme of his independent campaign, Mr. Lieberman pressed the same argument that he began on Tuesday, saying that people were "fed up" with partisan divides in Washington.

Mr. Lieberman said he replaced his campaign manager, Sean Smith, Wednesday with his longtime state director in his Connecticut office, Sherry Brown. Mr. Lieberman also hired his former aide, Dan Gerstein, as communications director for the campaign. Mr. Gerstein and Ms. Brown both worked as senior advisers on Mr. Lieberman's campaigns when he ran for vice president in 2000 and for president in 2004.

"I have gone for people I have known for a long time and know me," Mr. Lieberman said. "This is sort of the home team."

Several other staff members were expected to leave or be dismissed from the campaign in the wake of the primary defeat, advisers said.

A top consultant for Mr. Lieberman, Carter Eskew, also left the campaign, after urging him to hire a full new team and tighten up his operation, advisers said. Mr. Eskew's move reflected the tricky position that some Democrats are in: He tends to work for members of the party and, while a friend of Mr. Lieberman's, did not want to work in an official capacity on an independent campaign, advisers said.

Mr. Lieberman also said he would replace his longtime pollster, Stan Greenberg.

Advisers described Mr. Lieberman as feeling liberated Wednesday and telling one of them it was the first morning he had woken up without a nervous ache in his stomach.

"I am committed to this campaign," he said on NBC's "Today" program Wednesday morning, "to a different kind of politics, to bringing the Democratic Party back from Ned Lamont, Maxine Waters, to the mainstream, and for doing something for the people of Connecticut."

Mr. Lieberman actually confronted the possibility of dropping out Tuesday night in a conversation with senior aides, who warned him that an independent bid would be challenging and that he should run only to advance ideas, not out of pride or ego. According to people in the room, Mr. Lieberman said he understood and wanted to run.

"With all respect to anybody in the Democratic Party, and I am grateful to any of them who have helped me, I've made this decision and I am sticking with it," Mr. Lieberman said in an interview. "I am doing it for a reason, and I believe it is the right reason."

Referring to his wife, he added, "If Hadassah were here, she would tell you, 'Once he makes up his mind, he is a very stubborn man.' "

Mr. Lieberman has about $2 million on hand for the general election, and aides said Wednesday that they did not expect fund-raising to be among his potential problems. They added that Mr. Lieberman received offers of support Wednesday from as far away as Croatia.

He already has enough money for several weeks of television advertising, and he has a strong national network of donors after 18 years in the Senate and two bids for national office.

Indeed, several prominent Democratic donors said Wednesday that regardless of their party allegiances, they would support Mr. Lieberman this fall.

"Part of the political process includes being willing to evaluate candidates on the merits," said Steven Rattner, a prominent party donor who gave Mr. Lieberman $4,000 in the final days of the primary. "I don't agree with Joe about everything, but on balance he's been a terrific senator and he has stood up for the kind of principles that we Democrats stand for."

Amid Major Upset, A Lesser-Known Rival Hits The Trail (NYT)

By Anne E. Kornblut

The New York Times, August 10, 2006

WEST HARTFORD, Conn., Aug. 9 — Alan Schlesinger began his general election campaign for the Senate on Wednesday with a cellphone, a stack of literature and a coterie of three aides who trailed him along this town's mostly empty sidewalks.

"Hi, moms! I'm Alan Schlesinger, I'm the Republican running for the U.S. Senate," he said, holding out his hand to stop two women pushing strollers. They nodded warily and kept walking.

It seemed possible that, hours after the sudden rupture of the state's political landscape as Senator Joseph I. Lieberman broke away to run as an independent against his own party's primary winner, Ned Lamont, this might have been a moment of great opportunity for Republicans in Connecticut.

But the moment, it turned out, seemed mostly one of considerable awkwardness.

Mr. Schlesinger, a lawyer who won his party's nomination back in May, when few thought Mr. Lieberman's bid for a fourth term was in much jeopardy, is not widely known. He has raised very little money. Not a single national Republican figure has come forward to promote his cause. And, amid some murmuring by fellow Republicans that he step aside, Mr. Schlesinger said he was in the race for good, and could not and would not be removed.

"I'm not going anywhere. The way the numbers stack up, I can win this thing," he said cheerfully.

Mr. Schlesinger, a former mayor of the town of Derby, first burst into the headlines this summer after The Hartford Courant reported that he had gambled under a fake name and once had gambling debts (he dismissed the accounts as irrelevant).

The Republican governor, M. Jodi Rell, soon called on Mr. Schlesinger to give up his place on the ballot. He declined. And interviews with state Republicans suggest that no one had much of an idea about a more attractive alternative to replace him.

Given the strange situation the Democrats find themselves in, that state of affairs now strikes some as a lost opportunity.

The electorate in Connecticut is divided roughly into thirds, with the largest belonging to unaffiliated independents. In the view of many Republicans, that could leave conservative independents open to considering a strong Republican.

Mr. Schlesinger, for his part, is making the argument that he is that candidate, seeking to cast himself as the only real conservative in the race, and dismissing his rivals thusly: "Ned Lamont is the most liberal Democrat, and Joe Lieberman is, as he has said, a liberal Democrat."

Yet Republicans, both in Connecticut and at the national level, have expressed deeply mixed feelings about Mr. Schlesinger's candidacy and his chances of recapturing the seat, a development that would help them maintain control of the Senate. According to campaign finance reports filed with the Federal Elections Commission, Mr. Schlesinger has raised $113,581 since the beginning of 2005 — $50,000 of it from himself.

Some Republicans, however, have said they believe the viability of Mr. Schlesinger's campaign is not that big a concern. They seem satisfied to let Mr. Lieberman and Mr. Lamont wage a rough general election that puts divisions within the Democratic Party on display and diverts attention from President Bush's problems and the possible vulnerability of other Republican candidates.

Perhaps most telling, then, were the things Republicans did not say about their candidate on Wednesday. Almost no Republican leaped to Mr. Schlesinger's side, even as Democrats flocked to support the new Democratic nominee, Mr. Lamont.

Officials at the National Republican Senatorial Committee, the group in charge of electing Republicans, did not respond to requests for comment about Mr. Schlesinger.

Ken Mehlman, the chairman of the Republican National Committee, was challenged by the MSNBC host Chris Matthews to "say something good about Alan Schlesinger."

"He understands the importance of reducing taxes and staying strong on the war on terror," he replied.

Pressed further, Mr. Mehlman continued: "He's somebody I've gotten the opportunity to meet and deal with and respect a lot. And as I said, it's going to be up to the people in Connecticut to make that decision."

Republican officials said they could envision no situation in which Mr. Schlesinger would receive national assistance. "It would be nice in theory to have a stronger Republican with money on the ballot, someone who could potentially get 35 percent of

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the vote,'' said one Republican official, who was granted anonymity in order to speak freely about the party's concerns. "But that's pretty much pie in the sky at this point."

George Gallo, the chairman of the Connecticut Republican Party, said he had heard frequent complaints from Republicans who wished Mr. Schlesinger would clear out to make room for a more viable candidate now that the field is in such disarray.

"All these people calling up have the luxury of 20/20 vision," Mr. Gallo said. "To Alan's credit, he had the foresight back in March or April to visualize this potential situation happening."

Mr. Lieberman's Choice (WP)

The Washington Post, August 10, 2006

CONNECTICUT Sen. Joseph I. Lieberman's decision to move forward with an independent candidacy after his loss in the Democratic primary is a controversial choice but in this circumstance the correct one. The leaders of Mr. Lieberman's party lined up yesterday to endorse Ned Lamont, the political newcomer who rode a wave of antiwar fervor to upset the incumbent senator. That's not surprising: After all, Democratic voters selected Mr. Lamont to represent them. And as weak a competitor as the Republican candidate, Alan Schlesinger, may be, those leaders have to worry that Mr. Lamont and Mr. Lieberman would split the vote and make way for Mr. Schlesinger or a replacement. (The state's popular Republican governor, M. Jodi Rell, has called on Mr. Schlesinger to step aside.)

But the critical question facing voters in November, as opposed to party leaders now, is who would make the better senator -- which is why we welcome Mr. Lieberman's decision to remain in the race. He would be, by far, the better choice for the people of Connecticut.

We are not among those who differ substantially with Mr. Lieberman on Iraq, but we recognize the widespread anger over the conduct of the war and wish Mr. Lieberman had done a better job, earlier in the campaign, of articulating his position and emphasizing his differences with President Bush. In reality, he has been offering sharp but constructive criticism since early in the war. If he had made that clearer -- and if he had run a more organized, more tightly disciplined campaign -- Mr. Lieberman might not have found himself in this unhappy predicament, only the fourth incumbent senator in the past quarter-century to lose a primary.

But Mr. Lieberman became an object of voter anger not only about the war but at the Bush administration in general. Because Mr. Bush has governed too often in a partisan way, many Democratic voters concluded that anyone who reached across the aisle in an effort to cooperate must be a sap. In such an environment, party orthodoxy comes to matter more than accomplishment; any assumption of good faith on the other side becomes a sign of weakness.

In that sense, the mirror-image defeat in Michigan of first-term Republican Rep. John J.H. "Joe" Schwarz was similarly disheartening. Mr. Schwarz, who backs embryonic stem cell research and abortion rights and opposes a ban on same-sex marriage, lost to a conservative whose race was fueled by the anti-tax Club for Growth. (We do not similarly mourn the defeat of Rep. Cynthia McKinney (D-Ga.), whose intemperate behavior and attraction to conspiracy theories led voters in her district to boot her -- for a second time.)

Becoming beholden to orthodoxy is not healthy for either party. Compromise is not the equivalent of weakness, and Mr. Lieberman is no sap. He is a person of strong views who believes in listening to those who disagree with him and, if possible, finding common ground. The alternative is gridlock. Mr. Lieberman's brand of centrism and bipartisanship is a needed salve for a divided country, which could use more such lawmakers, not fewer.

The turnout in Connecticut was a record for a primary in the state, a healthy development and a measure of the intensity this election is generating. But the almost 300,000 who voted still represented a minority of the electorate; in 1998, the last nonpresidential election year that a Connecticut senatorial seat was up for grabs, close to 1 million voters came to the polls. We hope that the broader electorate will choose to return Mr. Lieberman to the Senate -- the best outcome for the state, the country, and, yes, even the Democratic Party.

In Clinton's New York Run, Much Talk Of Connecticut (NYT)

By Raymond Hernandez

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The New York Times, August 10, 2006

Senator Hillary Rodham Clinton embarked on her first major day of campaigning in her re-election bid yesterday, but wound up facing a flurry of questions about Senator Joseph I. Lieberman's defeat by an antiwar candidate in the Connecticut Democratic primary.

In turn, Mrs. Clinton, a potential 2008 presidential candidate who has come under attack herself because of her refusal to apologize for voting to authorize the use of military force in Iraq, sought to distance herself from Mr. Lieberman.

"I think there is a great deal of difference," Mrs. Clinton told reporters during a stop at a center for the elderly in Sunset Park, Brooklyn, after being asked to distinguish her position on the Iraq war from Mr. Lieberman's.

"I have been a consistent critic from the beginning," she continued, apparently drawing a distinction between her repeated criticism of President Bush's management of the war and Mr. Lieberman's reluctance to criticize it. "And the record reflects that."

On Tuesday, Ned Lamont defeated Mr. Lieberman, a three-term senator, in the primary after mounting a fierce campaign attacking the senator's support for the war and cooperation with President Bush. Mr. Lieberman is staying in the race, filing yesterday to run as an independent this fall.

Mrs. Clinton, speaking to reporters as she campaigned throughout New York City yesterday, insisted that she would support Mr. Lamont and noted that she had, in a phone call to him, offered to provide any assistance he needed as he campaigned in the general election. She made a $5,000 donation to the Lamont campaign.

"I am going to work for the Democratic nominee," Mrs. Clinton said. "I contributed to him as of today. And I told him that I would do whatever I can and whatever he wants me to do to help him in his election."

But Mrs. Clinton, who spoke warmly of her decades of friendship with Mr. Lieberman, stopped short of calling on the Connecticut senator to withdraw from the race, as other Democrats are starting to do.

Instead, Mrs. Clinton urged Mr. Lieberman to "search his conscience and decide what is best for Connecticut and for the Democratic Party" before pushing ahead with an independent candidacy.

"I know this is a very difficult decision for him to have to make," she said. "I hope he thinks hard about it."

Mrs. Clinton's effort to draw a distinction between herself and Mr. Lieberman drew ridicule from Jonathan Tasini, an antiwar candidate who is seeking to mount a Democratic primary challenge in New York against Mrs. Clinton on Sept. 12.

"That is utter nonsense," Mr. Tasini said. "She is misleading New Yorkers by saying that. When it comes to the war, Clinton and Lieberman are ideological twins."

Still, Mr. Tasini is nowhere near a position to duplicate the success of Mr. Lamont, a multimillionaire who spent more than $4 million of his own money to defeat Mr. Lieberman.

A largely unknown figure to most New Yorkers, Mr. Tasini has raised about $150,000, according to his campaign.

That is a mere pittance compared with the roughly $22 million in Mrs. Clinton's campaign coffers.

Meanwhile, Republicans have yet to get behind a single candidate to challenge Mrs. Clinton in the general election.

The two candidates seeking to challenge her, John Spencer, a former mayor of Yonkers, and Kathleen Troia McFarland, a Reagan-era Pentagon official, had their first debate last night.

Still, Mrs. Clinton seems to be taking nothing for granted. Yesterday, her schedule was packed with four appearances after months of largely sticking to a strategy of tending to her Senate obligations.

Rumsfeld Gets Taste Of Hillary's 'permanent Campaign' Style (NHUL)

By Robert Novak

New Hampshire Union Leader, August 10, 2006

HILLARY CLINTON'S confrontation with Donald Rumsfeld at the Senate Armed Services Committee last week lasted only 12 minutes but offered a glimpse of the 2008 Democratic Presidential front-runner's style. A tense Sen. Clinton seemed mechanical, reading a five-minute indictment of the secretary of defense. His six and one-half minute impromptu response was far more animated.

The headline from the hearing was the assessment by Gen. John Abizaid, U.S. Middle East commander, that Iraq's sectarian violence could become civil war. Clinton's contribution was becoming a latecomer among Democratic politicians

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calling for Rumsfeld's dismissal. Actually, she demanded his head in an interview with the Associated Press after the hearing, not face to face with the secretary.

Clinton's performance was more a campaign tactic than a Senate hearing procedure, trying to immunize her from anti-Iraq voter rage aimed at Sen. Joseph Lieberman. Clinton planned the confrontation, picking and editing Rumsfeld quotations to upgrade her anti-war credentials.

Rumsfeld had not appeared before the Armed Services Committee since February when he was invited July 26 to testify at an Aug. 3 hearing on Iraq and Afghanistan. On Aug. 2, the secretary declined and told reporters that his closed-door session with all members of Congress Aug. 3 would suffice. Clinton then wrote Rumsfeld a public letter urging his presence. She is the least senior Democrat on the committee, but Senate Republican sources say her elevation of the issue probably persuaded Rumsfeld to change his mind late Aug. 2.

Because of low seniority, Clinton got the floor near the end of the three and one-half hour session. Other senators posed serious questions about policy and operations, and even partisan Democrats wrapped comments around questions to the secretary. But Clinton made no pretense, using most of six minutes allocated each senator to assault Rumsfeld, campaign style. She concluded: "Given your track record, Secretary Rumsfeld, why should we believe your assurances now?"

Taken aback, Rumsfeld was silent momentarily before uttering a favorite phrase: "My goodness!" He then compared his approach to the senator's: "I've tried to make notes and to follow the prepared statement you've presented." He instantly produced a masterful point-by-point rebuttal.

Clinton briefly looked startled, then told Rumsfeld: "This is not 2002, 2003, 2004, 2005, when you appeared before this committee and made many comments and presented many assurances that have, frankly, proven to be unfulfilled. . ." That was too much for Rumsfeld, who interrupted: "Senator, I don't think that's true. I have never painted a rosy picture." He added that "you'd have a dickens of a time" finding "excessively optimistic" statements. "I understand this is tough stuff."

With no time left to speak, she put Rumsfeld's allegedly rosy statements in the record. "We didn't have a 'dickens of a time,'" a Clinton aide told this column. But Rumsfeld's characterization was apt. Of 13 examples mined by Clinton's staff, only four were among the "many" statements to the Armed Services Committee. They are no more triumphant than this 2004 comment: "I do believe we're on the right track."

Many of the supposedly false claims Clinton attributed to Rumsfeld are subject to interpretation. At the end of 2002, he said on CNN's "Larry King Live" in respect to Afghanistan: "The Taliban are gone. The al-Qaida are gone." In truth, the Taliban government had been dispersed and the al-Qaida guerrilla camps were demolished. Clinton omitted that Rumsfeld added: "It's not going to be a perfectly tidy place."

Going through Rumsfeld's voluminous utterances, he is not Little Mary Sunshine. "Difficult" is a favorite word. The quintessential Rumsfeld is shown in an April 7, 2004, press briefing: "Anyone who knows anything about history and looks back at the difficulties and the potholes in the road as you go through that series of difficult stages you have to go through, understands what's taking place." On June 23, 2005, he told the Armed Services Committee: "This is a tough business. It is difficult, it is dangerous, and it is not predictable."

Like a candidate brandishing embarrassing rhetoric from an opponent's past, Clinton aides were seeking and shaping partial Rumsfeld quotations to make sure their boss avoids being Liebermanized. The Clintons are famous for "the permanent campaign," and Hillary was pursuing it last week while forgoing serious debate over Iraq.

Robert D. Novak is a syndicated columnist and a commentator for the FOX network.

The Death Of Triangulation (WP)

By Eli Pariser

The Washington Post, August 10, 2006

Ned Lamont's victory Tuesday night in Connecticut's U.S. Senate primary is great news for Democrats. And it's a watershed moment for the growing majority of Americans, in red states and blue, who want change.

For months, polls have warned that across the political spectrum people are fed up -- with the no-end-in-sight occupation of Iraq; with an energy policy that caters to oil giants while gasoline prices soar; with a health-care system that leaves more

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behind with every passing day. Lamont's victory is evidence that a long-awaited wave of voter sentiment on those issues has materialized.

It's certainly understandable that Republicans would prefer to see Democrats continue to run the temporizing candidates whom they've had little trouble trouncing for the past decade. But you'd think Democratic strategists would be jumping for joy -- after all, they should be able to ride the anti-incumbent feeling to victory in November. Instead, we hear the perennial pundit nattering about moving the party too far to the left. And Marshall Wittmann of the Democratic Leadership Council -- who stubbornly refuses to address the real civil war in Iraq -- invokes the specter of a domestic civil war within the party.

That's because while Lamont's victory is a promising development, it marks the beginning of the end for an old favorite of Washington insiders -- the tactics of triangulation. Originally employed as a survival strategy by a Democratic president in the wake of 1994's Republican revolution, the policy of seizing the political middle ground no longer makes sense in an era when any attempt at bipartisanship is understood as a sign of Democratic weakness and exploited accordingly.

Had triangulation worked, we'd be in a different moment. But for six long years, it hasn't. Even Sen. Hillary Clinton has seen the writing on the wall in recent weeks, criticizing the Bush team's Iraq fiasco by publicly confronting Donald Rumsfeld, calling on him to resign and demanding that troop withdrawals from Iraq begin soon.

With triangulation passing, a new era of bolder, principle-driven politics can begin. Lamont's success should be the opening salvo in a 90-day campaign to establish the clear-cut differences between Democrats and Republicans. Most independent voters, like Democrats, want change, but many of them aren't sure yet whether Democratic candidates are capable of giving it to them. Now's the chance to seize that mantle.

And after all, if not now, when? The radically conservative agenda of the Republican Party has proved a disaster, foundering on monumental failures in the Middle East and New Orleans. Its leader has lost, probably forever, his credibility with the American people because he repeatedly deceived them about Iraq. He is as unpopular as American presidents ever get.

Ned Lamont recognized the significance of this moment and stepped into the breach. He understood that the old order was ready to topple, and he had the gumption and resources to seize the opportunity. He understood that the president's kiss is poison -- not only for Democratic incumbents who gave him cover but for the rubber-stamp Republican Congress as well.

If the Democratic Party can emulate Lamont's principled progressivism, a durable national electoral majority and a government that embraces real people's concerns awaits. Americans want change as badly as they did in 1994. They want an end to the U.S. military occupation of Iraq. They want a shift in national priorities that makes government their ally in dealing with soaring energy prices and increasingly inadequate and unaffordable health insurance. And, yes, they want their officeholders and candidates to hold the president accountable for his failures.

The time has passed for what a New York Times editorial aptly characterized as Sen. Joseph Lieberman's "warped version of bipartisanship, in which the never-ending war on terror becomes an excuse for silence and inaction." People don't want Democratic politicians whose grotesquely nuanced positions on issues make their utterances incomprehensible or meaningless or both. They want a new direction.

The pendulum is swinging, driven by the all-too-apparent shortcomings of the Bush administration. To paraphrase a great Democrat, the only thing Democratic leaders have to fear is timidity in the face of opportunity.

Connecticut Results Mean Little For National Direction (WT)

By Christina Bellantoni

The Washington Times, August 10, 2006

Liberal anti-war voters and bloggers angry about Iraq widely claimed victory yesterday after the defeat of Sen. Joe Lieberman in Connecticut's Democratic primary, but the state is unpredictable and not indicative of the rest of the country.

"Connecticut is far from a bellwether state," said Donald Green, a Yale political science professor. "And a Democratic primary in Connecticut is far from representing Connecticut."

Polls done before and after Tuesday showed that nearly 80 percent of the primary election voters oppose the war. That sentiment allowed Ned Lamont to transform from no-name candidate to national darling of the anti-war crowd and beat the hawkish three-term incumbent.

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Lamont voters, dubbed "latte liberals" by some, were educated and wealthy. Men favored him over Mr. Lieberman, the 2000 Democratic vice-presidential nominee.

Voters said Mr. Lieberman's support of President Bush and the war was the biggest factor in choosing his opponent, and many Lamont voters said they were casting a vote "against Lieberman," according to polls.

Despite a new CNN poll showing that 60 percent of the nation now opposes the war, others argue that Connecticut is a unique state that has voted blue, red and purple depending on the issue and the office at stake.

"The lesson is not something you can stretch too far beyond Connecticut. All politics really is local," said Scott McLean, chairman of the political science department at Quinnipiac University in Connecticut.

Historically, Connecticut voters have been finicky in who they've backed. Mr. Green calls his state "wobbly," noting its habit of nominating Democrats who go on to lose statewide office.

The state has chosen Democrats in presidential elections since 1992, but had backed the Republican in all White House contests since 1972. Its governor and three of its five House representatives are Republicans, but Democrats control its state legislature. The last governor was a Republican, and before that, third-party candidate Lowell P. Weicker Jr. was the state's chief executive.

Mr. Bush's approval rating in Connecticut is one of the lowest in the nation -- 27 percent, according to a Quinnipiac University poll taken in late July.

The state had 699,502 registered Democrats, 453,715 Republicans and 929,005 independents as of Jan. 1, according to the secretary of the state's office. No polls or registration data were available to detail voter age, but, anecdotally, political observers said younger citizens were registering in droves and preferred Mr. Lamont.

According to the secretary of the state, about 280,000 voters turned out Tuesday, setting a state record of 43 percent of registered Democrats voting in the primary.

Also of note, more than 32,000 new voters registered from May 1 through Monday. Of those, 14,500 were Democrats. There were more than 14,300 independent voters who changed their affiliation to Democratic, said Dan Tapper, a spokesman for the secretary of the state for Connecticut, noting the figure is an "unprecedented jump."

Both political parties scrambled yesterday to spin Mr. Lieberman's loss to their favor.

Democrats, including House Minority Leader Nancy Pelosi of California, said the primary sends a message that voters are rejecting Mr. Bush and desire change.

"Voters in Connecticut and across the nation are seeking a new direction to make America safer, our economy stronger and to broaden opportunity for all," Mrs. Pelosi said.

Republicans, meanwhile, said the results show what path the Democrat Party is following.

The Lamont victory "is also a sign of what the Democratic Party has become in the 21st century. It reflects an unfortunate embrace of isolationism, defeatism, and a 'blame America first' attitude by national Democratic leaders at a time when retreating from the world is particularly dangerous," Republican National Committee Chairman Ken Mehlman said in a Cleveland speech yesterday.

He also said that the defeat of Mr. Lieberman, who says he will run as an independent in November to try to hang on to his Senate seat, proves that Democrats who reject the party line on the war "risk being purged."

But Mr. McLean said Republicans must also learn from the results.

"Any politician in either party who has been very vocal in their support of the war and not very aggressive in their criticism of the administration is going to face some challenge," he said.

Mr. Green said the anti-war bloggers and political action committees such as that of MoveOn.org have the momentum and might carry that through November congressional midterm elections.

"They have shown they can mobilize money and activists in a very short amount of time and that they have a capacity to deliver a substantive political bloc," he said. "Whether it is decisive remains to be seen."

Eli Pariser, executive director of MoveOn.org Political Action, told supporters in an e-mail yesterday that his group represents "people-powered politics" that "proved the pundits wrong."

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"It's been a long six years, but things are beginning to change," he said. "Our nation is waking up from the long nightmare of the Bush presidency."

Fate Of Two Joes Reflects Drive For Partisan Purity (USAT)

USA Today, August 10, 2006

Six years ago, as Al Gore's running mate, Joe Lieberman came within a whisker of becoming vice president of the United States.

On Tuesday, in a humiliating reversal, Connecticut Democratic voters tossed aside the three-term senator in favor of Ned Lamont, a little-known millionaire businessman. Lieberman says he'll run for re-election this fall as an independent, but he's already being shunned by many party regulars and Senate colleagues.

What happened? Some of Lieberman's defeat is his own doing. His backing of the Iraq war enraged many Democrats and provoked an aggressive challenge. He woke up too late to the danger. After 18 years in the Senate, and campaigns for vice president and president, he'd come to take home-state support for granted.

More ominously, though, Lieberman was a casualty of a drive to enforce partisan ideological purity, which is making it harder for politicians to be centrists and reach across party lines to solve the nation's problems. Enforcers from the far right and left are yanking down the "big tents" that allowed for a diversity of viewpoints within the parties.

In a much less publicized primary race in southern Michigan on Tuesday, one-term Republican Rep. Joe Schwarz, a moderate who supports abortion rights and stem cell research, was soundly beaten by ordained minister and former state representative Tim Walberg, who attacked Schwarz for being too soft on core GOP issues.

Activist groups were pivotal in both races. In Connecticut, liberal MoveOn.org was at the center of a constellation of anti-war Democrats and blogosphere activists who mounted a murderously effective campaign to paint Lieberman as a sycophant of President Bush. In Michigan, Walberg got backing from Right to Life Michigan and the Club for Growth, a national anti-tax group that attacks so-called RINOs — Republicans in name only — it deems insufficiently conservative.

It is, of course, the prerogative of voters in Michigan, Connecticut and elsewhere to choose their candidates, and of interest groups and bloggers to try to influence those decisions. But the growing polarization of the two major parties is a worrisome trend. The nation needs action on crucial matters, and to get that, it needs politicians unafraid to work out reasonable compromises. Instead, like the Saudi religious police who roam the streets enforcing Islamic strictures on behavior, party activists increasingly punish those who stray from the approved line.

One consequence is that Congress has devolved into an institution that's better at scoring political points and indulging in pointless crusades, such as tilting at the non-existent crisis of flag-burning, than at addressing festering issues such as immigration and the federal deficit.

Jim Hightower, the populist Democrat from Texas, likes to say the only things in the middle of the road are yellow stripes and dead armadillos. In today's poisonous political climate, centrists like Joe Lieberman and Joe Schwarz are little more than road kill.

Party No. 3 (NYT)

By David Brooks

The New York Times, August 10, 2006

There are two major parties on the ballot, but there are three major parties in America. There is the Democratic Party, the Republican Party and the McCain-Lieberman Party.

All were on display Tuesday night.

The Democratic Party was represented by its rising force — Ned Lamont on a victory platform with the net roots exulting before him and Al Sharpton smiling just behind. The Republican Party was represented by its collapsing old guard — scandal-tainted Tom DeLay trying to get his name removed from the November ballot. And the McCain-Lieberman Party was represented by Joe Lieberman himself, giving a concession speech that explained why polarized primary voters shouldn't be allowed to define the choices in American politics.

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The McCain-Lieberman Party begins with a rejection of the Sunni-Shiite style of politics itself. It rejects those whose emotional attachment to their party is so all-consuming it becomes a form of tribalism, and who believe the only way to get American voters to respond is through aggression and stridency.

The flamers in the established parties tell themselves that their enemies are so vicious they have to be vicious too. They rationalize their behavior by insisting that circumstances have forced them to shelve their integrity for the good of the country. They imagine that once they have achieved victory through pulverizing rhetoric they will return to the moderate and nuanced sensibilities they think they still possess.

But the experience of DeLay and the net-root DeLays in the Democratic Party amply demonstrates that means determine ends. Hyper-partisans may have started with subtle beliefs, but their beliefs led them to partisanship and their partisanship led to malice and malice made them extremist, and pretty soon they were no longer the same people.

The McCain-Lieberman Party counters with constant reminders that country comes before party, that in politics a little passion energizes but unmarshaled passion corrupts, and that more people want to vote for civility than for venom.

On policy grounds, too, the McCain-Lieberman Party is distinct. On foreign policy, it agrees with Tony Blair (who could not win a Democratic primary in the U.S. today): The civilized world faces an arc of Islamic extremism that was not caused by American overreaction, and that will only get stronger if America withdraws.

On fiscal policy, the McCain-Lieberman Party sees a Republican Party that will not raise taxes and a Democratic Party that will not cut benefits, and understands that to avoid bankruptcy the country must do both.

On globalization, the McCain-Lieberman Party believes that free trade reduces poverty but that government must invest in human capital so people can compete. It believes in comprehensive immigration reform.

The McCain-Lieberman Party sees Democrats in the grip of teachers' unions and Republicans who let corporations write environmental rules. It sees two parties that depend on the culture war for internal cohesion and that make abortion a litmus test.

It sees two traditions immobilized to trench warfare.

The McCain-Lieberman Party is emerging because the war with Islamic extremism, which opened new fissures and exacerbated old ones, will dominate the next five years as much as it has dominated the last five. It is emerging because of deep trends that are polarizing our politics. It is emerging because social conservatives continue to pull the GOP rightward (look at how Representative Joe Schwarz, a moderate Republican, was defeated by a conservative rival in Michigan). It is emerging because highly educated secular liberals are pulling the Democrats upscale and to the left. (Lamont's voters are rich, and 65 percent call themselves liberals, compared with 30 percent of Democrats nationwide.)

The history of third parties is that they get absorbed into one of the existing two, and that will probably happen here. John McCain and Hillary Clinton will try to reconcile their centrist approaches with the hostile forces in their own parties. And maybe they will succeed (McCain has a better chance, since the ideologues on the right feel vulnerable while the ideologues on the left, perpetually two years behind the national mood, think the public wants more rage).

But amid the hurly-burly of the next few years — the continuing jihad, Speaker Pelosi, a possible economic slowdown — the old parties could become even more inflamed. Both could reject McCain-Liebermanism.

At that point things really get interesting.

Primary Losses Show Incumbents Can Be Vulnerable (USAT)

By Jill Lawrence

USA Today, August 10, 2006

WASHINGTON — So much for the benefits of incumbency. This week's Connecticut, Georgia and Michigan primaries provided hard evidence of what polls have been signaling for months: Voters are in the mood for change.

The defeats of Sen. Joe Lieberman, D-Conn., Rep. Cynthia McKinney, D-Ga., and Rep. Joe Schwarz, R-Mich., came two months after Pennsylvanians ousted 17 state legislators in primaries. "Voters are not showing a reticence to vote against entrenched incumbents," says Charles Cook, editor of the non-partisan Cook Political Report.

Lieberman's support for President Bush and the Iraq war was central to his 4-percentage-point loss to novice Ned Lamont. The three-term veteran filed petitions Wednesday to run as an independent in November.

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Democratic leaders endorsed Lamont, and a few said Lieberman should reconsider.

Republicans said Lieberman had been purged by soft-on-terrorism liberals. Lieberman was "pushed aside because of his willingness to support an aggressive posture in terms of our national security strategy," Vice President Cheney told reporters. He added that he does not expect anti-war sentiment to dampen GOP prospects this fall.

The Iraq war figured largely in Lieberman's race but not in the other two incumbent losses. The anti-tax Club for Growth and other conservative groups spent hundreds of thousands to defeat Schwarz. McKinney's scuffle with a Capitol cop helped seal her fate.

The three incumbents "all lost to candidates promising to do the same thing: change Washington," Chuck Todd, editor of the political report Hotline, wrote Wednesday. "Change the spending habits or change the foreign policy or simply change personal behavior."

Beyond that, moderates Lieberman and Schwarz were out of step with fired-up locals — Lieberman too conservative for Connecticut Democrats, Schwarz too liberal for Battle Creek Republicans. "They don't fit with their voters' view of government," independent analyst Stuart Rothenberg says.

Cook, Rothenberg and others warned against overinterpreting the defeats. "Three upsets do not an anti-incumbent groundswell make," said a statement by the Center for Responsive Politics. However, the group noted that Lieberman, McKinney and Schwarz each raised twice as much money as their opponents and still lost. "Challengers should be feeling more confident now," and incumbents should be worried, said the group's acting director, Sheila Krumholz.

Cook and Rothenberg point to Rhode Island Sen. Lincoln Chafee, a GOP moderate facing a conservative challenge, as a potential casualty in his state's primary Sept. 12. They predict Republicans will suffer most if not all losses by incumbents in the general election. "We're going to have significant losses, but all on one side of the aisle," said Rothenberg, editor of the non-partisan Rothenberg Political Report. He and Cook are not predicting yet whether Democrats will win enough races to take over the House of Representatives or Senate.

Recent USA TODAY/Gallup Polls show deep voter restiveness. Two-thirds are dissatisfied with the way things are going in the USA. Three-quarters say the world is more dangerous than at other times in their lives. More than half say it was a mistake to send U.S. troops to Iraq and they should be withdrawn either immediately or within a year.

Lieberman tried Wednesday to depict himself as an opponent of business as usual in Washington. "The last thing I represent is the status quo," he told CNN.

A series of Senate Democrats deserted him Wednesday, including Minority Leader Harry Reid of Nevada, campaign committee chief Charles Schumer of New York, Hillary Rodham Clinton of New York, John Kerry of Massachusetts and Connecticut colleague Chris Dodd.

Dodd said he regretted Lieberman's decision to run as an independent but said it was his to make. Clinton, at an appearance in Harlem, said she would help Lamont as much as possible and urged Lieberman to reconsider: "I'm going to just hope Sen. Lieberman will take a hard look at this and do what is best for Connecticut and the Democratic Party."

A handful of Democrats went further. Retired general Wesley Clark, a 2004 and possible 2008 presidential candidate, exhorted backers to sign an online petition and "send a message to Joe Lieberman to end his independent campaign." Simon Rosenberg, president of the centrist New Democrat Network, called Lieberman's loss "a political failure of great magnitude" and urged him to "end this part of your remarkable career."

Incumbents Appear On The Outs With Voters (WSJ)

By Jeanne Cummings

The Wall Street Journal, August 10, 2006

WASHINGTON -- Anti-incumbent sentiment that claimed several notable victims in this week's congressional primary elections may spell trouble for politicians from both parties, in primaries later this year and in November elections.

The Iraq war was the signal issue that undercut Connecticut Democratic Sen. Joseph Lieberman, while other frustrations drove the primary-election defeats of Georgia Democratic Rep. Cynthia McKinney and Michigan Republican Rep. Joe Schwarz.

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But the defeats of those three lawmakers -- from different parties, political philosophies and regions of the country -- are the latest evidence of broader anti-incumbent sentiment. Leaders of both parties now see that sentiment as the backdrop of this year's high-stakes struggle for control of Congress. Democrats must win 15 seats to take over the House and six seats to take the Senate.

The trend already had surged in a variety of settings. In Pennsylvania, a backlash against the state legislature for its late-night approval of a pay raise, as well as anger over other issues, prompted voters there to toss out 17 state legislative incumbents in a May primary. In Oregon, Democratic Gov. Ted Kulongoski got a scare when he won his primary with just 54% of the vote. And in Kansas, the Board of Education was widely revamped this summer when primary voters kicked out several incumbents who had pressed mixing religious messages with the teaching of evolution.

This week's defeats of Sen. Lieberman and two House members, one from each party, are unusual in an era when congressional incumbents are hard to knock off in a general election, and harder still in a primary. While each candidate had a number of unique problems or shortcomings, the collection suggests that even some shaky incumbents who survived primaries now are in additional peril in November's general election -- particularly if they are up against foes running as fresh faces or outsiders.

For example, public unease in Pennsylvania has four U.S. House Republicans and Republican Sen. Rick Santorum scrambling to protect their political careers from strong Democratic challengers and a concerned state electorate. In Montana, Republican Sen. Conrad Burns is in a fight against a local farmer, Jon Tester. Mr. Tester is playing up his image as a third-generation Montana farmer, which provides a contrast to Sen. Burns's ties to former Washington lobbyist Jack Abramoff.

In Michigan, dissatisfaction with the economy has Democratic incumbents, Sen. Debbie Stabenow and Gov. Jennifer Granholm, both vulnerable to charges they aren't solving the pocketbook problems of voters. Sen. Stabenow will face Oakland County Sheriff Michael Bouchard, and Gov. Granholm will face Republican businessman Dick DeVos in November.

The mood also will be tested for another vulnerable senator in a closely watched primary -- the Sept. 12 Rhode Island contest between moderate Sen. Lincoln Chafee and conservative Cranston Mayor Steve Laffey. Sen. Chafee is controversial within his party for periodically breaking with the Republican majority and President Bush and is vulnerable in much the same way Sen. Lieberman was.

Former Rep. Pat Toomey, president of the Club for Growth, a conservative economic-policy advocacy group that helped defeat Rep. Schwarz in Michigan, says his group wants to see changes. "Our members are very, very frustrated," he says. "They helped elect the Republican majority in 1994 and now, when we've had complete control of elective government in Washington, it seems as though Republicans have abandoned the core ideas of limited government."

Just as outside groups helped Connecticut businessman Ned Lamont's run against Sen. Lieberman, Club for Growth ran ads against Rep. Schwarz in Michigan and raised $600,000 for the campaign of challenger Tim Walberg.

The dissatisfaction affects both parties, but voter unrest is more dangerous to Republicans since they are the party in power and have more seats at risk. According to Wall Street Journal polls, the anti-incumbent mood in the 2006 cycle mirrors that of the 1994 midterm election in which Democrats lost control of both chambers of Congress. In the latest Journal/NBC News survey, 38% of voters said their representative "deserves re-election," while 48% said it is "time to give a new person a chance." Such numbers have in the past been a good indicator of a coming congressional shake-up.

The public is in "a very, very sour mood," says Democratic pollster Peter Hart, who conducts the Wall Street Journal/NBC News survey with his Republican counterpart Bill McInturff. "Only a quarter of the people say the country is headed in the right direction. The public is going to view any incumbent with a jaundiced eye," said Mr. Hart.

Brian Nick, a spokesman for the National Republican Senatorial Committee, said his incumbents are being advised to focus their campaigns on local issues. That's why Mr. Santorum in Pennsylvania is talking about his work to pass a Child Custody Act, and Arizona Sen. Jon Kyl, also facing a tough race, is talking about the Water Settlement Act.

In this atmosphere, incumbents can't even find comfort in their bulging campaign kitties. Mr. Lieberman, Ms. McKinney and Mr. Schwarz raised more money than their opponents and still lost.

Democrat Says G.O.P. Voters Led To Her Loss (NYT)

By Brenda Goodman

The New York Times, August 10, 2006

ATLANTA, Aug. 9 — Her cheering supporters were clearly surprised by Representative Cynthia McKinney's defeat in Tuesday's Democratic primary runoff, but those who follow this city's changing demographics were not.

Over the past few years, increasing numbers of affluent blacks have moved into southern DeKalb County, the base of Ms. McKinney's district, and many were not impressed by her confrontational and occasionally erratic style.

Alan I. Abramowitz, a professor of political science at Emory University here, agreed that demographic shifts in Ms. McKinney's district had favored her more moderate challenger, Henry C. Johnson, a trial lawyer and a former DeKalb County commissioner, who won the primary.

"Her base has really kind of eroded," Mr. Abramowitz said. "One thing that has really happened in this district is a large influx of middle-class black voters into south DeKalb, and if you look at the voting patterns in those areas, they are not McKinney supporters."

But Ms. McKinney and her supporters contend that Republicans mounted a campaign to vote her out of office, as they did four years ago when crossover voting helped elect her Democratic challenger, Denise Majette.

"We aren't going to tolerate any more stolen elections," Ms. McKinney said in her concession speech, though crossover voting is legal in Georgia.

"This is just like 2002," said Nina Winfrey, 62, a resident of Rockdale County and a "die-hard Cynthia fan" who has been volunteering for Ms. McKinney's campaign for 15 years. "We don't need anybody down here telling us what to do who don't live in south DeKalb County."

Several Republican strategists acknowledged that widespread crossover voting was organized and encouraged on Tuesday.

Mark A. Davis, the Republican database specialist who headed the successful "Anyone but Cynthia" campaign in 2002, said his wife, Shawn Davis, who he said is a homemaker, paid $1,200 to a telemarketing company that sent a phone message she recorded to as many as 50,000 carefully selected voters.

The recipients, Mr. Davis said, were "people who did not vote in the Republican primary on July 18th, and who were also not likely to support Cynthia from a demographic perspective."

Under Georgia's system, voters may choose either a Republican or a Democratic ballot in the primary election. If there is a runoff, primary voters must stick with the party they originally selected, but voters who did not vote in the primary are free to vote for either party.

Mr. Davis said he knew many people who had undertaken the same kinds of efforts as his wife. Democrats, he said, used the same strategy last month to defeat Ralph Reed in his race for lieutenant governor.

Some voting rights advocates said that while crossover voting might be legal, it violated the spirit of the Voting Rights Act and the Constitution because it effectively negated the right of a group — in Ms. McKinney's case, black voters — to nominate the candidate of their choice.

"There's case law that says one party can't interfere in another party's primary," said Mike Raffauf, a lawyer who filed a 2002 lawsuit in federal court against the State of Georgia on Ms. McKinney's behalf.

That case was dismissed without prejudice.

Mr. Johnson's campaign and Georgia Democratic Party officials denied that crossover voting had any significant effect on the campaign.

"He didn't think there was anything to prove that had happened," said Deb McGhee Speights, Mr. Johnson's press secretary. "To his knowledge, it was Democrats who put him in office."

After Court Loss, GOP May Lose DeLay's House Seat (CSM)

By Kris Axtman

The Christian Science Monitor, August 10, 2006

SUGAR LAND, TEXAS

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Every time Texan Brett Koppe steps into a voting booth, he does the same thing: pull a straight GOP ticket.

But this year's congressional race here in southeast Texas is a touch more confusing. The incumbent, embattled former House majority leader Tom DeLay, says he's not running. The courts say the GOP can't replace him on the ballot.

That leaves Mr. Koppe and his fellow Republicans in a quandary. Should they vote for the libertarian candidate or (gasp) Nick Lampson, the Democratic nominee?

"The alternative is destructive," says Koppe.

So GOP leaders in District 22 are gearing up for a massive write-in campaign in support of one of the candidates they wanted to replace Mr. DeLay with in the first place. There's just one problem.

Winning an election with a write-in candidate is an extreme long shot, political scientists say.

"The last time a write-in candidate won in a high-profile election was Strom Thurmond in the early 1950s," says Calvin Jillson, a professor of political science at Southern Methodist University in Dallas.

That suggests that District 22, which has sent a Republican to Congress in every election since 1978, could go Democratic, analysts say, especially since the US Supreme Court declined to intervene early this week.

"I think the seat goes to Lampson as a result of this court decision," Professor Jillson says.

The high court was the GOP's last shot at getting an alternate on the ballot - and avoiding the write-in option - after the 5th US Circuit Court of Appeals ruled that DeLay's name could not be replaced.

DeLay won the Republican nomination in the March primary after handily fending off three challengers, but withdrew from the race in April because he said he didn't want his criminal indictment in Texas on campaign money-laundering charges to interfere with the election.

He resigned from Congress in June, but vowed to continue working for Republican causes behind the scenes. Finally, he attempted to make himself ineligible to stay on the ballot by changing his voter-registration card and driver's license to Virginia.

But Democrats immediately sued when Republicans began selecting a new candidate - claiming that both state and federal law do not allow a party to replace a nominee under such circumstances.

DeLay, in fact, still owns a home in Sugar Land and was in town when the rulings came down.

He sent word through the Houston Chronicle that he would withdraw his name from the ballot. "To do anything else would be hypocrisy," he said in a written statement. "I strongly encourage the Republican Party to take any and all actions necessary to give Texas voters an up-or-down choice this fall between two major party candidates."

Republicans say the Democrats' intense fight to keep his name on the ballot proves that their only chance at winning the seat is at the courthouse, not the ballot box.

"A lot of people are very offended by the Democratic party for bringing this lawsuit," says Gary Gillen, chairman of the Republican Party of Fort Bend County. "They see the Democrats as trying to control this election" instead of giving voters meaningful choices.

Democrats say the Republicans' intense fight to remove DeLay's name from the ballot proves that he is a liability for his party, in part because of his legal difficulties and in part because of his close ties to disgraced lobbyist Jack Abramoff.

"I was worried that they were going to put somebody else on the ballot who wasn't such a crook" and would easily get reelected in this Republican district, says Cindy Blakley, who drives around this heavily Republican district with a Lampson bumper sticker.

Even many of her Republican friends are getting fed up with the GOP, she adds. "A lot of people have just had enough."

Sugar Land Mayor To Seek DeLay's Seat (AP-Y)

By Suzanne Gamboa

AP, August 10, 2006

The mayor of former Majority Leader Tom DeLay's hometown said Wednesday he will run as a write-in candidate for his House seat after the scandal-scarred DeLay moved to withdraw from the November ballot.

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David Wallace, one of the candidates Texas Republicans were considering to replace DeLay, said in a statement that he had the backing of family, grass-roots leaders and friends in his write-in bid. The Democratic nominee is former Rep. Nick Lampson.

"I will be taking the fight to Nick Lampson and his liberal allies every day," said Wallace, the mayor of Sugar Land, Texas.

DeLay announced on Tuesday he was withdrawing from the race after Supreme Court Justice Antonin Scalia rejected attempts by Texas Republicans to replace him on the November ballot.

The former congressman who served more than two decades was forced to act after Republicans lost several court fights to remove his name from the ballot in the Houston-area district and replace him with a GOP-chosen nominee.

DeLay resigned from Congress on June 9, after winning a primary election in March, and moved his main residence to Virginia.

Wallace has name recognition and money-raising ability — more than $157,000 cash on hand as of June 30 — that party officials need to take on Lampson, who had amassed more than $2 million in his campaign treasury as of June 30 in preparation for a race against DeLay.

DeLay faces money laundering charges in Texas alleging he helped route illegal corporate cash to legislative campaigns in 2002. DeLay also has close ties to Jack Abramoff, the lobbyist at the center of a congressional corruption investigation. Two former DeLay aides who later worked with Abramoff have pleaded guilty in the investigation.

DeLay has denied any wrongdoing in both investigations but the indictment forced him to step down from his job as majority leader and Republicans urged him to abandon his efforts to reclaim the job.

Embattled La. Lawmaker Gets Competition (AP-Y)

By Doug Simpson, Associated Press Writer

AP, August 10, 2006

A string of challengers jumped into the race Wednesday against Rep. William Jefferson, whose Washington office was raided by the FBI amid a federal bribery investigation.

The three-day filing period for entering the November elections started Wednesday. In Louisiana, there are no earlier party primaries; if no candidate gets more than 50 percent of the vote on Election Day, the top two go to a December runoff.

Five candidates registered Wednesday to challenge the eight-term Democrat, including two familiar names in New Orleans-area politics. Another longtime New Orleans politician was expected to enter the race later this week.

State Sen. Derrick Shepherd, who filed his election paperwork, said the corruption allegations against Jefferson have weakened the congressman's ability to represent his New Orleans-area constituents as they recover from Hurricane Katrina.

"Obviously, Congressman Jefferson is distracted," Shepherd said.

Troy Carter, a former New Orleans City Council member, and Regina Bartholomew, a lawyer who has worked for the city's school board and the U.S. Department of Labor, also filed for the race. Two little-known candidates also registered.

State Rep. Karen Carter plans to register Friday, her aides said.

Jefferson and all but one of Louisiana's other congressmen also registered Wednesday to get their names on the ballot for re-election. Aides to Rep. Bobby Jindal, R-Kenner, said his paperwork would be filed Thursday.

Jefferson has been under investigation since March 2005 but has not been charged and has denied any wrongdoing. He has said repeatedly that he is focused on the needs of his district.

The lawmaker on Wednesday described his challengers as opportunists, saying: "These folks have a lean and hungry look. They are looking for an opportunity. ... I don't think they'll find it."

Jefferson was accused of using his position to promote the sale of telecommunications equipment and services offered by iGate, a Louisville-based firm that sought contracts with African nations, and of soliciting bribes in return. The FBI said it found $90,000 stashed in a freezer in his home. Two men have been convicted as part of the scandal.

As a result of the investigation, House Democratic leaders stripped Jefferson of his seat on the powerful Ways and Means Committee. A federal appeals court late last month temporarily delayed the bribery investigation while Jefferson challenges the legality of the unprecedented FBI raid on his Capitol Hill office.

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Ehrlich Adviser Details Firings (WP)

By Matthew Mosk

The Washington Post, August 10, 2006

Joseph Steffen, the central figure in the probe of Maryland Gov. Robert L. Ehrlich Jr.'s firing practices, testified yesterday that he identified numerous state employees for dismissal and that he did so at the direction of the governor's top aides.

Steffen said he was not specifically instructed to target Democrats, but he did consider party affiliation while evaluating whether to retain certain state employees in Maryland's first Republican administration in a generation.

He portrayed himself as a key player in advising the administration on personnel changes, directly contradicting earlier sworn testimony from a top Ehrlich aide.

Notorious among state employees for the Grim Reaper figurine on his desk and his "Prince of Darkness" moniker, Steffen, 47, arrived at the ornate Senate hearing room in a simple gray suit.

Compelled by a subpoena and a judge's order, he sat down before members of a special state legislative committee and, for most of his three-hour testimony, answered in clipped sentences and one-word replies, often pausing to be sure his attorney would not object.

His descriptions of the terminations did not betray any sympathy for those who were fired and at times seemed to border on cavalier. In one case, he recalled recommending that a veteran state administrator be fired because she wrote a note telling people to avoid him.

Steffen's appearance was the climax of a year-long probe by state lawmakers into the dismissal of 340 state workers that came in the months after Ehrlich was elected.

Democratic delegates and senators have sought to learn whether Ehrlich, working through operatives such as Steffen, intended to dismiss veteran state employees solely on the basis of their party affiliation -- something Ehrlich has long denied. To do so would have violated workers' constitutional rights.

In that respect, Steffen did little to help the Democrats.

The employees' political affiliation, he told them, was "in the back of my mind" when he made some recommendations -- as with the wife of a longtime lobbyist for liberal causes, who was fired from her position writing grant proposals. But partisanship was never, in the end, the reason a person was fired, he said.

"This legislative committee was pulled together to see if anyone was fired" illegally, Del. Jean B. Cryor (R-Montgomery) said afterwards. "But after months of testimony, the simple fact is that no one was fired because of their political party."

Under Maryland law, a governor has the power to dismiss more than 6,000 "at-will" employees without cause. But it would be improper to fire them specifically for their political affiliation. Records show that the administration fired 340 people in its first three years, compared with the 64 fired in the three years after Ehrlich's predecessor, Gov. Parris N. Glendening (D), took office.

Ehrlich and Republican lawmakers on the committee have repeatedly said that the governor was merely exercising his powers under the state constitution and that Steffen had little relevance in the personnel decisions.

Steffen's testimony, however, suggested that he and two other former aides played a pivotal role in clearing out space on the state payroll for Republican loyalists.

At the outset of his cross-examination by the legislative committee's attorney, Ward B. Coe III, Steffen was asked whether he was told to look for "file clerks and secretaries to clear out" to make room for fresh appointees, and Steffen confirmed that he was.

He was assigned to do "reviews and assessments," Steffen said, and that included personnel.

Contrary to the repeated assertions of Ehrlich's top aides, Steffen cast himself as a figure who regularly traveled within the governor's inner circle, saying that he met often with the governor's appointments secretary and that he routinely briefed Ehrlich's chief of staff.

"Your authority in the administration was pretty strong?" asked Sen. Ulysses Currie (D-Prince George's).

"I would say so, yes," Steffen replied.

That question of access is no small matter, lawmakers said, because Ehrlich's top appointments official, Lawrence J. Hogan, came before the committee this year and swore under oath that he barely knew Steffen and only once received his advice on a personnel matter.

"Mr. Hogan said to this committee, 'I probably had maybe three or four conversations with the gentleman ever, and that was just, you know, passing by, how ya' doin'?"

"Was that accurate?" Coe asked Steffen.

"No," Steffen replied, telling Coe that, in fact, they met as often as three times a month to discuss personnel, often in Hogan's office, and they occasionally met for lunch.

Lawmakers said yesterday that they are contemplating whether to recommend that Hogan be charged with perjury.

Ehrlich's communication director, Paul E. Schurick, said that Hogan would not be made available to respond and that he did not know whose version of events was correct. But he warned the Democratic lawmakers not to pursue perjury charges.

"That's a road they better not go down," Schurick said. "They should be very careful."

Del. Adrienne A. Jones (D-Baltimore County), who co-chairs the committee, said she found the discrepancies between Hogan's testimony and Steffen's to be "disturbing."

"They were both under oath, so somebody's not telling the truth," Jones said.

Steffen would not, on advice of counsel, discuss the incident that forced him into the spotlight: his boasts on the Internet that he helped orchestrate a campaign to smear Ehrlich's chief political rival, Baltimore Mayor Martin O'Malley (D). He described how he tendered his resignation in an effort to protect the governor from bad publicity as The Washington Post was preparing an article about the conversations. But he did not respond to questions about his role in any political dirty tricks.

Ehrlich is seeking reelection this year but faces a stiff challenge from O'Malley, who held a double-digit lead in a recent Post poll. The mayor's name came up briefly when Steffen was asked whether he tried to have O'Malley's sister-in-law fired. She worked for the state attorney general's office as an adviser to the state's Insurance Administration, where Steffen worked for a time.

Coe showed Steffen an e-mail in which Steffen discusses the notion of dismissing a lawyer for the department.

Coe asked Steffen, "You saw an opportunity . . . that perhaps the appointments office could" fire her?

"I was at least bringing it up," Steffen replied.

'Ten Years And Out' (WSJ)

By John Andrews

The Wall Street Journal, August 10, 2006

DENVER -- Americans' concern with a court system out of control has simmered for decades, never coming to a boil. The perennial frustration with judges rewriting the laws and the Constitution is like Mark Twain's comment on the weather -- everybody talks about it but nobody does anything about it. That may be about to change in Colorado, if voters pass judicial term limits this fall.

Coloradans have long favored the principle that rotation in office can help curb the abuse of power. The state, along with Oklahoma, led the nation in 1990 by imposing term limits on the legislative and executive branches of state government; citizen initiatives later extended the limits to most local officials and to our congressional delegation -- though the latter was struck down by the U.S. Supreme Court.

Judicial term limits have not met a great deal of legislative success. Provisions instituting them for judges were part of an omnibus judicial reform that I was unable to get past a Republican state Senate in 1999 and 2004. Impeachment proceedings against a constitution-flouting judge also failed in a Republican House in 2004. And a proposal for recall of judges was killed by the Democratic Senate last year.

But this year, reformers have gathered petitions with about 108,000 signatures, and recently set up a November 2006 vote on "10 years and out" for justices of the Colorado Supreme Court and judges of the Court of Appeals. The ballot initiative will almost certainly be certified in the coming days.

The petition drive was fueled by outrage at a blatantly political June 12 ruling of the state Supreme Court -- relying on a technicality, the Court threw off the ballot a popular immigration-reform proposal. Other hot buttons include the justices' leniency to murderers in last year's Harlan and Auman cases; a judge in a custody dispute who restricted where Cheryl Clark could take

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her daughter to church, lest the child be exposed to "homophobia"; a 2003 decision favoring the teacher unions, snaring poor kids in bad schools; and the Taylor Ranch case, trampling property rights.

The last, Lobato v. Taylor, a property-claims ruling by the Colorado Supreme Court in 2002, is less notorious than Kelo, but its disruptive effect in clouding all Colorado land titles cannot be overstated. "We risk injustice elsewhere," a dissenting opinion warned, by accepting the plaintiffs' radical theory of "communal rights" as superior to "the sanctity of private property predictability and clarity of law." But the Democratic-dominated court did just that. With its requirement for notification of all potential claimants under old Spanish land grants (dating to 1863) in order to perfect a title, Lobato invites mischief across all 103,598 square miles of Colorado. Property-owners will hear a lot about this threat in coming weeks.

Up to 1965, Colorado was one of the many states that elected all their judges in partisan campaigns. We've since been on the so-called "Missouri merit" plan, where the governor appoints judges from a slate prepared by a nominating commission. Judges then face periodic retention elections, with "retain" or "do not retain" recommendations from a judicial performance commission. It sounds good, but fewer than 1% of all judges ever get dismissed by voters, leading to virtual life tenure with little accountability.

Our ballot issue, "Limit the Judges," would reduce the retention cycle to four years (after an appointee's first provisional term, which can be as short as two years), and cap total service at three terms, about 10 years or a bit longer depending on date of appointment. It applies only to Supreme Court justices, whose current retention cycle is 10 years, and Appeals Court judges, now on an eight-year cycle. District judges' terms are not affected.

This modest proposal has infuriated the bench and bar -- aided and abetted, of course, by the media -- who characterize it as radical, reckless, an assault on judicial independence and a dangerous politicizing of the courts.

It is none of those. We don't go back to elected judges, or change the merit selection process. We don't make it easier to remove a miscreant -- or even merely unpopular -- judge. We may not even shorten the average length of appellate court tenure, which is only about eight years now. All we seek to do is to balance the requirement for rotation in office, so it applies to all three branches of state government from now on. Why should the potential abuse of power or self-serving entrenchment by state senators, representatives, the governor and other elected executives be checked by a term limit, while the activism of the judiciary is not subjected to the same?

The judicial term limit plan has an additional provision, if the reform is approved this year, that would eject at the end of 2008 any incumbents on the two high courts who have already served 10 years or more. Limit the Judges, then, functions not only as a constitutional amendment but also a referendum on the performance of our robed policy makers.

Five of the seven state Supreme Court justices, all mostly liberal, would be gone in two years if the measure passes; likewise seven of 15 Appeals Court judges. The Colorado Bar Association bemoans a cumulative loss of 185 years' experience on the bench, but that argument may prove no more persuasive to voters in relation to the judicial branch than when it was previously deployed in vain for the legislative branch.

In my experience, term limits have helped make Colorado's legislature more respectful of the plain language of the constitution and more responsive to the sovereign will of the people. I believe term limits can yield similar benefits in our court system.

Robert Nagel, a law professor at the University of Colorado, argues that the imperial judiciary is self-stoking; that is, the legal system, by its very design, inexorably tends toward excess because it is sealed off from democratic forces. He recommends devising "other political checks" on the runaway courts. Colorado's judicial term limits, it seems to me, are a good start.

Mr. Andrews is chairman of the Limit the Judges campaign and former president of the Colorado Senate from 2003 to 2005.

Vote — Or Else (NYT)

By Norman Ornstein

The New York Times, August 10, 2006

Washington

EVEN with all the attention devoted to Connecticut's Democratic primary, in which Ned Lamont upset Senator Joseph Lieberman, turnout was an anemic 43 percent. It was arguably the most important race in the nation and not even half of registered Democrats bothered to vote. This group in turn made up barely 15 percent of the voting-age population of the state.

The unhappy effects of low turnout are clear: ever-greater polarization in the country and in Washington, which in turn has led to ever-more rancor and ever-less legislative progress.

Here's why. With participation rates of about 10 percent or less of the eligible electorate in many primaries to 35 percent or so in midterm general elections to 50 percent or 60 percent in presidential contests, the name of the game for parties is turnout — and the key to success is turning out one's ideological base. Whichever party does a better job getting its base to the polls reaps the rewards of majority status.

And what's the best way to get your base to show up at the polls? Focus on divisive issues that underscore the differences between the parties.

Not surprisingly, the partisan divide keeps increasing. Just look at Tuesday's results: Mr. Lieberman, a centrist, was unseated by Mr. Lamont, a darling of the left; in Michigan, Joe Schwarz, a moderate Republican congressman, was beaten by Tim Walberg, a bedrock conservative. It's no wonder that when Republicans and Democrats finally arrive in Washington, there's little incentive for them to do the nation's business.

So what can be done? Here's a possible solution: mandatory voting. A number of countries, including Singapore, Cyprus, Austria and Belgium, have forms of mandatory voting. But Australia, a sprawling polity like ours, provides perhaps the best example of why it bears consideration for the United States.

In the Australian system, registered voters who do not show up at the polls either have to provide a reason for not voting or pay a modest fine, the equivalent of about $15. The fine accelerates with subsequent offenses. The result, however, is a turnout rate of more than 95 percent. The fine, of course, is an incentive to vote. But the system has also instilled the idea that voting is a societal obligation.

It has also elevated the political dialogue. Australian politicians know that all their fellow citizens, including their own partisans, their adversaries' partisans and nonpartisans, will be at the polls. The way to gain votes does not come from working your base to fever pitch; it comes from persuading the persuadables, the centrists who are increasingly left out of the American political process. Appealing to the extremes is a formula for failure.

If there were mandatory voting in America, there's a good chance that the ensuing reduction in extremist discourse would lead to genuine legislative progress. These days, valuable Congressional time is spent on frivolous or narrow issues (flag burning, same-sex marriage) that are intended only to spur on the party bases and ideological extremes. Consequently, important, complicated issues (pension and health-care reform) get short shrift.There's no question that compulsory voting would be a tough sell. Congress would have to pass a law and the states would have to enforce it. Surveys on the subject regularly show substantial majorities opposed to the idea. Americans don't like compulsory anything — we value the freedom not to vote.

But going to the polls doesn't mean that you have to vote for a particular candidate. About three percent of Australians, for example, mark X on the ballot, the equivalent of "none of the above."

Mandatory voting comes with a price: a modest loss of freedom. But this would be more than balanced by the revitalization of the rapidly vanishing center in American politics.

Tuesday Tea Leaves (WSJ)

The Wall Street Journal, August 10, 2006

Connecticut Senator Joe Lieberman wasn't the only incumbent who had a tough Tuesday night (see above), as primary voters in both parties seemed to be in a throw-the-bums-out mood.

Representative Cynthia McKinney, the unhinged Georgia Democrat best known for scuffling with Capitol Hill police and accusing President Bush of having foreknowledge of the 9/11 terrorist attacks, lost a runoff election to Hank Johnson, a former commissioner of DeKalb County. This is a vote for more civil political discourse. And in Michigan, GOP Representative Joe Schwarz was defeated by Tim Walberg, a small-government conservative.

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The Schwarz camp and other liberal Republicans in Michigan say the abortion issue explains the pro-choice incumbent's loss to Mr. Walberg, a former state lawmaker who is pro-life. But Pat Toomey of the Club for Growth, which backed Mr. Walberg, says the main issues that concerned voters were "limited government and economic freedom, specifically less spending and lower taxes, which is what Walberg stood for and Schwarz clearly stood against."

By the way, the Michigan election marked the first time the Club for Growth has defeated a Republican in a primary after several tries, a fact that underscores this year's anti-incumbent mood. The Club's next target is liberal Rhode Island Senator Lincoln Chafee, who is facing a tough primary challenge from Cranston Mayor Stephen Laffey.

Another antitax conservative prevailed in Colorado, where state Senator Doug Lamborn won a six-man GOP primary for a House seat being vacated by Joel Hefley, who's retiring. Two of the leading contenders, Jeff Crank, a former Hefley aide, and Colorado Springs Mayor Lionel Rivera, both had a record of supporting higher levies. Mr. Lamborn drove that message home by making tax-reduction the centerpiece of his campaign. "The problem with the GOP's drift on spending is seen all across the country," says Mr. Toomey. "We saw it big time in Pennsylvania's primaries in May, and now we've seen it in Michigan and Colorado."

No doubt unease over Iraq and frustration over rising gas prices and interest rates have also contributed to this voter anger. But Republicans have brought it to a boil with their earmarking excesses and general coziness with Washington mores. Their only hope for saving their majority may be if the Lamont Democrats frighten voters on national security.

France Considers Its Own Ceasefire Plan For UN (FT)

By Jonathan Birchall And William Wallis

Financial Times, August 10, 2006

Jacques Chirac, the French president, on Wednesday raised the prospect of a renewed diplomatic confrontation with the US over Lebanon, saying Paris was prepared to introduce its own ceasefire plan to the United Nations Security Council if efforts to forge agreement with Washington failed.

“If we don’t manage it, there will obviously be a debate in the Security Council and everyone will present their position clearly, including, of course, France with its own resolution,” he said.

Mr Chirac’s remarks in Toulon reflected growing frustration with the diplomatic deadlock at the UN, centred on an initial draft ceasefire resolution agreed by France and the US at the weekend. Following objections from Lebanon and the Arab League, France is now pushing for changes aimed at accommodating Arab concerns, which focused on the failure of the US-French plan to demand the withdrawal of Israeli forces from Lebanon.

Diplomats say the US remains opposed to placing such a demand on Israel.

“It does seem that there is an American reservation about adopting this draft,” Mr Chirac said. “I can’t imagine that there would be no solution because that would mean the most immoral result – that we accept the current situation and that we abandon an immediate ceasefire.”

France and the US are at odds in particular over the timing of the deployment of an international force and Israel’s withdrawal – reflecting the conflicting views on the ground of Israel and Lebanon and its Arab allies.

Lebanon wants the UN to call for an immediate Israeli withdrawal after the ceasefire, with the Lebanese army, supported by an enhanced version of the existing Unifil peacekeeping force, taking its place.

Israel, backed by the US, says it will not withdraw its troops until a credible international force begins to deploy in its place, to prevent the resurgence of Hizbollah forces.

The initial US-French draft calls for a second resolution that would create a framework for a separation of forces, the deployment of an international force and an eventual Israeli withdrawal.

Diplomats at the UN said there was a desire to postpone discussions on the make-up of the proposed force to be deployed in the area until a ceasefire was in place. Lebanon is opposed to deployment of an international force that is not under direct UN command.

As talks continued at the UN yesterday, the US sent David Welch, assistant secretary of state, to Beirut, where he met Fouad Siniora, Lebanon’s prime minister, and Nabih Berri, the moderate Shia leader who is speaker of parliament.

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Lebanese officials were gloomy about the prospect of any breakthrough after the talks. Aref Elabed, spokesman for Mr Siniora, said there had been no progress yet towards meeting Beirut's demands for the inclusion of an Israeli troop withdrawal in the draft UN resolution. "They are in the same place without any change," he said. "It will be a long and difficult negotiation."

UN envoys say that neither the US nor France have sought to involve Syria or Iran, Hizbollah's main backers, in the discussions.

At U.N., France Presses Pullback Of Israeli Troops (WP)

By Colum Lynch And Robin Wright

The Washington Post, August 10, 2006

UNITED NATIONS, Aug. 9 -- France on Wednesday introduced elements of a draft resolution urging Israel to begin withdrawing thousands of troops from southern Lebanon "at the earliest" possible date, as the United States warned that the next 24 hours are crucial because of Israel's threat to launch a ground invasion of Lebanon.

The possibility of escalating violence in the region raised the stakes in diplomatic efforts by the United States and France to bring a halt to the four-week conflict. The U.N. Security Council's five major powers -- the United States, France, Russia, China and Britain -- agreed to hold a new round of talks Thursday morning to try to narrow the differences.

John R. Bolton, the U.S. ambassador to the United Nations, and France's U.N. ambassador, Jean Marc de La SabliÃ¨re, said that the two sides had made progress in talks Wednesday evening but that important differences remain. "My sense is that we're getting closer in a way to resolving some of them," Bolton said. "But I don't want to underestimate the conceptual and operational differences that we're trying to overcome."

A senior administration official warned late Wednesday that diplomacy is reaching a crunch point. "It's a real inflection point in the next 12 to 24 hours," said the senior U.S. official, who requested anonymity because of the sensitive diplomacy. "There's a real possibility that we will get a resolution that reduces to zero the large-scale violence and gets an international force into Lebanon or, if not, then you're looking at a major Israeli ground invasion," the official said.

In Paris, President Jacques Chirac suggested that France would pursue its own diplomatic initiative to end the conflict if the United States refused to budge. The move appeared calculated to increase pressure on the United States to press Israel to end its escalating military campaign and leave Lebanon.

"There seem to be American reservations about adopting this draft," Chirac said. "I don't want to think of there not being a solution, since that would mean -- which would be the most immoral of solutions -- us accepting the present situation and giving up on the immediate cease-fire.

"So I don't want to think of the Americans or anyone else doing that," he said at a news conference after talks with his prime minister and key cabinet officials on the crisis.

In televised comments, Hezbollah leader Hasan Nasrallah called on the Lebanese government and the Lebanese population to stand firm and not waver from the seven-point plan presented by Prime Minister Fouad Siniora and approved July 28 by the full government, including Hezbollah ministers. That plan calls for "an immediate, unconditional and comprehensive cease-fire" and requires Israel to withdraw beyond Lebanon's U.N.-demarcated border with Israel.

Nasrallah warned that the unity of the government would be in jeopardy if the plan were altered as urged by the United States. Specifically, Nasrallah endorsed the dispatch of Lebanese army units to the border region, as proposed by Siniora over the weekend. "This is a clear decision," he said. "Everyone wants the army to deploy and sees it as a patriotic exit from the crisis. As far as we are concerned, that is a dignified exit, and the Lebanese army is composed of the sons of the people."

On Saturday, the United States and France agreed on a resolution calling for a "cessation of hostilities" between Israel and Hezbollah. But that accord unraveled after Lebanon objected to a provision that would have allowed Israeli troops to remain in southern Lebanon until a formal political settlement was reached. Instead, it proposed sending 15,000 U.N.-backed Lebanese forces to take control from the Israelis.

In a shift, France backed the Lebanese position, proposing new language that calls on Israel to begin withdrawing behind Lebanon's U.N.-demarcated border with Israel while the Lebanese army, supported by a U.N. peacekeeping mission, starts deploying in southern Lebanon.

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But the United States has backed Israel's demand that it be permitted to remain in southern Lebanon until a new, larger and more muscular international force is brought in to supervise the 50-mile border and guarantee that Hezbollah can no longer attack Israeli cities. Bolton insisted that the United States is committed to ensuring an "effective security presence in the southern part of Lebanon as the Israeli forces withdraw."

"We don't want Hezbollah to re-infiltrate the southern part of Lebanon," he added.

A senior Arab delegation pressed Lebanon's case for an immediate withdrawal of troops, saying their presence threatens stability in the region. The delegation also opposed U.S. and French plans to send a multinational force to Lebanon. "There is a fear of more chaos in the region," Arab League Secretary General Amr Moussa told reporters.

"We are trying to bring together the views and to bridge to gap in order for us to get the resolution adopted," Moussa said. "And we continue our work today and perhaps tomorrow."

Correspondents Edward Cody and Nora Boustany contributed to this report from Beirut. Wright reported from Washington.

U.N.'s Mideast Diplomatic Efforts Falter (AP)

By Edith M. Lederer, Associated Press Writer

AP, August 10, 2006

Diplomatic efforts to reach quick agreement on a U.N. resolution aimed at ending the escalating Israeli-Hezbollah conflict faltered Wednesday over differences between the United States and France on the timing of an Israeli withdrawal from Lebanon.

As Israel approved a broader and bigger ground offensive in southern Lebanon, France was backing Lebanon's call for Israeli troops to pull out once hostilities end and Lebanon deploys 15,000 troops of its own. The United States was supporting Israel's insistence on staying until a robust international force is deployed.

The dispute between the co-sponsors of the draft Security Council resolution sparked a flurry of meetings Wednesday and raised the possibility of rival U.S. and French resolutions — or no resolution at all for the time being.

In negotiations with Britain, China, the U.S. and Russia on Wednesday evening, France presented the latest language in the draft resolution, a Security Council diplomat said. One key amendment "calls upon the government of Lebanon, upon cessation of hostilities, to start deploying its armed forces throughout the south as the Israeli army starts withdrawing behind the Blue Line in coordination with UNIFIL," the U.N. peacekeeping force now in the region. The Blue Line is the U.N.-drawn boundary between Lebanon and Israel.

The diplomat spoke on condition of anonymity because the discussions were secret.

In negotiations with Britain, China, the U.S. and Russia on Wednesday evening, France presented language it had discussed the day before, a U.N. Security Council diplomat said. The amendment would say Lebanese troops should start deploying in south Lebanon with the support of U.N. peacekeepers now present in the region, "as the Israeli army starts withdrawing below the Blue Line," the U.N.-drawn boundary between Israel and Lebanon.

The diplomat spoke on condition of anonymity because the discussions were secret.

The U.S. response to that idea was not immediately clear, though U.S. Ambassador John Bolton said differences remained. U.S. officials had previously said the main issues were matters of sequencing — which steps should happen first.

"We're all still operating in very good faith and trying to resolve some difficult issues that we've known for some time," Bolton said. "But my sense is that we're getting closer in a way to resolving some of them. But I don't want to underestimate the conceptual and operational differences that we're trying to overcome."

French President Jacques Chirac said the draft resolution should be revised to take into account Lebanese and Arab demands for changes. He appealed to the U.S. at a news conference in Toulon to speed up its response to these demands, and warned that giving up the push for an immediate end to the fighting would be the "most immoral" response.

Chirac said that if France and the United States don't reach agreement, "we will have a debate in the Security Council and each will affirm clearly its position, naturally including France, through its own resolution."

The U.S.-French draft circulated Saturday calls for "a full cessation of hostilities," with Hezbollah immediately stopping all attacks and Israel ending offensive military operations. But Israel would still be allowed to take defensive action and there is no call for the withdrawal of its troops from southern Lebanon, which is Hezbollah's stronghold.

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Lebanon opposed the draft, saying it favored Israel too strongly. The Lebanese government demanded that the cessation of hostilities must be complete — including all Israeli military activity — and all Israeli troops must leave. It warned that their presence would be viewed as a new occupation and citing Hezbollah's threat to shoot at any Israeli soldiers in the country.

On Monday, Lebanon offered to deploy 15,000 troops in south Lebanon. France wants a revised resolution to build on the Lebanese announcement, which would fulfill a demand in a September 2004 Security Council resolution that the government extend its authority throughout southern Lebanon.

Paris maintains that before the deployment of an international force — which it may lead — there should be an intermediate step to reinforce the 2,000-strong U.N. peacekeeping force in southern Lebanon, diplomats said, speaking on condition of anonymity because the negotiations are closed.

Bolton said the United States believes Lebanon's decision to deploy the army in the south "is significant and we are going to take account of that in the resolution."

"The strategic issue, however, remains the same as it has been from near the outset of this, which is that everybody wants to see this used to transform the situation in the region — which means fundamentally that we don't want Hezbollah to re-infiltrate the southern part of Lebanon," he said.

U.S. officials said a cease-fire deal could accommodate both Arab demands for an immediate Israeli pullout from southern Lebanon and U.S. and Israeli demands that no security vacuum be left for Hezbollah to fill.

Other members of the Security Council appeared increasingly impatient with the lack of a resolution so far.

As a practical matter, Israeli forces would need several days or longer to leave, and the departure would be coordinated with deployment of a replacement force that is acceptable to the Lebanese, U.S. officials said.

The composition and mandate of the replacement force is a sticking point, but U.S. officials said it could be a combination of Lebanese and foreign forces, perhaps under the banner of the U.N. force.

Bolton said this raises a number of issues that are the current focus of debate, including how to ensure an effective security presence in southern Lebanon as Israeli forces withdraw; how to put a security operation together; and how an operation would become part of the effort to fulfill the U.N. resolution demanding the disarmament of all militias and the extension of Lebanese government authority throughout the country.

Lebanon also wants the resolution to include a commitment to release Lebanese and Israeli prisoners and an agreement to put the disputed Chebaa Farms area on the Lebanon-Syria-Israel border under U.N. jurisdiction.

Associated Press Writers Anne Gearan in Washington and Christine Ollivier in Toulon, France, contributed to this report

Israel Aims Deeper Into Lebanon; U.N. Tied Up (USAT)

By Yaakov Katz And Bill Nichols

USA Today, August 10, 2006

TEL AVIV, Israel — Prospects for a truce in the Middle East were damaged Wednesday by events in the region and at the United Nations.

Israel's Security Cabinet approved an offensive to push deeper into Lebanon to pursue Hezbollah guerrillas. Negotiations on a U.N. cease-fire resolution were stymied by differences between the United States and France over the timing of an Israeli withdrawal.

Thousands of Israeli soldiers gathered along the Lebanese border late Wednesday for the largest and deepest ground incursion into Lebanon since fighting between Israel and Hezbollah began July 12.

The Security Cabinet voted 9-0, with three abstentions, to approve a plan for troops to push to Lebanon's Litani River, about 18 miles north of the border. Defense Minister Amir Peretz said the offensive was needed to stop Hezbollah rocket attacks on northern Israel. The militant Shiite Muslim group has fired more than 3,000 rockets at Israel since July 12, when Hezbollah fighters launched a cross-border raid in which two Israeli soldiers were captured and eight killed.

Trade Minister Eli Yishai said Peretz and Prime Minister Ehud Olmert will decide on the timing of the offensive. “The assessment, it will last 30 days,” said Yishai, who abstained from the vote. “I think it will take a lot longer.”

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The Bush administration, which has largely backed Israel's actions throughout the month-long war, signaled its displeasure with the approval of the new offensive Wednesday. "We want an end to the violence, and we do not want escalations," White House press secretary Tony Snow said.

The decision to widen the offensive came a day after Israel effectively demoted its commander in Lebanon. The military's chief of staff, Lt. Gen. Dan Halutz, appointed his deputy, Maj. Gen. Moshe Kaplinsky, to coordinate the ground war alongside Maj. Gen. Udi Adam, who had been solely in charge.

The change came as casualties mounted. The Israeli military said in a statement that 15 soldiers were killed Wednesday in southern Lebanon. It also claimed nearly 30 Hezbollah gunmen were killed.

The statement said at least 170 rockets were fired into Israel. Justice Minister Haim Ramon called on the military to act mercilessly in Lebanese villages from which rockets were fired. "I choose our children over their children," he said.

At the United Nations, meanwhile, negotiations continued between the United States and France on the wording of a cease-fire resolution. U.S. and French diplomats had agreed on a draft text Saturday, but differences re-emerged after an emotional appearance by Arab League representatives before the Security Council on Tuesday.

Israel and the United States want Israel's forces to stay in southern Lebanon until an international force can be deployed there. France, Lebanon and the Arab League want an immediate Israeli withdrawal; Lebanese troops, augmented by the current U.N. observer force in southern Lebanon, would then secure the area.

Lebanon voted Monday to send 15,000 army troops to take control of the Hezbollah-dominated south. In a major shift, Hezbollah leader Hassan Nasrallah said Wednesday that Hezbollah agrees on the need to deploy the army there.

The U.S. ambassador to the U.N., John Bolton, acknowledged there were "disagreements." He said the United States and France had agreed on a suitable text once before and "we may yet do it again."

Any vote was unlikely before Friday. Once a vote is scheduled, the Security Council's common practice is to give diplomats 24 hours to consult with leaders.

Rice's Hurdles On Middle East Begin At Home (NYT)

By Helene Cooper

The New York Times, August 10, 2006

WASHINGTON, Aug. 9 — As fighting was breaking out last month between Hezbollah and Israel, Secretary of State Condoleezza Rice worked through the night at her guest quarters on Russia's Baltic coast to draft America's response to the unfolding crisis.

The strategy she outlined that night, the eve of the Group of 8 meeting, dispensed with traditional diplomatic flourishes. It included no call for an immediate cease-fire and expressly stated that Israel had a right to defend itself.

The approach, which President Bush approved the next morning and has served as the basis for American strategy during the crisis, was more than a policy blueprint. It was also Ms. Rice's answer to opposing camps within the Bush administration. Ms. Rice, one senior administration official said, "staked out a position that was sufficiently unlike the usual State Department" approach to satisfy conservatives in the government, including Vice President Dick Cheney, who were pushing for strong American support for Israel.

As Ms. Rice has struggled with the Middle East crisis over the last four weeks, she has found herself trying to be not only a peacemaker abroad but also a mediator among contending parties at home.

Washington's resistance to an immediate cease-fire and its staunch support of Israel have made it more difficult for Ms. Rice to work with other nations, including some American allies, as they search for a formula that will end the violence and produce a durable cease-fire.

On her recent trips to the Middle East, Ms. Rice was accompanied by two men with very different outlooks on the conflict: Elliott Abrams, senior director at the National Security Council, and C. David Welch, a career diplomat and former ambassador to Egypt who is assistant secretary of state for Near East affairs.

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Mr. Welch represents the traditional State Department view that the United States should serve as a neutral broker in the Middle East. Mr. Abrams, a neoconservative with strong ties to Mr. Cheney, has pushed the administration to throw its support behind Israel. During Ms. Rice's travels, he kept in direct contact with Mr. Cheney's office.

One administration official described how during the trip — including a July 29 discussion in Ms. Rice's Rabin suite at the David Citadel Hotel, with its panoramic view of Jerusalem's Old City — Mr. Welch and Mr. Abrams served as counterfoils, with Mr. Welch arguing the Arab view and Mr. Abrams articulating the Israeli stance.

Ms. Rice selected Mr. Abrams for the National Security Council staff in 2002 when she was national security adviser. His return to government service was unexpected. After President George H. W. Bush pardoned Mr. Abrams in 1992 for his role in the Iran-Contra affair during the 1980's, Mr. Abrams said he would never work as policy maker again.

State Department officials say that Mr. Abrams serves as a buffer for Ms. Rice with some neoconservatives who are critical of her policies. "The genius of Elliott Abrams is that he's Elliott Abrams," one senior administration official said. "How can he be accused of not sufficiently supporting Israel?"

Several State Department officials have privately objected to the administration's emphasis on Israel and have said that Washington is not talking to Syria to try to resolve the crisis. Damascus has long been a supporter of Hezbollah, and previous conflicts between the group and Israel have been resolved through shuttle diplomacy with Syria.

Two weeks ago, Ms. Rice instructed Stephen A. Seche, the chargé d'affaires at the United States Embassy in Damascus, to approach Syria's foreign minister, Walid al-Moallem in Damascus. The two met, but Mr. Moallem "gave no indication that they would be moderately constructive," a senior administration official said, and there have been no overtures since.

The tensions in the region and within the administration have left Ms. Rice visibly weary and she has at times spoken in unusually personal, emotional terms. After the meeting in her suite, Ms. Rice, Mr. Abrams, Mr. Welch and Richard Jones, the United States ambassador to Israel, had dinner with Prime Minister Ehud Olmert. There, Ms. Rice showed a rare flash of impatience with him. When Mr. Olmert responded to her request to suspend airstrikes for 48 hours by saying that Israel had warned residents to evacuate, Ms. Rice shook her head, according to two American officials.

"Look, we've had this experience, with Katrina, and we thought we were doing it right," she reportedly said. "But we learned that many people who want to leave can't leave."

Though Ms. Rice was not directly involved in the government's response to Hurricane Katrina, she told colleagues last summer that she had been appalled at the slow reaction and had urged Mr. Bush to do more to alleviate the hardship of residents, many of them black, who were trapped in the flooded city.

Ms. Rice got the suspension she sought from the Israelis, but it proved short-lived. Her plane had barely left Israeli airspace when Israel resumed aerial strikes, though the bombing slowed for 48 hours.

Ms. Rice has been sharply criticized by some conservatives for pushing Israel too far to end its military operations in Lebanon. "Dump Condi: Foreign policy conservatives charge State Dept. has hijacked Bush agenda," read the headline July 25 in an online version of Insight Magazine, published by The Washington Times.

"She's being hammered by those who believe that this crisis will only be resolved by a strategic victory by Israel, backed by the United States," said Aaron David Miller, a scholar at the Woodrow Wilson Center who was a senior adviser for Arab-Israeli relations at the State Department under the last three presidents. "That belief says that unless Hezbollah is handed a strategic retreat, the war on terror will suffer a huge defeat."

But, Mr. Miller said, "she's also being hammered by the Europeans and Arabs for what they believe to be her inactivity."

The popular image of Ms. Rice as America's impeccably clad, composed, dashing diplomat — an image she and her aides have encouraged — has given way to a more somber figure struggling, like many of her predecessors, to resolve a Middle East conflict.

Ms. Rice's carefully scripted talking points have sometimes fallen flat. Her comment that the Israel-Lebanon war represented the "birth pangs of a new Middle East"— coming at a time when television stations were showing images of dead Lebanese children — sparked ridicule and even racist cartoons. A Palestinian newspaper, Al Qud, depicted Ms. Rice as pregnant with an armed monkey, and a caption the read, "Rice speaks about the birth of a new Middle East."

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She became angry when a reporter asked her, after Israel's promised 48-hour suspension of airstrikes ended 36 hours early, how she felt when she found out. "I have had more questions about how I felt," she said. "The question is what we do. And what we did was to seek clarification from the Israeli government about whether or not they were adhering to the agreement here."

Before leaving for her trip to the Middle East, she told an acquaintance, with a tone of resignation, that every secretary of state, sooner or later, had to mediate a dispute in the region. "Now, I guess it's my turn."

British MP Quits Defence Post Over Lebanon Conflict (AFP-Y)

AFP, August 10, 2006

A British member of parliament became the first to resign over the government's stance on the Middle East conflict when he quit his post at the Ministry of Defence.

Jim Sheridan, a member of Prime Minister Tony Blair's governing Labour Party, said he was standing down as the parliamentary private secretary to the defence minister and his deputy -- though he acknowledged his resignation would have little impact on the government's Middle East strategy.

"The reason I am resigning is the current conflict in the Middle East and once again the Palestinian situation has been put on the back-burner," the MP for Paisley near Glasgow, told Sky News television.

"I don't expect my resignation will have any significant impact on the prime minister's objectives in the Middle East, which I genuinely believe to be honourable on his part, but I don't believe they reflect the core values of the Labour Party or indeed the country."

Rather than call for an immediate ceasefire between Israel and the Hezbollah militia in Lebanon, the British government has pushed for a lasting cessation of hostilities that would be fully observed by both sides.

Reacting to Sheridan's resignation, Defence Secretary Des Browne said he was "disappointed to receive Jim's letter".

"He was a valued member of the ministerial team," Browne said.

"I respect his decision. These issues are difficult for everyone involved but we are all working for the same objectives -- an early but sustainable end to the violence."

Speaking to the BBC on Wednesday, John Grogan, a Labour Party MP, said Sheridan's resignation would be followed by that of others in the coming days.

"I know, from talking to other parliamentary private secretaries today (Wednesday) that he is not alone in having concerns," Grogan told the broadcaster.

"He's not going to be the only parliamentary private secretary who's going to be resigning, I don't think, in the coming days."

Sheridan's resignation came amid calls from some 150 MPs for the lower house of parliament, which is on an 11-week summer recess, to be promptly recalled to debate the war, now entering its fifth week.

In a letter to Jack Straw, the cabinet minister in charge of the government's legislative agenda, they said it was "absolutely vital" that public concern over the conflict be fully discussed.

Foreign Office Minister Kim Howells said he was not "sure what a recall of parliament would do to alter the situation". Nevertheless, he said he expected Straw, a former foreign secretary, to consider the request "very very carefully".

After A Lifetime Of War, Lebanese Envoy Knows No Peace (WP)

By Lynne Duke

The Washington Post, August 10, 2006

Inside the Lebanese Embassy on 28th Street NW, the air smells of stress. It's cigarette smoke, actually, for Carla Jazzar, the new diplomat in charge, has relaxed the no-smoking rule. It is just a small concession to allow her staffers some modicum of relief from the fear and anxiety that have gripped them all as they watch their country being destroyed yet again.

"Everybody has family in Lebanon," she says. "Everybody's concerned."

Of her own habit, she says, "I was about to quit, really, until this whole thing happened." She shrugs almost apologetically, near an ashtray filled with butts in an office decorated quite elegantly. There are reprints of paintings by Khalil Gibran, the Lebanese poet, as well as plaques of the Phoenician alphabet, the writing of her ancient ancestors.

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The lands of the Middle East are bleeding again, and Jazzar's life has been redefined. Suddenly she's on the diplomatic front line for her country as its cities, roads, bridges and airport runways are pummeled by Israel in response to the Lebanese Hezbollah militia's July 12 killing of Israeli troops, seizure of two hostages and its subsequent firing of hundreds of rockets across the border.

Lebanon's ambassador, Farid Abboud, was recalled shortly after the conflict started. He'd suggested on CNN that Hezbollah's action represented a Lebanese government policy, which sparked outrage back in Beirut and the early end of Abboud's Washington posting.

Into the breach stepped Jazzar, the embassy's deputy chief of mission. She is 40 and fashionable and diplomatically experienced, having served in Beirut, London and Paris, where as a senior diplomat for Lebanon's mission to UNESCO she had to take over after the Lebanese ambassador there suffered a stroke.

But this is war. This is different. Her country's future is at stake. And for a woman who grew up in Beirut as "a child of the Lebanese civil war," this new conflict brings an anguish that is both patriotic and personal.

"This war today revives painful memories to me," Jazzar says. Her voice at times is like a lament.

"I've witnessed this country so many times being devastated then rebuilt, then redevastated and rebuilt. And last year in March 2005, the Cedar Revolution happened and it brought us so many hopes."

The Lebanese success at pushing Syrian troops out of their country after 30 years marked a watershed for Lebanon. After the assassination of former prime minister Rafiq Hariri, Lebanese filled the streets in mass demonstrations demanding that their nation regain its sovereignty. The movement's success put Lebanon in control of its own fate -- or so it seemed.

"And we thought at that time: This is it. This is the end of our suffering. We're opening a new page. And I thought it was a new beginning for us. Well, I still believe that what happened in March 2005 is still very well alive and very strong, and I still believe we will overcome this."

She is fiercely on message, quick to detect any hint that perhaps a Lebanese history lesson may be required to make her point.

"Listen. Let me tell you something," she says, planting an elbow on her knee. The lament is clearly over. This is the fire of the advocate (not the "shy person" she says she is). The lesson is sparked by the question of how Lebanon will face a long war.

"Lebanon is the oldest democracy in this part of the world. Let's keep that in mind," she says. "It has the oldest constitution, going back to 1920. Women in Lebanon had the right to vote in 1952. So it is a very democratic society. And this country knew major crises and still, again and again, this country was able to stand on its feet and to recover. Yes, I do believe that we are able to overcome this."

But will it be a long war?

She sighs and stands down, as it were.

"I hope not. I really hope not," she says, "because we cannot stand it anymore. It's too harsh for the Lebanese. It's unbearable for us. Too many killed. Too many displaced. Infrastructure ruined."

Since the former ambassador departed from Washington at the end of July, Jazzar has taken over in a very public way, appearing on news shows, sitting for interviews and pushing Lebanon's positions: its demand for an immediate ceasefire; its plan to send Lebanese troops to the disputed south Lebanon region; its outrage at being pounded far more than it believes is necessary for the punishment Israel wants to inflict on Hezbollah.

"I was this morning at 10:30 at C-SPAN," she says during an interview Tuesday. "I had a meeting at 10 at the State Department. Then at 11:30, at the Senate. Then I went to CTV [Canadian TV] for an interview. Well, and now you're here, and at 5 we have this fundraising event" for charities helping Lebanon's wounded and displaced.

Before this latest war, she'd led a normal diplomatic life. She had basked in Lebanon's success of last year. She had conducted the business of her diplomatic beat, which was the U.S. executive branch -- focusing on the National Security Council and the State Department. She'd socialized with friends in Washington and what she calls "my own private life in New York," a phrase accompanied by a devilish little laugh. She has a home there as well as in Washington. She's made it her business to get to know the United States and has fallen in love not only with New York but also with Chicago. She loves big cities.

She's from Beirut, after all. She knows a thing or two about the lives and deaths and resurrections of cities.

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Beirut: All her childhood memories of the city have to do with war -- the civil war that began in 1975 between Christian and Muslim fighters, including Lebanese and Palestinians; and Israel's 1982 invasion to root out the Palestine Liberation Organization.

"We never lived as normal children, never, my sisters, my family. We rarely had electricity, for instance. We were living in a state of war all the time. . . . Our only concern was to go to school safe and come back safe. And I remember the long nights we spent in shelters.

"Very often we couldn't come back home. We had to stay at our schools for days and days."

It was the same when she attended the Universite Saint-Joseph, which sat near the infamous "green line" dividing Christian East Beirut from Muslim West Beirut. Often, she was marooned there. Often, a sniper operated near the school, which shut its main entrance so students wouldn't end up in the line of fire. She earned a master's degree in political science there amid the war.

"In 1989, 1990, during the last round of the Lebanese war," she recalls, "I couldn't stand it anymore. I went to Paris."

There, she worked briefly for the Lebanese Embassy. After a stint back in Beirut -- by 1992, a Beirut at relative peace -- she moved on to a posting in London as a consular official. While there, she earned a second master's at the London School of Diplomacy. From London, it was on to Paris, back to Beirut, then to Washington in 2004.

She had always wanted, as a young person, to serve her country. The notion of public service is ingrained in her family, she says. And she loves the diplomatic life, even though it is not quite what she once imagined.

"I was filled with illusions," she says.

"I'll tell you a story. I thought that the diplomatic pouch was something kind of like a Samsonite. Well, then I get to understand that the diplomatic pouch is this dirty bag." She's laughing at her own metaphor.

"I thought it was a different life. I thought it was easier, more comfortable," she says. "But, unfortunately, when you represent a small country and a troubled country, you can never rest."

The Guns Of August (WP)

By Richard Holbrooke

The Washington Post, August 10, 2006

Two full-blown crises, in Lebanon and Iraq, are merging into a single emergency. A chain reaction could spread quickly almost anywhere between Cairo and Bombay. Turkey is talking openly of invading northern Iraq to deal with Kurdish terrorists based there. Syria could easily get pulled into the war in southern Lebanon. Egypt and Saudi Arabia are under pressure from jihadists to support Hezbollah, even though the governments in Cairo and Riyadh hate that organization. Afghanistan accuses Pakistan of giving shelter to al-Qaeda and the Taliban; there is constant fighting on both sides of that border. NATO's own war in Afghanistan is not going well. India talks of taking punitive action against Pakistan for allegedly being behind the Bombay bombings. Uzbekistan is a repressive dictatorship with a growing Islamic resistance.

The only beneficiaries of this chaos are Iran, Hezbollah, al-Qaeda and the Iraqi Shiite leader Moqtada al-Sadr, who last week held the largest anti-American, anti-Israel demonstration in the world in the very heart of Baghdad, even as 6,000 additional U.S. troops were rushing into the city to "prevent" a civil war that has already begun.

This combination of combustible elements poses the greatest threat to global stability since the 1962 Cuban missile crisis, history's only nuclear superpower confrontation. The Cuba crisis, although immensely dangerous, was comparatively simple: It came down to two leaders and no war. In 13 days of brilliant diplomacy, John F. Kennedy induced Nikita Khrushchev to remove Soviet missiles from Cuba.

Kennedy was deeply influenced by Barbara Tuchman's classic, "The Guns of August," which recounted how a seemingly isolated event 92 summers ago -- an assassination in Sarajevo by a Serb terrorist -- set off a chain reaction that led in just a few weeks to World War I. There are vast differences between that August and this one. But Tuchman ended her book with a sentence that resonates in this summer of crisis: "The nations were caught in a trap, a trap made during the first thirty days out of battles that failed to be decisive, a trap from which there was, and has been, no exit."

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Preventing just such a trap must be the highest priority of American policy. Unfortunately, there is little public sign that the president and his top advisers recognize how close we are to a chain reaction, or that they have any larger strategy beyond tactical actions.

Under the universally accepted doctrine of self-defense, which is embodied in Article 51 of the U.N. Charter, there is no question that Israel has a legitimate right to take action against a group that has sworn to destroy it and had hidden some 13,000 missiles in southern Lebanon. In these circumstances, American support for Israel is essential, as it has been since the time of Truman; if Washington abandoned Jerusalem, the very existence of the Jewish state could be jeopardized, and the world crisis whose early phase we are now in would quickly get far worse. The United States must continue to make clear that it is ready to come to Israel's defense, both with American diplomacy and, as necessary, with military equipment.

But the United States must also understand, and deal with, the wider consequences of its own actions and public statements, which have caused an unprecedented decline in America's position in much of the world and are provoking dangerous new anti-American coalitions and encouraging a new generation of terrorists. American disengagement from active Middle East diplomacy since 2001 has led to greater violence and a decline in U.S. influence. Others have been eager to fill the vacuum. (Note the sudden emergence of France as a key player in the current burst of diplomacy.)

American policy has had the unintended, but entirely predictable, effect of pushing our enemies closer together. Throughout the region, Sunnis and Shiites have put aside their hatred of each other just long enough to join in shaking their fists -- or doing worse -- at the United States and Israel. Meanwhile, in Baghdad, our troops are coming under attack by both sides -- Shiite militias and Sunni insurgents. If this continues, the U.S. presence in Baghdad has no future.

President Bush owes it to the nation, and especially the troops who risk their lives every day, to reexamine his policies. For starters, he should redeploy some U.S. troops into the safer northern areas of Iraq to serve as a buffer between the increasingly agitated Turks and the restive, independence-minded Kurds. Given the new situation, such a redeployment to Kurdish areas and a phased drawdown elsewhere -- with no final decision yet as to a full withdrawal from Iraq -- is fully justified. At the same time, we should send more troops to Afghanistan, where the situation has deteriorated even as the Pentagon is reducing U.S. troop levels -- which is read in the region as a sign of declining U.S. interest in Afghanistan.

On the diplomatic front, the United States cannot abandon the field to other nations (not even France!) or the United Nations. Every secretary of state from Henry Kissinger to Warren Christopher and Madeleine Albright negotiated with Syria, including those Republican icons George Shultz and James Baker. Why won't this administration follow suit, in full consultation with Israel at every step? This would clearly be in Israel's interest. Instead, administration officials refuse direct talks and say publicly, "Syria knows what it must do" -- a statement that denies the very point of diplomacy.

The same is true of talks with Iran, although these would be more difficult. Why has the world's leading nation stood aside for over five years and allowed the international dialogue with Tehran to be conducted by Europeans, the Chinese and the United Nations? And why has that dialogue been restricted to the nuclear issue -- vitally important, to be sure, but not as urgent at this moment as Iran's sponsorship and arming of Hezbollah and its support of actions against U.S. forces in Iraq?

Containing the violence must be Washington's first priority. Finding a stable and secure solution that protects Israel must follow. Then must come the unwinding of America's disastrous entanglement in Iraq in a manner that is not a complete humiliation and does not lead to even greater turmoil. All of this will take sustained high-level diplomacy -- precisely what the American administration has avoided in the Middle East. Washington has, or at least used to have, leverage over the more moderate Arab states; it should use it again, in the closest consultation with and on behalf of Israel.

And we must be ready for unexpected problems that will test us; they could come in Turkey, Pakistan, Egypt, Syria, Jordan or even Somalia -- but one thing seems sure: They will come. Without a new, comprehensive strategy based on our most urgent national security needs -- as opposed to a muddled version of Wilsonianism -- this crisis is almost certain to worsen and spread.

Richard Holbrooke, a former U.S. ambassador to the United Nations, writes a monthly column for The Post.

Israel, Seeking Rocket Buffer, Sets Expansion (NYT)

By Steven Erlanger

The New York Times, August 10, 2006

DOJ_NMG_0046076

JERUSALEM, Aug. 9 — Israel decided Wednesday to move thousands more troops into Lebanon in a major expansion of its ground operation aimed at pushing Hezbollah and its rocket launchers farther away from Israeli cities.

The decision, made at a six-hour security cabinet meeting, approved a plan drawn up by the military and Defense Minister Amir Peretz to move farther and faster into Lebanon.

Prime Minister Ehud Olmert and Mr. Peretz will decide when the new operation begins, and they are expected to wait a bit so a diplomatic solution, currently being negotiated at the United Nations, can be found.

But they are not expected to wait very long, said a senior cabinet minister who was in the meeting. "The army is in full motion," he said.

He said the decision on the new offensive was intended in part to press diplomats to move faster to establish a robust international force to monitor the border and help the Lebanese government exercise full control over the country.

The decision is also meant to push Prime Minister Fouad Siniora of Lebanon to accept such a force, despite the objections of Hezbollah, to deploy in southern Lebanon alongside the weak Lebanese Army, said the Israeli cabinet minister said, who spoke on the condition that he not be named because he was not authorized to speak about secret proceedings. "We have to stop the launchers," the minister added. "That was the message to the army."

Giora Eiland, a former national security adviser, said the expansion of the offensive was aimed at achieving goals that had so far proved elusive. "We have to move forward to where the launchers are," he said. "The Israeli military operation so far is not effective. We're not doing the important things we need to do."

Late Wednesday night, columns of Israeli armor and troops moved into Lebanon toward Al Khiam, north of Kiryat Shmona and Metulla, which have been hit hard by rockets. The Israelis said the new operation was intended to cut rocket launchings but remained within four miles of the border.

The United States urged Israel "to take the utmost care in avoiding civilian casualties," the State Department spokesman, Sean McCormack, said.

Secretary of State Condoleezza Rice spoke to Mr. Olmert for half an hour in a break during the meeting, but no details were released about their conversation. C. David Welch, an assistant secretary of state, has been shuttling between Beirut and Jerusalem to try to work out a deal on a United Nations resolution.

The White House spokesman, Tony Snow, said Wednesday: "Our primary goal is to have an end of violence, but an end that will also ensure that there are not conditions for future violence, because we've seen this recur many times in Lebanon. That would mean creating a credible force that would allow the government of Lebanon to seize effective control and authority over southern Lebanon, and also would not lead to a situation where Hezbollah once again could arise as an independent militia, a state within a state, and to work while independent of the government, and also to destabilize Lebanon.''

He went on to say, "We want an end to violence and we do not want escalations." Asked whether that was a message to Israel, he said, "It's a message to all parties."

Hezbollah's leader, Sheik Hassan Nasrallah, criticized the first draft resolution as unjust and unbalanced in Israel's favor. "The least we can describe this is as unfair and unjust," he said in a televised speech on Wednesday. "It has given Israel more than it wanted and more than it was looking for."

Sheik Nasrallah gave his support to the Lebanese plan to move its army down to the border, which Hezbollah had opposed until this war, saying it made a new international force unnecessary. Hezbollah is viewed by Israelis as supporting the Lebanese deployment as a way of trying to circumvent an aggressive multinational force, because Mr. Nasrallah understands it is no longer possible to oppose both.

In his speech, Sheik Nasrallah warned Israeli citizens of Arab descent to leave the port city of Haifa, which has been struck intermittently by longer-range rockets provided to Hezbollah by Syria and Iran, and he promised to turn southern Lebanon into a "graveyard" for Israeli soldiers.

At the United Nations, France and the United States struggled to settle differences in the text of a resolution they introduced Saturday to halt the fighting. But they have been revising it to meet objections from Lebanon and the 22 Arab League countries that it did not demand an immediate Israeli withdrawal from Lebanon.

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France and the United States are divided over what kind of international force should be sent to southern Lebanon, when it should deploy and how soon the Israelis should leave Lebanon. France would like the Israelis to start leaving when a promised contingent of 15,000 Lebanese Army troops arrives. The United States says the Israelis must remain until international troops are in place.

When the talks suffered a near collapse in midafternoon, a meeting was called of the five permanent members of the Security Council: Britain, China, France, Russia and the United States.

Speaking after the session on Wednesday evening, John R. Bolton, the American ambassador, described the outstanding issues as "really difficult." But he added, "My sense is we're getting closer in a way to resolving some of them, but I don't want to underestimate the conceptual and operational difficulties that were trying to overcome."

He said the talks would continue Thursday after the delegations had heard back from their capitals, meaning the earliest a vote could be held has now been pushed back to Friday.

There have been diplomatic discussions about whether Unifil, the existing United Nations force, could be transformed into a more serious peacekeeping force to work alongside the Lebanese Army. Mr. Siniora emerged from a meeting with Mr. Welch to say there had been "no progress" toward resolving differences over a cessation of hostilities. "We are still at the same place," he said.

Mr. Eiland, the former Israeli national security adviser, said what mattered more than any new military offensive was the eventual shape of Lebanon, and whether the government of Mr. Siniora could operate in the interests of all Lebanese or remain a hostage to Hezbollah's decisions.

"Expanding the military operation increases the pressure on Lebanon to act," Mr. Eiland said. "But the Lebanese have to act on their own for their own domestic reasons," he said, not in response to any Israeli dictates. As for the military offensive, he said, "We can stop whenever we want."

But without a quick diplomatic solution, he said, an expanded military operation to push the majority of the short-range Katyushas beyond the Litani River is the only way to reduce sharply the barrage of rockets hitting Israel.

More than 170 rockets fell on Israel on Wednesday, the army said, bringing the total since July 12, when this war began, to more than 3,300, and Israel continued to send some of its remaining residents from northern towns south in buses. Hezbollah is believed to have many thousands of Katyushas remaining, with a range of 12 to 15 miles, though some can go 18 miles. The Litani River is roughly 15 miles north of the border.

While the cabinet debated the expansion of the war, the fighting ground on along the border. Fifteen Israeli soldiers were killed Wednesday, the highest daily Israeli military toll of the conflict, nine of them in a booby-trapped house in Debel. There was fighting around Merj 'Uyun and Bint Jbail, with three Israeli soldiers hurt.

An Israeli airstrike near the southern Lebanese city of Sidon early on Wednesday killed at least two people, and aid agencies said they were unable to reach tens of thousands of people surrounded by the heavy fighting in southern Lebanon. The World Food Program said it had not received an Israeli agreement to rebuild a bridge across the Litani, one of the last crossings to the port city of Tyre and the rest of the south.

Israel destroyed the bridge on Monday. Israel has warned all civilians to move north of the Litani, but some are too old, poor or frightened to leave. Israel has also said that any vehicle traveling on roads in the south can be fired upon at any time of the day or night unless it is an aid convoy approved by Israel.

The United Nations, as well as the Red Cross, said it was unable to move convoys to the villages around Tyre to deliver supplies.

Israeli ships also fired missiles into the suburbs of southern Beirut, a Hezbollah stronghold, on Wednesday, a mile from where a funeral was taking place for some of the 41 victims of an Israeli airstrike on Monday on a large building in the suburb of Chiyah. Israel said it was trying to hit Hezbollah leaders; workers continued to pull bodies out of the rubble there.

After a bombing raid in the Bekaa Valley, nine people, including a Hezbollah official, his wife and their five children, were killed when the apartment unit where they lived collapsed.

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Israel also struck Lebanon's largest Palestinian refugee camp, killing two people and wounding five. Lebanese and Palestinian officials told The Associated Press that an Israeli gunship shelled the Ein el-Hilweh camp, but Israel's military said the attack was an airstrike on a house used by Hezbollah guerrillas.

In Gaza, an Israeli strike on suspected militants in a grove of trees killed three Palestinians, including a child. The army said it had attacked a militant training ground.

In the Israeli security cabinet meeting, the vote to approve the military's plan was nine in favor and three abstentions, which included Deputy Prime Minister Shimon Peres and a prominent Labor minister, Ophir Pines-Paz, who argued that diplomatic efforts should first be allowed to run their course. The third abstention was from Eli Yishai, a minister from the religious Shas Party, who said the ground operation should not be widened until there had been more airstrikes on southern Lebanon.

Afterward, Mr. Yishai said the ground operation could go on for as long as 30 days, but Israeli ministers are hoping there will be a diplomatic resolution before then.

Finance Minister Abraham Hirchson said that because of the war, military spending could rise by about $500 million, with cuts of about half that made in the budgets of other ministries and the rest made up from a reserve fund. He estimated that the direct cost of the monthlong war to the Israeli economy was about $1.5 billion.

The Bank of Israel estimated on Aug. 6 that the conflict, depending on its length, would cost the economy about 1 percent of gross domestic product, with the biggest impact on tourism and tax revenues.

But the real worry during the Israeli cabinet debate, participants said, was the estimated cost in casualties, with the army suggesting that up to another 200 soldiers could die.

As the ministers debated Wednesday afternoon, at the Ramban Health Care Campus in Haifa, military helicopters came in over the bay, delivering 23 more wounded soldiers from the fighting in southern Lebanon. The figure was one of the highest one-day totals since the fighting began nearly a month ago, said David Ratner, a spokesman for the hospital.

In the afternoon, one helicopter brought two soldiers with torn and bloodied uniforms. They were immediately placed in ambulances and delivered to the emergency room. Before the helicopter's entire crew could reboard, the helicopter lifted off and hovered over the bay to make way for the next helicopter, which landed only moments later, also carrying two wounded soldiers.

Israel Readies For Expanded Push In Lebanon (CHIT)

By Joel Greenberg

Chicago Tribune, August 10, 2006

JERUSALEM -- With cease-fire talks bogged down, the Israeli government on Wednesday approved a significant expansion of the ground offensive against Hezbollah in southern Lebanon, authorizing plans for a push by infantry and armored forces to the Litani River, some 18 miles north of the border.

The decision by the security Cabinet runs the risk of substantially increasing military casualties in combat with Hezbollah guerrillas, while exposing Israel to charges that it is undermining efforts to reach a cease-fire at a time when Lebanon has offered to send its own troops to the border area.

The potential costs of a deeper ground operation were starkly demonstrated in heavy fighting with guerrillas in southern Lebanon on Wednesday in which 15 soldiers were killed and 38 wounded, the highest single-day toll for the military in the month-old Israeli campaign. The army said 40 Hezbollah guerrillas were killed.

The security Cabinet authorized Prime Minister Ehud Olmert and Defense Minister Amir Peretz to determine the timing of the expanded offensive, leaving open the possibility that it could be delayed somewhat as efforts to broker a cease-fire continue.

But Israeli officials said that persistent disagreements over the terms of a cease-fire have left a diplomatic vacuum at a time when Israel is coming under continued rocket attack and military action is needed to remove that threat.

"Israel is still working for a diplomatic solution, preferably in the Security Council," said Tourism Minister Isaac Herzog, a member of the security Cabinet, adding that negotiations would be pursued in tandem with military action. "We cannot wait forever. We have a million civilians living in bomb shelters and we have to protect them."

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Justice Minister Haim Ramon, a member of the security Cabinet, said a further advance into southern Lebanon is necessary to remove the threat of short-range rockets fired daily by Hezbollah at northern Israel and to push the guerrillas away from the border area.

"We must win this battle," Ramon said. "We are working on achieving the last goal left: stopping the firing of the Katyusha rockets and changing the status quo in Lebanon."

The Israeli government is under public pressure to produce results in the 4-week-old campaign, which has triggered increasing rocket fire at Israel that the army has been unable to suppress despite heavy artillery and air strikes, and ground operations about 4 miles inside Lebanon. On Wednesday more than 180 rockets landed in northern Israel, several of them long-range missiles that landed harmlessly in open areas.

Despite statements by army officers that Israeli forces control a narrow buffer strip inside southern Lebanon, fighting with Hezbollah guerrillas continues to rage in villages near the border. The guerrillas have put up stubborn resistance, inflicting casualties with advanced Russian-made anti-tank rockets they have used against both armored vehicles and houses where Israeli troops have taken up positions.

On Wednesday nine reserve paratroopers were killed by anti-tank rockets fired at a house in the village of Debel, according to media reports confirmed by military officials. At Ayta al-Shaab an anti-tank rocket blew up a tank, killing its four-man crew. A soldier was killed by a mortar round near Marjayoun, and another died in fighting at Taibe.

Dissatisfaction with the army's performance led to the sidelining Tuesday of the commander of Israeli forces in Lebanon, Maj. Gen. Udi Adam, who commentators said was seen as proceeding too cautiously in the campaign. The deputy chief of staff, Maj. Gen. Moshe Kaplinsky, was appointed to oversee the fighting.

Trade Minister Eli Yishai , a member of the security Cabinet, said the expanded offensive was expected to last 30 days. However, that timeframe could be substantially curtailed if progress is made toward arranging a cease-fire.

Olmert spoke by telephone with Secretary of State Condoleezza Rice during the 6-hour meeting of the security Cabinet, telling ministers that diplomacy would accompany the military action, according to reports from the meeting.

Yaacov Amidror, a reserve general who formerly headed the research and assessment branch of Israeli military intelligence, said the expanded Israeli ground offensive is essential.

"This operation is very costly in terms of human life but it must be done, otherwise the war will end and it will not be clear who won," he told Israel Radio. "The other side will be able to point to its victories."

The leader of Hezbollah, Sheik Hassan Nasrallah, said in a televised address Wednesday that his fighters are waiting for Israeli ground troops "in every village, hill and valley" and that Israeli tanks would be "easy prey" for the guerrillas.

"You will not be able to stay on our land," he said, addressing the Israelis. "If you enter it, we will expel you by force. We will turn the land of our precious south into a graveyard for the Zionist invaders."

Nasrallah warned Arabs living in the Israeli port city of Haifa to leave so Hezbollah could step up its rocket attacks on the city. "Please leave so we don't shed your blood, which is our blood," he said. Two Israeli Arab residents of Haifa were killed in a rocket attack Sunday.

Nasrallah said that Hezbollah supports the Lebanese government's plan to send 15,000 soldiers to southern Lebanon after a cease-fire is reached and Israel withdraws. The area had been under effective Hezbollah control before the current hostilities broke out. But Nasrallah rejected the proposed stationing of an international force in the area, saying it is not clear from whom the force would be taking orders.

In other developments Wednesday, an Israeli air strike leveled a building in the town of Mashghara in the Bekaa Valley. Bodies of five family members were pulled from the rubble, and two others were feared dead, local officials said. Lebanese media reports said the strike killed a senior Hezbollah official and members of his family.

At least 700 people have been killed in Lebanon since the start of the fighting, most of them civilians. In Israel more than 100 have died, 39 of them civilians.

The Israeli army said its forces had extended operations in southern Lebanon to the village of Khiam, an area where it said rockets had been fired at northern Israel. A column of Israeli tanks, bulldozers and armored vehicles crossed into Lebanon from the Israeli town of Metulla under cover of Israeli artillery fire and air strikes, witnesses said.

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Israel Vows To Expand Its Ground Offensive (CSM)

By Ilene R. Prusher

The Christian Science Monitor, August 10, 2006

HAIFA, ISRAEL

Israel's Security Cabinet authorized an expansion of ground operations in Lebanon Wednesday, signaling that the war could continue for several more weeks despite intense international efforts to reach a cease-fire.

The decision came amid other indications that Israel was preparing for what could be a more extended war, nearly a month after Hizbullah guerrillas kidnapped two Israeli soldiers and killed eight in a July 12 cross-border attack.

Israeli officials began evacuating the small northern city of Kiryat Shemona, which has consistently borne the brunt of Katyusha rocket attacks, with at least 550 rockets falling within city limits since the war began.

And with a high degree of internal wrangling over perceived shortcomings in the war, the Israeli army's chief of staff, Dan Halutz, demoted the commander of the northern front and replaced him with Halutz's own deputy, Moshe Kaplinsky.

Israeli officials said that the decision to continue to pursue its aims in the war did not contradict ongoing diplomatic attempts to reach a cease-fire that would be acceptable to both sides of the conflict.

One military spokesman described the political track and the military operations as independent of each other, and said Israel's war objectives hadn't been altered since an international solution had still not been reached.

"Israel is acting today to defend its citizens from the daily barrage of missiles coming into Israel, and this decision is taken in the absence so far, of international actions to bring about diplomatic solutions," says Mark Regev, spokesman of the Israeli Foreign Ministry.

More than 160 Katyusha rockets were launched Wednesday onto different towns and cities around northern Israel.

"Israel understands that the real solution is the implementation of UN Resolution 1559, and we are looking closely at the developments in New York," says Mr. Regev, referring to the resolution that calls for the disarming of Hizbullah. "But in the absence of concrete action there, Israel cannot sit idly and watch its population be on the receiving end of these rockets."

Israel has indicated that it would not pull out of south Lebanon, which it occupied for 18 years until it withdrew in the spring of 2000, until an international peacekeeping force is deployed in the area. And Israel says it wants one with a much more powerful mandate than UNIFIL, which is the current observer mission operating in the south.

Lebanon's prime minister, Fouad Siniora, has since offered to send some 15,000 Lebanese Army troops to the south; Israeli Prime Minister Ehud Olmert says he is studying the proposal.

Domestically, many Israelis are skeptical that a foreign force could succeed in the difficult job called for in UN Resolution 1559, or that international peacekeepers will put their lives on the line in order to keep Hizbullah from striking Israel.

Instead, the popular theory that continues to prevail is that Israel should do as much damage to Hizbullah as possible - and push the Iranian-supported militia's positions as far north from the international border as Israel can.

"The weaker that Hizbullah is, the better chance there is of a diplomatic resolution," says an Israeli military source who ask not to be named. "And there is an interest getting to a cease-fire as soon as possible, for obvious reasons, but as time goes on, we feel the odds of getting one improve."

The military source said that Israeli Defense Forces (IDF) had yet to decide how to implement the Israeli cabinet's decision to expand the ground war, and that it might not necessarily be widened immediately.

As part of a larger ground offensive, Israeli forces are expected to push northward to the Litani River. Some of the areas closest to the river and further from the border, military officials say, are the areas from which many short-range missiles are being launched.

"Basically the area of the Litani is the area of the Katyushas, and in particular, the Katyushas we've had difficulty in stopping," the source said.

Israel can usually stop long-range missiles in flight, but not short-range missiles. "The shorter-range ones, because they're less sophisticated, are more difficult to detect, and ironically, they're harder to stop."

In a separate interview, a military official says that Israel's goal is to keep pounding Hizbullah targets and to degrade its launching capabilities.

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"What we're saying is that we have to make the utmost effort we can to eliminate the infrastructure of Hizbullah," says Col. Irit Atzmon. "We're actually seeing that potential now, which will lay out the possibility for other forces to come. The problem is not whether we reach the Litani or not. The problem is trying to clean out the area where the Hizbullah is trying daily to damage Israel."

Israel Widens Ground War In Lebanon (WT)

By Joshua Mitnick

The Washington Times, August 10, 2006

TEL AVIV -- Israel's Security Cabinet yesterday approved an expanded ground offensive into southern Lebanon, a decision that came as Israel suffered its biggest single day battlefield losses of the war -- 15 soldiers killed.

Hours after the decision, Hezbollah leader Sheik Hassan Nasrallah appeared on television, pledging to turn southern Lebanon into a graveyard for Israeli soldiers.

The Bush administration warned both sides not to escalate the month-old war.

The decision by Israel's Security Cabinet authorizes Prime Minster Ehud Olmert to order Israeli forces to move north of a narrow strip just beyond the border to the Litani River.

The 9-0 vote with three abstentions came as the U.N. Security Council remained deadlocked over a proposal for a cease-fire, with disagreements between the United States and France delaying a vote.

"The trauma of 1982 shouldn't limit us in 2006. This is a completely different story. This isn't the PLO, its Iran," said Justice Minister Haim Ramon after casting his vote in the Cabinet. "We have to win this war."

He was referring to Israel's 1982 invasion of Lebanon, which led to an 18-year occupation of southern Lebanon.

Israel succeeded in driving the Palestine Liberation Organization (PLO) from Lebanon, but the war gave birth to Hezbollah, with financial and military backing from Iran.

Israelis have been frustrated that four weeks of fighting have failed to limit Hezbollah's ability to paralyze northern Israel by firing more than 100 rockets a day.

The Israeli military said late yesterday that 15 soldiers had been killed during the day and another 38 soldiers wounded in battles across southern Lebanon, the Associated Press reported. There were 40 Hezbollah members reported killed.

Israel's Channel 10 television reported that members of Iran's Revolutionary Guard had been found among Hezbollah guerrillas slain by Israeli forces in southern Lebanon.

The report, which cited diplomatic sources, said the Iranian soldiers had been identified by documents they were carrying.

Hezbollah denied late yesterday that Iranian fighters were among its guerrillas battling Israeli forces in southern Lebanon.

"Hezbollah categorically denies the lies and claims that the enemy is promoting that Iranian fighters are present in the confrontations with the occupation forces," the pro-Iranian Lebanese guerrilla group said.

The Revolutionary Guards are traditionally very close to fellow Shi'ite Muslims in Hezbollah and were deployed in south Lebanon in the 1980s.

In mid-July, Israeli military sources were quoted as saying Hezbollah's most advanced missiles were under the direct control of some 200 members of Iran's Revolutionary Guard.

In Crawford, Texas, yesterday, where President Bush is vacationing, White House press secretary Tony Snow told reporters, "We want an end to violence, and we do not want escalations."

He said the statement applied to both sides. Nevertheless, it marked the administration's strongest public warning directed at longtime ally Israel since the fighting began July 12.

Commenting on discussions at the Security Council in New York, Mr. Snow said:

"We are working hard now to bridge differences between the United States position and some of the positions of our allies."

The main dispute is over the timing of an Israeli pullout from Lebanon, with France insisting that troops leave once a cease-fire is in place and the United States calling for an international force to be deployed first.

Lebanon has offered to send 15,000 troops to patrol the border region.

The United States is concerned that the Lebanese army won't be able to prevent a security vacuum by itself.

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Sheik Nasrallah endorsed the deployment of Lebanese troops in the south, but he criticized the U.N. draft proposal, saying it is slanted in favor of Israel.

The Hezbollah leader also made an unusual appeal to Israeli Arab residents of Haifa, telling them to evacuate the city ahead of renewed rocket strikes.

"I have a special message to the Arabs of Haifa, to your martyrs and to your wounded. I call on you to leave this city. I hope you do this. ... Please leave so we don't shed your blood, which is our blood," Sheik Nasrallah said.

By last night, about 160 rockets had fallen on Israel in the previous 48 hours, among more than 3,000 fired by Hezbollah since the war began.

Military discontent with the slow pace of the war apparently prompted Israeli army chief of staff, Dan Halutz, to sideline northern command chief Maj. Gen. Udi Adam on Tuesday by sending the deputy chief of staff to oversee the northern war headquarters.

Though the army has tried to minimize the significance of the announcement, officials conceded it was the first time since the 1973 Arab-Israeli war that a general has been sacked in the middle of a war.

"It's the right decision, in light of everything that has happened," said Matan Vilnai, a Labor Party member of parliament who previously served as deputy chief of staff.

"We all know that this [war] should look different," said Nachman Shai, a former army spokesman.

Avshalom Vilan, from the dovish Meretz party, wrote on the Ynetnews.com Web site:

"The more we understand the limits of force of a modern army -- no matter how strong it is -- against guerrillas that don't count their dead and say they're playing for all the stakes, the more we understand that the solution to the problem can only be achieved through a diplomatic solution."

Israeli Casualties Mount Amid Fresh Offensive (LAT)

By Henry Chu And Kim Murphy

The Los Angeles Times, August 10, 2006

JERUSALEM -- Israel suffered its worst military death toll in a month of fighting in south Lebanon, when 15 soldiers were killed Wednesday during ground skirmishes with Hezbollah guerrillas.

The deaths came hours after the Israeli Security Cabinet approved an expansion of the army's ground offensive, heralding a possible escalation in its war against the Hezbollah militant group even as diplomats failed to forge a cease-fire agreement acceptable to both sides.

Hundreds of Israeli tanks, missile launchers and other armor massed in the north, firing a thunderous barrage of artillery into Lebanon as soldiers crossed the border from the Metulla area in larger numbers than in previous days.

In Lebanon's Bekaa valley, a family of seven was killed when an Israeli airstrike demolished their house, while in Beirut, residents counted 10 strikes during one 40-minute stretch Wednesday afternoon.

Warning sirens keened across northern Israel as an estimated 160 rockets rained down throughout the day. No deaths were reported in the attacks, but fields around the northern city of Kiryat Shemona were set ablaze.

Hezbollah leader Sheik Hassan Nasrallah warned Arab residents of Haifa, an ethnically mixed Israeli city on the Mediterranean coast, to leave before his fighters unleashed more rockets.

The Israeli army said it was attacking al-Khiam and Marjayoun, towns deep in southern Lebanon, but a government spokeswoman denied that the moves represented the start of a more sweeping incursion that could extend up to 13 miles north of the border, to the shores of the Litani River, and could last a month.

Ten of the Israeli soldiers died in a pitched battle in the border town of Debel, where Hezbollah militants used anti-tank missiles, military sources said.

The Israeli Army said it had killed as many as 40 Hezbollah fighters Wednesday. A report on Israeli television Wednesday night said that among the slain militants were members of Iran's Revolutionary Guard, identified by papers discovered on their bodies. Hezbollah denied the report, which could not be independently verified. Iran and Syria, both implacable foes of Israel, are Hezbollah's main backers.

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Israeli officials did not specify when a widened ground assault would begin or how many troops it would require beyond the estimated 10,000 already involved. But it could take days to ready the thousands of military reservists called up for duty last week, whose participation would be crucial for an expanded ground war.

In that time, the United Nations could hammer out a resolution to halt fighting and install a peacekeeping force.

Progress on that front, however, stalled Wednesday as diplomats wrangled over language of a draft cease-fire resolution.

At the United Nations, the five permanent members of the Security Council met into the evening Wednesday, but failed to bridge differences, particularly on the issue of Israeli withdrawal.

"There are areas where we are still not in agreement; there's no doubt about that," said U.S. Ambassador to the U.N. John R. Bolton. "But the common objective that we've had for quite some time is to create a basis for a sustainable solution that will change the environment in the region to the point where we won't have to go through this again."

A surprise visit to Beirut by U.S. Assistant Secretary of State David Welch on Wednesday failed to allay Lebanese concerns over the resolution.

"There is nothing new so far," Lebanese President Fouad Saniora told reporters after the meeting, adding that he did not expect the U.N. to act within the next two days.

In Crawford, Texas, where President Bush was vacationing, White House press secretary Tony Snow warned against an expanded Israeli offensive while efforts to achieve a diplomatic solution were underway. "We do not want escalations," he said.

In Lebanon, Hezbollah leader Nasrallah was blunter.

"You can enter wherever you want. But we will eject you by force," Nasrallah said in an address broadcast on the Shiite Muslim militia's television network. "Southern Lebanon will be a graveyard for you."

Humanitarian agencies warned that conditions were growing increasingly desperate for Lebanese trapped in the south, some of whom have run out of food and water. Aid convoys have been unable to move into the area south of the Litani River since Sunday, when Israeli warplanes bombed the last makeshift bridge north of the port city of Tyre, Lebanon.

"It's dire," said Khalid Mansour, chief spokesman for the United Nations in Lebanon. "Basically, the south is cut off. People cannot move. We have had many villages that have completely run out of food, run out of water. We have patchy communications, and we are operating completely blind."

Israel's green light for an expanded ground assault was motivated, in part, by a desire to exert more pressure on the world body to come up with a solution, analysts said.

But at the root of the decision was the grim recognition that four weeks of air, naval and ground operations have not significantly dented Hezbollah's ability to mount rocket attacks from across a wide swath of southern Lebanon.

Israeli military commanders maintain that a ground offensive is essential, in part because Hezbollah guerrillas are sustained by a well-hidden network of tunnels and bunkers.

"Otherwise, what would be done?" said Uzi Ellam, an analyst at the Jaffee Center for Strategic Studies at Tel Aviv University. "We would sit there, skirmishing with Hezbollah at the front, and that's it. We would not prevent the launching of the Katyushas to the north."

Although some officials said the assault could last a month, others were less optimistic.

"Personally, I fear this will take much longer," said Eli Yishai, a member of Israel's security Cabinet who was one of three abstaining from the vote to approve a widened offensive, out of concern over more casualties. Nine Cabinet members voted in favor, none against, after a six-hour closed-door debate.

After the decision, Israel's leaders immediately began bracing the public for the prospect of a broader, longer military campaign and the probability of more deaths.

"This is a battle we must win," Justice Minister Haim Ramon said. "We are paying a price in blood -- a heavy, painful price -- but this is the price we must pay because it is critical to the security of us all."

Dissenting Israeli lawmakers warned that an extended ground war would create "a death trap" for Israeli soldiers, while some supporters of the decision said a large-scale incursion should have been mounted much earlier.

Internal disagreement over the war's prosecution already has led Israel to name a new commander to direct operations inside Lebanon, sidelining the general formerly in charge.

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By contrast, Nasrallah tried in his address to portray his organization, classified as a terrorist group by the U.S., as being of the same mind as the fragile Lebanese government, with which Hezbollah has had rocky relations.

Nasrallah reiterated his support for Lebanon's seven-point peace plan, which calls for the immediate withdrawal of Israeli forces and deployment of 15,000 Lebanese troops in their place, in preparation for an international force.

"The deployment of the army will bring about a political solution. And we prefer a national army to a mercenary force, where we don't know who will control it, and which could be controlled by the enemy," he said.

The U.S. and Israel insist on a strong multinational force from the outset, believing the Lebanese army too weak to prevent Hezbollah from re-establishing its positions in the south.

Chu reported from Jerusalem and Murphy from Beirut. Times staff writers Paul Richter in Washington and Tracy Wilkinson in Kiryat Shemona, and special correspondent Maha al-Azar in Beirut contributed to this report.

Israel Shifts Military Tactics, Takes On More Risk (WSJ)

By Guy Chazan And Karby Leggett

The Wall Street Journal, August 10, 2006

An expansion of Israel's ground campaign into Lebanon could help it to end Hezbollah rocket strikes and to forge a clear victory over the heavily armed militia, but the shift -- an acknowledgment that a strategy of aerial bombardments and limited incursions failed -- carries serious risks for the combatants and the wider region.

It also could trigger the first rift with the U.S. over the breadth of Israel's response to an incident last month in which Hezbollah captured two soldiers in a cross-border raid and killed eight others. The Bush administration said yesterday after Israel's plans were in motion that neither side should escalate the hostilities.

"We are working hard now to bridge differences between the United States position and some of the positions of our allies," White House spokesman Tony Snow told reporters in Texas, where President Bush is vacationing. "We want an end to violence, and we do not want escalations."

Israel's move comes as diplomatic efforts at the United Nations Security Council continue to yield little agreement on a cease-fire plan. Indeed, Israel's planned offensive would likely moot one of the most widely applauded initiatives: a plan by the Lebanese government to deploy 15,000 soldiers from its national army along its southern border with Israel. That had been a key demand of the U.S., Europe and Israel.

The planned full-bore push north to the Litani River could mean far higher casualties on both sides, greater odds of widening the conflict regionally and, for Israel, more chance of being bogged down in the quagmire of a second occupation of southern Lebanon only six years after the first one ended. It also runs the risk of sharply increasing civilian casualties in southern Lebanon, where an estimated 100,000 people remain trapped and a humanitarian crisis looms. That worries Washington, because it could ignite a stronger backlash across a simmering Arab world, where opposition to U.S. policies already is running high.

The bulk of Hezbollah's arms and personnel lie south of the Litani, which bisects Lebanon and gives Israel a natural buffer from its neighbor's northern regions.

"It's a calculated risk for Israel," said Yaron Ezrahi, a professor of political science at Hebrew University in Jerusalem. "But the risk for Israel in not stopping these Hezbollah missiles is bigger."

Israel's security cabinet yesterday backed army plans that will likely take its troops some 10 to 15 miles north of the border, and possibly beyond. They will try to clear the area of Hezbollah's missile launchers, which for the past month have unleashed a near-daily barrage of rockets across northern Israel.

Israel currently has about 10,000 troops in southern Lebanon, and military experts say that force could double in coming days. The army is also expected to deploy additional firepower and tanks in combat, using heavy aerial and artillery shelling to soften up targets before substantial infantry units join the fight.

The tactics differ from the lightning raids by smaller elite units in the first weeks of the conflict. Those sustained relatively heavy casualties, yet barely dented Hezbollah's ability to send missiles into Israel. Israeli expectations of a quick win were dashed, and the war has become one of the country's longest and most intractable conflicts.

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"Those pinpoint attacks were a mistake," said Yonatan Fighel, a former colonel in the Israel Defense Forces and now an analyst with the Institute for Counter-Terrorism in Herzliya. "We need to avoid face-to-face combat with Hezbollah guerrillas."

Growing frustration with the slowness of the Israeli advance triggered a rare shake-up in Israel's military hierarchy Tuesday, when the deputy chief of staff, Maj. Gen. Moshe Kaplinsky, was appointed to oversee the northern front, effectively sidelining Maj. Gen. Udi Adam, the commander of forces in Lebanon.

Hezbollah's leadership has long said it would prefer that Israel's troops fight from deeper inside the country, which features a rocky, hilly landscape that can favor guerilla fighters. With an estimated several thousand heavily armed fighters in the area Israel now hopes to conquer, Hezbollah guerillas would likely step up attacks not only on Israel's advancing soldiers but also its expanding supply lines for food, fuel and ammunition, Hezbollah officials and military analysts say.

"You won't be able to stay in our land, and if you come in, we'll force you out, we will turn our precious southern land into a graveyard for the occupying Zionists," Hezbollah leader Hassan Nasrallah said in a televised speech. He also told the Israeli Arabs in Haifa to leave to avoid an impending bombardment of the city.

To fend off an Israeli advance, Hezbollah seems almost certain to make even greater use of powerful land mines, antitank missiles and sophisticated ambushes -- the same tactics that have stymied Israel's military in southern Lebanon. Hezbollah members acknowledge they have little hope of inflicting outright defeat on Israel. But they believe they can win -- both in military terms and regional perception -- by inflicting heavy losses and slowing the enemy's approach.

Though Hezbollah is estimated to have sustained several hundred casualties so far, the group still has thousands of battle-hardened fighters and competent reservists to call on, as well as a still-large arsenal of rockets, explosives and machine guns. Some military analysts say Hezbollah's best fighters have yet to join the fray, opting instead to fortify their positions behind the southernmost villages where fighting has been concentrated so far. "If you take away Israel's F-16s [warplanes], then it's clear we are better fighters," one Hezbollah member said yesterday.

One of the bigger risks is that more fighting near the Syrian border could directly or indirectly bring Damascus into the conflict. Some battles have come close enough that Syrian President Bashar Assad has said his troops are on the highest alert and would retaliate immediately if commanders deem it necessary.

Israel clearly is aware of the dangers. Indeed, some analysts think announcing the expanded ground offensive could be less a move to escalate the war than an attempt to gain maximum leverage in negotiations before the imposition of a cease-fire.

An Israeli military advance toward the Litani River would foil, at least for now, the Lebanese government's decision to deploy its soldiers in the south. For years, Israel has called on Beirut to remove Hezbollah from southern Lebanon -- and in particular to eliminate the posts the guerillas built along the countries' 50-mile border -- and move Lebanon's army into their place. More recently, the U.S. and many European nations have issued similar pleas.

Lebanon's decision to deploy the army was also viewed as significant because it appears to be supported by Hezbollah, which has long claimed it alone can effectively defend the border from Israel. If Israel presses north, the Lebanese government will suspend that plan, at least until Israel begins to withdraw, officials say. "There is zero chance we will deploy the army with Israel advancing," said Antoine Haddad, a Christian politician who is close to Lebanon's prime minister.

For Israel, the decision to expand the war was almost inevitable amid intensifying public anger at the army's seeming inability to stop the Hezbollah missiles, which have averaged about 160 a day through most of the conflict.

Military Power Challenged (WT)

By Rowan Scarborough

The Washington Times, August 10, 2006

The Israeli Defense Forces is billed as the most high-tech, well-motivated armed forces in the Middle East -- one that has won five major wars against Arab neighbors, dominating the fields of battle in the air and on the ground.

But the IDF finds itself today in a new kind of unconventional war with the terror group Hezbollah, which is just as motivated, driven by radical Shi'ite clerics bent on achieving martyrdom for the cause of Islamic rule.

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Trained and financed by Iran's Revolutionary Guard, Hezbollah has an arsenal of 13,000 rockets, which it uses to pummel Israel daily and then move the launchers to evade detection. Hezbollah also is displaying small-unit battle tactics to combat Israel's overwhelming firepower.

Israel deploys main battle tanks -- in this case the homegrown Merkava -- to win in the villages. But military sources said Hezbollah has been able to destroy tanks using Iranian-provided rocket-propelled grenades. They worry that such weapons may show up in Iraq, adding to the woes of American troops already bedeviled by improvised explosive devices. Like U.S. forces in Iraq, Israel now finds itself fighting an unfamiliar foe on foreign land and is trying to adjust with new countertactics.

"The IDF's capability is the best in the Middle East for fighting conventional wars," said Richard H. Shultz Jr., author of "Insurgents, Terrorists and Militias: The Warriors of Contemporary Combat," a new book on counterterrorism. "But they're fighting an armed group that is following an unconventional, asymmetrical strategy. They were not ready."

Syrian, Egyptian and Jordanian forces retreated during past wars with Israel, but Hezbollah fighters are willing to die for the cause of leader Sheik Hassan Nasrallah, who has pledged to destroy Israel and convert Lebanon into an Iranian-style Shi'ite theocracy.

"They actually have an adversary that doesn't roll over and die on command," said Robert Maginnis, a former Army artillery officer who has analyzed the IDF's tactics. "They're up against Hezbollah people who are trained reasonably well. They are better than a lot of their Arab counterparts. They are willing to die. ... It's a mini-Iran and they are charged up because they are the Islamic resistance in Lebanon."

Still, military sources said they think Israel ultimately will be able to clear the scores of hamlets in southern Lebanon where Hezbollah has dug in, established bases and practiced unconventional warfare.

"It's going better than we're hearing," said an Army Special Forces soldier who has deployed to the Middle East. "Some of the cease-fire overtures wouldn't be occurring if the Israelis weren't doing much damage. The IDF knew of the tunnels and traps waiting for them, so they softened it up with air power directed by operations. The main thing is that the links to Iran and Syria are becoming known to the public. The American people have to know who we eventually have to fight."

Born in 1948 with the creation of the Jewish state, the IDF today stands as a near-mirror to the U.S. military. Its air force is led by F-15 and F-16 fighters, armed with U.S.-designed missiles and precision-guided munitions. Israel receives $1.8 billion annually in military aid, which is used to buy U.S. equipment.

The IDF active force numbers about 170,000 on an annual budget of $34 billion. Unique to Israel, women as well as men face compulsory service and also serve in a 400,000-member reserve force. The army is built around six divisions and nearly 1,700 main battle tanks. The air force maintains 400 combat aircraft. The naval fleet features three submarines able to fire cruise missiles, and 66 coastal boats with guns and ground-attack missiles.

Israel OKs Expansion; 15 Troops Killed (AP-Y)

By Ravi Nessman

AP, August 10, 2006

Israel approved a massive new ground offensive into southern Lebanon in an effort Wednesday to inflict further damage on Hezbollah and halt most rocket attacks before the U.N. Security Council demands a cease-fire.

The decision came on the deadliest day of the war for Israeli troops in Lebanon, with 15 soldiers killed. It coincided with mounting demands from the international community for both sides to halt the fighting, which has killed at least 829 people.

The plan to force Hezbollah guerrillas — and their short-range rockets — out of southern Lebanon and past the Litani River would escalate the fierce fighting there and, if successful, leave Israel in control of a security zone that it evacuated six years ago after a bloody 18-year occupation.

A new Israeli offensive would also put tremendous pressure on the United Nations to agree quickly on a cease-fire to end the fighting that has caused widespread destruction across southern Lebanon and forced hundreds of thousands of Israelis into bomb shelters. Israeli officials implied they would halt the new offensive if a cease-fire agreement removes Hezbollah from the border.

In a televised speech, Hezbollah's leader taunted the Israelis.

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"If you enter our land, we will throw you out by force and we will turn the land of our invaluable south into your graveyard," Sheik Hassan Nasrallah said. "We will be waiting for you at every village, at every valley. Thousands of courageous holy warriors are waiting for you."

The White House said Wednesday neither Israel nor Hezbollah should escalate their war. Press secretary Tony Snow said the U.S. message was for both sides.

Diplomatic efforts to reach a quick U.N. resolution faltered over differences between Washington and Paris on an Israeli withdrawal from southern Lebanon. France backed Lebanon's call for Israeli troops to pull out once hostilities end, while the United States supported Israel's insistence on staying until a robust international force is deployed. Lebanon has offered to send troops to patrol the border region.

French President Jacques Chirac appealed for rapid agreement.

"The most immoral of solutions would be to accept the current situation and give up on an immediate cease-fire," he said.

Nasrallah rejected a draft U.N. resolution that would temporarily let Israeli troops remain in south Lebanon and take defensive action.

"The least we can describe this (draft resolution) is as unfair and unjust. It has given Israel more than it wanted and more than it was looking for," he said. He also signaled Hezbollah's intention to step up attacks, calling on Israeli Arabs to leave the northern city of Haifa so Hezbollah could pound it with rockets and not worry about killing fellow Muslims.

Israeli officials said their new offensive was meant to run parallel to the cease-fire talks.

"Israel is still working for a diplomatic solution, preferably in the Security Council," said Isaac Herzog, a member of Israel's Security Cabinet, which voted Wednesday to approve the new ground offensive. "We cannot wait forever, we have a million civilians living in bomb shelters, and we have to protect them."

Other officials said privately that the offensive was aimed at pushing the Security Council to take fast action, as well as to clear Hezbollah from south Lebanon.

"The Israeli decision today is taken in absence of concrete steps by the international community to deal with the situation in Lebanon. Such steps would of course make an Israeli military operation superfluous," Foreign Ministry spokesman Mark Regev said. "Israel understands fully that the real solution is diplomatic."

A minister in Israel's Security Cabinet said the offensive might not begin for two or three days to give more time to cease-fire talks, but senior military officials said the operation could begin very quickly.

Soon after the Cabinet decision, a column of Israeli tanks and armored vehicles crossed into southern Lebanon and took up positions inside Lebanese territory, witnesses said. The Litani River is about 18 miles north of the border.

Before the new offensive got off the ground, fighting intensified in the border strip that 10,000 Israeli troops were already occupying four miles into southern Lebanon.

Fifteen Israeli soldiers were killed in a single day of fighting Wednesday, the military said, the highest one-day total in the Israel-Hezbollah conflict. The military said 38 soldiers were wounded in battles across south Lebanon.

Israel also hit Lebanon's largest Palestinian refugee camp with an airstrike, killing at least two people. Israeli attacks Wednesday killed eight Lebanese civilians, according to Lebanese officials, and three guerrillas, according to Hezbollah.

An Israeli TV station, quoting unidentified sources, said Iranian Revolutionary Guard soldiers were among the Hezbollah dead. The Israeli military was unable to confirm the report. Israel has charged that Iran is aiding Hezbollah on the ground as well as supplying the guerrillas with weapons. Iran has denied the charges.

Israeli warplanes also dropped leaflets over the southern port city of Tyre and over Beirut proper for the first time. The fliers criticized Nasrallah, saying he was "playing with fire" and that the Lebanese people were "paying the price."

Hezbollah fired at least 170 rockets into Israel on Wednesday, the army said.

Since the fighting began, at least 711 people have died on the Lebanese side of the conflict. The Israeli death toll stood at 118, including 36 civilians and 82 soldiers.

Israel's Security Cabinet was told a new offensive could mean 100 to 200 more military deaths, according to a participant. Military officials said it would take the army several days to reach the Litani and then several more weeks to rid that area of Hezbollah's fighters and rocket launchers.

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"The assessment is (the new offensive) will last 30 days," said Trade Minister Eli Yishai, a member of the Security Cabinet who abstained from the vote. "I think it will take a lot longer."

The offensive was expected to eliminate 70-80 percent of Hezbollah's short-range rocket launchers, senior military officials said.

The offensive was approved 9-0, with three abstentions at an intense six hour meeting. During the meeting, Secretary of State Condoleezza Rice called Prime Minister Ehud Olmert, and they spoke for half an hour, Israeli officials said. Upon his return to the room, Olmert told the ministers the offensive would be accompanied by a diplomatic initiative.

The government's decision came two days after Lebanon offered to send 15,000 soldiers to patrol the border region, a key Israeli demand intended to prevent attacks on Israel. The current fighting began when Hezbollah fighters crossed into Israel on July 12, killing three soldiers and capturing two others.

In a major shift, Nasrallah said Hezbollah supported a deployment by the Lebanese army after a cease-fire is declared and Israel leaves.

Israeli officials remained skeptical of the Lebanese offer and were not convinced Lebanon's army would take concrete action to stop Hezbollah attacks.

"It is important that the Lebanese army will be accompanied by an international force that will enable it to reach the south in an organized manner, and to leave the place clean of Hezbollah," Israeli Foreign Minister Tzipi Livni said.

Some soldiers said Israel was having trouble controlling even the small strip it was already occupying.

"The biggest problem is still the existence of Hezbollah fighters all over the place, even though we have most of the territory under control," said Maj. Avi Ortal, an officer in a reserve brigade in southwestern Lebanon.

"Hezbollah are good fighters. They know the territory. They live there and they have had six years to build compounds," he said.

Israelis Authorize Expansion Of Combat (WP)

By Molly Moore And Jonathan Finer

The Washington Post, August 10, 2006

JERUSALEM, Aug. 9 -- On the deadliest day of fighting yet for Israeli soldiers in Lebanon, the Israeli security cabinet Wednesday authorized the military to expand ground combat operations to try to root out Hezbollah guerrillas who continued to mount fierce resistance.

The cabinet debated military options during an acrimonious six-hour meeting that occasionally dissolved into shouting matches among members torn between the public's growing anger over the military's failure to stop Hezbollah rocket attacks and concerns that enlarging an already treacherous battlefield will result in high numbers of combat casualties, according to participants.

Wednesday's toll drove home those fears -- 15 soldiers were killed and 25 wounded in Israel's worst day of battlefield deaths since the conflict began, according to Israeli military officials.

Hezbollah leader Hasan Nasrallah, in a defiant televised address Wednesday night, warned that expanded Israeli military operations in Lebanon would be repelled by the same fierce resistance that has prevented Israeli troops from controlling the terrain in the last 29 days of warfare.

"You can invade, you can land by air, by sea and take any hill, we will expel you with force and transform our land in the south to a graveyard for Zionist invaders," Nasrallah said. "We will kill your officers and soldiers and inflict a calamity on you in the battlefield."

Nasrallah also called on the Arab residents of Haifa to evacuate their neighborhoods. "To the Arabs of Haifa, a special message," he said. "I plead with you to leave that city."

Hezbollah lobbed more than 180 rockets across northern Israel Wednesday, but they caused no serious injuries.

Israeli jets pummeled an often-hit bridge at Akkar in northern Lebanon and hit other bridges and roads in the Bekaa Valley near the village of Mashghara. Local residents told Lebanon's Future Television that seven people from one family were killed in

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the raid. Israeli warplanes have repeatedly attacked roads and bridges in the eastern Lebanese valley, seeking to cut off the transport of Hezbollah munitions, funds and rockets from Syria.

Another air attack shook southern Beirut in the late afternoon, part of Israel's almost daily pounding of the Dahiya area where Hezbollah's leaders and followers were concentrated. When the blast reverberated across the city, the assistant secretary of state for Near Eastern affairs, C. David Welch, was conferring with Prime Minister Fouad Siniora and other Lebanese officials on cease-fire negotiations underway at the United Nations. It was his second visit to Beirut in a week, as the Bush administration tries to narrow differences between Lebanon and Israel. But diplomatic efforts to ease the fighting continued to flounder.

Israeli planes dropped leaflets on the Dahiya suburbs overnight, blaming Nasrallah for the air raids that have hit the area almost daily for four weeks. "Nasrallah is playing with fire and Beirut is burning," said the leaflets, attributed to "the State of Israel."

Police in Lebanon said the death count from Monday evening's Israeli attack on the southern Beirut suburb of Al Shiyah had risen to 47 as bodies continued to be pulled out of the rubble, making it the single deadliest airstrike since the conflict began July 12.

Although the Israeli cabinet set no schedule for the escalation in ground combat because of ongoing international diplomacy, a buildup in Israeli ground forces was evident in the string of small Israeli towns that line the Lebanese border. In Zarit, dozens of tanks and artillery pieces stretched along a half-mile access road into the town. A military official said more than 1,000 soldiers were moving into Lebanon to augment the 10,000 troops already operating there. The official said as many as 5,000 more Israeli troops would soon join the operation.

The majority of the soldiers have been fighting in a narrow strip ranging from a few hundred yards to about four miles into Lebanon, though a few units are operating about 12 miles deep and an advance team is near the outskirts of Tyre, according to military officials.

The military has proposed opening the front across a 13-mile-deep swath of southern Lebanon to the Litani River, a strategic geographical line.

But after more than four weeks of air and ground combat, soldiers are still struggling to control some villages they claimed to have seized more than two weeks ago.

Eli Yishai, the Israeli trade minister, said the military estimated it will need 30 days to conduct an operation that deep into Lebanon.

"I think it will take a lot longer," said Yishai, who abstained from voting on the decision to authorize a widening of the operation.

Yishai told reporters he abstained because he believes the military should prolong its air campaign against rocket launchers. "In my opinion, entire villages should be eliminated from the air when we have verified information that Katyusha rockets are being fired from there," he said.

Nine cabinet members voted to allow Prime Minister Ehud Olmert and Defense Minister Amir Peretz to decide the timing of an accelerated ground campaign, and three members abstained. Much of the debate centered on the risk of high troop casualties associated with expanding the number of ground forces in southern Lebanon.

Government officials familiar with details of Wednesday's cabinet meeting, and the Israeli news media, reported that the session included several emotional outbursts, shouting matches and sharp exchanges between ministers. In one incident, Transportation Minister Shaul Mofaz -- Israel's former defense minister -- criticized Peretz's plan for an expanded operation as unnecessarily far-reaching. Peretz lashed out at Mofaz, accusing him of allowing the buildup of Hezbollah during his term as defense minister, according to numerous accounts. Olmert reportedly stepped in to calm the quarrel.

During the cabinet meeting, Olmert telephoned Secretary of State Condoleezza Rice, according to Israeli and U.S. officials. During their half-hour conversation, Rice did not ask Olmert to hold back on the ground assault. "He can judge for himself how close or not to a resolution we are or how acceptable or unacceptable it is," a senior U.S. official said, speaking on the condition of anonymity. "She talked him through where we are, what we're going through and where we hope to end up. It's the same conversation she had with Siniora."

At least 13 of the 15 Israeli soldiers killed Wednesday were reservists, as were 23 of the 25 wounded.

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"There has been very fierce fighting all the day in different parts of southern Lebanon," said Lt. Col. Olivier Rafowicz, an Israeli army spokesman. He said "tens" of Hezbollah militants had been killed in the fighting Tuesday, which was still raging well after dark.

[Early Thursday, the Associated Press cited Israel Army Radio reporting heavy battles in south Lebanese villages across from Israel's Galilee panhandle, which has been hard hit by rockets. Hezbollah said its fighters were engaged in "a violent confrontation" with Israeli forces advancing on a border village. No details were immediately available.

[Israeli troops, backed by tanks and armored vehicles, also entered the southern Lebanon town of Marjayoun, witnesses said. They did not meet any resistance, according to the AP.]

Most of the combat Wednesday took place only a few miles inside Lebanese territory, underlining the difficulty Israeli infantry and armor units have encountered in seeking to clear the border strip of Hezbollah fighters and rocket launchers.

The deadliest incident came in Dbil, a Lebanese village about two miles from the northeastern Israeli border. A massive explosion there engulfed a house where Israeli forces were gathered, killing nine reserve paratroops and wounding at least 17, according to an Israeli military spokesman.

Maj. Svika Golan, a spokesman for the army's Northern Command, described the house as a "Hezbollah bunker with explosives in it."

He said it was not clear what had triggered the fatal blast, and that Israeli forces were seeking to determine whether the house had been booby-trapped or fired upon from outside.

It took hours to evacuate the wounded, some of whom were carried by fellow soldiers across the border, he said.

Four other reserve soldiers died when their tank rolled over a mine near the town of Ait Al-Shaab, the scene of some of the fiercest clashes in recent days, a military spokesman said.

An infantry soldier was killed by a mortar blast near Marjayoun, according to an Israeli military spokesman. No details were available on how the 15th Israeli soldier died.

Despite Wednesday's heavy losses, Lt. Col. Yishai Efroni, deputy commander of an infantry brigade operating along the western part of the border, welcomed the decision by the Israeli cabinet.

"That's the only way to solve this rocket problem," he said. "When we control more of their towns, the Lebanese people will realize they have much more to lose and will put pressure on Hezbollah themselves. Our soldiers just want to do this job and go home."

Several soldiers interviewed at a government-run hospital in Tzfat, where many of the previous day's wounded were evacuated, said the only way to stop the barrages of rocket fire was to push the militants beyond the Litani River, which at its farthest point in the west is 18 miles from Israel's northern border.

"We certainly have the ability to do more than we are doing," said Lt. Omri Schacher, a paratrooper whose right leg was shattered by shrapnel from an antitank missile Monday near the Lebanese village of Arteri. "We understand we will have to cope with more losses, but you have to sacrifice sometimes to achieve your goals, and we will do it."

Some soldiers said, however, that the ground fighting brought too high a cost. Lt. Shlomi Shriki, a combat engineer, was heavily bandaged with shrapnel embedded in his left arm and leg from a missile attack on his bulldozer Monday near Bint Jbeil. Asked whether he thought the army should intensify its attacks on Hezbollah, he said, "Yeah, but from the air."

"On the ground people get hurt. Too many people," he said, almost in a whisper. "I don't say no to ground forces, but it needs to be in a more organized way. So far, this has not been in an organized way."

Finer reported from Tzfat, Israel. Correspondents Edward Cody and Nora Boustany in Beirut and staff writer Robin Wright in Washington contributed to this report.

'It's Dangerous, But Hezbollah Is Strong' (WP)

By Anthony Shadid

The Washington Post, August 10, 2006

QASMIYA, Lebanon, Aug. 9 -- There are no more bridges along the 90 miles of the Litani River, dividing besieged southern Lebanon and Hezbollah's fighters from the rest of the country. One by one, Israeli forces bombed them all. So a little ways from

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the Mediterranean Sea, where the river's meandering waters eddy, then empty, about 20 men heaved, pushed, pulled and coaxed -- with appeals to God in between -- two water-logged trucks carrying supplies Wednesday to regions bearing the brunt of Israel's invasion.

Over a few hours, Hezbollah's shadowy organization emerged on the banks of the Litani. "Don't take pictures!" one of the men shouted.

The dozens of black bags, filled with tuna, sardines, rice, processed cheese, sugar and tea, were marked with stickers in red and green. "A Gift, the Red Crescent Society, the Islamic Republic of Iran," they read. Scrawled on one car was a prayer: "Under the protection of the merciful." Around them hurried men with walkie-talkies and cellphones, furtively glancing at sounds of war above.

They worked with precision -- everyone had a job, hardly a movement was wasted.

And they worked with speed -- no one knew when one of the distant sounds might signal an Israeli attack.

"It's dangerous," one young man said, nerves quickening his pace, as he lugged loads of bread, "but Hezbollah is strong."

In a methodical campaign to isolate southern Lebanon, where 10,000 Israeli soldiers are fighting a dogged foe, Israel has blockaded the city of Tyre, dozens of villages and the rock-strewn valleys between them. The bridges are wrecked. So are the roads. And menacing Israeli leaflets sprinkled over Tyre have warned that any car in the street, whatever the type, at whatever hour, may be annihilated.

But a guerrilla war dictates resilience, and along patches of the Litani, shrouded by wilting banana plantations and parched citrus groves, the provisions and casualties of battle passed Wednesday where there was no passing. With the supplies came the wounded fighters, ferried by the Red Cross across a fallen tree further up the river, and with the wounded came more bread, hand-carried over rushing waters where a bridge once stood.

"Let's push!" one man ordered.

A red Toyota pickup truck was stuck three-quarters across the Litani and, 20 yards away, a white truck was sinking into the river after trying to cross a makeshift bridge of blue steel plates perched on mounds of gravel and sand.

The driver gunned the Toyota, then its engine stalled. Five men attached a long wire, then tried to pull the pickup up the bank.

"Come on guys!" one of them yelled.

The efforts were in vain. A white van backed to the bank, the wire soon tethered to its fender.

It pulled, its wheels digging into the powdery snow-like sand. "Little by little!" another man yelled. The Toyota crept forward, water churning against the side. Then the heaviest of the men jumped on the hood, belly first, giving the pickup enough traction to emerge.

Across the river were the rest of the provisions -- dozens of sacks of flat Arabic bread in white plastic, 10 pieces in each, piled on a grassy spot. Near them were flour bags, stacked in a mound.

Time ordered everything, as the thud of munitions punctured the sounds of the river's waters.

"There are going to be planes in the air," the young boy carrying the bread said, skipping across what was left of the bridge. Every once in a while, he glanced upward. "Everything south of the Litani has a curfew, and anything moving will be hit."

He said he was delivering the bread to Abu Fadi, a Hezbollah member, in the nearby Palestinian refugee camp of Qasmiya.

As he talked, an older man approached the teenager, who was wearing black plastic sandals, blue shorts and a shirt that read, "Sports Evolution." "Don't say one more word!" he yelled at him.

He glanced at others nearby, waving his hands: "This guy's crazy!"

In a month-long war with Israel, still raging in villages along the border, Hezbollah has survived as a guerrilla army with support of the Shiite Muslim population in southern Lebanon, an organization honed by a nearly two-decade fight against the Israelis and devotion instilled by faith. It has survived, too, by a clandestine operation often unknown even to the villagers who live among the group's members.

Rarely does someone acknowledge belonging to the "party," short for Hezbollah's name in Arabic, the Party of God. If they did, it would come in the mantras Hezbollah activists often recite: The people are the resistance, the resistance is the people.

"Everyone is part of the party," one of the men said.

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Others said they were simply helping the people -- "children, women and infants," cut off from food, medicine and fuel.

"The party? I don't know," another man offered. "Ask the party how they're eating."

On the riverbanks, the men pushed the white truck still stranded in the water. On one side was written, "General Transport." On the other, "I love you, Lebanon." A green army tarp was thrown over the top, covering the black plastic bags of food from Iran. The men pushed, then relented, as the van pulled in front of the truck, eventually pulling it out of the water, too.

As they dislodged the truck, five others stood on a wood plank propped in the water, forming a human chain next to it. They unloaded the bags in less than a half-hour. Everyone was at work, in a scene somehow frenetic but organized.

At the side, a stocky man in sandals and a beard of a few days glanced around. Unafraid, he called himself.

"We're not scared of anything but God," he said, pointing to the sky. "There's God. God is above the airplanes."

Under the thatch roof, a man who seemed most senior surveyed the scene. He was well dressed, in a plaid shirt, khaki pants and military-style canvas belt. Next to him was a man in similar attire with a baseball cap and a walkie-talkie on his right hip under his shirt.

Calm and assured, he smiled faintly, wryly.

"This comes from Iran, but maybe after a while the next shipment will come from France," he said.

Moments later, he looked out as the men tried to repair the makeshift bridges, hauling the steel plates spanning the river.

"The road's not only for the party," he said. "Civilians can pass, too."

Less than a mile up the river, where Israeli forces had bombed a pile of fine sand hastily bulldozed to ford the Litani, a Red Cross ambulance arrived before noon, carrying five wounded Hezbollah fighters. It crossed what had become a moonscape. Two bulldozers were buried in sand, and a ghostly gray dust had settled over the banana plantation. Bombs had dug two craters in front of the river. Along the Litani, the water flowed into another crater, then across the rubble of a pipe before fanning out toward the sea.

At one spot, a 30-foot tree caked in wet sand was propped across the river, one of the few places to cross.

"It's forbidden to take pictures," said Sami Yazbek, the head of the Lebanese Red Cross office in Tyre.

When asked whether they were fighters, he simply nodded.

The fighters walked out of the ambulance, heading toward the tree and another ambulance waiting on the other side. They were from Jebel Aamil hospital in Tyre, evacuated to make room for more wounded. Beyond that, though, no one was talking.

"I don't know anything," said Yusuf Rafai, a 43-year-old Red Cross volunteer.

"I know they're Lebanese," he added. "More than that, I don't know."

None of the fighters wanted to talk, either.

One pulled his black T-shirt over his face. Another put his left hand over his mouth. A third, when asked where he was from, said, "I don't know." Red Cross volunteers helped them along, gingerly. Two of the wounded carried IVs in their hands, both with gauze wrapped around their heads. Another had his shoulder a sling. One wore a neck brace.

The left foot of the fifth man was bandaged. He walked with crutches, one with the factory wrapper still on it.

"Be careful," one of the Red Cross volunteers said, helping him to the river. "A little at a time, a little at a time."

Two other Red Cross volunteers came to his aid. They treated the men not as fighters but as neighbors, their exchanges sympathetic, respectful, even encouraging. The wounded fighter stumbled at first, steadied himself, then hopped across the log.

"You can do it," one of the volunteers said, urging him on. "You're a tough guy!"

Once across, the volunteers surveyed the river. They said they had more wounded to bring.

"We've got to see if there's a way to get the others across the river," Yazbek urged a colleague before leaving.

Throughout the day, the few Lebanese willing to defy the Israeli warnings made their way to the river, some to flee besieged towns, others to fetch food. Mohammed Zeidan, a wiry 30-year-old in a red shirt, came with a neighbor from Haniyeh in a blue Toyota, a trip of about 10 miles that took two hours. He planned to cross the river on foot, catch a cab, drive an hour or so north, then bring back 200 packs of bread for his return trip.

"The people back there are eating grass," he said, pointing southward toward his village, where 250 families remained. "This is the only way to make sure people are okay," he said, looking at the crossing. "And if they fix it, they're going to attack it again."

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Three hours later, Zeidan returned with the bread, its price having doubled since the start of the war.

"Thank God, we arrived," he said, crossing the river.

He, a Christian friend, George Abdullah, and others ferried the bread across, loading the trunk of the Toyota.

"That's it for today," Zeidan said, with a hint of satisfaction. "Tomorrow we'll go again. The people need to eat."

Sweat was pouring from his brow, and his shirt was wet. His body was tense, as the fighting echoed in the distance.

"We're just volunteers. We're doing this on our own, without money, without anything," he said.

Zeidan shook his head. "There's no alternative. There's no one else to do this."

At A Makeshift River Crossing In South Lebanon, Guerrillas Come Out In The Open (NYT)

By Sabrina Tavernise

The New York Times, August 10, 2006

QASMIYE, Lebanon, Aug. 9 — The wounded men moved slowly across the hot patch of cratered earth. Some limped. One used crutches. Two carried their own intravenous bags.

The secret war being waged by shadow militia fighters against the Israeli Army from the mountains of southern Lebanon came into sharp focus on Wednesday near a gnarled tree trunk that serves as the only remaining crossing on the Litani River, which divides most of Lebanon from the war in the south.

The wounded — Hezbollah fighters, an emergency worker said — shuffled gingerly toward the crossing, their faces exhausted and drawn. They were leaving, at least for now, the front lines of a war that has won them broad support among local people here and frustrated the Israeli military for weeks.

“I don’t know a thing,” said Yusef Rafaai, a local emergency worker who was helping the men. “I know they’re Lebanese. More than that, I don’t know.”

The river and its crossings, all makeshift since the Israelis blew up the last bridge a few days ago, have pushed even the most secretive activities into the open, offering an unusual view of this ordinarily hidden guerrilla war.

In addition to the fighters, bread, canned tuna, sardines and processed cheese — donations from Iran — were being carried across, with help from local Lebanese who support Hezbollah, to cars and trucks waiting on the other side. The Israeli bombing, which had gouged huge craters out of the area around the river, had not yet broken supply lines.

Despite Israeli bombardments, Hezbollah continues to operate. In some areas, it does so in open view of Israeli drones that whine overhead in the brilliant afternoon sky.

Shortly after 1:30 p.m., in a large, open dirt field, cut with giant craters from Israeli bombs, five ghostly fighters became ordinary wounded men. More than anything, the men did not want their photographs taken, afraid of revealing anything that might help Israel bomb them.

One covered his face with his T-shirt, in the style of a movie star avoiding paparazzi. Another, in a neck brace, put on sunglasses. Three emergency workers told journalists not to take pictures.

“No pictures,” said a fighter, hobbling on crutches with a white bandage on his left foot.

Hezbollah has deep and widespread support among the Shiites of Lebanon’s south — a portrait of Hassan Nasrallah, the group’s leader, is hung in many homes. Evidence of that support was on full display at the river on Wednesday.

At least five Lebanese Red Cross workers in orange suits helped the fighters. They carried plastic bags of belongings, offered shoulders to lean on and spoke words of encouragement when the wounded men confronted the tree crossing. They looked for an easier way across, one of them even wading out into the water, but eventually settled on the tree.

The man on crutches hopped gracefully on his right leg in a white plastic sandal.

“Don’t worry,” one worker said. “No one is going to take pictures.”

He felt his way to the end of the tree, after stumbling slightly at the beginning.

“You can do it, you’re a tough guy,” said another worker, encouraging him.

The ambulance driver, Haidar Azzedine, said that the men had come from Jabal Amel Hospital in Tyre, a town six miles to the south, and that they were being moved to clear out bed space. Sami Yazbek, the head of the Red Cross in Tyre, said the men were fighters.

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"There's somebody who will get angry if you take pictures," Mr. Azzedine said. "No pictures at all."

Everyone, it seems, was pitching in to help. Later in the afternoon, municipal emergency workers from Tyre packed clear plastic bags of flat bread into the back of a van. The code of secrecy still applied.

"You take pictures of us and they'll hit us," said one worker, who gave only his Lebanese nickname, Abu Ahmed.

Then, in English: "I'm very, very sorry. Camera, dangerous."

Despite the danger of the mission, the workers maintained the world-weary Lebanese sense of humor.

"You're staying here?" a worker asked a reporter. "Watch out for the planes."

He added, "Maybe you'll get a tan."

The loading went on for most of the afternoon, though not always so seamlessly. Shortly before 3 p.m., at a leafy, shaded point in the river less than a mile away, two trucks loaded with bags of food were stuck, one in the water and the other on a crude bridge of wood and metal sunk in the river.

A man fastened a wire to a bright red Toyota pickup, submerged up to its doors. Three others grabbed onto it and pulled, like figures from some heroic tableau.

"Get back," one man shouted, as they heaved.

"Let's go boys," another said.

Fifteen to 20 men helped with the loading. No one would give a name. One identified himself as a Palestinian, and said the food was bound for a Palestinian camp nearby. Some of the men spoke with Palestinian accents. The only one who seemed eager to proclaim his affiliation with Hezbollah was immediately dismissed by others.

"I'm Hezbollah," crowed a teenager in a sleeveless shirt and shorts who had been running with large sacks of bread on his back across piles of wood and metal sunk into the river that formed a makeshift bridge.

"It's dangerous but Hezbollah is strong," he said, flexing a bare arm that poked out of a shirt with the words Sport Evolution, in English, across the front.

A large man in a button-down shirt and khaki trousers shooed him away.

"Not another word," he barked. "Don't say one more word."

Then, turning to face reporters, he added, "He's crazy."

The men were unloading black plastic bags with stickers labeled in green-and-red Arabic script: "Gift, Red Crescent Society. Islamic Republic of Iran."

One loader listed the contents for reporters: rice, sugar, cans of tuna, hummus, tea and sardines. Beef lunches were also among the items.

Some of the men moved and spoke with a smooth confidence. A man in a checked shirt, dark chinos and a green belt sat on a plastic lawn chair, his legs crossed. He was the only man in the group sitting. A man with a hand-held radio, the usual Hezbollah communications device, stood wordlessly behind him.

Why was the food from Iran?

"This comes from Iran but maybe after a while, the next shipment will come from France," the man said, a slight but knowing smile spreading.

A section of the metal and wood bridge had collapsed, trapping a small flatbed truck with the words "Lebanon, I Love You" painted in Arabic script near the cab door.

The men knew that they were being watched by Israeli drones, and that at any moment a missile could blow them apart. They worked fast, darting between the trucks, as the water swirled around the rear of the flatbed.

Eventually, they managed to drag the red truck out of the river and began using it to yank the flatbed off the bridge. Twice the wire snapped. Twice they retied it.

The man in the checked shirt hung back. The bridge, or what was left of it, was for anyone trying to cross, not just a militia supply location.

"It's not only for the party," he said. Near him, two men pulled up in a black Mercedes sedan coated in dust. The driver cut the engine and placed a hand-held radio in the glove compartment.

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Many people were crossing on Wednesday, their sweaty, muddy efforts a testament to human resourcefulness. Men carrying a plastic bag of medicine scrambled up and down the tree trunk at a run. Two men trudged, grunting, with Santa-size sacks of packaged bread on their backs, loading it from one bank to a battered green car on the other.

One of the men, George Abdullah, a 45-year-old merchant from Qana, said he was helping support about 1,000 people stranded in the village of Maayake.

"They are isolated there," said Mr. Abdullah, sweating profusely in a green T-shirt. "They have no money to leave. I am paying to feed them."

He asked a reporter to help him hoist the bag onto his damp back and then took off, stooped, at a run.

Despite the ruined bridge, the giant craters from Israeli bombs, and the deep booms that echoed in a neighboring valley almost constantly throughout the afternoon, the people were confident. More than anything, the people at the river on Wednesday were sure they were winning.

"This is a victory for us," said Abu Ahmed, the municipal worker.

A stocky man in jeans and sandals near the two watery trucks offered a more philosophical take. The planes were dangerous, he agreed, but it would not stop them.

"We're not scared of anything but God," he said. "God is above the planes."

U.S. Directs Criticism At Israel (AP-Y)

By Nedra Pickler

AP, August 10, 2006

The White House said Wednesday neither Israel nor Hezbollah should escalate their month-old war, as Israel decided to widen its ground invasion in southern Lebanon.

White House press secretary Tony Snow said the U.S. message was for both sides, though his remarks came after Israel's Security Cabinet voted to expand the war effort in an attempt to deal further blows to Hezbollah.

"We are working hard now to bridge differences between the United States position and some of the positions of our allies," Snow told reporters in Texas, where President Bush was vacationing. "We want an end to violence and we do not want escalations."

Meanwhile, rifts over a plan to stop the fighting delayed approval of a resolution at the U.N. Security Council. The U.S. and France were offering competing versions.

France proposed new language on a cease-fire and Israeli pullout, but the Americans rejected it out of concern that the Lebanese could not assert control over Hezbollah strongholds in the south without help from a robust international force.

"The Lebanese army, while an absolutely essential part of any solution, is not itself independently capable of dealing with the problem, at least not yet," Snow said.

He said the United States was working on another draft resolution, but he would not estimate when a vote might be possible.

"I think at this point it's beyond any of us to come up with a firm prediction about when you get a resolution," he said.

U.S. and French diplomats had been hoping for a vote on the draft early this week. But the differences between the co-sponsors meant that a Security Council vote on the resolution to try to end the fighting would be delayed at least until late Thursday.

"I know from the outside, diplomacy looks a bit like a mosh pit, but there is actually a structure and order to the discussions," State Department spokesman Sean McCormack said in Washington.

Neither McCormack nor Snow would talk in detail about disagreements at the U.N. or how the United States was negotiating to solve them.

"The question is whether the United States and its allies can bridge those gaps," Snow said. "We're not declaring an impasse here."

In Washington, other U.S. officials said negotiators have the framework of a deal that could address Lebanese, Arab and French concerns over the timing of an Israeli withdrawal. Lebanon and other Arab nations have demanded an immediate pullout.

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As a practical matter, Israeli forces would need several days or longer to leave, and the departure would be coordinated with deployment of a replacement force that is acceptable to the Lebanese, U.S. officials said. They spoke only on condition of anonymity as the discussions were continuing.

The composition and mandate of the replacement force is also a sticking point in the Security Council negotiations over a cease-fire proposal, but U.S. officials said it could be a combination of Lebanese and foreign forces, perhaps under the banner of an existing United Nations peacekeeping force.

Bush talked to British Prime Minister Tony Blair on the phone for 20 minutes Wednesday, and U.S. diplomats have been calling other foreign leaders and updating the president.

"I dare say the president's very actively engaged in this," Snow said. "He may go for a bike ride in the morning, but he's spending a lot of time, morning, noon and night working these issues."

The United States has been Israel's strongest supporter during its cross-border war with Hezbollah, an Islamic political and military movement that had held de facto control of southern Lebanon along the Israeli border. The fighting began after Hezbollah crossed the border and killed and kidnapped Israeli soldiers.

Israel Set For Big Push North To Litani (FT)

By Harvey Morris, Jonathan Birchall And William Wallis

Financial Times, August 10, 2006

The Israeli security cabinet voted on Wednesday for a major escalation of the Lebanese conflict, authorising the army to advance to the Litani river, up to 18 miles north of the border, to halt rocket fire from Hizbollah guerrillas.

The decision was made as Israeli troops battled Hizbollah forces near the border, almost a month after they first crossed it. Arab media said 11 Israeli soldiers were killed in Wednesday's fighting, although the Israeli army confirmed only five deaths.

Sayyed Hassan Nasrallah, the Hizbollah leader, expressed defiance in a televised speech, saying Israeli attacks had failed to weakenthe group's rocket capabilities and warning that its fighters would turn south Lebanon into a "graveyard" for invading troops. The Israeli military strategy approved by the 12-member security cabinet would take its forces well inside Lebanon, beyond the embattled city of Tyre on the Mediterranean coast. According to one minister, this phase of the ground battle might last 30 days.

Other ministers indicated, however, that Israel may defer launching a fresh offensive to see if international efforts to end the fighting can produce a formula that the country could accept.

An extended ground offensive could complicate those diplomatic efforts. The US State Department spokesman in Washington urged Israel to exercise "the utmost care" in avoiding civilian casualties.

Officials at the United Nations in New York indicated growing difficulties in negotiating a peace deal in the Security Council. Divisions emerged between France and the US, joint sponsors of a weekend resolution calling for a "cessation of hostilities", over how to deal with Arab objections to the plan.

Jacques Chirac, the French President, threatened to introduce his own resolution if no compromise was reached but said he hoped there could still be an agreement. "I can't imagine that there would be no solution because that would mean the most immoral result – that we accept the current situation and that we abandon an immediate ceasefire," he said.

France and the US are at odds in particular over the timing of the deployment of an international force and Israel's withdrawal – reflecting the conflicting views of Israel and Lebanon and its Arab allies.

Lebanon wants the UN to call for an immediate Israeli withdrawal after the ceasefire, with the Lebanese army, supported by an enhanced version of the existing UNIFIL peace keeping force, taking its place.

Israel, backed by the US, says it won't withdraw its forces until an international force begins to deploy in its place, to prevent the resurgence of Hizbollah forces.

As diplomacy faltered, the violence in Lebanon continued. UN officials said Israeli warplanes struck next to the Ain al-Hilweh Palestinian refugee camp, killing two people. Lebanese media reported that air raids on the home of a Hizbollah political member in the Bekaa valley killed him, his wife and five children.

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The Israeli security cabinet met for six hours before approving the escalation plan put to it by Amir Peretz, defence minister, and Lt-Gen Dan Halutz, chief of the general staff. Defence assessments suggest that an advance to the Litani might cost the lives of 300-500 soldiers. The plan was approved by nine votes, with three abstentions. There were varying estimates of how long such an operation would take. Eli Yishai, a minister who abstained from the vote, said the military assessment was 30 days. But he added: "I think it will take a lot longer."

Israel is counting the financial cost of the conflict. The defence ministry asked the treasury for a supplementary budget of Shk5bn (€894m) for its first 30 days.

War Devastation Slows Delivery Of Civilian Relief (WT)

By Betsy Pisik

The Washington Times, August 10, 2006

BEIRUT -- The president of the International Committee of the Red Cross walked across a log suspended over the shallow Litani River into southern Lebanon yesterday, a symbolic protest against Israel for knocking out bridges and making aid deliveries difficult.

The log has become the supply route for determined relief agencies and an uneasy egress for Lebanese civilians stranded in the south as Israel expands its ground war to eliminate Hezbollah rocket attacks against Israeli civilians.

Lebanese officials say they won't rebuild the bridges as long as Israel targets vehicles crossing the Litani.

"Our main concerns is access," said Red Cross President Jakob Kellenberger, who crossed into southern Lebanon earlier this week and continued to Tel Aviv yesterday for meetings with Israeli officials.

"Our other main concern is the respect of humanitarian law in the conduct of hostilities. You cannot rid yourself of your responsibility by dropping leaflets."

Relief agencies say the threat of Israeli air strikes and badly damaged roads have kept them from delivering desperately needed assistance to those stranded in southern towns and villages. Aid is dispatched in convoys of fewer, smaller vehicles, which the Israeli military suspects of resupplying of Hezbollah arms.

Even those deliveries are curtailed by an acute shortage of gasoline. Gasoline rationing and danger have made some aid workers reluctant to come to work, relief officials say, and Israel's blockade of sea, land and air routes makes it difficult to bring in technical specialists. "Our Lebanese staff has had to shoulder all the weight for this," said Kevin Cook, a spokesman for World Vision International.

"There is a prevailing sense of frustration due to the infrastructure ... and staff spends half their time in queues to get [gasoline]. It's one thing piled on top of the next. In some ways, this situation is approaching the worst-case scenario for humanitarian intervention."

World Vision has stocked 70 tons of relief supplies in Cyprus and is unable to ferry it across the Mediterranean for lack of insurance. A water-purification system is stranded on the dock, as are emergency fuel, food and shelter supplies. They were to have arrived Monday, but it is not certain when the items will get to Beirut.

"We can't keep up the current level of activities without establishing a pipeline. There is help coming, but it's a trickle compared to what we want to do."

There are no reliable figures on how many civilians remain in their homes below the Litani River. Few residents were visible yesterday. The World Health Organization and Lebanese medical officials say hospitals are closing because of a lack of fuel for generators and a shortage of medicines. A separate humanitarian emergency is unfolding in the Palestinian refugee camps, which are served exclusively by the United Nations.

Palestinians, who traditionally have been treated as unwanted guests in Lebanon, have opened their crowded homes to Lebanese and Palestinian families fleeing fighting.

The United Nations Relief and Works Agency for Palestine Refugees has requested $7.5 million to meet emergency needs, in addition to the $150 million appeal by the U.N. humanitarian office. With the central government largely unable to help the relief effort, towns and cities have put together their own relief programs.

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Abdul Rahman Bizri, the mayor of Sidon, said he has met with every Lebanese, Arab and foreign aid group that turned up and is eager to attract more such groups. Aid groups have installed portable showers and toilets in schools and parking garages that have been converted into shelters for 35,000 evacuees. Mr. Bizri said relief workers provide hot meals for less than 50 cents each.

Hezbollah, which has fired more than 3,000 rockets into northern Israel since the conflict began, has provided emergency assistance, mostly with private donations. Many aid organizations refuse to work with Hezbollah, which the U.S. government has identified as a terrorist organization.

Israel's Tech Sector Stays Afloat Amid War's Economic Damage (WSJ)

By Guy Chazan

The Wall Street Journal, August 10, 2006

MISGAV, Israel -- With Israel's War against Hezbollah still raging, the economic damage wrought by the weeks-old conflict already is being counted in the billions of dollars.

Israel's bombing campaign has decimated Lebanon's airports, highways, bridges and utilities; flattened villages in the south; and displaced one in five of the Lebanese population. Israel, too, is paying a high price, as Hezbollah rockets bring life in Israel's north to a standstill. Stores and factories are shuttered as hundreds of thousands of people hunker down in bomb shelters or flee southward.

But one critical part of Israel's economy is weathering the storm -- so far. The high-technology sector has continued to function, proving far more resilient than more-traditional industries such as agriculture, tourism and retail. That says a lot about how advanced-knowledge economies are better able to endure the stress of war and bend to absorb its blows. Israel's adaptability has allowed it to pursue an open-ended campaign in southern Lebanon with little fear of economic collapse on the home front, at least in the short term.

High-tech is crucial to Israel, accounting for about 15% of its gross domestic product in 2004 and nearly 30% of its exports. Israeli firms have built a solid reputation in fields including Internet-security software, telecommunications components and avionics. About three-quarters of the more than 100 Israeli companies listed on the Nasdaq Stock Market are technology-focused.

That is why there was alarm last month when, with the outbreak of war, crucial parts of Israel's high-tech sector ended up in Hezbollah's direct line of fire. The Shiite militia's kidnapping of two Israeli soldiers in a cross-border raid led Israel to launch a massive assault across Lebanon, prompting Hezbollah to retaliate with an intense missile barrage against northern Israel. An important target was Haifa, Israel's third-biggest city, where multinationals such as Intel Corp., Philips Electronics NV and Microsoft Corp. have research laboratories.

But, in fact, disruption has been minimal. Intel says that, while its Haifa facility is safe, some employees are working from home via laptops and broadband connections, while others have been deployed to Intel sites in other parts of Israel. Output is so far unaffected, the company says.

Others, such as Given Imaging Ltd. based in the northern town of Yoqneam, are taking precautions. The company, which makes pill-like video capsules that can detect gastric disorders, said it had shifted inventory to the U.S. and Europe and could switch production to a backup facility in Ireland. It also has set up a summer camp in Yoqneam so staff can bring their children to work rather than leave them in bunkers at home.

There is little evidence so far that the war has dented investor confidence in the sector. Last month, Hewlett-Packard Co. agreed to buy Mercury Interactive Corp., a software and information-technology company with much of its operations in Israel, for $4.5 billion. Also, SanDisk Corp, a Sunnyvale, California, flash-memory maker, said it would buy Israel's M-Systems for $1.55 billion.

But the war with Hezbollah could have a much bigger impact on Israel's information-technology industry if it drags on or escalates. In a recent report, Merrill Lynch & Co. said most tech workers are younger than 44 years old and thus eligible for active military duty in the event of a mass call-up. If Hezbollah uses longer-range missiles, it could paralyze companies based in Tel Aviv, Israel's high-tech hub.

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And some fear a protracted conflict could dent broader investor interest in Israel. Economic commentator Bernard Avishai cites the example of the second intifada: He says none of the 36 biggest foreign companies now in Israel established operations here from 2000 to 2004, when the Palestinian uprising was raging.

"We're already hearing that a couple of delegations of investors from the Far East and Europe have canceled trips here," says Gilay Dolev, head of D&A High Tech Information, a Tel Aviv consulting firm.

Uri Attir embodies the flexibility of Israeli high-tech -- and of its vulnerability to war. He heads a small start-up, ETView, in the sleepy northern town of Misgav that has found itself in the vortex of the conflict with Hezbollah. Rockets have been exploding in the area since July 12.

"We're sitting ducks," he says, as sirens wail and staff dive for the bomb shelter.

ETView makes breathing tubes fitted with tiny cameras that monitor patients' air passages. Earlier this year, it received its first commercial order, from an Italian distributor that wanted 300 tubes by the end of August. Production was to be outsourced to a medical-equipment maker near the Lebanese border. But that company closed when the fighting broke out.

Desperate to ship the order on time, Mr. Attir rigged up an improvised production line in a room next to his office, hired two temporary staffers, kitted them out with masks and white coats and taught them to make the tubes. He is keeping his fingers crossed that he can make his deadline.

"We're in the midst of a capital-recruitment round, and our investors are asking when the first shipment's going to be," he says. "You can't keep people waiting."

A 55-year-old veteran of four Arab-Israeli wars, Mr. Attir is stoic about the Hezbollah barrage. But he worries that young, highly skilled engineers and programmers could move to safer climes.

"We're going to see a brain drain after this war," he says. "People can live in Silicon Valley and not have to suffer Katyushas [Hezbollah rockets] every day."

China Trade Mission Aims To Boost Exports (AP-Y)

By Martin Crutsinger, Ap Economics Writer

AP, August 10, 2006

Commerce Secretary Carlos Gutierrez said Wednesday he will lead a delegation of business executives to China this fall as part of an effort to boost exports and reduce America's record trade deficit.

"China is one of our fastest growing export markets and we are having a great year," Gutierrez said in an interview with The Associated Press.

Through May, U.S. exports to China were up by 37 percent from the same period a year ago, and that increase came on top of 19 percent growth in U.S. exports to China in 2005.

However, even with those gains, the U.S. trade deficit with China is running 13 percent above the pace set last year, when Americans recorded a $202 billion deficit with the Chinese, the biggest imbalance ever with a single country.

The growing gap reflects the fact that Chinese exports to the United States are still growing and the Chinese sell $5 in goods to Americans for every $1 in U.S. exports to China.

Gutierrez, who has already made three trips to China since joining the Cabinet last year, said he wanted to lead his first business development mission to China as a way to build on the gains U.S. exporters have already made.

"This mission will help American businesses seize new opportunities there," Gutierrez said. "The prospect of selling to more than a billion consumers, together with China's rising middle class, creates real opportunity for American companies."

The delegation, which is expected to include executives from 20 to 30 companies representing a cross-section of U.S. businesses, will visit China from Nov. 13 to 17 with stops planned in Beijing and Shanghai. The trip will be designed to develop contacts between the U.S. companies and Chinese business and government leaders.

Gutierrez said that in his meetings with Chinese officials he would seek a progress report on efforts China is making to crack down on the theft of U.S. copyrights and patents, which American companies claim are costing them billions of dollars in lost sales annually.

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He said initial efforts by the Chinese to fulfill pledges they made in April were encouraging, including a commitment to require that all personal computers sold in China have factory-installed operating programs as a way of reducing the pirating of U.S. computer software.

The administration is also pressing China to allow its currency to rise in value against the dollar as a way of lowering the trade deficit. U.S. manufacturers contend China is unfairly depressing the value of the yuan by as much as 40 percent to make their goods cheaper and more competitive against American products.

Gutierrez said Treasury Secretary Henry Paulson would take the lead in pushing the Chinese to allow for greater flexibility of their currency.

Paulson, who took office last month, will have his first opportunity for face-to-face meetings with Chinese officials this fall. Treasury officials announced Wednesday that Paulson will attend meetings of finance ministers at the Asia-Pacific Economic Cooperation forum in Vietnam on Sept. 7-8.

Paulson is also scheduled to attend the annual meetings of the International Monetary Fund and World Bank which this year will be held in Singapore on Sept. 19-20.

Diplomatic Moves Rice Pushes Envoys To Spend Time In Hardship Posts (WSJ)

By Neil King Jr.

The Wall Street Journal, August 10, 2006

JUBA, Sudan -- When America's top diplomat here stopped by the Juba mosque recently for a chat with Imam Ibrahim Abdallah, he found the spiritual leader sprawled under a tree out back, asleep on a mat.

The mosque stop was Robert Whitehead's third house call of the morning -- and roughly the 20th of the week -- for a migratory consul general scrambling to represent the U.S. in this lush and soggy boomtown on the Nile.

After the imam leapt up and smoothed his spotted robe, Mr. Whitehead huddled with Mr. Abdallah and some of his followers in the bedroom of a borrowed house. Mr. Whitehead scribbled in a tiny green notebook as the men expressed fears that the largely Christian regional government wouldn't pay restitution to Muslim-owned shops damaged by rioting last year. Mr. Whitehead, in crisp shirt and tie, promised to poke around a bit and get back to them.

"That's what I call micro-diplomacy," he said outside, tucking his notebook into a breast pocket and heading off gingerly to his next drop-by. Juba's terrible roads, and the nonstop pace, had taken a toll on his aching, 54-year-old back.

The Bush administration sent Mr. Whitehead to Juba in January in the middle of a cholera outbreak to be the region's first-ever full-time U.S. diplomat. His mission: to keep close tabs on a recent peace deal that ended one of Africa's bloodiest civil wars and to promote U.S. interests in a vast area rich in oil but also rife with tribal conflict.

Bob Whitehead has been in the vanguard of a new, very grass-roots push by the Bush administration to make up for the diplomatic damage done by the Iraq war and to try and leave the U.S. better positioned to respond to -- and possibly even pre-empt -- conflagrations of the future. Instead of dictating terms from on high, the administration is trying to nudge along reforms from below, often far from national capitals. And that, goes the new logic, requires making the U.S. diplomatic corps more agile and less hemmed in by the high walls and bureaucracies of the traditional embassy.

Even as she struggles publicly with raging war in the Middle East and other prominent crises, Secretary of State Condoleezza Rice has quietly made the push a central plank of the administration's second-term drive to promote ground-level change in some of the world's remotest nooks and crannies. 1

"When the very terrain of history is shifting beneath our feet we must transform old diplomatic institutions to serve new diplomatic purposes," Ms. Rice said in a January speech at Georgetown University that formally launched the effort.

The U.S. has roughly 13,000 foreign-service officers of various stripes posted overseas, the vast majority of whom are bound to desks in America's 230 increasingly fortified embassies and consulates. A fifth of all U.S. diplomats are in Europe, which contains about a tenth of the world's population. Ms. Rice's plan, which she calls "the work of a generation," is to get more of these diplomats out to where America's long-term interests are being decided, be it fighting AIDS in Botswana, bird flu in Turkey, or nuclear proliferation in Pakistan.

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But that means moving more U.S. diplomats out of cities like Berlin, Moscow and Rome. Promotion to many senior state department jobs, Ms. Rice said, will even hinge on having spent time in "hardship posts" like Juba.

The initiative has gotten off to a slow start, with just 100 or so positions being moved from European capitals to China, India and a few other developing countries. Some critics charge that the effort will make no measurable difference for an administration whose reputation has been blackened by the Iraq war and the international uproar over U.S. detentions of terrorism suspects by the Central Intelligence Agency and in Guantanamo Bay, Cuba.

"Putting a few more diplomats in remote regions isn't going to matter much" without an increase in funding, says Walter LaFeber, author of several classics on U.S. foreign policy.

Still, the early seeds of this drive are starting to sprout in some interesting places. Across Afghanistan, the State Department has sprinkled senior-ranking diplomats to work on democracy projects alongside U.S. military forces. The U.S. has established special low-infrastructure, one-man "presence posts" in Indonesia and Egypt. There are plans in the works for similar posts in Venezuela, China and India.

But the farthest-flung new outpost is likely here in distant Juba, about 100 miles north of the Ugandan border, where Mr. Whitehead just completed a seven-month assignment. When he arrived in January he set up shop in a derelict compound that the U.S. Agency for International Development abandoned in 1991 after Sudanese soldiers killed several of its local staff. The swimming pool was a vivid green breeding pond for frogs. Only a flimsy fence separated the cluster of six small houses from the thatched huts and goats of the neighborhood next door.

"This was terra incognita for the United States," Mr. Whitehead said. "A blank space on a map."

Juba is a long way from the tiny Indiana town of Plymouth where Mr. Whitehead grew up, the son of a real-estate agent and a schoolteacher. Yet after resigning as an Illinois college English literature professor to join the Foreign Service in 1983, he has spent the bulk of his career in Africa. He was in Goma, Zaire, during a horrific cholera outbreak in 1994, and in Zimbabwe eight years later when hyperinflation tore apart the economy. He was in Sudan's capital, Khartoum, last year when rioters looted shops after the death of the southern rebel hero, John Garang.

Yet he had a far plusher life in those postings than in Juba. In Khartoum he occupied a small mansion, built by a wealthy Italian, with a huge marble foyer and 20-foot ceilings. His house in Zimbabwe -- "the nicest place I have ever lived and probably ever will live" -- sat on a two-acre garden of flame trees and bougainvillea with a lighted tennis court and a flagstone swimming pool. In both places he worked in heavily fortified embassies.

In Juba he worked from a college-dorm-size bedroom with a desk and laptop on one side and pictures of his wife and college-aged son and daughter on the other. He had seen his family, now living in Virginia, for all of eight weeks over the past two years. The last time they lived together was in Zimbabwe four years ago. State Department rules until just recently barred families and spouses from joining diplomats in Sudan.

Mr. Whitehead's mission, as he describes it, was to get out as often as possible, mix with the key players, keep a close eye on implementation of last year's peace accord, and "plant the American flag."

All of which, in a place like Juba, is much tougher than it sounds. Mr. Whitehead began one recent week with a mental checklist. He hoped to get up to Bor, a river town about 100 miles to the north, to meet local officials and look at some recently launched U.S.-funded development projects, including a school for fishermen along the Nile. He hoped to take a short trip south to a town called Kajo Keji, to check in on another U.S.-funded project that included road work, new wells and a women's center. In all, the U.S. has hundreds of projects of varying sizes across Southern Sudan, costing about $200 million a year.

Yet the early word from the United Nations -- the provider of most air transport in Southern Sudan -- was that both trips could be imperiled by rain. Afternoon thundershowers turn the region's few roads into bogs and regularly swamp the dirt runways.

Mr. Whitehead also had a wish list of some dozen ministers he wanted to see on issues ranging from the 2006 budget -- a key sign whether the fledgling government is setting the right priorities and overseeing its money -- to talk of launching a children's basketball program, perhaps with help from the National Basketball Association.

But planning is nearly impossible in a place with few secretaries and no reliable phones, so Mr. Whitehead set off first thing Monday -- jostling along rutted roads in a white Toyota Land Cruiser -- without a single fixed appointment.

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Juba and the vast region of Southern Sudan overlap well with Ms. Rice's concept of what she calls "the new frontlines" of U.S. diplomacy. For 21 years, the black and largely non-Muslim south was embroiled in a bloody civil war with the Islamic government in Khartoum. The U.S. then helped broker a grueling peace deal, signed early last year, which gave Southern Sudan a high degree of autonomy and the potential for independence in 2011, meaning that Juba in five years could be the capital of a new country of some 12 million people.

But the area remains up for grabs. Across its 333,000 square miles of lush hills, savannah and swamp, a bit larger than California and Nevada combined, there are barely 10 miles of paved road. Millions of people are still displaced from the long war, and disease rates for everything from cholera to river blindness remain among the highest in Africa. The region has significant oil reserves, but development of many fields is mired in governmental and tribal feuds.

Mr. Whitehead got lucky on his first stop of the week: the ramshackle Ministry of Mines and Industry. The building looked like an abandoned motel, one wing of which has no doors, windows or roof. But Minister Albino Akol Akol was in, and greeted Mr. Whitehead with a big handshake. Mr. Akol begged Mr. Whitehead to provide the government with detailed satellite imagery so they can get a better feel for Southern Sudan's own terrain, including its vast timber forests. Mr. Whitehead said he'll look into it, and urged Mr. Akol in turn to push ahead on firming up a set of rules to guide and protect foreign investment.

When Mr. Whitehead arrived in Juba he methodically set out to meet every minister and vice-minister, every parliamentary committee chairman, the bishop and imam and other religious leaders, and all the top businesspeople. "The idea was to stop in on everyone who mattered," he said. After weeks of tracking people down, he assembled a cadre of a dozen or so "reliables" whom he could trust for good information.

High on that list was Peter Bashir Bendi, a jolly, bearded parliamentarian who holds court in an office just off the airless main hall of Southern Sudan's National Assembly. After Mr. Whitehead dropped by, the two men talked and swapped promises over bottles of Coke as a fan whirred in the corner. Mr. Bendi said he would get Mr. Whitehead a copy of the legislative calendar and the upcoming budget, while the American said he would dig up some money to pay for the printing of hundreds more copies of Southern Sudan's constitution. He jotted a reminder in his little book.

"Bob buzzes around everywhere, like a fly," Mr. Bendi said later, with Mr. Whitehead out of the room. He is most thankful, he said, for the American's insistence that the assembly have a strong anticorruption committee, which is now being formed.

Mr. Whitehead acknowledges that Southern Sudan is very hospitable territory for what he does. The anti-Americanism one finds increasingly in Arab countries is largely absent in this largely non-Arab, non-Muslim half of Sudan. While many other countries are now sending representatives to Juba, no one else has the resources to rival the U.S.

A few drop-bys later, Mr. Whitehead pulled into the rutted dirt lot outside the Ministry of Legal Affairs. In a breakthrough earlier that day, a surly ministry assistant had set up an actual appointment for him, at 4:00, to catch up on a number of draft laws with the minister. But 20 minutes later, after being harangued by a drunk, there was still no sign of the minister. "Pox on him," Mr. Whitehead said under his breath, heading back to his mud-splattered Toyota.

America's man in Juba has made a few missteps himself. One evening he jumped out of his Land Cruiser on a main street in Juba to chase down a U.N. official, only to find that he had locked his keys in the car, which then bottled up traffic for an hour. More recently he forgot that he had invited an African diplomat for dinner and went off to a party that required sprinting through mud puddles and quaffing rounds of beer. He returned home to find the diplomat pacing in elegant coat and tie.

The day after the legal-affairs minister stood him up, Mr. Whitehead spent more than an hour baking on the tarmac at the Juba airport before a U.N. relief flight took him south to Kajo Keji, tucked in the lush mountains near the Ugandan border. Hundreds of children scattered at the end of the dirt runway as the prop plane swooped in.

The visit was quick, and the rain-carved roads further jarred Mr. Whitehead's bad back -- the product, he had decided, of a sagging mattress. The U.S. had earmarked $900,000 for a range of development projects in the remote region. But the American program manager had left a month earlier; many of the projects were far behind schedule.

Asked later if he saw his work as transformational, Mr. Whitehead paused and lit another cigarette. "I suppose the point is to transform this place into a country with which we can really cooperate," he said. "It's slow, but we're getting there."

Mexico Starts Partial Recount Of Vote (AP)

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By Lisa J. Adams, Associated Press Writer

AP, August 10, 2006

Electoral officials fanned out across the country Wednesday to begin a partial recount in Mexico's tight presidential election, while leftists alleging vote fraud blocked bank headquarters in the capital and vowed to take their disruptive protests nationwide.

Guarded by soldiers and monitored by electoral judges and representatives of all of Mexico's five political parties, authorities started sifting through ballots cast at 11,839 polling booths, about 9 percent of the 130,000 booths used during the July 2 election.

The count must wrap up by Sunday, after which the Federal Electoral Tribunal will review the results and decide by Sept. 6 whether to declare a president-elect or annul the election.

The initial results gave Felipe Calderon, the pro-business candidate of conservative President Vicente Fox's National Action Party, a lead of 240,000 votes, or less than 1 percent, over leftist candidate Andres Manuel Lopez Obrador, former mayor of Mexico City.

The partial count could change those results, but it was considered unlikely to tip the balance in favor of Lopez Obrador, whose supporters have been disrupting life in the capital for more than a week to press their charge he was robbed of an election victory by fraud.

Calderon welcomed the partial recount, saying it would cement his advantage.

But Lopez Obrador dismissed the action as a farce and said his loyalists would continue their demonstrations unless authorities ordered a vote-by-vote recount of all 41 million ballots.

Across Mexico, electoral officials sliced open seals placed over doorways and pulled tape off doorknobs to reopen storage rooms holding the paper ballots cast July 2.

Officials then began opening sealed polling packages to sift through ballots and read the tallies from polling stations. They were looking for mathematical errors, evidence of fraud, ballots that should have been thrown out, or ballots that were mistakenly annulled.

At the 12th federal electoral district in Mexico City, Judge Julio Humberto Hernandez, party representatives and six soldiers watched as officials spent nearly 90 minutes counting ballots from the first of 28 packages they were ordered to review.

The end result: One less vote for Calderon and one more for Lopez Obrador, a total of 11 votes more all together than what workers reported immediately after the election, and five null votes instead of the initially reported seven.

"This is proof that they did things badly," said Agustin Guerrero, a representative of Lopez Obrador's Democratic Revolution Party who witnessed the recount.

He said such discrepancies would be important for "continuing to argue that they open up all of the election packages."

Ricardo Monreal, who is leading Lopez Obrador's legal challenges before the Federal Electoral Tribunal, said party officials contend about 40 percent of ballot boxes "were altered ... illegally adjusted" after the election.

Monreal held out hope that irregularities found in the recount could serve to order a broader examination of "a minimum of 72,000 polling places," while Democratic Revolution Party spokesman Gerardo Fernandez continued to insist only a full recount would be acceptable.

The seven judges of the Federal Electoral Tribunal voted unanimously Saturday to deny a full review, saying it would violate election laws that allow recounts only when there is evidence of irregularities or fraud. They instead ordered the partial recount, at polling places where they deemed problems were evident.

The decision prompted Lopez Obrador to call on his supporters to escalate protests from the tent camps they set up along Mexico City's main Reforma Avenue and at the central Zocalo plaza July 30, snarling traffic and commerce and trying the patience of many of the capital area's 23 million people.

On Wednesday, dozens of Lopez Obrador supporters blocked the entrance to the main offices of three foreign-owned banks in Mexico City, chanting "Vote by Vote!" and "Long live democracy!"

The demonstrations came a day after protesters briefly took over toll booths on highways leading into the capital, allowing motorists free passage.

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"We ask for understanding of these disturbances we are causing because we are building democracy, because we want things to change and because it isn't enough to just stay quiet," said Gilberto Ensastiga, a representative of Lopez Obrador's party who led demonstrations in front of the British-owned HSBC bank on Reforma Avenue.

Fellow protest leader Edgar Torres said demonstrators would move elsewhere Thursday, but he declined to detail their plans.

Ensastiga reiterated Lopez Obrador's promise to expand the protest movement across the country.

"You will see more in the north, in the center and in the south," he said.

Mexican Officials Begin Recount Of Disputed Ballots (LAT)

By Sam Enriquez

The Los Angeles Times, August 10, 2006

MEXICO CITY -- Elections officials on Wednesday began recounting nearly 12,000 disputed ballots from July's presidential election while supporters of second-place finisher Andres Manuel Lopez Obrador expanded their civil disobedience campaign to a blockade of three bank buildings.

The recount was ordered last week by a seven-judge tribunal that has the final say over election matters. They must declare a new president within a month, or throw out the results of the July 2 election.

Lopez Obrador and his lawyers filed appeals to the Federal Electoral Tribunal shortly after the election, claiming errors and fraud steered the election to Felipe Calderon, who won by less than a percentage point. Lopez Obrador has since waged a campaign of civil disobedience to support his demand for a national recount.

The tribunal appeared to close the door on a full recount Saturday, after justices said the law allows the recounting of ballots only at polling stations that appeared to have made arithmetic errors or show other irregularities.

Lopez Obrador so far has offered no proof of fraud.

The partial recount, which must be completed by Sunday, will require opening ballot boxes from 11,893 polling stations, about 9 percent of the 130,000 voting sites. All were won by Calderon, and few believe the recount will show much variance from the current national tally.

Calderon's lead is now 244,000 votes out of 41 million cast in the election.

The recount is being conducted by officials of the Federal Electoral Institute, along with a presiding judge and representatives of Calderon's National Action Party and Lopez Obrador's Democratic Revolution Party.

Several thousand Lopez Obrador supporters have blockaded the capital's main boulevard, Paseo de la Reforma, and set up camp in the central square for the past 10 days to demand a national recount. Lopez Obrador said Tuesday at a rally that Calderon and his party "didn't win the election and they know it."

On Tuesday morning, protesters blocked toll booths on the main roads connecting the capital with the rest of the country, waving past thousands of motorists for free.

On Wednesday, they surrounded the entrance to corporate offices of Bancomer, Banamex and HSBC for several hours early Wednesday before dispersing.

Calderon has said he won the election fair and square, and criticized the civil disobedience, which has been largely peaceful.

Mexico Recount Begins, And Protests Go On (NYT)

By James C. McKinley Jr.

The New York Times, August 10, 2006

ZAPOPAN, Mexico, Aug. 9 — An election official was quickly dealing out ballots like giant cards on a felt-covered table on Wednesday when Humberto Mejía's hand shot into the stack like a striking snake. "Wait!" the lawyer for the left-wing Party of the Democratic Revolution cried.

He had spotted a ballot for the leftist candidate, Andrés Manuel López Obrador, that had mistakenly been put with the ballots for his conservative rival, Felipe Calderón. "We've only counted two polling places this morning," Mr. Mejía said, "and I have found two more votes for Andrés Manuel."

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It may not seem like much, but since Mr. Calderón won an official tally last month by just 243,000 of 41 million votes cast — a margin of less than one percentage point — every last vote counts.

Across Mexico, judges, election officials and party representatives began the slow process of recounting hundreds of thousands of ballots from about 12,000 polling places. More than 180 magistrates oversaw the opening of packets containing ballots from the July 2 election that are to be counted again in 149 of 300 voting districts and 25 of the 32 states.

It is an exercise that could well determine the course of the country. Mr. López Obrador and his supporters have stepped up their campaign of civil disobedience to demand a recount in all 130,000 polling places and are threatening to make it difficult for Mr. Calderón to govern if they do not get their way.

On Wednesday, hundreds of leftists blocked entrances to banks in Mexico City, a day after taking over toll booths on highways leading out of the capital.

With the political crisis deepening, Mexicans of all political stripes are hoping the partial recount will either put to rest Mr. López Obrador's claims of widespread fraud or lend them credence, which might force the court to order a wider recount.

On Saturday, a seven-member electoral tribunal charged with ratifying the results and declaring a president-elect rejected Mr. López Obrador's claim that there were enough irregularities in the election to warrant recounting all the ballots. The narrow ruling left the judges little leeway to order more ballot boxes opened, though it is still possible, election law experts said.

Instead, the judges ordered the ballot boxes opened in about 9 percent of the polling places after they concluded that Mr. López Obrador had presented evidence of arithmetical errors and, in some cases, fraud.

Mr. López Obrador reacted angrily, saying the judges should "rectify their decision." He announced Monday he was no longer staging marches solely to demand a recount but "to change this reality of injustice and oppression that has done so much damage to the country."

A former Mexico City mayor, he has complained that the playing field was tilted against him, with President Vicente Fox campaigning against him and business tycoons paying for illegal attack advertisements.

He has also said that poll workers, who are chosen at random like jurors, purposefully padded Mr. Calderón's totals in northern states, where the conservative National Action Party and the moderate Institutional Revolutionary Party joined forces to try to stop Mr. López Obrador from gaining power.

Mr. Calderón says that his victory is legitimate and that any recount is unnecessary and likely to do more harm than good.

Experts on election law said that while the partial recount was far less than Mr. López Obrador had wanted, it indicated a major concession to his party. What is more, counting ballots a second time in nearly 12,000 polling places could unearth a raft of errors that would give more leverage to proponents of a completely new tally.

"It will tell us if it is true or not that there was a manipulation of the figures," said Lorenzo Córdova, a law professor who specializes in Mexican electoral statutes.

John Ackerman, another election law professor in Mexico City, said, "Any significant move of the votes and there would be a major social push to expand the recount."

But election-law experts said the electoral tribunal would have a hard time justifying widening the recount to include other polling places because of the way its members wrote their ruling.

In essence, the ruling says ballots should not be recounted simply because a political party has suspicions that the tally was manipulated; there must be empirical evidence. The judges would have to alter that precedent to order a wider recount.

"It's not likely, but it's possible," Mr. Córdova said.

Most experts agree that the partial recount is unlikely to change the results, unless Mr. López Obrador's theory of widespread fraud is correct. Though the margin between the two candidates is only 240,000 votes, there would have to be major shifts in all 12,000 polling places in favor of Mr. López Obrador to close that gap.

At the Sixth Election District in Jalisco, the magnitude of even a partial re-tallying of votes was evident. After five hours of work, Magistrate José Manuel Mojica, a soft-spoken avuncular man with gray hair and mustache, had managed to get through only 3 of the 247 packets to be opened.

The judge sat at a green covered table with two lawyers, one representing Mr. López Obrador and one Mr. Calderón, while the head of the election district and one of the local board members counted ballots by hand. A secretary took notes.

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Several problems arose, causing the judge to rub his forehead. In one polling place, 100 fewer ballots were accounted for than were delivered to the poll workers. “I’m missing a lot of ballots,” the judge told the lawyers.

At another polling place, two null ballots, on which more than one candidate had been marked, were included in the stack for Mr. Calderón, a point the lawyer for Mr. López Obrador quickly pointed out.

What was more, the envelope that was supposed to hold null ballots was missing from the packet. It was found in the envelope containing ballots from an adjoining polling place.

The judge also had to deal with bickering between the lawyers about whether some ballots were valid. Marked with inky crayons and folded, the ink sometimes rubs off on another candidate’s check box. The lawyers sparred over the validity of several of those ballots, until Magistrate Mojica said he would leave it to the tribunal to decide.

All told, after five hours of work, Mr. Mejía had discovered two votes for Mr. López Obrador and one null ballot that had been mistakenly counted for Mr. Calderón, a potential shift of three votes.

As the afternoon wore on, the only thing certain was sore fingers for the election officials charged with counting. The tribunal ordered the count finished by Sunday, and that was beginning to look like too little time to some involved.

“It’s very hard,” said Yolanda Hernández, the chairwoman of the board of District 6. “And we’ve just begun.”

Mexican Traffic (WSJ)

The Wall Street Journal, August 10, 2006

Mexico City traffic moves slowly even on good days, and recently it has come to a near-standstill as thousands of supporters of failed leftist presidential candidate Andrés Manuel López Obrador (a.k.a. AMLO) have set up tents and formed human chains along the Paseo de la Reforma, the city's main drag. But we're glad to note that at least one thing is functioning efficiently south of the border: the rule of law.

On Saturday, a seven-judge tribunal rejected a legal challenge by AMLO that would have forced a manual recount of every ballot cast in last month's presidential election -- about 42 million ballots in all. The court decided instead to review 9% of the ballots, itself a significant concession to AMLO given that international observers certified the election as among the cleanest anywhere. Barring the discovery of major irregularities, it now seems certain that center-right candidate Felipe Calderón will take office when President Vicente Fox's term expires in December.

But the danger AMLO poses to Mexico's young democracy remains. After declaring himself the winner on election night he has failed to concede even the possibility of defeat, all the while calling a squatters' army into the streets to "defend democracy." His supporters have threatened to seize the Mexico City airport, a move AMLO ostensibly disowns while threatening unspecified "new measures of civil resistance."

Still, we are confident that Mexico will weather these assaults, and perhaps emerge somewhat better for them. For one thing, most Mexicans are justifiably proud of what their new democratic institutions have accomplished, despite AMLO's efforts to soil them. For another, nobody who causes the world's worst traffic jam can expect to remain popular for long. With every long honk of the horn, the future of Mexico's democracy seems more secure.

Kyrgyz Deportations Draw U.N. Rebuke (WP)

By Peter Finn

The Washington Post, August 10, 2006

MOSCOW, Aug. 9 -- Five people who fled the Uzbek city of Andijan to neighboring Kyrgyzstan last year during a deadly government crackdown were turned over to Uzbekistan on Wednesday. The decision drew swift condemnation from the United Nations and human rights groups, which said the men now face the prospect of being tortured or executed.

Four of the five who were returned had been granted refugee status by the Office of the U.N. High Commissioner for Refugees, and officials at the agency's Geneva headquarters said their deportation violated international law and the 1951 U.N. Refugee Convention, which Kyrgyzstan, a Central Asian republic, has signed. The fifth deportee was seeking asylum but had not yet been granted refugee status.

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"We fear for their safety," said AntÃ³nio Guterres, the high commissioner, in a statement, which noted that the United Nations had already secured resettlement places for the refugees. "This grave breach is a huge disappointment as the deportees' lives may be at stake."

Officials in Kyrgyzstan's government could not be reached Wednesday evening. Kyrgyz officials have alleged that the five committed serious nonpolitical crimes, and Kyrgyz courts have ruled that they did not qualify for refugee status.

The crisis in Andijan began on May 12, 2005, when dozens of armed men attacked government facilities and freed prisoners, including prominent local businessmen who were on trial on charges of religious extremism.

The following day, thousands of people joined a protest against the government. Uzbek security services opened fire on the crowd, killing hundreds of people, most of them unarmed, according to human rights groups and witnesses.

The Uzbek government said that 187 people were killed, most of them Islamic radicals, and it rejected calls for an independent international inquiry into the events.

Hundreds of people fled into Kyrgyzstan, and in July of last year more than 400 Uzbek refugees were flown out of Bishkek, the Kyrgyz capital, to be settled in third countries, including the United States.

The United Nations and human rights groups have documented a long history of torture in Uzbekistan, which had granted use of an air base to U.S. forces to support military operations in Afghanistan. That relationship soured after Washington criticized the government's actions in Andijan and backed calls for an independent inquiry. The United States was later forced to vacate the air base.

"The U.N., the European Union and the U.S. government have all pressed Kyrgyzstan over the last year to abide by its obligations, and this is a very, very bad precedent for the region," said Rachel Denber of the New York-based advocacy group Human Rights Watch, noting that other Uzbeks face deportation from Russia and Kazakhstan. "This is a country where systematic torture is practiced, and we continue to get, up until today, credible allegations of torture."

Hard-liner Looks Set To Lead Japan (USAT)

By Paul Wiseman And Naoko Nishiwaki

USA Today, August 10, 2006

HONG KONG — Shinzo Abe, who takes a hard-line approach to regional rogue North Korea, appears to be a shoo-in to replace Junichiro Koizumi in September as the next prime minister of Japan.

Abe, 51, already was the front-runner when North Korea defiantly launched seven missiles into the Sea of Japan last month. As chief Cabinet secretary, Abe has led Japan's hard-nosed response to the North Korean provocation. He has pushed for economic sanctions and a United Nations Security Council resolution criticizing the North Korean regime.

Abe's top rival, dovish former chief Cabinet secretary Yasuo Fukuda, took himself out of contention in July. “Abe is the strongest candidate,” says Taro Yayama, author of a biography of Koizumi. “The race is over.”

“Abe's had it pretty well locked up for a long while,” says Steven Reed, political scientist at Tokyo's Chuo University. “Unless something goes completely wrong, he's the next president of the (Liberal Democratic) Party and the next prime minister.”

Some Japanese worry Abe is the wrong man to repair Japan's relations with its neighbors, damaged by Koizumi's visits to a Shinto shrine that honors (among others) convicted Japanese war criminals.

Abe is unapologetic about Japan's World War II past — a position likely to continue to antagonize China and South Korea, which were brutalized under Japanese occupation.

Friday, he defended visits to the shrine but refused to confirm reports he made a secret pilgrimage there this year. Abe insisted such visits are a matter of individual conviction and said he intended to “continue holding my hands together” for the dead.

Japanese prime ministers normally visit Yasukuni Shrine privately on Aug. 15, the anniversary of Japan's World War II surrender in 1945. A majority of Japanese disapprove of the visits. A poll published July 26 in the Asahi newspaper showed 60% don't want Koizumi's successor to visit Yasukuni. “We should have a harmonious relationship with China and South Korea,” says Tokyo office worker Riku Takahashi, 33. “I don't expect much (from Abe). He won't change the relationship with China and South Korea that deteriorated under Koizumi.”

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Koizumi will be a hard act to follow. One of the longest-serving Japanese prime ministers since World War II, Koizumi turned politics upside-down during his five-year tenure. A wavy-haired, Elvis-loving maverick, he showed a jaded Japanese public that prime ministers don't have to be dull, inarticulate backroom dealmakers like many of his predecessors.

Koizumi took on vested interests in his own party. He slowed pork-barrel construction spending and purged LDP members who opposed his pet project: privatization of the state-run postal system. Japan emerged from a decade-long economic slump. Prodded by regulators, banks shed bad loans, and corporations cut debts and costs.

Jesper Koll, chief economist at Merrill Lynch Japan Securities, reckons Koizumi ranks with Ronald Reagan and Margaret Thatcher, whose political clout helped revive their countries' economies. Koll worries Japan will backslide economically when Koizumi's gone.

"Koizumi was able to change some things because of his personal character," says political analyst Nobuaki Iwai of Nihon University's law faculty. "There is a possibility the old style will come back because he didn't change the roots of the LDP."

Political analyst Michael Cucek with the Okamoto Associates consultancy says Abe has been in charge since Koizumi visited the USA in June and sang Elvis Presley songs at Graceland. Koizumi's "clown show at Graceland obliterated his standing among elites here and in Washington, accelerating a transfer of power," he says.

Abe's father was the LDP's secretary general. His maternal grandfather, Nobusuke Kishi, was arrested as a war criminal after World War II for his leadership role in Japan's wartime government before being rehabilitated. Kishi then served as a staunchly pro-U.S. prime minister from 1957 to 1960.

Abe was elected to parliament in 1993 and was dubbed the "prince of politics" by Mainichi Daily News. But he sometimes seems to lack gravitas. According to the weekly magazine Shukan Gendai, LDP legislator Katsuei Hirasawa, one of Abe's political mentors, rebuked Abe for reading Japanese manga comic books on the floor of the parliament. Abe brushed off the criticism and went on reading the comics.

An emotional issue brought Abe to prominence a couple of years ago: He demanded that North Korea come clean on the kidnapping of Japanese citizens in the 1970s and '80s.

He has benefited politically from North Korea's belligerence toward international demands that it end efforts to develop nuclear weapons. Abe warned last month that Japan may impose sanctions if North Korea doesn't comply with a U.N. resolution demanding a return to multilateral talks aimed at getting it to abandon its nuclear weapons and missile programs. "The recent North Korean missile launches have given Abe a platform to act more aggressively," says Ethan Scheiner, a political scientist at the University of California-Davis and author of Democracy Without Competition in Japan.

Abe is a firm supporter of the U.S.-Japanese alliance and of efforts to rewrite a pacifist constitution that limits what the Japanese military can do.

Analysts such as Reed and Lam Peng Er, senior research fellow at the National University of Singapore's East Asia Institute, figure the only person who can stop Abe's rise to prime minister is Koizumi. If the outgoing leader keeps a promise to visit Yasukuni on Aug. 15, he probably will reignite the debate over Japan's relations with China, perhaps setting off a search for a more diplomatic alternative to Abe.

Lam, editor of a book on Japan's relations with China, says Abe might be able to mend relations with Japan's neighbors, "provided he does not go to the Yasukuni Shrine. On that issue, the Chinese have drawn a line in the sand."

Libya Settles WASA Lawsuit (WT)

By Jim Mcelhatton

The Washington Times, August 10, 2006

The Libyan government has settled a federal lawsuit with the District's water authority in a dispute involving more than $27,000 in outstanding bills.

The settlement allows Libyan officials to move ahead with plans to open an embassy in Northwest.

Libya had sued the D.C. Water and Sewer Authority (WASA) earlier this month and demanded that the utility restore water and sewer service at its property at 2201 Wyoming Ave. NW.

The settlement was reached Tuesday after The Washington Times first reported the dispute.

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The lawsuit, which accused WASA of violating a provision of the Vienna Convention, sought $1 million and the immediate restoration of water and sewer service.

"The Libyan government is pleased with the resolution of the WASA case and looks forward to restoring warm and friendly relations with the American people," said J.P. Szymkowicz, an attorney for the Libyan government.

WASA spokeswoman Michele Quander-Collins said the settlement calls for the Libyan government to pay "a nominal fee" that is significantly less than the $27,710 in outstanding bills.

Miss Quander-Collins said WASA agreed to the deal late Tuesday after meeting with attorneys for the Libyan government who provided information about "mitigating factors."

"We examined the information they provided, as well as our own records, and decided to settle," Miss Quander-Collins said, adding that WASA also discovered that a water leak may have caused the bills to run high.

She said WASA is pleased with the settlement.

"WASA certainly doesn't want to interfere in world affairs," Miss Quander-Collins said.

The Libyan government had said it should not have to pay the bills because squatters stayed at the site illegally for several years, though WASA records showed water usage at the property for an account in the name of the Libyan government.

The settlement requires WASA to restore water and sewer service to the building where the Libyan government is planning to open an embassy on U.S. soil for the first time since 1981.

During the years Libya had no embassy in the District, the United Arab Emirates took control of the property.

D.C. court records show that the United Arab Emirates assigned a driver to live at the property to keep it from being continually vandalized, but the driver rented out rooms without permission from Libya or the United Arab Emirates.

The United Arab Emirates evicted the tenants in 2003 and ordered water service shut off.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

British Police Thwart Major Terror Plot (WP) ... 4
U.S. Raises Threat Level To Red For Flights From Britain (AP) ... 4
'Plot To Blow Up Planes' Foiled (BBC) ... 5
British Foil Plot To Blow Up Several U.S.-bound Aircraft (AP) ... 6
Britain Holds 18 In Airline Plot Case (LAT) ... 7
UK On Highest Alert As Bomb Plot Foiled (FT) ... 7
Authorities Say They Have Disrupted Major Terror Plot In Britain (SEATIMES) ... 8
London Police Foil Plan To Blow Up Jets In Flight (BLOOM) ... 9
'Explosives In Hand Luggage' Theory (GU/PA) ... 9
3 Visiting Egyptian Students Held; 8 Missing (WP) ... 10
3 Egyptian Students Taken Into Custody (AP) ... 11
ICE Adds Seven Teams To Pursue Fugitives (WT) ... 11
Investigators: Pair With Passenger Info, Phones Linked To Terror (ABJ) ... 12
Terror Case Suspect Returned To Atlanta (AJC) ... 12
Defense To Challenge Terrorism Suspect's Detention (MACT) ... 13
Counterintelligence Officials Resign (WP) ... 14
Judge Says No To Secret Jury In Terror Case (CHIT) ... 14

Homeland Response:

Ga. Makes Site List For Federal Lab (AJC) ... 15
Is DHS Site Really Ready? Science Intern Thinks Not (WP) ... 16
Big Katrina Contractors Win More FEMA Work (WP) ... 17
FEMA Awards Hurricane Housing Contracts (AP) ... 18
Katrina Victims Still Waiting For Aid (AP) ... 18
Study: Katrina Recovery Is A Mixed Bag (AP) ... 19

War News:

Rising Unease In Congress Over Iraq War (CSM) ... 20
Iraq Woes Roil Political Debate, Complicate Management Of War (WSJ) ... 21
3 U.S. Soldiers Killed In Western Iraq (AP) ... 22
Baghdad Morgue Tallies 1,815 Bodies In July (WP) ... 23
Shiites Redefine Battle In Baghdad (USAT) ... 24
Blast Near Major Shiite Shrine Kills 24 (USAT/AP) ... 25
On Patrol, Iraqis Prove Eager, Erratic And Green (NYT) ... 25
Four Arrested In U.S. Journalist's Kidnapping (NYT) ... 27
U.S. Troops Arrest 4 In Jill Carroll Kidnapping (LAT) ... 28
Four Iraqis Are Held In Kidnapping Of Reporter (WP) ... 28
Marines: Carroll Was Held Near Iraq Base (AP-Y) ... 30
Assault Charge Likely For Marine In Iraq Case (WP) ... 31
British Troops Under-equipped, Overstretched In Iraq (AFP) ... 31
2 Testify CIA Questioner Beat Detainee (AP-Y) ... 32
Taliban Kill A Woman And A Child Seen As Spies (NYT) ... 32
Kabul Wilts Under Power Cuts (WP) ... 33
Democrats In The Middle, Agonizing (wsj) ... 34
Bolster Infantry Forces (WT) ... 41

Corporate Scandals:

3 Charged With Stock-option Backdating (USAT) ... 42
3 Charged As Probe Into Options Widens (WP) ... 43
3 Former Comverse Execs Accused In Plot (AP-YBIZ) ... 44
Dating Game Stock-Options Criminal Charge: Slush Fund And Fake Employees (WSJ) ... 45
3 At Comverse Charged In Stock Options Case (NYT) ... 48
Comverse Ex-Chief Alexander Charged In Options Case (Update8) (BLOOM) ... 50
Former GC Among Comverse Executives Facing Backdating Charges (LAW) ... 52
US Charges Comverse Executives With Stock Options Fraud (AFP-Y) ... 53
Ex-Brocade Execs Dealt A Loss (MERCN) ... 54
Fannie Mae Says It Believes Last Of Accounting Errors Have Been Found (AP) ... 55
Outside Audit SEC Moves To Postpone Deadline On Safeguards (WSJ) ... 56
Imax Shares Fall Amid SEC Inquiry, Lack Of Buyer (WSJ) ... 57
Errors Cause GTSI To Revise '04, '05 Results (WP) ... 57
US Moves To Ease Sarbox Regulation (FT) ... 58

Criminal Law:

'Duke' Inquiry Cites Breakdowns (LAT) ... 58
Feds Seek Death In Alleged Area Killing (RD&C) ... 60
Memphis Police Officers Indicted For Allegedly Stealing Drugs And Money (WREG-TV) ... 60
FBI Official: Sweeps Of Adult Entertainment Industry Off To 'good Start' (NJTD) ... 61
Laptop Theft Puts Fla. Residents' Data At Risk (USAT) ... 62
Computer Theft Puts Floridians At Risk (WP) ... 62
Industry, Government Fret Over Tactics For Fighting Data Theft (LAW) ... 63
Veterans To Receive Identity-theft Protection (WT/AP) ... 65

Rebooting Veterans Affairs (NYT) 66
Former G-man's Mob Trial Likely A State Case - Judge (NYDN) 66
JUDGE WOE FOR 'MOB' FED (NYPOST)..... 66
FBI Working On Profile Of The "copycat Sniper" (WNDU-TV).... 67
Another Indiana Sniper Incident Reported (CHIT)..... 67
10th Sniper Shooting Reported (NIT) 67
Zimmermann: A Deceiver Or The Victim Of An Over-eager FBI? (MINNST)..... 68
Lawton Man Sentenced To Prison For FEMA Fraud (AP) 69
Final 3 Pleas Expected In Alleged Cash Transfer Scheme (SLPD) 69
Sailor From Oregon Charged With Espionage (WP)..... 70
2nd Circuit Declines To Back Jury Instruction Mandate (LAW)... 70
Unfinished $100 Bills Lead To An Arrest (WP)..... 72
North Carolina Creates A New Route To Exoneration (CSM)..... 72
30-Year Sentence In Slaying Of Student (WP) 74
First 4 D.C. Crime Cameras To Be Set Up This Week (WP) 75

Civil Law:

Justice Probes Auto Lending (BN)..... 76
Armor For The Whistle-Blowers (WP) 76
Google To Continue Storing Search Requests Despite AOL Gaffe (AP) 77
Asbestos Case Nets $10.3 Million Verdict (LAW) 78

Civil Rights:

Desegregation Case Request Denied (HATAMER)..... 79
Election Official Expects McKinney To Protest To Feds (AJC) ... 79
USA's Muslims Under A Cloud (USAT) 80
Outreach Efforts Help Muslims Make Inroads (USAT)..... 82
Editorial: Voter Suppression In Missouri (NYT) 83

Antitrust:

Bristol, Sanofi Misplayed Plavix Defense, Apotex Says (Update4) (BLOOM) 83
A Second Look: Bristol-Myers Squibb (AP-YBIZ)..... 85
Rivals Ask PSC To Restrict Terms Before Approval (COX)..... 85
FTC Clears Proposed Buyout Of Encore Medical Corp. (AUSTBIZ) 86
Sempra Ordered To Turn Over Trader Tapes (AP) 86

Environment:

BP Was Told Of Pipeline Worries In '04 (WP/BLOOM) 87
Government Renews Push For Pipeline Regs (AP-Y) 87
Pipeline Corrosion Tests Not Required (USAT) 88
BP Oil Facility Closure Sends Chills Across Alaska (WT) 89
Alaska May Seek Compensation From BP (FT) 90
Scarcity, Mother Of Invention (NYT)..... 90
Citgo Accused Of Violating Clean Air Act (AP)..... 91
Bird Flu Monitoring Expands Nationally (AP)..... 91
Bird-flu Testing Migrates To Calif. (USAT) 92
Gore Isn't Quite As Green As He's Led The World To Believe (USAT) 93
Reeling In The Snakehead (WP) 94

FBI/DEA/ATF/USMS:

FBI Cleared In Deadly Puerto Rico Raid (NSDY/AP)..... 94
Probe Clears Agents In Militant's Death (USAT) 95
Agents Didn't Use Excessive Force In Fugitive's Killing (NYT) ... 96
Report Backs FBI In Puerto Rican's Death (CNN) 96
Report Clears FBI Agents In Killing Of Terror Leader (WT) 97
Ex-FBI Official On Trial Regarding Informant Ties (SAEN)..... 98
Former El Paso FBI Chief Accused Of Lying Goes On Trial (FWST) 98
Record Details Wests' Funds (KNOXNS)..... 98
Father And Son Plead Guilty To Federal Drug Charges (WLEX) 99
Eddie Baker Pleads Guilty To Drug Charges (WKYT) 100
Officials Defend Eased Drug Rules For LAPD Hires (LAT)..... 101
At Schools, Less Tolerance For 'Zero Tolerance' (USAT)..... 102
Teens Not Rushing Online To Buy Wine, Survey Shows (USAT)102
Opium Poppy Cultivation Up In S Afghanistan - UK Min (AP)... 103
Stop Coddling Corrupt Gun Dealers (WP)..... 103
Massachusetts Fugitive Arrested In New Orleans Metro Area (AP) 104

Immigration:

Gonzales Issues New Regulations For Immigration Judges (AP)104
Immigration Judges Facing Performance Reviews (NYT) 105
Immigration Judges Get New Regulations (LAT) 106
AFL-CIO Embraces Immigrants In Pact With Day-Laborer Group (WSJ) 106
Labor Federation Forms A Pact With Day Workers (NYT)..... 107
AFL-CIO Aligns With Day-Laborer Advocates (WP) 108
Street-Corner Solidarity (NYT)..... 109
After The Protests, Latinos Start To Come Together Politically (CSM)..... 109

Congress-Administration:

Congress To Probe Policies At NIH (LAT)..... 111
Creatures And Creature Comforts At The President's Ranch (NYT) 112
Nation's Memorial To Air Force Stretches Toward Space (NYT)113
Deceit Beyond Bounds (NYT)..... 114

Other News:

Stocks Pull Back As Attention Turns From Fed Rate Decision To Economy (WSJ)..... 115
How Inflation Gets Fed (WSJ) 115
Hot Market For Second Homes Hits Slump (NYT)..... 117
Change In Cuba Policy Floated (LAT) 119
90 Miles And Light-Years Away (NYT) 120
Democrats Abandon Lieberman, Back Lamont (AP-Y)..... 120
Lieberman Vows To Stay In Race As Independent (MCT) 122
Democratic Leadership Welcomes Lamont (WP)..... 123
Primary Losses Show Incumbents Can Be Vulnerable (USAT) 124
Local, National Democrats Line Up Behind Lamont (WT)..... 125
Democrats Find Direction In Conn. Vote (BSUN)..... 126
One State's Independent Streak (WP) 128
Shock Wave From Lieberman Race (CSM) 129
The Lamont Democrats (WSJ) 130
A Judgment On Iraq (WSJ)..... 131
Lieberman Loss Signals Anti-war Mood (FT) 132
Voter Anger That Cuts Both Ways (WP) 133

DOJ_NMG_0046112

Why The Republicans Are Loving The Lieberman Loss (TIME) 134
Jury Out On Lieberman Effect (WP) ... 135
Lieberman Defeat Shifts Focus To House Races (NYT) ... 136
Lieberman Loss Reverberates (CHIT) ... 137
Democrats Back Lamont In Race In Show Of Unity (NYT) ... 138
Primary Colors (WSJ) ... 140
Voters' Anger Tipped Scales For Lamont, Survey Finds (NYT) 141
Feeling 'Very Good' About Giving Himself Another Chance (NYT) ... 142
Amid Major Upset, A Lesser-Known Rival Hits The Trail (NYT) 143
Mr. Lieberman's Choice (WP) ... 144
In Clinton's New York Run, Much Talk Of Connecticut (NYT) .. 145
Rumsfeld Gets Taste Of Hillary's 'permanent Campaign' Style (NHUL) ... 145
The Death Of Triangulation (WP) ... 146
Connecticut Results Mean Little For National Direction (WT) ... 147
Fate Of Two Joes Reflects Drive For Partisan Purity (USAT) ... 148
Party No. 3 (NYT) ... 149
Primary Losses Show Incumbents Can Be Vulnerable (USAT) 150
Incumbents Appear On The Outs With Voters (WSJ) ... 151
Democrat Says G.O.P. Voters Led To Her Loss (NYT) ... 152
After Court Loss, GOP May Lose DeLay's House Seat (CSM). 152
Sugar Land Mayor To Seek DeLay's Seat (AP-Y) ... 153
Embattled La. Lawmaker Gets Competition (AP-Y) ... 154
Ehrlich Adviser Details Firings (WP) ... 154
'Ten Years And Out' (WSJ) ... 156
Vote — Or Else (NYT) ... 157
Tuesday Tea Leaves (WSJ) ... 158
France Considers Its Own Ceasefire Plan For UN (FT) ... 158
At U.N., France Presses Pullback Of Israeli Troops (WP) ... 159
U.N.'s Mideast Diplomatic Efforts Falter (AP) ... 160
Israel Aims Deeper Into Lebanon; U.N. Tied Up (USAT) ... 161
Rice's Hurdles On Middle East Begin At Home (NYT) ... 162
British MP Quits Defence Post Over Lebanon Conflict (AFP-Y) 163
After A Lifetime Of War, Lebanese Envoy Knows No Peace (WP) ... 164
The Guns Of August (WP) ... 165
Israel, Seeking Rocket Buffer, Sets Expansion (NYT) ... 166
Israel Readies For Expanded Push In Lebanon (CHIT) ... 169
Israel Vows To Expand Its Ground Offensive (CSM) ... 170
Israel Widens Ground War In Lebanon (WT) ... 171
Israeli Casualties Mount Amid Fresh Offensive (LAT) ... 172
Israel Shifts Military Tactics, Takes On More Risk (WSJ) ... 174
Military Power Challenged (WT) ... 175
Israel OKs Expansion; 15 Troops Killed (AP-Y) ... 176
Israelis Authorize Expansion Of Combat (WP) ... 177
'It's Dangerous, But Hezbollah Is Strong' (WP) ... 179
At A Makeshift River Crossing In South Lebanon, Guerrillas Come Out In The Open (NYT) ... 181
U.S. Directs Criticism At Israel (AP-Y) ... 183
Israel Set For Big Push North To Litani (FT) ... 184
War Devastation Slows Delivery Of Civilian Relief (WT) ... 185
Israel's Tech Sector Stays Afloat Amid War's Economic Damage (WSJ) ... 186
China Trade Mission Aims To Boost Exports (AP-Y) ... 187
Diplomatic Moves Rice Pushes Envoys To Spend Time In Hardship Posts (WSJ) ... 188
Mexico Starts Partial Recount Of Vote (AP) ... 190
Mexican Officials Begin Recount Of Disputed Ballots (LAT) ... 191
Mexico Recount Begins, And Protests Go On (NYT) ... 192
Mexican Traffic (WSJ) ... 193
Kyrgyz Deportations Draw U.N. Rebuke (WP) ... 193
Hard-liner Looks Set To Lead Japan (USAT) ... 194
Libya Settles WASA Lawsuit (WT) ... 195

DOJ_NMG_0046113

TERRORISM NEWS:

British Police Thwart Major Terror Plot (WP)

By Fred Barbash

The Washington Post, August 10, 2006

British authorities said today they had disrupted a "major terrorist plot" to blow up flights between the United Kingdom and the United States.

In response, both Britain and the United States issued alerts for heightened security on all flights between the two countries.

Transport officials in Britain also imposed stringent security measures on all air travelers flying in and out of the country's airports.

British Home Secretary John Reid said in a statement that the operation was aimed at bringing down "a number of aircraft through mid-flight explosions, causing a considerable loss of life."

He said that police believe the "alleged plot was a very significant one indeed."

The BBC reported the arrest of 18 people in connection with the plot.

The U.S. government raised its threat level to the highest level for commercial flights from Britain to the United States early today. It also stepped up the general level for all flights within the U.S. or entering the country, wire services said.

"We believe that these arrests [in London] have significantly disrupted the threat, but we cannot be sure that the threat has been entirely eliminated or the plot completely thwarted," said Homeland Security Secretary Michael Chertoff, the Associated Press said.

"To defend further against any remaining threat from this plot, we will also raise the threat level to High, or Orange, for all commercial aviation operating in or destined for the United States," Chertoff said.

A statement issued by Chertoff said "currently, there is no indication . . . of plotting within the United States."

"Consistent with these higher threat levels, the Transportation Security Administration is coordinating with federal partners, airport authorities and commercial airlines on expanding the intensity of existing security requirements," Chertoff said.

"Due to the nature of the threat revealed by this investigation, we are prohibiting any liquids, including beverages, hair gels, and lotions from being carried on the airplane."

He said the changes take effect at 4 a.m. local time across the United States and will be undated as warranted.

The announcement came a little more than a year after terrorists set off bombs on London's subway and bus system, killing 52 people.

U.S. Raises Threat Level To Red For Flights From Britain (AP)

By Lara Jakes Jordan

The AP, August 10, 2006

WASHINGTON — The U.S. government raised its threat warning to the highest level for commercial flights from Britain to the United States early Thursday in response to a reported terror plot in London and also stepped up the general level for all flights within the U.S. or entering the country.

"We believe that these arrests (in London) have significantly disrupted the threat, but we cannot be sure that the threat has been entirely eliminated or the plot completely thwarted," said Homeland Security Secretary Michael Chertoff in announcing that the threat level for flights from Britain to the United States has been raised to the highest "severe or red" level.

"To defend further against any remaining threat from this plot, we will also raise the threat level to high, or orange, for all commercial aviation operating in or destined for the United States," Chertoff said.

It is believed to be the first time the red alert level in the Homeland Security warning system has been invoked, although there have been brief periods in the past when the orange level was applied. Homeland Security defines the red alert as designating a "severe risk of terrorist attacks."

A statement issued by Chertoff said "currently, there is no indication ... of plotting within the United States."

A U.S. law enforcement official said there have been no arrests in the United States connected to the plot.

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A senior U.S. counterterrorism official said authorities believe dozens of people — possibly as many as 50 — were involved in the overseas plot that was uncovered around 10 p.m. EST Wednesday. The plan "had a footprint to al-Qaida back to it," said the official, speaking on condition of anonymity because of the sensitivity of the situation.

The plan involved airline passengers hiding masked explosives in carryon luggage, the official said. "They were not yet sitting on an airplane," but were very close to traveling, the official said, calling the plot "the real deal."

Another Western counterterrorism official, also speaking on condition of anonymity about the highly sensitive investigation, called the investigation "very serious."

U.S. intelligence, particularly the CIA, has been working closely with the Brits on the investigation, which has been ongoing for months, the second official said.

Authorities have not yet arrested or detained all suspects who are believed to be involved in the plot, the official said, prompting Chertoff's alarm.

"Consistent with these higher threat levels, the Transportation Security Administration is coordinating with federal partners, airport authorities and commercial airlines on expanding the intensity of existing security requirements," Chertoff said.

"Due to the nature of the threat revealed by this investigation, we are prohibiting any liquids, including beverages, hair gels, and lotions from being carried on the airplane."

He said the changes take effect at 4 a.m. local time across the United States and will be undated as warranted.

Prime Minister Tony Blair's office said in London that the prime minister, vacationing in the Caribbean, had briefed President Bush on the situation overnight.

There was no immediate public reaction from the White House. Bush is spending a few days at his ranch near Crawford, Texas.

"The United States and the United Kingdom are fully united and resolute in this effort and in our ongoing efforts to secure our respective homelands," said Chertoff.

Chertoff said travelers in the United States "should also anticipate additional security measures within the airport and at screening checkpoints."

"These measures will continue to assure that our aviation system remains safe and secure," Chertoff added. "Travelers should go about their plans confidently, while maintaining vigilance in their surroundings and exercising patience with screening and security officials."

U.S. authorities, including the Transportation Security Administration, planned a news briefing early Thursday.

In London, Britain's Home Secretary John Reid said the alleged plot was "significant" and that terrorists aimed to "bring down a number of aircraft through mid-flight explosions, causing a considerable loss of life."

Police arrested a number of people overnight in London after a major covert counterterrorism operation that had lasted several months, but did not immediately say how many. Heathrow airport in London was closed for most European flights.

The national threat level in Britain was raised to critical — a warning level that indicates the likelihood of an imminent terrorist attack. The threat rating was posted on the Web site of Britain's MI5 — the British domestic spy agency.

'Plot To Blow Up Planes' Foiled (BBC)

BBC News, August 10, 2006

All airports have been put under the restrictions

Police have arrested about 18 people in the London area after an anti-terrorist operation lasting several months.

Security at all airports in the UK has been tightened and delays are reported. MI5 has raised the UK threat level to critical - the highest possible.

According to MI5's website, critical threat level means "an attack is expected imminently and indicates an extremely high level of threat to the UK".

Home Secretary John Reid confirmed that there had apparently been a plot "to bring down a number of aircraft through mid-flight explosions causing a considerable loss of life".

According to BBC sources the "principal characters" suspected of being involved in the plot were British-born.

In other major developments:

The US Department of Homeland Security said the increased threat level applied to commercial flights originating in the UK

The Home Office confirmed there had been three meetings overnight and on Thursday morning of the Cabinet's emergency committee, Cobra, chaired by Mr Reid, to discuss the terror alert

A spokesman for Number 10 said Tony Blair had briefed US President George Bush on the situation during the night

All passengers were banned from taking hand luggage onto flights, while the government warned of delays. Heathrow Airport has warned travellers to stay at home if possible

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Heathrow airport operator BAA asked that all in-bound services not already in the air be suspended, National Air Traffic Services said

BBC home affairs correspondent Daniel Sandford said he did not think the police believed an attack was imminent.

"The reason for raising the threat level is in case there is some other sub-plot, back-up plot around this that the police aren't aware of," he said.

Scotland Yard said in a statement that their investigation into the alleged plot was a "major operation" which would be "lengthy and complex".

"We would like to reassure the public that this operation was carried out with public safety uppermost in our minds."

Prime Minister Tony Blair is on holiday in the Caribbean, but Downing Street said the police operation was undertaken with his full support and he had been "in constant touch".

The current threat level is assessed as critical as of 10th August 2006 - this means that an attack is expected imminently and indicates an extremely high level of threat to the UK

Passengers will not be allowed to take any hand luggage on to any flights in the UK, the department said.

Only the barest essentials - including passports and wallets - will be allowed to be carried on board in transparent plastic bags.

"We hope that these measures, which are being kept under review by the government, will need to be in place for a limited period only," the statement said.

At Heathrow Airport, BBC presenter Fiona Bruce said there were "ranks of people" unable to get into the terminal.

"Terminal One is completely at a standstill. Nobody is being checked in at all."

Passengers have to put any carry-on luggage in plastic bags

She said it was "jam-packed", but passengers were managing to remain "good natured".

BBC journalist Joe Lynam encountered the increased security measures at Gatwick airport.

"I was handed a piece of paper saying that pretty much nothing could be taken on board the plane," he said.

"Everything had to be checked in and that includes mobile phones, ipods, wallets - even spectacle cases had to be checked in."

British Airways said that passengers who do not wish to fly on Thursday can rebook on flights leaving over the next two weeks.

David Learmount from Flight International Magazine said he expected passengers to be searched much more carefully.

He added: "This is the first time this measure has actually been taken. Certainly I've never seen hand luggage banned."

Have you been affected by the new security measures, seen disruption at an airport or witnessed any police raids? Please use the form below to tell us about your experiences

British Foil Plot To Blow Up Several U.S.-bound Aircraft (AP)

By Danica Kirka

AP, August 10, 2006

LONDON — British authorities thwarted a terrorist plot to blow up several aircraft mid-flight between the United States and Britain using explosives smuggled in hand luggage, officials said Thursday.

Britain's Home Secretary John Reid said the alleged plot was "significant" and that terrorists aimed to "bring down a number of aircraft through mid-flight explosions, causing a considerable loss of life."

Police arrested a number of people overnight in London after a major covert counterterrorism operation that had lasted several months, but did not immediately say how many.

The U.S. government responded by raising its threat assessment to the highest level for commercial flights from Britain to the United States early Thursday.

"We believe that these arrests (in London) have significantly disrupted the threat, but we cannot be sure that the threat has been entirely eliminated or the plot completely thwarted," said U.S. Homeland Security Secretary Michael Chertoff.

Chertoff added in the statement there was no indication of current plots within the U.S.

Britain's national threat level was also raised to critical — a warning level that indicates the likelihood of an imminent terrorist attack. The threat rating was posted on the Web site of Britain's MI5 — the British domestic spy agency.

Prime Minister Tony Blair, vacationing in the Caribbean, had briefed President Bush on the situation overnight, Blair's office said.

The British Department of Transport advised all passengers that they would not be permitted to carry any hand baggage on board any aircraft departing from any airport in the country. Passengers faced delays as tighter security was hastily enforced at the country's airports and additional measures were put in place for all flights.

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British Airways said some flights were likely to be canceled. Laptop computers, mobile phones, iPods, and remote controls were among items banned from being carried on its planes.

"I'm terrified really, I'm really scared," said Sarah Challiner, 20, who was waiting to board a flight from Manchester's airport.

Hannah Pillinger, 24, seemed less concerned by the announcement. "Eight hours without an iPod, that's the most inconvenient thing," she said, waiting at the Manchester airport.

London's Heathrow airport was the departure point for a devastating terrorist attack on a Pan Am airplane on Dec. 21, 1988. The blast over Lockerbie, Scotland, killed all 259 people aboard Pan Am Flight 103 and 11 people on the ground.

The explosive was hidden in a portable radio which was hidden in checked baggage.

A Scottish court convicted Libyan intelligence agent Abdel Basset Ali al-Megrahi of the bombing in 2001 and sentenced him to life imprisonment. A second Libyan was acquitted.

In 2003, Libya officially accepted responsibility for the attack and agreed to pay relatives of each bombing victim at least $5 million.

Britain Holds 18 In Airline Plot Case (LAT)

By Janet Stobart

The Los Angeles Times, August 10, 2006

LONDON — British police announced that they had arrested about 18 people in and around London early this morning on suspicion of attempting to blow up planes with devices hidden in hand luggage.

The BBC reported that the plot was aimed particularly at flights from Britain to the United States.

Home Secretary John Reid was quoted as saying that the plot was designed to "bring down a number of aircraft through mid-flight explosions, causing a considerable loss of life."

A Scotland Yard statement said the arrests were made overnight and "a major terrorist plot to allegedly blow up aircraft in mid-flight has been disrupted in a joint, pre-planned, intelligence-led operation by the Metropolitan Police anti-terrorist branch and security services."

A massive security operation has since begun at all British airports, and a Transport Department advisory said all baggage must be carried in the hold, not in the cabin.

Passengers may not carry items even in their pockets, the department's website said, but will be allowed to carry aboard a transparent plastic bag containing a few items, such as wallets, travel documents and spectacles.

Spectacle cases, however, must be carried in the hold.

A BBC reporter said that even items such as mobile phones and MP3 players had to be sent to the cargo hold.

Passengers were advised to expect meticulous hand searches and delays of up to five hours for all flights leaving the country. Delays could be longer for flights to the United States.

Local news reports said the arrests were carried out about 3 a.m.

On its website, Britain's Home Office said the threat level for attacks in Britain had been raised to "critical."

"This was a very serious and imminent threat," BBC security correspondent Gordon Carrera told a morning news television program.

The arrested plotters, he said, "weren't just talking about it, but had the capability and material to carry this out."

UK On Highest Alert As Bomb Plot Foiled (FT)

By FT Reporters

Financial Times, August 10, 2006

The UK was put on its highest state of alert on Thursday after British police said they had foiled a terrorist plot to blow up transatlantic passenger aircraft in mid-flight. The announcement followed a number of arrests in London overnight. It is believed that flight from the UK to the US were the principal target.

“Overnight the police, with the full knowledge of ministers, have carried out a major counter-terrorism operation to disrupt what we believe to be a major threat to UK and international partners,” said John Reid, home secretary.

In a statement, police said a major terrorist plot allegedly to blow up aircraft in mid-flight had been disrupted in a joint pre-planned intelligence-led operation by the Metropolitan Police’s Anti-terrorist Branch and Security Service.

The police said they believed that the aim was to detonate explosive devices smuggled on board the aircraft in hand luggage.

MI5, the UK home security service, said it had raised its threat level to “critical” from “severe”, indicating that the threat was imminent. The US also raised its threat level to the highest level for commercial flights from the UK to the US.

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London's Heathrow airport was closed to all in-bound aircraft, after BAA, which operates the UK's main airports, asked that all flights still on the ground should not take off for the airport. National Air Traffic Services, which runs UK air traffic control, said that flights already heading for Heathrow would be allowed to land.

Passengers faced disruption and lengthy check-in delays and were also advised that they could not take hand luggage on board flights. All liquids were banned from being taken on board except for essential medicines. Milk for babies would be allowed on board but must be tasted by the accompanying passenger, BAA said.

Prime Minister Tony Blair, who is on holiday in the Caribbean, had briefed US President George Bush overnight, a spokesman said.

The news sparked a sharp fall in London stocks, with the FTSE 100 index of blue-chip stocks down more than 100 points at one point in early trading.

Authorities Say They Have Disrupted Major Terror Plot In Britain (SEATIMES)

The Seattle Times, August 10, 2006

LONDON– A major terrorist plot to blow up aircraft midflight between Britain and the U.S. has been disrupted, police said today.

Police made arrests overnight in London after a covert counter-terrorist operation lasting several months, police said in a statement. The British Broadcasting Corp. was reporting "about 18" had been arrested.

In response, the U.S. government raised its threat warning to the highest level for commercial flights from Britain to the United States early today and also stepped up the general level for all flights within the U.S. or entering the country.

The Department of Homeland Security banned all liquids from being carried onto flights.

The plot was believed to have involved smuggling explosive devices on board aircraft in hand luggage, police said. It was likely to target flights from Britain to the U.S., police said.

Britain's Home Secretary John Reid deemed the alleged plot significant and said it was designed to "bring down a number of aircraft through midflight explosions, causing a considerable loss of life."

According to the BBC, security at all airports in Britain has been tightened and travelers should expect "significant" delays.

The Department of Transport said all passengers were to be hand-searched, and that passengers bound for the United States would go through "secondary searches."

Britain's national threat level was raised to critical — a warning level that indicates the likelihood of an imminent terrorist attack. The new threat rating, based on a U.S. Department of Homeland Security model, was posted on the Web site of Britain's MI5, the country's domestic spy agency.

A senior U.S. counterterrorism official said authorities believe dozens of people — possibly as many as 50 — were involved in the plot that was uncovered around 7 p.m. Pacific time Wednesday. The plan "had a footprint to al-Qaida back to it," said the official, speaking on condition of anonymity because of the sensitivity of the situation.

The plan involved airline passengers hiding masked explosives in carry-on luggage, the official said. "They were not yet sitting on an airplane," but were very close to traveling, the official said, calling that the plot was "the real deal."

Authorities have not yet arrested or detained all suspects who are believed to be involved in the plot, the official said.

"We believe that these arrests [in London] have significantly disrupted the threat, but we cannot be sure that the threat has been entirely eliminated or the plot completely thwarted," said U.S. Homeland Security Secretary Michael Chertoff in announcing that the threat level for flights from Britain to the United States has been raised to the highest "severe or red" level.

A statement issued by Chertoff said "currently, there is no indication of plotting within the United States."

"Due to the nature of the threat revealed by this investigation, we are prohibiting any liquids, including beverages, hair gels, and lotions from being carried on the airplane."

He said the changes were to take effect at 4 a.m. local time across the United States and will be updated as warranted.

Prime Minister Tony Blair's office said in London that the prime minister, vacationing in the Caribbean, had briefed President Bush on the situation overnight.

There was no immediate public reaction from the White House. Bush is spending a few days at his ranch near Crawford, Texas.

It is believed to be the first time the red alert level in the Homeland Security warning system has been invoked, although there have been brief periods in the past when the orange level was applied.

British Airways advised passengers on its Web site today that no hand luggage was to be permitted on any aircraft leaving Britain.

The BBC was reporting Wednesday night that "only the barest essentials" would be allowed to be carried on aircraft in transparent plastic bags under the new regulations. Those essentials included such items as passports and wallets, prescription

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medication, contact-lens holders but no solution, and supplies for infants, such as diapers, milk and food. Contents of each bottle for an infant must be tasted by the accompanying passenger.

Nothing will be allowed to be carried in a passenger's pockets.

The Department of Transport did not specify how long the security measures would be in place.

Independent terrorism expert Paul Beaver said hand luggage was a weak spot in airport security.

"A laptop computer can carry enough explosives to blow up an aircraft," he said. "Hold baggage and cargo can be sniffed for explosives. You can't do that for hand luggage at the moment. The technology is there, but it's time consuming and expensive."

London Police Foil Plan To Blow Up Jets In Flight (BLOOM)

By Alex Moralesnick Allen

Bloomberg, August 10, 2006

Aug. 10 (Bloomberg) -- London's anti-terrorist police said they foiled a plot to blow up airliners traveling to the U.S. using explosives smuggled in hand luggage, leading to heightened security at airports across the country and canceled flights.

U.K. authorities arrested a number of people overnight, police said today in an e-mailed statement, adding that flights between the U.K. and U.S. would have been ``particularly" targeted by the attackers. The U.K. and the U.S. raised their terror alert levels. Sky News said 20 aircraft had been targeted and as many as 20 individuals were arrested in London.

``We carried out a major counter-terrorism operation to disrupt what we believe was a major threat to the U.K. and international partners," Home Secretary John Reid said in a televised briefing. Authorities ``are investigating an alleged plot to bring down a number of aircraft through mid-air explosions causing considerable loss of life."

The U.K. and U.S. today raised their threat levels, with Britain putting it to ``critical," the highest category in a five-point scale, indicating an attack is expected ``imminently," according to the Home Office Web site. Airports were instructed not to permit hand baggage aboard flights, the U.K. Department of Transport said.

The pound was little changed against the dollar at $1.9050 at 8:30 a.m. in London, paring a drop of as much as 0.3 percent. The benchmark FTSE 100 stock index fell as much as 1.3 percent to 5783.60 points. U.K. bonds rose, with the yield on the benchmark 10-year gilt falling 3 basis points to 4.65 percent.

U.S. Threat Level

A spokesman at the U.S. Department for Homeland Security said in a telephone interview that the U.S. threat level had been raised. A statement he said he would e-mail didn't immediately arrive. The Associated Press said the threat level for commercial airliners was raised to red, the highest in a five-step scale.

The plot comes almost five years after the September 11, 2001, attacks in the U.S. when hijackers flew planes into New York's World Trade Center and the Pentagon in Washington, killing almost 3,000 people. A U.K. parliamentary committee said in May that an unspecified number of terrorist attacks had been thwarted in Britain since then, including three following last year's suicide bombings on London's public transport system.

Four suicide bombers on July 7, 2005, killed themselves and 52 other people on three London Underground subway trains and a bus in the capital's deadliest terrorist attack.

Lockerbie Jetliner

An airplane was the target of Britain's deadliest terrorist attack, when a Pan Am jetliner was blown up over the Scottish town of Lockerbie in December 1988, killing all 259 passengers and crew as well as 11 people on the ground. Libya later admitted responsibility for the attack.

The Department of Transport said travel documents, pocket- sized wallets, purses and items such as baby food, contact lenses and some medications, are permitted on flights, while handbags, cell-phones, laptops and media players must be checked in.

``We're advising customers to check in as normal: clearly under these circumstances they would be wise to expect delays," Paul Marston, a spokesman for British Airways Plc, the U.K.'s main carrier, said in a telephone interview.

Today's arrests follow the return of an American Airlines Inc. flight to Boston from London on Aug. 7 to Heathrow Airport after takeoff due to an unspecified security issue.

Four passengers detained by the authorities were later released after being questioned.

'Explosives In Hand Luggage' Theory (GU/PA)

Guardian Unlimited/Press Association, August 10, 2006

Police have revealed how terrorists were intending to cause death and destruction on UK airlines.

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A Scotland Yard spokesman said: "It is believed that the aim was to detonate explosive devices smuggled on board the aircraft in hand luggage.

"It is believed that the attacks would have been particularly targeted at flights from the UK to the USA."

Sources indicated that around 18 or 19 people in London and the Thames Valley were arrested on Thursday night although there was no official confirmation of the number from police.

It is believed the covert investigation had been going on for several months and it is understood that officers made the arrests overnight, not because they feared an attack was likely to happen on Thursday but for other intelligence reasons which meant they had to act quickly.

A Metropolitan Police spokesman said: "We would like to reassure the public that this operation was carried out with public safety uppermost in our minds. This is a major operation which inevitably will be lengthy and complex."

Thursday's specific restrictions on liquids on board flights prompted speculation that the terrorists were planning to smuggle liquid explosive devices on board.

If it had been successful, the terror plot would have been the first 'spectacular' since last year's July 7 attacks on London, which killed 52 people.

Meanwhile, the US government raised its threat level to the highest level for commercial flights from Britain to the United States early on Thursday in response to the terror plot in the UK.

It also stepped up the general level for all flights within the US or entering the country.

3 Visiting Egyptian Students Held; 8 Missing (WP)

By Dan Eggen And Spencer S. Hsu

The Washington Post, August 10, 2006

Three Egyptian college students were arrested in Minnesota and New Jersey yesterday after a nationwide alert by the FBI, which said the men were among a group of 11 students who had disappeared after failing to show up for an exchange program at Montana State University.

Authorities said yesterday that preliminary questioning of the three men, along with interviews with friends and relatives overseas, had revealed no apparent ties to terrorist or criminal groups.

The episode is the latest in a series of cases since the Sept. 11, 2001, attacks in which the FBI and other law enforcement agencies have gone to great lengths to locate individuals even when there is no clear evidence of a threat.

"In the post-9/11 world, the rules have changed," Special Agent Richard Kolko, an FBI spokesman, said in a statement about the case earlier this week. "The U.S. wants to assure that foreign students that register to come to the U.S. attend the schools for which they were granted a visa. This is simply out of an abundance of caution."

One of the students, Eslam Ibrahim Mohamed El-Dessouki, 21, was arrested in Minneapolis. Two others, Mohamed Ragab Mohamed Abd Alla and Ebrahim Mabrouk Moustafa Abdocame, both 22, turned themselves in to police in Manville, N.J., who then turned them over to federal immigration agents, officials said. The student visas of the three arrested and the eight who are missing have been revoked, and the men will be deported, authorities said.

They offered no further explanation late yesterday for why the students had disappeared.

It is common for foreigners to overstay or violate student visas. In 2005, the United States reviewed 85,000 potential violations, referred 2,333 for investigation and made 592 arrests. More than 766,000 visitors and 115,000 dependents held U.S. student and exchange visas as of the end of last year, U.S. Immigration and Customs Enforcement reported.

The missing Egyptians were among 17 students from Mansoura University, located north of Cairo, who arrived at John F. Kennedy International Airport in New York on July 29 on their way to a month-long exchange program at Montana State in Bozeman, according to officials from the FBI, the Department of Homeland Security and the college.

But by July 31, only six had arrived on campus, school and government officials said.

News of the disappearances emerged Monday after media reports about the FBI alert. Federal officials said they never sought to make the search public, and stressed that there was no evidence linking the group to terrorism or any other threatening behavior.

"Obviously, for days we've had all their names and dates of birth," said Dean Boyd, spokesman for Immigration and Customs Enforcement. "We've been talking to people around the globe, and at this point we have not turned up any evidence of ties with any known terrorist or criminal organizations."

Kolko said that preliminary investigations have not revealed any "credible or imminent threat" from the students. "The FBI and ICE investigation is ongoing," he said.

The government was notified about the missing students by the university under new rules implemented after the Sept. 11 attacks. Three of the hijackers had student visas.

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The students were part of a new English-language training and cultural exchange program initiated by Mansoura, said David Engberg, director of training and special programs at Montana State. Mansoura picked 20 students for the program, but three were denied visas or did not receive them in time from the U.S. Embassy in Cairo, Engberg said.

The remaining 17 arrived together at Kennedy airport but said they were separated during interviews by customs officers, he said.

"The challenge is a lot of these guys have low English skills," Engberg said. "The process of going through customs and immigration is a lengthy one. . . . if you're an Egyptian male, it can take longer. The group got separated."

3 Egyptian Students Taken Into Custody (AP)

By Gregg Aamot

AP, August 10, 2006

MINNEAPOLIS - Three Egyptian students who were being sought for failing to turn up for an exchange program at Montana State University were taken into custody Wednesday, more than a week after they arrived in the United States.

One student was arrested in Minnesota, and two others surrendered to authorities in New Jersey. They were among 11 students being sought by law enforcement after they failed to attend a monthlong program on the English language and U.S. history and culture in Bozeman, Mont., the FBI said.

Eslam Ibrahim Mohamed El-Dessouki, 21, was taken into custody in Minneapolis on an immigration violation. Two other students - Mohamed Ragab Mohamed Abd Alla and Ebrahim Mabrouk Moustafa Abdou, both 22 - surrendered to police in Manville, N.J., after hearing media reports that they were wanted, FBI spokesman Steven Siegal said.

Eight students remain at large. They arrived in New York on July 29 as part of a group of 17 students. Six students reported to Bozeman on time.

The missing students pose no terrorism threat, the FBI said.

Hamvi Kassab, a Minneapolis grocer who said he is El-Dessouki's uncle, told television station KSTP that his nephew was in town to visit relatives and to inquire about attending the University of Minnesota.

Montana State repeatedly tried to contact the missing students. When that failed, the school notified Homeland Security officials and registered the Egyptians as "no-shows" in the system developed after the Sept. 11 attacks to track foreign students.

The government tightened the student visa process after the attacks. One of the hijackers involved in the attacks had arrived in the U.S. with a student visa, and immigration officials approved student visas for two other hijackers after they entered the country. A fourth attended flight training school without a student visa.

ICE Adds Seven Teams To Pursue Fugitives (WT)

By Jerry Seper

The Washington Times, August 10, 2006

U.S. Immigration and Customs Enforcement (ICE) yesterday said seven new fugitive-operations teams are now functioning in Atlanta; Houston; Los Angeles; Newark, N.J.; Phoenix; Raleigh, N.C.; and Washington.

Department of Homeland Security Assistant Secretary Julie L. Myers, who heads the organization charged with enforcing immigration and customs laws, said the new teams bring to 45 the number of fugitive-hunting operations nationwide.

"The United States is a land of opportunity, but it is also a nation of laws," said Mrs. Myers. "As such, an immigration judge's order of removal is not optional and must be followed. The addition of these new fugitive teams increases ICE's ability to aggressively pursue immigration violators as part of our nationwide interior-enforcement strategy."

ICE spokeswoman Kadia H. Koroma said the fugitive-operations teams, although assigned to specific regional offices, have nationwide jurisdiction and can be deployed to conduct operations anywhere fugitive alien populations are located in the United States.

She said the teams use intelligence information and leads to hunt down aliens who have been ordered to leave the country by an immigration judge, but have failed to comply -- making them fugitive aliens.

Of the more than 52,000 illegal aliens caught by the teams since the first was created in 2003, Ms. Koroma said, 22,669 had convictions for crimes that included homicide, sexual assault against children, robbery, violent assault, narcotics trafficking and other aggravated felonies.

She said that another group of seven teams will be added by the end of September to form a network of 52 teams covering the nation. Currently, fugitive teams are collectively apprehending more than 1,000 illegal aliens a week.

Many regional ICE offices where there are significant numbers of fugitive aliens have more than one team assigned. Teams currently operate in 22 U.S. cities, including Baltimore and the District.

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"These fugitive operations teams are a crucial part of ICE's interior-immigration enforcement," Ms. Koroma said. "A critical element of this interior-enforcement strategy is to identify and remove criminal aliens, fugitives, and other immigration violators from the United States."

The interior-enforcement strategy is part of the Secure Border Initiative (SBI), a multiyear Homeland Security plan to secure America's borders and reduce illegal entry.

The SBI's border-security efforts are focused on gaining control of the country's borders through additional personnel and technology, while re-engineering the detention and removal system to ensure that illegal aliens are removed from the United States quickly.

The strategy is designed to complement the department's border security goals by expanding existing efforts to target immigration violators inside the country and employers of illegal aliens, as well as the criminal networks that support them, Ms. Koroma said.

Investigators: Pair With Passenger Info, Phones Linked To Terror (ABJ)

Akron Beacon Journal, August 10, 2006

MARIETTA, Ohio - Investigators in southeast Ohio said they were working to unravel how two Michigan men charged with supporting terrorism came to have airplane passenger lists and airport security information.

Osama Sabhi Abulhassan, 20, and Ali Houssaiky, 20, both of the Detroit suburb of Dearborn, were being held at the Washington County jail on $200,000 bond each, which could be raised at a Thursday afternoon court hearing. Each was charged Wednesday with money laundering in support of terrorism.

Deputies stopped the two on a traffic violation Tuesday and found the flight documents along with $11,000 cash and 12 phones in their car, Sheriff Larry Mincks said.

It wasn't clear what significance the airline information might have. Assistant County Prosecutor Susan Vessels declined to comment on whether the manifests were for upcoming flights or those that already had flown. She also would not give the origin or destination of the flight or flights.

FBI spokesman Mike Brooks in Cincinnati said his office was investigating.

Abulhassan and Houssaiky admitted buying about 600 phones in recent months at stores in southeast Ohio, said sheriff's Maj. John Winstanley. They sold the phones to someone in Dearborn, Winstanley said.

Vessels declined to say how the phones, cash or flight information involved terrorism.

Investigators going through the car after the pair were pulled over in Marietta also found a map that showed locations of Wal-Mart stores from Ohio through Kentucky, Tennessee and into North and South Carolina, Vessels said.

"We got them at the beginning of their trip," she said.

Vessels did not say why the pair headed to southeast Ohio from Dearborn.

A message seeking comment was left Wednesday evening with Ray Smith, a public defender who represents Abulhassan. Houssaiky did not yet have an attorney, Vessels said.

Houssaiky's family members said he and Abulhassan work in the cell phone trade and were on a business trip, according to Imad Hamad, regional director of the American-Arab Anti-Discrimination Committee in Dearborn, who said he met with Houssaiky's relatives Wednesday.

"I hope this is a case where the government is not overreacting, overreaching and over-reading," Hamad said. "This is sensitive and serious. Nobody should rush to judgment."

At their brief court appearance Wednesday, the defendants did not address the terror charges. Abulhassan said he is a junior at the University of Michigan and Houssaiky said he is a student at Wayne State University.

The fourth-degree felony charges allege the two laundered between $5,000 and $25,000, Vessels said. A conviction carries a maximum sentence of 18 months in prison and a $5,000 fine.

The men were charged Tuesday with obstructing official business. Winstanley said they initially lied about why they bought the phones.

Those charges were dropped Wednesday when the money laundering charges were filed.

Marietta, with about 14,000 people, is about 90 miles southeast of Columbus and 12 miles northeast of Parkersburg, W.Va.

Terror Case Suspect Returned To Atlanta (AJC)

By Bill Torpy, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, August 10, 2006

Ehsanul Islam Sadequee's long, strange journey over two continents brought him back to Atlanta on Wednesday and into federal court.

DOJ_NMG_0046122

The 20-year-old Roswell man accused of helping plot terrorist attacks looked bedraggled but upbeat as he appeared before a federal magistrate to hear the charges against him.

The U.S.-born man of Bangladeshi descent — handcuffed, unshaven and dressed in a T-shirt — smiled at his mother and two older sisters as he entered the courtroom.

He then laughed slightly and chatted with Don Samuel, a prominent Atlanta attorney who has been appointed in the case.

The hearing was brief, and Sadequee spoke just three times, answering "yes" to prosecutor Katherine Monahan when she asked him questions, including if he was going to plead not guilty.

Sadequee, who was arrested in April in Bangladesh, will be held in custody until a bond hearing, possibly in a month.

Sadequee and former Georgia Tech student, Syed Haris Ahmed, are accused of traveling to Canada in March 2005 and meeting with others to discuss "violent jihad." The two men allegedly took "casing videos" of potential targets in Washington in April 2005, and discussed an attack on Dobbins Air Reserve Base in Marietta.

Each faces four felony charges, including conspiracy to provide material support to terrorists.

Samuel called Sadequee a "very relaxed, pleasant young man. He's looking forward to getting it resolved." Later, Samuel described his client as "a 20-year-old kid who's terrified."

Samuel is awaiting a security clearance before he is allowed to review evidence in the case.

The prisoner's family members declined to speak after the hearing.

Sadequee was transferred to Atlanta on Monday night from New York, where he has been held since late April.

He was arrested by secret police in Bangladesh, where he had been living for eight months. He was married earlier this year in Bangladesh, and his arrest there in April was so sudden and unusual that local authorities initially believed it was a kidnapping.

Sadequee was then flown from Bangladesh to Tokyo to Alaska and, finally, to New York, where he was initially held on charges of lying to the FBI about his earlier trip to Canada.

Authorities allege the two men traveled to Toronto by Greyhound bus to meet with "like-minded Islamic extremists."

Authorities claim the Georgia men met with some of the 18 Canadians arrested in June in an alleged terror plot in Toronto.

Sadequee also is accused of transferring the video images of Washington sites to a Web site run by a British man named Younis Tsouli, who allegedly ran a Web site that promoted terrorism and had instructions how to make car bombs.

Tsouli turns out to be a man who called himself Irhabi (Arabic for "Terrorist") 007, a mysterious blogger and hacker who was wanted by counterterrorism officials for at least two years until his arrest last year.

Defense To Challenge Terrorism Suspect's Detention (MACT)

By Harry R. Weber

The Macon Telegraph, August 10, 2006

ATLANTA - A defense lawyer for a young man charged with aiding terrorists said Wednesday he will challenge his client's pretrial detention after he receives more information in the case.

Don Samuel told U.S. Magistrate Judge C. Christopher Hagy that he needs documents and other materials to help make his argument for bond for Ehsanul Islam Sadequee, who pleaded not guilty at the brief arraignment hearing in federal court in Atlanta.

"There are a number of complicated issues," Samuel told the judge, without elaborating.

Samuel told reporters after the hearing that Sadequee - who smiled and laughed as he talked to his attorney before the hearing - is relaxed, considering the charges he faces, and is anxious to have his day in court. Sadequee was shackled in court and wore glasses, a white T-shirt and tan pants. He recently turned 20 while in custody.

"He's reading the Quran, studying," Samuel said. "He's trying to make do with the terrible conditions in the U.S. penitentiary."

Sadequee and Syed Ahmed, a 21-year-old Georgia Tech student who previously pleaded not guilty in the case, were indicted July 19 on charges of providing material support to terrorists and related conspiracy counts.

In federal court in Brooklyn, Sadequee had been charged with lying to investigators. U.S. Magistrate Judge Cheryl Pollak dismissed the complaint last week, clearing the way for Sadequee to be returned to Georgia.

Sadequee and Ahmed, both of whom are U.S. citizens, are accused of discussing terror targets with Islamic extremists and undergoing training to carry out a "violent jihad" against civilian and government targets, including an air base in suburban Atlanta.

While the indictment discusses meetings, conversations and training exercises, nowhere does it say the two men obtained or tried to obtain weapons or explosives to commit terrorism.

The indictment says Ahmed and Sadequee traveled to Washington to film possible targets, including the U.S. Capitol and the headquarters of the World Bank, and shared the recordings with another alleged terrorist based in Great Britain.

In a previous indictment in Atlanta, the two men were accused of traveling to Canada last year to meet with Islamic extremists to discuss "strategic locations in the United States suitable for a terrorist strike," including military bases and oil refineries.

The July 19 indictment supersedes the previous one against Ahmed and adds new charges against Sadequee. The new indictment says their motivation for planning attacks was "defense of Muslims or retaliation for acts committed against Muslims."

Ahmed was born in Pakistan; Sadequee was born in Virginia and is of Bangladeshi descent. Sadequee has relatives in the Atlanta area. His mother and two sisters attended Wednesday's hearing.

Counterintelligence Officials Resign (WP)

By Walter Pincus

The Washington Post, August 10, 2006

David A. Burtt II, director of the Counterintelligence Field Activity, the Defense Department's newest intelligence agency whose contracts based on congressional earmarks are under investigation by the Pentagon and federal prosecutors, told his staff yesterday that he and his deputy director will resign at the end of the month.

In an internal message, Burtt said, "I do not make this decision without trepidation, but the time is right to move on to the next phase of my career." He said he had been privileged to serve as CIFA director and was "especially proud of all of you and what you have accomplished for the CI [counterintelligence] community and for the overall CI mission."

Joseph Hefferon "has also decided to retire, after over 31 years of federal service," according to Burtt's message. A Pentagon spokesman yesterday confirmed they were leaving and said it was "a personal decision that they both made together."

Burtt, who was a deputy assistant secretary of defense for counterintelligence at the time of the Sept. 11, 2001, attacks, developed the concept for CIFA. It was established in September 2002, originally to coordinate policy and oversee the counterintelligence activities of units within the armed services and Pentagon agencies.

Over the past three years, it has grown to become an analytic and operation organization with nine directorates and widening authority focused primarily on protecting defense facilities and personnel from terrorist attacks. CIFA's size and budget are classified, but according to congressional sources the agency has spent more than $1 billion over the past four years, mostly for outsourced services. One counterintelligence official yesterday estimated that CIFA had 400 full-time employees and 800 to 900 contractors working for it.

The agency was criticized in December after it was revealed that a database managed by CIFA contained unverified, raw threat information on Americans who were peacefully protesting the war in Iraq at defense facilities, including recruiting offices.

Last March, as a result of the continuing federal investigations arising out of charges against former congressman Randy "Duke" Cunningham (R-Calif.), prosecutors said they were reviewing CIFA contracts that went to MZM Inc., a company run by Mitchell J. Wade, who had pleaded guilty in February to conspiring to bribe Cunningham.

Cunningham, now serving an eight-year prison term, in January 2004 sought about $16.5 million to be added to the defense authorization bill for a CIFA "collaboration center." A month later, he wrote Burtt a thank-you note about the center, adding, according to prosecutors' documents: "I wish to endorse and support MZM, Inc.'s work."

One of the consultants to Burtt, when he was formulating CIFA in 2002, was retired Lt. Gen. James C. King, then an MZM senior vice president who had recently retired as director of the Pentagon-based National Imagery and Mapping Agency.

In late 2002, Cunningham, who received campaign contributions from Wade and other MZM officials, made contracts for Wade's company one of "his top priorities," according to prosecutors' documents. One result, according to prosecutors' documents, was $6 million spent for a data storage system, supposedly for CIFA, that included almost $5.4 million in profit for MZM and a subcontractor.

Following disclosures in Cunningham's case, Undersecretary of Defense Stephen A. Cambone last March ordered an internal study of how funding earmarked in defense bills led to CIFA contracts for MZM. The Defense Information Systems Agency, which has been given responsibility for the inquiry, said in a statement yesterday that "the investigation is still ongoing."

Judge Says No To Secret Jury In Terror Case (CHIT)

By Rudolph Bush

Chicago Tribune, August 10, 2006

A federal judge in Chicago on Wednesday denied prosecutors' request to seat an anonymous jury in the trial of a Bridgeview man charged with funneling money to the Palestinian group Hamas, which the U.S. has labeled a terrorist organization.

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U.S. District Judge Amy St. Eve ruled that prosecutors failed to show Muhammad Salah and his co-defendant, Abdelhaleem Ashqar of Virginia, are likely to intimidate or harass jurors.

"The mere invocation of the word 'terrorism,' without more, is insufficient to warrant such an anonymous jury," St. Eve wrote in a ruling released Wednesday.

Salah's attorney, Michael Deutsch, called the ruling a small but significant step toward a fair trial.

"Just because the government invokes the word 'terrorism' doesn't mean they are terrorists," he said.

Deutsch argued that jurors would be unfairly prejudiced against Salah if they knew their names and backgrounds were being kept secret.

"It creates the impression in them that there is some danger associated with the defendants," he said.

In her ruling, St. Eve said that prosecutors acknowledged Salah and Ashqar aren't dangers to their community at their bond hearings.

While St. Eve ruled the identity of jurors won't be kept secret from the defense or prosecution, she suggested she may place their names under seal.

That likely would prevent the public and press from learning jurors' identities.

Salah's attorneys first suggested the possibility of releasing jurors' names to the defense and prosecution but keeping them under seal.

Deutsch said he will wait to see how St. Eve rules before commenting further on the matter.

While prosecutors did not succeed in having St. Eve empanel an anonymous jury, they are awaiting her ruling on whether she will permit Israeli agents to testify outside the presence of the public and under aliases.

Prosecutors argued the measure is needed to protect the security of the witnesses.

"Individuals involved in terrorist organizations are very attentive to the proceedings in this case," prosecutors wrote in seeking to have the Israeli agents testify secretly and in disguise if they choose.

St. Eve did permit two Israeli agents to testify outside the public's presence during a pretrial hearing. The agents also were allowed to testify briefly outside the presence of the defense.

Salah's attorneys renewed a request Tuesday that St. Eve allow them to have another pretrial hearing before a new judge because she heard the agents' testimony without the defense present.

She has previously denied that motion.

In an interview Wednesday, Deutsch said that he also expects to ask St. Eve to postpone Salah's October trial because of fighting in the Middle East.

The fighting has complicated defense attorneys' efforts to prepare for the case because they are unable to travel safely to the West Bank and Gaza to investigate allegations against Salah, Deutsch said. Hamas, which also runs the Palestinian government, is engaged in battles with the Israeli government.

He also said the fighting has created prejudicial media attention toward Palestinians.

St. Eve has previously denied defense requests to extend the trial date.

A hearing on the case is scheduled for Friday morning.

HOMELAND RESPONSE:

Ga. Makes Site List For Federal Lab (AJC)

By Walter Woods

The Atlanta Journal-Constitution, August 10, 2006

Two sites at the University of Georgia in Athens have made the first cut in a competition to become a stronghold in the federal government's defense against bioterrorism and pandemic diseases.

The U.S. Department of Homeland Security has included the two properties on a list of 18 potential sites in 11 states for what's called the National Bio and Agro-Defense Facility, a research center that would be a top lab for fighting biological threats to national security.

State officials consider the National Bio and Agro-Defense Facility a major trophy that could not only create hundreds of jobs but lure more public and private research centers to the winning state.

With the Centers for Disease Control and other local institutions, the facility could make Georgia a "crossroads of global health," said Michael Cassidy, president of the Georgia Research Alliance, a nonprofit economic development group. "Having a national lab in this state would be key to our plans for continuing to build a bio-science industry."

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The $500 million facility could hire as many as 500 well-paid scientists and other staff members and generate as much as $6 billion in local economic impact over 20 years, according to a University of Georgia analysis.

Georgia faces stiff competition. A number of states with formidable economic and political muscle made the cut Wednesday, including Texas, North Carolina and California.

The Department of Homeland Security expects to narrow the list by the end of the year and select a site by 2008. The facility could open by 2013.

Winning the facility would be a "huge deal" for Georgia, said Bert Brantley, a spokesman for the state Department of Economic Development. The lab would likely stay put for the long haul, he said, "and this would bring hundreds of high-paid research scientists."

Georgia's first-choice site is a University of Georgia-owned parcel off College Station Road next to the Athens campus and some existing federal buildings.

The state's second possible site sits on South Milledge Avenue on the southern end of the campus.

The 500,000-square-foot center, as planned, would include a laboratory reserved for the most dangerous diseases. Atlanta's Centers for Disease Control and Prevention has a similar facility.

Community acceptance of the lab will be one of the federal government's criteria for picking a location.

Georgia has been trying to establish itself as a hub for life sciences, with mixed results. Just last month, the state lost a $267.5 million Novartis flu vaccine manufacturing plant to North Carolina, which has become a center for biotechnology companies in the South.

Georgia officials have also been lobbying Marietta-based Solvay Pharmaceuticals to build a large flu vaccine plant in Georgia. Solvay has said it's considering the idea.

The National Bio and Agro-Defense Facility could replace the animal disease center at Plum Island, N.Y., a 1950s-era lab that conducts research on mad cow disease and other animal pathogens.

The new facility would also conduct research on animal diseases, as well as diseases that pass from animals to humans.

Georgia's primary site for this new lab is near a U.S. Department of Agriculture research center and the department's Southeastern Poultry Research Laboratory — facilities that could help Georgia's stand out on the not-so-short list of 18 sites in contention, Cassidy said.

The lab presents a major opportunity to "position Georgia as the center of excellence for the next generation of bio-research," Cassidy said.

Is DHS Site Really Ready? Science Intern Thinks Not (WP)

By Zachary A. Goldfarb

The Washington Post, August 10, 2006

Emily Hesaltine was a sophomore at the University of Virginia looking for a summer internship where she could apply her engineering background to a public policy issue.

This summer, as an intern at the Federation of American Scientists, the 20-year-old did that in a big way: She analyzed the Department of Homeland Security's emergency preparedness Web site, Ready.gov, and came up with a new version of the site that the federation calls significantly improved.

The government site, which has had more than 20 million visitors since 2003, offers advice for what to do in the case of a natural disaster or chemical, biological, or nuclear attack. But since it went up in February 2003, the site has been lampooned for what critics said were obvious or dubious suggestions.

Hesaltine set out to examine the site's flaws, by consulting emergency preparedness research and experts at the federation and elsewhere, and create a more comprehensive, accurate and easy-to-understand version, ReallyReady.org, which went live last week.

The site's main problems, her analysis said, "include generic advice, unnecessarily lengthy descriptions, and verbatim repetition of details on multiple pages, all encapsulated within a confusing navigational structure."

Hesaltine's efforts prompted her boss, biology policy director Michael Stebbins, to write on his Web log: "FAS hopes to see Ready.gov updated so that it is more useful to the public that has paid for it, especially since a 20 year-old college student was able to single-handedly complete the same task in only two months."

In a statement, DHS spokeswoman Joanna Gonzalez defended the government site and said that "however well intended, the work done by the Federation of American Scientists, relegated to an intern, runs the risk of confusing rather than benefiting the public."

Hesaltine and Stebbins offered several examples of what they consider flaws of Ready.gov.

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The government site says, "If you see signs of a chemical attack, . . . consider if you can get out of the area or if you should go inside the closest building and 'shelter-in-place.' " But Hesaltine said a Rand Corp. think tank study on chemical attacks made clear that "trying to get away from the chemical cloud after the attack is dangerous because it's hard to tell which direction the wind is blowing." The new site urges people to go directly to a building and seal themselves inside a room.

The government site says that if there is no warning of a nuclear explosion, "quickly assess the situation." To which Stebbins moans: "Duhhhhhhh." The ReallyReady site dives right into how to identify a nuclear attack and what to do.

While most of the new site revises and clarifies advice already on the government site, it substantially adds to one facet. Stebbins and Hesaltine found a dearth of guidance on Ready.gov for disabled people. Stebbins noted that about the same amount of information is offered for disabled people as for pets.

After consulting the National Organization on Disabilities, Hesaltine made suggestions for crisis situations that disabled people might face, such as, she said, "if you're on the 14th floor and you can't go down the elevator and you're in a wheelchair." The government site doesn't mention, she said, that "you should get an evacuation chair so you can help people get you down the stairs."

Hesaltine doesn't know whether she'll continue in this area after college, but she said the summer experience was gratifying because "it was an independent project and the fact now that it's being linked to as useful preparedness experience."

Big Katrina Contractors Win More FEMA Work (WP)

By Griff Witte And Spencer S. Hsu

The Washington Post, August 10, 2006

The four giant construction firms that received controversial no-bid contracts to house Hurricane Katrina evacuees last September will be earning up to $250 million apiece to do similar work after future disasters, the Federal Emergency Management Agency said yesterday.

Unlike the Katrina deals, the contracts announced yesterday were awarded after a bidding process. But most of them went to the same four firms: Bechtel Corp., CH2M Hill Cos., Fluor Corp. and Shaw Group Inc. Two new consortia of companies were also chosen for a share of the work. Together, the six winners will receive up to $1.5 billion for hauling and installing temporary trailers to house evacuees during future emergencies.

"These contractors are there and prepared to support us should disaster strike," said Deidre Lee, FEMA's deputy director of operations and chief acquisitions officer.

Lee stressed that the awards were made based on open competition from a field of 13 proposals and that winners were chosen because they offered the best combination of price and capacity to do the work.

But some questioned why the same four companies that received the no-bid Katrina work also won most of the work this time around.

"It just smells like this was a fixed fight from the get-go," said Keith Ashdown, vice president of the watchdog group Taxpayers for Common Sense. "This is going to leave a lot of people that are trying to compete for this kind of work feeling like if they don't have the money or the political connections, they can't get these contracts."

FEMA came under intense criticism last year for awarding contracts on the fly in the weeks after Katrina struck, a practice that outside investigators have since concluded left the government vulnerable to waste and abuse. The four no-bid contracts for temporary trailers became prime examples of the problems with the agency's approach, as questions arose about how the companies, all giants in their field, were chosen .

The trailer contracts were originally supposed to be worth $400 million total but have ballooned in recent months to about $3.4 billion. They are still being reviewed by the Department of Homeland Security inspector general's office, and they have been cited in numerous investigations for poor oversight and high costs.

In October, FEMA Director R. David Paulison vowed to put the contracts up for bidding. But only part of the work ended up being competed for. In the spring, FEMA spun off the maintenance and eventual dismantling of the trailers to 36 small and minority-owned businesses under a $3.6 billion deal.

Meanwhile, Bechtel, CH2M Hill, Fluor and Shaw continued their work under the original, no-bid contract, as costs rapidly grew. Shaw will now receive up to $950 million for the work, Fluor will get up to $1.4 billion, Bechtel will receive as much as $575 million, and the CH2M Hill deal is expected to go as high as $530 million.

Lee said FEMA did not rebid more of the work because the four companies had already begun setting up the trailers and bringing in new contractors would have delayed the process.

In a conference call with reporters yesterday, Lee initially attempted to cast the new contracts as a rebidding of the original deals. But she later conceded the new contracts are separate and that work will continue into September under the old deals even now that the new ones have been awarded.

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She said the four companies were not at fault for the escalating costs and that the ultimate price tags were justified by the extraordinarily high demand for housing. "That's why the amount kept increasing -- because we kept ordering more work," Lee said, adding that the companies have "met our requirements."

Altogether, FEMA is paying up to $7 billion for 153,000 trailers, or about $46,000 per trailer. About 132,000 are now occupied by storm victims. Under law, FEMA provides housing aid for up to 18 months, meaning that the trailers will have cost about $2,500 a month.

Lee acknowledged that the incumbent firms had a leg up on their rivals for the contracts announced yesterday because of their performance under the initial deals but said the agency sought to be fair to all competitors, pointing to the selection of the two multiple-firm consortia in addition to the four giants.

One of those groups includes DynCorp International LLC, Parsons Corp. and Dewberry. Fairfax-based Dewberry worked extensively in the Gulf Coast under a FEMA contract to rebuild public infrastructure. The other consortium was led by PBS&J, also a major player in government engineering and construction work.

Lee said the plan in future emergencies is for the six winners to begin work setting up temporary housing for evacuees but hand off the job as soon as possible to local companies.

Rep. Bennie Thompson (D-Miss.), ranking member of the House Homeland Security Committee, said that he would have liked to see FEMA do more to reach out to firms other than the major national players but that the agency's approach to the contracts discouraged that.

"The bundling of so many different types of services under these contracts assures that small businesses are once again kept out of the game," Thompson said.

FEMA Awards Hurricane Housing Contracts (AP)

By Hope Yen, Associated Press Writer

The AP, August 10, 2006

The Bush administration on Wednesday awarded temporary housing contracts worth up to $1.5 billion for future hurricane disasters, including four to companies that previously received no-bid contracts for Katrina work.

Four of the six contracts awarded will go to Shaw Environmental & Infrastructure, Bechtel National, CH2M Hill Inc. and Fluor Enterprises Inc., which received similar contracts but without competition after Hurricane Katrina last fall.

Partnership for Temporary Housing and Disaster Solution Alliance also received contracts.

All six contracts were awarded following a competitive bidding process.

The six were chosen as winners out of 13 proposals based on the quality of plans, price and resource capacity, the Department of Homeland Security's Federal Emergency Management Agency said.

"The awarding of these contracts will go a long way toward ensuring the federal government is prepared and can act quickly," said FEMA Director David Paulison.

FEMA has come under criticism for awarding no-bid contracts initially worth a total of $400 million for Hurricane Katrina work to Shaw, Bechtel, CH2M Hill and Fluor, prompting a promise from Paulison last fall to rebid them.

Since then, FEMA has competitively awarded portions of the no-bid contracts to small and minority-owned firms for trailer maintenance. But it has also extended contracts for Shaw, Bechtel, CH2M Hill and Fluor to allow them to finish separate work on Katrina.

The value of the four big contracts was raised from $400 million to $2 billion last winter, and then raised again to $3.4 billion to allow completion of the work. Those four companies also were deemed among the most suitable for future disaster work, FEMA said.

Some of the companies have strong political and government ties, and Homeland Security inspector general Richard Skinner has been reviewing the propriety of the contracts, with a report expected in October.

The Shaw Group's lobbyist, Joe Allbaugh, is a former FEMA director and is a friend of President Bush, while Bechtel CEO Riley Bechtel served on Bush's Export Council from 2003-2004, and CH2M Hill Inc. and Fluor Corp. have done extensive previous work for the government. The companies have denied that connections played a factor.

"These large contracts are for our immediate emergency response," said Deidre Lee, FEMA's deputy director of operations and chief acquisitions officer. "We would use the six for an immediate response, and then transition the work to regional contracts."

Katrina Victims Still Waiting For Aid (AP)

By Melinda Deslatte, Associated Press Writer

The AP, August 10, 2006

DOJ_NMG_0046128

Theone Watts is pulling waterlogged drywall out of her modest brick home, determined to gut and rebuild. So far, she is doing it with little government help.

"The money would help a great deal," said Watts, a 57-year-old resident of New Orleans' once-bustling Gentilly neighborhood. "But as I see it, a lot of it is going to have to be self-done. It's frustrating the money is slow to come."

More than 11 months after Hurricane Katrina, Louisiana's "Road Home" housing-aid program for victims of Katrina and Hurricane Rita has yet to come through with money for Watts or the roughly 100,000 others who have applied.

The first anniversary of Katrina at the end of August could come and go before they see the first dime. And it could be more than two years before the last of the money is handed out.

Designed by the state and funded by the federal government, the $7.5 billion Road Home will be one of the largest redevelopment programs in U.S. history. Road Home will provide grants of up to $150,000 per homeowner to buy them out or help them repair or rebuild.

It is for Louisiana residents with extensive home damage, and the idea is to make homeowners whole again, by giving them as close as possible to what they had before the storm.

But the bulk of the federal funding was not approved until almost 10 months after Katrina, caught up in disputes over the costs of the Iraq war and other spending. And the program had to run a gantlet of additional state and federal approvals.

Watts and others who can scrape together insurance dollars, loans or savings are rebuilding on their own for now. But others can only wait.

"I think there's a lot more waiting than have started in Cameron Parish," said Tina Horne, administrator of the southwestern Louisiana parish hard-hit by Rita, which flattened homes, fishing and hunting camps, and fields of sugar cane.

State officials hope the housing aid will start flowing before the end of August.

"We're going to move as rapidly as possible," said Michael Byrne, chief program executive for ICF International Inc., a Virginia consulting firm picked to run Louisiana's program.

Mississippi is setting up its own housing-aid program with federal dollars, but only for flooded-out homeowners who lived outside the floodplain. Grants are capped at $150,000. More than 16,500 people have applied, and the first applications have been approved, said Scott Hamilton of the Mississippi Development Authority.

In Louisiana, homeowners will need home inspections and damage assessments to determine if they are eligible. Title searches will also be have to be done to confirm the applicant owns the property. And any title disputes will add to the delays.

The grants will not arrive by check, but will instead be deposited in escrow-like accounts for people to draw down as needed to ensure they spend the money properly.

Those who were in a floodplain and had no flood insurance will have a 30 percent penalty taken off what they can receive. Homeowners who do not want to rebuild in Louisiana will get buyouts of as much as 60 percent of their homes' pre-storm value, up to the $150,000 cap. Any insurance proceeds will be deducted from the grant.

In New Orleans' well-to-do Lakeview section, volunteers from a church helped Eddie Bertrand carry soggy insulation and moldy debris from his home. Bertrand said that the insurance proceeds he received had already been put toward his mortgage.

What was left for rebuilding? "Pocket change," the 44-year-old replied.

Bertrand was skeptical of Road Home.

"You hear good news, then you find out it's far down the road. It seems like the Road Home is going to take place; I just don't naturally believe it's going to be enough. It won't make people whole," he said.

Study: Katrina Recovery Is A Mixed Bag (AP)

By Alan Sayre, The Associated Press

The AP, August 10, 2006

The city is showing signs of rebirth nearly a year after Hurricane Katrina, but a lack of health care and other services and a dearth of affordable housing could stymie a full recovery, according to a study released Wednesday.

The Brookings Institution, a think tank in Washington, D.C., said positives include signs of a turnaround in the housing market and increased tourism and business travel.

"I think there are really some signs of promise, but many trends remain troubling," said Amy Liu, deputy director of Brookings' Metropolitan Policy Program.

Economic data paint two pictures. On one hand, the New Orleans work force, which has about 190,000 fewer workers than a year ago, has grown by about 14,700 in the past six months, the study said. But unemployment also has risen above pre-Katrina levels.

"This may mean that a good portion of the new workers in the labor force are returning residents entering the job market and not having much luck," the report said.

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Education and health services have been the biggest losers, with a combined loss of 32,600 jobs — or 41 percent of the pre-Katrina count.

Affordable housing is key to the city's recovery, the study said. In the past six months, demolition of now-useless housing has picked up, and in Orleans Parish, 38,594 homeowners have received building permits for repairs and renovations. Katrina destroyed or badly damaged an estimated 160,000 homes in the New Orleans area.

At the same time, the study said, the number of houses put up for sale in Orleans Parish — 4,433 — far exceeded the number sold since Katrina — 273. The average sale price for a New Orleans home slid from $292,735 six months after Katrina to $247,436 in June, the report said.

And a two-bedroom apartment now rents for an average of $940 a month, a 39 percent increase from the previous year, the report said.

"Even people who are working temporarily for the rebuilding effort are having trouble finding housing," Liu said.

Recovery could be hampered by a lack of public transportation, child-care services and hospitals, the study warned. Less than half of bus and streetcar routes are running, a little more than a fifth of the pre-Katrina child care centers are available, half of the pre-storm number of hospitals are open, and devastated areas of the city still remain without electricity.

"This picture doesn't include data tracking the latest concerns about elevated crime levels and the spotty water-sewer infrastructure," the report said. "If the quality of services remains uneven and unreliable for much longer, families, even with housing assistance in hand, may vote with their feet."

WAR NEWS:

Rising Unease In Congress Over Iraq War (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, August 10, 2006

WASHINGTON

Signs this summer are pointing to an increasing unsettledness among Capitol Hill lawmakers - of both parties - over the war in Iraq and other US activities pertaining to the war on terror.

The unease was apparent even before Sen. Joseph Lieberman, a strong backer of US strategy in Iraq, took it on the chin Tuesday in Connecticut's Democratic primary. Important congressional votes related to the war on terror await lawmakers upon their return from their August recess, and many - especially those dismayed by Senator Lieberman's defeat - are using this month to calibrate the intensity of public sentiment on the Iraq conflict.

Before they left town last week, lawmakers questioned Pentagon officials about the Iraq campaign - and heard the civilian leaders offer a more positive assessment of progress than did military leaders reporting on the view from the ground. The Pentagon testimony was most out of sync over how close Iraq is to civil war.

Their words prompted Sen. John Warner (R) of Virginia to signal that Congress may need to vote to authorize US troops to fight in a civil war in Iraq.

"The real question is: Will Senator Warner follow through, or will the White House put so much pressure on him that he won't follow through," says Larry Korb, who served as assistant secretary of Defense in the Reagan administration and is now a senior fellow at the Center for American Progress. "You can't win a civil war."

Whether Capitol Hill's unease over the course of events in Iraq grows may depend in part on the outcome of the fall congressional elections. "If Democrats get control of one house, they'll be able to get a hold of a lot of issues that are under wraps now and could change the climate even more," Mr. Korb says.

One major issue this fall could be the cost of the war. Senate appropriators had hoped to finish debate over next year's defense appropriations bill before the recess, but Senate majority leader Bill Frist instead opted to try to move a tax-cut package. A month's delay puts that debate closer to fall elections that will decide control of the House and Senate.

Since the 9/11 attacks, the cost of the war in Iraq, Afghanistan, and other global war on terror operations is $437 billion, according to a July 28 report by the Congressional Research Service. By law, the president is also required to estimate "reasonably foreseeable costs for ongoing military operations" for the next 12 months, unless he certifies that for national security reasons such an estimate is impossible.

Democrats are also raising the profile on the domestic effects of the global war on terror. Last week, Sens. Richard Durbin of Illinois, Edward Kennedy of Massachusetts, and Russ Feingold of Wisconsin called on President Bush to unblock a Justice Department investigation into whether lawyers who advised him to authorize warrantless domestic surveillance by the National Security Agency (NSA) were guilty of misconduct.

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In an Aug. 1 letter to the White House, they announced a hold on the nomination of Steven Bradbury to be head of Justice's Office of Legal Counsel, citing his role in drafting a legal defense of the NSA program. On July 18, Attorney General Alberto Gonzales told a Senate panel that Mr. Bush personally blocked the probe by denying security clearances to Justice investigators.

"We strongly urge you to reconsider your decision," the senators wrote. "[This] investigation is an important and necessary step to restoring the faith of the American people in their government."

A wild card is whether the 109th Congress will open wide-ranging hearings and debate on the conduct of the Iraq war. Nothing is on the agenda yet, say GOP leadership aides. Twelve top Democrats - including ranking members of the armed services, intelligence, and foreign affairs committees- have called on Bush to start withdrawing US troops from Iraq this year.

"The sectarian violence is probably as bad as I've seen it. If it is not stopped, it is possible that Iraq could move toward civil war," said Gen. John Abizaid, commander of US military operations in the Middle East, at the Senate Armed Services Committee hearing last week.

After a closed briefing Aug. 3 with the full Senate, Defense Secretary Donald Rumsfeld dampened speculation about a shift in mission. "The Iraqi government needs our support, and that's the purpose of our mission. And we have no reason to believe that that mission will change," he said.

At a hearing earlier that day, Warner said lawmakers will have to examine "what Congress authorized the president to do in the context of a situation if we're faced with all-out civil war, and whether we have to come back to the Congress to get further indication of support."

Critics say Capitol Hill is slow to recognize the scope of Iraq's sectarian violence - and suggest fuller debate is long overdue. "The military is disagreeing publicly with the civilian leadership openly now," says former Vice President Walter Mondale (D), one of many former senators who follow the war debate. Senate committees need "to call in a bipartisan groups of scholars, leaders, and foreign commanders and do with this war what [Arkansas Sen. William] Fulbright did about the Vietnam War."

He adds: "We have to realize that just carrying on is not neutral. ...[A] lot of people, including the national security director of the Iraqi government, say our presence there is helping to increase anger.... We have to look hard at this."

Iraq Woes Roil Political Debate, Complicate Management Of War (WSJ)

By Jeanne Cummings And Yochi J. Dreazen

The Wall Street Journal, August 10, 2006

WASHINGTON -- The spreading cloud cast by the Iraq war over congressional elections this year is testing the political skills of both parties and complicating Washington's management of the conflict.

Yesterday, the White House moved swiftly in an effort to stem rising antiwar sentiment, painting Democratic Sen. Joe Lieberman's defeat in the Connecticut primary by an outspoken critic of the war as a symbol of his party's weakness on national-security issues.

"A white flag [in Iraq] in short means a white flag in the war on terror," White House spokesman Tony Snow said, in assessing the Connecticut race.

Sen. Lieberman's defeat on Tuesday adds to evidence that the war is scrambling the political debate this year in ways neither Democrats nor Republicans can be sure of, and that -- in turn -- is affecting policy discussions in Washington.

Until recently, Republicans were largely unified in their strategy of backing the White House on Iraq and portraying criticism as tantamount to weakness. Now, North Carolina Republican Rep. Walter Jones, who has attended the funerals of U.S. servicemen, has called for a withdrawal of American troops from Iraq. Minnesota Rep. Gil Gutknecht, who warned Democrats in June not to go "wobbly" on the war, recently returned from Iraq shaken by what he had seen there.

The White House's slogan of "stay the course" is "politically unsustainable," Mr. Gutknecht said afterward.

Democratic challenger Ned Lamont's primary victory in Connecticut is likely to push Democrats who, like Mr. Lieberman, had supported the war, to adopt tougher rhetoric. New York Sen. Hillary Clinton recently stepped up her criticism of the White House by calling for the resignation of Defense Secretary Donald Rumsfeld.

The mounting political furor over Iraq, which coincides with deteriorating security conditions there, also means the Republican-led Congress is likely to use its short, post-Labor Day, pre-election session to cast a harsher public spotlight on the Bush administration's Iraq strategy and track record.

Connecticut Republican Rep. Christopher Shays, locked in a tight re-election fight, said in a telephone interview yesterday that soon after Congress returns from its summer recess, he plans to hold three hearings titled, "Iraq: A Democracy or a Civil War?"

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Mr. Shays says he will call White House officials to participate in the hearings, where they could face tough questioning. "I'm much more concerned about Iraq than I was six months ago," says Mr. Shays, who is about to leave for his 14th visit to that country.

After senior military commanders gave Congress dire warnings last week about the potential for civil war in Iraq, Senate Armed Services Committee Chairman John Warner, a Republican, cautioned that "we have to examine very carefully what Congress authorized to do in the context of a situation if we're faced with an all-out civil war, and whether we have to come back to Congress to get further indication of support."

Lawmakers seeking ways to criticize the current situation in Iraq, short of calling for outright withdrawal, may decide to step up oversight of contracting mismanagement and apparent fraud there. A Senate proposal for tighter oversight of contractors has been stalled, but people familiar with the matter say that opposition has disappeared in recent weeks amid new evidence of shortcomings and misdeeds. They now expect the measure to pass this fall.

A big question is whether a growing number of lawmakers will push President Bush for some kind of plan or timetable for withdrawing troops from Iraq, and how he would respond. One reason for growing Republican concern: Contrary to public statements by American commanders earlier this year, it now appears the number of U.S. troops in Iraq won't be falling by the time Americans head to the polls in November.

As a result, Mr. Bush will face pressure even from his allies in Congress to outline a clearer definition of victory in Iraq and to provide some indication of when the troops might come home. Mr. Bush has resisted such demands to date, and is likely to continue doing so, for fear of emboldening the insurgency in Iraq and undercutting the Iraqi government.

While Congress has little direct leverage over Iraq policy before the election, a campaign centered around the issue could lead to a tougher debate next year over war funding. Against that backdrop, the challenge for the White House over the next two months will be discouraging potential defectors in President Bush's own party and demonstrating that Democrats will pay a political price in November for urging withdrawal.

Republican National Committee Chairman Ken Mehlman tried to lay the groundwork for that strategy yesterday in a speech in Ohio. "Maybe it would be easier to leave Iraq. Maybe it would be easier to stay at home and hope it never happens to us again. But it would be wrong," Mr. Mehlman said.

Vice President Dick Cheney, in an interview with a small group of reporters, suggested the Connecticut results showed that "the dominant view of the Democratic Party" is a retreat in the war on terror, "that somehow we can retreat behind our oceans and not be actively engaged in this conflict and be safe here at home, which clearly we know we won't -- we can't be."

Meanwhile, the National Republican Senatorial Committee tried to force Democrats who are facing tough re-elections bids, such as Sen. Maria Cantwell of Washington, to choose between the Lieberman and Lamont positions on the war.

In Connecticut itself, an organization of mainly Republican veterans of the wars in Iraq and Afghanistan is working with Republican strategist Dan Senor to boost Mr. Lieberman's efforts to win re-election as an independent. Mr. Senor is working in an unpaid capacity for Vets for Freedom, which plans to kick off its pro-Lieberman push with a full-page ad in Monday's Hartford Courant that praises Mr. Lieberman for "integrity, leadership, and unwavering commitment to America's troops."

The organization hopes to run other print and radio ads in the fall, and is also planning on campaigning door-to-door for Mr. Lieberman and holding a public rally on his behalf. "These vets are grateful to Sen. Lieberman for not letting politics compromise his positions, and they wanted to express that," Mr. Senor says.

Republican leaders are betting that the Connecticut results were more a reflection of the growing anger of the Democratic base, rather than the country as a whole. But some political experts are growing increasingly skeptical that a Republican strategy of tagging the Democrats as weaklings will succeed amid the images of bloodshed coming from Iraq.

"What voters are saying is they want to have a sense of a plan for victory, what it will look like, and not just something we will stumble into," says Michael Franc, of the conservative Heritage Foundation.

Even if they aren't calling for troop withdrawal, more Republicans are talking about the need for a better strategy in Iraq. Maryland Republican Michael S. Steele, who is campaigning for a critical open Senate seat, recently heaped criticism on the White House's handling of the war, saying there is a need to go to "plan B." It is a position he readily admitted would appeal more to his state's heavily Democratic electorate.

In Virginia, Vietnam veteran and former Reagan Navy Secretary Jim Webb is building his Democratic campaign against Republican incumbent Sen. George Allen around a vow to use his insider's knowledge to better scrutinize the Bush administration's management of the war. And Nebraska Sen. Chuck Hagel has put some distance between himself and other potential Republican presidential candidates in 2008 by becoming a regular critic of the White House foreign policy, including its handling of Iraq.

3 U.S. Soldiers Killed In Western Iraq (AP)

By Robert H. Reid, Associated Press Writer

AP, August 10, 2006

Three American soldiers were killed Wednesday in the Sunni insurgent area west of Baghdad, and Iraqi officials said about 1,500 people died violently last month in the capital — many shot execution-style by sectarian death squads.

The soldiers were assigned to the 1st Brigade, 1st Armored Division, a U.S. statement said. The brigade operates around Ramadi, capital of Anbar province where support for the Sunni insurgency is strong.

In addition, two Americans were missing Wednesday after a UH-60 Black Hawk helicopter went down the day before in Anbar province. The helicopter crashed in an unspecified body of water and divers were searching for the missing troops, the military said. The crash was not due to hostile fire, the U.S. said.

The deaths brought to at least 17 the number of American service members killed in Iraq this month. All but five died in Anbar, indicating the ongoing threat from Sunni insurgents at a time when attention has been focused on violence between Sunnis and Shiites in Baghdad.

On Wednesday, deputy Health Minister Dr. Sabah al-Husseini said about 1,500 violent deaths were reported last month in the Baghdad area — excluding members of the U.S.-led coalition.

The assistant manager of the Baghdad morgue, Dr. Abdul Razzaq al-Obeidi, said 1,815 bodies were brought in last month, and about 85 percent had died violently. The biggest cause of violent deaths was gunshot wounds, mostly in the head, he told The Associated Press.

Head shots are generally associated with death squads that roam the capital seeking victims from the rival Muslim sect. Violence between Shiite and Sunni extremists has been surging since the Feb. 22 bombing of a Shiite shrine in Samarra.

Four people were killed and five wounded when fighting broke out late Wednesday between gunmen and residents of a Shiite community in north Baghdad. police Lt. Salim Ali said. Sporadic clashes were continuing, he said.

Four people were killed and 16 wounded in an explosion late Tuesday at a Shiite mosque in Baqouba, a religiously mixed city 35 miles northeast of Baghdad. Several nearby buildings were damaged.

In a statement Wednesday, the Shiite Endowment, which takes care of Shiite shrines in Iraq, blamed "terrorists" for the blast and demanded that government forces protect places of worship in the area — scene of numerous car bombings, kidnappings and armed attacks by Sunnis and Shiites.

The rise in sectarian violence has dashed U.S. hopes that installation of the national unity government would set the stage for a significant drawdown in the 127,000-member U.S. military force here.

Instead, the U.S. military is rushing 12,000 American and Iraqi soldiers to Baghdad to regain control of the streets from Sunni insurgents, Shiite militiamen, criminals and freelance gunmen.

U.S. officials have refused to say how many reinforcements have arrived in the capital, although some of them have been seen patrolling a tense Sunni neighborhood in west Baghdad.

Maj. Gen. William Caldwell told reporters Wednesday that the buildup would take place gradually and the new operation needs the cooperation of the Iraqi public to succeed.

"They have to be involved. The Iraqi people have to want this to work. If they are not involved ... then there is no solution," Caldwell said.

His appeal reflects the private frustration of some U.S. officials that Iraqis are reluctant to provide information on gunmen hiding in their neighborhoods.

More significantly, many of the sectarian militias responsible for the violence are linked to political parties that are part of Prime Minister Nouri al-Maliki's government, which took office May 20.

Some U.S. officials have said Iraqi commanders themselves are frustrated over what they consider a lack of support from politicians.

Al-Maliki, a Shiite, strongly criticized a U.S.-Iraqi raid Monday on a Shiite neighborhood in which three people were killed. The raid was directed at the stronghold of the Mahdi Army militia of radical cleric Muqtada al-Sadr, an ally of the prime minister.

Caldwell defended the operation, saying U.S. and Iraqi forces tried to avoid civilian casualties and escalated the use of force only after drawing heavy fire from gunmen.

Caldwell said "these death squads, the anti-Iraqi elements" were hiding "within the civilian population" to make it difficult "to get to them without inflicting casualties on civilians."

"They know exactly what they're doing by where they're placing themselves," he said.

Associated Press correspondents Rawya Rageh, Qais al-Bashir, Qassim Abdul-Zahra, Sameer N. Yacoub, Ryan Lenz, Vijay Joshi and Bushra Juhi contributed to this report.

Baghdad Morgue Tallies 1,815 Bodies In July (WP)

By Andy Mosher

The Washington Post, August 10, 2006

BAGHDAD, Aug. 9 -- Figures compiled by the city morgue indicated Wednesday that the number of killings in the Iraqi capital reached a new high last month, and the U.S. military said a new effort to bring security to Baghdad will succeed only if Iraqis "want it to work."

The Baghdad morgue took in 1,815 bodies during July, news services quoted the facility's assistant manager, Abdul Razzaq al-Obeidi, as saying. The previous month's tally was 1,595. Obeidi estimated that as many as 90 percent of the total died violent deaths.

Since the bombing of a Shiite shrine in the northern town of Samarra in late February, Baghdad has been ravaged by sectarian violence. Shiite militiamen conduct almost nightly raids on Sunni neighborhoods, and Sunni insurgents frequently bomb Shiite mosques and other gathering places. A report from the United Nations combining morgue and hospital body counts for June showed that, on average, more than 100 people were being killed every day.

On Tuesday, the U.S. military announced the start of the second phase of a U.S.-Iraqi crackdown aimed at securing Baghdad known as Operation Forward Together. A key element of the new phase is the transfer of thousands of U.S. troops to Baghdad from elsewhere in Iraq, but the military's top spokesman told reporters Wednesday that force of arms alone cannot bring peace to the capital.

"The key thing about this operation is that . . . it counts on the Iraqi citizens," said Maj. Gen. William B. Caldwell. "They have to be involved. The Iraqi people have to want this to work. If they are not involved, if they're not willing to commit, if they're not willing to be a part of the solution, then there is no solution."

Cautioning that "military force alone cannot achieve peace, it can only set the conditions to allow for peace to take hold and to grow," Caldwell said that an essential part of the heightened security effort is the Iraqi government's program aimed at national reconciliation.

Iraqi officials have made similar assertions in recent weeks. On Monday, Prime Minister Nouri al-Maliki expressed displeasure at a U.S.-Iraqi raid on Baghdad's Sadr City neighborhood, saying it employed excessive force -- including fire from U.S. aircraft -- that could doom reconciliation efforts.

Caldwell said the raid, conducted before dawn on Monday, was an "Iraqi-run operation" intended to apprehend a suspected death-squad leader. "I think everybody understands that the intent was to go in, apprehend the individual in question and come out," he said.

"Nobody intended to have to use force unless absolutely necessary. The Iraqi security forces . . . came under such intense, heavy fire from elements there that they had to use some air support in order to extract themselves safely," he said.

...

Assailants killed five people and wounded two in western Baghdad when they opened fire on a street vendor grilling fish, an Interior Ministry source said.

In western Iraq, a U.S. Army UH-60 Black Hawk helicopter carrying six crew members crashed Tuesday during "an area familiarization flight," the military said in a statement Wednesday. Four soldiers survived and were reported in stable condition. Two were reported missing.

The statement said the crash did not appear to be a result of enemy action.

Shiites Redefine Battle In Baghdad (USAT)

By Jim Michaels

USA Today, August 10, 2006

BAGHDAD — More people in Baghdad are being killed by Shiite death squads than by al-Qaeda and Sunni insurgents, who had been the main focus of U.S. and Iraqi forces in the capital, the top U.S. commander in Iraq said Wednesday.

Though Gen. George Casey did not say that the trend in sectarian killings was evidence of a civil war, he said: “The conflict here is transitioning from an insurgency against us to a struggle for a division of political and economic power among the Iraqis. That's what's happening in Baghdad.”

A United Nations report said about 100 Iraqi civilians were killed each day in June. Iraqi Health Ministry officials said Wednesday that about 1,500 people in Baghdad died violently in July, the Associated Press reported. Casey said about 60% of recent killings here are the work of Shiite death squads. Al-Qaeda and related groups are responsible for the rest, he said.

Many of the political parties in Iraq's Shiite-led government are affiliated with sectarian militias, which raises the risk that U.S. forces could alienate Iraqi political leaders if they crack down too hard on armed Shiite groups.

Casey said U.S. and Iraqi forces will dismantle all death squads, regardless of affiliation. “We're going after people who are actively killing and murdering other Iraqis,” Casey said in an interview.

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The Mahdi Army, a Shiite militia loyal to radical anti-U.S. cleric Muqtada al-Sadr, has become the chief focus of efforts to stop death squads, according to Iraqi and U.S. officers. "The Mahdi militia is strong," said Iraqi Col. Talib Abdul Razzaq, a battalion commander in Baghdad. "Their weapons are good. They are able to defeat the Iraqi army."

Al-Sadr's political party has seats in parliament and controls some ministries. The cleric's role as both a political player and head of a private army puts Iraq's government in a sensitive position. Tuesday, Prime Minister Nouri al-Maliki criticized U.S. and Iraqi troops for "excessive force" in a raid on al-Sadr's stronghold in Baghdad's Sadr City slum. Al-Maliki said in a TV interview that he ordered the operation stopped.

U.S. forces put down an armed uprising by the Mahdi Army in Sadr City and Najaf, south of Baghdad, in 2004. More recently, the militia has gained strength in the capital. Mahdi has 6,000 to 10,000 men in Baghdad, Razzaq said. "Each section of Sadr City has its own leader," he said. "But there is no coordination among them."

The rise in Shiite violence has hurt efforts to draw Sunnis into the political process. Sunni leaders are reluctant to put down their arms if Shiite militias retain theirs. Sunnis "are siding with al-Qaeda because they see them as someone who can protect them and defend them," Casey said. "The people who are talking to us on the Sunni side have gone to ground and don't really want to talk to us right now."

U.S. and Iraqi forces have launched an offensive in Baghdad aimed at dismantling death squads of all stripes and reducing violence. This week, the U.S. military announced the second phase of the offensive, which calls for bringing more than 5,000 additional U.S. troops and 6,000 additional Iraqi forces into the capital in coming weeks. They will reinforce the 7,200 U.S. troops and 43,000 Iraqi police and soldiers in Baghdad.

Blast Near Major Shiite Shrine Kills 24 (USAT/AP)

By Associated Press

USA Today, August 10, 2006

NAJAF, Iraq (AP) — Two bombs exploded in a market near a highly revered Shiite shrine in Najaf on Thursday, killing at least 24 people and injuring 30, doctors said.

The bombs went off near the Imam Ali mosque, which contains the tomb of Prophet Muhammad's son-in-law, Ali, and is one of the world's most sacred shrines for Shiites.

At least 24 people were killed and 30 injured, said Dr. Isa Mohammed at the Al-Hakim hospital in Najaf, 100 miles south of Baghdad. The number of casualties was expected to rise, he said.

Najaf and its twin city of Kufa, a stronghold of anti-American cleric Muqtada al-Sadr, are tightly controlled by Shiite guards and police to prevent attacks by Sunnis. The two communities have been embroiled in tit-for-tat attacks that many fear could lead Iraq to civil war.

The last major attack in the twin cities occurred on July 18, when a suicide car bomber detonated explosives in a crowd of laborers gathered across the street from another major Shiite shrine in Kufa, killing at least 53 people and wounding 105.

On Patrol, Iraqis Prove Eager, Erratic And Green (NYT)

By Damien Cave

The New York Times, August 10, 2006

BAGHDAD, Iraq, Aug. 9 — The American soldiers stopped at the corner to watch 20 members of the Iraqi national police force search a Sunni mosque in Dawra, a violent neighborhood in southern Baghdad at the heart of the new American drive to secure the capital.

The first camouflaged Iraqi emerged proudly with a quarter-pound of TNT, which he immediately delivered to the Americans. Others handed over evidence bordering on the bizarre: a roll of white string and a pink dress.

"It's funny, they do this all the time — 'Hey, check this out,' " said Lt. Col. Gregory K. Butts, commander of the United States Army infantry battalion responsible for Dawra. He shook his head at the mix of eagerness and lack of discipline in a unit that nominally, at least, had been fully trained. "Then they go in and get something else," he said. "We're close by in case they need some help."

Baghdad was supposed to be the showcase for an Iraqi force that was strong enough to manage the city of six million to eight million, and could eventually take over as American troops pull out of Iraq. But as the city has slid into increasing chaos, the American military has reversed course, sending thousands more troops in to bolster the raw Iraqi forces who have been assigned control of 70 percent of the capital in recent months.

Several days spent in Dawra with the Americans and accompanying Iraqi units, including the Sixth Brigade of the national police force, illustrated some of the shortcomings that American officers say the Iraqis still show. Two years after the start of an

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all-out training effort by the United States and its allies, many of the early troubles remain: weak discipline, divided loyalties, failure to complete tasks, the tendency to fire wildly in every direction at the first sign of danger.

In Dawra, American commanders said they were concerned that their Iraqi counterparts had leaked the plan of the search operation, tipping off residents. In some of the roughly 5,000 buildings searched in the neighborhood, Iraqi officers failed to scour entire floors, then flashed Americans an O.K. sign as if they had. And one Iraqi accidentally shot another, sending him into shock.

Maj. Gen. William B. Caldwell IV, the spokesman for the American military in Iraq, said Wednesday that Iraqis were in the lead during the raids and "doing an extremely good job at what they're doing."

But on the ground, the reviews were mixed.

In the early morning darkness Tuesday, as he walked into the headquarters of the Iraqi national police brigade in Dawra, Colonel Butts said the Iraqi forces he worked with were improving. He praised Brig. Gen. Abdel Karim Rahman al-Azi, the commander of the Sixth Brigade, for injecting discipline into the ranks.

Moments later, he was told that General Karim was not yet awake, despite having a meeting scheduled. Colonel Butts waited a half-hour past the appointed time, then left declaring, "Well, time to get out there and command and control."

Two hours later, General Karim still had not appeared. His men and their American counterparts waited on 60th Street, between gated stately homes and an empty lot rife with burning trash. The Americans stayed close to their Humvees, weapons ready. The Iraqis, ragtag in mixed uniforms, wandered up and down the street or sat in circles drinking tea.

Two 24-year-old officers sitting on the back gate of an Interior Ministry pickup truck said they received no specific training for the mission. They said they had spent only a day or two learning how to search homes when they first joined the force a year ago.

A block away, the operation looked more methodical. Americans led Iraqis from house to house, marking on maps and with orange stickers what had been cleared. In occupied houses, they asked and received permission to enter — and received praise from residents who complained that earlier sweeps by the Iraqi unit that the Sixth Brigade had replaced had led to unnecessary destruction.

In one squat concrete home, an American sergeant and about six Iraqis moved from room to room while the owner, an older woman in a full black abaya, sat on a bed by the stove and watched. When a revolver was found, she was told that it would be confiscated because Iraqi law permitted only one AK-47 per family.

Smiling, the woman said she appreciated the American presence and hoped the raids would make the neighborhood safer. "I never leave the house because I'm too afraid," she said.

Even here though, Iraqi forces needed to be taught. Dawra is one of several Baghdad neighborhoods that tried recently to prohibit national police units from entering after several people were abducted by men in uniforms and were later found dead. American officers said their mission was not just to make the city safe, but also to shore up support for beleaguered Iraqi forces.

So when Colonel Butts checked in, he immediately zeroed in on two young Iraqi officers wearing bandanas over their faces.

"Tell them to take off their masks, please," he told his translator. "We're not insurgents."

The house, like many houses here, also held another mystery — the woman's two working-age sons were nowhere to be found. The consensus among American officers and soldiers was that the area had emptied out because the plan had been leaked by some of the same commandos who were now working beside them.

"Iraqi nationals told us they knew five days ago that we were coming," said Sgt. First Class Darryl Money, 33. "We'll never find what we should have."

He said the problem seemed to be a weak command structure — in particular the absence of experienced corporals and sergeants to keep the men on task. "They're good in the morning. By noon, they're gone," he said. "For them, this is just a paycheck until they get tired."

Near the end of 12-hour shifts on Tuesday and Wednesday, Iraqis had in fact started to give up. Some sat on furniture outside people's homes. Others sipped water with residents while Americans like Sgt. Ambrose Moriba, 26, methodically lifted mattresses and opened closet doors in every room with only one loyal Iraqi at his side.

Phase 2 of the plan for Dawra includes immediate trash removal from areas that are secure. But the program also seemed to suffer from a reliance on Iraqis. After cleaning up part of the Dawra market on Monday, the contractor hired to clean the streets failed to show up on Tuesday, promising to arrive later in the week. Lt. Col. Joseph Gandara, the lead Army engineer in charge of the project, said he was not surprised.

"Iraqis have had a top down government for so long, they just don't know how to deal with anything that's bottom up," he said. "They come to us because they think we have power, so we can fix it."

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Some of the Americans leading teams of about eight Iraqis tried to play tough. “Come on, get in there,” one yelled at a handful of Iraqi officers smoking outside a home that had yet to be searched on Tuesday. But many let the small things go in an effort to build confidence.

General Karim dismissed the errors of his men as “administrative mistakes” in an interview Tuesday. He said British and Australian training programs left many of them without the skills they needed.

Colonel Butts said continued training was critical to Iraq’s future. “Everything we do is another training event for the national police,” he said, adding: “The sectarian violence is an Iraqi problem. It has to have an Iraqi solution.”

At the Dawra mosque, where no Americans were allowed to enter, that solution worked at times, but not at others. Colonel Butts praised the Iraqi officers for assembling close together before crashing through a second floor door, but said he would have searched more methodically, using four men to search room to room.

When the Iraqis emerged with evidence of violent activity, Colonel Butts seemed pleased. When they came out with four detainees, the Iraqi-American contrast sharpened. The Iraqis immediately began interrogating the men with shouts. They rubbed the four men’s fingers for a field test for explosive residue test; the cross-hatched strip came up colored, faintly positive, according to the Iraqis. One of the men was crying and pleading to be put in a truck with senior officers because he feared that the others who interrogated him would kill him.

The Americans decided to check again. Two of the men’s tests came up negative. With Americans watching, Iraqis cut off their plastic flexcuffs and returned their cellphones.

General Karim shook their hands. “Congratulations,” he said, “on your freedom.”

Four Arrested In U.S. Journalist’s Kidnapping (NYT)

By Paul Von Zielbauer

The New York Times, August 10, 2006

BAGHDAD, Iraq, Aug. 9 — American marines have captured four Iraqi men suspected of playing a role in the kidnapping of an American journalist, Jill Carroll, in Baghdad in January, American military officials said Wednesday.

Maj. Gen. William B. Caldwell IV said the four men, whom he declined to identify, were arrested in the Sunni Arab-dominated region west of Baghdad. On Wednesday, an American spokesman referred reporters to an article about the captures of the men posted on a Web site that describes itself as the official Web site for the multinational force in Iraq, which says that three of the four were arrested by marines on May 19, during a sweep of a home they suspected of having been a safe house where Ms. Carroll was kept. It says that a fourth was arrested later. The Web site is www.mnf-iraq.com.

Ms. Carroll, who was at the time of her abduction a freelance reporter for The Christian Science Monitor, was abducted on Jan. 7 as she traveled to an interview with a Sunni Arab politician in western Baghdad. She was released on March 30, and during her captivity was apparently held in several houses in the Anbar Province and perhaps one in Baghdad.

Acting on details of her confinement that Ms. Carroll gave them after her release, marines searched four houses where military officials now believe she was held captive during her three-month ordeal, military officials said.

General Caldwell said one of four Iraqi suspects was a member of the Mujahedeen Shura Council, an umbrella group for several Sunni insurgent groups linked to Al Qaeda. The four were arrested in a series of home searches in Anbar Province, a region where several insurgent groups have battled American and Iraqi forces.

The series of home searches began with basic detective work by a young marine lieutenant from the Third Battalion, Fifth Marine Regiment, earlier this year, General Caldwell said. Perusing intelligence briefs and reports that described what Ms. Carroll told American officials about her surroundings during captivity, the marine noticed that the description of green metal window bars and a driveway gate matched those at a home outside the town of Habbaniya that marines had spotted in patrols, General Caldwell said.

The marines asked to search the house, he said, and found items inside, including a bookshelf in an upstairs bedroom, that matched descriptions Ms. Carroll had given of a home where she was held.

The marines arrested the home’s owner. Information he gave military interrogators led the marines to three other homes, in an eastward direction toward Baghdad, General Caldwell said. They arrested the Shura Council member after searching the second home, he said.

During a search of the third home, north of Abu Ghraib, several miles west of Baghdad, soldiers from the Fourth Infantry Division freed two hostages and arrested three more people. Information from those people led to the fourth house, on the west side of Baghdad, where officials now believe Ms. Carroll was also held during her detention, General Caldwell said.

It was unclear what the overlap was, if any, with the four men described by General Caldwell as having been arrested by the marines and the three arrested by the soldiers, or who the two other hostages were. It was also unclear why the military waited so long to announce the arrests.

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He praised the marines who read the intelligence reports and matched details in them to those they noticed while on the streets of dangerous cities.

"Probably the best factual intelligence we're going to find are those young marines on the streets" patrolling Anbar Province, the general said.

American officials who worked on finding and freeing Ms. Carroll earlier this year believed she was being held in Baghdad. Dan O'Shea, the former coordinator of the Hostage Working Group, which operates out of the American Embassy here, said Wednesday that he was not surprised to learn that Ms. Carroll might have also been held in homes in Anbar Province.

"Every time the individual is moved, they are being sold up the food chain to another group," he said in a telephone interview from Tampa, Fla., on Wednesday. "A lot of the victims, without doubt, have been removed from Baghdad to the Falluja area."

In November 2004, marines conducting a raid in Anbar Province found a 20-page "kidnapping manual," he said, describing it as having been prepared by the Lebanese militia Hezbollah. "The insurgent rings are using kidnapping activities to fund themselves," Mr. O'Shea said. "This is stuff they've learned."

Three American soldiers with the Army's First Brigade, First Armored Division died Wednesday in fighting in Anbar Province, the military said. This week has been particularly brutal for that brigade, which lost another soldier to enemy fire on Sunday.

On Tuesday, a Black Hawk helicopter from the Third Marine Aircraft Wing crashed in Anbar Province with soldiers on board during an "area familiarization" flight, the military said. The cause of the crash, which pitched the helicopter upside down into a body of water, was a mechanical problem, General Caldwell said Wednesday. Divers were still searching for two missing crew members, he said. The remaining four passengers and crew members were in stable condition, the military said.

In Baghdad on Wednesday, gunmen shot dead a fish vendor and four customers in a drive-by shooting near a gas station, an Interior Ministry official said. Six bodies were found on Wednesday in various areas in Baghdad, the official said.

Gunmen shot and killed a police officer in Falluja near his home on Wednesday afternoon, the police said. There was no immediately apparent motive for the killing of the officer, identified by the police as Hazim al-Janabi.

U.S. Troops Arrest 4 In Jill Carroll Kidnapping (LAT)

By Louise Roug

The Los Angeles Times, August 10, 2006

BAGHDAD — Marines have arrested four men suspected of kidnapping American journalist Jill Carroll earlier this year, a U.S. military spokesman said today.

The kidnappers grabbed Carroll, a freelance writer working for the Christian Science Monitor, outside a Sunni political office in Baghdad in early January. The 28-year-old was held in captivity almost three months in different locations before being released March 30.

The four suspects were detained west of Baghdad in the Anbar province at least a month ago, according to another military official. It was unclear why the military chose to announce their detention now.

Meanwhile, the military continued searching for two airmen missing after their Blackhawk helicopter crashed in Anbar on Tuesday. Four other crew members have been evacuated, according to the military.

Meanwhile, at least 13 people were killed in a series of incidents involving gunmen, explosions and a suicide bomber in and around the capital. Morgue officials released statistics today showing that more people were killed in July than any other month since the war started.

The arrests took place after Marines interviewed the owner of a house whose interior included features that led military officials to believe it was one of the locations where Carroll had been held, Maj. Gen. William Caldwell told Associated Press.

"After questioning that suspect, Marines identified additional locations where Jill Carroll was believed to have been held," Caldwell said.

Caldwell said one person was arrested at one of those locations. The three others were arrested at another place north of Abu Ghraib in a raid during which two hostages were freed.

At a news conference, military officials presented a video and photographs taken by Marines at one of the homes, which had a green gate and floral designs on its front door, where they suspect Carroll was held.

Four Iraqis Are Held In Kidnapping Of Reporter (WP)

By Andy Mosher

The Washington Post, August 10, 2006

DOJ_NMG_0046138

BAGHDAD, Aug. 9 -- U.S. military forces have arrested four Iraqi men in connection with the kidnapping of Jill Carroll, an American journalist who was held captive for 82 days before being set free on March 30, a military spokesman said Wednesday.

Following a trail of clues that led them to four locations in and around Baghdad, U.S. soldiers and Marines apprehended men alleged to have been among Carroll's captors, said Maj. Gen. William B. Caldwell IV, the military's top spokesman in Iraq.

Three of the sites were confirmed as places where Carroll had been held, including a house near Habbaniyah, about 40 miles west of Baghdad, that was the last place the kidnappers took her, Caldwell said.

"Troops on the ground, young Marines and sailors, paid attention to what may have been considered minor details at the time" to help identify the first site, Caldwell said.

He did not name the four detainees. They are being held by the military pending a decision on whether they will be charged with any crimes, Caldwell said. An FBI spokesman in Washington, Richard Kolko, said in a statement that "this matter remains an ongoing FBI investigation and any questions about potential prosecution will be addressed at a later date."

Carroll, 28, was working as a freelance reporter for the Christian Science Monitor when she was abducted on Jan. 7 in west Baghdad. Gunmen ambushed her car as she was leaving the office of a Sunni Arab political leader, killing her translator, Allan Enwiyah, 32.

The kidnappers, who identified themselves as the Vengeance Brigades, released three videos of Carroll in captivity and demanded that all Iraqi women in U.S. detention be released. U.S. forces freed some women, but said that move was unrelated to the kidnappers' threats.

Carroll was eventually freed outside an office of the Sunni-dominated Iraqi Islamic Party in west Baghdad.

The Monitor, where Carroll now works as an editor, welcomed the arrests. "Like reporters everywhere, we are reassured to hear that several of those believed to have held Jill have been apprehended," editor Richard Bergenheim told reporters in Boston. "The daily threat of kidnapping in Iraq remains acute for all. Everything possible needs to be done to relieve Iraqis and others of this scourge.

"Those that are reporting in Iraq, those living in Iraq, are a bit safer today," he said.

The Monitor plans Monday to begin publishing an 11-part series chronicling Carroll's kidnapping. Caldwell said information released by the newspaper in advance of the series led the military to announce the arrests on Wednesday.

For example, a promotional video on the Monitor's Web site states that Carroll was moved nine times during her captivity. Caldwell said that while the military has only identified three places where she was held, the number could be higher.

Caldwell did not say when the searches and arrests occurred. But the Associated Press, reporting details of the case that it had agreed to withhold until the arrests were announced, said the house near Habbaniyah was discovered and the first arrest made on May 19. The house lies within view of a fence that surrounds the Taqqadum logistics base, where dozens of U.S. helicopters and planes fly in and out each day ferrying supplies for Marines serving in western Iraq.

First Lt. Jake Cusack, 24, of Grand Rapids, Mich., had put together intelligence reports to conclude that the house was likely used to hide Carroll, the AP reported. Marines decided to check it out.

On the afternoon of the operation, 20 Marines driving to the targeted home were struck by a roadside bomb, although none was injured. Shortly afterward, a second bomb exploded, and insurgents fired on the Marines from a car. "We knew it was a limited time window," Cusack told the AP. "It was our best shot at it."

When they arrived at the house, the Marines told the owner that their stopover was a routine visit. While several spoke with the man in his living room, others quickly searched the rest of the home. They confirmed that the house matched their intelligence reports. They said they also found a slip of paper with Carroll's name written on it, $3,600 in U.S. currency and an AK-47 assault rifle hidden in a car outside.

"Hey, sir, don't react but this is it," Cusack recalled radioing to his commanding officer, who was still chatting with the suspect.

Marines said the owner calmly responded to their questions -- until one Marine mentioned how a recent spate of kidnappings in the area had angered him. "He blanches, just for a second, then [a Marine] says, 'All right, you're coming up with us,' " Cusack told the news service.

Caldwell, the military spokesman, said evidence gathered at the first house led to a raid on a house near Fallujah. That house, Caldwell said, was believed to be the residence of one of the kidnappers, a member of the Mujaheddin Shura Council, an insurgent coalition that includes the group al-Qaeda in Iraq. Marines arrested one man there, but it was unclear whether he was the targeted council member.

A third raid, this time by members of the U.S. Army's 4th Infantry Division, was conducted at a house where Carroll apparently was held near Abu Ghraib, just outside Baghdad.

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The soldiers found and disarmed "devices that had been set to intentionally inflict harm on them if they entered the home. . . . And going in, they did find two hostages -- two kidnap victims in this home here, which they were able to free and return them back to their families," Caldwell said.

Evidence gathered at the Abu Ghraib house, Caldwell said, led to a fourth site in Baghdad's Kadhimiyah neighborhood -- another spot where Carroll was believed to have been held.

Marines: Carroll Was Held Near Iraq Base (AP-Y)

By Antonio Castaneda, Associated Press Writer

AP, August 10, 2006

U.S. Marines who cracked the Jill Carroll kidnapping case say the American journalist was held for a time in a home within sight of a sprawling U.S. military base in western Iraq.

The Marines said the big break occurred May 19 when they searched a suspect's home near the Taqqadum logistics base seven weeks after Carroll's release. A young lieutenant linked the residence to intelligence reports in the case.

After one man was arrested near Taqqadum, other troops captured three more suspects and freed two kidnapped Iraqis in other hideouts where Carroll is thought to have been held, including a house that was booby-trapped and full of explosives, the U.S. command said Wednesday.

One of the suspects is a member of the Mujahedeen Shura Council, an umbrella organization of Sunni Arab insurgent groups that includes al-Qaida in Iraq, said Maj. Gen. William Caldwell who announced the arrests. He said no decision had been made on what legal action to take against the four.

The Associated Press spoke with the Marines last month on condition the interviews not be published until the U.S. military reported the arrests.

Caldwell said the military decided to announce the detentions in part because Carroll had prepared a series of articles for the Christian Science Monitor detailing her abduction, detention and survival.

Carroll, a freelance journalist for the Monitor, was released March 30 in Baghdad after 82 days in captivity.

Her kidnappers, a previously unknown group calling itself the Revenge Brigade, had threatened to kill her if all female detainees in Iraq were not freed. U.S. officials did release some women before her release but said the decision was unrelated to the demands.

Marines said independent tips led them to a cluster of houses near an abandoned train station outside the Taqqadum base, near Fallujah and about 50 miles west of Baghdad. A one-story home in the relatively peaceful neighborhood that Marines often drove by matched the tips.

"Where it's at, there's a mosque, a school. It blends into the neighborhood. It's like any other house," said 1st. Sgt. Chris Reed, 32, of Kirkland, Wash., who helped arrest the first suspect.

On the afternoon of the operation, 20 Marines from Company L, 3rd Battalion, 5th Regiment driving to the targeted home were struck by a roadside bomb, although none was injured. Shortly afterward a second nearby bomb exploded and insurgents fired from a car several hundred yards away.

"We knew it was a limited time window. It was our best shot at it," said 1st Lt. Jake Cusack, 24, of Grand Rapids, Mich., who matched together the intelligence reports that led to the home.

Marines who arrived at the suspect's house presented their stopover as a regular visit. While several spoke with the suspect in his living room, others quickly searched the rest of the home.

Inside, Marines confirmed the house matched their intelligence reports. They said they also found a slip of paper with Carroll's name written on it, $3,600 in U.S. currency and an AK-47 assault rifle hidden in a car outside. They also discovered a false ceiling in the shower, which had been used to hide explosives in the past.

"Hey, sir, don't react but this is it," Cusack recalled radioing to his commanding officer, who was still chatting with the suspect.

Marines said the suspect calmly responded to their questions — until one Marine mentioned how a recent spate of kidnappings in the area had angered him.

"He blanches, just for a second, then (a Marine) says, 'All right, you're coming up with us,'" recalled Cusack.

Three males at the home were detained, including the one now among the accused in Carroll's abduction.

Marines said they were confident they had found the right house and man. "I'm more sure about this than any other detention I've had in Iraq," Cusack said. "I'm 100 percent sure he's the guy."

The suspect's home lies within view of a fence that surrounds the Taqqadum logistics base, where dozens of U.S. helicopters and planes fly in and out each day ferrying supplies for Marines serving in volatile western Iraq.

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"They didn't seem to worry that they were that close to a military base. Maybe they thought it'd be the last place anybody would look," Reed said.

On the day of her release, Carroll was dropped off by her abductors at the offices of the Iraqi Islamic Party in Baghdad. There she was interviewed by the Sunni party's television station before she was retrieved by U.S. forces.

Though she had been shown weeping on a tape broadcast on Al-Jazeera television weeks before, Carroll said she was never hurt or threatened by her captives.

"I was kept in a very good, small safe place, a safe room, nice furniture," she said. She said she was given clothing and plenty of food.

The Christian Science Monitor expressed gratitude for the arrests.

"Like reporters everywhere, we are reassured to hear that several of those believed to have held Jill have been apprehended," editor Richard Bergenheim said. "The daily threat of kidnapping in Iraq remains acute for all. Everything possible needs to be done to relieve Iraqis and others of this scourge."

The newspaper said Carroll was "enormously grateful" for the efforts on her behalf but would not comment further, pending the release of a story on its Web site.

Assault Charge Likely For Marine In Iraq Case (WP)

By Josh White And Sonya Geis

The Washington Post, August 10, 2006

A Marine Corps platoon leader is expected to be charged with assault this week for his alleged role in the slaying of an Iraqi citizen in the village of Hamdaniyah earlier this year, his defense attorney said. That would make him the ninth U.S. serviceman charged in relation to the case.

Officials at Camp Pendleton in California declined to comment on potential charges against Lt. Nathan Phan. But his attorney, David P. Sheldon, said he has been informed that Phan is likely to face assault charges in connection with an April 26 incident involving a squad of Marines with Kilo Company, 3rd Battalion, 5th Marine Regiment. Military officials have alleged that the troops grabbed an Iraqi man from his home, bound his arms and legs and shot him in the face.

Sheldon said Phan "had no involvement whatsoever with any wrongdoing," adding that his client was not present when other Marines allegedly shot the Iraqi several times. Seven Marines and a Navy corpsman have already been charged with murder in the case, and three other Marines are under investigation. Defense attorneys have said the Marines were on a mission to ambush insurgents who had been planting bombs in a Hamdaniyah road when they encountered the Iraqi man.

Defense attorneys said they believe preliminary hearings could begin next month. Sheldon said the allegations against Phan are "baseless."

British Troops Under-equipped, Overstretched In Iraq (AFP)

AFP, August 10, 2006

Essential military kit must be sent to Iraq urgently to protect British troops who are under-equipped and overstretched despite escalating violence there, a parliamentary committee reported.

The all-party defence committee highlighted shortages in vital equipment, including armoured vehicles and helicopters, and said repeated tours of duty were threatening the army's operational effectiveness.

"(We) were disturbed by the deficiencies in equipment they faced," the MPs said in a report based on a visit to some of Britain's 7,200 troops in southern Iraq.

"The MoD (Ministry of Defence) must address equipment shortages and capability gaps as a matter of urgency. Our forces cannot wait for long-term procurement projects to come to fruition; they need the kit now.

"We cannot send them on operations without giving them the tools they need to do the job."

British involvement in the March 2003 US-led invasion of Iraq is still a controversial subject here, particularly with the mounting death toll: 115 British personnel have since been killed in Iraq.

Concerns about equipment are equally long-standing: US troops nicknamed their British counterparts "The Borrowers" because of their frequent requests for kit while other problems date from the 1991 Gulf War.

Chief among the MPs' worries was the ineffectiveness of so-called "Snatch" Land Rovers against the increasing use of road-side bombs.

Defence Secretary Des Browne has already ordered an urgent review after several soldiers died while on patrol; he has pledged to send more heavily-protected vehicles to both Iraq and Afghanistan.

But the members of parliament said: "It is unsatisfactory that the lack of capability was not addressed with greater urgency much earlier."

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On helicopters, they said there was a "deeply concerning shortage" and if not addressed, "the effectiveness and coherence of UK operations on the ground will suffer".

The committee also said it was "alarmed" that explosive-suppressant foam may not be fitted to aircraft, despite the deaths of 10 personnel in a missile attack on their Hercules C-130 transport plane in January 2005.

Former defence secretary John Reid conceded in May this year that the foam -- which stops fuel tanks exploding when pierced by bullets and has been standard on US planes since the Vietnam War -- may have saved their lives.

On repeated tours of duty, the MPs said official denials of overstretch "contrasts with what we are hearing from service personnel on the ground".

"The issues raised in this report give rise to a fundamental question: are our armed forces structured, trained and equipped to fulfil the role envisaged for them...

"This is a question that goes to the heart of the government's defence policy. We believe this question needs to be addressed."

In response, Browne said many of the report's recommendations were already being carried out.

"There is no room for complacency, and I welcome the committee's scrutiny. I will respond to the report in full when I have studied it in more detail," he added.

2 Testify CIA Questioner Beat Detainee (AP-Y)

By Estes Thompson, Associated Press Writer

AP, August 10, 2006

An ex-CIA contractor charged with beating an Afghan detainee who later died hit the man with a flashlight and kicked in him the groin with enough force to lift him off the ground, witnesses testified Wednesday.

The two were the first witnesses to say they saw David Passaro beat detainee Abdul Wali during a 2003 interrogation about rocket attacks on a remote base housing U.S. and Afghan troops.

Army Staff Sgt. Matthew Johnson said he was assigned to guard Wali once he was brought into the detention area. In describing the interrogation, Johnson said Passaro at various times grabbed Wali by his shirt and slammed his face to the wall and floor, smacked his head with an open hand and hit him with a metal flashlight.

"Dave kicks him — a straight kick to the groin. There was enough force to launch (Wali) off the ground," Johnson said.

A CIA interpreter who used the pseudonym Farooq Ali and appeared behind a blue privacy screen said Passaro hit Wali with a flashlight whenever he got an answer he didn't like.

"I do not remember exactly how many times (Passaro swung)," Ali said. "It could be 20 times or 30 times, between that."

Defense attorneys have said the former Special Forces medic never hit Wali and gave him mouth-to-mouth resuscitation the day he died.

Prosecutors have charged Passaro, 40, with assault and he could face up to 40 years in prison if convicted. Passaro is the first American civilian charged with mistreating a detainee during the wars in Iraq and Afghanistan.

The top CIA officer at the base — who testified in disguise and using the pseudonym Steve Jones — said Wednesday that Passaro enthusiastically volunteered to take over Wali's questioning after an initial interrogation produced no information. Jones said he allowed Passaro to continue his questioning until learning Wali was "not doing well. He was down in his cell and he was groaning.'"

Wali died later that day. According to Jones, Passaro said he had knocked the prisoner down once during his two days of questioning and that Wali had been caught with a makeshift key trying to open his shackles.

"He mentioned to me that he had to defend himself," Jones said.

Earlier Wednesday, a retired Army Special Forces soldier testified that Passaro become enraged when Wali wasn't able to answer questions during an initial interview about the attacks, but said during cross-examination he never saw Passaro strike the prisoner.

Passaro is standing trial in his home state under a provision of the USA Patriot Act allowing charges against U.S. citizens for crimes committed on land or facilities designated for use by the U.S. government.

Taliban Kill A Woman And A Child Seen As Spies (NYT)

By Carlotta Gall

The New York Times, August 10, 2006

KABUL, Afghanistan, Aug. 9 — Taliban militants killed a woman and her 13-year-old son after accusing them of spying for the government and for foreign troops in southern Afghanistan, the Afghan government said Wednesday.

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The woman was shot and her son was hanged by an electrical wire from a tree on Monday in Helmand Province, said a spokesman for the provincial governor, Hajji Mohaiuddin.

In a separate attack late Tuesday night, a group of insurgents fired rockets and small-caliber weapons at an American military base in Nuristan Province in northeastern Afghanistan, an American military statement said. It said the Americans had responded with mortars and gunfire and 13 insurgents had been killed. The base was recently established by American troops as part of an expansion of their control into the mountainous region along the Pakistani border.

British troops have been battling insurgents in northern Helmand Province in recent weeks, and a NATO soldier was wounded in Musa Qala on Wednesday, officials said. The woman and her son were killed in the village of Dast Mastan, near Musa Qala. Local officials, including the police chief, informed the provincial authorities about the killings, Mr. Mohaiuddin said.

"They were very poor people and they were accused of spying for the government and the foreign troops," he said. "Definitely it was done by the Taliban."

He said reports of denials by a Taliban spokesman were not credible. "They deny anything they do, and claim responsibility for things they didn't do," he said of the Taliban, the religious militia linked to the government that was ousted in 2001.

Elders and leaders of Helmand Province had gathered Wednesday in the provincial capital, Lashkar Gah, to condemn the killings, he said. "We all condemned this," he said. "This is not an action of a human or according to Islam."

American and NATO military officials said Taliban insurgents were resorting to fear tactics to establish control among the population in parts of Afghanistan. Col. Thomas Collins, a spokesman for the United States-led coalition, said coalition forces had learned from residents of one district in Ghazni Province, south of Kabul, that men suspected of being insurgents knocked on doors and demanded that each family provide a son to join the Taliban.

NATO spokesmen said they had learned of similar cases in southern Afghanistan, where NATO forces are now operating, including a case of insurgents killing a son in a family who refused the gunmen's orders.

President Hamid Karzai, who is fending off an insurgency that has expanded across the six southern provinces and some eastern provinces, also denounced the killings as being against the historical and cultural values of Muslims.

"The gruesome act is unforgivable, and no one can justify it," he said in a statement. "This shameful act is an affront to all Afghans and their historical traditions."

Kabul Wilts Under Power Cuts (WP)

By Pamela Constable

The Washington Post, August 10, 2006

KABUL, Afghanistan -- Neon palm trees and fountains flicker outside new wedding salons, and brightly lit boutiques line glass-walled shopping centers in the Afghan capital's commercial heart -- all powered by huge private generators that cost a fortune to operate.

But darkness falls swiftly on entire districts of the impoverished outskirts of Kabul that have no electricity. Here children trudge along alleys lugging gas cylinders to be refilled for cooking or car batteries to be charged so their families can watch an hour of television.

While officials are readying plans to import electricity over the snow-capped Hindu Kush mountains from Central Asia by 2009, tens of thousands of Kabul households are enduring another sweltering summer without fans or refrigerators, and looking ahead to a high-altitude winter without hot water or heat.

"I hate it every time the generator runs out of fuel, because then the light goes off and the scorpions come out and walk on the floor near the children," said Raisa, 20, a clerk's wife and mother of three who lives in Karte Nau, a maze of adobe houses and dirt paths rising above the city. "We save up to buy one liter, and after an hour or so it's gone."

The energy crisis has focused growing anger at the government of President Hamid Karzai, who last year appointed a former militia leader and governor with no technical experience as minister of energy and water. Many Kabul residents say they do not understand why, nearly five years after the overthrow of Taliban rule, and with the influx of millions of dollars in foreign aid, the government cannot even light the capital.

Even in more affluent neighborhoods, city-supplied electricity has been reduced this year from about 23 hours a day to five hours every other night. Families cram all their cooking, washing and studying into short, frustrating stints under a couple of dim bulbs.

Officials here say the cause of the shortage is an antiquated urban infrastructure, damaged by years of war, that has failed to keep up with the power demands of a city population that has swelled from half a million when the Taliban were overthrown to nearly 4 million today.

This year, nature and technical problems have exacerbated the situation. A drought sharply lowered water levels in reservoirs behind two hydroelectric dams, and one of two huge gas turbines that provide power to the city broke down.

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Relying on a single gas turbine and 25 costly diesel generators, for which the United States is providing $110 million worth of fuel, officials say they have had no choice but to severely ration electricity throughout the capital in the past six months.

In the mountains north of Kabul, work is just beginning on overhead transmission lines that are to bring 150 megawatts of power from Central Asia. The $300 million project is being financed by the government of India and the Asian Development Bank. A second project, a natural gas power plant in northern Afghanistan to be built with U.S. aid, is still on the drawing boards.

"We have an extremely tough situation, and it will take another two years before those transmission lines are completed," said Gulla Jan Hairan, planning chief for the Ministry of Energy and Water. "People can't pump water to wash, students can't study. We are doing our best to fill the gap, but we are sure we will not be able to provide heat for all the people this winter, so we are asking other ministries to distribute coal and liquid gas to homes."

Authorities have tried to promote energy conservation, but they have had little success, in part because the fees for public electricity are so low. Domestic households pay a penny per kilowatt-hour for the first 600 kilowatts; commercial facilities pay about 10 times more.

Last month, the government proposed doubling fuel prices, with the goal of helping finance both the temporary power supply and long-term development. The political backlash was so intense that the idea was temporarily dropped.

"I remember before the civil war, we had power 24 hours a day. Now we can't even make tea or keep the clothes clean, and I have to send my daughter out for gas so we can cook dinner on a burner," said Faiz Murza, 62, a retired importer who lives in Kabul's Old City, a district of once-elegant homes ruined by war. "If Mr. Karzai had no power in his house for five days, what would he do?"

American aid officials here defended the government, saying Afghan authorities are working closely with foreign donors to develop a long-term, reliable power supply, which will cost a fraction of the current outlays for generator fuel.

"There is a full court press on, but there is a gap in the pipeline of power," said Leon S. Waskin, the U.S. Agency for International Development's mission director for Afghanistan. "The donors and the government are working hard and collaboratively to bring long-term power to Kabul. Everyone is working as fast as they can be reasonably expected to work."

Among residents, though, the power crisis has become fertile ground for jokes on radio dramas and call-in programs -- one story has it that a father beat his daughter for breaking a bulb that refused to turn on. It also has created a nightly cultural phenomenon in which thousands of Kabul families rush to charge batteries or buy generator fuel so they can watch the popular Indian-made TV drama "Tulsi" at 8 p.m.

In photocopy shops, proprietors save money by switching their generators off between each customer. In workshops along the main boulevard of the Old City, men squat among tangles of jury-rigged cables and small generators as they weld doors or fill punctured tires.

"Our generator is too heavy to carry to construction sites, and we are not allowed to operate in the fancy neighborhoods that have better power," said Mohammed Isaac, 24, who hand-fabricates metal door and window grills. "This is our homeland, so we can endure anything, but we wonder where all the foreign money went that was supposed to bring us power."

One form of enterprise that has flourished in the crisis is the neighborhood battery-chargers, who get about 70 cents a day per customer. In the morning, customers drop off their dead batteries, and in the evening, on the way home, they pick them up charged.

"If you turn on a color TV, it lasts a day. If you turn on a black-and-white TV, it lasts a week. If you turn on a single light bulb, it lasts a month," said Mohammed Shafiq, 35, a former army officer who now spends his days guarding a sidewalk array of batteries. "Look at all the money coming into this country," he said with disgust. "It all goes into certain pockets, while the rest of us are living in darkness."

Residents of Karte Nau, one of the city's poorest and darkest districts, live with a double daily insult. A row of new power poles and lines runs across their neighborhood, for which some families have paid up to $250 for a connection, but none has received electricity yet. When they peer down from their huts at night, they see a row of ornate new mansions beside the main boulevard, lit up like a holiday party.

Perhaps the only advantage of their hillside address, residents say, is the mountain air that brings cooling breezes on summer nights.

"You can see how we are living now, like a camp," said Mir Qalam, 37, a police officer and father of five whose house is a steep, winding climb up the Karte Nau paths. "We can't afford a generator, so we have to find other ways. We use firewood to boil water, we use hand fans to keep cool in the day, and at night we all sleep on the roof."

Democrats In The Middle, Agonizing (wsj)

WSJ Online's "Washington Wire", August 10, 2006

DOJ_NMG_0046144

Sen. Joseph Lieberman's decision to run as an independent, in the wake of his defeat in Tuesday's Connecticut primary, has put a lot of Democrats in an awkward position, but none more so than his ideological soul-mates at the Democratic Leadership Council.

The DLC has long been the home for Democrats of Lieberman's persuasion — moderate centrists, somewhat hawkish on defense, somewhat conservative on fiscal matters. Lieberman has long championed the DLC, and the his party to run as an independent against the more liberal Ned Lamont is especially pointed for the DLC. In response, DLC chief executive Al From put out an agonized statement Wednesday saying that "the Democratic Leadership Council as an organization cannot and will not endorse candidates in federal elections." But, he added, "leaders of the DLC exercising their rights as individuals will be on both sides of the Connecticut Senate race this fall." From said that DLC Chairman Tom Vilsack, Iowa's governor, has pledged to support the Democratic nominee, which is Lamont, but that Sen. Tom Carper of Delaware, the DLC vice chairman, will support Lieberman.

"In my personal capacity," From concluded, "I will support Joe Lieberman, running as an independent Democrat. I believe our country needs more senators like Joe Lieberman, not less." —Gerald F. Seib

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August 9, 2006, 11:54 am Top Democrats Pivot to Lamont

Senate Democratic Leader Harry Reid of Nevada and Democratic Senatorial Campaign Committee Chairman Charles Schumer quickly shifted support to Ned Lamont, who defeated Sen. Joe Lieberman in the Connecticut primary.

"The Democratic voters of Connecticut have spoken and chosen Ned Lamont as their nominee," Reid and Schumer said in a statement. "Both we and the Democratic Senatorial Campaign Committee (DSCC) fully support Mr. Lamont's candidacy. Congratulations to Ned on his victory and on a race well run.

"Joe Lieberman has been an effective Democratic senator for Connecticut and for America. But the perception was that he was too close to George Bush and this election was, in many respects, a referendum on the president more than anything else. The results bode well for Democratic victories in November and our efforts to take the country in a new direction."

Sens. Hillary Clinton of New York and John Kerry of Massachusetts also backed Lamont following his primary victory.

At the National Republican Senatorial Committee, Chairwoman Elizabeth Dole focused on Michigan, where Mike Bouchard will take on Democratic Sen. Debbie Stabenow in the November election. Dole congratulated Bouchard, a sheriff in suburban Detroit, for his primary victory yesterday, and said he can "hit the ground running" in the U.S. Senate, bringing "an impressive wealth of experience creating jobs as a small business owner, writing laws to protect children in the legislature, and protecting the safety and well-being of Michiganders as sheriff of Oakland County. The people of Michigan are looking for a change in direction, and the NRSC will be doing what we can to help make that happen."

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August 9, 2006, 11:03 am U.S. Navy Weighs Refueling Ships in Yemen

Six years after al Qaeda struck a Navy destroyer in Yemen's Gulf of Aden, senior U.S. officials say the Navy is once again considering returning to the country for refueling missions.

With the help of the U.S., Yemen is building a more capable coast guard that could be used to help secure U.S. ships. American officials in Yemen also note that in recent months both Germany and Great Britain have sent naval vessels into the harbor. Earlier this year, a U.S. aircraft carrier passed through the water just beyond the harbor and briefly played host to Yemen's minister of defense, who was flown out to the vessel.

U.S. officials say it's possible that U.S. Navy ships could be using the harbor within the next year. "It could be sooner than that with a little luck. [U.S.] Navy officials are interested," one U.S. official in the capital of Sanaa said before the recent hostilities in Lebanon, which have stirred up anti-American demonstrations in Yemen.

For the Yemenis, the return of U.S. military vessels to their harbor would represent a big vote of confidence that the government has managed to rein in the threat from Islamic extremists in the country and would lure private investment. –Greg Jaffe

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August 9, 2006, 9:26 am The Base Takes Out Another Joe

MoveOn.org wasn't the only outside group claiming its first big victory in Tuesday's primaries. Conservative Club for Growth is celebrating the defeat of Michigan Republican Rep. Joe Schwarz, a pro-choice moderate at the hands of state representative Tim Walberg.

Just as MoveOn is trying to steer Democrats to the left on certain issues, Club for Growth is dedicated to pushing the Republican Party to the right, and has waged many primary battles against incumbents in recent years. The group's Web site hails "its first-ever primary victory against an incumbent," saying "Michigan Republican voters sent a clear message to Congress that they are tired of big-spending, big-government policies."

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The Minuteman PAC, which favors a tough line on immigration policy, says it had also targeted Schwarz with nearly $50,000 in ads and says "Michigan has sent Washington D.C. a piercing message that voters are fed up with coddling illegal aliens with government benefits and amnesty." Schwarz had been endorsed by President Bush, but the Republican party's congressional campaign committee touts the results, saying Walberg "says his highest priority in Congress would be to extend and expand President Bush's tax cuts."

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August 9, 2006, 8:20 am Republicans' Counterassault

The Republican National Committee moves quickly to define Lamont's Connecticut victory, with a pre-7 a.m. press release casting the results as a sign of the Democratic Party turning soft on defense. "From FDR to Ned Lamont," the headline reads: "The Democrat Party's Transformation from Strength to Weakness." The statement traces quotes of Democratic leaders, from Roosevelt's defense of World War II to the Connecticut primary victor's attacks on the Iraq War.

In remarks prepared for delivery this morning to the City Club of Cleveland, Republican National Committee Chair Ken Mehlman said that "like the proud history of so many Democrats before him, Joe Lieberman believed in a strong national defense. And for that, he was purged from his Party. It is a sobering moment."

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August 9, 2006, 8:00 am Oil Question: Will Bush Tactics Work?

Whether President Bush is moving rapidly enough to promote alternative energy is a subject of debate. Critics believe that by shying away from major new federal initiatives, he won't be able to achieve the goals he talks about. But supporters say things have gone well since the Jan. 31 "addicted to oil" address. They say that by giving ethanol a high-profile boost, Bush has begun to create a new national consensus on alternative fuels. At the same time, they say, the administration's new research spending will ensure an adequate long-term supply.

Detroit's Big Three auto makers have said they will double production of so-called flexible-fuel cars that can run on either gasoline or ethanol. Kroger Co. has started selling ethanol-blend fuels at a few of its gasoline stations. Two ethanol producers have gone public in the first such initial public offerings since the 1980s. The Indianapolis 500 has announced that all entries in next year's race will run on a crop-based blend of fuels.

"The president's comments were transformational," says Reid Detchon, executive director of the Energy Future Coalition, a Washington group that promotes alternative fuels in the name of protecting national security. "The phrase 'addicted to oil' crystallized the issue in a way the public broadly understood, but also gave the political class permission to talk about it." See a rundown of Bush's comments on energy policy since 2000, or read the full page one article.

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August 8, 2006, 11:34 pm The Show Goes On …

Shortly after 11 p.m. Eastern, Sen. Joe Lieberman took the stage in front of a huge American flag and portrayed his defeat in the primary as merely half-time in a continuing contest. "As I see it, in this campaign we just finished the first half, and the Lamont team is ahead. But, in the second half, our team, Team Connecticut, is going to surge forward to victory in November."

Lieberman told the crowd of sign-waving supporters that he was disappointed in the result, "but I am not discouraged."

He criticized his opponent, Ned Lamont, for what he called "partisan politics" and highlighted his own qualifications as a political unifier. Lieberman said he wouldn't hesitate to work with members of the other party if it helps achieve positive results for Connecticut. "We can find common ground and secure a better future for our children."

Lieberman also said Wednesday his campaign plans to file the paperwork to continue his bid for re-election with Connecticut state officials. – Matt Phillips

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August 8, 2006, 8:01 pm Blogging the Connecticut Primary

They're part pundit, part power broker. They're zealous volunteers and journalists — sometimes at the same time. They're bloggers, a key contingent who have helped push Ned Lamont's primary bid. Around 30 bloggers have been given credentials by the U.S. Senate hopeful's campaign, and they've established a bureau of sorts at Lamont's headquarters.

Half are from Connecticut, said Christina O'Connell, a volunteer media coordinator for the Lamont camp. But the others are from across the country, drawn by a race they see as a bellwether for the nation's political climate.

"This race is a microcosm for what's happening all over the country," said David Ferguson, an Athens, Ga., resident who blogs under the name TRex. "People are fed up."

Ferguson, a 38-year-old who sports horn-rimmed glasses and a Johnny Unitas style brush cut, describes what he does as "left-wing political satire." He says there's high interest in the Lamont-Lieberman contest across the country. But, he says that some bloggers don't want large media outlets to overstate their importance to Lamont's success. "People are thinking the

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bloggers are the story and we're not," said Ferguson, who traveled from Georgia to both volunteer for and blog on the Lamont campaign. "We're just reporting on the main story." –Matt Phillips

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August 8, 2006, 7:12 pm DeLay Says He Will Try to Get New Name on Ballot

After federal courts decided that former House Majority Leader Tom DeLay's name would remain on the November ballot, DeLay made it clear he won't campaign for his old seat and will "take the actions necessary" to get a Republican candidate on the ballot.

"My action was taken in accordance with Texas law, federal precedent and common sense," he said in a statement Tuesday. "I felt it was my duty to allow Texas Republicans to choose a new candidate for the Fall Election Ballot." Earlier this year, DeLay quit Congress and moved to Virginia amid lobbying scandals. He now faces trial in Texas on state money laundering and conspiracy charges.

Just what DeLay or the Republicans can do at this point to change the ballot is uncertain, and some Republicans figure a write-in candidate to face Democratic nominee, Nick Lampson, is the best way to proceed. As DeLay acknowledged: "Unfortunately, the federal courts have slammed the door shut on a fair ballot choice between two 22nd District residents representing our two major parties."

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August 8, 2006, 5:20 pm Crossing State Lines

Lieberman stopped by Claire's Corner Copia, a cafe in downtown New Haven, to eat lunch with his family before pressing on with the day's campaigning. Outside, sign-wielding Lieberman supporters waved at passing traffic. One of them was Debbie Stein, a 23-year-old Washington, D.C., resident who arrived Monday in Connecticut to work on the campaign. "The people who will actually reach across the aisle [to Republicans] are very valuable," she said of Lieberman. What about Lieberman's position on the Iraq war? "He voted the same way as most of the Democrats voted originally," she said, adding that it would be wrong to simply pull out of Iraq. Emerging from the cafe a few moments later, Lieberman acknowledged that some of costituents are extremely angry with the Bush administration and the situation in Iraq. "I've got the message," he said, adding the he is going to work hard to end U.S. involvement in Iraq as soon as possible. "To express their anger with George Bush by voting aganst me, that doesn't make any sense," he said.

Rosi Efthim campaigns from her car. Meanwhile, Rosi Efthim is one of the grass-roots activists who have become the driving force of Ned Lamont's Senate run. The Flemington, N.J., resident arrived in Connecticut three days ago intending to work on the campaign for a day. "Never left," she says, sitting outside the Greenwich high school where Lamont cast his vote this morning. Efthim works with Democracy for America, a Burlington, Vt., activist group that was a spinoff of Howard Dean's failed bid for the Democratic presidential nomination in 2004. "What I'm excited about is the challenge he presented to Lieberman," said Efthim, of Lamont's run, which is a priority for Democracy for America. She says that a strong Lamont showing will make it a lot more difficult for Democrats to "enable" President Bush. "This race is the closest thing to a national race this year." – Matt Phillips

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August 8, 2006, 5:18 pm Response to Skipping School Riles Chertoff

Homeland Security Secretary Michael Chertoff was less than pleased when the Federal Bureau of Investigation put out a BOLO (be-on-the-lookout) for 11 Egyptian students who failed to show up for class.

"The secretary was not happy that we went so far for a just a bunch of kids who cut class," said one senior Homeland Security official. "It's a visa violation not a national security matter. " Foreign students now undergo background checks before being granted visas, the official said. The FBI said today that it was continuing to search for the missing students along with agents from Homeland Security's Immigration and Customs Enforcement bureau. "This remains an active investigation," said FBI Special Agent Richard Kolko.

The Egyptian men were among a group of 17 students who arrived at John F. Kennedy International Airport in New York from Cairo on July 29 with valid visas, according to U.S. authorities and university officials. The other six arrived at the Montana State's campus in Bozeman for a month-long program on English language instruction and U.S. history and culture, university spokeswoman Cathy Conover said.

When the 11 didn't turn up by the end of the last week, the FBI issued a lookout to state and local law enforcement, Kolko said. Law enforcement agencies say that there is no threat at all associated with the group. –Robert Block

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August 8, 2006, 4:20 pm FCC Member Won't Likely Vote on AT&T-BellSouth Deal

New Federal Communications Commission member Robert McDowell may be a self-confessed "phone guy," but he may be sidelined on one of the biggest phone issues this year: the pending $67 billion merger of AT&T Inc. and BellSouth Corp.

During a meet-and-greet with reporters Tuesday morning, McDowell, a Republican who spent 16 years as a telecom attorney, said he is operating under the assumption he will be recused from voting on the transaction. FCC rules prohibit commissioners from voting on matters involving former employers, and McDowell's former employer, Comptel, a trade association of small phone companies, filed comments in early June asking the FCC to reject the merger. McDowell handled political matters for Comptel, not regulatory work. Nevertheless, he said he believes he will be "automatically recused" if his former employer filed comments. So he says he has essentially been ignoring the deal.

Generally speaking, the FCC's general counsel makes the call on whether commissioners have to refrain from voting on matters on a case-by-case basis. An FCC spokeswoman declined to comment on when a decision might be made on McDowell's status.

Despite the opposition of his former employer and suspicions that McDowell might be sympathetic to concerns of smaller phone companies, his absence from the merger talks could be a problem for AT&T. The company is hoping that few, if any, conditions will be placed on the deal. McDowell's absence from negotiations would give the FCC's two Democrats more leverage to seek conditions — particularly on the issue of net neutrality, or rules requiring Internet traffic be treated equally. McDowell is firmly in FCC Chairman Kevin Martin's camp on that issue, both arguing the government doesn't need to step in unless there's evidence consumers are being harmed. –Amy Schatz

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August 8, 2006, 4:15 pm The Great Fed Debate

Today the Fed paused its rate-increase campaign. Now what?

Signs of slowing growth and rising inflation have aroused deep disagreements among economists on what the Fed should do. Some economists think the Fed has already raised rates too far and is courting recession; some think it must raise them further to stop inflation from accelerating. Some say both things are true.

"You can't fight inflation without risking overkill on the economy," said Ethan Harris, chief U.S. economist at Lehman Brothers, who thinks the Fed shouldn't have paused and predicts it will eventually raise the rate to 5.75%. "That is a risk, and it's a risk they should take." He added: "It's not fair to Bernanke that he steps into his job just as the economy is set to decelerate and inflation takes off." –Greg Ip

Read a roundup of economists' reactions to the Fed move and a graphic comparing the August and June Fed statements.

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August 8, 2006, 3:11 pm Lieberman's Offline

Officials from Joe Lieberman's campaign have filed a formal complaint with the U.S. attorney's office saying the Lieberman campaign Web site was hacked by outsiders. A Lieberman spokesman said the site, www.joe2006.com, crashed Monday, and campaign officials determined that the problems were caused by outsiders. "It was a coordinated effort," said Scott Overland, deputy press secretary for Lieberman's campaign.

Lieberman himself addressed the issue at a campaign stop Tuesday. "It's been hacked and sabotaged and knocked down," he said outside a cafe in downtown New Haven. Lieberman said he didn't know if those responsible were affiliated with his opponent's campaign, but "who else would have the motivation?"

A Lamont campaign spokesperson said the candidate condemned the attack and offered technical assistance to get the Web site back up and running. The site is still unavailable. –Matt Phillips

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August 8, 2006, 12:12 pm Joe vs. Iraq

Around 10 a.m. Edgewood Magnet School, New Haven, Conn. More than a dozen supporters rallied outside the school where Sen. Joe Lieberman cast his vote in the Democratic primary, chanting "Vote for who you know — Joe!" Emerging from the school, Sen. Lieberman fielded a few questions from reporters. He acknowledged that not all agree with some positions he has taken. Sen. Lieberman's support for the war in Iraq has been a focal point of Lamont's opposition. "I've always tried to do what I believe is right," he said, before boarding his campaign bus. As his bus pulled away, several of his supporters waving placards started a chant, drowning out a man who was holding an anti-Lieberman sign and shouting "The worst senator in the United States!" A nearby cameraman grumbled, "Chaos, pure chaos." Quinnipiac University's latest poll shows Lieberman closing Lamont's lead, to six points from double digits last week.– Matt Phillips

Lieberman Woes Scratch Surface of Anti-Incumbent Sentiment

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August 8, 2006, 11:36 am Lamont Loses … His Wallet

Around 7:30 a.m., Greenwich High School, Greenwich, Conn. Around a dozen photographers and camera operators swarmed U.S. Senate hopeful Ned Lamont as he arrived to vote at Greenwich High School in the leafy suburb Tuesday morning. Lamont, who arrived with his parents, his wife Annie and his children, predicted a large turnout on primary day. "We're getting

people energized," Lamont told reporters. "We're getting Democrats energized." After a brief delay to retrieve his wallet — identification is required, even for a candidate — Lamont stepped into a voting booth with his daughter Lindsay, 15 years old. "We're giving people a real choice," he said, after emerging from the voting booth. – Matt Phillips

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August 8, 2006, 8:02 am Mixed Message for Autocrats

With radicalism on the rise and battles flaring from Beirut to Baghdad to Gaza, the Bush administration's quest for democracy in the Middle East is literally under fire. So while Rice portrays the fighting in Lebanon as "the birth pangs of a new Middle East," the administration is also showing new eagerness to maintain pillars of the old Middle East — particularly America's steadiest allies in the region, the autocracies of Egypt, Jordan and Saudi Arabia.

Last month, Rice delayed her departure to the Middle East to meet with Saudi Arabia's foreign minister, Prince Saud al-Faisal, who received an unusual Sunday audience with President Bush. Rice went on to praise Egypt, Jordan and Saudi Arabia repeatedly during her trip. Hosni Mubarak, president of Egypt for 25 years, is back in Washington's good graces, after being chastised last year for his country's lackluster embrace of democratic change. Mubarak's son and heir-apparent was recently hosted by the administration, which also tamped down a congressional attempt to cut funding to the country.

"There's been a very loud sigh of relief within the White House…that there are still some stable, highly centralized countries in the region to turn to," says Aaron Miller, a veteran Middle East adviser to four administrations — including the current one. He now works at the Wilson Center, a Washington, D.C., research institution. Read the full article. – Neil King Jr. and Yasmine El-Rashidi

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August 8, 2006, 7:56 am Lieberman Test Case

Lieberman's primary fight today reflects a trend: An anti-incumbent mood is striking hardest against politicians aligned with the president, regardless of their party. One of challenger Ned Lamont's most potent weapons is a photo of President Bush planting a kiss on Lieberman's cheek after the 2005 State of the Union speech. A poll released Monday shows Lieberman making up ground, but Lamont is still ahead 51% to 45%.

In a twist, many problems dogging the Democratic incumbent may haunt Republicans, too. The trend has prompted some candidates to avoid appearances with the president and it helps to explain why many of the most endangered House incumbents are moderates who need independent and Democratic votes to win. Three of those Republican centrists are from Connecticut, and like Lieberman, they are fighting charges that they are rubber stamps for President Bush. Rhode Island Republican Sen. Lincoln Chafee, another incumbent willing to work across party lines, is facing re-election prospects as dire as Lieberman's. Read the full article. – Jeanne Cummings

See a rundown of U.S. race results, and a closer look at main Senate and gubernatorial contests.

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August 7, 2006, 7:36 pm Love That Junk Mail

Think most people hate all those pre-approved offers for credit that jam your mailbox every week? Think again.

The Federal Reserve Monday released results from consumer surveys it undertook in 2004 and 2005, and one of the more interesting findings relates to the way people view pre-approved credit offers. While more than half of cardholders said they receive six or more offers a week, and less than half of the people receiving such solicitations actually open them, more than 70% of cardholders said the government should not outlaw pre-approved offers.

Less than 21% of cardholders are even aware there's a current federal law allowing them to opt out of such offers (see optoutprescreen.com or call 1-888-5-OPT-OUT). Of those who are aware, 38% said they thought about opting out but only 20% said they actually did.

The authors of the Fed report say there's a good reason for this: All those annoying, mailbox-clogging offers are actually good for us. The "prevalence of prescreened solicitations is useful in disseminating pricing information and encouraging competitive conditions in markets for credit cards generally, even if only a small minority of recipients actually responds," the report said. The authors also found evidence of an "other guy effect" informing consumer views: 85% said they think pre-approved offers cause other people to use more credit, but only 15% admitted doing so themselves. –Christopher Conkey

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August 7, 2006, 6:00 pm DeLay Remains on the Ballot

Supreme Court Justice Antonin Scalia, handed a victory to Democrats today, swiftly denying Texas Republicans' request to remove former Rep. Tom DeLay's name from the November ballot.

Just last week, Judge Edith Clement, another conservative jurist who was considered a potential Supreme Court nominee, was part of a three-judge panel that sided with Democrats in the case when it came before the 5th U.S. Circuit Court of Appeals

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in New Orleans. The appeals court upheld an earlier ruling by District Judge Sam Sparks of Austin, an appointee of President George H.W. Bush.

Democrats want to keep DeLay on the ballot in November — even though he quit Congress and moved to Virginia — to highlight Republican troubles stemming from the Jack Abramoff scandal… He faces trial on state money laundering and conspiracy charges in Texas

DeLay has indicated he might actually campaign if his name appears on the ballot. The Democratic nominee is Nick Lampson, a former congressman.

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August 7, 2006, 4:43 pm As Ney Quits, 'Sore Loser' Law Crops Up

The Jack Abramoff scandal that rocked Capitol Hill last winter claimed its second electoral victim as Ohio Republican Rep. Bob Ney announced Monday he will abandon his re-election race. But as Republicans try to hold onto the seat, questions are arising over the "sore loser" provision in Ohio election law.

Ney, a 12-year incumbent, has not been charged. He has been named in several guilty pleas of Abramoff associates and federal officials have told him he is a target of the probe. Last month, Ralph Reed, the former Christian Coalition director and another Abramoff associate, lost a Republican primary lieutenant governor's race that was dominated by his work for the former lobbyist who has plead guilty to trying to bribe lawmakers.

The move is likely to improve chances that the mostly rural seat remains Republican. A special primary is expected to be scheduled before the Aug. 23 deadline for candidate filings, but several issues are likely to be hashed out in court before the primary.

State Sen. Joy Padgett, Ney's hand-picked successor for his seat, could fall under a little-known provision of Ohio election law, dubbed the "sore loser" provision. It prevents a candidate who loses in one primary from running in another during the same election cycle. Earlier this year, Padgett was the primary running mate of gubernatorial hopeful James Petro, who lost to the ticket of Ken Blackwell and his running mate, Ohio State Rep. Tom Raga.

Even if Padgett succeeds in getting her name on the new primary ballot, the controversy could invite other Republicans to jump into the unexpected race. James Harris, who lost to Ney in the Republican primary in May, said he's considering running again — although the sore loser provision may apply to him, too.

The winner will face Democrat Zack Space, the Dover City attorney, who had made allegations of corruption a centerpiece of his campaign against Ney. The two sides had battled over polling data, with Space claiming a double-digit lead while Ney bragged about a razor-thin one.

The departure of Ney will give Space an early financial advantage he's not enjoyed until now. He's raised more than $450,000 and has $200,000 in the bank, according to June disclosure reports. Ney, who was chairman of the House Administration Committee, had a campaign kitty of $1.3 million. He's spent more than $900,000 of that, but still had twice as much cash as Space at the end of the reporting period.

In a brief statement, Ney said he decided not to put his family through the ordeal of a nasty re-election campaign. He plans to finish his term, which expires in January. –Jeanne Cummings

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August 7, 2006, 3:36 pm EEOC Chairman Dominguez to Step Down

Equal Employment Opportunity Commission Chairwoman Cari Dominguez says she'll leave the agency at the end of this month – following months of speculation within the commission that her departure was imminent.

EEOC employees said Dominguez, the second-longest-serving head of the commission, wanted to leave in March after she put in place a plan to restructure the agency, but was asked by the White House to remain through her full term. Opponents of the reorganization said she effectively scaled back some of the larger offices and limited their ability to address employment discrimination.

Commission Vice-Chairwoman Naomi Earp will become acting commissioner on Sept. 1.

Each year, the EEOC receives some 80,000 complaints alleging workplace discrimination but finds enough evidence of violations to file about 350 lawsuits against employers. With Dominguez's departure, the agency will have two Democrats and two Republicans, meaning it could face voting deadlocks until a new appointment is made. In recent weeks, the American Federal of Government Employees and other groups have joined together to highlight what they called crisis in staffing; a hiring freeze has been in effect since 2001, leading to a loss of 20% of the agency's work force.

Dominguez said in an interview that she and President Bush had agreed earlier this year that she would remain with the commission and complete several of the projects she had begun. "There have been several things I really wanted to see through, one of which clearly had to do with trying to get closer to our customers through the national contact center," where

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complaints can be translated from some 150 languages, she said. Dominguez also said she wanted to keep up momentum on the agency's increasing number of disability cases.

– Gary Fields

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August 7, 2006, 8:04 am Eminent Domain on State Ballots

When a divided court ruled in Kelo v. New London that private landowners had no constitutional grounds to resist eminent-domain property seizures, it effectively kicked regulation of government condemnation suits back to the states. The reaction has been swift: Several states are considering laws that would limit a local government's ability to exercise eminent domain, or the taking of private property for public purpose. Other measures that voters are likely to consider deal with "takings," or government restrictions on private property, such as zoning and building regulations.

In Ohio last month, the state Supreme Court ruled that cities must have a specific reason to seize private property under eminent domain and can't rely on broad justification like economic development to force unwilling landowners to sell. This fall, voters in several states will decide on property-rights proposals.

In the South, four states are entertaining ballot proposals that would tighten the eminent-domain process. A Florida initiative requires local governments to sell expropriated property back to the owners if the land isn't used for the stated purpose, while ballot initiatives in Georgia and South Carolina would crimp government use of eminent domain. In populist-leaning Louisiana, a ballot proposal would prevent local or state government from condemning property and then transferring it to another individual or group, a measure that could affect how the state rebuilds after two devastating hurricanes last year. Read the full article. – Christopher Cooper

The Show Goes On ...

Aug.8, 2006

Blogging the Connecticut Primary

Aug.8, 2006

ABOUT THIS BLOG

The Washington Wire, which is among the most venerated products of the Journal's Washington bureau, also is one of the oldest standing features in American journalism. Since the Wire was launched on Sept. 20, 1940, the Journal has offered readers an informal look at the capital's comings and goings in a series of newsy, and sometimes even gossipy, items. Now online each weekday, the Wire provides a succession of glimpses at what's happening behind hot stories and early warnings of what to watch for in the days ahead. The Wire is the collective product of the Washington bureau, some 40 journalists strong. Write to Washington Wire at washwire@wsj.com.

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See several key resources, including The Wall Street Journal/NBC News poll, a roundup of Senate and gubernatorial races and links to government, political and public-policy Web sites.

Bolster Infantry Forces (WT)

By Robert H. Scales

The Washington Times, August 10, 2006

Trapped in the studio for hours at a time, I find myself staring at video images that continually shift between those of Israeli soldiers marching off into the night to engage Hezbollah and innocent Lebanese women and children being pulled from collapsed houses, the victims of errant Israeli airstrikes.

The two images reflect the dilemma that the Israeli military faces in this war. They can fight the enemy on the ground, lose too many soldiers and suffer condemnation at home, or bomb from the air, kill civilians and suffer condemnation from the global community. The American military has been dealing with precisely the same dilemma for more than four years in Iraq and Afghanistan.

At first glance the aerial approach to solving the dilemma seems the lesser of two evils. But the tragic bombing in Qana highlights the increasingly unacceptable human costs of relying on precision killing from the air to achieve what are essentially human objectives inherent in wars such as these.

Plus the aerial solution is very expensive. Since the end of the Gulf War, we have spent almost $1.5 trillion dollars building aircraft, precision bombs, sensors, satellites and unmanned aerial vehicles in an effort to track and kill an ever more elusive and skillful enemy from the air. In spite of the cost, we still look first to solving military challenges with precision killing. It's in our cultural DNA.

Experience in Afghanistan, Iraq and now in Lebanon has taught al Qaeda, Hamas and Hezbollah how to lessen the killing effects of Western weapons by choosing to fight in urban areas, where they can disperse and hide among the innocents. The

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race between precision-killing technologies and an elusive enemy is a contest that neither Israel nor the United States can win. How many more examples are needed to prove that an insurgent can find ways to adapt faster than we can develop the technologies to find and kill him from the air without harming innocent civilians?

What about the ground alternative? Haven't Israeli losses in places like Bint Jbeil (or Marine losses in Fallujah) shown that it's too expensive in soldier's lives to confront the enemy on his turf? Haven't we learned in places like Korea and Vietnam that tactical close fighting on the ground is exactly what the enemy wants? Maybe. But experience in Lebanon seems to have resurrected once again the concern that perhaps we haven't tried, really tried, to find ways and means to engage an insurgent on the ground without suffering excessive casualties.

Note that most Israeli dead suffered so far come from the Golani Brigade, an elite light infantry unit. In this country almost four out of five dead suffered at the hands of the enemy since World War II have been light infantry, a force that comprises less than 4 percent of our military — to be sure, body armor, night-vision devices and superior supporting fires from aircraft and drones flying overhead have made today's light infantry more effective and have saved lives.

But these are differences in capabilities that a determined enemy can offset with its familiarity with the terrain and affinity with the local population. The bottom line is as simple as it is startling: Except for better training, morale and leadership, Israeli and American light infantry go into battle today with a cumulative advantage not much better than their grandfathers had in Vietnam or during the Six-Day War.

If we are to win the long war against radical Islamism we must fix this problem. During the past half century we have invested pennies on the defense dollar to keep light infantry alive in battle. That's why we know far less about the science of ground warfare than we know about the science of air warfare.

There are many areas that desperately need attention if we are to commit to keeping light infantry alive in battle. Just a few: Put precision small arms in the hands of infantry; give them better networks to connect them to the outside world and to each other; provide even better personal protection from small arms; and most importantly, find a technological breakthrough that will conceal light infantry as it rushes across the last 50 meters, the so-called "deadly zone" where most of them die.

Keeping our soldiers alive should be a national — not a service — effort. The Army and Marine Corps are too consumed with fighting today's battles to take on this task alone. If the nation would commit to an expansive long-term program done in a manner similar to the effort that gave us absolute dominance in the air, we might begin to find ways to destroy Hezbollah and its evil clones without losing too many more precious Israeli and American lives.

CORPORATE SCANDALS:

3 Charged With Stock-option Backdating (USAT)

By Elliot Blair Smith

USA Today, August 10, 2006

Three former executives at Comverse Technology systematically backdated company stock options, taking advantage of market gains to fraudulently pocket millions of dollars, the government charged Wednesday in criminal and civil complaints against the former officials.

Former CEO Jacob “Kobi” Alexander, 54, a prominent Israeli businessman who did not appear at his arraignment and is considered a fugitive by U.S. authorities, is accused of masterminding a securities-fraud conspiracy, assisted by former chief financial officer David Kreinberg and former general counsel William Sorin, according to lawsuits filed by the U.S. Attorney's Office in Brooklyn, N.Y., and the Securities and Exchange Commission.

Kreinberg, 41, and Sorin, 56, were arrested and freed after posting bonds of $1 million each. The defendants and Alexander's attorney could not be reached for comment. Comverse spokesman Paul Baker said, “The company has cooperated fully with the (Department of Justice) and the SEC and will continue to do so.” Comverse and two publicly traded affiliates, Ulticom and Verint Systems, sell sophisticated communications services.

All three companies have said they may have to restate past financial filings if they discover they overstated profits and understated compensation expense due to the allegedly improperly dated options.

For the first time in the fast-spreading scandal, in which at least 80 U.S. companies have acknowledged government inquiries into options-granting practices, the government was able to draw on accounts given by executives to internal investigators to implicate the executives in the backdating of stock options.

A stock option is the right to purchase a share at a fixed price in the future. Under Comverse's stock-option plan, awards were to be made at market value on the securities' grant date. Below-market grants should have been accounted for as charges on the financial statement.

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FBI Special Agent Kevin Riordan filed an affidavit stating that Alexander and Kreinberg repeatedly lied to an attorney conducting an internal review, manufacturing evidence to defend the options grants and then providing rationalizations “when the story they delivered began to fall apart.” Comverse launched its review in March, in response to a Wall Street Journal report estimating the odds at 1-in-6 billion that company officials could time the favorable option grants by chance. The three executives quit days later.

Alexander reaped $138 million from cashing in options from 1991 through 2003, including $6.4 million the government attributes to backdating. Kreinberg and Sorin each pocketed $1 million from backdated options, the government says.

According to the criminal complaint, Alexander ultimately justified the backdating by saying all his company's competitors were “doing it” to recruit and retain talent. The government contends Comverse went so far as to establish a roster of phony grant recipients, which a secretary coined the “I.M. Fanton” account after seeing the musical play Phantom of the Opera. The executives allegedly drew from it to reward favored employees while deceiving the board and auditors.

3 Charged As Probe Into Options Widens (WP)

By Carrie Johnson

The Washington Post, August 10, 2006

Federal prosecutors unsealed criminal conspiracy charges yesterday against three former senior executives at a New York software maker, accusing the men of turning back the clock to reward themselves and favored employees with millions of dollars in stock profits.

Authorities accused the former Comverse Technology Inc. officials of misleading investors by backdating stock option awards and creating a slush fund to benefit top employees without properly disclosing the compensation to board members.

The rapidly evolving scandal over stock options comes as shareholders and securities regulators are expressing renewed concern about excessive executive compensation and whether companies are fudging the amount of pay and perquisites they offer their leaders.

The criminal charges increase pressure on the scores of U.S. businesses -- from Apple Computer Inc. to Monster Worldwide Inc. -- that have launched internal probes of past stock option practices in recent weeks. Well over a dozen companies have delayed filing financial reports as they await the results of investigations. The FBI is pursuing 45 backdating cases, and regulators at the Securities and Exchange Commission are examining 80 companies, law enforcement officials said at a news conference in Washington.

Acting Assistant FBI Director James "Chip" Burrus called the behavior a "deceitful abuse of corporate power" and said that options backdating represents "the newest trend in investor fleecing" after accounting scandals at Enron Corp. and WorldCom Inc. in recent years.

"It's the corporate equivalent of placing a bet after the race has been won," Burrus told reporters.

Options give employees the right to buy stock at a set price and within a specific time frame. People profit based on the difference in price on the date of the award and the date they actually sell the stock.

In backdating cases, executives selected award dates after the fact that happened to mark low points in the company's stock price, increasing the likelihood that they would receive a windfall. Although backdating options is not necessarily illegal, companies must follow certain steps, including obtaining board approval and adequately informing investors.

Authorities said the practice, common during the 1990s tech boom, often broke accounting rules in place at the time and hurt investors because they were not informed of the stock discounts that executives received.

Deputy Attorney General Paul J. McNulty called the options problem "extensive" but cautioned that prosecutors would weed out cases of "sloppiness" from those where there is clear intent to deceive shareholders. In the first criminal stock options case, filed last month, prosecutors maintained that former Brocade Communications Systems Inc. executives doctored board minutes.

In yesterday's charges, the government cited options awards made to "phantom" employees, alleged tampering with a computer database, and potentially damaging statements that the accused Comverse executives made to company lawyers, including a comment that "everyone" across the technology sector had engaged in the practice.

Adding a surreal element to the case, former Comverse chief executive Jacob "Kobi" Alexander failed to surrender yesterday to authorities, who issued a warrant for his arrest. Defense attorneys declined to comment on his whereabouts, as Justice Department officials said they were "getting ahold of him." A dual citizen of Israel and the United States, Alexander secretly transferred $57 million to bank accounts in Israel over the past few months, officials said. Federal prosecutors in the Eastern District of New York moved yesterday to freeze $45 million more in his U.S. investment accounts.

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Former Comverse finance chief David Kreinberg and former general counsel William F. Sorin turned themselves in to the FBI and appeared before a federal magistrate in Brooklyn, where each was released on a $1 million bond. They have yet to respond to civil SEC charges, also filed yesterday. Attorneys for the men declined to comment.

In all, regulators say, Alexander collected $6.4 million, and the other two officials each reaped at least $1 million using backdated stock options. Those profits came on top of $138 million in stock sales by Alexander, $12.6 million in stock sales by Kreinberg, and $14 million by Sorin in recent years, prosecutors said. The trio often received two or three times as many stock options as other employees.

Law enforcement officials said the scheme at Comverse, a provider of voice-mail software, quickly unraveled after reporters began to ask the company questions in March. By early May, all three men had resigned and prosecutors had issued a subpoena for corporate records.

At Alexander and Kreinberg's direction, an unnamed Comverse assistant created a slush fund filled with stock options for phony employees and named the account "I.M. Fanton," after seeing "Phantom of the Opera," court papers said. The assistant later renamed the fund "Fargo," after the movie of the same name, after "thinking better of the wisdom of calling it 'Phantom,' " according to a lengthy sworn statement filed by FBI special agent Kevin Riordan. Executives hid the account from outside auditors and eventually closed it in 2002, as awareness of corporate fraud investigations heightened.

Eventually, in March of this year, the trio met with lawyers in Manhattan, where they explained that there might be "issues" with Comverse's past options maneuvers. Alexander and Kreinberg later disclosed the existence of the "phantom" slush fund in statements that the outside lawyers turned over to prosecutors in the office of Roslynn R. Mauskopf, the U.S. attorney in Brooklyn.

3 Former Comverse Execs Accused In Plot (AP-YBIZ)

By Tom Hays, Associated Press Writer

AP, August 10, 2006

3 Former Comverse Technology Execs Accused in Stock Option Plot

NEW YORK (AP) -- Three former top executives for leading voicemail software maker Comverse Technology Inc. -- including one who may have fled the country with nearly $60 million -- hatched a scheme to secretly manipulate stock options for profit, authorities charged Wednesday.

A criminal complaint unsealed in federal court in Brooklyn alleges that former Chief Executive Kobi Alexander, former finance chief David Kreinberg and former senior general counsel William Sorin conspired to falsify dates on which the options were granted by the company.

Kreinberg, 41, of Teaneck, N.J., and Sorin, 56, of New York, surrendered Wednesday morning to the FBI, authorities said. They were released on $1 million bond each and left the courthouse without speaking to reporters. Alexander, 54, was not in custody.

Authorities said Alexander, a dual citizen of the United States and Israel, in recent months transferred $57 million to Israel, fueling speculation he may have fled there.

Officials refused to discuss his whereabouts. A telephone call to his attorney, Robert Morvillo, was not immediately returned Wednesday.

Besides filing criminal charges, authorities also "initiated action to freeze bank accounts worth $45 million used to launder the proceeds of the scheme" and "initiated forfeiture proceedings," Deputy Attorney General Paul J. McNulty said at a Washington, D.C., news conference.

The defendants were accused of making stock options more lucrative by backdating their exercise price to a low point in the stock's value. Usually, a stock option's exercise price coincides with the market value at the time of a grant to give the recipient an incentive to drive the price higher.

"By backdating these options, the defendants, in effect, gave themselves and others an opportunity to place a bet in the middle of a race -- a bet that paid off handsomely," U.S. Attorney Roslynn Mauskopf said in a statement.

From 1991 through 2005, Alexander exercised options and sold stocks worth approximately $150 million, making $138 million profit, according to the criminal complaint. Of that, about $6.4 million was generated by backdating options.

In addition, the company put hundreds of thousands of backdated options in a secret slush fund concealed with false documents prepared by Kreinberg, the complaint said. Alexander awarded those options to "favored employees," the papers added.

The Securities and Exchange Commission filed related civil charges on Wednesday against Alexander, Kreinberg and Sorin, seeking restitution of ill-gotten gains and compensation, unspecified civil fines and a ban against them serving as officers or directors of any public company.

More than 80 companies are under federal investigation by the Department of Justice, the SEC or both, or have started internal reviews of possible manipulation of options grants to increase their value to the recipients.

"Shareholders have a right to full, complete and accurate information regarding executive compensation," said SEC Enforcement Director Linda Thomsen. "As alleged, the backdated option grants and secret option slush fund was a deceit of the highest order upon Comverse Technology Inc.'s shareholders."

If companies backdate options without accounting for the move, it can cause profits to be overstated and taxes to be underpaid. The financial manipulation also exposes companies to possible fraud charges.

The Department of Justice has already brought criminal charges against Brocade Communications Systems Inc.'s former CEO, Gregory Reyes, and is investigating other cases. Reyes is free on a $2 million bond.

More than 20 of the companies entangled in the stock option imbroglio are in Silicon Valley, where the incentives first became a staple of compensation packages for rank-and-file employees as well as top executives.

AP Business Writers Marcy Gordon and Kasie Hunt in Washington contributed to this report.

Dating Game Stock-Options Criminal Charge: Slush Fund And Fake Employees (WSJ)

By Charles Forelle And James Bandler

The Wall Street Journal, August 10, 2006

Kobi Alexander's stellar business career began to unravel in early March with a call from a reporter asking why his stock options had often been granted at the bottom of sharp dips in the stock price of the telecom company he headed, Comverse Technology Inc.

According to an affidavit by a Federal Bureau of Investigation agent, unsealed in Brooklyn, N.Y., the call to a Comverse director set off a furious chain of events inside the company that culminated yesterday in criminal charges against Mr. Alexander and two other former executives. Federal authorities alleged the trio were key players in a decade-long fraudulent scheme to manipulate the company's stock options to enrich themselves and other employees.

WALL STREET JOURNAL VIDEO

Deputy Attorney General Paul McNulty1 details the options-backdating charges against three former Comverse executives.

MORE ON OPTIONS

· Law Blog: Reporter calls, Comverse scrambles2

· Text of criminal complaint against former Comverse executives3

· Options Scorecard: Companies under scrutiny4

· Perfect Payday: Complete coverage5

After the March 3 phone call from a Wall Street Journal reporter, the FBI affidavit said, Mr. Alexander and the other two executives, former chief financial officer David Kreinberg and former senior general counsel William F. Sorin, attempted to hide the scheme. Their actions allegedly included lying to a company lawyer, misleading auditors and attempting to alter computer records to hide a secret options-related slush fund, originally nicknamed "I.M. Fanton." It wasn't until a dramatic series of confessions later in March, the affidavit said, that the executives admitted having backdated options. The trio resigned in May.

The criminal and civil charges leveled against the former executives mark an escalation in the widening federal investigation into whether some companies doctored stock options to benefit insiders. More than 80 companies are being investigated so far. The Comverse case is the first in which authorities allege that top executives personally benefited. The three former executives personally gained a total of more than $8 million from the backdating scheme, the FBI affidavit estimated.

The 50-page affidavit and a related civil complaint filed by the Securities and Exchange Commission offer an unusually detailed account of how a blatant backdating scheme allegedly went on for years in the top ranks of a large corporation. The SEC alleged that Mr. Alexander looked back at Comverse's past stock trading and cherry-picked dates for the options grants when the price was low, making the options more valuable. Mr. Sorin then allegedly misled members of the board compensation committee by getting them to sign paperwork with the prior grant dates already filled out, the government charged.

Stock options, which have become the primary form of compensation for many top executives, give recipients the right to buy the company's stock at a certain exercise or "strike" price. They typically are set at the stock's fair-market value at the time of the grant, giving recipients an incentive to make the stock rise and profiting them only if it does. Manipulating grants to give a lower strike price effectively hands recipients potential for additional profit. It also can cause a raft of accounting and tax problems, not to mention criminal or civil liability for those responsible.

Officials from the Justice Department, SEC and FBI announced the charges in Washington. "When options are backdated to a time when the share price was lower, and without honest disclosure, those options are simply theft from shareholders," said Deputy Attorney General Paul McNulty.

Messrs. Kreinberg and Sorin surrendered to FBI agents yesterday morning and appeared before a federal magistrate in Brooklyn in the afternoon. They entered no pleas, and bond was set at $1 million each. Lawyers for the two men declined to comment after the hearing.

Mr. Alexander's whereabouts weren't clear, and a warrant has been issued for his arrest. Justice Department officials declined to say whether they knew where Mr. Alexander was or whether he was considered a fugitive. An attorney for Mr. Alexander, Keith Krakaur, declined to comment on the federal charges.

The SEC alleged that the backdating scheme led Comverse to overstate its profits from 1991 through 2005. The company has admitted to accounting problems and said it will restate financial results. In a statement yesterday, Comverse said it had cooperated fully with federal authorities and would continue to do so.

Officials said Comverse provided the government with information obtained during internal investigations, and that they expected those charged would challenge the admissibility of statements made to company lawyers.

DESKTOP NEWS ALERTS

6

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Mr. Alexander is a dual citizen of the U.S. and Israel. Prosecutors moved to seize more than $45 million in assets held in accounts at a New York financial institution after they alleged he recently wired $57 million to Israel. Prosecutors in court papers alleged that the transfers were "designed to conceal the tainted funds from U.S. authorities."

According to the SEC, the backdating scheme stretched back to 1991, when Comverse was a scrappy player challenging much larger rivals in the telecommunications industry.

The company had its roots more than a decade earlier, when Mr. Alexander, son of the head of Israel's national oil company, moved to the U.S. after studying economics. In the late 1970s, he worked as an investment banker while earning a business degree at night.

He and an Israeli engineer hatched the idea of starting a voice-mail technology company, according to a 1990 article about Mr. Alexander in Newsday. Based in New York, Comverse eventually became a world leader in the field, making software and hardware systems behind the voice-mail services for corporate, government and wireless phone networks. It now has more than 5,000 employees and about $1.2 billion in annual revenue.

Some say the company reflects the exacting personality of Mr. Alexander, who served in an elite unit in the Israeli army. "He's a tough guy, a tough person. The company took on his toughness," said Mark McIlvane, a former Comverse marketing executive. He added that Mr. Alexander kept a tight rein on costs during the early days of the company, even objecting if employees rented too large a car.

A finance and strategy specialist, Mr. Alexander, 54 years old, was able to propel Comverse ahead by securing important contracts with "Baby Bells" and overseas phone companies. In 1997, Comverse, then big in Europe, expanded in the U.S. by buying a competitor. Comverse became a family affair for the Alexanders, with Mr. Alexander's father, sister and brother-in-law, a co-founder, serving at various times on the board.

Mr. Sorin, 56, is one of Mr. Alexander's closest associates. He has been with the company since 1984, having served as a director and corporate secretary. The Harvard Law-educated attorney reviewed and signed the company's annual reports, and also drafted and reviewed its proxy statements and stock-option plans, the government said.

Mr. Kreinberg, 41, who joined in 1994, had been at the company's auditor, Deloitte & Touche LLP. He became chief financial officer in 1999.

As is the practice at many companies, the compensation committee of the board approved stock-option grants at Comverse. Approvals weren't official, according to federal authorities, until the committee members voted on them or signed documents indicating their assent. The SEC said Comverse's option grants came whenever Mr. Alexander chose to set the process in motion. According to federal authorities, he would look over recent trading in the stock and pick a day when the price had dropped, pretending the options had been awarded on that date, which would be more favorable to options recipients. After 1998, Mr. Kreinberg also helped with the date-selection process, the government asserted.

It said Mr. Sorin, who was responsible for interactions with the compensation committee, in effect tricked it. Mr. Sorin first would call committee members to say options-granting paperwork was on its way. He or an assistant would send members written "consent" forms to approve the grants, which bore the selected dates and said the options were to be granted "as of" those dates, the SEC said.

The account said committee members would sign the forms, which didn't contain any place for them to indicate when they signed -- the only date on the forms being the earlier date that had been chosen. "This was done to conceal the true date of the

grant," the FBI affidavit stated. In some cases, it said, directors didn't sign the forms until weeks or months after the purported grant date.

In the affidavit, FBI special agent Kevin Riordan said two compensation-committee members told him they assumed the "as of" date on the consent forms they later received was the day Mr. Sorin had called them. It was not, the affidavit said, adding: "No corporate action whatsoever occurred on the 'as of' dates." The FBI agent added in his affidavit that the two committee members told him they didn't realize the grant carried a lower trading price and that they "did not intend to grant in-the-money options."

One member of the compensation committee for an extended period was Mr. Alexander's sister, Shaula Yemini. She described a similar practice as the other two committee members, the affidavit said.

All told, the SEC said at least 26 stock-option grants were backdated in this way from 1991 to 2001.

A grant dated July 15, 1996, appears at first blush to be a feat of remarkable timing. That day, Comverse shares closed at $23.75; the grant carried that "exercise price," entitling recipients to potentially profit from any rise above that level. That date is the bottom of an icicle-like dip in Comverse's stock chart; shares jumped 13% the next day and by the end of the year had reached more than $37.

Mr. Alexander received 100,000 options, nearly a quarter of those granted. The SEC said options were distributed "company-wide."

The grant really wasn't made that date, the SEC asserted, but instead, Mr. Alexander picked the date after "looking back at [COMVERSE'S]trading history." The agency said directors' consents were likely signed two months later, around Sept. 10, though as usual the signatures weren't dated. The stock closed at $36.50 on Sept. 10, so Mr. Alexander's 100,000 options dated July 15 carried $1.275 million more in potential profit than if they had borne the Sept. 10 price.

As Comverse expanded, so did its option grants. In one dated Oct. 18, 1999, the company gave out 3.8 million options at an exercise price of $93 per share -- on a date later selected by Messrs. Alexander and Kreinberg, according to the SEC. The agency said Mr. Sorin didn't send the consent forms to directors until Nov. 23, 1999, by which time the stock price was above $127.

The difference meant $130 million in extra potential profit to the 1,633 grant recipients, the SEC calculated, with the extra potential amount for Mr. Alexander alone at $10.7 million.

A slush fund was formed in 1999, during the frenzied run-up of tech stocks, according to the FBI affidavit. Its purpose, authorities said: to hide extra options that Mr. Alexander could dole out to favored employees, particularly to keep them out of the arms of competitors.

The slush fund was initially called "I.M. Fanton" in the company's computer system, the affidavit said. The name, according to the affidavit, was the brainchild of an unnamed assistant, who dreamed it up after seeing "Phantom of the Opera." The person apparently thought better of the name, the affidavit said, and later changed it to "Fargo," after a Coen Brothers black comedy about bumbling criminals.

The government alleged that Messrs. Alexander and Kreinberg populated the slush fund with options by telling the assistant to create dozens of phony employee names to be mixed in with real people on the list of options presented to directors for approval. The assistant merged first and last names of acquaintances to make the bogus names, the affidavit said. Hundreds of thousands of options were thus approved with no real recipient, the government said.

In 2001, Messrs. Alexander and Kreinberg told the assistant to give 10,000 options apiece to 25 more fake employees, the affidavit said. The board unknowingly approved these, too.

In August 2000, Messrs. Alexander and Kreinberg directed the transfer of 48,000 slush-fund options to an Israeli executive displeased with his pay, the affidavit said, adding that Mr. Alexander also directed that the "vesting period" of the options be changed so the executive could cash them out immediately. The executive did, making an instant $2 million, the affidavit said.

In doing its 2001 audit, Deloitte asked for documentation related to stock-option grants. According to the SEC, Mr. Kreinberg instructed an assistant to give the auditors a computer printout of grants but remove a page relating to the Fargo slush-fund options.

On the first Sunday in March, Messrs. Alexander, Kreinberg and Sorin gathered with another company lawyer at Comverse's offices to discuss the Wall Street Journal inquiry, the government said. The Journal's call in early March was occasioned by a remarkable pattern in the eight grants to Mr. Alexander between 1994 and 2001. All but one were dated just before a sharp run-up in company shares; the Journal's analysis figured that the odds of the grant dates falling as they did purely by chance was around one in six billion.

According to the FBI affidavit, Mr. Alexander denied to the company lawyer that there'd been backdating, stating that he had noticed a dip in the stock price and decided that very day to grant the options. Messrs. Alexander, Kreinberg and Sorin stuck with that account for several days.

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After meeting with their own lawyers, the three began to backtrack, the government said. In a later meeting with an in-house lawyer, the trio said there might be "some issues" because "hypothetically speaking," phone calls to the compensation committee weren't made on the dates of the grant, according to the affidavit. It added that Messrs. Alexander and Kreinberg "importuned" the in-house lawyer "to handle the internal investigation personally instead of hiring independent counsel." The next day, Comverse's board formed a special committee to investigate the matter.

Around the same time, according to the FBI, Mr. Kreinberg told a Deloitte partner the company's options grants were legal and blamed any discrepancies on a prior chief financial officer. The FBI affidavit called the statements "lies." Mr. Alexander later defended the backdating on the ground that everyone in high technology was "doing it" and Comverse stock was going crazy, the affidavit said.

As company lawyers in March continued to press Messrs. Alexander and Kreinberg about the options' unusual timing, Mr. Kreinberg apparently realized the slush-fund options might be a problem, the affidavit said. Around March 10, the same day the board committee was formed, he used an assistant's password to change the date when the phantom account had been closed. He changed it to a day in 2002 when lots of activity occurred, so that investigators would be less likely to detect it, the affidavit said.

But Mr. Kreinberg apparently realized that his actions would leave a computer trail, the affidavit continued, and tried to reverse the change. Calling himself an "idiot," he asked an assistant to make a minor change to every account record, to cover up his tampering, the FBI affidavit stated.

Comverse's stock traded at $19.37 on the Nasdaq market yesterday, down 15 cents on the day but off about 35% since the options problem surfaced in March. The shares had reached a stock-split-adjusted price of more than $121 in early 2001.

3 At Comverse Charged In Stock Options Case (NYT)

By Julie Creswell

The New York Times, August 10, 2006

Perhaps, in hindsight, naming a company account after “Phantom of the Opera” was not a good idea.

Describing a brazen scheme to manipulate the granting of options, federal prosecutors in Brooklyn charged three former executives of Comverse Technology with mail, securities and wire fraud yesterday. The three executives, prosecutors said, used fictitious employees to create a secret slush fund of options to be distributed to favored employees.

Two of the executives, David Kreinberg, the former chief financial officer, and William F. Sorin, the former general counsel, were arraigned yesterday in Federal District Court in Brooklyn, where they were released on $1 million bail each, secured by their homes.

But the third, the former chief executive, Jacob Alexander, 54, who had built Comverse, a communications software maker based in New York, into a $1 billion market leader, did not appear in court and is believed to have fled the country to either Germany or Israel, according to a person briefed on the investigation.

Mr. Alexander, known as Kobi, is a highly regarded executive in Israel, where he once owned a stake in a Tel Aviv professional basketball team and where Comverse has extensive business operations. In late July, he wired $57 million to an account in Israel, according to Justice Department court filings. Millions of dollars more are believed to remain in Mr. Alexander’s Citigroup Smith Barney accounts in the United States, which prosecutors have asked to be frozen. Yesterday, a warrant was issued for his arrest.

The criminal case against the Comverse executives, who all resigned from the company in May, is the second involving the manipulation of stock options. Last month, federal prosecutors in San Francisco charged the former chief executive of Brocade Communications Systems and its former head of human resources with securities fraud.

The Comverse case is the first to be brought by federal prosecutors in Brooklyn. The Securities and Exchange Commission also filed a civil complaint against the three men yesterday.

“In what can only be called an abuse of corporate power, these executives, through fraud and deceit, rewarded themselves and their friends at the expense of the investing public,” said James W. Burrus Jr., the acting assistant director of the Federal Bureau of Investigation, at a news conference in Washington yesterday.

Mr. Burrus said that the F.B.I. was investigating 45 cases involving the backdating of options. More than 80 companies nationwide are now under investigation over their options practices by the S.E.C. or by federal prosecutors in San Francisco, Brooklyn and Manhattan.

Lawyers for Mr. Alexander, of New York, and Mr. Kreinberg, 41, of Teaneck, N.J., declined to comment on the charges. A call to a lawyer for Mr. Sorin, 56, who lives in New York, was not returned.

Prosecutors contend that the three men devised a complex scheme to backdate every companywide grant of options between 1998 and 2001 to days when Comverse’s stock was trading at lower prices.

Options give an employee the right to buy a stock at some point in the future at the price of the stock on the day it was granted, commonly referred to as the strike price. The lower the strike price, the more an option is worth to the recipient. By dating the options back to a time when the stock was trading at a lower price, the recipient receives even bigger profits.

But it was the top executives themselves who profited most from the scheme, prosecutors said.

Between 1991 and 2005, Mr. Alexander made profits of $138 million on options he exercised and stock he sold, prosecutors said. About $6.4 million of that profit was a result of backdated options, prosecutors say.

Likewise, Mr. Kreinberg exercised options and sold shares for profits of about $13 million and Mr. Sorin for about $14 million, according to court filings. Around $1 million of the profits for each of the men came from backdating, prosecutors said.

"Each of the former executives realized substantial personal gains from the exercise of the illegally backdated option grants and the subsequent sell of Comverse common stock," said Linda Chatman Thomsen, the director of enforcement at the S.E.C. "Collectively, they realized millions."

The criminal charges are a very public fall from grace for Mr. Alexander, who is credited with turning Comverse — once a penny stock on the verge of failure — into a market leader in voice-messaging software with global operations and annual revenues of more than $1 billion. Comverse has said it would have to restate financial results dating back to 2001 and possibly even further.

Described by several former employees as a meticulous, intelligent man, Mr. Alexander is portrayed in the criminal complaint as someone who paid attention to the smallest detail at the company. ("How many C.E.O.'s do you know who reads every word of the footnotes?'' he told an employee, according to the complaint.) Mr. Alexander held a bachelor's degree in economics from Hebrew University of Jerusalem and a master's degree in finance from New York University.

The other two men had sterling credentials as well. Mr. Kreinberg was previously a senior manager at Deloitte & Touche, the company's outside auditor, and Mr. Sorin was a Harvard-educated lawyer who, colleagues said, has a fondness for stride, a type of piano jazz that flourished in the 1920's. Mr. Sorin was general counsel from the company's inception in the 1980's through 2003.

According to court filings, the backdating of options began when an assistant who is unnamed in the court filings took on the job of compiling lists of employees for whom stock option grants were being proposed, for consideration by the board's compensation committee. The assistant kept a record of the employee names, option awards and dates in a spreadsheet through a software program called Equity Edge.

It was around this time that Shaula Yemini, Mr. Alexander's sister, joined the board and became a member of the compensation committee. (Mr. Alexander's father, Zvi Alexander, was a board member for several years but did not sit on the compensation committee.)

According to information provided to the government by the assistant, Mr. Alexander or Mr. Kreinberg instructed the assistant at various times to insert earlier dates — when Comverse's stock was trading a lower price — as the dates the stock options had been granted, although that was not true. Mr. Sorin would then place calls to members of the compensation committee to discuss the number of options that were to be awarded.

Two long-serving members of the committee told prosecutors they assumed that the option grants were dated on the date of the telephone calls. In fact, the calls came after the dates of the grants, prosecutors say.

Around 1999, Mr. Alexander and Mr. Kreinberg instructed the assistant to create a secret account for options that the two could give to employees at Mr. Alexander's discretion, as incentives for recruitment and retention.

The assistant, who had recently watched "Phantom of the Opera," named the account "I.M. Fanton," in an altered rendering of "phantom," according to court documents. (Later, the assistant renamed the account "Fargo," apparently after the movie of that name.)

Mr. Alexander and Mr. Kreinberg told the assistant to put dozens of fictitious names on the list of employees proposed to receive options grants, awarding the fake employees about 5,000 options each to avoid attracting the compensation committee's attention, according to the complaint.

After the compensation committee approved the list, the assistant aggregated at least 200,000 options into the Fanton/Fargo account.

Over time, options from the slush fund account were transferred to real employees. In August 2000, the complaint said, the assistant was told to transfer 48,000 options from the account to a top executive in Israel because the executive was unhappy with the level of compensation.

The options, as is typical, had a four-year vesting period, meaning they could be exchanged for stock after four years. But Mr. Alexander told the assistant to make the options exerciseable immediately.

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The Israeli executive, who is not identified in the court documents, exercised the options the next day when the stock was trading at nearly double the exercise price and immediately sold the stock for an “instant $2 million profit,” the court documents say. The same executive received another $2 million windfall four months later.

When questions about the company’s options practices began to arise, the three executives scrambled to hide the account from the board, a special committee formed to investigate the practice and the firm’s outside auditor.

“When the story they delivered began to fall apart, they began to make admissions about their conduct, yet tried to justify their unlawful behavior,” the complaint says.

Mr. Kreinberg, the former chief financial officer, even tampered with evidence as the special committee was being formed to investigate the options backdating, prosecutors said. Using the assistant’s password, Mr. Kreinberg gained access to the options database and altered dates, the complaint said.

In conversations with lawyers for Comverse, Mr. Alexander tried to justify the backdating and the creation of the slush fund account by saying he had to do it to retain people and that everyone in Silicon Valley was doing the same, according to the complaint.

Comverse Ex-Chief Alexander Charged In Options Case (Update8) (BLOOM)

By Karen Freifeldrobert Schmidt

Bloomberg, August 10, 2006

Aug. 9 (Bloomberg) -- Comverse Technology Inc. former Chief Executive Officer Jacob ``Kobi'' Alexander and two other ex-company officials were criminally charged as the government intensified a crackdown on stock-option manipulation.

Prosecutors in Brooklyn, New York, said today Alexander, 54, David Kreinberg, 41, a Comverse ex-finance chief, and William Sorin, 56, a former general counsel, backdated ``millions of stock options'' so employees could buy shares at low prices. The former CEO hasn't surrendered to authorities and is being sought.

More than 90 companies including Apple Computer Inc. have said they are the subject of government or internal stock option inquiries. The FBI said today it is investigating 45 backdating cases. Prosecutors in the past three weeks have charged five former executives of two companies, including two ex-CEOs.

``Rest assured, Comverse will not be the last,'' said Jacob S. Frenkel, a former U.S. Securities and Exchange Commission lawyer now in private practice in Rockville, Maryland. ``I think we're likely to see a steady stream of these cases over the next six to 12 months, some criminal, some SEC civil cases.''

Alexander, who has dual U.S. and Israeli citizenship, wired ``nearly $60 million'' to Israel last month from an account at Citigroup Inc.'s Smith Barney Unit containing proceeds of fraudulent stock options, the government said. It called the transfer an effort to ``launder the proceeds of the fraud.'' Authorities have seized $45 million from two U.S. investment accounts in Alexander's name, according to court papers.

`In the Process'

The Justice Department declined to comment on Alexander's whereabouts, saying a warrant was issued for his arrest.

``We are in the process of getting hold of Mr. Alexander,'' Deputy Attorney General Paul McNulty said today at a press conference in Washington.

The former officials of New York-based Comverse, the world's largest maker of voice-mail software, were charged with conspiracy to commit securities fraud, mail fraud and wire fraud from 1998 to 2001. The conspiracy charges are punishable by as much as five years in prison. The company wasn't charged.

Kreinberg and Sorin appeared in court today and were formally charged. They were released on $1 million bonds secured with their residences and were ordered to turn in their passports. They will enter pleas later.

Alexander, an Israeli immigrant, founded Comverse in 1984. The ex-CEO has a degree in economics from Hebrew University and a master's degree in finance from New York University, the government filing said.

University Backgrounds

In 1999, Alexander was the 75th best-paid U.S. chief executive, with compensation of $4.23 million, Forbes magazine said.

Kreinberg is a certified public accountant and former senior manager at Comverse's outside auditor Deloitte & Touche LLP. He has an accounting degree from Yeshiva University and a master's in finance and international business from Columbia University, the government said.

Sorin earned a law degree at Harvard University and is a member of the New York state bar.

The SEC today separately sued Alexander, Kreinberg and Sorin in Brooklyn federal court. The agency accused the three of engaging in a fraudulent scheme to grant themselves and others backdated options from 1991 through 2001.

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``These executives were able to conceal from investors that the company was not recording material compensation expenses'' and was overstating Comverse earnings, the SEC said in its complaint. ``These executives collectively realized millions of dollars in illicit compensation through the exercise of illegally backdated grants.''

Backdating as Crime

Comverse said in April it would restate earnings after a committee of outside directors found that dates of stock-option grants may have been inaccurate. The resignations of Alexander, Kreinberg and Sorin were announced May 1, the day before the company received a government subpoena.

The granting of stock options was a popular means of attracting and rewarding employees at technology companies during the late 1990s and early 2000s.

Option-holders have the right to buy or sell a specific number of shares at a later date, usually at the price on the day of the grant.

Federal prosecutors have said that while it's not illegal to backdate stock options, companies may be subject to criminal and civil punishment if the backdating is done with the intent to defraud investors or the grants aren't properly accounted for.

`Investor Fleecing'

``The undisclosed paper gain in the options rewards an employee for prior service rather than providing an incentive for future service, without disclosure or shareholder approval of this kind of compensation,'' the criminal filing said.

The practice misleads investors about a company's profits and dilutes the value of outstanding shares, as well as obligating the company to sell shares to insiders at a discount, the complaint said.

A Federal Bureau of Investigation official, James ``Chip'' Burrus, said the FBI is investigating 45 option-backdating cases. He called backdating ``the newest trend in investor fleecing.''

``It's the corporate equivalent of placing a bet after the race has been run,'' Burrus, an FBI acting assistant director, said at the news conference.

The criminal filing said that from 1991 through 2005, Alexander exercised options and sold stock worth $150 million, making a profit of about $138 million.

Unlawful Profit

``Preliminary analysis shows that almost $6.4 million of that profit was due to backdating,'' the government said. In 2005 and 2006, Alexander exercised more than $11 million in options that were allegedly fraudulently backdated, for a profit of about $5.3 million, prosecutors said.

The government said it identified almost $1 million in profit that Kreinberg made from allegedly backdated options. Sorin profited by ``more than $1 million'' from the scheme, the government claimed.

Alexander and Kreinberg were also accused of setting up a ``slush fund'' where they deposited hundreds of thousands of option grants awarded to fictitious employees.

An assistant, not named in the complaint, drew up a list of fictitious grantees to receive awards of about 5,000 each, few enough to escape the scrutiny of the Comverse compensation committee, the government said.

Once the committee approved the grants, the assistant deposited them in an account initially named ``I.M. Fanton,'' a reference to ``Phantom of the Opera,'' according to the complaint.

`Fanton' to `Fargo'

``The assistant changed the account name to `Fargo' (based on the movie of the same name) after thinking better of the wisdom of calling it Phantom,'' the complaint said.

The government says Alexander distributed the Fargo options to favored employees, including two grants totaling 88,000 options to a single, unnamed Israeli executive. Kreinberg allegedly tried to hide the Fargo account from outside auditors and told the Israeli executive not to sell the shares ``in one shot'' to avoid driving down the stock price, the complaint said.

``I think that this case is one where the prosecution has the strong, strong uphill stance and the balance of advantage,'' John Coffee Jr. a Columbia University law professor, said in an interview. ``Federal securities laws make it a crime to knowingly circumvent any system of internal accounting controls or knowingly falsify any book or record or account. That's almost always happening in backdating cases.''

The Justice Department's McNulty said prosecutors had the ``benefit of cooperation'' from Comverse and learned of the defendants' conduct only in March.

Comverse's Cooperation

``We got good cooperation from Comverse and the assistance that companies often provide in bringing information to light that they have found through their efforts,'' McNulty said.

In a footnote to the criminal filing, the government cited documents and witnesses that allegedly show Kreinberg, with Sorin's knowledge ``engaged in a similar scheme at Ulticom,'' a subsidiary of Comverse.

Ulticom, a maker of wireless communication software based in Mount Laurel, New Jersey, is conducting an internal probe of option granting practices.

Attorney Keith Krakaur, who represents Alexander, declined to comment on reports of pending charges. Robert Morvillo, who also represents Alexander, is out of town. Morvillo has said that Comverse's problems should have been dealt with in a regulatory context, not criminally.

James Brochin, an attorney for Sorin, declined to comment, as did Kreinberg's lawyers Kevin J. O'Brien and Matthew Lang.

Earlier Prosecutions

The first ex-CEO accused in the options investigation was Gregory Reyes, who headed Brocade Communications Systems Inc., a Silicon Valley computer equipment maker, and was accused of securities fraud July 20. Accused with him was Stephanie Jensen a former Brocade human resources vice president. Both were also sued by the SEC, as was former Brocade Chief Financial Officer Antonio Canova. All three have denied wrongdoing.

The most recent company to announce it was examining its stock options is First American Corp., the second-largest U.S. title insurer. It asked its independent directors today to review the company's stock option grants and said it might need to take a writedown.

In 2004, before the government's broad investigation of option manipulation, Leonard Goldner, former general counsel of Symbol Technologies Inc., pleaded guilty to orchestrating a scheme to exploit Symbol's stock-option plans to enrich himself and other senior executives and avoid taxes. Other executives were also charged.

That case, like today's, was prosecuted by the office of U.S. Attorney Roslynn Mauskopf of the Eastern District of New York, an area that includes Brooklyn and Long Island.

Paul Baker, a Comverse spokesman, said ``the company continues to fully cooperate with the SEC and the DOJ."

Shares of Comverse fell 15 cents to $19.37 in Nasdaq Stock Market composite trading.

The case is U.S. v. Alexander, 06-mj-817, U.S. District Court, Eastern District of New York (Brooklyn).

Former GC Among Comverse Executives Facing Backdating Charges (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, August 10, 2006

Three former top executives at Woodbury, N.Y.-based Comverse Technology Inc., among them the company's former top lawyer, have been charged with fraudulently manipulating the dates on stock options.

In a complaint unsealed Wednesday, the U.S. Attorney's Office for the Eastern District of New York alleges that Jacob "Kobi" Alexander, the former CEO of the company, a leading manufacturer of voicemail software, David Kreinberg, its former finance chief, and William Sorin, its former senior general counsel, violated federal law and Securities and Exchange Commission rules by conspiring to hide the backdating from shareholders and the investing public.

"The defendants reaped substantial personal gain from their fraudulent conduct," the complaint said. "Alexander exercised options and sold stocks worth approximately $150 million, of which approximately $138 million was profit."

Prosecutors attributed almost $6.4 million of that profit to backdating.

Kreinberg and Sorin surrendered Wednesday, but Alexander's whereabouts were unknown, and a warrant was issued for his arrest, said Robert Nardoza, an Eastern District spokesman.

Each faces a maximum of five years in prison.

The criminal charges are the first to be filed in New York and only the second nationwide relating to the brewing options backdating scandal. Last month, California prosecutors charged two former executives of Brocade Communications Systems Inc. of participating in a scheme to change the date of employee stock options to increase their value.

It is also the first time an attorney has been accused of wrongdoing in connection with the backdating of stock options. Prosecutors say Sorin was Comverse's general counsel from the company's inception in 1986 and reported to Alexander. He was also the company's corporate secretary and director, and was responsible for drafting Comverse's stock option plans and public filings. He signed the company's annual filings and submitted its proxy statements.

Sorin, a graduate of Harvard Law School, has been a member of the New York bar since 1974.

The SEC also filed a civil complaint against the three former Comverse executives Wednesday. Both complaints accuse Alexander, Kreinberg and Sorin of creating a slush fund to cover up their actions. A shareholder derivative action was filed in the Eastern District in April.

The Department of Justice and the SEC are examining the actions of more than 80 companies suspected of being involved in questionable backdating practices.

Alexander, Kreinberg and Sorin are accused of making stock options more lucrative by backdating their exercise price to a low point in the stock's value.

Usually, a stock option's exercise price matches the market value at the time of a grant, which gives the recipient an incentive to drive the price higher.

"By backdating these options, the defendants, in effect, gave themselves and others an opportunity to place a bet in the middle of a race -- a bet that paid off handsomely," U.S. Attorney Roslynn Mauskopf of the Eastern District said in a statement.

It is legal to backdate options when shareholders and regulators are informed, but prosecutors allege the trio broke the law by secretly backdating the grant documents. They also say the defendants issued false proxy statements and periodic public filings falsely claiming that the stock options were granted at fair market value.

ALLEGED SLUSH FUND

In addition to the backdating scheme, the complaint also alleges that Alexander and Kreinberg generated hundreds of thousands of backdated options, which they parked in a secret slush fund to be used at Alexander's discretion.

To create the fund, the government said that Alexander and Kreinberg inserted dozens of fictitious names into the list of option recipients submitted to the compensation committee of the board of directors. Once the committee approved these options, Alexander and Kreinberg deposited the options in an account prosecutors allege was at one time named "Phantom."

Prosecutors also accused Alexander of transferring a total of approximately 88,000 options from the slush fund to another top executive. Although the options had a four-year vesting period, on each occasion Alexander made the options immediately exercisable, prosecutors claimed. He exercised the options the day after receiving them, when the stock was trading at nearly double the strike price, and sold the stock at a profit of $4 million.

"The lying was the problem in this case," said Dan Brecher, a solo practitioner in New York who specializes in securities law but is not involved with the case. "It's akin to tampering with corporate records or documents."

Comverse announced in a May press release that Alexander, Kreinberg and Sorin had resigned their posts in the midst of an internal investigation by a special committee of the company's board.

Kreinberg and Sorin were arraigned Wednesday before Magistrate Judge Viktor V. Pohorelsky, and were each released on a $1 million bond.

Alexander's whereabouts were unknown as of Wednesday. The government has seized $45 million from two investment accounts held in his name, fearing he would bury the money in accounts oversees.

Alexander's attorneys, Keith Krakaur, a partner at Skadden, Arps, Slate, Meagher & Flom, and Robert Morvillo, a partner at Morvillo, Abramowitz, Grand, Iason, Anello & Bohrer, declined to comment on the case.

Andrew J. Levander, a partner at Dechert who represents Kreinberg, declined to comment on the case, as did Lewis Clayton, a white-collar crime specialist at Paul, Weiss, Rifkind, Wharton & Garrison who represents Sorin.

The government's case is being prosecuted by Assistant U.S. Attorneys Ilene Jaroslaw, Linda Lacewell, Sean Casey and Kathleen Nandan.

Representatives from Comverse were unavailable for comment.

US Charges Comverse Executives With Stock Options Fraud (AFP-Y)

AFP, August 10, 2006

The US Justice Department charged three former executives of computer software firm Comverse Technology Inc. with alleged stock options fraud and for running a secret "slush fund."

The move came after top executives at Brocade Communications Systems were last month charged with securities fraud in a burgeoning crackdown on options backdating that threatens to embroil as many as 80 US companies.

The Justice Department said that it had charged former Comverse chief executive officer Jacob "Kobi" Alexander, former chief financial officer David Kreinberg and ex-general counsel William Sorin.

The government said it had seized 45 million dollars held in US bank accounts, including ones at Citigroup, and accused the trio of running a "money laundering" scheme that had funneled over 57 million dollars to Israel.

Kreinberg and Sorin surrendered to the authorities Tuesday morning, but an arrest warrant has been issued for Alexander who is "not in custody" as yet, a spokesman for the US attorney, eastern district of New York said.

"The Justice Department is determined to see that our markets operate fairly and honestly," said federal deputy attorney general Paul McNulty.

"We will continue to pursue misconduct in any boardroom where we find it," he said.

The executives are accused of improperly boosting the value of stock options they were awarded in Comverse stock between 1998 and 2002.

The government said they "fraudulently" backdated the options to days when Comverse stock was trading at a low price, and below the market price on the date when the options were actually granted, thereby maximizing their gains.

"Alexander allegedly took for himself more than 300,000 dollars of those backdated options, for a paper profit of over 11 million," the Justice Department said.

The government said Alexander and Kreinberg placed hundreds of thousands of backdated options in a "secret slush fund to be used at Alexander's sole discretion to benefit favored employees."

The charges come amid a wider government probe into stock options payments that has primarily focused on California's Silicon Valley.

Apple Computer warned this month that it would probably have to revise its financial results since September 2002 following a probe into irregularities of how the company awarded stock option grants to its employees.

Each of the three Comverse executives could face prison terms of up to five years if they are found guilty.

The investigation was led by the Justice Department's Corporate Fraud Task Force, but it was triggered in early March when a Wall Street Journal reporter became suspicious about Comverse's stock option practices.

Ex-Brocade Execs Dealt A Loss (MERCN)

By Mark Schwanhausser

The San Jose Mercury News, August 10, 2006

The first Silicon Valley executives to face criminal charges in the nationwide stock options scandal were dealt a setback Wednesday when a federal judge rejected their request to dismiss their cases, saying that prosecutors had gathered ``quite detailed'' evidence of wrongdoing at Brocade Communications Systems.

It was no surprise that Judge Edward Chen of the U.S. District Court in San Francisco let federal prosecutors continue to press their charges of securities fraud against Greg Reyes, the San Jose company's former chief executive, and Stephanie Jensen, a former vice president of human resources. Though Reyes and Jensen face a criminal complaint at this stage, a grand jury indictment could follow soon, perhaps as early as today.

In court Wednesday, defense attorneys offered clues about how they will try to center the case on the former executives' motives. In short: They will argue that Reyes and Jensen backdated stock options to entice and reward new employees -- not to mislead investors by manipulating financial statements to make the company appear more profitable.

The Brocade case is being closely watched because it is the first time executives have been criminally charged in the growing scandal. But it's particularly relevant in Silicon Valley, home to the largest concentration of companies under investigation by the Securities and Exchange Commission and Justice Department.

When Reyes and Jensen were charged July 20, the SEC said it was probing more than 80 companies to determine whether they secretly rigged stock option prices to give recipients a head start to paper profits. So far, 33 local companies -- including nearly one-fifth of Silicon Valley's 150 biggest companies -- face federal investigation, internal reviews, financial restatements or shareholder lawsuits.

The SEC also has filed civil charges against Reyes, Jensen and Antonio Canova, Brocade's former chief financial officer. The three defendants have said they are innocent of all charges. Canova was not named in the criminal complaint.

A preliminary hearing in the criminal case against Reyes and Jensen was postponed to Aug. 30.

The government's central allegation in the criminal case against Reyes and Jensen is that they falsified corporate records to avoid accounting charges that would make Brocade less profitable. No matter the executives' motives, prosecutors say, backdating option grants and employment offer letters ultimately caused the financial statements to be false.

``What's the reasonable explanation for that conduct?'' assistant U.S. Attorney Christopher Steskal asked during Wednesday's hearing.

But defense attorneys argued that prosecutors must prove the executives knew they were breaking the rules and intended to dupe investors.

Reyes' lawyer, Richard Marmaro, said the former CEO's ``primary motivation'' was to attract employees at a time when valley companies were bidding rabidly against each other for workers.

``No one warned about the effect on financial statements,'' Marmaro said.

As a specialist in human relations, Jensen ``knows nothing from nothing about accounting functions,'' said her attorney, John Keker. ``She did not willfully violate accounting laws. She did not intend to deceive.''

For decades Silicon Valley companies have favored stock options pegged to the stock price on the day of the grant because such options didn't trigger accounting charges that would trim profits. (New accounting rules that started last fall require companies to subtract the cost of all options from profits.)

By backdating options and improperly pegging them to earlier, lower prices, companies allowed the recipients to enjoy immediate paper gains that should have been subtracted from corporate profits.

In court filings, prosecutors allege that Reyes and Jensen were masterminds of a backdating scheme that continued even after the implementation of accounting reforms under the Sarbanes-Oxley Act of 2002. The practices were so well-known that a human resources employee drafted a memo to describe the process.

Those filings challenge the argument that Reyes and Jensen were unaware they were breaking the rules. Prosecutors say that Jensen instructed employees not to discuss options grants in e-mails and that she advised Reyes not to routinely pick the lowest possible stock price for options because it would look suspicious.

When an underling challenged Jensen at one point, prosecutors say she ``responded that she did not care and that they did it because that was what Reyes asked them to do."

Fannie Mae Says It Believes Last Of Accounting Errors Have Been Found (AP)

By Marcy Gordon, Associated Press

AP, August 10, 2006

WASHINGTON – Fannie Mae said Wednesday it believes a massive review of its accounting has uncovered all of the errors, clearing the way for the mortgage company to complete the restatement of its 2004 earnings by the end of this year. The company disclosed that the multibillion-dollar correction could be less than estimated previously.

The government-sponsored company, which finances one of every five home loans in the United States, also said it would miss a regulatory deadline Wednesday for filing its financial report for the second quarter of 2006. Fannie Mae hasn't filed an earnings statement since late 2004.

Federal regulators that year accused Fannie Mae of serious accounting problems and earnings manipulation to meet Wall Street targets, and the Securities and Exchange Commission ordered the company to restate earnings back to 2001. The Justice Department has been pursuing a criminal investigation, which the company confirmed Wednesday "remains open."

The anticipated correction of earnings has been estimated at around $10.8 billion. But Fannie Mae indicated Wednesday that the final amount could be lower, because some losses will be less than previously thought.

The company also has said it expects an upcoming internal report to show that its financial controls remained insufficient as recently as the end of last year.

"We are committed to devoting all resources necessary to complete the restatement as expeditiously as possible," Fannie Mae said in its filing Wednesday with the SEC. "However, because many of the activities are sequential in nature, accelerating the completion of the restatement is difficult."

The company said it believes that at this point "we have identified all errors requiring restatement."

Fannie Mae also said its 2004 losses related to accounting for mortgage commitments will be "significantly smaller" than its previous estimate of $2.4 billion, though it could not specify by what amount.

"We've made significant progress; we still do have a lot of work ahead of us," company President and Chief Executive Daniel Mudd said during a conference call with analysts, in what has become a familiar refrain from Fannie Mae officials in recent months.

"We've made great strides" in restructuring the company, said Mudd, who was the chief operations official at Fannie Mae and was elevated to the top post in December 2004 when the board swept CEO Franklin Raines and Chief Financial Officer Timothy Howard from office.

After the restatement of 2004 earnings is completed and made public by year's end, the company expects those for more recent periods to come "cascading" in the months to follow, Mudd said.

Fannie Mae said the newly disclosed accounting errors involve its so-called master servicing arrangements with the trusts it creates to issue securities backed by the billions of dollars of home mortgages annually that it buys from lenders and bundles together for resale to investors worldwide.

In May, the company disclosed new accounting problems that had been uncovered in that business of issuing securities and in the guaranty fees it charges the banks and other lenders.

Similarly, Fannie Mae in March disclosed new accounting problems that had been uncovered in several areas, including loans, investment securities, houses acquired through foreclosures, interest on delinquent home loans, and reverse mortgages.

They all are in addition to the accounting-rule violations that came to light in September 2004 involving derivatives, the financial instruments Fannie Mae uses to hedge against swings in interest rates, and its mortgage commitments.

The federal agency that regulates Fannie Mae and its smaller government-sponsored sibling, Freddie Mac, issued a blistering report in May alleging a six-year accounting fraud at Washington-based Fannie Mae, the second-largest U.S. financial institution after Citigroup Inc.

The report said Fannie Mae employees manipulated accounting to hit company quarterly earnings targets so senior executives could pocket hundreds of millions in bonuses from 1998 to 2004. The company was fined $400 million in a settlement

with the Office of Federal Housing Enterprise Oversight and the SEC, one of the largest civil penalties ever in an accounting fraud case.

Fannie Mae also agreed to temporarily cap its mortgage holdings at $727 billion. The company said in its filing Wednesday that it may request a rise in that ceiling early next year.

Fannie Mae and Freddie Mac were created by Congress to pump money into the $8 trillion home-mortgage market to keep interest rates low and make home ownership affordable for low- and moderate-income people. Freddie Mac has been emerging from its own accounting scandal, which occurred in mid-2003.

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On the Net:
Fannie Mae: www.fanniemae.com
Freddie Mac: www.freddiemac.com
Securities and Exchange Commission: www.sec.gov

Outside Audit SEC Moves To Postpone Deadline On Safeguards (WSJ)

By David Reilly
The Wall Street Journal, August 10, 2006

In what some business leaders called a victory for small public companies, the Securities and Exchange Commission yesterday proposed delaying when these companies must prove they have adequate safeguards in place to catch accounting mistakes and financial fraud.

The move was cheered by critics of requirements related to so-called internal controls. These safeguards are supposed to have been in place at public companies since the 1970s. The Sarbanes-Oxley corporate-governance law of 2002 added strictures that require top executives to attest that their internal controls are shipshape and outside auditors to do the same. Companies of all sizes, but particularly smaller firms, have complained about the costs of verifying the soundness of their internal controls, citing the need to add staff, purchase software and make other investments.

Governance advocates promptly slammed the delay, saying it could let problems fester at companies whose systems aren't up to snuff. Some close followers of the internal-controls debate offered a more nuanced view, saying that the later start date could give the SEC political breathing room yet still preserve investor protections.

If the SEC completely ignored complaints from small companies, "there was a nontrivial risk that Congress might" take action to water down or eliminate the internal-controls requirements for smaller companies, said Joseph Carcello, director of research for the corporate-governance center at the University of Tennessee. The SEC's proposed delay is "a way of letting some pressure out of the system with the expectation that these companies will eventually comply with the rules," he added.

Earlier this year, an SEC advisory group on small companies called for exempting these companies from the Sarbanes-Oxley internal-controls rules entirely, advice that the commission rejected. Companies with market values of more than $75 million have had to follow the internal-controls rules for a few years.

The SEC now proposes that executives at small companies -- those with a market value of less than $75 million -- won't have to attest to the effectiveness of their internal controls until after Dec. 15, 2007, six months later than currently called for. In an even bigger concession, the SEC also proposed that auditors only have to start signing off on these controls for fiscal years ending after Dec. 15, 2008.

The commission also proposed giving foreign companies that file securities documents with the SEC more time to comply with internal-controls rules, a move that conceivably could cheer some U.S. stock-exchange executives who have complained the internal-controls rules have made U.S. markets less competitive in attracting foreign listings.

"I think these are terrific steps," said Steven Bochner, a partner in law firm Wilson Sonsini Goodrich & Rosati and a member of the SEC's small-companies advisory group. "It's a balancing act in allowing [internal-controls rules] to be fully implemented and providing some relief from the crushing burdens of these costs."

Investor advocates counter that the delay poses significant danger, because small companies are most likely to have inadequate safeguards.

"Investors must wait another three years to receive the assurance they need that companies' statements can be relied upon," said Rebecca Todd McEnally, director of the capital-markets policy group at the CFA Institute, a financial-markets organization. "How many more catastrophic problems will go undetected until it is too late between now and 2009?"

In a prepared statement yesterday, SEC Chairman Christopher Cox said the delay was part of "efforts to be sensitive and responsive to the particular needs of smaller public companies" and would allow the agency to "redesign" the way internal-controls rules are imposed so that they are "efficient and cost-effective for investors." * * *

DOJ_NMG_0046166

PASSWORD PILFERED: Note to Wall Street human-resource staffs: Collect credit cards and passwords from departing employees.

The New York Stock Exchange's regulatory arm said yesterday it has censured a former Deutsche Bank Securities math whiz for using a computer password from a prior job after he moved to the unit of Deutsche Bank AG.

Earlier this summer, Wei Wu was barred from the securities industry for nine months for breaking into an internal Web site at Lehman Brothers Holdings Inc. more than 200 times while he was a director of quantitative portfolio and index strategies at Deutsche, a job he lost in early 2003 after the German bank discovered the matter.

The Big Board's regulatory division said he didn't personally profit from information he obtained on the Lehman site but, upon discovering his log-in still worked, used it to mine for research and data that he used at his new job. He also shared the log-in with another Deutsche employee. Mr. Wu couldn't be reached for comment. The NYSE's regulatory decision notes he isn't currently employed by another broker-dealer.

Imax Shares Fall Amid SEC Inquiry, Lack Of Buyer (WSJ)

By Mark Heinzl

The Wall Street Journal, August 10, 2006

TORONTO -- Imax Corp. said it couldn't find a buyer at a price sought by the company, five months after the big-screen movie company put itself up for sale.

Separately, Imax said it is the subject of an informal inquiry by the Securities and Exchange Commission over the company's revenue-recognition practices.

In March, Imax said it hired financial advisers to explore a possible sale or merger after the company received "several unsolicited inquiries."

Although Imax received "significant initial interest from multiple parties," there are "presently no buyers who have indicated a willingness to acquire the company at a valuation sought by the board of directors," Imax said in a statement. It said the company's bankers continue to explore a possible transaction, however, "because interest remains from several parties at a lower valuation."

Shares of Imax were down 22 cents, or 2%, to $9.63 in 4 p.m. composite trading on the Nasdaq Stock Market. After the company's announcement, the stock decreased to about $6.15 in after-hours trading. When Imax announced its plans for a possible sale of the company in March, shares rose about 9%. At the 4 p.m. trading price, Imax's market value was about $400 million on a fully diluted basis.

Imax reported second-quarter financial results yesterday, posting net income of $3.5 million, or eight cents a share, compared with $1.1 million, or three cents a share, a year earlier. Revenue climbed 34% to $41.4 million.

Imax said the SEC has inquired about the company's use of "multiple element arrangement accounting" when Imax sells a big-screen theater system. Imax said it books revenue associated with different segments of a theater system at different times. The company said it booked revenue in the fourth quarter of 2005 on 10 theater systems in theaters that didn't open during the quarter. In seven of those cases, revenue associated with the screen portion of the system wasn't booked until the final screen was installed, Imax said.

The company said it believes its application of the accounting policy is in accordance with generally accepted accounting principles and supported by Imax's auditors PricewaterhouseCoopers LLP. Imax said it is cooperating with the inquiry.

Imax officials said on a conference call they don't believe the revenue-recognition issue was related to the inability to sell the company at a price sought by the board.

Errors Cause GTSI To Revise '04, '05 Results (WP)

By Griff Witte

The Washington Post, August 10, 2006

Chantilly-based government technology provider GTSI Corp. said yesterday that it will restate its financial results for the past two years because of accounting errors. It faces possible delisting of its stock.

The company was able to provide only preliminary results for the second quarter yesterday because of the errors, and will also have to restate earnings from the first quarter of 2006.

GTSI president and chief executive Jim Leto said in an interview that the errors stemmed from a failure to spread income on leased items across the life of the lease. The total profit affected by the error was $3.7 million in 2004 and $5.9 million in 2005. GTSI's revenue was $1.1 billion in 2004 and $886 million in 2005.

The firm also found that it had been double-counting the costs of certain sales in 2006. Leto said the changes will improve the company's bottom line for this year but drag down results for 2004 and 2005. Leto described the decision to restate results as

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a difficult one because the accounting problems were not clear-cut, but "at the end of the day we decided we had better err on the side of caution."

Leto said GTSI will complete its restatement by September.

The company said it expects to receive a letter from the Nasdaq Stock Market, warning that it faces possible delistment because of its failure to file timely and accurate financial results. GTSI has already faced possible delistment this year, after it was forced to restate 2005 financial results.

In its preliminary second-quarter results for 2006, GTSI reported it would lose approximately $3 million before taxes -- narrower than the $12 million pretax loss from the second quarter of 2005.

The firm, founded in 1983, has long sold such information-technology equipment as laptops and printers to the government but has recently moved into providing services as well. That transition has been rough for the company; it went through several rounds of layoffs in the past several years, and the company's attrition rate in 2005 was 55 percent. But Leto said the company has stabilized its workforce this year, and that morale is on the upswing.

US Moves To Ease Sarbox Regulation (FT)

By Jeremy Grant

Financial Times, August 10, 2006

The US on Wednesday moved to address the loss of company listings abroad by proposing that foreign companies listing on US stock markets be given a year's exemption from complying with the toughest part of the controversial Sarbanes-Oxley laws.

The move by the Securities and Exchange Commission was part of package of measures aimed at foreign and small to medium-sized US companies deferring deadlines for complying with Section 404 of the law.

The section requires company executives to check internal controls and have outside auditors make additional checks. Executives complain this has added to costs and needlessly tied up management.

It has become a lightning rod for criticism of Sarbanes-Oxley, passed in 2002 in the wake of the Enron and WorldCom scandals.

Critics of the law, which include US politicians and business on both sides of the Atlantic, blame Section 404 for driving company listings abroad to London and Hong Kong.

The SEC said US and foreign companies considering US listings would not be required to file with the regulator either a management report or an auditor's "attestation" report until it had filed one annual report with the SEC - effectively giving companies a year's grace.

John White, director of the SEC's division of corporation finance, told the Financial Times: "Our goal here is to make it easier for foreign issuers to do IPOs in the US. They will still ultimately have to comply but wont have to worry about Section 404 compliance as they worry about their IPO."

Todd Malan, president of the Washington-based Organisation for International Investment, which represents foreign companies with US listings said the move was a step in the right direction.

However, he said: "Whether the issue of US competitiveness is addressed or not relates to the substance and scope of the regulation, not just a deferral."

Other measures included giving foreign companies already listed and with a market capitalisation of under $700m but more than $75m an extra year to comply with Section 404.

The SEC also said such companies would not have to file an auditors report for a further year beyond the current deadline, pushing compliance with this into 2008 in some cases.

The SEC and Public Company Accounting Board, the US accounting watchdog, are expected within months to issue fresh guidelines on how to implement Section 404, in particular how to design more clearly the scope of the company's internal control.

Mr Malan expressed disappointment that companies with over $750m in market capitalisation were not eligible for relief in the package while such companies represent 39 per cent of the 1,200 foreign companies with US listings. They account for over 90 per cent of market capitalisation of total.

Mr Malan said larger companies faced a "double whammy" of complying with current standards, and adopting eventual changes to Section 404 by the SEC and PCAOB.

CRIMINAL LAW:

'Duke' Inquiry Cites Breakdowns (LAT)

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By Greg Miller, Times Staff Writer

The Los Angeles Times, August 10, 2006

The findings could widen the Cunningham scandal, a Democratic memo suggests.

WASHINGTON — An internal congressional investigation has found that "major breakdowns" in legislative controls enabled former Republican Rep. Randy "Duke" Cunningham to use his position on the House Intelligence Committee to steer classified government contracts to political cronies, according to a memo distributed this week to Democrats on the panel.

The memo accuses Republicans of backing out of an agreement to subpoena Cunningham, and calls for the public release of a 20-page unclassified report documenting the findings of the investigation.

The memo was written by Rep. Jane Harman (D-Venice), ranking Democrat on the committee, and circulated to Democrats on Tuesday.

Harman's description suggests that the seven-month probe by the House intelligence panel could significantly broaden the scope of the scandal surrounding Cunningham, the Rancho Santa Fe lawmaker who pleaded guilty last year to bribery and tax evasion and is serving an eight-year prison sentence.

The criminal investigation of Cunningham focused largely on the military contracts he influenced as a member of the House Defense Appropriations Subcommittee.

But the internal House probe has found a similar pattern of abuses in contracts involving U.S. intelligence agencies — and includes language describing cases in which the disgraced congressman pressured committee aides to set aside secret funds for his associates, according to congressional sources familiar with the investigation.

The committee's report, which has not been released publicly, "provides important details about how the committee's processes were abused to accomplish Cunningham's illicit aims," Harman wrote in the memo, a copy of which was obtained by the Los Angeles Times.

The panel's report also "highlights some major breakdowns in the ability of our committee to prevent the damage even after numerous 'red flags' were raised."

Harman did not elaborate on the nature of those "red flags," and a spokesman said she was not available to comment, citing an agreement between Republicans and Democrats on the committee to refrain from public discussion of the report before its release.

But senior congressional aides familiar with the report said the language referred in part to instances in which Cunningham's funding requests or instructions raised concerns among members of the Intelligence Committee staff.

"He wanted certain outcomes and for the committee to do certain things," said one congressional aide who spoke on condition of anonymity because of the sensitive nature of the investigation. "That obviously raised red flags with staff."

Despite those concerns, the aide said, Cunningham's requests often were granted. For that reason, the aide added, portions of the report could be embarrassing to committee staff and leadership. Another aide said that "staff felt pressured by Cunningham" and often acquiesced, "not wanting to offend him or make him upset."

Congressional aides from both parties said the Intelligence Committee had implemented changes to guard against similar abuses in the future.

In particular, aides said, lawmakers must now get written approval from the panel's top Republican or Democrat before they can submit requests that specific programs or contracts receive funding in spending bills. Requests also must be reviewed by budget directors on the Republican and Democratic committee staffs.

Cunningham abused the congressional process known as earmarking, in which members insert language in large spending bills that steer funds to specific projects, often in their home districts.

Once the funding was in place, Cunningham also pressured budget officers at the Pentagon and other agencies to award contracts to companies led by individuals who gave the lawmaker millions of dollars in cash and gifts. Among those still under investigation by federal authorities is San Diego defense contractor Brent R. Wilkes.

The committee's report is expected to provide significant new detail on Cunningham's efforts to insert provisions in intelligence budgets, which are shielded from public scrutiny because they are classified.

The report also is said to include new information on the activities of Kyle Dustin "Dusty" Foggo, a former high-ranking CIA official and lifelong friend of Wilkes who cultivated close relationships with members of the House Intelligence Committee.

Foggo resigned from the No. 3 position at the agency earlier this year and is under investigation for his role in handling CIA contracts awarded to companies controlled by Wilkes.

As part of its internal inquiry, the committee has sought to question Cunningham. But the former lawmaker has rebuffed those requests, citing his plea agreement and ongoing cooperation with federal prosecutors in San Diego.

Republicans and Democrats have been at odds over whether to compel Cunningham to testify. In her memo, Harman accused Rep. Peter Hoekstra (R-Mich.), chairman of the committee, of backing out of an agreement to issue a subpoena.

"I strongly believe that we should compel his testimony," Harman wrote. "Given the scope of the damage he caused, I do not believe we should let Cunningham off the hook."

A GOP aide said Hoekstra intended to obtain testimony from Cunningham but thought that issuing a subpoena now would be counterproductive. The aide said Hoekstra had instead instructed the attorney leading the committee's investigation, Michael Stern, to negotiate with Cunningham's lawyers "to see if we can secure his testimony."

"We want to get answers from the man," the aide said.

A spokesman for Hoekstra, Jamal D. Ware, said the committee chairman could not comment on the matter, citing the agreement among members not to discuss the investigation publicly.

Cunningham's attorney, K. Lee Blalack II, has warned the committee that if Cunningham were subpoenaed, he would refuse to testify, citing the protection of the 5th Amendment.

In an Aug. 1 letter to the committee, Blalack noted that Cunningham was willing to cooperate and had turned over documents requested by the panel. But he said Cunningham would not testify unless he were granted immunity, or until his cooperation with federal prosecutors was completed.

Republicans and Democrats are divided over how much of the investigation's findings should be released. Senior aides say Stern has completed a classified report that is nearly 50 pages long, as well as a 20-page unclassified version.

In her memo, Harman said Democrats should push to have the full unclassified text released to the public.

"There is no reason that our committee should be able to 'bury' any unclassified facts about our committee's business, however unpleasant or embarrassing," Harman said.

Ware said: "Committee rules don't permit the discussion of internal committee business, even when it's unclassified."

Other Republican and Democratic members of the House Intelligence Committee did not respond to requests for comment.

Feds Seek Death In Alleged Area Killing (RD&C)

By Michael Zeigler, Staff writer

Rochester (NY) Democrat & Chronicle, August 10, 2006

Federal prosecutors are seeking the death penalty for one of three men charged with kidnapping a drug-dealing comrade in Connecticut and killing him in Genesee County.

In papers filed in U.S. District Court in Rochester, the prosecution said it would ask for the execution of Noah Gladding, 25, if he were convicted of capital murder charges in the death of Jason Argersinger in March 2005.

Prosecutors said they were not asking for death for co-defendants Eric Connelly, 22, and Josiah Howenstine, 26.

Gladding's lawyer, William T. Easton, assailed the decision, which was made by officials of the U.S. Justice Department in Washington, D.C.

"This decision … is unfounded and will impose great costs on our criminal justice system and the entire communty," Easton said. "It is not in accordance with death penalty law, the history of this jurisdiction, the facts of this case, prior decisions of other attorney generals, and the circumstances of our client's life. It is wrong."

Gladding goes to trial later this month in Batavia on a noncapital state charge of first-degree murder. No federal trial date has been set for him, Connelly or Howenstine.

Federal death penalty prosecutions are rare. It's the first time since 1994 that federal prosecutors had to decide whether a defendant charged in Rochester's federal court should be eligible for the death penalty if convicted.

In that case, prosecutors chose not to seek death for package bomber Michael Stevens, who killed five people across western New York during a bombing spree in December 1993. Stevens was convicted and ordered to prison for life without parole.

Before a murder defendant can face the federal death penalty, the law requires a grand jury to find that the death was intentional and was accompanied by at least one specified "aggravating factor."

The prosecution cited two aggravating factors in Gladding's case: an alleged kidnapping resulting in death, and the alleged use of a firearm to cause death.

Connecticut police said Argersinger, Gladding, Howenstine and two other men were involved in a conspiracy to traffic marijuana. Gladding allegedly told police that he killed Argersinger over Argersinger's debts.

Gladding allegedly claimed he knocked out Argersinger with a rock in Connecticut and drove him into New York, where he shot him and dumped his body in Black Creek.

Memphis Police Officers Indicted For Allegedly Stealing Drugs And Money (WREG-TV)

WREG-TV, News Channel 3, Memphis, August 10, 2006

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Memphis - We have seen officers taking in the bad guys, but the U.S. Attorney says it was three Memphis Police officers who turned into bad guys on the job.

"When the officers violate the trust and the confidence of the public, they are going to be prosecuted by the department of justice." says Western District U.S. Attorney David Kustoff.

Former police officer Arthur Sease, and officers Antoine Owens and Alexander Johnson are charged with conspiracy to violate civil rights and distribute controlled substances. Police say what the officers would do was arrange drug transactions with drug dealers, but when the drug dealers arrived, the officers in uniform and squad cars would detain them and steal the drugs, jewelry and money.

Police say Arthur Sease was the apparent ring leader. He faces a 50 count indictment, including conspiracy, extortion, possession of controlled substances and numerous constitutional rights violations.

Officers Owens and Johnson have each been charged with two conspiracy counts. Police say the 3 would divide the stolen drugs and money and would sell the drugs and keep the profits.

Memphis Police Director Larry Godwin says his department initiated the investigation to weed out corruption. "I think this is a good day. We just removed three more criminals from the city of Memphis. The fact is they work for the Memphis Police Department. I still think we have a beautiful lawn, we just got to continue to pull up the weeds." says Godwin.

Officials say the crackdown will continue as police, the Justice Department and the FBI work together.

"Those of you who think that we are not there, the very next tap may be on your shoulder." says My Harrison, Special Agent with the FBI.

The federal grand jury named former Police Reserve Officer Andrew Hunt as an unindicted co-conspirator. The indicted officers turned themselves in and have made their initial court appearances.

FBI Official: Sweeps Of Adult Entertainment Industry Off To 'good Start' (NJTD)

By Andrew Noyes, National Journal's Technology Daily

National Journal's Technology Daily, August 10, 2006

A series of FBI sweeps aimed at the adult entertainment industry's compliance with federal record-keeping laws are off to a good start, an agency official told reporters Tuesday.

Pornographers "expected guns and battering rams, and we came in with suits and pencils," said Chip Burrus, assistant director of criminal investigations at the FBI.

Since 1998, porn publishers and video producers have been required to obey Section 2257 of the U.S. code, which requires them to maintain consent forms and proof of ages for performers.

The statute gained greater visibility when former Attorney General John Ashcroft announced that the Internet would be included. He extended the regulation's reach by trying to make webmasters, who are largely secondary producers having no contact with porn talent, comply with the law, an adult trade group said.

Ashcroft's successor, Alberto Gonzales, has had investigators pull paperwork on business owners and conduct on-site examinations. Only two inspections have been completed to date, and audit results "are still preliminary," Burrus said. He refused to provide details but said producers have been compliant so far.

Adult content creator J.J. Ruch, who was the target of one audit, said in an e-mail that he plans to sell his business. It is "absolutely ridiculous that the government is focusing on this industry ... rather than murders, wars, crimes [and] deaths," Ruch said.

A child-protection bill signed into law last month could make the statute's impact on the industry "even more devastating," according to the Free Speech Coalition. The measure, H.R. 4472, governs "lascivious exhibition of the genitals."

The coalition, which sued the Bush administration in June 2005, said required records on simulated sex now will be covered. Legislative Affairs Director Kat Sunlove warned that the language could cover images of a clothed body or a bikini-clad woman.

The change might mobilize opponents of Section 2257 who fear that they will be put at risk for federal sentences and fines even though images and videos they create are made by and for adults, the coalition said.

People who create their own home movies and share them through amateur Web sites also could fall into the category of producers who need to keep records, Sunlove said.

The group said on its Web site that U.S. District Judge Walker Miller likely will be asked by the government to modify an injunction against enforcement of certain provisions of Section 2257 that have insulated coalition members from possible prosecution. The coalition argues that the section and its new components are unconstitutional on many fronts, and said Miller should toss out "the whole section and all of the administrative regulations."

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"We're not protecting children from abusers; we're just burdening legal speech -- and in some pretty obvious ways," Sunlove said.

Laptop Theft Puts Fla. Residents' Data At Risk (USAT)

By Alan Levin

USA Today, August 10, 2006

WASHINGTON — A thief stole a government laptop with personal information on 133,000 Florida residents, the latest in a surge of thefts and hacker incursions that could lead to financial fraud.

The U.S. Transportation Department's Inspector General announced the theft Wednesday, two weeks after the laptop was stolen in Doral, Fla., and five days after investigators learned that its hard drive contained sensitive data. Letters are being sent to those who may be affected, acting Inspector General Todd Zinser said.

The agent assigned the computer initially thought he may have left it at a meeting and didn't report it as a theft right away, Zinser said. He said police found that a lock on the agent's car had been tampered with.

In a separate case, the Veterans Affairs Department said it has arranged with a company to detect credit misuse for millions of veterans whose personal data were on a laptop stolen in May. The FBI recovered the laptop and says it is very unlikely the data was accessed.

Unisys, a VA subcontractor, also agreed to provide credit monitoring for up to 38,000 veterans after the company last week lost a desktop computer.

The data on the computer stolen in Florida included information on 80,670 commercial driver's licenses in the Miami-Dade County area, 42,800 Florida residents with pilot's licenses and about 9,500 commercial or regular driver's licenses in the Tampa area. All of the records included Social Security numbers.

Privacy experts say that having such information could allow thieves to apply for credit cards under the names of people on the lists. Beth Givens, director of the non-profit Privacy Rights Clearinghouse, said losses of personal data are increasingly common. Her group has tracked dozens of thefts and data breaches since Feb. 15, 2005. The number involving laptops climbed from 22 last year to 43 so far in 2006.

Givens urges anyone involved in such a case to place a fraud alert on their credit. “It's better to be safe,” she said.

The inspector general is considering fraud monitoring for people whose information was on the laptop, but Zinser said he doubted his office could afford it. Fraud-monitoring services typically provide alerts to individuals of new activity in their credit files, but many companies charge a fee for the service.

The inspector general is doing an internal review of the case, has assigned 10 agents to assist the Miami-Dade police investigation, and is offering a $10,000 reward for laptop.

Since the theft, inspector general laptops have had sensitive personal data removed from them, Zinser said. The inspector general has set up a hotline to answer questions about the case: 800-424-9071.

Computer Theft Puts Floridians At Risk (WP)

By Christopher Lee And Del Quentin Wilber

The Washington Post, August 10, 2006

A laptop computer from the inspector general's office at the Department of Transportation was stolen last month, putting the sensitive personal information of nearly 133,000 Florida residents at risk, acting Inspector General Todd J. Zinser said yesterday.

The laptop, assigned to a special agent in the Miami office, was stolen from a government vehicle on July 27 in Doral, Fla., Zinser told Florida Gov. Jeb Bush (R) yesterday in a letter.

The computer, which requires a password to operate, contains the unencrypted names, Social Security numbers, birth dates and addresses of 42,792 Florida residents who hold a pilot's license; 80,667 people in the Miami-Dade County area who hold a commercial driver's license; and 9,496 people who were issued a personal or commercial driver's license in the Tampa area, the letter said.

"While we do not have reason to believe that the perpetrators targeted the laptop based on any knowledge of its data contents, we are nonetheless taking all possible steps to inform Florida residents," Zinser wrote.

The theft is the latest in a string of embarrassing data breaches reported by federal agencies, including the departments of Agriculture, Energy, the Navy and Veterans Affairs, as well as the Social Security Administration and the Internal Revenue Service. The most notable breach was a May 3 burglary at the home of a VA analyst. Thieves took a laptop and an external hard drive containing the names, birth dates, and Social Security numbers of as many as 26.5 million veterans and active-duty service members. The equipment was recovered. Two men were charged with the theft last week.

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Although Zinser learned of the DOT IG laptop theft on July 31, he was unaware that the computer contained sensitive personal information until Saturday, according to his letter. The IG's office has dispatched a team of 10 special agents to the Miami area to work with local police, and there is a $10,000 reward for information leading to the laptop's recovery. Employees of the IG's office have been told to remove all files containing sensitive personal information from the office's laptops.

"We regret this matter and take our responsibilities seriously," Zinser wrote. Similar letters went to Florida members of Congress.

Chris Dancy, a spokesman for the Aircraft Owners and Pilots Association, said the theft concerns his group of more than 400,000 pilots. "Exactly in the same way that the loss of the VA computer caused concerns for members of the military and veterans, we are very concerned anytime there is the possibility of identity theft involving our members or airmen in general," he said.

The inspector general's office had the sensitive data as part of a multi-agency effort to crack down on people, including some with criminal records, who unlawfully obtain commercial driver's licenses and pilot's licenses, sometimes by using fraudulent Social Security numbers, according to Zinser's letter.

In a conference call with reporters yesterday, Zinser said the agent had placed the laptop in the back of a sport-utility vehicle when he went to lunch with colleagues, and he discovered hours later that the computer was missing. The data had been encrypted as recently as two weeks ago, but that protection was temporarily stripped away as part of a computer upgrade, he said.

Zinser said he is considering offering free credit monitoring to affected Florida residents, "but, quite frankly, I don't have the money to do that, and I would have to go to Congress to get it."

The agency plans to send letters to those affected and has posted a toll-free number on its Web site at http://www.oig.dot.gov/datasecurity.jsp .

At the VA, officials announced yesterday that ID Analytics, a California-based data analysis company, had agreed to try to determine whether the 26.5 million veterans and active-duty personnel whose information was stolen in May are becoming victims of identity theft. The company is performing the service at no charge. The FBI has said that it does not believe that anyone accessed the stolen VA data.

Also yesterday, the VA announced that one of its contractors, Unisys Corp., would provide free credit monitoring to as many as 38,000 veterans whose personal information was stored in a desktop computer that disappeared from a Unisys office in Reston last week.

Industry, Government Fret Over Tactics For Fighting Data Theft (LAW)

By Marcia Coyle, The National Law Journal

National Law Journal, August 10, 2006

In the past year, state legislatures have leapt ahead of Congress in enacting laws to notify and protect consumers whose personal data, held by businesses and other entities, have been stolen. But now the states are worried about being victims of their own success.

Just before leaving town for its August recess less than two weeks ago, the U.S. House of Representatives delayed an anticipated vote on federal legislation, heavily favored by industry, that would pre-empt state data-breach notification laws, set a national notification standard and remove state attorneys general from the enforcement picture.

There is "absolutely" no need for federal legislation now, said Edmund Mierzwinski, director of consumer programs for U.S. Public Interest Research Group (U.S. PIRG), which, along with Consumers Union, Privacy Rights Clearinghouse and other groups, has been mining the data security issue in Congress and in the states.

"The states have solved the problem and we have constructive compliance nationally with the strongest state laws," he said. "Industry seeks to pre-empt not for uniformity. What they seek is very weak uniformity as well as pre-emption. They're trying to undercut the best of the state laws."

But the need for federal legislation is "really critical," countered Lisa Sotto, chairwoman of the privacy and information management practice in the New York office of Richmond, Va.'s Hunton & Williams. "Right now there are 34 data breach laws; 32 impact companies other than data brokers [buyers and sellers of data] and governments," she said. "It changes daily. Interpreting these laws is a nightmare. You need outside counsel. It's very complex."

Final action on the House bill, which is considered by consumer groups to be the worst of a spate of data security bills and yet largely favored by business, fell apart at the last moment because of a jurisdictional dispute between two House committees with oversight of the issue.

Whether any federal bill can pass in the time remaining in the current session is uncertain, agreed supporters and opponents.

"The only way this gets done is to put together a single, comprehensive vehicle that can be moved. We came close in the House [a week ago]," said Michael Zaneis, a lobbyist on technology issues for the U.S. Chamber of Commerce.

There is "tremendous pressure" from industry to pass a law, said U.S. PIRG's Mierzwinski. "I'm doing my best to kill it. The pressure will only increase in the fall."

FOCUSED ON BREACHES

The problem of data security breaches drew national attention more than a year ago primarily because of ChoicePoint Inc., a company that collects personal and financial information on millions of consumers.

In February 2005, ChoicePoint reported that because of a security breach it had sold the personal information of about 145,000 people to a criminal enterprise. The company disclosed that breach only to California residents because of California's Notice of Security Breach law, which was enacted in 2002 and took effect in 2003.

Since then, of course, there have been other reported data breaches, including last spring's report by the U.S. Department of Veterans Affairs that a laptop containing the Social Security numbers of an estimated 26.5 million veterans had been stolen in a burglary.

But the ChoicePoint breach served as the catalyst for action by many state legislatures, and the California law became their model law. In the past year alone, legislation was introduced in at least 28 states, according to the National Conference of State Legislatures (NCSL).

The states have been addressing the problem essentially in two ways: enacting notification laws that require companies and other entities (often government agencies) to inform consumers when data are lost, and enacting credit report freeze laws.

Under the credit report freeze laws, consumers basically put their credit reports in a "freezer" whenever they are not in the market for new credit. These laws are aimed at identity thieves who may have someone's name and Social Security number and attempt to get credit using them. Only the true consumer, under the law, has the ability to "unfreeze" his or her credit report.

Twenty states have enacted such freeze laws: California, Colorado, Connecticut, Delaware, Florida, Illinois, Kentucky, Louisiana, Maine, Minnesota, Nevada, New Hampshire, New Jersey, New York, North Carolina, Oklahoma, Rhode Island, Utah, Vermont and Wisconsin. An additional five states give this option only to identity-theft victims: Hawaii, Kansas, South Dakota, Texas and Washington. (Washington's law includes consumers who received a security-breach notice.).

Delaware, the home state of the banks, has passed one of the strongest credit report freeze laws in the country, noted Mierzwinski.

The Delaware law, effective in 2008, gives consumers the right to unfreeze their credit reports in 15 minutes. "When the report is frozen, no new credit applications can be accessed," he said.

"Old creditors can check to see if you've become a problem, but new credit applications are blocked. Credit bureaus don't like the idea because they would have to hire real people."

The state security-breach notification laws are generally very similar in what they require, according to the National Association of Attorneys General, the NCSL and consumer groups. The majority of states that have enacted those laws trigger notice to consumers when personal information, whether in electronic or paper form, was acquired or accessed -- or believed to have been -- by an unauthorized person.

But lawyers, like Hunton & Williams' Sotto, who assist companies responding to security breaches don't find the state laws particularly consistent or benign.

"They are not harmonized," said Sotto. "Although the gist is the same -- if there is an event, you need to notify the individuals who are subjects of the event -- the laws differ in some very significant ways."

For example, she explained, the definition of personal information varies under the laws. Some state laws cover personal information such as name, Social Security number and driver's license number. Others add to those items bank account numbers, credit card numbers and PIN numbers, date of birth, employer ID number and mother's maiden name.

Some state laws apply only to information in paper records, she added, while others apply to computerized information. They also vary as to who besides consumers must be notified. What triggers notice also varies widely, said Sotto.

"In many states, a majority, you notify when there is a reasonable belief that data has been acquired by an unauthorized person," she explained. "But some states use the word 'accessed.' Some states have a harm threshold -- there is a reasonable likelihood of harm -- and that is always in different verbiage.

"It's not only maddening to the company dealing with the security event, but it's shifting resources from dealing with the problem to how to figure out how to comply with 30-plus different laws," said Sotto.

PATCHWORK OF LAWS

But not all of industry sees a problem with the states' patchwork of laws in this area.

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Emily Hackett, executive director of the Internet Alliance, which represents Internet companies in 50 states, said: "The security- breach laws right now are not overly burdensome or overly complicated. The industry is not having a hard time complying. There have been a lot of them. But I don't think it's ripe for federal legislation."

Hackett noted that the states were well ahead of the federal government in enacting anti-spam legislation. Congress did not act until California was perceived as overreaching, she said.

But with security-breach laws, she said, "The states are asking industry to be careful, to be transparent."

Patchwork state laws are simply "what states do," she said, adding, "If they're too contradictory, then act, but these all follow a similar pattern. California passed its law. If we can keep things within that range, then we're doing pretty well. No one's freaking out."

Although Hackett thinks that the issue is not ripe for federal legislation, she said she would not be surprised to see Congress act. At least a dozen bills have been introduced in the House and Senate to deal with aspects of security breaches and identity theft. But the key issues -- or sticking points common to all -- include:

What types of data breaches should trigger notice to consumers? Any unauthorized disclosure or only those disclosures of information that could lead to harm, such as identity theft?

If there is a national notification standard, which federal agency should enforce it?

Should all state laws be pre-empted?

Will state attorneys general continue to play a role in investigating security breaches and enforcing related consumer laws?

Should data brokers such as ChoicePoint come under federal regulation?

State laws should not be pre-empted because some may offer more consumer protections and more options for redress than any federal law enacted, said Jeremy Meadows of the National Conference of State Legislatures.

The NCSL typically does not oppose minimum standards set by Congress in any number of areas.

"But we definitely don't want Washington setting a maximum that would cap the states' creativity," said Meadows.

The House bill that almost reached a floor vote at the end of last month, H.R. 3997, does cap states' creativity, he added.

"It provides a ceiling rather than a floor. While we don't like a floor either, it is much more tolerable than a ceiling."

U.S. PIRG, Consumers Union, Privacy Rights Clearinghouse and other consumer groups find nothing tolerable in H.R. 3997. They contend that its notification standard is so high that it amounts to no notice of breaches to consumers. They also contend that it pre-empts all state laws, fails to regulate data brokers, eliminates state attorneys general from enforcement efforts in this area, and rolls back protections under other federal privacy laws.

Playing the admitted "contrarian," Albert Gidari, a partner in the privacy and security group of Seattle's Perkins Coie, said that there is no empirical evidence that notice of data breaches helps consumers. "Notice vindicates no rights whatsoever and, personally, I think it scares them to death with no discernible benefit," said Gidari.

The only real damage of a breach is if somebody is able to open an account in the consumer's name, he added. That is easily solved by requiring those companies that extend credit to know to whom they are extending it, he said, and to allow people to clear their names if identity theft happens.

"Based on my experience dealing with more than 20 cases of breach in companies, the state and national approach is not the right one," added Gidari.

"But if an approach has to be made, it should be national. We live in a globalized information world. It's time for states to stop thinking California's need for protection is greater than North Dakota's."

Veterans To Receive Identity-theft Protection (WT/AP)

The Washington Times, August 10, 2006

ASSOCIATED PRESS

Millions of veterans and active-duty troops whose sensitive personal information was lost by the Veterans Affairs Department (VA) will receive some form of credit protection against identity theft, the government said yesterday.

Separately, the Transportation Department inspector general's office said that one of its laptop computers containing names, birth dates and Social Security numbers for 132,955 Florida residents was stolen July 27 from a government vehicle in suburban Miami.

Transportation officials were helping police investigate the theft of the laptop, which was stolen in Doral, Fla. It is thought to contain data for 80,667 persons issued commercial driver's licenses in the Miami-Dade County area; 42,792 Florida residents holding airman certificates; and 9,496 individuals who obtained personal or commercial driver's licenses in Largo near Tampa.

The laptop was protected by a password, and there was no evidence the data has been used illegally, the department said.

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VA Secretary Jim Nicholson said his department had arranged for a data analysis company to detect potential patterns of credit misuse for up to 26.5 million veterans whose names, birth dates and Social Security numbers were on a laptop and hard drive taken last May from a VA data analyst's Maryland home.

VA subcontractor Unisys Corp. also agreed to provide one year of free credit monitoring for as many as 38,000 veterans after the company last week lost a desktop computer containing their data at its offices in Reston.

Letters will be sent in coming days to veterans affected in the Unisys case describing how to sign up for the free credit monitoring.

"Protecting veterans from fraud and abuse remains an important priority for VA," Mr. Nicholson said. "Data breach analysis will provide VA with additional assurances that veterans' personal information remains unharmed."

The VA said ID Analytics of San Diego will provide the extra level of protection for those whose records were taken in the May 3 burglary.

In that case, the FBI recovered the laptop and hard drive and determined with a "high degree of confidence" that the data wasn't accessed or copied. Two teens were arrested last Saturday in what now appears to have been a routine burglary.

ID Analytics will provide an initial analysis of several industries to determine whether there has been any suspicious activity involving the veterans' information. It then will provide follow-up reports every three months for an unspecified period at no cost to veterans or the government, the VA said.

Rebooting Veterans Affairs (NYT)

The New York Times, August 10, 2006

It sounds like the summer sequel to a techno-horror film: The Veterans Affairs Department has lost yet another computer filled with data that identity thieves would pay handsomely to rifle. The first missing computer, a laptop that a V.A. worker blithely took home, had information on millions of veterans and active soldiers. After an anxious six-week search, it was recovered last month, supposedly uncompromised. Two teenagers were charged with taking it from the V.A. worker's home.

V.A. Secretary Jim Nicholson, abashed at not being told of the theft for two weeks, apologized and vowed that his agency would set the "gold standard" for securing vital government records. Fool's gold, so far. The latest V.A. data trove reported at large is a desktop computer that somehow disappeared from a subcontractor's supposedly secure area, leaving an estimated 38,000 medical patients at risk in Pennsylvania. There have been at least two other cases of lost V.A. data involving 16,000 people in Indianapolis and Minneapolis. All this is no surprise to the agency's inspector general, who has written four years of audits warning that V.A. data security is riddled with uncorrected problems.

The harrowing mishaps are doubly alarming for raising questions about the state of computer security across the rest of the federal bureaucracy. Congressional outrage will prove useless unless far firmer safeguards are demanded — from mandatory encryption of identity information to physical security for computer outlets. Critics' demand for management change at Veterans Affairs is hardly the full solution for such a pernicious and potentially far more widespread problem.

Former G-man's Mob Trial Likely A State Case - Judge (NYDN)

New York Daily News, August 10, 2006

The retired FBI agent accused by the Brooklyn district attorney of helping a Mafia informant whack his enemies isn't likely to get his wish moving the case to federal court, a judge indicated yesterday.

Federal Judge Frederic Block told lawyers for Lindley DeVecchio that he's inclined to side with state prosecutors and keep the case under state jurisdiction.

"I would enjoy trying the case, it's an interesting case," Block said. "But my constitutional duty requires me to apply the law." The judge reserved decision, asking both sides to submit additional briefs.

DeVecchio's lawyer, Douglas Grover, refused to say why he's seeking the transfer but said he remains hopeful. "The game isn't decided until the ninth inning," he said outside court.

John Marzulli

JUDGE WOE FOR 'MOB' FED (NYPOST)

By Alex Ginsberg And Zach Haberman

The New York Post, August 10, 2006

A judge took the wind out of an alleged rogue FBI agent's push to make his trial a federal case - saying yesterday he was "leaning" toward letting it play out in state court.

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Brooklyn federal Judge Frederic Block told lawyers for Lindley DeVecchio, accused of helping Colombo crime-family capo Gregory Scarpa commit four gangland rubouts in the 1980s and '90s, that he hasn't been given any reason to snatch the case from state Supreme Court.

"I would enjoy trying this case," said Block, "but my constitutional duty obliges me to apply the law."

FBI Working On Profile Of The "copycat Sniper" (WNDU-TV)

WNDU-TV, August 10, 2006

Lake County, IN - The FBI is working on a profile of the so-called "copycat sniper" who's struck cars driving in Lake County over the last few weeks.

Police closed down Cline Avenue in Hammond Wednesday looking for clues in the attacks.

They scooped up debris from the side of the road, but wouldn't say if what they found is evidence.

Nine people have reported their vehicles were hit with a projectile in the area since July 25th.

Thankfully, unlike last month's sniper attacks in the central part of the state, no one has been hurt in the incidents in Northwest Indiana.

Another Indiana Sniper Incident Reported (CHIT)

By Gerry Doyle And Tonya Maxwell

Chicago Tribune, August 10, 2006

What appears to be a projectile shattered the window of a pickup truck in northwest Indiana Wednesday afternoon in what law enforcement officials said was the 10th such incident in two weeks.

Lake County, Ind., sheriff's spokesman Mike Higgins said two men were driving south on Cline Avenue near Riley Road in East Chicago about 4:30 p.m. when they heard a "very loud pop."

The 28-year-old men, from Channahon and Chicago, thought that a tire had blown but moments later realized the cab's back window was shattered, officials said.

"It was definitely [shattered by] a projectile," Higgins said.

But he would not say if a projectile had been found, and investigators have not discovered any projectiles in the previous nine cases.

The two men pulled off Cline at a gas station off Columbus Drive and called authorities. Neither of the men was injured, Higgins said.

The sheriff's department is investigating the incident, and the crime lab is analyzing evidence collected from the truck, Higgins said.

Mark Becker, supervisory special agent for the FBI in Merrillville, Ind., said agents are planning on creating a psychological profile of the serial shooter.

"We're in contact with the National Center for Analysis of Violent Crimes in Virginia," he said. "The more evidence we gather, the better a profile can be. We're trying to develop one right now."

Officials said the series of shootings began July 25, when the window of a vehicle was shattered on 169th Street near Cline in Gary.

No one has been injured, and the investigation has turned up little, although a "sniper's nest" was discovered Friday off Cline in East Chicago.

10th Sniper Shooting Reported (NIT)

Northwest Indiana Times, August 10, 2006

No one hurt in incident at Cline Ave. and Riley Road

HAMMOND | A Joliet-area man's pickup truck had its rear window shattered Wednesday afternoon on Cline Avenue near Riley Road, making him the tenth victim of the Cline Avenue sniper.

George Simonich, 28, of Channahon, Ill., was driving south on Cline Avenue about 4:30 p.m. when he and his passenger heard a loud pop and thought the truck had blown a tire, according to Lake County sheriff's police.

Simonich and his passenger -- Kevin Reisner, 28, of Chicago -- then realized the truck's back window had been shattered, police said in a news release. Neither man was hurt.

The men pulled into a nearby gas station to call police. Crime lab officers photographed the truck and collected evidence, sheriff's spokesman Mike Higgins said.

The apparent shooting came the day after authorities temporarily closed off all traffic on Cline between the Calumet Avenue and Indiana Toll Road exits too look for evidence.

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Police said tips from the public continued to pour in Wednesday as local, state and federal investigators kept up their search for whoever is responsible for the string of suspected vehicle shootings. The Lake County Sheriff's Department is leading the Cline Avenue task force because the county has jurisdiction over the road, which runs along the borders of several cities.

Ten vehicles have been hit on or near Cline Avenue since July 25 with mysterious projectiles that have shattered windows but injured no one. Police say they do not know what type of weapon is being used.

FBI Supervisory Special Agent Mark Becker said "nothing of substance" had yet been gleaned from the special tip line -- (877) 324-4748 -- but he encouraged people to continue to use it.

"We've been running down any lead we've gotten. We still want the public to call us, even if they don't think (their tip) is important," Becker said.

Zimmermann: A Deceiver Or The Victim Of An Over-eager FBI? (MINNST)

By Randy Furst, Star Tribune

Minneapolis Star Tribune, August 10, 2006

A federal court jury must decide whether the ex-Minneapolis City Council member willingly took bribes or was set up.

On the surface it would seem to be a slam dunk for the prosecution: incriminating videotapes of a fast-talking developer handing envelopes containing wads of cash to a Minneapolis City Council member.

There are also more than two hours of audiotape in which Dean Zimmermann is constantly changing his story, telling "bald-face lies" to two FBI agents, according to a federal prosecutor.

But as a jury of seven women and five men begin their second day of deliberation today in U.S. District Court in Minneapolis, it will have to grapple with other questions that will determine whether the 64-year-old former council member is convicted.

Did Zimmermann intend to take the bribes in a cynical shakedown of a businessman, or was he a victim of an over-eager white-collar-fraud division of the FBI that crafted a plan to force cash on him?

Did he accept the money as payoffs for working to win zoning changes, or was he oblivious to that and just trying to help a constituent who was secretly wired by the FBI?

After an eight-day trial, the jury deliberated for about three hours on Wednesday and will resume at 8:30 this morning.

If jurors wish, they have plenty of evidence to review, including about a dozen audiotapes and four videotapes -- three of which show Zimmermann taking money from Gary A. Carlson, an Edina developer. Carlson was building Chicago Commons, an 81-unit condominium development at 24th Street and Chicago Avenue S. in Minneapolis.

Perhaps the most damaging evidence is more than two hours of audiotape secretly recorded by FBI special agents David Kukura and Timothy Bisswurm, who confronted Zimmermann on Sept. 8, 2005.

Without the presence of a lawyer, Zimmermann consented to being grilled about the cash payments, which Zimmermann denied taking but then acknowledged after the agents showed him video of the exchanges. He also admitted spending most of the cash after first claiming he still had it.

Zimmermann, who spent one term on the City Council from 2001 through 2005, is not charged with lying to the FBI or even violating election campaign laws.

Still, Assistant U.S. Attorney John Docherty suggested in his summation that the evidence showed a pattern of deceit, underscoring Zimmermann's guilt.

Docherty, a soft-spoken prosecutor, offered a harsh commentary on Zimmermann's actions.

"The defendant has sold his office," Docherty said. "The evidence has proven that that is what he's done."

Dan Scott, Zimmermann's lawyer, responded with a low-key but passionate defense.

"They are trying to make someone a criminal who is not," Scott said.

Contrasting portraits

Indeed, the trial offered two sharply contrasting images of Zimmermann.

The prosecution painted him as a financially strapped politician who promised to do Carlson favors and took the cash without question in the hopes of getting more, spending it for his own purposes.

The defense portrayed him as an idealistic Green Party activist with a lifetime commitment to civil rights who helped others -- including Carlson as he would any constituent.

Zimmermann is charged with four crimes:

· Taking $5,000 from Carlson at the Baja Riverside restaurant in Minneapolis on June 14, 2005, in return for Zimmermann's efforts to try to get the Chicago Commons project rezoned to include more retail stores.

· Taking $1,200 in four campaign envelopes, each containing $300, from Carlson on Aug. 15, 2005, on a platform of a light-rail station, for providing Carlson help in developing a new Somali-American mall.

· Taking $1,000 from Carlson on Aug. 31, 2005, at Zimmermann's home, for helping with the mall.

· In some e-mails from Oct. 22-29, 2004, soliciting a townhouse developer to build a retaining wall or to provide materials for Zimmerman to build the wall on the property of his former domestic partner.

'Money, money, money'

Wearing a concealed camera at the restaurant, Carlson gave Zimmermann the $5,000, money that would help pay legal bills for a redistricting lawsuit. Docherty said Zimmermann did not reject the money but stuffed it in his pocket. "It was seamless," he said.

At the time, Zimmermann was one of 14 plaintiffs challenging new city ward lines that he said had gerrymandered him and Natalie Johnson Lee, another Green Party member on the City Council, out of their wards. The suit was lost, and both lost their reelection bids.

Docherty said Zimmermann first raised the subject of money when Carlson, seeking rezoning help, asked what he could do for Zimmermann. Zimmermann answered, "Money, money, money," according to the prosecution.

The defense says that Zimmermann mentioned money because Carlson had gone to see him at Zimmermann's campaign fundraising birthday party at the Black Forest Inn in Minneapolis -- and that the theme of the party was "Money, money, money," a phrase Zimmermann used in a speech there.

The jury will have to decide whether Zimmermann was predisposed to commit a crime, as the government alleges, or indifferent to it.

"If Dean was a corrupt official, out looking for bribes, why was it always Carlson who was the aggressor?" Scott asked in his summation.

In lengthy instructions to the jury, U.S. District Judge Ann Montgomery included a short point on entrapment, saying that if the jury found that if Zimmermann did not intend to commit a crime, but was persuaded or induced to do so, he should be found not guilty.

Randy Furst · 612-6737382

Lawton Man Sentenced To Prison For FEMA Fraud (AP)

AP, August 10, 2006

OKLAHOMA CITY A Lawton man has been sentenced to five months in prison for fraudulently cashing a hurricane relief check.U-S Attorney John C. Richter of Oklahoma City says 26-year-old Atari Finley was accused of cashing a two-thousand-dollar check from the Federal Emergency Management Agency.Finley was ordered to serve five months of home confinement at the conclusion of his prison term and pay restitution.An indictment against Finley says he cashed a Hurricane Katrina disaster relief check made out in his name on September 23rd, 2005.He pleaded guilty in April and admitted that he knew when he cashed the check he was not entitled to any disaster relief money. Finley never lived at the Louisiana address on his FEMA application.

Final 3 Pleas Expected In Alleged Cash Transfer Scheme (SLPD)

By Robert Patrick, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, August 10, 2006

The last members of a ring of southern Missouri residents accused of stealing more than $100,000 by using cordless telephone parts to tap into an international money transfer company will plead guilty today and Friday, according to court documents and lawyers involved in the case.

The group allegedly took the money from MoneyGram International Inc., a global payment services company that says it is the largest processor of money orders in the U.S.

Four of the seven defendants have already pleaded guilty in federal court in St. Louis to a charge of access device fraud. They include Jeffery Allen Miller, 23, and David Matthew McCormick, 20, who pleaded guilty Wednesday morning.

Darlene Wyatt, 35, pleaded guilty Aug. 4, and the alleged ringleader, Kevin Todd Warren, 39, pleaded guilty in June.

According to court documents and lawyers, Andrew L. Burditt, 25, is due in court for a plea this morning and Tiffany Nicole Raue, 20, and Eric M. Weiser, 20, are scheduled for pleas Friday morning.

Defense attorneys say all the defendants are from the Fulton area and work menial jobs.

"This is a bunch of good kids from Fulton," said Weiser's lawyer, Carter Collins Law. "As far as I can tell, they're a bunch of little country mice. And I don't mean that in a ... pejorative way at all," she said.

According to testimony and court documents, including an affidavit filed by FBI Special Agent Keith Kohne, the scheme worked this way:

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Warren figured out how to tap into MoneyGram's system using parts of a cordless telephone and recruited and trained some of the others.

Warren or others would send a small amount of money with MoneyGram and listen in on the tapped phone line or in person as MoneyGram agents gave out an identification number.

Using that number and the tapped phone line, Warren would call into MoneyGram and trick the system into accepting a cash transfer. Warren or others would then pick up the money from offices throughout the U.S.

The scheme was uncovered in January by a Jennings Quick Shop employee who became suspicious of Warren and Wyatt, especially after hearing clicks on the telephone line. He discovered the cordless phone equipment attached to his phone line and called Jennings police and MoneyGram, who called the FBI.

A similar scheme had been used in Kansas, Texas, Arkansas, Alabama and other states, court documents say, between June 2005 and February.

Each defendant could be responsible for repaying all or part of the money stolen, lawyers say.

Raue's lawyer, Steve Welby, said his client only received a small amount of money.

Warren's lawyer said he could not comment before talking to his client.

A MoneyGram spokeswoman said she could not immediately comment, and Assistant U.S. Attorney Tracy Berry said she could not comment on a pending case.

The group could have gotten up to 10 years in prison or a fine of $250,000, or both, but are expected to be sentenced to less.

Callaway County Assistant Prosecuting Attorney April Wilson said that Warren was indicted in 2004 and later pleaded guilty to a charge of distribution of more than five grams of marijuana. In 2006, he was charged with forgery, Wilson said.

Sailor From Oregon Charged With Espionage (WP)

By Josh White

The Washington Post, August 10, 2006

A U.S. Navy petty officer has been charged with stealing classified military information from his submarine and attempting to pass it to foreign governments in an espionage scheme, Navy officials said yesterday.

Fire Control Technician 3rd Class Ariel J. Weinmann, 21, of Salem, Ore., allegedly deserted his submarine, the USS Albuquerque, in July 2005 and took electronic copies of information classified "confidential" and "secret." According to military charge sheets, Weinmann tried to pass information to foreign government officials in three countries, once while on active duty.

Military officials allege that Weinmann tried to pass secrets to foreign officials while in Bahrain in March 2005; in Vienna in October 2005; and in Mexico City in March. Immigration and Customs Enforcement agents arrested Weinmann at Dallas/Fort Worth International Airport on March 26, and since then he has been held at the Navy brig in Norfolk, according to a Navy news release.

Defense officials said yesterday it is unclear what information Weinmann might have taken and how damaging it could be, though they said they believed it was "low-level" information possibly related to the operation of the submarine. Officials said Weinmann allegedly was trying to pass it to Russia.

Ted Brown, a spokesman for U.S. Fleet Forces Command in Norfolk, said the Navy finished an Article 32 preliminary hearing into the alleged crimes on July 26, and commanders now must decide whether to send the case to court-martial. Weinmann is charged with desertion, failure to obey a general order, espionage, illegally copying classified information, destruction of government property and larceny.

Lt. Cmdr. Karen Somers, Weinmann's lead attorney, said in a statement that "at this point in the proceeding, it is not in my client's best interest to comment on the case."

The Norfolk Virginian-Pilot newspaper first reported on Weinmann's case last week, pointing out that the sailor had been held in the brig for several months without public knowledge.

According to charge sheets, Weinmann put electronic copies of the classified information onto a government laptop between May and July 2005, knowing that the information "was to be used to the injury of the United States or to the advantage of a foreign nation." He then allegedly stole the laptop when he deserted the submarine in Connecticut on July 3, 2005. Military officials believe he destroyed the hard drive "by smashing it with a mallet" in Vienna in March.

2nd Circuit Declines To Back Jury Instruction Mandate (LAW)

By Mark Hamblett, New York Law Journal

New York Law Journal, August 10, 2006

DOJ_NMG_0046180

Judges prodding divided jurors to reach a verdict do not necessarily have to tell them to follow their consciences, according to a federal appeals court.

The 2nd U.S. Circuit Court of Appeals declined to adopt a hard-and-fast rule on the words a judge should use when giving a potentially deadlocked jury a so-called "modified" Allen charge.

Rather, the court said the standard for evaluating such a supplemental charge remained the same under its own case law and that of the U.S. Supreme Court: The instructions must be evaluated in context and under all the circumstances.

In so ruling, the court upheld the denial of a habeas corpus petition for a convicted armed robber who said his Fifth and Sixth Amendment rights were violated by the jury charge in his trial at state Supreme Court in Brooklyn.

Sitting by designation, Southern District of New York Judge John Koeltl wrote the opinion in Spears v. Greiner, 05-2297-pr. Second Circuit Judges Dennis Jacobs and Rosemary Pooler joined in the ruling.

Corey Spears was charged with committing an armed robbery along with co-defendant Lamar Suber.

At trial, the jurors sent Supreme Court Justice Robert Kreindler a series of notes on the first day of deliberations, including one that stated they were a hung jury. The judge responded that the note was "premature."

He asked the jurors "to consider the facts 'with an attempt to reach a verdict if that be possible,' and to continue deliberations 'with a view toward arriving at a verdict if that's possible.'"

The defense attorney did not object to the supplemental charge.

The next day, the jurors sent a note saying they had reached a verdict, finding Spears guilty of first-degree robbery. The judge accepted a partial verdict and declared a mistrial for Suber.

Spears' appeal to the Appellate Division, 2nd Department, argued that the judge had improperly asked the jury whether it had reached a verdict and was wrong to accept a partial verdict.

Spears said the "prompting of the jury to return a verdict" was made "even more problematic by the court's earlier charge when the jury sent out a note saying it was deadlocked as to both defendants."

The Appellate Division rejected the claim on the partial verdict but did not address the supplemental charge.

Eastern District of New York Judge Jack Weinstein then refused to grant Spears' petition for a writ of habeas corpus.

At the circuit, Koeltl first said the panel accepted the trial judge's instructions as a "modified Allen charge."

In Allen v. United States, 164 U.S. 492 (1986), the Supreme Court approved instructions that urged a deadlocked jury to continue deliberating and advised jurors in the minority to listen to the majority's arguments and then consider whether their own views were reasonable under the circumstances.

The instructions in Allen included the statement that "the verdict must be the verdict of each individual juror, and not a mere acquiescence in the conclusion of his fellows" and that it was the jury's duty to "decide the case if they could conscientiously do so."

Koeltl said that in Lowenfield v. Phelps, 484 U.S. 231 (1988), the Supreme Court approved the so-called "modified" Allen charge -- one that "does not speak specifically to minority jurors."

The Supreme Court said the potential coercive effect of a charge to a deadlocked jury must be evaluated "in its context and under all the circumstances."

Koeltl said the 2nd Circuit has applied the Lowenfield standard to find that in any Allen charge that specifically tells jurors to consider the views of others, "specific cautionary language reminding jurors not to abandon their own conscientious beliefs is generally required."

In Smalls v. Batista, 191 F.3d 272 (1999), the 2nd Circuit found that a lack of such cautionary language "especially when coupled with the trial court's thrice repeated direction that the jurors convince each other . . . renders the charge coercive and a violation of Smalls' constitutional rights to due process and a fair trial."

Spears claimed this language created a rule that trial judges must tell the jurors not to surrender their own conscientiously held beliefs.

Not so, said Koeltl.

"This court did not create any new rule in Smalls that would replace the Supreme Court's standard in Lowenfield that an Allen charge must be evaluated 'in its context and under all the circumstances,'" he said.

Although the supplemental charge did not include the cautionary language of Smalls, Koeltl said, "the charge did not urge the jurors to listen to the views of other jurors with whom they disagreed or attempt to persuade each other."

It was also important, Koeltl said, that the original charge "did include cautionary language telling jurors that they had a right to stick to their arguments and stand up for their own strong opinions," and, as in Lowenfield, the defense counsel failed to object to the charge.

Finally, Koeltl said, the "actions of the jury do not support a finding of coercion" because it continued to deliberate for the rest of the day and into the next morning and they were unable to reach a verdict on Spears' co-defendant.

Tina Schneider of Portland, Maine, represented Spears.

Assistant District Attorneys Victor Barall, Leonard Joblove and Joseph Huttler represented the state.

Unfinished $100 Bills Lead To An Arrest (WP)

By Ovetta Wiggins

The Washington Post, August 10, 2006

After more than 30 years of working where money is made, David C. Faison decided to make some of it work for him, law enforcement officials say.

He devised an elaborate moneymaking scheme involving a pair of scissors, 10 sheets of partially printed $100 bills from the Bureau of Engraving and Printing and a three-state gambling spree, according to documents charging him with theft of government property.

Investigators say Faison, 56, of Largo stole the sheets of $100 bills from the bureau's printing facility in the District, cut them and passed at least 145 of the bills through slot machines in casinos in Delaware, New Jersey and West Virginia.

Faison, who has no prior record, was charged Monday in U.S. District Court in Washington and released on his own recognizance. No future court date has been set.

Magistrate Judge Alan Kay ordered Faison to stay out of trouble with the law, submit to random drug testing and remain within 50 miles of the District.

Yesterday Faison, a widower who lives with his brother, Daniel, declined to comment.

"What do I get out of it?" Faison said in response to a request for an interview.

His brother added, "I really don't know anything about any of this . . . and he doesn't have any comment."

Faison worked as a stock control recorder at the Bureau of Engraving and Printing, distributing paper stock throughout the plant -- a job that gave him access to the plant's printing section.

Claudia Dickens, a bureau spokesman, said it was not the first time a bureau employee had stolen money.

But Rich Delmar, counsel to the inspector general for the Treasury Department, which is working on the Faison case with the Secret Service and the Federal Bureau of Investigation, said the scheme was "pretty rare."

"To my knowledge, I don't believe we've gotten any other reports of an incident like this," Delmar said.

During a two-month period, Faison allegedly used the partially printed bills at Midway Slots, Dover Downs Hotel & Casino and Delaware Park in Delaware, at Bally's and Trump Plaza in New Jersey and at Charles Town Races & Slots in West Virginia.

Within 19 seconds one day last month, Faison allegedly inserted three $100 bills into machines at Midway Slots in Harrington, Del. He later received a cash ticket for $290.

Delmar said officials at a couple of casinos realized that some of the partially printed bills had passed through their slot machines, and they contacted the Secret Service.

According to the charging documents, Faison took the sheets before they had gone through the full manufacturing process. The bills looked finished, but they had not been stamped with serial numbers or the Treasury seal.

Each sheet contained 32 uncut bills, or $3,200.

Law enforcement officials searched through trash from the curb outside Faison's home last month, finding what appeared to be scraps from the cut bills. Investigators later confirmed that the "scraps of paper were scraps of specialized currency paper" used during the production process.

Last week, investigators found some of the stolen sheets of bills hidden in wrapping paper in Faison's closet, according to the affidavit.

Peter Bradley, the general manager of slot operations at Dover Downs, said the casino received a tip from the Treasury Department that Faison might show up at the casino.

"They gave us a description, and one day one of our surveillance folks picked him up," Bradley said.

The casino made certain that the surveillance videotape of Faison was enough of a close-up to show that one of the $100 bills that Faison inserted into a slot machine did not have serial numbers or the Treasury seal, officials said. Dover Downs security later verified that Faison gambled with $400 that day and that all of the bills were partially printed.

"We were able to trace it back to him," Bradley said. "It was real good work on our folks' part, working with the Treasury Department. Just a good team effort."

North Carolina Creates A New Route To Exoneration (CSM)

By Patrik Jonsson

The Christian Science Monitor, August 10, 2006

RALEIGH, N.C.

DOJ_NMG_0046182

Eighty-five percent of all executions in the US take place in the South.

For that reason alone, anti-death penalty activists claimed a major victory when North Carolina last week became the first state in the union to establish a government commission that will review evidence and, if warranted, send a recommendation of innocence to a three-judge panel.

The creation of the North Carolina Innocence Inquiry Commission fits in with a broader national inquiry into the moral responsibility of legal executions. In North Carolina, it was primarily those who work inside the justice system who helped bring about the commission.

It's an idea with appeal: Lawmakers in at least 12 other states - including Texas, where nearly half of all executions take place each year - are considering filing similar legislation next year, according to the National Coalition to Abolish the Death Penalty.

"North Carolina is now the center of gravity in the death penalty debate," says David Elliot of the coalition. "That's significant because the death penalty increasingly is a Southern phenomenon."

There are 188 convicts in North Carolina on death row. After the high-profile exonerations of death row inmate Alan Gell and "lifer" Darryl Hunt in the state, a judicial review committee found a proliferation of both large and small mistakes that cast a shadow on the state's justice system. For one: 80 percent of freed prisoners were exonerated because of faulty eyewitness accounts. That opened some eyes, including those of then-Supreme Court Chief Justice I. Beverly Lake.

"We realized we had a problem and that we needed to take a look at what was causing these wrongful convictions and how we might correct the mistakes that were being made," says Judge Lake, a conservative jurist and death penalty supporter who led the reform effort.

The commission, signed into law by Gov. Mike Easley (D) last Thursday, is expected to convene in November.

The state's two top justices - the chiefs of the state Supreme Court and state Appeals Court - will appoint a panel that the law says must include a member of the general public, a sheriff, a victims' advocate, a criminal defense lawyer, a prosecutor, and a state Superior Court judge. The commission will also have a full staff, including two investigators, who will pore through applications.

Judge Lake says perhaps 30 percent of cases will have enough merit to warrant further investigation. Perhaps 10 percent will receive a commission hearing.

"Certainly there will be a flood, but most of them will be screened out immediately," says state Rep. Joe Hackney (D), an architect of the committee that led to the commission's creation. "There'll be a few that get investigated, even fewer where there's relief granted. Maybe even none."

Five of eight commissioners must agree to pass it on to a three-judge panel, which has to vote unanimously to exonerate a convicted inmate. The commission will look at new evidence that's come to light since the trial, but will not consider legal technicalities. It can take years of appeals in many states before the appellate system looks at evidence that was not introduced to the jury at trial.

"The innocence commission is a response to the fact that our system doesn't have a process for reevaluating the innocence or guilt of somebody who has been convicted," says Sam Gross, a law professor at the University of Michigan Law School. "There's a hole in the middle of the process."

But critics say that many states - including Texas - have laws that allow such "actual innocence" claims to be litigated early on in the appeals process. Many death penalty proponents - and critics - agree that there's no irrefutable proof that any innocent person has been executed in the US since the death penalty was reinstated in 1976. Proponents say this proves the system works.

Prosecutors, too, wonder whether the commission will work. An early proposal, which would have allowed those who pleaded guilty in court to claim innocence, was changed so that they will have to wait two years to apply.

"Everybody in prison says they're innocent, so our concern was that if you open it up to all guilty pleas, it would swamp the commission before it ever got started," says Peg Dorer, director of the North Carolina Conference of District Attorneys in Raleigh.

Some see the innocence commission as a victory for activists in one of the busiest death penalty states among the 37 that allow capital punishment. Dozens of communities and hundreds of businesses and churches have called for a moratorium on the death penalty.

The Raleigh-Durham-Chapel Hill "Triangle," a politically left-leaning part of the state, has become a wellspring for activists. At North Carolina's Central Prison in Raleigh - the site of death row and the execution chamber - protesters have engaged in acts of civil disobedience in the driveway to the prison.

Yet even some activists who oppose the death penalty have concerns about the motivations behind the new commission.

"[Commission members] all have their own biases, so how fair is it going to be?" says Scott Langley, an activist in Raleigh. "Time will tell."

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For some, the new law offers renewed hope. Roberta and Elmer McNeill have been fighting for 13 years to free their son, Elmer Ray McNeill Jr., who they say is innocent despite his conviction for the murder of two grocery store clerks in an armed robbery.

At a recent gathering at a Raleigh church, the McNeills told a small group of activists that the prosecutor tricked the judge and later met jurors for lunch during the trial. If so, that would be grounds for an appeal.

Said John Strange, of the People of Faith Against the Death Penalty: "I imagine that when you tell friends or you tell strangers this story, they don't believe you."

"No, they don't," said Ms. McNeill.

Perhaps now somebody will. The McNeills say they will be among the first to file papers when the commission opens.

30-Year Sentence In Slaying Of Student (WP)

By Jamie Stockwell

The Washington Post, August 10, 2006

MATHEWS COUNTY, Va., Aug. 9 -- A Fairfax County mother was mostly composed Wednesday during a 90-minute hearing in this rural county, until the man who killed her daughter was led slowly from the courtroom in shackles. "Murderer!" she screamed.

Moments earlier, Benjamin Fawley had stood up -- his head shaking back and forth, a photograph of his two young daughters in his left hand -- and entered a plea in the murder of 17-year-old Taylor Behl, just eight days before his trial was scheduled to begin.

It has been 11 months since Janet Pelasara last saw her daughter, who was a freshman at Virginia Commonwealth University in Richmond. Behl's mostly naked and decomposing body was found a month after she was reported missing, buried in a shallow ravine off a winding country road.

Fawley, 39, has repeatedly said that Behl died during a consensual sex act in which he restricted her breathing. But standing in the crowded courtroom, Fawley entered an Alford plea to second-degree murder.

In doing so, Fawley did not admit his guilt but conceded that the state had enough evidence to convict him in Behl's killing. Circuit Court Judge William H. Shaw III accepted the plea and sentenced him to 30 years in prison.

The court action closed a case that garnered national headlines and was the focus of an intense manhunt last fall, a case that prosecutors said Wednesday was never about "sex or bondage or erotic asphyxiation."

Simply, "this was a case about murder," said John S. "Jack" Gill, the county's chief prosecutor.

"This was a girl going off to college with the same hopes, dreams and fears that all kids have," Gill said. "It's a tragedy she was taken in this manner."

Fawley sobbed at times during the hearing but offered no apologies. Under the terms of the agreement, 22 counts of unrelated child pornography charges filed last fall in Richmond will be dropped, each of which carried a minimum punishment of five years.

His attorneys said afterward that Fawley, a father of two young girls who live with their mother in Pennsylvania, was reluctant to enter a plea. He was "very emotional," said William E. Johnson, one of his attorneys.

"He contends that he thought highly of Taylor. He contends that he never wanted to do her harm," Johnson said. "He is very depressed. But he's resolved to his fate."

Behl, a June 2005 graduate of James Madison High School in Vienna, was just two weeks into her freshman year when she vanished. Her body was found about 75 miles east of the Richmond campus.

An autopsy determined last month that Behl's death was a homicide. But because her body was so badly decomposed, medical examiners were unable to conclude how she was killed.

Behl's mother, who attended the hearing with about 35 relatives, said afterward that she was pleased with the outcome.

"I'm happy that it's over," she said, adding that it does little to help her heal. "I don't know that I'll ever have closure. How do you have closure on losing your only daughter? I don't think there ever will be."

Fawley was romantically involved with Behl before she enrolled at VCU. He has been in jail since September, when he was arrested on unrelated pornography charges after police searched his home computers.

Within days of the discovery of Behl's remains, Fawley told investigators that he had had consensual sex with her in her car, parked near a beach in rural Mathews County, the night of Sept. 5 and that he had accidentally choked her. He told police that he had panicked after she died and dumped her body in the shallow ditch off a narrow dirt road tucked behind sheds and farmhouses.

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Detectives were led to the spot by one of Fawley's ex-girlfriends, who recognized the area in a photograph Fawley posted on his Web site. An amateur photographer, he had a gallery of his digital snapshots online, and the critical image showed a portion of his ex-girlfriend's family's property.

Fawley maintained numerous Web sites dedicated to his interests in art, Gothic culture and skulls, and he had a bumper-sticker-plastered van that he decorated with dozens of license plates that he had collected over the years.

He and Behl met early last year, and the two became online friends. They posted messages to one another on their blogs. On one trip to Richmond, Fawley took photographs of a fully clothed Behl and posted them on his Web site.

Behl, too, had a vast online presence with journals and profiles posted at the popular social networking sites http://MySpace.com and http://LiveJournal.com . On her MySpace page, which she last logged into the day before she disappeared, friends continue to post messages about their memories of her.

Little of Behl's online world was mentioned in court yesterday. Instead, prosecutors said she wrote in her journal about a new boyfriend she had met in Richmond. She was eager to delve into college, they said.

And although Fawley told the police that Behl was crazy about him, she thought he was weird, prosecutors said. He later told police that he sometimes blacked out and that he remembers Behl choking before she took her last breath.

"I never like the thoughts in my head," Fawley wrote in a jailhouse letter to a friend that was read aloud Wednesday. "People are right. Something is wrong with me. All the thoughts of killing and death in my head and now it's true. I've killed someone."

First 4 D.C. Crime Cameras To Be Set Up This Week (WP)

By Allison Klein

The Washington Post, August 10, 2006

Four neighborhood surveillance cameras will be installed this week on D.C. streets as part of the city's crime emergency plan, which will bring as many as 48 cameras to some of Washington's more violent areas in the coming weeks.

The first cameras will be installed in the Northeast, Southeast and Northwest quadrants, on blocks where robberies, drug dealing and assaults frequently occur, police said. All will be encased in bulletproof boxes.

As if to underscore the crime problem, which has been marked among juveniles, a man was killed yesterday at one of the sites, and a 15-year-old was charged in the death. Ricardo Jones, 22, of the District was fatally shot at 14th and Girard streets NW about 12:30 p.m. Last night, the teen, a male who had been arguing with Jones, was charged as a juvenile with second-degree murder while armed, police said.

Had the cameras been up, investigators could have checked whether the killing was recorded. Cameras will roll 24 hours a day but will not be monitored live.

"It's not a panacea," Police Chief Charles H. Ramsey said. "It gives us a chance to see some crimes being committed in public places."

The cameras are part of the 90-day crime emergency package passed by the D.C. Council last month in response to a summer crime surge. The package also authorized 300 new police officers and a 10 p.m. youth curfew.

Police were given $2.3 million for the cameras, primarily for hardware and to set up a wireless network. The city will begin installation today.

On Monday, cameras will go up in five other locations, Ramsey said. He said he will publicly identify those after he receives the approval of council members, who must back cameras in their wards before they are installed.

In choosing the locations, Ramsey is required to consider crime data and recommendations from Advisory Neighborhood Commissions and civic associations. There are also practical concerns, such as the placement of utility poles to hold the devices.

The cameras will go up in about 48 blocks. Police plan to install half this month, and the rest next month. The emergency legislation expires in mid-October.

Ramsey wants the cameras to outlive the legislation: "Hopefully, the council will vote in favor of keeping them permanently."

The cameras will be attached to poles. Signs will alert people to their presence.

The first four sites have had problems with crime. Ramsey said the 1500-1700 blocks of Benning Road NE have been beset by robberies and homicides. The 400 block of O Street NW has problems with drug dealing. And the 1200 block of Valley Avenue SE has seen carjackings and other crimes.

Cities such as Baltimore, Chicago and Los Angeles have used neighborhood cameras for years, and officials there say they have helped reduce crime. In Baltimore, for example, police have noted a 15 percent drop in violent crime in areas with cameras.

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Groups such as the American Civil Liberties Union have denounced the cameras, saying they are not effective, are susceptible to abuse and are voyeuristic.

Johnny Barnes, executive director of the ACLU of the National Capital Area, said, "We're about to spend money on the cameras that could be used for other law enforcement techniques, such as more police, streetlights, other things that work in law enforcement."

CIVIL LAW:

Justice Probes Auto Lending (BN)

By Russell Hubbard, News Staff Writer

The Birmingham News (AL), August 10, 2006

Compass Bancshares Inc., Alabama's third-largest bank, said Tuesday the Justice Department is investigating its automobile lending practices.

The Birmingham-based operator of 400 branches in six states said in a quarterly filing with the Securities and Exchange Commission the government's investigation concentrates on "indirect auto lending" practices. The investigation is a civil matter, not a criminal one.

Investigators are looking for discriminatory practices against co-applicants who weren't married, Compass said. The probe is limited to lending activity between May 2001 and May 2003, Compass said. Indirect loans are ones that originate at auto dealers and are forwarded to banks for approval.

"It's a small part of our business and deals with events that happened five years ago," Compass spokesman Ed Bilek said.

Compass said it learned of the investigation and the possibility of an ensuing civil lawsuit in U.S. District Court in Birmingham in early June. Compass said in the SEC filing that all fair lending laws were obeyed and that the company is cooperating with the investigation.

Shares of Compass, which among Alabama banks trails only Regions Financial Corp. and AmSouth Bancorp. in assets, fell 37 cents to $58.83 Tuesday. The shares have risen 25 percent in the past year.

Compass officers and directors last week were among the largest sellers of their own company's stock, according to Bloomberg News. Compass insiders last week told regulators they planned to sell $67.4 million of stock, almost all of it by one director.

Director James Click, an automobile dealer in Irvine, Calif., said in filings he plans to sell 1 million of his Compass shares, a stake worth almost $59 million.

Bilek, the Compass spokesman, said Click has owned his Compass shares since 1998 and is selling them for "portfolio diversification" purposes.

"We knew this was coming," Bilek said. "We are always informed ahead of time by directors and officers."

E-mail: rhubbard@bhamnews.com

Armor For The Whistle-Blowers (WP)

By Stephen Barr

The Washington Post, August 10, 2006

Three House members who favor stronger protections for whistle-blowers are urging support for a Senate amendment that would reinforce the rights of federal employees who disclose waste, fraud and abuse in government.

"We believe there is now a real opportunity for Congress to accomplish a significant bipartisan victory for whistle blowers," Reps. Thomas M. Davis III (R-Va.), Henry A. Waxman (D-Calif.) and Todd R. Platts (R-Pa.) said in a letter released yesterday.

The Senate amendment would restore and clarify congressional intent as to what type of whistle-blowing is protected and where it may take place, according to sponsors. Amendment supporters claim that the Federal Circuit appeals court, which rules in employee cases, has created loopholes in whistle-blower law and eroded safeguards for federal workers.

The issue took on added significance in May when the Supreme Court ruled that public employees cannot seek First Amendment protection in sounding an alarm but must rely on federal and state laws to protect them from reprisals.

Numerous federal whistle-blowers have alleged in recent years that agencies fail to handle their cases in a confidential manner and do not take appropriate steps to stop reprisals from superiors, such as yanking their security clearances and transferring their jobs far from their homes.

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The Senate amendment was added to the fiscal 2007 defense authorization bill by Sen. Daniel K. Akaka (D-Hawaii) and other senators. In their letter, the House members urged Reps. Duncan Hunter (R-Calif.) and Ike Skelton (D-Mo.), chairman and ranking members of the House Armed Services Committee, to include the amendment in the final version of the bill.

The letter writers pointed out that the House Government Reform Committee has worked on the issue of enhanced whistle-blower protections since 2000.

"The committee's experience has demonstrated repeatedly that whistle blowers can be America's first line of defense against threats from outside, as well as from bureaucratic breakdowns within the government that can be equally dangerous," the letter said. "Committee investigations and hearings repeatedly have confirmed this conclusion, whether the context was protection of nuclear weapons facilities, disregarded advance warnings about vulnerability to 9/11, failure to upgrade homeland security since that tragedy, or fraud and contracting abusers that have undermined the safety of our troops in Iraq and elsewhere."

In the past, the Justice Department has objected to similar efforts to reword whistle-blower law. In 2004, the department opposed a bill sponsored by Akaka, contending proposed changes would be "burdensome, unnecessary and unconstitutional."Tax Chase to Start

The Internal Revenue Service has informed employees that it will begin using private debt collectors to track down tax delinquents starting in late August or early September.

"I'm going to do everything I can to get every nickel that is owed to the government by people who haven't paid their taxes," IRS Commissioner Mark W. Everson said yesterday.

The IRS has estimated that debt collectors could pull in about $1.4 billion over 10 years. Under a 2004 law, the IRS has hired three companies and will pay them on a sliding scale -- from 21 cents to 24 cents for each dollar collected.

Everson said "a modest number of cases" will be turned over to the companies at the start, promising to "ramp this up deliberately and very carefully" to ensure that taxpayer privacy is protected.

The National Treasury Employees Union opposes the use of contractors, saying that tax work should be done by government employees. Union President Colleen M. Kelley yesterday called the program a "foolish endeavor" and noted that the inspector general for tax administration and about two dozen House members have raised concerns about the it.

According to an agency message, IRS employees will refer taxpayers with questions about debt collection notices to the private companies. If taxpayers choose not to work with a debt collector, they must notify the contractor and the IRS in writing, the IRS told employees.

"This is going to be a confusing situation for impacted taxpayers," Kelley said.

Google To Continue Storing Search Requests Despite AOL Gaffe (AP)

By Michael Liedtke

AP, August 10, 2006

SAN JOSE, Calif. - Although he was alarmed by AOL's haphazard release of its subscribers' online search requests, Google Inc. CEO Eric Schmidt said Wednesday the privacy concerns raised by that breach won't change his company's practice of storing the inquiries made by its users.

"We are reasonably satisfied ... that this sort of thing would not happen at Google, although you can never say never," Schmidt said during an appearance at a major search engine conference in San Jose.

The security breakdown, disclosed earlier this week, publicly exposed about 19 million search requests made by more than 658,000 AOL subscribers during the three months ended in May. Time Warner Inc.'s AOL intended to release the data exclusively to researchers, but the information somehow surfaced on the Internet and was widely copied.

The lapse provided a glaring example of how the information that people enter into search engines can provide a window into their embarrassing - or even potentially incriminating - wishes and desires. The search requests leaked by AOL included inquiries seeking information about murder techniques and nude teenage girls.

AOL's gaffe hits close to home for Google because the two companies have extremely close business ties.

Mountain View-based Google owns a 5 percent stake in AOL, which also accounted for about $330 million of the search engine's revenue during the first half of this year. AOL also depends on Google's algorithms for its search results.

Schmidt told reporters Wednesday he hadn't had time to contact AOL executives to discuss the problems underlying the release of the search data, but questioned his business partner's judgment.

"It's a terrible thing," he said during his conference remarks. "Maybe it wasn't a good idea to release it in the first place."

AOL already has publicly apologized for its handling of the search requests, calling it a "screw up."

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In response to a reporter's question, Schmidt said some good could still emerge from AOL's error by raising public awareness about the issue. "It may be positive because we want people to know what can happen" to online search requests, Schmidt said.

Google keeps its users' search requests as part of its efforts to better understand what specific people are looking for on the Internet.

But by storing the search requests, Google and its competitors are creating an opportunity for the material to be mistakenly released or stolen, according to privacy advocates.

Schmidt said he is less concerned about those possibilities than the governments of countries around the world demanding to review people's search requests. "I have always worried the query stream is a fertile ground for governments to snoop on the people."

The U.S. Justice Department last year subpoenaed Google for millions of its users' search requests as part of a court case involving protections against online child pornography.

Google refused to comply, resulting in a high-profile court battle earlier this year that culminated in a federal judge ruling that the search engine didn't have to hand over individual search requests to the government.

In his meeting with reporters, Schmidt also covered familiar ground, including Google's plans to develop more advertising channels and form more revenue-sharing partnerships with content providers.

Toward that end, Google during the past week announced new business alliances with The Associated Press, Viacom Inc.'s MTV Networks and News Corp.'s rapidly growing social networking Web site, MySpace.com. The search engine also plans to start distributing radio ads within the next few months.

Google continues to negotiate with other potential partners, although Schmidt indicated nothing is likely to come to fruition during the next few weeks. "The highest priority right now is not (making) more deals, but implementing the ones we have announced," he told reporters.

Asbestos Case Nets $10.3 Million Verdict (LAW)

By Pam Smith, The Recorder

California Recorder, August 10, 2006

A San Francisco Superior Court jury awarded $10.3 million in economic and non-economic damages Monday in an asbestos case brought by a 60-year-old man allegedly suffering from mesothelioma.

Jeffrey Kaiser of San Francisco plaintiffs firm Levin Simes Kaiser & Gornick said it's a big verdict for his relatively new firm, and that he thinks it's one of California's 10 largest compensatory verdicts for asbestos cases in the last 15 years.

Even in the best scenario, however, plaintiff George Barnes won't collect nearly that much. The jury only attributed 15 percent of the harm to Thorpe Insulation Co., the lone named defendant at trial.

By the time Judge Diane Wick makes a final ruling on the company's liability, Barnes will probably only be entitled to about $2.3 million from Thorpe, Kaiser said.

Kaiser also does not expect Thorpe will have the assets to pay, meaning his firm is now bracing to go to battle against the insulation company's insurers over coverage.

"Unfortunately, I expect they'll continue to deny coverage and we'll have to litigate with the insurance companies," Kaiser said.

Levin Simes senior attorney Martha Berman represented Barnes and his wife, Darlene, at trial.

The jury identified $9 million in non-economic damages for physical pain or mental suffering in its special verdict Monday. The rest, all economic damages, included $210,000 for medical bills, $861,083 for past and future income, and $178,974 for the loss of Barnes' services around his family's two-acre property. They found Darlene Barnes' loss of consortium worth another $100,000.

There were no punitive damages; Kaiser said the plaintiff did not argue negligence.

Kaiser noted Barnes and his wife were both 60 years old, and both testified. "Mr. Barnes had basically worked for 25 years as a union shipfitter. ... He had a very nice life, and a nice family, and I think the jury recognized that he's going to lose it all."

The jury attributed 15 percent of Barnes' harm to Thorpe, 5 percent to the plaintiff himself, 55 percent to his former employer, the U.S. Navy, and 25 percent to other manufacturers and distributors.

Jane Yee, the Bishop, Barry, Howe, Haney & Ryder lawyer who represented Thorpe at trial, did not immediately return a call seeking comment Tuesday afternoon.

Garrett Sanderson III, a partner in the defense-side toxic tort group at Carroll, Burdick & McDonough, wasn't familiar with the details in Barnes v. Thorpe Insulation Co., 446017. But he noted that a defendant's trial success can be relative, depending on how an adverse judgment compares to the settlement demands they had faced.

Barnes did settle with several other defendants, Kaiser said, but the details were confidential. His firm, three of whose name partners are former defense lawyers from the defunct Brobeck, Phleger & Harrison, usually aims to settle, he added.

"We've only had to try four cases in the 3 and 1/2 years we've been in business," he said.

CIVIL RIGHTS:

Desegregation Case Request Denied (HATAMER)

By Nancy Kaffer

Hattiesburg (MS) American, August 10, 2006

A federal judge Tuesday denied a request from a group of Covington County parents to gain legal standing that would let them contest the controversial resolution of a 40-year-old desegregation case.

Charles Magee, president of the Covington County Chapter of the National Association for the Advancement of Colored People, said the community members involved in the case plan to file an appeal.

"We are taking it to the 5th Circuit because we think the kids of Covington County deserve a better deal than we've got," Magee said.

Plaintiffs Arthur and Peggy Keys and their children Savon and Danniesha, represented by Suzanne Keys of Jackson-based Isaac Byrd Associates, filed a motion to intervene on June 19. Had the motion been granted, the Keys family, along with other Covington County families named in the suit, would have been able to ask the court to halt the implementation of a March 8 consent decree filed in federal court.

The decree settled a desegregation case, initially filed in 1966 but reactivated by the U.S. Department of Justice in 2001 at the request of the NAACP. The suit alleged that Covington County Schools failed to integrate.

The complaint highlighted two schools, 91 percent white Seminary Attendance Center and 98 percent black Hopewell Attendance Center, located in Hot Coffee.

Implementation of the decree begins Thursday when Covington County schools open for the new school year. About 35-40 students from Hopewell will be bused south to Seminary, and a pre-kindergarten program at Hopewell will attract a handful of new students - most of whom, Superintendent Ike Sanford said on the stand Tuesday, were already in the Hopewell area.

Sanford declined a request for comment after the hearing.

Peggy Keys said she wasn't surprised at U.S. District Court Judge Keith Starrett's ruling.

"I kind of felt that was how it was going to happen," she said.

Keys said she's considering sending her son Savon, who is supposed to be bused to Seminary on Thursday, to private school.

Starrett's ruling took into account several issues, but one took center stage - timeliness.

The Keys' motion came more than three months after the consent decree was filed. Starrett said case law doesn't support such a lengthy delay in asking for intervenor status.

"You have to show me why this should be the only case in the judiciary of the United States to allow this," Starrett said.

Attorney Suzanne Keys, who is not related to the plaintiffs, argued that the Keys family and other Covington County families were challenged in their efforts to find a lawyer and obtain funds to mount an appeal.

Suzanne Keys argued that though the community had worked hand in hand with the justice department for several years, no residents were consulted before the consent decree was filed. That's the other requirement the Keys family failed to prove, Starrett said - that the interests of Covington County's black community hadn't been adequately represented by the Justice Department.

"This plan has not been analyzed to look where the burden falls," Suzanne Keys said. "This puts the burden on blacks to leave their school and come down to Seminary."

Magee said he and other members of Covington County's black community had advocated the consolidation of the district's three high schools -a solution recommended by an expert hired by the government - at one central location in Collins, the county seat.

Starrett said that going forward, community focus should be on improving Covington County Schools.

Election Official Expects McKinney To Protest To Feds (AJC)

By Nancy Badertscher, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, August 10, 2006

DOJ_NMG_0046189

A top election official in DeKalb County said Wednesday morning that she expects U.S. Rep. Cynthia McKinney to take her complaints about alleged voting irregularities in Tuesday's election straight to Washington — just like she did when she lost four years ago.

"I guess I could be real optimistic and say when she wakes up today she'll feel a lot different about this and she'll just bow down gracefully," said Linda Lattimore, DeKalb's director of voter registration and elections. "But I'm not dreaming this morning. I'm just ready for whatever happens."

McKinney lost Tuesday's Democratic runoff election to former DeKalb County Commissioner Hank Johnson by a sizable margin. She complained throughout the day through her attorneys and on her web site of voting irregularities that ranged from her name not appearing on ballots to malfunctioning machines that prevented supporters from recording a vote for her.

McKinney at this point has not filed a formal complaint, and she could not be reached for comment.

A campaign volunteer who was answering the phone in McKinneyâ€™s headquarters Wednesday morning talked vaguely about voting irregularities in yesterdayâ€™s runoff and said she plans to fill out an affidavit with a lawyer. The woman, who would only give her first name Dana, called the election a â€œlie.â€

â€œIâ€™m a voter and I know what happened to me,â€ she said, without offering specifics. â€œThis was predetermined. Everybody knew what was going to happen. We got bomb threats up here â€" we got all types of threats.â€

She added the stateâ€™s electronic voting machines â€œare not valid.â€

â€œThe people of Georgiaâ€™s voice was not heard yesterday,â€ she said before walking away.

One of McKinney's options would be to file the complaint in DeKalb, because that is where she lives.

Lattimore said local election officials investigated the campaign's claims.

"We called all the polls right when she complained to get documentation," Lattimore said. She said she found no evidence of any irregularities.

Kara Sinkule, spokesman for Secretary of State Cathy Cox, said McKinney can request a recount under Georgia law "when it appears that a discrepancy or error, although not apparent on the face of the returns, has been made." This is the only recount provison McKinney can rely on becasue the vote outcome was not numerically close enough to qualiify under the 1 percent recount rule, Sinkule said.

McKinney conceded the election early Wednesday but did not indicate she would support the 51-year-old Johnson in the November race against Republican Catherine Davis. The majority of the 4th Congressional District lies in DeKalb but the district includes parts of Rockdale and Gwinnett counties.

Lattimore said McKinney can file a formal complaint with DeKalb County or the Secretary of State's Office, but will most likely contact the U.S. Justice Department, as she did in 2002 when she lost to Democrat Denise Majette.

In 2002, McKinney alleged that some black voters were denied the right to vote because their precincts were intentionally overcrowded, Lattimore said.

"It was a bad situation that went from bad to worse," she said. "We had the police out there, all my board members out there."

The Justice Department had investigators come to the county and take depositions from various election officials, but they found no irregularities, Lattimore said.

"We probably provided them 10 oak trees worth of paper of everything we had here," she said. " They [the McKinney campaign] wants to accuse us of stuff they don't have any proof of or that can't be proved."

Jeremy Redmon contributed to this report.

USA's Muslims Under A Cloud (USAT)

By Marilyn Elias

USA Today, August 10, 2006

Motaz Elshafi, 28, a software engineer, casually opened an internal e-mail at work last month. The message began, "Dear Terrorist."

The note from a co-worker was sent to Muslims working at Cisco Systems in Research Triangle Park, N.C., a few days after train bombings in India that killed 207. The e-mail warned that such violent acts wouldn't intimidate people, but only make them stronger.

"I was furious," says Elshafi, who is New Jersey-born and bred. "What did I have to do with this violence?"

Reports of such harassment and discrimination against Muslims are rising, advocacy groups say. A USA TODAY/Gallup Poll of 1,007 Americans shows strong anti-Muslim feeling. And the hard feelings are damaging the mental health of U.S. Muslims, suggest new studies to be released at the American Psychological Association meeting starting today in New Orleans.

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Thirty-nine percent of respondents to the USA TODAY/Gallup Poll said they felt at least some prejudice against Muslims. The same percentage favored requiring Muslims, including U.S. citizens, to carry a special ID "as a means of preventing terrorist attacks in the United States." About one-third said U.S. Muslims were sympathetic to al-Qaeda, and 22% said they wouldn't want Muslims as neighbors.

Verbal harassment and discrimination correlate with worse mental health in studies of Muslims and Arab-Americans since 9/11, says psychologist Mona Amer of Yale University School of Medicine.

In her new study of 611 adults, thought to be the largest ever done on Arab-Americans, they had much worse mental health than Americans overall. About half had symptoms of clinical depression, compared with 20% in an average U.S. group, Amer says.

Muslims, who made up 70% of the study's participants, had poorer mental health than Christians. Those less likely to be depressed or anxious were people who kept their ethnic or religious ties but also had relationships with other people in the community. And more Christians than Muslims lived this "integrated" lifestyle, Amer says.

Though Muslims said they wanted more contact with Americans of other religions, it may be easier for Arab Christians to integrate, Amer speculates.

"They share the mainstream religion. Muslims may have different kinds of names or dress differently and, especially since 9/11, they're ostracized more."

Virtually no mental health research was done on U.S. Muslims before 9/11, so her findings can't be compared with earlier studies. A new publication, the Journal of Muslim Mental Health, began publication in May, signaling concern about the growing problems and lack of research.

Many therapists are counseling more Arab-Americans and Muslims since 9/11, Amer says. Also, in surveys of Muslim spiritual leaders to be reported at the psychological association meeting, the imams report a surge in worshipers seeking help for anxiety and stress related to possible discrimination.

Reports of such abuses skyrocketed in the first six months after9/11, fell in 2002 and have climbed again since the Iraq war began in 2003, according to data kept by the Council on American-Islamic Relations, an education and advocacy group in Washington, D.C.

The number of assault and other discriminatory complaints filed with the group jumped from 1,019 in 2003 to 1,972 in 2005, says Arsalan Iftikhar, national legal director.

Nobody knows what proportion of U.S. Muslims encounter discrimination; even Muslims disagree.

"I don't think there's a Muslim out there who hasn't felt some kind of fallout from 9/11," says Jafar Siddiqui, 55, a real estate agent in Lynnwood, Wash. "I myself have been invited to 'go home' at least once a month." Siddiqui has been a U.S. citizen for 20 years.

Despite an increase in harassment since 9/11, "many, many have not felt any discrimination," says Farid Senzai, research director of the Detroit-based Institute for Social Policy and Understanding, a non-profit started four years ago to do research on Muslims.

Harassment charges claiming unreasonable arrest and detention have garnered the most publicity. But discriminatory acts in everyday life — in shops, schools and at work — are reported about as frequently to the American-Islamic relations council.

Elshafi, who got the nasty e-mail at work, still wonders at the boldness of a person who would send such a note. The sender was asked to apologize to several employees who filed complaints with Cisco's human resources department, says Elshafi, who didn't file a complaint.

"We wouldn't confirm a specific internal incident on the record," says Cisco's Robyn Jenkins Blum, who adds, "It is Cisco's policy not to tolerate artificial divisions or harassment of any individual."

Elshafi, a worshiper at the local mosque, says he has received a lot of support from non-Muslim friends at work. "After 9/11, people would say, 'Don't worry, 'Taz, we've got your back.' " He says Muslims are not doing enough to educate people about their religious practices. "We need to talk about our beliefs, know our neighbors."

People such as Elshafi are least vulnerable to becoming depressed due to bigotry, says John Dovidio, a University of Connecticut psychologist and expert on prejudice. "He gets strength from his group identity and support from the outside."

Many are not nearly as fortunate. Children of recent immigrants, women who wear the traditional head scarves or long robes and Iraqi-Americans often aren't faring as well, according to reports at the psychological association meeting.

In Seattle, Hate Free Zone Washington, an education and advocacy group, was launched five years ago to oppose backlash against local Muslims, Sikhs (sometimes mistaken for Muslims) and Arab-Americans. "We've seen an increase in bias-based harassment since 9/11," says Amelia Derr, the group's education director.

Derr says she has seen some Muslim children so traumatized by violent bigotry that she wonders whether they'll ever recover. Last October, a Seattle high school junior who had faced verbal harassment was assaulted in gym class. He suffered a

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hemorrhage behind his eye and a collapsed lung, Derr says. “The good thing is that the student who did it was convicted of a hate crime.”

But the beaten boy won't go back to school, she says. “He's terrified. You can see how damaged he has been. He won't look you in the eye; he just shrinks back. He won't talk.” The family came from Afghanistan four years ago, she says.

Even some who were born and raised in the USA feel their religious freedom has limits. Jafumba Asad, 32, of Tulsa stopped wearing the traditional dark robe after 9/11. “It's bad enough just wearing a head scarf. I get nasty stares every day. Wearing full cover makes it harder to get a job. It scares people,” says Asad, a community college teacher and graduate student.

Muslim women who wear head scarves are more likely than those who don't to say they face discrimination and a hostile environment, according to a study to be presented at the psychological association's meeting by Alyssa Rippy of the University of Tulsa. The scarves make Muslim women stand out and could change behavior toward them, she suggests.

A few years ago, in a Wal-Mart parking lot, Asad says two men approached her and aggressively shouted “Y'all ought to be (expletive) locked up!” Pregnant at the time, she quickly backed away and then realized there were parked cars behind her. “I felt trapped and very vulnerable. I'm pregnant. I didn't know if they were going to get violent.” Luckily, she says, they just walked away.

The mother of three girls says she developed ulcers a few months after 9/11. “I feel stressed a lot.”

In Rippy's study, Muslim men were just as likely as women to report discrimination but more likely to become mistrustful and wary because of it. That can encourage sticking with your own group, “which intensifies feelings of paranoia,” she says.

Men may back away more than women because they feel discrimination could have more serious consequences for them, for example being pegged as a terrorist or jailed, Rippy says.

The USA TODAY/Gallup Poll suggests Americans have greater fear of Muslim men than women: 31% said they'd feel more nervous flying if a Muslim man was on the plane; 18% said they'd be more nervous with a Muslim woman. The poll, conducted July 28-30, has a margin of error of plus or minus 3 percentage points.

The Iraq war has made its mark on U.S. Muslims as well, psychologist Ibrahim Kira will say at the meeting. In his study of Iraqi-Americans, the more time people spent listening to the radio and watching TV news about the war, the more likely they were to have post-traumatic stress disorder. Many of them had relatives still in Iraq, and stress-disorder rates were high: 14% compared with 4% for the U.S. population, Kira says.

Tuning in to war news also correlated with more stress-related health problems, such as high blood pressure, headaches and stomach trouble, Kira says.

Although the war creates special problems for Iraqi-Americans, they also share a key challenge with other Muslims: lack of trust from people living here. Many Americans clearly don't trust those of the Muslim faith. In fact, 54% said they couldn't vote for a Muslim for president in a June Los Angeles Times/Bloomberg poll. That compares with 21% who turned thumbs-down on an evangelical Christian and 15% who wouldn't cast their ballot for a Jew.

Amer believes the world has changed for U.S. Muslims since Sept. 11 but says: “I don't think Americans understand what's happened. Muslims have the same anxieties and anguish about terrorism as everyone else in the U.S. At the same time, they're being blamed for it. They're carrying a double burden.”

Outreach Efforts Help Muslims Make Inroads (USAT)

By Marilyn Elias

USA Today, August 10, 2006

Muslims in the USA might receive more favorable treatment if more Americans knew them. In a new USA TODAY/Gallup Poll of 1,007 Americans, 58% said they had never met a Muslim. And those who did know Muslims felt a lot better about them.

Ignorance about Islam and isolation from Muslims can only foment trouble, leaders in the Muslim community say.

Since 9/11, Muslim groups have greatly expanded their outreach, offering educational seminars on their religion and cultural practices to audiences such as the police, private companies, hospital workers, teachers, students and therapists.

The Islamic Networks Group, which has affiliates in 12 states, received 1,500 invitations a year to present such programs before 9/11; now it's about 4,000 a year, says president Maha ElGenaidi. “People are more open to learning about us, and we want to tell them.”

In the past year, 30,000 Americans requested free Qurans offered by the Council on American-Islamic Relations, says Arsalan Iftikhar of the council. Reading the Quran will help Americans understand and appreciate Islam, he says.

And many interfaith groups involving Muslims have formed in the past few years in cities as diverse as Boston, Syracuse, N.Y., and Elyria, Ohio.

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In Los Angeles, there are two "cousins clubs," interfaith groups of Muslim and Jewish women, so named because they share a common ancestor, Abraham. Participants read each others' sacred texts, celebrate holidays together and learn about one another's spiritual lives.

The women have become close, says Shayna Lester, co-founder of one of the groups. "We find we have more likenesses than differences. We no longer call each other cousins. We call each other sisters."

Editorial: Voter Suppression In Missouri (NYT)

The New York Times, August 10, 2006

Missouri is the latest front in the Republican Party's campaign to use photo ID requirements to suppress voting. The Republican legislators who pushed through Missouri's ID law earlier this year said they wanted to deter fraud, but that claim falls apart on close inspection. Missouri's new ID rules — and similar ones adopted last year in Indiana and Georgia — are intended to deter voting by blacks, poor people and other groups that are less likely to have driver's licenses. Georgia's law has been blocked by the courts, and the others should be too.

Even before Missouri passed its new law, it had tougher ID requirements than many states. Voters were required, with limited exceptions, to bring ID with them to the polls, but university ID cards, bank statements mailed to a voter's address, and similar documents were acceptable. The new law requires a government-issued photo ID, which as many as 200,000 Missourians do not have.

Missourians who have driver's licenses will have little trouble voting, but many who do not will have to go to considerable trouble to get special ID's. The supporting documents needed to get these, like birth certificates, often have fees attached, so some Missourians will have to pay to keep voting. It is likely that many people will not jump all of the bureaucratic hurdles to get the special ID, and will become ineligible to vote.

Not coincidentally, groups that are more likely to vote against the Republicans who passed the ID law will be most disadvantaged. Advocates for blacks, the elderly and the disabled say that those groups are less likely than the average Missourian to have driver's licenses, and most likely to lose their right to vote. In close elections, like the bitterly contested U.S. Senate race now under way in the state, this disenfranchisement could easily make the difference in who wins.

The new law's supporters say its purpose is to deter fraud. But there is little evidence of "imposter voting," the sort of fraud that ID laws are aimed at, in Missouri or anywhere else. Groups in Missouri that want to suppress voting have a long history of crying fraud, but investigations by the Justice Department and The St. Louis Post-Dispatch, among others, have refuted such claims in the past. If the Legislature really wanted to deter fraud, it would have focused its efforts on absentee ballots, which are a notorious source of election fraud — and are not covered by Missouri's new ID requirements.

Because of the important constitutional issues these laws raise, courts will have the final say. Federal and state judges have already blocked Georgia's ID law from taking effect, and although Indiana's law was upheld earlier this year, that ruling is on appeal. Missouri voting-rights advocates recently filed suit against their state's law.

Unduly onerous voter ID laws violate equal protection, and when voters have to pay to get the ID's, they are an illegal poll tax. They are also an insult to democracy, because their goal is to have elections in which eligible voters are turned away.

ANTITRUST:

Bristol, Sanofi Misplayed Plavix Defense, Apotex Says (Update4) (BLOOM)

By Susan Deckerlisa Rapaport

Bloomberg, August 10, 2006

Aug. 9 (Bloomberg) -- Bristol-Myers Squibb Co. and Sanofi- Aventis SA misplayed the defense of their patent on the top-selling heart pill Plavix, says Barry Sherman, chief executive officer of their generic competitor, Apotex Inc.

The closely held Canadian drug company yesterday started selling cheaper versions of Plavix, even though Bristol-Myers and Sanofi say they have a patent that protects the drug against copycats. The drug, a blood thinner prescribed to prevent heart attacks and strokes that had $6.3 billion in sales last year, is New York-based Bristol-Myers's best-seller and Paris-based Sanofi's second-biggest product.

Bristol-Myers and Sanofi earlier this year settled a lawsuit they brought against Apotex, agreeing to pay Sherman's company at least $40 million to keep discounted versions of Plavix off the market until 2011. Last week, the companies' agreement was rejected by the U.S. authorities. Sherman says aspects of the agreement still in place protect Apotex should the larger drugmakers revive their lawsuit.

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Bristol-Myers and Sanofi were ``so blinded by the desire to extend their monopoly'' until 2011 that they made too many concessions to settle patent litigation, Sherman said yesterday in a telephone interview.

The accord blocked Bristol-Myers and Sanofi from preventing Apotex's introduction of the generic drug and also reduces the Canadian company's potential liability if the bigger drugmakers prevail in their lawsuit, he said.

Reviewing Options

Bristol-Myers spokesman Jeff Macdonald said he couldn't comment on Sherman's remarks, and Sanofi spokesman Jean Marc Podvin didn't return calls or e-mails seeking comment.

``The companies are evaluating their legal and commercial options, as well as possible remedies under the agreement with Apotex,'' Sanofi said yesterday in a statement. The partners ``intend to vigorously pursue enforcement of their patent rights in Plavix.'' Bristol-Myers spokesman Macdonald said the same thing in a telephone interview yesterday.

Within the next three months, Apotex's less expensive version of Plavix may grab as much as 90 percent of the larger companies' sales. That is the typical loss that occurs when a generic competitor enters the market, according to IMS Health Inc., a Fairfield, Connecticut, provider of pharmaceutical data.

Apotex, based in the Toronto suburb of Weston, Ontario, wouldn't say what it will charge for its version -- only that it will be less than the current price of $4 for the once-daily pill.

Share Prices

The loss of Plavix revenue has already pulled down the shares of the bigger drugmakers. Bristol-Myers shares lost 9 cents, or less than a percent, to $21.12 at 4:03 p.m. in New York Stock Exchange composite trading. The stock has lost 19 percent since July 26, the day before the drugmaker said the U.S. Justice Department was starting an antitrust investigation into the agreement to settle the lawsuit with Apotex.

Sanofi shares dropped 0.7 euro, or 1 percent, to 68.85 euros at the close of trading in Paris and are down 12 percent since July 26.

Moody's Investors Service placed Bristol-Myers under review for a possible downgrade of its A1/Prime-1 rating on $8 billion in long- and short-term debt. ``Moody's cannot rule out the possibility of a multi-notch downgrade because of the importance of Plavix to Bristol's cash flow,'' said Patrick Finnegan, managing director of Moody's in New York, in a note today.

`This Debacle'

``The next step in this debacle is the imminent decrease in Bristol-Myers's dividend by what we estimate will be an approximate 50 percent cut -- given the expected softening in earnings per share performance once Plavix goes generic,'' A.G. Edwards analyst Albert Rauch said in a note to clients. Rauch downgraded Bristol-Myers to ``sell'' from ``hold.''

Bristol-Myers pays 28 cents quarterly for a 12-month yield of 5.24 percent.

Sherman, 64, founded Apotex in 1974, seven years after he completed a doctorate at Massachusetts Institute of Technology in Cambridge. After starting with two employees, he now has 6,000. He wouldn't disclose revenue or profit or discuss earnings from specific medications. Generic Plavix ``is going to be the biggest seller in the history of our company,'' Sherman said.

Sherman has a history of challenging big drugmakers by selling generic copies of their drugs before patents expire. In 2001, Apotex made copies of Bayer AG's antibiotic Cipro, the most potent treatment for Anthrax. In 2004, Sherman sold a low-cost version of the antidepressant Paxil before GlaxoSmithKline Plc's patent expired. In both cases, he avoided legal judgments.

Bristol-Myers's Settlement

In the Plavix case, Sherman said Apotex could benefit from Bristol-Myers's previous run-ins with antitrust authorities over generic competition. In 2003, Bristol-Myers resolved allegations that it misused its patents to thwart generic competition to the cancer drug Taxol and the anti-anxiety drug Buspar by agreeing to a settlement with the U.S. Federal Trade Commission.

Among the terms was a 10-year limit on Bristol-Myers's ability to settle patent suits if the generic-drug company received ``anything of value'' and agreed not to sell a copycat drug for any period of time. Patent settlements would have to be reviewed by the FTC and attorneys general of U.S. states, who had also sued Bristol-Myers over Buspar and Taxol.

To keep Apotex from competing with Plavix until June 2011, Bristol-Myers and Sanofi agreed this year to pay as much as $40 million to reimburse Apotex for its stock of Plavix copies.

Sherman said the accord was anticompetitive and a violation of the 2003 agreement and wouldn't win approval from the FTC or the states. He set out to obtain concessions that would ease the way for Apotex to sell its copies once the accord was rejected.

`Quite Surprised'

``I was quite surprised that Sanofi and Bristol were under the impression that we could get a deal through the Federal Trade Commission that delayed the launch for five years,'' Sherman said. ``I never thought it would happen. They were foolish.''

Bristol-Myers and Sanofi agreed they wouldn't seek a court order to prevent Apotex from selling the drug and would give Apotex five days' notice before they sought a court ruling to halt sales once they started.

That means Apotex is free to sell its Plavix copies without interference until Aug. 15, when Bristol-Myers and Sanofi can file their request for a court order blocking sales until the patent suit is resolved. U.S. District Judge Sidney Stein said Aug. 7 that he would probably set a hearing during the week of Aug. 21. Bristol-Myers asked for a hearing Aug. 16.

The companies also agreed to limit how much Apotex would have to pay if it began selling the generic drug and then lost the patent suit. Normally under U.S. law, drugmakers can seek up to three times their lost profits.

At an Aug. 4 court hearing, Bristol-Myers lawyer Evan Chesler said Apotex had ``a clear strategy'' to ``derail this settlement negotiation.'' Chesler said Apotex had told regulators the companies had reached a ``secret side agreement'' in which Bristol-Myers pledged not to introduce its own ``authorized generic'' of Plavix in competition with Apotex, even though it had removed such a promise from the accord.

The case is Sanofi-Synthelabo v. Apotex Inc., 02cv2255, U.S. District Court for the Southern District of New York.

A Second Look: Bristol-Myers Squibb (AP-YBIZ)

By Wallace Witkowski, Ap Business Writer

AP, August 10, 2006

Bristol-Myers Squibb Stabilizes As Generic Plavix Finds Its Way Into Pharmacies

NEW YORK (AP) -- Shares of Bristol-Myers Squibb Co. appeared to stabilize Wednesday following the previous day's 7 point drop when a privately held drug maker launched its generic version of the company's best-selling pill Plavix.

Investors are looking for the Bristol-Myers' next move -- whether it and partner Sanofi-Aventis SA will push for an injunction against Canadian drug maker Apotex Corp. to prevent sales of the generic blood thinner. Under an earlier agreement, Bristol-Myers and Sanofi-Aventis cannot seek an injunction preventing Apotex from selling for five days, and gave up their right to sue Apotex for treble damages.

Moody's Investors Service joined two other ratings firms in placing Bristol-Myers' long-term and short-term ratings under review for a possible downgrade. On Tuesday, Standard & Poor's and Fitch placed Bristol-Myers on a credit watch with negative implications.

In a research note, Morgan Stanley's Jami Rubin, who rates Bristol-Myers "Equal-weight," said that channel checks suggest some wholesalers and pharmaceuticals benefit managers have up to 6 months worth of generic Plavix in their channels.

Rite Aid Corp. spokeswoman Jody Cook said the company expects to have the drug "at most, if not all" its 3,300 stores by Wednesday. A quick check of Manhattan Rite-Aids found that pharmacists had received initial supplies. Cook said that the generic drug retails at an average $124 for 30 tablets, compared with an average $148 for 30 tablets of Plavix made by Bristol-Myers. Prices do not take into account discount programs.

In late July, Bristol-Myers and Sanofi-Aventis revealed the Justice Department had launched a criminal probe into an out-of-court settlement with Apotex. The companies had agreed to pay Apotex a minimum of $40 million to keep its Food and Drug Administration-approved version of Plavix off the market until 2011, when the Plavix patent expires.

FBI agents with a search warrant confiscated documents at Bristol-Myers' Manhattan headquarters, and both companies received grand jury subpoenas, to determine if the agreement broke antitrust laws.

General Electric Co.'s cable news channel CNBC reported Wednesday that Bristol-Myers complained to the New York Stock Exchange that short selling interest in its stock nearly doubled in the month before news of the criminal probe broke, suggesting that short traders may have possessed inside information. Bristol-Myers declined to comment on the report, and representatives at the NYSE were not available for immediate comment.

Bristol-Myers shares have dropped more than 18 percent since the criminal probe opened. Sales of Plavix totaled about $5.9 billion last year. It is the second best-selling drug in the world after Pfizer Inc.'s cholesterol medicine, Lipitor.

Shares of Bristol-Myers fell 9 cents to $21.12 in afternoon trading on the NYSE.

Rivals Ask PSC To Restrict Terms Before Approval (COX)

By Scott Leith, Cox News Service

Cox News Service, August 10, 2006

ATLANTA — Out of all the states in the country, Georgia likely will be the last to decide whether to approve the pending merger of AT&T and BellSouth.

The state's Public Service Commission on Tuesday heard nearly three hours of arguments about the proposed deal. Competitors, mostly small telecommunications providers, fear the new AT&T will be too powerful. BellSouth and AT&T, on the other hand, maintain little will change for Georgia customers and think the merger should be allowed.

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Next week, the combatants will learn what the PSC thinks. A vote scheduled for Aug. 18 could bring anything from a simple rubber stamp to an approval with limitations, such as on how digital subscriber line service is provided in Georgia.

Tuesday's arguments were spurred largely by rivals to BellSouth and AT&T, including EarthLink, Cbeyond and Time Warner Telecom.

Though some companies and interest groups oppose the merger altogether, most competitors want the PSC to place a few conditions on the new AT&T.

EarthLink, for example, wants the state to freeze rates that companies pay to get certain services from the new AT&T.

Carolyn Marek, vice president for regulatory affairs in the Southeast for Time Warner Telecom, is wary of the power AT&T could wield, even though the companies have promised few changes. "If they're saying things won't change, put it in writing," Marek said.

AT&T and BellSouth contend the deal should carry no conditions. James Harralson, vice president and associate general counsel at BellSouth, said other state regulators have voted overwhelmingly in favor of the deal. None of those 18 states has imposed conditions on merger approvals.

In Georgia, however, commissioners seem partial to at least one condition — to require the new AT&T to offer digital subscriber line service without requiring customers to also purchase phone service. In industry parlance, this is known as stand-alone DSL, or "naked" DSL.

Wayne Watts, senior vice president and associate general counsel for AT&T in San Antonio, was questioned about offering stand-alone DSL in Georgia. He was noncommittal, half-joking that if the PSC signs off on the deal, AT&T would consider a change.

That answer didn't sit well with PSC Chairman Stan Wise, a proponent of stand-alone DSL. "It was pretty weak," he said. "I was pretty disappointed."

All sides have more than a week to lobby their cases to commissioners.

AT&T and BellSouth have been irritated that Georgia has taken so long to weigh in on the issues. The companies have pursued regulatory approvals for weeks at various levels.

At the federal level, the Justice Department and the Federal Communications Commission haven't issued decisions yet. AT&T and BellSouth previously have said they expect the merger to close in the fall.

Scott Leith writes for the Atlanta Journal-Constitution.

FTC Clears Proposed Buyout Of Encore Medical Corp. (AUSTBIZ)

Austin (TX) Business Journal, August 10, 2006

The U.S. Federal Trade Commission has given its blessing to Encore Medical Corp.'s plan to sell itself to The Blackstone Group for $870 million.

Austin-based Encore (Nasdaq: ENMC - News) says the FTC granted early termination of the antitrust waiting period for Encore's proposed acquisition by affiliates of New York-based Blackstone.

Encore and Blackstone submitted pre-merger notification and report forms with the FTC and the U.S. Department of Justice's Antitrust Division in July. The FTC's early termination means the merger of the two companies has cleared antitrust review, but, Encore says, the proposed merger remains subject to satisfaction of several other conditions, including approval by Encore stockholders.

If all goes according to plan, Encore and Blackstone anticipate closing the merger before the end of 2006.

Encore announced it had entered into an agreement to be acquired by affiliates of Blackstone in a going-private-merger transaction in June.

Blackstone has agreed to pay $6.55 per share of Encore's common stock upon the closing of the merger.

So far, Encore says, there have been two class-action lawsuits filed by Encore shareholders to challenge the deal.

One of the suits was filed in Travis County and the other in Delaware.

Sempra Ordered To Turn Over Trader Tapes (AP)

AP, August 10, 2006

SAN DIEGO -- Sempra Energy and more than a dozen other companies accused of inflating natural gas prices for California consumers must release recordings of traders' conversations in a $1 billion lawsuit, a judge ruled.

Excerpts from the tapes played in court before Superior Court Judge Ronald Prager were filled with expletives, and featured one trader telling another he had "an insatiable appetite" for swindling California's markets though he used a phrase that was far from polite.

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The lawsuit is among a handful of outstanding cases alleging wrongdoing by energy companies during California's 2000-2001 energy crisis. The suit charges that energy traders for Sempra, Duke Energy Corp., EnCana Corp. and Reliant Energy Inc. engaged in fraud against California consumers.

Doug Kline, a spokesman for Sempra, which owns San Diego Gas & Electric Co. and Southern California Gas Co., said the company would comply with the judge's ruling Tuesday.

Duke Energy spokesman Peter Sheffield said that company and others had already offered to provide certain recordings.

Transcripts of conversations from the tapes have previously been provided to the court by the energy companies.

The 16 public agencies listed as plaintiffs include the city and county of San Diego, the Los Angeles Department of Water and Power, the University of California and California State University systems, Alameda County and Santa Clara County.

Nanci Nishimura, an attorney representing several natural gas users in the suit, said the decision was significant because the tapes provide "a window into understanding what these traders did and it goes to intent and motive in their conduct."

They include examples of traders who agreed to what are known as "wash" trades, in which both parties buy the same amount of gas from each other in order to report inflated trading prices to an industry publication that helps set market prices for natural gas.

The case, still in the initial stages, is related to a class-action antitrust lawsuit that Sempra settled earlier this year. In that suit, Sempra was accused of conspiring with Houston-based El Paso Corp. to restrict natural gas supplies during the energy crisis to inflate prices.

ENVIRONMENT:

BP Was Told Of Pipeline Worries In '04 (WP/BLOOM)

By Mathew Carr

The Washington Post, August 10, 2006

BP PLC was told by employees and contractors in a February 2004 survey that its Prudhoe Bay pipeline network probably was not being adequately monitored for corrosion, according to a company report.

"If we find pipe that we know is rotten, they have to replace it," an unidentified employee was quoted as saying in the report, posted on BP's Web site. "My concern, however, is that they are not taking a look at every piece of pipe that they need to be."

Production from Prudhoe Bay, Alaska, the largest oilfield in the United States, was shut down Sunday after the company found severe corrosion and a leak in the pipeline. Prudhoe Bay produces 400,000 barrels a day, 8 percent of U.S. output.

BP America President Robert A. Malone said in a television appearance yesterday that the company may be able to keep half the oil field pumping. The corrosion appears to be less severe on pipes on the western side of the field and its engineers are assessing whether those lines can be kept in service. The eastern half has been shut down, the company said.

The Alaska unit used the 2004 survey, prepared by research company McDowell Group Inc., "to help formulate plans for future activities," said Toby Odone, a London-based spokesman for BP.

Cost cuts created "anxiety in the workforce, and that impacts safety," a contractor and supplier said in the report. "Contractors, suppliers and the conservation community were concerned about BP's purported drive to support the highest standards, yet push for reduced costs in its operations."

The company "has been cutting corners" since about 1999, said Charles Hamel, a former oil broker who lobbies government regulators on behalf of Alaskan oil workers. BP "shareholders were not well served by" the company's cost-cutting, he said in an interview this week.

BP plans to spend $71 million this year in Alaska on corrosion monitoring, prevention and repair, Odone said. That's 15 percent more than last year, he said.

Owners of the Prudhoe Bay field include Exxon Mobil Corp., ConocoPhillips and Chevron Corp.

Government Renews Push For Pipeline Regs (AP-Y)

By H. Josef Hebert, Associated Press Writer

AP, August 10, 2006

Fourteen years ago Congress urged the Transportation Department to start regulating low-pressure pipelines such as those blamed for shutting down Alaska's North Slope oil production.

But it didn't happen. And only now, after questions about pipe maintenance and two damaging oil spills in Alaska, are officials pushing hard to establish federal rules and standards for such lines.

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Congress, as part of a pipeline safety law passed in 1992, included among a number of directives that the Transportation Department pay closer attention to low-stress oil and other hazardous liquid pipelines, which still today are exempt from federal regulations.

Over the years the department's Office of Pipeline Safety had other priorities including a growing concern about natural gas pipeline accidents where leaks had caused several high-profile explosions and fatalities, and getting industry to give closer scrutiny to the high-pressure long-distance oil lines.

Only after one of the low-stress feeder lines belonging to BP Alaska sprung a leak last March, dumping 270,000 gallons of oil onto the tundra, did the issue move to the front burner at the Pipeline and Hazardous Materials Safety Administration, a successor to the pipeline safety office.

The agency's chief, Thomas Barrett, said in an interview Wednesday that the agency began working on possible regulation of low-stress pipes about 18 months ago, but he acknowledged now "we've accelerated this process."

Barrett said he expected a formal notice for regulations in a few weeks and possibly a final rule before the end of the year. "It's gotten a lot of attention," said Barrett, a retired vice admiral who in May became the agency's first administrator.

At a congressional hearing last April, Transportation Department officials acknowledged that increased federal oversight of the low-stress feeder lines had been last on the priority list when dealing with directives Congress had issued to improve pipeline safety, some dating back to 1992.

"Now we are working on our last outstanding mandate," Stacey Gerard, the agency's chief safety officer, told the lawmakers, referring to the low-stress pipeline rules.

The Alaska spill in March grabbed everyone's attention and brought new focus on regulating the industry's low-stress federal pipelines.

"The importance of completing and finalizing this rule cannot be overstated," Theodore Alves, a senior assistant in the DOT inspector general's office, told the lawmakers a few weeks after the spill. He too noted that dealing with the gathering lines and low-stress pipes was the remaining mandate from 1992.

On Wednesday, Rep. John Dingell of Michigan, the ranking Democrat on the Energy and Commerce Committee, which held the April hearing, said "the law needs to be changed to explicitly cover low-pressured pipelines" and enforcement of federal rules and standards needs to be toughened.

Barrett acknowledged that scrutiny over low-stress feeder lines in remote areas — such as the ones in question on the North Slope — had been given a relatively low priority as the agency saw a greater potential danger, possibly to life as well as the environment, from high-pressure pipelines and natural gas lines that cut through urban areas.

The agency focused on those issues.

Also, the feeder, low-stress pipes "frankly have a good record ... even on Prudhoe Bay there (was) no history of spills," said Barrett, although he added that it's clear now that their maintenance and operation require greater federal scrutiny.

Lois Epstein, a consultant for Cook Inlet Keeper, a conservation advocacy group in Alaska, said the spill last March made it clear the lines need to be more closely regulated.

"While low-stress lines may release hazardous liquids at a rate less than other transmission lines, this winter's spill shows that they pose comparable environmental hazards," she testified during the congressional hearing last April.

Pipeline Corrosion Tests Not Required (USAT)

By Brad Heath, James R. Healey And Paul Davidson

USA Today, August 10, 2006

Neither state nor federal regulators require any specific measures to find or limit corrosion on low-pressure oil pipelines like the one that caused BP to begin shutting off oil deliveries from the nation's biggest oil field.

That loophole leaves pipeline operators to apply whatever anti-corrosion measures and corrosion-damage testing they want on what is estimated to be several thousand miles of low-pressure crude-oil pipeline in the USA.

Corrosion is the biggest cause of pipeline leaks, according to government data. Corrosion forced BP to shut the Prudhoe Bay, Alaska, line, starting last Sunday. It now plans to replace 16 of 22 miles of pipeline.

BP spokesman Scott Dean says the company did corrosion maintenance but acknowledges now that its measures were inadequate.

The regulatory gap has prompted additional federal concern about pipeline safety.

Wednesday, Rep. John Dingell, D-Mich., called on Congress to apply maintenance laws for other types of lines to the low-pressure lines. “Making these improvements in the law should be a top priority when Congress reconvenes in September,” he said in a statement.

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Federal regulators, who already were working on rules for low-pressure pipelines, promised this week to accelerate the process because of the BP shutdown.

Federal rules say that operators of high-pressure lines have to check them for internal corrosion every five years by sending a device called a “smart pig” through the lines. It measures the thickness of pipeline walls. The requirements don't apply to low-pressure lines.

“Typically, states don't regulate the maintenance of the gathering lines,” says Christine Hansen, executive director of the Interstate Oil & Gas Compact Commission, an organization of state oil and gas regulators.

Alaska Department of Environmental Conservation spokeswoman Lynda Giguere said that her state doesn't require corrosion checks.

Concerns about corrosion appear to predate the latest incident and one in March on another part of BP's Prudhoe Bay line.

Chuck Hamel, a retired oil broker who advocates for workers, said workers approached him in 1999 with concerns that BP was skimping on use of a chemical to prevent corrosion to hold down costs.

In an internal 2004 survey, posted on BP's website, some employees also raised concerns that corrosion problems might be overlooked.

Dean says Hamel needs to provide specifics so BP can investigate.

BP Oil Facility Closure Sends Chills Across Alaska (WT)

By Audrey Hudson

The Washington Times, August 10, 2006

Alaska Gov. Frank H. Murkowski yesterday ordered a state-government hiring freeze and worried over whether the state has enough heating oil or funding for social services as Alaskans braced for an economic crisis brought on by the sudden shutdown of oil production in Prudhoe Bay.

Oil company BP ceased most operations Sunday after a heavily corroded pipeline was discovered dripping oil. The closure is costing the state $6.4 million a day in tax revenues and royalties, and some officials estimate it could be six months before 16 miles of pipes are repaired and the pipeline is running at full capacity.

Nearly 90 percent of the state's revenue comes from the oil fields, and Alaska's revenue commissioner says the state can operate for about two months before running out of money.

Long-term projects will be completed in phases and Cabinet commissioners will create a plan to keep social services operational and to meet in-state oil needs, Mr. Murkowski told a joint session of the state Legislature yesterday.

With the reduction in oil flowing through the 800-mile pipeline from 56,000 barrels to 28,000 barrels a day, the state will get a smaller share of oil it receives through a royalty payment.

"Heating oil is critical to all Alaskans, jet fuel is critical to travel in Alaska, international travel, and to the economy of the state," Mr. Murkowski said.

The Republican governor did not mince words during the brief address, and criticized BP for shutting down the entire operation before consulting with state officials. He said the oil company will be held responsible.

"Because of a leak of, frankly, a few barrels, BP abruptly decided to shut down the entire field. One has to ask, what did BP learn last Saturday or Sunday, that it did not know previously, that would cause BP to take such a precipitous action?" Mr. Murkowski said.

"The attorney general will review the state's legal rights and will determine an appropriate course of action to protect the state's interests, including the state's right to hold BP fully accountable for losses to the state," he said.

A special commission of the governor's Cabinet, lead by Mike Menge, Department of Natural Resources commissioner, will "carefully scrutinize all proposed corrective action plans and production resumption plans."

Environmental regulations designed to protect the Alaska tundra could postpone some repairs on the pipeline, which stretches across rugged terrain, until the ground is frozen.

"It's not exactly like the Ohio Turnpike," said Tim Kincaid, president of Tern Technologies, an Anchorage company that works on pipeline facilities.

The reduction is not expected to affect the dividend checks that Alaska residents receive from oil-generated revenue drilled on state property, says one state official.

"Our constant concern is getting diesel and heating fuel into the rural areas," the official said.

While the state won't be hiring new workers anytime soon, the shutdown will create new jobs for pipeline workers and oil drillers, the official said.

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Mr. Murkowski, who faces a primary against two Republican opponents in less than two weeks, used the opportunity to lobby the Legislature to pass a tax on the second-largest oil field, Kuparuk, which produces more than 172,000 barrels a day with zero production taxes.

Under Mr. Murkowski's plan, the tax would bring the state $1.6 million a day based on current oil prices.

The shutdown has already ignited discussion on Capitol Hill to push through legislation to allow oil drilling in the Arctic National Wildlife Refuge (ANWR).

"If ANWR were open, and we had an extra million barrels of oil, this kind of thing would not have happened," one senior Republican House aide said.

The loss of Prudhoe Bay, the nation's biggest oil field, is also producing political ripples elsewhere on the West Coast, as California Gov. Arnold Schwarzenegger, whose state gets 20 percent of its domestically produced oil from Prudhoe Bay, yesterday said the federal government should tap into the country's Strategic Petroleum Reserve.

Alaska May Seek Compensation From BP (FT)

By Carola Hoyos In London, Sheila Mcnulty In Houston And Stephanie Kirchgaessner In Washington

Financial Times, August 10, 2006

The state of Alaska is exploring whether it can hold BP accountable for tax and royalty losses of $6.4m a day related to the Prudhoe Bay oilfield shutdown.

Alaska's governor Frank Murkowski on Wednesday instituted a hiring freeze to help the state, which derives 86 per cent of its income from oil revenue, cope with the shutdown.

He also requested that Alaska's attorney-general determine whether the state could demand compensation for the tax losses.

The governor's office said it would be "irresponsible" not to seek some redress given the fact that the company had not indicated the extent of the pipeline corrosion in its regular reports to the state.

"We will hold BP accountable for past and future field management," Mr Murkowski said. "I am concerned that solids built up and corrosion occurred without earlier corrective action by BP." The governor acted as BP sparked hope in the oil markets that it would have to shut down only the eastern side of the field, meaning a loss of 200,000 barrels of oil a day, or 4 per cent of US supplies, rather than 400,000 barrels. BP executives said they hoped to conduct enough ultrasound testing by tomorrow to make a decision about the size of the shutdown.

BP also said that it would not have to increase its US budget to repair 16 miles of corroded pipeline. Analysts put the cost for the Arctic-grade pipeline and its installation at about $90m. BP said on July 25 that it had set aside an extra $1bn on top of $6bn earmarked to improve US operations.

BP is expected to lose $1.75m-$3.5m a day in operating profit as a result of the shutdown.

It separately emerged on Wednesday that Bob Malone, BP's new head of US operations and the man touted to fix the company's troubles there, was warned about potential problems in Alaska in 2004.

The FT has obtained an e-mail from that year in which Mr Malone, who had already moved from being head of BP's US western region to head of its shipping operations, was told troubles had been brewing in Alaska.

"Commencing during your watch, Bob, BP began orchestrating inspection procedures," Chuck Hamel, an advocate for BP workers in Alaska, told Mr Malone.

"By design or happenstance, you and your colleagues at the senior level of BP surely have been insulated from direct knowledge of these activities, while reaping the benefits of the operational cost savings."

Mr Hamel added: "The end result, though, is that there now exists a clear and present danger to the workers, the facilities and the environment."

Scarcity, Mother Of Invention (NYT)

By Stephen L. Sass

The New York Times, August 10, 2006

Ithaca, N.Y.

IN the wake of the closure of a BP oil field in Prudhoe Bay, Alaska, oil prices shot up to $77 a barrel on Wednesday, and the chorus of doomsayers concerned about the dire consequences of our fossil fuel dependency has reached a crescendo. If oil hits $100 a barrel, the impact on our economy and lifestyle could be catastrophic, the handwringers warn. But while such a specter seems novel and terrifying, it is in fact familiar and useful.

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Throughout history, shortages of vital resources have driven innovation, and energy has often starred in these technological dramas. The desperate search for new sources of energy and new materials has frequently produced remarkable advances that no one could have imagined when the shortage first became evident.

Consider the transition from the use of bronze to iron in making tools and weapons, which occurred around the 12th century B.C. Early in the second millennium B.C., iron was known as the stuff of meteorites. It was rare and highly prized: if you wanted to give a gift to a pharaoh or a king you didn't give a gold dagger but an iron one. But when the eastern Mediterranean fell short of tin from which to make bronze, a technological revolution occurred. Artisans learned to extract metallic iron from iron-rich materials by heating with charcoal (a process called smelting), which caused the price of iron to fall by a factor of 80,000 over 1200 years. The Iron Age had begun.

Later, in Britain in the 1600's, another shortfall would drive still more invention. As the British empire expanded, demands increased on the island nation's natural resources, particularly its forests. The British used so much wood for heating homes, building the ships of its mighty fleet and making charcoal to smelt iron and to fuel other industrial processes that there was eventually a shortage that has been called a "timber famine" in England.

Wood shortages drove the use of coal. But coal had never been the choice fuel for smelting iron because it contains sulfur, which renders iron brittle. Indeed, King James II of Scotland was killed in 1460 by an exploding cannon fashioned from brittle iron. Abraham Darby, the owner of an iron foundry at Coalbrookdale along the Severn River in the west of England, solved this problem when he developed a process to drive the unwanted impurities from coal, producing coke in 1709. Coke was so cheap that Darby could sell cast-iron pots and kettles at prices accessible to common folk.

The story goes on. In order to dig for coal, deep mine shafts were sunk, and these tended to flood. The steam engine was first developed to pump out the mines. The steam engine in turn became the primary new source of power for the Industrial Revolution. All of which came about because of a shortage of wood. Eventually, this cycle of shortage and invention would lead to the canal system in England, railroads and thermodynamics.

The bottom line is that the very process of developing alternative sources of energy to replace fossil fuels may yield benefits beyond our imagining. But if instead we fail to innovate, the consequences could be devastating.

On a recent drive across the country, my wife and I visited a 1000-year-old Indian village that is being unearthed slowly in Mitchell, S.D. The village existed for less than 100 years, because its inhabitants ran out of the wood they used for fuel and to construct their homes. Forced to migrate to the Missouri River, these Indians became the Mandan. Many years later, Lewis and Clark wintered with the Mandan at the start of their long expedition west.

If there is anything to be learned from history, it's that we need to face the harsh reality of fossil fuel scarcity and begin something like a Manhattan project to develop clean, economical, and preferably sustainable new sources of energy. Just as importantly, we need to innovate on the side of conservation and efficiency. The Indians of Mitchell were able to move to the Missouri, but if we use up, or more realistically, greatly deplete, the resources of this earth, we have no place to go.

Citgo Accused Of Violating Clean Air Act (AP)

AP, August 10, 2006

CORPUS CHRISTI, Texas — Citgo Petroleum Corp. was accused Wednesday in a 10-count federal indictment of violating the Clean Air Act and the Migratory Bird Treaty Act at its Corpus Christi refinery.

Houston-based Citgo, wholly owned by state oil company Petroleos de Venezuela SA, or PDVSA, denied breaking any laws.

The indictment accuses Citgo of two counts of violating an emissions standard for emitting benzene from its refinery. Benzene is a hazardous chemical found to cause cancer in people exposed to small amounts. Citgo also is charged with operating the facility without the necessary emissions controls.

The refinery's environmental manager Philip Vrazel is accused of filing an inaccurate environmental report.

The Justice Department said in a statement that 20 protected birds were found coated with oil as a result of landing in open top tanks. The species included northern shoveler; blue winged teal duck; double crested cormorants; lesser scaup and black-bellied whistling tree duck.

If convicted, Citgo faces fines up to $500,000 or twice the gross economic gain, whichever is greater, and five years probation. Vrazel, who is also named on the migratory bird charges, faces fines up to $500,000 and five years in prison.

"Throughout the investigation leading to these charges, Citgo has maintained its innocence and continues to maintain today that none of these issues warrants criminal prosecution," the company said in a statement. "At most, they involve a good faith dispute over the interpretation of highly complex and vague environmental regulations."

Bird Flu Monitoring Expands Nationally (AP)

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By John Heilprin
AP, August 10, 2006

The government on Wednesday expanded its monitoring of wild migratory birds for a deadly bird flu virus to cover the entire nation and U.S. territories in the Pacific.

Scientists in the lower 48 states, Hawaii and other Pacific islands will begin keeping an eye out for the deadly H5N1 strain of the avian flu that has killed more than 100 people, mostly in Asia.

Monitoring began just before summer in Alaska, where the first migratory birds from Asia began arriving.

"This move to test thousands more wild birds throughout the country will help us to quickly identify, respond and control the virus if it arrives in the United States," said Agriculture Secretary Mike Johanns. "Because we cannot control wild birds, our best protection is an early warning system."

Interior Secretary Dirk Kempthorne said more coordinated monitoring by federal agencies, states and universities "will be important this fall as birds now nesting in Alaska and Canada begin their migration south through the continental United States."

The Agriculture and Interior departments are providing $4 million to state agencies to collect samples from specific species of migratory birds winging along four major U.S. migratory bird flyways. Congress budgeted $29 million for monitoring for the highly pathogenic strain of bird flu.

Feces or tissue samples from 75,000 to 100,000 wild bird will be collected, along with 50,000 samples of the water and ground that birds come into contact with. Locations where the samples will be collected will vary depending on weather and habitat conditions.

Likely sites include national and state wildlife refuges and parks, city ponds and parks, and private lands where owners have given approval.

Typically, the virus is spread by direct contact with contaminated birds. Scientists fear the virus could mutate and pass from person to person, leading to a pandemic.

Bird-flu Testing Migrates To Calif. (USAT)

By John Ritter
USA Today, August 10, 2006

NEWARK, Calif. — The nervous little western sandpiper has seen a lot in its short life. Born in the Alaskan wilderness just weeks ago, it flew more than 2,000 miles, probably non-stop and without its parents, to the food-rich salt ponds here next to San Francisco Bay.

Now the white-breasted juvenile, weighing less than an ounce, is getting a gentle work-over from biologists who are part of a vast network trying to learn if a deadly bird-flu virus plaguing Asia has arrived in the USA.

The sandpiper, caught this week when it flew into a net slung across the mud on the pond's bank, is inspected, banded, measured and swabbed in its throat and rear end. A few feathers are pinched off and put in a plastic bag. The swab samples will be flash-frozen in vials, stored at minus-70 degrees and shipped with others to a U.S. Geological Survey (USGS) lab in Madison, Wis.

Tens of thousands of samples are arriving at Madison and labs in 36 states to be tested for the H5N1 virus, which has killed 138 people in nine Asian countries along with untold numbers of poultry since 2003. So far, none of the U.S. samples has tested positive.

Shorebirds, species that feed and roost along beaches, estuaries, ponds and lakes, are the first arrivals in the contiguous 48 states from breeding grounds in Alaska, where they mingled this spring with birds from Asia and could have acquired the H5N1 virus. This fall, ducks, geese and other waterfowl, which migrate later, will get the same attention.

“The bay is hugely important to shorebirds,” says Nils Warnock, co-director of the wetlands program for PRBO Conservation Science, a non-profit research group working with geological survey biologists. Up to half the world's 4 million western sandpipers, to name just one species, stop here sometime during the year, Warnock says.

Daily counts in the spring have found as many as 1 million sandpipers here at a time, he says.

Thousands of acres of artificial ponds built more than a century ago to harvest salt line the bay. A few ponds are still producing salt, many are being restored to marshes, and some will be retained because of their value to shorebirds. Birds retreat to the ponds to feed when the tide comes in and covers mud flats along the bay shores.

“People fly over these salt ponds and think, my God, it's terrible, but it's beautiful habitat for shorebirds — big, wide-open, lots of food like brine flies and brine shrimp,” Warnock says.

August brought the first shorebirds here along the Pacific Flyway and three other continental flyways, or corridors, that define migration routes to and from breeding grounds in Alaska and sometimes Siberia. Federal and state teams are also sampling in the Central, Mississippi and Atlantic flyways.

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U.S. scientists plan to sample 100,000 wild birds by year's end. The team here, with a quota of 1,000-1,200 shorebirds, has logged 106 so far. One day this week, with light winds that didn't rustle nets enough for the birds to see them well, the team gathered 48 samples.

They came from two of three "targeted" species, western sandpiper and long-billed dowitcher. Dunlins, the third target, don't arrive until October. Short-billed dowitchers, which hang out with their long-billed cousins, and semipalmated plovers also flew into the net and were sampled.

"Given that the dowitchers' life histories are so similar, we're sampling both in our early-detection program," USGS lead biologist Sam Iverson says.

The Pacific Flyway isn't confined to the coast. Birds fly from the Arctic and winter in the agricultural Central Valley, along the western Great Basin on the east side of the Sierra Nevada, even in Idaho, Utah and Arizona. San Diego Bay is another important shorebird habitat. Birds range south into Baja, Mexico, and sometimes as far as Chile. Sampling is also underway in coastal Oregon and Washington, particularly Puget Sound.

Because so many wild birds come to California, the state's $2.5 billion-a-year poultry industry is closely monitoring the sampling. "We're pretty confident that it's going to continue to be just a bird disease, not a people disease," says Bill Mattos of the California Poultry Federation. "But our bio-security measures are pretty strong right now."

Extensive sampling of birds that flew south from Europe to Africa last fall, then back to Europe this spring yielded no positive results, despite the disease being confirmed in Africa. So far, the same pattern holds in North America.

"It adds to the mystery of just how much wild birds are involved in the spread of this disease," says Christopher Brand, chief at the Madison lab. "We suspect it's present in live wild birds, but we can't confirm it in samples."

Since an infected wild bird "sheds," or overcomes, the virus in a few days, it's possible that infected Asian birds were clear of H5N1 by the time they reached Alaskan breeding grounds.

The risk to humans from an infected wild bird is thought to be slight, though biologists, wearing gloves and masks, take no chances. Human deaths from bird flu so far have been of people slaughtering or in close contact with infected poultry. Scientists believe the virus would have to mutate before human-to-human transmission is possible.

As for the sampled birds, their five to 10 minutes as captives leaves them no worse for the wear. They suffer short-term stress, and the biggest concern is when a bird lands low in a net, drops into the water and drowns.

"They lose a little bit of weight immediately after sampling, then they're good to go," Warnock says.

Gore Isn't Quite As Green As He's Led The World To Believe (USAT)

By Peter Schweizer

USA Today, August 10, 2006

Al Gore has spoken: The world must embrace a "carbon-neutral lifestyle." To do otherwise, he says, will result in a cataclysmic catastrophe. "Humanity is sitting on a ticking time bomb," warns the website for his film, An Inconvenient Truth. "We have just 10 years to avert a major catastrophe that could send our entire planet into a tailspin."

Graciously, Gore tells consumers how to change their lives to curb their carbon-gobbling ways: Switch to compact fluorescent light bulbs, use a clothesline, drive a hybrid, use renewable energy, dramatically cut back on consumption. Better still, responsible global citizens can follow Gore's example, because, as he readily points out in his speeches, he lives a "carbon-neutral lifestyle." But if Al Gore is the world's role model for ecology, the planet is doomed.

For someone who says the sky is falling, he does very little. He says he recycles and drives a hybrid. And he claims he uses renewable energy credits to offset the pollution he produces when using a private jet to promote his film. (In reality, Paramount Classics, the film's distributor, pays this.)

Public records reveal that as Gore lectures Americans on excessive consumption, he and his wife Tipper live in two properties: a 10,000-square-foot, 20-room, eight-bathroom home in Nashville, and a 4,000-square-foot home in Arlington, Va. (He also has a third home in Carthage, Tenn.) For someone rallying the planet to pursue a path of extreme personal sacrifice, Gore requires little from himself.

Then there is the troubling matter of his energy use. In the Washington, D.C., area, utility companies offer wind energy as an alternative to traditional energy. In Nashville, similar programs exist. Utility customers must simply pay a few extra pennies per kilowatt hour, and they can continue living their carbon-neutral lifestyles knowing that they are supporting wind energy. Plenty of businesses and institutions have signed up. Even the Bush administration is using green energy for some federal office buildings, as are thousands of area residents.

But according to public records, there is no evidence that Gore has signed up to use green energy in either of his large residences. When contacted Wednesday, Gore's office confirmed as much but said the Gores were looking into making the switch at both homes. Talk about inconvenient truths.

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Gore is not alone. Democratic National Committee Chairman Howard Dean has said, "Global warming is happening, and it threatens our very existence." The DNC website applauds the fact that Gore has "tried to move people to act." Yet, astoundingly, Gore's persuasive powers have failed to convince his own party: The DNC has not signed up to pay an additional two pennies a kilowatt hour to go green. For that matter, neither has the Republican National Committee.

Maybe our very existence isn't threatened.

Gore has held these apocalyptic views about the environment for some time. So why, then, didn't Gore dump his family's large stock holdings in Occidental (Oxy) Petroleum? As executor of his family's trust, over the years Gore has controlled hundreds of thousands of dollars in Oxy stock. Oxy has been mired in controversy over oil drilling in ecologically sensitive areas.

Living carbon-neutral apparently doesn't mean living oil-stock free. Nor does it necessarily mean giving up a mining royalty either.

Humanity might be "sitting on a ticking time bomb," but Gore's home in Carthage is sitting on a zinc mine. Gore receives $20,000 a year in royalties from Pasminco Zinc, which operates a zinc concession on his property. Tennessee has cited the company for adding large quantities of barium, iron and zinc to the nearby Caney Fork River.

The issue here is not simply Gore's hypocrisy; it's a question of credibility. If he genuinely believes the apocalyptic vision he has put forth and calls for radical changes in the way other people live, why hasn't he made any radical change in his life? Giving up the zinc mine or one of his homes is not asking much, given that he wants the rest of us to radically change our lives.

Peter Schweizer is a research fellow at the Hoover Institution and author of Do As I Say (Not As I Do): Profiles in Liberal Hypocrisy.

Reeling In The Snakehead (WP)

The Washington Post, August 10, 2006

SOME OUTSIDE of the recently deposed Kansas school board might suspect it's the missing link. Most just think it's a tasty pest. The snakehead, a fish that can stay upright and wriggle its way around for short distances on land, has infested the Potomac River.

The House directed $660,000 to managing the area's snakehead population in its report on the Interior Department's fiscal 2007 budget. The Senate should do the same before it votes on the bill.

Ever since the species was detected in the area in 2004, local scientists have fretted over the fish, a native of Southeast Asia. If the snakehead population gets large enough, experts warn, it could harm the Potomac by, for example, competing with the river's prized largemouth bass, which have similar feeding requirements but suffer from a shorter breeding season than the snakehead.

Scientists also worry that the fish could spread beyond the Potomac and do worse damage elsewhere. According to an official at the Interstate Commission on the Potomac River Basin, the snakehead is a "really good eating fish." That means anglers fond of its taste might try to introduce it outside the area. And there's a danger that when the region gets heavy rains as it did in June, the salinity of water at the mouth of the Potomac might become low enough for snakeheads to swim to other river systems flowing into the Chesapeake Bay.

Snakeheads continue to multiply. The most dramatic evidence of this came last year, when heavy rains caused hundreds of the fish to swarm into Virginia's Dogue Creek. John Odenkirk, a biologist at the Virginia Department of Game and Inland Fisheries, caught 62 in two hours while local anglers netted dozens to claim rewards for catching the alien fish. Federal and state scientists say that it's impossible to eradicate the Potomac's snakehead. The best they can do is try to control it and prevent its introduction into other river systems in North America.

Enter Congress, which has already asked for a proposal from the U.S. Fish and Wildlife Service on how to manage the snakehead infestation. The new money the House set aside in its report for Interior's 2007 budget would pay to implement the agency's recommendations, which are likely to focus on how to prevent the spread of the snakehead. Now it's the Senate's turn to approve the funding.

In the meantime, local sport fishermen should frequent snakehead habitats such as Dogue Creek to catch some good eats and thin the Potomac's stock. Here's a tip: They like shallow water and shade.

FBI/DEA/ATF/USMS:

FBI Cleared In Deadly Puerto Rico Raid (NSDY/AP)

By Manuel Ernesto Rivera, Associated Press Writer

Long Island Newsday, August 10, 2006

SAN JUAN, Puerto Rico -- FBI agents were justified in shooting to death a Puerto Rican militant in a September 2005 raid, federal investigators said Wednesday in a report that was dismissed by pro-independence activists as a cover-up.

Filiberto Ojeda Rios shot at agents as they came to arrest him at his rural home in western Puerto Rico, justifying their return fire, the U.S. Department of Justice Office of the Inspector General concluded in a 237-page report. Ojeda shot three agents during the raid and one of them was seriously wounded.

"He clearly posed an imminent threat to the agents," said the report, which also found authorities were justified in waiting 18 hours to enter the home after Ojeda was shot, out of concern that he or other unknown gunmen still posed a threat.

But investigators concluded that the FBI should have anticipated a shootout and attempted to force Ojeda, who had been a fugitive for 15 years, to surrender.

Ojeda, 72, was the leader of a militant group that claimed responsibility for bombings and attacks in the 1970s and 1980s aimed at gaining independence for Puerto Rico from the United States. In one of the attacks, gunmen opened fire in 1979 on a bus carrying U.S. sailors, killing two and wounding 10.

Hector Pesquera, co-president of an independence group, said the investigators' report was "totally contradictory" because it supported the use of deadly force but also concluded the FBI should have tried harder to apprehend Ojeda -- known simply as "Filiberto" to many Puerto Ricans.

"This confirms our initial claims that they never had any intention of capturing Filiberto, that they came to kill him, not arrest him," Pesquera said. "When they weren't sure that they killed him outright, they waited until he bled to death."

Juan Dalmau Ramirez, secretary-general of the Puerto Rican Independence Party, also dismissed the report.

"This report is a cover-up," he said. "If they had followed correct procedures, Filiberto Ojeda would be alive."

New York Congressman Jose Serrano, a native of Puerto Rico, said the report confirmed his belief that the FBI should have avoided the confrontation. "I believe that if the FBI had followed procedures, the three FBI agents might not have been shot and Ojeda Rios might not have died," he said.

Ojeda was convicted for his role in the 1983 robbery of $7 million from a Wells Fargo bank depot in West Hartford, Conn. He fled while on bond but was convicted in absentia and sentenced to 55 years in prison.

In the intervening years, he became something of a folk hero among some Puerto Ricans. He would occasionally grant interviews to reporters on the island and his recorded speeches were played at pro-independence rallies. His death sparked large protests throughout the island.

The report contradicted claims by Ojeda's widow, Elma Beatriz Rosado, that the FBI agents opened fire first during the raid, but said she may have been confused by the agent's use of a non-lethal "flash-bang" outside the house.

The inspector general also said it found no evidence to confirm media reports that the FBI had information to safely arrest the fugitive away from his home.

In a statement, the FBI said it welcomed the inspector general's report and would review its recommendations, which primarily dealt with preparations for this type of raid.

"Although careful planning and preparation are part of every arrest scenario undertaken by the FBI, shooting incidents are sometimes an unfortunate result given the nature of the FBI's mission," it said.

Probe Clears Agents In Militant's Death (USAT)

USA Today, August 10, 2006

FBI agents were justified when they shot and killed a Puerto Rican militant in a raid on his home in September 2005, a federal investigation concluded. Filiberto Ojeda Rios, a fugitive for 15 years, fired at agents as they came to arrest him on a robbery charge, and they returned fire, said a report Wednesday from the Justice Department's inspector general. Ojeda shot three agents, seriously injuring one.

“He clearly posed an imminent threat to the agents,” the report said. It faulted the FBI, though, for not trying harder to get Ojeda to surrender. Ojeda led a paramilitary Puerto Rican independence group. Independence activist Hector Pesquera said the report shows that agents “never had any intention of capturing Filiberto, that they came to kill him, not arrest him.”

Illinois could approve morning-after pill

Illinois Gov. Rod Blagojevich said he'll find a way to make emergency contraception available without a prescription if the Food and Drug Administration doesn't approve over-the-counter sales of the contraceptive known as Plan B or the “morning-after pill.”

Blagojevich, a Democrat, said he could introduce legislation that would allow Illinois pharmacies to dispense the pill or issue an executive order. Nine states already allow women to get Plan B without a doctor's prescription.

The FDA is considering approving non-prescription sales of the pill for women 18 and older, but it wants to know how manufacturer Barr Pharmaceuticals would ensure that pharmacies enforced the age restriction.

Sailor charged with espionage, desertion

Navy Petty Officer 3rd Class Ariel Weinmann of Salem, Ore., was charged with espionage for allegedly trying to sell to a foreign government the contents of a laptop computer loaded with classified information, the Navy said. Weinmann, a fire-control technician on the submarine USS Albuquerque, tried to pass information to foreign agents in Bahrain, Vienna and Mexico City, a Navy statement said. It said Weinmann gave military secrets to an undisclosed foreign government before he destroyed the computer. He also is accused of deserting in July 2005. Immigration officials at Dallas/Fort Worth International Airport detained Weinmann when he returned to the USA in March 2006. The Navy did not identify the foreign government involved. His Navy lawyers declined to comment.

Coast Guard allows religious headwear

The Coast Guard is altering its rules on religious head coverings after Jack Rosenberg, a Hasidic Jew, was told he could not wear his skullcap while serving. The new rules allow coverings that fit under a hat or helmet and bear no bright colors, writing, pictures or symbols, Coast Guard spokesman Daniel Tremper said. Sikh turbans will still be excluded. The previous rules said religious clothing could not be visible.

The new regulations "have verbally gone into effect" but must be formally adopted, Tremper said. The Defense Department has permitted religious head coverings in its forces since 1987. The Coast Guard is part of the Homeland Security Department.

Kids on Boston port payroll, charges say

A Boston grand jury charged an employee of the Massachusetts Port Authority and 19 current or former longshoremen with payroll and unemployment fraud. Five were accused of filing time sheets for children as young as 2 so the children could gain union cards and then earn higher union wages when they reached adulthood and started working on the docks.

"A culture of fraud exists in the Longshoremen's union at the Port of Boston," Attorney General Tom Reilly said. James McNamara of the International Longshoremen's Association said the union encourages ethical practices and hadn't seen the indictment.

Kansas teens plead guilty in school plot

Two teens suspected of plotting an armed attack on their high school in Riverton, Kan., were placed on probation for one year after they pleaded guilty to a reduced charge of conspiracy to riot. James Tillman and Robert Hunt, both 17, had faced felony charges. "Perhaps it wasn't as serious as it appeared a few months ago when it first surfaced," Judge Robert Fleming said.

Tillman and Hunt were among five students arrested April 20, the seventh anniversary of the Columbine High School massacre in Colorado. Charles New, 18; Caleb Byrd, 16; and Andrew Jaeger, 15, have pleaded innocent to the misdemeanor charge.

Cherokee County Sheriff Steve Norman has said deputies found guns, ammunition, knives and coded messages in the bedroom of one suspect after a message about an alleged school shooting plot appeared on MySpace.com.

Two held in Ohio on terror-related charges

Two men stopped on a traffic violation in Marietta, Ohio, were charged with money laundering in support of terrorism. Deputies who stopped Osama Sabhi Abulhassan, 20, and Ali Houssaiky, 20, both of Dearborn, Mich., on Tuesday found airplane passenger lists and information on airport security in their car. They also found $11,000 cash and 12 phones, Washington County Sheriff Larry Mincks said.

Prosecutor Susan Vessels wouldn't say how the phones, cash or flight information involved terrorism. A judge set their bond at $200,000, Vessels said.

Agents Didn't Use Excessive Force In Fugitive's Killing (NYT)

By Terry Aguayo

The New York Times, August 10, 2006

An investigation by the office of the inspector general concluded that Federal Bureau of Investigation agents did not use excessive force in the shooting that killed Filiberto Ojeda Ríos, a fugitive Puerto Rican nationalist leader accused of a $7 million robbery in 1983. Mr. Ojeda Ríos, 72, bled to death last September after an exchange of gunfire with the agents, who claimed he opened fire on them when they came to arrest him at a farmhouse in southwestern Puerto Rico. Director Robert S. Mueller of the F.B.I. requested the investigation after Mr. Ojeda Ríos's wife said agents shot at him first. While the investigation concluded that agents did not deliberately let Mr. Ojeda Ríos bleed to death, it found that the agents should have first made efforts to capture him.

Report Backs FBI In Puerto Rican's Death (CNN)

By Terry Frieden, CNN Washington Bureau

DOJ_NMG_0046206

CNN.com, August 10, 2006

WASHINGTON (CNN) -- The FBI appropriately handled the September 2005 shooting death of a Puerto Rican independence movement leader, a Justice Department investigation concluded Wednesday.

The inspector general's probe determined the FBI's use of deadly force was proper in the killing of Filiberto Ojeda Rios, leader of the Macheteros movement, at his house in rural Puerto Rico.

Ojeda bled to death after FBI sniper fire wounded him, prompting allegations on the Caribbean island that agents intentionally allowed him to die.

Wednesday's internal report rejected those accusations, concluding the decision to delay entry into Ojeda's house by 18 hours was prompted by legitimate safety concerns.

Since the 1970s, Ojeda's Macheteros organization has claimed responsibility for acts of violence in its campaign to win independence for Puerto Rico, a U.S. commonwealth.

In 1985, Ojeda was arrested in a 1983 Wells Fargo robbery and shooting of an FBI agent in West Hartford, Connecticut. He was convicted in absentia in 1992 after fleeing while on bond before trial.

Inspector General Glenn Fine found fault with some procedural issues in the Ojeda shooting, including delayed communications between FBI headquarters and agents at the scene.

"Although our report did not find that the FBI violated the deadly force policy or intentionally allowed Ojeda to die, we did find deficiencies in the FBI's conduct of the arrest operation," the report said.

"FBI decisions suffered from inadequate consideration of alternative options and inadequate preparation for foreseeable scenarios."

In response to the report, the bureau said that "shooting incidents are sometimes an unfortunate result given the nature of the FBI's mission."

"The FBI recognizes the importance of strengthening communication and coordination between FBI headquarters, the hostage rescue team and our field offices during significant operational matters of this nature," the agency's statement said, adding that the investigation will "contribute significantly to a better understanding of this case and planning for future operations."

Report Clears FBI Agents In Killing Of Terror Leader (WT)

By Jerry Seper

The Washington Times, August 10, 2006

FBI agents did not violate Justice Department guidelines on deadly force when they fatally shot the leader of a Puerto Rican terrorist organization in September, according to a report released yesterday.

Inspector General Glenn A. Fine said Filiberto Ojeda Rios fired 19 rounds at FBI agents as they attempted to serve a warrant. Eight of Ojeda's bullets struck the agents, seriously wounding one of them, and the agents, members of a specialized hostage-rescue team, were justified in returning fire, the inspector general concluded.

Ojeda, 72, was wanted as a fugitive in a 1983 Wells Fargo robbery in West Hartford, Conn., during which he also shot at FBI agents, seriously wounding one of them. In 1992, while a federal fugitive, he was convicted of the robbery.

After years of hiding, Ojeda was killed Sept. 23, when FBI agents sought to serve an arrest warrant after surrounding a "safe house" in Hormigueros, Puerto Rico, where he was hiding. The operation raised questions in Puerto Rico, and the inspector general's review was conducted at the request of FBI Director Robert S. Mueller III.

Ojeda was described by U.S. authorities as a Cuba-trained terrorist and a leader of the terrorist group Los Macheteros, which aims to end U.S. control of the island.

His death was mourned by members of the Puerto Rican independence movement and questioned by Puerto Rico's statehood movement and supporters of the commonwealth. In March, the Puerto Rico Justice Department sued federal authorities, including Mr. Mueller and Attorney General Alberto R. Gonzales, seeking an injunction to force them to provide information on the FBI operation that led to Ojeda's death.

Although the inspector general's report said the agents' use of force, including the shot that killed Ojeda, did not violate the Justice Department deadly-force policy, it called the daylight assault "extremely dangerous and not the best option available."

The report said that if Ojeda had been more heavily armed, several FBI agents likely would have been killed or seriously wounded, adding that the daylight raid was "based on the unrealistic assumption that the FBI would still retain the advantage of surprise." It said the FBI "should have expected that the noise from the helicopter airlift" would have alerted Ojeda to their presence.

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"The FBI had sufficient information to expect that Ojeda would be prepared to resist an arrest attempt with violence, as he had done in the past," the report said, adding that a strategy of surrounding the residence and calling for Ojeda to surrender, with the option of using tear gas to force him outside, would have been "a safer and more effective strategy."

The FBI said that although careful planning and preparation are a part of every arrest scenario undertaken by the FBI, shooting incidents are sometimes "an unfortunate result, given the nature of the FBI's mission."

"After any shooting incident, there are important lessons to be learned, and the [inspector general's] review will contribute significantly to a better understanding of this case and planning for future operations," the FBI said.

Ex-FBI Official On Trial Regarding Informant Ties (SAEN)

San Antonio Express-News, August 10, 2006

A retired FBI official went on trial Wednesday in El Paso on charges that he lied to Justice Department investigators about his relationship with a former confidential informant.

Hardrick Crawford Jr., special agent in charge of the El Paso FBI office from July 2001 until November 2003, faces five federal charges that he did not fully disclose information about gifts, trips and services he received from Jose Maria Guardia,once a close friend.

Guardia, a wealthy Mexican citizen who owns the racetrack in Ciudad Juárez, across the border from El Paso, served as an FBI informant from Feb. 11, 2002, to Aug. 8, 2002, court records show.

Crawford retired in 2003 amid an administrative inquiry into his association with Guardia. Besides questions about the gifts, Crawford's indictment alleges he wrongfully vouched for Guardia — in an official capacity — while Guardia fended off allegations from his own government that he was involved in drug trafficking.

Mexican government officials later dropped the allegations against Guardia. Crawford's supporters claim his prosecution stems from diplomatic pressure on the U.S. by Mexican officials Crawford angered.

His trial before U.S. District Judge Philip Martinez is scheduled through the weekend. If convicted, he faces up to five years in prison on each charge.

Former El Paso FBI Chief Accused Of Lying Goes On Trial (FWST)

The Fort Worth Star-Telegram, August 10, 2006

EL PASO, Texas - A federal prosecutor told jurors Wednesday that the former El Paso FBI chief on trial this week for lying to federal investigators was too close to a Mexican racetrack owner-turned FBI informant and accepted thousands of dollars in gifts from the man without reporting them.

Hardrick Crawford Jr., who is on trial on charges that he lied about the gifts, his relationship with the track owner and his wife's job at the racetrack, has denied any wrongdoing.

In opening arguments, federal prosecutor Jim Blankenship told jurors that the former special-agent-in-charge of the El Paso FBI office ignored repeated warnings that his close friend, racetrack owner Jose Maria Guardia, was an informant and was suspected by Mexican authorities of drug trafficking and money laundering.

Crawford's lawyer, Mary Stillinger, countered that the allegations against Guardia, admittedly a close family friend and Crawford's wife's boss, were from dubious sources. As for the allegations that Crawford received gifts, including a country club membership and lavish trips to Las Vegas, Stillinger said Crawford didn't do anything wrong. Anything not reported to his bosses, Stillinger said, was either paid for or given to his wife as part of a benefit package she received for her job as an executive with Guardia's company in Ciudad Juarez.

Crawford's trial on five counts of lying to federal investigators is expected to continue through the week. If convicted he could face up to five years in prison for each count.

Record Details Wests' Funds (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), August 10, 2006

New indictment shows thousands found in Market Square apartment despite claims of financial trouble

That unpaid city tax bill Market Square businessman Scott West insisted he and his wife were struggling to pay? Maybe he should have checked his apartment.

A new indictment issued late Tuesday by a federal grand jury reveals that authorities seized some $13,500 from the Wests' Market Square apartment in a series of raids executed July 16 on the couple's properties.

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The couple were in arrears on their city taxes for $10,200. Scott West has cited the tax bill as an example of financial struggles that he suggested would seem to belie charges he and his brother were masterminding an 11-year marijuana-peddling venture involving tons of the illegal weed.

According to the new indictment - known as a superseding indictment because it replaces the original and beefs up details - homes owned by Scott West; his brother, James Michael West; his alleged marijuana broker, Mark Anthony Cort; and accused marijuana supplier Phillip A. Apodaca were brimming with cash.

Authorities, including agents with the U.S. Drug Enforcement Administration and the Internal Revenue Service, seized $206,816 from three locations under Mike West's control, the new indictment states.

Another $15,100 in cash was, according to the indictment, "recovered" from Mike West over three different dates - wording that suggests these were payments made to Mike West by an informant making undercover drug buys from him.

The new indictment alleges authorities seized $13,519 from the Market Square apartment of Scott West and wife Bernadette Trent West; $23,842 from Apodaca's Tucson, Ariz., home; and $55,750 from Cort's home in Durango, Colo.

IRS criminal investigators, including Agent Brian Grove, have uncovered 19 bank accounts connected to either Mike West or his wife, Joanne Baker West, in which $301,129 was stashed, the indictment reveals.

Authorities also took 73 cases of wine, four guns and ammunition from Mike West's Mooresburg, Tenn., home and two guns from Apodaca's home, the indictment states.

Other items seized include a gold bullion coin collection, a Subaru Legacy Outback and a Dodge Ram truck.

All of the items were funded by drug money, authorities contend.

Federal prosecutors Hugh Ward and David Jennings sought the new indictment against the West brothers, their wives, Apodaca and Cort to reflect new details emerging as part of the ongoing probe into the alleged marijuana trafficking and money-laundering conspiracy.

The new indictment also adds as alleged conspirators two corporate entities - Preservation Public LLC and Spiral-Web Inc.

Preservation Public LLC is the corporate entity used by Scott West and his wife to title their Market Square properties. Spiral-Web Inc. is the business name for various ventures, including Sensua Gallery in Atlanta, operated by Mike West and Cort.

The addition of the two corporate entities signals two things: One, federal authorities are not backing down from the notion that the Wests funneled drug money through their businesses, and, two, federal authorities want to leave no financial stone unturned in the quest for properties to seize.

The new indictment includes a specific reference to a lease agreement the Wests entered into with the city on its Market Square businesses, which include the popular Preservation Pub, World Grotto and Earth to Old City. Under that agreement, the Wests deeded the actual buildings to the Industrial Development Board, earning them a substantial tax break, and then leased back the properties for a nominal $1 annual fee.

By including the lease agreement itself, federal authorities are working to ensure that potential buyers of the properties would get the same deal offered the Wests - provided Ward and Jennings are able to snare convictions in the case.

Defense attorney Donald A. Bosch, who represents Scott West, said the superseding indictment does not materially change the criminal allegations against his client.

"There are no major changes in the superseding indictment that would change our position," he said. "We're continuing to investigate the matter."

Mike West's attorney, Assistant Federal Defender Jonathan Moffatt, could not be reached for immediate comment Wednesday evening.

Attorney David Eldridge, who represents Bernadette West, said he had not yet seen the new indictment.

Scott West, Mike West, Apodaca and Cort are accused of peddling tons of marijuana from Mexico, through Arizona to North Carolina, Georgia and Tennessee for more than a decade. Two other indictments issued in recent weeks bring the total number of people charged in the case to 13.

The West wives are accused only in the money-laundering conspiracy.

Father And Son Plead Guilty To Federal Drug Charges (WLEX)

WLEX-TV, August 10, 2006

A father and son who were caught in the middle of a drug transaction in January pleaded guilty in federal court in Lexington Wednesday after making plea deals with prosecutors.

Eddie Baker, Sr., 53, described by authorities as one of the biggest drug dealers in eastern Kentucky, was accused of trying to run down several officers and federal agents with a truck after during the January 19 drug bust, was arrested March 22 in Breathitt County. He had been on the run since the incident. His son, Eddie Baker, Jr. was arrested during the bust.

On Wednesday, Eddie Baker Sr. pleaded guilty to conspiracy to posess with the intent to distribute oxycontin, guilty to distribution of oxycontin, guilty to a gun charge and guilty to a forfeiture count. In exchange for his pleas, prosecutors are asking that he serve 12 years in prison.

Eddie Baker Jr. pleaded guilty to distribution of oxycontin. His sentence is recommended at five years by prosecutors.

Both will be sentenced in December.

A DEA special agent testified in April that Baker, Sr. had a loaded .22 caliber handgun and more than $15,000 in cash on him when he was arrested.

On March 22, troopers spotted a man who resembled Baker as they were patrolling. The man, who was on the porch of a residence, fled on foot and police ran after him, Trooper Jody Sims said.

The troopers tackled the man, who turned out to be Baker.

"When our troopers caught up with him, he didn't give any problems," Sims said.

Police say the Bakers were caught in the middle of trying to sell a large quantity of Oxycontin pills in the Barwick community in Breathitt County when officers and federal agents, participating in the Operation Unite drug enforcement program, moved in to make arrests.

At that point, police say Baker, Sr. jumped in his truck and, in an effort to escape the scene, tried to run down several officers. Multiple shots were fired at the truck by officers, but the elder Baker was able to elude police. The bullet-riddled truck was found later, but Baker Sr. was not captured.

Baker, Sr. contacted LEX 18 several times during his time on the run, first sending video tapes to LEX 18 offices in which he claimed his innocence, then later contacting LEX 18 reporter Leigh Searcy, who interviewed Baker near his home in February. Baker claims he feared that he was being attacked by unknown strangers and didn't know that they were police officers.

After he went on the run, several neighbors defended Baker Sr. "Everybody knew him and what a good person he was," said Shelly Akemon. Akemon says Baker Sr. took care of his neighbors and made road repairs in the area. "He would fix it and so you could get both cars on the roads, so you wouldn't drop off the road, tear your car up, he would fix stuff the county wouldn't fix," he said.

Other neighbors told LEX 18 News they didn't know where Baker Sr. is, but they feared for his safety.

No officers were hurt in the January incident. Eddie Baker, Jr. was arrested at the scene of the drug bust. Authorities searched Baker's property and confiscated more than $132,000 in pills, including OxyContin; $17,432 in cash; several stolen four-wheelers, including one that belonged to the Perry County coroner; and $20,000 worth of building materials stolen from the Buckhorn Children's Home, according to a statement from Operation UNITE, a federal initiative created to combat street-level drug trafficking.

A convicted felon, Baker served 5 years of a 12-year sentence in prison after police found 10 tons of marijuana in his possession.

Associated Press Wire Services Contributed To This Story.

Eddie Baker Pleads Guilty To Drug Charges (WKYT)

WKYT-TV, August 9, 2006

A Breathitt County man who spent two months on the run from law enforcement officers, while publicly proclaiming his innocence through the media, entered guilty pleas to federal drug charges in U.S. District Court on Wednesday, August 9.

Eddie Arnold Baker Sr. plead guilty to conspiracy to possess with intent to distribute OxyContin and the distribution of OxyContin, one count of a felon in possession of a firearm, as well as two forfeiture counts, announced Amul R. Thapar, United States Attorney for the Eastern District of Kentucky.

Baker's son, Eddie Arnold Baker Jr., also plead guilty to conspiracy to possess with intent to distribute OxyContin and the distribution of OxyContin, and one forfeiture count.

The pleas were entered before the Honorable Chief Judge Joseph M. Hood.

As stated in the plea agreements, the United States has agreed to a sentence of 144 months for Baker Sr. and 60 months for Baker Jr.

Both defendants are currently scheduled to appear for sentencing before the United States District Court in Lexington on December 4 at 3 p.m. and 3:30 p.m. respectively.

Joining Thapar in announcing the pleas were Robert L. Corso, Special Agent in Charge, Drug Enforcement Administration; Paul J. Vido, Special Agent in Charge, Bureau of Alcohol, Tobacco, Firearms, & Explosives (Louisville Field Division); Karen Engle, Executive Director, Unlawful Narcotics Investigations, Treatment & Education (UNITE); and John (Jack) Adams, Commissioner, Kentucky State Police.

"The Bakers illegal drug activity has had a negative impact on the lives and families of many citizens throughout Southern and Eastern Kentucky," Engle said. "It is gratifying to know these men will no longer be able to engage in their destructive drug-dealing."

The Baker case has drawn statewide attention since Operation UNITE attempted to serve a search warrant at his Strongs Branch Road home in the Barwick Community on Thursday, January 19.

As law enforcement officers pulled into his driveway they observed him making a drug transaction from his truck. Baker immediately attempted to flee by driving his Chevrolet pickup truck through a field toward his son's home at a high rate of speed. Several officers fired shots at the truck after he attempted to run over them.

Baker eventually abandoned his truck after it became stuck in a creek and fled into the woods.

A search of Baker's truck, home and property uncovered 1,621 OxyContin pills with a street value of approximately $132,000, three stolen four-wheelers, approximately $20,000 in stolen building materials, and $7,432 in cash. On January 30, after police received an anonymous tip, police recovered 200 assorted pills - including OxyContin, Hydrocodone and Valium - plus $10,000 in cash from a hidden compartment behind the radio.

For more than two months, Baker taunted police with video tapes sent to regional television stations and even gave several interviews to newspaper reporters. He continually proclaimed his innocence and said he would not turn himself in to authorities.

On March 22, troopers from Kentucky State Police Post 13 in Hazard spotted Baker near a neighbor's trailer and chased him into the woods where he was arrested. At the time police found a large amount of cash, ammunition and a gun.

"The only thing UNITE has wanted was for Mr. Baker to have his day in court," said Dan Smoot, law enforcement director for UNITE. "We always knew the facts would stand for themselves, and today he has pled guilty. Justice has been served."

Officials Defend Eased Drug Rules For LAPD Hires (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, August 9, 2006

Under fire for hiring recruits who experimented with hard drugs in their youth, Los Angeles Police Department officials went on the offensive Tuesday, saying drug use on the force has not increased since employment standards were relaxed in 2004.

Chief William J. Bratton told the Police Commission that while officers have undergone 30,000 random drug tests over the last decade and a half, only 15 tested positive.

In fact, the numbers have been declining since the department dropped its total ban on hiring anyone who had used or encountered hard drugs. That change permitted the hiring of six officers who admitted once having had a limited use of cocaine in their distant pasts.

Critics of the policy shift have "made a mountain out of a molehill," Bratton told the panel. "In the random testing we are not encountering any major concerns at all."

Commissioners sounded satisfied with the explanation, saying the new policy reflects changing times.

"The reality is in 2006 there is a very good likelihood that a young person may have tried drugs on a limited basis," commission President John Mack said.

While the Police Commission was a sympathetic audience, police officials will probably face a more skeptical response from L.A. City Council members when they make their case to the council's personnel committee in the next two weeks. The committee is chaired by Councilman Dennis Zine, who along with councilmen Bernard C. Parks and Greig Smith has criticized the policy change.

The Police Commission asked for the briefing on an issue that Mack acknowledged has sparked "great controversy."

Debate over the drug policy turned acrimonious recently when five council members called for a Police Commission investigation of Bratton for making "unprofessional" comments, including a statement that critics of the hiring change "don't know what the hell they are talking about."

Parks, the former police chief, and Zine, a former police sergeant, have complained that the council was not included in any discussions before the hiring ban was changed.

Zine said Tuesday that he has serious questions for the chief when his committee hears the issue.

"I have no problem with recreational and experimental use" by recruits when they were young, Zine said. "But it's gone beyond that. I have a problem with hard drug use."

The councilman, who remains a reserve police officer, said a recruit who has used marijuana more than 75 times or hard drugs several times is a potential problem for a department that saw officers stealing drugs as part of the Rampart Division police corruption scandal in the late 1990s.

"I understand that the pool of people who want to be police officers is limited, but if you look at the history of the department, and the scandals we have had, we don't want to add to that problem," Zine said.

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The Civil Service Commission, not the City Council, has the authority to change policy on hiring standards, LAPD officials said.

Until 2004, the city lumped cocaine in with heroin, LSD and other hard drugs that automatically disqualified candidates for the police force.

The policy was changed to allow recruits who have used cocaine once or twice before they were 25 years old and when that use was at least 10 years in the past, said Phyllis Lynes, assistant general manager of the city Personnel Department.

"We believe no one has been hired or will be hired that presents any risk whatsoever to this city and the citizens of this city," Lynes told the commission.

At the same time, the policy was toughened on marijuana use. Recruits can be disqualified if they have used marijuana more than 75 times or at all in the last two years. Previously, marijuana use was disqualifying if it occurred in the previous year.

The policies were changed based on expert research. The LAPD standard is tougher than the FBI's on hard drug use but less stringent on marijuana use, according to Deputy Chief Sharon Papa.

Bratton said the hiring process also includes polygraph testing designed to weed out recruits who lie about their drug use.

At Schools, Less Tolerance For 'Zero Tolerance' (USAT)

By Marilyn Elias, Usa Today

USA Today, August 10, 2006

"Zero tolerance" discipline policies that are enforced widely in U.S. schools are backfiring: They may be promoting misbehavior and making students feel more anxious, the American Psychological Association (APA) said Wednesday.

The group called for more flexibility and common sense in applying the policies, reserving zero tolerance for the most serious threats to school safety.

Zero-tolerance policies spread in the 1990s as a tool to fight drug use and violence on campuses. Schools often suspend or expel students for having weapons or drugs, which can include over-the-counter medicine, says educational psychologist Cecil Reynolds of Texas A&M University. Verbal threats, fighting or sexual harassment also can get kids booted, he says. "There are cases such as the kindergarten boy who hugged two classmates. His teacher reported him for sexual harassment, and he was suspended."

"The 'one-size-fits-all' approach isn't working. Bringing aspirin to school is not the same as bringing cocaine. A plastic knife isn't the same as a handgun," Reynolds says. He led an APA panel that summarized research on the topic.

Kids feel less safe and perform worse academically in schools with high suspension or expulsion rates, even taking into account students' income levels, the association's report says. Also, students' higher suspension rates predict higher rates of future misbehavior and school failure compared with classmates who weren't suspended for similar misdeeds, Reynolds says.

There are growing signs that zero-tolerance policies are steering more teens into the juvenile justice system, says Russell Skiba, an Indiana University educational psychologist. "Things that used to be handled by principals land kids in juvenile detention," he says. The report also mentions racial disparities; minorities are expelled more often than whites for comparable offenses.

Principals who want to be flexible "may be caught in a catch-22," says Richard Flanary of the National Association of Secondary School Principals. If school boards set rigid policies, principals who defy them risk losing their jobs. "Then they're bashed in the press for overreacting to kids' misbehavior."

The National School Boards Association has urged local school boards to give administrators more discretion, says Tom Hutton, the group's staff attorney. State and U.S. laws may limit discretion for certain offenses, he adds.

The APA advised using more violence-prevention programs to reduce problems. "But school boards have to deal with community feelings too," Hutton says. "Boards hear complaints about 'more sensitivity training,' and people sometimes ask, 'Why are they doing all this warm, fuzzy stuff?' "

Teens Not Rushing Online To Buy Wine, Survey Shows (USAT)

By Donna Leinwand, Usa Today

USA Today, August 10, 2006

A year after the Supreme Court made it easier for wineries to ship products to customers in a different state, a new survey indicates that teens haven't necessarily rushed to use the Internet to buy alcohol, as critics of the court's decision have feared.

The survey by Teenage Research Unlimited (TRU) in Northbrook, Ill., found that 2% of youths ages 14-20 reported having purchased alcohol online, and that 12% reported having a friend who had ordered alcohol online.

The survey was commissioned by the Wine & Spirits Wholesalers of America, a trade group that opposed the court's decision allowing direct shipments from wineries to customers in different states.

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Such bans on interstate sales were part of an alcohol distribution system that has required wineries, breweries and distilleries to sell their products to state-licensed wholesalers, which sell the products to liquor stores. The wholesalers group argued that besides cutting its members out of such sales, the court's ruling allowing interstate sales online made it easier for teens to buy alcohol without having to go through face-to-face transactions that require them to present an ID.

It's unclear how many teens were buying alcohol online before the court's ruling, but the TRU survey suggests such purchases are rare. The survey of 1,001 people ages 14-20 found that nearly all of those surveyed had Internet access at home and that about one-third were aware that alcohol could be purchased online. Fewer than 10% of the youths surveyed said they had browsed a website that sold alcohol. By contrast, 80% reported having browsed a sexually explicit site.

Tom Riley, spokesman for the White House Office of National Drug Control Policy, said the survey indicates online alcohol sales to teens aren't a major problem, but he warned that could change. "While online sales of alcohol have not yet been a big part of the addiction problem, parents need to learn what teens already know: that the drug dealer who used to lurk in the seedy side of town is now just an e-mail or a URL away from your home."

However, Juanita Duggan of the wholesalers group called the survey results "shocking" and said she expects the number of teens ordering alcohol online to rise. "This is new, hard evidence that should really shake up this debate about direct sales. Every state has a policy choice to make."

Many states are revisiting their alcohol sales laws to comply with the court's ruling, which said New York and Michigan's bans on interstate sales illegally hindered commerce.

Opium Poppy Cultivation Up In S Afghanistan - UK Min (AP)

AP, August 9, 2006

LONDON (AP)--A U.N. report will likely show that more opium has been grown in Afghanistan this year than last, despite international intervention and an aggressive anti-drugs policy, U.K. and Afghan officials said Wednesday.

"We expect (it) to show that there has been an increase in cultivation this year," U.K. Foreign Office minister Kim Howells said during a news conference Wednesday. "Much of the increase is due to a substantial increase in planting in Helmand, and other southern provinces. This is worrying, but it reflects the very difficult security situation and limited law enforcement capability."

The assessment came ahead of the autumn release of the U.N. Office on Drugs and Crime's annual report on the opium production in the country.

The most troublesome area is the southern province of Helmand, where U.K. troops are concentrated. Howells and Afghanistan's counternarcotics minister, Habibullah Qaderi, said in areas where the security situation is more stable, poppy cultivation has either leveled off or fallen off; where the level of lawlessness is higher, more opium is being grown.

"This year, even if there is an increase, it's because of just one province, where the security situation has gone very bad. The rest of Afghanistan, I can say that it's more stable and in certain areas there will be a decrease," Qaderi said. "We have had a very strong eradication this year, which will have an impact."

Both Howells and Qaderi said the anti-drug policy now in place is sufficient and simply needs time.

"There is nothing wrong with the policy. The policy and strategy is OK," Qaderi said. "The counter-narcotics problem cannot be solved in one year, or in two years. You need a long time to see if the policy is working or not."

Stop Coddling Corrupt Gun Dealers (WP)

The Washington Post, August 10, 2006

Using his finest Orwellian doublespeak, Rep. Howard Coble (R-N.C.) defended his bill gutting the power of the Bureau of Alcohol, Tobacco, Firearms and Explosives to revoke the licenses of lawbreaking gun shops as a bill to "modernize" the bureau [letters, Aug. 1].

The bill, backed by the gun lobby, was introduced just after the license held by National Rifle Association board member Sanford M. Abrams for his shop, Valley Gun of Baltimore, was revoked for 900 federal gun law violations. Mr. Abrams's shop was also one of the top suppliers of guns used in crimes in the nation. The Justice Department called the store a "serial violator" of gun laws that "endangered the public" by failing to account for hundreds of weapons.

Yet the bill would make it virtually impossible to revoke the licenses of dealers such as Mr. Abrams caught violating federal law. Instead, the ATF would have to meet a new, extraordinary burden of proof to impose a meager $5,000 fine -- an average $5.56 fine per violation in a case such as Mr. Abrams's -- that the bill would then postpone through years of appeals. This is how Mr. Coble's bill "strengthens" the bureau?

Congress must stop coddling corrupt gun dealers and their gun lobby friends and instead give the ATF the tools it needs to crack down on rogue gun shops that feed the gun-wrought carnage in our communities.

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DANIEL R. VICE
Staff Attorney
Brady Center to Prevent Gun Violence
Washington

Massachusetts Fugitive Arrested In New Orleans Metro Area (AP)

AP, August 10, 2006

GRETNA, La. - A 30-year-old Massachusetts man who had been on the run for about 20 months since fleeing a Massachusetts courthouse was arrested Wednesday on charges of raping a child, U.S. marshals said.

Marlon Morris was arrested without incident at a home in the New Orleans suburb of Gretna in Jefferson Parish, marshals said. He was in the New Orleans area doing construction work to fix damage from Hurricane Katrina, officials said.

Morris walked out of Cambridge Superior Court in November 2004 shortly before a jury found him guilty of two counts of forcible rape of a child, two counts of statutory rape and three counts of indecent assault and battery on a child.

At the time, Morris was free on bail for the November 2002 crime so he was not in custody when he walked out of court.

Morris raped and sexually assaulted the victim on Nov. 17, 2002, prosecutors said. The 13-year-old girl reported the incident to her mother the next day, and Morris was arrested a day later. Morris and the victim knew each other.

Morris pleaded not guilty at his arraignment and was released on $5,000 bail. He faces a maximum sentence of life in prison.

Marshals in New Orleans and Massachusetts said they were assisted in the arrest by the television show "America's Most Wanted."

IMMIGRATION:

Gonzales Issues New Regulations For Immigration Judges (AP)

By Suzanne Gamboa, Associated Press

AP, August 10, 2006

WASHINGTON – Immigration court judges will undergo periodic evaluations and additional immigration appeals judges will be hired, Attorney General Alberto Gonzales announced Wednesday.

Gonzales opened a review of the immigration courts, which operate as part of the Justice Department, in January after chastising some of them for “intemperate or even abusive” conduct toward asylum seekers.

“This review has left me reassured of the talent and professionalism that exists in the immigration courts and at the Board of Immigration Appeals,” Gonzales said in a statement. But he found room for improvement.

The more than 200 immigration judges handle hundreds of thousands of cases each year. Some of the judges have criticized the quality of their colleagues' work and the disparaging way some judges have treated foreigners seeking to remain in this country.

Gonzales' predecessor, John Ashcroft, overhauled immigration reviews in 2002, but his changes have been highly criticized. Ashcroft's overhaul led to more asylum and other cases being decided by a single judge rather than a three-judge panel of the Bureau of Immigration Appeals. The reforms were followed by a marked increase in the number of cases later taken to regular federal appeals courts.

Gonzales declined to return to the three-judge format, but made other tweaks to Ashcroft's reforms, such as allowing for the return of a case to the immigration appeals panel if it warrants reconsideration.

Also Gonzales said the Justice Department will seek additional money in fiscal year 2008 to hire more judges and staff. He wants to add four members to the Board of Immigration Appeals and continue using temporary board members as needed.

Eleanor Acer, asylum program director for Human Rights First, praised many of the improvements, but was disappointed by Gonzales' decision not to return to three-member panels.

“We had urged DOJ to return to three-member review in asylum and similar cases – essential given the life and death stakes in these cases,” Acer said.

The immigration judges recently formed a union affiliated with the International Federation of Professional and Technical Engineers, which also represents Social Security judges. Denise Slavin Noonan, president of the National Association of Immigration Judges, said most of the proposed changes would lead to improvements, but she had some concerns about the evaluations.

The attorney general's changes include:

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Periodic reviews of the work and performance of each immigration judge and member of the Board of Immigration Appeals.

Developing a written immigration law exam to be given to judges and appeals board members appointed after Dec. 31. The newcomers will have to pass the exam before they can decide cases.

Improved training for judges and appeals board members.

Reviewing a recent study of immigration judges by a Syracuse University-based research group that found great disparity in immigration judges' denial rates in asylum cases.

Giving judges ability to sanction people in their courtroom for fraud or misconduct.

Expanding free services for poor immigrants.

On the Net:

Justice Department: www.doj.gov.

Immigration Judges Facing Performance Reviews (NYT)

By Nina Bernstein

The New York Times, August 10, 2006

WASHINGTON, Aug. 9 — Attorney General Alberto R. Gonzales warned the nation's 215 immigration judges on Wednesday that they all faced annual performance evaluations for the first time and regular scrutiny to detect high reversal rates, frequent complaints or unusual backlogs.

But the consequences of failing were not spelled out. And some of the judges said they worried that evaluations would increase pressure on all judges to make decisions faster, without weeding out the handful of judges who have drawn the most criticism.

Immigration judges, who now handle 300,000 cases a year under stepped-up guidelines, are employees of the Justice Department, not the federal judiciary. After battling for years to unionize, they ratified their first labor contract on Monday.

Performance evaluations were among several measures, most still in the planning stages, that Mr. Gonzales announced here in a luncheon speech at the judges' annual training conference. He has been under mounting pressure to disclose the findings of a comprehensive review that he ordered last January after federal appeals courts around the country complained of a pattern of biased and incoherent decisions on asylum and rebuked some immigration judges by name for "bullying" and "brow-beating" people seeking refuge from persecution.

The speech was closed to the news media, but according to prepared remarks, he assured the immigration judges that the review had found that the vast majority did their jobs well "under pressures that would try even the most patient among us."

But Mr. Gonzales added: "Patterns have developed around specific areas of concern. I have seen evidence that some immigration judges, on rare occasions, do behave inappropriately toward those appearing before them, whether aliens, their representatives" or Department of Homeland Security lawyers.

Mr. Gonzales acknowledged that many critics attributed the problems to recent changes intended to streamline the Board of Immigration Appeals. Many federal judges say the changes, which reduced the number of judges on the board to 11 from 23, turned the board's internal review of immigration judges' decisions into a rubber stamp, shifting the burden of re-examination to the federal courts.

But the attorney general defended those changes, saying they had worked to reduce a big backlog, while suggesting that a few modifications might be made. He said he would seek to add four members to the board, who would also be subject to yearly evaluations, and devise a system to identify cases appealed to federal court and refer them back to the board for additional review.

Mr. Gonzales said he intended to prepare a budget request to hire more immigration judges, staff lawyers and law clerks.

Other proposals include giving judges appointed after this year an immigration law exam and a two-year probation, upgrading electronic equipment in courts where judges now handle manual tape recorders themselves, and giving judges the power to fine lawyers for frivolous filings or false statements.

Denise N. Slavin, an immigration judge in Miami and the president of the National Association of Immigration Judges, the union local, said her colleagues would welcome more resources. But Ms. Slavin said the performance evaluations raised serious concerns for the independence of judges who by statute are supposed to be neutral, independent decision makers, despite working for the attorney general, like the government lawyers who appear before them.

"We want to be sure that no one's performance is evaluated on quantity rather than quality," she said.

Among the questions unresolved are who will have a hand in the evaluation, Ms. Slavin noted. If complaints are solicited from the lawyers, she said, liberal judges could be at risk of criticism from the Department of Homeland Security and conservative judges could be at risk from members of the private bar.

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Brian Roehrkasse, a spokesman for the Justice Department, said that the process of developing the evaluations was just beginning, and that no decisions had been made on how they would be done.

But Mr. Roehrkasse added, "The attorney general's directive makes clear that performance appraisals will not be used to tell judges whether to grant or deny relief" but will focus on their professionalism, reasoning and courteous manner.

Mr. Gonzales also called for the director of the Executive Office of Immigration Review and the acting chief immigration judge to review a recent study highlighting disparities in the rate at which immigration judges grant and deny asylum "and, if appropriate," to make recommendations on the issue.

"There are serious complaints coming from the Courts of Appeals, the press, and a host of other observers," he said. "You know, as professionals, that these criticisms should not be ignored, and they cannot continue to cast a shadow over your work."

Immigration Judges Get New Regulations (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, August 10, 2006

Atty. Gen. Gonzales plans to hire more jurists and improve their performance after a review of alleged abuses and incompetence.

WASHINGTON — Under pressure from human rights groups, the Bush administration announced plans Wednesday to improve the performance of immigration judges, responding to reports of intemperate and abusive jurists and complaints about how the system has dealt with a growing backlog of cases.

The moves, announced by U.S. Atty. Gen. Alberto R. Gonzales, include establishing periodic performance evaluations and implementing proficiency exams for judges who are appointed after Dec. 31.

Gonzales said that he also would seek to hire more immigration judges and to add four members to the 11-person Board of Immigration Appeals.

The moves were among 22 recommendations made by a Justice Department task force that Gonzales established in January to review the performance of the nation's 224 immigration judges, including 55 in California.

The review was ordered after immigrant-rights groups alleged that judges were wrongly deporting people or denying bids for political asylum because of erroneous evidence or incompetence.

In one instance, an appellate board found that a political asylum case involving an Albanian citizen was mishandled because the judge relied on testimony from a document expert who did not speak or read Albanian. In another case, a judge in Boston was suspended after he referred to himself as "Tarzan" during a court proceeding for a Ugandan woman named Jane.

There have also been concerns that an overhaul of the immigration appeals system, instituted in 2002 by then-Atty. Gen. John Ashcroft, denied noncitizens their rights to due process.

Ashcroft implemented measures aimed at helping the immigration appeals board reduce a backlog of more than 50,000 cases.

Responding to pressure to clear the docket, the appeals board, which traditionally worked in panels of three, began reviewing cases individually, often rendering decisions within minutes and without explanation.

The rate at which board members ruled against foreigners facing deportation soared. Those rulings, in turn, led to more appeals to the federal court system, creating another large and cumbersome backlog.

A group of immigrant advocacy organizations had urged the Justice Department to abandon Aschroft's measures and called for a return to a three-member review process in all asylum cases.

The Justice review found that those measures had brought "much-needed efficiency" to the administrative review process and had helped the board reduce the backlog. At the same time, Gonzales proposed use of three-member written opinions in certain complex cases.

The department also plans to draft a new code of conduct for immigration judges and to institute new procedures for detecting judges of "poor conduct and quality."

"The review has left me reassured of the talent and professionalism that exists in the immigration courts and at the Board of Immigration Appeals," Gonzales said. "But there is room for improvement, and I believe these new measures will assist them greatly in their important work."

Eleanor Acer, who heads the asylum representation program for Human Rights First, said the measures "do not correct all of the harmful changes. But there are important reforms in here."

"There is a recognition of a need for additional funding to hire additional judges and board members, and many of the changes here should improve the training and oversight of judges," she said.

AFL-CIO Embraces Immigrants In Pact With Day-Laborer Group (WSJ)

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By Kris Maher

The Wall Street Journal, August 10, 2006

The AFL-CIO reached an agreement with a big national day-laborer association to press for tougher enforcement of wage and safety laws, signaling the mainstream labor movement's wider embrace of immigrant workers.

The labor federation reached the agreement with the National Day Laborer Organizing Network, a group seeking to represent the immigrant work force tapped by construction contractors and homeowners for physical, often off-the-books work. The two groups said the move will give day laborers the ability to use the federation's clout to press for better enforcement of wage and hour laws and health and safety regulations, among other protections.

It also gives the AFL-CIO greater access to an increasingly important segment of the U.S. work force. While the agreement doesn't mean day laborers will become union members, it states that the network's 40 nationwide centers can affiliate with the federation and receive representation on local labor councils. Separately, the day-laborers network plans to announce today joint organizing efforts with the Laborers' International Union of North America.

Roughly 117,000 people seek day-labor work each day in the U.S., and many are regularly denied wages and exposed to hazardous conditions, according to a study released earlier this year by the Center for the Study of Urban Poverty at the University of California at Los Angeles.

"It's time to bring our organizations closer together," said John Sweeney, president of the AFL-CIO, whose 53 affiliated unions represent nine million workers. Worker centers typically provide a space for day laborers to assemble and set minimum-wage rates, and offer services such as legal representation to recover unpaid wages, English classes and access to health clinics.

Organized labor once opposed undocumented workers, but has shifted its stance in recent years as it has sought to organize janitors, laundry workers and other service-based industries where immigrants often predominate. Some experts see the move as an attempt by the AFL-CIO to leverage the energy and dynamism of the fast-growing day-laborer movement. "It's a bold move by the AFL-CIO of targeting an increasingly critical part of the work force that could well be receptive to unions," said Harley Shaiken, a labor and economics professor at the University of California at Berkeley.

The move is also likely to provoke criticism from groups calling for limits on immigration, because many day laborers are illegal immigrants. Indeed, the two organizations are expected to work toward immigration overhauls that could lead to amnesty for the estimated 11 million illegal immigrants living in the U.S.

Pablo Alvarado, national coordinator of the Los Angeles-based group, said day laborers need the political support of the AFL-CIO. "Our day-laborer centers are really having a hard time lately, because in a way day laborers are becoming the public face of immigrants," he said. "We need to build all the alliances that we can."

It isn't clear how many of the 40 worker centers in the day-workers network will ultimately affiliate with the AFL-CIO, Mr. Alvarado said. In some cities, the groups already have close working relationships.

Hilary Stern, executive director of a worker center in downtown Seattle called Casa Latina, said the group would seek to affiliate with the AFL-CIO's King County Labor Council. About 100 workers visit the center each day and earn an average of $11.40 an hour, doing gardening, landscaping or construction work for homeowners or contractors.

Ms. Stern said she wants to work with the AFL-CIO group to improve enforcement of wage violations and hazardous working conditions for day laborers in Seattle.

"With this agreement, we have the blessing of the AFL-CIO," she said. "We'll be able to work together on maintaining laws and conditions in Washington state that protect all workers."

Labor Federation Forms A Pact With Day Workers (NYT)

By Steven Greenhouse

The New York Times, August 10, 2006

The A.F.L.-C.I.O. and the nation's largest organization of day laborers signed a partnership agreement yesterday intended to help the languishing labor movement tap into the potent energy of the immigrant rights movement.

The A.F.L.-C.I.O. said its partnership with the group, the National Day Labor Organizing Network, would also seek to improve wages and conditions for tens of thousands of laborers and other immigrant workers.

With the agreement, the A.F.L.-C.I.O. is embracing workers who many union members have accused of driving down wages. The partnership connects the labor federation to a network that largely represents illegal immigrant workers who often have run-ins with the police as they stand on street corners soliciting jobs.

The day laborers' network and the immigrant groups it works with were pivotal in setting up the large demonstrations this spring that backed immigrant rights.

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"I think the A.F.L.-C.I.O. needs this energy, this new energy," said Pablo Alvarado, director of the network, a loose association of day laborers and worker centers across the country.

More than 140 of the worker centers exist, and promote the rights of immigrant workers, teach them English, inform them about their rights and help them file claims for unpaid wages.

"The fact is that worker centers are one of the most vibrant parts of the labor movement today, even though they have largely not had a connection to 'organized labor,' " the A.F.L.-C.I.O.'s president, John J. Sweeney, said at a news conference in Chicago, where the federation's executive council was meeting.

Under the partnership, worker centers will be able to have nonvoting representatives on the boards of central labor councils in cities throughout the nation. The day laborers will not pay union dues or become union members.

"We don't bring money, we're not bringing members," Mr. Alvarado said. "But we're bringing something that's extremely important: very humble, very vulnerable workers who say, 'I need to get paid more for what I do.' "

The federation will push for stronger safety and wage enforcement and a path to citizenship for illegal immigrants.

Several labor experts called the partnership a major step for labor.

"Symbolically it's very, very important," said Janice Fine, an assistant professor of labor relations at Rutgers University and the author of a book about worker centers. "It's a clear signal from the A.F.L.-C.I.O. that it's acknowledging the immigrant workers movement that has grown up largely alongside organized labor.

Last January, professors at the University of California, Los Angeles, and the University of Illinois at Chicago released the first nationwide study on day laborers, finding that 117,600 gather at more than 500 hiring sites on a typical day.

The survey found that nearly half of day laborers reported that employers had cheated them out of wages and 18 percent reported incidents of violence by employers.

"This exploitation is wrong — it's immoral," Mr. Sweeney of the labor federation said. "It hurts us all because when standards are dragged down for some workers, they are dragged down for all workers."

Steven A. Camarota, director of research at the Center for Immigration Studies, which supports tighter restrictions on immigration, said it was surprising that the A.F.L.-C.I.O. was embracing day laborers when many American workers oppose the influx of immigrants, convinced that they take away jobs and push down wages.

"The union leadership wants one thing, and union members want another," Mr. Camarota said. "This highlights why it's difficult for the main labor movement — it's completely out of touch with the interests of American workers."

Mr. Alvarado and the Laborers International Union of North America, a construction workers union, are scheduled to announce a partnership today that will focus on improving conditions for thousands of immigrant workers doing housing construction in Riverside, San Bernardino and Sacramento, Calif., as well as in that state's Central Valley.

AFL-CIO Aligns With Day-Laborer Advocates (WP)

By Karin Brulliard

The Washington Post, August 10, 2006

The AFL-CIO voted yesterday to join forces with a national network of day-laborer organizers in a push for worker rights and legalization for unauthorized workers, a move that could provide day laborers with a potent ally in efforts to establish hiring halls and combat shifty employers.

Six years after organized labor made an about-face to support illegal workers, the agreement further cemented the struggling labor movement's embrace of illegal immigrants as key parts of the U.S. workforce and potential union members. Research indicates that about three-fourths of day laborers are in the country illegally.

For day laborers and their organizers, who have faced high-profile opposition in Herndon and elsewhere, the agreement offers access to expert lobbyists and lawyers and a chance to devise strategies with local councils of the 10 million-member AFL-CIO, which backed sanctions against illegal immigrants until a policy shift in 2000. The partnership does not require day laborers to join unions.

"Day laborers in the United States often face the harshest forms of workplace problems, and this exploitation hurts us all, because when standards are dragged down for some workers, they are dragged down for all workers," John J. Sweeney, president of the AFL-CIO, said at a news conference in Chicago, where he signed an agreement to form a partnership with the Los Angeles-based National Day Labor Organizing Network.

The group, known as NDLON, is made up of about 30 day-laborer centers and organizers, including CASA of Maryland and Tenants and Workers United in Alexandria.

Officials said the groups will begin working together at a national level, crafting policies on workplace issues and campaigning for immigration legislation that includes a path to citizenship but not a guest-worker program, which both groups oppose.

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The agreement gives local AFL-CIO councils the option to link up with day-laborer centers. Gustavo Torres, executive director of CASA of Maryland, said he expects to work with local AFL-CIO organizers to boost the state's minimum wage and fight local ordinances that might penalize day laborers.

The alliance comes one year after four major unions split from the AFL-CIO, taking a third of its membership, and as the labor movement struggles with decline. Union membership waned from about 35 percent of the 1950s workforce to about 13 percent last year.

About 117,600 day laborers solicit jobs each day, according to a national study by researchers at the University of Illinois at Chicago, New School University and UCLA. They frequently fall victim to the employer abuses and workplace hazards that unions battle: Nearly half have been stiffed or denied breaks, and 20 percent have been injured on the job, the study found.

"We want to build a stronger network of support for our day-worker centers," Pablo Alvarado, executive director of NDLON, said in an interview.

Since 2000, organized labor has been a chief advocate for immigrants. And worker centers and street-corner activists have been organizing day laborers. But unions and worker centers have rarely collaborated.

Recently they have begun wooing one another. Alvarado recently escorted AFL-CIO leaders to a day-laborer corner in Agoura Hills, Calif., where workers have a pact not to work for less than $15 an hour. Labor leaders see such self-organizing as the "seeds of the labor movement," said Ana AvendaÃ±o, general associate counsel for the AFL-CIO.

Ruth Milkman, a sociology professor at UCLA, said, "The labor movement wants to ride that wave."

Not everyone thinks it is a good idea. In Allentown, Pa., unions are backing a law prohibiting the hiring of illegal immigrants. Vernon M. Briggs Jr., a Cornell University labor economics professor, said labor's support for illegal immigrants could encourage immigration and depress wages for low-skilled Americans.

"Fighting for people who are not supposed to be working in the first place? What kind of union is that?" Briggs said.

In Fairfax County's Culmore neighborhood, men waited for work yesterday outside a 7-Eleven, where organizers with Tenants and Workers United have helped day laborers set a $10 minimum wage and record employers' license plate numbers.

Most were vaguely aware of the agreement. But they described their need for advocates. Jose Santos Lazo, 37, said he dropped a large sheet of wood on his face during a job last year. Surgery cost $17,000, he said, and his boss promised to pay. But the employer has vanished, said Lazo, a Salvadoran who said he has legal residency.

"I do not have money for a lawyer," Lazo said.

Street-Corner Solidarity (NYT)

The New York Times, August 10, 2006

It may be hard to see just what immigrant day laborers, those wiry guys scrambling for landscaping jobs amid clouds of picketing Minutemen, have in common with union workers, the folks with American flags on their hard hats. But the two groups are a lot closer than you might have thought — temperamentally, philosophically and now officially. The A.F.L.-C.I.O. announced yesterday that it was forging a partnership with the National Day Laborer Organizing Network, an association of worker centers for the men and women who have become, for many, the public face of illegal immigration.

The groups plan to lobby for labor-friendly laws, to expose workplace abuses and to press for comprehensive immigration reform. As union leaders tell it, it became clear that worker centers and unions had common goals: decent wages and job conditions and an end to unfair competition from employers who exploit immigrant labor. It was probably also clear that anyone looking for signs of life in the labor movement would find it in places like these grass-roots centers — 140 of them in 31 states, and 40 in the growing national network.

Critics may accuse unions of trying to draw a jolt of energy from a pool of illegal workers. But the value of worker centers goes beyond such expedience. As Washington dithers over fixing the broken immigration system, worker centers have arisen as a modest step to removing some perversity from the status quo, in which the benefits of illegal immigration largely flow to unscrupulous employers.

The way to fix immigration chaos is to channel and regulate it. Worker centers bring a shadowy system into the open, discouraging exploitation by holding employers to account. The bold idea behind labor's embrace of immigrants is that third-world outsourcing should stop at our borders — that the best way to help all workers is to start with those at the bottom. The less our street corners resemble a chaotic job bazaar, the better off all workers will be.

After The Protests, Latinos Start To Come Together Politically (CSM)

By Luis Andres Henao

The Christian Science Monitor, August 10, 2006

DOJ_NMG_0046219

'Today we march," the banners read, "tomorrow we vote." Seventeen-year-old Paulo V., an undocumented Brazilian student who marched at an immigrant rally in Boston three months ago, was among the Latinos who saw hope in those words. "This was the determining point," says Paulo. Before the marches, "I didn't know anything about the topic. But after, I understood how much I could be a part of it."

Recently, he took a break from painting houses with his dad to teach Edirson Paiva, the editor of a local Portuguese-language newspaper who just got his US citizenship, how to register to vote. "Even if I can't vote," Paulo says in his native Portuguese, "I can get 10 others to vote."

Five months after pro-immigrant protests swept through more than 100 US cities, an unprecedented Hispanic political force seems to be taking hold, one that may finally unite what could be the fastest-growing voting bloc in the United States.

In the latest poll after the marches, 63 percent of Latinos surveyed said the rallies signaled the beginning of a new social movement, according to the 2006 National Survey of Hispanics by the Pew Hispanic Center in Washington, D.C.

"It's important because Latinos have not been a major political force in the US," says Gabriel Escobar, the center's research director and coauthor of the study. It's even more significant "because they represent the fastest-growing minority in the nation. Every year the population will grow and more Latinos will vote."

Currently, 4 out of every 10 adult Latinos are noncitizens and therefore cannot vote. Historically, their voter-participation numbers have lagged. In the last presidential election, only 18 percent of all Hispanics voted, compared with about half of the non-Hispanic white population and more than one-third (39 percent) of the black population, according to Pew data.

The marches may have been a catalyst for change. In the last Pew poll, three-quarters of Latinos said the debate would prompt many more of them to vote in November.

Others are skeptical. "We've been hearing this for years," says John Keeley, director of the Center for Immigration Studies (CIS) in Washington. He might be persuaded if a poll found that naturalized citizens who did not vote in '04 were more likely to in '08.

In order to wield more political power, Latinos need to tackle several issues. One is unity. Mexicans, Brazilians, Salvadorans, and others feel connected to their native lands but have a harder time identifying themselves as "Hispanics." The policy debates that launched the protests may have changed that. The Pew survey showed that most Latinos (58 percent) now believe they are working to achieve common goals.

The decentralized nature of the movement has helped unify those nationalities around a common goal, says Maria Elena Letona, director of Centro Presente, an immigrant-advocacy group in Cambridge, Mass. "There's not a leader or an organization in particular that stands out [as] in past movements," Ms. Letona explains, "where we have a Martin Luther King Jr. or a César Chávez, because it's not the vision of one but of many."

In order to make that vision a reality, US-born and naturalized Latinos must vote.

"There's an incredible apathy problem," says Jim Gimpel, a professor of government at the University of Maryland in College Park. "Many Latinos seem difficult to mobilize. They tell you: 'What if I do it wrong?' They don't have a sense of advocacy or self-esteem and it's hard to overcome."

The language barrier has also been a problem, says Tom Patterson of Harvard's Kennedy School of Government in Cambridge, Mass. "If you don't speak the language well, how do you navigate this bureaucracy? How do you reach the polls?"

As the debate intensifies, challenges to the movement could come from those who say that illegal immigrants increase crime, overburden hospitals and schools, drive down salaries, and take jobs from US citizens. Several polls show that many want the current wave of immigration to slow and even stop. More than half of Latinos (54 percent) say they see an increase in discrimination as a result of the policy debate, the Pew survey says.

"If anything, we've seen a backlash," says Mr. Keeley of CIS. "It had the unintended effect because it really turned off a lot of Americans who were watching [the marches] on TV."

But the marches, spurred by a House bill that would make it a crime for 11 million illegal immigrants to live and work in the US, also seem to be causing a Hispanic reaction.

"I had always been uninterested in the government," says Lisandro Figueroa, a Salvadoran architect who entered the US illegally three years ago. "But now that there are things worth fighting for, I'm convinced, and I'd like to have the chance to vote. Aside from the marches, it's the vote that can make the difference," says Figueroa, who works at construction and cleaning jobs and pays his taxes.

It's marchers like Figueroa who have the potential to change things, says Pablo Alvarado, national coordinator of the National Day Labor Organizing Network, an immigrant-rights group based in Los Angeles. "The true leaders are the persons who fight to feed their kids, that march in the streets and register to vote because at the end, it's the immigrant worker who has to face the politics," he says.

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Letona of Centro Presente says that after the House bill (now on hold), immigrants came together through Spanish-language media, e-mailng, and by telephone. "Technology has had a lot to do with this movement," she says. "Communities can keep in touch via the Internet and cellphones, and we're part of server lists and can check what's going on in the country."

"If you look at Hispanic voters ... they're the future battleground of American politics," Harvard's Mr. Patterson says. "The Democratic Party has not been able to get back the white vote that it lost in the 1960s, and Republicans can't get the African-American vote, so Latinos have the potential for power."

By the 2008 election, Latinos could make a difference, Patterson and members of both parties believe.

"Latinos will continue to have an increasingly important role, and you can't argue with the numbers," says Luis Miranda, spokesman for the Democratic National Committee. "We're not going to take a single vote for granted.... So we're going to reach out to Hispanics in every state through media, town hall meetings, and bilingual publications."

Danny Diaz, spokesman for the Republican National Committee, also says his party has strived to attract Hispanics. "Under this president, it has been a priority," Mr. Diaz says. "[Bush] had 40 percent of the Hispanic vote ... and when you look at the fact that the surgeon general and attorney general are Hispanics, they send messages that if you work hard this is the land of opportunity. "

Last month, thousands of Latinos marched in Chicago calling for a better treatment of illegal immigrants in the largest rally in the city since the March protests.

"It's unpredictable what will happen," says Mr. Alvarado, the former illegal immigrant who now fights for day-laborers' rights. "But I know that the children, the workers, and even the Americans who participated in the marches will be different."

"Everybody is part of this campaign, so you don't have to be a citizen," Paulo says after he finishes explaining how to register to Mr. Paiva. "I know what it's like - I've lived through this. If I become an important leader, I'll keep on helping - even if I get my citizenship," he says.

CONGRESS-ADMINISTRATION:

Congress To Probe Policies At NIH (LAT)

By David Willman, Times Staff Writer

The Los Angeles Times, August 10, 2006

A bipartisan group asks the health agency for details of a researcher's ties to drug companies to assess its conflict-of-interest guidelines.

WASHINGTON — A bipartisan group of congressional leaders has asked the director of the National Institutes of Health to provide details of a senior researcher's ties to several pharmaceutical companies.

The congressional leaders, including the Republican chairman and the ranking Democrat of the House Energy and Commerce Committee, said in their letter that they wanted the details in order to evaluate conflict-of-interest policies at the NIH. They requested a response by week's end.

"We have received the letter, and NIH will be responding to the committee," NIH spokesman Donald Ralbovsky said Wednesday.

The senior researcher, Dr. Thomas J. Walsh of the National Cancer Institute, helped lead clinical trials that used the companies' drugs to treat suspected fungal infections in patients with compromised immune systems. Walsh also appeared alongside company representatives at various U.S. Food and Drug Administration meetings regarding antifungal products made by the companies.

Two of the companies, Pfizer Inc. and Merck & Co., have acknowledged paying Walsh fees in recent years.

According to the congressional letter, the Energy and Commerce Committee "is seeking to determine if there is a sufficient factual basis to formally investigate questions about National Institutes of Health policy, the adequacy of NIH oversight or other issues that may be raised by the conduct of this NIH scientist."

The July 28 letter was signed by Rep. Joe L. Barton, R-Texas, the committee's chairman; Rep. John D. Dingell, D-Mich., the ranking Democrat; Rep. Edward Whitfield, R-Ky., the chairman of the panel's Oversight and Investigations Subcommittee; and Rep. Bart Stupak, D-Mich.

The letter was prompted by articles published July 16 by the Los Angeles Times, which reported Walsh's appearances with the companies at the FDA meetings, his acceptance of fees from Merck and Pfizer, and his leadership role with the clinical trials.

Walsh's fees were not among the industry payments reported by the NIH to the congressional committee two years ago, when the panel first examined potential conflicts of interest among agency scientists.

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The Times also reported that, when results of two of the clinical trials were published in 1999 and in 2004, controversy flared as other scientists questioned whether dosages of "control" drugs used in the studies were adequate. The dosages were set by the scientists who designed and carried out the research in collaboration with the sponsoring companies.

U.S. conflict-of-interest law generally prohibits a federal employee from representing an outside party before a government agency. Walsh, in earlier comments to the newspaper, said that he appeared before the FDA not as a company representative but "as a government scientist providing information and/or evaluation" regarding clinical trials.

As for the dosages, Walsh and researchers with whom he collaborated had said that the studies were properly conducted and followed accepted standards of care. Both studies' designs were reviewed and approved by the FDA and by boards at the medical sites where patients were treated.

In their letter to the NIH director, the four congressional leaders requested a wide range of documents, including all internal financial-disclosure reports filed by Walsh from 1995 to 2005.

The letter also requested copies of any related policy that "permits [NIH] scientists as part of their official duties to assist drug companies with presentations to FDA advisory committees or FDA staff."

Creatures And Creature Comforts At The President's Ranch (NYT)

By Sheryl Gay Stolberg

The New York Times, August 10, 2006

CRAWFORD, Tex., Aug. 9 — All manner of critters — not including the ones who fly in each August from Washington — can be found here in the dry Texas grasslands: wild turkeys and doves, grasshoppers and fire ants, cottonmouth snakes and, of course, armadillos. Mostly, they live in harmony with President Bush on his 1,600-acre ranch, Prairie Chapel.

This week, one threatened the carefully scripted imagery of a presidential news conference.

With its live oaks and pecan trees and scrubby trails in perpetual need of clearing, the ranch provides a useful backdrop for a range of White House story lines, from president-as-jock to president-as-regular-guy. Mr. Bush sometimes greets reporters in full Texas regalia: blue jeans, cowboy boots and oversize brass belt buckle.

Last year, the White House photographer captured the president and Lance Armstrong, the Tour de France winner, barreling past a field of black-eyed Susans.

But this year, with the Middle East in turmoil and the White House still struggling to recover from its handling of Hurricane Katrina at the end of last summer, a different story line was in order.

So it was that Mr. Bush, joined by Secretary of State Condoleezza Rice, held a rare full-scale news conference from an airplane hangar, built for the presidential helicopter, Marine One, just off his property.

The stage was set just like the White House briefing room — blue curtain, wooden lectern, oval-shaped sign bearing the presidential seal and the phrase: "The Western White House, Crawford, Texas."

It all appeared very presidential — until the cricket wandered through.

It was a pretty big cricket, and it ambled slowly across the concrete hangar floor just as the president was declaring that "what the American people need to know is, we've got a strategy — a strategy for freedom in the Middle East.''

As the cricket drew ever closer to Ms. Rice's pump-clad foot, she cast a nervous eye downward, and for a moment, there was a palpable pause in the room, as reporters wondered to themselves: Would she stomp on the cricket? Would he? Would a Secret Service agent burst in with a can of bug spray?

Alas, there was no need. The cricket kept on going, and the rest of America watched Mr. Bush on television appearing hard at work and presidential, just as the White House image-makers had planned.

A Photo Finish

If you are the president and you start a club, you get to make the rules.

So it is with the 100-Degree Club, founded by Mr. Bush several years ago to promote exercise, or perhaps to test staff members' grit, in — you guessed it — the scorching Central Texas heat.

The rules are simple: members run 3 miles, or bike for 10, when the thermometer hits triple digits. The reward for finishing: a photo with the president and a gray Under Armour athletic shirt (retail $19.99) emblazoned with a Texas star encircled by the words "The President's 100-Degree Club.''

The club met Tuesday afternoon, and 18 intrepid White House aides, including the new press secretary, Tony Snow, who had earlier predicted the race would turn into "a pant-out," turned up.

Most, including Mr. Snow, finished. But the ones who did not learned the hard way that Mr. Bush does not make exceptions to his rules.

They did not get the shirt.

The Bunking Order

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Protocol is essential in every White House. The Western White House, where the accommodations reflect one's station in life, is no exception.

The president and Laura Bush stay in "the main house,'' the low-slung modern ranch house they built after buying the land in 1999. Everyone else's lodgings follow a kind of unwritten caste system, with three basic classifications: guests, staff and the lowest of the low, reporters.

Reporters and the press aides, including Mr. Snow, do not stay anywhere near the ranch; they are stuck 25 miles away at the Hilton and other hotels in downtown Waco. On the ranch proper, where the White House deputy chief of staff, Joe Hagin, is in charge of housing assignments, the distinction between guests and staff is not always clear.

Ms. Rice, always a guest, spent last weekend in "the governor's house,'' a modest cottage that the Bushes used before the main house was built.

The national security adviser, Stephen J. Hadley, ordinarily bunks in the staff lodgings: a double-wide trailer decorated, in the words of one aide, in an "early Pottery Barn" motif.

But Mr. Hadley was accompanied last weekend by his wife, and thus was bumped up a notch to a coveted spot in the guest quarters adjacent to the main house, customarily reserved for world leaders and other distinguished visitors.

The staff trailer, with five bedrooms, has a hierarchy of its own. Mr. Hagin, the most senior staff member at the ranch this week, has a bedroom with its own bathroom. If there is a woman, in this case Lindsey Lineweaver, Mrs. Bush's personal aide, she merits a room with a private bath. So does the National Security Council representative, who requires private communications capabilities.

That leaves Mr. Bush's personal aide and the staff secretary, who are forced to brush their teeth in a shared space.

The social stratification does not, however, extend to control of the trailer's large flat-screen television, which this week has been tuned to evening baseball games. There are Washington Nationals, Cincinnati Reds and Altanta Braves fans in the trailer, but Mr. Hagin says the aides just pick whichever game looks best.

"We're very democratic around here,'' he said.

Nation's Memorial To Air Force Stretches Toward Space (NYT)

By Michael Janofsky

The New York Times, August 10, 2006

ARLINGTON, Va., Aug. 9 — From a promontory high above the Pentagon, three arching spires reach skyward, their elongated tips pointing to the infinity of space.

They appear as abstract art forms but only until their symbolism is made clear by their setting: They are the starring elements of a memorial to the United States Air Force, the only branch of the American military that has not had a prominent monument in the Washington area.

More than 14 years in planning, the memorial is in the final stages of construction and will be dedicated Oct. 14.

"I did a lot of flying in the Air Force, and there is a feeling of seeing the world anew when I see this memorial," said Maj. Gen. Edward F. Grillo Jr., a retired Air Force officer who is the president of the Air Force Memorial Foundation. "I think it is fair to say that the memorial evokes the feeling of reaching out to the vast expanses of air and space, connecting us to the basic elements that define America's airmen."

Designed by James Ingo Freed, an architect whose works in Washington include the United States Holocaust Museum and the Ronald Reagan Building and International Trade Center, the memorial overlooks the western face of the Pentagon, which was hit by a hijacked jetliner on Sept. 11, 2001. Just north is the rolling landscape of Arlington National Cemetery, which controls the land on the other three sides of the memorial. In time, it will be almost surrounded by the graves of soldiers.

Like many other monuments and memorials that make their way into prominence around Washington, the Air Force Memorial changed in form and place, surviving challenges in Congress and the courts before a final plan was agreed upon in 2001 and ground was broken three years later.

The result is a signature design, with its spires open to various interpretations symbolizing the mission of the Air Force and its predecessors. By one view, they represent a flying formation; by another, the limitless possibilities of jet and space age flight.

For Mr. Freed, who died last year at the age of 75, the design challenge was creating physical form to represent the essential but intangible nature of the Air Force's mission: air.

"The Navy has the medium of water, which can always be shown in fountains," he said in 2004. "The Army has the medium of land, which can be referenced with mountains and plains. The Air Force has the medium of air, which is very difficult to show. The core of this effort lies in making air tangible, making technology felt."

Upon completion, the spires will reach 200 feet, 230 feet and 270 feet, each moored by an interior of cement and steel balls. A memorial plaza surrounds them, with walls inscribed with the names of Air Force Medal of Honor recipients and

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inspirational words from Air Force luminaries like Capt. Edward V. Rickenbacker and lesser-known figures like Sgt. Carl Goldman, a B-17 gunner killed in action in World War II, whose letter to his parents before a raid are etched on a wall, echoing the sentiments of many contemporary soldiers:

"Do not worry about me as everybody has to leave this earth one way or another, and this is the way I have selected. If after this terrible war is over, the world emerges a saner place ... pogroms and persecutions halted, then, I'm glad I gave my efforts with thousands of others for such a cause."

Deceit Beyond Bounds (NYT)

By Bob Herbert

The New York Times, August 10, 2006

It sure looks like American voters want change. And here's an example of the kind of thing they want a change from.

In a move that was typically and patently deceitful, Republicans in Congress tried to pass a minimum wage measure last week in which the biggest winners would have been some of the wealthiest people in America.

The G.O.P. has tended to fight minimum wage hikes the way the Hatfields battled the McCoys. But suddenly this summer, Republicans discovered minimum wage legislation that they could truly love. G.O.P. leaders in Congress linked a modest increase in the minimum wage to a whopping decrease in the estate tax. The cut in the estate tax would have cost the government at least $268 billion in revenue over the next decade, and probably a lot more.

In exchange for this estate tax bonanza for the fabulously wealthy, the G.O.P. was willing to approve a $2.10-an-hour increase, stretched over three years, in the miserly $5.15-an-hour minimum wage. It was made clear that any Democrats who dared oppose this raid on the Treasury would be targeted by Republicans as obstructionists blocking a sorely needed wage hike for the lowest-paid workers in the nation.

I'm for an increase in the minimum wage and against a cut in the estate tax. But that's not the point here. The point is the extent to which the Republican Party is willing to engage in deceit to try and achieve ends it could not achieve any other way. The latest incarnation of the Republican Party has taken deceit in government and politics to dangerous new extremes, and it's time to call a halt to it.

The war in Iraq will be remembered as one of the greatest exercises in systematic governmental deceit in U.S. history. But the Iraq fiasco is just the most stunning and tragic example of a style of governing and politicking that has become second nature to the Bush administration and much of the national Republican establishment.

This is a crowd that will tell you with a straight face that it is creating a wondrous new world in the Middle East, that it is doing what it can to stem the ominous tide of global warming, that the United States does not engage in torture, that the administration carefully guards the civil liberties of ordinary Americans, and that it does not favor the wealthy over poor and working people.

These are folks who will tell you that up is down, and punish you for insisting that up is up.

It is in that same deceitful and vengeful spirit that the party is now attacking Democratic senators who managed to hold fast, under the leadership of the minority leader, Harry Reid, to defeat the legislation that cynically tied the estate tax windfall to an increase in the minimum wage.

The National Republican Senatorial Committee declared that Maria Cantwell, a Democratic senator from Washington who voted against the bogus bill, "decided that giving in to pressure from her party's leadership was more important than voting to raise the federal minimum wage."

Senator Cantwell, who is up for re-election this year, favors an increase in the minimum wage, as does her party's leadership. It has been the Democratic Party that has been pushing for years for an increase in the minimum wage, but there is no room for that reality in the G.O.P.'s corrosive culture of deceit.

The buying power of the minimum wage is at a 50-year low. Members of Congress have raised their own pay by $31,600 since the last increase in the minimum wage nine years ago. For Republicans to exploit the plight of workers buried in economic hardship in order to put millions of additional dollars into the portfolios of the already wealthy is beyond egregious.

"If you landed here from Mars and looked at Congress's agenda," said Jared Bernstein, senior economist at the Economic Policy Institute in Washington, "you'd think that the problem in America is that rich people don't have enough money."

If the Republicans wanted to increase the minimum wage, they could do it in about the time it takes to snap your finger. Democrats would be on board, and the legislative language would not have to be much longer than a paragraph.

They don't want a minimum wage increase; they want a cut in the estate tax.

Regrettably, there is always a certain amount of deceit in politics. Republicans do not have a monopoly on it. But for a system like ours to work even reasonably well, governmental deceit has to be held within certain limits. Otherwise the system will break down.

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Today's Republican Party has gone far beyond those limits.

OTHER NEWS:

Stocks Pull Back As Attention Turns From Fed Rate Decision To Economy (WSJ)

By E.S. Browning

The Wall Street Journal, August 10, 2006

The celebration has been postponed.

To the surprise of some, stocks fell for a second consecutive session despite the Federal Reserve's decision Tuesday to leave its interest-rate target unchanged. After starting the day with a strong gain, the Dow Jones Industrial Average ran out of steam and finished down 97.41 points, or 0.87%, at 11076.18. It remains up 3.3% for 2006.

The Nasdaq Composite Index, powered by a positive quarterly profit report and an upbeat sales forecast from networking giant Cisco Systems, also soared initially, only to give up its advance and finish down 0.03%, or 0.57 point, at 2060.28. It is down 6.6% this year.

The Standard & Poor's 500-stock index finished down 0.43%, or 5.53 points, at 1265.95, still up 1.4% this year.

The problem seems to be that the good news about the Fed move had been widely anticipated, leading investors to buy stocks in advance of the announcement. When the interest-rate decision was made some investors sold to lock in short-term profits, while others began looking around at other news -- and didn't like what they saw. At least for now, worries about rising interest rates have been replaced by fears that rates may already have risen too much, and that the economy is running into trouble.

Fueling those concerns yesterday was an announcement from Toll Brothers, a large luxury-home builder, that quarterly sales fell for the first time in four years. Toll Brothers warned that things could get worse, as new-contract volume has fallen almost by half.

On top of that, investors were startled to see the Dow Jones Transportation Average plunging, which they took as a sign of lack of confidence in the economy. Transportation companies such as railroads, truckers and delivery outfits are sensitive both to energy prices and to the economy's strength, which is why some analysts consider them bellwethers for the broader market.

The transports were hurt by an early jump in oil prices, following a government report showing strong gasoline demand. Oil futures later pulled back to finish up four cents at $76.35. The transports finished down 2.93% at 4162.26, wiping out what was left of the year's once-substantial gain and leaving them down 0.8% for 2006.

Some investors follow an investment system known as Dow Theory, under which simultaneous declines in the Dow industrials and the Dow transports can signal trouble for the markets. Since the industrials haven't suffered nearly as much as the transports, the theory doesn't yet signal trouble, but some believe it is flashing a warning sign.

"The transports were just getting crushed" yesterday, said Todd Clark, director of stock trading at San Francisco money-management and brokerage firm Nollenberger Capital Partners. "And negative guidance from Toll Brothers confirmed the economic slowdown." Declines in shares of transportation and home-building companies "were responsible for reversing the gains we saw earlier in the day, and the kind of sizable reversal we saw usually means we can expect more weakness," Mr. Clark added.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.82%, or 1.76 points, to 216.53.

In major U.S. market action:

Stocks were mixed. Total trading volume for stocks listed on the New York Stock Exchange was 2.63 billion shares, as 1,402 stocks rose and 1,906 fell.

Bond prices declined. The 10-year Treasury note fell 4/32, or $1.25 for each $1,000 invested, pushing the yield up to 4.941%. The 30-year bond was down 14/32 to yield 5.051%.

The dollar was mixed. Late in New York, it traded at 115.31 yen, up from 115.10, while the euro rose against the dollar to 1.2861 from 1.2848.

How Inflation Gets Fed (WSJ)

By Michael Darda

The Wall Street Journal, August 10, 2006

The Federal Open Market Committee's decision to suspend its tightening campaign on Tuesday -- with the Fed funds target rate at 5.25% -- is likely to be short-lived. With both forward- and backward-looking measures of inflation pressures

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accelerating, the Fed has placed a high-risk bet that a further slowdown in housing and additional cooling in the broader economy will restrain inflation in the not-too-distant future. These assumptions are unlikely to bear fruit.

Over the last three decades, the deviation in real output growth from trend (a proxy for the output gap) has had almost no predictive power over inflation one or two years later. In other words, the so-called output gap theory of inflation, which is connected to Phillips Curve trade-offs between unemployment and the price level, has little if any bearing to real-world inflation realities.

The strongest case against the Fed's decision to pause this week was presented by the behavior of several forward-looking price-level indicators in the commodity, currency and credit markets: Gold prices have risen $135/oz. on the year, while the dollar has fallen 6% against G-6 currencies and inflation-linked bond spreads have widened by 33 basis points. In the aftermath of the Fed's decision to pause, gold prices have risen further, inflation-linked bond spreads have widened more and the dollar has continued its weakening trend against the currencies of fairly accommodative central banks. In other words, the FOMC's assumption of "contained inflation expectations" isn't credible.

A host of indicators also cast doubt on the Fed's belief that "the cumulative effects of monetary policy actions and other factors" likely will restrain "aggregate demand." Despite 17 Fed rate hikes, real short-term interest rates remain below historical norms and well below levels typically associated with inverted yield curves and recessions. Monetary velocity, the torque behind the money stock, is growing at an above-trend pace with commodity indicators close to record highs. The 1.65 percentage point gap between annual nominal GDP growth and the Fed funds rate continues to stand nearly one full percentage point above historical norms. Emerging-market credit spreads, usually the weakest link in the global liquidity chain, actually have been tightening recently and remain close to record lows. These are not the trappings of a restrictive monetary policy or future weakness in nominal demand.

Those unmoved by the inflation threat have excused the recent rise in core inflation -- to rates not seen in 11 years -- as unsustainable because unit labor costs had been so well-contained. But data released this week on second-quarter productivity and costs delivered a body blow to this argument: Unit labor costs have advanced 3.2% on a year-to-year basis, the fastest since the fourth quarter of 2000.

Some argue that unit labor costs are a lagging indicator, and that the spike at the end of the year 2000 was the end of the wage inflation cycle, not the beginning. But today's cost and price environment contrasts sharply with the year 2000, when unit prices were rising at less than half the pace of unit labor costs, pressuring profit margins. Unit prices have been advancing at just over a 3% pace since late 2004, representing the fastest growth rate since 1991. In other words, labor had pricing power in the late 1990s and early 2000s, but business didn't. Now both labor and business have pricing power -- and the broader economy has inflation.

It is also important to consider the fact that the Fed was running an extremely tight monetary policy in late 2000, with the real Fed funds rate rising five percentage points above core inflation, and 4.5 percentage points above the GDP price deflator. In today's environment, that would require a Fed funds target between 7% to 8%. During 2000, commodity prices were weak, credit spreads were wide, the dollar was strong and monetary velocity growth was negative. Today, commodities are high, the dollar is relatively weak, credit spreads remain narrow and monetary velocity is expanding well above trend. The contrast could not be more glaring.

It is frequently asserted that the 2.5% annualized growth of real GDP during the second quarter -- along with four months of sub-par payroll growth -- have closed the case for a sharp and sustained slowdown in output and employment. But other data continue to exhibit solid forward momentum: The ISM Manufacturing Index for July rose to 54.7 from 53.5, a level consistent with 4.4% real GDP growth. Industrial production, which is highly correlated to trends in real GDP growth, advanced at a 6.6% annual rate during the second quarter and is up 4.5% year-to-year.

Initial jobless claims have hovered in a range just above 300,000 during the last month, a level consistent with 4.6% unemployment and payroll growth of close to 250,000 per month. And for all the hyperventilation over the growth slowdown during the second quarter, personal income actually accelerated to a 6.9% annualized growth rate during the three months ending in June. Real compensation growth has expanded at a 2.5% average annualized pace during the first half of 2006, above historical norms.

The Fed should worry less about slowing growth and more about rising inflation. The FOMC could move back in front of the inflation curve by hiking the Fed funds rate to 6%, with more hikes to follow until forward-looking price-level indicators respond. In other words, real short rates need to be higher, gold needs to fall, the dollar needs to rise and monetary velocity growth needs to cool. This is the best chance the Fed has at corralling excess liquidity and containing inflation expectations without sending the economy into recession.

On the other hand, if the Fed continues to operate under the faulty assumption that the economy is weak and that this will ipso facto slow inflation, the need for truly destabilizing and recession-inducing tightening action would almost surely become

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inevitable. This would be a threat to housing, a risk to the labor market and an obstacle to the continuation of this expansion as we know it.

Hot Market For Second Homes Hits Slump (NYT)

By Vikas Bajaj

The New York Times, August 10, 2006

WESTHAMPTON, N.Y. — The brand new 6,000-square-foot vacation home, backing on a boat dock on Moriches Bay, has been on the market for more than a year. After plenty of showings, but no offers, the investor who built the house recently cut the price twice, by a total of $600,000, to $4 million.

It has still not been sold. To be sure, the price reductions have created more interest, according to the agent representing the owner, and he now hopes that it will be sold right after Labor Day, a prime season for home transactions in the Hamptons.

"My feeling is that everybody is waiting for the dust to settle before they make their big decision,'' said the agent, Ira Birns of Prudential Douglas Elliman. But, he acknowledged ruefully, "there is a lot to choose from.''

It is not just the most expensive vacation homes that are going begging. The once-bustling deal making in a wide variety of popular locations for second homes — areas like Florida, the Jersey Shore and Lake Tahoe, as well as the high-price playground on the East End of Long Island — has slowed markedly in recent months.

As the overall housing market weakens, the interest in buying vacation homes, from the most modest condominiums on up, appears to be falling faster. Unlike most metropolitan areas — where underlying demand and the normal turnover in primary homes as a result of job moves, new households and family changes provide a more solid floor under prices — the second-home market relies on a different set of motivations that tends to exaggerate booms and busts.

"Second-home buying is very discretionary," said Edward Leamer, an economist at the University of California, Los Angeles. "There is no force of demographics that is pushing people into buying homes as there is in primary home markets."

In second-home markets around the country, the number of sales is shrinking even as the properties on the market increase. Prices at all levels are softening, and in a few places recently have begun dropping.

In Florida, price declines have been most pronounced in areas dominated by second-home sales. In June, median prices — half the homes sold for more and half for less — fell 8 percent from a year earlier in Naples and nearby Marco Island on the west coast and 10 percent in Panama City in the Panhandle, according to the Florida Association of Realtors.

By comparison, prices rose 3 percent statewide, 4 percent in Miami and 10 percent in Orlando. (In addition to the overbuilding factor, rapidly rising insurance premiums tied to the greater risk of hurricane damage have hurt home sales in many coastal areas of Florida.)

Paul J. Ciotti, 60, a retired New York teacher, has had his two-bedroom beachfront condominium in Naples on the market since late last year. He first asked $999,000, when "everybody was going for pie in the sky."

[He has since cut the price to $799,000, which he says is a bargain because there is little undeveloped beachfront property left in Naples. "The beachfront is still much stronger," he said. "It always will be."]

While the market's strength will be tested this fall, there is little doubt that waterfront property has had a nice run in Naples and elsewhere. Mr. Ciotti's apartment sold for $153,000 in 1987 when the building opened; he bought it for $515,000 in 2004, according to county property records.

During the boom, prices in regions with a heavy concentration of second-home sales rose higher and faster than elsewhere, an analysis by Moody's Economy.com of national mortgage and housing data showed.

In 2004, the latest year for which data is available, Ocean City, N.J., at 73 percent, headed the list of metropolitan areas with high shares of second homes. From 2002 to 2005, home prices in the area, which includes Cape May, rose at an average annual rate of 17 percent, compared with 10 percent for the nation as a whole and 14 percent for New Jersey.

"These have been the most juiced-up markets," said Mark Zandi, chief economist at Economy.com.

But this spring and summer, median home prices in the Ocean City area have fallen by 10 to 15 percent from a year earlier. Sales have slowed and more houses are sitting on the market, according to Nicholas J. Marotta, president of the Ocean City Board of Realtors.

He blames speculators for rapidly inflating and then depressing the market by trading in condominiums and oceanfront homes that they bought with low-interest loans requiring only small down payments.

A local developer added that new construction had flooded the market, with more than 100 homes priced at $2 million or more. "We believed in our own confidence,'' said the developer, Raffaele Pansini, who has been building homes for nine years. "And in a way, we proved ourselves wrong because we don't have 100 buyers coming in."

Like others in the area, he predicted that demand would eventually catch up but that this could take some time.

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Elsewhere, increased worries about rising interest rates, higher energy costs and a slowing economy have left some prospective buyers queasy about investing in a second or third property.

That is the experience of Shari Chase, whose real estate firm, Chase International, specializes in the Lake Tahoe winter ski and summer recreation area that straddles the California-Nevada border. Sales fell 35 percent in the first six months of 2006 from the period a year earlier. Prices eked out a 2 percent increase, according to DataQuick Information Systems, a research firm.

Vacation homes, like other luxury items, are frequently caught up in booms that appear to defy gravity. But they depend on a relatively narrow slice of the population, mostly affluent baby boomers, leaving them vulnerable to sudden downturns.

While a number of vacation homes are bought with cash, mortgage data suggests that second homes made up about 14 percent of all home sales in 2004, up from 8.4 percent in 2001.

A survey of consumer finances conducted every three years by the Federal Reserve found that the overall interest in second homes tends to closely follow the ups and downs of the economic cycle. In 1989, some 13.4 percent of those responding said they owned a second home, but that figure fell during the recession in the early 1990's and reached a low point of 11.9 percent in 1995. Such ownership rose to 13 percent in 1998 but fell back to 11.4 percent in 2001 before rising again to 12.6 percent in 2004.

Anecdotal evidence suggests that vacation homes might have reached a new high-water mark in 2005.

"I saw a lot of clients buy first, and ask questions later, on second and third properties," said Leo P. Grohowski, chief investment officer at U.S. Trust, which caters to affluent families.

Much of Florida and the Jersey Shore, areas considerably more affordable than the Hamptons, have been favored destinations lately for his well-to-do clients and friends, many of whom encouraged Mr. Grohowski to buy with them. He is happy that he resisted, he said, though "for a while, I was looking like a dummy."

Real estate experts note that second-home markets have a natural self-correcting mechanism. However much local people may believe in their particular slice of paradise, destinations can price themselves out of the market. Plenty of people are willing to pay more for waterfront property, privacy and pristine vistas, but no region has a monopoly on those features.

"This is a very efficient market," said Richard A. Smith, vice chairman and president of Realogy, the former real estate arm of Cendant that owns Coldwell Banker and Sotheby's International Realty. "When you don't like the pricing someplace, you can go someplace else."

Still, the market for high luxury, homes costing more than $5 million, tends to be more resilient, said George R. Simpson, president of the Suffolk Research Service, a firm that monitors the real estate market in the East End of Long Island.

"This is a market that is driven by ego and wannabes," he said. "People come here because it's the thing to do. Every time P. Diddy has a cocktail party, the prices go up a little."

But data collected by Mr. Simpson's firm shows that even the Hamptons are not impervious to weakness. Median home prices in East Hampton and Southampton, including the surrounding villages and hamlets, languished in the low $200,000's for most of the 1990's. Adjusted for inflation, prices did not climb past their 1990 levels until the end of the decade.

But for the first six months of 2006, median prices are up 4 percent in Southampton, to $766,000, and 13 percent in East Hampton, to $900,000, according to Suffolk Research, though some of that could reflect a shift in sales toward the top of the market. The number of sales, however, is down 14 percent in Southampton and 19 percent in East Hampton.

Although agents insist that nothing akin to the 1990's slump is setting in, they are spending more time promoting properties and hand-holding sellers — exercises considered unnecessary when homes were moving in a week or so and bidding wars were common.

Earlier this month, Elisabeth Mills, an East Hampton agent who works at the Corcoran Group, started showing a commercial on cable television for a $2.3 million modern home, down from $2.5 million, and another home, built on speculation and offered at $1.99 million. The second property is in a neighborhood where the fashion designer Donna Karan and the rap star and entrepreneur P. Diddy live.

Ms. Mills is paying for the 30-second spot, which pans through the interiors and exteriors of the homes and is being shown on CNBC, HGTV and a local cable news channel in Suffolk County, in hopes that it will create extra buzz among agents and potential buyers.

Response to the ad has been "pretty amazing," she said, particularly from other builders looking for ways to market their own homes. "We seem to have increased activity from brokers," she said.

Walter Priestley, who built the larger house in the ad, said the marketing campaign for the property also includes direct mail and open houses (wine and cheese on Saturdays; bagels and coffee on Sundays) — all in an effort to set his home apart from others. He says he is confident it will be sold by Labor Day.

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"There are still plenty of buyers," Mr. Priestly said. "We have 20 to 30 people showing up every time we have an open house."

Change In Cuba Policy Floated (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, August 10, 2006

To prevent an influx, visas may be denied to those who try to enter illegally. Some say that could backfire on GOP.

MIAMI — A Bush administration proposal to change current immigration practices for Cubans, aimed at discouraging a politically disastrous mass migration, could backfire, exiles and analysts say.

The policy changes under consideration by the Homeland Security Department propose to reject any visa applications from Cubans who attempt to enter the United States illegally. The draft document, obtained by the Associated Press earlier this week, also suggests accelerating visas for family members of U.S. residents — a registry of more than 10,000 who wait as long as a dozen years to be reunited with U.S. relatives.

"Taken together, they promote safe, legal and orderly migration, while they also support the Cuban people in their aspiration for a free and prosperous society," the draft reads.

Encouraging Cubans to remain and work for change on the communist-ruled island echoes appeals by President Bush and Secretary of State Condoleezza Rice for pro-democracy demonstrations while Cuban leader Fidel Castro is incapacitated.

Castro, who has ruled Cuba for nearly 48 years, handed temporary governing authority to his brother Raul after undergoing surgery for intestinal bleeding on July 31. Neither Castro has been seen in public since.

Homeland Security spokeswoman Joanna Gonzalez would say only that the policy changes were matters of "internal deliberation."

"We always consider what could cause a mass migration, but in the event of a mass migration, the Coast Guard is prepared. They have plans," she said.

Politicians here and in Washington have expressed fears that a mass migration of Cubans in this midterm election year could be disastrous for Republicans already under pressure on the issue of security with the Iraq war, the Israel-Lebanon crisis and current immigration policies.

But some Cuban Americans in South Florida say they are tired of being used by politicians who tailor important issues such as immigration to appease a hard-line minority of exiles in exchange for their electoral support.

Any measure to punish illegal migration here would address the desire among the most fervently anti-Castro exiles to ratchet up internal pressures in hopes of stirring an anti-communist uprising.

But more recent and moderate emigres now outnumber those who fled Castro's 1959 revolution, and they are more concerned about the potential for violence among those left behind.

Damian J. Fernandez, director of the Cuban Research Institute at Florida International University, said the administration had been sending up trial balloons like the Homeland Security memo because its No. 1 objective was to prevent another rafter crisis.

He said Washington was under "intense competing political pressures" from the splintered exile community.

With a possible Cuban transition ahead and U.S. political candidates on the midterm election hustings, those seeking office are conscious of the 1980 Mariel boat lift that brought 125,000 Cubans to South Florida in a motley, monthlong flotilla. President Carter lost his reelection bid later that year.

Another 40,000 inundated the state in 1994, when the cutoff of Soviet aid devastated living standards on the island.

The U.S. and Cuba signed a migration pact after that exodus, providing a "safety valve" of 20,000 U.S. visas a year to Cubans and a staged process for reunifying families.

The migration accords deem all other U.S. entry illegal, but in practice Washington has adhered to a "wet foot/dry foot" policy, repatriating Cubans intercepted at sea while allowing those who reach U.S. soil to stay.

Rep. Lincoln Diaz-Balart (R-Fla.) "has always denounced and been opposed to the migration accords," said Ana Carbonell, his chief of staff. "We feel it is a mechanism that has provided relief for the Castro regime and allowed them to control who leaves Cuba."

Cuba analysts warn that disqualifying "wet feet" from future visa consideration could be counterproductive.

The proposal to punish illegal immigrants intercepted at sea by making them ineligible for U.S. visas provides scant deterrent to those who have no family members here to join.

"I don't think it works as a disincentive. I think that when a 25-year-old Cuban is intercepted and told, 'We're taking you back and you will never get a visa,' he will say, 'I'll get another boat,' " said Philip Peters, vice president of the Lexington Institute think tank in Arlington, Va.

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Asked if the public discussion of possible policy change might instigate the kind of migration crisis the administration wants to avoid, Rep. Jim McGovern (D-Mass.) replied: "Possibly."

"I think the question that the Cubans are going to be asking themselves is: 'Why are you doing this?' There is an inherent distrust of the U.S. and especially this administration. There is a concern that this administration might do something that could result in chaos on the island if Fidel Castro should die," McGovern said.

Asked about the Homeland Security memo Tuesday, White House Press Secretary Tony Snow said: "Right now we're encouraging everybody not only to stay put, but urging Cubans to stay on the island and work toward democracy."

If there is a dramatic change in the political situation in Cuba, Snow said, "there may be adjustments in U.S. policy."

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Nicole Gaouette in Washington contributed to this report.

90 Miles And Light-Years Away (NYT)

The New York Times, August 10, 2006

President Bush and his top aides have said repeatedly in recent days that they haven't a clue what's going on inside Cuba. With Fidel Castro's health faltering, they need to start figuring it out.

Cuba is a closed, repressive society. But the Bush administration has gone out of its way to ensure that the United States has neither access nor the slightest chance to influence events there.

In the name of tightening the failed embargo — a bipartisan policy for more than four decades — Mr. Bush has made it much harder for academics, artists, religious people and anyone else who might spread the good word about America to travel to Cuba, and much harder for Cubans to travel here. In a decidedly un-family-values move, the administration has also limited visits to Cuba by Cuban-Americans to once every three years.

Venezuela's Hugo Chávez, a would-be Castro, has helped make up any lost cash with cheap oil exports. And Cuban officials who might be tempted to the side of reform have been given more reason to believe Mr. Castro's claims of unremitting American hostility. In the same cut-off-your-nose spirit, the administration canceled migration talks with Havana — intended to prevent a repeat of earlier boatlifts — that were the only regular high-level sit-downs between the two governments. American diplomats in Havana know their wisest career path is to keep their contacts to the bare minimum.

None of this made much sense when it looked like Mr. Castro would outlast yet another American president. It makes no sense at all now that it's clear his days are numbered.

The White House is understandably nervous that roiling in Cuba could set off a large flow of refugees. It is considering ways to speed up admission of family members while punishing those who try to jump the queue. It also needs to revive migration talks so the governments can coordinate a humane response should those warnings go unheeded.

The administration has moderated its rhetoric, recognizing that it's up to Cubans on the island to decide their future. But if Mr. Bush wants to get the message of democracy across he should loosen restrictions on cultural and academic exchanges and open the way for serious diplomatic contacts.

United States law blocks the White House from doing more even if Mr. Castro's chosen successor, his brother Raúl, shows signs of moderation. Mr. Bush should tell Congress now that he doesn't want his hands pre-emptively tied that way.

No one knows when Mr. Castro will go or whether it will be with a bang or a whimper. But the policies of self-isolation will ensure that the United States is the last to know when big things happen — and will have no one in Cuba to talk to when they do.

Democrats Abandon Lieberman, Back Lamont (AP-Y)

By Stephanie Reitz, Associated Press Writer

AP, August 10, 2006

Top Democrats on Capitol Hill abandoned Sen. Joe Lieberman one by one Wednesday and threw their support to Ned Lamont, the anti-war challenger who defeated him in the primary. But Lieberman said his conscience demands that he run as an independent in November.

"I think it would be irresponsible and inconsistent with my principles if I were to just walk off the field," Lieberman said in an interview with The Associated Press a day after his loss to the political newcomer in a race that was considered an early referendum on the Iraq war.

Top Senate Democrats, including John Kerry and Edward Kennedy of Massachusetts, Harry Reid of Nevada, Frank Lautenberg of New Jersey and Chuck Schumer of New York, said they supported Lamont as the duly elected choice of Connecticut's Democratic voters.

Reid and Schumer — the party's Senate leader, and the head of the Democratic Senate campaign committee — said: "The perception was that (Lieberman) was too close to George Bush and this was, in many respects, a referendum on the

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president more than anything else. The results bode well for Democratic victories in November and our efforts to take the country in a new direction."

Kennedy called Lamont's victory "a clarion call for change," and a spokeswoman said Kennedy planned to campaign for the nominee.

Sen. Hillary Rodham Clinton reiterated her pledge to back the winner of the primary. She stopped short of calling on Lieberman to quit the race but urged the senator to "search his conscience and decide what is best for Connecticut and for the Democratic Party."

Lamont raised no public complaint about Lieberman's plan to run as an independent, and predicted he would win in November even with Lieberman on the ballot. "He'll end up splitting the Republican vote," Lamont told CNN. "He gets a lot more support from Republicans than he does from Democrats."

Lieberman showed no signs of backing down, even though the Democrats' withdrawal of support also means he will be starved of money from party sources to again take on the millionaire Lamont.

"The bottom line is that I'm definitely in," said the 64-year-old three-term senator and former vice presidential nominee. "While I consider myself a devoted Democrat, I am even more devoted to my state and my country."

The final returns from Tuesday's primary showed Lamont defeating Lieberman 52 percent to 48 percent.

On Wednesday, as expected, the Lieberman campaign delivered two boxes of petitions to the Connecticut secretary of state's office, and aides said they contained more than enough signatures to qualify him for the November ballot.

The move would set up a three-way race this fall among Lamont, Lieberman and Republican Alan Schlesinger, who has trailed far behind both Democrats in recent polls.

Lieberman said he was not bothered by losing the support of his Democratic colleagues, noting he lost the primary even with their backing. "In the end, the people make up their own minds, and this is going to be a people's campaign," he said.

The defeat put Lieberman in the familiar role of a go-it-alone politician. He was the first prominent Democrat to openly criticize President Clinton's conduct with Monica Lewinsky. His support for the Iraq war and his defense of President Bush also have made him unpopular with members of his own party and gave Lamont a powerful platform on which to run.

Lieberman's name recognition and moderate politics will draw strong support from independents and Republicans in November, according to Kenneth Dautrich, a public policy professor at the University of Connecticut.

"I think Lieberman is now in the driver's seat," Dautrich said, adding that the senator could have "a fairly handy lead" as the campaign begins.

One of the biggest challenges will be fundraising, Dautrich noted. Lamont is a cable TV entrepreneur who put $4 million of his own fortune into the primary. As the Democrats' nominee, he also will get donations from traditional Democratic sources that might otherwise have contributed to Lieberman.

One strategist, who spoke on condition of anonymity, said Lieberman had about $2 million remaining after the primary race against Lamont.

At a Democratic unity rally Wednesday morning, Lamont grinned broadly as he took his place with his new Democratic colleagues — most of whom had originally endorsed Lieberman and campaigned for him.

"Nancy, I got to tell you," he told party chairwoman Nancy DiNardo, "I like being on your team."

Lieberman said he fired his campaign manager and spokesman, and asked for the resignations of his campaign staff. He planned to hire a longtime aide as manager for the fall and began the search for a new pollster and media consultant.

"We did not answer, adequately answer, the distortions of my record on Iraq and my relationship with George Bush, that the Lamont campaign put out," the senator said, though he insisted he was not blaming campaign workers.

Republicans seized on the results to paint Democrats as careless with the country's security.

Vice President Dick Cheney said the race showed there is a significant segment of the Democratic Party that wants to return to "a pre-9/11 mind-set."

"It's an unfortunate development, I think, from the standpoint of the Democratic Party to see a man like Lieberman pushed aside because of his willingness to support an aggressive posture in terms of our national security strategy," Cheney said from Jackson, Wyo.

"When we see the Democratic Party reject one of its own — a man they selected to be their vice presidential nominee just a few short years ago — that would seem to say a lot about the state the party's in today," he said.

Lieberman's 10,000-vote loss sent shock waves through the local and national Democratic party. It was Lieberman's first loss in a Connecticut campaign since 1980, and he has long been one of Connecticut's most popular Democrats. He became just the fourth Senate incumbent since 1980 to lose a primary.

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Lamont won by hammering away at Lieberman's support for the Iraq war and accusing him of being too close to Bush, as evidenced by an incident in which Bush appeared to plant a kiss on the senator's cheek after his 2005 State of the Union address.

Lamont's campaign also was embraced by liberal bloggers, who saw it as a chance to take down an incumbent and play a bigger role in the Democratic Party.

A Quinnipiac University poll released in July showed that 51 percent of likely voters would support Lieberman in a three-way race, versus 27 percent for Lamont and 9 percent for Schlesinger, a lawyer who was formerly a legislator and mayor. However, a CBS News/New York Times exit poll of nearly 2,700 voters on Tuesday found that 61 percent said Lieberman should not run as an independent.

Though having both Lieberman and Lamont on the ballot could split the Democratic vote, Schlesinger is not considered a major threat. His campaign stumbled in July after it was learned that he used a fake name to gamble at a Connecticut casino and had been sued over gambling debts at two New Jersey casinos. Republican Gov. M Jodi Rell urged him to drop out of the Senate race, but Schlesinger called the gambling a "non-issue" and vowed to stay in.

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Associated Press Special Correspondent David Espo contributed to this report from Washington.

Lieberman Vows To Stay In Race As Independent (MCT)

By Steven Thomma

McClatchy Newspapers, August 10, 2006

HARTFORD, Conn. - Sen. Joseph Lieberman, D-Conn., found himself a political orphan Wednesday.

His friends, liberal activists and his party's leaders all seemed to turn against him the day after Connecticut Democrats rejected his bid for a fourth term and voted for an antiwar activist instead. Republicans, unsurprisingly, said the vote exposed Democrats as cowards.

For his part, Lieberman vowed to wage an independent campaign to hold his seat regardless of pressure to drop out and endorse Democratic nominee Ned Lamont.

"My mind is made up," Lieberman said on NBC. "I'm going forward. I'm going forward because I'm fed up with all the partisanship in Washington that stops us from getting anything done."

Meanwhile, Sen. Hillary Rodham Clinton, D-N.Y., who had supported Lieberman until he lost, called Lamont to offer support and campaign contributions.

Liberal blogger David Sirota urged party leaders to strip Lieberman of his Senate committee assignments if he persists in running against Lamont.

Democratic Party leaders found good tidings in Lieberman's defeat.

"The perception was that he was too close to George Bush and this election was, in many respects, a referendum on the president more than anything else," said a statement issued jointly by Sens. Harry Reid, D-Nev., the Senate Democrats' leader, and Chuck Schumer, D-N.Y., the chairman of the Democratic Senatorial Campaign Committee.

They called Lieberman an "effective" senator, but added that "the results bode well for Democratic victories in November."

Rep. Rahm Emanuel, D-Ill., the chairman of the Democratic Congressional Campaign Committee, said he liked Lieberman, but he, too, saw his defeat as a good sign for Democrats because it meant that voters are angry enough to vote out incumbents - and there are more Republican incumbents than Democrats.

He linked Lieberman's loss to primary defeats Tuesday by two other incumbents - Reps. Cynthia McKinney, D-Ga., and Joe Schwarz, R-Mich.

But while Lieberman's loss did underscore the power of antiwar and anti-Bush anger among Democrats, two independent analysts said the party leaders overreached in claiming a nationwide move against incumbents.

Amy Walter, who analyzes House of Representatives races for the Cook Political Report, said McKinney lost because of a history of erratic behavior and a recent confrontation with a Capitol Police officer. "If you have any political baggage, this is not a year in which you can stow it in the overhead bin and hope nobody will notice," she said.

She said Lieberman and Schwarz lost because of ideological splits in their parties more than anti-incumbent fever, noting that no other incumbent House Democrats appear likely to lose.

Stuart Rothenberg, the editor of the independent Rothenberg Political Report, agreed that Democrats are angry at Bush and the war, and he said that energy would help them in the fall. But he, too, disputed the notion of a national Lieberman effect.

"We saw where the heart and soul of the Democratic Party is. It's against the war and angry at the president," Rothenberg said. "But it's Connecticut. It's a liberal state. And we're talking about Joe Lieberman, who is almost unique in cozying up to the president and criticizing those who criticize the president.

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"Democrats in the Northeast are more liberal and are holding their candidates to a higher standard. The Democratic base in the South and Midwest is of a different ilk. There's no message for Senator Ben Nelson," a Nebraska Democrat.

Republicans claimed their own victory from the Democratic primary. Republican National Committee Chairman Ken Mehlman issued a statement labeled "Weak and wrong: Today's Defeat-ocrats."

It said in part: "It speaks volumes about the new Democrat Party: if you stand for a strong defense and victory in the War on Terror, you have no place in the party and you must be purged. ... Watch how the new Democrat Party always chooses weakness over strength, blaming America first."

White House press secretary Tony Snow saw Lieberman's defeat this way:

"This is a defining moment in some ways for the Democratic Party. I know a lot of people have tried to make this a referendum on the president; I would flip it. I think instead it's a defining moment for the Democratic Party, whose national leaders now have made it clear that if you disagree with the extreme left in their party they're going to come after you."

Democratic Leadership Welcomes Lamont (WP)

By Shailagh Murray And Dan Balz

The Washington Post, August 10, 2006

HARTFORD, Conn., Aug. 9 -- Democratic leaders embraced their new antiwar Senate nominee Ned Lamont on Wednesday, but his defeated rival, Sen. Joseph I. Lieberman (D-Conn.) vowed to wage an independent crusade to save his seat and prevent the party from being captured by forces he said are out of the political mainstream.

At a unity breakfast in Hartford, state party officials, who had lined up almost solidly behind Lieberman in Tuesday's primary, including Sen. Christopher J. Dodd (D-Conn.), pledged their support to Lamont in the general election campaign.

In Washington, Senate Minority Leader Harry M. Reid (D-Nev.) and Sen. Charles E. Schumer (D-N.Y.), chairman of the Democratic Senatorial Campaign Committee, said in a statement that Lamont would have the national party's support. Also laying on hands for Lamont were such powerful party figures as former president Bill Clinton, Sens. Hillary Rodham Clinton (N.Y.) and Edward M. Kennedy (Mass.) and House Minority Leader Nancy Pelosi (Calif.).

In background conversations, Democratic officials gently signaled their desire that Lieberman abandon his independent candidacy but appeared reluctant to press him publicly. A senior Democratic official in Washington said leaders had met and decided to put off confronting Lieberman at least for a few days, to allow the senator time to absorb the implications of his loss and his new isolation from longtime colleagues and supporters. "There's a feeling that the dust needs to settle," the official said.

Lieberman, on the national ticket as Democratic vice presidential nominee six years ago, appeared committed to turning the general election into a contentious rerun of the primary. He said it would be "irresponsible and inconsistent with my principles" to step aside from the fall race. He also announced that he is shaking up his entire campaign staff, accepting the resignations of his entire team, including several veteran consultants who have served him for many years.

Meanwhile, Republicans showed their determination to try to exploit the results of Tuesday's primary in the November elections by claiming that Democrats have been captured by the antiwar left. Vice President Cheney, in a call initiated by his office to news service reporters, said Lieberman had been purged by a party ready to "retreat behind our oceans."

Republican National Committee Chairman Ken Mehlman charged in a speech in Ohio that Lamont's victory showed the Democrats had abandoned the internationalist traditions of Franklin D. Roosevelt and John F. Kennedy. Democratic leaders said the charge was without merit and argued that the Connecticut primary showed broad opposition to President Bush's Iraq war policies that put Lamont closer to the mainstream than his critics. Some Democrats said Lamont's triumph was more likely to turn the midterm elections into a national referendum on the war.

Lieberman's campaign also confirmed an ABC News report that White House Deputy Chief of Staff Karl Rove had called the senator Tuesday night, but denied that the president's top political adviser had offered help and support in the fall. "We would not have been interested, regardless," said Dan Gerstein, Lieberman's campaign communications director.

Earlier that evening, Lieberman spurned a meeting with Dodd, his longtime colleague who had come to caution against making a hasty decision to run as an independent and to explain why he would be supporting Lamont in the fall, according to a Democratic official who asked not to be identified in order to speak freely about events on primary night.

Lamont defeated Lieberman on Tuesday by 52 percent to 48 percent after a campaign in which Lieberman's support for the war and what his critics said was a too-cozy relationship with the president were the dominant issues. When he announced his candidacy earlier this year, Lamont was a lonely figure in the party, enjoying the backing of so-called Net-roots activists and bloggers but little else. His campaign tapped into grass-roots antiwar, anti-Bush sentiment in the state and the race became a national symbol of the debate over the war.

Lieberman conceded shortly after 11 p.m. Tuesday, and 12 hours after a victory speech, Lamont was the star attraction at a Hartford news conference with state Democratic Party leaders. The mood was boisterous. With turnout at 43 percent, the

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primary had shattered the previous record of 25 percent, suggesting a highly motivated Democratic electorate and an appetite across the state for change.

Speaking briefly at the Democratic rally Wednesday morning, Lamont laid out the three main issues of his campaign: bringing the troops home, expanding health coverage, and improving education. He acknowledged the broader implications of his victory. "I think people around the country are looking at Connecticut," Lamont said.

But there was an undercurrent of frustration, as Democrats considered the tangled implications of a Lieberman independent bid and began to separate themselves from a colleague who won his first seat as a Democrat in 1970. "This is a difficult moment," Dodd acknowledged. Referring to Lieberman, he said, "We're very, very good friends." And then Dodd endorsed Lamont.

Many Democrats see former president Clinton, who campaigned for Lieberman but now supports Lamont, or Dodd as likely emissaries to make the case to Lieberman to halt his independent candidacy.

Based on initial efforts, Lieberman appears unreceptive. Dodd, according to a knowledgeable Democrat, tried to approach Lieberman on Sunday to talk about post-primary decisions to no avail.

On Tuesday night, he knocked on the door of Lieberman's hotel suite, but no one answered. Eventually, he met with Sherry Brown, Lieberman's longtime adviser who was installed Wednesday as campaign manager.

Some Democrats believe it may take an external event, such as a poll showing that he probably would lose a three-way contest with Lamont and Republican Alan Schlesinger, to persuade him to change his mind. If Lieberman wants to reconsider, Dodd said, "He knows I'm here."

Party strategists who have studied Connecticut said Lieberman faces a challenging general election campaign running as an independent. But they said the fact that he had closed a sizable gap in the last week was reason for cautious optimism inside the Lieberman camp.

A CBS-New York Times exit poll found that 61 percent of those who voted in the primary said Lieberman should not run as an independent.

The party establishment's embrace of Lamont began shortly before Lieberman's concession speech. Reid, Schumer and Hillary Clinton phoned in with congratulations and offers of assistance. Sen. Barack Obama (Ill.) wrote a $5,000 check to the Lamont campaign and said he will pitch in as needed. Sen. Barbara Boxer (Calif.), a war opponent who campaigned with Lieberman last month, offered to return to help Lamont.

Prospective 2008 Democratic presidential candidates also pledged their support. Asked by reporters in New York whether Lieberman should quit the race, Sen. Clinton said, "He has to search his conscience and decide what is best for Connecticut and for the Democratic Party, and then do what's right."

Tom Swan, Lamont's campaign manager, said his team will begin to pivot to a larger audience, by stressing Lamont's domestic priorities, including health coverage for uninsured people and early childhood education.

Two big challenges for Lieberman will be retaining some of the crucial institutional support that he gained in the primary, particularly from unions, which were instrumental in his Election Day turnout effort. But Lamont also must demonstrate that he can attract a broader audience than he did in the primary.

The Connecticut AFL-CIO decided to back Lieberman about a month before the primary and played a key role in turning out voters for him on Tuesday. President John Olsen said the state labor group will decide later whether to endorse anyone in the general election.

In a round of television interviews on Wednesday, Lieberman criticized the Lamont campaign, and said he is in the race to stay. "For me, it is a cause, and it is a cause not to let this Democratic Party that I joined with the inspiration of President Kennedy in 1960 to be taken over by people who are so far from the mainstream of American life," he said.

Gerstein said Lieberman had asked for resignations because he had concluded he "needed to shake things up and move in a different direction." Among the casualties were longtime consultants Carter Eskew, who produced Lieberman's ads, and the polling firm of Greenberg Quinlan Rosner.

Primary Losses Show Incumbents Can Be Vulnerable (USAT)

By Jill Lawrence

USA Today, August 10, 2006

WASHINGTON — So much for the benefits of incumbency. This week's Connecticut, Georgia and Michigan primaries provided hard evidence of what polls have been signaling for months: Voters are in the mood for change.

The defeats of Sen. Joe Lieberman, D-Conn., Rep. Cynthia McKinney, D-Ga., and Rep. Joe Schwarz, R-Mich., came two months after Pennsylvanians ousted 17 state legislators in primaries. “Voters are not showing a reticence to vote against entrenched incumbents,” says Charles Cook, editor of the non-partisan Cook Political Report.

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Lieberman's support for President Bush and the Iraq war was central to his 4-percentage-point loss to novice Ned Lamont. The three-term veteran filed petitions Wednesday to run as an independent in November.

Democratic leaders endorsed Lamont, and a few said Lieberman should reconsider.

Republicans said Lieberman had been purged by soft-on-terrorism liberals. Lieberman was "pushed aside because of his willingness to support an aggressive posture in terms of our national security strategy," Vice President Cheney told reporters. He added that he does not expect anti-war sentiment to dampen GOP prospects this fall.

The Iraq war figured largely in Lieberman's race but not in the other two incumbent losses. The anti-tax Club for Growth and other conservative groups spent hundreds of thousands to defeat Schwarz. McKinney's scuffle with a Capitol cop helped seal her fate.

The three incumbents "all lost to candidates promising to do the same thing: change Washington," Chuck Todd, editor of the political report Hotline, wrote Wednesday. "Change the spending habits or change the foreign policy or simply change personal behavior."

Beyond that, moderates Lieberman and Schwarz were out of step with fired-up locals — Lieberman too conservative for Connecticut Democrats, Schwarz too liberal for Battle Creek Republicans. "They don't fit with their voters' view of government," independent analyst Stuart Rothenberg says.

Cook, Rothenberg and others warned against overinterpreting the defeats. "Three upsets do not an anti-incumbent groundswell make," said a statement by the Center for Responsive Politics. However, the group noted that Lieberman, McKinney and Schwarz each raised twice as much money as their opponents and still lost. "Challengers should be feeling more confident now," and incumbents should be worried, said the group's acting director, Sheila Krumholz.

Cook and Rothenberg point to Rhode Island Sen. Lincoln Chafee, a GOP moderate facing a conservative challenge, as a potential casualty in his state's primary Sept. 12. They predict Republicans will suffer most if not all losses by incumbents in the general election. "We're going to have significant losses, but all on one side of the aisle," said Rothenberg, editor of the non-partisan Rothenberg Political Report. He and Cook are not predicting yet whether Democrats will win enough races to take over the House of Representatives or Senate.

Recent USA TODAY/Gallup Polls show deep voter restiveness. Two-thirds are dissatisfied with the way things are going in the USA. Three-quarters say the world is more dangerous than at other times in their lives. More than half say it was a mistake to send U.S. troops to Iraq and they should be withdrawn either immediately or within a year.

Lieberman tried Wednesday to depict himself as an opponent of business as usual in Washington. "The last thing I represent is the status quo," he told CNN.

A series of Senate Democrats deserted him Wednesday, including Minority Leader Harry Reid of Nevada, campaign committee chief Charles Schumer of New York, Hillary Rodham Clinton of New York, John Kerry of Massachusetts and Connecticut colleague Chris Dodd.

Dodd said he regretted Lieberman's decision to run as an independent but said it was his to make. Clinton, at an appearance in Harlem, said she would help Lamont as much as possible and urged Lieberman to reconsider: "I'm going to just hope Sen. Lieberman will take a hard look at this and do what is best for Connecticut and the Democratic Party."

A handful of Democrats went further. Retired general Wesley Clark, a 2004 and possible 2008 presidential candidate, exhorted backers to sign an online petition and "send a message to Joe Lieberman to end his independent campaign." Simon Rosenberg, president of the centrist New Democrat Network, called Lieberman's loss "a political failure of great magnitude" and urged him to "end this part of your remarkable career."

Local, National Democrats Line Up Behind Lamont (WT)

By Charles Hurt

The Washington Times, August 10, 2006

HARTFORD, Conn. -- Democrats rallied yesterday around primary winner Ned Lamont whose anti-war campaign brought down incumbent Sen. Joe Lieberman, who filed yesterday to run as an independent.

"Our well-informed and highly educated electorate has once again proved themselves by nominating Ned Lamont to be the Democratic candidate for U.S. Senate," state party Chairwoman Nancy DiNardo said with finality yesterday at a "unity rally" with most of the state primary's winners and losers standing behind her.

Although Democrats here and across the country endorsed Mr. Lamont yesterday, few were willing to try personally to persuade Mr. Lieberman to abandon the independent campaign he began after his loss Tuesday in the primary.

"He's made up his mind," Sen. Christopher J. Dodd, the state's senior Democratic senator, said yesterday. "If Joe wants to talk about it, I'll be glad to talk to him about it. He knows where I am."

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When asked at the rally whether any of the state's Democratic leaders would personally urge Mr. Lieberman to step aside, only one hand went up -- tentatively. It was Mr. Lamont's.

Democrats worry that Mr. Lieberman's independent candidacy -- which is considered formidable because of his name recognition and historical ability to appeal to Republican and independent voters -- could split left-leaning support and give Republican Alan Schlesinger a chance at victory.

Also, Democrats worry that it will cause friction inside the party, which yesterday's unity rally was designed to stem.

But Mr. Lamont yesterday said he would win anyway.

"He'll end up splitting the Republican vote," he told CNN about Mr. Lieberman. "He gets a lot more support from Republicans than he does from Democrats."

Mr. Lieberman, who has served as a Democratic senator from this state for 18 years and held other statewide offices for eight years before that, steered clear of the gathering.

Even before the late-morning rally began at the state party headquarters, Mr. Lieberman had filed papers with the secretary of state to run as an independent. Although he has defiantly promised to avenge what he called a distorted primary campaign against him, he faces incredible pressure both locally and nationally to step out of the race.

Senate Minority Leader Harry Reid of Nevada and Sen. Charles E. Schumer of New York, chairman of Senate Democrats' campaign committee, said in a joint statement yesterday that Democrats in Connecticut "have spoken" and that Mr. Lamont is the party's nominee.

"Joe Lieberman has been an effective Democratic senator for Connecticut and for America," they said. "But the perception was that he was too close to George Bush and this election was, in many respects, a referendum on the president more than anything else."

Democratic Sens. Edward M. Kennedy of Massachusetts, Frank R. Lautenberg of New Jersey and Hillary Rodham Clinton of New York all pledged their support for Mr. Lamont yesterday, although none explicitly called for Mr. Lieberman to step aside.

Mrs. Clinton came closest, saying Mr. Lieberman should "search his conscience and decide what is best for Connecticut and for the Democratic Party."

Liberal activists and bloggers -- who fueled Mr. Lamont's campaign early on and drew national attention to the race -- were gloating yesterday not only over their own success but also over the defeat of someone they accused of straying too far into the Republican camp.

"Let the resounding defeat of Senator Joe Lieberman send a cold shiver down the spine of every Democrat who supported the invasion of Iraq and who continues to support, in any way, this senseless, immoral, unwinnable war," anti-war moviemaker Michael Moore told supporters yesterday.

Although Democrats tried putting the best spin yesterday on the leftward lurch of their party, signs of strain were already evident.

"Nearly every Democrat set to run for president in 2008 is responsible for this war," Mr. Moore fumed. "Lieberman and company made a colossal mistake -- and we are going to make sure they pay for that mistake. Payback time started last night."

From the sidelines, Republicans watched as Democrats surveyed their party's internal damage. In a speech yesterday in Ohio, Republican National Committee Chairman Ken Mehlman called it a "sobering moment."

"Like the proud history of so many Democrats before him, Joe Lieberman believed in a strong national defense," he said. "For that, he was purged from his party."

Vice President Dick Cheney also joined his voice to the Republican chorus, saying that "when we see the Democratic Party reject one of its own -- a man they selected to be their vice-presidential nominee just a few short years ago -- that would seem to say a lot about the state the party's in today," a state he called "a pre-9/11 mind-set."

But as of last night, Mr. Lieberman was showing no signs of backing down. He announced a complete reshuffling of his campaign from its manager on down. But he was quick to add that he blames only himself for his primary loss.

Democrats Find Direction In Conn. Vote (BSUN)

By Paul West

The Baltimore Sun, August 10, 2006

WASHINGTON -- Former Sen. John Edwards was the first national Democrat to congratulate anti-war candidate Ned Lamont on his primary victory over Sen. Joseph I. Lieberman, but the phone call wasn't really about Connecticut.

Edwards is aggressively pursuing his party's presidential nomination, and his call was a reflection of Lamont's emergence as a liberal hero and nod to the new reality of this election year.

Anti-war fever is raging. Democrats, especially those on the left, are angry and aroused, and candidates ignore them at their peril.

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"People want change," said Connecticut Sen. Christopher J. Dodd, a recent entrant in the 2008 presidential chase. "That's really what voters, I think, were saying more than anything else."

Dodd, who campaigned for Lieberman, warmly endorsed Lamont Wednesday. He cautioned against reading too much into Tuesday's vote, then added: "Obviously, the Iraq war is a major issue and the ignition behind all of this."

Incandescent anger over the war and the failure by Democrats in Washington to effectively counter President Bush and the Republican-controlled Congress are fueling the resurgence of the party's liberal wing, say politicians and analysts. Incumbents are on notice that they shouldn't take re-election for granted.

On the morning following Tuesday's primary, Democrats began taking sides after Lieberman submitted petitions to put his name on the November ballot as an independent. Most elected officials are backing the primary winner, as are state and national party committees.

Privately, Democrats said it would be a mistake to write off the 64-year-old senator, who has promised to vote with Democrats in organizing the Senate if he wins. Lieberman stands a reasonable chance of gaining re-election, they said, if he can maintain his support among independents and Republicans, who lack a viable candidate in the general election, and hold onto most of the Democrats who voted for him this week. A pre-primary poll last month showed him winning a three-way race.

In television interviews Wednesday, Lieberman sought to portray those who helped defeat him as extremists. He singled out Rep. Maxine Waters, a liberal firebrand from Los Angeles who made repeated campaign appearances in Connecticut, as Lamont's "number one supporter."

"There's too much domination of our politics by the extremes of both parties," he said on CNN.

In a Michigan primary this week, conservative voters ousted a Republican incumbent accused of being too liberal. Freshman Rep. Joe Schwarz lost Tuesday to a conservative challenger who attacked his support for abortion rights and embryonic stem cell research.

ßkern2 Lieberman, rejecting Democratic pleas to abandon his independent candidacy, described it as "a cause" to keep the Democratic Party from being "taken over by people who are so far from the mainstream of American life that I fear we will not elect Democrats in the numbers that we should in the future."

Lamont, who might owe his victory margin to independents who switched to the Democratic Party to vote in the primary, said he was "proud of the fact we have tens of thousands of new Democrats who've gotten involved. ... I wanted them to have something to believe in."

The wealthy 52-year-old businessman, who has put about $4 million of his own money into the campaign, tried to avoid sharp criticism of Lieberman Wednesday.

In a TV interview, Lamont did repeat a theme of his campaign, in tune with an anti-incumbent mood that could help Democrats regain a majority in Congress this year.

"Look," he said on CNN, "why does Washington have to be just for career politicians? [Voters] want somebody who's going to go down to Washington, D.C., and not be afraid to shake things up a little bit, speak on behalf of the common good, and solve some of these problems that the Bush administration just kicks the can down the road."

Divisions over Lieberman's candidacy are, in some respects, details of a larger picture: the growing influence of an energized Democratic left and its impact on the party's efforts to regain power in Washington.

Former Rep. Martin Frost, a Texas moderate who headed the Democratic Party's House campaign committee in the 1990s, said party leaders in Congress must "recognize that there is significant anti-war sentiment in the Democratic Party, but [they can not] go all the way over to the anti-war side and give Republicans an opportunity to paint Democrats as soft" on national defense and fighting terrorism.

ßkern2 Republicans lost no time trying to do just that. Attempting to drive the wedge deeper in the Democratic split, Republican National Committee Chairman Ken Mehlman said Lamont's victory was evidence that Democrats have be come the party of "retreat and defeat." Lamont might have aided his critics' efforts to portray him as an extremist by letting the Rev. Al Sharpton and the Rev. Jesse L. Jackson -- two of his party's most polarizing figures -- stand shoulder-to-shoulder with him at his primary night victory celebration.

Mehlman extended the criticism to other contests. In a Cleveland speech, he described Rep. Sherrod Brown, the Democratic challenger to endangered Republican Sen. Mike DeWine, as "Ohio's answer to Ned Lamont." The Republican Party also posted a new Internet ad that sought to demonize Lamont by adding him to a Democratic rogues gallery that featured party Chairman Howard Dean and liberal filmmaker Michael Moore.

But liberals countered that the Connecticut vote was in line with the shifting views of most voters around the country. Robert Borosage of the Campaign For America's Future, a liberal advocacy group, said Lamont represents "a new moral center" in American politics. In an audio statement on his group's Web site, Borosage, a former Jackson campaign adviser, said

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Lamont's positions on ending the war in Iraq and spending more on education, health care and energy development at home are "policies that have the support of the vast majority of Americans in poll after poll."

Democrats and some independent analysts questioned whether the vote in Connecticut, one of the most liberal states in the nation, would have significant spillover effect on other contests this year. But they said the Lieberman-Lamont race had put a national spotlight on the pressures that Democratic presidential candidates are facing and on the party's continuing struggle to deal with the war.

Since before the 2003 invasion, Democrats have been unable to agree on a unified position on Iraq and are split between those demanding an immediate pullout and others who argue that leaving now would only make the Mideast situation worse.

But as the death toll in Iraq has grown, many of those eyeing the 2008 nomination have become increasingly critical of the U.S. involvement there.

Massachusetts Sen. John Kerry, the 2004 nominee, admitted last year that he had been wrong to give Bush the authority to invade Iraq. Edwards, his running mate, issued a public apology for voting in favor of the war.

Former Vice President Al Gore, who lost to Bush in 2000, has been his party's most prominent war foe, and there continues to be speculation that he would launch another try. Others have moved more slowly, apparently concluding that the more sharply they turn to the left, the tougher it would be to get back to the center, where the moderate swing votes that often decide elections are found.

New York Sen. Hillary Rodham Clinton, the Democrats' presumed favorite in 2008, has sought to position herself as a proponent of a strong national defense. One of the staunchest Democratic supporters of the war effort, she drew jeers from liberal activists two months ago when she spoke out against setting a date for a U.S. withdrawal.

Lieberman's defeat "puts a lot of pressure on Hillary Clinton," said Merle Black, an Emory University political scientist. "She hasn't disowned her vote [authorizing force against Iraq], unlike Kerry and John Edwards."

ßkern2 Ten days ago, Clinton quietly endorsed the demand of Democratic leaders in Congress that the United States begin a phased withdrawal from Iraq this year. Her re-election campaign Web site now features prominently her criticism of the war effort last week and her call for the resignation of Defense Secretary Donald H. Rumsfeld, a move that won her praise from liberals such as Borosage, who praised her show of "backbone."

Clinton endorsed Lieberman but avoided the Connecticut campaign trail, promising to support the primary winner. Wednesday, she gave her backing to Lamont and said she would help him "in every way that I'm requested."

One State's Independent Streak (WP)

By Linton Weeks

The Washington Post, August 10, 2006

A three-term senator in Connecticut is defeated in his race for a fourth term. He abandons his party and runs as an independent. Sound familiar?

It happened in 1988 when Republican Lowell Weicker lost to Democratic challenger Joe Lieberman. Weicker walked away from the GOP, ran for governor as an independent in 1990 and won.

In politics, what goes around comes around, and now an eerily similar scenario is playing out for Lieberman, a three-term senator who lost on Tuesday in Connecticut's Democratic Senate primary to Ned Lamont. Lieberman says he will now run for the Senate in November as an independent.

Who would know better what it's like to run as an independent in that neck of the woods than Weicker?

Looking back on his independent candidacy, "my troubles were pretty clear," Weicker says from his home in Essex, Conn.

He says that his role in the Watergate investigation and his opposition to certain Reagan administration spending cuts "teed off a lot of Republicans."

But he says there were still enough moderate Republicans and Democrats to elect him governor.

Scott Overland, a spokesman for the Lieberman campaign, says his boss believes "deep in his heart" that he is the one person running for the Senate who can represent all of Connecticut's citizens and that he wants a chance to be reelected by all the voters.

Overland says that Lieberman has shown his independence by taking a stand on the Iraq war "that didn't help him politically."

"He believes it was the right thing to do," he says.

In 35 years of public service, Overland continues, Lieberman has built bonds with people of all political parties in the state. He says that Connecticut has shown it can elect an independent candidate. His example: Lowell Weicker.

Weicker, 75, says of Lieberman, "You have to take a look at the origins of his candidacy. And of mine. I made a decision, persuaded by Republicans, to run. But only to run as an independent."

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Weicker says it would never have occurred to him to run as a Republican first, then as an independent if he lost.

"I had been thinking about leaving the Republican Party for some time."

But Lieberman, Weicker says, "set himself up to take two bites of the apple. First to run as a Democrat and then, if that didn't work, to run as an independent."

Independents are rare in the Senate. There's only one, Vermont's Jim Jeffords, who was actually elected as a Republican.

In Connecticut, Weicker had become sufficiently liberal that in 1988, conservative Republicans like William F. Buckley Jr. supported Lieberman. Weicker, who was a member of the Senate's Watergate committee, had alienated many Republicans years earlier by criticizing Nixon.

Lieberman likewise alienated many Democrats with some of his policy positions when he ran as Al Gore's vice presidential candidate.

In 1982, a fellow Republican tried to unseat Weicker -- just as Lamont unseated Lieberman. Oddly enough, that Republican was Prescott Bush Jr., brother of the sitting vice president and uncle to the present president. Weicker, independent-minded even as a Republican, beat him handily.

Here's where the parallels end.

Lamont is against the war in Iraq; Lieberman has supported it. Weicker -- who is also against the war -- thought about running against Lieberman on that one issue, but Lamont entered the race and Weicker supported him.

Thomas D'Amore Jr. was one of those Republicans who encouraged Weicker to run as an independent.

D'Amore was once chairman of the state Republican Party and left it when Weicker ran for governor. He served as Weicker's chief of staff -- for the governor's one term -- and recently as senior adviser to Lamont. D'Amore says that he is a great supporter of independent candidates but that Lieberman's candidacy is not an independent one.

"It's all about Joe Lieberman," he says. Weicker is far less polite when talking about the man who defeated him a forever ago.

Weicker does not believe that Lieberman has the coalition necessary to win.

In the beginning of the race, Weicker says, Lieberman held a 50-point lead and there were many people -- Democrats, Republicans and independents -- who said they were supporting him. That lead evaporated, and, Weicker believes, so did much of Lieberman's multipartisan support. "When Lieberman says 'I closed fast,' that's [expletive]," Weicker says. "No doubt he's hanging onto the Republican right. I suspect his independent support has eroded."

Overland believes that people like Weicker, "who have been out of politics for a decade," have no business attacking Lieberman. Weicker, Overland says, "is not really criticizing the senator on the issues, he's taking cheap shots."

But Weicker, like Lieberman, is passionate about his politics.

There is a strong independent constituency in Connecticut, Weicker says, but "I suspect the public is going to see right through" Lieberman's party switch.

It's not the purpose of the U.S. Senate to provide Lieberman with steady employment, he says.

"He wants a job."

Shock Wave From Lieberman Race (CSM)

By Linda Feldmann

The Christian Science Monitor, August 10, 2006

WASHINGTON

Connecticut Sen. Joseph Lieberman's defeat in the Democratic Party primary has sent a shock wave across the American political landscape, reverberating beyond this November's midterm elections and into the 2008 race for the presidency.

By the time the returns were in Tuesday night, showing Senator Lieberman losing to antiwar businessman Ned Lamont 52 percent to 48 percent, the sight of the 2000 vice presidential candidate losing his party's nomination for a fourth Senate term did not come as a surprise. Polls had shown Lieberman trailing for weeks. Still, the loss came as a stark reminder to all Washington politicians that the support of the voters back home can never be taken for granted - especially if their position on a central issue, in this case the Iraq war, differs markedly from that of a critical mass in their own party.

"It shows the discontentment among Democrats both at [President] Bush and many of his policies - particularly the war - and their desire that the leaders of the Democratic Party in Washington take a more aggressive stance against the administration than Senator Lieberman did," says Howard Reiter, head of the political science department at the University of Connecticut in Storrs.

As political players across the spectrum spun and analyzed the result, Lieberman himself pressed ahead with an independent candidacy, setting up a three-way general election Nov. 7 that pits him against Mr. Lamont and a weak Republican,

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Alan Schlesinger, who has faced embarrassing allegations about gambling habits. Polls taken before his primary loss showed Lieberman winning such a three-way contest, pulling majority support among Republicans and independents.

But the postprimary world has changed, and Lieberman's prospects are uncertain. Many of his closest Senate allies are now backing Lamont, and his ability to raise funds and organize as an independent remains an open question. Wednesday morning, state Democrats held a unity event with Lamont on the steps of the state capitol in Hartford.

Republican leaders quickly portrayed the Lieberman loss as an example of the Democrats' "cut and run" approach to Iraq and a desire to purge those who believe in a "strong national defense."

The Lieberman defeat "reflects an unfortunate embrace of isolationism, defeatism, and a 'blame America first' attitude by national Democratic leaders at a time when retreating from the world is particularly dangerous," Republican national chair Ken Mehlman told the City Club of Cleveland Wednesday morning.

Democrats of all stripes fired back. In a conference call with reporters, Rep. Rahm Emanuel of Illinois, head of his party's House campaign committee, saw high energy among Connecticut Democrats that will carry through until November. "This should be a flashing red light to the Republican Party," he said, noting the other incumbents, a Republican and a Democrat, defeated in primaries Wednesday. "There's a message to the level of anti-incumbency that resonates in both parties."

Given that more Republican incumbents face serious challengers than Democrats do, that's another flashing red light to the GOP, he said.

MoveOn.org, one of the "netroots" organizations that helped raise money and provide on-the-ground people power for Lamont, saw all positives for national Democrats in Tuesday's outcome. "Some will say this is a split in the Democratic Party. No, it's the story of a politician who was way too close to George Bush," says Tom Matzzie, MoveOn's Washington director. "Given the disaster in Iraq, Republican leaders are hardly qualified to comment.... If they want to make this election about Iraq, bring it on. I think voters will hold politicians accountable."

In the centrist wing of the Democratic Party, where Lieberman is most at home, analysts sought to minimize any national message in the senator's loss.

"In the end, it's one race - and an idiosyncratic race in a lot of ways, so it's hard to extract lessons from it," says Will Marshall, president of the Progressive Policy Institute, a centrist Democratic think tank.

Mr. Marshall says he didn't think Lieberman's position on the war was so much the problem as that he "expressed insufficient disdain and criticism for Bush." He says Lieberman's defeat represents "a setback for people who think the party ought to be unifying around a strategy that can recapture the Congress in this election and put us in striking position for the White House two years hence."

Even before Tuesday, Lieberman's troubles appeared to be affecting the 2008 presidential race - or at least one senator thinking of running for her party's nomination. In a hearing last week, Sen. Hillary Rodham Clinton of New York - who supported military action against Iraq and has yet to disavow that 2002 vote - was particularly aggressive in criticizing Defense Secretary Donald Rumsfeld's handling of the war, and called for his resignation. Senator Clinton has long sought to portray herself as a centrist on defense issues, a position that some party members felt was the safe position for her to take.

Now, says a Democratic consultant speaking on background, Clinton remains the "800-pound gorilla" in the race for the nomination, and "she needs to make a mistake not to get it." He adds: "One mistake she could make is going too far afoul of the liberal activist base of the party, and she's seeing in Connecticut just how strong [that base] is in the nominating process, and how important the war is to those folks."

The Lamont Democrats (WSJ)

The Wall Street Journal, August 10, 2006

Ned Lamont's toppling of three-term Democratic Senate incumbent Joe Lieberman is a political thunder clap, arguably the most important victory for the American left since the Watergate rout of 1974. Senate incumbents are always hard to beat, never mind one who was on his party's national ticket only six years ago. Connecticut Democrats understood the choice, and their judgment can't be dismissed as a fluke of the Angry Left blogosphere.

Conservatives who are dismissing this as another suicidal lurch to the left should also be more respectful of voter sentiment. We're old enough to recall conservative Jeff Bell's upset of Senator Clifford Case in a New Jersey GOP primary in 1978. The media and political establishments sniffed at that result, and Mr. Bell lost in November to Bill Bradley. But it turned out his primary triumph was also a harbinger of Ronald Reagan. Mr. Lamont's victory is a sign of a resurgent political left that in its opposition to the Iraq War has found an issue that resonates with many voters.

On the other hand, Mr. Lamont has only won a primary, and Republicans and Mr. Lieberman now have a chance to frame the general election debate from here to November. The Lamont victory means that the Democrats are now the withdraw-from-Iraq party. Democratic leaders in the House and Senate united behind a somewhat more cautious pullout policy last week,

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calling for a phased withdrawal beginning this year. But with the support Mr. Lamont is now drawing from mainstream Democrats, the momentum within the party is all toward the come-home-now left.

This means that if Democrats retake Congress, we will be back where we were in Vietnam circa 1975. Early that year the Congressional left blocked funds for our allies in the government of South Vietnam, weakening its defenses even as Hanoi massed for an attack. Within weeks, the North was on the march and the last American helicopters were leaving Saigon. The stakes are just as serious today in Iraq. The defeat in Vietnam could at least be contained elsewhere in Southeast Asia, although the Soviet Union was clearly emboldened to assert itself via proxies from Afghanistan to Central America.

A precipitous withdrawal from Iraq would likewise signal a defeat echoing far beyond Baghdad. Iran would exploit the turmoil in Iraq to assert itself in the Middle East, and both terrorists and their state sponsors would feel they could hit us again, this time with confidence that any U.S. response would be limited, as it was before 9/11. The idea that quitting Iraq would be discrete penance for President Bush's invasion is a delusion against an enemy that cited our 1993 withdrawal from Somalia as a reason to believe it could attack New York with impunity.

The Lamont Democrats argue that a timetable for withdrawal will prod Iraqis to defend themselves more quickly. But there's a reason that every Iraqi ethnic faction -- Sunni, Shiite and Kurdish -- save for the most radical wants the U.S. to stay until security improves. They know the Iraqi Army is standing up as rapidly as possible. They also know the main security threat today comes from Sunnis affiliated with Saddam's regime and ethnic Shiite militias. An American withdrawal would only make Iraqis less likely to take personal risks to assist the new government in defeating those threats. And it would only increase the sectarian violence, as everyone picks sides in preparation for the day when the last Blackhawk helicopters leave Baghdad.

These are the stakes that Mr. Bush, Senator Lieberman and Republicans need to make clear to American voters. In the case of Mr. Lieberman, the pressure is already building for him to renege on his intention to run as an independent. Senate Democratic leaders embraced Mr. Lamont yesterday, and you can expect that both Hillary and Bill Clinton will also soon ask their old college friend to drop out. As she triangulates her way toward the 2008 Democratic Presidential nomination, Senator Clinton has to find some way to appease the newly ascendant Lamont-George Soros-MoveOn.org wing of her party. Ms. Clinton conveniently chose last week to call for Donald Rumsfeld's resignation, and Mr. Lieberman will be her next political offering.

But Mr. Lieberman has every reason to believe he can win in November if he stays in the race. His margin of defeat Tuesday was less than four percentage points, suggesting that many Democrats still support him. The GOP candidate has no chance of winning, so most Republican voters will also swing to his side as the choice becomes clearer. Most of all, Mr. Lieberman knows the consequences for U.S. security if the Lamont Democrats prevail. A Senator Lieberman would prod the Bush Administration for a strategy to win in Iraq; a Senator Lamont would cut and run and hope for the best. * * *

As for the commander in chief, we hope he was also paying attention to Tuesday's outcome. The American public will support a President at war, but only as long as it believes there is a strategy to win. And no President can maintain a war for long without any support from the opposition party; sooner or later his own party will begin to crack as well.

Mr. Bush can help his own cause by going on offense in Baghdad, adding more troops if necessary and doing whatever it takes to demonstrate that the fight continues to be worth the cost in lives and treasure. The Lamont Democrats may be dangerously wrong, but the American people will turn to them in frustration if Mr. Bush doesn't make the policy differences and the security stakes perfectly clear.

A Judgment On Iraq (WSJ)

By Wesley K. Clark

The Wall Street Journal, August 10, 2006

Republican strategists could hardly be happier with the outcome of the Connecticut Democratic primary. And Democrats should be deeply concerned in the near term. But if I were a Republican, I'd recognize this as the beginning of the end. Forget about the neocons. This era is over.

Near term, for the Republicans, this is a triple-edged opportunity. First, the vote was close enough that, if Joe Lieberman follows through on his threat to run as an independent, there's a strong possibility of his winning, with a lot of Republican support, and thereby raising the bar even further for the Democrats' quest to regain control of the Senate this year.

Second, the fact that Mr. Lieberman lost the primary can also feed a national spin machine to talk about "feckless, antiwar Democrats," "not strong enough to protect America," and all the other noxious labels currently in play by the president's defenders. And the third bonus effect for Republicans is to play up the story about how the Dems are split, and lack the unity to win midterm elections, much less govern.

For the Democrats, the election is a snapshot of a revolt in the making, but not yet done. The truth is that Democrats are as patriotic as Republicans, want a strong and secure America, and like every other American, want to trust the president and his team on national security issues. And perhaps, being in Washington, associating with the administration and lawmakers of the

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other party, it's been more difficult for elected Democrats to sense the mounting rage in much of the electorate over the failures of President Bush's policies, and especially the seemingly never-ending war in Iraq, and his blatant partisanship.

It's been easy for some of the media to talk disparagingly about "bloggers," but it's also misleading. For the anti-Lieberman vote in Connecticut wasn't just bloggers. The public doesn't have to live with the reminders of old sentiments, jingoistic pronouncements, or votes in the House or Senate. Instead, the public is free to observe, listen and judge. And that judgment has been passed, especially on Iraq: The war was a mistake. Flawed intelligence, overly optimistic planning (or in some cases, none at all) and grandiose geostrategic designs, hyperinflated rhetoric about democracy, and perhaps raw political advantage. Whatever. The public hasn't quite sorted it out -- but they know a failure when they see one. And Iraq, as well as the larger Middle East policy, is such a failure.

Iraq isn't Vietnam. America can't just walk away without horrendous consequences. But "stay the course" isn't a strategy. And the longer the bleeding goes on there, the harder the electorate will dig for answers -- and the tougher they'll be on those who got us in, and aided, abetted and apologized for them.

Perhaps politicians in office will listen a little more attentively now to the outside-the-beltway voices; they'll challenge more, stand up earlier, fight a little tougher against the administration's leadership. And perhaps they'll sweat a little to gain some stand-off from their earlier positions. Longstanding relationships at home, a comfortable bank account, and the continuing blandishments of the lobbying crowd will no longer be sufficient -- Joe Lieberman's defeat shows that the public is now engaged in politics.

The Republicans will suggest that Democrats aren't up to it. They'll play the terrorist-threat card, hope for a few more messages of bin Laden, and ask whether an antiwar party can be trusted to keep America safe. But this is just the spin. The truth is the Democratic Party -- elected leaders, party regulars and the big-time donors -- pretty much agree on the failures of the administration, and even on the policies that need to be adopted, like stronger diplomacy and more reliance on allies and international organizations, coupled with a willingness to fully fund, rearm, strengthen and use America's armed forces. The Connecticut primary will ensure that the Democrats push their positions -- and their differences with the administration -- even more forcefully.

Now Democrats have to be able to stand toe-to-toe against Republicans and their failing policies on national security. There's no dodging it, and no hanging on to the administration's coat-tails, either. Democrats in every race have to be able to speak the language of national security. And convince the electorate that we are a "full-service" party, as ready to be trusted on national defense as on health care, education, or equal opportunity.

The Connecticut race and Republican spinmeisters will be troublesome for Democrats. But the growing public awareness provides Democrats the opportunity to reshape our party to help America meet the challenges ahead. For Republicans, it signals the end of using patriotism to cover up for persistent failures to deal effectively with pressing national security issues.

Lieberman Loss Signals Anti-war Mood (FT)

By Holly Yeager In Hartford, Connecticut

Financial Times, August 10, 2006

The failure of Joseph Lieberman to win renomination to contest his Senate seat represented a sharp rebuke to supporters of the war in Iraq and a warning to all incumbents that US voters are in the mood for change.

Mr Lieberman, a three-term Democratic senator and former vice-presidential candidate, lost in his party's primary on Tuesday to Ned Lamont, a wealthy cable television executive and political novice.

The result poses risks for Democrats. Mr Lamont made Mr Lieberman's support for the war the primary issue in the Connecticut race, and Republicans rushed to paint his victory as proof that the Democrats are soft on national security.

"Like the proud history of so many Democrats before him, Joe Lieberman believed in a strong national defence. And for that, he was purged from his party," said Ken Mehlman, chairman of the Republican National Committee. He said the vote reflected "an unfortunate embrace of isolationism, defeatism, and a 'blame America first' attitude by national Democratic leaders at a time when retreating from the world is particularly dangerous".

Mr Lieberman's loss – a rare defeat of an incumbent in a party primary – had been anticipated by recent polls. But the final margin, 52-48 per cent, was closer than expected, encouraging Mr Lieberman to follow through with what he told supporters would be the "second half" of the race.

Mr Lieberman, a moderate with a record of working across party lines, filed petitions on Wednesday that would allow him to run in November's election as an independent candidate, rejecting the calls of some Democrats who said such a move would hurt the party.

"I will respectfully say, 'No, no, no'. I am in this race to the end."

Party leaders stopped short of publicly calling for Mr Lieberman to step aside.

But they did endorse Mr Lamont. “I respect the decision of the voters and endorse the Democratic candidate, Ned Lamont, and look forward to working with him for a great congressional victory in Connecticut,” said Nancy Pelosi, the party leader in the House of Representatives.

Democrats said they were encouraged by the unusually high turnout in the race, a signal they said of how energised Democratic voters were, and how eager to unseat Republicans in the November midterm elections.

Mr Lamont’s upstart campaign was not based solely on the war.

He campaigned on a broad array of liberal issues, including education and universal healthcare and his effort was fuelled by long-simmering discontent with Mr Lieberman, who many state voters said had lost touch with the state as his national profile rose.

It also marked the greatest political victory yet for left-wing bloggers who embraced his candidacy and drew national attention, money and volunteers to the effort, eager to cement the role of the anti-war faction of the party ahead of the 2008 presidential contest.

During his victory celebration on Tuesday, Mr Lamont thanked the “netroots and grassroots” who had helped him, along with labour activists, civil rights leaders and others. “We’ve got a coalition for change – it’s starting in Connecticut and we’re going to take it beyond.”

The most powerful image of the campaign was what Mr Lamont’s supporters called “the kiss” – which President George W. Bush appeared to give Mr Lieberman after the 2005 State of the Union address. It was depicted on a papier-mache float that showed up at Mr Lieberman’s events and emblazoned on buttons.

After Bill Clinton campaigned for Mr Lieberman, his backers tried to highlight another image – “the hug” with the popular former president.

But as they assessed what had gone wrong for Mr Lieberman, his advisers said he had been too slow to respond to Mr Lamont’s complaints about his support for the war in Iraq: too little, too late.

Many of Mr Lieberman’s strongest supporters said they would stick with him for his independent run, shouting “Go, Joe, Go!”

Johnny DiDonato, a marketing executive at a frozen pasta company, said he disagreed with Mr Lieberman on the war. “But you can’t punish him for just one thing.”

Voter Anger That Cuts Both Ways (WP)

By David S. Broder

The Washington Post, August 10, 2006

The usual political torpor of August was shattered this week by the news that three congressional incumbents had lost their races in a single day. There were special forces at work in the contests in which two Democrats -- Sen. Joe Lieberman of Connecticut and Rep. Cynthia McKinney of Georgia -- and Michigan Republican Rep. Joe Schwarz were defeated. But taken together they are the strongest signal yet of voter dissatisfaction with the status quo in Washington.

McKinney, a combative politician, lost (for the second time in her career) largely because of her unpleasant personality. Schwarz, a physician and freshman House member who had headed the John McCain forces in Michigan, fell victim to a heavily financed right-wing effort to punish him for his support of stem cell research.

The "shake up Washington" theme was explicit in millionaire businessman Ned Lamont's 52 to 48 percent defeat of Lieberman, the 2000 Democratic vice presidential nominee, in the headline event of the day, the Connecticut Democratic primary. Lieberman could claim 18 years of Senate seniority and long service in state government, a reputation for personal integrity, prominence on both foreign and domestic issues, and the active support of his party leaders from Bill Clinton on down.

But when I went to Connecticut three weeks before the primary, it was evident that he was going to be overwhelmed by the passion to "send a message" through Lamont of frustration with the war in Iraq, the Bush presidency and Congress.

Lieberman, as I wrote, represented a candidacy, while Lamont embodied a cause -- and it was clear that the cause would prevail.

But for how long is a question. Lieberman has filed signatures for a place on the November ballot as an independent, and he has vowed to make the race, no matter how many in his party urge him to drop the fight. And it need not be futile. Rep. Chris Shays, the Connecticut Republican whose seat is a target for the Democrats this year, told me the morning after the primary that he is supporting Lieberman and thinks he can win a three-way race against Lamont and the weak Republican challenger, Alan Schlesinger. Other prominent Republicans are also poised to back Lieberman and raise money for him.

In the primary, Lamont found his most prominent support on the far-left flank of the Democratic Party. His organization was a hand-me-down from the Howard Dean presidential campaign, bolstered by a blizzard of Internet blogs from outside his home

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state. His roster of visiting campaigners was uniformly of the same political slant -- notably Jesse Jackson, Al Sharpton and Rep. Maxine Waters of California.

Now, with former Lieberman supporters such as Connecticut Sen. Chris Dodd and Rep. Rosa DeLauro closing ranks behind Lamont, the novice candidate will have an opportunity -- and an urgent need -- to moderate his stance and attempt to broaden his base.

DeLauro told me that Lamont has to be "more than an antiwar candidate" and that he has to balance his calls for an early withdrawal from Iraq with other positions that demonstrate that he and his party understand the need for a robust military and a commitment to oppose terrorism. With hopes of defeating not just Shays but also two other Connecticut Republicans, the Democrats simply cannot afford to be "McGovernized" by the GOP charge that they would abandon the fight against those who have targeted the United States.

Nonetheless, you can see the disillusionment with Iraq coloring Democratic politics more broadly. Hillary Clinton, that most cautious of centrists, delivered a public tongue-lashing to Don Rumsfeld last week over his mismanagement of the war and said he should resign. And New Mexico Gov. Bill Richardson, who is coordinating the party's effort in the 36 gubernatorial races this year, told me this week that he thinks the Iraq issue "will spill over" into those contests, adding two or three points to the Democratic side. With American generals talking openly about Iraq's verging on civil war, he said, "it allows Democrats to take positions that are responsive to the public and yet are protected from Republican political attacks."

The opposition to current policy in Iraq is building -- and so is dissatisfaction with a Washington that seems to be drowning in partisanship and incapable of breaking its policy gridlock on immigration, energy or health care. The protests are coming from both the right and left, but the greatest frustration is among the broad swath of centrist voters who feel they have no voice. In this environment, incumbents of neither party can feel safe.

davidbroder@washpost.com

Why The Republicans Are Loving The Lieberman Loss (TIME)

By Mike Allen

Time, August 10, 2006

fall

From Washington State to Missouri to Pennsylvaina, Democratic candidates found themselves on the defensive Wednesday as the Republican Party worked ferociously at every level to try to use the primary defeat of Sen. Joseph Lieberman of Connecticut to portray the oppposition as the party of weakness and isolation on national security and liberal leanings on domestic policy. Doleful Democrats bemoaned the irony: At a time when Republicans should be back on their heels because of chaos abroad and President Bush's unpopularity, the Democrats' rejection of a sensible, moralistic centrist has handed the GOP a weapon that could have vast ramifications for both the midterm elections of '06 and the big dance of '08.

One of the nip-and-tuck Senate races this year is in Missouri, and backers of Sen. Jim Talent are preparing an attack on his opponent, State Auditor Claire McCaskill, that is emblematic of the sort that will be seen all over the country within 24 hours. "Does Claire McCaskill support the wishes of the angry left by endorsing Ned Lamont's candidacy or will she support the man who was chosen by Al Gore as the Democrat's 2000 nominee for Vice President?" Republicans ask in a statment that will force McCaskill to talk about messy party business instead of her favored issues of government accountablity and affordable health care.

House candidates planned a similar tack, and the National Republican Congressional Committee issued a memo this morning playing up the potential distraction of Lieberman's independent candidacy in a state where three GOP incumbents — Reps. Rob Simmons, Chris Shays and Nancy Johnson — are perennially endangered. The memo said Connecticut Democrats "will now continue to train their attention on vanquishing Senator Lieberman when their three House candidates need all the help the can get."

Some senior Democrats hoped Lieberman would bow out to avoid underscoring party divisions. But Dan Gerstein, a strategic communications consultant who is a senior adviser to Lieberman, tells TIME that the independent campaign — formally called "Connecticut for Lieberman" — is "full steam ahead" and that the Senator's remarks on election night were "a point-of-no-return speech." Lieberman was doing a series of interviews, mostly with Connecticut reporters, and plans some campaign stops on Thursday with Democrats who supported him and will continue to do so. Organizers shied away from calling it a kick-off tour, instead saying it is a new phase of the campaign. "He's committed," Gerstein said. "He feels liberated and he feels very strongly it's the right thing to do." Gerstein said the Senator is prepared to have some tough conversations with senior Democrats, perhaps even former President Bill Clinton, who may pressure him to withdraw. "He feels there's something much larger at stake," Gerstein said.

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Gleeful Republicans across the country mocked their opponents as isolationist "Defeat-ocrats," and even some Democratic officials said they can already imagine the ads in November races saying that Lieberman, once within a few hundred votes of being Vice President of the United States, is now "not liberal enough" for the Democratic Party. Republican officials, who have had little but bad news for months as Iraq festered and U.S. voters showed increasing signs of pessimism and discontent, said the Ned Lamont victory gave them a chance to paint Democrats as a party that had become captive to the liberal wing symbolized by the MoveOn.org civic action group. Mary Matalin, an outside adviser to the White House, signaled the message when she said on Fox News Channel shortly after the polls closed: "MoveOn is not fringe. They're the heart of the party."

On television and in speeches in coming days, party officials and strategists plan to talk about their respect for Lieberman as a distinguished public servant and argue that Lamont's victory represents the end of the long tradition of strong-on-national-defense Democratic leaders in the mold of Franklin Roosevelt, Harry Truman, and John F. Kennedy. The GOP plans to try to broaden the argument beyond Connecticut, a liberal stronghold, and work to convince viewers and voters that Democratic nominees across the country have more in common with Michael Moore and liberal bloggers than Main Street America.

Republican National Committee Chairman Ken Mehlman, speaking to the City Club of Cleveland this morning, said the rejection of a well-liked Senator who was strong on national defense showed that Democratic candidates must embrace "defeatism and isolation" or "risk being purged" for their party. "For those of us who follow politics closely, who work in politics, and who know that there can be good and honest people on the other side of the political divide, it is a shame," he said. "It is also a sign of what the Democratic Party is has become in the 21st century. It reflects an unfortunate embrace of isolationism, defeatism, and a 'blame America first' attitude by national Democratic leaders at a time when retreating from the world is particularly dangerous."

Trying to look on the bright side, Democratic National Committee Chairman Howard Dean issued a statement this morning pointing to strong turnout in the primaries and declaring that Democratic voters "are energized." The challenge for Dean, and his party, is to channel that energy in a direction that makes victory more likely, not less.

Jury Out On Lieberman Effect (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, August 10, 2006

Sen. Joseph I. Lieberman's decision to run as an independent against Ned Lamont, Connecticut's new Democratic nominee for Senate, will mean that three marquee U.S. House races in the state will have to share top billing in November with a bitter rematch that could divert money and publicity from those critical contests.

That could complicate Democrats' designs to win those races as part of an effort to seize control of the House. But by keeping the state's electorate focused on President Bush and the war in Iraq, the Lamont-Lieberman rematch will keep voters energized, and may ultimately bolster the House challengers, Democrats and some independent analysts said.

"Lieberman will do more for Democratic House candidates by being in the race than by not being in the race," said Ken Dautrich, a professor of public policy at the University of Connecticut. "It's plausible that all three [GOP House incumbents] will fall, and it's more likely if Lieberman is running as an independent."

Democrats need to win 15 seats to gain control of the U.S. House, and Connecticut -- with its strong anti-Bush undercurrents -- represents potentially one-fifth of that total. Democrats think they have a good chance of unseating Republican Reps. Nancy L. Johnson, Christopher Shays and Rob Simmons.

But Lamont's stunning defeat of Lieberman sent both parties back to their playbooks yesterday. Lamont toppled Lieberman in Tuesday's primary by attacking his long-standing support for Bush's Iraq war policies, and Lieberman has vowed to fight back in the general election as an independent.

In no contest will the political lines be as scrambled as in Diane Farrell's House race against Shays, a moderate Republican who has also run into trouble because of his support for the war. Farrell endorsed Lieberman in the primary, then switched to Lamont after he won. Lieberman is backing Farrell, but Shays had allied himself with Lieberman because of their similar views on the war.

"Truth to tell, I'm ambivalent toward it," Farrell said of the Lamont-Lieberman rematch. "But I can't control it. My single focus is Chris Shays right now and his connection to President Bush and the Republican-controlled Congress."

Even Democratic partisans said the rematch would distract activists' attention from the House races. The Democratic Congressional Campaign Committee "will have to deal with the fact that this race will continue to suck oxygen from great pickup opportunities" in the House contests, blogger Markos Moulitsas wrote on his liberal Daily Kos Web site.

However, DCCC Chairman Rahm Emanuel argued -- and Dautrich agreed -- that the Senate campaign's focus on Bush and his Iraq war policies will keep the electorate trained on large national questions, not the local issues that favor incumbents.

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Republican strategists see things differently, noting that Democrats may neglect to woo independents to the Democratic House campaigns if they are too busy fighting among themselves over the Senate race. Republicans have done their best to foster that division. Shays vowed yesterday to vote for Lieberman, and Johnson blessed Lieberman's independent bid.

"I have the highest respect for Joe as a statesman and public servant who has conducted himself with dignity and honor representing Connecticut," Johnson said. "Joe certainly has every right to run as an independent in the general election when every voter in Connecticut can decide who they want as their next senator."

Lieberman could prove more successful than Republican Alan Schlesinger in the Senate contest at bringing out GOP voters to oppose Lamont.

"Ned Lamont's victory in the Democrat primary for U.S. Senate represents a major setback for National Democrats," Carl Forti, communications director for the National Republican Congressional Committee, said in a memo.

But Democrats pointed to numbers to bolster their contention that, ultimately, the Lamont-Lieberman rematch will play to their advantage. Lamont's campaign brought tens of thousands of new voters onto the registration rolls, and the record-shattering 43-percent turnout for a primary election indicated an energized electorate.

"The turnout factor, the registration factor -- these are things that cannot be underestimated," said Joe Courtney, who is challenging Simmons.

Chris Murphy said he initially feared that a three-way Senate contest between Lamont, Lieberman and Schlesinger would be a dangerous distraction from his contest to unseat Johnson, a 12-term Republican with a powerful perch near the top of the Ways and Means Committee. But after watching the events of Tuesday, he decided that the Senate race will activate more voters eager for change.

Rep. John B. Larson (D-Conn.) said: "Democrats are engaged. Change is in the atmosphere. People have had enough."

Lieberman will try to bring out independent voters who would not have participated in a Democratic primary. In a poll of independent voters, two-thirds recently said they view Lieberman favorably, a better showing than he had among Democrats and Republicans, Dautrich said.

But, Dautrich added, those same Connecticut independents virulently oppose the war in Iraq and strongly disfavor Bush. They may vote for Lieberman out of loyalty or affection, but that does not mean they will vote for the Republican House member on the ballot.

Indeed, Connecticut voters are well-practiced at splitting their tickets between parties. Celinda Lake, a Democratic pollster, said that in the last gubernatorial election, half the state's women voted for Republican Gov. M. Jodi Rell, then voted for the Democratic House candidate.

Said Farrell: "The voters in this state are informed voters. I think they can distinguish between all of us."

Lieberman Defeat Shifts Focus To House Races (NYT)

By Carl Hulse

The New York Times, August 10, 2006

WASHINGTON, Aug. 9 — Senator Joseph I. Lieberman's defeat on Tuesday in the Connecticut Democratic primary quickly spilled over into the battle for the House on Wednesday. Leaders of both parties said the Senate fight could influence three races in Connecticut considered crucial in controlling the House.

Republicans said a general election matchup in which Mr. Lieberman ran as an independent against Ned Lamont, the winner of the primary, could hinder Democrats in their efforts to unseat three incumbent representatives who are top Democratic targets.

Democrats disputed that and said the high-intensity Senate fight could help the Democratic challengers for the House seats by drawing Democratic voters to the polls.

The new focus on the Connecticut races developed as each party lost a House incumbent in primaries elsewhere. Those results reinforced recent polls and other analyses that found a level of deep voter unrest that spells trouble for officeholders of both parties but may be a particular problem for Republicans, who control the House and the Senate.

"All signs are pointing to an anti-status-quo election," said Amy Walter, an analyst of House races for the nonpartisan Cook Political report. "Can Democrats win the House is no longer the valid question. The question is whether Republicans can do anything about it."

Nearly any scenario for Democrats to gain the 15 seats necessary to take control of the House foresees them capturing at least one and perhaps two of three Connecticut seats now held by Republicans, Nancy L. Johnson, Christopher Shays and Rob Simmons.

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Republican officials and Ms. Walter said Wednesday that the Lieberman-Lamont contest could muddle the Democratic message in the state, distract from the House races and draw out more centrist Democrats who could support Mr. Lieberman and a House Republican.

"Anyone who is going to vote for Lieberman, my guys can get," said Carl Forti, a spokesman for the National Republican Congressional Committee. "The Republicans have continued to be re-elected because they are seen in Connecticut as independent and working for their districts."

Representative Rahm Emanuel of Illinois, chairman of the Democratic Congressional Campaign Committee, took the opposite view, saying the turnout in the primary showed that Democrats were highly motivated and intended to punish politicians seen as too closely allied with President Bush.

At least one Democrat vying for the House in Connecticut, Diane G. Farrell, who is opposing Mr. Shays, quickly endorsed Mr. Lamont.

Mr. Emanuel said the Republicans on the ballot in Connecticut had "all been rubber stamps for George Bush's policy and have come across as stay-the-course Republicans.''

"They are defending the status quo," he added.

The defeated House incumbents, Cynthia McKinney, Democrat of Georgia, and Joe Schwarz, Republican of Michigan, in some ways fell victim to individual circumstances.

Ms. McKinney suffered a backlash after a highly publicized clash with a Capitol Hill police officer.

Mr. Schwarz, who narrowly won a multicandidate primary in 2004, found himself in a head-to-head contest against an opponent who benefited from $500,000 worth of advertising against him from the Club for Growth, a political action committee that backs conservatives.

When coupled with Mr. Lieberman's defeat and the decisions this week of two Republicans, Tom DeLay of Texas and Bob Ney of Ohio, to abandon their spots on the ballot despite winning earlier primaries, the image of incumbents on the run was reinforced.

"Last night, Connecticut voters sent a clear message for change, rejecting President Bush's failed policies," said Representative Nancy Pelosi, the California Democrat who is the House minority leader.

Vice President Dick Cheney, in a conference call with reporters, cautioned not too read too much into the results.

"I don't see it as an anti-incumbent move," said Mr. Cheney, who predicted that Republicans would keep power on Capitol Hill even in the traditionally difficult terrain of the midterm election of a president's second term. "I think it will be a hard-fought contest, but I do expect we'll retain control of both houses."

The Congressional playing field took clearer shape with the primaries and other developments. In the contest over Mr. DeLay's seat, Mayor David Wallace of Sugar Land, a Republican, announced on Wednesday that he would mount a write-in campaign to succeed Mr. DeLay. That effort that will be daunting, given the head start in fund-raising and organizing enjoyed by the Democratic candidate, former Representative Nick Lampson.

In a closely watched contest in the Denver suburbs, the newly selected Democratic nominee, Ed Perlmutter, and his Republican opponent, Rick O'Donnell, moved toward a series of debates in an evenly divided district seen as a potential barometer of the national mood on major issues.

Lieberman Loss Reverberates (CHIT)

By Jeff Zeleny

Chicago Tribune, August 10, 2006

WASHINGTON -- The reverberations from Sen. Joseph Lieberman's primary defeat were felt far beyond Connecticut on Wednesday as Republicans sought to divide Democrats by linking them to anti-war candidate Ned Lamont and Democrats pledged a unified front to capitalize on fierce voter intensity in the closing months of the midterm campaign.

One day after narrowly losing a primary that became a referendum on the Iraq war, Lieberman stood alone and vowed to run as an independent candidate. Leading Democratic senators and other party officials, meanwhile, quickly embraced Lamont, offering money and campaign advice to the political newcomer.

"My mind is made up," Lieberman said. "I'm going forward because I'm fed up with all the partisanship in Washington that stops us from getting anything done."

Republicans seized on Lieberman's predicament and came to his aid, dispatching Vice President Dick Cheney and other officials to pit Lamont and his backers against moderate Democrats. Not only did it create a curious political dynamic, it provided the GOP a new opportunity to try to caricature Democrats as weak on security and espousing what Cheney called "a pre-9/11 mindset."

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"It's an unfortunate development, I think, from the standpoint of the Democratic Party," Cheney said, "to see a man like Lieberman pushed aside because of his willingness to support an aggressive posture in terms of our national security strategy."

It remains an open question whether Republicans, yet again, will be able to successfully paint Democrats as weak on national security and less able to protect the U.S. from attack as they have done to varying degrees in the last three congressional elections.

"Our brand has to be tough and smart," Democratic National Committee chairman Howard Dean said in a recent interview.

In Washington on Wednesday, Democrats rejected the assertion that a Lamont candidacy, built on a forceful opposition to the Iraq war, would damage the party. If a larger message can be divined from Lieberman's defeat, they said, it was that voters are dismayed and intend to turn out to the polls in November to send a message to those who support the policies of the Bush administration.

"The perception was that he [Lieberman] was too close to George Bush and this election was, in many respect, a referendum on the president more than anything else," Senate Minority Leader Harry Reid of Nevada and Democratic Senatorial Campaign Committee chairman Chuck Schumer of New York said in a joint statement.

Illinois Sen. Dick Durbin, the No. 2 Democrat in the Senate, declared: "The winds of change are blowing."

Indeed, results from other races -- a Republican congressman was defeated in a Michigan primary and a Georgia congresswoman lost a Democratic primary -- suggest voters may have one hunger above all: change. If so, strategists say, incumbents beware.

"There's a pretty strong sense that the country is going in the wrong direction and incumbents are in trouble," said Steve Elmendorf, a veteran Democratic strategist in Washington. "And Republicans have more incumbents than Democrats."

If Democrats are to take control of Congress, they must win 15 seats in the House and gain six in the Senate. Many of the most competitive races fall in states like Ohio, Missouri and Minnesota, where a moderate message is often the key to success.

Yet given that Connecticut is among the most Democratic-friendly states in the country, strategists caution reading too much into the outcome of the party's primary. While the election unquestionably energized the party's base supporters, will candidates elsewhere suffer if they are linked to what is perceived as a liberal anti-war sentiment percolating in the country?

Take, for example, the race unfolding in Indiana's 9th Congressional District.

Rep. Mike Sodrel, the Republican incumbent, did not cast a vote on the war in 2002 because he was elected only two years ago. His Democratic opponent, former Rep. Baron Hill who was in office at the time of the vote, supported the Iraq war resolution, but has since spoken in favor of a new direction in foreign policy.

"When you break eggs," he said of the war, "you've got to try to make an omelet out of it."

In Connecticut, the victory for Lamont also was one of the first major electoral successes for Internet bloggers, whose organization and networking provided early backing for the political novice who had never previously sought statewide office. The implications for the 2008 Democratic presidential race also are palpable, considering the blog community is among the most influential in the early stages of a primary campaign.

Sen. Evan Bayh (D-Ind.), who is exploring a presidential run, was among the first to congratulate Lamont after his victory Tuesday night. Sen. Hillary Rodham Clinton (D-N.Y.) sent a $5,000 check from her political action committee. Though aides to Sen. Barack Obama say he is not actively considering a presidential bid now, the Illinois Democrat also sent a $5,000 check to Lamont and called him.

And retired Gen. Wesley Clark, who sought the Democratic presidential nomination in 2004, sent e-mail to reporters expressing his unequivocal support for Lamont. The fight for control of Congress, he said, could depend upon it.

"We cannot let Joe Lieberman be this year's Ralph Nader," Clark said in his letter to supporters. "Email Joe Lieberman. Encourage him to do the right thing, withdraw from the Connecticut Senate race and focus his efforts on electing Democrats across America."

Democrats Back Lamont In Race In Show Of Unity (NYT)

By Adam Nagourney

The New York Times, August 10, 2006

With promises of both money and personal campaign appearances, Democratic leaders rallied yesterday behind the campaign of Ned Lamont, the antiwar challenger who defeated Senator Joseph I. Lieberman in the Connecticut primary, leaving Mr. Lieberman increasingly isolated as he pledged to forge ahead as an independent candidate.

At the same time, Republicans began a concerted effort to use Mr. Lieberman's defeat to portray Democrats as weak on national defense, reprising a theme that they made central to the last two national campaigns.

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The attacks came in searing remarks from, among others, Ken Mehlman, the chairman of the Republican National Committee and Vice President Dick Cheney, who went so far as to suggest that the ouster of Mr. Lieberman might encourage "al Qaeda types."

"It's an unfortunate development, I think, from the standpoint of the Democratic Party, to see a man like Lieberman pushed aside because of his willingness to support an aggressive posture in terms of our national security strategy,'' Mr. Cheney said in a telephone interview with news service reporters.

Howard Dean, the Democratic national chairman, called on Mr. Lieberman to quit the race, and in an interview said he would be disappointed in any Democratic Party leader who continued to support Mr. Lieberman, declaring that they "have an obligation" to support their nominee.

But most Democrats said they would not pressure Mr. Lieberman to step aside for now, saying he was too angered by his loss to accept such counseling and noting that as of now, the Republicans do not have a strong candidate who could take advantage of a fractured Democratic field.

Mr. Lieberman has said he will vote with the Democratic caucus if he is elected as an independent, a consoling thought for Democrats contemplating a Lieberman victory in November.

"If he wants to talk to me about it, fine," said Christopher Dodd, Connecticut's other senator and a Democrat who was one of Mr. Lieberman's close advisers and friends, who endorsed Mr. Lamont on Wednesday.

"It's not up to me to call. I regret he made that decision but it's pretty firm: I don't think there's any way to talk him out of it."

With the Iraq war now dominating the international stage, and Republicans again trying to turn it to their advantage by casting it as central to efforts to protect Americans from terrorism, Mr. Dean and other Democrats pushed back, declaring that voters would not buy the Republican argument in yet another national election.

The attacks came as Republicans are openly alarmed that their party seems to be heading for big losses this November. Republican polling has also said that national security is the most effective issue Republicans have to motivate the most loyal voters in their party.

"It's right-wing propaganda," Mr. Dean said. "They are beginning to look ridiculous: A majority of Americans now believe that going to Iraq was the wrong thing to do. I think this shows how far out of touch the Republicans are. What you are seeing is the beginning of the end of the Republicans, because a lot of this was a referendum on George Bush's policies. George Bush is going to take a big hit and a lot of people are going down with him, including Ken Mehlman."

Mr. Lieberman dismissed the significance of the supportive words from the vice president, as well as criticism of his party based on his loss. "That's not my fault," he said. "They are not criticizing me for running an independent campaign, they are criticizing Democratic voters for the way they voted."

There was little question that Democrats were united in their decision to back Mr. Lamont, no matter their apprehensions about his skills as a campaigner, his credentials or some of his ideological positions.

Senator Hillary Rodham Clinton of New York, who had backed Mr. Lieberman in the primary, said she had donated $5,000 to Mr. Lamont's campaign and suggested that she was prepared to campaign with him.

Bill Clinton, whose campaign appearance with Mr. Lieberman was described by the senator as an emotional turning point for his campaign, issued a statement affirming his support for the Democratic nominee.

Harry Reid of Nevada, the Senate Democratic leader, and Senator Charles Schumer of New York, the head of the Democratic committee for Senate candidates, described Mr. Lieberman's loss as encouraging news for Democrats going into the fall elections.

"The perception was that he was too close to George Bush, and this election was, in many respects, a referendum on the president more than anything else," Mr. Schumer and Mr. Reid said in a joint statement. "The results bode well for Democratic victories in November."

Mr. Dean, whose brother James was a prominent supporter of Mr. Lamont, said Mr. Lieberman was being "disrespectful of Democrats and disrespectful of the Democratic Party" by saying he would stay in the race as an independent.

"It was decided in Joe's favor three times and this time he didn't get the nod," Mr. Dean said.

Other Democrats, particularly those in the Senate, were notably less aggressive. That reflected the fact that Mr. Lieberman is viewed as having a strong chance of winning the election in November despite his primary defeat. Democrats are looking to avoid doing anything now that might sour their relationships with Senator Lieberman if he is re-elected.

Several said they thought it was insensitive — and pointless — to call on him to quit now, saying that he might be more receptive to that argument later if polls show he is heading for what would be a second defeat

That strategy could change if Republican officials succeed in persuading the party's Senate candidate, Alan Schlesinger, who entered the race at a time when Republicans thought they had no chance to unseat Mr. Lieberman, to step aside and persuade some better-known and better-financed Republican to run.

Throughout the day, Republicans issued statements calling on Democratic challengers in some of the most contested elections to renounce Mr. Lamont.

"This is a defining moment in some ways for the Democratic Party," said Tony Snow, the White House press secretary, in his opening remarks at the White House news briefing yesterday. "I know a lot of people have tried to make this a referendum on the president; I would flip it. I think instead it's a defining moment for the Democratic Party, whose national leaders now have made it clear that if you disagree with the extreme left in their party they're going to come after you."

In fact, the vast majority of Democratic Party leaders supported Mr. Lieberman in the primary, and did not endorse Mr. Lamont until after the results were in.

Mr. Cheney offered warm praise for Mr. Lieberman, who was his opponent for vice president in 2000, though he said he did not want his remarks to be construed as an endorsement of Mr. Lieberman.

He cast Mr. Lieberman's loss in ominous terms, suggesting that it would hearten American terrorist enemies. Terrorists, he said, are "betting on the proposition that ultimately they can break the will of the American people in terms of our ability to stay in the fight and complete the task.

"And when we see the Democratic Party reject one of its own, a man they selected to be their vice presidential nominee just a few short years ago, it would seem to say a lot about the state the party is in today."

Primary Colors (WSJ)

By Michael Barone

The Wall Street Journal, August 10, 2006

Michael BaroneSen. Joseph Lieberman's narrow defeat in Connecticut's Democratic primary on Tuesday tells us something important about his party. Mr. Lieberman, who has made it clear that he is running in November as an independent, can argue plausibly that his loss represented the judgment of only a sliver of the electorate: Connecticut, where most major party nominations are decided by party conventions, has a tradition of low participation in primaries, and less than one-sixth of the registered voters took the trouble to cast their ballots in this contest. The winner, Ned Lamont, thus got the votes of less than one-tenth of Connecticut voters.

Still, this was a well-publicized contest, and one in which Sen. Lieberman's opponents had reason, from their point of view, to target him. And not just for his staunch support of the American military action in Iraq. On a number of issues, Mr. Lieberman has been at odds with large constituencies in the Democratic Party.

As an observant Orthodox Jew, he has consistently portrayed himself as a man of religious faith, while one-quarter of John Kerry voters in 2004 described their religion as "other" or "none." He has been a critic of vulgarity and obscenity in television programs and movies, while the Democrats enjoy massive financial and psychic support from Hollywood. He has supported school-choice measures, while one of his party's major organized constituencies is the teachers' unions. And he has been an American exceptionalist -- a believer in the idea that this is a special and specially good country -- while his party's base is increasingly made up of people with attitudes that are, in professor Samuel Huntington's term, transnational. In their view, our country is no better than any other, and in many ways it's a whole lot worse.

Through most of the 20th century, American exceptionalism has been the creed of both of our major parties. Franklin Roosevelt and John Kennedy, for all their sophisticated knowledge of foreign cultures, were exceptionalists just as much as Theodore Roosevelt and Ronald Reagan. Among voters, transnational attitudes were espoused by only a very few, in the odd corners of university faculty clubs, investment-banking firm dining rooms and the councils of shop floor socialist intellectuals.

Now it's different. In 2004, pollster Scott Rasmussen asked two questions relating to American exceptionalism: Is this country generally fair and decent? Would the world be better off if more countries were more like America? About two-thirds of voters answered yes to both questions. About 80% of George W. Bush voters answered yes. John Kerry voters were split down the middle, with yeses outnumbering nos by small margins. That's reminiscent of the story about the Teamster Union business agent who was in the hospital and received a bouquet of flowers with a note that read, "The executive board wishes you a speedy recovery by a vote of 9-6." Not exactly a wholehearted endorsement.

The Connecticut primary reveals that the center of gravity in the Democratic Party has moved, from the lunch-bucket working class that was the dominant constituency up through the 1960s to the secular transnational professional class that was the dominant constituency in the 2004 presidential cycle. You can see the results on the map. Joe Lieberman carried by and large the same cities and towns that John F. Kennedy carried in the 1960 presidential general election.

Ned Lamont carried most of the cities and towns that were carried by Richard Nixon. In Stamford, where Joe Lieberman grew up the son of a liquor-store owner, and where there are still sizeable blue-collar and black communities, Mr. Lieberman won with 55% of the vote. In next-door Greenwich, where Ned Lamont (like former President George H.W. Bush) grew up as the scion of an investment banker family, and where the housing values are now among the highest in the nation, Mr. Lamont won

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with 68% of the vote. If Mr. Lamont wins in November, he will be just one of several members of a Democratic caucus who have made, inherited or married big money.

The working class Democrats of the mid-20th century voted their interests, and knew that one of their interests was protecting the nation in which they were proud to live. The professional class Democrats of today vote their ideology and, living a life in which they are insulated from adversity, feel free to imagine that America cannot be threatened by implacable enemies. They can vote to validate their lifestyle choices and their transnational attitudes.

In the mid-20th century the core constituencies of both the Democratic and the Republican Parties stood foursquare for America's prosecution of World War II and the Cold War. Today, as the Connecticut results suggest, it's different. The core constituency of the Republican Party stands foursquare for America's prosecution of the global struggle against Islamofascist terrorism -- and solidly on the side of Israel in its struggle against the same forces. The core constituency of the Democratic Party wants to stand aside from the global struggle -- and, as the presence of Jesse Jackson and Al Sharpton at Mr. Lamont's side on election night suggests, is not necessarily on the side of Israel. It's not your father's Democratic Party.

Mr. Barone is a senior writer at U.S. News & World Report and coauthor of "The Almanac of American Politics" (National Journal Group).

Voters' Anger Tipped Scales For Lamont, Survey Finds (NYT)

By Nicholas Confessore And Marjorie Connelly

The New York Times, August 10, 2006

Ned Lamont harnessed anger with the president, opposition to the Iraq war and a desire for change in his primary victory over Senator Joseph I. Lieberman, according to a survey of Democratic voters leaving polling places on Tuesday.

Seventy-one percent said they strongly disapproved of how President Bush was handling his job, and 59 percent described Mr. Lieberman as being too close to Mr. Bush, according to the survey by The New York Times and CBS News.

About 6 in 10 of the Democratic primary voters surveyed said they strongly disapproved of the decision to go to war with Iraq and almost 7 in 10 said the United States should start removing its troops from Iraq soon.

Joined at the State Democratic Party headquarters in Hartford yesterday for a unity rally with prominent Connecticut Democrats, including the state's other United States senator, Christopher J. Dodd, Mr. Lamont said he wanted to challenge the status quo in Washington.

"We're going to go for it," he said. "And I think we can change Washington, D.C., challenge the Bush administration, and put forth a strong, constructive alternative agenda to what he's doing to this country."

Mr. Lieberman, an 18-year incumbent, has vowed to win re-election on his own independent ballot line, Connecticut for Lieberman. And to beat him a second time, analysts say, Mr. Lamont will have to win the support of a far broader swath of Connecticut voters, including Republicans and unaffiliated voters who will not be swayed by appeals to party loyalty.

"He has to make some strides in the middle," said Christopher Barnes, a pollster with the public policy department at the University of Connecticut. The state is "ruled by its independents," he said, voters who are at ease with ticket-splitting and habituated to Mr. Lieberman.

Mr. Barnes added that those voters are among the most likely to forgive Mr. Lieberman for his support of the war if he expresses his discontent with its prosecution, as he attempted to do in the primary's closing days.

"If the moderates think that Lieberman got the message, but there's no easy way out of the war, they may decide that's enough," Mr. Barnes said. "The moderate group is a more forgiving population than the Democratic primary voter."

Tom Swan, Mr. Lamont's campaign manager and a veteran progressive organizer in Connecticut, acknowledged yesterday that there would be some retooling of the campaign. He said that "98 percent of our planning had been focused" on the primary.

But he also insisted that Mr. Lamont's basic themes — resistance to the Bush agenda, frustration with the Washington status quo — would appeal to the broader electorate with just as much force.

"I think Ned spoke to the aspirations for people who are not liberals or conservatives, but just want to change," Mr. Swan said.

According to the Times/CBS News survey, 21 percent of Mr. Lamont's support on Tuesday came from voters who thought it was "just time for change."

Forty-three percent said they voted for Mr. Lamont to register their objections about Iraq, and 24 percent because they believed he would oppose Mr. Bush.

Mr. Lamont did best among liberals, voters younger than 30 and college graduates. Mr. Lieberman was supported by a majority of moderates and conservatives, those with no college education and Catholic and Jewish voters. Voters who made up

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their minds recently — in the last week — tended to support Mr. Lieberman. Those who had made their decision last month preferred Mr. Lamont. Those who had decided before that were almost evenly divided.

The Times/CBS News survey was conducted with 2,669 voters as they were leaving 25 randomly selected precincts throughout the state and has a margin of sampling error of plus or minus three percentage points.

Mr. Swan said yesterday that he thought the anger directed at Mr. Bush and Mr. Lieberman was shared broadly in Connecticut.

"I believe that our message that we need a senator that'll stand up to Bush, that people want to see real change in Washington, will have appeals to voters across the spectrum," he said.

Mr. Lieberman has already tried to frame his second bid as an effort to protect the Democratic Party from the excesses of antiwar liberals.

But, as the party's nominee, Mr. Lamont will be well positioned to level the playing field with Democratic donors and elected officials moving into his camp.

Without that infrastructure, say Lamont aides, Mr. Lieberman will have difficulty.

"I think the Democratic Party is going to be rallying to this candidacy," Mr. Lamont said yesterday. "We're going to be unified going forward. I'm very confident of that."

Feeling 'Very Good' About Giving Himself Another Chance (NYT)

By Jennifer Medina And Patrick Healy

The New York Times, August 10, 2006

HARTFORD, Aug. 9 — The day after losing his party's nomination, Senator Joseph I. Lieberman promised he would battle to keep his seat in the November election, and moved quickly to recharge his nascent independent campaign by replacing his top campaign staff with longtime loyalists and by lining up support from prominent national donors.

Mr. Lieberman and his aides worked to dispel any notion that he would drop out of the race, despite intense pressure from national and local Democrats who abandoned the senator to rally around the party's nominee, Ned Lamont.

And at least one steadfast Lieberman ally, the A.F.L.-C.I.O., Connecticut's largest labor group, said it would consider endorsing Mr. Lieberman through the general election, providing crucial muscle for a fall campaign.

The senator also prepared to court the state's Republicans and independents, as well as Democrats, by emphasizing the need for bipartisan cooperation on a "progressive domestic agenda" and a "strong national security." He also said that Mr. Lamont had distorted his views on the war in Iraq, the focal point of his bitter primary battle.

"I feel very good about what I decided to do," Mr. Lieberman said, adding that the general election would allow him to "be exactly what I am, which is an independent Democrat. I don't think I am going to be beholden to anyone."

The senator moved on other fronts to assure his political survival, filing the necessary petitions to seek a spot on the ballot for his independent bid.

Signaling the emerging theme of his independent campaign, Mr. Lieberman pressed the same argument that he began on Tuesday, saying that people were "fed up" with partisan divides in Washington.

Mr. Lieberman said he replaced his campaign manager, Sean Smith, Wednesday with his longtime state director in his Connecticut office, Sherry Brown. Mr. Lieberman also hired his former aide, Dan Gerstein, as communications director for the campaign. Mr. Gerstein and Ms. Brown both worked as senior advisers on Mr. Lieberman's campaigns when he ran for vice president in 2000 and for president in 2004.

"I have gone for people I have known for a long time and know me," Mr. Lieberman said. "This is sort of the home team."

Several other staff members were expected to leave or be dismissed from the campaign in the wake of the primary defeat, advisers said.

A top consultant for Mr. Lieberman, Carter Eskew, also left the campaign, after urging him to hire a full new team and tighten up his operation, advisers said. Mr. Eskew's move reflected the tricky position that some Democrats are in: He tends to work for members of the party and, while a friend of Mr. Lieberman's, did not want to work in an official capacity on an independent campaign, advisers said.

Mr. Lieberman also said he would replace his longtime pollster, Stan Greenberg.

Advisers described Mr. Lieberman as feeling liberated Wednesday and telling one of them it was the first morning he had woken up without a nervous ache in his stomach.

"I am committed to this campaign," he said on NBC's "Today" program Wednesday morning, "to a different kind of politics, to bringing the Democratic Party back from Ned Lamont, Maxine Waters, to the mainstream, and for doing something for the people of Connecticut."

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Mr. Lieberman actually confronted the possibility of dropping out Tuesday night in a conversation with senior aides, who warned him that an independent bid would be challenging and that he should run only to advance ideas, not out of pride or ego. According to people in the room, Mr. Lieberman said he understood and wanted to run.

"With all respect to anybody in the Democratic Party, and I am grateful to any of them who have helped me, I've made this decision and I am sticking with it," Mr. Lieberman said in an interview. "I am doing it for a reason, and I believe it is the right reason."

Referring to his wife, he added, "If Hadassah were here, she would tell you, 'Once he makes up his mind, he is a very stubborn man.' "

Mr. Lieberman has about $2 million on hand for the general election, and aides said Wednesday that they did not expect fund-raising to be among his potential problems. They added that Mr. Lieberman received offers of support Wednesday from as far away as Croatia.

He already has enough money for several weeks of television advertising, and he has a strong national network of donors after 18 years in the Senate and two bids for national office.

Indeed, several prominent Democratic donors said Wednesday that regardless of their party allegiances, they would support Mr. Lieberman this fall.

"Part of the political process includes being willing to evaluate candidates on the merits," said Steven Rattner, a prominent party donor who gave Mr. Lieberman $4,000 in the final days of the primary. "I don't agree with Joe about everything, but on balance he's been a terrific senator and he has stood up for the kind of principles that we Democrats stand for."

Amid Major Upset, A Lesser-Known Rival Hits The Trail (NYT)

By Anne E. Kornblut

The New York Times, August 10, 2006

WEST HARTFORD, Conn., Aug. 9 — Alan Schlesinger began his general election campaign for the Senate on Wednesday with a cellphone, a stack of literature and a coterie of three aides who trailed him along this town's mostly empty sidewalks.

"Hi, moms! I'm Alan Schlesinger, I'm the Republican running for the U.S. Senate," he said, holding out his hand to stop two women pushing strollers. They nodded warily and kept walking.

It seemed possible that, hours after the sudden rupture of the state's political landscape as Senator Joseph I. Lieberman broke away to run as an independent against his own party's primary winner, Ned Lamont, this might have been a moment of great opportunity for Republicans in Connecticut.

But the moment, it turned out, seemed mostly one of considerable awkwardness.

Mr. Schlesinger, a lawyer who won his party's nomination back in May, when few thought Mr. Lieberman's bid for a fourth term was in much jeopardy, is not widely known. He has raised very little money. Not a single national Republican figure has come forward to promote his cause. And, amid some murmuring by fellow Republicans that he step aside, Mr. Schlesinger said he was in the race for good, and could not and would not be removed.

"I'm not going anywhere. The way the numbers stack up, I can win this thing," he said cheerfully.

Mr. Schlesinger, a former mayor of the town of Derby, first burst into the headlines this summer after The Hartford Courant reported that he had gambled under a fake name and once had gambling debts (he dismissed the accounts as irrelevant).

The Republican governor, M. Jodi Rell, soon called on Mr. Schlesinger to give up his place on the ballot. He declined. And interviews with state Republicans suggest that no one had much of an idea about a more attractive alternative to replace him.

Given the strange situation the Democrats find themselves in, that state of affairs now strikes some as a lost opportunity.

The electorate in Connecticut is divided roughly into thirds, with the largest belonging to unaffiliated independents. In the view of many Republicans, that could leave conservative independents open to considering a strong Republican.

Mr. Schlesinger, for his part, is making the argument that he is that candidate, seeking to cast himself as the only real conservative in the race, and dismissing his rivals thusly: "Ned Lamont is the most liberal Democrat, and Joe Lieberman is, as he has said, a liberal Democrat."

Yet Republicans, both in Connecticut and at the national level, have expressed deeply mixed feelings about Mr. Schlesinger's candidacy and his chances of recapturing the seat, a development that would help them maintain control of the Senate. According to campaign finance reports filed with the Federal Elections Commission, Mr. Schlesinger has raised $113,581 since the beginning of 2005 — $50,000 of it from himself.

Some Republicans, however, have said they believe the viability of Mr. Schlesinger's campaign is not that big a concern. They seem satisfied to let Mr. Lieberman and Mr. Lamont wage a rough general election that puts divisions within the

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Democratic Party on display and diverts attention from President Bush's problems and the possible vulnerability of other Republican candidates.

Perhaps most telling, then, were the things Republicans did not say about their candidate on Wednesday. Almost no Republican leaped to Mr. Schlesinger's side, even as Democrats flocked to support the new Democratic nominee, Mr. Lamont.

Officials at the National Republican Senatorial Committee, the group in charge of electing Republicans, did not respond to requests for comment about Mr. Schlesinger.

Ken Mehlman, the chairman of the Republican National Committee, was challenged by the MSNBC host Chris Matthews to "say something good about Alan Schlesinger."

"He understands the importance of reducing taxes and staying strong on the war on terror," he replied.

Pressed further, Mr. Mehlman continued: "He's somebody I've gotten the opportunity to meet and deal with and respect a lot. And as I said, it's going to be up to the people in Connecticut to make that decision."

Republican officials said they could envision no situation in which Mr. Schlesinger would receive national assistance. "It would be nice in theory to have a stronger Republican with money on the ballot, someone who could potentially get 35 percent of the vote,'' said one Republican official, who was granted anonymity in order to speak freely about the party's concerns. "But that's pretty much pie in the sky at this point."

George Gallo, the chairman of the Connecticut Republican Party, said he had heard frequent complaints from Republicans who wished Mr. Schlesinger would clear out to make room for a more viable candidate now that the field is in such disarray.

"All these people calling up have the luxury of 20/20 vision," Mr. Gallo said. "To Alan's credit, he had the foresight back in March or April to visualize this potential situation happening."

Mr. Lieberman's Choice (WP)

The Washington Post, August 10, 2006

CONNECTICUT Sen. Joseph I. Lieberman's decision to move forward with an independent candidacy after his loss in the Democratic primary is a controversial choice but in this circumstance the correct one. The leaders of Mr. Lieberman's party lined up yesterday to endorse Ned Lamont, the political newcomer who rode a wave of antiwar fervor to upset the incumbent senator. That's not surprising: After all, Democratic voters selected Mr. Lamont to represent them. And as weak a competitor as the Republican candidate, Alan Schlesinger, may be, those leaders have to worry that Mr. Lamont and Mr. Lieberman would split the vote and make way for Mr. Schlesinger or a replacement. (The state's popular Republican governor, M. Jodi Rell, has called on Mr. Schlesinger to step aside.)

But the critical question facing voters in November, as opposed to party leaders now, is who would make the better senator -- which is why we welcome Mr. Lieberman's decision to remain in the race. He would be, by far, the better choice for the people of Connecticut.

We are not among those who differ substantially with Mr. Lieberman on Iraq, but we recognize the widespread anger over the conduct of the war and wish Mr. Lieberman had done a better job, earlier in the campaign, of articulating his position and emphasizing his differences with President Bush. In reality, he has been offering sharp but constructive criticism since early in the war. If he had made that clearer -- and if he had run a more organized, more tightly disciplined campaign -- Mr. Lieberman might not have found himself in this unhappy predicament, only the fourth incumbent senator in the past quarter-century to lose a primary.

But Mr. Lieberman became an object of voter anger not only about the war but at the Bush administration in general. Because Mr. Bush has governed too often in a partisan way, many Democratic voters concluded that anyone who reached across the aisle in an effort to cooperate must be a sap. In such an environment, party orthodoxy comes to matter more than accomplishment; any assumption of good faith on the other side becomes a sign of weakness.

In that sense, the mirror-image defeat in Michigan of first-term Republican Rep. John J.H. "Joe" Schwarz was similarly disheartening. Mr. Schwarz, who backs embryonic stem cell research and abortion rights and opposes a ban on same-sex marriage, lost to a conservative whose race was fueled by the anti-tax Club for Growth. (We do not similarly mourn the defeat of Rep. Cynthia McKinney (D-Ga.), whose intemperate behavior and attraction to conspiracy theories led voters in her district to boot her -- for a second time.)

Becoming beholden to orthodoxy is not healthy for either party. Compromise is not the equivalent of weakness, and Mr. Lieberman is no sap. He is a person of strong views who believes in listening to those who disagree with him and, if possible, finding common ground. The alternative is gridlock. Mr. Lieberman's brand of centrism and bipartisanship is a needed salve for a divided country, which could use more such lawmakers, not fewer.

The turnout in Connecticut was a record for a primary in the state, a healthy development and a measure of the intensity this election is generating. But the almost 300,000 who voted still represented a minority of the electorate; in 1998, the last

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nonpresidential election year that a Connecticut senatorial seat was up for grabs, close to 1 million voters came to the polls. We hope that the broader electorate will choose to return Mr. Lieberman to the Senate -- the best outcome for the state, the country, and, yes, even the Democratic Party.

In Clinton's New York Run, Much Talk Of Connecticut (NYT)

By Raymond Hernandez

The New York Times, August 10, 2006

Senator Hillary Rodham Clinton embarked on her first major day of campaigning in her re-election bid yesterday, but wound up facing a flurry of questions about Senator Joseph I. Lieberman's defeat by an antiwar candidate in the Connecticut Democratic primary.

In turn, Mrs. Clinton, a potential 2008 presidential candidate who has come under attack herself because of her refusal to apologize for voting to authorize the use of military force in Iraq, sought to distance herself from Mr. Lieberman.

"I think there is a great deal of difference," Mrs. Clinton told reporters during a stop at a center for the elderly in Sunset Park, Brooklyn, after being asked to distinguish her position on the Iraq war from Mr. Lieberman's.

"I have been a consistent critic from the beginning," she continued, apparently drawing a distinction between her repeated criticism of President Bush's management of the war and Mr. Lieberman's reluctance to criticize it. "And the record reflects that."

On Tuesday, Ned Lamont defeated Mr. Lieberman, a three-term senator, in the primary after mounting a fierce campaign attacking the senator's support for the war and cooperation with President Bush. Mr. Lieberman is staying in the race, filing yesterday to run as an independent this fall.

Mrs. Clinton, speaking to reporters as she campaigned throughout New York City yesterday, insisted that she would support Mr. Lamont and noted that she had, in a phone call to him, offered to provide any assistance he needed as he campaigned in the general election. She made a $5,000 donation to the Lamont campaign.

"I am going to work for the Democratic nominee," Mrs. Clinton said. "I contributed to him as of today. And I told him that I would do whatever I can and whatever he wants me to do to help him in his election."

But Mrs. Clinton, who spoke warmly of her decades of friendship with Mr. Lieberman, stopped short of calling on the Connecticut senator to withdraw from the race, as other Democrats are starting to do.

Instead, Mrs. Clinton urged Mr. Lieberman to "search his conscience and decide what is best for Connecticut and for the Democratic Party" before pushing ahead with an independent candidacy.

"I know this is a very difficult decision for him to have to make," she said. "I hope he thinks hard about it."

Mrs. Clinton's effort to draw a distinction between herself and Mr. Lieberman drew ridicule from Jonathan Tasini, an antiwar candidate who is seeking to mount a Democratic primary challenge in New York against Mrs. Clinton on Sept. 12.

"That is utter nonsense," Mr. Tasini said. "She is misleading New Yorkers by saying that. When it comes to the war, Clinton and Lieberman are ideological twins."

Still, Mr. Tasini is nowhere near a position to duplicate the success of Mr. Lamont, a multimillionaire who spent more than $4 million of his own money to defeat Mr. Lieberman.

A largely unknown figure to most New Yorkers, Mr. Tasini has raised about $150,000, according to his campaign.

That is a mere pittance compared with the roughly $22 million in Mrs. Clinton's campaign coffers.

Meanwhile, Republicans have yet to get behind a single candidate to challenge Mrs. Clinton in the general election.

The two candidates seeking to challenge her, John Spencer, a former mayor of Yonkers, and Kathleen Troia McFarland, a Reagan-era Pentagon official, had their first debate last night.

Still, Mrs. Clinton seems to be taking nothing for granted. Yesterday, her schedule was packed with four appearances after months of largely sticking to a strategy of tending to her Senate obligations.

Rumsfeld Gets Taste Of Hillary's 'permanent Campaign' Style (NHUL)

By Robert Novak

New Hampshire Union Leader, August 10, 2006

HILLARY CLINTON'S confrontation with Donald Rumsfeld at the Senate Armed Services Committee last week lasted only 12 minutes but offered a glimpse of the 2008 Democratic Presidential front-runner's style. A tense Sen. Clinton seemed mechanical, reading a five-minute indictment of the secretary of defense. His six and one-half minute impromptu response was far more animated.

The headline from the hearing was the assessment by Gen. John Abizaid, U.S. Middle East commander, that Iraq's sectarian violence could become civil war. Clinton's contribution was becoming a latecomer among Democratic politicians calling

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for Rumsfeld's dismissal. Actually, she demanded his head in an interview with the Associated Press after the hearing, not face to face with the secretary.

Clinton's performance was more a campaign tactic than a Senate hearing procedure, trying to immunize her from anti-Iraq voter rage aimed at Sen. Joseph Lieberman. Clinton planned the confrontation, picking and editing Rumsfeld quotations to upgrade her anti-war credentials.

Rumsfeld had not appeared before the Armed Services Committee since February when he was invited July 26 to testify at an Aug. 3 hearing on Iraq and Afghanistan. On Aug. 2, the secretary declined and told reporters that his closed-door session with all members of Congress Aug. 3 would suffice. Clinton then wrote Rumsfeld a public letter urging his presence. She is the least senior Democrat on the committee, but Senate Republican sources say her elevation of the issue probably persuaded Rumsfeld to change his mind late Aug. 2.

Because of low seniority, Clinton got the floor near the end of the three and one-half hour session. Other senators posed serious questions about policy and operations, and even partisan Democrats wrapped comments around questions to the secretary. But Clinton made no pretense, using most of six minutes allocated each senator to assault Rumsfeld, campaign style. She concluded: "Given your track record, Secretary Rumsfeld, why should we believe your assurances now?"

Taken aback, Rumsfeld was silent momentarily before uttering a favorite phrase: "My goodness!" He then compared his approach to the senator's: "I've tried to make notes and to follow the prepared statement you've presented." He instantly produced a masterful point-by-point rebuttal.

Clinton briefly looked startled, then told Rumsfeld: "This is not 2002, 2003, 2004, 2005, when you appeared before this committee and made many comments and presented many assurances that have, frankly, proven to be unfulfilled. . ." That was too much for Rumsfeld, who interrupted: "Senator, I don't think that's true. I have never painted a rosy picture." He added that "you'd have a dickens of a time" finding "excessively optimistic" statements. "I understand this is tough stuff."

With no time left to speak, she put Rumsfeld's allegedly rosy statements in the record. "We didn't have a 'dickens of a time,'" a Clinton aide told this column. But Rumsfeld's characterization was apt. Of 13 examples mined by Clinton's staff, only four were among the "many" statements to the Armed Services Committee. They are no more triumphant than this 2004 comment: "I do believe we're on the right track."

Many of the supposedly false claims Clinton attributed to Rumsfeld are subject to interpretation. At the end of 2002, he said on CNN's "Larry King Live" in respect to Afghanistan: "The Taliban are gone. The al-Qaida are gone." In truth, the Taliban government had been dispersed and the al-Qaida guerrilla camps were demolished. Clinton omitted that Rumsfeld added: "It's not going to be a perfectly tidy place."

Going through Rumsfeld's voluminous utterances, he is not Little Mary Sunshine. "Difficult" is a favorite word. The quintessential Rumsfeld is shown in an April 7, 2004, press briefing: "Anyone who knows anything about history and looks back at the difficulties and the potholes in the road as you go through that series of difficult stages you have to go through, understands what's taking place." On June 23, 2005, he told the Armed Services Committee: "This is a tough business. It is difficult, it is dangerous, and it is not predictable."

Like a candidate brandishing embarrassing rhetoric from an opponent's past, Clinton aides were seeking and shaping partial Rumsfeld quotations to make sure their boss avoids being Liebermanized. The Clintons are famous for "the permanent campaign," and Hillary was pursuing it last week while forgoing serious debate over Iraq.

Robert D. Novak is a syndicated columnist and a commentator for the FOX network.

The Death Of Triangulation (WP)

By Eli Pariser

The Washington Post, August 10, 2006

Ned Lamont's victory Tuesday night in Connecticut's U.S. Senate primary is great news for Democrats. And it's a watershed moment for the growing majority of Americans, in red states and blue, who want change.

For months, polls have warned that across the political spectrum people are fed up -- with the no-end-in-sight occupation of Iraq; with an energy policy that caters to oil giants while gasoline prices soar; with a health-care system that leaves more behind with every passing day. Lamont's victory is evidence that a long-awaited wave of voter sentiment on those issues has materialized.

It's certainly understandable that Republicans would prefer to see Democrats continue to run the temporizing candidates whom they've had little trouble trouncing for the past decade. But you'd think Democratic strategists would be jumping for joy -- after all, they should be able to ride the anti-incumbent feeling to victory in November. Instead, we hear the perennial pundit nattering about moving the party too far to the left. And Marshall Wittmann of the Democratic Leadership Council -- who stubbornly refuses to address the real civil war in Iraq -- invokes the specter of a domestic civil war within the party.

That's because while Lamont's victory is a promising development, it marks the beginning of the end for an old favorite of Washington insiders -- the tactics of triangulation. Originally employed as a survival strategy by a Democratic president in the wake of 1994's Republican revolution, the policy of seizing the political middle ground no longer makes sense in an era when any attempt at bipartisanship is understood as a sign of Democratic weakness and exploited accordingly.

Had triangulation worked, we'd be in a different moment. But for six long years, it hasn't. Even Sen. Hillary Clinton has seen the writing on the wall in recent weeks, criticizing the Bush team's Iraq fiasco by publicly confronting Donald Rumsfeld, calling on him to resign and demanding that troop withdrawals from Iraq begin soon.

With triangulation passing, a new era of bolder, principle-driven politics can begin. Lamont's success should be the opening salvo in a 90-day campaign to establish the clear-cut differences between Democrats and Republicans. Most independent voters, like Democrats, want change, but many of them aren't sure yet whether Democratic candidates are capable of giving it to them. Now's the chance to seize that mantle.

And after all, if not now, when? The radically conservative agenda of the Republican Party has proved a disaster, foundering on monumental failures in the Middle East and New Orleans. Its leader has lost, probably forever, his credibility with the American people because he repeatedly deceived them about Iraq. He is as unpopular as American presidents ever get.

Ned Lamont recognized the significance of this moment and stepped into the breach. He understood that the old order was ready to topple, and he had the gumption and resources to seize the opportunity. He understood that the president's kiss is poison -- not only for Democratic incumbents who gave him cover but for the rubber-stamp Republican Congress as well.

If the Democratic Party can emulate Lamont's principled progressivism, a durable national electoral majority and a government that embraces real people's concerns awaits. Americans want change as badly as they did in 1994. They want an end to the U.S. military occupation of Iraq. They want a shift in national priorities that makes government their ally in dealing with soaring energy prices and increasingly inadequate and unaffordable health insurance. And, yes, they want their officeholders and candidates to hold the president accountable for his failures.

The time has passed for what a New York Times editorial aptly characterized as Sen. Joseph Lieberman's "warped version of bipartisanship, in which the never-ending war on terror becomes an excuse for silence and inaction." People don't want Democratic politicians whose grotesquely nuanced positions on issues make their utterances incomprehensible or meaningless or both. They want a new direction.

The pendulum is swinging, driven by the all-too-apparent shortcomings of the Bush administration. To paraphrase a great Democrat, the only thing Democratic leaders have to fear is timidity in the face of opportunity.

Connecticut Results Mean Little For National Direction (WT)

By Christina Bellantoni

The Washington Times, August 10, 2006

Liberal anti-war voters and bloggers angry about Iraq widely claimed victory yesterday after the defeat of Sen. Joe Lieberman in Connecticut's Democratic primary, but the state is unpredictable and not indicative of the rest of the country.

"Connecticut is far from a bellwether state," said Donald Green, a Yale political science professor. "And a Democratic primary in Connecticut is far from representing Connecticut."

Polls done before and after Tuesday showed that nearly 80 percent of the primary election voters oppose the war. That sentiment allowed Ned Lamont to transform from no-name candidate to national darling of the anti-war crowd and beat the hawkish three-term incumbent.

Lamont voters, dubbed "latte liberals" by some, were educated and wealthy. Men favored him over Mr. Lieberman, the 2000 Democratic vice-presidential nominee.

Voters said Mr. Lieberman's support of President Bush and the war was the biggest factor in choosing his opponent, and many Lamont voters said they were casting a vote "against Lieberman," according to polls.

Despite a new CNN poll showing that 60 percent of the nation now opposes the war, others argue that Connecticut is a unique state that has voted blue, red and purple depending on the issue and the office at stake.

"The lesson is not something you can stretch too far beyond Connecticut. All politics really is local," said Scott McLean, chairman of the political science department at Quinnipiac University in Connecticut.

Historically, Connecticut voters have been finicky in who they've backed. Mr. Green calls his state "wobbly," noting its habit of nominating Democrats who go on to lose statewide office.

The state has chosen Democrats in presidential elections since 1992, but had backed the Republican in all White House contests since 1972. Its governor and three of its five House representatives are Republicans, but Democrats control its state legislature. The last governor was a Republican, and before that, third-party candidate Lowell P. Weicker Jr. was the state's chief executive.

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Mr. Bush's approval rating in Connecticut is one of the lowest in the nation -- 27 percent, according to a Quinnipiac University poll taken in late July.

The state had 699,502 registered Democrats, 453,715 Republicans and 929,005 independents as of Jan. 1, according to the secretary of the state's office. No polls or registration data were available to detail voter age, but, anecdotally, political observers said younger citizens were registering in droves and preferred Mr. Lamont.

According to the secretary of the state, about 280,000 voters turned out Tuesday, setting a state record of 43 percent of registered Democrats voting in the primary.

Also of note, more than 32,000 new voters registered from May 1 through Monday. Of those, 14,500 were Democrats. There were more than 14,300 independent voters who changed their affiliation to Democratic, said Dan Tapper, a spokesman for the secretary of the state for Connecticut, noting the figure is an "unprecedented jump."

Both political parties scrambled yesterday to spin Mr. Lieberman's loss to their favor.

Democrats, including House Minority Leader Nancy Pelosi of California, said the primary sends a message that voters are rejecting Mr. Bush and desire change.

"Voters in Connecticut and across the nation are seeking a new direction to make America safer, our economy stronger and to broaden opportunity for all," Mrs. Pelosi said.

Republicans, meanwhile, said the results show what path the Democrat Party is following.

The Lamont victory "is also a sign of what the Democratic Party has become in the 21st century. It reflects an unfortunate embrace of isolationism, defeatism, and a 'blame America first' attitude by national Democratic leaders at a time when retreating from the world is particularly dangerous," Republican National Committee Chairman Ken Mehlman said in a Cleveland speech yesterday.

He also said that the defeat of Mr. Lieberman, who says he will run as an independent in November to try to hang on to his Senate seat, proves that Democrats who reject the party line on the war "risk being purged."

But Mr. McLean said Republicans must also learn from the results.

"Any politician in either party who has been very vocal in their support of the war and not very aggressive in their criticism of the administration is going to face some challenge," he said.

Mr. Green said the anti-war bloggers and political action committees such as that of MoveOn.org have the momentum and might carry that through November congressional midterm elections.

"They have shown they can mobilize money and activists in a very short amount of time and that they have a capacity to deliver a substantive political bloc," he said. "Whether it is decisive remains to be seen."

Eli Pariser, executive director of MoveOn.org Political Action, told supporters in an e-mail yesterday that his group represents "people-powered politics" that "proved the pundits wrong."

"It's been a long six years, but things are beginning to change," he said. "Our nation is waking up from the long nightmare of the Bush presidency."

Fate Of Two Joes Reflects Drive For Partisan Purity (USAT)

USA Today, August 10, 2006

Six years ago, as Al Gore's running mate, Joe Lieberman came within a whisker of becoming vice president of the United States.

On Tuesday, in a humiliating reversal, Connecticut Democratic voters tossed aside the three-term senator in favor of Ned Lamont, a little-known millionaire businessman. Lieberman says he'll run for re-election this fall as an independent, but he's already being shunned by many party regulars and Senate colleagues.

What happened? Some of Lieberman's defeat is his own doing. His backing of the Iraq war enraged many Democrats and provoked an aggressive challenge. He woke up too late to the danger. After 18 years in the Senate, and campaigns for vice president and president, he'd come to take home-state support for granted.

More ominously, though, Lieberman was a casualty of a drive to enforce partisan ideological purity, which is making it harder for politicians to be centrists and reach across party lines to solve the nation's problems. Enforcers from the far right and left are yanking down the "big tents" that allowed for a diversity of viewpoints within the parties.

In a much less publicized primary race in southern Michigan on Tuesday, one-term Republican Rep. Joe Schwarz, a moderate who supports abortion rights and stem cell research, was soundly beaten by ordained minister and former state representative Tim Walberg, who attacked Schwarz for being too soft on core GOP issues.

Activist groups were pivotal in both races. In Connecticut, liberal MoveOn.org was at the center of a constellation of anti-war Democrats and blogosphere activists who mounted a murderously effective campaign to paint Lieberman as a sycophant of

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President Bush. In Michigan, Walberg got backing from Right to Life Michigan and the Club for Growth, a national anti-tax group that attacks so-called RINOs — Republicans in name only — it deems insufficiently conservative.

It is, of course, the prerogative of voters in Michigan, Connecticut and elsewhere to choose their candidates, and of interest groups and bloggers to try to influence those decisions. But the growing polarization of the two major parties is a worrisome trend. The nation needs action on crucial matters, and to get that, it needs politicians unafraid to work out reasonable compromises. Instead, like the Saudi religious police who roam the streets enforcing Islamic strictures on behavior, party activists increasingly punish those who stray from the approved line.

One consequence is that Congress has devolved into an institution that's better at scoring political points and indulging in pointless crusades, such as tilting at the non-existent crisis of flag-burning, than at addressing festering issues such as immigration and the federal deficit.

Jim Hightower, the populist Democrat from Texas, likes to say the only things in the middle of the road are yellow stripes and dead armadillos. In today's poisonous political climate, centrists like Joe Lieberman and Joe Schwarz are little more than road kill.

Party No. 3 (NYT)

By David Brooks

The New York Times, August 10, 2006

There are two major parties on the ballot, but there are three major parties in America. There is the Democratic Party, the Republican Party and the McCain-Lieberman Party.

All were on display Tuesday night.

The Democratic Party was represented by its rising force — Ned Lamont on a victory platform with the net roots exulting before him and Al Sharpton smiling just behind. The Republican Party was represented by its collapsing old guard — scandal-tainted Tom DeLay trying to get his name removed from the November ballot. And the McCain-Lieberman Party was represented by Joe Lieberman himself, giving a concession speech that explained why polarized primary voters shouldn't be allowed to define the choices in American politics.

The McCain-Lieberman Party begins with a rejection of the Sunni-Shiite style of politics itself. It rejects those whose emotional attachment to their party is so all-consuming it becomes a form of tribalism, and who believe the only way to get American voters to respond is through aggression and stridency.

The flamers in the established parties tell themselves that their enemies are so vicious they have to be vicious too. They rationalize their behavior by insisting that circumstances have forced them to shelve their integrity for the good of the country. They imagine that once they have achieved victory through pulverizing rhetoric they will return to the moderate and nuanced sensibilities they think they still possess.

But the experience of DeLay and the net-root DeLays in the Democratic Party amply demonstrates that means determine ends. Hyper-partisans may have started with subtle beliefs, but their beliefs led them to partisanship and their partisanship led to malice and malice made them extremist, and pretty soon they were no longer the same people.

The McCain-Lieberman Party counters with constant reminders that country comes before party, that in politics a little passion energizes but unmarshaled passion corrupts, and that more people want to vote for civility than for venom.

On policy grounds, too, the McCain-Lieberman Party is distinct. On foreign policy, it agrees with Tony Blair (who could not win a Democratic primary in the U.S. today): The civilized world faces an arc of Islamic extremism that was not caused by American overreaction, and that will only get stronger if America withdraws.

On fiscal policy, the McCain-Lieberman Party sees a Republican Party that will not raise taxes and a Democratic Party that will not cut benefits, and understands that to avoid bankruptcy the country must do both.

On globalization, the McCain-Lieberman Party believes that free trade reduces poverty but that government must invest in human capital so people can compete. It believes in comprehensive immigration reform.

The McCain-Lieberman Party sees Democrats in the grip of teachers' unions and Republicans who let corporations write environmental rules. It sees two parties that depend on the culture war for internal cohesion and that make abortion a litmus test.

It sees two traditions immobilized to trench warfare.

The McCain-Lieberman Party is emerging because the war with Islamic extremism, which opened new fissures and exacerbated old ones, will dominate the next five years as much as it has dominated the last five. It is emerging because of deep trends that are polarizing our politics. It is emerging because social conservatives continue to pull the GOP rightward (look at how Representative Joe Schwarz, a moderate Republican, was defeated by a conservative rival in Michigan). It is emerging because highly educated secular liberals are pulling the Democrats upscale and to the left. (Lamont's voters are rich, and 65 percent call themselves liberals, compared with 30 percent of Democrats nationwide.)

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The history of third parties is that they get absorbed into one of the existing two, and that will probably happen here. John McCain and Hillary Clinton will try to reconcile their centrist approaches with the hostile forces in their own parties. And maybe they will succeed (McCain has a better chance, since the ideologues on the right feel vulnerable while the ideologues on the left, perpetually two years behind the national mood, think the public wants more rage).

But amid the hurly-burly of the next few years — the continuing jihad, Speaker Pelosi, a possible economic slowdown — the old parties could become even more inflamed. Both could reject McCain-Liebermanism.

At that point things really get interesting.

Primary Losses Show Incumbents Can Be Vulnerable (USAT)

By Jill Lawrence

USA Today, August 10, 2006

WASHINGTON — So much for the benefits of incumbency. This week's Connecticut, Georgia and Michigan primaries provided hard evidence of what polls have been signaling for months: Voters are in the mood for change.

The defeats of Sen. Joe Lieberman, D-Conn., Rep. Cynthia McKinney, D-Ga., and Rep. Joe Schwarz, R-Mich., came two months after Pennsylvanians ousted 17 state legislators in primaries. "Voters are not showing a reticence to vote against entrenched incumbents," says Charles Cook, editor of the non-partisan Cook Political Report.

Lieberman's support for President Bush and the Iraq war was central to his 4-percentage-point loss to novice Ned Lamont. The three-term veteran filed petitions Wednesday to run as an independent in November.

Democratic leaders endorsed Lamont, and a few said Lieberman should reconsider.

Republicans said Lieberman had been purged by soft-on-terrorism liberals. Lieberman was "pushed aside because of his willingness to support an aggressive posture in terms of our national security strategy," Vice President Cheney told reporters. He added that he does not expect anti-war sentiment to dampen GOP prospects this fall.

The Iraq war figured largely in Lieberman's race but not in the other two incumbent losses. The anti-tax Club for Growth and other conservative groups spent hundreds of thousands to defeat Schwarz. McKinney's scuffle with a Capitol cop helped seal her fate.

The three incumbents "all lost to candidates promising to do the same thing: change Washington," Chuck Todd, editor of the political report Hotline, wrote Wednesday. "Change the spending habits or change the foreign policy or simply change personal behavior."

Beyond that, moderates Lieberman and Schwarz were out of step with fired-up locals — Lieberman too conservative for Connecticut Democrats, Schwarz too liberal for Battle Creek Republicans. "They don't fit with their voters' view of government," independent analyst Stuart Rothenberg says.

Cook, Rothenberg and others warned against overinterpreting the defeats. "Three upsets do not an anti-incumbent groundswell make," said a statement by the Center for Responsive Politics. However, the group noted that Lieberman, McKinney and Schwarz each raised twice as much money as their opponents and still lost. "Challengers should be feeling more confident now," and incumbents should be worried, said the group's acting director, Sheila Krumholz.

Cook and Rothenberg point to Rhode Island Sen. Lincoln Chafee, a GOP moderate facing a conservative challenge, as a potential casualty in his state's primary Sept. 12. They predict Republicans will suffer most if not all losses by incumbents in the general election. "We're going to have significant losses, but all on one side of the aisle," said Rothenberg, editor of the non-partisan Rothenberg Political Report. He and Cook are not predicting yet whether Democrats will win enough races to take over the House of Representatives or Senate.

Recent USA TODAY/Gallup Polls show deep voter restiveness. Two-thirds are dissatisfied with the way things are going in the USA. Three-quarters say the world is more dangerous than at other times in their lives. More than half say it was a mistake to send U.S. troops to Iraq and they should be withdrawn either immediately or within a year.

Lieberman tried Wednesday to depict himself as an opponent of business as usual in Washington. "The last thing I represent is the status quo," he told CNN.

A series of Senate Democrats deserted him Wednesday, including Minority Leader Harry Reid of Nevada, campaign committee chief Charles Schumer of New York, Hillary Rodham Clinton of New York, John Kerry of Massachusetts and Connecticut colleague Chris Dodd.

Dodd said he regretted Lieberman's decision to run as an independent but said it was his to make. Clinton, at an appearance in Harlem, said she would help Lamont as much as possible and urged Lieberman to reconsider: "I'm going to just hope Sen. Lieberman will take a hard look at this and do what is best for Connecticut and the Democratic Party."

A handful of Democrats went further. Retired general Wesley Clark, a 2004 and possible 2008 presidential candidate, exhorted backers to sign an online petition and "send a message to Joe Lieberman to end his independent campaign." Simon

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Rosenberg, president of the centrist New Democrat Network, called Lieberman's loss "a political failure of great magnitude" and urged him to "end this part of your remarkable career."

Incumbents Appear On The Outs With Voters (WSJ)

By Jeanne Cummings

The Wall Street Journal, August 10, 2006

WASHINGTON -- Anti-incumbent sentiment that claimed several notable victims in this week's congressional primary elections may spell trouble for politicians from both parties, in primaries later this year and in November elections.

The Iraq war was the signal issue that undercut Connecticut Democratic Sen. Joseph Lieberman, while other frustrations drove the primary-election defeats of Georgia Democratic Rep. Cynthia McKinney and Michigan Republican Rep. Joe Schwarz.

But the defeats of those three lawmakers -- from different parties, political philosophies and regions of the country -- are the latest evidence of broader anti-incumbent sentiment. Leaders of both parties now see that sentiment as the backdrop of this year's high-stakes struggle for control of Congress. Democrats must win 15 seats to take over the House and six seats to take the Senate.

The trend already had surged in a variety of settings. In Pennsylvania, a backlash against the state legislature for its late-night approval of a pay raise, as well as anger over other issues, prompted voters there to toss out 17 state legislative incumbents in a May primary. In Oregon, Democratic Gov. Ted Kulongoski got a scare when he won his primary with just 54% of the vote. And in Kansas, the Board of Education was widely revamped this summer when primary voters kicked out several incumbents who had pressed mixing religious messages with the teaching of evolution.

This week's defeats of Sen. Lieberman and two House members, one from each party, are unusual in an era when congressional incumbents are hard to knock off in a general election, and harder still in a primary. While each candidate had a number of unique problems or shortcomings, the collection suggests that even some shaky incumbents who survived primaries now are in additional peril in November's general election -- particularly if they are up against foes running as fresh faces or outsiders.

For example, public unease in Pennsylvania has four U.S. House Republicans and Republican Sen. Rick Santorum scrambling to protect their political careers from strong Democratic challengers and a concerned state electorate. In Montana, Republican Sen. Conrad Burns is in a fight against a local farmer, Jon Tester. Mr. Tester is playing up his image as a third-generation Montana farmer, which provides a contrast to Sen. Burns's ties to former Washington lobbyist Jack Abramoff.

In Michigan, dissatisfaction with the economy has Democratic incumbents, Sen. Debbie Stabenow and Gov. Jennifer Granholm, both vulnerable to charges they aren't solving the pocketbook problems of voters. Sen. Stabenow will face Oakland County Sheriff Michael Bouchard, and Gov. Granholm will face Republican businessman Dick DeVos in November.

The mood also will be tested for another vulnerable senator in a closely watched primary -- the Sept. 12 Rhode Island contest between moderate Sen. Lincoln Chafee and conservative Cranston Mayor Steve Laffey. Sen. Chafee is controversial within his party for periodically breaking with the Republican majority and President Bush and is vulnerable in much the same way Sen. Lieberman was.

Former Rep. Pat Toomey, president of the Club for Growth, a conservative economic-policy advocacy group that helped defeat Rep. Schwarz in Michigan, says his group wants to see changes. "Our members are very, very frustrated," he says. "They helped elect the Republican majority in 1994 and now, when we've had complete control of elective government in Washington, it seems as though Republicans have abandoned the core ideas of limited government."

Just as outside groups helped Connecticut businessman Ned Lamont's run against Sen. Lieberman, Club for Growth ran ads against Rep. Schwarz in Michigan and raised $600,000 for the campaign of challenger Tim Walberg.

The dissatisfaction affects both parties, but voter unrest is more dangerous to Republicans since they are the party in power and have more seats at risk. According to Wall Street Journal polls, the anti-incumbent mood in the 2006 cycle mirrors that of the 1994 midterm election in which Democrats lost control of both chambers of Congress. In the latest Journal/NBC News survey, 38% of voters said their representative "deserves re-election," while 48% said it is "time to give a new person a chance." Such numbers have in the past been a good indicator of a coming congressional shake-up.

The public is in "a very, very sour mood," says Democratic pollster Peter Hart, who conducts the Wall Street Journal/NBC News survey with his Republican counterpart Bill McInturff. "Only a quarter of the people say the country is headed in the right direction. The public is going to view any incumbent with a jaundiced eye," said Mr. Hart.

Brian Nick, a spokesman for the National Republican Senatorial Committee, said his incumbents are being advised to focus their campaigns on local issues. That's why Mr. Santorum in Pennsylvania is talking about his work to pass a Child Custody Act, and Arizona Sen. Jon Kyl, also facing a tough race, is talking about the Water Settlement Act.

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In this atmosphere, incumbents can't even find comfort in their bulging campaign kitties. Mr. Lieberman, Ms. McKinney and Mr. Schwarz raised more money than their opponents and still lost.

Democrat Says G.O.P. Voters Led To Her Loss (NYT)

By Brenda Goodman

The New York Times, August 10, 2006

ATLANTA, Aug. 9 — Her cheering supporters were clearly surprised by Representative Cynthia McKinney's defeat in Tuesday's Democratic primary runoff, but those who follow this city's changing demographics were not.

Over the past few years, increasing numbers of affluent blacks have moved into southern DeKalb County, the base of Ms. McKinney's district, and many were not impressed by her confrontational and occasionally erratic style.

Alan I. Abramowitz, a professor of political science at Emory University here, agreed that demographic shifts in Ms. McKinney's district had favored her more moderate challenger, Henry C. Johnson, a trial lawyer and a former DeKalb County commissioner, who won the primary.

"Her base has really kind of eroded," Mr. Abramowitz said. "One thing that has really happened in this district is a large influx of middle-class black voters into south DeKalb, and if you look at the voting patterns in those areas, they are not McKinney supporters."

But Ms. McKinney and her supporters contend that Republicans mounted a campaign to vote her out of office, as they did four years ago when crossover voting helped elect her Democratic challenger, Denise Majette.

"We aren't going to tolerate any more stolen elections," Ms. McKinney said in her concession speech, though crossover voting is legal in Georgia.

"This is just like 2002," said Nina Winfrey, 62, a resident of Rockdale County and a "die-hard Cynthia fan" who has been volunteering for Ms. McKinney's campaign for 15 years. "We don't need anybody down here telling us what to do who don't live in south DeKalb County."

Several Republican strategists acknowledged that widespread crossover voting was organized and encouraged on Tuesday.

Mark A. Davis, the Republican database specialist who headed the successful "Anyone but Cynthia" campaign in 2002, said his wife, Shawn Davis, who he said is a homemaker, paid $1,200 to a telemarketing company that sent a phone message she recorded to as many as 50,000 carefully selected voters.

The recipients, Mr. Davis said, were "people who did not vote in the Republican primary on July 18th, and who were also not likely to support Cynthia from a demographic perspective."

Under Georgia's system, voters may choose either a Republican or a Democratic ballot in the primary election. If there is a runoff, primary voters must stick with the party they originally selected, but voters who did not vote in the primary are free to vote for either party.

Mr. Davis said he knew many people who had undertaken the same kinds of efforts as his wife. Democrats, he said, used the same strategy last month to defeat Ralph Reed in his race for lieutenant governor.

Some voting rights advocates said that while crossover voting might be legal, it violated the spirit of the Voting Rights Act and the Constitution because it effectively negated the right of a group — in Ms. McKinney's case, black voters — to nominate the candidate of their choice.

"There's case law that says one party can't interfere in another party's primary," said Mike Raffauf, a lawyer who filed a 2002 lawsuit in federal court against the State of Georgia on Ms. McKinney's behalf.

That case was dismissed without prejudice.

Mr. Johnson's campaign and Georgia Democratic Party officials denied that crossover voting had any significant effect on the campaign.

"He didn't think there was anything to prove that had happened," said Deb McGhee Speights, Mr. Johnson's press secretary. "To his knowledge, it was Democrats who put him in office."

After Court Loss, GOP May Lose DeLay's House Seat (CSM)

By Kris Axtman

The Christian Science Monitor, August 10, 2006

SUGAR LAND, TEXAS

Every time Texan Brett Koppe steps into a voting booth, he does the same thing: pull a straight GOP ticket.

But this year's congressional race here in southeast Texas is a touch more confusing. The incumbent, embattled former House majority leader Tom DeLay, says he's not running. The courts say the GOP can't replace him on the ballot.

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That leaves Mr. Koppe and his fellow Republicans in a quandary. Should they vote for the libertarian candidate or (gasp) Nick Lampson, the Democratic nominee?

"The alternative is destructive," says Koppe.

So GOP leaders in District 22 are gearing up for a massive write-in campaign in support of one of the candidates they wanted to replace Mr. DeLay with in the first place. There's just one problem.

Winning an election with a write-in candidate is an extreme long shot, political scientists say.

"The last time a write-in candidate won in a high-profile election was Strom Thurmond in the early 1950s," says Calvin Jillson, a professor of political science at Southern Methodist University in Dallas.

That suggests that District 22, which has sent a Republican to Congress in every election since 1978, could go Democratic, analysts say, especially since the US Supreme Court declined to intervene early this week.

"I think the seat goes to Lampson as a result of this court decision," Professor Jillson says.

The high court was the GOP's last shot at getting an alternate on the ballot - and avoiding the write-in option - after the 5th US Circuit Court of Appeals ruled that DeLay's name could not be replaced.

DeLay won the Republican nomination in the March primary after handily fending off three challengers, but withdrew from the race in April because he said he didn't want his criminal indictment in Texas on campaign money-laundering charges to interfere with the election.

He resigned from Congress in June, but vowed to continue working for Republican causes behind the scenes. Finally, he attempted to make himself ineligible to stay on the ballot by changing his voter-registration card and driver's license to Virginia.

But Democrats immediately sued when Republicans began selecting a new candidate - claiming that both state and federal law do not allow a party to replace a nominee under such circumstances.

DeLay, in fact, still owns a home in Sugar Land and was in town when the rulings came down.

He sent word through the Houston Chronicle that he would withdraw his name from the ballot. "To do anything else would be hypocrisy," he said in a written statement. "I strongly encourage the Republican Party to take any and all actions necessary to give Texas voters an up-or-down choice this fall between two major party candidates."

Republicans say the Democrats' intense fight to keep his name on the ballot proves that their only chance at winning the seat is at the courthouse, not the ballot box.

"A lot of people are very offended by the Democratic party for bringing this lawsuit," says Gary Gillen, chairman of the Republican Party of Fort Bend County. "They see the Democrats as trying to control this election" instead of giving voters meaningful choices.

Democrats say the Republicans' intense fight to remove DeLay's name from the ballot proves that he is a liability for his party, in part because of his legal difficulties and in part because of his close ties to disgraced lobbyist Jack Abramoff.

"I was worried that they were going to put somebody else on the ballot who wasn't such a crook" and would easily get reelected in this Republican district, says Cindy Blakley, who drives around this heavily Republican district with a Lampson bumper sticker.

Even many of her Republican friends are getting fed up with the GOP, she adds. "A lot of people have just had enough."

Sugar Land Mayor To Seek DeLay's Seat (AP-Y)

By Suzanne Gamboa

AP, August 10, 2006

The mayor of former Majority Leader Tom DeLay's hometown said Wednesday he will run as a write-in candidate for his House seat after the scandal-scarred DeLay moved to withdraw from the November ballot.

David Wallace, one of the candidates Texas Republicans were considering to replace DeLay, said in a statement that he had the backing of family, grass-roots leaders and friends in his write-in bid. The Democratic nominee is former Rep. Nick Lampson.

"I will be taking the fight to Nick Lampson and his liberal allies every day," said Wallace, the mayor of Sugar Land, Texas.

DeLay announced on Tuesday he was withdrawing from the race after Supreme Court Justice Antonin Scalia rejected attempts by Texas Republicans to replace him on the November ballot.

The former congressman who served more than two decades was forced to act after Republicans lost several court fights to remove his name from the ballot in the Houston-area district and replace him with a GOP-chosen nominee.

DeLay resigned from Congress on June 9, after winning a primary election in March, and moved his main residence to Virginia.

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Wallace has name recognition and money-raising ability — more than $157,000 cash on hand as of June 30 — that party officials need to take on Lampson, who had amassed more than $2 million in his campaign treasury as of June 30 in preparation for a race against DeLay.

DeLay faces money laundering charges in Texas alleging he helped route illegal corporate cash to legislative campaigns in 2002. DeLay also has close ties to Jack Abramoff, the lobbyist at the center of a congressional corruption investigation. Two former DeLay aides who later worked with Abramoff have pleaded guilty in the investigation.

DeLay has denied any wrongdoing in both investigations but the indictment forced him to step down from his job as majority leader and Republicans urged him to abandon his efforts to reclaim the job.

Embattled La. Lawmaker Gets Competition (AP-Y)

By Doug Simpson, Associated Press Writer

AP, August 10, 2006

A string of challengers jumped into the race Wednesday against Rep. William Jefferson, whose Washington office was raided by the FBI amid a federal bribery investigation.

The three-day filing period for entering the November elections started Wednesday. In Louisiana, there are no earlier party primaries; if no candidate gets more than 50 percent of the vote on Election Day, the top two go to a December runoff.

Five candidates registered Wednesday to challenge the eight-term Democrat, including two familiar names in New Orleans-area politics. Another longtime New Orleans politician was expected to enter the race later this week.

State Sen. Derrick Shepherd, who filed his election paperwork, said the corruption allegations against Jefferson have weakened the congressman's ability to represent his New Orleans-area constituents as they recover from Hurricane Katrina.

"Obviously, Congressman Jefferson is distracted," Shepherd said.

Troy Carter, a former New Orleans City Council member, and Regina Bartholomew, a lawyer who has worked for the city's school board and the U.S. Department of Labor, also filed for the race. Two little-known candidates also registered.

State Rep. Karen Carter plans to register Friday, her aides said.

Jefferson and all but one of Louisiana's other congressmen also registered Wednesday to get their names on the ballot for re-election. Aides to Rep. Bobby Jindal, R-Kenner, said his paperwork would be filed Thursday.

Jefferson has been under investigation since March 2005 but has not been charged and has denied any wrongdoing. He has said repeatedly that he is focused on the needs of his district.

The lawmaker on Wednesday described his challengers as opportunists, saying: "These folks have a lean and hungry look. They are looking for an opportunity. ... I don't think they'll find it."

Jefferson was accused of using his position to promote the sale of telecommunications equipment and services offered by iGate, a Louisville-based firm that sought contracts with African nations, and of soliciting bribes in return. The FBI said it found $90,000 stashed in a freezer in his home. Two men have been convicted as part of the scandal.

As a result of the investigation, House Democratic leaders stripped Jefferson of his seat on the powerful Ways and Means Committee. A federal appeals court late last month temporarily delayed the bribery investigation while Jefferson challenges the legality of the unprecedented FBI raid on his Capitol Hill office.

Ehrlich Adviser Details Firings (WP)

By Matthew Mosk

The Washington Post, August 10, 2006

Joseph Steffen, the central figure in the probe of Maryland Gov. Robert L. Ehrlich Jr.'s firing practices, testified yesterday that he identified numerous state employees for dismissal and that he did so at the direction of the governor's top aides.

Steffen said he was not specifically instructed to target Democrats, but he did consider party affiliation while evaluating whether to retain certain state employees in Maryland's first Republican administration in a generation.

He portrayed himself as a key player in advising the administration on personnel changes, directly contradicting earlier sworn testimony from a top Ehrlich aide.

Notorious among state employees for the Grim Reaper figurine on his desk and his "Prince of Darkness" moniker, Steffen, 47, arrived at the ornate Senate hearing room in a simple gray suit.

Compelled by a subpoena and a judge's order, he sat down before members of a special state legislative committee and, for most of his three-hour testimony, answered in clipped sentences and one-word replies, often pausing to be sure his attorney would not object.

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His descriptions of the terminations did not betray any sympathy for those who were fired and at times seemed to border on cavalier. In one case, he recalled recommending that a veteran state administrator be fired because she wrote a note telling people to avoid him.

Steffen's appearance was the climax of a year-long probe by state lawmakers into the dismissal of 340 state workers that came in the months after Ehrlich was elected.

Democratic delegates and senators have sought to learn whether Ehrlich, working through operatives such as Steffen, intended to dismiss veteran state employees solely on the basis of their party affiliation -- something Ehrlich has long denied. To do so would have violated workers' constitutional rights.

In that respect, Steffen did little to help the Democrats.

The employees' political affiliation, he told them, was "in the back of my mind" when he made some recommendations -- as with the wife of a longtime lobbyist for liberal causes, who was fired from her position writing grant proposals. But partisanship was never, in the end, the reason a person was fired, he said.

"This legislative committee was pulled together to see if anyone was fired" illegally, Del. Jean B. Cryor (R-Montgomery) said afterwards. "But after months of testimony, the simple fact is that no one was fired because of their political party."

Under Maryland law, a governor has the power to dismiss more than 6,000 "at-will" employees without cause. But it would be improper to fire them specifically for their political affiliation. Records show that the administration fired 340 people in its first three years, compared with the 64 fired in the three years after Ehrlich's predecessor, Gov. Parris N. Glendening (D), took office.

Ehrlich and Republican lawmakers on the committee have repeatedly said that the governor was merely exercising his powers under the state constitution and that Steffen had little relevance in the personnel decisions.

Steffen's testimony, however, suggested that he and two other former aides played a pivotal role in clearing out space on the state payroll for Republican loyalists.

At the outset of his cross-examination by the legislative committee's attorney, Ward B. Coe III, Steffen was asked whether he was told to look for "file clerks and secretaries to clear out" to make room for fresh appointees, and Steffen confirmed that he was.

He was assigned to do "reviews and assessments," Steffen said, and that included personnel.

Contrary to the repeated assertions of Ehrlich's top aides, Steffen cast himself as a figure who regularly traveled within the governor's inner circle, saying that he met often with the governor's appointments secretary and that he routinely briefed Ehrlich's chief of staff.

"Your authority in the administration was pretty strong?" asked Sen. Ulysses Currie (D-Prince George's).

"I would say so, yes," Steffen replied.

That question of access is no small matter, lawmakers said, because Ehrlich's top appointments official, Lawrence J. Hogan, came before the committee this year and swore under oath that he barely knew Steffen and only once received his advice on a personnel matter.

"Mr. Hogan said to this committee, 'I probably had maybe three or four conversations with the gentleman ever, and that was just, you know, passing by, how ya' doin'?"

"Was that accurate?" Coe asked Steffen.

"No," Steffen replied, telling Coe that, in fact, they met as often as three times a month to discuss personnel, often in Hogan's office, and they occasionally met for lunch.

Lawmakers said yesterday that they are contemplating whether to recommend that Hogan be charged with perjury.

Ehrlich's communication director, Paul E. Schurick, said that Hogan would not be made available to respond and that he did not know whose version of events was correct. But he warned the Democratic lawmakers not to pursue perjury charges.

"That's a road they better not go down," Schurick said. "They should be very careful."

Del. Adrienne A. Jones (D-Baltimore County), who co-chairs the committee, said she found the discrepancies between Hogan's testimony and Steffen's to be "disturbing."

"They were both under oath, so somebody's not telling the truth," Jones said.

Steffen would not, on advice of counsel, discuss the incident that forced him into the spotlight: his boasts on the Internet that he helped orchestrate a campaign to smear Ehrlich's chief political rival, Baltimore Mayor Martin O'Malley (D). He described how he tendered his resignation in an effort to protect the governor from bad publicity as The Washington Post was preparing an article about the conversations. But he did not respond to questions about his role in any political dirty tricks.

Ehrlich is seeking reelection this year but faces a stiff challenge from O'Malley, who held a double-digit lead in a recent Post poll. The mayor's name came up briefly when Steffen was asked whether he tried to have O'Malley's sister-in-law fired. She worked for the state attorney general's office as an adviser to the state's Insurance Administration, where Steffen worked for a time.

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Coe showed Steffen an e-mail in which Steffen discusses the notion of dismissing a lawyer for the department.
Coe asked Steffen, "You saw an opportunity . . . that perhaps the appointments office could" fire her?
"I was at least bringing it up," Steffen replied.

'Ten Years And Out' (WSJ)

By John Andrews
The Wall Street Journal, August 10, 2006

DENVER -- Americans' concern with a court system out of control has simmered for decades, never coming to a boil. The perennial frustration with judges rewriting the laws and the Constitution is like Mark Twain's comment on the weather -- everybody talks about it but nobody does anything about it. That may be about to change in Colorado, if voters pass judicial term limits this fall.

Coloradans have long favored the principle that rotation in office can help curb the abuse of power. The state, along with Oklahoma, led the nation in 1990 by imposing term limits on the legislative and executive branches of state government; citizen initiatives later extended the limits to most local officials and to our congressional delegation -- though the latter was struck down by the U.S. Supreme Court.

Judicial term limits have not met a great deal of legislative success. Provisions instituting them for judges were part of an omnibus judicial reform that I was unable to get past a Republican state Senate in 1999 and 2004. Impeachment proceedings against a constitution-flouting judge also failed in a Republican House in 2004. And a proposal for recall of judges was killed by the Democratic Senate last year.

But this year, reformers have gathered petitions with about 108,000 signatures, and recently set up a November 2006 vote on "10 years and out" for justices of the Colorado Supreme Court and judges of the Court of Appeals. The ballot initiative will almost certainly be certified in the coming days.

The petition drive was fueled by outrage at a blatantly political June 12 ruling of the state Supreme Court -- relying on a technicality, the Court threw off the ballot a popular immigration-reform proposal. Other hot buttons include the justices' leniency to murderers in last year's Harlan and Auman cases; a judge in a custody dispute who restricted where Cheryl Clark could take her daughter to church, lest the child be exposed to "homophobia"; a 2003 decision favoring the teacher unions, snaring poor kids in bad schools; and the Taylor Ranch case, trampling property rights.

The last, Lobato v. Taylor, a property-claims ruling by the Colorado Supreme Court in 2002, is less notorious than Kelo, but its disruptive effect in clouding all Colorado land titles cannot be overstated. "We risk injustice elsewhere," a dissenting opinion warned, by accepting the plaintiffs' radical theory of "communal rights" as superior to "the sanctity of private property predictability and clarity of law." But the Democratic-dominated court did just that. With its requirement for notification of all potential claimants under old Spanish land grants (dating to 1863) in order to perfect a title, Lobato invites mischief across all 103,598 square miles of Colorado. Property-owners will hear a lot about this threat in coming weeks.

Up to 1965, Colorado was one of the many states that elected all their judges in partisan campaigns. We've since been on the so-called "Missouri merit" plan, where the governor appoints judges from a slate prepared by a nominating commission. Judges then face periodic retention elections, with "retain" or "do not retain" recommendations from a judicial performance commission. It sounds good, but fewer than 1% of all judges ever get dismissed by voters, leading to virtual life tenure with little accountability.

Our ballot issue, "Limit the Judges," would reduce the retention cycle to four years (after an appointee's first provisional term, which can be as short as two years), and cap total service at three terms, about 10 years or a bit longer depending on date of appointment. It applies only to Supreme Court justices, whose current retention cycle is 10 years, and Appeals Court judges, now on an eight-year cycle. District judges' terms are not affected.

This modest proposal has infuriated the bench and bar -- aided and abetted, of course, by the media -- who characterize it as radical, reckless, an assault on judicial independence and a dangerous politicizing of the courts.

It is none of those. We don't go back to elected judges, or change the merit selection process. We don't make it easier to remove a miscreant -- or even merely unpopular -- judge. We may not even shorten the average length of appellate court tenure, which is only about eight years now. All we seek to do is to balance the requirement for rotation in office, so it applies to all three branches of state government from now on. Why should the potential abuse of power or self-serving entrenchment by state senators, representatives, the governor and other elected executives be checked by a term limit, while the activism of the judiciary is not subjected to the same?

The judicial term limit plan has an additional provision, if the reform is approved this year, that would eject at the end of 2008 any incumbents on the two high courts who have already served 10 years or more. Limit the Judges, then, functions not only as a constitutional amendment but also a referendum on the performance of our robed policy makers.

Five of the seven state Supreme Court justices, all mostly liberal, would be gone in two years if the measure passes; likewise seven of 15 Appeals Court judges. The Colorado Bar Association bemoans a cumulative loss of 185 years' experience on the bench, but that argument may prove no more persuasive to voters in relation to the judicial branch than when it was previously deployed in vain for the legislative branch.

In my experience, term limits have helped make Colorado's legislature more respectful of the plain language of the constitution and more responsive to the sovereign will of the people. I believe term limits can yield similar benefits in our court system.

Robert Nagel, a law professor at the University of Colorado, argues that the imperial judiciary is self-stoking; that is, the legal system, by its very design, inexorably tends toward excess because it is sealed off from democratic forces. He recommends devising "other political checks" on the runaway courts. Colorado's judicial term limits, it seems to me, are a good start.

Mr. Andrews is chairman of the Limit the Judges campaign and former president of the Colorado Senate from 2003 to 2005.

Vote — Or Else (NYT)

By Norman Ornstein

The New York Times, August 10, 2006

Washington

EVEN with all the attention devoted to Connecticut's Democratic primary, in which Ned Lamont upset Senator Joseph Lieberman, turnout was an anemic 43 percent. It was arguably the most important race in the nation and not even half of registered Democrats bothered to vote. This group in turn made up barely 15 percent of the voting-age population of the state.

The unhappy effects of low turnout are clear: ever-greater polarization in the country and in Washington, which in turn has led to ever-more rancor and ever-less legislative progress.

Here's why. With participation rates of about 10 percent or less of the eligible electorate in many primaries to 35 percent or so in midterm general elections to 50 percent or 60 percent in presidential contests, the name of the game for parties is turnout — and the key to success is turning out one's ideological base. Whichever party does a better job getting its base to the polls reaps the rewards of majority status.

And what's the best way to get your base to show up at the polls? Focus on divisive issues that underscore the differences between the parties.

Not surprisingly, the partisan divide keeps increasing. Just look at Tuesday's results: Mr. Lieberman, a centrist, was unseated by Mr. Lamont, a darling of the left; in Michigan, Joe Schwarz, a moderate Republican congressman, was beaten by Tim Walberg, a bedrock conservative. It's no wonder that when Republicans and Democrats finally arrive in Washington, there's little incentive for them to do the nation's business.

So what can be done? Here's a possible solution: mandatory voting. A number of countries, including Singapore, Cyprus, Austria and Belgium, have forms of mandatory voting. But Australia, a sprawling polity like ours, provides perhaps the best example of why it bears consideration for the United States.

In the Australian system, registered voters who do not show up at the polls either have to provide a reason for not voting or pay a modest fine, the equivalent of about $15. The fine accelerates with subsequent offenses. The result, however, is a turnout rate of more than 95 percent. The fine, of course, is an incentive to vote. But the system has also instilled the idea that voting is a societal obligation.

It has also elevated the political dialogue. Australian politicians know that all their fellow citizens, including their own partisans, their adversaries' partisans and nonpartisans, will be at the polls. The way to gain votes does not come from working your base to fever pitch; it comes from persuading the persuadables, the centrists who are increasingly left out of the American political process. Appealing to the extremes is a formula for failure.

If there were mandatory voting in America, there's a good chance that the ensuing reduction in extremist discourse would lead to genuine legislative progress. These days, valuable Congressional time is spent on frivolous or narrow issues (flag burning, same-sex marriage) that are intended only to spur on the party bases and ideological extremes. Consequently, important, complicated issues (pension and health-care reform) get short shrift.There's no question that compulsory voting would be a tough sell. Congress would have to pass a law and the states would have to enforce it. Surveys on the subject regularly show substantial majorities opposed to the idea. Americans don't like compulsory anything — we value the freedom not to vote.

But going to the polls doesn't mean that you have to vote for a particular candidate. About three percent of Australians, for example, mark X on the ballot, the equivalent of "none of the above."

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Mandatory voting comes with a price: a modest loss of freedom. But this would be more than balanced by the revitalization of the rapidly vanishing center in American politics.

Tuesday Tea Leaves (WSJ)

The Wall Street Journal, August 10, 2006

Connecticut Senator Joe Lieberman wasn't the only incumbent who had a tough Tuesday night (see above), as primary voters in both parties seemed to be in a throw-the-bums-out mood.

Representative Cynthia McKinney, the unhinged Georgia Democrat best known for scuffling with Capitol Hill police and accusing President Bush of having foreknowledge of the 9/11 terrorist attacks, lost a runoff election to Hank Johnson, a former commissioner of DeKalb County. This is a vote for more civil political discourse. And in Michigan, GOP Representative Joe Schwarz was defeated by Tim Walberg, a small-government conservative.

The Schwarz camp and other liberal Republicans in Michigan say the abortion issue explains the pro-choice incumbent's loss to Mr. Walberg, a former state lawmaker who is pro-life. But Pat Toomey of the Club for Growth, which backed Mr. Walberg, says the main issues that concerned voters were "limited government and economic freedom, specifically less spending and lower taxes, which is what Walberg stood for and Schwarz clearly stood against."

By the way, the Michigan election marked the first time the Club for Growth has defeated a Republican in a primary after several tries, a fact that underscores this year's anti-incumbent mood. The Club's next target is liberal Rhode Island Senator Lincoln Chafee, who is facing a tough primary challenge from Cranston Mayor Stephen Laffey.

Another antitax conservative prevailed in Colorado, where state Senator Doug Lamborn won a six-man GOP primary for a House seat being vacated by Joel Hefley, who's retiring. Two of the leading contenders, Jeff Crank, a former Hefley aide, and Colorado Springs Mayor Lionel Rivera, both had a record of supporting higher levies. Mr. Lamborn drove that message home by making tax-reduction the centerpiece of his campaign. "The problem with the GOP's drift on spending is seen all across the country," says Mr. Toomey. "We saw it big time in Pennsylvania's primaries in May, and now we've seen it in Michigan and Colorado."

No doubt unease over Iraq and frustration over rising gas prices and interest rates have also contributed to this voter anger. But Republicans have brought it to a boil with their earmarking excesses and general coziness with Washington mores. Their only hope for saving their majority may be if the Lamont Democrats frighten voters on national security.

France Considers Its Own Ceasefire Plan For UN (FT)

By Jonathan Birchall And William Wallis

Financial Times, August 10, 2006

Jacques Chirac, the French president, on Wednesday raised the prospect of a renewed diplomatic confrontation with the US over Lebanon, saying Paris was prepared to introduce its own ceasefire plan to the United Nations Security Council if efforts to forge agreement with Washington failed.

“If we don’t manage it, there will obviously be a debate in the Security Council and everyone will present their position clearly, including, of course, France with its own resolution,” he said.

Mr Chirac’s remarks in Toulon reflected growing frustration with the diplomatic deadlock at the UN, centred on an initial draft ceasefire resolution agreed by France and the US at the weekend. Following objections from Lebanon and the Arab League, France is now pushing for changes aimed at accommodating Arab concerns, which focused on the failure of the US-French plan to demand the withdrawal of Israeli forces from Lebanon.

Diplomats say the US remains opposed to placing such a demand on Israel.

“It does seem that there is an American reservation about adopting this draft,” Mr Chirac said. “I can’t imagine that there would be no solution because that would mean the most immoral result – that we accept the current situation and that we abandon an immediate ceasefire.”

France and the US are at odds in particular over the timing of the deployment of an international force and Israel’s withdrawal – reflecting the conflicting views on the ground of Israel and Lebanon and its Arab allies.

Lebanon wants the UN to call for an immediate Israeli withdrawal after the ceasefire, with the Lebanese army, supported by an enhanced version of the existing Unifil peacekeeping force, taking its place.

Israel, backed by the US, says it will not withdraw its troops until a credible international force begins to deploy in its place, to prevent the resurgence of Hizbollah forces.

The initial US-French draft calls for a second resolution that would create a framework for a separation of forces, the deployment of an international force and an eventual Israeli withdrawal.

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Diplomats at the UN said there was a desire to postpone discussions on the make-up of the proposed force to be deployed in the area until a ceasefire was in place. Lebanon is opposed to deployment of an international force that is not under direct UN command.

As talks continued at the UN yesterday, the US sent David Welch, assistant secretary of state, to Beirut, where he met Fouad Siniora, Lebanon's prime minister, and Nabih Berri, the moderate Shia leader who is speaker of parliament.

Lebanese officials were gloomy about the prospect of any breakthrough after the talks. Aref Elabed, spokesman for Mr Siniora, said there had been no progress yet towards meeting Beirut's demands for the inclusion of an Israeli troop withdrawal in the draft UN resolution. "They are in the same place without any change," he said. "It will be a long and difficult negotiation."

UN envoys say that neither the US nor France have sought to involve Syria or Iran, Hizbollah's main backers, in the discussions.

At U.N., France Presses Pullback Of Israeli Troops (WP)

By Colum Lynch And Robin Wright

The Washington Post, August 10, 2006

UNITED NATIONS, Aug. 9 -- France on Wednesday introduced elements of a draft resolution urging Israel to begin withdrawing thousands of troops from southern Lebanon "at the earliest" possible date, as the United States warned that the next 24 hours are crucial because of Israel's threat to launch a ground invasion of Lebanon.

The possibility of escalating violence in the region raised the stakes in diplomatic efforts by the United States and France to bring a halt to the four-week conflict. The U.N. Security Council's five major powers -- the United States, France, Russia, China and Britain -- agreed to hold a new round of talks Thursday morning to try to narrow the differences.

John R. Bolton, the U.S. ambassador to the United Nations, and France's U.N. ambassador, Jean Marc de La SabliÃ¨re, said that the two sides had made progress in talks Wednesday evening but that important differences remain. "My sense is that we're getting closer in a way to resolving some of them," Bolton said. "But I don't want to underestimate the conceptual and operational differences that we're trying to overcome."

A senior administration official warned late Wednesday that diplomacy is reaching a crunch point. "It's a real inflection point in the next 12 to 24 hours," said the senior U.S. official, who requested anonymity because of the sensitive diplomacy. "There's a real possibility that we will get a resolution that reduces to zero the large-scale violence and gets an international force into Lebanon or, if not, then you're looking at a major Israeli ground invasion," the official said.

In Paris, President Jacques Chirac suggested that France would pursue its own diplomatic initiative to end the conflict if the United States refused to budge. The move appeared calculated to increase pressure on the United States to press Israel to end its escalating military campaign and leave Lebanon.

"There seem to be American reservations about adopting this draft," Chirac said. "I don't want to think of there not being a solution, since that would mean -- which would be the most immoral of solutions -- us accepting the present situation and giving up on the immediate cease-fire.

"So I don't want to think of the Americans or anyone else doing that," he said at a news conference after talks with his prime minister and key cabinet officials on the crisis.

In televised comments, Hezbollah leader Hasan Nasrallah called on the Lebanese government and the Lebanese population to stand firm and not waver from the seven-point plan presented by Prime Minister Fouad Siniora and approved July 28 by the full government, including Hezbollah ministers. That plan calls for "an immediate, unconditional and comprehensive cease-fire" and requires Israel to withdraw beyond Lebanon's U.N.-demarcated border with Israel.

Nasrallah warned that the unity of the government would be in jeopardy if the plan were altered as urged by the United States. Specifically, Nasrallah endorsed the dispatch of Lebanese army units to the border region, as proposed by Siniora over the weekend. "This is a clear decision," he said. "Everyone wants the army to deploy and sees it as a patriotic exit from the crisis. As far as we are concerned, that is a dignified exit, and the Lebanese army is composed of the sons of the people."

On Saturday, the United States and France agreed on a resolution calling for a "cessation of hostilities" between Israel and Hezbollah. But that accord unraveled after Lebanon objected to a provision that would have allowed Israeli troops to remain in southern Lebanon until a formal political settlement was reached. Instead, it proposed sending 15,000 U.N.-backed Lebanese forces to take control from the Israelis.

In a shift, France backed the Lebanese position, proposing new language that calls on Israel to begin withdrawing behind Lebanon's U.N.-demarcated border with Israel while the Lebanese army, supported by a U.N. peacekeeping mission, starts deploying in southern Lebanon.

But the United States has backed Israel's demand that it be permitted to remain in southern Lebanon until a new, larger and more muscular international force is brought in to supervise the 50-mile border and guarantee that Hezbollah can no longer

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attack Israeli cities. Bolton insisted that the United States is committed to ensuring an "effective security presence in the southern part of Lebanon as the Israeli forces withdraw."

"We don't want Hezbollah to re-infiltrate the southern part of Lebanon," he added.

A senior Arab delegation pressed Lebanon's case for an immediate withdrawal of troops, saying their presence threatens stability in the region. The delegation also opposed U.S. and French plans to send a multinational force to Lebanon. "There is a fear of more chaos in the region," Arab League Secretary General Amr Moussa told reporters.

"We are trying to bring together the views and to bridge to gap in order for us to get the resolution adopted," Moussa said. "And we continue our work today and perhaps tomorrow."

Correspondents Edward Cody and Nora Boustany contributed to this report from Beirut. Wright reported from Washington.

U.N.'s Mideast Diplomatic Efforts Falter (AP)

By Edith M. Lederer, Associated Press Writer

AP, August 10, 2006

Diplomatic efforts to reach quick agreement on a U.N. resolution aimed at ending the escalating Israeli-Hezbollah conflict faltered Wednesday over differences between the United States and France on the timing of an Israeli withdrawal from Lebanon.

As Israel approved a broader and bigger ground offensive in southern Lebanon, France was backing Lebanon's call for Israeli troops to pull out once hostilities end and Lebanon deploys 15,000 troops of its own. The United States was supporting Israel's insistence on staying until a robust international force is deployed.

The dispute between the co-sponsors of the draft Security Council resolution sparked a flurry of meetings Wednesday and raised the possibility of rival U.S. and French resolutions — or no resolution at all for the time being.

In negotiations with Britain, China, the U.S. and Russia on Wednesday evening, France presented the latest language in the draft resolution, a Security Council diplomat said. One key amendment "calls upon the government of Lebanon, upon cessation of hostilities, to start deploying its armed forces throughout the south as the Israeli army starts withdrawing behind the Blue Line in coordination with UNIFIL," the U.N. peacekeeping force now in the region. The Blue Line is the U.N.-drawn boundary between Lebanon and Israel.

The diplomat spoke on condition of anonymity because the discussions were secret.

In negotiations with Britain, China, the U.S. and Russia on Wednesday evening, France presented language it had discussed the day before, a U.N. Security Council diplomat said. The amendment would say Lebanese troops should start deploying in south Lebanon with the support of U.N. peacekeepers now present in the region, "as the Israeli army starts withdrawing below the Blue Line," the U.N.-drawn boundary between Israel and Lebanon.

The diplomat spoke on condition of anonymity because the discussions were secret.

The U.S. response to that idea was not immediately clear, though U.S. Ambassador John Bolton said differences remained. U.S. officials had previously said the main issues were matters of sequencing — which steps should happen first.

"We're all still operating in very good faith and trying to resolve some difficult issues that we've known for some time," Bolton said. "But my sense is that we're getting closer in a way to resolving some of them. But I don't want to underestimate the conceptual and operational differences that we're trying to overcome."

French President Jacques Chirac said the draft resolution should be revised to take into account Lebanese and Arab demands for changes. He appealed to the U.S. at a news conference in Toulon to speed up its response to these demands, and warned that giving up the push for an immediate end to the fighting would be the "most immoral" response.

Chirac said that if France and the United States don't reach agreement, "we will have a debate in the Security Council and each will affirm clearly its position, naturally including France, through its own resolution."

The U.S.-French draft circulated Saturday calls for "a full cessation of hostilities," with Hezbollah immediately stopping all attacks and Israel ending offensive military operations. But Israel would still be allowed to take defensive action and there is no call for the withdrawal of its troops from southern Lebanon, which is Hezbollah's stronghold.

Lebanon opposed the draft, saying it favored Israel too strongly. The Lebanese government demanded that the cessation of hostilities must be complete — including all Israeli military activity — and all Israeli troops must leave. It warned that their presence would be viewed as a new occupation and citing Hezbollah's threat to shoot at any Israeli soldiers in the country.

On Monday, Lebanon offered to deploy 15,000 troops in south Lebanon. France wants a revised resolution to build on the Lebanese announcement, which would fulfill a demand in a September 2004 Security Council resolution that the government extend its authority throughout southern Lebanon.

Paris maintains that before the deployment of an international force — which it may lead — there should be an intermediate step to reinforce the 2,000-strong U.N. peacekeeping force in southern Lebanon, diplomats said, speaking on condition of anonymity because the negotiations are closed.

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Bolton said the United States believes Lebanon's decision to deploy the army in the south "is significant and we are going to take account of that in the resolution."

"The strategic issue, however, remains the same as it has been from near the outset of this, which is that everybody wants to see this used to transform the situation in the region — which means fundamentally that we don't want Hezbollah to re-infiltrate the southern part of Lebanon," he said.

U.S. officials said a cease-fire deal could accommodate both Arab demands for an immediate Israeli pullout from southern Lebanon and U.S. and Israeli demands that no security vacuum be left for Hezbollah to fill.

Other members of the Security Council appeared increasingly impatient with the lack of a resolution so far.

As a practical matter, Israeli forces would need several days or longer to leave, and the departure would be coordinated with deployment of a replacement force that is acceptable to the Lebanese, U.S. officials said.

The composition and mandate of the replacement force is a sticking point, but U.S. officials said it could be a combination of Lebanese and foreign forces, perhaps under the banner of the U.N. force.

Bolton said this raises a number of issues that are the current focus of debate, including how to ensure an effective security presence in southern Lebanon as Israeli forces withdraw; how to put a security operation together; and how an operation would become part of the effort to fulfill the U.N. resolution demanding the disarmament of all militias and the extension of Lebanese government authority throughout the country.

Lebanon also wants the resolution to include a commitment to release Lebanese and Israeli prisoners and an agreement to put the disputed Chebaa Farms area on the Lebanon-Syria-Israel border under U.N. jurisdiction.

Associated Press Writers Anne Gearan in Washington and Christine Ollivier in Toulon, France, contributed to this report

Israel Aims Deeper Into Lebanon; U.N. Tied Up (USAT)

By Yaakov Katz And Bill Nichols

USA Today, August 10, 2006

TEL AVIV, Israel — Prospects for a truce in the Middle East were damaged Wednesday by events in the region and at the United Nations.

Israel's Security Cabinet approved an offensive to push deeper into Lebanon to pursue Hezbollah guerrillas. Negotiations on a U.N. cease-fire resolution were stymied by differences between the United States and France over the timing of an Israeli withdrawal.

Thousands of Israeli soldiers gathered along the Lebanese border late Wednesday for the largest and deepest ground incursion into Lebanon since fighting between Israel and Hezbollah began July 12.

The Security Cabinet voted 9-0, with three abstentions, to approve a plan for troops to push to Lebanon's Litani River, about 18 miles north of the border. Defense Minister Amir Peretz said the offensive was needed to stop Hezbollah rocket attacks on northern Israel. The militant Shiite Muslim group has fired more than 3,000 rockets at Israel since July 12, when Hezbollah fighters launched a cross-border raid in which two Israeli soldiers were captured and eight killed.

Trade Minister Eli Yishai said Peretz and Prime Minister Ehud Olmert will decide on the timing of the offensive. “The assessment, it will last 30 days,” said Yishai, who abstained from the vote. “I think it will take a lot longer.”

The Bush administration, which has largely backed Israel's actions throughout the month-long war, signaled its displeasure with the approval of the new offensive Wednesday. “We want an end to the violence, and we do not want escalations,” White House press secretary Tony Snow said.

The decision to widen the offensive came a day after Israel effectively demoted its commander in Lebanon. The military's chief of staff, Lt. Gen. Dan Halutz, appointed his deputy, Maj. Gen. Moshe Kaplinsky, to coordinate the ground war alongside Maj. Gen. Udi Adam, who had been solely in charge.

The change came as casualties mounted. The Israeli military said in a statement that 15 soldiers were killed Wednesday in southern Lebanon. It also claimed nearly 30 Hezbollah gunmen were killed.

The statement said at least 170 rockets were fired into Israel. Justice Minister Haim Ramon called on the military to act mercilessly in Lebanese villages from which rockets were fired. “I choose our children over their children,” he said.

At the United Nations, meanwhile, negotiations continued between the United States and France on the wording of a cease-fire resolution. U.S. and French diplomats had agreed on a draft text Saturday, but differences re-emerged after an emotional appearance by Arab League representatives before the Security Council on Tuesday.

Israel and the United States want Israel's forces to stay in southern Lebanon until an international force can be deployed there. France, Lebanon and the Arab League want an immediate Israeli withdrawal; Lebanese troops, augmented by the current U.N. observer force in southern Lebanon, would then secure the area.

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Lebanon voted Monday to send 15,000 army troops to take control of the Hezbollah-dominated south. In a major shift, Hezbollah leader Hassan Nasrallah said Wednesday that Hezbollah agrees on the need to deploy the army there.

The U.S. ambassador to the U.N., John Bolton, acknowledged there were "disagreements." He said the United States and France had agreed on a suitable text once before and "we may yet do it again."

Any vote was unlikely before Friday. Once a vote is scheduled, the Security Council's common practice is to give diplomats 24 hours to consult with leaders.

Rice's Hurdles On Middle East Begin At Home (NYT)

By Helene Cooper

The New York Times, August 10, 2006

WASHINGTON, Aug. 9 — As fighting was breaking out last month between Hezbollah and Israel, Secretary of State Condoleezza Rice worked through the night at her guest quarters on Russia's Baltic coast to draft America's response to the unfolding crisis.

The strategy she outlined that night, the eve of the Group of 8 meeting, dispensed with traditional diplomatic flourishes. It included no call for an immediate cease-fire and expressly stated that Israel had a right to defend itself.

The approach, which President Bush approved the next morning and has served as the basis for American strategy during the crisis, was more than a policy blueprint. It was also Ms. Rice's answer to opposing camps within the Bush administration. Ms. Rice, one senior administration official said, "staked out a position that was sufficiently unlike the usual State Department" approach to satisfy conservatives in the government, including Vice President Dick Cheney, who were pushing for strong American support for Israel.

As Ms. Rice has struggled with the Middle East crisis over the last four weeks, she has found herself trying to be not only a peacemaker abroad but also a mediator among contending parties at home.

Washington's resistance to an immediate cease-fire and its staunch support of Israel have made it more difficult for Ms. Rice to work with other nations, including some American allies, as they search for a formula that will end the violence and produce a durable cease-fire.

On her recent trips to the Middle East, Ms. Rice was accompanied by two men with very different outlooks on the conflict: Elliott Abrams, senior director at the National Security Council, and C. David Welch, a career diplomat and former ambassador to Egypt who is assistant secretary of state for Near East affairs.

Mr. Welch represents the traditional State Department view that the United States should serve as a neutral broker in the Middle East. Mr. Abrams, a neoconservative with strong ties to Mr. Cheney, has pushed the administration to throw its support behind Israel. During Ms. Rice's travels, he kept in direct contact with Mr. Cheney's office.

One administration official described how during the trip — including a July 29 discussion in Ms. Rice's Rabin suite at the David Citadel Hotel, with its panoramic view of Jerusalem's Old City — Mr. Welch and Mr. Abrams served as counterfoils, with Mr. Welch arguing the Arab view and Mr. Abrams articulating the Israeli stance.

Ms. Rice selected Mr. Abrams for the National Security Council staff in 2002 when she was national security adviser. His return to government service was unexpected. After President George H. W. Bush pardoned Mr. Abrams in 1992 for his role in the Iran-Contra affair during the 1980's, Mr. Abrams said he would never work as policy maker again.

State Department officials say that Mr. Abrams serves as a buffer for Ms. Rice with some neoconservatives who are critical of her policies. "The genius of Elliott Abrams is that he's Elliott Abrams," one senior administration official said. "How can he be accused of not sufficiently supporting Israel?"

Several State Department officials have privately objected to the administration's emphasis on Israel and have said that Washington is not talking to Syria to try to resolve the crisis. Damascus has long been a supporter of Hezbollah, and previous conflicts between the group and Israel have been resolved through shuttle diplomacy with Syria.

Two weeks ago, Ms. Rice instructed Stephen A. Seche, the chargé d'affaires at the United States Embassy in Damascus, to approach Syria's foreign minister, Walid al-Moallem in Damascus. The two met, but Mr. Moallem "gave no indication that they would be moderately constructive," a senior administration official said, and there have been no overtures since.

The tensions in the region and within the administration have left Ms. Rice visibly weary and she has at times spoken in unusually personal, emotional terms. After the meeting in her suite, Ms. Rice, Mr. Abrams, Mr. Welch and Richard Jones, the United States ambassador to Israel, had dinner with Prime Minister Ehud Olmert. There, Ms. Rice showed a rare flash of impatience with him. When Mr. Olmert responded to her request to suspend airstrikes for 48 hours by saying that Israel had warned residents to evacuate, Ms. Rice shook her head, according to two American officials.

"Look, we've had this experience, with Katrina, and we thought we were doing it right," she reportedly said. "But we learned that many people who want to leave can't leave."

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Though Ms. Rice was not directly involved in the government's response to Hurricane Katrina, she told colleagues last summer that she had been appalled at the slow reaction and had urged Mr. Bush to do more to alleviate the hardship of residents, many of them black, who were trapped in the flooded city.

Ms. Rice got the suspension she sought from the Israelis, but it proved short-lived. Her plane had barely left Israeli airspace when Israel resumed aerial strikes, though the bombing slowed for 48 hours.

Ms. Rice has been sharply criticized by some conservatives for pushing Israel too far to end its military operations in Lebanon. "Dump Condi: Foreign policy conservatives charge State Dept. has hijacked Bush agenda," read the headline July 25 in an online version of Insight Magazine, published by The Washington Times.

"She's being hammered by those who believe that this crisis will only be resolved by a strategic victory by Israel, backed by the United States," said Aaron David Miller, a scholar at the Woodrow Wilson Center who was a senior adviser for Arab-Israeli relations at the State Department under the last three presidents. "That belief says that unless Hezbollah is handed a strategic retreat, the war on terror will suffer a huge defeat."

But, Mr. Miller said, "she's also being hammered by the Europeans and Arabs for what they believe to be her inactivity."

The popular image of Ms. Rice as America's impeccably clad, composed, dashing diplomat — an image she and her aides have encouraged — has given way to a more somber figure struggling, like many of her predecessors, to resolve a Middle East conflict.

Ms. Rice's carefully scripted talking points have sometimes fallen flat. Her comment that the Israel-Lebanon war represented the "birth pangs of a new Middle East"— coming at a time when television stations were showing images of dead Lebanese children — sparked ridicule and even racist cartoons. A Palestinian newspaper, Al Qud, depicted Ms. Rice as pregnant with an armed monkey, and a caption the read, "Rice speaks about the birth of a new Middle East."

She became angry when a reporter asked her, after Israel's promised 48-hour suspension of airstrikes ended 36 hours early, how she felt when she found out. "I have had more questions about how I felt," she said. "The question is what we do. And what we did was to seek clarification from the Israeli government about whether or not they were adhering to the agreement here."

Before leaving for her trip to the Middle East, she told an acquaintance, with a tone of resignation, that every secretary of state, sooner or later, had to mediate a dispute in the region. "Now, I guess it's my turn."

British MP Quits Defence Post Over Lebanon Conflict (AFP-Y)

AFP, August 10, 2006

A British member of parliament became the first to resign over the government's stance on the Middle East conflict when he quit his post at the Ministry of Defence.

Jim Sheridan, a member of Prime Minister Tony Blair's governing Labour Party, said he was standing down as the parliamentary private secretary to the defence minister and his deputy -- though he acknowledged his resignation would have little impact on the government's Middle East strategy.

"The reason I am resigning is the current conflict in the Middle East and once again the Palestinian situation has been put on the back-burner," the MP for Paisley near Glasgow, told Sky News television.

"I don't expect my resignation will have any significant impact on the prime minister's objectives in the Middle East, which I genuinely believe to be honourable on his part, but I don't believe they reflect the core values of the Labour Party or indeed the country."

Rather than call for an immediate ceasefire between Israel and the Hezbollah militia in Lebanon, the British government has pushed for a lasting cessation of hostilities that would be fully observed by both sides.

Reacting to Sheridan's resignation, Defence Secretary Des Browne said he was "disappointed to receive Jim's letter".

"He was a valued member of the ministerial team," Browne said.

"I respect his decision. These issues are difficult for everyone involved but we are all working for the same objectives -- an early but sustainable end to the violence."

Speaking to the BBC on Wednesday, John Grogan, a Labour Party MP, said Sheridan's resignation would be followed by that of others in the coming days.

"I know, from talking to other parliamentary private secretaries today (Wednesday) that he is not alone in having concerns," Grogan told the broadcaster.

"He's not going to be the only parliamentary private secretary who's going to be resigning, I don't think, in the coming days."

Sheridan's resignation came amid calls from some 150 MPs for the lower house of parliament, which is on an 11-week summer recess, to be promptly recalled to debate the war, now entering its fifth week.

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In a letter to Jack Straw, the cabinet minister in charge of the government's legislative agenda, they said it was "absolutely vital" that public concern over the conflict be fully discussed.

Foreign Office Minister Kim Howells said he was not "sure what a recall of parliament would do to alter the situation". Nevertheless, he said he expected Straw, a former foreign secretary, to consider the request "very very carefully".

After A Lifetime Of War, Lebanese Envoy Knows No Peace (WP)

By Lynne Duke

The Washington Post, August 10, 2006

Inside the Lebanese Embassy on 28th Street NW, the air smells of stress. It's cigarette smoke, actually, for Carla Jazzar, the new diplomat in charge, has relaxed the no-smoking rule. It is just a small concession to allow her staffers some modicum of relief from the fear and anxiety that have gripped them all as they watch their country being destroyed yet again.

"Everybody has family in Lebanon," she says. "Everybody's concerned."

Of her own habit, she says, "I was about to quit, really, until this whole thing happened." She shrugs almost apologetically, near an ashtray filled with butts in an office decorated quite elegantly. There are reprints of paintings by Khalil Gibran, the Lebanese poet, as well as plaques of the Phoenician alphabet, the writing of her ancient ancestors.

The lands of the Middle East are bleeding again, and Jazzar's life has been redefined. Suddenly she's on the diplomatic front line for her country as its cities, roads, bridges and airport runways are pummeled by Israel in response to the Lebanese Hezbollah militia's July 12 killing of Israeli troops, seizure of two hostages and its subsequent firing of hundreds of rockets across the border.

Lebanon's ambassador, Farid Abboud, was recalled shortly after the conflict started. He'd suggested on CNN that Hezbollah's action represented a Lebanese government policy, which sparked outrage back in Beirut and the early end of Abboud's Washington posting.

Into the breach stepped Jazzar, the embassy's deputy chief of mission. She is 40 and fashionable and diplomatically experienced, having served in Beirut, London and Paris, where as a senior diplomat for Lebanon's mission to UNESCO she had to take over after the Lebanese ambassador there suffered a stroke.

But this is war. This is different. Her country's future is at stake. And for a woman who grew up in Beirut as "a child of the Lebanese civil war," this new conflict brings an anguish that is both patriotic and personal.

"This war today revives painful memories to me," Jazzar says. Her voice at times is like a lament.

"I've witnessed this country so many times being devastated then rebuilt, then redevastated and rebuilt. And last year in March 2005, the Cedar Revolution happened and it brought us so many hopes."

The Lebanese success at pushing Syrian troops out of their country after 30 years marked a watershed for Lebanon. After the assassination of former prime minister Rafiq Hariri, Lebanese filled the streets in mass demonstrations demanding that their nation regain its sovereignty. The movement's success put Lebanon in control of its own fate -- or so it seemed.

"And we thought at that time: This is it. This is the end of our suffering. We're opening a new page. And I thought it was a new beginning for us. Well, I still believe that what happened in March 2005 is still very well alive and very strong, and I still believe we will overcome this."

She is fiercely on message, quick to detect any hint that perhaps a Lebanese history lesson may be required to make her point.

"Listen. Let me tell you something," she says, planting an elbow on her knee. The lament is clearly over. This is the fire of the advocate (not the "shy person" she says she is). The lesson is sparked by the question of how Lebanon will face a long war.

"Lebanon is the oldest democracy in this part of the world. Let's keep that in mind," she says. "It has the oldest constitution, going back to 1920. Women in Lebanon had the right to vote in 1952. So it is a very democratic society. And this country knew major crises and still, again and again, this country was able to stand on its feet and to recover. Yes, I do believe that we are able to overcome this."

But will it be a long war?

She sighs and stands down, as it were.

"I hope not. I really hope not," she says, "because we cannot stand it anymore. It's too harsh for the Lebanese. It's unbearable for us. Too many killed. Too many displaced. Infrastructure ruined."

Since the former ambassador departed from Washington at the end of July, Jazzar has taken over in a very public way, appearing on news shows, sitting for interviews and pushing Lebanon's positions: its demand for an immediate ceasefire; its plan to send Lebanese troops to the disputed south Lebanon region; its outrage at being pounded far more than it believes is necessary for the punishment Israel wants to inflict on Hezbollah.

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"I was this morning at 10:30 at C-SPAN," she says during an interview Tuesday. "I had a meeting at 10 at the State Department. Then at 11:30, at the Senate. Then I went to CTV [Canadian TV] for an interview. Well, and now you're here, and at 5 we have this fundraising event" for charities helping Lebanon's wounded and displaced.

Before this latest war, she'd led a normal diplomatic life. She had basked in Lebanon's success of last year. She had conducted the business of her diplomatic beat, which was the U.S. executive branch -- focusing on the National Security Council and the State Department. She'd socialized with friends in Washington and what she calls "my own private life in New York," a phrase accompanied by a devilish little laugh. She has a home there as well as in Washington. She's made it her business to get to know the United States and has fallen in love not only with New York but also with Chicago. She loves big cities.

She's from Beirut, after all. She knows a thing or two about the lives and deaths and resurrections of cities.

Beirut: All her childhood memories of the city have to do with war -- the civil war that began in 1975 between Christian and Muslim fighters, including Lebanese and Palestinians; and Israel's 1982 invasion to root out the Palestine Liberation Organization.

"We never lived as normal children, never, my sisters, my family. We rarely had electricity, for instance. We were living in a state of war all the time. . . . Our only concern was to go to school safe and come back safe. And I remember the long nights we spent in shelters.

"Very often we couldn't come back home. We had to stay at our schools for days and days."

It was the same when she attended the Universite Saint-Joseph, which sat near the infamous "green line" dividing Christian East Beirut from Muslim West Beirut. Often, she was marooned there. Often, a sniper operated near the school, which shut its main entrance so students wouldn't end up in the line of fire. She earned a master's degree in political science there amid the war.

"In 1989, 1990, during the last round of the Lebanese war," she recalls, "I couldn't stand it anymore. I went to Paris."

There, she worked briefly for the Lebanese Embassy. After a stint back in Beirut -- by 1992, a Beirut at relative peace -- she moved on to a posting in London as a consular official. While there, she earned a second master's at the London School of Diplomacy. From London, it was on to Paris, back to Beirut, then to Washington in 2004.

She had always wanted, as a young person, to serve her country. The notion of public service is ingrained in her family, she says. And she loves the diplomatic life, even though it is not quite what she once imagined.

"I was filled with illusions," she says.

"I'll tell you a story. I thought that the diplomatic pouch was something kind of like a Samsonite. Well, then I get to understand that the diplomatic pouch is this dirty bag." She's laughing at her own metaphor.

"I thought it was a different life. I thought it was easier, more comfortable," she says. "But, unfortunately, when you represent a small country and a troubled country, you can never rest."

The Guns Of August (WP)

By Richard Holbrooke

The Washington Post, August 10, 2006

Two full-blown crises, in Lebanon and Iraq, are merging into a single emergency. A chain reaction could spread quickly almost anywhere between Cairo and Bombay. Turkey is talking openly of invading northern Iraq to deal with Kurdish terrorists based there. Syria could easily get pulled into the war in southern Lebanon. Egypt and Saudi Arabia are under pressure from jihadists to support Hezbollah, even though the governments in Cairo and Riyadh hate that organization. Afghanistan accuses Pakistan of giving shelter to al-Qaeda and the Taliban; there is constant fighting on both sides of that border. NATO's own war in Afghanistan is not going well. India talks of taking punitive action against Pakistan for allegedly being behind the Bombay bombings. Uzbekistan is a repressive dictatorship with a growing Islamic resistance.

The only beneficiaries of this chaos are Iran, Hezbollah, al-Qaeda and the Iraqi Shiite leader Moqtada al-Sadr, who last week held the largest anti-American, anti-Israel demonstration in the world in the very heart of Baghdad, even as 6,000 additional U.S. troops were rushing into the city to "prevent" a civil war that has already begun.

This combination of combustible elements poses the greatest threat to global stability since the 1962 Cuban missile crisis, history's only nuclear superpower confrontation. The Cuba crisis, although immensely dangerous, was comparatively simple: It came down to two leaders and no war. In 13 days of brilliant diplomacy, John F. Kennedy induced Nikita Khrushchev to remove Soviet missiles from Cuba.

Kennedy was deeply influenced by Barbara Tuchman's classic, "The Guns of August," which recounted how a seemingly isolated event 92 summers ago -- an assassination in Sarajevo by a Serb terrorist -- set off a chain reaction that led in just a few weeks to World War I. There are vast differences between that August and this one. But Tuchman ended her book with a

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sentence that resonates in this summer of crisis: "The nations were caught in a trap, a trap made during the first thirty days out of battles that failed to be decisive, a trap from which there was, and has been, no exit."

Preventing just such a trap must be the highest priority of American policy. Unfortunately, there is little public sign that the president and his top advisers recognize how close we are to a chain reaction, or that they have any larger strategy beyond tactical actions.

Under the universally accepted doctrine of self-defense, which is embodied in Article 51 of the U.N. Charter, there is no question that Israel has a legitimate right to take action against a group that has sworn to destroy it and had hidden some 13,000 missiles in southern Lebanon. In these circumstances, American support for Israel is essential, as it has been since the time of Truman; if Washington abandoned Jerusalem, the very existence of the Jewish state could be jeopardized, and the world crisis whose early phase we are now in would quickly get far worse. The United States must continue to make clear that it is ready to come to Israel's defense, both with American diplomacy and, as necessary, with military equipment.

But the United States must also understand, and deal with, the wider consequences of its own actions and public statements, which have caused an unprecedented decline in America's position in much of the world and are provoking dangerous new anti-American coalitions and encouraging a new generation of terrorists. American disengagement from active Middle East diplomacy since 2001 has led to greater violence and a decline in U.S. influence. Others have been eager to fill the vacuum. (Note the sudden emergence of France as a key player in the current burst of diplomacy.)

American policy has had the unintended, but entirely predictable, effect of pushing our enemies closer together. Throughout the region, Sunnis and Shiites have put aside their hatred of each other just long enough to join in shaking their fists -- or doing worse -- at the United States and Israel. Meanwhile, in Baghdad, our troops are coming under attack by both sides -- Shiite militias and Sunni insurgents. If this continues, the U.S. presence in Baghdad has no future.

President Bush owes it to the nation, and especially the troops who risk their lives every day, to reexamine his policies. For starters, he should redeploy some U.S. troops into the safer northern areas of Iraq to serve as a buffer between the increasingly agitated Turks and the restive, independence-minded Kurds. Given the new situation, such a redeployment to Kurdish areas and a phased drawdown elsewhere -- with no final decision yet as to a full withdrawal from Iraq -- is fully justified. At the same time, we should send more troops to Afghanistan, where the situation has deteriorated even as the Pentagon is reducing U.S. troop levels -- which is read in the region as a sign of declining U.S. interest in Afghanistan.

On the diplomatic front, the United States cannot abandon the field to other nations (not even France!) or the United Nations. Every secretary of state from Henry Kissinger to Warren Christopher and Madeleine Albright negotiated with Syria, including those Republican icons George Shultz and James Baker. Why won't this administration follow suit, in full consultation with Israel at every step? This would clearly be in Israel's interest. Instead, administration officials refuse direct talks and say publicly, "Syria knows what it must do" -- a statement that denies the very point of diplomacy.

The same is true of talks with Iran, although these would be more difficult. Why has the world's leading nation stood aside for over five years and allowed the international dialogue with Tehran to be conducted by Europeans, the Chinese and the United Nations? And why has that dialogue been restricted to the nuclear issue -- vitally important, to be sure, but not as urgent at this moment as Iran's sponsorship and arming of Hezbollah and its support of actions against U.S. forces in Iraq?

Containing the violence must be Washington's first priority. Finding a stable and secure solution that protects Israel must follow. Then must come the unwinding of America's disastrous entanglement in Iraq in a manner that is not a complete humiliation and does not lead to even greater turmoil. All of this will take sustained high-level diplomacy -- precisely what the American administration has avoided in the Middle East. Washington has, or at least used to have, leverage over the more moderate Arab states; it should use it again, in the closest consultation with and on behalf of Israel.

And we must be ready for unexpected problems that will test us; they could come in Turkey, Pakistan, Egypt, Syria, Jordan or even Somalia -- but one thing seems sure: They will come. Without a new, comprehensive strategy based on our most urgent national security needs -- as opposed to a muddled version of Wilsonianism -- this crisis is almost certain to worsen and spread.

Richard Holbrooke, a former U.S. ambassador to the United Nations, writes a monthly column for The Post.

Israel, Seeking Rocket Buffer, Sets Expansion (NYT)

By Steven Erlanger

The New York Times, August 10, 2006

JERUSALEM, Aug. 9 — Israel decided Wednesday to move thousands more troops into Lebanon in a major expansion of its ground operation aimed at pushing Hezbollah and its rocket launchers farther away from Israeli cities.

The decision, made at a six-hour security cabinet meeting, approved a plan drawn up by the military and Defense Minister Amir Peretz to move farther and faster into Lebanon.

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Prime Minister Ehud Olmert and Mr. Peretz will decide when the new operation begins, and they are expected to wait a bit so a diplomatic solution, currently being negotiated at the United Nations, can be found.

But they are not expected to wait very long, said a senior cabinet minister who was in the meeting. "The army is in full motion," he said.

He said the decision on the new offensive was intended in part to press diplomats to move faster to establish a robust international force to monitor the border and help the Lebanese government exercise full control over the country.

The decision is also meant to push Prime Minister Fouad Siniora of Lebanon to accept such a force, despite the objections of Hezbollah, to deploy in southern Lebanon alongside the weak Lebanese Army, said the Israeli cabinet minister said, who spoke on the condition that he not be named because he was not authorized to speak about secret proceedings. "We have to stop the launchers," the minister added. "That was the message to the army."

Giora Eiland, a former national security adviser, said the expansion of the offensive was aimed at achieving goals that had so far proved elusive. "We have to move forward to where the launchers are," he said. "The Israeli military operation so far is not effective. We're not doing the important things we need to do."

Late Wednesday night, columns of Israeli armor and troops moved into Lebanon toward Al Khiam, north of Kiryat Shmona and Metulla, which have been hit hard by rockets. The Israelis said the new operation was intended to cut rocket launchings but remained within four miles of the border.

The United States urged Israel "to take the utmost care in avoiding civilian casualties," the State Department spokesman, Sean McCormack, said.

Secretary of State Condoleezza Rice spoke to Mr. Olmert for half an hour in a break during the meeting, but no details were released about their conversation. C. David Welch, an assistant secretary of state, has been shuttling between Beirut and Jerusalem to try to work out a deal on a United Nations resolution.

The White House spokesman, Tony Snow, said Wednesday: "Our primary goal is to have an end of violence, but an end that will also ensure that there are not conditions for future violence, because we've seen this recur many times in Lebanon. That would mean creating a credible force that would allow the government of Lebanon to seize effective control and authority over southern Lebanon, and also would not lead to a situation where Hezbollah once again could arise as an independent militia, a state within a state, and to work while independent of the government, and also to destabilize Lebanon.''

He went on to say, "We want an end to violence and we do not want escalations." Asked whether that was a message to Israel, he said, "It's a message to all parties."

Hezbollah's leader, Sheik Hassan Nasrallah, criticized the first draft resolution as unjust and unbalanced in Israel's favor. "The least we can describe this is as unfair and unjust," he said in a televised speech on Wednesday. "It has given Israel more than it wanted and more than it was looking for."

Sheik Nasrallah gave his support to the Lebanese plan to move its army down to the border, which Hezbollah had opposed until this war, saying it made a new international force unnecessary. Hezbollah is viewed by Israelis as supporting the Lebanese deployment as a way of trying to circumvent an aggressive multinational force, because Mr. Nasrallah understands it is no longer possible to oppose both.

In his speech, Sheik Nasrallah warned Israeli citizens of Arab descent to leave the port city of Haifa, which has been struck intermittently by longer-range rockets provided to Hezbollah by Syria and Iran, and he promised to turn southern Lebanon into a "graveyard" for Israeli soldiers.

At the United Nations, France and the United States struggled to settle differences in the text of a resolution they introduced Saturday to halt the fighting. But they have been revising it to meet objections from Lebanon and the 22 Arab League countries that it did not demand an immediate Israeli withdrawal from Lebanon.

France and the United States are divided over what kind of international force should be sent to southern Lebanon, when it should deploy and how soon the Israelis should leave Lebanon. France would like the Israelis to start leaving when a promised contingent of 15,000 Lebanese Army troops arrives. The United States says the Israelis must remain until international troops are in place.

When the talks suffered a near collapse in midafternoon, a meeting was called of the five permanent members of the Security Council: Britain, China, France, Russia and the United States.

Speaking after the session on Wednesday evening, John R. Bolton, the American ambassador, described the outstanding issues as "really difficult." But he added, "My sense is we're getting closer in a way to resolving some of them, but I don't want to underestimate the conceptual and operational difficulties that were trying to overcome."

He said the talks would continue Thursday after the delegations had heard back from their capitals, meaning the earliest a vote could be held has now been pushed back to Friday.

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There have been diplomatic discussions about whether Unifil, the existing United Nations force, could be transformed into a more serious peacekeeping force to work alongside the Lebanese Army. Mr. Siniora emerged from a meeting with Mr. Welch to say there had been "no progress" toward resolving differences over a cessation of hostilities. "We are still at the same place," he said.

Mr. Eiland, the former Israeli national security adviser, said what mattered more than any new military offensive was the eventual shape of Lebanon, and whether the government of Mr. Siniora could operate in the interests of all Lebanese or remain a hostage to Hezbollah's decisions.

"Expanding the military operation increases the pressure on Lebanon to act," Mr. Eiland said. "But the Lebanese have to act on their own for their own domestic reasons," he said, not in response to any Israeli dictates. As for the military offensive, he said, "We can stop whenever we want."

But without a quick diplomatic solution, he said, an expanded military operation to push the majority of the short-range Katyushas beyond the Litani River is the only way to reduce sharply the barrage of rockets hitting Israel.

More than 170 rockets fell on Israel on Wednesday, the army said, bringing the total since July 12, when this war began, to more than 3,300, and Israel continued to send some of its remaining residents from northern towns south in buses. Hezbollah is believed to have many thousands of Katyushas remaining, with a range of 12 to 15 miles, though some can go 18 miles. The Litani River is roughly 15 miles north of the border.

While the cabinet debated the expansion of the war, the fighting ground on along the border. Fifteen Israeli soldiers were killed Wednesday, the highest daily Israeli military toll of the conflict, nine of them in a booby-trapped house in Debel. There was fighting around Merj 'Uyun and Bint Jbail, with three Israeli soldiers hurt.

An Israeli airstrike near the southern Lebanese city of Sidon early on Wednesday killed at least two people, and aid agencies said they were unable to reach tens of thousands of people surrounded by the heavy fighting in southern Lebanon. The World Food Program said it had not received an Israeli agreement to rebuild a bridge across the Litani, one of the last crossings to the port city of Tyre and the rest of the south.

Israel destroyed the bridge on Monday. Israel has warned all civilians to move north of the Litani, but some are too old, poor or frightened to leave. Israel has also said that any vehicle traveling on roads in the south can be fired upon at any time of the day or night unless it is an aid convoy approved by Israel.

The United Nations, as well as the Red Cross, said it was unable to move convoys to the villages around Tyre to deliver supplies.

Israeli ships also fired missiles into the suburbs of southern Beirut, a Hezbollah stronghold, on Wednesday, a mile from where a funeral was taking place for some of the 41 victims of an Israeli airstrike on Monday on a large building in the suburb of Chiyah. Israel said it was trying to hit Hezbollah leaders; workers continued to pull bodies out of the rubble there.

After a bombing raid in the Bekaa Valley, nine people, including a Hezbollah official, his wife and their five children, were killed when the apartment unit where they lived collapsed.

Israel also struck Lebanon's largest Palestinian refugee camp, killing two people and wounding five. Lebanese and Palestinian officials told The Associated Press that an Israeli gunship shelled the Ein el-Hilweh camp, but Israel's military said the attack was an airstrike on a house used by Hezbollah guerrillas.

In Gaza, an Israeli strike on suspected militants in a grove of trees killed three Palestinians, including a child. The army said it had attacked a militant training ground.

In the Israeli security cabinet meeting, the vote to approve the military's plan was nine in favor and three abstentions, which included Deputy Prime Minister Shimon Peres and a prominent Labor minister, Ophir Pines-Paz, who argued that diplomatic efforts should first be allowed to run their course. The third abstention was from Eli Yishai, a minister from the religious Shas Party, who said the ground operation should not be widened until there had been more airstrikes on southern Lebanon.

Afterward, Mr. Yishai said the ground operation could go on for as long as 30 days, but Israeli ministers are hoping there will be a diplomatic resolution before then.

Finance Minister Abraham Hirchson said that because of the war, military spending could rise by about $500 million, with cuts of about half that made in the budgets of other ministries and the rest made up from a reserve fund. He estimated that the direct cost of the monthlong war to the Israeli economy was about $1.5 billion.

The Bank of Israel estimated on Aug. 6 that the conflict, depending on its length, would cost the economy about 1 percent of gross domestic product, with the biggest impact on tourism and tax revenues.

But the real worry during the Israeli cabinet debate, participants said, was the estimated cost in casualties, with the army suggesting that up to another 200 soldiers could die.

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As the ministers debated Wednesday afternoon, at the Ramban Health Care Campus in Haifa, military helicopters came in over the bay, delivering 23 more wounded soldiers from the fighting in southern Lebanon. The figure was one of the highest one-day totals since the fighting began nearly a month ago, said David Ratner, a spokesman for the hospital.

In the afternoon, one helicopter brought two soldiers with torn and bloodied uniforms. They were immediately placed in ambulances and delivered to the emergency room. Before the helicopter's entire crew could reboard, the helicopter lifted off and hovered over the bay to make way for the next helicopter, which landed only moments later, also carrying two wounded soldiers.

Israel Readies For Expanded Push In Lebanon (CHIT)

By Joel Greenberg

Chicago Tribune, August 10, 2006

JERUSALEM -- With cease-fire talks bogged down, the Israeli government on Wednesday approved a significant expansion of the ground offensive against Hezbollah in southern Lebanon, authorizing plans for a push by infantry and armored forces to the Litani River, some 18 miles north of the border.

The decision by the security Cabinet runs the risk of substantially increasing military casualties in combat with Hezbollah guerrillas, while exposing Israel to charges that it is undermining efforts to reach a cease-fire at a time when Lebanon has offered to send its own troops to the border area.

The potential costs of a deeper ground operation were starkly demonstrated in heavy fighting with guerrillas in southern Lebanon on Wednesday in which 15 soldiers were killed and 38 wounded, the highest single-day toll for the military in the month-old Israeli campaign. The army said 40 Hezbollah guerrillas were killed.

The security Cabinet authorized Prime Minister Ehud Olmert and Defense Minister Amir Peretz to determine the timing of the expanded offensive, leaving open the possibility that it could be delayed somewhat as efforts to broker a cease-fire continue.

But Israeli officials said that persistent disagreements over the terms of a cease-fire have left a diplomatic vacuum at a time when Israel is coming under continued rocket attack and military action is needed to remove that threat.

"Israel is still working for a diplomatic solution, preferably in the Security Council," said Tourism Minister Isaac Herzog, a member of the security Cabinet, adding that negotiations would be pursued in tandem with military action. "We cannot wait forever. We have a million civilians living in bomb shelters and we have to protect them."

Justice Minister Haim Ramon, a member of the security Cabinet, said a further advance into southern Lebanon is necessary to remove the threat of short-range rockets fired daily by Hezbollah at northern Israel and to push the guerrillas away from the border area.

"We must win this battle," Ramon said. "We are working on achieving the last goal left: stopping the firing of the Katyusha rockets and changing the status quo in Lebanon."

The Israeli government is under public pressure to produce results in the 4-week-old campaign, which has triggered increasing rocket fire at Israel that the army has been unable to suppress despite heavy artillery and air strikes, and ground operations about 4 miles inside Lebanon. On Wednesday more than 180 rockets landed in northern Israel, several of them long-range missiles that landed harmlessly in open areas.

Despite statements by army officers that Israeli forces control a narrow buffer strip inside southern Lebanon, fighting with Hezbollah guerrillas continues to rage in villages near the border. The guerrillas have put up stubborn resistance, inflicting casualties with advanced Russian-made anti-tank rockets they have used against both armored vehicles and houses where Israeli troops have taken up positions.

On Wednesday nine reserve paratroopers were killed by anti-tank rockets fired at a house in the village of Debel, according to media reports confirmed by military officials. At Ayta al-Shaab an anti-tank rocket blew up a tank, killing its four-man crew. A soldier was killed by a mortar round near Marjayoun, and another died in fighting at Taibe.

Dissatisfaction with the army's performance led to the sidelining Tuesday of the commander of Israeli forces in Lebanon, Maj. Gen. Udi Adam, who commentators said was seen as proceeding too cautiously in the campaign. The deputy chief of staff, Maj. Gen. Moshe Kaplinsky, was appointed to oversee the fighting.

Trade Minister Eli Yishai , a member of the security Cabinet, said the expanded offensive was expected to last 30 days. However, that timeframe could be substantially curtailed if progress is made toward arranging a cease-fire.

Olmert spoke by telephone with Secretary of State Condoleezza Rice during the 6-hour meeting of the security Cabinet, telling ministers that diplomacy would accompany the military action, according to reports from the meeting.

Yaacov Amidror, a reserve general who formerly headed the research and assessment branch of Israeli military intelligence, said the expanded Israeli ground offensive is essential.

"This operation is very costly in terms of human life but it must be done, otherwise the war will end and it will not be clear who won," he told Israel Radio. "The other side will be able to point to its victories."

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The leader of Hezbollah, Sheik Hassan Nasrallah, said in a televised address Wednesday that his fighters are waiting for Israeli ground troops "in every village, hill and valley" and that Israeli tanks would be "easy prey" for the guerrillas.

"You will not be able to stay on our land," he said, addressing the Israelis. "If you enter it, we will expel you by force. We will turn the land of our precious south into a graveyard for the Zionist invaders."

Nasrallah warned Arabs living in the Israeli port city of Haifa to leave so Hezbollah could step up its rocket attacks on the city. "Please leave so we don't shed your blood, which is our blood," he said. Two Israeli Arab residents of Haifa were killed in a rocket attack Sunday.

Nasrallah said that Hezbollah supports the Lebanese government's plan to send 15,000 soldiers to southern Lebanon after a cease-fire is reached and Israel withdraws. The area had been under effective Hezbollah control before the current hostilities broke out. But Nasrallah rejected the proposed stationing of an international force in the area, saying it is not clear from whom the force would be taking orders.

In other developments Wednesday, an Israeli air strike leveled a building in the town of Mashghara in the Bekaa Valley. Bodies of five family members were pulled from the rubble, and two others were feared dead, local officials said. Lebanese media reports said the strike killed a senior Hezbollah official and members of his family.

At least 700 people have been killed in Lebanon since the start of the fighting, most of them civilians. In Israel more than 100 have died, 39 of them civilians.

The Israeli army said its forces had extended operations in southern Lebanon to the village of Khiam, an area where it said rockets had been fired at northern Israel. A column of Israeli tanks, bulldozers and armored vehicles crossed into Lebanon from the Israeli town of Metulla under cover of Israeli artillery fire and air strikes, witnesses said.

Israel Vows To Expand Its Ground Offensive (CSM)

By Ilene R. Prusher

The Christian Science Monitor, August 10, 2006

HAIFA, ISRAEL

Israel's Security Cabinet authorized an expansion of ground operations in Lebanon Wednesday, signaling that the war could continue for several more weeks despite intense international efforts to reach a cease-fire.

The decision came amid other indications that Israel was preparing for what could be a more extended war, nearly a month after Hizbullah guerrillas kidnapped two Israeli soldiers and killed eight in a July 12 cross-border attack.

Israeli officials began evacuating the small northern city of Kiryat Shemona, which has consistently borne the brunt of Katyusha rocket attacks, with at least 550 rockets falling within city limits since the war began.

And with a high degree of internal wrangling over perceived shortcomings in the war, the Israeli army's chief of staff, Dan Halutz, demoted the commander of the northern front and replaced him with Halutz's own deputy, Moshe Kaplinsky.

Israeli officials said that the decision to continue to pursue its aims in the war did not contradict ongoing diplomatic attempts to reach a cease-fire that would be acceptable to both sides of the conflict.

One military spokesman described the political track and the military operations as independent of each other, and said Israel's war objectives hadn't been altered since an international solution had still not been reached.

"Israel is acting today to defend its citizens from the daily barrage of missiles coming into Israel, and this decision is taken in the absence so far, of international actions to bring about diplomatic solutions," says Mark Regev, spokesman of the Israeli Foreign Ministry.

More than 160 Katyusha rockets were launched Wednesday onto different towns and cities around northern Israel.

"Israel understands that the real solution is the implementation of UN Resolution 1559, and we are looking closely at the developments in New York," says Mr. Regev, referring to the resolution that calls for the disarming of Hizbullah. "But in the absence of concrete action there, Israel cannot sit idly and watch its population be on the receiving end of these rockets."

Israel has indicated that it would not pull out of south Lebanon, which it occupied for 18 years until it withdrew in the spring of 2000, until an international peacekeeping force is deployed in the area. And Israel says it wants one with a much more powerful mandate than UNIFIL, which is the current observer mission operating in the south.

Lebanon's prime minister, Fouad Siniora, has since offered to send some 15,000 Lebanese Army troops to the south; Israeli Prime Minister Ehud Olmert says he is studying the proposal.

Domestically, many Israelis are skeptical that a foreign force could succeed in the difficult job called for in UN Resolution 1559, or that international peacekeepers will put their lives on the line in order to keep Hizbullah from striking Israel.

Instead, the popular theory that continues to prevail is that Israel should do as much damage to Hizbullah as possible - and push the Iranian-supported militia's positions as far north from the international border as Israel can.

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"The weaker that Hizbullah is, the better chance there is of a diplomatic resolution," says an Israeli military source who ask not to be named. "And there is an interest getting to a cease-fire as soon as possible, for obvious reasons, but as time goes on, we feel the odds of getting one improve."

The military source said that Israeli Defense Forces (IDF) had yet to decide how to implement the Israeli cabinet's decision to expand the ground war, and that it might not necessarily be widened immediately.

As part of a larger ground offensive, Israeli forces are expected to push northward to the Litani River. Some of the areas closest to the river and further from the border, military officials say, are the areas from which many short-range missiles are being launched.

"Basically the area of the Litani is the area of the Katyushas, and in particular, the Katyushas we've had difficulty in stopping," the source said.

Israel can usually stop long-range missiles in flight, but not short-range missiles. "The shorter-range ones, because they're less sophisticated, are more difficult to detect, and ironically, they're harder to stop."

In a separate interview, a military official says that Israel's goal is to keep pounding Hizbullah targets and to degrade its launching capabilities.

"What we're saying is that we have to make the utmost effort we can to eliminate the infrastructure of Hizbullah," says Col. Irit Atzmon. "We're actually seeing that potential now, which will lay out the possibility for other forces to come. The problem is not whether we reach the Litani or not. The problem is trying to clean out the area where the Hizbullah is trying daily to damage Israel."

Israel Widens Ground War In Lebanon (WT)

By Joshua Mitnick

The Washington Times, August 10, 2006

TEL AVIV -- Israel's Security Cabinet yesterday approved an expanded ground offensive into southern Lebanon, a decision that came as Israel suffered its biggest single day battlefield losses of the war -- 15 soldiers killed.

Hours after the decision, Hezbollah leader Sheik Hassan Nasrallah appeared on television, pledging to turn southern Lebanon into a graveyard for Israeli soldiers.

The Bush administration warned both sides not to escalate the month-old war.

The decision by Israel's Security Cabinet authorizes Prime Minster Ehud Olmert to order Israeli forces to move north of a narrow strip just beyond the border to the Litani River.

The 9-0 vote with three abstentions came as the U.N. Security Council remained deadlocked over a proposal for a cease-fire, with disagreements between the United States and France delaying a vote.

"The trauma of 1982 shouldn't limit us in 2006. This is a completely different story. This isn't the PLO, its Iran," said Justice Minister Haim Ramon after casting his vote in the Cabinet. "We have to win this war."

He was referring to Israel's 1982 invasion of Lebanon, which led to an 18-year occupation of southern Lebanon.

Israel succeeded in driving the Palestine Liberation Organization (PLO) from Lebanon, but the war gave birth to Hezbollah, with financial and military backing from Iran.

Israelis have been frustrated that four weeks of fighting have failed to limit Hezbollah's ability to paralyze northern Israel by firing more than 100 rockets a day.

The Israeli military said late yesterday that 15 soldiers had been killed during the day and another 38 soldiers wounded in battles across southern Lebanon, the Associated Press reported. There were 40 Hezbollah members reported killed.

Israel's Channel 10 television reported that members of Iran's Revolutionary Guard had been found among Hezbollah guerrillas slain by Israeli forces in southern Lebanon.

The report, which cited diplomatic sources, said the Iranian soldiers had been identified by documents they were carrying.

Hezbollah denied late yesterday that Iranian fighters were among its guerrillas battling Israeli forces in southern Lebanon.

"Hezbollah categorically denies the lies and claims that the enemy is promoting that Iranian fighters are present in the confrontations with the occupation forces," the pro-Iranian Lebanese guerrilla group said.

The Revolutionary Guards are traditionally very close to fellow Shi'ite Muslims in Hezbollah and were deployed in south Lebanon in the 1980s.

In mid-July, Israeli military sources were quoted as saying Hezbollah's most advanced missiles were under the direct control of some 200 members of Iran's Revolutionary Guard.

In Crawford, Texas, yesterday, where President Bush is vacationing, White House press secretary Tony Snow told reporters, "We want an end to violence, and we do not want escalations."

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He said the statement applied to both sides. Nevertheless, it marked the administration's strongest public warning directed at longtime ally Israel since the fighting began July 12.

Commenting on discussions at the Security Council in New York, Mr. Snow said:

"We are working hard now to bridge differences between the United States position and some of the positions of our allies."

The main dispute is over the timing of an Israeli pullout from Lebanon, with France insisting that troops leave once a cease-fire is in place and the United States calling for an international force to be deployed first.

Lebanon has offered to send 15,000 troops to patrol the border region.

The United States is concerned that the Lebanese army won't be able to prevent a security vacuum by itself.

Sheik Nasrallah endorsed the deployment of Lebanese troops in the south, but he criticized the U.N. draft proposal, saying it is slanted in favor of Israel.

The Hezbollah leader also made an unusual appeal to Israeli Arab residents of Haifa, telling them to evacuate the city ahead of renewed rocket strikes.

"I have a special message to the Arabs of Haifa, to your martyrs and to your wounded. I call on you to leave this city. I hope you do this. ... Please leave so we don't shed your blood, which is our blood," Sheik Nasrallah said.

By last night, about 160 rockets had fallen on Israel in the previous 48 hours, among more than 3,000 fired by Hezbollah since the war began.

Military discontent with the slow pace of the war apparently prompted Israeli army chief of staff, Dan Halutz, to sideline northern command chief Maj. Gen. Udi Adam on Tuesday by sending the deputy chief of staff to oversee the northern war headquarters.

Though the army has tried to minimize the significance of the announcement, officials conceded it was the first time since the 1973 Arab-Israeli war that a general has been sacked in the middle of a war.

"It's the right decision, in light of everything that has happened," said Matan Vilnai, a Labor Party member of parliament who previously served as deputy chief of staff.

"We all know that this [war] should look different," said Nachman Shai, a former army spokesman.

Avshalom Vilan, from the dovish Meretz party, wrote on the Ynetnews.com Web site:

"The more we understand the limits of force of a modern army -- no matter how strong it is -- against guerrillas that don't count their dead and say they're playing for all the stakes, the more we understand that the solution to the problem can only be achieved through a diplomatic solution."

Israeli Casualties Mount Amid Fresh Offensive (LAT)

By Henry Chu And Kim Murphy

The Los Angeles Times, August 10, 2006

JERUSALEM -- Israel suffered its worst military death toll in a month of fighting in south Lebanon, when 15 soldiers were killed Wednesday during ground skirmishes with Hezbollah guerrillas.

The deaths came hours after the Israeli Security Cabinet approved an expansion of the army's ground offensive, heralding a possible escalation in its war against the Hezbollah militant group even as diplomats failed to forge a cease-fire agreement acceptable to both sides.

Hundreds of Israeli tanks, missile launchers and other armor massed in the north, firing a thunderous barrage of artillery into Lebanon as soldiers crossed the border from the Metulla area in larger numbers than in previous days.

In Lebanon's Bekaa valley, a family of seven was killed when an Israeli airstrike demolished their house, while in Beirut, residents counted 10 strikes during one 40-minute stretch Wednesday afternoon.

Warning sirens keened across northern Israel as an estimated 160 rockets rained down throughout the day. No deaths were reported in the attacks, but fields around the northern city of Kiryat Shemona were set ablaze.

Hezbollah leader Sheik Hassan Nasrallah warned Arab residents of Haifa, an ethnically mixed Israeli city on the Mediterranean coast, to leave before his fighters unleashed more rockets.

The Israeli army said it was attacking al-Khiam and Marjayoun, towns deep in southern Lebanon, but a government spokeswoman denied that the moves represented the start of a more sweeping incursion that could extend up to 13 miles north of the border, to the shores of the Litani River, and could last a month.

Ten of the Israeli soldiers died in a pitched battle in the border town of Debel, where Hezbollah militants used anti-tank missiles, military sources said.

The Israeli Army said it had killed as many as 40 Hezbollah fighters Wednesday. A report on Israeli television Wednesday night said that among the slain militants were members of Iran's Revolutionary Guard, identified by papers discovered on their

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bodies. Hezbollah denied the report, which could not be independently verified. Iran and Syria, both implacable foes of Israel, are Hezbollah's main backers.

Israeli officials did not specify when a widened ground assault would begin or how many troops it would require beyond the estimated 10,000 already involved. But it could take days to ready the thousands of military reservists called up for duty last week, whose participation would be crucial for an expanded ground war.

In that time, the United Nations could hammer out a resolution to halt fighting and install a peacekeeping force.

Progress on that front, however, stalled Wednesday as diplomats wrangled over language of a draft cease-fire resolution.

At the United Nations, the five permanent members of the Security Council met into the evening Wednesday, but failed to bridge differences, particularly on the issue of Israeli withdrawal.

"There are areas where we are still not in agreement; there's no doubt about that," said U.S. Ambassador to the U.N. John R. Bolton. "But the common objective that we've had for quite some time is to create a basis for a sustainable solution that will change the environment in the region to the point where we won't have to go through this again."

A surprise visit to Beirut by U.S. Assistant Secretary of State David Welch on Wednesday failed to allay Lebanese concerns over the resolution.

"There is nothing new so far," Lebanese President Fouad Saniora told reporters after the meeting, adding that he did not expect the U.N. to act within the next two days.

In Crawford, Texas, where President Bush was vacationing, White House press secretary Tony Snow warned against an expanded Israeli offensive while efforts to achieve a diplomatic solution were underway. "We do not want escalations," he said.

In Lebanon, Hezbollah leader Nasrallah was blunter.

"You can enter wherever you want. But we will eject you by force," Nasrallah said in an address broadcast on the Shiite Muslim militia's television network. "Southern Lebanon will be a graveyard for you."

Humanitarian agencies warned that conditions were growing increasingly desperate for Lebanese trapped in the south, some of whom have run out of food and water. Aid convoys have been unable to move into the area south of the Litani River since Sunday, when Israeli warplanes bombed the last makeshift bridge north of the port city of Tyre, Lebanon.

"It's dire," said Khalid Mansour, chief spokesman for the United Nations in Lebanon. "Basically, the south is cut off. People cannot move. We have had many villages that have completely run out of food, run out of water. We have patchy communications, and we are operating completely blind."

Israel's green light for an expanded ground assault was motivated, in part, by a desire to exert more pressure on the world body to come up with a solution, analysts said.

But at the root of the decision was the grim recognition that four weeks of air, naval and ground operations have not significantly dented Hezbollah's ability to mount rocket attacks from across a wide swath of southern Lebanon.

Israeli military commanders maintain that a ground offensive is essential, in part because Hezbollah guerrillas are sustained by a well-hidden network of tunnels and bunkers.

"Otherwise, what would be done?" said Uzi Ellam, an analyst at the Jaffee Center for Strategic Studies at Tel Aviv University. "We would sit there, skirmishing with Hezbollah at the front, and that's it. We would not prevent the launching of the Katyushas to the north."

Although some officials said the assault could last a month, others were less optimistic.

"Personally, I fear this will take much longer," said Eli Yishai, a member of Israel's security Cabinet who was one of three abstaining from the vote to approve a widened offensive, out of concern over more casualties. Nine Cabinet members voted in favor, none against, after a six-hour closed-door debate.

After the decision, Israel's leaders immediately began bracing the public for the prospect of a broader, longer military campaign and the probability of more deaths.

"This is a battle we must win," Justice Minister Haim Ramon said. "We are paying a price in blood -- a heavy, painful price -- but this is the price we must pay because it is critical to the security of us all."

Dissenting Israeli lawmakers warned that an extended ground war would create "a death trap" for Israeli soldiers, while some supporters of the decision said a large-scale incursion should have been mounted much earlier.

Internal disagreement over the war's prosecution already has led Israel to name a new commander to direct operations inside Lebanon, sidelining the general formerly in charge.

By contrast, Nasrallah tried in his address to portray his organization, classified as a terrorist group by the U.S., as being of the same mind as the fragile Lebanese government, with which Hezbollah has had rocky relations.

Nasrallah reiterated his support for Lebanon's seven-point peace plan, which calls for the immediate withdrawal of Israeli forces and deployment of 15,000 Lebanese troops in their place, in preparation for an international force.

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"The deployment of the army will bring about a political solution. And we prefer a national army to a mercenary force, where we don't know who will control it, and which could be controlled by the enemy," he said.

The U.S. and Israel insist on a strong multinational force from the outset, believing the Lebanese army too weak to prevent Hezbollah from re-establishing its positions in the south.

Chu reported from Jerusalem and Murphy from Beirut. Times staff writers Paul Richter in Washington and Tracy Wilkinson in Kiryat Shemona, and special correspondent Maha al-Azar in Beirut contributed to this report.

Israel Shifts Military Tactics, Takes On More Risk (WSJ)

By Guy Chazan And Karby Leggett

The Wall Street Journal, August 10, 2006

An expansion of Israel's ground campaign into Lebanon could help it to end Hezbollah rocket strikes and to forge a clear victory over the heavily armed militia, but the shift -- an acknowledgment that a strategy of aerial bombardments and limited incursions failed -- carries serious risks for the combatants and the wider region.

It also could trigger the first rift with the U.S. over the breadth of Israel's response to an incident last month in which Hezbollah captured two soldiers in a cross-border raid and killed eight others. The Bush administration said yesterday after Israel's plans were in motion that neither side should escalate the hostilities.

"We are working hard now to bridge differences between the United States position and some of the positions of our allies," White House spokesman Tony Snow told reporters in Texas, where President Bush is vacationing. "We want an end to violence, and we do not want escalations."

Israel's move comes as diplomatic efforts at the United Nations Security Council continue to yield little agreement on a cease-fire plan. Indeed, Israel's planned offensive would likely moot one of the most widely applauded initiatives: a plan by the Lebanese government to deploy 15,000 soldiers from its national army along its southern border with Israel. That had been a key demand of the U.S., Europe and Israel.

The planned full-bore push north to the Litani River could mean far higher casualties on both sides, greater odds of widening the conflict regionally and, for Israel, more chance of being bogged down in the quagmire of a second occupation of southern Lebanon only six years after the first one ended. It also runs the risk of sharply increasing civilian casualties in southern Lebanon, where an estimated 100,000 people remain trapped and a humanitarian crisis looms. That worries Washington, because it could ignite a stronger backlash across a simmering Arab world, where opposition to U.S. policies already is running high.

The bulk of Hezbollah's arms and personnel lie south of the Litani, which bisects Lebanon and gives Israel a natural buffer from its neighbor's northern regions.

"It's a calculated risk for Israel," said Yaron Ezrahi, a professor of political science at Hebrew University in Jerusalem. "But the risk for Israel in not stopping these Hezbollah missiles is bigger."

Israel's security cabinet yesterday backed army plans that will likely take its troops some 10 to 15 miles north of the border, and possibly beyond. They will try to clear the area of Hezbollah's missile launchers, which for the past month have unleashed a near-daily barrage of rockets across northern Israel.

Israel currently has about 10,000 troops in southern Lebanon, and military experts say that force could double in coming days. The army is also expected to deploy additional firepower and tanks in combat, using heavy aerial and artillery shelling to soften up targets before substantial infantry units join the fight.

The tactics differ from the lightning raids by smaller elite units in the first weeks of the conflict. Those sustained relatively heavy casualties, yet barely dented Hezbollah's ability to send missiles into Israel. Israeli expectations of a quick win were dashed, and the war has become one of the country's longest and most intractable conflicts.

"Those pinpoint attacks were a mistake," said Yonatan Fighel, a former colonel in the Israel Defense Forces and now an analyst with the Institute for Counter-Terrorism in Herzliya. "We need to avoid face-to-face combat with Hezbollah guerrillas."

Growing frustration with the slowness of the Israeli advance triggered a rare shake-up in Israel's military hierarchy Tuesday, when the deputy chief of staff, Maj. Gen. Moshe Kaplinsky, was appointed to oversee the northern front, effectively sidelining Maj. Gen. Udi Adam, the commander of forces in Lebanon.

Hezbollah's leadership has long said it would prefer that Israel's troops fight from deeper inside the country, which features a rocky, hilly landscape that can favor guerilla fighters. With an estimated several thousand heavily armed fighters in the area Israel now hopes to conquer, Hezbollah guerillas would likely step up attacks not only on Israel's advancing soldiers but also its expanding supply lines for food, fuel and ammunition, Hezbollah officials and military analysts say.

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"You won't be able to stay in our land, and if you come in, we'll force you out, we will turn our precious southern land into a graveyard for the occupying Zionists," Hezbollah leader Hassan Nasrallah said in a televised speech. He also told the Israeli Arabs in Haifa to leave to avoid an impending bombardment of the city.

To fend off an Israeli advance, Hezbollah seems almost certain to make even greater use of powerful land mines, antitank missiles and sophisticated ambushes -- the same tactics that have stymied Israel's military in southern Lebanon. Hezbollah members acknowledge they have little hope of inflicting outright defeat on Israel. But they believe they can win -- both in military terms and regional perception -- by inflicting heavy losses and slowing the enemy's approach.

Though Hezbollah is estimated to have sustained several hundred casualties so far, the group still has thousands of battle-hardened fighters and competent reservists to call on, as well as a still-large arsenal of rockets, explosives and machine guns. Some military analysts say Hezbollah's best fighters have yet to join the fray, opting instead to fortify their positions behind the southernmost villages where fighting has been concentrated so far. "If you take away Israel's F-16s [warplanes], then it's clear we are better fighters," one Hezbollah member said yesterday.

One of the bigger risks is that more fighting near the Syrian border could directly or indirectly bring Damascus into the conflict. Some battles have come close enough that Syrian President Bashar Assad has said his troops are on the highest alert and would retaliate immediately if commanders deem it necessary.

Israel clearly is aware of the dangers. Indeed, some analysts think announcing the expanded ground offensive could be less a move to escalate the war than an attempt to gain maximum leverage in negotiations before the imposition of a cease-fire.

An Israeli military advance toward the Litani River would foil, at least for now, the Lebanese government's decision to deploy its soldiers in the south. For years, Israel has called on Beirut to remove Hezbollah from southern Lebanon -- and in particular to eliminate the posts the guerillas built along the countries' 50-mile border -- and move Lebanon's army into their place. More recently, the U.S. and many European nations have issued similar pleas.

Lebanon's decision to deploy the army was also viewed as significant because it appears to be supported by Hezbollah, which has long claimed it alone can effectively defend the border from Israel. If Israel presses north, the Lebanese government will suspend that plan, at least until Israel begins to withdraw, officials say. "There is zero chance we will deploy the army with Israel advancing," said Antoine Haddad, a Christian politician who is close to Lebanon's prime minister.

For Israel, the decision to expand the war was almost inevitable amid intensifying public anger at the army's seeming inability to stop the Hezbollah missiles, which have averaged about 160 a day through most of the conflict.

Military Power Challenged (WT)

By Rowan Scarborough

The Washington Times, August 10, 2006

The Israeli Defense Forces is billed as the most high-tech, well-motivated armed forces in the Middle East -- one that has won five major wars against Arab neighbors, dominating the fields of battle in the air and on the ground.

But the IDF finds itself today in a new kind of unconventional war with the terror group Hezbollah, which is just as motivated, driven by radical Shi'ite clerics bent on achieving martyrdom for the cause of Islamic rule.

Trained and financed by Iran's Revolutionary Guard, Hezbollah has an arsenal of 13,000 rockets, which it uses to pummel Israel daily and then move the launchers to evade detection. Hezbollah also is displaying small-unit battle tactics to combat Israel's overwhelming firepower.

Israel deploys main battle tanks -- in this case the homegrown Merkava -- to win in the villages. But military sources said Hezbollah has been able to destroy tanks using Iranian-provided rocket-propelled grenades. They worry that such weapons may show up in Iraq, adding to the woes of American troops already bedeviled by improvised explosive devices. Like U.S. forces in Iraq, Israel now finds itself fighting an unfamiliar foe on foreign land and is trying to adjust with new countertactics.

"The IDF's capability is the best in the Middle East for fighting conventional wars," said Richard H. Shultz Jr., author of "Insurgents, Terrorists and Militias: The Warriors of Contemporary Combat," a new book on counterterrorism. "But they're fighting an armed group that is following an unconventional, asymmetrical strategy. They were not ready."

Syrian, Egyptian and Jordanian forces retreated during past wars with Israel, but Hezbollah fighters are willing to die for the cause of leader Sheik Hassan Nasrallah, who has pledged to destroy Israel and convert Lebanon into an Iranian-style Shi'ite theocracy.

"They actually have an adversary that doesn't roll over and die on command," said Robert Maginnis, a former Army artillery officer who has analyzed the IDF's tactics. "They're up against Hezbollah people who are trained reasonably well. They are better than a lot of their Arab counterparts. They are willing to die. ... It's a mini-Iran and they are charged up because they are the Islamic resistance in Lebanon."

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Still, military sources said they think Israel ultimately will be able to clear the scores of hamlets in southern Lebanon where Hezbollah has dug in, established bases and practiced unconventional warfare.

"It's going better than we're hearing," said an Army Special Forces soldier who has deployed to the Middle East. "Some of the cease-fire overtures wouldn't be occurring if the Israelis weren't doing much damage. The IDF knew of the tunnels and traps waiting for them, so they softened it up with air power directed by operations. The main thing is that the links to Iran and Syria are becoming known to the public. The American people have to know who we eventually have to fight."

Born in 1948 with the creation of the Jewish state, the IDF today stands as a near-mirror to the U.S. military. Its air force is led by F-15 and F-16 fighters, armed with U.S.-designed missiles and precision-guided munitions. Israel receives $1.8 billion annually in military aid, which is used to buy U.S. equipment.

The IDF active force numbers about 170,000 on an annual budget of $34 billion. Unique to Israel, women as well as men face compulsory service and also serve in a 400,000-member reserve force. The army is built around six divisions and nearly 1,700 main battle tanks. The air force maintains 400 combat aircraft. The naval fleet features three submarines able to fire cruise missiles, and 66 coastal boats with guns and ground-attack missiles.

Israel OKs Expansion; 15 Troops Killed (AP-Y)

By Ravi Nessman

AP, August 10, 2006

Israel approved a massive new ground offensive into southern Lebanon in an effort Wednesday to inflict further damage on Hezbollah and halt most rocket attacks before the U.N. Security Council demands a cease-fire.

The decision came on the deadliest day of the war for Israeli troops in Lebanon, with 15 soldiers killed. It coincided with mounting demands from the international community for both sides to halt the fighting, which has killed at least 829 people.

The plan to force Hezbollah guerrillas — and their short-range rockets — out of southern Lebanon and past the Litani River would escalate the fierce fighting there and, if successful, leave Israel in control of a security zone that it evacuated six years ago after a bloody 18-year occupation.

A new Israeli offensive would also put tremendous pressure on the United Nations to agree quickly on a cease-fire to end the fighting that has caused widespread destruction across southern Lebanon and forced hundreds of thousands of Israelis into bomb shelters. Israeli officials implied they would halt the new offensive if a cease-fire agreement removes Hezbollah from the border.

In a televised speech, Hezbollah's leader taunted the Israelis.

"If you enter our land, we will throw you out by force and we will turn the land of our invaluable south into your graveyard," Sheik Hassan Nasrallah said. "We will be waiting for you at every village, at every valley. Thousands of courageous holy warriors are waiting for you."

The White House said Wednesday neither Israel nor Hezbollah should escalate their war. Press secretary Tony Snow said the U.S. message was for both sides.

Diplomatic efforts to reach a quick U.N. resolution faltered over differences between Washington and Paris on an Israeli withdrawal from southern Lebanon. France backed Lebanon's call for Israeli troops to pull out once hostilities end, while the United States supported Israel's insistence on staying until a robust international force is deployed. Lebanon has offered to send troops to patrol the border region.

French President Jacques Chirac appealed for rapid agreement.

"The most immoral of solutions would be to accept the current situation and give up on an immediate cease-fire," he said.

Nasrallah rejected a draft U.N. resolution that would temporarily let Israeli troops remain in south Lebanon and take defensive action.

"The least we can describe this (draft resolution) is as unfair and unjust. It has given Israel more than it wanted and more than it was looking for," he said. He also signaled Hezbollah's intention to step up attacks, calling on Israeli Arabs to leave the northern city of Haifa so Hezbollah could pound it with rockets and not worry about killing fellow Muslims.

Israeli officials said their new offensive was meant to run parallel to the cease-fire talks.

"Israel is still working for a diplomatic solution, preferably in the Security Council," said Isaac Herzog, a member of Israel's Security Cabinet, which voted Wednesday to approve the new ground offensive. "We cannot wait forever, we have a million civilians living in bomb shelters, and we have to protect them."

Other officials said privately that the offensive was aimed at pushing the Security Council to take fast action, as well as to clear Hezbollah from south Lebanon.

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"The Israeli decision today is taken in absence of concrete steps by the international community to deal with the situation in Lebanon. Such steps would of course make an Israeli military operation superfluous," Foreign Ministry spokesman Mark Regev said. "Israel understands fully that the real solution is diplomatic."

A minister in Israel's Security Cabinet said the offensive might not begin for two or three days to give more time to cease-fire talks, but senior military officials said the operation could begin very quickly.

Soon after the Cabinet decision, a column of Israeli tanks and armored vehicles crossed into southern Lebanon and took up positions inside Lebanese territory, witnesses said. The Litani River is about 18 miles north of the border.

Before the new offensive got off the ground, fighting intensified in the border strip that 10,000 Israeli troops were already occupying four miles into southern Lebanon.

Fifteen Israeli soldiers were killed in a single day of fighting Wednesday, the military said, the highest one-day total in the Israel-Hezbollah conflict. The military said 38 soldiers were wounded in battles across south Lebanon.

Israel also hit Lebanon's largest Palestinian refugee camp with an airstrike, killing at least two people. Israeli attacks Wednesday killed eight Lebanese civilians, according to Lebanese officials, and three guerrillas, according to Hezbollah.

An Israeli TV station, quoting unidentified sources, said Iranian Revolutionary Guard soldiers were among the Hezbollah dead. The Israeli military was unable to confirm the report. Israel has charged that Iran is aiding Hezbollah on the ground as well as supplying the guerrillas with weapons. Iran has denied the charges.

Israeli warplanes also dropped leaflets over the southern port city of Tyre and over Beirut proper for the first time. The fliers criticized Nasrallah, saying he was "playing with fire" and that the Lebanese people were "paying the price."

Hezbollah fired at least 170 rockets into Israel on Wednesday, the army said.

Since the fighting began, at least 711 people have died on the Lebanese side of the conflict. The Israeli death toll stood at 118, including 36 civilians and 82 soldiers.

Israel's Security Cabinet was told a new offensive could mean 100 to 200 more military deaths, according to a participant. Military officials said it would take the army several days to reach the Litani and then several more weeks to rid that area of Hezbollah's fighters and rocket launchers.

"The assessment is (the new offensive) will last 30 days," said Trade Minister Eli Yishai, a member of the Security Cabinet who abstained from the vote. "I think it will take a lot longer."

The offensive was expected to eliminate 70-80 percent of Hezbollah's short-range rocket launchers, senior military officials said.

The offensive was approved 9-0, with three abstentions at an intense six hour meeting. During the meeting, Secretary of State Condoleezza Rice called Prime Minister Ehud Olmert, and they spoke for half an hour, Israeli officials said. Upon his return to the room, Olmert told the ministers the offensive would be accompanied by a diplomatic initiative.

The government's decision came two days after Lebanon offered to send 15,000 soldiers to patrol the border region, a key Israeli demand intended to prevent attacks on Israel. The current fighting began when Hezbollah fighters crossed into Israel on July 12, killing three soldiers and capturing two others.

In a major shift, Nasrallah said Hezbollah supported a deployment by the Lebanese army after a cease-fire is declared and Israel leaves.

Israeli officials remained skeptical of the Lebanese offer and were not convinced Lebanon's army would take concrete action to stop Hezbollah attacks.

"It is important that the Lebanese army will be accompanied by an international force that will enable it to reach the south in an organized manner, and to leave the place clean of Hezbollah," Israeli Foreign Minister Tzipi Livni said.

Some soldiers said Israel was having trouble controlling even the small strip it was already occupying.

"The biggest problem is still the existence of Hezbollah fighters all over the place, even though we have most of the territory under control," said Maj. Avi Ortal, an officer in a reserve brigade in southwestern Lebanon.

"Hezbollah are good fighters. They know the territory. They live there and they have had six years to build compounds," he said.

Israelis Authorize Expansion Of Combat (WP)

By Molly Moore And Jonathan Finer

The Washington Post, August 10, 2006

JERUSALEM, Aug. 9 -- On the deadliest day of fighting yet for Israeli soldiers in Lebanon, the Israeli security cabinet Wednesday authorized the military to expand ground combat operations to try to root out Hezbollah guerrillas who continued to mount fierce resistance.

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The cabinet debated military options during an acrimonious six-hour meeting that occasionally dissolved into shouting matches among members torn between the public's growing anger over the military's failure to stop Hezbollah rocket attacks and concerns that enlarging an already treacherous battlefield will result in high numbers of combat casualties, according to participants.

Wednesday's toll drove home those fears -- 15 soldiers were killed and 25 wounded in Israel's worst day of battlefield deaths since the conflict began, according to Israeli military officials.

Hezbollah leader Hasan Nasrallah, in a defiant televised address Wednesday night, warned that expanded Israeli military operations in Lebanon would be repelled by the same fierce resistance that has prevented Israeli troops from controlling the terrain in the last 29 days of warfare.

"You can invade, you can land by air, by sea and take any hill, we will expel you with force and transform our land in the south to a graveyard for Zionist invaders," Nasrallah said. "We will kill your officers and soldiers and inflict a calamity on you in the battlefield."

Nasrallah also called on the Arab residents of Haifa to evacuate their neighborhoods. "To the Arabs of Haifa, a special message," he said. "I plead with you to leave that city."

Hezbollah lobbed more than 180 rockets across northern Israel Wednesday, but they caused no serious injuries.

Israeli jets pummeled an often-hit bridge at Akkar in northern Lebanon and hit other bridges and roads in the Bekaa Valley near the village of Mashghara. Local residents told Lebanon's Future Television that seven people from one family were killed in the raid. Israeli warplanes have repeatedly attacked roads and bridges in the eastern Lebanese valley, seeking to cut off the transport of Hezbollah munitions, funds and rockets from Syria.

Another air attack shook southern Beirut in the late afternoon, part of Israel's almost daily pounding of the Dahiya area where Hezbollah's leaders and followers were concentrated. When the blast reverberated across the city, the assistant secretary of state for Near Eastern affairs, C. David Welch, was conferring with Prime Minister Fouad Siniora and other Lebanese officials on cease-fire negotiations underway at the United Nations. It was his second visit to Beirut in a week, as the Bush administration tries to narrow differences between Lebanon and Israel. But diplomatic efforts to ease the fighting continued to flounder.

Israeli planes dropped leaflets on the Dahiya suburbs overnight, blaming Nasrallah for the air raids that have hit the area almost daily for four weeks. "Nasrallah is playing with fire and Beirut is burning," said the leaflets, attributed to "the State of Israel."

Police in Lebanon said the death count from Monday evening's Israeli attack on the southern Beirut suburb of Al Shiyah had risen to 47 as bodies continued to be pulled out of the rubble, making it the single deadliest airstrike since the conflict began July 12.

Although the Israeli cabinet set no schedule for the escalation in ground combat because of ongoing international diplomacy, a buildup in Israeli ground forces was evident in the string of small Israeli towns that line the Lebanese border. In Zarit, dozens of tanks and artillery pieces stretched along a half-mile access road into the town. A military official said more than 1,000 soldiers were moving into Lebanon to augment the 10,000 troops already operating there. The official said as many as 5,000 more Israeli troops would soon join the operation.

The majority of the soldiers have been fighting in a narrow strip ranging from a few hundred yards to about four miles into Lebanon, though a few units are operating about 12 miles deep and an advance team is near the outskirts of Tyre, according to military officials.

The military has proposed opening the front across a 13-mile-deep swath of southern Lebanon to the Litani River, a strategic geographical line.

But after more than four weeks of air and ground combat, soldiers are still struggling to control some villages they claimed to have seized more than two weeks ago.

Eli Yishai, the Israeli trade minister, said the military estimated it will need 30 days to conduct an operation that deep into Lebanon.

"I think it will take a lot longer," said Yishai, who abstained from voting on the decision to authorize a widening of the operation.

Yishai told reporters he abstained because he believes the military should prolong its air campaign against rocket launchers. "In my opinion, entire villages should be eliminated from the air when we have verified information that Katyusha rockets are being fired from there," he said.

Nine cabinet members voted to allow Prime Minister Ehud Olmert and Defense Minister Amir Peretz to decide the timing of an accelerated ground campaign, and three members abstained. Much of the debate centered on the risk of high troop casualties associated with expanding the number of ground forces in southern Lebanon.

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Government officials familiar with details of Wednesday's cabinet meeting, and the Israeli news media, reported that the session included several emotional outbursts, shouting matches and sharp exchanges between ministers. In one incident, Transportation Minister Shaul Mofaz -- Israel's former defense minister -- criticized Peretz's plan for an expanded operation as unnecessarily far-reaching. Peretz lashed out at Mofaz, accusing him of allowing the buildup of Hezbollah during his term as defense minister, according to numerous accounts. Olmert reportedly stepped in to calm the quarrel.

During the cabinet meeting, Olmert telephoned Secretary of State Condoleezza Rice, according to Israeli and U.S. officials. During their half-hour conversation, Rice did not ask Olmert to hold back on the ground assault. "He can judge for himself how close or not to a resolution we are or how acceptable or unacceptable it is," a senior U.S. official said, speaking on the condition of anonymity. "She talked him through where we are, what we're going through and where we hope to end up. It's the same conversation she had with Siniora."

At least 13 of the 15 Israeli soldiers killed Wednesday were reservists, as were 23 of the 25 wounded.

"There has been very fierce fighting all the day in different parts of southern Lebanon," said Lt. Col. Olivier Rafowicz, an Israeli army spokesman. He said "tens" of Hezbollah militants had been killed in the fighting Tuesday, which was still raging well after dark.

[Early Thursday, the Associated Press cited Israel Army Radio reporting heavy battles in south Lebanese villages across from Israel's Galilee panhandle, which has been hard hit by rockets. Hezbollah said its fighters were engaged in "a violent confrontation" with Israeli forces advancing on a border village. No details were immediately available.

[Israeli troops, backed by tanks and armored vehicles, also entered the southern Lebanon town of Marjayoun, witnesses said. They did not meet any resistance, according to the AP.]

Most of the combat Wednesday took place only a few miles inside Lebanese territory, underlining the difficulty Israeli infantry and armor units have encountered in seeking to clear the border strip of Hezbollah fighters and rocket launchers.

The deadliest incident came in Dbil, a Lebanese village about two miles from the northeastern Israeli border. A massive explosion there engulfed a house where Israeli forces were gathered, killing nine reserve paratroops and wounding at least 17, according to an Israeli military spokesman.

Maj. Svika Golan, a spokesman for the army's Northern Command, described the house as a "Hezbollah bunker with explosives in it."

He said it was not clear what had triggered the fatal blast, and that Israeli forces were seeking to determine whether the house had been booby-trapped or fired upon from outside.

It took hours to evacuate the wounded, some of whom were carried by fellow soldiers across the border, he said.

Four other reserve soldiers died when their tank rolled over a mine near the town of Ait Al-Shaab, the scene of some of the fiercest clashes in recent days, a military spokesman said.

An infantry soldier was killed by a mortar blast near Marjayoun, according to an Israeli military spokesman. No details were available on how the 15th Israeli soldier died.

Despite Wednesday's heavy losses, Lt. Col. Yishai Efroni, deputy commander of an infantry brigade operating along the western part of the border, welcomed the decision by the Israeli cabinet.

"That's the only way to solve this rocket problem," he said. "When we control more of their towns, the Lebanese people will realize they have much more to lose and will put pressure on Hezbollah themselves. Our soldiers just want to do this job and go home."

Several soldiers interviewed at a government-run hospital in Tzfat, where many of the previous day's wounded were evacuated, said the only way to stop the barrages of rocket fire was to push the militants beyond the Litani River, which at its farthest point in the west is 18 miles from Israel's northern border.

"We certainly have the ability to do more than we are doing," said Lt. Omri Schacher, a paratrooper whose right leg was shattered by shrapnel from an antitank missile Monday near the Lebanese village of Arteri. "We understand we will have to cope with more losses, but you have to sacrifice sometimes to achieve your goals, and we will do it."

Some soldiers said, however, that the ground fighting brought too high a cost. Lt. Shlomi Shriki, a combat engineer, was heavily bandaged with shrapnel embedded in his left arm and leg from a missile attack on his bulldozer Monday near Bint Jbeil. Asked whether he thought the army should intensify its attacks on Hezbollah, he said, "Yeah, but from the air."

"On the ground people get hurt. Too many people," he said, almost in a whisper. "I don't say no to ground forces, but it needs to be in a more organized way. So far, this has not been in an organized way."

Finer reported from Tzfat, Israel. Correspondents Edward Cody and Nora Boustany in Beirut and staff writer Robin Wright in Washington contributed to this report.

'It's Dangerous, But Hezbollah Is Strong' (WP)

By Anthony Shadid

The Washington Post, August 10, 2006

QASMIYA, Lebanon, Aug. 9 -- There are no more bridges along the 90 miles of the Litani River, dividing besieged southern Lebanon and Hezbollah's fighters from the rest of the country. One by one, Israeli forces bombed them all. So a little ways from the Mediterranean Sea, where the river's meandering waters eddy, then empty, about 20 men heaved, pushed, pulled and coaxed -- with appeals to God in between -- two water-logged trucks carrying supplies Wednesday to regions bearing the brunt of Israel's invasion.

Over a few hours, Hezbollah's shadowy organization emerged on the banks of the Litani. "Don't take pictures!" one of the men shouted.

The dozens of black bags, filled with tuna, sardines, rice, processed cheese, sugar and tea, were marked with stickers in red and green. "A Gift, the Red Crescent Society, the Islamic Republic of Iran," they read. Scrawled on one car was a prayer: "Under the protection of the merciful." Around them hurried men with walkie-talkies and cellphones, furtively glancing at sounds of war above.

They worked with precision -- everyone had a job, hardly a movement was wasted.

And they worked with speed -- no one knew when one of the distant sounds might signal an Israeli attack.

"It's dangerous," one young man said, nerves quickening his pace, as he lugged loads of bread, "but Hezbollah is strong."

In a methodical campaign to isolate southern Lebanon, where 10,000 Israeli soldiers are fighting a dogged foe, Israel has blockaded the city of Tyre, dozens of villages and the rock-strewn valleys between them. The bridges are wrecked. So are the roads. And menacing Israeli leaflets sprinkled over Tyre have warned that any car in the street, whatever the type, at whatever hour, may be annihilated.

But a guerrilla war dictates resilience, and along patches of the Litani, shrouded by wilting banana plantations and parched citrus groves, the provisions and casualties of battle passed Wednesday where there was no passing. With the supplies came the wounded fighters, ferried by the Red Cross across a fallen tree further up the river, and with the wounded came more bread, hand-carried over rushing waters where a bridge once stood.

"Let's push!" one man ordered.

A red Toyota pickup truck was stuck three-quarters across the Litani and, 20 yards away, a white truck was sinking into the river after trying to cross a makeshift bridge of blue steel plates perched on mounds of gravel and sand.

The driver gunned the Toyota, then its engine stalled. Five men attached a long wire, then tried to pull the pickup up the bank.

"Come on guys!" one of them yelled.

The efforts were in vain. A white van backed to the bank, the wire soon tethered to its fender.

It pulled, its wheels digging into the powdery snow-like sand. "Little by little!" another man yelled. The Toyota crept forward, water churning against the side. Then the heaviest of the men jumped on the hood, belly first, giving the pickup enough traction to emerge.

Across the river were the rest of the provisions -- dozens of sacks of flat Arabic bread in white plastic, 10 pieces in each, piled on a grassy spot. Near them were flour bags, stacked in a mound.

Time ordered everything, as the thud of munitions punctured the sounds of the river's waters.

"There are going to be planes in the air," the young boy carrying the bread said, skipping across what was left of the bridge. Every once in a while, he glanced upward. "Everything south of the Litani has a curfew, and anything moving will be hit."

He said he was delivering the bread to Abu Fadi, a Hezbollah member, in the nearby Palestinian refugee camp of Qasmiya.

As he talked, an older man approached the teenager, who was wearing black plastic sandals, blue shorts and a shirt that read, "Sports Evolution." "Don't say one more word!" he yelled at him.

He glanced at others nearby, waving his hands: "This guy's crazy!"

In a month-long war with Israel, still raging in villages along the border, Hezbollah has survived as a guerrilla army with support of the Shiite Muslim population in southern Lebanon, an organization honed by a nearly two-decade fight against the Israelis and devotion instilled by faith. It has survived, too, by a clandestine operation often unknown even to the villagers who live among the group's members.

Rarely does someone acknowledge belonging to the "party," short for Hezbollah's name in Arabic, the Party of God. If they did, it would come in the mantras Hezbollah activists often recite: The people are the resistance, the resistance is the people.

"Everyone is part of the party," one of the men said.

Others said they were simply helping the people -- "children, women and infants," cut off from food, medicine and fuel.

"The party? I don't know," another man offered. "Ask the party how they're eating."

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On the riverbanks, the men pushed the white truck still stranded in the water. On one side was written, "General Transport." On the other, "I love you, Lebanon." A green army tarp was thrown over the top, covering the black plastic bags of food from Iran. The men pushed, then relented, as the van pulled in front of the truck, eventually pulling it out of the water, too.

As they dislodged the truck, five others stood on a wood plank propped in the water, forming a human chain next to it. They unloaded the bags in less than a half-hour. Everyone was at work, in a scene somehow frenetic but organized.

At the side, a stocky man in sandals and a beard of a few days glanced around. Unafraid, he called himself.

"We're not scared of anything but God," he said, pointing to the sky. "There's God. God is above the airplanes."

Under the thatch roof, a man who seemed most senior surveyed the scene. He was well dressed, in a plaid shirt, khaki pants and military-style canvas belt. Next to him was a man in similar attire with a baseball cap and a walkie-talkie on his right hip under his shirt.

Calm and assured, he smiled faintly, wryly.

"This comes from Iran, but maybe after a while the next shipment will come from France," he said.

Moments later, he looked out as the men tried to repair the makeshift bridges, hauling the steel plates spanning the river.

"The road's not only for the party," he said. "Civilians can pass, too."

Less than a mile up the river, where Israeli forces had bombed a pile of fine sand hastily bulldozed to ford the Litani, a Red Cross ambulance arrived before noon, carrying five wounded Hezbollah fighters. It crossed what had become a moonscape. Two bulldozers were buried in sand, and a ghostly gray dust had settled over the banana plantation. Bombs had dug two craters in front of the river. Along the Litani, the water flowed into another crater, then across the rubble of a pipe before fanning out toward the sea.

At one spot, a 30-foot tree caked in wet sand was propped across the river, one of the few places to cross.

"It's forbidden to take pictures," said Sami Yazbek, the head of the Lebanese Red Cross office in Tyre.

When asked whether they were fighters, he simply nodded.

The fighters walked out of the ambulance, heading toward the tree and another ambulance waiting on the other side. They were from Jebel Aamil hospital in Tyre, evacuated to make room for more wounded. Beyond that, though, no one was talking.

"I don't know anything," said Yusuf Rafai, a 43-year-old Red Cross volunteer.

"I know they're Lebanese," he added. "More than that, I don't know."

None of the fighters wanted to talk, either.

One pulled his black T-shirt over his face. Another put his left hand over his mouth. A third, when asked where he was from, said, "I don't know." Red Cross volunteers helped them along, gingerly. Two of the wounded carried IVs in their hands, both with gauze wrapped around their heads. Another had his shoulder a sling. One wore a neck brace.

The left foot of the fifth man was bandaged. He walked with crutches, one with the factory wrapper still on it.

"Be careful," one of the Red Cross volunteers said, helping him to the river. "A little at a time, a little at a time."

Two other Red Cross volunteers came to his aid. They treated the men not as fighters but as neighbors, their exchanges sympathetic, respectful, even encouraging. The wounded fighter stumbled at first, steadied himself, then hopped across the log.

"You can do it," one of the volunteers said, urging him on. "You're a tough guy!"

Once across, the volunteers surveyed the river. They said they had more wounded to bring.

"We've got to see if there's a way to get the others across the river," Yazbek urged a colleague before leaving.

Throughout the day, the few Lebanese willing to defy the Israeli warnings made their way to the river, some to flee besieged towns, others to fetch food. Mohammed Zeidan, a wiry 30-year-old in a red shirt, came with a neighbor from Haniyeh in a blue Toyota, a trip of about 10 miles that took two hours. He planned to cross the river on foot, catch a cab, drive an hour or so north, then bring back 200 packs of bread for his return trip.

"The people back there are eating grass," he said, pointing southward toward his village, where 250 families remained. "This is the only way to make sure people are okay," he said, looking at the crossing. "And if they fix it, they're going to attack it again."

Three hours later, Zeidan returned with the bread, its price having doubled since the start of the war.

"Thank God, we arrived," he said, crossing the river.

He, a Christian friend, George Abdullah, and others ferried the bread across, loading the trunk of the Toyota.

"That's it for today," Zeidan said, with a hint of satisfaction. "Tomorrow we'll go again. The people need to eat."

Sweat was pouring from his brow, and his shirt was wet. His body was tense, as the fighting echoed in the distance.

"We're just volunteers. We're doing this on our own, without money, without anything," he said.

Zeidan shook his head. "There's no alternative. There's no one else to do this."

At A Makeshift River Crossing In South Lebanon, Guerrillas Come Out In The Open (NYT)

DOJ_NMG_0046291

By Sabrina Tavernise

The New York Times, August 10, 2006

QASMIYE, Lebanon, Aug. 9 — The wounded men moved slowly across the hot patch of cratered earth. Some limped. One used crutches. Two carried their own intravenous bags.

The secret war being waged by shadow militia fighters against the Israeli Army from the mountains of southern Lebanon came into sharp focus on Wednesday near a gnarled tree trunk that serves as the only remaining crossing on the Litani River, which divides most of Lebanon from the war in the south.

The wounded — Hezbollah fighters, an emergency worker said — shuffled gingerly toward the crossing, their faces exhausted and drawn. They were leaving, at least for now, the front lines of a war that has won them broad support among local people here and frustrated the Israeli military for weeks.

"I don't know a thing," said Yusef Rafaai, a local emergency worker who was helping the men. "I know they're Lebanese. More than that, I don't know."

The river and its crossings, all makeshift since the Israelis blew up the last bridge a few days ago, have pushed even the most secretive activities into the open, offering an unusual view of this ordinarily hidden guerrilla war.

In addition to the fighters, bread, canned tuna, sardines and processed cheese — donations from Iran — were being carried across, with help from local Lebanese who support Hezbollah, to cars and trucks waiting on the other side. The Israeli bombing, which had gouged huge craters out of the area around the river, had not yet broken supply lines.

Despite Israeli bombardments, Hezbollah continues to operate. In some areas, it does so in open view of Israeli drones that whine overhead in the brilliant afternoon sky.

Shortly after 1:30 p.m., in a large, open dirt field, cut with giant craters from Israeli bombs, five ghostly fighters became ordinary wounded men. More than anything, the men did not want their photographs taken, afraid of revealing anything that might help Israel bomb them.

One covered his face with his T-shirt, in the style of a movie star avoiding paparazzi. Another, in a neck brace, put on sunglasses. Three emergency workers told journalists not to take pictures.

"No pictures," said a fighter, hobbling on crutches with a white bandage on his left foot.

Hezbollah has deep and widespread support among the Shiites of Lebanon's south — a portrait of Hassan Nasrallah, the group's leader, is hung in many homes. Evidence of that support was on full display at the river on Wednesday.

At least five Lebanese Red Cross workers in orange suits helped the fighters. They carried plastic bags of belongings, offered shoulders to lean on and spoke words of encouragement when the wounded men confronted the tree crossing. They looked for an easier way across, one of them even wading out into the water, but eventually settled on the tree.

The man on crutches hopped gracefully on his right leg in a white plastic sandal.

"Don't worry," one worker said. "No one is going to take pictures."

He felt his way to the end of the tree, after stumbling slightly at the beginning.

"You can do it, you're a tough guy," said another worker, encouraging him.

The ambulance driver, Haidar Azzedine, said that the men had come from Jabal Amel Hospital in Tyre, a town six miles to the south, and that they were being moved to clear out bed space. Sami Yazbek, the head of the Red Cross in Tyre, said the men were fighters.

"There's somebody who will get angry if you take pictures," Mr. Azzedine said. "No pictures at all."

Everyone, it seems, was pitching in to help. Later in the afternoon, municipal emergency workers from Tyre packed clear plastic bags of flat bread into the back of a van. The code of secrecy still applied.

"You take pictures of us and they'll hit us," said one worker, who gave only his Lebanese nickname, Abu Ahmed.

Then, in English: "I'm very, very sorry. Camera, dangerous."

Despite the danger of the mission, the workers maintained the world-weary Lebanese sense of humor.

"You're staying here?" a worker asked a reporter. "Watch out for the planes."

He added, "Maybe you'll get a tan."

The loading went on for most of the afternoon, though not always so seamlessly. Shortly before 3 p.m., at a leafy, shaded point in the river less than a mile away, two trucks loaded with bags of food were stuck, one in the water and the other on a crude bridge of wood and metal sunk in the river.

A man fastened a wire to a bright red Toyota pickup, submerged up to its doors. Three others grabbed onto it and pulled, like figures from some heroic tableau.

"Get back," one man shouted, as they heaved.

"Let's go boys," another said.

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Fifteen to 20 men helped with the loading. No one would give a name. One identified himself as a Palestinian, and said the food was bound for a Palestinian camp nearby. Some of the men spoke with Palestinian accents. The only one who seemed eager to proclaim his affiliation with Hezbollah was immediately dismissed by others.

"I'm Hezbollah," crowed a teenager in a sleeveless shirt and shorts who had been running with large sacks of bread on his back across piles of wood and metal sunk into the river that formed a makeshift bridge.

"It's dangerous but Hezbollah is strong," he said, flexing a bare arm that poked out of a shirt with the words Sport Evolution, in English, across the front.

A large man in a button-down shirt and khaki trousers shooed him away.

"Not another word," he barked. "Don't say one more word."

Then, turning to face reporters, he added, "He's crazy."

The men were unloading black plastic bags with stickers labeled in green-and-red Arabic script: "Gift, Red Crescent Society. Islamic Republic of Iran."

One loader listed the contents for reporters: rice, sugar, cans of tuna, hummus, tea and sardines. Beef lunches were also among the items.

Some of the men moved and spoke with a smooth confidence. A man in a checked shirt, dark chinos and a green belt sat on a plastic lawn chair, his legs crossed. He was the only man in the group sitting. A man with a hand-held radio, the usual Hezbollah communications device, stood wordlessly behind him.

Why was the food from Iran?

"This comes from Iran but maybe after a while, the next shipment will come from France," the man said, a slight but knowing smile spreading.

A section of the metal and wood bridge had collapsed, trapping a small flatbed truck with the words "Lebanon, I Love You" painted in Arabic script near the cab door.

The men knew that they were being watched by Israeli drones, and that at any moment a missile could blow them apart. They worked fast, darting between the trucks, as the water swirled around the rear of the flatbed.

Eventually, they managed to drag the red truck out of the river and began using it to yank the flatbed off the bridge. Twice the wire snapped. Twice they retied it.

The man in the checked shirt hung back. The bridge, or what was left of it, was for anyone trying to cross, not just a militia supply location.

"It's not only for the party," he said. Near him, two men pulled up in a black Mercedes sedan coated in dust. The driver cut the engine and placed a hand-held radio in the glove compartment.

Many people were crossing on Wednesday, their sweaty, muddy efforts a testament to human resourcefulness. Men carrying a plastic bag of medicine scrambled up and down the tree trunk at a run. Two men trudged, grunting, with Santa-size sacks of packaged bread on their backs, loading it from one bank to a battered green car on the other.

One of the men, George Abdullah, a 45-year-old merchant from Qana, said he was helping support about 1,000 people stranded in the village of Maayake.

"They are isolated there," said Mr. Abdullah, sweating profusely in a green T-shirt. "They have no money to leave. I am paying to feed them."

He asked a reporter to help him hoist the bag onto his damp back and then took off, stooped, at a run.

Despite the ruined bridge, the giant craters from Israeli bombs, and the deep booms that echoed in a neighboring valley almost constantly throughout the afternoon, the people were confident. More than anything, the people at the river on Wednesday were sure they were winning.

"This is a victory for us," said Abu Ahmed, the municipal worker.

A stocky man in jeans and sandals near the two watery trucks offered a more philosophical take. The planes were dangerous, he agreed, but it would not stop them.

"We're not scared of anything but God," he said. "God is above the planes."

U.S. Directs Criticism At Israel (AP-Y)

By Nedra Pickler

AP, August 10, 2006

The White House said Wednesday neither Israel nor Hezbollah should escalate their month-old war, as Israel decided to widen its ground invasion in southern Lebanon.

White House press secretary Tony Snow said the U.S. message was for both sides, though his remarks came after Israel's Security Cabinet voted to expand the war effort in an attempt to deal further blows to Hezbollah.

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"We are working hard now to bridge differences between the United States position and some of the positions of our allies," Snow told reporters in Texas, where President Bush was vacationing. "We want an end to violence and we do not want escalations."

Meanwhile, rifts over a plan to stop the fighting delayed approval of a resolution at the U.N. Security Council. The U.S. and France were offering competing versions.

France proposed new language on a cease-fire and Israeli pullout, but the Americans rejected it out of concern that the Lebanese could not assert control over Hezbollah strongholds in the south without help from a robust international force.

"The Lebanese army, while an absolutely essential part of any solution, is not itself independently capable of dealing with the problem, at least not yet," Snow said.

He said the United States was working on another draft resolution, but he would not estimate when a vote might be possible.

"I think at this point it's beyond any of us to come up with a firm prediction about when you get a resolution," he said.

U.S. and French diplomats had been hoping for a vote on the draft early this week. But the differences between the co-sponsors meant that a Security Council vote on the resolution to try to end the fighting would be delayed at least until late Thursday.

"I know from the outside, diplomacy looks a bit like a mosh pit, but there is actually a structure and order to the discussions," State Department spokesman Sean McCormack said in Washington.

Neither McCormack nor Snow would talk in detail about disagreements at the U.N. or how the United States was negotiating to solve them.

"The question is whether the United States and its allies can bridge those gaps," Snow said. "We're not declaring an impasse here."

In Washington, other U.S. officials said negotiators have the framework of a deal that could address Lebanese, Arab and French concerns over the timing of an Israeli withdrawal. Lebanon and other Arab nations have demanded an immediate pullout.

As a practical matter, Israeli forces would need several days or longer to leave, and the departure would be coordinated with deployment of a replacement force that is acceptable to the Lebanese, U.S. officials said. They spoke only on condition of anonymity as the discussions were continuing.

The composition and mandate of the replacement force is also a sticking point in the Security Council negotiations over a cease-fire proposal, but U.S. officials said it could be a combination of Lebanese and foreign forces, perhaps under the banner of an existing United Nations peacekeeping force.

Bush talked to British Prime Minister Tony Blair on the phone for 20 minutes Wednesday, and U.S. diplomats have been calling other foreign leaders and updating the president.

"I dare say the president's very actively engaged in this," Snow said. "He may go for a bike ride in the morning, but he's spending a lot of time, morning, noon and night working these issues."

The United States has been Israel's strongest supporter during its cross-border war with Hezbollah, an Islamic political and military movement that had held de facto control of southern Lebanon along the Israeli border. The fighting began after Hezbollah crossed the border and killed and kidnapped Israeli soldiers.

Israel Set For Big Push North To Litani (FT)

By Harvey Morris, Jonathan Birchall And William Wallis

Financial Times, August 10, 2006

The Israeli security cabinet voted on Wednesday for a major escalation of the Lebanese conflict, authorising the army to advance to the Litani river, up to 18 miles north of the border, to halt rocket fire from Hizbollah guerrillas.

The decision was made as Israeli troops battled Hizbollah forces near the border, almost a month after they first crossed it. Arab media said 11 Israeli soldiers were killed in Wednesday's fighting, although the Israeli army confirmed only five deaths.

Sayyed Hassan Nasrallah, the Hizbollah leader, expressed defiance in a televised speech, saying Israeli attacks had failed to weakenthe group's rocket capabilities and warning that its fighters would turn south Lebanon into a "graveyard" for invading troops. The Israeli military strategy approved by the 12-member security cabinet would take its forces well inside Lebanon, beyond the embattled city of Tyre on the Mediterranean coast. According to one minister, this phase of the ground battle might last 30 days.

Other ministers indicated, however, that Israel may defer launching a fresh offensive to see if international efforts to end the fighting can produce a formula that the country could accept.

An extended ground offensive could complicate those diplomatic efforts. The US State Department spokesman in Washington urged Israel to exercise "the utmost care" in avoiding civilian casualties.

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Officials at the United Nations in New York indicated growing difficulties in negotiating a peace deal in the Security Council. Divisions emerged between France and the US, joint sponsors of a weekend resolution calling for a "cessation of hostilities", over how to deal with Arab objections to the plan.

Jacques Chirac, the French President, threatened to introduce his own resolution if no compromise was reached but said he hoped there could still be an agreement. "I can't imagine that there would be no solution because that would mean the most immoral result – that we accept the current situation and that we abandon an immediate ceasefire," he said.

France and the US are at odds in particular over the timing of the deployment of an international force and Israel's withdrawal – reflecting the conflicting views of Israel and Lebanon and its Arab allies.

Lebanon wants the UN to call for an immediate Israeli withdrawal after the ceasefire, with the Lebanese army, supported by an enhanced version of the existing UNIFIL peace keeping force, taking its place.

Israel, backed by the US, says it won't withdraw its forces until an international force begins to deploy in its place, to prevent the resurgence of Hizbollah forces.

As diplomacy faltered, the violence in Lebanon continued. UN officials said Israeli warplanes struck next to the Ain al-Hilweh Palestinian refugee camp, killing two people. Lebanese media reported that air raids on the home of a Hizbollah political member in the Bekaa valley killed him, his wife and five children.

The Israeli security cabinet met for six hours before approving the escalation plan put to it by Amir Peretz, defence minister, and Lt-Gen Dan Halutz, chief of the general staff. Defence assessments suggest that an advance to the Litani might cost the lives of 300-500 soldiers. The plan was approved by nine votes, with three abstentions. There were varying estimates of how long such an operation would take. Eli Yishai, a minister who abstained from the vote, said the military assessment was 30 days. But he added: "I think it will take a lot longer."

Israel is counting the financial cost of the conflict. The defence ministry asked the treasury for a supplementary budget of Shk5bn (€894m) for its first 30 days.

War Devastation Slows Delivery Of Civilian Relief (WT)

By Betsy Pisik

The Washington Times, August 10, 2006

BEIRUT -- The president of the International Committee of the Red Cross walked across a log suspended over the shallow Litani River into southern Lebanon yesterday, a symbolic protest against Israel for knocking out bridges and making aid deliveries difficult.

The log has become the supply route for determined relief agencies and an uneasy egress for Lebanese civilians stranded in the south as Israel expands its ground war to eliminate Hezbollah rocket attacks against Israeli civilians.

Lebanese officials say they won't rebuild the bridges as long as Israel targets vehicles crossing the Litani.

"Our main concerns is access," said Red Cross President Jakob Kellenberger, who crossed into southern Lebanon earlier this week and continued to Tel Aviv yesterday for meetings with Israeli officials.

"Our other main concern is the respect of humanitarian law in the conduct of hostilities. You cannot rid yourself of your responsibility by dropping leaflets."

Relief agencies say the threat of Israeli air strikes and badly damaged roads have kept them from delivering desperately needed assistance to those stranded in southern towns and villages. Aid is dispatched in convoys of fewer, smaller vehicles, which the Israeli military suspects of resupplying of Hezbollah arms.

Even those deliveries are curtailed by an acute shortage of gasoline. Gasoline rationing and danger have made some aid workers reluctant to come to work, relief officials say, and Israel's blockade of sea, land and air routes makes it difficult to bring in technical specialists. "Our Lebanese staff has had to shoulder all the weight for this," said Kevin Cook, a spokesman for World Vision International.

"There is a prevailing sense of frustration due to the infrastructure ... and staff spends half their time in queues to get [gasoline]. It's one thing piled on top of the next. In some ways, this situation is approaching the worst-case scenario for humanitarian intervention."

World Vision has stocked 70 tons of relief supplies in Cyprus and is unable to ferry it across the Mediterranean for lack of insurance. A water-purification system is stranded on the dock, as are emergency fuel, food and shelter supplies. They were to have arrived Monday, but it is not certain when the items will get to Beirut.

"We can't keep up the current level of activities without establishing a pipeline. There is help coming, but it's a trickle compared to what we want to do."

There are no reliable figures on how many civilians remain in their homes below the Litani River. Few residents were visible yesterday. The World Health Organization and Lebanese medical officials say hospitals are closing because of a lack of

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fuel for generators and a shortage of medicines. A separate humanitarian emergency is unfolding in the Palestinian refugee camps, which are served exclusively by the United Nations.

Palestinians, who traditionally have been treated as unwanted guests in Lebanon, have opened their crowded homes to Lebanese and Palestinian families fleeing fighting.

The United Nations Relief and Works Agency for Palestine Refugees has requested $7.5 million to meet emergency needs, in addition to the $150 million appeal by the U.N. humanitarian office. With the central government largely unable to help the relief effort, towns and cities have put together their own relief programs.

Abdul Rahman Bizri, the mayor of Sidon, said he has met with every Lebanese, Arab and foreign aid group that turned up and is eager to attract more such groups. Aid groups have installed portable showers and toilets in schools and parking garages that have been converted into shelters for 35,000 evacuees. Mr. Bizri said relief workers provide hot meals for less than 50 cents each.

Hezbollah, which has fired more than 3,000 rockets into northern Israel since the conflict began, has provided emergency assistance, mostly with private donations. Many aid organizations refuse to work with Hezbollah, which the U.S. government has identified as a terrorist organization.

Israel's Tech Sector Stays Afloat Amid War's Economic Damage (WSJ)

By Guy Chazan

The Wall Street Journal, August 10, 2006

MISGAV, Israel -- With Israel's War against Hezbollah still raging, the economic damage wrought by the weeks-old conflict already is being counted in the billions of dollars.

Israel's bombing campaign has decimated Lebanon's airports, highways, bridges and utilities; flattened villages in the south; and displaced one in five of the Lebanese population. Israel, too, is paying a high price, as Hezbollah rockets bring life in Israel's north to a standstill. Stores and factories are shuttered as hundreds of thousands of people hunker down in bomb shelters or flee southward.

But one critical part of Israel's economy is weathering the storm -- so far. The high-technology sector has continued to function, proving far more resilient than more-traditional industries such as agriculture, tourism and retail. That says a lot about how advanced-knowledge economies are better able to endure the stress of war and bend to absorb its blows. Israel's adaptability has allowed it to pursue an open-ended campaign in southern Lebanon with little fear of economic collapse on the home front, at least in the short term.

High-tech is crucial to Israel, accounting for about 15% of its gross domestic product in 2004 and nearly 30% of its exports. Israeli firms have built a solid reputation in fields including Internet-security software, telecommunications components and avionics. About three-quarters of the more than 100 Israeli companies listed on the Nasdaq Stock Market are technology-focused.

That is why there was alarm last month when, with the outbreak of war, crucial parts of Israel's high-tech sector ended up in Hezbollah's direct line of fire. The Shiite militia's kidnapping of two Israeli soldiers in a cross-border raid led Israel to launch a massive assault across Lebanon, prompting Hezbollah to retaliate with an intense missile barrage against northern Israel. An important target was Haifa, Israel's third-biggest city, where multinationals such as Intel Corp., Philips Electronics NV and Microsoft Corp. have research laboratories.

But, in fact, disruption has been minimal. Intel says that, while its Haifa facility is safe, some employees are working from home via laptops and broadband connections, while others have been deployed to Intel sites in other parts of Israel. Output is so far unaffected, the company says.

Others, such as Given Imaging Ltd. based in the northern town of Yoqneam, are taking precautions. The company, which makes pill-like video capsules that can detect gastric disorders, said it had shifted inventory to the U.S. and Europe and could switch production to a backup facility in Ireland. It also has set up a summer camp in Yoqneam so staff can bring their children to work rather than leave them in bunkers at home.

There is little evidence so far that the war has dented investor confidence in the sector. Last month, Hewlett-Packard Co. agreed to buy Mercury Interactive Corp., a software and information-technology company with much of its operations in Israel, for $4.5 billion. Also, SanDisk Corp, a Sunnyvale, California, flash-memory maker, said it would buy Israel's M-Systems for $1.55 billion.

But the war with Hezbollah could have a much bigger impact on Israel's information-technology industry if it drags on or escalates. In a recent report, Merrill Lynch & Co. said most tech workers are younger than 44 years old and thus eligible for active military duty in the event of a mass call-up. If Hezbollah uses longer-range missiles, it could paralyze companies based in Tel Aviv, Israel's high-tech hub.

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And some fear a protracted conflict could dent broader investor interest in Israel. Economic commentator Bernard Avishai cites the example of the second intifada: He says none of the 36 biggest foreign companies now in Israel established operations here from 2000 to 2004, when the Palestinian uprising was raging.

"We're already hearing that a couple of delegations of investors from the Far East and Europe have canceled trips here," says Gilay Dolev, head of D&A High Tech Information, a Tel Aviv consulting firm.

Uri Attir embodies the flexibility of Israeli high-tech -- and of its vulnerability to war. He heads a small start-up, ETView, in the sleepy northern town of Misgav that has found itself in the vortex of the conflict with Hezbollah. Rockets have been exploding in the area since July 12.

"We're sitting ducks," he says, as sirens wail and staff dive for the bomb shelter.

ETView makes breathing tubes fitted with tiny cameras that monitor patients' air passages. Earlier this year, it received its first commercial order, from an Italian distributor that wanted 300 tubes by the end of August. Production was to be outsourced to a medical-equipment maker near the Lebanese border. But that company closed when the fighting broke out.

Desperate to ship the order on time, Mr. Attir rigged up an improvised production line in a room next to his office, hired two temporary staffers, kitted them out with masks and white coats and taught them to make the tubes. He is keeping his fingers crossed that he can make his deadline.

"We're in the midst of a capital-recruitment round, and our investors are asking when the first shipment's going to be," he says. "You can't keep people waiting."

A 55-year-old veteran of four Arab-Israeli wars, Mr. Attir is stoic about the Hezbollah barrage. But he worries that young, highly skilled engineers and programmers could move to safer climes.

"We're going to see a brain drain after this war," he says. "People can live in Silicon Valley and not have to suffer Katyushas [Hezbollah rockets] every day."

China Trade Mission Aims To Boost Exports (AP-Y)

By Martin Crutsinger, Ap Economics Writer

AP, August 10, 2006

Commerce Secretary Carlos Gutierrez said Wednesday he will lead a delegation of business executives to China this fall as part of an effort to boost exports and reduce America's record trade deficit.

"China is one of our fastest growing export markets and we are having a great year," Gutierrez said in an interview with The Associated Press.

Through May, U.S. exports to China were up by 37 percent from the same period a year ago, and that increase came on top of 19 percent growth in U.S. exports to China in 2005.

However, even with those gains, the U.S. trade deficit with China is running 13 percent above the pace set last year, when Americans recorded a $202 billion deficit with the Chinese, the biggest imbalance ever with a single country.

The growing gap reflects the fact that Chinese exports to the United States are still growing and the Chinese sell $5 in goods to Americans for every $1 in U.S. exports to China.

Gutierrez, who has already made three trips to China since joining the Cabinet last year, said he wanted to lead his first business development mission to China as a way to build on the gains U.S. exporters have already made.

"This mission will help American businesses seize new opportunities there," Gutierrez said. "The prospect of selling to more than a billion consumers, together with China's rising middle class, creates real opportunity for American companies."

The delegation, which is expected to include executives from 20 to 30 companies representing a cross-section of U.S. businesses, will visit China from Nov. 13 to 17 with stops planned in Beijing and Shanghai. The trip will be designed to develop contacts between the U.S. companies and Chinese business and government leaders.

Gutierrez said that in his meetings with Chinese officials he would seek a progress report on efforts China is making to crack down on the theft of U.S. copyrights and patents, which American companies claim are costing them billions of dollars in lost sales annually.

He said initial efforts by the Chinese to fulfill pledges they made in April were encouraging, including a commitment to require that all personal computers sold in China have factory-installed operating programs as a way of reducing the pirating of U.S. computer software.

The administration is also pressing China to allow its currency to rise in value against the dollar as a way of lowering the trade deficit. U.S. manufacturers contend China is unfairly depressing the value of the yuan by as much as 40 percent to make their goods cheaper and more competitive against American products.

Gutierrez said Treasury Secretary Henry Paulson would take the lead in pushing the Chinese to allow for greater flexibility of their currency.

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Paulson, who took office last month, will have his first opportunity for face-to-face meetings with Chinese officials this fall. Treasury officials announced Wednesday that Paulson will attend meetings of finance ministers at the Asia-Pacific Economic Cooperation forum in Vietnam on Sept. 7-8.

Paulson is also scheduled to attend the annual meetings of the International Monetary Fund and World Bank which this year will be held in Singapore on Sept. 19-20.

Diplomatic Moves Rice Pushes Envoys To Spend Time In Hardship Posts (WSJ)

By Neil King Jr.

The Wall Street Journal, August 10, 2006

JUBA, Sudan -- When America's top diplomat here stopped by the Juba mosque recently for a chat with Imam Ibrahim Abdallah, he found the spiritual leader sprawled under a tree out back, asleep on a mat.

The mosque stop was Robert Whitehead's third house call of the morning -- and roughly the 20th of the week -- for a migratory consul general scrambling to represent the U.S. in this lush and soggy boomtown on the Nile.

After the imam leapt up and smoothed his spotted robe, Mr. Whitehead huddled with Mr. Abdallah and some of his followers in the bedroom of a borrowed house. Mr. Whitehead scribbled in a tiny green notebook as the men expressed fears that the largely Christian regional government wouldn't pay restitution to Muslim-owned shops damaged by rioting last year. Mr. Whitehead, in crisp shirt and tie, promised to poke around a bit and get back to them.

"That's what I call micro-diplomacy," he said outside, tucking his notebook into a breast pocket and heading off gingerly to his next drop-by. Juba's terrible roads, and the nonstop pace, had taken a toll on his aching, 54-year-old back.

The Bush administration sent Mr. Whitehead to Juba in January in the middle of a cholera outbreak to be the region's first-ever full-time U.S. diplomat. His mission: to keep close tabs on a recent peace deal that ended one of Africa's bloodiest civil wars and to promote U.S. interests in a vast area rich in oil but also rife with tribal conflict.

Bob Whitehead has been in the vanguard of a new, very grass-roots push by the Bush administration to make up for the diplomatic damage done by the Iraq war and to try and leave the U.S. better positioned to respond to -- and possibly even pre-empt -- conflagrations of the future. Instead of dictating terms from on high, the administration is trying to nudge along reforms from below, often far from national capitals. And that, goes the new logic, requires making the U.S. diplomatic corps more agile and less hemmed in by the high walls and bureaucracies of the traditional embassy.

Even as she struggles publicly with raging war in the Middle East and other prominent crises, Secretary of State Condoleezza Rice has quietly made the push a central plank of the administration's second-term drive to promote ground-level change in some of the world's remotest nooks and crannies. 1

"When the very terrain of history is shifting beneath our feet we must transform old diplomatic institutions to serve new diplomatic purposes," Ms. Rice said in a January speech at Georgetown University that formally launched the effort.

The U.S. has roughly 13,000 foreign-service officers of various stripes posted overseas, the vast majority of whom are bound to desks in America's 230 increasingly fortified embassies and consulates. A fifth of all U.S. diplomats are in Europe, which contains about a tenth of the world's population. Ms. Rice's plan, which she calls "the work of a generation," is to get more of these diplomats out to where America's long-term interests are being decided, be it fighting AIDS in Botswana, bird flu in Turkey, or nuclear proliferation in Pakistan.

But that means moving more U.S. diplomats out of cities like Berlin, Moscow and Rome. Promotion to many senior state department jobs, Ms. Rice said, will even hinge on having spent time in "hardship posts" like Juba.

The initiative has gotten off to a slow start, with just 100 or so positions being moved from European capitals to China, India and a few other developing countries. Some critics charge that the effort will make no measurable difference for an administration whose reputation has been blackened by the Iraq war and the international uproar over U.S. detentions of terrorism suspects by the Central Intelligence Agency and in Guantanamo Bay, Cuba.

"Putting a few more diplomats in remote regions isn't going to matter much" without an increase in funding, says Walter LaFeber, author of several classics on U.S. foreign policy.

Still, the early seeds of this drive are starting to sprout in some interesting places. Across Afghanistan, the State Department has sprinkled senior-ranking diplomats to work on democracy projects alongside U.S. military forces. The U.S. has established special low-infrastructure, one-man "presence posts" in Indonesia and Egypt. There are plans in the works for similar posts in Venezuela, China and India.

But the farthest-flung new outpost is likely here in distant Juba, about 100 miles north of the Ugandan border, where Mr. Whitehead just completed a seven-month assignment. When he arrived in January he set up shop in a derelict compound that the U.S. Agency for International Development abandoned in 1991 after Sudanese soldiers killed several of its local staff. The

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swimming pool was a vivid green breeding pond for frogs. Only a flimsy fence separated the cluster of six small houses from the thatched huts and goats of the neighborhood next door.

"This was terra incognita for the United States," Mr. Whitehead said. "A blank space on a map."

Juba is a long way from the tiny Indiana town of Plymouth where Mr. Whitehead grew up, the son of a real-estate agent and a schoolteacher. Yet after resigning as an Illinois college English literature professor to join the Foreign Service in 1983, he has spent the bulk of his career in Africa. He was in Goma, Zaire, during a horrific cholera outbreak in 1994, and in Zimbabwe eight years later when hyperinflation tore apart the economy. He was in Sudan's capital, Khartoum, last year when rioters looted shops after the death of the southern rebel hero, John Garang.

Yet he had a far plusher life in those postings than in Juba. In Khartoum he occupied a small mansion, built by a wealthy Italian, with a huge marble foyer and 20-foot ceilings. His house in Zimbabwe -- "the nicest place I have ever lived and probably ever will live" -- sat on a two-acre garden of flame trees and bougainvillea with a lighted tennis court and a flagstone swimming pool. In both places he worked in heavily fortified embassies.

In Juba he worked from a college-dorm-size bedroom with a desk and laptop on one side and pictures of his wife and college-aged son and daughter on the other. He had seen his family, now living in Virginia, for all of eight weeks over the past two years. The last time they lived together was in Zimbabwe four years ago. State Department rules until just recently barred families and spouses from joining diplomats in Sudan.

Mr. Whitehead's mission, as he describes it, was to get out as often as possible, mix with the key players, keep a close eye on implementation of last year's peace accord, and "plant the American flag."

All of which, in a place like Juba, is much tougher than it sounds. Mr. Whitehead began one recent week with a mental checklist. He hoped to get up to Bor, a river town about 100 miles to the north, to meet local officials and look at some recently launched U.S.-funded development projects, including a school for fishermen along the Nile. He hoped to take a short trip south to a town called Kajo Keji, to check in on another U.S.-funded project that included road work, new wells and a women's center. In all, the U.S. has hundreds of projects of varying sizes across Southern Sudan, costing about $200 million a year.

Yet the early word from the United Nations -- the provider of most air transport in Southern Sudan -- was that both trips could be imperiled by rain. Afternoon thundershowers turn the region's few roads into bogs and regularly swamp the dirt runways.

Mr. Whitehead also had a wish list of some dozen ministers he wanted to see on issues ranging from the 2006 budget -- a key sign whether the fledgling government is setting the right priorities and overseeing its money -- to talk of launching a children's basketball program, perhaps with help from the National Basketball Association.

But planning is nearly impossible in a place with few secretaries and no reliable phones, so Mr. Whitehead set off first thing Monday -- jostling along rutted roads in a white Toyota Land Cruiser -- without a single fixed appointment.

Juba and the vast region of Southern Sudan overlap well with Ms. Rice's concept of what she calls "the new frontlines" of U.S. diplomacy. For 21 years, the black and largely non-Muslim south was embroiled in a bloody civil war with the Islamic government in Khartoum. The U.S. then helped broker a grueling peace deal, signed early last year, which gave Southern Sudan a high degree of autonomy and the potential for independence in 2011, meaning that Juba in five years could be the capital of a new country of some 12 million people.

But the area remains up for grabs. Across its 333,000 square miles of lush hills, savannah and swamp, a bit larger than California and Nevada combined, there are barely 10 miles of paved road. Millions of people are still displaced from the long war, and disease rates for everything from cholera to river blindness remain among the highest in Africa. The region has significant oil reserves, but development of many fields is mired in governmental and tribal feuds.

Mr. Whitehead got lucky on his first stop of the week: the ramshackle Ministry of Mines and Industry. The building looked like an abandoned motel, one wing of which has no doors, windows or roof. But Minister Albino Akol Akol was in, and greeted Mr. Whitehead with a big handshake. Mr. Akol begged Mr. Whitehead to provide the government with detailed satellite imagery so they can get a better feel for Southern Sudan's own terrain, including its vast timber forests. Mr. Whitehead said he'll look into it, and urged Mr. Akol in turn to push ahead on firming up a set of rules to guide and protect foreign investment.

When Mr. Whitehead arrived in Juba he methodically set out to meet every minister and vice-minister, every parliamentary committee chairman, the bishop and imam and other religious leaders, and all the top businesspeople. "The idea was to stop in on everyone who mattered," he said. After weeks of tracking people down, he assembled a cadre of a dozen or so "reliables" whom he could trust for good information.

High on that list was Peter Bashir Bendi, a jolly, bearded parliamentarian who holds court in an office just off the airless main hall of Southern Sudan's National Assembly. After Mr. Whitehead dropped by, the two men talked and swapped promises over bottles of Coke as a fan whirred in the corner. Mr. Bendi said he would get Mr. Whitehead a copy of the legislative calendar

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and the upcoming budget, while the American said he would dig up some money to pay for the printing of hundreds more copies of Southern Sudan's constitution. He jotted a reminder in his little book.

"Bob buzzes around everywhere, like a fly," Mr. Bendi said later, with Mr. Whitehead out of the room. He is most thankful, he said, for the American's insistence that the assembly have a strong anticorruption committee, which is now being formed.

Mr. Whitehead acknowledges that Southern Sudan is very hospitable territory for what he does. The anti-Americanism one finds increasingly in Arab countries is largely absent in this largely non-Arab, non-Muslim half of Sudan. While many other countries are now sending representatives to Juba, no one else has the resources to rival the U.S.

A few drop-bys later, Mr. Whitehead pulled into the rutted dirt lot outside the Ministry of Legal Affairs. In a breakthrough earlier that day, a surly ministry assistant had set up an actual appointment for him, at 4:00, to catch up on a number of draft laws with the minister. But 20 minutes later, after being harangued by a drunk, there was still no sign of the minister. "Pox on him," Mr. Whitehead said under his breath, heading back to his mud-splattered Toyota.

America's man in Juba has made a few missteps himself. One evening he jumped out of his Land Cruiser on a main street in Juba to chase down a U.N. official, only to find that he had locked his keys in the car, which then bottled up traffic for an hour. More recently he forgot that he had invited an African diplomat for dinner and went off to a party that required sprinting through mud puddles and quaffing rounds of beer. He returned home to find the diplomat pacing in elegant coat and tie.

The day after the legal-affairs minister stood him up, Mr. Whitehead spent more than an hour baking on the tarmac at the Juba airport before a U.N. relief flight took him south to Kajo Keji, tucked in the lush mountains near the Ugandan border. Hundreds of children scattered at the end of the dirt runway as the prop plane swooped in.

The visit was quick, and the rain-carved roads further jarred Mr. Whitehead's bad back -- the product, he had decided, of a sagging mattress. The U.S. had earmarked $900,000 for a range of development projects in the remote region. But the American program manager had left a month earlier; many of the projects were far behind schedule.

Asked later if he saw his work as transformational, Mr. Whitehead paused and lit another cigarette. "I suppose the point is to transform this place into a country with which we can really cooperate," he said. "It's slow, but we're getting there."

Mexico Starts Partial Recount Of Vote (AP)

By Lisa J. Adams, Associated Press Writer

AP, August 10, 2006

Electoral officials fanned out across the country Wednesday to begin a partial recount in Mexico's tight presidential election, while leftists alleging vote fraud blocked bank headquarters in the capital and vowed to take their disruptive protests nationwide.

Guarded by soldiers and monitored by electoral judges and representatives of all of Mexico's five political parties, authorities started sifting through ballots cast at 11,839 polling booths, about 9 percent of the 130,000 booths used during the July 2 election.

The count must wrap up by Sunday, after which the Federal Electoral Tribunal will review the results and decide by Sept. 6 whether to declare a president-elect or annul the election.

The initial results gave Felipe Calderon, the pro-business candidate of conservative President Vicente Fox's National Action Party, a lead of 240,000 votes, or less than 1 percent, over leftist candidate Andres Manuel Lopez Obrador, former mayor of Mexico City.

The partial count could change those results, but it was considered unlikely to tip the balance in favor of Lopez Obrador, whose supporters have been disrupting life in the capital for more than a week to press their charge he was robbed of an election victory by fraud.

Calderon welcomed the partial recount, saying it would cement his advantage.

But Lopez Obrador dismissed the action as a farce and said his loyalists would continue their demonstrations unless authorities ordered a vote-by-vote recount of all 41 million ballots.

Across Mexico, electoral officials sliced open seals placed over doorways and pulled tape off doorknobs to reopen storage rooms holding the paper ballots cast July 2.

Officials then began opening sealed polling packages to sift through ballots and read the tallies from polling stations. They were looking for mathematical errors, evidence of fraud, ballots that should have been thrown out, or ballots that were mistakenly annulled.

At the 12th federal electoral district in Mexico City, Judge Julio Humberto Hernandez, party representatives and six soldiers watched as officials spent nearly 90 minutes counting ballots from the first of 28 packages they were ordered to review.

The end result: One less vote for Calderon and one more for Lopez Obrador, a total of 11 votes more all together than what workers reported immediately after the election, and five null votes instead of the initially reported seven.

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"This is proof that they did things badly," said Agustin Guerrero, a representative of Lopez Obrador's Democratic Revolution Party who witnessed the recount.

He said such discrepancies would be important for "continuing to argue that they open up all of the election packages."

Ricardo Monreal, who is leading Lopez Obrador's legal challenges before the Federal Electoral Tribunal, said party officials contend about 40 percent of ballot boxes "were altered ... illegally adjusted" after the election.

Monreal held out hope that irregularities found in the recount could serve to order a broader examination of "a minimum of 72,000 polling places," while Democratic Revolution Party spokesman Gerardo Fernandez continued to insist only a full recount would be acceptable.

The seven judges of the Federal Electoral Tribunal voted unanimously Saturday to deny a full review, saying it would violate election laws that allow recounts only when there is evidence of irregularities or fraud. They instead ordered the partial recount, at polling places where they deemed problems were evident.

The decision prompted Lopez Obrador to call on his supporters to escalate protests from the tent camps they set up along Mexico City's main Reforma Avenue and at the central Zocalo plaza July 30, snarling traffic and commerce and trying the patience of many of the capital area's 23 million people.

On Wednesday, dozens of Lopez Obrador supporters blocked the entrance to the main offices of three foreign-owned banks in Mexico City, chanting "Vote by Vote!" and "Long live democracy!"

The demonstrations came a day after protesters briefly took over toll booths on highways leading into the capital, allowing motorists free passage.

"We ask for understanding of these disturbances we are causing because we are building democracy, because we want things to change and because it isn't enough to just stay quiet," said Gilberto Ensastiga, a representative of Lopez Obrador's party who led demonstrations in front of the British-owned HSBC bank on Reforma Avenue.

Fellow protest leader Edgar Torres said demonstrators would move elsewhere Thursday, but he declined to detail their plans.

Ensastiga reiterated Lopez Obrador's promise to expand the protest movement across the country.

"You will see more in the north, in the center and in the south," he said.

Mexican Officials Begin Recount Of Disputed Ballots (LAT)

By Sam Enriquez

The Los Angeles Times, August 10, 2006

MEXICO CITY -- Elections officials on Wednesday began recounting nearly 12,000 disputed ballots from July's presidential election while supporters of second-place finisher Andres Manuel Lopez Obrador expanded their civil disobedience campaign to a blockade of three bank buildings.

The recount was ordered last week by a seven-judge tribunal that has the final say over election matters. They must declare a new president within a month, or throw out the results of the July 2 election.

Lopez Obrador and his lawyers filed appeals to the Federal Electoral Tribunal shortly after the election, claiming errors and fraud steered the election to Felipe Calderon, who won by less than a percentage point. Lopez Obrador has since waged a campaign of civil disobedience to support his demand for a national recount.

The tribunal appeared to close the door on a full recount Saturday, after justices said the law allows the recounting of ballots only at polling stations that appeared to have made arithmetic errors or show other irregularities.

Lopez Obrador so far has offered no proof of fraud.

The partial recount, which must be completed by Sunday, will require opening ballot boxes from 11,893 polling stations, about 9 percent of the 130,000 voting sites. All were won by Calderon, and few believe the recount will show much variance from the current national tally.

Calderon's lead is now 244,000 votes out of 41 million cast in the election.

The recount is being conducted by officials of the Federal Electoral Institute, along with a presiding judge and representatives of Calderon's National Action Party and Lopez Obrador's Democratic Revolution Party.

Several thousand Lopez Obrador supporters have blockaded the capital's main boulevard, Paseo de la Reforma, and set up camp in the central square for the past 10 days to demand a national recount. Lopez Obrador said Tuesday at a rally that Calderon and his party "didn't win the election and they know it."

On Tuesday morning, protesters blocked toll booths on the main roads connecting the capital with the rest of the country, waving past thousands of motorists for free.

On Wednesday, they surrounded the entrance to corporate offices of Bancomer, Banamex and HSBC for several hours early Wednesday before dispersing.

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Calderon has said he won the election fair and square, and criticized the civil disobedience, which has been largely peaceful.

Mexico Recount Begins, And Protests Go On (NYT)

By James C. McKinley Jr.

The New York Times, August 10, 2006

ZAPOPAN, Mexico, Aug. 9 — An election official was quickly dealing out ballots like giant cards on a felt-covered table on Wednesday when Humberto Mejía's hand shot into the stack like a striking snake. "Wait!" the lawyer for the left-wing Party of the Democratic Revolution cried.

He had spotted a ballot for the leftist candidate, Andrés Manuel López Obrador, that had mistakenly been put with the ballots for his conservative rival, Felipe Calderón. "We've only counted two polling places this morning," Mr. Mejía said, "and I have found two more votes for Andrés Manuel."

It may not seem like much, but since Mr. Calderón won an official tally last month by just 243,000 of 41 million votes cast — a margin of less than one percentage point — every last vote counts.

Across Mexico, judges, election officials and party representatives began the slow process of recounting hundreds of thousands of ballots from about 12,000 polling places. More than 180 magistrates oversaw the opening of packets containing ballots from the July 2 election that are to be counted again in 149 of 300 voting districts and 25 of the 32 states.

It is an exercise that could well determine the course of the country. Mr. López Obrador and his supporters have stepped up their campaign of civil disobedience to demand a recount in all 130,000 polling places and are threatening to make it difficult for Mr. Calderón to govern if they do not get their way.

On Wednesday, hundreds of leftists blocked entrances to banks in Mexico City, a day after taking over toll booths on highways leading out of the capital.

With the political crisis deepening, Mexicans of all political stripes are hoping the partial recount will either put to rest Mr. López Obrador's claims of widespread fraud or lend them credence, which might force the court to order a wider recount.

On Saturday, a seven-member electoral tribunal charged with ratifying the results and declaring a president-elect rejected Mr. López Obrador's claim that there were enough irregularities in the election to warrant recounting all the ballots. The narrow ruling left the judges little leeway to order more ballot boxes opened, though it is still possible, election law experts said.

Instead, the judges ordered the ballot boxes opened in about 9 percent of the polling places after they concluded that Mr. López Obrador had presented evidence of arithmetical errors and, in some cases, fraud.

Mr. López Obrador reacted angrily, saying the judges should "rectify their decision." He announced Monday he was no longer staging marches solely to demand a recount but "to change this reality of injustice and oppression that has done so much damage to the country."

A former Mexico City mayor, he has complained that the playing field was tilted against him, with President Vicente Fox campaigning against him and business tycoons paying for illegal attack advertisements.

He has also said that poll workers, who are chosen at random like jurors, purposefully padded Mr. Calderón's totals in northern states, where the conservative National Action Party and the moderate Institutional Revolutionary Party joined forces to try to stop Mr. López Obrador from gaining power.

Mr. Calderón says that his victory is legitimate and that any recount is unnecessary and likely to do more harm than good.

Experts on election law said that while the partial recount was far less than Mr. López Obrador had wanted, it indicated a major concession to his party. What is more, counting ballots a second time in nearly 12,000 polling places could unearth a raft of errors that would give more leverage to proponents of a completely new tally.

"It will tell us if it is true or not that there was a manipulation of the figures," said Lorenzo Córdova, a law professor who specializes in Mexican electoral statutes.

John Ackerman, another election law professor in Mexico City, said, "Any significant move of the votes and there would be a major social push to expand the recount."

But election-law experts said the electoral tribunal would have a hard time justifying widening the recount to include other polling places because of the way its members wrote their ruling.

In essence, the ruling says ballots should not be recounted simply because a political party has suspicions that the tally was manipulated; there must be empirical evidence. The judges would have to alter that precedent to order a wider recount.

"It's not likely, but it's possible," Mr. Córdova said.

Most experts agree that the partial recount is unlikely to change the results, unless Mr. López Obrador's theory of widespread fraud is correct. Though the margin between the two candidates is only 240,000 votes, there would have to be major shifts in all 12,000 polling places in favor of Mr. López Obrador to close that gap.

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At the Sixth Election District in Jalisco, the magnitude of even a partial re-tallying of votes was evident. After five hours of work, Magistrate José Manuel Mojica, a soft-spoken avuncular man with gray hair and mustache, had managed to get through only 3 of the 247 packets to be opened.

The judge sat at a green covered table with two lawyers, one representing Mr. López Obrador and one Mr. Calderón, while the head of the election district and one of the local board members counted ballots by hand. A secretary took notes.

Several problems arose, causing the judge to rub his forehead. In one polling place, 100 fewer ballots were accounted for than were delivered to the poll workers. “I’m missing a lot of ballots,” the judge told the lawyers.

At another polling place, two null ballots, on which more than one candidate had been marked, were included in the stack for Mr. Calderón, a point the lawyer for Mr. López Obrador quickly pointed out.

What was more, the envelope that was supposed to hold null ballots was missing from the packet. It was found in the envelope containing ballots from an adjoining polling place.

The judge also had to deal with bickering between the lawyers about whether some ballots were valid. Marked with inky crayons and folded, the ink sometimes rubs off on another candidate’s check box. The lawyers sparred over the validity of several of those ballots, until Magistrate Mojica said he would leave it to the tribunal to decide.

All told, after five hours of work, Mr. Mejía had discovered two votes for Mr. López Obrador and one null ballot that had been mistakenly counted for Mr. Calderón, a potential shift of three votes.

As the afternoon wore on, the only thing certain was sore fingers for the election officials charged with counting. The tribunal ordered the count finished by Sunday, and that was beginning to look like too little time to some involved.

“It’s very hard,” said Yolanda Hernández, the chairwoman of the board of District 6. “And we’ve just begun.”

Mexican Traffic (WSJ)

The Wall Street Journal, August 10, 2006

Mexico City traffic moves slowly even on good days, and recently it has come to a near-standstill as thousands of supporters of failed leftist presidential candidate Andrés Manuel López Obrador (a.k.a. AMLO) have set up tents and formed human chains along the Paseo de la Reforma, the city's main drag. But we're glad to note that at least one thing is functioning efficiently south of the border: the rule of law.

On Saturday, a seven-judge tribunal rejected a legal challenge by AMLO that would have forced a manual recount of every ballot cast in last month's presidential election -- about 42 million ballots in all. The court decided instead to review 9% of the ballots, itself a significant concession to AMLO given that international observers certified the election as among the cleanest anywhere. Barring the discovery of major irregularities, it now seems certain that center-right candidate Felipe Calderón will take office when President Vicente Fox's term expires in December.

But the danger AMLO poses to Mexico's young democracy remains. After declaring himself the winner on election night he has failed to concede even the possibility of defeat, all the while calling a squatters' army into the streets to "defend democracy." His supporters have threatened to seize the Mexico City airport, a move AMLO ostensibly disowns while threatening unspecified "new measures of civil resistance."

Still, we are confident that Mexico will weather these assaults, and perhaps emerge somewhat better for them. For one thing, most Mexicans are justifiably proud of what their new democratic institutions have accomplished, despite AMLO's efforts to soil them. For another, nobody who causes the world's worst traffic jam can expect to remain popular for long. With every long honk of the horn, the future of Mexico's democracy seems more secure.

Kyrgyz Deportations Draw U.N. Rebuke (WP)

By Peter Finn

The Washington Post, August 10, 2006

MOSCOW, Aug. 9 -- Five people who fled the Uzbek city of Andijan to neighboring Kyrgyzstan last year during a deadly government crackdown were turned over to Uzbekistan on Wednesday. The decision drew swift condemnation from the United Nations and human rights groups, which said the men now face the prospect of being tortured or executed.

Four of the five who were returned had been granted refugee status by the Office of the U.N. High Commissioner for Refugees, and officials at the agency's Geneva headquarters said their deportation violated international law and the 1951 U.N. Refugee Convention, which Kyrgyzstan, a Central Asian republic, has signed. The fifth deportee was seeking asylum but had not yet been granted refugee status.

"We fear for their safety," said AntÃ³nio Guterres, the high commissioner, in a statement, which noted that the United Nations had already secured resettlement places for the refugees. "This grave breach is a huge disappointment as the deportees' lives may be at stake."

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Officials in Kyrgyzstan's government could not be reached Wednesday evening. Kyrgyz officials have alleged that the five committed serious nonpolitical crimes, and Kyrgyz courts have ruled that they did not qualify for refugee status.

The crisis in Andijan began on May 12, 2005, when dozens of armed men attacked government facilities and freed prisoners, including prominent local businessmen who were on trial on charges of religious extremism.

The following day, thousands of people joined a protest against the government. Uzbek security services opened fire on the crowd, killing hundreds of people, most of them unarmed, according to human rights groups and witnesses.

The Uzbek government said that 187 people were killed, most of them Islamic radicals, and it rejected calls for an independent international inquiry into the events.

Hundreds of people fled into Kyrgyzstan, and in July of last year more than 400 Uzbek refugees were flown out of Bishkek, the Kyrgyz capital, to be settled in third countries, including the United States.

The United Nations and human rights groups have documented a long history of torture in Uzbekistan, which had granted use of an air base to U.S. forces to support military operations in Afghanistan. That relationship soured after Washington criticized the government's actions in Andijan and backed calls for an independent inquiry. The United States was later forced to vacate the air base.

"The U.N., the European Union and the U.S. government have all pressed Kyrgyzstan over the last year to abide by its obligations, and this is a very, very bad precedent for the region," said Rachel Denber of the New York-based advocacy group Human Rights Watch, noting that other Uzbeks face deportation from Russia and Kazakhstan. "This is a country where systematic torture is practiced, and we continue to get, up until today, credible allegations of torture."

Hard-liner Looks Set To Lead Japan (USAT)

By Paul Wiseman And Naoko Nishiwaki

USA Today, August 10, 2006

HONG KONG — Shinzo Abe, who takes a hard-line approach to regional rogue North Korea, appears to be a shoo-in to replace Junichiro Koizumi in September as the next prime minister of Japan.

Abe, 51, already was the front-runner when North Korea defiantly launched seven missiles into the Sea of Japan last month. As chief Cabinet secretary, Abe has led Japan's hard-nosed response to the North Korean provocation. He has pushed for economic sanctions and a United Nations Security Council resolution criticizing the North Korean regime.

Abe's top rival, dovish former chief Cabinet secretary Yasuo Fukuda, took himself out of contention in July. “Abe is the strongest candidate,” says Taro Yayama, author of a biography of Koizumi. “The race is over.”

“Abe's had it pretty well locked up for a long while,” says Steven Reed, political scientist at Tokyo's Chuo University. “Unless something goes completely wrong, he's the next president of the (Liberal Democratic) Party and the next prime minister.”

Some Japanese worry Abe is the wrong man to repair Japan's relations with its neighbors, damaged by Koizumi's visits to a Shinto shrine that honors (among others) convicted Japanese war criminals.

Abe is unapologetic about Japan's World War II past — a position likely to continue to antagonize China and South Korea, which were brutalized under Japanese occupation.

Friday, he defended visits to the shrine but refused to confirm reports he made a secret pilgrimage there this year. Abe insisted such visits are a matter of individual conviction and said he intended to “continue holding my hands together” for the dead.

Japanese prime ministers normally visit Yasukuni Shrine privately on Aug. 15, the anniversary of Japan's World War II surrender in 1945. A majority of Japanese disapprove of the visits. A poll published July 26 in the Asahi newspaper showed 60% don't want Koizumi's successor to visit Yasukuni. “We should have a harmonious relationship with China and South Korea,” says Tokyo office worker Riku Takahashi, 33. “I don't expect much (from Abe). He won't change the relationship with China and South Korea that deteriorated under Koizumi.”

Koizumi will be a hard act to follow. One of the longest-serving Japanese prime ministers since World War II, Koizumi turned politics upside-down during his five-year tenure. A wavy-haired, Elvis-loving maverick, he showed a jaded Japanese public that prime ministers don't have to be dull, inarticulate backroom dealmakers like many of his predecessors.

Koizumi took on vested interests in his own party. He slowed pork-barrel construction spending and purged LDP members who opposed his pet project: privatization of the state-run postal system. Japan emerged from a decade-long economic slump. Prodded by regulators, banks shed bad loans, and corporations cut debts and costs.

Jesper Koll, chief economist at Merrill Lynch Japan Securities, reckons Koizumi ranks with Ronald Reagan and Margaret Thatcher, whose political clout helped revive their countries' economies. Koll worries Japan will backslide economically when Koizumi's gone.

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“Koizumi was able to change some things because of his personal character,” says political analyst Nobuaki Iwai of Nihon University's law faculty. “There is a possibility the old style will come back because he didn't change the roots of the LDP.”

Political analyst Michael Cucek with the Okamoto Associates consultancy says Abe has been in charge since Koizumi visited the USA in June and sang Elvis Presley songs at Graceland. Koizumi's “clown show at Graceland obliterated his standing among elites here and in Washington, accelerating a transfer of power,” he says.

Abe's father was the LDP's secretary general. His maternal grandfather, Nobusuke Kishi, was arrested as a war criminal after World War II for his leadership role in Japan's wartime government before being rehabilitated. Kishi then served as a staunchly pro-U.S. prime minister from 1957 to 1960.

Abe was elected to parliament in 1993 and was dubbed the “prince of politics” by Mainichi Daily News. But he sometimes seems to lack gravitas. According to the weekly magazine Shukan Gendai, LDP legislator Katsuei Hirasawa, one of Abe's political mentors, rebuked Abe for reading Japanese manga comic books on the floor of the parliament. Abe brushed off the criticism and went on reading the comics.

An emotional issue brought Abe to prominence a couple of years ago: He demanded that North Korea come clean on the kidnapping of Japanese citizens in the 1970s and '80s.

He has benefited politically from North Korea's belligerence toward international demands that it end efforts to develop nuclear weapons. Abe warned last month that Japan may impose sanctions if North Korea doesn't comply with a U.N. resolution demanding a return to multilateral talks aimed at getting it to abandon its nuclear weapons and missile programs. “The recent North Korean missile launches have given Abe a platform to act more aggressively,” says Ethan Scheiner, a political scientist at the University of California-Davis and author of Democracy Without Competition in Japan.

Abe is a firm supporter of the U.S.-Japanese alliance and of efforts to rewrite a pacifist constitution that limits what the Japanese military can do.

Analysts such as Reed and Lam Peng Er, senior research fellow at the National University of Singapore's East Asia Institute, figure the only person who can stop Abe's rise to prime minister is Koizumi. If the outgoing leader keeps a promise to visit Yasukuni on Aug. 15, he probably will reignite the debate over Japan's relations with China, perhaps setting off a search for a more diplomatic alternative to Abe.

Lam, editor of a book on Japan's relations with China, says Abe might be able to mend relations with Japan's neighbors, “provided he does not go to the Yasukuni Shrine. On that issue, the Chinese have drawn a line in the sand.”

Libya Settles WASA Lawsuit (WT)

By Jim Mcelhatton

The Washington Times, August 10, 2006

The Libyan government has settled a federal lawsuit with the District's water authority in a dispute involving more than $27,000 in outstanding bills.

The settlement allows Libyan officials to move ahead with plans to open an embassy in Northwest.

Libya had sued the D.C. Water and Sewer Authority (WASA) earlier this month and demanded that the utility restore water and sewer service at its property at 2201 Wyoming Ave. NW.

The settlement was reached Tuesday after The Washington Times first reported the dispute.

The lawsuit, which accused WASA of violating a provision of the Vienna Convention, sought $1 million and the immediate restoration of water and sewer service.

"The Libyan government is pleased with the resolution of the WASA case and looks forward to restoring warm and friendly relations with the American people," said J.P. Szymkowicz, an attorney for the Libyan government.

WASA spokeswoman Michele Quander-Collins said the settlement calls for the Libyan government to pay "a nominal fee" that is significantly less than the $27,710 in outstanding bills.

Miss Quander-Collins said WASA agreed to the deal late Tuesday after meeting with attorneys for the Libyan government who provided information about "mitigating factors."

"We examined the information they provided, as well as our own records, and decided to settle," Miss Quander-Collins said, adding that WASA also discovered that a water leak may have caused the bills to run high.

She said WASA is pleased with the settlement.

"WASA certainly doesn't want to interfere in world affairs," Miss Quander-Collins said.

The Libyan government had said it should not have to pay the bills because squatters stayed at the site illegally for several years, though WASA records showed water usage at the property for an account in the name of the Libyan government.

The settlement requires WASA to restore water and sewer service to the building where the Libyan government is planning to open an embassy on U.S. soil for the first time since 1981.

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During the years Libya had no embassy in the District, the United Arab Emirates took control of the property.

D.C. court records show that the United Arab Emirates assigned a driver to live at the property to keep it from being continually vandalized, but the driver rented out rooms without permission from Libya or the United Arab Emirates.

The United Arab Emirates evicted the tenants in 2003 and ordered water service shut off.

Miller, Charles S

From: Miller, Charles S
Sent: Thursday, August 10, 2006 11:07 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 8/10/06 Civil Division News

Report: Boeing still faces probe; Air Force continuing review of $412M payment in 2000 for C-17 cargo jet, despite company's June settlement.

Review OKs FBI use of force in Puerto Rican militant raid

Detainees: captivity issue should be decided now

CNN

August 10, 2006

Report: Boeing still faces probe; Air Force continuing review of $412M payment in 2000 for C-17 cargo jet, despite company's June settlement.

NEW YORK (CNNMoney.com) -- Aircraft maker and defense contractor Boeing could be liable for further payments due to an ongoing Air Force review of a tainted cargo-plane contract stretching back to 2000, according to a published report.

A Boeing spokesman told the Wall Street Journal that, depending on the review, the entire $412 million it received in a November 2000 contract adjustment could be subject to renegotiation. Discussions over the matter, should they occur, are likely to stretch on for months, according to the report, which added that the extent of Boeing's liability isn't clear.

Boeing already agreed in June to pay $615 million to the Justice Department to settle a series of criminal and civil investigations related to its defense contracts. The company is the No. 2 supplier to the Pentagon.

Former Air Force acquisition chief Darleen Druyun went to prison for conducting improper employment

talks with Boeing while she negotiated the C-17 contract adjustment. When the $615 settlement was announced, the Justice Department's statement said Boeing was released from "any civil liability arising from the Druyun matter."

But the Journal reported that a letter Boeing wrote to the Air Force the same day said that lingering questions about the propriety of the C-17 payment negotiated by Druyun weren't resolved by the broader agreement.

Boeing lawyer Paul Ehlenbach wrote that the Air Force deputy general counsel in charge of acquisitions the company "would agree to reopen" that matter and "engage in good faith negotiations" to reach a compromise if the Air Force review determines the $412 million payment was not "fair and reasonable," according to the report.

Shares of Dow component Boeing (Charts) were down 2 percent in early Frankfurt trading on the report, as well as on the news that British authorities had arrested 21 people accused of a terrorist plot to blow up commercial flights over the Atlantic.

END

AP

August 10, 2006

Review OKs FBI use of force in Puerto Rican militant raid

By MANUEL ERNESTO RIVERA

Associated Press Writer

SAN JUAN, Puerto Rico_FBI agents were justified in shooting to death a Puerto Rican militant in a September 2005 raid, federal investigators said Wednesday in a report that was dismissed by pro-independence activists as a cover-up.

Filiberto Ojeda Rios shot at agents as they came to arrest him at his rural home in western Puerto Rico, justifying their returning fire, the U.S. Department of Justice Office of the Inspector General concluded in a 237-page report. Ojeda shot three agents, seriously injuring one, during the raid.

"He clearly posed an imminent threat to the agents," said the report, which also found that authorities were justified in waiting 18 hours to enter the home after Ojeda was shot, out of concern that he or other unknown gunmen still posed a threat.

But investigators concluded that the FBI should have anticipated a shootout and attempted to force Ojeda, who had been a fugitive for 15 years and was wanted in a Connecticut robbery, to surrender.

Hector Pesquera, co-president of an independence group, said the report was "totally contradictory" because it supported the use of deadly force but also concluded the FBI should have tried harder to apprehend Ojeda _ known simply as "Filiberto" to many Puerto Ricans.

"This confirms our initial claims that they never had any intention of capturing Filiberto, that they came to kill him, not arrest him," Pesquera said. "When they weren't sure that they killed him outright, they waited until he bled to death."

Juan Dalmau Ramirez, secretary-general of the Puerto Rican Independence Party, dismissed the report.

"This report is a cover-up," he said. "If they had followed correct procedures, Filiberto Ojeda would be alive."

New York Congressman Jose Serrano, a native of Puerto Rico, said the report confirmed his belief that the FBI should have avoided the confrontation.

"I believe that if the FBI had followed procedures the three FBI agents might not have been shot and Ojeda Rios might not have died," he said.

Ojeda, 72, was the leader of the Macheteros, also known as the People's Boricua Army, a militant group that had claimed responsibility for bombings and attacks in the 1970s and 1980s aimed at gaining independence for Puerto Rico from the United States.

In one of the attacks, gunmen opened fire in 1979 on a bus carrying U.S. sailors, killing two and wounding 10.

Ojeda was convicted for his role in the 1983 robbery of $7 million from a Wells Fargo bank depot in West Hartford, Conn. He fled while on bond but was convicted in absentia and sentenced to 55 years in prison.

In the intervening years, he became something of a folk hero among some Puerto Ricans. He would occasionally grant interviews to reporters on the island and his recorded speeches were played at pro-independence rallies. His death sparked large protests throughout the island.

The report contradicted claims by Ojeda's widow, Elma Beatriz Rosado, that the FBI agents opened fire first during the raid. It said she may have been confused by the agent's use of a non-lethal "flash-bang" outside the house.

The inspector general also said it found no evidence to confirm media reports that the FBI had information that would have allowed them to safely arrest the fugitive away from his home.

In a statement, the FBI said it welcomed the inspector general's report and would review its recommendations, which primarily deal with preparations for this type of raid.

"Although careful planning and preparation are part of every arrest scenario undertaken by the FBI, shooting incidents are sometimes an unfortunate result given the nature of the FBI's mission," it said.

END

ScotusBlog

Wednesday, August 09, 2006

Detainees: captivity issue should be decided now

Posted by Lyle Denniston at 03:54 PM

NOTE: This post discusses the continuing legal fallout of the Supreme Court's war-on-terrorism decision on June 29 in the case of *Hamdan v. Rumsfeld* (05-184).

Lawyers for detainees at the military prison camp at Guantanamo Bay, Cuba, on Tuesday argued in new legal briefs in D.C. Circuit Court that they are not challenging any decision by a military panel to keep

them in captivity, but rather are contesting their original detention and long-imprisonment without beinig charged with any crimes. Theirs is a habeas challenge to the entire system of detention, they contended, and that kind of case has not been ejected from federal courts by Congress' action last year in passing the Detainee Treatment Act.

The detainees' attorneys also argued that the prisoners have a right to contest their detention by relying upon the Geneva Convention, because that puts limits on presidential wartime powers on the treatment of prisoners.

These were the main arguments in two supplemental brief filed in two packets of detainee cases the Circuit Court is currently reviewing (the lead case in one group is *Boumediene, et al., v. Bush*, 05-5062, and in the other group is *Al Odah v. U.S.,* 05-5064). The *Boumediene* brief can be found here, and the brief in *Al Odah* is here.

The D.C. Circuit had asked both sides for legal advice on the impact of the Supreme Court's *Hamdan v. Rumsfeld* decision on lower federal courts as they process detainees' habeas cases. The Justice Department argued a week ago that the *Hamdan* decision did not alter the government view that the Detainee Treatment Act scuttled all of the pending habeas challenges, and pushed all of them into a more limited review path before the D.C. Circuit. It also argued that the decision did not give the detainees any right to challenge their detention under the Geneva Convention, and that they have never had any such right.

Contesting the government argument that Congress had set up an "exclusive" review mechanism for all detainee cases, including those filed before the Act took effect, the detainees' attorneys said the Supreme Court had found there are two lines of Guantanamo cases. The first are the habeas challenges, the second are challenges to final actions by any form of military review tribunal, according to the briefs. The former were not nullified by the Act, because they were filed before any military entity existed to determine the status of detainees.

"Hamdan's holding that the DTA does not displace traditional habeas in pending cases, but rather coexists alongside it, forecloses the government's assertion here [that the Act] 'replaces' or 'precludes the exercise of' habeas jurisdiction," according to one of the new briefs..

The detainees' challenges are aimed at "their indefinite detention, invoking the full breadth of inquiry permitted at common law and codified [by federal habeas statutes]," that brief asserted. The detainees, it added, "are therefore entitled to all of the procedural rights afforded by the habeas statute to test the legality of their Executive detention without charge or trial."

The other brief stressed that the detainees are not contesting any final status ruling by a so-called "combatant status review tribunal," but rather are challenging "the very legitimacy of the process on which the government relies to justify Executive detention." The Defense Department, that brief contended, has not even created status tribunals that conform to the Detainee Treatment Act, so there are no final rulings to be challenged yet.

The new Circuit Court review process created by the Detainee Treatment Act, that brief argued, cannot be a substitute for habeas review, because it is too limited. It commented: "Any review process that limits the courts to determining whether the jailer has followed its own rules, and precludes an inquiry into whether the rules themselves are adequate and more than an empty shell, cannot be an adequate or effective substitute for habeas."

Thus, both briefs argued, the Circuit Court has jurisdiction to decide the pending habeas cases, and should go ahead and rule on all of the detainees' legal challenges.

Among the legal claims that the detainees are pressing, the *Al Odah* brief noted, is that the U.S. government in detaining prisoners indefinitely at Guantanamo Bay has violated the Geneva Convention. Contrary to the Justice Department argument that the detainees may not pursue any Geneva claims, because they are not enforceable in court, that brief said, "Hamdan held that all the detainees at

Guantanamo may judicially enforce" those claims. The several version of the Conventions, it added, impose "law-of-war constraints" on the Executive Branch, and those limitations were incorporated in the 9/11 resolution that Congress passed in the fall of 2001

The Justice Department's reply brief is due next Tuesday. The Circuit Court has not indicated whether it would hold a hearing on the impact of the *Hamdan* decision, or simply proceed to rule. The three-judge panel already has held two hearings on the cases.

END

Moschella, William

From:	Moschella, William
Sent:	Thursday, August 10, 2006 8:00 PM
To:	Gorsuch, Neil M
Subject:	Not read: Update and DOI request for comments on LRM EHF352 - - INTERIOR Oversight Testimony on Status of Cobell Litigation

USDOJ- Office of Public Affairs

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, AUGUST 11, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

British: Thwarted Plot Involved 10 Jets (AP) 4
Plot To Bomb Transatlantic Airliners Foiled (FT) 5
Back On Alert (BSUN) 6
Tip Followed '05 Attacks On London Transit (WP) 7
British-Pakistani Effort Thwarted Terror 'Dry Run' (WT) 9
Suspects Pushed Inquiry To Crisis Level (USAT) 10
Blurred Fingerprints: U.K. Terror Plot Points To New Threat (WSJ) 11
Officials Give Few Details About 24 Arrested In Alleged Plot (USAT) 14
Terror Attacks Were 'Very Near' (LAT) 15
British Say Terror Attacks Thwarted (BSUN) 18
Plot To Bomb U.S.-Bound Jets Is Foiled (WP) 20
Britain Foils Airline Plot (WT) 23
UK Seen As Weak Link By The US (FT) 24
Officials Cite Scale And Sophistication Of Plane Plot (NYT) 25
Signs Point To A Surviving Terror Network (WP) 27
Echoes Of Early Design To Use Chemicals To Blow Up Airliners (NYT) 28
Foiled Terror Plot On Scale Of 9/11 (CSM) 29
Plan Was To Sneak Liquid Explosives On Planes (NYT) 31
Analysis: Plot May Have Been 9/11 Sequel (AP-Y) 33
Al Qaeda Imprint Debated (LAT) 34
Thwarting The Airline Plot: Inside The Investigation (TIME) 36
Texas Airports Tighten Security, Passengers Questioned In Austin (DMN/AP) 38
Precautions Jam Air Travel (USAT) 39
U.S. Transportation Security Agency Prohibits Carrying Liquids And Gels On Flights (NYT) 39
Liquids And Gels Discarded With Weary Surrender (WP) 41
Liquid Threat Is Hard To Detect (NYT) 42
Menace In A Bottle (WSJ) 44
Ingredients For A Bomb Are Not Hard To Find (WP) 46
Plot Exposes Weak Spot In Aviation (USAT) 46
It's Not Hard To Use Fluids To Cause An Explosion On A Plane, Chemists Say (NYT) 49
Bush Says U.S. Still At Risk Of Attack (AP) 50
In Visit, Bush's Message Turns To Security (MJS) 51
Bush Leaves Area After Fundraiser, Addressing Nation On Terror Threat (GBG) 52
Muslims Upset By Bush's Remarks (LAT) 53
Bush, On A Quick Trip From His Texas Ranch, Says Americans Are Safer Than Before Sept. 11 (NYT) 53
GOP, Democrats Clash Over War On Terror (AP) 55
Arrests Bolster G.O.P. Bid To Claim Security As Issue (NYT) 56
Scramble Starts For Political Advantage (WT) 57
Foiled Plot Swings Voter Attention To Terror War (WSJ) 59
Both Parties Claim Edge As Terror Is Reinforced As A Campaign Topic (WP) 61
Analysis: Plot Feeds Political Frenzy (AP) 62
Romney Activates National Guard For Logan Airport (BOS/AP) 63
Homeland Security Department Praised For Its Response (WP) 65
The 10-Year-Old Terrorist Plot (LAT) 66
'Mass-Murder' Foiled (WSJ) 67
The London Plot (NYT) 68
Terror In The Air (LAT) 69
The War Bush Isn't Fighting (WP) 70
Foiled Plot Is Police Triumph, Reminder Of Security Holes (USAT) 71
A Chilling Reminder (WP) 71
No Cutting (WP) 72
Terrorist Extravaganza (WSJ) 73
'Arc Of Extremism' (WSJ) 74
6 Of 11 Missing Egyptians Now In Custody (HC/AP) 75
Heightened Vigilance Leads To Student's Arrest (CHIT) 75

2 Missing Egyptian Students Arrested In Dundalk (BSUN) 76
2 Charged In Ohio With Aiding Terrorism (AP) 76

Homeland Response:

Judges Consolidate Wiretap Suits (WSJ/AP) 77
Man May Plead Guilty In Seattle Shootings (USAT/AP) 78
Lobbyists Lose Bid To Dismiss Secrets Case (NYT) 78
Judge Rejects Challenge Of Espionage Law (WT/AP) 79
Judge Rejects Dismissal Of Pro-Israel Lobbyists Case (WP) 80
Judge OKs Broader Use Of Espionage Laws (LAT) 81

War News:

35 Die At Iraq's Holiest Shiite Shrine (USAT/AP) 82
Bomber Kills 35 Outside Shrine (WT/AP) 83
Suicide Bomber Kills Dozens Outside Shiite Shrine In Iraq (WP) 84
Blast Kills 35 At Shiite Shrine In Najaf (NYT) 85
35 Killed In Suicide Bombing In Najaf (LAT) 86
Inside The Ring (WT) 87
British Forces In Afghanistan In Worst Fighting In 60 Years: General (AFP-Y) 89

DOJ:

After Fidel -- Snap, Crackle And Pop (WP) 90
Acting U.S. Attorney Leone To Step Down (DENP) 91
D.C. May Take Stronger Role In Nacchio's Case (RMNEWS) 91
Fallout Continues Over Wright Compromise Legislation (DALBIZ) 92
US Seeks Allies In Anti-Corruption Drive (VOA) 93

Corporate Scandals:

Former Brocade Execs Face More Charges (EETIMES) 94
Stock Options Backdating Charges Added In Brocade Case (MERCN) 95
New Charges For Execs (MERCN) 96
SEC Charges Former Endocare Executives With Fraud (LAT/BLOOM) 97
Tally Of Option Probes Tops 100 As Concern Grows (Update1) (BLOOM) 97
Seeking To Wipe Lay Slate Clean (NYDN) 99
ImClone To Stay Independent (HC) 99

Criminal Law:

Pentagon Officials Quit At Agency Linked To Bribes (NYT) ... 99
Gotti Prosecutor Has Doubts About Trial Next Week (NSDY/AP) 100
Feds Fear They Gotti Drop Raps (NYDN) 100
Pellicano Trial May Be Postponed Until February (LAT) 101
BetOnSports Bettors Seek Return Of Money (AP) 102
Betonsports Plans To Shut Down Its U.S. Business (BLOOM) 103
CIA Gives Libby Overviews Of Briefings (WP/AP) 104
Former Minneapolis Councilman Convicted In Bribery Case (STPPP) 104
Zimmermann Found Guilty On 3 Counts Of Bribery (MINNST) 105
Nine Are Charged In Alleged Sex Ring (SEAPI) 106
31 Arrested In Oxnard Gang Sweep (LAT) 108
Berkeley officer probed in theft (OAKT) 109
Advocates Vow Fight As Cuban Five Lose Ruling (MH) 109
Fugitive Mother Remains In Canada (NORTH) 111

Civil Law:

Kaiser's $2 Million Fine Part Of Larger Corrective Actions (LAT) 112
GlaxoSmithKline Settles Claim Of Inflating Prices On Cancer Drugs (AP) 113
Questions Still Dog UnitedHealth (MINNST) 114
Tenet 2Q Loss Widens On Legal Costs (DALBIZ) 115

Civil Rights:

Clerk Says Boss Used Racial Code (UPI) 115

Antitrust:

Hearst To Pay $299M In MediaNews Partnership (SILBIZ) .116
Freightliner Suit Versus GM Alleges Antitrust Violations (AP) 116
Indiana Real Estate Measure Irks DOJ, Angie (INMAN) 116

FBI/DEA/ATF/USMS:

FBI Says It Will Present Ferry Probe Findings Soon (Rochester Democrat &) 118
Former Davidson County Officer Takes Stand In Own Murder Trial (CO) 118
Meth 'Superlab' Busted In Mexico, DEA Says (AP) 119
Authorities Bust Massive Drug Ring (SFC) 119
Carroll County Copter Crash Hurts GI, Trooper (ADG) 120
27 People Indicted On Federal Drug Charges (HDR) 121
3:01 Pm | Dozens Indicted In Meth Rings (CO) 123
Discovery Of Heroin Lab Forces Evacuation Of Gov. Printz Blvd. Motel Philadelphia Fugitive Arrested; 2nd Possible Explosive Found (NJ) 123
Meth Offenses Net Hefty Time (MB) 124
2001 Slaying Tied To Peekskill Man (JN) 124
Chase Leads To Drug Arrests (TLPA) 125
Meth Labs' Potential For Disaster (TR) 126

DOJ_NMG_0046315

Murdered DEA Agent's Family Relieved After Guilty Verdict (KVOA) 126
New Exhibit Focuses On Drug Trade (WLS) 127
Drug Exhibit Opens At Chicago Museum (WMAQ) 127
Sweeping Crackdown Said To Gut Gang In Md. (WP) 128
53 Gang Arrests Announced (BSUN) 128
Crips Gang Factions Busted In Maryland (WT/AP) 129
Baseball Asserts That Fewer Players Failed Drug Tests (NYT) 130
Cubs Manager To Testify In Steroid Trial (AP) 131
Gatlin's Coach Probed On Doping Charges (AP) 132
FDA Warns 3 Pharmacies Making Copies Of Drugs (USAT) 132

Immigration:

Labor Agreement Is A First For Immigration Judges (WP) 133

Congress-Administration:

Markets Unfazed By Terrorist Plot (WSJ) 134
Markets Prove Immune To Terror Plot (USAT) 136
Wall Street Stays Calm, Ends Higher (WP) 136
Americans Not Fazed By Latest Threat (WT) 138
July Budget Deficit Shrank As Receipts Increased Over 12% (WSJ) 139
All Signs Point To An Economic Slowdown, And Recession Dangers Are Growing (MCT) 139
Economists Paint Gloomier Picture (WSJ) 141
Economy Often Defies Soft Landing (NYT) 142
U.S. Trade Deficit Down 0.3 Pct. In June (HC/AP) 144
U.S. Trade Deficit Narrows On Export Jump, Weaker Dollar (WSJ) 145
U.S. Trade Gap Narrowed In June (NYT) 146
Alaska Governor Murkowski Is Next Vulnerable Incumbent (WSJ) 147
Immigration And Jobs Link Is Disputed (NYT) 148
Study Finds Immigrants Don't Hurt U.S. Jobs (WP) 149
Study Finds No Harm In Immigrant Workers (WT) 150
President Remains Eager To Cut Entitlement Spending (WP) 151
Panel Calls For 'urgent Reform' Of Higher Education (USAT) 152
Panel's Report Urges Higher Education Shake-Up (NYT) 153
Quarles Will Leave Top Treasury Finance Post (WSJ) 154
Chief Of Army Corps Of Engineers Is Quitting (NYT) 155
Congress Seeks Answers From BP (FT) 155
BP Gets OK To Operate Portion Of Oil Field (USAT) 156
BP's 'Big Problem' (LAT) 157
Are We Ready For The Next Oil Shock? (WP) 157
The New Camp Casey: Protest Without The A-List (WP) 158
Lieberman, On The Offensive, Links Terror Threat And Iraq (NYT) 160
The View From The Chow Hall (WSJ) 161
Democrats Knifed Lieberman On Eve Of Airliner Plot (WSJ) 162
Short-Term Gain, Long-Term Pain (WP) 163
Why Nation Won't Go As Connecticut Went (USAT) 164
Who's Guilty Of 'Petty Partisanship'? (WP) 165
Nonsense And Sensibility (NYT) 166
'Time Is Running Out' For House Republicans, Analyst Says (MCT) 167
Groups Seek Female Candidates (USAT) 169
In Md., Senate Hopefuls Ably Walk The Middle Path (WP) 170
Ignoring Split, Labor Makes Election Push (CSM) 171
Union Of Government Workers Seeks To Build Political Muscle (NYT) 173

Other News:

Cities, States Aren't Waiting For U.S. Action On Climate (WP) 174
Possums Are Playing Upside-Down Role In Florida Elections (WSJ) 175
Nation's Chief Accountant Backs Transparent Financial Reporting (USAT) 177
Setback For U.N. Draft Resolution On Lebanon (WP) 178
U.S., France Near Deal On Mideast Draft (AP) 180
US And France Fail On Mideast Truce Plan (FT) 181
Israel Holds Off On Drive To The North (NYT) 181
France And U.S. Pursue U.N. Plan For Lebanon (NYT) 184
Israel Takes Control Of Key Town (WT/AP) 185
Israel Holds Off On New Push Into Lebanon (CSM) 186
Israel Hits Tower In Beirut, Warns Of More Bombing (WP) 187
Israel Takes Strategic Spot, Waits As Diplomats Work (USAT) 189
Israel Finds Hezbollah A Formidable Force, Hints At Long Campaign (MCT) 190
Hizbullah's Resilience Built On Years Of Homework (CSM) 191
'It's Hard To Have The Same Confidence' (WP) 194
Antiwar Camp In Israel Comes Out Of Bunker (LAT) 195
Protest To Encircle White House (WP) 197
Israel Asks U.S. To Ship Rockets With Wide Blast (NYT) 198
Chaos Could Doom Palestinian Authority (WSJ) 200
The Morning After The Morning After (NYT) 201
Chavez Says Castro Fighting For Life (CHIT) 202
Fidel's Favorite Channel (WSJ) 203
When Politicians Outrun Themselves (NYT) 203
Not Illegal -- Just Arbitrary (WP) 204
A Trial Lawyer By Any Other Name (LAT) 204

DOJ_NMG_0046316

Build Green, Make Green (NYT) 205

TERRORISM NEWS:

British: Thwarted Plot Involved 10 Jets (AP)

By Jennifer Quinn, Associated Press Writer

The AP, August 11, 2006

British police said Thursday they thwarted a terrorist plot, possibly just days away, to blow up U.S.-bound jetliners over the Atlantic and kill thousands. Chilling accounts leaked by investigators described a plan on the scale of Sept. 11 that would use liquid explosives concealed as everyday carry-on items and common electronic devices to bring down 10 planes in a nearly simultaneous strike.

The bombs were to be assembled on the aircraft apparently using a liquid explosive — most likely peroxide — and detonated by such devices as a disposable camera or a music player, two American law enforcement officials told The Associated Press. The officials spoke on condition of anonymity because Britain asked that no information be released.

A federal law enforcement official in Washington said that at least one martyrdom tape was found during ongoing raids across England on Thursday. Such a tape, as well as the scheme to strike a range of targets at roughly the same time, is an earmark of al-Qaida.

British authorities arrested 24 people based partly on intelligence from Pakistan, where authorities detained up to three others several days earlier. More arrests were expected, the official said. The suspects were believed to be mainly British Muslims, at least some of Pakistani ancestry.

The official said some suspects were cruising the Internet looking for flights to the United States for several different days in recent weeks. He said some had gone to Pakistan recently.

American investigators praised Britain for preventing a catastrophe. "If this plot had actually occurred, the world would have stood still," Mark Mershon, assistant director of the FBI, told the AP in New York.

Terror threat levels were raised to some of their highest levels and hundreds of flights were canceled worldwide. Passengers stood in line for hours and airport trash bins bulged with everything from mouthwash and shaving cream to maple syrup and fine wine. Governors in at least three U.S. states — California, New York and Massachusetts — ordered National Guard troops to help provide security.

"We want to make sure that there are no remaining threats out there, and we also want to take steps to prevent any would-be copycats who may be inspired to similar conduct," said U.S. Homeland Security Secretary Michael Chertoff.

Experts said the nature of the plot could herald a new age of terrorism where attackers have access to explosives that are easy to carry and conceal. Emergency security measures quickly implemented on Thursday provided a stark vision of the possible future of air travel.

Mothers tasted baby food in front of airport security guards to prove it contained no liquid explosives. Liquids and gels were banned from flights. Travelers repacked their luggage in airports, stowing all but the most necessary items in the hold.

Although plots to blow up airliners using liquid explosives are not new — such an attempt was foiled more than a decade ago — the U.S. government has been slow to upgrade its security equipment at airport checkpoints to detect explosives on passengers.

U.S. authorities did not say how long the security measures would last. "We are taking the step of preventing liquids from getting into the cabin to give us time to make adjustments," Chertoff said.

The raids in Britain on Thursday followed a monthslong investigation, but U.S. intelligence officials said authorities moved quickly after learning the plotters hoped to stage a practice run within two days, with the actual attack expected just days after that.

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The test run was designed to see whether the plotters would be able to smuggle the needed materials aboard the planes, the officials said, speaking on condition of anonymity. Security experts warned it was possible attackers could hide their bomb ingredients in containers for talcum powder or medicine bottles and then assemble the weapon once behind a locked restroom door.

U.S. counterterrorism officials said United, American, and Continental airlines bound for New York, Washington and California were targeted by the terrorists. Los Angeles Mayor Antonio Villaraigosa said the individuals plotted to detonate liquid explosive devices on as many as 10 aircraft bound for the United States.

"This nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation," President Bush declared.

The plane bombings could have come just ahead of the fifth anniversary of the Sept. 11 attacks carried out by al-Qaida. The terror group's leader Osama bin Laden and his No. 2, Ayman al-Zawahri, are believed hiding along the Pakistan-Afghanistan border and have repeatedly issued tapes threatening new attacks.

"In terms of scale, it was probably designed to be ... a new Sept. 11," said Jean-Charles Brisard, a French private investigator who works with lawyers of many Sept. 11 victims. "It involved the same tools, the same transportation tools and devices."

The close call also shifted attention once more to Britain's Islamic community just over a year after the London transit attacks. Three Britons of Pakistani descent and a Jamaican convert to Islam carried out those deadly bombings with a peroxide-based explosive that trained operatives can make using ordinary ingredients such as hair bleach.

In Pakistan, an intelligence official said the arrest of an Islamic militant near that border several weeks ago played a role in "unearthing the plot." The official, who spoke on condition of anonymity, said some suspects arrested in Britain were linked to al-Qaida. However, authorities stopped short of accusing al-Qaida directly for the plot.

A senior Pakistani government official, also speaking on condition of anonymity because he was not authorized to comment on the matter, said "two or three local people" suspected in the plot were arrested a few days ago in the Pakistani cities of Lahore and Karachi.

French Interior Minister Nicholas Sarkozy said the group "appears to be of Pakistani origin," but did not give a precise source for the information. Britain's Home Office refused comment.

A British police official, speaking on condition of anonymity because of the sensitivity of the investigation, said the suspects were "homegrown," though it was not immediately clear if all were British citizens. He said authorities were working with Britain's large South Asian community.

Tariq Azim Khan, the Pakistani minister of state for information, said "these people were born and brought up in the United Kingdom. Some of them may have parents who were immigrants from Pakistan."

Raids were carried out at homes in London, the nearby town of High Wycombe and in Birmingham, in central England. Searches continued throughout the day, and police cordoned off streets in several locations. Police also combed a wooded area in High Wycombe.

Hamza Ghafoor, 20, who lives across the street from one of the homes raided in Walthamstow, northeast of London, said police circled the block in vans Wednesday and that they generally swoop into the neighborhood to question "anyone with a beard."

"Ibrahim didn't do nothing wrong," Ghafoor said, referring to a suspect. "He played football. He goes to the mosque. He's a nice guy."

The British government raised its threat assessment to its highest level — critical — which warns that a terrorist attack could be imminent. The U.S. government, following suit, raised its threat assessment to red alert, also its highest level, for commercial flights from Britain to the United States.

Associated Press Writers Pat Milton and Tom Hays in New York, Lara Jakes Jordan in Washington and Jay Lindsay in Boston contributed to this report.

Plot To Bomb Transatlantic Airliners Foiled (FT)

DOJ_NMG_0046318

By Bob Sherwood And Demetri Sevastopulo

Financial Times, August 11, 2006

A terrorist plot to blow up as many as six US-bound aircraft in mid-flight – causing "mass murder on an unimaginable scale" – has been thwarted, according to UK police and security services.

The UK was put on the highest possible terror alert early on Thursday after anti-terrorist police arrested 24 people suspected of planning to smuggle liquid explosives in carry-on baggage on to flights operated by at least three US airlines.

After an unprecedented surveillance operation led by MI5, the security service, in close co-operation with US authorities, British police moved to disrupt the alleged suicide bomb plot, which could have been launched in the next few days. A senior official in Pakistan added: "Pakistan actively co-operated to make this happen."

French Interior Minister Nicolas Sarkozy said that the group of suspects appeared to be of Pakistani origin.

The plan would have caused casualties on a scale to rival the September 11 attacks. John Reid, UK home secretary, said the "loss of life of civilians would have been on an unprecedented scale".

US officials said the planned attacks were "suggestive" of al-Qaeda and targeted Continental, American and United flights into as many as five US cities, including New York, Washington DC and one in California. George W. Bush, US president, said the foiled plot was "a stark reminder that this nation is at war with Islamic fascists who will use any means to destroy those who love freedom, to hurt our nation".

The president thanked Tony Blair, the UK premier, and the British government for "busting this plot".

Michael Chertoff, the US secretary of homeland security, said the alleged terrorists intended to take liquid chemical explosives on to flights disguised as drinks.

Security officials believe the intention was to mix volatile liquids and assemble bombs in flight after a number of terrorists carried components on board.

Stringent security precautions were immediately put in place at airports on both sides of the Atlantic amid concerns that carry-on baggage scanners would not detect the explosives.

Huge queues of passengers formed at British airports as hand luggage was banned and hundreds of flights were delayed or cancelled. Restrictions are likely to remain in place for some time, prohibiting passengers from carrying laptop computers, mobile phones, music players, books, magazines and drinks on to aircraft. The US also banned liquids such as hair gels.

Mr Chertoff said the UK operation had "significantly disrupted this major threat" but he added that authorities could not assume the threat had been "completely thwarted". He added: "They had accumulated and assembled the capabilities that they needed and they were in the final stages of planning before execution."

Mr Reid said UK authorities believed the "major players" were all in custody but that the UK would remain on "critical" alert. Paul Stephenson, deputy commissioner of London's Metropolitan police, said: "This was intended to be mass murder on an unimaginable scale."

Downing Street said the anti-terror operation had been undertaken "with the full support" of Mr Blair, who is on holiday in the Caribbean and who had been "in constant contact".

Back On Alert (BSUN)

The Baltimore Sun, August 11, 2006

There have been a few too many overblown alarms in the past several years, but the apparent plot to blow up multiple planes on their way from the United Kingdom to the United States seems to have been a genuine threat. The dramatic reaction by security officials was probably prudent - though if President Bush was being briefed on the British investigation as long ago as Sunday, it's not quite clear why a bottle of hair gel was so much more dangerous yesterday than it was on Tuesday or Wednesday. But erring on the side of caution is certainly understandable.

Three things came into focus yesterday:

• The best public appearances were by officials who were clear, informative, unemotional and nonrhetorical. Michael Chertoff, the secretary of Homeland Security, managed his morning news conference admirably. Attorney General Alberto

DOJ_NMG_0046319

Gonzales and, to a lesser extent, President Bush tried to sound notes of high passion and purple purpose, and their tone was all wrong. In some ways, an emotional response is part of what terrorists are hoping to provoke. Levelheadedness is better.

• Its Afghan camps destroyed, al-Qaida no longer exists as an actual body of terrorists-in-training. An al-Qaida agent may have had a role in organizing the plotters who were arrested in Britain yesterday. But all 24 suspects were reportedly British-born Muslims.

To find the heart of Muslim alienation and the impulse toward violence against the West, the place to look is not the Middle East but Europe. Wars in Afghanistan, Iraq and Lebanon may inspire resentment, but it is anger at their own societies that underlies the hostility among European Muslims. One-third of British Muslims between the ages of 18 and 24 say they would prefer to live under Sharia law than British law, a poll found. Almost the same number say the bombings in London a year ago were justified. Europe has large, unassimilated and unhappy Muslim communities; as it happens, those within them who lash out often choose American targets.

• Televised images of packed airports made plenty of people watching glad they weren't flying yesterday. It wasn't the fear of being blown up; it was the fear of being stuck in endless, static, sweltering lines with no idea what's going on. Flying has become ever more of a tribulation. This is just one more reason why America needs a modern and effective passenger rail system.

In the days to come, much more is sure to come out about both the plot and the plotters. The important thing will be not to draw the wrong lessons from whatever is learned; the impulse, say, to brand all young Muslims with British accents as criminals, or all civil liberties protections as outmoded, or all shampoo bottles as dangerous, will be hard for some to resist. The real goal should be to devise ways to make intelligent distinctions - and then act on them.

Tip Followed '05 Attacks On London Transit (WP)

By Craig Whitlock And Dafna Linzer

The Washington Post, August 11, 2006

It all began with a tip: In the aftermath of the July 7, 2005, suicide bombings on London's transit system, British authorities received a call from a worried member of the Muslim community, reporting general suspicions about an acquaintance.

From that vague but vital piece of information, according to a senior European intelligence official, British authorities opened the investigation into what they said turned out to be a well-coordinated and long-planned plot to bomb multiple transatlantic flights heading toward the United States -- an assault designed to rival the scope and lethality of the Sept. 11, 2001, hijackings.

By late 2005, the probe had expanded to involve several hundred investigators on three continents. They kept dozens of suspects under close surveillance for months, even as some of the plotters traveled between Britain and Pakistan to raise money, find recruits and refine their scheme, according to interviews with U.S. and European counterterrorism officials.

Precise details of the plot -- how many planes, their destinations and the date -- remain unknown. The shape of the operation changed regularly as the would-be bombers considered which transatlantic flights to target and prepared for a practice run, which was expected to take place in the next few days, U.S. law enforcement officials said.

Investigators eventually pieced together enough information from a blizzard of stakeouts, tips and wiretaps to make clear that something big was in the works, and that the plotters' preparations were nearing an end.

"It's not like three weeks ago all of a sudden MI5 knew about this plot and went to work," added a U.S. law enforcement official, speaking of the British security service. "They'd had a concern about these guys for some time -- for months. Details started to emerge, and it became clear over the last couple weeks the nature of the threat and the individuals," said the official, who like others interviewed for this story spoke on condition of anonymity.

A law enforcement bulletin issued Thursday by the Department of Homeland Security and the FBI described the conspiracy as "international in scope" but said there was no evidence that the plotters or any accomplices had set foot in the United States. "This plot appears to have been well planned and well advanced and in the final stages of preparation," the bulletin stated.

One U.S. intelligence source, however, said some of the British suspects arrested had made calls to the United States.

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Investigators believe that the London operation was composed of three distinct cells, whose members may not have been aware of the others or the extent of their assignment, U.S. officials said.

British officials suspect that as many as 50 participants and accomplices were involved, U.S. law enforcement officials said. Internet searches made by the suspects suggested they had considered targeting as many as 10 flights, investigators said, although there was no evidence that those arrested had bought tickets or made reservations.

"It's fair to say they were aiming for multiple flights, and some of the exact data of who they would deploy, and how many might be in one deployment, are somewhat ambiguous," said Michael P. Jackson, deputy secretary at the Department of Homeland Security. "There were different data sets about their intentions over time that evolved over the period of time that we were following this. It did seem in more recent days to have centered upon carriers that had direct, nonstop flights between the U.K. and U.S.

"The real focus was to blow up airliners and the people on them," he added.

Counterterrorism officials said the basic outline of the conspiracy was known for several months. Investigators from New York to Islamabad, Pakistan, said they were briefed by their British counterparts late last year.

British and U.S. law enforcement authorities decided against breaking up the cells right away in the hope that they could learn more about the origins of the network and assemble evidence for prosecutors.

Some U.S. counterterrorism officials said plans originally were to allow the conspiracy to develop even further. But U.S. and British investigators made a sudden decision this week to close down the operation after they became increasingly worried that there were other bombers they had been unable to locate or identify, U.S. officials said.

British Home Secretary John Reid said that "the police are confident that the main players have been accounted for" and are in custody. But U.S. and European authorities said the widespread ban on carrying liquids onto flights was imposed because investigators were worried more conspirators could be at large.

British police conducted numerous searches and raids Wednesday and Thursday as they detained at least 24 people in three cities. British officials would not say if they were able to recover any physical evidence or bomb-making materials. Neither would they describe what kind of liquid explosives the suspects were allegedly planning to use.

U.S. counterterrorism officials said the explosive was a peroxide-based compound, but would not give further details. One reason, they said, is that the chemicals are easy to obtain and difficult to detect by airport security screeners.

Authorities are trying to "figure out how to prevent something similar from getting through," said a senior U.S. intelligence official. "We're learning what you can about this material, whether it opens another hole in our security, and we have to figure out how to close it."

Counterterrorism analysts said there were parallels between the airliner plot and the July 7, 2005, subway and bus bombings in London. In both cases, the alleged perpetrators were primarily British Muslims of Pakistani descent aiming to cause widespread carnage on public transportation systems with homemade explosives.

At the same time, analysts said, those behind the airliner plot were planning a more ambitious and difficult operation that likely required more technical expertise, money and leadership, as well as support from an international network.

"This has a far more global flavor to it and, I think, a different level of sophistication to the planning and the action," said John Carnt, a former deputy superintendent at Scotland Yard who now serves as managing director of the London office of Vance International, a private security and investigations firm. "You would think that given the scope and sophistication of this plot, it would be unusual if there wasn't some direction or influence from outside the U.K."

Pakistani officials said Thursday that they were informed about the plot by their British counterparts in December and that they actively assisted with the investigation. "We were in the loop since the blip appeared on the radar screen in London last year," said a senior Pakistani intelligence official.

Although Pakistani officials would not divulge how many people were detained in that country, they said the arrests were carried out simultaneously with police raids in Britain.

A second Pakistani intelligence official said the main suspects in the case visited Pakistan last year and drew financial and motivational support from a small militant Islamic group. "No doubt there was some stimulation from Pakistan, but almost all key players are British citizens with roots in Pakistan," he said.

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Staff writers Dan Eggen, Spencer S. Hsu and Warren Bass and researcher Julie Tate in Washington, and special correspondent Kamran Khan in Karachi, Pakistan, contributed to this report.

British-Pakistani Effort Thwarted Terror 'Dry Run' (WT)

By Bill Gertz And Audrey Hudson

The Washington Times, August 11, 2006

British and Pakistani officials stepped up an eight-month investigation to prevent a "dry run" of a terrorist attack to blow up more than 10 U.S. airplanes flying between the U.S. and the United Kingdom arresting 24 suspects.

The terrorist suspects had been under surveillance since December and the plot could have been carried out "within days," officials said.

U.S. officials publicly congratulated Britain for the arrest, but privately two officials suggested that electronic surveillance of terror suspects in Pakistan and Britain provided the initial clues to the plot. Several news organizations, including ABC, Fox and CNN, reported last night that a British undercover agent was able to penetrate the terrorist cell.

British authorities decided to take action and arrest as many people linked to the plot as possible Wednesday before they could carry out the planned "dry run" to determine whether they could smuggle the contraband onboard, said officials who spoke on the condition of anonymity.

British security officials "decided that no way were they going to allow those guys to get on the planes, because what if they were not doing a dry run?" said one federal security official.

As of yesterday, 24 suspects had been arrested and more were thought to be at large. Officials declined to specify a number, but suggested that a plot to blow up 10 planes would likely involve about 50 terrorists.

The scheme sought to cause maximum psychological damage by using TATP -- the material thought to have been used in the July 2005 attacks on London's mass transit -- to explode the planes in flight and make the recovery of bodies difficult.

"The psychological impact of not knowing where your loved ones are is devastating," the official said. "The goal was to curtail international commerce because people would be so scared to fly internationally."

The introduction of TATP (triacetone triperoxide) to the aviation arena is a new development in the terrorist arsenal, the official said.

"It could cause catastrophic failure. Rest assured, these guys did their homework on where to place it," the official said.

The scheme to blow up airplanes with liquid explosives and electronic detonators was international in scope, well planned with a significant number of operators and "suggestive of an al Qaeda plot," Homeland Security Secretary Michael Chertoff said yesterday.

The London-based terrorists planned to use containers of sports drink with compartments full of liquid or gel explosives that were to be triggered by the flash of a camera, said officials familiar with details of the operation.

Officials said planning outlines resembled the al Qaeda plot developed in the Philippines in 1994 to blow up 11 U.S.-bound jetliners using hidden liquid explosives. That plot was hatched by Ramzi Yousef and Khalid Shaikh Mohammed, al Qaeda leaders now held in prison.

"Given the amount of planning and effort that was put into this plot, I think it would be a little bit risky to assume that everything is shut down and the threat has gone away," Mr. Chertoff said during a press conference after the scheme had been disrupted with police raids that began Wednesday night in Britain and later in Pakistan.

"This was a very sophisticated plan and operation," Mr. Chertoff said. "The conception, the large number of people involved, the sophisticated design of the devices that were being considered, and the sophisticated nature of the plan all suggests that this group that came together to conspire was very determined and very skilled and very capable."

His deputy, Michael Jackson, said U.S. officials knew the arrests were imminent for several days, but waited for Britain to take the lead.

Unlike the September 11 attack, the latest scheme involved a mixture of both Pakistani-based Islamists and "homegrown" terrorists who had been recruited in Britain's large Muslim community, the officials said. The September 11 plot involved mainly

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Saudis who were recruited to conduct suicide aircraft attacks after seizing control of the jets. That plan involved five terrorists per plane.

Officials confirmed that three of the terror plot ringleaders are Rashid Rauf, Mohammed al-Ghandra and Ahmed al Khan, whose identities were first disclosed by ABC News. The men had been traced to Pakistan, which has been a major base of operations for al Qaeda.

Officials said the Pakistani government is cooperating in the investigation, since several of the key planners linked to the plot received financial or logistical support from al Qaeda-linked terrorists in that country. Three Pakistanis were arrested in Islamabad and Lahore, the Associated Press reported from Islamabad, quoting Pakistani officials. Officials yesterday were reluctant to say the danger has passed.

"It would be premature to declare it a complete success," the senior official said. "We're still very concerned."

Suspects Pushed Inquiry To Crisis Level (USAT)

By John Diamond, Kevin Johnson And Donna Leinwand

USA Today, August 11, 2006

WASHINGTON — For months, British authorities have conducted dozens of surveillance operations aimed at preventing an attack such as last summer's bombings of London's subway system. Among the groups that raised suspicions was one that included several young men who made several trips from London to Pakistan and back.

This week, a series of moves by the group led authorities to believe it planned bombings on up to 10 passenger jets bound for U.S. cities from London. British investigators wouldn't discuss their surveillance methods but said there were signs that the attacks could happen within days, and the potential death toll rivaled that of the nearly 3,000 killed Sept. 11, 2001.

In interviews Thursday, three U.S. law enforcement officials and three U.S. intelligence officials familiar with the details of the months-long investigation described why it was jolted into crisis mode. Twenty-four suspects were arrested in the London area, and terrorism alerts were issued for aviation as U.S. and British officials warned that a few more suspects could be on the loose. The law enforcement and intelligence officials, who requested anonymity because they were not authorized to discuss the investigation publicly, said there were several signs the plot was unfolding:

•Several of the suspects bought large quantities of common household ingredients such as hydrogen peroxide and citric acid, which could be used to make an explosive compound known as HMDT.

The compounds could easily be sneaked onto a passenger jet. The law enforcement officials said authorities believe the plotters wanted to mix the ingredients in drink bottles and then detonate the compound in midflight with electronic devices such as cameras, cellphones or garage door openers.

•The alleged plotters — most of them British citizens of Pakistani descent — appeared to be testing various blends of the ingredients to try to come up with an explosive powerful enough to bring down a jet. They also allegedly tried to develop a formula that could be turned into an explosive with minimal effort on a plane.

•A few key suspects in the alleged plot returned to London from Pakistan recently. They are suspected of going to Pakistan for planning meetings in a part of the country where al-Qaeda is active. U.S. and British authorities have not conclusively tied the alleged plot to al-Qaeda, but FBI Director Robert Mueller said the alleged plan "had the earmarks of an al-Qaeda plot."

•There was evidence indicating that the alleged plotters had planned a "dry run" in which they would test their ability to get the liquid ingredients past security at London's Heathrow Airport and board a jet.

Such tests, similar to those carried out by the 9/11 hijackers before the attacks in 2001, probably would have come a few days before real attacks, the officials said. Some of the suspects had reviewed flight schedules before they were arrested, one of the U.S. law enforcement officials said.

Peter Clarke, head of London's Metropolitan Police anti-terrorist branch, said the investigation reached a critical point Wednesday night, when police decided "to take urgent action in order to disrupt what we believe was being planned." The investigation, Clarke said, involved an "unprecedented level of surveillance."

"We have been looking at meetings, movements, travel, spending and the aspirations of a large group of people," Clarke said. "The alleged plot has global dimensions."

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U.S. Homeland Defense Secretary Michael Chertoff said the terrorism suspects "were in the final stages of planning before execution" of the attack.

As recently as Tuesday, when U.S. intelligence officials briefed senior lawmakers in Washington about the investigation, it was not clear whether any arrests were about to happen, said Rep. Pete Hoekstra, R-Mich., chairman of the House Intelligence Committee.

Based on the urgency of the briefings, Hoekstra said, it was clear that "the intelligence community believed that this was a very, very serious and real threat. … This was not just shooting down one plane from the end of a runway. This was big."

Chertoff said, "The conception, the large number of people involved, the sophisticated design of the devices that were being considered, the sophisticated nature of the plan all suggest that this group that came together to conspire was very determined and very skilled and very capable."

Pakistani authorities also made some arrests in connection with the London plot, Pakistan Foreign Ministry spokeswoman Tasnim Aslam said. She said Pakistani intelligence officers helped British authorities crack the plot.

The alleged plot was reminiscent of the failed attempt by al-Qaeda operative Richard Reid in December 2001 to detonate plastic explosives in his shoes while aboard a trans-Atlantic flight. It also was similar to a foiled plot by al-Qaeda 11 years ago to bomb several jets over the Pacific Ocean, using liquid explosives.

The alleged plot in London involved flights to at least a half-dozen U.S. cities, including Washington, New York and Los Angeles, the officials said.

Like the 9/11 plot, the U.S. officials said, it appeared that not all the would-be participants in the London plan were given all of its details in order to keep it secret.

Blurred Fingerprints: U.K. Terror Plot Points To New Threat (WSJ)

By Carrick Mollenkamp, Chip Cummins , David Crawford And Robert Block

The Wall Street Journal, August 11, 2006

Britain's disruption yesterday of what authorities say was an audacious plot to blow up trans-Atlantic airliners increases the fear among terrorism investigators that significant numbers of Islamic radicals born or raised in the West intend to carry out sophisticated, large-scale attacks, inspired or guided by al Qaeda.

The possibility that home-grown radicals could link up with international terrorist networks or simply draw inspiration from them to wreak mass destruction complicates the challenge of identifying and tracking potential terrorists, according to people involved in those efforts.

Concerns about such links have grown in the nearly five years since the Sept. 11, 2001, attacks on New York and Washington, as terrorists with extensive local connections have struck in Indonesia, Spain, Britain and India.

The latest threat became public early yesterday when British police said they had arrested 24 people who may have been only days away from trying to carry out a coordinated attack on flights from Britain to the U.S.

Pakistani authorities later said they had made prior arrests that may have been connected to the plot.

U.S. and British officials said the suspects, all of them British nationals, planned to smuggle aboard liquid bombs, disguised as drinks, in their hand luggage. They believe the suspects were targeting about six flights operated by Continental Airlines, UAL Corp.'s United Airlines and AMR Corp.'s American Airlines.

One U.S. federal agent briefed on the investigation said the operation may have been planned for as early as this weekend, possibly with a dress rehearsal followed by the real strike a few days later.

Those arrested were mostly of Pakistani descent, officials said. Many of them lived in East London, where police raided several homes. But U.S. government officials said the planned attacks bore the hallmarks of al Qaeda.

In fact, the alleged plot's organization appears to meld two separate strains of terrorism: Carefully orchestrated attacks on multiple targets planned and financed by al Qaeda and large groups of local radicals who may have only peripheral links to Osama bin Laden.

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While the plot was centered in Britain, "it was sophisticated, it had a lot of members, and it was international in scope," said U.S. Homeland Security Secretary Michael Chertoff. "This operation in some respects is suggestive of an al Qaeda plot but because the investigation is still under way, we cannot yet form a definitive conclusion."

European intelligence officials briefed on the plot said that no concrete links between the suspects and al Qaeda had been established.

Global air traffic was severely disrupted as Britain's main airports tightened security to unprecedented levels in response to news of the plot, forbidding passengers from taking any hand luggage, hair gel, contact-lens solution, cellphones, food, or liquids on flights.

Many flights into and out of Britain's two busiest airports, Heathrow and Gatwick, were canceled, leaving thousands of passengers stranded at the height of the summer tourist season. The security level in Britain was raised to "critical," which officials define as warning of an "imminent" attack; it was raised to red in the U.S. for trans-Atlantic air traffic.

Had they been carried out, the attacks could have been the largest in scope since those on the World Trade Center and Pentagon five years ago next month. "This was a plot to commit mass murder on an unimaginable scale," said Paul Stephenson, deputy commissioner of London's Metropolitan Police Service, also known as Scotland Yard.

Since 9/11, Islamic terrorists have targeted other major cities. In July 2005, four British Muslims killed 56 people, including themselves, in attacks on the London Underground, or subway, and a bus -- the first such suicide attacks on a Western city. Those strikes and the 2004 train bombings in Madrid helped shift the focus of the international war on terror away from operatives dispatched by al Qaeda itself and toward the much more difficult search for home-grown radicals.

Officials are still piecing together many details in the latest investigation, which will continue for some time. Investigators want to determine whether the plot was conceived and organized solely by British citizens without any outside help, or whether it involved al Qaeda central command operating from somewhere in Central Asia.

Inner and Outer Cells

One European intelligence official said the alleged plot consisted of an inner cell of active terrorists and an outer cell of logistical supporters who were only loosely informed of the attack plans. Members of the outer cell purchased supplies, rented apartments and transferred money needed by members of the inner cell, the official said.

Members of the inner cell planned the attacks and at least some were preparing to participate in the missions. Both the inner and outer cells had been actively preparing the attack for more than six months but all the members may not have known each other.

Suspects in the plot included residents of Walthamstow, a neighborhood in East London that has a large Muslim population, and High Wycombe, a suburban town outside the British capital. One of the suspects may be female.

Tariq Azim, a minister at Pakistan's Information Ministry, stressed that all of those arrested were British nationals. "They were born and raised there," he said in an interview from Islamabad.

The latest plot bears some similarities to an al Qaeda plan to bomb 11 U.S. passenger jets over the Pacific that was uncovered in the Philippines in 1995. Code-named "Bojinka," the Serbo-Croatian word for "explosion," the plot also included assassinating Pope John Paul II during a visit to Manila and crashing a plane into the Central Intelligence Agency's headquarters in Langley, Va.

Police in Manila discovered the conspiracy when they responded to a fire at an apartment rented by Abdul Hakim Murad and Ramzi Yousef, who was later caught in Pakistan and convicted for the 1993 World Trade Center bombing.

The suspects in the plot made public yesterday had been under surveillance since at least May. British police had been monitoring the group's "meetings, movements, travel, and spending," said Peter Clarke, deputy assistant commissioner and head of the Metropolitan Police Service anti-terrorist branch.

British officials suggested they struggled with a decision on when to act. "Move too early, you may not know the full scope," said British Home Secretary John Reid, adding that if law enforcement waited too late, there would be "terrible consequences." Mr. Clarke said the decision was made late Wednesday night to "take urgent action in order to disrupt what we believe was being planned."

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British authorities have coordinated with law-enforcement authorities in the U.S., Pakistan, and elsewhere in Europe. The size of the group of suspects, which could increase as the investigation continues, may have aided British authorities in foiling the plot.

British police had kept New York police informed of their investigation in the past several months, according to New York City Mayor Michael Bloomberg.

Many new suspect names were uncovered using analysis of phone calls made to and from the telephones of early suspects, officials say. Police also are monitoring bank transfers to and from accounts belonging to the suspects.

The ability to inspire significant numbers of local radicals in the West could aid al Qaeda at a time when U.S. officials say its ability to mount full-scale attacks internationally has been weakened. "It shows the fact that al Qaeda has been able to replenish its ranks and rely on home-grown networks," says Farhana Ali, an analyst at the Rand Corp., a U.S. think tank.

In the wake of the July 7, 2005, attacks on London, a British intelligence committee report said that, "We remain concerned that across the whole of the counter-terrorism community, the development of the home-grown threat and the radicalization of British citizens were not fully understood or applied to strategic thinking."

The bombers in the July 7 attacks detonated bombs stashed in backpacks. They made the explosive in a bathtub in an apartment in the Leeds area in northern England. The manufacturing process was crude, authorities later said, with the potency of the mix bleaching the men's hair and killing plants outside their apartment window.

The latest plot involved more sophisticated materials and a more ambitious plan, but many of the details remain unclear. A U.S. federal agent said it may have involved smuggling chemicals and powder onto the planes in carry-on luggage, then combining them once on board into an explosive mix the consistency of a slushy drink.

The alleged conspirators searched the Internet for airline tickets. "They were clicking online all over the place," said Kip Hawley, head of the U.S. Department of Homeland Security's Transportation Security Administration. Charles Allen, the department's intelligence chief, said there were no "target cities" in the U.S. and the exact routes the suspected bombers had planned to take weren't clear.

Liquid explosives can't be detected by normal airport X-ray machines, security experts say. According to Deputy Chief Mark Leap, the head of the Los Angeles Police Department's Counter-Terrorism Bureau, the planned bombs appeared to be very sophisticated. "I don't know where the source of the recipe for this explosive device came from, but it's not something we see on the typical Jihadist Web sites, that's for sure," he said. He said they were substances that would not normally be detectable by current screening methods or even by dogs trained to sniff out explosives.

For Britain, the issue of home-grown Islamic terrorism is particularly acute. Many Muslims here travel frequently to Pakistan and other countries to visit families and study. There, they can be radicalized by Islamic groups, yet return to resume their normal lives in Britain until they decide to strike. British government estimates suggest 10,000 to 15,000 British Muslims are supporters of al Qaeda or related groups though it considers only a small fraction of those to be active threats to security.

It wasn't clear how recently any of the suspects in the latest plot might have traveled to Pakistan or whether they had any links with Islamic groups there.

Intelligence officials identified 30 Ravenswood Rd. in Walthamstow as the address of one suspect. Alma Willox said she saw her longtime neighbor, Asim Tariq, who she says lives at that address, put in the back of a police car in handcuffs early yesterday morning. Afterward, police searched the two-story home.

Next-door neighbor Jenny Smith described Mr. Tariq as in his mid-20s. He had traveled for the first time to Pakistan last year to marry his bride and bring her back to Britain, neighbors said. The couple had a two-week-old baby.

Ms. Smith said Mr. Tariq worked at Heathrow airport. It wasn't possible to verify that last night. Ms. Smith said Mr. Tariq, who has long hair and wore Western clothing, never seemed radicalized or even religious. Last night plainclothes policemen continued to comb through the house, and two uniformed police officers were stationed at the front gate.

Another suspect, identified by a person familiar with the investigation as Oliver Savant, also lived in Walthamstow. He recently changed his name to Ibrahim and started wearing white robes, according to a neighbor.

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The area's large Muslim community is made up overwhelmingly of Pakistani families, many of whom immigrated from two regions, Meerpur in Kashmir and from around Jhelum, according to Mohsin Kahn, the managing director of the Daily Ausaf, a newspaper edited in Pakistan that has an office in Walthamstow.

Under Guard

Five houses in the vicinity were under police guard last night, and forensic teams in plastic coveralls worked in the area following a series of overnight raids in London, Birmingham and the Thames Valley. Further raids were carried out during the day yesterday. Police said residences and businesses were being searched.

Police also searched a house in Birmingham that was the residence of a 52-year-old man named Abdul Rauf, according to a neighbor and British company records. The neighbor said a woman at the residence said about a week ago that she was leaving for a wedding in Pakistan.

Mr. Rauf is listed as a former director of a charity called Crescent Relief. According to British corporate records, Mr. Rauf served as a director of the charity from October 2000 until March 2001. A current Crescent Relief official said the charity has been working with those hurt by the earthquake that hit Pakistan last year. Another official at the charity said he didn't believe anyone connected to Crescent Relief had been contacted by authorities.

Shabir Hussain, a Birmingham resident who lives near the home, said it housed a close-knit family with ties to the Kashmir region. In the morning, police first cordoned off several houses, but by the afternoon had isolated just one house. The neighborhood is home to one of Birmingham's largest mosques.

Mr. Hussain said the family, which he didn't name, was "quite traditional," adding that it attended the mosque regularly.

British police in the last year have stepped up efforts to improve the amount of intelligence they receive from Muslim neighborhoods by hiring more police of South Asian descent and putting more community-support officers on the beat.

But there remains widespread skepticism of the police in some communities. Muslim leaders yesterday said the police appear to have taken steps to handle the most recent raids more sensitively. In at least one case, the officers weren't armed.

Murad Qureshi, one of 25 members of the London Assembly, which supervises the city's mayor, said, "So far, there is no doubt it is being handled a lot better and police have learned from past experience."

Officials Give Few Details About 24 Arrested In Alleged Plot (USAT)

By Jeffrey Stinson And César G. Soriano

USA Today, August 11, 2006

LONDON — Almost no information has been released by officials about 24 suspects arrested Thursday in Britain for involvement in an alleged plot to blow up U.S.-bound aircraft departing from Heathrow Airport.

Raids were carried out at homes in London and the nearby towns of High Wycombe and Birmingham, in central England.

Searches continued throughout the day, and police cordoned off streets in several places, including a wooded area in High Wycombe also being searched by police.

In Paris, French Interior Minister Nicolas Sarkozy said the group "appears to be of Pakistani origin," but he did not give a precise source for the information. Britain's Home Office refused to comment.

Lord Nazir Ahmed, a member of the House of Lords and leading figure in Britain's Muslim community, said he "heard through the grapevine" that the suspects arrested in the plot were young British Muslim men of Pakistani background.

In the Walthamstow area of northeast London, a mixed neighborhood of South Asian and African immigrants and their children, neighbors watched police raid and remove material from a row house.

Victor Prado, 58, owns a corner store with his wife Procesa, also 58, down the street from the row house, where London Metropolitan Police launched a raid late Wednesday. The building was cordoned off by blue police tape and guarded by four uniformed police officers on Thursday. It was one of at least four places raided overnight in the area.

"We didn't know him," Victor Prado said of a man he saw going in and out of the row house. He said the man had a beard, wore Western-style clothes and appeared to be about 30 years old.

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Pat Weir, 44, and her daughter Marianne, 13, said vans carrying plainclothes police started pulling up at the row house, which is across the street from the Weirs' home, at about 10:30 Wednesday night. At about 11:55 p.m., police vans arrived, Pat Weir said. Police broke down the door and went inside, but she did not see them take anyone out of the row house.

Weir said that over the past two weeks, she had seen two men going in and out of the building. She said one had a long beard and the other appeared to be of African origin.

On Thursday, police carried out boxes and bags of material, Weir said.

Imtiaz Qadir, a spokesman for the local Waltham Forest Islamic Association, said he knew some of the people arrested in the raids. "I know five of the men very well, and they are really respectable young Muslim men," he said. "I am totally shocked. I don't believe they've done anything to warrant this."

Ahmed, who is of Pakistani descent, said he is concerned about the implications if it turns out members of his community were involved in the alleged plot. "This will have a devastating blow on community relations, on interfaith work, on the consequences of racism and Islamophobia that already exists," he said.

Referring to deadly July 7, 2005, subway and bus attacks in London conducted mostly by British-born men of Pakistani descent, he said, "The problem is we really have not learned the lessons of the 7/7 bombings to deal with young people who have criminal tendencies or are angry enough to be recruited by extremists."

Terror Attacks Were 'Very Near' (LAT)

By Peter Spiegel, Josh Meyer And Janet Stobart

The Los Angeles Times, August 11, 2006

LONDON — Two dozen suspects arrested by British police Thursday were in the final stages of a plan to detonate liquid explosives on as many as 10 U.S.-bound airliners in what appeared to be the most ambitious terrorist plot since the Sept. 11 attacks, authorities said.

Officials could not say when the attacks were to be carried out but said the suspects, mainly British nationals of Pakistani descent, had acquired most of the materials to assemble explosives that could have killed hundreds of passengers as their planes crossed the Atlantic from British airports.

"It was very near to execution," a U.S. official said.

A Pakistani official said key arrests of British nationals in Karachi several days ago apparently helped break a case that had been under investigation for months.

The size of the alleged plot and its international scope led government analysts to believe it was the work of Al Qaeda or a related Pakistani extremist group.

"Quite simply, this was intended to be mass murder on an unimaginable scale," said Paul Stephenson, deputy chief of London's Metropolitan Police.

A British anti-terrorism official, who, like others, spoke on condition of anonymity because the investigation is continuing, said the suspects planned to blow up as many as 10 planes in waves of three over the mid-Atlantic. The men had researched flight routes and determined that U.S.-bound jets tend to fly in batches, the official said.

"The planes would simply disappear and it would be impossible to recover forensic evidence needed for investigation," the official said.

A senior FBI official said the suspects may have undertaken test runs or may have been planning them. A U.S. intelligence official said the information gathered so far was vague and did not indicate firm time frames.

The arrests, made in Birmingham, London and High Wycombe, a commuter town west of the capital, were quickly followed by flight cancellations and intense security crackdowns at nearly all major American and British airports, leading to delays and chaos throughout the world's commercial airline system.

Early today, the Bank of England added 19 names to its list of individuals whose assets were frozen in relation to terrorist activities. The bank's website does not say that the 19 were among those arrested in connection with the alleged plot, although the BBC reported that they were. Their addresses included locations in London, High Wycombe and Birmingham.

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U.S. officials barred nearly all liquids and gels from carry-on luggage, and British airports banned carry-on luggage altogether, as well as laptop computers, cellphones and portable music devices. American officials dispatched more air marshals to Britain to fly on U.S.-bound flights, and the governors of three states, including California's Arnold Schwarzenegger, called up the National Guard to help patrol airports.

The suspects planned to smuggle chemicals aboard flights by hiding them in everyday items such as beverage containers, then assemble them into explosive mixtures and ignite or detonate them using common electronic devices, investigators said.

An FBI counter-terrorism official said the men appeared to be planning to use a heavily concentrated form of hydrogen peroxide and other chemicals available over the counter that could cause catastrophic explosions when combined.

The British anti-terrorism official said police had found "plenty" of material that could have been used to make the explosives.

President Bush, who has been at his ranch near Crawford, Texas, had known about the investigation for at least several days. He received "full briefings" about the alleged plot over the weekend and had two conversations about it with British Prime Minister Tony Blair, White House Press Secretary Tony Snow said. One conversation took place in a videoconference Sunday.

After news of the suspected plot became public, Bush proceeded with plans Thursday to headline a GOP fundraiser near Green Bay, Wis., and tour a metal manufacturing plant. Upon arriving at the airport, he called the arrests a "stark reminder that this nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation."

Bush acknowledged that the new airport restrictions would annoy travelers, and he urged patience. Officials at the Department of Homeland Security said they did not know when they would lift the security measures, which were accompanied by a rise in official threat status to the highest levels in both Britain and the U.S.

Although authorities believe most of the alleged plotters were apprehended in overnight raids, British officials said the tight security was warranted until it became clear that the entire network had been rounded up.

"Whilst the police are confident that the main players have been accounted for, neither they nor the government are in any way complacent," Home Secretary John Reid said.

Some American officials fear that other people may be working to advance the alleged plot.

"There are concerns that in addition to those who have been rounded up, there may be other individuals who might have been planning something along the same lines," the U.S. intelligence official said. "That is something that is being aggressively pursued."

Government officials said there was conflicting intelligence about how many planes and which airlines were involved, but most said nine or 10 aircraft had been targeted, though one counter-terrorism official put the number at 16. They said the suspects may have been planning to operate in nine groups of about three each.

At least one suspect is believed to have traveled to Pakistan, the U.S. intelligence official said without commenting on the reason for the trip. The Associated Press also reported that at least one of the men had prepared a "martyrdom tape" to be broadcast after his death.

The British investigation, which was closely coordinated with American officials, had been underway for months. U.S. Homeland Security Secretary Michael Chertoff said it was only in the last two weeks that it became clear that the intended targets were U.S. airliners bound for America from Britain.

A U.S. official said that the targeted airlines were American, United and Continental and that the flights involved airports in Birmingham, London, Manchester, the New York area, Washington, D.C., and California.

An FBI counterintelligence official said the British government, still angry over perceived leaks of crucial information related to last year's transit bombings in London, were keeping a tight hold on some information, including routes and destination cities.

But the official added that destination apparently was irrelevant. "It didn't matter which [U.S.] cities they were headed to," the official said. "They just wanted to blow them up in midair."

The British anti-terrorism official said attacks were expected "within weeks."

"It wasn't imminent in the sense of the following day or the next day, but it would have taken place in the near future," the official said.

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It remained unclear what prompted British officials to move when they did. Officials here normally choose to gather intelligence on a suspected terrorist network for an extended period, in the hope of discovering high-ranking backers.

British officials would not say why they launched the series of raids Wednesday night, but a U.S. official said there was evidence that the alleged plot had begun accelerating in recent days.

U.S. officials dismissed speculation that the alleged plot was timed to coincide with the fifth anniversary of the Sept. 11 attacks.

"Terrorist plotters and planners execute when they have all the plot together, when they are satisfied it's time to go," said Charles Allen, head of intelligence at the Department of Homeland Security.

"We have no evidence this was timed to any particular holiday or any special event of any religious nature," he said.

The alleged plot resembles a foiled Al Qaeda plan to blow up 12 U.S. airliners as they crossed the Pacific from Asia in 1995.

It was attributed to former Al Qaeda operatives Ramzi Ahmed Yousef and Khalid Shaikh Mohammed, who would later be accused of masterminding the Sept. 11 attacks on the World Trade Center and the Pentagon.

The plot was uncovered when a fire broke out in the Manila apartment Yousef was using as his headquarters. According to U.S. government reports on the incident, Yousef had used a bottle of contact lens solution filled with nitroglycerin as a small test bomb on board a Philippine Airlines flight a month before his January 1995 arrest. Among the items found in Yousef's apartment were bottles filled with liquid chemicals.

In recent weeks, U.S. law enforcement authorities were thrown into a frenzy when they received intelligence that an unknown number of potential conspirators in the British case were in the United States, the senior FBI official said.

After a massive, top-secret scramble, which made use of intercepted e-mails and phone calls, the information was determined to be inaccurate. Several government officials said Thursday that they now believe no conspirators are in the U.S.

"We were very concerned a couple of days ago until things washed out, about associates and operatives here. That turned out not to be the case," the senior FBI official said. "The U.S. government has been aware of it for a couple of months and we've been working it hard for a couple of weeks."

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(INFOBOX BELOW)

Key details

Alleged plot: To detonate liquid explosives on airliners flying from London to several U.S. destinations.

Arrested: 24 British nationals in London, Birmingham and High Wycombe; buildings searched in Birmingham and London's Walthamstow section.

Security: The U.S. Transportation Security Administration implements new screening procedures forbidding liquids or gels in carry-on baggage.

Delays: Security crackdowns at major U.S. and British airports delay flights and cause chaos.

Sources: Associated Press, ESRI

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VOICES

'This nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation.'

President Bush

'It was sophisticated, it had a lot of members, and it was international in scope.'

Michael Chertoff

Homeland Security secretary

'Everything that can be done to protect [travelers] is being done.'

Alberto R. Gonzales

U.S. attorney general

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'Something very easy to do as you pack your bag: Leave the liquids at home, drink them, declutter your bag. And last, I'd say, enjoy your trip.'

Kip Hawley

Transportation Security

Administration chief,

advising airline passengers

'Today's news is an urgent reminder that we must make America safer and the world more stable. We must implement the strong recommendations of the independent 9/11 commission to improve airport security screening at checkpoints.'

Rep. Nancy Pelosi

(D-Calif.),

House minority leader

'The increased security precautions being implemented around the country are appropriate and necessary. We must be on alert so that our nation does not suffer another attack like 9/11.'

Sen. Bill Frist

(R-Tenn.),

Senate majority leader

'The Islamic extremists attacking our troops — troops who are there bringing democracy to Iraq — are the same Islamic extremists who are seeking to attack and bring down the airplanes over our homeland.'

Sen. John Cornyn

(R-Texas)

'Terrorism is the biggest threat to Americans' security, and this event exposes the misleading myth that we are fighting them over there so we don't have to fight them here.'

Sen. John F. Kerry

(D-Mass.)

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Spiegel and Meyer reported from Washington and Stobart from London. Times staff writers Sebastian Rotella in Ferrol, Spain, Peter Wallsten in Green Bay, Wis., Nicole Gaouette in Washington and Greg Krikorian in Los Angeles and special correspondent Mubashir Zaidi in Islamabad, Pakistan, contributed to this report.

British Say Terror Attacks Thwarted (BSUN)

By Todd Richissin

The Baltimore Sun, August 11, 2006

LONDON -- Plans to blow airplanes out of the skies between Britain and the United States were described Thursday as more advanced than any plots officials have made public so far, and within days could have become the most deadly attacks on Americans since Sept. 11, 2001.

At least 24 people were arrested by authorities in England Thursday in raids thwarting the alleged attacks, as part of an investigation that reached around the world and carried at least three particularly chilling warnings -- that planning of the attacks on up to 10 flights was well advanced if not complete; that the plotters had the means to carry out the attacks; and that if the plot had succeeded, hundreds and perhaps thousands of passengers would have been lost to explosions over the Atlantic, including many Americans returning from summer vacations.

As sketched by officials, the plot targeted flights leaving Britain on their way to the United States.

ABC News quoted unidentified U.S. officials who had been briefed on the plot as saying five suspects were at large and being urgently hunted.

"We cannot assume that the threat has been completely thwarted," Michael Chertoff, the U.S. head of homeland security, said Thursday.

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The arrests and unveiling of the plot caused delays and cancellations of flights involving tens of thousands of passengers around the world, put the British and U.S. governments on their highest alerts, and tightened aviation security to levels not seen since all commercial flights in the United States were grounded after the 2001 attacks.

"This was obviously the real deal," said Robert Ayers, vacationing in Annapolis from his job as an intelligence and security expert at Chatham House, a think tank in London. "Every sign points to that, including the fact that the Metropolitan Police and British security services wouldn't otherwise have brought the transportation industry to its knees during the height of tourist season."

Georgetown University terrorism expert William Daddio said, "This is obviously more real for a number of reasons. The main reason is this is a British operation, and they don't tend to make announcements like this unless they're sure of what they're dealing with."

The arrests came after a long-running investigation reached a "critical point," according to the head of the counterterrorism branch of the London police, Peter Clarke.

U.S. officials offered no hard evidence implicating al-Qaida but stressed that the global scope of the plot was consistent with that group, still thought to be led by Osama bin Laden.

A member of the House of Lords who is of Pakistani origin said he had been informed that all of those arrested were British Muslims with ties to Pakistan -- like the four men who bombed London's transportation system in July 2005, killing themselves and 51 other people. An American counterintelligence official told the AP that the suspects range in age from 17 to their mid-30s.

The Associated Press reported that the plot's unraveling began with a tip from Pakistani authorities, who have arrested "two or three" suspects in that country, Pakistani Foreign Ministry spokesman Tasnim Aslam said.

"Cooperation in this particular case was spread over a period of time. There were some arrests in Pakistan which were coordinated with arrests in the U.K.," she said.

The AP quoted a senior Pakistani government official, speaking on condition of anonymity because he wasn't authorized to comment on the matter, as saying that "two or three local people" suspected in the plot were arrested a few days ago in Lahore and Karachi.

In London, Clarke told reporters that the investigation had "already lasted for several months and will undoubtedly last long into the future." The investigation was wider in scope than any before it in British history, he indicated, involving "an unprecedented level of surveillance."

"We have been looking at meetings, movement, travel, spending and the aspirations of a large group of people," the counterterrorism chief said.

A U.S. intelligence official said the plotters had hoped to target flights to major airports in New York, Washington and California.

Paul Stephenson, a deputy police commissioner at Scotland Yard, said, "We think this was an extraordinarily serious plot, and we are confident that we've prevented an attempt to commit mass murder on an unimaginable scale."

In the United States, federal officials raised the warning level for flights arriving from the United Kingdom to its highest level and a notch below for all other aviation. It is the first time the red alert level in the Homeland Security warning system has been declared. The agency defines red alert as designating a "severe risk of terrorist attacks."

Chertoff said that until further notice, all passengers are banned from bringing gels and liquids aboard domestic and foreign flights.

Airlines were adopting additional restrictions, leaving fliers confused about what they could carry aboard. Passengers were advised to check with the airlines on which they would fly.

Chertoff said the gel and liquid restrictions were ordered because investigators believe the plotters planned to bring liquids on board, "each one of which would be benign, but mixed together could be used to create a bomb."

The liquids were to be disguised as beverages, he said, and the detonators made to look like "electronic devices or other common devices."

Britain banned all cell phones and portable music players from flights.

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Federal officials, including Chertoff, have announced several arrests recently involving homeland security risks that ultimately were not as serious as first portrayed. Among them were the arrest in June of seven men in Miami, who Attorney General Alberto R. Gonzalez warned intended to wage a "full ground war" against the United States. Only later did details emerge that the men had no vehicles, no weapons, no money and no other means to achieve their alleged goals.

Thursday, in contrast, Chertoff called the latest plot "a very sophisticated plan and operation" that was close to fruition.

"They had accumulated the capability necessary, and they were well on their way," he said at a televised news conference in Washington.

Like many other airports, Baltimore-Washington International Thurgood Marshall Airport was the scene of long lines and missed flights Thursday morning. But the backups were mostly confined to domestic flights in busy Concourse D, and even there the lines were reduced to manageable levels by about 10:30 a.m.

State transportation officials said they knew of no intelligence suggesting that flights into and out of BWI were terrorist targets. British Airways flies one plane into and out of Baltimore each day, and Thursday's flight was delayed but not canceled.

Most affected by Thursday's security crackdown was London's Heathrow Airport, the busiest airport in the world on its slowest days and downright chaotic even on its best days in August, when the airport handles about 190,000 passengers and more than 1,200 flights daily.

Thursday, tens of thousands of people ready to board flights home never got off the ground.

Hundreds of flights were canceled, and televised pictures of a barely budging flood of passengers stuck in the airport's narrow concourses were enough to persuade others to try flying another day.

The delays came after British officials -- followed by their U.S. counterparts -- announced details of the planned attacks, which they said involved liquid explosives smuggled in carry-on luggage.

Law enforcement officials have said that the targets of the plot were American, Continental and United Air Lines flights, AP reported, but airline officials said they have not been told which carriers or flights were the intended targets. At airports across the country, long lines of passengers discarded items as they waited to go through newly rigorous searches.

The potential for attacks involving liquid explosives has long been known.

"You can see from the disruptions why no action was taken against that until it was deemed necessary," said Ayers, the Chatham House terrorism expert. "The question is what's practical? Where do you draw the line? Flights could be even safer if everybody was required to fly naked and with no luggage."

Authorities in London did not say how many aircraft had been identified for attack. Sky News, a cable station in Britain, put the number at six, while other reports said between three and 10. A counterterrorism official said the plot involved 10 flights. Chertoff spoke of "multiple explosions in multiple planes."

The arrests came in and near London and Birmingham, and Britain's home secretary, John Reid, said that "we think that the main players are already in custody."

White House spokesman Tony Snow said Thursday that President Bush had been briefed extensively over the past few days, which he has spent vacationing on his ranch in Crawford, Texas, and had spoken twice to British Prime Minister Tony Blair, who is on vacation in the Caribbean.

Bush traveled to Wisconsin Thursday to give a speech on the economy. In remarks upon his arrival at the airport in Green Bay, he said the arrests show that "it is a mistake to believe there is no threat to the United States of America."

The Democratic leader of the Senate, Harry Reid of Nevada, said the plot showed that because of "mismanagement" and the distraction caused by the Iraq war, "We are not as safe as we should be."

Plot To Bomb U.S.-Bound Jets Is Foiled (WP)

By John Ward Anderson And Karen DeYoung

The Washington Post, August 11, 2006

LONDON, Aug. 10 -- A plot to simultaneously blow up as many as 10 U.S.-bound passenger jets with liquid explosives hidden in carry-on luggage was foiled with the arrest of 24 suspects, British and U.S. officials said Thursday. Tough new security

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measures snarled air traffic through the day and filled departure lounges in Britain and the United States with crowds of frustrated travelers.

British authorities had been secretly watching the alleged conspirators, most of them British citizens of Pakistani origin, since late last year, officials said, and moved in to make arrests after concluding they were close to trying to stage their suicide attacks. Officials warned that some members of the plot may remain at large.

The U.S. Department of Homeland Security increased its threat level for U.S.-bound commercial flights from Britain to "red" -- the first use of this highest terrorism alert signaling imminent attack, invoked in this case out of prudence to conform with a British alert. Officials said they had no information that the plot was to include attacks in the United States.

At the Washington area's three main airports, many flights were canceled and security screening lines grew long and slow-moving as passengers underwent special inspections after drinks and most other liquids and gels were banned as carry-on items. At British airports, carry-on bags were prohibited altogether, with passengers allowed to take aboard only essentials such as wallets, eyeglasses and baby formula.

By day's end, commercial aviation was returning to normal. Officials said that people boarding flights from the United States to Britain and on some other routes could continue to face extra screening Friday and that restrictions on carry-on items would remain in force for the time being.

"Put simply, this was a plot to commit mass murder on an unimaginable scale," said Paul Stephenson, deputy commissioner of the London Metropolitan Police, describing a plot that if successful could have rivaled the Sept. 11, 2001, attacks in death toll.

The plot "was sophisticated, it had a lot of members and it was international in scope," Homeland Security Secretary Michael Chertoff told reporters. He said the suspects planned to smuggle bombs and detonators disguised as beverages, electronic devices and other everyday objects onto planes.

He expressed concern that components, each benign on its own, might be brought aboard, then mixed together to create a bomb.

Intelligence officials and private analysts expressed suspicion that the plot was an al-Qaeda operation, but said there was no confirmation. News that all of the suspects were British citizens fit with some analysts' view that future Islamic terrorism attacks will be organized by locally based groups acting largely on their own, with inspiration but not direction from Osama bin Laden.

Many young Muslims in Britain are angry with the U.S. and British governments over the wars in Iraq and Afghanistan. Three of the four suicide attackers who killed 52 passengers in London's transit system last summer were British citizens of Pakistani origin, investigators concluded. The fourth was identified as a Jamaican-born convert to Islam.

President Bush called Thursday's arrests "a stark reminder that this nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation."

British officials did not announce the suspects' names, and other basic details of the alleged plot remained unknown. Officials speaking not for quotation by name offered sometimes conflicting partial information.

Counterterrorism officials said the plotters intended to strike at United, American and Continental airline flights to New York, Washington and California. But law enforcement officials said that no specific cities were targeted, just the United States in general, and that the suspects were interested in nonstop flights between Britain and the United States, which would have made New York and Washington obvious candidates.

A U.S. intelligence official, who would not be quoted by name, said that British Airways flights were also targeted, although it did not appear that plans had progressed to "specific flights" on specific days. However, it was "certainly to the point of where it could have been carried out in the very near future. I'm talking about days or a few weeks. This month. They were very, very far along."

A senior U.S. law enforcement official said the working theory was that the bombs would be detonated in midair, similar to the so-called Bojinka plot, a code name used by bin Laden operatives for a 1995 plan to bomb 11 U.S. airliners simultaneously over the Pacific Ocean. The "similarities to Bojinka are striking, and are very much on everyone's mind," the official said. Simultaneous detonation would maximize the death toll in part by preventing authorities from grounding other planes carrying explosives.

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U.S. and European intelligence officials said that the 24 people arrested by British police in London, the London suburb of High Wycombe and the city of Birmingham were all British citizens, in their twenties, and that most, perhaps all, were of Pakistani origin or had roots in Pakistan. Many had traveled to that country recently, the officials said.

Pakistani officials said they had worked closely with U.S. and British intelligence since December to counter the plot. Tasnim Aslam, spokeswoman for Pakistan's Foreign Ministry in Islamabad, said several arrests were made in Pakistan on Wednesday; security sources said the arrests took place in Punjab province.

Until recently, authorities believed they had the entire group of plotters under surveillance and were allowing them to continue their planning as police secretly gathered evidence for trial. But authorities became concerned in recent days that there might be additional unknown conspirators, according to two senior intelligence sources.

The lack of certainty forced authorities to begin the arrests sooner than anticipated, U.S. and European intelligence officials said, and to impose a ban on taking liquids aboard planes in case other plotters moved forward in response to the arrests.

"This is by no means over," said one U.S. intelligence source, who like others agreed to discuss limited elements of the plot on condition of anonymity.

The strict security measures caused cancellations, delays and congestion at Heathrow -- Europe's busiest airport with 186,000 passengers on a typical day -- and other large airports in Gatwick, Manchester and Stansted, north of London. The problems reverberated across Europe, as major carriers including Air France, KLM, Lufthansa and Iberia canceled most or all of their flights to Britain.

Airline employees in Britain struggled to cope with crowds of frustrated, confused and sometimes worried and angry passengers who found their business and vacation plans suddenly disrupted, with few options for leaving the island.

Many were forced to repack in the middle of terminals, told that they could carry nothing on board but the most essential items, such as wallets, travel documents, medicines and eyeglasses. No liquids were allowed unless they could be verified, and mothers were forced to sample their babies' bottles in front of security guards to confirm their contents.

Travelers swarmed ticket counters, awaiting word on their flights. Thousands of stranded passengers flooded local hotels and jockeyed for seats on crowded trains to France, Belgium and Switzerland.

"This is the way of life now," said Craig Burgess, a UNICEF employee who got stranded at Heathrow and went into London to try to catch a train to Paris or Geneva so he could continue on to New Delhi to join his family. "I understand the caution and the safety. You'd rather have this happen than something tragic," he said.

Muslim community leaders in Britain expressed skepticism that a grand plot by Muslims had been discovered. They noted that most other alleged conspiracies announced by British police unraveled for lack of proof. Leaders said they feared a renewed Islamophobia.

Mohammad Naseem, chairman of Birmingham Central Mosque -- close to the scene of some of Thursday's raids -- said the community reaction was "dismay and anxiety. People have lost trust in politicians. All we are asking for is proof."

Ahmed Versi, editor of Britain's Muslim News, said hate mail had already started pouring into his office over the Internet on Thursday morning, saying Muslims were unwelcome in Britain. "Muslims are worried they may face physical attacks," he said in a telephone interview.

On quiet two-lane Walton Drive in High Wycombe, west of London, police raided a two-story brick duplex. Police officers stood sentry on either end of the block and in front of the house at No. 36 throughout the day; blue-and-white police tape kept people off the small patch of lawn and flowers in front of the glass front door. Inside, investigators in light-colored hazard suits inspected the home.

People on the street said at least six people lived in the house, including two brothers in their twenties who frequently played soccer at a local park. The people in the house were described as pleasant, if reserved.

"They don't seem like terrorists, they are family people. They never had any trouble with the neighbors," said neighbor Kamran Haider, 25. "I wouldn't suspect them to be involved in any criminal activity."

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DeYoung reported from Washington. Staff writers Dafna Linzer, Anushka Asthana and Dan Eggen and researcher Julie Tate in Washington and special correspondents Kamran Khan in Karachi, Pakistan, and Corinne Gavard in Paris contributed to this report.

Britain Foils Airline Plot (WT)

By Al Webb

The Washington Times, August 11, 2006

LONDON -- Police crushed a plot yesterday to commit "mass murder on an unimaginable scale," arresting 24 Muslims who planned to blow up more than 10 jetliners bound for the United States using liquid bombs hidden in hand bags and assembled on board.

Officials said they were confident that they had nabbed the primary terrorists in the planned attack, which could have matched the death toll of September 11, 2001, had it been successful.

However, five suspects remained at large and were the subject of an intense manhunt, intelligence officials told The Washington Times.

British officials said 24 suspects had been arrested. Most were thought to be young Britons of Pakistani origin. Pakistan said that it had played a key role in uncovering the plot and that it had made several arrests.

"This nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation," President Bush said.

The plan, said to be ready for a dress rehearsal within days, would have used liquid or gel-like explosives in carry-on luggage to blow up jetliners headed for Washington, New York and California.

Security officials said the terrorists planned to target at least three major U.S. airlines -- American, Continental and United.

"We think this was an extraordinarily serious plot, and we are confident that we've prevented an attempt to commit mass murder on an unimaginable scale," said Paul Stephenson, deputy commissioner of the London Metropolitan Police.

The plot appeared to have the hallmarks of Osama bin Laden's al Qaeda terrorist organization, and the plotters "were really getting quite close to the execution stage," U.S. Homeland Security Secretary Michael Chertoff said.

CNN reported that at least two of the suspects had made "martyrdom" recordings, to be played after their deaths.

British anti-terror police swooped down on homes and businesses in London, Birmingham and the Thames Valley west of the capital beginning Wednesday night and into yesterday morning.

Britain and the United States issued heightened terrorist alerts and imposed rules restricting carry-on baggage and banning liquids such as water and soft drinks, as well as cosmetics such as lipstick.

Britain's MI5 intelligence agency for the first time raised the security threat to the highest level, from "severe" to "critical," which it said meant "an attack is expected imminently."

The security clampdown precipitated chaos at airports in Europe and the United States, forcing cancellations or delays of hundreds of flights.

London's Heathrow Airport, Britain's largest airport, was particularly hard hit at the height of the tourist season, when it usually handles 180,000 to 200,000 passengers daily.

Lines stretched a half mile or more for planes, and passengers were forced to surrender carry-on luggage.

The "ripple effect" immediately spread across Europe as airport authorities halted all incoming air traffic from the Continent.

Late yesterday, British Airways banned carry-on bags from all its flights between the United States and Britain.

Earlier in the day, carry-ons had been barred from U.S.-bound flights to keep passengers from carrying liquids onto aircraft. Later, the ban was extended to all flights between the two countries.

British Airways spokesman John Lampl said the airline was acting on instructions from the British government.

Al Qaeda last month urged Muslims to strike at those who backed Israel's attacks against Hezbollah in Lebanon and warned of attacks if the United States and Britain refused to withdraw their forces from Iraq and Afghanistan.

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Reports that most of the would-be attackers were young British Muslims evoked memories of a series of suicide attacks 13 months ago that killed 52 passengers on London's rail and bus system.

Three of the four suicide bombers were young Muslims of Pakistani origin who were born in Britain. The fourth was a Muslim convert from Jamaica.

Scotland Yard said the attacks were to have been carried out by terrorists carrying liquid explosives in their handbags.

U.S. officials gave additional details, saying the terrorists planned to use a peroxide-based liquid or gel explosive hidden in the false bottom of a sports drink, to be detonated on board with a camera flash, cell phone or other electronic device.

Britain issued an immediate order banning all handbags and containers of liquid, including hair- and eye-care products.

Andy Oppenheimer, editor of Jane's Nuclear, Biological and Chemical Defense Directory, told the Daily Telegraph newspaper that some "very common materials" used in perfumes, cosmetics and drain cleaner can be used to manufacture homemade explosives.

"These materials are easy to obtain and hard to detect," he said, "and could be smuggled in small amounts in small containers, because it doesn't take much to blow an aircraft up."

At airports across Britain and the U.S., travelers were forced to surrender bottles of water, soft drinks and other liquids -- even the solution used by contact-lens wearers.

Bottles of milk for babies were allowed, but only if the passenger tasted it in front of inspectors.

Further delays and frustrations developed as airport staff hand-searched every passenger.

Baby strollers, canes and other walking aids also were X-rayed, and only wheelchairs provided by the airport were permitted to pass screening points.

Authorities did not say how long the security measures would last, but the plot demonstrated that terrorists had adapted to existing rules, such as having passengers take off their shoes for inspection.

"We are taking the step of preventing liquids from getting into the cabin to give us time to make adjustments," Mr. Chertoff said.

UK Seen As Weak Link By The US (FT)

By Demetri Sevastopulo In Washington

Financial Times, August 11, 2006

Britain was back in the spotlight on Thursday as one of the weak links in the US-led "war on terror".

The US has long been concerned about radical Islamist groups operating out of the UK and continental Europe. But those concerns rose following the September 11 attacks on the US – with the involvement of an al-Qaeda cell in Hamburg – the 2004 Madrid train bombings and last year's bombings on the London transport system.

News that terrorist suspects were using the UK as a base to hatch an alleged plot to target US aircraft will probably renew concern about threats to the US, which has not seen a terrorist attack on its soil since 2001, from fundamentalist groups based in Europe.

While US and UK authorities have not released details of the identities of the 24 suspects arrested in the UK, Michael Chertoff, the US homeland security secretary, said the plot bore the signs of an al-Qaeda operation.

Robert Leiken, an expert on national security at the Nixon Center think-tank, wrote in the Foreign Affairs journal last year that the US had to be more vigilant in protecting borders because of the greater assimilation of Muslim immigrants in the US compared with Europe.

"To strike at the US, al-Qaeda counts less on domestic sleeper cells than on foreign infiltration. As a 9/11 commission staff report put it, al-Qaeda faces 'a travel problem': how can it move its mujahideen from hatchery to target? Europe's mujahideen may represent a solution," he wrote.

Mr Leiken added that one of the main problems facing counter-terrorism officials was that many members of jihadist organisations in Europe and North America were French or British citizens, meaning that they could travel to the US without visas.

Bob Baer, a former Central Intelligence Agency case officer, agreed that the problem of homegrown terrorists was more severe in Europe because of the growing numbers of young Muslims.

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One former senior US intelligence official told the FT that Washington had long considered the UK a weak link in combating Islamist terrorism, partly because it had not clamped down on radical Islamist activity at mosques. He added that while MI5, Britain's security service, was now perceived to be better at dealing with terrorism, the UK was hampered by legal impediments to a clampdown because of civil liberties.

France had more success in curbing Islamic fundamentalism because its laws had allowed more flexibility to deport imams spreading violent ideology, he said.

John McLaughlin, a former director of the CIA, said UK authorities were successful at thwarting attacks but that their task was complicated by the population of disaffected Muslims.

John Brennan, the president of the Analysis Corporation, an intelligence analysis company, and former director of the US National Counterterrorism Center, said the large Muslim population in the UK had created an environment that was conducive to Islamic fundamentalist groups plying "their trade".

Marc Sageman, a former CIA case officer and author of Understanding Terror Networks, cautioned that many facts in the bomb plot were yet unknown. But he said before September 11 2001 there was an "illusion" that terrorist networks were driven from the top down. There was now a greater realisation of the potential for homegrown terrorist acts, for which al-Qaeda sometimes later claims responsibility, he said.

John Carnt, a former Scotland Yard deputy head of specialist crime now at Vance, a global security company, said the issue of homegrown terrorism had "hit home" since the London bombings.

Officials Cite Scale And Sophistication Of Plane Plot (NYT)

By Scott Shane

The New York Times, August 11, 2006

Intelligence and counterterrorism officials said yesterday that the scale and sophistication of the scheme to blow up jetliners over the Atlantic could mean that Al Qaeda, whose central command has been severely damaged since 2001, was again able to direct attacks.

But some specialists on the shifting networks of international terrorism said the alternative explanation — that homegrown British jihadists had managed to conceive a plot of such ambition — might hold even graver implications for the future.

"The great problem is that Al Qaeda has moved far beyond being a terrorist organization to being almost a state of mind," said Simon Reeve, author of a 1999 book on Osama bin Laden and his associates. "That's terribly significant because it gives the movement a scope and longevity it didn't have before 9/11."

Robert S. Mueller III, the director of the Federal Bureau of Investigation, said in an interview that the scope and targets of the thwarted plot were "suggestive of Al Qaeda direction and planning," and other top officials said the plan reflected the terrorist network's penchant for spectacular and simultaneous assaults.

"It has all of the earmarks of an Al Qaeda plot," said Mary Jo White, the former United States attorney whose office successfully investigated and prosecuted the so-called Bojinka plot to bring down airliners over the Pacific in 1995.

The Bojinka plot was devised by Ramzi Ahmed Yousef, who had carried out the largely ineffective 1993 attack on the World Trade Center, and Khalid Shaikh Mohammed, a mastermind of the 2001 attacks that toppled the towers, an earlier example of Al Qaeda repeating an attack against the same targets.

Michael Sheehan, a former National Security Council official who served as the New York Police Department's top counterterrorism official until May, said the Bojinka plot clearly served as a blueprint for the British plotters.

"This is a repeat. This is clearly Bojinka inspired," said Mr. Sheehan. "This is almost an identical plot. The only difference is the Atlantic Ocean, not the Pacific."

Mr. Sheehan said the hands-on training in explosives and trade craft that Al Qaeda or another organized group could provide were what could "graduate a homegrown cell of people that are in the minor leagues to the major leagues of terrorism, as well as providing some strategic direction."

Those arrested in Britain are all British citizens, primarily of Pakistani origin, and with possible ties back to Pakistan, according to British officials.

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Mr. bin Laden and his deputy, Ayman al-Zawahri, are believed to be in hiding in Pakistan, which counterterrorism officials fear has become a center of terrorist plotting.

John O. Brennan, former director of the National Counterterrorism Center, said Al Qaeda connections for the alleged plotters could cover a range of possibilities, from direct ties to the group's leaders to links with people who may at some point have trained in a Qaeda camp. The latter was more likely, he said.

Whether it was hatched in Britain or Pakistan, Mr. Brennan said, the thwarted plot suggests the long-term nature of the threat posed by the movement Mr. bin Laden helped found.

Al Qaeda, the name Mr. bin Laden gave to his organization in 1988 when it was still fighting Soviet troops in Afghanistan, means "the base" or "the foundation" in Arabic, he noted.

"The intention of Al Qaeda was to create a base or foundation for a long-term struggle," Mr. Brennan said. "Its leaders are thinking in terms of the Crusades and a conflict that lasts for many, many years."

Even if the airliner plot turns out to be homegrown, its design was more ambitious than even the most destructive attacks since 2001, including the 2004 train bombings in Madrid and the subway and bus attacks in London last year.

Those involved multiple, simultaneous explosions, but the explosives were conventional and the death tolls — 191 in Madrid and 56 in London — were a small fraction of the number of people who were killed on Sept. 11, 2001.

Most counterterrorism officials said that neither the Madrid nor the London attacks were directed by Al Qaeda, though some officials believe one or more of the participants may have had contact with Al Qaeda-trained operatives.

A 2002 nightclub bombing in Bali that killed 202 people was said to be the work of Jemaah Islamiyah, a fundamentalist movement that has had ties to Al Qaeda.

A score of alleged terrorism-related prosecutions in the United States have been, as an F.B.I. official said, "aspirational, not operational."

Most of the would-be terrorists have been arrested before acquiring explosives or taking other concrete steps toward mounting an attack.

By contrast, had up to 10 trans-Atlantic flights been downed, as British officials say was the goal, the toll could have rivaled that of the 9/11 attacks, whose fifth anniversary is approaching.

Such a coordinated assault would also have been in keeping with the style of Mr. bin Laden and his acolytes, whose plots, including the 1998 bombings of two American embassies in East Africa and the 2000 attack on the destroyer Cole in Yemen, have been international in scope and clearly devised with the goal of seeking maximum shock value and news media coverage.

Mr. bin Laden's organization, now often referred to as "Al Qaeda central" by counterterrorism officials, has not been able to match or exceed the devastation caused by the 9/11 attacks, though in numerous video and audio statements he has described that as his goal.

The American-led counterterrorism campaign destroyed Al Qaeda training camps in Afghanistan, and many of the network's main leaders ranking just below Mr. Zawahri have been killed or captured.

In all of 2005, the National Counterterrorism Center reported that not a single attack worldwide "can be definitively determined to have been directed by the Al Qaeda central leadership," according to the center's annual report on terrorist incidents.

If the latest plot can be persuasively traced to Mr. bin Laden's direction, rather than his inspiration, that would be an unwelcome surprise, Mr. Reeve said.

"If it was authored by bin Laden using scribbled notes and carrier pigeons, that means he's still capable of directing a major attack," he said.

But if Mr. bin Laden was a bystander, Mr. Reeve said, "that could be worse news," suggesting "an absolute fragmentation of the terrorist threat."

Mr. Reeve said that while traveling recently in Indonesia he heard of many baby boys being named Osama in honor of Mr. bin Laden.

In part because of the Iraq war, he said, "We're seeing a radicalization of the ummah, the larger Muslim community around the world."

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Signs Point To A Surviving Terror Network (WP)

By Karen DeYoung

The Washington Post, August 11, 2006

Strong indications of an al-Qaeda link to the alleged airliner-bombing plot uncovered in London yesterday suggest that the terrorist network has survived and adapted despite heavy blows to its leadership and organizational structure over the past five years, U.S. intelligence officials said.

Possible evidence of an al-Qaeda footprint, officials said, includes the trips made by several of the alleged plotters to Pakistan, where remaining al-Qaeda leaders are believed to be ensconced, and the sophistication and scope of plans to simultaneously attack aircraft headed toward the United States. The reported plot, as outlined here and in London, closely parallels one begun and aborted by al-Qaeda a decade ago.

Neither U.S. nor British officials were prepared yesterday to proclaim definitive evidence of direct involvement by Osama bin Laden or his deputy, Ayman al-Zawahiri. They acknowledged that their conclusions are to some extent inferential and are based on bin Laden's repeated warnings of another major assault, the organization's known affinity for targeting commercial airliners, and their belief that no other terrorist group has the brains or the capability to plan such an audacious undertaking.

Elements of the suspected plot reflect their assessment of a newly evolved al-Qaeda strategy that depends -- unlike the attacks of Sept. 11, 2001 -- on the Internet; indirect, local recruitment of disaffected Muslim youth; and an emphasis on European passport-holders less likely to be stopped at airports.

"It tells you that the enemy, as the military is fond of saying, is both thinking and adaptable," one official said. "They've gone through a thorough process, given the increase of security that we've done on flying planes, of thinking, 'Is there a way we can still get on board and take airplanes down?' . . . This is an extremely talented, thinking group."

Although terrorist groups in Iraq and elsewhere have long been described as having al-Qaeda links, none of the significant attacks carried out since Sept. 11 has been proved to have been directly authored or orchestrated by the group. Instead, intelligence agencies here and in Europe have described bin Laden as providing "inspiration" to a new generation of "radicalized" Muslim youth spurred by their cultural isolation in the West and their solidarity with Islamic battles in the Middle East. U.S. intelligence officials now identify the war in Iraq as the single most effective recruiting tool for Islamic militants.

But the alleged British plot "is really, really serious," one intelligence official insisted yesterday. "This is the real deal. Honestly. This was not the Moorish Nation," he said, referring to the arrest this summer in Miami of a ragtag, FBI-infiltrated group allegedly plotting to blow up the Sears Tower in Chicago. "We have reason to believe that this is an al-Qaeda-related operation. I don't mean in terms of a bunch of wannabes finding inspiration" in bin Laden.

"The current assessment is based on indicators," another official said. "The hope is that as a result of looking into some specific things, we'll be able to reach a conclusion" that is much more definitive than still-unconfirmed suspicions of al-Qaeda involvement in the London transport bombings that killed 52 people in 2005 or the 2004 Madrid train bombings.

During the early days of the Afghan war in 2001, bin Laden and Zawahiri, along with a number of their lieutenants, were driven from Afghanistan into the mountainous border region with Pakistan. Although those two remain at liberty, other major figures have been removed from the scene -- Muhammed Atef was killed in November 2001, and Abu Zubaida, Ramzi Binalshibh and Khalid Sheik Mohammed, among others, were captured in 2002 and 2003. That has led the Bush administration, from the White House on down, to say that the leadership has been "decapitated" and the organization itself severely "degraded."

The White House has described bin Laden as both on the run and living in caves, and as a continuing major threat to the United States.

The question of whether he still maintains control over active terrorist operations around the world is one of constant debate and analysis within the U.S. intelligence community. Bin Laden has made frequent statements on audiotapes distributed over the Internet, and Zawahiri appeared in a videotape as recently as last month. Both claim to lead a widespread movement, involved in virtually every Islamic battle from Iraq to Indonesia, that is building an anti-Western "caliphate" across the world.

Intelligence officials describe the tapes as al-Qaeda's attempt to appear "relevant" and in control of widespread events with which it may have little to do. But while recent intelligence analyses have focused on the increasing likelihood of smaller, more

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localized terrorist attacks such as the bombing of the London Underground, few have discounted bin Laden's desire to stage another major assault.

"Al-Qaeda hasn't been eliminated," a senior administration official said. "It's metastasized. It's changing all the time. It's adapting to a different environment. In many ways it's weaker as an organization, I'm convinced of that. But the global battlefield and affiliated groups is expanding."

Some outside experts faulted the U.S. government and its allies for allowing al-Qaeda to regroup inside Pakistan after its ejection from Afghanistan. "Al-Qaeda has been Pakistanized, if you will," said M.J. Gohel of the Asia-Pacific Foundation, a London security think tank.

Others were withholding judgment on al-Qaeda's ties to the alleged plot in England. "I would say that the core of the organization has suffered some serious blows," said Daniel L. Byman, director of Georgetown University's Security Studies Program. "It's harder for them to do large-scale operations successfully, and their ability to do long-term planning of catastrophic events has degraded. But they still have a number of skilled operatives and global connections, and a strong desire" to stage such attacks.

Byman said, however, that he is "still very skeptical until I see more evidence of how close these guys really were" to al-Qaeda. "I've read too many breathless FBI statements" over the years, he said.

Peter Neumann, director of the Centre for Defense Studies at King's College in London, said the alleged operation has all the hallmarks of al-Qaeda. Neumann and others noted strong parallels to the "Bojinka plot," planned in 1995 by Ramzi Yousef with help from his uncle, Khalid Sheik Mohammed. Yousef's plan to blow up 11 trans-Pacific airliners with liquid explosives concealed in bottles of contact lens solution was aborted after a fire erupted in the Manila apartment where he was preparing the bombs.

"I'm fairly convinced they were trying to model this attempt after what Ramzi Yousef tried to do," Neumann said, noting that it was "precisely" al-Qaeda's "kind of signature. They've been very fond of the transport system. They've been very fond of simultaneous, multiple attacks. I can think of no other terrorist group in the world that could be capable of something like this."

Staff writer Dan Eggen, correspondent Craig Whitlock and researcher Julie Tate contributed to this report.

Echoes Of Early Design To Use Chemicals To Blow Up Airliners (NYT)

By Raymond Bonner And Benjamin Weiser

The New York Times, August 11, 2006

JAKARTA, Indonesia, Aug. 10 — The plot to blow up several airliners over the Atlantic, uncovered by British authorities, bears a striking, if not eerie, resemblance to a plot hatched 12 years ago to simultaneously blow up a dozen airliners over the Pacific.

That scheme was developed in Manila by Khalid Shaikh Mohammed, who was starting his climb to become a top lieutenant to Osama bin Laden, and Ramzi Ahmed Yousef, who was a mastermind of the 1993 bombing of the World Trade Center. Philippine investigators came to believe that the Manila operation was financed by Mr. bin Laden.

Mr. Mohammed code-named the operation Bojinka, which was widely reported to have been adopted from Serbo-Croatian, meaning big bang. But Mr. Mohammed has told his C.I.A. interrogators that it was just a "nonsense word" he adopted after hearing it when he was fighting in Afghanistan during the war against the Soviet Union, according to "The 9/11 Commission Report." Mr. Mohammed was seized in Pakistan in 2003, and is now being held by the C.I.A. at an undisclosed location.

The Bojinka plot in 1995 was anything but nonsense. At an apartment in Manila, Mr. Yousef began mixing chemicals, which he planned to put into containers that would be carried on board airliners, much like the plotters in Britain are alleged to have been planning.

In those days, it would have been relatively easy to get liquid explosives past a checkpoint. Mr. Mohammed and Mr. Yousef, according to the 9/11 Commission, studied airline schedules and planned to sneak the liquid on a dozen planes headed to Seoul, South Korea, and Hong Kong and then on to the United States. The idea was that the bombs, complete with timing devices, would be left on the airliners, but that the plotters would disembark at a stop before detonating the devices.

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To rehearse the operations, a practice bomb was detonated in a Manila theater late in 1994. Another bomb was concealed aboard Philippine Airlines Flight 434 from Manila to Tokyo 10 days later. The bomb exploded on the way to Tokyo, killing a passenger, but the pilot managed to land the damaged 747. American prosecutors later concluded that Mr. Yousef had taken a liquid explosive onto the plane before disembarking.

The plot, however, was foiled in early 1995 when a fire broke out in the apartment where some of the conspirators were working. Among the things found when the police investigated was Mr. Yousef's laptop, with a file named "Bojinka." They also found dolls with clothes containing nitrocellulose, according to the 9/11 Commission.

"When the police hit the place, they were weeks away from starting," said Michael J. Garcia, a prosecutor in the 1996 Bojinka trial and now the United States attorney in Manhattan. "In Ramzi's laptop there were very detailed plans," he said, including equipment, airports, flight numbers and the timer settings.

Mr. Yousef was captured in Pakistan, turned over to the United States, convicted in New York and sentenced to life without parole.

According to investigators, Mr. Yousef's specialty was making bombs from innocuous-looking objects that could be smuggled through airport security — a digital wristwatch modified to serve as a timer, or a plastic bottle for contact lens solution filled with liquid components for nitroglycerine.

When questioned after his arrest, Mr. Yousef refused to explain precisely how he had planned to carry out the bombings, according to testimony at his trial for the Bojinka plot.

Brian G. Parr, a Secret Service agent, testified at the trial that under questioning Mr. Yousef made clear that other terrorists were aware of the explosive technique, and he did not want to compromise their ability to carry out similar acts.

"He said that he didn't want us to have knowledge of the techniques that they were going to use," Mr. Parr testified, "because it may help us prevent other people from using those techniques."

And Mr. Yousef, in his statement to Mr. Parr, made clear that he had carefully analyzed how to carry explosives through airline security.

For example, when questioned about one chemical mixture that could be used in explosives, Mr. Yousef said he would not have used it because it could have "been easily detected by airport security screening," Mr. Parr testified.

Mr. Parr said that Mr. Yousef "specifically said that he would have used a different type of device that even the most sophisticated bomb-screening machines would not have been able to detect."

Mary Jo White, the former United States attorney whose office successfully investigated and prosecuted Mr. Yousef in the Bojinka plot, recalled: "It was frightening. There were people wandering the globe able to do this. And that was 10 years ago."

Mr. Mohammed has told his interrogators that after the 1993 World Trade Center bombing, which involved explosives loaded onto a truck that failed to bring down the building, he "needed to graduate to a more novel form of attack," as the 9/11 report puts it. That led to Bojinka, and the first thoughts about using planes to bomb the World Trade Center.

Foiled Terror Plot On Scale Of 9/11 (CSM)

By Mark Rice-oxley

The Christian Science Monitor, August 11, 2006

LONDON

An alleged terror plot to blow up several transatlantic passenger jets, which British police said they had thwarted on Thursday, would have caused even greater casualties than 9/11, officials and experts say, marking a chilling departure from smaller-scale terror attacks of recent years.

Thousands were stranded at Britain's biggest airports Thursday and delays rippled across the US as flights were canceled and check-in security ramped up to surreal proportions after police said they had arrested 21 suspects in connection with a plot to smuggle liquid explosives onto several aircraft.

Officials in London and Washington said the alleged plotters, many believed to be British-born, had their sights on United, American, and Continental flights. Simultaneous explosions were to have been caused by chemicals in carry-on luggage. Officials monitored the plot for months before deciding they had to move.

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Experts say that the foiled attack suggests Al Qaeda involvement. Aviation is still a favored target for Al Qaeda acolytes bent on taking terrorism to new heights.

"The best way to top the 9/11 event is to do it with civilian aircraft with a lot of people on board," says Rolf Tophoven, a German terrorism expert. "This will create huge damage on all kinds of economic and commercial levels."

Bruce Hoffman, an expert on terrorism at the RAND Corp. in Washington, notes that it's typical of Al Qaeda to go back to targets and improve their techniques on past attacks. The successful attack on the USS Cole in 2000 followed a failed bid to sink the USS Sullivan in 1999. The 9/11 attack came eight years after the limited attack on the World Trade Center in 1993.

This latest effort, he adds, is a carbon copy of the failed 1995 "Bojinka" plot by Ramzi Ahmed Yousef, convicted of being the mastermind of the 1993 World Trade Center attack, to blow up 11 American airliners over the Pacific, using plastic explosives.

Britain raised its terror alert levels to the highest notch, while the US put a red alert - the first time that level was invoked - on flights from Britain. All other US flights were one step below, at "orange."

US Homeland Security Secretary Michael Chertoff and Peter Clarke, deputy assistnant commissioner for Scotland Yard, said the plot was international in scope and involved many people.

President Bush, in Wisconsin, said that the US was safer than it was before 9/11. "We've taken a lot of measures to protect the American people but obviously we're not completely safe," he said. But, he added, "It is a mistake to believe there is no threat to the United States of America."

Officials would not say exactly how many aircraft were targeted, nor when precisely they thought the plotters would strike. French officials said Thursday that the plotters were probably of Pakistani origin. British officials refused comment.

The number of suspects involved points to a far bigger operation than the post-9/11 terror attacks in London; Madrid; Bali; and Casablanca, Morocco. Paul Wilkinson, a security expert and author of "Terrorism Versus Democracy," says: "It's the scale of conspiracy that is so worrying because it's much larger than most things we've seen since 9/11."

Yet attacking aviation targets has proved harder since 9/11 because of heightened security. To subvert that vigilance, the plotters arrested Thursday were allegedly planning to smuggle aboard different liquid chemicals that may appear innocuous but could be explosive if mixed.

As a result, passengers with babies Thursday were ordered to take a swig of their baby formula in front of security guards to demonstrate its integrity. Personal documents, medication, and all other hand luggage was banned from flights out of Britain.

The unravelling of the plot marks another apparent success for British counterterrorism, which already claims to have foiled a dozen or so attacks since 9/11, four in the past year. While some of these have produced no convictions and inconclusive evidence, security expert Bob Ayers says this one should be taken seriously.

"You don't take a decision to shut down all flights to America lightly," says Mr. Ayers, an expert with the Chatham House think tank. "It would suggest they have substantial evidence."

He adds that British intelligence must have somehow infiltrated the plotters - a major success for organizations that are scrambling to get up to speed with the new terror threat from radical, disenchanted segments of the Muslim community. "There could be more than one cell involved here, but this means [the intelligence services] have penetrated more than one group or the supporting infrastructure."

Security officials had a delicate task knowing when to move, said Home Secretary John Reid said. "Move too early, you may not know the full scope of who is involved and you may provoke those you don't know into taking the action you don't want. If you don't move, you run the risk of terrible consequences."

But while the "underresourced and underappreciated" security services have done commendable work, says M.J. Gohel, a terrorism analyst at London's Asia Pacific Foundation, they've had less success finding out who is providing "homegrown" terrorists with direction.

British officials regularly warn the public of the threat. Wednesday, Mr. Reid said that the country faced its most sustained period of threat since World War II.

Britain is a particular target because of its backing for US foreign policy in the Middle East. RAND's Hoffman also notes that the fifth anniversary of 9/11 is looming. Despite comments that Al Qaeda may be in retreat, he says, "nothing is further from the truth. At least in Europe, Al Qaeda has put down an organizational structure to sustain these attacks."

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Plan Was To Sneak Liquid Explosives On Planes (NYT)

By Alan Cowell And Dexter Filkins

The New York Times, August 11, 2006

LONDON, Aug. 10 — The British authorities said Thursday that they had thwarted an advanced terrorist plot to blow up airplanes flying from Britain to the United States using liquid explosives that would have escaped airport security.

The officials said they had arrested 24 men, all British-born Muslims, who planned to carry the liquids in drink bottles and combine them into explosive cocktails to commit mass murder aboard as many as 10 flights high over the Atlantic.

Intelligence officials said they believed that some plotters were probably still at large, requiring increased airport security.

Airports, which faced chaotic delays and cancellations, instantly changed rules on what passengers could carry on board. In the United States, liquids, gels and creams were banned from carry-on luggage. In Britain, all carry-on items were barred except objects like wallets and eyeglasses without their cases.

Officials said the plot — of which few concrete details were made known — bore the hallmarks of Al Qaeda and involved links to plotters in Pakistan.

Late Thursday, the authorities in Pakistan said an unspecified number of arrests had been made there, too.

An American counterterrorism official, who spoke in return for anonymity because of the sensitivity of the case, said several of the plotters had traveled to Pakistan in the last few weeks and might have met there with at least one person affiliated with Al Qaeda. The official said it was after that person's arrest by Pakistani authorities that the British, fearing that word of the detainment would send the plotters into hiding, decided to move in.

This is the latest in a series of conspiracies apparently rooted in the disaffection of young, British-born Muslims, many of Pakistani descent, who cast themselves as part of a jihadist struggle against Britain, which they see as an outrider of the United States in Iraq, Afghanistan and now Lebanon.

It also mimicked a failed plot in the Philippines in 1995 financed by Osama bin Laden to blow up airplanes over the Pacific. That ended when the chemicals exploded at an apartment in Manila.

On Thursday, Britain raised its terror threat assessment by one notch to its highest level, "critical," meaning an attack was imminent.

The American official said the plotters were planning a "dry run" of the operation in the next few days when they planned to test whether they could board flights simultaneously. If this had worked, a full-scale attack would have been carried out within days, the official said.

British police officials, who spoke in return for anonymity because of their customary procedures, said the attacks had not been planned for Thursday.

One American official said the attack was not imminent. "I would caution about how close it was," he said. "They had materials, but it wasn't like they were driving out to the airport the next day. They identified a number of flights."

Peter Clarke, London's top counterterrorism police officer, said, "The intelligence suggested that the devices were to be constructed in the United Kingdom and taken through British airports." But he also said that some unspecified event or development late Wednesday convinced British counterterrorism operatives that they must move quickly to thwart a conspiracy with what he called "global dimensions."

The American counterterrorism official said the arrest of the Qaeda-linked man in Pakistan made the British feel they had to act because word of his arrest could send the plotters underground.

In recent days, the Federal Bureau of Intelligence sent hundreds of agents around the United States to chase down possible leads from British intelligence sources.

"There is no indication as of now that anyone in the U.S. was tied to this," a senior Justice Department official said.

About 8:30 Wednesday night, federal officials called security officers at the major airlines and told generally of what was happening as well as the security measures that would begin on Thursday. Among the airlines believed to be targets were United, American and Continental, according to officials from the Department of Homeland Security, although it was unclear whether the plotters had bought tickets.

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Mr. Chertoff said the attackers planned to carry explosive material and detonation components "disguised as beverages, electronic devices and other common objects" onto the planes.

A bulletin issued Thursday by the F.B.I. about the plot gave details of some of the properties of liquid-peroxide-based explosives. It noted that they are sensitive to "heat, shock and friction" and can be detonated with heat or an electric charge.

In some ways, news of a plot that could have killed thousands of people reinforced the sense among Americans after Sept. 11, 2001, and the British after July 7, 2005, that their world had changed irrevocably in a way few would have wished. "This is the new way of life," said Arleen Malec, 60, a homemaker from Chicago who arrived in London from the United States.

But news of the plot also played into the fractured politics on both sides of the Atlantic, bolstering the arguments of those in London and Washington who argue, like Prime Minister Tony Blair, that the West is locked in an "elemental battle" with radical Islam. In the United States, President Bush said the plot showed that the United States was "at war with Islamic fascists who will use any means to destroy those of us who love freedom."

At the same time, both American and British officials were left to contemplate what seems a remarkable robustness among British jihadists who, since shortly after the Sept. 11 attacks, have been embroiled in five or six known conspiracies. Some have been unsuccessful, some unproven and one — on July 7, 2005 — terrifyingly effective when four bombers killed themselves and 52 commuters on the London transportation system.

But all of them have defied official British efforts to forestall new attempts, either through ever-more stringent security arrangements that have angered civil rights groups or through efforts to embrace what are seen as moderate Muslim leaders. The latest conspiracy came despite the jailing or forced exile of prominent radical clerics such as Sheik Abu Hamza al-Masri and Sheik Omar Bakri Mohamed.

For the first time in the United States, the threat assessment level on transatlantic flights was raised to its highest — "red" — and stringent new security measures were enforced, as was the case in Britain.

The suspects were arrested in nighttime police raids on modest-seeming homes as far apart as East London's Walthamstow District; High Wycombe, west of the capital; and Birmingham, in the Midlands. Some 24 hours later, none had been identified by name.

The reported conspiracy, which British officials said had been under surveillance for months, again raised the question of how closely British-born terrorists were linked to Al Qaeda.

Robert S. Mueller III, the F.B.I. director, said the plot had "all the earmarks of an Al Qaeda plot" but added that there was no direct evidence of this.

Also in the United States, Homeland Security Secretary Michael Chertoff said new restrictions imposed on travelers reflected a belief that the plotters planned to use liquids, "each one of which would be benign, but mixed together could be used to create a bomb."

He added, "It was not a handful of people sitting around and dreaming."

Referring to the 24 people arrested under counterterrorism laws, John Reid, the British Home Secretary, told reporters that the police were "confident that the main players have been accounted for."

He acknowledged similarities to the plot in the Philippines 11 years ago. The conspirators in that plot were Khalid Shaikh Mohammed, who was starting his climb to become a top Qaeda operative, and Ramzi Ahmed Yousef, who was the mastermind of the 1993 bombing of the World Trade Center. After the Sept. 11, attacks, another plot involving airplanes related to Richard C. Reid, the so-called shoe bomber, a British-born Muslim who tried to blow up an America-bound flight from Paris with explosives hidden in a sneaker.

The scale of the British raids and arrests was particularly remarkable since, only weeks ago, the police drew criticism from British Muslims for arresting two brothers in East London whom they later had to release for lack of evidence. At the time, the police indicated that they were looking for a chemical bomb.

At Britain's airports, chaos spread rapidly as airlines closed down flights. For much of the day, British Airways canceled short flights to Europe, and many European airlines canceled flights to London.

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Travelers on the Heathrow Express train from London's Paddington Station heard a recorded female voice announcing: "You can take tissues on the plane, but only if they are unboxed. You can also take baby food and milk on board, but the contents of the bottle must be tasted by the accompanying passenger."

At Terminal 3 in Heathrow Airport, hundreds of passengers jammed into the terminal building, and airline officials handed out clear plastic bags to passengers for their limited carry-on items. Many passengers said airline officials refused to tell them what was going on.

In Paris, after an emergency cabinet meeting, Interior Minister Nicolas Sarkozy said France had increased its security alert to "red" — one degree below maximum level. He said France had stepped up airline security measures and was introducing new steps for flights bound for Britain and Israel, including thorough searches of all hand baggage.

French airports were nonetheless crowded with thousands of stranded passengers. Flights leaving for Britain were canceled during most of the day, but air traffic bound for the United States was close to normal, spokesmen for different airlines said.

Many passengers deprived of their connections from London flocked to the Eurostar train under the Channel, to reach the European continent and to continue their travel via Paris. At train stations and airports, uniformed members of the police and military increased their patrols.

In Spain, only about 10 percent of 800 flights to London took off, leaving thousands of vacationers stranded, according to Aena, the main operator of Spanish airports. The Prime Minister, José Luis Rodríguez Zapatero, told reporters that the Spanish authorities had "ordered the tightening and strengthening of all the controls that affect the security of the airports in our country."

Prime Minister Blair had left for a Caribbean vacation last weekend after delaying his plans because of the Lebanon crisis. His office said that he had briefed President Bush on the situation. British politicians in general refused to be drawn into what has become a familiar public debate about whether Britain is a target for terrorists because of its alliance with the United States.

In High Wycombe, west of London, residents said the police seemed to have raided two places and a wooded area. "It's shocking when it's so close to us, on our doorstep, not on the other side of the country," said Sue Needham, a 36-year-old homemaker near the wooded area.

In Walthamstow, East London, John Weir, 50, said he lived opposite one of the houses raided in London. "It was sold overnight," he said. "One day it was up for sale, and the next it was gone." He said two men moved in the next weekend, but the house often seemed empty.

Analysis: Plot May Have Been 9/11 Sequel (AP-Y)

By Paul Haven

AP, August 11, 2006

The plot had been in the works for months, and its goal was horrific. One after another, planes would have exploded in the sky, sending hundreds of men, women and children to their deaths.

Counterterrorism officials said Thursday the plan thwarted in London appears to bear the fingerprints of al-Qaida, and may even have been "the Big One" they have been dreading since Sept. 11, 2001, particularly as the five-year anniversary of the attacks on the United States approaches.

More than 20 people have been arrested, terror threat levels have been raised to some of their highest levels and hundreds of flights have been canceled worldwide.

"In terms of scale, it was probably designed to be ... a new Sept. 11," said Jean-Charles Brisard, a French private investigator who works with lawyers of many Sept. 11 victims. "It involved the same tools, the same transportation tools and devices."

Rohan Gunaratna, a terrorism expert at Singapore's Institute of Defense and Strategic Studies, said everything known so far points to involvement by Osama bin Laden's terror group.

"It is a classic al-Qaida tactic. It is a hallmark of al-Qaida to carry out coordinated, simultaneous attacks and the aviation domain is certainly known to al-Qaida," he said.

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FBI Director Robert Mueller echoed those sentiments, saying: "This had the earmarks of an al-Qaida plot." U.S. Homeland Security Secretary Michael Chertoff added that the plan was "sophisticated, it had a lot of members and it was international in scope."

There have been dozens of thwarted plots around the world since the Sept. 11 attacks, and several were murderously successful. Suicide bombers killed 52 people in London on July 7, 2005, 58 in two attacks in Istanbul, Turkey in 2003, and 202 in Bali in 2002. Islamic radicals killed 191 people in Madrid on March 11, 2004, then blew themselves up days later as police closed in.

While al-Qaida's call for global jihad clearly acted as inspiration, there has been no direct evidence that bin Laden or his No. 2, Ayman al-Zawahri, had advance knowledge of those attacks, that they helped plan them, or that they provided financial or logistical help to those who carried them out.

The group's failure to match the destruction it inflicted on Sept. 11 has led to speculation that a global dragnet that has forced bin Laden into hiding and ensnared many of his most trusted deputies may have degraded al-Qaida's abilities.

Analysts said Thursday that is a theory to be believed only at the world's peril.

The plan thwarted by the British had the potential to dwarf the attacks of recent years — killing hundreds, perhaps thousands.

It also appears to have involved far more extensive planning and expertise.

Counterterrorism agents have been tracking the alleged plotters for months and made arrests in London and its suburbs, as well as in Birmingham, England. A British police official said the suspects appeared to be "homegrown," though it was not immediately clear if they were all British citizens.

Magnus Ranstorp, a terrorism expert at Sweden's Center for Asymmetric Threat Studies who has done extensive research on al-Qaida's recruiting efforts in Europe, said the foiled plot in Britain "could very well have been an attempt at 'the Big One.'"

He warned against doubting the gravity of the threat.

"This was really serious. Police have no reason to play politics. I think one should take what they say very seriously," he said.

Andrea Nativi, a researcher at the Rome-based Military Center for Strategic Studies, said the plot resembled the Sept. 11 attacks in ambition and was entirely different in scope from other terror schemes of recent years.

"By comparison, the London subway attacks look like child's play," he said.

Rodolfo Mendoza, a police intelligence official in the Philippines, said the "modus operandi" is the same as al-Qaida has used in the past — and he should know.

Mendoza was among the law enforcement officers involved in thwarting a scheme by al-Qaida terror mastermind Ramzi Yousef to use liquid explosives to blow up a dozen airliners in 1995 as they flew across the Pacific to U.S. destinations, including Los Angeles, San Francisco, Honolulu and New York.

Like al-Qaida's decade-long effort to bring down the World Trade Center in New York, first in 1993 and then, disastrously, in 2001, the latest plot to blow up commercial airliners reveals the group's unwavering resolve, Mendoza said.

"These people are obsessed," he said. "They will try and try and try again to accomplish their mission.

Al Qaeda Imprint Debated (LAT)

By Josh Meyer

The Los Angeles Times, August 11, 2006

WASHINGTON — For U.S. and British authorities, it is not surprising that a group of militants would plot terrorist attacks about the time of the fifth anniversary of the Sept. 11 strikes on the World Trade Center and the Pentagon.

But authorities are still not sure whether they think the alleged plot to blow up as many as 10 airliners over the Atlantic Ocean was the work of Al Qaeda or an operation launched by British citizens of Pakistani descent.

The most likely answer is that the alleged conspiracy was a potent combination of the two, with at least one dangerous Pakistani militant organization thrown into the mix as well, according to intelligence and law enforcement officials here and abroad.

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"There hasn't been anyone in a long time who is serious about this stuff who thinks it begins and ends with Al Qaeda," one U.S. intelligence official said. "You are dealing with a complex picture with a lot of actors. People [in the U.S. government] are looking at all of the possibilities, as are our counterparts" in Britain.

Most, if not all, of the suspects are British nationals of Pakistani descent, at least some of whom had ties to radical fundamentalists in Pakistan, U.S. officials said. At least one had traveled to Pakistan, they said.

"As to whether this is Al Qaeda central or not, there is some ambiguity there," said the U.S. intelligence official, who did not want to be named because the investigation is ongoing. "There are hallmarks, yes. But all of the threads have not been picked up yet, and one can't say definitively at this point that it points back to Al Qaeda central."

Authorities are pursuing a more comprehensive theory: that the alleged plotters may have been following the model of London militants who blew up several subway stations and a bus last summer, killing 52 people and injuring at least 700.

In that case, one of the four lead plotters, Mohamed Sidique Khan, traveled extensively to Pakistan and is believed to have trained in guerrilla camps there. But he was never connected conclusively to Al Qaeda, even though he appeared in one of the organization's promotional videos.

Authorities say Khan in all likelihood trained in camps run by Lashkar-e-Taiba or Jaish-e-Muhammad, two militant groups considered to be feeder organizations providing Al Qaeda with a wellspring of recruits, as well as money and logistical support.

And authorities believe a second subway plotter, Shahzad Tanweer, also traveled to Pakistan, met with officials of both militant organizations and spread the word among friends when he got back to Britain.

One senior FBI counter-terrorism official said authorities had detected a similar pattern in other countries, as militants travel to Pakistan, receive training from the two groups and return to their homelands bent on launching attacks.

In some cases, the camps are run in tandem by the militant groups and Al Qaeda, said the official, who spoke on condition of anonymity because the investigation is continuing.

"Some went to the camps and came back and started their own little groups, and those in turn started other cells, so it's sometimes impossible to tell where to draw the lines" between Al Qaeda, the two militant Pakistan groups and homegrown militants, the FBI official said.

U.S. authorities think the groups have tens of thousands of followers throughout Pakistan, and many hundreds of them have gone on to become operational soldiers and leaders of Al Qaeda.

But even as Pakistan has clamped down on Al Qaeda, militant groups have operated with virtual impunity, changing their names occasionally to avoid government crackdowns.

The result, U.S. officials and outside experts say, is that the militant groups have taken over many of Al Qaeda's core functions — recruiting, radicalizing and training militants for attacks against the West.

Initially, the groups were dedicated specifically to the fight against India over the disputed territory in Kashmir. But in recent years, they have begun training jihadists who want to attack the United States and Western interests, U.S. officials and outside experts said.

"Pakistan has not yet fully dismantled the training infrastructure of the various jihadi groups," said Husain Haqqani, an author and former senior advisor to three Pakistani leaders. "And in the post 9/11 environment, if a person feels inspired by Al Qaeda and wants to get training and act on his own or as part of a small group, Pakistan still remains a viable place for him to find the means to be a terrorist."

The jihadi groups serve as conduits for Al Qaeda, said Haqqani, a professor of international relations at Boston University.

"They do the training, they help people move through Pakistan and into contact with Al Qaeda," he said. "Now all you need is a basement or a back room to learn how to mix explosives and how to use household items for terrorist purposes."

Lashkar-e-Taiba, or LET as it is known, was linked to an alleged terrorist plot in Canada in which authorities arrested at least 17 men in June on suspicion of planning attacks against government facilities. An 18th man was arrested last week.

Two Atlanta men linked to the Canada case were planning to visit LET camps in Pakistan for jihad training, authorities have said.

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In another case, suspects in what prosecutors called the "Virginia jihad network" in the Washington area had connections to LET. Eleven young Muslim men, who trained in part through paintball games, were accused of conspiring to commit offenses against the U.S. This year, nine of the 11 were convicted or pleaded guilty, receiving prison sentences of as much as 20 years.

On Thursday, Pakistan's government put Hafiz Mohammed Saeed, Lashkar-e-Taiba's founder, under house arrest. Authorities in Pakistan and Washington would not say whether the house arrest was connected to the alleged plot in Britain or to recent terrorist acts in India, including the deadly Mumbai bombings last month.

Saeed founded Lashkar-e-Taiba in the mid-1990s. It has been declared a terrorist organization by Pakistan and United States, and its assets have been frozen.

But in a bid to avoid government restrictions, Saeed later formed Jamaat ud-Dawa, which Washington listed as a terrorist organization this year even though it operates legally in Pakistan.

Thwarting The Airline Plot: Inside The Investigation (TIME)

By Brian Bennett And Douglas Waller, Washington

Time, August 11, 2006

Exclusive: U.S. picked up the suspects' chatter and shared it with British authorities; new federal alert warns that peroxide-based explosives could also be employed in future attacks in the U.S.

Wednesday night was a long and troubling one for Homeland Security Secretary Michael Chertoff. A bubbling plot by British citizens to blow up airplanes had come to a boil in the past three days, and as British authorities arrested dozens of suspects around London, it was Chertoff's job to coordinate the U.S. defenses. Scary intelligence reports pop up all the time, but this particular terror operation got close enough to being carried out that it rattled even the normally sedate Chertoff. "Very seldom do things get to me," he told Rep. Peter King, the Republican chairman of the House Homeland Security Committee, in a phone call late Wednesday night. "This one has really gotten to me."

Chertoff had good reason to be worried. Senior U.S officials have confirmed to TIME details of the plot that led the secretary to ratchet up the color-coded security alert for British-U.S. flights to an unprecedented red for "Severe." A total of 24 individuals were arrested in Britain overnight and, says one senior U.S. official who was briefed on the plot, five still remain at large. Their plan was to smuggle the peroxide-based liquid explosive TATP and detonators onto nine different planes from four carriers — British Airways, Continental, United and American — that fly direct routes between the U.K and the U.S. and blow them up mid-air. Intelligence officials estimate that about 2,700 people would have perished, according to the official.

Britain's MI-5 intelligence service and Scotland Yard had been tracking the plot for several months, but only in the past two weeks had the plotters' planning begun to crystallize, senior U.S. officials tell TIME. In the two or three days before the arrests, the cell was going operational, and authorities were pressed into action. MI5 and Scotland Yard agents tracked the plotters from the ground, while a knowledgeable American official says U.S. intelligence provided London authorities with intercepts of the group's communications. Most of the suspects are second or third generation British citizens of Pakistani descent whose families hailed from war-torn Kashmir. U.S. officials believe the 29 members were divided into multiple cells and planned to break into small groups to board the nine planes.

During the past few months the plotters' attack plans had changed, > said Deputy Secretary for Homeland Security Michael Jackson. "There were different data sets about their interests over time that evolved," he said. It was only in recent days, said Jackson, that the plans began to focus on British-U.S. flights. The plot was "very near execution" but not imminent, Jackson said. "We didn't pull people off of airplanes."

So as not to derail the British round-up, Chertoff had to wait until the early hours of Thursday morning after all the London arrests were made before notifying U.S. airports of the threat, say senior DHS officals. When it became clear the arrests would be wrapped up around 1 a.m Washington time, Chertoff got on a conference call with his Homeland Security Advisory Committee to approve changing the threat level. Then calls when out to the airlines, airline security companies and labor unions affected by the changes, as well as to members of Congress.

Though the plot has all the hallmarks of an al Qaeda operation, U.S. officials cautioned that there isn't yet evidence of a direct link between the plotters and the organization's top leaders. "We're not convinced this particular operation is connected to

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the al Qaeda chain of command," Charles Allen, Chief of Intelligence for the Department of Homeland Security, told reporters on Thursday afternoon. As for whether the attack was being timed for the fifth anniversary of Sept. 11, Allen said he thought the attack would simply be launched when it was ready. "I am a long standing believer that terrorist plotters or planners execute when they have all of the plot together," said Allen. "We have no evidence this was timed to any particular holiday or special event."

The plot also appears to be a return to older terrorist tactics of trying to blow up an airplane in mid air, rather than turn the jet into a missile as the Sept. 11 attackers did. Allen stressed that the plans seemed designed to kill passengers, not crash into a city on the ground. "We have no evidence there was targeting of cities," said Allen, "This was an effort to destroy multiple aircraft in flight — not against any territory of the United States."

With five members of the cell believed to be at large, the threat still looms and intelligence officials are still working to unravel the full extent of the plot. "I don't believe we know all the dimensions of this plot. Time has to pass to determine that a network was disrupted," said Allen. Worries another U.S. official: "Plan A has been stopped, but the concern: Is there a Plan B?"

The possibility that liquid explosives could be smuggled onto a plane is not a surprise to counterterrorism experts, and the tightening of U.S. airport security could only be temporary as security officials learn more about the extent of the plot and how to defend against such an attack. The current measures — stripping passengers of anything liquid in their carry-on luggage — were in reaction to these particular arrests, and not to the realization of a new, unforeseen threat. "We're primarily concerned about this particular plot," said Allen, implying that the new security measures are not permanent.

FBI and Department of Homeland Security officials quickly alerted law enforcement agencies around the country to the peroxide-based liquid explosives the London plotters planned to bring aboard the American-bound planes. An alert the FBI and DHS sent out Thursday to state and local law enforcement agencies — which is classified "For Official Use Only" and was obtained by TIME — warns them that the peroxide-based explosives could also be employed in future attacks here.

The Joint Homeland Special Assessment, which the FBI and DHS's Office of Intelligence Analysis drafted and sent out, is titled "Possible Terrorist Use of Liquid Explosive Materials in Future Attacks." The document states: "The FBI and DHS have no information of plotting within the United States, but such a possibility cannot be discounted." The FBI-DHS report notes that Osama bin Laden's top deputy, Ayman al-Zawahiri insisted in a July 27 videotape that Al Qaeda was still intent on conducting another "spectacular" attack in the United States. Zawahiri, the report notes, used photos of the World Trade Center burning on Sept. 11 and 9/11 leader Muhammad Atta "in the background of this video."

The FBI-DHS report next warns law enforcement agencies about the two peroxide-based liquid explosive that could be used in a future attack against the U.S.--triacetone triperoxide (TATP) or hexamethylene triperoxide diamine (HMTD). The report describes how a terrorist would assemble bombs with these chemicals. Peroxide-based liquid explosives "are sensitive to heat, shock, and friction, can be initiated simply with fire or electrical charge, and can also be used to produce improvised detonators," the report states. "For example, TATP or HMTD may be placed in a tube or syringe body in contact with a bare bulb filament, such as that obtained from inside a Christmas tree light bulb, to produce an explosion." The report doesn't mention anything about a terrorist assembling such a bomb on a plane, but it does warn that manufacturing such a device can be dangerous for the bombmaker. "Because of the instability of these substances," the report notes, "spontaneous detonation can occur during the production process."

Over the past ten years peroxide-based explosives have popped up in a number of terror operations, according to FBI-DHS report. "Terrorist have used peroxide-based explosive both as a main charge (weighing in excess of 20 pounds) and improvised detonators," the joint assessment states. "TATP was popularized as a main charge explosive in suicide bombs used by Palestinian terrorist groups."

Ramzi Yousef, who was convicted in 1996 for plotting to simultaneously bomb up to a dozen U.S. commercial airliners flying in the Far East, had manufactured TATP detonators. Arrested Dec. 14, 1999, for planning to attack Los Angeles International Airport in the millennium bombing plot, Ahmed Ressam had HMTD and RDX (cyclotrimethylene trinitrame) in a vial in the trunk of his car. He also had over 100 pounds of urea sulfate white powder and eight ounces of nitroglycerine mixture.

More recently, British shoe bomber Richard Reid tried to detonate his device with TATP as the initiator while aboard a Dec. 22, 2001, American Airlines flight from Paris to Miami. A mixture of TATP and ammonium nitrate was used in suicide bombs in Casablanca, Moroco on May 16, 2003. And the FBI-DHS report notes that four of the suicide bombers in the London subway

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attack July 7, 2005 "used peroxide-based explosive devices (IEDs), concealed inside rucksacks." With such a rich history, liquid explosives are sure to challenge America's counter-terror defenses for many years to come.

Texas Airports Tighten Security, Passengers Questioned In Austin (DMN/AP)

By By Paul Weber, Associated Press

The Dallas Morning News, August 11, 2006

Texas airports responding to the terrorist threat announced Thursday increased security measures, including detaining and questioning passengers traveling aboard a JetBlue flight from Boston to Austin after the crew found a "suspicious note" on board.

The note appeared to be written in Arabic, but investigators later determined that it was Cyrillic lettering, an alphabet used in Russian and other Slavic languages, said Erik Vasys, an FBI spokesman. It also appeared the note was "purposely hidden in one of the lavatories," he said.

"The note had no connections to terrorism and contained no threat," Vasys said. He would not, however, release details of the note.

The 59 passengers and four crew members aboard Flight 1263 were escorted off the plane and questioned by FBI and the Transportation Security Administration agents, said Jenny Dervin, a JetBlue spokeswoman. They were later released; no arrests were made.

Meanwhile, Texas passengers adjusted to the government's ban on liquids aboard flights by throwing away beverages and repacking carry-on bags before going through security checkpoints.

British intelligence indicated the terror plot involved using benign liquids that could be assembled inside an airplane cabin to make an explosive.

The plot targeted flights from Britain to the United States, particularly to New York, Washington and California on United Airlines, American Airlines and Continental Airlines, a counterterrorism official said Thursday, speaking on condition of anonymity because of the sensitivity of the situation.

The U.S. government responded by banning passengers from carrying beverages, hair gel, lotions, toothpaste, shampoo and other liquids aboard flights, including drinks bought at airport concession stands.

Cherrie Crumby, an American Airlines employee trying to fly standby out of Dallas-Fort Worth International airport with her 4-year-old granddaughter Diamond, said she lost $50 worth of perfume, toothbrushes and lotions to the heightened security. When she didn't make the flight and tried to retrieve the items at a security checkpoint, baggage screeners told her the items had already been discarded.

"It's very disappointing," Crumby said. "I can't afford to be buying those things again."

Dana Jennings, 44, of Dallas, got her passport ready as she waited to go through security for her connecting flight to London. She crammed eight days-worth of clothing into two carry-ons because she didn't want to be burdened with extra luggage at Heathrow Airport, which she suspected might be chaotic.

"I picked a bad day to fly there," said Jennings, a business consultant. "I'm not overly confident right now."

Johanna Carty, 30, learned of the ban as she made a connecting flight at Houston Intercontinental airport, traveling from Oakland, Calif., to Peru with her three young nephews. She spread her four bags on the floor, scoured them for the banned items, then stuffed them in a backpack to check as luggage.

"It is a hassle because I have to go through all my bags. I already had everything organized," she said.

Adriana Breidenstein, a travel agent going from Houston to Mexico on business, agreed that the security changes were frustrating, but necessary. She took her makeup bag out of her carry-on bag and put it in her luggage before checking it.

"It's a hassle, but you have to be flexible now days. It's not going to go away," she said of the terrorism threats.

At DFW Airport, American Airlines' home base, and Bush Intercontinental, where Continental is based, extra police and K-9 units were added to patrol terminals and parking garages, airport authorities said.

California and Massachusetts decided to use National Guard troops to bolster airport security, but Gov. Rick Perry said no troops would be sent to Texas airports.

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"Our homeland security director made a decision that the National Guard was not needed at this particular point in time," Perry said. "The threat was not something that the Guard would basically be making an impact on. Every governor gets to make a decision in his and her state, so I'd direct you to California and the other states that made that decision, but I think we made the right decision in balancing the people's right to travel and balancing the people's safety and I think we made the right call."

Republican U.S. Sen. John Cornyn said in Austin that Americans shouldn't change their travel plans or lifestyles because of the thwarted attack.

"This is not a time for people to withdraw within their doors, to not travel, to not do the things they would ordinarily do, but rather I think it's a time for us to remain vigilant during a very, really the challenge of our generation."

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Associated Press writers Juan Lozano in Houston, April Castro in Austin and Terry Wallace, Jamie Stengle, Julia Glick and Sonia Moghe in Dallas contributed to this report.

Precautions Jam Air Travel (USAT)

By César G. Soriano And Bill Nichols

USA Today, August 11, 2006

LONDON — Air travelers in the USA face chaos and disruption for the foreseeable future in the wake of an alleged plot to blow up several U.S.-bound aircraft over the Atlantic.

Homeland Security Secretary Michael Chertoff said Thursday that until a full investigation is completed into the plot reportedly thwarted by British authorities, stringent new security measures will remain in place at U.S. airports.

"The motto has to be, 'Better safe than sorry,' " Chertoff told CNN. New guidelines barring U.S. passengers from carrying liquids or gels onto flights produced long security lines as the uncovered plot roiled air travel worldwide.

At a news conference, Chertoff said the plotters planned to use liquid explosives disguised as beverages and other products and set them off with detonators disguised as electronic devices.

The alleged plot, which FBI Director Robert Mueller and Chertoff said had "the earmarks" of an al-Qaeda operation, appeared to be the most extensive and potentially life-threatening terrorist threat since the Sept. 11 attacks in 2001.

If the plot had succeeded, "we would have seen a disaster on a scale comparable to 9/11 with hundreds, maybe thousands of people being killed," Chertoff said on PBS' NewsHour with Jim Lehrer.

President Bush said the planned attack was a "stark reminder" that the United States is still "at war with Islamic fascists."

Chertoff and British authorities said an investigation was ongoing into the plot. Twenty-four people were arrested Thursday by British police.

London's Heathrow Airport was closed to most European flights, and many flights from U.S. cities to Britain were canceled. British authorities prohibited carry-on luggage on all flights, as well as liquids other than medicine and baby formula.

In the USA, the Bush administration raised the threat level for flights from Britain to Code Red, the highest possible. It was the first time the red alert has been used in the Homeland Security warning system. All other U.S. flights, including domestic flights within the country, were put on Code Orange, one step below Red.

"What a mess," said Ramesh Doshi, 59, a Los Angeles physician, as he waited in a long line at Los Angles International Airport to see his niece off to Mumbai, India.

U.S. Transportation Security Agency Prohibits Carrying Liquids And Gels On Flights (NYT)

By Jeremy W. Peters And James Kanter

The New York Times, August 11, 2006

Travelers still having nightmares over the delays caused by passengers who forgot to remove tweezers and matches from their carry-on luggage should prepare for the Transportation Security Administration's new target: all nonsolid forms of matter.

Effective yesterday, the Department of Homeland Security banned all liquids and gels from carry-on luggage aboard airplanes. That means everything from bottled water to coffee to common toiletries like contact-lens solution, nail polish and toothpaste now must be checked. If you forget, prepare to surrender offending items at the security checkpoint.

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Even beverages bought beyond the security checkpoint are forbidden on board. If you buy a soda or a bottle of water in the terminal, finish it before boarding because you will not be allowed on the plane with it.

Kip Hawley, assistant secretary of homeland security, offered this advice, "De-clutter your bag."

"That is something very easy to do as you pack your bag," he said. "Leave the liquids at home, drink them."

The new restrictions are part of a temporary security enhancement at the nation's airports after the discovery by British intelligence officials of a plot to blow up airplanes flying from Britain to the United States.

In announcing the additional precautions, Homeland Security Secretary Michael Chertoff said they were temporary, but he indicated that they would remain in place while the Transportation Security Administration refined its screening procedures so it could more thoroughly examine liquids.

A Transportation Security Administration spokeswoman, Ann Davis, said yesterday that the agency was still looking at how long the heightened restrictions would be in place. "We don't have any indication as to when the restrictions will be lifted," she said.

The liquid and gel ban has exceptions. Baby formula and medicine are allowed, provided that passengers present them for inspection and are prepared to prove that the name on the bottle matches the name on their ticket. That does not mean passengers will be required to taste baby formula to prove that it is not really a hazardous liquid, as was the case in Britain yesterday.

The new American precautions are far less restrictive than those in Britain. At British airports, passengers traveling to the United States must endure trans-Atlantic flights without iPods, personal DVD players and computers to distract them. Only essential items like passports and wallets held in transparent plastic bags are allowed in the cabin. Passengers are not permitted to carry anything in their pockets, and women's handbags may not be carried on.

The British also banned carry-on liquids, from apple juice to whiskey; passengers had to check their liquid prescription medicine and contact-lens solution yesterday. Women's sanitary items were allowed in the cabin, but only if they were removed from their boxes.

Tony Cane, a spokesman for British Airways, said reading material also could be affected. He said the airline had advised travelers to put books in checked luggage.

Meanwhile, passengers traveling from the United States to Britain may take items like laptop computers on board, but that if they travel through a British airport, hand luggage — including laptops — will not be allowed, Mr. Cane said.

In other European countries, new security procedures varied. Spanish officials said that they would monitor passengers more closely but were not adding restrictions on carry-on items.

In Italy, passengers were also being screened more carefully. A spokesman for the transportation minister said Italy was "waiting to understand the situation in the U.K." before issuing any rules restricting carry-on items.

ENAC, the Italian Civil Aviation Authority, said Thursday that passengers to Britain, Israel and the United States should bring as little luggage as possible, and limit carry-on luggage to "documents, medicinal drugs and those personal effects required for the trip."

Airport authorities at Fiumicino airport in Rome, where flights to Heathrow were canceled, also banned all liquids from carry-on luggage on flights to Britain, Israel and the United States.

The disruptions are likely to have the strongest effects on business travelers, who have grown used to taking day flights to meetings with only carry-on luggage, and who rely on laptops, cellphones and other devices to work while flying to meetings.

"The practice of business worldwide has become totally dependent on using the time while flying to work, but how many people are going to put laptops in their luggage?" asked Robert Aaronson, the director general of Airports Council International, based in Geneva.

Because airport security rules are constantly changing, the latest restrictions are expected to ease over time in the United States and in Britain.

Mr. Chertoff said the restrictions would "give us time to make adjustments in our current screening tactics."

"These measures," the Homeland Security Department said, "will be constantly evaluated and updated as circumstances warrant." Detailed advice for air travelers is available on the department's Web site, www.dhs.gov.

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The Transportation Security Administration eventually relented on tweezers and manicure scissors. Screeners were spending too much time taking them from passengers. So the administration decided those items did not pose enough of a risk to flying to warrant banning. Congress, which passed a law requiring the agency to screen for matches, repealed the measure for the same reason.

It is possible that the new restrictions on liquid will be similarly abandoned.

It is also possible that authorities will set new regulations for how liquids are carried on. After the Sept. 11, 2001, attacks, for example, passengers were only allowed to bring on board drinks in unopened containers. The agency eventually relaxed that rule.

"The prohibited items list has been modified from time to time," said Ms. Davis of the Transportation Security Administration, "and the restrictions issued this morning represent the latest modification."

Liquids And Gels Discarded With Weary Surrender (WP)

By Fredrick Kunkle And Hamil R. Harris

The Washington Post, August 11, 2006

Calvin Klein perfume and L'Oreal mousse, toothpaste and mouthwash, shampoo, hair conditioner, nail polish and deodorant (stick and spray) -- they all got chucked yesterday as travelers emptied their shaving kits and cosmetic bags in the latest ritual of an airport security crackdown.

Gallon after gallon of bottled water in just about every shape, brand and size were also forsaken. The crackdown came as airport officials expanded the list of banned items after the breakup in London of a plot by terrorists planning to blow up U.S.-bound passenger jets with liquid explosives hidden in carry-on luggage.

It created a state of manageable pandemonium that lasted for hours at Baltimore-Washington International Thurgood Marshall, Reagan National and Dulles International airports. But the disruptions were endured in an overall spirit of solidarity and goodwill as word of the plot sank in.

"I came this morning thinking all this stuff is just overkill. I'm just not sure the balance is right between inconvenience and all the security," said Karen Solon, 62, a retired preschool teacher from Falls Church who was flying from Dulles to Canada. "Then they told me about this" plot.

By afternoon, the crowds had thinned and calm had returned but for the occasional moment of drama.

"I'm having a meltdown !" one overstressed maid of honor at National hissed into her cellphone.

But hours before, the scene was chaotic as early-morning passengers began arriving.

Security checkpoints became clogged, creating lines that snaked through the terminals. At BWI, screeners were so thorough that they confiscated toothpaste from air marshals, who carry guns. Police patrolled the terminals with machine guns and sniffer dogs, and fresh signs were posted: "NO LIQUID OR GELS PERMITTED BEYOND SECURITY."

Some security officials taped the advisories to their backs. Others carried megaphones.

"Mascara is not permitted to go!" one shouted. Allowances were made for baby formula and prescription medicines.

As Transportation Security Administration officials struggled with the backups, passengers fretted about whether they would make their flights, whether the new precautions made sense, whether someone would actually try blowing up airplanes with a gel-like substance. Some wished they could cancel their flights, and at least one couple did. And sometimes, though infrequently, their tempers erupted.

"They were basically yelling at whoever they could find," said Zayna Topallar, American Airlines' baggage service manager at National.

Duy Doan, 26, of Fairfax said his heart dropped when he heard the news on television hours before he was to board a United flight to London to visit a friend.

Still, by 3 p.m., he was in the check-in line, clutching his girlfriend's hand. Then came the doubts, the thought of trying to sleep on the plane and not knowing what could happen.

After 90 minutes in line, he decided to cancel his trip -- "I don't think it's worth it," he said -- and to drive to Montreal with his girlfriend.

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As news of the plot sank in, however, some of the fear and frustration evaporated, replaced by resignation.

Wanda Jameson, who was flying to Detroit out of BWI, said she did not mind giving up a pump bottle of Dove soap that could have come in handy while she attended a training session for a plumbers union.

"This is great. I'd rather be safe than sorry," said Jameson, a plumbing instructor who lives in Waldorf.

Some of the most emotional scenes occurred as people opened carry-on bags to reveal their personal -- and sometimes costly -- grooming secrets. And then trash them.

"I'm a little depressed," said Brett Boyd, 37, a pharmaceutical sales representative who said goodbye to a $10 bottle of Crew hair gel and other toiletries.

At Dulles, one man splashed some cologne on his face before pitching the bottle. Lobby manager Roseline Sarfaz said she saw a woman weeping over tossing out perfume and other makeup that cost more than $250.

Nathaniel Hedman and his wife were at Dulles to see off his parents when several passengers began jettisoning toiletries.

A woman from Ghana invited them to take a package of fake eyelashes, which came with a packet of liquid. Another gave them nail polish. Someone else parted with a $42 box of Curve Crush-brand "daily deodorant," "cologne travel spray" and skin soother."

"Oh, they were upset -- especially the lady from Ghana," Hedman said.

There was some happiness later in the day. A cheer went up in the international arrivals area of Dulles at 6:45 p.m. when the first passengers of United Flight 921 from London emerged from the customs area, looking dazed by a long day that ended with a long flight and the bright lights of TV news cameras.

"This is all we were allowed to take onboard," said Martha McColey of Hazleton, Pa., toting a small, clear plastic bag with her passport, wallet and prescription bottles. "They wouldn't even let us take a book."

The flight was more than four hours late, but passengers and their families were relieved after the hours of worry. Arnold resident Gail Somerville first learned about the bomb plot from her daughter, Monique Mobray, 16, who woke her with a phone call at 5:15 a.m. from London.

"She said, 'Ma, turn on the TV,' " Somerville said. "I thought, 'Oh, no, this can't be happening.' "

Liquid Threat Is Hard To Detect (NYT)

By Matthew L. Wald And Eric Lipton

The New York Times, August 11, 2006

WASHINGTON, Aug. 10 — Despite knowing for years that liquid explosives posed a threat to airline safety, security agencies have made little progress in deploying technology that could help defend against such attacks, security experts say.

Since September 2001, the federal government has hired tens of thousands of government screeners and upgraded its metal detectors and X-ray machines. But most of the equipment is still oriented toward preventing a metallic gun or other easily identifiable weapon from being carried aboard; it cannot distinguish shampoo from an explosive.

Cathleen A. Berrick, director of the Government Accountability Office's homeland security and justice division, told a Senate committee in February 2005 that the Transportation Security Administration, part of the Department of Homeland Security, redirected more than half of the $110 million it had for research and development in 2003 to pay for personnel costs of screeners, delaying research in areas including detecting liquid explosives. It has continued to redirect some research and development money, she said Thursday.

"They'd identified it as a vulnerability, they knew it was there, and they'd taken some steps to address it," Ms. Berrick said,

In 1995, a plot to bomb 12 American jumbo jets over the Pacific with a liquid explosive was discovered when the bomb makers accidentally set fire to their laboratory in Manila. Ramzi Ahmed Yousef, who was also involved in the World Trade Center truck bombing in 1993, was convicted in that case.

James Jay Carafano, senior fellow at Heritage Foundation in Washington and an expert on domestic security, said that in the last year, officials at the highest levels of the department recognized the seriousness of the threat posed by liquid explosives and had been pushing aggressively to introduce equipment that could help.

But no such devices are ready to be rolled out.

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"This is not a case of them being caught like a deer in the headlights and saying, 'Oh my God we never expected this,' " Mr. Carafano said. "In fact they expected this threat."

The overnight ban on carrying liquids aboard flights that was imposed Thursday was about the only step immediately available. The ban was only in use for flights originating in this country or Britain; passengers can still carry liquids on American planes flying here from other countries.

The president of the passenger airlines' trade association, James May of the Air Transport Association, said: "I would like to see them have a much larger R&D budget. As the technology of terrorism gets more sophisticated, we have to be more sophisticated."

The department has been moving ahead with the installation of one proven technology, so-called puffer machines, which blow a small amount of air on passengers to look for traces of explosives. To date, the machines have been installed at about 30 airports around the United States, including in New York and Washington.

But these devices may not sound an alarm if a terrorist has been extremely careful in preparing the liquid explosive, meaning no traces are left on the container or the person or bag carrying it.

And once on board, mixing the explosives would be "as easy as mixing a gin and tonic, if you have the right stuff," said Paul Worsey, an explosives expert and professor of engineering at the University of Missouri at Rolla.

Most liquid explosives would require a detonator, but a music player or other hand-held passenger gadget has sufficient electrical energy to do that, experts say.

Without appropriate detection technology, the basic tool for now is big plastic garbage bags, which screeners were using to accept containers of shampoo, hand lotion and beverages that the Transportation Security Administration said were being "voluntarily surrendered" by people who packed their bags on Wednesday night, when those items were considered innocuous, and arrived at security checkpoints on Thursday morning, when they were considered "threat items." Security officials also rescreened passengers at the gate at some airports.

Finding the containers in carry-on bags is also not foolproof.

"Pulling out liquid containers is a fairly easy step," said Steven V. Lancaster, vice president of Guardian Technologies, of Herndon, Va., which makes detection equipment.

But that presumes that the container was in a bag that went through an X-ray machine. The portals that screen people at the airports only detect metal. Hence being sure that there are no liquids will require more pat-downs of passengers.

Mr. Carafano said Homeland Security did at least get an interim program into place quickly in reaction to the London plot, and one that should create, at least in the United States, a decent level of deterrence.

"The terrorist threat has already plummeted significantly," he said, "as the number of people who can do this is probably relatively small and we have had these arrests. And you have a much heightened awareness. Terrorists like predictability and that is gone now."

Homeland Security, while elevating the threat level for the first time to "red" or severe, announced that the highest level of alert applied only to the aviation sector, avoiding the kind of broad-brush announcements that were common during the administration of Tom Ridge, the first Homeland Security secretary.

There are technologies that may do the job — without simply throwing all liquids into the trash.

A. Louis Parker, the president and chief executive of General Electric's security division, said, "I'm 100 percent sure that if it's a known explosive, we could detect it with today's technology." His company opened a lab in San Francisco last December called the Checkpoint of the Future to explore new techniques.

Guardian Technologies already makes software that analyzes the images produced by X-ray machines. Mr. Lancaster said that the Transportation Security Administration would begin testing, possibly next week, a new computer program that looks at the X-ray image pixel by pixel, far more carefully than the human eye could. The software can be set to sound an alarm when a specified number of pixels show a liquid (or solid) with a density that is characteristic of an explosive.

Another vendor, Rapiscan Systems, a subsidiary of OSI Systems, which makes metal detectors and other equipment already used at checkpoints, is developing a liquids detector for the Department of Defense, according to Peter A. Kant, vice president of governmental affairs. The device, about the size of a newspaper vending box, bombards an object with subatomic

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particles called neutrons. Atoms hit by the neutrons give off a gamma ray characteristic of each atom. The machine can sense what part of a briefcase or other small object is giving off gamma rays characteristic of explosives, he said.

That system is still under development.

Rapiscan is also developing a technology called quadropole resonance, that can be added to existing X-ray machines. An object is bombarded by radio-frequency energy. Objects being scanned resonate in a way that is particular to their chemical make-up, so individual chemicals can be scanned for. "We're going to tell it's not shampoo, suntan lotion, wine or water," Mr. Kant said.

The Transportation Security Administration evaluated the technology early this year. But it has not been tested for looking for liquids that are individual ingredients of explosives.

Menace In A Bottle (WSJ)

By Laura Meckler, Deborah Ball And Cassell Bryan-low

The Wall Street Journal, August 11, 2006

Liquids may be the new box-cutters.

Take an explosive chemical like nitroglycerin, hydrogen peroxide or hydrazine, all relatively easy to obtain. Pour it into a travel bottle of mouthwash or shampoo. Bring along a blasting cap like those found on a firecracker, about the size of a short pencil. Jury-rig a travel alarm clock or a cellphone to provide a charge strong enough to set off the blasting cap. Even a small explosion could bring down a jet aircraft.

For all the advancements in aviation security since 9/11, the ingredients for deadly explosives could be easily carried through airport checkpoints and onto an airplane -- until yesterday, that is. In the wake of the foiled plot to blow up as many as ten airliners, carriers in the U.S. and Europe suddenly banned shampoos, creams, gels, beverages and other liquids from carry-on luggage.

"This is a huge area of vulnerability," says Clark Kent Ervin, former inspector general at the Department of Homeland Security. Terrorists, he says, "are learning, adapting. They develop countermeasures to our countermeasures. We are reactive, and they are proactive."

Aviation officials have been worried about the danger of explosives for years, and the Transportation Security Administration has tried to shift its focus to address the threat. With all the screening for weapons in carry-on luggage, it may now be easier to blow up a plane than to hijack one.

IMPACT OF TERROR PLOT

• Nascent Airline Recovery Is Put at Risk1

• Reporter's Notebook: Waiting at La Guardia, Heathrow2

• Photos: Terror Alerts Hit Travelers3

• Statements: U.K., U.S. terror officials4

• New rules for passengers5

• Video: Chertoff discusses new security measures6

After the 2001 terrorist attacks, security officials banned box-cutters, scissors and sharp objects that terrorists could use to hijack a plane. The TSA allowed small scissors and tools back in passenger cabins in late 2005 because they were spending too much time confiscating these items, and because it allowed airport security screeners to focus on the hunt for bombs.

In a similar vein, after Richard Reid unsuccessfully tried to detonate a shoe bomb aboard a plane in late 2001, the U.S. Congress banned cigarette lighters from U.S. flights. Now, TSA officials complain that they are spending too much time confiscating 30,000 lighters a day. Matches are allowed, but lighters are not. Mr. Reid tried to use a match -- not a lighter.

To focus on explosives, the TSA has installed 93 "puffer" machines that can detect minute amounts of explosive residue on passengers in 36 airports. The machines also have been installed at London's Heathrow airport, and TSA is rolling them out elsewhere.

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The TSA also upped the number of bomb-sniffing dog teams. It added teams that watch passenger behavior and try to assess those who exhibit unusual behavior and facial movements. And it gave screeners special training on how to identify bomb-making components hidden in carry-on bags.

Yet experts say the system remains highly vulnerable to plots like the one broken up yesterday in England. Most carry-on baggage passes through an X-ray machine that can easily detect a gun or a knife with its recognizable shape but can miss a bomb component disguised to look innocuous or a bottle of explosive liquid.

"An ordinary X-ray will not be effective in examining a sealed bottle," says Cathal Flynn, former security chief at the Federal Aviation Administration. Screening mass numbers of bottles that come through checkpoints every day is not possible with equipment now available at the checkpoint, he says.

All checked bags are screened for bombs, using CT scans, and those have been considered for carry-on bags, but they are typically very large and would eat up valuable square footage at the checkpoint.

The TSA is planning airport trials with an advanced scanner made by Rapiscan Systems, a unit of OSI Systems Inc., Hawthorne, Calif., which enhances the detection of explosive material. The scanner uses Quadrapole Resonance, a radio-frequency technology that can detect certain explosives in liquids, as well as plastic and sheet explosives, and explosives that might be distributed in packets throughout a piece of luggage and made to resemble innocuous items. The government expects to test the machines at three or four U.S. airports, but they are expensive -- $160,000 each vs. about $35,000 for a basic X-ray.

Another technology that hasn't been deployed by the government would specifically address the threat of liquid in bottles. In the mid-1990s, a small company called Quantum Magnetics, now owned by General Electric Co., began developing a machine that can detect liquid explosives inside bottles. It got some attention in the wake of a 1995 terrorist plot, but has yet to be rolled out in airports.

Dangerous chemicals are easily available. One chemical that has concerned authorities is triacetone triperoxide, known among them as the "Mother of Satan" of explosives because it is so unstable. It is used commonly among suicide bombers in the Middle East and has shown up in a growing number of domestic plots, including in Phoenix where a drug investigation turned into a terrorism probe when authorities found TATP in an apartment there.

Experts say a small amount of explosive material could be devastating. "It may not take a huge blast," says Suraj Lakhani, a researcher on counterterrorism at Royal United Services Institute, a think tank that advises the British government on security issues. "If the person detonating [an explosive] sat near a window or near the fuselage, it could cause a big enough hole to bring the plane down."

Even liquor and matches could be used to start a fire onboard. But aviation and security experts say that as long as airline crews are able to quickly detect and fight a fire in the cabin, it would be difficult for a terrorist to spark a catastrophic blaze. Flight attendants are trained to use portable oxygen and hand-held fire extinguishers at the first sign of a fire, and passenger seats are made of material that only ignites at high temperatures.

Liquid explosives haven't been used much because they are notoriously difficult to transport and can be highly unstable. "The chances of [the explosives] going off while walking around the airport or even when leaving the house is pretty great," says John Chase, a security expert at Kroll Inc., a risk-consulting group and a unit of Marsh & McLennan Companies, Inc.

Yet terrorists have used explosive chemicals on planes before. The latest plot wasn't unimaginable; it reminded several aviation experts of an al Qaeda plot to bomb 11 U.S. passenger jets over the Pacific that was uncovered in the Philippines in 1995. Codenamed "Bojinka," the Serbo-Croatian word for "explosion," the plot also included the assassination of Pope John Paul II during a visit to Manila and crashing a plane into the Central Intelligence Agency's headquarters in Virginia.

Police in Manila stumbled across the conspiracy when they responded to a fire at an apartment rented by Abdul Hakim Murad and Ramzi Yousef, who was later caught in Pakistan and convicted for the 1993 World Trade Center bombing. They found bomb-making materials in a sink and a laptop computer full of coded information. The mastermind of the Bojinka plot -- Khalid Shaikh Mohammed -- later went on to orchestrate the Sept. 11 attacks in the U.S. He was captured in Pakistan in 2003.

In what was believed to be a test run for the Bojinka plot, Mr. Yousef used a liquid bomb on a flight from Manila to Tokyo. He used a stable form of liquid nitroglycerin carried in a bottle labeled as contact lens solution, using cotton as a stabilizer. The

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device was placed in a life-jacket pouch under a seat before he disembarked during a layover. The bomb exploded on the second leg, killing one passenger but the plane was able to land.

At the time, some airports barred passengers from taking liquids onboard planes but relaxed the rules after several months.

Ingredients For A Bomb Are Not Hard To Find (WP)

By Rob Stein

The Washington Post, August 11, 2006

Many easily obtained liquid chemicals can be used to produce an explosive capable of causing a devastating fire or blast aboard an airplane, experts said yesterday.

While hesitant to provide a specific recipe that would aid terrorists, several experts said it would not be difficult to obtain a liquid explosive or chemical mixture that could be smuggled in.

"From available commercial material, and with the right basic knowledge, it doesn't take too much expertise," said Tal Hanan, a security expert at Demoman International Ltd. in Israel. "Any second-year chemical engineering student, probably with the right guidance and some handbook they pull off the Internet, could probably compose such an explosive."

Nitroglycerin may be the best-known liquid explosive. Though terrorists tested the explosive in the mid-1990s as part of a plot to bomb 11 airliners over the Pacific, several experts said it is relatively hard to get and very difficult to handle.

"If it freezes, it detonates. If it falls just two or three feet, it will detonate. It's so sensitive that it's not practical," Hanan said.

One of the explosives most commonly used by Middle East terrorists is triacetone triperoxide, or TATP, a highly potent explosive used by would-be "shoe bomber" Richard Reid. Usually found in the form of a crystalline powder, experts said TATP could be dissolved into a liquid that could be carried aboard a plane.

"Some terrorists have actually held TATP in water in order to reduce its sensitivity," Hanan said.

But terrorists could simply carry aboard a plane the two chemicals used to make TATP.

When the chemicals are mixed together, "chances are it will instantaneously and violently react," said Neal Langerman, a chemical industry consultant who acts as a spokesman for the American Chemical Society. "If it didn't, you can stick in a detonator, hook it up to the battery in your iPod, and you're dead."

Even if the chemicals fail to create an explosion, a major fire will probably be sufficient, Langerman said.

"Fire aboard an aircraft is a very bad thing," Langerman said. "If you create a hot, energetic fire, the aircraft is in very big trouble."

Many other substances could potentially be used to create a fire or an explosion, such as oxidizers used to clean pools or a combination of ammonium nitrate and diesel fuel.

"When you bring them together, you have the most common commercial explosive," said Jimmie C. Oxley, an explosives expert at the University of Rhode Island.

Whatever might be attempted, current airport security measures would easily miss such substances.

"They don't have the ability to detect liquid explosives generally," said Alfred Blumstein of Carnegie Mellon University in Pittsburgh.

In 2003, the Department of Homeland Security shifted $61 million of its $110 million research budget to meet operational needs, such as to pay for passenger screeners, delaying the development of a device for detecting liquid explosives and other things, the Government Accountability Office reported in February 2005.

Members of Congress also say that the department's focus on improving nuclear detection technology has disrupted efforts to integrate government-wide research on a range of biological, chemical and explosives threats.

Deputy Secretary Michael P. Jackson acknowledged that DHS research budgets have "fluctuated over the years" and that refocusing research priorities on short- and medium-term projects is "among our core priorities." But, he added, developing "detection tools of all types" for explosives of all types is a top goal.

"We are doing some testing of machines that test liquids," Jackson said. "There's nothing that's currently suitable for mass deployment, but there are some promising technologies that we're looking at."

Plot Exposes Weak Spot In Aviation (USAT)

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By Alan Levin And Dan Vergano

USA Today, August 11, 2006

Thursday's alleged terrorist plot didn't succeed in blowing up planes, but it struck at the core of a fundamental weakness in aviation security around the globe: the inability to spot explosives made from seemingly harmless ingredients.

That's the bad news.

If there's any good news, says former FBI explosives expert J. Christopher Ronay, it's that bringing down an airliner with a bomb is not guaranteed. A terrorist's success would depend on where the bomb was planted. A bomb near a wing or a fuel line would be devastating; a bomb elsewhere might do less damage.

Rep. John Mica, R-Fla., chairman of the House Aviation Subcommittee, says the type of bombs that an alleged London terrorist group intended to use to crash planes into the Atlantic probably would have slipped through airport detection devices armed even with the latest technology.

"This is a new approach to destroying our aviation system using what I call clean bombs or explosive components to take down multiple aircraft," Mica says. "We face a very serious challenge in that regard. If they get to the checkpoint, our chances of detecting them are limited."

U.S. and British authorities have refused to identify the specific components that the suspects arrested Thursday planned to carry aboard planes. A senior U.S. intelligence official with knowledge of the investigation said the explosive they had chosen is called hexamethylene triperoxide diamine (HMDT) and is based on hydrogen peroxide.

Common liquids found in the home, including hair bleach and food preservatives, could be processed, then combined on board a plane after takeoff to make HMDT.

The typical methods used to detect explosives at airports — swabs that test the exterior of luggage and explosive detection machines — would largely be useless against such ingredients.

Dogs are often the last line of defense against bombs, but they can only detect chemicals they have been trained to recognize. They may not be able to detect chemical components of a bomb.

"An almost limitless list" of compounds can be used to create explosives, says Ronay, now at the Institute of Makers of Explosives, a Washington, D.C.-based safety group. "Terrorists know this stuff. It's in their training."

Intentional bombings have occurred aboard civilian aircraft since at least 1955, he says. An incident that year involved an Illinois man who placed a bomb made of dynamite in a relative's suitcase to collect insurance money.

While all checked bags bound for a jet's cargo hold are screened for explosives, the vast majority of carry-on bags are not. Carry-ons pass through X-ray machines, which may be able to detect the wires in a bomb's detonator but can't show whether a bag contains explosives.

Passengers also must pass through metal detectors before boarding a plane, and their shoes are X-rayed. Virtually no one is checked for explosives.

"This is the greatest vulnerability that we have," says Rep. Peter Defazio, D-Ore., a leading expert in aviation security.

Defazio has been calling for greater explosive detection at checkpoints for years because of several successful attempts to take bombs aboard planes.

In one infamous scheme, hatched in the Philippines in 1994, Ramzi Yousef, a Pakistani terrorist linked to al-Qaeda, planned to blow up airliners en route to the USA with nitroglycerin bombs that were to be mixed on the planes by terrorist operatives.

According to investigative records, he successfully tested his bomb on Dec. 11, 1994. He brought the chemicals aboard a Philippine Airlines flight in nondescript containers, including a contact lens solution bottle.

He mixed them together in the plane's toilet to create the bomb, attached it beneath a seat and got off the jet at a layover.

The explosion tore out a 2-square-foot portion of the cabin floor and ripped in half the body of 24-year-old Haruki Ikegami, a Japanese businessman occupying the seat. He was an industrial sewing machine maker returning from a trip to Cebu, Philippines. Flight attendants placed a blanket where he was seated.

The bomb blew a hole in the cabin floor, revealing the cargo hold underneath. The fuselage of the plane stayed intact, and the plane landed in Okinawa.

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Although the bomb did not take down the jet, Yousef was convinced that he could make a larger explosive that would.

Investigators who eventually captured him and charged him with the 1993 World Trade Center bombing and the airline plot believed that he could, too. He was convicted of conspiring to crash the planes.

Though the plot is well known, Defazio says that not enough has been done to prevent another such attempt.

At one hearing in recent years, he recalls, he asked a new appointee to a top homeland security post whether he knew who Yousef was. The appointee, whom Defazio declined to identify, did not.

"I said, 'You better find out,' " the congressman recalls. "We have done nothing at the checkpoints to detect the kind of bomb that (Yousef) designed and is available to be copied on the Internet. That is just unconscionable."

Location of a bomb, along with its size, are key factors, Ronay says. If the blast destroys structural elements or jet fuel lines, the plane will crash. However, blowing out aluminum sheeting without damaging the aircraft's overall core may still allow the plane to land in some circumstances.

The December 1988 explosion of a Pan American World Airways plane over Lockerbie, Scotland, involved only about a pound of high explosives inside a suitcase that ended up in the luggage bay under the forward cabin where it shredded the plane's skin and blew the front of the plane off.

"It just happened to be the worst place," Ronay said.

Terrorists have demonstrated expertise with peroxide-based explosives in the past.

While common household cleaners and other liquids can be used to create explosives, it's not as easy as it sounds, says Neal Langerman, a chemist with the American Chemical Society, the world's largest chemistry organization.

"It's something of a misstatement to say that because liquid explosive components are commercially available that anyone can make them," says Langerman. "One component you might be able to get at Home Depot, but the other one would require a chemist to purify and jump through the whole process."

Even then, the process would be inherently risky for anyone trying it, he says. Terrorists are just very willing to run the risk of fires or explosions in their makeshift labs.

Sulfuric acid used in drain cleaners, hydrogen peroxide and nail polish remover are some of the ingredients found in bombers' recipes. But at least one of the ingredients in a bomb typically requires chemical refining to purify it — a difficult and dangerous process, Langerman says.

Hydrogen peroxide, an ingredient in many homemade bombs and the one the would-be bombers allegedly planned to use, is found in many medicine cabinets. "But it's way too diluted" to use, as is, for explosives, says Ronald Atkins, who chaired a 1998 National Research Council effort on explosives.

The problem with protecting against explosives extends far beyond the ability to find a peroxide-based bomb. Most carry-on bags and people are not even checked for those explosives that can be readily detected.

Technology already exists to use low-level X-rays to screen passengers for hidden weapons or dynamite or plastic explosives that might be missed by metal detectors. Critics initially complained that it would violate people's privacy because it also displays a person's body. Newer versions block out the body, but still the device has not been put into airports.

Defazio and others have accused the Transportation Security Administration (TSA) of moving too slowly to purchase "puffer" machines that blow air over passengers to detect whether they have come in contact with explosives such as dynamite.

After experimenting with the machines for several years, the TSA will purchase 147 of the machines this year.

"If they are really serious about security, why after five years are there only a few puffer machines?" says Duane Woerth, president of the Air Line Pilots Association. "They're not putting their money where there mouth is, quite frankly."

There seems to be a lack of political will in the USA and Europe to purchase the latest explosive screening technology, says Chris Yates, an aviation security analyst with Jane's Airport Review.

"TSA continues to deploy the latest technology to enhance our explosive detection capabilities at the checkpoint," TSA spokeswoman Amy von Walter said. "In addition, we've provided advanced bomb training to our screening workforce to address the threat of explosives."

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Current airport tests are "not designed to pick up most liquid explosives," says chemist Jimmie Oxley of the University of Rhode Island. "That's what I tell my FBI (Academy) students. You have to think where the terrorists will go next after you (knock) down one approach" to creating a bomb.

Mica says he asked government security experts to test whether the component parts of a bomb — which could include simple ingredients such as concentrated hydrogen peroxide and camping stove fuel — could be detected. They determined they could not.

In May, a German chemistry team outlined the difficulties authorities faced in developing a detection test for two common peroxide-based explosives, triacetone triperoxide (TATP) and HMTD, used in the past by terrorists.

The article in the Analytical and Bioanalytical Chemistry journal suggested that authorities have tests for samples of these explosives, but effective air monitoring for only one, TATP, is now possible.

HMTD, the explosive involved in the British bomb plot, gives off fewer vapors.

Oxley, the University of Rhode Island scientist, predicts that, despite the difficulties, airport bomb scanners will add liquid explosive ingredients to their capabilities within perhaps a year.

Langerman is less sure. "I think the world we knew of easy carry-on luggage is gone," he says.

It's Not Hard To Use Fluids To Cause An Explosion On A Plane, Chemists Say (NYT)

By Kenneth Chang And William J. Broad

The New York Times, August 11, 2006

Of the hundreds of types of explosives, most are solid and only about a dozen are liquid. But some of those liquid explosives can be readily bought, and others can be put together from hundreds of different kinds of chemicals that are not hard to obtain.

A memo issued by federal security officials about the new plot highlighted a type of liquid explosive based on peroxide.

The most common peroxide explosive is triacetone triperoxide or TATP, which is made from two liquids: acetone, the primary ingredient of most nail polish removers, and hydrogen peroxide, commonly used as an antiseptic when diluted. TATP, which can be used as a detonator or a primary explosive, has been used in Qaeda-related bomb plots and by Palestinian suicide bombers.

TATP itself is a white powder made up of crystals that form when acetone and hydrogen peroxide are mixed together, usually with a catalyst added to speed the chemical reactions. But there is no need to wait for the crystals. Acetone and peroxide is "an exceedingly reactive mixture" that can be easily detonated by an electrical spark, said Neal Langerman, president of Advanced Chemical Safety, a consulting company in San Diego.

Acetone is easy to obtain, hydrogen peroxide somewhat harder. The hydrogen peroxide solution sold in pharmacies is too dilute, only 3 percent, to be used in an explosive. Stronger hydrogen peroxide of 30 percent concentration can be ordered from chemical supply companies, but concentrations strong enough to generate a powerful explosion, about 70 percent, are not readily available, Dr. Langerman said.

But acetone mixed with a 30 percent peroxide solution could still set off a fire that might burn through the aluminum skin of an airliner and cause it to crash, Dr. Langerman said.

"All of them are highly energetic," he said of the various chemical combinations. "It doesn't take much to punch a hole in the side of a plane, and if you punch a hole in the side of a plane, the plane comes down."

In theory, scientists know how to detect peroxide-based explosives. The challenge will be to design machines that can perform the scans quickly and efficiently on thousands of passengers passing through security checks. "It will not be easy as the swab tests we are using for nitrogen compounds right now," Dr. Langerman said.

Other common liquid explosives, like nitroglycerine and nitromethane — the fuel of dragster race cars — contain nitrogen compounds, so it may be possible to adjust current scanning machines to detect them.

Robert M. Blitzer, a former F.B.I. terrorism official now at ICF International in Fairfax, Va., said the bureau had worried for more than 15 years about the possibility of liquid explosives on airliners. "We were very concerned about any form of explosive material, including liquids and gels," he said.

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But after the Sept. 11 attacks, worries about solid explosives became the main concern. Given that, it is not surprising that terrorists turned to liquids in this latest plot, said Jimmie C. Oxley, an expert on the chemistry of explosives at the University of Rhode Island who has advised federal officials.

"It was not seen as the threat," she said. "Now that the terrorists have staked out our vulnerabilities, that's where the threat has gone, and we'll have to respond."

But, once new equipment gets into airports to lessen the threat of liquid explosives, Dr. Oxley said, terrorists will "look for the next vulnerability."

Bush Says U.S. Still At Risk Of Attack (AP)

By Nedra Pickler

AP, August 11, 2006

President Bush said Thursday that a foiled plot to blow up multiple flights from Britain to the United States shows "this nation is at war with Islamic fascists."

"This country is safer than it was prior to 9-11," Bush said from the tarmac at Austin Straubel International Airport. "We've taken a lot of measures to protect the American people. But obviously we still aren't completely safe. ... It is a mistake to believe there is no threat to the United States of America."

The president laid the blame for the would-be attack squarely on al-Qaida-type terrorism.

"This nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation," he said, his remarks carried live on television.

Bush read from remarks he had written himself on sheets of white paper. He spoke for just two minutes and took no questions. His brief message, aside from focusing on the "stark reminder" of the U.S.-led global war on terror, mostly appeared to be a promise that his administration was working to keep citizens safe.

"The American people need to know we live in a dangerous world, but our government will do everything we can to protect our people from those dangers," the president said.

Bush's spokesman had earlier declared "it is safe to travel." The president urged Americans to be vigilant, and patient with the many inconveniences that will result from the increased threat level that the plot prompted him to approve.

While on vacation at his ranch in Crawford, Texas, over the last several days, Bush has been fully informed of the investigations that led to the arrest of 21 people in Britain who are accused of being involved in the plan. Officials said involved the plot involved explosives smuggled on board flights in hand luggage.

White House press secretary Tony Snow said Bush on Wednesday approved raising the threat level for all flights from Britain to red, designating a severe risk of terrorist attacks. Homeland Security Secretary Michael Chertoff and the Homeland Security Council also recommended that all other flights be put under an orange alert, one step below the highest level, and the president approved that as well.

"We do believe the plot involved flights from the U.K. to the U.S. and was a direct threat to the United States," Snow said.

"You can't go overboard when you're trying to save lives," Snow added, speaking to reporters traveling with Bush on Air Force One en route to Wisconsin.

"What we do know is that there were some people who were determined to try to carry out, as the Brits said, a plot to kill people on a horrifying scale," Snow said.

Because Bush had been getting regular briefings on the developments, Snow said the president was not awakened overnight as action by British authorities was made public.

He and British Prime Minister Tony Blair held a lengthy teleconference on the matter Sunday and spoke again Wednesday by phone, Snow said.

"There were some signs," Snow said. "They thought it was time to move," he said of British authorities.

Bush called the cooperation between British and U.S. officials "solid" and "excellent."

After the remarks, Bush toured the Fox Valley Metal-Tech factory, using a machine to bend a piece of metal and greeting employees who stopped to stare by playfully shouting "Get back to work!"

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With the workers as a backdrop, Bush spoke briefly to his traveling group of reporters about the importance of supporting small businesses and keeping taxes low. He did not mention the terror plot and he walked away as they asked questions about it.

Later, Bush headlined a $1,000-per-person fund-raiser that brought in over $500,00 for Republican congressional candidate John Gard and the Wisconsin Republican Party at a home in nearby Oneida. At an Oneida police station, he also met privately with families of soldiers killed in Iraq.

In Visit, Bush's Message Turns To Security (MJS)

By Greg J. Borowski And Steven Walters Gborowski@journalsentinel.com

Milwaukee Journal Sentinel, August 11, 2006

Green Bay - President Bush's visit Thursday to Wisconsin was meant to launch his efforts to help GOP candidates this fall, though even before his plane landed the stop took on extra importance.

The terrorist plot that was thwarted in London overnight allowed Bush to reassert himself as a determined leader in a time of national unease.

Indeed, a podium and satellite truck were rushed to Austin Straubel International Airport so Bush could make remarks as soon as he stepped off the plane, which landed at 10:42 a.m.

"The country is safer than it was prior to 9-11," Bush declared. "We've taken a lot of measures to protect the American people. But obviously we're not completely safe because there are people who still plot.

"It is a mistake to believe there is no threat to the United States of America."

Bush was greeted by about a dozen people, including Republican gubernatorial hopeful Mark Green and John Gard, the Assembly speaker who is running for Green's U.S. House seat.

Although they were shifted to the side for Bush's anti-terror statement, analysts say the two are central to the message Bush could present in the weeks ahead. The president can argue he needs like-minded Republicans elected across the country to support him.

Democrats criticized Bush for continuing with his plans for the visit, which included a $1,000-a-plate fund-raiser for Gard, the Assembly speaker from Peshtigo.

"The president showed his true colors today," said Joe Wineke, state Democratic Party chairman. "I think the president could have used better judgment. They could have easily rescheduled the fund-raiser."

But Gard, who spent much of the day at the president's side, dismissed the notion.

He accused Wineke and other critical Democrats of "rooting against us" and America's war on terror.

"They've got to stop being Democrats, and start being Americans first," Gard said. "They ought to be ashamed of themselves for talking like that on a day like today."

So the fund-raiser, a luncheon at a private home that was closed to the press, went on as scheduled. So did the tour of Fox Valley Metal-Tech, which had been picked as a backdrop for Bush to tout his tax cuts as a boon for small business.

Bush also met privately for more than an hour with five families of soldiers who had been killed in Iraq - something that underscored the sudden gravity of the day.

Gard said on the ride from the airport Bush talked extensively about the terrorist plot, which was aimed at blowing up commercial airliners bound for the United States.

Bush "was in great spirits and proud of the people who" broke up the plot, Gard said. "He takes a lot of criticism on the war on terror, but today is just another day to show, hey, the enemy never gives up."

Bush's visit, which came in the middle of his annual Texas vacation, was scheduled for months. But the timing worked to his advantage, said Charles Franklin, a University of Wisconsin-Madison political science professor.

In addition to coinciding with the terrorist plot, the visit came two days after Sen. Joe Lieberman was defeated in the Connecticut Democratic primary for being seen as too supportive of Bush's war in Iraq. A focus on fighting terror

Franklin said the timing of both events "plays to the strength of the (Republican) party in security issues" and gave Bush a chance to say he needs both Gard and Green to be elected on Nov. 7.

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He said it might have sent the wrong message if Bush returned to the White House, which could have caused more unease among Americans.

"What they should want to do is play this up as a great success - this is to show that we, with our allies, are succeeding in the war on terror," Franklin said.

Larry Sabato, a University of Virginia political science professor, said Americans were taking the new terrorist threat "in stride - in part because nothing happened."

"After all the problems since 9-11, it's important to the president to send a message it's business as usual, to a certain extent," Sabato said.

And with critical elections for Congress less than three months away, Sabato said: "The president can't afford to suspend political activity, especially in states like Wisconsin and districts like Green's."

The 8th Congressional District seat, which covers the Green Bay area, is one of many critical ones for Republicans to hold in a year where many analysts predict Democratic gains in the House and Senate.

Green has held the seat for four terms, but before that Democrats held it for one term.

Gard faces a primary Sept. 12 against state Rep. Terri McCormick (R-Appleton), but the party has rallied around him - and brought in its fund-raising muscle to help raise cash. In March, Vice President Dick Cheney headlined a Gard fund-raiser.

Gard refused to estimate how much was raised at Thursday's event, held inside a tent outside the home.

A White House guide to the day indicated up to 400 people were to attend. And reporters on Air Force One were later told it raised about $500,000.

A month ago, Bush was in Wisconsin to raise money for Green, who is facing Democratic Gov. Jim Doyle. That dinner, also $1,000 a plate, was attended by about 600 people. Bush is expected to step up such visits in the coming weeks.

If Gard wins the primary, he will face one of three Democrats: Steve Kagen, an Appleton physician; Nancy Nusbaum, former Brown County executive; or Jamie Wall, a business consultant.

The three spent the week criticizing Gard and trying to tie him to unpopular positions of Bush. At various points, the motorcade was greeted by small groups of protesters, some holding signs with Gard's picture that labeled him "Bush Lite."

Mostly, though, there were classic small-town scenes of people standing at their end of the driveway, waving flags or snapping pictures as the motorcade whizzed by. At the end of the day, a group raced to a fence near the airport as the motorcade pulled in, minutes before Air Force One took off.

Bush Leaves Area After Fundraiser, Addressing Nation On Terror Threat (GBG)

By Kelly McBride

Green Bay Press-Gazette, August 11, 2006

ASHWAUBENON -- President Bush left Austin Straubel International Airport about 3 p.m. Thursday afternoon, after addressing the nation on a foiled international terror plot and a fund-raising event for a local Republican.

Bush addressed the nation from the tarmac at Austin Straubel International Airport in Ashwaubenon immediately after getting off Air Force One this morning.

In a speech lasting just under three minutes, Bush said that while the nation has become safer, the terrorism threat still exists.

"This country is safer than it was prior to 9-11," Bush said. "We've taken a lot of measures to protect the American people. But obviously we still aren't completely safe because there are people that still plot and people who want to harm us for what we believe.

"It is a mistake to believe there is no threat to the United States of America."

In town to stump for 8th District congressional candidate John Gard, Bush addressed the terror plot before touring Fox Valley Metal-Tech in Ashwaubenon. Meeting with company employees before touting tax cuts for small businesses and the American family, the president shed some of his earlier stoic demeanor.

"Just shows you can teach an old dog new tricks," a smiling Bush quipped after trying his hand at a large metalworking machine.

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During his speech at the plant, Bush emphasized the importance of tax cuts to the American economy.

"I understand that the small business sector of our economy is vital for economic growth," Bush said, standing against a backdrop of about 30 Fox Valley Metal-Tech employees. "And that's why we should cut taxes for businesses like (this) business."

Bush attended a closed-to-media Gard fundraising event around noon today in Hobart, then went to the Oneida Police Station, an unscheduled stop.

He is scheduled to leave the area at 3:35 p.m.

As those who attended the Hobart fundraiser left the residence, they would not comment on what Bush talked about, saying simply that the event went well and there was a good turnout.

As the motorcade pulled away, a protestor held up a "No Bush, no Gard" sign.

Muslims Upset By Bush's Remarks (LAT)

By Louis Sahagun

The Los Angeles Times, August 11, 2006

President Bush was widely criticized by Muslim leaders Thursday for saying that the breakup of an alleged plot to blow up airliners over the Atlantic Ocean was a triumph in the "war against Islamic fascists."

Muslims, already resentful of the scrutiny they have been under since the attacks of Sept. 11, 2001, said the politically charged phrase unfairly connected one of the world's great religions with Nazism and totalitarianism — and fueled hostility against Islam and Muslims in America.

They said it also contradicted Bush's earlier statements that Islam was a religion of peace.

"There's nothing Islamic about fascism," said Edina Lekovic, communications director for the Muslim Public Affairs Council in Los Angeles. "Suggesting there is only over-politicizes things in a way that does not accurately describe the criminal adversaries we face at the moment."

She added: "It would have been far more accurate had he linked the situation to a segment of people rather than an entire faith, along the lines of, say, radical Muslim fascists."

Muzammil Siddiqi, director of the Islamic Society of Orange County, based in Garden Grove, agreed.

"He should be very sensitive about such things so that people do not misunderstand any faith, let alone one of the largest faiths of mankind," Siddiqi said. "I don't think his advisors are giving the right advice."

It's not the first time Bush has angered Muslims with his remarks. Shortly after the Sept. 11 attacks, he referred to the global war on terrorism as a crusade, a term that connotes Christian attacks on Islam in the Middle Ages.

Over the last five years, administration officials and conservative talk-show hosts have frequently referred to Al Qaeda, terrorists and Iraqi insurgents as "Islamo-fascists."

Muslims say the administration is trying to convince Americans that they have the moral high ground in the fight against terrorism.

In a letter to Bush, Parvez Ahmed, board chairman of the Council on American-Islamic Relations in Washington, wrote, "The use of ill-defined hot-button terms such as 'Islamic fascists,' 'militant jihadism,' 'Islamic radicalism' or 'totalitarian Islamic empire' harms our nation's image and interests worldwide, particularly in the Islamic world."

Bush, On A Quick Trip From His Texas Ranch, Says Americans Are Safer Than Before Sept. 11 (NYT)

By Sheryl Gay Stolberg

The New York Times, August 11, 2006

CRAWFORD, Tex., Aug 10 — President Bush tried to assure Americans on Thursday that antiterrorism measures taken since the Sept. 11 attacks had made them safer while acknowledging that danger remained — part of a balancing act in which his aides portrayed him as deeply involved in dealing with the foiled airline plot even as he continued his vacation here.

As Americans stood in long lines at airports, Mr. Bush went ahead with his planned trip to Wisconsin to raise money for a Republican Congressional candidate and to speak about the economy during a stop at a metal factory. He made brief remarks

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about the arrests in Britain on the tarmac of the airport in Green Bay, saying the plot was "a stark reminder" of the threat from "Islamic fascists."

"The country is safer than it was prior to 9/11," he said in Green Bay. "We've taken a lot of measures to protect the American people. But obviously, we're still not completely safe, because there are people that still plot and people who want to harm us for what we believe in."

He later flew back to his ranch here, and aides said there were no plans for him to cut short his stay.

Democrats seized on Mr. Bush's decision not to return to Washington as evidence that the president was disconnected.

Several senior Republican strategists were also uneasy with the possibility that images of President Bush's activities in the past week, including bicycle rides in the 100-degree Texas heat, could be used to accuse him of being too casual about the potential terrorist threat.

White House officials said Mr. Bush was kept closely apprised of the investigation, through classified briefings conducted in a secure trailer on the ranch. Mr. Bush was at the ranch on Wednesday afternoon when his homeland security adviser, Frances Fragos Townsend, called to tell him the arrests were imminent; the two spoke several times throughout the evening, a senior administration official said, and by late Wednesday night, with the bulk of the arrests having been made, the president signed off on the plan to raise the threat level.

But now that Americans have learned of the plot, some Republicans, when promised anonymity so they could speak freely about their criticisms, said Mr. Bush had to be careful not to appear out of touch, as his critics and even some of his allies said he did last summer when Hurricane Katrina devastated the Gulf Coast.

At a time when Congressional Republicans are facing tough re-election battles at home, they lamented that the president was not doing more to seize the mantle of national security.

"A policy of casual nonchalance is not a winning strategy," said one Republican close to the White House, who suggested that the president should, at the least, deliver a primetime television address from the Crawford ranch.

Instead, Mr. Bush stuck to his schedule; after Thursday's metal plant tour, he attended a fund-raiser for John Gard, a candidate for an eastern Wisconsin Congressional seat; the event raised $500,000. On Friday, he will travel down the road from his ranch, Prairie Chapel, to the Broken Spoke, a neighboring ranch, for another fund-raiser.

"The government functions even when the president is residing in Texas," said Dan Bartlett, counselor to the president. "The president is never off the job; he has been working around the clock, as the American people would expect."

One high-level administration official, who spoke on condition of anonymity, said White House aides were concerned that the president would be open to accusations he was politicizing the crisis if he responded dramatically. This official said a decision had been made in part for the president to keep a low profile and allow the event to speak for itself.

During his vacation in Crawford, which began last Thursday, the president's public comments have been focused largely on the Middle East, particularly over the weekend and Monday, when he was joined at the ranch by Secretary of State Condoleezza Rice and Stephen J. Hadley, the national security adviser.

But over the past 7 to 10 days, according to a senior administration official who spoke anonymously about how Mr. Bush handled the plot inquiry behind the scenes, it became clear that the British investigation had "a significant U.S. element to it." By Friday, the investigation had become "a significant focus" of the president's morning intelligence briefings, the official said.

While Ms. Rice and Mr. Hadley were at the Crawford Middle School on Sunday, taping appearances on the morning talk shows about the crisis in Lebanon and Israel, Mr. Bush spent 47 minutes on the telephone with Prime Minister Tony Blair of Britain. "At that point here was no sense of timing as far as when the takedown would take place," the official said.

That began to change late Tuesday and early Wednesday, and by Wednesday afternoon, with the arrests imminent, Ms. Townsend placed her call to Mr. Bush at the ranch. Though the arrests continued through the night, Mr. Bush was not awakened.

"By the time he went to bed more than half the operation had already taken place," the official said. "The key people that we were particularly concerned about had already been arrested."

By Thursday morning, with Mr. Bush headed for Wisconsin to deliver a speech on the economy during the metal factory tour, the question at the White House was how the president should address the public.

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Last month, Mr. Bush used a speech on the economy at the port of Miami to talk about the Middle East. This time, he spoke directly to the press corps at the airport, in the shadow of Air Force One at a microphone set up for his arrival.

"The recent arrests that our fellow citizens are now learning about are a stark reminder that this nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation," Mr. Bush said, adding: "Travelers are going to be inconvenienced as a result of the steps we've taken. I urge their patience and ask them to be vigilant."

The remarks lasted two minutes, and the president took no questions.

GOP, Democrats Clash Over War On Terror (AP)

By Liz Sidoti

The AP, August 11, 2006

Republicans and Democrats clashed over the war on terror on Thursday within hours of the disclosure of a thwarted terrorist plot in Britain, each side accusing the other of doing too little to deter the threat of attack.

"We must implement the strong recommendations of the independent 9/11 commission to improve airport security screening at checkpoints," said House Democratic Leader Nancy Pelosi, stressing one of the party's principal campaign-year promises in its drive to gain control of Congress.

Ohio Republicans said the Democratic candidate for the Senate, Rep. Sherrod Brown, had voted against money "for the very types of programs that helped the British thwart these vicious attacks."

"I don't question his patriotism, but the fact is if Sherrod Brown had his way, America would be less safe," said Bob Bennett, chairman of the Ohio Republican Party.

Brown, who is challenging Republican Sen. Mike DeWine, mentioned the billions spent on the Iraq war and said the thwarted attacks "underscore the need to refocus our resources on fighting the war on terror."

The charges served as a reminder that with midterm elections less than three months away, not even an alleged attack to blow up passenger planes was off-limits to politics.

Throughout the day, the accusations grew more heated with Republicans and Democrats criticizing each other for using the day's events for political gain.

To be sure, both sides are seeking political advantage on national security. Voters will choose a new Congress Nov. 7, and polls show the public favoring Democratic control of Congress over Republicans who have been in power for a dozen years.

Additionally, recent polls have found that the Republican edge on terrorism and protecting the country has eroded over the past few months.

An Associated Press-Ipsos poll conducted this week — but before news of the foiled terror plot — found that 40 percent approved of President Bush's performance on foreign policy and terrorism, down slightly from 44 percent in July. The percentage was still higher than the number of Americans who approve of his handling of Iraq, the economy and domestic issues.

The disclosure Thursday that British officials disrupted terrorists' plans to blow up aircraft heading to the U.S. gave both Republicans and Democrats an opportunity to emphasize their positions on national security — and highlight the differences facing voters.

"Freedom is never free, and we must never be complacent in defending it," House Speaker Dennis Hastert, R-Ill., said. Echoing the GOP's election-year message, Senate Majority Leader Bill Frist, R-Tenn., added: "We must be on alert so that our nation does not suffer another attack like 9/11."

"As a result of mismanagement and the wrong funding priorities, we are not as safe as we should be," Senate Democratic leader Harry Reid of Nevada countered. Sen. John Kerry, the 2004 Democratic presidential nominee, added: "This is a stark reminder that the war on terrorism is global, and extends far beyond Iraq to our very shores."

Not all Democrats echoed their leaders' refrain.

Sen. Joe Lieberman of Connecticut, who intends to run as an independent after losing his Democratic primary to anti-war challenger Ned Lamont, said the foiled plot "should serve as the latest, most serious evidence that we are in a war against a brutal enemy that intends to attack us over and over again in the most indiscriminate way."

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Lamont said the Bush administration has been preoccupied with Iraq while national security and efforts to curb terrorism have suffered. "We need to change course, and that means standing up to this administration and fighting for our security in a rational, serious way," he said.

In 2002 and 2004, the GOP sought to make the case that there hasn't been an attack on U.S. soil since 2001 because the Bush administration and Republicans have been diligent on national security. The GOP portrayed Democrats as weak on the issue and suggested that Democratic rule could endanger the country.

In a sign that the issues will reverberate beyond this fall, potential 2008 presidential candidates weighed in on the scheme.

Massachusetts Gov. Mitt Romney's office said he will activate the National Guard to help with security at Logan International Airport for the first time since the 2001 attacks. And, New York Gov. George Pataki, also a Republican, said the disrupted terror operation "underscores the need for continued vigilance, intelligence gathering and cooperation among law enforcement agencies and the public."

Arrests Bolster G.O.P. Bid To Claim Security As Issue (NYT)

By Adam Nagourney

The New York Times, August 11, 2006

Republicans seized on the arrests of terrorism suspects in Britain yesterday to bolster a White House campaign to turn national security issues to their advantage this fall, arguing that the nation needs tough Republican policies to protect Americans from threats from abroad.

Officials in both parties said they viewed the arrests as critical in determining how they would approach the fall campaign, with Republicans saying it could be a turning point in a year in which they have been on the defensive over the war in Iraq and other issues.

The developments played neatly into the White House-led effort, after Senator Joseph I. Lieberman, Democrat of Connecticut, lost on Tuesday to an antiwar primary challenger, to remind voters of the threats facing the nation and to cast Democrats as timid on national defense.

The arrests were announced less than 24 hours after Vice President Dick Cheney and other Republican officials suggested that Mr. Lieberman's defeat reflected the world view of a Democratic Party that was not prepared to lead the nation in such dangerous times.

Mr. Cheney, who a spokesman said had been kept abreast of the investigation, suggested in his remarks Wednesday that the outcome of a Democratic primary in Connecticut could embolden "Al Qaeda types."

Republicans, facing tough midterm elections — and with a history, as Democrats noted, of spotlighting terrorist threats in election seasons — used the news from England to try to pound home their message that they were doing everything possible to keep the nation safe. Mr. Bush strode off Air Force One to television cameras to declare that the United States was safer from terrorist attacks than it was before Sept. 11, 2001, but remained in danger.

On Capitol Hill and in states where Republicans are facing tough re-election battles, party officials applauded the arrests by the British authorities as evidence of the administration's policies in fighting terrorism, and suggested that Americans might take a cue from the tougher antiterrorism statutes Britain has enacted. In line with their efforts to keep the election from being a referendum on Mr. Bush and instead make it a choice between two distinct approaches to national security and other issues, they used the arrests to portray Democrats as weak.

"Defeatocrats!" declared a statement issued by office of the House majority leader, John A. Boehner of Ohio, capturing the tone of Republican rhetoric as the news unfolded.

The Ohio Republican chairman, Bill Bennett, attacked Representative Sherrod Brown, the Democratic challenger to Senator Mike DeWine, for voting against some intelligence bills, "the very types of programs that helped the British thwart these vicious attacks."

In a sign of how the terrorism issue was roiling American politics, Mr. Lieberman echoed Mr. Cheney as he attacked his primary opponent, Ned Lamont, for his opposition to the war. He said Mr. Lamont's desire to withdraw troops from Iraq would result in victory for Islamic extremists.

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At the very least, the arrests in Britain were viewed by both parties as something of an August surprise, the kind of event that can change the story line of a campaign. The critical question now is the extent to which the fall campaign will be fought over the war in Iraq, something Republicans would like to avoid at all costs, or the overall campaign on terror, the only major issue where Republicans have consistently held an advantage over Democrats.

But in a sign of how this campaign might be different, Democrats struck a tone notably different from the elections of 2004 and 2002, when for the most part their strategy was to try to turn the subject away from national security. This time, Democrats attacked Republicans as failing to improve airline security and, most of all, argued that the decision to invade Iraq had been a distraction that depleted United States resources and allowed the world to become more dangerous.

"The war in Iraq had nothing to do with the war against international terrorism, or very little to do with the war on terrorism," said James Webb, a former Reagan administration official running as a Democratic candidate for Senate in Virginia. "It has distracted our attention, it has pulled our forces in, and we are now in a situation where we have 135,000 on the ground, which affects our ability to do a lot of things that we would be able to do otherwise."

Mr. Webb said one of his main tasks in trying to unseat Senator George Allen, a Republican, was to try to disentangle Iraq from the war on terrorism. "They have tried to keep it together — they have to make it one in people's minds in order to cover the strategic error of Iraq," he said in an interview.

Senator Harry Reid of Nevada, the Democratic leader, said, "This latest plot demonstrates the need for the Bush administration and the Congress to change course in Iraq and ensure that we are taking all the steps necessary to protect Americans at home and across the world."

Republicans have successfully portrayed Democrats as weak on terrorism for two national elections in a row. Still, before this threat, Democrats showed signs that they were viewing problems in Iraq and the unpopularity of the war as ways of undermining Republicans on their signature issue. And some Republicans were concerned that the party might not be able to go to the well on national security a third time.

Republicans have become increasingly alarmed that the war might drag down incumbents. A senior Republican consultant with ties to the White House, who was granted anonymity so he could describe internal research for a Republican member of Congress, said he had recently conducted a focus group in a highly contested Congressional district in the Philadelphia suburbs.

He was shocked, he said, at the degree of hostility among Republicans toward the war, even accounting for the fact that Northeast Republicans are more moderate than their counterparts in the rest of the country.

The importance of the struggle by both parties on whether this was an election season debate about terrorism or about the war in Iraq was demonstrated in a New York Times/CBS News poll late last month. Forty-two percent of Americans said they thought the Republicans were more likely than Democrats to make the right decision about the war on terror. The same percentage said they thought Democrats were more likely to make the right decisions about the war in Iraq.

The White House had been aware for weeks that Britain was moving to shut down this plot. White House officials said that Mr. Cheney was kept abreast of the plot and the investigation, but that his comments on Wednesday, in a rare teleconference with news service reporters, were simply in reaction to what they said was an extraordinary political event, the defeat of a sitting senator.

A senior White House official on Air Force One, speaking on the condition of anonymity, dismissed the notion that there was anything wrong with these kinds of issues being mixed up in a political campaign.

"The issue is going to be discussed in the fall," this official said. "Are you saying if the Democrats talk about the war, we shouldn't? We will talk about the war, and we will talk about the consequences of the policies advocated by the Democrats."

Scramble Starts For Political Advantage (WT)

By Joseph Curl And Stephen Dinan

The Washington Times, August 11, 2006

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Republicans and Democrats both seized on yesterday's terrorist arrests in Britain as they jockeyed for position in an election year, with Republicans now relishing upcoming fights over wiretaps and detainees and Democrats saying the situation underscores President Bush's failures on the home front.

As part of an effort to label Democrats as less qualified to protect Americans, Mr. Bush said the foiled plot is a "stark reminder" that "the nation is at war with Islamic fascists" and that his administration has "given our officials the tools they need" to fight it.

With fewer than three months till the midterm congressional elections, the arrests set up a fight in Congress over those tools -- detention of terrorists at Guantanamo Bay, Cuba, and monitoring of terror suspects' bank records and phone calls.

Democrats said Mr. Bush has not done enough on homeland security, with House Minority Leader Nancy Pelosi of California saying Mr. Bush has ignored key recommendations of the September 11 commission on airport security.

"We are not as safe as we should be," added Senate Minority Leader Harry Reid.

"The Iraq war has diverted our focus and more than $300 billion in resources from the war on terrorism and has created a rallying cry for international terrorists," said the Nevada Democrat, who yesterday also predicted that Democrats would pick up five seats in November to evenly split the Senate.

Yesterday's arrests are already popping up in political campaigns -- and nowhere more pointedly than the Connecticut Senate race, where Sen. Joe Lieberman lost the Democratic primary to anti-Iraq war candidate Ned Lamont on Tuesday.

Mr. Lieberman, who has filed to run as an independent in November, said Mr. Lamont's goals for ending the war in Iraq would constitute a "victory" for the terrorists.

When the Senate returns to work in September, the first order of business will be to complete the defense spending bill, and the chamber is also scheduled to work on chemical facility security. Both houses of Congress will debate how the U.S. should treat those detained as part of the war on terror.

Lawmakers said they expect those fights to dominate the same way the creation of the Department of Homeland Security did in 2002. Then, Democrats were blocking Mr. Bush's plan for a new department on the grounds that it didn't include enough union rights for new workers.

"I think it's deja vu all over again," said Sen. John Cornyn, Texas Republican. "It's unbelievable to me, and if you look at what happened to Joe Lieberman in the Connecticut race ... it does give you a pretty good indication of where the Democrat Party is and their inability to say 'No' to the defeatist and appeasement wing of their party."

Although Democrats said they plan to focus on how Mr. Bush has failed to shore up defenses, Republicans said the key issue is taking the fight to terrorists.

"With the Patriot Act, FISA courts and other intelligence programs, we can learn what the terrorists know and where they go, and then we have a chance to disrupt them," said Ron Bonjean, spokesman for House Speaker J. Dennis Hastert. "But it is those same tools that saved the day today that the Democratic leadership have repeatedly tried to vote down, thereby weakening America's intelligence efforts and lowering our guard against terrorism."

Mr. Bush said the arrests underscore the real threat the country faces.

"It is a mistake to believe there is no threat to the United States of America," he told reporters on a Green Bay, Wis., tarmac just hours after the arrest of 24 terror suspects in London. "We've taken a lot of measures to protect the American people. But obviously, we still aren't completely safe."

His comments came a day after Vice President Dick Cheney said Democrats have a "pre-9/11 mind-set" on national-security strategy, and the White House said Democrats are waving "a white flag in the war on terror," citing as proof the defeat of Mr. Lieberman, a three-term senator who backed the Iraq war and supports Mr. Bush's offensive against terror.

A senior administration official aboard Air Force One said yesterday that the president will continue to press his case for the U.S. war against terror and use national security as a wedge issue.

"We'll talk about the war, and we will talk about the consequences of the policies advocated by the Democrats."

Flipping the conventional wisdom that Mr. Lieberman's loss in a Connecticut primary on Tuesday was because of his ties to Mr. Bush, the official said Americans will "look at the consequences of failure and the consequences of victory, the

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consequences of withdrawal and the consequences of finishing the fight, and they draw very important lessons about what it means to our country."

In addition to the pending legislation debates, two key Justice Department nominations could turn out to be political flash points in the debate on who is stronger on homeland security.

Sen. Carl Levin, Michigan Democrat, is reportedly blocking Kenneth Wainstein, Mr. Bush's nominee to a new anti-terror post at the Justice Department, and three Democratic senators have said they will block Steven G. Bradbury, Mr. Bush's nominee to head the department's Office of Legal Counsel.

"It's just to me inconceivable that we have people blocking nominations of key counterterrorism personnel," Mr. Cornyn said.

A spokesman said that Mr. Levin was traveling yesterday and that the office would not have a response.

The offensive to paint Democrats as weak on terror has been eclipsed in recent weeks by the crisis in the Middle East and continued sectarian violence in Iraq, which one top general said last week threatens to throw the country into civil war. But the strategy -- implemented in the past two election cycles by White House political adviser Karl Rove -- has proven itself a winner, and one former senior administration official said Republicans will benefit.

"The American people are going to be reminded that the Bush doctrine of pre-emption and taking the war to the terrorists is working. Americans are going to be reminded that they are being kept safe by the president, while Democrats are talking about isolationism," the official said.

That sentiment already is playing out in Ohio, where the state Republican chairman said Rep. Sherrod Brown, the Democratic candidate for U.S. Senate, had voted against money "for the very types of programs that helped the British thwart these vicious attacks."

"If Sherrod Brown had his way, America would be less safe," chairman Bob Bennett said.

Mr. Brown replied that the money that the administration is spending on the Iraq war is misplaced and that the arrests "underscore the need to refocus our resources on fighting the war on terror."

Foiled Plot Swings Voter Attention To Terror War (WSJ)

By John D. Mckinnon

The Wall Street Journal, August 11, 2006

WASHINGTON -- The foiled British bombing plot is likely to benefit President Bush and the Republican Party, at least in the short term, by reminding voters of national-security concerns and the war on terror -- two areas where the president and his party have earned high marks from U.S. citizens.

News of the plot also may help moderate, more-hawkish Democrats, who have been losing ground to their party's liberal wing. However, the re-emergence of threats to U.S. air travel hinders the Democratic Party's broad efforts to score points off Republicans by spotlighting the U.S.'s struggles in Iraq.

Two days after Connecticut Democrats dealt a stinging rebuke to Sen. Joseph Lieberman over his support for the Iraq war, the plot served as a reminder of how quickly political fortunes can shift when tied to fast-moving events around the world. Yesterday, hawks were seizing the moment.

President Bush, in a televised statement from Green Bay, Wis., where he traveled to speak about the economy and attend a congressional fund-raiser, said the arrests "are a stark reminder that this nation is at war with Islamic fascists....It is a mistake to believe that there is no threat to the United States of America." In a line likely to be repeated often before Election Day, the president also said that America is safer than before the terrorist attacks of Sept. 11, 2001.

For his part, Sen. Lieberman, back on the campaign trail as an independent candidate, compared the plotters to Nazis and made a pitch for bipartisan unity in the war on terrorism. "How the heck can we be in a battle in which we are fighting as Democrats and Republicans against each other, when these terrorists certainly don't distinguish based on party affiliation?" he said. "They want to kill any and all of us."

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The foiled plot takes some of the wind out of the sails of the Democratic Party's resurgent liberal wing, said Michael O'Hanlon, a military analyst at the Brookings Institution, a Washington think tank. Moderate Democrats who oppose a quick pullout from Iraq "probably feel a little more like the news is back on our side of the argument," he said.

Businessman Ned Lamont, who defeated Sen. Lieberman in Connecticut's Democratic primary, wasn't giving any ground. "We are not stronger and safer because of Iraq; just the opposite is unfortunately true," he said in a statement yesterday about the lack of progress in Iraq. "We need to change course, and that means standing up to this administration and fighting for our security in a rational, serious way rather than being bogged down in a war [that] is harmful to our security."

Yesterday, a senior White House official took the unusual step of speaking on background to reporters aboard Air Force One about the politics of the war on terror. The official said that the results in Connecticut showed that voters were coming around to the administration's view that the global war on terror must be won despite the high costs.

Mr. Lamont's margin "went from 13 to six to four in the last 10 days of the campaign," the official said. "And I think that's in part because at the end of the day, people look at the consequences of failure and the consequences of victory....So, if you have Lamont Democrats who say, 'Bring 'em home, turn away, and it will all be over,' the American people say, 'You're kidding yourself. We're in a war, and the only way you walk away from a war is as a victor, defeating the enemy.' "

Political observers cautioned that the benefit for Mr. Bush and his allies could prove short-lived, noting that last year's London subway bombing provided little noticeable long-term benefit to the president.

Yesterday, many other Democrats kept the focus squarely on Iraq, hopeful that, over time, the problems there will outweigh any short-term benefit to Republicans from the foiled terror attack.

"This latest plot demonstrates the need for the Bush administration and the Congress to change course in Iraq and ensure that we are taking all the steps necessary to protect Americans at home and across the world," said Sen. Harry Reid (D., Nev.), the party's leader in the Senate.

As they have in recent weeks, many Democrats urged moving U.S. troops out of Iraq to beef up overall global security. The Democrats' Senate campaign committee released a fact sheet, titled "The Bush Record of Homeland and Global Insecurity," that focused on the stress Iraq has placed on the U.S. military.

The contrasting reactions to the United Kingdom plot reflected the different ways the two parties are trying to frame the security issue heading into the fall campaign. Democrats believe that the more they can keep the spotlight on the deteriorating situation in Iraq, the better they fare. Republicans think they have the advantage if they can keep the focus on the war on terror -- and link Iraq as much as possible with that broader cause.

In the Wall Street Journal/NBC News poll6 in July, respondents ranked the Iraq war as the government's top priority, with 29% choosing it first, compared with 22% a month earlier. Terrorism came in a distant second in July, at 14%. The foiled U.K. bombing plot is likely to move terrorism higher up the list, at least for a time.

A spokeswoman for the Democratic National Committee, Karen Finney, noted that several recent polls have showed voters favoring Democrats on the war on terror, as well as the war in Iraq. DNC Chairman Howard Dean called in a statement for a "new direction in our national-defense policies that's tough and smart."

Democrats face a risk that Republicans will be able to use the U.K. plot to recapture the advantage among voters on national security that they once enjoyed. U.S. voters' conflicted attitudes about the war in Iraq were reflected in the Journal poll when 55% said the Bush administration has taken the right course of action in its treatment of suspected terrorists.

Some Republican leaders have appeared to focus more on the broader war against terrorism than on Iraq.

Republicans have been intensifying their attacks on Democrats over national security -- by releasing a Web video Wednesday titled "Weak and Wrong: Meet the Defeat-o-crats." Yesterday, Republican National Committee Chairman Ken Mehlman cranked up more attacks on Democratic senators for their efforts to block the Patriot Act renewal and end terrorist-surveillance programs, as well as their calls for an Iraq pullout.

A spokesman for one of the senators, John Kerry, responded in kind. "Americans are sick and tired of Ken Mehlman, Karl Rove, and the masters of misdirection who got us bogged down in Iraq with no end in sight, and who have failed to kill Osama bin Laden," spokesman David Wade said. "If these Republicans were half as good at fighting the war on terror as they are at misleading the American public, we'd be a lot safer than we are today."

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Democrats chided Republicans for an RNC fund-raising letter sent out yesterday over former New York Mayor Rudy Giuliani's name that invoked the war on terror. Republicans said the letter had been drafted several days ago and was in the pipeline before the arrests were announced. They acknowledged it was a mistake to send it yesterday, and said they stopped sending it around noon.

The terror arrests promise to heighten the debate between the parties over the significance of two coming anniversaries. On Aug. 29, the one-year anniversary of Hurricane Katrina, Democrats are sure to hit the Bush administration's competency in handling crises. And on Sept. 11, the five-year anniversary of the terrorist attacks in New York and Washington, Republicans are likely to highlight the failure of terrorists to hit the U.S. again -- and remind voters of the continuing risks of attack, such as the foiled U.K. bomb plot.

Both Parties Claim Edge As Terror Is Reinforced As A Campaign Topic (WP)

By Jim Vandehei And Peter Baker, Washington Post Staff Writers

The Washington Post, August 11, 2006

Democrats and Republicans alike rushed to invoke yesterday's terrorist scare in Britain in congressional campaigns, underscoring how a series of national-security-related developments are refocusing and sharpening the political debate three months before the midterm elections.

Campaigning in Connecticut, Sen. Joseph I. Lieberman, who lost Tuesday's Democratic primary and is now running as an independent, said the antiwar views of primary winner Ned Lamont would be "taken as a tremendous victory by the same people who wanted to blow up these planes in this plot hatched in England."

Rep. Mark Kennedy, the Republican Senate candidate in Minnesota, used the alleged plot as a campaign wedge only hours after it was disclosed.

"The arrests this morning in Great Britain make it clear that now, more than ever, this is an ongoing battle and we need leaders in Washington who remain committed to doing what is right instead of what may be seen as politically advantageous," he said. To amplify the point, Kennedy endorsed Lieberman over the GOP candidate in the race, Alan Schlesinger.

President Bush offered a similar line, in more understated language, while in Green Bay, Wis., to campaign for a Republican candidate.

"This country is safer than it was prior to 9/11," Bush said with Air Force One behind him. "We've taken a lot of measures to protect the American people. But obviously we're still not completely safe, because there are people that still plot and people who want to harm us for what we believe in."

In what was an apparent reference to this year's controversies over the administration's surveillance programs, Bush told reporters: "It is a mistake to believe there is no threat to the United States of America. And that is why we have given our officials the tools they need to protect our people."

The alleged plot -- with its parallels to the Sept. 11, 2001, attacks -- was the latest in a series of events reshaping the campaign in unpredictable ways. In the past five weeks, Israel went to war with Hezbollah, Bush's top generals warned that Iraq is closer than ever to civil war and Lamont ousted Lieberman in Connecticut's Democratic primary.

The events have emboldened Democrats to challenge Bush more forcefully on national security issues, especially Iraq.

"This latest plot demonstrates the need for the Bush administration and the Congress to change course in Iraq and ensure that we are taking all the steps necessary to protect Americans at home and across the world," said Senate Minority Leader Harry M. Reid (D-Nev.).

At the same time, the events have clarified the Republican strategy to make terrorism and the war the backdrop for the battle for Congress. Both sides argue that they have the edge in this fight.

"It brings all those realities home and brings back some of the memories of 9/11 that got us into the war on terrorism in the first place," said Rep. Thomas M. Reynolds (N.Y.), chairman of the National Republican Congressional Committee.

Unlike in the 2004 election, when Republicans clearly benefited from the terrorism issue and a general sense of insecurity among many voters, the politics are muddled this year. The latest Washington Post-ABC News poll, conducted last week, found Democrats with an eight-point edge when people were asked which party they trusted more to handle terrorism issues.

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"I can't help but admit that I had a small knot in my stomach this morning," said Democratic pollster Mark Mellman. "It was eerily familiar. But upon reflection, we are in a fundamentally different place in 2006 than we were in 2002 and 2004. For two or three generations, Republicans have, in the main, had a very substantial advantage on national security. The reality is, they have squandered that advantage in the sands of Iraq."

In the Post poll, 47 percent approved of Bush's handling of the terrorism issue, a 10-point drop from a similar stage two years ago. But Republican strategists say the polling misses the political significance of the new focus on terrorism and war. Conservatives are generally unhappy with the party over issues such as immigration and federal spending, but they care more about security matters than any other group, and their motivation to vote Republican may now resurface.

The arrests came as Bush was on a working vacation at his ranch in Crawford, Tex. Aides said he had been kept informed about the developments in recent days and was briefed at the ranch last weekend.

He spoke with British Prime Minister Tony Blair in a secure videoconference on Sunday, a conversation that the White House at the time described as being about the Middle East, and again Wednesday. Bush was not aware that the British were about to seize the suspects until Wednesday, White House officials said. That same day, when Vice President Cheney attacked Democrats after Lamont's victory for being weak on national security, he knew about the British investigation but not that arrests were imminent, the officials said.

Peter H. Wehner, the White House director of strategic initiatives, distributed an e-mail to allies and reporters calling the alleged London plot a "clarifying moment" that should be, as he put it in the subject line, "a reminder of the stakes in this struggle." He argued that it underscores the fallacy of Democratic attacks on Bush's leadership in the fight against terrorism.

A few hours earlier, the Republican National Committee e-mailed a fundraising letter -- signed by former New York mayor Rudolph W. Giuliani -- that read: "Only with the financial commitment of patriotic Americans like you can the RNC provide the candidate assistance, campaign programs, registration drives and voter outreach that are absolutely essential for electing Republicans across the nation."

RNC spokesman Brian Jones said that it was mistakenly sent by a low-level staffer and that the RNC regrets the timing.

Analysis: Plot Feeds Political Frenzy (AP)

By Terence Hunt

The AP, August 11, 2006

After two wars, thousands of deaths and many billions of dollars, the United States is still vulnerable to terrorists. That painful reality has ignited a political frenzy over who's to blame and who's best qualified to protect Americans.

The one thing that Republicans and Democrats agree on is this: Five years after the Sept. 11 disaster, terrorists want to strike again and the country is not safe. To hear both sides talk, the wonder is that America hasn't been hit yet.

"We've taken a lot of measures to protect the American people," President Bush said Thursday. "But obviously we're still not completely safe."

There are plenty of reasons for that. U.S. borders don't stop people who shouldn't get in. Buses and subways are vulnerable to bombings. Few cargo containers are inspected. Detection is inadequate for nuclear, biological and chemical weapons. Intelligence and law enforcement agencies are still troubled by rivalries and poor communication.

Republican Thomas Kean, who was chairman of the 9/11 commission, said the United States is gradually moving in the right direction to fix the problems but he still worries.

"At top levels, it wasn't taken seriously enough. It wasn't on top of the priority list. ... And that's what I see happening again," Kean said. "It shouldn't be a political issue. It should be something that everybody supports."

But with Americans souring on the war in Iraq, the fight on terrorism is a divisive issue for the November elections that will determine which party controls Congress. Unhappiness over the war was a major factor in the primary defeat of Sen. Joseph Lieberman, D-Conn.

Many Democrats accuse Bush and the GOP-led Congress of mishandling Iraq and the broader war on terrorism. "As a result of mismanagement and the wrong funding priorities, we are not as safe as we should be," said Senate Democratic Leader Harry Reid.

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National security traditionally has been an issue that favors Republicans. Bush won re-election with a tough-on-terrorism argument and the promise that the United States was better off confronting terrorists in Afghanistan and Iraq than battling them at home. In Bush's view, Iraq and the war on terror are one and the same.

But Americans appear to be tiring of that argument after more than three years of fighting in Iraq, a death toll of nearly 2,600 U.S. troops and a price tag of more than $320 billion.

Public approval of Bush's handling of foreign policy and terrorism has slumped to 40 percent, near the lowest levels of his presidency, according to AP-Ipsos polling in August. Approval of his handling of Iraq, 33 percent, is at the lowest level yet.

Democrats were favored over Republicans by 46 to 38 percent in an ABC-Washington Post poll early this week when people were asked whom they trusted more to handle the fight against terrorism.

Republicans and Democrats were faulting each other about national security even before Thursday's disclosure of a plot to blow up multiple flights from Britain to the United States. Vice President Dick Cheney led the charge by volunteering his analysis of the defeat of Lieberman, who had been portrayed by his opponent as too supportive of Bush and his war policies.

Cheney said Lieberman's loss might encourage "the al-Qaida types" who want to "break the will of the American people in terms of our ability to stay in the fight and complete the task."

As Cheney made those comments, the administration was aware of the plot unfolding in Britain but waited for a signal from the British government before moving forward with the public alert.

In political terms, the news from London could cut both ways. It reminds Americans that Osama bin Laden is alive despite Bush's promise to get him "dead or alive."

On the other hand, "now we're reminded in vivid terms today that evil people are trying to kill us," said Norm Ornstein, a political analyst at the American Enterprise Institute. He said that helps Republican by shifting attention from Iraq and high gasoline prices. "This is still a party that has credibility for standing up to terrorists," Ornstein said.

Thursday's disclosure resonated loudly in congressional elections.

In Ohio, for example, Democratic Rep. Sherrod Brown issued a press release slamming the Republican senator whose seat he wants. "Mike DeWine and the Bush administration have failed to secure Americans," the release said.

Republicans counterattacked by saying Brown had voted against vital intelligence funding. "I don't question his patriotism," said Ohio Republican Chairman Bob Bennett, "but the fact is if Sherrod Brown had his way, America would be less safe."

Some analysts believe the United States has made important progress and is in better shape than countries like Britain because of efforts to reduce feelings of alienation in the U.S. Muslim community.

"Any time a plot like this is foiled there's this heightened sense of security,' said Farhana Ali, a terrorism analyst at the Rand Corp. "We react responsibly every time. We make the necessary changes to continue to disrupt these attacks."

Daniel L. Byman, a security expert at Georgetown University, said Americans need to have a realistic view about terrorism.

"Some level of terrorism is inevitable. We have other priorities other than terrorism," he said. "Our goal should be zero terrorism, but we should not declare our policy a failure if there is limited or low-scale terrorism."

Romney Activates National Guard For Logan Airport (BOS/AP)

By Brooke Donald

The Boston Globe, August 11, 2006

BOSTON --Members of the Massachusetts National Guard were sworn in as deputy sheriffs Thursday to help ease congestion at Logan International Airport, where news of a foiled terror plot in Britain targeting U.S.-bound flights prompted heightened security measures.

Gov. Mitt Romney spoke to about 50 members of the 972nd Military Police Company who were deployed to the airport to man new Logan security checkpoints -- at each departure gate -- where passengers will be screened again, after going through terminal security.

"I appreciate your honor and integrity," he said, "your willingness to respond so quickly to the emergency that we face."

As deputies, the guard members will screen baggage for blacklisted items, which now include almost all liquids. They will also have the power to make arrests.

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Romney told the guard members, some of whom worked similar details following Sept. 11, 2001, that many of the people they encounter will be just exasperated travelers.

"Visitors," he said, "who hopefully will remember the wonderful experience they had in our town."

Col. Tom Sellars, commander of the Massachusetts Army National Guard, said the group is well-suited to its new mission.

"The military police units are familiar with dealing with the public," he said, and many of their superiors were involved in post-Sept. 11 security. "Leadership sets the tone....and they're good soldiers."

Romney said earlier Thursday that the guard troops would complement additional safety measures put in place hours after the thwarted attack was exposed, including increased police patrols, road blocks and car searches, as authorities sought to keep travelers safe and keep flights moving.

"The security is not only being beefed up in visible ways but also in invisible ways," the governor said.

Lines of passengers filled terminals at the airport as they learned they could no longer carry on anything liquid -- from cosmetics and beverages to hair gel and toothpaste. Only medications and baby formula were exempt from the new rules put in place after authorities said the suspects in London planned to detonate liquid explosives disguised as beverages and other common products in flight.

By Thursday evening, the morning backlog had mostly dissipated, but passengers weary from all day travel continued to make their way to baggage checks and taxis.

John Aker and co-workers Pamela J. Lisiewicz and Pierre Corriveau, from the Naval Undersea Warfare Center in Newport, R.I., were supposed to leave Seattle at 6:45 in the morning. They arrived more than an hour early and got through security in 10 minutes.

But their flight was delayed, then canceled. They finally boarded a plane at 8:45 a.m. and arrived in Boston just before 8 p.m.

But they were originally headed to Providence, R.I., so Lisiewicz's husband drove to the airport to pick them up.

"He was probably trying to watch the Sox beat Kansas City," Corriveau said.

U.S. Homeland Security Secretary Michael Chertoff said the plot appeared to be engineered by al-Qaida, the terrorist group that hijacked two planes from Logan on Sept. 11, 2001, and flew them into the World Trade Center towers in New York.

Romney cited Logan's involvement in the Sept. 11 attack in his decision to deploy the Guard.

"Logan has a specific history with regards to the initiation of terrorist activity on airlines, and therefore we have a heightened degree of concern here," said Romney, a potential Republican presidential candidate in 2008 who canceled a planned political fundraising trip to Wisconsin.

California Gov. Arnold Schwarzenegger and New York Gov. George Pataki said Guard troops would be used there, as well.

Rep. Edward Markey, D-Mass., a member of the House Homeland Security Committee, said terrorists' continued interest in attacking passenger planes should prompt the Bush administration to yield to suggestions it screen the billions of pounds of cargo shipped on airliners each year.

Currently, passenger bags are screened by X-ray and explosive machines, but cargo is not. Instead, the system relies on shipping conducted by vetted companies. Nonetheless, it allows packages weighing up to 16 ounces to ship without such vetting.

Markey said a package of similar size downed Pan Am Flight 103 over Lockerbie, Scotland.

"This is now, I hope, on the fifth anniversary of 9/11, and this incident today, the point at which -- finally -- the Bush administration will close this backdoor loophole on all passenger plans in the United States," the congressman told reporters at Logan.

The National Guard was last activated to help with patrols at Logan shortly after the attacks. Troops were removed in April 2002.

Phil Orlandella, spokesman for the Massachusetts Port Authority, which runs Logan, said passengers were given flyers with the new regulations as the airport raised its security level to orange -- one below the top level of red.

Romney said hundreds of Guardsmen would help with security at the airport.

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Massachusetts State Police had already increased patrols at Logan, using bomb-sniffing dogs. Troopers were also carrying semiautomatic weapons as a deterrent.

"It's still safe to fly. At the same time everyone should be aware and be on alert for people who are acting out of the ordinary," said Sgt. Steven Hines, who carried an MP-5 machine gun on his patrol.

Security was also increased on the subway, commuter rail and in buses operated by the MBTA, and extra police were stationed at the MBTA's Blue Line station near the airport and Silver Line underground stations connecting to Logan, though overall security levels weren't being adjusted, said Daniel Grabauskas, head of the MBTA.

"There's been no specific threat to the transit system," Grabauskas said. "We just thought it was a prudent step to have additional visibility, especially on the Silver Line because it runs to the airport."

Associated Press writers Glen Johnson, Jay Lindsay, Brandie M. Jefferson and Denise Lavoie contributed to this report.

Homeland Security Department Praised For Its Response (WP)

By Spencer S. Hsu And Sara Kehaulani Goo

The Washington Post, August 11, 2006

The domestic response to yesterday's arrests in Britain drew cautious praise for the Bush administration's often beleaguered Department of Homeland Security.

Secretary Michael Chertoff yesterday emerged as the undisputed public face and voice of the U.S. government response in Washington, outlining a "well-planned and well-advanced plot" in carefully choreographed statements that began before dawn and continued with television interviews into the night.

U.S. authorities detailed dramatic new security measures for airline passengers and, for the first time, elevated the color-based threat warning system to red -- its highest position -- for commercial flights from the United Kingdom to the United States -- indicating a "severe" risk of terrorist attacks.

The actions drew few complaints yesterday, compared with other terrorism alerts since 2003, which often provoked conflicting or critical remarks from authorities such as the attorney general, the mayor of New York City and congressional committee chairmen.

And where Homeland Security officials in the past have received widespread ridicule for issuing vague, nationwide terrorism alerts that put the public and state and local governments unduly on edge, the department yesterday calibrated its advisories to focus on what Chertoff said was a "precaution against any members of the plot who may still be at large" and on preventing "any would-be copycats."

"By all accounts and measures, [the warning system] seems to have worked well this time. . . . It's a big step away from the early stages of the system," said Donald F. Kettl, director of the University of Pennsylvania's Fels Institute of Government, echoing comments by industry, state and local officials. "Here's a case where the dots seem to be connected very well and very carefully," Kettl said.

An aviation industry official who has been critical of past airport security efforts called yesterday's coordination "impressive" and better than at any time since the 2001 attacks. The official, who spoke on the condition of anonymity because he was not authorized to discuss the government briefings that began Wednesday night, said contingency plans enabled airports to add bomb-sniffing dogs, personnel and public information measures by dawn.

State and local officials and members of Congress -- including New York City Mayor Michael R. Bloomberg (R), D.C. Mayor Anthony A. Williams (D) and Sen. Joseph I. Lieberman (Conn.), the ranking Democrat on the Senate Homeland Security and Governmental Affairs Committee -- credited the department's work and notification procedures.

To be sure, in coordinating the response among a host of government agencies, private airlines and airports, the Homeland Security Department faced a narrower set of problems than the catastrophic operational challenges posed by Hurricane Katrina.

Former Clinton and Bush counterterrorism czar Richard A. Clarke; Rand Beers, national security adviser to the 2004 presidential campaign of Sen. John F. Kerry (D-Mass.); and former Virginia governor James S. Gilmore III (R), who chaired a

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congressional task force on terrorism, noted that the apparent disruption of the plot does not obscure continued weaknesses in local and state preparedness, information-sharing, and aviation security, particularly in explosives-detection technology.

"Catching potential terrorist attacks at the last minute should not be a point of pride, but rather a point of departure," Beers said.

Clarke said the near miss of an attack potentially more lethal than those of Sept. 11, 2001, "reminds us of the failure of the Bush administration to improve our homeland security, including aviation security."

A Homeland Security official acknowledged that concern over improvised explosives has grown while research has lagged.

The Transportation Security Administration installed more than 90 walk-through explosives-detection machines at checkpoints over the last year. But the so-called "puffer" machines cannot detect well-packaged liquid explosives, nor were they designed to identify common bombmaking components such as acetone or hydrogen peroxide, said the official, who spoke on the condition of anonymity because he was not authorized to discuss details publicly.

"The essence of the issue comes back to: Do we have the technical capabilities of detecting those particular elements, and are our procedures adequate to prevent those elements from getting onto the plane? In both of those answers, no," the official said. "The only course of action we have is to abolish those liquids and gels."

The 10-Year-Old Terrorist Plot (LAT)

By Susan Trento And Joseph Trento, Susan And Joseph Trento Are The Authors Of The Upcoming "Unsafe At Any Altitude: Failed Terrorism In

The Los Angeles Times, August 11, 2006

Security experts knew of this kind of plan, and have been urging carry-on restrictions, since before 9/11. Why is TSA so late?

ONE MONTH short of the fifth anniversary of 9/11, the United States awakened to news that British authorities had broken up a purported plot to use liquid chemical bombs to blow up as many as 10 American-owned planes as they flew across the Atlantic to the U.S. Officials and experts have said the plot had the "hallmarks" of an Al Qaeda/Osama bin Laden plan.

The cable networks breathlessly reported new rules: For now, limited carry-on luggage. Passengers may not bring on board any liquids — water, drinks, lotions. Only liquid prescription medicine or breast milk would be allowed as carry-on aboard planes bound from Britain to the United States, and on all U.S. carriers.

As usual when it comes to homeland security, the authorities are way behind the curve.

It's infuriating. During the mid-1990s, the U.S. took into custody two Kuwaiti men who had devised the technical plan for Operation Bojinka — the name for a plan to blow up a large number of jumbo jets over the Pacific. In a test, the perpetrators in 1994 blew up an unsuspecting Japanese businessman in his seat on a Philippine domestic flight by wiring a device using a watch and liquid explosive disguised in a contact-lens case. This proved to the terrorists that they could get explosives aboard undetected.

Thanks to Philippine intelligence, the U.S. eventually arrested the two terrorists, Abdul Hakim Murad and Ramzi Ahmed Yousef. The two told the CIA about Bin Laden's plans to knock down big buildings using planes and blow up airliners using small chemical bombs. That was in 1995. (Yousef was later convicted in the U.S. for the 1993 bombing of the World Trade Center.)

Thursday, the British arrested 24 people, including one airport employee. Nine of those were allegedly set to board flights carrying mini-bombs disguised as everyday liquids. The liquids were to have been mixed together on board and turned into bombs. Authorities said the terrorist cell was believed to have as many as 50 members.

A few hours later, the Bush administration put on a dog-and-pony show, with elevated alert levels and the Department of Homeland Security barring liquids on U.S. flights. The Transportation Security Administration mentioned nothing about screening the 600,000 employees who work in U.S. airports or the airport contractors who service the planes. How hard would it be for one of them to substitute an explosive in a cola can or water bottle, or even in the liquids used to clean the planes?

It was business as usual for the TSA: Give passengers and the public the illusion of security but not the reality. One TSA official — disgusted with the agency's standard practice of putting on a strong show of security at the passenger screening

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checkpoints while ignoring yawning holes in security elsewhere in the civil aviation system — has referred to it as "just more eye candy … feel-good stuff."

After spending $20 billion on aviation security, we still have not developed a defense against ideas terrorists had six years before 9/11. It doesn't require a genius to figure out that terrorists might try a version of Operation Bojinka again.

There was a sense of absolute panic in the TSA's announcement that liquids would not be permitted on airplanes. Yet security experts have been recommending for years that carry-on baggage be strictly limited. In 2001, the TSA did ban matches, box cutters and small knives. Then, in December, it started allowing them again. Though chastised in the report by the independent 9/11 commission for failing to act on information already in hand, the TSA has never forbidden the types of liquids it is now temporarily banning, even though it was fully aware of the Bojinka effort and Al Qaeda and Bin Laden's penchant for going after targets until he succeeds in bringing them down.

We were fortunate this time, but we can't depend that we will be again.

'Mass-Murder' Foiled (WSJ)

The Wall Street Journal, August 11, 2006

Americans went to work yesterday to news of another astonishing terror plot against U.S. airlines, only this time the response was grateful relief. British authorities had busted the "very sophisticated" plan "to commit mass murder" and arrested 20-plus British-Pakistani suspects. As we approach the fifth anniversary of 9/11 without another major attack on U.S. soil, now is the right moment to consider the policies that have protected us -- and those in public life who have fought those policies nearly every step of the way.

It's not as if the "Islamic fascists" -- to borrow President Bush's description yesterday -- haven't been trying to hit us. They took more than 50 lives last year in London with the "7/7" subway bombings. There was the catastrophic attack in Madrid the year before that left nearly 200 dead. But there have also been successes. Some have been publicized, such as a foiled plot to poison Britain's food supply with ricin. But undoubtedly many have not, because authorities don't want to compromise sources and methods, or because the would-be terrorists have been captured or killed before they could carry out their plans.

In this case the diabolical scheme was to smuggle innocent-looking liquid explosive components and detonators onto planes. They could then be assembled onboard and exploded, perhaps over cities for maximum horror. Multiply the passenger load of a 747 by, say, 10 airliners, and this attack could have killed more people than 9/11. We don't yet know how the plot was foiled, but surely part of the explanation was crack surveillance work by British authorities. * * *

"This wasn't supposed to happen today," a U.S. official told the Washington Post of the arrests and terror alert. "It was supposed to happen several days from now. We hear the British lost track of one or two guys. They had to move." Meanwhile, British antiterrorism chief Peter Clarke said at a news conference that the plot was foiled because "a large number of people" had been under surveillance, with police monitoring "spending, travel and communications."

Let's emphasize that again: The plot was foiled because a large number of people were under surveillance concerning their spending, travel and communications. Which leads us to wonder if Scotland Yard would have succeeded if the ACLU or the New York Times had first learned the details of such surveillance programs.

And almost on political cue yesterday, Members of the Congressional Democratic leadership were using the occasion to suggest that the U.S. is actually more vulnerable today despite this antiterror success. Harry Reid, who's bidding to run the Senate as Majority Leader, saw it as one more opportunity to insist that "The Iraq war has diverted our focus and more than $300 billion in resources from the war on terrorism and has created a rallying cry for international terrorists."

Ted Kennedy chimed in that "it is clear that our misguided policies are making America more hated in the world and making the war on terrorism harder to win." Mr. Kennedy somehow overlooked that the foiled plan was nearly identical to the "Bojinka" plot led by Ramzi Yousef and Khalid Sheikh Mohammed to blow up airliners over the Pacific Ocean in 1995. Did the Clinton Administration's "misguided policies" invite that plot? And if the Iraq war is a diversion and provocation, just what policies would Senators Reid and Kennedy have us "focus" on?

Surveillance? Hmmm. Democrats and their media allies screamed bloody murder last year when it was leaked that the government was monitoring some communications outside the context of a law known as the Foreign Intelligence Surveillance

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Act. FISA wasn't designed for, nor does it forbid, the timely exploitation of what are often anonymous phone numbers, and the calls monitored had at least one overseas connection. But Mr. Reid labelled such surveillance "illegal" and an "NSA domestic spying program." Other Democrats are still saying they will censure, or even impeach, Mr. Bush over the FISA program if they win control of Congress.

This year the attempt to paint Bush Administration policies as a clear and present danger to civil liberties continued when USA Today hyped a story on how some U.S. phone companies were keeping call logs. The obvious reason for such logs is that the government might need them to trace the communications of a captured terror suspect. And then there was the recent brouhaha when the New York Times decided news of a secret, successful and entirely legal program to monitor bank transfers between bad guys was somehow in the "public interest" to expose.

For that matter, we don't recall most advocates of a narrowly "focused" war on terror having many kind words for the Patriot Act, which broke down what in the 1990s was a crippling "wall" of separation between our own intelligence and law-enforcement agencies. Senator Reid was "focused" enough on this issue to brag, prematurely as it turned out, that he had "killed" its reauthorization.

And what about interrogating terror suspects when we capture them? It is elite conventional wisdom these days that techniques no worse than psychological pressure and stress positions constitute "torture." There is also continued angst about the detention of terror suspects at Guantanamo Bay, even as Senators and self-styled civil libertarians fight Bush Administration attempts to process them through military tribunals that won't compromise sources and methods.

In short, Democrats who claim to want "focus" on the war on terror have wanted it fought without the intelligence, interrogation and detention tools necessary to win it. And if they cite "cooperation" with our allies as some kind of magical answer, they should be reminded that the British and other European legal systems generally permit far more intrusive surveillance and detention policies than the Bush Administration has ever contemplated. Does anyone think that when the British interrogate those 20 or so suspects this week that they will recoil at harsh or stressful questioning?

Another issue that should be front and center again is ethnic profiling. We'd be shocked if such profiling wasn't a factor in the selection of surveillance targets that resulted in yesterday's arrests. Here in the U.S., the arrests should be a reminder of the dangers posed by a politically correct system of searching 80-year-old airplane passengers with the same vigor as screeners search young men of Muslim origin. There is no civil right to board an airplane without extra hassle, any more than drivers in high-risk demographics have a right to the same insurance rates as a soccer mom. * * *

The real lesson of yesterday's antiterror success in Britain is that the threat remains potent, and that the U.S. government needs to be using every legal tool to defeat it. At home, that includes intelligence and surveillance and data-mining, and abroad it means all of those as well as an aggressive military plan to disrupt and kill terrorists where they live so they are constantly on defense rather than plotting to blow up U.S.-bound airliners.

As the time since 9/11 has passed, many of America's elites have begun to portray U.S. government policies as a greater threat than the terrorists themselves. George Soros and others have said this explicitly, and their political allies in Congress and the media have staged a relentless campaign against the very practices that saved innocent lives this week. We doubt that many Americans who will soon board an airplane agree.

The London Plot (NYT)

The New York Times, August 11, 2006

For almost five years now, we have carried around the legacy of Sept. 11. There is no sunny morning that does not revive its memory. The news of a terrorist plot against America-bound airliners yesterday called up feelings that are never all that far below the surface.

There is nothing Americans want more than to win the war on terror, to come to a place where people no longer feel it is a fine thing to forfeit their own lives and the lives of innocents in order to make the world notice their anger and frustration. It is a point on which the country is absolutely undivided. It is one matter about which subway commuters, airline passengers and mall shoppers feel no irony or cynicism whatsoever.

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It comes like a punch to the gut, at times like these, when our leaders blatantly use the nation's trauma for political gain. We never get used to this. It never feels like business as usual.

On Wednesday, when the administration already knew that British agents were rounding up suspects in what they believed was a plot to blow up planes en route to the United States, Vice President Dick Cheney had a telephone interview with reporters to discuss the defeat of Senator Joseph Lieberman of Connecticut in a Democratic primary. Mr. Cheney went off on a rather rambling disquisition, but its main point was clear: In rejecting Mr. Lieberman, who supported the war in Iraq, the Democrats were encouraging "the Al Qaeda types." Within the Democratic ranks, the vice president added, "there's a significant body of opinion that wants to go back — I guess the way I would describe it is sort of the pre-9/11 mind-set, in terms of how we deal with the world we live in."

The man who beat Mr. Lieberman, Ned Lamont, lives in Greenwich, a suburb full of commuters who work in New York high-rise buildings. They are completely aware of the way international terrorism can come crashing down on an ordinary family, leaving the survivors stunned and bereft. A dozen of their neighbors died at the World Trade Center. They will never be able to go back to a "pre-9/11 mind-set."

But that did not seem to deter Mr. Lieberman from scoring a cheap sound bite yesterday. Leaving Iraq, as Mr. Lamont advocates, "will be taken as a tremendous victory by the same people who wanted to blow up these planes in this plot hatched in England," he said. "It will strengthen them and they will strike again."

Here is what we want to do in the wake of the arrests in Britain. We want to understand as much as possible about what terrorists were planning. To talk about airport security and how to make it better. To celebrate what worked in the British investigation and discuss how to push these efforts farther. It would be a blessed moment in modern American history if we could do that without turning this into a political game plan.

Terror In The Air (LAT)

The Los Angeles Times, August 11, 2006

SAME IDEA, DIFFERENT OCEAN. If Thursday's thwarted terrorist plot sounded eerily familiar, that's because Islamic terrorists developed a similar plan — to blow up a dozen U.S.-bound airliners simultaneously over the Pacific — about a decade ago. That plot was foiled too. But whatever this latest scheme says about the terrorists' lack of imagination, it also serves as a reminder, as President Bush said, that the U.S. and its allies are in a protracted "war with Islamic fascists."

It has been difficult at times to take Washington's terrorism warnings very seriously, or to be very impressed by past law enforcement coups in this conflict. The administration has tended to use the war as a cheap political instrument and has called a few too many triumphant news conferences trumpeting disrupted terrorist conspiracies that turned out to be little more than amateurs incapable of pulling off the attacks they fantasized about.

But Thursday's news felt different. In part, this is because it was a British operation, and last year's London subway bombing revealed the frightening radicalism of some segments of Britain's Muslim community. Two dozen suspects — most of them British nationals of Pakistani ancestry — have been arrested by British authorities, who reportedly worked closely with Pakistani and U.S. intelligence. The plan to use liquid peroxide-based bombs to bring down the airliners was described as "well-advanced" and "imminent."

London's Heathrow Airport went into a virtual lockdown Thursday, and U.S. airports responded by banning most liquids and gels from carry-on luggage (at least for now). Such vigilance is understandable. Not all conspirators were apprehended, and it is possible that other groups would want to proceed with their plans. There also is the possibility of copycat attacks, like the failed attempts in London's subway two weeks after last year's July 7 bombings.

The ambitious transatlantic plot comes at a time when air travel was starting to recover from its post-9/11 trauma. Passenger loads were again reaching record levels, and airlines were showing signs of financial recovery, despite soaring fuel prices. Little things, such as taking off your shoes at the security checkpoint, were starting to seem more like a nuisance than a matter of national security. Flying may be unpleasant in the weeks ahead, but shaking off some of that complacency is a good thing.

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Governments have to continue to react to the latest threat in the air. After 9/11, it was nail clippers, small scissors and any other object that could be used to overpower a crew. After the so-called shoe bomber was caught aboard a plane in 2001, it was shoes. This week, it's hair gel and shaving cream. With reinforced cockpit doors making hijackings more difficult, airplanes have once again become targets, rather than potential weapons of mass destruction.

Keeping explosives from getting onboard makes sense, as does tightened security at airports. What this thwarted plot shows most of all, however, is that there may be no better weapon against terrorists than sound intelligence work.

The War Bush Isn't Fighting (WP)

By Eugene Robinson

The Washington Post, August 11, 2006

When unsmiling agents at the airport take away your contact lens solution, your toothpaste, and your cologne or after-shave, remember Osama bin Laden. Remember the real war on terrorism that the Bush administration and its allies decided not to fight, preferring cowboy-style military adventures.

The revelation yesterday of the elaborate plot to blow up airliners over the Atlantic Ocean with liquid explosives reminds us of the real threats we face -- as opposed to the phantom threats that George W. Bush and Tony Blair have conjured to justify their disastrous war in Iraq.

The airliner conspiracy seems to have all the hallmarks of an al-Qaeda extravaganza: careful and sophisticated planning, the intent to shock the world with simultaneous detonations, cold-blooded determination to murder innocents by the hundreds, and a timeline that comes suspiciously close to the fifth anniversary of the Sept. 11 attacks. Sending a cascade of Boeings and Airbuses into the frigid ocean would have had the kind of theatrical impact that al-Qaeda always seeks.

But it doesn't really matter whether the plotters were al-Qaeda soldiers taking orders from bin Laden or just a group of like-minded admirers working on their own. The plot demonstrates that al-Qaeda lives on, either as a functioning organization or, even more chillingly, as an inspiration to jihadists around the world.

Shoe bombs didn't work, and now we shuffle through the metal detectors in our socks. Liquid explosives didn't work, and now we will fly with unbrushed teeth. We can be sure that somewhere in some anonymous apartment, maybe in Paris or Frankfurt or Karachi, a group of unknown conspirators has absorbed the failure of the London plot and already begun to develop a new approach to mass murder.

President Bush said that the uncovered conspiracy is "a stark reminder that this nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation." If only the president would fight that war. If only he hadn't turned away from the hunt for bin Laden to chase his neocon advisers' delusions of spreading pro-American democracy at the point of a gun.

Let's check what else was in the news yesterday. In Iraq, a suicide bomber killed at least 35 people and injured more than 100 by blowing himself up near a famous shrine in the city of Najaf, which is holy to Shiite Muslims. Meanwhile, U.S. troops moved into the Dora neighborhood of Baghdad in an attempt to end a reign of lawlessness. All this violence is part of a sectarian civil war that was made possible by the U.S. invasion -- and that is growing in intensity under the open-ended U.S. occupation. Iraq, says Bush, is a vital theater in the war against terrorism.

In other news, Israeli forces continued their systematic destruction of Lebanon's infrastructure by targeting a historic lighthouse in the heart of Beirut, in an apparent attempt to knock Lebanese state television off the air. This comes after Israeli forces had already destroyed every bridge over the Litani River, all of Lebanon's major roads and much of the Beirut airport, all in the name of cutting off supplies to the Hezbollah militia -- and all with no complaint from U.S. officials. Lebanon, says Bush, is another vital theater in the war against terrorism.

Secretary of State Condoleezza Rice speaks of building a "new Middle East," but the Bush administration construction plan seems to begin with setting the old Middle East on fire. The bungled occupation of Iraq has drawn new recruits to the jihadist cause around the world, and now the disproportionate Israeli assault on Lebanon is doing the same thing. We are at war with an ideology, and pounding it frontally just disperses it. It's like trying to smash mercury with a hammer.

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Maybe the discovery of the airliner plot will bring us back to the real world. There are deadly enemies out there, and one way to fight them, as the British demonstrated yesterday, is through intelligence. One way not to fight them, as the Bush administration continues to demonstrate, is through reckless military action that may kill terrorists but also kills innocent civilians and thus creates a new generation of terrorists -- doubtless including some bright young man or woman who will come up with a new idea for downing civilian airliners.

We will end up boarding our flights barefoot, barehanded and buck naked except for a hospital gown they'll make us put on at the airport. And, at this rate, Osama bin Laden will be watching CNN from his cave, smiling contentedly.

Foiled Plot Is Police Triumph, Reminder Of Security Holes (USAT)

USA Today, August 11, 2006

As the fifth anniversary of the Sept. 11 attacks approaches, any complacency about air travel or terrorist threats was shattered with Thursday's news that plotters were close to executing a plan to commit mass murder in the skies over the Atlantic.

This time, thankfully, the plot was uncovered. This time, intelligence agencies didn't muff opportunities the way they did in 2001. This time, two dozen alleged plotters were arrested in London and other British cities before they could blow up U.S.-bound jets flying from the United Kingdom.

For that, Americans can be profoundly grateful. But the news was also profoundly disturbing. It showed that terrorists, presumably Islamic radicals, remain obsessed with using jetliners to bring off a spectacular attack. It showed that there are still people — smart, sociopathic and suicidal people — who hate America enough to want to kill planeloads of innocent travelers.

And it showed that gaping holes remain in the air-security network put in place since 9/11, even though the U.S. government has lavished more attention and money on this area of homeland defense than any other.

Perhaps the key lessons from this aborted plot, which authorities said involved liquid explosives to be mixed on the plane, are the importance of pre-emptive intelligence and of security that evolves along with the nature of the threat.

Since 9/11, billions of dollars have been spent to strengthen cockpit doors and screen checked baggage. Since "shoe bomber" Richard Reid's aborted effort three months after 9/11, passengers have had to remove their footwear. As the Reid episode showed, fliers and crewmembers are far more vigilant than they were on 9/11.

As a result, terrorists have homed in on the vulnerability of carry-on baggage, the vast majority of which is not screened for explosives or the household chemicals that could be mixed to make them. Had intelligence not foiled this latest plot, it is hard to imagine that screening alone would have done so.

The Government Accountability Office (GAO), Congress' investigative arm, and security experts have repeatedly identified continuing flaws:

• Cargo is loaded into the bellies of passenger planes largely unscreened.

• While checked bags are screened using nearly 9,000 explosive detection machines throughout the country, when airports are crowded, the government allows less effective methods, such as canines and physical searches.

• Carry-on bags are largely screened using old-fashioned X-ray methods, which cannot detect explosives. Better technology exists, but the government hasn't committed the money to buy it.

For now, the government has turned to a crude security method: With few exceptions, liquids, gels and even drinks will not be allowed on planes. Travelers may grumble, but no one should balk at this until the plot is fully unraveled.

Once it is, we hope Homeland Security officials will apply the rules with common sense, not mindless bureaucracy. Is having travelers sip their beverages at the security checkpoint, just as they have to turn on laptop computers, an alternative to confiscating or banning them?

Looking ahead, Americans will have to ask themselves some serious questions. Do they want to spend the billions it will take to make air travel virtually impregnable? Or is the money better spent on robust intelligence and offensive capabilities?

This time, the nation was fortunate. But the depressing realities, 4 years and 11 months after 9/11, are that terrorists still lurk, and the days of carefree flying are ever more distant.

A Chilling Reminder (WP)

The Washington Post, August 11, 2006

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WITH NEARLY five years having passed without a repetition of Sept. 11, the threat of terrorism had come to seem to many as more theoretical than real. Yesterday's news changed that in a hurry.

British officials announced that they had foiled a plot to cause "mass murder on an unimaginable scale." Terrorists planned to blow up a large number of airliners flying from Britain to the United States. It was, said Michael Chertoff, U.S. secretary of homeland security, "a plot that is certainly about as sophisticated as any we've seen in recent years."

The first conclusion, as we've learned during the past five years, is that you have to be careful in drawing conclusions. In the past, U.S. officials have breathlessly announced the disruption of terrorist designs that proved, in subsequent days, less formed or horrific than claimed. In other cases, it has taken time to uncover whether, for example, plots are homegrown or hatched from abroad. FBI Director Robert S. Mueller III said that the latest conspiracy "had the earmarks of an al-Qaeda plot," but all officials stressed that their investigation was continuing.

But if the inquiry fills out the outline provided yesterday, it will serve, first, as a chilling reminder of how many people remain committed to murdering innocent civilians; and, second, as a reassuring reminder of the solid police work (in this case, in Britain) unseen by most of us. There will continue to be legitimate questions about the workings and organization of homeland security departments here and abroad and about whether vast sums appropriated since 2001 have been spent wisely. But the emergence of one terrorist plot from the shadows should bring to mind the many men and women in the United States and elsewhere working every day with determination, and usually without credit, to block such plots.

There has been a lot of discussion about insufficient resources devoted to the protection of ports, railways or chemical plants. Those other potential targets may indeed need more attention. But airliners remain a high-profile and therefore attractive target for terrorists.

It's inevitable that politicians will weave this latest development into campaign narratives. Critics of the administration will say it proves that President Bush and his wars have not made the nation safer and that more effort has to be made to reduce the alienation of Muslims in Europe and elsewhere. Bush partisans will say it proves the need for his aggressive approach. "This is a war Islamic fascists started -- and it is a war they intend to prosecute to the end," White House official Peter H. Wehner wrote in an e-mail yesterday. "In the face of that, 'Come Home, America' is not a sufficient response. Retreating from Iraq and 'redeploying' to Okinawa is not a sufficient response. Criticizing the surveillance of terrorists' calls into and out of America is not a sufficient response. And weakening the Patriot Act is not a sufficient response."

In our view, point-scoring from either side isn't very useful. Over the past couple of years, as the threat seemed to recede, maybe it seemed okay to shape positions on terrorism based on polling results and electoral prospects. Now, we're reminded, that isn't acceptable, and neither are the stale and unproductive either-or arguments the nation gradually slid into. We have to conduct intensive police investigations and protect civil liberties; protect the ports and take the fight to the enemy and reach out to broader Muslim communities. And we need to understand that no approach is going to make the nation absolutely safe anytime soon.

Americans seem to understand that, if the patience shown at airports yesterday is any indication. New security rules imposed considerable inconvenience, which may persist. But yesterday's news also was a reminder that inconvenience is a lot preferable to the alternative.

No Cutting (WP)

The Washington Post, August 11, 2006

AVIATION OFFICIALS claim that airport security waits yesterday weren't much longer than normal. But to travelers, some queues seemed longer than your average Siberian bread line after the Transportation Security Administration added new requirements -- including removing all liquids from carry-on luggage -- to the long list of security protocols airline passengers already had to endure.

Most air travelers took the beefed-up security -- and the occasionally interminable waits that followed -- in stride. First- and business-class passengers in most airports, on the other hand, didn't have to. As usual, higher-class passengers skipped most of the security queues at hubs such as Dulles and Los Angeles international airports. That's hardly fair.

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We understand why travelers in first class and business get preferential treatment in airline baggage lines; it's one of the perks they pay for. Checked baggage handling is a service that airlines elect to provide, and they can administer it however they see fit. But does the same logic extend to an official public service? When security alerts like yesterday's bring hassle and delay, it shouldn't be only the travelers with coach seats who have to sacrifice their time to ensure the safety of American aviation.

The TSA insists it has no authority over queues before airport magnetometers. Its charge, says a TSA spokesman, is merely to screen all passengers who approach their security stations. How they get there is up to the airlines. Municipal airport authorities can also duck the blame. Because it is airline employees who check identification cards and tickets before passengers approach airport magnetometers, airlines have exclusive control over the queues. For that reason, the process isn't even uniform among all airports.

But the ID and ticket check before the X-ray machines is a security measure, no matter who's providing the staffing. It's not clear why people should be able to buy their way out of line.

Terrorist Extravaganza (WSJ)

By Judith Miller

The Wall Street Journal, August 11, 2006

The details of the latest failed Islamist plot against America are disturbingly familiar. A group of ethnic Pakistanis plot for months to blow up, simultaneously, multiple jet airliners en route to the U.S. using odorless, colorless liquid explosives contained in carry-on luggage. The resemblance to a failed effort in 1994, codenamed "Operation Bojinka," is unmistakable.

In that episode, Ramzi Yousef, also of Pakistani origin who was schooled in chemistry in the U.K., moved to the Philippines after failing to destroy the World Trade Center in 1993 and hatched another plot, this time to destroy 12 jets en route from Asia to the U.S. Yousef's cell fashioned detonators from wristwatches and other appliances that would have passed airport screening. The detonators and liquid explosives were to be assembled on board. After a December 1994 test run of the bomb failed to bring down the plane as anticipated (one person was killed and 10 wounded), Yousef enhanced the explosive by using acetone peroxide, an odorless, colorless liquid that was to be placed in bottles of contact-lens solutions. But the plot was revealed when a fire erupted in his Manila apartment and his plot-filled computer was found. He fled to Pakistan, where he was eventually betrayed and arrested.

The latest alleged plot was foiled thanks not to an accidental fire, but, if early reports prove accurate, to Scotland Yard's successful infiltration of the terrorist group and its arrest of some 21 members of a cell, both in Britain and in Pakistan, that could include as many as 50 people.

While thwarted, however, both the similarities and differences in the plots are ominous. First, the casualties in both plots, had they succeeded, would have been not only largely American, but equal in number to, or greater than, 9/11. Second, the plots show that militant Islamists remain fixated not only on planes as potential weapons, but on perpetrating the catastrophic terrorism that has long been the hallmark of Osama bin Laden's al Qaeda. Taking pride in its status as the reigning "superpower" of terror, al Qaeda and the likeminded young Islamists it either directs or inspires -- it is still unclear which is the case in this latest conspiracy -- strive for terrorist extravaganzas, mega-death rather than a series of more modest attacks that might more effectively devastate America's economy and its citizens' fragile sense of security over time.

Coupled with the thwarted airplane bombing plot of British-born "shoe bomber" Richard Reid and last summer's deadly attacks on London's subways and buses, the plots also demonstrate the emerging centrality of Britain -- or "Londonistan," the subject of Melanie Phillips's recent book -- as a breeding ground for Islamofascist terror. Unlike Bojinka, many of those arrested in the latest alleged plot were not displaced refugees but British-born. And many of these home-grown plotters, unlike Yousef, whose goal was to live to kill another day, were apparently willing to kill themselves to strike a blow. The fact that British-born nationals are willing to commit suicide suggests that the universe of Islamic terrorists is growing rather than shrinking.

Steven Simon, a counterterrorism official under President Clinton and coauthor of "The Age of Sacred Terror," which contains the earliest detailed account of Bojinka, argues that the latest plot suggests that Islamic terrorism is in a transitional phase between "your father's al Qaeda," a highly centralized group whose relationships were forged in the Afghan crucible, and the new world of "self-starters," European citizens who "see themselves as avengers."

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The latest plot should concern Washington because it suggests that militant Islamist terrorism is likely to continue to grow, and that its targets continue to be American. That said, there is something of a silver lining to this terrifying trend: The alienation felt by many Muslims in Western lands is not common in the U.S. And given the integration of Muslims from many Arab and non-Muslim lands in American life, the Muslim rage that devastated Parisian suburbs last summer and shredded the tolerant culture of the Netherlands is not widespread here.

Another reason not to despair is the tough-minded approach adopted by the police department of the al Qaeda's No. 1 target, New York. With 1,000 of its 37,000 uniformed officers and 15,000 civilian employees assigned to counterterrorism, the New York Police Department has become an urban model for fighting terrorism.

Under Commissioner Ray Kelly, it has embedded officers in London, Amman, Tel Aviv, Lyons, Singapore and other cities that have much to teach Americans about fighting terror. Because New York is the world's most ethnically diverse city, its police force, Mr. Kelly said earlier this week, has "more Arabic speakers than any other law enforcement agency in the country," and, terrorism experts say, more Pashtu, Urdu and Farsi speakers than the F.B.I. Though its "Nexus" program, police officers have had 25,000 contacts with businesses in and outside New York that might be unwittingly used to facilitate a terrorist attack. A recent trial demonstrated the effective work of undercover operatives, always a tricky business when building trust among minority communities.

None of this should produce complacency. Defenders need to be both skillful and lucky all the time; terrorists need to be lucky only once to kill hundreds, if not thousands. The odds of another successful attack in the U.S. are clearly in the terrorists' favor. But New Yorkers should be somewhat comforted by the fact that this city, so far, has reveled in its ethnic and religious diversity and is doing all it can to ensure that those who want to harm America feel unwelcome here. New York isn't "New Yorkistan."

Ms. Miller, a former New York Times reporter, is a writer in Manhattan.

'Arc Of Extremism' (WSJ)

By William Shawcross

The Wall Street Journal, August 11, 2006

LONDON -- It took President Bush to tell the truth to Britain about the alleged massive plot to blow U.S.-bound airliners out of the sky. In his first comment on the apparently foiled attempt, he put it simply: "This was a stark reminder that this nation is at war with Islamic fascists."

He is right, but in the first news reports in Britain yesterday, the words "Islamic" or "Muslim" were hardly mentioned, let alone the dread word "fascist." Instead the common code-words on television were that the 24 men arrested were "British-born" and "of Pakistani origin." No mention of their Islamist ideology. Does the BBC think they might turn out to be from Pakistan's embattled Christian minority? I don't think so.

In Europe, the truth is so terrible that we are in denial. Perhaps it is understandable. We simply do not know how to deal with the fact that we really are threatened by a vast fifth column, that there are thousands of European-born people, in Britain, in France, in Holland, in Denmark -- everywhere -- who wish to destroy us. You see this denial in the coverage of Israel's war against Hezbollah. The deaths in Lebanon are utterly tragic. But if you watched only British television, particularly the BBC, you would be hard-pressed to understand that Israel has been forced into a war for its survival. Last weekend people marched in an anti-Israel march though London carrying banners proclaiming "We are all Hezbollah Now."

As the historian Victor Davis Hanson recently pointed out, there is a moral madness at work here. We refuse to admit there is a pattern to global terrorism. We are terrified of being called "Islamophobic." European papers are frightened to publish cartoons which some Muslims demand we censor, but are happy to portray the Israelis as latter-day Nazis. Not for nothing does Mr. Hanson say that we have forgotten the lessons of 1938.

In a live BBC interview recently I called Hezbollah "Islamofascists." The charming interviewer said nervously, "That's a very controversial description"; I replied that it was merely accurate. She brought the interview to a swift close. But it's not just Hezbollah, of course. The same ideology of hate inspires al Qaeda, the inspiration if not the controller of the British bombers.

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In Britain we are actually quite lucky. We have a prime minister who, in my view, has committed many errors at home; but abroad Tony Blair has a clear vision, both moral and pragmatic, of the threat that we face. And for this he is mocked and abused as nothing more than George Bush's "poodle."

In a thoughtful recent speech in Los Angeles, Mr. Blair spoke of fighting an "arc of extremism." That is Islamic extremism, whether it is inspired al Qaeda or by Tehran, whether its footsoldiers are Sunni or Shiite, whether they were born in Britain or southern Lebanon or Iran or Saudi Arabia. As Mr. Blair said, the battle is over the values that are to govern the future of the worlds. "Are they those of tolerance, freedom, respect for difference and diversity or those of reaction, division, hatred?"

"This is war" said Mr. Blair. Alas, it is. Wherever they were born, the men who want to blow up airliners, who want to destroy Israel and, not coincidentally, who want to kill all hope of a decent society in Iraq -- are Islamofascists who are united in hatred of us. The sooner we in Europe understand that, and that they must be defeated, the safer everyone -- Christians, Jews, Muslims, nonbelievers -- will be.

Mr. Shawcross is author of "Allies: Why the West Had to Remove Saddam" (PublicAffairs Press, 2005).

6 Of 11 Missing Egyptians Now In Custody (HC/AP)

By Nathaniel Hernandez, Associated Press

Houston Chronicle, August 11, 2006

CHICAGO — Six of the 11 Egyptian exchange students who recently entered the United States and failed to show up for their college program were in custody today after three more were arrested, officials said.

Police arrested Ahmed Mohamed Mohamed Abou El Ela, 22, at O'Hare International Airport after he tried to check in for a Chicago-to-Montana flight using an invalid ticket marked for a New York departure, Chicago police said.

El Ela raised his voice and became unruly after an employee at a Delta ticket counter refused to let him exchange the ticket for a valid one, said Timothy J. Bolger, the Chicago police officer at the scene.

"He was loud and causing people to be alarmed," Bolger said. The officer said El Ela calmed down when police arrived.

After federal officials confirmed El Ela was one of the students they were seeking, police turned him over to immigration agents, Chicago Police Superintendent Phil Cline said.

Two other students, El Sayed Ahmed Elsayed Ibrahim, 20, and Alaa Abd El Fattah Ali El Bahnasawi, 20, were arrested at a residence in Dundalk, Md., outside Baltimore, by U.S. Immigration and Customs Enforcement agents, the FBI said.

All are being held on administrative immigration violations because they did not report on time to their monthlong program at Montana State University in Bozeman, Mont.

A group of 17 students, six of whom reported to Bozeman on time, arrived in New York on July 29.

After Montana State repeatedly tried to contact the missing students, it notified Department of Homeland Security officials and registered the Egyptians as no-shows in a system developed after the Sept. 11, 2001, terror attacks to track foreign students.

None of the students is considered a terrorism risk, and FBI officials stressed there are no ties between the Egyptians and the alleged terror plot broken up by British authorities.

The other five students were still being sought.

Relatives in Egypt explained the students' failure to show up at Montana State by saying they probably wanted to find work in the United States.

"It must have been in his mind to stay where there are plenty of job opportunities," said Ibrahim el-Dessouki, the father of a student arrested Wednesday in Minnesota. "You know how much a dollar is worth here in Egypt."

He said he spoke to his son when he arrived in the United States but has not since.

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Associated Press writers Michael Tarm in Chicago and Maggie Michael in Egypt contributed to this report.

Heightened Vigilance Leads To Student's Arrest (CHIT)

By David Heinzmann And Brendan Mccarthy, Tribune Staff Reporters

Chicago Tribune, August 11, 2006

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With airline employees and police at O'Hare International Airport working in a heightened state of alert Thursday morning, a Delta Air Lines ticket agent became suspicious of a young Egyptian man who was agitated and trying to board a flight with an invalid ticket, police said.

Within minutes, she and the Chicago police officer she called for help learned that Ahmed Abou El Ela, 21, was one of 11 missing Egyptian students wanted by immigration authorities because they had failed to show up at Montana State University for a study program. Officer Tim Bolger arrested El Ela, and police turned him over to federal immigration agents for questioning. He remained in federal custody Thursday evening.

Authorities said they have no evidence that any of the missing Egyptians are linked to terrorists, and Chicago police Supt. Philip Cline said there is no reason to believe El Ela's travel plans Thursday morning had anything to do with the foiled terror plot in London.

Including El Ela and two men arrested Thursday in Maryland, six of the Egyptian students have been apprehended since they disappeared after entering the country July 29. The original group had 17 students, and six reported to Montana State on time. When the others didn't show, the university contacted the Department of Homeland Security, which has monitored the movements of foreign students since the Sept. 11, 2001, terrorist attacks.

About 7:30 a.m. Thursday, El Ela approached one of the Delta gate desks in O'Hare's Terminal 3 and attempted to book himself on a flight to Bozeman, Mont., Bolger said, but his ticket was for a flight from New York to Bozeman on a different day.

He wanted to exchange the ticket and "was acting in a strange, erratic behavior," Bolger said.

El Ela raised his voice with airline agents and told the woman to call the university to confirm he was a student there. The woman did, but a university representative told her to contact authorities immediately, Bolger said. At that point, the woman called the officer, and he soon arrived at the gate.

By that time, El Ela was "calm and cooperative," Bolger said. "He was kind of confused, and he talked in broken English."

Bolger asked him questions, but he said El Ela would not tell him where he had been recently. Police later learned that he had apparently taken a bus from New York to Chicago, police spokeswoman Monique Bond said.

dheinzmann@tribune.com

bmccarthy@tribune.com

2 Missing Egyptian Students Arrested In Dundalk (BSUN)

By Gadi Dechter, Sun Reporter

The Baltimore Sun, August 11, 2006

5 others still sought; officials say security checks indicate they pose no threat

Two of the 11 Egyptian students whose disappearance this week prompted a nationwide search were arrested this morning in Dundalk, according to immigration authorities.

Immigration and Customs Enforcement agents found and detained El Sayed Ahmed Elsayed Ibrahim, 20, and Alaa Abd El Fattah Ali El Bahnasawi, 20, at a Dundalk "residential location," according to a statement.

"It appears they came here on a student visa, but intended to stay and get a job," said Dean Boyd, a spokesman for the immigration agency.

Another missing Egyptian student was detained this morning at O'Hare International Airport in Chicago while he was attempting to book a flight to Montana, where he and the other missing students had failed to show up for a monthlong academic program at Montana State University.

Three other students were arrested yesterday, one in Minneapolis and two in New Jersey, bringing the tally of still-missing students down to five.

Federal authorities continued to emphasize today that they have no reason to believe the missing Egyptian students were dangerous.

"We have run these individuals through databases and checked with people around the country, and at this point we have no indication they pose any threat," Boyd said.

2 Charged In Ohio With Aiding Terrorism (AP)

By Sarah Karush

The AP, August 11, 2006

DEARBORN, Mich. -- Attorneys for two Arab-American college students accused of supporting terrorism through the sale of mobile phones said their clients were victims of discrimination, while authorities charged them Thursday with an additional felony.

"These are all-American kids that unfortunately, in this day and age since 9-11, have names that call them into question," said defense attorney Rolf Baumgartel.

Authorities stopped Osama Sabhi Abulhassan, 20, and Ali Houssaiky, 20, both of Dearborn, Mich., on a traffic violation Tuesday in Ohio. Authorities said they found airplane passenger lists and information on airport security checkpoints, along with $11,000 cash and 12 phones, in their car.

Prosecutors said investigators also found a map that showed locations of Wal-Mart stores from Ohio through Kentucky, Tennessee and the Carolinas.

Prosecutor Susan Vessels said the prepaid mobile phones they bought can be used to make hard-to-track international calls and have been linked to use by terrorists,

Abulhassan and Houssaiky admitted buying about 600 phones in recent months at stores in southeast Ohio and selling them to someone in Dearborn, the heart of southeastern Michigan's large Arab community.

Baumgartel said the government had no evidence the phones were being used illegally and the men planned to resell the phones simply to make money. Defense attorneys also said the airport and airplane information were old papers left in the car by a relative who worked at an airport.

Each defendant was charged Wednesday with money laundering in support of terrorism. On Thursday, prosecutors added soliciting or providing support for acts of terrorism. The two also were charged with a misdemeanor count of falsification.

A judge ordered them held on $200,000 bond each. Both also must surrender their passports.

FBI spokesman Mike Brooks in Cincinnati said the case had no link to the alleged plot to blow up U.S.-bound planes that British authorities said they thwarted Thursday.

Abulhassan is a junior at the University of Michigan-Dearborn. The school's directory lists him as a political science major. Houssaiky had been enrolled at Wayne State University in Detroit as recently as May and was studying to be a physical therapist. He was not enrolled this fall, a university spokesman said.

At Dearborn's Fordson High School, the two friends were star football players. Both were born in the United States to parents who immigrated from Lebanon.

They face up to five years in prison and up to $25,000 in fines if convicted.

HOMELAND RESPONSE:

Judges Consolidate Wiretap Suits (WSJ/AP)

The Wall Street Journal, August 11, 2006

SAN FRANCISCO -- A federal panel of judges has consolidated 17 lawsuits filed throughout the U.S. against telephone companies accused of helping the Bush administration monitor Americans' communications without warrants.

The Judicial Panel on Multidistrict Litigation transferred the cases to U.S. District Judge Vaughn Walker, who last month declined to dismiss one of the lawsuits brought against the federal government and AT&T Inc., according to an order released yesterday.

The consolidated lawsuits also target Verizon Communications Inc., BellSouth Corp. and their affiliates. The panel ruled that 26 other lawsuits with similar allegations also may be moved to Judge Walker, who took the bench in 1990 after being nominated by the first President Bush.

Last month, Judge Walker rejected government assertions that the AT&T case had to be dropped because it could expose state secrets and jeopardize the war on terror.

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The judge ruled that the warrantless eavesdropping has been so widely reported there's no danger of exposing secrets. No hearing has been set, and the Justice Department has asked the judge to halt the case pending appeal.

The lawsuits challenge President Bush's assertion that he can use his wartime powers to eavesdrop on Americans without a warrant. The suits accuse the companies of illegally making communications on their networks available to the National Security Agency without warrants.

A five-judge panel of federal judges consolidated the cases because they dealt with similar allegations, choosing Judge Walker because the AT&T case was the most advanced.

The San Antonio-based phone company has argued that it should be immune from prosecution since it received government authorization to conduct the surveillance.

Man May Plead Guilty In Seattle Shootings (USAT/AP)

By Donna Gordon Blankinship, The Associated Press

USA Today, August 11, 2006

SEATTLE — The man accused of shooting six women, one fatally, at the Jewish Federation offices in Seattle has indicated that he wants to plead guilty, his attorney said Thursday, but a judge continued his arraignment until next week to help the attorney determine whether he is competent to make such a plea.

Naveed Afzal Haq is charged with aggravated first-degree murder in the death of Pamela Waechter, 58, director of the Jewish charity's annual fundraising campaign, and with five counts of attempted first-degree murder in the attack at the federation's downtown offices on July 28.

Haq, 30, said little at his brief arraignment Thursday, but his court-appointed attorney, C. Wesley Richards, told King County Superior Court Judge Michael Trickey that Haq "is indicating that it is his desire to enter guilty pleas."

Richards said he was not aware before the hearing that Haq intended to plead guilty. At Richards' request, Trickey continued the hearing until Tuesday.

The judge also granted a prosecution request to bar Haq from having contact with victims of the shooting, or volunteers and employees of the Jewish Federation.

Haq is being held in the King County Jail without bail. He is accused of forcing his way into the downtown offices of the Seattle charity and firing a handgun, saying that he was upset about the war in Iraq and the United States' support of Israel.

In addition to the murder and attempted murder counts, Haq is charged with one count of first-degree kidnapping, involving a teenage girl who was briefly taken hostage; one count of first-degree burglary for allegedly entering a locked facility to commit a crime; and one count of malicious harassment under the state's hate-crimes law.

Aggravated first-degree murder is punishable by death or life in prison without possibility of release. King County Prosecutor Norm Maleng has not yet announced whether he will seek the death penalty.

Nine volunteers and staff of the charity were in the courtroom, including some who were in the building at the time of the attack.

Lobbyists Lose Bid To Dismiss Secrets Case (NYT)

By Neil A. Lewis

The New York Times, August 11, 2006

WASHINGTON, Aug. 10 — The government's case charging two former pro-Israel lobbyists with improperly receiving and transmitting secret national security information cleared a major hurdle in a ruling on Thursday by a federal judge.

The judge, T. S. Ellis of the United States District Court in Alexandria, Va., refused to dismiss the case against the lobbyists, ruling that the sections of the Espionage Act prohibiting such activity were not unconstitutionally vague. Nor does the act improperly limit the lobbyists' constitutional rights to engage in influencing government policy, he wrote.

The case has produced alarm among the policy groups, lobbyists and journalists who trade in information, often about national security issues, with officials in the administration and in Congress. Nonetheless, Judge Ellis explicitly rejected the argument that the prosecution was unfairly flawed because this practice goes on regularly in Washington.

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Under that argument, it was a violation of due process to single out the pro-Israel lobbyists for behavior that was generally recognized as acceptable in the capital.

The ruling means the case will proceed against the lobbyists, Steven J. Rosen and Keith Weissman, former officials of the American Israel Public Affairs Committee.

Judge Ellis dismissed the defendants' arguments that the indictment limited their First Amendment rights to learn about the way the government operates and use that information to influence policy.

The defendants' motion to dismiss, the judge wrote, "exposes the inherent tension between government transparency so essential to a democratic society and the government's equally compelling need to protect from disclosure information that could be used by those who wish this nation harm." But, he added, "the rights protected by the First Amendment must at times yield to the need for national security."

Lawyers for the two lobbyists argued that the 89-year-old Espionage Act, under which they were charged, was not intended to be used this way. The lawyers argued that even though the language of the law might apply, the application to their clients was so novel that the prosecution violated the well-settled principle that a statute must be clear as to what it prohibits because it would otherwise invite selective prosecution.

Judge Ellis said the applicable test was "whether the language and application of the statute has provided defendants adequate warning that their conduct was proscribed."

In this case, the judge said, the "statute's plain language rebuts this argument." The infrequency of a statute's particular application is unimportant, he ruled.

According to the August 2005 indictment, Mr. Rosen and Mr. Weissman received classified information about the Middle East, Iran and terrorism from a Defense Department analyst, Lawrence A. Franklin. They then passed that information on to a journalist and an Israeli diplomat.

Mr. Franklin pleaded guilty and was sentenced to 12½ years in prison. Mr. Rosen and Mr. Weissman have since been dismissed from the lobbying group, known as Aipac.

Judge Rejects Challenge Of Espionage Law (WT/AP)

By Matthew Barakat

The Washington Times, August 11, 2006

A federal judge yesterday rejected a constitutional challenge filed by two former lobbyists with a pro-Israel group who are charged under a World War I-era espionage law with receiving and disclosing national defense information.

Attorneys for the two former lobbyists with the American Israel Public Affairs Committee argued that the 1917 Espionage Act is unconstitutionally broad and vague, as it seeks to bar receipt or disclosure of "information related to the national defense" to "persons not entitled to receive it."

They also argued that prosecutors were out of bounds for using the statute in an unprecedented manner: prosecuting lobbyists who in the normal course of business discuss policy issues with government officials.

The defense argued that lobbyists should not be held responsible if government officials leak sensitive or classified information to them.

But T.S. Ellis III, a judge in U.S. District Court in Alexandria, upheld the constitutionality of the law as well as the government's effort to apply it to the two lobbyists, Steven Rosen of Silver Spring and Keith Weissman of Bethesda.

In a hearing in March, Judge Ellis sharply questioned prosecutors about their uses of the statute and hinted that he had reservations about the law's constitutionality on free-speech grounds.

In his 68-page opinion, Judge Ellis wrote that "it is a hard case because it requires an evaluation of whether Congress has violated our Constitution's most sacred values ... when it passed legislation in furtherance of our nation's security. The conclusion here is that the balance struck between these competing interests is permissible."

The indictment against Mr. Rosen and Mr. Weissman says they conspired to obtain classified government reports on issues relevant to American policy, including the al Qaeda terror network; the bombing of the Khobar Towers dormitory in Saudi Arabia, which killed 19 U.S. Air Force personnel; and U.S. policy in Iran.

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The pair are accused of sharing the information with reporters and foreign diplomats.

A former Defense Department official, Lawrence A. Franklin, pleaded guilty to providing Mr. Rosen and Mr. Weissman classified defense information and was sentenced to more than 12 years in prison.

Franklin has said he was concerned that the United States was insufficiently concerned about the threat posed by Iran and hoped that leaking information might eventually provoke the National Security Council to take a different course of action.

The 1917 law has never been used to prosecute lobbyists, leading Judge Ellis to conclude back in March that the case moved into "new, uncharted waters."

Judge Rejects Dismissal Of Pro-Israel Lobbyists Case (WP)

By Jerry Markon

The Washington Post, August 11, 2006

A federal judge yesterday declined to throw out the criminal case against two pro-Israel lobbyists accused of violating the Espionage Act, denying their argument that the novel prosecution infringed on their constitutional right to free speech.

U.S. District Judge T.S. Ellis III rejected defense efforts to dismiss the indictments against Steven J. Rosen and Keith Weissman, former employees of the American Israel Public Affairs Committee, or AIPAC. They are charged in what the government calls a conspiracy to obtain classified information and pass it to members of the media and the Israeli government.

Ellis acknowledged that the case "implicates the core values of the 1st Amendment" and that lobbyists and others in Washington pass along information every day that is "indispensable to the healthy functioning of a representative government." But he said Rosen and Weissman -- and others outside the government -- can be prosecuted if the government feels they disclosed information harmful to national security.

The decision alarmed First Amendment advocates who were already concerned about the unprecedented nature of the case. The lobbyists are the first nongovernment civilians charged under the 1917 espionage statute with verbally receiving and transmitting national defense information.

"This decision is breathtaking. It is a bold new interpretation of the Espionage Act that expands its reach dramatically," said Steven Aftergood, director of the Project on Government Secrecy at the Federation of American Scientists.

As one basis for his decision, Ellis cited the landmark 1971 Pentagon Papers case, in which the U.S. Supreme Court allowed the New York Times, The Washington Post and others to publish a secret study of U.S. involvement in Vietnam. If the Nixon Administration had sought to prosecute the newspapers under the Espionage Act instead of blocking publication, Ellis said, "the result may have been different."

Legal and privacy experts said Ellis may have opened the door to criminal prosecutions of reporters or newspapers for publishing classified information. The possibility of such prosecutions has swirled around Washington since the New York Times broke a story last December about the National Security Agency's surveillance of terrorist-related calls between the United States and abroad.

Kate Martin, director for the Center for National Security Studies in Washington, said the ruling "gives the Justice Department the green light to prosecute reporters and investigate them as potential criminal actors and not simply as witnesses."

Federal prosecutors declined to comment yesterday. In court hearings on the defense motion to dismiss the case, they argued that allowing people to verbally disclose sensitive information could harm national security.

Attorney General Alberto R. Gonzales has suggested publicly that New York Times journalists could be prosecuted for the NSA stories, and federal authorities are investigating other possible leaks that led to reports about secret CIA prisons in The Post, law enforcement and intelligence officials have said.

A federal grand jury in the same Alexandria courthouse where Ellis released his decision is investigating unauthorized leaks of classified information, according to a subpoena recently disclosed by a fired NSA officer.

In a joint statement, attorneys for Rosen and Weissman said they were "disappointed, but not surprised" at Ellis's decision, given "the always long odds of having an indictment dismissed before trial."

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They said they were encouraged that Ellis agreed with them that "the mere discussion of foreign policy information with officials of the United States and foreign governments by private citizens" is at the core of First Amendment free speech guarantees.

Rosen and Weissman were indicted last year in U.S. District Court in Alexandria on charges of conspiring to violate the Espionage Act by receiving national defense information and transmitting it to journalists and employees of the Israeli Embassy who were not entitled to receive it. The topics ranged from the activities of al-Qaeda to information about possible attacks on U.S. forces in Iraq, according to court documents.

Rosen, of Silver Spring, was AIPAC's director of foreign policy issues and was instrumental in making the committee a formidable political force in Washington. Weissman, of Bethesda, was a senior analyst. AIPAC fired the pair last year.

Lawrence A. Franklin, a former Pentagon analyst who pleaded guilty to passing government secrets to the two lobbyists, was sentenced to more than 12 years in prison this year.

The trial of Rosen and Weissman has been delayed several times because of the large amount of classified information involved in the case. No trial date is set.

Judge OKs Broader Use Of Espionage Laws (LAT)

By Richard B. Schmitt

The Los Angeles Times, August 11, 2006

Washington — In a ruling with potentially broad implications, a federal judge on Thursday said that the Bush administration could use espionage laws to prosecute private citizens who gain access to national defense information.

The decision appears to be the first in which a court has found that citizens other than government employees can be charged for receiving and disclosing secret government information, experts said.

"It's a momentous ruling with radical implications," said Steven Aftergood, who heads the Project on Government Secrecy for the Federation of American Scientists. "A lot of people who are in the business of gathering information, such as reporters and advocates, are now going to have to grapple with the potential threat of prosecution. The dividing line has always been between leakers, who may be prosecuted, and the recipients of the leak, who have never been. Now that dividing line has been erased."

The ruling is a significant victory for the Bush administration, which has been trying to clamp down on media disclosures of anti-terror programs since the Sept. 11 attacks.

At the same time, legal experts said, it could chill the ability of a broad segment of the public -- including lobbyists, academics and journalists -- to learn about the inner-workings of government and expose misconduct or controversial programs of public interest.

The ruling, by U.S. District Judge T.S. Ellis III in Alexandria, Va., clears the way for the trial of two former officials of the American Israel Public Affairs Committee, a pro-Israel lobbying organization.

The men -- Steven Rosen and Keith Weissman -- were indicted last year by a federal grand jury for conspiring to obtain information about Iran and other Middle East nations from Lawrence A. Franklin, then a Pentagon analyst; Franklin pleaded guilty to passing government secrets and in January was sentenced to more than 12 years in prison.

The Justice Department prosecution of Rosen and Weissman, based on a broadly written but little-used World War I-era espionage law, had been controversial since the charges were brought last August. The Espionage Act of 1917 makes it a crime to disclose or receive any information "related to the national defense"; it is not limited to classified data.

Lawyers for the lobbyists sought to have the charges thrown out, arguing that the law did not anticipate prosecution of anyone other than government officials who leaked secrets after signing confidentiality agreements. They also said that the law's language was too vague to give the men notice of what sorts of disclosures were prohibited, denying them of due process of law. And they argued that the charges violated their clients' rights to free speech.

Ellis disagreed.

"In essence, their position is that once a government secret has been leaked to the general public and the first line of defense thereby breached, the government has no recourse but to sit back and watch as the threat to the national security caused by the first disclosure multiplies with every subsequent disclosure," Ellis wrote. "This position cannot be sustained."

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And, he said, "both common sense and the relevant precedent point persuasively to the conclusion that the government can punish those outside of the government for the unauthorized receipt and deliberate retransmission of information relating to the national defense."

But the government cannot seek to punish all unauthorized leaks of information, he wrote: For example, punishing a newspaper for publishing a classified document that recounts official misconduct in the awarding of defense contracts would clearly violate the First Amendment, the judge wrote.

The government must establish that "national security is genuinely at risk" and that those who wrongly disclosed the information knew its disclosure could harm the nation, he said.

Rosen, a prominent figure in Washington lobbying circles for two decades, and Weissman, a top Middle East strategist, are accused of passing on information about American policy options in the Middle East, an FBI report on the 1996 Khobar Towers bombing in Saudi Arabia and terrorist groups like al-Qaida. According to the indictment, they allegedly disclosed the information to AIPAC colleagues, an Israeli Embassy official and a reporter for the Washington Post.

"Given the always long odds of having an indictment dismissed before trial, particularly when the government invokes the specter of 'national security,' we are disappointed, but not surprised, at the court's decision," lawyers for the men said in a prepared statement. They added that they found parts of the ruling encouraging, and said they doubted the government could prove that the men knowingly jeopardized national security. "As a result, we are more confident than ever about our clients' innocence, and wish we could start the trial next week," they said.

The trial, originally to have begun this week, was postponed because of issues over how to handle classified evidence. Ellis has not set a new date.

The ruling comes as the media has been drawing fire from the Bush administration and Republicans in Congress for publishing information about formerly secret aspects of the government's war on terror. A federal grand jury in Alexandria reportedly is hearing evidence about leaks that led to media accounts of a National Security Agency surveillance program that monitored -- without obtaining prior court approval -- suspected terrorism communications in which one party was in the United States.

Prosecutors have said that for the espionage law to be invoked, an individual possessing secret information must intend to cause harm to America. But they have not ruled out the possibility of charging journalists.

Some legal experts are skeptical of the judge's reasoning that there are sufficient safeguards to avoid abusive prosecutions.

"It is predicated on an idea that the executive and judicial branches will operate with rectitude and only prosecute cases where there is a genuine risk of harming national security," rather than political considerations, said Jane Kirtley, a professor of media ethics and law at the University of Minnesota. "It presumes a degree of honest government that, sadly, does not always exist."

WAR NEWS:

35 Die At Iraq's Holiest Shiite Shrine (USAT/AP)

USA Today, August 11, 2006

BAGHDAD — A suicide bomber blew himself up Thursday among pilgrims outside Iraq's holiest Shiite shrine, killing at least 35 people. A radical Sunni group claimed responsibility for the attack in the southern city of Najaf and warned Shiites that they aren't safe even in Shiite-dominated areas.

At least 37 other people were killed or found dead Thursday elsewhere in Iraq, police told the Associated Press. They included five civilians who died when a mortar shell struck a cafe in a Shiite area in northern Baghdad.

The suicide bomber struck as he was being patted down by a security guard in front of the Imam Ali mosque in Najaf, which contains the tomb of the prophet Mohammed's son-in-law, Ali. An Iraqi army statement said the attack killed 35 people and injured 122 others.

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Prime Minister Nouri al-Maliki, a Shiite, denounced the bombing as a "barbaric massacre" conducted by Sunni extremists and Saddam Hussein loyalists "seeking to inflame sectarian" passions.

A Sunni group — Jamaat Jund al-Sabaha, or "Soldiers of the Prophet's Companions" — said it carried out the attack. It warned in an Internet posting that Shiites should beware, as "our swords are capable of reaching deep in your regions."

It was the deadliest attack since July 18, when 53 people were killed by a suicide bombing in Najaf's twin city, Kufa. The cities are about 100 miles south of Baghdad.

Najaf was the scene of heavy fighting in 2004 between U.S. forces and the Mahdi Army of radical Shiite cleric Muqtada al-Sadr. Shiite leaders eventually persuaded al-Sadr to give up. Since then, the city has been tightly controlled by police and Shiite guards, including former militiamen.

Iraq's biggest Shiite party, the Supreme Council for the Islamic Revolution in Iraq, said the bombing was carried out by "criminals who target the descendants of the prophet with their dirty sectarian war."

Violence between Sunnis and Shiites has been escalating since a bomb heavily damaged a Shiite shrine in Samarra, 60 miles north of Baghdad, on Feb. 22. Bloodshed in Baghdad has prompted the U.S. military to rush about 12,000 additional U.S. and Iraqi soldiers to the capital.

Also Thursday:

•Iraqi national security adviser Mouwafak al-Rubaie said police had arrested 20 al-Qaeda members around the country in recent days and killed one other.

•Two civilians were killed and six wounded when a bomb exploded in a restaurant in south Baghdad, police told the AP.

Bomber Kills 35 Outside Shrine (WT/AP)

By Bushra Juhi

The Washington Times, August 11, 2006

BAGHDAD -- A bomber blew himself up yesterday among pilgrims outside Iraq's holiest Shi'ite shrine in Najaf, killing 35 persons and wounding 122.

At least 37 others were killed or found dead elsewhere in Iraq yesterday, police said. They included five civilians who died when a mortar shell struck a cafe in a Shi'ite Muslim area of north Baghdad.

The suicide bomber struck as he was being patted down by a security guard in front of the Imam Ali mosque in Najaf, which contains the tomb of the prophet Muhammad's son-in-law, Ali, and is one of the most sacred shrines for Shi'ites.

The casualty totals were reported in an Iraqi army statement.

Prime Minister Nouri al-Maliki, a Shi'ite, denounced the bombing as a "barbaric massacre" conducted by Sunni extremists and Saddam Hussein loyalists "seeking to inflame sectarian" passions.

A Sunni extremist group -- Jamaat Jund al-Sahaba or Soldiers of the Prophet's Companions -- took responsibility for the blast, warning Shi'ites in an Internet posting that "our swords are capable of reaching deep in your regions."

"So stop killing unarmed Sunnis and stop supporting the crusaders" or the Americans, the group said. "Otherwise, wait for such operations that will shake your regions like an earthquake."

The blast shattered souvenir stalls across from the shrine, littering the narrow streets with broken perfume bottles, sandals, prayer beads and pools of blood. Volunteers picked up the human remains.

"Before I reached the checkpoint, only a few feet from the shrine, I heard a huge explosion," said 51-year-old Shakir Obeid Hassan. "Something hit me on the head, and I fell. I couldn't hear for a while, but I saw bodies and human flesh everywhere."

An Iranian woman was among the dead and at least nine Iranians, including two women, were wounded, Iranian state television reported.

It was the deadliest attack since July 18, when more than 50 people were killed by a suicide bombing in Najaf's twin city of Kufa, about 100 miles south of Baghdad.

Najaf was the scene of heavy fighting in 2004 between U.S. forces and the Mahdi Army of radical cleric Muqtada al-Sadr, until the Shi'ite clerical hierarchy persuaded Sheik al-Sadr to give up. Since then, the city has been tightly controlled by police and Shi'ite guards, including former militiamen.

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In the days before the attack, a letter purportedly from Saddam's Ba'ath Party had been circulating in Najaf, blaming Shi'ite politicians for Iraq's security crisis. The letter accused Shi'ite militias of slaughtering Iraqis at a time when the country lacks basic services, including gas, electricity and water.

Violence between Sunni and Shi'ite extremists has been on the rise since a bombing wrecked a Shi'ite shrine in Samarra, 60 miles north of Baghdad, on Feb. 22. The sectarian bloodletting has prompted the U.S. military to rush about 12,000 American and Iraqi troops to Baghdad to confront Sunni and Shi'ite gunmen.

Suicide Bomber Kills Dozens Outside Shiite Shrine In Iraq (WP)

By Andy Mosher And Saad Sarhan

The Washington Post, August 11, 2006

BAGHDAD, Aug. 10 -- A suicide bomber Thursday made his way to within a few yards of the entrance to one of Shiite Islam's holiest shrines and detonated an explosives-laden belt, killing more than 30 people and sending a shock through a country already convulsed by sectarian violence.

Witnesses to the attack in the Shiite holy city of Najaf, about 90 miles south of Baghdad, said the bomb exploded at the last security checkpoint before the gates of the ornate shrine of Imam Ali. The attacker was being searched by police when he detonated his charge, they said.

At least 33 people were killed, according to Munthir Ithary, director of the Najaf Health Department, and 108 were wounded, many of them seriously. News services reported that the Iraqi Defense Ministry put the toll at 35 dead and 122 wounded.

A Sunni insurgent group asserted responsibility for the attack, according to a statement posted on a radical Islamic Web site. The group, called the Soldiers of the Prophet's Companions, boasted of taking the lives of "at least 30 rejectionists" -- a term used by radical Sunni sects that consider Shiites heretics. The statement warned that continued killings of Sunnis by Shiite death squads would spark more such attacks.

The bombing was the latest in a string of sectarian attacks in Iraq. Also on Thursday, a Shiite militia was reported to have engaged in heavy fighting with a Sunni tribe in Baghdad, where the Iraqi government and U.S. military forces are pursuing a new security program aimed at stanching religious bloodshed.

Prime Minister Nouri al-Maliki, who heads a coalition government dominated by Shiite religious parties, said in a statement that such "brutal massacres" as the Najaf bombing "reveal the aggressive nature of terrorists . . . who are striving to fuel the sectarian sedition among the Iraqi people." Maliki blamed the attack on "Takfiris and Saddamists" -- radical Sunnis and those loyal to Hussein.

The shrine is revered as the burial place of Ali, the son-in-law and cousin of the prophet Muhammad. Belief by some Muslims that Ali was unjustly denied his rightful place as Muhammad's successor in the 7th century gave rise to the Party of Ali, or Shia Ali, which evolved into the Shiite branch of Islam.

Najaf and the adjoining city of Kufa have witnessed several devastating bombings in recent years.

In August 2004, a car bombing in Najaf killed a prominent Shiite cleric, Ayatollah Mohammed Bakr Hakim, and more than 80 other people. The most recent such attack occurred in Kufa on July 18, when a suicide bomber caused a minivan to explode in the middle of a crowd of day laborers, killing more than 55 and wounding 100.

Shiites make up an estimated 60 percent of Iraq's 26 million people. But the Shiite majority never held political power here until the U.S.-led invasion of 2003 toppled Saddam Hussein's Sunni Muslim-dominated dictatorship and paved the way for elections in 2004 and 2005. Since the bombing of a Shiite shrine in Samarra in February, Sunnis and Shiites have been enmeshed in a cycle of retaliatory killings that has claimed an average of more than 100 lives a day.

In Tobji, a neighborhood in north-central Baghdad, residents said Thursday that the Mahdi Army, a militia loyal to Shiite cleric Moqtada al-Sadr, clashed with members of a Sunni tribe. Residents reported that four members of the Mahdi Army were killed and that the fighting subsided after U.S. troops sealed off the neighborhood.

"An unidentified group of armed men opened fire on the people," said Defense Ministry spokesman Mohammed al-Askari. "Our troops were nearby, and they surrounded the area and arrested some men of this armed group. It was clashes among the people of the area itself, and it is not that serious."

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Northeast of Baghdad, in the city of Baqubah, a commando brigade from the Shiite-dominated Interior Ministry raided the home of Delsooz Ahmed Mohammed, an ethnic Kurd who serves on the council of Diyala province.

According to another council member, Hussein al-Zubaidi, the commandos insulted Mohammed and broke some of his furniture before a ranking officer intervened and apologized.

Also in Baqubah, a roadside bomb in the center of the city killed one police officer and wounded nine people, a mortar attack in a western neighborhood killed another policeman, and gunmen in two cars fired on police headquarters, killing two officers, according to police Capt. Muhannad Bawi.

Sarhan reported from Najaf. Special correspondents Hasan Shammari in Baqubah and K.I. Ibrahim and Saad al-Izzi in Baghdad contributed to this report.

Blast Kills 35 At Shiite Shrine In Najaf (NYT)

By Edward Wong

The New York Times, August 11, 2006

BAGHDAD, Iraq, Aug. 10 — A belt packed with explosives worn by a man who apparently intended to blow himself up inside one of the holiest shrines of Shiite Islam exploded on Thursday during a police pat down at a checkpoint near the shrine, Iraqi officials said. At least 35 people were killed and more than 120 others were wounded, including Iranian pilgrims, the officials said.

The blast, in Najaf, 100 miles south of Baghdad, ripped into a crowd of Shiite pilgrims who had traveled to the golden-domed Shrine of Imam Ali on the anniversary of the death of Zaineb, the granddaughter of the Prophet Muhammad.

The bombing of a Shiite shrine in the city of Samarra in February set off a wave of revenge attacks on Sunni Arabs and counterattacks on Shiites in which hundreds of people were killed within days.

The explosion on Thursday underscored the degradation of security in the spiritual heart of the Shiite-dominated south, an area once believed to be under the tight control of Iraqi and American forces. The most revered Shiite cleric in Iraq, Grand Ayatollah Ali al-Sistani, lives just blocks away from the shrine.

Other attacks around Iraq, mostly aimed at civilians, brought the death toll for the day to at least 48, even as additional Iraqi and American troops continued to deploy across Baghdad to try to bring a modicum of security to the capital.

The shrine attacked in Najaf sits at the center of downtown, surrounded by a labyrinth of narrow alleyways, and is a memorial to Ali, the prophet's son-in-law and the first martyr in the epochal seventh-century split between Sunni and Shiite Islam.

The bomber walked up to a police checkpoint about 60 feet from the shrine at 10:15 a.m. and his explosives detonated as a policeman searched his body, said local officials and the Iraqi prime minister's office. A ball of flame engulfed the police officers at the checkpoint, killing at least five of them, said Dr. Munthir al-Athari, director of the health bureau in Najaf. At least eight women were among the dead.

The shrine was apparently not damaged.

Policemen and rescue workers wheeled victims sliced with shrapnel into the city's main hospital. Women in black robes wailed. People sprawled across beds and clutched limbs swathed in bandages soaked through with blood.

"I was in the market heading to visit the shrine when a huge explosion took place," said Shakir Ubaid Hassan, who was among those being treated for wounds. "A lot of people were killed and injured, and I was hit in my head."

The country's top leaders, including the president and the prime minister, denounced the assault in separate statements.

Prime Minister Nuri Kamal al-Maliki, a staunch Shiite, pinned the blame on loyalists of Saddam Hussein and "takfiris," a term that refers to fundamentalist Sunni Arabs who consider Shiites to be infidels.

"Such barbaric carnage reveals the nature of the Saddamists and takfiri terrorists who seek to start sectarian unrest between Iraqi people," Mr. Maliki said in a written statement. "We ask God Almighty to take the martyrs into his heaven and grant patience to their families and heal the wounded."

Maj. Gen. William B. Caldwell IV, a spokesman for the American command, issued a statement saying the attack was the work of "a vicious death squad who targeted innocent Iraqis practicing their faith at one of the holiest sites in Iraq."

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Najaf's economic growth is dependent on a steady stream of religious tourists, including many from neighboring Iran. Under Mr. Hussein's rule, few Shiites from outside Iraq were allowed to make pilgrimages to the Shrine of Ali. Now, thousands stream into the city each day, Iraqi officials said.

Powerful Shiite parties with militias have control of the security forces in the province encompassing Najaf, and the area was once considered a haven shielded from the incessant bombings that plague central Iraq. But a recent series of deadly attacks has eroded the sense of security. On July 18, a suicide bomber in a van set off his explosives after luring day laborers into his vehicle outside a Shiite shrine in the neighboring city of Kufa, killing at least 53 people and wounding more than 100.

On July 6, a suicide car bomber rammed his sedan into two busloads of Iranian pilgrims near another Shiite shrine in Kufa, killing at least 12 people, including 5 Iranians, and wounding dozens.

The bombings in Kufa seemed intended to provoke the militant Shiite cleric Moktada al-Sadr, whose militia is accused by American officials and many Sunni Arabs of killing Sunnis in attacks across Baghdad and elsewhere. Mr. Sadr's chief mosque is in Kufa, and he occasionally preaches there on Fridays.

Mr. Sadr's main office is next to the Shrine of Ali in Najaf, as are those of some of the country's leading ayatollahs. The city is home to the marjaiya, considered by many Shiites to be the top four clerics of their faith, and the base for the Hawza, a venerable seminary. Prominent Shiites have lived or studied in Najaf, including Ayatollah Ruhollah Khomeini, who led the 1979 Islamic Revolution in Iran, and Sheik Hassan Nasrallah, the leader of Hezbollah in Lebanon.

The governor of Najaf, Assad Abu Ghalal al-Taiee, belongs to one of the country's leading Shiite parties, the Supreme Council for the Islamic Revolution in Iraq. The party has a military wing, the Badr Organization, that helps provide security for Najaf. Other militias also operate openly in the city, including that of Mr. Sadr.

The Shiite movement began in earnest when Ali and his son Hussein were killed in separate incidents in the seventh century. The term Shiites originally meant partisans of Ali. Shiites have clung to the notion that those directly descended from Ali, and thus from the Prophet Muhammad, are the proper rulers of the Islamic empire.

Ali's body is said to lie in a tomb inside the shrine, which Mr. Sadr's militia used as a base during battles against American forces in 2004.

The other reported violence on Thursday unfolded mostly in Baghdad. Four civilians were killed when the Sadr militia clashed with other armed men, Iraqi officials said. A bomb exploded in a restaurant, killing at least six people and wounding three. Three people were killed and three wounded when Iraqi commandos fought gunmen near a bazaar.

35 Killed In Suicide Bombing In Najaf (LAT)

By Jeffrey Fleishman And Saad Fakhrildeen

The Los Angeles Times, August 11, 2006

NAJAF, Iraq — A suicide bomber struck Thursday at a checkpoint near a revered Shiite Muslim mosque here, killing 35 people and threatening to further agitate sectarian violence as U.S. and Iraqi troops intensified operations in Baghdad to rout militias and death squads.

The morning attack near the Imam Ali mosque came when a man detonated an explosives belt as police wrestled with him at a checkpoint in a market square. The blast, which injured 122, shook the stones in the old city. Glass sprayed from shop fronts, police fired into the air and pilgrims ripped their clothes and wailed in grief.

"I was pausing near the gate of Imam Ali and all of a sudden there was a huge explosion, and I fell to the ground and smoke and the smell of gunpowder covered the place," said Aqeel Kharsan, who takes tourists' photographs in the market square. "When I was crawling away, I saw blood and even human flesh on the ground. Everybody was screaming and shouting."

The wounded were carried away in ambulances and wheelbarrows. Relatives searched for family members and vendors' carts were shattered, their goods scattered across sidewalks. A woman and her 8-month-old child lay dead, along with at least four policemen and pilgrims from Iran. Shortages of doctors and blood hampered emergency efforts at a nearby hospital and the injured were diverted to other clinics, including a maternity ward.

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A Sunni Muslim militant group, called the Soldiers of the Prophet's Companions, claimed responsibility for the attack in an Internet posting. It warned Shiite death squads to stop killing unarmed Sunnis, "otherwise wait for such operations that will shake your regions like earthquakes."

The 10th century Imam Ali mosque was not damaged by the blast, but the symbolism of an attack near one of the holiest of Shiite shrines sent another jolt through a nation that has slid into an undeclared civil war. The attack came nearly three years after one of Iraq's most influential Shiite clerics, Ayatollah Mohammed Bakr Hakim, was killed here by a massive car bomb as he stepped out of the mosque.

The violence that immediately followed Hakim's death foreshadowed the sectarian hostilities that have bedeviled Iraq since, surging in February when Sunni militants bombed an important Shiite shrine in the city of Samarra. July witnessed some of the worst retaliatory violence between Sunni insurgents and Shiite militias and death squads, with several suicide bombings, including an attack that killed 57 Shiite laborers in Najaf's sister city of Kufa, and a pileup of bodies of Sunni Arab men in the Baghdad morgue.

The bloodshed has underscored how Iraqi Prime Minister Nouri Maliki's fledgling army and police and intelligence services, often accused of corruption, have been unable to establish order. In an effort to take control of the capital, the U.S. military has sent the 172nd Stryker Brigade, an armored vehicle unit with nearly 4,000 troops, to work with Iraqi soldiers in targeting sectarian gangs, criminal syndicates and militias.

Maliki has said that calming Baghdad is key to securing the rest of the nation and is using the military sweeps to rebuild confidence in his government. One of the more complicated tasks U.S. and Iraqi forces face is disarming thousands of fighters controlled by radical Shiite cleric Muqtada Sadr. The cleric's Al Mahdi militia holds sway over Sadr City, a poor Baghdad neighborhood of nearly 2 million people.

In southwest Baghdad on Thursday, about 5,000 U.S. and Iraqi troops cordoned off the Dora neighborhood. Soldiers searched hundreds of homes as part of a mission to make the community safe and to restart municipal services, such as garbage collection.

"Dora has been plagued by a rash of sectarian violence," Col. Michael Beech, commander of the 4th Brigade of the U.S. Army's 4th Infantry Division, said at a news conference in the neighborhood. "We stabilize the area, clear and secure it and then hold it."

Gunfire and explosions echoed across Baghdad, which reported more than 1,800 violent deaths in July. Eight Iraqi soldiers were killed and five wounded by two roadside bombs in the western part of the city. Three policemen were killed and three injured in a clash with insurgents in the Duwanim neighborhood. In the Jamia area, gunmen killed two construction workers.

Elsewhere, two policemen were killed and two injured when a roadside bomb exploded near their patrol in the northern city of Kirkuk. To the south, in Basra, the British military reported that one of its helicopters landed safely after being struck by gunfire. Five mortar rounds struck a British base outside Basra. No casualties were reported.

The suicide bomber in Najaf detonated his explosives at 10:30 a.m., in the busy square known as the Grand Market, about 10 yards from the outer gate to the mosque. The shrine holds the tomb of the prophet Muhammad's cousin and son-in-law, Ali. It is one of the most important sites in the Shiite faith, and since Hakim's assassination, the city has been closely guarded by Shiite militiamen.

The attack coincided with anniversary of the death of Ali's daughter, Zainab. Hundreds of pilgrims were visiting from Iran.

"I was inside my shop. I heard a booming sound similar to the sound of the first Najaf explosion," said Ali Shimrti, a perfume seller. "Smoke shrouded the place and the perfume containers tumbled down."

He said he went outside and saw the wounded scattered and that "people hurried with wheelbarrows to evacuate them."

"This place is crowded — peddlers and pilgrims, women and children. A number of people that I know and my neighbors, who committed nothing, were slain today."

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, August 11, 2006

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'House cleaners'

Army Special Forces soldiers are expressing outrage, among themselves, over purported remarks made by Lt. Gen. Dell Dailey last week at a meeting with new U.S. ambassadors at U.S. Special Operations Command (Socom) in Tampa, Fla.

But both a Socom spokesman and a senior officer tells us the Special Forces troops, better known as Green Berets, are misquoting Gen. Dailey, who directs the Center for Special Operations, the critically important war-planning arm for all commandos. The tempest got so bad last week that Lt. Gen. Robert Wagner, commander of U.S. Army Special Operations Command at Fort Bragg, N.C., contacted retired Green Berets to try to correct what Socom considered inaccurate e-mails.

The genesis of the brouhaha was Socom's hosting of American ambassadors who are about to be posted in embassies abroad. The briefings are important because nothing gets done by the military inside a foreign nation unless the U.S. ambassador is on board. The Washington Times first reported in 2004 that Socom had started posting Green Berets at various embassies to get a better handle on al Qaeda's presence in those countries. It's all part of a larger plan by Defense Secretary Donald H. Rumsfeld to empower Socom to capture or kill Islamic militants in the war on terror.

Special Forces soldiers are quoting Gen. Dailey as telling the ambassadors that U.S. Joint Special Operations Command (JSOC), home to Delta Force and Navy SEALs, are the warriors, while Special Forces are the "house cleaners."

(As background, it should be noted their are some ill feelings between Green Berets and the Delta Force-SEALs. Special Forces soldiers complain that JSOC teams wait at bases until intelligence finds a target to hit. Green Berets say it is their "A" Teams who go out into the countryside for days at a time to find intelligence and fight insurgents.)

When the "house cleaners" remark reached some Special Forces soldiers, they reacted with anger. "This is proof that JSOC has outgrown their own egos," commented one. "They obviously forgot their roots and heritage."

But a Socom spokesman told us the soldiers have it all wrong. Yes, Gen. Dailey did meet with ambassadors and did use the term "house cleaners."

Col. Samuel Taylor said the remark was not in reference to Special Forces or Rangers or any of the special operations units. Instead, he was describing the headquarters that make up the special operations community.

"Lieutenant General Dailey was speaking strictly about the role of the Socom component headquarters, not the role of [Special Operations Forces] personnel who are performing warfighting missions every day," Col. Taylor said.

A senior special operations forces officer, who asked not to be named, said Gen. Dailey was showing the ambassadors an organizational chart of Socom, with the commands under it responsible for training and equipping the force. It was these commands that he labeled the "house cleaners." No units below those commands were included.

"He meant that in an affectionate way," the officer said. "To the people who were present, they understood the context of what was said."

Recruiting

A good sign in the war on terror: U.S. Army Special Operations Command in June met its annual goal for signing up Green Beret candidates — three months before the fiscal year ends Sept. 30.

There are strains on the current Special Forces units, as private employers offer big bucks for counterterrorism experts and security details. But Army soldiers continue to apply to become Green Berets in ample numbers. "We feel the quality has not slipped a single bit," a defense source said.

China connection

U.S. intelligence officials reminded us this week that China was a key player in helping Iran's missile and rocket program, which is now in full international view with the fighting in southern Lebanon.

Iran has developed a variety of short-range rockets and missiles with the help of China and transferred thousands of the weapons to the Hezbollah forces now fighting Israel.

Most of the Hezbollah rockets are unguided weapons with ranges of between 10 and 30 miles.

However, Iran is also believed to have supplied Hezbollah with longer-range weapons, including missiles than can travel up to 120 miles.

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Richard Fisher, a weapons expert with the International Assessment and Strategy Center, said in a recent report that the most alarming Chinese system used by Hezbollah so far is a variant of China's C-802 anti-ship cruise missile. Two of the cruise missiles were fired at an Israeli coastal patrol boat July 14, killing four sailors.

"Through Hezbollah, Iran has only unleashed a small taste of its Chinese-aided arsenal," Mr. Fisher said. "But its willingness to share very sophisticated weapons like the C-802 should provide warning that Iran is capable of doing much more."

The Iran-China short-range missile cooperation was disclosed in a classified intelligence report from 1997, made public in this newspaper. The report said that the head of Iran's solid-propellent missile program arranged for a delegation of missile technicians from Iran to visit China on May 7 of that year to observe a static motor test of a 450 mm-diameter rocket motor that was being produced for Iran's indigenous 105-mile-range NP-110 missile.

The Iranians also purchased special X-ray equipment in China for the NP-110 program, the report said.

Intelligence officials said the Chinese cooperation was vital to Iran's missile and rocket program and that the Chinese technology was incorporated in the Iranian missiles and rockets now being used by Hezbollah.

'Hiring Heroes'

For those who doubt the Pentagon cares about its severely wounded veterans of Iraq and Afghanistan, you need only travel to one of the military's "Hiring Heroes" job fairs.

The sixth one — the first two-day event — was held this week at Fort Gordon in August, Ga. About 250 wounded soldiers from bases in the Southeast participated, along with counselors and employers.

Counselors showed the men and women how to complete resumes and conduct job interviews. On the second day, the vets met with prospective employers from the federal government and private industry, including defense contractors. The Pentagon was authorized to hire on the spot.

"The one prevalent attitude was one of gratitude that 'somebody cares,'" said a person who attended the job fair.

Sponsored by the U.S. Army and the Office of the Secretary of Defense, the next "Hiring Heroes" will be Sept. 19-20 at Fort Sam Houston in San Antonio.

Making quotas

The Army announced yesterday it has met its monthly recruiting goal for the 14th straight month.

"In the first ten months of fiscal year 2006, more soldiers have re-enlisted in the Army, 109,056, than can fit in the Rose Bowl. Two out of three soldiers eligible to re-enlist, continue to re-enlist," a statement said.

British Forces In Afghanistan In Worst Fighting In 60 Years: General (AFP-Y)

AFP, August 11, 2006

British soldiers in Afghanistan are involved in some of the worst and most prolonged fighting since World War II, the British commander of NATO forces in the country said.

"This sort of thing hasn't really happened so consistently, I don't think, since the Korean War (in 1952) or the Second World War (in 1939)," Lieutenant General David Richards told the BBC World Service.

"It happened for periods in the Falklands (in 1982), obviously, and it happened for short periods in the Gulf on both occasions (1991 and 2003). But this is persistent, low-level, dirty fighting."

He said some British troops would be withdrawn from parts of the southern province of Helmand to be replaced by soldiers from the Afghan Army.

Richards's comments came after news on Wednesday that another British soldier, Private Leigh Reeves, 25, was killed in Afghanistan, the 18th since November 2001 when the country's troops were deployed there.

Some 4,000 British troops are in the restive southern province of Helmand, with the figure set to rise to around 4,500. A further 1,000 are in Kabul, while a few hundred are in the southern city of Kandahar.

There are around 30,000 foreign troops in Afghanistan, from 30 countries.

But in a report from Afghanistan, Britain's domestic Press Association cited an unnamed senior British source as saying that between 40,000 and 50,000 NATO forces would be needed to control Taliban militants in Helmand alone.

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Despite being toppled from power five years ago by a US-led coalition, remnants of the hardline Taliban regime have stepped up a deadly insurgency targeting foreign troops as well as the Afghan government.

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After Fidel -- Snap, Crackle And Pop (WP)

By Al Kamen

The Washington Post, August 11, 2006

The Bush administration is preparing a large humanitarian aid effort should chaos occur in the transition to a post-Fidel Cuba, including the delivery of food, medicine, clothing, tents and such.

Folks at the Agency for International Development assumed they would take the lead on this because they, working with private relief organizations, traditionally do these things. But they weren't picked.

Turns out the Commerce Department, not heretofore known to have much expertise in disaster relief, will take the lead role. Buzz is that's because Commerce is headed by Cuban-born Carlos M. Gutierrez .

Supporters say he knows the island, though he left it 46 years ago, when he was 7. And, as former chairman and CEO of Kellogg Co., he knows how to manage things and to distribute food -- or at least breakfast food. He is also co-chairman of the U.S. Commission for Assistance to a Free Cuba. The well-regarded Gutierrez knows everyone in the Cuban emigre community -- though it's unclear whether that will help or hurt.

The effort, "is going to involve multiple agencies," a Commerce Department spokesman said, including the departments of State and Homeland Security, and "Gutierrez is a team player." Also, the spokesman said, "at AID's invitation" he's visiting a warehouse today in Miami "to see their preparations for regional relief." He's also taping a T V Marti interview there.

Well, coulda been a whole lot worse. They could have picked FEMA, or brought back Michael "Brownie" Brown as a special consultant.Take the Initiative, Please

The spectacular British thwarting of a terrorist airline plot naturally dominated yesterday's news, but some administration officials hoped it wouldn't drown out all the other important news. For example, we got this notice yesterday from the State Department:

"SPECIAL BRIEFING: 2:00 p.m. Under Secretary of State for Economic, Business, and Agricultural Affairs Josette Sheeran Shiner ; Acting Deputy Assistant Secretary of State for International Narcotics and Law Enforcement Affairs Elizabeth G. Verville [and others from Justice and Treasury] will brief the media on The President's International Initiative to Combat Kleptocracy. This briefing is on-the-record, on-camera in the State Department Press Briefing Room, room 2209."

This initiative is coordinated with the Group of Eight major industrialized countries. It probably could have been rolled out at the recent G-8 meeting, but the meeting's host country, Russia, is one of the great kleptocracies of the world.A Bridge Too Near

Speaking of the State Department, there was substantial buzz there a few days ago when Israel bombed a series of bridges in Lebanon. Apparently the U.S. ambassador to Lebanon, Jeffrey D. Feltman , had traveled over one of the bridges just a few hours before it was hit.

Folks at the embassy were none too pleased.Sturm Und Pang

A British Broadcasting Co. interviewer, chatting with major U.S. ally Jordan's King Abdullah , began: " Condoleezza Rice called it the birth pangs of a new Middle East, but it . . ."

"A new Middle East?" his highness interjected. "The way I'm looking at this new Middle East, I'm seeing what is happening in Somalia, I'm seeing what's happening in Gaza, I see what's happening in Lebanon, I'm seeing what's happening in Iraq. This is a new Middle East?"

Well, yes, it is.A No. 3 for No. 2, but Who's No. 1?

William W. Mercer , formerly top aide to Deputy Attorney General Paul J. McNulty and more recently U.S. attorney for Montana, is said to be heading back to this area to become associate attorney general, the No. 3 job at the Justice Department.

Mercer would succeed Bush's Yale buddy and reported Skull and Bones member Robert D. McCallum Jr ., who's to arrive in Australia next week to fill the long-vacant ambassadorial post. The Australians, who with Britain are the staunchest members of

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the coalition of the willing, had been mighty annoyed at the 20-month vacancy, which occurred in part because the first couple of candidates couldn't clear the vetting process.Rogan Redux

New job for another Loop Favorite. Former representative James E. Rogan (R-Calif.), a manager of the Clinton impeachment, is California Gov. Arnold Schwarzenegger 's pick to be a judge on the Orange County Superior Court.

Rogan, targeted and defeated by Democrats in 2000, was appointed by Bush to head the U.S. Patent and Trademark Office from 2001 to 2004 and then went into private law practice here and then in California.Writing Fashion Statements

Matthew Rees , a former speechwriter for President Bush and for former Securities and Exchange Commission chairman William H. Donaldson and a senior adviser to former U.S. trade representative Robert B. Zoellick , is settling in at the Treasury Department as chief speechwriter and senior adviser to new Secretary Henry M. "Hank" Paulson Jr . Trust he'll be dressing to Treasury's now-documented high standards.

Acting U.S. Attorney Leone To Step Down (DENP)

By Andy Vuong

Denver Post, August 10, 2006

Bill Leone, the lead prosecutor in the insider trading case against former Qwest chief executive Joe Nacchio, said today that he plans to leave the Department of Justice and go back to private practice.

Leone said he has informed Troy Eid, the incoming U.S. attorney for Colorado, of his plans to withdraw from the case.

"I have advised the new United States attorney and the department that I would like to return to private practice as soon as that's possible," Leone said an interview. "I have agreed with both the department and the new U.S. attorney to remain involved in the case as long is necessary to make sure that the case is well handled and smoothly transitioned to someone else."

Leone is the acting U.S. Attorney for Colorado. He was the lead prosecutor in a largely unsuccessful fraud trial of four former Qwest executives in 2004, which resulted in no convictions. Jurors complained that the case was too complex.

"They tried to cover too much evidence that wasn't necessary to the case," jury foreman

Advertisement

George Gerstle said after the seven- week trial.

Two of the defendants were acquitted. The jury deadlocked on some of the charges against two other defendants, who later plea-bargained to lesser charges and agreed to cooperate with investigators.

Leone is a veteran corporate lawyer hired by former U.S. Attorney John Suthers in 2001. Suthers said he hired Leone for his ability to handle complex corporate cases. Leone, who grew up in Trinidad, said he plans to stay in Colorado.

A trial date for the Nacchio case hasn't been set.

D.C. May Take Stronger Role In Nacchio's Case (RMNEWS)

By Jeff Smith

Rocky Mountain News, August 11, 2006

Outgoing U.S. Attorney for Colorado Bill Leone said he plans to go back to private practice - which likely means Washington, D.C., will take a more active role in the criminal prosecution of former Qwest Chief Executive Joe Nacchio.

"I have advised the new U.S. attorney (for Colorado) and the department that I would like to return to private practice as soon as it's feasible," Leone said in a telephone interview Thursday. "I've volunteered and agreed to stay involved in the (Nacchio) case as long as necessary to make it an effective transition and make sure nothing falls through the cracks."

In June, President Bush appointed Troy Eid, a former legal counsel to Gov. Bill Owens, to be the next U.S. attorney for Colorado, and Eid is expected to be sworn into the job as soon as today.

Leone, 49, has been the lead federal prosecutor on the Qwest case since 2002 when he was assistant U.S. attorney for Colorado. Leone became interim U.S. attorney for Colorado when John Suthers left the post in December 2004 to become state attorney general.

Just two months ago, the government lost its No. 2 prosecutor on the Nacchio case, when Mike Koenig of the Justice Department's Washington-based criminal fraud section also went back to private practice.

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Despite the departures, Leone said he thinks the Nacchio case remains in "great shape and I'm confident that between our office and the Department of Justice the case is going to be left in good hands."

Nacchio faces 42 counts of insider trading in connection with selling $101 million of Qwest stock in the first five months of 2001 while allegedly knowing the company's financial condition was deteriorating. He has pleaded not guilty and is attempting to change the venue of the case to New Jersey, claiming the local press has made him "among the most reviled figures in recent Denver history."

Assistant U.S. Attorney for Colorado James Hearty remains on the prosecution team and recently was joined by Department of Justice trial attorneys Leo Wise and Colleen Conry. Wise was formerly on the government's tobacco litigation task force, and Conry is with Justice's fraud division.

Jeff Dorschner, spokesman for the U.S. attorney's office in Colorado, cautioned that the final trial team hasn't been determined. The trial date also hasn't been set, with the next hearing scheduled for Aug. 25.

The Qwest case got off to a rough start in 2004, when a jury acquitted two former midlevel executives and was hung on fraud charges against two others. Those two eventually struck plea deals with the government, and two higher executives, including former chief financial officer Robin Szeliga, have since pleaded guilty to one felony charge each. The stiffest sentence so far has been two years of probation, six months of house arrest and a $250,000 fine.

"I'm really proud of our efforts to date and our results to date," Leone said. He characterized his work as U.S. attorney as the "most gratifying and rewarding experience of my life."

Eid said he respected Leone's decision to return to private life and his commitment to serve on the Qwest prosecution team as long as needed.

"Bill Leone is a gifted attorney and one of Colorado's truly great public servants," Eid said in a statement. "Bill always gives 110 percent and his leadership of the Qwest team is a legacy in which all Coloradans can take pride."

Leone said he doesn't have a new job lined up. "It's fair to say that over the course of the next weeks and months I'm going to be reviewing my options to see what makes sense for me and my family," he said.

Fallout Continues Over Wright Compromise Legislation (DALBIZ)

By Jaime Jordan

Dallas Business Journal, August 11, 2006

An attorney for Love Terminal Partners wants the Justice Department to take part in Wright Amendment legislation discussions -- the opposite of the view taken by Sen. Kay Bailey Hutchison, R-Texas, who introduced the legislation.

In a separate event, another group upset over the proposed Wright Amendment compromise is planning to picket a transportation summit at lunch Thursday in Irving where Hutchison is the keynote speaker.

Friends of Love Field, a grassroots organization that supports repeal of the Wright Amendment, plans to protest the proposed compromise.

William A. Brewer III, of Bickel & Brewer in Dallas, and counsel for Love Terminal Partners, wrote the letter Thursday to Attorney Gen. Alberto Gonzales welcoming "an even-handed analysis of the antitrust, constitutional and economic implications of the bill."

The letter comes on the heels of a letter Sen. Hutchison wrote last week to Gonzales asking the Justice Department to remove itself from the Wright Amendment debate.

But Brewer said in his letter that it is proper for the Justice Department to review legislation that adversely affects interstate commerce.

"The airlines have armies of lobbyists at their disposal. The American consumer relies on the Department of Justice to defend its interests," the Brewer letter states.

According to Brewer's letter, there are three main problems with Senate Bill 3661:

The bill seeks to insulate an illegal combination among private parties to carve up the market for air transportation to and from the Dallas-Fort Worth area.

The focal point of the agreement is the improper taking and destruction of Love Terminal Partners' property for the sole benefit of private parties.

The bill will result in continued artificially high airfares for consumers in the Dallas-Fort Worth area.

The bill was introduced in the Senate last month by Hutchison. A similar bill is being considered in the House. Shortly after the bill was introduced, a memo, purportedly from the Department of Justice's antitrust division, began circulating on Capitol Hill. The letter expressed concerns that the bill violates antitrust laws and should not be approved by Congress.

The bill is based on a compromise forged by the cities of Dallas and Fort Worth, Fort Worth-based American Airlines Inc. (NYSE: AMR), Dallas-based Southwest Airlines (NYSE: LUV) and the D/FW Airport Board.

The legislation calls for a repeal of the Wright Amendment -- a 1979 federal law that limits flights from Love Field to Texas and eight surrounding states -- in eight years. The compromise also calls for reducing the gates at Love Field to 20 from 32.

The owners of the Legend gates, Love Terminal Partners, have filed a lawsuit over the Wright compromise, calling the local deal "a wildly pernicious and anti-competitive arrangement to limit carrier operations and consumer choices for air travelers in North Texas."

Hutchison, in her own letter to Gonzales, said that in light of the memo, allowing the Justice Department to review the Wright legislation is akin to sending someone to trial after announcing a verdict.

"The inflammatory rhetoric of the document is clearly intended to lead the reader to a position of opposition to the local parties' agreement, which was reached in direct response to a request by senior members of the Senate Committee on Commerce," Hutchison wrote in the letter.

US Seeks Allies In Anti-Corruption Drive (VOA)

By David Gollust

Voice of America, August 10, 2006

The Bush administration said Thursday it is asking countries around the world to join the United States in battling corruption by high-level government officials. Officials say bribery and theft siphon hundreds of billions of dollars from government coffers every year, and that people in developing nations are hardest-hit.

Officials here say President Bush was instrumental in getting an anti-corruption commitment from the G-8 major powers at their summit in St. Petersburg, Russia last month.

They say he now wants to build on that with a new international drive against so-called "kleptocrats" - high-level functionaries in various governments enriching themselves through bribe-taking and outright theft.

There are no reliable figures on the extent of the problem. But the World Bank estimates that a trillion dollars is paid out every year to bribe government officials, while the United Nations has said that $400 billion may have been diverted in recent years from aid programs in sub-Saharan Africa alone.

At a joint press appearance, senior officials of the State, Treasury and Justice Departments said they are forming an inter-agency team to track and prosecute high-level corruption, while reaching out to other countries to join U.S. efforts.

Undersecretary of State for Economic and Business Affairs Josette Shiner said the aim is to identify, isolate and punish those involved in corrupt government practices.

"The critical tools will be denying physical and financial safe-haven to corrupt officials," she said. "We will prevent them from laundering their ill-gotten proceeds, bring to justice those who bribe foreign officials, and identify, recover and return to the people of these countries the stolen assets that belong to them.

Undersecretary Shiner said the monitoring group Transparency International estimates that former Indonesian President Suharto embezzled between $15 and $30 billion during his more than 30-year tenure in office, while his Philippine counterpart of the same era Ferdinand Marcos may have stolen five billion dollars.

A State Department fact sheet also identified former Presidents Saddam Hussein of Iraq, Arnoldo Aleman of Nicaragua, Sani Abacha of Nigeria and Alberto Fujimori of Peru as "kleptocrats."

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Under questioning, Undersecretary Shiner declined to identify current world leaders who may be involved in corruption, but she made clear the United States believes there are many, including senior figures in Belarus hit with U.S. Treasury Department sanctions in June for corruption and human rights abuses.

"What we're saying today is we're putting kleptocrats on notice," she said. "If you're stealing the funds that legitimately belong to the citizens of your county, we will be organized to act on that. So we're not here today to announce a list. But we are here to say that the action we've taken with Belarus is an example of the kind of action that we seek to take.

In the case of Belarus, the United States followed the lead of the European Union in blocking assets of President Alexander Lukashenko and key associates, following what U.S. officials say were fraudulent elections in the eastern European state last March.

U.S. action against international corruption began in earnest in 1977 with the Foreign Corrupt Practices Act, which made it illegal for U.S. citizens to bribe foreign officials.

Undersecretary Shiner said the U.S. Justice Department continues to vigorously enforce that law, with 16 cases prosecuted in the last two years. She said the United States will push and advocate for every country to have a similar law in place.

In a written statement from his Texas vacation home, President Bush called high-level corruption a grave and corrosive abuse of power and a threat to democratic progress. He said promoting transparent and accountable governance is a "critical component" of the U.S. agenda.

CORPORATE SCANDALS:

Former Brocade Execs Face More Charges (EETIMES)

By Dylan McGrath

EE Times, August 10, 2006

SAN FRANCISCO — The U.S. Justice Department has filed additional charges against two former Brocade Communications Systems Inc. executives who were charged with securities fraud last month, according to a statement issued Thursday (Aug. 10).

Gregory Reyes, Brocade's former president, chairman and CEO, and Stephanie Jensen, the company's former vice president of human resources, were charged in a 12-count indictment with a scheme to backdate stock option grants to give employees favorably priced options without recording necessary compensation expenses, according to the statement, issued by U.S. Attorney Kevin Ryan.

The Justice Department continues to signal its intention to take a hard line against individuals that have been implicated in the ongoing scandal over historical stock options granting practices — Thursday's indictment was handed down just one day after three executives from software vendor Comverse Technology Inc. were charged with orchestrating a scheme to manipulate the grant of millions of Comverse stock options to themselves and to employees.

The Justice Department said Thursday's indictment charges both defendants with eight counts each, including charges of conspiracy to commit securities fraud, securities fraud, mail fraud, making false statements in SEC filings, and falsifying books and records.

Reyes has been further charged with four counts of making false statements to Brocade's auditors, according to Thursday's statement.

"Today's indictment brings additional charges, including conspiracy, falsifying SEC filings and making false statements to auditors," Ryan said through the statement. "The indictment alleges that this backdating scheme contributed to the restatements of hundreds of millions of dollars of Brocade's financial results."

According to the indictment, Reyes and Jensen regularly caused Brocade to grant "in-the-money" options for which the exercise price was lower than the company's stock price on the day of the grant to Brocade employees between 2000 and 2004. The indictment alleges that the pair backdated documents to make it appear that the options were being granted at fair market value on the "strike" date, concealing millions of dollars in expenses from investors.

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Fair market value stock options grants did not need to be expensed prior to implementation of the FAS-123 accounting standard last year. But "in the money" options, or those granted below fair market value, should have been recorded as a compensation expense, according to the Justice Department.

The indictment alleges that Reyes and Jensen repeatedly used hindsight to select a date with a lower stock price from the recent past as the supposed option grant date. To facilitate the scheme, Jensen allegedly created, or directed others to create, paperwork making it appear that the options had been granted on the earlier date, according to the Justice Department.

In some instances, employment offer letters and compensation committee minutes were allegedly falsified and purported to document option grants to employees before they had even been hired by the company, according to the indictment.

"The indictment alleges that these defendants altered and backdated board of director meeting minutes and employment offer letters in a scheme to defraud in connection with the pricing and granting of stock options," Ryan said. "It is integral to the public trust in our financial markets that books and records are maintained honestly, and that the true financial condition of public companies is disclosed accurately."

Brocade eventually restated and revised its financial statements for fiscal years 1999 through 2004 in light of its historical stock options impropriety, resulting in material changes of hundreds of millions of dollars.

All but one of the counts brought against Reyes and Jensen carry maximum penalties of 20 years and prison and a $5 million fine, plus restitution. Count one, conspiracy to commit securities fraud, carries a maximum statutory penalty of five years and a fine of $250,000.

Reyes and Jensen are scheduled to appear for a court hearing here Aug. 30.

The Justice Department said the indictment is the result of 18-month investigation by the FBI. The investigation is ongoing, the Justice Department said.

Last month, the Justice Department and the U.S. Securities and Exchange Commission (SEC) separately filed criminal and civil securities fraud charges against Reyes and Jensen. The SEC also filed charges against Brocade's former chief financial officer, Antonio Canova, at that time.

Judge Edward Chen Wednesday declined to dismiss the original charge against Reyes and Jensen, according to media reports.

More than two dozen high-tech firms have been implicated in the controversy over historical stock options backdating. At a news conference here last month to announce the original indictment against the former Brocade executives, SEC Chairman Christopher Cox said his agency is investigating more than 80 companies.

Ryan last month created a backdating task force to investigate allegations that Silicon Valley companies and individuals defrauded shareholders by retroactively changed grant dates for stock options. Ryan has declined to specify how many companies the task force is investigating, but a number of companies have acknowledged being subpoenaed by Ryan's office in SEC filings.

Stock Options Backdating Charges Added In Brocade Case (MERCN)

By David Kravets

The San Jose Mercury News, August 11, 2006

SAN FRANCISCO - Federal prosecutors here added more charges late Thursday against the nation's first two executives charged in a widening crackdown on backdating stock options.

Gregory Reyes, the former chief executive of Brocade Communications Systems Inc. and Stephanie Jensen, Brocade's former vice president of human resources, were originally charged with one count each of securities fraud in a criminal complaint on July 20. Authorities allege the backdating of stock options was, in part, cause for the company to restate financial results for fiscal years 1999 through 2004, shaving 20 cents off previously reported earnings per share figures.

According to an indictment unsealed Thursday, the two were charged with eight counts each of securities fraud, including making false statements in Securities and Exchange Commission filings, and of falsifying books and records. Reyes is accused of four other counts, including making false statements to company auditors.

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The indictment came a day after U.S. Magistrate Edward Chen declined to dismiss the single-count charges over the objections of defense lawyers, who argued that any backdating was meant to attract employees to the San Jose-based maker of data storage devices, not to skew financial results. The lawyers also maintained the two had no criminal intent to deceive shareholders.

Reyes' attorney, Richard Marmaro, did not immediately return call seeking comment.

Jensen's attorney, Laurie Carr Mims, insisted Jensen had no responsibility for finance or accounting, an argument her defense team made when the original complaint came down.

Stock options allow employees to buy shares of their company's stock in the future at a set price - and potentially reap a big windfall if share prices later rise.

Backdating is when options are retroactively issued to coincide with low points in a company's share price. Authorities allege Reyes and Jensen regularly backdated board of director meeting minutes so that it appeared the stock options committee granted options on dates that Brocade's share price was relatively low. Authorities allege no such meetings occurred on those dates.

If convicted, the two could face 20 years in prison or more, plus millions in fines, although the actual amount is up to a judge's discretion.

Brocade, once worth as much as $24 billion, today is valued at about $1.6 billion.

Dozens of U.S. companies have disclosed that their stock options practices are being investigated by the Department of Justice or the Securities and Exchange Commission.

On Wednesday, three former top executives at New York-based Comverse Technology Inc., a leading maker of voicemail software, were accused of hatching a scheme to pocket millions of dollars by secretly manipulating and backdating stock options - bringing to five the number of executives caught in the government's backdating dragnet.

The case is United States v. Reyes, 06-70450.

New Charges For Execs (MERCN)

By Mark Schwanhausser

The San Jose Mercury News, August 11, 2006

The legal troubles for the first two Silicon Valley executives charged in the nationwide stock options scandal deepened Thursday when a grand jury in San Francisco indicted them for a raft of additional charges.

The new charges broaden the government's case and could give federal prosecutors more chances to convict Greg Reyes, former chief executive of Brocade Communications Systems of San Jose, and Stephanie Jensen, former vice president of human relations.

Each was charged with eight counts including securities fraud, falsifying records, mail fraud and filing false financial statements that overstated the company's profits.

Reyes was also indicted on four additional counts of making false statements to Brocade's auditors, who had probed whether the company routinely rigged prices on stock options to secretly give new employees a head start to potential profits.

The maximum penalty for the charges is 20 years in prison and a $5 million fine.

Reyes, 43, and Jensen, 48, initially were charged with just one count each of securities fraud in a criminal complaint filed July 20. The Securities and Exchange Commission also has filed civil charges against Reyes, Jensen and Antonio Canova, Brocade's former chief financial officer.

"It is integral to the public trust in our financial markets that books and records be maintained honestly, and that the true financial condition of public companies is disclosed accurately," U.S. Attorney Kevin V. Ryan said in a statement.

Defense lawyers argued in court Wednesday that the U.S. Attorney would find it difficult to win on the initial securities fraud charge because prosecutors would need to prove the executives intended to deceive shareholders.

Reyes' lawyer, Richard Marmaro, said in a statement Thursday that Brocade's records are "fraught with inadvertent errors" by human resources and finance department employees. But, he added, "not a single document suggests fraud" by Reyes.

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To win conviction, prosecutors still must prove Reyes and Jensen's intent, but it could be easier to prove mail fraud, falsified books or that they conspired to cover up their actions, experts say.

The Brocade case is being closely watched because it is the first time executives have been criminally charged in the growing scandal. But it's particularly relevant in Silicon Valley, home to the largest concentration of companies under investigation by the SEC and Justice Department.

So far, one-fifth of Silicon Valley's 150 biggest companies face federal investigation, internal reviews, financial restatements or shareholder lawsuits.

While the legal troubles deepened for Reyes and Jensen, the company sought to move beyond the scandal Thursday. Fifteen current and former Brocade executives -- including CEO Michael Klayko, former board member Larry Sonsini and former CFO Canova -- agreed to settle a shareholder lawsuit filed in San Francisco federal court. Brocade's auditor, KPMG, also settled.

Under the deal, Brocade's board of directors will appoint either a lead outside director or an independent chairperson, and the company's general counsel will serve as chief compliance officer. Brocade also will pay $525,000 to lawyers representing investors. A settlement hearing is scheduled for Aug. 18.

Other shareholder suits against Brocade are still pending.

SEC Charges Former Endocare Executives With Fraud (LAT/BLOOM)

From Bloomberg News

The Los Angeles Times, August 11, 2006

The SEC alleges that the ex-CEO and ex-CFO overstated revenue in 2001 and 2002.

U.S. securities regulators charged former Endocare Inc. Chief Executive Paul W. Mikus and former Chief Financial Officer John V. Cracchiolo with fraud, saying that the two "significantly overstated" income.

The alleged fraud occurred during 2001 and 2002, with the company overstating revenue as much as 33% in one quarter, the Securities and Exchange Commission said in a statement. Irvine-based Endocare makes medical devices to treat cancers and prostate ailments.

"Endocare's egregious and widespread fraud pervaded the executive suite," said Randall R. Lee, director of the SEC's Pacific regional offices in Los Angeles, in the statement.

The company, which is trying to gain financing to stay afloat, agreed last month to pay $750,000 to settle an SEC investigation of the accounting issues. Three current and former employees also settled related charges. The current CEO, Craig T. Davenport, was hired in December 2003.

"This is just a continuation of what was settled with the company, and the SEC has taken the next step of filing charges with these individuals who have long been separated from the company," Endocare spokesman Matt Clawson said. The company itself isn't being investigated by the SEC or Justice Department, he added.

Telephone numbers for Mikus, 40, of Irvine, and Cracchiolo, 50, of Gardnerville, Nev., couldn't immediately be found.

The complaint, filed Wednesday in U.S. District Court in Santa Ana, alleges that fraudulent accounting caused earnings to be overstated at least 16% in all of 2001, 17% in the first quarter of 2002 and 33% in the second quarter of 2002.

The company has restated those earnings and doesn't plan to make any further corrections as a result of the investigation, Clawson said.

Endocare disclosed Tuesday that it had received an SEC subpoena for information on stock-option grants involving former officers and directors. The company also said that it would probably need to raise additional capital no later than March 31, 2007, to keep operating.

Tally Of Option Probes Tops 100 As Concern Grows (Update1) (BLOOM)

By Rick Green

Bloomberg, August 11, 2006

Aug. 10 (Bloomberg) -- The number of companies with stock options grants under scrutiny passed 100 as Nvidia Corp., Electronic Arts Inc. and a half dozen others disclosed probes, fueling concern that the rising tally will erode investor confidence.

Options investigations, which began with a handful of small technology companies, have now spread to some of the biggest corporations across several industries. Among them are household names such as Apple Computer Inc., the maker of iPods, and Home Depot Inc., the world's largest home improvement retailer.

At least 105 companies have disclosed internal or federal probes, according to data compiled by Bloomberg News. Nineteen people have lost their jobs, five face criminal charges and one of them -- Comverse Inc. founder Jacob Alexander -- didn't show up for his arraignment yesterday. Dozens of companies have said they can't file financial reports on time, and uncertainty about their true picture may disrupt investment decisions.

"Worse than the worst news you can think of is not knowing," said Howard Silverblatt, a market analyst at Standard & Poor's in New York. "It creates havoc in the market."

Nvidia, the world's third-biggest maker of computer-graphics chips, delayed second-quarter financial results today after finding evidence of improperly dated grants.

Electronic Arts, which makes video games, is reviewing grants mentioned in a shareholder lawsuit, spokesman Jeff Brown said. The company, based in Redwood City, California, has already conducted an internal study spanning 10 years and found no improper grants, he said.

New Probes

Other companies that disclosed probes today included HCC Insurance Holdings Inc., a Houston-based property and casualty insurer that delayed filing its second-quarter results; Moldflow Corp., a software company based in Framingham, Massachusetts; ViaSat Inc., a satellite communications company based in Carlsbad, California; and Dot Hill Systems Corp., a data-storage company in Carlsbad.

About a dozen more companies said today they wouldn't meet their filing deadlines, including Alkermes Inc., a biotechnology company based in Cambridge, Massachusetts, which said the U.S. Securities and Exchange Commission has started an informal inquiry. Sepracor Inc., which makes the sleeping drug Lunesta; McAfee Inc., maker of anti-virus software, and CNET Networks Inc., the online publisher, said they would delay filing because of options probes.

Delayed Reports

Silverblatt said the delayed reports leave investors without crucial data, so they shun those stocks. That could hurt liquidity -- the ability to easily buy and sell a stock -- and liquidity is a major factor when S&P decides whether a company should remain in a stock index, Silverblatt said.

If the uncertainties aren't resolved, "it would require a very deep review of the situation," said Silverblatt, whose company compiles some of the most widely used stock benchmarks, including the Standard & Poor's 500 stock index.

Stock options allow holders to buy shares at a future date, usually at the price on the day they were granted. Investigators are trying to determine whether grants were backdated or carefully timed to coincide with days when the stock price was low, building in a paper profit for recipients.

Regulators and prosecutors have said such grants, if not properly disclosed, could involve criminal fraud because they hide costs from investors and distort financial statements.

The FBI said yesterday criminal probes of 45 companies are under way, and the SEC has said it is investigating more than 80.

Criminal Cases

Former executives at Comverse and Brocade Communications Systems Inc. have been charged in criminal cases. Apple's former general counsel, Nancy Heinen, who hasn't been accused of wrongdoing, hired a criminal defense attorney in the event she's involved in an investigation. Some of the options that have drawn scrutiny were awarded to Apple founder Steve Jobs.

The authorities aren't focused on the sums of money involved, which are often too small to matter to a company's balance sheet, said Joseph Grundfest a former SEC commissioner. Instead, regulators are looking at whether managers consciously tried to conceal what they were doing, said Grundfest, a professor at Stanford Law School in Palo Alto, California.

"The cover-up can be worse than the crime," Grundfest said, with uncertainty about the integrity and fate of executives adding to investors' jitters.

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"The last thing the market needs now is another black eye," Silverblatt said. He said the scandal calls into question "not just confidence in management to do the right thing for shareholders, but morally."

Seeking To Wipe Lay Slate Clean (NYDN)

New York Daily News, August 11, 2006

Lawyers for Enron founder Ken Lay, who died July 5 six weeks after being convicted of spearheading the fraud that destroyed the company, started a process that could wipe out his criminal record by letting Lay's estate act on his behalf in any further criminal proceedings. Federal prosecutors didn't oppose the motion.

Lay's widow Linda intends to represent the estate as executor. Once the estate takes over the case, it can move to vacate Lay's conviction, court papers said. A defendant's indictment and conviction can be thrown out if the person dies before having the chance to exhaust any appeals.

ImClone To Stay Independent (HC)

Houston Chronicle, August 11, 2006

NEW YORK - ImClone Systems shares plummeted 13 percent Thursday when the biotech drug maker decided to remain independent after mulling its options, including a sale of the company, for eight months.

The company also announced it is resuming a search for a permanent chief executive to replace interim CEO Joseph Fischer and that it asked financier Carl Icahn to run for a position on its board. Icahn holds about 10 percent of the company stock.

Analysts said it didn't bode well for ImClone when Bristol-Myers Squibb Co., which owns roughly 20 percent of its shares, opted not to buy the company. ImClone is best known for the insider trading scandal that sent founder Sam Waksal and domestic diva Martha Stewart to jail.

CRIMINAL LAW:

Pentagon Officials Quit At Agency Linked To Bribes (NYT)

By David D. Kirkpatrick

The New York Times, August 11, 2006

WASHINGTON, Aug. 10 — The two top officials of Counterintelligence Field Activity at the Defense Department resigned this week amid investigations into their agency's classified contracts with a businessman who has pleaded guilty to bribing department officials and Representative Randy Cunningham.

The resignations, which were first reported Thursday in The Washington Post, are the latest sign that the scandal surrounding Mr. Cunningham, a California Republican who stepped down last fall, is still unfolding. The new departures come as the House intelligence committee is preparing its own report on corrupt favors performed by Mr. Cunningham as a member of the panel.

The two officials, David A. Burtt II, the director of Counterintelligence Field Activity, and Joseph Hefferon, the deputy director, could not be reached for comment. A Pentagon spokeswoman said Thursday that their resignations were "a personal decision that they both made together."

Federal prosecutors have named the counterintelligence agency in court papers as a source of tens of millions of dollars in inflated contracts provided to Mitchell J. Wade, chief executive of the military contractor MZM Inc.

In February, Mr. Wade pleaded guilty to bribing Mr. Cunningham and unidentified Defense Department officials in exchange for such contracts. Mr. Cunningham pleaded guilty to accepting illicit payments from Mr. Wade and another contractor, later identified as Brent R. Wilkes. Prosecutors have not charged Mr. Wilkes.

Mr. Cunningham was chairman of the intelligence panel's subcommittee for human intelligence, giving him responsibility for oversight of the counterintelligence agency.

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In February 2004, Mr. Cunningham sent a letter to Mr. Burtt, thanking his staff for its execution of a project he had inserted in a military bill, according to documents filed in United States District Court in Southern California.

And he promoted Mr. Wade's company, MZM, to Mr. Burtt as well. "Additionally, I wish to endorse and support MZM Inc.'s work," Mr. Cunningham wrote.

Gotti Prosecutor Has Doubts About Trial Next Week (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, August 11, 2006

NEW YORK -- A prosecutor said Thursday he had doubts about the government's ability to proceed to trial next week against John "Junior" Gotti after a judge tossed out most of the charges the government added to the case three months ago.

The unusual admission by Assistant U.S. Attorney Victor Hou came as he asked U.S. District Judge Shira Scheindlin to clarify what effect her decision earlier this week to dismiss new racketeering and money laundering charges would have on evidence.

"We have serious concerns about our ability to go forward given your ruling," Hou said before the judge, who had permitted a new witness tampering charge to remain in the indictment, clarified her position.

The judge seemed to resolve some of the prosecutor's fears when she said the government could still introduce new evidence it believes might convince a jury that Gotti continued to benefit from mob activities even after he claimed to have left organized crime.

The jury deadlocked at two racketeering trials for Gotti in the past year, with eight of 12 jurors willing to acquit him at a trial that ended in the spring.

The government struggled to counter a defense argument that Gotti left the Gambino crime family in the late 1990s and had lived a clean life since then.

The judge tossed out most of the charges brought by the government in May, saying they were barred because of the terms of the agreement Gotti signed when he pleaded guilty to other racketeering charges in 1999.

Meanwhile, the judge rejected a request Thursday by Gotti to let him go horse barrel jumping with his son.

Gotti lawyer Charles Carnesi asked her to let Gotti take his 12-year-old son, Peter, to the horse competition because his wife is about to deliver their sixth child.

Although the judge said she was inclined to grant the request because Gotti has been under house arrest for the past year, she rejected it after prosecutors complained.

Questioning of potential jurors begins Monday for Gotti's retrial on charges that he committed racketeering in the 1990s as a leader in the crime family formerly led by his father, John Gotti.

The younger Gotti is accused of ordering two attacks on radio talk show host and Guardian Angels crimefighting group founder Curtis Sliwa in 1992 after Sliwa criticized his father on the air. The elder Gotti died in prison in 2002, a decade after he was convicted of racketeering and sentenced to life in prison.

The government said the younger Gotti ordered a baseball bat beating of Sliwa and a kidnapping several weeks later that ended with Sliwa being shot three times before he dived out of a moving taxi. Sliwa recovered from the attack to resume his on-air criticisms of the Gotti clan.

Gotti has denied ordering attacks on Sliwa.

Feds Fear They Gotti Drop Raps (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 11, 2006

On the eve of trial, the feds are considering dropping charges against John A. (Junior) Gotti after a judge whacked much of their case.

But that doesn't mean prosecutors plan to give the mob scion a slide. They may ask a grand jury to charge him again in a superseding indictment.

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"We have serious concerns about our ability to move forward," Assistant U.S. Attorney Victor Hou told Manhattan Federal Court Judge Shira Scheindlin at a hastily called hearing with jury selection set to start Monday.

Last week, Scheindlin tossed out three money-laundering counts prosecutors added to a May indictment in a bid to shore up a case that has allowed Gotti to score two mistrials.

Gotti, 42, claims he left the mob life after serving as boss of the Gambino crime family once headed by his father, the Dapper Don John Gotti.

At the center of the case remains the claim that Gotti ordered a 1992 assault on radio host Curtis Sliwa. The only charge added to the new indictment that remains is a witness tampering charge.

The feds claim Gotti summoned the son of mob snitch Michael (Mikey Scars) DiLeonardo to his prison in upstate New York in 2003 so that he would persuade his father not to testify against him.

Higher-ups from the Manhattan U.S. attorney's office attended yesterday's hearing as prosecutors figure their next move.

Hou quizzed Scheindlin about her ruling to gauge whether prosecutors were "not so severely compromised that we can't go forward."

Scheindlin said she will allow prosecutors to detail claims that Gotti tried to conceal mob money as they try to make their conspiracy case against Gotti.

"There's nothing here that takes out evidence that you want to use," Scheindlin said.

Pellicano Trial May Be Postponed Until February (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, August 11, 2006

Attorneys on both sides agree to a delay because the defense needs more time to prepare. The request must be approved by the federal judge presiding over the case.

Federal prosecutors and defense attorneys in the racketeering and wiretapping case of private investigator Anthony Pellicano and six others have agreed to postpone a scheduled trial date until February because the defense needs more time to prepare.

The postponement, described in court papers filed late Wednesday, still must be approved by U.S. District Judge Dale S. Fischer.

The new schedule would delay the start of the trial four months and give attorneys until October, rather than next Monday, to file pretrial motions regarding such issues as the credibility of expert witnesses and the admissibility of evidence.

The postponement comes as attorneys on both sides of the complex case have been wrangling over the validity of search warrants used to seize tape-recordings and documents from Pellicano's Sunset Boulevard office in late 2002 and early 2003, and the production of FBI interview reports and other government evidence.

"There are genuine issues surrounding the collection of some of the evidence, if not all of it, in this case," Pellicano's attorney, Steven Gruel, a former federal prosecutor, said Thursday in an interview. "And the additional time will be necessary to prepare for the court the justification to suppress the government's evidence."

Terree Bowers, another former federal prosecutor who is representing prominent entertainment attorney Terry Christensen, was more blunt, faulting the government for failing to "provide a comprehensive picture of the evidence."

"We continue to struggle to obtain important information and material that could be used to exonerate our clients," said Bowers, calling the government's "piecemeal production of evidence … very frustrating."

Christensen has been accused of hiring Pellicano to wiretap the former wife of billionaire Kirk Kerkorian and, through Bowers, has denied wrongdoing.

Citing office policy not to comment on pending cases, federal prosecutors declined to comment. The proposed delay in the trial presents some tactical advantages for both prosecutors and defense counsel.

With more time to prepare challenges to the government's evidence in the case, defense attorneys may be more successful than they have been in their attempts to strike witnesses and challenge the validity of government search warrants.

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So far, Fischer has refused virtually all of their challenges and refused to fault the government for its pace in turning evidence over to the defense.

At the same time, a delay in the start of the trial may help the FBI and U.S. attorneys office complete the decoding of encrypted recordings taken in searches of Pellicano's offices.

Two months ago, federal prosecutors said they were still trying to decode more than 275 of the 1,300 audio files recovered during the searches.

Since then, authorities have made more progress in decoding those files but will not say how many they still have left to decrypt. Just what the tapes contain remains unclear.

Prosecutors have only acknowledged having "at least one" recording that purportedly represents a wiretapped telephone conversation. They also have alleged that they have tape-recordings of "hundreds of calls" in which Pellicano can be heard speaking to lawyers and other clients about information he allegedly gained from wiretaps.

Some criminal defense attorneys have privately suggested the government will need more examples of actual wiretaps to establish an ongoing conspiracy by Pellicano and his principal co-defendants. But other lawyers versed in such cases contend that the calls in which Pellicano allegedly relays information gained from wiretaps to clients — coupled with testimony from those who have acknowledged hiring Pellicano to wiretap adversaries — could prove compelling to juries.

Either way, the additional time will enable authorities to continue assembling evidence.

Thus far, Pellicano and six co-defendants have pleaded not guilty, while seven other defendants have pleaded guilty to counts ranging from lying to authorities to hiring Pellicano to wiretap others.

BetOnSports Bettors Seek Return Of Money (AP)

AP, August 11, 2006

NEW YORK (AP) -- Since BetOnSports PLC started accepting wagers online, gamblers played the odds on plenty of sporting events. But they also gambled on whether U.S. prosecutors would one day target the Costa Rica-based company for possibly violating federal law.

Now, gamblers are wondering if they'll ever get their money back after a judge's temporary restraining order forced BetOnSports to disable its Web site, blocking access to player accounts, and employees said the company was closing.

BetOnSports faces a 22-count indictment on fraud and racketeering charges in the U.S. District Court in St. Louis. David Carruthers, the firm's former chief executive, remains in jail in the United States after being arrested while changing planes in Texas.

On Thursday, two employees in Costa Rica said the company was closing because of legal problems in the United States. The employees, who asked that their names not be used because of fear they could lose layoff payments, said they were told they were losing their jobs as the company shuts down.

Costa Rica's Channel 7 quoted BetOnSports lawyer Francisco Conejo and employee Roxana Chacon also saying the company was closing.

A company executive, who spoke on the condition of anonymity because he was not authorized to speak publicly about the case, said the company intended to issue a statement Friday clarifying its situation.

Prosecutors are seeking the forfeiture of $4.5 billion, plus several cars, recreational vehicles and computers from Carruthers and 10 other people associated with the gambling operation.

U.S. Attorney Catherine Hanaway told The Associated Press that last month's federal restraining order requires BetOnSports to return any money that American customers have tied up with the site.

The order, which expires Monday but could be extended, also prevents BetOnSports from taking U.S.-based bets.

But Hanaway said if BetOnSports doesn't return the money, the U.S. government has every right to seize it.

Hanaway contends the bets were placed illegally, violating the 1961 federal Wire Act. That means the government could take the money to settle legal claims in the same way it takes money from drug cartels, Hanaway said.

"In all kinds of crimes we forfeit money that someone has paid," she said.

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The BetOnSports executive who spoke anonymously said the company was trying to return deposits and pending wagers before that scenario plays out.

"Customers will get their money," the executive said.

But the executive said that because of the judge's order on July 17, some payment processors, or e-wallets as they're known, have stopped doing business with BetOnSports. The executive said BetOnSports has no way to transfer the bulk of the pending wagers or deposits to gamblers.

"We are in a difficult position," the executive said.

The executive declined to give the value of the pending wagers and deposits. It could be plenty.

Almost all the wagers placed on BetOnSports come from the U.S. For the 53 weeks preceding February 2005, the company's sportsbook had more than 71,000 active customers who placed 9.9 million bets. The average bet was $109. Prosecutors said 97 percent of the sports bets are made on American football, basketball and baseball.

BetOnSports relies on non-U.S. payment processors such as Neteller and FirePay to serve as middlemen for the site.

That is bad news for some BetOnSports gamblers -- despite the fact the Justice Department has not yet gone after these payment processors. Like BetOnSports, Neteller and FireOne are publicly traded in London and regulated by British authorities.

"Neteller has for the moment suspended doing business with BetOnSports and is reviewing the relationship in light of what happened," company spokesman Sebastian Hoyle wrote in an e-mail.

The BetOnSports executive says FirePay has also stopped doing business with the betting site.

David Schwartz, chief financial officer of FireOne Group, FirePay's parent company, did not respond to messages left on his voice mail in Canada. In a conference call Tuesday with analysts to discuss quarterly financial results, FireOne would not talk about BetOnSports.

I. Nelson Rose, a professor at Whittier College of Law and an expert on Internet gambling, said the government has a strong case against BetOnSports but not against its customers.

"The Wire Act does make it a crime to be in the gambling business and accept sports bets but it does not make it a crime to be the bettor," Rose said.

Rose said the government can't confiscate the deposits, because the bettors haven't done anything illegal. To say the bettors are as guilty as the bookies is wrong, he said.

"This is saying the buyer of drugs is aiding and abetting the seller of drugs and therefore is guilty of selling drugs," Rose said. "It won't wash."

Rose said the government needs to rethink its position and the money should be returned to the bettors.

"There are lots of legal questions involved in this but the one ... that's not a question is that the money in those accounts belongs to the players," Rose said. "These are deposits, not disputes over winnings."

Betonsports Plans To Shut Down Its U.S. Business (BLOOM)

By Dan Weeks

Bloomberg, August 11, 2006

Aug. 11 (Bloomberg) -- Betonsports Plc, the British online bookmaker that's been charged with crimes in the U.S., said it will shut down activities catering to American gamblers after a court ordered the company to stop taking bets in the country.

The bookmaker plans to stop operating in Costa Rica and Antigua, from where it had accepted wagers from the U.S., as soon as possible, it said today in a statement.

"By complying with the U.S. Department of Justice and not taking bets in the U.S., Betonsports is hoping the Department will ease up on the payment processes" to allow Betonsports to gain more sales from outside the U.S. and help it pay creditors, spokesman Ged Brumby said.

U.S. gamblers accounted for almost three-quarters of the $48.3 million in customer deposits that Betonsports took in during the fiscal first quarter, which ended May 6. The rest came from bettors in Latin America and Asia, where the company owns gaming brands including 777ball and Easybets.

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A U.S. federal court last month ordered Betonsports to stop taking bets from the United States, its main market, and return deposits paid by American bettors. The bookmaker also was indicted on charges including racketeering.

"The directors are taking steps to ensure that the company will not knowingly accept any wagering transactions from U.S. based customers," Betonsports said in today's statement.

Trading in Betonsports stock was halted July 18 and has yet to be resumed. Shares of Sportingbet Plc, an online bookmaker that gets more than half its revenue from U.S. customers, fell as much as 5.4 percent in London today.

The company said it plans to repay balances due to U.S. customers and to settle liabilities with employees and creditors. It cautioned, though, that the process will take time and is contingent on its ability to convince banks and cash processors to relinquish funds and to generate earnings at its non-U.S. activities.

CIA Gives Libby Overviews Of Briefings (WP/AP)

By Matt Apuzzo, The Associated Press

The Washington Post, August 11, 2006

WASHINGTON -- The CIA says it has provided short summaries of Vice President Dick Cheney's daily security briefings to defense attorneys for his indicted former chief of staff.

The documents, which were provided in response to a March court order, summarize a wide range of national security issues that consumed the working day of Cheney and I. Lewis "Scooter" Libby, who is accused of five counts of perjury, obstruction and lying to the FBI.

In a document filed Wednesday in federal court, the CIA reported that it gave the material to Libby's lawyers in three batches starting in May. The final documents were turned over early this week.

Libby has been charged with making false statements about how he learned the identity of CIA officer Valerie Plame and what he told reporters about her. Libby's discussions with reporters came shortly after Plame's husband, former U.S. Ambassador Joseph Wilson, accused the Bush administration of twisting prewar intelligence to exaggerate the Iraqi threat.

Libby's lawyers say he had many more important things on his mind and may have forgotten the details about his conversations about Plame. They believe the daily security briefings will document his overwhelming workload.

The briefing summaries cover the period in the summer of 2003 when Libby was allegedly discussing Plame's CIA identity with journalists.

They also cover several weeks in the fall of 2003 when Libby was questioned by the FBI and March 2004 when Libby testified before a federal grand jury. It was those FBI interviews and grand jury appearances that led to his indictment.

Libby is scheduled to go on trial in January.

Former Minneapolis Councilman Convicted In Bribery Case (STPPP)

The St. Paul Pioneer-Press, August 11, 2006

MINNEAPOLIS - A former Minneapolis City Council member was convicted Thursday in federal court on charges related to taking bribes from a developer who had business before the city.

Dean Zimmermann, 64, who represented the city's sixth ward from 2001 to 2005, was convicted of three of four charges contained in the indictment.

The charges he was convicted of involved accusations that he took $7,200 in cash from property developer Gary Carlson. The government presented video tapes of him taking the money during the eight-day trial.

He was found not guilty of one count of soliciting property from people who had business with the city.

"Public corruption will not be tolerated in this state," said U.S. Attorney Rachel Paulose. "Minnesotans have the right to expect that elected officials will work for the public good and not for what they might gain personally through back-room deals."

Many supporters of Zimmermann, a longtime community activist, were in the courtroom when the verdict was read.

Betsy Barnum, former state chair of Zimmermann's Green Party, said, "I think this is not justice and don't think he's guilty of any crime. I'm sorry to see the FBI engaged in this sort of thing. This man isn't a corrupt man. Entrapment isn't too strong a word for what they did to him."

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The defense claimed the developer pushed the money onto Zimmermann, while prosecutors insisted Zimmermann was predisposed to take bribes and the government only presented him with the opportunity.

Closing arguments in the case were Wednesday and jurors deliberated about six hours over two days before issuing their ruling Thursday afternoon.

Zimmermann is the third member of the Minneapolis City Council to be convicted of taking money or favors from constituents. Brian Herron was sentenced to one year in federal prison in February 2002 and Joe Biernat was sentenced to one year and nine months in federal prison in April 2003.

U.S. District Judge Ann D. Montgomery will sentence Zimmermann. No sentencing date was set. Under state sentencing guidelines, the maximum potential sentence would be 10 years in prison and a $250,000 fine on each of the three counts.

Zimmermann Found Guilty On 3 Counts Of Bribery (MINNST)

By Randy Furst, Star Tribune

Minneapolis Star Tribune, August 11, 2006

The former Minneapolis City Council member was exonerated on a fourth count.

From Dean Zimmermann's wife there were tears as she broke down in the lobby of the U.S. Courthouse in downtown Minneapolis. From his supporters there were feelings of dismay and disbelief, and from Zimmermann himself, a reiteration that he is innocent.

From the FBI there was satisfaction that a federal jury had convicted the former Minneapolis City Council member Thursday of three counts of taking bribes from developer Gary A. Carlson.

And from the prosecutor there was a more muted response. "I like to be on the side that prevails," Assistant U.S. Attorney John Docherty said. "I recognize this is not a good day for the people of Minneapolis. ... It is not a good thing when an elected official has been found beyond a reasonable doubt to have violated the public trust."

U.S. District Judge Ann Montgomery ordered a presentence investigation.

Zimmermann's attorney, Dan Scott, said he could get a prison sentence of up to five years.

Jenny Heiser, Zimmermann's wife, wept in the courthouse lobby. "There was no one who loves Minneapolis more than you," she said to Zimmermann. "You were going to lead tours of the city after you retired. This is like a 'Twilight Zone' episode. It is totally bad."

Outside on the plaza, Zimmermann, 64, a Green Party leader and City Council member from 2001 through 2005, was defiant.

"I didn't do anything wrong," he said "I did things that were stupid, but not anything wrong."

As for going to prison, the longtime civil-rights and antiwar activist shrugged it off. "Think of all the young men who have died in Iraq," he said. "My fate isn't as bad as theirs."

Zimmermann showed no emotion in court Thursday, leaning back in his chair as Gertie Simon, a calendar clerk, read the verdicts.

The jury, which had deliberated for six hours, found him guilty on three counts of taking cash from Carlson, and not guilty of one count of asking a development firm to build a retaining wall on the land of his former domestic partner.

Carlson had been wired with a concealed video camera and audiotape recorder, and during the trial, the seven-woman, five-man jury saw video of Carlson handing over to Zimmermann envelopes filled with $100 bills while the two men chatted amiably about how Zimmermann would help him rezone a failing condominium development and launch a new Somali-American mall.

After the verdicts, FBI agents Timothy Bisswurm and John Kukura had smiles on their faces but referred questions to FBI spokesman Paul McCabe.

"We're pleased that the jury recognized that Mr. Zimmermann abused the public trust in his position as a city councilman," McCabe said, adding that public corruption investigations are surpassed only by terrorism and counterintelligence issues as FBI priorities.

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Zimmermann is the third Minneapolis City Council member in five years who has been convicted in an FBI investigation. Brian Herron pleaded guilty in 2001 to extortion, and Joe Biernat was convicted in 2002 of accepting free plumbing. Both went to prison.

Zimmermann has insisted since his January indictment that the Justice Department was targeting the Green Party.

"This is a good blow by the government to shut up the Green movement, the environmental movement, the antiwar movement," he said Thursday.

Told of Zimmermann's remarks, Docherty replied: "Absolutely not. If there was a political clone of me who agreed on everything and they took money, this office would prosecute them."

A juror's view

One juror, Michael Schoonover of Stacy, Minn., said Thursday night that he recalled little discussion about whether Zimmermann had been entrapped by the FBI, noting that there was a feeling that "he seemed to be a willing participant in the whole thing."

Early on, Schoonover said, there appeared to be overwhelming support for conviction on two counts -- taking $5,000 in June 2005 and $1,000 at the end of August 2005. "The videotapes were pretty strong, and the fact that he put [$5,000] in his pocket," he said.

The jurors eventually also agreed he was guilty of accepting another payment of $1,200 in mid-August 2005 but they remained split through most of the deliberations over the charge that he tried to get the retaining wall built. They ultimately decided there was reasonable doubt about it, he said, noting that Zimmermann never did get a retaining wall.

How the case began

The case evolved, according to court testimony, from an FBI interview May 3 with Carlson, who was building an 81-unit condominium project at E. 24th Street and Chicago Avenue S. in Minneapolis. Federal authorities were investigating East Bank, a small bank in Dinkytown in which Carlson was an investor. He is not a target of the investigation, but he named some individuals, alleging corruption.

Carlson had subsequent conversations with Zimmermann, leading the FBI to zero in on Zimmermann and wire Carlson as Carlson began to give him cash.

"They couldn't find anything he did wrong, so they created a crime and talked him into it," defense attorney Scott said Thursday. "I can understand why the jury did what they did. I just don't understand why the government did what they did."

Docherty disagreed, saying public corruption cases are really hard to investigate.

"They are not things that occur in public view," Docherty said. "You've got to be able -- ethically, responsibly and legally -- to do undercover operations, and sometimes that's going to involve giving people the opportunity to do what they are already disposed to do. The FBI did no more than that in this case."

But some Zimmermann supporters don't buy it.

"I'm sorry to see the FBI engaged in this sort of thing," said Betsy Barnum, former state chairwoman of the Green Party. "This man isn't a corrupt man. Entrapment isn't too strong a word for what they did to him."

Staff writer Bob von Sternberg contributed to this report. Randy Furst • 612-673-7382

Nine Are Charged In Alleged Sex Ring (SEAPI)

By Scott Gutierrez

Seattle Post-Intelligencer, August 11, 2006

Asian women forced into prostitution, prosecutors say

Nine people were charged Thursday with taking part in a human-trafficking ring that smuggled scores of Asian women into the Northwest and forced them into prostitution to pay for their trips to the United States.

The two-year investigation culminated with raids and arrests by local and federal law enforcement agents late Wednesday and early Thursday at five locations, including two brothels and an escort service being operated out of Seattle homes, law enforcement officials said at a news conference.

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Once in the United States, the women were moved every 10 to 14 days among brothels in Seattle and other cities across the country to keep the selections "fresh" for customers and to thwart law enforcement, said John McKay, U.S. attorney for Western Washington.

One of the main suspects, Yong Jun Kang, 36, of Seattle, told a police informant that the women were smuggled in shipping containers, and sometimes taken across the border from British Columbia. Some agreed to pay as much as $50,000 for the trip, court documents say.

In telephone conversations between suspects and their customers, the brothels were referred to as restaurants and the women as wines or ethnic foods. Customers asked for "Kimchee" if they desired a Korean prostitute, or a "Pho dish" for a Vietnamese woman, court documents say.

"It is unsettling to agents and officers involved to have that kind of conversation going on," McKay said. "It was very upsetting to people who had to listen to it, and it made our efforts last night that much more rewarding,"

Seven of those arrested appeared briefly Thursday in U.S. District Court, where they listened to the allegations through court translators. Most of the suspects are Chinese citizens. The women came from China, Korea, Thailand, Vietnam, Malaysia, Singapore, Japan, Taiwan and Laos, officials said.

Indictments are expected within the next two weeks, U.S. Attorney's Office spokeswoman Emily Langlie said. Those arrested included:

Kang, who is accused of operating brothels in Portland and Seattle and who used an online travel agency to book flights for prostitutes to and from U.S. cities.

Pengquan Xie, 48, and Zheng Qu, 49, who are accused of managing Kang's brothels and were arrested in Los Angeles, where they made their first court appearance.

Zhenhua Liu, 31, an alleged competitor of Kang's who is accused of operating a brothel and who was known by the nickname "Jo Jo." The man who is accused of managing his brothel, Bing Wang, also was arrested.

Liancheng Ning, 47, who is accused of transporting the women to and from Sea-Tac Airport, where they were booked on flights for work in brothels in Los Angeles, New York, Chicago, Portland and Las Vegas.

Kesheng Zhu, 38, and Rujing Jiang, 36, a husband and wife who operated an escort service advertised in the Seattle Weekly and The Stranger as "Asian Girl -- Outcalls Only -- 7 days, 24 hours," court documents say. Another woman, Thongyot Liamurai, 39, worked as a prostitute for Kang and Zhu and was a confidante to Kang, court documents say.

The investigation, dubbed "Operation Traffick Jam," began in April 2004 when officers with the Eastside Narcotics Task Force raided a Bellevue spa, which turned out to be a front for prostitution, authorities said.

Kang, Zhu and Jiang were arrested as part of that investigation but never charged, Assistant U.S. Attorney Todd Greenberg said. Zhu, a Chinese national, was deported but returned to the United States illegally, he said.

Jiang's deportation was delayed because she was pregnant. She, along with Kang, vanished before their immigration hearings, Greenberg said.

The FBI, the Bureau of Immigration and Customs Enforcement and the Seattle Police Department conducted the investigation, which continues.

Investigators used undercover informants, who visited the brothels, and wiretapped suspects' cellular telephones for several months to crack the organization, according to court documents. They also monitored suspects' vehicles through court-sanctioned global positioning tracking devices, court documents say.

Some of the women obtained visas but overstayed their limits. Federal authorities were unable Thursday to provide the status of all the women allegedly forced into prostitution. Mike McCool, immigration deputy special agent in charge, said that four women are being held on immigration violations.

All nine who were arrested face charges of conspiracy to transport persons in furtherance of prostitution, punishable by a maximum of five years imprisonment. Eight are also charged with conspiracy to transport illegal aliens.

Four, including Kang, also are charged with conspiracy to engage in money laundering, which carries the stiffest maximum punishment of 20 years.

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31 Arrested In Oxnard Gang Sweep (LAT)

By Gregory W. Griggs, Times Staff Writer

The Los Angeles Times, August 11, 2006

The multi-agency action was prompted in part by the July 30 slaying of a 22-year-old woman, which remains unsolved, police said.

Targeting gang crime, Oxnard police led a multi-agency task force early Thursday on a citywide sweep, serving numerous search warrants, arresting more than two dozen people and confiscating several weapons and small amounts of drugs.

Twenty-eight males and three females were arrested, including 10 juveniles, police said. A shotgun, three pistols, hundreds of rounds of ammunition and homemade clubs were confiscated along with 2 ounces of marijuana and less than a gram of heroin.

"We definitely made a statement today that gang violence will absolutely not be tolerated in Oxnard or in Ventura County," said Oxnard Police Cmdr. Robert Cox, who led the operation. "The show of support today from the local law enforcement community has been overwhelming."

It was the second law enforcement sweep in the city this year and involved 140 officers from seven other agencies, including the Ventura County Sheriff's Department, the Port Hueneme Police Department and agents from the U.S. Marshal's Office and the U.S. Department of Justice.

David Keith, spokesman for the Oxnard Police Department, said Thursday's sweep was prompted in part by the July 30 fatal shooting of Gloria Guerra, 22. No arrests have been made in the slaying of Guerra, who had no criminal history or gang ties, authorities said.

Cox said the sweep could lead to evidence in other cases.

"When we're collecting these weapons, this ammunition, paraphernalia and gang writings, we're not only collecting intelligence but we could be collecting evidence of former crimes," he said.

Those arrested Thursday were taken to the city's police station for fingerprinting, background checks, processing and questioning. Adult suspects were then sent to the county's central jail in Ventura, while the minors went to the county's juvenile justice complex in El Rio.

But not every search resulted in an arrest.

At the first home called on early Thursday, police came up empty-handed.

Eight uniformed officers, several with guns drawn, approached the porch of the residence in the 400 block of Magnolia Avenue, then gathered near the wooden front doors as one of the officers knocked and shouted to the occupants inside.

Within moments, the door opened and the officers entered. About half a dozen people were escorted from the single-story home in the working-class neighborhood near downtown, about five blocks from the police station.

Although a search turned up no drugs or other probation violations, the officers didn't apologize, said resident Dalia Quintero, 21, the sister of two teens on probation.

"You can't judge the whole family," said Quintero, an Oxnard College student. "I graduated two years ago with honors. I'm being treated like a criminal, and I'm not even on probation."

A home searched by the team in the 500 block of West Yucca Street netted one arrest: an 18-year-old who had returned to his mother's home to be a pallbearer at a funeral.

John Ruiz's cousin and four childhood friends died Aug. 5 in a single-vehicle accident south of Camarillo.

Ruiz, who had recently moved from Oxnard to Moreno Valley to look for work, was accused of failing to keep in contact with his probation officer.

He had previously been arrested for tagging and curfew violations, said his mother, Ana Martinez.

Meanwhile, police said they are hoping to keep up the pressure on the city's gang members, who they say number more than 1,000.

Members of Colonia Chiques, the county's largest gang, have been suspects or victims in more than 40 homicides since 1992, authorities said.

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To curb the gang's activities, Oxnard police successfully sought an injunction in June 2004 to limit its members' activities. Since then, police have served dozens of gang members with papers notifying them of the injunction, and only those people are subject to the court order.

The injunction, upheld by the courts last year, prohibits Colonia Chiques members from assembling, wearing gang colors or being outside after 10 p.m. It covers a 6.6-square-mile "safety zone" around the Colonia neighborhood and is credited with helping to reduce violent crime there.

There have been more than 100 arrests and prosecutions since the injunction was imposed, according to Deputy Dist. Atty. Karen Wold.

Based on that success, Wold returned to court in July seeking a similar injunction against the Southside Chiques, a smaller but relatively more violent rival gang.

Since early 2003, the gang's members have been identified as suspects or victims in nine Oxnard homicides and three in neighboring Port Hueneme.

Ventura County Superior Court Judge Vincent O'Neill Jr. has scheduled a Sept. 18 hearing to review the district attorney's request.

Berkeley officer probed in theft (OAKT)

By Kristin Bender

Oakland Tribune, August 11, 2006

BERKELEY — For a second time this year, a Berkeley police officer is under investigation for theft.

Berkeley police internal affairs investigators and the U.S. Department of Justice are both investigating a 30-year-old Berkeley police officer for allegedly taking money from a detainee and not returning it, sources said Thursday.

The Oakland Tribune is not naming the officer, who was hired in 2003, because he has not been arrested or charged with a crime. He is on administrative leave pending the outcome of the investigation.

Sources said the officer confiscated some cash from someone he had contact with while on the job, and kept a portion of it. A citizen's complaint launched the investigation, sources said.

The Alameda County District Attorney's office was not involved in the case Thursday, but when the investigation is complete it will be turned over to the district attorney's office for review.

This is the second time this year that a sworn officer has been probed for alleged wrongdoing.

In June, former police sergeant Cary Kent, an 18-year Berkeley Police Department veteran, was sentenced one year in an electronic home detention program and five years probation for stealing heroin and methamphetamine from the department evidence locker.

The missing drugs were discovered during a police audit. Kent, a former police sergeant, was in charge of the drug evidence locker. He admitted tampering with 286 evidence envelopes, authorities said. He pleaded guilty to one count each of possessing heroin and methamphtamine.

Berkeley police and the district attorney's office began a joint investigation into the missing narcotics in January after an internal audit found procedural irregularities in the handling of drug evidence.

Kent retired in March rather than cooperate with the internal affairs probe. He is currently in a drug treatment program.

Advocates Vow Fight As Cuban Five Lose Ruling (MH)

By Jay Weaver And Casey Woods

The Miami Herald, August 11, 2006

Decades of community hatred toward Fidel Castro. Cuban military killings of exile pilots. Bitter custody disputes over rafter Elián González.

None of these highly publicized issues ruined the right to a fair jury trial in Miami for five Cuban men convicted of spying for the Castro government, an appellate court in Atlanta has ruled.

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"Miami-Dade County is a widely diverse, multiracial community of more than two million people," the 11th U.S. Circuit Court of Appeals said in a 10-2 decision released late Wednesday. "Nothing in the trial record suggests that 12 fair and impartial jurors could not be assembled by the trial judge to try the defendants impartially and fairly."

U.S. Attorney R. Alexander Acosta said Thursday his office was "gratified" with the ruling, citing Miami federal Judge Joan Lenard's impaneling of an unbiased jury.

The so-called Cuban Five, accused of being part of an espionage network that spied on U.S. military installations and Miami exile groups, were convicted five years ago by a dozen federal jurors in one of South Florida's most politically laden criminal cases. One defendant was also convicted of conspiring with the Cuban government to murder four Cuban exile pilots a decade ago.

The appellate court found that pretrial publicity -- stirred up by anti-Castro sentiment, the Cuban air force's 1996 shoot-down of two Brothers to the Rescue planes over the Florida Straits and Elián's return to his father in Cuba -- did not make it impossible to impanel a neutral jury in Miami.

The appellate judges overturned a smaller panel of the same court that ruled the Cuban defendants were entitled to a new trial because of overwhelming anti-Castro publicity that could poison a prospective jury in Miami.

Although the Cuban Five lost this major appeal on the venue of their trial, they could challenge the ruling to the U.S. Supreme Court. If that fails, the defendants have a second opportunity to appeal their convictions to the Atlanta court, claiming insufficient evidence. The appellate court had postponed that matter until the venue issue was resolved.

The Cuban Five are heroes in their former homeland. A report on Wednesday's ruling in the island's state newspaper Granma described the "unjust imprisonment" of men who "tried to save Cuba and the United States from terrorism."

Advocates for the defendants criticized the appellate court and vowed Thursday that the ruling did not spell the end to their efforts to free the five.

"The majority opinion completely overlooked the question of the coercive atmosphere that exists in Miami," said Leonard Weinglass, the appeals attorney for Antonio Guerrero, who was sentenced to life in prison. "This is not the end of the case, far from it."

DEFENSE'S PLANS

Weinglass and the other defense lawyers have not yet decided whether to appeal the ruling to the U.S. Supreme Court.

The defense team also plans to argue the Cuban Five's convictions should be overturned for lack of evidence. Their lawyers claim misconduct by prosecutors, mishandling of classified information and insufficient instructions to the jury.

Weinglass attacked prosecutors' closing arguments at trial.

'The prosecution said not once but three times that the [Cuban Five] had come to the United States 'in order to destroy the United States,' " he said. "This is an argument that the prosecutor made in a case in which the five were found unarmed, were never armed, and were never accused of committing an act of sabotage, an act of arson or of violence within the United States."

But former U.S. Attorney Guy Lewis, whose office prosecuted the case, disagreed.

"I fully expect that the court of appeals will look at the evidence and conclude there was overwhelming evidence of guilt," Lewis said, citing voluminous testimony, documents and wiretaps.

"This wasn't one of those circumstantial cases," he said. "This was a case that the FBI investigated for years . . . The bottom line is, once you get a verdict, it's hard to overturn."

Before trial, the Cuban Five's defense lawyers argued that numerous reports in The Miami Herald and other media proved that the community atmosphere was "so pervasively inflamed" that it would prevent any juror from reaching a fair verdict.

They also commissioned a court-approved poll -- conducted by Florida International University psychology Professor Gary Moran -- of 300 Miami-Dade County residents. Moran, now retired, concluded that the majority in the poll were "prejudiced," saying the Cuban defendants could only receive a fair trial outside Miami-Dade.

But the appellate court condemned Moran's survey sampling, questions and conclusions, saying they did not "establish pervasive community prejudice." The court also praised the trial judge for conducting a "model" selection of jurors. No juror was of Cuban descent.

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'In contrast to the generalized, prefabricated and sometimes leading questions of Professor Moran's survey were the detailed and neutral [jury selection] questions that the court carefully crafted with the parties' assistance," the majority wrote.

PREVENT TERRORISM

Advocates for the Cuban Five insist the men were not spies -- they were simply trying to infiltrate exile groups in Miami to prevent future terrorist actions against Cuba.

At a news conference Thursday, the defense team pointed to recent statements made by certain exiles about the stockpiling of weapons for an invasion of Cuba. Among those cited: exile José Antonio Llama, known as Toñín, who told El Nuevo Herald in June that exile groups created a paramilitary organization to execute destabilizing acts in Cuba. He said they were going to use an arsenal that included planes and explosives. Other exiles denounced his statements as false.

The National Committee to Free the Cuban Five, a San Francisco-based group, has organized a Sept. 23 march in Washington to protest their imprisonment. The group will be highlighting the U.S. government's refusal to grant visas to the wives of René González and Gerardo Hernández so they can visit their husbands in prison.

"This is really a punitive punishment of the five and their families," said Gloria La Riva, head of the committee.

The Cuban Five have even made a foray in the recent headlines of Fidel Castro's illness: Two days after the ruler temporarily ceded power to his brother Raúl, a broadcaster on Cuban state-run television read a get-well statement purportedly from the five men in prison.

Miami Herald staff writer David Ovalle contributed to this report.

Fugitive Mother Remains In Canada (NORTH)

By Margaret Gibbons

Norristown (PA) Times Herald, August 11, 2006

COURTHOUSE - Montgomery County law enforcement authorities - a county prosecutor, a county detective and a Lower Merion detective - Thursday flew home from Canada without fugitive Lower Merion mother Claudia B. Librett.

But Canadian authorities have assured the county that Librett will remained locked up until a Canadian criminal court hearing can be held on the provisional arrest warrant that the U.S. Department of Justice has filed against her in behalf of the county and on an anticipated request for bail by Librett, according to county First Assistant District Attorney Risa Vetri Ferman.

That hearing for the 51-year-old Librett, who fled the county in January 2003 with her then-three-year-old daughter during a bitter custody battle, will not take place for another couple of weeks, Ferman said.

"Based upon the history of this case and the legal maneuvering that has gone on for years, we had anticipated that we would have to fight at every turn to bring her back to the United States," Ferman said.

With Canadian and U.S. lawmen closing in on her last week after receiving a citizen's tip from a hotline, Librett last Saturday surrendered herself and daughter Rachel Marran, who is now seven, to Canadian authorities.

Librett, who has been living in an upscale condominium community on the Canadian side of the border near Niagara Falls, initially was detained on immigration violations for illegally living in that country.

Following a closed-door Canadian immigration hearing Wednesday, the judge set bail for the wealthy Librett at $40,000, with the condition that she remain in the country and that a sponsor put up another $10,000 in bail until a further immigration hearing could be scheduled on her application for refugee status.

"I thought refugee status was for people in the Sudan, not wealthy Main Line socialites," said county District Attorney Bruce L. Castor Jr. earlier this week when he first learned that Librett might seek refugee status.

"From the reports I received, she had every expectation of walking out of jail (Thursday morning)," said Ferman. "When they handcuffed her and arrested her on the provisional criminal warrant, I was told she was quite surprised."

Lower Merion police have a pending criminal complaint against Librett on charges of kidnapping, interfering with the custody of a child and concealing the whereabouts of a child that was filed after she bolted in January 2003 following a Montgomery County Court order directing her to share custody of her daughter with the child's father, Michael Marran of New York.

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When Librett was jailed on the immigration violations, the daughter was taken into custody by the Canadian Family and Children Services, Niagara Region, and placed in a foster home while the agency sorted through the matter.

The agency, whose only interest is in the well being of the young girl, has two major concerns, Ferman said.

One of the concerns is the repeated allegations by Librett that Marran sexually abused his daughter, according to Ferman.

Castor has said both Lower Merion detectives and county detectives investigated these allegations and found to be unsubstantiated. The various courts handling the custody matter also supported that determination, said Castor, who alleges that Librett "fabricated" the allegations to gain the upper hand in the custody battle.

Contacted Thursday by phone by the Canadian child protection workers, Ferman detailed her office's investigation of the sexual abuse allegations and agreed to send the agency written reports of that investigation.

Also, the child workers are concerned about the effect it would have on the girl by turning her over to a man that she has not seen in 3 1/2 years, according to Ferman.

Marran, who was issued full custody of his daughter by the Montgomery County Court after she and her mother fled, has that same concern, Ferman said.

Although now in Canada, Marran has not demanded to see his daughter but, instead, has agreed to follow any recommendations by reunification specialists to make the transition the least traumatic for his daughter, Ferman said.

CIVIL LAW:

Kaiser's $2 Million Fine Part Of Larger Corrective Actions (LAT)

By Charles Ornstein And Tracy Weber

The Los Angeles Times, August 11, 2006

Kaiser Permanente has agreed to pay a $2-million fine after state HMO regulators found that its Northern California kidney transplant program imperiled hundreds of patients, in some cases delaying critical surgeries or losing track of patients altogether, officials with the California Department of Managed Health Care announced today.

The penalty is the largest ever levied by the state managed-care agency. The previous record, $1 million, was collected from Kaiser in 2002 after lapses in care caused the death of a Northern California woman.

The fine is part of a consent decree that stipulates a series of corrective actions Kaiser must take, said Cindy Ehnes, director of the managed-care agency. For instance, it forces the HMO to contribute about $3 million — in addition to the fine — for outreach programs to encourage organ donation. It also requires Kaiser to change some of its practices with monitoring from state regulators.

"Not only will it acknowledge Kaiser's serious failures to adequately administer and operate its transplant center, but also directly benefit the patients who so desperately need help," Ehnes said at a press conference in Sacramento. "This funding will save lives."

Kaiser's top Northern California official apologized today for the failures of the kidney program and said the HMO has learned from the experience.

"We deeply regret any problems, difficulties or concerns we may have caused any of our members," said Mary Ann Thode, president of Kaiser Foundation Health Plan and Hospitals in Northern California.

Kaiser, the nation's largest health maintenance organization, announced the closure of its San Francisco kidney transplant program in May after reports in The Times described how patients were endangered when Kaiser forced them in 2004 to transfer to its fledgling program from established transplant centers at outside hospitals.

In Kaiser's program, twice as many patients died on the waiting list last year as received kidneys, The Times found. The statewide pattern was the reverse: Twice as many patients received kidneys as died.

Hundreds of patients were stuck in limbo for months — with little hope of receiving new kidneys — because Kaiser failed to properly handle paperwork transferring them to its new program. And 25 Kaiser patients who had been treated at UC San Francisco were denied the chance to receive nearly perfectly matched kidneys because Kaiser directed the university to reject the organs during the transition between programs.

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All the while, the patients have had to undergo prolonged dialysis, which removes impurities from the blood but can lead to fatal complications and reduce prospects for a successful transplant.

Now, as Kaiser closes its program, more than 2,000 patients on its waiting list are being moved to UC San Francisco and UC Davis — in many cases the same hospitals that had been treating them before Kaiser started its program. That process is not expected to be complete until year's end because regulators say they want to be sure patients are protected in the transition.

Bonnie Jacobson, a social worker who resigned from the transplant program last month, applauded the fine.

"In my experience in talking to the patients, it's caused a lot of anxiety, a lot of worry, a lot of anger, a lot of frustration," she said. "I don't really feel that the really high-up people in the administration at Kaiser got this.... If any of them had to go for even one dialysis treatment, they would have a whole new understanding of what it means to these patients to get a kidney transplant."

Karen Sorensen, whose 74-year-old mother experienced delays in the Kaiser program, said she, too, is pleased that Kaiser will have to pay for its actions.

"That's the only way that corporations and big companies ever understand anything," she said Wednesday. "They'll probably just increase their rates to get their money back and we'll pay for it in the long run."

Sorensen's mother, Corra Mayo, had been waiting for a transplant since 1999 at UC San Francisco when Kaiser forced her into its program. Even though Mayo was near the top of the waiting list at UC San Francisco in early 2004, her care stalled at Kaiser, Sorensen said.

On Friday, after transferring back to UC San Francisco, Mayo received a new kidney. Her daughter said she is doing very well but remains hospitalized because she is overloaded with fluids.

"This just proves to us that Kaiser was more or less selecting the people that would be easier for them so that their ratings would be high," she added, referring to Kaiser's post-transplant survival statistics.

For Ella Haynes, whose husband, Ronald, died in March 2005 awaiting a kidney at Kaiser, news of the fine provided "a little bit of justice."

Ella Haynes learned from The Times in May that Ronald never had a chance. The 2½ years he spent on the waiting list at UC Davis had never been transferred to Kaiser, effectively shutting him out of a transplant.

"Sometimes you have to have money to slap them on the hands," she said. "It's just sad. The whole thing has been sad from the very beginning ... to have it messed it up so badly."

Kaiser's program has already been roundly criticized. In a stinging report made public in June, federal regulators concluded that practically every aspect of the Kaiser kidney program was flawed and threatened to cut off Medicare funding for treating all end-stage renal disease at the HMO's San Francisco hospital. But the U.S. Centers for Medicare and Medicaid Services late last month accepted Kaiser's plan for fixing its problems, even though the program is closing.

In Southern California and elsewhere, Kaiser does not have an in-house transplant program and continues to send patients to outside hospitals for the procedures.

The troubles at Kaiser's program followed other high-profile failings at transplant centers in California.

St. Vincent Medical Center in Los Angeles and UCI Medical Center in Orange closed their liver transplant centers last year amid scandal. Separately, the liver transplant program at USC University Hospital has among the lowest one-year patient survival rates in the nation.

But the collapse of Kaiser's program affected far more patients. It also undercut Kaiser's contention that bringing transplants in-house would provide patients with coordinated care among physicians, labs, pharmacies and hospitals.

"I wish that there was a support group for all of the people who went through Kaiser and experienced difficulty," Sorensen said.

GlaxoSmithKline Settles Claim Of Inflating Prices On Cancer Drugs (AP)

AP, August 10, 2006

ALBANY, N.Y. GlaxoSmithKline has agreed to spend more than $41 million in restitution to end claims by more than 40 states that it inflated the prices of drugs used by cancer patients and others.

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The settlement announced today with the U.S. Justice Department, National Association of Medicaid Fraud Control Units and New York Attorney General Eliot Spitzer will include more than $1.5 million in restitution to New York state's Medicaid program for cancer drugs and $940,000 in connection with pricing of an antibiotic.

In a separate settlement of a private class action lawsuit, the drug company will also fund a $40 million restitution fund for the poor and needy who use the Medicaid health care system nationwide and New York's Elderly Pharmaceutical Insurance Coverage plan. That suit was settled in federal court in Boston.

There was no immediate comment from the company.

Spitzer had accused the company of inflating average wholesale prices of drugs in the class "anti-emetics" that help patients overcome the nausea and other effects of chemotherapy to fight cancer.

Questions Still Dog UnitedHealth (MINNST)

By David Phelps

Minneapolis Star Tribune, August 11, 2006

Shares of the insurer took a hit after the company said it would miss a filing deadline.

The cloud over UnitedHealth Group Inc. continues to darken.

Wall Street reacted sternly Thursday to news that UnitedHealth would miss the deadline for its second-quarter financial report, and speculation increased about the future of Chairman and CEO William McGuire.

Stock in the Minnetonka-based company declined by $1.58 a share, to $47.40, after UnitedHealth reported that liabilities from stock option programs dating back to 1994 could be substantially greater than previously estimated.

The company did not offer a dollar amount, but analysts fretted that it could be significantly greater than the $286 million downward restatement UnitedHealth warned about in May.

"That's a disappointment," Piper Jaffray & Co. analyst Melissa Mullikin said. "When they came out with the initial figure, we were surprised at how limited that number would be over the past three years. We were encouraged."

The filing delay caused Standard & Poor's Ratings Services on Thursday to cut its outlook on UnitedHealth's credit rating to "negative" from "stable."

S&P warned that the rating could be lowered if "criminal activity at the managerial or board levels" is disclosed.

On Wall Street, various stock evaluating services reacted negatively to the latest development. Theflyonthewall.com said it was downgrading its recommendation on UnitedHealth from "buy" to "hold" because of concerns about "the CEO leaving the company."

Since spring, UnitedHealth's stock option program for top executives has been the subject of reviews and investigations by the Securities and Exchange Commission (SEC), the IRS, the U.S. Department of Justice and the Minnesota attorney general's office.

The UnitedHealth board of directors also began an independent review of the option-granting process. That review, which began in April, is ongoing. The company said Wednesday that it expects the independent committee to report its preliminary findings sometime in the first part of the fourth quarter, which likely means November. The size of the potential restatement will depend on what accounting rules are applied to the transactions.

"None of this bodes well for Doctor McGuire," said Rajesh Aggarwal, an associate finance professor at the University of Minnesota's Carlson School of Management.

"The board at some point, if they haven't already, has to ask themselves how much of this is a distraction," Aggarwal said. "Does it put a hold on strategic plans? If McGuire is the lightning rod, how effective can he be for the company?"

The central issue is whether McGuire and other top executives, including President Stephen Hemsley, were allowed to select option dates when the company's stock price was at a low point in order to maximize their gains. The independent committee's overall review also includes 45,000 option grants to 15,000 employees, going back to 1994.

Federal regulators are examining about 90 companies to determine whether options were backdated or otherwise treated favorably for executives.

UnitedHealth was one of the first to fall under the government's microscope.

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"The longer this goes on, the worse it is for the stock and the company," said David Heupel, portfolio manager for Thrivent Financial's large cap growth fund. "It builds suspicions."

But Deutsche Bank's Scott Fidel maintained his "buy" rating, in part because the UnitedHealth announcement Wednesday offers "a clear timeline to the conclusion of the inquiry."

Piper Jaffray's Mullikin said UnitedHealth's fundamental businesses remain strong and consistent. She declined to speculate about a management shake-up.

"Everybody is trying to handicap who will be CEO a year from now," Mullikin said. "Everybody has a theory, but only Bill McGuire knows."

Tenet 2Q Loss Widens On Legal Costs (DALBIZ)

Dallas Business Journal, August 11, 2006

Tenet Healthcare Corp. posted a much wider loss for the second quarter, hurt by litigation costs

The Dallas-based hospital operator reported a net loss of $398 million, or 85 cents a share, for its second quarter, compared with a net loss of $33 million, or 7 cents a share, in 2005's second quarter.

Tenet says it has resolved the most significant of the legal issues facing the company. In June, Tenet agreed to pay $725 million as part of a U.S. Department of Justice settlement to resolve government investigations into Medicare billing and physician arrangements. Also, as part of the settlement, Tenet agreed to waive $175 million in Medicare payments for past services.

A month earlier, the company agreed to pay $21 million to resolve alleged kickbacks to doctors at Alvarado Hospital in San Diego.

In addition to its legal costs, Tenet also incurred a pre-tax stock compensation expense of $11 million and $27 million in impairment and restructuring charges.

Tenet's revenue was up for the quarter to $2.2 billion from $2.14 billion a year ago.

Tenet said strong pricing and cost control helped the company offset a decline in admissions and increases in bad debt during the quarter.

The company plans to focus on enhancing clinical technology.

"These investments are tangible evidence of our commitment to our hospitals and are the things our physicians have asked for," said Reynold Jennings, Tenet's chief operating officer. "We believe they will respond by sending us an increased share of their patients."

CIVIL RIGHTS:

Clerk Says Boss Used Racial Code (UPI)

UPI, August 10, 2006

SAN FRANCISCO, Aug. 10 (UPI) -- The Justice Department has sued a California medical clinic on behalf of a former clerk who says she was fired for protesting the use of racial code words.

Tomeika Broussard was the only black employee at the Arthritis and Orthopedic Clinic in Los Gatos when she lost her job in 2004. She says she was warned when she started working there about her supervisor's use of coded language, the San Jose Mercury News reports.

A complaint filed in federal court in San Francisco by the Equal Opportunity Employment Commission alleges that the slurs included spelling a common word for black backwards and using the initials N.P.

Sanya Hill Maxion, a lawyer for the EEOC, told the newspaper she believes this is the first case the agency has filed in the San Francisco-area over code words.

"We look at the code words: who's stating them, tone of voice, do they mean it in a derogatory fashion," she said. "We have to look at the context."

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ANTITRUST:

Hearst To Pay $299M In MediaNews Partnership (SILBIZ)

Silicon Valley/San Jose Business Journal, August 11, 2006

Hearst Corp. will pay $299 million to MediaNews Group Inc. in the next phase of a complex deal to create a partnership between the two newspaper publishers, according to reports Thursday.

Associated Press reported that if the $299 million investment is completed, Denver-based MediaNews will return part of the money to buy the St. Paul Pioneer Press and Monterey County Herald from Hearst.

New York-based Hearst paid $263 million earlier this month to buy the Minnesota and Monterey papers from Sacramento-based The McClatchy Co. (NYSE:MNI) with the intention of turning them over to MediaNews.

If MediaNews matches the earlier sales price, Hearst's net cost in the transaction will be about $36 million, AP reported. In return, Hearst will receive a 30 percent stake in MediaNews' newspapers outside the San Francisco area.

The proposed partnership still requires regulatory approval.

Hearst owns the single largest paper in the area, the San Francisco Chronicle, with about 400,000 subscribers. MediaNews's collection of mostly suburban papers in the Bay Area now has about 700,000 paid readers, with the recent addition of the San Jose Mercury News and Contra Costa Times, which were purchased from McClatchy for $737 million earlier this month.

The U.S. Justice Department plans to review whether the business alliance would violate antitrust laws.

Freightliner Suit Versus GM Alleges Antitrust Violations (AP)

AP, August 11, 2006

DETROIT - Freightliner LLC, the heavy truck unit of DaimlerChrysler AG, has sued General Motors Corp. over what Freightliner calls "predatory and discriminatory" activities related to the selling of heavier-duty automatic transmissions.

GM's Allison Transmission unit, a division since 1929, controls virtually the entire transmission market for a niche of vehicles that includes diesel-powered buses, recreational vehicles and walk-in vans, according to the Freightliner suit. The suit alleges that GM is leveraging that "monopoly" status to squeeze out new competitors and boost its share in other corners of the heavy-duty market, like large highway-bound trucks.

GM is utilizing its market power to commit "numerous violations of the antitrust laws, including exclusive dealing," forcing customers to buy an entire line of products and "price discrimination," Freightliner said in the suit, filed July 28 in the U.S. District Court of Oregon, where Freightliner LLC is incorporated.

GM spokeswoman Toni Simonetti said "the allegations are out of order" and said the auto maker "will vigorously defend against these claims." She said GM considers Freightliner a good customer.

Freightliner subsidiaries, including Thomas Built Buses, also were named as plaintiffs.

The suit is a rare move, as it pits customer against supplier in an antitrust case. It comes at an awkward time for GM, which is conducting a financial analysis of the Indianapolis-based transmission division to evaluate the possibility of eventually selling it. It also comes as new competitors - most notably Caterpillar Inc. - look to take a bite out of GM's transmission business.

Indiana Real Estate Measure Irks DOJ, Angie (INMAN)

By Glenn Roberts Jr.

Inman News, August 10, 2006

A company that operates an online database with consumer reviews of local contractors is lobbying against new real estate laws that require licensees to perform a specific set of services for clients.

Angie Hicks, founder of Angie's List, seeks to change a law enacted July 1 in Indiana and block similar legislation in Michigan. Hicks said in a statement that the Indiana law "is anticompetitive and limits the choices consumers have for selling their home. Homeowners with experience in the selling process should have the freedom to decide what they can handle, and in turn have the option to save potentially thousands of dollars in commission fees."

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Angie's List does not allow consumers to rate real estate professionals and a spokesman said the company has no plans to do so, though the company does allow ratings of home inspectors and real estate appraisers, among other contractors. The company, founded in Indiana, has about 500,000 members in 35 states and 67 cities.

Other states have also passed or considered similar measures -- sometimes referred to as minimum-service laws -- and officials at the U.S. Department of Justice and the Federal Trade Commission have issued statements in opposition to these laws in several states.

Realtor trade groups are the primary backers of the state measures, and Realtor association officials say the measures are intended to ensure that consumers receive an adequate level of service in real estate transactions while preventing confusion for other real estate agents when a home seller does not receive full representation in a transaction.

DOJ and FTC antitrust officials, consumer groups and proponents for limited-service real estate companies, meanwhile, have said that there are not enough consumer complaints to justify these measures, which can have the effect of restricting consumer choice and limiting competition.

Jonathan Swain, a spokesman for Angie's List, said consumers brought the Indiana law to the company's attention, and the company published an article in its members' magazine in June about minimum-service laws.

The Angie's List article states that minimum-service laws and bans on real estate rebates to consumers "were on the books in 22 states and under debate in four more." An editorial comment in the article states, "We believe minimum-service laws are anticompetitive and stifle consumer choice, which is the foundation of the service we provide our members."

A company poll, meanwhile, found that 67.5 percent of respondents "believe commissions paid to traditional real estate agents are too high," while 85 percent used a traditional real estate agent for their last home sale and 72 percent plan to use a traditional agent the next time they sell.

Karl Berron, vice president of government relations for the Indiana Association of Realtors, said the association pursued the legislation to protect consumers and association members.

"Our members were concerned about situations where they found their agents in the middle of transactions where sellers had no representation. There were concerns both on the liability side as well as just the fact that consumers were being left without representation," he said.

In some cases real estate licensees "were essentially avoiding all agency responsibility" in representing their clients, he said, "which we thought really negates the purpose of the license law to begin with."

Officials for the U.S. Department of Justice testified in opposition to the Indiana minimum-service measure, House Bill 1339, in a state Senate hearing, Berron said. Members of the state Senate unanimously passed the measure despite these federal objections. But the legislation had earlier received a mixed reaction from members of the state House, who passed the bill in a 56-38 vote.

Gina Talamona, a Justice Department spokeswoman, said that the department has opposed real estate-related laws that could potentially restrict consumer choice and drive up costs for real estate services, though she offered no specific comments about the Justice Department opposition to the Indiana law.

The Indiana law provides that all real estate licensees, unless they are assisting an individual without compensation, must be available to receive and present offers and counteroffers in real estate transactions, and "assist in negotiating, completing real estate forms, communicating, and timely presenting" of offers, counteroffers and other related items in real estate transactions. Also, licensees must "timely respond to questions," according to the text of the new law.

Banned under the law are business models in which licensees offer to list a home for sale in a multiple listing service but provide no other services for clients, for example, and any other business models that do not provide all of the services specified by the law.

While some states have passed minimum-service laws that allow consumers to specifically opt out from receiving certain services from agents, Berron said this "waiver" concept was considered but was ultimately not deemed strong enough. "As our folks thought through it they in the end decided that the minimum duty concept was really the least intrusive and solved really the basic problem. Everyone with a license ought to be held to some minimum level of responsibility and that was the way to ensure that."

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He also said that the new law offers flexibility for different business models. "You are going to see a variety of ways that firms choose to deal with this. I don't think there will be a strict interpretation."

Berron said that the media has latched onto to the minimum-services issue "as if there's some conspiracy" by the real estate industry, though he said he has not heard a single comment from a member of the Indiana Association of Realtors "related to trying to disadvantage some firm. I've only heard about (the new law) talked about in terms of liability for themselves or how it affects unsuspecting consumers."

The Justice Department apparently "sees this as one arrow in their quiver -- one way to keep pressure on the industry," while Angie's List may have joined opposition to minimum-service legislation as a publicity stunt, Berron added. "They are not a consumer advocacy organization. They are a profit business that has figured out that they benefit by finding their name in print on this law."

Swain, of Angie's list, said the company will work to encourage the Indiana Legislature to change the law and is teaming up with consumer groups including the Consumer Federation of America.

If the Indiana law were changed to include a waiver that allows consumers a choice in which real estate services they want or do not want, "it could really stand out as an opportunity to strike balance between consumer protection and consumer choice, and not place any unnecessary burdens on the consumer," Swain said.

FBI/DEA/ATF/USMS:

FBI Says It Will Present Ferry Probe Findings Soon (Rochester Democrat &)

By Steve Orr

Rochester Democrat & Chronicle, August 11, 2006

(August 11, 2006) — The FBI will soon present government lawyers with any evidence it has of criminal wrongdoing related to the Rochester ferry project, the head of the agency's Western New York office said Thursday.

Rochester Mayor Robert Duffy last week asked the FBI and the state Attorney General to expedite their inquiries into the private company that ran the ferry between Rochester and Toronto in the summer of 2004. When the probes are done, Duffy asked that he be informed of that fact.

Duffy made his request in light of an audit by the state comptroller's office, released in July, that revealed new information about possible financial irregularities by the company, Canadian American Transportation Systems, or CATS.

Laurie J. Bennett, the special agent in charge of the FBI division that includes Rochester, said agency investigators will present information to the United States Attorney's office, "probably shortly," and ask prosecutors to decide whether there is evidence of a crime.

The aim is "to give some finality to it, to say we will move forward with a criminal prosecution, or there will be none," Bennett said. She declined to characterize the FBI's findings.

The agency has had an open investigation into the ferry project since spring 2005.

The state Attorney General's office was reviewing the findings of the comptroller's audit, a spokeswoman said last week after Duffy released his request for "reinvigorated" probes of CATS. The spokeswoman, Christine Pritchard, said Thursday she knew of no change.

Former Davidson County Officer Takes Stand In Own Murder Trial (CO)

The Charlotte Observer, August 11, 2006

LEXINGTON, N.C. - The FBI has completed its investigation of the beating death of a Davidson County Jail inmate, an agency spokesman said Thursday as the trial of one of two former detention officers charged in the death continued.

Ronald Eugene Parker, 44, is being tried on a charge of second-degree murder in the death of Carlos Claros Castros, 28, a Honduran immigrant living in Thomasville who was jailed on allegations of driving while impaired.

Parker took the stand briefly Thursday, giving an overview of his work history, outlining his duties at the jail and describing what he was doing minutes before he went to Claros' cell on Jan. 7, the night of the death.

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He was expected to resume testimony Friday.

Meanwhile, FBI spokesman Ken Lucas in Charlotte said that Parker and Brandon Huie, the other former detention officer, "possibly face federal charges" in the case. The FBI finished its investigation of the beating in July, Lucas said.

Investigators handed over the facts of the investigation to the U.S. Department of Justice, he said.

"The Department of Justice's Civil Rights Unit will determine if there has been any federal nexus for any civil rights violations that have occurred," Lucas said.

Huie, 25, also was called to testify Thursday, but he refused to answer any questions, citing his constitutional right to avoid self-incrimination.

Huie, who also was charged with second-degree murder, pleaded guilty in June to involuntary manslaughter. He was sentenced to 16 months to 20 months in prison.

In other testimony, Parker's attorney called SBI agent Danny Mayes to the stand to describe Huie's interview with the SBI.

Huie said in the interview that he hit Claros two to three times in the head with his forearm, Mayes said. He also said he used a police baton to hit Claros on the legs, Mayes said.

Parker punched Claros during the struggle, but did not throw anymore blows to Claros' head, according to the interview.

Huie and Parker had been called to the cell after Claros refused to give up a mop handle that he was using as a weapon. Claros died after the fight with the two deputies.

An autopsy that labeled the death as a homicide cited bruises, bleeding in the brain and neck, wounds from a Taser gun, and evidence of asphyxiation. The cause of death was listed as the result of multiple traumatic injuries.

Meth 'Superlab' Busted In Mexico, DEA Says (AP)

AP, August 10, 2006

MEXICO CITY — Mexican authorities have seized a large-scale methamphetamine laboratory in western Mexico, the U.S. Drug Enforcement Agency said Thursday.

DEA Administrator Karen P. Tandy said the lab was discovered on a ranch in Tlajomulco de Zuniga, just outside the city of Guadalajara in western Jalisco state, on Aug. 1.

Authorities arrested four people and seized about 220 pounds of finished methamphetamine, 790 gallons of solvents and chemicals and four barrels of iodine, during the raid.

• CountryWatch: Mexico

A large hydraulic press used to finish the methamphetamine product and chemicals used to manufacture generic cough syrup were also seized, Tandy said in a news release.

Mexican authorities did not immediately comment on the raid.

Mexican drug cartels, who have long smuggled cocaine and marijuana, are increasingly involved in the meth trade, supplying a large number of addicts in the United States and a growing number of users south of the border.

Tandy said Jalisco Judicial Police officers had received a week of training from the DEA prior to the seizure.

In May, the two countries outlined a comprehensive anti-meth initiative that included training for nearly 1,000 Mexican police.

DEA training efforts continue with police precincts throughout Mexico, Tandy said.

"Our new anti-meth initiative with Mexico is already making a difference in our fight to combat this deadly and highly addictive drug," Tandy said.

Restrictions in the U.S. on the sale of cold medicines with ingredients used to make meth have helped several states significantly reduce the number of meth labs in operation. But the gains made by shutting down local meth labs are now threatened by trafficking from superlabs in Mexico, U.S. officials have said.

Meth addiction often leads to psychotic or violent behavior and brain damage. People high on the drug will often stay awake for days.

Authorities Bust Massive Drug Ring (SFC)

By Matthai Chakko Kuruvila

DOJ_NMG_0046432

San Francisco Chronicle, August 10, 2006

HILLSBOROUGH -- Five Bay Area residents were arrested and a sixth suspect is being sought after federal authorities conducted a series of raids intended to break up what they called a massive ecstasy drug smuggling ring based at a Hillsborough home.

Authorities say that Johnson Mai, the alleged ringleader, and a cohort brought into the country at least 906 kilograms -- or more than 3 million individual doses -- of ecstasy to be distributed in the Bay Area, Los Angeles and Houston.

In the Bay Area, Mai is known as the source of pink-colored MDMA tablets that have "the imprint of a lady or a woman's face" an informant told police, according to court records.

Mai and his crew squirreled away the ecstasy inside high-end pianos, BMW transmissions and leather sofas, according to officials with the U.S. Drug Enforcement Administration. A piano they had sent from Belgium via Germany to San Francisco International Airport contained 40 kilograms of ecstasy. Each of the more than 3.6 million tablets can sell for as much as $60 a pop, authorities said.

The group then allegedly laundered at least $3.2 million in proceeds, in part by buying homes in Hillsborough, Burlingame and Oakland.

Despite taking in over $1.6 million between 2000 and 2003, Mai, 43, and his wife, Lisa Lee, 42, never reported joint income exceeding $88,241. In 2001, they reported taking in $28,280, but that year they bought a Mercedes with a $94,000 cashier's check.

In addition to Mai and Lee, who were arrested at their Hillsborough home, authorities arrested Burlingame resident Eric Yu Heng Cai, 34, San Mateo resident Zhi En Huang, 37, and Oakland resident David Yuen, 37. The sixth suspect, Kai Lun Zheng, 36, of Canada, was still at large Thursday evening.

All six were charged with conspiracy to distribute ecstasy, a synthetic drug. Mai, Lee, Zheng, Huang and Cai also were charged with money laundering.

Carroll County Copter Crash Hurts GI, Trooper (ADG)

By SHARON C. FITZGERALD

Arkansas Democrat Gazette, August 10, 2006

GREEN FOREST — An Arkansas National Guard pilot and a veteran Arkansas State Police trooper were injured Wednesday morning when their helicopter crashed in eastern Carroll County.

Arkansas National Guard Maj. Timothy Dickinson, 36, of Little Rock and Trooper Andy Wiley, 51, of Alma were taken to hospitals in Washington County, National Guard and state police officials said.

Guards officials are working to determine the cause of the crash, which occurred about four miles northeast of Green Forest.

The two men took off in an OH-58 A Kiowa helicopter from the Carroll County Airport in Berryville at 10 a. m., Arkansas National Guard Maj. Keith Moore said. The men were in one of two helicopters searching for marijuana plants around Long Creek, along with a ground unit.

Wiley called 911 from his cell phone to report the crash at 10: 25 a. m.

"There was no last radio contact from the pilot noting difficulties or problems with the aircraft," Moore said at the crash site.

The second helicopter and the ground crew arrived at the crash site minutes later, Moore said.

Moore was in a team of National Guard personnel that flew to the crash in a Black Hawk helicopter.

Moore said there was no evidence of a fire before or after the crash. The black helicopter sat upright against a barbwire fence on a hillside. The landing gear appeared to have been sheared off in the crash.

The crash will be investigated by an Army Aviation investigation team, he said.

Dickinson was being treated Wednesday at Washington Regional Medical Center in Fayetteville, but his condition was unavailable. Lt. Christopher Heathscott, a Guard spokesman, said Dickinson's vital signs were stable Wednesday afternoon.

Wiley was listed in fair condition at Northwest Medical Center of Washington County in Springdale, a hospital official said.

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Jerry Dale Popejoy, who lives a half-mile from the crash site, said he saw the helicopter flying about 150 feet above the tree line Wednesday morning.

"It was flying slow, and I thought it was flying pretty low," he said.

He said the helicopter disappeared over a hill, and he heard a popping noise similar to gunshots. Minutes later Popejoy saw another helicopter fly overhead and heard sirens.

The land is owned by Dennis Rhoades, who said he raises chickens and cows on 130 acres. He was in Berryville on an errand when he heard there'd been a crash on his land, he said.

The OH-58 A the men were flying was assigned to the 77 th Aviation Brigade at Camp Robinson in North Little Rock and was used as part of the state's counterdrug program, Heathscott said. The program pairs guardsmen with local and state law enforcement to search for marijuana plants and methamphetamine labs, he said.

On Wednesday, Dickinson and Wiley were working on an investigation that also involved the U. S. Drug Enforcement Administration and the Carroll County sheriff's office.

"This [Guard] unit provides aerial and ground support to the state's counterdrug operation program," Heathscott said.

Barbara McGill, who lives less than a mile from the crash scene, said she sees helicopters flying in her rural neighborhood often. Long Creek runs along her property and is a popular place for people to grow marijuana and congregate to use drugs, she said.

"I've had to the call the sheriff several times about them," Mc-Gill said. "I've found a couple of marijuana plants growing by my barn, and I had to pull them up and burn them."

McGill was at the Carroll County prosecuting attorney's office Wednesday morning when the call came in about the crash.

"The sheriff and them all took off and went out there," McGill said. "They said they were able to reach one person but one was still trapped and they couldn't get to him."

Wiley has worked for the state police for more than 23 years and is based at Troop H in Fort Smith, said Lt. Mike Foster, his supervisor. Wiley has worked drug eradication for 10 to 12 weeks during the summer for the past 10 years.

"There's no telling how many hundreds of hours of flying time that he's flown," Foster said.

Dickinson, who has been in the Guard for 18 years, received an Army Aviation Broken Wing award in 2003 for keeping an OH-58 helicopter from crashing, according to the Army Combat Readiness Center's Web site.

In that incident, Dickinson was returning from a reconnaissance mission near Searcy when his helicopter started having engine problems. He was able to get the helicopter to the ground safely and use his cell phone to call the local airport for assistance, military officials said.

The Arkansas National Guard has 23 helicopters, including four OH-58 s.

Wednesday wasn't the first time Foster received word that one of his officers had been in a helicopter crash.

Foster was supervisor when Trooper Charles Michael Bassing and two sheriff's deputies were killed July 24, 1986, when their helicopter crashed during a training exercise for marijuana eradication.

Foster wiped away a tear Wednesday when he described his reaction to hearing Wiley's helicopter had crashed.

"It's hard to explain it; you don't know what to expect," Foster said. "You expect the worst. But if they can get away, they have a pretty good chance."

27 People Indicted On Federal Drug Charges (HDR)

By Jennifer Menster

Hickory Daily Record, August 11, 2006

TAYLORSVILLE - Twenty-seven people were federally indicted in two separate drug busts.

Fourteen people were indicted June 28. The U.S. district attorney for the western district of North Carolina released the names Wednesday. Thirteen people were indicted in a separate drug ring bust on July 27. Their names were released Thursday.

Among those indicted in the second group was the principal at the Alexander County Alternative Learning Program School. Craig Daniel Leviner, 44, of Taylorsville, is in federal custody for conspiracy to possess with intent to distribute meth.

DOJ_NMG_0046434

Leviner has been the principal at the Alternative Learning Program School, which is located in Wittenburg, for two years, said Alexander County Schools Superintendent Jack Hoke. Prior to that, Leviner was principal at East Alexander Middle School for six years.

Leviner has been suspended without pay from his duty, Hoke said. The school system is in the process of reviewing Leviner's charges to determine if he will be fired.

"This is a total shock to myself, the school system and the community," Hoke said. "A school system our size, we worked together on a daily basis. I feel this is a great school system that meets the needs of the community. We are shocked by these events and are taking appropriate action."

Hoke does not believe Leviner was selling drugs to his students. Hoke also said he did not recognize any other names on the indictment.

The Alternative Learning Program School is for students grades six through 12. It is for students with learning disabilities, discipline or attendance problems.

Suspects indicted July 27

Thirteen people are charged with felony conspiracy to possess with intent to distribute meth. Various members of the group also received additional drug charges.

The federal indictment alleges that the meth conspiracy began around September 2004 and continued to July 2006. The indictment also alleges the meth ring was carried out in Alexander, Burke, Caldwell, Catawba, Gaston, Henderson and Mecklenburg

counties.

If convicted, the individuals could receive 10 years to life imprisonment and pay a $1 million fine.

Those charged include:

• Larry Eugene Morrison, 26, of Los Angeles, Calif., not arrested.
• Phillip McKinney Stikeleather, 42, of Taylorsville, in federal custody.
• Patrick Scott Braswell, 35, of Taylorsville, released on federal bond.
• Christopher Leonard Evans, 27, of Twenty-second Street, NE, in federal custody.
• Terry Lee McFarland, 42, of Taylorsville, in federal custody.
• Craig Daniel Leviner, 44, of Taylorsville, in federal custody.
• Tina Chatham Cavin, 25, of Taylorsville, released on federal bond.
• Jeremy Murphy, 21, of Taylorsville, released bond federal bond.
• Lisa Parlier, 35, of Lincolnton, not arrested.
• Justin Michael Pride, 25, of Sixteenth Street, SW, not arrested.
• Randy Leon Deal, 40, of Taylorsville, released on federal bond.
• William Richard Maxwell, 51, of Hendersonville, not arrested.
• Kevin Daniel Egbert, 26, of Twentieth Avenue Drive, NE, released on federal bond.

Suspects indicted June 28

The indictments were served June 28 and released by the U.S. District Attorney's office on Wednesday. The indictment alleges the meth conspiracy began around January 2001 and continued to June 2006. The conspiracy was allegedly carried out in Catawba, Caldwell, Burke and Lincoln counties.

Thirteen of the 14 defendants have been arrested. The remaining defendant, Brandon David Collins, 25, of Lenoir, has been declared a DEA fugitive. Anyone with information on his whereabouts should call (704) 770-2050.

Each of the 14 people is charged with one count of felony conspiracy to manufacture and possess with intent to distribute a detectable amount of methamphetamine. Various members of the group also received additional drug charges. If convicted, the individuals could receive 10 years to life imprisonment and pay a $1 million fine.

Those indicted are:

• James Patrick Richardson, 28, of Duluth, Ga., in federal custody.
• William Jason Morris, 29, of Newton, released on bond.

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• John Robert Nelson, 26, of Hudson, in federal custody.
• Forest Wayne Smith, 28, of Connelly Springs, in federal custody.
• Brandon David Collins, 25, of Lenoir, DEA fugitive.
• John Anthony Helton, 35, of Granite Falls, in federal custody.
• Donnie Joseph Hice, 26, of Granite Falls, released on bond.
• Louis Patrick Ward, 48, of Lincolnton, in
federal custody.
• Crystal Crews, 20, of Granite Falls, in federal custody.
• Kristen Hood Pilkenton, 24, of Lenoir, in federal custody.
• Robert Paul Cannon, 47, of Lenoir, released on bond.
• Ross Lance Price, 25, of Hudson, in federal custody.
• Phoebe Davis, 32, of Creekside
. Drive, in federal custody.
• Jackie Clark, 41, of Granite Falls, in federal custody.

3:01 Pm | Dozens Indicted In Meth Rings (CO)

By Mike Torralba

The Charlotte Observer, August 10, 2006

Twenty-seven people have been indicted in methamphetamine rings intended to operate mainly in Alexander and Caldwell counties, authorities said.

The latest indictment in the two separate cases had remained sealed in U.S. District Court in Charlotte until Tuesday, according to a news release from U.S. Attorney Gretchen Shappert's office. The cases are the result of separate, yearlong investigations involving federal, state and local authorities.

Alexander County Sheriff Hayden Bentley declined to comment on the investigations, which are ongoing, but said the indictments are a significant blow to meth-trafficking in the area.

"This a major pipeline of meth coming down," Bentley said.

The 24-count indictment against 13 people alleges a methamphetamine conspiracy began around September 2004 and continued to July 2006.

Authorities charged the 13 as a group with one count of conspiracy to possess with intent to distribute methamphetamine. The indictment also includes two counts of federal firearms-violations and 21 various drug-conspiracy counts against the individuals.

The second indictment, unsealed July 28, contains 16 similar counts against 14 individuals. It also charges that three defendants laundered money and that one defendant knowingly persuaded a minor to violate federal drug-trafficking laws.

Most of the defendants are residents of Alexander, Burke, Caldwell and Catawba counties. They have made initial court appearances and have been released on federal bond or are in federal custody.

Several have not been arrested, the U.S. Attorney's office said. They are Brandon David Collins, 25, of Lenoir; Lisa Parlier, 35, of Lincolnton; William Richard Maxwell, 51, of Hendersonville; and Justin Michael Pride, 26, of Hickory.

Authorities are asking anyone with information on their whereabouts to call their sheriff's office or the Drug Enforcement Agency in Charlotte at 704-770-2050.

Discovery Of Heroin Lab Forces Evacuation Of Gov. Printz Blvd. Motel Philadelphia Fugitive Arrested; 2nd Possible Explosive Found (NJ)

The News Journal, August 10, 2006

Federal authorities investigating a possible heroin-fentanyl lab at an area motel have evacuated the building and some neighboring apartments after the discovery of two suspected explosives.

DOJ_NMG_0046436

Guests at the Riverview Motel, at 7811 Gov. Printz Blvd., were ordered out of their rooms when the first device, with wires hanging out of it, was located amid what appeared to be a makeshift heroin lab in Room 406.

"At about 3 p.m. we went in and saw what may have been a heroin lab with fentanyl and a canister with wires coming out of it," said U.S. Marshal David W. Thomas.

James Thomas Owen, 28, of Delaware County, Pa., who was wanted on federal drug charges in Philadelphia, was arrested in the raid. "He was on the run for about 28 months before we got him," Thomas said.

The north and southbound lanes of Governor Printz Boulevard between Hillside and Grubbs Landing roads were closed after the first device was discovered.

In addition to the 43-unit motel, a wing of the adjacent Water View Court Apartments also was evacuated.

Deputy marshals along with agents from the federal Drug Enforcement Administration and federal Bureau of Alcohol Tobacco, Firearms and Explsoives responded to the scene along with the state police bomb unit.

Later in the evening, about 9 p.m., a bomb squad robot alerted officers on the scene to a second possible explosive.

Bomb experts are evaluating that object, and evacuated residents have been offered shelter at the Brandywine Hundred Fire Department until police determine it is safe for them to return.

A DEA lab team from Philadelphia will determine whether the lab is a source of the bad heroin responsible for as many as nine deaths and dozens of overdoses since April.

Crystal Hill of Philadelphia said she and a friend had just dropped their bags in their room when they were evacuated.

"They knew this mess was going on when we checked in," Hill said. "We went in our room, came out for a breath of fresh air, then they said, 'Nobody can go back in the building.'"

Built in 1968, the brick-and-masonry motel was sold to Vicky of Delaware Inc. in November 1998 for $1.1 million, according to New Castle County records.

Mike Castellano, who lives in the motel and is taking diabetes medication, said he didn't mind leaving as long as everyone was kept safe.

"This is somebody who did something stupid," Castellano said. "I hope he goes away for a long time."

Meth Offenses Net Hefty Time (MB)

Modesto (CA) Bee, August 10, 2006

A federal judge last week gave three Turlock men hefty sentences on charges of trying to buy 1.8 million pseudoephedrine pills. That amount packs enough ephedrine to produce 183 pounds of methamphetamine.

Eddy A. George, 31, was sentenced to 14 years in prison; Michael C. Nobari, 28, was sentence to 15 years; and Edison Shino, 30, was sentenced to 16 years.

A jury convicted the men of participating in a drug conspiracy after a trial in U.S. District Court in Fresno, according to a statement from the U.S. attorney's office.

A fourth defendant, Rito S. Zazueta, 31, of Livingston, will be sentenced after his trial on immigration charges. Zazueta is accused of returning to the United States after being deported to Mexico.

Zazueta and Shino, who is a native of Iraq, face deportation after they serve their terms.

At trial, prosecutors presented recordings of the defendants negotiating to buy 22 buckets of pills, which filled a rental truck, for $220,000.

According to authorities, George negotiated the sale with Nobari's assistance. Shino and Zazueta delivered the money.

They boasted to an undercover agent that Turlock was the methamphetamine capital of the world, prosecutors said in a statement.

2001 Slaying Tied To Peekskill Man (JN)

By TIMOTHY O'CONNOR

The Journal News, August 10, 2006

Lost in the torrent of coverage of the Sept. 11, 2001 terrorist attacks, the killing of a 33-year-old mother of two in Peekskill received scant notice.

DOJ_NMG_0046437

But nearly five years after Tasha Murray was gunned down on the same day as the attacks, federal prosecutors continue to track down those they say are responsible for her death.

Tuere Barnes, a reputed member of a violent Peekskill drug gang, has been indicted by a federal grand jury on charges of depraved indifference murder in the shooting of Murray, who left behind two sons, 15-year-old Benjamin Lewis, and 6-year-old Tyree Malik Hogan.

Barnes was involved in a shootout with Murray's boyfriend, Christian Gilchrest, in the doorway of the building where the couple shared an apartment at 943 Second St., federal prosecutors said. Barnes and other gang members were laying in wait for Gilchrest, a convicted felon, when Gilchrest spotted them and gunfire erupted, authorities said.

During the exchange, a bullet from Gilchrest's .45-caliber pistol struck Murray in the neck, killing her, federal authorities said.

Gilchrest was arrested by Peekskill police the next day. He pleaded guilty in state court in March 2003 to first-degree manslaughter and was sentenced to 15 years in state prison.

Barnes, 23, of Beacon, was a member of a violent gang reputedly headed up by his brother, Khalid "Big Homie" Barnes, 30, of Greenburgh, who faces a death penalty prosecution for the killing of two New York City drug dealers in February 2004.

In March 2004, Peekskill police and federal Drug Enforcement Administration agents arrested Tuere Barnes and more than a dozen other members of the Barnes gang after a racketeering indictment was unsealed in U.S. District Court in White Plains.

The killing of Murray was not part of the original indictment. But federal prosecutors have secured eight subsequent indictments. The murder charges against Tuere Barnes are contained in the latest indictment filed this week.

Barnes' lawyer, Alex Eisenmann, said his client denied the charges and accused Bryan Conklin, a co-defendant of Tuere Barnes, of falsely fingering him to sweeten his cooperation deal.

"He is trying to implicate my client and others to curry more favor with the government to try to get a lower sentence," Eisenmann said.

Conklin's former lawyer, John Mitchell, said he had not represented Conklin since he started cooperating with authorities "several months ago." A current lawyer for Conklin is not listed in court papers.

Murray's father, Charles Scott, 58, of Haverstraw, said he was glad the investigation has continued even though news of the latest charges left him "sick to my stomach."

"It's not going to bring her back," he said, "but I want everyone responsible for my baby's death to be punished." COMMENT ON THIS STORY IN OUR FORUMS

Chase Leads To Drug Arrests (TLPA)

Times Leader (NE PA), August 10, 2006

WILKES-BARRE – A crack cocaine distribution investigation turned into a high speed pursuit through the streets of Wilkes-Barre Wednesday morning, state police said.

According to state police in Wyoming:

State troopers and agents from the federal Drug Enforcement Agency attempted to stop Sean "Bounty" Herbert, age unknown, while he was driving his sport utility vehicle in Kingston. Herbert, whose age was not given, fled over the Susquehanna River into Wilkes-Barre.

During the brief chase, Herbert threw 500 grams of suspected cocaine from his car. He stopped a short distance later on River Street in Plains Township and was taken into custody by police. Investigators also seized five ounces of crack cocaine, a small amount of marijuana, two handguns and $4,000 from Herbert's SUV.

State police and the DEA have been following Herbert's crack cocaine distribution for over and year. He will face an indictment before a federal grand jury.

Police also served warrants after the chase to homes at 70 W. Chestnut St. and 108 Grove St. Andy John and Lyndon Edwards were present at the Grove Street home when the warrant was executed, and both face charges of marijuana possession. An unidentified woman at the same house will be charged at a later date.

DOJ_NMG_0046438

The Wilkes-Barre Department of Health later condemned both homes.

Meth Labs' Potential For Disaster (TR)

By Carolyn Salazar

The Record, August 10, 2006

MAHWAH -- When people hear "crystal meth," they think of sunken eyes, loose and corroded teeth, and bubbly skin.

But law enforcement officials say there are less-publicized drawbacks of home-cooked methamphetamine: its toxicity and risk of exploding.

That's what could happen in makeshift meth labs, where untrained amateurs mix toxic -- and sometimes lethal -- chemicals, using crude home appliances, officials with the Drug Enforcement Administration told first responders from Bergen County on Wednesday.

"What we are trying to do is help first responders identify small, toxic meth labs so they can make cautious decisions when they go into a location where there is a clandestine lab," DEA spokesman Doug Collier said during a daylong workshop that drew about 100 firefighters and EMS workers to the Bergen County Law & Public Safety Institute.

Methamphetamine

A stimulant generally produced in large laboratories in Mexico, the United States and Asia, or in small labs in the U.S. Can be injected or smoked. Crystallized form is known as "ice." Highly addictive and toxic.

Recent incidents

Last year, authorities raided three small meth labs in Sussex County.

In 2002, East Rutherford emergency workers responding to an apartment fire discovered a meth lab in the building.

Last week, DEA agents arrested a Teaneck mailman, Arturo Concepcion, 46, who they said may have been selling meth from his postal vehicle. Police had accidentally intercepted a postal package filled with meth. DEA investigators have not found a lab in that case.

"What we don't want," Collier said, "is for first responders to be victims themselves."

Gerard P. McAleer, special agent in charge of the DEA's New Jersey office, said he hasn't noticed a proliferation of home-grown meth labs in the state, but he didn't want to wait for that to happen to begin raising awareness. Wednesday's session was the first of 21 seminars the DEA plans to hold, county by county, he said.

"We are trying to educate the public," McAleer said. "It's not a major problem here yet, but what we are trying to do is stay ahead of the curve."

Meth is brewed using readily available ingredients that can be mixed together -- and can also be heavily toxic and explosive, said Jack Fasanello, a DEA forensic chemist.

Such elements include lighter fluid, alcohol, ammonia, lithium and ephedrine, which can be found in cold medicine.

"With meth, you don't have to deal with getting shipments from foreign nationals who cut up the drugs," Fasanello said. "You can make meth yourself."

For that very reason, he said, meth labs are usually run by inexperienced, wannabe chemists -- a recipe for disaster. Clandestine labs have contaminated neighborhoods with poisonous fumes and tainted water supplies, and have set homes on fire, Fasanello said.

Murdered DEA Agent's Family Relieved After Guilty Verdict (KVOA)

KVOA-TV, August 10, 2006

The family of a murdered drug enforcement agent from Tucson says they're thankful a jury has sided with them.

Richard Fass was murdered in 1994 during an undercover drug sting and on Tuesday, a jury found Augustin Vasquez Mendoza guilty of that killing.

The last 12 years has been an emotional roller coaster for the Fass family but this guilty verdict is allowing them to move on.

Guillermo Fass told News 4 that it's "a great day for law enforcement in the United States of America. I can't say 'closure' because my brother is never coming back, but it's a bit of relief for our family."

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Richard's mother said, "Right now, I'm glad. I'm happy for the outcome of it."

Guillermo says he'll always remember his brother's smile. Twelve years after his murder, Guillermo is still proud of the man who helped turn his life around.

"My brother was my mentor, my best friend. He was an idol to me. He was a hero," Guillermo said.

A hero who died in the war against drugs. This family has felt many emotions for over 12 years, including hate for the men who killed Richard, grief for losing him so early in life, and frustration over the long and tedious court case.

But now they feel a sense of peace, a gift from God, says Guillermo.

"Through the grace of God we're coping with it and dealing with it. Hopefully, we are becoming a stronger family for it."

His brother, Richard, is gone, but so too is the desire for revenge.

Now this family can go forward knowing that the evil men who caused them so much pain will no longer haunt them.

New Exhibit Focuses On Drug Trade (WLS)

WLS-TV, August 10, 2006

An eye opening look at the damage illegal drugs can have on a person's life is the focus of a new exhibit at the Museum of Science and Industry.

Mayor Daley and officals with the Drug Enforcement Administration were on hand Thursday morning for the official opening of the exhibit called "Target America."

The exhibit begins with an in-depth look at drug production, how they are smuggled into the US and how drug use affects society.

The display runs through December and is included in the cost of general admission.

For more information visit the museum's website.

Drug Exhibit Opens At Chicago Museum (WMAQ)

WMAQ-TV, August 10, 2006

Exhibit's Goals Are To Inform And Educate

CHICAGO -- Chicago Mayor Richard M. Daley, Police Superintendent Phil Cline and others officially opened a new exhibit at the Museum of Science and Industry on Thursday.

Related Content: Video | Images

The exhibit is called "Target America" and its goal is to inform and educate people on the dangers of drugs. The mayor and guests then took the first tour of the exhibit, which was created by Drug Enforcement Agency agents. The exhibit opens to the public on Friday. NBC5 is a sponsor of the exhibit.

"This is an effort for Chicago to educate all of our children, regardless of where they are, bringing them to the museum with their families," Daley said. "Understanding that drugs are 80 percent of the crime factor in our city."

NBC5's Dick Johnson reported that among the items contained in the exhibit is a working meth laboratory, images of the effects of the brain of a cocaine binge, and a briefcase that contains secret compartments.

"After 9/11, the DEA really recognized that there was a link into what was going on in the world and drug abuse," said Garrison Courtney of the DEA.

Another portion of the exhibit shows artifacts from the World Trade Center surrounded by a money trail, from poppy field suppliers to money laundering to terrorists.

"That money might actually end up someplace that funds operations like the World Trade Center bombing," said David Lorino, also of the DEA.

Other parts of the exhibit focus on the local impact, Johnson reported. Evidence of a drug-induced car crash sits next to high-tech tools designed to catch drug dealers.

"Nowadays, law enforcement has to use the technology that the bad guys are using in order for us to do our job," said Vic Jasevicius of the DEA.

There is a scientific component to the exhibit as well. One part of the exhibit shows the danger of hotel room meth labs.

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"Meth may be being made in a hotel room just next door," Courtney said. "A lot of times, it's unreported, but the problem with that is they get exposed to those fumes, it affects them for the rest of their life physically. It could blow up and kill people."

The goal of the exhibit, Courtney added, was to spark conversations that might not have started at home.

"An exhibit like this, it gives them an opportunity to kind of walk through and show their kids, and as their kids have questions, they can say, 'What do you think about that? Do your friends do this?'"

Sweeping Crackdown Said To Gut Gang In Md. (WP)

By Nelson Hernandez

The Washington Post, August 11, 2006

Maryland police have arrested 53 suspected gang members and seized drugs, guns and money in a wide-ranging effort to dismantle two factions of the Crips that have taken root in Frederick, Washington and Carroll counties, law enforcement officials announced yesterday.

A Maryland State Police spokesman said the two factions had been largely wiped out by the operation, which began in 2004 and led to the arrest in July of Lamar C. Wilmore, the alleged leader of a group called the Outlaw Gangster Crips. Martin K. Williams, the alleged leader of another group, the Money Making Gangster Crips, is named in an arrest warrant and is at large.

Wilmore, 28, and Williams, 33, face several drug-trafficking charges. Other members named in the police investigation face robbery, weapons violations and attempted-murder charges in addition to other drug possession and distribution charges.

Gang violence has become a major issue in Maryland, with several headline-grabbing crimes and indictments stemming from the activities of Mara Salvatrucha, a Central American gang known as MS-13 that has taken root in the Washington suburbs. Outlying jurisdictions have been alert for signs of increasing gang activity in their areas.

Police officials said the gangs appeared to be led by men from Las Vegas and New York who recruited locals, mostly from Frederick, Westminster and Hagerstown, to serve as soldiers in the gang. The factions are part of the national Crips organization, police said, which was founded in the 1970s. It became notorious for drug trafficking in Los Angeles as well as for its violent rivalry with the Bloods, another street gang that wears red to the Crips' blue.

The two factions, despite their urban roots, proved capable of operating in remote, small and rural towns. The gang came to the attention of Frederick police in 2000 with the killing of resident Eric A. Lebron. Frederick police Lt. Thomas V. Chase said officers arrested and convicted Andrew D. Wilmore, Lamar Wilmore's brother, for the crime. Chase said Andrew Wilmore also considered himself to be close to Williams.

Police started getting information that the Wilmores and Williams could be from a Crips group based in New York, Chase said, but there was not enough evidence.

The case developed further in 2002, when several men attacked Radcliffe Darby, a plainclothes officer with the Westminster Police Department, punching him in the face until he told them he was an officer, at which point they fled. They were later identified as members of the Crips, said Greg Shipley, a state police spokesman.

"It's not something that we think of when we think of rural areas, but obviously an investigation like this shows that's not the case," Shipley said.

The investigation began in earnest in 2004, when alleged Crips were linked to a series of shootings and stabbings in Westminster and Hagerstown. Police said surveillance and wiretaps produced a steady stream of arrests that eventually led investigators to the two gangs' alleged leaders. Shipley said that the gangs appeared to share their turf and that they had close ties with one another through their affiliation with the national Crips organization.

In the course of the investigation, police seized $45,800, nine handguns, 33 1/2 ounces of crack, 25 ounces of cocaine, 8 ounces of liquid PCP, 13 1/2 pounds of marijuana and more than 200 ecstasy pills.

"The investigators believe that these two sets have been effectively dismantled," Shipley said. "However, there is no doubt that there are plenty of other criminal gangs operating. We've certainly won a battle, but not the war."

53 Gang Arrests Announced (BSUN)

By Nick Shields

The Baltimore Sun, August 11, 2006

DOJ_NMG_0046441

FREDERICK -- A two-year investigation has led to dozens of arrests and a disruption of a Crips gang's activities in Central and Western Maryland, authorities said Thursday.

A task force of state, county and municipal police departments conducted the investigation, which brought about the arrests of 53 gang members on more than 150 criminal charges, officials said. Among those arrested, police said, were leaders of a Crips' organization that was operating in Carroll, Frederick and Washington counties.

"We didn't take down the whole operation, but we took down the biggest part of the organized control of the organization," state police Superintendent Col. Thomas E. Hutchins said at a news conference Thursday in Frederick.

The announcement of the arrests came about two months after about 300 law enforcement officers, political leaders and educators attended a summit in Columbia on rising gang violence throughout the state. Hundreds of thousands of dollars in state and federal money has been set aside to fight the problem.

In 2002 law enforcement agencies began noticing organized gang activity in Frederick, Westminster, Hagerstown and surrounding areas. Police say two gangs, the Money Making Gangster Crips and the Outlaw Gangster Crips, were recruiting members and committing crimes in Carroll, Frederick and Washington counties, officials said.

In 2004 the joint task force formed and has since arrested gang members ranging in age from 18 to 35. Those arrested, police said, include Lamar Cason Wilmore, 28, formerly of New York, described as the Outlaw Gangster Crips leader in Western Maryland. Wilmore is charged with selling drugs, police said.

Authorities said they continue to search for Martin Kenneth Williams, 33, who police believe headed the Money Making Gangster Crips in the area. He has been indicted on numerous felony drug charges, police said.

Other gang members arrested face charges that include: attempted murder, assault with intent to murder, armed robbery, assault on police, use of a handgun in commission of a crime, importing drugs into the state and distribution of drugs.

Westminster Police Chief Jeff Spaulding said a 2002 assault by a Crips member on a plainclothes officer was an early sign of gang activity in Carroll County.

"I don't think at that time there was any recognition that there was any gang involvement beyond just the very local levels group of people who were known to us who were criminals," he said, adding "there was a progress from wannabes, to affiliates, to full-fledged gang members."

He said that more than a year ago, the police department held a community meeting at a local church to address rumors about recent spates of crime and gang activity. More than 100 community members packed the basement of an area church for a question-and-answer session.

Crips Gang Factions Busted In Maryland (WT/AP)

By David Dishneau

The Washington Times, August 11, 2006

FREDERICK, Md. -- Police have broken up Crips street-gang factions in three mostly rural Maryland counties where organizers from New York had recruited local thugs to sell drugs, Maryland State Police Secretary Col. Thomas E. Hutchins said yesterday.

Fifty-three gang members have been arrested in Carroll, Frederick and Washington counties in a two-year investigation by state, county and local authorities, Col. Hutchins said.

The more than 150 charges include attempted murder, armed robbery, assaults on police officers, weapons violations and drug crimes.

"I'd say they've been dismantled as far as organizational structure, for sure, and it has also probably sent some definite shock waves through the other gangs that are located or active in the area," Col. Hutchins said.

He said the two factions -- the Outlaw Gangster Crips and the Money Making Gangster Crips -- operated in communities as small as Taneytown, with a population of just under 5,500, and as remote as Hagerstown, a city of 38,000 in the Appalachian foothills, 70 miles west of Baltimore.

It was the biggest arrest in Maryland of the nationwide Crips gang.

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Col. Hutchins said that the immensity of the case proves that "whether we're in a rural area, whether we're in a suburban area that's in transition, whether we're in a major urban center, that we're not immune from the reach of gang activity."

Increased gang violence in Maryland has become a major law-enforcement concern and a key election-year issue.

Last August, federal prosecutors indicted 19 members of Mara Salvatrucha, a Central American gang also known as MS-13, on racketeering charges in the Maryland suburbs of Washington.

In June, Gov. Robert L. Ehrlich Jr., a Republican seeking re-election, announced the establishment of a statewide database of gang activity.

The Crips probe officially began in 2004 amid escalating violence by people local police previously had regarded as petty offenders.

Westminster Police Chief Jeffrey Spaulding traced the gang activity there to May 2002, when Crip members confronted Officer Radcliffe Darby while he was on foot patrol and punched him in the face.

That was followed by shootings, stabbings and armed robberies in what had been a relatively peaceful community.

"Typically, we see very few robberies in the city of Westminster," Chief Spaulding said

But when local offenders started affiliating with the Crips, "we started getting information about them robbing other drug dealers. We had at least three robberies in the city of Westminster. That was really atypical for us," Chief Spaulding said.

Police arrested the accused leader of the Outlaw Gangster Crips, Lamar C. Wilmore, 28, in June on drug charges.

The accused leader of the Money Making Gangster Crips, Martin K. Williams, 33, has been indicted on drug charges but remains at large, Col. Hutchins said.

Baseball Asserts That Fewer Players Failed Drug Tests (NYT)

By Jack Curry

The New York Times, August 11, 2006

When federal investigators said two months ago that pitcher Jason Grimsley of the Arizona Diamondbacks had admitted to using steroids, human growth hormone and amphetamines, the spicy revelations tarnished the increasing efforts Major League Baseball was making to regulate the sport.

But as the 2006 season moves toward its stretch run, baseball officials have become cautiously encouraged by the sizable reduction in the number of players who have tested positive for performance-enhancing drugs or other banned substances this year.

With less than four months remaining in the calendar year, 34 players — two in the major leagues and 32 in the minor leagues — have tested positive. At this time last year, 86 players had failed tests, and by the time the year concluded, the number had reached 93, with 81 in the minor leagues and 12 in the majors.

While the number of positive tests has decreased, the statistics also show that two trends that emerged last year continue to hold form: many of those testing positive are from Latin America, or are pitchers, or are both. Of the 34 players who have tested positive this season, 22 are from Latin America, with 13 from Venezuela and 8 from the Dominican Republic. In addition, 24 of the 34 who failed tests are pitchers.

"We believe that the programs are working," said Rob Manfred, baseball's executive vice president for labor relations and human resources. "When you make penalties much more severe, as we have, fewer people will be willing to take the risk."

After Major League Baseball and the players association reopened their collective bargaining agreement for a second time last year, penalties for players who tested positive for steroids increased to 50 games for the first offense, 100 for the second and a potential lifetime ban for the third.

Since there is no easily administered test for human growth hormone, there is a theory that at least some players may be using that substance instead of steroids because they know they cannot be caught. It is difficult to speculate how many players might be using human growth hormone, but the belief that some might be guarantees that there will be some skepticism attached to baseball's decrease in positive tests.

"My reaction to that is all we can do is what we are doing," said Manfred, who was referring to baseball's desire to stay on the cusp of efforts to detect the latest steroids and maintain a dialogue with various steroid experts.

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Dr. Gary Green of U.C.L.A., who has been a steroids consultant for Major League Baseball for the last three years, said: "Is growth hormone a hole in the testing? Yes, it's a worldwide hole. There's nothing today that is going to be a solution to that."

Manfred said he had been unable to discern any pattern as to why almost two-thirds of the players who have failed tests this year are from Latin America and why nearly 40 percent are from Venezuela. In 2005, 44 of the 93 violators were from Latin America, with 19 from Venezuela and 17 from the Dominican Republic.

Players born outside the United States accounted for 27.4 percent of the spots on major league rosters at the start of the 2006 season. In the minor leagues, 45.1 percent of the players under contract for 2006 were born outside the United States.

Green said one possible reason Latin players made up a substantial portion of the violators is that some controlled substances that require a prescription in the United States are plentiful in their home countries.

"In Latin America, a lot of these drugs are available at pharmacies very easily," Green said.

The accessibility of the drugs may be one factor, and the yearning for a better lifestyle might be another. In Venezuela, where the average income last year was $3,500, players typically see baseball as a path to a better life.

"They want to succeed so badly and make some money to feed their families, but they're doing it in a bad way," said Luis Sojo, a former major leaguer who is Venezuelan. "In the past, it hasn't been a really big issue, but they've got to be told that this stuff can kill you."

Sojo, who manages the Yankees' Class A Tampa team, said he counsels young players in Venezuela about why they do not need performance-enhancing drugs. He said players understand the risks.

"To hear that they are from Venezuela is disappointing," Sojo said. "It makes me sad."

In addition to the heavy percentage of those testing positive being from Latin America, all but 10 of the 34 who have failed tests this year are pitchers.

Even though no marquee pitcher has been closely connected to steroids, and even though the substance has been most associated in baseball with sluggers like Barry Bonds, Mark McGwire and Jason Giambi, it is pitchers who are turning up as violators. Last year, 46 of the 93 players who tested positive were pitchers.

Tom House, a former major league pitcher who said that he tried steroids during his career, said he was not surprised so many pitchers continue to test positive. House said steroids are attractive to pitchers because they enable them to bounce back quickly and pitch again.

"It's about recovery," House said. "Anything that has to do with competition, you want to prepare, compete and repair. Whatever you can do to facilitate improvement in any of those areas, someone is going to do it."

When House tried steroids in the 1960's and 1970's, he said he grew more muscular, but experienced no benefits. "Obviously, I was an experiment that failed," said House, who was 29-23 in an eight-year career.

Al Leiter, who pitched for the Mets and the Yankees during his 19-year career, said the high percentage of those testing positive who are pitchers surprised him.

But, he added, "If pitchers were using it because it made them feel like they were closer to 100 percent, it would make complete sense that they would do it as much as the home-run hitters who were trying to bulk up."

Manfred declined to say if anyone has tested positive for amphetamines, which were banned for the first time this season. A player who tests positive for amphetamines receives mandatory testing after the first offense and is not identified, and would not be included among the current 2006 list of 34 violators.

Commissioner Bud Selig seemed to indicate there had been players who tested positive for amphetamines when he said last month that the policy was working.

Meanwhile, despite the overall drop in positive tests, Manfred was in no mood to boast. The next Grimsley could be one urine sample away.

"There is no 'solved' with this problem," Manfred said. "I can't imagine a state of affairs where anybody in any sport, union or nonunion, professional or Olympics, can sit there and say, 'We have solved the problem.' "

Cubs Manager To Testify In Steroid Trial (AP)

AP, August 10, 2006

DOJ_NMG_0046444

MILWAUKEE (AP) -- Chicago Cubs manager Dusty Baker will testify in the Mitchell investigation into steroid use in baseball, and said he assumed he was called because of his relationships with Barry Bonds and Sammy Sosa.

Baker managed Bonds with the San Francisco Giants and had Sosa with the Cubs. Former Senate Majority Leader George Mitchell was appointed by commissioner Bud Selig to look into the steroids problem.

"I don't have any choice," Baker said Thursday, where the Brewers beat the Cubs 8-6. "I was already scheduled to (testify) Aug. 2 and for whatever reason, it was canceled. All I know is I didn't schedule it. I didn't cancel it."

Baker said he was not told the subject of the questions he'll be asked, but guessed it was because he'd managed Bonds and Sosa.

"I don't know why Sammy is involved," Baker said. "I haven't heard Sammy's name mentioned."

Gatlin's Coach Probed On Doping Charges (AP)

AP, August 10, 2006

MONTE CARLO, Monaco (AP) -- Track and field's world governing body is investigating the coach of sprinter Justin Gatlin for alleged doping violations.

The International Association of Athletics Federations said Thursday the probe into the activities of Trevor Graham will be carried out in conjunction with the U.S. Anti-Doping Agency.

At least six athletes who trained under Graham have received doping suspensions. Graham, however, has always denied direct knowledge or involvement with drug use.

Gatlin, the reigning Olympic and world champion and co-world record holder in the 100 meters, tested positive for testosterone or other steroids after a relay race in Kansas in April. Graham has said Gatlin was the victim of a vengeful massage therapist who rubbed testosterone cream on him without his knowledge.

Gatlin, who denies knowingly using banned substances, faces a lifetime ban if found guilty of a second doping offense.

Gatlin was suspended in 2001 after testing positive for an amphetamine found in medication he was taking for attention deficit disorder. The IAAF gave him early reinstatement, but said the suspension remained on his record and he would face a life ban for any second violation.

Graham is reportedly under investigation in connection with the Bay Area Laboratory Co-Operative steroid probe. If evidence is found that he engaged in doping practices, the USADA will initiate disciplinary proceedings against him, the IAAF said in a statement.

"In order to defend the credibility of our sport, we will engage all our efforts, in co-operation with partners such as USADA, to defend the majority of athletes who are clean, against athletes, coaches, managers or any other support personnel who break our anti-doping rules," the statement said.

Graham helped launch the federal investigation of BALCO three years ago by anonymously mailing a syringe containing a previously undetectable steroid to the USADA.

Despite the probe, eligible athletes coached by Graham remain free to compete in this year's remaining World Tour meets based on invitations from organizers, the IAAF said. But organizers of a meet in Berlin, Germany, have banned all athletes linked to Graham from competing in the Sept. 3 event, and called on other meets to do the same.

The U.S. Olympic Committee has barred Graham from using its training centers and training sites as a result of his suspected links to doping.

Graham's lawyer on Tuesday asked the USOC to lift the ban, saying the coach passed a lie-detector test when he denied giving performance-enhancing drugs to athletes.

FDA Warns 3 Pharmacies Making Copies Of Drugs (USAT)

By Julie Appleby

USA Today, August 11, 2006

The Food and Drug Administration has warned three large pharmacies that they are violating federal law in making and distributing "thousands of doses" of their own versions of drugs used by asthmatics and others with respiratory ills.

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The move addresses what the FDA says is a growing problem: Some pharmacies are mass-producing unapproved copies of brand-name drugs, for no proven medical reason, under less-stringent safety and sterility rules than the agency sets for drugmakers.

Steve Silverman, the FDA's acting assistant director of the office of compliance, says the agency expects the companies to either show they are filling legitimate medical needs or stop mass production.

Warnings were issued Wednesday to Orlando-based Rotech Healthcare; CCS Medical of Clearwater, Fla.; and Reliant Pharmacy Services, owned by home oxygen company Lincare, which the FDA says has not resolved issues from a December 2004 letter.

Lincare spokesman Joe Grillo said the company had no comment. Rotech did not respond to an inquiry.

Cole Peterson of CCS Medical, a medical-supply company, says the firm was surprised by the warning, saying it was "inconsistent with prior communication" from the FDA. She said the company would work with the FDA and that the medications in question represent less than $80,000 of the firm's $400 million annual revenue.

If the companies don't respond satisfactorily, Silverman said they potentially face seizure of their drugs or court actions, such as injunctions, civil or criminal charges.

Pharmacies can make drugs, a process called compounding, when they have legitimate prescriptions for individual patients who require special products not made by commercial manufacturers. Legitimate compounding could include making dye-free products or creating liquid medications for patients who can't swallow pills.

But the FDA says the pharmacies targeted with the warning letters made drugs for patients without proving any unique medical need. The drugs in question are liquids that are poured into devices called nebulizers and inhaled by respiratory patients. Silverman says it is unlikely that patients would receive them from neighborhood pharmacies. Instead, patients may have been attracted to lower-cost drugs advertised on the Internet, or by companies that sell the devices used to inhale the drugs.

USA TODAY highlighted the issue in a March 2005 report that outlined how some patients were switched to pharmacy-made inhalation drugs without their knowledge by pharmacies that profited by substituting their own versions for the brand-name drugs.

Last month, Sen. Charles Grassley, R-Iowa, wrote the FDA and Medicare with concerns about pharmacy-made respiratory drugs. On Thursday, Grassley called the FDA move "a big step in the right direction" and also called on Medicare to tackle the problem.

The patient-advocacy group Consumer Health Alliance for Safe Medication, which has sought restrictions on compounded asthma drugs, praised the FDA, but said there should be more effort made to notify patients who have received the medications.

IMMIGRATION:

Labor Agreement Is A First For Immigration Judges (WP)

By Stephen Barr

The Washington Post, August 11, 2006

After seven years of negotiations, the Justice Department and a union representing 218 immigration judges signed their first collective-bargaining agreement yesterday.

Leaders of the union, the National Association of Immigration Judges, said the contract would improve communication between Justice headquarters and the judges, who serve in 53 cities and detention centers across the country, by guaranteeing quarterly meetings to discuss security, workload and other issues.

By most accounts, immigration law is second only to tax law in complexity, and interest in immigration issues and deportation cases has risen sharply since the Sept. 11, 2001, terrorist attacks. The judges, who are employees of the Justice Department, handle about 300,000 cases a year, rendering final agency decisions on asylum claims and some national security issues.

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"We have more public interest in the courts and in immigration, and it makes our job even more challenging," said Denise Slavin, the association's president.

In recent months, the immigration judges have been hit with a series of complaints about their temperament and the quality of their decisions, prompting a review by senior Justice officials. Attorney General Alberto R. Gonzales told a meeting of the judges on Wednesday that the review found "the vast majority of immigration judges discharge their duties in a manner of which we can all be proud," according to his prepared remarks.

Gonzales, however, said some judges "on rare occasions do behave inappropriately toward those appearing before them," but said the conduct "seems to be an individual problem rather than a systemic one." He noted that immigration judges "often operate under pressures that would try even the most patient among us."

Working conditions were a factor in the formation of the union. For most judges, weekly workloads allow only four hours off the bench and require 36 hours on. During hearings, judges have little staff assistance and often operate tape machines. They issue extemporaneous verbal rulings at the end of hearings.

"We don't have the bells and whistles that federal courts have," said Dana Leigh Marks, a judge who helped negotiate the contract. "We work in extremely spartan situations with a tremendous caseload."

Gonzales signaled he is ready to take steps to improve the performance of the immigration courts. A Justice announcement listed 21 proposals, including budget increases in fiscal 2008 and the hiring of more judges. The department also called for better training and up-to-date reference materials that reflect the law of the federal circuits in which the immigration judges sit.

The attorney general also said he plans to have the judges face annual performance evaluations for the first time. "These appraisals will focus on professionalism and quality of work product" and "will respect your special obligations as adjudicators," Gonzales said.

Slavin said the union is "not eager" to embrace performance evaluations, in part because they could raise concerns about judicial independence and "create perceptions among the public that judges are being influenced in reaching their decisions."

But, she added, the issue can be discussed at the negotiating table, "now that we have a collective-bargaining agreement."AFGE Reelects Gage

John Gage, president of the American Federation of Government Employees, was reelected to a second three-year term late Wednesday in Atlanta.

Gage defeated a former union president, Bobby Harnage, in a runoff election, winning about 52 percent of the vote. Larry Raney, the head of a Bureau of Prisons local, was eliminated in the first round of balloting, a union spokeswoman said.

J. David Cox was selected as AFGE's national secretary-treasurer, defeating Kitty Peddicord. Andrea E. Brooks was reelected as national vice president and women's director, defeating Marilyn Wiley.Talk Shows

Ron Ault, president of the AFL-CIO Metal Trades Department, and Don Hale, chairman of the AFGE Defense Conference Steering Group, will discuss the Defense Department's new National Security Personnel System at 10 a.m. today on "Inside Government," an AFGE-sponsored program, on http://federalnewsradio.com and WFED radio (1050 AM).

John R. MacDonald, assistant commissioner for information and technology at Customs and Border Protection, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Stephen Barr's e-mail address isbarrs@washpost.com.

CONGRESS-ADMINISTRATION:

Markets Unfazed By Terrorist Plot (WSJ)

By E.s. Browning

The Wall Street Journal, August 11, 2006

After falling for four consecutive days on fears of a weakening economy, the Dow Jones Industrial Average finally rebounded -- despite news of an extensive new terrorist plot.

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Some professional investors professed amazement that U.S. stocks would fall on good news -- the end to Federal Reserve interest-rate increases -- and then rebound on bad news.

"I am utterly shocked," said Stephen Sachs, director of trading at mutual-fund group Rydex Investments in Rockville, Md.

More than anything, the markets' relaxed response to the news of a foiled attack on aircraft leaving Britain underlined once again that investors are becoming inured to terrorism fears, reacting only when there is clear economic damage.

The Dow industrials were down only 31.46 points at the day's low, shortly after the opening bell, by which time U.S. investors had heard about the terror plot. The blue-chip index finished ahead 48.19 points, or 0.44%, at 11124.37, up 3.8% this year.

Traders offered a variety of explanations for the gains. Investors who were worried about inflation were reassured to see oil futures plunge 3.1%, or $2.35, to $74.00 a barrel, after recent increases to near-record prices. The decline apparently reflected concerns that air travel could suffer and hold down fuel demand. Other industrial commodities followed oil down, also indicating uncertainty about the economy and further easing inflation fears.

Some market watchers pointed to strong quarterly profit reports from the likes of insurance giant American International Group. Still others said investors were reassured that the terrorist plot was uncovered and prevented, suggesting antiterrorism efforts are working.

"The fundamentals are still good. The economy is still growing 2.5% to 3%," said Alfred Kugel, chief investment strategist at Chicago investment-management firm Atlantic Trust/Stein Roe. Quarterly profits "are up 16%, five percentage points more than people thought at the beginning of the quarter."

Still, he added, "I find it very surprising that stocks are up. Oil prices are falling because of the terrorist situation in England, which doesn't seem to me like a good reason to rush out and buy stocks."

At the beginning of the day, said Mr. Sachs of Rydex, "there was a lot of chatter on the Street about the various terrorist events we have had, and that they have marked near-term lows for the market." Some investors were starting to think stocks had fallen too much in reaction to the Fed moves and to fears of a weakening economy; these people may have seen the initial declines on the terrorism news as an opportunity to buy.

Investors recalled that after the Madrid train bombing in 2004, U.S. stocks took several days to recover. But following the London subway bombing and the Mumbai commuter-train bombing, stocks were up by day's end after the lasting economic impact of those attacks was deemed minor.

World-wide yesterday, major stock indexes shuddered but then recovered good parts of their initial losses. Britain's FTSE 100 finished down just 0.63%. In France the decline was 0.97% and in Germany, 1.26%.

Shares of some major international airlines such as Continental Airlines and United's parent, UAL, fell more than 1% each, but low-cost airlines such as Southwest Airlines and AirTran Holdings rose, apparently reflecting hopes that their profitability would hold up better than that of larger concerns. AMR, parent of American Airlines, was unchanged, and the Dow Jones Wilshire U.S. Airlines Index rose 0.4%.

Indexes of U.S. hotels, casinos and insurance companies also showed gains, reflecting the market's calm reaction. Indexes of world-wide airlines and hotels fell, however.

The Standard & Poor's 500-stock index rose 0.46%, or 5.86 points, to 1271.81, up 1.9% this year. The Nasdaq Composite Index advanced 0.56%, or 11.46 points, to 2071.74, down 6.1% in 2006.

Outside the U.S., stocks declined in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, fell 0.98%, or 2.12 points, to 214.41.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.38 billion shares, as 1,991 stocks rose and 1,311 fell.

Bond prices declined. The 10-year Treasury note fell 1/32, or 31 cents for each $1,000 invested, pushing the yield up to 4.931%. The 30-year bond was down 7/32 to yield 5.066%.

The dollar was mixed. Late in New York, it traded at 115.29 yen, down from 115.31, while the euro fell against the dollar to $1.2792 from $1.2861.

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Markets Prove Immune To Terror Plot (USAT)

By Adam Shell

USA Today, August 11, 2006

NEW YORK — Wall Street's unemotional, rational response to terrorism five years after the 9/11 attacks is now a trademark of battle-tested investors.

That cold, calculating financial reality was driven home Thursday when the U.S. stock market rallied despite news that British authorities thwarted a plot to blow up commercial airplanes en route to the USA from London.

Stock futures dropped almost 1% before trading began. But after quickly concluding that the foiled attack would do little damage to the economy, traders refocused on more mundane issues, such as corporate earnings and interest rates, and bid the Dow Jones industrials up 48 points to 11,124. Even in London, where the terror plot was uncovered, the blue-chip FTSE 100 tumbled less than 1%.

"When it comes to terror," says ISI Group investment strategist Jason Trennert, "investors act very rationally and ask themselves, 'Do these events fundamentally change the economic landscape?' The answer is no."

Terrorism's ability to instill fear in investors has been waning since the Sept. 11 attacks, which closed the U.S. stock market for four days; the Dow plunged 14.3% in the first five sessions after trading resumed.

Investors' reaction to terror has become muted. The knee-jerk reaction is to sell stocks when terror headlines hit, then buy them back quickly, after having time to gauge the fallout.

A study of market reactions in five prior terror scenarios, including the 2002 attack in Bali and the London train bombing in July 2005, found that stocks tend to open trading at or near the lows of the day and pare their losses by day's end, says Birinyi Associates.

Thursday's reaction was somewhat odd. Oil prices, which some thought would rise, fell $2.35 to $74 a barrel amid concerns that jet-fuel demand would drop. Gold, a traditional haven, fell $15.60 to $634.90 an ounce. Investors also didn't run to the safety of bonds. The 10-year Treasury note yield ended unchanged at 4.94%.

Milton Ezrati, senior market strategist at Lord Abbett, offers three reasons stocks have been so resilient:

•Terror risk is priced into market. "The market is aware that this threat exists, and stock prices are lower than they otherwise might be because the world is a dangerous place."

•The biggest threats/attacks have been overseas. "If it happened here, the shock would be a little greater."

•The fear factor has waned.

Barring a terrorist strike of great magnitude, investors tend to have short memories when it comes to close calls, says Birinyi's Paul Hickey: "A few weeks later, people tend to forget about them."

Wall Street Stays Calm, Ends Higher (WP)

By Brooke A. Masters And Paul Blustein

The Washington Post, August 11, 2006

NEW YORK, Aug. 10 -- The initial, gut reaction by financial markets was predictable: When news flashes brought word of a suspected terrorist plot to bomb airplanes, stock prices plummeted. But although European markets ended down, U.S. investors overcame early morning jitters and the stock market finished up for the day for the first time in five trading sessions.

Analysts said that what might on first glance seem like a paradoxical reaction actually made sense. Many traders have factored terrorism risks into their thinking and are learning to see disrupted plots as good news, they said.

The long-term psychological and economic impact of yesterday's events remains unclear, to be sure. While markets have recovered fairly quickly from several terror attacks since Sept. 11, 2001, most of those occurred at times when the markets were already rising.

Economic growth in the United States has slowed sharply in the past few months. Even before the latest plot was reported, there was fear in some quarters that the country was headed for a recession. Some experts are worried that trouble in the airline sector and fresh news about terrorism could exacerbate what already appears to be economic weakness.

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"We already have the problem of prices rising and employment growth slowing," said Stanley W. Black, a professor of economics at the University of North Carolina at Chapel Hill. "It would certainly not help to have an event that slows down transportation."

The alleged plot will have limited impact on the markets, predicted Larry Kantor, co-head of research at Barclays Capital, but it came at a particularly bad time in the economic cycle. "We've reached the limits of above-trend growth," he said. "The best is behind us."

European markets, which open first, reacted far more strongly to the news of the alleged plot than their U.S. counterparts. There, investors had less time to digest the news and have had more recent experience with terrorist attacks. Major stock market measures in Germany and France fell about 1 percent, while the British pound dropped sharply from a 15-month high against the dollar on fears that the news could dampen economic growth in Britain.

"There could clearly be some economic impact, with the transport and tourism sectors a particular concern, but it is far too early to know what the effect will be," Richard Lambert, director of the Confederation of British Industry, said in a statement posted on the organization's Web site.

U.S. investors were more sanguine. After an initial dip, all three major U.S. market indexes finished in positive territory Thursday. The Dow Jones industrial average rose 48.19, or 0.4 percent, to close at 11,124.37. The Standard & Poor's 500-stock index rose 5.86, or 0.6 percent, to 1,271.81. The Nasdaq composite index rose 11.46, or 0.6 percent, to 2,071.74.

"The markets are taking it as a buying opportunity," said Joseph Quinlan, chief market strategist for Bank of America's Global Wealth and Investment Management division.

The calm reaction was partly because the plot was so far unsuccessful and that the world has now survived a series of bombings in London, Madrid, Bali and Bombay, analysts said. "Investors understand that the threat is always there and it's very encouraging to see that the plot was foiled," said Alan Skrainka, chief market strategist for the brokerage firm Edward Jones.

By contrast, the market reacted sharply in September 2004 to an erroneous report that there had been a "mass casualty event" in the District. The Dow fell 70 points in the 20 minutes before police confirmed that the event was simply a case of teenagers mishandling pepper spray.

A study of the stock market's reaction to four previous terrorist attacks by Standard & Poor's chief investment strategist Sam Stovall found that although the markets slumped initially, the high-growth sectors had resumed their upward trend within four weeks of each attack. "The market is very resilient," he said.

Ken Tower, chief market strategist for Cybertrader Inc., a Charles Schwab & Co. subsidiary, agreed. "Terror plots only impact the market if they change people's behavior," he said.

Not surprisingly, the transportation sector, which would be most directly affected by heightened security, faced an early sell-off before recovering somewhat. Airline stocks had already been downgraded by a few analysts based on high oil prices and labor problems.

"Given today's attempted attacks against a backdrop of high oil prices heading into a seasonally weaker demand period, we think the risks have become too high to continue to recommend purchase," Standard & Poor's analyst Jim Corridore wrote about Continental Airlines. British Airways PLC, Deutsche Lufthansa AG and AMR Corp., the parent company of American Airlines, were all among the losers yesterday.

Tourism in Britain has become more "resilient" since the 2001 attacks, said Elliott Frisby, a spokesman for the British Tourist Authority, in a phone interview. He said that despite the London subway bombings in July 2005, a record number of foreign tourists came to the country last year -- about 30 million. So far this year, tourism is up about 6 percent over the comparable period last year, to 15 million visitors, he said.

"The recovery time, if you like, is getting shorter and shorter," he said. "People are now aware that these things can happen anywhere in the world, and they will not be put off by them."Movers

British Airways fell $2.85, to $70.48.

Continental Airlines fell 35 cents, to $23.86.

UAL , parent of United Airlines, fell 31 cents, to $23.52.

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AIG rose $1.83, to $60.32. The insurer posted a 29 percent drop in second-quarter profits that nonetheless beat Wall Street forecasts.

Viacom rose $3.27, to $37.05.

Target rose $2.44, to $47.72, on a 13 percent rise in quarterly profits.Indexes

New York Stock Exchange composite index rose 17.15, to 8,209.78.

American Stock Exchange index fell 11.82, to 1,989.90.

Russell 2000 index of smaller-company stocks rose 5.22, to 686.27.Volume

NYSE: 2.44 billion shares, down from 2.68 billion on Wednesday. Advancers outnumbered decliners by 9 to 7.

Nasdaq: 1.77 billion shares, down from 2.12 billion. Advancers outnumbered decliners.Commodities

Crude oil for September delivery: $74, down 35 cents.

Gold for current delivery: $634.90 a troy ounce, down from $650.50 on Wednesday.

Blustein reported from Washington. Staff researcher Richard Drezen contributed to this report.

Americans Not Fazed By Latest Threat (WT)

By Patrice Hill And Joyce Price

The Washington Times, August 11, 2006

Americans are getting used to the idea that their country is a terror target.

Wall Street showed remarkable resilience and actually rallied yesterday on news that British authorities thwarted a terrorist plot against U.S. airlines. The rally was aided by a steep drop in oil prices, which fell on expectations that canceled travel plans would mean lower demand for fuel. Safe-haven investments such as gold and Treasury bonds also gained, lowering interest rates and making the terror busts a minor net plus for the economy.

Both Wall Street and Main Street have grown accustomed to the idea that the United States is a favored target of extremists since the September 11 terrorist attacks, analysts say, and Americans are inclined to react only if something bad really happens.

One factor contributing to their unflappable attitude: No terrorist attack has occurred on American soil since 2001.

"Very little has changed, because this terrorist plot was stopped," said Lawrence Kudlow, head of Kudlow & Co. and a Republican economic adviser. "The Brits delivered us an incredible blessing," he said, adding that the hundreds of billions of dollars the U.S. government has spent on thwarting terrorist activity also seems to be paying off.

"Our defense is working," he said. "Nothing happened, thank God."

Yesterday's foiled attacks against U.S. airlines ferrying passengers from London to New York, Los Angeles and Washington at the height of the summer travel season should have a "benign" impact on consumer confidence because "the vast majority of American consumers don't travel internationally for pleasure or business," said Mary Brett Whitfield, a senior vice president at Retail Forward, a retail analysis firm.

"There was more chaos, more interruption in Europe than in the U.S. So for most Americans it will be a nonissue because it's not part of their world," she said.

Chuck Gannon, bartender at American Legion Post 108 in Cheverly, said the incident will not affect his plans to fly to Salt Lake City next week.

"I flew shortly after 9/11, and there were some extra delays at the airport. I expect some hassle at the airport this time, but I'm still going," he said.

Political analysts say worries about terrorism have declined in the past five years and many Americans have become downright defiant in the face of terrorist threats.

John Zogby, president of Zogby International polling firm, said the newly discovered threat "will put some damper on short-term travel, especially less-than-necessary travel.

"It heightens the fear factor, but Americans have come to live with the fear factor," he said. "They know there will be another terrorist attack."

Terrorism fears have been trumped by the "convenience factor" in the thinking of many Americans, Mr. Zogby said.

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"People don't like inconvenience," he said, noting how fast-food customers will "bump fenders to get out of the drive-through first."

Would-be travelers have been warned they could be facing delays at airports at least for the next few days. This will be enough to cause some to postpone travel plans, he said.

"But barring another [terrorism] announcement next week, things should be back to normal in three weeks to a month," he said.

The biggest adverse economic impact will be to the U.S. airline industry, particularly to the targeted airlines -- United, American and Continental. The setback comes as the industry was mounting a convincing comeback from the devastating losses, layoffs and bankruptcies caused by the September 11 attacks.

"This should put a chill on travel and result in less of a call for oil," said John Kilduff, vice president at Fimat USA. The price of premium crude fell $2.35 to $74 in New York trading yesterday.

But many analysts predicted the impact on oil prices and even the airline industry would be fleeting.

Mike O'Hanlon, a senior fellow at Brookings Institution, said he anticipated Americans "will be nervous for a while," but he expected most will resume flying quickly.

"Americans proved to be level-headed about the 9/11 threat," he said, and he expects them to show the same spunk in this situation. He predicted only 5 percent to 10 percent will remain unwilling to board airplanes in the aftermath of yesterday's threat discovered in Britain.

Peter Brookes, a senior fellow at the Heritage Foundation, was also optimistic most people will overcome their fears rapidly.

"This will give them pause. People are going to pay attention in the short-term, since they have been reminded a terrorist threat still exists in our country, and we're still in the cross hairs," he said. "So they will be thinking about this a lot the next few days, and they will be cautious. But, ultimately, they will be defiant."

July Budget Deficit Shrank As Receipts Increased Over 12% (WSJ)

The Wall Street Journal, August 11, 2006

WASHINGTON -- The federal government ran a budget deficit of $33.2 billion in July, far narrower than the $53.37 billion gap a year earlier, as government receipts soared, the Treasury Department said yesterday.

The department's monthly budget statement shows receipts jumped more than 12% to a record $159.76 billion last month from a year earlier. Outlays fell 1.3% to $192.96 billion.

The July deficit was consistent with the Congressional Budget Office's estimate of a $33 billion budget shortfall during the month. The CBO said most of the reduction of the July deficit from a year earlier reflected a shift in the timing of government payments compared with last year.

The Treasury report left June's budget surplus unrevised at $20.47 billion.

The Treasury estimates the U.S. government ran a budget deficit for the first 10 months of fiscal year 2006 of $239.7 billion, down 21% from the deficit recorded in the first 10 months of fiscal 2005. Last month, the White House projected this fiscal year's budget deficit would total $296 billion, compared with $318 million last year.

For the first 10 months of fiscal 2006, government receipts and outlays have hit records, but the rate of receipts expansion has been faster than that of outlays.

In the October 2005-to-July 2006 period, receipts totaled $1.970 trillion, up 13% from the same period in fiscal 2005. Outlays in the first 10 months of the current fiscal year total $2.209 trillion, up 7.8% from a year ago.

Individual income-tax receipts total $866.56 billion in fiscal 2006 through July, up from $756.13 billion a year earlier. Corporate income taxes total $261.25 billion for the current fiscal year to date, up from $205.9 billion last year.

The government paid $22.1 billion in net interest last month on the federal debt. Net interest on the federal debt excludes interest paid on nonmarketable government securities held by federal trust funds, such as Social Security.

All Signs Point To An Economic Slowdown, And Recession Dangers Are Growing (MCT)

By Kevin G. Hall

DOJ_NMG_0046452

McClatchy Newspapers, August 11, 2006

NEW YORK - From bustling Wall Street to the quiet corridors of the Federal Reserve, there's widespread agreement that the once-sizzling U.S. economy is slowing.

The question now is what's next: a return to stable, modest growth or a skid into recession.

The answer will play out in the months ahead. It depends on whether soaring energy prices ease, inflation threats diminish and the slumping housing sector stabilizes or sinks.

The Mortgage Bankers Association said this month that loan applications to purchase homes in July were down 20 percent from the same month a year earlier. The National Association of Home Builders said this month that its housing-market index dipped in June to its lowest level since 1991. And the National Association of Realtors said Wednesday that existing-home sales would fall 6.5 percent this year.

Richard Berner, the chief U.S. economist for banking giant Morgan Stanley, expects the housing slowdown alone to trim U.S. economic growth by as much as 1.5 percentage points.

One troubling sign is the Realtors' projection that the median existing-home price is expected to grow by only 4.3 percent this year, down sharply from last year's scorching 12.2 percent.

With home-price increases slowing, an important engine of U.S. consumption is sputtering. The housing boom helped drive economic growth through a combination of rapidly rising home values and historically low lending rates on refinancing and home-equity loans. These led many Americans to use their homes as a sort of ATM, borrowing against their rising value to fund vacations, new cars or college tuitions. Now that may be ending.

"The U.S. is falling into a serious housing recession," wrote Ed Yardeni, the chief analyst for institutional investor Oak Associates in Akron, Ohio, and a noted optimist. "The big question is whether the housing downturn will take the overall economy down too. I don't think so, but several economists have been warning for quite some time that the (U.S.) economy is a house of cards."

Recent data point decisively to an already slowing economy. Second-quarter growth slipped to a 2.5 percent annual rate after a red-hot 5.6 percent from January through March. Unemployment rose in July to 4.8 percent from 4.6 percent, and the 113,000 nonfarm jobs added in July were below expectations.

Meanwhile, oil and gasoline prices keep climbing. That threatens to keep inflation far above the Federal Reserve's comfort zone of 1-2 percent annual growth. The Fed's tool for combating inflation is blunt, and further interest-rate hikes that slow the already slowing economy could tip it into recession.

This week's announcement by oil giant BP that it was shutting down 8 percent of U.S. oil production sent oil prices even higher, briefly above $78 a barrel. London-based Barclay's Capital, usually conservative, boosted its 2006 forecast average oil price from $68 a barrel to $78.60 for the rest of the year.

Higher oil prices ripple across the economy, driving up the cost of everything from gasoline to asphalt to fertilizer. Businesses pass on those costs to consumers. That's inflation: the rise in prices across an economy.

The Fed's primary job is to fight inflation. On Tuesday it took a pause after 17 consecutive interest-rate hikes dating to June 2004. The Fed left its benchmark federal-funds rate at 5.25 percent, but many financial analysts expect the soaring energy prices to drive inflation up to levels that the Fed considers intolerable.

That would force the Fed to raise lending rates even more, dampening consumer and business spending further. With economic growth already slowing sharply, that could be dangerous.

The tipping point for recession could be some supply disruption like last year's hurricanes, which crumpled oil rigs and platforms across the Gulf of Mexico. The heart of this year's hurricane season is upon us.

Most economic forecasters project that the U.S. economy will grow by 2.5 percent to 3 percent for the rest of this year. But almost all these models assume oil prices of $75 a barrel or less.

Should a natural disaster or a broader war in the Middle East strike, crude oil prices could race past $80 a barrel. The Fed would have to raise interest rates further to fight any resulting inflation. Recession could soon follow.

"When you pair the level of interest rates and that pressure from oil prices, it's more pessimistic than anticipated," said Doug Duncan, the chief economist for the Mortgage Bankers Association in Washington.

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The Fed's long series of rate hikes was designed to slow economic growth but to avoid recession, a so-called soft landing. But the cumulative effects of rate hikes lag, so the Fed's never sure when it's gone too far.

"The Fed does not have a great record of creating soft landings ... that's part of the reason you're hearing pessimistic assessments," Duncan said.

Economists Paint Gloomier Picture (WSJ)

By Phil Izzo

The Wall Street Journal, August 11, 2006

The Federal Reserve cited moderating growth when it paused its rate-increase campaign this week, and concerns about the economic outlook seem to be growing among economists.

CHARTS AND FULL RESULTS

1

See and download forecasts2 for GDP, housing, interest rates and more. Plus, views on the biggest risks and the impact of gasoline prices. Survey conducted Aug. 4-8.

This month's WSJ.com economic forecasting survey showed projections for gross domestic product and employment growth were cut, while forecasts for consumer prices and oil prices were lifted. Economists continued to nudge higher their estimates of the probability of a recession over the next 12 months; on average, they put the likelihood at 26%, up from 20% in June and just 15% in February.

Economists, on average, forecast GDP growth at a 2.8% annual rate for the third quarter, the first time their forecast for that quarter has been under 3% since the economic forecasting survey first asked about the period in November 2005. While their forecast is slightly above the 2.5% real GDP growth recorded in the second quarter, it is well below the 5.6% growth in the first quarter and average annual growth rate of 3.2% from 2003 to 2005. The economists forecast growth slowing to a 2.6% rate in the fourth quarter, and staying at that rate for the first half of 2007. GDP is the broadest measure of economic output.

"The economy has definitely slowed below trend," said Ethan Harris at Lehman Brothers. "Second quarter GDP is soft, employment numbers are coming in soft and the housing market is finally softening."

WALL STREET JOURNAL VIDEO

3

Marketwatch.com's Tom Middleton interviews4 WSJ.com's Phil Izzo about findings in the WSJ.com economic forecasting survey.

Oil prices remained at the forefront of concerns, as 43% of economists -- 20 of the 46 who answered the question -- indicated higher costs presented the biggest risk to their GDP outlook. At the same time, the average year-end forecast for crude-oil prices was lifted to $69.50 a barrel. That is up by more than $4 since the last survey, conducted in June, but below the recent level of oil prices, which have traded in the mid-70s this week. The economists expect prices to drop to $65.25 by June of next year.

The economists generally have underestimated the cost of crude oil. In May, for instance, they forecast that the price would settle at $67.27 at the end of June, while the actual price ended up at $73.93. Prices lately have been lifted by continuation of unrest in the Mideast, the shutdown of BP PLC oil operations in Alaska and militant attacks in Nigeria.

After some strong quarters of growth, it had appeared that the rise in energy prices would have little effect on growth. But recent inflation reports have shown some evidence of higher energy prices being passed through to consumer prices. When asked at what price gasoline would need to rise to threaten economic expansion, the average forecast put the number at $4.08 a gallon, a decline from $4.30 when the question was last asked, in May.

Amid the rising forecasts for energy prices, the economists revised forecasts for inflation upward. The average expectation is for a 3.3% year-to-year increase in the Labor Department's consumer-price index in November, compared with an earlier average forecast of 3.1%. While economists retained the view that inflation will slow in 2007, their forecast for CPI in May 2007 was also lifted, to 2.8% from a previous estimate of a 2.5% rise. The CPI rose 4.3% this June, the latest month for which data are available, amid rising shelter costs.

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ABOUT THE SURVEY

The Wall Street Journal surveys a group of more than 50 economists throughout the year. Broad surveys on more than 10 major economic indicators are conducted semiannually, at midyear and at year-end. Between each semiannual survey, four monthly updates are conducted for the most closely watched forecasts. This is the monthly survey for August. For prior installments of the semiannual and monthly surveys, see: WSJ.com/Economists5.

"Inflation is getting hit with a double whammy," said Mr. Harris. "First from commodity pass-through, mainly energy, then from tightening of capacity and labor-costs pressure." He added that companies and workers are both developing pricing power, allowing them to ask for more money, creating the "classic ingredients" of inflation acceleration.

However, price increases are expected to moderate in the housing sector. Economists see housing prices rising 4.9% this year, but forecast growth will decline to 1.8% in 2007 after annualized double-digit gains for the last three years. Moreover, after adding 0.50 percentage point to GDP in 2005, the economists, on average, expect housing construction to subtract 0.28 percentage point from GDP growth this year. Economists expect the sector to subtract 0.29 percentage point from GDP in 2007.

"Housing is the big story," said Lehman's Mr. Harris, declaring that the sector's long-expected slowdown is providing the biggest drag on the economy. He pointed to direct effects, such as the drop in housing construction, as well as the indirect effects, such as the negative impact on consumer spending.

The negative outlook also extended into the U.S. employment picture. While the economists kept their November 2006 forecast for the unemployment rate steady at 4.7%, the average forecast for the rate for May 2007 rose to 4.9% from June's estimate of 4.8%. And the economists put the average monthly increase in nonfarm payrolls over the next 12 months at about 123,000, a drop of 18,000 a month from the level they forecast in June and down sharply from the 186,000 they forecast when asked in August of last year.

Among other findings in the survey:

• Twenty-nine of 56 economists expect the Fed to raise rates again this year beyond the current 5.25% target. However, 54% -- 27 of 50 who answered the question -- said they believe that rates should either stay where they are or be trimmed before the end of the year.

• More than 80% of the economists say the European Central Bank should raise rates again this year beyond the current 3% target, with just less than half suggesting 3.5%. Almost 90% expect the ECB actually will boost its rate further, with most seeing the rate at 3.5% at the end of the year.

Economy Often Defies Soft Landing (NYT)

By Edmund L. Andrews

The New York Times, August 11, 2006

WASHINGTON, Aug. 10 — In the cool and quiet marble corridors of the Federal Reserve, the strategy for taming inflation sounds painless, even soothing: a "soft landing" for the economy after several years of flying high.

As the central bank contended on Tuesday, when it decided to pause in its two-year effort to raise interest rates, inflation is "elevated" right now but will begin to decline because economic growth is poised for a modest slowdown.

Many economists, though, warn that the soft landing may seem anything but soft, and suggest that the Fed is either too rosy about the looming slowdown or naïve about the difficulty of reaching its goal for inflation.

In practice, the Fed has achieved only one true soft landing — in 1994-95, when, under the leadership of Alan Greenspan, it was able to slow the economy enough to cool spending and ease inflation pressure but not so much as to cause a big jump in unemployment. But even Mr. Greenspan, whose ability to fine-tune policy made him famous, presided over two formal recessions, in 1991 and in 2001.

This time, many analysts say that the Fed and its new chairman, Ben S. Bernanke, face considerably tougher challenges. Crude oil, at more than $70 a barrel, is selling at prices that would have been unthinkable in 1995. Productivity growth, which was accelerating in 1995, is slowing these days. The dollar, which was climbing against other major currencies in 1995, is declining against most of them now.

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Analysts and other experts say that if Mr. Bernanke is serious about his goals for controlling inflation, at least two million more workers may have to lose their jobs over the next two years.

"The economic slowdown has to be much more substantial than anybody in the Federal Reserve or on Wall Street is expecting," said Robert J. Gordon, a professor of economics at Northwestern University, who has analyzed the trade-off between inflation and unemployment for the last several decades.

Mr. Bernanke and other Fed officials say they want to keep core inflation, the main measure of retail prices excluding energy and food, below 2 percent a year. But core inflation is already 2.9 percent and almost certain to climb as the cost of oil pushes up prices for items as diverse as air fares and plastics.

Mr. Gordon said the last few decades had shown a grim but consistent trade-off: to reduce inflation by one percentage point, the unemployment rate has to rise by about two percentage points for a full year.

To reduce inflation to the upper limits of what Mr. Bernanke and other Fed officials consider acceptable, more than three million jobs would be lost, a bigger drop than in the recession of 2001.

And that is Mr. Gordon's relatively upbeat hypothesis, which assumes no other shocks to the economy — no additional increases in energy prices, no collapse in the dollar's value, no collapse in housing.

"I think the Fed is facing an absolutely classic case of stagflation," Mr. Gordon said, "a situation in which they cannot win."

He is not alone. Many other economists contend that inflation is more entrenched and will be more painful to reverse than the Fed thinks. Others predict that inflation will indeed subside, but only because the economy will weaken much more than the Fed is expecting.

The chief forecaster at Decision Economics, Allen Sinai, said unemployment would have to rise to at least 5.5 percent, from 4.8 percent today, putting a million more people out of work, before inflation begins to decline.

The chairman of Roubini Global Economics Monitor, Nouriel Roubini, predicted that the economy would fall into a recession early in 2007 as a result of high energy prices, higher interest rates and a housing collapse.

"Either the Fed does not believe its own inflation forecast, which I don't think is the case," Mr. Roubini said, "or the slowdown is going to be greater than what they have been saying. They can't have it both ways."

To be sure, economists differ on how weak the economy already is or how severe inflation pressure is. And skepticism abounds on the chances of achieving a true soft landing.

The very idea of such a thing is only about a decade old. It was conceived by Mr. Greenspan, then the Fed chairman, as a way to attack inflation before it started, by shrewdly using the levers of monetary policy to slow the economy just enough to keep it from overheating.

Mr. Greenspan's greatest success was in the mid-1990's, when the economy had been expanding for nearly four years. Though inflation was declining and was lower than it is today, the Fed doubled short-term interest rates, to 6 percent from 3 percent, in just over a year.

At the time, the result seemed neither soft nor smooth. Several financial institutions, caught by surprise, found themselves in big trouble. The economy slowed for a while, and unemployment edged up.

But by 1996, the economy was rapidly growing again and the nation enjoyed several years of booming stock markets, falling unemployment and relatively low inflation.

The success, along with Mr. Greenspan's growing aura as a wizard of monetary nimbleness, prompted the Fed to step in and help soften the blows of the Asian financial crisis of 1997-98, the stock market collapse of 2000, the recession of 2001 and the surge of unemployment that followed.

He failed in preventing the 2001 recession, but the Fed cut interest rates so deeply that this started a boom in housing prices and home refinancing that kept consumers spending even as incomes stagnated and unemployment moved higher.

Laurence H. Meyer, a former Fed governor and now a chief forecaster at Macroeconomic Advisers, said Mr. Bernanke needed to do more than simply duplicate Mr. Greenspan's one soft landing.

Mr. Greenspan was not trying to reduce inflation, but merely to keep it from going up. Mr. Bernanke, by contrast, is trying to reduce it substantially.

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"Soft landings are much more frequent in forecasts than in real life," Mr. Meyer said. "With a computer, I can give you a soft landing if you give me 10 or 20 runs. But in real life, you only have one run."

Uncertainties and disagreement among experts about the economy's direction are now unusually high. A big uncertainty is whether the nation is near full employment.

Many economists contend that the country is essentially at full employment, meaning that additional demand for workers will tend to push up wages. Because wages account for more than three-quarters of total production costs, Fed officials view them as inflationary if they rise significantly faster than productivity.

Specialists like Mr. Gordon at Northwestern and Mr. Meyer maintain that the labor market is already very tight and predict that wages will soon start to push up inflation.

But others disagree, arguing that wages over the last five years have lagged behind increases in productivity and have barely kept up with inflation. The bigger risk, according to that school of thought, is to make the situation worse by driving up unemployment.

"We have no clue about labor market tightness right now," said J. Bradford De Long, a professor of economics at the University of California, Berkeley, who argues that workers still have little bargaining power.

Depending on one's perspective, Mr. De Long said, the Fed's attempt at a soft landing is either a display of cool-headed technocracy or murky witchcraft.

Right now, he said, "this is on the witchcraft side."

U.S. Trade Deficit Down 0.3 Pct. In June (HC/AP)

By Martin Crutsinger

Houston Chronicle, August 11, 2006

WASHINGTON — America's trade deficit showed a slight improvement as strong global growth pushed U.S. exports to a record level. That helped offset a surge in Chinese imports and record crude oil prices.

The deficit declined 0.3 percent in June, compared with May, dropping to $64.8 billion, still the fifth largest imbalance on record, the Commerce Department reported Thursday.

The deficit is running at an annual rate of $768 billion through the first six months of this year, putting the country on track to see a fifth straight record imbalance. Last year's deficit was $716.7 billion.

Democrats have attacked the soaring trade deficits as evidence that the Bush administration's trade policy has been a failure that has opened up U.S. workers to unfair competition from countries such as China and contributed to the loss of nearly 3 million manufacturing jobs since 2001.

"After years of record-setting deficits, it is painfully clear that America needs a new direction in trade policy," said Rep. Benjamin Cardin of Maryland, the top Democrat on the Ways and Means trade subcommittee. "Every day the administration waits to enforce the rules of trade and level the playing field for our workers is a day lost to our competitors."

Wall Street shook off news about a terror plot targeting commercial airplanes to post an increase on Thursday. The Dow Jones industrial average rose 48.19 points to close at 11,124.37.

Big factors in the deterioration in the trade deficit this year are soaring global oil prices, reflecting increased tensions in the Middle East, higher demand from developing countries such as China. The latest bad news came this week with the shutdown of an Alaska oil pipeline because of corrosion.

For June, the average price for a barrel of imported crude oil hit an all-time high of $62.04, pushing total crude oil imports to a record high of $20.5 billion.

All petroleum imports, reflecting crude and refined products, totaled $27.3 billion, the second-highest level on record, but down from the record of $28.3 billion set in May. Analysts are predicting further increases in oil imports, reflecting the rise in global prices since June to above $70 per barrel.

The smaller June deficit reflected a healthy 2 percent jump in U.S. exports to a record $120.7 billion, with shipments of farm goods, capital goods and industrial supplies all setting records.

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U.S. shipments to the 25-nation European Union and countries in Central and South America climbed to all-time highs, reflecting improved economic growth in those regions. Exports to Japan, which is also enjoying an economic rebound, jumped to the highest level since March 2001.

Economists said a fall in the value of the dollar against the euro and other currencies plus an economic rebound in some of America's big overseas markets should continue to support exports in the months ahead.

"The deficit has definitely stabilized and hopefully will soon show some unmistakable signs that it is shrinking," said Frank Vargo, vice president for international affairs at the National Association of Manufacturers.

Imports also rose to a record in June of $185.5 billion, an increase of 1.2 percent, as imports of consumer goods set a record, led by big gains in shipments of clothing, televisions and furniture. Imports of foreign cars climbed to the second-highest level on record.

The politically sensitive deficit with China increased by 11.9 percent in June to $19.7 billion as U.S. exports to China fell by 4.3 percent while imports of Chinese products into the United States rose by 8.1 percent to an all-time high. The import gains were led by big increases in clothing and computers.

So far this year, the deficit with China is running 13 percent above the pace set last year, when the imbalance hit $202 billion, the highest ever recorded with a single country.

Sens. Charles Schumer, D-N.Y., and Lindsey Graham, R-S.C., have told Treasury Secretary Henry Paulson that they will push for a vote by the end of September on their legislation to impose 27.5 percent penalty tariffs on Chinese imports unless China moves to allow a greater appreciation of its currency against the dollar.

Paulson has vowed to press China on this issue with talks with the Chinese expected to occur in September when he travels to Asia for a series of finance minister meetings.

Paulson is also reviewing the administration's strategy of dealing with China with consideration being given to setting up a new interagency task force headed by Treasury to coordinate the administration's international economic policy.

U.S. Trade Deficit Narrows On Export Jump, Weaker Dollar (WSJ)

By Christopher Conkey

The Wall Street Journal, August 11, 2006

The U.S. trade deficit narrowed slightly in June after widening the two previous months, the latest indication that the nation's economy expanded faster in the second quarter than initially thought.

Buoyed by solid global demand and a weaker dollar, U.S. exports rose 2% from May to $120.7 billion and were up 14% from a year earlier. Imports of petroleum products edged down after a big jump in May, holding overall U.S. imports in June to $185.5 billion, up 1.2% from May and 12.9% from a year earlier.

That left the overall U.S. trade deficit at $64.8 billion, slightly narrower than the upwardly revised May gap of $65 billion. The average monthly deficit has plateaued at around $64 billion since last fall, as rising exports have offset the impact of higher oil prices.

"If it weren't for higher oil prices, the number would actually be showing improvement," said Tim McGee, chief economist at U.S. Trust. As it is, the annual trade gap is on track to surpass last year's record of $716.7 billion.

Still, the stabilizing trade deficit and recent readings on business inventories and construction spending point to an upward revision of inflation-adjusted economic growth for the second quarter that initially was estimated at a 2.5% annual rate. Many economists now say it is more likely the economy expanded at an annual rate closer to 3% in the quarter. Figures set for release today on June retail sales and inventories will shed further light on the growth picture.

In June, the unadjusted U.S. trade deficit with China widened to $19.7 billion from $17.7 billion in May. The imbalance with Canada and Mexico expanded slightly from May, but the gap with Europe narrowed.

Separately, the U.S. Labor Department said initial claims for unemployment insurance rose to 319,000 last week from 312,000 the previous week. The four-week moving average of initial claims, however, fell slightly. Many economists expect this figure to rise in the weeks ahead amid the recent increase in continuing jobless claims and other signs of slow-to-moderate economic growth.

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U.S. Trade Gap Narrowed In June (NYT)

By Eduardo Porter

The New York Times, August 11, 2006

The trade deficit may have bottomed out.

The Commerce Department reported yesterday that the deficit in the nation's trade of goods and services reached $64.8 billion in June, modestly below the $65 billion deficit recorded for May.

This suggested that the slowing economy in the United States and the weaker dollar, combined with faster economic growth overseas, were gradually reining in America's gaping imbalance in commerce with the rest of the world.

Although May's reported deficit was revised upward from a previous estimate of $63.8 billion, economists said the data suggested the imbalance had stabilized since it hit a peak of $66.6 billion last October.

"It does look like the Queen Mary is turning," said Brian Bethune, an economist at the forecasting company Global Insight.

Yet even though the changing pattern of global economic growth would favor further declines in America's trade deficit, two obstacles stand in the way. Persistently high oil prices will keep adding to the nation's import bill in months to come. Moreover, policies in many developing countries — most notably China — have kept their exchange rates from rising against the dollar.

"We are seeing an improvement in the deficit against the developed world primarily because we have currency moves there," said James Paulsen, chief investment strategist at Wells Capital Management. "But we have had virtually no currency change against the developing world."

The nation's trade deficit with the European Union retreated by $1.8 billion in June, to $9 billion. With Japan, the deficit declined by about $150 million, to $7 billion.

Meanwhile, the trade deficit with China increased by $2 billion, to $19.7 billion, as exports fell by $200 million while imports rose by $1.8 billion. America's trade deficit with Mexico, its fourth-largest trading partner, increased by about $600 million, to $6 billion.

With Congress in recess, the new trade data did not immediately set off calls for retaliation against China. Still, demands are likely to increase in the United States for China to allow its currency, the yuan, to appreciate significantly.

Treasury Secretary Henry M. Paulson Jr. has taken a less confrontational approach to China than his predecessor in pushing for a revaluation of the yuan. But Senators Charles E. Schumer, Democrat of New York, and Lindsey Graham, Republican of South Carolina, continue to threaten legislation to impose trade penalties on China if it does not allow its currency to rise more against the dollar.

The combination of lower economic growth in the United States and faster growth among major industrial nations in Europe and Asia should narrow the American deficit further as consumers and businesses abroad buy more American exports while American spending slows.

Expected changes in interest rates should contribute to this adjustment. The dollar is expected to weaken if the Federal Reserve stops raising interest rates in the United States while other major central banks continue to tighten monetary policy.

This would make American exports cheaper and more competitive in foreign markets, and at the same time increase the prices of foreign-made products and services in the American market.

An improving trade balance, in turn, would add to economic growth. In the second quarter of the year, trade accounted for 0.33 percentage points of the nation's 2.5 percent rate of expansion, the first time it made a positive contribution since the second quarter of 2005.

"As growth continues to moderate, it will take pressure off the trade deficit," said Michael Woolfolk, senior currency strategist at the Bank of New York. "As the dollar weakens, it will also take pressure off. If the process is gradual over the course of the next 12 to 18 months we could really have a nice soft landing for the United States and the global economy."

Japan, in particular, could provide an exceptional opportunity for American exports, as it emerges from a 15-year economic slump. Moreover, while the dollar has already depreciated substantially against the euro and thus has less room to decline further, there is ample scope for the dollar to fall against the yen.

The trade improvement in July was driven by a $2.4 billion increase in exports, to $120.7 billion, because of rising exports of computer parts, airplane parts and other types of capital equipment and industrial supplies.

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But imports also rose by $2.2 billion, to $185.5 billion, as Americans gorged on imported consumer goods and foreign automakers building in America, like Toyota, stepped up imports of engines and other parts to satisfy the growing demand for their cars in the United States.

Energy actually helped improve the trade balance in June. Imports of energy products declined by $1.3 billion in the month, as more of the refining capacity that was knocked out of commission in the hurricane season last year was brought back online, depressing demand for imported refined products.

But oil has been a substantial contributor to the deficit. In the first six months of the year, the overall trade deficit increased by about $47.5 billion compared with the same period of 2005. Of that amount, $37 billion represented rising imports of petroleum products, driven by the surging price of oil.

As Mr. Paulsen points out, this provides some ground for optimism. If oil prices stabilize or even retreat, the trade deficit could start shrinking more substantially next year, adding a dollop to economic growth.

Alaska Governor Murkowski Is Next Vulnerable Incumbent (WSJ)

By Jacob M. Schlesinger

The Wall Street Journal, August 11, 2006

NEXT VULNERABLE INCUMBENT is Alaska Gov. Murkowski.

Prudhoe Bay oil-field shutdown adds economic woes for the Republican, who trails two opponents in polls before Aug. 22 contest. The former senator seeks boost from last-minute Canada gas-pipeline deal.

Next week's sole primary, in Nevada, pits moderate vs. conservative Republicans. Gubernatorial front-runner, Rep. Jim Gibbons, takes heat for backing minimum wage increase and abortion-rights positions, and wavering over gay marriage. His wife, State Rep. Dawn Gibbons, seeks his House seat. But conservative Club for Growth, fresh from knocking off a Michigan Republican incumbent, brands her a "proven tax hiker," and backs a rival.

Immigration shapes September Arizona House race; Colorado's Tancredo endorses a fellow hard-liner.

"BUSH BOOM" SOFTENS as economy shows new weakness.

Voters will likely head to polls with unemployment rising. Joblessness, still low, is "changing in the wrong direction," says former Fed governor Laurence Meyer. "Voters only remember the last six months." The Fed helps with this week's pause. Traders see only a one-third chance the central bank will raise rates in two remaining pre-election meetings. Republicans welcome the relief. New Jersey's Rep. Saxton praises Fed for "holding off. I hope to see similar decisions over the next few months."

Bush touts economy in Wisconsin factory tour, but terror remarks overshadow. GM's CEO says Washington leadership on business issues "could be, frankly, enhanced."

U.S. MILITARY LEADERS weigh another strategy shift in Iraq.

While sending Baghdad 3,500 more American troops, some in Pentagon and Iraq ponder alternatives if that fails to stem bloodshed. One option, dubbed "the indirect approach," would shrink the force to about 50,000 troops from 130,000. The U.S. would double the number of advisers and use savings to equip Iraqis.

While critics warn that could accelerate violence, advocates say the war's unpopularity at home could trigger sudden withdrawal anyway. Both sides agree no major change -- or troop reduction -- will take place before next month's Ramadan or November U.S. elections.

As Security Council's nuclear deadline nears, Tehran seems emboldened by the body's Lebanon stalemate.

JUDGE FRUSTRATION rises on the right. Despite Supreme Court victories, activists chide Frist for failing to energize a lackluster base by declining to fight Dems over five appellate court nominations. Five states have ballot initiatives reining in the judiciary. The most extreme, South Dakota's, would subject judges and juries to jail, fines and other penalties for breaking, even retroactively, "rules" set by citizen boards.

FULL HOUSE: Poker Players Alliance membership triples past 100,000 since July House vote banning online gambling. The group asks members to urge senators to oppose the legislation.

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FEMA TELLS FLORIDA to close special hurricane preparations operation in Orlando and work directly with Atlanta region. Tallahassee officials worry about changing operations during storm season peak.

BP FALLOUT: House Energy Chair Barton calls a hearing on the shutdown for immediately after Labor Day. Dingell backs tighter regulations in wake of the Alaskan oil shutdown. The British firm may find few political champions to defend it.

FCC PLOTS END-RUN if Congress fails to move telecom bill.

Commission Chairman Martin crafts regulatory plan accelerating phone company ability to offer television if a bill doing so dies. The FCC's newest member, Robert McDowell, tells reporters he supports the idea but "let's see first what Congress does."

Frist has promised floor time if backers can line up 60 votes, but they may fail over hardening partisan split on "net neutrality" rules. Committee staffers issue one-page color brochure to accompany the 287-page bill for senators who haven't been following the issue.

A Boston firm's plan for commercial radio on school buses sparks Senate call to study effect of radio and TV aboard buses.

MINOR MEMOS: Kim Jong Il, absent from public since missile launches, was helping write screenplay for film "Diary of a Girl Student," says North Korea's news agency...Katherine Harris staffer-turned-lobbyist Dan Berger lands New York show of impressionist paintings titled "Is Maureen Dowd Necessary" and "Michael Moore's Soul."

Immigration And Jobs Link Is Disputed (NYT)

By Julia Preston

The New York Times, August 11, 2006

In the furious debate over immigration, advocates of reducing the inflow have argued that the millions of foreigners who came to the United States in the last decade took jobs from American workers. But a study released yesterday by the Pew Hispanic Center found that there was no evidence to support that claim for the country as a whole.

The study, based on Census Bureau data, found that 14 states with high immigration rates after 1990, including Texas, Nevada and Georgia, also had higher-than-average employment rates for American-born workers. Those 14 states accounted for 24 percent of American workers.

But in eight states that had big increases in immigrants in the same period, among them Arizona and Tennessee, employment rates for American workers were below average. Those states were home to 15 percent of American workers.

The study concluded that there was no consistent link between surging growth in immigration and declines in employment for Americans.

"We find no pattern," Rakesh Kochhar, the author of the study, said. "We cannot say with certainty that the growth of the foreign-born population has either hurt or helped native-born workers."

Even in the recession and slow recovery since 2001, there was no consistent pattern to show that increases in immigration hurt the job prospects of American workers across the country, the study found.

Instead, Mr. Kochhar said, the pace of economic growth in a state was more likely to determine whether American workers lost out in competition with immigrants. The study did not address the impact of immigration on wages.

The Pew Hispanic Center is a nonpartisan research organization in Washington that does not make policy recommendations. In the study, Mr. Kochhar looked at census data from 1990, 2000 and 2004 to chart the increase in immigrant populations in the states and the employment of American-born workers in 2000 and 2004.

The study confirmed that the boom of the 90's brought surges in immigration to states that had not seen such intense flows, including Georgia, Nevada and North Carolina where immigrant populations increased more than 200 percent.

From 2000 to 2004, the study found, increases in immigrants coincided with high employment rates for American workers in 27 states and the District of Columbia, which encompassed 67 percent of workers born in the United States.

"The findings are entirely plausible, contradicting a notion that immigrants are broadly hurting native-born workers," said Jared Bernstein, an economist at the Economic Policy Institute in Washington, a nonpartisan group that focuses on low-wage workers. But Mr. Bernstein cautioned against minimizing the impact on Americans who did face a struggle against foreign workers.

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"There certainly are places in this country where native-born workers are hurt by immigrant competition," he said. "The fact that it doesn't hurt in a national sense should not lead us to dismiss local problems."

Study Finds Immigrants Don't Hurt U.S. Jobs (WP)

By Kim Hart

The Washington Post, August 11, 2006

High levels of immigration in the past 15 years do not appear to have hurt employment opportunities for American workers, according to a new report.

The Pew Hispanic Center analyzed immigration state by state using U.S. Census data, evaluating it against unemployment levels. No clear correlation between the two could be found.

Other factors, such as economic growth, have likely played a larger role in influencing the American job market, said Rakesh Kochhar, principal author of the report and an economist at the Pew Hispanic Center in the District.

"We are simply looking for a pattern across 50 states, and we did not find one," Kochhar said. "We cannot say with certainty that growth in the foreign population has hurt or helped American jobs."

Immigration policy is a central issue in this fall's congressional elections. The report's findings appear to refute the idea -- often voiced by supporters of stricter immigration laws -- that foreign workers depress wages and take jobs from American workers, especially those with less education and fewer skills.

In the 10 states with the top employment rates from 2000 to 2004, for example, five states showed a high influx of immigrants while the other five showed little growth in the foreign-born population. "Even in relatively slow economic times, a relationship fails to reveal itself," Kochhar said.

The Pew Hispanic Center is one of several research groups funded by the Pew Charitable Trusts to develop and distribute unbiased information on controversial topics, such as climate change and genetic engineering. The Pew Hispanic Center has published respected polls and reports on the role of Hispanics in the United States.

The study used Census Bureau data to compare the influx of immigrants and unemployment rates in each state between 1990 and 2000, a period of robust economic growth, and between 2000 and 2004, a period of slower growth.

Some economists expressed reservations about the technique yesterday, arguing that such broad statewide data do not give an accurate picture of immigration's effects on the labor market.

"There's an age, gender and educational component to this story that this report does not address," said Andrew Sum, director of the Center for Labor Market Studies at Northeastern University.

Between 1990 and 2000, he said, immigrant workers did not take jobs away from American workers "because the strong economy was creating enough jobs to employ everyone who was looking for work." But in the past five years, a subset of the workforce -- native-born men age 16 to 24 with high-school diplomas -- have in fact been displaced by immigrants, he said.

"We argue that immigrant labor has changed the nature of work in a very negative way," Sum said.

The Pew report found that nearly 25 percent of native-born workers live in states where rapid growth of the immigrant population occurred at the same time as above-average employment prospects. Only 15 percent of American workers live in high-immigration states with below-average employment prospects, the report found.

And the 60 percent of American workers living in states with slower immigrant growth did not consistently enjoy higher employment levels, the report showed.

Locally, the lack of any consistent relationship between the inflow of immigrants and native-born employment was apparent.

In the District, both the growth in the foreign-born workforce and the employment rate for native-born workers were below average in 2000 and 2004.

In 2000, Maryland and Virginia had below-average growth in the foreign-born population and above-average employment rates for native-born workers. In 2004, both states experienced above-average growth of both the foreign-born workforce and native-born employment rates.

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On the local level, too, some experts disputed the findings of the Pew report. While educated workers with specialized skills are not likely to be displaced by foreign-born workers, young unskilled laborers have felt the pinch in recent years, said Steven A. Camarota, director of research for the Center for Immigration Studies in the District.

A recent study done by the center shows that the immigrant share of the young workforce in Maryland and Virginia nearly doubled in the past five years, peaking at 22 percent and 15 percent, respectively, in 2005.

"Native workers who have little education in Maryland and Virginia are dropping out of the labor markets in droves" as the number of immigrants grows, he said. "Unskilled workers only account for a fraction of the total economic output, but if immigration plays a role in even a part of [the trend], that's something we should be concerned about."

Census data and estimates show the United States had 28 million immigrants -- legal and illegal -- age 16 and older in 2000, an increase of 61 percent from 1990. By 2004, there were 32 million. The majority are Latinos, followed by Asians. The Pew study did not distinguish between legal and illegal immigrants.

The report pointed out that immigrants typically move to booming areas of the country with low unemployment rates.

"It's unclear as to whether immigrant workers help to cause that boom, but they certainly haven't detracted from it," said Randy Capps, a senior research associate at the Urban Institute.

Study Finds No Harm In Immigrant Workers (WT)

By Stephen Dinan

The Washington Times, August 11, 2006

Immigrants have no clear effect on the employment prospects of native-born Americans, said a study that looked at patterns for 15 years.

"There is no consistent relationship between the growth in the foreign-born population and employment outcomes for native-born workers," said Rakesh Kochhar, associate director for research at the Pew Hispanic Center, who wrote the report. "As a result, it is not possible to state with certainty whether the inflow of foreign-born workers has hurt or helped the employment outlook for native-born workers."

But a study by the Center for Immigration Studies, which has yet to be released, argues that immigrants harm younger workers at the lower end of educational achievement.

The reports surface as Congress debates whether to enact a guest-worker program to allow more immigration and to give legal status to some of the estimated 12 million to 20 million illegal aliens in the country.

The Pew study used census figures and looked at both workers with less than a high school degree and workers ages 25 to 44 with a high school degree but no further education. The study covered the years 1990 to 2000 and 2000 to 2004 in an effort to capture the contrasting job markets.

Mr. Kochhar identified eight states where the immigrant population grew most quickly between 1990 and 2000 and where native-born workers had below-average employment rates in 2000 -- meaning the immigrants may have harmed native-born workers' ability to find jobs. But he also found 16 states with above-average immigrant population growth and above-average employment -- meaning the immigrants may have benefited natives.

Between 2000 and 2004, the District of Columbia and 27 states showed a positive correlation between immigration and jobs, while the remaining 23 states had a negative correlation.

The study did not consider immigrants' effects on wages.

Those who favor restrictions say the current wave of immigrants -- which by total numbers is the largest ever -- puts pressure on the job market and holds down wages.

Steven A. Camarota, research director for the Center for Immigration Studies, said the Pew study did not look specifically at the native population most likely to be hurt by competition from immigrants.

"The big declines in work are among natives who have less than a high school degree or only a high school degree and are young, and he's not really looking at that population," Mr. Camarota said.

He said a 35-year-old native is not likely to be competing with a 35-year-old immigrant, but a 20-year-old native is competing with the immigrant.

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The unreleased CIS report found that between 2000 and 2005, 4.1 million immigrants arrived in the work force, accounting for 86 percent of the growth in employment -- the highest recorded share in U.S. history. At the same time, the number of employed native-born men ages 16 to 35 dropped by 1.7 million.

Of the new immigrant workers, between 1.4 million and 2.7 million are illegal aliens, which means they account for up to 56 percent of the net increase in civilian employment during the past five years, the CIS report says.

President Remains Eager To Cut Entitlement Spending (WP)

By Michael Abramowitz

The Washington Post, August 11, 2006

The Bush administration has begun sounding out lawmakers and other key figures about mounting a new bipartisan effort to rein in the costs of Medicare, Medicaid and Social Security after the midterm elections, according to officials in the administration and on Capitol Hill.

No specific plan has been advanced, and administration officials are proceeding gingerly given the political debacle that beset the White House last year when President Bush promoted a plan to create private accounts in the Social Security program . But they have been sending strong signals in recent weeks that they want to try something again after the elections in November.

The new Treasury secretary, former Goldman Sachs chief Henry M. Paulson Jr., has made it clear that a major reason he took the job is to tackle the rising cost of government health and Social Security spending, which he described last week as "the biggest economic issue facing our country."

In his first major policy address since being sworn in July 10, Paulson noted that he has been told by many in Washington that "reform of entitlement programs is just too difficult to achieve" and that politicians will "demagogue" the issue. He said he believes that "when there is a big problem that needs fixing, you should run toward it."

Bush, for his part, appears fixated on the issue, even as he is focused on securing new immigration legislation and preoccupied by several world crises. Despite being forced to shelve his Social Security plan -- which included establishing private investment accounts and reducing guaranteed benefits down the road -- Bush regularly mentions his desire to tackle the issue again.

"We need to cut entitlement spending," the president said in one typical comment last month, as he reviewed the midyear budget numbers. "The easy fix is to say 'Let somebody else deal with it.' This administration is going to continue trying to work with Congress to deal with these issues."

Fulfilling this pledge is a tall order and, even in the view of some of Bush's strongest supporters, beyond the capacity of a politically weakened administration facing the prospect of serious losses in the fall elections. Democrats appear eager to use the issue as a political cudgel for the time being; Paulson's comments triggered a new round of accusations that Bush plans to "privatize" Social Security.

Grover Norquist, a leading GOP strategist, said he can envision no circumstance in which Bush could secure any overhaul of the Social Security program, including creating personal accounts. "The Democrats cannot be bribed, cajoled or threatened into voting for Social Security reform -- it can't happen," he said.

But some administration officials and lawmakers are hopeful that the partisan wars may recede after the November balloting, that the public is eager for practical solutions -- and that there could be a small window to try again before the 2008 presidential campaign reaches full bloom. "It's a limited opportunity, but it's one that [Bush] is interested in," said Sen. Judd Gregg (R-N.H.), chairman of the Budget Committee. "I have spoken to him innumerable times about this, and he's engaged. . . . He wants to move in this area."

Just how to do so is what White House officials are pondering. In his last State of the Union speech, Bush discussed his desire to create a bipartisan entitlements commission to explore the issue. A previous Bush commission was limited by design to proponents of private accounts and was broadly dismissed by most Democrats. The administration floated the idea of another bipartisan panel, with a broader mandate, but found no takers in the opposition party.

Now Paulson and others -- including Office of Management and Budget Director Rob Portman, a former lawmaker with extensive ties on Capitol Hill -- are looking for an alternative approach. White House counselor Dan Bartlett said the president has

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made it clear he wants to "openly engage at the appropriate time Republicans and Democrats on Capitol Hill." Bartlett said, "Those conversations are quietly under way."

"We know that there's not going to be a full-fledged debate 90 days before the election," he said. But he added: "The president believes that maybe as he leaves office, that would diminish the threat [Democrats] feel from dealing with this issue. Hopefully we can find a consensus."

Even before what could emerge as a new plan to rein in entitlements, the administration has been working lately to curb the cost of the government's main health insurance programs. Bush's budget for the fiscal year that starts in October proposed slowing spending on entitlements by $65 billion in the next five years, including a $36 billion reduction in Medicare, which covers health care for older and disabled Americans. Congress rejected the proposals.

In any negotiation, a major issue would be what is being negotiated. Republicans want to focus on the escalating costs of Medicare, Medicaid and Social Security -- and the creation of private investment accounts -- while Democrats want a broader approach, including such topics as the extension of the Bush tax cuts. It's not fair, they argue, to discuss only one element of the country's fiscal crisis, which experts project will get worse as the baby-boom generation moves into retirement. The cost of the three big entitlement programs amounts to 8 percent of gross domestic product and is projected to double in the next 50 years.

Even structuring a negotiation has become ensnared in wrangling. Gregg has proposed a bipartisan entitlements commission with procedures to bring proposals that have two-thirds support to the Senate floor on an expedited basis. Democrats said the commission would be stacked and have described it as a "sneak attack" on Social Security and Medicare, a claim that causes Gregg to bridle.

"You can't do it unless it's bipartisan, and you can't do it unless there is an element of goodwill," Gregg said. "Right now, there is no bipartisanship and no goodwill."

Sen. Kent Conrad (N.D.), the senior Democrat on the Budget Committee, said he recently discussed the issue with Portman and Paulson. He advised them to convene a working group of lawmakers and administration officials to develop a comprehensive plan that could be voted on next year, he said.

"I believe the focus has got to be on the full range of our fiscal imbalances," Conrad said. "It will not lead to success just to focus on entitlements, though they are clearly part of the challenge."

But he voiced skepticism that Bush was genuinely open to a bipartisan approach, saying the administration is continuing to push proposals that would dig the country into deeper debt, such as a cut in the estate tax. Speaking of Paulson, Conrad said, "I think he's a very sincere fellow -- I don't think he's in charge."

Much is clearly riding on the November election results, even though the issue has not figured prominently in the campaigns. John D. Podesta, who tried to work on a Social Security deal with Republicans while serving as President Bill Clinton's chief of staff, said Bush's best hope may well lie in the Republicans losing control of a chamber of Congress.

"If the Democrats are in control, then they have to share power -- there's some responsibility," said Podesta, who heads the liberal think tank Center for American Progress. "If they are sitting there in the minority, there's no trust between the White House and Democrats in Congress. . . . It really requires a shift of power in order to have a different outcome."

Panel Calls For 'urgent Reform' Of Higher Education (USAT)

By Mary Beth Marklein

USA Today, August 11, 2006

WASHINGTON — Warning that U.S. higher education "requires urgent reform," a national panel created by Education Secretary Margaret Spellings is recommending a set of bold proposals, including overhauling the financial aid system and holding colleges and universities more accountable for their students' progress.

"Change is overdue," says a draft report, the substance of which was approved by the 19-member commission Thursday. "Other countries are passing us by at a time when education is more important to our collective prosperity than ever."

Last year, Spellings asked the panel to explore four issues — access, affordability, accountability, and quality and innovation — and to determine whether students are being adequately prepared to compete in a global economy.

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"I formed the commission to spark a national debate," she said in a statement Thursday. "I will review findings, determine appropriate actions and continue this national dialogue."

Spellings is to get a formal report next month. Commission members on Thursday signaled near-unanimous support for a set of proposals that the report says would, if adopted, produce "institutions and programs that are more nimble, more efficient and more effective."

Some panel members expressed hope that the recommendations will lead to legislation. Two national groups are developing a voluntary system of accountability for public universities.

The report has its critics. A group representing private non-profit institutions has raised concern that tracking students could violate student-privacy laws.

Panel member Richard Vedder, an Ohio University economics professor, said many relevant issues, including grade inflation and faculty tenure, should have been addressed but weren't.

Even so, Vedder supported the recommendations. Panel member David Ward, president of the American Council on Education, was a holdout. He said the report's one-size-fits-all approach could be counterproductive, given the diversity of missions in higher education.

"Change in higher education is needed, but we need to get it right and above all do no harm," he said.

Panel's Report Urges Higher Education Shake-Up (NYT)

By Sam Dillon

The New York Times, August 11, 2006

WASHINGTON, Aug. 10 — A federal commission approved a final report on Thursday that urges a broad shake-up of American higher education. It calls for public universities to measure learning with standardized tests, federal monitoring of college quality and sweeping changes in financial aid.

The panel also called on policy makers and leaders in higher education to find new ways to control costs, saying college tuition should grow no faster than median family income, although it opposed price controls.

The report recommended bolstering Pell grants, the basic building block of federal student aid, by making the program cover a larger percentage of public college tuition. That proposal could cost billions of dollars.

Eighteen of the 19 members of the panel, the Commission on the Future of Higher Education, voted to sign the report, which attacked increasing tuition costs and pointed to signs of complacency on some campuses. David Ward, who as president of the largest association of colleges and universities was the most powerful representative of the higher education establishment on the commission, refused to sign.

Calling the report "a shot across the bow," Dr. Ward said that academia would take it seriously, but that he wanted to remain "free to contest" it. Several proposals, including those on testing and financial aid, aroused fierce opposition from university leaders and at points divided the panel.

The chairman, Charles Miller, an investor and a former chairman of the University of Texas Regents, had hoped to turn out a punchy report that would rattle academia with warnings of crisis.

But in the last six weeks, the commission issued six drafts, watering down passages that had drawn criticism and eliminating one this week, written by Mr. Miller, that had encouraged expanding private loans as a share of student financial aid.

A proposal on standardized tests was also weakened at the last moment. Previous drafts said that "states should require" public universities to use standardized test, but the final version said simply that universities "should measure student learning" with standardized tests.

All the panel members who participated in a meeting on Thursday at the Education Department headquarters here expressed unanimity on some points, including that the report correctly identified critical challenges like increasing access to higher education for poor students and holding institutions more accountable for students who drop out or graduate with few skills.

The members seemed at odds on how to carry their recommendations forward. Some, like former Gov. James B. Hunt Jr. of North Carolina, called on President Bush to incorporate them in the Congressional agenda.

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Mr. Miller said the next step should be more "national dialogue" with governors and corporate leaders. He seemed upset by what he characterized as wrangling with representatives of the status quo.

"You can't act on the recommendations today because you encounter one set of defenders and then behind them another set of defenders, and you get into all these battles," he told reporters after the panel voted.

Education Secretary Margaret Spellings established the panel a year ago, drawing members from sectors of higher education like community colleges, for-profit trade schools, liberal arts colleges and large research universities, public and private, as well as from the ranks of executives at I.B.M., Boeing, Microsoft and other businesses.

The commission was created at a time of increasing tuitions. From 1999 to 2004, median family income grew 13 percent and average tuition 38 percent, according to federal data cited in an interview by Richard Vedder, an Ohio University economist on the commission.

Ms. Spellings urged the group to examine access, affordability and accountability, to determine whether colleges were turning out students qualified to compete in the global economy. The answer in too many cases, the panel said, is that they are not.

"Too many Americans just aren't getting the education that they need," the report said. "There are disturbing signs that many students who do earn degrees have not actually mastered the reading, writing and thinking skills we expect of college graduates."

A spokeswoman for Ms. Spellings, Katherine McLane, said, "The commission has made bold recommendations on improving the accessibility and affordability of higher education, to which the secretary intends to give very serious consideration."

One recommendation that won broad support was for changing immigration laws to help foreign scientists who graduate from American universities obtain green cards.

Dr. Ward's organization, the American Council on Education, is the major coordinating body for all higher education institutions, public and private. Leaders of some of the associations that belong to the council, like the American Association of State Colleges and Universities and the American Association of Community Colleges, embraced the report as a helpful statement of priorities.

Other important groups in the council issued withering critiques.

The Association of American Universities, which represents 60 top research universities, noted that the report "deals almost exclusively with undergraduate education."

Robert M. Berdahl, a former chancellor at the University of California, Berkeley, who is president of the universities association, said, "What is needed is something much richer, with a more nuanced understanding of the educational engagement and how it is undertaken." said

Another council member, the National Association of Independent Colleges and Universities, which represents 900 private institutions including liberal arts colleges, major research universities and church- and other faith-related colleges, attacked the recommendation to develop a national database to follow individual students' progress as a way of holding colleges accountable for students' success.

The association called the proposal a dangerous intrusion on privacy, saying, "Our members find this idea chilling."

Several groups said the report spent much ink discussing increases in students' work skills, while slighting the mission of colleges and universities to educate students as citizens.

Quarles Will Leave Top Treasury Finance Post (WSJ)

By Deborah Solomon

The Wall Street Journal, August 11, 2006

WASHINGTON -- Randal Quarles, the Treasury Department's top domestic finance adviser, said he will step down this fall and return to the private sector.

His departure from one of the most senior positions within the department gives new Treasury Secretary Henry Paulson an early opportunity to put his stamp on policy operations.

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Mr. Paulson is expected to name a successor within weeks. The former Goldman Sachs Group Inc. chief executive plans to look both inside Treasury and to Wall Street for a successor, according to people familiar with the matter.

Mr. Quarles, who has been at Treasury since 2001 and served as undersecretary of domestic finance since last year, is the third official to announce his resignation since Mr. Paulson took the reins last month. Mark Warshawsky, Treasury's assistant secretary for economic policy, left to join Watson Wyatt Worldwide, and Christopher Smith, chief of staff to former Secretary John Snow, also stepped down. Additional personnel changes are coming, according to a person familiar with the matter.

Treasury officials said Mr. Quarles had long planned to leave this fall, and stressed that Mr. Paulson didn't ask him to leave.

In his resignation letter to President Bush, Mr. Quarles said he had expected to return to the private sector around November. "As I stressed when asked to extend my work at the Treasury into the second term of your administration...the burdens of this lengthy public service on my family have been great, and I noted then that it would be time for me to return to the private sector around the date of the midterm elections."

Mr. Quarles, who has three young children and previously co-headed the financial-institutions group at law firm Davis Polk & Wardwell, said he plans to resign effective when the 109th Congress adjourns.

While at Treasury, Mr. Quarles oversaw efforts to overhaul government-sponsored enterprises, and had been pushing Congress to limit the size of the portfolios of mortgage titans Fannie Mae and Freddie Mac. He also helped oversee economic reconstruction efforts in Iraq and Afghanistan, helped negotiate financial-services provisions of six free-trade agreements and worked on Chinese currency issues.

In a statement, Mr. Paulson praised Mr. Quarles's efforts at Treasury, saying he has "played a major role in an unusually broad range of matters -- from the Argentine debt default to terrorism risk insurance, and from Chinese currency flexibility to GSE reform. ... I was disappointed to learn when I arrived that Randy had long planned to return to the private sector."

Chief Of Army Corps Of Engineers Is Quitting (NYT)

By John Schwartz

The New York Times, August 11, 2006

The head of the Army Corps of Engineers will resign, the Army announced last night.

Lt. Gen. Carl A. Strock, the chief of engineers and commander of the corps since July 1, 2004, asked Francis J. Harvey, the secretary of the Army, that he be allowed to resign "based on family and personal reasons, which the secretary of the Army honors and supports," according to the Army announcement.

The chief of engineers runs a huge array of engineering and construction projects around the world, including work in the Iraq war and responding to natural disasters, including the recovery after Hurricanes Katrina and Rita, as well as on flood control and environmental projects.

The corps has come under fire for the progress of Iraq reconstruction and for the failures of the New Orleans levee system. In June, the corps report on the disaster called the levee system "a system in name only," and Gen. Strock admitted that the corps had missed a flaw in the design that led to some of the most destructive breaches.

"We're not ducking our accountability and responsibility in this," he said in June

The coordinator of Gulf Coast rebuilding for the Bush administration, Donald Powell, said he had "come to admire" General Strock "not just for his vast engineering knowledge, but also for his character."

Raymond B. Seed, a professor of engineering at the University of California, Berkeley, and a co-author of a harsh report on the New Orleans levee failures, praised General Strock as "the right guy in the right place for everybody except himself" and said the general had worked hard to improve the corps and to confront its problems honestly.

"I feel very sad for the corps and the nation, because a good man has stepped down," Professor Seed said.

A spokeswoman for the corps, Suzanne M. Fournier, announced the resignation at a conference in San Diego.

"He said he always put the Army first for 35 years," Ms. Fournier said of the general, but had made "a personal decision." He expressed "great faith in the leadership of the organization," she said.

Congress Seeks Answers From BP (FT)

By Stephanie Kirchgaessner In Washington

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Financial Times, August 11, 2006

BP is facing a barrage of questions from lawmakers in Washington about the management of its oil pipeline nearly one week after the company shut down production at Prudhoe Bay, the largest oil field in the US.

Joe Barton, a Republican congressman from Texas who is seen as an ally of the oil industry, said he would hold a hearing on September 7 to probe BP's handling of severe corrosion in its oil-transit lines.

Two other lawmakers called for a full investigation into early reports that BP had failed to use internal inspection devices, known as smart pigs, in the eastern area of the oilfield in a timely manner.

"Early reports of the discovery of 16 anomalies at 12 locations in a three-mile area of the Eastern Area are distressing and, if true, inexcusable," senators Pete Domenici and Jeff Bingaman said in a joint letter to vice admiral Thomas Barrett, who heads the Pipeline and Hazardous Materials Safety Administration.

BP is already under investigation by the Department of Justice, Department of Transportation, and the Environmental Protection Agency for its management of the Prudhoe Bay field and the discovery in March of a 5,000-barrel oil spill in Alaska. For BP and for legislators in Washington, the shutdown could not have occurred at a worse time.

Members of Congress are already grappling with voter anger because of high petrol prices. This has sparked ferocious criticism of the oil industry, even from some of the sector's staunchest defenders.

Voters say the high price of petrol is among their main concerns and, with an eye on mid-term elections, Congress and the Bush administration have tried to be attentive to the issue. But those efforts have been frustrated by their inability to bring down prices in the short term.

BP, which has sought to create an image in the US that it is an eco-friendly oil company, may also see its reputation further tarnished if it is forced to endure heavy scrutiny by lawmakers.

BP Gets OK To Operate Portion Of Oil Field (USAT)

By James R. Healey And Brad Heath

USA Today, August 11, 2006

The Department of Transportation said late Thursday that oil giant BP can continue operating, at least temporarily, one of its Prudhoe Bay oil field pipelines while BP repairs corroded pipelines serving the rest of the field.

The DOT order says, however, that BP must test both the western line and, more extensively, the closed eastern line to determine their conditions, and tell DOT how it plans to repair the eastern section. It was corroded so badly that BP began shutting it down Sunday.

The DOT order says the western line "may continue to move oil" while BP prepares it for testing. That line corroded and spilled about 5,500 barrels of oil in March, leading to a federal investigation. The line has been repaired with sleeves around the pipes.

The DOT order means BP can continue pumping 120,000 barrels of Alaskan North Slope crude oil per day through the western line. That should ease the shock to the western USA, fed by the Prudhoe Bay oil field. The field is the biggest in the USA and can produce up to 400,000 barrels a day.

BP says it will decide before next week how much of the western line production it will maintain. "The key is safe production, and if it's safe production, then as much as possible," said spokesman Neil Chapman.

BP's lack of corrosion inspection and maintenance has drawn fire. "Generally, standards of care prior to the March spill were a disappointment and well below the standards we have seen elsewhere in the industry," Thomas Barrett, head of DOT's Pipeline and Hazardous Materials Safety Administration, said.. But, he said, BP is "now being highly compliant."

Agency inspectors are at the site, hoping to determine how bad the damage is on the eastern lines that are closed and how safe the western lines are.

The sudden and striking pipeline problems, in a petroleum infrastructure that has little extra capacity, has stirred up both the U.S. Senate and the House.

In a letter to Barrett on Thursday, the chairman and the ranking member of the Senate Energy and Natural Resources Committee called reports of corrosion damage and poor maintenance "distressing, and, if true, inexcusable." Sen. Pete

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Domenici, R-N.M., and Sen. Jeff Bingaman, D-N.M., said, "This failure should not have happened" and asked Barrett to explain why it did and what can be done to prevent another.

The House Energy and Commerce Committee said Thursday that it will hold a hearing Sept. 7 on the BP matter.

In a June exchange with committee member Rep. John Dingell, D-Mich., DOT said BP acknowledged it had not cleaned the eastern line since 1990 and had to abort that effort because the cleaning device was pushing too much sludge from the BP line into the main Alaska pipeline.

BP's 'Big Problem' (LAT)

The Los Angeles Times, August 11, 2006

NO BIG OIL COMPANY HAS GONE to greater lengths to project an enlightened, innovative image than BP. But after London-based BP began shutting down its Alaskan oilfield Sunday after finding miles of corroded pipelines, the company's initials evoked two words BP's marketers probably don't like: "Big Problem."

There has been plenty of debate recently about the degree of industry culpability for rising gas prices. But here was a case of one company's neglect being directly responsible for the latest spike. The field in question accounts for 8% of U.S. daily oil production.

BP has worked hard to establish itself as a bona fide green company, one that is doing its part to head off global warming by investing in clean, alternative energy. But any accolades for this forward-looking approach are gravely undermined by a trio of recent disasters: a deadly Texas refinery explosion in 2005, one of the largest Alaska pipeline spills ever in March and now the unprecedented closure of the nation's largest oilfield because of astonishingly poor maintenance. BP is inadvertently advancing the cause of alternative energy by providing yet another reminder of the dangers of our excessive reliance on oil.

The Alaska shutdown came just two days after BP executives wrapped up a U.S. tour to apologize for the first two disasters. Although it's big of BP to apologize, it has much to be sorry for. Oil companies typically run an electronic device called a "smart pig" through pipelines every week or two to check for problems; BP, it turns out, had not "pigged the pipelines" that feed oil from the field to the Trans-Alaska Pipeline since 1992, even to make sure its alternative approach to inspection was working. Even after the March spill, it took a federal order to finally run the pig — and discover the corrosion.

BP will probably — and deservedly — face costly consequences for its neglect. But going forward, Congress and federal regulators need to enact tougher regulations for all feeder pipelines. As for BP, restoring its reputation demands a thorough review of worker safety and pipeline maintenance. Expect BP to ramp up its we're-warm-and-fuzzy marketing budget, but it may have to settle for less profit (the company's net income was $7.3 billion this last quarter, up 30%) if it wants to act more responsibly in the future.

The Texas disaster was more devastating on a human level, and the March oil spill was worse environmentally. But even a partial oilfield closure hurts U.S. consumers where they feel it most, at the gas pump. We've already seen what hurricanes can do to oil production in the Gulf of Mexico, and how war and unrest can affect oil production in Iraq and across Africa. Now we realize what shoddy maintenance of aging oil infrastructure can do for domestic supplies.

Yes, to borrow one of BP's slogans, it is time to look "beyond petroleum" — and not just to avert global warming. Achieving energy security will mean relying less on oil, wherever it comes from.

Are We Ready For The Next Oil Shock? (WP)

By Frederick W. Smith And P.X. Kelley

The Washington Post, August 11, 2006

Could a mere 4 percent shortfall in daily oil supply propel the price of a barrel to more than $120 in a matter of days? That's what some oil market experts are saying, and if they're correct, we face the very real possibility of an oil shock wave that could send our economy reeling. Such a rapid rise in fuel costs would have profound effects that could severely threaten the foundation of America's economic prosperity.

The global oil trends now at work -- rising consumption, reduced spare production capacity and high levels of instability in key oil-producing countries -- all increase the likelihood of a supply shock. But unfortunately energy debates in this country often suggest a profound misunderstanding of these international economic dynamics. Calls for "energy independence"

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notwithstanding, oil is a fungible global commodity, which means that events affecting supply or demand anywhere will affect oil consumers everywhere. A country's exposure to world price shocks is thus a function of the amount of oil it consumes and is not significantly affected by the ratio of domestic to imported petroleum.

The magnitude of our dependence on oil puts stress on our military, strengthens our strategic adversaries and undermines our efforts to support democratic allies. Each year the United States expends enormous military resources protecting the chronically vulnerable oil production and distribution network while also preparing to guarantee international access to key oil-producing regions. This allocation of forces and dollars diminishes the military's capability for dealing with the war on terrorism and other defense priorities.

Considering the potentially devastating impact of an oil crisis, the time has come for new voices, especially those of business leaders and retired national security officials, to join the call for meaningful government action to reduce projected U.S. oil consumption. Our respective personal experiences -- running a global transportation and logistics company and spearheading the establishment of an independent U.S. Central Command in the Middle East -- convince us that America's extreme dependence on oil is an unacceptable threat to national security and prosperity.

During the coming months, we will be co-chairing the Energy Security Leadership Council, a new and intensive effort by business executives and retired military officers to advance a national energy strategy for reducing U.S. oil dependence. Although drawn from very different backgrounds, the members of the council are united in the belief that a fundamental shift in energy policy can prevent an unprecedented economic and national security calamity.

As President Bush and members of Congress construct a strategy for energy security, several central principles should guide them:

Â· The most substantial, rapid and cost-effective gains are almost certain to be achieved by making our transportation system more fuel-efficient. To be sure, the search for increased oil, natural gas and alternative energy supplies merits support, as do strategies for controlling industrial demand. But the transportation sector relies on oil for 97 percent of its energy needs and accounts for 68 percent of total U.S. oil consumption. With the right incentives, America's engineers and businesses could soon provide better vehicle technologies, a more efficient movement of goods and many other smart solutions. Substantially reducing demand in the transportation sector would help ensure availability of affordable supplies for critical industrial, commercial and consumer needs.

Â· Pure market economics will never solve this problem. Markets do not account for the hidden and indirect costs of oil dependence. Businesses focused on the highest return on investment are not always in a position to implement new solutions, many of which depend on technologies and fuels that cannot currently compete with the marginal cost of producing a barrel of oil. Most important of all, the marketplace alone will not act preemptively to mitigate the enormous damage that would be inflicted by a sudden, serious and sustained price increase.

Â· Government leadership is absolutely necessary. Many of the most promising solutions on both the demand and supply sides will require decades to mature. Government proposals should align the interests of businesses and individuals with society's goals; for example, tax credits and similar incentives must allow businesses to recover investments and engage in essential long-range planning, and they must account for the high implicit discount rates that consumers apply to future savings. While recent legislation has pointed us in the right direction, bolder action must be taken.

Whatever the eventual shape of a credible energy security plan, significant public and private resources will be required to put policy into practice. The government needs to do more than just provide funds, though; it must sustain a strategic energy policy even if oil prices drop in the medium term. This is only fitting given the size and nature of the threat. Indeed, if it means condemning the country to another decade of energy dependence, the possible return of $50 oil should be no less frightening than the prospect of an oil shock wave.

Frederick W. Smith is chairman, president and chief executive of FedEx Corp. P. X. Kelley, a retired general, was commandant of the Marine Corps and a member of the Joint Chiefs of Staff under President Ronald Reagan. They are co-chairmen of the Energy Security Leadership Council, a project of Securing America's Future Energy.

The New Camp Casey: Protest Without The A-List (WP)

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By Michael A. Fletcher

The Washington Post, August 11, 2006

CRAWFORD, Tex., Aug. 10 -- James Fain stood guard Thursday under the broiling sun at Camp Casey, the five-acre tract that antiwar activist Cindy Sheehan recently bought on the edge of town as a base for her protests.

Mostly, it was a lonely job. Fain, 21, a student at the University of Texas at Austin, came out from under his tent whenever a car turned in from the two-lane highway that runs past the encampment -- which was not often.

"The protests were originally supposed to start next week," Fain explained. "But the president's vacation is shorter this year. The protesters, these aren't people who have no jobs." So not everyone could make it, he said.

Not that they would see much here at Camp Casey: just a newly laid gravel road, some tents, an American flag, a few volunteers and row after row of small, white crosses representing the U.S. troops who have died in Iraq.

Last weekend, Sheehan, 49, led a small group of protesters here on a march along the narrow, winding road leading to President Bush's 1,600-acre ranch, about seven miles from Camp Casey. And Tuesday, she joined a small group of protesters just outside the Secret Service checkpoint.

But, so far, the demonstrations have been modest, and the news coverage and the reaction have been muted -- which is far different from the reaction Sheehan engendered last year during her 26-day peace vigil here. Then, she promised to follow Bush until he agreed to meet with her (they had met once, not long after her soldier son, Casey, was killed in Baghdad in 2004) -- a stance that seemed to galvanize the antiwar movement and catapult the former Catholic youth minister to international fame.

The story of a grieving mother who stood up to the president drew thousands of protesters, including a smattering of celebrities, to central Texas. Since then, she has followed Bush to Washington, where she has protested outside the White House and the Iraqi Embassy, and has become a figure whose name is known by leaders such as Venezuelan President Hugo ChÃ¡vez. She has written or inspired no fewer than five books, and a play about her exploits has opened in London.

Despite the stir created by Sheehan's protests last year and the unabated casualties in Iraq, there have been no celebrity sightings so far this year -- unless one was to count Sheehan herself.

Sheehan's demanding schedule had her in Seattle on Thursday, where she was scheduled to address the Veterans for Peace Convention on Thursday night. A week earlier, she was in Amman, Jordan. "She met with five members of the Iraqi Parliament," said Dede Miller, Sheehan's sister, who often travels with her.

Before that, there was the speaking tour across Italy. Miller said Sheehan is expected to be back in Crawford by this weekend, when she will lead more protests against Bush.

Sheehan's growing celebrity has caused her critics to charge that she is profiting from the tragedy of her son's death, making her more professional protester than grieving mother.

For the past week and a half, James Vergauwen, 60, a Vietnam War veteran, has manned a one-man counter-protest to Sheehan from a seat under a tent at the intersection that commands Crawford's only traffic signal. He spends much of the day listening to Fox's Sean Hannity and Bill O'Reilly and other radio talk show hosts, and he has several placards surrounding his site, including one that reads: "Cindy, making money on the back of a hero."

"That's my opinion," Vergauwen said, when asked about the sign. "If her son hadn't have been a hero and gotten killed, we would never know about Cindy Sheehan."

Some local residents also snicker that the reported $52,000 Sheehan put out for Camp Casey was too much to pay for the parcel, which they say has a tendency to flood during heavy rains.

But if Sheehan has been changed by the events of last year, so too has Bush. His planned 10-day vacation here is much shorter than the four weeks he spent here in 2005. Meanwhile, opposition to the Iraq war has become mainstream: Nearly six in 10 respondents to a recent Washington Post-ABC News poll said the war was not worth fighting.

"It is clear that a majority of the population is now against the war," said Fain, who joined Sheehan's vigil last year and returned this year to "give President Bush a little taste of American sentiment."

Others are similarly committed. Jesse Dyen, 36, said he was inspired by Sheehan to protest the war by eschewing solid food for nearly a month, which he survived by drinking vitamin-fortified water. The event organizer and musician says he has "pretty much built my life around protesting the war" over the past year.

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He wore a strip of purple duct tape on his T-shirt, marked with the number 2,591 -- for the number of American troops who have died in the war.

Asked whether he thought antiwar feelings were growing, he said, "They have to be, because more people are waking up to it every day."

Lieberman, On The Offensive, Links Terror Threat And Iraq (NYT)

By Patrick Healy And Jennifer Medina

The New York Times, August 11, 2006

Senator Joseph I. Lieberman of Connecticut seized on the reports of a terror plot yesterday to attack Ned Lamont, his Democratic opponent for re-election, saying that Mr. Lamont's goal of withdrawing American troops from Iraq by a fixed date would constitute a "victory" for extremists.

"If we just pick up like Ned Lamont wants us to do, get out by a date certain, it will be taken as a tremendous victory by the same people who wanted to blow up these planes in this plot hatched in England," Mr. Lieberman said at a campaign event in Waterbury, Conn. "It will strengthen them, and they will strike again."

Mr. Lamont, who rode an antiwar message to defeat Mr. Lieberman in the Connecticut Democratic primary on Tuesday, has called for removing frontline American troops from Iraq as early as next July. Mr. Lieberman, a Democrat who is now running as an independent, opposes setting a deadline.

Mr. Lamont denounced Mr. Lieberman's remarks, and some other Democrats and political analysts questioned the senator's use of a national security hazard to buttress a political attack, especially against another Democrat.

Yet Mr. Lieberman has accused Mr. Lamont of distorting the senator's record on Iraq, and the Connecticut race has turned into an increasingly bitter fight between two Democrats over issues of war and national security.

In a telephone interview yesterday from his vacation home in Maine, Mr. Lamont said he was disappointed by Mr. Lieberman's tone, and he questioned whether the war in Iraq had any bearing on terrorists' designs on Western nations. Mr. Lamont also hit back by again connecting Mr. Lieberman to President Bush, whose war plans he has endorsed at times.

"Wow," Mr. Lamont said, after twice asking a reporter to read Mr. Lieberman's remark about him. "That comment sounds an awful lot like Vice President Cheney's comment on Wednesday. Both of them believe our invasion of Iraq has a lot to do with 9/11. That's a false premise."

Mr. Cheney, in an interview with reporters on Wednesday, said that Al Qaeda and other terrorist groups were counting on Americans to adopt a weaker military posture, and that Mr. Lamont's victory indicated that "the dominant view of the Democratic Party" favored that weaker approach.

Mr. Cheney also lamented Mr. Lieberman's primary defeat; the two men have been on good terms in the past.

Mr. Lieberman also said yesterday — several hours after Mr. Cheney linked Al Qaeda and the Lamont victory — that another administration official, Homeland Security Secretary Michael Chertoff, had called him to tell him about the foiled terror plot. Mr. Lieberman is the ranking Democrat on the Homeland Security and Governmental Affairs Committee.

Having lost his party's support for a fourth term by 3.6 percentage points, Mr. Lieberman is now seeking support from independents and Republicans — who make up a majority of the state's electorate — to join core Lieberman Democrats and carry him to victory in the general election.

Part of his strategy is to appear seasoned and bipartisan compared with Mr. Lamont, a former Greenwich selectman and a self-described liberal.

"I'm worried that too many people, both in politics and out, don't appreciate the seriousness of the threat to American security and the evil of the enemy that faces us," Mr. Lieberman said at the Waterbury event. He called that threat "more evil, or as evil, as Nazism and probably more dangerous than the Soviet Communists we fought during the long cold war."

Some political analysts and Democratic strategists expressed surprise at what they viewed as Mr. Lieberman's attempt to leverage a terrorist threat for political gain, even while the threat is still under investigation.

"Senator Lieberman is sounding more and more like President Bush every day," said Steve McMahon, a Democratic consultant. "He's trying to demonstrate strength, but the risk is that he comes across as desperate."

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Gary L. Rose, a professor of politics at Sacred Heart University in Fairfield, Conn., said he, too, was surprised that Mr. Lieberman would link anti-Western terrorists and Iraq, noting that many Democratic leaders separate those issues.

"Connecting the war on terror and the war in Iraq has been a Republican view mostly, and I think a lot of Connecticut voters don't see a true link there," Mr. Rose said.

Mr. Lamont hesitated when he was asked if Mr. Lieberman's criticisms were beyond the bounds of acceptable political combat.

"To try to score political points on every international issue ——" Mr. Lamont said, before stopping himself. Then he added, "Why do I have to say anything?"

Dan Gerstein, Mr. Lieberman's new communications director, said that the senator had spoken with care about the terrorist plot and that it was Mr. Lamont who had politicized national security by portraying Mr. Lieberman as a soul mate of President Bush on Iraq.

"It would be irresponsible not to talk about the most pressing issue of the moment," Mr. Gerstein said. "For Ned Lamont, of all people, to make accusations about politicization is ironic, since this is the guy who has spent the last half year distorting Joe Lieberman's record on Iraq."

Mr. Lieberman said yesterday that he was trying to stay above the fray of partisan politics and sidestepped a reporter's question about Vice President Cheney's remarks about Democrats. The senator said he was focused on Connecticut, not on the rest of the country.

"How the heck can we be in a battle in which we are fighting as Democrats and Republicans against each other, when these terrorists certainly don't distinguish based on our party affiliation?" Mr. Lieberman said. "They want to kill any and all of us."

Mr. Lieberman's maneuvering outside the two political parties comes as many leading Democrats have embraced Mr. Lamont and as some of them, including Howard Dean, chairman of the Democratic National Committee, have called on the senator to quit the race.

The president of the Connecticut A.F.L.-C.I.O., which had endorsed Mr. Lieberman through the primary, also disclosed yesterday that it may sit out the fall election.

The senator has drawn more praise from Republicans including Mr. Cheney and Karl Rove, President Bush's senior adviser, who said yesterday that he called Mr. Lieberman on Tuesday to wish him well in the primary. The two men are friends, Mr. Rove said.

Another Republican, Mark Kennedy, the party's nominee in a Senate race in Minnesota this fall, said yesterday that he was endorsing Mr. Lieberman for re-election.

Republicans have a candidate in the Connecticut race this fall, Alan Schlesinger, but he has struggled to raise money or attract interest amid the Lieberman-Lamont contest.

The View From The Chow Hall (WSJ)

By Wade Zirkle And Josh Clark

The Wall Street Journal, August 11, 2006

Joseph Lieberman's primary loss might be a satisfying victory for the partisan extremes, but it is a sharp blow to bipartisan efforts to prevail in a global war that may span generations.

The political gamesmanship is heard by the troops on the front lines. Many in the media tend to portray our warriors as mindless pawns who are unaffected by debates on the home front. This misperception is largely a result of troops unwilling to openly talk politics with the press. But as American servicemen who together served three tours in Iraq, we can attest to the discouragement those in battle endure in the face of a domestic politics that has a seemingly singular focus on controversy and negativism.

Our troops are witness to the 24-hour news cycles, as American television is beamed into the "chow halls." Military base Internet portals also provide access to sound-bites from Washington in real time -- a phenomenon that did not exist in earlier wars. Our troops are watching and they need tempered, constructive leadership on how we will proceed. Ultimately, the wartime politics of partisan destruction is corrosive to troop morale.

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Sen. Lieberman made it clear that a nation cannot effectively fight a war by looking in the rearview mirror. Too often it appears we are fighting a war among ourselves instead of against the enemy.

This is all the more reason why Joe Lieberman is needed now as an independent voice to represent America's troops and their interests abroad in the war on terror. This is not to suggest that our troops do not welcome healthy debate about the direction of the war, or serious accountability of our leaders. But supporting our troops, understanding the stakes of the mission, and still constructively questioning military and civilian leadership is a difficult balance to strike -- and one on which Joe Lieberman has repeatedly risen to the occasion. This should be the model. Our national security agenda must never be borne out of divisive domestic campaigns that champion partisan vindictiveness. Semper Fi.

Mr. Zirkle, a Marine who served two deployments to Iraq, is executive director of VetsForFreedom.org1. Mr. Clark was a specialist in the Connecticut National Guard who served in Baghdad. Both authors were wounded in action.

Democrats Knifed Lieberman On Eve Of Airliner Plot (WSJ)

By Daniel Henninger

The Wall Street Journal, August 11, 2006

That was unfortunate timing this week for the Lamont Democrats, declaring themselves officially the antiwar party within 24 hours of the Brits foiling an Islamic terror plot to spread thousands of U.S.-bound bodies across the North Atlantic, or perhaps across New York, Boston and Washington as the planes descended. Yes, we know; they support the war on terror but are merely against George Bush's war in Iraq. How does that work?

Last week before the Lamont victory, 12 members of the congressional Democratic leadership sent President Bush a letter urging that he start a phased pullout from Iraq, euphemized as a "redeployment," starting before the end of this year. But it is becoming increasingly fantastic to argue that in Iraq, with its apparently limitless supply of suicide bombers, hasn't much to do with the terror threats manifest elsewhere.

Put it this way: From the perspective as of yesterday of getting on a U.S. airliner, who would you rather have in the Senate formulating policy toward this threat -- Ned Lamont or Joe Lieberman?

Well, the Democratic Party would rather have Ned Lamont. That commitment was sealed Wednesday when Mr. Lieberman's longtime colleagues in the Senate, in one of the least edifying spectacles in recent political history, pledged their troth to the one-issue neophyte, Ned Lamont. Sens. Kennedy, Kerry, Clinton, Biden, Reid and, most embarrassing of all, Chris Dodd of Connecticut, participated in what can only be seen as a tragic Shakespearean assassination of a former colleague.

With the knifing of Joe Lieberman, the Democrats have locked in as the antiwar party. No turning back now. You're in or you're out. And this will be enforced. Susan Estrich, formerly of Dukakis for President, told the Fox News Channel this week that Hillary Clinton "has got to get herself in a position where she's for withdrawal of troops in Iraq before the next Democratic primary."

Running as the antiwar party amid a world obviously vulnerable to pitiless terror will require political suppleness. But the younger generation of Democratic activists -- widely praised for their irreverence and antic energy -- may not fit the sober public mood now.

This isn't the moment for a politics based on comics turning the president and vice president into joke material. The national mood may not be right now for extended blogospheric daisy chains of smack-the-enemy or cool wordplays with people's names. This isn't a game anymore. Not after yesterday's news.

What the Democratic Party needs more than anything for the way forward is adult supervision. Who's going to provide that? Bill Clinton? Joe Biden? Howard Dean? Not likely.

But let's not overstate the blogs' role in this. They get both credit and blame for driving the Democrats to an antiwar platform. But there was never any real resistance from the party elders. The people atop the party provided the energy and intellectual content to the last famous antiwar movement, against Vietnam.

Events like the massive protests in Washington and elsewhere between 1969 and 1971 were in part about events in Vietnam, but there was also a huge amount of narcissistic self-indulgence in the movement. People joined in the expectation of being around an "event" -- part rock concert, part street theater, the rush of being part of a morally unblemished belief system.

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Sort of like the Web. This politics produced two major candidacies -- Eugene McCarthy's challenge to Lyndon Johnson in 1968 and George McGovern's to Richard Nixon in 1972. Both got blown out.

This current group is a little older and more sophisticated than that antiwar generation, and the Web is a money machine. But the genetic code is still the same. It's driven both by purity of purpose and antipathy of the "other." The relentless, almost sophomoric emotionalism over George Bush is understandable enough, but the need to demonize Joe Lieberman was interesting. Wednesday Rep. Rahm Emanuel, head of the House Democratic campaign committee, said: "This shows what blind loyalty to George Bush and being his love child means." Pretty clever. But the mindset that outputs humor like that is likely to produce a politics that rubs swing voters the wrong way in, say, Ohio. * * *

Yesterday brought an Islamic plot to blow up people on airliners. The news cycle before that brought Hezbollah's Katyusha rockets into Israel and a war in Lebanon. Before that, Iranian president Mahmoud Ahmadinejad said Iran would give the West its reply to demands to halt nuclear bomb-making on Aug. 22, the anniversary of Muhammad's flight to heaven on a winged horse. Before that, in July, North Korea fired ballistic missiles toward the Sea of Japan (a little-noticed assessment by U.S. and Japanese technicians concluded this week that six of the seven missiles fell within their targets).

And in the past year, Democratic leaders have criticized not just in Iraq but warrantless wiretaps of suspected terrorists, interrogation techniques at Guantanamo, the Swift financial monitoring program, and data-mining phone records. The pull-out-from-Iraq letter was just the culmination.

This is the context in which the post-Lamont Democratic establishment plans to run as an antiwar party. Commencing a phased withdrawal from Iraq, as they suggest, with the mission unfinished, in my view will cause suicide-bomber recruitment to skyrocket in a delirium of victory over the American infidels. And those bombers won't remain inside the imaginary security line around Iraq but will travel to the capitals of Europe, to Israel and to the U.S.

In a better world, the U.S. war on terror, at its core, would be bipartisan. That world was what Joe Lieberman's politics represented. That world is dead. Democratic support for the Republican administration's plans to fight these terrorists is down to about zero. This means the Democrats must have a plan of their own to defeat terror. Every Republican running for office at every level this fall should force his opponent to describe it. And if they aren't certain about the details, they can call Ned Lamont.

Short-Term Gain, Long-Term Pain (WP)

By Charles Krauthammer

The Washington Post, August 11, 2006

With the defeat of Joe Lieberman in the Democratic primary in Connecticut, antiwar forces are poised for a takeover of the Democratic Party. Tuesday's exhilarating victory, and the elan and electoral legitimacy gained, may carry the newly energized Democratic left to considerable success in November.

But for the Democratic Party it will be an expensive and short-lived indulgence. The Iraq war will end, as will the Bush presidency. But the larger conflict that defines our times -- war on Islamic radicalism, more politely known as the war on terrorism -- will continue, as the just-foiled London airliner plot unmistakably reminds us. And the reflexive antiwar sentiments underlying Ned Lamont's victory in Connecticut will prove disastrous for the Democrats in the long run -- the long run beginning as early as November '08.

Consider an analogy that the antiwar types hold dear: Iraq as Vietnam. I reject the premise, but let's assume it for the purpose of following the political consequences of antiwar movements.

The anti-Vietnam War movement had its political successes. They were, as in Connecticut Tuesday, mostly internecine. One Democratic presidency was destroyed (Lyndon Johnson), as was the candidacy of his would-be successor, Hubert Humphrey.

Like Iraq, Vietnam was but one theater in a larger global struggle -- the struggle against the Soviet Union and its communist clients around the world -- and by the early 1970s, the newly reshaped McGovernite party had to face the larger post-Vietnam challenges of the Cold War. The result? Political disaster.

The anti-Vietnam sentiment left a residual pacifism, an aversion to intervention and an instinct for accommodation that proved very costly to the Democrats for years to come. The most notorious example was the liberal flight to the "nuclear freeze" --

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the most mindless strategic idea of our lifetime -- in opposition to Ronald Reagan's facing down the Soviet deployment of missiles in Eastern Europe.

Apart from the Carter success of 1976 -- an idiosyncratic post-Watergate accident -- the "blame America first" Democrats were not even competitive on foreign policy for the rest of the Cold War. It was not until the very disappearance of the Soviet Union that the American citizenry would once again trust a Democrat with the White House.

It took the Democrats years to dig themselves out of that hole, helped largely by such pro-defense, pro-Gulf War senators as Al Gore and Joe Lieberman. It is all now being undone by Iraq. The party's latent antiwar fervor has resurfaced with a vengeance -- in Connecticut, quite literally so.

In the short run, as in the Vietnam days, there will be "success": a purging of hawkish Democrats like Joe Lieberman. There might even be larger victories. Enough Ned Lamonts might be elected in enough states to give one or both houses of Congress to the Democrats. But even that short-term gain is uncertain. Lamont may not even win his own state. He narrowly beat Lieberman in a voter universe confined to Democrats. In November independents and Republicans will join the selection process.

But even assuming some short-term victories, where will the Democrats be when the war is over and President Bush is gone?

Lamont said in his victory speech that the time had come to "fix George Bush's failed foreign policy." Yet, as Martin Peretz pointed out in the Wall Street Journal, on Iran, the looming long-term Islamist threat, Lamont's views are risible. Lamont's alternative to the Bush Iran policy is to "bring in allies" and "use carrots as well as sticks."

Where has this man been? Negotiators with Iran have had carrots coming out of their ears in three years of fruitless negotiations. Allies? We let the British, French and Germans negotiate with Iran for those three years, only to have Iran brazenly begin accelerated uranium enrichment that continues to this day.

Lamont seems to think that we should just sit down with the Iranians and show them why going nuclear is not a good idea. This recalls Sen. William Borah's immortal reaction in September 1939 upon hearing that Hitler had invaded Poland to start World War II: "Lord, if I could only have talked with Hitler, all this might have been avoided."

This naivete in the service of endless accommodationism recalls also the flaccid foreign policy of the post-Vietnam Democratic left. It lost the day -- it lost the country -- to Ronald Reagan and a muscular foreign policy that in the end won the Cold War.

Vietnam cost the Democrats 40 years in the foreign policy wilderness. Anti-Iraq sentiment gave the antiwar Democrats a good night on Tuesday, and may yet give them a good year or two. But beyond that, it will be desolation.

letters@charleskrauthammer.com

Why Nation Won't Go As Connecticut Went (USAT)

USA Today, August 11, 2006

In elections in the olden days, the slogan "As Maine goes, so goes the nation" was usually true. This week's defeat of Democratic Sen. Joseph Lieberman has some pundits saying that in 2006, "As Connecticut goes, so goes the nation." I doubt it.

Lieberman's loss in the Democratic Party primary clearly was an anti-Iraq war and anti-President Bush protest. The most damaging campaign ads showed Bush kissing Lieberman on the cheek. That was a "kiss of death."

All national polls show strong anti-war and anti-Bush sentiment. But in my travels I continue to be surprised that the "Don't cut and run" and "Stay the course" slogans being peddled by Bush and company still play well. That's especially true in the heartland, which produced most of Bush's 31 "red" states in 2004.

To survive, some incumbent Republican congressmen and women in the Northeast and West will distance themselves as much as possible from Bush and Iraq. Fortunately, not many of them have been photographed being kissed by Bush, as Lieberman was.

My hunch is Republicans may lose a couple of Senate seats this fall. They might lose a dozen or so seats in the House. Comparing current congressional makeup with these post-election projections:

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• Senate: Now, 55 Republicans, 44 Democrats, one independent. Then, 53 Republicans, 45 Democrats, two independents. (That includes Lieberman. I think he'll win as an independent in Connecticut and then vote with the Democrats.)

• House: Now, 231 Republicans, 201 Democrats, one independent (two vacancies). Then, 220 Republicans, 214 Democrats, one independent.

That post-election majority for Republicans in both houses means two more years of the best and worst of Bush, like it or not.

Who's Guilty Of 'Petty Partisanship'? (WP)

By E. J. Dionne Jr.

The Washington Post, August 11, 2006

Oh my goodness, as Don Rumsfeld might say. Support for the Iraq war hits a record low, and all the president's hit men decide that it's time to smear their opponents as defeatists who give aid and comfort to the enemy.

Of course they didn't mention the poll on Iraq released by CNN on Wednesday. As a basis for their guilt-by-association campaign, they used the fact that Democratic voters in Tuesday's Connecticut primary favored antiwar businessman Ned Lamont over Sen. Joe Lieberman.

The gentlemen who have gotten us into a mess in Iraq prefer not to explain how they'll fix things. They would rather use national security for partisan purposes, and they were all out there on Wednesday, spewing incendiary talking points. Hey, they may not have sent enough troops to win a war, but they sure know how to win midterm elections.

In a telephone call with journalists, Vice President Cheney came close to suggesting that there is a new political blog out there called "al-Qaeda for Ned." His words have not received nearly the attention they deserve.

Mourning the fact that Democrats would "purge a man like Joe Lieberman" -- that word "purge" has a nice Stalinist ring, doesn't it? -- our vice president went on to say this:

"The thing that's partly disturbing about it is the fact that, [from] the standpoint of our adversaries, if you will, in this conflict, and the al-Qaeda types, they clearly are betting on the proposition that ultimately they can break the will of the American people in terms of our ability to stay in the fight and complete the task."

The rejection of Lieberman made Cheney wonder if "the dominant view of the Democratic Party" is "the basic, fundamental notion that somehow we can retreat behind our oceans and not be actively engaged in this conflict and be safe here at home."

Wow! I bet the 145,000 free citizens of Connecticut who voted for Lamont will be shocked to learn that they were really sending signals of "retreat" to "al-Qaeda types."

Then there was Ken Mehlman, the chairman of the Republican National Committee, handpicked by President Bush and Karl Rove.

Speaking in Cleveland, Mehlman couldn't resist starting with a little old-fashioned redbaiting. He explained Ronald Reagan's defection from the Democratic Party this way: "He saw the beginning of the end, as a party that had vowed to fight communism became a party that set itself against those who fought communism." Ah, yes, the party of Jimmy Carter and Walter Mondale was nothing but a bunch of anti-anti-communists.

From there it was an easy leap to saying a Democratic Party -- cleverly renamed the "Defeat-ocrat Party" by the RNC chairman -- "that once stood for strength now stands for retreat and defeat." Translation: Anyone who dares question our botched approach is in favor of surrender.

Finally, from Tony Snow, the White House official who speaks for the president, came this analysis of the Connecticut result: "It's a defining moment for the Democratic Party, whose national leaders now have made it clear that if you disagree with the extreme left in their party they're going to come after you."

This statement is rooted in a lie -- or, to be polite, fiction. As Adam Nagourney noted in the New York Times yesterday: "In fact, the vast majority of Democratic Party leaders supported Mr. Lieberman in the primary and did not endorse Mr. Lamont until after the results were in." On Time.com, Perry Bacon Jr. noted that Lieberman had the support of "almost the entire Democratic establishment."

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And if being against the Iraq war makes you "extreme left," then the administration has succeeded in pushing 60 percent of Americans into that camp. That's the proportion opposed to the war in the new CNN poll.

When he announced he was running as an independent, Lieberman issued a ringing condemnation of "petty partisanship and angry vitriol." He denounced those who offered "insults instead of ideas" and said the purpose of politics is "to lift up, not to tear down." True, and there could hardly be any more offensive examples of petty partisanship than the vitriolic screeds issued by Cheney, Mehlman and Snow -- coming, as they did, just a day before we learned of a new terrorist plot against us.

We'll never achieve authentic bipartisanship until a crowd that has clung to power by dividing us into bitter camps gets the rebuke it deserves. In the meantime, Lieberman might usefully send a copy of his speech to his friends in the White House. They divide us at our peril.

Nonsense And Sensibility (NYT)

By Paul Krugman

The New York Times, August 11, 2006

After Ned Lamont's victory in Connecticut, I saw a number of commentaries describing Joe Lieberman not just as a "centrist" — a word that has come to mean "someone who makes excuses for the Bush administration" — but as "sensible." But on what planet would Mr. Lieberman be considered sensible?

Take a look at Thomas Ricks's "Fiasco," the best account yet of how the U.S. occupation of Iraq was mismanaged. The prime villain in that book is Donald Rumsfeld, whose delusional thinking and penchant for power games undermined whatever chances for success the United States might have had. Then read Mr. Lieberman's May 2004 op-ed article in The Wall Street Journal, "Let Us Have Faith," in which he urged Mr. Rumsfeld not to resign over the Abu Ghraib scandal, because his removal "would delight foreign and domestic opponents of America's presence in Iraq."

And that's just one example of Mr. Lieberman's bad judgment. He has been wrong at every step of the march into the Iraq quagmire — all the while accusing anyone who disagreed with him of endangering national security. Again, on what planet would Mr. Lieberman be considered "sensible"? But I know the answer: on Planet Beltway.

Many of those lamenting Mr. Lieberman's defeat claim that they fear a takeover of our political parties by extremists. But if political polarization were really their main concern, they'd be as exercised about the primary challenge from the right facing Lincoln Chafee as they are about Mr. Lieberman's woes. In fact, however, the sound of national commentary on the Rhode Island race is that of crickets chirping.

So what's really behind claims that Mr. Lieberman is sensible — and that those who voted against him aren't? It's the fact that many Washington insiders suffer from the same character flaw that caused Mr. Lieberman to lose Tuesday's primary: an inability to admit mistakes.

Imagine yourself as a politician or pundit who was gung-ho about invading Iraq, and who ridiculed those who warned that the case for war was weak and that the invasion's aftermath could easily turn ugly. Worse yet, imagine yourself as someone who remained in denial long after it all went wrong, disparaging critics as defeatists. Now denial is no longer an option; the neocon fantasy has turned into a nightmare of fire and blood. What do you do?

You could admit your error and move on — and some have. But all too many Iraq hawks have chosen, instead, to cover their tracks by trashing the war's critics.

They say: Pay no attention to the fact that I was wrong and the critics have been completely vindicated by events — I'm "sensible," while those people are crazy extremists. And besides, criticizing any aspect of the war encourages the terrorists.

That's what Joe Lieberman said, and it's what his defenders are saying now.

Now, it takes a really vivid imagination to see Mr. Lieberman's rejection as the work of extremists. I know that some commentators believe that anyone who thinks the Iraq war was a mistake is a flag-burning hippie who hates America. But if that's true, about 60 percent of Americans hate America. The reality is that Ned Lamont and those who voted for him are, as The New York Times editorial page put it, "irate moderates," whose views are in accord with those of most Americans and the vast majority of Democrats.

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But in his non-concession speech, Mr. Lieberman described Mr. Lamont as representative of a political tendency in which "every disagreement is considered disloyal" — a statement of remarkable chutzpah from someone who famously warned Democrats that "we undermine the president's credibility at our nation's peril."

The question now is how deep into the gutter Mr. Lieberman's ego will drag him.

There's an overwhelming consensus among national security experts that the war in Iraq has undermined, not strengthened, the fight against terrorism. Yet yesterday Mr. Lieberman, sounding just like Dick Cheney — and acting as a propaganda tool for Republicans trying to Swift-boat the party of which he still claims to be a member — suggested that the changes in Iraq policy that Mr. Lamont wants would be "taken as a tremendous victory by the same people who wanted to blow up these planes in this plot hatched in England."

In other words, not only isn't Mr. Lieberman sensible, he may be beyond redemption.

'Time Is Running Out' For House Republicans, Analyst Says (MCT)

By Steven Thomma

McClatchy Newspapers, August 11, 2006

WASHINGTON - Just as voters are about to tune in to this fall's battle for control of the House of Representatives, many Republican incumbents are running away from President Bush out of fear that they'll be caught in an anti-Bush tidal wave that could sweep them from power.

In battleground districts from Florida to Minnesota, incumbent Republicans are all but bragging about their disagreements with the president on issues such as Iraq, immigration and Social Security.

Republican leaders hope that their members know their districts well enough to ride out a national wave of sentiment against Bush and the war in Iraq. The White House recognizes that fellow Republicans may have to dis the president to win.

But at least one widely respected analyst thinks it may not be enough.

"Time is running out for Republicans," said Charles Cook, the editor of the Cook Political Report, a respected independent research report. "Unless something dramatic happens before Election Day, Democrats will take control of the House."

All 435 House elections will be decided locally, often hinging on local issues and personalities. This week's primary defeat of Rep. Cynthia McKinney D-Ga., for example, turned entirely on her erratic personal behavior.

Yet the way voters think about the president and his agenda also is a factor, especially in many of the 30 or so most closely contested races. Republicans would have to lose a net of 15 seats to lose control, and all 15 of the most endangered House seats are now held by Republicans. No incumbent House Democrat appears at this point to be in danger of losing to a Republican.

Underlining the threat to Republicans: Bush's low standing and Democrats' intense desire to punish him and his party.

Five national polls in July show that an average of only 38 percent of Americans approve of how Bush is doing his job. That rivals President Clinton's standing in 1994, just before voters threw his Democratic Party out of power in the House and Senate.

"Bush's numbers are consistent with a tidal wave," Cook said.

And Democrats are determined to vote, as reflected by the record turnout in Tuesday's Democratic Senate primary in Connecticut, which toppled Sen. Joseph Lieberman, a Bush ally on the war.

Republicans feel the threat, and are reacting with an a la carte approach to the president and his agenda, picking and choosing when to agree and disagree.

In Pennsylvania's 6th District, outside Philadelphia, for example, Rep. Jim Gerlach stresses his distance from Bush as much as his closeness, hoping that will make the difference in a tight rematch against Democratic challenger Lois Murphy.

"When I believe President Bush is right, I'm behind him. When I think he's wrong, I let him know that, too," Gerlach says in one TV ad.

Gerlach notes where he's parted ways with the White House: he's for expanding federal funding for embryonic stem-cell research, against oil drilling in the Arctic National Wildlife Refuge and critical of privatizing Social Security.

"I'm simply not a rubber stamp for the administration and the Republican leadership," he said.

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Even the White House seems to understand Gerlach's need for political space. At a Philadelphia fundraiser May 24, Bush called Gerlach "an independent voice, which is good. It's good for the people of this congressional district."

Rogers Smith, a University of Pennsylvania political science professor and a resident of Gerlach's district, isn't sure that Gerlach's distancing from Bush is working, however.

"It's an effective strategy and a good strategy that he's taking," Smith said. "However, voters are aware that this is a message that he's been delivering recently, which undercuts the message a little. ... Gerlach labors under the unpopularity of the Bush administration."

In Florida's 22nd District, along the Atlantic coast near Fort Lauderdale, Rep. Clay Shaw casts himself as an independent voice and an outright Bush opponent on Social Security, a very important issue to the district's elderly population.

Shaw's first campaign ad appealed to Democratic voters by emphasizing his environmental record and his "effectiveness and independence."

A commercial that began airing Wednesday shows Shaw distancing himself from the president over Bush's proposal to partly privatize Social Security.

"I have disagreed with the president on this particular matter," Shaw says. "There's a lot of Republicans and Democrats that would make this a political issue. I represent the state of Florida, not a political party."

Ellis "Elly" Berndt, 89, is representative of the retirees who may decide the race between the 26-year veteran Republican incumbent and his challenger, Democratic state Sen. Ron Klein.

Berndt, a retired jeweler and lifelong Republican, leans toward Shaw again, but shakes his head over the president's handling of Iraq.

Said Berndt: "I think the Democrats are doing more good right now."

In Southern Minnesota's 1st District, Republican Rep. Gil Gutknecht returned from a July trip to Iraq to say that the situation in Baghdad was more dangerous than he'd been led to believe. Perhaps it was time to bring some American troops home, he said, and force Iraqis themselves to step up to secure the city.

Staying the course in Iraq, he said, could be "disastrous."

On Tuesday, Gutknecht made a point of inviting questions on all subjects, including Iraq, during a meeting with members of rural electric cooperatives in Mankato, Minn. When no one mentioned the war, the congressman had aides pass out an "issue alert" that he'd written himself, describing the situation in Baghdad as "worse today than it was three years ago."

"I put an awful lot of my soul in this thing," Gutknecht said of his Iraq missive, which turned Bush policy on its head. Where the president has said U.S. troops will stand down as Iraqi troops stand up, Gutknecht effectively proposed that Iraqi troops would stand up if some U.S. troops first stood down.

Said political scientist Steven Schier at Carleton College in Minnesota: "He's trying to say 'I'm not the president's man, but I'm not a squish either.'"

In Western North Carolina's mountainous 11th District, Republican Rep. Charles Taylor faces a strong challenge from Democrat Heath Shuler, a former quarterback at the local Swain County high school and later with the Washington Redskins.

Taylor has broken from the administration on two issues: trade and immigration.

He's opposed Bush's free-trade policies, even though what he called a mechanical snafu kept his vote against the Central American Free Trade Agreement from being recorded.

On immigration, Taylor wrote the president last year pressing his own plan. Unlike Bush's proposal to give illegal immigrants who already are here a path to citizenship, Taylor would have them return to their native countries and apply for legal entrance.

"He's always had a strong independent streak," said Bill Sabo, a political scientist at the University of North Carolina-Asheville. "He's far more likely to try to tie his opponents to the national Democratic Party than to associate himself with national Republicans."

To be sure, not all Republican incumbents are fleeing Bush.

In Kentucky's 4th District, freshman Rep. Geoff Davis is in a tough race to win a second term against former Democratic Congressman Ken Lucas.

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A West Point graduate and former Army Ranger, Davis refuses to second-guess the decision to go to war in Iraq, saying decisions were made with the information available at the time.

On Tuesday night, as he walked through a county fair crowd shaking hands and giving hugs, Davis encountered a mother and daughter who'd lost a husband and father in Iraq early this year. Davis had helped arrange for the girl to meet the president in Louisville shortly after her father was killed.

"I talked to President Bush about your daddy. He was in a very important place for us," Davis told her Tuesday.

But even he breaks with Bush on immigration, preferring the House Republican bill, which doesn't offer illegal immigrants a path to citizenship as the president wants.

However, as for worries that voters might reject pro-war incumbents, just as Connecticut voters rejected Lieberman on Tuesday, Davis dismissed the thought:

"Other than being in the United States, I think the only thing Connecticut and Kentucky have in common is the sound of a hard C at the beginning of their names," he said, a sentiment that illustrates the axiom "all politics is local." At least, that's what Republican House members hope this year.

McClatchy correspondents Bill Douglas, Erika Bolstad, Anthony Lonetree, Kevin Diaz, Steve Lannen, and Jim Morrill contributed to this report.

Groups Seek Female Candidates (USAT)

By Charisse Jones

USA Today, August 11, 2006

Staci Appel, a stay-at-home mother of four, was used to being a campaign contributor, not a candidate. So it took her by surprise one Sunday afternoon when a state senator called and made a very different request.

"I thought he was calling to ask for money," recalls Appel, 40, a former financial consultant who had some involvement in local Democratic politics.

"I was cleaning the kitchen, and I kept on waiting for the dollar amount, and all of a sudden I heard, 'We'd like you to consider running for the Senate.' … It was time to stop cleaning and start listening."

Now, Appel is vying for a seat in the Iowa state Senate, and her election could tip control of the chamber from Republican to Democratic.

A number of groups are pushing female candidates for state-level offices across the USA. The goal is to bring different perspectives to the political debate, draw disenchanted voters to the polls and widen the pool of female candidates. The percentage of female state legislators has hovered near 22% for the past decade.

"They're seeing that women are not running," says Gilda Morales of the Center for American Women and Politics at Rutgers University in New Brunswick, N.J. "And so they're actually going in and trying to not only support but train women as candidates."

Some of the organizations involved in the effort are:

•EMILY's List, a national political action committee that backs women who are abortion rights supporters and Democrats, has a 10-year plan to focus on 16 states where organizers believe women have the best chance of being elected. The group also is supporting candidates in 17 other states, and since 2001 has helped 238 women get elected, spokeswoman Ramona Oliver says.

•In Pennsylvania, where 48 women are running for statewide office, the bipartisan Pennsylvania Women's Campaign Fund has donated $10,000 this election year and trained four candidates.

•Georgia's WIN List, dedicated to electing women who are Democrats and abortion rights supporters, endorsed 47 women this year, and raised more than $40,000, Chairwoman Mary Long says.

"We really need to get enough women in all of these positions, from county board to the Legislature on up, to have a permanent pipeline to power in this country," says Marie Wilson, president and founder of the White House Project, a non-partisan group focused on expanding women's leadership.

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Female lawmakers often seek office for different reasons than men do, says Morales. "They're not running for the power of the office, but to get something done."

At the start of 2006, 1,667 out of 7,382 state legislators were women, says Katie Fischer, policy associate for the Women's Legislative Network of the National Conference of State Legislatures.

Women often need to be asked to run, Fischer says. Such was the case with Lauren Benedict, a Democrat who is challenging Republican incumbent Allen Freeman for a seat in the Georgia House.

An attorney, Benedict, 34, has taken community and church leadership roles but didn't think of pursuing political office until colleagues and friends suggested it.

"I think I was moving toward that step and perhaps not realizing it until someone asked," she says.

Staci Appel adds that she understands why some women decline to seek office.

"It's a lot of work," says Appel, who campaigns seven days a week and adds that it would be even more difficult if she didn't have full-time help at home and a husband who pitches in. "I think that would be extremely hard for a number of women not in my same circumstances."

Yet the ability to juggle various tasks and the particular role many women play in the family are qualities that distinguish them as lawmakers, several politicians and political experts say, enabling them to build bridges across the partisan divide and champion issues such as education.

"Women seem to bring a different kind of perspective," says Delaware state Sen. Dori Connor, a Republican currently seeking her fourth term, who is pushing human trafficking legislation and has worked on environmental reforms and children's issues.

Connor who ran for and won her husband's seat after he died in 1997, tells women who say they could never be politicians that they already are.

"I say if you go to church you're in politics," Connor says. If "you belong to the PTA, you're in politics. It's just learning a different way to problem solve."

Preparation and support are key for female candidates, political activists say. Not only does Georgia's WIN List raise money for candidates who support abortion rights, but "I think it's important to call them, send them an e-mail, check on them to see what we can do," Long says.

And the White House Project provides leadership training. Several hundred women have gone through "debate boot camp" and been trained in fundraising and other aspects of campaigning.

In Md., Senate Hopefuls Ably Walk The Middle Path (WP)

By Steven Pearlstein

The Washington Post, August 11, 2006

While just about every other Washington pundit this week was writing the obituary for centrism and bipartisanship, I was driving around Maryland looking for a Democratic Senate candidate to revive them.

Contrary to what you might read elsewhere, the defeat of Joe Lieberman in the Connecticut primary was not a repudiation of the idea of working with the party in power to find common ground and get some things done. Nor was it an endorsement of the anti-market, soak-the-rich agenda of the Democratic left. The vote was nothing more -- and nothing less -- than an urgent message from Democrats horrified and angry at what the U.S. invasion of Iraq has wrought. They want to bring back the troops, not the blood-feud politics, from the Middle East.

I'm happy to report that none of the three leading candidates in the Maryland primary contest is itching for Sunni-like holy war against the Republican Shiites, at least not as it concerns business and economic issues.

In his rhetoric and position papers, Kweisi Mfume is the most dogmatically liberal of the major candidates. He prefers a government-run national health system, modeled after France, and would throw sand in the gears of globalization by erecting barriers to job outsourcing and by voting against any more NAFTA-like trade treaties. His riff on a new federal "living wage" to lift the working poor out of poverty is long on the vision thing but dangerously vague on specifics.

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It would be wrong, however, to see Mfume as a stick-figure liberal. As a member of the House, he played a positive role in backing Bill Clinton's welfare reform plan, daring to speak the truth about the cycle of failure and dependency from which he was able to escape. And after Bill Cosby, at an NAACP event, challenged the black underclass to put aside the blame game and take more responsibility for social and economic dysfunction, it was Mfume, then the organization's president, who embraced Cosby as he left the stage and later defended his remarks. Mfume also backs the docs against the trial lawyers in the never-ending battle over malpractice insurance, daring to defy some of the biggest donors to the Democratic Party.

As Mfume heads into the final stretch without much money or much of a grass-roots organization, however, he is likely to find himself unduly reliant on the Maryland State Teachers Association, which endorsed his candidacy. And while he correctly identifies education as the key in addressing issues such as poverty and widening income inequality, there's not much he's going to be able to accomplish in that regard as long as he is politically tethered to teacher tenure, outdated certification rules and pay based on seniority rather than performance.

Josh Rales would hardly be the first millionaire who bought himself a Senate seat, but he surely would be the most informed and thoughtful on a wide range of issues, from education and health care to energy policy and the budget implications of entitlement reform. Perhaps more important, Rales would bring to the Senate an outsider's sense of urgency about the economic challenges facing the country and an impatience with the ideological tong wars and the partisan posturing that blind lawmakers to reasonable solutions.

That said, the most effective legislators are those who can blend mastery of their issues with a sixth sense for political realities and nuances. In that respect, Rales comes across as painfully naive. While nobody doubts the need for fresh blood and fresh thinking on Capitol Hill, it might have helped if Rales had gained some experience in the minor leagues of politics before making his bid for a spot in the majors.

The danger, of course, in spending too much time moving up the political ladder is that you become part of the problem rather than part of the solution. That certainly could have happened to Ben Cardin, who hails from one of Baltimore's leading political families and has held office continually since his election to the Maryland House of Delegates in 1966. During his 20 years in the Assembly, he served as both chairman of the Ways and Means Committee and speaker, and has been a respected inside player as a member of the House Ways and Means Committee for most of his 20 years in Congress.

The long list of endorsements, and the flush campaign treasury, leave little doubt that Cardin is the preferred candidate of the Democratic establishment. But don't expect him to toe the leadership or interest-group line. As a pragmatist with a knack for bipartisan dealmaking, he stands toe to toe with a Lieberman or a McCain -- only in Cardin's case, with the good sense to oppose the war in Iraq. During the Clinton administration's ill-fated campaign to reform the health-care system, he helped to make the plan more palatable to business by cutting back on new payroll taxes and limiting punitive damage awards in medical malpractice lawsuits. Now he thinks he spies the future of health-care reform in the bipartisan Massachusetts plan, with its mandate that everyone purchase a basic health insurance policy, with government subsidies for those who can't afford it.

In recent years, Cardin and Republican Rob Portman formed a bipartisan tag team that pushed through modernization for the IRS, expanded incentives for individual retirement plans and strengthened the private pension system -- often over the opposition of party leaders. He's a budget-balancing fiscal conservative with a good sense of how to make the tax code more progressive without overdoing it. And given the right political climate, he'd be one Democrat to help strike the deal to put Social Security back into actuarial balance.

Cardin had the good sense and independence from organized labor to support the North American Free Trade Agreement. Now, with China, India and the former Soviet bloc joining the global marketplace, he has the good sense to demand that any new treaties come with some extra protection for workers who experience the downside of globalization.

I'll leave it to others to decide whether Cardin is the best candidate to defeat Lt. Gov. Michael Steele in November. But if Democrats want any hope of governing after the election, they could sure use more senators like Ben Cardin.

Ignoring Split, Labor Makes Election Push (CSM)

By Amanda Paulson

The Christian Science Monitor, August 11, 2006

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CHICAGO

One year after America's labor movement saw its largest schism in decades, unions are gearing up for a high-stakes political battle in November.

It's the first test of how the split between the AFL-CIO and the new seven-union Change to Win labor federation will affect the political activities of the labor movement. It's also a chance for unions to demonstrate that they still wield political heft despite dwindling membership.

The coming elections were a key topic at separate meetings in Chicago this week of the American Federation of State, County, and Municipal Employees (AFSCME) and the executive council of the AFL-CIO. In one promising sign for labor's fall push to help Democrats, the rival federations have launched a national committee to coordinate political activities.

"I believe they're going to be reasonably unified, but it's a little bit early to say how well the coordination will work," says Rick Hurd, a labor expert at Cornell University. He notes that the Change to Win affiliates, which represent some 6 million members, may be less likely to do an all-out field operation than they were two years ago as AFL-CIO unions.

Despite fewer members, unions "have become more and more effective at communicating their message to members, and at getting members to vote according to labor endorsements," he adds.

With several key gubernatorial battles and a chance to take back the House and, possibly, the Senate for Democrats, unions see these as particularly critical midterm elections. They're doing their best to prepare:

• The AFL-CIO is dedicating the most it ever has for a nonpresidential election - $40 million - for political mobilization this fall. It has zeroed in on 21 key states to focus on and will be active in more than 200 Senate, House, gubernatorial, and state legislative races.

• AFSCME announced a new initiative this week that, among other things, will create an army of 40,000 volunteers to do political registration and get-out-the-vote work. The union will also aggressively raise funds for its large political action committee and raise membership dues $3 a month to help fill coffers for future elections.

• The AFL-CIO and the Change to Win federation have set up a national labor coordinating committee for political activities. They've agreed to merge member lists, work together on phone banks, walks, and leaflet distribution, and help state and local groups work closely on key elections.

"These elections are really important - they're going to set the tone for the presidential election in 2008," says Edgar Romney, secretary-treasurer of Change to Win and co-chair of the coordinating council. "I think the understanding and attitude is that we're all in this together and we have to win this battle. And whatever differences have evolved at the top, we'll put those aside."

But there are still some clear differences. When Change to Win split off last year, one key reason was its philosophy that organizing, not politics, was where the labor movement should be focused. And that is showing up this fall. Whereas the AFL-CIO is active in hundreds of races, Change to Win - at least at a national level - is zeroing in on three. They're all gubernatorial races: in Michigan, Ohio, and Pennsylvania.

"This is our first election cycle. It's a new approach to doing our politics. So we're strategically looking at where we can have the most impact," says Colleen Brady, Change to Win's political campaigns director. "The priority of the Change to Win labor federation and the founding of it is based on organizing new members. Politics plays a role in that."

Local groups and individual Change to Win unions will probably be active in many more races, she notes. "It's still a labor family. On the ground, we will work together where it makes sense."

AFSCME - the largest union in the AFL-CIO and one of the most political, because it represents public employees - is concentrating on a wide swath of races, from critical congressional battles to gubernatorial and state legislative races.

The gubernatorial races are particularly important, says AFSCME political director Larry Scanlon, because they can have such an enormous impact on organizing rights. After losing Missouri, Indiana, and Kentucky recently to Republican governors, collective bargaining rights in those states were virtually eliminated, he says.

AFSCME is spending about $20 million to get out its political message in 2006 and another $6 million to $7 million in direct campaign contributions through its political action committee. It recruited and trained some 40 congressional candidates

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to run this year, and has targeted 12 congressional districts with moderate Republicans that it thinks might be receptive to labor-friendly ideas.

"I think we can take back the House - Republicans are running scared," says Mr. Scanlon. As for the unusually large number of races that AFSCME is involved in, he says that "it's a target-rich environment. That's one of the problems this year."

Some observers have been skeptical about how much influence labor is able to wield politically these days, with a membership that has dwindled to a little more than 12 percent of working Americans. But others say that even as their numbers have gone down, their political activities have gotten far more sophisticated than they were a decade or two ago.

Unions have harnessed technology, focused on races where they can have the most impact, and stepped up member-to-member campaigning, they point out. As a result, a growing percentage of voters are union members.

"I can think of a number of things labor has done wrong, both politically and nonpolitically, in the last decade," says Robert Bruno, a labor expert with the Chicago Labor Education Program of the University of Illinois. "But one unappreciated success is how effective labor's political impact and outreach have become."

Union Of Government Workers Seeks To Build Political Muscle (NYT)

By Steven Greenhouse

The New York Times, August 11, 2006

The American Federation of State, County and Municipal Employees announced plans yesterday to spend $60 million more a year to campaign for universal health coverage, to unionize 70,000 workers annually and to register 280,000 union members to vote.

The union, the largest of the 53 unions in the A.F.L.-C.I.O., announced what it called a 21st Century Initiative, pledging to become one of the most aggressive unions in organizing and in politics.

With this initiative, the union appears to have taken to heart criticism that organized labor has been lackadaisical about seeking to reverse its decline.

"We looked at ourselves in the mirror and decided that we needed to change," the union's president, Gerald W. McEntee, said in a news conference in Chicago. He said the union planned to increase members' dues by $12 million in 2007, $36 million in 2008 and $60 million in 2009. That would give it a far larger budget to build political power, increase public support for public services, expand the union, and intensify member involvement.

Mr. McEntee, who is chairman of the A.F.L.-C.I.O.'s political committee and has been one of labor's foremost critics of President Bush, said his union would get 40,000 union volunteers to work in this fall's campaign and to ensure that 90 percent of the union's 1.4 million members were registered to vote. Currently, 70 percent are.

"The simple fact is workers are under attack by the most antiworker president and Congress in our history," he said. "We face budget cuts, service cuts and benefit cuts."

He said too many workers have had to forgo wage increases to maintain their health benefits. He also complained that Republican governors in Indiana and Missouri had stripped many government workers of their ability to bargain collectively.

The union is planning a campaign to tell the public and government leaders about the value of public employees and services. As a union of government employees, the state, county and municipal employees are especially hurt by budget cuts and the privatization of services.

To increase its political clout, Mr. McEntee said the union hoped to persuade a quarter of its members to donate at least $100 a year to the union's political action committee, which would yield about $35 million a year.

Mr. McEntee said the union organized 33,000 workers last year, and in the past two years, tens of thousands of home health care workers and child care workers in California, Iowa, Oregon and other states.

The union took the lead among labor unions in beating back Mr. Bush's plan for a partial privatization of Social Security. Mr. McEntee said his union would push for Canadian-style universal health coverage but acknowledged that the nation might not be ripe for such an idea.

OTHER NEWS:

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Cities, States Aren't Waiting For U.S. Action On Climate (WP)

By Juliet Eilperin

The Washington Post, August 11, 2006

With Washington lawmakers deadlocked on how best to curb global warming, state and local officials across the country are adopting ambitious policies and forming international alliances aimed at reducing greenhouse gases.

The initiatives, which include demands that utilities generate some of their energy using renewable sources and mandates for a reduction in emissions from motor vehicles, have emboldened clean-air advocates who hope they will form the basis for broader national action. But in the meantime, some businesses say the local and state actions are creating a patchwork of regulations that they must contend with.

This flurry of action is part of a growing movement among state and local leaders who have given up hope that Congress and the administration will tackle major issues, and are launching their own initiatives on immigration, stem cell research and energy policy. Last week alone, former president Bill Clinton launched an effort with 22 of the world's largest cities to cut their emissions, while California Gov. Arnold Schwarzenegger (R) and British Prime Minister Tony Blair said they will explore trading carbon dioxide pollution credits across the Atlantic.

Recently, 22 states and the District of Columbia have set standards demanding that utilities generate a specific amount of energy -- in some cases, as high as 33 percent -- from renewable sources by 2020. And 11 states have set goals to reduce greenhouse gas emissions by as much as 80 percent below 1990 levels by 2050.

California also has passed legislation mandating that automakers reduce their vehicles' carbon dioxide emissions 30 percent by 2016, and 10 other states have committed to adopt the same standards if the law survives a court challenge.

In addition, as many as 10 states in the Northeast are working to establish state-by-state ceilings for carbon dioxide and other greenhouse gases, and allow industries such as power plants to trade pollution credits for carbon emissions while cutting greenhouse gas emissions 10 percent by 2019. California, Oregon and Washington are negotiating a similar pact.

Some local officials said they are pushing ahead with plans because the Bush administration, which has promoted cleaner technology but opposes mandatory curbs on greenhouse gas emissions, has failed to adequately address the problem.

"Like most mayors, I'm disappointed the federal government has not taken more of a lead on this issue, but so be it. We're moving forward," said Albuquerque Mayor Martin J. Chavez, who is expanding public transportation in his city and has persuaded some other U.S. mayors to pledge to make their cities' buildings carbon-neutral by 2030, meaning their net carbon dioxide emissions would be zero.

But some experts say there is a political imperative at work, as well. Tim Profeta, who worked for Sen. Joseph I. Lieberman (D-Conn.) before leaving last year to direct Duke University's Nicholas Institute for Environmental Policy Solutions, said local politicians feel greater pressure to address the threat of rising sea levels and other climate-related conditions.

"State and local governments are less removed from their constituents, so they're more responsive to voters' concerns," said Profeta, who sits on North Carolina's climate-change commission and has met with British officials on the subject. "Climate change is on people's minds, and they're asking for action."

North Carolina state Sen. Charles W. Albertson (D) said he is not "completely convinced" that human activity is causing global warming, but he pushed for the climate-change commission because he worries that environmental changes are threatening his coastal constituents' homes and livelihoods. "What if it's taking place and we're not doing anything about it?" he asked.

Bush's top environmental adviser, James L. Connaughton, said the president welcomes state and local initiatives because they complement the administration's approach to global warming.

"They're pursuing a portfolio of policies, not a one-size-fits-all policy," Connaughton said in an interview Aug. 4, adding that the United States is also focused on voluntary pacts such as China's pledge to improve its power production efficiency 20 percent by 2010. "At the end of the day, what matters is performance, and we're all making about the same rate of progress."

Some state officials and environmentalists said their efforts will soon surpass anything Bush has done to combat climate change.

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Richard Cowart, who has advised officials on both coasts on carbon-trading systems as a director of the Vermont-based Regulatory Assistance Project, said that together, the two proposed trading systems "represent one of the largest efforts to rein in carbon emissions in the world."

And Dan Becker, global warming director for the Sierra Club, said auto manufacturers will cut emissions now that states representing a third of the country's market are preparing to regulate carbon dioxide.

"Obviously, what we're trying to do is reach a tipping point," Becker said. "We're probably close to where the car companies will have to cry 'uncle.' "

The automakers are suing to block California's law, however, and the Bush administration may block it on the grounds that it amounts to usurping the federal government's right to set national fuel economy standards.

Margo Thorning, senior vice president of the American Council for Capital Formation, said this array of state regulations could harm the U.S. economy.

"I don't think it's terribly helpful to have the industry wondering what are the car standards in California vis-a-vis the standards in Arizona," said Thorning, whose think tank is funded in part by Exxon Mobil Corp. "It adds a lot of uncertainty and slows the kind of investment we'd like to see in the U.S."

These overlapping carbon dioxide regulations may force the administration's hand. Robert E. Busch, PSEG Services Corp. president, said during a Washington panel discussion in February that "you sort of don't blame" environmentalists for pursuing state caps on carbon dioxide, but added, "The answer to this problem is not 50 different approaches to greenhouse gases in the United States. That makes no sense at all."

And Richard J. Osborne, vice president of public and regulatory policy at Duke Energy Corp., told a Duke University audience in September that his utility backed federal legislation on climate change because the "patchwork of state actions" might produce "state-by-state chaos."

Clinton, who is establishing an international consortium so cities from Cairo to Los Angeles can bargain for energy-efficient products and trade policy ideas, said state and local experiments could eventually form the basis for federal action on climate change.

"What we need to do is get more case studies," Clinton said in an interview last week, adding that while voters care more about global warming now than when he was president, as for candidates, "unfortunately, it's not one of those issues where if you don't do something about it, you'll get beat."

Some federal officials are participating in the emerging carbon-trading economy: Sen. Richard G. Lugar (R-Ind.) has registered his farm's hardwood trees on the Chicago Climate Exchange, calculating that the 3,440 tons of carbon dioxide absorbed by the trees will trade for more than $15,000.

Matt Petersen, president of the advocacy group Global Green USA, said that over the past decade, he has found state and local officials to be more open to imposing energy efficiency standards on commercial buildings and to renewable-energy tax credits. Global Green is advising West Hollywood officials on drafting green building standards for new private construction and is lobbying the Louisiana government to give developers an incentive to rebuild New Orleans in an energy-efficient way.

"We had to do a lot of work and hand-holding early on," Petersen said. "The people who asked the toughest questions are now the biggest advocates."

Possums Are Playing Upside-Down Role In Florida Elections (WSJ)

By Theo Francis

The Wall Street Journal, August 11, 2006

WAUSAU, Fla. -- Katherine Harris, the Florida congresswoman, U.S. Senate candidate and controversial former secretary of state, dangled a live possum by its tail. Other candidates waited their turns.

"Keep shaking!" auctioneer David Corbin admonished the candidates. "Don't let it crawl up your arm and bite!"

Democratic gubernatorial hopeful Rod Smith gave his possum a quick shake, and it went limp.

In most states, political candidates march in parades and kiss babies. In Florida, they also handle possums. In years past, Gov. Jeb Bush did it, and all but one of his serious would-be successors in this year's election have tried their hand at it. Other

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handlers of possums or observers of possum-handling this summer include two U.S. Senate hopefuls and at least three would-be state judges, along with candidates for agriculture secretary, state chief financial officer and a slew of local and county positions.

The ritual is recommended for any candidate hoping to win votes in the northwest panhandle, some 90 miles west of Tallahassee. In this region, the place to reach crowds is Wausau's annual Fun Day and Possum Festival, which is in its 37th year. Here, candidates shake hands with potential constituents, cheer the Little Miss Fun Day contestants and place bids on possums to raise funds for local charities -- scoring points with potential voters. Then they hold up their writhing winnings for the obligatory possum photograph.

At least once in their career, most sample a plate of possum, this year cooked with peppers and onions and served up with sweet potatoes, greens and corn pone. "It's kind of greasy," says Ms. Harris.

"You know that part where they say it tastes like chicken?" says Mr. Smith, a north Florida state senator seeking the Democratic nod for governor. "That's a bad chicken."

Standing nearby, Mr. Smith's 19-year-old son Dylan looks at his father in surprise. "You don't like possum? You like squirrel," Dylan Smith says.

"I like squirrel," Mr. Smith says. "I don't like possum or raccoon."

Wausau has one blinking yellow light and 411 residents, but an abundance of possums in the surrounding woods of loblolly and slash pine. Possums are credited with keeping a lot of people alive hereabouts during the Depression. "I was raised on it," says Robert Taylor, 64, an exterminator and lifelong resident of Panama City, about 35 miles south.

Mr. Taylor says possum is tasty fried or barbecued, but he no longer indulges. "I watch my cholesterol now, and that guy's loaded with cholesterol." At 220 calories for a 100-gram serving, roast possum supplies 128 milligrams of cholesterol, or 43% of an adult's daily recommended intake, along with 10 grams of fat, according to the U.S. Agriculture Department.

The festival dates back to 1970 when a highway engineer named Dalton Carter was asked to start a fund-raiser for local civic groups. "I prayed on it, and Fun Day came to mind," Mr. Carter, 74, recalls.

DALTON CARTER'S POSSUM RECIPE

20 boiled, deboned possums (best caught in winter when plump)

3 lbs onions, chopped

2-3 large green Bell peppers, chopped

garlic salt

red-pepper flakes

black pepper

Carefully check boiled meat for bones and remove. Sautee onions and green peppers, then add to possum meat. Add salt, pepper and red-pepper flakes to taste, mixing thoroughly. Double-wrap in tin-foil and refrigerate overnight. Place seasoned meat in heavy foil containers in barbecue smoker, stirring periodically for 45 minutes until thoroughly heated. Serve with sweet potatoes, greens and corn pone. Serves as many as will eat possum.

The possum auction was added the following year, and now it is the highlight of the festival. This year, several hundred people packed into Wausau's 8,000-square-foot sheet-metal Possum Palace pavilion in sweltering heat to see how much bidders would offer for possums. The largest amount paid this year was $700. Ms. Harris, the Senate candidate, paid $400 for hers.

During the bidding, political tensions are mostly muted, though in 1998 Ms. Harris dubbed the baby possum she won for $100 "Sandra" after her opponent for secretary of state, Sandra Mortham. This year, Republican and Democrat candidates stood together as the auction approached, eyeing the nearby cage of possums, including a big, one-eyed male that the handlers called "fierce."

Most winners hand back their possums, to be set free. But one exception was former Gov. Bob Martinez, who kept his $750 prize in a cage at campaign headquarters until Election Day at the urging of younger staff members, who named it after country singer Waylon Jennings. Then Mr. Martinez gave Waylon to a zoo in Tampa. "He had got to be a pretty big guy," the former governor says. "They're ugly, but cute."

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Nocturnal omnivores and North America's only native marsupial, Didelphis virginiana, or opossum, is found throughout the Eastern U.S. and is probably best known for "playing possum," or facing danger by pretending to be dead. Its other notable feature is its prehensile tail, which can cling to trees or human hands.

Possums cause little nuisance, other than eating pet food left outside or rooting around in household trash bins or gardens and nesting in attics, says Andy Andreasen, the University of Florida Extension Service agent for Washington County.

One candidate this year saw more than a photo-op in the event. Max Linn, running a long-shot campaign for governor under the Reform Party banner, saw an analogy. "There's a direct correlation between possums and politicians," Mr. Linn said. "They get into office and they play possum -- then every election, they go out and pretend to be something else."

Write to Theo Francis at theo.francis@wsj.com1

Nation's Chief Accountant Backs Transparent Financial Reporting (USAT)

USA Today, August 11, 2006

I greatly appreciate USA TODAY's ongoing coverage of our nation's long-term fiscal challenges. But I am concerned that your recent cover story could leave readers with the wrong impression regarding the Government Accountability Office's position in the current debate before the Federal Accounting Standards Advisory Board (FASAB) over the best way to improve financial reporting on social insurance programs ("What's the real federal deficit?" News, Aug. 3).

While enhanced financial reporting for social insurance programs is supported by all FASAB members, how that is accomplished matters a lot.

I am a longstanding and strong supporter of clear, consolidated and more transparent financial reporting on the sustainability of Social Security, Medicare and other social insurance programs and the related intergenerational equity implications. For example, a new Statement of Fiscal Sustainability would provide a consolidated look at the cost implications of the government's current commitments compared with long-term revenue estimates.

An upcoming FASAB document will describe and solicit public comments on possible approaches for improving social insurance reporting.

As I travel the country speaking out about our nation's long-term fiscal challenges, I find that Americans — once they have complete information — are increasingly concerned about the debt being placed on our children and grandchildren.

David M. Walker

Comptroller general of the USA

Washington

Unfortunately, the calculation of the federal budget deficit has always been governed more by political criteria than by the criteria of public finance.

USA TODAY's article brings to mind an important business principle: "What gets measured, gets managed." In the case of the federal deficit, if lawmakers can't agree on what is to be measured, how can they agree on what is to be managed?

The federal budget is unique in that distinctions are not made between spending on long-term assets, such as the construction of a new building, and expenses such as salaries and consumables. Because the benefits of a new building will accrue to generations of taxpayers, the principles of public finance would assert it is equitable and customary to spread the payment for the asset over generations of taxpayers — i.e. incur debt, aligning benefits and costs.

Conversely, asking taxpayers in 2016 to pay for gasoline we consume today fails the intergenerational equity principle and should be paid out of current revenue.

We should enhance efforts to bring transparency to the issue of federal spending and revenue by separating capital spending from operations spending. Only then will we know what the true operations deficit is, as well as our accrued and capital obligations. With these measures in place, meaningful management efforts may begin to balance the budget in a way aligned with the principles of public finance.

Kevin Malley

Ann Arbor, Mich.

USA TODAY's story on the federal deficit misses the mark in several respects.

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While I do not disagree that the published deficit numbers fail to consider all future liabilities, the article states that Congress has set up a system of lenient accounting rules, and implies this is an attempt to understate the true deficit. In truth, Congress and the president have little to do with the way deficit numbers are published.

The Constitution of the United States, Article I, Section 9 reads, "a regular statement and account of the receipts and expenditures of all public money shall be published from time to time." The Constitution — not Congress or the president — established our system of budgetary accounting, which the federal government has been using for the past 217 years.

Since the beginning, we have reported our receipts and our expenditures — revenue coming in and payments going out. That's what the Founding Fathers called for. The term "deficit" is simply defined as the difference between what we take in and what we spend during a fiscal period. USA TODAY's story has attempted to redefine the term "deficit" to make it represent the bottom line of all government operations, akin to what would be shown as a "loss" in the private sector. That's not what a deficit is. There is a term for what you are describing: net cost.

This is reported on the audited financial statements published in accordance with the Chief Financial Officers Act of 1990 and subsequent amendments, and available to everyone to see.

The article's analogy of taking a $25,000 cash advance against a credit card — which, the story says, "makes the books look great" — implies that government borrowing counts as an offset to the published deficit numbers. That is a misleading conclusion. If it were, we would never show a deficit, as we always borrow enough to cover necessary payments.

When the deficit calculation is made, receipts do not include borrowing to finance the deficit. Interest paid on previous borrowing (the national debt) does, in fact, get reflected in the deficit.

I take issue with Rep. Jim Cooper, D-Tenn., assailing Congress and the president for "hiding the bottom line," when they are simply carrying out a provision of the Constitution.

Congress and the president have recognized the shortfalls in that method of accounting.

The legislation mentioned above, as well as the president's push for performance-based budgeting, are moving the federal government's financial management in the right direction — recognizing all costs in operating a program and using that information to make rational budget decisions.

Bill Arnold

Heath, Ohio

USA TODAY pointed out the fact that our government is broke as well as broken. Our mandated spending is consuming nearly all of our tax revenue each year, thus making nearly all our discretionary spending deficit spending.

For decades we masked the deficit by using money from our "pay as you go" Ponzi scheme, known as Social Security, to reduce the real deficit.

The time has come for all Americans to demand ownership of their retirement. Social Security needs to be reformed to a personal retirement account system that is owned by the individual.

A small step in righting this ship is letting the individual take ownership of his or her future by creating a viable nest egg that can be used to save for retirement, as was intended by President Franklin Roosevelt.

Why do we accept that lawmakers tax us for our retirement, yet place no requirements upon them to return the money to us taxpayers?

Setback For U.N. Draft Resolution On Lebanon (WP)

By Colum Lynch And Robin Wright

The Washington Post, August 11, 2006

UNITED NATIONS, Aug. 10 -- Lebanon on Thursday raised objections to a U.S.- and French-backed draft resolution aimed at ending the fighting between Hezbollah and Israel because it does not call for an immediate cease-fire and because the proposed new international force would have a broad mandate to use military firepower.

The move complicated U.S. and French efforts to finalize negotiations on a resolution intended to set the stage for a gradual Israeli withdrawal from southern Lebanon. Russia's ambassador to the United Nations, Vitaly Churkin, expressed frustration with the slow pace of diplomacy and offered a separate resolution calling for a 72-hour humanitarian truce.

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Lebanese Prime Minister Fouad Siniora expressed concerns to Secretary General Kofi Annan about whether he could persuade Hezbollah to accept the draft resolution, according to U.N. officials. Lebanese Foreign Minister Fawzi Salloukh told al-Jazeera that the resolution is unacceptable because it does not resolve a number of Lebanese concerns, including Beirut's call for Israeli forces to withdraw immediately.

"Negotiations are still going on," Lebanese ChargÃ© d'Affaires Carla Jazzar said. "No one said this resolution has been refused. It's not over yet at all," she said.

Secretary of State Condoleezza Rice will travel to New York Friday morning to work through the final details of a U.S.-French draft resolution -- and to vote on it if agreement can be reached, a senior State Department official said.

The United States had clashed earlier this week with France over the mandate of an international force for Lebanon. But U.S. and French diplomats sounded upbeat Thursday as they worked to overcome differences over language that would choreograph Israel's gradual withdrawal from southern Lebanon and the U.N.-backed Lebanese army's deployment there.

"We're making progress, and it's entirely possible we could have a vote tomorrow," John R. Bolton, the U.S. ambassador to the United Nations, said Thursday morning after meeting his French counterpart, Jean-Marc de La Sabliere. "We've closed some of the areas of disagreement with the French."

The threat of Israeli ground action heightened the sense of urgency in concluding weeks of contentious negotiations over a plan to end the violence. "We're pushing for a vote. [Rice] doesn't care if they have to work through the night" to prepare for a Friday vote, said a senior U.S. official. "If work needs to be done, she'll do that. If she needs to bring it to closure, she'll close. And if she only needs to vote, she'll vote."

The breakthrough in negotiations with France came after the United States dropped its demand that Israeli troops be allowed to remain in southern Lebanon until a muscular international force is in place with a tough mandate to ensure that Hezbollah could not mount attacks on Israeli towns. Washington also agreed to scrap a provision that the force be explicitly authorized to disarm Hezbollah.

The United States and France agreed to expand the existing U.N. peacekeeping force with 2,000 more soldiers and to authorize it to use force to help Beirut restore its control over southern Lebanon. The enlarged U.N. mission would be authorized to do that under a provision of the U.N. Charter, known as Chapter 7, that permits peacekeepers to use force to implement their mission.

China's deputy ambassador, Liu Zhenmin, said that "the problem is that the Lebanese they do not accept any reference to Chapter 7." Bolton and other diplomats said they will resume negotiations to try to strike a deal.

The draft resolution envisions an international force that could be close to parity with the 15,000 Lebanese troops to be deployed in the south, U.S. and French officials said. Although it will come under the auspices of the controversial U.N. Interim Force in Lebanon (UNIFIL), which has been deployed there since 1978, it will be much more muscular.

"Everyone says UNIFIL. It would be a UNIFIL force in name only. Its nature, composition and mandate would be different. It's the difference between Clark Kent and Superman," said the senior U.S. official, who spoke on the condition of anonymity because of the ongoing diplomacy.

Israel's ambassador, Dan Gillerman, had previously derided UNIFIL as "impotent" and "useless" at restraining Hezbollah from shelling Israeli civilians. But he told Israel Channel 1 television that the new U.N. force "will be completely different from the blue helmets we know today." He said that "a number of European countries have voiced their agreement to be part of this force."

U.S. diplomats visited Siniora's Ottoman-era headquarters in Beirut several times during the day for consultations. In Washington, State Department spokesman Sean McCormack said the "diplomatic situation is fluid."

"We've talked about the issues of Israeli withdrawal and the timing of the Lebanese armed forces, as well as the international forces, taking over that territory," McCormack said. "It's important to get this right, because it's one thing to have words on the piece of paper and it's another thing to have those words be able to be implemented in a way that is effective and gets you to the solution that you want to get to."

McCormack said John Hillen, assistant secretary of state for political and military affairs, has consulted U.N. peacekeeping officials about the mission of such a force.

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U.S., France Near Deal On Mideast Draft (AP)

By Nick Wadhams, Associated Press Writer

AP, August 11, 2006

The United States and France were close to a deal on a Security Council resolution aimed at ending the monthlong conflict between Israel and Hezbollah and could break the diplomatic deadlock at last on Friday. But diplomats said they were still trying to overcome last-minute Lebanese objections to the draft.

Increasingly impatient that diplomacy has taken so long, Russia introduced its own resolution Thursday calling for a blanket 72-hour humanitarian cease-fire in Lebanon. Ambassador Vitaly Churkin sounded an alarm that the humanitarian crisis in Lebanon was reaching "catastrophic" proportions and said it was too urgent for diplomacy to go on much longer.

The Russian resolution also urged "extraordinary diplomatic efforts" for a deal on the U.S.-French draft. Churkin said he hoped his proposal would give them a renewed sense of urgency.

"War is raging in Lebanon and the humanitarian situation is getting catastrophic," Churkin said. "We hope it will focus minds, it will energize politicians and diplomats," Churkin said.

More than 800 people have died in the monthlong conflict, hundreds of Lebanese civilians and dozens of Israelis.

U.S. Ambassador John Bolton refused to comment directly on the Russian draft, but said it would not be helpful to distract attention from the negotiations on the U.S.-French draft, introduced on Saturday. It seeks a lasting political solution after more than four weeks of fighting that has killed.

Bolton and other diplomats suggested that they were close to a deal after a day of intensive negotiations within the Security Council and with a delegation of Arab leaders. Secretary of State Condoleezza Rice planned to head to New York on Friday morning in anticipation of a vote, a senior U.S. official said. He spoke on condition of anonymity because her plans had not been made public.

The new proposal appears to eliminate the prospect of a multinational force that would patrol a buffer zone between Israel and Lebanon, opting instead to considerably beef up the existing U.N. force in Lebanon, known as UNIFIL, and to make it more powerful.

Israel Television reported that the latest draft resolution calls for the current 2,000-strong U.N. force in southern Lebanon to be enlarged to 20,000 troops, with Spain, German, Italy and Australia among the new troop contributors.

But Lebanon and its Arab allies balked, saying they want UNIFIL to retain its current, weaker mandate, Security Council diplomats said.

Diplomats and U.S. officials said the issue of how much power to give the U.N.-mandated force was one of two main sticking points with the Lebanese. The other was the timing of the withdrawal of Israeli troops that have occupied the territory with the arrival of 15,000 troops Lebanon has promised to send there.

"We have worked a lot, especially on two points, the force to deploy and the withdrawal of the Israeli forces," France's U.N. Ambassador Jean-Marc de La Sabliere said after another round of talks late Thursday. "We want to succeed and we must now check with the parties."

Earlier in the day, the U.S. and France presented Lebanon with an offer to use UNIFIL to help monitor the Lebanese deployment and Israeli withdrawal. UNIFIL would be beefed up with more troops and given a mandate under Chapter 7 of the U.N. Charter. That means it would have more robust rules of engagement.

The shift was a significant concession because the United States and Israel had previously wanted UNIFIL to play only a minor bridging role in anticipation of a larger, separate multinational force.

In Jerusalem, Prime Minister Ehud Olmert was quoted as saying the new proposal being drafted by the U.S. and France "has positive significance that may bring the war to an end."

Arab leaders said they also want the resolution to ask the U.N. to take control of the Chebaa Farms area along the Syria-Lebanon-Israel border, which has been occupied by Israel since the 1967 Mideast War.

"In all these issues, it's not secret what is the problem," Qatar's Foreign Minister Hamad bin Jassem Al Thani said in an interview. "We are talking about the multinational forces, is it under Chapter 7 or not. We are talking about Chebaa under the U.N., and we are talking also about the Lebanese army (and) who will hand over to whom."

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With the Lebanese reaction in hand, U.S. and French diplomats in New York worked late into the night Thursday to come up with new language that would satisfy their own governments back home — as well as Lebanon, Israel and the Hezbollah militias it has been fighting.

Bolton said he believed the Security Council had "a realistic prospect of success."

"I've not at all given up on the prospect that we might yet vote tomorrow," he said.

There were other signs that long-awaited action by the Security Council might be near. British Foreign Secretary Margaret Beckett said she was flying to New York to "reinforce" Britain's efforts to reach agreement on a resolution, calling the situation "urgent" and saying "we need now to complete the task."

The United States is chiefly concerned that Hezbollah not be allowed to re-infiltrate south Lebanon once a cessation of hostilities goes into effect. Washington has supported Israel's insistence on staying in southern Lebanon until a robust international force is deployed, which could take weeks or months.

Associated Press writers Edith M. Lederer at the United Nations and Anne Gearan in Washington contributed to this story.

US And France Fail On Mideast Truce Plan (FT)

By Ferry Biedermann, Sharmila Devi And Jonathan Birchall

Financial Times, August 11, 2006

John Bolton, the US ambassador to the United Nations, said on Thursday there was no agreement yet on the US and French resolution calling for an end to the fighting between Israel and Lebanon's Hizbollah but that he hoped for one on Friday.

Earlier in the day, Israel widened its offensive against Hizbollah in southern Lebanon by entering the strategic Christian town of Marjayoun, engaging in fierce fighting with the Shia militia, but appeared to be holding off its promised full scale offensive to give more time for a solution at the UN.

Lebanese officials indicated that the new plan would offer the prospect of a "progressive" withdrawal of Israeli forces from Lebanon, linked to the gradual deployment of Lebanese army units and UN forces.

But Fawzi Salloukh, foreign minister, said the plan was not significantly different to the previous effort which Lebanon had rejected.

It was not clear whether the draft would give details of the proposed international element of any UN force – a key issue that divides Israel and Lebanon – or whether this would be left to a second resolution aimed at setting out a full ceasefire agreement.

Jan Egeland, the UN emergency relief co-ordinator, on Thursday criticised Israel and Hizbollah for hindering access to humanitarian relief for 120,000 civilians in southern Lebanon, describing their actions as a "disgrace".

The Israeli attack on Marjayoun is seen as essential preparation for a wider ground offensive by the Israeli army, which was approved by the security cabinet in Jerusalem on Wednesday.

The predominantly Christian town, east of the Litani river, is a base for the Lebanese army, and Israeli aircraft dropped leaflets warning the soldiers not to leave their barracks.

Hizbollah guerrillas fought fierce battles outside Marjayoun and Khiam, and claimed to have destroyed 13 Israeli tanks in the clashes, although there was no confirmation from the Israeli army. Israel suffered its biggest direct military losses of the conflict on Wednesday with the deaths of 15 soldiers, mostly caused by anti-tank missiles.

Israel signalled its intention to expand its attacks on Beirut in leaflets dropped on the city, threatening a "painful and strong" response to Hizbollah missiles fired at Israel and warning residents of three southern neighbourhoods to leave their homes.

Hizbollah has for the first time publicly accepted the deployment of the Lebanese army on the border with Israel. In a televised speech on Wednesday night Hizbollah's leader, Sheikh Sayyed Hassan Nasrallah, said that "for the sake of national unity and despite our reservations we will not stand as an obstacle".

Israel Holds Off On Drive To The North (NYT)

By Steven Erlanger And Warren Hoge

The New York Times, August 11, 2006

DOJ_NMG_0046494

JERUSALEM, Aug. 10 — Israel warned residents of southern Beirut on Thursday to evacuate their homes even as it held off expanding its military operation while diplomats sought to complete negotiations on a United Nations resolution to halt the fighting.

In New York, ambassadors from the five permanent members of the United Nations Security Council, Britain, China, France, Russia and the United States, failed Thursday to reach agreement on the resolution. But John R. Bolton, the American ambassador, said work would continue through the night and that a vote could still be held on Friday.

The ambassadors were focusing on a formula that would have the Israelis depart in phases while the Lebanese Army and a reinforced Unifil, the United Nations force, moves into the area.

A senior Bush administration official said Thursday evening that the French and American positions were close enough that Secretary of State Condoleezza Rice would travel to New York on Friday morning to try to complete the deal.

But Vitaly I. Churkin, the Russian ambassador, said his country had lost patience with the continuing talks while people were dying and had introduced its own resolution calling for a "humanitarian ceasefire" of 72 hours.

Mr. Bolton dismissed the Russian move as "unhelpful" and added, "We are not playing games here, this is very serious."

The Israeli Army has thousands of troops massed on the border, waiting for an order from Prime Minister Ehud Olmert to take the battle against Hezbollah to the Litani River about 15 miles to the north, to reduce the number of rockets that can reach Israeli cities.

But the order has not been given. Israeli officials are hoping the threat of a major escalation in the fighting will produce a diplomatic solution that will keep Hezbollah fighters north of the Litani River and lead to the dismantling of the militia.

Israel's defense minister, Amir Peretz, said the military effort was intended to promote the diplomatic one. "We are doing everything to allow these two efforts to complement each other," he told Israel public radio. "We'll see the military operation as having created the diplomatic climate and a new situation."

If diplomacy fails, Mr. Peretz said, Israel will "use all of the tools" to win the war against Hezbollah.

But a senior Israeli official said the government was skeptical that the diplomatic wrangling by France and the United States, acting respectively for Lebanon and Israel, would produce a satisfactory resolution.

Israel is insisting on a robust multinational force to operate alongside the Lebanese Army, even if it is a recreation of Unifil with a new, aggressive mandate, said the official, who was not authorized to speak publicly on the matter.

Mr. Churkin said Lebanon had objected to having the resolution create this force under Chapter VII of the United Nations Charter, which authorizes the full use of military force. Mr. Bolton said France and the United States were still in touch with the Lebanese authorities on this point and hoped to resolve it by Friday.

Israel is also insisting that its troops will not leave southern Lebanon until a multinational force arrives, because the weak Lebanese Army cannot be expected to confront Hezbollah on its own.

Avi Dichter, a senior Israeli cabinet minister, said the timing of a broader offensive "depends to a great extent on what is happening now in New York."

Tourism Minister Isaac Herzog told Army Radio, "There is a political process under way and our sense of responsibility tells us to give it a bit more time."

Despite the diplomatic activity, the war did not stop on Thursday. Israeli troops consolidated their hold on Merj 'Uyun, a Christian village from which Hezbollah was firing rockets, Israel said. It was taken overnight with little resistance.

Israeli troops also moved to surround the village of Al Khiam, one source of missile attacks on the towns of Kiryat Shmona and Metulla. An Israeli soldier died in fighting in the village of Qlaia when a tank was hit by a missile.

Israeli warplanes dropped leaflets over Beirut advising residents of three southern suburbs — Shiya, Burj al Brajneh and Hayy al Sollom — to leave their homes. The leaflets, signed by "The State of Israel," said the Israelis "intend to expand their operations in Beirut" and warned of "a painful and strong response." They further warned the residents: "For your own safety, you must evacuate those neighborhoods immediately and evacuate every place where Hezbollah members or aides exist or carry out terrorist operations."

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Shiya, a poor Shiite area two miles from the center of Beirut, has been bombed or shelled several times. More than 40 people died there on Monday after an apartment building, which Israel said had housed Hezbollah leaders, was bombed at dinnertime.

Israel also fired rockets at a disused radio broadcast tower in the center of Beirut and derelict antennas belonging to Lebanon's official radio station in Amsheet, north of Beirut, apparently believing that Hezbollah was transmitting its broadcasts from these facilities. Hezbollah fired more than 140 rockets into Israel on Thursday and again killed Israeli Arabs. A rocket landed between houses in the Israeli village of Dir al Assad, near Carmiel, killing Miriam Assadi, 26, and her son Fathi, 5. Another son, 4, was badly wounded, as was her mother-in-law. A neighbor, Nabil Omar, 34, said at a hospital in Nahariya, where he had light shrapnel wounds, that "the rocket fell between our two houses."

"We didn't hear anything coming."

Other rockets caused more fires in the forests of the central Galilee and the Golan Heights. The largest fire broke out near Safed, and the air along the border was hazy with wood smoke on an otherwise clear and sunny day.

On Thursday, Jan Egeland, the chief United Nations humanitarian affairs official, called it "a disgrace" that Israel and Hezbollah would not stop fighting long enough to allow aid to reach civilians trapped in southern Lebanon. The World Food Program warned of an impending food crisis because of population displacement and a disrupted harvest.

Aid agencies have also been warning about the dire situation faced in many hospitals in the south, which are running out of food, medicine and fuel to run generators.

The International Committee of the Red Cross said it had received assurances from Mr. Olmert that Israel would do "everything possible" to allow aid through, while Doctors Without Borders said it would continue to help those in southern Lebanon despite Israeli warnings that all vehicular traffic south of the Litani River could be fired upon.

Rowan Gillies, president of Doctors Without Borders, said in Beirut, "To forbid all forms of movement, without distinction, will lead to even more civilian deaths and suffering."

The Israeli government had warnings on Thursday from the left and the right. Upset by the cabinet decision to expand the offensive, Peace Now and the dovish Meretz Party decided to join a demonstration of more pacifist groups outside the Kirya, Israel's Pentagon, in Tel Aviv.

Yariv Oppenheimer, the leader of Peace Now, said Lebanon's decision to move its army to the border and the Israeli cabinet vote had changed minds. "This is a just war, but there is a way to finish it and the government is not taking the right way to do it," he said. "We're calling for the government to accept the Lebanese initiative, push it forward and use it to finish the war."

Galia Golan, a founder of Peace Now, said, "Whatever happened in the beginning of the war, people now believe it's enough, it's time to stop and find a political path."

But only 500 to 700 people showed up to demonstrate. Still, a veteran peace campaigner, Uri Avnery, said, "What is happening here today is the beginning of a radical change in political opinion."

But on the right, Benjamin Netanyahu, the leader of the Likud Party, warned the government that it must accomplish its goal, which is to disarm Hezbollah.

"We must not leave them intact, ready to attack again," he said in Jerusalem. "I support the government's goals. I adhere to them, and I hope the government does, too."

Mr. Netanyahu said he would save any criticism for after the war, but he urged Mr. Olmert to "cut off the tentacle" of Hezbollah and castigated those who did not see Iran's hand controlling both Hezbollah and Hamas. Iran is working on nuclear weapons, he added, and "eventually after crying wolf you face the wolf, and this wolf has nuclear teeth, and it will bite, of that I'm sure."

The people of Lebanon, Mr. Netanyahu said, "have to choose — do they line up with Hezbollah or do they line up against Iran and Syria?" It was important for the West, he said, that Israel win this war.

He said his criticisms of a unilateral withdrawal from Lebanon in 2000 and from Gaza last summer had proved accurate, and warned Mr. Olmert that plans for another pullback from the West Bank were dead. "It won't happen," he said.

In what was regarded as a political attack, the police said a 25-year-old Italian tourist had been killed near a gate to the Old City in East Jerusalem, The Associated Press reported. The man was stabbed in the back by an assailant who then fled.

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In Al Ghaziye, Lebanon, a mostly Shiite town south of Sidon, residents buried nine people killed two days ago when houses there were shelled.

Among the dead were the members of the Khalife family: Mahmoud, a pharmacist; his wife, Ibtisam; and their three children, Hussein, 12, Fatima, 5, and Ahmad, 3.

The bodies were first brought to a Husseiniyeh, a Shiite religious center, for the ritual washing. Inside the mosque, most of the furniture had been pushed aside or stacked on a balcony to make room for the bodies.

The bodies were then transported in a gray van to the town cemetery overlooking the Mediterranean. Few mourners gathered, and those who did were distracted by worries about Israeli airstrikes during the service.

When the small body of Fatima arrived, a man asked the imam, "Can we bury her next to her brother?"

"Yes," he said. "It makes little difference."

France And U.S. Pursue U.N. Plan For Lebanon (NYT)

By Warren Hoge

The New York Times, August 11, 2006

UNITED NATIONS, Aug. 10 — France and the United States struggled today y to agree on a resolution halting the fighting in Lebanon that would call upon the Israeli military to gradually leave Lebanon after a truce but not leave a void in southern Lebanon that would allow Hezbollah to return there.

Ambassadors from the two countries and the three other permanent members of the Security Council, Britain, China and Russia, were focusing this evening on a formula that would have the Israelis depart in phases while the Lebanese Army, along with a reinforced Unifil, the United Nations peacekeeping force, moved progressively into the area.

It was the second meeting of the day for the so-called permanent five as pressure intensified on the Security Council to take decisive action to end the conflict, which was entering its fifth week unchecked.

The actual language of an amendment under consideration calls on Israel to "start withdrawing" as Lebanon "starts deploying" its armed forces, "in coordination with Unifil."

The original French-American resolution, circulated on Saturday, allowed Israeli troops to remain in southern Lebanon after a cease-fire. France sought to renegotiate it after that passage in the draft came under attack from Lebanon and the 22-nation Arab League.

Hezbollah has for years controlled southern Lebanon, where it has launch rocket attacks on Israel. The United States is against any cessation of hostilities that does not embody guarantees preventing the militia from returning to the area.

Secretary General Kofi Annan met today with the French and American ambassadors, Jean-Marc de la Sablière and John R. Bolton, and afterwards his office put out a statement that heightened speculation that a settlement was near and a vote could occur this weekend.

Under Security Council procedures, a vote can be scheduled 24 hours after a resolution has been formally introduced.

"The secretary general believes that it ought to be possible for the Security Council to adopt a resolution by the end of the week," the statement said.

"He reiterates his call that the fighting must stop to save civilians on both sides from the nightmare they have endured for the past four weeks."

His spokesman, Stéphane Dujarric, said Mr. Annan had spoken today with Prime Minister Ehud Olmert of Israel, Prime Minister Fouad Siniora of Lebanon and Secretary of State Condoleezza Rice.

The original resolution called for a full halt to hostilities and the drawing up of a blueprint for settling the broader political problems, including the disarming of Hezbollah, the demarcation of Lebanon's disputed borders and the authorizing of the Lebanese military to take charge of its entire territory.

That second resolution, which will take several weeks to negotiate, was also supposed to spell out the makeup and powers of a new international stabilization force of up to 20,000 soldiers envisioned to secure control of southern Lebanon and forestall any return to violence.

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On Monday, Mr. Siniora said he was planning to send 15,000 Lebanese soldiers to the south, an offer that was seized on by the French in New York as a way to speed the process and to provide Israel assurances that southern Lebanon would not be reoccupied by Hezbollah.

Israel has little faith in the ability of the Lebanese Army and even less in Unifil, so the Americans have been seeking to expand the size and powers of the international force that will go into Lebanon after passage of the first resolution to make it as robust as possible.

The French, who will likely lead the ultimate stabilization force, still believe it should be the subject of a second resolution, which would establish the precise powers it would have and the Security Council mandate under which it would operate.

This week's intensive negotiations have had to break repeatedly to allow time for consulting Paris and Washington and sending versions and proposals to Beirut and Jerusalem.

In Paris, Philippe Douste-Blazy, the French foreign minister, said today that he hoped for an accord in New York. But repeating a threat voiced Wednesday by President Jacques Chirac, he warned that France "does not rule out the possibility of presenting a text in its own name."

Vitaly I. Churkin, the Russian ambassador, speaking outside the French mission where this morning's session took place, said deep differences remained but that the situation wasn't "hopeless."

"There is a fairly lengthy text that is quite ambitious, but it does contain a number of difficult issues that have to be worked out difficult for Lebanon and for Israel," he said.

China's deputy ambassador, Liu Zhenmin, was more hopeful. "It's a good chance," he said.

Israel Takes Control Of Key Town (WT/AP)

By Christopher Torchia

The Washington Times, August 11, 2006

IBL EL-SAQI, Lebanon -- Israel grabbed strategic high ground in southern Lebanon yesterday but delayed a major push north, as diplomats cited progress on a U.N. cease-fire resolution that could go to a vote soon.

An Israeli soldier was killed and two were wounded in fighting with Hezbollah guerrillas yesterday, a day after the Israeli military suffered its worst one-day military loss, with 15 soldiers killed. More than 800 people have died in the monthlong conflict, including 715 in Lebanon.

With Israeli troops closer to Beirut than at any time since the war began, diplomats said they were close to breaking the stalemate over a U.N. effort toward a cease-fire. The U.S. Ambassador to the United Nations, John R. Bolton, said the vote could be today.

The United States and France have been trying to bridge differences over a timetable for an Israeli withdrawal from Lebanon.

However, Russia's U.N. ambassador said he would introduce a U.N. Security Council resolution calling for a 72-hour humanitarian truce because of long delays in U.S.-France efforts to seek a cease-fire.

Ambassador Vitaly Churkin said he would press for a quick truce because no deal had been reached in the 15-nation council on the final wording of a draft calling for an end to the fighting and setting out broad principles for a political solution to the conflict.

"Unfortunately, we at this point came to the conclusion that we do not have an immediate prospect of this resolution being accepted," Mr. Churkin told reporters.

Israeli ground troops took control of the mainly Christian town of Marjayoun before dawn and blasted away throughout the day at strongly fortified Hezbollah positions in several directions.

A huge explosion rocked the center of the town and the surrounding countryside about sunset, and a big fire could be seen raging from Ibl el-Saqi, about two miles to the east.

By taking Marjayoun, the Israeli army was closer to Beirut than at any time since the fighting began July 12 after a cross-border raid in which Hezbollah militants captured two Israeli soldiers and killed three.

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At the same time, the army was still within about five miles of the Israeli border. Marjayoun, which sits near major road junctions in the south, lies north of Israel's Galilee panhandle that juts north into Lebanon.

Marjayoun was used as the command center for the Israeli army and its allied Lebanese militia during an 18-year occupation of southern Lebanon that ended in 2000. The high ground around Marjayoun, including the village of Blatt, overlooks the Litani River valley, one of the staging sites for Hezbollah's relentless rocket assaults on Israel.

Interim Lebanese Interior Minister Ahmed Fatfat said about 350 Lebanese soldiers and police garrisoned in Marjayoun were taken into custody. Residents said the Israelis also took over one building in the barracks, locked up the ammunition and weapons depot and took away the keys.

An Israel military spokeswoman said troops advised the Lebanese to remain in the building for their own safety.

Diplomatic efforts had stalled as the Lebanese called for Israeli troops to start pulling out once hostilities end and Beirut sends 15,000 troops of its own to the south, while Israel has insisted on staying in southern Lebanon until a robust international force is deployed, which could take weeks or months.

The Israeli Security Cabinet authorized Mr. Olmert to expand the offensive in Lebanon, but Israeli officials said they would hold off to give diplomacy more time to work.

When asked in Washington whether Israel's decision was a result of U.S. pressure, State Department spokesman Sean McCormack said, "The Israeli government makes its own decisions about military operations and what it does to act in its own self-defense. Those are decisions for Israeli leaders to make."

Israeli Defense Minister Amir Peretz warned Israel was ready to use "all of the tools" to cripple Hezbollah if efforts toward a cease-fire failed.

Israel reported one of its soldiers was killed and two were wounded in Qleia, just south of Marjayoun, when Hezbollah guerrillas fired a missile at a tank. Hezbollah reported killing as many as 16 Israeli soldiers and destroying 18 tanks.

Two Israeli civilians also died in Hezbollah rocket attacks, an Arab-Israeli mother and her young daughter in the village of Deir al-Assad. Israel reported that 160 Hezbollah rockets landed during the day.

In Beirut, Israeli warplanes blanketed the downtown area with leaflets that threatened a "painful and strong" response to Hezbollah attacks and warned residents to evacuate three southern suburbs. Other warnings dropped from planes said any trucks on a key northern highway to Syria would be considered targets for attack.

Earlier, missiles from Israeli helicopter gunships blasted the top of a historic lighthouse in central Beirut in an apparent attempt to knock out a broadcast antenna for Lebanese state television.

Top U.N. humanitarian official Jan Egeland criticized Israel and Hezbollah for hindering the delivery of aid to civilians trapped in southern Lebanon.

Israel Holds Off On New Push Into Lebanon (CSM)

By Ilene R. Prusher

The Christian Science Monitor, August 11, 2006

JERUSALEM

A month and still fighting, with more than 800 people dead, it comes down to this: The current Israel-Hizbullah conflict will be a long war that could define the region for years to come; or a short one that historians will view as a few violent weeks in the turbulent trajectory of the Middle East.

The answer hangs in the balance, with Israel is sending out signals that foreshadow very different paths.

On Wednesday, Israel's security cabinet voted to expand ground operations that could include sending thousands more soldiers deep into south Lebanon, in a push military officials say would continue for at least another month. But Thursday, Israeli leaders said that was only a decision enabling a broader ground war, not an order to execute it. Israel will hold off on the incursion to give diplomats more time to work toward a cease-fire.

"It's an opportunity for diplomacy to prevail," says Gideon Meir, the deputy director-general of Israel's foreign ministry. "The military operations continue, and that's a part of the resolution of the cabinet. What is at stake now is the question of expansion."

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If the United Nations Security Council, set to meet Friday, can present a draft resolution that satisfies a minimum of Israeli and Lebanese demands, Mr. Meir indicated, a cease-fire deal over the weekend could be within reach. "It's all in the hands of the Security Council," he says. "If it will not prevail, we will have no choice but to continue."

Several factors in the last few days have likely contributed to Israel's increased openness to diplomatic possibilities. One is the fighting capabilities of Hizbullah, which is proving to be a more formidable foe than during Israel's last foray into south Lebanon. That war of attrition ended with an Israeli withdrawal in 2000.

A second factor is the cracks that have begun to appear in the domestic political arena. When the security cabinet voted on Wednesday to expand ground operations, three cabinet members abstained, including former Labor party leader, Shimon Peres, show says Israel has already forfeited the element of surprise, that the incursion would endanger Israel's relations with Arab and Muslim countries.

Third and most important, many analysts here say, is the painful price Israel has been paying in soldiers' lives. On Wednesday, 15 Israeli soldiers died in heavy fighting, with more than 30 others wounded.

"The sacred cow in Israel is the life of the soldiers, not of the citizens," says Daniel Ben Simon, a columnist with the Ha'aretz daily newspaper. "It's not the military that is hesitating, it is Israel, and the price we would have to pay in our soldiers' lives. As soon as the number reaches something like a hundred, you lose the war, even if strategically or militarily, you won."

Mr. Ben Simon, a prominent commentator on strategic and international affairs, says that Prime Minister Ehud Olmert's decision to put the breaks on a wider Israeli army offensive in Lebanon is a sign of willingness to listen to a proposal that could end the war sooner.

"The cabinet gave a green light to go ahead in Lebanon, but they're waiting for the international community, in particular Washington. The Americans are the only ones who can find a workable solution," he says. "What they should hear is, 'We're ready to go on even to Beirut and to Syria, but we'll give diplomacy a chance,' but no one in Washington is reacting. That is something that the Americans have failed to understand, that Israel is giving a chance for a political settlement, and trying to give a chance for the Americans to do something."

Israel has indicated that it would not pull out of south Lebanon, which it occupied for 18 years until it withdrew in the spring of 2000, until an international peacekeeping force is deployed in the area - one with a much more powerful mandate than the current United Nations Interim Force in Lebanon (UNIFIL), which is an observer mission.

Lebanon's prime minister, Fouad Siniora, has since offered to send some 15,000 Lebanese Army troops to the south; Israeli Prime Minister Ehud Olmert says he is studying the proposal. Both Mr. Siniora and Hizbullah's leader, Hassan Nasrallah, say they would not accept a deal that leaves Israeli soldiers in Lebanon. Israel says there would otherwise be a vacuum, one that Hizbullah would quickly fill again.

Domestically, many Israelis are skeptical that a foreign force could succeed in the difficult job called for in UN Resolution 1559, which calls for Hizbullah to be disarmed, or that international peacekeepers will put their lives on the line in order to keep Hizbullah from hitting Israeli targets over the border. Instead, the popular theory that prevails among harder-line Israelis is that their army should do as much damage to Hizbullah as possible - and push the Iranian-supported militia's positions as far north from the international border as they can.

As part of a larger ground offensive, Israeli forces are expected to push northward to the Litani River, seen as a kind of finish line for southern Lebanon. Some of the areas closest to the river and farther from the border, military officials say, are the areas from which many short-range missiles are being launched.

"There's no question whatsoever that we prefer a diplomatic solution," says Miri Eisin, a government spokeswoman. "If there's an expanded ground operation, that takes time. There's planning, there's training, calling up reserves."

The preparations are something you need to start now, and you have to be prepared for any possibility. We said from the start that we prefer the diplomatic route. We want to give a full chance, not an 'as if' chance."

Israel Hits Tower In Beirut, Warns Of More Bombing (WP)

By Edward Cody And Molly Moore

The Washington Post, August 11, 2006

DOJ_NMG_0046500

BEIRUT, Aug. 10 -- Israeli aircraft fired missiles at a radio tower in downtown Beirut on Thursday and dropped leaflets warning residents of the Lebanese capital that more extensive bombing, whose "painful and severe results will not be limited" to Hezbollah fighters, is on the way.

The warning of more bombing of the city and the missile strike, in a busy area known as Ras Beirut, generated a swell of panic among Beirut residents. Although some speculated that Israel may be waging psychological warfare to gain advantage in negotiations at the United Nations, many people here took the warning seriously, recalling the weeks of Israeli bombing here in 1982. In the 30 days since this conflict erupted, Israel's bombing of Beirut has been limited largely to the southern suburbs, where Hezbollah has its base, while the downtown has been spared.

[Early Friday, eight powerful explosions resounded across Beirut, and local news reports said Israeli jets were pounding Hezbollah strongholds in the southern Dahiya suburb, the Associated Press reported. The reports said a bridge was also hit in Akkar province, 60 miles north of Beirut. There was no immediate word of casualties, according to AP.]

The Hezbollah leader, Hasan Nasrallah, warned last week that his fighters would fire missiles at Tel Aviv if Beirut were bombed, raising the danger that the war could escalate into a bloodier cycle of retaliation.

More than 140 Hezbollah rockets crashed into northern Israel on Thursday, killing Fathi Assadi, 26, and her 5-year-old son in Dir al-Assad, an Arab village in the western Galilee, according to Israeli police. Eleven other people were injured in the attack, including the dead boy's 3-year-old brother and his grandmother.

A volley of missiles also landed in Haifa, about 20 miles south of the border, but officials there reported no injuries.

Ground combat was centered along a five-mile stretch of winding road between Marjayoun and Khiam, in the hills just above Israel's northernmost Galilee region. Israeli infantry, backed by tanks, artillery and warplanes, pushed into the area early in the day. The armored vehicles clanked without opposition through Marjayoun, a Christian market town, but came under attack from Khiam, a nearby Hezbollah stronghold populated mainly by Shiite Muslims.

Marjayoun was headquarters of the South Lebanon Army, an Israeli-sponsored Lebanese militia that helped Israeli forces against Hezbollah guerrillas during an 18-year occupation of southern Lebanon that ended in 2000.

Hezbollah, a militant Shiite and Arab nationalist movement, said its fighters hit 11 Israeli tanks in the border-area clashes, killing or wounding a number of crew members.

A 35-year-old Israeli reserve soldier was killed when a Hezbollah fighter hit his tank with an antitank missile near Qleia, according to an Israeli military spokeswoman. Two other soldiers were injured.

Fighting also was reported in the nearby village of Burj al-Moluk, which lies in the shadow of the Crusader-era Beaufort Castle.

After an Israeli cabinet decision Wednesday to authorize the military to expand its operations in southern Lebanon, officials said Thursday they would not move ahead with the acceleration for at least a few more days to give the diplomacy at the United Nations more time.

"The combination of operational decisions and the speeding up of the diplomatic process is the right combination," Defense Minister Amir Peretz said at a briefing. "We must be at peace with ourselves the moment the troops go into the field."

But Peretz said that if the diplomatic efforts fail, "we'll use all the tools" necessary so that residents of northern Israel do not have to stay in bomb shelters, "and that's an unequivocal decision."

Israeli warplanes kept up their bombing campaign to prevent Hezbollah from moving munitions and other supplies over Lebanon's roads. One civilian was killed during a strike on a road in the Bekaa Valley, a major transit route for supplies coming via Syria on their way to the southern Lebanon battlefields, according to Lebanese news reports. Another man was killed as he rode a motorcycle near Tyre, they said.

As part of the interdiction effort, Israeli planes also dropped leaflets in northern Lebanon warning truck drivers to stay off the roads to Syria. Similar leaflets have been fluttering down across southern Lebanon for days, meaning large sections of the country are in effect closed to traffic under threat of attack from the air.

The missiles in Beirut, which police said were fired by two helicopter gunships, struck an unused tower that once broadcast Radio Orient. Beirut residents said it has been unused for years and has mainly historical value, because it was constructed by the French in an earlier era. A small building next to it stood empty.

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Nasrallah, in his warning last week, did not specify what he would consider an attack on Beirut that would warrant the firing of missiles at Tel Aviv, Israel's most populous city. The radio tower hit Thursday stood near Lebanese American University, part of a newer section of Beirut about two miles from the historic city center that was renovated recently.

Police said the missiles appeared to be small, precision-guided weapons. Although they cracked loudly across the city -- rattling glass, sending residents running and some crying in fear -- only one policeman was reported slightly wounded.

The leaflets, addressed to "the citizens of Beirut," were dropped a short time later in most of the city. In addition to the general warning of more extensive bombing and the implication that civilians would suffer as well as Hezbollah fighters, they warned residents of three southern suburbs to leave their homes immediately "for your own safety."

The three areas -- Hai Sulim, Burj al Barajinah and Al Shiyah -- abut the more distant suburb of Dahiya, which is controlled by Hezbollah and has been pounded day after day since the conflict erupted July 12 with a Hezbollah commando raid into Israel.

"Beware," the leaflets said. "The broadening of terrorist operations by Hezbollah will lead to a painful and severe response whose results will not be limited to the bandit Hasan [Nasrallah] and his criminals."

By the end of the day, all three neighborhoods stood empty and forlorn, with only young men of fighting age lounging on sidewalks. The government dispatched buses to a nearby pickup point to take fleeing families without their own cars to the resort town of Juniyah, a Christian community about 20 miles north of Beirut. Officials said the newly displaced people would be put up in the city hall.

The residents of Al Shiyah, where Shiites and Christians live together, were among the first to flee. An Israeli airstrike there killed 47 people Monday night in the deadliest single attack of the war.

Shafiqa Ozib, a 90-year-old woman sitting on her doorstep, surveyed the silent streets of Al Shiyah with no reaction late Thursday.

Only a few cars passed by, carrying residents who had come to pick up their belongings before heading out to take shelter with relatives or friends.

Ozib was not going anywhere, she said her only concern seemed to be getting a bottle of water to tide her through the night. "Where would I go?" she responded when asked if she planned to join her fleeing neighbors. To a journalist pressing her on how she dared to stay after the Israeli warning, she said, "What do you write, philosophy?"

Abbas Fawaz, a 27-year-old businessman who lives next door, made sure Ozib had her bottle of water, then piled some clothes into his BMW sport-utility vehicle and sped away. But around the corner, Ouein Aboud, who works in a restaurant in the city center, said he, too, planned to stay.

"I'm not going anywhere," he vowed. As he spoke, two other young men emerged from a doorway, one with a pistol in his belt. Other young men settled in chairs up and down the streets and prepared for nightfall.

Moore reported from Jerusalem.

Israel Takes Strategic Spot, Waits As Diplomats Work (USAT)

USA Today, August 11, 2006

IBL EL-SAQI, Lebanon — Israel grabbed strategic high ground in south Lebanon on Thursday but delayed a major push northward as diplomats cited progress toward agreement on a United Nations cease-fire resolution that could soon go to a vote.

Israeli soldiers continued to battle Hezbollah guerrillas a day after the military lost 15 soldiers. Israeli forces took over the southeastern town of Khiam under cover of heavy artillery and airstrikes, residents told the Associated Press. Infantry moved through the Christian towns of Marjayoun and Qlaiah overnight and imposed a curfew.

Israeli Brig. Gen. Ido Nehushtan said 50 Hezbollah fighters had been killed in Wednesday's fighting, bringing the guerrilla death toll in the conflict to "between 400 and 500."

Hezbollah missiles rained down on northern Israel, killing a woman and a toddler in an Israeli Arab village, medics told the AP. More than 3,400 missiles have been fired into Israel, according to the Israeli army.

The Israeli army held back on a major ground assault as diplomats tried to unlock the stalemate over a U.N. effort toward a cease-fire. U.S. Ambassador to the United Nations John Bolton said a vote was possible today.

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Diplomatic efforts had stalled as the Lebanese called for Israeli troops to start pulling out once hostilities end and Beirut sends 15,000 of its troops to the south. Israel has insisted on staying in southern Lebanon until a robust international force is deployed, which could take weeks or months.

"A new proposal is being drafted, which has positive significance that may bring the war to an end," Israeli member of parliament Otniel Schneller quoted Prime Minister Ehud Olmert as saying. "But if the draft is not accepted, there is the Cabinet decision." The Israeli Security Cabinet authorized Olmert to expand the offensive in Lebanon.

The U.S.-French draft of the Security Council resolution called for a cessation of hostilities and the deployment of the Lebanese army into southern Lebanon to the Israeli border, in cooperation with U.N. peacekeepers there.

"If we can achieve that by diplomatic means and are sure that there is an intention to implement that document, we shall definitely be in a position where the military operation has achieved diplomatic space and a new situation has been created here in the north," Israeli Defense Minister Amir Peretz said.

He warned that Israel was ready to use "all of the tools" to cripple Hezbollah if a cease-fire fails.

By taking Marjayoun, the Israeli army was closer to Beirut than at any time since the fighting began July 12. The army was still within about 5 miles of the Israeli border.

In Beirut, Israeli warplanes blanketed the downtown area with leaflets that threatened a "painful and strong" response to Hezbollah attacks and warned residents to evacuate three southern suburbs. Other warnings dropped from planes said any trucks on a key northern highway to Syria would be considered targets for attack.

Top U.N. humanitarian official Jan Egeland criticized Israel and Hezbollah for hindering the delivery of aid to civilians in southern Lebanon, saying it was a "disgrace" they didn't allow convoys through. Egeland said a plan worked out with Israel, Lebanon and Hezbollah to funnel aid through humanitarian corridors has not worked the way each side had promised.

Israel Finds Hezbollah A Formidable Force, Hints At Long Campaign (MCT)

By Carol Rosenberg And Dion Nissenbaum

McClatchy Newspapers, August 11, 2006

KIBBUTZ GOSHRIM, Israel - As Israel prepares to expand its war against Hezbollah deeper into southern Lebanon, its army is discovering that its opponent is no ragtag guerrilla force.

Hezbollah fighters are defending their strongholds from a system of well-stocked bunkers that allow them to battle on for days. They're using Russian-made anti-tank rockets in ways that have startled - and killed - their Israeli antagonists. They're proving to be as willing to attack as to defend and run.

Military officers along the northern border now refer to Hezbollah as a serious army and predict that the next phase of the war will be measured in weeks, if not months.

"In these types of wars, a new definition of victory is in place. Nothing like a white flag will arise from a battle of this sort," said Brig. Gen. Ido Nehushtan, the senior Israeli commander who briefed reporters on Thursday. "How do you know when it's over? When it's over."

That suggests a long and bloody campaign that is likely to significantly increase Israeli casualties.

The strategic predicament became crystal clear Wednesday when Hezbollah fighters killed 15 reserve soldiers, 13 of them near two southern villages with anti-tank missiles. One missile was fired through a building where troops had apparently bivouacked; another pierced Israeli armor.

The first details of a sophisticated underground Hezbollah bunker system emerged Thursday in a Haaretz newspaper article by Israel's most respected military correspondent, Zeev Schiff.

He described well-camouflaged underground bunkers stocked with weeks' worth of food and ammunition. He reported that the bunkers have electricity and, in one instance, air conditioning.

Another dramatic illustration came at this once-idyllic frontier kibbutz, now surrounded by artillery emplacements firing deafening rounds into Lebanon night and day. Israeli officers here gave a video tour of what they said was a command-and-control center captured two days ago in a four-bedroom house in a village called Mis-a-Jebel.

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The video showed a night-vision video camera linked to a computer that was capable of firing Russian-made Sagger anti-tank missiles by remote control. The video also showed that the house was stocked with missiles, assault rifles, grenades, rocket launchers and a wall-sized aerial photo of Kiryat Shemona, the Israeli city across the border that's been hit with more than 700 rocket strikes in the past month.

"This is a system we can find in every serious army in the world," said Lt. Col. Olivier Rafowicz.

Rafowicz wouldn't say what happened to the four brothers who lived in the home, but he estimated that it was the headquarters for a 200-fighter Hezbollah operation.

Brig. Gen. Yossi Kuperwasser, until recently chief of intelligence analysis, told McClatchy Newspapers that the network of well-supplied bunkers and tunnels capable of hiding up to 20 fighters has been key to Hezbollah's element of surprise in the two-week ground war.

"They stay in hideouts, and once the Israelis get a little bit farther away, they come out and attack," he said.

Israeli commanders also have been alarmed by the Shiite fighters' unorthodox use of anti-tank missiles. Not only have they fired them on the vaunted armored corps, destroying an undisclosed number of tanks, but they also used them to blast through at least two buildings that Israeli soldiers had taken positions in, with extraordinary lethality.

On Thursday, reporters in the Israeli town of Metulla watched as a Hezbollah rocket struck an Israeli Merkava tank in Lebanon, forcing its crew to abandon it for the safety of another tank. An Israeli recovery vehicle later towed the blackened hulk back to Metulla.

The sheer number of anti-tank rockets also has surprised Israel's military.

"If there is one more tactical surprise, at least to me, it is the number of sophisticated anti-tank missiles that Hezbollah had," said Maj. Gen. Giora Eiland, the former director of Israel's National Security Council. "Most of these new weapons are Russian weapons that have been supplied to Syria. You're talking about the most advanced anti-tank missiles, and the number of these missiles, at least I am a little bit surprised, and I think that the army is surprised as well."

Casualty figures from a month of war suggest lopsided losses. Eighty-two Israeli soldiers have died and Israel claims 550 Hezbollah dead - 150 in the last two days of fighting.

But that fighting, much of it in and around the Christian village of Marjayoun, led to the greatest one-day Israeli death toll of the war on Wednesday when 15 soldiers were killed.

The fighting continued into Thursday, with expectations that the Israeli death toll would rise.

Simon Diab Singer, a Marjayoun resident reached by telephone from Beirut, described heavy fighting that he said began when several hundred Israelis pushed in from the south long before dawn. Nearly 200 people in the village rushed into the church for shelter.

Backed by Merkava tanks and Apache helicopters, the troops went house to house looking for Hezbollah fighters, knocking down doors and firing countless shots, Singer said. Tanks bulldozed through town, rolling over parked vehicles and firing volleys that exploded near the church.

Just outside Marjayoun, the Israelis battled for hours with about 150 Hezbollah fighters, who were firing anti-tank rockets. At daybreak, the shelling quieted somewhat.

From in the church, Singer said it was difficult to judge the number of casualties, but it appeared to residents that Israeli soldiers had holed up in a hospital just outside Marjayoun to regroup and prepare to push farther north. Though not a staunch Hezbollah supporter, Singer said the guerrillas put up a tough fight.

"It was a hell night," he said 12 hours later, adding that much of the town was still burning. "We smell only fire."

Ironically, Marjayoun was the headquarters for the South Lebanon Army, which had been staunchly allied with Israel until it withdrew from Lebanon six years ago. Thousands of SLA members moved to Israel at that time, though many have returned to Lebanon since.

Rosenberg reported from Kibbutz Goshrim, Israel; Nissenbaum, from Jerusalem. Shashank Bengali in Beirut contributed to this report.

Hizbullah's Resilience Built On Years Of Homework (CSM)

DOJ_NMG_0046504

By Nicholas Blanford

The Christian Science Monitor, August 11, 2006

NAQOURA, SOUTH LEBANON

For a month, several small groups of Hizbullah militants on a Lebanese hillside have withstood heavy artillery shelling and airstrikes to continue firing hundreds of Katyusha rockets into Israel from positions just a few hundred yards from the border.

Even seasoned observers with the United Nations peacekeeping force in south Lebanon, known as UNIFIL, whose headquarters lies at the foot of the hillside, are baffled at how the guerrillas have managed to survive and keep up their steady rocket fire.

It's just one example of Hizbullah's surprising resilience in this war. Their ability to continue fighting against the most advanced and powerful army in the Middle East is rooted in the group's meticulous planning and thorough understanding of Israeli military doctrine and capabilities.

"They have done incredible staff work, learning the lessons of guerrilla warfare down the ages and carrying out a very deep and accurate analysis of the Israeli army," says Timur Goksel, who served with UNIFIL from 1979 to 2003 and witnessed Hizbullah's military evolution over two decades.

Israeli forces are poised to mount a full-scale invasion of south Lebanon - pending a last-ditch negotiation effort - in a bid to crush their Hizbullah foes and drive the remnants north of the Litani river, about 18 miles north of the border. Still, despite two decades of experience fighting Hizbullah in south Lebanon, the Israeli military appears to have underestimated the resilience of their Lebanese opponents.

Using advanced anti-armor missiles, snipers, and roadside bombs, and operating from an complex system of bunkers and tunnels, Hizbullah's battle-hardened fighters have survived airstrikes and artillery barrages enabling them to keep killing Israeli soldiers and firing rockets. On Wednesday, 15 Israeli soldiers were killed, the highest toll in a single day since the war began.

"They have lots of strongholds, which are very well disguised, and we need to eliminate their ability to attack Israel from these places," says a senior IDF military official. "It's a very hilly area and it's not easy. You cannot identify their bunkers until you're right there." Small forces of locals

The militants presently on the front line are thought to number no more than 1,000, a fraction of the potential force Hizbullah could unleash. The fighters are drawn from the villages on the front lines, using their intimate knowledge of the local terrain to their advantage. Local groups of Hizbullah fighters communicate with each other by walkie-talkie using a code that draws upon their personal knowledge of each other and the geography. If Israeli forces push deeper into Lebanon, moving to new towns and villages, they will encounter new lines of fresh Hizbullah combatants.

"Even I have been surprised at the tenacity of these groups fighting in the villages. They have fought far beyond my expectations. And they haven't even committed all their fully-experienced troops yet," says Mr. Goksel.

The guerrillas are drawing on years of meticulous preparations and training, combined with access to newer weapons technology. The most effective weapons system employed by Hizbullah's front line guerrillas are antitank missiles. Small teams of specially-trained fighters have inflicted comparatively heavy casualties on Israeli troops, using advanced missiles to knock out the formidable Merkava tank and using older versions to punch through the walls of houses sheltering Israeli soldiers.

In the current war, Hizbullah has used for the first time the Russian Metis-M, which can be fitted with an anti-armor warhead for destroying tanks, or a fuel-air explosive warhead to use against troops or bunkers. The missile has a range of about one mile. Hizbullah is also reported to be employing the laser-guided Kornet-E anti-tank missile which has a range of about 3.5 miles. Individual fighters carry the shoulder-fired RPG-29, a more advanced version of the RPG-7 loved by guerrilla groups around the world since the 1960s. The RPG-29 was first used by Hizbullah last November in a failed attempt to kidnap Israeli soldiers.

The ability of the well-trained missile teams to knock out Israel's vaunted Merkava tanks has frustrated the traditional Israeli military doctrine for rapid armored thrusts deep into enemy territory. Instead, Israeli forces have inched cautiously northward and even after more than two weeks of stiff fighting have yet to capture and secure key border towns. Was Hizbullah underestimated?

There's been criticism in Israel that the military waited too long to move against Hizbullah with large forces of infantry and armored vehicles.

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"I don't think Hizbullah was underestimated by a great deal, but there was an expectation that the air attacks would cut off the command and control process," says Gerald Steinberg, political science professor at Bar Ilan University outside Tel Aviv. "There was a hope that this could be done without large scale casualties."

In an indication of the difficulty, Israeli Chief of Staff Dan Halutz sidelined the general charged with overseeing the ground war in Lebanon. The decision was the first time since the 1973 Arab-Israeli war that a general has had his authority curtailed in the middle of fighting.

"As a fighting army, I don't find the IDF performing worse than it has in the past," said Yossi Alpher, the editor of the online Arab-Israeli journal Bitterlemons.org. "These are probably the best trained and most highly-motivated Arab fighters we've ever faced."

Mr. Alpher noted that Israel's army has never succeeded in snuffing out rocket fire from Lebanon, going all the way back to the 1982 invasion.

If Israeli troops enter Lebanon in strength, Hizbullah will resort to another favorite weapon, the roadside bomb. Roadside bombs killed more Israeli soldiers in south Lebanon in the 1990s than any other weapon, and the technology used to build and detonate them has become highly sophisticated.

Early roadside bombs consisted of home-made Claymore-style explosive charges that spray hundreds of ball bearings, and were detonated by a command wire or remote radio control.

Hizbullah's bombs today include shaped-charge warheads which concentrate the blast in a single direction, similar to an anti-tank missile, to punch through the walls of armored vehicles. They are detonated by infrared beam - when the beam is broken, the bomb explodes.

Military observers believe that Hizbullah long ago planted huge mines under all the roads crossing the border. In June 2002, a shepherd inadvertently stumbled across one of these bombs and alerted the local police, much to Hizbullah's annoyance. It consisted of 180 kilograms of plastic explosive that had been buried several feet beneath a road 500 yards from the border.

In anticipation of these land mines, Israeli tanks have avoided the border roads, cutting across country instead. Secret, intricate bunker system

From the summer of 2000, Hizbullah established an intricate and secret military infrastructure in south Lebanon, consisting of tunnels, expanded natural caves, and underground bunkers where weapons were stored and fighters could live. Much of this construction work was carried out in remote stretches of the border away from the public gaze and at night. Three years ago, residents of villages near a valley known to be controlled by Hizbullah were kept awake at night by the sound of explosions as the guerrillas dynamited the limestone cliffs to build new bunkers.

Highly trained Hizbullah marksmen have also contributed to Israel's troop casualties. Equipped with high-powered rifles, the snipers lie undercover for days at a time, picking off Israeli soldiers when the opportunity arises. In July 2004, a Hizbullah sniper shot dead with extreme precision two Israeli soldiers from a range of 500 yards.

Israeli commanders concede that while they claim to have destroyed many of Hizbullah's long-range rocket launchers, including the 600mm Zelzal which can reach Tel Aviv, the standard 122mm Katyushas can be fired more easily by mobile teams without the need for launchers visible to spotter drones or surveillance planes. Generally, the rockets are fired from multi-barreled launchers on the back of flat-bed trucks, but they can also be fired singly, even from a simple mounting of crossed sticks which is all but invisible to drones and aircraft when hidden inside an olive grove or orange orchard. Some rockets are fired by timers, allowing the militants to escape the area in advance.

Despite saturation air coverage with missile-firing reconnaissance drones, F-16 fighter-bombers and Apache helicopter gunships, the Israelis have been unable to stem the flow of rocket fire across the border. Last week, Israeli commandos staged a pre-dawn raid on an apartment block on the outskirts of Tyre housing a team of Hizbullah militants who had been firing long-range rockets into Israel. But hours after the raid, rockets were again being fired from the same location. Weapons caches small, dispersed

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Instead of stockpiling munitions in just a handful of arsenals, Hizbullah carefully dispersed ammunition, rockets, and weapons all over south Lebanon, stashing them in private homes, garages, basements, bunkers, and caves. That has ensured that small isolated Hizbullah units have a readily available supply of weapons and ammunition.

"They have amassed huge stockpiles of rockets in the area," says Gen. Alain Pellegrini, UNIFIL's commander. "I think the Israelis were hoping they would have had a faster success against Hizbullah by now."

The most important weapon in Hizbullah's arsenal may in fact be the motivation and determination of each fighter.

"The number one element is that Hizbullah is not afraid of the Israelis," says Goksel. "After 18 years fighting Israeli troops, they see them as vulnerable human beings who make mistakes and are afraid like anyone else."

'It's Hard To Have The Same Confidence' (WP)

By Jonathan Finer And Molly Moore

The Washington Post, August 11, 2006

MENARA, Israel, Aug. 10 -- First Sgt. Lior Benrey, 27, who washes skyscraper windows in Tel Aviv in civilian life, was called to duty last week to help evacuate soldiers wounded in the field in southern Lebanon.

During his regular army service, he was trained on the Puma armored personnel carrier. But when he arrived for reserve duty, his platoon was issued an older model, the name of which he did not know and the likes of which he had never driven.

"When I was young, I used to want to get in there where the fighting is," Benrey said in an interview along a road leading into Lebanon from the hillside town of Menara. "It doesn't help that there are -- how should I say this -- equipment issues for reservists. It's hard to have the same confidence you're supposed to have."

In the string of border towns where soldiers gather before and after moving in and out of Lebanon, reservists can be distinguished from active-duty soldiers by their unkempt hair and uniforms -- and often, they say, by the poor condition of their equipment.

As increasing numbers of Israel's reserve soldiers are ordered out of their civilian jobs and to the front lines of combat, they are voicing growing alarm over inadequate equipment and training in the face of large-scale casualties in their ranks.

Two of the largest death tolls of the four-week-long conflict have involved reserve soldiers: Thirteen of the 15 troops killed in combat Wednesday were reservists, and 12 reserve soldiers died last Sunday when a Hezbollah rocket smashed into the parking lot where they were gathered, near Israel's northern border.

The combination of the high death tolls and the mounting discontent among the reserve troops and their families has reverberated through Israeli society, where both military service and reserve duty are mandatory. As much as Israel mourns the death of any soldier, nothing strikes closer to the soul of Israel than the deaths of reserve troops.

"It's dramatically different," said Yagil Levy, author of several books on the Israeli military and its relationship with society. "Reservists have jobs, families, children. They have a larger social network."

The public outcry over the deaths of the reservists Wednesday -- the same day the Israeli security cabinet authorized the military to accelerate its military operations in southern Lebanon -- prompted both political and military leaders to moderate their threats of a rapid escalation in combat.

"The minute troops set out to accomplish a mission, we must look in the eyes of every mother, every father and every child and say: We exhausted all other options," Defense Minister Amir Peretz told reporters Thursday. He and other leaders rushed to assure the public they would give the diplomatic process a few more days to work before sending large numbers of new reservists and active-duty soldiers across the border.

"Fifteen casualties in one day proves what price we could pay if we do not try to make the most of the political move," Deputy Prime Minister Shimon Peres said, referring to both the reserve and active-duty deaths on Wednesday.

Meanwhile, the reports of a lack of equipment and proper training for many of the reserve units have spread like brush fire through Israeli society, where almost every Jewish citizen has a friend or relative now in combat or preparing for combat in southern Lebanon.

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"Nobody really wants to go into Lebanon," said a 28-year-old reserve paratrooper who provided only his first name, Yonaton, out of concern that he would face reprimands for criticizing the military. "We are just not ready -- not in terms of training, or on a weapons basis. It is an absurd situation. Hezbollah has better weapons than we do."

Yonaton, a sergeant, said that when he reported for duty recently with his reserve unit, "there was a serious lack of gear."

"There are a lot of guns, but we were missing the appropriate guns, and appropriate scopes to put on those guns," he said in an interview in Jerusalem while taking a one-day leave before moving to the border. "And basically there is no armor whatsoever. There is not one bulletproof vest in my company.

"I read in one of the Israeli papers that the army claims that the reservists are getting the same equipment as the regular soldiers -- and that is a lie," said Yonaton. "The difference is so great that it's almost a joke. It is a disgrace."

"This is a time of war, and it takes time sometimes to get everyone organized," said Capt. Noah Meir, an Israeli military spokeswoman. But she added, "We do not send any soldier or officer into combat who's not prepared, who's not geared up and not well trained. They won't go into battle without equipment."

Some political leaders have expressed concern.

"They are not ready -- not regarding equipment and not regarding infrastructure," Yuval Steinitz, a member of parliament's Foreign Affairs and Defense Committee, said earlier this week. "In general, home command was not ready for this."

The wives of several dozen reserve soldiers wrote a letter this week to Prime Minister Ehud Olmert and defense officials to "protest with a loud voice what is occurring in the field." The women said their husbands, who are now in southern Lebanon, have complained about inadequate equipment, such as outmoded helmets, insufficient night-vision equipment and insufficient amounts of food, in addition to chaotic mission plans.

Reserve soldiers from the Egoz, an elite infantry unit stationed near the Lebanese border in the Golan Heights, said that only their officers had been issued night-vision goggles.

"Look, the IDF is not the American Army," said Sgt. Lavi Zadok, 26, a law student at Tel Aviv University, using the abbreviation for Israel Defense Forces. "I would say they have given us the minimum, nothing more. When we were soldiers, we had everything we needed."

First Sgt. Adi Berkowitz, a reservist who suffered shrapnel wounds in a mortar attack near the Lebanese village of Marjayoun on Wednesday, said the army should be doing more to equip soldiers like him.

"It's a war, and in a war everyone, not just the regular soldiers, should be getting efficient and quality equipment," he said as he recovered at a hospital in the Israeli border town of Tzfat. "But on the other hand it is not in the soldier's mentality to complain. You get what you get."

Several soldiers said they had problems with their equipment but did not want to disclose them publicly because they thought it would encourage their enemies.

Sgt. David Shlomo, a medic, said he had been issued only one IV tube, rather than the eight or nine he carried with him when he was on active duty. "There were a lot of things I had then that I don't have now," he said. When he was asked to elaborate, other soldiers told him to stop talking.

"Everything you are saying right now, the Syrians will be reading," one said. "Why would we tell them our weaknesses?"

Moore reported from Jerusalem.

Antiwar Camp In Israel Comes Out Of Bunker (LAT)

By Laura King

The Los Angeles Times, August 11, 2006

TEL AVIV — A month into the war in Lebanon, Israel's long-quiescent peace movement is suddenly issuing a ringing call to arms.

Isolated and beset by infighting in the first weeks of the conflict, the still-small peace camp was spurred into action by the Israeli government's authorization this week of a broader ground invasion in Lebanon.

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Faced with the prospect of a bloody, drawn-out conflict, mainstream peace groups that had refrained from criticizing the war effort are urging a diplomatic resolution to what has already proven to be a costly and complicated battle with the Shiite Muslim militia Hezbollah.

On Thursday, organizers of an antiwar rally in Tel Aviv for the first time brought in what are regarded in this bookish country as big guns: a trio of Israel's best-known authors.

The three — Amos Oz, David Grossman and A.B. Yehoshua — have all spoken out strongly against past conflicts and wield considerable moral authority here.

"The use of more force now is not in Israel's best interests," Oz told reporters before the rally in front of the Defense Ministry in Tel Aviv. "The time has come to resolve this through diplomatic means."

Though it drew only several thousand people, the rally had a much different tone than protests organized previously by far-left groups. Absent this time were strident denunciations of the government and the army. Instead, the protesters waved blue-and-white Israeli flags as they shouted, "Negotiate now!"

According to polls, the war retains the broad backing of the Israeli public despite, or perhaps because of, growing sentiment that the battle against Hezbollah has thus far been a losing one.

And up until now, the antiwar movement had been mainly the province of what are generally considered to be splinter groups: Arab parties, communists and anarchists.

Yael Dayan, the daughter of iconic general and politician Moshe Dayan and a doyenne of the Israeli peace movement, found that out the hard way last week when she tried to address a Tel Aviv antiwar rally organized by a far-left coalition.

Stepping up to the microphone, Dayan — an imposing, deep-voiced woman who bears a striking resemblance to her famous father — told the crowd it was important to support Israel's troops even while opposing the war.

Her listeners responded by hurling invective and debris, with some shouting that Israeli soldiers were baby-killers. Dayan was forced to relinquish the microphone and leave the stage.

"At that juncture, people who were protesting against this conflict simply did not want to hear the message that the war was a just one, at least initially," said Dayan, a former lawmaker who is now the deputy mayor of Tel Aviv. "Even if we have the common ground of believing that now is the time to stop."

The encounter, while extreme, was emblematic of sensitivities among Israelis who want to speak out against the war without appearing unpatriotic at what is felt to be a time of grave national crisis.

A survey released this week by Tel Aviv University suggested that with rockets raining down on the country's north and troops dying in numbers not seen since the last Lebanon war, most people believed it was crucial to support the government's war aims.

"An issue which is not in consensus is the right of protest," wrote the survey's authors, Ephraim Yaar and Tamar Hermann, noting that the public was evenly split over whether this was an appropriate time to speak out against the war.

The conflict is a fresh reminder that in Israel, the lines between left and right, between hawk and dove, have always been blurred.

Past peace agreements have almost always been forged by battle-hardened ex-generals. Prominent peaceniks make a point of doing their army reserve duty, believing it gives them greater moral authority to speak out against a given conflict.

And some of those who identify with Israel's dovish left say that circumstances change, and actions must be altered accordingly.

Yosef Sendik, a captain in the army reserve, spent three months in jail because he refused to serve in the West Bank at the height of the Palestinian uprising, or intifada.

That decision, he said, was due to his strong belief that Palestinians' rights were not being respected.

But he says he would go willingly to Lebanon if called.

"Like it says in the Bible, there is a time for peace and a time for war," Sendik said. "This is a war of our survival — I believe that."

Similar soul-searching has taken place within the venerable Peace Now movement, founded during the first Lebanon war.

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The group's secretary-general, Yaariv Oppenheimer, said he believed in the war's first weeks that Israel was correct and justified in striking hard at Hezbollah after the group staged a cross-border raid last month that captured two Israeli soldiers and killed eight others.

But Oppenheimer said he had deep qualms about the wide-ranging ground offensive authorized by Israel's "security Cabinet" on Wednesday. While pressing ahead with fighting close to the border, the army held off Thursday on a deeper push into Lebanon, with policymakers saying there was a window, albeit a narrow one, during which mediation efforts should be given a chance.

The sometime role reversals that have taken place in the course of the conflict were satirized this week in the Haaretz newspaper, which ran editorial cartoons on facing pages depicting different views of the war.

In one caricature, a balding, ponytailed Peace Now adherent declares: "It won't end until we wipe Beirut off the map!" In the other, a religiously devout Jewish settler, someone whom stereotype would place in the right-wing camp, tells a friend: "It won't end until we talk."

Uri Avnery, a snowy-haired veteran peace activist, said he believed that from this point on, the antiwar movement would gain momentum, as speaking out against a prolonged conflict becomes more socially acceptable.

"For now, we don't reflect the thinking of the overall public," he said. "But when you see 100 people at a rally one week, and 1,000 the next, and 10,000 the next, you can see the direction in which things are moving. This has to end."

Protest To Encircle White House (WP)

By Petula Dvorak

The Washington Post, August 11, 2006

The nation's capital is becoming a stage where passions on both sides of the Israel-Hezbollah conflict are being played out with a series of protests, vigils and rallies in Washington in recent weeks, with more to come.

The largest demonstration -- billed as a protest of the "U.S.-Israeli war" -- is expected to draw "tens of thousands" of people who plan to surround the White House tomorrow, said Tony Kutayli, communications coordinator for the Washington-based American-Arab Anti Discrimination Committee, one of the groups helping coordinate participants arriving from across the country.

In the last few weeks, the National Park Service has issued several permits for demonstrations tied to the conflict, said spokesman Bill Line.

This month, groups of women dressed in somber black slowly circled in front of the White House holding candles in a silent tribute to those killed in Lebanon. Across the region, groups have held small meetings to raise almost $7 million in aid for those killed and injured in Israel.

"Somehow, the story of what is really going on is being lost," said Misha Galperin, executive vice president and chief executive of the Jewish Federation of Greater Washington. "We need to try and counter that to the extent possible, to demonstrate our support."

Galperin's group helped organize a rally of more than 1,500 people in Freedom Plaza last month to support Israel in the conflict. Teachers, lawyers, members of Congress and a governor spoke on behalf of the Jewish state.

The group is not planning a counter-protest tomorrow, and Galperin said he believes the event was purposely scheduled on the Jewish Sabbath to thwart any response on its part.

But protest organizers said that most of their massive mobilizations, such as the antiwar gathering in September last year, are held on Saturdays to accommodate travel schedules for out-of-town participants.

Organizers of tomorrow's event are coordinating bus transportation from as far south as Tampa, as far north as Connecticut and as far west as Michigan. They are posting ride-share arrangements online and urging communities to donate cash for bus rentals.

"This is the largest mobilization of the Muslim community since the 2002 Palestinian rally," said Mahdi Bray, director of the Washington-based Muslim American Society, one of the co-sponsors.

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Bray said many of his group's supporters are coming to protest what they consider the feeble U.S. pursuit of a cease-fire in the conflict. "It has not been pursued with due diligence," he said.

Beyond the nation's stance on the conflict in Lebanon, many of the participants will be people frustrated with the domestic stance on civil liberties and harassment of Muslims across the country, Bray said.

For example he said, every December, when U.S. Muslims head to Canada to celebrate Ramadan with relatives living there, they have no problems crossing the border northbound, Bray said. But on their return to the United States, they are often detained and "asked silly questions, like 'Do you read the Koran?' 'What do you think of Osama bin Laden?' "

The constant sting of those suspicions, as well as the deaths in his homeland in Lebanon, have moved Mounzer Sleiman, head of the National Council of Arab Americans, to help organize the local Lebanese community to protest.

The community is not prominent on the protest scene, Sleiman said. "Most people are affluent and stable. They have family. Their involvement is more toward cultural activities, literature and entertainment -- not politics so much," he said.

The primary organizer for tomorrow's protest is the ANSWER Coalition, which helped coordinate the September antiwar rally.

The group has also staged smaller weekly protests in front of the Israeli Embassy in Washington for the past three weeks and sponsored demonstrations in New York, San Francisco, Los Angeles, Chicago and Seattle.

The group's national coordinator, Brian Becker, said the Muslim and Lebanese groups taking part will be joined by many of the antiwar demonstrators who flooded the Mall last year.

"It is truly a U.S.-Israeli war," said Becker, an activist who has been associated with far-left organizations and is experienced in mobilizing large numbers of protesters. "The Lebanon operation is an extension of the U.S. war against Iraq. It is part of an integrated plan for the colonial-style domination of the entire oil-rich and strategic region."

The demonstrators plan to gather in Lafayette Square and march along Pennsylvania Avenue and 15th Street, across the Ellipse and up 17th Street, encircling the White House.

The permits were acquired with the legal help of Mara Verheyden-Hilliard of the Partnership for Civil Justice, who worked for months last year to get permission for demonstrators to walk along Pennsylvania Avenue in front of the White House.

Israel Asks U.S. To Ship Rockets With Wide Blast (NYT)

By David S. Cloud

The New York Times, August 11, 2006

WASHINGTON, Aug. 10 — Israel has asked the Bush administration to speed delivery of short-range antipersonnel rockets armed with cluster munitions, which it could use to strike Hezbollah missile sites in Lebanon, two American officials said Thursday.

The request for M-26 artillery rockets, which are fired in barrages and carry hundreds of grenade-like bomblets that scatter and explode over a broad area, is likely to be approved shortly, along with other arms, a senior official said.

But some State Department officials have sought to delay the approval because of concerns over the likelihood of civilian casualties, and the diplomatic repercussions. The rockets, while they would be very effective against hidden missile launchers, officials say, are fired by the dozen and could be expected to cause civilian casualties if used against targets in populated areas.

Israel is asking for the rockets now because it has been unable to suppress Hezbollah's Katyusha rocket attacks in the month-old conflict by using bombs dropped from aircraft and other types of artillery, the officials said. The Katyusha rockets have killed dozens of civilians in Israel.

The United States had approved the sale of M-26's to Israel some time ago, but the weapons had not yet been delivered when the crisis in Lebanon erupted. If the shipment is approved, Israel may be told that it must be especially careful about firing the rockets into populated areas, the senior official said.

Israel has long told American officials that it wanted M-26 rockets for use against conventional armies in case Israel was invaded, one of the American officials said. But after being pressed in recent days on what they intended to use the weapons for, Israeli officials disclosed that they planned to use them against rocket sites in Lebanon. It was this prospect that raised the intense concerns over civilian casualties.

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During much of the 1980's, the United States maintained a moratorium on selling cluster munitions to Israel, following disclosures that civilians in Lebanon had been killed with the weapons during the 1982 Israeli invasion. But the moratorium was lifted late in the Reagan administration, and since then, the United States has sold Israel some types of cluster munitions, the senior official said.

Officials would discuss the issue only on the condition of anonymity, as the debate over what to do is not resolved and is freighted with implications for the difficult diplomacy that is under way.

State Department officials "are discussing whether or not there needs to be a block on this sale because of the past history and because of the current circumstances," said the senior official, adding that it was likely that Israel will get the rockets, but will be told to be "be careful."

David Siegel, a spokesman for the Israeli Embassy in Washington, declined to comment on Israel's request. He said, though, that "as a rule, we obviously don't fire into populated areas, with the exception of the use of precision-guided munitions against terrorist targets." In such cases, Israel has dropped leaflets warning of impending attacks to avoid civilian casualties, he said.

In the case of cluster munitions, including the Multiple Launch Rocket System, which fires the M-26, the Israeli military only fires into open terrain where rocket launchers or other military targets are found, to avoid killing civilians, an Israeli official said.

The debate over whether to ship Israel the missiles, which include the cluster munitions and use launchers that Israel has already received, comes as the Bush administration has been trying to win support for a draft United Nations resolution that calls for immediate cessation of "all attacks" by Hezbollah and of "offensive military operations" by Israel.

Arab governments, under pressure to halt the rising number of civilian casualties in Lebanon, have criticized the measure for not calling for a withdrawal of Israeli troops from southern Lebanon.

While Bush administration officials have criticized Israeli strikes that have caused civilian casualties, they have also backed the offensive against Hezbollah by rushing arms shipments to the region. Last month the administration approved a shipment of precision-guided munitions, which one senior official said this week included at least 25 of the 5,000-pound "bunker-buster" bombs.

Israel has recently asked for another shipment of precision-guided munitions, which is likely to be approved, the senior official said.

Last month, the advocacy group Human Rights Watch said its researchers had uncovered evidence that Israel had fired cluster munitions on July 19 at the Lebanese village of Bilda, which the group said had killed one civilian and wounded at least 12 others, including 7 children. The group said it had interviewed survivors of the attack, who described incoming artillery shells dispensing hundreds of cluster submunitions on the village.

Human Rights Watch also released photographs, taken recently by its researchers in northern Israel, of what it said were American-supplied artillery shells that had markings showing they carried cluster munitions.

Mr. Siegel, the Israeli Embassy spokesman, denied that cluster munitions had been used on the village.

The United States Army also employs the M-26 rocket and the Multiple Launch Rocket System in combat, and the Pentagon has sold the weapon to numerous other allies, in addition to Israel. The system is especially effective at attacking enemy artillery sites, military experts say, because the rockets can be quickly targeted against a defined geographic area. Each rocket contains 644 submunitions that kill enemy soldiers operating artillery in the area.

But Human Rights Watch and other groups have campaigned for the elimination of cluster munitions, noting that even if civilians are not present when the weapons is used, some submunitions that do not detonate on impact can later injure or kill civilians.

The M-26 "is a particularly deadly weapon," Bonnie Docherty, a researcher with Human Rights Watch, who helped write a study of the United States' use of the weapons in the 2003 Iraq invasion. "They were used widely by U.S. forces in Iraq and caused hundreds of civilian casualties."

After the Reagan administration determined in 1982 that the cluster munitions had been used by Israel against civilian areas, the delivery of the artillery shells containing the munitions to Israel was suspended.

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Israel was found to have violated a 1976 agreement with the United States in which it had agreed only to use cluster munitions against Arab armies and against clearly defined military targets. The moratorium on selling Israel cluster weapons was later lifted by the Reagan administration.

This week, State Department officials were studying records of what happened in 1982 as part of their internal deliberations into whether to grant approval for the sale to go forward.

Chaos Could Doom Palestinian Authority (WSJ)

By Guy Chazan

The Wall Street Journal, August 11, 2006

RAMALLAH, West Bank -- Israel's war with Hezbollah has overshadowed a looming crisis in the West Bank and the Gaza Strip, where conditions have deteriorated to the point that some in the Palestinian government are exploring the prospect of its self-dissolution.

The economic and political breakdown has put new stresses on a population already racked by falling incomes and high unemployment. But the unraveling of the Palestinian Authority, starved of cash and with several of its ministers in Israeli jails, could have disastrous consequences for Israel as well: International law dictates that as an occupying force, it would have to take over full responsibility for the well-being of 3.9 million Palestinians.

An aid freeze by donors, initiated when Hamas won January elections in Gaza, has left the PA virtually penniless. More than 150,000 public-sector workers have gone unpaid for the past five months, and some ministries have ceased to function.

That has prompted an increasing number of Palestinians to call for the dismantling of the PA and a transfer of its powers back to Israel, which continues to occupy the West Bank and controls Gaza's borders despite last year's military pullout.

Even Palestinian Prime Minister Ismail Haniyeh has hinted at the idea. Following Israel's arrest of parliament speaker Abdel Aziz Dweik last weekend, Mr. Haniyeh on Wednesday said, "All political elites, the presidency, the factions and the government are invited to discuss the future of the Palestinian Authority following this...attack. Can [the PA] function under the occupation, kidnappings and assassination?"

Established in 1994 under a peace deal with Israel, the PA was conceived of as an interim self-governing body and steppingstone to full statehood. But that prospect has receded since Hamas took control in March after a stunning election victory over rival Fatah, the party of Yasser Arafat that had dominated Palestinian politics up to that point.

After Hamas, an Islamist organization with political, social-services and militant wings, won a dominant majority in January elections, international donors led by the U.S. -- which deems Hamas a terrorist organization -- froze aid and demanded that the group recognize Israel, renounce violence and accept existing peace deals with Israel. So far, Hamas has refused.

The idea of dismantling the PA was once a marginal idea, championed in the 1990s by left-wing intellectuals such as Edward Said, who advocated civil disobedience against Israeli occupation and a campaign for "one person, one vote." The model was the antiapartheid protests in South Africa that paved the way for black-majority rule there. Self-dissolution was also raised by Fatah supporters in the aftermath of their election defeat.

But there also is now some support for the idea among Hamas activists, who in the past few months have become disillusioned by political power and may prefer to return to their armed struggle against Israel.

Israel says it isn't its policy -- nor in its interest -- to see the PA go out of business. "Those that should disappear from the political arena are Hamas, not the PA," said government spokesman Avi Pazner.

Any breakdown in government could also thwart Israeli Prime Minister Ehud Olmert's plan to withdraw unilaterally from large parts of the West Bank. "The existence of a political entity in the West Bank and Gaza is essential for Israel to achieve its objective of ending its control of the Palestinian population," said Gidi Grinstein, head of the Reut Institute, an Israeli think tank. "That's why dismantling the PA could severely compromise Israel's interests."

Yet the idea is gaining traction among Palestinians of many shades. One is Hafez Barghouti, the influential editor in chief of the Palestinian newspaper Al-Hayat Al-Jadida. "We should just accept that we are under military rule," he said. "We should turn to civil disobedience, burn our ID cards and struggle until we get our rights."

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In recent months, there had been hopes of a lifeline to rescue the PA from its international isolation. In late June, Palestinian political factions reached an agreement to create a unity government that implied recognition of Israel by Hamas. The deal could have paved the way for a release of donor aid to the PA.

But then the Israel-Hezbollah war broke out, knocking the Palestinian issue off all radar screens. "Lebanon has hijacked Palestine," says Mohammed Shtayye, the PA's former housing minister and the head of Pecdar, a big Ramallah-based aid and investment organization.

The fighting in Lebanon has also largely eclipsed the continuing violence in Palestinian areas. Gaza has been reeling from an Israeli ground and air offensive unleashed after militants captured an Israeli soldier in a cross-border raid on June 25. The fighting has left more than 170 Palestinians dead, more than half of them civilians. Even more disruptive was Israel's arrest in late June of 64 Hamas officials, including eight government ministers -- a third of the cabinet -- on charges of "belonging to a terrorist organization."

Wasfi Izzat Kabaha, the PA prison-affairs minister and one of two Hamas officials released by the Israelis in the past few days, is trying to get his department back up and running after a monthlong stint behind bars. Every day brings new complications: He waves a letter from Mr. Haniyeh requesting that he take over the Labor portfolio, replacing the present labor minister, who remains in Israeli custody.

His ministry used to disburse about $4.5 million in monthly allowances to the roughly 10,300 Palestinian prisoners held in Israeli jails and their families. But for three months, it has had no budget. The ministry's civil servants and lawyers aren't being paid, either.

"Will the PA collapse?" he asks. "I don't know. But if they don't recognize our rights and our government, then the situation can only get worse."

The European Commission has tried to avert the collapse of essential services, allocating $135 million over three months under a "temporary mechanism" that bypasses the Hamas government. It includes "social allowances" for about 13,000 health workers and will be paid directly into their bank accounts. But considering the PA's basic wage bill is nearly $100 million a month, it hardly solves the problem.

Meanwhile, Israel still refuses to transfer the roughly $55 million a month of value-added tax and customs duties it collects on behalf of the PA -- about half of the Palestinians' monthly budget.

For Mr. Shtayye, the outlook for the PA is bleak. "The PA is not a supermarket which can just go bust and close down," he says. "But the people are saying if it can't protect the lives of its citizens, deliver services or pay salaries, then what's the point of it?"

The Morning After The Morning After (NYT)

By Thomas L. Friedman

The New York Times, August 11, 2006

With every war there are two days to keep in mind when the guns fall silent: the morning after, and the morning after the morning after. America, Israel and all those who want to see Lebanon's democracy revived need to keep their eyes focused on the morning after the morning after.

Here's why.

The only way that the fighting in south Lebanon will be brought to a close is if all the parties accept a cease-fire and the imposition of a robust international peacekeeping force, led by France, along the Israel-Lebanon border — supplanting Hezbollah.

The morning after that cease-fire goes into effect, everyone knows what will happen: Hezbollah's leader, Hassan Nasrallah — no matter how battered his forces and how much damage his reckless war has visited on Lebanon — will crawl out of his bunker and declare a "great victory." Hezbollah, he will say, fought the Israeli Army to a standstill inside Lebanon and rained rockets on northern Israel. Meanwhile, military analysts everywhere will write that Israel has "lost its deterrence" vis-à-vis Arab forces, and blah, blah, blah.

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Sorry, been there, heard that, and I don't buy it. What matters in war, alas, is the balance of destruction on the ground and the political weight it exerts over time.

On the morning after the morning after, Lebanese war refugees, who had real jobs and homes, will start streaming back by the hundreds of thousands, many of them Shiites. Tragically, they will find their homes or businesses badly damaged or obliterated. Yes, they will curse Israel. But they and other Arabs will also start asking Nasrallah publicly what many are already asking privately:

"What was this war all about? What did we get from this and at what price? Israel has some roofs to repair and some dead to bury. But its economy and state are fully intact, and it will recover quickly. We Lebanese have been set back by a decade. Our economy and our democracy lie in ruins, like our homes. For what? For a one-week boost in 'Arab honor?' So that Iran could distract the world's attention from its nuclear program? You did all this to us for another country?"

As Michael Young, opinion editor of The Beirut Daily Star, put it an article in Slate: "Hezbollah's ... test will be to rapidly alleviate the suffering in its own community and, therefore, avoid losing its base. The party still has substantial backing among its coreligionists, and it is not about to see this disappear. But soon the fate of the hundreds of thousands of Shiites now living in schools, tent cities, and even public parks will be an overriding concern for Nasrallah. Many have fled areas partly or wholly destroyed, to which they might not return for months or years. ... Hezbollah will have to provide funding for reconstruction and rehabilitation that is likely to run into the billions of dollars. ... The party will have a monumental task to revive not only Shiite morale but confidence that Hezbollah can take care of its own. ... Even the party's most optimistic interpretation of the current war — that it is a heroic achievement — will not spare it having to tiptoe very carefully through Shiite trauma."

Moreover, if and when a French-led international force is placed along the Israel-Lebanon border, it will be a big loss for Hezbollah. The Shiite militia will no longer be able to directly touch Israel and start a war for Iran or Syria whenever it chooses. And, if Hezbollah tried to lob missiles over the peacekeeping zone, or penetrate it, it would clash with forces from France, Italy and Turkey, the likely peacekeepers. That means Hezbollah, Iran and Syria would not be able to hurt Israel without also hurting their own relations with the European Union.

Israel needs to keep its eyes on the prize. It's already inflicted enormous damage on Hezbollah and its community, but Nasrallah will only have to pay the full price for inviting all that destruction once the guns fall silent on the morning after the morning after. So let's get there as soon as possible. That will deter him. What would deter him even more, though, would be if the U.N. would go ahead and impose sanctions on Iran for its illicit nuclear bomb program. After all, it was Iran, Nasrallah's master, that ordered up this war to distract the U.N. from doing just that. It would be nice to say to Iran: You ravaged Hezbollah for nothing.

Beyond those two limited objectives, there's no storybook ending for Israel in Lebanon, and it shouldn't throw more good lives after some elusive knockout blow. It's just not that kind of neighborhood. As they say in the movies, "Forget it, Jake. It's Chinatown."

Chavez Says Castro Fighting For Life (CHIT)

By Natalie Obiko Pearson

Chicago Tribune, August 11, 2006

MUNICIPIO INDEPENDENCIA, Venezuela -- President Hugo Chavez said Thursday his close friend and ally Fidel Castro is in a "great battle for life," but he also expressed optimism about the 79-year-old Cuban leader's recovery.

"From here, let's pray to God for Fidel and his recovery, and he's fighting a great battle," Chavez said in a televised speech from the eastern state of Anzoategui.

His statement was the most serious yet from a close Castro ally in describing the 79-year-old Cuban leader's condition. But Chavez also predicted, with a laugh, that Castro would defy the U.S. government's plans for a transition in Cuba and emerge from a hospital where he is being treated to reassume the presidency.

Chavez said he had received a message from Castro on Wednesday "that filled me with more optimism, with more faith."

"Among other things Fidel told me ... 'I keep saying Chavez, God help Chavez and his friends,'" Chavez said.

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"I wrote to him in my own handwriting last night, in the early morning, to send it with the messenger who was returning immediately: 'You are fighting a great battle every day, all these nights,'" Chavez said.

Castro said July 31 he was stepping aside temporarily, granting his powers to his brother Raul as head of the government and the Communist Party so he could recover from intestinal surgery.

Neither brother has been seen in public since then. Details of Castro's condition, his ailment and the surgical procedure he underwent are being treated as a "state secret."

Chavez said that in his letter to Castro, "I told him, 'Here we're with you every second, every minute, every hour, every day, every night of that great battle for life that you are fighting from your heart, from your soul.'"

"It's a battle, and I know, Fidel, that we're going to win it, too. We are prevailing and we will prevail," Chavez said.

Chavez spoke near the end of his speech as if Castro were listening.

"Get better, Fidel. It's an order. I never give you an order. Now I'm giving you one," Chavez said. "Get better, an order. I know you're disciplined."

The Venezuelan president described Castro's health troubles as an "ambush," coming so soon after Castro gave a three-hour speech in Cordoba, Argentina, and visited the childhood home of fellow revolutionary Ernesto "Che" Guevara.

Chavez said he and Castro hugged at the door of the plane, promised to see each other again soon, "and then suddenly the surprise, but that's life."

"It's life, biology," Chavez said. "And it's also 80 years that you've lived, Fidel Castro, and what an 80 years Fidel has lived."

The Venezuelan leader has said he will dedicate his weekly TV and radio program, "Hello President," this Sunday to Castro in honor of his 80th birthday.

Fidel's Favorite Channel (WSJ)

The Wall Street Journal, August 11, 2006

It's a safe bet that Fidel Castro is not tuning into TV Marti from his hospital bed, assuming he isn't yet in a morgue. Ever since the U.S. broadcast service was launched by the U.S. government in 1990, joining Radio Marti in providing Cubans with honest reporting about their country and the world, El Maximo Lider has succeeded in jamming many telecasts.

Not any more. On Saturday night at 6, TV Marti went airborne. It is now broadcasting six nights a week from aboard a C-130, leased by the U.S. government and flown out of the Florida Keys. Jamming a broadcast that keeps moving out of range of the jammers is a lot harder than blocking satellite broadcasts, which is the way TV Marti's 24-7 programming usually goes out over the airwaves.

TV Marti was scheduled to go airborne later this year but the timetable was speeded up when Castro fell ill. "The transmission from this plane is a fulfillment of the President's commitment to break the Cuban dictatorship's information blockade on the Cuban people and will increase their access to timely and accurate information that they need at this critical time," Pedro Roig, director of the agency that oversees TV and Radio Marti, said in a statement.

To inaugurate the new service, TV Marti is broadcasting statements by President Bush, taped last Thursday, and Secretary of State Condoleezza Rice, taped Friday. They are "letting the Cuban people know that in this time of uncertainty, the U.S. is there with a message of hope and democracy," says Alberto Mascaro, TV Marti's chief of staff.

TV Marti's programming consists mostly of news reports and news analysis, says Mr. Mascaro. But there's also a popular satirical show called "La Oficina del Jefe," or "Office of the Chief," starring a tall fellow with a long beard and a cigar. In recent weeks, Mr. Mascaro says, "La Oficina del Jefe" has been featuring a character named Raul.

When Politicians Outrun Themselves (NYT)

The New York Times, August 11, 2006

Having done nothing to rein in the influence-peddling culture of Congress, Republican leaders apparently hope to contain the scandal as an election issue by pushing Representative Bob Ney of Ohio into retirement. But Mr. Ney's sudden withdrawal from the re-election campaign is only another reminder to skeptical voters of the Capitol's craven preoccupation with easy-money politics underwritten by special interests and power lobbyists.

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Mr. Ney became a target of investigators after his notorious golf junket to Scotland at the bidding of Jack Abramoff, the disgraced superlobbyist who bilked Indian casino tribes of millions by promising access to pliant lawmakers. Mr. Ney's chief of staff pleaded guilty to being a principal in the schemes, leaving the congressman a prime target.

The Ney affair was a reminder of the fate of another Abramoff crony, former Representative Tom DeLay of Texas, who has tried to disappear from public judgment as a candidate on the November ballot. Facing state charges of political money laundering, Mr. DeLay first won the spring primary, then suddenly resigned from Congress, pronouncing himself a Virginian transplanted to the lucrative "private sector" of Capitol castoffs. But the Republican Party's attempt to replace him with a handpicked loyalist was rejected all the way to the Supreme Court.

That left the party he once bullied scrambling to get a write-in replacement. It will be fascinating to watch this November as Congress comes up for grabs and Republicans fight to keep Mr. DeLay's long Texas shadow from being cast nationally as a symbol of the money culture that infects the Capitol.

Not Illegal -- Just Arbitrary (WP)

The Washington Post, August 11, 2006

THE UNSAVORY tale of Gov. Robert L. Ehrlich Jr.'s "Prince of Darkness" seems finally and mercifully to be on its final chapter. The dark "prince," you may recall, is Joseph Steffen, a Republican party hack who was for years the governor's factotum and self-proclaimed dirty trickster. It was Mr. Steffen who boasted online of having spread malicious rumors about the governor's chief Democratic rival, Baltimore Mayor Martin O'Malley. And it was Mr. Steffen who strutted through the halls of state government, a statuette of the grim reaper on his desk, bragging that he was authorized to pick career civil servants who should be fired to make room for Ehrlich loyalists.

That last role has been the focus of an inquiry into whether Mr. Steffen -- and by extension Mr. Ehrlich -- was intent on dismissing state workers specifically because they were Democrats; to do so would be illegal. After dodging state lawmakers, and a subpoena, since May, Mr. Steffen finally appeared before a special legislative committee this week. He denied having axed public employees based on their party affiliation -- though he said he wasn't heedless of it either. Yet at the same time he exposed the Ehrlich administration's approach to firing state workers as cavalier, arbitrary and witless.

Mr. Ehrlich, the first Republican governor of Maryland in a generation, was elected on a platform of reforming the political culture in Annapolis; he was entitled to hire and fire when he took office. In the event, he removed 340 workers from their jobs; not all that many but among those ousted were dozens of competent, experienced mid-level managers. Some of them were culled by Mr. Steffen, a high school graduate with no relevant managerial or personnel experience, based on who-knows-what criteria. Lacking access to performance evaluations, he targeted some employees for dismissal based on "what some in the department told me," he told lawmakers. Well, that's fair!

After initially saying it welcomed the inquiry into its personnel policies, Mr. Ehrlich's administration turned mildly obstructionist, denouncing lawmakers as embarked on a witch hunt. Some documents sought by the committee seemed impossible to find. The governor's aides insisted Mr. Steffen was a mid-level nobody, despite evidence that he was well known and in contact with the governor's inner circle. Then Mr. Steffen went AWOL for three months. Now that he has finally testified, there is no evidence of illegality -- just of a slapdash approach to state government.

Lawmakers, too, have dropped the ball. Legislation enacted in the past decade empowered the governor, at a whim, to fire any of some 6,000 state workers, more than the president can fire at will from the federal government. That is wildly excessive and an invitation to abuse, as the Steffen episode illustrates. Inexplicably, the General Assembly did nothing this year to rectify that situation. It should do so in the next session, by identifying a sensible list of positions -- senior managers, executive secretaries and the like -- who may be removed when a new administration takes office, and offering some protection against arbitrariness to the rest of the state's workforce.

A Trial Lawyer By Any Other Name (LAT)

The Los Angeles Times, August 11, 2006

A ROSE BY ANY OTHER NAME may smell as sweet, but the Assn. of Trial Lawyers of America has apparently concluded that its perfectly descriptive moniker is malodorous. The group has decided to rechristen itself the American Assn. for Justice, not

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to be confused with the Justice League of America (an alliance of comic-book superheroes) or the Institute for Justice (a libertarian public-interest law firm opposed to eminent domain).

ATLA's name change, apparently triggered by the successful efforts to demonize the term "trial lawyer," is a classic example of abstract euphemism replacing — and distorting — a perfectly specific phrase. George Orwell denounced such linguistic evasion in his classic 1946 essay, "Politics and the English Language." "The great enemy of clear language is insincerity," Orwell wrote. "When there is a gap between one's real and one's declared aims, one turns as it were instinctively to long words and exhausted idioms, like a cuttlefish spurting out ink."

And is there a more "exhausted idiom" than the unassailable ideal called "justice"? Trial lawyers, by comparison, are controversial, and rightly so. Conservatives insist that they do more harm than good by seeking huge jury judgments from which they take a disproportionate cut. Liberals counter that without enterprising — and, yes, self-interested — plaintiffs' lawyers, injustices would go unchallenged and workplaces would be less safe.

It's an important debate, and one that trial lawyers should be eager to join without shrouding the work they do in generic language. Besides, euphemisms tend to have a short shelf life. Once the new term is identified with the old reality, everyone makes the adjustment — thus requiring a new euphemism. That's how "feeble-minded" gave way to "retarded," which in time was supplanted by "developmentally disabled," which, to the extent that it becomes descriptive, also will seem pejorative and usher in its obsolescence.

Ironically, if ATLA's new name catches on, the organization's detractors might simply shift gears and begin denouncing the American Assn. for Justice, perhaps inserting the qualifier "so-called." We can already hear President Bush, a longtime critic of the plaintiffs' bar, making political capital out of the name change: "See, they call themselves the Assn. for Justice, but they're really … trial lawyers." Better, we think, to own up proudly to what you are.

Build Green, Make Green (NYT)

The New York Times, August 11, 2006

Recent record-breaking heat waves had governments from Sacramento to Washington, D.C., urging businesses and homeowners to turn down the lights and ratchet up the thermostat. The message was especially urgent last week in New York City, where City Hall and businesses teamed up to reduce the strain on the electric grid. Their concerted effort probably helped avert a blackout.

That particular heat wave is gone; the lights are back up and the thermostats down. But it would be a tragedy if that meant an end to the conversation about cutting down on unnecessary energy consumption.

Buildings are something of an energy-efficiency blind spot in this country. Public attention tends to focus largely on automobile companies and mileage, but houses and skyscrapers consume more energy than cars. According to the Energy Department, residential and commercial buildings account for 40 percent of total energy consumption in this country, versus just 28 percent for the entire transportation sector.

Companies are seeing the light on what are known as green buildings and the lower operating costs that come with them. For instance, The Washington Post noted last week that PNC Financial Services Group's new green bank branches are using 45 percent less energy than comparable structures. And the company says that it builds them faster and cheaper than through old-fashioned construction methods. The new Bank of America Tower rising in Midtown Manhattan will feature special insulating glass windows and a plant-covered roof for natural temperature control. For maximum efficiency, an on-site natural-gas power generator will also recapture energy from lost heat headed out the building's chimney, lowering energy costs by an estimated 40 percent or more.

There are ways for government to make the payoff even greater. California is the model when it comes to offering incentives to utility customers for increased energy efficiency. But even in states that fail to offer rebates and tax benefits, businesses have strong motives of their own to get on board simply for the sake of competitiveness.

Corporate membership of the U.S. Green Building Council, which manages the leading certification program, has increased more than tenfold since 2000. Wal-Mart, famed for its ability to slash costs, is trying to reduce the energy used in stores by 30 percent while also increasing the efficiency of its vehicle fleet and cutting back solid waste.

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Companies can choose to be energy-wasting dinosaurs, but in an age of escalating prices, they'll go extinct. In business, the company with the lowest costs usually wins.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

British: Thwarted Plot Involved 10 Jets (AP) 3
Plot To Bomb Transatlantic Airliners Foiled (FT)..... 5
Back On Alert (BSUN) 5
Tip Followed '05 Attacks On London Transit (WP)..... 6
British-Pakistani Effort Thwarted Terror 'Dry Run' (WT)..... 7
Suspects Pushed Inquiry To Crisis Level (USAT) 8
Blurred Fingerprints: U.K. Terror Plot Points To New Threat (WSJ) 9
Officials Give Few Details About 24 Arrested In Alleged Plot (USAT) 12
Terror Attacks Were 'Very Near' (LAT)..... 13
British Say Terror Attacks Thwarted (BSUN)..... 16
Plot To Bomb U.S.-Bound Jets Is Foiled (WP)..... 18
Britain Foils Airline Plot (WT) 19
UK Seen As Weak Link By The US (FT)..... 21
Officials Cite Scale And Sophistication Of Plane Plot (NYT)..... 21
Signs Point To A Surviving Terror Network (WP)..... 23
Echoes Of Early Design To Use Chemicals To Blow Up Airliners (NYT) 24
Foiled Terror Plot On Scale Of 9/11 (CSM)..... 25
Plan Was To Sneak Liquid Explosives On Planes (NYT) 26
Analysis: Plot May Have Been 9/11 Sequel (AP-Y) 29
Al Qaeda Imprint Debated (LAT) 30
Thwarting The Airline Plot: Inside The Investigation (TIME) 31
Texas Airports Tighten Security, Passengers Questioned In Austin (DMN/AP) 32
Precautions Jam Air Travel (USAT)..... 33
U.S. Transportation Security Agency Prohibits Carrying Liquids And Gels On Flights (NYT)..... 34
Liquids And Gels Discarded With Weary Surrender (WP) 35
Liquid Threat Is Hard To Detect (NYT) 36
Menace In A Bottle (WSJ)..... 38
Ingredients For A Bomb Are Not Hard To Find (WP) 39
Plot Exposes Weak Spot In Aviation (USAT) 40
It's Not Hard To Use Fluids To Cause An Explosion On A Plane, Chemists Say (NYT)..... 42
Bush Says U.S. Still At Risk Of Attack (AP) 43
In Visit, Bush's Message Turns To Security (MJS) 44
Bush Leaves Area After Fundraiser, Addressing Nation On Terror Threat (GBG) 45
Muslims Upset By Bush's Remarks (LAT)..... 46
Bush, On A Quick Trip From His Texas Ranch, Says Americans Are Safer Than Before Sept. 11 (NYT) 46
GOP, Democrats Clash Over War On Terror (AP)..... 47
Arrests Bolster G.O.P. Bid To Claim Security As Issue (NYT).... 48
Scramble Starts For Political Advantage (WT) 50
Foiled Plot Swings Voter Attention To Terror War (WSJ)..... 51
Both Parties Claim Edge As Terror Is Reinforced As A Campaign Topic (WP) 53
Analysis: Plot Feeds Political Frenzy (AP)..... 54
Romney Activates National Guard For Logan Airport (BOS/AP) 55
Homeland Security Department Praised For Its Response (WP) 56
The 10-Year-Old Terrorist Plot (LAT)..... 57
'Mass-Murder' Foiled (WSJ) 58
The London Plot (NYT) 59
Terror In The Air (LAT)..... 60
The War Bush Isn't Fighting (WP) 60
Foiled Plot Is Police Triumph, Reminder Of Security Holes (USAT) 61
A Chilling Reminder (WP) 62
No Cutting (WP) 63
Terrorist Extravaganza (WSJ)..... 63
'Arc Of Extremism' (WSJ) 64
6 Of 11 Missing Egyptians Now In Custody (HC/AP)..... 65
Heightened Vigilance Leads To Student's Arrest (CHIT) 65
2 Missing Egyptian Students Arrested In Dundalk (BSUN)..... 66
2 Charged In Ohio With Aiding Terrorism (AP)..... 66

Homeland Response:

Judges Consolidate Wiretap Suits (WSJ/AP)..... 67
Man May Plead Guilty In Seattle Shootings (USAT/AP) 67
Lobbyists Lose Bid To Dismiss Secrets Case (NYT) 68
Judge Rejects Challenge Of Espionage Law (WT/AP) 69
Judge Rejects Dismissal Of Pro-Israel Lobbyists Case (WP)..... 69
Judge OKs Broader Use Of Espionage Laws (LAT) 70

War News:

35 Die At Iraq's Holiest Shiite Shrine (USAT/AP)..... 71
Bomber Kills 35 Outside Shrine (WT/AP)..... 72
Suicide Bomber Kills Dozens Outside Shiite Shrine In Iraq (WP) 73
Blast Kills 35 At Shiite Shrine In Najaf (NYT)..... 74
35 Killed In Suicide Bombing In Najaf (LAT)..... 75

Inside The Ring (WT) ... 76
British Forces In Afghanistan In Worst Fighting In 60 Years: General (AFP-Y) ... 77

DOJ:

After Fidel -- Snap, Crackle And Pop (WP) ... 78
Acting U.S. Attorney Leone To Step Down (DENP) ... 79
D.C. May Take Stronger Role In Nacchio's Case (RMNEWS) ... 79
Fallout Continues Over Wright Compromise Legislation (DALBIZ) ... 80
US Seeks Allies In Anti-Corruption Drive (VOA) ... 81

Corporate Scandals:

Former Brocade Execs Face More Charges (EETIMES) ... 82
Stock Options Backdating Charges Added In Brocade Case (MERCN) ... 83
New Charges For Execs (MERCN) ... 83
SEC Charges Former Endocare Executives With Fraud (LAT/BLOOM) ... 84
Tally Of Option Probes Tops 100 As Concern Grows (Update1) (BLOOM) ... 85
Seeking To Wipe Lay Slate Clean (NYDN) ... 86
ImClone To Stay Independent (HC) ... 86

Criminal Law:

Pentagon Officials Quit At Agency Linked To Bribes (NYT) ... 86
Gotti Prosecutor Has Doubts About Trial Next Week (NSDY/AP) 87
Feds Fear They Gotti Drop Raps (NYDN) ... 87
Pellicano Trial May Be Postponed Until February (LAT) ... 88
BetOnSports Bettors Seek Return Of Money (AP) ... 89
Betonsports Plans To Shut Down Its U.S. Business (BLOOM) ... 90
CIA Gives Libby Overviews Of Briefings (WP/AP) ... 90
Former Minneapolis Councilman Convicted In Bribery Case (STPPP) ... 90
Zimmermann Found Guilty On 3 Counts Of Bribery (MINNST) ... 91
Nine Are Charged In Alleged Sex Ring (SEAPI) ... 92
31 Arrested In Oxnard Gang Sweep (LAT) ... 93
Berkeley officer probed in theft (OAKT) ... 94
Advocates Vow Fight As Cuban Five Lose Ruling (MH) ... 95
Fugitive Mother Remains In Canada (NORTH) ... 96

Civil Law:

Kaiser's $2 Million Fine Part Of Larger Corrective Actions (LAT) 97
GlaxoSmithKline Settles Claim Of Inflating Prices On Cancer Drugs (AP) ... 98
Questions Still Dog UnitedHealth (MINNST) ... 99
Tenet 2Q Loss Widens On Legal Costs (DALBIZ) ... 100

Civil Rights:

Clerk Says Boss Used Racial Code (UPI) ... 100

Antitrust:

Hearst To Pay $299M In MediaNews Partnership (SILBIZ) ... 100
Freightliner Suit Versus GM Alleges Antitrust Violations (AP) ... 101
Indiana Real Estate Measure Irks DOJ, Angie (INMAN) ... 101

FBI/DEA/ATF/USMS:

FBI Says It Will Present Ferry Probe Findings Soon (Rochester Democrat &) ... 102
Former Davidson County Officer Takes Stand In Own Murder Trial (CO) ... 103
Meth 'Superlab' Busted In Mexico, DEA Says (AP) ... 103
Authorities Bust Massive Drug Ring (SFC) ... 104
Carroll County Copter Crash Hurts GI, Trooper (ADG) ... 104
27 People Indicted On Federal Drug Charges (HDR) ... 105
3:01 Pm | Dozens Indicted In Meth Rings (CO) ... 107
Discovery Of Heroin Lab Forces Evacuation Of Gov. Printz Blvd. Motel Philadelphia Fugitive Arrested; 2nd Possible Explosive Found (NJ) ... 107
Meth Offenses Net Hefty Time (MB) ... 108
2001 Slaying Tied To Peekskill Man (JN) ... 108
Chase Leads To Drug Arrests (TLPA) ... 109
Meth Labs' Potential For Disaster (TR) ... 109
Murdered DEA Agent's Family Relieved After Guilty Verdict (KVOA) ... 110
New Exhibit Focuses On Drug Trade (WLS) ... 110
Drug Exhibit Opens At Chicago Museum (WMAQ) ... 110
Sweeping Crackdown Said To Gut Gang In Md. (WP) ... 111
53 Gang Arrests Announced (BSUN) ... 112
Crips Gang Factions Busted In Maryland (WT/AP) ... 112
Baseball Asserts That Fewer Players Failed Drug Tests (NYT) 113
Cubs Manager To Testify In Steroid Trial (AP) ... 114
Gatlin's Coach Probed On Doping Charges (AP) ... 115
FDA Warns 3 Pharmacies Making Copies Of Drugs (USAT) ... 115

Immigration:

Labor Agreement Is A First For Immigration Judges (WP) ... 116

Congress-Administration:

Markets Unfazed By Terrorist Plot (WSJ) ... 117
Markets Prove Immune To Terror Plot (USAT) ... 118
Wall Street Stays Calm, Ends Higher (WP) ... 118
Americans Not Fazed By Latest Threat (WT) ... 120
July Budget Deficit Shrank As Receipts Increased Over 12% (WSJ) ... 121
All Signs Point To An Economic Slowdown, And Recession Dangers Are Growing (MCT) ... 121
Economists Paint Gloomier Picture (WSJ) ... 122
Economy Often Defies Soft Landing (NYT) ... 124
U.S. Trade Deficit Down 0.3 Pct. In June (HC/AP) ... 125
U.S. Trade Deficit Narrows On Export Jump, Weaker Dollar (WSJ) ... 126
U.S. Trade Gap Narrowed In June (NYT) ... 127
Alaska Governor Murkowski Is Next Vulnerable Incumbent (WSJ) ... 128
Immigration And Jobs Link Is Disputed (NYT) ... 129
Study Finds Immigrants Don't Hurt U.S. Jobs (WP) ... 129
Study Finds No Harm In Immigrant Workers (WT) ... 130
President Remains Eager To Cut Entitlement Spending (WP) ... 131
Panel Calls For 'urgent Reform' Of Higher Education (USAT) ... 133
Panel's Report Urges Higher Education Shake-Up (NYT) ... 133
Quarles Will Leave Top Treasury Finance Post (WSJ) ... 134

DOJ_NMG_0046521

Chief Of Army Corps Of Engineers Is Quitting (NYT)..... 135
Congress Seeks Answers From BP (FT) 135
BP Gets OK To Operate Portion Of Oil Field (USAT) 136
BP's 'Big Problem' (LAT)..... 136
Are We Ready For The Next Oil Shock? (WP)..... 137
The New Camp Casey: Protest Without The A-List (WP)..... 138
Lieberman, On The Offensive, Links Terror Threat And Iraq (NYT) 139
The View From The Chow Hall (WSJ)..... 140
Democrats Knifed Lieberman On Eve Of Airliner Plot (WSJ).... 141
Short-Term Gain, Long-Term Pain (WP)..... 142
Why Nation Won't Go As Connecticut Went (USAT) 143
Who's Guilty Of 'Petty Partisanship'? (WP)..... 143
Nonsense And Sensibility (NYT)..... 144
'Time Is Running Out' For House Republicans, Analyst Says (MCT)..... 145
Groups Seek Female Candidates (USAT) 147
In Md., Senate Hopefuls Ably Walk The Middle Path (WP) 148
Ignoring Split, Labor Makes Election Push (CSM)..... 149
Union Of Government Workers Seeks To Build Political Muscle (NYT) 150

Other News:

Cities, States Aren't Waiting For U.S. Action On Climate (WP) 151
Possums Are Playing Upside-Down Role In Florida Elections (WSJ)..... 153
Nation's Chief Accountant Backs Transparent Financial Reporting (USAT) 154
Setback For U.N. Draft Resolution On Lebanon (WP)..... 155
U.S., France Near Deal On Mideast Draft (AP)..... 156
US And France Fail On Mideast Truce Plan (FT)..... 158
Israel Holds Off On Drive To The North (NYT)..... 158
France And U.S. Pursue U.N. Plan For Lebanon (NYT)..... 160
Israel Takes Control Of Key Town (WT/AP)..... 161
Israel Holds Off On New Push Into Lebanon (CSM)..... 162
Israel Hits Tower In Beirut, Warns Of More Bombing (WP) 163
Israel Takes Strategic Spot, Waits As Diplomats Work (USAT) 165
Israel Finds Hezbollah A Formidable Force, Hints At Long Campaign (MCT) 166
Hizbullah's Resilience Built On Years Of Homework (CSM)..... 167
'It's Hard To Have The Same Confidence' (WP)..... 169
Antiwar Camp In Israel Comes Out Of Bunker (LAT)..... 170
Protest To Encircle White House (WP)..... 171
Israel Asks U.S. To Ship Rockets With Wide Blast (NYT) 172
Chaos Could Doom Palestinian Authority (WSJ) 174
The Morning After The Morning After (NYT)..... 175
Chavez Says Castro Fighting For Life (CHIT) 176
Fidel's Favorite Channel (WSJ) 177
When Politicians Outrun Themselves (NYT) 177
Not Illegal -- Just Arbitrary (WP) 177
A Trial Lawyer By Any Other Name (LAT)..... 178
Build Green, Make Green (NYT) 178

TERRORISM NEWS:

British: Thwarted Plot Involved 10 Jets (AP)

By Jennifer Quinn, Associated Press Writer
The AP, August 11, 2006

British police said Thursday they thwarted a terrorist plot, possibly just days away, to blow up U.S.-bound jetliners over the Atlantic and kill thousands. Chilling accounts leaked by investigators described a plan on the scale of Sept. 11 that would use liquid explosives concealed as everyday carry-on items and common electronic devices to bring down 10 planes in a nearly simultaneous strike.

The bombs were to be assembled on the aircraft apparently using a liquid explosive — most likely peroxide — and detonated by such devices as a disposable camera or a music player, two American law enforcement officials told The Associated Press. The officials spoke on condition of anonymity because Britain asked that no information be released.

A federal law enforcement official in Washington said that at least one martyrdom tape was found during ongoing raids across England on Thursday. Such a tape, as well as the scheme to strike a range of targets at roughly the same time, is an earmark of al-Qaida.

British authorities arrested 24 people based partly on intelligence from Pakistan, where authorities detained up to three others several days earlier. More arrests were expected, the official said. The suspects were believed to be mainly British Muslims, at least some of Pakistani ancestry.

The official said some suspects were cruising the Internet looking for flights to the United States for several different days in recent weeks. He said some had gone to Pakistan recently.

American investigators praised Britain for preventing a catastrophe. "If this plot had actually occurred, the world would have stood still," Mark Mershon, assistant director of the FBI, told the AP in New York.

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Terror threat levels were raised to some of their highest levels and hundreds of flights were canceled worldwide. Passengers stood in line for hours and airport trash bins bulged with everything from mouthwash and shaving cream to maple syrup and fine wine. Governors in at least three U.S. states — California, New York and Massachusetts — ordered National Guard troops to help provide security.

"We want to make sure that there are no remaining threats out there, and we also want to take steps to prevent any would-be copycats who may be inspired to similar conduct," said U.S. Homeland Security Secretary Michael Chertoff.

Experts said the nature of the plot could herald a new age of terrorism where attackers have access to explosives that are easy to carry and conceal. Emergency security measures quickly implemented on Thursday provided a stark vision of the possible future of air travel.

Mothers tasted baby food in front of airport security guards to prove it contained no liquid explosives. Liquids and gels were banned from flights. Travelers repacked their luggage in airports, stowing all but the most necessary items in the hold.

Although plots to blow up airliners using liquid explosives are not new — such an attempt was foiled more than a decade ago — the U.S. government has been slow to upgrade its security equipment at airport checkpoints to detect explosives on passengers.

U.S. authorities did not say how long the security measures would last. "We are taking the step of preventing liquids from getting into the cabin to give us time to make adjustments," Chertoff said.

The raids in Britain on Thursday followed a monthslong investigation, but U.S. intelligence officials said authorities moved quickly after learning the plotters hoped to stage a practice run within two days, with the actual attack expected just days after that.

The test run was designed to see whether the plotters would be able to smuggle the needed materials aboard the planes, the officials said, speaking on condition of anonymity. Security experts warned it was possible attackers could hide their bomb ingredients in containers for talcum powder or medicine bottles and then assemble the weapon once behind a locked restroom door.

U.S. counterterrorism officials said United, American, and Continental airlines bound for New York, Washington and California were targeted by the terrorists. Los Angeles Mayor Antonio Villaraigosa said the individuals plotted to detonate liquid explosive devices on as many as 10 aircraft bound for the United States.

"This nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation," President Bush declared.

The plane bombings could have come just ahead of the fifth anniversary of the Sept. 11 attacks carried out by al-Qaida. The terror group's leader Osama bin Laden and his No. 2, Ayman al-Zawahri, are believed hiding along the Pakistan-Afghanistan border and have repeatedly issued tapes threatening new attacks.

"In terms of scale, it was probably designed to be ... a new Sept. 11," said Jean-Charles Brisard, a French private investigator who works with lawyers of many Sept. 11 victims. "It involved the same tools, the same transportation tools and devices."

The close call also shifted attention once more to Britain's Islamic community just over a year after the London transit attacks. Three Britons of Pakistani descent and a Jamaican convert to Islam carried out those deadly bombings with a peroxide-based explosive that trained operatives can make using ordinary ingredients such as hair bleach.

In Pakistan, an intelligence official said the arrest of an Islamic militant near that border several weeks ago played a role in "unearthing the plot." The official, who spoke on condition of anonymity, said some suspects arrested in Britain were linked to al-Qaida. However, authorities stopped short of accusing al-Qaida directly for the plot.

A senior Pakistani government official, also speaking on condition of anonymity because he was not authorized to comment on the matter, said "two or three local people" suspected in the plot were arrested a few days ago in the Pakistani cities of Lahore and Karachi.

French Interior Minister Nicholas Sarkozy said the group "appears to be of Pakistani origin," but did not give a precise source for the information. Britain's Home Office refused comment.

A British police official, speaking on condition of anonymity because of the sensitivity of the investigation, said the suspects were "homegrown," though it was not immediately clear if all were British citizens. He said authorities were working with Britain's large South Asian community.

Tariq Azim Khan, the Pakistani minister of state for information, said "these people were born and brought up in the United Kingdom. Some of them may have parents who were immigrants from Pakistan."

Raids were carried out at homes in London, the nearby town of High Wycombe and in Birmingham, in central England. Searches continued throughout the day, and police cordoned off streets in several locations. Police also combed a wooded area in High Wycombe.

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Hamza Ghafoor, 20, who lives across the street from one of the homes raided in Walthamstow, northeast of London, said police circled the block in vans Wednesday and that they generally swoop into the neighborhood to question "anyone with a beard."

"Ibrahim didn't do nothing wrong," Ghafoor said, referring to a suspect. "He played football. He goes to the mosque. He's a nice guy."

The British government raised its threat assessment to its highest level — critical — which warns that a terrorist attack could be imminent. The U.S. government, following suit, raised its threat assessment to red alert, also its highest level, for commercial flights from Britain to the United States.

Associated Press Writers Pat Milton and Tom Hays in New York, Lara Jakes Jordan in Washington and Jay Lindsay in Boston contributed to this report.

Plot To Bomb Transatlantic Airliners Foiled (FT)

By Bob Sherwood And Demetri Sevastopulo

Financial Times, August 11, 2006

A terrorist plot to blow up as many as six US-bound aircraft in mid-flight – causing "mass murder on an unimaginable scale" – has been thwarted, according to UK police and security services.

The UK was put on the highest possible terror alert early on Thursday after anti-terrorist police arrested 24 people suspected of planning to smuggle liquid explosives in carry-on baggage on to flights operated by at least three US airlines.

After an unprecedented surveillance operation led by MI5, the security service, in close co-operation with US authorities, British police moved to disrupt the alleged suicide bomb plot, which could have been launched in the next few days. A senior official in Pakistan added: "Pakistan actively co-operated to make this happen."

French Interior Minister Nicolas Sarkozy said that the group of suspects appeared to be of Pakistani origin.

The plan would have caused casualties on a scale to rival the September 11 attacks. John Reid, UK home secretary, said the "loss of life of civilians would have been on an unprecedented scale".

US officials said the planned attacks were "suggestive" of al-Qaeda and targeted Continental, American and United flights into as many as five US cities, including New York, Washington DC and one in California. George W. Bush, US president, said the foiled plot was "a stark reminder that this nation is at war with Islamic fascists who will use any means to destroy those who love freedom, to hurt our nation".

The president thanked Tony Blair, the UK premier, and the British government for "busting this plot".

Michael Chertoff, the US secretary of homeland security, said the alleged terrorists intended to take liquid chemical explosives on to flights disguised as drinks.

Security officials believe the intention was to mix volatile liquids and assemble bombs in flight after a number of terrorists carried components on board.

Stringent security precautions were immediately put in place at airports on both sides of the Atlantic amid concerns that carry-on baggage scanners would not detect the explosives.

Huge queues of passengers formed at British airports as hand luggage was banned and hundreds of flights were delayed or cancelled. Restrictions are likely to remain in place for some time, prohibiting passengers from carrying laptop computers, mobile phones, music players, books, magazines and drinks on to aircraft. The US also banned liquids such as hair gels.

Mr Chertoff said the UK operation had "significantly disrupted this major threat" but he added that authorities could not assume the threat had been "completely thwarted". He added: "They had accumulated and assembled the capabilities that they needed and they were in the final stages of planning before execution."

Mr Reid said UK authorities believed the "major players" were all in custody but that the UK would remain on "critical" alert. Paul Stephenson, deputy commissioner of London's Metropolitan police, said: "This was intended to be mass murder on an unimaginable scale."

Downing Street said the anti-terror operation had been undertaken "with the full support" of Mr Blair, who is on holiday in the Caribbean and who had been "in constant contact".

Back On Alert (BSUN)

The Baltimore Sun, August 11, 2006

There have been a few too many overblown alarms in the past several years, but the apparent plot to blow up multiple planes on their way from the United Kingdom to the United States seems to have been a genuine threat. The dramatic reaction by security officials was probably prudent - though if President Bush was being briefed on the British investigation as long ago as

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Sunday, it's not quite clear why a bottle of hair gel was so much more dangerous yesterday than it was on Tuesday or Wednesday. But erring on the side of caution is certainly understandable.

Three things came into focus yesterday:

· The best public appearances were by officials who were clear, informative, unemotional and nonrhetorical. Michael Chertoff, the secretary of Homeland Security, managed his morning news conference admirably. Attorney General Alberto Gonzales and, to a lesser extent, President Bush tried to sound notes of high passion and purple purpose, and their tone was all wrong. In some ways, an emotional response is part of what terrorists are hoping to provoke. Levelheadedness is better.

· Its Afghan camps destroyed, al-Qaida no longer exists as an actual body of terrorists-in-training. An al-Qaida agent may have had a role in organizing the plotters who were arrested in Britain yesterday. But all 24 suspects were reportedly British-born Muslims.

To find the heart of Muslim alienation and the impulse toward violence against the West, the place to look is not the Middle East but Europe. Wars in Afghanistan, Iraq and Lebanon may inspire resentment, but it is anger at their own societies that underlies the hostility among European Muslims. One-third of British Muslims between the ages of 18 and 24 say they would prefer to live under Sharia law than British law, a poll found. Almost the same number say the bombings in London a year ago were justified. Europe has large, unassimilated and unhappy Muslim communities; as it happens, those within them who lash out often choose American targets.

· Televised images of packed airports made plenty of people watching glad they weren't flying yesterday. It wasn't the fear of being blown up; it was the fear of being stuck in endless, static, sweltering lines with no idea what's going on. Flying has become ever more of a tribulation. This is just one more reason why America needs a modern and effective passenger rail system.

In the days to come, much more is sure to come out about both the plot and the plotters. The important thing will be not to draw the wrong lessons from whatever is learned; the impulse, say, to brand all young Muslims with British accents as criminals, or all civil liberties protections as outmoded, or all shampoo bottles as dangerous, will be hard for some to resist. The real goal should be to devise ways to make intelligent distinctions - and then act on them.

Tip Followed '05 Attacks On London Transit (WP)

By Craig Whitlock And Dafna Linzer

The Washington Post, August 11, 2006

It all began with a tip: In the aftermath of the July 7, 2005, suicide bombings on London's transit system, British authorities received a call from a worried member of the Muslim community, reporting general suspicions about an acquaintance.

From that vague but vital piece of information, according to a senior European intelligence official, British authorities opened the investigation into what they said turned out to be a well-coordinated and long-planned plot to bomb multiple transatlantic flights heading toward the United States -- an assault designed to rival the scope and lethality of the Sept. 11, 2001, hijackings.

By late 2005, the probe had expanded to involve several hundred investigators on three continents. They kept dozens of suspects under close surveillance for months, even as some of the plotters traveled between Britain and Pakistan to raise money, find recruits and refine their scheme, according to interviews with U.S. and European counterterrorism officials.

Precise details of the plot -- how many planes, their destinations and the date -- remain unknown. The shape of the operation changed regularly as the would-be bombers considered which transatlantic flights to target and prepared for a practice run, which was expected to take place in the next few days, U.S. law enforcement officials said.

Investigators eventually pieced together enough information from a blizzard of stakeouts, tips and wiretaps to make clear that something big was in the works, and that the plotters' preparations were nearing an end.

"It's not like three weeks ago all of a sudden MI5 knew about this plot and went to work," added a U.S. law enforcement official, speaking of the British security service. "They'd had a concern about these guys for some time -- for months. Details started to emerge, and it became clear over the last couple weeks the nature of the threat and the individuals," said the official, who like others interviewed for this story spoke on condition of anonymity.

A law enforcement bulletin issued Thursday by the Department of Homeland Security and the FBI described the conspiracy as "international in scope" but said there was no evidence that the plotters or any accomplices had set foot in the United States. "This plot appears to have been well planned and well advanced and in the final stages of preparation," the bulletin stated.

One U.S. intelligence source, however, said some of the British suspects arrested had made calls to the United States.

Investigators believe that the London operation was composed of three distinct cells, whose members may not have been aware of the others or the extent of their assignment, U.S. officials said.

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British officials suspect that as many as 50 participants and accomplices were involved, U.S. law enforcement officials said. Internet searches made by the suspects suggested they had considered targeting as many as 10 flights, investigators said, although there was no evidence that those arrested had bought tickets or made reservations.

"It's fair to say they were aiming for multiple flights, and some of the exact data of who they would deploy, and how many might be in one deployment, are somewhat ambiguous," said Michael P. Jackson, deputy secretary at the Department of Homeland Security. "There were different data sets about their intentions over time that evolved over the period of time that we were following this. It did seem in more recent days to have centered upon carriers that had direct, nonstop flights between the U.K. and U.S.

"The real focus was to blow up airliners and the people on them," he added.

Counterterrorism officials said the basic outline of the conspiracy was known for several months. Investigators from New York to Islamabad, Pakistan, said they were briefed by their British counterparts late last year.

British and U.S. law enforcement authorities decided against breaking up the cells right away in the hope that they could learn more about the origins of the network and assemble evidence for prosecutors.

Some U.S. counterterrorism officials said plans originally were to allow the conspiracy to develop even further. But U.S. and British investigators made a sudden decision this week to close down the operation after they became increasingly worried that there were other bombers they had been unable to locate or identify, U.S. officials said.

British Home Secretary John Reid said that "the police are confident that the main players have been accounted for" and are in custody. But U.S. and European authorities said the widespread ban on carrying liquids onto flights was imposed because investigators were worried more conspirators could be at large.

British police conducted numerous searches and raids Wednesday and Thursday as they detained at least 24 people in three cities. British officials would not say if they were able to recover any physical evidence or bomb-making materials. Neither would they describe what kind of liquid explosives the suspects were allegedly planning to use.

U.S. counterterrorism officials said the explosive was a peroxide-based compound, but would not give further details. One reason, they said, is that the chemicals are easy to obtain and difficult to detect by airport security screeners.

Authorities are trying to "figure out how to prevent something similar from getting through," said a senior U.S. intelligence official. "We're learning what you can about this material, whether it opens another hole in our security, and we have to figure out how to close it."

Counterterrorism analysts said there were parallels between the airliner plot and the July 7, 2005, subway and bus bombings in London. In both cases, the alleged perpetrators were primarily British Muslims of Pakistani descent aiming to cause widespread carnage on public transportation systems with homemade explosives.

At the same time, analysts said, those behind the airliner plot were planning a more ambitious and difficult operation that likely required more technical expertise, money and leadership, as well as support from an international network.

"This has a far more global flavor to it and, I think, a different level of sophistication to the planning and the action," said John Carnt, a former deputy superintendent at Scotland Yard who now serves as managing director of the London office of Vance International, a private security and investigations firm. "You would think that given the scope and sophistication of this plot, it would be unusual if there wasn't some direction or influence from outside the U.K."

Pakistani officials said Thursday that they were informed about the plot by their British counterparts in December and that they actively assisted with the investigation. "We were in the loop since the blip appeared on the radar screen in London last year," said a senior Pakistani intelligence official.

Although Pakistani officials would not divulge how many people were detained in that country, they said the arrests were carried out simultaneously with police raids in Britain.

A second Pakistani intelligence official said the main suspects in the case visited Pakistan last year and drew financial and motivational support from a small militant Islamic group. "No doubt there was some stimulation from Pakistan, but almost all key players are British citizens with roots in Pakistan," he said.

Staff writers Dan Eggen, Spencer S. Hsu and Warren Bass and researcher Julie Tate in Washington, and special correspondent Kamran Khan in Karachi, Pakistan, contributed to this report.

British-Pakistani Effort Thwarted Terror 'Dry Run' (WT)

By Bill Gertz And Audrey Hudson

The Washington Times, August 11, 2006

British and Pakistani officials stepped up an eight-month investigation to prevent a "dry run" of a terrorist attack to blow up more than 10 U.S. airplanes flying between the U.S. and the United Kingdom arresting 24 suspects.

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The terrorist suspects had been under surveillance since December and the plot could have been carried out "within days," officials said.

U.S. officials publicly congratulated Britain for the arrest, but privately two officials suggested that electronic surveillance of terror suspects in Pakistan and Britain provided the initial clues to the plot. Several news organizations, including ABC, Fox and CNN, reported last night that a British undercover agent was able to penetrate the terrorist cell.

British authorities decided to take action and arrest as many people linked to the plot as possible Wednesday before they could carry out the planned "dry run" to determine whether they could smuggle the contraband onboard, said officials who spoke on the condition of anonymity.

British security officials "decided that no way were they going to allow those guys to get on the planes, because what if they were not doing a dry run?" said one federal security official.

As of yesterday, 24 suspects had been arrested and more were thought to be at large. Officials declined to specify a number, but suggested that a plot to blow up 10 planes would likely involve about 50 terrorists.

The scheme sought to cause maximum psychological damage by using TATP -- the material thought to have been used in the July 2005 attacks on London's mass transit -- to explode the planes in flight and make the recovery of bodies difficult.

"The psychological impact of not knowing where your loved ones are is devastating," the official said. "The goal was to curtail international commerce because people would be so scared to fly internationally."

The introduction of TATP (triacetone triperoxide) to the aviation arena is a new development in the terrorist arsenal, the official said.

"It could cause catastrophic failure. Rest assured, these guys did their homework on where to place it," the official said.

The scheme to blow up airplanes with liquid explosives and electronic detonators was international in scope, well planned with a significant number of operators and "suggestive of an al Qaeda plot," Homeland Security Secretary Michael Chertoff said yesterday.

The London-based terrorists planned to use containers of sports drink with compartments full of liquid or gel explosives that were to be triggered by the flash of a camera, said officials familiar with details of the operation.

Officials said planning outlines resembled the al Qaeda plot developed in the Philippines in 1994 to blow up 11 U.S.-bound jetliners using hidden liquid explosives. That plot was hatched by Ramzi Yousef and Khalid Shaikh Mohammed, al Qaeda leaders now held in prison.

"Given the amount of planning and effort that was put into this plot, I think it would be a little bit risky to assume that everything is shut down and the threat has gone away," Mr. Chertoff said during a press conference after the scheme had been disrupted with police raids that began Wednesday night in Britain and later in Pakistan.

"This was a very sophisticated plan and operation," Mr. Chertoff said. "The conception, the large number of people involved, the sophisticated design of the devices that were being considered, and the sophisticated nature of the plan all suggests that this group that came together to conspire was very determined and very skilled and very capable."

His deputy, Michael Jackson, said U.S. officials knew the arrests were imminent for several days, but waited for Britain to take the lead.

Unlike the September 11 attack, the latest scheme involved a mixture of both Pakistani-based Islamists and "homegrown" terrorists who had been recruited in Britain's large Muslim community, the officials said. The September 11 plot involved mainly Saudis who were recruited to conduct suicide aircraft attacks after seizing control of the jets. That plan involved five terrorists per plane.

Officials confirmed that three of the terror plot ringleaders are Rashid Rauf, Mohammed al-Ghandra and Ahmed al Khan, whose identities were first disclosed by ABC News. The men had been traced to Pakistan, which has been a major base of operations for al Qaeda.

Officials said the Pakistani government is cooperating in the investigation, since several of the key planners linked to the plot received financial or logistical support from al Qaeda-linked terrorists in that country. Three Pakistanis were arrested in Islamabad and Lahore, the Associated Press reported from Islamabad, quoting Pakistani officials. Officials yesterday were reluctant to say the danger has passed.

"It would be premature to declare it a complete success," the senior official said. "We're still very concerned."

Suspects Pushed Inquiry To Crisis Level (USAT)

By John Diamond, Kevin Johnson And Donna Leinwand

USA Today, August 11, 2006

DOJ_NMG_0046527

WASHINGTON — For months, British authorities have conducted dozens of surveillance operations aimed at preventing an attack such as last summer's bombings of London's subway system. Among the groups that raised suspicions was one that included several young men who made several trips from London to Pakistan and back.

This week, a series of moves by the group led authorities to believe it planned bombings on up to 10 passenger jets bound for U.S. cities from London. British investigators wouldn't discuss their surveillance methods but said there were signs that the attacks could happen within days, and the potential death toll rivaled that of the nearly 3,000 killed Sept. 11, 2001.

In interviews Thursday, three U.S. law enforcement officials and three U.S. intelligence officials familiar with the details of the months-long investigation described why it was jolted into crisis mode. Twenty-four suspects were arrested in the London area, and terrorism alerts were issued for aviation as U.S. and British officials warned that a few more suspects could be on the loose. The law enforcement and intelligence officials, who requested anonymity because they were not authorized to discuss the investigation publicly, said there were several signs the plot was unfolding:

·Several of the suspects bought large quantities of common household ingredients such as hydrogen peroxide and citric acid, which could be used to make an explosive compound known as HMDT.

The compounds could easily be sneaked onto a passenger jet. The law enforcement officials said authorities believe the plotters wanted to mix the ingredients in drink bottles and then detonate the compound in midflight with electronic devices such as cameras, cellphones or garage door openers.

·The alleged plotters — most of them British citizens of Pakistani descent — appeared to be testing various blends of the ingredients to try to come up with an explosive powerful enough to bring down a jet. They also allegedly tried to develop a formula that could be turned into an explosive with minimal effort on a plane.

·A few key suspects in the alleged plot returned to London from Pakistan recently. They are suspected of going to Pakistan for planning meetings in a part of the country where al-Qaeda is active. U.S. and British authorities have not conclusively tied the alleged plot to al-Qaeda, but FBI Director Robert Mueller said the alleged plan "had the earmarks of an al-Qaeda plot."

·There was evidence indicating that the alleged plotters had planned a "dry run" in which they would test their ability to get the liquid ingredients past security at London's Heathrow Airport and board a jet.

Such tests, similar to those carried out by the 9/11 hijackers before the attacks in 2001, probably would have come a few days before real attacks, the officials said. Some of the suspects had reviewed flight schedules before they were arrested, one of the U.S. law enforcement officials said.

Peter Clarke, head of London's Metropolitan Police anti-terrorist branch, said the investigation reached a critical point Wednesday night, when police decided "to take urgent action in order to disrupt what we believe was being planned." The investigation, Clarke said, involved an "unprecedented level of surveillance."

"We have been looking at meetings, movements, travel, spending and the aspirations of a large group of people," Clarke said. "The alleged plot has global dimensions."

U.S. Homeland Defense Secretary Michael Chertoff said the terrorism suspects "were in the final stages of planning before execution" of the attack.

As recently as Tuesday, when U.S. intelligence officials briefed senior lawmakers in Washington about the investigation, it was not clear whether any arrests were about to happen, said Rep. Pete Hoekstra, R-Mich., chairman of the House Intelligence Committee.

Based on the urgency of the briefings, Hoekstra said, it was clear that "the intelligence community believed that this was a very, very serious and real threat. … This was not just shooting down one plane from the end of a runway. This was big."

Chertoff said, "The conception, the large number of people involved, the sophisticated design of the devices that were being considered, the sophisticated nature of the plan all suggest that this group that came together to conspire was very determined and very skilled and very capable."

Pakistani authorities also made some arrests in connection with the London plot, Pakistan Foreign Ministry spokeswoman Tasnim Aslam said. She said Pakistani intelligence officers helped British authorities crack the plot.

The alleged plot was reminiscent of the failed attempt by al-Qaeda operative Richard Reid in December 2001 to detonate plastic explosives in his shoes while aboard a trans-Atlantic flight. It also was similar to a foiled plot by al-Qaeda 11 years ago to bomb several jets over the Pacific Ocean, using liquid explosives.

The alleged plot in London involved flights to at least a half-dozen U.S. cities, including Washington, New York and Los Angeles, the officials said.

Like the 9/11 plot, the U.S. officials said, it appeared that not all the would-be participants in the London plan were given all of its details in order to keep it secret.

Blurred Fingerprints: U.K. Terror Plot Points To New Threat (WSJ)

DOJ_NMG_0046528

By Carrick Mollenkamp, Chip Cummins , David Crawford And Robert Block

The Wall Street Journal, August 11, 2006

Britain's disruption yesterday of what authorities say was an audacious plot to blow up trans-Atlantic airliners increases the fear among terrorism investigators that significant numbers of Islamic radicals born or raised in the West intend to carry out sophisticated, large-scale attacks, inspired or guided by al Qaeda.

The possibility that home-grown radicals could link up with international terrorist networks or simply draw inspiration from them to wreak mass destruction complicates the challenge of identifying and tracking potential terrorists, according to people involved in those efforts.

Concerns about such links have grown in the nearly five years since the Sept. 11, 2001, attacks on New York and Washington, as terrorists with extensive local connections have struck in Indonesia, Spain, Britain and India.

The latest threat became public early yesterday when British police said they had arrested 24 people who may have been only days away from trying to carry out a coordinated attack on flights from Britain to the U.S.

Pakistani authorities later said they had made prior arrests that may have been connected to the plot.

U.S. and British officials said the suspects, all of them British nationals, planned to smuggle aboard liquid bombs, disguised as drinks, in their hand luggage. They believe the suspects were targeting about six flights operated by Continental Airlines, UAL Corp.'s United Airlines and AMR Corp.'s American Airlines.

One U.S. federal agent briefed on the investigation said the operation may have been planned for as early as this weekend, possibly with a dress rehearsal followed by the real strike a few days later.

Those arrested were mostly of Pakistani descent, officials said. Many of them lived in East London, where police raided several homes. But U.S. government officials said the planned attacks bore the hallmarks of al Qaeda.

In fact, the alleged plot's organization appears to meld two separate strains of terrorism: Carefully orchestrated attacks on multiple targets planned and financed by al Qaeda and large groups of local radicals who may have only peripheral links to Osama bin Laden.

While the plot was centered in Britain, "it was sophisticated, it had a lot of members, and it was international in scope," said U.S. Homeland Security Secretary Michael Chertoff. "This operation in some respects is suggestive of an al Qaeda plot but because the investigation is still under way, we cannot yet form a definitive conclusion."

European intelligence officials briefed on the plot said that no concrete links between the suspects and al Qaeda had been established.

Global air traffic was severely disrupted as Britain's main airports tightened security to unprecedented levels in response to news of the plot, forbidding passengers from taking any hand luggage, hair gel, contact-lens solution, cellphones, food, or liquids on flights.

Many flights into and out of Britain's two busiest airports, Heathrow and Gatwick, were canceled, leaving thousands of passengers stranded at the height of the summer tourist season. The security level in Britain was raised to "critical," which officials define as warning of an "imminent" attack; it was raised to red in the U.S. for trans-Atlantic air traffic.

Had they been carried out, the attacks could have been the largest in scope since those on the World Trade Center and Pentagon five years ago next month. "This was a plot to commit mass murder on an unimaginable scale," said Paul Stephenson, deputy commissioner of London's Metropolitan Police Service, also known as Scotland Yard.

Since 9/11, Islamic terrorists have targeted other major cities. In July 2005, four British Muslims killed 56 people, including themselves, in attacks on the London Underground, or subway, and a bus -- the first such suicide attacks on a Western city. Those strikes and the 2004 train bombings in Madrid helped shift the focus of the international war on terror away from operatives dispatched by al Qaeda itself and toward the much more difficult search for home-grown radicals.

Officials are still piecing together many details in the latest investigation, which will continue for some time. Investigators want to determine whether the plot was conceived and organized solely by British citizens without any outside help, or whether it involved al Qaeda central command operating from somewhere in Central Asia.

Inner and Outer Cells

One European intelligence official said the alleged plot consisted of an inner cell of active terrorists and an outer cell of logistical supporters who were only loosely informed of the attack plans. Members of the outer cell purchased supplies, rented apartments and transferred money needed by members of the inner cell, the official said.

Members of the inner cell planned the attacks and at least some were preparing to participate in the missions. Both the inner and outer cells had been actively preparing the attack for more than six months but all the members may not have known each other.

Suspects in the plot included residents of Walthamstow, a neighborhood in East London that has a large Muslim population, and High Wycombe, a suburban town outside the British capital. One of the suspects may be female.

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Tariq Azim, a minister at Pakistan's Information Ministry, stressed that all of those arrested were British nationals. "They were born and raised there," he said in an interview from Islamabad.

The latest plot bears some similarities to an al Qaeda plan to bomb 11 U.S. passenger jets over the Pacific that was uncovered in the Philippines in 1995. Code-named "Bojinka," the Serbo-Croatian word for "explosion," the plot also included assassinating Pope John Paul II during a visit to Manila and crashing a plane into the Central Intelligence Agency's headquarters in Langley, Va.

Police in Manila discovered the conspiracy when they responded to a fire at an apartment rented by Abdul Hakim Murad and Ramzi Yousef, who was later caught in Pakistan and convicted for the 1993 World Trade Center bombing.

The suspects in the plot made public yesterday had been under surveillance since at least May. British police had been monitoring the group's "meetings, movements, travel, and spending," said Peter Clarke, deputy assistant commissioner and head of the Metropolitan Police Service anti-terrorist branch.

British officials suggested they struggled with a decision on when to act. "Move too early, you may not know the full scope," said British Home Secretary John Reid, adding that if law enforcement waited too late, there would be "terrible consequences." Mr. Clarke said the decision was made late Wednesday night to "take urgent action in order to disrupt what we believe was being planned."

British authorities have coordinated with law-enforcement authorities in the U.S., Pakistan, and elsewhere in Europe. The size of the group of suspects, which could increase as the investigation continues, may have aided British authorities in foiling the plot.

British police had kept New York police informed of their investigation in the past several months, according to New York City Mayor Michael Bloomberg.

Many new suspect names were uncovered using analysis of phone calls made to and from the telephones of early suspects, officials say. Police also are monitoring bank transfers to and from accounts belonging to the suspects.

The ability to inspire significant numbers of local radicals in the West could aid al Qaeda at a time when U.S. officials say its ability to mount full-scale attacks internationally has been weakened. "It shows the fact that al Qaeda has been able to replenish its ranks and rely on home-grown networks," says Farhana Ali, an analyst at the Rand Corp., a U.S. think tank.

In the wake of the July 7, 2005, attacks on London, a British intelligence committee report said that, "We remain concerned that across the whole of the counter-terrorism community, the development of the home-grown threat and the radicalization of British citizens were not fully understood or applied to strategic thinking."

The bombers in the July 7 attacks detonated bombs stashed in backpacks. They made the explosive in a bathtub in an apartment in the Leeds area in northern England. The manufacturing process was crude, authorities later said, with the potency of the mix bleaching the men's hair and killing plants outside their apartment window.

The latest plot involved more sophisticated materials and a more ambitious plan, but many of the details remain unclear. A U.S. federal agent said it may have involved smuggling chemicals and powder onto the planes in carry-on luggage, then combining them once on board into an explosive mix the consistency of a slushy drink.

The alleged conspirators searched the Internet for airline tickets. "They were clicking online all over the place," said Kip Hawley, head of the U.S. Department of Homeland Security's Transportation Security Administration. Charles Allen, the department's intelligence chief, said there were no "target cities" in the U.S. and the exact routes the suspected bombers had planned to take weren't clear.

Liquid explosives can't be detected by normal airport X-ray machines, security experts say. According to Deputy Chief Mark Leap, the head of the Los Angeles Police Department's Counter-Terrorism Bureau, the planned bombs appeared to be very sophisticated. "I don't know where the source of the recipe for this explosive device came from, but it's not something we see on the typical Jihadist Web sites, that's for sure," he said. He said they were substances that would not normally be detectable by current screening methods or even by dogs trained to sniff out explosives.

For Britain, the issue of home-grown Islamic terrorism is particularly acute. Many Muslims here travel frequently to Pakistan and other countries to visit families and study. There, they can be radicalized by Islamic groups, yet return to resume their normal lives in Britain until they decide to strike. British government estimates suggest 10,000 to 15,000 British Muslims are supporters of al Qaeda or related groups though it considers only a small fraction of those to be active threats to security.

It wasn't clear how recently any of the suspects in the latest plot might have traveled to Pakistan or whether they had any links with Islamic groups there.

Intelligence officials identified 30 Ravenswood Rd. in Walthamstow as the address of one suspect. Alma Willox said she saw her longtime neighbor, Asim Tariq, who she says lives at that address, put in the back of a police car in handcuffs early yesterday morning. Afterward, police searched the two-story home.

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Next-door neighbor Jenny Smith described Mr. Tariq as in his mid-20s. He had traveled for the first time to Pakistan last year to marry his bride and bring her back to Britain, neighbors said. The couple had a two-week-old baby.

Ms. Smith said Mr. Tariq worked at Heathrow airport. It wasn't possible to verify that last night. Ms. Smith said Mr. Tariq, who has long hair and wore Western clothing, never seemed radicalized or even religious. Last night plainclothes policemen continued to comb through the house, and two uniformed police officers were stationed at the front gate.

Another suspect, identified by a person familiar with the investigation as Oliver Savant, also lived in Walthamstow. He recently changed his name to Ibrahim and started wearing white robes, according to a neighbor.

The area's large Muslim community is made up overwhelmingly of Pakistani families, many of whom immigrated from two regions, Meerpur in Kashmir and from around Jhelum, according to Mohsin Kahn, the managing director of the Daily Ausaf, a newspaper edited in Pakistan that has an office in Walthamstow.

Under Guard

Five houses in the vicinity were under police guard last night, and forensic teams in plastic coveralls worked in the area following a series of overnight raids in London, Birmingham and the Thames Valley. Further raids were carried out during the day yesterday. Police said residences and businesses were being searched.

Police also searched a house in Birmingham that was the residence of a 52-year-old man named Abdul Rauf, according to a neighbor and British company records. The neighbor said a woman at the residence said about a week ago that she was leaving for a wedding in Pakistan.

Mr. Rauf is listed as a former director of a charity called Crescent Relief. According to British corporate records, Mr. Rauf served as a director of the charity from October 2000 until March 2001. A current Crescent Relief official said the charity has been working with those hurt by the earthquake that hit Pakistan last year. Another official at the charity said he didn't believe anyone connected to Crescent Relief had been contacted by authorities.

Shabir Hussain, a Birmingham resident who lives near the home, said it housed a close-knit family with ties to the Kashmir region. In the morning, police first cordoned off several houses, but by the afternoon had isolated just one house. The neighborhood is home to one of Birmingham's largest mosques.

Mr. Hussain said the family, which he didn't name, was "quite traditional," adding that it attended the mosque regularly.

British police in the last year have stepped up efforts to improve the amount of intelligence they receive from Muslim neighborhoods by hiring more police of South Asian descent and putting more community-support officers on the beat.

But there remains widespread skepticism of the police in some communities. Muslim leaders yesterday said the police appear to have taken steps to handle the most recent raids more sensitively. In at least one case, the officers weren't armed.

Murad Qureshi, one of 25 members of the London Assembly, which supervises the city's mayor, said, "So far, there is no doubt it is being handled a lot better and police have learned from past experience."

Officials Give Few Details About 24 Arrested In Alleged Plot (USAT)

By Jeffrey Stinson And César G. Soriano

USA Today, August 11, 2006

LONDON — Almost no information has been released by officials about 24 suspects arrested Thursday in Britain for involvement in an alleged plot to blow up U.S.-bound aircraft departing from Heathrow Airport.

Raids were carried out at homes in London and the nearby towns of High Wycombe and Birmingham, in central England.

Searches continued throughout the day, and police cordoned off streets in several places, including a wooded area in High Wycombe also being searched by police.

In Paris, French Interior Minister Nicolas Sarkozy said the group "appears to be of Pakistani origin," but he did not give a precise source for the information. Britain's Home Office refused to comment.

Lord Nazir Ahmed, a member of the House of Lords and leading figure in Britain's Muslim community, said he "heard through the grapevine" that the suspects arrested in the plot were young British Muslim men of Pakistani background.

In the Walthamstow area of northeast London, a mixed neighborhood of South Asian and African immigrants and their children, neighbors watched police raid and remove material from a row house.

Victor Prado, 58, owns a corner store with his wife Procesa, also 58, down the street from the row house, where London Metropolitan Police launched a raid late Wednesday. The building was cordoned off by blue police tape and guarded by four uniformed police officers on Thursday. It was one of at least four places raided overnight in the area.

"We didn't know him," Victor Prado said of a man he saw going in and out of the row house. He said the man had a beard, wore Western-style clothes and appeared to be about 30 years old.

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Pat Weir, 44, and her daughter Marianne, 13, said vans carrying plainclothes police started pulling up at the row house, which is across the street from the Weirs' home, at about 10:30 Wednesday night. At about 11:55 p.m., police vans arrived, Pat Weir said. Police broke down the door and went inside, but she did not see them take anyone out of the row house.

Weir said that over the past two weeks, she had seen two men going in and out of the building. She said one had a long beard and the other appeared to be of African origin.

On Thursday, police carried out boxes and bags of material, Weir said.

Imtiaz Qadir, a spokesman for the local Waltham Forest Islamic Association, said he knew some of the people arrested in the raids. "I know five of the men very well, and they are really respectable young Muslim men," he said. "I am totally shocked. I don't believe they've done anything to warrant this."

Ahmed, who is of Pakistani descent, said he is concerned about the implications if it turns out members of his community were involved in the alleged plot. "This will have a devastating blow on community relations, on interfaith work, on the consequences of racism and Islamophobia that already exists," he said.

Referring to deadly July 7, 2005, subway and bus attacks in London conducted mostly by British-born men of Pakistani descent, he said, "The problem is we really have not learned the lessons of the 7/7 bombings to deal with young people who have criminal tendencies or are angry enough to be recruited by extremists."

Terror Attacks Were 'Very Near' (LAT)

By Peter Spiegel, Josh Meyer And Janet Stobart

The Los Angeles Times, August 11, 2006

LONDON — Two dozen suspects arrested by British police Thursday were in the final stages of a plan to detonate liquid explosives on as many as 10 U.S.-bound airliners in what appeared to be the most ambitious terrorist plot since the Sept. 11 attacks, authorities said.

Officials could not say when the attacks were to be carried out but said the suspects, mainly British nationals of Pakistani descent, had acquired most of the materials to assemble explosives that could have killed hundreds of passengers as their planes crossed the Atlantic from British airports.

"It was very near to execution," a U.S. official said.

A Pakistani official said key arrests of British nationals in Karachi several days ago apparently helped break a case that had been under investigation for months.

The size of the alleged plot and its international scope led government analysts to believe it was the work of Al Qaeda or a related Pakistani extremist group.

"Quite simply, this was intended to be mass murder on an unimaginable scale," said Paul Stephenson, deputy chief of London's Metropolitan Police.

A British anti-terrorism official, who, like others, spoke on condition of anonymity because the investigation is continuing, said the suspects planned to blow up as many as 10 planes in waves of three over the mid-Atlantic. The men had researched flight routes and determined that U.S.-bound jets tend to fly in batches, the official said.

"The planes would simply disappear and it would be impossible to recover forensic evidence needed for investigation," the official said.

A senior FBI official said the suspects may have undertaken test runs or may have been planning them. A U.S. intelligence official said the information gathered so far was vague and did not indicate firm time frames.

The arrests, made in Birmingham, London and High Wycombe, a commuter town west of the capital, were quickly followed by flight cancellations and intense security crackdowns at nearly all major American and British airports, leading to delays and chaos throughout the world's commercial airline system.

Early today, the Bank of England added 19 names to its list of individuals whose assets were frozen in relation to terrorist activities. The bank's website does not say that the 19 were among those arrested in connection with the alleged plot, although the BBC reported that they were. Their addresses included locations in London, High Wycombe and Birmingham.

U.S. officials barred nearly all liquids and gels from carry-on luggage, and British airports banned carry-on luggage altogether, as well as laptop computers, cellphones and portable music devices. American officials dispatched more air marshals to Britain to fly on U.S.-bound flights, and the governors of three states, including California's Arnold Schwarzenegger, called up the National Guard to help patrol airports.

The suspects planned to smuggle chemicals aboard flights by hiding them in everyday items such as beverage containers, then assemble them into explosive mixtures and ignite or detonate them using common electronic devices, investigators said.

An FBI counter-terrorism official said the men appeared to be planning to use a heavily concentrated form of hydrogen peroxide and other chemicals available over the counter that could cause catastrophic explosions when combined.

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The British anti-terrorism official said police had found "plenty" of material that could have been used to make the explosives.

President Bush, who has been at his ranch near Crawford, Texas, had known about the investigation for at least several days. He received "full briefings" about the alleged plot over the weekend and had two conversations about it with British Prime Minister Tony Blair, White House Press Secretary Tony Snow said. One conversation took place in a videoconference Sunday.

After news of the suspected plot became public, Bush proceeded with plans Thursday to headline a GOP fundraiser near Green Bay, Wis., and tour a metal manufacturing plant. Upon arriving at the airport, he called the arrests a "stark reminder that this nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation."

Bush acknowledged that the new airport restrictions would annoy travelers, and he urged patience. Officials at the Department of Homeland Security said they did not know when they would lift the security measures, which were accompanied by a rise in official threat status to the highest levels in both Britain and the U.S.

Although authorities believe most of the alleged plotters were apprehended in overnight raids, British officials said the tight security was warranted until it became clear that the entire network had been rounded up.

"Whilst the police are confident that the main players have been accounted for, neither they nor the government are in any way complacent," Home Secretary John Reid said.

Some American officials fear that other people may be working to advance the alleged plot.

"There are concerns that in addition to those who have been rounded up, there may be other individuals who might have been planning something along the same lines," the U.S. intelligence official said. "That is something that is being aggressively pursued."

Government officials said there was conflicting intelligence about how many planes and which airlines were involved, but most said nine or 10 aircraft had been targeted, though one counter-terrorism official put the number at 16. They said the suspects may have been planning to operate in nine groups of about three each.

At least one suspect is believed to have traveled to Pakistan, the U.S. intelligence official said without commenting on the reason for the trip. The Associated Press also reported that at least one of the men had prepared a "martyrdom tape" to be broadcast after his death.

The British investigation, which was closely coordinated with American officials, had been underway for months. U.S. Homeland Security Secretary Michael Chertoff said it was only in the last two weeks that it became clear that the intended targets were U.S. airliners bound for America from Britain.

A U.S. official said that the targeted airlines were American, United and Continental and that the flights involved airports in Birmingham, London, Manchester, the New York area, Washington, D.C., and California.

An FBI counterintelligence official said the British government, still angry over perceived leaks of crucial information related to last year's transit bombings in London, were keeping a tight hold on some information, including routes and destination cities.

But the official added that destination apparently was irrelevant. "It didn't matter which [U.S.] cities they were headed to," the official said. "They just wanted to blow them up in midair."

The British anti-terrorism official said attacks were expected "within weeks."

"It wasn't imminent in the sense of the following day or the next day, but it would have taken place in the near future," the official said.

It remained unclear what prompted British officials to move when they did. Officials here normally choose to gather intelligence on a suspected terrorist network for an extended period, in the hope of discovering high-ranking backers.

British officials would not say why they launched the series of raids Wednesday night, but a U.S. official said there was evidence that the alleged plot had begun accelerating in recent days.

U.S. officials dismissed speculation that the alleged plot was timed to coincide with the fifth anniversary of the Sept. 11 attacks.

"Terrorist plotters and planners execute when they have all the plot together, when they are satisfied it's time to go," said Charles Allen, head of intelligence at the Department of Homeland Security.

"We have no evidence this was timed to any particular holiday or any special event of any religious nature," he said.

The alleged plot resembles a foiled Al Qaeda plan to blow up 12 U.S. airliners as they crossed the Pacific from Asia in 1995.

It was attributed to former Al Qaeda operatives Ramzi Ahmed Yousef and Khalid Shaikh Mohammed, who would later be accused of masterminding the Sept. 11 attacks on the World Trade Center and the Pentagon.

The plot was uncovered when a fire broke out in the Manila apartment Yousef was using as his headquarters. According to U.S. government reports on the incident, Yousef had used a bottle of contact lens solution filled with nitroglycerin as a small test

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bomb on board a Philippine Airlines flight a month before his January 1995 arrest. Among the items found in Yousef's apartment were bottles filled with liquid chemicals.

In recent weeks, U.S. law enforcement authorities were thrown into a frenzy when they received intelligence that an unknown number of potential conspirators in the British case were in the United States, the senior FBI official said.

After a massive, top-secret scramble, which made use of intercepted e-mails and phone calls, the information was determined to be inaccurate. Several government officials said Thursday that they now believe no conspirators are in the U.S.

"We were very concerned a couple of days ago until things washed out, about associates and operatives here. That turned out not to be the case," the senior FBI official said. "The U.S. government has been aware of it for a couple of months and we've been working it hard for a couple of weeks."

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(INFOBOX BELOW)

Key details

Alleged plot: To detonate liquid explosives on airliners flying from London to several U.S. destinations.

Arrested: 24 British nationals in London, Birmingham and High Wycombe; buildings searched in Birmingham and London's Walthamstow section.

Security: The U.S. Transportation Security Administration implements new screening procedures forbidding liquids or gels in carry-on baggage.

Delays: Security crackdowns at major U.S. and British airports delay flights and cause chaos.

Sources: Associated Press, ESRI

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VOICES

'This nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation.'

President Bush

'It was sophisticated, it had a lot of members, and it was international in scope.'

Michael Chertoff

Homeland Security secretary

'Everything that can be done to protect [travelers] is being done.'

Alberto R. Gonzales

U.S. attorney general

'Something very easy to do as you pack your bag: Leave the liquids at home, drink them, declutter your bag. And last, I'd say, enjoy your trip.'

Kip Hawley

Transportation Security

Administration chief,

advising airline passengers

'Today's news is an urgent reminder that we must make America safer and the world more stable. We must implement the strong recommendations of the independent 9/11 commission to improve airport security screening at checkpoints.'

Rep. Nancy Pelosi

(D-Calif.),

House minority leader

'The increased security precautions being implemented around the country are appropriate and necessary. We must be on alert so that our nation does not suffer another attack like 9/11.'

Sen. Bill Frist

(R-Tenn.),

Senate majority leader

'The Islamic extremists attacking our troops — troops who are there bringing democracy to Iraq — are the same Islamic extremists who are seeking to attack and bring down the airplanes over our homeland.'

Sen. John Cornyn

(R-Texas)

'Terrorism is the biggest threat to Americans' security, and this event exposes the misleading myth that we are fighting them over there so we don't have to fight them here.'

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Sen. John F. Kerry
(D-Mass.)
*

Spiegel and Meyer reported from Washington and Stobart from London. Times staff writers Sebastian Rotella in Ferrol, Spain, Peter Wallsten in Green Bay, Wis., Nicole Gaouette in Washington and Greg Krikorian in Los Angeles and special correspondent Mubashir Zaidi in Islamabad, Pakistan, contributed to this report.

British Say Terror Attacks Thwarted (BSUN)

By Todd Richissin
The Baltimore Sun, August 11, 2006

LONDON -- Plans to blow airplanes out of the skies between Britain and the United States were described Thursday as more advanced than any plots officials have made public so far, and within days could have become the most deadly attacks on Americans since Sept. 11, 2001.

At least 24 people were arrested by authorities in England Thursday in raids thwarting the alleged attacks, as part of an investigation that reached around the world and carried at least three particularly chilling warnings -- that planning of the attacks on up to 10 flights was well advanced if not complete; that the plotters had the means to carry out the attacks; and that if the plot had succeeded, hundreds and perhaps thousands of passengers would have been lost to explosions over the Atlantic, including many Americans returning from summer vacations.

As sketched by officials, the plot targeted flights leaving Britain on their way to the United States.

ABC News quoted unidentified U.S. officials who had been briefed on the plot as saying five suspects were at large and being urgently hunted.

"We cannot assume that the threat has been completely thwarted," Michael Chertoff, the U.S. head of homeland security, said Thursday.

The arrests and unveiling of the plot caused delays and cancellations of flights involving tens of thousands of passengers around the world, put the British and U.S. governments on their highest alerts, and tightened aviation security to levels not seen since all commercial flights in the United States were grounded after the 2001 attacks.

"This was obviously the real deal," said Robert Ayers, vacationing in Annapolis from his job as an intelligence and security expert at Chatham House, a think tank in London. "Every sign points to that, including the fact that the Metropolitan Police and British security services wouldn't otherwise have brought the transportation industry to its knees during the height of tourist season."

Georgetown University terrorism expert William Daddio said, "This is obviously more real for a number of reasons. The main reason is this is a British operation, and they don't tend to make announcements like this unless they're sure of what they're dealing with."

The arrests came after a long-running investigation reached a "critical point," according to the head of the counterterrorism branch of the London police, Peter Clarke.

U.S. officials offered no hard evidence implicating al-Qaida but stressed that the global scope of the plot was consistent with that group, still thought to be led by Osama bin Laden.

A member of the House of Lords who is of Pakistani origin said he had been informed that all of those arrested were British Muslims with ties to Pakistan -- like the four men who bombed London's transportation system in July 2005, killing themselves and 51 other people. An American counterintelligence official told the AP that the suspects range in age from 17 to their mid-30s.

The Associated Press reported that the plot's unraveling began with a tip from Pakistani authorities, who have arrested "two or three" suspects in that country, Pakistani Foreign Ministry spokesman Tasnim Aslam said.

"Cooperation in this particular case was spread over a period of time. There were some arrests in Pakistan which were coordinated with arrests in the U.K.," she said.

The AP quoted a senior Pakistani government official, speaking on condition of anonymity because he wasn't authorized to comment on the matter, as saying that "two or three local people" suspected in the plot were arrested a few days ago in Lahore and Karachi.

In London, Clarke told reporters that the investigation had "already lasted for several months and will undoubtedly last long into the future." The investigation was wider in scope than any before it in British history, he indicated, involving "an unprecedented level of surveillance."

"We have been looking at meet ings, movement, travel, spending and the aspirations of a large group of people," the counterterrorism chief said.

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A U.S. intelligence official said the plotters had hoped to target flights to major airports in New York, Washington and California.

Paul Stephenson, a deputy police commissioner at Scotland Yard, said, "We think this was an extraordinarily serious plot, and we are confident that we've prevented an attempt to commit mass murder on an unimaginable scale."

In the United States, federal officials raised the warning level for flights arriving from the United Kingdom to its highest level and a notch below for all other aviation. It is the first time the red alert level in the Homeland Security warning system has been declared. The agency defines red alert as designating a "severe risk of terrorist attacks."

Chertoff said that until further notice, all passengers are banned from bringing gels and liquids aboard domestic and foreign flights.

Airlines were adopting additional restrictions, leaving fliers confused about what they could carry aboard. Passengers were advised to check with the airlines on which they would fly.

Chertoff said the gel and liquid restrictions were ordered because investigators believe the plotters planned to bring liquids on board, "each one of which would be benign, but mixed together could be used to create a bomb."

The liquids were to be disguised as beverages, he said, and the detonators made to look like "electronic devices or other common devices."

Britain banned all cell phones and portable music players from flights.

Federal officials, including Chertoff, have announced several arrests recently involving homeland security risks that ultimately were not as serious as first portrayed. Among them were the arrest in June of seven men in Miami, who Attorney General Alberto R. Gonzalez warned intended to wage a "full ground war" against the United States. Only later did details emerge that the men had no vehicles, no weapons, no money and no other means to achieve their alleged goals.

Thursday, in contrast, Chertoff called the latest plot "a very sophisticated plan and operation" that was close to fruition.

"They had accumulated the capability necessary, and they were well on their way," he said at a televised news conference in Washington.

Like many other airports, Baltimore-Washington International Thurgood Marshall Airport was the scene of long lines and missed flights Thursday morning. But the backups were mostly confined to domestic flights in busy Concourse D, and even there the lines were reduced to manageable levels by about 10:30 a.m.

State transportation officials said they knew of no intelligence suggesting that flights into and out of BWI were terrorist targets. British Airways flies one plane into and out of Baltimore each day, and Thursday's flight was delayed but not canceled.

Most affected by Thursday's security crackdown was London's Heathrow Airport, the busiest airport in the world on its slowest days and downright chaotic even on its best days in August, when the airport handles about 190,000 passengers and more than 1,200 flights daily.

Thursday, tens of thousands of people ready to board flights home never got off the ground.

Hundreds of flights were canceled, and televised pictures of a barely budging flood of passengers stuck in the airport's narrow concourses were enough to persuade others to try flying another day.

The delays came after British officials -- followed by their U.S. counterparts -- announced details of the planned attacks, which they said involved liquid explosives smuggled in carry-on luggage.

Law enforcement officials have said that the targets of the plot were American, Continental and United Air Lines flights, AP reported, but airline officials said they have not been told which carriers or flights were the intended targets. At airports across the country, long lines of passengers discarded items as they waited to go through newly rigorous searches.

The potential for attacks involving liquid explosives has long been known.

"You can see from the disruptions why no action was taken against that until it was deemed necessary," said Ayers, the Chatham House terrorism expert. "The question is what's practical? Where do you draw the line? Flights could be even safer if everybody was required to fly naked and with no luggage."

Authorities in London did not say how many aircraft had been identified for attack. Sky News, a cable station in Britain, put the number at six, while other reports said between three and 10. A counterterrorism official said the plot involved 10 flights. Chertoff spoke of "multiple explosions in multiple planes."

The arrests came in and near London and Birmingham, and Britain's home secretary, John Reid, said that "we think that the main players are already in custody."

White House spokesman Tony Snow said Thursday that President Bush had been briefed extensively over the past few days, which he has spent vacationing on his ranch in Crawford, Texas, and had spoken twice to British Prime Minister Tony Blair, who is on vacation in the Caribbean.

Bush traveled to Wisconsin Thursday to give a speech on the economy. In remarks upon his arrival at the airport in Green Bay, he said the arrests show that "it is a mistake to believe there is no threat to the United States of America."

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The Democratic leader of the Senate, Harry Reid of Nevada, said the plot showed that because of "mismanagement" and the distraction caused by the Iraq war, "We are not as safe as we should be."

Plot To Bomb U.S.-Bound Jets Is Foiled (WP)

By John Ward Anderson And Karen DeYoung

The Washington Post, August 11, 2006

LONDON, Aug. 10 -- A plot to simultaneously blow up as many as 10 U.S.-bound passenger jets with liquid explosives hidden in carry-on luggage was foiled with the arrest of 24 suspects, British and U.S. officials said Thursday. Tough new security measures snarled air traffic through the day and filled departure lounges in Britain and the United States with crowds of frustrated travelers.

British authorities had been secretly watching the alleged conspirators, most of them British citizens of Pakistani origin, since late last year, officials said, and moved in to make arrests after concluding they were close to trying to stage their suicide attacks. Officials warned that some members of the plot may remain at large.

The U.S. Department of Homeland Security increased its threat level for U.S.-bound commercial flights from Britain to "red" -- the first use of this highest terrorism alert signaling imminent attack, invoked in this case out of prudence to conform with a British alert. Officials said they had no information that the plot was to include attacks in the United States.

At the Washington area's three main airports, many flights were canceled and security screening lines grew long and slow-moving as passengers underwent special inspections after drinks and most other liquids and gels were banned as carry-on items. At British airports, carry-on bags were prohibited altogether, with passengers allowed to take aboard only essentials such as wallets, eyeglasses and baby formula.

By day's end, commercial aviation was returning to normal. Officials said that people boarding flights from the United States to Britain and on some other routes could continue to face extra screening Friday and that restrictions on carry-on items would remain in force for the time being.

"Put simply, this was a plot to commit mass murder on an unimaginable scale," said Paul Stephenson, deputy commissioner of the London Metropolitan Police, describing a plot that if successful could have rivaled the Sept. 11, 2001, attacks in death toll.

The plot "was sophisticated, it had a lot of members and it was international in scope," Homeland Security Secretary Michael Chertoff told reporters. He said the suspects planned to smuggle bombs and detonators disguised as beverages, electronic devices and other everyday objects onto planes.

He expressed concern that components, each benign on its own, might be brought aboard, then mixed together to create a bomb.

Intelligence officials and private analysts expressed suspicion that the plot was an al-Qaeda operation, but said there was no confirmation. News that all of the suspects were British citizens fit with some analysts' view that future Islamic terrorism attacks will be organized by locally based groups acting largely on their own, with inspiration but not direction from Osama bin Laden.

Many young Muslims in Britain are angry with the U.S. and British governments over the wars in Iraq and Afghanistan. Three of the four suicide attackers who killed 52 passengers in London's transit system last summer were British citizens of Pakistani origin, investigators concluded. The fourth was identified as a Jamaican-born convert to Islam.

President Bush called Thursday's arrests "a stark reminder that this nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation."

British officials did not announce the suspects' names, and other basic details of the alleged plot remained unknown. Officials speaking not for quotation by name offered sometimes conflicting partial information.

Counterterrorism officials said the plotters intended to strike at United, American and Continental airline flights to New York, Washington and California. But law enforcement officials said that no specific cities were targeted, just the United States in general, and that the suspects were interested in nonstop flights between Britain and the United States, which would have made New York and Washington obvious candidates.

A U.S. intelligence official, who would not be quoted by name, said that British Airways flights were also targeted, although it did not appear that plans had progressed to "specific flights" on specific days. However, it was "certainly to the point of where it could have been carried out in the very near future. I'm talking about days or a few weeks. This month. They were very, very far along."

A senior U.S. law enforcement official said the working theory was that the bombs would be detonated in midair, similar to the so-called Bojinka plot, a code name used by bin Laden operatives for a 1995 plan to bomb 11 U.S. airliners simultaneously over the Pacific Ocean. The "similarities to Bojinka are striking, and are very much on everyone's mind," the official said.

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Simultaneous detonation would maximize the death toll in part by preventing authorities from grounding other planes carrying explosives.

U.S. and European intelligence officials said that the 24 people arrested by British police in London, the London suburb of High Wycombe and the city of Birmingham were all British citizens, in their twenties, and that most, perhaps all, were of Pakistani origin or had roots in Pakistan. Many had traveled to that country recently, the officials said.

Pakistani officials said they had worked closely with U.S. and British intelligence since December to counter the plot. Tasnim Aslam, spokeswoman for Pakistan's Foreign Ministry in Islamabad, said several arrests were made in Pakistan on Wednesday; security sources said the arrests took place in Punjab province.

Until recently, authorities believed they had the entire group of plotters under surveillance and were allowing them to continue their planning as police secretly gathered evidence for trial. But authorities became concerned in recent days that there might be additional unknown conspirators, according to two senior intelligence sources.

The lack of certainty forced authorities to begin the arrests sooner than anticipated, U.S. and European intelligence officials said, and to impose a ban on taking liquids aboard planes in case other plotters moved forward in response to the arrests.

"This is by no means over," said one U.S. intelligence source, who like others agreed to discuss limited elements of the plot on condition of anonymity.

The strict security measures caused cancellations, delays and congestion at Heathrow -- Europe's busiest airport with 186,000 passengers on a typical day -- and other large airports in Gatwick, Manchester and Stansted, north of London. The problems reverberated across Europe, as major carriers including Air France, KLM, Lufthansa and Iberia canceled most or all of their flights to Britain.

Airline employees in Britain struggled to cope with crowds of frustrated, confused and sometimes worried and angry passengers who found their business and vacation plans suddenly disrupted, with few options for leaving the island.

Many were forced to repack in the middle of terminals, told that they could carry nothing on board but the most essential items, such as wallets, travel documents, medicines and eyeglasses. No liquids were allowed unless they could be verified, and mothers were forced to sample their babies' bottles in front of security guards to confirm their contents.

Travelers swarmed ticket counters, awaiting word on their flights. Thousands of stranded passengers flooded local hotels and jockeyed for seats on crowded trains to France, Belgium and Switzerland.

"This is the way of life now," said Craig Burgess, a UNICEF employee who got stranded at Heathrow and went into London to try to catch a train to Paris or Geneva so he could continue on to New Delhi to join his family. "I understand the caution and the safety. You'd rather have this happen than something tragic," he said.

Muslim community leaders in Britain expressed skepticism that a grand plot by Muslims had been discovered. They noted that most other alleged conspiracies announced by British police unraveled for lack of proof. Leaders said they feared a renewed Islamophobia.

Mohammad Naseem, chairman of Birmingham Central Mosque -- close to the scene of some of Thursday's raids -- said the community reaction was "dismay and anxiety. People have lost trust in politicians. All we are asking for is proof."

Ahmed Versi, editor of Britain's Muslim News, said hate mail had already started pouring into his office over the Internet on Thursday morning, saying Muslims were unwelcome in Britain. "Muslims are worried they may face physical attacks," he said in a telephone interview.

On quiet two-lane Walton Drive in High Wycombe, west of London, police raided a two-story brick duplex. Police officers stood sentry on either end of the block and in front of the house at No. 36 throughout the day; blue-and-white police tape kept people off the small patch of lawn and flowers in front of the glass front door. Inside, investigators in light-colored hazard suits inspected the home.

People on the street said at least six people lived in the house, including two brothers in their twenties who frequently played soccer at a local park. The people in the house were described as pleasant, if reserved.

"They don't seem like terrorists, they are family people. They never had any trouble with the neighbors," said neighbor Kamran Haider, 25. "I wouldn't suspect them to be involved in any criminal activity."

DeYoung reported from Washington. Staff writers Dafna Linzer, Anushka Asthana and Dan Eggen and researcher Julie Tate in Washington and special correspondents Kamran Khan in Karachi, Pakistan, and Corinne Gavard in Paris contributed to this report.

Britain Foils Airline Plot (WT)

By Al Webb

The Washington Times, August 11, 2006

DOJ_NMG_0046538

LONDON -- Police crushed a plot yesterday to commit "mass murder on an unimaginable scale," arresting 24 Muslims who planned to blow up more than 10 jetliners bound for the United States using liquid bombs hidden in handbags and assembled on board.

Officials said they were confident that they had nabbed the primary terrorists in the planned attack, which could have matched the death toll of September 11, 2001, had it been successful.

However, five suspects remained at large and were the subject of an intense manhunt, intelligence officials told The Washington Times.

British officials said 24 suspects had been arrested. Most were thought to be young Britons of Pakistani origin. Pakistan said that it had played a key role in uncovering the plot and that it had made several arrests.

"This nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation," President Bush said.

The plan, said to be ready for a dress rehearsal within days, would have used liquid or gel-like explosives in carry-on luggage to blow up jetliners headed for Washington, New York and California.

Security officials said the terrorists planned to target at least three major U.S. airlines -- American, Continental and United.

"We think this was an extraordinarily serious plot, and we are confident that we've prevented an attempt to commit mass murder on an unimaginable scale," said Paul Stephenson, deputy commissioner of the London Metropolitan Police.

The plot appeared to have the hallmarks of Osama bin Laden's al Qaeda terrorist organization, and the plotters "were really getting quite close to the execution stage," U.S. Homeland Security Secretary Michael Chertoff said.

CNN reported that at least two of the suspects had made "martyrdom" recordings, to be played after their deaths.

British anti-terror police swooped down on homes and businesses in London, Birmingham and the Thames Valley west of the capital beginning Wednesday night and into yesterday morning.

Britain and the United States issued heightened terrorist alerts and imposed rules restricting carry-on baggage and banning liquids such as water and soft drinks, as well as cosmetics such as lipstick.

Britain's MI5 intelligence agency for the first time raised the security threat to the highest level, from "severe" to "critical," which it said meant "an attack is expected imminently."

The security clampdown precipitated chaos at airports in Europe and the United States, forcing cancellations or delays of hundreds of flights.

London's Heathrow Airport, Britain's largest airport, was particularly hard hit at the height of the tourist season, when it usually handles 180,000 to 200,000 passengers daily.

Lines stretched a half mile or more for planes, and passengers were forced to surrender carry-on luggage.

The "ripple effect" immediately spread across Europe as airport authorities halted all incoming air traffic from the Continent.

Late yesterday, British Airways banned carry-on bags from all its flights between the United States and Britain.

Earlier in the day, carry-ons had been barred from U.S.-bound flights to keep passengers from carrying liquids onto aircraft. Later, the ban was extended to all flights between the two countries.

British Airways spokesman John Lampl said the airline was acting on instructions from the British government.

Al Qaeda last month urged Muslims to strike at those who backed Israel's attacks against Hezbollah in Lebanon and warned of attacks if the United States and Britain refused to withdraw their forces from Iraq and Afghanistan.

Reports that most of the would-be attackers were young British Muslims evoked memories of a series of suicide attacks 13 months ago that killed 52 passengers on London's rail and bus system.

Three of the four suicide bombers were young Muslims of Pakistani origin who were born in Britain. The fourth was a Muslim convert from Jamaica.

Scotland Yard said the attacks were to have been carried out by terrorists carrying liquid explosives in their handbags.

U.S. officials gave additional details, saying the terrorists planned to use a peroxide-based liquid or gel explosive hidden in the false bottom of a sports drink, to be detonated on board with a camera flash, cell phone or other electronic device.

Britain issued an immediate order banning all handbags and containers of liquid, including hair- and eye-care products.

Andy Oppenheimer, editor of Jane's Nuclear, Biological and Chemical Defense Directory, told the Daily Telegraph newspaper that some "very common materials" used in perfumes, cosmetics and drain cleaner can be used to manufacture homemade explosives.

"These materials are easy to obtain and hard to detect," he said, "and could be smuggled in small amounts in small containers, because it doesn't take much to blow an aircraft up."

At airports across Britain and the U.S., travelers were forced to surrender bottles of water, soft drinks and other liquids -- even the solution used by contact-lens wearers.

Bottles of milk for babies were allowed, but only if the passenger tasted it in front of inspectors.

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Further delays and frustrations developed as airport staff hand-searched every passenger.

Baby strollers, canes and other walking aids also were X-rayed, and only wheelchairs provided by the airport were permitted to pass screening points.

Authorities did not say how long the security measures would last, but the plot demonstrated that terrorists had adapted to existing rules, such as having passengers take off their shoes for inspection.

"We are taking the step of preventing liquids from getting into the cabin to give us time to make adjustments," Mr. Chertoff said.

UK Seen As Weak Link By The US (FT)

By Demetri Sevastopulo In Washington

Financial Times, August 11, 2006

Britain was back in the spotlight on Thursday as one of the weak links in the US-led "war on terror".

The US has long been concerned about radical Islamist groups operating out of the UK and continental Europe. But those concerns rose following the September 11 attacks on the US – with the involvement of an al-Qaeda cell in Hamburg – the 2004 Madrid train bombings and last year's bombings on the London transport system.

News that terrorist suspects were using the UK as a base to hatch an alleged plot to target US aircraft will probably renew concern about threats to the US, which has not seen a terrorist attack on its soil since 2001, from fundamentalist groups based in Europe.

While US and UK authorities have not released details of the identities of the 24 suspects arrested in the UK, Michael Chertoff, the US homeland security secretary, said the plot bore the signs of an al-Qaeda operation.

Robert Leiken, an expert on national security at the Nixon Center think-tank, wrote in the Foreign Affairs journal last year that the US had to be more vigilant in protecting borders because of the greater assimilation of Muslim immigrants in the US compared with Europe.

"To strike at the US, al-Qaeda counts less on domestic sleeper cells than on foreign infiltration. As a 9/11 commission staff report put it, al-Qaeda faces 'a travel problem': how can it move its mujahideen from hatchery to target? Europe's mujahideen may represent a solution," he wrote.

Mr Leiken added that one of the main problems facing counter-terrorism officials was that many members of jihadist organisations in Europe and North America were French or British citizens, meaning that they could travel to the US without visas.

Bob Baer, a former Central Intelligence Agency case officer, agreed that the problem of homegrown terrorists was more severe in Europe because of the growing numbers of young Muslims.

One former senior US intelligence official told the FT that Washington had long considered the UK a weak link in combating Islamist terrorism, partly because it had not clamped down on radical Islamist activity at mosques. He added that while MI5, Britain's security service, was now perceived to be better at dealing with terrorism, the UK was hampered by legal impediments to a clampdown because of civil liberties.

France had more success in curbing Islamic fundamentalism because its laws had allowed more flexibility to deport imams spreading violent ideology, he said.

John McLaughlin, a former director of the CIA, said UK authorities were successful at thwarting attacks but that their task was complicated by the population of disaffected Muslims.

John Brennan, the president of the Analysis Corporation, an intelligence analysis company, and former director of the US National Counterterrorism Center, said the large Muslim population in the UK had created an environment that was conducive to Islamic fundamentalist groups plying "their trade".

Marc Sageman, a former CIA case officer and author of Understanding Terror Networks, cautioned that many facts in the bomb plot were yet unknown. But he said before September 11 2001 there was an "illusion" that terrorist networks were driven from the top down. There was now a greater realisation of the potential for homegrown terrorist acts, for which al-Qaeda sometimes later claims responsibility, he said.

John Carnt, a former Scotland Yard deputy head of specialist crime now at Vance, a global security company, said the issue of homegrown terrorism had "hit home" since the London bombings.

Officials Cite Scale And Sophistication Of Plane Plot (NYT)

By Scott Shane

The New York Times, August 11, 2006

DOJ_NMG_0046540

Intelligence and counterterrorism officials said yesterday that the scale and sophistication of the scheme to blow up jetliners over the Atlantic could mean that Al Qaeda, whose central command has been severely damaged since 2001, was again able to direct attacks.

But some specialists on the shifting networks of international terrorism said the alternative explanation — that homegrown British jihadists had managed to conceive a plot of such ambition — might hold even graver implications for the future.

"The great problem is that Al Qaeda has moved far beyond being a terrorist organization to being almost a state of mind," said Simon Reeve, author of a 1999 book on Osama bin Laden and his associates. "That's terribly significant because it gives the movement a scope and longevity it didn't have before 9/11."

Robert S. Mueller III, the director of the Federal Bureau of Investigation, said in an interview that the scope and targets of the thwarted plot were "suggestive of Al Qaeda direction and planning," and other top officials said the plan reflected the terrorist network's penchant for spectacular and simultaneous assaults.

"It has all of the earmarks of an Al Qaeda plot," said Mary Jo White, the former United States attorney whose office successfully investigated and prosecuted the so-called Bojinka plot to bring down airliners over the Pacific in 1995.

The Bojinka plot was devised by Ramzi Ahmed Yousef, who had carried out the largely ineffective 1993 attack on the World Trade Center, and Khalid Shaikh Mohammed, a mastermind of the 2001 attacks that toppled the towers, an earlier example of Al Qaeda repeating an attack against the same targets.

Michael Sheehan, a former National Security Council official who served as the New York Police Department's top counterterrorism official until May, said the Bojinka plot clearly served as a blueprint for the British plotters.

"This is a repeat. This is clearly Bojinka inspired," said Mr. Sheehan. "This is almost an identical plot. The only difference is the Atlantic Ocean, not the Pacific."

Mr. Sheehan said the hands-on training in explosives and trade craft that Al Qaeda or another organized group could provide were what could "graduate a homegrown cell of people that are in the minor leagues to the major leagues of terrorism, as well as providing some strategic direction."

Those arrested in Britain are all British citizens, primarily of Pakistani origin, and with possible ties back to Pakistan, according to British officials.

Mr. bin Laden and his deputy, Ayman al-Zawahri, are believed to be in hiding in Pakistan, which counterterrorism officials fear has become a center of terrorist plotting.

John O. Brennan, former director of the National Counterterrorism Center, said Al Qaeda connections for the alleged plotters could cover a range of possibilities, from direct ties to the group's leaders to links with people who may at some point have trained in a Qaeda camp. The latter was more likely, he said.

Whether it was hatched in Britain or Pakistan, Mr. Brennan said, the thwarted plot suggests the long-term nature of the threat posed by the movement Mr. bin Laden helped found.

Al Qaeda, the name Mr. bin Laden gave to his organization in 1988 when it was still fighting Soviet troops in Afghanistan, means "the base" or "the foundation" in Arabic, he noted.

"The intention of Al Qaeda was to create a base or foundation for a long-term struggle," Mr. Brennan said. "Its leaders are thinking in terms of the Crusades and a conflict that lasts for many, many years."

Even if the airliner plot turns out to be homegrown, its design was more ambitious than even the most destructive attacks since 2001, including the 2004 train bombings in Madrid and the subway and bus attacks in London last year.

Those involved multiple, simultaneous explosions, but the explosives were conventional and the death tolls — 191 in Madrid and 56 in London — were a small fraction of the number of people who were killed on Sept. 11, 2001.

Most counterterrorism officials said that neither the Madrid nor the London attacks were directed by Al Qaeda, though some officials believe one or more of the participants may have had contact with Al Qaeda-trained operatives.

A 2002 nightclub bombing in Bali that killed 202 people was said to be the work of Jemaah Islamiyah, a fundamentalist movement that has had ties to Al Qaeda.

A score of alleged terrorism-related prosecutions in the United States have been, as an F.B.I. official said, "aspirational, not operational."

Most of the would-be terrorists have been arrested before acquiring explosives or taking other concrete steps toward mounting an attack.

By contrast, had up to 10 trans-Atlantic flights been downed, as British officials say was the goal, the toll could have rivaled that of the 9/11 attacks, whose fifth anniversary is approaching.

Such a coordinated assault would also have been in keeping with the style of Mr. bin Laden and his acolytes, whose plots, including the 1998 bombings of two American embassies in East Africa and the 2000 attack on the destroyer Cole in Yemen, have been international in scope and clearly devised with the goal of seeking maximum shock value and news media coverage.

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Mr. bin Laden's organization, now often referred to as "Al Qaeda central" by counterterrorism officials, has not been able to match or exceed the devastation caused by the 9/11 attacks, though in numerous video and audio statements he has described that as his goal.

The American-led counterterrorism campaign destroyed Al Qaeda training camps in Afghanistan, and many of the network's main leaders ranking just below Mr. Zawahri have been killed or captured.

In all of 2005, the National Counterterrorism Center reported that not a single attack worldwide "can be definitively determined to have been directed by the Al Qaeda central leadership," according to the center's annual report on terrorist incidents.

If the latest plot can be persuasively traced to Mr. bin Laden's direction, rather than his inspiration, that would be an unwelcome surprise, Mr. Reeve said.

"If it was authored by bin Laden using scribbled notes and carrier pigeons, that means he's still capable of directing a major attack," he said.

But if Mr. bin Laden was a bystander, Mr. Reeve said, "that could be worse news," suggesting "an absolute fragmentation of the terrorist threat."

Mr. Reeve said that while traveling recently in Indonesia he heard of many baby boys being named Osama in honor of Mr. bin Laden.

In part because of the Iraq war, he said, "We're seeing a radicalization of the ummah, the larger Muslim community around the world."

Signs Point To A Surviving Terror Network (WP)

By Karen DeYoung

The Washington Post, August 11, 2006

Strong indications of an al-Qaeda link to the alleged airliner-bombing plot uncovered in London yesterday suggest that the terrorist network has survived and adapted despite heavy blows to its leadership and organizational structure over the past five years, U.S. intelligence officials said.

Possible evidence of an al-Qaeda footprint, officials said, includes the trips made by several of the alleged plotters to Pakistan, where remaining al-Qaeda leaders are believed to be ensconced, and the sophistication and scope of plans to simultaneously attack aircraft headed toward the United States. The reported plot, as outlined here and in London, closely parallels one begun and aborted by al-Qaeda a decade ago.

Neither U.S. nor British officials were prepared yesterday to proclaim definitive evidence of direct involvement by Osama bin Laden or his deputy, Ayman al-Zawahiri. They acknowledged that their conclusions are to some extent inferential and are based on bin Laden's repeated warnings of another major assault, the organization's known affinity for targeting commercial airliners, and their belief that no other terrorist group has the brains or the capability to plan such an audacious undertaking.

Elements of the suspected plot reflect their assessment of a newly evolved al-Qaeda strategy that depends -- unlike the attacks of Sept. 11, 2001 -- on the Internet; indirect, local recruitment of disaffected Muslim youth; and an emphasis on European passport-holders less likely to be stopped at airports.

"It tells you that the enemy, as the military is fond of saying, is both thinking and adaptable," one official said. "They've gone through a thorough process, given the increase of security that we've done on flying planes, of thinking, 'Is there a way we can still get on board and take airplanes down?' . . . This is an extremely talented, thinking group."

Although terrorist groups in Iraq and elsewhere have long been described as having al-Qaeda links, none of the significant attacks carried out since Sept. 11 has been proved to have been directly authored or orchestrated by the group. Instead, intelligence agencies here and in Europe have described bin Laden as providing "inspiration" to a new generation of "radicalized" Muslim youth spurred by their cultural isolation in the West and their solidarity with Islamic battles in the Middle East. U.S. intelligence officials now identify the war in Iraq as the single most effective recruiting tool for Islamic militants.

But the alleged British plot "is really, really serious," one intelligence official insisted yesterday. "This is the real deal. Honestly. This was not the Moorish Nation," he said, referring to the arrest this summer in Miami of a ragtag, FBI-infiltrated group allegedly plotting to blow up the Sears Tower in Chicago. "We have reason to believe that this is an al-Qaeda-related operation. I don't mean in terms of a bunch of wannabes finding inspiration" in bin Laden.

"The current assessment is based on indicators," another official said. "The hope is that as a result of looking into some specific things, we'll be able to reach a conclusion" that is much more definitive than still-unconfirmed suspicions of al-Qaeda involvement in the London transport bombings that killed 52 people in 2005 or the 2004 Madrid train bombings.

During the early days of the Afghan war in 2001, bin Laden and Zawahiri, along with a number of their lieutenants, were driven from Afghanistan into the mountainous border region with Pakistan. Although those two remain at liberty, other major

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figures have been removed from the scene -- Muhammed Atef was killed in November 2001, and Abu Zubaida, Ramzi Binalshibh and Khalid Sheik Mohammed, among others, were captured in 2002 and 2003. That has led the Bush administration, from the White House on down, to say that the leadership has been "decapitated" and the organization itself severely "degraded."

The White House has described bin Laden as both on the run and living in caves, and as a continuing major threat to the United States.

The question of whether he still maintains control over active terrorist operations around the world is one of constant debate and analysis within the U.S. intelligence community. Bin Laden has made frequent statements on audiotapes distributed over the Internet, and Zawahiri appeared in a videotape as recently as last month. Both claim to lead a widespread movement, involved in virtually every Islamic battle from Iraq to Indonesia, that is building an anti-Western "caliphate" across the world.

Intelligence officials describe the tapes as al-Qaeda's attempt to appear "relevant" and in control of widespread events with which it may have little to do. But while recent intelligence analyses have focused on the increasing likelihood of smaller, more localized terrorist attacks such as the bombing of the London Underground, few have discounted bin Laden's desire to stage another major assault.

"Al-Qaeda hasn't been eliminated," a senior administration official said. "It's metastasized. It's changing all the time. It's adapting to a different environment. In many ways it's weaker as an organization, I'm convinced of that. But the global battlefield and affiliated groups is expanding."

Some outside experts faulted the U.S. government and its allies for allowing al-Qaeda to regroup inside Pakistan after its ejection from Afghanistan. "Al-Qaeda has been Pakistanized, if you will," said M.J. Gohel of the Asia-Pacific Foundation, a London security think tank.

Others were withholding judgment on al-Qaeda's ties to the alleged plot in England. "I would say that the core of the organization has suffered some serious blows," said Daniel L. Byman, director of Georgetown University's Security Studies Program. "It's harder for them to do large-scale operations successfully, and their ability to do long-term planning of catastrophic events has degraded. But they still have a number of skilled operatives and global connections, and a strong desire" to stage such attacks.

Byman said, however, that he is "still very skeptical until I see more evidence of how close these guys really were" to al-Qaeda. "I've read too many breathless FBI statements" over the years, he said.

Peter Neumann, director of the Centre for Defense Studies at King's College in London, said the alleged operation has all the hallmarks of al-Qaeda. Neumann and others noted strong parallels to the "Bojinka plot," planned in 1995 by Ramzi Yousef with help from his uncle, Khalid Sheik Mohammed. Yousef's plan to blow up 11 trans-Pacific airliners with liquid explosives concealed in bottles of contact lens solution was aborted after a fire erupted in the Manila apartment where he was preparing the bombs.

"I'm fairly convinced they were trying to model this attempt after what Ramzi Yousef tried to do," Neumann said, noting that it was "precisely" al-Qaeda's "kind of signature. They've been very fond of the transport system. They've been very fond of simultaneous, multiple attacks. I can think of no other terrorist group in the world that could be capable of something like this."

Staff writer Dan Eggen, correspondent Craig Whitlock and researcher Julie Tate contributed to this report.

Echoes Of Early Design To Use Chemicals To Blow Up Airliners (NYT)

By Raymond Bonner And Benjamin Weiser

The New York Times, August 11, 2006

JAKARTA, Indonesia, Aug. 10 — The plot to blow up several airliners over the Atlantic, uncovered by British authorities, bears a striking, if not eerie, resemblance to a plot hatched 12 years ago to simultaneously blow up a dozen airliners over the Pacific.

That scheme was developed in Manila by Khalid Shaikh Mohammed, who was starting his climb to become a top lieutenant to Osama bin Laden, and Ramzi Ahmed Yousef, who was a mastermind of the 1993 bombing of the World Trade Center. Philippine investigators came to believe that the Manila operation was financed by Mr. bin Laden.

Mr. Mohammed code-named the operation Bojinka, which was widely reported to have been adopted from Serbo-Croatian, meaning big bang. But Mr. Mohammed has told his C.I.A. interrogators that it was just a "nonsense word" he adopted after hearing it when he was fighting in Afghanistan during the war against the Soviet Union, according to "The 9/11 Commission Report." Mr. Mohammed was seized in Pakistan in 2003, and is now being held by the C.I.A. at an undisclosed location.

The Bojinka plot in 1995 was anything but nonsense. At an apartment in Manila, Mr. Yousef began mixing chemicals, which he planned to put into containers that would be carried on board airliners, much like the plotters in Britain are alleged to have been planning.

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In those days, it would have been relatively easy to get liquid explosives past a checkpoint. Mr. Mohammed and Mr. Yousef, according to the 9/11 Commission, studied airline schedules and planned to sneak the liquid on a dozen planes headed to Seoul, South Korea, and Hong Kong and then on to the United States. The idea was that the bombs, complete with timing devices, would be left on the airliners, but that the plotters would disembark at a stop before detonating the devices.

To rehearse the operations, a practice bomb was detonated in a Manila theater late in 1994. Another bomb was concealed aboard Philippine Airlines Flight 434 from Manila to Tokyo 10 days later. The bomb exploded on the way to Tokyo, killing a passenger, but the pilot managed to land the damaged 747. American prosecutors later concluded that Mr. Yousef had taken a liquid explosive onto the plane before disembarking.

The plot, however, was foiled in early 1995 when a fire broke out in the apartment where some of the conspirators were working. Among the things found when the police investigated was Mr. Yousef's laptop, with a file named "Bojinka." They also found dolls with clothes containing nitrocellulose, according to the 9/11 Commission.

"When the police hit the place, they were weeks away from starting," said Michael J. Garcia, a prosecutor in the 1996 Bojinka trial and now the United States attorney in Manhattan. "In Ramzi's laptop there were very detailed plans," he said, including equipment, airports, flight numbers and the timer settings.

Mr. Yousef was captured in Pakistan, turned over to the United States, convicted in New York and sentenced to life without parole.

According to investigators, Mr. Yousef's specialty was making bombs from innocuous-looking objects that could be smuggled through airport security — a digital wristwatch modified to serve as a timer, or a plastic bottle for contact lens solution filled with liquid components for nitroglycerine.

When questioned after his arrest, Mr. Yousef refused to explain precisely how he had planned to carry out the bombings, according to testimony at his trial for the Bojinka plot.

Brian G. Parr, a Secret Service agent, testified at the trial that under questioning Mr. Yousef made clear that other terrorists were aware of the explosive technique, and he did not want to compromise their ability to carry out similar acts.

"He said that he didn't want us to have knowledge of the techniques that they were going to use," Mr. Parr testified, "because it may help us prevent other people from using those techniques."

And Mr. Yousef, in his statement to Mr. Parr, made clear that he had carefully analyzed how to carry explosives through airline security.

For example, when questioned about one chemical mixture that could be used in explosives, Mr. Yousef said he would not have used it because it could have "been easily detected by airport security screening," Mr. Parr testified.

Mr. Parr said that Mr. Yousef "specifically said that he would have used a different type of device that even the most sophisticated bomb-screening machines would not have been able to detect."

Mary Jo White, the former United States attorney whose office successfully investigated and prosecuted Mr. Yousef in the Bojinka plot, recalled: "It was frightening. There were people wandering the globe able to do this. And that was 10 years ago."

Mr. Mohammed has told his interrogators that after the 1993 World Trade Center bombing, which involved explosives loaded onto a truck that failed to bring down the building, he "needed to graduate to a more novel form of attack," as the 9/11 report puts it. That led to Bojinka, and the first thoughts about using planes to bomb the World Trade Center.

Foiled Terror Plot On Scale Of 9/11 (CSM)

By Mark Rice-oxley

The Christian Science Monitor, August 11, 2006

LONDON

An alleged terror plot to blow up several transatlantic passenger jets, which British police said they had thwarted on Thursday, would have caused even greater casualties than 9/11, officials and experts say, marking a chilling departure from smaller-scale terror attacks of recent years.

Thousands were stranded at Britain's biggest airports Thursday and delays rippled across the US as flights were canceled and check-in security ramped up to surreal proportions after police said they had arrested 21 suspects in connection with a plot to smuggle liquid explosives onto several aircraft.

Officials in London and Washington said the alleged plotters, many believed to be British-born, had their sights on United, American, and Continental flights. Simultaneous explosions were to have been caused by chemicals in carry-on luggage. Officials monitored the plot for months before deciding they had to move.

Experts say that the foiled attack suggests Al Qaeda involvement. Aviation is still a favored target for Al Qaeda acolytes bent on taking terrorism to new heights.

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"The best way to top the 9/11 event is to do it with civilian aircraft with a lot of people on board," says Rolf Tophoven, a German terrorism expert. "This will create huge damage on all kinds of economic and commercial levels."

Bruce Hoffman, an expert on terrorism at the RAND Corp. in Washington, notes that it's typical of Al Qaeda to go back to targets and improve their techniques on past attacks. The successful attack on the USS Cole in 2000 followed a failed bid to sink the USS Sullivan in 1999. The 9/11 attack came eight years after the limited attack on the World Trade Center in 1993.

This latest effort, he adds, is a carbon copy of the failed 1995 "Bojinka" plot by Ramzi Ahmed Yousef, convicted of being the mastermind of the 1993 World Trade Center attack, to blow up 11 American airliners over the Pacific, using plastic explosives.

Britain raised its terror alert levels to the highest notch, while the US put a red alert - the first time that level was invoked - on flights from Britain. All other US flights were one step below, at "orange."

US Homeland Security Secretary Michael Chertoff and Peter Clarke, deputy assistnant commissioner for Scotland Yard, said the plot was international in scope and involved many people.

President Bush, in Wisconsin, said that the US was safer than it was before 9/11. "We've taken a lot of measures to protect the American people but obviously we're not completely safe," he said. But, he added, "It is a mistake to believe there is no threat to the United States of America."

Officials would not say exactly how many aircraft were targeted, nor when precisely they thought the plotters would strike. French officials said Thursday that the plotters were probably of Pakistani origin. British officials refused comment.

The number of suspects involved points to a far bigger operation than the post-9/11 terror attacks in London; Madrid; Bali; and Casablanca, Morocco. Paul Wilkinson, a security expert and author of "Terrorism Versus Democracy," says: "It's the scale of conspiracy that is so worrying because it's much larger than most things we've seen since 9/11."

Yet attacking aviation targets has proved harder since 9/11 because of heightened security. To subvert that vigilance, the plotters arrested Thursday were allegedly planning to smuggle aboard different liquid chemicals that may appear innocuous but could be explosive if mixed.

As a result, passengers with babies Thursday were ordered to take a swig of their baby formula in front of security guards to demonstrate its integrity. Personal documents, medication, and all other hand luggage was banned from flights out of Britain.

The unravelling of the plot marks another apparent success for British counterterrorism, which already claims to have foiled a dozen or so attacks since 9/11, four in the past year. While some of these have produced no convictions and inconclusive evidence, security expert Bob Ayers says this one should be taken seriously.

"You don't take a decision to shut down all flights to America lightly," says Mr. Ayers, an expert with the Chatham House think tank. "It would suggest they have substantial evidence."

He adds that British intelligence must have somehow infiltrated the plotters - a major success for organizations that are scrambling to get up to speed with the new terror threat from radical, disenchanted segments of the Muslim community. "There could be more than one cell involved here, but this means [the intelligence services] have penetrated more than one group or the supporting infrastructure."

Security officials had a delicate task knowing when to move, said Home Secretary John Reid said. "Move too early, you may not know the full scope of who is involved and you may provoke those you don't know into taking the action you don't want. If you don't move, you run the risk of terrible consequences."

But while the "underresourced and underappreciated" security services have done commendable work, says M.J. Gohel, a terrorism analyst at London's Asia Pacific Foundation, they've had less success finding out who is providing "homegrown" terrorists with direction.

British officials regularly warn the public of the threat. Wednesday, Mr. Reid said that the country faced its most sustained period of threat since World War II.

Britain is a particular target because of its backing for US foreign policy in the Middle East. RAND's Hoffman also notes that the fifth anniversary of 9/11 is looming. Despite comments that Al Qaeda may be in retreat, he says, "nothing is further from the truth. At least in Europe, Al Qaeda has put down an organizational structure to sustain these attacks."

Plan Was To Sneak Liquid Explosives On Planes (NYT)

By Alan Cowell And Dexter Filkins

The New York Times, August 11, 2006

LONDON, Aug. 10 — The British authorities said Thursday that they had thwarted an advanced terrorist plot to blow up airplanes flying from Britain to the United States using liquid explosives that would have escaped airport security.

The officials said they had arrested 24 men, all British-born Muslims, who planned to carry the liquids in drink bottles and combine them into explosive cocktails to commit mass murder aboard as many as 10 flights high over the Atlantic.

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Intelligence officials said they believed that some plotters were probably still at large, requiring increased airport security.

Airports, which faced chaotic delays and cancellations, instantly changed rules on what passengers could carry on board. In the United States, liquids, gels and creams were banned from carry-on luggage. In Britain, all carry-on items were barred except objects like wallets and eyeglasses without their cases.

Officials said the plot — of which few concrete details were made known — bore the hallmarks of Al Qaeda and involved links to plotters in Pakistan.

Late Thursday, the authorities in Pakistan said an unspecified number of arrests had been made there, too.

An American counterterrorism official, who spoke in return for anonymity because of the sensitivity of the case, said several of the plotters had traveled to Pakistan in the last few weeks and might have met there with at least one person affiliated with Al Qaeda. The official said it was after that person's arrest by Pakistani authorities that the British, fearing that word of the detainment would send the plotters into hiding, decided to move in.

This is the latest in a series of conspiracies apparently rooted in the disaffection of young, British-born Muslims, many of Pakistani descent, who cast themselves as part of a jihadist struggle against Britain, which they see as an outrider of the United States in Iraq, Afghanistan and now Lebanon.

It also mimicked a failed plot in the Philippines in 1995 financed by Osama bin Laden to blow up airplanes over the Pacific. That ended when the chemicals exploded at an apartment in Manila.

On Thursday, Britain raised its terror threat assessment by one notch to its highest level, "critical," meaning an attack was imminent.

The American official said the plotters were planning a "dry run" of the operation in the next few days when they planned to test whether they could board flights simultaneously. If this had worked, a full-scale attack would have been carried out within days, the official said.

British police officials, who spoke in return for anonymity because of their customary procedures, said the attacks had not been planned for Thursday.

One American official said the attack was not imminent. "I would caution about how close it was," he said. "They had materials, but it wasn't like they were driving out to the airport the next day. They identified a number of flights."

Peter Clarke, London's top counterterrorism police officer, said, "The intelligence suggested that the devices were to be constructed in the United Kingdom and taken through British airports." But he also said that some unspecified event or development late Wednesday convinced British counterterrorism operatives that they must move quickly to thwart a conspiracy with what he called "global dimensions."

The American counterterrorism official said the arrest of the Qaeda-linked man in Pakistan made the British feel they had to act because word of his arrest could send the plotters underground.

In recent days, the Federal Bureau of Intelligence sent hundreds of agents around the United States to chase down possible leads from British intelligence sources.

"There is no indication as of now that anyone in the U.S. was tied to this," a senior Justice Department official said.

About 8:30 Wednesday night, federal officials called security officers at the major airlines and told generally of what was happening as well as the security measures that would begin on Thursday. Among the airlines believed to be targets were United, American and Continental, according to officials from the Department of Homeland Security, although it was unclear whether the plotters had bought tickets.

Mr. Chertoff said the attackers planned to carry explosive material and detonation components "disguised as beverages, electronic devices and other common objects" onto the planes.

A bulletin issued Thursday by the F.B.I. about the plot gave details of some of the properties of liquid-peroxide-based explosives. It noted that they are sensitive to "heat, shock and friction" and can be detonated with heat or an electric charge.

In some ways, news of a plot that could have killed thousands of people reinforced the sense among Americans after Sept. 11, 2001, and the British after July 7, 2005, that their world had changed irrevocably in a way few would have wished. "This is the new way of life," said Arleen Malec, 60, a homemaker from Chicago who arrived in London from the United States.

But news of the plot also played into the fractured politics on both sides of the Atlantic, bolstering the arguments of those in London and Washington who argue, like Prime Minister Tony Blair, that the West is locked in an "elemental battle" with radical Islam. In the United States, President Bush said the plot showed that the United States was "at war with Islamic fascists who will use any means to destroy those of us who love freedom."

At the same time, both American and British officials were left to contemplate what seems a remarkable robustness among British jihadists who, since shortly after the Sept. 11 attacks, have been embroiled in five or six known conspiracies. Some have been unsuccessful, some unproven and one — on July 7, 2005 — terrifyingly effective when four bombers killed themselves and 52 commuters on the London transportation system.

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But all of them have defied official British efforts to forestall new attempts, either through ever-more stringent security arrangements that have angered civil rights groups or through efforts to embrace what are seen as moderate Muslim leaders. The latest conspiracy came despite the jailing or forced exile of prominent radical clerics such as Sheik Abu Hamza al-Masri and Sheik Omar Bakri Mohamed.

For the first time in the United States, the threat assessment level on transatlantic flights was raised to its highest — "red" — and stringent new security measures were enforced, as was the case in Britain.

The suspects were arrested in nighttime police raids on modest-seeming homes as far apart as East London's Walthamstow District; High Wycombe, west of the capital; and Birmingham, in the Midlands. Some 24 hours later, none had been identified by name.

The reported conspiracy, which British officials said had been under surveillance for months, again raised the question of how closely British-born terrorists were linked to Al Qaeda.

Robert S. Mueller III, the F.B.I. director, said the plot had "all the earmarks of an Al Qaeda plot" but added that there was no direct evidence of this.

Also in the United States, Homeland Security Secretary Michael Chertoff said new restrictions imposed on travelers reflected a belief that the plotters planned to use liquids, "each one of which would be benign, but mixed together could be used to create a bomb."

He added, "It was not a handful of people sitting around and dreaming."

Referring to the 24 people arrested under counterterrorism laws, John Reid, the British Home Secretary, told reporters that the police were "confident that the main players have been accounted for."

He acknowledged similarities to the plot in the Philippines 11 years ago. The conspirators in that plot were Khalid Shaikh Mohammed, who was starting his climb to become a top Qaeda operative, and Ramzi Ahmed Yousef, who was the mastermind of the 1993 bombing of the World Trade Center. After the Sept. 11, attacks, another plot involving airplanes related to Richard C. Reid, the so-called shoe bomber, a British-born Muslim who tried to blow up an America-bound flight from Paris with explosives hidden in a sneaker.

The scale of the British raids and arrests was particularly remarkable since, only weeks ago, the police drew criticism from British Muslims for arresting two brothers in East London whom they later had to release for lack of evidence. At the time, the police indicated that they were looking for a chemical bomb.

At Britain's airports, chaos spread rapidly as airlines closed down flights. For much of the day, British Airways canceled short flights to Europe, and many European airlines canceled flights to London.

Travelers on the Heathrow Express train from London's Paddington Station heard a recorded female voice announcing: "You can take tissues on the plane, but only if they are unboxed. You can also take baby food and milk on board, but the contents of the bottle must be tasted by the accompanying passenger."

At Terminal 3 in Heathrow Airport, hundreds of passengers jammed into the terminal building, and airline officials handed out clear plastic bags to passengers for their limited carry-on items. Many passengers said airline officials refused to tell them what was going on.

In Paris, after an emergency cabinet meeting, Interior Minister Nicolas Sarkozy said France had increased its security alert to "red" — one degree below maximum level. He said France had stepped up airline security measures and was introducing new steps for flights bound for Britain and Israel, including thorough searches of all hand baggage.

French airports were nonetheless crowded with thousands of stranded passengers. Flights leaving for Britain were canceled during most of the day, but air traffic bound for the United States was close to normal, spokesmen for different airlines said.

Many passengers deprived of their connections from London flocked to the Eurostar train under the Channel, to reach the European continent and to continue their travel via Paris. At train stations and airports, uniformed members of the police and military increased their patrols.

In Spain, only about 10 percent of 800 flights to London took off, leaving thousands of vacationers stranded, according to Aena, the main operator of Spanish airports. The Prime Minister, José Luis Rodríguez Zapatero, told reporters that the Spanish authorities had "ordered the tightening and strengthening of all the controls that affect the security of the airports in our country."

Prime Minister Blair had left for a Caribbean vacation last weekend after delaying his plans because of the Lebanon crisis. His office said that he had briefed President Bush on the situation. British politicians in general refused to be drawn into what has become a familiar public debate about whether Britain is a target for terrorists because of its alliance with the United States.

In High Wycombe, west of London, residents said the police seemed to have raided two places and a wooded area. "It's shocking when it's so close to us, on our doorstep, not on the other side of the country," said Sue Needham, a 36-year-old homemaker near the wooded area.

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In Walthamstow, East London, John Weir, 50, said he lived opposite one of the houses raided in London. "It was sold overnight," he said. "One day it was up for sale, and the next it was gone." He said two men moved in the next weekend, but the house often seemed empty.

Analysis: Plot May Have Been 9/11 Sequel (AP-Y)

By Paul Haven

AP, August 11, 2006

The plot had been in the works for months, and its goal was horrific. One after another, planes would have exploded in the sky, sending hundreds of men, women and children to their deaths.

Counterterrorism officials said Thursday the plan thwarted in London appears to bear the fingerprints of al-Qaida, and may even have been "the Big One" they have been dreading since Sept. 11, 2001, particularly as the five-year anniversary of the attacks on the United States approaches.

More than 20 people have been arrested, terror threat levels have been raised to some of their highest levels and hundreds of flights have been canceled worldwide.

"In terms of scale, it was probably designed to be ... a new Sept. 11," said Jean-Charles Brisard, a French private investigator who works with lawyers of many Sept. 11 victims. "It involved the same tools, the same transportation tools and devices."

Rohan Gunaratna, a terrorism expert at Singapore's Institute of Defense and Strategic Studies, said everything known so far points to involvement by Osama bin Laden's terror group.

"It is a classic al-Qaida tactic. It is a hallmark of al-Qaida to carry out coordinated, simultaneous attacks and the aviation domain is certainly known to al-Qaida," he said.

FBI Director Robert Mueller echoed those sentiments, saying: "This had the earmarks of an al-Qaida plot." U.S. Homeland Security Secretary Michael Chertoff added that the plan was "sophisticated, it had a lot of members and it was international in scope."

There have been dozens of thwarted plots around the world since the Sept. 11 attacks, and several were murderously successful. Suicide bombers killed 52 people in London on July 7, 2005, 58 in two attacks in Istanbul, Turkey in 2003, and 202 in Bali in 2002. Islamic radicals killed 191 people in Madrid on March 11, 2004, then blew themselves up days later as police closed in.

While al-Qaida's call for global jihad clearly acted as inspiration, there has been no direct evidence that bin Laden or his No. 2, Ayman al-Zawahri, had advance knowledge of those attacks, that they helped plan them, or that they provided financial or logistical help to those who carried them out.

The group's failure to match the destruction it inflicted on Sept. 11 has led to speculation that a global dragnet that has forced bin Laden into hiding and ensnared many of his most trusted deputies may have degraded al-Qaida's abilities.

Analysts said Thursday that is a theory to be believed only at the world's peril.

The plan thwarted by the British had the potential to dwarf the attacks of recent years — killing hundreds, perhaps thousands.

It also appears to have involved far more extensive planning and expertise.

Counterterrorism agents have been tracking the alleged plotters for months and made arrests in London and its suburbs, as well as in Birmingham, England. A British police official said the suspects appeared to be "homegrown," though it was not immediately clear if they were all British citizens.

Magnus Ranstorp, a terrorism expert at Sweden's Center for Asymmetric Threat Studies who has done extensive research on al-Qaida's recruiting efforts in Europe, said the foiled plot in Britain "could very well have been an attempt at 'the Big One.'"

He warned against doubting the gravity of the threat.

"This was really serious. Police have no reason to play politics. I think one should take what they say very seriously," he said.

Andrea Nativi, a researcher at the Rome-based Military Center for Strategic Studies, said the plot resembled the Sept. 11 attacks in ambition and was entirely different in scope from other terror schemes of recent years.

"By comparison, the London subway attacks look like child's play," he said.

Rodolfo Mendoza, a police intelligence official in the Philippines, said the "modus operandi" is the same as al-Qaida has used in the past — and he should know.

Mendoza was among the law enforcement officers involved in thwarting a scheme by al-Qaida terror mastermind Ramzi Yousef to use liquid explosives to blow up a dozen airliners in 1995 as they flew across the Pacific to U.S. destinations, including Los Angeles, San Francisco, Honolulu and New York.

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Like al-Qaida's decade-long effort to bring down the World Trade Center in New York, first in 1993 and then, disastrously, in 2001, the latest plot to blow up commercial airliners reveals the group's unwavering resolve, Mendoza said.

"These people are obsessed," he said. "They will try and try and try again to accomplish their mission.

Al Qaeda Imprint Debated (LAT)

By Josh Meyer

The Los Angeles Times, August 11, 2006

WASHINGTON — For U.S. and British authorities, it is not surprising that a group of militants would plot terrorist attacks about the time of the fifth anniversary of the Sept. 11 strikes on the World Trade Center and the Pentagon.

But authorities are still not sure whether they think the alleged plot to blow up as many as 10 airliners over the Atlantic Ocean was the work of Al Qaeda or an operation launched by British citizens of Pakistani descent.

The most likely answer is that the alleged conspiracy was a potent combination of the two, with at least one dangerous Pakistani militant organization thrown into the mix as well, according to intelligence and law enforcement officials here and abroad.

"There hasn't been anyone in a long time who is serious about this stuff who thinks it begins and ends with Al Qaeda," one U.S. intelligence official said. "You are dealing with a complex picture with a lot of actors. People [in the U.S. government] are looking at all of the possibilities, as are our counterparts" in Britain.

Most, if not all, of the suspects are British nationals of Pakistani descent, at least some of whom had ties to radical fundamentalists in Pakistan, U.S. officials said. At least one had traveled to Pakistan, they said.

"As to whether this is Al Qaeda central or not, there is some ambiguity there," said the U.S. intelligence official, who did not want to be named because the investigation is ongoing. "There are hallmarks, yes. But all of the threads have not been picked up yet, and one can't say definitively at this point that it points back to Al Qaeda central."

Authorities are pursuing a more comprehensive theory: that the alleged plotters may have been following the model of London militants who blew up several subway stations and a bus last summer, killing 52 people and injuring at least 700.

In that case, one of the four lead plotters, Mohamed Sidique Khan, traveled extensively to Pakistan and is believed to have trained in guerrilla camps there. But he was never connected conclusively to Al Qaeda, even though he appeared in one of the organization's promotional videos.

Authorities say Khan in all likelihood trained in camps run by Lashkar-e-Taiba or Jaish-e-Muhammad, two militant groups considered to be feeder organizations providing Al Qaeda with a wellspring of recruits, as well as money and logistical support.

And authorities believe a second subway plotter, Shahzad Tanweer, also traveled to Pakistan, met with officials of both militant organizations and spread the word among friends when he got back to Britain.

One senior FBI counter-terrorism official said authorities had detected a similar pattern in other countries, as militants travel to Pakistan, receive training from the two groups and return to their homelands bent on launching attacks.

In some cases, the camps are run in tandem by the militant groups and Al Qaeda, said the official, who spoke on condition of anonymity because the investigation is continuing.

"Some went to the camps and came back and started their own little groups, and those in turn started other cells, so it's sometimes impossible to tell where to draw the lines" between Al Qaeda, the two militant Pakistan groups and homegrown militants, the FBI official said.

U.S. authorities think the groups have tens of thousands of followers throughout Pakistan, and many hundreds of them have gone on to become operational soldiers and leaders of Al Qaeda.

But even as Pakistan has clamped down on Al Qaeda, militant groups have operated with virtual impunity, changing their names occasionally to avoid government crackdowns.

The result, U.S. officials and outside experts say, is that the militant groups have taken over many of Al Qaeda's core functions — recruiting, radicalizing and training militants for attacks against the West.

Initially, the groups were dedicated specifically to the fight against India over the disputed territory in Kashmir. But in recent years, they have begun training jihadists who want to attack the United States and Western interests, U.S. officials and outside experts said.

"Pakistan has not yet fully dismantled the training infrastructure of the various jihadi groups," said Husain Haqqani, an author and former senior advisor to three Pakistani leaders. "And in the post 9/11 environment, if a person feels inspired by Al Qaeda and wants to get training and act on his own or as part of a small group, Pakistan still remains a viable place for him to find the means to be a terrorist."

The jihadi groups serve as conduits for Al Qaeda, said Haqqani, a professor of international relations at Boston University.

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"They do the training, they help people move through Pakistan and into contact with Al Qaeda," he said. "Now all you need is a basement or a back room to learn how to mix explosives and how to use household items for terrorist purposes."

Lashkar-e-Taiba, or LET as it is known, was linked to an alleged terrorist plot in Canada in which authorities arrested at least 17 men in June on suspicion of planning attacks against government facilities. An 18th man was arrested last week.

Two Atlanta men linked to the Canada case were planning to visit LET camps in Pakistan for jihad training, authorities have said.

In another case, suspects in what prosecutors called the "Virginia jihad network" in the Washington area had connections to LET. Eleven young Muslim men, who trained in part through paintball games, were accused of conspiring to commit offenses against the U.S. This year, nine of the 11 were convicted or pleaded guilty, receiving prison sentences of as much as 20 years.

On Thursday, Pakistan's government put Hafiz Mohammed Saeed, Lashkar-e-Taiba's founder, under house arrest. Authorities in Pakistan and Washington would not say whether the house arrest was connected to the alleged plot in Britain or to recent terrorist acts in India, including the deadly Mumbai bombings last month.

Saeed founded Lashkar-e-Taiba in the mid-1990s. It has been declared a terrorist organization by Pakistan and United States, and its assets have been frozen.

But in a bid to avoid government restrictions, Saeed later formed Jamaat ud-Dawa, which Washington listed as a terrorist organization this year even though it operates legally in Pakistan.

Thwarting The Airline Plot: Inside The Investigation (TIME)

By Brian Bennett And Douglas Waller, Washington

Time, August 11, 2006

Exclusive: U.S. picked up the suspects' chatter and shared it with British authorities; new federal alert warns that peroxide-based explosives could also be employed in future attacks in the U.S.

Wednesday night was a long and troubling one for Homeland Security Secretary Michael Chertoff. A bubbling plot by British citizens to blow up airplanes had come to a boil in the past three days, and as British authorities arrested dozens of suspects around London, it was Chertoff's job to coordinate the U.S. defenses. Scary intelligence reports pop up all the time, but this particular terror operation got close enough to being carried out that it rattled even the normally sedate Chertoff. "Very seldom do things get to me," he told Rep. Peter King, the Republican chairman of the House Homeland Security Committee, in a phone call late Wednesday night. "This one has really gotten to me."

Chertoff had good reason to be worried. Senior U.S officials have confirmed to TIME details of the plot that led the secretary to ratchet up the color-coded security alert for British-U.S. flights to an unprecedented red for "Severe." A total of 24 individuals were arrested in Britain overnight and, says one senior U.S. official who was briefed on the plot, five still remain at large. Their plan was to smuggle the peroxide-based liquid explosive TATP and detonators onto nine different planes from four carriers — British Airways, Continental, United and American — that fly direct routes between the U.K and the U.S. and blow them up mid-air. Intelligence officials estimate that about 2,700 people would have perished, according to the official.

Britain's MI-5 intelligence service and Scotland Yard had been tracking the plot for several months, but only in the past two weeks had the plotters' planning begun to crystallize, senior U.S. officials tell TIME. In the two or three days before the arrests, the cell was going operational, and authorities were pressed into action. MI5 and Scotland Yard agents tracked the plotters from the ground, while a knowledgeable American official says U.S. intelligence provided London authorities with intercepts of the group's communications. Most of the suspects are second or third generation British citizens of Pakistani descent whose families hailed from war-torn Kashmir. U.S. officials believe the 29 members were divided into multiple cells and planned to break into small groups to board the nine planes.

During the past few months the plotters' attack plans had changed, > said Deputy Secretary for Homeland Security Michael Jackson. "There were different data sets about their interests over time that evolved," he said. It was only in recent days, said Jackson, that the plans began to focus on British-U.S. flights. The plot was "very near execution" but not imminent, Jackson said. "We didn't pull people off of airplanes."

So as not to derail the British round-up, Chertoff had to wait until the early hours of Thursday morning after all the London arrests were made before notifying U.S. airports of the threat, say senior DHS officals. When it became clear the arrests would be wrapped up around 1 a.m Washington time, Chertoff got on a conference call with his Homeland Security Advisory Committee to approve changing the threat level. Then calls when out to the airlines, airline security companies and labor unions affected by the changes, as well as to members of Congress.

Though the plot has all the hallmarks of an al Qaeda operation, U.S. officials cautioned that there isn't yet evidence of a direct link between the plotters and the organization's top leaders. "We're not convinced this particular operation is connected to the al Qaeda chain of command," Charles Allen, Chief of Intelligence for the Department of Homeland Security, told reporters on

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Thursday afternoon. As for whether the attack was being timed for the fifth anniversary of Sept. 11, Allen said he thought the attack would simply be launched when it was ready. "I am a long standing believer that terrorist plotters or planners execute when they have all of the plot together," said Allen. "We have no evidence this was timed to any particular holiday or special event."

The plot also appears to be a return to older terrorist tactics of trying to blow up an airplane in mid air, rather than turn the jet into a missile as the Sept. 11 attackers did. Allen stressed that the plans seemed designed to kill passengers, not crash into a city on the ground. "We have no evidence there was targeting of cities," said Allen, "This was an effort to destroy multiple aircraft in flight — not against any territory of the United States."

With five members of the cell believed to be at large, the threat still looms and intelligence officials are still working to unravel the full extent of the plot. "I don't believe we know all the dimensions of this plot. Time has to pass to determine that a network was disrupted," said Allen. Worries another U.S. official: "Plan A has been stopped, but the concern: Is there a Plan B?"

The possibility that liquid explosives could be smuggled onto a plane is not a surprise to counterterrorism experts, and the tightening of U.S. airport security could only be temporary as security officials learn more about the extent of the plot and how to defend against such an attack. The current measures — stripping passengers of anything liquid in their carry-on luggage — were in reaction to these particular arrests, and not to the realization of a new, unforeseen threat. "We're primarily concerned about this particular plot," said Allen, implying that the new security measures are not permanent.

FBI and Department of Homeland Security officials quickly alerted law enforcement agencies around the country to the peroxide-based liquid explosives the London plotters planned to bring aboard the American-bound planes. An alert the FBI and DHS sent out Thursday to state and local law enforcement agencies — which is classified "For Official Use Only" and was obtained by TIME — warns them that the peroxide-based explosives could also be employed in future attacks here.

The Joint Homeland Special Assessment, which the FBI and DHS's Office of Intelligence Analysis drafted and sent out, is titled "Possible Terrorist Use of Liquid Explosive Materials in Future Attacks." The document states: "The FBI and DHS have no information of plotting within the United States, but such a possibility cannot be discounted." The FBI-DHS report notes that Osama bin Laden's top deputy, Ayman al-Zawahiri insisted in a July 27 videotape that Al Qaeda was still intent on conducting another "spectacular" attack in the United States. Zawahiri, the report notes, used photos of the World Trade Center burning on Sept. 11 and 9/11 leader Muhammad Atta "in the background of this video."

The FBI-DHS report next warns law enforcement agencies about the two peroxide-based liquid explosive that could be used in a future attack against the U.S.--triacetone triperoxide (TATP) or hexamethylene triperoxide diamine (HMTD). The report describes how a terrorist would assemble bombs with these chemicals. Peroxide-based liquid explosives "are sensitive to heat, shock, and friction, can be initiated simply with fire or electrical charge, and can also be used to produce improvised detonators," the report states. "For example, TATP or HMTD may be placed in a tube or syringe body in contact with a bare bulb filament, such as that obtained from inside a Christmas tree light bulb, to produce an explosion." The report doesn't mention anything about a terrorist assembling such a bomb on a plane, but it does warn that manufacturing such a device can be dangerous for the bombmaker. "Because of the instability of these substances," the report notes, "spontaneous detonation can occur during the production process."

Over the past ten years peroxide-based explosives have popped up in a number of terror operations, according to FBI-DHS report. "Terrorist have used peroxide-based explosive both as a main charge (weighing in excess of 20 pounds) and improvised detonators," the joint assessment states. "TATP was popularized as a main charge explosive in suicide bombs used by Palestinian terrorist groups."

Ramzi Yousef, who was convicted in 1996 for plotting to simultaneously bomb up to a dozen U.S. commercial airliners flying in the Far East, had manufactured TATP detonators. Arrested Dec. 14, 1999, for planning to attack Los Angeles International Airport in the millennium bombing plot, Ahmed Ressam had HMTD and RDX (cyclotrimethylene trinitrame) in a vial in the trunk of his car. He also had over 100 pounds of urea sulfate white powder and eight ounces of nitroglycerine mixture.

More recently, British shoe bomber Richard Reid tried to detonate his device with TATP as the initiator while aboard a Dec. 22, 2001, American Airlines flight from Paris to Miami. A mixture of TATP and ammonium nitrate was used in suicide bombs in Casablanca, Moroco on May 16, 2003. And the FBI-DHS report notes that four of the suicide bombers in the London subway attack July 7, 2005 "used peroxide-based explosive devices (IEDs), concealed inside rucksacks." With such a rich history, liquid explosives are sure to challenge America's counter-terror defenses for many years to come.

Texas Airports Tighten Security, Passengers Questioned In Austin (DMN/AP)

By By Paul Weber, Associated Press
The Dallas Morning News, August 11, 2006

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Texas airports responding to the terrorist threat announced Thursday increased security measures, including detaining and questioning passengers traveling aboard a JetBlue flight from Boston to Austin after the crew found a "suspicious note" on board.

The note appeared to be written in Arabic, but investigators later determined that it was Cyrillic lettering, an alphabet used in Russian and other Slavic languages, said Erik Vasys, an FBI spokesman. It also appeared the note was "purposely hidden in one of the lavatories," he said.

"The note had no connections to terrorism and contained no threat," Vasys said. He would not, however, release details of the note.

The 59 passengers and four crew members aboard Flight 1263 were escorted off the plane and questioned by FBI and the Transportation Security Administration agents, said Jenny Dervin, a JetBlue spokeswoman. They were later released; no arrests were made.

Meanwhile, Texas passengers adjusted to the government's ban on liquids aboard flights by throwing away beverages and repacking carry-on bags before going through security checkpoints.

British intelligence indicated the terror plot involved using benign liquids that could be assembled inside an airplane cabin to make an explosive.

The plot targeted flights from Britain to the United States, particularly to New York, Washington and California on United Airlines, American Airlines and Continental Airlines, a counterterrorism official said Thursday, speaking on condition of anonymity because of the sensitivity of the situation.

The U.S. government responded by banning passengers from carrying beverages, hair gel, lotions, toothpaste, shampoo and other liquids aboard flights, including drinks bought at airport concession stands.

Cherrie Crumby, an American Airlines employee trying to fly standby out of Dallas-Fort Worth International airport with her 4-year-old granddaughter Diamond, said she lost $50 worth of perfume, toothbrushes and lotions to the heightened security. When she didn't make the flight and tried to retrieve the items at a security checkpoint, baggage screeners told her the items had already been discarded.

"It's very disappointing," Crumby said. "I can't afford to be buying those things again."

Dana Jennings, 44, of Dallas, got her passport ready as she waited to go through security for her connecting flight to London. She crammed eight days-worth of clothing into two carry-ons because she didn't want to be burdened with extra luggage at Heathrow Airport, which she suspected might be chaotic.

"I picked a bad day to fly there," said Jennings, a business consultant. "I'm not overly confident right now."

Johanna Carty, 30, learned of the ban as she made a connecting flight at Houston Intercontinental airport, traveling from Oakland, Calif., to Peru with her three young nephews. She spread her four bags on the floor, scoured them for the banned items, then stuffed them in a backpack to check as luggage.

"It is a hassle because I have to go through all my bags. I already had everything organized," she said.

Adriana Breidenstein, a travel agent going from Houston to Mexico on business, agreed that the security changes were frustrating, but necessary. She took her makeup bag out of her carry-on bag and put it in her luggage before checking it.

"It's a hassle, but you have to be flexible now days. It's not going to go away," she said of the terrorism threats.

At DFW Airport, American Airlines' home base, and Bush Intercontinental, where Continental is based, extra police and K-9 units were added to patrol terminals and parking garages, airport authorities said.

California and Massachusetts decided to use National Guard troops to bolster airport security, but Gov. Rick Perry said no troops would be sent to Texas airports.

"Our homeland security director made a decision that the National Guard was not needed at this particular point in time," Perry said. "The threat was not something that the Guard would basically be making an impact on. Every governor gets to make a decision in his and her state, so I'd direct you to California and the other states that made that decision, but I think we made the right decision in balancing the people's right to travel and balancing the people's safety and I think we made the right call."

Republican U.S. Sen. John Cornyn said in Austin that Americans shouldn't change their travel plans or lifestyles because of the thwarted attack.

"This is not a time for people to withdraw within their doors, to not travel, to not do the things they would ordinarily do, but rather I think it's a time for us to remain vigilant during a very, really the challenge of our generation."

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Associated Press writers Juan Lozano in Houston, April Castro in Austin and Terry Wallace, Jamie Stengle, Julia Glick and Sonia Moghe in Dallas contributed to this report.

Precautions Jam Air Travel (USAT)

By César G. Soriano And Bill Nichols

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USA Today, August 11, 2006

LONDON — Air travelers in the USA face chaos and disruption for the foreseeable future in the wake of an alleged plot to blow up several U.S.-bound aircraft over the Atlantic.

Homeland Security Secretary Michael Chertoff said Thursday that until a full investigation is completed into the plot reportedly thwarted by British authorities, stringent new security measures will remain in place at U.S. airports.

"The motto has to be, 'Better safe than sorry,' " Chertoff told CNN. New guidelines barring U.S. passengers from carrying liquids or gels onto flights produced long security lines as the uncovered plot roiled air travel worldwide.

At a news conference, Chertoff said the plotters planned to use liquid explosives disguised as beverages and other products and set them off with detonators disguised as electronic devices.

The alleged plot, which FBI Director Robert Mueller and Chertoff said had "the earmarks" of an al-Qaeda operation, appeared to be the most extensive and potentially life-threatening terrorist threat since the Sept. 11 attacks in 2001.

If the plot had succeeded, "we would have seen a disaster on a scale comparable to 9/11 with hundreds, maybe thousands of people being killed," Chertoff said on PBS' NewsHour with Jim Lehrer.

President Bush said the planned attack was a "stark reminder" that the United States is still "at war with Islamic fascists."

Chertoff and British authorities said an investigation was ongoing into the plot. Twenty-four people were arrested Thursday by British police.

London's Heathrow Airport was closed to most European flights, and many flights from U.S. cities to Britain were canceled. British authorities prohibited carry-on luggage on all flights, as well as liquids other than medicine and baby formula.

In the USA, the Bush administration raised the threat level for flights from Britain to Code Red, the highest possible. It was the first time the red alert has been used in the Homeland Security warning system. All other U.S. flights, including domestic flights within the country, were put on Code Orange, one step below Red.

"What a mess," said Ramesh Doshi, 59, a Los Angeles physician, as he waited in a long line at Los Angles International Airport to see his niece off to Mumbai, India.

U.S. Transportation Security Agency Prohibits Carrying Liquids And Gels On Flights (NYT)

By Jeremy W. Peters And James Kanter

The New York Times, August 11, 2006

Travelers still having nightmares over the delays caused by passengers who forgot to remove tweezers and matches from their carry-on luggage should prepare for the Transportation Security Administration's new target: all nonsolid forms of matter.

Effective yesterday, the Department of Homeland Security banned all liquids and gels from carry-on luggage aboard airplanes. That means everything from bottled water to coffee to common toiletries like contact-lens solution, nail polish and toothpaste now must be checked. If you forget, prepare to surrender offending items at the security checkpoint.

Even beverages bought beyond the security checkpoint are forbidden on board. If you buy a soda or a bottle of water in the terminal, finish it before boarding because you will not be allowed on the plane with it.

Kip Hawley, assistant secretary of homeland security, offered this advice, "De-clutter your bag."

"That is something very easy to do as you pack your bag," he said. "Leave the liquids at home, drink them."

The new restrictions are part of a temporary security enhancement at the nation's airports after the discovery by British intelligence officials of a plot to blow up airplanes flying from Britain to the United States.

In announcing the additional precautions, Homeland Security Secretary Michael Chertoff said they were temporary, but he indicated that they would remain in place while the Transportation Security Administration refined its screening procedures so it could more thoroughly examine liquids.

A Transportation Security Administration spokeswoman, Ann Davis, said yesterday that the agency was still looking at how long the heightened restrictions would be in place. "We don't have any indication as to when the restrictions will be lifted," she said.

The liquid and gel ban has exceptions. Baby formula and medicine are allowed, provided that passengers present them for inspection and are prepared to prove that the name on the bottle matches the name on their ticket. That does not mean passengers will be required to taste baby formula to prove that it is not really a hazardous liquid, as was the case in Britain yesterday.

The new American precautions are far less restrictive than those in Britain. At British airports, passengers traveling to the United States must endure trans-Atlantic flights without iPods, personal DVD players and computers to distract them. Only essential items like passports and wallets held in transparent plastic bags are allowed in the cabin. Passengers are not permitted to carry anything in their pockets, and women's handbags may not be carried on.

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The British also banned carry-on liquids, from apple juice to whiskey; passengers had to check their liquid prescription medicine and contact-lens solution yesterday. Women's sanitary items were allowed in the cabin, but only if they were removed from their boxes.

Tony Cane, a spokesman for British Airways, said reading material also could be affected. He said the airline had advised travelers to put books in checked luggage.

Meanwhile, passengers traveling from the United States to Britain may take items like laptop computers on board, but that if they travel through a British airport, hand luggage — including laptops — will not be allowed, Mr. Cane said.

In other European countries, new security procedures varied. Spanish officials said that they would monitor passengers more closely but were not adding restrictions on carry-on items.

In Italy, passengers were also being screened more carefully. A spokesman for the transportation minister said Italy was "waiting to understand the situation in the U.K." before issuing any rules restricting carry-on items.

ENAC, the Italian Civil Aviation Authority, said Thursday that passengers to Britain, Israel and the United States should bring as little luggage as possible, and limit carry-on luggage to "documents, medicinal drugs and those personal effects required for the trip."

Airport authorities at Fiumicino airport in Rome, where flights to Heathrow were canceled, also banned all liquids from carry-on luggage on flights to Britain, Israel and the United States.

The disruptions are likely to have the strongest effects on business travelers, who have grown used to taking day flights to meetings with only carry-on luggage, and who rely on laptops, cellphones and other devices to work while flying to meetings.

"The practice of business worldwide has become totally dependent on using the time while flying to work, but how many people are going to put laptops in their luggage?" asked Robert Aaronson, the director general of Airports Council International, based in Geneva.

Because airport security rules are constantly changing, the latest restrictions are expected to ease over time in the United States and in Britain.

Mr. Chertoff said the restrictions would "give us time to make adjustments in our current screening tactics."

"These measures," the Homeland Security Department said, "will be constantly evaluated and updated as circumstances warrant." Detailed advice for air travelers is available on the department's Web site, www.dhs.gov.

The Transportation Security Administration eventually relented on tweezers and manicure scissors. Screeners were spending too much time taking them from passengers. So the administration decided those items did not pose enough of a risk to flying to warrant banning. Congress, which passed a law requiring the agency to screen for matches, repealed the measure for the same reason.

It is possible that the new restrictions on liquid will be similarly abandoned.

It is also possible that authorities will set new regulations for how liquids are carried on. After the Sept. 11, 2001, attacks, for example, passengers were only allowed to bring on board drinks in unopened containers. The agency eventually relaxed that rule.

"The prohibited items list has been modified from time to time," said Ms. Davis of the Transportation Security Administration, "and the restrictions issued this morning represent the latest modification."

Liquids And Gels Discarded With Weary Surrender (WP)

By Fredrick Kunkle And Hamil R. Harris

The Washington Post, August 11, 2006

Calvin Klein perfume and L'Oreal mousse, toothpaste and mouthwash, shampoo, hair conditioner, nail polish and deodorant (stick and spray) -- they all got chucked yesterday as travelers emptied their shaving kits and cosmetic bags in the latest ritual of an airport security crackdown.

Gallon after gallon of bottled water in just about every shape, brand and size were also forsaken. The crackdown came as airport officials expanded the list of banned items after the breakup in London of a plot by terrorists planning to blow up U.S.-bound passenger jets with liquid explosives hidden in carry-on luggage.

It created a state of manageable pandemonium that lasted for hours at Baltimore-Washington International Thurgood Marshall, Reagan National and Dulles International airports. But the disruptions were endured in an overall spirit of solidarity and goodwill as word of the plot sank in.

"I came this morning thinking all this stuff is just overkill. I'm just not sure the balance is right between inconvenience and all the security," said Karen Solon, 62, a retired preschool teacher from Falls Church who was flying from Dulles to Canada. "Then they told me about this" plot.

By afternoon, the crowds had thinned and calm had returned but for the occasional moment of drama.

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"I'm having a meltdown !" one overstressed maid of honor at National hissed into her cellphone.

But hours before, the scene was chaotic as early-morning passengers began arriving.

Security checkpoints became clogged, creating lines that snaked through the terminals. At BWI, screeners were so thorough that they confiscated toothpaste from air marshals, who carry guns. Police patrolled the terminals with machine guns and sniffer dogs, and fresh signs were posted: "NO LIQUID OR GELS PERMITTED BEYOND SECURITY."

Some security officials taped the advisories to their backs. Others carried megaphones.

"Mascara is not permitted to go!" one shouted. Allowances were made for baby formula and prescription medicines.

As Transportation Security Administration officials struggled with the backups, passengers fretted about whether they would make their flights, whether the new precautions made sense, whether someone would actually try blowing up airplanes with a gel-like substance. Some wished they could cancel their flights, and at least one couple did. And sometimes, though infrequently, their tempers erupted.

"They were basically yelling at whoever they could find," said Zayna Topallar, American Airlines' baggage service manager at National.

Duy Doan, 26, of Fairfax said his heart dropped when he heard the news on television hours before he was to board a United flight to London to visit a friend.

Still, by 3 p.m., he was in the check-in line, clutching his girlfriend's hand. Then came the doubts, the thought of trying to sleep on the plane and not knowing what could happen.

After 90 minutes in line, he decided to cancel his trip -- "I don't think it's worth it," he said -- and to drive to Montreal with his girlfriend.

As news of the plot sank in, however, some of the fear and frustration evaporated, replaced by resignation.

Wanda Jameson, who was flying to Detroit out of BWI, said she did not mind giving up a pump bottle of Dove soap that could have come in handy while she attended a training session for a plumbers union.

"This is great. I'd rather be safe than sorry," said Jameson, a plumbing instructor who lives in Waldorf.

Some of the most emotional scenes occurred as people opened carry-on bags to reveal their personal -- and sometimes costly -- grooming secrets. And then trash them.

"I'm a little depressed," said Brett Boyd, 37, a pharmaceutical sales representative who said goodbye to a $10 bottle of Crew hair gel and other toiletries.

At Dulles, one man splashed some cologne on his face before pitching the bottle. Lobby manager Roseline Sarfaz said she saw a woman weeping over tossing out perfume and other makeup that cost more than $250.

Nathaniel Hedman and his wife were at Dulles to see off his parents when several passengers began jettisoning toiletries.

A woman from Ghana invited them to take a package of fake eyelashes, which came with a packet of liquid. Another gave them nail polish. Someone else parted with a $42 box of Curve Crush-brand "daily deodorant," "cologne travel spray" and skin soother."

"Oh, they were upset -- especially the lady from Ghana," Hedman said.

There was some happiness later in the day. A cheer went up in the international arrivals area of Dulles at 6:45 p.m. when the first passengers of United Flight 921 from London emerged from the customs area, looking dazed by a long day that ended with a long flight and the bright lights of TV news cameras.

"This is all we were allowed to take onboard," said Martha McColey of Hazleton, Pa., toting a small, clear plastic bag with her passport, wallet and prescription bottles. "They wouldn't even let us take a book."

The flight was more than four hours late, but passengers and their families were relieved after the hours of worry. Arnold resident Gail Somerville first learned about the bomb plot from her daughter, Monique Mobray, 16, who woke her with a phone call at 5:15 a.m. from London.

"She said, 'Ma, turn on the TV,' " Somerville said. "I thought, 'Oh, no, this can't be happening.' "

Liquid Threat Is Hard To Detect (NYT)

By Matthew L. Wald And Eric Lipton

The New York Times, August 11, 2006

WASHINGTON, Aug. 10 — Despite knowing for years that liquid explosives posed a threat to airline safety, security agencies have made little progress in deploying technology that could help defend against such attacks, security experts say.

Since September 2001, the federal government has hired tens of thousands of government screeners and upgraded its metal detectors and X-ray machines. But most of the equipment is still oriented toward preventing a metallic gun or other easily identifiable weapon from being carried aboard; it cannot distinguish shampoo from an explosive.

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Cathleen A. Berrick, director of the Government Accountability Office's homeland security and justice division, told a Senate committee in February 2005 that the Transportation Security Administration, part of the Department of Homeland Security, redirected more than half of the $110 million it had for research and development in 2003 to pay for personnel costs of screeners, delaying research in areas including detecting liquid explosives. It has continued to redirect some research and development money, she said Thursday.

"They'd identified it as a vulnerability, they knew it was there, and they'd taken some steps to address it," Ms. Berrick said,

In 1995, a plot to bomb 12 American jumbo jets over the Pacific with a liquid explosive was discovered when the bomb makers accidentally set fire to their laboratory in Manila. Ramzi Ahmed Yousef, who was also involved in the World Trade Center truck bombing in 1993, was convicted in that case.

James Jay Carafano, senior fellow at Heritage Foundation in Washington and an expert on domestic security, said that in the last year, officials at the highest levels of the department recognized the seriousness of the threat posed by liquid explosives and had been pushing aggressively to introduce equipment that could help.

But no such devices are ready to be rolled out.

"This is not a case of them being caught like a deer in the headlights and saying, 'Oh my God we never expected this,' " Mr. Carafano said. "In fact they expected this threat."

The overnight ban on carrying liquids aboard flights that was imposed Thursday was about the only step immediately available. The ban was only in use for flights originating in this country or Britain; passengers can still carry liquids on American planes flying here from other countries.

The president of the passenger airlines' trade association, James May of the Air Transport Association, said: "I would like to see them have a much larger R&D budget. As the technology of terrorism gets more sophisticated, we have to be more sophisticated."

The department has been moving ahead with the installation of one proven technology, so-called puffer machines, which blow a small amount of air on passengers to look for traces of explosives. To date, the machines have been installed at about 30 airports around the United States, including in New York and Washington.

But these devices may not sound an alarm if a terrorist has been extremely careful in preparing the liquid explosive, meaning no traces are left on the container or the person or bag carrying it.

And once on board, mixing the explosives would be "as easy as mixing a gin and tonic, if you have the right stuff," said Paul Worsey, an explosives expert and professor of engineering at the University of Missouri at Rolla.

Most liquid explosives would require a detonator, but a music player or other hand-held passenger gadget has sufficient electrical energy to do that, experts say.

Without appropriate detection technology, the basic tool for now is big plastic garbage bags, which screeners were using to accept containers of shampoo, hand lotion and beverages that the Transportation Security Administration said were being "voluntarily surrendered" by people who packed their bags on Wednesday night, when those items were considered innocuous, and arrived at security checkpoints on Thursday morning, when they were considered "threat items." Security officials also rescreened passengers at the gate at some airports.

Finding the containers in carry-on bags is also not foolproof.

"Pulling out liquid containers is a fairly easy step," said Steven V. Lancaster, vice president of Guardian Technologies, of Herndon, Va., which makes detection equipment.

But that presumes that the container was in a bag that went through an X-ray machine. The portals that screen people at the airports only detect metal. Hence being sure that there are no liquids will require more pat-downs of passengers.

Mr. Carafano said Homeland Security did at least get an interim program into place quickly in reaction to the London plot, and one that should create, at least in the United States, a decent level of deterrence.

"The terrorist threat has already plummeted significantly," he said, "as the number of people who can do this is probably relatively small and we have had these arrests. And you have a much heightened awareness. Terrorists like predictability and that is gone now."

Homeland Security, while elevating the threat level for the first time to "red" or severe, announced that the highest level of alert applied only to the aviation sector, avoiding the kind of broad-brush announcements that were common during the administration of Tom Ridge, the first Homeland Security secretary.

There are technologies that may do the job — without simply throwing all liquids into the trash.

A. Louis Parker, the president and chief executive of General Electric's security division, said, "I'm 100 percent sure that if it's a known explosive, we could detect it with today's technology." His company opened a lab in San Francisco last December called the Checkpoint of the Future to explore new techniques.

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Guardian Technologies already makes software that analyzes the images produced by X-ray machines. Mr. Lancaster said that the Transportation Security Administration would begin testing, possibly next week, a new computer program that looks at the X-ray image pixel by pixel, far more carefully than the human eye could. The software can be set to sound an alarm when a specified number of pixels show a liquid (or solid) with a density that is characteristic of an explosive.

Another vendor, Rapiscan Systems, a subsidiary of OSI Systems, which makes metal detectors and other equipment already used at checkpoints, is developing a liquids detector for the Department of Defense, according to Peter A. Kant, vice president of governmental affairs. The device, about the size of a newspaper vending box, bombards an object with subatomic particles called neutrons. Atoms hit by the neutrons give off a gamma ray characteristic of each atom. The machine can sense what part of a briefcase or other small object is giving off gamma rays characteristic of explosives, he said.

That system is still under development.

Rapiscan is also developing a technology called quadropole resonance, that can be added to existing X-ray machines. An object is bombarded by radio-frequency energy. Objects being scanned resonate in a way that is particular to their chemical make-up, so individual chemicals can be scanned for. "We're going to tell it's not shampoo, suntan lotion, wine or water," Mr. Kant said.

The Transportation Security Administration evaluated the technology early this year. But it has not been tested for looking for liquids that are individual ingredients of explosives.

Menace In A Bottle (WSJ)

By Laura Meckler, Deborah Ball And Cassell Bryan-low

The Wall Street Journal, August 11, 2006

Liquids may be the new box-cutters.

Take an explosive chemical like nitroglycerin, hydrogen peroxide or hydrazine, all relatively easy to obtain. Pour it into a travel bottle of mouthwash or shampoo. Bring along a blasting cap like those found on a firecracker, about the size of a short pencil. Jury-rig a travel alarm clock or a cellphone to provide a charge strong enough to set off the blasting cap. Even a small explosion could bring down a jet aircraft.

For all the advancements in aviation security since 9/11, the ingredients for deadly explosives could be easily carried through airport checkpoints and onto an airplane -- until yesterday, that is. In the wake of the foiled plot to blow up as many as ten airliners, carriers in the U.S. and Europe suddenly banned shampoos, creams, gels, beverages and other liquids from carry-on luggage.

"This is a huge area of vulnerability," says Clark Kent Ervin, former inspector general at the Department of Homeland Security. Terrorists, he says, "are learning, adapting. They develop countermeasures to our countermeasures. We are reactive, and they are proactive."

Aviation officials have been worried about the danger of explosives for years, and the Transportation Security Administration has tried to shift its focus to address the threat. With all the screening for weapons in carry-on luggage, it may now be easier to blow up a plane than to hijack one.

IMPACT OF TERROR PLOT

· Nascent Airline Recovery Is Put at Risk1
· Reporter's Notebook: Waiting at La Guardia, Heathrow2
· Photos: Terror Alerts Hit Travelers3
· Statements: U.K., U.S. terror officials4
· New rules for passengers5
· Video: Chertoff discusses new security measures6

After the 2001 terrorist attacks, security officials banned box-cutters, scissors and sharp objects that terrorists could use to hijack a plane. The TSA allowed small scissors and tools back in passenger cabins in late 2005 because they were spending too much time confiscating these items, and because it allowed airport security screeners to focus on the hunt for bombs.

In a similar vein, after Richard Reid unsuccessfully tried to detonate a shoe bomb aboard a plane in late 2001, the U.S. Congress banned cigarette lighters from U.S. flights. Now, TSA officials complain that they are spending too much time confiscating 30,000 lighters a day. Matches are allowed, but lighters are not. Mr. Reid tried to use a match -- not a lighter.

To focus on explosives, the TSA has installed 93 "puffer" machines that can detect minute amounts of explosive residue on passengers in 36 airports. The machines also have been installed at London's Heathrow airport, and TSA is rolling them out elsewhere.

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The TSA also upped the number of bomb-sniffing dog teams. It added teams that watch passenger behavior and try to assess those who exhibit unusual behavior and facial movements. And it gave screeners special training on how to identify bomb-making components hidden in carry-on bags.

Yet experts say the system remains highly vulnerable to plots like the one broken up yesterday in England. Most carry-on baggage passes through an X-ray machine that can easily detect a gun or a knife with its recognizable shape but can miss a bomb component disguised to look innocuous or a bottle of explosive liquid.

"An ordinary X-ray will not be effective in examining a sealed bottle," says Cathal Flynn, former security chief at the Federal Aviation Administration. Screening mass numbers of bottles that come through checkpoints every day is not possible with equipment now available at the checkpoint, he says.

All checked bags are screened for bombs, using CT scans, and those have been considered for carry-on bags, but they are typically very large and would eat up valuable square footage at the checkpoint.

The TSA is planning airport trials with an advanced scanner made by Rapiscan Systems, a unit of OSI Systems Inc., Hawthorne, Calif., which enhances the detection of explosive material. The scanner uses Quadrapole Resonance, a radio-frequency technology that can detect certain explosives in liquids, as well as plastic and sheet explosives, and explosives that might be distributed in packets throughout a piece of luggage and made to resemble innocuous items. The government expects to test the machines at three or four U.S. airports, but they are expensive -- $160,000 each vs. about $35,000 for a basic X-ray.

Another technology that hasn't been deployed by the government would specifically address the threat of liquid in bottles. In the mid-1990s, a small company called Quantum Magnetics, now owned by General Electric Co., began developing a machine that can detect liquid explosives inside bottles. It got some attention in the wake of a 1995 terrorist plot, but has yet to be rolled out in airports.

Dangerous chemicals are easily available. One chemical that has concerned authorities is triacetone triperoxide, known among them as the "Mother of Satan" of explosives because it is so unstable. It is used commonly among suicide bombers in the Middle East and has shown up in a growing number of domestic plots, including in Phoenix where a drug investigation turned into a terrorism probe when authorities found TATP in an apartment there.

Experts say a small amount of explosive material could be devastating. "It may not take a huge blast," says Suraj Lakhani, a researcher on counterterrorism at Royal United Services Institute, a think tank that advises the British government on security issues. "If the person detonating [an explosive] sat near a window or near the fuselage, it could cause a big enough hole to bring the plane down."

Even liquor and matches could be used to start a fire onboard. But aviation and security experts say that as long as airline crews are able to quickly detect and fight a fire in the cabin, it would be difficult for a terrorist to spark a catastrophic blaze. Flight attendants are trained to use portable oxygen and hand-held fire extinguishers at the first sign of a fire, and passenger seats are made of material that only ignites at high temperatures.

Liquid explosives haven't been used much because they are notoriously difficult to transport and can be highly unstable. "The chances of [the explosives] going off while walking around the airport or even when leaving the house is pretty great," says John Chase, a security expert at Kroll Inc., a risk-consulting group and a unit of Marsh & McLennan Companies, Inc.

Yet terrorists have used explosive chemicals on planes before. The latest plot wasn't unimaginable; it reminded several aviation experts of an al Qaeda plot to bomb 11 U.S. passenger jets over the Pacific that was uncovered in the Philippines in 1995. Codenamed "Bojinka," the Serbo-Croatian word for "explosion," the plot also included the assassination of Pope John Paul II during a visit to Manila and crashing a plane into the Central Intelligence Agency's headquarters in Virginia.

Police in Manila stumbled across the conspiracy when they responded to a fire at an apartment rented by Abdul Hakim Murad and Ramzi Yousef, who was later caught in Pakistan and convicted for the 1993 World Trade Center bombing. They found bomb-making materials in a sink and a laptop computer full of coded information. The mastermind of the Bojinka plot -- Khalid Shaikh Mohammed -- later went on to orchestrate the Sept. 11 attacks in the U.S. He was captured in Pakistan in 2003.

In what was believed to be a test run for the Bojinka plot, Mr. Yousef used a liquid bomb on a flight from Manila to Tokyo. He used a stable form of liquid nitroglycerin carried in a bottle labeled as contact lens solution, using cotton as a stabilizer. The device was placed in a life-jacket pouch under a seat before he disembarked during a layover. The bomb exploded on the second leg, killing one passenger but the plane was able to land.

At the time, some airports barred passengers from taking liquids onboard planes but relaxed the rules after several months.

Ingredients For A Bomb Are Not Hard To Find (WP)

By Rob Stein

The Washington Post, August 11, 2006

DOJ_NMG_0046558

Many easily obtained liquid chemicals can be used to produce an explosive capable of causing a devastating fire or blast aboard an airplane, experts said yesterday.

While hesitant to provide a specific recipe that would aid terrorists, several experts said it would not be difficult to obtain a liquid explosive or chemical mixture that could be smuggled in.

"From available commercial material, and with the right basic knowledge, it doesn't take too much expertise," said Tal Hanan, a security expert at Demoman International Ltd. in Israel. "Any second-year chemical engineering student, probably with the right guidance and some handbook they pull off the Internet, could probably compose such an explosive."

Nitroglycerin may be the best-known liquid explosive. Though terrorists tested the explosive in the mid-1990s as part of a plot to bomb 11 airliners over the Pacific, several experts said it is relatively hard to get and very difficult to handle.

"If it freezes, it detonates. If it falls just two or three feet, it will detonate. It's so sensitive that it's not practical," Hanan said.

One of the explosives most commonly used by Middle East terrorists is triacetone triperoxide, or TATP, a highly potent explosive used by would-be "shoe bomber" Richard Reid. Usually found in the form of a crystalline powder, experts said TATP could be dissolved into a liquid that could be carried aboard a plane.

"Some terrorists have actually held TATP in water in order to reduce its sensitivity," Hanan said.

But terrorists could simply carry aboard a plane the two chemicals used to make TATP.

When the chemicals are mixed together, "chances are it will instantaneously and violently react," said Neal Langerman, a chemical industry consultant who acts as a spokesman for the American Chemical Society. "If it didn't, you can stick in a detonator, hook it up to the battery in your iPod, and you're dead."

Even if the chemicals fail to create an explosion, a major fire will probably be sufficient, Langerman said.

"Fire aboard an aircraft is a very bad thing," Langerman said. "If you create a hot, energetic fire, the aircraft is in very big trouble."

Many other substances could potentially be used to create a fire or an explosion, such as oxidizers used to clean pools or a combination of ammonium nitrate and diesel fuel.

"When you bring them together, you have the most common commercial explosive," said Jimmie C. Oxley, an explosives expert at the University of Rhode Island.

Whatever might be attempted, current airport security measures would easily miss such substances.

"They don't have the ability to detect liquid explosives generally," said Alfred Blumstein of Carnegie Mellon University in Pittsburgh.

In 2003, the Department of Homeland Security shifted $61 million of its $110 million research budget to meet operational needs, such as to pay for passenger screeners, delaying the development of a device for detecting liquid explosives and other things, the Government Accountability Office reported in February 2005.

Members of Congress also say that the department's focus on improving nuclear detection technology has disrupted efforts to integrate government-wide research on a range of biological, chemical and explosives threats.

Deputy Secretary Michael P. Jackson acknowledged that DHS research budgets have "fluctuated over the years" and that refocusing research priorities on short- and medium-term projects is "among our core priorities." But, he added, developing "detection tools of all types" for explosives of all types is a top goal.

"We are doing some testing of machines that test liquids," Jackson said. "There's nothing that's currently suitable for mass deployment, but there are some promising technologies that we're looking at."

Plot Exposes Weak Spot In Aviation (USAT)

By Alan Levin And Dan Vergano

USA Today, August 11, 2006

Thursday's alleged terrorist plot didn't succeed in blowing up planes, but it struck at the core of a fundamental weakness in aviation security around the globe: the inability to spot explosives made from seemingly harmless ingredients.

That's the bad news.

If there's any good news, says former FBI explosives expert J. Christopher Ronay, it's that bringing down an airliner with a bomb is not guaranteed. A terrorist's success would depend on where the bomb was planted. A bomb near a wing or a fuel line would be devastating; a bomb elsewhere might do less damage.

Rep. John Mica, R-Fla., chairman of the House Aviation Subcommittee, says the type of bombs that an alleged London terrorist group intended to use to crash planes into the Atlantic probably would have slipped through airport detection devices armed even with the latest technology.

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"This is a new approach to destroying our aviation system using what I call clean bombs or explosive components to take down multiple aircraft," Mica says. "We face a very serious challenge in that regard. If they get to the checkpoint, our chances of detecting them are limited."

U.S. and British authorities have refused to identify the specific components that the suspects arrested Thursday planned to carry aboard planes. A senior U.S. intelligence official with knowledge of the investigation said the explosive they had chosen is called hexamethylene triperoxide diamine (HMDT) and is based on hydrogen peroxide.

Common liquids found in the home, including hair bleach and food preservatives, could be processed, then combined on board a plane after takeoff to make HMDT.

The typical methods used to detect explosives at airports — swabs that test the exterior of luggage and explosive detection machines — would largely be useless against such ingredients.

Dogs are often the last line of defense against bombs, but they can only detect chemicals they have been trained to recognize. They may not be able to detect chemical components of a bomb.

"An almost limitless list" of compounds can be used to create explosives, says Ronay, now at the Institute of Makers of Explosives, a Washington, D.C.-based safety group. "Terrorists know this stuff. It's in their training."

Intentional bombings have occurred aboard civilian aircraft since at least 1955, he says. An incident that year involved an Illinois man who placed a bomb made of dynamite in a relative's suitcase to collect insurance money.

While all checked bags bound for a jet's cargo hold are screened for explosives, the vast majority of carry-on bags are not. Carry-ons pass through X-ray machines, which may be able to detect the wires in a bomb's detonator but can't show whether a bag contains explosives.

Passengers also must pass through metal detectors before boarding a plane, and their shoes are X-rayed. Virtually no one is checked for explosives.

"This is the greatest vulnerability that we have," says Rep. Peter Defazio, D-Ore., a leading expert in aviation security.

Defazio has been calling for greater explosive detection at checkpoints for years because of several successful attempts to take bombs aboard planes.

In one infamous scheme, hatched in the Philippines in 1994, Ramzi Yousef, a Pakistani terrorist linked to al-Qaeda, planned to blow up airliners en route to the USA with nitroglycerin bombs that were to be mixed on the planes by terrorist operatives.

According to investigative records, he successfully tested his bomb on Dec. 11, 1994. He brought the chemicals aboard a Philippine Airlines flight in nondescript containers, including a contact lens solution bottle.

He mixed them together in the plane's toilet to create the bomb, attached it beneath a seat and got off the jet at a layover.

The explosion tore out a 2-square-foot portion of the cabin floor and ripped in half the body of 24-year-old Haruki Ikegami, a Japanese businessman occupying the seat. He was an industrial sewing machine maker returning from a trip to Cebu, Philippines. Flight attendants placed a blanket where he was seated.

The bomb blew a hole in the cabin floor, revealing the cargo hold underneath. The fuselage of the plane stayed intact, and the plane landed in Okinawa.

Although the bomb did not take down the jet, Yousef was convinced that he could make a larger explosive that would.

Investigators who eventually captured him and charged him with the 1993 World Trade Center bombing and the airline plot believed that he could, too. He was convicted of conspiring to crash the planes.

Though the plot is well known, Defazio says that not enough has been done to prevent another such attempt.

At one hearing in recent years, he recalls, he asked a new appointee to a top homeland security post whether he knew who Yousef was. The appointee, whom Defazio declined to identify, did not.

"I said, 'You better find out,' " the congressman recalls. "We have done nothing at the checkpoints to detect the kind of bomb that (Yousef) designed and is available to be copied on the Internet. That is just unconscionable."

Location of a bomb, along with its size, are key factors, Ronay says. If the blast destroys structural elements or jet fuel lines, the plane will crash. However, blowing out aluminum sheeting without damaging the aircraft's overall core may still allow the plane to land in some circumstances.

The December 1988 explosion of a Pan American World Airways plane over Lockerbie, Scotland, involved only about a pound of high explosives inside a suitcase that ended up in the luggage bay under the forward cabin where it shredded the plane's skin and blew the front of the plane off.

"It just happened to be the worst place," Ronay said.

Terrorists have demonstrated expertise with peroxide-based explosives in the past.

While common household cleaners and other liquids can be used to create explosives, it's not as easy as it sounds, says Neal Langerman, a chemist with the American Chemical Society, the world's largest chemistry organization.

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"It's something of a misstatement to say that because liquid explosive components are commercially available that anyone can make them," says Langerman. "One component you might be able to get at Home Depot, but the other one would require a chemist to purify and jump through the whole process."

Even then, the process would be inherently risky for anyone trying it, he says. Terrorists are just very willing to run the risk of fires or explosions in their makeshift labs.

Sulfuric acid used in drain cleaners, hydrogen peroxide and nail polish remover are some of the ingredients found in bombers' recipes. But at least one of the ingredients in a bomb typically requires chemical refining to purify it — a difficult and dangerous process, Langerman says.

Hydrogen peroxide, an ingredient in many homemade bombs and the one the would-be bombers allegedly planned to use, is found in many medicine cabinets. "But it's way too diluted" to use, as is, for explosives, says Ronald Atkins, who chaired a 1998 National Research Council effort on explosives.

The problem with protecting against explosives extends far beyond the ability to find a peroxide-based bomb. Most carry-on bags and people are not even checked for those explosives that can be readily detected.

Technology already exists to use low-level X-rays to screen passengers for hidden weapons or dynamite or plastic explosives that might be missed by metal detectors. Critics initially complained that it would violate people's privacy because it also displays a person's body. Newer versions block out the body, but still the device has not been put into airports.

Defazio and others have accused the Transportation Security Administration (TSA) of moving too slowly to purchase "puffer" machines that blow air over passengers to detect whether they have come in contact with explosives such as dynamite.

After experimenting with the machines for several years, the TSA will purchase 147 of the machines this year.

"If they are really serious about security, why after five years are there only a few puffer machines?" says Duane Woerth, president of the Air Line Pilots Association. "They're not putting their money where there mouth is, quite frankly."

There seems to be a lack of political will in the USA and Europe to purchase the latest explosive screening technology, says Chris Yates, an aviation security analyst with Jane's Airport Review.

"TSA continues to deploy the latest technology to enhance our explosive detection capabilities at the checkpoint," TSA spokeswoman Amy von Walter said. "In addition, we've provided advanced bomb training to our screening workforce to address the threat of explosives."

Current airport tests are "not designed to pick up most liquid explosives," says chemist Jimmie Oxley of the University of Rhode Island. "That's what I tell my FBI (Academy) students. You have to think where the terrorists will go next after you (knock) down one approach" to creating a bomb.

Mica says he asked government security experts to test whether the component parts of a bomb — which could include simple ingredients such as concentrated hydrogen peroxide and camping stove fuel — could be detected. They determined they could not.

In May, a German chemistry team outlined the difficulties authorities faced in developing a detection test for two common peroxide-based explosives, triacetone triperoxide (TATP) and HMTD, used in the past by terrorists.

The article in the Analytical and Bioanalytical Chemistry journal suggested that authorities have tests for samples of these explosives, but effective air monitoring for only one, TATP, is now possible.

HMTD, the explosive involved in the British bomb plot, gives off fewer vapors.

Oxley, the University of Rhode Island scientist, predicts that, despite the difficulties, airport bomb scanners will add liquid explosive ingredients to their capabilities within perhaps a year.

Langerman is less sure. "I think the world we knew of easy carry-on luggage is gone," he says.

It's Not Hard To Use Fluids To Cause An Explosion On A Plane, Chemists Say (NYT)

By Kenneth Chang And William J. Broad

The New York Times, August 11, 2006

Of the hundreds of types of explosives, most are solid and only about a dozen are liquid. But some of those liquid explosives can be readily bought, and others can be put together from hundreds of different kinds of chemicals that are not hard to obtain.

A memo issued by federal security officials about the new plot highlighted a type of liquid explosive based on peroxide.

The most common peroxide explosive is triacetone triperoxide or TATP, which is made from two liquids: acetone, the primary ingredient of most nail polish removers, and hydrogen peroxide, commonly used as an antiseptic when diluted. TATP, which can be used as a detonator or a primary explosive, has been used in Qaeda-related bomb plots and by Palestinian suicide bombers.

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TATP itself is a white powder made up of crystals that form when acetone and hydrogen peroxide are mixed together, usually with a catalyst added to speed the chemical reactions. But there is no need to wait for the crystals. Acetone and peroxide is "an exceedingly reactive mixture" that can be easily detonated by an electrical spark, said Neal Langerman, president of Advanced Chemical Safety, a consulting company in San Diego.

Acetone is easy to obtain, hydrogen peroxide somewhat harder. The hydrogen peroxide solution sold in pharmacies is too dilute, only 3 percent, to be used in an explosive. Stronger hydrogen peroxide of 30 percent concentration can be ordered from chemical supply companies, but concentrations strong enough to generate a powerful explosion, about 70 percent, are not readily available, Dr. Langerman said.

But acetone mixed with a 30 percent peroxide solution could still set off a fire that might burn through the aluminum skin of an airliner and cause it to crash, Dr. Langerman said.

"All of them are highly energetic," he said of the various chemical combinations. "It doesn't take much to punch a hole in the side of a plane, and if you punch a hole in the side of a plane, the plane comes down."

In theory, scientists know how to detect peroxide-based explosives. The challenge will be to design machines that can perform the scans quickly and efficiently on thousands of passengers passing through security checks. "It will not be easy as the swab tests we are using for nitrogen compounds right now," Dr. Langerman said.

Other common liquid explosives, like nitroglycerine and nitromethane — the fuel of dragster race cars — contain nitrogen compounds, so it may be possible to adjust current scanning machines to detect them.

Robert M. Blitzer, a former F.B.I. terrorism official now at ICF International in Fairfax, Va., said the bureau had worried for more than 15 years about the possibility of liquid explosives on airliners. "We were very concerned about any form of explosive material, including liquids and gels," he said.

But after the Sept. 11 attacks, worries about solid explosives became the main concern. Given that, it is not surprising that terrorists turned to liquids in this latest plot, said Jimmie C. Oxley, an expert on the chemistry of explosives at the University of Rhode Island who has advised federal officials.

"It was not seen as the threat," she said. "Now that the terrorists have staked out our vulnerabilities, that's where the threat has gone, and we'll have to respond."

But, once new equipment gets into airports to lessen the threat of liquid explosives, Dr. Oxley said, terrorists will "look for the next vulnerability."

Bush Says U.S. Still At Risk Of Attack (AP)

By Nedra Pickler

AP, August 11, 2006

President Bush said Thursday that a foiled plot to blow up multiple flights from Britain to the United States shows "this nation is at war with Islamic fascists."

"This country is safer than it was prior to 9-11," Bush said from the tarmac at Austin Straubel International Airport. "We've taken a lot of measures to protect the American people. But obviously we still aren't completely safe. ... It is a mistake to believe there is no threat to the United States of America."

The president laid the blame for the would-be attack squarely on al-Qaida-type terrorism.

"This nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation," he said, his remarks carried live on television.

Bush read from remarks he had written himself on sheets of white paper. He spoke for just two minutes and took no questions. His brief message, aside from focusing on the "stark reminder" of the U.S.-led global war on terror, mostly appeared to be a promise that his administration was working to keep citizens safe.

"The American people need to know we live in a dangerous world, but our government will do everything we can to protect our people from those dangers," the president said.

Bush's spokesman had earlier declared "it is safe to travel." The president urged Americans to be vigilant, and patient with the many inconveniences that will result from the increased threat level that the plot prompted him to approve.

While on vacation at his ranch in Crawford, Texas, over the last several days, Bush has been fully informed of the investigations that led to the arrest of 21 people in Britain who are accused of being involved in the plan. Officials said involved the plot involved explosives smuggled on board flights in hand luggage.

White House press secretary Tony Snow said Bush on Wednesday approved raising the threat level for all flights from Britain to red, designating a severe risk of terrorist attacks. Homeland Security Secretary Michael Chertoff and the Homeland Security Council also recommended that all other flights be put under an orange alert, one step below the highest level, and the president approved that as well.

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"We do believe the plot involved flights from the U.K. to the U.S. and was a direct threat to the United States," Snow said.

"You can't go overboard when you're trying to save lives," Snow added, speaking to reporters traveling with Bush on Air Force One en route to Wisconsin.

"What we do know is that there were some people who were determined to try to carry out, as the Brits said, a plot to kill people on a horrifying scale," Snow said.

Because Bush had been getting regular briefings on the developments, Snow said the president was not awakened overnight as action by British authorities was made public.

He and British Prime Minister Tony Blair held a lengthy teleconference on the matter Sunday and spoke again Wednesday by phone, Snow said.

"There were some signs," Snow said. "They thought it was time to move," he said of British authorities.

Bush called the cooperation between British and U.S. officials "solid" and "excellent."

After the remarks, Bush toured the Fox Valley Metal-Tech factory, using a machine to bend a piece of metal and greeting employees who stopped to stare by playfully shouting "Get back to work!"

With the workers as a backdrop, Bush spoke briefly to his traveling group of reporters about the importance of supporting small businesses and keeping taxes low. He did not mention the terror plot and he walked away as they asked questions about it.

Later, Bush headlined a $1,000-per-person fund-raiser that brought in over $500,00 for Republican congressional candidate John Gard and the Wisconsin Republican Party at a home in nearby Oneida. At an Oneida police station, he also met privately with families of soldiers killed in Iraq.

In Visit, Bush's Message Turns To Security (MJS)

By Greg J. Borowski And Steven Walters Gborowski@journalsentinel.com

Milwaukee Journal Sentinel, August 11, 2006

Green Bay - President Bush's visit Thursday to Wisconsin was meant to launch his efforts to help GOP candidates this fall, though even before his plane landed the stop took on extra importance.

The terrorist plot that was thwarted in London overnight allowed Bush to reassert himself as a determined leader in a time of national unease.

Indeed, a podium and satellite truck were rushed to Austin Straubel International Airport so Bush could make remarks as soon as he stepped off the plane, which landed at 10:42 a.m.

"The country is safer than it was prior to 9-11," Bush declared. "We've taken a lot of measures to protect the American people. But obviously we're not completely safe because there are people who still plot.

"It is a mistake to believe there is no threat to the United States of America."

Bush was greeted by about a dozen people, including Republican gubernatorial hopeful Mark Green and John Gard, the Assembly speaker who is running for Green's U.S. House seat.

Although they were shifted to the side for Bush's anti-terror statement, analysts say the two are central to the message Bush could present in the weeks ahead. The president can argue he needs like-minded Republicans elected across the country to support him.

Democrats criticized Bush for continuing with his plans for the visit, which included a $1,000-a-plate fund-raiser for Gard, the Assembly speaker from Peshtigo.

"The president showed his true colors today," said Joe Wineke, state Democratic Party chairman. "I think the president could have used better judgment. They could have easily rescheduled the fund-raiser."

But Gard, who spent much of the day at the president's side, dismissed the notion.

He accused Wineke and other critical Democrats of "rooting against us" and America's war on terror.

"They've got to stop being Democrats, and start being Americans first," Gard said. "They ought to be ashamed of themselves for talking like that on a day like today."

So the fund-raiser, a luncheon at a private home that was closed to the press, went on as scheduled. So did the tour of Fox Valley Metal-Tech, which had been picked as a backdrop for Bush to tout his tax cuts as a boon for small business.

Bush also met privately for more than an hour with five families of soldiers who had been killed in Iraq - something that underscored the sudden gravity of the day.

Gard said on the ride from the airport Bush talked extensively about the terrorist plot, which was aimed at blowing up commercial airliners bound for the United States.

Bush "was in great spirits and proud of the people who" broke up the plot, Gard said. "He takes a lot of criticism on the war on terror, but today is just another day to show, hey, the enemy never gives up."

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Bush's visit, which came in the middle of his annual Texas vacation, was scheduled for months. But the timing worked to his advantage, said Charles Franklin, a University of Wisconsin-Madison political science professor.

In addition to coinciding with the terrorist plot, the visit came two days after Sen. Joe Lieberman was defeated in the Connecticut Democratic primary for being seen as too supportive of Bush's war in Iraq. A focus on fighting terror

Franklin said the timing of both events "plays to the strength of the (Republican) party in security issues" and gave Bush a chance to say he needs both Gard and Green to be elected on Nov. 7.

He said it might have sent the wrong message if Bush returned to the White House, which could have caused more unease among Americans.

"What they should want to do is play this up as a great success - this is to show that we, with our allies, are succeeding in the war on terror," Franklin said.

Larry Sabato, a University of Virginia political science professor, said Americans were taking the new terrorist threat "in stride - in part because nothing happened."

"After all the problems since 9-11, it's important to the president to send a message it's business as usual, to a certain extent," Sabato said.

And with critical elections for Congress less than three months away, Sabato said: "The president can't afford to suspend political activity, especially in states like Wisconsin and districts like Green's."

The 8th Congressional District seat, which covers the Green Bay area, is one of many critical ones for Republicans to hold in a year where many analysts predict Democratic gains in the House and Senate.

Green has held the seat for four terms, but before that Democrats held it for one term.

Gard faces a primary Sept. 12 against state Rep. Terri McCormick (R-Appleton), but the party has rallied around him - and brought in its fund-raising muscle to help raise cash. In March, Vice President Dick Cheney headlined a Gard fund-raiser.

Gard refused to estimate how much was raised at Thursday's event, held inside a tent outside the home.

A White House guide to the day indicated up to 400 people were to attend. And reporters on Air Force One were later told it raised about $500,000.

A month ago, Bush was in Wisconsin to raise money for Green, who is facing Democratic Gov. Jim Doyle. That dinner, also $1,000 a plate, was attended by about 600 people. Bush is expected to step up such visits in the coming weeks.

If Gard wins the primary, he will face one of three Democrats: Steve Kagen, an Appleton physician; Nancy Nusbaum, former Brown County executive; or Jamie Wall, a business consultant.

The three spent the week criticizing Gard and trying to tie him to unpopular positions of Bush. At various points, the motorcade was greeted by small groups of protesters, some holding signs with Gard's picture that labeled him "Bush Lite."

Mostly, though, there were classic small-town scenes of people standing at their end of the driveway, waving flags or snapping pictures as the motorcade whizzed by. At the end of the day, a group raced to a fence near the airport as the motorcade pulled in, minutes before Air Force One took off.

Bush Leaves Area After Fundraiser, Addressing Nation On Terror Threat (GBG)

By Kelly McBride

Green Bay Press-Gazette, August 11, 2006

ASHWAUBENON -- President Bush left Austin Straubel International Airport about 3 p.m. Thursday afternoon, after addressing the nation on a foiled international terror plot and a fund-raising event for a local Republican.

Bush addressed the nation from the tarmac at Austin Straubel International Airport in Ashwaubenon immediately after getting off Air Force One this morning.

In a speech lasting just under three minutes, Bush said that while the nation has become safer, the terrorism threat still exists.

"This country is safer than it was prior to 9-11," Bush said. "We've taken a lot of measures to protect the American people. But obviously we still aren't completely safe because there are people that still plot and people who want to harm us for what we believe.

"It is a mistake to believe there is no threat to the United States of America."

In town to stump for 8th District congressional candidate John Gard, Bush addressed the terror plot before touring Fox Valley Metal-Tech in Ashwaubenon. Meeting with company employees before touting tax cuts for small businesses and the American family, the president shed some of his earlier stoic demeanor.

"Just shows you can teach an old dog new tricks," a smiling Bush quipped after trying his hand at a large metalworking machine.

During his speech at the plant, Bush emphasized the importance of tax cuts to the American economy.

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"I understand that the small business sector of our economy is vital for economic growth," Bush said, standing against a backdrop of about 30 Fox Valley Metal-Tech employees. "And that's why we should cut taxes for businesses like (this) business."

Bush attended a closed-to-media Gard fundraising event around noon today in Hobart, then went to the Oneida Police Station, an unscheduled stop.

He is scheduled to leave the area at 3:35 p.m.

As those who attended the Hobart fundraiser left the residence, they would not comment on what Bush talked about, saying simply that the event went well and there was a good turnout.

As the motorcade pulled away, a protestor held up a "No Bush, no Gard" sign.

Muslims Upset By Bush's Remarks (LAT)

By Louis Sahagun

The Los Angeles Times, August 11, 2006

President Bush was widely criticized by Muslim leaders Thursday for saying that the breakup of an alleged plot to blow up airliners over the Atlantic Ocean was a triumph in the "war against Islamic fascists."

Muslims, already resentful of the scrutiny they have been under since the attacks of Sept. 11, 2001, said the politically charged phrase unfairly connected one of the world's great religions with Nazism and totalitarianism — and fueled hostility against Islam and Muslims in America.

They said it also contradicted Bush's earlier statements that Islam was a religion of peace.

"There's nothing Islamic about fascism," said Edina Lekovic, communications director for the Muslim Public Affairs Council in Los Angeles. "Suggesting there is only over-politicizes things in a way that does not accurately describe the criminal adversaries we face at the moment."

She added: "It would have been far more accurate had he linked the situation to a segment of people rather than an entire faith, along the lines of, say, radical Muslim fascists."

Muzammil Siddiqi, director of the Islamic Society of Orange County, based in Garden Grove, agreed.

"He should be very sensitive about such things so that people do not misunderstand any faith, let alone one of the largest faiths of mankind," Siddiqi said. "I don't think his advisors are giving the right advice."

It's not the first time Bush has angered Muslims with his remarks. Shortly after the Sept. 11 attacks, he referred to the global war on terrorism as a crusade, a term that connotes Christian attacks on Islam in the Middle Ages.

Over the last five years, administration officials and conservative talk-show hosts have frequently referred to Al Qaeda, terrorists and Iraqi insurgents as "Islamo-fascists."

Muslims say the administration is trying to convince Americans that they have the moral high ground in the fight against terrorism.

In a letter to Bush, Parvez Ahmed, board chairman of the Council on American-Islamic Relations in Washington, wrote, "The use of ill-defined hot-button terms such as 'Islamic fascists,' 'militant jihadism,' 'Islamic radicalism' or 'totalitarian Islamic empire' harms our nation's image and interests worldwide, particularly in the Islamic world."

Bush, On A Quick Trip From His Texas Ranch, Says Americans Are Safer Than Before Sept. 11 (NYT)

By Sheryl Gay Stolberg

The New York Times, August 11, 2006

CRAWFORD, Tex., Aug 10 — President Bush tried to assure Americans on Thursday that antiterrorism measures taken since the Sept. 11 attacks had made them safer while acknowledging that danger remained — part of a balancing act in which his aides portrayed him as deeply involved in dealing with the foiled airline plot even as he continued his vacation here.

As Americans stood in long lines at airports, Mr. Bush went ahead with his planned trip to Wisconsin to raise money for a Republican Congressional candidate and to speak about the economy during a stop at a metal factory. He made brief remarks about the arrests in Britain on the tarmac of the airport in Green Bay, saying the plot was "a stark reminder" of the threat from "Islamic fascists."

"The country is safer than it was prior to 9/11," he said in Green Bay. "We've taken a lot of measures to protect the American people. But obviously, we're still not completely safe, because there are people that still plot and people who want to harm us for what we believe in."

He later flew back to his ranch here, and aides said there were no plans for him to cut short his stay.

Democrats seized on Mr. Bush's decision not to return to Washington as evidence that the president was disconnected.

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Several senior Republican strategists were also uneasy with the possibility that images of President Bush's activities in the past week, including bicycle rides in the 100-degree Texas heat, could be used to accuse him of being too casual about the potential terrorist threat.

White House officials said Mr. Bush was kept closely apprised of the investigation, through classified briefings conducted in a secure trailer on the ranch. Mr. Bush was at the ranch on Wednesday afternoon when his homeland security adviser, Frances Fragos Townsend, called to tell him the arrests were imminent; the two spoke several times throughout the evening, a senior administration official said, and by late Wednesday night, with the bulk of the arrests having been made, the president signed off on the plan to raise the threat level.

But now that Americans have learned of the plot, some Republicans, when promised anonymity so they could speak freely about their criticisms, said Mr. Bush had to be careful not to appear out of touch, as his critics and even some of his allies said he did last summer when Hurricane Katrina devastated the Gulf Coast.

At a time when Congressional Republicans are facing tough re-election battles at home, they lamented that the president was not doing more to seize the mantle of national security.

"A policy of casual nonchalance is not a winning strategy," said one Republican close to the White House, who suggested that the president should, at the least, deliver a primetime television address from the Crawford ranch.

Instead, Mr. Bush stuck to his schedule; after Thursday's metal plant tour, he attended a fund-raiser for John Gard, a candidate for an eastern Wisconsin Congressional seat; the event raised $500,000. On Friday, he will travel down the road from his ranch, Prairie Chapel, to the Broken Spoke, a neighboring ranch, for another fund-raiser.

"The government functions even when the president is residing in Texas," said Dan Bartlett, counselor to the president. "The president is never off the job; he has been working around the clock, as the American people would expect."

One high-level administration official, who spoke on condition of anonymity, said White House aides were concerned that the president would be open to accusations he was politicizing the crisis if he responded dramatically. This official said a decision had been made in part for the president to keep a low profile and allow the event to speak for itself.

During his vacation in Crawford, which began last Thursday, the president's public comments have been focused largely on the Middle East, particularly over the weekend and Monday, when he was joined at the ranch by Secretary of State Condoleezza Rice and Stephen J. Hadley, the national security adviser.

But over the past 7 to 10 days, according to a senior administration official who spoke anonymously about how Mr. Bush handled the plot inquiry behind the scenes, it became clear that the British investigation had "a significant U.S. element to it." By Friday, the investigation had become "a significant focus" of the president's morning intelligence briefings, the official said.

While Ms. Rice and Mr. Hadley were at the Crawford Middle School on Sunday, taping appearances on the morning talk shows about the crisis in Lebanon and Israel, Mr. Bush spent 47 minutes on the telephone with Prime Minister Tony Blair of Britain. "At that point here was no sense of timing as far as when the takedown would take place," the official said.

That began to change late Tuesday and early Wednesday, and by Wednesday afternoon, with the arrests imminent, Ms. Townsend placed her call to Mr. Bush at the ranch. Though the arrests continued through the night, Mr. Bush was not awakened.

"By the time he went to bed more than half the operation had already taken place," the official said. "The key people that we were particularly concerned about had already been arrested."

By Thursday morning, with Mr. Bush headed for Wisconsin to deliver a speech on the economy during the metal factory tour, the question at the White House was how the president should address the public.

Last month, Mr. Bush used a speech on the economy at the port of Miami to talk about the Middle East. This time, he spoke directly to the press corps at the airport, in the shadow of Air Force One at a microphone set up for his arrival.

"The recent arrests that our fellow citizens are now learning about are a stark reminder that this nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation," Mr. Bush said, adding: "Travelers are going to be inconvenienced as a result of the steps we've taken. I urge their patience and ask them to be vigilant."

The remarks lasted two minutes, and the president took no questions.

GOP, Democrats Clash Over War On Terror (AP)

By Liz Sidoti

The AP, August 11, 2006

Republicans and Democrats clashed over the war on terror on Thursday within hours of the disclosure of a thwarted terrorist plot in Britain, each side accusing the other of doing too little to deter the threat of attack.

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"We must implement the strong recommendations of the independent 9/11 commission to improve airport security screening at checkpoints," said House Democratic Leader Nancy Pelosi, stressing one of the party's principal campaign-year promises in its drive to gain control of Congress.

Ohio Republicans said the Democratic candidate for the Senate, Rep. Sherrod Brown, had voted against money "for the very types of programs that helped the British thwart these vicious attacks."

"I don't question his patriotism, but the fact is if Sherrod Brown had his way, America would be less safe," said Bob Bennett, chairman of the Ohio Republican Party.

Brown, who is challenging Republican Sen. Mike DeWine, mentioned the billions spent on the Iraq war and said the thwarted attacks "underscore the need to refocus our resources on fighting the war on terror."

The charges served as a reminder that with midterm elections less than three months away, not even an alleged attack to blow up passenger planes was off-limits to politics.

Throughout the day, the accusations grew more heated with Republicans and Democrats criticizing each other for using the day's events for political gain.

To be sure, both sides are seeking political advantage on national security. Voters will choose a new Congress Nov. 7, and polls show the public favoring Democratic control of Congress over Republicans who have been in power for a dozen years.

Additionally, recent polls have found that the Republican edge on terrorism and protecting the country has eroded over the past few months.

An Associated Press-Ipsos poll conducted this week — but before news of the foiled terror plot — found that 40 percent approved of President Bush's performance on foreign policy and terrorism, down slightly from 44 percent in July. The percentage was still higher than the number of Americans who approve of his handling of Iraq, the economy and domestic issues.

The disclosure Thursday that British officials disrupted terrorists' plans to blow up aircraft heading to the U.S. gave both Republicans and Democrats an opportunity to emphasize their positions on national security — and highlight the differences facing voters.

"Freedom is never free, and we must never be complacent in defending it," House Speaker Dennis Hastert, R-Ill., said. Echoing the GOP's election-year message, Senate Majority Leader Bill Frist, R-Tenn., added: "We must be on alert so that our nation does not suffer another attack like 9/11."

"As a result of mismanagement and the wrong funding priorities, we are not as safe as we should be," Senate Democratic leader Harry Reid of Nevada countered. Sen. John Kerry, the 2004 Democratic presidential nominee, added: "This is a stark reminder that the war on terrorism is global, and extends far beyond Iraq to our very shores."

Not all Democrats echoed their leaders' refrain.

Sen. Joe Lieberman of Connecticut, who intends to run as an independent after losing his Democratic primary to anti-war challenger Ned Lamont, said the foiled plot "should serve as the latest, most serious evidence that we are in a war against a brutal enemy that intends to attack us over and over again in the most indiscriminate way."

Lamont said the Bush administration has been preoccupied with Iraq while national security and efforts to curb terrorism have suffered. "We need to change course, and that means standing up to this administration and fighting for our security in a rational, serious way," he said.

In 2002 and 2004, the GOP sought to make the case that there hasn't been an attack on U.S. soil since 2001 because the Bush administration and Republicans have been diligent on national security. The GOP portrayed Democrats as weak on the issue and suggested that Democratic rule could endanger the country.

In a sign that the issues will reverberate beyond this fall, potential 2008 presidential candidates weighed in on the scheme.

Massachusetts Gov. Mitt Romney's office said he will activate the National Guard to help with security at Logan International Airport for the first time since the 2001 attacks. And, New York Gov. George Pataki, also a Republican, said the disrupted terror operation "underscores the need for continued vigilance, intelligence gathering and cooperation among law enforcement agencies and the public."

Arrests Bolster G.O.P. Bid To Claim Security As Issue (NYT)

By Adam Nagourney

The New York Times, August 11, 2006

Republicans seized on the arrests of terrorism suspects in Britain yesterday to bolster a White House campaign to turn national security issues to their advantage this fall, arguing that the nation needs tough Republican policies to protect Americans from threats from abroad.

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Officials in both parties said they viewed the arrests as critical in determining how they would approach the fall campaign, with Republicans saying it could be a turning point in a year in which they have been on the defensive over the war in Iraq and other issues.

The developments played neatly into the White House-led effort, after Senator Joseph I. Lieberman, Democrat of Connecticut, lost on Tuesday to an antiwar primary challenger, to remind voters of the threats facing the nation and to cast Democrats as timid on national defense.

The arrests were announced less than 24 hours after Vice President Dick Cheney and other Republican officials suggested that Mr. Lieberman's defeat reflected the world view of a Democratic Party that was not prepared to lead the nation in such dangerous times.

Mr. Cheney, who a spokesman said had been kept abreast of the investigation, suggested in his remarks Wednesday that the outcome of a Democratic primary in Connecticut could embolden "Al Qaeda types."

Republicans, facing tough midterm elections — and with a history, as Democrats noted, of spotlighting terrorist threats in election seasons — used the news from England to try to pound home their message that they were doing everything possible to keep the nation safe. Mr. Bush strode off Air Force One to television cameras to declare that the United States was safer from terrorist attacks than it was before Sept. 11, 2001, but remained in danger.

On Capitol Hill and in states where Republicans are facing tough re-election battles, party officials applauded the arrests by the British authorities as evidence of the administration's policies in fighting terrorism, and suggested that Americans might take a cue from the tougher antiterrorism statutes Britain has enacted. In line with their efforts to keep the election from being a referendum on Mr. Bush and instead make it a choice between two distinct approaches to national security and other issues, they used the arrests to portray Democrats as weak.

"Defeatocrats!" declared a statement issued by office of the House majority leader, John A. Boehner of Ohio, capturing the tone of Republican rhetoric as the news unfolded.

The Ohio Republican chairman, Bill Bennett, attacked Representative Sherrod Brown, the Democratic challenger to Senator Mike DeWine, for voting against some intelligence bills, "the very types of programs that helped the British thwart these vicious attacks."

In a sign of how the terrorism issue was roiling American politics, Mr. Lieberman echoed Mr. Cheney as he attacked his primary opponent, Ned Lamont, for his opposition to the war. He said Mr. Lamont's desire to withdraw troops from Iraq would result in victory for Islamic extremists.

At the very least, the arrests in Britain were viewed by both parties as something of an August surprise, the kind of event that can change the story line of a campaign. The critical question now is the extent to which the fall campaign will be fought over the war in Iraq, something Republicans would like to avoid at all costs, or the overall campaign on terror, the only major issue where Republicans have consistently held an advantage over Democrats.

But in a sign of how this campaign might be different, Democrats struck a tone notably different from the elections of 2004 and 2002, when for the most part their strategy was to try to turn the subject away from national security. This time, Democrats attacked Republicans as failing to improve airline security and, most of all, argued that the decision to invade Iraq had been a distraction that depleted United States resources and allowed the world to become more dangerous.

"The war in Iraq had nothing to do with the war against international terrorism, or very little to do with the war on terrorism," said James Webb, a former Reagan administration official running as a Democratic candidate for Senate in Virginia. "It has distracted our attention, it has pulled our forces in, and we are now in a situation where we have 135,000 on the ground, which affects our ability to do a lot of things that we would be able to do otherwise."

Mr. Webb said one of his main tasks in trying to unseat Senator George Allen, a Republican, was to try to disentangle Iraq from the war on terrorism. "They have tried to keep it together — they have to make it one in people's minds in order to cover the strategic error of Iraq," he said in an interview.

Senator Harry Reid of Nevada, the Democratic leader, said, "This latest plot demonstrates the need for the Bush administration and the Congress to change course in Iraq and ensure that we are taking all the steps necessary to protect Americans at home and across the world."

Republicans have successfully portrayed Democrats as weak on terrorism for two national elections in a row. Still, before this threat, Democrats showed signs that they were viewing problems in Iraq and the unpopularity of the war as ways of undermining Republicans on their signature issue. And some Republicans were concerned that the party might not be able to go to the well on national security a third time.

Republicans have become increasingly alarmed that the war might drag down incumbents. A senior Republican consultant with ties to the White House, who was granted anonymity so he could describe internal research for a Republican member of Congress, said he had recently conducted a focus group in a highly contested Congressional district in the Philadelphia suburbs.

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He was shocked, he said, at the degree of hostility among Republicans toward the war, even accounting for the fact that Northeast Republicans are more moderate than their counterparts in the rest of the country.

The importance of the struggle by both parties on whether this was an election season debate about terrorism or about the war in Iraq was demonstrated in a New York Times/CBS News poll late last month. Forty-two percent of Americans said they thought the Republicans were more likely than Democrats to make the right decision about the war on terror. The same percentage said they thought Democrats were more likely to make the right decisions about the war in Iraq.

The White House had been aware for weeks that Britain was moving to shut down this plot. White House officials said that Mr. Cheney was kept abreast of the plot and the investigation, but that his comments on Wednesday, in a rare teleconference with news service reporters, were simply in reaction to what they said was an extraordinary political event, the defeat of a sitting senator.

A senior White House official on Air Force One, speaking on the condition of anonymity, dismissed the notion that there was anything wrong with these kinds of issues being mixed up in a political campaign.

"The issue is going to be discussed in the fall," this official said. "Are you saying if the Democrats talk about the war, we shouldn't? We will talk about the war, and we will talk about the consequences of the policies advocated by the Democrats."

Scramble Starts For Political Advantage (WT)

By Joseph Curl And Stephen Dinan

The Washington Times, August 11, 2006

Republicans and Democrats both seized on yesterday's terrorist arrests in Britain as they jockeyed for position in an election year, with Republicans now relishing upcoming fights over wiretaps and detainees and Democrats saying the situation underscores President Bush's failures on the home front.

As part of an effort to label Democrats as less qualified to protect Americans, Mr. Bush said the foiled plot is a "stark reminder" that "the nation is at war with Islamic fascists" and that his administration has "given our officials the tools they need" to fight it.

With fewer than three months till the midterm congressional elections, the arrests set up a fight in Congress over those tools -- detention of terrorists at Guantanamo Bay, Cuba, and monitoring of terror suspects' bank records and phone calls.

Democrats said Mr. Bush has not done enough on homeland security, with House Minority Leader Nancy Pelosi of California saying Mr. Bush has ignored key recommendations of the September 11 commission on airport security.

"We are not as safe as we should be," added Senate Minority Leader Harry Reid.

"The Iraq war has diverted our focus and more than $300 billion in resources from the war on terrorism and has created a rallying cry for international terrorists," said the Nevada Democrat, who yesterday also predicted that Democrats would pick up five seats in November to evenly split the Senate.

Yesterday's arrests are already popping up in political campaigns -- and nowhere more pointedly than the Connecticut Senate race, where Sen. Joe Lieberman lost the Democratic primary to anti-Iraq war candidate Ned Lamont on Tuesday.

Mr. Lieberman, who has filed to run as an independent in November, said Mr. Lamont's goals for ending the war in Iraq would constitute a "victory" for the terrorists.

When the Senate returns to work in September, the first order of business will be to complete the defense spending bill, and the chamber is also scheduled to work on chemical facility security. Both houses of Congress will debate how the U.S. should treat those detained as part of the war on terror.

Lawmakers said they expect those fights to dominate the same way the creation of the Department of Homeland Security did in 2002. Then, Democrats were blocking Mr. Bush's plan for a new department on the grounds that it didn't include enough union rights for new workers.

"I think it's deja vu all over again," said Sen. John Cornyn, Texas Republican. "It's unbelievable to me, and if you look at what happened to Joe Lieberman in the Connecticut race ... it does give you a pretty good indication of where the Democrat Party is and their inability to say 'No' to the defeatist and appeasement wing of their party."

Although Democrats said they plan to focus on how Mr. Bush has failed to shore up defenses, Republicans said the key issue is taking the fight to terrorists.

"With the Patriot Act, FISA courts and other intelligence programs, we can learn what the terrorists know and where they go, and then we have a chance to disrupt them," said Ron Bonjean, spokesman for House Speaker J. Dennis Hastert. "But it is those same tools that saved the day today that the Democratic leadership have repeatedly tried to vote down, thereby weakening America's intelligence efforts and lowering our guard against terrorism."

Mr. Bush said the arrests underscore the real threat the country faces.

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"It is a mistake to believe there is no threat to the United States of America," he told reporters on a Green Bay, Wis., tarmac just hours after the arrest of 24 terror suspects in London. "We've taken a lot of measures to protect the American people. But obviously, we still aren't completely safe."

His comments came a day after Vice President Dick Cheney said Democrats have a "pre-9/11 mind-set" on national-security strategy, and the White House said Democrats are waving "a white flag in the war on terror," citing as proof the defeat of Mr. Lieberman, a three-term senator who backed the Iraq war and supports Mr. Bush's offensive against terror.

A senior administration official aboard Air Force One said yesterday that the president will continue to press his case for the U.S. war against terror and use national security as a wedge issue.

"We'll talk about the war, and we will talk about the consequences of the policies advocated by the Democrats."

Flipping the conventional wisdom that Mr. Lieberman's loss in a Connecticut primary on Tuesday was because of his ties to Mr. Bush, the official said Americans will "look at the consequences of failure and the consequences of victory, the consequences of withdrawal and the consequences of finishing the fight, and they draw very important lessons about what it means to our country."

In addition to the pending legislation debates, two key Justice Department nominations could turn out to be political flash points in the debate on who is stronger on homeland security.

Sen. Carl Levin, Michigan Democrat, is reportedly blocking Kenneth Wainstein, Mr. Bush's nominee to a new anti-terror post at the Justice Department, and three Democratic senators have said they will block Steven G. Bradbury, Mr. Bush's nominee to head the department's Office of Legal Counsel.

"It's just to me inconceivable that we have people blocking nominations of key counterterrorism personnel," Mr. Cornyn said.

A spokesman said that Mr. Levin was traveling yesterday and that the office would not have a response.

The offensive to paint Democrats as weak on terror has been eclipsed in recent weeks by the crisis in the Middle East and continued sectarian violence in Iraq, which one top general said last week threatens to throw the country into civil war. But the strategy -- implemented in the past two election cycles by White House political adviser Karl Rove -- has proven itself a winner, and one former senior administration official said Republicans will benefit.

"The American people are going to be reminded that the Bush doctrine of pre-emption and taking the war to the terrorists is working. Americans are going to be reminded that they are being kept safe by the president, while Democrats are talking about isolationism," the official said.

That sentiment already is playing out in Ohio, where the state Republican chairman said Rep. Sherrod Brown, the Democratic candidate for U.S. Senate, had voted against money "for the very types of programs that helped the British thwart these vicious attacks."

"If Sherrod Brown had his way, America would be less safe," chairman Bob Bennett said.

Mr. Brown replied that the money that the administration is spending on the Iraq war is misplaced and that the arrests "underscore the need to refocus our resources on fighting the war on terror."

Foiled Plot Swings Voter Attention To Terror War (WSJ)

By John D. Mckinnon

The Wall Street Journal, August 11, 2006

WASHINGTON -- The foiled British bombing plot is likely to benefit President Bush and the Republican Party, at least in the short term, by reminding voters of national-security concerns and the war on terror -- two areas where the president and his party have earned high marks from U.S. citizens.

News of the plot also may help moderate, more-hawkish Democrats, who have been losing ground to their party's liberal wing. However, the re-emergence of threats to U.S. air travel hinders the Democratic Party's broad efforts to score points off Republicans by spotlighting the U.S.'s struggles in Iraq.

Two days after Connecticut Democrats dealt a stinging rebuke to Sen. Joseph Lieberman over his support for the Iraq war, the plot served as a reminder of how quickly political fortunes can shift when tied to fast-moving events around the world. Yesterday, hawks were seizing the moment.

President Bush, in a televised statement from Green Bay, Wis., where he traveled to speak about the economy and attend a congressional fund-raiser, said the arrests "are a stark reminder that this nation is at war with Islamic fascists....It is a mistake to believe that there is no threat to the United States of America." In a line likely to be repeated often before Election Day, the president also said that America is safer than before the terrorist attacks of Sept. 11, 2001.

For his part, Sen. Lieberman, back on the campaign trail as an independent candidate, compared the plotters to Nazis and made a pitch for bipartisan unity in the war on terrorism. "How the heck can we be in a battle in which we are fighting as

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Democrats and Republicans against each other, when these terrorists certainly don't distinguish based on party affiliation?" he said. "They want to kill any and all of us."

The foiled plot takes some of the wind out of the sails of the Democratic Party's resurgent liberal wing, said Michael O'Hanlon, a military analyst at the Brookings Institution, a Washington think tank. Moderate Democrats who oppose a quick pullout from Iraq "probably feel a little more like the news is back on our side of the argument," he said.

Businessman Ned Lamont, who defeated Sen. Lieberman in Connecticut's Democratic primary, wasn't giving any ground. "We are not stronger and safer because of Iraq; just the opposite is unfortunately true," he said in a statement yesterday about the lack of progress in Iraq. "We need to change course, and that means standing up to this administration and fighting for our security in a rational, serious way rather than being bogged down in a war [that] is harmful to our security."

Yesterday, a senior White House official took the unusual step of speaking on background to reporters aboard Air Force One about the politics of the war on terror. The official said that the results in Connecticut showed that voters were coming around to the administration's view that the global war on terror must be won despite the high costs.

Mr. Lamont's margin "went from 13 to six to four in the last 10 days of the campaign," the official said. "And I think that's in part because at the end of the day, people look at the consequences of failure and the consequences of victory....So, if you have Lamont Democrats who say, 'Bring 'em home, turn away, and it will all be over,' the American people say, 'You're kidding yourself. We're in a war, and the only way you walk away from a war is as a victor, defeating the enemy.' "

Political observers cautioned that the benefit for Mr. Bush and his allies could prove short-lived, noting that last year's London subway bombing provided little noticeable long-term benefit to the president.

Yesterday, many other Democrats kept the focus squarely on Iraq, hopeful that, over time, the problems there will outweigh any short-term benefit to Republicans from the foiled terror attack.

"This latest plot demonstrates the need for the Bush administration and the Congress to change course in Iraq and ensure that we are taking all the steps necessary to protect Americans at home and across the world," said Sen. Harry Reid (D., Nev.), the party's leader in the Senate.

As they have in recent weeks, many Democrats urged moving U.S. troops out of Iraq to beef up overall global security. The Democrats' Senate campaign committee released a fact sheet, titled "The Bush Record of Homeland and Global Insecurity," that focused on the stress Iraq has placed on the U.S. military.

The contrasting reactions to the United Kingdom plot reflected the different ways the two parties are trying to frame the security issue heading into the fall campaign. Democrats believe that the more they can keep the spotlight on the deteriorating situation in Iraq, the better they fare. Republicans think they have the advantage if they can keep the focus on the war on terror -- and link Iraq as much as possible with that broader cause.

In the Wall Street Journal/NBC News poll6 in July, respondents ranked the Iraq war as the government's top priority, with 29% choosing it first, compared with 22% a month earlier. Terrorism came in a distant second in July, at 14%. The foiled U.K. bombing plot is likely to move terrorism higher up the list, at least for a time.

A spokeswoman for the Democratic National Committee, Karen Finney, noted that several recent polls have showed voters favoring Democrats on the war on terror, as well as the war in Iraq. DNC Chairman Howard Dean called in a statement for a "new direction in our national-defense policies that's tough and smart."

Democrats face a risk that Republicans will be able to use the U.K. plot to recapture the advantage among voters on national security that they once enjoyed. U.S. voters' conflicted attitudes about the war in Iraq were reflected in the Journal poll when 55% said the Bush administration has taken the right course of action in its treatment of suspected terrorists.

Some Republican leaders have appeared to focus more on the broader war against terrorism than on Iraq.

Republicans have been intensifying their attacks on Democrats over national security -- by releasing a Web video Wednesday titled "Weak and Wrong: Meet the Defeat-o-crats." Yesterday, Republican National Committee Chairman Ken Mehlman cranked up more attacks on Democratic senators for their efforts to block the Patriot Act renewal and end terrorist-surveillance programs, as well as their calls for an Iraq pullout.

A spokesman for one of the senators, John Kerry, responded in kind. "Americans are sick and tired of Ken Mehlman, Karl Rove, and the masters of misdirection who got us bogged down in Iraq with no end in sight, and who have failed to kill Osama bin Laden," spokesman David Wade said. "If these Republicans were half as good at fighting the war on terror as they are at misleading the American public, we'd be a lot safer than we are today."

Democrats chided Republicans for an RNC fund-raising letter sent out yesterday over former New York Mayor Rudy Giuliani's name that invoked the war on terror. Republicans said the letter had been drafted several days ago and was in the pipeline before the arrests were announced. They acknowledged it was a mistake to send it yesterday, and said they stopped sending it around noon.

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The terror arrests promise to heighten the debate between the parties over the significance of two coming anniversaries. On Aug. 29, the one-year anniversary of Hurricane Katrina, Democrats are sure to hit the Bush administration's competency in handling crises. And on Sept. 11, the five-year anniversary of the terrorist attacks in New York and Washington, Republicans are likely to highlight the failure of terrorists to hit the U.S. again -- and remind voters of the continuing risks of attack, such as the foiled U.K. bomb plot.

Both Parties Claim Edge As Terror Is Reinforced As A Campaign Topic (WP)

By Jim Vandehei And Peter Baker, Washington Post Staff Writers

The Washington Post, August 11, 2006

Democrats and Republicans alike rushed to invoke yesterday's terrorist scare in Britain in congressional campaigns, underscoring how a series of national-security-related developments are refocusing and sharpening the political debate three months before the midterm elections.

Campaigning in Connecticut, Sen. Joseph I. Lieberman, who lost Tuesday's Democratic primary and is now running as an independent, said the antiwar views of primary winner Ned Lamont would be "taken as a tremendous victory by the same people who wanted to blow up these planes in this plot hatched in England."

Rep. Mark Kennedy, the Republican Senate candidate in Minnesota, used the alleged plot as a campaign wedge only hours after it was disclosed.

"The arrests this morning in Great Britain make it clear that now, more than ever, this is an ongoing battle and we need leaders in Washington who remain committed to doing what is right instead of what may be seen as politically advantageous," he said. To amplify the point, Kennedy endorsed Lieberman over the GOP candidate in the race, Alan Schlesinger.

President Bush offered a similar line, in more understated language, while in Green Bay, Wis., to campaign for a Republican candidate.

"This country is safer than it was prior to 9/11," Bush said with Air Force One behind him. "We've taken a lot of measures to protect the American people. But obviously we're still not completely safe, because there are people that still plot and people who want to harm us for what we believe in."

In what was an apparent reference to this year's controversies over the administration's surveillance programs, Bush told reporters: "It is a mistake to believe there is no threat to the United States of America. And that is why we have given our officials the tools they need to protect our people."

The alleged plot -- with its parallels to the Sept. 11, 2001, attacks -- was the latest in a series of events reshaping the campaign in unpredictable ways. In the past five weeks, Israel went to war with Hezbollah, Bush's top generals warned that Iraq is closer than ever to civil war and Lamont ousted Lieberman in Connecticut's Democratic primary.

The events have emboldened Democrats to challenge Bush more forcefully on national security issues, especially Iraq.

"This latest plot demonstrates the need for the Bush administration and the Congress to change course in Iraq and ensure that we are taking all the steps necessary to protect Americans at home and across the world," said Senate Minority Leader Harry M. Reid (D-Nev.).

At the same time, the events have clarified the Republican strategy to make terrorism and the war the backdrop for the battle for Congress. Both sides argue that they have the edge in this fight.

"It brings all those realities home and brings back some of the memories of 9/11 that got us into the war on terrorism in the first place," said Rep. Thomas M. Reynolds (N.Y.), chairman of the National Republican Congressional Committee.

Unlike in the 2004 election, when Republicans clearly benefited from the terrorism issue and a general sense of insecurity among many voters, the politics are muddled this year. The latest Washington Post-ABC News poll, conducted last week, found Democrats with an eight-point edge when people were asked which party they trusted more to handle terrorism issues.

"I can't help but admit that I had a small knot in my stomach this morning," said Democratic pollster Mark Mellman. "It was eerily familiar. But upon reflection, we are in a fundamentally different place in 2006 than we were in 2002 and 2004. For two or three generations, Republicans have, in the main, had a very substantial advantage on national security. The reality is, they have squandered that advantage in the sands of Iraq."

In the Post poll, 47 percent approved of Bush's handling of the terrorism issue, a 10-point drop from a similar stage two years ago. But Republican strategists say the polling misses the political significance of the new focus on terrorism and war. Conservatives are generally unhappy with the party over issues such as immigration and federal spending, but they care more about security matters than any other group, and their motivation to vote Republican may now resurface.

The arrests came as Bush was on a working vacation at his ranch in Crawford, Tex. Aides said he had been kept informed about the developments in recent days and was briefed at the ranch last weekend.

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He spoke with British Prime Minister Tony Blair in a secure videoconference on Sunday, a conversation that the White House at the time described as being about the Middle East, and again Wednesday. Bush was not aware that the British were about to seize the suspects until Wednesday, White House officials said. That same day, when Vice President Cheney attacked Democrats after Lamont's victory for being weak on national security, he knew about the British investigation but not that arrests were imminent, the officials said.

Peter H. Wehner, the White House director of strategic initiatives, distributed an e-mail to allies and reporters calling the alleged London plot a "clarifying moment" that should be, as he put it in the subject line, "a reminder of the stakes in this struggle." He argued that it underscores the fallacy of Democratic attacks on Bush's leadership in the fight against terrorism.

A few hours earlier, the Republican National Committee e-mailed a fundraising letter -- signed by former New York mayor Rudolph W. Giuliani -- that read: "Only with the financial commitment of patriotic Americans like you can the RNC provide the candidate assistance, campaign programs, registration drives and voter outreach that are absolutely essential for electing Republicans across the nation."

RNC spokesman Brian Jones said that it was mistakenly sent by a low-level staffer and that the RNC regrets the timing.

Analysis: Plot Feeds Political Frenzy (AP)

By Terence Hunt

The AP, August 11, 2006

After two wars, thousands of deaths and many billions of dollars, the United States is still vulnerable to terrorists. That painful reality has ignited a political frenzy over who's to blame and who's best qualified to protect Americans.

The one thing that Republicans and Democrats agree on is this: Five years after the Sept. 11 disaster, terrorists want to strike again and the country is not safe. To hear both sides talk, the wonder is that America hasn't been hit yet.

"We've taken a lot of measures to protect the American people," President Bush said Thursday. "But obviously we're still not completely safe."

There are plenty of reasons for that. U.S. borders don't stop people who shouldn't get in. Buses and subways are vulnerable to bombings. Few cargo containers are inspected. Detection is inadequate for nuclear, biological and chemical weapons. Intelligence and law enforcement agencies are still troubled by rivalries and poor communication.

Republican Thomas Kean, who was chairman of the 9/11 commission, said the United States is gradually moving in the right direction to fix the problems but he still worries.

"At top levels, it wasn't taken seriously enough. It wasn't on top of the priority list. ... And that's what I see happening again," Kean said. "It shouldn't be a political issue. It should be something that everybody supports."

But with Americans souring on the war in Iraq, the fight on terrorism is a divisive issue for the November elections that will determine which party controls Congress. Unhappiness over the war was a major factor in the primary defeat of Sen. Joseph Lieberman, D-Conn.

Many Democrats accuse Bush and the GOP-led Congress of mishandling Iraq and the broader war on terrorism. "As a result of mismanagement and the wrong funding priorities, we are not as safe as we should be," said Senate Democratic Leader Harry Reid.

National security traditionally has been an issue that favors Republicans. Bush won re-election with a tough-on-terrorism argument and the promise that the United States was better off confronting terrorists in Afghanistan and Iraq than battling them at home. In Bush's view, Iraq and the war on terror are one and the same.

But Americans appear to be tiring of that argument after more than three years of fighting in Iraq, a death toll of nearly 2,600 U.S. troops and a price tag of more than $320 billion.

Public approval of Bush's handling of foreign policy and terrorism has slumped to 40 percent, near the lowest levels of his presidency, according to AP-Ipsos polling in August. Approval of his handling of Iraq, 33 percent, is at the lowest level yet.

Democrats were favored over Republicans by 46 to 38 percent in an ABC-Washington Post poll early this week when people were asked whom they trusted more to handle the fight against terrorism.

Republicans and Democrats were faulting each other about national security even before Thursday's disclosure of a plot to blow up multiple flights from Britain to the United States. Vice President Dick Cheney led the charge by volunteering his analysis of the defeat of Lieberman, who had been portrayed by his opponent as too supportive of Bush and his war policies.

Cheney said Lieberman's loss might encourage "the al-Qaida types" who want to "break the will of the American people in terms of our ability to stay in the fight and complete the task."

As Cheney made those comments, the administration was aware of the plot unfolding in Britain but waited for a signal from the British government before moving forward with the public alert.

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In political terms, the news from London could cut both ways. It reminds Americans that Osama bin Laden is alive despite Bush's promise to get him "dead or alive."

On the other hand, "now we're reminded in vivid terms today that evil people are trying to kill us," said Norm Ornstein, a political analyst at the American Enterprise Institute. He said that helps Republican by shifting attention from Iraq and high gasoline prices. "This is still a party that has credibility for standing up to terrorists," Ornstein said.

Thursday's disclosure resonated loudly in congressional elections.

In Ohio, for example, Democratic Rep. Sherrod Brown issued a press release slamming the Republican senator whose seat he wants. "Mike DeWine and the Bush administration have failed to secure Americans," the release said.

Republicans counterattacked by saying Brown had voted against vital intelligence funding. "I don't question his patriotism," said Ohio Republican Chairman Bob Bennett, "but the fact is if Sherrod Brown had his way, America would be less safe."

Some analysts believe the United States has made important progress and is in better shape than countries like Britain because of efforts to reduce feelings of alienation in the U.S. Muslim community.

"Any time a plot like this is foiled there's this heightened sense of security,' said Farhana Ali, a terrorism analyst at the Rand Corp. "We react responsibly every time. We make the necessary changes to continue to disrupt these attacks."

Daniel L. Byman, a security expert at Georgetown University, said Americans need to have a realistic view about terrorism.

"Some level of terrorism is inevitable. We have other priorities other than terrorism," he said. "Our goal should be zero terrorism, but we should not declare our policy a failure if there is limited or low-scale terrorism."

Romney Activates National Guard For Logan Airport (BOS/AP)

By Brooke Donald

The Boston Globe, August 11, 2006

BOSTON --Members of the Massachusetts National Guard were sworn in as deputy sheriffs Thursday to help ease congestion at Logan International Airport, where news of a foiled terror plot in Britain targeting U.S.-bound flights prompted heightened security measures.

Gov. Mitt Romney spoke to about 50 members of the 972nd Military Police Company who were deployed to the airport to man new Logan security checkpoints -- at each departure gate -- where passengers will be screened again, after going through terminal security.

"I appreciate your honor and integrity," he said, "your willingness to respond so quickly to the emergency that we face."

As deputies, the guard members will screen baggage for blacklisted items, which now include almost all liquids. They will also have the power to make arrests.

Romney told the guard members, some of whom worked similar details following Sept. 11, 2001, that many of the people they encounter will be just exasperated travelers.

"Visitors," he said, "who hopefully will remember the wonderful experience they had in our town."

Col. Tom Sellars, commander of the Massachusetts Army National Guard, said the group is well-suited to its new mission.

"The military police units are familiar with dealing with the public," he said, and many of their superiors were involved in post-Sept. 11 security. "Leadership sets the tone....and they're good soldiers."

Romney said earlier Thursday that the guard troops would complement additional safety measures put in place hours after the thwarted attack was exposed, including increased police patrols, road blocks and car searches, as authorities sought to keep travelers safe and keep flights moving.

"The security is not only being beefed up in visible ways but also in invisible ways," the governor said.

Lines of passengers filled terminals at the airport as they learned they could no longer carry on anything liquid -- from cosmetics and beverages to hair gel and toothpaste. Only medications and baby formula were exempt from the new rules put in place after authorities said the suspects in London planned to detonate liquid explosives disguised as beverages and other common products in flight.

By Thursday evening, the morning backlog had mostly dissipated, but passengers weary from all day travel continued to make their way to baggage checks and taxis.

John Aker and co-workers Pamela J. Lisiewicz and Pierre Corriveau, from the Naval Undersea Warfare Center in Newport, R.I., were supposed to leave Seattle at 6:45 in the morning. They arrived more than an hour early and got through security in 10 minutes.

But their flight was delayed, then canceled. They finally boarded a plane at 8:45 a.m. and arrived in Boston just before 8 p.m.

But they were originally headed to Providence, R.I., so Lisiewicz's husband drove to the airport to pick them up.

"He was probably trying to watch the Sox beat Kansas City," Corriveau said.

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U.S. Homeland Security Secretary Michael Chertoff said the plot appeared to be engineered by al-Qaida, the terrorist group that hijacked two planes from Logan on Sept. 11, 2001, and flew them into the World Trade Center towers in New York.

Romney cited Logan's involvement in the Sept. 11 attack in his decision to deploy the Guard.

"Logan has a specific history with regards to the initiation of terrorist activity on airlines, and therefore we have a heightened degree of concern here," said Romney, a potential Republican presidential candidate in 2008 who canceled a planned political fundraising trip to Wisconsin.

California Gov. Arnold Schwarzenegger and New York Gov. George Pataki said Guard troops would be used there, as well.

Rep. Edward Markey, D-Mass., a member of the House Homeland Security Committee, said terrorists' continued interest in attacking passenger planes should prompt the Bush administration to yield to suggestions it screen the billions of pounds of cargo shipped on airliners each year.

Currently, passenger bags are screened by X-ray and explosive machines, but cargo is not. Instead, the system relies on shipping conducted by vetted companies. Nonetheless, it allows packages weighing up to 16 ounces to ship without such vetting.

Markey said a package of similar size downed Pan Am Flight 103 over Lockerbie, Scotland.

"This is now, I hope, on the fifth anniversary of 9/11, and this incident today, the point at which -- finally -- the Bush administration will close this backdoor loophole on all passenger plans in the United States," the congressman told reporters at Logan.

The National Guard was last activated to help with patrols at Logan shortly after the attacks. Troops were removed in April 2002.

Phil Orlandella, spokesman for the Massachusetts Port Authority, which runs Logan, said passengers were given flyers with the new regulations as the airport raised its security level to orange -- one below the top level of red.

Romney said hundreds of Guardsmen would help with security at the airport.

Massachusetts State Police had already increased patrols at Logan, using bomb-sniffing dogs. Troopers were also carrying semiautomatic weapons as a deterrent.

"It's still safe to fly. At the same time everyone should be aware and be on alert for people who are acting out of the ordinary," said Sgt. Steven Hines, who carried an MP-5 machine gun on his patrol.

Security was also increased on the subway, commuter rail and in buses operated by the MBTA, and extra police were stationed at the MBTA's Blue Line station near the airport and Silver Line underground stations connecting to Logan, though overall security levels weren't being adjusted, said Daniel Grabauskas, head of the MBTA.

"There's been no specific threat to the transit system," Grabauskas said. "We just thought it was a prudent step to have additional visibility, especially on the Silver Line because it runs to the airport."

Associated Press writers Glen Johnson, Jay Lindsay, Brandie M. Jefferson and Denise Lavoie contributed to this report.

Homeland Security Department Praised For Its Response (WP)

By Spencer S. Hsu And Sara Kehaulani Goo

The Washington Post, August 11, 2006

The domestic response to yesterday's arrests in Britain drew cautious praise for the Bush administration's often beleaguered Department of Homeland Security.

Secretary Michael Chertoff yesterday emerged as the undisputed public face and voice of the U.S. government response in Washington, outlining a "well-planned and well-advanced plot" in carefully choreographed statements that began before dawn and continued with television interviews into the night.

U.S. authorities detailed dramatic new security measures for airline passengers and, for the first time, elevated the color-based threat warning system to red -- its highest position -- for commercial flights from the United Kingdom to the United States -- indicating a "severe" risk of terrorist attacks.

The actions drew few complaints yesterday, compared with other terrorism alerts since 2003, which often provoked conflicting or critical remarks from authorities such as the attorney general, the mayor of New York City and congressional committee chairmen.

And where Homeland Security officials in the past have received widespread ridicule for issuing vague, nationwide terrorism alerts that put the public and state and local governments unduly on edge, the department yesterday calibrated its advisories to focus on what Chertoff said was a "precaution against any members of the plot who may still be at large" and on preventing "any would-be copycats."

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"By all accounts and measures, [the warning system] seems to have worked well this time. . . . It's a big step away from the early stages of the system," said Donald F. Kettl, director of the University of Pennsylvania's Fels Institute of Government, echoing comments by industry, state and local officials. "Here's a case where the dots seem to be connected very well and very carefully," Kettl said.

An aviation industry official who has been critical of past airport security efforts called yesterday's coordination "impressive" and better than at any time since the 2001 attacks. The official, who spoke on the condition of anonymity because he was not authorized to discuss the government briefings that began Wednesday night, said contingency plans enabled airports to add bomb-sniffing dogs, personnel and public information measures by dawn.

State and local officials and members of Congress -- including New York City Mayor Michael R. Bloomberg (R), D.C. Mayor Anthony A. Williams (D) and Sen. Joseph I. Lieberman (Conn.), the ranking Democrat on the Senate Homeland Security and Governmental Affairs Committee -- credited the department's work and notification procedures.

To be sure, in coordinating the response among a host of government agencies, private airlines and airports, the Homeland Security Department faced a narrower set of problems than the catastrophic operational challenges posed by Hurricane Katrina.

Former Clinton and Bush counterterrorism czar Richard A. Clarke; Rand Beers, national security adviser to the 2004 presidential campaign of Sen. John F. Kerry (D-Mass.); and former Virginia governor James S. Gilmore III (R), who chaired a congressional task force on terrorism, noted that the apparent disruption of the plot does not obscure continued weaknesses in local and state preparedness, information-sharing, and aviation security, particularly in explosives-detection technology.

"Catching potential terrorist attacks at the last minute should not be a point of pride, but rather a point of departure," Beers said.

Clarke said the near miss of an attack potentially more lethal than those of Sept. 11, 2001, "reminds us of the failure of the Bush administration to improve our homeland security, including aviation security."

A Homeland Security official acknowledged that concern over improvised explosives has grown while research has lagged.

The Transportation Security Administration installed more than 90 walk-through explosives-detection machines at checkpoints over the last year. But the so-called "puffer" machines cannot detect well-packaged liquid explosives, nor were they designed to identify common bombmaking components such as acetone or hydrogen peroxide, said the official, who spoke on the condition of anonymity because he was not authorized to discuss details publicly.

"The essence of the issue comes back to: Do we have the technical capabilities of detecting those particular elements, and are our procedures adequate to prevent those elements from getting onto the plane? In both of those answers, no," the official said. "The only course of action we have is to abolish those liquids and gels."

The 10-Year-Old Terrorist Plot (LAT)

By Susan Trento And Joseph Trento, Susan And Joseph Trento Are The Authors Of The Upcoming "Unsafe At Any Altitude: Failed Terrorism In

The Los Angeles Times, August 11, 2006

Security experts knew of this kind of plan, and have been urging carry-on restrictions, since before 9/11. Why is TSA so late?

ONE MONTH short of the fifth anniversary of 9/11, the United States awakened to news that British authorities had broken up a purported plot to use liquid chemical bombs to blow up as many as 10 American-owned planes as they flew across the Atlantic to the U.S. Officials and experts have said the plot had the "hallmarks" of an Al Qaeda/Osama bin Laden plan.

The cable networks breathlessly reported new rules: For now, limited carry-on luggage. Passengers may not bring on board any liquids — water, drinks, lotions. Only liquid prescription medicine or breast milk would be allowed as carry-on aboard planes bound from Britain to the United States, and on all U.S. carriers.

As usual when it comes to homeland security, the authorities are way behind the curve.

It's infuriating. During the mid-1990s, the U.S. took into custody two Kuwaiti men who had devised the technical plan for Operation Bojinka — the name for a plan to blow up a large number of jumbo jets over the Pacific. In a test, the perpetrators in 1994 blew up an unsuspecting Japanese businessman in his seat on a Philippine domestic flight by wiring a device using a watch and liquid explosive disguised in a contact-lens case. This proved to the terrorists that they could get explosives aboard undetected.

Thanks to Philippine intelligence, the U.S. eventually arrested the two terrorists, Abdul Hakim Murad and Ramzi Ahmed Yousef. The two told the CIA about Bin Laden's plans to knock down big buildings using planes and blow up airliners using small chemical bombs. That was in 1995. (Yousef was later convicted in the U.S. for the 1993 bombing of the World Trade Center.)

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Thursday, the British arrested 24 people, including one airport employee. Nine of those were allegedly set to board flights carrying mini-bombs disguised as everyday liquids. The liquids were to have been mixed together on board and turned into bombs. Authorities said the terrorist cell was believed to have as many as 50 members.

A few hours later, the Bush administration put on a dog-and-pony show, with elevated alert levels and the Department of Homeland Security barring liquids on U.S. flights. The Transportation Security Administration mentioned nothing about screening the 600,000 employees who work in U.S. airports or the airport contractors who service the planes. How hard would it be for one of them to substitute an explosive in a cola can or water bottle, or even in the liquids used to clean the planes?

It was business as usual for the TSA: Give passengers and the public the illusion of security but not the reality. One TSA official — disgusted with the agency's standard practice of putting on a strong show of security at the passenger screening checkpoints while ignoring yawning holes in security elsewhere in the civil aviation system — has referred to it as "just more eye candy … feel-good stuff."

After spending $20 billion on aviation security, we still have not developed a defense against ideas terrorists had six years before 9/11. It doesn't require a genius to figure out that terrorists might try a version of Operation Bojinka again.

There was a sense of absolute panic in the TSA's announcement that liquids would not be permitted on airplanes. Yet security experts have been recommending for years that carry-on baggage be strictly limited. In 2001, the TSA did ban matches, box cutters and small knives. Then, in December, it started allowing them again. Though chastised in the report by the independent 9/11 commission for failing to act on information already in hand, the TSA has never forbidden the types of liquids it is now temporarily banning, even though it was fully aware of the Bojinka effort and Al Qaeda and Bin Laden's penchant for going after targets until he succeeds in bringing them down.

We were fortunate this time, but we can't depend that we will be again.

'Mass-Murder' Foiled (WSJ)

The Wall Street Journal, August 11, 2006

Americans went to work yesterday to news of another astonishing terror plot against U.S. airlines, only this time the response was grateful relief. British authorities had busted the "very sophisticated" plan "to commit mass murder" and arrested 20-plus British-Pakistani suspects. As we approach the fifth anniversary of 9/11 without another major attack on U.S. soil, now is the right moment to consider the policies that have protected us -- and those in public life who have fought those policies nearly every step of the way.

It's not as if the "Islamic fascists" -- to borrow President Bush's description yesterday -- haven't been trying to hit us. They took more than 50 lives last year in London with the "7/7" subway bombings. There was the catastrophic attack in Madrid the year before that left nearly 200 dead. But there have also been successes. Some have been publicized, such as a foiled plot to poison Britain's food supply with ricin. But undoubtedly many have not, because authorities don't want to compromise sources and methods, or because the would-be terrorists have been captured or killed before they could carry out their plans.

In this case the diabolical scheme was to smuggle innocent-looking liquid explosive components and detonators onto planes. They could then be assembled onboard and exploded, perhaps over cities for maximum horror. Multiply the passenger load of a 747 by, say, 10 airliners, and this attack could have killed more people than 9/11. We don't yet know how the plot was foiled, but surely part of the explanation was crack surveillance work by British authorities. * * *

"This wasn't supposed to happen today," a U.S. official told the Washington Post of the arrests and terror alert. "It was supposed to happen several days from now. We hear the British lost track of one or two guys. They had to move." Meanwhile, British antiterrorism chief Peter Clarke said at a news conference that the plot was foiled because "a large number of people" had been under surveillance, with police monitoring "spending, travel and communications."

Let's emphasize that again: The plot was foiled because a large number of people were under surveillance concerning their spending, travel and communications. Which leads us to wonder if Scotland Yard would have succeeded if the ACLU or the New York Times had first learned the details of such surveillance programs.

And almost on political cue yesterday, Members of the Congressional Democratic leadership were using the occasion to suggest that the U.S. is actually more vulnerable today despite this antiterror success. Harry Reid, who's bidding to run the Senate as Majority Leader, saw it as one more opportunity to insist that "The Iraq war has diverted our focus and more than $300 billion in resources from the war on terrorism and has created a rallying cry for international terrorists."

Ted Kennedy chimed in that "it is clear that our misguided policies are making America more hated in the world and making the war on terrorism harder to win." Mr. Kennedy somehow overlooked that the foiled plan was nearly identical to the "Bojinka" plot led by Ramzi Yousef and Khalid Sheikh Mohammed to blow up airliners over the Pacific Ocean in 1995. Did the Clinton Administration's "misguided policies" invite that plot? And if the Iraq war is a diversion and provocation, just what policies would Senators Reid and Kennedy have us "focus" on?

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Surveillance? Hmmm. Democrats and their media allies screamed bloody murder last year when it was leaked that the government was monitoring some communications outside the context of a law known as the Foreign Intelligence Surveillance Act. FISA wasn't designed for, nor does it forbid, the timely exploitation of what are often anonymous phone numbers, and the calls monitored had at least one overseas connection. But Mr. Reid labelled such surveillance "illegal" and an "NSA domestic spying program." Other Democrats are still saying they will censure, or even impeach, Mr. Bush over the FISA program if they win control of Congress.

This year the attempt to paint Bush Administration policies as a clear and present danger to civil liberties continued when USA Today hyped a story on how some U.S. phone companies were keeping call logs. The obvious reason for such logs is that the government might need them to trace the communications of a captured terror suspect. And then there was the recent brouhaha when the New York Times decided news of a secret, successful and entirely legal program to monitor bank transfers between bad guys was somehow in the "public interest" to expose.

For that matter, we don't recall most advocates of a narrowly "focused" war on terror having many kind words for the Patriot Act, which broke down what in the 1990s was a crippling "wall" of separation between our own intelligence and law-enforcement agencies. Senator Reid was "focused" enough on this issue to brag, prematurely as it turned out, that he had "killed" its reauthorization.

And what about interrogating terror suspects when we capture them? It is elite conventional wisdom these days that techniques no worse than psychological pressure and stress positions constitute "torture." There is also continued angst about the detention of terror suspects at Guantanamo Bay, even as Senators and self-styled civil libertarians fight Bush Administration attempts to process them through military tribunals that won't compromise sources and methods.

In short, Democrats who claim to want "focus" on the war on terror have wanted it fought without the intelligence, interrogation and detention tools necessary to win it. And if they cite "cooperation" with our allies as some kind of magical answer, they should be reminded that the British and other European legal systems generally permit far more intrusive surveillance and detention policies than the Bush Administration has ever contemplated. Does anyone think that when the British interrogate those 20 or so suspects this week that they will recoil at harsh or stressful questioning?

Another issue that should be front and center again is ethnic profiling. We'd be shocked if such profiling wasn't a factor in the selection of surveillance targets that resulted in yesterday's arrests. Here in the U.S., the arrests should be a reminder of the dangers posed by a politically correct system of searching 80-year-old airplane passengers with the same vigor as screeners search young men of Muslim origin. There is no civil right to board an airplane without extra hassle, any more than drivers in high-risk demographics have a right to the same insurance rates as a soccer mom. * * *

The real lesson of yesterday's antiterror success in Britain is that the threat remains potent, and that the U.S. government needs to be using every legal tool to defeat it. At home, that includes intelligence and surveillance and data-mining, and abroad it means all of those as well as an aggressive military plan to disrupt and kill terrorists where they live so they are constantly on defense rather than plotting to blow up U.S.-bound airliners.

As the time since 9/11 has passed, many of America's elites have begun to portray U.S. government policies as a greater threat than the terrorists themselves. George Soros and others have said this explicitly, and their political allies in Congress and the media have staged a relentless campaign against the very practices that saved innocent lives this week. We doubt that many Americans who will soon board an airplane agree.

The London Plot (NYT)

The New York Times, August 11, 2006

For almost five years now, we have carried around the legacy of Sept. 11. There is no sunny morning that does not revive its memory. The news of a terrorist plot against America-bound airliners yesterday called up feelings that are never all that far below the surface.

There is nothing Americans want more than to win the war on terror, to come to a place where people no longer feel it is a fine thing to forfeit their own lives and the lives of innocents in order to make the world notice their anger and frustration. It is a point on which the country is absolutely undivided. It is one matter about which subway commuters, airline passengers and mall shoppers feel no irony or cynicism whatsoever.

It comes like a punch to the gut, at times like these, when our leaders blatantly use the nation's trauma for political gain. We never get used to this. It never feels like business as usual.

On Wednesday, when the administration already knew that British agents were rounding up suspects in what they believed was a plot to blow up planes en route to the United States, Vice President Dick Cheney had a telephone interview with reporters to discuss the defeat of Senator Joseph Lieberman of Connecticut in a Democratic primary. Mr. Cheney went off on a rather rambling disquisition, but its main point was clear: In rejecting Mr. Lieberman, who supported the war in Iraq, the Democrats were

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encouraging "the Al Qaeda types." Within the Democratic ranks, the vice president added, "there's a significant body of opinion that wants to go back — I guess the way I would describe it is sort of the pre-9/11 mind-set, in terms of how we deal with the world we live in."

The man who beat Mr. Lieberman, Ned Lamont, lives in Greenwich, a suburb full of commuters who work in New York high-rise buildings. They are completely aware of the way international terrorism can come crashing down on an ordinary family, leaving the survivors stunned and bereft. A dozen of their neighbors died at the World Trade Center. They will never be able to go back to a "pre-9/11 mind-set."

But that did not seem to deter Mr. Lieberman from scoring a cheap sound bite yesterday. Leaving Iraq, as Mr. Lamont advocates, "will be taken as a tremendous victory by the same people who wanted to blow up these planes in this plot hatched in England," he said. "It will strengthen them and they will strike again."

Here is what we want to do in the wake of the arrests in Britain. We want to understand as much as possible about what terrorists were planning. To talk about airport security and how to make it better. To celebrate what worked in the British investigation and discuss how to push these efforts farther. It would be a blessed moment in modern American history if we could do that without turning this into a political game plan.

Terror In The Air (LAT)

The Los Angeles Times, August 11, 2006

SAME IDEA, DIFFERENT OCEAN. If Thursday's thwarted terrorist plot sounded eerily familiar, that's because Islamic terrorists developed a similar plan — to blow up a dozen U.S.-bound airliners simultaneously over the Pacific — about a decade ago. That plot was foiled too. But whatever this latest scheme says about the terrorists' lack of imagination, it also serves as a reminder, as President Bush said, that the U.S. and its allies are in a protracted "war with Islamic fascists."

It has been difficult at times to take Washington's terrorism warnings very seriously, or to be very impressed by past law enforcement coups in this conflict. The administration has tended to use the war as a cheap political instrument and has called a few too many triumphant news conferences trumpeting disrupted terrorist conspiracies that turned out to be little more than amateurs incapable of pulling off the attacks they fantasized about.

But Thursday's news felt different. In part, this is because it was a British operation, and last year's London subway bombing revealed the frightening radicalism of some segments of Britain's Muslim community. Two dozen suspects — most of them British nationals of Pakistani ancestry — have been arrested by British authorities, who reportedly worked closely with Pakistani and U.S. intelligence. The plan to use liquid peroxide-based bombs to bring down the airliners was described as "well-advanced" and "imminent."

London's Heathrow Airport went into a virtual lockdown Thursday, and U.S. airports responded by banning most liquids and gels from carry-on luggage (at least for now). Such vigilance is understandable. Not all conspirators were apprehended, and it is possible that other groups would want to proceed with their plans. There also is the possibility of copycat attacks, like the failed attempts in London's subway two weeks after last year's July 7 bombings.

The ambitious transatlantic plot comes at a time when air travel was starting to recover from its post-9/11 trauma. Passenger loads were again reaching record levels, and airlines were showing signs of financial recovery, despite soaring fuel prices. Little things, such as taking off your shoes at the security checkpoint, were starting to seem more like a nuisance than a matter of national security. Flying may be unpleasant in the weeks ahead, but shaking off some of that complacency is a good thing.

Governments have to continue to react to the latest threat in the air. After 9/11, it was nail clippers, small scissors and any other object that could be used to overpower a crew. After the so-called shoe bomber was caught aboard a plane in 2001, it was shoes. This week, it's hair gel and shaving cream. With reinforced cockpit doors making hijackings more difficult, airplanes have once again become targets, rather than potential weapons of mass destruction.

Keeping explosives from getting onboard makes sense, as does tightened security at airports. What this thwarted plot shows most of all, however, is that there may be no better weapon against terrorists than sound intelligence work.

The War Bush Isn't Fighting (WP)

By Eugene Robinson

The Washington Post, August 11, 2006

When unsmiling agents at the airport take away your contact lens solution, your toothpaste, and your cologne or after-shave, remember Osama bin Laden. Remember the real war on terrorism that the Bush administration and its allies decided not to fight, preferring cowboy-style military adventures.

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The revelation yesterday of the elaborate plot to blow up airliners over the Atlantic Ocean with liquid explosives reminds us of the real threats we face -- as opposed to the phantom threats that George W. Bush and Tony Blair have conjured to justify their disastrous war in Iraq.

The airliner conspiracy seems to have all the hallmarks of an al-Qaeda extravaganza: careful and sophisticated planning, the intent to shock the world with simultaneous detonations, cold-blooded determination to murder innocents by the hundreds, and a timeline that comes suspiciously close to the fifth anniversary of the Sept. 11 attacks. Sending a cascade of Boeings and Airbuses into the frigid ocean would have had the kind of theatrical impact that al-Qaeda always seeks.

But it doesn't really matter whether the plotters were al-Qaeda soldiers taking orders from bin Laden or just a group of like-minded admirers working on their own. The plot demonstrates that al-Qaeda lives on, either as a functioning organization or, even more chillingly, as an inspiration to jihadists around the world.

Shoe bombs didn't work, and now we shuffle through the metal detectors in our socks. Liquid explosives didn't work, and now we will fly with unbrushed teeth. We can be sure that somewhere in some anonymous apartment, maybe in Paris or Frankfurt or Karachi, a group of unknown conspirators has absorbed the failure of the London plot and already begun to develop a new approach to mass murder.

President Bush said that the uncovered conspiracy is "a stark reminder that this nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation." If only the president would fight that war. If only he hadn't turned away from the hunt for bin Laden to chase his neocon advisers' delusions of spreading pro-American democracy at the point of a gun.

Let's check what else was in the news yesterday. In Iraq, a suicide bomber killed at least 35 people and injured more than 100 by blowing himself up near a famous shrine in the city of Najaf, which is holy to Shiite Muslims. Meanwhile, U.S. troops moved into the Dora neighborhood of Baghdad in an attempt to end a reign of lawlessness. All this violence is part of a sectarian civil war that was made possible by the U.S. invasion -- and that is growing in intensity under the open-ended U.S. occupation. Iraq, says Bush, is a vital theater in the war against terrorism.

In other news, Israeli forces continued their systematic destruction of Lebanon's infrastructure by targeting a historic lighthouse in the heart of Beirut, in an apparent attempt to knock Lebanese state television off the air. This comes after Israeli forces had already destroyed every bridge over the Litani River, all of Lebanon's major roads and much of the Beirut airport, all in the name of cutting off supplies to the Hezbollah militia -- and all with no complaint from U.S. officials. Lebanon, says Bush, is another vital theater in the war against terrorism.

Secretary of State Condoleezza Rice speaks of building a "new Middle East," but the Bush administration construction plan seems to begin with setting the old Middle East on fire. The bungled occupation of Iraq has drawn new recruits to the jihadist cause around the world, and now the disproportionate Israeli assault on Lebanon is doing the same thing. We are at war with an ideology, and pounding it frontally just disperses it. It's like trying to smash mercury with a hammer.

Maybe the discovery of the airliner plot will bring us back to the real world. There are deadly enemies out there, and one way to fight them, as the British demonstrated yesterday, is through intelligence. One way not to fight them, as the Bush administration continues to demonstrate, is through reckless military action that may kill terrorists but also kills innocent civilians and thus creates a new generation of terrorists -- doubtless including some bright young man or woman who will come up with a new idea for downing civilian airliners.

We will end up boarding our flights barefoot, barehanded and buck naked except for a hospital gown they'll make us put on at the airport. And, at this rate, Osama bin Laden will be watching CNN from his cave, smiling contentedly.

Foiled Plot Is Police Triumph, Reminder Of Security Holes (USAT)

USA Today, August 11, 2006

As the fifth anniversary of the Sept. 11 attacks approaches, any complacency about air travel or terrorist threats was shattered with Thursday's news that plotters were close to executing a plan to commit mass murder in the skies over the Atlantic.

This time, thankfully, the plot was uncovered. This time, intelligence agencies didn't muff opportunities the way they did in 2001. This time, two dozen alleged plotters were arrested in London and other British cities before they could blow up U.S.-bound jets flying from the United Kingdom.

For that, Americans can be profoundly grateful. But the news was also profoundly disturbing. It showed that terrorists, presumably Islamic radicals, remain obsessed with using jetliners to bring off a spectacular attack. It showed that there are still people — smart, sociopathic and suicidal people — who hate America enough to want to kill planeloads of innocent travelers.

And it showed that gaping holes remain in the air-security network put in place since 9/11, even though the U.S. government has lavished more attention and money on this area of homeland defense than any other.

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Perhaps the key lessons from this aborted plot, which authorities said involved liquid explosives to be mixed on the plane, are the importance of pre-emptive intelligence and of security that evolves along with the nature of the threat.

Since 9/11, billions of dollars have been spent to strengthen cockpit doors and screen checked baggage. Since "shoe bomber" Richard Reid's aborted effort three months after 9/11, passengers have had to remove their footwear. As the Reid episode showed, fliers and crewmembers are far more vigilant than they were on 9/11.

As a result, terrorists have homed in on the vulnerability of carry-on baggage, the vast majority of which is not screened for explosives or the household chemicals that could be mixed to make them. Had intelligence not foiled this latest plot, it is hard to imagine that screening alone would have done so.

The Government Accountability Office (GAO), Congress' investigative arm, and security experts have repeatedly identified continuing flaws:

· Cargo is loaded into the bellies of passenger planes largely unscreened.

· While checked bags are screened using nearly 9,000 explosive detection machines throughout the country, when airports are crowded, the government allows less effective methods, such as canines and physical searches.

· Carry-on bags are largely screened using old-fashioned X-ray methods, which cannot detect explosives. Better technology exists, but the government hasn't committed the money to buy it.

For now, the government has turned to a crude security method: With few exceptions, liquids, gels and even drinks will not be allowed on planes. Travelers may grumble, but no one should balk at this until the plot is fully unraveled.

Once it is, we hope Homeland Security officials will apply the rules with common sense, not mindless bureaucracy. Is having travelers sip their beverages at the security checkpoint, just as they have to turn on laptop computers, an alternative to confiscating or banning them?

Looking ahead, Americans will have to ask themselves some serious questions. Do they want to spend the billions it will take to make air travel virtually impregnable? Or is the money better spent on robust intelligence and offensive capabilities?

This time, the nation was fortunate. But the depressing realities, 4 years and 11 months after 9/11, are that terrorists still lurk, and the days of carefree flying are ever more distant.

A Chilling Reminder (WP)

The Washington Post, August 11, 2006

WITH NEARLY five years having passed without a repetition of Sept. 11, the threat of terrorism had come to seem to many as more theoretical than real. Yesterday's news changed that in a hurry.

British officials announced that they had foiled a plot to cause "mass murder on an unimaginable scale." Terrorists planned to blow up a large number of airliners flying from Britain to the United States. It was, said Michael Chertoff, U.S. secretary of homeland security, "a plot that is certainly about as sophisticated as any we've seen in recent years."

The first conclusion, as we've learned during the past five years, is that you have to be careful in drawing conclusions. In the past, U.S. officials have breathlessly announced the disruption of terrorist designs that proved, in subsequent days, less formed or horrific than claimed. In other cases, it has taken time to uncover whether, for example, plots are homegrown or hatched from abroad. FBI Director Robert S. Mueller III said that the latest conspiracy "had the earmarks of an al-Qaeda plot," but all officials stressed that their investigation was continuing.

But if the inquiry fills out the outline provided yesterday, it will serve, first, as a chilling reminder of how many people remain committed to murdering innocent civilians; and, second, as a reassuring reminder of the solid police work (in this case, in Britain) unseen by most of us. There will continue to be legitimate questions about the workings and organization of homeland security departments here and abroad and about whether vast sums appropriated since 2001 have been spent wisely. But the emergence of one terrorist plot from the shadows should bring to mind the many men and women in the United States and elsewhere working every day with determination, and usually without credit, to block such plots.

There has been a lot of discussion about insufficient resources devoted to the protection of ports, railways or chemical plants. Those other potential targets may indeed need more attention. But airliners remain a high-profile and therefore attractive target for terrorists.

It's inevitable that politicians will weave this latest development into campaign narratives. Critics of the administration will say it proves that President Bush and his wars have not made the nation safer and that more effort has to be made to reduce the alienation of Muslims in Europe and elsewhere. Bush partisans will say it proves the need for his aggressive approach. "This is a war Islamic fascists started -- and it is a war they intend to prosecute to the end," White House official Peter H. Wehner wrote in an e-mail yesterday. "In the face of that, 'Come Home, America' is not a sufficient response. Retreating from Iraq and 'redeploying' to Okinawa is not a sufficient response. Criticizing the surveillance of terrorists' calls into and out of America is not a sufficient response. And weakening the Patriot Act is not a sufficient response."

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In our view, point-scoring from either side isn't very useful. Over the past couple of years, as the threat seemed to recede, maybe it seemed okay to shape positions on terrorism based on polling results and electoral prospects. Now, we're reminded, that isn't acceptable, and neither are the stale and unproductive either-or arguments the nation gradually slid into. We have to conduct intensive police investigations and protect civil liberties; protect the ports and take the fight to the enemy and reach out to broader Muslim communities. And we need to understand that no approach is going to make the nation absolutely safe anytime soon.

Americans seem to understand that, if the patience shown at airports yesterday is any indication. New security rules imposed considerable inconvenience, which may persist. But yesterday's news also was a reminder that inconvenience is a lot preferable to the alternative.

No Cutting (WP)

The Washington Post, August 11, 2006

AVIATION OFFICIALS claim that airport security waits yesterday weren't much longer than normal. But to travelers, some queues seemed longer than your average Siberian bread line after the Transportation Security Administration added new requirements -- including removing all liquids from carry-on luggage -- to the long list of security protocols airline passengers already had to endure.

Most air travelers took the beefed-up security -- and the occasionally interminable waits that followed -- in stride. First- and business-class passengers in most airports, on the other hand, didn't have to. As usual, higher-class passengers skipped most of the security queues at hubs such as Dulles and Los Angeles international airports. That's hardly fair.

We understand why travelers in first class and business get preferential treatment in airline baggage lines; it's one of the perks they pay for. Checked baggage handling is a service that airlines elect to provide, and they can administer it however they see fit. But does the same logic extend to an official public service? When security alerts like yesterday's bring hassle and delay, it shouldn't be only the travelers with coach seats who have to sacrifice their time to ensure the safety of American aviation.

The TSA insists it has no authority over queues before airport magnetometers. Its charge, says a TSA spokesman, is merely to screen all passengers who approach their security stations. How they get there is up to the airlines. Municipal airport authorities can also duck the blame. Because it is airline employees who check identification cards and tickets before passengers approach airport magnetometers, airlines have exclusive control over the queues. For that reason, the process isn't even uniform among all airports.

But the ID and ticket check before the X-ray machines is a security measure, no matter who's providing the staffing. It's not clear why people should be able to buy their way out of line.

Terrorist Extravaganza (WSJ)

By Judith Miller

The Wall Street Journal, August 11, 2006

The details of the latest failed Islamist plot against America are disturbingly familiar. A group of ethnic Pakistanis plot for months to blow up, simultaneously, multiple jet airliners en route to the U.S. using odorless, colorless liquid explosives contained in carry-on luggage. The resemblance to a failed effort in 1994, codenamed "Operation Bojinka," is unmistakable.

In that episode, Ramzi Yousef, also of Pakistani origin who was schooled in chemistry in the U.K., moved to the Philippines after failing to destroy the World Trade Center in 1993 and hatched another plot, this time to destroy 12 jets en route from Asia to the U.S. Yousef's cell fashioned detonators from wristwatches and other appliances that would have passed airport screening. The detonators and liquid explosives were to be assembled on board. After a December 1994 test run of the bomb failed to bring down the plane as anticipated (one person was killed and 10 wounded), Yousef enhanced the explosive by using acetone peroxide, an odorless, colorless liquid that was to be placed in bottles of contact-lens solutions. But the plot was revealed when a fire erupted in his Manila apartment and his plot-filled computer was found. He fled to Pakistan, where he was eventually betrayed and arrested.

The latest alleged plot was foiled thanks not to an accidental fire, but, if early reports prove accurate, to Scotland Yard's successful infiltration of the terrorist group and its arrest of some 21 members of a cell, both in Britain and in Pakistan, that could include as many as 50 people.

While thwarted, however, both the similarities and differences in the plots are ominous. First, the casualties in both plots, had they succeeded, would have been not only largely American, but equal in number to, or greater than, 9/11. Second, the plots show that militant Islamists remain fixated not only on planes as potential weapons, but on perpetrating the catastrophic terrorism that has long been the hallmark of Osama bin Laden's al Qaeda. Taking pride in its status as the reigning "superpower" of terror, al Qaeda and the likeminded young Islamists it either directs or inspires -- it is still unclear which is the case in this latest

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conspiracy -- strive for terrorist extravaganzas, mega-death rather than a series of more modest attacks that might more effectively devastate America's economy and its citizens' fragile sense of security over time.

Coupled with the thwarted airplane bombing plot of British-born "shoe bomber" Richard Reid and last summer's deadly attacks on London's subways and buses, the plots also demonstrate the emerging centrality of Britain -- or "Londonistan," the subject of Melanie Phillips's recent book -- as a breeding ground for Islamofascist terror. Unlike Bojinka, many of those arrested in the latest alleged plot were not displaced refugees but British-born. And many of these home-grown plotters, unlike Yousef, whose goal was to live to kill another day, were apparently willing to kill themselves to strike a blow. The fact that British-born nationals are willing to commit suicide suggests that the universe of Islamic terrorists is growing rather than shrinking.

Steven Simon, a counterterrorism official under President Clinton and coauthor of "The Age of Sacred Terror," which contains the earliest detailed account of Bojinka, argues that the latest plot suggests that Islamic terrorism is in a transitional phase between "your father's al Qaeda," a highly centralized group whose relationships were forged in the Afghan crucible, and the new world of "self-starters," European citizens who "see themselves as avengers."

The latest plot should concern Washington because it suggests that militant Islamist terrorism is likely to continue to grow, and that its targets continue to be American. That said, there is something of a silver lining to this terrifying trend: The alienation felt by many Muslims in Western lands is not common in the U.S. And given the integration of Muslims from many Arab and non-Muslim lands in American life, the Muslim rage that devastated Parisian suburbs last summer and shredded the tolerant culture of the Netherlands is not widespread here.

Another reason not to despair is the tough-minded approach adopted by the police department of the al Qaeda's No. 1 target, New York. With 1,000 of its 37,000 uniformed officers and 15,000 civilian employees assigned to counterterrorism, the New York Police Department has become an urban model for fighting terrorism.

Under Commissioner Ray Kelly, it has embedded officers in London, Amman, Tel Aviv, Lyons, Singapore and other cities that have much to teach Americans about fighting terror. Because New York is the world's most ethnically diverse city, its police force, Mr. Kelly said earlier this week, has "more Arabic speakers than any other law enforcement agency in the country," and, terrorism experts say, more Pashtu, Urdu and Farsi speakers than the F.B.I. Though its "Nexus" program, police officers have had 25,000 contacts with businesses in and outside New York that might be unwittingly used to facilitate a terrorist attack. A recent trial demonstrated the effective work of undercover operatives, always a tricky business when building trust among minority communities.

None of this should produce complacency. Defenders need to be both skillful and lucky all the time; terrorists need to be lucky only once to kill hundreds, if not thousands. The odds of another successful attack in the U.S. are clearly in the terrorists' favor. But New Yorkers should be somewhat comforted by the fact that this city, so far, has reveled in its ethnic and religious diversity and is doing all it can to ensure that those who want to harm America feel unwelcome here. New York isn't "New Yorkistan."

Ms. Miller, a former New York Times reporter, is a writer in Manhattan.

'Arc Of Extremism' (WSJ)

By William Shawcross

The Wall Street Journal, August 11, 2006

LONDON -- It took President Bush to tell the truth to Britain about the alleged massive plot to blow U.S.-bound airliners out of the sky. In his first comment on the apparently foiled attempt, he put it simply: "This was a stark reminder that this nation is at war with Islamic fascists."

He is right, but in the first news reports in Britain yesterday, the words "Islamic" or "Muslim" were hardly mentioned, let alone the dread word "fascist." Instead the common code-words on television were that the 24 men arrested were "British-born" and "of Pakistani origin." No mention of their Islamist ideology. Does the BBC think they might turn out to be from Pakistan's embattled Christian minority? I don't think so.

In Europe, the truth is so terrible that we are in denial. Perhaps it is understandable. We simply do not know how to deal with the fact that we really are threatened by a vast fifth column, that there are thousands of European-born people, in Britain, in France, in Holland, in Denmark -- everywhere -- who wish to destroy us. You see this denial in the coverage of Israel's war against Hezbollah. The deaths in Lebanon are utterly tragic. But if you watched only British television, particularly the BBC, you would be hard-pressed to understand that Israel has been forced into a war for its survival. Last weekend people marched in an anti-Israel march though London carrying banners proclaiming "We are all Hezbollah Now."

As the historian Victor Davis Hanson recently pointed out, there is a moral madness at work here. We refuse to admit there is a pattern to global terrorism. We are terrified of being called "Islamophobic." European papers are frightened to publish

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cartoons which some Muslims demand we censor, but are happy to portray the Israelis as latter-day Nazis. Not for nothing does Mr. Hanson say that we have forgotten the lessons of 1938.

In a live BBC interview recently I called Hezbollah "Islamofascists." The charming interviewer said nervously, "That's a very controversial description"; I replied that it was merely accurate. She brought the interview to a swift close. But it's not just Hezbollah, of course. The same ideology of hate inspires al Qaeda, the inspiration if not the controller of the British bombers.

In Britain we are actually quite lucky. We have a prime minister who, in my view, has committed many errors at home; but abroad Tony Blair has a clear vision, both moral and pragmatic, of the threat that we face. And for this he is mocked and abused as nothing more than George Bush's "poodle."

In a thoughtful recent speech in Los Angeles, Mr. Blair spoke of fighting an "arc of extremism." That is Islamic extremism, whether it is inspired al Qaeda or by Tehran, whether its footsoldiers are Sunni or Shiite, whether they were born in Britain or southern Lebanon or Iran or Saudi Arabia. As Mr. Blair said, the battle is over the values that are to govern the future of the worlds. "Are they those of tolerance, freedom, respect for difference and diversity or those of reaction, division, hatred?"

"This is war" said Mr. Blair. Alas, it is. Wherever they were born, the men who want to blow up airliners, who want to destroy Israel and, not coincidentally, who want to kill all hope of a decent society in Iraq -- are Islamofascists who are united in hatred of us. The sooner we in Europe understand that, and that they must be defeated, the safer everyone -- Christians, Jews, Muslims, nonbelievers -- will be.

Mr. Shawcross is author of "Allies: Why the West Had to Remove Saddam" (PublicAffairs Press, 2005).

6 Of 11 Missing Egyptians Now In Custody (HC/AP)

By Nathaniel Hernandez, Associated Press

Houston Chronicle, August 11, 2006

CHICAGO — Six of the 11 Egyptian exchange students who recently entered the United States and failed to show up for their college program were in custody today after three more were arrested, officials said.

Police arrested Ahmed Mohamed Mohamed Abou El Ela, 22, at O'Hare International Airport after he tried to check in for a Chicago-to-Montana flight using an invalid ticket marked for a New York departure, Chicago police said.

El Ela raised his voice and became unruly after an employee at a Delta ticket counter refused to let him exchange the ticket for a valid one, said Timothy J. Bolger, the Chicago police officer at the scene.

"He was loud and causing people to be alarmed," Bolger said. The officer said El Ela calmed down when police arrived.

After federal officials confirmed El Ela was one of the students they were seeking, police turned him over to immigration agents, Chicago Police Superintendent Phil Cline said.

Two other students, El Sayed Ahmed Elsayed Ibrahim, 20, and Alaa Abd El Fattah Ali El Bahnasawi, 20, were arrested at a residence in Dundalk, Md., outside Baltimore, by U.S. Immigration and Customs Enforcement agents, the FBI said.

All are being held on administrative immigration violations because they did not report on time to their monthlong program at Montana State University in Bozeman, Mont.

A group of 17 students, six of whom reported to Bozeman on time, arrived in New York on July 29.

After Montana State repeatedly tried to contact the missing students, it notified Department of Homeland Security officials and registered the Egyptians as no-shows in a system developed after the Sept. 11, 2001, terror attacks to track foreign students.

None of the students is considered a terrorism risk, and FBI officials stressed there are no ties between the Egyptians and the alleged terror plot broken up by British authorities.

The other five students were still being sought.

Relatives in Egypt explained the students' failure to show up at Montana State by saying they probably wanted to find work in the United States.

"It must have been in his mind to stay where there are plenty of job opportunities," said Ibrahim el-Dessouki, the father of a student arrested Wednesday in Minnesota. "You know how much a dollar is worth here in Egypt."

He said he spoke to his son when he arrived in the United States but has not since.

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Associated Press writers Michael Tarm in Chicago and Maggie Michael in Egypt contributed to this report.

Heightened Vigilance Leads To Student's Arrest (CHIT)

By David Heinzmann And Brendan Mccarthy, Tribune Staff Reporters

Chicago Tribune, August 11, 2006

DOJ_NMG_0046584

With airline employees and police at O'Hare International Airport working in a heightened state of alert Thursday morning, a Delta Air Lines ticket agent became suspicious of a young Egyptian man who was agitated and trying to board a flight with an invalid ticket, police said.

Within minutes, she and the Chicago police officer she called for help learned that Ahmed Abou El Ela, 21, was one of 11 missing Egyptian students wanted by immigration authorities because they had failed to show up at Montana State University for a study program. Officer Tim Bolger arrested El Ela, and police turned him over to federal immigration agents for questioning. He remained in federal custody Thursday evening.

Authorities said they have no evidence that any of the missing Egyptians are linked to terrorists, and Chicago police Supt. Philip Cline said there is no reason to believe El Ela's travel plans Thursday morning had anything to do with the foiled terror plot in London.

Including El Ela and two men arrested Thursday in Maryland, six of the Egyptian students have been apprehended since they disappeared after entering the country July 29. The original group had 17 students, and six reported to Montana State on time. When the others didn't show, the university contacted the Department of Homeland Security, which has monitored the movements of foreign students since the Sept. 11, 2001, terrorist attacks.

About 7:30 a.m. Thursday, El Ela approached one of the Delta gate desks in O'Hare's Terminal 3 and attempted to book himself on a flight to Bozeman, Mont., Bolger said, but his ticket was for a flight from New York to Bozeman on a different day.

He wanted to exchange the ticket and "was acting in a strange, erratic behavior," Bolger said.

El Ela raised his voice with airline agents and told the woman to call the university to confirm he was a student there. The woman did, but a university representative told her to contact authorities immediately, Bolger said. At that point, the woman called the officer, and he soon arrived at the gate.

By that time, El Ela was "calm and cooperative," Bolger said. "He was kind of confused, and he talked in broken English."

Bolger asked him questions, but he said El Ela would not tell him where he had been recently. Police later learned that he had apparently taken a bus from New York to Chicago, police spokeswoman Monique Bond said.

dheinzmann@tribune.com
bmccarthy@tribune.com

2 Missing Egyptian Students Arrested In Dundalk (BSUN)

By Gadi Dechter, Sun Reporter
The Baltimore Sun, August 11, 2006

5 others still sought; officials say security checks indicate they pose no threat

Two of the 11 Egyptian students whose disappearance this week prompted a nationwide search were arrested this morning in Dundalk, according to immigration authorities.

Immigration and Customs Enforcement agents found and detained El Sayed Ahmed Elsayed Ibrahim, 20, and Alaa Abd El Fattah Ali El Bahnasawi, 20, at a Dundalk "residential location," according to a statement.

"It appears they came here on a student visa, but intended to stay and get a job," said Dean Boyd, a spokesman for the immigration agency.

Another missing Egyptian student was detained this morning at O'Hare International Airport in Chicago while he was attempting to book a flight to Montana, where he and the other missing students had failed to show up for a monthlong academic program at Montana State University.

Three other students were arrested yesterday, one in Minneapolis and two in New Jersey, bringing the tally of still-missing students down to five.

Federal authorities continued to emphasize today that they have no reason to believe the missing Egyptian students were dangerous.

"We have run these individuals through databases and checked with people around the country, and at this point we have no indication they pose any threat," Boyd said.

2 Charged In Ohio With Aiding Terrorism (AP)

By Sarah Karush
The AP, August 11, 2006

DEARBORN, Mich. -- Attorneys for two Arab-American college students accused of supporting terrorism through the sale of mobile phones said their clients were victims of discrimination, while authorities charged them Thursday with an additional felony.

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"These are all-American kids that unfortunately, in this day and age since 9-11, have names that call them into question," said defense attorney Rolf Baumgartel.

Authorities stopped Osama Sabhi Abulhassan, 20, and Ali Houssaiky, 20, both of Dearborn, Mich., on a traffic violation Tuesday in Ohio. Authorities said they found airplane passenger lists and information on airport security checkpoints, along with $11,000 cash and 12 phones, in their car.

Prosecutors said investigators also found a map that showed locations of Wal-Mart stores from Ohio through Kentucky, Tennessee and the Carolinas.

Prosecutor Susan Vessels said the prepaid mobile phones they bought can be used to make hard-to-track international calls and have been linked to use by terrorists,

Abulhassan and Houssaiky admitted buying about 600 phones in recent months at stores in southeast Ohio and selling them to someone in Dearborn, the heart of southeastern Michigan's large Arab community.

Baumgartel said the government had no evidence the phones were being used illegally and the men planned to resell the phones simply to make money. Defense attorneys also said the airport and airplane information were old papers left in the car by a relative who worked at an airport.

Each defendant was charged Wednesday with money laundering in support of terrorism. On Thursday, prosecutors added soliciting or providing support for acts of terrorism. The two also were charged with a misdemeanor count of falsification.

A judge ordered them held on $200,000 bond each. Both also must surrender their passports.

FBI spokesman Mike Brooks in Cincinnati said the case had no link to the alleged plot to blow up U.S.-bound planes that British authorities said they thwarted Thursday.

Abulhassan is a junior at the University of Michigan-Dearborn. The school's directory lists him as a political science major. Houssaiky had been enrolled at Wayne State University in Detroit as recently as May and was studying to be a physical therapist. He was not enrolled this fall, a university spokesman said.

At Dearborn's Fordson High School, the two friends were star football players. Both were born in the United States to parents who immigrated from Lebanon.

They face up to five years in prison and up to $25,000 in fines if convicted.

HOMELAND RESPONSE:

Judges Consolidate Wiretap Suits (WSJ/AP)

The Wall Street Journal, August 11, 2006

SAN FRANCISCO -- A federal panel of judges has consolidated 17 lawsuits filed throughout the U.S. against telephone companies accused of helping the Bush administration monitor Americans' communications without warrants.

The Judicial Panel on Multidistrict Litigation transferred the cases to U.S. District Judge Vaughn Walker, who last month declined to dismiss one of the lawsuits brought against the federal government and AT&T Inc., according to an order released yesterday.

The consolidated lawsuits also target Verizon Communications Inc., BellSouth Corp. and their affiliates. The panel ruled that 26 other lawsuits with similar allegations also may be moved to Judge Walker, who took the bench in 1990 after being nominated by the first President Bush.

Last month, Judge Walker rejected government assertions that the AT&T case had to be dropped because it could expose state secrets and jeopardize the war on terror.

The judge ruled that the warrantless eavesdropping has been so widely reported there's no danger of exposing secrets. No hearing has been set, and the Justice Department has asked the judge to halt the case pending appeal.

The lawsuits challenge President Bush's assertion that he can use his wartime powers to eavesdrop on Americans without a warrant. The suits accuse the companies of illegally making communications on their networks available to the National Security Agency without warrants.

A five-judge panel of federal judges consolidated the cases because they dealt with similar allegations, choosing Judge Walker because the AT&T case was the most advanced.

The San Antonio-based phone company has argued that it should be immune from prosecution since it received government authorization to conduct the surveillance.

Man May Plead Guilty In Seattle Shootings (USAT/AP)

By Donna Gordon Blankinship, The Associated Press

DOJ_NMG_0046586

USA Today, August 11, 2006

SEATTLE — The man accused of shooting six women, one fatally, at the Jewish Federation offices in Seattle has indicated that he wants to plead guilty, his attorney said Thursday, but a judge continued his arraignment until next week to help the attorney determine whether he is competent to make such a plea.

Naveed Afzal Haq is charged with aggravated first-degree murder in the death of Pamela Waechter, 58, director of the Jewish charity's annual fundraising campaign, and with five counts of attempted first-degree murder in the attack at the federation's downtown offices on July 28.

Haq, 30, said little at his brief arraignment Thursday, but his court-appointed attorney, C. Wesley Richards, told King County Superior Court Judge Michael Trickey that Haq "is indicating that it is his desire to enter guilty pleas."

Richards said he was not aware before the hearing that Haq intended to plead guilty. At Richards' request, Trickey continued the hearing until Tuesday.

The judge also granted a prosecution request to bar Haq from having contact with victims of the shooting, or volunteers and employees of the Jewish Federation.

Haq is being held in the King County Jail without bail. He is accused of forcing his way into the downtown offices of the Seattle charity and firing a handgun, saying that he was upset about the war in Iraq and the United States' support of Israel.

In addition to the murder and attempted murder counts, Haq is charged with one count of first-degree kidnapping, involving a teenage girl who was briefly taken hostage; one count of first-degree burglary for allegedly entering a locked facility to commit a crime; and one count of malicious harassment under the state's hate-crimes law.

Aggravated first-degree murder is punishable by death or life in prison without possibility of release. King County Prosecutor Norm Maleng has not yet announced whether he will seek the death penalty.

Nine volunteers and staff of the charity were in the courtroom, including some who were in the building at the time of the attack.

Lobbyists Lose Bid To Dismiss Secrets Case (NYT)

By Neil A. Lewis

The New York Times, August 11, 2006

WASHINGTON, Aug. 10 — The government's case charging two former pro-Israel lobbyists with improperly receiving and transmitting secret national security information cleared a major hurdle in a ruling on Thursday by a federal judge.

The judge, T. S. Ellis of the United States District Court in Alexandria, Va., refused to dismiss the case against the lobbyists, ruling that the sections of the Espionage Act prohibiting such activity were not unconstitutionally vague. Nor does the act improperly limit the lobbyists' constitutional rights to engage in influencing government policy, he wrote.

The case has produced alarm among the policy groups, lobbyists and journalists who trade in information, often about national security issues, with officials in the administration and in Congress. Nonetheless, Judge Ellis explicitly rejected the argument that the prosecution was unfairly flawed because this practice goes on regularly in Washington.

Under that argument, it was a violation of due process to single out the pro-Israel lobbyists for behavior that was generally recognized as acceptable in the capital.

The ruling means the case will proceed against the lobbyists, Steven J. Rosen and Keith Weissman, former officials of the American Israel Public Affairs Committee.

Judge Ellis dismissed the defendants' arguments that the indictment limited their First Amendment rights to learn about the way the government operates and use that information to influence policy.

The defendants' motion to dismiss, the judge wrote, "exposes the inherent tension between government transparency so essential to a democratic society and the government's equally compelling need to protect from disclosure information that could be used by those who wish this nation harm." But, he added, "the rights protected by the First Amendment must at times yield to the need for national security."

Lawyers for the two lobbyists argued that the 89-year-old Espionage Act, under which they were charged, was not intended to be used this way. The lawyers argued that even though the language of the law might apply, the application to their clients was so novel that the prosecution violated the well-settled principle that a statute must be clear as to what it prohibits because it would otherwise invite selective prosecution.

Judge Ellis said the applicable test was "whether the language and application of the statute has provided defendants adequate warning that their conduct was proscribed."

In this case, the judge said, the "statute's plain language rebuts this argument." The infrequency of a statute's particular application is unimportant, he ruled.

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According to the August 2005 indictment, Mr. Rosen and Mr. Weissman received classified information about the Middle East, Iran and terrorism from a Defense Department analyst, Lawrence A. Franklin. They then passed that information on to a journalist and an Israeli diplomat.

Mr. Franklin pleaded guilty and was sentenced to 12½ years in prison. Mr. Rosen and Mr. Weissman have since been dismissed from the lobbying group, known as Aipac.

Judge Rejects Challenge Of Espionage Law (WT/AP)

By Matthew Barakat

The Washington Times, August 11, 2006

A federal judge yesterday rejected a constitutional challenge filed by two former lobbyists with a pro-Israel group who are charged under a World War I-era espionage law with receiving and disclosing national defense information.

Attorneys for the two former lobbyists with the American Israel Public Affairs Committee argued that the 1917 Espionage Act is unconstitutionally broad and vague, as it seeks to bar receipt or disclosure of "information related to the national defense" to "persons not entitled to receive it."

They also argued that prosecutors were out of bounds for using the statute in an unprecedented manner: prosecuting lobbyists who in the normal course of business discuss policy issues with government officials.

The defense argued that lobbyists should not be held responsible if government officials leak sensitive or classified information to them.

But T.S. Ellis III, a judge in U.S. District Court in Alexandria, upheld the constitutionality of the law as well as the government's effort to apply it to the two lobbyists, Steven Rosen of Silver Spring and Keith Weissman of Bethesda.

In a hearing in March, Judge Ellis sharply questioned prosecutors about their uses of the statute and hinted that he had reservations about the law's constitutionality on free-speech grounds.

In his 68-page opinion, Judge Ellis wrote that "it is a hard case because it requires an evaluation of whether Congress has violated our Constitution's most sacred values ... when it passed legislation in furtherance of our nation's security. The conclusion here is that the balance struck between these competing interests is permissible."

The indictment against Mr. Rosen and Mr. Weissman says they conspired to obtain classified government reports on issues relevant to American policy, including the al Qaeda terror network; the bombing of the Khobar Towers dormitory in Saudi Arabia, which killed 19 U.S. Air Force personnel; and U.S. policy in Iran.

The pair are accused of sharing the information with reporters and foreign diplomats.

A former Defense Department official, Lawrence A. Franklin, pleaded guilty to providing Mr. Rosen and Mr. Weissman classified defense information and was sentenced to more than 12 years in prison.

Franklin has said he was concerned that the United States was insufficiently concerned about the threat posed by Iran and hoped that leaking information might eventually provoke the National Security Council to take a different course of action.

The 1917 law has never been used to prosecute lobbyists, leading Judge Ellis to conclude back in March that the case moved into "new, uncharted waters."

Judge Rejects Dismissal Of Pro-Israel Lobbyists Case (WP)

By Jerry Markon

The Washington Post, August 11, 2006

A federal judge yesterday declined to throw out the criminal case against two pro-Israel lobbyists accused of violating the Espionage Act, denying their argument that the novel prosecution infringed on their constitutional right to free speech.

U.S. District Judge T.S. Ellis III rejected defense efforts to dismiss the indictments against Steven J. Rosen and Keith Weissman, former employees of the American Israel Public Affairs Committee, or AIPAC. They are charged in what the government calls a conspiracy to obtain classified information and pass it to members of the media and the Israeli government.

Ellis acknowledged that the case "implicates the core values of the 1st Amendment" and that lobbyists and others in Washington pass along information every day that is "indispensable to the healthy functioning of a representative government." But he said Rosen and Weissman -- and others outside the government -- can be prosecuted if the government feels they disclosed information harmful to national security.

The decision alarmed First Amendment advocates who were already concerned about the unprecedented nature of the case. The lobbyists are the first nongovernment civilians charged under the 1917 espionage statute with verbally receiving and transmitting national defense information.

"This decision is breathtaking. It is a bold new interpretation of the Espionage Act that expands its reach dramatically," said Steven Aftergood, director of the Project on Government Secrecy at the Federation of American Scientists.

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As one basis for his decision, Ellis cited the landmark 1971 Pentagon Papers case, in which the U.S. Supreme Court allowed the New York Times, The Washington Post and others to publish a secret study of U.S. involvement in Vietnam. If the Nixon Administration had sought to prosecute the newspapers under the Espionage Act instead of blocking publication, Ellis said, "the result may have been different."

Legal and privacy experts said Ellis may have opened the door to criminal prosecutions of reporters or newspapers for publishing classified information. The possibility of such prosecutions has swirled around Washington since the New York Times broke a story last December about the National Security Agency's surveillance of terrorist-related calls between the United States and abroad.

Kate Martin, director for the Center for National Security Studies in Washington, said the ruling "gives the Justice Department the green light to prosecute reporters and investigate them as potential criminal actors and not simply as witnesses."

Federal prosecutors declined to comment yesterday. In court hearings on the defense motion to dismiss the case, they argued that allowing people to verbally disclose sensitive information could harm national security.

Attorney General Alberto R. Gonzales has suggested publicly that New York Times journalists could be prosecuted for the NSA stories, and federal authorities are investigating other possible leaks that led to reports about secret CIA prisons in The Post, law enforcement and intelligence officials have said.

A federal grand jury in the same Alexandria courthouse where Ellis released his decision is investigating unauthorized leaks of classified information, according to a subpoena recently disclosed by a fired NSA officer.

In a joint statement, attorneys for Rosen and Weissman said they were "disappointed, but not surprised" at Ellis's decision, given "the always long odds of having an indictment dismissed before trial."

They said they were encouraged that Ellis agreed with them that "the mere discussion of foreign policy information with officials of the United States and foreign governments by private citizens" is at the core of First Amendment free speech guarantees.

Rosen and Weissman were indicted last year in U.S. District Court in Alexandria on charges of conspiring to violate the Espionage Act by receiving national defense information and transmitting it to journalists and employees of the Israeli Embassy who were not entitled to receive it. The topics ranged from the activities of al-Qaeda to information about possible attacks on U.S. forces in Iraq, according to court documents.

Rosen, of Silver Spring, was AIPAC's director of foreign policy issues and was instrumental in making the committee a formidable political force in Washington. Weissman, of Bethesda, was a senior analyst. AIPAC fired the pair last year.

Lawrence A. Franklin, a former Pentagon analyst who pleaded guilty to passing government secrets to the two lobbyists, was sentenced to more than 12 years in prison this year.

The trial of Rosen and Weissman has been delayed several times because of the large amount of classified information involved in the case. No trial date is set.

Judge OKs Broader Use Of Espionage Laws (LAT)

By Richard B. Schmitt

The Los Angeles Times, August 11, 2006

Washington — In a ruling with potentially broad implications, a federal judge on Thursday said that the Bush administration could use espionage laws to prosecute private citizens who gain access to national defense information.

The decision appears to be the first in which a court has found that citizens other than government employees can be charged for receiving and disclosing secret government information, experts said.

"It's a momentous ruling with radical implications," said Steven Aftergood, who heads the Project on Government Secrecy for the Federation of American Scientists. "A lot of people who are in the business of gathering information, such as reporters and advocates, are now going to have to grapple with the potential threat of prosecution. The dividing line has always been between leakers, who may be prosecuted, and the recipients of the leak, who have never been. Now that dividing line has been erased."

The ruling is a significant victory for the Bush administration, which has been trying to clamp down on media disclosures of anti-terror programs since the Sept. 11 attacks.

At the same time, legal experts said, it could chill the ability of a broad segment of the public -- including lobbyists, academics and journalists -- to learn about the inner-workings of government and expose misconduct or controversial programs of public interest.

The ruling, by U.S. District Judge T.S. Ellis III in Alexandria, Va., clears the way for the trial of two former officials of the American Israel Public Affairs Committee, a pro-Israel lobbying organization.

DOJ_NMG_0046589

The men -- Steven Rosen and Keith Weissman -- were indicted last year by a federal grand jury for conspiring to obtain information about Iran and other Middle East nations from Lawrence A. Franklin, then a Pentagon analyst; Franklin pleaded guilty to passing government secrets and in January was sentenced to more than 12 years in prison.

The Justice Department prosecution of Rosen and Weissman, based on a broadly written but little-used World War I-era espionage law, had been controversial since the charges were brought last August. The Espionage Act of 1917 makes it a crime to disclose or receive any information "related to the national defense"; it is not limited to classified data.

Lawyers for the lobbyists sought to have the charges thrown out, arguing that the law did not anticipate prosecution of anyone other than government officials who leaked secrets after signing confidentiality agreements. They also said that the law's language was too vague to give the men notice of what sorts of disclosures were prohibited, denying them of due process of law. And they argued that the charges violated their clients' rights to free speech.

Ellis disagreed.

"In essence, their position is that once a government secret has been leaked to the general public and the first line of defense thereby breached, the government has no recourse but to sit back and watch as the threat to the national security caused by the first disclosure multiples with every subsequent disclosure," Ellis wrote. "This position cannot be sustained."

And, he said, "both common sense and the relevant precedent point persuasively to the conclusion that the government can punish those outside of the government for the unauthorized receipt and deliberate retransmission of information relating to the national defense."

But the government cannot seek to punish all unauthorized leaks of information, he wrote: For example, punishing a newspaper for publishing a classified document that recounts official misconduct in the awarding of defense contracts would clearly violate the First Amendment, the judge wrote.

The government must establish that "national security is genuinely at risk" and that those who wrongly disclosed the information knew its disclosure could harm the nation, he said.

Rosen, a prominent figure in Washington lobbying circles for two decades, and Weissman, a top Middle East strategist, are accused of passing on information about American policy options in the Middle East, an FBI report on the 1996 Khobar Towers bombing in Saudi Arabia and terrorist groups like al-Qaida. According to the indictment, they allegedly disclosed the information to AIPAC colleagues, an Israeli Embassy official and a reporter for the Washington Post.

"Given the always long odds of having an indictment dismissed before trial, particularly when the government invokes the specter of 'national security,' we are disappointed, but not surprised, at the court's decision," lawyers for the men said in a prepared statement. They added that they found parts of the ruling encouraging, and said they doubted the government could prove that the men knowingly jeopardized national security. "As a result, we are more confident than ever about our clients' innocence, and wish we could start the trial next week," they said.

The trial, originally to have begun this week, was postponed because of issues over how to handle classified evidence. Ellis has not set a new date.

The ruling comes as the media has been drawing fire from the Bush administration and Republicans in Congress for publishing information about formerly secret aspects of the government's war on terror. A federal grand jury in Alexandria reportedly is hearing evidence about leaks that led to media accounts of a National Security Agency surveillance program that monitored -- without obtaining prior court approval -- suspected terrorism communications in which one party was in the United States.

Prosecutors have said that for the espionage law to be invoked, an individual possessing secret information must intend to cause harm to America. But they have not ruled out the possibility of charging journalists.

Some legal experts are skeptical of the judge's reasoning that there are sufficient safeguards to avoid abusive prosecutions.

"It is predicated on an idea that the executive and judicial branches will operate with rectitude and only prosecute cases where there is a genuine risk of harming national security," rather than political considerations, said Jane Kirtley, a professor of media ethics and law at the University of Minnesota. "It presumes a degree of honest government that, sadly, does not always exist."

WAR NEWS:

35 Die At Iraq's Holiest Shiite Shrine (USAT/AP)

USA Today, August 11, 2006

DOJ_NMG_0046590

BAGHDAD — A suicide bomber blew himself up Thursday among pilgrims outside Iraq's holiest Shiite shrine, killing at least 35 people. A radical Sunni group claimed responsibility for the attack in the southern city of Najaf and warned Shiites that they aren't safe even in Shiite-dominated areas.

At least 37 other people were killed or found dead Thursday elsewhere in Iraq, police told the Associated Press. They included five civilians who died when a mortar shell struck a cafe in a Shiite area in northern Baghdad.

The suicide bomber struck as he was being patted down by a security guard in front of the Imam Ali mosque in Najaf, which contains the tomb of the prophet Mohammed's son-in-law, Ali. An Iraqi army statement said the attack killed 35 people and injured 122 others.

Prime Minister Nouri al-Maliki, a Shiite, denounced the bombing as a "barbaric massacre" conducted by Sunni extremists and Saddam Hussein loyalists "seeking to inflame sectarian" passions.

A Sunni group — Jamaat Jund al-Sabaha, or "Soldiers of the Prophet's Companions" — said it carried out the attack. It warned in an Internet posting that Shiites should beware, as "our swords are capable of reaching deep in your regions."

It was the deadliest attack since July 18, when 53 people were killed by a suicide bombing in Najaf's twin city, Kufa. The cities are about 100 miles south of Baghdad.

Najaf was the scene of heavy fighting in 2004 between U.S. forces and the Mahdi Army of radical Shiite cleric Muqtada al-Sadr. Shiite leaders eventually persuaded al-Sadr to give up. Since then, the city has been tightly controlled by police and Shiite guards, including former militiamen.

Iraq's biggest Shiite party, the Supreme Council for the Islamic Revolution in Iraq, said the bombing was carried out by "criminals who target the descendants of the prophet with their dirty sectarian war."

Violence between Sunnis and Shiites has been escalating since a bomb heavily damaged a Shiite shrine in Samarra, 60 miles north of Baghdad, on Feb. 22. Bloodshed in Baghdad has prompted the U.S. military to rush about 12,000 additional U.S. and Iraqi soldiers to the capital.

Also Thursday:

·Iraqi national security adviser Mouwafak al-Rubaie said police had arrested 20 al-Qaeda members around the country in recent days and killed one other.

·Two civilians were killed and six wounded when a bomb exploded in a restaurant in south Baghdad, police told the AP.

Bomber Kills 35 Outside Shrine (WT/AP)

By Bushra Juhi

The Washington Times, August 11, 2006

BAGHDAD -- A bomber blew himself up yesterday among pilgrims outside Iraq's holiest Shi'ite shrine in Najaf, killing 35 persons and wounding 122.

At least 37 others were killed or found dead elsewhere in Iraq yesterday, police said. They included five civilians who died when a mortar shell struck a cafe in a Shi'ite Muslim area of north Baghdad.

The suicide bomber struck as he was being patted down by a security guard in front of the Imam Ali mosque in Najaf, which contains the tomb of the prophet Muhammad's son-in-law, Ali, and is one of the most sacred shrines for Shi'ites.

The casualty totals were reported in an Iraqi army statement.

Prime Minister Nouri al-Maliki, a Shi'ite, denounced the bombing as a "barbaric massacre" conducted by Sunni extremists and Saddam Hussein loyalists "seeking to inflame sectarian" passions.

A Sunni extremist group -- Jamaat Jund al-Sahaba or Soldiers of the Prophet's Companions -- took responsibility for the blast, warning Shi'ites in an Internet posting that "our swords are capable of reaching deep in your regions."

"So stop killing unarmed Sunnis and stop supporting the crusaders" or the Americans, the group said. "Otherwise, wait for such operations that will shake your regions like an earthquake."

The blast shattered souvenir stalls across from the shrine, littering the narrow streets with broken perfume bottles, sandals, prayer beads and pools of blood. Volunteers picked up the human remains.

"Before I reached the checkpoint, only a few feet from the shrine, I heard a huge explosion," said 51-year-old Shakir Obeid Hassan. "Something hit me on the head, and I fell. I couldn't hear for a while, but I saw bodies and human flesh everywhere."

An Iranian woman was among the dead and at least nine Iranians, including two women, were wounded, Iranian state television reported.

It was the deadliest attack since July 18, when more than 50 people were killed by a suicide bombing in Najaf's twin city of Kufa, about 100 miles south of Baghdad.

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Najaf was the scene of heavy fighting in 2004 between U.S. forces and the Mahdi Army of radical cleric Muqtada al-Sadr, until the Shi'ite clerical hierarchy persuaded Sheik al-Sadr to give up. Since then, the city has been tightly controlled by police and Shi'ite guards, including former militiamen.

In the days before the attack, a letter purportedly from Saddam's Ba'ath Party had been circulating in Najaf, blaming Shi'ite politicians for Iraq's security crisis. The letter accused Shi'ite militias of slaughtering Iraqis at a time when the country lacks basic services, including gas, electricity and water.

Violence between Sunni and Shi'ite extremists has been on the rise since a bombing wrecked a Shi'ite shrine in Samarra, 60 miles north of Baghdad, on Feb. 22. The sectarian bloodletting has prompted the U.S. military to rush about 12,000 American and Iraqi troops to Baghdad to confront Sunni and Shi'ite gunmen.

Suicide Bomber Kills Dozens Outside Shiite Shrine In Iraq (WP)

By Andy Mosher And Saad Sarhan

The Washington Post, August 11, 2006

BAGHDAD, Aug. 10 -- A suicide bomber Thursday made his way to within a few yards of the entrance to one of Shiite Islam's holiest shrines and detonated an explosives-laden belt, killing more than 30 people and sending a shock through a country already convulsed by sectarian violence.

Witnesses to the attack in the Shiite holy city of Najaf, about 90 miles south of Baghdad, said the bomb exploded at the last security checkpoint before the gates of the ornate shrine of Imam Ali. The attacker was being searched by police when he detonated his charge, they said.

At least 33 people were killed, according to Munthir Ithary, director of the Najaf Health Department, and 108 were wounded, many of them seriously. News services reported that the Iraqi Defense Ministry put the toll at 35 dead and 122 wounded.

A Sunni insurgent group asserted responsibility for the attack, according to a statement posted on a radical Islamic Web site. The group, called the Soldiers of the Prophet's Companions, boasted of taking the lives of "at least 30 rejectionists" -- a term used by radical Sunni sects that consider Shiites heretics. The statement warned that continued killings of Sunnis by Shiite death squads would spark more such attacks.

The bombing was the latest in a string of sectarian attacks in Iraq. Also on Thursday, a Shiite militia was reported to have engaged in heavy fighting with a Sunni tribe in Baghdad, where the Iraqi government and U.S. military forces are pursuing a new security program aimed at stanching religious bloodshed.

Prime Minister Nouri al-Maliki, who heads a coalition government dominated by Shiite religious parties, said in a statement that such "brutal massacres" as the Najaf bombing "reveal the aggressive nature of terrorists . . . who are striving to fuel the sectarian sedition among the Iraqi people." Maliki blamed the attack on "Takfiris and Saddamists" -- radical Sunnis and those loyal to Hussein.

The shrine is revered as the burial place of Ali, the son-in-law and cousin of the prophet Muhammad. Belief by some Muslims that Ali was unjustly denied his rightful place as Muhammad's successor in the 7th century gave rise to the Party of Ali, or Shia Ali, which evolved into the Shiite branch of Islam.

Najaf and the adjoining city of Kufa have witnessed several devastating bombings in recent years.

In August 2004, a car bombing in Najaf killed a prominent Shiite cleric, Ayatollah Mohammed Bakr Hakim, and more than 80 other people. The most recent such attack occurred in Kufa on July 18, when a suicide bomber caused a minivan to explode in the middle of a crowd of day laborers, killing more than 55 and wounding 100.

Shiites make up an estimated 60 percent of Iraq's 26 million people. But the Shiite majority never held political power here until the U.S.-led invasion of 2003 toppled Saddam Hussein's Sunni Muslim-dominated dictatorship and paved the way for elections in 2004 and 2005. Since the bombing of a Shiite shrine in Samarra in February, Sunnis and Shiites have been enmeshed in a cycle of retaliatory killings that has claimed an average of more than 100 lives a day.

In Tobji, a neighborhood in north-central Baghdad, residents said Thursday that the Mahdi Army, a militia loyal to Shiite cleric Moqtada al-Sadr, clashed with members of a Sunni tribe. Residents reported that four members of the Mahdi Army were killed and that the fighting subsided after U.S. troops sealed off the neighborhood.

"An unidentified group of armed men opened fire on the people," said Defense Ministry spokesman Mohammed al-Askari. "Our troops were nearby, and they surrounded the area and arrested some men of this armed group. It was clashes among the people of the area itself, and it is not that serious."

Northeast of Baghdad, in the city of Baqubah, a commando brigade from the Shiite-dominated Interior Ministry raided the home of Delsooz Ahmed Mohammed, an ethnic Kurd who serves on the council of Diyala province.

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According to another council member, Hussein al-Zubaidi, the commandos insulted Mohammed and broke some of his furniture before a ranking officer intervened and apologized.

Also in Baqubah, a roadside bomb in the center of the city killed one police officer and wounded nine people, a mortar attack in a western neighborhood killed another policeman, and gunmen in two cars fired on police headquarters, killing two officers, according to police Capt. Muhannad Bawi.

Sarhan reported from Najaf. Special correspondents Hasan Shammari in Baqubah and K.I. Ibrahim and Saad al-Izzi in Baghdad contributed to this report.

Blast Kills 35 At Shiite Shrine In Najaf (NYT)

By Edward Wong

The New York Times, August 11, 2006

BAGHDAD, Iraq, Aug. 10 — A belt packed with explosives worn by a man who apparently intended to blow himself up inside one of the holiest shrines of Shiite Islam exploded on Thursday during a police pat down at a checkpoint near the shrine, Iraqi officials said. At least 35 people were killed and more than 120 others were wounded, including Iranian pilgrims, the officials said.

The blast, in Najaf, 100 miles south of Baghdad, ripped into a crowd of Shiite pilgrims who had traveled to the golden-domed Shrine of Imam Ali on the anniversary of the death of Zaineb, the granddaughter of the Prophet Muhammad.

The bombing of a Shiite shrine in the city of Samarra in February set off a wave of revenge attacks on Sunni Arabs and counterattacks on Shiites in which hundreds of people were killed within days.

The explosion on Thursday underscored the degradation of security in the spiritual heart of the Shiite-dominated south, an area once believed to be under the tight control of Iraqi and American forces. The most revered Shiite cleric in Iraq, Grand Ayatollah Ali al-Sistani, lives just blocks away from the shrine.

Other attacks around Iraq, mostly aimed at civilians, brought the death toll for the day to at least 48, even as additional Iraqi and American troops continued to deploy across Baghdad to try to bring a modicum of security to the capital.

The shrine attacked in Najaf sits at the center of downtown, surrounded by a labyrinth of narrow alleyways, and is a memorial to Ali, the prophet's son-in-law and the first martyr in the epochal seventh-century split between Sunni and Shiite Islam.

The bomber walked up to a police checkpoint about 60 feet from the shrine at 10:15 a.m. and his explosives detonated as a policeman searched his body, said local officials and the Iraqi prime minister's office. A ball of flame engulfed the police officers at the checkpoint, killing at least five of them, said Dr. Munthir al-Athari, director of the health bureau in Najaf. At least eight women were among the dead.

The shrine was apparently not damaged.

Policemen and rescue workers wheeled victims sliced with shrapnel into the city's main hospital. Women in black robes wailed. People sprawled across beds and clutched limbs swathed in bandages soaked through with blood.

"I was in the market heading to visit the shrine when a huge explosion took place," said Shakir Ubaid Hassan, who was among those being treated for wounds. "A lot of people were killed and injured, and I was hit in my head."

The country's top leaders, including the president and the prime minister, denounced the assault in separate statements.

Prime Minister Nuri Kamal al-Maliki, a staunch Shiite, pinned the blame on loyalists of Saddam Hussein and "takfiris," a term that refers to fundamentalist Sunni Arabs who consider Shiites to be infidels.

"Such barbaric carnage reveals the nature of the Saddamists and takfiri terrorists who seek to start sectarian unrest between Iraqi people," Mr. Maliki said in a written statement. "We ask God Almighty to take the martyrs into his heaven and grant patience to their families and heal the wounded."

Maj. Gen. William B. Caldwell IV, a spokesman for the American command, issued a statement saying the attack was the work of "a vicious death squad who targeted innocent Iraqis practicing their faith at one of the holiest sites in Iraq."

Najaf's economic growth is dependent on a steady stream of religious tourists, including many from neighboring Iran. Under Mr. Hussein's rule, few Shiites from outside Iraq were allowed to make pilgrimages to the Shrine of Ali. Now, thousands stream into the city each day, Iraqi officials said.

Powerful Shiite parties with militias have control of the security forces in the province encompassing Najaf, and the area was once considered a haven shielded from the incessant bombings that plague central Iraq. But a recent series of deadly attacks has eroded the sense of security. On July 18, a suicide bomber in a van set off his explosives after luring day laborers into his vehicle outside a Shiite shrine in the neighboring city of Kufa, killing at least 53 people and wounding more than 100.

On July 6, a suicide car bomber rammed his sedan into two busloads of Iranian pilgrims near another Shiite shrine in Kufa, killing at least 12 people, including 5 Iranians, and wounding dozens.

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The bombings in Kufa seemed intended to provoke the militant Shiite cleric Moktada al-Sadr, whose militia is accused by American officials and many Sunni Arabs of killing Sunnis in attacks across Baghdad and elsewhere. Mr. Sadr's chief mosque is in Kufa, and he occasionally preaches there on Fridays.

Mr. Sadr's main office is next to the Shrine of Ali in Najaf, as are those of some of the country's leading ayatollahs. The city is home to the marjaiya, considered by many Shiites to be the top four clerics of their faith, and the base for the Hawza, a venerable seminary. Prominent Shiites have lived or studied in Najaf, including Ayatollah Ruhollah Khomeini, who led the 1979 Islamic Revolution in Iran, and Sheik Hassan Nasrallah, the leader of Hezbollah in Lebanon.

The governor of Najaf, Assad Abu Ghalal al-Taiee, belongs to one of the country's leading Shiite parties, the Supreme Council for the Islamic Revolution in Iraq. The party has a military wing, the Badr Organization, that helps provide security for Najaf. Other militias also operate openly in the city, including that of Mr. Sadr.

The Shiite movement began in earnest when Ali and his son Hussein were killed in separate incidents in the seventh century. The term Shiites originally meant partisans of Ali. Shiites have clung to the notion that those directly descended from Ali, and thus from the Prophet Muhammad, are the proper rulers of the Islamic empire.

Ali's body is said to lie in a tomb inside the shrine, which Mr. Sadr's militia used as a base during battles against American forces in 2004.

The other reported violence on Thursday unfolded mostly in Baghdad. Four civilians were killed when the Sadr militia clashed with other armed men, Iraqi officials said. A bomb exploded in a restaurant, killing at least six people and wounding three. Three people were killed and three wounded when Iraqi commandos fought gunmen near a bazaar.

35 Killed In Suicide Bombing In Najaf (LAT)

By Jeffrey Fleishman And Saad Fakhrildeen

The Los Angeles Times, August 11, 2006

NAJAF, Iraq — A suicide bomber struck Thursday at a checkpoint near a revered Shiite Muslim mosque here, killing 35 people and threatening to further agitate sectarian violence as U.S. and Iraqi troops intensified operations in Baghdad to rout militias and death squads.

The morning attack near the Imam Ali mosque came when a man detonated an explosives belt as police wrestled with him at a checkpoint in a market square. The blast, which injured 122, shook the stones in the old city. Glass sprayed from shop fronts, police fired into the air and pilgrims ripped their clothes and wailed in grief.

"I was pausing near the gate of Imam Ali and all of a sudden there was a huge explosion, and I fell to the ground and smoke and the smell of gunpowder covered the place," said Aqeel Kharsan, who takes tourists' photographs in the market square. "When I was crawling away, I saw blood and even human flesh on the ground. Everybody was screaming and shouting."

The wounded were carried away in ambulances and wheelbarrows. Relatives searched for family members and vendors' carts were shattered, their goods scattered across sidewalks. A woman and her 8-month-old child lay dead, along with at least four policemen and pilgrims from Iran. Shortages of doctors and blood hampered emergency efforts at a nearby hospital and the injured were diverted to other clinics, including a maternity ward.

A Sunni Muslim militant group, called the Soldiers of the Prophet's Companions, claimed responsibility for the attack in an Internet posting. It warned Shiite death squads to stop killing unarmed Sunnis, "otherwise wait for such operations that will shake your regions like earthquakes."

The 10th century Imam Ali mosque was not damaged by the blast, but the symbolism of an attack near one of the holiest of Shiite shrines sent another jolt through a nation that has slid into an undeclared civil war. The attack came nearly three years after one of Iraq's most influential Shiite clerics, Ayatollah Mohammed Bakr Hakim, was killed here by a massive car bomb as he stepped out of the mosque.

The violence that immediately followed Hakim's death foreshadowed the sectarian hostilities that have bedeviled Iraq since, surging in February when Sunni militants bombed an important Shiite shrine in the city of Samarra. July witnessed some of the worst retaliatory violence between Sunni insurgents and Shiite militias and death squads, with several suicide bombings, including an attack that killed 57 Shiite laborers in Najaf's sister city of Kufa, and a pileup of bodies of Sunni Arab men in the Baghdad morgue.

The bloodshed has underscored how Iraqi Prime Minister Nouri Maliki's fledgling army and police and intelligence services, often accused of corruption, have been unable to establish order. In an effort to take control of the capital, the U.S. military has sent the 172nd Stryker Brigade, an armored vehicle unit with nearly 4,000 troops, to work with Iraqi soldiers in targeting sectarian gangs, criminal syndicates and militias.

Maliki has said that calming Baghdad is key to securing the rest of the nation and is using the military sweeps to rebuild confidence in his government. One of the more complicated tasks U.S. and Iraqi forces face is disarming thousands of fighters

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controlled by radical Shiite cleric Muqtada Sadr. The cleric's Al Mahdi militia holds sway over Sadr City, a poor Baghdad neighborhood of nearly 2 million people.

In southwest Baghdad on Thursday, about 5,000 U.S. and Iraqi troops cordoned off the Dora neighborhood. Soldiers searched hundreds of homes as part of a mission to make the community safe and to restart municipal services, such as garbage collection.

"Dora has been plagued by a rash of sectarian violence," Col. Michael Beech, commander of the 4th Brigade of the U.S. Army's 4th Infantry Division, said at a news conference in the neighborhood. "We stabilize the area, clear and secure it and then hold it."

Gunfire and explosions echoed across Baghdad, which reported more than 1,800 violent deaths in July. Eight Iraqi soldiers were killed and five wounded by two roadside bombs in the western part of the city. Three policemen were killed and three injured in a clash with insurgents in the Duwanim neighborhood. In the Jamia area, gunmen killed two construction workers.

Elsewhere, two policemen were killed and two injured when a roadside bomb exploded near their patrol in the northern city of Kirkuk. To the south, in Basra, the British military reported that one of its helicopters landed safely after being struck by gunfire. Five mortar rounds struck a British base outside Basra. No casualties were reported.

The suicide bomber in Najaf detonated his explosives at 10:30 a.m., in the busy square known as the Grand Market, about 10 yards from the outer gate to the mosque. The shrine holds the tomb of the prophet Muhammad's cousin and son-in-law, Ali. It is one of the most important sites in the Shiite faith, and since Hakim's assassination, the city has been closely guarded by Shiite militiamen.

The attack coincided with anniversary of the death of Ali's daughter, Zainab. Hundreds of pilgrims were visiting from Iran.

"I was inside my shop. I heard a booming sound similar to the sound of the first Najaf explosion," said Ali Shimrti, a perfume seller. "Smoke shrouded the place and the perfume containers tumbled down."

He said he went outside and saw the wounded scattered and that "people hurried with wheelbarrows to evacuate them."

"This place is crowded — peddlers and pilgrims, women and children. A number of people that I know and my neighbors, who committed nothing, were slain today."

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, August 11, 2006

'House cleaners'

Army Special Forces soldiers are expressing outrage, among themselves, over purported remarks made by Lt. Gen. Dell Dailey last week at a meeting with new U.S. ambassadors at U.S. Special Operations Command (Socom) in Tampa, Fla.

But both a Socom spokesman and a senior officer tells us the Special Forces troops, better known as Green Berets, are misquoting Gen. Dailey, who directs the Center for Special Operations, the critically important war-planning arm for all commandos. The tempest got so bad last week that Lt. Gen. Robert Wagner, commander of U.S. Army Special Operations Command at Fort Bragg, N.C., contacted retired Green Berets to try to correct what Socom considered inaccurate e-mails.

The genesis of the brouhaha was Socom's hosting of American ambassadors who are about to be posted in embassies abroad. The briefings are important because nothing gets done by the military inside a foreign nation unless the U.S. ambassador is on board. The Washington Times first reported in 2004 that Socom had started posting Green Berets at various embassies to get a better handle on al Qaeda's presence in those countries. It's all part of a larger plan by Defense Secretary Donald H. Rumsfeld to empower Socom to capture or kill Islamic militants in the war on terror.

Special Forces soldiers are quoting Gen. Dailey as telling the ambassadors that U.S. Joint Special Operations Command (JSOC), home to Delta Force and Navy SEALs, are the warriors, while Special Forces are the "house cleaners."

(As background, it should be noted their are some ill feelings between Green Berets and the Delta Force-SEALs. Special Forces soldiers complain that JSOC teams wait at bases until intelligence finds a target to hit. Green Berets say it is their "A" Teams who go out into the countryside for days at a time to find intelligence and fight insurgents.)

When the "house cleaners" remark reached some Special Forces soldiers, they reacted with anger. "This is proof that JSOC has outgrown their own egos," commented one. "They obviously forgot their roots and heritage."

But a Socom spokesman told us the soldiers have it all wrong. Yes, Gen. Dailey did meet with ambassadors and did use the term "house cleaners."

Col. Samuel Taylor said the remark was not in reference to Special Forces or Rangers or any of the special operations units. Instead, he was describing the headquarters that make up the special operations community.

"Lieutenant General Dailey was speaking strictly about the role of the Socom component headquarters, not the role of [Special Operations Forces] personnel who are performing warfighting missions every day," Col. Taylor said.

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A senior special operations forces officer, who asked not to be named, said Gen. Dailey was showing the ambassadors an organizational chart of Socom, with the commands under it responsible for training and equipping the force. It was these commands that he labeled the "house cleaners." No units below those commands were included.

"He meant that in an affectionate way," the officer said. "To the people who were present, they understood the context of what was said."

Recruiting

A good sign in the war on terror: U.S. Army Special Operations Command in June met its annual goal for signing up Green Beret candidates — three months before the fiscal year ends Sept. 30.

There are strains on the current Special Forces units, as private employers offer big bucks for counterterrorism experts and security details. But Army soldiers continue to apply to become Green Berets in ample numbers. "We feel the quality has not slipped a single bit," a defense source said.

China connection

U.S. intelligence officials reminded us this week that China was a key player in helping Iran's missile and rocket program, which is now in full international view with the fighting in southern Lebanon.

Iran has developed a variety of short-range rockets and missiles with the help of China and transferred thousands of the weapons to the Hezbollah forces now fighting Israel.

Most of the Hezbollah rockets are unguided weapons with ranges of between 10 and 30 miles.

However, Iran is also believed to have supplied Hezbollah with longer-range weapons, including missiles than can travel up to 120 miles.

Richard Fisher, a weapons expert with the International Assessment and Strategy Center, said in a recent report that the most alarming Chinese system used by Hezbollah so far is a variant of China's C-802 anti-ship cruise missile. Two of the cruise missiles were fired at an Israeli coastal patrol boat July 14, killing four sailors.

"Through Hezbollah, Iran has only unleashed a small taste of its Chinese-aided arsenal," Mr. Fisher said. "But its willingness to share very sophisticated weapons like the C-802 should provide warning that Iran is capable of doing much more."

The Iran-China short-range missile cooperation was disclosed in a classified intelligence report from 1997, made public in this newspaper. The report said that the head of Iran's solid-propellent missile program arranged for a delegation of missile technicians from Iran to visit China on May 7 of that year to observe a static motor test of a 450 mm-diameter rocket motor that was being produced for Iran's indigenous 105-mile-range NP-110 missile.

The Iranians also purchased special X-ray equipment in China for the NP-110 program, the report said.

Intelligence officials said the Chinese cooperation was vital to Iran's missile and rocket program and that the Chinese technology was incorporated in the Iranian missiles and rockets now being used by Hezbollah.

'Hiring Heroes'

For those who doubt the Pentagon cares about its severely wounded veterans of Iraq and Afghanistan, you need only travel to one of the military's "Hiring Heroes" job fairs.

The sixth one — the first two-day event — was held this week at Fort Gordon in August, Ga. About 250 wounded soldiers from bases in the Southeast participated, along with counselors and employers.

Counselors showed the men and women how to complete resumes and conduct job interviews. On the second day, the vets met with prospective employers from the federal government and private industry, including defense contractors. The Pentagon was authorized to hire on the spot.

"The one prevalent attitude was one of gratitude that 'somebody cares,'" said a person who attended the job fair.

Sponsored by the U.S. Army and the Office of the Secretary of Defense, the next "Hiring Heroes" will be Sept. 19-20 at Fort Sam Houston in San Antonio.

Making quotas

The Army announced yesterday it has met its monthly recruiting goal for the 14th straight month.

"In the first ten months of fiscal year 2006, more soldiers have re-enlisted in the Army, 109,056, than can fit in the Rose Bowl. Two out of three soldiers eligible to re-enlist, continue to re-enlist," a statement said.

British Forces In Afghanistan In Worst Fighting In 60 Years: General (AFP-Y)

AFP, August 11, 2006

British soldiers in Afghanistan are involved in some of the worst and most prolonged fighting since World War II, the British commander of NATO forces in the country said.

"This sort of thing hasn't really happened so consistently, I don't think, since the Korean War (in 1952) or the Second World War (in 1939)," Lieutenant General David Richards told the BBC World Service.

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"It happened for periods in the Falklands (in 1982), obviously, and it happened for short periods in the Gulf on both occasions (1991 and 2003). But this is persistent, low-level, dirty fighting."

He said some British troops would be withdrawn from parts of the southern province of Helmand to be replaced by soldiers from the Afghan Army.

Richards's comments came after news on Wednesday that another British soldier, Private Leigh Reeves, 25, was killed in Afghanistan, the 18th since November 2001 when the country's troops were deployed there.

Some 4,000 British troops are in the restive southern province of Helmand, with the figure set to rise to around 4,500. A further 1,000 are in Kabul, while a few hundred are in the southern city of Kandahar.

There are around 30,000 foreign troops in Afghanistan, from 30 countries.

But in a report from Afghanistan, Britain's domestic Press Association cited an unnamed senior British source as saying that between 40,000 and 50,000 NATO forces would be needed to control Taliban militants in Helmand alone.

Despite being toppled from power five years ago by a US-led coalition, remnants of the hardline Taliban regime have stepped up a deadly insurgency targeting foreign troops as well as the Afghan government.

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After Fidel -- Snap, Crackle And Pop (WP)

By Al Kamen

The Washington Post, August 11, 2006

The Bush administration is preparing a large humanitarian aid effort should chaos occur in the transition to a post-Fidel Cuba, including the delivery of food, medicine, clothing, tents and such.

Folks at the Agency for International Development assumed they would take the lead on this because they, working with private relief organizations, traditionally do these things. But they weren't picked.

Turns out the Commerce Department, not heretofore known to have much expertise in disaster relief, will take the lead role. Buzz is that's because Commerce is headed by Cuban-born Carlos M. Gutierrez .

Supporters say he knows the island, though he left it 46 years ago, when he was 7. And, as former chairman and CEO of Kellogg Co., he knows how to manage things and to distribute food -- or at least breakfast food. He is also co-chairman of the U.S. Commission for Assistance to a Free Cuba. The well-regarded Gutierrez knows everyone in the Cuban emigre community -- though it's unclear whether that will help or hurt.

The effort, "is going to involve multiple agencies," a Commerce Department spokesman said, including the departments of State and Homeland Security, and "Gutierrez is a team player." Also, the spokesman said, "at AID's invitation" he's visiting a warehouse today in Miami "to see their preparations for regional relief." He's also taping a TV Marti interview there.

Well, coulda been a whole lot worse. They could have picked FEMA, or brought back Michael "Brownie" Brown as a special consultant.Take the Initiative, Please

The spectacular British thwarting of a terrorist airline plot naturally dominated yesterday's news, but some administration officials hoped it wouldn't drown out all the other important news. For example, we got this notice yesterday from the State Department:

"SPECIAL BRIEFING: 2:00 p.m. Under Secretary of State for Economic, Business, and Agricultural Affairs Josette Sheeran Shiner ; Acting Deputy Assistant Secretary of State for International Narcotics and Law Enforcement Affairs Elizabeth G. Verville [and others from Justice and Treasury] will brief the media on The President's International Initiative to Combat Kleptocracy. This briefing is on-the-record, on-camera in the State Department Press Briefing Room, room 2209."

This initiative is coordinated with the Group of Eight major industrialized countries. It probably could have been rolled out at the recent G-8 meeting, but the meeting's host country, Russia, is one of the great kleptocracies of the world.A Bridge Too Near

Speaking of the State Department, there was substantial buzz there a few days ago when Israel bombed a series of bridges in Lebanon. Apparently the U.S. ambassador to Lebanon, Jeffrey D. Feltman , had traveled over one of the bridges just a few hours before it was hit.

Folks at the embassy were none too pleased.Sturm Und Pang

A British Broadcasting Co. interviewer, chatting with major U.S. ally Jordan's King Abdullah , began: " Condoleezza Rice called it the birth pangs of a new Middle East, but it . . ."

"A new Middle East?" his highness interjected. "The way I'm looking at this new Middle East, I'm seeing what is happening in Somalia, I'm seeing what's happening in Gaza, I see what's happening in Lebanon, I'm seeing what's happening in Iraq. This is a new Middle East?"

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Well, yes, it is.A No. 3 for No. 2, but Who's No. 1?

William W. Mercer , formerly top aide to Deputy Attorney General Paul J. McNulty and more recently U.S. attorney for Montana, is said to be heading back to this area to become associate attorney general, the No. 3 job at the Justice Department.

Mercer would succeed Bush's Yale buddy and reported Skull and Bones member Robert D. McCallum Jr ., who's to arrive in Australia next week to fill the long-vacant ambassadorial post. The Australians, who with Britain are the staunchest members of the coalition of the willing, had been mighty annoyed at the 20-month vacancy, which occurred in part because the first couple of candidates couldn't clear the vetting process.Rogan Redux

New job for another Loop Favorite. Former representative James E. Rogan (R-Calif.), a manager of the Clinton impeachment, is California Gov. Arnold Schwarzenegger 's pick to be a judge on the Orange County Superior Court.

Rogan, targeted and defeated by Democrats in 2000, was appointed by Bush to head the U.S. Patent and Trademark Office from 2001 to 2004 and then went into private law practice here and then in California.Writing Fashion Statements

Matthew Rees , a former speechwriter for President Bush and for former Securities and Exchange Commission chairman William H. Donaldson and a senior adviser to former U.S. trade representative Robert B. Zoellick , is settling in at the Treasury Department as chief speechwriter and senior adviser to new Secretary Henry M. "Hank" Paulson Jr . Trust he'll be dressing to Treasury's now-documented high standards.

Acting U.S. Attorney Leone To Step Down (DENP)

By Andy Vuong

Denver Post, August 10, 2006

Bill Leone, the lead prosecutor in the insider trading case against former Qwest chief executive Joe Nacchio, said today that he plans to leave the Department of Justice and go back to private practice.

Leone said he has informed Troy Eid, the incoming U.S. attorney for Colorado, of his plans to withdraw from the case.

"I have advised the new United States attorney and the department that I would like to return to private practice as soon as that's possible," Leone said an interview. "I have agreed with both the department and the new U.S. attorney to remain involved in the case as long is necessary to make sure that the case is well handled and smoothly transitioned to someone else."

Leone is the acting U.S. Attorney for Colorado. He was the lead prosecutor in a largely unsuccessful fraud trial of four former Qwest executives in 2004, which resulted in no convictions. Jurors complained that the case was too complex.

"They tried to cover too much evidence that wasn't necessary to the case," jury foreman

Advertisement

George Gerstle said after the seven- week trial.

Two of the defendants were acquitted. The jury deadlocked on some of the charges against two other defendants, who later plea-bargained to lesser charges and agreed to cooperate with investigators.

Leone is a veteran corporate lawyer hired by former U.S. Attorney John Suthers in 2001. Suthers said he hired Leone for his ability to handle complex corporate cases. Leone, who grew up in Trinidad, said he plans to stay in Colorado.

A trial date for the Nacchio case hasn't been set.

D.C. May Take Stronger Role In Nacchio's Case (RMNEWS)

By Jeff Smith

Rocky Mountain News, August 11, 2006

Outgoing U.S. Attorney for Colorado Bill Leone said he plans to go back to private practice - which likely means Washington, D.C., will take a more active role in the criminal prosecution of former Qwest Chief Executive Joe Nacchio.

"I have advised the new U.S. attorney (for Colorado) and the department that I would like to return to private practice as soon as it's feasible," Leone said in a telephone interview Thursday. "I've volunteered and agreed to stay involved in the (Nacchio) case as long as necessary to make it an effective transition and make sure nothing falls through the cracks."

In June, President Bush appointed Troy Eid, a former legal counsel to Gov. Bill Owens, to be the next U.S. attorney for Colorado, and Eid is expected to be sworn into the job as soon as today.

Leone, 49, has been the lead federal prosecutor on the Qwest case since 2002 when he was assistant U.S. attorney for Colorado. Leone became interim U.S. attorney for Colorado when John Suthers left the post in December 2004 to become state attorney general.

Just two months ago, the government lost its No. 2 prosecutor on the Nacchio case, when Mike Koenig of the Justice Department's Washington-based criminal fraud section also went back to private practice.

Despite the departures, Leone said he thinks the Nacchio case remains in "great shape and I'm confident that between our office and the Department of Justice the case is going to be left in good hands."

Nacchio faces 42 counts of insider trading in connection with selling $101 million of Qwest stock in the first five months of 2001 while allegedly knowing the company's financial condition was deteriorating. He has pleaded not guilty and is attempting to change the venue of the case to New Jersey, claiming the local press has made him "among the most reviled figures in recent Denver history."

Assistant U.S. Attorney for Colorado James Hearty remains on the prosecution team and recently was joined by Department of Justice trial attorneys Leo Wise and Colleen Conry. Wise was formerly on the government's tobacco litigation task force, and Conry is with Justice's fraud division.

Jeff Dorschner, spokesman for the U.S. attorney's office in Colorado, cautioned that the final trial team hasn't been determined. The trial date also hasn't been set, with the next hearing scheduled for Aug. 25.

The Qwest case got off to a rough start in 2004, when a jury acquitted two former midlevel executives and was hung on fraud charges against two others. Those two eventually struck plea deals with the government, and two higher executives, including former chief financial officer Robin Szeliga, have since pleaded guilty to one felony charge each. The stiffest sentence so far has been two years of probation, six months of house arrest and a $250,000 fine.

"I'm really proud of our efforts to date and our results to date," Leone said. He characterized his work as U.S. attorney as the "most gratifying and rewarding experience of my life."

Eid said he respected Leone's decision to return to private life and his commitment to serve on the Qwest prosecution team as long as needed.

"Bill Leone is a gifted attorney and one of Colorado's truly great public servants," Eid said in a statement. "Bill always gives 110 percent and his leadership of the Qwest team is a legacy in which all Coloradans can take pride."

Leone said he doesn't have a new job lined up. "It's fair to say that over the course of the next weeks and months I'm going to be reviewing my options to see what makes sense for me and my family," he said.

Fallout Continues Over Wright Compromise Legislation (DALBIZ)

By Jaime Jordan

Dallas Business Journal, August 11, 2006

An attorney for Love Terminal Partners wants the Justice Department to take part in Wright Amendment legislation discussions -- the opposite of the view taken by Sen. Kay Bailey Hutchison, R-Texas, who introduced the legislation.

In a separate event, another group upset over the proposed Wright Amendment compromise is planning to picket a transportation summit at lunch Thursday in Irving where Hutchison is the keynote speaker.

Friends of Love Field, a grassroots organization that supports repeal of the Wright Amendment, plans to protest the proposed compromise.

William A. Brewer III, of Bickel & Brewer in Dallas, and counsel for Love Terminal Partners, wrote the letter Thursday to Attorney Gen. Alberto Gonzales welcoming "an even-handed analysis of the antitrust, constitutional and economic implications of the bill."

The letter comes on the heels of a letter Sen. Hutchison wrote last week to Gonzales asking the Justice Department to remove itself from the Wright Amendment debate.

But Brewer said in his letter that it is proper for the Justice Department to review legislation that adversely affects interstate commerce.

"The airlines have armies of lobbyists at their disposal. The American consumer relies on the Department of Justice to defend its interests," the Brewer letter states.

According to Brewer's letter, there are three main problems with Senate Bill 3661:

The bill seeks to insulate an illegal combination among private parties to carve up the market for air transportation to and from the Dallas-Fort Worth area.

The focal point of the agreement is the improper taking and destruction of Love Terminal Partners' property for the sole benefit of private parties.

The bill will result in continued artificially high airfares for consumers in the Dallas-Fort Worth area.

The bill was introduced in the Senate last month by Hutchison. A similar bill is being considered in the House. Shortly after the bill was introduced, a memo, purportedly from the Department of Justice's antitrust division, began circulating on Capitol Hill. The letter expressed concerns that the bill violates antitrust laws and should not be approved by Congress.

The bill is based on a compromise forged by the cities of Dallas and Fort Worth, Fort Worth-based American Airlines Inc. (NYSE: AMR), Dallas-based Southwest Airlines (NYSE: LUV) and the D/FW Airport Board.

The legislation calls for a repeal of the Wright Amendment -- a 1979 federal law that limits flights from Love Field to Texas and eight surrounding states -- in eight years. The compromise also calls for reducing the gates at Love Field to 20 from 32.

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The owners of the Legend gates, Love Terminal Partners, have filed a lawsuit over the Wright compromise, calling the local deal "a wildly pernicious and anti-competitive arrangement to limit carrier operations and consumer choices for air travelers in North Texas."

Hutchison, in her own letter to Gonzales, said that in light of the memo, allowing the Justice Department to review the Wright legislation is akin to sending someone to trial after announcing a verdict.

"The inflammatory rhetoric of the document is clearly intended to lead the reader to a position of opposition to the local parties' agreement, which was reached in direct response to a request by senior members of the Senate Committee on Commerce," Hutchison wrote in the letter.

US Seeks Allies In Anti-Corruption Drive (VOA)

By David Gollust

Voice of America, August 10, 2006

The Bush administration said Thursday it is asking countries around the world to join the United States in battling corruption by high-level government officials. Officials say bribery and theft siphon hundreds of billions of dollars from government coffers every year, and that people in developing nations are hardest-hit.

Officials here say President Bush was instrumental in getting an anti-corruption commitment from the G-8 major powers at their summit in St. Petersburg, Russia last month.

They say he now wants to build on that with a new international drive against so-called "kleptocrats" - high-level functionaries in various governments enriching themselves through bribe-taking and outright theft.

There are no reliable figures on the extent of the problem. But the World Bank estimates that a trillion dollars is paid out every year to bribe government officials, while the United Nations has said that $400 billion may have been diverted in recent years from aid programs in sub-Saharan Africa alone.

At a joint press appearance, senior officials of the State, Treasury and Justice Departments said they are forming an inter-agency team to track and prosecute high-level corruption, while reaching out to other countries to join U.S. efforts.

Undersecretary of State for Economic and Business Affairs Josette Shiner said the aim is to identify, isolate and punish those involved in corrupt government practices.

"The critical tools will be denying physical and financial safe-haven to corrupt officials," she said. "We will prevent them from laundering their ill-gotten proceeds, bring to justice those who bribe foreign officials, and identify, recover and return to the people of these countries the stolen assets that belong to them.

Undersecretary Shiner said the monitoring group Transparency International estimates that former Indonesian President Suharto embezzled between $15 and $30 billion during his more than 30-year tenure in office, while his Philippine counterpart of the same era Ferdinand Marcos may have stolen five billion dollars.

A State Department fact sheet also identified former Presidents Saddam Hussein of Iraq, Arnoldo Aleman of Nicaragua, Sani Abacha of Nigeria and Alberto Fujimori of Peru as "kleptocrats."

Under questioning, Undersecretary Shiner declined to identify current world leaders who may be involved in corruption, but she made clear the United States believes there are many, including senior figures in Belarus hit with U.S. Treasury Department sanctions in June for corruption and human rights abuses.

"What we're saying today is we're putting kleptocrats on notice," she said. "If you're stealing the funds that legitimately belong to the citizens of your county, we will be organized to act on that. So we're not here today to announce a list. But we are here to say that the action we've taken with Belarus is an example of the kind of action that we seek to take.

In the case of Belarus, the United States followed the lead of the European Union in blocking assets of President Alexander Lukashenko and key associates, following what U.S. officials say were fraudulent elections in the eastern European state last March.

U.S. action against international corruption began in earnest in 1977 with the Foreign Corrupt Practices Act, which made it illegal for U.S. citizens to bribe foreign officials.

Undersecretary Shiner said the U.S. Justice Department continues to vigorously enforce that law, with 16 cases prosecuted in the last two years. She said the United States will push and advocate for every country to have a similar law in place.

In a written statement from his Texas vacation home, President Bush called high-level corruption a grave and corrosive abuse of power and a threat to democratic progress. He said promoting transparent and accountable governance is a "critical component" of the U.S. agenda.

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CORPORATE SCANDALS:

Former Brocade Execs Face More Charges (EETIMES)

By Dylan McGrath

EE Times, August 10, 2006

SAN FRANCISCO — The U.S. Justice Department has filed additional charges against two former Brocade Communications Systems Inc. executives who were charged with securities fraud last month, according to a statement issued Thursday (Aug. 10).

Gregory Reyes, Brocade's former president, chairman and CEO, and Stephanie Jensen, the company's former vice president of human resources, were charged in a 12-count indictment with a scheme to backdate stock option grants to give employees favorably priced options without recording necessary compensation expenses, according to the statement, issued by U.S. Attorney Kevin Ryan.

The Justice Department continues to signal its intention to take a hard line against individuals that have been implicated in the ongoing scandal over historical stock options granting practices — Thursday's indictment was handed down just one day after three executives from software vendor Comverse Technology Inc. were charged with orchestrating a scheme to manipulate the grant of millions of Comverse stock options to themselves and to employees.

The Justice Department said Thursday's indictment charges both defendants with eight counts each, including charges of conspiracy to commit securities fraud, securities fraud, mail fraud, making false statements in SEC filings, and falsifying books and records.

Reyes has been further charged with four counts of making false statements to Brocade's auditors, according to Thursday's statement.

"Today's indictment brings additional charges, including conspiracy, falsifying SEC filings and making false statements to auditors," Ryan said through the statement. "The indictment alleges that this backdating scheme contributed to the restatements of hundreds of millions of dollars of Brocade's financial results."

According to the indictment, Reyes and Jensen regularly caused Brocade to grant "in-the-money" options for which the exercise price was lower than the company's stock price on the day of the grant to Brocade employees between 2000 and 2004. The indictment alleges that the pair backdated documents to make it appear that the options were being granted at fair market value on the "strike" date, concealing millions of dollars in expenses from investors.

Fair market value stock options grants did not need to be expensed prior to implementation of the FAS-123 accounting standard last year. But "in the money" options, or those granted below fair market value, should have been recorded as a compensation expense, according to the Justice Department.

The indictment alleges that Reyes and Jensen repeatedly used hindsight to select a date with a lower stock price from the recent past as the supposed option grant date. To facilitate the scheme, Jensen allegedly created, or directed others to create, paperwork making it appear that the options had been granted on the earlier date, according to the Justice Department.

In some instances, employment offer letters and compensation committee minutes were allegedly falsified and purported to document option grants to employees before they had even been hired by the company, according to the indictment.

"The indictment alleges that these defendants altered and backdated board of director meeting minutes and employment offer letters in a scheme to defraud in connection with the pricing and granting of stock options," Ryan said. "It is integral to the public trust in our financial markets that books and records are maintained honestly, and that the true financial condition of public companies is disclosed accurately."

Brocade eventually restated and revised its financial statements for fiscal years 1999 through 2004 in light of its historical stock options impropriety, resulting in material changes of hundreds of millions of dollars.

All but one of the counts brought against Reyes and Jensen carry maximum penalties of 20 years and prison and a $5 million fine, plus restitution. Count one, conspiracy to commit securities fraud, carries a maximum statutory penalty of five years and a fine of $250,000.

Reyes and Jensen are scheduled to appear for a court hearing here Aug. 30.

The Justice Department said the indictment is the result of 18-month investigation by the FBI. The investigation is ongoing, the Justice Department said.

Last month, the Justice Department and the U.S. Securities and Exchange Commission (SEC) separately filed criminal and civil securities fraud charges against Reyes and Jensen. The SEC also filed charges against Brocade's former chief financial officer, Antonio Canova, at that time.

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Judge Edward Chen Wednesday declined to dismiss the original charge against Reyes and Jensen, according to media reports.

More than two dozen high-tech firms have been implicated in the controversy over historical stock options backdating. At a news conference here last month to announce the original indictment against the former Brocade executives, SEC Chairman Christopher Cox said his agency is investigating more than 80 companies.

Ryan last month created a backdating task force to investigate allegations that Silicon Valley companies and individuals defrauded shareholders by retroactively changed grant dates for stock options. Ryan has declined to specify how many companies the task force is investigating, but a number of companies have acknowledged being subpoenaed by Ryan's office in SEC filings.

Stock Options Backdating Charges Added In Brocade Case (MERCN)

By David Kravets

The San Jose Mercury News, August 11, 2006

SAN FRANCISCO - Federal prosecutors here added more charges late Thursday against the nation's first two executives charged in a widening crackdown on backdating stock options.

Gregory Reyes, the former chief executive of Brocade Communications Systems Inc. and Stephanie Jensen, Brocade's former vice president of human resources, were originally charged with one count each of securities fraud in a criminal complaint on July 20. Authorities allege the backdating of stock options was, in part, cause for the company to restate financial results for fiscal years 1999 through 2004, shaving 20 cents off previously reported earnings per share figures.

According to an indictment unsealed Thursday, the two were charged with eight counts each of securities fraud, including making false statements in Securities and Exchange Commission filings, and of falsifying books and records. Reyes is accused of four other counts, including making false statements to company auditors.

The indictment came a day after U.S. Magistrate Edward Chen declined to dismiss the single-count charges over the objections of defense lawyers, who argued that any backdating was meant to attract employees to the San Jose-based maker of data storage devices, not to skew financial results. The lawyers also maintained the two had no criminal intent to deceive shareholders.

Reyes' attorney, Richard Marmaro, did not immediately return call seeking comment.

Jensen's attorney, Laurie Carr Mims, insisted Jensen had no responsibility for finance or accounting, an argument her defense team made when the original complaint came down.

Stock options allow employees to buy shares of their company's stock in the future at a set price - and potentially reap a big windfall if share prices later rise.

Backdating is when options are retroactively issued to coincide with low points in a company's share price. Authorities allege Reyes and Jensen regularly backdated board of director meeting minutes so that it appeared the stock options committee granted options on dates that Brocade's share price was relatively low. Authorities allege no such meetings occurred on those dates.

If convicted, the two could face 20 years in prison or more, plus millions in fines, although the actual amount is up to a judge's discretion.

Brocade, once worth as much as $24 billion, today is valued at about $1.6 billion.

Dozens of U.S. companies have disclosed that their stock options practices are being investigated by the Department of Justice or the Securities and Exchange Commission.

On Wednesday, three former top executives at New York-based Comverse Technology Inc., a leading maker of voicemail software, were accused of hatching a scheme to pocket millions of dollars by secretly manipulating and backdating stock options - bringing to five the number of executives caught in the government's backdating dragnet.

The case is United States v. Reyes, 06-70450.

New Charges For Execs (MERCN)

By Mark Schwanhausser

The San Jose Mercury News, August 11, 2006

The legal troubles for the first two Silicon Valley executives charged in the nationwide stock options scandal deepened Thursday when a grand jury in San Francisco indicted them for a raft of additional charges.

The new charges broaden the government's case and could give federal prosecutors more chances to convict Greg Reyes, former chief executive of Brocade Communications Systems of San Jose, and Stephanie Jensen, former vice president of human relations.

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Each was charged with eight counts including securities fraud, falsifying records, mail fraud and filing false financial statements that overstated the company's profits.

Reyes was also indicted on four additional counts of making false statements to Brocade's auditors, who had probed whether the company routinely rigged prices on stock options to secretly give new employees a head start to potential profits.

The maximum penalty for the charges is 20 years in prison and a $5 million fine.

Reyes, 43, and Jensen, 48, initially were charged with just one count each of securities fraud in a criminal complaint filed July 20. The Securities and Exchange Commission also has filed civil charges against Reyes, Jensen and Antonio Canova, Brocade's former chief financial officer.

"It is integral to the public trust in our financial markets that books and records be maintained honestly, and that the true financial condition of public companies is disclosed accurately," U.S. Attorney Kevin V. Ryan said in a statement.

Defense lawyers argued in court Wednesday that the U.S. Attorney would find it difficult to win on the initial securities fraud charge because prosecutors would need to prove the executives intended to deceive shareholders.

Reyes' lawyer, Richard Marmaro, said in a statement Thursday that Brocade's records are "fraught with inadvertent errors" by human resources and finance department employees. But, he added, "not a single document suggests fraud" by Reyes.

To win conviction, prosecutors still must prove Reyes and Jensen's intent, but it could be easier to prove mail fraud, falsified books or that they conspired to cover up their actions, experts say.

The Brocade case is being closely watched because it is the first time executives have been criminally charged in the growing scandal. But it's particularly relevant in Silicon Valley, home to the largest concentration of companies under investigation by the SEC and Justice Department.

So far, one-fifth of Silicon Valley's 150 biggest companies face federal investigation, internal reviews, financial restatements or shareholder lawsuits.

While the legal troubles deepened for Reyes and Jensen, the company sought to move beyond the scandal Thursday. Fifteen current and former Brocade executives -- including CEO Michael Klayko, former board member Larry Sonsini and former CFO Canova -- agreed to settle a shareholder lawsuit filed in San Francisco federal court. Brocade's auditor, KPMG, also settled.

Under the deal, Brocade's board of directors will appoint either a lead outside director or an independent chairperson, and the company's general counsel will serve as chief compliance officer. Brocade also will pay $525,000 to lawyers representing investors. A settlement hearing is scheduled for Aug. 18.

Other shareholder suits against Brocade are still pending.

SEC Charges Former Endocare Executives With Fraud (LAT/BLOOM)

From Bloomberg News

The Los Angeles Times, August 11, 2006

The SEC alleges that the ex-CEO and ex-CFO overstated revenue in 2001 and 2002.

U.S. securities regulators charged former Endocare Inc. Chief Executive Paul W. Mikus and former Chief Financial Officer John V. Cracchiolo with fraud, saying that the two "significantly overstated" income.

The alleged fraud occurred during 2001 and 2002, with the company overstating revenue as much as 33% in one quarter, the Securities and Exchange Commission said in a statement. Irvine-based Endocare makes medical devices to treat cancers and prostate ailments.

"Endocare's egregious and widespread fraud pervaded the executive suite," said Randall R. Lee, director of the SEC's Pacific regional offices in Los Angeles, in the statement.

The company, which is trying to gain financing to stay afloat, agreed last month to pay $750,000 to settle an SEC investigation of the accounting issues. Three current and former employees also settled related charges. The current CEO, Craig T. Davenport, was hired in December 2003.

"This is just a continuation of what was settled with the company, and the SEC has taken the next step of filing charges with these individuals who have long been separated from the company," Endocare spokesman Matt Clawson said. The company itself isn't being investigated by the SEC or Justice Department, he added.

Telephone numbers for Mikus, 40, of Irvine, and Cracchiolo, 50, of Gardnerville, Nev., couldn't immediately be found.

The complaint, filed Wednesday in U.S. District Court in Santa Ana, alleges that fraudulent accounting caused earnings to be overstated at least 16% in all of 2001, 17% in the first quarter of 2002 and 33% in the second quarter of 2002.

The company has restated those earnings and doesn't plan to make any further corrections as a result of the investigation, Clawson said.

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Endocare disclosed Tuesday that it had received an SEC subpoena for information on stock-option grants involving former officers and directors. The company also said that it would probably need to raise additional capital no later than March 31, 2007, to keep operating.

Tally Of Option Probes Tops 100 As Concern Grows (Update1) (BLOOM)

By Rick Green

Bloomberg, August 11, 2006

Aug. 10 (Bloomberg) -- The number of companies with stock options grants under scrutiny passed 100 as Nvidia Corp., Electronic Arts Inc. and a half dozen others disclosed probes, fueling concern that the rising tally will erode investor confidence.

Options investigations, which began with a handful of small technology companies, have now spread to some of the biggest corporations across several industries. Among them are household names such as Apple Computer Inc., the maker of iPods, and Home Depot Inc., the world's largest home improvement retailer.

At least 105 companies have disclosed internal or federal probes, according to data compiled by Bloomberg News. Nineteen people have lost their jobs, five face criminal charges and one of them -- Comverse Inc. founder Jacob Alexander -- didn't show up for his arraignment yesterday. Dozens of companies have said they can't file financial reports on time, and uncertainty about their true picture may disrupt investment decisions.

"Worse than the worst news you can think of is not knowing," said Howard Silverblatt, a market analyst at Standard & Poor's in New York. "It creates havoc in the market."

Nvidia, the world's third-biggest maker of computer-graphics chips, delayed second-quarter financial results today after finding evidence of improperly dated grants.

Electronic Arts, which makes video games, is reviewing grants mentioned in a shareholder lawsuit, spokesman Jeff Brown said. The company, based in Redwood City, California, has already conducted an internal study spanning 10 years and found no improper grants, he said.

New Probes

Other companies that disclosed probes today included HCC Insurance Holdings Inc., a Houston-based property and casualty insurer that delayed filing its second-quarter results; Moldflow Corp., a software company based in Framingham, Massachusetts; ViaSat Inc., a satellite communications company based in Carlsbad, California; and Dot Hill Systems Corp., a data-storage company in Carlsbad.

About a dozen more companies said today they wouldn't meet their filing deadlines, including Alkermes Inc., a biotechnology company based in Cambridge, Massachusetts, which said the U.S. Securities and Exchange Commission has started an informal inquiry. Sepracor Inc., which makes the sleeping drug Lunesta; McAfee Inc., maker of anti-virus software, and CNET Networks Inc., the online publisher, said they would delay filing because of options probes.

Delayed Reports

Silverblatt said the delayed reports leave investors without crucial data, so they shun those stocks. That could hurt liquidity -- the ability to easily buy and sell a stock -- and liquidity is a major factor when S&P decides whether a company should remain in a stock index, Silverblatt said.

If the uncertainties aren't resolved, "it would require a very deep review of the situation," said Silverblatt, whose company compiles some of the most widely used stock benchmarks, including the Standard & Poor's 500 stock index.

Stock options allow holders to buy shares at a future date, usually at the price on the day they were granted. Investigators are trying to determine whether grants were backdated or carefully timed to coincide with days when the stock price was low, building in a paper profit for recipients.

Regulators and prosecutors have said such grants, if not properly disclosed, could involve criminal fraud because they hide costs from investors and distort financial statements.

The FBI said yesterday criminal probes of 45 companies are under way, and the SEC has said it is investigating more than 80.

Criminal Cases

Former executives at Comverse and Brocade Communications Systems Inc. have been charged in criminal cases. Apple's former general counsel, Nancy Heinen, who hasn't been accused of wrongdoing, hired a criminal defense attorney in the event she's involved in an investigation. Some of the options that have drawn scrutiny were awarded to Apple founder Steve Jobs.

The authorities aren't focused on the sums of money involved, which are often too small to matter to a company's balance sheet, said Joseph Grundfest a former SEC commissioner. Instead, regulators are looking at whether managers consciously tried to conceal what they were doing, said Grundfest, a professor at Stanford Law School in Palo Alto, California.

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"The cover-up can be worse than the crime," Grundfest said, with uncertainty about the integrity and fate of executives adding to investors' jitters.

"The last thing the market needs now is another black eye," Silverblatt said. He said the scandal calls into question "not just confidence in management to do the right thing for shareholders, but morally."

Seeking To Wipe Lay Slate Clean (NYDN)

New York Daily News, August 11, 2006

Lawyers for Enron founder Ken Lay, who died July 5 six weeks after being convicted of spearheading the fraud that destroyed the company, started a process that could wipe out his criminal record by letting Lay's estate act on his behalf in any further criminal proceedings. Federal prosecutors didn't oppose the motion.

Lay's widow Linda intends to represent the estate as executor. Once the estate takes over the case, it can move to vacate Lay's conviction, court papers said. A defendant's indictment and conviction can be thrown out if the person dies before having the chance to exhaust any appeals.

ImClone To Stay Independent (HC)

Houston Chronicle, August 11, 2006

NEW YORK - ImClone Systems shares plummeted 13 percent Thursday when the biotech drug maker decided to remain independent after mulling its options, including a sale of the company, for eight months.

The company also announced it is resuming a search for a permanent chief executive to replace interim CEO Joseph Fischer and that it asked financier Carl Icahn to run for a position on its board. Icahn holds about 10 percent of the company stock.

Analysts said it didn't bode well for ImClone when Bristol-Myers Squibb Co., which owns roughly 20 percent of its shares, opted not to buy the company. ImClone is best known for the insider trading scandal that sent founder Sam Waksal and domestic diva Martha Stewart to jail.

CRIMINAL LAW:

Pentagon Officials Quit At Agency Linked To Bribes (NYT)

By David D. Kirkpatrick

The New York Times, August 11, 2006

WASHINGTON, Aug. 10 — The two top officials of Counterintelligence Field Activity at the Defense Department resigned this week amid investigations into their agency's classified contracts with a businessman who has pleaded guilty to bribing department officials and Representative Randy Cunningham.

The resignations, which were first reported Thursday in The Washington Post, are the latest sign that the scandal surrounding Mr. Cunningham, a California Republican who stepped down last fall, is still unfolding. The new departures come as the House intelligence committee is preparing its own report on corrupt favors performed by Mr. Cunningham as a member of the panel.

The two officials, David A. Burtt II, the director of Counterintelligence Field Activity, and Joseph Hefferon, the deputy director, could not be reached for comment. A Pentagon spokeswoman said Thursday that their resignations were "a personal decision that they both made together."

Federal prosecutors have named the counterintelligence agency in court papers as a source of tens of millions of dollars in inflated contracts provided to Mitchell J. Wade, chief executive of the military contractor MZM Inc.

In February, Mr. Wade pleaded guilty to bribing Mr. Cunningham and unidentified Defense Department officials in exchange for such contracts. Mr. Cunningham pleaded guilty to accepting illicit payments from Mr. Wade and another contractor, later identified as Brent R. Wilkes. Prosecutors have not charged Mr. Wilkes.

Mr. Cunningham was chairman of the intelligence panel's subcommittee for human intelligence, giving him responsibility for oversight of the counterintelligence agency.

In February 2004, Mr. Cunningham sent a letter to Mr. Burtt, thanking his staff for its execution of a project he had inserted in a military bill, according to documents filed in United States District Court in Southern California.

And he promoted Mr. Wade's company, MZM, to Mr. Burtt as well. "Additionally, I wish to endorse and support MZM Inc.'s work," Mr. Cunningham wrote.

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Gotti Prosecutor Has Doubts About Trial Next Week (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, August 11, 2006

NEW YORK -- A prosecutor said Thursday he had doubts about the government's ability to proceed to trial next week against John "Junior" Gotti after a judge tossed out most of the charges the government added to the case three months ago.

The unusual admission by Assistant U.S. Attorney Victor Hou came as he asked U.S. District Judge Shira Scheindlin to clarify what effect her decision earlier this week to dismiss new racketeering and money laundering charges would have on evidence.

"We have serious concerns about our ability to go forward given your ruling," Hou said before the judge, who had permitted a new witness tampering charge to remain in the indictment, clarified her position.

The judge seemed to resolve some of the prosecutor's fears when she said the government could still introduce new evidence it believes might convince a jury that Gotti continued to benefit from mob activities even after he claimed to have left organized crime.

The jury deadlocked at two racketeering trials for Gotti in the past year, with eight of 12 jurors willing to acquit him at a trial that ended in the spring.

The government struggled to counter a defense argument that Gotti left the Gambino crime family in the late 1990s and had lived a clean life since then.

The judge tossed out most of the charges brought by the government in May, saying they were barred because of the terms of the agreement Gotti signed when he pleaded guilty to other racketeering charges in 1999.

Meanwhile, the judge rejected a request Thursday by Gotti to let him go horse barrel jumping with his son.

Gotti lawyer Charles Carnesi asked her to let Gotti take his 12-year-old son, Peter, to the horse competition because his wife is about to deliver their sixth child.

Although the judge said she was inclined to grant the request because Gotti has been under house arrest for the past year, she rejected it after prosecutors complained.

Questioning of potential jurors begins Monday for Gotti's retrial on charges that he committed racketeering in the 1990s as a leader in the crime family formerly led by his father, John Gotti.

The younger Gotti is accused of ordering two attacks on radio talk show host and Guardian Angels crimefighting group founder Curtis Sliwa in 1992 after Sliwa criticized his father on the air. The elder Gotti died in prison in 2002, a decade after he was convicted of racketeering and sentenced to life in prison.

The government said the younger Gotti ordered a baseball bat beating of Sliwa and a kidnapping several weeks later that ended with Sliwa being shot three times before he dived out of a moving taxi. Sliwa recovered from the attack to resume his on-air criticisms of the Gotti clan.

Gotti has denied ordering attacks on Sliwa.

Feds Fear They Gotti Drop Raps (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 11, 2006

On the eve of trial, the feds are considering dropping charges against John A. (Junior) Gotti after a judge whacked much of their case.

But that doesn't mean prosecutors plan to give the mob scion a slide. They may ask a grand jury to charge him again in a superseding indictment.

"We have serious concerns about our ability to move forward," Assistant U.S. Attorney Victor Hou told Manhattan Federal Court Judge Shira Scheindlin at a hastily called hearing with jury selection set to start Monday.

Last week, Scheindlin tossed out three money-laundering counts prosecutors added to a May indictment in a bid to shore up a case that has allowed Gotti to score two mistrials.

Gotti, 42, claims he left the mob life after serving as boss of the Gambino crime family once headed by his father, the Dapper Don John Gotti.

At the center of the case remains the claim that Gotti ordered a 1992 assault on radio host Curtis Sliwa. The only charge added to the new indictment that remains is a witness tampering charge.

The feds claim Gotti summoned the son of mob snitch Michael (Mikey Scars) DiLeonardo to his prison in upstate New York in 2003 so that he would persuade his father not to testify against him.

Higher-ups from the Manhattan U.S. attorney's office attended yesterday's hearing as prosecutors figure their next move.

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Hou quizzed Scheindlin about her ruling to gauge whether prosecutors were "not so severely compromised that we can't go forward."

Scheindlin said she will allow prosecutors to detail claims that Gotti tried to conceal mob money as they try to make their conspiracy case against Gotti.

"There's nothing here that takes out evidence that you want to use," Scheindlin said.

Pellicano Trial May Be Postponed Until February (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, August 11, 2006

Attorneys on both sides agree to a delay because the defense needs more time to prepare. The request must be approved by the federal judge presiding over the case.

Federal prosecutors and defense attorneys in the racketeering and wiretapping case of private investigator Anthony Pellicano and six others have agreed to postpone a scheduled trial date until February because the defense needs more time to prepare.

The postponement, described in court papers filed late Wednesday, still must be approved by U.S. District Judge Dale S. Fischer.

The new schedule would delay the start of the trial four months and give attorneys until October, rather than next Monday, to file pretrial motions regarding such issues as the credibility of expert witnesses and the admissibility of evidence.

The postponement comes as attorneys on both sides of the complex case have been wrangling over the validity of search warrants used to seize tape-recordings and documents from Pellicano's Sunset Boulevard office in late 2002 and early 2003, and the production of FBI interview reports and other government evidence.

"There are genuine issues surrounding the collection of some of the evidence, if not all of it, in this case," Pellicano's attorney, Steven Gruel, a former federal prosecutor, said Thursday in an interview. "And the additional time will be necessary to prepare for the court the justification to suppress the government's evidence."

Terree Bowers, another former federal prosecutor who is representing prominent entertainment attorney Terry Christensen, was more blunt, faulting the government for failing to "provide a comprehensive picture of the evidence."

"We continue to struggle to obtain important information and material that could be used to exonerate our clients," said Bowers, calling the government's "piecemeal production of evidence … very frustrating."

Christensen has been accused of hiring Pellicano to wiretap the former wife of billionaire Kirk Kerkorian and, through Bowers, has denied wrongdoing.

Citing office policy not to comment on pending cases, federal prosecutors declined to comment. The proposed delay in the trial presents some tactical advantages for both prosecutors and defense counsel.

With more time to prepare challenges to the government's evidence in the case, defense attorneys may be more successful than they have been in their attempts to strike witnesses and challenge the validity of government search warrants.

So far, Fischer has refused virtually all of their challenges and refused to fault the government for its pace in turning evidence over to the defense.

At the same time, a delay in the start of the trial may help the FBI and U.S. attorneys office complete the decoding of encrypted recordings taken in searches of Pellicano's offices.

Two months ago, federal prosecutors said they were still trying to decode more than 275 of the 1,300 audio files recovered during the searches.

Since then, authorities have made more progress in decoding those files but will not say how many they still have left to decrypt. Just what the tapes contain remains unclear.

Prosecutors have only acknowledged having "at least one" recording that purportedly represents a wiretapped telephone conversation. They also have alleged that they have tape-recordings of "hundreds of calls" in which Pellicano can be heard speaking to lawyers and other clients about information he allegedly gained from wiretaps.

Some criminal defense attorneys have privately suggested the government will need more examples of actual wiretaps to establish an ongoing conspiracy by Pellicano and his principal co-defendants. But other lawyers versed in such cases contend that the calls in which Pellicano allegedly relays information gained from wiretaps to clients — coupled with testimony from those who have acknowledged hiring Pellicano to wiretap adversaries — could prove compelling to juries.

Either way, the additional time will enable authorities to continue assembling evidence.

Thus far, Pellicano and six co-defendants have pleaded not guilty, while seven other defendants have pleaded guilty to counts ranging from lying to authorities to hiring Pellicano to wiretap others.

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BetOnSports Bettors Seek Return Of Money (AP)

AP, August 11, 2006

NEW YORK (AP) -- Since BetOnSports PLC started accepting wagers online, gamblers played the odds on plenty of sporting events. But they also gambled on whether U.S. prosecutors would one day target the Costa Rica-based company for possibly violating federal law.

Now, gamblers are wondering if they'll ever get their money back after a judge's temporary restraining order forced BetOnSports to disable its Web site, blocking access to player accounts, and employees said the company was closing.

BetOnSports faces a 22-count indictment on fraud and racketeering charges in the U.S. District Court in St. Louis. David Carruthers, the firm's former chief executive, remains in jail in the United States after being arrested while changing planes in Texas.

On Thursday, two employees in Costa Rica said the company was closing because of legal problems in the United States. The employees, who asked that their names not be used because of fear they could lose layoff payments, said they were told they were losing their jobs as the company shuts down.

Costa Rica's Channel 7 quoted BetOnSports lawyer Francisco Conejo and employee Roxana Chacon also saying the company was closing.

A company executive, who spoke on the condition of anonymity because he was not authorized to speak publicly about the case, said the company intended to issue a statement Friday clarifying its situation.

Prosecutors are seeking the forfeiture of $4.5 billion, plus several cars, recreational vehicles and computers from Carruthers and 10 other people associated with the gambling operation.

U.S. Attorney Catherine Hanaway told The Associated Press that last month's federal restraining order requires BetOnSports to return any money that American customers have tied up with the site.

The order, which expires Monday but could be extended, also prevents BetOnSports from taking U.S.-based bets.

But Hanaway said if BetOnSports doesn't return the money, the U.S. government has every right to seize it.

Hanaway contends the bets were placed illegally, violating the 1961 federal Wire Act. That means the government could take the money to settle legal claims in the same way it takes money from drug cartels, Hanaway said.

"In all kinds of crimes we forfeit money that someone has paid," she said.

The BetOnSports executive who spoke anonymously said the company was trying to return deposits and pending wagers before that scenario plays out.

"Customers will get their money," the executive said.

But the executive said that because of the judge's order on July 17, some payment processors, or e-wallets as they're known, have stopped doing business with BetOnSports. The executive said BetOnSports has no way to transfer the bulk of the pending wagers or deposits to gamblers.

"We are in a difficult position," the executive said.

The executive declined to give the value of the pending wagers and deposits. It could be plenty.

Almost all the wagers placed on BetOnSports come from the U.S. For the 53 weeks preceding February 2005, the company's sportsbook had more than 71,000 active customers who placed 9.9 million bets. The average bet was $109. Prosecutors said 97 percent of the sports bets are made on American football, basketball and baseball.

BetOnSports relies on non-U.S. payment processors such as Neteller and FirePay to serve as middlemen for the site.

That is bad news for some BetOnSports gamblers -- despite the fact the Justice Department has not yet gone after these payment processors. Like BetOnSports, Neteller and FireOne are publicly traded in London and regulated by British authorities.

"Neteller has for the moment suspended doing business with BetOnSports and is reviewing the relationship in light of what happened," company spokesman Sebastian Hoyle wrote in an e-mail.

The BetOnSports executive says FirePay has also stopped doing business with the betting site.

David Schwartz, chief financial officer of FireOne Group, FirePay's parent company, did not respond to messages left on his voice mail in Canada. In a conference call Tuesday with analysts to discuss quarterly financial results, FireOne would not talk about BetOnSports.

I. Nelson Rose, a professor at Whittier College of Law and an expert on Internet gambling, said the government has a strong case against BetOnSports but not against its customers.

"The Wire Act does make it a crime to be in the gambling business and accept sports bets but it does not make it a crime to be the bettor," Rose said.

Rose said the government can't confiscate the deposits, because the bettors haven't done anything illegal. To say the bettors are as guilty as the bookies is wrong, he said.

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"This is saying the buyer of drugs is aiding and abetting the seller of drugs and therefore is guilty of selling drugs," Rose said. "It won't wash."

Rose said the government needs to rethink its position and the money should be returned to the bettors.

"There are lots of legal questions involved in this but the one ... that's not a question is that the money in those accounts belongs to the players," Rose said. "These are deposits, not disputes over winnings."

Betonsports Plans To Shut Down Its U.S. Business (BLOOM)

By Dan Weeks

Bloomberg, August 11, 2006

Aug. 11 (Bloomberg) -- Betonsports Plc, the British online bookmaker that's been charged with crimes in the U.S., said it will shut down activities catering to American gamblers after a court ordered the company to stop taking bets in the country.

The bookmaker plans to stop operating in Costa Rica and Antigua, from where it had accepted wagers from the U.S., as soon as possible, it said today in a statement.

"By complying with the U.S. Department of Justice and not taking bets in the U.S., Betonsports is hoping the Department will ease up on the payment processes" to allow Betonsports to gain more sales from outside the U.S. and help it pay creditors, spokesman Ged Brumby said.

U.S. gamblers accounted for almost three-quarters of the $48.3 million in customer deposits that Betonsports took in during the fiscal first quarter, which ended May 6. The rest came from bettors in Latin America and Asia, where the company owns gaming brands including 777ball and Easybets.

A U.S. federal court last month ordered Betonsports to stop taking bets from the United States, its main market, and return deposits paid by American bettors. The bookmaker also was indicted on charges including racketeering.

"The directors are taking steps to ensure that the company will not knowingly accept any wagering transactions from U.S. based customers," Betonsports said in today's statement.

Trading in Betonsports stock was halted July 18 and has yet to be resumed. Shares of Sportingbet Plc, an online bookmaker that gets more than half its revenue from U.S. customers, fell as much as 5.4 percent in London today.

The company said it plans to repay balances due to U.S. customers and to settle liabilities with employees and creditors. It cautioned, though, that the process will take time and is contingent on its ability to convince banks and cash processors to relinquish funds and to generate earnings at its non-U.S. activities.

CIA Gives Libby Overviews Of Briefings (WP/AP)

By Matt Apuzzo, The Associated Press

The Washington Post, August 11, 2006

WASHINGTON -- The CIA says it has provided short summaries of Vice President Dick Cheney's daily security briefings to defense attorneys for his indicted former chief of staff.

The documents, which were provided in response to a March court order, summarize a wide range of national security issues that consumed the working day of Cheney and I. Lewis "Scooter" Libby, who is accused of five counts of perjury, obstruction and lying to the FBI.

In a document filed Wednesday in federal court, the CIA reported that it gave the material to Libby's lawyers in three batches starting in May. The final documents were turned over early this week.

Libby has been charged with making false statements about how he learned the identity of CIA officer Valerie Plame and what he told reporters about her. Libby's discussions with reporters came shortly after Plame's husband, former U.S. Ambassador Joseph Wilson, accused the Bush administration of twisting prewar intelligence to exaggerate the Iraqi threat.

Libby's lawyers say he had many more important things on his mind and may have forgotten the details about his conversations about Plame. They believe the daily security briefings will document his overwhelming workload.

The briefing summaries cover the period in the summer of 2003 when Libby was allegedly discussing Plame's CIA identity with journalists.

They also cover several weeks in the fall of 2003 when Libby was questioned by the FBI and March 2004 when Libby testified before a federal grand jury. It was those FBI interviews and grand jury appearances that led to his indictment.

Libby is scheduled to go on trial in January.

Former Minneapolis Councilman Convicted In Bribery Case (STPPP)

The St. Paul Pioneer-Press, August 11, 2006

DOJ_NMG_0046609

MINNEAPOLIS - A former Minneapolis City Council member was convicted Thursday in federal court on charges related to taking bribes from a developer who had business before the city.

Dean Zimmermann, 64, who represented the city's sixth ward from 2001 to 2005, was convicted of three of four charges contained in the indictment.

The charges he was convicted of involved accusations that he took $7,200 in cash from property developer Gary Carlson. The government presented video tapes of him taking the money during the eight-day trial.

He was found not guilty of one count of soliciting property from people who had business with the city.

"Public corruption will not be tolerated in this state," said U.S. Attorney Rachel Paulose. "Minnesotans have the right to expect that elected officials will work for the public good and not for what they might gain personally through back-room deals."

Many supporters of Zimmermann, a longtime community activist, were in the courtroom when the verdict was read.

Betsy Barnum, former state chair of Zimmermann's Green Party, said, "I think this is not justice and don't think he's guilty of any crime. I'm sorry to see the FBI engaged in this sort of thing. This man isn't a corrupt man. Entrapment isn't too strong a word for what they did to him."

The defense claimed the developer pushed the money onto Zimmermann, while prosecutors insisted Zimmermann was predisposed to take bribes and the government only presented him with the opportunity.

Closing arguments in the case were Wednesday and jurors deliberated about six hours over two days before issuing their ruling Thursday afternoon.

Zimmermann is the third member of the Minneapolis City Council to be convicted of taking money or favors from constituents. Brian Herron was sentenced to one year in federal prison in February 2002 and Joe Biernat was sentenced to one year and nine months in federal prison in April 2003.

U.S. District Judge Ann D. Montgomery will sentence Zimmermann. No sentencing date was set. Under state sentencing guidelines, the maximum potential sentence would be 10 years in prison and a $250,000 fine on each of the three counts.

Zimmermann Found Guilty On 3 Counts Of Bribery (MINNST)

By Randy Furst, Star Tribune

Minneapolis Star Tribune, August 11, 2006

The former Minneapolis City Council member was exonerated on a fourth count.

From Dean Zimmermann's wife there were tears as she broke down in the lobby of the U.S. Courthouse in downtown Minneapolis. From his supporters there were feelings of dismay and disbelief, and from Zimmermann himself, a reiteration that he is innocent.

From the FBI there was satisfaction that a federal jury had convicted the former Minneapolis City Council member Thursday of three counts of taking bribes from developer Gary A. Carlson.

And from the prosecutor there was a more muted response. "I like to be on the side that prevails," Assistant U.S. Attorney John Docherty said. "I recognize this is not a good day for the people of Minneapolis. ... It is not a good thing when an elected official has been found beyond a reasonable doubt to have violated the public trust."

U.S. District Judge Ann Montgomery ordered a presentence investigation.

Zimmermann's attorney, Dan Scott, said he could get a prison sentence of up to five years.

Jenny Heiser, Zimmermann's wife, wept in the courthouse lobby. "There was no one who loves Minneapolis more than you," she said to Zimmermann. "You were going to lead tours of the city after you retired. This is like a 'Twilight Zone' episode. It is totally bad."

Outside on the plaza, Zimmermann, 64, a Green Party leader and City Council member from 2001 through 2005, was defiant.

"I didn't do anything wrong," he said "I did things that were stupid, but not anything wrong."

As for going to prison, the longtime civil-rights and antiwar activist shrugged it off. "Think of all the young men who have died in Iraq," he said. "My fate isn't as bad as theirs."

Zimmermann showed no emotion in court Thursday, leaning back in his chair as Gertie Simon, a calendar clerk, read the verdicts.

The jury, which had deliberated for six hours, found him guilty on three counts of taking cash from Carlson, and not guilty of one count of asking a development firm to build a retaining wall on the land of his former domestic partner.

Carlson had been wired with a concealed video camera and audiotape recorder, and during the trial, the seven-woman, five-man jury saw video of Carlson handing over to Zimmermann envelopes filled with $100 bills while the two men chatted amiably about how Zimmermann would help him rezone a failing condominium development and launch a new Somali-American mall.

After the verdicts, FBI agents Timothy Bisswurm and John Kukura had smiles on their faces but referred questions to FBI spokesman Paul McCabe.

"We're pleased that the jury recognized that Mr. Zimmermann abused the public trust in his position as a city councilman," McCabe said, adding that public corruption investigations are surpassed only by terrorism and counterintelligence issues as FBI priorities.

Zimmermann is the third Minneapolis City Council member in five years who has been convicted in an FBI investigation. Brian Herron pleaded guilty in 2001 to extortion, and Joe Biernat was convicted in 2002 of accepting free plumbing. Both went to prison.

Zimmermann has insisted since his January indictment that the Justice Department was targeting the Green Party.

"This is a good blow by the government to shut up the Green movement, the environmental movement, the antiwar movement," he said Thursday.

Told of Zimmermann's remarks, Docherty replied: "Absolutely not. If there was a political clone of me who agreed on everything and they took money, this office would prosecute them."

A juror's view

One juror, Michael Schoonover of Stacy, Minn., said Thursday night that he recalled little discussion about whether Zimmermann had been entrapped by the FBI, noting that there was a feeling that "he seemed to be a willing participant in the whole thing."

Early on, Schoonover said, there appeared to be overwhelming support for conviction on two counts -- taking $5,000 in June 2005 and $1,000 at the end of August 2005. "The videotapes were pretty strong, and the fact that he put [$5,000] in his pocket," he said.

The jurors eventually also agreed he was guilty of accepting another payment of $1,200 in mid-August 2005 but they remained split through most of the deliberations over the charge that he tried to get the retaining wall built. They ultimately decided there was reasonable doubt about it, he said, noting that Zimmermann never did get a retaining wall.

How the case began

The case evolved, according to court testimony, from an FBI interview May 3 with Carlson, who was building an 81-unit condominium project at E. 24th Street and Chicago Avenue S. in Minneapolis. Federal authorities were investigating East Bank, a small bank in Dinkytown in which Carlson was an investor. He is not a target of the investigation, but he named some individuals, alleging corruption.

Carlson had subsequent conversations with Zimmermann, leading the FBI to zero in on Zimmermann and wire Carlson as Carlson began to give him cash.

"They couldn't find anything he did wrong, so they created a crime and talked him into it," defense attorney Scott said Thursday. "I can understand why the jury did what they did. I just don't understand why the government did what they did."

Docherty disagreed, saying public corruption cases are really hard to investigate.

"They are not things that occur in public view," Docherty said. "You've got to be able -- ethically, responsibly and legally -- to do undercover operations, and sometimes that's going to involve giving people the opportunity to do what they are already disposed to do. The FBI did no more than that in this case."

But some Zimmermann supporters don't buy it.

"I'm sorry to see the FBI engaged in this sort of thing," said Betsy Barnum, former state chairwoman of the Green Party. "This man isn't a corrupt man. Entrapment isn't too strong a word for what they did to him."

Staff writer Bob von Sternberg contributed to this report. Randy Furst · 612-673-7382

Nine Are Charged In Alleged Sex Ring (SEAPI)

By Scott Gutierrez

Seattle Post-Intelligencer, August 11, 2006

Asian women forced into prostitution, prosecutors say

Nine people were charged Thursday with taking part in a human-trafficking ring that smuggled scores of Asian women into the Northwest and forced them into prostitution to pay for their trips to the United States.

The two-year investigation culminated with raids and arrests by local and federal law enforcement agents late Wednesday and early Thursday at five locations, including two brothels and an escort service being operated out of Seattle homes, law enforcement officials said at a news conference.

Once in the United States, the women were moved every 10 to 14 days among brothels in Seattle and other cities across the country to keep the selections "fresh" for customers and to thwart law enforcement, said John McKay, U.S. attorney for Western Washington.

One of the main suspects, Yong Jun Kang, 36, of Seattle, told a police informant that the women were smuggled in shipping containers, and sometimes taken across the border from British Columbia. Some agreed to pay as much as $50,000 for the trip, court documents say.

In telephone conversations between suspects and their customers, the brothels were referred to as restaurants and the women as wines or ethnic foods. Customers asked for "Kimchee" if they desired a Korean prostitute, or a "Pho dish" for a Vietnamese woman, court documents say.

"It is unsettling to agents and officers involved to have that kind of conversation going on," McKay said. "It was very upsetting to people who had to listen to it, and it made our efforts last night that much more rewarding,"

Seven of those arrested appeared briefly Thursday in U.S. District Court, where they listened to the allegations through court translators. Most of the suspects are Chinese citizens. The women came from China, Korea, Thailand, Vietnam, Malaysia, Singapore, Japan, Taiwan and Laos, officials said.

Indictments are expected within the next two weeks, U.S. Attorney's Office spokeswoman Emily Langlie said. Those arrested included:

Kang, who is accused of operating brothels in Portland and Seattle and who used an online travel agency to book flights for prostitutes to and from U.S. cities.

Pengquan Xie, 48, and Zheng Qu, 49, who are accused of managing Kang's brothels and were arrested in Los Angeles, where they made their first court appearance.

Zhenhua Liu, 31, an alleged competitor of Kang's who is accused of operating a brothel and who was known by the nickname "Jo Jo." The man who is accused of managing his brothel, Bing Wang, also was arrested.

Liancheng Ning, 47, who is accused of transporting the women to and from Sea-Tac Airport, where they were booked on flights for work in brothels in Los Angeles, New York, Chicago, Portland and Las Vegas.

Kesheng Zhu, 38, and Rujing Jiang, 36, a husband and wife who operated an escort service advertised in the Seattle Weekly and The Stranger as "Asian Girl -- Outcalls Only -- 7 days, 24 hours," court documents say. Another woman, Thongyot Liamurai, 39, worked as a prostitute for Kang and Zhu and was a confidante to Kang, court documents say.

The investigation, dubbed "Operation Traffick Jam," began in April 2004 when officers with the Eastside Narcotics Task Force raided a Bellevue spa, which turned out to be a front for prostitution, authorities said.

Kang, Zhu and Jiang were arrested as part of that investigation but never charged, Assistant U.S. Attorney Todd Greenberg said. Zhu, a Chinese national, was deported but returned to the United States illegally, he said.

Jiang's deportation was delayed because she was pregnant. She, along with Kang, vanished before their immigration hearings, Greenberg said.

The FBI, the Bureau of Immigration and Customs Enforcement and the Seattle Police Department conducted the investigation, which continues.

Investigators used undercover informants, who visited the brothels, and wiretapped suspects' cellular telephones for several months to crack the organization, according to court documents. They also monitored suspects' vehicles through court-sanctioned global positioning tracking devices, court documents say.

Some of the women obtained visas but overstayed their limits. Federal authorities were unable Thursday to provide the status of all the women allegedly forced into prostitution. Mike McCool, immigration deputy special agent in charge, said that four women are being held on immigration violations.

All nine who were arrested face charges of conspiracy to transport persons in furtherance of prostitution, punishable by a maximum of five years imprisonment. Eight are also charged with conspiracy to transport illegal aliens.

Four, including Kang, also are charged with conspiracy to engage in money laundering, which carries the stiffest maximum punishment of 20 years.

31 Arrested In Oxnard Gang Sweep (LAT)

By Gregory W. Griggs, Times Staff Writer

The Los Angeles Times, August 11, 2006

The multi-agency action was prompted in part by the July 30 slaying of a 22-year-old woman, which remains unsolved, police said.

Targeting gang crime, Oxnard police led a multi-agency task force early Thursday on a citywide sweep, serving numerous search warrants, arresting more than two dozen people and confiscating several weapons and small amounts of drugs.

Twenty-eight males and three females were arrested, including 10 juveniles, police said. A shotgun, three pistols, hundreds of rounds of ammunition and homemade clubs were confiscated along with 2 ounces of marijuana and less than a gram of heroin.

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"We definitely made a statement today that gang violence will absolutely not be tolerated in Oxnard or in Ventura County," said Oxnard Police Cmdr. Robert Cox, who led the operation. "The show of support today from the local law enforcement community has been overwhelming."

It was the second law enforcement sweep in the city this year and involved 140 officers from seven other agencies, including the Ventura County Sheriff's Department, the Port Hueneme Police Department and agents from the U.S. Marshal's Office and the U.S. Department of Justice.

David Keith, spokesman for the Oxnard Police Department, said Thursday's sweep was prompted in part by the July 30 fatal shooting of Gloria Guerra, 22. No arrests have been made in the slaying of Guerra, who had no criminal history or gang ties, authorities said.

Cox said the sweep could lead to evidence in other cases.

"When we're collecting these weapons, this ammunition, paraphernalia and gang writings, we're not only collecting intelligence but we could be collecting evidence of former crimes," he said.

Those arrested Thursday were taken to the city's police station for fingerprinting, background checks, processing and questioning. Adult suspects were then sent to the county's central jail in Ventura, while the minors went to the county's juvenile justice complex in El Rio.

But not every search resulted in an arrest.

At the first home called on early Thursday, police came up empty-handed.

Eight uniformed officers, several with guns drawn, approached the porch of the residence in the 400 block of Magnolia Avenue, then gathered near the wooden front doors as one of the officers knocked and shouted to the occupants inside.

Within moments, the door opened and the officers entered. About half a dozen people were escorted from the single-story home in the working-class neighborhood near downtown, about five blocks from the police station.

Although a search turned up no drugs or other probation violations, the officers didn't apologize, said resident Dalia Quintero, 21, the sister of two teens on probation.

"You can't judge the whole family," said Quintero, an Oxnard College student. "I graduated two years ago with honors. I'm being treated like a criminal, and I'm not even on probation."

A home searched by the team in the 500 block of West Yucca Street netted one arrest: an 18-year-old who had returned to his mother's home to be a pallbearer at a funeral.

John Ruiz's cousin and four childhood friends died Aug. 5 in a single-vehicle accident south of Camarillo.

Ruiz, who had recently moved from Oxnard to Moreno Valley to look for work, was accused of failing to keep in contact with his probation officer.

He had previously been arrested for tagging and curfew violations, said his mother, Ana Martinez.

Meanwhile, police said they are hoping to keep up the pressure on the city's gang members, who they say number more than 1,000.

Members of Colonia Chiques, the county's largest gang, have been suspects or victims in more than 40 homicides since 1992, authorities said.

To curb the gang's activities, Oxnard police successfully sought an injunction in June 2004 to limit its members' activities. Since then, police have served dozens of gang members with papers notifying them of the injunction, and only those people are subject to the court order.

The injunction, upheld by the courts last year, prohibits Colonia Chiques members from assembling, wearing gang colors or being outside after 10 p.m. It covers a 6.6-square-mile "safety zone" around the Colonia neighborhood and is credited with helping to reduce violent crime there.

There have been more than 100 arrests and prosecutions since the injunction was imposed, according to Deputy Dist. Atty. Karen Wold.

Based on that success, Wold returned to court in July seeking a similar injunction against the Southside Chiques, a smaller but relatively more violent rival gang.

Since early 2003, the gang's members have been identified as suspects or victims in nine Oxnard homicides and three in neighboring Port Hueneme.

Ventura County Superior Court Judge Vincent O'Neill Jr. has scheduled a Sept. 18 hearing to review the district attorney's request.

Berkeley officer probed in theft (OAKT)

By Kristin Bender

Oakland Tribune, August 11, 2006

DOJ_NMG_0046613

BERKELEY — For a second time this year, a Berkeley police officer is under investigation for theft.

Berkeley police internal affairs investigators and the U.S. Department of Justice are both investigating a 30-year-old Berkeley police officer for allegedly taking money from a detainee and not returning it, sources said Thursday.

The Oakland Tribune is not naming the officer, who was hired in 2003, because he has not been arrested or charged with a crime. He is on administrative leave pending the outcome of the investigation.

Sources said the officer confiscated some cash from someone he had contact with while on the job, and kept a portion of it. A citizen's complaint launched the investigation, sources said.

The Alameda County District Attorney's office was not involved in the case Thursday, but when the investigation is complete it will be turned over to the district attorney's office for review.

This is the second time this year that a sworn officer has been probed for alleged wrongdoing.

In June, former police sergeant Cary Kent, an 18-year Berkeley Police Department veteran, was sentenced one year in an electronic home detention program and five years probation for stealing heroin and methamphetamine from the department evidence locker.

The missing drugs were discovered during a police audit. Kent, a former police sergeant, was in charge of the drug evidence locker. He admitted tampering with 286 evidence envelopes, authorities said. He pleaded guilty to one count each of possessing heroin and methamphtamine.

Berkeley police and the district attorney's office began a joint investigation into the missing narcotics in January after an internal audit found procedural irregularities in the handling of drug evidence.

Kent retired in March rather than cooperate with the internal affairs probe. He is currently in a drug treatment program.

Advocates Vow Fight As Cuban Five Lose Ruling (MH)

By Jay Weaver And Casey Woods

The Miami Herald, August 11, 2006

Decades of community hatred toward Fidel Castro. Cuban military killings of exile pilots. Bitter custody disputes over rafter Elián González.

None of these highly publicized issues ruined the right to a fair jury trial in Miami for five Cuban men convicted of spying for the Castro government, an appellate court in Atlanta has ruled.

"Miami-Dade County is a widely diverse, multiracial community of more than two million people," the 11th U.S. Circuit Court of Appeals said in a 10-2 decision released late Wednesday. "Nothing in the trial record suggests that 12 fair and impartial jurors could not be assembled by the trial judge to try the defendants impartially and fairly."

U.S. Attorney R. Alexander Acosta said Thursday his office was "gratified" with the ruling, citing Miami federal Judge Joan Lenard's impaneling of an unbiased jury.

The so-called Cuban Five, accused of being part of an espionage network that spied on U.S. military installations and Miami exile groups, were convicted five years ago by a dozen federal jurors in one of South Florida's most politically laden criminal cases. One defendant was also convicted of conspiring with the Cuban government to murder four Cuban exile pilots a decade ago.

The appellate court found that pretrial publicity -- stirred up by anti-Castro sentiment, the Cuban air force's 1996 shoot-down of two Brothers to the Rescue planes over the Florida Straits and Elián's return to his father in Cuba -- did not make it impossible to impanel a neutral jury in Miami.

The appellate judges overturned a smaller panel of the same court that ruled the Cuban defendants were entitled to a new trial because of overwhelming anti-Castro publicity that could poison a prospective jury in Miami.

Although the Cuban Five lost this major appeal on the venue of their trial, they could challenge the ruling to the U.S. Supreme Court. If that fails, the defendants have a second opportunity to appeal their convictions to the Atlanta court, claiming insufficient evidence. The appellate court had postponed that matter until the venue issue was resolved.

The Cuban Five are heroes in their former homeland. A report on Wednesday's ruling in the island's state newspaper Granma described the "unjust imprisonment" of men who "tried to save Cuba and the United States from terrorism."

Advocates for the defendants criticized the appellate court and vowed Thursday that the ruling did not spell the end to their efforts to free the five.

"The majority opinion completely overlooked the question of the coercive atmosphere that exists in Miami," said Leonard Weinglass, the appeals attorney for Antonio Guerrero, who was sentenced to life in prison. "This is not the end of the case, far from it."

DEFENSE'S PLANS

Weinglass and the other defense lawyers have not yet decided whether to appeal the ruling to the U.S. Supreme Court.

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The defense team also plans to argue the Cuban Five's convictions should be overturned for lack of evidence. Their lawyers claim misconduct by prosecutors, mishandling of classified information and insufficient instructions to the jury.

Weinglass attacked prosecutors' closing arguments at trial.

'The prosecution said not once but three times that the [Cuban Five] had come to the United States 'in order to destroy the United States,' " he said. "This is an argument that the prosecutor made in a case in which the five were found unarmed, were never armed, and were never accused of committing an act of sabotage, an act of arson or of violence within the United States."

But former U.S. Attorney Guy Lewis, whose office prosecuted the case, disagreed.

"I fully expect that the court of appeals will look at the evidence and conclude there was overwhelming evidence of guilt," Lewis said, citing voluminous testimony, documents and wiretaps.

"This wasn't one of those circumstantial cases," he said. "This was a case that the FBI investigated for years . . . The bottom line is, once you get a verdict, it's hard to overturn."

Before trial, the Cuban Five's defense lawyers argued that numerous reports in The Miami Herald and other media proved that the community atmosphere was "so pervasively inflamed" that it would prevent any juror from reaching a fair verdict.

They also commissioned a court-approved poll -- conducted by Florida International University psychology Professor Gary Moran -- of 300 Miami-Dade County residents. Moran, now retired, concluded that the majority in the poll were "prejudiced," saying the Cuban defendants could only receive a fair trial outside Miami-Dade.

But the appellate court condemned Moran's survey sampling, questions and conclusions, saying they did not "establish pervasive community prejudice." The court also praised the trial judge for conducting a "model" selection of jurors. No juror was of Cuban descent.

'In contrast to the generalized, prefabricated and sometimes leading questions of Professor Moran's survey were the detailed and neutral [jury selection] questions that the court carefully crafted with the parties' assistance," the majority wrote.

PREVENT TERRORISM

Advocates for the Cuban Five insist the men were not spies -- they were simply trying to infiltrate exile groups in Miami to prevent future terrorist actions against Cuba.

At a news conference Thursday, the defense team pointed to recent statements made by certain exiles about the stockpiling of weapons for an invasion of Cuba. Among those cited: exile José Antonio Llama, known as Toñín, who told El Nuevo Herald in June that exile groups created a paramilitary organization to execute destabilizing acts in Cuba. He said they were going to use an arsenal that included planes and explosives. Other exiles denounced his statements as false.

The National Committee to Free the Cuban Five, a San Francisco-based group, has organized a Sept. 23 march in Washington to protest their imprisonment. The group will be highlighting the U.S. government's refusal to grant visas to the wives of René González and Gerardo Hernández so they can visit their husbands in prison.

"This is really a punitive punishment of the five and their families," said Gloria La Riva, head of the committee.

The Cuban Five have even made a foray in the recent headlines of Fidel Castro's illness: Two days after the ruler temporarily ceded power to his brother Raúl, a broadcaster on Cuban state-run television read a get-well statement purportedly from the five men in prison.

Miami Herald staff writer David Ovalle contributed to this report.

Fugitive Mother Remains In Canada (NORTH)

By Margaret Gibbons

Norristown (PA) Times Herald, August 11, 2006

COURTHOUSE - Montgomery County law enforcement authorities - a county prosecutor, a county detective and a Lower Merion detective - Thursday flew home from Canada without fugitive Lower Merion mother Claudia B. Librett.

But Canadian authorities have assured the county that Librett will remained locked up until a Canadian criminal court hearing can be held on the provisional arrest warrant that the U.S. Department of Justice has filed against her in behalf of the county and on an anticipated request for bail by Librett, according to county First Assistant District Attorney Risa Vetri Ferman.

That hearing for the 51-year-old Librett, who fled the county in January 2003 with her then-three-year-old daughter during a bitter custody battle, will not take place for another couple of weeks, Ferman said.

"Based upon the history of this case and the legal maneuvering that has gone on for years, we had anticipated that we would have to fight at every turn to bring her back to the United States," Ferman said.

With Canadian and U.S. lawmen closing in on her last week after receiving a citizen's tip from a hotline, Librett last Saturday surrendered herself and daughter Rachel Marran, who is now seven, to Canadian authorities.

Librett, who has been living in an upscale condominium community on the Canadian side of the border near Niagara Falls, initially was detained on immigration violations for illegally living in that country.

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Following a closed-door Canadian immigration hearing Wednesday, the judge set bail for the wealthy Librett at $40,000, with the condition that she remain in the country and that a sponsor put up another $10,000 in bail until a further immigration hearing could be scheduled on her application for refugee status.

"I thought refugee status was for people in the Sudan, not wealthy Main Line socialites," said county District Attorney Bruce L. Castor Jr. earlier this week when he first learned that Librett might seek refugee status.

"From the reports I received, she had every expectation of walking out of jail (Thursday morning)," said Ferman. "When they handcuffed her and arrested her on the provisional criminal warrant, I was told she was quite surprised."

Lower Merion police have a pending criminal complaint against Librett on charges of kidnapping, interfering with the custody of a child and concealing the whereabouts of a child that was filed after she bolted in January 2003 following a Montgomery County Court order directing her to share custody of her daughter with the child's father, Michael Marran of New York.

When Librett was jailed on the immigration violations, the daughter was taken into custody by the Canadian Family and Children Services, Niagara Region, and placed in a foster home while the agency sorted through the matter.

The agency, whose only interest is in the well being of the young girl, has two major concerns, Ferman said.

One of the concerns is the repeated allegations by Librett that Marran sexually abused his daughter, according to Ferman.

Castor has said both Lower Merion detectives and county detectives investigated these allegations and found to be unsubstantiated. The various courts handling the custody matter also supported that determination, said Castor, who alleges that Librett "fabricated" the allegations to gain the upper hand in the custody battle.

Contacted Thursday by phone by the Canadian child protection workers, Ferman detailed her office's investigation of the sexual abuse allegations and agreed to send the agency written reports of that investigation.

Also, the child workers are concerned about the effect it would have on the girl by turning her over to a man that she has not seen in 3 1/2 years, according to Ferman.

Marran, who was issued full custody of his daughter by the Montgomery County Court after she and her mother fled, has that same concern, Ferman said.

Although now in Canada, Marran has not demanded to see his daughter but, instead, has agreed to follow any recommendations by reunification specialists to make the transition the least traumatic for his daughter, Ferman said.

CIVIL LAW:

Kaiser's $2 Million Fine Part Of Larger Corrective Actions (LAT)

By Charles Ornstein And Tracy Weber

The Los Angeles Times, August 11, 2006

Kaiser Permanente has agreed to pay a $2-million fine after state HMO regulators found that its Northern California kidney transplant program imperiled hundreds of patients, in some cases delaying critical surgeries or losing track of patients altogether, officials with the California Department of Managed Health Care announced today.

The penalty is the largest ever levied by the state managed-care agency. The previous record, $1 million, was collected from Kaiser in 2002 after lapses in care caused the death of a Northern California woman.

The fine is part of a consent decree that stipulates a series of corrective actions Kaiser must take, said Cindy Ehnes, director of the managed-care agency. For instance, it forces the HMO to contribute about $3 million — in addition to the fine — for outreach programs to encourage organ donation. It also requires Kaiser to change some of its practices with monitoring from state regulators.

"Not only will it acknowledge Kaiser's serious failures to adequately administer and operate its transplant center, but also directly benefit the patients who so desperately need help," Ehnes said at a press conference in Sacramento. "This funding will save lives."

Kaiser's top Northern California official apologized today for the failures of the kidney program and said the HMO has learned from the experience.

"We deeply regret any problems, difficulties or concerns we may have caused any of our members," said Mary Ann Thode, president of Kaiser Foundation Health Plan and Hospitals in Northern California.

Kaiser, the nation's largest health maintenance organization, announced the closure of its San Francisco kidney transplant program in May after reports in The Times described how patients were endangered when Kaiser forced them in 2004 to transfer to its fledgling program from established transplant centers at outside hospitals.

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In Kaiser's program, twice as many patients died on the waiting list last year as received kidneys, The Times found. The statewide pattern was the reverse: Twice as many patients received kidneys as died.

Hundreds of patients were stuck in limbo for months — with little hope of receiving new kidneys — because Kaiser failed to properly handle paperwork transferring them to its new program. And 25 Kaiser patients who had been treated at UC San Francisco were denied the chance to receive nearly perfectly matched kidneys because Kaiser directed the university to reject the organs during the transition between programs.

All the while, the patients have had to undergo prolonged dialysis, which removes impurities from the blood but can lead to fatal complications and reduce prospects for a successful transplant.

Now, as Kaiser closes its program, more than 2,000 patients on its waiting list are being moved to UC San Francisco and UC Davis — in many cases the same hospitals that had been treating them before Kaiser started its program. That process is not expected to be complete until year's end because regulators say they want to be sure patients are protected in the transition.

Bonnie Jacobson, a social worker who resigned from the transplant program last month, applauded the fine.

"In my experience in talking to the patients, it's caused a lot of anxiety, a lot of worry, a lot of anger, a lot of frustration," she said. "I don't really feel that the really high-up people in the administration at Kaiser got this.... If any of them had to go for even one dialysis treatment, they would have a whole new understanding of what it means to these patients to get a kidney transplant."

Karen Sorensen, whose 74-year-old mother experienced delays in the Kaiser program, said she, too, is pleased that Kaiser will have to pay for its actions.

"That's the only way that corporations and big companies ever understand anything," she said Wednesday. "They'll probably just increase their rates to get their money back and we'll pay for it in the long run."

Sorensen's mother, Corra Mayo, had been waiting for a transplant since 1999 at UC San Francisco when Kaiser forced her into its program. Even though Mayo was near the top of the waiting list at UC San Francisco in early 2004, her care stalled at Kaiser, Sorensen said.

On Friday, after transferring back to UC San Francisco, Mayo received a new kidney. Her daughter said she is doing very well but remains hospitalized because she is overloaded with fluids.

"This just proves to us that Kaiser was more or less selecting the people that would be easier for them so that their ratings would be high," she added, referring to Kaiser's post-transplant survival statistics.

For Ella Haynes, whose husband, Ronald, died in March 2005 awaiting a kidney at Kaiser, news of the fine provided "a little bit of justice."

Ella Haynes learned from The Times in May that Ronald never had a chance. The 2½ years he spent on the waiting list at UC Davis had never been transferred to Kaiser, effectively shutting him out of a transplant.

"Sometimes you have to have money to slap them on the hands," she said. "It's just sad. The whole thing has been sad from the very beginning ... to have it messed it up so badly."

Kaiser's program has already been roundly criticized. In a stinging report made public in June, federal regulators concluded that practically every aspect of the Kaiser kidney program was flawed and threatened to cut off Medicare funding for treating all end-stage renal disease at the HMO's San Francisco hospital. But the U.S. Centers for Medicare and Medicaid Services late last month accepted Kaiser's plan for fixing its problems, even though the program is closing.

In Southern California and elsewhere, Kaiser does not have an in-house transplant program and continues to send patients to outside hospitals for the procedures.

The troubles at Kaiser's program followed other high-profile failings at transplant centers in California.

St. Vincent Medical Center in Los Angeles and UCI Medical Center in Orange closed their liver transplant centers last year amid scandal. Separately, the liver transplant program at USC University Hospital has among the lowest one-year patient survival rates in the nation.

But the collapse of Kaiser's program affected far more patients. It also undercut Kaiser's contention that bringing transplants in-house would provide patients with coordinated care among physicians, labs, pharmacies and hospitals.

"I wish that there was a support group for all of the people who went through Kaiser and experienced difficulty," Sorensen said.

GlaxoSmithKline Settles Claim Of Inflating Prices On Cancer Drugs (AP)

AP, August 10, 2006

ALBANY, N.Y. GlaxoSmithKline has agreed to spend more than $41 million in restitution to end claims by more than 40 states that it inflated the prices of drugs used by cancer patients and others.

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The settlement announced today with the U.S. Justice Department, National Association of Medicaid Fraud Control Units and New York Attorney General Eliot Spitzer will include more than $1.5 million in restitution to New York state's Medicaid program for cancer drugs and $940,000 in connection with pricing of an antibiotic.

In a separate settlement of a private class action lawsuit, the drug company will also fund a $40 million restitution fund for the poor and needy who use the Medicaid health care system nationwide and New York's Elderly Pharmaceutical Insurance Coverage plan. That suit was settled in federal court in Boston.

There was no immediate comment from the company.

Spitzer had accused the company of inflating average wholesale prices of drugs in the class "anti-emetics" that help patients overcome the nausea and other effects of chemotherapy to fight cancer.

Questions Still Dog UnitedHealth (MINNST)

By David Phelps

Minneapolis Star Tribune, August 11, 2006

Shares of the insurer took a hit after the company said it would miss a filing deadline.

The cloud over UnitedHealth Group Inc. continues to darken.

Wall Street reacted sternly Thursday to news that UnitedHealth would miss the deadline for its second-quarter financial report, and speculation increased about the future of Chairman and CEO William McGuire.

Stock in the Minnetonka-based company declined by $1.58 a share, to $47.40, after UnitedHealth reported that liabilities from stock option programs dating back to 1994 could be substantially greater than previously estimated.

The company did not offer a dollar amount, but analysts fretted that it could be significantly greater than the $286 million downward restatement UnitedHealth warned about in May.

"That's a disappointment," Piper Jaffray & Co. analyst Melissa Mullikin said. "When they came out with the initial figure, we were surprised at how limited that number would be over the past three years. We were encouraged."

The filing delay caused Standard & Poor's Ratings Services on Thursday to cut its outlook on UnitedHealth's credit rating to "negative" from "stable."

S&P warned that the rating could be lowered if "criminal activity at the managerial or board levels" is disclosed.

On Wall Street, various stock evaluating services reacted negatively to the latest development. Theflyonthewall.com said it was downgrading its recommendation on UnitedHealth from "buy" to "hold" because of concerns about "the CEO leaving the company."

Since spring, UnitedHealth's stock option program for top executives has been the subject of reviews and investigations by the Securities and Exchange Commission (SEC), the IRS, the U.S. Department of Justice and the Minnesota attorney general's office.

The UnitedHealth board of directors also began an independent review of the option-granting process. That review, which began in April, is ongoing. The company said Wednesday that it expects the independent committee to report its preliminary findings sometime in the first part of the fourth quarter, which likely means November. The size of the potential restatement will depend on what accounting rules are applied to the transactions.

"None of this bodes well for Doctor McGuire," said Rajesh Aggarwal, an associate finance professor at the University of Minnesota's Carlson School of Management.

"The board at some point, if they haven't already, has to ask themselves how much of this is a distraction," Aggarwal said. "Does it put a hold on strategic plans? If McGuire is the lightning rod, how effective can he be for the company?"

The central issue is whether McGuire and other top executives, including President Stephen Hemsley, were allowed to select option dates when the company's stock price was at a low point in order to maximize their gains. The independent committee's overall review also includes 45,000 option grants to 15,000 employees, going back to 1994.

Federal regulators are examining about 90 companies to determine whether options were backdated or otherwise treated favorably for executives.

UnitedHealth was one of the first to fall under the government's microscope.

"The longer this goes on, the worse it is for the stock and the company," said David Heupel, portfolio manager for Thrivent Financial's large cap growth fund. "It builds suspicions."

But Deutsche Bank's Scott Fidel maintained his "buy" rating, in part because the UnitedHealth announcement Wednesday offers "a clear timeline to the conclusion of the inquiry."

Piper Jaffray's Mullikin said UnitedHealth's fundamental businesses remain strong and consistent. She declined to speculate about a management shake-up.

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"Everybody is trying to handicap who will be CEO a year from now," Mullikin said. "Everybody has a theory, but only Bill McGuire knows."

Tenet 2Q Loss Widens On Legal Costs (DALBIZ)

Dallas Business Journal, August 11, 2006

Tenet Healthcare Corp. posted a much wider loss for the second quarter, hurt by litigation costs

The Dallas-based hospital operator reported a net loss of $398 million, or 85 cents a share, for its second quarter, compared with a net loss of $33 million, or 7 cents a share, in 2005's second quarter.

Tenet says it has resolved the most significant of the legal issues facing the company. In June, Tenet agreed to pay $725 million as part of a U.S. Department of Justice settlement to resolve government investigations into Medicare billing and physician arrangements. Also, as part of the settlement, Tenet agreed to waive $175 million in Medicare payments for past services.

A month earlier, the company agreed to pay $21 million to resolve alleged kickbacks to doctors at Alvarado Hospital in San Diego.

In addition to its legal costs, Tenet also incurred a pre-tax stock compensation expense of $11 million and $27 million in impairment and restructuring charges.

Tenet's revenue was up for the quarter to $2.2 billion from $2.14 billion a year ago.

Tenet said strong pricing and cost control helped the company offset a decline in admissions and increases in bad debt during the quarter.

The company plans to focus on enhancing clinical technology.

"These investments are tangible evidence of our commitment to our hospitals and are the things our physicians have asked for," said Reynold Jennings, Tenet's chief operating officer. "We believe they will respond by sending us an increased share of their patients."

CIVIL RIGHTS:

Clerk Says Boss Used Racial Code (UPI)

UPI, August 10, 2006

SAN FRANCISCO, Aug. 10 (UPI) -- The Justice Department has sued a California medical clinic on behalf of a former clerk who says she was fired for protesting the use of racial code words.

Tomeika Broussard was the only black employee at the Arthritis and Orthopedic Clinic in Los Gatos when she lost her job in 2004. She says she was warned when she started working there about her supervisor's use of coded language, the San Jose Mercury News reports.

A complaint filed in federal court in San Francisco by the Equal Opportunity Employment Commission alleges that the slurs included spelling a common word for black backwards and using the initials N.P.

Sanya Hill Maxion, a lawyer for the EEOC, told the newspaper she believes this is the first case the agency has filed in the San Francisco-area over code words.

"We look at the code words: who's stating them, tone of voice, do they mean it in a derogatory fashion," she said. "We have to look at the context."

ANTITRUST:

Hearst To Pay $299M In MediaNews Partnership (SILBIZ)

Silicon Valley/San Jose Business Journal, August 11, 2006

Hearst Corp. will pay $299 million to MediaNews Group Inc. in the next phase of a complex deal to create a partnership between the two newspaper publishers, according to reports Thursday.

Associated Press reported that if the $299 million investment is completed, Denver-based MediaNews will return part of the money to buy the St. Paul Pioneer Press and Monterey County Herald from Hearst.

New York-based Hearst paid $263 million earlier this month to buy the Minnesota and Monterey papers from Sacramento-based The McClatchy Co. (NYSE:MNI) with the intention of turning them over to MediaNews.

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If MediaNews matches the earlier sales price, Hearst's net cost in the transaction will be about $36 million, AP reported. In return, Hearst will receive a 30 percent stake in MediaNews' newspapers outside the San Francisco area.

The proposed partnership still requires regulatory approval.

Hearst owns the single largest paper in the area, the San Francisco Chronicle, with about 400,000 subscribers. MediaNews's collection of mostly suburban papers in the Bay Area now has about 700,000 paid readers, with the recent addition of the San Jose Mercury News and Contra Costa Times, which were purchased from McClatchy for $737 million earlier this month.

The U.S. Justice Department plans to review whether the business alliance would violate antitrust laws.

Freightliner Suit Versus GM Alleges Antitrust Violations (AP)

AP, August 11, 2006

DETROIT - Freightliner LLC, the heavy truck unit of DaimlerChrysler AG, has sued General Motors Corp. over what Freightliner calls "predatory and discriminatory" activities related to the selling of heavier-duty automatic transmissions.

GM's Allison Transmission unit, a division since 1929, controls virtually the entire transmission market for a niche of vehicles that includes diesel-powered buses, recreational vehicles and walk-in vans, according to the Freightliner suit. The suit alleges that GM is leveraging that "monopoly" status to squeeze out new competitors and boost its share in other corners of the heavy-duty market, like large highway-bound trucks.

GM is utilizing its market power to commit "numerous violations of the antitrust laws, including exclusive dealing," forcing customers to buy an entire line of products and "price discrimination," Freightliner said in the suit, filed July 28 in the U.S. District Court of Oregon, where Freightliner LLC is incorporated.

GM spokeswoman Toni Simonetti said "the allegations are out of order" and said the auto maker "will vigorously defend against these claims." She said GM considers Freightliner a good customer.

Freightliner subsidiaries, including Thomas Built Buses, also were named as plaintiffs.

The suit is a rare move, as it pits customer against supplier in an antitrust case. It comes at an awkward time for GM, which is conducting a financial analysis of the Indianapolis-based transmission division to evaluate the possibility of eventually selling it. It also comes as new competitors - most notably Caterpillar Inc. - look to take a bite out of GM's transmission business.

Indiana Real Estate Measure Irks DOJ, Angie (INMAN)

By Glenn Roberts Jr.

Inman News, August 10, 2006

A company that operates an online database with consumer reviews of local contractors is lobbying against new real estate laws that require licensees to perform a specific set of services for clients.

Angie Hicks, founder of Angie's List, seeks to change a law enacted July 1 in Indiana and block similar legislation in Michigan. Hicks said in a statement that the Indiana law "is anticompetitive and limits the choices consumers have for selling their home. Homeowners with experience in the selling process should have the freedom to decide what they can handle, and in turn have the option to save potentially thousands of dollars in commission fees."

Angie's List does not allow consumers to rate real estate professionals and a spokesman said the company has no plans to do so, though the company does allow ratings of home inspectors and real estate appraisers, among other contractors. The company, founded in Indiana, has about 500,000 members in 35 states and 67 cities.

Other states have also passed or considered similar measures -- sometimes referred to as minimum-service laws -- and officials at the U.S. Department of Justice and the Federal Trade Commission have issued statements in opposition to these laws in several states.

Realtor trade groups are the primary backers of the state measures, and Realtor association officials say the measures are intended to ensure that consumers receive an adequate level of service in real estate transactions while preventing confusion for other real estate agents when a home seller does not receive full representation in a transaction.

DOJ and FTC antitrust officials, consumer groups and proponents for limited-service real estate companies, meanwhile, have said that there are not enough consumer complaints to justify these measures, which can have the effect of restricting consumer choice and limiting competition.

Jonathan Swain, a spokesman for Angie's List, said consumers brought the Indiana law to the company's attention, and the company published an article in its members' magazine in June about minimum-service laws.

The Angie's List article states that minimum-service laws and bans on real estate rebates to consumers "were on the books in 22 states and under debate in four more." An editorial comment in the article states, "We believe minimum-service laws are anticompetitive and stifle consumer choice, which is the foundation of the service we provide our members."

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A company poll, meanwhile, found that 67.5 percent of respondents "believe commissions paid to traditional real estate agents are too high," while 85 percent used a traditional real estate agent for their last home sale and 72 percent plan to use a traditional agent the next time they sell.

Karl Berron, vice president of government relations for the Indiana Association of Realtors, said the association pursued the legislation to protect consumers and association members.

"Our members were concerned about situations where they found their agents in the middle of transactions where sellers had no representation. There were concerns both on the liability side as well as just the fact that consumers were being left without representation," he said.

In some cases real estate licensees "were essentially avoiding all agency responsibility" in representing their clients, he said, "which we thought really negates the purpose of the license law to begin with."

Officials for the U.S. Department of Justice testified in opposition to the Indiana minimum-service measure, House Bill 1339, in a state Senate hearing, Berron said. Members of the state Senate unanimously passed the measure despite these federal objections. But the legislation had earlier received a mixed reaction from members of the state House, who passed the bill in a 56-38 vote.

Gina Talamona, a Justice Department spokeswoman, said that the department has opposed real estate-related laws that could potentially restrict consumer choice and drive up costs for real estate services, though she offered no specific comments about the Justice Department opposition to the Indiana law.

The Indiana law provides that all real estate licensees, unless they are assisting an individual without compensation, must be available to receive and present offers and counteroffers in real estate transactions, and "assist in negotiating, completing real estate forms, communicating, and timely presenting" of offers, counteroffers and other related items in real estate transactions. Also, licensees must "timely respond to questions," according to the text of the new law.

Banned under the law are business models in which licensees offer to list a home for sale in a multiple listing service but provide no other services for clients, for example, and any other business models that do not provide all of the services specified by the law.

While some states have passed minimum-service laws that allow consumers to specifically opt out from receiving certain services from agents, Berron said this "waiver" concept was considered but was ultimately not deemed strong enough. "As our folks thought through it they in the end decided that the minimum duty concept was really the least intrusive and solved really the basic problem. Everyone with a license ought to be held to some minimum level of responsibility and that was the way to ensure that."

He also said that the new law offers flexibility for different business models. "You are going to see a variety of ways that firms choose to deal with this. I don't think there will be a strict interpretation."

Berron said that the media has latched onto to the minimum-services issue "as if there's some conspiracy" by the real estate industry, though he said he has not heard a single comment from a member of the Indiana Association of Realtors "related to trying to disadvantage some firm. I've only heard about (the new law) talked about in terms of liability for themselves or how it affects unsuspecting consumers."

The Justice Department apparently "sees this as one arrow in their quiver -- one way to keep pressure on the industry," while Angie's List may have joined opposition to minimum-service legislation as a publicity stunt, Berron added. "They are not a consumer advocacy organization. They are a profit business that has figured out that they benefit by finding their name in print on this law."

Swain, of Angie's list, said the company will work to encourage the Indiana Legislature to change the law and is teaming up with consumer groups including the Consumer Federation of America.

If the Indiana law were changed to include a waiver that allows consumers a choice in which real estate services they want or do not want, "it could really stand out as an opportunity to strike balance between consumer protection and consumer choice, and not place any unnecessary burdens on the consumer," Swain said.

FBI/DEA/ATF/USMS:

FBI Says It Will Present Ferry Probe Findings Soon (Rochester Democrat &)

By Steve Orr

Rochester Democrat & Chronicle, August 11, 2006

(August 11, 2006) — The FBI will soon present government lawyers with any evidence it has of criminal wrongdoing related to the Rochester ferry project, the head of the agency's Western New York office said Thursday.

Rochester Mayor Robert Duffy last week asked the FBI and the state Attorney General to expedite their inquiries into the private company that ran the ferry between Rochester and Toronto in the summer of 2004. When the probes are done, Duffy asked that he be informed of that fact.

Duffy made his request in light of an audit by the state comptroller's office, released in July, that revealed new information about possible financial irregularities by the company, Canadian American Transportation Systems, or CATS.

Laurie J. Bennett, the special agent in charge of the FBI division that includes Rochester, said agency investigators will present information to the United States Attorney's office, "probably shortly," and ask prosecutors to decide whether there is evidence of a crime.

The aim is "to give some finality to it, to say we will move forward with a criminal prosecution, or there will be none," Bennett said. She declined to characterize the FBI's findings.

The agency has had an open investigation into the ferry project since spring 2005.

The state Attorney General's office was reviewing the findings of the comptroller's audit, a spokeswoman said last week after Duffy released his request for "reinvigorated" probes of CATS. The spokeswoman, Christine Pritchard, said Thursday she knew of no change.

Former Davidson County Officer Takes Stand In Own Murder Trial (CO)

The Charlotte Observer, August 11, 2006

LEXINGTON, N.C. - The FBI has completed its investigation of the beating death of a Davidson County Jail inmate, an agency spokesman said Thursday as the trial of one of two former detention officers charged in the death continued.

Ronald Eugene Parker, 44, is being tried on a charge of second-degree murder in the death of Carlos Claros Castros, 28, a Honduran immigrant living in Thomasville who was jailed on allegations of driving while impaired.

Parker took the stand briefly Thursday, giving an overview of his work history, outlining his duties at the jail and describing what he was doing minutes before he went to Claros' cell on Jan. 7, the night of the death.

He was expected to resume testimony Friday.

Meanwhile, FBI spokesman Ken Lucas in Charlotte said that Parker and Brandon Huie, the other former detention officer, "possibly face federal charges" in the case. The FBI finished its investigation of the beating in July, Lucas said.

Investigators handed over the facts of the investigation to the U.S. Department of Justice, he said.

"The Department of Justice's Civil Rights Unit will determine if there has been any federal nexus for any civil rights violations that have occurred," Lucas said.

Huie, 25, also was called to testify Thursday, but he refused to answer any questions, citing his constitutional right to avoid self-incrimination.

Huie, who also was charged with second-degree murder, pleaded guilty in June to involuntary manslaughter. He was sentenced to 16 months to 20 months in prison.

In other testimony, Parker's attorney called SBI agent Danny Mayes to the stand to describe Huie's interview with the SBI.

Huie said in the interview that he hit Claros two to three times in the head with his forearm, Mayes said. He also said he used a police baton to hit Claros on the legs, Mayes said.

Parker punched Claros during the struggle, but did not throw anymore blows to Claros' head, according to the interview.

Huie and Parker had been called to the cell after Claros refused to give up a mop handle that he was using as a weapon. Claros died after the fight with the two deputies.

An autopsy that labeled the death as a homicide cited bruises, bleeding in the brain and neck, wounds from a Taser gun, and evidence of asphyxiation. The cause of death was listed as the result of multiple traumatic injuries.

Meth 'Superlab' Busted In Mexico, DEA Says (AP)

AP, August 10, 2006

MEXICO CITY — Mexican authorities have seized a large-scale methamphetamine laboratory in western Mexico, the U.S. Drug Enforcement Agency said Thursday.

DEA Administrator Karen P. Tandy said the lab was discovered on a ranch in Tlajomulco de Zuniga, just outside the city of Guadalajara in western Jalisco state, on Aug. 1.

Authorities arrested four people and seized about 220 pounds of finished methamphetamine, 790 gallons of solvents and chemicals and four barrels of iodine, during the raid.

· CountryWatch: Mexico

A large hydraulic press used to finish the methamphetamine product and chemicals used to manufacture generic cough syrup were also seized, Tandy said in a news release.

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Mexican authorities did not immediately comment on the raid.

Mexican drug cartels, who have long smuggled cocaine and marijuana, are increasingly involved in the meth trade, supplying a large number of addicts in the United States and a growing number of users south of the border.

Tandy said Jalisco Judicial Police officers had received a week of training from the DEA prior to the seizure.

In May, the two countries outlined a comprehensive anti-meth initiative that included training for nearly 1,000 Mexican police.

DEA training efforts continue with police precincts throughout Mexico, Tandy said.

"Our new anti-meth initiative with Mexico is already making a difference in our fight to combat this deadly and highly addictive drug," Tandy said.

Restrictions in the U.S. on the sale of cold medicines with ingredients used to make meth have helped several states significantly reduce the number of meth labs in operation. But the gains made by shutting down local meth labs are now threatened by trafficking from superlabs in Mexico, U.S. officials have said.

Meth addiction often leads to psychotic or violent behavior and brain damage. People high on the drug will often stay awake for days.

Authorities Bust Massive Drug Ring (SFC)

By Matthai Chakko Kuruvila

San Francisco Chronicle, August 10, 2006

HILLSBOROUGH -- Five Bay Area residents were arrested and a sixth suspect is being sought after federal authorities conducted a series of raids intended to break up what they called a massive ecstasy drug smuggling ring based at a Hillsborough home.

Authorities say that Johnson Mai, the alleged ringleader, and a cohort brought into the country at least 906 kilograms -- or more than 3 million individual doses -- of ecstasy to be distributed in the Bay Area, Los Angeles and Houston.

In the Bay Area, Mai is known as the source of pink-colored MDMA tablets that have "the imprint of a lady or a woman's face" an informant told police, according to court records.

Mai and his crew squirreled away the ecstasy inside high-end pianos, BMW transmissions and leather sofas, according to officials with the U.S. Drug Enforcement Administration. A piano they had sent from Belgium via Germany to San Francisco International Airport contained 40 kilograms of ecstasy. Each of the more than 3.6 million tablets can sell for as much as $60 a pop, authorities said.

The group then allegedly laundered at least $3.2 million in proceeds, in part by buying homes in Hillsborough, Burlingame and Oakland.

Despite taking in over $1.6 million between 2000 and 2003, Mai, 43, and his wife, Lisa Lee, 42, never reported joint income exceeding $88,241. In 2001, they reported taking in $28,280, but that year they bought a Mercedes with a $94,000 cashier's check.

In addition to Mai and Lee, who were arrested at their Hillsborough home, authorities arrested Burlingame resident Eric Yu Heng Cai, 34, San Mateo resident Zhi En Huang, 37, and Oakland resident David Yuen, 37. The sixth suspect, Kai Lun Zheng, 36, of Canada, was still at large Thursday evening.

All six were charged with conspiracy to distribute ecstasy, a synthetic drug. Mai, Lee, Zheng, Huang and Cai also were charged with money laundering.

Carroll County Copter Crash Hurts GI, Trooper (ADG)

By SHARON C. FITZGERALD

Arkansas Democrat Gazette, August 10, 2006

GREEN FOREST — An Arkansas National Guard pilot and a veteran Arkansas State Police trooper were injured Wednesday morning when their helicopter crashed in eastern Carroll County.

Arkansas National Guard Maj. Timothy Dickinson, 36, of Little Rock and Trooper Andy Wiley, 51, of Alma were taken to hospitals in Washington County, National Guard and state police officials said.

Guards officials are working to determine the cause of the crash, which occurred about four miles northeast of Green Forest.

The two men took off in an OH-58 A Kiowa helicopter from the Carroll County Airport in Berryville at 10 a. m., Arkansas National Guard Maj. Keith Moore said. The men were in one of two helicopters searching for marijuana plants around Long Creek, along with a ground unit.

Wiley called 911 from his cell phone to report the crash at 10: 25 a. m.

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"There was no last radio contact from the pilot noting difficulties or problems with the aircraft," Moore said at the crash site.

The second helicopter and the ground crew arrived at the crash site minutes later, Moore said.

Moore was in a team of National Guard personnel that flew to the crash in a Black Hawk helicopter.

Moore said there was no evidence of a fire before or after the crash. The black helicopter sat upright against a barbwire fence on a hillside. The landing gear appeared to have been sheared off in the crash.

The crash will be investigated by an Army Aviation investigation team, he said.

Dickinson was being treated Wednesday at Washington Regional Medical Center in Fayetteville, but his condition was unavailable. Lt. Christopher Heathscott, a Guard spokesman, said Dickinson's vital signs were stable Wednesday afternoon.

Wiley was listed in fair condition at Northwest Medical Center of Washington County in Springdale, a hospital official said.

Jerry Dale Popejoy, who lives a half-mile from the crash site, said he saw the helicopter flying about 150 feet above the tree line Wednesday morning.

"It was flying slow, and I thought it was flying pretty low," he said.

He said the helicopter disappeared over a hill, and he heard a popping noise similar to gunshots. Minutes later Popejoy saw another helicopter fly overhead and heard sirens.

The land is owned by Dennis Rhoades, who said he raises chickens and cows on 130 acres. He was in Berryville on an errand when he heard there'd been a crash on his land, he said.

The OH-58 A the men were flying was assigned to the 77 th Aviation Brigade at Camp Robinson in North Little Rock and was used as part of the state's counterdrug program, Heathscott said. The program pairs guardsmen with local and state law enforcement to search for marijuana plants and methamphetamine labs, he said.

On Wednesday, Dickinson and Wiley were working on an investigation that also involved the U. S. Drug Enforcement Administration and the Carroll County sheriff's office.

"This [Guard] unit provides aerial and ground support to the state's counterdrug operation program," Heathscott said.

Barbara McGill, who lives less than a mile from the crash scene, said she sees helicopters flying in her rural neighborhood often. Long Creek runs along her property and is a popular place for people to grow marijuana and congregate to use drugs, she said.

"I've had to the call the sheriff several times about them," Mc-Gill said. "I've found a couple of marijuana plants growing by my barn, and I had to pull them up and burn them."

McGill was at the Carroll County prosecuting attorney's office Wednesday morning when the call came in about the crash.

"The sheriff and them all took off and went out there," McGill said. "They said they were able to reach one person but one was still trapped and they couldn't get to him."

Wiley has worked for the state police for more than 23 years and is based at Troop H in Fort Smith, said Lt. Mike Foster, his supervisor. Wiley has worked drug eradication for 10 to 12 weeks during the summer for the past 10 years.

"There's no telling how many hundreds of hours of flying time that he's flown," Foster said.

Dickinson, who has been in the Guard for 18 years, received an Army Aviation Broken Wing award in 2003 for keeping an OH-58 helicopter from crashing, according to the Army Combat Readiness Center's Web site.

In that incident, Dickinson was returning from a reconnaissance mission near Searcy when his helicopter started having engine problems. He was able to get the helicopter to the ground safely and use his cell phone to call the local airport for assistance, military officials said.

The Arkansas National Guard has 23 helicopters, including four OH-58 s.

Wednesday wasn't the first time Foster received word that one of his officers had been in a helicopter crash.

Foster was supervisor when Trooper Charles Michael Bassing and two sheriff's deputies were killed July 24, 1986, when their helicopter crashed during a training exercise for marijuana eradication.

Foster wiped away a tear Wednesday when he described his reaction to hearing Wiley's helicopter had crashed.

"It's hard to explain it; you don't know what to expect," Foster said. "You expect the worst. But if they can get away, they have a pretty good chance."

27 People Indicted On Federal Drug Charges (HDR)

By Jennifer Menster

Hickory Daily Record, August 11, 2006

TAYLORSVILLE - Twenty-seven people were federally indicted in two separate drug busts.

Fourteen people were indicted June 28. The U.S. district attorney for the western district of North Carolina released the names Wednesday. Thirteen people were indicted in a separate drug ring bust on July 27. Their names were released Thursday.

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Among those indicted in the second group was the principal at the Alexander County Alternative Learning Program School. Craig Daniel Leviner, 44, of Taylorsville, is in federal custody for conspiracy to possess with intent to distribute meth.

Leviner has been the principal at the Alternative Learning Program School, which is located in Wittenburg, for two years, said Alexander County Schools Superintendent Jack Hoke. Prior to that, Leviner was principal at East Alexander Middle School for six years.

Leviner has been suspended without pay from his duty, Hoke said. The school system is in the process of reviewing Leviner's charges to determine if he will be fired.

"This is a total shock to myself, the school system and the community," Hoke said. "A school system our size, we worked together on a daily basis. I feel this is a great school system that meets the needs of the community. We are shocked by these events and are taking appropriate action."

Hoke does not believe Leviner was selling drugs to his students. Hoke also said he did not recognize any other names on the indictment.

The Alternative Learning Program School is for students grades six through 12. It is for students with learning disabilities, discipline or attendance problems.

Suspects indicted July 27

Thirteen people are charged with felony conspiracy to possess with intent to distribute meth. Various members of the group also received additional drug charges.

The federal indictment alleges that the meth conspiracy began around September 2004 and continued to July 2006. The indictment also alleges the meth ring was carried out in Alexander, Burke, Caldwell, Catawba, Gaston, Henderson and Mecklenburg

counties.

If convicted, the individuals could receive 10 years to life imprisonment and pay a $1 million fine.

Those charged include:

· Larry Eugene Morrison, 26, of Los Angeles, Calif., not arrested.
· Phillip McKinney Stikeleather, 42, of Taylorsville, in federal custody.
· Patrick Scott Braswell, 35, of Taylorsville, released on federal bond.
· Christopher Leonard Evans, 27, of Twenty-second Street, NE, in federal custody.
· Terry Lee McFarland, 42, of Taylorsville, in federal custody.
· Craig Daniel Leviner, 44, of Taylorsville, in federal custody.
· Tina Chatham Cavin, 25, of Taylorsville, released on federal bond.
· Jeremy Murphy, 21, of Taylorsville, released bond federal bond.
· Lisa Parlier, 35, of Lincolnton, not arrested.
· Justin Michael Pride, 25, of Sixteenth Street, SW, not arrested.
· Randy Leon Deal, 40, of Taylorsville, released on federal bond.
· William Richard Maxwell, 51, of Hendersonville, not arrested.
· Kevin Daniel Egbert, 26, of Twentieth Avenue Drive, NE, released on federal bond.

Suspects indicted June 28

The indictments were served June 28 and released by the U.S. District Attorney's office on Wednesday. The indictment alleges the meth conspiracy began around January 2001 and continued to June 2006. The conspiracy was allegedly carried out in Catawba, Caldwell, Burke and Lincoln counties.

Thirteen of the 14 defendants have been arrested. The remaining defendant, Brandon David Collins, 25, of Lenoir, has been declared a DEA fugitive. Anyone with information on his whereabouts should call (704) 770-2050.

Each of the 14 people is charged with one count of felony conspiracy to manufacture and possess with intent to distribute a detectable amount of methamphetamine. Various members of the group also received additional drug charges. If convicted, the individuals could receive 10 years to life imprisonment and pay a $1 million fine.

Those indicted are:

· James Patrick Richardson, 28, of Duluth, Ga., in federal custody.
· William Jason Morris, 29, of Newton, released on bond.
· John Robert Nelson, 26, of Hudson, in federal custody.
· Forest Wayne Smith, 28, of Connelly Springs, in federal custody.
· Brandon David Collins, 25, of Lenoir, DEA fugitive.
· John Anthony Helton, 35, of Granite Falls, in federal custody.
· Donnie Joseph Hice, 26, of Granite Falls, released on bond.

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· Louis Patrick Ward, 48, of Lincolnton, in
federal custody.
· Crystal Crews, 20, of Granite Falls, in federal custody.
· Kristen Hood Pilkenton, 24, of Lenoir, in federal custody.
· Robert Paul Cannon, 47, of Lenoir, released on bond.
· Ross Lance Price, 25, of Hudson, in federal custody.
· Phoebe Davis, 32, of Creekside
. Drive, in federal custody.
· Jackie Clark, 41, of Granite Falls, in federal custody.

3:01 Pm | Dozens Indicted In Meth Rings (CO)

By Mike Torralba

The Charlotte Observer, August 10, 2006

Twenty-seven people have been indicted in methamphetamine rings intended to operate mainly in Alexander and Caldwell counties, authorities said.

The latest indictment in the two separate cases had remained sealed in U.S. District Court in Charlotte until Tuesday, according to a news release from U.S. Attorney Gretchen Shappert's office. The cases are the result of separate, yearlong investigations involving federal, state and local authorities.

Alexander County Sheriff Hayden Bentley declined to comment on the investigations, which are ongoing, but said the indictments are a significant blow to meth-trafficking in the area.

"This a major pipeline of meth coming down," Bentley said.

The 24-count indictment against 13 people alleges a methamphetamine conspiracy began around September 2004 and continued to July 2006.

Authorities charged the 13 as a group with one count of conspiracy to possess with intent to distribute methamphetamine. The indictment also includes two counts of federal firearms-violations and 21 various drug-conspiracy counts against the individuals.

The second indictment, unsealed July 28, contains 16 similar counts against 14 individuals. It also charges that three defendants laundered money and that one defendant knowingly persuaded a minor to violate federal drug-trafficking laws.

Most of the defendants are residents of Alexander, Burke, Caldwell and Catawba counties. They have made initial court appearances and have been released on federal bond or are in federal custody.

Several have not been arrested, the U.S. Attorney's office said. They are Brandon David Collins, 25, of Lenoir; Lisa Parlier, 35, of Lincolnton; William Richard Maxwell, 51, of Hendersonville; and Justin Michael Pride, 26, of Hickory.

Authorities are asking anyone with information on their whereabouts to call their sheriff's office or the Drug Enforcement Agency in Charlotte at 704-770-2050.

Discovery Of Heroin Lab Forces Evacuation Of Gov. Printz Blvd. Motel Philadelphia Fugitive Arrested; 2nd Possible Explosive Found (NJ)

The News Journal, August 10, 2006

Federal authorities investigating a possible heroin-fentanyl lab at an area motel have evacuated the building and some neighboring apartments after the discovery of two suspected explosives.

Guests at the Riverview Motel, at 7811 Gov. Printz Blvd., were ordered out of their rooms when the first device, with wires hanging out of it, was located amid what appeared to be a makeshift heroin lab in Room 406.

"At about 3 p.m. we went in and saw what may have been a heroin lab with fentanyl and a canister with wires coming out of it," said U.S. Marshal David W. Thomas.

James Thomas Owen, 28, of Delaware County, Pa., who was wanted on federal drug charges in Philadelphia, was arrested in the raid. "He was on the run for about 28 months before we got him," Thomas said.

The north and southbound lanes of Governor Printz Boulevard between Hillside and Grubbs Landing roads were closed after the first device was discovered.

In addition to the 43-unit motel, a wing of the adjacent Water View Court Apartments also was evacuated.

Deputy marshals along with agents from the federal Drug Enforcement Administration and federal Bureau of Alcohol Tobacco, Firearms and Explsoives responded to the scene along with the state police bomb unit.

Later in the evening, about 9 p.m., a bomb squad robot alerted officers on the scene to a second possible explosive.

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Bomb experts are evaluating that object, and evacuated residents have been offered shelter at the Brandywine Hundred Fire Department until police determine it is safe for them to return.

A DEA lab team from Philadelphia will determine whether the lab is a source of the bad heroin responsible for as many as nine deaths and dozens of overdoses since April.

Crystal Hill of Philadelphia said she and a friend had just dropped their bags in their room when they were evacuated.

"They knew this mess was going on when we checked in," Hill said. "We went in our room, came out for a breath of fresh air, then they said, 'Nobody can go back in the building.'"

Built in 1968, the brick-and-masonry motel was sold to Vicky of Delaware Inc. in November 1998 for $1.1 million, according to New Castle County records.

Mike Castellano, who lives in the motel and is taking diabetes medication, said he didn't mind leaving as long as everyone was kept safe.

"This is somebody who did something stupid," Castellano said. "I hope he goes away for a long time."

Meth Offenses Net Hefty Time (MB)

Modesto (CA) Bee, August 10, 2006

A federal judge last week gave three Turlock men hefty sentences on charges of trying to buy 1.8 million pseudoephedrine pills. That amount packs enough ephedrine to produce 183 pounds of methamphetamine.

Eddy A. George, 31, was sentenced to 14 years in prison; Michael C. Nobari, 28, was sentence to 15 years; and Edison Shino, 30, was sentenced to 16 years.

A jury convicted the men of participating in a drug conspiracy after a trial in U.S. District Court in Fresno, according to a statement from the U.S. attorney's office.

A fourth defendant, Rito S. Zazueta, 31, of Livingston, will be sentenced after his trial on immigration charges. Zazueta is accused of returning to the United States after being deported to Mexico.

Zazueta and Shino, who is a native of Iraq, face deportation after they serve their terms.

At trial, prosecutors presented recordings of the defendants negotiating to buy 22 buckets of pills, which filled a rental truck, for $220,000.

According to authorities, George negotiated the sale with Nobari's assistance. Shino and Zazueta delivered the money.

They boasted to an undercover agent that Turlock was the methamphetamine capital of the world, prosecutors said in a statement.

2001 Slaying Tied To Peekskill Man (JN)

By TIMOTHY O'CONNOR

The Journal News, August 10, 2006

Lost in the torrent of coverage of the Sept. 11, 2001 terrorist attacks, the killing of a 33-year-old mother of two in Peekskill received scant notice.

But nearly five years after Tasha Murray was gunned down on the same day as the attacks, federal prosecutors continue to track down those they say are responsible for her death.

Tuere Barnes, a reputed member of a violent Peekskill drug gang, has been indicted by a federal grand jury on charges of depraved indifference murder in the shooting of Murray, who left behind two sons, 15-year-old Benjamin Lewis, and 6-year-old Tyree Malik Hogan.

Barnes was involved in a shootout with Murray's boyfriend, Christian Gilchrest, in the doorway of the building where the couple shared an apartment at 943 Second St., federal prosecutors said. Barnes and other gang members were laying in wait for Gilchrest, a convicted felon, when Gilchrest spotted them and gunfire erupted, authorities said.

During the exchange, a bullet from Gilchrest's .45-caliber pistol struck Murray in the neck, killing her, federal authorities said.

Gilchrest was arrested by Peekskill police the next day. He pleaded guilty in state court in March 2003 to first-degree manslaughter and was sentenced to 15 years in state prison.

Barnes, 23, of Beacon, was a member of a violent gang reputedly headed up by his brother, Khalid "Big Homie" Barnes, 30, of Greenburgh, who faces a death penalty prosecution for the killing of two New York City drug dealers in February 2004.

In March 2004, Peekskill police and federal Drug Enforcement Administration agents arrested Tuere Barnes and more than a dozen other members of the Barnes gang after a racketeering indictment was unsealed in U.S. District Court in White Plains.

The killing of Murray was not part of the original indictment. But federal prosecutors have secured eight subsequent indictments. The murder charges against Tuere Barnes are contained in the latest indictment filed this week.

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Barnes' lawyer, Alex Eisenmann, said his client denied the charges and accused Bryan Conklin, a co-defendant of Tuere Barnes, of falsely fingering him to sweeten his cooperation deal.

"He is trying to implicate my client and others to curry more favor with the government to try to get a lower sentence," Eisenmann said.

Conklin's former lawyer, John Mitchell, said he had not represented Conklin since he started cooperating with authorities "several months ago." A current lawyer for Conklin is not listed in court papers.

Murray's father, Charles Scott, 58, of Haverstraw, said he was glad the investigation has continued even though news of the latest charges left him "sick to my stomach."

"It's not going to bring her back," he said, "but I want everyone responsible for my baby's death to be punished." COMMENT ON THIS STORY IN OUR FORUMS

Chase Leads To Drug Arrests (TLPA)

Times Leader (NE PA), August 10, 2006

WILKES-BARRE – A crack cocaine distribution investigation turned into a high speed pursuit through the streets of Wilkes-Barre Wednesday morning, state police said.

According to state police in Wyoming:

State troopers and agents from the federal Drug Enforcement Agency attempted to stop Sean "Bounty" Herbert, age unknown, while he was driving his sport utility vehicle in Kingston. Herbert, whose age was not given, fled over the Susquehanna River into Wilkes-Barre.

During the brief chase, Herbert threw 500 grams of suspected cocaine from his car. He stopped a short distance later on River Street in Plains Township and was taken into custody by police. Investigators also seized five ounces of crack cocaine, a small amount of marijuana, two handguns and $4,000 from Herbert's SUV.

State police and the DEA have been following Herbert's crack cocaine distribution for over and year. He will face an indictment before a federal grand jury.

Police also served warrants after the chase to homes at 70 W. Chestnut St. and 108 Grove St. Andy John and Lyndon Edwards were present at the Grove Street home when the warrant was executed, and both face charges of marijuana possession. An unidentified woman at the same house will be charged at a later date.

The Wilkes-Barre Department of Health later condemned both homes.

Meth Labs' Potential For Disaster (TR)

By Carolyn Salazar

The Record, August 10, 2006

MAHWAH -- When people hear "crystal meth," they think of sunken eyes, loose and corroded teeth, and bubbly skin.

But law enforcement officials say there are less-publicized drawbacks of home-cooked methamphetamine: its toxicity and risk of exploding.

That's what could happen in makeshift meth labs, where untrained amateurs mix toxic -- and sometimes lethal -- chemicals, using crude home appliances, officials with the Drug Enforcement Administration told first responders from Bergen County on Wednesday.

"What we are trying to do is help first responders identify small, toxic meth labs so they can make cautious decisions when they go into a location where there is a clandestine lab," DEA spokesman Doug Collier said during a daylong workshop that drew about 100 firefighters and EMS workers to the Bergen County Law & Public Safety Institute.

Methamphetamine

A stimulant generally produced in large laboratories in Mexico, the United States and Asia, or in small labs in the U.S. Can be injected or smoked. Crystallized form is known as "ice." Highly addictive and toxic.

Recent incidents

Last year, authorities raided three small meth labs in Sussex County.

In 2002, East Rutherford emergency workers responding to an apartment fire discovered a meth lab in the building.

Last week, DEA agents arrested a Teaneck mailman, Arturo Concepcion, 46, who they said may have been selling meth from his postal vehicle. Police had accidentally intercepted a postal package filled with meth. DEA investigators have not found a lab in that case.

"What we don't want," Collier said, "is for first responders to be victims themselves."

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Gerard P. McAleer, special agent in charge of the DEA's New Jersey office, said he hasn't noticed a proliferation of home-grown meth labs in the state, but he didn't want to wait for that to happen to begin raising awareness. Wednesday's session was the first of 21 seminars the DEA plans to hold, county by county, he said.

"We are trying to educate the public," McAleer said. "It's not a major problem here yet, but what we are trying to do is stay ahead of the curve."

Meth is brewed using readily available ingredients that can be mixed together -- and can also be heavily toxic and explosive, said Jack Fasanello, a DEA forensic chemist.

Such elements include lighter fluid, alcohol, ammonia, lithium and ephedrine, which can be found in cold medicine.

"With meth, you don't have to deal with getting shipments from foreign nationals who cut up the drugs," Fasanello said. "You can make meth yourself."

For that very reason, he said, meth labs are usually run by inexperienced, wannabe chemists -- a recipe for disaster. Clandestine labs have contaminated neighborhoods with poisonous fumes and tainted water supplies, and have set homes on fire, Fasanello said.

Murdered DEA Agent's Family Relieved After Guilty Verdict (KVOA)

KVOA-TV, August 10, 2006

The family of a murdered drug enforcement agent from Tucson says they're thankful a jury has sided with them.

Richard Fass was murdered in 1994 during an undercover drug sting and on Tuesday, a jury found Augustin Vasquez Mendoza guilty of that killing.

The last 12 years has been an emotional roller coaster for the Fass family but this guilty verdict is allowing them to move on.

Guillermo Fass told News 4 that it's "a great day for law enforcement in the United States of America. I can't say 'closure' because my brother is never coming back, but it's a bit of relief for our family."

Richard's mother said, "Right now, I'm glad. I'm happy for the outcome of it."

Guillermo says he'll always remember his brother's smile. Twelve years after his murder, Guillermo is still proud of the man who helped turn his life around.

"My brother was my mentor, my best friend. He was an idol to me. He was a hero," Guillermo said.

A hero who died in the war against drugs. This family has felt many emotions for over 12 years, including hate for the men who killed Richard, grief for losing him so early in life, and frustration over the long and tedious court case.

But now they feel a sense of peace, a gift from God, says Guillermo.

"Through the grace of God we're coping with it and dealing with it. Hopefully, we are becoming a stronger family for it."

His brother, Richard, is gone, but so too is the desire for revenge.

Now this family can go forward knowing that the evil men who caused them so much pain will no longer haunt them.

New Exhibit Focuses On Drug Trade (WLS)

WLS-TV, August 10, 2006

An eye opening look at the damage illegal drugs can have on a person's life is the focus of a new exhibit at the Museum of Science and Industry.

Mayor Daley and officals with the Drug Enforcement Administration were on hand Thursday morning for the official opening of the exhibit called "Target America."

The exhibit begins with an in-depth look at drug production, how they are smuggled into the US and how drug use affects society.

The display runs through December and is included in the cost of general admission.

For more information visit the museum's website.

Drug Exhibit Opens At Chicago Museum (WMAQ)

WMAQ-TV, August 10, 2006

Exhibit's Goals Are To Inform And Educate

CHICAGO -- Chicago Mayor Richard M. Daley, Police Superintendent Phil Cline and others officially opened a new exhibit at the Museum of Science and Industry on Thursday.

Related Content: Video | Images

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The exhibit is called "Target America" and its goal is to inform and educate people on the dangers of drugs. The mayor and guests then took the first tour of the exhibit, which was created by Drug Enforcement Agency agents. The exhibit opens to the public on Friday. NBC5 is a sponsor of the exhibit.

"This is an effort for Chicago to educate all of our children, regardless of where they are, bringing them to the museum with their families," Daley said. "Understanding that drugs are 80 percent of the crime factor in our city."

NBC5's Dick Johnson reported that among the items contained in the exhibit is a working meth laboratory, images of the effects of the brain of a cocaine binge, and a briefcase that contains secret compartments.

"After 9/11, the DEA really recognized that there was a link into what was going on in the world and drug abuse," said Garrison Courtney of the DEA.

Another portion of the exhibit shows artifacts from the World Trade Center surrounded by a money trail, from poppy field suppliers to money laundering to terrorists.

"That money might actually end up someplace that funds operations like the World Trade Center bombing," said David Lorino, also of the DEA.

Other parts of the exhibit focus on the local impact, Johnson reported. Evidence of a drug-induced car crash sits next to high-tech tools designed to catch drug dealers.

"Nowadays, law enforcement has to use the technology that the bad guys are using in order for us to do our job," said Vic Jasevicius of the DEA.

There is a scientific component to the exhibit as well. One part of the exhibit shows the danger of hotel room meth labs.

"Meth may be being made in a hotel room just next door," Courtney said. "A lot of times, it's unreported, but the problem with that is they get exposed to those fumes, it affects them for the rest of their life physically. It could blow up and kill people."

The goal of the exhibit, Courtney added, was to spark conversations that might not have started at home.

"An exhibit like this, it gives them an opportunity to kind of walk through and show their kids, and as their kids have questions, they can say, 'What do you think about that? Do your friends do this?'"

Sweeping Crackdown Said To Gut Gang In Md. (WP)

By Nelson Hernandez

The Washington Post, August 11, 2006

Maryland police have arrested 53 suspected gang members and seized drugs, guns and money in a wide-ranging effort to dismantle two factions of the Crips that have taken root in Frederick, Washington and Carroll counties, law enforcement officials announced yesterday.

A Maryland State Police spokesman said the two factions had been largely wiped out by the operation, which began in 2004 and led to the arrest in July of Lamar C. Wilmore, the alleged leader of a group called the Outlaw Gangster Crips. Martin K. Williams, the alleged leader of another group, the Money Making Gangster Crips, is named in an arrest warrant and is at large.

Wilmore, 28, and Williams, 33, face several drug-trafficking charges. Other members named in the police investigation face robbery, weapons violations and attempted-murder charges in addition to other drug possession and distribution charges.

Gang violence has become a major issue in Maryland, with several headline-grabbing crimes and indictments stemming from the activities of Mara Salvatrucha, a Central American gang known as MS-13 that has taken root in the Washington suburbs. Outlying jurisdictions have been alert for signs of increasing gang activity in their areas.

Police officials said the gangs appeared to be led by men from Las Vegas and New York who recruited locals, mostly from Frederick, Westminster and Hagerstown, to serve as soldiers in the gang. The factions are part of the national Crips organization, police said, which was founded in the 1970s. It became notorious for drug trafficking in Los Angeles as well as for its violent rivalry with the Bloods, another street gang that wears red to the Crips' blue.

The two factions, despite their urban roots, proved capable of operating in remote, small and rural towns. The gang came to the attention of Frederick police in 2000 with the killing of resident Eric A. Lebron. Frederick police Lt. Thomas V. Chase said officers arrested and convicted Andrew D. Wilmore, Lamar Wilmore's brother, for the crime. Chase said Andrew Wilmore also considered himself to be close to Williams.

Police started getting information that the Wilmores and Williams could be from a Crips group based in New York, Chase said, but there was not enough evidence.

The case developed further in 2002, when several men attacked Radcliffe Darby, a plainclothes officer with the Westminster Police Department, punching him in the face until he told them he was an officer, at which point they fled. They were later identified as members of the Crips, said Greg Shipley, a state police spokesman.

"It's not something that we think of when we think of rural areas, but obviously an investigation like this shows that's not the case," Shipley said.

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The investigation began in earnest in 2004, when alleged Crips were linked to a series of shootings and stabbings in Westminster and Hagerstown. Police said surveillance and wiretaps produced a steady stream of arrests that eventually led investigators to the two gangs' alleged leaders. Shipley said that the gangs appeared to share their turf and that they had close ties with one another through their affiliation with the national Crips organization.

In the course of the investigation, police seized $45,800, nine handguns, 33 1/2 ounces of crack, 25 ounces of cocaine, 8 ounces of liquid PCP, 13 1/2 pounds of marijuana and more than 200 ecstasy pills.

"The investigators believe that these two sets have been effectively dismantled," Shipley said. "However, there is no doubt that there are plenty of other criminal gangs operating. We've certainly won a battle, but not the war."

53 Gang Arrests Announced (BSUN)

By Nick Shields

The Baltimore Sun, August 11, 2006

FREDERICK -- A two-year investigation has led to dozens of arrests and a disruption of a Crips gang's activities in Central and Western Maryland, authorities said Thursday.

A task force of state, county and municipal police departments conducted the investigation, which brought about the arrests of 53 gang members on more than 150 criminal charges, officials said. Among those arrested, police said, were leaders of a Crips' organization that was operating in Carroll, Frederick and Washington counties.

"We didn't take down the whole operation, but we took down the biggest part of the organized control of the organization," state police Superintendent Col. Thomas E. Hutchins said at a news conference Thursday in Frederick.

The announcement of the arrests came about two months after about 300 law enforcement of ficers, political leaders and educators attended a summit in Columbia on rising gang violence throughout the state. Hundreds of thousands of dollars in state and federal money has been set aside to fight the problem.

In 2002 law enforcement agen cies began noticing organized gang activity in Frederick, Westminster, Hagerstown and surrounding areas. Police say two gangs, the Money Making Gangster Crips and the Outlaw Gangster Crips, were recruiting members and committing crimes in Carroll, Frederick and Washington counties, officials said.

In 2004 the joint task force formed and has since arrested gang members ranging in age from 18 to 35. Those arrested, police said, include Lamar Cason Wilmore, 28, formerly of New York, described as the Outlaw Gangster Crips leader in Western Maryland. Wilmore is charged with selling drugs, police said.

Authorities said they continue to search for Martin Kenneth Williams, 33, who police believe headed the Money Making Gangster Crips in the area. He has been indicted on numerous felony drug charges, police said.

Other gang members arrested face charges that include: attempted murder, assault with intent to murder, armed robbery, assault on police, use of a handgun in commission of a crime, importing drugs into the state and distribution of drugs.

Westminster Police Chief Jeff Spaulding said a 2002 assault by a Crips member on a plainclothes officer was an early sign of gang activity in Carroll County.

"I don't think at that time there was any recognition that there was any gang involvement beyond just the very local levels group of people who were known to us who were criminals," he said, adding "there was a progress from wannabes, to affiliates, to full-fledged gang members."

He said that more than a year ago, the police department held a community meeting at a local church to address rumors about recent spates of crime and gang activity. More than 100 community members packed the basement of an area church for a question-and-answer session.

Crips Gang Factions Busted In Maryland (WT/AP)

By David Dishneau

The Washington Times, August 11, 2006

FREDERICK, Md. -- Police have broken up Crips street-gang factions in three mostly rural Maryland counties where organizers from New York had recruited local thugs to sell drugs, Maryland State Police Secretary Col. Thomas E. Hutchins said yesterday.

Fifty-three gang members have been arrested in Carroll, Frederick and Washington counties in a two-year investigation by state, county and local authorities, Col. Hutchins said.

The more than 150 charges include attempted murder, armed robbery, assaults on police officers, weapons violations and drug crimes.

"I'd say they've been dismantled as far as organizational structure, for sure, and it has also probably sent some definite shock waves through the other gangs that are located or active in the area," Col. Hutchins said.

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He said the two factions -- the Outlaw Gangster Crips and the Money Making Gangster Crips -- operated in communities as small as Taneytown, with a population of just under 5,500, and as remote as Hagerstown, a city of 38,000 in the Appalachian foothills, 70 miles west of Baltimore.

It was the biggest arrest in Maryland of the nationwide Crips gang.

Col. Hutchins said that the immensity of the case proves that "whether we're in a rural area, whether we're in a suburban area that's in transition, whether we're in a major urban center, that we're not immune from the reach of gang activity."

Increased gang violence in Maryland has become a major law-enforcement concern and a key election-year issue.

Last August, federal prosecutors indicted 19 members of Mara Salvatrucha, a Central American gang also known as MS-13, on racketeering charges in the Maryland suburbs of Washington.

In June, Gov. Robert L. Ehrlich Jr., a Republican seeking re-election, announced the establishment of a statewide database of gang activity.

The Crips probe officially began in 2004 amid escalating violence by people local police previously had regarded as petty offenders.

Westminster Police Chief Jeffrey Spaulding traced the gang activity there to May 2002, when Crip members confronted Officer Radcliffe Darby while he was on foot patrol and punched him in the face.

That was followed by shootings, stabbings and armed robberies in what had been a relatively peaceful community.

"Typically, we see very few robberies in the city of Westminster," Chief Spaulding said

But when local offenders started affiliating with the Crips, "we started getting information about them robbing other drug dealers. We had at least three robberies in the city of Westminster. That was really atypical for us," Chief Spaulding said.

Police arrested the accused leader of the Outlaw Gangster Crips, Lamar C. Wilmore, 28, in June on drug charges.

The accused leader of the Money Making Gangster Crips, Martin K. Williams, 33, has been indicted on drug charges but remains at large, Col. Hutchins said.

Baseball Asserts That Fewer Players Failed Drug Tests (NYT)

By Jack Curry

The New York Times, August 11, 2006

When federal investigators said two months ago that pitcher Jason Grimsley of the Arizona Diamondbacks had admitted to using steroids, human growth hormone and amphetamines, the spicy revelations tarnished the increasing efforts Major League Baseball was making to regulate the sport.

But as the 2006 season moves toward its stretch run, baseball officials have become cautiously encouraged by the sizable reduction in the number of players who have tested positive for performance-enhancing drugs or other banned substances this year.

With less than four months remaining in the calendar year, 34 players — two in the major leagues and 32 in the minor leagues — have tested positive. At this time last year, 86 players had failed tests, and by the time the year concluded, the number had reached 93, with 81 in the minor leagues and 12 in the majors.

While the number of positive tests has decreased, the statistics also show that two trends that emerged last year continue to hold form: many of those testing positive are from Latin America, or are pitchers, or are both. Of the 34 players who have tested positive this season, 22 are from Latin America, with 13 from Venezuela and 8 from the Dominican Republic. In addition, 24 of the 34 who failed tests are pitchers.

"We believe that the programs are working," said Rob Manfred, baseball's executive vice president for labor relations and human resources. "When you make penalties much more severe, as we have, fewer people will be willing to take the risk."

After Major League Baseball and the players association reopened their collective bargaining agreement for a second time last year, penalties for players who tested positive for steroids increased to 50 games for the first offense, 100 for the second and a potential lifetime ban for the third.

Since there is no easily administered test for human growth hormone, there is a theory that at least some players may be using that substance instead of steroids because they know they cannot be caught. It is difficult to speculate how many players might be using human growth hormone, but the belief that some might be guarantees that there will be some skepticism attached to baseball's decrease in positive tests.

"My reaction to that is all we can do is what we are doing," said Manfred, who was referring to baseball's desire to stay on the cusp of efforts to detect the latest steroids and maintain a dialogue with various steroid experts.

Dr. Gary Green of U.C.L.A., who has been a steroids consultant for Major League Baseball for the last three years, said: "Is growth hormone a hole in the testing? Yes, it's a worldwide hole. There's nothing today that is going to be a solution to that."

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Manfred said he had been unable to discern any pattern as to why almost two-thirds of the players who have failed tests this year are from Latin America and why nearly 40 percent are from Venezuela. In 2005, 44 of the 93 violators were from Latin America, with 19 from Venezuela and 17 from the Dominican Republic.

Players born outside the United States accounted for 27.4 percent of the spots on major league rosters at the start of the 2006 season. In the minor leagues, 45.1 percent of the players under contract for 2006 were born outside the United States.

Green said one possible reason Latin players made up a substantial portion of the violators is that some controlled substances that require a prescription in the United States are plentiful in their home countries.

"In Latin America, a lot of these drugs are available at pharmacies very easily," Green said.

The accessibility of the drugs may be one factor, and the yearning for a better lifestyle might be another. In Venezuela, where the average income last year was $3,500, players typically see baseball as a path to a better life.

"They want to succeed so badly and make some money to feed their families, but they're doing it in a bad way," said Luis Sojo, a former major leaguer who is Venezuelan. "In the past, it hasn't been a really big issue, but they've got to be told that this stuff can kill you."

Sojo, who manages the Yankees' Class A Tampa team, said he counsels young players in Venezuela about why they do not need performance-enhancing drugs. He said players understand the risks.

"To hear that they are from Venezuela is disappointing," Sojo said. "It makes me sad."

In addition to the heavy percentage of those testing positive being from Latin America, all but 10 of the 34 who have failed tests this year are pitchers.

Even though no marquee pitcher has been closely connected to steroids, and even though the substance has been most associated in baseball with sluggers like Barry Bonds, Mark McGwire and Jason Giambi, it is pitchers who are turning up as violators. Last year, 46 of the 93 players who tested positive were pitchers.

Tom House, a former major league pitcher who said that he tried steroids during his career, said he was not surprised so many pitchers continue to test positive. House said steroids are attractive to pitchers because they enable them to bounce back quickly and pitch again.

"It's about recovery," House said. "Anything that has to do with competition, you want to prepare, compete and repair. Whatever you can do to facilitate improvement in any of those areas, someone is going to do it."

When House tried steroids in the 1960's and 1970's, he said he grew more muscular, but experienced no benefits. "Obviously, I was an experiment that failed," said House, who was 29-23 in an eight-year career.

Al Leiter, who pitched for the Mets and the Yankees during his 19-year career, said the high percentage of those testing positive who are pitchers surprised him.

But, he added, "If pitchers were using it because it made them feel like they were closer to 100 percent, it would make complete sense that they would do it as much as the home-run hitters who were trying to bulk up."

Manfred declined to say if anyone has tested positive for amphetamines, which were banned for the first time this season. A player who tests positive for amphetamines receives mandatory testing after the first offense and is not identified, and would not be included among the current 2006 list of 34 violators.

Commissioner Bud Selig seemed to indicate there had been players who tested positive for amphetamines when he said last month that the policy was working.

Meanwhile, despite the overall drop in positive tests, Manfred was in no mood to boast. The next Grimsley could be one urine sample away.

"There is no 'solved' with this problem," Manfred said. "I can't imagine a state of affairs where anybody in any sport, union or nonunion, professional or Olympics, can sit there and say, 'We have solved the problem.' "

Cubs Manager To Testify In Steroid Trial (AP)

AP, August 10, 2006

MILWAUKEE (AP) -- Chicago Cubs manager Dusty Baker will testify in the Mitchell investigation into steroid use in baseball, and said he assumed he was called because of his relationships with Barry Bonds and Sammy Sosa.

Baker managed Bonds with the San Francisco Giants and had Sosa with the Cubs. Former Senate Majority Leader George Mitchell was appointed by commissioner Bud Selig to look into the steroids problem.

"I don't have any choice," Baker said Thursday, where the Brewers beat the Cubs 8-6. "I was already scheduled to (testify) Aug. 2 and for whatever reason, it was canceled. All I know is I didn't schedule it. I didn't cancel it."

Baker said he was not told the subject of the questions he'll be asked, but guessed it was because he'd managed Bonds and Sosa.

"I don't know why Sammy is involved," Baker said. "I haven't heard Sammy's name mentioned."

DOJ_NMG_0046633

Gatlin's Coach Probed On Doping Charges (AP)

AP, August 10, 2006

MONTE CARLO, Monaco (AP) -- Track and field's world governing body is investigating the coach of sprinter Justin Gatlin for alleged doping violations.

The International Association of Athletics Federations said Thursday the probe into the activities of Trevor Graham will be carried out in conjunction with the U.S. Anti-Doping Agency.

At least six athletes who trained under Graham have received doping suspensions. Graham, however, has always denied direct knowledge or involvement with drug use.

Gatlin, the reigning Olympic and world champion and co-world record holder in the 100 meters, tested positive for testosterone or other steroids after a relay race in Kansas in April. Graham has said Gatlin was the victim of a vengeful massage therapist who rubbed testosterone cream on him without his knowledge.

Gatlin, who denies knowingly using banned substances, faces a lifetime ban if found guilty of a second doping offense.

Gatlin was suspended in 2001 after testing positive for an amphetamine found in medication he was taking for attention deficit disorder. The IAAF gave him early reinstatement, but said the suspension remained on his record and he would face a life ban for any second violation.

Graham is reportedly under investigation in connection with the Bay Area Laboratory Co-Operative steroid probe. If evidence is found that he engaged in doping practices, the USADA will initiate disciplinary proceedings against him, the IAAF said in a statement.

"In order to defend the credibility of our sport, we will engage all our efforts, in co-operation with partners such as USADA, to defend the majority of athletes who are clean, against athletes, coaches, managers or any other support personnel who break our anti-doping rules," the statement said.

Graham helped launch the federal investigation of BALCO three years ago by anonymously mailing a syringe containing a previously undetectable steroid to the USADA.

Despite the probe, eligible athletes coached by Graham remain free to compete in this year's remaining World Tour meets based on invitations from organizers, the IAAF said. But organizers of a meet in Berlin, Germany, have banned all athletes linked to Graham from competing in the Sept. 3 event, and called on other meets to do the same.

The U.S. Olympic Committee has barred Graham from using its training centers and training sites as a result of his suspected links to doping.

Graham's lawyer on Tuesday asked the USOC to lift the ban, saying the coach passed a lie-detector test when he denied giving performance-enhancing drugs to athletes.

FDA Warns 3 Pharmacies Making Copies Of Drugs (USAT)

By Julie Appleby

USA Today, August 11, 2006

The Food and Drug Administration has warned three large pharmacies that they are violating federal law in making and distributing "thousands of doses" of their own versions of drugs used by asthmatics and others with respiratory ills.

The move addresses what the FDA says is a growing problem: Some pharmacies are mass-producing unapproved copies of brand-name drugs, for no proven medical reason, under less-stringent safety and sterility rules than the agency sets for drugmakers.

Steve Silverman, the FDA's acting assistant director of the office of compliance, says the agency expects the companies to either show they are filling legitimate medical needs or stop mass production.

Warnings were issued Wednesday to Orlando-based Rotech Healthcare; CCS Medical of Clearwater, Fla.; and Reliant Pharmacy Services, owned by home oxygen company Lincare, which the FDA says has not resolved issues from a December 2004 letter.

Lincare spokesman Joe Grillo said the company had no comment. Rotech did not respond to an inquiry.

Cole Peterson of CCS Medical, a medical-supply company, says the firm was surprised by the warning, saying it was "inconsistent with prior communication" from the FDA. She said the company would work with the FDA and that the medications in question represent less than $80,000 of the firm's $400 million annual revenue.

If the companies don't respond satisfactorily, Silverman said they potentially face seizure of their drugs or court actions, such as injunctions, civil or criminal charges.

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Pharmacies can make drugs, a process called compounding, when they have legitimate prescriptions for individual patients who require special products not made by commercial manufacturers. Legitimate compounding could include making dye-free products or creating liquid medications for patients who can't swallow pills.

But the FDA says the pharmacies targeted with the warning letters made drugs for patients without proving any unique medical need. The drugs in question are liquids that are poured into devices called nebulizers and inhaled by respiratory patients. Silverman says it is unlikely that patients would receive them from neighborhood pharmacies. Instead, patients may have been attracted to lower-cost drugs advertised on the Internet, or by companies that sell the devices used to inhale the drugs.

USA TODAY highlighted the issue in a March 2005 report that outlined how some patients were switched to pharmacy-made inhalation drugs without their knowledge by pharmacies that profited by substituting their own versions for the brand-name drugs.

Last month, Sen. Charles Grassley, R-Iowa, wrote the FDA and Medicare with concerns about pharmacy-made respiratory drugs. On Thursday, Grassley called the FDA move "a big step in the right direction" and also called on Medicare to tackle the problem.

The patient-advocacy group Consumer Health Alliance for Safe Medication, which has sought restrictions on compounded asthma drugs, praised the FDA, but said there should be more effort made to notify patients who have received the medications.

IMMIGRATION:

Labor Agreement Is A First For Immigration Judges (WP)

By Stephen Barr

The Washington Post, August 11, 2006

After seven years of negotiations, the Justice Department and a union representing 218 immigration judges signed their first collective-bargaining agreement yesterday.

Leaders of the union, the National Association of Immigration Judges, said the contract would improve communication between Justice headquarters and the judges, who serve in 53 cities and detention centers across the country, by guaranteeing quarterly meetings to discuss security, workload and other issues.

By most accounts, immigration law is second only to tax law in complexity, and interest in immigration issues and deportation cases has risen sharply since the Sept. 11, 2001, terrorist attacks. The judges, who are employees of the Justice Department, handle about 300,000 cases a year, rendering final agency decisions on asylum claims and some national security issues.

"We have more public interest in the courts and in immigration, and it makes our job even more challenging," said Denise Slavin , the association's president.

In recent months, the immigration judges have been hit with a series of complaints about their temperament and the quality of their decisions, prompting a review by senior Justice officials. Attorney General Alberto R. Gonzales told a meeting of the judges on Wednesday that the review found "the vast majority of immigration judges discharge their duties in a manner of which we can all be proud," according to his prepared remarks.

Gonzales, however, said some judges "on rare occasions do behave inappropriately toward those appearing before them," but said the conduct "seems to be an individual problem rather than a systemic one." He noted that immigration judges "often operate under pressures that would try even the most patient among us."

Working conditions were a factor in the formation of the union. For most judges, weekly workloads allow only four hours off the bench and require 36 hours on. During hearings, judges have little staff assistance and often operate tape machines. They issue extemporaneous verbal rulings at the end of hearings.

"We don't have the bells and whistles that federal courts have," said Dana Leigh Marks , a judge who helped negotiate the contract. "We work in extremely spartan situations with a tremendous caseload."

Gonzales signaled he is ready to take steps to improve the performance of the immigration courts. A Justice announcement listed 21 proposals, including budget increases in fiscal 2008 and the hiring of more judges. The department also called for better training and up-to-date reference materials that reflect the law of the federal circuits in which the immigration judges sit.

The attorney general also said he plans to have the judges face annual performance evaluations for the first time. "These appraisals will focus on professionalism and quality of work product" and "will respect your special obligations as adjudicators," Gonzales said.

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Slavin said the union is "not eager" to embrace performance evaluations, in part because they could raise concerns about judicial independence and "create perceptions among the public that judges are being influenced in reaching their decisions."

But, she added, the issue can be discussed at the negotiating table, "now that we have a collective-bargaining agreement."AFGE Reelects Gage

John Gage , president of the American Federation of Government Employees, was reelected to a second three-year term late Wednesday in Atlanta.

Gage defeated a former union president, Bobby Harnage , in a runoff election, winning about 52 percent of the vote. Larry Raney , the head of a Bureau of Prisons local, was eliminated in the first round of balloting, a union spokeswoman said.

J. David Cox was selected as AFGE's national secretary-treasurer, defeating Kitty Peddicord . Andrea E. Brooks was reelected as national vice president and women's director, defeating Marilyn Wiley .Talk Shows

Ron Ault , president of the AFL-CIO Metal Trades Department, and Don Hale , chairman of the AFGE Defense Conference Steering Group, will discuss the Defense Department's new National Security Personnel System at 10 a.m. today on "Inside Government," an AFGE-sponsored program, on http://federalnewsradio.com and WFED radio (1050 AM).

John R. MacDonald , assistant commissioner for information and technology at Customs and Border Protection, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Stephen Barr's e-mail address isbarrs@washpost.com.

CONGRESS-ADMINISTRATION:

Markets Unfazed By Terrorist Plot (WSJ)

By E.s. Browning

The Wall Street Journal, August 11, 2006

After falling for four consecutive days on fears of a weakening economy, the Dow Jones Industrial Average finally rebounded -- despite news of an extensive new terrorist plot.

Some professional investors professed amazement that U.S. stocks would fall on good news -- the end to Federal Reserve interest-rate increases -- and then rebound on bad news.

"I am utterly shocked," said Stephen Sachs, director of trading at mutual-fund group Rydex Investments in Rockville, Md.

More than anything, the markets' relaxed response to the news of a foiled attack on aircraft leaving Britain underlined once again that investors are becoming inured to terrorism fears, reacting only when there is clear economic damage.

The Dow industrials were down only 31.46 points at the day's low, shortly after the opening bell, by which time U.S. investors had heard about the terror plot. The blue-chip index finished ahead 48.19 points, or 0.44%, at 11124.37, up 3.8% this year.

Traders offered a variety of explanations for the gains. Investors who were worried about inflation were reassured to see oil futures plunge 3.1%, or $2.35, to $74.00 a barrel, after recent increases to near-record prices. The decline apparently reflected concerns that air travel could suffer and hold down fuel demand. Other industrial commodities followed oil down, also indicating uncertainty about the economy and further easing inflation fears.

Some market watchers pointed to strong quarterly profit reports from the likes of insurance giant American International Group. Still others said investors were reassured that the terrorist plot was uncovered and prevented, suggesting antiterrorism efforts are working.

"The fundamentals are still good. The economy is still growing 2.5% to 3%," said Alfred Kugel, chief investment strategist at Chicago investment-management firm Atlantic Trust/Stein Roe. Quarterly profits "are up 16%, five percentage points more than people thought at the beginning of the quarter."

Still, he added, "I find it very surprising that stocks are up. Oil prices are falling because of the terrorist situation in England, which doesn't seem to me like a good reason to rush out and buy stocks."

At the beginning of the day, said Mr. Sachs of Rydex, "there was a lot of chatter on the Street about the various terrorist events we have had, and that they have marked near-term lows for the market." Some investors were starting to think stocks had fallen too much in reaction to the Fed moves and to fears of a weakening economy; these people may have seen the initial declines on the terrorism news as an opportunity to buy.

Investors recalled that after the Madrid train bombing in 2004, U.S. stocks took several days to recover. But following the London subway bombing and the Mumbai commuter-train bombing, stocks were up by day's end after the lasting economic impact of those attacks was deemed minor.

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World-wide yesterday, major stock indexes shuddered but then recovered good parts of their initial losses. Britain's FTSE 100 finished down just 0.63%. In France the decline was 0.97% and in Germany, 1.26%.

Shares of some major international airlines such as Continental Airlines and United's parent, UAL, fell more than 1% each, but low-cost airlines such as Southwest Airlines and AirTran Holdings rose, apparently reflecting hopes that their profitability would hold up better than that of larger concerns. AMR, parent of American Airlines, was unchanged, and the Dow Jones Wilshire U.S. Airlines Index rose 0.4%.

Indexes of U.S. hotels, casinos and insurance companies also showed gains, reflecting the market's calm reaction. Indexes of world-wide airlines and hotels fell, however.

The Standard & Poor's 500-stock index rose 0.46%, or 5.86 points, to 1271.81, up 1.9% this year. The Nasdaq Composite Index advanced 0.56%, or 11.46 points, to 2071.74, down 6.1% in 2006.

Outside the U.S., stocks declined in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, fell 0.98%, or 2.12 points, to 214.41.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.38 billion shares, as 1,991 stocks rose and 1,311 fell.

Bond prices declined. The 10-year Treasury note fell 1/32, or 31 cents for each $1,000 invested, pushing the yield up to 4.931%. The 30-year bond was down 7/32 to yield 5.066%.

The dollar was mixed. Late in New York, it traded at 115.29 yen, down from 115.31, while the euro fell against the dollar to $1.2792 from $1.2861.

Markets Prove Immune To Terror Plot (USAT)

By Adam Shell

USA Today, August 11, 2006

NEW YORK — Wall Street's unemotional, rational response to terrorism five years after the 9/11 attacks is now a trademark of battle-tested investors.

That cold, calculating financial reality was driven home Thursday when the U.S. stock market rallied despite news that British authorities thwarted a plot to blow up commercial airplanes en route to the USA from London.

Stock futures dropped almost 1% before trading began. But after quickly concluding that the foiled attack would do little damage to the economy, traders refocused on more mundane issues, such as corporate earnings and interest rates, and bid the Dow Jones industrials up 48 points to 11,124. Even in London, where the terror plot was uncovered, the blue-chip FTSE 100 tumbled less than 1%.

"When it comes to terror," says ISI Group investment strategist Jason Trennert, "investors act very rationally and ask themselves, 'Do these events fundamentally change the economic landscape?' The answer is no."

Terrorism's ability to instill fear in investors has been waning since the Sept. 11 attacks, which closed the U.S. stock market for four days; the Dow plunged 14.3% in the first five sessions after trading resumed.

Investors' reaction to terror has become muted. The knee-jerk reaction is to sell stocks when terror headlines hit, then buy them back quickly, after having time to gauge the fallout.

A study of market reactions in five prior terror scenarios, including the 2002 attack in Bali and the London train bombing in July 2005, found that stocks tend to open trading at or near the lows of the day and pare their losses by day's end, says Birinyi Associates.

Thursday's reaction was somewhat odd. Oil prices, which some thought would rise, fell $2.35 to $74 a barrel amid concerns that jet-fuel demand would drop. Gold, a traditional haven, fell $15.60 to $634.90 an ounce. Investors also didn't run to the safety of bonds. The 10-year Treasury note yield ended unchanged at 4.94%.

Milton Ezrati, senior market strategist at Lord Abbett, offers three reasons stocks have been so resilient:

·Terror risk is priced into market. "The market is aware that this threat exists, and stock prices are lower than they otherwise might be because the world is a dangerous place."

·The biggest threats/attacks have been overseas. "If it happened here, the shock would be a little greater."

·The fear factor has waned.

Barring a terrorist strike of great magnitude, investors tend to have short memories when it comes to close calls, says Birinyi's Paul Hickey: "A few weeks later, people tend to forget about them."

Wall Street Stays Calm, Ends Higher (WP)

By Brooke A. Masters And Paul Blustein

DOJ_NMG_0046637

The Washington Post, August 11, 2006

NEW YORK, Aug. 10 -- The initial, gut reaction by financial markets was predictable: When news flashes brought word of a suspected terrorist plot to bomb airplanes, stock prices plummeted. But although European markets ended down, U.S. investors overcame early morning jitters and the stock market finished up for the day for the first time in five trading sessions.

Analysts said that what might on first glance seem like a paradoxical reaction actually made sense. Many traders have factored terrorism risks into their thinking and are learning to see disrupted plots as good news, they said.

The long-term psychological and economic impact of yesterday's events remains unclear, to be sure. While markets have recovered fairly quickly from several terror attacks since Sept. 11, 2001, most of those occurred at times when the markets were already rising.

Economic growth in the United States has slowed sharply in the past few months. Even before the latest plot was reported, there was fear in some quarters that the country was headed for a recession. Some experts are worried that trouble in the airline sector and fresh news about terrorism could exacerbate what already appears to be economic weakness.

"We already have the problem of prices rising and employment growth slowing," said Stanley W. Black, a professor of economics at the University of North Carolina at Chapel Hill. "It would certainly not help to have an event that slows down transportation."

The alleged plot will have limited impact on the markets, predicted Larry Kantor, co-head of research at Barclays Capital, but it came at a particularly bad time in the economic cycle. "We've reached the limits of above-trend growth," he said. "The best is behind us."

European markets, which open first, reacted far more strongly to the news of the alleged plot than their U.S. counterparts. There, investors had less time to digest the news and have had more recent experience with terrorist attacks. Major stock market measures in Germany and France fell about 1 percent, while the British pound dropped sharply from a 15-month high against the dollar on fears that the news could dampen economic growth in Britain.

"There could clearly be some economic impact, with the transport and tourism sectors a particular concern, but it is far too early to know what the effect will be," Richard Lambert, director of the Confederation of British Industry, said in a statement posted on the organization's Web site.

U.S. investors were more sanguine. After an initial dip, all three major U.S. market indexes finished in positive territory Thursday. The Dow Jones industrial average rose 48.19, or 0.4 percent, to close at 11,124.37. The Standard & Poor's 500-stock index rose 5.86, or 0.6 percent, to 1,271.81. The Nasdaq composite index rose 11.46, or 0.6 percent, to 2,071.74.

"The markets are taking it as a buying opportunity," said Joseph Quinlan, chief market strategist for Bank of America's Global Wealth and Investment Management division.

The calm reaction was partly because the plot was so far unsuccessful and that the world has now survived a series of bombings in London, Madrid, Bali and Bombay, analysts said. "Investors understand that the threat is always there and it's very encouraging to see that the plot was foiled," said Alan Skrainka, chief market strategist for the brokerage firm Edward Jones.

By contrast, the market reacted sharply in September 2004 to an erroneous report that there had been a "mass casualty event" in the District. The Dow fell 70 points in the 20 minutes before police confirmed that the event was simply a case of teenagers mishandling pepper spray.

A study of the stock market's reaction to four previous terrorist attacks by Standard & Poor's chief investment strategist Sam Stovall found that although the markets slumped initially, the high-growth sectors had resumed their upward trend within four weeks of each attack. "The market is very resilient," he said.

Ken Tower, chief market strategist for Cybertrader Inc., a Charles Schwab & Co. subsidiary, agreed. "Terror plots only impact the market if they change people's behavior," he said.

Not surprisingly, the transportation sector, which would be most directly affected by heightened security, faced an early sell-off before recovering somewhat. Airline stocks had already been downgraded by a few analysts based on high oil prices and labor problems.

"Given today's attempted attacks against a backdrop of high oil prices heading into a seasonally weaker demand period, we think the risks have become too high to continue to recommend purchase," Standard & Poor's analyst Jim Corridore wrote about Continental Airlines. British Airways PLC, Deutsche Lufthansa AG and AMR Corp., the parent company of American Airlines, were all among the losers yesterday.

Tourism in Britain has become more "resilient" since the 2001 attacks, said Elliott Frisby, a spokesman for the British Tourist Authority, in a phone interview. He said that despite the London subway bombings in July 2005, a record number of foreign tourists came to the country last year -- about 30 million. So far this year, tourism is up about 6 percent over the comparable period last year, to 15 million visitors, he said.

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"The recovery time, if you like, is getting shorter and shorter," he said. "People are now aware that these things can happen anywhere in the world, and they will not be put off by them."Movers

British Airways fell $2.85, to $70.48.

Continental Airlines fell 35 cents, to $23.86.

UAL , parent of United Airlines, fell 31 cents, to $23.52.

AIG rose $1.83, to $60.32. The insurer posted a 29 percent drop in second-quarter profits that nonetheless beat Wall Street forecasts.

Viacom rose $3.27, to $37.05.

Target rose $2.44, to $47.72, on a 13 percent rise in quarterly profits.Indexes

New York Stock Exchange composite index rose 17.15, to 8,209.78.

American Stock Exchange index fell 11.82, to 1,989.90.

Russell 2000 index of smaller-company stocks rose 5.22, to 686.27.Volume

NYSE: 2.44 billion shares, down from 2.68 billion on Wednesday. Advancers outnumbered decliners by 9 to 7.

Nasdaq: 1.77 billion shares, down from 2.12 billion. Advancers outnumbered decliners.Commodities

Crude oil for September delivery: $74, down 35 cents.

Gold for current delivery: $634.90 a troy ounce, down from $650.50 on Wednesday.

Blustein reported from Washington. Staff researcher Richard Drezen contributed to this report.

Americans Not Fazed By Latest Threat (WT)

By Patrice Hill And Joyce Price

The Washington Times, August 11, 2006

Americans are getting used to the idea that their country is a terror target.

Wall Street showed remarkable resilience and actually rallied yesterday on news that British authorities thwarted a terrorist plot against U.S. airlines. The rally was aided by a steep drop in oil prices, which fell on expectations that canceled travel plans would mean lower demand for fuel. Safe-haven investments such as gold and Treasury bonds also gained, lowering interest rates and making the terror busts a minor net plus for the economy.

Both Wall Street and Main Street have grown accustomed to the idea that the United States is a favored target of extremists since the September 11 terrorist attacks, analysts say, and Americans are inclined to react only if something bad really happens.

One factor contributing to their unflappable attitude: No terrorist attack has occurred on American soil since 2001.

"Very little has changed, because this terrorist plot was stopped," said Lawrence Kudlow, head of Kudlow & Co. and a Republican economic adviser. "The Brits delivered us an incredible blessing," he said, adding that the hundreds of billions of dollars the U.S. government has spent on thwarting terrorist activity also seems to be paying off.

"Our defense is working," he said. "Nothing happened, thank God."

Yesterday's foiled attacks against U.S. airlines ferrying passengers from London to New York, Los Angeles and Washington at the height of the summer travel season should have a "benign" impact on consumer confidence because "the vast majority of American consumers don't travel internationally for pleasure or business," said Mary Brett Whitfield, a senior vice president at Retail Forward, a retail analysis firm.

"There was more chaos, more interruption in Europe than in the U.S. So for most Americans it will be a nonissue because it's not part of their world," she said.

Chuck Gannon, bartender at American Legion Post 108 in Cheverly, said the incident will not affect his plans to fly to Salt Lake City next week.

"I flew shortly after 9/11, and there were some extra delays at the airport. I expect some hassle at the airport this time, but I'm still going," he said.

Political analysts say worries about terrorism have declined in the past five years and many Americans have become downright defiant in the face of terrorist threats.

John Zogby, president of Zogby International polling firm, said the newly discovered threat "will put some damper on short-term travel, especially less-than-necessary travel.

"It heightens the fear factor, but Americans have come to live with the fear factor," he said. "They know there will be another terrorist attack."

Terrorism fears have been trumped by the "convenience factor" in the thinking of many Americans, Mr. Zogby said.

"People don't like inconvenience," he said, noting how fast-food customers will "bump fenders to get out of the drive-through first."

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Would-be travelers have been warned they could be facing delays at airports at least for the next few days. This will be enough to cause some to postpone travel plans, he said.

"But barring another [terrorism] announcement next week, things should be back to normal in three weeks to a month," he said.

The biggest adverse economic impact will be to the U.S. airline industry, particularly to the targeted airlines -- United, American and Continental. The setback comes as the industry was mounting a convincing comeback from the devastating losses, layoffs and bankruptcies caused by the September 11 attacks.

"This should put a chill on travel and result in less of a call for oil," said John Kilduff, vice president at Fimat USA. The price of premium crude fell $2.35 to $74 in New York trading yesterday.

But many analysts predicted the impact on oil prices and even the airline industry would be fleeting.

Mike O'Hanlon, a senior fellow at Brookings Institution, said he anticipated Americans "will be nervous for a while," but he expected most will resume flying quickly.

"Americans proved to be level-headed about the 9/11 threat," he said, and he expects them to show the same spunk in this situation. He predicted only 5 percent to 10 percent will remain unwilling to board airplanes in the aftermath of yesterday's threat discovered in Britain.

Peter Brookes, a senior fellow at the Heritage Foundation, was also optimistic most people will overcome their fears rapidly.

"This will give them pause. People are going to pay attention in the short-term, since they have been reminded a terrorist threat still exists in our country, and we're still in the cross hairs," he said. "So they will be thinking about this a lot the next few days, and they will be cautious. But, ultimately, they will be defiant."

July Budget Deficit Shrank As Receipts Increased Over 12% (WSJ)

The Wall Street Journal, August 11, 2006

WASHINGTON -- The federal government ran a budget deficit of $33.2 billion in July, far narrower than the $53.37 billion gap a year earlier, as government receipts soared, the Treasury Department said yesterday.

The department's monthly budget statement shows receipts jumped more than 12% to a record $159.76 billion last month from a year earlier. Outlays fell 1.3% to $192.96 billion.

The July deficit was consistent with the Congressional Budget Office's estimate of a $33 billion budget shortfall during the month. The CBO said most of the reduction of the July deficit from a year earlier reflected a shift in the timing of government payments compared with last year.

The Treasury report left June's budget surplus unrevised at $20.47 billion.

The Treasury estimates the U.S. government ran a budget deficit for the first 10 months of fiscal year 2006 of $239.7 billion, down 21% from the deficit recorded in the first 10 months of fiscal 2005. Last month, the White House projected this fiscal year's budget deficit would total $296 billion, compared with $318 million last year.

For the first 10 months of fiscal 2006, government receipts and outlays have hit records, but the rate of receipts expansion has been faster than that of outlays.

In the October 2005-to-July 2006 period, receipts totaled $1.970 trillion, up 13% from the same period in fiscal 2005. Outlays in the first 10 months of the current fiscal year total $2.209 trillion, up 7.8% from a year ago.

Individual income-tax receipts total $866.56 billion in fiscal 2006 through July, up from $756.13 billion a year earlier. Corporate income taxes total $261.25 billion for the current fiscal year to date, up from $205.9 billion last year.

The government paid $22.1 billion in net interest last month on the federal debt. Net interest on the federal debt excludes interest paid on nonmarketable government securities held by federal trust funds, such as Social Security.

All Signs Point To An Economic Slowdown, And Recession Dangers Are Growing (MCT)

By Kevin G. Hall

McClatchy Newspapers, August 11, 2006

NEW YORK - From bustling Wall Street to the quiet corridors of the Federal Reserve, there's widespread agreement that the once-sizzling U.S. economy is slowing.

The question now is what's next: a return to stable, modest growth or a skid into recession.

The answer will play out in the months ahead. It depends on whether soaring energy prices ease, inflation threats diminish and the slumping housing sector stabilizes or sinks.

The Mortgage Bankers Association said this month that loan applications to purchase homes in July were down 20 percent from the same month a year earlier. The National Association of Home Builders said this month that its housing-market index

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dipped in June to its lowest level since 1991. And the National Association of Realtors said Wednesday that existing-home sales would fall 6.5 percent this year.

Richard Berner, the chief U.S. economist for banking giant Morgan Stanley, expects the housing slowdown alone to trim U.S. economic growth by as much as 1.5 percentage points.

One troubling sign is the Realtors' projection that the median existing-home price is expected to grow by only 4.3 percent this year, down sharply from last year's scorching 12.2 percent.

With home-price increases slowing, an important engine of U.S. consumption is sputtering. The housing boom helped drive economic growth through a combination of rapidly rising home values and historically low lending rates on refinancing and home-equity loans. These led many Americans to use their homes as a sort of ATM, borrowing against their rising value to fund vacations, new cars or college tuitions. Now that may be ending.

"The U.S. is falling into a serious housing recession," wrote Ed Yardeni, the chief analyst for institutional investor Oak Associates in Akron, Ohio, and a noted optimist. "The big question is whether the housing downturn will take the overall economy down too. I don't think so, but several economists have been warning for quite some time that the (U.S.) economy is a house of cards."

Recent data point decisively to an already slowing economy. Second-quarter growth slipped to a 2.5 percent annual rate after a red-hot 5.6 percent from January through March. Unemployment rose in July to 4.8 percent from 4.6 percent, and the 113,000 nonfarm jobs added in July were below expectations.

Meanwhile, oil and gasoline prices keep climbing. That threatens to keep inflation far above the Federal Reserve's comfort zone of 1-2 percent annual growth. The Fed's tool for combating inflation is blunt, and further interest-rate hikes that slow the already slowing economy could tip it into recession.

This week's announcement by oil giant BP that it was shutting down 8 percent of U.S. oil production sent oil prices even higher, briefly above $78 a barrel. London-based Barclay's Capital, usually conservative, boosted its 2006 forecast average oil price from $68 a barrel to $78.60 for the rest of the year.

Higher oil prices ripple across the economy, driving up the cost of everything from gasoline to asphalt to fertilizer. Businesses pass on those costs to consumers. That's inflation: the rise in prices across an economy.

The Fed's primary job is to fight inflation. On Tuesday it took a pause after 17 consecutive interest-rate hikes dating to June 2004. The Fed left its benchmark federal-funds rate at 5.25 percent, but many financial analysts expect the soaring energy prices to drive inflation up to levels that the Fed considers intolerable.

That would force the Fed to raise lending rates even more, dampening consumer and business spending further. With economic growth already slowing sharply, that could be dangerous.

The tipping point for recession could be some supply disruption like last year's hurricanes, which crumpled oil rigs and platforms across the Gulf of Mexico. The heart of this year's hurricane season is upon us.

Most economic forecasters project that the U.S. economy will grow by 2.5 percent to 3 percent for the rest of this year. But almost all these models assume oil prices of $75 a barrel or less.

Should a natural disaster or a broader war in the Middle East strike, crude oil prices could race past $80 a barrel. The Fed would have to raise interest rates further to fight any resulting inflation. Recession could soon follow.

"When you pair the level of interest rates and that pressure from oil prices, it's more pessimistic than anticipated," said Doug Duncan, the chief economist for the Mortgage Bankers Association in Washington.

The Fed's long series of rate hikes was designed to slow economic growth but to avoid recession, a so-called soft landing. But the cumulative effects of rate hikes lag, so the Fed's never sure when it's gone too far.

"The Fed does not have a great record of creating soft landings ... that's part of the reason you're hearing pessimistic assessments," Duncan said.

Economists Paint Gloomier Picture (WSJ)

By Phil Izzo

The Wall Street Journal, August 11, 2006

The Federal Reserve cited moderating growth when it paused its rate-increase campaign this week, and concerns about the economic outlook seem to be growing among economists.

CHARTS AND FULL RESULTS

1

See and download forecasts2 for GDP, housing, interest rates and more. Plus, views on the biggest risks and the impact of gasoline prices. Survey conducted Aug. 4-8.

DOJ_NMG_0046641

This month's WSJ.com economic forecasting survey showed projections for gross domestic product and employment growth were cut, while forecasts for consumer prices and oil prices were lifted. Economists continued to nudge higher their estimates of the probability of a recession over the next 12 months; on average, they put the likelihood at 26%, up from 20% in June and just 15% in February.

Economists, on average, forecast GDP growth at a 2.8% annual rate for the third quarter, the first time their forecast for that quarter has been under 3% since the economic forecasting survey first asked about the period in November 2005. While their forecast is slightly above the 2.5% real GDP growth recorded in the second quarter, it is well below the 5.6% growth in the first quarter and average annual growth rate of 3.2% from 2003 to 2005. The economists forecast growth slowing to a 2.6% rate in the fourth quarter, and staying at that rate for the first half of 2007. GDP is the broadest measure of economic output.

"The economy has definitely slowed below trend," said Ethan Harris at Lehman Brothers. "Second quarter GDP is soft, employment numbers are coming in soft and the housing market is finally softening."

WALL STREET JOURNAL VIDEO

3

Marketwatch.com's Tom Middleton interviews4 WSJ.com's Phil Izzo about findings in the WSJ.com economic forecasting survey.

Oil prices remained at the forefront of concerns, as 43% of economists -- 20 of the 46 who answered the question -- indicated higher costs presented the biggest risk to their GDP outlook. At the same time, the average year-end forecast for crude-oil prices was lifted to $69.50 a barrel. That is up by more than $4 since the last survey, conducted in June, but below the recent level of oil prices, which have traded in the mid-70s this week. The economists expect prices to drop to $65.25 by June of next year.

The economists generally have underestimated the cost of crude oil. In May, for instance, they forecast that the price would settle at $67.27 at the end of June, while the actual price ended up at $73.93. Prices lately have been lifted by continuation of unrest in the Mideast, the shutdown of BP PLC oil operations in Alaska and militant attacks in Nigeria.

After some strong quarters of growth, it had appeared that the rise in energy prices would have little effect on growth. But recent inflation reports have shown some evidence of higher energy prices being passed through to consumer prices. When asked at what price gasoline would need to rise to threaten economic expansion, the average forecast put the number at $4.08 a gallon, a decline from $4.30 when the question was last asked, in May.

Amid the rising forecasts for energy prices, the economists revised forecasts for inflation upward. The average expectation is for a 3.3% year-to-year increase in the Labor Department's consumer-price index in November, compared with an earlier average forecast of 3.1%. While economists retained the view that inflation will slow in 2007, their forecast for CPI in May 2007 was also lifted, to 2.8% from a previous estimate of a 2.5% rise. The CPI rose 4.3% this June, the latest month for which data are available, amid rising shelter costs.

ABOUT THE SURVEY

The Wall Street Journal surveys a group of more than 50 economists throughout the year. Broad surveys on more than 10 major economic indicators are conducted semiannually, at midyear and at year-end. Between each semiannual survey, four monthly updates are conducted for the most closely watched forecasts. This is the monthly survey for August. For prior installments of the semiannual and monthly surveys, see: WSJ.com/Economists5.

"Inflation is getting hit with a double whammy," said Mr. Harris. "First from commodity pass-through, mainly energy, then from tightening of capacity and labor-costs pressure." He added that companies and workers are both developing pricing power, allowing them to ask for more money, creating the "classic ingredients" of inflation acceleration.

However, price increases are expected to moderate in the housing sector. Economists see housing prices rising 4.9% this year, but forecast growth will decline to 1.8% in 2007 after annualized double-digit gains for the last three years. Moreover, after adding 0.50 percentage point to GDP in 2005, the economists, on average, expect housing construction to subtract 0.28 percentage point from GDP growth this year. Economists expect the sector to subtract 0.29 percentage point from GDP in 2007.

"Housing is the big story," said Lehman's Mr. Harris, declaring that the sector's long-expected slowdown is providing the biggest drag on the economy. He pointed to direct effects, such as the drop in housing construction, as well as the indirect effects, such as the negative impact on consumer spending.

The negative outlook also extended into the U.S. employment picture. While the economists kept their November 2006 forecast for the unemployment rate steady at 4.7%, the average forecast for the rate for May 2007 rose to 4.9% from June's estimate of 4.8%. And the economists put the average monthly increase in nonfarm payrolls over the next 12 months at about 123,000, a drop of 18,000 a month from the level they forecast in June and down sharply from the 186,000 they forecast when asked in August of last year.

Among other findings in the survey:

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· Twenty-nine of 56 economists expect the Fed to raise rates again this year beyond the current 5.25% target. However, 54% -- 27 of 50 who answered the question -- said they believe that rates should either stay where they are or be trimmed before the end of the year.

· More than 80% of the economists say the European Central Bank should raise rates again this year beyond the current 3% target, with just less than half suggesting 3.5%. Almost 90% expect the ECB actually will boost its rate further, with most seeing the rate at 3.5% at the end of the year.

Economy Often Defies Soft Landing (NYT)

By Edmund L. Andrews

The New York Times, August 11, 2006

WASHINGTON, Aug. 10 — In the cool and quiet marble corridors of the Federal Reserve, the strategy for taming inflation sounds painless, even soothing: a "soft landing" for the economy after several years of flying high.

As the central bank contended on Tuesday, when it decided to pause in its two-year effort to raise interest rates, inflation is "elevated" right now but will begin to decline because economic growth is poised for a modest slowdown.

Many economists, though, warn that the soft landing may seem anything but soft, and suggest that the Fed is either too rosy about the looming slowdown or naïve about the difficulty of reaching its goal for inflation.

In practice, the Fed has achieved only one true soft landing — in 1994-95, when, under the leadership of Alan Greenspan, it was able to slow the economy enough to cool spending and ease inflation pressure but not so much as to cause a big jump in unemployment. But even Mr. Greenspan, whose ability to fine-tune policy made him famous, presided over two formal recessions, in 1991 and in 2001.

This time, many analysts say that the Fed and its new chairman, Ben S. Bernanke, face considerably tougher challenges. Crude oil, at more than $70 a barrel, is selling at prices that would have been unthinkable in 1995. Productivity growth, which was accelerating in 1995, is slowing these days. The dollar, which was climbing against other major currencies in 1995, is declining against most of them now.

Analysts and other experts say that if Mr. Bernanke is serious about his goals for controlling inflation, at least two million more workers may have to lose their jobs over the next two years.

"The economic slowdown has to be much more substantial than anybody in the Federal Reserve or on Wall Street is expecting," said Robert J. Gordon, a professor of economics at Northwestern University, who has analyzed the trade-off between inflation and unemployment for the last several decades.

Mr. Bernanke and other Fed officials say they want to keep core inflation, the main measure of retail prices excluding energy and food, below 2 percent a year. But core inflation is already 2.9 percent and almost certain to climb as the cost of oil pushes up prices for items as diverse as air fares and plastics.

Mr. Gordon said the last few decades had shown a grim but consistent trade-off: to reduce inflation by one percentage point, the unemployment rate has to rise by about two percentage points for a full year.

To reduce inflation to the upper limits of what Mr. Bernanke and other Fed officials consider acceptable, more than three million jobs would be lost, a bigger drop than in the recession of 2001.

And that is Mr. Gordon's relatively upbeat hypothesis, which assumes no other shocks to the economy — no additional increases in energy prices, no collapse in the dollar's value, no collapse in housing.

"I think the Fed is facing an absolutely classic case of stagflation," Mr. Gordon said, "a situation in which they cannot win."

He is not alone. Many other economists contend that inflation is more entrenched and will be more painful to reverse than the Fed thinks. Others predict that inflation will indeed subside, but only because the economy will weaken much more than the Fed is expecting.

The chief forecaster at Decision Economics, Allen Sinai, said unemployment would have to rise to at least 5.5 percent, from 4.8 percent today, putting a million more people out of work, before inflation begins to decline.

The chairman of Roubini Global Economics Monitor, Nouriel Roubini, predicted that the economy would fall into a recession early in 2007 as a result of high energy prices, higher interest rates and a housing collapse.

"Either the Fed does not believe its own inflation forecast, which I don't think is the case," Mr. Roubini said, "or the slowdown is going to be greater than what they have been saying. They can't have it both ways."

To be sure, economists differ on how weak the economy already is or how severe inflation pressure is. And skepticism abounds on the chances of achieving a true soft landing.

The very idea of such a thing is only about a decade old. It was conceived by Mr. Greenspan, then the Fed chairman, as a way to attack inflation before it started, by shrewdly using the levers of monetary policy to slow the economy just enough to keep it from overheating.

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Mr. Greenspan's greatest success was in the mid-1990's, when the economy had been expanding for nearly four years. Though inflation was declining and was lower than it is today, the Fed doubled short-term interest rates, to 6 percent from 3 percent, in just over a year.

At the time, the result seemed neither soft nor smooth. Several financial institutions, caught by surprise, found themselves in big trouble. The economy slowed for a while, and unemployment edged up.

But by 1996, the economy was rapidly growing again and the nation enjoyed several years of booming stock markets, falling unemployment and relatively low inflation.

The success, along with Mr. Greenspan's growing aura as a wizard of monetary nimbleness, prompted the Fed to step in and help soften the blows of the Asian financial crisis of 1997-98, the stock market collapse of 2000, the recession of 2001 and the surge of unemployment that followed.

He failed in preventing the 2001 recession, but the Fed cut interest rates so deeply that this started a boom in housing prices and home refinancing that kept consumers spending even as incomes stagnated and unemployment moved higher.

Laurence H. Meyer, a former Fed governor and now a chief forecaster at Macroeconomic Advisers, said Mr. Bernanke needed to do more than simply duplicate Mr. Greenspan's one soft landing.

Mr. Greenspan was not trying to reduce inflation, but merely to keep it from going up. Mr. Bernanke, by contrast, is trying to reduce it substantially.

"Soft landings are much more frequent in forecasts than in real life," Mr. Meyer said. "With a computer, I can give you a soft landing if you give me 10 or 20 runs. But in real life, you only have one run."

Uncertainties and disagreement among experts about the economy's direction are now unusually high. A big uncertainty is whether the nation is near full employment.

Many economists contend that the country is essentially at full employment, meaning that additional demand for workers will tend to push up wages. Because wages account for more than three-quarters of total production costs, Fed officials view them as inflationary if they rise significantly faster than productivity.

Specialists like Mr. Gordon at Northwestern and Mr. Meyer maintain that the labor market is already very tight and predict that wages will soon start to push up inflation.

But others disagree, arguing that wages over the last five years have lagged behind increases in productivity and have barely kept up with inflation. The bigger risk, according to that school of thought, is to make the situation worse by driving up unemployment.

"We have no clue about labor market tightness right now," said J. Bradford De Long, a professor of economics at the University of California, Berkeley, who argues that workers still have little bargaining power.

Depending on one's perspective, Mr. De Long said, the Fed's attempt at a soft landing is either a display of cool-headed technocracy or murky witchcraft.

Right now, he said, "this is on the witchcraft side."

U.S. Trade Deficit Down 0.3 Pct. In June (HC/AP)

By Martin Crutsinger

Houston Chronicle, August 11, 2006

WASHINGTON — America's trade deficit showed a slight improvement as strong global growth pushed U.S. exports to a record level. That helped offset a surge in Chinese imports and record crude oil prices.

The deficit declined 0.3 percent in June, compared with May, dropping to $64.8 billion, still the fifth largest imbalance on record, the Commerce Department reported Thursday.

The deficit is running at an annual rate of $768 billion through the first six months of this year, putting the country on track to see a fifth straight record imbalance. Last year's deficit was $716.7 billion.

Democrats have attacked the soaring trade deficits as evidence that the Bush administration's trade policy has been a failure that has opened up U.S. workers to unfair competition from countries such as China and contributed to the loss of nearly 3 million manufacturing jobs since 2001.

"After years of record-setting deficits, it is painfully clear that America needs a new direction in trade policy," said Rep. Benjamin Cardin of Maryland, the top Democrat on the Ways and Means trade subcommittee. "Every day the administration waits to enforce the rules of trade and level the playing field for our workers is a day lost to our competitors."

Wall Street shook off news about a terror plot targeting commercial airplanes to post an increase on Thursday. The Dow Jones industrial average rose 48.19 points to close at 11,124.37.

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Big factors in the deterioration in the trade deficit this year are soaring global oil prices, reflecting increased tensions in the Middle East, higher demand from developing countries such as China. The latest bad news came this week with the shutdown of an Alaska oil pipeline because of corrosion.

For June, the average price for a barrel of imported crude oil hit an all-time high of $62.04, pushing total crude oil imports to a record high of $20.5 billion.

All petroleum imports, reflecting crude and refined products, totaled $27.3 billion, the second-highest level on record, but down from the record of $28.3 billion set in May. Analysts are predicting further increases in oil imports, reflecting the rise in global prices since June to above $70 per barrel.

The smaller June deficit reflected a healthy 2 percent jump in U.S. exports to a record $120.7 billion, with shipments of farm goods, capital goods and industrial supplies all setting records.

U.S. shipments to the 25-nation European Union and countries in Central and South America climbed to all-time highs, reflecting improved economic growth in those regions. Exports to Japan, which is also enjoying an economic rebound, jumped to the highest level since March 2001.

Economists said a fall in the value of the dollar against the euro and other currencies plus an economic rebound in some of America's big overseas markets should continue to support exports in the months ahead.

"The deficit has definitely stabilized and hopefully will soon show some unmistakable signs that it is shrinking," said Frank Vargo, vice president for international affairs at the National Association of Manufacturers.

Imports also rose to a record in June of $185.5 billion, an increase of 1.2 percent, as imports of consumer goods set a record, led by big gains in shipments of clothing, televisions and furniture. Imports of foreign cars climbed to the second-highest level on record.

The politically sensitive deficit with China increased by 11.9 percent in June to $19.7 billion as U.S. exports to China fell by 4.3 percent while imports of Chinese products into the United States rose by 8.1 percent to an all-time high. The import gains were led by big increases in clothing and computers.

So far this year, the deficit with China is running 13 percent above the pace set last year, when the imbalance hit $202 billion, the highest ever recorded with a single country.

Sens. Charles Schumer, D-N.Y., and Lindsey Graham, R-S.C., have told Treasury Secretary Henry Paulson that they will push for a vote by the end of September on their legislation to impose 27.5 percent penalty tariffs on Chinese imports unless China moves to allow a greater appreciation of its currency against the dollar.

Paulson has vowed to press China on this issue with talks with the Chinese expected to occur in September when he travels to Asia for a series of finance minister meetings.

Paulson is also reviewing the administration's strategy of dealing with China with consideration being given to setting up a new interagency task force headed by Treasury to coordinate the administration's international economic policy.

U.S. Trade Deficit Narrows On Export Jump, Weaker Dollar (WSJ)

By Christopher Conkey

The Wall Street Journal, August 11, 2006

The U.S. trade deficit narrowed slightly in June after widening the two previous months, the latest indication that the nation's economy expanded faster in the second quarter than initially thought.

Buoyed by solid global demand and a weaker dollar, U.S. exports rose 2% from May to $120.7 billion and were up 14% from a year earlier. Imports of petroleum products edged down after a big jump in May, holding overall U.S. imports in June to $185.5 billion, up 1.2% from May and 12.9% from a year earlier.

That left the overall U.S. trade deficit at $64.8 billion, slightly narrower than the upwardly revised May gap of $65 billion. The average monthly deficit has plateaued at around $64 billion since last fall, as rising exports have offset the impact of higher oil prices.

"If it weren't for higher oil prices, the number would actually be showing improvement," said Tim McGee, chief economist at U.S. Trust. As it is, the annual trade gap is on track to surpass last year's record of $716.7 billion.

Still, the stabilizing trade deficit and recent readings on business inventories and construction spending point to an upward revision of inflation-adjusted economic growth for the second quarter that initially was estimated at a 2.5% annual rate. Many economists now say it is more likely the economy expanded at an annual rate closer to 3% in the quarter. Figures set for release today on June retail sales and inventories will shed further light on the growth picture.

In June, the unadjusted U.S. trade deficit with China widened to $19.7 billion from $17.7 billion in May. The imbalance with Canada and Mexico expanded slightly from May, but the gap with Europe narrowed.

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Separately, the U.S. Labor Department said initial claims for unemployment insurance rose to 319,000 last week from 312,000 the previous week. The four-week moving average of initial claims, however, fell slightly. Many economists expect this figure to rise in the weeks ahead amid the recent increase in continuing jobless claims and other signs of slow-to-moderate economic growth.

U.S. Trade Gap Narrowed In June (NYT)

By Eduardo Porter

The New York Times, August 11, 2006

The trade deficit may have bottomed out.

The Commerce Department reported yesterday that the deficit in the nation's trade of goods and services reached $64.8 billion in June, modestly below the $65 billion deficit recorded for May.

This suggested that the slowing economy in the United States and the weaker dollar, combined with faster economic growth overseas, were gradually reining in America's gaping imbalance in commerce with the rest of the world.

Although May's reported deficit was revised upward from a previous estimate of $63.8 billion, economists said the data suggested the imbalance had stabilized since it hit a peak of $66.6 billion last October.

"It does look like the Queen Mary is turning," said Brian Bethune, an economist at the forecasting company Global Insight.

Yet even though the changing pattern of global economic growth would favor further declines in America's trade deficit, two obstacles stand in the way. Persistently high oil prices will keep adding to the nation's import bill in months to come. Moreover, policies in many developing countries — most notably China — have kept their exchange rates from rising against the dollar.

"We are seeing an improvement in the deficit against the developed world primarily because we have currency moves there," said James Paulsen, chief investment strategist at Wells Capital Management. "But we have had virtually no currency change against the developing world."

The nation's trade deficit with the European Union retreated by $1.8 billion in June, to $9 billion. With Japan, the deficit declined by about $150 million, to $7 billion.

Meanwhile, the trade deficit with China increased by $2 billion, to $19.7 billion, as exports fell by $200 million while imports rose by $1.8 billion. America's trade deficit with Mexico, its fourth-largest trading partner, increased by about $600 million, to $6 billion.

With Congress in recess, the new trade data did not immediately set off calls for retaliation against China. Still, demands are likely to increase in the United States for China to allow its currency, the yuan, to appreciate significantly.

Treasury Secretary Henry M. Paulson Jr. has taken a less confrontational approach to China than his predecessor in pushing for a revaluation of the yuan. But Senators Charles E. Schumer, Democrat of New York, and Lindsey Graham, Republican of South Carolina, continue to threaten legislation to impose trade penalties on China if it does not allow its currency to rise more against the dollar.

The combination of lower economic growth in the United States and faster growth among major industrial nations in Europe and Asia should narrow the American deficit further as consumers and businesses abroad buy more American exports while American spending slows.

Expected changes in interest rates should contribute to this adjustment. The dollar is expected to weaken if the Federal Reserve stops raising interest rates in the United States while other major central banks continue to tighten monetary policy.

This would make American exports cheaper and more competitive in foreign markets, and at the same time increase the prices of foreign-made products and services in the American market.

An improving trade balance, in turn, would add to economic growth. In the second quarter of the year, trade accounted for 0.33 percentage points of the nation's 2.5 percent rate of expansion, the first time it made a positive contribution since the second quarter of 2005.

"As growth continues to moderate, it will take pressure off the trade deficit," said Michael Woolfolk, senior currency strategist at the Bank of New York. "As the dollar weakens, it will also take pressure off. If the process is gradual over the course of the next 12 to 18 months we could really have a nice soft landing for the United States and the global economy."

Japan, in particular, could provide an exceptional opportunity for American exports, as it emerges from a 15-year economic slump. Moreover, while the dollar has already depreciated substantially against the euro and thus has less room to decline further, there is ample scope for the dollar to fall against the yen.

The trade improvement in July was driven by a $2.4 billion increase in exports, to $120.7 billion, because of rising exports of computer parts, airplane parts and other types of capital equipment and industrial supplies.

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But imports also rose by $2.2 billion, to $185.5 billion, as Americans gorged on imported consumer goods and foreign automakers building in America, like Toyota, stepped up imports of engines and other parts to satisfy the growing demand for their cars in the United States.

Energy actually helped improve the trade balance in June. Imports of energy products declined by $1.3 billion in the month, as more of the refining capacity that was knocked out of commission in the hurricane season last year was brought back online, depressing demand for imported refined products.

But oil has been a substantial contributor to the deficit. In the first six months of the year, the overall trade deficit increased by about $47.5 billion compared with the same period of 2005. Of that amount, $37 billion represented rising imports of petroleum products, driven by the surging price of oil.

As Mr. Paulsen points out, this provides some ground for optimism. If oil prices stabilize or even retreat, the trade deficit could start shrinking more substantially next year, adding a dollop to economic growth.

Alaska Governor Murkowski Is Next Vulnerable Incumbent (WSJ)

By Jacob M. Schlesinger

The Wall Street Journal, August 11, 2006

NEXT VULNERABLE INCUMBENT is Alaska Gov. Murkowski.

Prudhoe Bay oil-field shutdown adds economic woes for the Republican, who trails two opponents in polls before Aug. 22 contest. The former senator seeks boost from last-minute Canada gas-pipeline deal.

Next week's sole primary, in Nevada, pits moderate vs. conservative Republicans. Gubernatorial front-runner, Rep. Jim Gibbons, takes heat for backing minimum wage increase and abortion-rights positions, and wavering over gay marriage. His wife, State Rep. Dawn Gibbons, seeks his House seat. But conservative Club for Growth, fresh from knocking off a Michigan Republican incumbent, brands her a "proven tax hiker," and backs a rival.

Immigration shapes September Arizona House race; Colorado's Tancredo endorses a fellow hard-liner.

"BUSH BOOM" SOFTENS as economy shows new weakness.

Voters will likely head to polls with unemployment rising. Joblessness, still low, is "changing in the wrong direction," says former Fed governor Laurence Meyer. "Voters only remember the last six months." The Fed helps with this week's pause. Traders see only a one-third chance the central bank will raise rates in two remaining pre-election meetings. Republicans welcome the relief. New Jersey's Rep. Saxton praises Fed for "holding off. I hope to see similar decisions over the next few months."

Bush touts economy in Wisconsin factory tour, but terror remarks overshadow. GM's CEO says Washington leadership on business issues "could be, frankly, enhanced."

U.S. MILITARY LEADERS weigh another strategy shift in Iraq.

While sending Baghdad 3,500 more American troops, some in Pentagon and Iraq ponder alternatives if that fails to stem bloodshed. One option, dubbed "the indirect approach," would shrink the force to about 50,000 troops from 130,000. The U.S. would double the number of advisers and use savings to equip Iraqis.

While critics warn that could accelerate violence, advocates say the war's unpopularity at home could trigger sudden withdrawal anyway. Both sides agree no major change -- or troop reduction -- will take place before next month's Ramadan or November U.S. elections.

As Security Council's nuclear deadline nears, Tehran seems emboldened by the body's Lebanon stalemate.

JUDGE FRUSTRATION rises on the right. Despite Supreme Court victories, activists chide Frist for failing to energize a lackluster base by declining to fight Dems over five appellate court nominations. Five states have ballot initiatives reining in the judiciary. The most extreme, South Dakota's, would subject judges and juries to jail, fines and other penalties for breaking, even retroactively, "rules" set by citizen boards.

FULL HOUSE: Poker Players Alliance membership triples past 100,000 since July House vote banning online gambling. The group asks members to urge senators to oppose the legislation.

FEMA TELLS FLORIDA to close special hurricane preparations operation in Orlando and work directly with Atlanta region. Tallahassee officials worry about changing operations during storm season peak.

BP FALLOUT: House Energy Chair Barton calls a hearing on the shutdown for immediately after Labor Day. Dingell backs tighter regulations in wake of the Alaskan oil shutdown. The British firm may find few political champions to defend it.

FCC PLOTS END-RUN if Congress fails to move telecom bill.

Commission Chairman Martin crafts regulatory plan accelerating phone company ability to offer television if a bill doing so dies. The FCC's newest member, Robert McDowell, tells reporters he supports the idea but "let's see first what Congress does."

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Frist has promised floor time if backers can line up 60 votes, but they may fail over hardening partisan split on "net neutrality" rules. Committee staffers issue one-page color brochure to accompany the 287-page bill for senators who haven't been following the issue.

A Boston firm's plan for commercial radio on school buses sparks Senate call to study effect of radio and TV aboard buses.

MINOR MEMOS: Kim Jong Il, absent from public since missile launches, was helping write screenplay for film "Diary of a Girl Student," says North Korea's news agency...Katherine Harris staffer-turned-lobbyist Dan Berger lands New York show of impressionist paintings titled "Is Maureen Dowd Necessary" and "Michael Moore's Soul."

Immigration And Jobs Link Is Disputed (NYT)

By Julia Preston

The New York Times, August 11, 2006

In the furious debate over immigration, advocates of reducing the inflow have argued that the millions of foreigners who came to the United States in the last decade took jobs from American workers. But a study released yesterday by the Pew Hispanic Center found that there was no evidence to support that claim for the country as a whole.

The study, based on Census Bureau data, found that 14 states with high immigration rates after 1990, including Texas, Nevada and Georgia, also had higher-than-average employment rates for American-born workers. Those 14 states accounted for 24 percent of American workers.

But in eight states that had big increases in immigrants in the same period, among them Arizona and Tennessee, employment rates for American workers were below average. Those states were home to 15 percent of American workers.

The study concluded that there was no consistent link between surging growth in immigration and declines in employment for Americans.

"We find no pattern," Rakesh Kochhar, the author of the study, said. "We cannot say with certainty that the growth of the foreign-born population has either hurt or helped native-born workers."

Even in the recession and slow recovery since 2001, there was no consistent pattern to show that increases in immigration hurt the job prospects of American workers across the country, the study found.

Instead, Mr. Kochhar said, the pace of economic growth in a state was more likely to determine whether American workers lost out in competition with immigrants. The study did not address the impact of immigration on wages.

The Pew Hispanic Center is a nonpartisan research organization in Washington that does not make policy recommendations. In the study, Mr. Kochhar looked at census data from 1990, 2000 and 2004 to chart the increase in immigrant populations in the states and the employment of American-born workers in 2000 and 2004.

The study confirmed that the boom of the 90's brought surges in immigration to states that had not seen such intense flows, including Georgia, Nevada and North Carolina where immigrant populations increased more than 200 percent.

From 2000 to 2004, the study found, increases in immigrants coincided with high employment rates for American workers in 27 states and the District of Columbia, which encompassed 67 percent of workers born in the United States.

"The findings are entirely plausible, contradicting a notion that immigrants are broadly hurting native-born workers," said Jared Bernstein, an economist at the Economic Policy Institute in Washington, a nonpartisan group that focuses on low-wage workers. But Mr. Bernstein cautioned against minimizing the impact on Americans who did face a struggle against foreign workers.

"There certainly are places in this country where native-born workers are hurt by immigrant competition," he said. "The fact that it doesn't hurt in a national sense should not lead us to dismiss local problems."

Study Finds Immigrants Don't Hurt U.S. Jobs (WP)

By Kim Hart

The Washington Post, August 11, 2006

High levels of immigration in the past 15 years do not appear to have hurt employment opportunities for American workers, according to a new report.

The Pew Hispanic Center analyzed immigration state by state using U.S. Census data, evaluating it against unemployment levels. No clear correlation between the two could be found.

Other factors, such as economic growth, have likely played a larger role in influencing the American job market, said Rakesh Kochhar, principal author of the report and an economist at the Pew Hispanic Center in the District.

"We are simply looking for a pattern across 50 states, and we did not find one," Kochhar said. "We cannot say with certainty that growth in the foreign population has hurt or helped American jobs."

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Immigration policy is a central issue in this fall's congressional elections. The report's findings appear to refute the idea -- often voiced by supporters of stricter immigration laws -- that foreign workers depress wages and take jobs from American workers, especially those with less education and fewer skills.

In the 10 states with the top employment rates from 2000 to 2004, for example, five states showed a high influx of immigrants while the other five showed little growth in the foreign-born population. "Even in relatively slow economic times, a relationship fails to reveal itself," Kochhar said.

The Pew Hispanic Center is one of several research groups funded by the Pew Charitable Trusts to develop and distribute unbiased information on controversial topics, such as climate change and genetic engineering. The Pew Hispanic Center has published respected polls and reports on the role of Hispanics in the United States.

The study used Census Bureau data to compare the influx of immigrants and unemployment rates in each state between 1990 and 2000, a period of robust economic growth, and between 2000 and 2004, a period of slower growth.

Some economists expressed reservations about the technique yesterday, arguing that such broad statewide data do not give an accurate picture of immigration's effects on the labor market.

"There's an age, gender and educational component to this story that this report does not address," said Andrew Sum, director of the Center for Labor Market Studies at Northeastern University.

Between 1990 and 2000, he said, immigrant workers did not take jobs away from American workers "because the strong economy was creating enough jobs to employ everyone who was looking for work." But in the past five years, a subset of the workforce -- native-born men age 16 to 24 with high-school diplomas -- have in fact been displaced by immigrants, he said.

"We argue that immigrant labor has changed the nature of work in a very negative way," Sum said.

The Pew report found that nearly 25 percent of native-born workers live in states where rapid growth of the immigrant population occurred at the same time as above-average employment prospects. Only 15 percent of American workers live in high-immigration states with below-average employment prospects, the report found.

And the 60 percent of American workers living in states with slower immigrant growth did not consistently enjoy higher employment levels, the report showed.

Locally, the lack of any consistent relationship between the inflow of immigrants and native-born employment was apparent.

In the District, both the growth in the foreign-born workforce and the employment rate for native-born workers were below average in 2000 and 2004.

In 2000, Maryland and Virginia had below-average growth in the foreign-born population and above-average employment rates for native-born workers. In 2004, both states experienced above-average growth of both the foreign-born workforce and native-born employment rates.

On the local level, too, some experts disputed the findings of the Pew report. While educated workers with specialized skills are not likely to be displaced by foreign-born workers, young unskilled laborers have felt the pinch in recent years, said Steven A. Camarota, director of research for the Center for Immigration Studies in the District.

A recent study done by the center shows that the immigrant share of the young workforce in Maryland and Virginia nearly doubled in the past five years, peaking at 22 percent and 15 percent, respectively, in 2005.

"Native workers who have little education in Maryland and Virginia are dropping out of the labor markets in droves" as the number of immigrants grows, he said. "Unskilled workers only account for a fraction of the total economic output, but if immigration plays a role in even a part of [the trend], that's something we should be concerned about."

Census data and estimates show the United States had 28 million immigrants -- legal and illegal -- age 16 and older in 2000, an increase of 61 percent from 1990. By 2004, there were 32 million. The majority are Latinos, followed by Asians. The Pew study did not distinguish between legal and illegal immigrants.

The report pointed out that immigrants typically move to booming areas of the country with low unemployment rates.

"It's unclear as to whether immigrant workers help to cause that boom, but they certainly haven't detracted from it," said Randy Capps, a senior research associate at the Urban Institute.

Study Finds No Harm In Immigrant Workers (WT)

By Stephen Dinan

The Washington Times, August 11, 2006

Immigrants have no clear effect on the employment prospects of native-born Americans, said a study that looked at patterns for 15 years.

"There is no consistent relationship between the growth in the foreign-born population and employment outcomes for native-born workers," said Rakesh Kochhar, associate director for research at the Pew Hispanic Center, who wrote the report.

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"As a result, it is not possible to state with certainty whether the inflow of foreign-born workers has hurt or helped the employment outlook for native-born workers."

But a study by the Center for Immigration Studies, which has yet to be released, argues that immigrants harm younger workers at the lower end of educational achievement.

The reports surface as Congress debates whether to enact a guest-worker program to allow more immigration and to give legal status to some of the estimated 12 million to 20 million illegal aliens in the country.

The Pew study used census figures and looked at both workers with less than a high school degree and workers ages 25 to 44 with a high school degree but no further education. The study covered the years 1990 to 2000 and 2000 to 2004 in an effort to capture the contrasting job markets.

Mr. Kochhar identified eight states where the immigrant population grew most quickly between 1990 and 2000 and where native-born workers had below-average employment rates in 2000 -- meaning the immigrants may have harmed native-born workers' ability to find jobs. But he also found 16 states with above-average immigrant population growth and above-average employment -- meaning the immigrants may have benefited natives.

Between 2000 and 2004, the District of Columbia and 27 states showed a positive correlation between immigration and jobs, while the remaining 23 states had a negative correlation.

The study did not consider immigrants' effects on wages.

Those who favor restrictions say the current wave of immigrants -- which by total numbers is the largest ever -- puts pressure on the job market and holds down wages.

Steven A. Camarota, research director for the Center for Immigration Studies, said the Pew study did not look specifically at the native population most likely to be hurt by competition from immigrants.

"The big declines in work are among natives who have less than a high school degree or only a high school degree and are young, and he's not really looking at that population," Mr. Camarota said.

He said a 35-year-old native is not likely to be competing with a 35-year-old immigrant, but a 20-year-old native is competing with the immigrant.

The unreleased CIS report found that between 2000 and 2005, 4.1 million immigrants arrived in the work force, accounting for 86 percent of the growth in employment -- the highest recorded share in U.S. history. At the same time, the number of employed native-born men ages 16 to 35 dropped by 1.7 million.

Of the new immigrant workers, between 1.4 million and 2.7 million are illegal aliens, which means they account for up to 56 percent of the net increase in civilian employment during the past five years, the CIS report says.

President Remains Eager To Cut Entitlement Spending (WP)

By Michael Abramowitz

The Washington Post, August 11, 2006

The Bush administration has begun sounding out lawmakers and other key figures about mounting a new bipartisan effort to rein in the costs of Medicare, Medicaid and Social Security after the midterm elections, according to officials in the administration and on Capitol Hill.

No specific plan has been advanced, and administration officials are proceeding gingerly given the political debacle that beset the White House last year when President Bush promoted a plan to create private accounts in the Social Security program. But they have been sending strong signals in recent weeks that they want to try something again after the elections in November.

The new Treasury secretary, former Goldman Sachs chief Henry M. Paulson Jr., has made it clear that a major reason he took the job is to tackle the rising cost of government health and Social Security spending, which he described last week as "the biggest economic issue facing our country."

In his first major policy address since being sworn in July 10, Paulson noted that he has been told by many in Washington that "reform of entitlement programs is just too difficult to achieve" and that politicians will "demagogue" the issue. He said he believes that "when there is a big problem that needs fixing, you should run toward it."

Bush, for his part, appears fixated on the issue, even as he is focused on securing new immigration legislation and preoccupied by several world crises. Despite being forced to shelve his Social Security plan -- which included establishing private investment accounts and reducing guaranteed benefits down the road -- Bush regularly mentions his desire to tackle the issue again.

"We need to cut entitlement spending," the president said in one typical comment last month, as he reviewed the midyear budget numbers. "The easy fix is to say 'Let somebody else deal with it.' This administration is going to continue trying to work with Congress to deal with these issues."

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Fulfilling this pledge is a tall order and, even in the view of some of Bush's strongest supporters, beyond the capacity of a politically weakened administration facing the prospect of serious losses in the fall elections. Democrats appear eager to use the issue as a political cudgel for the time being; Paulson's comments triggered a new round of accusations that Bush plans to "privatize" Social Security.

Grover Norquist, a leading GOP strategist, said he can envision no circumstance in which Bush could secure any overhaul of the Social Security program, including creating personal accounts. "The Democrats cannot be bribed, cajoled or threatened into voting for Social Security reform -- it can't happen," he said.

But some administration officials and lawmakers are hopeful that the partisan wars may recede after the November balloting, that the public is eager for practical solutions -- and that there could be a small window to try again before the 2008 presidential campaign reaches full bloom. "It's a limited opportunity, but it's one that [Bush] is interested in," said Sen. Judd Gregg (R-N.H.), chairman of the Budget Committee. "I have spoken to him innumerable times about this, and he's engaged. . . . He wants to move in this area."

Just how to do so is what White House officials are pondering. In his last State of the Union speech, Bush discussed his desire to create a bipartisan entitlements commission to explore the issue. A previous Bush commission was limited by design to proponents of private accounts and was broadly dismissed by most Democrats. The administration floated the idea of another bipartisan panel, with a broader mandate, but found no takers in the opposition party.

Now Paulson and others -- including Office of Management and Budget Director Rob Portman, a former lawmaker with extensive ties on Capitol Hill -- are looking for an alternative approach. White House counselor Dan Bartlett said the president has made it clear he wants to "openly engage at the appropriate time Republicans and Democrats on Capitol Hill." Bartlett said, "Those conversations are quietly under way."

"We know that there's not going to be a full-fledged debate 90 days before the election," he said. But he added: "The president believes that maybe as he leaves office, that would diminish the threat [Democrats] feel from dealing with this issue. Hopefully we can find a consensus."

Even before what could emerge as a new plan to rein in entitlements, the administration has been working lately to curb the cost of the government's main health insurance programs. Bush's budget for the fiscal year that starts in October proposed slowing spending on entitlements by $65 billion in the next five years, including a $36 billion reduction in Medicare, which covers health care for older and disabled Americans. Congress rejected the proposals.

In any negotiation, a major issue would be what is being negotiated. Republicans want to focus on the escalating costs of Medicare, Medicaid and Social Security -- and the creation of private investment accounts -- while Democrats want a broader approach, including such topics as the extension of the Bush tax cuts. It's not fair, they argue, to discuss only one element of the country's fiscal crisis, which experts project will get worse as the baby-boom generation moves into retirement. The cost of the three big entitlement programs amounts to 8 percent of gross domestic product and is projected to double in the next 50 years.

Even structuring a negotiation has become ensnared in wrangling. Gregg has proposed a bipartisan entitlements commission with procedures to bring proposals that have two-thirds support to the Senate floor on an expedited basis. Democrats said the commission would be stacked and have described it as a "sneak attack" on Social Security and Medicare, a claim that causes Gregg to bridle.

"You can't do it unless it's bipartisan, and you can't do it unless there is an element of goodwill," Gregg said. "Right now, there is no bipartisanship and no goodwill."

Sen. Kent Conrad (N.D.), the senior Democrat on the Budget Committee, said he recently discussed the issue with Portman and Paulson. He advised them to convene a working group of lawmakers and administration officials to develop a comprehensive plan that could be voted on next year, he said.

"I believe the focus has got to be on the full range of our fiscal imbalances," Conrad said. "It will not lead to success just to focus on entitlements, though they are clearly part of the challenge."

But he voiced skepticism that Bush was genuinely open to a bipartisan approach, saying the administration is continuing to push proposals that would dig the country into deeper debt, such as a cut in the estate tax. Speaking of Paulson, Conrad said, "I think he's a very sincere fellow -- I don't think he's in charge."

Much is clearly riding on the November election results, even though the issue has not figured prominently in the campaigns. John D. Podesta, who tried to work on a Social Security deal with Republicans while serving as President Bill Clinton's chief of staff, said Bush's best hope may well lie in the Republicans losing control of a chamber of Congress.

"If the Democrats are in control, then they have to share power -- there's some responsibility," said Podesta, who heads the liberal think tank Center for American Progress. "If they are sitting there in the minority, there's no trust between the White House and Democrats in Congress. . . . It really requires a shift of power in order to have a different outcome."

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Panel Calls For 'urgent Reform' Of Higher Education (USAT)

By Mary Beth Marklein

USA Today, August 11, 2006

WASHINGTON — Warning that U.S. higher education "requires urgent reform," a national panel created by Education Secretary Margaret Spellings is recommending a set of bold proposals, including overhauling the financial aid system and holding colleges and universities more accountable for their students' progress.

"Change is overdue," says a draft report, the substance of which was approved by the 19-member commission Thursday. "Other countries are passing us by at a time when education is more important to our collective prosperity than ever."

Last year, Spellings asked the panel to explore four issues — access, affordability, accountability, and quality and innovation — and to determine whether students are being adequately prepared to compete in a global economy.

"I formed the commission to spark a national debate," she said in a statement Thursday. "I will review findings, determine appropriate actions and continue this national dialogue."

Spellings is to get a formal report next month. Commission members on Thursday signaled near-unanimous support for a set of proposals that the report says would, if adopted, produce "institutions and programs that are more nimble, more efficient and more effective."

Some panel members expressed hope that the recommendations will lead to legislation. Two national groups are developing a voluntary system of accountability for public universities.

The report has its critics. A group representing private non-profit institutions has raised concern that tracking students could violate student-privacy laws.

Panel member Richard Vedder, an Ohio University economics professor, said many relevant issues, including grade inflation and faculty tenure, should have been addressed but weren't.

Even so, Vedder supported the recommendations. Panel member David Ward, president of the American Council on Education, was a holdout. He said the report's one-size-fits-all approach could be counterproductive, given the diversity of missions in higher education.

"Change in higher education is needed, but we need to get it right and above all do no harm," he said.

Panel's Report Urges Higher Education Shake-Up (NYT)

By Sam Dillon

The New York Times, August 11, 2006

WASHINGTON, Aug. 10 — A federal commission approved a final report on Thursday that urges a broad shake-up of American higher education. It calls for public universities to measure learning with standardized tests, federal monitoring of college quality and sweeping changes in financial aid.

The panel also called on policy makers and leaders in higher education to find new ways to control costs, saying college tuition should grow no faster than median family income, although it opposed price controls.

The report recommended bolstering Pell grants, the basic building block of federal student aid, by making the program cover a larger percentage of public college tuition. That proposal could cost billions of dollars.

Eighteen of the 19 members of the panel, the Commission on the Future of Higher Education, voted to sign the report, which attacked increasing tuition costs and pointed to signs of complacency on some campuses. David Ward, who as president of the largest association of colleges and universities was the most powerful representative of the higher education establishment on the commission, refused to sign.

Calling the report "a shot across the bow," Dr. Ward said that academia would take it seriously, but that he wanted to remain "free to contest" it. Several proposals, including those on testing and financial aid, aroused fierce opposition from university leaders and at points divided the panel.

The chairman, Charles Miller, an investor and a former chairman of the University of Texas Regents, had hoped to turn out a punchy report that would rattle academia with warnings of crisis.

But in the last six weeks, the commission issued six drafts, watering down passages that had drawn criticism and eliminating one this week, written by Mr. Miller, that had encouraged expanding private loans as a share of student financial aid.

A proposal on standardized tests was also weakened at the last moment. Previous drafts said that "states should require" public universities to use standardized test, but the final version said simply that universities "should measure student learning" with standardized tests.

All the panel members who participated in a meeting on Thursday at the Education Department headquarters here expressed unanimity on some points, including that the report correctly identified critical challenges like increasing access to

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higher education for poor students and holding institutions more accountable for students who drop out or graduate with few skills.

The members seemed at odds on how to carry their recommendations forward. Some, like former Gov. James B. Hunt Jr. of North Carolina, called on President Bush to incorporate them in the Congressional agenda.

Mr. Miller said the next step should be more "national dialogue" with governors and corporate leaders. He seemed upset by what he characterized as wrangling with representatives of the status quo.

"You can't act on the recommendations today because you encounter one set of defenders and then behind them another set of defenders, and you get into all these battles," he told reporters after the panel voted.

Education Secretary Margaret Spellings established the panel a year ago, drawing members from sectors of higher education like community colleges, for-profit trade schools, liberal arts colleges and large research universities, public and private, as well as from the ranks of executives at I.B.M., Boeing, Microsoft and other businesses.

The commission was created at a time of increasing tuitions. From 1999 to 2004, median family income grew 13 percent and average tuition 38 percent, according to federal data cited in an interview by Richard Vedder, an Ohio University economist on the commission.

Ms. Spellings urged the group to examine access, affordability and accountability, to determine whether colleges were turning out students qualified to compete in the global economy. The answer in too many cases, the panel said, is that they are not.

"Too many Americans just aren't getting the education that they need," the report said. "There are disturbing signs that many students who do earn degrees have not actually mastered the reading, writing and thinking skills we expect of college graduates."

A spokeswoman for Ms. Spellings, Katherine McLane, said, "The commission has made bold recommendations on improving the accessibility and affordability of higher education, to which the secretary intends to give very serious consideration."

One recommendation that won broad support was for changing immigration laws to help foreign scientists who graduate from American universities obtain green cards.

Dr. Ward's organization, the American Council on Education, is the major coordinating body for all higher education institutions, public and private. Leaders of some of the associations that belong to the council, like the American Association of State Colleges and Universities and the American Association of Community Colleges, embraced the report as a helpful statement of priorities.

Other important groups in the council issued withering critiques.

The Association of American Universities, which represents 60 top research universities, noted that the report "deals almost exclusively with undergraduate education."

Robert M. Berdahl, a former chancellor at the University of California, Berkeley, who is president of the universities association, said, "What is needed is something much richer, with a more nuanced understanding of the educational engagement and how it is undertaken." said

Another council member, the National Association of Independent Colleges and Universities, which represents 900 private institutions including liberal arts colleges, major research universities and church- and other faith-related colleges, attacked the recommendation to develop a national database to follow individual students' progress as a way of holding colleges accountable for students' success.

The association called the proposal a dangerous intrusion on privacy, saying, "Our members find this idea chilling."

Several groups said the report spent much ink discussing increases in students' work skills, while slighting the mission of colleges and universities to educate students as citizens.

Quarles Will Leave Top Treasury Finance Post (WSJ)

By Deborah Solomon

The Wall Street Journal, August 11, 2006

WASHINGTON -- Randal Quarles, the Treasury Department's top domestic finance adviser, said he will step down this fall and return to the private sector.

His departure from one of the most senior positions within the department gives new Treasury Secretary Henry Paulson an early opportunity to put his stamp on policy operations.

Mr. Paulson is expected to name a successor within weeks. The former Goldman Sachs Group Inc. chief executive plans to look both inside Treasury and to Wall Street for a successor, according to people familiar with the matter.

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Mr. Quarles, who has been at Treasury since 2001 and served as undersecretary of domestic finance since last year, is the third official to announce his resignation since Mr. Paulson took the reins last month. Mark Warshawsky, Treasury's assistant secretary for economic policy, left to join Watson Wyatt Worldwide, and Christopher Smith, chief of staff to former Secretary John Snow, also stepped down. Additional personnel changes are coming, according to a person familiar with the matter.

Treasury officials said Mr. Quarles had long planned to leave this fall, and stressed that Mr. Paulson didn't ask him to leave.

In his resignation letter to President Bush, Mr. Quarles said he had expected to return to the private sector around November. "As I stressed when asked to extend my work at the Treasury into the second term of your administration...the burdens of this lengthy public service on my family have been great, and I noted then that it would be time for me to return to the private sector around the date of the midterm elections."

Mr. Quarles, who has three young children and previously co-headed the financial-institutions group at law firm Davis Polk & Wardwell, said he plans to resign effective when the 109th Congress adjourns.

While at Treasury, Mr. Quarles oversaw efforts to overhaul government-sponsored enterprises, and had been pushing Congress to limit the size of the portfolios of mortgage titans Fannie Mae and Freddie Mac. He also helped oversee economic reconstruction efforts in Iraq and Afghanistan, helped negotiate financial-services provisions of six free-trade agreements and worked on Chinese currency issues.

In a statement, Mr. Paulson praised Mr. Quarles's efforts at Treasury, saying he has "played a major role in an unusually broad range of matters -- from the Argentine debt default to terrorism risk insurance, and from Chinese currency flexibility to GSE reform. ... I was disappointed to learn when I arrived that Randy had long planned to return to the private sector."

Chief Of Army Corps Of Engineers Is Quitting (NYT)

By John Schwartz

The New York Times, August 11, 2006

The head of the Army Corps of Engineers will resign, the Army announced last night.

Lt. Gen. Carl A. Strock, the chief of engineers and commander of the corps since July 1, 2004, asked Francis J. Harvey, the secretary of the Army, that he be allowed to resign "based on family and personal reasons, which the secretary of the Army honors and supports," according to the Army announcement.

The chief of engineers runs a huge array of engineering and construction projects around the world, including work in the Iraq war and responding to natural disasters, including the recovery after Hurricanes Katrina and Rita, as well as on flood control and environmental projects.

The corps has come under fire for the progress of Iraq reconstruction and for the failures of the New Orleans levee system. In June, the corps report on the disaster called the levee system "a system in name only," and Gen. Strock admitted that the corps had missed a flaw in the design that led to some of the most destructive breaches.

"We're not ducking our accountability and responsibility in this," he said in June

The coordinator of Gulf Coast rebuilding for the Bush administration, Donald Powell, said he had "come to admire" General Strock "not just for his vast engineering knowledge, but also for his character."

Raymond B. Seed, a professor of engineering at the University of California, Berkeley, and a co-author of a harsh report on the New Orleans levee failures, praised General Strock as "the right guy in the right place for everybody except himself" and said the general had worked hard to improve the corps and to confront its problems honestly.

"I feel very sad for the corps and the nation, because a good man has stepped down," Professor Seed said.

A spokeswoman for the corps, Suzanne M. Fournier, announced the resignation at a conference in San Diego.

"He said he always put the Army first for 35 years," Ms. Fournier said of the general, but had made "a personal decision." He expressed "great faith in the leadership of the organization," she said.

Congress Seeks Answers From BP (FT)

By Stephanie Kirchgaessner In Washington

Financial Times, August 11, 2006

BP is facing a barrage of questions from lawmakers in Washington about the management of its oil pipeline nearly one week after the company shut down production at Prudhoe Bay, the largest oil field in the US.

Joe Barton, a Republican congressman from Texas who is seen as an ally of the oil industry, said he would hold a hearing on September 7 to probe BP's handling of severe corrosion in its oil-transit lines.

Two other lawmakers called for a full investigation into early reports that BP had failed to use internal inspection devices, known as smart pigs, in the eastern area of the oilfield in a timely manner.

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"Early reports of the discovery of 16 anomalies at 12 locations in a three-mile area of the Eastern Area are distressing and, if true, inexcusable," senators Pete Domenici and Jeff Bingaman said in a joint letter to vice admiral Thomas Barrett, who heads the Pipeline and Hazardous Materials Safety Administration.

BP is already under investigation by the Department of Justice, Department of Transportation, and the Environmental Protection Agency for its management of the Prudhoe Bay field and the discovery in March of a 5,000-barrel oil spill in Alaska. For BP and for legislators in Washington, the shutdown could not have occurred at a worse time.

Members of Congress are already grappling with voter anger because of high petrol prices. This has sparked ferocious criticism of the oil industry, even from some of the sector's staunchest defenders.

Voters say the high price of petrol is among their main concerns and, with an eye on mid-term elections, Congress and the Bush administration have tried to be attentive to the issue. But those efforts have been frustrated by their inability to bring down prices in the short term.

BP, which has sought to create an image in the US that it is an eco-friendly oil company, may also see its reputation further tarnished if it is forced to endure heavy scrutiny by lawmakers.

BP Gets OK To Operate Portion Of Oil Field (USAT)

By James R. Healey And Brad Heath

USA Today, August 11, 2006

The Department of Transportation said late Thursday that oil giant BP can continue operating, at least temporarily, one of its Prudhoe Bay oil field pipelines while BP repairs corroded pipelines serving the rest of the field.

The DOT order says, however, that BP must test both the western line and, more extensively, the closed eastern line to determine their conditions, and tell DOT how it plans to repair the eastern section. It was corroded so badly that BP began shutting it down Sunday.

The DOT order says the western line "may continue to move oil" while BP prepares it for testing. That line corroded and spilled about 5,500 barrels of oil in March, leading to a federal investigation. The line has been repaired with sleeves around the pipes.

The DOT order means BP can continue pumping 120,000 barrels of Alaskan North Slope crude oil per day through the western line. That should ease the shock to the western USA, fed by the Prudhoe Bay oil field. The field is the biggest in the USA and can produce up to 400,000 barrels a day.

BP says it will decide before next week how much of the western line production it will maintain. "The key is safe production, and if it's safe production, then as much as possible," said spokesman Neil Chapman.

BP's lack of corrosion inspection and maintenance has drawn fire. "Generally, standards of care prior to the March spill were a disappointment and well below the standards we have seen elsewhere in the industry," Thomas Barrett, head of DOT's Pipeline and Hazardous Materials Safety Administration, said.. But, he said, BP is "now being highly compliant."

Agency inspectors are at the site, hoping to determine how bad the damage is on the eastern lines that are closed and how safe the western lines are.

The sudden and striking pipeline problems, in a petroleum infrastructure that has little extra capacity, has stirred up both the U.S. Senate and the House.

In a letter to Barrett on Thursday, the chairman and the ranking member of the Senate Energy and Natural Resources Committee called reports of corrosion damage and poor maintenance "distressing, and, if true, inexcusable." Sen. Pete Domenici, R-N.M., and Sen. Jeff Bingaman, D-N.M., said, "This failure should not have happened" and asked Barrett to explain why it did and what can be done to prevent another.

The House Energy and Commerce Committee said Thursday that it will hold a hearing Sept. 7 on the BP matter.

In a June exchange with committee member Rep. John Dingell, D-Mich., DOT said BP acknowledged it had not cleaned the eastern line since 1990 and had to abort that effort because the cleaning device was pushing too much sludge from the BP line into the main Alaska pipeline.

BP's 'Big Problem' (LAT)

The Los Angeles Times, August 11, 2006

NO BIG OIL COMPANY HAS GONE to greater lengths to project an enlightened, innovative image than BP. But after London-based BP began shutting down its Alaskan oilfield Sunday after finding miles of corroded pipelines, the company's initials evoked two words BP's marketers probably don't like: "Big Problem."

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There has been plenty of debate recently about the degree of industry culpability for rising gas prices. But here was a case of one company's neglect being directly responsible for the latest spike. The field in question accounts for 8% of U.S. daily oil production.

BP has worked hard to establish itself as a bona fide green company, one that is doing its part to head off global warming by investing in clean, alternative energy. But any accolades for this forward-looking approach are gravely undermined by a trio of recent disasters: a deadly Texas refinery explosion in 2005, one of the largest Alaska pipeline spills ever in March and now the unprecedented closure of the nation's largest oilfield because of astonishingly poor maintenance. BP is inadvertently advancing the cause of alternative energy by providing yet another reminder of the dangers of our excessive reliance on oil.

The Alaska shutdown came just two days after BP executives wrapped up a U.S. tour to apologize for the first two disasters. Although it's big of BP to apologize, it has much to be sorry for. Oil companies typically run an electronic device called a "smart pig" through pipelines every week or two to check for problems; BP, it turns out, had not "pigged the pipelines" that feed oil from the field to the Trans-Alaska Pipeline since 1992, even to make sure its alternative approach to inspection was working. Even after the March spill, it took a federal order to finally run the pig — and discover the corrosion.

BP will probably — and deservedly — face costly consequences for its neglect. But going forward, Congress and federal regulators need to enact tougher regulations for all feeder pipelines. As for BP, restoring its reputation demands a thorough review of worker safety and pipeline maintenance. Expect BP to ramp up its we're-warm-and-fuzzy marketing budget, but it may have to settle for less profit (the company's net income was $7.3 billion this last quarter, up 30%) if it wants to act more responsibly in the future.

The Texas disaster was more devastating on a human level, and the March oil spill was worse environmentally. But even a partial oilfield closure hurts U.S. consumers where they feel it most, at the gas pump. We've already seen what hurricanes can do to oil production in the Gulf of Mexico, and how war and unrest can affect oil production in Iraq and across Africa. Now we realize what shoddy maintenance of aging oil infrastructure can do for domestic supplies.

Yes, to borrow one of BP's slogans, it is time to look "beyond petroleum" — and not just to avert global warming. Achieving energy security will mean relying less on oil, wherever it comes from.

Are We Ready For The Next Oil Shock? (WP)

By Frederick W. Smith And P.X. Kelley

The Washington Post, August 11, 2006

Could a mere 4 percent shortfall in daily oil supply propel the price of a barrel to more than $120 in a matter of days? That's what some oil market experts are saying, and if they're correct, we face the very real possibility of an oil shock wave that could send our economy reeling. Such a rapid rise in fuel costs would have profound effects that could severely threaten the foundation of America's economic prosperity.

The global oil trends now at work -- rising consumption, reduced spare production capacity and high levels of instability in key oil-producing countries -- all increase the likelihood of a supply shock. But unfortunately energy debates in this country often suggest a profound misunderstanding of these international economic dynamics. Calls for "energy independence" notwithstanding, oil is a fungible global commodity, which means that events affecting supply or demand anywhere will affect oil consumers everywhere. A country's exposure to world price shocks is thus a function of the amount of oil it consumes and is not significantly affected by the ratio of domestic to imported petroleum.

The magnitude of our dependence on oil puts stress on our military, strengthens our strategic adversaries and undermines our efforts to support democratic allies. Each year the United States expends enormous military resources protecting the chronically vulnerable oil production and distribution network while also preparing to guarantee international access to key oil-producing regions. This allocation of forces and dollars diminishes the military's capability for dealing with the war on terrorism and other defense priorities.

Considering the potentially devastating impact of an oil crisis, the time has come for new voices, especially those of business leaders and retired national security officials, to join the call for meaningful government action to reduce projected U.S. oil consumption. Our respective personal experiences -- running a global transportation and logistics company and spearheading the establishment of an independent U.S. Central Command in the Middle East -- convince us that America's extreme dependence on oil is an unacceptable threat to national security and prosperity.

During the coming months, we will be co-chairing the Energy Security Leadership Council, a new and intensive effort by business executives and retired military officers to advance a national energy strategy for reducing U.S. oil dependence. Although drawn from very different backgrounds, the members of the council are united in the belief that a fundamental shift in energy policy can prevent an unprecedented economic and national security calamity.

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As President Bush and members of Congress construct a strategy for energy security, several central principles should guide them:

Â· The most substantial, rapid and cost-effective gains are almost certain to be achieved by making our transportation system more fuel-efficient. To be sure, the search for increased oil, natural gas and alternative energy supplies merits support, as do strategies for controlling industrial demand. But the transportation sector relies on oil for 97 percent of its energy needs and accounts for 68 percent of total U.S. oil consumption. With the right incentives, America's engineers and businesses could soon provide better vehicle technologies, a more efficient movement of goods and many other smart solutions. Substantially reducing demand in the transportation sector would help ensure availability of affordable supplies for critical industrial, commercial and consumer needs.

Â· Pure market economics will never solve this problem. Markets do not account for the hidden and indirect costs of oil dependence. Businesses focused on the highest return on investment are not always in a position to implement new solutions, many of which depend on technologies and fuels that cannot currently compete with the marginal cost of producing a barrel of oil. Most important of all, the marketplace alone will not act preemptively to mitigate the enormous damage that would be inflicted by a sudden, serious and sustained price increase.

Â· Government leadership is absolutely necessary. Many of the most promising solutions on both the demand and supply sides will require decades to mature. Government proposals should align the interests of businesses and individuals with society's goals; for example, tax credits and similar incentives must allow businesses to recover investments and engage in essential long-range planning, and they must account for the high implicit discount rates that consumers apply to future savings. While recent legislation has pointed us in the right direction, bolder action must be taken.

Whatever the eventual shape of a credible energy security plan, significant public and private resources will be required to put policy into practice. The government needs to do more than just provide funds, though; it must sustain a strategic energy policy even if oil prices drop in the medium term. This is only fitting given the size and nature of the threat. Indeed, if it means condemning the country to another decade of energy dependence, the possible return of $50 oil should be no less frightening than the prospect of an oil shock wave.

Frederick W. Smith is chairman, president and chief executive of FedEx Corp. P. X. Kelley, a retired general, was commandant of the Marine Corps and a member of the Joint Chiefs of Staff under President Ronald Reagan. They are co-chairmen of the Energy Security Leadership Council, a project of Securing America's Future Energy.

The New Camp Casey: Protest Without The A-List (WP)

By Michael A. Fletcher

The Washington Post, August 11, 2006

CRAWFORD, Tex., Aug. 10 -- James Fain stood guard Thursday under the broiling sun at Camp Casey, the five-acre tract that antiwar activist Cindy Sheehan recently bought on the edge of town as a base for her protests.

Mostly, it was a lonely job. Fain, 21, a student at the University of Texas at Austin, came out from under his tent whenever a car turned in from the two-lane highway that runs past the encampment -- which was not often.

"The protests were originally supposed to start next week," Fain explained. "But the president's vacation is shorter this year. The protesters, these aren't people who have no jobs." So not everyone could make it, he said.

Not that they would see much here at Camp Casey: just a newly laid gravel road, some tents, an American flag, a few volunteers and row after row of small, white crosses representing the U.S. troops who have died in Iraq.

Last weekend, Sheehan, 49, led a small group of protesters here on a march along the narrow, winding road leading to President Bush's 1,600-acre ranch, about seven miles from Camp Casey. And Tuesday, she joined a small group of protesters just outside the Secret Service checkpoint.

But, so far, the demonstrations have been modest, and the news coverage and the reaction have been muted -- which is far different from the reaction Sheehan engendered last year during her 26-day peace vigil here. Then, she promised to follow Bush until he agreed to meet with her (they had met once, not long after her soldier son, Casey, was killed in Baghdad in 2004) -- a stance that seemed to galvanize the antiwar movement and catapult the former Catholic youth minister to international fame.

The story of a grieving mother who stood up to the president drew thousands of protesters, including a smattering of celebrities, to central Texas. Since then, she has followed Bush to Washington, where she has protested outside the White House and the Iraqi Embassy, and has become a figure whose name is known by leaders such as Venezuelan President Hugo ChÃ¡vez. She has written or inspired no fewer than five books, and a play about her exploits has opened in London.

Despite the stir created by Sheehan's protests last year and the unabated casualties in Iraq, there have been no celebrity sightings so far this year -- unless one was to count Sheehan herself.

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Sheehan's demanding schedule had her in Seattle on Thursday, where she was scheduled to address the Veterans for Peace Convention on Thursday night. A week earlier, she was in Amman, Jordan. "She met with five members of the Iraqi Parliament," said Dede Miller, Sheehan's sister, who often travels with her.

Before that, there was the speaking tour across Italy. Miller said Sheehan is expected to be back in Crawford by this weekend, when she will lead more protests against Bush.

Sheehan's growing celebrity has caused her critics to charge that she is profiting from the tragedy of her son's death, making her more professional protester than grieving mother.

For the past week and a half, James Vergauwen, 60, a Vietnam War veteran, has manned a one-man counter-protest to Sheehan from a seat under a tent at the intersection that commands Crawford's only traffic signal. He spends much of the day listening to Fox's Sean Hannity and Bill O'Reilly and other radio talk show hosts, and he has several placards surrounding his site, including one that reads: "Cindy, making money on the back of a hero."

"That's my opinion," Vergauwen said, when asked about the sign. "If her son hadn't have been a hero and gotten killed, we would never know about Cindy Sheehan."

Some local residents also snicker that the reported $52,000 Sheehan put out for Camp Casey was too much to pay for the parcel, which they say has a tendency to flood during heavy rains.

But if Sheehan has been changed by the events of last year, so too has Bush. His planned 10-day vacation here is much shorter than the four weeks he spent here in 2005. Meanwhile, opposition to the Iraq war has become mainstream: Nearly six in 10 respondents to a recent Washington Post-ABC News poll said the war was not worth fighting.

"It is clear that a majority of the population is now against the war," said Fain, who joined Sheehan's vigil last year and returned this year to "give President Bush a little taste of American sentiment."

Others are similarly committed. Jesse Dyen, 36, said he was inspired by Sheehan to protest the war by eschewing solid food for nearly a month, which he survived by drinking vitamin-fortified water. The event organizer and musician says he has "pretty much built my life around protesting the war" over the past year.

He wore a strip of purple duct tape on his T-shirt, marked with the number 2,591 -- for the number of American troops who have died in the war.

Asked whether he thought antiwar feelings were growing, he said, "They have to be, because more people are waking up to it every day."

Lieberman, On The Offensive, Links Terror Threat And Iraq (NYT)

By Patrick Healy And Jennifer Medina

The New York Times, August 11, 2006

Senator Joseph I. Lieberman of Connecticut seized on the reports of a terror plot yesterday to attack Ned Lamont, his Democratic opponent for re-election, saying that Mr. Lamont's goal of withdrawing American troops from Iraq by a fixed date would constitute a "victory" for extremists.

"If we just pick up like Ned Lamont wants us to do, get out by a date certain, it will be taken as a tremendous victory by the same people who wanted to blow up these planes in this plot hatched in England," Mr. Lieberman said at a campaign event in Waterbury, Conn. "It will strengthen them, and they will strike again."

Mr. Lamont, who rode an antiwar message to defeat Mr. Lieberman in the Connecticut Democratic primary on Tuesday, has called for removing frontline American troops from Iraq as early as next July. Mr. Lieberman, a Democrat who is now running as an independent, opposes setting a deadline.

Mr. Lamont denounced Mr. Lieberman's remarks, and some other Democrats and political analysts questioned the senator's use of a national security hazard to buttress a political attack, especially against another Democrat.

Yet Mr. Lieberman has accused Mr. Lamont of distorting the senator's record on Iraq, and the Connecticut race has turned into an increasingly bitter fight between two Democrats over issues of war and national security.

In a telephone interview yesterday from his vacation home in Maine, Mr. Lamont said he was disappointed by Mr. Lieberman's tone, and he questioned whether the war in Iraq had any bearing on terrorists' designs on Western nations. Mr. Lamont also hit back by again connecting Mr. Lieberman to President Bush, whose war plans he has endorsed at times.

"Wow," Mr. Lamont said, after twice asking a reporter to read Mr. Lieberman's remark about him. "That comment sounds an awful lot like Vice President Cheney's comment on Wednesday. Both of them believe our invasion of Iraq has a lot to do with 9/11. That's a false premise."

Mr. Cheney, in an interview with reporters on Wednesday, said that Al Qaeda and other terrorist groups were counting on Americans to adopt a weaker military posture, and that Mr. Lamont's victory indicated that "the dominant view of the Democratic Party" favored that weaker approach.

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Mr. Cheney also lamented Mr. Lieberman's primary defeat; the two men have been on good terms in the past.

Mr. Lieberman also said yesterday — several hours after Mr. Cheney linked Al Qaeda and the Lamont victory — that another administration official, Homeland Security Secretary Michael Chertoff, had called him to tell him about the foiled terror plot. Mr. Lieberman is the ranking Democrat on the Homeland Security and Governmental Affairs Committee.

Having lost his party's support for a fourth term by 3.6 percentage points, Mr. Lieberman is now seeking support from independents and Republicans — who make up a majority of the state's electorate — to join core Lieberman Democrats and carry him to victory in the general election.

Part of his strategy is to appear seasoned and bipartisan compared with Mr. Lamont, a former Greenwich selectman and a self-described liberal.

"I'm worried that too many people, both in politics and out, don't appreciate the seriousness of the threat to American security and the evil of the enemy that faces us," Mr. Lieberman said at the Waterbury event. He called that threat "more evil, or as evil, as Nazism and probably more dangerous than the Soviet Communists we fought during the long cold war."

Some political analysts and Democratic strategists expressed surprise at what they viewed as Mr. Lieberman's attempt to leverage a terrorist threat for political gain, even while the threat is still under investigation.

"Senator Lieberman is sounding more and more like President Bush every day," said Steve McMahon, a Democratic consultant. "He's trying to demonstrate strength, but the risk is that he comes across as desperate."

Gary L. Rose, a professor of politics at Sacred Heart University in Fairfield, Conn., said he, too, was surprised that Mr. Lieberman would link anti-Western terrorists and Iraq, noting that many Democratic leaders separate those issues.

"Connecting the war on terror and the war in Iraq has been a Republican view mostly, and I think a lot of Connecticut voters don't see a true link there," Mr. Rose said.

Mr. Lamont hesitated when he was asked if Mr. Lieberman's criticisms were beyond the bounds of acceptable political combat.

"To try to score political points on every international issue ——" Mr. Lamont said, before stopping himself. Then he added, "Why do I have to say anything?"

Dan Gerstein, Mr. Lieberman's new communications director, said that the senator had spoken with care about the terrorist plot and that it was Mr. Lamont who had politicized national security by portraying Mr. Lieberman as a soul mate of President Bush on Iraq.

"It would be irresponsible not to talk about the most pressing issue of the moment," Mr. Gerstein said. "For Ned Lamont, of all people, to make accusations about politicization is ironic, since this is the guy who has spent the last half year distorting Joe Lieberman's record on Iraq."

Mr. Lieberman said yesterday that he was trying to stay above the fray of partisan politics and sidestepped a reporter's question about Vice President Cheney's remarks about Democrats. The senator said he was focused on Connecticut, not on the rest of the country.

"How the heck can we be in a battle in which we are fighting as Democrats and Republicans against each other, when these terrorists certainly don't distinguish based on our party affiliation?" Mr. Lieberman said. "They want to kill any and all of us."

Mr. Lieberman's maneuvering outside the two political parties comes as many leading Democrats have embraced Mr. Lamont and as some of them, including Howard Dean, chairman of the Democratic National Committee, have called on the senator to quit the race.

The president of the Connecticut A.F.L.-C.I.O., which had endorsed Mr. Lieberman through the primary, also disclosed yesterday that it may sit out the fall election.

The senator has drawn more praise from Republicans including Mr. Cheney and Karl Rove, President Bush's senior adviser, who said yesterday that he called Mr. Lieberman on Tuesday to wish him well in the primary. The two men are friends, Mr. Rove said.

Another Republican, Mark Kennedy, the party's nominee in a Senate race in Minnesota this fall, said yesterday that he was endorsing Mr. Lieberman for re-election.

Republicans have a candidate in the Connecticut race this fall, Alan Schlesinger, but he has struggled to raise money or attract interest amid the Lieberman-Lamont contest.

The View From The Chow Hall (WSJ)

By Wade Zirkle And Josh Clark

The Wall Street Journal, August 11, 2006

Joseph Lieberman's primary loss might be a satisfying victory for the partisan extremes, but it is a sharp blow to bipartisan efforts to prevail in a global war that may span generations.

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The political gamesmanship is heard by the troops on the front lines. Many in the media tend to portray our warriors as mindless pawns who are unaffected by debates on the home front. This misperception is largely a result of troops unwilling to openly talk politics with the press. But as American servicemen who together served three tours in Iraq, we can attest to the discouragement those in battle endure in the face of a domestic politics that has a seemingly singular focus on controversy and negativism.

Our troops are witness to the 24-hour news cycles, as American television is beamed into the "chow halls." Military base Internet portals also provide access to sound-bites from Washington in real time -- a phenomenon that did not exist in earlier wars. Our troops are watching and they need tempered, constructive leadership on how we will proceed. Ultimately, the wartime politics of partisan destruction is corrosive to troop morale.

Sen. Lieberman made it clear that a nation cannot effectively fight a war by looking in the rearview mirror. Too often it appears we are fighting a war among ourselves instead of against the enemy.

This is all the more reason why Joe Lieberman is needed now as an independent voice to represent America's troops and their interests abroad in the war on terror. This is not to suggest that our troops do not welcome healthy debate about the direction of the war, or serious accountability of our leaders. But supporting our troops, understanding the stakes of the mission, and still constructively questioning military and civilian leadership is a difficult balance to strike -- and one on which Joe Lieberman has repeatedly risen to the occasion. This should be the model. Our national security agenda must never be borne out of divisive domestic campaigns that champion partisan vindictiveness. Semper Fi.

Mr. Zirkle, a Marine who served two deployments to Iraq, is executive director of VetsForFreedom.org1. Mr. Clark was a specialist in the Connecticut National Guard who served in Baghdad. Both authors were wounded in action.

Democrats Knifed Lieberman On Eve Of Airliner Plot (WSJ)

By Daniel Henninger

The Wall Street Journal, August 11, 2006

That was unfortunate timing this week for the Lamont Democrats, declaring themselves officially the antiwar party within 24 hours of the Brits foiling an Islamic terror plot to spread thousands of U.S.-bound bodies across the North Atlantic, or perhaps across New York, Boston and Washington as the planes descended. Yes, we know; they support the war on terror but are merely against George Bush's war in Iraq. How does that work?

Last week before the Lamont victory, 12 members of the congressional Democratic leadership sent President Bush a letter urging that he start a phased pullout from Iraq, euphemized as a "redeployment," starting before the end of this year. But it is becoming increasingly fantastic to argue that in Iraq, with its apparently limitless supply of suicide bombers, hasn't much to do with the terror threats manifest elsewhere.

Put it this way: From the perspective as of yesterday of getting on a U.S. airliner, who would you rather have in the Senate formulating policy toward this threat -- Ned Lamont or Joe Lieberman?

Well, the Democratic Party would rather have Ned Lamont. That commitment was sealed Wednesday when Mr. Lieberman's longtime colleagues in the Senate, in one of the least edifying spectacles in recent political history, pledged their troth to the one-issue neophyte, Ned Lamont. Sens. Kennedy, Kerry, Clinton, Biden, Reid and, most embarrassing of all, Chris Dodd of Connecticut, participated in what can only be seen as a tragic Shakespearean assassination of a former colleague.

With the knifing of Joe Lieberman, the Democrats have locked in as the antiwar party. No turning back now. You're in or you're out. And this will be enforced. Susan Estrich, formerly of Dukakis for President, told the Fox News Channel this week that Hillary Clinton "has got to get herself in a position where she's for withdrawal of troops in Iraq before the next Democratic primary."

Running as the antiwar party amid a world obviously vulnerable to pitiless terror will require political suppleness. But the younger generation of Democratic activists -- widely praised for their irreverence and antic energy -- may not fit the sober public mood now.

This isn't the moment for a politics based on comics turning the president and vice president into joke material. The national mood may not be right now for extended blogospheric daisy chains of smack-the-enemy or cool wordplays with people's names. This isn't a game anymore. Not after yesterday's news.

What the Democratic Party needs more than anything for the way forward is adult supervision. Who's going to provide that? Bill Clinton? Joe Biden? Howard Dean? Not likely.

But let's not overstate the blogs' role in this. They get both credit and blame for driving the Democrats to an antiwar platform. But there was never any real resistance from the party elders. The people atop the party provided the energy and intellectual content to the last famous antiwar movement, against Vietnam.

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Events like the massive protests in Washington and elsewhere between 1969 and 1971 were in part about events in Vietnam, but there was also a huge amount of narcissistic self-indulgence in the movement. People joined in the expectation of being around an "event" -- part rock concert, part street theater, the rush of being part of a morally unblemished belief system. Sort of like the Web. This politics produced two major candidacies -- Eugene McCarthy's challenge to Lyndon Johnson in 1968 and George McGovern's to Richard Nixon in 1972. Both got blown out.

This current group is a little older and more sophisticated than that antiwar generation, and the Web is a money machine. But the genetic code is still the same. It's driven both by purity of purpose and antipathy of the "other." The relentless, almost sophomoric emotionalism over George Bush is understandable enough, but the need to demonize Joe Lieberman was interesting. Wednesday Rep. Rahm Emanuel, head of the House Democratic campaign committee, said: "This shows what blind loyalty to George Bush and being his love child means." Pretty clever. But the mindset that outputs humor like that is likely to produce a politics that rubs swing voters the wrong way in, say, Ohio. * * *

Yesterday brought an Islamic plot to blow up people on airliners. The news cycle before that brought Hezbollah's Katyusha rockets into Israel and a war in Lebanon. Before that, Iranian president Mahmoud Ahmadinejad said Iran would give the West its reply to demands to halt nuclear bomb-making on Aug. 22, the anniversary of Muhammad's flight to heaven on a winged horse. Before that, in July, North Korea fired ballistic missiles toward the Sea of Japan (a little-noticed assessment by U.S. and Japanese technicians concluded this week that six of the seven missiles fell within their targets).

And in the past year, Democratic leaders have criticized not just in Iraq but warrantless wiretaps of suspected terrorists, interrogation techniques at Guantanamo, the Swift financial monitoring program, and data-mining phone records. The pull-out-from-Iraq letter was just the culmination.

This is the context in which the post-Lamont Democratic establishment plans to run as an antiwar party. Commencing a phased withdrawal from Iraq, as they suggest, with the mission unfinished, in my view will cause suicide-bomber recruitment to skyrocket in a delirium of victory over the American infidels. And those bombers won't remain inside the imaginary security line around Iraq but will travel to the capitals of Europe, to Israel and to the U.S.

In a better world, the U.S. war on terror, at its core, would be bipartisan. That world was what Joe Lieberman's politics represented. That world is dead. Democratic support for the Republican administration's plans to fight these terrorists is down to about zero. This means the Democrats must have a plan of their own to defeat terror. Every Republican running for office at every level this fall should force his opponent to describe it. And if they aren't certain about the details, they can call Ned Lamont.

Short-Term Gain, Long-Term Pain (WP)

By Charles Krauthammer

The Washington Post, August 11, 2006

With the defeat of Joe Lieberman in the Democratic primary in Connecticut, antiwar forces are poised for a takeover of the Democratic Party. Tuesday's exhilarating victory, and the elan and electoral legitimacy gained, may carry the newly energized Democratic left to considerable success in November.

But for the Democratic Party it will be an expensive and short-lived indulgence. The Iraq war will end, as will the Bush presidency. But the larger conflict that defines our times -- war on Islamic radicalism, more politely known as the war on terrorism -- will continue, as the just-foiled London airliner plot unmistakably reminds us. And the reflexive antiwar sentiments underlying Ned Lamont's victory in Connecticut will prove disastrous for the Democrats in the long run -- the long run beginning as early as November '08.

Consider an analogy that the antiwar types hold dear: Iraq as Vietnam. I reject the premise, but let's assume it for the purpose of following the political consequences of antiwar movements.

The anti-Vietnam War movement had its political successes. They were, as in Connecticut Tuesday, mostly internecine. One Democratic presidency was destroyed (Lyndon Johnson), as was the candidacy of his would-be successor, Hubert Humphrey.

Like Iraq, Vietnam was but one theater in a larger global struggle -- the struggle against the Soviet Union and its communist clients around the world -- and by the early 1970s, the newly reshaped McGovernite party had to face the larger post-Vietnam challenges of the Cold War. The result? Political disaster.

The anti-Vietnam sentiment left a residual pacifism, an aversion to intervention and an instinct for accommodation that proved very costly to the Democrats for years to come. The most notorious example was the liberal flight to the "nuclear freeze" -- the most mindless strategic idea of our lifetime -- in opposition to Ronald Reagan's facing down the Soviet deployment of missiles in Eastern Europe.

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Apart from the Carter success of 1976 -- an idiosyncratic post-Watergate accident -- the "blame America first" Democrats were not even competitive on foreign policy for the rest of the Cold War. It was not until the very disappearance of the Soviet Union that the American citizenry would once again trust a Democrat with the White House.

It took the Democrats years to dig themselves out of that hole, helped largely by such pro-defense, pro-Gulf War senators as Al Gore and Joe Lieberman. It is all now being undone by Iraq. The party's latent antiwar fervor has resurfaced with a vengeance -- in Connecticut, quite literally so.

In the short run, as in the Vietnam days, there will be "success": a purging of hawkish Democrats like Joe Lieberman. There might even be larger victories. Enough Ned Lamonts might be elected in enough states to give one or both houses of Congress to the Democrats. But even that short-term gain is uncertain. Lamont may not even win his own state. He narrowly beat Lieberman in a voter universe confined to Democrats. In November independents and Republicans will join the selection process.

But even assuming some short-term victories, where will the Democrats be when the war is over and President Bush is gone?

Lamont said in his victory speech that the time had come to "fix George Bush's failed foreign policy." Yet, as Martin Peretz pointed out in the Wall Street Journal, on Iran, the looming long-term Islamist threat, Lamont's views are risible. Lamont's alternative to the Bush Iran policy is to "bring in allies" and "use carrots as well as sticks."

Where has this man been? Negotiators with Iran have had carrots coming out of their ears in three years of fruitless negotiations. Allies? We let the British, French and Germans negotiate with Iran for those three years, only to have Iran brazenly begin accelerated uranium enrichment that continues to this day.

Lamont seems to think that we should just sit down with the Iranians and show them why going nuclear is not a good idea. This recalls Sen. William Borah's immortal reaction in September 1939 upon hearing that Hitler had invaded Poland to start World War II: "Lord, if I could only have talked with Hitler, all this might have been avoided."

This naivete in the service of endless accommodationism recalls also the flaccid foreign policy of the post-Vietnam Democratic left. It lost the day -- it lost the country -- to Ronald Reagan and a muscular foreign policy that in the end won the Cold War.

Vietnam cost the Democrats 40 years in the foreign policy wilderness. Anti-Iraq sentiment gave the antiwar Democrats a good night on Tuesday, and may yet give them a good year or two. But beyond that, it will be desolation.

letters@charleskrauthammer.com

Why Nation Won't Go As Connecticut Went (USAT)

USA Today, August 11, 2006

In elections in the olden days, the slogan "As Maine goes, so goes the nation" was usually true. This week's defeat of Democratic Sen. Joseph Lieberman has some pundits saying that in 2006, "As Connecticut goes, so goes the nation." I doubt it.

Lieberman's loss in the Democratic Party primary clearly was an anti-Iraq war and anti-President Bush protest. The most damaging campaign ads showed Bush kissing Lieberman on the cheek. That was a "kiss of death."

All national polls show strong anti-war and anti-Bush sentiment. But in my travels I continue to be surprised that the "Don't cut and run" and "Stay the course" slogans being peddled by Bush and company still play well. That's especially true in the heartland, which produced most of Bush's 31 "red" states in 2004.

To survive, some incumbent Republican congressmen and women in the Northeast and West will distance themselves as much as possible from Bush and Iraq. Fortunately, not many of them have been photographed being kissed by Bush, as Lieberman was.

My hunch is Republicans may lose a couple of Senate seats this fall. They might lose a dozen or so seats in the House. Comparing current congressional makeup with these post-election projections:

· Senate: Now, 55 Republicans, 44 Democrats, one independent. Then, 53 Republicans, 45 Democrats, two independents. (That includes Lieberman. I think he'll win as an independent in Connecticut and then vote with the Democrats.)

· House: Now, 231 Republicans, 201 Democrats, one independent (two vacancies). Then, 220 Republicans, 214 Democrats, one independent.

That post-election majority for Republicans in both houses means two more years of the best and worst of Bush, like it or not.

Who's Guilty Of 'Petty Partisanship'? (WP)

By E. J. Dionne Jr.

The Washington Post, August 11, 2006

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Oh my goodness, as Don Rumsfeld might say. Support for the Iraq war hits a record low, and all the president's hit men decide that it's time to smear their opponents as defeatists who give aid and comfort to the enemy.

Of course they didn't mention the poll on Iraq released by CNN on Wednesday. As a basis for their guilt-by-association campaign, they used the fact that Democratic voters in Tuesday's Connecticut primary favored antiwar businessman Ned Lamont over Sen. Joe Lieberman.

The gentlemen who have gotten us into a mess in Iraq prefer not to explain how they'll fix things. They would rather use national security for partisan purposes, and they were all out there on Wednesday, spewing incendiary talking points. Hey, they may not have sent enough troops to win a war, but they sure know how to win midterm elections.

In a telephone call with journalists, Vice President Cheney came close to suggesting that there is a new political blog out there called "al-Qaeda for Ned." His words have not received nearly the attention they deserve.

Mourning the fact that Democrats would "purge a man like Joe Lieberman" -- that word "purge" has a nice Stalinist ring, doesn't it? -- our vice president went on to say this:

"The thing that's partly disturbing about it is the fact that, [from] the standpoint of our adversaries, if you will, in this conflict, and the al-Qaeda types, they clearly are betting on the proposition that ultimately they can break the will of the American people in terms of our ability to stay in the fight and complete the task."

The rejection of Lieberman made Cheney wonder if "the dominant view of the Democratic Party" is "the basic, fundamental notion that somehow we can retreat behind our oceans and not be actively engaged in this conflict and be safe here at home."

Wow! I bet the 145,000 free citizens of Connecticut who voted for Lamont will be shocked to learn that they were really sending signals of "retreat" to "al-Qaeda types."

Then there was Ken Mehlman, the chairman of the Republican National Committee, handpicked by President Bush and Karl Rove.

Speaking in Cleveland, Mehlman couldn't resist starting with a little old-fashioned redbaiting. He explained Ronald Reagan's defection from the Democratic Party this way: "He saw the beginning of the end, as a party that had vowed to fight communism became a party that set itself against those who fought communism." Ah, yes, the party of Jimmy Carter and Walter Mondale was nothing but a bunch of anti-anti-communists.

From there it was an easy leap to saying a Democratic Party -- cleverly renamed the "Defeat-ocrat Party" by the RNC chairman -- "that once stood for strength now stands for retreat and defeat." Translation: Anyone who dares question our botched approach is in favor of surrender.

Finally, from Tony Snow, the White House official who speaks for the president, came this analysis of the Connecticut result: "It's a defining moment for the Democratic Party, whose national leaders now have made it clear that if you disagree with the extreme left in their party they're going to come after you."

This statement is rooted in a lie -- or, to be polite, fiction. As Adam Nagourney noted in the New York Times yesterday: "In fact, the vast majority of Democratic Party leaders supported Mr. Lieberman in the primary and did not endorse Mr. Lamont until after the results were in." On Time.com, Perry Bacon Jr. noted that Lieberman had the support of "almost the entire Democratic establishment."

And if being against the Iraq war makes you "extreme left," then the administration has succeeded in pushing 60 percent of Americans into that camp. That's the proportion opposed to the war in the new CNN poll.

When he announced he was running as an independent, Lieberman issued a ringing condemnation of "petty partisanship and angry vitriol." He denounced those who offered "insults instead of ideas" and said the purpose of politics is "to lift up, not to tear down." True, and there could hardly be any more offensive examples of petty partisanship than the vitriolic screeds issued by Cheney, Mehlman and Snow -- coming, as they did, just a day before we learned of a new terrorist plot against us.

We'll never achieve authentic bipartisanship until a crowd that has clung to power by dividing us into bitter camps gets the rebuke it deserves. In the meantime, Lieberman might usefully send a copy of his speech to his friends in the White House. They divide us at our peril.

Nonsense And Sensibility (NYT)

By Paul Krugman

The New York Times, August 11, 2006

After Ned Lamont's victory in Connecticut, I saw a number of commentaries describing Joe Lieberman not just as a "centrist" — a word that has come to mean "someone who makes excuses for the Bush administration" — but as "sensible." But on what planet would Mr. Lieberman be considered sensible?

Take a look at Thomas Ricks's "Fiasco," the best account yet of how the U.S. occupation of Iraq was mismanaged. The prime villain in that book is Donald Rumsfeld, whose delusional thinking and penchant for power games undermined whatever

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chances for success the United States might have had. Then read Mr. Lieberman's May 2004 op-ed article in The Wall Street Journal, "Let Us Have Faith," in which he urged Mr. Rumsfeld not to resign over the Abu Ghraib scandal, because his removal "would delight foreign and domestic opponents of America's presence in Iraq."

And that's just one example of Mr. Lieberman's bad judgment. He has been wrong at every step of the march into the Iraq quagmire — all the while accusing anyone who disagreed with him of endangering national security. Again, on what planet would Mr. Lieberman be considered "sensible"? But I know the answer: on Planet Beltway.

Many of those lamenting Mr. Lieberman's defeat claim that they fear a takeover of our political parties by extremists. But if political polarization were really their main concern, they'd be as exercised about the primary challenge from the right facing Lincoln Chafee as they are about Mr. Lieberman's woes. In fact, however, the sound of national commentary on the Rhode Island race is that of crickets chirping.

So what's really behind claims that Mr. Lieberman is sensible — and that those who voted against him aren't? It's the fact that many Washington insiders suffer from the same character flaw that caused Mr. Lieberman to lose Tuesday's primary: an inability to admit mistakes.

Imagine yourself as a politician or pundit who was gung-ho about invading Iraq, and who ridiculed those who warned that the case for war was weak and that the invasion's aftermath could easily turn ugly. Worse yet, imagine yourself as someone who remained in denial long after it all went wrong, disparaging critics as defeatists. Now denial is no longer an option; the neocon fantasy has turned into a nightmare of fire and blood. What do you do?

You could admit your error and move on — and some have. But all too many Iraq hawks have chosen, instead, to cover their tracks by trashing the war's critics.

They say: Pay no attention to the fact that I was wrong and the critics have been completely vindicated by events — I'm "sensible," while those people are crazy extremists. And besides, criticizing any aspect of the war encourages the terrorists.

That's what Joe Lieberman said, and it's what his defenders are saying now.

Now, it takes a really vivid imagination to see Mr. Lieberman's rejection as the work of extremists. I know that some commentators believe that anyone who thinks the Iraq war was a mistake is a flag-burning hippie who hates America. But if that's true, about 60 percent of Americans hate America. The reality is that Ned Lamont and those who voted for him are, as The New York Times editorial page put it, "irate moderates," whose views are in accord with those of most Americans and the vast majority of Democrats.

But in his non-concession speech, Mr. Lieberman described Mr. Lamont as representative of a political tendency in which "every disagreement is considered disloyal" — a statement of remarkable chutzpah from someone who famously warned Democrats that "we undermine the president's credibility at our nation's peril."

The question now is how deep into the gutter Mr. Lieberman's ego will drag him.

There's an overwhelming consensus among national security experts that the war in Iraq has undermined, not strengthened, the fight against terrorism. Yet yesterday Mr. Lieberman, sounding just like Dick Cheney — and acting as a propaganda tool for Republicans trying to Swift-boat the party of which he still claims to be a member — suggested that the changes in Iraq policy that Mr. Lamont wants would be "taken as a tremendous victory by the same people who wanted to blow up these planes in this plot hatched in England."

In other words, not only isn't Mr. Lieberman sensible, he may be beyond redemption.

'Time Is Running Out' For House Republicans, Analyst Says (MCT)

By Steven Thomma

McClatchy Newspapers, August 11, 2006

WASHINGTON - Just as voters are about to tune in to this fall's battle for control of the House of Representatives, many Republican incumbents are running away from President Bush out of fear that they'll be caught in an anti-Bush tidal wave that could sweep them from power.

In battleground districts from Florida to Minnesota, incumbent Republicans are all but bragging about their disagreements with the president on issues such as Iraq, immigration and Social Security.

Republican leaders hope that their members know their districts well enough to ride out a national wave of sentiment against Bush and the war in Iraq. The White House recognizes that fellow Republicans may have to dis the president to win.

But at least one widely respected analyst thinks it may not be enough.

"Time is running out for Republicans," said Charles Cook, the editor of the Cook Political Report, a respected independent research report. "Unless something dramatic happens before Election Day, Democrats will take control of the House."

All 435 House elections will be decided locally, often hinging on local issues and personalities. This week's primary defeat of Rep. Cynthia McKinney D-Ga., for example, turned entirely on her erratic personal behavior.

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Yet the way voters think about the president and his agenda also is a factor, especially in many of the 30 or so most closely contested races. Republicans would have to lose a net of 15 seats to lose control, and all 15 of the most endangered House seats are now held by Republicans. No incumbent House Democrat appears at this point to be in danger of losing to a Republican.

Underlining the threat to Republicans: Bush's low standing and Democrats' intense desire to punish him and his party.

Five national polls in July show that an average of only 38 percent of Americans approve of how Bush is doing his job. That rivals President Clinton's standing in 1994, just before voters threw his Democratic Party out of power in the House and Senate.

"Bush's numbers are consistent with a tidal wave," Cook said.

And Democrats are determined to vote, as reflected by the record turnout in Tuesday's Democratic Senate primary in Connecticut, which toppled Sen. Joseph Lieberman, a Bush ally on the war.

Republicans feel the threat, and are reacting with an a la carte approach to the president and his agenda, picking and choosing when to agree and disagree.

In Pennsylvania's 6th District, outside Philadelphia, for example, Rep. Jim Gerlach stresses his distance from Bush as much as his closeness, hoping that will make the difference in a tight rematch against Democratic challenger Lois Murphy.

"When I believe President Bush is right, I'm behind him. When I think he's wrong, I let him know that, too," Gerlach says in one TV ad.

Gerlach notes where he's parted ways with the White House: he's for expanding federal funding for embryonic stem-cell research, against oil drilling in the Arctic National Wildlife Refuge and critical of privatizing Social Security.

"I'm simply not a rubber stamp for the administration and the Republican leadership," he said.

Even the White House seems to understand Gerlach's need for political space. At a Philadelphia fundraiser May 24, Bush called Gerlach "an independent voice, which is good. It's good for the people of this congressional district."

Rogers Smith, a University of Pennsylvania political science professor and a resident of Gerlach's district, isn't sure that Gerlach's distancing from Bush is working, however.

"It's an effective strategy and a good strategy that he's taking," Smith said. "However, voters are aware that this is a message that he's been delivering recently, which undercuts the message a little. ... Gerlach labors under the unpopularity of the Bush administration."

In Florida's 22nd District, along the Atlantic coast near Fort Lauderdale, Rep. Clay Shaw casts himself as an independent voice and an outright Bush opponent on Social Security, a very important issue to the district's elderly population.

Shaw's first campaign ad appealed to Democratic voters by emphasizing his environmental record and his "effectiveness and independence."

A commercial that began airing Wednesday shows Shaw distancing himself from the president over Bush's proposal to partly privatize Social Security.

"I have disagreed with the president on this particular matter," Shaw says. "There's a lot of Republicans and Democrats that would make this a political issue. I represent the state of Florida, not a political party."

Ellis "Elly" Berndt, 89, is representative of the retirees who may decide the race between the 26-year veteran Republican incumbent and his challenger, Democratic state Sen. Ron Klein.

Berndt, a retired jeweler and lifelong Republican, leans toward Shaw again, but shakes his head over the president's handling of Iraq.

Said Berndt: "I think the Democrats are doing more good right now."

In Southern Minnesota's 1st District, Republican Rep. Gil Gutknecht returned from a July trip to Iraq to say that the situation in Baghdad was more dangerous than he'd been led to believe. Perhaps it was time to bring some American troops home, he said, and force Iraqis themselves to step up to secure the city.

Staying the course in Iraq, he said, could be "disastrous."

On Tuesday, Gutknecht made a point of inviting questions on all subjects, including Iraq, during a meeting with members of rural electric cooperatives in Mankato, Minn. When no one mentioned the war, the congressman had aides pass out an "issue alert" that he'd written himself, describing the situation in Baghdad as "worse today than it was three years ago."

"I put an awful lot of my soul in this thing," Gutknecht said of his Iraq missive, which turned Bush policy on its head. Where the president has said U.S. troops will stand down as Iraqi troops stand up, Gutknecht effectively proposed that Iraqi troops would stand up if some U.S. troops first stood down.

Said political scientist Steven Schier at Carleton College in Minnesota: "He's trying to say 'I'm not the president's man, but I'm not a squish either.'"

In Western North Carolina's mountainous 11th District, Republican Rep. Charles Taylor faces a strong challenge from Democrat Heath Shuler, a former quarterback at the local Swain County high school and later with the Washington Redskins.

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Taylor has broken from the administration on two issues: trade and immigration.

He's opposed Bush's free-trade policies, even though what he called a mechanical snafu kept his vote against the Central American Free Trade Agreement from being recorded.

On immigration, Taylor wrote the president last year pressing his own plan. Unlike Bush's proposal to give illegal immigrants who already are here a path to citizenship, Taylor would have them return to their native countries and apply for legal entrance.

"He's always had a strong independent streak," said Bill Sabo, a political scientist at the University of North Carolina-Asheville. "He's far more likely to try to tie his opponents to the national Democratic Party than to associate himself with national Republicans."

To be sure, not all Republican incumbents are fleeing Bush.

In Kentucky's 4th District, freshman Rep. Geoff Davis is in a tough race to win a second term against former Democratic Congressman Ken Lucas.

A West Point graduate and former Army Ranger, Davis refuses to second-guess the decision to go to war in Iraq, saying decisions were made with the information available at the time.

On Tuesday night, as he walked through a county fair crowd shaking hands and giving hugs, Davis encountered a mother and daughter who'd lost a husband and father in Iraq early this year. Davis had helped arrange for the girl to meet the president in Louisville shortly after her father was killed.

"I talked to President Bush about your daddy. He was in a very important place for us," Davis told her Tuesday.

But even he breaks with Bush on immigration, preferring the House Republican bill, which doesn't offer illegal immigrants a path to citizenship as the president wants.

However, as for worries that voters might reject pro-war incumbents, just as Connecticut voters rejected Lieberman on Tuesday, Davis dismissed the thought:

"Other than being in the United States, I think the only thing Connecticut and Kentucky have in common is the sound of a hard C at the beginning of their names," he said, a sentiment that illustrates the axiom "all politics is local." At least, that's what Republican House members hope this year.

McClatchy correspondents Bill Douglas, Erika Bolstad, Anthony Lonetree, Kevin Diaz, Steve Lannen, and Jim Morrill contributed to this report.

Groups Seek Female Candidates (USAT)

By Charisse Jones

USA Today, August 11, 2006

Staci Appel, a stay-at-home mother of four, was used to being a campaign contributor, not a candidate. So it took her by surprise one Sunday afternoon when a state senator called and made a very different request.

"I thought he was calling to ask for money," recalls Appel, 40, a former financial consultant who had some involvement in local Democratic politics.

"I was cleaning the kitchen, and I kept on waiting for the dollar amount, and all of a sudden I heard, 'We'd like you to consider running for the Senate.' … It was time to stop cleaning and start listening."

Now, Appel is vying for a seat in the Iowa state Senate, and her election could tip control of the chamber from Republican to Democratic.

A number of groups are pushing female candidates for state-level offices across the USA. The goal is to bring different perspectives to the political debate, draw disenchanted voters to the polls and widen the pool of female candidates. The percentage of female state legislators has hovered near 22% for the past decade.

"They're seeing that women are not running," says Gilda Morales of the Center for American Women and Politics at Rutgers University in New Brunswick, N.J. "And so they're actually going in and trying to not only support but train women as candidates."

Some of the organizations involved in the effort are:

·EMILY's List, a national political action committee that backs women who are abortion rights supporters and Democrats, has a 10-year plan to focus on 16 states where organizers believe women have the best chance of being elected. The group also is supporting candidates in 17 other states, and since 2001 has helped 238 women get elected, spokeswoman Ramona Oliver says.

·In Pennsylvania, where 48 women are running for statewide office, the bipartisan Pennsylvania Women's Campaign Fund has donated $10,000 this election year and trained four candidates.

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·Georgia's WIN List, dedicated to electing women who are Democrats and abortion rights supporters, endorsed 47 women this year, and raised more than $40,000, Chairwoman Mary Long says.

"We really need to get enough women in all of these positions, from county board to the Legislature on up, to have a permanent pipeline to power in this country," says Marie Wilson, president and founder of the White House Project, a non-partisan group focused on expanding women's leadership.

Female lawmakers often seek office for different reasons than men do, says Morales. "They're not running for the power of the office, but to get something done."

At the start of 2006, 1,667 out of 7,382 state legislators were women, says Katie Fischer, policy associate for the Women's Legislative Network of the National Conference of State Legislatures.

Women often need to be asked to run, Fischer says. Such was the case with Lauren Benedict, a Democrat who is challenging Republican incumbent Allen Freeman for a seat in the Georgia House.

An attorney, Benedict, 34, has taken community and church leadership roles but didn't think of pursuing political office until colleagues and friends suggested it.

"I think I was moving toward that step and perhaps not realizing it until someone asked," she says.

Staci Appel adds that she understands why some women decline to seek office.

"It's a lot of work," says Appel, who campaigns seven days a week and adds that it would be even more difficult if she didn't have full-time help at home and a husband who pitches in. "I think that would be extremely hard for a number of women not in my same circumstances."

Yet the ability to juggle various tasks and the particular role many women play in the family are qualities that distinguish them as lawmakers, several politicians and political experts say, enabling them to build bridges across the partisan divide and champion issues such as education.

"Women seem to bring a different kind of perspective," says Delaware state Sen. Dori Connor, a Republican currently seeking her fourth term, who is pushing human trafficking legislation and has worked on environmental reforms and children's issues.

Connor who ran for and won her husband's seat after he died in 1997, tells women who say they could never be politicians that they already are.

"I say if you go to church you're in politics," Connor says. If "you belong to the PTA, you're in politics. It's just learning a different way to problem solve."

Preparation and support are key for female candidates, political activists say. Not only does Georgia's WIN List raise money for candidates who support abortion rights, but "I think it's important to call them, send them an e-mail, check on them to see what we can do," Long says.

And the White House Project provides leadership training. Several hundred women have gone through "debate boot camp" and been trained in fundraising and other aspects of campaigning.

In Md., Senate Hopefuls Ably Walk The Middle Path (WP)

By Steven Pearlstein

The Washington Post, August 11, 2006

While just about every other Washington pundit this week was writing the obituary for centrism and bipartisanship, I was driving around Maryland looking for a Democratic Senate candidate to revive them.

Contrary to what you might read elsewhere, the defeat of Joe Lieberman in the Connecticut primary was not a repudiation of the idea of working with the party in power to find common ground and get some things done. Nor was it an endorsement of the anti-market, soak-the-rich agenda of the Democratic left. The vote was nothing more -- and nothing less -- than an urgent message from Democrats horrified and angry at what the U.S. invasion of Iraq has wrought. They want to bring back the troops, not the blood-feud politics, from the Middle East.

I'm happy to report that none of the three leading candidates in the Maryland primary contest is itching for Sunni-like holy war against the Republican Shiites, at least not as it concerns business and economic issues.

In his rhetoric and position papers, Kweisi Mfume is the most dogmatically liberal of the major candidates. He prefers a government-run national health system, modeled after France, and would throw sand in the gears of globalization by erecting barriers to job outsourcing and by voting against any more NAFTA-like trade treaties. His riff on a new federal "living wage" to lift the working poor out of poverty is long on the vision thing but dangerously vague on specifics.

It would be wrong, however, to see Mfume as a stick-figure liberal. As a member of the House, he played a positive role in backing Bill Clinton's welfare reform plan, daring to speak the truth about the cycle of failure and dependency from which he was able to escape. And after Bill Cosby, at an NAACP event, challenged the black underclass to put aside the blame game and take

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more responsibility for social and economic dysfunction, it was Mfume, then the organization's president, who embraced Cosby as he left the stage and later defended his remarks. Mfume also backs the docs against the trial lawyers in the never-ending battle over malpractice insurance, daring to defy some of the biggest donors to the Democratic Party.

As Mfume heads into the final stretch without much money or much of a grass-roots organization, however, he is likely to find himself unduly reliant on the Maryland State Teachers Association, which endorsed his candidacy. And while he correctly identifies education as the key in addressing issues such as poverty and widening income inequality, there's not much he's going to be able to accomplish in that regard as long as he is politically tethered to teacher tenure, outdated certification rules and pay based on seniority rather than performance.

Josh Rales would hardly be the first millionaire who bought himself a Senate seat, but he surely would be the most informed and thoughtful on a wide range of issues, from education and health care to energy policy and the budget implications of entitlement reform. Perhaps more important, Rales would bring to the Senate an outsider's sense of urgency about the economic challenges facing the country and an impatience with the ideological tong wars and the partisan posturing that blind lawmakers to reasonable solutions.

That said, the most effective legislators are those who can blend mastery of their issues with a sixth sense for political realities and nuances. In that respect, Rales comes across as painfully naive. While nobody doubts the need for fresh blood and fresh thinking on Capitol Hill, it might have helped if Rales had gained some experience in the minor leagues of politics before making his bid for a spot in the majors.

The danger, of course, in spending too much time moving up the political ladder is that you become part of the problem rather than part of the solution. That certainly could have happened to Ben Cardin, who hails from one of Baltimore's leading political families and has held office continually since his election to the Maryland House of Delegates in 1966. During his 20 years in the Assembly, he served as both chairman of the Ways and Means Committee and speaker, and has been a respected inside player as a member of the House Ways and Means Committee for most of his 20 years in Congress.

The long list of endorsements, and the flush campaign treasury, leave little doubt that Cardin is the preferred candidate of the Democratic establishment. But don't expect him to toe the leadership or interest-group line. As a pragmatist with a knack for bipartisan dealmaking, he stands toe to toe with a Lieberman or a McCain -- only in Cardin's case, with the good sense to oppose the war in Iraq. During the Clinton administration's ill-fated campaign to reform the health-care system, he helped to make the plan more palatable to business by cutting back on new payroll taxes and limiting punitive damage awards in medical malpractice lawsuits. Now he thinks he spies the future of health-care reform in the bipartisan Massachusetts plan, with its mandate that everyone purchase a basic health insurance policy, with government subsidies for those who can't afford it.

In recent years, Cardin and Republican Rob Portman formed a bipartisan tag team that pushed through modernization for the IRS, expanded incentives for individual retirement plans and strengthened the private pension system -- often over the opposition of party leaders. He's a budget-balancing fiscal conservative with a good sense of how to make the tax code more progressive without overdoing it. And given the right political climate, he'd be one Democrat to help strike the deal to put Social Security back into actuarial balance.

Cardin had the good sense and independence from organized labor to support the North American Free Trade Agreement. Now, with China, India and the former Soviet bloc joining the global marketplace, he has the good sense to demand that any new treaties come with some extra protection for workers who experience the downside of globalization.

I'll leave it to others to decide whether Cardin is the best candidate to defeat Lt. Gov. Michael Steele in November. But if Democrats want any hope of governing after the election, they could sure use more senators like Ben Cardin.

Ignoring Split, Labor Makes Election Push (CSM)

By Amanda Paulson

The Christian Science Monitor, August 11, 2006

CHICAGO

One year after America's labor movement saw its largest schism in decades, unions are gearing up for a high-stakes political battle in November.

It's the first test of how the split between the AFL-CIO and the new seven-union Change to Win labor federation will affect the political activities of the labor movement. It's also a chance for unions to demonstrate that they still wield political heft despite dwindling membership.

The coming elections were a key topic at separate meetings in Chicago this week of the American Federation of State, County, and Municipal Employees (AFSCME) and the executive council of the AFL-CIO. In one promising sign for labor's fall push to help Democrats, the rival federations have launched a national committee to coordinate political activities.

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"I believe they're going to be reasonably unified, but it's a little bit early to say how well the coordination will work," says Rick Hurd, a labor expert at Cornell University. He notes that the Change to Win affiliates, which represent some 6 million members, may be less likely to do an all-out field operation than they were two years ago as AFL-CIO unions.

Despite fewer members, unions "have become more and more effective at communicating their message to members, and at getting members to vote according to labor endorsements," he adds.

With several key gubernatorial battles and a chance to take back the House and, possibly, the Senate for Democrats, unions see these as particularly critical midterm elections. They're doing their best to prepare:

· The AFL-CIO is dedicating the most it ever has for a nonpresidential election - $40 million - for political mobilization this fall. It has zeroed in on 21 key states to focus on and will be active in more than 200 Senate, House, gubernatorial, and state legislative races.

· AFSCME announced a new initiative this week that, among other things, will create an army of 40,000 volunteers to do political registration and get-out-the-vote work. The union will also aggressively raise funds for its large political action committee and raise membership dues $3 a month to help fill coffers for future elections.

· The AFL-CIO and the Change to Win federation have set up a national labor coordinating committee for political activities. They've agreed to merge member lists, work together on phone banks, walks, and leaflet distribution, and help state and local groups work closely on key elections.

"These elections are really important - they're going to set the tone for the presidential election in 2008," says Edgar Romney, secretary-treasurer of Change to Win and co-chair of the coordinating council. "I think the understanding and attitude is that we're all in this together and we have to win this battle. And whatever differences have evolved at the top, we'll put those aside."

But there are still some clear differences. When Change to Win split off last year, one key reason was its philosophy that organizing, not politics, was where the labor movement should be focused. And that is showing up this fall. Whereas the AFL-CIO is active in hundreds of races, Change to Win - at least at a national level - is zeroing in on three. They're all gubernatorial races: in Michigan, Ohio, and Pennsylvania.

"This is our first election cycle. It's a new approach to doing our politics. So we're strategically looking at where we can have the most impact," says Colleen Brady, Change to Win's political campaigns director. "The priority of the Change to Win labor federation and the founding of it is based on organizing new members. Politics plays a role in that."

Local groups and individual Change to Win unions will probably be active in many more races, she notes. "It's still a labor family. On the ground, we will work together where it makes sense."

AFSCME - the largest union in the AFL-CIO and one of the most political, because it represents public employees - is concentrating on a wide swath of races, from critical congressional battles to gubernatorial and state legislative races.

The gubernatorial races are particularly important, says AFSCME political director Larry Scanlon, because they can have such an enormous impact on organizing rights. After losing Missouri, Indiana, and Kentucky recently to Republican governors, collective bargaining rights in those states were virtually eliminated, he says.

AFSCME is spending about $20 million to get out its political message in 2006 and another $6 million to $7 million in direct campaign contributions through its political action committee. It recruited and trained some 40 congressional candidates to run this year, and has targeted 12 congressional districts with moderate Republicans that it thinks might be receptive to labor-friendly ideas.

"I think we can take back the House - Republicans are running scared," says Mr. Scanlon. As for the unusually large number of races that AFSCME is involved in, he says that "it's a target-rich environment. That's one of the problems this year."

Some observers have been skeptical about how much influence labor is able to wield politically these days, with a membership that has dwindled to a little more than 12 percent of working Americans. But others say that even as their numbers have gone down, their political activities have gotten far more sophisticated than they were a decade or two ago.

Unions have harnessed technology, focused on races where they can have the most impact, and stepped up member-to-member campaigning, they point out. As a result, a growing percentage of voters are union members.

"I can think of a number of things labor has done wrong, both politically and nonpolitically, in the last decade," says Robert Bruno, a labor expert with the Chicago Labor Education Program of the University of Illinois. "But one unappreciated success is how effective labor's political impact and outreach have become."

Union Of Government Workers Seeks To Build Political Muscle (NYT)

By Steven Greenhouse

The New York Times, August 11, 2006

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The American Federation of State, County and Municipal Employees announced plans yesterday to spend $60 million more a year to campaign for universal health coverage, to unionize 70,000 workers annually and to register 280,000 union members to vote.

The union, the largest of the 53 unions in the A.F.L.-C.I.O., announced what it called a 21st Century Initiative, pledging to become one of the most aggressive unions in organizing and in politics.

With this initiative, the union appears to have taken to heart criticism that organized labor has been lackadaisical about seeking to reverse its decline.

"We looked at ourselves in the mirror and decided that we needed to change," the union's president, Gerald W. McEntee, said in a news conference in Chicago. He said the union planned to increase members' dues by $12 million in 2007, $36 million in 2008 and $60 million in 2009. That would give it a far larger budget to build political power, increase public support for public services, expand the union, and intensify member involvement.

Mr. McEntee, who is chairman of the A.F.L.-C.I.O.'s political committee and has been one of labor's foremost critics of President Bush, said his union would get 40,000 union volunteers to work in this fall's campaign and to ensure that 90 percent of the union's 1.4 million members were registered to vote. Currently, 70 percent are.

"The simple fact is workers are under attack by the most antiworker president and Congress in our history," he said. "We face budget cuts, service cuts and benefit cuts."

He said too many workers have had to forgo wage increases to maintain their health benefits. He also complained that Republican governors in Indiana and Missouri had stripped many government workers of their ability to bargain collectively.

The union is planning a campaign to tell the public and government leaders about the value of public employees and services. As a union of government employees, the state, county and municipal employees are especially hurt by budget cuts and the privatization of services.

To increase its political clout, Mr. McEntee said the union hoped to persuade a quarter of its members to donate at least $100 a year to the union's political action committee, which would yield about $35 million a year.

Mr. McEntee said the union organized 33,000 workers last year, and in the past two years, tens of thousands of home health care workers and child care workers in California, Iowa, Oregon and other states.

The union took the lead among labor unions in beating back Mr. Bush's plan for a partial privatization of Social Security. Mr. McEntee said his union would push for Canadian-style universal health coverage but acknowledged that the nation might not be ripe for such an idea.

OTHER NEWS:

Cities, States Aren't Waiting For U.S. Action On Climate (WP)

By Juliet Eilperin

The Washington Post, August 11, 2006

With Washington lawmakers deadlocked on how best to curb global warming, state and local officials across the country are adopting ambitious policies and forming international alliances aimed at reducing greenhouse gases.

The initiatives, which include demands that utilities generate some of their energy using renewable sources and mandates for a reduction in emissions from motor vehicles, have emboldened clean-air advocates who hope they will form the basis for broader national action. But in the meantime, some businesses say the local and state actions are creating a patchwork of regulations that they must contend with.

This flurry of action is part of a growing movement among state and local leaders who have given up hope that Congress and the administration will tackle major issues, and are launching their own initiatives on immigration, stem cell research and energy policy. Last week alone, former president Bill Clinton launched an effort with 22 of the world's largest cities to cut their emissions, while California Gov. Arnold Schwarzenegger (R) and British Prime Minister Tony Blair said they will explore trading carbon dioxide pollution credits across the Atlantic.

Recently, 22 states and the District of Columbia have set standards demanding that utilities generate a specific amount of energy -- in some cases, as high as 33 percent -- from renewable sources by 2020. And 11 states have set goals to reduce greenhouse gas emissions by as much as 80 percent below 1990 levels by 2050.

California also has passed legislation mandating that automakers reduce their vehicles' carbon dioxide emissions 30 percent by 2016, and 10 other states have committed to adopt the same standards if the law survives a court challenge.

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In addition, as many as 10 states in the Northeast are working to establish state-by-state ceilings for carbon dioxide and other greenhouse gases, and allow industries such as power plants to trade pollution credits for carbon emissions while cutting greenhouse gas emissions 10 percent by 2019. California, Oregon and Washington are negotiating a similar pact.

Some local officials said they are pushing ahead with plans because the Bush administration, which has promoted cleaner technology but opposes mandatory curbs on greenhouse gas emissions, has failed to adequately address the problem.

"Like most mayors, I'm disappointed the federal government has not taken more of a lead on this issue, but so be it. We're moving forward," said Albuquerque Mayor Martin J. Chavez, who is expanding public transportation in his city and has persuaded some other U.S. mayors to pledge to make their cities' buildings carbon-neutral by 2030, meaning their net carbon dioxide emissions would be zero.

But some experts say there is a political imperative at work, as well. Tim Profeta, who worked for Sen. Joseph I. Lieberman (D-Conn.) before leaving last year to direct Duke University's Nicholas Institute for Environmental Policy Solutions, said local politicians feel greater pressure to address the threat of rising sea levels and other climate-related conditions.

"State and local governments are less removed from their constituents, so they're more responsive to voters' concerns," said Profeta, who sits on North Carolina's climate-change commission and has met with British officials on the subject. "Climate change is on people's minds, and they're asking for action."

North Carolina state Sen. Charles W. Albertson (D) said he is not "completely convinced" that human activity is causing global warming, but he pushed for the climate-change commission because he worries that environmental changes are threatening his coastal constituents' homes and livelihoods. "What if it's taking place and we're not doing anything about it?" he asked.

Bush's top environmental adviser, James L. Connaughton, said the president welcomes state and local initiatives because they complement the administration's approach to global warming.

"They're pursuing a portfolio of policies, not a one-size-fits-all policy," Connaughton said in an interview Aug. 4, adding that the United States is also focused on voluntary pacts such as China's pledge to improve its power production efficiency 20 percent by 2010. "At the end of the day, what matters is performance, and we're all making about the same rate of progress."

Some state officials and environmentalists said their efforts will soon surpass anything Bush has done to combat climate change.

Richard Cowart, who has advised officials on both coasts on carbon-trading systems as a director of the Vermont-based Regulatory Assistance Project, said that together, the two proposed trading systems "represent one of the largest efforts to rein in carbon emissions in the world."

And Dan Becker, global warming director for the Sierra Club, said auto manufacturers will cut emissions now that states representing a third of the country's market are preparing to regulate carbon dioxide.

"Obviously, what we're trying to do is reach a tipping point," Becker said. "We're probably close to where the car companies will have to cry 'uncle.' "

The automakers are suing to block California's law, however, and the Bush administration may block it on the grounds that it amounts to usurping the federal government's right to set national fuel economy standards.

Margo Thorning, senior vice president of the American Council for Capital Formation, said this array of state regulations could harm the U.S. economy.

"I don't think it's terribly helpful to have the industry wondering what are the car standards in California vis-a-vis the standards in Arizona," said Thorning, whose think tank is funded in part by Exxon Mobil Corp. "It adds a lot of uncertainty and slows the kind of investment we'd like to see in the U.S."

These overlapping carbon dioxide regulations may force the administration's hand. Robert E. Busch, PSEG Services Corp. president, said during a Washington panel discussion in February that "you sort of don't blame" environmentalists for pursuing state caps on carbon dioxide, but added, "The answer to this problem is not 50 different approaches to greenhouse gases in the United States. That makes no sense at all."

And Richard J. Osborne, vice president of public and regulatory policy at Duke Energy Corp., told a Duke University audience in September that his utility backed federal legislation on climate change because the "patchwork of state actions" might produce "state-by-state chaos."

Clinton, who is establishing an international consortium so cities from Cairo to Los Angeles can bargain for energy-efficient products and trade policy ideas, said state and local experiments could eventually form the basis for federal action on climate change.

"What we need to do is get more case studies," Clinton said in an interview last week, adding that while voters care more about global warming now than when he was president, as for candidates, "unfortunately, it's not one of those issues where if you don't do something about it, you'll get beat."

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Some federal officials are participating in the emerging carbon-trading economy: Sen. Richard G. Lugar (R-Ind.) has registered his farm's hardwood trees on the Chicago Climate Exchange, calculating that the 3,440 tons of carbon dioxide absorbed by the trees will trade for more than $15,000.

Matt Petersen, president of the advocacy group Global Green USA, said that over the past decade, he has found state and local officials to be more open to imposing energy efficiency standards on commercial buildings and to renewable-energy tax credits. Global Green is advising West Hollywood officials on drafting green building standards for new private construction and is lobbying the Louisiana government to give developers an incentive to rebuild New Orleans in an energy-efficient way.

"We had to do a lot of work and hand-holding early on," Petersen said. "The people who asked the toughest questions are now the biggest advocates."

Possums Are Playing Upside-Down Role In Florida Elections (WSJ)

By Theo Francis

The Wall Street Journal, August 11, 2006

WAUSAU, Fla. -- Katherine Harris, the Florida congresswoman, U.S. Senate candidate and controversial former secretary of state, dangled a live possum by its tail. Other candidates waited their turns.

"Keep shaking!" auctioneer David Corbin admonished the candidates. "Don't let it crawl up your arm and bite!"

Democratic gubernatorial hopeful Rod Smith gave his possum a quick shake, and it went limp.

In most states, political candidates march in parades and kiss babies. In Florida, they also handle possums. In years past, Gov. Jeb Bush did it, and all but one of his serious would-be successors in this year's election have tried their hand at it. Other handlers of possums or observers of possum-handling this summer include two U.S. Senate hopefuls and at least three would-be state judges, along with candidates for agriculture secretary, state chief financial officer and a slew of local and county positions.

The ritual is recommended for any candidate hoping to win votes in the northwest panhandle, some 90 miles west of Tallahassee. In this region, the place to reach crowds is Wausau's annual Fun Day and Possum Festival, which is in its 37th year. Here, candidates shake hands with potential constituents, cheer the Little Miss Fun Day contestants and place bids on possums to raise funds for local charities -- scoring points with potential voters. Then they hold up their writhing winnings for the obligatory possum photograph.

At least once in their career, most sample a plate of possum, this year cooked with peppers and onions and served up with sweet potatoes, greens and corn pone. "It's kind of greasy," says Ms. Harris.

"You know that part where they say it tastes like chicken?" says Mr. Smith, a north Florida state senator seeking the Democratic nod for governor. "That's a bad chicken."

Standing nearby, Mr. Smith's 19-year-old son Dylan looks at his father in surprise. "You don't like possum? You like squirrel," Dylan Smith says.

"I like squirrel," Mr. Smith says. "I don't like possum or raccoon."

Wausau has one blinking yellow light and 411 residents, but an abundance of possums in the surrounding woods of loblolly and slash pine. Possums are credited with keeping a lot of people alive hereabouts during the Depression. "I was raised on it," says Robert Taylor, 64, an exterminator and lifelong resident of Panama City, about 35 miles south.

Mr. Taylor says possum is tasty fried or barbecued, but he no longer indulges. "I watch my cholesterol now, and that guy's loaded with cholesterol." At 220 calories for a 100-gram serving, roast possum supplies 128 milligrams of cholesterol, or 43% of an adult's daily recommended intake, along with 10 grams of fat, according to the U.S. Agriculture Department.

The festival dates back to 1970 when a highway engineer named Dalton Carter was asked to start a fund-raiser for local civic groups. "I prayed on it, and Fun Day came to mind," Mr. Carter, 74, recalls.

DALTON CARTER'S POSSUM RECIPE

20 boiled, deboned possums (best caught in winter when plump)

3 lbs onions, chopped

2-3 large green Bell peppers, chopped

garlic salt

red-pepper flakes

black pepper

Carefully check boiled meat for bones and remove. Sautee onions and green peppers, then add to possum meat. Add salt, pepper and red-pepper flakes to taste, mixing thoroughly. Double-wrap in tin-foil and refrigerate overnight. Place seasoned meat in heavy foil containers in barbecue smoker, stirring periodically for 45 minutes until thoroughly heated. Serve with sweet potatoes, greens and corn pone. Serves as many as will eat possum.

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The possum auction was added the following year, and now it is the highlight of the festival. This year, several hundred people packed into Wausau's 8,000-square-foot sheet-metal Possum Palace pavilion in sweltering heat to see how much bidders would offer for possums. The largest amount paid this year was $700. Ms. Harris, the Senate candidate, paid $400 for hers.

During the bidding, political tensions are mostly muted, though in 1998 Ms. Harris dubbed the baby possum she won for $100 "Sandra" after her opponent for secretary of state, Sandra Mortham. This year, Republican and Democrat candidates stood together as the auction approached, eyeing the nearby cage of possums, including a big, one-eyed male that the handlers called "fierce."

Most winners hand back their possums, to be set free. But one exception was former Gov. Bob Martinez, who kept his $750 prize in a cage at campaign headquarters until Election Day at the urging of younger staff members, who named it after country singer Waylon Jennings. Then Mr. Martinez gave Waylon to a zoo in Tampa. "He had got to be a pretty big guy," the former governor says. "They're ugly, but cute."

Nocturnal omnivores and North America's only native marsupial, Didelphis virginiana, or opossum, is found throughout the Eastern U.S. and is probably best known for "playing possum," or facing danger by pretending to be dead. Its other notable feature is its prehensile tail, which can cling to trees or human hands.

Possums cause little nuisance, other than eating pet food left outside or rooting around in household trash bins or gardens and nesting in attics, says Andy Andreasen, the University of Florida Extension Service agent for Washington County.

One candidate this year saw more than a photo-op in the event. Max Linn, running a long-shot campaign for governor under the Reform Party banner, saw an analogy. "There's a direct correlation between possums and politicians," Mr. Linn said. "They get into office and they play possum -- then every election, they go out and pretend to be something else."

Write to Theo Francis at theo.francis@wsj.com1

Nation's Chief Accountant Backs Transparent Financial Reporting (USAT)

USA Today, August 11, 2006

I greatly appreciate USA TODAY's ongoing coverage of our nation's long-term fiscal challenges. But I am concerned that your recent cover story could leave readers with the wrong impression regarding the Government Accountability Office's position in the current debate before the Federal Accounting Standards Advisory Board (FASAB) over the best way to improve financial reporting on social insurance programs ("What's the real federal deficit?" News, Aug. 3).

While enhanced financial reporting for social insurance programs is supported by all FASAB members, how that is accomplished matters a lot.

I am a longstanding and strong supporter of clear, consolidated and more transparent financial reporting on the sustainability of Social Security, Medicare and other social insurance programs and the related intergenerational equity implications. For example, a new Statement of Fiscal Sustainability would provide a consolidated look at the cost implications of the government's current commitments compared with long-term revenue estimates.

An upcoming FASAB document will describe and solicit public comments on possible approaches for improving social insurance reporting.

As I travel the country speaking out about our nation's long-term fiscal challenges, I find that Americans — once they have complete information — are increasingly concerned about the debt being placed on our children and grandchildren.

David M. Walker

Comptroller general of the USA

Washington

Unfortunately, the calculation of the federal budget deficit has always been governed more by political criteria than by the criteria of public finance.

USA TODAY's article brings to mind an important business principle: "What gets measured, gets managed." In the case of the federal deficit, if lawmakers can't agree on what is to be measured, how can they agree on what is to be managed?

The federal budget is unique in that distinctions are not made between spending on long-term assets, such as the construction of a new building, and expenses such as salaries and consumables. Because the benefits of a new building will accrue to generations of taxpayers, the principles of public finance would assert it is equitable and customary to spread the payment for the asset over generations of taxpayers — i.e. incur debt, aligning benefits and costs.

Conversely, asking taxpayers in 2016 to pay for gasoline we consume today fails the intergenerational equity principle and should be paid out of current revenue.

We should enhance efforts to bring transparency to the issue of federal spending and revenue by separating capital spending from operations spending. Only then will we know what the true operations deficit is, as well as our accrued and capital

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obligations. With these measures in place, meaningful management efforts may begin to balance the budget in a way aligned with the principles of public finance.

Kevin Malley

Ann Arbor, Mich.

USA TODAY's story on the federal deficit misses the mark in several respects.

While I do not disagree that the published deficit numbers fail to consider all future liabilities, the article states that Congress has set up a system of lenient accounting rules, and implies this is an attempt to understate the true deficit. In truth, Congress and the president have little to do with the way deficit numbers are published.

The Constitution of the United States, Article I, Section 9 reads, "a regular statement and account of the receipts and expenditures of all public money shall be published from time to time." The Constitution — not Congress or the president — established our system of budgetary accounting, which the federal government has been using for the past 217 years.

Since the beginning, we have reported our receipts and our expenditures — revenue coming in and payments going out. That's what the Founding Fathers called for. The term "deficit" is simply defined as the difference between what we take in and what we spend during a fiscal period. USA TODAY's story has attempted to redefine the term "deficit" to make it represent the bottom line of all government operations, akin to what would be shown as a "loss" in the private sector. That's not what a deficit is. There is a term for what you are describing: net cost.

This is reported on the audited financial statements published in accordance with the Chief Financial Officers Act of 1990 and subsequent amendments, and available to everyone to see.

The article's analogy of taking a $25,000 cash advance against a credit card — which, the story says, "makes the books look great" — implies that government borrowing counts as an offset to the published deficit numbers. That is a misleading conclusion. If it were, we would never show a deficit, as we always borrow enough to cover necessary payments.

When the deficit calculation is made, receipts do not include borrowing to finance the deficit. Interest paid on previous borrowing (the national debt) does, in fact, get reflected in the deficit.

I take issue with Rep. Jim Cooper, D-Tenn., assailing Congress and the president for "hiding the bottom line," when they are simply carrying out a provision of the Constitution.

Congress and the president have recognized the shortfalls in that method of accounting.

The legislation mentioned above, as well as the president's push for performance-based budgeting, are moving the federal government's financial management in the right direction — recognizing all costs in operating a program and using that information to make rational budget decisions.

Bill Arnold

Heath, Ohio

USA TODAY pointed out the fact that our government is broke as well as broken. Our mandated spending is consuming nearly all of our tax revenue each year, thus making nearly all our discretionary spending deficit spending.

For decades we masked the deficit by using money from our "pay as you go" Ponzi scheme, known as Social Security, to reduce the real deficit.

The time has come for all Americans to demand ownership of their retirement. Social Security needs to be reformed to a personal retirement account system that is owned by the individual.

A small step in righting this ship is letting the individual take ownership of his or her future by creating a viable nest egg that can be used to save for retirement, as was intended by President Franklin Roosevelt.

Why do we accept that lawmakers tax us for our retirement, yet place no requirements upon them to return the money to us taxpayers?

Setback For U.N. Draft Resolution On Lebanon (WP)

By Colum Lynch And Robin Wright

The Washington Post, August 11, 2006

UNITED NATIONS, Aug. 10 -- Lebanon on Thursday raised objections to a U.S.- and French-backed draft resolution aimed at ending the fighting between Hezbollah and Israel because it does not call for an immediate cease-fire and because the proposed new international force would have a broad mandate to use military firepower.

The move complicated U.S. and French efforts to finalize negotiations on a resolution intended to set the stage for a gradual Israeli withdrawal from southern Lebanon. Russia's ambassador to the United Nations, Vitaly Churkin, expressed frustration with the slow pace of diplomacy and offered a separate resolution calling for a 72-hour humanitarian truce.

Lebanese Prime Minister Fouad Siniora expressed concerns to Secretary General Kofi Annan about whether he could persuade Hezbollah to accept the draft resolution, according to U.N. officials. Lebanese Foreign Minister Fawzi Salloukh told al-

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Jazeera that the resolution is unacceptable because it does not resolve a number of Lebanese concerns, including Beirut's call for Israeli forces to withdraw immediately.

"Negotiations are still going on," Lebanese ChargÃ© d'Affaires Carla Jazzar said. "No one said this resolution has been refused. It's not over yet at all," she said.

Secretary of State Condoleezza Rice will travel to New York Friday morning to work through the final details of a U.S.-French draft resolution -- and to vote on it if agreement can be reached, a senior State Department official said.

The United States had clashed earlier this week with France over the mandate of an international force for Lebanon. But U.S. and French diplomats sounded upbeat Thursday as they worked to overcome differences over language that would choreograph Israel's gradual withdrawal from southern Lebanon and the U.N.-backed Lebanese army's deployment there.

"We're making progress, and it's entirely possible we could have a vote tomorrow," John R. Bolton, the U.S. ambassador to the United Nations, said Thursday morning after meeting his French counterpart, Jean-Marc de La Sabliere. "We've closed some of the areas of disagreement with the French."

The threat of Israeli ground action heightened the sense of urgency in concluding weeks of contentious negotiations over a plan to end the violence. "We're pushing for a vote. [Rice] doesn't care if they have to work through the night" to prepare for a Friday vote, said a senior U.S. official. "If work needs to be done, she'll do that. If she needs to bring it to closure, she'll close. And if she only needs to vote, she'll vote."

The breakthrough in negotiations with France came after the United States dropped its demand that Israeli troops be allowed to remain in southern Lebanon until a muscular international force is in place with a tough mandate to ensure that Hezbollah could not mount attacks on Israeli towns. Washington also agreed to scrap a provision that the force be explicitly authorized to disarm Hezbollah.

The United States and France agreed to expand the existing U.N. peacekeeping force with 2,000 more soldiers and to authorize it to use force to help Beirut restore its control over southern Lebanon. The enlarged U.N. mission would be authorized to do that under a provision of the U.N. Charter, known as Chapter 7, that permits peacekeepers to use force to implement their mission.

China's deputy ambassador, Liu Zhenmin, said that "the problem is that the Lebanese they do not accept any reference to Chapter 7." Bolton and other diplomats said they will resume negotiations to try to strike a deal.

The draft resolution envisions an international force that could be close to parity with the 15,000 Lebanese troops to be deployed in the south, U.S. and French officials said. Although it will come under the auspices of the controversial U.N. Interim Force in Lebanon (UNIFIL), which has been deployed there since 1978, it will be much more muscular.

"Everyone says UNIFIL. It would be a UNIFIL force in name only. Its nature, composition and mandate would be different. It's the difference between Clark Kent and Superman," said the senior U.S. official, who spoke on the condition of anonymity because of the ongoing diplomacy.

Israel's ambassador, Dan Gillerman, had previously derided UNIFIL as "impotent" and "useless" at restraining Hezbollah from shelling Israeli civilians. But he told Israel Channel 1 television that the new U.N. force "will be completely different from the blue helmets we know today." He said that "a number of European countries have voiced their agreement to be part of this force."

U.S. diplomats visited Siniora's Ottoman-era headquarters in Beirut several times during the day for consultations. In Washington, State Department spokesman Sean McCormack said the "diplomatic situation is fluid."

"We've talked about the issues of Israeli withdrawal and the timing of the Lebanese armed forces, as well as the international forces, taking over that territory," McCormack said. "It's important to get this right, because it's one thing to have words on the piece of paper and it's another thing to have those words be able to be implemented in a way that is effective and gets you to the solution that you want to get to."

McCormack said John Hillen, assistant secretary of state for political and military affairs, has consulted U.N. peacekeeping officials about the mission of such a force.

U.S., France Near Deal On Mideast Draft (AP)

By Nick Wadhams, Associated Press Writer

AP, August 11, 2006

The United States and France were close to a deal on a Security Council resolution aimed at ending the monthlong conflict between Israel and Hezbollah and could break the diplomatic deadlock at last on Friday. But diplomats said they were still trying to overcome last-minute Lebanese objections to the draft.

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Increasingly impatient that diplomacy has taken so long, Russia introduced its own resolution Thursday calling for a blanket 72-hour humanitarian cease-fire in Lebanon. Ambassador Vitaly Churkin sounded an alarm that the humanitarian crisis in Lebanon was reaching "catastrophic" proportions and said it was too urgent for diplomacy to go on much longer.

The Russian resolution also urged "extraordinary diplomatic efforts" for a deal on the U.S.-French draft. Churkin said he hoped his proposal would give them a renewed sense of urgency.

"War is raging in Lebanon and the humanitarian situation is getting catastrophic," Churkin said. "We hope it will focus minds, it will energize politicians and diplomats," Churkin said.

More than 800 people have died in the monthlong conflict, hundreds of Lebanese civilians and dozens of Israelis.

U.S. Ambassador John Bolton refused to comment directly on the Russian draft, but said it would not be helpful to distract attention from the negotiations on the U.S.-French draft, introduced on Saturday. It seeks a lasting political solution after more than four weeks of fighting that has killed.

Bolton and other diplomats suggested that they were close to a deal after a day of intensive negotiations within the Security Council and with a delegation of Arab leaders. Secretary of State Condoleezza Rice planned to head to New York on Friday morning in anticipation of a vote, a senior U.S. official said. He spoke on condition of anonymity because her plans had not been made public.

The new proposal appears to eliminate the prospect of a multinational force that would patrol a buffer zone between Israel and Lebanon, opting instead to considerably beef up the existing U.N. force in Lebanon, known as UNIFIL, and to make it more powerful.

Israel Television reported that the latest draft resolution calls for the current 2,000-strong U.N. force in southern Lebanon to be enlarged to 20,000 troops, with Spain, German, Italy and Australia among the new troop contributors.

But Lebanon and its Arab allies balked, saying they want UNIFIL to retain its current, weaker mandate, Security Council diplomats said.

Diplomats and U.S. officials said the issue of how much power to give the U.N.-mandated force was one of two main sticking points with the Lebanese. The other was the timing of the withdrawal of Israeli troops that have occupied the territory with the arrival of 15,000 troops Lebanon has promised to send there.

"We have worked a lot, especially on two points, the force to deploy and the withdrawal of the Israeli forces," France's U.N. Ambassador Jean-Marc de La Sabliere said after another round of talks late Thursday. "We want to succeed and we must now check with the parties."

Earlier in the day, the U.S. and France presented Lebanon with an offer to use UNIFIL to help monitor the Lebanese deployment and Israeli withdrawal. UNIFIL would be beefed up with more troops and given a mandate under Chapter 7 of the U.N. Charter. That means it would have more robust rules of engagement.

The shift was a significant concession because the United States and Israel had previously wanted UNIFIL to play only a minor bridging role in anticipation of a larger, separate multinational force.

In Jerusalem, Prime Minister Ehud Olmert was quoted as saying the new proposal being drafted by the U.S. and France "has positive significance that may bring the war to an end."

Arab leaders said they also want the resolution to ask the U.N. to take control of the Chebaa Farms area along the Syria-Lebanon-Israel border, which has been occupied by Israel since the 1967 Mideast War.

"In all these issues, it's not secret what is the problem," Qatar's Foreign Minister Hamad bin Jassem Al Thani said in an interview. "We are talking about the multinational forces, is it under Chapter 7 or not. We are talking about Chebaa under the U.N., and we are talking also about the Lebanese army (and) who will hand over to whom."

With the Lebanese reaction in hand, U.S. and French diplomats in New York worked late into the night Thursday to come up with new language that would satisfy their own governments back home — as well as Lebanon, Israel and the Hezbollah militias it has been fighting.

Bolton said he believed the Security Council had "a realistic prospect of success."

"I've not at all given up on the prospect that we might yet vote tomorrow," he said.

There were other signs that long-awaited action by the Security Council might be near. British Foreign Secretary Margaret Beckett said she was flying to New York to "reinforce" Britain's efforts to reach agreement on a resolution, calling the situation "urgent" and saying "we need now to complete the task."

The United States is chiefly concerned that Hezbollah not be allowed to re-infiltrate south Lebanon once a cessation of hostilities goes into effect. Washington has supported Israel's insistence on staying in southern Lebanon until a robust international force is deployed, which could take weeks or months.

Associated Press writers Edith M. Lederer at the United Nations and Anne Gearan in Washington contributed to this story.

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US And France Fail On Mideast Truce Plan (FT)

By Ferry Biedermann, Sharmila Devi And Jonathan Birchall

Financial Times, August 11, 2006

John Bolton, the US ambassador to the United Nations, said on Thursday there was no agreement yet on the US and French resolution calling for an end to the fighting between Israel and Lebanon's Hizbollah but that he hoped for one on Friday.

Earlier in the day, Israel widened its offensive against Hizbollah in southern Lebanon by entering the strategic Christian town of Marjayoun, engaging in fierce fighting with the Shia militia, but appeared to be holding off its promised full scale offensive to give more time for a solution at the UN.

Lebanese officials indicated that the new plan would offer the prospect of a "progressive" withdrawal of Israeli forces from Lebanon, linked to the gradual deployment of Lebanese army units and UN forces.

But Fawzi Salloukh, foreign minister, said the plan was not significantly different to the previous effort which Lebanon had rejected.

It was not clear whether the draft would give details of the proposed international element of any UN force – a key issue that divides Israel and Lebanon – or whether this would be left to a second resolution aimed at setting out a full ceasefire agreement.

Jan Egeland, the UN emergency relief co-ordinator, on Thursday criticised Israel and Hizbollah for hindering access to humanitarian relief for 120,000 civilians in southern Lebanon, describing their actions as a "disgrace".

The Israeli attack on Marjayoun is seen as essential preparation for a wider ground offensive by the Israeli army, which was approved by the security cabinet in Jerusalem on Wednesday.

The predominantly Christian town, east of the Litani river, is a base for the Lebanese army, and Israeli aircraft dropped leaflets warning the soldiers not to leave their barracks.

Hizbollah guerrillas fought fierce battles outside Marjayoun and Khiam, and claimed to have destroyed 13 Israeli tanks in the clashes, although there was no confirmation from the Israeli army. Israel suffered its biggest direct military losses of the conflict on Wednesday with the deaths of 15 soldiers, mostly caused by anti-tank missiles.

Israel signalled its intention to expand its attacks on Beirut in leaflets dropped on the city, threatening a "painful and strong" response to Hizbollah missiles fired at Israel and warning residents of three southern neighbourhoods to leave their homes.

Hizbollah has for the first time publicly accepted the deployment of the Lebanese army on the border with Israel. In a televised speech on Wednesday night Hizbollah's leader, Sheikh Sayyed Hassan Nasrallah, said that "for the sake of national unity and despite our reservations we will not stand as an obstacle".

Israel Holds Off On Drive To The North (NYT)

By Steven Erlanger And Warren Hoge

The New York Times, August 11, 2006

JERUSALEM, Aug. 10 — Israel warned residents of southern Beirut on Thursday to evacuate their homes even as it held off expanding its military operation while diplomats sought to complete negotiations on a United Nations resolution to halt the fighting.

In New York, ambassadors from the five permanent members of the United Nations Security Council, Britain, China, France, Russia and the United States, failed Thursday to reach agreement on the resolution. But John R. Bolton, the American ambassador, said work would continue through the night and that a vote could still be held on Friday.

The ambassadors were focusing on a formula that would have the Israelis depart in phases while the Lebanese Army and a reinforced Unifil, the United Nations force, moves into the area.

A senior Bush administration official said Thursday evening that the French and American positions were close enough that Secretary of State Condoleezza Rice would travel to New York on Friday morning to try to complete the deal.

But Vitaly I. Churkin, the Russian ambassador, said his country had lost patience with the continuing talks while people were dying and had introduced its own resolution calling for a "humanitarian ceasefire" of 72 hours.

Mr. Bolton dismissed the Russian move as "unhelpful" and added, "We are not playing games here, this is very serious."

The Israeli Army has thousands of troops massed on the border, waiting for an order from Prime Minister Ehud Olmert to take the battle against Hezbollah to the Litani River about 15 miles to the north, to reduce the number of rockets that can reach Israeli cities.

But the order has not been given. Israeli officials are hoping the threat of a major escalation in the fighting will produce a diplomatic solution that will keep Hezbollah fighters north of the Litani River and lead to the dismantling of the militia.

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Israel's defense minister, Amir Peretz, said the military effort was intended to promote the diplomatic one. "We are doing everything to allow these two efforts to complement each other," he told Israel public radio. "We'll see the military operation as having created the diplomatic climate and a new situation."

If diplomacy fails, Mr. Peretz said, Israel will "use all of the tools" to win the war against Hezbollah.

But a senior Israeli official said the government was skeptical that the diplomatic wrangling by France and the United States, acting respectively for Lebanon and Israel, would produce a satisfactory resolution.

Israel is insisting on a robust multinational force to operate alongside the Lebanese Army, even if it is a recreation of Unifil with a new, aggressive mandate, said the official, who was not authorized to speak publicly on the matter.

Mr. Churkin said Lebanon had objected to having the resolution create this force under Chapter VII of the United Nations Charter, which authorizes the full use of military force. Mr. Bolton said France and the United States were still in touch with the Lebanese authorities on this point and hoped to resolve it by Friday.

Israel is also insisting that its troops will not leave southern Lebanon until a multinational force arrives, because the weak Lebanese Army cannot be expected to confront Hezbollah on its own.

Avi Dichter, a senior Israeli cabinet minister, said the timing of a broader offensive "depends to a great extent on what is happening now in New York."

Tourism Minister Isaac Herzog told Army Radio, "There is a political process under way and our sense of responsibility tells us to give it a bit more time."

Despite the diplomatic activity, the war did not stop on Thursday. Israeli troops consolidated their hold on Merj 'Uyun, a Christian village from which Hezbollah was firing rockets, Israel said. It was taken overnight with little resistance.

Israeli troops also moved to surround the village of Al Khiam, one source of missile attacks on the towns of Kiryat Shmona and Metulla. An Israeli soldier died in fighting in the village of Qlaia when a tank was hit by a missile.

Israeli warplanes dropped leaflets over Beirut advising residents of three southern suburbs — Shiya, Burj al Brajneh and Hayy al Sollom — to leave their homes. The leaflets, signed by "The State of Israel," said the Israelis "intend to expand their operations in Beirut" and warned of "a painful and strong response." They further warned the residents: "For your own safety, you must evacuate those neighborhoods immediately and evacuate every place where Hezbollah members or aides exist or carry out terrorist operations."

Shiya, a poor Shiite area two miles from the center of Beirut, has been bombed or shelled several times. More than 40 people died there on Monday after an apartment building, which Israel said had housed Hezbollah leaders, was bombed at dinnertime.

Israel also fired rockets at a disused radio broadcast tower in the center of Beirut and derelict antennas belonging to Lebanon's official radio station in Amsheet, north of Beirut, apparently believing that Hezbollah was transmitting its broadcasts from these facilities. Hezbollah fired more than 140 rockets into Israel on Thursday and again killed Israeli Arabs. A rocket landed between houses in the Israeli village of Dir al Assad, near Carmiel, killing Miriam Assadi, 26, and her son Fathi, 5. Another son, 4, was badly wounded, as was her mother-in-law. A neighbor, Nabil Omar, 34, said at a hospital in Nahariya, where he had light shrapnel wounds, that "the rocket fell between our two houses."

"We didn't hear anything coming."

Other rockets caused more fires in the forests of the central Galilee and the Golan Heights. The largest fire broke out near Safed, and the air along the border was hazy with wood smoke on an otherwise clear and sunny day.

On Thursday, Jan Egeland, the chief United Nations humanitarian affairs official, called it "a disgrace" that Israel and Hezbollah would not stop fighting long enough to allow aid to reach civilians trapped in southern Lebanon. The World Food Program warned of an impending food crisis because of population displacement and a disrupted harvest.

Aid agencies have also been warning about the dire situation faced in many hospitals in the south, which are running out of food, medicine and fuel to run generators.

The International Committee of the Red Cross said it had received assurances from Mr. Olmert that Israel would do "everything possible" to allow aid through, while Doctors Without Borders said it would continue to help those in southern Lebanon despite Israeli warnings that all vehicular traffic south of the Litani River could be fired upon.

Rowan Gillies, president of Doctors Without Borders, said in Beirut, "To forbid all forms of movement, without distinction, will lead to even more civilian deaths and suffering."

The Israeli government had warnings on Thursday from the left and the right. Upset by the cabinet decision to expand the offensive, Peace Now and the dovish Meretz Party decided to join a demonstration of more pacifist groups outside the Kirya, Israel's Pentagon, in Tel Aviv.

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Yariv Oppenheimer, the leader of Peace Now, said Lebanon's decision to move its army to the border and the Israeli cabinet vote had changed minds. "This is a just war, but there is a way to finish it and the government is not taking the right way to do it," he said. "We're calling for the government to accept the Lebanese initiative, push it forward and use it to finish the war."

Galia Golan, a founder of Peace Now, said, "Whatever happened in the beginning of the war, people now believe it's enough, it's time to stop and find a political path."

But only 500 to 700 people showed up to demonstrate. Still, a veteran peace campaigner, Uri Avnery, said, "What is happening here today is the beginning of a radical change in political opinion."

But on the right, Benjamin Netanyahu, the leader of the Likud Party, warned the government that it must accomplish its goal, which is to disarm Hezbollah.

"We must not leave them intact, ready to attack again," he said in Jerusalem. "I support the government's goals. I adhere to them, and I hope the government does, too."

Mr. Netanyahu said he would save any criticism for after the war, but he urged Mr. Olmert to "cut off the tentacle" of Hezbollah and castigated those who did not see Iran's hand controlling both Hezbollah and Hamas. Iran is working on nuclear weapons, he added, and "eventually after crying wolf you face the wolf, and this wolf has nuclear teeth, and it will bite, of that I'm sure."

The people of Lebanon, Mr. Netanyahu said, "have to choose — do they line up with Hezbollah or do they line up against Iran and Syria?" It was important for the West, he said, that Israel win this war.

He said his criticisms of a unilateral withdrawal from Lebanon in 2000 and from Gaza last summer had proved accurate, and warned Mr. Olmert that plans for another pullback from the West Bank were dead. "It won't happen," he said.

In what was regarded as a political attack, the police said a 25-year-old Italian tourist had been killed near a gate to the Old City in East Jerusalem, The Associated Press reported. The man was stabbed in the back by an assailant who then fled.

In Al Ghaziye, Lebanon, a mostly Shiite town south of Sidon, residents buried nine people killed two days ago when houses there were shelled.

Among the dead were the members of the Khalife family: Mahmoud, a pharmacist; his wife, Ibtisam; and their three children, Hussein, 12, Fatima, 5, and Ahmad, 3.

The bodies were first brought to a Husseiniyeh, a Shiite religious center, for the ritual washing. Inside the mosque, most of the furniture had been pushed aside or stacked on a balcony to make room for the bodies.

The bodies were then transported in a gray van to the town cemetery overlooking the Mediterranean. Few mourners gathered, and those who did were distracted by worries about Israeli airstrikes during the service.

When the small body of Fatima arrived, a man asked the imam, "Can we bury her next to her brother?"

"Yes," he said. "It makes little difference."

France And U.S. Pursue U.N. Plan For Lebanon (NYT)

By Warren Hoge

The New York Times, August 11, 2006

UNITED NATIONS, Aug. 10 — France and the United States struggled today y to agree on a resolution halting the fighting in Lebanon that would call upon the Israeli military to gradually leave Lebanon after a truce but not leave a void in southern Lebanon that would allow Hezbollah to return there.

Ambassadors from the two countries and the three other permanent members of the Security Council, Britain, China and Russia, were focusing this evening on a formula that would have the Israelis depart in phases while the Lebanese Army, along with a reinforced Unifil, the United Nations peacekeeping force, moved progressively into the area.

It was the second meeting of the day for the so-called permanent five as pressure intensified on the Security Council to take decisive action to end the conflict, which was entering its fifth week unchecked.

The actual language of an amendment under consideration calls on Israel to "start withdrawing" as Lebanon "starts deploying" its armed forces, "in coordination with Unifil."

The original French-American resolution, circulated on Saturday, allowed Israeli troops to remain in southern Lebanon after a cease-fire. France sought to renegotiate it after that passage in the draft came under attack from Lebanon and the 22-nation Arab League.

Hezbollah has for years controlled southern Lebanon, where it has launch rocket attacks on Israel. The United States is against any cessation of hostilities that does not embody guarantees preventing the militia from returning to the area.

Secretary General Kofi Annan met today with the French and American ambassadors, Jean-Marc de la Sablière and John R. Bolton, and afterwards his office put out a statement that heightened speculation that a settlement was near and a vote could occur this weekend.

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Under Security Council procedures, a vote can be scheduled 24 hours after a resolution has been formally introduced.

"The secretary general believes that it ought to be possible for the Security Council to adopt a resolution by the end of the week," the statement said.

"He reiterates his call that the fighting must stop to save civilians on both sides from the nightmare they have endured for the past four weeks."

His spokesman, Stéphane Dujarric, said Mr. Annan had spoken today with Prime Minister Ehud Olmert of Israel, Prime Minister Fouad Siniora of Lebanon and Secretary of State Condoleezza Rice.

The original resolution called for a full halt to hostilities and the drawing up of a blueprint for settling the broader political problems, including the disarming of Hezbollah, the demarcation of Lebanon's disputed borders and the authorizing of the Lebanese military to take charge of its entire territory.

That second resolution, which will take several weeks to negotiate, was also supposed to spell out the makeup and powers of a new international stabilization force of up to 20,000 soldiers envisioned to secure control of southern Lebanon and forestall any return to violence.

On Monday, Mr. Siniora said he was planning to send 15,000 Lebanese soldiers to the south, an offer that was seized on by the French in New York as a way to speed the process and to provide Israel assurances that southern Lebanon would not be reoccupied by Hezbollah.

Israel has little faith in the ability of the Lebanese Army and even less in Unifil, so the Americans have been seeking to expand the size and powers of the international force that will go into Lebanon after passage of the first resolution to make it as robust as possible.

The French, who will likely lead the ultimate stabilization force, still believe it should be the subject of a second resolution, which would establish the precise powers it would have and the Security Council mandate under which it would operate.

This week's intensive negotiations have had to break repeatedly to allow time for consulting Paris and Washington and sending versions and proposals to Beirut and Jerusalem.

In Paris, Philippe Douste-Blazy, the French foreign minister, said today that he hoped for an accord in New York. But repeating a threat voiced Wednesday by President Jacques Chirac, he warned that France "does not rule out the possibility of presenting a text in its own name."

Vitaly I. Churkin, the Russian ambassador, speaking outside the French mission where this morning's session took place, said deep differences remained but that the situation wasn't "hopeless."

"There is a fairly lengthy text that is quite ambitious, but it does contain a number of difficult issues that have to be worked out difficult for Lebanon and for Israel," he said.

China's deputy ambassador, Liu Zhenmin, was more hopeful. "It's a good chance," he said.

Israel Takes Control Of Key Town (WT/AP)

By Christopher Torchia

The Washington Times, August 11, 2006

IBL EL-SAQI, Lebanon -- Israel grabbed strategic high ground in southern Lebanon yesterday but delayed a major push north, as diplomats cited progress on a U.N. cease-fire resolution that could go to a vote soon.

An Israeli soldier was killed and two were wounded in fighting with Hezbollah guerrillas yesterday, a day after the Israeli military suffered its worst one-day military loss, with 15 soldiers killed. More than 800 people have died in the monthlong conflict, including 715 in Lebanon.

With Israeli troops closer to Beirut than at any time since the war began, diplomats said they were close to breaking the stalemate over a U.N. effort toward a cease-fire. The U.S. Ambassador to the United Nations, John R. Bolton, said the vote could be today.

The United States and France have been trying to bridge differences over a timetable for an Israeli withdrawal from Lebanon.

However, Russia's U.N. ambassador said he would introduce a U.N. Security Council resolution calling for a 72-hour humanitarian truce because of long delays in U.S.-France efforts to seek a cease-fire.

Ambassador Vitaly Churkin said he would press for a quick truce because no deal had been reached in the 15-nation council on the final wording of a draft calling for an end to the fighting and setting out broad principles for a political solution to the conflict.

"Unfortunately, we at this point came to the conclusion that we do not have an immediate prospect of this resolution being accepted," Mr. Churkin told reporters.

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Israeli ground troops took control of the mainly Christian town of Marjayoun before dawn and blasted away throughout the day at strongly fortified Hezbollah positions in several directions.

A huge explosion rocked the center of the town and the surrounding countryside about sunset, and a big fire could be seen raging from Ibl el-Saqi, about two miles to the east.

By taking Marjayoun, the Israeli army was closer to Beirut than at any time since the fighting began July 12 after a cross-border raid in which Hezbollah militants captured two Israeli soldiers and killed three.

At the same time, the army was still within about five miles of the Israeli border. Marjayoun, which sits near major road junctions in the south, lies north of Israel's Galilee panhandle that juts north into Lebanon.

Marjayoun was used as the command center for the Israeli army and its allied Lebanese militia during an 18-year occupation of southern Lebanon that ended in 2000. The high ground around Marjayoun, including the village of Blatt, overlooks the Litani River valley, one of the staging sites for Hezbollah's relentless rocket assaults on Israel.

Interim Lebanese Interior Minister Ahmed Fatfat said about 350 Lebanese soldiers and police garrisoned in Marjayoun were taken into custody. Residents said the Israelis also took over one building in the barracks, locked up the ammunition and weapons depot and took away the keys.

An Israel military spokeswoman said troops advised the Lebanese to remain in the building for their own safety.

Diplomatic efforts had stalled as the Lebanese called for Israeli troops to start pulling out once hostilities end and Beirut sends 15,000 troops of its own to the south, while Israel has insisted on staying in southern Lebanon until a robust international force is deployed, which could take weeks or months.

The Israeli Security Cabinet authorized Mr. Olmert to expand the offensive in Lebanon, but Israeli officials said they would hold off to give diplomacy more time to work.

When asked in Washington whether Israel's decision was a result of U.S. pressure, State Department spokesman Sean McCormack said, "The Israeli government makes its own decisions about military operations and what it does to act in its own self-defense. Those are decisions for Israeli leaders to make."

Israeli Defense Minister Amir Peretz warned Israel was ready to use "all of the tools" to cripple Hezbollah if efforts toward a cease-fire failed.

Israel reported one of its soldiers was killed and two were wounded in Qleia, just south of Marjayoun, when Hezbollah guerrillas fired a missile at a tank. Hezbollah reported killing as many as 16 Israeli soldiers and destroying 18 tanks.

Two Israeli civilians also died in Hezbollah rocket attacks, an Arab-Israeli mother and her young daughter in the village of Deir al-Assad. Israel reported that 160 Hezbollah rockets landed during the day.

In Beirut, Israeli warplanes blanketed the downtown area with leaflets that threatened a "painful and strong" response to Hezbollah attacks and warned residents to evacuate three southern suburbs. Other warnings dropped from planes said any trucks on a key northern highway to Syria would be considered targets for attack.

Earlier, missiles from Israeli helicopter gunships blasted the top of a historic lighthouse in central Beirut in an apparent attempt to knock out a broadcast antenna for Lebanese state television.

Top U.N. humanitarian official Jan Egeland criticized Israel and Hezbollah for hindering the delivery of aid to civilians trapped in southern Lebanon.

Israel Holds Off On New Push Into Lebanon (CSM)

By Ilene R. Prusher

The Christian Science Monitor, August 11, 2006

JERUSALEM

A month and still fighting, with more than 800 people dead, it comes down to this: The current Israel-Hizbullah conflict will be a long war that could define the region for years to come; or a short one that historians will view as a few violent weeks in the turbulent trajectory of the Middle East.

The answer hangs in the balance, with Israel is sending out signals that foreshadow very different paths.

On Wednesday, Israel's security cabinet voted to expand ground operations that could include sending thousands more soldiers deep into south Lebanon, in a push military officials say would continue for at least another month. But Thursday, Israeli leaders said that was only a decision enabling a broader ground war, not an order to execute it. Israel will hold off on the incursion to give diplomats more time to work toward a cease-fire.

"It's an opportunity for diplomacy to prevail," says Gideon Meir, the deputy director-general of Israel's foreign ministry. "The military operations continue, and that's a part of the resolution of the cabinet. What is at stake now is the question of expansion."

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If the United Nations Security Council, set to meet Friday, can present a draft resolution that satisfies a minimum of Israeli and Lebanese demands, Mr. Meir indicated, a cease-fire deal over the weekend could be within reach. "It's all in the hands of the Security Council," he says. "If it will not prevail, we will have no choice but to continue."

Several factors in the last few days have likely contributed to Israel's increased openness to diplomatic possibilities. One is the fighting capabilities of Hizbullah, which is proving to be a more formidable foe than during Israel's last foray into south Lebanon. That war of attrition ended with an Israeli withdrawal in 2000.

A second factor is the cracks that have begun to appear in the domestic political arena. When the security cabinet voted on Wednesday to expand ground operations, three cabinet members abstained, including former Labor party leader, Shimon Peres, show says Israel has already forfeited the element of surprise, that the incursion would endanger Israel's relations with Arab and Muslim countries.

Third and most important, many analysts here say, is the painful price Israel has been paying in soldiers' lives. On Wednesday, 15 Israeli soldiers died in heavy fighting, with more than 30 others wounded.

"The sacred cow in Israel is the life of the soldiers, not of the citizens," says Daniel Ben Simon, a columnist with the Ha'aretz daily newspaper. "It's not the military that is hesitating, it is Israel, and the price we would have to pay in our soldiers' lives. As soon as the number reaches something like a hundred, you lose the war, even if strategically or militarily, you won."

Mr. Ben Simon, a prominent commentator on strategic and international affairs, says that Prime Minister Ehud Olmert's decision to put the breaks on a wider Israeli army offensive in Lebanon is a sign of willingness to listen to a proposal that could end the war sooner.

"The cabinet gave a green light to go ahead in Lebanon, but they're waiting for the international community, in particular Washington. The Americans are the only ones who can find a workable solution," he says. "What they should hear is, 'We're ready to go on even to Beirut and to Syria, but we'll give diplomacy a chance,' but no one in Washington is reacting. That is something that the Americans have failed to understand, that Israel is giving a chance for a political settlement, and trying to give a chance for the Americans to do something."

Israel has indicated that it would not pull out of south Lebanon, which it occupied for 18 years until it withdrew in the spring of 2000, until an international peacekeeping force is deployed in the area - one with a much more powerful mandate than the current United Nations Interim Force in Lebanon (UNIFIL), which is an observer mission.

Lebanon's prime minister, Fouad Siniora, has since offered to send some 15,000 Lebanese Army troops to the south; Israeli Prime Minister Ehud Olmert says he is studying the proposal. Both Mr. Siniora and Hizbullah's leader, Hassan Nasrallah, say they would not accept a deal that leaves Israeli soldiers in Lebanon. Israel says there would otherwise be a vacuum, one that Hizbullah would quickly fill again.

Domestically, many Israelis are skeptical that a foreign force could succeed in the difficult job called for in UN Resolution 1559, which calls for Hizbullah to be disarmed, or that international peacekeepers will put their lives on the line in order to keep Hizbullah from hitting Israeli targets over the border. Instead, the popular theory that prevails among harder-line Israelis is that their army should do as much damage to Hizbullah as possible - and push the Iranian-supported militia's positions as far north from the international border as they can.

As part of a larger ground offensive, Israeli forces are expected to push northward to the Litani River, seen as a kind of finish line for southern Lebanon. Some of the areas closest to the river and farther from the border, military officials say, are the areas from which many short-range missiles are being launched.

"There's no question whatsoever that we prefer a diplomatic solution," says Miri Eisin, a government spokeswoman. "If there's an expanded ground operation, that takes time. There's planning, there's training, calling up reserves."

The preparations are something you need to start now, and you have to be prepared for any possibility. We said from the start that we prefer the diplomatic route. We want to give a full chance, not an 'as if' chance."

Israel Hits Tower In Beirut, Warns Of More Bombing (WP)

By Edward Cody And Molly Moore

The Washington Post, August 11, 2006

BEIRUT, Aug. 10 -- Israeli aircraft fired missiles at a radio tower in downtown Beirut on Thursday and dropped leaflets warning residents of the Lebanese capital that more extensive bombing, whose "painful and severe results will not be limited" to Hezbollah fighters, is on the way.

The warning of more bombing of the city and the missile strike, in a busy area known as Ras Beirut, generated a swell of panic among Beirut residents. Although some speculated that Israel may be waging psychological warfare to gain advantage in negotiations at the United Nations, many people here took the warning seriously, recalling the weeks of Israeli bombing here in

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1982. In the 30 days since this conflict erupted, Israel's bombing of Beirut has been limited largely to the southern suburbs, where Hezbollah has its base, while the downtown has been spared.

[Early Friday, eight powerful explosions resounded across Beirut, and local news reports said Israeli jets were pounding Hezbollah strongholds in the southern Dahiya suburb, the Associated Press reported. The reports said a bridge was also hit in Akkar province, 60 miles north of Beirut. There was no immediate word of casualties, according to AP.]

The Hezbollah leader, Hasan Nasrallah, warned last week that his fighters would fire missiles at Tel Aviv if Beirut were bombed, raising the danger that the war could escalate into a bloodier cycle of retaliation.

More than 140 Hezbollah rockets crashed into northern Israel on Thursday, killing Fathi Assadi, 26, and her 5-year-old son in Dir al-Assad, an Arab village in the western Galilee, according to Israeli police. Eleven other people were injured in the attack, including the dead boy's 3-year-old brother and his grandmother.

A volley of missiles also landed in Haifa, about 20 miles south of the border, but officials there reported no injuries.

Ground combat was centered along a five-mile stretch of winding road between Marjayoun and Khiam, in the hills just above Israel's northernmost Galilee region. Israeli infantry, backed by tanks, artillery and warplanes, pushed into the area early in the day. The armored vehicles clanked without opposition through Marjayoun, a Christian market town, but came under attack from Khiam, a nearby Hezbollah stronghold populated mainly by Shiite Muslims.

Marjayoun was headquarters of the South Lebanon Army, an Israeli-sponsored Lebanese militia that helped Israeli forces against Hezbollah guerrillas during an 18-year occupation of southern Lebanon that ended in 2000.

Hezbollah, a militant Shiite and Arab nationalist movement, said its fighters hit 11 Israeli tanks in the border-area clashes, killing or wounding a number of crew members.

A 35-year-old Israeli reserve soldier was killed when a Hezbollah fighter hit his tank with an antitank missile near Qleia, according to an Israeli military spokeswoman. Two other soldiers were injured.

Fighting also was reported in the nearby village of Burj al-Moluk, which lies in the shadow of the Crusader-era Beaufort Castle.

After an Israeli cabinet decision Wednesday to authorize the military to expand its operations in southern Lebanon, officials said Thursday they would not move ahead with the acceleration for at least a few more days to give the diplomacy at the United Nations more time.

"The combination of operational decisions and the speeding up of the diplomatic process is the right combination," Defense Minister Amir Peretz said at a briefing. "We must be at peace with ourselves the moment the troops go into the field."

But Peretz said that if the diplomatic efforts fail, "we'll use all the tools" necessary so that residents of northern Israel do not have to stay in bomb shelters, "and that's an unequivocal decision."

Israeli warplanes kept up their bombing campaign to prevent Hezbollah from moving munitions and other supplies over Lebanon's roads. One civilian was killed during a strike on a road in the Bekaa Valley, a major transit route for supplies coming via Syria on their way to the southern Lebanon battlefields, according to Lebanese news reports. Another man was killed as he rode a motorcycle near Tyre, they said.

As part of the interdiction effort, Israeli planes also dropped leaflets in northern Lebanon warning truck drivers to stay off the roads to Syria. Similar leaflets have been fluttering down across southern Lebanon for days, meaning large sections of the country are in effect closed to traffic under threat of attack from the air.

The missiles in Beirut, which police said were fired by two helicopter gunships, struck an unused tower that once broadcast Radio Orient. Beirut residents said it has been unused for years and has mainly historical value, because it was constructed by the French in an earlier era. A small building next to it stood empty.

Nasrallah, in his warning last week, did not specify what he would consider an attack on Beirut that would warrant the firing of missiles at Tel Aviv, Israel's most populous city. The radio tower hit Thursday stood near Lebanese American University, part of a newer section of Beirut about two miles from the historic city center that was renovated recently.

Police said the missiles appeared to be small, precision-guided weapons. Although they cracked loudly across the city -- rattling glass, sending residents running and some crying in fear -- only one policeman was reported slightly wounded.

The leaflets, addressed to "the citizens of Beirut," were dropped a short time later in most of the city. In addition to the general warning of more extensive bombing and the implication that civilians would suffer as well as Hezbollah fighters, they warned residents of three southern suburbs to leave their homes immediately "for your own safety."

The three areas -- Hai Sulim, Burj al Barajinah and Al Shiyah -- abut the more distant suburb of Dahiya, which is controlled by Hezbollah and has been pounded day after day since the conflict erupted July 12 with a Hezbollah commando raid into Israel.

"Beware," the leaflets said. "The broadening of terrorist operations by Hezbollah will lead to a painful and severe response whose results will not be limited to the bandit Hasan [Nasrallah] and his criminals."

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By the end of the day, all three neighborhoods stood empty and forlorn, with only young men of fighting age lounging on sidewalks. The government dispatched buses to a nearby pickup point to take fleeing families without their own cars to the resort town of Juniyah, a Christian community about 20 miles north of Beirut. Officials said the newly displaced people would be put up in the city hall.

The residents of Al Shiyah, where Shiites and Christians live together, were among the first to flee. An Israeli airstrike there killed 47 people Monday night in the deadliest single attack of the war.

Shafiqa Ozib, a 90-year-old woman sitting on her doorstep, surveyed the silent streets of Al Shiyah with no reaction late Thursday.

Only a few cars passed by, carrying residents who had come to pick up their belongings before heading out to take shelter with relatives or friends.

Ozib was not going anywhere, she said her only concern seemed to be getting a bottle of water to tide her through the night. "Where would I go?" she responded when asked if she planned to join her fleeing neighbors. To a journalist pressing her on how she dared to stay after the Israeli warning, she said, "What do you write, philosophy?"

Abbas Fawaz, a 27-year-old businessman who lives next door, made sure Ozib had her bottle of water, then piled some clothes into his BMW sport-utility vehicle and sped away. But around the corner, Ouein Aboud, who works in a restaurant in the city center, said he, too, planned to stay.

"I'm not going anywhere," he vowed. As he spoke, two other young men emerged from a doorway, one with a pistol in his belt. Other young men settled in chairs up and down the streets and prepared for nightfall.

Moore reported from Jerusalem.

Israel Takes Strategic Spot, Waits As Diplomats Work (USAT)

USA Today, August 11, 2006

IBL EL-SAQI, Lebanon — Israel grabbed strategic high ground in south Lebanon on Thursday but delayed a major push northward as diplomats cited progress toward agreement on a United Nations cease-fire resolution that could soon go to a vote.

Israeli soldiers continued to battle Hezbollah guerrillas a day after the military lost 15 soldiers. Israeli forces took over the southeastern town of Khiam under cover of heavy artillery and airstrikes, residents told the Associated Press. Infantry moved through the Christian towns of Marjayoun and Qlaiah overnight and imposed a curfew.

Israeli Brig. Gen. Ido Nehushtan said 50 Hezbollah fighters had been killed in Wednesday's fighting, bringing the guerrilla death toll in the conflict to "between 400 and 500."

Hezbollah missiles rained down on northern Israel, killing a woman and a toddler in an Israeli Arab village, medics told the AP. More than 3,400 missiles have been fired into Israel, according to the Israeli army.

The Israeli army held back on a major ground assault as diplomats tried to unlock the stalemate over a U.N. effort toward a cease-fire. U.S. Ambassador to the United Nations John Bolton said a vote was possible today.

Diplomatic efforts had stalled as the Lebanese called for Israeli troops to start pulling out once hostilities end and Beirut sends 15,000 of its troops to the south. Israel has insisted on staying in southern Lebanon until a robust international force is deployed, which could take weeks or months.

"A new proposal is being drafted, which has positive significance that may bring the war to an end," Israeli member of parliament Otniel Schneller quoted Prime Minister Ehud Olmert as saying. "But if the draft is not accepted, there is the Cabinet decision." The Israeli Security Cabinet authorized Olmert to expand the offensive in Lebanon.

The U.S.-French draft of the Security Council resolution called for a cessation of hostilities and the deployment of the Lebanese army into southern Lebanon to the Israeli border, in cooperation with U.N. peacekeepers there.

"If we can achieve that by diplomatic means and are sure that there is an intention to implement that document, we shall definitely be in a position where the military operation has achieved diplomatic space and a new situation has been created here in the north," Israeli Defense Minister Amir Peretz said.

He warned that Israel was ready to use "all of the tools" to cripple Hezbollah if a cease-fire fails.

By taking Marjayoun, the Israeli army was closer to Beirut than at any time since the fighting began July 12. The army was still within about 5 miles of the Israeli border.

In Beirut, Israeli warplanes blanketed the downtown area with leaflets that threatened a "painful and strong" response to Hezbollah attacks and warned residents to evacuate three southern suburbs. Other warnings dropped from planes said any trucks on a key northern highway to Syria would be considered targets for attack.

Top U.N. humanitarian official Jan Egeland criticized Israel and Hezbollah for hindering the delivery of aid to civilians in southern Lebanon, saying it was a "disgrace" they didn't allow convoys through. Egeland said a plan worked out with Israel, Lebanon and Hezbollah to funnel aid through humanitarian corridors has not worked the way each side had promised.

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Israel Finds Hezbollah A Formidable Force, Hints At Long Campaign (MCT)

By Carol Rosenberg And Dion Nissenbaum

McClatchy Newspapers, August 11, 2006

KIBBUTZ GOSHRIM, Israel - As Israel prepares to expand its war against Hezbollah deeper into southern Lebanon, its army is discovering that its opponent is no ragtag guerrilla force.

Hezbollah fighters are defending their strongholds from a system of well-stocked bunkers that allow them to battle on for days. They're using Russian-made anti-tank rockets in ways that have startled - and killed - their Israeli antagonists. They're proving to be as willing to attack as to defend and run.

Military officers along the northern border now refer to Hezbollah as a serious army and predict that the next phase of the war will be measured in weeks, if not months.

"In these types of wars, a new definition of victory is in place. Nothing like a white flag will arise from a battle of this sort," said Brig. Gen. Ido Nehushtan, the senior Israeli commander who briefed reporters on Thursday. "How do you know when it's over? When it's over."

That suggests a long and bloody campaign that is likely to significantly increase Israeli casualties.

The strategic predicament became crystal clear Wednesday when Hezbollah fighters killed 15 reserve soldiers, 13 of them near two southern villages with anti-tank missiles. One missile was fired through a building where troops had apparently bivouacked; another pierced Israeli armor.

The first details of a sophisticated underground Hezbollah bunker system emerged Thursday in a Haaretz newspaper article by Israel's most respected military correspondent, Zeev Schiff.

He described well-camouflaged underground bunkers stocked with weeks' worth of food and ammunition. He reported that the bunkers have electricity and, in one instance, air conditioning.

Another dramatic illustration came at this once-idyllic frontier kibbutz, now surrounded by artillery emplacements firing deafening rounds into Lebanon night and day. Israeli officers here gave a video tour of what they said was a command-and-control center captured two days ago in a four-bedroom house in a village called Mis-a-Jebel.

The video showed a night-vision video camera linked to a computer that was capable of firing Russian-made Sagger anti-tank missiles by remote control. The video also showed that the house was stocked with missiles, assault rifles, grenades, rocket launchers and a wall-sized aerial photo of Kiryat Shemona, the Israeli city across the border that's been hit with more than 700 rocket strikes in the past month.

"This is a system we can find in every serious army in the world," said Lt. Col. Olivier Rafowicz.

Rafowicz wouldn't say what happened to the four brothers who lived in the home, but he estimated that it was the headquarters for a 200-fighter Hezbollah operation.

Brig. Gen. Yossi Kuperwasser, until recently chief of intelligence analysis, told McClatchy Newspapers that the network of well-supplied bunkers and tunnels capable of hiding up to 20 fighters has been key to Hezbollah's element of surprise in the two-week ground war.

"They stay in hideouts, and once the Israelis get a little bit farther away, they come out and attack," he said.

Israeli commanders also have been alarmed by the Shiite fighters' unorthodox use of anti-tank missiles. Not only have they fired them on the vaunted armored corps, destroying an undisclosed number of tanks, but they also used them to blast through at least two buildings that Israeli soldiers had taken positions in, with extraordinary lethality.

On Thursday, reporters in the Israeli town of Metulla watched as a Hezbollah rocket struck an Israeli Merkava tank in Lebanon, forcing its crew to abandon it for the safety of another tank. An Israeli recovery vehicle later towed the blackened hulk back to Metulla.

The sheer number of anti-tank rockets also has surprised Israel's military.

"If there is one more tactical surprise, at least to me, it is the number of sophisticated anti-tank missiles that Hezbollah had," said Maj. Gen. Giora Eiland, the former director of Israel's National Security Council. "Most of these new weapons are Russian weapons that have been supplied to Syria. You're talking about the most advanced anti-tank missiles, and the number of these missiles, at least I am a little bit surprised, and I think that the army is surprised as well."

Casualty figures from a month of war suggest lopsided losses. Eighty-two Israeli soldiers have died and Israel claims 550 Hezbollah dead - 150 in the last two days of fighting.

But that fighting, much of it in and around the Christian village of Marjayoun, led to the greatest one-day Israeli death toll of the war on Wednesday when 15 soldiers were killed.

The fighting continued into Thursday, with expectations that the Israeli death toll would rise.

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Simon Diab Singer, a Marjayoun resident reached by telephone from Beirut, described heavy fighting that he said began when several hundred Israelis pushed in from the south long before dawn. Nearly 200 people in the village rushed into the church for shelter.

Backed by Merkava tanks and Apache helicopters, the troops went house to house looking for Hezbollah fighters, knocking down doors and firing countless shots, Singer said. Tanks bulldozed through town, rolling over parked vehicles and firing volleys that exploded near the church.

Just outside Marjayoun, the Israelis battled for hours with about 150 Hezbollah fighters, who were firing anti-tank rockets. At daybreak, the shelling quieted somewhat.

From in the church, Singer said it was difficult to judge the number of casualties, but it appeared to residents that Israeli soldiers had holed up in a hospital just outside Marjayoun to regroup and prepare to push farther north. Though not a staunch Hezbollah supporter, Singer said the guerrillas put up a tough fight.

"It was a hell night," he said 12 hours later, adding that much of the town was still burning. "We smell only fire."

Ironically, Marjayoun was the headquarters for the South Lebanon Army, which had been staunchly allied with Israel until it withdrew from Lebanon six years ago. Thousands of SLA members moved to Israel at that time, though many have returned to Lebanon since.

Rosenberg reported from Kibbutz Goshrim, Israel; Nissenbaum, from Jerusalem. Shashank Bengali in Beirut contributed to this report.

Hizbullah's Resilience Built On Years Of Homework (CSM)

By Nicholas Blanford

The Christian Science Monitor, August 11, 2006

NAQOURA, SOUTH LEBANON

For a month, several small groups of Hizbullah militants on a Lebanese hillside have withstood heavy artillery shelling and airstrikes to continue firing hundreds of Katyusha rockets into Israel from positions just a few hundred yards from the border.

Even seasoned observers with the United Nations peacekeeping force in south Lebanon, known as UNIFIL, whose headquarters lies at the foot of the hillside, are baffled at how the guerrillas have managed to survive and keep up their steady rocket fire.

It's just one example of Hizbullah's surprising resilience in this war. Their ability to continue fighting against the most advanced and powerful army in the Middle East is rooted in the group's meticulous planning and thorough understanding of Israeli military doctrine and capabilities.

"They have done incredible staff work, learning the lessons of guerrilla warfare down the ages and carrying out a very deep and accurate analysis of the Israeli army," says Timur Goksel, who served with UNIFIL from 1979 to 2003 and witnessed Hizbullah's military evolution over two decades.

Israeli forces are poised to mount a full-scale invasion of south Lebanon - pending a last-ditch negotiation effort - in a bid to crush their Hizbullah foes and drive the remnants north of the Litani river, about 18 miles north of the border. Still, despite two decades of experience fighting Hizbullah in south Lebanon, the Israeli military appears to have underestimated the resilience of their Lebanese opponents.

Using advanced anti-armor missiles, snipers, and roadside bombs, and operating from an complex system of bunkers and tunnels, Hizbullah's battle-hardened fighters have survived airstrikes and artillery barrages enabling them to keep killing Israeli soldiers and firing rockets. On Wednesday, 15 Israeli soldiers were killed, the highest toll in a single day since the war began.

"They have lots of strongholds, which are very well disguised, and we need to eliminate their ability to attack Israel from these places," says a senior IDF military official. "It's a very hilly area and it's not easy. You cannot identify their bunkers until you're right there." Small forces of locals

The militants presently on the front line are thought to number no more than 1,000, a fraction of the potential force Hizbullah could unleash. The fighters are drawn from the villages on the front lines, using their intimate knowledge of the local terrain to their advantage. Local groups of Hizbullah fighters communicate with each other by walkie-talkie using a code that draws upon their personal knowledge of each other and the geography. If Israeli forces push deeper into Lebanon, moving to new towns and villages, they will encounter new lines of fresh Hizbullah combatants.

"Even I have been surprised at the tenacity of these groups fighting in the villages. They have fought far beyond my expectations. And they haven't even committed all their fully-experienced troops yet," says Mr. Goksel.

The guerrillas are drawing on years of meticulous preparations and training, combined with access to newer weapons technology. The most effective weapons system employed by Hizbullah's front line guerrillas are antitank missiles. Small teams

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of specially-trained fighters have inflicted comparatively heavy casualties on Israeli troops, using advanced missiles to knock out the formidable Merkava tank and using older versions to punch through the walls of houses sheltering Israeli soldiers.

In the current war, Hizbullah has used for the first time the Russian Metis-M, which can be fitted with an anti-armor warhead for destroying tanks, or a fuel-air explosive warhead to use against troops or bunkers. The missile has a range of about one mile. Hizbullah is also reported to be employing the laser-guided Kornet-E anti-tank missile which has a range of about 3.5 miles. Individual fighters carry the shoulder-fired RPG-29, a more advanced version of the RPG-7 loved by guerrilla groups around the world since the 1960s. The RPG-29 was first used by Hizbullah last November in a failed attempt to kidnap Israeli soldiers.

The ability of the well-trained missile teams to knock out Israel's vaunted Merkava tanks has frustrated the traditional Israeli military doctrine for rapid armored thrusts deep into enemy territory. Instead, Israeli forces have inched cautiously northward and even after more than two weeks of stiff fighting have yet to capture and secure key border towns. Was Hizbullah underestimated?

There's been criticism in Israel that the military waited too long to move against Hizbullah with large forces of infantry and armored vehicles.

"I don't think Hizbullah was underestimated by a great deal, but there was an expectation that the air attacks would cut off the command and control process," says Gerald Steinberg, political science professor at Bar Ilan University outside Tel Aviv. "There was a hope that this could be done without large scale casualties."

In an indication of the difficulty, Israeli Chief of Staff Dan Halutz sidelined the general charged with overseeing the ground war in Lebanon. The decision was the first time since the 1973 Arab-Israeli war that a general has had his authority curtailed in the middle of fighting.

"As a fighting army, I don't find the IDF performing worse than it has in the past," said Yossi Alpher, the editor of the online Arab-Israeli journal Bitterlemons.org. "These are probably the best trained and most highly-motivated Arab fighters we've ever faced."

Mr. Alpher noted that Israel's army has never succeeded in snuffing out rocket fire from Lebanon, going all the way back to the 1982 invasion.

If Israeli troops enter Lebanon in strength, Hizbullah will resort to another favorite weapon, the roadside bomb. Roadside bombs killed more Israeli soldiers in south Lebanon in the 1990s than any other weapon, and the technology used to build and detonate them has become highly sophisticated.

Early roadside bombs consisted of home-made Claymore-style explosive charges that spray hundreds of ball bearings, and were detonated by a command wire or remote radio control.

Hizbullah's bombs today include shaped-charge warheads which concentrate the blast in a single direction, similar to an anti-tank missile, to punch through the walls of armored vehicles. They are detonated by infrared beam - when the beam is broken, the bomb explodes.

Military observers believe that Hizbullah long ago planted huge mines under all the roads crossing the border. In June 2002, a shepherd inadvertently stumbled across one of these bombs and alerted the local police, much to Hizbullah's annoyance. It consisted of 180 kilograms of plastic explosive that had been buried several feet beneath a road 500 yards from the border.

In anticipation of these land mines, Israeli tanks have avoided the border roads, cutting across country instead. Secret, intricate bunker system

From the summer of 2000, Hizbullah established an intricate and secret military infrastructure in south Lebanon, consisting of tunnels, expanded natural caves, and underground bunkers where weapons were stored and fighters could live. Much of this construction work was carried out in remote stretches of the border away from the public gaze and at night. Three years ago, residents of villages near a valley known to be controlled by Hizbullah were kept awake at night by the sound of explosions as the guerrillas dynamited the limestone cliffs to build new bunkers.

Highly trained Hizbullah marksmen have also contributed to Israel's troop casualties. Equipped with high-powered rifles, the snipers lie undercover for days at a time, picking off Israeli soldiers when the opportunity arises. In July 2004, a Hizbullah sniper shot dead with extreme precision two Israeli soldiers from a range of 500 yards.

Israeli commanders concede that while they claim to have destroyed many of Hizbullah's long-range rocket launchers, including the 600mm Zelzal which can reach Tel Aviv, the standard 122mm Katyushas can be fired more easily by mobile teams without the need for launchers visible to spotter drones or surveillance planes. Generally, the rockets are fired from multi-barreled launchers on the back of flat-bed trucks, but they can also be fired singly, even from a simple mounting of crossed sticks which is all but invisible to drones and aircraft when hidden inside an olive grove or orange orchard. Some rockets are fired by timers, allowing the militants to escape the area in advance.

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Despite saturation air coverage with missile-firing reconnaissance drones, F-16 fighter-bombers and Apache helicopter gunships, the Israelis have been unable to stem the flow of rocket fire across the border. Last week, Israeli commandos staged a pre-dawn raid on an apartment block on the outskirts of Tyre housing a team of Hizbullah militants who had been firing long-range rockets into Israel. But hours after the raid, rockets were again being fired from the same location. Weapons caches small, dispersed

Instead of stockpiling munitions in just a handful of arsenals, Hizbullah carefully dispersed ammunition, rockets, and weapons all over south Lebanon, stashing them in private homes, garages, basements, bunkers, and caves. That has ensured that small isolated Hizbullah units have a readily available supply of weapons and ammunition.

"They have amassed huge stockpiles of rockets in the area," says Gen. Alain Pellegrini, UNIFIL's commander. "I think the Israelis were hoping they would have had a faster success against Hizbullah by now."

The most important weapon in Hizbullah's arsenal may in fact be the motivation and determination of each fighter.

"The number one element is that Hizbullah is not afraid of the Israelis," says Goksel. "After 18 years fighting Israeli troops, they see them as vulnerable human beings who make mistakes and are afraid like anyone else."

'It's Hard To Have The Same Confidence' (WP)

By Jonathan Finer And Molly Moore

The Washington Post, August 11, 2006

MENARA, Israel, Aug. 10 -- First Sgt. Lior Benrey, 27, who washes skyscraper windows in Tel Aviv in civilian life, was called to duty last week to help evacuate soldiers wounded in the field in southern Lebanon.

During his regular army service, he was trained on the Puma armored personnel carrier. But when he arrived for reserve duty, his platoon was issued an older model, the name of which he did not know and the likes of which he had never driven.

"When I was young, I used to want to get in there where the fighting is," Benrey said in an interview along a road leading into Lebanon from the hillside town of Menara. "It doesn't help that there are -- how should I say this -- equipment issues for reservists. It's hard to have the same confidence you're supposed to have."

In the string of border towns where soldiers gather before and after moving in and out of Lebanon, reservists can be distinguished from active-duty soldiers by their unkempt hair and uniforms -- and often, they say, by the poor condition of their equipment.

As increasing numbers of Israel's reserve soldiers are ordered out of their civilian jobs and to the front lines of combat, they are voicing growing alarm over inadequate equipment and training in the face of large-scale casualties in their ranks.

Two of the largest death tolls of the four-week-long conflict have involved reserve soldiers: Thirteen of the 15 troops killed in combat Wednesday were reservists, and 12 reserve soldiers died last Sunday when a Hezbollah rocket smashed into the parking lot where they were gathered, near Israel's northern border.

The combination of the high death tolls and the mounting discontent among the reserve troops and their families has reverberated through Israeli society, where both military service and reserve duty are mandatory. As much as Israel mourns the death of any soldier, nothing strikes closer to the soul of Israel than the deaths of reserve troops.

"It's dramatically different," said Yagil Levy, author of several books on the Israeli military and its relationship with society. "Reservists have jobs, families, children. They have a larger social network."

The public outcry over the deaths of the reservists Wednesday -- the same day the Israeli security cabinet authorized the military to accelerate its military operations in southern Lebanon -- prompted both political and military leaders to moderate their threats of a rapid escalation in combat.

"The minute troops set out to accomplish a mission, we must look in the eyes of every mother, every father and every child and say: We exhausted all other options," Defense Minister Amir Peretz told reporters Thursday. He and other leaders rushed to assure the public they would give the diplomatic process a few more days to work before sending large numbers of new reservists and active-duty soldiers across the border.

"Fifteen casualties in one day proves what price we could pay if we do not try to make the most of the political move," Deputy Prime Minister Shimon Peres said, referring to both the reserve and active-duty deaths on Wednesday.

Meanwhile, the reports of a lack of equipment and proper training for many of the reserve units have spread like brush fire through Israeli society, where almost every Jewish citizen has a friend or relative now in combat or preparing for combat in southern Lebanon.

"Nobody really wants to go into Lebanon," said a 28-year-old reserve paratrooper who provided only his first name, Yonaton, out of concern that he would face reprimands for criticizing the military. "We are just not ready -- not in terms of training, or on a weapons basis. It is an absurd situation. Hezbollah has better weapons than we do."

Yonaton, a sergeant, said that when he reported for duty recently with his reserve unit, "there was a serious lack of gear."

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"There are a lot of guns, but we were missing the appropriate guns, and appropriate scopes to put on those guns," he said in an interview in Jerusalem while taking a one-day leave before moving to the border. "And basically there is no armor whatsoever. There is not one bulletproof vest in my company.

"I read in one of the Israeli papers that the army claims that the reservists are getting the same equipment as the regular soldiers -- and that is a lie," said Yonaton. "The difference is so great that it's almost a joke. It is a disgrace."

"This is a time of war, and it takes time sometimes to get everyone organized," said Capt. Noah Meir, an Israeli military spokeswoman. But she added, "We do not send any soldier or officer into combat who's not prepared, who's not geared up and not well trained. They won't go into battle without equipment."

Some political leaders have expressed concern.

"They are not ready -- not regarding equipment and not regarding infrastructure," Yuval Steinitz, a member of parliament's Foreign Affairs and Defense Committee, said earlier this week. "In general, home command was not ready for this."

The wives of several dozen reserve soldiers wrote a letter this week to Prime Minister Ehud Olmert and defense officials to "protest with a loud voice what is occurring in the field." The women said their husbands, who are now in southern Lebanon, have complained about inadequate equipment, such as outmoded helmets, insufficient night-vision equipment and insufficient amounts of food, in addition to chaotic mission plans.

Reserve soldiers from the Egoz, an elite infantry unit stationed near the Lebanese border in the Golan Heights, said that only their officers had been issued night-vision goggles.

"Look, the IDF is not the American Army," said Sgt. Lavi Zadok, 26, a law student at Tel Aviv University, using the abbreviation for Israel Defense Forces. "I would say they have given us the minimum, nothing more. When we were soldiers, we had everything we needed."

First Sgt. Adi Berkowitz, a reservist who suffered shrapnel wounds in a mortar attack near the Lebanese village of Marjayoun on Wednesday, said the army should be doing more to equip soldiers like him.

"It's a war, and in a war everyone, not just the regular soldiers, should be getting efficient and quality equipment," he said as he recovered at a hospital in the Israeli border town of Tzfat. "But on the other hand it is not in the soldier's mentality to complain. You get what you get."

Several soldiers said they had problems with their equipment but did not want to disclose them publicly because they thought it would encourage their enemies.

Sgt. David Shlomo, a medic, said he had been issued only one IV tube, rather than the eight or nine he carried with him when he was on active duty. "There were a lot of things I had then that I don't have now," he said. When he was asked to elaborate, other soldiers told him to stop talking.

"Everything you are saying right now, the Syrians will be reading," one said. "Why would we tell them our weaknesses?"

Moore reported from Jerusalem.

Antiwar Camp In Israel Comes Out Of Bunker (LAT)

By Laura King

The Los Angeles Times, August 11, 2006

TEL AVIV — A month into the war in Lebanon, Israel's long-quiescent peace movement is suddenly issuing a ringing call to arms.

Isolated and beset by infighting in the first weeks of the conflict, the still-small peace camp was spurred into action by the Israeli government's authorization this week of a broader ground invasion in Lebanon.

Faced with the prospect of a bloody, drawn-out conflict, mainstream peace groups that had refrained from criticizing the war effort are urging a diplomatic resolution to what has already proven to be a costly and complicated battle with the Shiite Muslim militia Hezbollah.

On Thursday, organizers of an antiwar rally in Tel Aviv for the first time brought in what are regarded in this bookish country as big guns: a trio of Israel's best-known authors.

The three — Amos Oz, David Grossman and A.B. Yehoshua — have all spoken out strongly against past conflicts and wield considerable moral authority here.

"The use of more force now is not in Israel's best interests," Oz told reporters before the rally in front of the Defense Ministry in Tel Aviv. "The time has come to resolve this through diplomatic means."

Though it drew only several thousand people, the rally had a much different tone than protests organized previously by far-left groups. Absent this time were strident denunciations of the government and the army. Instead, the protesters waved blue-and-white Israeli flags as they shouted, "Negotiate now!"

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According to polls, the war retains the broad backing of the Israeli public despite, or perhaps because of, growing sentiment that the battle against Hezbollah has thus far been a losing one.

And up until now, the antiwar movement had been mainly the province of what are generally considered to be splinter groups: Arab parties, communists and anarchists.

Yael Dayan, the daughter of iconic general and politician Moshe Dayan and a doyenne of the Israeli peace movement, found that out the hard way last week when she tried to address a Tel Aviv antiwar rally organized by a far-left coalition.

Stepping up to the microphone, Dayan — an imposing, deep-voiced woman who bears a striking resemblance to her famous father — told the crowd it was important to support Israel's troops even while opposing the war.

Her listeners responded by hurling invective and debris, with some shouting that Israeli soldiers were baby-killers. Dayan was forced to relinquish the microphone and leave the stage.

"At that juncture, people who were protesting against this conflict simply did not want to hear the message that the war was a just one, at least initially," said Dayan, a former lawmaker who is now the deputy mayor of Tel Aviv. "Even if we have the common ground of believing that now is the time to stop."

The encounter, while extreme, was emblematic of sensitivities among Israelis who want to speak out against the war without appearing unpatriotic at what is felt to be a time of grave national crisis.

A survey released this week by Tel Aviv University suggested that with rockets raining down on the country's north and troops dying in numbers not seen since the last Lebanon war, most people believed it was crucial to support the government's war aims.

"An issue which is not in consensus is the right of protest," wrote the survey's authors, Ephraim Yaar and Tamar Hermann, noting that the public was evenly split over whether this was an appropriate time to speak out against the war.

The conflict is a fresh reminder that in Israel, the lines between left and right, between hawk and dove, have always been blurred.

Past peace agreements have almost always been forged by battle-hardened ex-generals. Prominent peaceniks make a point of doing their army reserve duty, believing it gives them greater moral authority to speak out against a given conflict.

And some of those who identify with Israel's dovish left say that circumstances change, and actions must be altered accordingly.

Yosef Sendik, a captain in the army reserve, spent three months in jail because he refused to serve in the West Bank at the height of the Palestinian uprising, or intifada.

That decision, he said, was due to his strong belief that Palestinians' rights were not being respected.

But he says he would go willingly to Lebanon if called.

"Like it says in the Bible, there is a time for peace and a time for war," Sendik said. "This is a war of our survival — I believe that."

Similar soul-searching has taken place within the venerable Peace Now movement, founded during the first Lebanon war.

The group's secretary-general, Yaariv Oppenheimer, said he believed in the war's first weeks that Israel was correct and justified in striking hard at Hezbollah after the group staged a cross-border raid last month that captured two Israeli soldiers and killed eight others.

But Oppenheimer said he had deep qualms about the wide-ranging ground offensive authorized by Israel's "security Cabinet" on Wednesday. While pressing ahead with fighting close to the border, the army held off Thursday on a deeper push into Lebanon, with policymakers saying there was a window, albeit a narrow one, during which mediation efforts should be given a chance.

The sometime role reversals that have taken place in the course of the conflict were satirized this week in the Haaretz newspaper, which ran editorial cartoons on facing pages depicting different views of the war.

In one caricature, a balding, ponytailed Peace Now adherent declares: "It won't end until we wipe Beirut off the map!" In the other, a religiously devout Jewish settler, someone whom stereotype would place in the right-wing camp, tells a friend: "It won't end until we talk."

Uri Avnery, a snowy-haired veteran peace activist, said he believed that from this point on, the antiwar movement would gain momentum, as speaking out against a prolonged conflict becomes more socially acceptable.

"For now, we don't reflect the thinking of the overall public," he said. "But when you see 100 people at a rally one week, and 1,000 the next, and 10,000 the next, you can see the direction in which things are moving. This has to end."

Protest To Encircle White House (WP)

By Petula Dvorak

The Washington Post, August 11, 2006

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The nation's capital is becoming a stage where passions on both sides of the Israel-Hezbollah conflict are being played out with a series of protests, vigils and rallies in Washington in recent weeks, with more to come.

The largest demonstration -- billed as a protest of the "U.S.-Israeli war" -- is expected to draw "tens of thousands" of people who plan to surround the White House tomorrow, said Tony Kutayli, communications coordinator for the Washington-based American-Arab Anti Discrimination Committee, one of the groups helping coordinate participants arriving from across the country.

In the last few weeks, the National Park Service has issued several permits for demonstrations tied to the conflict, said spokesman Bill Line.

This month, groups of women dressed in somber black slowly circled in front of the White House holding candles in a silent tribute to those killed in Lebanon. Across the region, groups have held small meetings to raise almost $7 million in aid for those killed and injured in Israel.

"Somehow, the story of what is really going on is being lost," said Misha Galperin, executive vice president and chief executive of the Jewish Federation of Greater Washington. "We need to try and counter that to the extent possible, to demonstrate our support."

Galperin's group helped organize a rally of more than 1,500 people in Freedom Plaza last month to support Israel in the conflict. Teachers, lawyers, members of Congress and a governor spoke on behalf of the Jewish state.

The group is not planning a counter-protest tomorrow, and Galperin said he believes the event was purposely scheduled on the Jewish Sabbath to thwart any response on its part.

But protest organizers said that most of their massive mobilizations, such as the antiwar gathering in September last year, are held on Saturdays to accommodate travel schedules for out-of-town participants.

Organizers of tomorrow's event are coordinating bus transportation from as far south as Tampa, as far north as Connecticut and as far west as Michigan. They are posting ride-share arrangements online and urging communities to donate cash for bus rentals.

"This is the largest mobilization of the Muslim community since the 2002 Palestinian rally," said Mahdi Bray, director of the Washington-based Muslim American Society, one of the co-sponsors.

Bray said many of his group's supporters are coming to protest what they consider the feeble U.S. pursuit of a cease-fire in the conflict. "It has not been pursued with due diligence," he said.

Beyond the nation's stance on the conflict in Lebanon, many of the participants will be people frustrated with the domestic stance on civil liberties and harassment of Muslims across the country, Bray said.

For example he said, every December, when U.S. Muslims head to Canada to celebrate Ramadan with relatives living there, they have no problems crossing the border northbound, Bray said. But on their return to the United States, they are often detained and "asked silly questions, like 'Do you read the Koran?' 'What do you think of Osama bin Laden?' "

The constant sting of those suspicions, as well as the deaths in his homeland in Lebanon, have moved Mounzer Sleiman, head of the National Council of Arab Americans, to help organize the local Lebanese community to protest.

The community is not prominent on the protest scene, Sleiman said. "Most people are affluent and stable. They have family. Their involvement is more toward cultural activities, literature and entertainment -- not politics so much," he said.

The primary organizer for tomorrow's protest is the ANSWER Coalition, which helped coordinate the September antiwar rally.

The group has also staged smaller weekly protests in front of the Israeli Embassy in Washington for the past three weeks and sponsored demonstrations in New York, San Francisco, Los Angeles, Chicago and Seattle.

The group's national coordinator, Brian Becker, said the Muslim and Lebanese groups taking part will be joined by many of the antiwar demonstrators who flooded the Mall last year.

"It is truly a U.S.-Israeli war," said Becker, an activist who has been associated with far-left organizations and is experienced in mobilizing large numbers of protesters. "The Lebanon operation is an extension of the U.S. war against Iraq. It is part of an integrated plan for the colonial-style domination of the entire oil-rich and strategic region."

The demonstrators plan to gather in Lafayette Square and march along Pennsylvania Avenue and 15th Street, across the Ellipse and up 17th Street, encircling the White House.

The permits were acquired with the legal help of Mara Verheyden-Hilliard of the Partnership for Civil Justice, who worked for months last year to get permission for demonstrators to walk along Pennsylvania Avenue in front of the White House.

Israel Asks U.S. To Ship Rockets With Wide Blast (NYT)

By David S. Cloud

The New York Times, August 11, 2006

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WASHINGTON, Aug. 10 — Israel has asked the Bush administration to speed delivery of short-range antipersonnel rockets armed with cluster munitions, which it could use to strike Hezbollah missile sites in Lebanon, two American officials said Thursday.

The request for M-26 artillery rockets, which are fired in barrages and carry hundreds of grenade-like bomblets that scatter and explode over a broad area, is likely to be approved shortly, along with other arms, a senior official said.

But some State Department officials have sought to delay the approval because of concerns over the likelihood of civilian casualties, and the diplomatic repercussions. The rockets, while they would be very effective against hidden missile launchers, officials say, are fired by the dozen and could be expected to cause civilian casualties if used against targets in populated areas.

Israel is asking for the rockets now because it has been unable to suppress Hezbollah's Katyusha rocket attacks in the month-old conflict by using bombs dropped from aircraft and other types of artillery, the officials said. The Katyusha rockets have killed dozens of civilians in Israel.

The United States had approved the sale of M-26's to Israel some time ago, but the weapons had not yet been delivered when the crisis in Lebanon erupted. If the shipment is approved, Israel may be told that it must be especially careful about firing the rockets into populated areas, the senior official said.

Israel has long told American officials that it wanted M-26 rockets for use against conventional armies in case Israel was invaded, one of the American officials said. But after being pressed in recent days on what they intended to use the weapons for, Israeli officials disclosed that they planned to use them against rocket sites in Lebanon. It was this prospect that raised the intense concerns over civilian casualties.

During much of the 1980's, the United States maintained a moratorium on selling cluster munitions to Israel, following disclosures that civilians in Lebanon had been killed with the weapons during the 1982 Israeli invasion. But the moratorium was lifted late in the Reagan administration, and since then, the United States has sold Israel some types of cluster munitions, the senior official said.

Officials would discuss the issue only on the condition of anonymity, as the debate over what to do is not resolved and is freighted with implications for the difficult diplomacy that is under way.

State Department officials "are discussing whether or not there needs to be a block on this sale because of the past history and because of the current circumstances," said the senior official, adding that it was likely that Israel will get the rockets, but will be told to be "be careful."

David Siegel, a spokesman for the Israeli Embassy in Washington, declined to comment on Israel's request. He said, though, that "as a rule, we obviously don't fire into populated areas, with the exception of the use of precision-guided munitions against terrorist targets." In such cases, Israel has dropped leaflets warning of impending attacks to avoid civilian casualties, he said.

In the case of cluster munitions, including the Multiple Launch Rocket System, which fires the M-26, the Israeli military only fires into open terrain where rocket launchers or other military targets are found, to avoid killing civilians, an Israeli official said.

The debate over whether to ship Israel the missiles, which include the cluster munitions and use launchers that Israel has already received, comes as the Bush administration has been trying to win support for a draft United Nations resolution that calls for immediate cessation of "all attacks" by Hezbollah and of "offensive military operations" by Israel.

Arab governments, under pressure to halt the rising number of civilian casualties in Lebanon, have criticized the measure for not calling for a withdrawal of Israeli troops from southern Lebanon.

While Bush administration officials have criticized Israeli strikes that have caused civilian casualties, they have also backed the offensive against Hezbollah by rushing arms shipments to the region. Last month the administration approved a shipment of precision-guided munitions, which one senior official said this week included at least 25 of the 5,000-pound "bunker-buster" bombs.

Israel has recently asked for another shipment of precision-guided munitions, which is likely to be approved, the senior official said.

Last month, the advocacy group Human Rights Watch said its researchers had uncovered evidence that Israel had fired cluster munitions on July 19 at the Lebanese village of Bilda, which the group said had killed one civilian and wounded at least 12 others, including 7 children. The group said it had interviewed survivors of the attack, who described incoming artillery shells dispensing hundreds of cluster submunitions on the village.

Human Rights Watch also released photographs, taken recently by its researchers in northern Israel, of what it said were American-supplied artillery shells that had markings showing they carried cluster munitions.

Mr. Siegel, the Israeli Embassy spokesman, denied that cluster munitions had been used on the village.

The United States Army also employs the M-26 rocket and the Multiple Launch Rocket System in combat, and the Pentagon has sold the weapon to numerous other allies, in addition to Israel. The system is especially effective at attacking

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enemy artillery sites, military experts say, because the rockets can be quickly targeted against a defined geographic area. Each rocket contains 644 submunitions that kill enemy soldiers operating artillery in the area.

But Human Rights Watch and other groups have campaigned for the elimination of cluster munitions, noting that even if civilians are not present when the weapons is used, some submunitions that do not detonate on impact can later injure or kill civilians.

The M-26 "is a particularly deadly weapon," Bonnie Docherty, a researcher with Human Rights Watch, who helped write a study of the United States' use of the weapons in the 2003 Iraq invasion. "They were used widely by U.S. forces in Iraq and caused hundreds of civilian casualties."

After the Reagan administration determined in 1982 that the cluster munitions had been used by Israel against civilian areas, the delivery of the artillery shells containing the munitions to Israel was suspended.

Israel was found to have violated a 1976 agreement with the United States in which it had agreed only to use cluster munitions against Arab armies and against clearly defined military targets. The moratorium on selling Israel cluster weapons was later lifted by the Reagan administration.

This week, State Department officials were studying records of what happened in 1982 as part of their internal deliberations into whether to grant approval for the sale to go forward.

Chaos Could Doom Palestinian Authority (WSJ)

By Guy Chazan

The Wall Street Journal, August 11, 2006

RAMALLAH, West Bank -- Israel's war with Hezbollah has overshadowed a looming crisis in the West Bank and the Gaza Strip, where conditions have deteriorated to the point that some in the Palestinian government are exploring the prospect of its self-dissolution.

The economic and political breakdown has put new stresses on a population already racked by falling incomes and high unemployment. But the unraveling of the Palestinian Authority, starved of cash and with several of its ministers in Israeli jails, could have disastrous consequences for Israel as well: International law dictates that as an occupying force, it would have to take over full responsibility for the well-being of 3.9 million Palestinians.

An aid freeze by donors, initiated when Hamas won January elections in Gaza, has left the PA virtually penniless. More than 150,000 public-sector workers have gone unpaid for the past five months, and some ministries have ceased to function.

That has prompted an increasing number of Palestinians to call for the dismantling of the PA and a transfer of its powers back to Israel, which continues to occupy the West Bank and controls Gaza's borders despite last year's military pullout.

Even Palestinian Prime Minister Ismail Haniyeh has hinted at the idea. Following Israel's arrest of parliament speaker Abdel Aziz Dweik last weekend, Mr. Haniyeh on Wednesday said, "All political elites, the presidency, the factions and the government are invited to discuss the future of the Palestinian Authority following this...attack. Can [the PA] function under the occupation, kidnappings and assassination?"

Established in 1994 under a peace deal with Israel, the PA was conceived of as an interim self-governing body and steppingstone to full statehood. But that prospect has receded since Hamas took control in March after a stunning election victory over rival Fatah, the party of Yasser Arafat that had dominated Palestinian politics up to that point.

After Hamas, an Islamist organization with political, social-services and militant wings, won a dominant majority in January elections, international donors led by the U.S. -- which deems Hamas a terrorist organization -- froze aid and demanded that the group recognize Israel, renounce violence and accept existing peace deals with Israel. So far, Hamas has refused.

The idea of dismantling the PA was once a marginal idea, championed in the 1990s by left-wing intellectuals such as Edward Said, who advocated civil disobedience against Israeli occupation and a campaign for "one person, one vote." The model was the antiapartheid protests in South Africa that paved the way for black-majority rule there. Self-dissolution was also raised by Fatah supporters in the aftermath of their election defeat.

But there also is now some support for the idea among Hamas activists, who in the past few months have become disillusioned by political power and may prefer to return to their armed struggle against Israel.

Israel says it isn't its policy -- nor in its interest -- to see the PA go out of business. "Those that should disappear from the political arena are Hamas, not the PA," said government spokesman Avi Pazner.

Any breakdown in government could also thwart Israeli Prime Minister Ehud Olmert's plan to withdraw unilaterally from large parts of the West Bank. "The existence of a political entity in the West Bank and Gaza is essential for Israel to achieve its objective of ending its control of the Palestinian population," said Gidi Grinstein, head of the Reut Institute, an Israeli think tank. "That's why dismantling the PA could severely compromise Israel's interests."

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Yet the idea is gaining traction among Palestinians of many shades. One is Hafez Barghouti, the influential editor in chief of the Palestinian newspaper Al-Hayat Al-Jadida. "We should just accept that we are under military rule," he said. "We should turn to civil disobedience, burn our ID cards and struggle until we get our rights."

In recent months, there had been hopes of a lifeline to rescue the PA from its international isolation. In late June, Palestinian political factions reached an agreement to create a unity government that implied recognition of Israel by Hamas. The deal could have paved the way for a release of donor aid to the PA.

But then the Israel-Hezbollah war broke out, knocking the Palestinian issue off all radar screens. "Lebanon has hijacked Palestine," says Mohammed Shtayye, the PA's former housing minister and the head of Pecdar, a big Ramallah-based aid and investment organization.

The fighting in Lebanon has also largely eclipsed the continuing violence in Palestinian areas. Gaza has been reeling from an Israeli ground and air offensive unleashed after militants captured an Israeli soldier in a cross-border raid on June 25. The fighting has left more than 170 Palestinians dead, more than half of them civilians. Even more disruptive was Israel's arrest in late June of 64 Hamas officials, including eight government ministers -- a third of the cabinet -- on charges of "belonging to a terrorist organization."

Wasfi Izzat Kabaha, the PA prison-affairs minister and one of two Hamas officials released by the Israelis in the past few days, is trying to get his department back up and running after a monthlong stint behind bars. Every day brings new complications: He waves a letter from Mr. Haniyeh requesting that he take over the Labor portfolio, replacing the present labor minister, who remains in Israeli custody.

His ministry used to disburse about $4.5 million in monthly allowances to the roughly 10,300 Palestinian prisoners held in Israeli jails and their families. But for three months, it has had no budget. The ministry's civil servants and lawyers aren't being paid, either.

"Will the PA collapse?" he asks. "I don't know. But if they don't recognize our rights and our government, then the situation can only get worse."

The European Commission has tried to avert the collapse of essential services, allocating $135 million over three months under a "temporary mechanism" that bypasses the Hamas government. It includes "social allowances" for about 13,000 health workers and will be paid directly into their bank accounts. But considering the PA's basic wage bill is nearly $100 million a month, it hardly solves the problem.

Meanwhile, Israel still refuses to transfer the roughly $55 million a month of value-added tax and customs duties it collects on behalf of the PA -- about half of the Palestinians' monthly budget.

For Mr. Shtayye, the outlook for the PA is bleak. "The PA is not a supermarket which can just go bust and close down," he says. "But the people are saying if it can't protect the lives of its citizens, deliver services or pay salaries, then what's the point of it?"

The Morning After The Morning After (NYT)

By Thomas L. Friedman

The New York Times, August 11, 2006

With every war there are two days to keep in mind when the guns fall silent: the morning after, and the morning after the morning after. America, Israel and all those who want to see Lebanon's democracy revived need to keep their eyes focused on the morning after the morning after.

Here's why.

The only way that the fighting in south Lebanon will be brought to a close is if all the parties accept a cease-fire and the imposition of a robust international peacekeeping force, led by France, along the Israel-Lebanon border — supplanting Hezbollah.

The morning after that cease-fire goes into effect, everyone knows what will happen: Hezbollah's leader, Hassan Nasrallah — no matter how battered his forces and how much damage his reckless war has visited on Lebanon — will crawl out of his bunker and declare a "great victory." Hezbollah, he will say, fought the Israeli Army to a standstill inside Lebanon and rained rockets on northern Israel. Meanwhile, military analysts everywhere will write that Israel has "lost its deterrence" vis-à-vis Arab forces, and blah, blah, blah.

Sorry, been there, heard that, and I don't buy it. What matters in war, alas, is the balance of destruction on the ground and the political weight it exerts over time.

On the morning after the morning after, Lebanese war refugees, who had real jobs and homes, will start streaming back by the hundreds of thousands, many of them Shiites. Tragically, they will find their homes or businesses badly damaged or

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obliterated. Yes, they will curse Israel. But they and other Arabs will also start asking Nasrallah publicly what many are already asking privately:

"What was this war all about? What did we get from this and at what price? Israel has some roofs to repair and some dead to bury. But its economy and state are fully intact, and it will recover quickly. We Lebanese have been set back by a decade. Our economy and our democracy lie in ruins, like our homes. For what? For a one-week boost in 'Arab honor?' So that Iran could distract the world's attention from its nuclear program? You did all this to us for another country?"

As Michael Young, opinion editor of The Beirut Daily Star, put it an article in Slate: "Hezbollah's ... test will be to rapidly alleviate the suffering in its own community and, therefore, avoid losing its base. The party still has substantial backing among its coreligionists, and it is not about to see this disappear. But soon the fate of the hundreds of thousands of Shiites now living in schools, tent cities, and even public parks will be an overriding concern for Nasrallah. Many have fled areas partly or wholly destroyed, to which they might not return for months or years. ... Hezbollah will have to provide funding for reconstruction and rehabilitation that is likely to run into the billions of dollars. ... The party will have a monumental task to revive not only Shiite morale but confidence that Hezbollah can take care of its own. ... Even the party's most optimistic interpretation of the current war — that it is a heroic achievement — will not spare it having to tiptoe very carefully through Shiite trauma."

Moreover, if and when a French-led international force is placed along the Israel-Lebanon border, it will be a big loss for Hezbollah. The Shiite militia will no longer be able to directly touch Israel and start a war for Iran or Syria whenever it chooses. And, if Hezbollah tried to lob missiles over the peacekeeping zone, or penetrate it, it would clash with forces from France, Italy and Turkey, the likely peacekeepers. That means Hezbollah, Iran and Syria would not be able to hurt Israel without also hurting their own relations with the European Union.

Israel needs to keep its eyes on the prize. It's already inflicted enormous damage on Hezbollah and its community, but Nasrallah will only have to pay the full price for inviting all that destruction once the guns fall silent on the morning after the morning after. So let's get there as soon as possible. That will deter him. What would deter him even more, though, would be if the U.N. would go ahead and impose sanctions on Iran for its illicit nuclear bomb program. After all, it was Iran, Nasrallah's master, that ordered up this war to distract the U.N. from doing just that. It would be nice to say to Iran: You ravaged Hezbollah for nothing.

Beyond those two limited objectives, there's no storybook ending for Israel in Lebanon, and it shouldn't throw more good lives after some elusive knockout blow. It's just not that kind of neighborhood. As they say in the movies, "Forget it, Jake. It's Chinatown."

Chavez Says Castro Fighting For Life (CHIT)

By Natalie Obiko Pearson

Chicago Tribune, August 11, 2006

MUNICIPIO INDEPENDENCIA, Venezuela -- President Hugo Chavez said Thursday his close friend and ally Fidel Castro is in a "great battle for life," but he also expressed optimism about the 79-year-old Cuban leader's recovery.

"From here, let's pray to God for Fidel and his recovery, and he's fighting a great battle," Chavez said in a televised speech from the eastern state of Anzoategui.

His statement was the most serious yet from a close Castro ally in describing the 79-year-old Cuban leader's condition. But Chavez also predicted, with a laugh, that Castro would defy the U.S. government's plans for a transition in Cuba and emerge from a hospital where he is being treated to reassume the presidency.

Chavez said he had received a message from Castro on Wednesday "that filled me with more optimism, with more faith."

"Among other things Fidel told me ... 'I keep saying Chavez, God help Chavez and his friends,'" Chavez said.

"I wrote to him in my own handwriting last night, in the early morning, to send it with the messenger who was returning immediately: 'You are fighting a great battle every day, all these nights,'" Chavez said.

Castro said July 31 he was stepping aside temporarily, granting his powers to his brother Raul as head of the government and the Communist Party so he could recover from intestinal surgery.

Neither brother has been seen in public since then. Details of Castro's condition, his ailment and the surgical procedure he underwent are being treated as a "state secret."

Chavez said that in his letter to Castro, "I told him, 'Here we're with you every second, every minute, every hour, every day, every night of that great battle for life that you are fighting from your heart, from your soul.'"

"It's a battle, and I know, Fidel, that we're going to win it, too. We are prevailing and we will prevail," Chavez said.

Chavez spoke near the end of his speech as if Castro were listening.

"Get better, Fidel. It's an order. I never give you an order. Now I'm giving you one," Chavez said. "Get better, an order. I know you're disciplined."

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The Venezuelan president described Castro's health troubles as an "ambush," coming so soon after Castro gave a three-hour speech in Cordoba, Argentina, and visited the childhood home of fellow revolutionary Ernesto "Che" Guevara.

Chavez said he and Castro hugged at the door of the plane, promised to see each other again soon, "and then suddenly the surprise, but that's life."

"It's life, biology," Chavez said. "And it's also 80 years that you've lived, Fidel Castro, and what an 80 years Fidel has lived."

The Venezuelan leader has said he will dedicate his weekly TV and radio program, "Hello President," this Sunday to Castro in honor of his 80th birthday.

Fidel's Favorite Channel (WSJ)

The Wall Street Journal, August 11, 2006

It's a safe bet that Fidel Castro is not tuning into TV Marti from his hospital bed, assuming he isn't yet in a morgue. Ever since the U.S. broadcast service was launched by the U.S. government in 1990, joining Radio Marti in providing Cubans with honest reporting about their country and the world, El Maximo Lider has succeeded in jamming many telecasts.

Not any more. On Saturday night at 6, TV Marti went airborne. It is now broadcasting six nights a week from aboard a C-130, leased by the U.S. government and flown out of the Florida Keys. Jamming a broadcast that keeps moving out of range of the jammers is a lot harder than blocking satellite broadcasts, which is the way TV Marti's 24-7 programming usually goes out over the airwaves.

TV Marti was scheduled to go airborne later this year but the timetable was speeded up when Castro fell ill. "The transmission from this plane is a fulfillment of the President's commitment to break the Cuban dictatorship's information blockade on the Cuban people and will increase their access to timely and accurate information that they need at this critical time," Pedro Roig, director of the agency that oversees TV and Radio Marti, said in a statement.

To inaugurate the new service, TV Marti is broadcasting statements by President Bush, taped last Thursday, and Secretary of State Condoleezza Rice, taped Friday. They are "letting the Cuban people know that in this time of uncertainty, the U.S. is there with a message of hope and democracy," says Alberto Mascaro, TV Marti's chief of staff.

TV Marti's programming consists mostly of news reports and news analysis, says Mr. Mascaro. But there's also a popular satirical show called "La Oficina del Jefe," or "Office of the Chief," starring a tall fellow with a long beard and a cigar. In recent weeks, Mr. Mascaro says, "La Oficina del Jefe" has been featuring a character named Raul.

When Politicians Outrun Themselves (NYT)

The New York Times, August 11, 2006

Having done nothing to rein in the influence-peddling culture of Congress, Republican leaders apparently hope to contain the scandal as an election issue by pushing Representative Bob Ney of Ohio into retirement. But Mr. Ney's sudden withdrawal from the re-election campaign is only another reminder to skeptical voters of the Capitol's craven preoccupation with easy-money politics underwritten by special interests and power lobbyists.

Mr. Ney became a target of investigators after his notorious golf junket to Scotland at the bidding of Jack Abramoff, the disgraced superlobbyist who bilked Indian casino tribes of millions by promising access to pliant lawmakers. Mr. Ney's chief of staff pleaded guilty to being a principal in the schemes, leaving the congressman a prime target.

The Ney affair was a reminder of the fate of another Abramoff crony, former Representative Tom DeLay of Texas, who has tried to disappear from public judgment as a candidate on the November ballot. Facing state charges of political money laundering, Mr. DeLay first won the spring primary, then suddenly resigned from Congress, pronouncing himself a Virginian transplanted to the lucrative "private sector" of Capitol castoffs. But the Republican Party's attempt to replace him with a handpicked loyalist was rejected all the way to the Supreme Court.

That left the party he once bullied scrambling to get a write-in replacement. It will be fascinating to watch this November as Congress comes up for grabs and Republicans fight to keep Mr. DeLay's long Texas shadow from being cast nationally as a symbol of the money culture that infects the Capitol.

Not Illegal -- Just Arbitrary (WP)

The Washington Post, August 11, 2006

THE UNSAVORY tale of Gov. Robert L. Ehrlich Jr.'s "Prince of Darkness" seems finally and mercifully to be on its final chapter. The dark "prince," you may recall, is Joseph Steffen, a Republican party hack who was for years the governor's factotum and self-proclaimed dirty trickster. It was Mr. Steffen who boasted online of having spread malicious rumors about the governor's chief Democratic rival, Baltimore Mayor Martin O'Malley. And it was Mr. Steffen who strutted through the halls of state

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government, a statuette of the grim reaper on his desk, bragging that he was authorized to pick career civil servants who should be fired to make room for Ehrlich loyalists.

That last role has been the focus of an inquiry into whether Mr. Steffen -- and by extension Mr. Ehrlich -- was intent on dismissing state workers specifically because they were Democrats; to do so would be illegal. After dodging state lawmakers, and a subpoena, since May, Mr. Steffen finally appeared before a special legislative committee this week. He denied having axed public employees based on their party affiliation -- though he said he wasn't heedless of it either. Yet at the same time he exposed the Ehrlich administration's approach to firing state workers as cavalier, arbitrary and witless.

Mr. Ehrlich, the first Republican governor of Maryland in a generation, was elected on a platform of reforming the political culture in Annapolis; he was entitled to hire and fire when he took office. In the event, he removed 340 workers from their jobs; not all that many but among those ousted were dozens of competent, experienced mid-level managers. Some of them were culled by Mr. Steffen, a high school graduate with no relevant managerial or personnel experience, based on who-knows-what criteria. Lacking access to performance evaluations, he targeted some employees for dismissal based on "what some in the department told me," he told lawmakers. Well, that's fair!

After initially saying it welcomed the inquiry into its personnel policies, Mr. Ehrlich's administration turned mildly obstructionist, denouncing lawmakers as embarked on a witch hunt. Some documents sought by the committee seemed impossible to find. The governor's aides insisted Mr. Steffen was a mid-level nobody, despite evidence that he was well known and in contact with the governor's inner circle. Then Mr. Steffen went AWOL for three months. Now that he has finally testified, there is no evidence of illegality -- just of a slapdash approach to state government.

Lawmakers, too, have dropped the ball. Legislation enacted in the past decade empowered the governor, at a whim, to fire any of some 6,000 state workers, more than the president can fire at will from the federal government. That is wildly excessive and an invitation to abuse, as the Steffen episode illustrates. Inexplicably, the General Assembly did nothing this year to rectify that situation. It should do so in the next session, by identifying a sensible list of positions -- senior managers, executive secretaries and the like -- who may be removed when a new administration takes office, and offering some protection against arbitrariness to the rest of the state's workforce.

A Trial Lawyer By Any Other Name (LAT)

The Los Angeles Times, August 11, 2006

A ROSE BY ANY OTHER NAME may smell as sweet, but the Assn. of Trial Lawyers of America has apparently concluded that its perfectly descriptive moniker is malodorous. The group has decided to rechristen itself the American Assn. for Justice, not to be confused with the Justice League of America (an alliance of comic-book superheroes) or the Institute for Justice (a libertarian public-interest law firm opposed to eminent domain).

ATLA's name change, apparently triggered by the successful efforts to demonize the term "trial lawyer," is a classic example of abstract euphemism replacing — and distorting — a perfectly specific phrase. George Orwell denounced such linguistic evasion in his classic 1946 essay, "Politics and the English Language." "The great enemy of clear language is insincerity," Orwell wrote. "When there is a gap between one's real and one's declared aims, one turns as it were instinctively to long words and exhausted idioms, like a cuttlefish spurting out ink."

And is there a more "exhausted idiom" than the unassailable ideal called "justice"? Trial lawyers, by comparison, are controversial, and rightly so. Conservatives insist that they do more harm than good by seeking huge jury judgments from which they take a disproportionate cut. Liberals counter that without enterprising — and, yes, self-interested — plaintiffs' lawyers, injustices would go unchallenged and workplaces would be less safe.

It's an important debate, and one that trial lawyers should be eager to join without shrouding the work they do in generic language. Besides, euphemisms tend to have a short shelf life. Once the new term is identified with the old reality, everyone makes the adjustment — thus requiring a new euphemism. That's how "feeble-minded" gave way to "retarded," which in time was supplanted by "developmentally disabled," which, to the extent that it becomes descriptive, also will seem pejorative and usher in its obsolescence.

Ironically, if ATLA's new name catches on, the organization's detractors might simply shift gears and begin denouncing the American Assn. for Justice, perhaps inserting the qualifier "so-called." We can already hear President Bush, a longtime critic of the plaintiffs' bar, making political capital out of the name change: "See, they call themselves the Assn. for Justice, but they're really … trial lawyers." Better, we think, to own up proudly to what you are.

Build Green, Make Green (NYT)

The New York Times, August 11, 2006

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Recent record-breaking heat waves had governments from Sacramento to Washington, D.C., urging businesses and homeowners to turn down the lights and ratchet up the thermostat. The message was especially urgent last week in New York City, where City Hall and businesses teamed up to reduce the strain on the electric grid. Their concerted effort probably helped avert a blackout.

That particular heat wave is gone; the lights are back up and the thermostats down. But it would be a tragedy if that meant an end to the conversation about cutting down on unnecessary energy consumption.

Buildings are something of an energy-efficiency blind spot in this country. Public attention tends to focus largely on automobile companies and mileage, but houses and skyscrapers consume more energy than cars. According to the Energy Department, residential and commercial buildings account for 40 percent of total energy consumption in this country, versus just 28 percent for the entire transportation sector.

Companies are seeing the light on what are known as green buildings and the lower operating costs that come with them. For instance, The Washington Post noted last week that PNC Financial Services Group's new green bank branches are using 45 percent less energy than comparable structures. And the company says that it builds them faster and cheaper than through old-fashioned construction methods. The new Bank of America Tower rising in Midtown Manhattan will feature special insulating glass windows and a plant-covered roof for natural temperature control. For maximum efficiency, an on-site natural-gas power generator will also recapture energy from lost heat headed out the building's chimney, lowering energy costs by an estimated 40 percent or more.

There are ways for government to make the payoff even greater. California is the model when it comes to offering incentives to utility customers for increased energy efficiency. But even in states that fail to offer rebates and tax benefits, businesses have strong motives of their own to get on board simply for the sake of competitiveness.

Corporate membership of the U.S. Green Building Council, which manages the leading certification program, has increased more than tenfold since 2000. Wal-Mart, famed for its ability to slash costs, is trying to reduce the energy used in stores by 30 percent while also increasing the efficiency of its vehicle fleet and cutting back solid waste.

Companies can choose to be energy-wasting dinosaurs, but in an age of escalating prices, they'll go extinct. In business, the company with the lowest costs usually wins.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, August 14, 2006 8:17 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Monday, August 14, 2006
Attachments:	agnb060814.pdf; agnb060814.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, AUGUST 14, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Investigation Points To Al Qaeda Links, Pakistani Funding 2
US Leaks Have Left British Intelligence Agencies Wary Of Sharing Information 5
Yemeni Judge Acquits Al Qaeda Fighters Who Traveled To Iraq To Kill Americans.....5
NYTimes Makes Case For US To Stay Within Geneva Convention.....6

Homeland Response:

Chertoff Says US Should Emulate Britain's Broad Anti-Terror Police Powers.....6
DHS Reduces Alert Level For US-Bound Flights, Clarifies Security Rules.....8
Residents Slowly Returning To New Orleans.....10
Study Finds Many Katrina Evacuees Still Adrift.....10

War News:

Car Bombs Kill At Least 47 In Shiite Neighborhood Of Baghdad.....11
Pace Meets With Fallujah Marines.....11
Debate Rages Over Military Intel Methods.....11
Khalilzad Says Iranians Working With Shiite Death Squads In Iraq.....11
Iraqi Health Minister Says US Arrested His Bodyguards.....12
Shiite Will Preside Over 2nd Saddam Trial.....12
Iraq's Fuel Shortage Is Worst Since 2003.....12
CSMonitor Reporter Recounts Kidnapping.....12
Fighting Kills 25 Afghan Insurgents.....13
Hamilton Says Bin Laden Likely In Pakistan.....13
Hamilton Says Iraq War Limits US In War On Terror.....13

Corporate Scandals:

Legal Groups Oppose DOJ Policy On Corporate Payment Of Legal Costs.....13
New Jersey Man Pleads Guilty To Passing Grand Jury Information On Bristol-Myers.....13
Apple Delays Filing Quarterly Report Amid Options Probe.....14
Firms That Opposed FASB Expensing Rule Now Caught In Options Probe.....14

Criminal Law:

Two More Aides Agree To Testify Against Pennsylvania State Senator.....14
US Files Additional Corruption Charges Against Louisiana Officials.....15
DC Police Say Site Of Attorney's Murder Shows Signs Of Tampering.....15
In New York, Reputed Crime Family Associate Admits Role In Gangland Killings.....15
NYTimes Opposes Florida Law Allowing Citizens To Use Deadly Force.....15

Civil Rights:

Two New York Men Charged With Hate Crime.....16
Pastor Sees Abortion Debate As Partisan, Not Religious Issue.....16
Military Atheists More Assertive.....16

Antitrust:

Listing Service Responds To DOJ Probe.....16
EU Probes Metso Bid For Aker Kvaerner Unit.....17

Environment/Indian Affairs:

BP's Decision To Keep Part Of Field Open Eases Oil Price Fears.....17
EPA Under Pressure To Crack Down On Diesel Engine Emissions.....18
Air Force To Test Coal-Based Synthetic Fuel.....18

FBI/DEA/ATF/USMS:

Fentanyl-Heroin Mixture Linked To More Deaths.....18

Report: Methadone Fatal Overdoses Nearly Quadruple 18
Accused Drug Trafficker Pleads Guilty In Boston 18
Man Who Posed As DEA Agent Is Sentenced In Sacramento 19
DEA Exhibit In Chicago Criticized 19
Accused Top Player In Trenton Heroine Trade Gets 17-Year Sentence 19
Pro Golfers, Officials See No Steroid Problems In Golf 19
VA: Court Upholds Conviction In Drug-Related Case 19
Three Killings Linked To Ecstasy Smuggling In San Francisco 19

Immigration:

Small Towns Targeting Illegal Immigrants' Landlords, Employers 20

Congress-Administration:

Governors Oppose Federalizing Of National Guard 20
Crawford, Texas, Said To Be Divided On Bush Record 20
Retirement To Reduce Field Of Federal Contracting Officers By 54% 21
Hatch Act Permits DOL Official To Appear On TV As "Conservative." 21
Design Revisions Delay Delivery Of Congressional Medals To Tuskegee Airmen 21
Spellings Defends Opportunity Scholarships 21
Dropout Rates Said To Pose National Security Crisis 21
WSJournal Says Alaska Delegation Steers Excessive Federal Funding To State 22
NYTimes Pans Proposed Vietnam Veterans Memorial Visitor Center 22

Other News:

Change To CPI Formula Would Affect Inflation Estimates 22
Many Scientists Dismiss Near-Term Expectations About Stem Cell Therapy 23
State, Local Governments Advancing Minimum Wage 23
Lamont Says Lieberman, Cheney Comments "Offensive." 23
Mehlman Says Democrats Wrong On Iraq, War On Terror 25
GOP Seen As Losing Ground In Northeast 26
Democrats Up 15 Points In Generic Ballot In Harris Interactive Poll 26
Schwarz Loss To Conservative Challenger Seen As Cautionary Tale For Republicans 26
Three Sons Of Democrats Defeated In 1980 Making Waves In 2006, '08 26
WPost Says Virginia Lobbyist Disclosure Laws In Need Of Reform 26
Clinton, Gates Lend Assistance To Effort To Fight AIDS In Developing World 27
Questions Raised About California Pension Plan 27
Ceasefire Goes Into Effect In Lebanon 28
In CBS Interview, Ahmadinejad Blames US, UN And Israel For Mideast Violence 31
Bipartisan Group Of Lawmakers Visits China 32
New Cuban Immigration Rules Eases Family Reunification 32
Partial Recount Reconfirms Calderon's Win 33
La Paz Backs Off Immediate Nationalization Of Energy Firms 33
South Korean Official Defends Efforts To Reduce "Tension" On Peninsula 33

The Big Picture:

Headlines From Today's Front Pages 34

Washington's Schedule:

Today's Events In Washington 34

TERRORISM NEWS:

Investigation Points To Al Qaeda Links, Pakistani Funding. The Financial Times (8/14) reports, "Security officials in the UK and Pakistan on Sunday said intelligence was pointing to a likely link between al-Qaeda and the alleged plot to bomb commercial airlines en route from London's Heathrow airport to the US." Pakistan's investigation of the plot "was concentrating on an al-Qaeda group based near Kandahar in southern Afghanistan, which officials said had actively backed the plot."

The AP (8/14, Shrader) reports "several Western government officials, who spoke on condition of anonymity about the ongoing investigations, said they don't yet have hard evidence to pin the attack on al-Qaida's central leadership -- Osama bin Laden, his deputy Ayman al-Zawhari or a tier of key operatives below them." But "the plot bears all of the best-known earmarks of the terrorist group."

In continuing reporting on the foiled UK-based terror plot, the Wall Street Journal (8/14, Crawford, Mollenkamp, Wonacott, 2.03M) says the investigation "is widening to include possible links to Germany and the plotters of the 2001

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US terrorist attacks, as well as financial connections to Pakistan, according to officials, even as the British government warned that other plots also are under way." Pakistani authorities "are examining a money trail that may have helped finance the plot," because "a large sum of money was transferred from Pakistan to finance the attacks." UK "police, who received help from a citizen after the 2005 attacks that helped lead to last week's arrests, declined to comment on any links between the two plots." The Journal says the "threat remains intense in Britain," with investigators "particularly concerned about the German links… The need to uncover international links is acute throughout Europe because police still don't know how many members of the plot revealed Thursday remain at large."

The New York Times (8/14, Filkins, Mekhennet, 1.21M) reports British and Pakistani officials "are trying to determine whether the" British suspects "may have received money raised for earthquake relief by a Pakistani charity that is a front for an Islamic militant group. The charity, Jamaat ud Dawa, which is active in the mosques of Britain's largest cities, played a significant role in carrying out relief efforts after last October's earthquake in Pakistani-controlled Kashmir." The Times calls Jamaat ud Dawa "one of the most militant of the groups battling the part of Kashmir controlled by India," and investigators are looking into whether they "passed the earthquake donations raised in British mosques to the plotters."

The CBS Evening News (8/13, story 2, 3:20, MacVicar, 7.66M) reported, "The plotters in Britain may have been self-motivating, but ties to Pakistan suggest stronger links to al-Qaeda operatives, training and perhaps cash. Investigators believe some of the suspects in British custody traveled to Pakistan after the earthquake last fall. Rather than help in the aid effort Pakistani police think some of them disappeared into militant training camps close to the Afghan border. Three men suspected of diverting money raised for earthquake victims to the British plotters have been arrested in Pakistan, and at least one of those now in custody in London made an unexpected trip to Pakistan in recent weeks." Investigators "think that trip may have been for an important meeting seeking approval perhaps from a senior al-Qaeda figure or other militant leader in the same way that the leader of last July's London bombings is known also to have traveled to Pakistan and is believed to have met with al-Qaeda's number two, Ayman al-Zawahri.

The New York Times (8/14, Filkins, Mekhennet, 1.21M) describes Jamaat ud Dawa as "one of the most militant of the groups battling the part of Kashmir controlled by India. In May, it was labeled a terrorist organization by the United States government." British and Pakistani investigators "are looking into the possibility that the group, whose name means the Association of the Call to Righteousness, passed the earthquake donations raised in British mosques to the plotters, according to two people familiar with the investigation." The Times adds, "One former Pakistani official close to the intelligence officials there said Jamaat ud Dawa provided the money that was to be used to buy plane tickets for the suspects to conduct a practice run as well as the attacks themselves. The money is believed to have come directly from the group's network in Britain and was not sent from Pakistan, the former official said."

ABC World News Tonight (8/13, story 3, 1:30, Ross, 8.78M) reported, "In the US, the FBI continues to run down leads, phone calls and possible connections to people in the US. And in Pakistan, we're told a major arrest could come sometime tomorrow, of another top command commander in this."

The New York Times (8/14, Shane, Mazzetti, 1.21M) reports, "Because there are clear connections between the Britons arrested in and around London and their accused co-conspirators detained in Pakistan, officials have not ruled out the possibility of communications between the plotters and the Qaeda chiefs," Osama bin Laden and Ayman al-Zawahri. The Times adds, "No one has suggested that either man directed the scheme — but the fact that neither Mr. bin Laden or Mr. Zawahri has been captured suggests that Western intelligence agencies' knowledge of their activities is minimal."

The Financial Times (8/14, Bokhari, Blitz, Fidler) reports, "Pakistan has been investigating the transfer of funds from up to 10 different sources in the UK to Pakistan since January, senior Pakistani intelligence officials said as investigations into the foiled alleged plot to blow up commercial airliners leaving London widened." The investigators have looked "at sources ranging from groups in the UK dedicated to supporting Islamic charities to individual donors who had transferred funds." The Times adds, "Intelligence officials in the UK said they were looking closely at money transfers between the two countries following the freezing by the Bank of England on Friday of 19 bank accounts held by the suspects."

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Chertoff Says UK Plot Has "Hallmarks" Of Al Qaeda Plot. On NBC's Meet the Press (8/13, Gregory), Homeland Security Secretary Michael Chertoff said the UK terror plot "has the hallmarks or the earmarks of an al-Qaeda plot in the sense of the scope, the transnational reach, the fact that it is very similar to a 1994 plot that Khalid Shaikh Mohammed had intended to carry out in the Pacific. But I -- again, I don't want to definitively conclude it's al-Qaeda until we've had some opportunity to look at all of the facts."

On CBS' Face the Nation (8/13, Pelley), Sen. Pat Roberts, Chairman of the Senate Intelligence Committee, said the UK terror plot was probably "inspired by" Osama bin Laden "as opposed to guided by him. And this gets into the real problem that we face today. … We have what we call homegrown cells. They are largely cells that are supportive in regards to financing here in this country. And that takes a different kind of intelligence."

Afghanistan Denies Link To UK Plot. The AP (8/13) reports, "Afghanistan's foreign ministry on Sunday denied any Afghan al-Qaida connection to a plot to blow up jetliners over the Atlantic, rejecting a Pakistani allegation." The Afghan statement apparently pointed a finger at Pakistan, saying, "Al-Qaida continues to enjoy safe haven outside Afghanistan."

UK Lowers Terror Alert Level. AFP (8/14, Rao) notes UK authorities "downgraded" that nation's "security threat level as it appeared that police had apprehended all of the main figures in an alleged terror plot, a decision that was likely to ease traveller frustrations at the country's airports." However, says the Washington Times/AP (8/14, Haven), "Authorities warned Britons to remain vigilant yesterday, saying that 24 ongoing terrorism probes showed they could still be in the cross hairs of Islamic militants."

A number of stories in today's newspapers note the heightened security at UK airports. The Washington Post (8/14, A10, Partlow, 748K), in a story titled "A 4th Day Of Slow Going In Britain," says "at London's Heathrow Airport on Sunday, security officials hand-searched every passenger, which created four times the normal workload and caused lines of passengers to stretch out of the terminal." The New York Times (8/14, Timmons, 1.21M), Washington Times (8/14, 88K) and AP (8/14, Haven) also note that many flights out of London have been cancelled.

Top British Official Says Another Attack "Highly Likely." NBC Nightly News (8/13, story 3, 2:20, Siegenthaler, 9.87M) reported, "British officials warned another attack could be imminent." NBC (Myers) added, "Today, a top British official warned that another terror attack here is 'highly likely,' even though the key players in this plot appear to be in custody. … British police and forensic teams combed a wooded area for evidence of explosives and detonators to help make the case against the 23 suspects. A counter terror official tells NBC news that authorities now have found several martyrdom videos, to be aired after the suicide attacks. John Reid; British Home Security: "We believe it was a major, major plot." Myers: "Britain's top homeland security official says authorities believe the main suspects in this plot are in custody, but the threat is not over." Reid was shown saying, "I have to be honest and say that, on the basis of what we know, there could be others out there, perhaps people we don't know, perhaps people who are involved in other plots, so the threat of a terrorist attack in the United Kingdom is still very substantial."

The New York Times (8/14, Cowell, 1.21M) reports that in his BBC interview, Reid "did not give details of any of the other conspiracies, but echoed police assessments that the British authorities had foiled four other plots since the July 7 London bombings last year." The Times adds, "Apparently seeking to bolster official denials of a link between terrorism and Britain's alliance with the United States in Afghanistan and Iraq, Mr. Reid said it was now known that Al Qaeda first tried to attack a British target in 2000. 'So this has been a long-going threat but it is a chronic one and it is a severe one,' he said."

Plot Said To Augur Broader European Radicalism. In an analysis piece, the AP (8/14, Kole) says the UK's "struggle to contain Muslim extremism points up a chilling trend across Europe: the rise of radical Islam, and with it, a willingness among a small but dangerous minority of young people to answer the call to jihad. From the squalid suburbs north of Paris to the gritty streets of Sarajevo, young, disaffected Muslims are increasingly receptive to hard-liners looking to recruit foot soldiers for holy war, European counterterrorism officials and religious leaders warn." Europe as a whole "remains vulnerable to attacks by homegrown militants despite the heightened security and attempts at inter-religious dialogue that followed the deadly 2004 train bombings in Madrid and last year's suicide attacks in London." The AP says many young Muslims "in their middle and working class neighborhoods said the communities have become alienated by U.S. and British policy in the Middle East."

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Similarly, USA Today (8/14, Stinson, 2.27M) reports, "Britain is home to an estimated 1.6 million Muslims. Western Europe has an estimated 20 million. Among them, analysts such as Schmid estimate, 1,000 to 3,000 people have been to terrorist training camps run by al-Qaeda or its sympathizers, or have fought in Islamic wars in Afghanistan, Pakistan and Chechnya. … There is no single profile of who could be a suicide bomber or what triggers a radical to turn violent." Magnus Ranstorp, "who follows Islamic terrorism at the Swedish National Defense College in Stockholm, said the 24 suspects arrested in last week's plot offer a prime example of the varied backgrounds would-be terrorists have."

Meanwhile, the New York Times (8/14, Kovaleski, 1.21M) profiles some of those arrested in the London investigation, whom neighbors thought "seemed to lead ordinary lives." The arrests "have jolted High Wycombe. Late last Thursday, several local mosques and Muslim organizations released a group statement via the Internet that said, 'The Muslim community is an integral part of British society and the actions of a few, if found to be, should not be allowed to jeopardize this.'"

Administration Pleased With Its Reaction To London Terror Threat. Newsweek (8/21-28, Thomas, 3.12M) reports that since 9/11, President Bush "has apparently learned not to overreact" to intelligence about terrorist plots. Bush "now 'trusts his team' to weed out such 'speculative' intelligence, said a senior Bush aide." The aide "implied, perhaps without meaning to, that earlier in his administration the president was warier of intelligence advisers." The Bush aide said, "Everything flowed and worked as it needed to. That's what made this a seamless operation, from start to finish." Newsweek adds that it seems "that no one got in the way or held back information, which passes as progress in the clannish, suspicious world of intelligence. 'This shows how we're better equipped to fight the enemy now,' Fran Fragos Townsend, the White House homeland-security adviser, told NEWSWEEK. 'We're seeing levels of cooperation between the FBI, CIA and the NSA we didn't see before. Nobody was trying to hide the ball.'"

Approval Of Bush's Handling Of Terrorism Up In Wake Of Thwarted Plot. Newsweek (8/21-28, Thomas, 3.12M) reports President Bush "got a slight boost from the thwarted terror plot. In the new NEWSWEEK Poll, 55 percent said they approved of the president's handling of terrorism, up from 44 percent in May. But the terrorism issue doesn't seem to be helping Republicans as much as it has in past elections. In August 2002, the voters said they trusted the GOP more than the Democrats to handle terrorism at home and abroad by a whopping 25-point margin (51 percent to 26 percent). Now the GOP is preferred by just five points."

Gerson Says Public "Weariness" With War On Terror Manifesting In Politics. In a Newsweek opinion piece (8/21-28), former Bush speechwriter Michael Gerson says, "Five Augusts from 9/11, in a summer of new fears, in a war on terror that has lasted longer than World War II, public weariness is understandable. And that exhaustion is increasingly reflected in our politics. In a conservative backlash against the president's democratic idealism. In a liberal backlash that has moved from the fringes to the mainstream of the Democratic Party."

US Leaks Have Left British Intelligence Agencies Wary Of Sharing Information. Newsweek (8/21-28, Thomas, 3.12M) reports British intelligence is "often frustrated by the tendency of their gabby American allies to play politics and leak to the press. In the summer of 2004, shortly after the Democrats nominated Sen. John Kerry at a flag-waving convention, the Bush administration let it be known that the CIA and Pakistani intelligence had uncovered a Qaeda summit meeting where, the officials believed, the jihadists had been plotting against financial targets" in the US. The "Brits were forced to hastily -- and, they complained, prematurely -- round up a group of Islamic militants who were plotting to attack targets in the U.K" and have since been "more reluctant to share secrets with their American counterparts."

Pakistani Interior Official Says Rashid Rauf Has Al Qaeda Ties. Time (8/21, Elliott, 4.03M) reports the arrest of Rashid Rauf in Pakistan "was one of the factors that precipitated the decision by the British authorities to roll up the network, on the assumption that news of his detention would soon leak to Britain. Pakistan's Interior Secretary Syed Kamal Shah told TIME that Rauf has ties to al-Qaeda. 'He is the key man, a very important man,' says Shah. Pakistani sources say more than 20 people have been arrested there in connection with the plane plot, some of them apparently connected to Lashkar-e-Jhangvi, a fanatic Islamic militant group."

Yemeni Judge Acquits Al Qaeda Fighters Who Traveled To Iraq To Kill Americans. The Wall Street Journal (8/14, Jaffe, 2.03M) reports, "The US has

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spent millions of dollars in Yemen to help the government crack down on Islamic extremists who want to wage violent jihad against nonbelievers. There is just one problem with the strategy: It is not clear that jihad is illegal in Yemen." A Yemeni judge last month "ruled that 19 defendants who had traveled to Iraq to kill American soldiers and fight alongside al Qaeda there had done nothing wrong," even though he had a history of jailing "al Qaeda fighters plotting attacks in Yemen." He acquitted the 19 men, saying that Sharia law "'permits jihad against occupiers' of Muslim lands." The Journal reports that the acquittal underscores the influx of foreign fighters into Iraq: "about 130 foreign fighters cross into Iraq each month," committing some of the "most horrific and divisive attacks."

NYTimes Makes Case For US To Stay Within Geneva Convention. The New York Times (8/14, 1.21M) editorializes, "To everyone's relief, the White House is now working with Congress on one major violation of the conventions found by the court — the military tribunals Mr. Bush invented for Guantánamo Bay." But "the president remains determined to have his way on the other big issue -- how jailers treat prisoners." The Times adds, "The Geneva Conventions protect Americans. If this country changes the rules, it's changing the rules for Americans taken prisoner abroad."

HOMELAND RESPONSE:

Chertoff Says US Should Emulate Britain's Broad Anti-Terror Police Powers. The AP (8/14, Yen) reports, "The nation's chief of homeland security said Sunday that the US should consider reviewing its laws to allow for more electronic surveillance and detention of possible terror suspects, citing last week's foiled plot." Michael Chertoff, secretary of the Department of Homeland Security, "stopped short of calling for immediate changes, noting there might be constitutional barriers to the type of wide police powers the British had in apprehending suspects in the plot to blow up airliners headed to the US." But Chertoff "made clear his belief that wider authority could thwart future attacks at a time when Congress is reviewing the proper scope of the Bush administration's executive powers for its warrantless eavesdropping program and military tribunals for detainees held at Guantanamo Bay, Cuba." Said Chertoff, "What helped the British in this case is the ability to be nimble, to be fast, to be flexible, to operate based on fast-moving information," adding, "We have to make sure our legal system allows us to do that. It's not like the 20th century, where you had time to get warrants."

On Fox News Sunday (8/13, Wallace), Chertoff said British authorities "have an easier time getting electronic surveillance and they also can detain people up to, I think, 28 days without charging them, and those are very useful tools when you're trying to intercept an ongoing and very dynamic plot when you may not have collected all the evidence. I do have to say they have actually a little bit more of a challenge when it comes to bringing the cases in court because there are legal restrictions on their using evidence that we do not have. So in that respect, we have a little bit of advantage when we actually prosecute the case."

On ABC's This Week (8/13, Stephanopoulos), host George Stephanopoulos asked if the NSA warrantless wiretapping program or the SWIFT program were "helpful in this case." Chertoff said, "Well, I'm not going to talk about specific classified programs, but I can tell you this, the kind of techniques you're talking about, surveillance of communications, tracking the flow of money and transactions, that is -- those are the weapons of the modern war against terror."

The Washington Post (8/14, A9, White, 748K) notes that on the Sunday shows yesterday, "much of the televised discussion…concerned the investigative tools available in Britain that US officials credit with allowing authorities to get ahead of the plot before it proved catastrophic." Chertoff "said the ability to monitor monetary transactions and communications and to arrest suspects for a period of 28 days on an emergency basis made a significant difference in the case." Although Chertoff "did not suggest any specific changes in US law to allow such flexibility, he alluded to the controversial Bush administration programs of secretly wiretapping suspects and of monitoring financial records."

The Wall Street Journal (8/14, Block, Lueck, 2.03M) reports the Bush administration "is expected to use the terrorist threat to regain the upper hand in congressional debates and push for government action before the November elections." Republicans "appear to be circling around a new strategy to advocate stronger counterterrorism laws and expand domestic surveillance, while pushing back against civil libertarians." Chertoff "is emerging as a point man in the drive for tougher laws."

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NBC Nightly News (8/13, story 5, 2:15, Jordan, 9.87M) also reported last night the terror preparedness debate "played out on the Sunday morning talk shows." Sen. Pat Roberts: "We passed intelligence reform bill a year or two ago. I think the DNI is doing a good job. FBI all the organizations are working much better together." Sen. Jack Reed: "The focus and the resources are for doing all we can for homeland protection has been diverted." Jordan: "The former chairman of the 9/11 commission, appearing on Meet the Press today, says the agency needs to do more to defend the homeland." Lee Hamilton, Former Vice Chairman, 9/11 Commission: "We do not think that there has been sufficient urgency, priority, resources, people put into the protection of the people here at home." Jordan: "NBC's David Gregory asked, are we safer five years after 9/11?" Former Gov. Thomas Kean, Chairman, 9/11 Commission: "I think we're safer but we're not safe. Still a number of things we should be doing we're not doing. This should be a wake-up call."

On Fox News Sunday (8/13, Wallace), Rep. Peter Hoekstra said, "In the UK, this is now a law enforcement issue. The British have to take these folks that they've arrested, put them into the legal process and now prosecute the case successfully. And as information comes out through the US, leaks, the problem is it may jeopardize their ability to prosecute some of these individuals. Leaks are absolutely devastating our ability to build these international connections that we need in this global war."

On CBS' Face the Nation (8/13, Pelley), Sen. Pat Roberts, Chairman of the Senate Intelligence Committee, said the US is "much better prepared" for terrorist attacks, and the US has "much better information, access, the passage of the PATRIOT Act. We are going through a challenge in the Congress in regards to, as I say, some of the intelligence tools in our toolbox. By the way, the British have better tools. If you want to get a warrant, all you have to do is call up a minister in regards to Great Britain. I am not advocating that in the United States with the FISA court or anything else, but it seems to me that they have taken actions that will really speed that along."

Intelligence Officials Hint Warrantless Surveillance Operation Played Role In Thwarting Plot. Newsweek (8/21-28, Thomas, 3.12M) reports US intelligence "seems to have played only a minor role in the takedown of the [London[plot." Intelligence officials "hinted that the Bush administration's secret warrantless surveillance operation was brought into play – 'we used all the tools in the toolbox,' said one. It may be that the NSA, the supersecret electronic spy agency, listened in on calls between Pakistan and Britain that were routed through the switching stations of American phone companies."

Human Intelligence Seen As Key To Preventing Terrorism. In a Time opinion piece (8/21), author Ron Suskind says one lesson "from London. Human intelligence routinely trumps fancy and often legally problematic surveillance techniques. The key to discovering the plot was apparently a citizen from Britain's diverse Islamic community who, in the days after last summer's bombings in London, overheard something troubling." The US intelligence community "is in a poor position to replicate that. Concerned citizens in the Muslim world who are close enough to radicals to see or hear something pertinent seem less inclined than ever to sit down with an American."

Despite Post-9/11 Focus, Airline Security Still Seen As Wanting. In a Newsweek column (8/21-28), Jonathan Alter says, "Compared to securing borders, ports and chemical facilities, where congressional oversight is spotty and politics frequently trumps security, aviation has seemed a model of terrorism prevention. But is it? Since 2002, more than 100 media reports have documented security breaches involving knives, explosives and even handguns." Irwin Redlener, director of the National Center for Disaster Preparedness at Columbia and author of a new book, "Americans at Risk," says, "We keep chasing yesterday's story. The terrorists always seem one step ahead of us." Alter adds, "The focus may be wrong. Aviation consultant Michael Boyd calls TSA 'the gang that can't screen straight.' Boyd thinks the new restrictions will inconvenience travelers -- without stopping terrorists."

White Houses Presses For Congress To Allow Treatment Of Conspiracy As War Crime. The Christian Science Monitor (8/14, Richey, 58K) reports, "The same legal approach that helped put mafia dons, capos, and associates behind bars in America is at the center of US military efforts to prosecute suspected Al Qaeda members for war crimes. But now in the wake of the US Supreme Court's decision in the Hamdan case invalidating the military commission process, it is unclear to what extent military prosecutors can continue to use conspiracy as a war crimes charge." White the White House "is asking Congress to simply pass a law recognizing conspiracy as a war crime," "some" legal experts "warn that the law of war is a reflection of both domestic and international standards that should not be watered down

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unilaterally by US lawmakers," believing "such a move would further undermine US standing as a champion of human rights and set the stage for another major defeat in the courts for President Bush." The Monitor also says that in the Hamdan decision, "[f]our of the eight justices participating in the case ruled that the military commissions at Guantánamo did not have jurisdiction under the law of war to prosecute suspected Al Qaeda members for allegedly engaging in a conspiracy."

FISA Requests Tripled In Intense US Investigation Of UK Plot. Under the headline "Fearing Wider U.S. Plot, Investigators Raced Clock," USA Today (8/14, Johnson, 2.27M) reports in a front-page story, "Nearly a month ago, after British authorities secretly tipped their U.S. counterparts about" the airliner bombing plot, "U.S. officials worried that British investigators…could be misinterpreting possibly coded communications and that the suspects might actually be planning to launch attacks — or a second wave — from U.S. airports." USA notes, "The secrecy meant the government was unable to immediately implement stricter airport screening…leaving flights vulnerable to possible attack. As a result, the government had to rely on other techniques to thwart an assault." One "U.S. official" said that "applications to a special federal court for secret wiretaps, for example, tripled during the past month," although "this official did not indicate whether the government augmented surveillance with its controversial wiretapping program that bypasses the need for a court-approved warrant."

Harman Says Phone Surveillance Played Role In Thwarting UK Plot. On CBS' Face the Nation (8/13, Pelley), Rep. Jane Harman, ranking Democrat on the House Select Committee on Intelligence, said, "This is a huge intelligence victory. It's a combination of human intelligence that tipped off the Britons first, and then it was technical intelligence, listening to phone calls and so forth. I don't want to go into the details, but then it was a lot of patience monitoring these folks to see what they were up to."

US Urged To Adopt British Anti-Terror Techniques. In an op-ed in the Wall Street Journal (8/14, A8, 2.03M), David B. Rivkin, Jr. and Lee A. Casey, who are partners in the Washington, D.C., office of Baker & Hostetler, LLP, and served in the Department of Justice under Presidents Reagan and George H.W. Bush, write "critics of President Bush and the war on terror have relentlessly opposed virtually every effort to expand and improve the government's ability to gather the type of information needed to detect and prevent terrorist attacks, whether in the form of the Patriot Act's 'national security' letters and delayed notification warrants (derisively described by pseudo-civil libertarians as 'sneak and peak' warrants), the NSA's once secret program to intercept al Qaeda communications into and out of the U.S., and the Treasury Department's efforts to monitor financial transactions through the 'SWIFT' system. These, and similar measures, are among the tools that we will need to finish the job." Rivkin and Casey add, "British law-enforcement officials clearly have a more robust ability to investigate suspected terrorist activity than do U.S. police agencies. … The U.S. cannot, of course, adopt all aspects of the British system; our constitutional systems are really quite different. Nevertheless, there are clear lessons that can be drawn from the British experience -- especially in affording the police greater investigative latitude and in accepting some compromise of privacy in exchange for greater security."

DHS Reduces Alert Level For US-Bound Flights, Clarifies Security Rules. The Washington Times (8/14, Pfeiffer, 88K) reports the Department of Homeland Security "last night reduced the terrorism threat level for US-bound flights from Britain from red, for 'severe,' to orange, for 'high,' in the wake of last week's raids that officials say broke up a London-based bomb plot by Islamist radicals." Homeland Security Secretary Michael Chertoff said yesterday on NBC's Meet the Press (8/13), "I think the likelihood is, the main elements of the plot have been scooped up." The Washington Post (8/14, A9, White, 748K) reports Chertoff also said yesterday, "There is no evidence that terrorists were working within the United States as part of a plot to detonate explosives on airliners, but US officials remain on guard."

On NBC's Meet the Press (8/13, Gregory), Chertoff said, "The priority for us at this point is reviewing all the evidence and information to see if there's any indication of plotting in the US or an attempt to initiate an attack in the US. We haven't at this point seen anything coming out of the British investigation that points to that." Chertoff added that it is "absolutely" safe to fly, adding, "We've put in a comprehensive series of measures. Some of them are visible, some of them are less visible. But when you add them up together, they create not just one line of defense, they create multiple lines of defense, and that's what assures airline security."

On CNN's Late Edition (8/13, Blitzer), Chertoff also said, "Right now, I can still tell you that the current evidence does not show any plotting occurring inside the United States or

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any plan to conduct operations within the United States." Chertoff added "when we do get phone contacts -- and as you know, there are direct and indirect phone contacts all the time that crop up in these investigations -- the FBI goes out immediately to determine whether there is anything about that contact that raises any kind of a suggestion of a problem."

On Fox News Sunday (8/13, Wallace), Chertoff added, "Obviously, they [the British] believe they've picked up the main players, but it's a plot that's international in scope. We haven't fully analyzed the evidence. And therefore, we're still concerned there may be some plotters who are out there."

Meanwhile, the CBS Evening News (8/13, story 3, 0:15, Attkisson, 7.66M) reported, "The government today issued new clarifications for what can and cannot be carried on planes. Can you now carry on small doses of liquid medications, glucose gel for diabetics and baby food. Aerosols are banned, and all shoes must be removed for x-ray." NBC Nightly News (8/13, story 4, 0:45, Hattori, 9.87M) said "the TSA hopes these clarifications will help make it easier for passengers to navigate check points. There's no change for electronics. We've not heard of any significant problems or delays as of today except for some London flights."

USA Today (8/14, Levin, 2.27M) says "the drastic security measures imposed on airline travelers last week are probably the first step in broad long-term changes needed to block terrorists, according to lawmakers, airline officials and security experts." DHS "officials have not signaled what changes they will impose over the long run, and there is no clear consensus outside the government on what steps make the most sense."

USA Today (8/14, Brook, 2.27M) reports, "Air travel, snarled since Thursday's announcement that suspects had been arrested, improved in the USA even as the new rules were issued." Meanwhile, "delays and cancellations vexed London's Heathrow Airport, where about a third of flights were canceled and a ban on carry-ons remained in effect." USA Today (8/14, Jones, 2.27M) runs a second story on travelers' reaction to the rules, in which it says "airline passengers appeared to have adjusted by Sunday to rules prohibiting them from carrying liquids on board. Most travelers packed toiletries in checked bags, and lines moved along at airports from Los Angeles to New York." Passengers "guzzled water before walking through security checkpoints, and many arrived at the airport earlier than it turned out they needed to."

Chertoff Says Airport Screeners May Be Replaced. The New York Times (8/14, Lipton, Hauser, 1.21M) reports Chertoff said yesterday that "he intended to replace contractors who inspect passenger identification at airport checkpoints with staff members from the Transportation Security Administration, a move that would be one of the biggest expansions of the agency's tasks since it was set up in the aftermath of the 2001 terrorist attacks." The Times adds, "Details of the plan to replace the contractors were still being worked out. But Mr. Chertoff said the transportation agency screeners would be trained in psychological profiling under the plan, which he intends to announce in the coming weeks or months."

Use Of Biometric Device May Help Identify Terrorists. The Wall Street Journal (8/14, Karp, Meckler, 2.03M) reports on the trial in the US of a "Israeli-developed system," which "represents an effort by the US Transportation Security Administration to determine whether technology can spot passengers who have 'hostile intent.' In effect, the screening system attempts to mechanize Israel's vaunted airport-security process by using algorithms, artificial-intelligence software and polygraph principles." Neither the TSA nor Suspect Detection Systems Ltd., the Israeli company, "will discuss the Knoxville trial, whose primary goal was to uncover the designated bad guys, not to identify threats among real travelers. They won't even say what questions were asked of travelers, though the system is generally designed to measure physical responses to hot-button questions like 'Are you planning to immigrate illegally?' or 'Are you smuggling drugs.'" The test "signals a push for new ways to combat terrorists using technology."

Chertoff, DHS Getting Positive Reviews. The New York Times (8/14, Lipton, 1.21M) reports that after criticism of Secretary Chertoff and DHS over Katrina, "the initial reviews of Mr. Chertoff's performance" in the aftermath of the London terror plot "have been largely positive. The Homeland Security Department responded quickly to impose new security measures on the fear that some plotters might still be at large." The Times adds, "Questions remain about the agency's bureaucracy and its ability to anticipate threats rather than just react to them. But it is notable that Mr. Chertoff is being praised by some people who once bitterly chastised him or even called for his resignation." Sen. Susan Collins, chairwoman of the Homeland Security and Governmental Affairs Committee, said in an interview on Sunday, "Until this threat, the department had fallen short of the promise that its

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creation held. … This time we saw a crisp, confident and competent response, and Secretary Chertoff was clearly front and center." Rep. Bennie Thompson, Democrat of Mississippi and "the minority leader on the House Committee on Homeland Security," said, "He did a credible job. He did not create hysteria among the traveling public. He provided a clear message to the traveling public, and that is positive."

The Wall Street Journal (8/14, Block, Lueck, 2.03M) says Chertoff, "who weeks ago was widely viewed in Congress as the beleaguered head of a troubled department, has emerged as the public face and voice of the US government's response to the alleged London plot. Now the Department of Homeland Security has won praise for calibrated advisories and quick action that stopped passengers from potentially smuggling liquid explosives on airliners, but didn't unduly disrupt air travel." Although "some critics considered the department late in responding to a well-known threat -- liquid bombs," Chertoff's "enhanced standing allows him to spearhead the call to re-examine America's counterterrorism laws by looking at how Britain fights terrorism."

The Washington Post (8/14, A10, Wilber, 748K), in a story titled "TSA Tries To Balance Security, Efficiency," offers a mixed picture of the agency's performance. The Post calls TSA "one of the last lines of defense in the country's efforts to battle terrorism, particularly attacks directed at airplanes. Travelers and their advocates have long complained that lines are too long at many airports, that some security measures seem inconsistent and that security officers seem to be in short supply. Others say that TSA officers seem to be doing little but hanging out at checkpoints, even when the lines grow. A joke among pilots is that TSA stands for a 'Thousand guys Standing Around.'"

"Glaring Vulnerabilities" Said To Remain In Public Transportation, Other Areas. ABC World News Tonight (8/13, story 4, 2:00, Harris, 8.78M) reported, "The threat from liquid explosives has been well-known for more than a decade. So, the question is, why didn't the US government do something before this plot was uncovered? It's not the first time this sort of question is being asked. The 9/11 commission, questioned the CIA and other agencies for failure of imagination." ABC (Yang) added, "Security experts say there are some glaring vulnerabilities. One big one is public transportation. Every day, more than 14 million Americans ride subways, buses and commuter trains. Terrorists have already struck mass transit in Madrid, London and just this past month, Mumbai. … Another soft spot -- chemical plants in metropolitan areas. The Department of Homeland Security says an attack on just 1 could kill as many as 17,000 people. But legislation mandating tighter security is stalled in Congress. And international cargo -- only about 6% of the 11 million containers entering the country annually are inspected." Lee Hamilton, Vice Chairman, 9/11 Commission: "We do not think that there's been sufficient urgency, priority, resources, people put into the protection of the people here at home." Yang: "Experts say another terrorist attack on US soil isn't a question of 'if' -- it's a question of 'when' and 'how.'"

Residents Slowly Returning To New Orleans.

The Washington Times/AP (8/14, Callimachi) reports that in a "city that still lies largely in ruin after Hurricane Katrina hit Aug. 29, life is pushing through like 'bad grass,' forcing its way through cracks in the pavement." Those who "choose to return do so in spite of the city's broken infrastructure, which nearly a year later remains in tatters: Nearly 60 percent of homes and businesses are still not receiving electricity or heating gas. Only three out of nine New Orleans hospitals have reopened. Only 56 of 128 public schools will enroll students this fall. The city itself still has no master plan." Still, even "in the worst-hit neighborhoods, where homes were ripped from their foundations and spit into the street, and where mattresses still lie impaled in the branches of trees, the rebirth is taking place."

Pets Rescued From Katrina Zone Focus Of Legal Battle. The Washington Post (8/14, A1, Londoño, 748K) reports on a legal conflict that "started as a dispute over the custody of Sandy Marie and Coco Ree, two dogs brought to Montgomery County last year after being rescued from a suburb of New Orleans ravaged by Hurricane Katrina." But attorneys "involved in the spiraling fight are dueling about more than ownership of the female shepherds. It has become a battle over the legal complexities of rescuing pets in disaster zones, disparities in social class and the incendiary effect grass-root campaigns waged on the Internet can have on people's lives."

Study Finds Many Katrina Evacuees Still Adrift.

Newsweek (8/21-28, Childress, 3.12M) reports in its "Periscope" column that a study commissioned by the nonprofit group Appleseed finds that "a year after the hurricane, many Katrina evacuees are still adrift—

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unemployed, homeless and suffering from mental-health problems caused or exacerbated by the storm." The report is based on 350 interviews with relief workers and other advocates in the five cities that took in the most evacuees—Houston and San Antonio, Texas; Atlanta; Birmingham, Ala., and Baton Rouge, La.—as well as New Orleans."

WAR NEWS:

Car Bombs Kill At Least 47 In Shiite Neighborhood Of Baghdad. USA Today/AP (8/13) reports, "Car bombs and a rocket barrage struck a predominantly Shiite neighborhood in Baghdad Sunday, killing at least 47 people and wounding 148. The rockets apparently were fired from a mostly Sunni district [Dora] targeted by U.S. troops in a crackdown against the sectarian violence roiling the capital." The attack's complexity "was similar to [that of] a July 27 attack of mortars, rockets and car bombs on another mostly Shiite district, Karradah, which killed 31 people." Also on Sunday, "the U.S. command announced that soldiers of the 2nd Brigade, 101st Airborne Division had arrested a key terrorist cell leader who was "directly linked" to the July 17 attack on an outdoor market in Mahmoudiya."

The New York Times (8/14, Von Zielbauer, 1.21M) puts the death toll as "at least 57 people." It calls the attacks "the deadliest in the capital since the American military dispatched new forces here more than a week ago to quell a surge in killings and kidnappings by sectarian militias and criminal gangs." It adds that the governor of Nineveh province "barely escaped assassination" by machine gun-wielding assailants in Mosul.

The Washington Post (8/14, A7, Raghavan, 748K) reports that "the attacks began when a volley of rockets bombarded a residential apartment building during a nighttime curfew, witnesses and police said. Then, a roadside bomb exploded, followed minutes later by another bomb strapped to a motorcycle." It and the preceding New York Times article both report that men allegedly plotting to kidnap or kill members of Prime Minister Maliki's family were arrested "southwest of the capital." The Los Angeles Times (8/14, Moore, 918K) also reports the story.

Pace Meets With Fallujah Marines. The AP (8/13, Burns) reports that JCS chair and Gen. Peter Pace "dropped into" Fallujah to talk to "Marines doing battle daily with a resilient and deadly insurgency." General Pace heard remarks that may have been "a sign of creeping doubt" about the "wider purpose" that the Marines' mission is supposed to be serving. The AP characterizes Pace as either not answering or being indirect when asked "if U.S. troops would stay in Iraq in the event of an all-out civil war" or "Is the war coming to an end?" While Pace did not "explicitly mention the political debate in Washington," Maj. Gen. Richard Zilmer said that Marines "are not immune to the discussions they see in public communications. Like all of us, they want to be assured that what we're doing is the right thing for the nation." The Washington Times carries a slightly modified version of this article, which notes, "Hours afterward, three back-to-back explosions killed 20 persons and wounded more than 70 in a mostly Shi'ite neighborhood in southern Baghdad."

Debate Rages Over Military Intel Methods. The Washington Times (8/14, Scarborough, 88K) reports that CentCom "has been resisting suggestions from the Pentagon on how to revamp intelligence collection in Iraq, according to people familiar with the dispute." Sources allege that Undersecretary Stephen Cambone and Lt. Gen. "Jerry" Boykin have clashed with CentCom intelligence chief Brig. Gen. John M. Custer III on whether "to change the way that intelligence is gleaned from insurgent strongholds and to increase the type of information that is collected." CentCom reportedly "prefers the current Joint Intelligence Operations Centers (JIOC)." The Times notes that Secretary Rumsfeld "created Mr. Cambone's post in 2003 as a way to initiate reform throughout the Defense Department's intelligence community. ... Terrorism analysts Richard H. Shultz Jr. and Roy Godson wrote in the *Weekly Standard* last week that returning special operations commanders still complain that intelligence collection in Iraq is spotty."

Khalilzad Says Iranians Working With Shiite Death Squads In Iraq. On CNN's Late Edition (8/13, Blitzer), US Ambassador to Iraq Zalmay Khalilzad said, "Iran is playing a role in the sectarian violence that is taking place here. It is providing arms, training and money and other support to groups involved in sectarian violence, including militias that have death squads associated with them." Elaborating, Khalilzad said, "Iran is also working with some of the commanders that work for these leaders and some of the leaders of death squads directly without the knowledge of their party leaders. And the concern that we have is not only

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with regard to the activities so far, but also that as the situation with regard to the Iranian nuclear issue gets focused on that they might escalate the pressure against the Iraqi government and against the coalition."

Khalilzad Says US Withdrawal From Iraq Would Be Disastrous. Newsweek (8/21-28, Thomas, 3.12M) reports US Ambassador to Iraq Zalmay Khalilzad said withdrawing US troops form Iraq "would be a disaster." Khalilzad said, "If we were to get out, what would you have? Certainly, it's very plausible that [Al Qaeda] could take over part of Iraq." He "warns that Iraq could become like Afghanistan pre-9/11. 'Now that we're here,' said the ambassador, 'losing Iraq would put the region and the world at greater risk from Al Qaeda.'"

Al-Sadr Said To Be Losing Control Of Mahdi Army. Newsweek (8/21-28, Hastings, Johnson, 3.12M) reports in its "Periscope" column that the leader of the Mahdi Army, Moqtada al-Sadr, "seems to be losing his grip on the thousands of armed men who once followed his every word." US Ambassador to Iraq Zalmay Khalilzad said, "There are forces that are controlled by Moqtada, but there are commanders that are not controlled by him; there are death squads that are not controlled by him." Newsweek adds, "In interviews with NEWSWEEK, Mahdi Army members, Iraqi politicians and Western officials describe an organization in which local commanders are increasingly independent of Sadr, splintering into cells of fighters committed to civil war." There are "at least four offshoot Mahdi leaders in Sadr City alone; some groups are taking orders from Iran."

Iraqi Health Minister Says US Arrested His Bodyguards. The AP (8/13, al-Bashir) reports, "Iraq's health minister, who is aligned to a powerful Shiite militia, claimed Sunday that U.S. forces arrested seven of his personal guards in a surprise pre-dawn raid on his office. The reason for the alleged arrests was unclear." Ali al-Shemari complained that the troops "hauled away the seven men" at 3 a.m. on Sunday. There was no American statement, but an anonymous US official "said Iraqi forces with U.S. advisers searched the ministry after a tip from an Iraqi citizen and took five people into custody for questioning." The health minister is a Shiite and is aligned to Moqtada al-Sadr; he "was involved in a controversy when a senior health official from Diyala province, a Sunni, disappeared along with his secretary and two guards soon after a meeting with the minister in his office on June 12."

The New York Times (8/14, Von Zielbauer, 1.21M) reports the health minister's allegation that the arresting forces took money meant to pay security guards' salaries. Like the AP, it reports the belief among some Sunnis that a Sunni health official was kidnapped by a Shiite militia after meeting with the minister.

Shiite Will Preside Over 2nd Saddam Trial. The AP (8/13, Abdul-Zahra) reports, "A 54-year-old Shiite jurist will preside as chief judge in the trial of Saddam Hussein and six others for their role in the 1980s campaign that killed an estimated 100,000 Kurds." At Saddam's previous trial, for "the killing of Shiites in Dujail," a Kurd headed the judicial panel.

Iraq's Fuel Shortage Is Worst Since 2003. The AP (8/13, Rageh) reports, "Corruption and insurgent attacks have Iraqis mired in their worst fuel shortage since Saddam Hussein was ousted, with black market gasoline costing as much as $4 a gallon." More than 250 of its "officials, workers and security guards have been killed since the collapse of the previous regime," according to the Oil Ministry. Frustrations over the availability of petroleum products "compound problems facing an Iraqi public weary of bloodshed, sectarian strife, the presence of U.S.-led forces and the government's inability to restore peace." Even a gas station inside the Green Zone "ran out of fuel on Sunday."

CSMonitor Reporter Recounts Kidnapping. The *Christian Science Monitor* this morning offers part one of a multipart series on freelance reporter Jill Carroll's ordeal in Iraq. It has created a central page dedicated to the series. According to that page, the series will include 10 parts, capped by an epilogue. Monitor coverage includes podcasts, video interviews that feature Carroll's answers to readers' questions, image galleries, and an "update blog" with news related to the story. According to the series introduction in the Christian Science Monitor (8/14, 58K), Carroll, a freelance reporter working in Iraq for the Monitor, "was kidnapped by Sunni Muslim insurgents in Baghdad on Jan. 7, 2006." Held prisoner for 82 days, "she was shuttled blindfolded among at least six safe houses and had closer contact with Sunni insurgents than any American who has lived to tell the tale." In the first part of the series in the Christian Science Monitor (8/14, 58K), Carroll, writing with "contextual narrative by Peter Grier," opens the story six weeks into her captivity, when her captors were planning a new video to show the world.

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Fighting Kills 25 Afghan Insurgents. The AP (8/13, Hawke) reports, "Fighting in Afghanistan left at least 25 insurgents and five Afghan security forces dead, officials said Sunday. Defying the spike in violence, Afghan officials announced plans to thwart attacks on schools, which have killed 41 students and teachers and destroyed more than 140 schools in the last year." The education minister and Lt. Gen. Karl Eikenberry have "signed a deal ... to provide $300,000 for a program to rally communities to protect their schools." The AP characterizes the current violence as the "heaviest fighting since the 2001 ouster of the Taliban regime." USA Today (8/14, 2.27M) carries a shortened version of this article.

Hamilton Says Bin Laden Likely In Pakistan. On NBC's Meet the Press (8/13, Gregory), 9/11 Commission vice chair Lee Hamilton said, "I think it's quite likely that Osama bin Laden is in Pakistan. We have a very different kind of relationship with Pakistan. They are doing some things to help us and probably not enough to help us. I, I think al-Qaeda is much more decentralized than perhaps many people think, and I think what's really happening here is the radicalization of the Muslim world. … If you're really going to make the American people safe, it's not just a question of taking different procedures on airplanes, it is dealing with the fundamental problem of the radicalization of Muslims in the world today."

Hamilton Says Iraq War Limits US In War On Terror. On NBC's Meet the Press (8/13, Gregory), 9/11 Commission vice chair Lee Hamilton said, "If you pour billions and billions of dollars into Iraq, as we're now doing, and if you put most of your military effort there, it is clearly a priority for the Administration and for the country at this point in time. When you do that, it means you do less things in other areas. We cannot do it all. We don't have the resources, we don't have the manpower."

Kean Says Iraq Conflict Part Of War On Terror. Asked on NBC's Meet the Press (8/13, Gregory) if he viewed the war in Iraq as part of the war on terrorism, 9/11 Commission chairman Tom Kean said, "It's part of the war on terror in the sense that, if we fail, Iraq will become another sanctuary for terrorists. There's not much question about that. If Iraq goes into chaos, that's the kind of situation that bin Laden and al-Qaeda like. So we've got to stop that from happening. So in that sense, it's a part of a worldwide view where we've got to get a hold of these areas that are ungoverned where terrorists work."

CORPORATE SCANDALS:

Legal Groups Oppose DOJ Policy On Corporate Payment Of Legal Costs. The AP (8/14, Johnson) reports, "Two legal groups, including the American Bar Association, are opposing a U.S. Department of Justice policy they say compels companies facing possible indictment to refuse paying legal costs of corporate officers or board members." The AP continues, "After scandals at companies like Enron Corp. and WorldCom Inc. cost shareholders tens of billions of dollars and wiped out thousands of jobs, the Justice Department in January 2003 issued a memo to guide prosecutors as they decide whether to seek criminal charges against a business." The AP adds, "The memo says prosecutors can consider whether the corporation appears to be 'protecting its culpable employees and agents' through advancing attorneys fees, retaining the employees without sanction or giving the employees information about the government's investigation. … The legal groups say the memo can inspire companies to do the opposite, including not paying legal costs for employees and agents." The AP notes, "Justice Department Spokeswoman Kathleen Blomquist said the department remains committed to the principles and guidance set out in the memo, but it will listen to concerns. … 'We look at the seriousness of the offense, its pervasiveness, the corporation's past history, harm to shareholders and the adequacy of compliance programs, among other things,' she said."

New Jersey Man Pleads Guilty To Passing Grand Jury Information On Bristol-Myers. USA Today/Bloomberg (8/14) reports, "A New Jersey mailman pleaded guilty to passing secret grand jury information about a Bristol-Myers Squibb probe to former Goldman Sachs Group employees charged with inside-trading." Bloomberg continues, "Jason Smith, 30, admitted Friday in New York that he sat on a grand jury in New Jersey investigating Bristol-Myers accounting and gave details of the probe to David Pajcin and Eugene Plotkin, former Goldman employees. Smith admitted he hoped to share profits with the two, who are charged with trading on secrets they learned about the grand jury probe." Bloomberg adds, "Smith is the second person to plead guilty in the case. He may help

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prosecutors convict Plotkin and Pajcin. Stanislav Shpigelman, a former mergers and acquisitions analyst at Merrill Lynch, pleaded guilty to inside trading in July. … Smith pleaded guilty in federal court to charges filed against him in New York and New Jersey. The New York charges are conspiracy to commit securities fraud and inside trading. The New Jersey count is criminal contempt for violating grand jury secrecy. The securities charge carries up to 25 years. Smith's plea agreement calls for a sentence of 30 to 37 months. His sentencing is scheduled for Nov. 13."

Apple Delays Filing Quarterly Report Amid Options Probe. The Wall Street Journal (8/14, Lee, Wingfield) reports, "Apple Computer Inc. said it was notified by the Nasdaq Stock Market that the company isn't in compliance with requirements for continued listing on Nasdaq because of Apple's delay in filing its quarterly report with the Securities and Exchange Commission." The Journal continues, "Apple said it will request a hearing before a Nasdaq panel on the matter, and its shares will remain listed on the Nasdaq pending the panel's decision. … Apple spokeswoman Katie Cotton said the company expects the Nasdaq hearing and decision to be a 'multimonth process.'"

USA Today (8/14) reports, "Apple on Friday told securities regulators that its quarterly report would not be filed on time because it is reviewing stock-options grants." USA continues, The Cupertino, Calif.-based company warned investors last week that the mandatory earnings report to the Securities and Exchange Commission would be late. Management needed more time to determine if past option grants had distorted results dating back to September 2002, Apple said. … If the filing is delayed long enough, regulators could try to delist Apple's stock from the Nasdaq Stock Market. That's what happened earlier this year to Mercury Interactive, another Silicon Valley company embroiled in a stock-option imbroglio." USA notes, "Apple's looming restatements threaten to wipe out some profits generated during the most prosperous stretch in its 30-year history. The company's fortunes soared as millions of consumers snapped up the company's ubiquitous iPod digital music player and flocked to its iTunes Music Store. Apple has reported profits totaling $3.1 billion during the past four years."

Firms That Opposed FASB Expensing Rule Now Caught In Options Probe. The Wall Street Journal (8/14, Reilly) reports, "When the nation's accounting-rule makers proposed in 2004 that companies treat employee stock options as an expense that cuts into profit, corporate executives all but stormed the Financial Accounting Standards Board's headquarters in Norwalk, Conn. … In letters and public statements, business leaders declared that such an accounting rule would damage their bottom lines, compromise their ability to attract talented employees and make them less competitive against foreign rivals that didn't face similar requirements. Their protests failed to sway FASB; the new rule went into effect this year." The Journal continues, "Now, some of the same companies that opposed it are among those caught up in a widening probe by federal authorities of companies that allegedly 'backdated' employee stock options, a practice in which executives retroactively pick an options-grant date at which the company's share price was at a low, meaning they potentially can lock in a greater profit. This could violate securities laws and lead to misstated financial results and tax problems. This turn of events casts the companies' arguments against expensing stock options in a different light and offers what some accounting-industry observers say is a vindication for FASB. … It isn't clear that a rule requiring the expensing of options would have prevented the abuses now believed to have taken place from the early 1990s until recent years. But expensing 'would have served as a deterrent,' because the related cost would have affected profit rather than being shown in a footnote, says Rebecca Todd McEnally, director of the capital-markets policy group at the CFA Institute, a financial-markets organization."

CRIMINAL LAW:

Two More Aides Agree To Testify Against Pennsylvania State Senator. The Philadelphia Inquirer (8/13, Shiffman, 399K) reports, "Federal prosecutors investigating State Sen. Vincent J. Fumo have pressured two more people -- a current and a former aide -- to testify against him in exchange for immunity, according to a newly unsealed court document. The two aides and five others had been represented by the same law firm until recently, when a federal judge ruled that the arrangement created too many conflicts of interest. He ordered them to find new lawyers."

Fumo Has Paid Law Firm $1.2 Million Since FBI Probe Began. The Philadelphia Inquirer (8/13, Cattabiani, 399K) reported, "State Sen. Vincent J. Fumo has spent more than $1.2 million in taxpayer and campaign funds on a

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prominent law firm since the FBI began its corruption probe into the Philadelphia Democrat three years ago, records show. The money went to pay legal fees for Sprague & Sprague, which has represented Fumo throughout the criminal investigation. Fumo, his lawyers and Senate officers would not say exactly what those bills covered." The Inquirer added, "Asked what services were provided, Geoffrey R. Johnson, an attorney with the Sprague firm, responded in an e-mail: 'Fees were paid for representation of the Senate office in an aspect of the investigation related to Senate duties, but no tax dollars were paid for the Senator's personal representation.'"

US Files Additional Corruption Charges Against Louisiana Officials. The New Orleans Times-Picayune (8/12, Hamilton) reported, "St. Tammany Parish Councilman Joe Impastato Jr., already facing charges of extorting $50,000 from a Lacombe business owner, was indicted Friday on additional federal charges that he attempted to bilk another Lacombe resident in a similar scheme. Separately, former Mandeville Public Works Director Joe Mistich was hit with a federal charge Friday in the corruption probe. He is accused of covering for Impastato in the alleged fraud." The Times-Picayune noted, "The documents describe separate cases in which Impastato used his position as an elected official to broker debris-disposal contracts. He allegedly demanded kickbacks for arranging the deals and colluded with Mistich, a general contractor from Mandeville, to submit an inflated bill of $34,990 to the first victims."

DC Police Say Site Of Attorney's Murder Shows Signs Of Tampering. The Legal Times (8/14, Schwartz) reports, "The crime scene where murdered Washington, D.C., lawyer Robert Wone was found had been tampered with before police arrived, according to an affidavit for a warrant to search the office of D.C. lawyer Joseph Price." The Times continues, "Price, a partner at Arent Fox, owns the Northwest Washington house in which Wone's body was found shortly before midnight Aug. 2. … Police executed the search warrant Aug. 4 at the Connecticut Avenue Northwest offices of Arent Fox and seized Price's computer." The Times adds, "Price owns the Swann Street Northwest house with Victor Zaborsky, a marketing manager at the International Dairy Food Association. A third man, Dylan Wade, also resides there. All three were home the night of Wone's murder, according to police and Wade's lawyer. … At least one of the residents told police the night of the murder that Wone was killed by an intruder, according to the affidavit for the search warrant." The Times notes, "D.C. Metropolitan Police officers were called to the house at 1509 Swann St. N.W. around midnight Aug. 2. Upon arrival, they found Wone unconscious in a second-floor bedroom, suffering from three stab wounds to the chest. He was pronounced dead shortly after being transported to George Washington University Hospital. … According to the affidavit signed by Detective William Xanten III, technicians determined that the 'crime scene had been tampered with, including that the area where the victim's body was located had been cleaned. The use of chemicals and an artificial light source showed trace blood evidence located around where the victim's body was found. This trace blood evidence was located on the walls, floors, sofa bed and door frame of the bedroom where the decedent was killed.' … Investigators were told that Price and Wone, who knew each other through their alma mater, the College of William & Mary, had spoken and e-mailed each other before Wone came over to Price's house that evening, the affidavit states."

In New York, Reputed Crime Family Associate Admits Role In Gangland Killings. Long Island Newsday (8/12, Destefano) reports a reputed Bonanno crime family associate "admitted Friday to playing a role in two gangland slayings and faces a possible 10-year prison term. Patrick 'Patty Muscles' Romanello, 52, of Greenpoint, admitted to Brooklyn federal Judge Nicholas Garaufis that he participated in the conspiracies to murder mob associate Louis Tuzzio in January 1990 and Enrico Mazzeo, a former city official, in November 1982. … Law enforcement officials have said that Tuzzio was killed at the behest of the late Gambino boss John Gotti because of the victim's involvement in the murder of another mob associate. The associate, Gus Farace, was responsible for the 1989 murder of Drug Enforcement Administration special agent Everett Hatcher."

NYTimes Opposes Florida Law Allowing Citizens To Use Deadly Force. The New York Times (8/14, 1.21M) editorializes, "If ever a law was designed as a get-out-of-jail-free card for the trigger-happy gun owner, it's one that comes to us via the gun lobby and the State of Florida. The law, passed in the last year in 15 states and

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being considered in eight others, allows the extraordinary use of deadly force when a person simply doesn't want to back away from a confrontation." The Times concludes, "Redefining lethal force is bad enough, but it also comes with near-automatic immunity from prosecution and civil lawsuits. Florida's law is a sick cousin of the work of the gun lobby on Capitol Hill, where it has successfully protected the interstate traffickers of guns used in crimes. And it is the evil twin of laws passed in 38 states that allow concealed weapons. After all, what good is packing heat if it just stays in the holster?"

CIVIL RIGHTS:

Two New York Men Charged With Hate Crime. The New York Times (8/14, Lueck) reports, "Two Queens men have been charged with hate crimes after a confrontation that began in Douglaston with racial slurs shouted at a car full of Chinese-American students and escalated into a vicious roadside attack, then led to a fight with two police officers blocks away, the authorities said yesterday." The Times continues, "By the time it was over early Saturday, one of the students had been struck with his own steering wheel lock, one of his companions had been beaten in the face and body, and both officers had suffered minor injuries. All were released from hospitals after receiving treatment." The Times adds, "The events came as a shock yesterday to many people across Flushing, Douglaston, Little Neck and other neighborhoods of northern Queens that have attracted large concentrations of immigrants from China and Korea. … According to a law enforcement official, who insisted on anonymity because of the nature of the case, the epithets directed by the suspects, both white, at the four students, all of them native New Yorkers of Chinese descent, were laced with a racially derisive term rarely heard since the Korean War. … The authorities said that Kevin M. Brown, 19, of Auburndale, Queens, and Paul A. Heavey, 20, of Little Neck, were charged with assault and criminal harassment, and that each of the charges was elevated to a hate crime because of the nature of the attack and the slurs that were used. .. Mr. Brown also was charged with assaulting the arresting officers, and resisting arrest. He had already been awaiting trial on an assault charge. The police said Mr. Brown attacked a man with a hammer after a collision and dispute on a Queens street in May."

Pastor Sees Abortion Debate As Partisan, Not Religious Issue. With the Supreme Court expected to address the issue of abortion this fall, Episcopal pastor Tom Ehrich, in an op-ed in USA Today (8/14, 2.27M), says compromise is unlikely as "America's religious communities show deep divisions and hardening positions on abortion." Ehrich says the public sees "the abortion debate as individuals rather than with one religious voice" which is different "from the rhetoric — political and religious — on the national stage." Ehrich concludes, "Perhaps it's time for the common-sense middle to assert itself against both extremes -- in abortion and in the next hot-button issue."

Military Atheists More Assertive. Newsweek (8/21-28, Phillips, 3.12M) reports in its "Periscope" column, "'There are no atheists in foxholes,' the old saw goes. The line, attributed to a WWII chaplain, has since been uttered countless times by grunts, chaplains and news anchors. But an increasingly vocal group of activists and soldiers -- atheist soldiers -- disagrees." Master Sgt. Kathleen Johnson, who "founded the Military Association of Atheists and Freethinkers and who will be deployed to Iraq this fall," said, "A lot of people manage to serve without having to call on a higher power."

ANTITRUST:

Listing Service Responds To DOJ Probe. Inman News (8/14, Roberts) reports, "Multiple Listing Service of Northern Illinois has turned over hundreds of thousands of documents for a U.S. Department of Justice investigation that relates to limited-service real estate listings, and MLSNI has also responded to a subpoena that is linked to a federal antitrust lawsuit against the National Association of Realtors." Inman continues, "MLSNI, one of the largest MLSs in the country with about 51,000 members, in March received a subpoena from the Department of Justice that relates to ongoing antitrust litigation between the federal agency and the national Realtors trade group. The Justice Department charges in the lawsuit that the Realtor group's MLS policies for the online display and sharing of real estate information are overly restrictive, while the trade group has held that its policies are legal and provide for ample sharing of information. … In a statement to members, MLSNI said it was one of about 20 MLSs across the country that received a 'civil investigation demand' or subpoena from the Justice Department relating to the lawsuit." Inman adds, "The

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subpoena mostly related to MLSNI's Virtual Office Web site (VOW) and Internet Data Exchange (IDX) policies for sharing property information online, though the Justice Department did request information related to the pullout and return of some real estate companies as members of the MLSNI, 'as well as information regarding discussions MLSNI and MAP MLS have had and are having regarding (an MLS) consolidation or other transaction,' according to an MLSNI announcement to members. … Laurie Janik, general counsel for the National Association of Realtors, announced at a conference in May that at least 14 MLSs had been served subpoenas at that time, and all of those subpoenas related to the Justice Department's lawsuit against the trade group, she said."

EU Probes Metso Bid For Aker Kvaerner Unit. The Wall Street Journal/Dow Jones Newswires (8/14) reports, "The European Commission Monday launched an in-depth investigation into Metso Corp.'s plan to buy Norwegian offshore contractor Aker Kvaerner ASA's pulping and power business." Dow Jones continues, "The Brussels antitrust regulator said the deal could reduce competition in the markets for pulp mill equipment. … 'This takeover would reduce the number of competitors from three to two,' the commission's top antitrust regulator Neelie Kroes said in a statement." Dow Jones adds, "Finland-based Metso and Aker Kvaener both develop and manufacture equipment for pulp mills that serve the paper industry. Austria's Andritz AG is the only other maker of this equipment. … The commission said its in-depth investigation will focus on the markets for the supply of cooking equipment as well as the brown-stock washing, oxygen delignification, and bleaching stages of pulp production. … The commission said it will study the deal for 90 working days, noting that an in-depth investigation doesn't prejudge a final regulatory decision."

ENVIRONMENT/INDIAN AFFAIRS:

BP's Decision To Keep Part Of Field Open Eases Oil Price Fears. The Wall Street Journal (8/14, Farivar, 2.03M) reports BP's decision to continue to partially operate Alaska's Prudhoe Bay oil field "has taken the worst-case scenario for oil prices off the table. Under pressure from federal authorities concerned about supply shortages and Alaskan state officials fearing the loss of hundreds of millions of dollars in royalties and taxes, [BP] said late Friday it would maintain production in the western part of Prudhoe Bay...because it was confident of the integrity of the pipeline there." BP also "pledged to continue rigorous inspections of the route and implement unprecedented oil-spill response measures." BP's move came as Exxon Mobil and ConocoPhillips, "the two other partners in Prudhoe Bay, both informed their customers that they wouldn't be able to honor their delivery commitments. BP said it saw no need for such a measure, and refiners on the U.S. West Coast that depend on the field's crude oil said they could offset the shortfall by drawing down on inventories or tapping into readily available foreign sources of oil such as Saudi Arabia's."

Prudhoe Bay Spills Call Into Question BP's Management. USA Today (8/14, Woodyard, Davidson, Heath, 2.27M) reports a 735-gallon pipeline spill earlier this month, "along with one in March of 267,000 gallons, calls into question BP's management and the problems that surround the decline of Prudhoe Bay." The field "is showing its age. Snow and ice, along with bitter cold at the site 7 miles from the Arctic Ocean, allow water to seep underneath insulation and rust pipelines from the outside. Corrosion is attacking from within." Critics "say the company is unwilling to sink millions more into an oil field that is producing an average of 3.5% less every year." However, "BP denies cutting corners." USA Today notes, "The pipelines are largely unregulated because they are low pressure and above ground. Neither Alaska nor the federal government required any specific steps to control or check for corrosion. Only recently has the Bush administration announced plans to regulate them." The spills "could bolster environmental groups' case against drilling in the Arctic National Wildlife Refuge."

Creator Of BP Ad Campaign Disappointed By Company's Direction. In a New York Times (8/14, 1.21M) op-ed, advertising executive John Kenney, who helped create BP's "beyond petroleum" ad campaign, writes, "I believed wholeheartedly in BP's message, that we could go — or at least work toward going — beyond petroleum." Kenney writes, "I guess, looking at it now, 'beyond petroleum' is just advertising. It's become mere marketing — perhaps it always was — instead of a genuine attempt to engage the public in the debate or a corporate rallying cry to change the paradigm." Kenney says the men that run oil companies "possess something more valuable than wealth, privilege and power. They have at their disposal the truly rare possibility of creating a legacy, the ability to change things, on a huge scale. Think of it. Going beyond petroleum. The best and

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brightest, at a company that can provide practically unlimited resources, trying to find newer, smarter, cleaner ways of powering the world. Only they didn't go beyond petroleum. They are petroleum."

EPA Under Pressure To Crack Down On Diesel Engine Emissions. The Washington Post (8/14, A6, Eilperin, 748K) reports that it was recently discovered that government scientists "had used faulty estimates of the amount of fuel consumed by diesel trains, they grossly understated the amount of pollution generated annually." That has "put pressure on the government to crack down further on diesel engine emissions, a long-standing goal of Bush and Clinton administration officials. Bill Wehrum, the EPA's acting assistant administrator for air and radiation, said recently that his agency hopes to issue draft regulations by the end of the year or early next year for trains and ships that would reduce nitrogen oxide and particulate matter emissions 'on the order of 80 to 90 percent.'"

Air Force To Test Coal-Based Synthetic Fuel. Newsweek (8/21-28, Ephron, 3.12M) reports in its "Periscope" column that the US Air Force "spends about $4 billion a year gassing up its warplanes. Next month Air Force test pilots will try something new: flying a B-52 bomber on a fuel mixture that includes synthetic gas made from coal. The test flight is part of an energy-conservation program at the Pentagon that takes into account the potential for more instability in the Mideast, which provides much of the United States' oil." But "environmentalists aren't fans of the idea" because it "will create the same amount of carbon-dioxide pollution as gas, furthering global warming."

FBI/DEA/ATF/USMS:

Fentanyl-Heroin Mixture Linked To More Deaths. The Allentown (PA) Morning Call (8/13) reports, "A blend of potent painkiller and heroin that has killed hundreds of people in cities across the country — including at least 70 in Philadelphia — has hit the tiny towns of the coal region. Authorities say the mix of fentanyl…and heroin is suspected of causing the deaths of at least nine people in Schuylkill County, five of them in the small town of Tamaqua, in the past few months."

Fentanyl-Related Overdoses Dissipating In Pittsburgh. The Pittsburgh Post-Gazette (8/14, Fuoco) reports the "explosion of drug overdoses and deaths in the area this summer has dissipated, indicating fentanyl-laced heroin suspected in the spike is no longer on the streets. While there's no longer an immediate public-health threat posed by the extra-strong fentanyl-boosted heroin, believed to be responsible for as many as 14 deaths between mid-May and mid-July, there remains a heroin-addiction problem that shows no signs of abating. … The area wasn't alone in dealing with an outbreak of overdoses from the mixture. From the Midwest to the East Coast, authorities have been trying to get a handle on an extraordinary number of overdoses, and more than an estimated 200 overdose deaths, caused by heroin laced with fentanyl."

The Pittsburgh Post-Gazette (8/14, Fuoco) also writes, "The reports of innumerable overdoses and a high number of fatalities didn't faze the addicts except to excite them about the prospect of getting their hands on a drug that would recapture a high that had been dulled by tolerance. Those who overdosed, they felt, weren't careful."

No Fentanyl Found In Fatal Drug Mixture. Morris County, New Jersey's Daily Record (8/12) reports from Hanover that tests "revealed [a woman] died of a multiple drug intoxication consisting of heroin and alprazolam, which commonly is found in the prescription medication Xanax and codeine. … The toxicology results were negative for the presence of fentanyl."

Report: Methadone Fatal Overdoses Nearly Quadruple. According to the AP (8/12, Caruso) reports the number of fatal overdoses among people "taking methadone has nearly quadrupled in recent years, and experts say a surge in the drug's use as a painkiller is to blame. Methadone has long been known for its use combating heroin addiction, but in the 1990s an increasing number of doctors began prescribing it as an inexpensive alternative to painkilling drugs like OxyContin. … According to the Drug Enforcement Administration, retail sales of methadone roughly quadrupled between 1999 and 2003 and have increased tenfold between 1997 and 2005."

Accused Drug Trafficker Pleads Guilty In Boston. The Worcester Telegram (8/12) reports Rigoberto Morfin-Rodriguez "pleaded guilty before U.S. District Court Judge F. Dennis Saylor IV, of conspiracy to distribute cocaine and marijuana, and distribution of cocaine and marijuana. … The prosecution was the result of a

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multidistrict investigation initiated in December 2003 by the Drug Enforcement Administration, Massachusetts State Police and other local authorities. The investigation led to federal investigations of the Morfin-Rodriguez organization and others in Washington state, Arizona, Georgia and Illinois. In the course of the investigation, authorities have seized about 2,500 pounds of marijuana."

Man Who Posed As DEA Agent Is Sentenced In Sacramento. The Stockton Record (8/12) reports a Stockton man who "posed as an agent for the Drug Enforcement Administration to solicit donations for a purported nonprofit was sentenced Friday to 15 months in federal prison. Ricardo Simental, 43, once even made a speech before a Rotary Club touting his phony nonprofit organization, which purportedly benefited at-risk children, said Assistant U.S. Attorney Carolyn Delaney, who prosecuted the case."

DEA Exhibit In Chicago Criticized. The Washington Post (8/12, A3, Lydersen) reports the "central message of a traveling Drug Enforcement Administration exhibit unveiled at Chicago's Museum of Science and Industry…is that terrorism and drugs are inextricably linked. But advocates of legalization who are leafleting outside the exhibit say the DEA is leaving out an important part of the story. Critics agree that drug trafficking provides a potentially lucrative revenue stream for terrorist organizations. But they say the profit is actually fueled by the government's war on drugs, which creates a situation akin to prohibition of alcohol." However, Steve Robertson said, "We're a law enforcement agency -- we enforce the laws as they are written. … People say if we didn't have (drug) laws there wouldn't be a problem, but there was a problem before, and that's why laws were established." The Tampa Tribune, Indianapolis Star, and Knoxville, Tennessee News Sentinel also published the Washington Post story.

The Washington Times/UPI (8/12) cites the Washington Post story.

Accused Top Player In Trenton Heroine Trade Gets 17-Year Sentence. The Trentonian (8/14) reports Operation Golden Triangle, "the high profile 2004 shakedown of the city's heroin trade, led to a 17-year prison term for one of its top players yesterday, officials said. Bloods' gangster Akeem Blue, 22, of Kingsbury Square, Trenton, an alleged wholesaler for the heroin cartel toppled by the state-wide operation, pleaded guilty April 14 to possession of heroin with the intent to distribute after he was caught two years ago buying 8,950 decks of smack with $43,000 in cash."

The AP (8/11) writes, "Prosecutors said the cartel would obtain large quantities of street-packaged heroin bricks from sources in northern New Jersey, then separate them out for distribution in single doses in the Trenton area."

Pro Golfers, Officials See No Steroid Problems In Golf. The New York Times (8/14, Hack) reports, "In interviews with several professional golfers and officials, none said they believed that professional golf had a steroid problem. But many recognized that their sport does not exist in a vacuum despite its being perceived as a game of honor. … A move toward testing has already begun in some golf circles. During the British Open last month, Peter Dawson, the chief executive of the Royal and Ancient Golf Club of St. Andrews, announced that the countries competing in the World Amateur Team Championships in South Africa in October would be given a drug test."

VA: Court Upholds Conviction In Drug-Related Case. The Washington Post (8/13, Rondeaux) reports the Virginia Court of Appeals "has upheld the conviction and sentence of a Manassas drug dealer in the killing of a Leesburg man three years ago. A Loudoun County jury convicted Tyrone T. Smith in 2004 on charges of second-degree murder in the shooting of Leesburg resident John G. Zimmerman. Prosecutors said that a drug deal between the two…went sour and that Smith…fired shots from the parking lot in front of Zimmerman's apartment."

Three Killings Linked To Ecstasy Smuggling In San Francisco. The Daily Review (8/12) reports "Infighting between two of the Bay Area's biggest distributors of the illegal drug ecstasy may have led to the bludgeoning deaths of three people found inside a Union City home almost four years ago. Oakland resident Johnny Li, 33 — who was one of the area's largest ecstasy distributors, according to an affidavit unsealed this week by a U.S. District Court magistrate — his fiancee, 26-year-old Deborah Yao of Union City, and friend Kevin Kwok, 32, of San Jose, likely were killed because Li 'wanted to be the sole distributor of (ecstasy in the Bay Area),' the document states." According to the DEA, "Johnson Mai, the ringleader of a major ecstasy smuggling operation

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suspected of dispensing some 3.6 million doses of the drug in the Bay Area since 2000, was arrested Thursday along with four others during a series of raids in the East Bay and on the Peninsula."

The Mercury Register (8/11) writes, "Agents arrested five suspects in raids on six homes in the East Bay and the Peninsula on Thursday morning, discovering about 70,000 Ecstasy pills in an apartment. … Smugglers transported pills from their point of manufacture in the Netherlands to San Francisco International inside leather sofas, upright pianos and even automobile transmissions, the DEA said."

The Bay City News Wire (8/12) reports five Bay Area residents "suspected of being in a drug smuggling ring are facing charges of conspiracy to distribute Ecstasy, according to the San Francisco division of the Drug Enforcement Administration (DEA). The DEA worked with U.S. Immigration and Customs Enforcement (ICE) to target the Bay Area-based criminal organization that reportedly used imported pianos, automobile transmissions and sofas to smuggle large quantities of Ecstasy into the U.S. since 2000."

IMMIGRATION:

Small Towns Targeting Illegal Immigrants' Landlords, Employers. USA Today (8/14, Dorell, 2.27M) reports Mayor Lou Barletta "says illegal immigrants are overfilling schools in Hazleton, Pa., cramming local health clinics and overrunning the playground where he once played basketball." Barletta "says illegal immigration is 'destroying small towns' that don't have the budget to deal with the influx," and he "proposed a law that fines landlords for renting to illegal immigrants and punishes employers for hiring them. The City Council passed the measure, and Barletta signed it into law last month." Hazleton's "requirements are strict, but other communities also are targeting landlords and employers."

Dedicated Minuteman Profiled. The New York Times (8/14, LeDuff, 1.21M) profiles Minuteman volunteer Britt Craig, who "describes himself as a 57-year-old Spartan, a decorated war veteran, a Buddhist, a damaged and lonesome man, a lover of books who can pull bits of philosophy from the corners of his confinement." While "some, including President Bush, call people like Mr. Craig a vigilante, more consider him a concerned citizen, if some polls are to be believed. And while the Minutemen do carry guns, the Border Patrol says there have been no reports of immigrants being shot or abused by them since they began their campaign more than a year ago."

WPost Approves Of Pence And Hutchison's Approach To Immigration Reform. The Washington Post (8/14, A12, 748K) says in an editorial that into the "poisonous environment" of the debate over immigration, "two conservatives -- Rep. Mike Pence (R-Ind.) and Sen. Kay Bailey Hutchison (R-Tex.) -- have introduced an intriguing, if imperfect, proposal that may offer the last, best hope for achieving immigration reform this year. It would begin with beefed-up enforcement -- but as part of a comprehensive package that would also put the millions now living in the United States illegally on a path to legal status and eventual citizenship." The Post adds, "We are not endorsing Pence-Hutchison; that would be impossible given that no actual legislation has been introduced. We do, though, applaud its authors for seeking to refocus the immigration discussion in a positive way."

CONGRESS-ADMINISTRATION:

Governors Oppose Federalizing Of National Guard. The Washington Post (8/14, Balz, 748K) reports, "The nation's governors, protesting what they call an unprecedented shift in authority from the states to the federal government, will urge Congress today to block legislation that would allow the president to take control of National Guard forces in the event of a natural disaster or a threat to homeland security." The governors sent a "sharply worded" protest to Congress. Fifty-one governors, including some from territories, had signed the letter as of yesterday, demonstrating "broad bipartisan support that underscores the depth of opposition among state executives to encroachments by Washington on their powers." The governors had previously "pressed President Bush and Defense Secretary Donald H. Rumsfeld over what they regarded as harmful proposed cuts and restructuring in the Guard."

Crawford, Texas, Said To Be Divided On Bush Record. The Financial Times (8/14, Daniel) reports that even the "tiny town" of Crawford, Texas, "which is not on the maps handed out from car rental kiosks at the nearby Waco airport, but which Mr Bush calls home, has become a microcosm of America – split on his record and the war in Iraq." The "country's most famous anti-war mother,

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Cindy Sheehan, comes to town every time the president heads for his 1,600-acre Prairie Chapel Ranch, and so do the protesters." This year, as "anti-war sentiment has moved from the margins to the mainstream, the number of protesters has dwindled," and "as Mr Bush has launched a more assertive defence of his actions in Iraq, the tone" of his aides "has turned dismissive."

Retirement To Reduce Field Of Federal Contracting Officers By 54%. The Washington Post (8/14, D4, Barr, 748K) reports in its "Federal Diary" column that the "crunch time for the federal acquisition workforce hits in 2015. That's when 54 percent of contracting officers will be eligible to retire, according to a recently released report by the Federal Acquisition Institute. That is a sharp jump from fiscal 2005, when only 13 percent were eligible." The loss "of experienced officers could be severe at the Small Business Administration, where 81 percent of contracting officers will be eligible to retire in 2015, and at the Army, the Navy and the Energy, Homeland Security and Health and Human Services departments, where at least 60 percent will be eligible for retirement." For "federal procurement, however, a wave of retirements could be especially critical. Contracting officers oversee about $350 billion a year in spending, and there are concerns that not enough mid-career professionals will be left to replace retirees because of budget and staff cuts in the 1990s that thinned the ranks."

Hatch Act Permits DOL Official To Appear On TV As "Conservative." The Washington Post (8/14, A11, Kamen, 748K) reports in its "In the Loop" column Labor Department Deputy Assistant Secretary Karen Czarnecki has appeared "on Fox News as a 'conservative strategist.' She's also a regular 'conservative analyst' on the PBS show 'To the Contrary' and, according to her department biography, has appeared on MSNBC, CNN, Canadian Public Broadcasting and C-SPAN. So how does Czarnecki, who has worked in the Reagan and Bush I administrations and at the Heritage Foundation, do it? Easy. We're told it's quite possible to hold forth on 'intelligent design,' the meaning of the latest election returns and most any political issue without running afoul of ethics regulations or the Hatch Act's provisions on politics and government employees."

Design Revisions Delay Delivery Of Congressional Medals To Tuskegee Airmen. The Washington Post/Newsday (8/14, A11) reports, "Five months after Congress voted to bestow its highest honor on the Tuskegee Airmen -- pioneering aviators who during World War II broke the color bar banning black pilots in the U.S. military -- the Congressional Gold Medal is still not in their hands." An aide to Rep. Charles B. Rangel "said several revisions to a design submitted by the aviators group have delayed the medal's issuance. Milne said the medal originally was to have featured the images of three aviators on the front and aircraft on the medal's reverse side. He said efforts to simplify the design have led to delays."

Spellings Defends Opportunity Scholarships. US Secretary Of Education Margaret Spellings writes in USA Today (8/14, 2.27M), "All children deserve a high quality education" so "President Bush's proposed America's Opportunity Scholarships for Kids would help low-income families whose schools have failed to meet state academic standards for five or more years" by offering to parents "scholarship money to transfer their children to a higher-performing public, charter, or private school or enroll them in an intensive tutoring program." Already, "this year, we've requested $200 million from Congress for school improvement. That's in addition to almost $13 billion we've provided to help Title I public schools meet their students needs. Scholarship programs do not replace these efforts but complement them" by insuring that "every child has equal access to" education.

USA Today Urges Support For Coaches, Charters Instead. USA Today (8/14, 2.27M) responds in its editorial, "In certain circumstances, vouchers are appropriate experiments." But "rather than paying students to leave those schools, here are some better ways to spend that $100 million: Help states pay for coaches." And "boost the capacity of effective charter schools." Because "federal accountability rules snagged struggling schools…Washington has a responsibility to lend a hand. That requires doing something more effective than handing out vouchers that encourage the most motivated families to abandon those schools."

Dropout Rates Said To Pose National Security Crisis. William E. Kirwan, chancellor of the University System of Maryland, writes in the Washington Post (8/14, A13, 748K), "A national security crisis is brewing" in low

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high school and college graduation rates that "could be devastating for the future of the United States." So states should form K-16 councils, "which bring educational leaders from all levels…together with business and community leaders on a regular basis to develop reform agendas." And "state governments and higher education need to rethink the way they distribute financial aid." Otherwise, "U.S. leadership in the global economy will erode. Perhaps even more threatening, our national ethos of social upward mobility will be lost and we will devolve into a two-tier society with a permanent underclass."

WSJournal Says Alaska Delegation Steers Excessive Federal Funding To State. The Wall Street Journal (8/14, 2.03M) in an editorial criticizes Alaska's congressional delegation, accusing them of steering too much in Federal spending to the state. The Journal says Alaska "is routinely handcuffed in its economic development efforts by Congress -- most notably by the prohibition on tapping oil resources from the Alaska National Wildlife Refuge (ANWR). Two-thirds of the land in Alaska is also owned by Uncle Sam and thus typically off limits to income-producing projects. But Alaska isn't poor; its per capita income is above the national average even before calculating the oil trust fund windfall each year. And taxpayers nationwide already subsidize Alaska's development projects with the billions of dollars of oil taxes that flow to the state's coffers. Why should everyone else pay for its earmarks too?"

NYTimes Pans Proposed Vietnam Veterans Memorial Visitor Center. In an editorial, the New York Times (8/14, 1.21M) says that the Vietnam Veterans Memorial's "eloquence and its terseness — both a product of its simplicity — have moved nearly everyone who has ever been lucky enough to visit." Noting that the Vietnam Veterans Memorial Fund has proposed an underground visitor's center, the Times writes, "This is an idea that makes no sense." The Times adds, "[T]he most serious objection is simply that the visitor center is not necessary. … At best, the visitor center can offer only a sanitized glimpse of that deeply controversial war. At worst, it will become a political battleground. Either way, it will damage the clarity of what Maya Lin achieved."

OTHER NEWS:

Change To CPI Formula Would Affect Inflation Estimates. The Wall Street Journal (8/14, lp, 2.03M) reports, "The Bureau of Labor Statistics is contemplating a change in the widely followed consumer-price index that could have a big impact on how markets and policy makers interpret the latest inflation data." The agency "is considering publishing the index and its subindexes to three decimal places instead of one, an agency official said. Doing so would greatly reduce the frequency with which rounding produces a misleading inflation rate." The Journal adds, "No decision has been announced. If it goes ahead, the change would probably take effect early next year."

Markets Said To Have Learned To Circumvent Fed Policy. In a Wall Street Journal op-ed (8/14, A9), Henry Kaufman, president of Henry Kaufman & Company, Inc., an economic and financial consulting firm, says, "In its most recent directive, the Federal Open Market Committee restated the Fed's long-standing and laudable goals: to seek 'monetary and financial conditions that will foster price stability and promote sustainable growth in output.' But the Fed's monetary tactics are flawed, and work against these objectives." Fed strategy "of the last few years stands on three tactical legs. First, its responses to economic and financial developments have been measured; second, its intentions and actions have been transparent; and third, it has relied on an econometric model for projecting future developments. These approaches would be reasonable, rational and effective -- if not for the uncomfortable fact that markets have learned how to circumvent them."

Strong Economy May Prompt Fed To Resume Rate Hikes. The Wall Street Journal Online (8/14, Conkey) reports in its "Washington Wire" that if the Federal Reserve policy makers "are going to resume their recently paused campaign of interest-rate increases, history suggests it will happen soon. Economists at Goldman Sachs recently analyzed the Fed's monetary policy decisions over the last several business cycles and found that pauses in the midst of tightening campaigns didn't last longer than one meeting. Either the Fed resumed raising rates at its next meeting or the pause lasted and the Fed started lowering interest rates six to seven months down the road. That suggests the outcome of the Fed's September meeting will be telling for monetary policy over the next year or so, and that a rate increase is much

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more likely to come in September than sometime later this year."

The Wall Street Journal (8/14, A8, 2.03M) says in an editorial that the retail sales figure for July of 1.4% "suggest that third quarter economic growth is off to a decent start, notwithstanding predictions that gas prices and a slowing housing market would leave consumers tapped out. The economists at Goldman Sachs have promoted this theme especially hard. Others have argued that job creation and healthy income growth would keep the resilient consumer in the game." But the strong economy "make life even more difficult for the Federal Reserve, which only last week stopped raising interest rates for the first time since June 2004 based on its prediction that the economy would slow enough in coming months to contain inflation. By this logic, if the economy doesn't slow as predicted, the Fed will have to resume raising rates, perhaps sooner than it now expects."

Many Scientists Dismiss Near-Term Expectations About Stem Cell Therapy. The New York Times (8/14, Wade, 1.21M) reports, "In the five years since President Bush authorized and at the same time restricted research on human embryonic stem cells, a marked shift has taken place in some scientists' views of how the research is likely to benefit medicine. Many no longer see cell therapy as the first goal of the research, parting company with those whose near-term expectations for cell therapy remain high." Instead, "these researchers envisage a longer-term program in which human embryonic cells would be a research tool to study the mechanisms of disease. From this, they say, many therapeutic benefits may emerge, like new drugs, which would probably be available at least as soon as any cell therapy treatment." The Times adds, "Government policy has slowed research with human embryonic stem cells in many ways, scientists say. To work with unapproved lines, government-supported researchers must not only raise private money but also keep their government-financed work separate from their work on unapproved stem cell lines."

State, Local Governments Advancing Minimum Wage. Time (8/21, Caplan, 4.03M) reports, "Although 22 states require employers to pay more" than the $5.15 Federal minimum wage "(and six more may do so in November), activists in Chicago and elsewhere are pressing for a 'living wage' to help the working poor." After "years of failed attempts to unionize big-box stores, labor seems to have hit on a winning legislative tactic in the battle over pay. Congress hasn't acted in nearly a decade, and although 140 local living-wage laws have been enacted in the U.S., most apply just to city workers or contractors."

Lamont Says Lieberman, Cheney Comments "Offensive." USA Today (8/14, 2.27M) reports, "Democratic Senate nominee Ned Lamont, the anti-war candidate who toppled Sen. Joe Lieberman in the Connecticut primary Tuesday, said Sunday that he was surprised Lieberman and Vice President Cheney claimed that Lamont's victory could embolden terrorists. 'The very first thing that comes out of their mind is how can we turn this to partisan advantage. I find that offensive,' Lamont said." Cheney "had said Wednesday that Lamont's victory might encourage 'the al-Qaeda types' who want to 'break the will of the American people in terms of our ability to stay in the fight and complete the task.'" Cheney spokeswoman Lea Anne McBride "said Sunday that Lamont was the one 'playing politics at a time the president is trying to build national unity and cooperation in fighting a determined and murderous enemy.'"

The AP (8/14, Miga) reports Lamont said in an interview Sunday with the Associated Press that "Lieberman's swipe at his candidacy 'sounded an awful lot like Cheney.'" Added Lamont, "It surprised me. … It seemed almost orchestrated. It's sort of demeaning to the people of Connecticut. ... I thought the senator and the vice president were both wrong to use that attack (strategy) on the voters of Connecticut." The Lieberman camp "brushed aside Lamont's comments. 'All Lieberman did was point out an important difference between his approach to national security and Ned Lamont's, which is what campaigns are all about,' said Lieberman spokesman Dan Gerstein."

Asked on Fox News Sunday (8/13, Wallace) about Cheney's statement that his "victory encourages the Al Qaida types," Lamont said, "I did find that offensive. I find that terribly harsh and wrong. Look, what's going to -- what we ought to be doing is fighting the war on terror in a serious way. I think we've gotten a little bit complacent, to tell you the truth. Maybe we've had a wake-up call in the last couple of days. We ought to be focused on homeland security. We ought to be focused on our ports, on our airports and public transportation, a lot of which you were talking about here today. We also are much stronger when we work in concert with our allies, when we have shared intelligence. And I think

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that we've taken our eye off the ball there a little bit, and I think it's time to focus."

Lamont Distinguishes Between Iraq, War On Terror. On CBS' Face the Nation (8/13, Pelley), Lamont said, "I don't think our invasion of Iraq has done anything when it comes to the real war on terror. … It was a terrorist cell coming out of Pakistan, going through London, threatening the United States of America, five years later. You know, if nothing else, I think our country has gotten a little bit complacent when it comes to the war on terror right now. And maybe this is a wakeup call. Maybe we'll take into account the 9/11 Commission recommendations when it comes to homeland security, be it the ports, public transportation, airports, nuclear facilities."

Dean Says Lieberman "Embraced" Bush's Policies. Asked on NBC's Meet the Press (8/13, Gregory) why Connecticut Democrats rejected Sen. Joseph Lieberman, Democratic National Committee Chairman Howard Dean said, "I think he embraced George Bush's policies, and the American people are tired of George Bush's policies. They want a new direction in this country, and, and the voters have spoken." Dean added he thought Lieberman should exit the race adding, "We need a new direction, and I think Ned Lamont will give us that new direction."

Lieberman Said To Be Using GOP Strategy On Iraq Against Lamont. Newsweek (8/21-28, Darman, 3.12M) reports that after Ned Lamont's victory in the Democratic Connecticut Senate primary, Sen. Joseph Lieberman warned that if the US picks up "like Ned Lamont wants us to do…get out by a date certain, it will be taken as a tremendous victory by the same people who wanted to blow up these planes." Newsweek adds that "at least for one day, Joe Lieberman became the most prominent spokesman for the Republican strategy in 2006: paint Iraq critics as frail on national security at a time when our foes are at their fiercest." The GOP "has moved aggressively to capitalize on Lieberman's defeat and the subsequent London terror news." Karl Rove "and the Republicans now see a new opportunity in 'Lamontism' -- the idea that liberal Democrats will risk failure in Iraq to score points with a public grown weary of war."

Ridge Disagrees With Cheney On Impact Of Lamont Win. Newsweek (8/21-28, Thomas, 3.12M) reports that while President Bush "tried to reassure Americans that they are safer than they were before the attacks," at the "same time, his vice president, Dick Cheney, darkly warned that the Connecticut primary victory of antiwar candidate Ned Lamont over Sen. Joseph Lieberman would only encourage 'Al Qaeda types.' (Interviewed by NEWSWEEK, former Homeland Security secretary Tom Ridge bridled at his former colleague's remark: 'That may be the way the vice president sees it," he said, "but I don't see it that way, and I don't think most Americans see it that way.')" Newsweek adds White House aides "insisted that Cheney was not trying to exploit the latest terror plot for political advantage," but they "were somewhat hard put to explain why the normally press-shy Cheney volunteered to talk to wire reporters and offer his analysis on the national-security implications of a Lamont victory."

After Campaign Calls Website Attack "Rovian," Lieberman Takes Call From Rove. In her Time "Notebook" column (8/21), Ana Marie Cox says, "On the eve of the Connecticut primary, Senator Joseph Lieberman's website goes as dark as the horse Ned Lamont rode in on. Joe's campaign alleges the outage is a Lamont dirty trick, 'almost Rovian' -- which makes things awkward when Rove gives Lieberman a sympathy call the next day."

Klein Says "Blognuts" Critique Of Triangulation Shows Democrats' "Self Destructive Urge." In his Time column (8/21), Joe Klein says, "Eli Pariser, the executive director of MoveOn.org and therefore, perhaps, the nation's blognut in chief, proposed the 'death of triangulation' -- that is, the end of Clintonian moderation -- in a Washington Post Op-Ed piece and announced a return to ... well, the party's stupid excesses of the '70s and '80s." Pariser's "anti-triangulation argument deserves attention because it represents the latest expression of a perennial self-destructive urge within the Democratic Party."

Lieberman Bid Seen As Hinging On Strong Support From His Base. The Washington Times (8/14, Hurt, 88K) reports that Sen. Lieberman's "re-election bid as an independent will depend on whether he can maintain voter support at home in the next few weeks and raise the money needed to wage a campaign against two party-backed candidates." Noting that a Rasmussen Reports poll last week showed Lieberman leading Lamont 46% to 41%, with 6% backing GOP candidate Alan Schlesinger, the Times relates that Lieberman "begins his independent campaign with backing from about 75 percent of his supporters in the primary, according to an exit poll conducted by the New York Times and CBS News. That amounts to nearly 40 percent of the Democrats who participated in the primary. His base, according to the poll, is significantly more loyal than is Mr.

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Lamont's. Nearly half of Mr. Lamont's supporters said they were motivated primarily by opposition to Mr. Lieberman, while 92 percent of Mr. Lieberman's supporters said they were casting their vote because they like Mr. Lieberman and the job he has done." Lieberman "also is expected to draw substantial support among Connecticut Republicans and independents."

Novak Sees Little Difference Between Potential Lieberman, Lamont Votes In Senate. Syndicated columnist Robert Novak (8/14) writes that while many GOP officials, including Vice President Cheney and RNC Chairman Ken Mehlman, have lamented the results of Connecticut's Democratic U.S. Senate primary, "how different from Lieberman would Lamont vote in the Senate? Not much." Novak notes, "Aside from Iraq," Lieberman has regularly denied President Bush "needed votes. … In key votes of the last Congress selected by the Almanac of American Politics, Lieberman followed the straight liberal line in opposing oil drilling in ANWR, Bush tax cuts, overtime pay reform, the energy bill, and bans on partial birth abortion and same-sex marriage. Similarly, he voted in support of Roe v. Wade, and for banning assault weapons and bunker buster bombs. His only two pro-Bush votes were to fund the Iraq war and support missile defense." Regarding Iraq, Novak adds, "In a desperate Sunday night effort to separate himself from the President," Lieberman "said 'many of the Bush administration's decisions regarding the conduct of the war' were not 'right.' That did not fit the post-primary profile of courage that subsequently was sketched for him by the Republican high command."

Mehlman Says Democrats Wrong On Iraq, War On Terror. On NBC's Meet the Press (8/13, Gregory), Republican National Committee Chairman Ken Mehlman said, "If you listen to what Osama bin Laden says, if you listen to what Mr. Zawahiri says, they both say their goal is to drive America out of Iraq the way we were driven out of Vietnam and to use that as a base to launch further attacks. They've said what their goal is if there's a failed state sitting in between Syria and Iran." Mehlman added that Democrats have "voted against the Patriot Act, against the surveillance programs, similar to the kind of programs that were used in London to deal with" the UK terror plot.

Dean Says GOP Wants To Win Midterm Elections Using "Fear." On NBC's Meet the Press (8/13, Gregory), Democratic National Committee Chairman Howard Dean said, "The Republicans hope, once again, to win an election based on fear. … Fear-mongering, whining and complaining and name-calling is not going to lead America." Dean added that in the war on terror, "Iraq never had anything to do with the war on terror and that's just a fact and that's what the 9/11 Commission said."

Focus On Terror May Benefit Bush Politically. NBC Nightly News (8/13, story 5, 2:15, Jordan, 9.87M) reported last night, "No matter what the President's overall job approval rating, he's always polled best when it comes to Homeland Security. But will that be enough to help him and his party in the midterm elections? President Bush back at the White House today after a 10-day working vacation in Texas." The "security challenges may also present a political opening for Mr. Bush." Stuart Rothenberg, The Rothenberg Political Report: "It gives the President and his party an opportunity to broaden the discussion about the war against terror and that could benefit to their advantage." Also, "NBC political analyst Charlie Cook says the President has paid a heavy political price for the Iraq war." Charlie Cook: "There was a time when President Bush had an enormous amount of credibility on national security issues and bit by bit by bit, the war in Iraq has eroded that credibility." NBC (Jordan) added, "Political experts say it could take another week or so to figure out whether the arrests in the bombing plot are going to give a lift to the President and the Republican Party. As one expert put it today…you know something else could happen that could make everyone forget about last week's arrest."

GOP Accused Of Manipulating Terror Issue. Bob Herbert writes in the New York Times (8/14, 1.21M), "I wonder if Americans will continue to fall for the political exploitation of their fears of terrorism, or if voters will begin to show some awareness of the fact that they have been cynically manipulated, and that our current policies have been disastrously counterproductive. … There was something pathetic about the delight with which Republicans seized upon the terror plot last week and began trying to wield it like a whip against their Democratic foes."

Also in the New York Times (8/14, 1.21M), Paul Krugman writes, "If current polls are any indication, Republicans are on the verge of losing control of at least one house of Congress. And 'on every issue other than terrorism and homeland security,' says Newsweek about its latest poll, 'the Dems win.' Can a last-minute effort to make a big splash on terror stave off electoral disaster? Many political analysts think it will." But "even on terrorism, and even after the latest

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news, polls give Republicans at best a slight advantage. And Democrats are finally doing what they should have done long ago: calling foul on the administration's attempt to take partisan advantage of the terrorist threat. … All Mr. Bush and his party can do at this point is demonize their opposition. And my guess is that the public won't go for it, that Americans are fed up with leadership that has nothing to hope for but fear itself."

GOP Seen As Losing Ground In Northeast. The Washington Post (8/14, A1, VandeHei, 748K) reports, "The Iraq war and Bush's low approval ratings have created trouble for Republicans in all regions." But "nowhere is the GOP brand more scuffed than in the Northeast, where this year's circumstances are combining with long-term trends to endanger numerous incumbents. … Republican losses in the region could echo well beyond the 2006 campaign. Because much of the region is tilting Democratic, history suggests Republicans would find it hard to recapture seats once lost." Republicans "understand the risk" because "they were beneficiaries of a strikingly similar regional upheaval a decade ago. Before the 1994 elections, when Republicans won control of the House for the first time in 40 years, Democrats held dozens of Southern districts in which the electorate had been gradually growing more conservative. That year, Republicans picked up 20 of those Southern seats, including several held by Democratic incumbents who -- like Northeast Republicans today -- tried to distance themselves from an unpopular White House and Congress controlled by their party."

Democrats Up 15 Points In Generic Ballot In Harris Interactive Poll. The Wall Street Journal Online (8/14) reports in its "Washington Wire" that a "new Harris Interactive telephone poll shows an uptick in support for a Democratic candidate in the next Congressional elections. When asked whom they would vote for if elections for Congress were held today, 45% of U.S. adults said they would vote for the Democratic candidate and 30% would vote for the Republican." In a "similar poll in April, 41% supported a Democratic candidate for Congress and 37% supported a Republican. The poll was conducted Aug. 4-7, just ahead of the U.K. terror arrests. In the poll, President Bush's approval rating was steady at 34%."

Schwarz Loss To Conservative Challenger Seen As Cautionary Tale For Republicans. The Washington Times (8/14, Fagan, Dinan, 88K) reports Republican Rep. Joe Schwarz "campaigned personally with Sen. John McCain and had the support of President Bush -- but what the incumbent didn't have was the right positions on issues for a conservative Republican district in Michigan." His "loss in last week's primary to conservative state lawmaker Tim Walberg is being read in Washington as a message to other Republicans about the need to control spending and listen to the conservative base on issues such as immigration and abortion." Other Republicans "saw Mr. Schwarz's position on immigration -- he tied himself to Mr. McCain's plan for guest workers and repeated Mr. Bush's declaration that the country cannot deport an estimated 12 million illegal aliens -- hurt him."

The Christian Science Monitor (8/14, Feldmann, 58K) reports that in addition to Rep. Schwarz, "another moderate senator - Lincoln Chafee (R) of Rhode Island - is fighting for his political life. If he survives the well-funded challenge of a conservative in his Sept. 12 primary, he faces another tough fight in the general election." In an election year "marked by strong anti-incumbent feeling and the potential for significant Republican losses, many of Congress's moderates - those willing to buck their party leadership at times - are vulnerable. In the House, the potential loss of Republican moderates could intensify the chamber's partisan polarization, adding to the challenges of George W. Bush's final two years as president."

Three Sons Of Democrats Defeated In 1980 Making Waves In 2006, '08. The New York Times (8/14, Toner, 1.21M) reports that in "the history of the Democratic Party, the election of 1980 looms large: the year the party lost the White House, the Senate, a generation of Midwestern liberals and, in some ways, its confidence that it was the natural, even inevitable, majority party." Call it "the return of the sons: Chet Culver, the Iowa secretary of state and the son of former Senator John C. Culver, is running for governor of Iowa." Senator Evan Bayh, "son of former Senator Birch Bayh of Indiana, is organizing and testing the waters for a possible presidential bid in 2008. And Jack Carter, the son of former President Jimmy Carter, has decided at the age of 59 to run an uphill race for the Senate in Nevada, his first foray into electoral politics."

WPost Says Virginia Lobbyist Disclosure Laws In Need Of Reform. The Washington Post

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(8/14, A12, 748K) in an editorial argues that Virginia's open records system requiring lobbyists to disclose expenditures on lobbyists is in need of reform because the rules are too vague. The Post states, "It's a situation ripe for legislative action. If Virginia's system is going to work, the General Assembly should give the secretary of the commonwealth's office the authority and means to audit lobbyists' reports, and it should prescribe tough penalties for providing incomplete or inaccurate information. Otherwise, lobbyists won't have much incentive to fully account for the money they've spent."

Clinton, Gates Lend Assistance To Effort To Fight AIDS In Developing World. The Financial Times (8/14, Jack) reports that former president Bill Clinton and Microsoft's Bill Gates "will address 24,000 of scientists, government officials and activists in Toronto on Monday at the world's biggest conference on Aids." They are "part of a strengthening alliance, complement each other's skills," and "reflect an unprecedented shift in resources and advocacy towards the problems of the diseases of the developing world." Some question "the significance and impact of Mr Clinton's influence. 'It is public health by press release,' says Jerry Norris from the Hudson Institute, a right-wing US think tank." Yet "Tony Harries, a British adviser to the government of Malawi, says the Clinton Foundation is brokering a deal that will offer a 20 per cent reduction on one drug below alternative suppliers' prices. 'When we are talking about 100,000 patients...it is quite a cost saving,' he says."

The Washington Post (8/14, A3, Brown, 748K) reports that "three conclusions about the AIDS epidemic that are likely to be themes of this largest-ever gathering of scientists and advocates." The Post notes, "The first is that there won't be an AIDS vaccine soon. The second is that AIDS treatment, finally being brought to people in poor countries, will eventually become an intolerable drain on the world's resources if the rate of new HIV infections is not reduced. The third is that a prevention strategy controlled by women -- and usable without the knowledge or permission of men -- is essential."

NAACP's Bond Says AIDS Is A Civil Rights Issue. NAACP Chairman Julian Bond in an op-ed in the Washington Post (8/14, A13, 748K) says "AIDS is a major civil rights issue of our time." Bind argues "We must also pressure our government and elected officials -- at local, state and national levels -- to be far more responsible partners than they have been. We must lift the federal ban on funding for needle exchange programs, which have been proven to slow the spread of AIDS. We must also work with elected officials to promote comprehensive, age-appropriate, culturally competent AIDS prevention efforts that give young people the tools they need to protect themselves."

Zambia Program To Fight AIDS Seen As Model. The New York Times (8/14, Altman, 1.21M) reports, "Rapid expansion of a large AIDS treatment program in Lusaka, Zambia, is working well and has saved many lives in its first two years, the program's leaders reported Sunday at the opening of the 16th International AIDS Conference here." Until recently "there was widespread skepticism that AIDS treatment programs would work in poor countries. The drugs were considered too costly and too hard to deliver to those who needed them; the required regimens were seen as too complicated and the side effects too dangerous." Yet, "the effort has worked, the authors of the study said, as health workers have made intensive efforts to use in Zambia and other poor countries the same kinds of drugs and monitoring services that are standard in rich countries."

Activist Says Rape An HIV Risk Factor In Africa. Holly Burkhalter, vice president of International Justice Mission, a global human rights agency, in an op-ed in the Washington Post (8/14, A13, 748K) writes, "President Bush's global emergency plan to fight AIDS began with the radical proposition that men, women and children in Africa didn't have to die of the disease. Three years later that radical proposition has become wonderfully ordinary. The question of whether the poor should have expensive AIDS drugs has been answered with a sturdy affirmative: 561,000 Africans are now receiving life-saving medication." But "Rape is an HIV risk factor for tens of millions of African women and children. It requires something more than condoms, education or 'empowerment.' Functioning judicial systems are the next frontier in confronting the pandemic and preventing its spread."

Questions Raised About California Pension Plan. The Los Angeles Times (8/14, Halper, 918K) reports, "David Crane is a gifted investment banker who shared his expertise with government until he was dumped from a state board that invests teacher retirement funds" by California lawmakers "after he repeatedly questioned whether state pension funds could earn enough to keep paying retirement benefits to teachers and other politically powerful employees." The Democratic lawmakers, "who receive millions in

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campaign donations from teachers unions and other government labor groups, said it wasn't Crane's job to meddle in investment forecasts. California's numbers are in line with those of other states, they note, and its pension investments have beat projections over the last 20 years." Yet, "Crane, a close friend of Gov. Arnold Schwarzenegger, represents a cadre of market gurus who see investment profits flattening. They worry that state pension systems are heading down the same path as corporate retirement plans that hit trouble after failing to meet rosy earnings projections."

Ceasefire Goes Into Effect In Lebanon. The Los Angeles Times (8/14, Chu, Daragahi, 918K) reports this morning, "By air and on land, Israeli forces and Hezbollah fighters battled fiercely Sunday in a last-minute surge of bloodletting before an official cease-fire went into effect this morning. Plumes of smoke rose above the hills of the Lebanese port city of Tyre, and sirens warning of incoming rockets sounded across northern Israel minutes before the truce commenced at 8 a.m." Israeli airstrikes "hit the town of Baalbek in the Bekaa Valley and also targeted the Shiite town of Keyfoun, southeast of Beirut -- which had not been hit previously -- right up to the deadline, Lebanese media reported." The Times adds, "Along the Israel-Lebanon border, however, artillery appeared to fall silent for at least the first hour of the cease-fire."

On its front page, the Washington Post (8/14, A1, Moore, Cody, 748K) notes the Israeli Cabinet "voted Sunday to accept a UN-declared cease-fire, even as Israeli military forces and Hezbollah fighters in southern Lebanon launched some of their most intense barrages of the war in anticipation of the Monday morning deadline." The Post says the Cabinet "debated the UN resolution for nearly five hours, with some members criticizing the government's decision to expand ground combat just before the cease-fire was scheduled to begin." Beirut and Hezbollah "agreed to the cease-fire Saturday," however, "prospects for an immediate halt in the fighting appeared dim as Hezbollah's leader said his militia would keep fighting Israeli troops as long as they remained in southern Lebanon, and Israeli officials insisted they would not withdraw their soldiers until an international force and the Lebanese army took control of the border area." The EU's Javier Solana "said that at least 4,000 foreign troops could be ready to move into southern Lebanon 'in a very, very short time,' but he declined to pinpoint a timetable."

Last night, the CBS Evening News (8/16, lead story, 2:30, Pizzey, 7.66M) said "both signs are trying to gain an advantage before the cease-fire kicks in 8:00 local time Monday morning." ABC World News Tonight (8/13, 2:30, lead story, 2:00, Harris, 8.78M) reported Hezbollah had "launched more than 250 rockets at Israel" on Sunday, "the largest bombardment since the war began. And there were huge explosions in Beirut. In 33 days of violence, more than 1,000 Lebanese civilians have died. On the Israeli side, 154 dead, 113 of those solders. With questions about whether the cease-fire will hold, and whether it will begin, a top Israeli commander says tonight, we are entering 'days of uncertainty.'" NBC Nightly News (8/16, lead story, 2:55, Fletcher, 9.87M) said there was "no sign anyone's getting ready to stop the fighting. In fact," Sunday was "one of the roughest days so far. Each side is getting in a final punch." ABC World News Tonight (8/13, story 2, 2:40, Harris, 8.78M) and NBC Nightly News (8/16, story 2, 2:55, Siegenthaler, 9.87M) also ran stories on the plight of Lebanese refugees.

USA Today (8/14, For, 2.27M) also reports on the "final frenzy of battle" before the ceasefire, adding "both sides signaled that the truce would not rule out further fighting in Lebanon." In fact, says the Financial Times (8/14, Morris, Biedermann, Birchall), "according to one Lebanese minister, the Hizbollah movement – part of the coalition government – was refusing to disarm. 'This is the moment of truth and they do not want to give up their arms,' the minister, who asked not to be named, told Agence France Presse." The Washington Times (8/14, Mitnick, 88K), New York Times (8/14, Erlanger, 1.21M), AP (8/14, Nessman) and McClatchy (8/14, Nissenbaum, Rosenberg) also report on the fierce fighting that preceded the ceasefire.

Rice's Efforts In Search Of UN Resolution Called "Rare High-Wire Act." In an analysis of the diplomatic moves leading up to the UNSC resolution, the New York Times (8/14, Hoge, 1.21M) says the Administration initially "backed the Israeli plan to destroy the militia and its arsenal of rockets, resisting efforts by France and other allies to call for a cease-fire." However, "as the assault wore on and it became evident that Hezbollah was a far more fearsome and skilled adversary than Israel had first thought -- and as Lebanese civilian casualties mounted -- American policy moved more urgently toward seeking an immediate political solution. That shift, recounted by senior administration officials, led to one of the most dramatic bouts of diplomacy that the United Nations Security Council has witnessed in years." Calling the

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negotiations "a rare high-wire act," the Times adds, "American secretaries of state attend Security Council sessions on resolutions only after a deal has been struck. Yet last Friday, when" Secretary Rice "arrived in New York, not only was there no deal, it was unclear whether the Council would even meet. … The fact that a resolution was passed unanimously that night still amazes some of the participants." The Times says Rice "was particularly prominent in conducting the Lebanon policy because President Bush left the high-level contacts to her in a way that he has not in past crises, when he has made direct phone calls and personal appeals to world leaders." Undersecretary Burns, "a driving force on the American side, said, 'We were banging our heads against the wall six or seven hours a day, working out the words of these resolutions among four or five capitals.' He added, 'We'd go home at 10 or 11 at night and say, Tomorrow will be a better day. But the next day was Groundhog Day all over again.'"

The Christian Science Monitor (8/14, Grier, 58K), meanwhile, analyzes the Administration's view of the Mideast conflict. Says the Monitor, "In the long history of US-Israel relations, President Bush may rank as one of the staunchest friends in the White House that the tiny Jewish state has ever had. In part, this attitude appears to stem from Mr. Bush's travel in Israel and his personal relationships with its leaders. In part, it reflects the feelings of the US public, which is generally more pro-Israeli than is the population of Britain, say, or France." But, "as the White House reaction to the recent fighting makes clear -- it may also stem from a stark view of Middle East conflicts. The overall administration calculus may run like this: There are good guys, and there are bad guys, and the role of the United States is not to manage negotiations between them but to facilitate the bad guys' defeat."

Siniora's Offer Of Lebanese Soldiers Seen As "Symbolic" Gesture. The New York Times (8/14, Kifner, Mouawad, 1.21M) reports Prime Minister Fouad Siniora's "offer to send the Lebanese Army into the Hezbollah-dominated south proved central to breaking the diplomatic impasse over Israel's invasion." But "it is an almost entirely political -- or even symbolic -- gesture." The Lebanese army, "for many years the least bellicose group of armed men in a country otherwise filled with them, is more suited to internal security than to facing outside threats. It has no modern tanks, no air force -- only a handful of Vietnam-era helicopters -- and its modest budget goes mostly for salaries."

US Policy, Olmert Seen As "Damaged" By Hezbollah's Survival. In a 1,000-word analysis piece, the Wall Street Journal (8/14, Champion, Chazan, 2.03M) notes, "Israel's failure to quickly defeat Hezbollah forced the U.S. to make significant compromises at the United Nations and looks likely to leave U.S. policies in the region as well as Israeli Prime Minister Ehud Olmert damaged, according to diplomats and analysts." Despite Tel Aviv's weekend military offensive, experts "said the effort may be a sign of Mr. Olmert's political desperation rather than of strength. The career politician has come under criticism that he has mishandled the month-long war by limiting the military to an air offensive, with relatively few troops on the ground." Israel's "inconclusive struggle with Hezbollah has forced the U.S. to accept a compromise resolution…that may not secure its long-term goal of neutralizing Hezbollah as a military force and doesn't give the U.S. much of the credit for negotiating a cease-fire." The Journal adds, "The biggest casualty of the conflict may be Mr. Olmert's so-called convergence plan to withdraw from large parts of the West Bank." The conflict "has bolstered those who argue that unilateral withdrawals -- from Lebanon and Gaza -- have undermined Israel's security by creating a vacuum that was quickly filled by militant groups such as Hezbollah and Hamas. The idea of handing over control of the West Bank to a Hamas-led government whose armed wing already is firing homemade Qassam rockets at southern Israel from Gaza is now all but dead."

On Fox News Sunday (8/13, Wallace), Bill Kristol of the Weekly Standard said, "I'm afraid the truth is that a terrorist group launched an attack across an international border a month ago, and though they have paid some price in their own -- in having a lot of stuff destroyed, basically they have not been decisively defeated. And their state sponsors of terror, Syria and Iran, have paid no price at all. They're not mentioned in the UN resolution that we signed off on Friday night."

Dedication, Iranian Funding Said To Sustain Hezbollah. On its front page, the Washington Post (8/14, A1, Cody, Moore, 748K) reports, "Hezbollah's irregular fighters stood off the modern Israeli army for a month in the hills of southern Lebanon thanks to extraordinary zeal and secrecy, rigorous training, tight controls over the population, and a steady flow of Iranian money to acquire effective weaponry, according to informed assessments in Lebanon and Israel." Because of a combination of underground bunkers and good relations with "friendly" border villages, "a withering Israeli air

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campaign and a tank-led ground assault were unable to establish full control over a border strip and sweep it clear of Hezbollah guerrillas -- one of Israel's main declared war aims." The Post says the tenor of the UNSC resolution was "largely a result" of Israel's inability to defeat Hezbollah, whose "staying power on the battlefield came from a classic fish-in-the-sea advantage enjoyed by guerrillas on their home ground, hiding in their own villages and aided by their relatives."

The New York Times (8/14, Oppel, 1.21M) reports from Bint Jbail, Lebanon, which "not long ago…was known as 'the capital of the resistance,' the most important Hezbollah stronghold in the southern reaches of Lebanon. Now Bint Jbail appears largely deserted. Most of the homes are damaged, some pockmarked by bullets or shrapnel and others reduced to piles of stone and concrete by Israeli artillery that continues to pound the village." But "while Israeli troops have pushed farther north, Bint Jbail remains a very dangerous place for Israeli soldiers and a fitting illustration for why the war has become so frustrating for troops who had come to expect a swift and deep push into Lebanon."

Nasrallah Seen As Perhaps "Most Charismatic" Muslim Leader. Newsweek (8/21-28, Dehghanpisheh, Dickey, 3.12M) reports Hezbollah leader Hassan Nasrallah "grew up very poor but very smart, and although he wears the robes of a minor Shiite cleric, he is a world-class politician. The U.S. government defines him as a terrorist, but that is only one of his faces." If he "survives the war," he "will remain what he has become during these last weeks of combat: perhaps the most charismatic figure in the Muslim world, and very possibly the most dangerous."

Time (8/21, MacLeod, 4.03M) reports Nasrallah "has signaled his grudging acceptance of the U.N. Security Council plan to deploy 15,000 Lebanese Army troops to southern Lebanon, but he has resisted demands that Hizballah lay down its arms -- raising the prospect that government and multinational forces will be forced to disarm Hizballah themselves. If a cease-fire takes hold, many Lebanese may feel emboldened to lash out against Hizballah for its capturing of two Israeli soldiers on July 12, which prompted the Israeli military response that has killed some 1,000 Lebanese and left 1 million displaced." Lebanese sources "speaking to TIME give credence to Israeli reports that the Hizballah leader has spent part of the war holed up in the Iranian embassy in Beirut -- which may have secret tunnels leading to Nasrallah's now destroyed headquarters."

Israel Belatedly Seeks US Bunker Busting Bombs. Time (8/21, McGirk, 4.03M) reports in its "Notebook" column that in 2002, the Pentagon "offered to supply Israel with bunker-buster bombs capable of punching deep into an enemy's underground defenses, but Israel's air force chief, Lieut. General Dan Halutz, rejected Washington's offer." Four years later, "early on in the monthlong conflict, Israeli intelligence determined that most of Hizballah's rockets were being fired from launchers in 38 bunkers burrowed six yards into hilltops across southern Lebanon. The Israelis know exactly where these launchers are, but Halutz's vaunted Israeli-made bombs failed to destroy them." With "such rueful hindsight, Israel last month put in an urgent request for precision-guided, 5,000-lb. bunker busters, and the Bush Administration complied, the intelligence source told TIME."

Qatar Official Says Israel-Hezbollah Conflict Is Turning Point. Newsweek (8/21-28, Weymouth, 3.12M) interviewed the leader of the Arab League delegation to the UN, Sheik Hamad bin Jassim bin Jabr al-Thani, foreign minister and deputy prime minister of Qatar. Asked if he saw the Iranian's "hand in this war," al-Thani said, "I see no evidence of this." Asked if he thought this conflict was "a big turning point," al-Thani said, "Yes. Maybe [the next generation of Arab leaders] will once again say they want to throw the Israelis into the sea. So why not take advantage of reasonable people and cut a deal? Things could change."

Role Of Israeli Commandos In Lebanon Fighting Noted. USA Today (8/14, For, 2.27M), meanwhile, reports that "the latest conflict in the Middle East has brought the traditionally secretive Israeli special forces into the open -- an intentional effort, Israeli official say, to psych out the enemy. Israeli infantry and armored divisions continued their battle Sunday to reach the Litani River, about 18 miles inside Lebanon. Commandos, meanwhile, have conducted high-profile raids on targets up to 100 miles from Israel's border." Such operations "deep inside Lebanon are a sign to the guerrillas, Israeli officials say. 'They carry a clear message that we can reach anyone in Hezbollah wherever he might be,' says Brig. Gen. Noam Feig, a senior Israeli naval officer."

US Media Organizations Said To Face Dilemma In Covering Mideast Conflict. The New York Times (8/14, Manly, 1.21M) reports, "Although doctored and stage-managed photographs out of Lebanon garnered their share of headlines last week, they are just a part of a larger, underlying issue: the role of images in fairly portraying the conflict incited nearly five weeks ago by Hezbollah's raid into

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Israel and its kidnapping of two soldiers. Particularly vexing for many American news organizations is the struggle to determine how and in what proportion images of civilian dead and injured should be displayed in their coverage, when one side's casualties greatly surpass the other." The Times adds, "The journalistic calculus is made tougher by the involvement of the Arab-Israeli conflict, a topic that bedevils news editors like no other, and an organization, Hezbollah, that is considered a terrorist group by the United States government." But "the decision-making becomes even more fraught because of the power of photographs and TV images, which are evocative -- and provocative -- in ways the written and spoken word are not."

More Commentary. The Wall Street Journal (8/14, 2.03M) editorializes, "After reading the text of the U.N. Security Council's cease-fire resolution adopted unanimously on Friday, we'd say the 'status quo ante' is nearly what we've got. And perhaps worse than that, because Hezbollah has now shown it can battle Israel to a military draw. ... The likelihood is that Unifil and the Lebanese army will co-exist with Hezbollah, which will slowly re-arm to intimidate Lebanon's government and strike Israel or the U.S. again at the time of its choosing. In addition, Syria and Iran "suffered no negative consequences." The Journal concludes, "The price for letting a transnational terrorist group like Hezbollah claim victory is likely to be far more bloodshed in the future."

USA Today (8/14, 2.27M) editorializes, "But at best the agreement is a fragile first step, at worst barely a pause in the violence." Hezbollah's stock has "soared among Arabs," Iran's reputation as a "troublemaker has grown," Israel's military "could not deliver a knockout punch," and the US's image as a neutral broker "suffered serious damage." In addition, the ability of the proposed international force to disarm Hezbollah is dubious. Therefore, "it looks highly doubtful at this point that the new Middle East is a better Middle East."

In CBS Interview, Ahmadinejad Blames US, UN And Israel For Mideast Violence. The AP (8/14) reports a CBS 60 Minutes interview in which Iranian President Mahmoud Ahmadinejad "blames the U.S. for growing violence in the Mideast, saying fighting has continued in Lebanon because the United Nations only serves U.S. interests." He "said it was Hezbollah that had a right to defend itself in its war with Israel. Even so, he said Iran joined others in calling for an immediate cease-fire only to have it thwarted by U.S. support for Israel." The AP says Ahmadinejad implied that "the U.N. has failed to provide security in the region," and that he "reiterated that Iran had no plans to develop a nuclear bomb and that it simply wanted nuclear technology to develop energy resources." He "also said he doubted that Iran and the U.S. will have normalized relations anytime soon, saying that the U.S. will 'have to change their behavior' before that can happen."

AFP (8/14)'s reporting on Mike Wallace's interview of Ahmadinejad says the Iranian leader "accused the United States of 'blindly supporting' Israel against Hezbollah and" President Bush "of seeking to 'solve everything with bombs.'" He "again denied seeking a nuclear bomb, questioned the US military presence in Iraq and gave the US network CBS an evasive answer when questioned about an alleged unit of suicide bombers in Iran's Revolutionary Guard." The AP adds, "Asked if he wanted normal relations with the United States, the Iranian president said the United States would have to change."

Dissident Iranian Journalist Profiled, Honored By Press Club. Under the title, "Free Thinker," the Washington Post (8/14, C1, Wright, 748K) profiles Iranian dissident Akbar Ganji. "Ganji, a small man with a whisper of a voice, is an Iranian writer who has taken on the world's mightiest theocracy and its thundering ayatollahs. Released in March after six years in prison -- a good chunk of that time in solitary confinement -- he is today the most radical democrat in Tehran. Several hunger strikes have left him with an emaciated body." His "is a lonely voice in Iran these days, as hard-line leaders' positions are hardening and the reform movement has atrophied. Disillusioned, he has also turned against the very reformers who view him as their hero." The Post says he "is brazen by the standards of a movement more comfortable with nuances, nudges and compromise. His investigative articles in Iranian newspapers linked Iran's intelligence ministry to the killings of dozens of dissidents during the 1990s." Last month, the National Press Club awarded Ganji its International Freedom of the Press honor. The Post adds that, while in Washington to accept that award, Ganji "stayed as far away from the White House and all U.S. officials as he could, despite intermediaries' overtures. Bush administration support is dangerous for Middle East democrats these days."

NYT Says Iran's Uranium Enrichment Remains Serious Threat. In an editorial today, the New York Times (8/14, 1.21M) says the Lebanon-Israel conflict "has diverted

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attention from" Tehran's uranium enrichment activities. "The good news is that Iranian scientists aren't finding it easy to master the technology. The bad news is that it's only a matter of time before they do." While the conflict continues, the Administration "won't be able to get anyone to focus seriously on [Iran's] centrifuges, let alone agree to punish Tehran for its defiance," and President Bush "may find a nuclear-empowered Iran his real legacy." The "White House should still try" to change Iranian's officials' minds through talks, and "isolating Iran and making itself look more reasonable are still more reasons why Washington should be offering to talk to Syria, Hezbollah's other patron and Iran's best ally." The Times concludes, "More delay is dangerous. The centrifuges are spinning."

Bipartisan Group Of Lawmakers Visits China. The Washington Post (8/14, A11, Kamen, 748K) reports in its "In the Loop" column that the "hearty delegation of visiting senators wrapped up its journey to the Middle Kingdom last week after chatting with Chinese premier Hu Jintao and spending the week meeting with Chinese legislators." Sens. Ted Stevens (R-Alaska) and Daniel K. Inouye (D-Hawaii), "along with spouses, aides and military escorts, reportedly had a fine time. Others on the trip reportedly included Republican Sens. Thad Cochran (Miss.), Arlen Specter (Pa.), Lamar Alexander (Tenn.), Norm Coleman (Minn.) and Richard Burr (N.C.), and Democratic Sens. Patty Murray (Wash.) and Mark Dayton (Minn.)."

New Cuban Immigration Rules Eases Family Reunification. The Wall Street Journal (8/14, McKinnon, Pérez, 2.03M) reports the Administration "handed an election-year reward to Florida's influential Cuban community, announcing new immigration rules that would make it much easier for relatives left behind to join them in the U.S." However, the policy "is also carefully sculpted to keep Cuban migration from becoming a political headache for President Bush and his brother, Jeb Bush, the Republican governor of Florida. Federal and state officials worry about a new wave of Cuban refugees amid uncertainty over the future of the island's ailing ruler, Fidel Castro." The new rules "were designed in part to balance the conflicting concerns. The main change would allow thousands of Cubans with close relatives in the U.S. to come to America almost immediately and gain permanent resident status, rather than wait as long as 12 years for family reunification. Other changes would loosen immigration rules for doctors. Assuming the Cuban government agrees, the change could accelerate departures for at least 10,000 would-be emigrés, and possibly many more."

Castro Offers Mixed Message In Birthday Letter. The AP (8/14, Snow) notes Castro "sent Cubans a sober greeting on his 80th birthday Sunday, saying he faces a long recovery from surgery -- and warning they should be prepared for 'adverse news.' But he encouraged them to be optimistic and said Cuba 'will continue marching on perfectly well.'" Castro "said in a statement that his health had improved, but stressed he still faced risks." The AP adds, "News of Castro's surgery had made Cubans uneasy about the future, but a series of upbeat statements from government officials helped calm a public now facing up to the mortality of the island's longtime leader." The Financial Times (8/14, Frank) adds Castro "marked his 80th birthday on Sunday by authorising the first visual confirmation he is alive after handing power to his brother Raúl two weeks ago, and issuing a statement that he is in stable condition but not out of the woods." The Times notes the island nation "remained calm on Sunday as people engaged in voluntary work, cleaned neighbourhoods and donated blood in Mr Castro's honour. Throughout the leadership crisis, people have gone about their daily business and enjoyed summer holidays, though there is an unmistakable undercurrent of anxiety over the future without Fidel - the only leader most Cubans have ever known."

USA Today/AP (8/14, Snow) says Castro "cautioned Cubans he faces a long recovery from surgery and advised them to prepare for 'adverse news,' but he urged them to stay optimistic." The AP also notes Raul Castro "made his first public appearance as Cuba's interim president, receiving Venezuelan President Hugo Chávez at the Havana airport on Sunday." The Washington Post (8/14, A7, Roig-Franzia, 748K) also covers the Cuban media's publication of the letter and photos.

Cuba Said To Be Orderly Despite Uncertainty. In a 1,552-word analysis piece, the New York Times (8/14, Thompson, 1.21M) says Castro's illness "was supposed to be a kind of second Cuban revolution. The notion, put forward by Cuba specialists for years, was that the entire system hung on one man. But in the last two weeks, …at least for now, a different reality has emerged on the island. There was calm and normalcy, not chaos and hysteria that was predicted. Instead of an intervention by the United States, the Bush administration called on the Cuban people to take their future

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in their own hands. And rather than upheaval within the Cuban government, it appears that the political system may not change much at all." While Cuba's stability may be more overtly shaken" when Castro dies, "so far it appears that [he] may once again defy the experts and prove his influence, some call it control, over the government and its people, whether he survives or not."

Partial Recount Reconfirms Calderon's Win. The Wall Street Journal (8/14, Lyons, 2.03M) reports, "A partial recount of votes cast in Mexico's contested presidential election confirmed conservative politician Felipe Calderón's narrow win over his left-wing rival, Andrés Manuel López Obrador, aides to both men say." However, Lopez Obrador "promised to keep pressing his fight, alleging that enough irregularities were uncovered to warrant a broader recount and form the basis for a new round of legal challenges designed to nullify results from thousands of polling stations." Under the headline, "Mexican Leftist Remains Defiant As Recount Ends," the New York Times (8/14, McKinley, 1.21M) adds "the beleaguered" Lopez Obrador "vowed Sunday to keep up a campaign of civil disobedience against the government for years, if necessary, to protest what he sees as a fraudulent election." He "has broadened his initial accusations of irregularities in the voting and now asserts that there was a broad conspiracy to rob him of victory by the current president's party, the long-dominant Institutional Revolutionary Party and business leaders and members of the electoral institute."

Focusing on the continuing protests, the AP (8/14, Stevenson) says the two "camps have brought Mexico City's cultural and financial center to a near standstill, forcing workers to hike to their jobs and causing traffic jams across the city." Lopez Obrador "is demanding a full recount and has said he will not accept anything less." While Lopez Obrador "continues to press for a full recount and to assure followers that he was the victor, [he] is also setting the stage to lead a mass movement against Felipe Calderon of the conservative National Action Party, the PAN, and the PAN's pro-free-market policies."

The Financial Times (8/14, Thomson) adds Lopez Obrador "vowed on Sunday to escalate his strategy of civil resistance 'to its ultimate consequences' if the country's electoral authorities did not order a full recount of the votes cast on July 2." The Times notes, "Since he lost last month's election by a razor-thin 0.58 per cent of the votes cast, Mr. López Obrador has become increasingly radical in his discourse and his followers have stepped up their actions." The Washington Post (8/14, A14, Roig-Franzia, 748K) reports Lopez Obrador "said Sunday that the protests that have shackled this city's downtown could last for years even though a partial recount appears to be confirming his narrow loss." However, his "battle to overturn the results of the July 2 election has recently shown signs of losing momentum. His crowds have been dwindling, dropping from estimates of more than a million to as few as 20,000 on Sunday." Also, Mexico City residents are lodging "complaints about the monumental inconveniences caused by protest encampments on one of Mexico City's principal arteries, Reforma Avenue, where thousands of his followers have been sleeping, playing soccer and chanting for two weeks."

La Paz Backs Off Immediate Nationalization Of Energy Firms. The New York Times/AP (8/14, Press) reports Bolivian officials have "suspended the nationalization of [their] oil and gas industry pending an overhaul of the state petroleum company, which lacks the funds and operating capacity to take over production from foreign companies." YPFB, the oil monopoly, "has asked the Central Bank of Bolivia for $180 million to help assume complete control of the production facilities. In addition, the ministry announced plans to modernize the company, which was partly privatized in 1997 but nationalized again in 2004."

South Korean Official Defends Efforts To Reduce "Tension" On Peninsula. Today's Wall Street Journal (8/14, 2.03M) carries a letter to the editor by South Korean Assistant Unification Minister Lee Kwan-sei. Lee writes, "Your July 28 editorial 'Korean Cash Squeeze' asserted that," following the UNSC missile launch resolution, "Japan stepped up its economic sanctions on Pyongyang, making South Korea 'the last holdout' in financing Kim Jong-il's regime. I hope to correct any misunderstanding that South Korea is the only country that does not comply with the U.N. resolution." UNSCR 1695 does not "require the suspension of general economic transactions with North Korea. Subsequently, the international community has continued trading with North Korea even after the missile launches. No country in the world has announced the complete suspension of trade with the North." For many years, Seoul has "made its best efforts to prevent the proliferation of" missile technology and WMDs. Lee calls it "regrettable" that the earlier editorial

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"turned a blind eye to the South Korean government's efforts in countering North Korea's missile launches and makes it look like South Korea is taking a position opposite to that of the international community." While Seoul is not "being tolerant of North Korea while raising [its] voice against Japan," it will continue, Lee says, to "oppose any measure that might exacerbate military tension on the Korean Peninsula."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"A Life On Hold In California Prison."
"Factory Shift: Manufacturers Struggle To Fill Highly Paid Jobs."
"Angelides And The Charisma Question."
"Santa Barbara OKs Housing Aid For Folks Making Up To $160,000 a Year."

USA Today:
"Cease-fire Begins After Israel, Hezbollah Trade Attacks."
"Fearing Wider U.S. Plot, Investigators Raced Clock."
"Air Travelers Adapt Quickly."

New York Times:
"Cease-Fire Begins After A Day Of Fierce Attacks."
"U.S. Shift Kicked Off Frantic Diplomacy At U.N."
"Cuba Stays Calm With Castro On Sidelines."
"Pakistani Charity Under Scrutiny In Financing of Plot."
"Fathers Defeated, Democratic Sons Strike Back."

Washington Post:
"Israel Accepts U.N. Deal."
"Fangs Are Bared Over Md. Group's Katrina Dog Rescues."
"Race Could Be Deciding Issue In Chairman Race."
"For GOP, Bad Gets Worse In Northeast."
"'The Best Guerrilla Force In The World'."

Washington Times:
"Combat Rocks Lebanon."
"Military At Odds On Intel Methods."
"Britain Warns Citizens Terrorism Threats Persist."
"Original Moon Landing Film Lost."
"New Orleans Still Reeling, But Residents make Do."

Detroit Free Press:
"Bridge Photos Led Cops To think Of Bomb."
"'Oh my God, They're Going To Kill Me.'"
"Love Cars? Join The Club."
"Carry-on Rules Relaxed A Bit."

Atlanta Journal-Constitution:
"Recheck Baggage Rules; They've Changed."
"Israel Agrees To End Strikes."
"Cyclist In A Race To Recovery."
"Boredom To Be Campbell's Partner In Prison."

Houston Chronicle:
"Cease-Fire begins After violent Day."
"Despite Buzz, Bans Going Unenforced."
"Britain Probing At Least 24 Plots."
"Teeming With Life Of The Tiny Variety."
"Stuck With A Winning Ticket."

Story Lineup From Last Night's Network News:

ABC: Israeli Continues Offensive; Lebanese Refugees; Terrorist Plot; US Terrorist Intelligence; Castro's 80th Birthday; Carroll Speaks Out; Environmentally Friendly Architecture.
CBS: Middle East Conflict; Terrorist Threat; New Airplane Security; Castro's 80th Birthday.
NBC: Middle East Conflict; Lebanese Refugees; Terrorist Plot; Airport Security; Bush Approval Rating; Iraq Violence; Carroll Speaks Out; Castro's Health; Mexican Ballot Recount; Katrina Aftermath.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the Secretary of Defense and Defense Policy and Programs Team, the Pentagon; attends Lunch with experts on Iraq, the Pentagon; meets with the Secretary of State and Foreign Policy Team, State Department; delivers a statement, State Department.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at a Peter Roskam for Congress luncheon, Medinah Banquets, Chicago; participates in a RNC reception, Private residence, St. Louis.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: KATRINA EVACUEES _ 11 a.m. Appleseed, a national network of public interest law centers, will hold a media call on their release of the first comprehensive report on the status of the more than one million Katrina evacuees -

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where they are; how the local, state and federal governments and national organizations responded to the crisis, and what lessons can be drawn from their performance before the next crisis strikes. Contacts: Estuardo Rodriguez, 202-365-0625. Notes: Call-in is 800-540-0559. Conference ID is APPLESEED.

WELFARE SPENDING _ 1 p.m. The Brookings Institution holds a telephone briefing to release a report on how states spend Temporary Assistance for Needy Families block grant funds. Contacts: n/a, 202-797-6105. Notes: Callin number: 800-631-0912; passcode: welfare reform.

OIL-CYCLISTS _ 3:30 p.m. A group of 20 cyclists from California will arrive in Washington to tell Congress they want action to ``end the US oil addiction." They also will celebrate the completion of their 4,000-mile cross country journey, during which they visited more than 100 communities throughout the United States, talking with community members about local problems and volunteering with projects that are creating solutions to those problems. Location: West Front Lawn of the Capitol.

AALON-LEBANON _ 3:30 p.m. Y Former Israeli Defense Force Chief of Staff Moshe Yaalon holds a briefing for congressional staffers, administration advisors, and policy insiders on the crisis in Lebanon. Location: Room 188, Russell Senate Office Building.

NEO-CONS IN EUROPE? _ 4 p.m. Hudson Institute forum with Douglas Murray, author of ``Neo-Conservatism: Why We Need It." He'll discuss the myth Europeans are either liberal or a paleo-conservatives. Location: 1015 15th St. NW, 6th floor.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, AUGUST 14, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Investigation Points To Al Qaeda Links, Pakistani Funding 2
US Leaks Have Left British Intelligence Agencies Wary Of Sharing Information 5
Yemeni Judge Acquits Al Qaeda Fighters Who Traveled To Iraq To Kill Americans 5
NYTimes Makes Case For US To Stay Within Geneva Convention 5

Homeland Response:
Chertoff Says US Should Emulate Britain's Broad Anti-Terror Police Powers 5
DHS Reduces Alert Level For US-Bound Flights, Clarifies Security Rules 7
Residents Slowly Returning To New Orleans 9
Study Finds Many Katrina Evacuees Still Adrift 9

War News:
Car Bombs Kill At Least 47 In Shiite Neighborhood Of Baghdad .. 9
Pace Meets With Fallujah Marines 10
Debate Rages Over Military Intel Methods 10
Khalilzad Says Iranians Working With Shiite Death Squads In Iraq 10
Iraqi Health Minister Says US Arrested His Bodyguards 10
Shiite Will Preside Over 2nd Saddam Trial 11
Iraq's Fuel Shortage Is Worst Since 2003 11
CSMonitor Reporter Recounts Kidnapping 11
Fighting Kills 25 Afghan Insurgents 11
Hamilton Says Bin Laden Likely In Pakistan 11
Hamilton Says Iraq War Limits US In War On Terror 11

Corporate Scandals:
Legal Groups Oppose DOJ Policy On Corporate Payment Of Legal Costs 11
New Jersey Man Pleads Guilty To Passing Grand Jury Information On Bristol-Myers 12
Apple Delays Filing Quarterly Report Amid Options Probe 12
Firms That Opposed FASB Expensing Rule Now Caught In Options Probe 12

Criminal Law:
Two More Aides Agree To Testify Against Pennsylvania State Senator 13
US Files Additional Corruption Charges Against Louisiana Officials 13
DC Police Say Site Of Attorney's Murder Shows Signs Of Tampering 13
In New York, Reputed Crime Family Associate Admits Role In Gangland Killings 13
NYTimes Opposes Florida Law Allowing Citizens To Use Deadly Force 14

Civil Rights:
Two New York Men Charged With Hate Crime 14
Pastor Sees Abortion Debate As Partisan, Not Religious Issue .. 14
Military Atheists More Assertive 14

Antitrust:
Listing Service Responds To DOJ Probe 14
EU Probes Metso Bid For Aker Kvaerner Unit 15

Environment/Indian Affairs:
BP's Decision To Keep Part Of Field Open Eases Oil Price Fears 15
EPA Under Pressure To Crack Down On Diesel Engine Emissions 15
Air Force To Test Coal-Based Synthetic Fuel 16

FBI/DEA/ATF/USMS:
Fentanyl-Heroin Mixture Linked To More Deaths 16
Report: Methadone Fatal Overdoses Nearly Quadruple 16
Accused Drug Trafficker Pleads Guilty In Boston 16
Man Who Posed As DEA Agent Is Sentenced In Sacramento ... 16
DEA Exhibit In Chicago Criticized 16
Accused Top Player In Trenton Heroine Trade Gets 17-Year Sentence 17
Pro Golfers, Officials See No Steroid Problems In Golf 17
VA: Court Upholds Conviction In Drug-Related Case 17
Three Killings Linked To Ecstasy Smuggling In San Francisco .. 17

Immigration:
Small Towns Targeting Illegal Immigrants' Landlords, Employers17

Congress-Administration:
Governors Oppose Federalizing Of National Guard 18
Crawford, Texas, Said To Be Divided On Bush Record 18

Retirement To Reduce Field Of Federal Contracting Officers By 54% ... 18
Hatch Act Permits DOL Official To Appear On TV As "Conservative." ... 18
Design Revisions Delay Delivery Of Congressional Medals To Tuskegee Airmen ... 18
Spellings Defends Opportunity Scholarships ... 19
Dropout Rates Said To Pose National Security Crisis ... 19
WSJournal Says Alaska Delegation Steers Excessive Federal Funding To State ... 19
NYTimes Pans Proposed Vietnam Veterans Memorial Visitor Center ... 19

Other News:

Change To CPI Formula Would Affect Inflation Estimates ... 19
Many Scientists Dismiss Near-Term Expectations About Stem Cell Therapy ... 20
State, Local Governments Advancing Minimum Wage ... 20
Lamont Says Lieberman, Cheney Comments "Offensive." ... 20
Mehlman Says Democrats Wrong On Iraq, War On Terror ... 22
GOP Seen As Losing Ground In Northeast ... 22
Democrats Up 15 Points In Generic Ballot In Harris Interactive Poll ... 23
Schwarz Loss To Conservative Challenger Seen As Cautionary Tale For Republicans ... 23
Three Sons Of Democrats Defeated In 1980 Making Waves In 2006, '08 ... 23
WPost Says Virginia Lobbyist Disclosure Laws In Need Of Reform ... 23
Clinton, Gates Lend Assistance To Effort To Fight AIDS In Developing World ... 23
Questions Raised About California Pension Plan ... 24
Ceasefire Goes Into Effect In Lebanon ... 24
In CBS Interview, Ahmadinejad Blames US, UN And Israel For Mideast Violence ... 27
Bipartisan Group Of Lawmakers Visits China ... 28
New Cuban Immigration Rules Eases Family Reunification ... 28
Partial Recount Reconfirms Calderon's Win ... 29
La Paz Backs Off Immediate Nationalization Of Energy Firms ... 29
South Korean Official Defends Efforts To Reduce "Tension" On Peninsula ... 29

The Big Picture:

Headlines From Today's Front Pages ... 30

Washington's Schedule:

Today's Events In Washington ... 30

TERRORISM NEWS:

Investigation Points To Al Qaeda Links, Pakistani Funding. The Financial Times (8/14) reports, "Security officials in the UK and Pakistan on Sunday said intelligence was pointing to a likely link between al-Qaeda and the alleged plot to bomb commercial airlines en route from London's Heathrow airport to the US." Pakistan's investigation of the plot "was concentrating on an al-Qaeda group based near Kandahar in southern Afghanistan, which officials said had actively backed the plot."

The AP (8/14, Shrader) reports "several Western government officials, who spoke on condition of anonymity about the ongoing investigations, said they don't yet have hard evidence to pin the attack on al-Qaida's central leadership -- Osama bin Laden, his deputy Ayman al-Zawhari or a tier of key operatives below them." But "the plot bears all of the best-known earmarks of the terrorist group."

In continuing reporting on the foiled UK-based terror plot, the Wall Street Journal (8/14, Crawford, Mollenkamp, Wonacott, 2.03M) says the investigation "is widening to include possible links to Germany and the plotters of the 2001 US terrorist attacks, as well as financial connections to Pakistan, according to officials, even as the British government warned that other plots also are under way." Pakistani authorities "are examining a money trail that may have helped finance the plot," because "a large sum of money was transferred from Pakistan to finance the attacks." UK "police, who received help from a citizen after the 2005 attacks that helped lead to last week's arrests, declined to comment on any links between the two plots." The Journal says the "threat remains intense in Britain," with investigators "particularly concerned about the German links… The need to uncover international links is acute throughout Europe because police still don't know how many members of the plot revealed Thursday remain at large."

The New York Times (8/14, Filkins, Mekhennet, 1.21M) reports British and Pakistani officials "are trying to determine whether the" British suspects "may have received money raised for earthquake relief by a Pakistani charity that is a front for an Islamic militant group. The charity, Jamaat ud Dawa, which is active in the mosques of Britain's largest cities, played a significant role in carrying out relief efforts after last October's earthquake in Pakistani-controlled Kashmir." The Times calls Jamaat ud Dawa "one of the most militant of the groups battling the part of Kashmir controlled by India," and investigators are looking into whether they "passed the earthquake donations raised in British mosques to the plotters."

The CBS Evening News (8/13, story 2, 3:20, MacVicar, 7.66M) reported, "The plotters in Britain may have been self-motivating, but ties to Pakistan suggest stronger links to al-Qaeda operatives, training and perhaps cash. Investigators

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believe some of the suspects in British custody traveled to Pakistan after the earthquake last fall. Rather than help in the aid effort Pakistani police think some of them disappeared into militant training camps close to the Afghan border. Three men suspected of diverting money raised for earthquake victims to the British plotters have been arrested in Pakistan, and at least one of those now in custody in London made an unexpected trip to Pakistan in recent weeks." Investigators "think that trip may have been for an important meeting seeking approval perhaps from a senior al-Qaeda figure or other militant leader in the same way that the leader of last July's London bombings is known also to have traveled to Pakistan and is believed to have met with al-Qaeda's number two, Ayman al-Zawahri.

The New York Times (8/14, Filkins, Mekhennet, 1.21M) describes Jamaat ud Dawa as "one of the most militant of the groups battling the part of Kashmir controlled by India. In May, it was labeled a terrorist organization by the United States government." British and Pakistani investigators "are looking into the possibility that the group, whose name means the Association of the Call to Righteousness, passed the earthquake donations raised in British mosques to the plotters, according to two people familiar with the investigation." The Times adds, "One former Pakistani official close to the intelligence officials there said Jamaat ud Dawa provided the money that was to be used to buy plane tickets for the suspects to conduct a practice run as well as the attacks themselves. The money is believed to have come directly from the group's network in Britain and was not sent from Pakistan, the former official said."

ABC World News Tonight (8/13, story 3, 1:30, Ross, 8.78M) reported, "In the US, the FBI continues to run down leads, phone calls and possible connections to people in the US. And in Pakistan, we're told a major arrest could come sometime tomorrow, of another top command commander in this."

The New York Times (8/14, Shane, Mazzetti, 1.21M) reports, "Because there are clear connections between the Britons arrested in and around London and their accused co-conspirators detained in Pakistan, officials have not ruled out the possibility of communications between the plotters and the Qaeda chiefs," Osama bin Laden and Ayman al-Zawahri. The Times adds, "No one has suggested that either man directed the scheme — but the fact that neither Mr. bin Laden or Mr. Zawahri has been captured suggests that Western intelligence agencies' knowledge of their activities is minimal."

The Financial Times (8/14, Bokhari, Blitz, Fidler) reports, "Pakistan has been investigating the transfer of funds from up to 10 different sources in the UK to Pakistan since January, senior Pakistani intelligence officials said as investigations into the foiled alleged plot to blow up commercial airliners leaving London widened." The investigators have looked "at sources ranging from groups in the UK dedicated to supporting Islamic charities to individual donors who had transferred funds." The Times adds, "Intelligence officials in the UK said they were looking closely at money transfers between the two countries following the freezing by the Bank of England on Friday of 19 bank accounts held by the suspects."

Chertoff Says UK Plot Has "Hallmarks" Of Al Qaeda Plot. On NBC's Meet the Press (8/13, Gregory), Homeland Security Secretary Michael Chertoff said the UK terror plot "has the hallmarks or the earmarks of an al-Qaeda plot in the sense of the scope, the transnational reach, the fact that it is very similar to a 1994 plot that Khalid Shaikh Mohammed had intended to carry out in the Pacific. But I -- again, I don't want to definitively conclude it's al-Qaeda until we've had some opportunity to look at all of the facts."

On CBS' Face the Nation (8/13, Pelley), Sen. Pat Roberts, Chairman of the Senate Intelligence Committee, said the UK terror plot was probably "inspired by" Osama bin Laden "as opposed to guided by him. And this gets into the real problem that we face today. … We have what we call homegrown cells. They are largely cells that are supportive in regards to financing here in this country. And that takes a different kind of intelligence."

Afghanistan Denies Link To UK Plot. The AP (8/13) reports, "Afghanistan's foreign ministry on Sunday denied any Afghan al-Qaida connection to a plot to blow up jetliners over the Atlantic, rejecting a Pakistani allegation." The Afghan statement apparently pointed a finger at Pakistan, saying, "Al-Qaida continues to enjoy safe haven outside Afghanistan."

UK Lowers Terror Alert Level. AFP (8/14, Rao) notes UK authorities "downgraded" that nation's "security threat level as it appeared that police had apprehended all of the main figures in an alleged terror plot, a decision that was likely to ease traveller frustrations at the country's airports." However, says the Washington Times/AP (8/14, Haven), "Authorities warned Britons to remain vigilant yesterday, saying that 24 ongoing terrorism probes showed they could still be in the cross hairs of Islamic militants."

A number of stories in today's newspapers note the heightened security at UK airports. The Washington Post (8/14, A10, Partlow, 748K), in a story titled "A 4th Day Of Slow Going In Britain," says "at London's Heathrow Airport on Sunday, security officials hand-searched every passenger, which created four times the normal workload and caused lines of passengers to stretch out of the terminal." The New York Times (8/14, Timmons, 1.21M), Washington Times (8/14, 88K) and AP (8/14, Haven) also note that many flights out of London have been cancelled.

Top British Official Says Another Attack "Highly Likely." NBC Nightly News (8/13, story 3, 2:20, Siegenthaler, 9.87M) reported, "British officials warned another attack could be imminent." NBC (Myers) added, "Today, a top British official warned that another terror attack

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here is 'highly likely,' even though the key players in this plot appear to be in custody. … British police and forensic teams combed a wooded area for evidence of explosives and detonators to help make the case against the 23 suspects. A counter terror official tells NBC news that authorities now have found several martyrdom videos, to be aired after the suicide attacks. John Reid; British Home Security: "We believe it was a major, major plot." Myers: "Britain's top homeland security official says authorities believe the main suspects in this plot are in custody, but the threat is not over." Reid was shown saying, "I have to be honest and say that, on the basis of what we know, there could be others out there, perhaps people we don't know, perhaps people who are involved in other plots, so the threat of a terrorist attack in the United Kingdom is still very substantial."

The New York Times (8/14, Cowell, 1.21M) reports that in his BBC interview, Reid "did not give details of any of the other conspiracies, but echoed police assessments that the British authorities had foiled four other plots since the July 7 London bombings last year." The Times adds, "Apparently seeking to bolster official denials of a link between terrorism and Britain's alliance with the United States in Afghanistan and Iraq, Mr. Reid said it was now known that Al Qaeda first tried to attack a British target in 2000. 'So this has been a long-going threat but it is a chronic one and it is a severe one,' he said."

Plot Said To Augur Broader European Radicalism. In an analysis piece, the AP (8/14, Kole) says the UK's "struggle to contain Muslim extremism points up a chilling trend across Europe: the rise of radical Islam, and with it, a willingness among a small but dangerous minority of young people to answer the call to jihad. From the squalid suburbs north of Paris to the gritty streets of Sarajevo, young, disaffected Muslims are increasingly receptive to hard-liners looking to recruit foot soldiers for holy war, European counterterrorism officials and religious leaders warn." Europe as a whole "remains vulnerable to attacks by homegrown militants despite the heightened security and attempts at inter-religious dialogue that followed the deadly 2004 train bombings in Madrid and last year's suicide attacks in London." The AP says many young Muslims "in their middle and working class neighborhoods said the communities have become alienated by U.S. and British policy in the Middle East."

Similarly, USA Today (8/14, Stinson, 2.27M) reports, "Britain is home to an estimated 1.6 million Muslims. Western Europe has an estimated 20 million. Among them, analysts such as Schmid estimate, 1,000 to 3,000 people have been to terrorist training camps run by al-Qaeda or its sympathizers, or have fought in Islamic wars in Afghanistan, Pakistan and Chechnya. … There is no single profile of who could be a suicide bomber or what triggers a radical to turn violent." Magnus Ranstorp, "who follows Islamic terrorism at the Swedish National Defense College in Stockholm, said the 24 suspects arrested in last week's plot offer a prime example of the varied backgrounds would-be terrorists have."

Meanwhile, the New York Times (8/14, Kovaleski, 1.21M) profiles some of those arrested in the London investigation, whom neighbors thought "seemed to lead ordinary lives." The arrests "have jolted High Wycombe. Late last Thursday, several local mosques and Muslim organizations released a group statement via the Internet that said, 'The Muslim community is an integral part of British society and the actions of a few, if found to be, should not be allowed to jeopardize this.'"

Administration Pleased With Its Reaction To London Terror Threat. Newsweek (8/21-28, Thomas, 3.12M) reports that since 9/11, President Bush "has apparently learned not to overreact" to intelligence about terrorist plots. Bush "now 'trusts his team' to weed out such 'speculative' intelligence, said a senior Bush aide." The aide "implied, perhaps without meaning to, that earlier in his administration the president was warier of intelligence advisers." The Bush aide said, "Everything flowed and worked as it needed to. That's what made this a seamless operation, from start to finish." Newsweek adds that it seems "that no one got in the way or held back information, which passes as progress in the clannish, suspicious world of intelligence. 'This shows how we're better equipped to fight the enemy now,' Fran Fragos Townsend, the White House homeland-security adviser, told NEWSWEEK. 'We're seeing levels of cooperation between the FBI, CIA and the NSA we didn't see before. Nobody was trying to hide the ball.'"

Approval Of Bush's Handling Of Terrorism Up In Wake Of Thwarted Plot. Newsweek (8/21-28, Thomas, 3.12M) reports President Bush "got a slight boost from the thwarted terror plot. In the new NEWSWEEK Poll, 55 percent said they approved of the president's handling of terrorism, up from 44 percent in May. But the terrorism issue doesn't seem to be helping Republicans as much as it has in past elections. In August 2002, the voters said they trusted the GOP more than the Democrats to handle terrorism at home and abroad by a whopping 25-point margin (51 percent to 26 percent). Now the GOP is preferred by just five points."

Gerson Says Public "Weariness" With War On Terror Manifesting In Politics. In a Newsweek opinion piece (8/21-28), former Bush speechwriter Michael Gerson says, "Five Augusts from 9/11, in a summer of new fears, in a war on terror that has lasted longer than World War II, public weariness is understandable. And that exhaustion is increasingly reflected in our politics. In a conservative backlash against the president's democratic idealism. In a liberal backlash that has moved from the fringes to the mainstream of the Democratic Party."

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US Leaks Have Left British Intelligence Agencies Wary Of Sharing Information. Newsweek (8/21-28, Thomas, 3.12M) reports British intelligence is "often frustrated by the tendency of their gabby American allies to play politics and leak to the press. In the summer of 2004, shortly after the Democrats nominated Sen. John Kerry at a flag-waving convention, the Bush administration let it be known that the CIA and Pakistani intelligence had uncovered a Qaeda summit meeting where, the officials believed, the jihadists had been plotting against financial targets" in the US. The "Brits were forced to hastily -- and, they complained, prematurely -- round up a group of Islamic militants who were plotting to attack targets in the U.K" and have since been "more reluctant to share secrets with their American counterparts."

Pakistani Interior Official Says Rashid Rauf Has Al Qaeda Ties. Time (8/21, Elliott, 4.03M) reports the arrest of Rashid Rauf in Pakistan "was one of the factors that precipitated the decision by the British authorities to roll up the network, on the assumption that news of his detention would soon leak to Britain. Pakistan's Interior Secretary Syed Kamal Shah told TIME that Rauf has ties to al-Qaeda. 'He is the key man, a very important man,' says Shah. Pakistani sources say more than 20 people have been arrested there in connection with the plane plot, some of them apparently connected to Lashkar-e-Jhangvi, a fanatic Islamic militant group."

Yemeni Judge Acquits Al Qaeda Fighters Who Traveled To Iraq To Kill Americans. The Wall Street Journal (8/14, Jaffe, 2.03M) reports, "The US has spent millions of dollars in Yemen to help the government crack down on Islamic extremists who want to wage violent jihad against nonbelievers. There is just one problem with the strategy: It is not clear that jihad is illegal in Yemen." A Yemeni judge last month "ruled that 19 defendants who had traveled to Iraq to kill American soldiers and fight alongside al Qaeda there had done nothing wrong," even though he had a history of jailing "al Qaeda fighters plotting attacks in Yemen." He acquitted the 19 men, saying that Sharia law "'permits jihad against occupiers' of Muslim lands." The Journal reports that the acquittal underscores the influx of foreign fighters into Iraq: "about 130 foreign fighters cross into Iraq each month," committing some of the "most horrific and divisive attacks."

NYTimes Makes Case For US To Stay Within Geneva Convention. The New York Times (8/14, 1.21M) editorializes, "To everyone's relief, the White House is now working with Congress on one major violation of the conventions found by the court — the military tribunals Mr. Bush invented for Guantánamo Bay." But "the president remains determined to have his way on the other big issue -- how jailers treat prisoners." The Times adds, "The Geneva Conventions protect Americans. If this country changes the rules, it's changing the rules for Americans taken prisoner abroad."

HOMELAND RESPONSE:

Chertoff Says US Should Emulate Britain's Broad Anti-Terror Police Powers. The AP (8/14, Yen) reports, "The nation's chief of homeland security said Sunday that the US should consider reviewing its laws to allow for more electronic surveillance and detention of possible terror suspects, citing last week's foiled plot." Michael Chertoff, secretary of the Department of Homeland Security, "stopped short of calling for immediate changes, noting there might be constitutional barriers to the type of wide police powers the British had in apprehending suspects in the plot to blow up airliners headed to the US." But Chertoff "made clear his belief that wider authority could thwart future attacks at a time when Congress is reviewing the proper scope of the Bush administration's executive powers for its warrantless eavesdropping program and military tribunals for detainees held at Guantanamo Bay, Cuba." Said Chertoff, "What helped the British in this case is the ability to be nimble, to be fast, to be flexible, to operate based on fast-moving information," adding, "We have to make sure our legal system allows us to do that. It's not like the 20th century, where you had time to get warrants."

On Fox News Sunday (8/13, Wallace), Chertoff said British authorities "have an easier time getting electronic surveillance and they also can detain people up to, I think, 28 days without charging them, and those are very useful tools when you're trying to intercept an ongoing and very dynamic plot when you may not have collected all the evidence. I do have to say they have actually a little bit more of a challenge when it comes to bringing the cases in court because there are legal restrictions on their using evidence that we do not have. So in that respect, we have a little bit of advantage when we actually prosecute the case."

On ABC's This Week (8/13, Stephanopoulos), host George Stephanopoulos asked if the NSA warrantless wiretapping program or the SWIFT program were "helpful in this case." Chertoff said, "Well, I'm not going to talk about specific classified programs, but I can tell you this, the kind of techniques you're talking about, surveillance of communications, tracking the flow of money and transactions, that is -- those are the weapons of the modern war against terror."

The Washington Post (8/14, A9, White, 748K) notes that on the Sunday shows yesterday, "much of the televised discussion…concerned the investigative tools available in

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Britain that US officials credit with allowing authorities to get ahead of the plot before it proved catastrophic." Chertoff "said the ability to monitor monetary transactions and communications and to arrest suspects for a period of 28 days on an emergency basis made a significant difference in the case." Although Chertoff "did not suggest any specific changes in US law to allow such flexibility, he alluded to the controversial Bush administration programs of secretly wiretapping suspects and of monitoring financial records."

The Wall Street Journal (8/14, Block, Lueck, 2.03M) reports the Bush administration "is expected to use the terrorist threat to regain the upper hand in congressional debates and push for government action before the November elections." Republicans "appear to be circling around a new strategy to advocate stronger counterterrorism laws and expand domestic surveillance, while pushing back against civil libertarians." Chertoff "is emerging as a point man in the drive for tougher laws."

NBC Nightly News (8/13, story 5, 2:15, Jordan, 9.87M) also reported last night the terror preparedness debate "played out on the Sunday morning talk shows." Sen. Pat Roberts: "We passed intelligence reform bill a year or two ago. I think the DNI is doing a good job. FBI all the organizations are working much better together." Sen. Jack Reed: "The focus and the resources are for doing all we can for homeland protection has been diverted." Jordan: "The former chairman of the 9/11 commission, appearing on Meet the Press today, says the agency needs to do more to defend the homeland." Lee Hamilton, Former Vice Chairman, 9/11 Commission: "We do not think that there has been sufficient urgency, priority, resources, people put into the protection of the people here at home." Jordan: "NBC's David Gregory asked, are we safer five years after 9/11?" Former Gov. Thomas Kean, Chairman, 9/11 Commission: "I think we're safer but we're not safe. Still a number of things we should be doing we're not doing. This should be a wake-up call."

On Fox News Sunday (8/13, Wallace), Rep. Peter Hoekstra said, "In the UK, this is now a law enforcement issue. The British have to take these folks that they've arrested, put them into the legal process and now prosecute the case successfully. And as information comes out through the US, leaks, the problem is it may jeopardize their ability to prosecute some of these individuals. Leaks are absolutely devastating our ability to build these international connections that we need in this global war."

On CBS' Face the Nation (8/13, Pelley), Sen. Pat Roberts, Chairman of the Senate Intelligence Committee, said the US is "much better prepared" for terrorist attacks, and the US has "much better information, access, the passage of the PATRIOT Act. We are going through a challenge in the Congress in regards to, as I say, some of the intelligence tools in our toolbox. By the way, the British have better tools. If you want to get a warrant, all you have to do is call up a minister in regards to Great Britain. I am not advocating that in the United States with the FISA court or anything else, but it seems to me that they have taken actions that will really speed that along."

Intelligence Officials Hint Warrantless Surveillance Operation Played Role In Thwarting Plot. Newsweek (8/21-28, Thomas, 3.12M) reports US intelligence "seems to have played only a minor role in the takedown of the [London[plot." Intelligence officials "hinted that the Bush administration's secret warrantless surveillance operation was brought into play – 'we used all the tools in the toolbox,' said one. It may be that the NSA, the supersecret electronic spy agency, listened in on calls between Pakistan and Britain that were routed through the switching stations of American phone companies."

Human Intelligence Seen As Key To Preventing Terrorism. In a Time opinion piece (8/21), author Ron Suskind says one lesson "from London. Human intelligence routinely trumps fancy and often legally problematic surveillance techniques. The key to discovering the plot was apparently a citizen from Britain's diverse Islamic community who, in the days after last summer's bombings in London, overheard something troubling." The US intelligence community "is in a poor position to replicate that. Concerned citizens in the Muslim world who are close enough to radicals to see or hear something pertinent seem less inclined than ever to sit down with an American."

Despite Post-9/11 Focus, Airline Security Still Seen As Wanting. In a Newsweek column (8/21-28), Jonathan Alter says, "Compared to securing borders, ports and chemical facilities, where congressional oversight is spotty and politics frequently trumps security, aviation has seemed a model of terrorism prevention. But is it? Since 2002, more than 100 media reports have documented security breaches involving knives, explosives and even handguns." Irwin Redlener, director of the National Center for Disaster Preparedness at Columbia and author of a new book, "Americans at Risk," says, "We keep chasing yesterday's story. The terrorists always seem one step ahead of us." Alter adds, "The focus may be wrong. Aviation consultant Michael Boyd calls TSA 'the gang that can't screen straight.' Boyd thinks the new restrictions will inconvenience travelers -- without stopping terrorists."

White Houses Presses For Congress To Allow Treatment Of Conspiracy As War Crime. The Christian Science Monitor (8/14, Richey, 58K) reports, "The same legal approach that helped put mafia dons, capos, and associates behind bars in America is at the center of US military efforts to prosecute suspected Al Qaeda members for war crimes. But now in the wake of the US Supreme Court's decision in the Hamdan case invalidating the military commission process, it is unclear to what extent military prosecutors can continue to use conspiracy as a war crimes charge." White

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the White House "is asking Congress to simply pass a law recognizing conspiracy as a war crime," "some" legal experts "warn that the law of war is a reflection of both domestic and international standards that should not be watered down unilaterally by US lawmakers," believing "such a move would further undermine US standing as a champion of human rights and set the stage for another major defeat in the courts for President Bush." The Monitor also says that in the Hamdan decision, "[f]our of the eight justices participating in the case ruled that the military commissions at Guantánamo did not have jurisdiction under the law of war to prosecute suspected Al Qaeda members for allegedly engaging in a conspiracy."

FISA Requests Tripled In Intense US Investigation Of UK Plot. Under the headline "Fearing Wider U.S. Plot, Investigators Raced Clock," USA Today (8/14, Johnson, 2.27M) reports in a front-page story, "Nearly a month ago, after British authorities secretly tipped their U.S. counterparts about" the airliner bombing plot, "U.S. officials worried that British investigators…could be misinterpreting possibly coded communications and that the suspects might actually be planning to launch attacks — or a second wave — from U.S. airports." USA notes, "The secrecy meant the government was unable to immediately implement stricter airport screening…leaving flights vulnerable to possible attack. As a result, the government had to rely on other techniques to thwart an assault." One "U.S. official" said that "applications to a special federal court for secret wiretaps, for example, tripled during the past month," although "this official did not indicate whether the government augmented surveillance with its controversial wiretapping program that bypasses the need for a court-approved warrant."

Harman Says Phone Surveillance Played Role In Thwarting UK Plot. On CBS' Face the Nation (8/13, Pelley), Rep. Jane Harman, ranking Democrat on the House Select Committee on Intelligence, said, "This is a huge intelligence victory. It's a combination of human intelligence that tipped off the Britons first, and then it was technical intelligence, listening to phone calls and so forth. I don't want to go into the details, but then it was a lot of patience monitoring these folks to see what they were up to."

US Urged To Adopt British Anti-Terror Techniques. In an op-ed in the Wall Street Journal (8/14, A8, 2.03M), David B. Rivkin, Jr. and Lee A. Casey, who are partners in the Washington, D.C., office of Baker & Hostetler, LLP, and served in the Department of Justice under Presidents Reagan and George H.W. Bush, write "critics of President Bush and the war on terror have relentlessly opposed virtually every effort to expand and improve the government's ability to gather the type of information needed to detect and prevent terrorist attacks, whether in the form of the Patriot Act's 'national security' letters and delayed notification warrants (derisively described by pseudo-civil libertarians as 'sneak and peak' warrants), the NSA's once secret program to intercept al Qaeda communications into and out of the U.S., and the Treasury Department's efforts to monitor financial transactions through the 'SWIFT' system. These, and similar measures, are among the tools that we will need to finish the job." Rivkin and Casey add, "British law-enforcement officials clearly have a more robust ability to investigate suspected terrorist activity than do U.S. police agencies. … The U.S. cannot, of course, adopt all aspects of the British system; our constitutional systems are really quite different. Nevertheless, there are clear lessons that can be drawn from the British experience -- especially in affording the police greater investigative latitude and in accepting some compromise of privacy in exchange for greater security."

DHS Reduces Alert Level For US-Bound Flights, Clarifies Security Rules. The Washington Times (8/14, Pfeiffer, 88K) reports the Department of Homeland Security "last night reduced the terrorism threat level for US-bound flights from Britain from red, for 'severe,' to orange, for 'high,' in the wake of last week's raids that officials say broke up a London-based bomb plot by Islamist radicals." Homeland Security Secretary Michael Chertoff said yesterday on NBC's Meet the Press (8/13), "I think the likelihood is, the main elements of the plot have been scooped up." The Washington Post (8/14, A9, White, 748K) reports Chertoff also said yesterday, "There is no evidence that terrorists were working within the United States as part of a plot to detonate explosives on airliners, but US officials remain on guard."

On NBC's Meet the Press (8/13, Gregory), Chertoff said, "The priority for us at this point is reviewing all the evidence and information to see if there's any indication of plotting in the US or an attempt to initiate an attack in the US. We haven't at this point seen anything coming out of the British investigation that points to that." Chertoff added that it is "absolutely" safe to fly, adding, "We've put in a comprehensive series of measures. Some of them are visible, some of them are less visible. But when you add them up together, they create not just one line of defense, they create multiple lines of defense, and that's what assures airline security."

On CNN's Late Edition (8/13, Blitzer), Chertoff also said, "Right now, I can still tell you that the current evidence does not show any plotting occurring inside the United States or any plan to conduct operations within the United States." Chertoff added "when we do get phone contacts -- and as you know, there are direct and indirect phone contacts all the time that crop up in these investigations -- the FBI goes out immediately to determine whether there is anything about that contact that raises any kind of a suggestion of a problem."

On Fox News Sunday (8/13, Wallace), Chertoff added, "Obviously, they [the British] believe they've picked up the

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main players, but it's a plot that's international in scope. We haven't fully analyzed the evidence. And therefore, we're still concerned there may be some plotters who are out there."

Meanwhile, the CBS Evening News (8/13, story 3, 0:15, Attkisson, 7.66M) reported, "The government today issued new clarifications for what can and cannot be carried on planes. Can you now carry on small doses of liquid medications, glucose gel for diabetics and baby food. Aerosols are banned, and all shoes must be removed for x-ray." NBC Nightly News (8/13, story 4, 0:45, Hattori, 9.87M) said "the TSA hopes these clarifications will help make it easier for passengers to navigate check points. There's no change for electronics. We've not heard of any significant problems or delays as of today except for some London flights."

USA Today (8/14, Levin, 2.27M) says "the drastic security measures imposed on airline travelers last week are probably the first step in broad long-term changes needed to block terrorists, according to lawmakers, airline officials and security experts." DHS "officials have not signaled what changes they will impose over the long run, and there is no clear consensus outside the government on what steps make the most sense."

USA Today (8/14, Brook, 2.27M) reports, "Air travel, snarled since Thursday's announcement that suspects had been arrested, improved in the USA even as the new rules were issued." Meanwhile, "delays and cancellations vexed London's Heathrow Airport, where about a third of flights were canceled and a ban on carry-ons remained in effect." USA Today (8/14, Jones, 2.27M) runs a second story on travelers' reaction to the rules, in which it says "airline passengers appeared to have adjusted by Sunday to rules prohibiting them from carrying liquids on board. Most travelers packed toiletries in checked bags, and lines moved along at airports from Los Angeles to New York." Passengers "guzzled water before walking through security checkpoints, and many arrived at the airport earlier than it turned out they needed to."

Chertoff Says Airport Screeners May Be Replaced. The New York Times (8/14, Lipton, Hauser, 1.21M) reports Chertoff said yesterday that "he intended to replace contractors who inspect passenger identification at airport checkpoints with staff members from the Transportation Security Administration, a move that would be one of the biggest expansions of the agency's tasks since it was set up in the aftermath of the 2001 terrorist attacks." The Times adds, "Details of the plan to replace the contractors were still being worked out. But Mr. Chertoff said the transportation agency screeners would be trained in psychological profiling under the plan, which he intends to announce in the coming weeks or months."

Use Of Biometric Device May Help Identify Terrorists. The Wall Street Journal (8/14, Karp, Meckler, 2.03M) reports on the trial in the US of a "Israeli-developed system," which "represents an effort by the US Transportation Security Administration to determine whether technology can spot passengers who have 'hostile intent.' In effect, the screening system attempts to mechanize Israel's vaunted airport-security process by using algorithms, artificial-intelligence software and polygraph principles." Neither the TSA nor Suspect Detection Systems Ltd., the Israeli company, "will discuss the Knoxville trial, whose primary goal was to uncover the designated bad guys, not to identify threats among real travelers. They won't even say what questions were asked of travelers, though the system is generally designed to measure physical responses to hot-button questions like 'Are you planning to immigrate illegally?' or 'Are you smuggling drugs.'" The test "signals a push for new ways to combat terrorists using technology."

Chertoff, DHS Getting Positive Reviews. The New York Times (8/14, Lipton, 1.21M) reports that after criticism of Secretary Chertoff and DHS over Katrina, "the initial reviews of Mr. Chertoff's performance" in the aftermath of the London terror plot "have been largely positive. The Homeland Security Department responded quickly to impose new security measures on the fear that some plotters might still be at large." The Times adds, "Questions remain about the agency's bureaucracy and its ability to anticipate threats rather than just react to them. But it is notable that Mr. Chertoff is being praised by some people who once bitterly chastised him or even called for his resignation." Sen. Susan Collins, chairwoman of the Homeland Security and Governmental Affairs Committee, said in an interview on Sunday, "Until this threat, the department had fallen short of the promise that its creation held. … This time we saw a crisp, confident and competent response, and Secretary Chertoff was clearly front and center." Rep. Bennie Thompson, Democrat of Mississippi and "the minority leader on the House Committee on Homeland Security," said, "He did a credible job. He did not create hysteria among the traveling public. He provided a clear message to the traveling public, and that is positive."

The Wall Street Journal (8/14, Block, Lueck, 2.03M) says Chertoff, "who weeks ago was widely viewed in Congress as the beleaguered head of a troubled department, has emerged as the public face and voice of the US government's response to the alleged London plot. Now the Department of Homeland Security has won praise for calibrated advisories and quick action that stopped passengers from potentially smuggling liquid explosives on airliners, but didn't unduly disrupt air travel." Although "some critics considered the department late in responding to a well-known threat -- liquid bombs," Chertoff's "enhanced standing allows him to spearhead the call to re-examine America's counterterrorism laws by looking at how Britain fights terrorism."

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The Washington Post (8/14, A10, Wilber, 748K), in a story titled "TSA Tries To Balance Security, Efficiency," offers a mixed picture of the agency's performance. The Post calls TSA "one of the last lines of defense in the country's efforts to battle terrorism, particularly attacks directed at airplanes. Travelers and their advocates have long complained that lines are too long at many airports, that some security measures seem inconsistent and that security officers seem to be in short supply. Others say that TSA officers seem to be doing little but hanging out at checkpoints, even when the lines grow. A joke among pilots is that TSA stands for a 'Thousand guys Standing Around.'"

"Glaring Vulnerabilities" Said To Remain In Public Transportation, Other Areas. ABC World News Tonight (8/13, story 4, 2:00, Harris, 8.78M) reported, "The threat from liquid explosives has been well-known for more than a decade. So, the question is, why didn't the US government do something before this plot was uncovered? It's not the first time this sort of question is being asked. The 9/11 commission, questioned the CIA and other agencies for failure of imagination." ABC (Yang) added, "Security experts say there are some glaring vulnerabilities. One big one is public transportation. Every day, more than 14 million Americans ride subways, buses and commuter trains. Terrorists have already struck mass transit in Madrid, London and just this past month, Mumbai. … Another soft spot -- chemical plants in metropolitan areas. The Department of Homeland Security says an attack on just 1 could kill as many as 17,000 people. But legislation mandating tighter security is stalled in Congress. And international cargo -- only about 6% of the 11 million containers entering the country annually are inspected." Lee Hamilton, Vice Chairman, 9/11 Commission: "We do not think that there's been sufficient urgency, priority, resources, people put into the protection of the people here at home." Yang: "Experts say another terrorist attack on US soil isn't a question of 'if' -- it's a question of 'when' and 'how.'"

Residents Slowly Returning To New Orleans. The Washington Times/AP (8/14, Callimachi) reports that in a "city that still lies largely in ruin after Hurricane Katrina hit Aug. 29, life is pushing through like 'bad grass,' forcing its way through cracks in the pavement." Those who "choose to return do so in spite of the city's broken infrastructure, which nearly a year later remains in tatters: Nearly 60 percent of homes and businesses are still not receiving electricity or heating gas. Only three out of nine New Orleans hospitals have reopened. Only 56 of 128 public schools will enroll students this fall. The city itself still has no master plan." Still, even "in the worst-hit neighborhoods, where homes were ripped from their foundations and spit into the street, and where mattresses still lie impaled in the branches of trees, the rebirth is taking place."

Pets Rescued From Katrina Zone Focus Of Legal Battle. The Washington Post (8/14, A1, Londoño, 748K) reports on a legal conflict that "started as a dispute over the custody of Sandy Marie and Coco Ree, two dogs brought to Montgomery County last year after being rescued from a suburb of New Orleans ravaged by Hurricane Katrina." But attorneys "involved in the spiraling fight are dueling about more than ownership of the female shepherds. It has become a battle over the legal complexities of rescuing pets in disaster zones, disparities in social class and the incendiary effect grass-root campaigns waged on the Internet can have on people's lives."

Study Finds Many Katrina Evacuees Still Adrift. Newsweek (8/21-28, Childress, 3.12M) reports in its "Periscope" column that a study commissioned by the nonprofit group Appleseed finds that "a year after the hurricane, many Katrina evacuees are still adrift—unemployed, homeless and suffering from mental-health problems caused or exacerbated by the storm." The report is based on 350 interviews with relief workers and other advocates in the five cities that took in the most evacuees—Houston and San Antonio, Texas; Atlanta; Birmingham, Ala., and Baton Rouge, La.—as well as New Orleans."

WAR NEWS:

Car Bombs Kill At Least 47 In Shiite Neighborhood Of Baghdad. USA Today/AP (8/13) reports, "Car bombs and a rocket barrage struck a predominantly Shiite neighborhood in Baghdad Sunday, killing at least 47 people and wounding 148. The rockets apparently were fired from a mostly Sunni district [Dora] targeted by U.S. troops in a crackdown against the sectarian violence roiling the capital." The attack's complexity "was similar to [that of] a July 27 attack of mortars, rockets and car bombs on another mostly Shiite district, Karradah, which killed 31 people." Also on Sunday, "the U.S. command announced that soldiers of the 2nd Brigade, 101st Airborne Division had arrested a key terrorist cell leader who was "directly linked" to the July 17 attack on an outdoor market in Mahmoudiya."

The New York Times (8/14, Von Zielbauer, 1.21M) puts the death toll as "at least 57 people." It calls the attacks "the deadliest in the capital since the American military dispatched new forces here more than a week ago to quell a surge in killings and kidnappings by sectarian militias and criminal gangs." It adds that the governor of Nineveh province "barely escaped assassination" by machine gun-wielding assailants in Mosul.

The Washington Post (8/14, A7, Raghavan, 748K) reports that "the attacks began when a volley of rockets

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bombarded a residential apartment building during a nighttime curfew, witnesses and police said. Then, a roadside bomb exploded, followed minutes later by another bomb strapped to a motorcycle." It and the preceding New York Times article both report that men allegedly plotting to kidnap or kill members of Prime Minister Maliki's family were arrested "southwest of the capital." The Los Angeles Times (8/14, Moore, 918K) also reports the story.

Pace Meets With Fallujah Marines. The AP (8/13, Burns) reports that JCS chair and Gen. Peter Pace "dropped into" Fallujah to talk to "Marines doing battle daily with a resilient and deadly insurgency." General Pace heard remarks that may have been "a sign of creeping doubt" about the "wider purpose" that the Marines' mission is supposed to be serving. The AP characterizes Pace as either not answering or being indirect when asked "if U.S. troops would stay in Iraq in the event of an all-out civil war" or "Is the war coming to an end?" While Pace did not "explicitly mention the political debate in Washington," Maj. Gen. Richard Zilmer said that Marines "are not immune to the discussions they see in public communications. Like all of us, they want to be assured that what we're doing is the right thing for the nation." The Washington Times carries a slightly modified version of this article, which notes, "Hours afterward, three back-to-back explosions killed 20 persons and wounded more than 70 in a mostly Shi'ite neighborhood in southern Baghdad."

Debate Rages Over Military Intel Methods. The Washington Times (8/14, Scarborough, 88K) reports that CentCom "has been resisting suggestions from the Pentagon on how to revamp intelligence collection in Iraq, according to people familiar with the dispute." Sources allege that Undersecretary Stephen Cambone and Lt. Gen. "Jerry" Boykin have clashed with CentCom intelligence chief Brig. Gen. John M. Custer III on whether "to change the way that intelligence is gleaned from insurgent strongholds and to increase the type of information that is collected." CentCom reportedly "prefers the current Joint Intelligence Operations Centers (JIOC)." The Times notes that Secretary Rumsfeld "created Mr. Cambone's post in 2003 as a way to initiate reform throughout the Defense Department's intelligence community. ... Terrorism analysts Richard H. Shultz Jr. and Roy Godson wrote in the *Weekly Standard* last week that returning special operations commanders still complain that intelligence collection in Iraq is spotty."

Khalilzad Says Iranians Working With Shiite Death Squads In Iraq. On CNN's Late Edition (8/13, Blitzer), US Ambassador to Iraq Zalmay Khalilzad said, "Iran is playing a role in the sectarian violence that is taking place here. It is providing arms, training and money and other support to groups involved in sectarian violence, including militias that have death squads associated with them." Elaborating, Khalilzad said, "Iran is also working with some of the commanders that work for these leaders and some of the leaders of death squads directly without the knowledge of their party leaders. And the concern that we have is not only with regard to the activities so far, but also that as the situation with regard to the Iranian nuclear issue gets focused on that they might escalate the pressure against the Iraqi government and against the coalition."

Khalilzad Says US Withdrawal From Iraq Would Be Disastrous. Newsweek (8/21-28, Thomas, 3.12M) reports US Ambassador to Iraq Zalmay Khalilzad said withdrawing US troops form Iraq "would be a disaster." Khalilzad said, "If we were to get out, what would you have? Certainly, it's very plausible that [Al Qaeda] could take over part of Iraq." He "warns that Iraq could become like Afghanistan pre-9/11. 'Now that we're here,' said the ambassador, 'losing Iraq would put the region and the world at greater risk from Al Qaeda.'"

Al-Sadr Said To Be Losing Control Of Mahdi Army. Newsweek (8/21-28, Hastings, Johnson, 3.12M) reports in its "Periscope" column that the leader of the Mahdi Army, Moqtada al-Sadr, "seems to be losing his grip on the thousands of armed men who once followed his every word." US Ambassador to Iraq Zalmay Khalilzad said, "There are forces that are controlled by Moqtada, but there are commanders that are not controlled by him; there are death squads that are not controlled by him." Newsweek adds, "In interviews with NEWSWEEK, Mahdi Army members, Iraqi politicians and Western officials describe an organization in which local commanders are increasingly independent of Sadr, splintering into cells of fighters committed to civil war." There are "at least four offshoot Mahdi leaders in Sadr City alone; some groups are taking orders from Iran."

Iraqi Health Minister Says US Arrested His Bodyguards. The AP (8/13, al-Bashir) reports, "Iraq's health minister, who is aligned to a powerful Shiite militia, claimed Sunday that U.S. forces arrested seven of his personal guards in a surprise pre-dawn raid on his office. The reason for the alleged arrests was unclear." Ali al-Shemari complained that the troops "hauled away the seven men" at 3 a.m. on Sunday. There was no American statement, but an anonymous US official "said Iraqi forces with U.S. advisers searched the ministry after a tip from an Iraqi citizen and took five people into custody for questioning." The health minister is a Shiite and is aligned to Moqtada al-Sadr; he "was involved in a controversy when a senior health official from Diyala province, a Sunni, disappeared along with his secretary and two guards soon after a meeting with the minister in his office on June 12."

The New York Times (8/14, Von Zielbauer, 1.21M) reports the health minister's allegation that the arresting

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forces took money meant to pay security guards' salaries. Like the AP, it reports the belief among some Sunnis that a Sunni health official was kidnapped by a Shiite militia after meeting with the minister.

Shiite Will Preside Over 2nd Saddam Trial. The AP (8/13, Abdul-Zahra) reports, "A 54-year-old Shiite jurist will preside as chief judge in the trial of Saddam Hussein and six others for their role in the 1980s campaign that killed an estimated 100,000 Kurds." At Saddam's previous trial, for "the killing of Shiites in Dujail," a Kurd headed the judicial panel.

Iraq's Fuel Shortage Is Worst Since 2003. The AP (8/13, Rageh) reports, "Corruption and insurgent attacks have Iraqis mired in their worst fuel shortage since Saddam Hussein was ousted, with black market gasoline costing as much as $4 a gallon." More than 250 of its "officials, workers and security guards have been killed since the collapse of the previous regime," according to the Oil Ministry. Frustrations over the availability of petroleum products "compound problems facing an Iraqi public weary of bloodshed, sectarian strife, the presence of U.S.-led forces and the government's inability to restore peace." Even a gas station inside the Green Zone "ran out of fuel on Sunday."

CSMonitor Reporter Recounts Kidnapping. The *Christian Science Monitor* this morning offers part one of a multipart series on freelance reporter Jill Carroll's ordeal in Iraq. It has created a central page dedicated to the series. According to that page, the series will include 10 parts, capped by an epilogue. Monitor coverage includes podcasts, video interviews that feature Carroll's answers to readers' questions, image galleries, and an "update blog" with news related to the story. According to the series introduction in the Christian Science Monitor (8/14, 58K), Carroll, a freelance reporter working in Iraq for the Monitor, "was kidnapped by Sunni Muslim insurgents in Baghdad on Jan. 7, 2006." Held prisoner for 82 days, "she was shuttled blindfolded among at least six safe houses and had closer contact with Sunni insurgents than any American who has lived to tell the tale." In the first part of the series in the Christian Science Monitor (8/14, 58K), Carroll, writing with "contextual narrative by Peter Grier," opens the story six weeks into her captivity, when her captors were planning a new video to show the world.

Fighting Kills 25 Afghan Insurgents. The AP (8/13, Hawke) reports, "Fighting in Afghanistan left at least 25 insurgents and five Afghan security forces dead, officials said Sunday. Defying the spike in violence, Afghan officials announced plans to thwart attacks on schools, which have killed 41 students and teachers and destroyed more than 140 schools in the last year." The education minister and Lt. Gen. Karl Eikenberry have "signed a deal ... to provide $300,000 for a program to rally communities to protect their schools." The AP characterizes the current violence as the "heaviest fighting since the 2001 ouster of the Taliban regime." USA Today (8/14, 2.27M) carries a shortened version of this article.

Hamilton Says Bin Laden Likely In Pakistan. On NBC's Meet the Press (8/13, Gregory), 9/11 Commission vice chair Lee Hamilton said, "I think it's quite likely that Osama bin Laden is in Pakistan. We have a very different kind of relationship with Pakistan. They are doing some things to help us and probably not enough to help us. I, I think al-Qaeda is much more decentralized than perhaps many people think, and I think what's really happening here is the radicalization of the Muslim world. … If you're really going to make the American people safe, it's not just a question of taking different procedures on airplanes, it is dealing with the fundamental problem of the radicalization of Muslims in the world today."

Hamilton Says Iraq War Limits US In War On Terror. On NBC's Meet the Press (8/13, Gregory), 9/11 Commission vice chair Lee Hamilton said, "If you pour billions and billions of dollars into Iraq, as we're now doing, and if you put most of your military effort there, it is clearly a priority for the Administration and for the country at this point in time. When you do that, it means you do less things in other areas. We cannot do it all. We don't have the resources, we don't have the manpower."

Kean Says Iraq Conflict Part Of War On Terror. Asked on NBC's Meet the Press (8/13, Gregory) if he viewed the war in Iraq as part of the war on terrorism, 9/11 Commission chairman Tom Kean said, "It's part of the war on terror in the sense that, if we fail, Iraq will become another sanctuary for terrorists. There's not much question about that. If Iraq goes into chaos, that's the kind of situation that bin Laden and al-Qaeda like. So we've got to stop that from happening. So in that sense, it's a part of a worldwide view where we've got to get a hold of these areas that are ungoverned where terrorists work."

CORPORATE SCANDALS:

Legal Groups Oppose DOJ Policy On Corporate Payment Of Legal Costs. The AP (8/14, Johnson) reports, "Two legal groups, including the American Bar Association, are opposing a U.S. Department of Justice policy they say compels companies facing possible indictment to refuse paying legal costs of corporate officers or board members." The AP continues, "After scandals at companies like Enron Corp. and WorldCom Inc. cost

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shareholders tens of billions of dollars and wiped out thousands of jobs, the Justice Department in January 2003 issued a memo to guide prosecutors as they decide whether to seek criminal charges against a business." The AP adds, "The memo says prosecutors can consider whether the corporation appears to be 'protecting its culpable employees and agents' through advancing attorneys fees, retaining the employees without sanction or giving the employees information about the government's investigation. … The legal groups say the memo can inspire companies to do the opposite, including not paying legal costs for employees and agents." The AP notes, "Justice Department Spokeswoman Kathleen Blomquist said the department remains committed to the principles and guidance set out in the memo, but it will listen to concerns. … 'We look at the seriousness of the offense, its pervasiveness, the corporation's past history, harm to shareholders and the adequacy of compliance programs, among other things,' she said."

New Jersey Man Pleads Guilty To Passing Grand Jury Information On Bristol-Myers. USA Today/Bloomberg (8/14) reports, "A New Jersey mailman pleaded guilty to passing secret grand jury information about a Bristol-Myers Squibb probe to former Goldman Sachs Group employees charged with inside-trading." Bloomberg continues, "Jason Smith, 30, admitted Friday in New York that he sat on a grand jury in New Jersey investigating Bristol-Myers accounting and gave details of the probe to David Pajcin and Eugene Plotkin, former Goldman employees. Smith admitted he hoped to share profits with the two, who are charged with trading on secrets they learned about the grand jury probe." Bloomberg adds, "Smith is the second person to plead guilty in the case. He may help prosecutors convict Plotkin and Pajcin. Stanislav Shpigelman, a former mergers and acquisitions analyst at Merrill Lynch, pleaded guilty to inside trading in July. … Smith pleaded guilty in federal court to charges filed against him in New York and New Jersey. The New York charges are conspiracy to commit securities fraud and inside trading. The New Jersey count is criminal contempt for violating grand jury secrecy. The securities charge carries up to 25 years. Smith's plea agreement calls for a sentence of 30 to 37 months. His sentencing is scheduled for Nov. 13."

Apple Delays Filing Quarterly Report Amid Options Probe. The Wall Street Journal (8/14, Lee, Wingfield) reports, "Apple Computer Inc. said it was notified by the Nasdaq Stock Market that the company isn't in compliance with requirements for continued listing on Nasdaq because of Apple's delay in filing its quarterly report with the Securities and Exchange Commission." The Journal continues, "Apple said it will request a hearing before a Nasdaq panel on the matter, and its shares will remain listed on the Nasdaq pending the panel's decision. … Apple spokeswoman Katie Cotton said the company expects the Nasdaq hearing and decision to be a 'multimonth process.'"

USA Today (8/14) reports, "Apple on Friday told securities regulators that its quarterly report would not be filed on time because it is reviewing stock-options grants." USA continues, The Cupertino, Calif.-based company warned investors last week that the mandatory earnings report to the Securities and Exchange Commission would be late. Management needed more time to determine if past option grants had distorted results dating back to September 2002, Apple said. … If the filing is delayed long enough, regulators could try to delist Apple's stock from the Nasdaq Stock Market. That's what happened earlier this year to Mercury Interactive, another Silicon Valley company embroiled in a stock-option imbroglio." USA notes, "Apple's looming restatements threaten to wipe out some profits generated during the most prosperous stretch in its 30-year history. The company's fortunes soared as millions of consumers snapped up the company's ubiquitous iPod digital music player and flocked to its iTunes Music Store. Apple has reported profits totaling $3.1 billion during the past four years."

Firms That Opposed FASB Expensing Rule Now Caught In Options Probe. The Wall Street Journal (8/14, Reilly) reports, "When the nation's accounting-rule makers proposed in 2004 that companies treat employee stock options as an expense that cuts into profit, corporate executives all but stormed the Financial Accounting Standards Board's headquarters in Norwalk, Conn. … In letters and public statements, business leaders declared that such an accounting rule would damage their bottom lines, compromise their ability to attract talented employees and make them less competitive against foreign rivals that didn't face similar requirements. Their protests failed to sway FASB; the new rule went into effect this year." The Journal continues, "Now, some of the same companies that opposed it are among those caught up in a widening probe by federal authorities of companies that allegedly 'backdated' employee stock options, a practice in which executives retroactively pick an options-grant date at which the company's share price was at a low, meaning they potentially can lock in a greater profit. This could violate securities laws and lead to misstated financial results and tax problems. This turn of events casts the companies' arguments against expensing stock options in a different light and offers what some accounting-industry observers say is a vindication for FASB. … It isn't clear that a rule requiring the expensing of options would have prevented the abuses now believed to have taken place from the early 1990s until recent years. But expensing 'would have served as a deterrent,' because the related cost would have affected

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profit rather than being shown in a footnote, says Rebecca Todd McEnally, director of the capital-markets policy group at the CFA Institute, a financial-markets organization."

CRIMINAL LAW:

Two More Aides Agree To Testify Against Pennsylvania State Senator. The Philadelphia Inquirer (8/13, Shiffman, 399K) reports, "Federal prosecutors investigating State Sen. Vincent J. Fumo have pressured two more people -- a current and a former aide -- to testify against him in exchange for immunity, according to a newly unsealed court document. The two aides and five others had been represented by the same law firm until recently, when a federal judge ruled that the arrangement created too many conflicts of interest. He ordered them to find new lawyers."

Fumo Has Paid Law Firm $1.2 Million Since FBI Probe Began. The Philadelphia Inquirer (8/13, Cattabiani, 399K) reported, "State Sen. Vincent J. Fumo has spent more than $1.2 million in taxpayer and campaign funds on a prominent law firm since the FBI began its corruption probe into the Philadelphia Democrat three years ago, records show. The money went to pay legal fees for Sprague & Sprague, which has represented Fumo throughout the criminal investigation. Fumo, his lawyers and Senate officers would not say exactly what those bills covered." The Inquirer added, "Asked what services were provided, Geoffrey R. Johnson, an attorney with the Sprague firm, responded in an e-mail: 'Fees were paid for representation of the Senate office in an aspect of the investigation related to Senate duties, but no tax dollars were paid for the Senator's personal representation.'"

US Files Additional Corruption Charges Against Louisiana Officials. The New Orleans Times-Picayune (8/12, Hamilton) reported, "St. Tammany Parish Councilman Joe Impastato Jr., already facing charges of extorting $50,000 from a Lacombe business owner, was indicted Friday on additional federal charges that he attempted to bilk another Lacombe resident in a similar scheme. Separately, former Mandeville Public Works Director Joe Mistich was hit with a federal charge Friday in the corruption probe. He is accused of covering for Impastato in the alleged fraud." The Times-Picayune noted, "The documents describe separate cases in which Impastato used his position as an elected official to broker debris-disposal contracts. He allegedly demanded kickbacks for arranging the deals and colluded with Mistich, a general contractor from Mandeville, to submit an inflated bill of $34,990 to the first victims."

DC Police Say Site Of Attorney's Murder Shows Signs Of Tampering. The Legal Times (8/14, Schwartz) reports, "The crime scene where murdered Washington, D.C., lawyer Robert Wone was found had been tampered with before police arrived, according to an affidavit for a warrant to search the office of D.C. lawyer Joseph Price." The Times continues, "Price, a partner at Arent Fox, owns the Northwest Washington house in which Wone's body was found shortly before midnight Aug. 2. … Police executed the search warrant Aug. 4 at the Connecticut Avenue Northwest offices of Arent Fox and seized Price's computer." The Times adds, "Price owns the Swann Street Northwest house with Victor Zaborsky, a marketing manager at the International Dairy Food Association. A third man, Dylan Wade, also resides there. All three were home the night of Wone's murder, according to police and Wade's lawyer. … At least one of the residents told police the night of the murder that Wone was killed by an intruder, according to the affidavit for the search warrant." The Times notes, "D.C. Metropolitan Police officers were called to the house at 1509 Swann St. N.W. around midnight Aug. 2. Upon arrival, they found Wone unconscious in a second-floor bedroom, suffering from three stab wounds to the chest. He was pronounced dead shortly after being transported to George Washington University Hospital. … According to the affidavit signed by Detective William Xanten III, technicians determined that the 'crime scene had been tampered with, including that the area where the victim's body was located had been cleaned. The use of chemicals and an artificial light source showed trace blood evidence located around where the victim's body was found. This trace blood evidence was located on the walls, floors, sofa bed and door frame of the bedroom where the decedent was killed.' … Investigators were told that Price and Wone, who knew each other through their alma mater, the College of William & Mary, had spoken and e-mailed each other before Wone came over to Price's house that evening, the affidavit states."

In New York, Reputed Crime Family Associate Admits Role In Gangland Killings. Long Island Newsday (8/12, Destefano) reports a reputed Bonanno crime family associate "admitted Friday to playing a role in two gangland slayings and faces a possible 10-year prison term. Patrick 'Patty Muscles' Romanello, 52, of Greenpoint, admitted to Brooklyn federal Judge Nicholas Garaufis that he participated in the conspiracies to murder mob associate Louis Tuzzio in January 1990 and Enrico Mazzeo, a former city official, in November 1982. … Law enforcement officials have said that Tuzzio was killed at the behest of the late Gambino boss John Gotti because of the victim's involvement in the murder of another mob associate. The associate, Gus

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Farace, was responsible for the 1989 murder of Drug Enforcement Administration special agent Everett Hatcher."

NYTimes Opposes Florida Law Allowing Citizens To Use Deadly Force. The New York Times (8/14, 1.21M) editorializes, "If ever a law was designed as a get-out-of-jail-free card for the trigger-happy gun owner, it's one that comes to us via the gun lobby and the State of Florida. The law, passed in the last year in 15 states and being considered in eight others, allows the extraordinary use of deadly force when a person simply doesn't want to back away from a confrontation." The Times concludes, "Redefining lethal force is bad enough, but it also comes with near-automatic immunity from prosecution and civil lawsuits. Florida's law is a sick cousin of the work of the gun lobby on Capitol Hill, where it has successfully protected the interstate traffickers of guns used in crimes. And it is the evil twin of laws passed in 38 states that allow concealed weapons. After all, what good is packing heat if it just stays in the holster?"

CIVIL RIGHTS:

Two New York Men Charged With Hate Crime. The New York Times (8/14, Lueck) reports, "Two Queens men have been charged with hate crimes after a confrontation that began in Douglaston with racial slurs shouted at a car full of Chinese-American students and escalated into a vicious roadside attack, then led to a fight with two police officers blocks away, the authorities said yesterday." The Times continues, "By the time it was over early Saturday, one of the students had been struck with his own steering wheel lock, one of his companions had been beaten in the face and body, and both officers had suffered minor injuries. All were released from hospitals after receiving treatment." The Times adds, "The events came as a shock yesterday to many people across Flushing, Douglaston, Little Neck and other neighborhoods of northern Queens that have attracted large concentrations of immigrants from China and Korea. … According to a law enforcement official, who insisted on anonymity because of the nature of the case, the epithets directed by the suspects, both white, at the four students, all of them native New Yorkers of Chinese descent, were laced with a racially derisive term rarely heard since the Korean War. … The authorities said that Kevin M. Brown, 19, of Auburndale, Queens, and Paul A. Heavey, 20, of Little Neck, were charged with assault and criminal harassment, and that each of the charges was elevated to a hate crime because of the nature of the attack and the slurs that were used. .. Mr. Brown also was charged with assaulting the arresting officers, and resisting arrest. He had already been awaiting trial on an assault charge. The police said Mr. Brown attacked a man with a hammer after a collision and dispute on a Queens street in May."

Pastor Sees Abortion Debate As Partisan, Not Religious Issue. With the Supreme Court expected to address the issue of abortion this fall, Episcopal pastor Tom Ehrich, in an op-ed in USA Today (8/14, 2.27M), says compromise is unlikely as "America's religious communities show deep divisions and hardening positions on abortion." Ehrich says the public sees "the abortion debate as individuals rather than with one religious voice" which is different "from the rhetoric — political and religious — on the national stage." Ehrich concludes, "Perhaps it's time for the common-sense middle to assert itself against both extremes -- in abortion and in the next hot-button issue."

Military Atheists More Assertive. Newsweek (8/21-28, Phillips, 3.12M) reports in its "Periscope" column, "'There are no atheists in foxholes,' the old saw goes. The line, attributed to a WWII chaplain, has since been uttered countless times by grunts, chaplains and news anchors. But an increasingly vocal group of activists and soldiers -- atheist soldiers -- disagrees." Master Sgt. Kathleen Johnson, who "founded the Military Association of Atheists and Freethinkers and who will be deployed to Iraq this fall," said, "A lot of people manage to serve without having to call on a higher power."

ANTITRUST:

Listing Service Responds To DOJ Probe. Inman News (8/14, Roberts) reports, "Multiple Listing Service of Northern Illinois has turned over hundreds of thousands of documents for a U.S. Department of Justice investigation that relates to limited-service real estate listings, and MLSNI has also responded to a subpoena that is linked to a federal antitrust lawsuit against the National Association of Realtors." Inman continues, "MLSNI, one of the largest MLSs in the country with about 51,000 members, in March received a subpoena from the Department of Justice that relates to ongoing antitrust litigation between the federal agency and the national Realtors trade group. The Justice Department charges in the lawsuit that the Realtor group's MLS policies for the online display and sharing of real estate information are overly restrictive, while the trade group has held that its policies are legal and provide for ample sharing of information. … In a statement to members, MLSNI said it was one of about 20 MLSs across the country that received a 'civil investigation demand' or subpoena from the Justice Department relating to the lawsuit." Inman adds, "The subpoena mostly related to MLSNI's Virtual Office Web site (VOW) and Internet Data Exchange (IDX) policies for sharing

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property information online, though the Justice Department did request information related to the pullout and return of some real estate companies as members of the MLSNI, 'as well as information regarding discussions MLSNI and MAP MLS have had and are having regarding (an MLS) consolidation or other transaction,' according to an MLSNI announcement to members. … Laurie Janik, general counsel for the National Association of Realtors, announced at a conference in May that at least 14 MLSs had been served subpoenas at that time, and all of those subpoenas related to the Justice Department's lawsuit against the trade group, she said."

EU Probes Metso Bid For Aker Kvaerner Unit. The Wall Street Journal/Dow Jones Newswires (8/14) reports, "The European Commission Monday launched an in-depth investigation into Metso Corp.'s plan to buy Norwegian offshore contractor Aker Kvaerner ASA's pulping and power business." Dow Jones continues, "The Brussels antitrust regulator said the deal could reduce competition in the markets for pulp mill equipment. … 'This takeover would reduce the number of competitors from three to two,' the commission's top antitrust regulator Neelie Kroes said in a statement." Dow Jones adds, "Finland-based Metso and Aker Kvaener both develop and manufacture equipment for pulp mills that serve the paper industry. Austria's Andritz AG is the only other maker of this equipment. … The commission said its in-depth investigation will focus on the markets for the supply of cooking equipment as well as the brown-stock washing, oxygen delignification, and bleaching stages of pulp production. … The commission said it will study the deal for 90 working days, noting that an in-depth investigation doesn't prejudge a final regulatory decision."

ENVIRONMENT/INDIAN AFFAIRS:

BP's Decision To Keep Part Of Field Open Eases Oil Price Fears. The Wall Street Journal (8/14, Farivar, 2.03M) reports BP's decision to continue to partially operate Alaska's Prudhoe Bay oil field "has taken the worst-case scenario for oil prices off the table. Under pressure from federal authorities concerned about supply shortages and Alaskan state officials fearing the loss of hundreds of millions of dollars in royalties and taxes, [BP] said late Friday it would maintain production in the western part of Prudhoe Bay...because it was confident of the integrity of the pipeline there." BP also "pledged to continue rigorous inspections of the route and implement unprecedented oil-spill response measures." BP's move came as Exxon Mobil and ConocoPhillips, "the two other partners in Prudhoe Bay, both informed their customers that they wouldn't be able to honor their delivery commitments. BP said it saw no need for such a measure, and refiners on the U.S. West Coast that depend on the field's crude oil said they could offset the shortfall by drawing down on inventories or tapping into readily available foreign sources of oil such as Saudi Arabia's."

Prudhoe Bay Spills Call Into Question BP's Management. USA Today (8/14, Woodyard, Davidson, Heath, 2.27M) reports a 735-gallon pipeline spill earlier this month, "along with one in March of 267,000 gallons, calls into question BP's management and the problems that surround the decline of Prudhoe Bay." The field "is showing its age. Snow and ice, along with bitter cold at the site 7 miles from the Arctic Ocean, allow water to seep underneath insulation and rust pipelines from the outside. Corrosion is attacking from within." Critics "say the company is unwilling to sink millions more into an oil field that is producing an average of 3.5% less every year." However, "BP denies cutting corners." USA Today notes, "The pipelines are largely unregulated because they are low pressure and above ground. Neither Alaska nor the federal government required any specific steps to control or check for corrosion. Only recently has the Bush administration announced plans to regulate them." The spills "could bolster environmental groups' case against drilling in the Arctic National Wildlife Refuge."

Creator Of BP Ad Campaign Disappointed By Company's Direction. In a New York Times (8/14, 1.21M) op-ed, advertising executive John Kenney, who helped create BP's "beyond petroleum" ad campaign, writes, "I believed wholeheartedly in BP's message, that we could go — or at least work toward going — beyond petroleum." Kenney writes, "I guess, looking at it now, 'beyond petroleum' is just advertising. It's become mere marketing — perhaps it always was — instead of a genuine attempt to engage the public in the debate or a corporate rallying cry to change the paradigm." Kenney says the men that run oil companies "possess something more valuable than wealth, privilege and power. They have at their disposal the truly rare possibility of creating a legacy, the ability to change things, on a huge scale. Think of it. Going beyond petroleum. The best and brightest, at a company that can provide practically unlimited resources, trying to find newer, smarter, cleaner ways of powering the world. Only they didn't go beyond petroleum. They are petroleum."

EPA Under Pressure To Crack Down On Diesel Engine Emissions. The Washington Post (8/14, A6, Eilperin, 748K) reports that it was recently discovered that government scientists "had used faulty estimates of the amount of fuel consumed by diesel trains, they grossly understated the amount of pollution generated annually." That has "put pressure on the government to crack down further on diesel engine emissions, a long-standing goal of Bush and Clinton administration officials. Bill Wehrum, the EPA's acting assistant administrator for air and radiation, said

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recently that his agency hopes to issue draft regulations by the end of the year or early next year for trains and ships that would reduce nitrogen oxide and particulate matter emissions 'on the order of 80 to 90 percent.'"

Air Force To Test Coal-Based Synthetic Fuel. Newsweek (8/21-28, Ephron, 3.12M) reports in its "Periscope" column that the US Air Force "spends about $4 billion a year gassing up its warplanes. Next month Air Force test pilots will try something new: flying a B-52 bomber on a fuel mixture that includes synthetic gas made from coal. The test flight is part of an energy-conservation program at the Pentagon that takes into account the potential for more instability in the Mideast, which provides much of the United States' oil." But "environmentalists aren't fans of the idea" because it "will create the same amount of carbon-dioxide pollution as gas, furthering global warming."

FBI/DEA/ATF/USMS:

Fentanyl-Heroin Mixture Linked To More Deaths. The Allentown (PA) Morning Call (8/13) reports, "A blend of potent painkiller and heroin that has killed hundreds of people in cities across the country — including at least 70 in Philadelphia — has hit the tiny towns of the coal region. Authorities say the mix of fentanyl…and heroin is suspected of causing the deaths of at least nine people in Schuylkill County, five of them in the small town of Tamaqua, in the past few months."

Fentanyl-Related Overdoses Dissipating In Pittsburgh. The Pittsburgh Post-Gazette (8/14, Fuoco) reports the "explosion of drug overdoses and deaths in the area this summer has dissipated, indicating fentanyl-laced heroin suspected in the spike is no longer on the streets. While there's no longer an immediate public-health threat posed by the extra-strong fentanyl-boosted heroin, believed to be responsible for as many as 14 deaths between mid-May and mid-July, there remains a heroin-addiction problem that shows no signs of abating. … The area wasn't alone in dealing with an outbreak of overdoses from the mixture. From the Midwest to the East Coast, authorities have been trying to get a handle on an extraordinary number of overdoses, and more than an estimated 200 overdose deaths, caused by heroin laced with fentanyl."

The Pittsburgh Post-Gazette (8/14, Fuoco) also writes, "The reports of innumerable overdoses and a high number of fatalities didn't faze the addicts except to excite them about the prospect of getting their hands on a drug that would recapture a high that had been dulled by tolerance. Those who overdosed, they felt, weren't careful."

No Fentanyl Found In Fatal Drug Mixture. Morris County, New Jersey's Daily Record (8/12) reports from Hanover that tests "revealed [a woman] died of a multiple drug intoxication consisting of heroin and alprazolam, which commonly is found in the prescription medication Xanax and codeine. … The toxicology results were negative for the presence of fentanyl."

Report: Methadone Fatal Overdoses Nearly Quadruple. According to the AP (8/12, Caruso) reports the number of fatal overdoses among people "taking methadone has nearly quadrupled in recent years, and experts say a surge in the drug's use as a painkiller is to blame. Methadone has long been known for its use combating heroin addiction, but in the 1990s an increasing number of doctors began prescribing it as an inexpensive alternative to painkilling drugs like OxyContin. … According to the Drug Enforcement Administration, retail sales of methadone roughly quadrupled between 1999 and 2003 and have increased tenfold between 1997 and 2005."

Accused Drug Trafficker Pleads Guilty In Boston. The Worcester Telegram (8/12) reports Rigoberto Morfin-Rodriguez "pleaded guilty before U.S. District Court Judge F. Dennis Saylor IV, of conspiracy to distribute cocaine and marijuana, and distribution of cocaine and marijuana. … The prosecution was the result of a multidistrict investigation initiated in December 2003 by the Drug Enforcement Administration, Massachusetts State Police and other local authorities. The investigation led to federal investigations of the Morfin-Rodriguez organization and others in Washington state, Arizona, Georgia and Illinois. In the course of the investigation, authorities have seized about 2,500 pounds of marijuana."

Man Who Posed As DEA Agent Is Sentenced In Sacramento. The Stockton Record (8/12) reports a Stockton man who "posed as an agent for the Drug Enforcement Administration to solicit donations for a purported nonprofit was sentenced Friday to 15 months in federal prison. Ricardo Simental, 43, once even made a speech before a Rotary Club touting his phony nonprofit organization, which purportedly benefited at-risk children, said Assistant U.S. Attorney Carolyn Delaney, who prosecuted the case."

DEA Exhibit In Chicago Criticized. The Washington Post (8/12, A3, Lydersen) reports the "central message of a traveling Drug Enforcement Administration exhibit unveiled at Chicago's Museum of Science and Industry…is that terrorism and drugs are inextricably linked. But advocates of legalization who are leafleting outside the exhibit say the DEA is leaving out an important part of the story. Critics agree that drug trafficking provides a potentially lucrative revenue stream for terrorist organizations. But they

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say the profit is actually fueled by the government's war on drugs, which creates a situation akin to prohibition of alcohol." However, Steve Robertson said, "We're a law enforcement agency -- we enforce the laws as they are written. … People say if we didn't have (drug) laws there wouldn't be a problem, but there was a problem before, and that's why laws were established." The Tampa Tribune, Indianapolis Star, and Knoxville, Tennessee News Sentinel also published the Washington Post story.

The Washington Times/UPI (8/12) cites the Washington Post story.

Accused Top Player In Trenton Heroine Trade Gets 17-Year Sentence. The Trentonian (8/14) reports Operation Golden Triangle, "the high profile 2004 shakedown of the city's heroin trade, led to a 17-year prison term for one of its top players yesterday, officials said. Bloods' gangster Akeem Blue, 22, of Kingsbury Square, Trenton, an alleged wholesaler for the heroin cartel toppled by the state-wide operation, pleaded guilty April 14 to possession of heroin with the intent to distribute after he was caught two years ago buying 8,950 decks of smack with $43,000 in cash."

The AP (8/11) writes, "Prosecutors said the cartel would obtain large quantities of street-packaged heroin bricks from sources in northern New Jersey, then separate them out for distribution in single doses in the Trenton area."

Pro Golfers, Officials See No Steroid Problems In Golf. The New York Times (8/14, Hack) reports, "In interviews with several professional golfers and officials, none said they believed that professional golf had a steroid problem. But many recognized that their sport does not exist in a vacuum despite its being perceived as a game of honor. … A move toward testing has already begun in some golf circles. During the British Open last month, Peter Dawson, the chief executive of the Royal and Ancient Golf Club of St. Andrews, announced that the countries competing in the World Amateur Team Championships in South Africa in October would be given a drug test."

VA: Court Upholds Conviction In Drug-Related Case. The Washington Post (8/13, Rondeaux) reports the Virginia Court of Appeals "has upheld the conviction and sentence of a Manassas drug dealer in the killing of a Leesburg man three years ago. A Loudoun County jury convicted Tyrone T. Smith in 2004 on charges of second-degree murder in the shooting of Leesburg resident John G. Zimmerman. Prosecutors said that a drug deal between the two…went sour and that Smith…fired shots from the parking lot in front of Zimmerman's apartment."

Three Killings Linked To Ecstasy Smuggling In San Francisco. The Daily Review (8/12) reports "Infighting between two of the Bay Area's biggest distributors of the illegal drug ecstasy may have led to the bludgeoning deaths of three people found inside a Union City home almost four years ago. Oakland resident Johnny Li, 33 — who was one of the area's largest ecstasy distributors, according to an affidavit unsealed this week by a U.S. District Court magistrate — his fiancee, 26-year-old Deborah Yao of Union City, and friend Kevin Kwok, 32, of San Jose, likely were killed because Li 'wanted to be the sole distributor of (ecstasy in the Bay Area),' the document states." According to the DEA, "Johnson Mai, the ringleader of a major ecstasy smuggling operation suspected of dispensing some 3.6 million doses of the drug in the Bay Area since 2000, was arrested Thursday along with four others during a series of raids in the East Bay and on the Peninsula."

The Mercury Register (8/11) writes, "Agents arrested five suspects in raids on six homes in the East Bay and the Peninsula on Thursday morning, discovering about 70,000 Ecstasy pills in an apartment. … Smugglers transported pills from their point of manufacture in the Netherlands to San Francisco International inside leather sofas, upright pianos and even automobile transmissions, the DEA said."

The Bay City News Wire (8/12) reports five Bay Area residents "suspected of being in a drug smuggling ring are facing charges of conspiracy to distribute Ecstasy, according to the San Francisco division of the Drug Enforcement Administration (DEA). The DEA worked with U.S. Immigration and Customs Enforcement (ICE) to target the Bay Area-based criminal organization that reportedly used imported pianos, automobile transmissions and sofas to smuggle large quantities of Ecstasy into the U.S. since 2000."

IMMIGRATION:

Small Towns Targeting Illegal Immigrants' Landlords, Employers. USA Today (8/14, Dorell, 2.27M) reports Mayor Lou Barletta "says illegal immigrants are overfilling schools in Hazleton, Pa., cramming local health clinics and overrunning the playground where he once played basketball." Barletta "says illegal immigration is 'destroying small towns' that don't have the budget to deal with the influx," and he "proposed a law that fines landlords for renting to illegal immigrants and punishes employers for hiring them. The City Council passed the measure, and Barletta signed it into law last month." Hazleton's "requirements are strict, but other communities also are targeting landlords and employers."

Dedicated Minuteman Profiled. The New York Times (8/14, LeDuff, 1.21M) profiles Minuteman volunteer Britt

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Craig, who "describes himself as a 57-year-old Spartan, a decorated war veteran, a Buddhist, a damaged and lonesome man, a lover of books who can pull bits of philosophy from the corners of his confinement." While "some, including President Bush, call people like Mr. Craig a vigilante, more consider him a concerned citizen, if some polls are to be believed. And while the Minutemen do carry guns, the Border Patrol says there have been no reports of immigrants being shot or abused by them since they began their campaign more than a year ago."

WPost Approves Of Pence And Hutchison's Approach To Immigration Reform. The Washington Post (8/14, A12, 748K) says in an editorial that into the "poisonous environment" of the debate over immigration, "two conservatives -- Rep. Mike Pence (R-Ind.) and Sen. Kay Bailey Hutchison (R-Tex.) -- have introduced an intriguing, if imperfect, proposal that may offer the last, best hope for achieving immigration reform this year. It would begin with beefed-up enforcement -- but as part of a comprehensive package that would also put the millions now living in the United States illegally on a path to legal status and eventual citizenship." The Post adds, "We are not endorsing Pence-Hutchison; that would be impossible given that no actual legislation has been introduced. We do, though, applaud its authors for seeking to refocus the immigration discussion in a positive way."

CONGRESS-ADMINISTRATION:

Governors Oppose Federalizing Of National Guard. The Washington Post (8/14, Balz, 748K) reports, "The nation's governors, protesting what they call an unprecedented shift in authority from the states to the federal government, will urge Congress today to block legislation that would allow the president to take control of National Guard forces in the event of a natural disaster or a threat to homeland security." The governors sent a "sharply worded" protest to Congress. Fifty-one governors, including some from territories, had signed the letter as of yesterday, demonstrating "broad bipartisan support that underscores the depth of opposition among state executives to encroachments by Washington on their powers." The governors had previously "pressed President Bush and Defense Secretary Donald H. Rumsfeld over what they regarded as harmful proposed cuts and restructuring in the Guard."

Crawford, Texas, Said To Be Divided On Bush Record. The Financial Times (8/14, Daniel) reports that even the "tiny town" of Crawford, Texas, "which is not on the maps handed out from car rental kiosks at the nearby Waco airport, but which Mr Bush calls home, has become a microcosm of America – split on his record and the war in Iraq." The "country's most famous anti-war mother, Cindy Sheehan, comes to town every time the president heads for his 1,600-acre Prairie Chapel Ranch, and so do the protesters." This year, as "anti-war sentiment has moved from the margins to the mainstream, the number of protesters has dwindled," and "as Mr Bush has launched a more assertive defence of his actions in Iraq, the tone" of his aides "has turned dismissive."

Retirement To Reduce Field Of Federal Contracting Officers By 54%. The Washington Post (8/14, D4, Barr, 748K) reports in its "Federal Diary" column that the "crunch time for the federal acquisition workforce hits in 2015. That's when 54 percent of contracting officers will be eligible to retire, according to a recently released report by the Federal Acquisition Institute. That is a sharp jump from fiscal 2005, when only 13 percent were eligible." The loss "of experienced officers could be severe at the Small Business Administration, where 81 percent of contracting officers will be eligible to retire in 2015, and at the Army, the Navy and the Energy, Homeland Security and Health and Human Services departments, where at least 60 percent will be eligible for retirement." For "federal procurement, however, a wave of retirements could be especially critical. Contracting officers oversee about $350 billion a year in spending, and there are concerns that not enough mid-career professionals will be left to replace retirees because of budget and staff cuts in the 1990s that thinned the ranks."

Hatch Act Permits DOL Official To Appear On TV As "Conservative." The Washington Post (8/14, A11, Kamen, 748K) reports in its "In the Loop" column Labor Department Deputy Assistant Secretary Karen Czarnecki has appeared "on Fox News as a 'conservative strategist.' She's also a regular 'conservative analyst' on the PBS show 'To the Contrary' and, according to her department biography, has appeared on MSNBC, CNN, Canadian Public Broadcasting and C-SPAN. So how does Czarnecki, who has worked in the Reagan and Bush I administrations and at the Heritage Foundation, do it? Easy. We're told it's quite possible to hold forth on 'intelligent design,' the meaning of the latest election returns and most any political issue without running afoul of ethics regulations or the Hatch Act's provisions on politics and government employees."

Design Revisions Delay Delivery Of Congressional Medals To Tuskegee Airmen. The Washington Post/Newsday (8/14, A11) reports, "Five months after Congress voted to bestow its highest honor on the Tuskegee Airmen -- pioneering aviators who during World War II broke the color bar banning black pilots in the U.S.

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military -- the Congressional Gold Medal is still not in their hands." An aide to Rep. Charles B. Rangel "said several revisions to a design submitted by the aviators group have delayed the medal's issuance. Milne said the medal originally was to have featured the images of three aviators on the front and aircraft on the medal's reverse side. He said efforts to simplify the design have led to delays."

Spellings Defends Opportunity Scholarships. US Secretary Of Education Margaret Spellings writes in USA Today (8/14, 2.27M), "All children deserve a high quality education" so "President Bush's proposed America's Opportunity Scholarships for Kids would help low-income families whose schools have failed to meet state academic standards for five or more years" by offering to parents "scholarship money to transfer their children to a higher-performing public, charter, or private school or enroll them in an intensive tutoring program." Already, "this year, we've requested $200 million from Congress for school improvement. That's in addition to almost $13 billion we've provided to help Title I public schools meet their students needs. Scholarship programs do not replace these efforts but complement them" by insuring that "every child has equal access to" education.

USA Today Urges Support For Coaches, Charters Instead. USA Today (8/14, 2.27M) responds in its editorial, "In certain circumstances, vouchers are appropriate experiments." But "rather than paying students to leave those schools, here are some better ways to spend that $100 million: Help states pay for coaches." And "boost the capacity of effective charter schools." Because "federal accountability rules snagged struggling schools…Washington has a responsibility to lend a hand. That requires doing something more effective than handing out vouchers that encourage the most motivated families to abandon those schools."

Dropout Rates Said To Pose National Security Crisis. William E. Kirwan, chancellor of the University System of Maryland, writes in the Washington Post (8/14, A13, 748K), "A national security crisis is brewing" in low high school and college graduation rates that "could be devastating for the future of the United States." So states should form K-16 councils, "which bring educational leaders from all levels…together with business and community leaders on a regular basis to develop reform agendas." And "state governments and higher education need to rethink the way they distribute financial aid." Otherwise, "U.S. leadership in the global economy will erode. Perhaps even more threatening, our national ethos of social upward mobility will be lost and we will devolve into a two-tier society with a permanent underclass."

WSJournal Says Alaska Delegation Steers Excessive Federal Funding To State. The Wall Street Journal (8/14, 2.03M) in an editorial criticizes Alaska's congressional delegation, accusing them of steering too much in Federal spending to the state. The Journal says Alaska "is routinely handcuffed in its economic development efforts by Congress -- most notably by the prohibition on tapping oil resources from the Alaska National Wildlife Refuge (ANWR). Two-thirds of the land in Alaska is also owned by Uncle Sam and thus typically off limits to income-producing projects. But Alaska isn't poor; its per capita income is above the national average even before calculating the oil trust fund windfall each year. And taxpayers nationwide already subsidize Alaska's development projects with the billions of dollars of oil taxes that flow to the state's coffers. Why should everyone else pay for its earmarks too?"

NYTimes Pans Proposed Vietnam Veterans Memorial Visitor Center. In an editorial, the New York Times (8/14, 1.21M) says that the Vietnam Veterans Memorial's "eloquence and its terseness — both a product of its simplicity — have moved nearly everyone who has ever been lucky enough to visit." Noting that the Vietnam Veterans Memorial Fund has proposed an underground visitor's center, the Times writes, "This is an idea that makes no sense." The Times adds, "[T]he most serious objection is simply that the visitor center is not necessary. … At best, the visitor center can offer only a sanitized glimpse of that deeply controversial war. At worst, it will become a political battleground. Either way, it will damage the clarity of what Maya Lin achieved."

OTHER NEWS:

Change To CPI Formula Would Affect Inflation Estimates. The Wall Street Journal (8/14, Ip, 2.03M) reports, "The Bureau of Labor Statistics is contemplating a change in the widely followed consumer-price index that could have a big impact on how markets and policy makers interpret the latest inflation data." The agency "is considering publishing the index and its subindexes to three decimal places instead of one, an agency official said. Doing so would greatly reduce the frequency with which rounding produces a misleading inflation rate." The Journal adds, "No decision has been announced. If it goes ahead, the change would probably take effect early next year."

Markets Said To Have Learned To Circumvent Fed Policy. In a Wall Street Journal op-ed (8/14, A9), Henry Kaufman, president of Henry Kaufman & Company, Inc., an economic and financial consulting firm, says, "In its most recent directive, the Federal Open Market Committee restated the Fed's long-standing and laudable goals: to seek

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'monetary and financial conditions that will foster price stability and promote sustainable growth in output.' But the Fed's monetary tactics are flawed, and work against these objectives." Fed strategy "of the last few years stands on three tactical legs. First, its responses to economic and financial developments have been measured; second, its intentions and actions have been transparent; and third, it has relied on an econometric model for projecting future developments. These approaches would be reasonable, rational and effective -- if not for the uncomfortable fact that markets have learned how to circumvent them."

Strong Economy May Prompt Fed To Resume Rate Hikes. The Wall Street Journal Online (8/14, Conkey) reports in its "Washington Wire" that if the Federal Reserve policy makers "are going to resume their recently paused campaign of interest-rate increases, history suggests it will happen soon. Economists at Goldman Sachs recently analyzed the Fed's monetary policy decisions over the last several business cycles and found that pauses in the midst of tightening campaigns didn't last longer than one meeting. Either the Fed resumed raising rates at its next meeting or the pause lasted and the Fed started lowering interest rates six to seven months down the road. That suggests the outcome of the Fed's September meeting will be telling for monetary policy over the next year or so, and that a rate increase is much more likely to come in September than sometime later this year."

The Wall Street Journal (8/14, A8, 2.03M) says in an editorial that the retail sales figure for July of 1.4% "suggest that third quarter economic growth is off to a decent start, notwithstanding predictions that gas prices and a slowing housing market would leave consumers tapped out. The economists at Goldman Sachs have promoted this theme especially hard. Others have argued that job creation and healthy income growth would keep the resilient consumer in the game." But the strong economy "make life even more difficult for the Federal Reserve, which only last week stopped raising interest rates for the first time since June 2004 based on its prediction that the economy would slow enough in coming months to contain inflation. By this logic, if the economy doesn't slow as predicted, the Fed will have to resume raising rates, perhaps sooner than it now expects."

Many Scientists Dismiss Near-Term Expectations About Stem Cell Therapy. The New York Times (8/14, Wade, 1.21M) reports, "In the five years since President Bush authorized and at the same time restricted research on human embryonic stem cells, a marked shift has taken place in some scientists' views of how the research is likely to benefit medicine. Many no longer see cell therapy as the first goal of the research, parting company with those whose near-term expectations for cell therapy remain high." Instead, "these researchers envisage a longer-term program in which human embryonic cells would be a research tool to study the mechanisms of disease. From this, they say, many therapeutic benefits may emerge, like new drugs, which would probably be available at least as soon as any cell therapy treatment." The Times adds, "Government policy has slowed research with human embryonic stem cells in many ways, scientists say. To work with unapproved lines, government-supported researchers must not only raise private money but also keep their government-financed work separate from their work on unapproved stem cell lines."

State, Local Governments Advancing Minimum Wage. Time (8/21, Caplan, 4.03M) reports, "Although 22 states require employers to pay more" than the $5.15 Federal minimum wage "(and six more may do so in November), activists in Chicago and elsewhere are pressing for a 'living wage' to help the working poor." After "years of failed attempts to unionize big-box stores, labor seems to have hit on a winning legislative tactic in the battle over pay. Congress hasn't acted in nearly a decade, and although 140 local living-wage laws have been enacted in the U.S., most apply just to city workers or contractors."

Lamont Says Lieberman, Cheney Comments "Offensive." USA Today (8/14, 2.27M) reports, "Democratic Senate nominee Ned Lamont, the anti-war candidate who toppled Sen. Joe Lieberman in the Connecticut primary Tuesday, said Sunday that he was surprised Lieberman and Vice President Cheney claimed that Lamont's victory could embolden terrorists. 'The very first thing that comes out of their mind is how can we turn this to partisan advantage. I find that offensive,' Lamont said." Cheney "had said Wednesday that Lamont's victory might encourage 'the al-Qaeda types' who want to 'break the will of the American people in terms of our ability to stay in the fight and complete the task.'" Cheney spokeswoman Lea Anne McBride "said Sunday that Lamont was the one 'playing politics at a time the president is trying to build national unity and cooperation in fighting a determined and murderous enemy.'"

The AP (8/14, Miga) reports Lamont said in an interview Sunday with the Associated Press that "Lieberman's swipe at his candidacy 'sounded an awful lot like Cheney.'" Added Lamont, "It surprised me. … It seemed almost orchestrated. It's sort of demeaning to the people of Connecticut. ... I thought the senator and the vice president were both wrong to use that attack (strategy) on the voters of Connecticut." The Lieberman camp "brushed aside Lamont's comments. 'All Lieberman did was point out an important difference between his approach to national security and Ned Lamont's,

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which is what campaigns are all about,' said Lieberman spokesman Dan Gerstein."

Asked on Fox News Sunday (8/13, Wallace) about Cheney's statement that his "victory encourages the Al Qaida types," Lamont said, "I did find that offensive. I find that terribly harsh and wrong. Look, what's going to -- what we ought to be doing is fighting the war on terror in a serious way. I think we've gotten a little bit complacent, to tell you the truth. Maybe we've had a wake-up call in the last couple of days. We ought to be focused on homeland security. We ought to be focused on our ports, on our airports and public transportation, a lot of which you were talking about here today. We also are much stronger when we work in concert with our allies, when we have shared intelligence. And I think that we've taken our eye off the ball there a little bit, and I think it's time to focus."

Lamont Distinguishes Between Iraq, War On Terror. On CBS' Face the Nation (8/13, Pelley), Lamont said, "I don't think our invasion of Iraq has done anything when it comes to the real war on terror. … It was a terrorist cell coming out of Pakistan, going through London, threatening the United States of America, five years later. You know, if nothing else, I think our country has gotten a little bit complacent when it comes to the war on terror right now. And maybe this is a wakeup call. Maybe we'll take into account the 9/11 Commission recommendations when it comes to homeland security, be it the ports, public transportation, airports, nuclear facilities."

Dean Says Lieberman "Embraced" Bush's Policies. Asked on NBC's Meet the Press (8/13, Gregory) why Connecticut Democrats rejected Sen. Joseph Lieberman, Democratic National Committee Chairman Howard Dean said, "I think he embraced George Bush's policies, and the American people are tired of George Bush's policies. They want a new direction in this country, and, and the voters have spoken." Dean added he thought Lieberman should exit the race adding, "We need a new direction, and I think Ned Lamont will give us that new direction."

Lieberman Said To Be Using GOP Strategy On Iraq Against Lamont. Newsweek (8/21-28, Darman, 3.12M) reports that after Ned Lamont's victory in the Democratic Connecticut Senate primary, Sen. Joseph Lieberman warned that if the US picks up "like Ned Lamont wants us to do…get out by a date certain, it will be taken as a tremendous victory by the same people who wanted to blow up these planes." Newsweek adds that "at least for one day, Joe Lieberman became the most prominent spokesman for the Republican strategy in 2006: paint Iraq critics as frail on national security at a time when our foes are at their fiercest." The GOP "has moved aggressively to capitalize on Lieberman's defeat and the subsequent London terror news." Karl Rove "and the Republicans now see a new opportunity in 'Lamontism' -- the idea that liberal Democrats will risk failure in Iraq to score points with a public grown weary of war."

Ridge Disagrees With Cheney On Impact Of Lamont Win. Newsweek (8/21-28, Thomas, 3.12M) reports that while President Bush "tried to reassure Americans that they are safer than they were before the attacks," at the "same time, his vice president, Dick Cheney, darkly warned that the Connecticut primary victory of antiwar candidate Ned Lamont over Sen. Joseph Lieberman would only encourage 'Al Qaeda types.' (Interviewed by NEWSWEEK, former Homeland Security secretary Tom Ridge bridled at his former colleague's remark: 'That may be the way the vice president sees it," he said, "but I don't see it that way, and I don't think most Americans see it that way.')" Newsweek adds White House aides "insisted that Cheney was not trying to exploit the latest terror plot for political advantage," but they "were somewhat hard put to explain why the normally press-shy Cheney volunteered to talk to wire reporters and offer his analysis on the national-security implications of a Lamont victory."

After Campaign Calls Website Attack "Rovian," Lieberman Takes Call From Rove. In her Time "Notebook" column (8/21), Ana Marie Cox says, "On the eve of the Connecticut primary, Senator Joseph Lieberman's website goes as dark as the horse Ned Lamont rode in on. Joe's campaign alleges the outage is a Lamont dirty trick, 'almost Rovian' -- which makes things awkward when Rove gives Lieberman a sympathy call the next day."

Klein Says "Blognuts" Critique Of Triangulation Shows Democrats' "Self Destructive Urge." In his Time column (8/21), Joe Klein says, "Eli Pariser, the executive director of MoveOn.org and therefore, perhaps, the nation's blognut in chief, proposed the 'death of triangulation' -- that is, the end of Clintonian moderation -- in a Washington Post Op-Ed piece and announced a return to ... well, the party's stupid excesses of the '70s and '80s." Pariser's "anti-triangulation argument deserves attention because it represents the latest expression of a perennial self-destructive urge within the Democratic Party."

Lieberman Bid Seen As Hinging On Strong Support From His Base. The Washington Times (8/14, Hurt, 88K) reports that Sen. Lieberman's "re-election bid as an independent will depend on whether he can maintain voter support at home in the next few weeks and raise the money needed to wage a campaign against two party-backed candidates." Noting that a Rasmussen Reports poll last week showed Lieberman leading Lamont 46% to 41%, with 6% backing GOP candidate Alan Schlesinger, the Times relates that Lieberman "begins his independent campaign with backing from about 75 percent of his supporters in the primary, according to an exit poll conducted by the New York Times and CBS News. That amounts to nearly 40 percent of the Democrats who participated in the primary. His base,

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according to the poll, is significantly more loyal than is Mr. Lamont's. Nearly half of Mr. Lamont's supporters said they were motivated primarily by opposition to Mr. Lieberman, while 92 percent of Mr. Lieberman's supporters said they were casting their vote because they like Mr. Lieberman and the job he has done." Lieberman "also is expected to draw substantial support among Connecticut Republicans and independents."

Novak Sees Little Difference Between Potential Lieberman, Lamont Votes In Senate. Syndicated columnist Robert Novak (8/14) writes that while many GOP officials, including Vice President Cheney and RNC Chairman Ken Mehlman, have lamented the results of Connecticut's Democratic U.S. Senate primary, "how different from Lieberman would Lamont vote in the Senate? Not much." Novak notes, "Aside from Iraq," Lieberman has regularly denied President Bush "needed votes. … In key votes of the last Congress selected by the Almanac of American Politics, Lieberman followed the straight liberal line in opposing oil drilling in ANWR, Bush tax cuts, overtime pay reform, the energy bill, and bans on partial birth abortion and same-sex marriage. Similarly, he voted in support of Roe v. Wade, and for banning assault weapons and bunker buster bombs. His only two pro-Bush votes were to fund the Iraq war and support missile defense." Regarding Iraq, Novak adds, "In a desperate Sunday night effort to separate himself from the President," Lieberman "said 'many of the Bush administration's decisions regarding the conduct of the war' were not 'right.' That did not fit the post-primary profile of courage that subsequently was sketched for him by the Republican high command."

Mehlman Says Democrats Wrong On Iraq, War On Terror. On NBC's Meet the Press (8/13, Gregory), Republican National Committee Chairman Ken Mehlman said, "If you listen to what Osama bin Laden says, if you listen to what Mr. Zawahiri says, they both say their goal is to drive America out of Iraq the way we were driven out of Vietnam and to use that as a base to launch further attacks. They've said what their goal is if there's a failed state sitting in between Syria and Iran." Mehlman added that Democrats have "voted against the Patriot Act, against the surveillance programs, similar to the kind of programs that were used in London to deal with" the UK terror plot.

Dean Says GOP Wants To Win Midterm Elections Using "Fear." On NBC's Meet the Press (8/13, Gregory), Democratic National Committee Chairman Howard Dean said, "The Republicans hope, once again, to win an election based on fear. … Fear-mongering, whining and complaining and name-calling is not going to lead America." Dean added that in the war on terror, "Iraq never had anything to do with the war on terror and that's just a fact and that's what the 9/11 Commission said."

Focus On Terror May Benefit Bush Politically. NBC Nightly News (8/13, story 5, 2:15, Jordan, 9.87M) reported last night, "No matter what the President's overall job approval rating, he's always polled best when it comes to Homeland Security. But will that be enough to help him and his party in the midterm elections? President Bush back at the White House today after a 10-day working vacation in Texas." The "security challenges may also present a political opening for Mr. Bush." Stuart Rothenberg, The Rothenberg Political Report: "It gives the President and his party an opportunity to broaden the discussion about the war against terror and that could benefit to their advantage." Also, "NBC political analyst Charlie Cook says the President has paid a heavy political price for the Iraq war." Charlie Cook: "There was a time when President Bush had an enormous amount of credibility on national security issues and bit by bit by bit, the war in Iraq has eroded that credibility." NBC (Jordan) added, "Political experts say it could take another week or so to figure out whether the arrests in the bombing plot are going to give a lift to the President and the Republican Party. As one expert put it today…you know something else could happen that could make everyone forget about last week's arrest."

GOP Accused Of Manipulating Terror Issue. Bob Herbert writes in the New York Times (8/14, 1.21M), "I wonder if Americans will continue to fall for the political exploitation of their fears of terrorism, or if voters will begin to show some awareness of the fact that they have been cynically manipulated, and that our current policies have been disastrously counterproductive. … There was something pathetic about the delight with which Republicans seized upon the terror plot last week and began trying to wield it like a whip against their Democratic foes."

Also in the New York Times (8/14, 1.21M), Paul Krugman writes, "If current polls are any indication, Republicans are on the verge of losing control of at least one house of Congress. And 'on every issue other than terrorism and homeland security,' says Newsweek about its latest poll, 'the Dems win.' Can a last-minute effort to make a big splash on terror stave off electoral disaster? Many political analysts think it will." But "even on terrorism, and even after the latest news, polls give Republicans at best a slight advantage. And Democrats are finally doing what they should have done long ago: calling foul on the administration's attempt to take partisan advantage of the terrorist threat. … All Mr. Bush and his party can do at this point is demonize their opposition. And my guess is that the public won't go for it, that Americans are fed up with leadership that has nothing to hope for but fear itself."

GOP Seen As Losing Ground In Northeast. The Washington Post (8/14, A1, VandeHei, 748K) reports, "The Iraq war and Bush's low approval ratings have created

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trouble for Republicans in all regions." But "nowhere is the GOP brand more scuffed than in the Northeast, where this year's circumstances are combining with long-term trends to endanger numerous incumbents. … Republican losses in the region could echo well beyond the 2006 campaign. Because much of the region is tilting Democratic, history suggests Republicans would find it hard to recapture seats once lost." Republicans "understand the risk" because "they were beneficiaries of a strikingly similar regional upheaval a decade ago. Before the 1994 elections, when Republicans won control of the House for the first time in 40 years, Democrats held dozens of Southern districts in which the electorate had been gradually growing more conservative. That year, Republicans picked up 20 of those Southern seats, including several held by Democratic incumbents who -- like Northeast Republicans today -- tried to distance themselves from an unpopular White House and Congress controlled by their party."

Democrats Up 15 Points In Generic Ballot In Harris Interactive Poll. The Wall Street Journal Online (8/14) reports in its "Washington Wire" that a "new Harris Interactive telephone poll shows an uptick in support for a Democratic candidate in the next Congressional elections. When asked whom they would vote for if elections for Congress were held today, 45% of U.S. adults said they would vote for the Democratic candidate and 30% would vote for the Republican." In a "similar poll in April, 41% supported a Democratic candidate for Congress and 37% supported a Republican. The poll was conducted Aug. 4-7, just ahead of the U.K. terror arrests. In the poll, President Bush's approval rating was steady at 34%."

Schwarz Loss To Conservative Challenger Seen As Cautionary Tale For Republicans. The Washington Times (8/14, Fagan, Dinan, 88K) reports Republican Rep. Joe Schwarz "campaigned personally with Sen. John McCain and had the support of President Bush -- but what the incumbent didn't have was the right positions on issues for a conservative Republican district in Michigan." His "loss in last week's primary to conservative state lawmaker Tim Walberg is being read in Washington as a message to other Republicans about the need to control spending and listen to the conservative base on issues such as immigration and abortion." Other Republicans "saw Mr. Schwarz's position on immigration -- he tied himself to Mr. McCain's plan for guest workers and repeated Mr. Bush's declaration that the country cannot deport an estimated 12 million illegal aliens -- hurt him."

The Christian Science Monitor (8/14, Feldmann, 58K) reports that in addition to Rep. Schwarz, "another moderate senator - Lincoln Chafee (R) of Rhode Island - is fighting for his political life. If he survives the well-funded challenge of a conservative in his Sept. 12 primary, he faces another tough fight in the general election." In an election year "marked by strong anti-incumbent feeling and the potential for significant Republican losses, many of Congress's moderates - those willing to buck their party leadership at times - are vulnerable. In the House, the potential loss of Republican moderates could intensify the chamber's partisan polarization, adding to the challenges of George W. Bush's final two years as president."

Three Sons Of Democrats Defeated In 1980 Making Waves In 2006, '08. The New York Times (8/14, Toner, 1.21M) reports that in "the history of the Democratic Party, the election of 1980 looms large: the year the party lost the White House, the Senate, a generation of Midwestern liberals and, in some ways, its confidence that it was the natural, even inevitable, majority party." Call it "the return of the sons: Chet Culver, the Iowa secretary of state and the son of former Senator John C. Culver, is running for governor of Iowa." Senator Evan Bayh, "son of former Senator Birch Bayh of Indiana, is organizing and testing the waters for a possible presidential bid in 2008. And Jack Carter, the son of former President Jimmy Carter, has decided at the age of 59 to run an uphill race for the Senate in Nevada, his first foray into electoral politics."

WPost Says Virginia Lobbyist Disclosure Laws In Need Of Reform. The Washington Post (8/14, A12, 748K) in an editorial argues that Virginia's open records system requiring lobbyists to disclose expenditures on lobbyists is in need of reform because the rules are too vague. The Post states, "It's a situation ripe for legislative action. If Virginia's system is going to work, the General Assembly should give the secretary of the commonwealth's office the authority and means to audit lobbyists' reports, and it should prescribe tough penalties for providing incomplete or inaccurate information. Otherwise, lobbyists won't have much incentive to fully account for the money they've spent."

Clinton, Gates Lend Assistance To Effort To Fight AIDS In Developing World. The Financial Times (8/14, Jack) reports that former president Bill Clinton and Microsoft's Bill Gates "will address 24,000 of scientists, government officials and activists in Toronto on Monday at the world's biggest conference on Aids." They are "part of a strengthening alliance, complement each other's skills," and "reflect an unprecedented shift in resources and advocacy towards the problems of the diseases of the developing world." Some question "the significance and impact of Mr Clinton's influence. 'It is public health by press release,' says Jerry Norris from the Hudson Institute, a right-wing US think

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tank." Yet "Tony Harries, a British adviser to the government of Malawi, says the Clinton Foundation is brokering a deal that will offer a 20 per cent reduction on one drug below alternative suppliers' prices. 'When we are talking about 100,000 patients...it is quite a cost saving,' he says."

The Washington Post (8/14, A3, Brown, 748K) reports that "three conclusions about the AIDS epidemic that are likely to be themes of this largest-ever gathering of scientists and advocates." The Post notes, "The first is that there won't be an AIDS vaccine soon. The second is that AIDS treatment, finally being brought to people in poor countries, will eventually become an intolerable drain on the world's resources if the rate of new HIV infections is not reduced. The third is that a prevention strategy controlled by women -- and usable without the knowledge or permission of men -- is essential."

NAACP's Bond Says AIDS Is A Civil Rights Issue. NAACP Chairman Julian Bond in an op-ed in the Washington Post (8/14, A13, 748K) says "AIDS is a major civil rights issue of our time." Bind argues "We must also pressure our government and elected officials -- at local, state and national levels -- to be far more responsible partners than they have been. We must lift the federal ban on funding for needle exchange programs, which have been proven to slow the spread of AIDS. We must also work with elected officials to promote comprehensive, age-appropriate, culturally competent AIDS prevention efforts that give young people the tools they need to protect themselves."

Zambia Program To Fight AIDS Seen As Model. The New York Times (8/14, Altman, 1.21M) reports, "Rapid expansion of a large AIDS treatment program in Lusaka, Zambia, is working well and has saved many lives in its first two years, the program's leaders reported Sunday at the opening of the 16th International AIDS Conference here." Until recently "there was widespread skepticism that AIDS treatment programs would work in poor countries. The drugs were considered too costly and too hard to deliver to those who needed them; the required regimens were seen as too complicated and the side effects too dangerous." Yet, "the effort has worked, the authors of the study said, as health workers have made intensive efforts to use in Zambia and other poor countries the same kinds of drugs and monitoring services that are standard in rich countries."

Activist Says Rape An HIV Risk Factor In Africa. Holly Burkhalter, vice president of International Justice Mission, a global human rights agency, in an op-ed in the Washington Post (8/14, A13, 748K) writes, "President Bush's global emergency plan to fight AIDS began with the radical proposition that men, women and children in Africa didn't have to die of the disease. Three years later that radical proposition has become wonderfully ordinary. The question of whether the poor should have expensive AIDS drugs has been answered with a sturdy affirmative: 561,000 Africans are now receiving life-saving medication." But "Rape is an HIV risk factor for tens of millions of African women and children. It requires something more than condoms, education or 'empowerment.' Functioning judicial systems are the next frontier in confronting the pandemic and preventing its spread."

Questions Raised About California Pension Plan. The Los Angeles Times (8/14, Halper, 918K) reports, "David Crane is a gifted investment banker who shared his expertise with government until he was dumped from a state board that invests teacher retirement funds" by California lawmakers "after he repeatedly questioned whether state pension funds could earn enough to keep paying retirement benefits to teachers and other politically powerful employees." The Democratic lawmakers, "who receive millions in campaign donations from teachers unions and other government labor groups, said it wasn't Crane's job to meddle in investment forecasts. California's numbers are in line with those of other states, they note, and its pension investments have beat projections over the last 20 years." Yet, "Crane, a close friend of Gov. Arnold Schwarzenegger, represents a cadre of market gurus who see investment profits flattening. They worry that state pension systems are heading down the same path as corporate retirement plans that hit trouble after failing to meet rosy earnings projections."

Ceasefire Goes Into Effect In Lebanon. The Los Angeles Times (8/14, Chu, Daragahi, 918K) reports this morning, "By air and on land, Israeli forces and Hezbollah fighters battled fiercely Sunday in a last-minute surge of bloodletting before an official cease-fire went into effect this morning. Plumes of smoke rose above the hills of the Lebanese port city of Tyre, and sirens warning of incoming rockets sounded across northern Israel minutes before the truce commenced at 8 a.m." Israeli airstrikes "hit the town of Baalbek in the Bekaa Valley and also targeted the Shiite town of Keyfoun, southeast of Beirut -- which had not been hit previously -- right up to the deadline, Lebanese media reported." The Times adds, "Along the Israel-Lebanon border, however, artillery appeared to fall silent for at least the first hour of the cease-fire."

On its front page, the Washington Post (8/14, A1, Moore, Cody, 748K) notes the Israeli Cabinet "voted Sunday to accept a UN-declared cease-fire, even as Israeli military forces and Hezbollah fighters in southern Lebanon launched some of their most intense barrages of the war in anticipation of the Monday morning deadline." The Post says the Cabinet "debated the UN resolution for nearly five hours, with some members criticizing the government's decision to expand ground combat just before the cease-fire was scheduled to begin." Beirut and Hezbollah "agreed to the cease-fire Saturday," however, "prospects for an immediate halt in the

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fighting appeared dim as Hezbollah's leader said his militia would keep fighting Israeli troops as long as they remained in southern Lebanon, and Israeli officials insisted they would not withdraw their soldiers until an international force and the Lebanese army took control of the border area." The EU's Javier Solana "said that at least 4,000 foreign troops could be ready to move into southern Lebanon 'in a very, very short time,' but he declined to pinpoint a timetable."

Last night, the CBS Evening News (8/16, lead story, 2:30, Pizzey, 7.66M) said "both signs are trying to gain an advantage before the cease-fire kicks in 8:00 local time Monday morning." ABC World News Tonight (8/13, 2:30, lead story, 2:00, Harris, 8.78M) reported Hezbollah had "launched more than 250 rockets at Israel" on Sunday, "the largest bombardment since the war began. And there were huge explosions in Beirut. In 33 days of violence, more than 1,000 Lebanese civilians have died. On the Israeli side, 154 dead, 113 of those solders. With questions about whether the cease-fire will hold, and whether it will begin, a top Israeli commander says tonight, we are entering 'days of uncertainty.'" NBC Nightly News (8/16, lead story, 2:55, Fletcher, 9.87M) said there was "no sign anyone's getting ready to stop the fighting. In fact," Sunday was "one of the roughest days so far. Each side is getting in a final punch." ABC World News Tonight (8/13, story 2, 2:40, Harris, 8.78M) and NBC Nightly News (8/16, story 2, 2:55, Siegenthaler, 9.87M) also ran stories on the plight of Lebanese refugees.

USA Today (8/14, For, 2.27M) also reports on the "final frenzy of battle" before the ceasefire, adding "both sides signaled that the truce would not rule out further fighting in Lebanon." In fact, says the Financial Times (8/14, Morris, Biedermann, Birchall), "according to one Lebanese minister, the Hizbollah movement – part of the coalition government – was refusing to disarm. 'This is the moment of truth and they do not want to give up their arms,' the minister, who asked not to be named, told Agence France Presse." The Washington Times (8/14, Mitnick, 88K), New York Times (8/14, Erlanger, 1.21M), AP (8/14, Nessman) and McClatchy (8/14, Nissenbaum, Rosenberg) also report on the fierce fighting that preceded the ceasefire.

Rice's Efforts In Search Of UN Resolution Called "Rare High-Wire Act." In an analysis of the diplomatic moves leading up to the UNSC resolution, the New York Times (8/14, Hoge, 1.21M) says the Administration initially "backed the Israeli plan to destroy the militia and its arsenal of rockets, resisting efforts by France and other allies to call for a cease-fire." However, "as the assault wore on and it became evident that Hezbollah was a far more fearsome and skilled adversary than Israel had first thought -- and as Lebanese civilian casualties mounted -- American policy moved more urgently toward seeking an immediate political solution. That shift, recounted by senior administration officials, led to one of the most dramatic bouts of diplomacy that the United Nations Security Council has witnessed in years." Calling the negotiations "a rare high-wire act," the Times adds, "American secretaries of state attend Security Council sessions on resolutions only after a deal has been struck. Yet last Friday, when" Secretary Rice "arrived in New York, not only was there no deal, it was unclear whether the Council would even meet. … The fact that a resolution was passed unanimously that night still amazes some of the participants." The Times says Rice "was particularly prominent in conducting the Lebanon policy because President Bush left the high-level contacts to her in a way that he has not in past crises, when he has made direct phone calls and personal appeals to world leaders." Undersecretary Burns, "a driving force on the American side, said, 'We were banging our heads against the wall six or seven hours a day, working out the words of these resolutions among four or five capitals.' He added, 'We'd go home at 10 or 11 at night and say, Tomorrow will be a better day. But the next day was Groundhog Day all over again.'"

The Christian Science Monitor (8/14, Grier, 58K), meanwhile, analyzes the Administration's view of the Mideast conflict. Says the Monitor, "In the long history of US-Israel relations, President Bush may rank as one of the staunchest friends in the White House that the tiny Jewish state has ever had. In part, this attitude appears to stem from Mr. Bush's travel in Israel and his personal relationships with its leaders. In part, it reflects the feelings of the US public, which is generally more pro-Israeli than is the population of Britain, say, or France." But, "as the White House reaction to the recent fighting makes clear -- it may also stem from a stark view of Middle East conflicts. The overall administration calculus may run like this: There are good guys, and there are bad guys, and the role of the United States is not to manage negotiations between them but to facilitate the bad guys' defeat."

Siniora's Offer Of Lebanese Soldiers Seen As "Symbolic" Gesture. The New York Times (8/14, Kifner, Mouawad, 1.21M) reports Prime Minister Fouad Siniora's "offer to send the Lebanese Army into the Hezbollah-dominated south proved central to breaking the diplomatic impasse over Israel's invasion." But "it is an almost entirely political -- or even symbolic -- gesture." The Lebanese army, "for many years the least bellicose group of armed men in a country otherwise filled with them, is more suited to internal security than to facing outside threats. It has no modern tanks, no air force -- only a handful of Vietnam-era helicopters -- and its modest budget goes mostly for salaries."

US Policy, Olmert Seen As "Damaged" By Hezbollah's Survival. In a 1,000-word analysis piece, the Wall Street Journal (8/14, Champion, Chazan, 2.03M) notes, "Israel's failure to quickly defeat Hezbollah forced the U.S. to make significant compromises at the United Nations and looks likely to leave U.S. policies in the region as well as

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Israeli Prime Minister Ehud Olmert damaged, according to diplomats and analysts." Despite Tel Aviv's weekend military offensive, experts "said the effort may be a sign of Mr. Olmert's political desperation rather than of strength. The career politician has come under criticism that he has mishandled the month-long war by limiting the military to an air offensive, with relatively few troops on the ground." Israel's "inconclusive struggle with Hezbollah has forced the U.S. to accept a compromise resolution…that may not secure its long-term goal of neutralizing Hezbollah as a military force and doesn't give the U.S. much of the credit for negotiating a cease-fire." The Journal adds, "The biggest casualty of the conflict may be Mr. Olmert's so-called convergence plan to withdraw from large parts of the West Bank." The conflict "has bolstered those who argue that unilateral withdrawals -- from Lebanon and Gaza -- have undermined Israel's security by creating a vacuum that was quickly filled by militant groups such as Hezbollah and Hamas. The idea of handing over control of the West Bank to a Hamas-led government whose armed wing already is firing homemade Qassam rockets at southern Israel from Gaza is now all but dead."

On Fox News Sunday (8/13, Wallace), Bill Kristol of the Weekly Standard said, "I'm afraid the truth is that a terrorist group launched an attack across an international border a month ago, and though they have paid some price in their own -- in having a lot of stuff destroyed, basically they have not been decisively defeated. And their state sponsors of terror, Syria and Iran, have paid no price at all. They're not mentioned in the UN resolution that we signed off on Friday night."

Dedication, Iranian Funding Said To Sustain Hezbollah. On its front page, the Washington Post (8/14, A1, Cody, Moore, 748K) reports, "Hezbollah's irregular fighters stood off the modern Israeli army for a month in the hills of southern Lebanon thanks to extraordinary zeal and secrecy, rigorous training, tight controls over the population, and a steady flow of Iranian money to acquire effective weaponry, according to informed assessments in Lebanon and Israel." Because of a combination of underground bunkers and good relations with "friendly" border villages, "a withering Israeli air campaign and a tank-led ground assault were unable to establish full control over a border strip and sweep it clear of Hezbollah guerrillas -- one of Israel's main declared war aims." The Post says the tenor of the UNSC resolution was "largely a result" of Israel's inability to defeat Hezbollah, whose "staying power on the battlefield came from a classic fish-in-the-sea advantage enjoyed by guerrillas on their home ground, hiding in their own villages and aided by their relatives."

The New York Times (8/14, Oppel, 1.21M) reports from Bint Jbail, Lebanon, which "not long ago…was known as 'the capital of the resistance,' the most important Hezbollah stronghold in the southern reaches of Lebanon. Now Bint Jbail appears largely deserted. Most of the homes are damaged, some pockmarked by bullets or shrapnel and others reduced to piles of stone and concrete by Israeli artillery that continues to pound the village." But "while Israeli troops have pushed farther north, Bint Jbail remains a very dangerous place for Israeli soldiers and a fitting illustration for why the war has become so frustrating for troops who had come to expect a swift and deep push into Lebanon."

Nasrallah Seen As Perhaps "Most Charismatic" Muslim Leader. Newsweek (8/21-28, Dehghanpisheh, Dickey, 3.12M) reports Hezbollah leader Hassan Nasrallah "grew up very poor but very smart, and although he wears the robes of a minor Shiite cleric, he is a world-class politician. The U.S. government defines him as a terrorist, but that is only one of his faces." If he "survives the war," he "will remain what he has become during these last weeks of combat: perhaps the most charismatic figure in the Muslim world, and very possibly the most dangerous."

Time (8/21, MacLeod, 4.03M) reports Nasrallah "has signaled his grudging acceptance of the U.N. Security Council plan to deploy 15,000 Lebanese Army troops to southern Lebanon, but he has resisted demands that Hizballah lay down its arms -- raising the prospect that government and multinational forces will be forced to disarm Hizballah themselves. If a cease-fire takes hold, many Lebanese may feel emboldened to lash out against Hizballah for its capturing of two Israeli soldiers on July 12, which prompted the Israeli military response that has killed some 1,000 Lebanese and left 1 million displaced." Lebanese sources "speaking to TIME give credence to Israeli reports that the Hizballah leader has spent part of the war holed up in the Iranian embassy in Beirut -- which may have secret tunnels leading to Nasrallah's now destroyed headquarters."

Israel Belatedly Seeks US Bunker Busting Bombs. Time (8/21, McGirk, 4.03M) reports in its "Notebook" column that in 2002, the Pentagon "offered to supply Israel with bunker-buster bombs capable of punching deep into an enemy's underground defenses, but Israel's air force chief, Lieut. General Dan Halutz, rejected Washington's offer." Four years later, "early on in the monthlong conflict, Israeli intelligence determined that most of Hizballah's rockets were being fired from launchers in 38 bunkers burrowed six yards into hilltops across southern Lebanon. The Israelis know exactly where these launchers are, but Halutz's vaunted Israeli-made bombs failed to destroy them." With "such rueful hindsight, Israel last month put in an urgent request for precision-guided, 5,000-lb. bunker busters, and the Bush Administration complied, the intelligence source told TIME."

Qatar Official Says Israel-Hezbollah Conflict Is Turning Point. Newsweek (8/21-28, Weymouth, 3.12M) interviewed the leader of the Arab League delegation to the UN, Sheik Hamad bin Jassim bin Jabr al-Thani, foreign minister and deputy prime minister of Qatar. Asked if he saw

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the Iranian's "hand in this war," al-Thani said, "I see no evidence of this." Asked if he thought this conflict was "a big turning point," al-Thani said, "Yes. Maybe [the next generation of Arab leaders] will once again say they want to throw the Israelis into the sea. So why not take advantage of reasonable people and cut a deal? Things could change."

Role Of Israeli Commandos In Lebanon Fighting Noted. USA Today (8/14, For, 2.27M), meanwhile, reports that "the latest conflict in the Middle East has brought the traditionally secretive Israeli special forces into the open -- an intentional effort, Israeli official say, to psych out the enemy. Israeli infantry and armored divisions continued their battle Sunday to reach the Litani River, about 18 miles inside Lebanon. Commandos, meanwhile, have conducted high-profile raids on targets up to 100 miles from Israel's border." Such operations "deep inside Lebanon are a sign to the guerrillas, Israeli officials say. 'They carry a clear message that we can reach anyone in Hezbollah wherever he might be,' says Brig. Gen. Noam Feig, a senior Israeli naval officer."

US Media Organizations Said To Face Dilemma In Covering Mideast Conflict. The New York Times (8/14, Manly, 1.21M) reports, "Although doctored and stage-managed photographs out of Lebanon garnered their share of headlines last week, they are just a part of a larger, underlying issue: the role of images in fairly portraying the conflict incited nearly five weeks ago by Hezbollah's raid into Israel and its kidnapping of two soldiers. Particularly vexing for many American news organizations is the struggle to determine how and in what proportion images of civilian dead and injured should be displayed in their coverage, when one side's casualties greatly surpass the other." The Times adds, "The journalistic calculus is made tougher by the involvement of the Arab-Israeli conflict, a topic that bedevils news editors like no other, and an organization, Hezbollah, that is considered a terrorist group by the United States government." But "the decision-making becomes even more fraught because of the power of photographs and TV images, which are evocative -- and provocative -- in ways the written and spoken word are not."

More Commentary. The Wall Street Journal (8/14, 2.03M) editorializes, "After reading the text of the U.N. Security Council's cease-fire resolution adopted unanimously on Friday, we'd say the 'status quo ante' is nearly what we've got. And perhaps worse than that, because Hezbollah has now shown it can battle Israel to a military draw. ... The likelihood is that Unifil and the Lebanese army will co-exist with Hezbollah, which will slowly re-arm to intimidate Lebanon's government and strike Israel or the U.S. again at the time of its choosing. In addition, Syria and Iran "suffered no negative consequences." The Journal concludes, "The price for letting a transnational terrorist group like Hezbollah claim victory is likely to be far more bloodshed in the future."

USA Today (8/14, 2.27M) editorializes, "But at best the agreement is a fragile first step, at worst barely a pause in the violence." Hezbollah's stock has "soared among Arabs," Iran's reputation as a "troublemaker has grown," Israel's military "could not deliver a knockout punch," and the US's image as a neutral broker "suffered serious damage." In addition, the ability of the proposed international force to disarm Hezbollah is dubious. Therefore, "it looks highly doubtful at this point that the new Middle East is a better Middle East."

In CBS Interview, Ahmadinejad Blames US, UN And Israel For Mideast Violence. The AP (8/14) reports a CBS 60 Minutes interview in which Iranian President Mahmoud Ahmadinejad "blames the U.S. for growing violence in the Mideast, saying fighting has continued in Lebanon because the United Nations only serves U.S. interests." He "said it was Hezbollah that had a right to defend itself in its war with Israel. Even so, he said Iran joined others in calling for an immediate cease-fire only to have it thwarted by U.S. support for Israel." The AP says Ahmadinejad implied that "the U.N. has failed to provide security in the region," and that he "reiterated that Iran had no plans to develop a nuclear bomb and that it simply wanted nuclear technology to develop energy resources." He "also said he doubted that Iran and the U.S. will have normalized relations anytime soon, saying that the U.S. will 'have to change their behavior' before that can happen."

AFP (8/14)'s reporting on Mike Wallace's interview of Ahmadinejad says the Iranian leader "accused the United States of 'blindly supporting' Israel against Hezbollah and" President Bush "of seeking to 'solve everything with bombs.'" He "again denied seeking a nuclear bomb, questioned the US military presence in Iraq and gave the US network CBS an evasive answer when questioned about an alleged unit of suicide bombers in Iran's Revolutionary Guard." The AP adds, "Asked if he wanted normal relations with the United States, the Iranian president said the United States would have to change."

Dissident Iranian Journalist Profiled, Honored By Press Club. Under the title, "Free Thinker," the Washington Post (8/14, C1, Wright, 748K) profiles Iranian dissident Akbar Ganji. "Ganji, a small man with a whisper of a voice, is an Iranian writer who has taken on the world's mightiest theocracy and its thundering ayatollahs. Released in March after six years in prison -- a good chunk of that time in solitary confinement -- he is today the most radical democrat in Tehran. Several hunger strikes have left him with an emaciated body." His "is a lonely voice in Iran these days, as hard-line leaders' positions are hardening and the reform movement has atrophied. Disillusioned, he has also turned against the very reformers who view him as their hero." The

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Post says he "is brazen by the standards of a movement more comfortable with nuances, nudges and compromise. His investigative articles in Iranian newspapers linked Iran's intelligence ministry to the killings of dozens of dissidents during the 1990s." Last month, the National Press Club awarded Ganji its International Freedom of the Press honor. The Post adds that, while in Washington to accept that award, Ganji "stayed as far away from the White House and all U.S. officials as he could, despite intermediaries' overtures. Bush administration support is dangerous for Middle East democrats these days."

NYT Says Iran's Uranium Enrichment Remains Serious Threat. In an editorial today, the New York Times (8/14, 1.21M) says the Lebanon-Israel conflict "has diverted attention from" Tehran's uranium enrichment activities. "The good news is that Iranian scientists aren't finding it easy to master the technology. The bad news is that it's only a matter of time before they do." While the conflict continues, the Administration "won't be able to get anyone to focus seriously on [Iran's] centrifuges, let alone agree to punish Tehran for its defiance," and President Bush "may find a nuclear-empowered Iran his real legacy." The "White House should still try" to change Iranian's officials' minds through talks, and "isolating Iran and making itself look more reasonable are still more reasons why Washington should be offering to talk to Syria, Hezbollah's other patron and Iran's best ally." The Times concludes, "More delay is dangerous. The centrifuges are spinning."

Bipartisan Group Of Lawmakers Visits China. The Washington Post (8/14, A11, Kamen, 748K) reports in its "In the Loop" column that the "hearty delegation of visiting senators wrapped up its journey to the Middle Kingdom last week after chatting with Chinese premier Hu Jintao and spending the week meeting with Chinese legislators." Sens. Ted Stevens (R-Alaska) and Daniel K. Inouye (D-Hawaii), "along with spouses, aides and military escorts, reportedly had a fine time. Others on the trip reportedly included Republican Sens. Thad Cochran (Miss.), Arlen Specter (Pa.), Lamar Alexander (Tenn.), Norm Coleman (Minn.) and Richard Burr (N.C.), and Democratic Sens. Patty Murray (Wash.) and Mark Dayton (Minn.)."

New Cuban Immigration Rules Eases Family Reunification. The Wall Street Journal (8/14, McKinnon, Pérez, 2.03M) reports the Administration "handed an election-year reward to Florida's influential Cuban community, announcing new immigration rules that would make it much easier for relatives left behind to join them in the U.S." However, the policy "is also carefully sculpted to keep Cuban migration from becoming a political headache for President Bush and his brother, Jeb Bush, the Republican governor of Florida. Federal and state officials worry about a new wave of Cuban refugees amid uncertainty over the future of the island's ailing ruler, Fidel Castro." The new rules "were designed in part to balance the conflicting concerns. The main change would allow thousands of Cubans with close relatives in the U.S. to come to America almost immediately and gain permanent resident status, rather than wait as long as 12 years for family reunification. Other changes would loosen immigration rules for doctors. Assuming the Cuban government agrees, the change could accelerate departures for at least 10,000 would-be emigrés, and possibly many more."

Castro Offers Mixed Message In Birthday Letter. The AP (8/14, Snow) notes Castro "sent Cubans a sober greeting on his 80th birthday Sunday, saying he faces a long recovery from surgery -- and warning they should be prepared for 'adverse news.' But he encouraged them to be optimistic and said Cuba 'will continue marching on perfectly well.'" Castro "said in a statement that his health had improved, but stressed he still faced risks." The AP adds, "News of Castro's surgery had made Cubans uneasy about the future, but a series of upbeat statements from government officials helped calm a public now facing up to the mortality of the island's longtime leader." The Financial Times (8/14, Frank) adds Castro "marked his 80th birthday on Sunday by authorising the first visual confirmation he is alive after handing power to his brother Raúl two weeks ago, and issuing a statement that he is in stable condition but not out of the woods." The Times notes the island nation "remained calm on Sunday as people engaged in voluntary work, cleaned neighbourhoods and donated blood in Mr Castro's honour. Throughout the leadership crisis, people have gone about their daily business and enjoyed summer holidays, though there is an unmistakable undercurrent of anxiety over the future without Fidel - the only leader most Cubans have ever known."

USA Today/AP (8/14, Snow) says Castro "cautioned Cubans he faces a long recovery from surgery and advised them to prepare for 'adverse news,' but he urged them to stay optimistic." The AP also notes Raul Castro "made his first public appearance as Cuba's interim president, receiving Venezuelan President Hugo Chávez at the Havana airport on Sunday." The Washington Post (8/14, A7, Roig-Franzia, 748K) also covers the Cuban media's publication of the letter and photos.

Cuba Said To Be Orderly Despite Uncertainty. In a 1,552-word analysis piece, the New York Times (8/14, Thompson, 1.21M) says Castro's illness "was supposed to be a kind of second Cuban revolution. The notion, put forward by Cuba specialists for years, was that the entire system hung on one man. But in the last two weeks, …at least for now, a different reality has emerged on the island. There was calm and normalcy, not chaos and hysteria that was predicted. Instead of an intervention by the United States, the Bush

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administration called on the Cuban people to take their future in their own hands. And rather than upheaval within the Cuban government, it appears that the political system may not change much at all." While Cuba's stability may be more overtly shaken" when Castro dies, "so far it appears that [he] may once again defy the experts and prove his influence, some call it control, over the government and its people, whether he survives or not."

Partial Recount Reconfirms Calderon's Win. The Wall Street Journal (8/14, Lyons, 2.03M) reports, "A partial recount of votes cast in Mexico's contested presidential election confirmed conservative politician Felipe Calderón's narrow win over his left-wing rival, Andrés Manuel López Obrador, aides to both men say." However, Lopez Obrador "promised to keep pressing his fight, alleging that enough irregularities were uncovered to warrant a broader recount and form the basis for a new round of legal challenges designed to nullify results from thousands of polling stations." Under the headline, "Mexican Leftist Remains Defiant As Recount Ends," the New York Times (8/14, McKinley, 1.21M) adds "the beleaguered" Lopez Obrador "vowed Sunday to keep up a campaign of civil disobedience against the government for years, if necessary, to protest what he sees as a fraudulent election." He "has broadened his initial accusations of irregularities in the voting and now asserts that there was a broad conspiracy to rob him of victory by the current president's party, the long-dominant Institutional Revolutionary Party and business leaders and members of the electoral institute."

Focusing on the continuing protests, the AP (8/14, Stevenson) says the two "camps have brought Mexico City's cultural and financial center to a near standstill, forcing workers to hike to their jobs and causing traffic jams across the city." Lopez Obrador "is demanding a full recount and has said he will not accept anything less." While Lopez Obrador "continues to press for a full recount and to assure followers that he was the victor, [he] is also setting the stage to lead a mass movement against Felipe Calderon of the conservative National Action Party, the PAN, and the PAN's pro-free-market policies."

The Financial Times (8/14, Thomson) adds Lopez Obrador "vowed on Sunday to escalate his strategy of civil resistance 'to its ultimate consequences' if the country's electoral authorities did not order a full recount of the votes cast on July 2." The Times notes, "Since he lost last month's election by a razor-thin 0.58 per cent of the votes cast, Mr. López Obrador has become increasingly radical in his discourse and his followers have stepped up their actions." The Washington Post (8/14, A14, Roig-Franzia, 748K) reports Lopez Obrador "said Sunday that the protests that have shackled this city's downtown could last for years even though a partial recount appears to be confirming his narrow loss." However, his "battle to overturn the results of the July 2 election has recently shown signs of losing momentum. His crowds have been dwindling, dropping from estimates of more than a million to as few as 20,000 on Sunday." Also, Mexico City residents are lodging "complaints about the monumental inconveniences caused by protest encampments on one of Mexico City's principal arteries, Reforma Avenue, where thousands of his followers have been sleeping, playing soccer and chanting for two weeks."

La Paz Backs Off Immediate Nationalization Of Energy Firms. The New York Times/AP (8/14, Press) reports Bolivian officials have "suspended the nationalization of [their] oil and gas industry pending an overhaul of the state petroleum company, which lacks the funds and operating capacity to take over production from foreign companies." YPFB, the oil monopoly, "has asked the Central Bank of Bolivia for $180 million to help assume complete control of the production facilities. In addition, the ministry announced plans to modernize the company, which was partly privatized in 1997 but nationalized again in 2004."

South Korean Official Defends Efforts To Reduce "Tension" On Peninsula. Today's Wall Street Journal (8/14, 2.03M) carries a letter to the editor by South Korean Assistant Unification Minister Lee Kwan-sei. Lee writes, "Your July 28 editorial 'Korean Cash Squeeze' asserted that," following the UNSC missile launch resolution, "Japan stepped up its economic sanctions on Pyongyang, making South Korea 'the last holdout' in financing Kim Jong-il's regime. I hope to correct any misunderstanding that South Korea is the only country that does not comply with the U.N. resolution." UNSCR 1695 does not "require the suspension of general economic transactions with North Korea. Subsequently, the international community has continued trading with North Korea even after the missile launches. No country in the world has announced the complete suspension of trade with the North." For many years, Seoul has "made its best efforts to prevent the proliferation of" missile technology and WMDs. Lee calls it "regrettable" that the earlier editorial "turned a blind eye to the South Korean government's efforts in countering North Korea's missile launches and makes it look like South Korea is taking a position opposite to that of the international community." While Seoul is not "being tolerant of North Korea while raising [its] voice against Japan," it will continue, Lee says, to "oppose any measure that might exacerbate military tension on the Korean Peninsula."

DOJ_NMG_0046763

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"A Life On Hold In California Prison."
"Factory Shift: Manufacturers Struggle To Fill Highly Paid Jobs."
"Angelides And The Charisma Question."
"Santa Barbara OKs Housing Aid For Folks Making Up To $160,000 a Year."

USA Today:
"Cease-fire Begins After Israel, Hezbollah Trade Attacks."
"Fearing Wider U.S. Plot, Investigators Raced Clock."
"Air Travelers Adapt Quickly."

New York Times:
"Cease-Fire Begins After A Day Of Fierce Attacks."
"U.S. Shift Kicked Off Frantic Diplomacy At U.N."
"Cuba Stays Calm With Castro On Sidelines."
"Pakistani Charity Under Scrutiny In Financing of Plot."
"Fathers Defeated, Democratic Sons Strike Back."

Washington Post:
"Israel Accepts U.N. Deal."
"Fangs Are Bared Over Md. Group's Katrina Dog Rescues."
"Race Could Be Deciding Issue In Chairman Race."
"For GOP, Bad Gets Worse In Northeast."
"'The Best Guerrilla Force In The World'."

Washington Times:
"Combat Rocks Lebanon."
"Military At Odds On Intel Methods."
"Britain Warns Citizens Terrorism Threats Persist."
"Original Moon Landing Film Lost."
"New Orleans Still Reeling, But Residents make Do."

Detroit Free Press:
"Bridge Photos Led Cops To think Of Bomb."
"'Oh my God, They're Going To Kill Me.'"
"Love Cars? Join The Club."
"Carry-on Rules Relaxed A Bit."

Atlanta Journal-Constitution:
"Recheck Baggage Rules; They've Changed."
"Israel Agrees To End Strikes."
"Cyclist In A Race To Recovery."
"Boredom To Be Campbell's Partner In Prison."

Houston Chronicle:
"Cease-Fire begins After violent Day."
"Despite Buzz, Bans Going Unenforced."
"Britain Probing At Least 24 Plots."
"Teeming With Life Of The Tiny Variety."
"Stuck With A Winning Ticket."

Story Lineup From Last Night's Network News:

ABC: Israeli Continues Offensive; Lebanese Refugees; Terrorist Plot; US Terrorist Intelligence; Castro's 80th Birthday; Carroll Speaks Out; Environmentally Friendly Architecture.
CBS: Middle East Conflict; Terrorist Threat; New Airplane Security; Castro's 80th Birthday.
NBC: Middle East Conflict; Lebanese Refugees; Terrorist Plot; Airport Security; Bush Approval Rating; Iraq Violence; Carroll Speaks Out; Castro's Health; Mexican Ballot Recount; Katrina Aftermath.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the Secretary of Defense and Defense Policy and Programs Team, the Pentagon; attends Lunch with experts on Iraq, the Pentagon; meets with the Secretary of State and Foreign Policy Team, State Department; delivers a statement, State Department.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at a Peter Roskam for Congress luncheon, Medinah Banquets, Chicago; participates in a RNC reception, Private residence, St. Louis.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: KATRINA EVACUEES _ 11 a.m. Appleseed, a national network of public interest law centers, will hold a media call on their release of the first comprehensive report on the status of the more than one million Katrina evacuees - where they are; how the local, state and federal governments and national organizations responded to the crisis, and what lessons can be drawn from their performance before the next crisis strikes. Contacts: Estuardo Rodriguez, 202-365-0625. Notes: Call-in is 800-540-0559. Conference ID is APPLESEED.

WELFARE SPENDING _ 1 p.m. The Brookings Institution holds a telephone briefing to release a report on how states spend Temporary Assistance for Needy Families block grant funds. Contacts: n/a, 202-797-6105. Notes: Callin number: 800-631-0912; passcode: welfare reform.

OIL-CYCLISTS _ 3:30 p.m. A group of 20 cyclists from California will arrive in Washington to tell Congress they want action to ``end the US oil addiction." They also will celebrate the completion of their 4,000-mile cross country journey, during which they visited more than 100 communities throughout the United States, talking with community members about local problems and volunteering with projects

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that are creating solutions to those problems. Location: West Front Lawn of the Capitol.

AALON-LEBANON _ 3:30 p.m. Y Former Israeli Defense Force Chief of Staff Moshe Yaalon holds a briefing for congressional staffers, administration advisors, and policy insiders on the crisis in Lebanon. Location: Room 188, Russell Senate Office Building.

NEO-CONS IN EUROPE? _ 4 p.m. Hudson Institute forum with Douglas Murray, author of ``Neo-Conservatism: Why We Need It.'' He'll discuss the myth Europeans are either liberal or a paleo-conservatives. Location: 1015 15th St. NW, 6th floor.

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Subject:	Attorney General's News Briefing for Sunday, August 13, 2006
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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, AUGUST 13, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Bush Urges Public To Remain Vigilant In Face Of Terrorist Attacks 2
Sky Terror Plot Connection To Pakistan Investigated 5
3 More Egyptian Students Caught 6
WPost Contributor Opposes Equating Teenagers And Terrorists 6
Public Editor Addresses Questions About Timing Of NSA Story 6

Homeland Response:

Home Grown Terrorism A Threat To US 6
Preventing Terror Attacks Has Been FBI Priority Since 9/11 7
DHS Accused Of Failing To Counter Threat From Liquid Explosives 8
Administration Officials Said To Have "Floundered" During 9/11 Attacks 9
Post-Katrina Foreclosure Moratorium Lifted 9

War News:

US Forces Will Target 4 "Hotspots" In Baghdad; General Pace Broaches Amnesty 10
Former Iraqi Officials Are Named In Graft Probe 11
Rep. Jo Ann Davis Could Be First GOP House Member To Call For Rumsfeld Resignation 12
Afghan Anger With US Military Presence Grows 12
US Seen As Too Slow To Adapt To New Warfare 13
Somalia Could Become Next GWOT Front 13
Soldiers Claim Depleted Uranium Caused Their Illness 13
Women Veterans Return Home With Different Needs Than Male Counterparts 13

Corporate Scandals:

Comverse Case Spotlights Option Scandal 14
Law Firms Stocking Up On White-Collar Defense Talent 14

Criminal Law:

Families Of Crime Victims Decry Delays In Punishment 15
Ban On Online Betting Seen As Unlikely 15

Civil Law:

Hospital Probe Leads To Millions In Fines 15
Judge Rejects Portion Of Bankruptcy Reform Law 16

Civil Rights:

Illinois Officials Vote Same-Sex Measure Off Ballot 16
Federal Panel Proposes Testing Pharmaceuticals On Prison Inmates 16
Study: Female Managers Help Close Gender Salary Gap 16

Antitrust:

Congressional Committee Told Realtors Group Stifles Competition 17
US Probes Plavix Deal 17
Columnist Says Mutual Funds Are Ineffective At Policing Deals 17

Environment:

BP Says Alaska Pipeline Shutdown Is Unnecessary 18
Virginia Fisherman Sues Fisheries Service Over Pound Net Technique 18

FBI/DEA/ATF/USMS:

Long Drug Sentence Sparks Appeal 19
ATF Joins Probe Of Fatal Indiana Fire 19

Immigration:

Guard Troops On Mexican Border Credited With Limiting Entries For Illegal Immigrants 19

Congress-Administration:

Defeat Of Haynes Nomination Traced To Graham 20
Bush Seen As Taking Business-Like Approach While On Vacation 20

Poll Shows Bush Approval Up Slightly To 38 Percent 21
Members Of Congress, Governors Oppose Medicaid Cuts Advocated By Bush 21
Congress Presses For Computerized Medical Records, But Critics Voice Privacy Concerns 21
Rep. Miller's Use Of Eminent Domain To Avoid Taxes Scrutinized 22
Pelosi Blames Several International Crisis's On "Failure Of US Leadership." 22
Federal Pay Outpacing Private Sector 22
Jeb Bush, Michael Bloomberg Laud NCLB Reforms 22
Mann And Ornstein Book Excoriates Congress 22
Outsourcing Debate Loses Steam 22
Pension Bill's Merits, Excesses Analyzed 23

Other News:

Report: Commodities Market Keeping Oil Prices High 23
Poll Shows Lieberman Leading Lamont 46-41 23
Lieberman's Call For "Civility" Seen As Campaign Template For McCain Or Clinton 24
First Lady To Appear At Several Fundraisers Next Week 24
Chafee-Laffey Race Said To Share Dynamics Of Connecticut Democratic Primary 25
Kean Works To Keep Race's Focus Away From Bush And National Issues 25
Democrats Criticize Steele For Offering Differing Assessments Of Iraq War 25
Swift Boat Vets Target Murtha 25
Taylor Uses Specter Of "Speaker Pelosi" In Attacks On Shuler 25
Antiwar Activists And Crawford Locals Attend Barbecue Together 26
Bush Family's Interest In Backgammon Noted 26
AIDS Crisis Urgency Wanes 26
Inner Cities Seen As Domestic War Zones 26
U.S. Population To Hit 300 Million Mark 26
Lebanon Accepts Ceasefire Resolution As Violence Continues 26
US Policies, Image Said To Have Suffered From Conflict 28
Protesters Gather In Washington, Other Cities, To Rally Against Mideast Violence 29
Some Question Iranian Dissident As He Tells US "Hands Off." 31
Chavez To Visit A Reportedly Healing Castro 31
Gates Foundation Faces Challenge In Spending Buffett Money 32
African "AIDS Grannies" Assemble In Canada 33
Sri Lanka Sees "Worst Fighting" Since Ceasefire 33
Obrador Calls For Dismissing Almost 4% Of Mexico's Votes 33
Critics Say Mexican Town Failed To Properly Investigate Women's Murders 33
Brazilian Criminal Group Flexes Muscle With Crime Wave ... 33
Hazing Trial Exposes Old Russian Military Problem 34
Late Russian Bioweapon Scientist Aided West 34
Kristof Says Negotiating With "Brutal" Regimes Can Be Effective 34
Brooks Suggests Outside Influence On Cultures Is Limited ... 34

The Big Picture:

Headlines From Today's Front Pages 34

Washington's Schedule:

Today's Events In Washington 35
Other 35

TERRORISM NEWS:

Bush Urges Public To Remain Vigilant In Face Of Terrorist Attacks. President Bush reiterated his concerns about the threat of terrorism in his radio message Saturday. Bush's remarks were briefly noted on the national network TV news shows and by the Washington Times and the wire services. The TV news programs focused primarily on the investigation of links to Al Qaeda in Pakistan and on the threat of homegrown terrorism. But while Bush was described as careful not to make the recent arrests a political issue, NBC and some of the print media focus on the political implications of the Administration's response.

ABC Evening News (8/12, story 2, 2:50, Avila) briefly noted, "In the United States, the President said the plot is a reminder of the tough war America is fighting against a ruthless enemy." The CBS Evening News (8/12, lead story, 5:00, Assuras, 7.66M) also noted, "In his weekly radio address, President Bush asked airline passengers to be patient with new security rules."

The Washington Times (8/13, Curl, 88K) reports, "With Congress set to debate Bush administration tactics to thwart terrorism, including indefinite detention and monitoring

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suspects' bank records and phone calls, Mr. Bush said the foiled airline attacks 'demonstrate the vital importance of ensuring that our intelligence and law-enforcement personnel have all the tools they need to track down the terrorists and prevent attacks on our country.'"

The AP (8/13, Pickler) says, "In his most extensive comments on the disrupted plot, Bush said it was a stark reminder that terrorists still aim to kill Americans five years after the Sept. 11 attacks." And "Democrats also said the plot again demonstrated that the United States is at war against dangerous extremists. But in a pointed critique that shows terrorism is still at the top of the debate in this election year, Democrats said the Bush administration is not doing a good enough job protecting Americans." In the Democratic radio address Sen. Mark Pryor said, "Five years after 9/11, our country is not as safe as it needs to be or should be. More needs to be done."

Bloomberg (8/13, Murray) reports Bush said, "We believe that this week's arrests have significantly disrupted the threat." Bush "called the plot 'carefully planned and well-advanced,' saying it 'is further evidence that the terrorists we face are sophisticated and constantly changing their tactics.'" He "sought to distance himself from suggestions that he might try to score political points from the latest arrests. National security and Bush's war on terrorism in Iraq and elsewhere are likely to be key areas of debate in midterm congressional elections in November."

Focusing on the Democratic radio message Bloomberg (8/13, Watson) quotes Sen. Pryor saying, "Our military, including our National Guard, has been stretched to the breaking point. … Returning Guard units no longer have adequate equipment to train for their next mission. Our first-responders lack critical resources. Our ports, borders and chemical plants remain unsecured."

US And UK Reportedly Disagreed Over Timing Of Terror Arrests. NBC Nightly News (8/12, lead story, 3:30, Myers, 9.87M) reported, "A senior British official tells NBC news there was a significant disagreement between British and U.S. authorities over the timing of the arrests this week. The British wanted to wait at least another week." President Bush's counterterror adviser Frances Fragos Townsend, "denied there was a dispute and hailed the unprecedented cooperation between the US, Britain and Pakistan. But another U.S. official acknowledges a disagreement over timing. Analysts say British courts allow a higher burden of proof in terrorism cases and the US is haunted by missed opportunities before 9/11."

The New York Times (8/13, Shenon, Lewis, 1.21M) describes the differences between US and UK national security officials' approaches to counterterrorism and notes, "Justice Department officials and others involved in developing American counterterrorism strategies, however, say it is wrong to suggest that the F.B.I. always moves hurriedly to arrest terrorism suspects, rather than conduct surveillance that may lead to evidence about other conspirators and plots."

Without mentioning any disagreements between US and UK officials the Washington Post (8/13, A1, Eggen, Hsu, 748K) in a front page article describes "the U.S. government's secretive response to an emerging terrorist plot." Approximately "two weeks ago, authorities in London and Washington grappled with a succession of three major developments that shifted the investigation into a higher gear and led to last week's hurried raids and arrests. First was clear evidence of plans to target the United States; then came plans by the British to shut down the plot; and finally a frantic rush to execute the arrests earlier than expected to avoid losing suspects or allowing an attack to occur, according to intelligence and law enforcement officials." The Post notes, "The arrests on Thursday occurred at least two days earlier than planned, according to several U.S. officials. Among other things, sources have said, the suspects stepped up their Internet searches for possible U.S.-bound flights, made plans for an imminent 'dry run' to test security, and moved to purchase global-positioning satellite devices and other materials. British authorities were also concerned because they had lost contact with one or two of the suspects who had traveled to Pakistan, some officials said."

Political Maneuvering In Response To Terror Threats Examined. NBC Nightly News (8/12, story 5, 3:00, Corke, 9.87M) reported that President Bush "wraps up or gets close to the end of a working vacation that saw terrorism and security dominate international headlines and domestic politics." In his radio message, "Bush shied away from claiming political advantage." President Bush: "Unfortunately some have suggested recently that the terrorist threat is being used for partisan political advantage. We can have legitimate differences over how best to fight the terrorists, but there can be no disagreement about the dangers we face." Corke: "Dangers, say Democrats, that are on the rise." Sen. Mark

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Pryor: "Five years after 9/11, our country is not as safe as it needs to be or should be. More needs to be done."

Describing the behind-the-scenes efforts of the White House to reframe the political environment the New York Times (8/13, Rutenberg, 1.21M) reports, "One week ago, President Bush and his political aides were facing the most daunting election-year landscape of his presidency." The GOP was "splintered over Mr. Bush's proposed immigration overhaul and uncertain about the political effect of violence in Iraq. Even with the White House working to bring Republicans together behind the president's agenda, several candidates were making public shows of establishing their distance from him and his sagging approval ratings." But that "picture of Republican disunity eased dramatically this week" and "Republicans used those events to unleash a one-two punch, first portraying the Democrats as vacillating when it came to national security, and then using the alleged terror plot to hammer home the continuing threat faced by the United States." The Times notes, "By the time the president's top political strategists met at his ranch on Friday for an annual summer fund-raiser, the events had given them an opportunity to pull together the Republican Party as it headed toward the home stretch of the campaign, rallying once more around Mr. Bush's signature issue, the fight against terrorism."

Atlanta Journal Constitution columnist Cynthia Tucker (8/12) says that the GOP's campaign tactics of 2002 and 2004 will be harder to exploit this year: "This time around, the GOP leadership is going to have a much more difficult time painting Democrats as cut-and-run, bed-wetting pantywaists, because Republicans want to leave Iraq too." Last week, President Bush cited "war with Islamic fascists," but he "forfeited the moral authority to lead that war when he misled the American people about Saddam Hussein and his connection to those Islamic fascists, especially al-Qaida."

Timing Of White House Reaction To Lieberman Loss Scrutinized. The Houston Chronicle (8/13, Mason, 535K) reports, "There was a moment last week, after the Democratic primary defeat of Joe Lieberman in Connecticut and before the disclosure of a plot to blow up U.S.-bound airliners, that the Bush administration loosed a new line of political rhetoric. Its statements took on new meaning after the plot came to light, raising questions about whether Lieberman's setback was being framed for maximum political advantage. After all, White House officials knew about the alleged plot several days in advance of the news. … On Wednesday, administration officials said his defeat by executive Ned Lamont in the Senate contest was not a wake-up call for Bush and his policies, as many were arguing. Rather, the presidential team said, it was a gut-check moment for Democrats on whether to support the war on terror." The Chronicle notes, "But Vice President Dick Cheney, on vacation in Wyoming, made the same point…in a rare conference call with wire service reporters."

Muslims Concerned About Backlash In America. President Bush's remarks last week about the threat of terrorism were characterized in a negative light on NBC Nightly News (8/12, story 8, 4:00, Siegenthaler, 9.87M) which reported, "In light of the terrorists in London and approaching fifth anniversary of the attacks on America, there's growing unease in the Muslim-American community about how they're perceived by other Americans." A recent Gallup poll showed approximately "two in five Americans polled admitted to prejudice against Muslims." Some Muslim leaders "condemn those Muslim terrorists who claim they represent Islam." Yet, "those leaders heard the comment by President Bush about the interrupted plot." President Bush: "This nation is at war with Islamic fascists." Taibi: "And say issue suspicions about Muslims generally will not get worse."

Terror War Terminology May Hinder Administration Goals. David Sanger in a Week in Review article in the New York Times (8/13, 1.21M) notes that in response to the latest bomb plot, President Bush "summoned up language reaffirming that the United States is locked in a global war in which its enemies are bound together by a common ideology, and a common hatred of democracy." But there is the question of if "five years of war declarations and war-making have helped to make the United States more secure," or if "that approach — and the language that goes with it — creates a trap for the administration." Stephen Cohen, a Mideast scholar at the Israel Policy Forum, says, 'Just like every small crisis around the world was part of the cold war, every one is now part of the struggle between militant Islam and the United States. And that makes individual conflicts harder to solve,' and an inspiration for jihad." If the Israeli-Hezbollah conflict "were once again regarded as just another chapter in a long-running regional dispute, the stakes would be lower in Washington, making it easier for the United States to play a more traditional peace-making role." Also, "In the current issue of The Atlantic, James Fallows argues that the imagery of the 'long war'…is self-defeating," as "*Sometime* there will be more bombings,

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shootings, poisonings and other disruptions in the United States." However, for Bush, "dropping the talk of a 'long war' would be to send a message that America can go back to sleep. Thus, each terrorist attack or threat is woven into the bigger picture of a global struggle."

Sky Terror Plot Connection To Pakistan Investigated. ABC Evening News (8/12, story 2, 2:50, Watt) reported, "Tonight, more information about the alleged ring leader of this plot. Rashid Rauf was traced by British intelligence to Pakistan last month, picked up near the Afghan border in an area where, we're told, Al Qaeda camps are in operation. Information he gave to the Pakistani intelligence led to those raids and arrests across England."

The CBS Evening News (8/12, lead story, 5:00, Assuras, 7.66M) reported, "British police say there are more indications the terror plot is linked to al Qaeda, and authorities say the trail leads to Pakistan, where conspirators may still be on the lose." CBS (MacVicar): "US and British intelligence intercepted that call and thousands of miles away, that triggered the decision for British police to move in." Officials "are focusing on links to this man, wanted al Qaeda figure and explosives expert Matiur Rehman. The arrested Rashid Rauf has told investigates he met with Rehman. Pakistani sources say Rehman was believed to be planning a new attack on the US to mark the five-year anniversary of 9/11."

The New York Times (8/13, Khan, Gall, 1.21M) reports, "A British national told Pakistani interrogators last year that he had trained at a terrorist camp in Pakistan with one of the bombers who carried out suicide attacks in London last year and had met there with two senior leaders of Al Qaeda, a Pakistani intelligence official said in a recent interview." While "American officials expressed some skepticism about the claim, the Pakistani official said the account suggested that even if Qaeda leaders were not directly organizing attacks from where they were suspected of hiding in Pakistan, they may play a coordinating or inspirational role by meeting with militants from places like Britain." It "also showed that Al Qaeda remained a significant draw for militants from abroad, and that Pakistan was clearly the place to go for training, said the Pakistani official."

Pakistani Earthquake Relief Aid May Have Been Diverted To Fund Sky Terror Plot. The CBS Evening News (8/12, lead story, 5:00, MacVicar, 7.66M) reported, "There are suggestions today in the Pakistani press that in fact money that was sent to Pakistan for earthquake relief was, in fact, diverted and used to fund some of elements of this plot. That's something that apparently the British authorities tipped off the Pakistanis to a number of months ago, while all of this surveillance was under way, something that, again, is still being investigated."

Experts Raise Questions About Al Qaeda Involvement With Bomb Plot. In contrast to the TV news stories, the New York Times (8/13, Shane, 1.21M) reports that "counterterrorism experts said Saturday that the focus of government officials and the public on Al Qaeda, a term today with deep connotations but elusive meaning, may be misplaced." The Times adds, "They say the Qaeda label remains useful shorthand for the news media and for officials who want to tap the powerful emotions associated with the Sept. 11 attacks. But to suggest that the terrorist threat today is represented by the organization directly commanded by Osama bin Laden is to oversimplify a complex international movement, the specialists say." The Times notes, "References to Al Qaeda by American officials have unmistakable political implications, as demonstrated by the Bush administration's bitterly disputed attempts to link Saddam Hussein to Al Qaeda to justify the invasion of Iraq. There are also legal implications, stemming in part from the Congressional authorization of military force approved days after the Sept. 11 attacks, which targeted those who 'planned, authorized, committed, or aided' those attacks rather than terrorists generally."

Court Approves Continued Detention Of Sky Terror Suspects. The Washington Post (8/13, A14, Partlow, 748K) reports, "British police have prolonged the detention of all but one of two dozen suspects accused of plotting to explode multiple airplanes destined for the United States, authorities said Saturday." The Post adds, "A British court Friday evening approved a request to keep 22 of the suspects in custody until Wednesday even though they have not been charged, and one suspect's hearing was adjourned until Monday. Another was released without charge, according to Scotland Yard officials."

UK Officials Warn Public Against Relaxing Guard. The Washington Times/AP (8/13, Haven) in a front page story reports that British authorities "warned against complacency, saying the detention of the Raufs and several dozen other Muslim suspects in the airliner plot had not eliminated the danger." Although "authorities in Pakistan believe they nabbed the main players in the plot, one intelligence official

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told the Associated Press that two or three suspects remained at large.

The Los Angeles Times (8/13, Murphy, Meyer, 918K) reports, "One U.S. intelligence official said that in addition to seeking more suspects, authorities were looking into whether a similar parallel plot might have been in the works."

Suspects' Lawyers Complain About Treatment. CNN (8/13) on its web site reports, "The lawyer for two of the suspects rounded up in a possible plot to bring down as many as 10 trans-Atlantic flights on Saturday criticized their treatment at the hands of British police." He "listed a series of complaints, including the allegation that one of her clients had not received food and water for 26 hours."

3 More Egyptian Students Caught. The New York Times/AP (8/13) reports, "Nine of the 11 Egyptian exchange students who recently entered the United States and failed to appear at their college program in Montana were in custody after three were arrested on Friday in Des Moines, officials said. ... The three were Ahmed Refaat Saad El Moghazi El Laket, 19; Mohamed Ibrahim El Sayed El Moghazy, 20; and Moustafa Wagdy Moustafa El Gafary, 18."

3 Texans Arraigned On Terror Charges. The Washington Times/AP (8/13) reports, "Three Texas men were arraigned yesterday on terrorism-related charges after police found about 1,000 cell phones in their minivan. A magistrate set bond at $750,000 for each of the men, who are charged with collecting or providing materials for terrorist acts and surveillance of a vulnerable target for terrorist purposes." "Maruan Awad Muhareb and Louai Abdelhamied Othman, both of Mesquite, Texas, and Adham Abdelhamid Othman of Dallas" have said they intended to sell the phones for profit in Texas. The AP writes, "Authorities have said TracFones are often used by terrorists because they are not traceable. Cell phones can also be used to make detonators."

WPost Contributor Opposes Equating Teenagers And Terrorists. In the Washington Post (8/13, B2, 748K), journalist Dalia Lithwick quotes an expert who argues that trying teenaged would-be gunmen on terrorist charges "cheapens the war on terror." Lithwick concludes, "Teenagers are teenagers, and they are not criminally culpable in the way an adult might be, even when their attacks are as lethal. And because teenage boys with grudges are fundamentally different from men with liquid explosives, we should resist the temptation to use terrorism laws to prosecute them; even when those laws offer the prospect of longer sentences and trial in adult court. Still, it may well be the case that the best legal analogy we have for teenagers plotting a repeat of Columbine in this country is religious terrorism. In both cases, the offenders are alienated and grandiose, bitter and vengeful. ... we should consider the parallels between them in fashioning laws to deter and punish both."

Public Editor Addresses Questions About Timing Of NSA Story. New York Times public editor Byron Calame in an article in the New York Times (8/13, 1.21M) addresses reader's questions about allegations the Times refrained from publishing its story on the NSA terrorist monitoring program during the 2004 election. Executive editor Bill Keller, "has repeatedly indicated that a major reason for the publication delays was the administration's claim that everyone involved was satisfied with the program's legality. Later, he has said, it became clear that questions about the program's legality 'loomed larger within the government than we had previously understood.'" Yet, "last week Mr. Keller e-mailed me a description of how that picture had changed by December 2005, and it cast some new light on the pre-election situation for me. It implied that the paper's pre-election sources hadn't been sufficiently 'well-placed and credible' to convince him that questions about the program's legality and oversight were serious enough to make it 'responsible to publish.' But by December, he wrote, 'We now had some new people who could in no way be characterized as disgruntled bureaucrats or war-on-terror doves saying we should publish. That was a big deal.'"

HOMELAND RESPONSE:

Home Grown Terrorism A Threat To US. ABC, CBS among other prominent media sources focused on how home-grown Muslim radicals in the UK were a threat to the US. ABC Evening News (8/12, story 2, 2:50, Watt) reported, "British foreign policy has spread anger throughout the Muslim community. Today, moderate Muslim leaders sent an open letter to Prime Minister Tony Blair. The debacle of Iraq, they wrote, is ammunition to extremists who threaten us all." The "cycle of violence in Britain that has officials in the U.S. concerned. Now, the danger that these British terrorists pose to America is obvious. We're told these men did plan to

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board planes here in Britain, but, we're told, they planned to board American airliners bound for American cities."

The CBS Evening News (8/12, lead story, 5:00, MacVicar, 7.66M) also noted, " "The head of the U.K. security services said just a few weeks ago it is their estimate that there are perhaps 1,200 radical Muslim operatives in this country. Compare that to the 500, the IRA the Irish Republican Army, was believed to have at its height and it gives you an idea of the scope of the problem for law enforcement and intelligence."

The CBS Evening News (8/12, story 2, 2:30, Pinkston, 7.66M) reports, "There's obviously no one voice of the Muslim community, but one young Britain a member of a political action group, blames part of the anger on the British government's harsh efforts to crack down on suspected terrorists." Muslim activist Asghar Bukhari: "The government is so disliked among some." Pinkston: "After last year's subway bombings, British police have conducted raids to prevent new attacks, sometimes arresting innocent people from the Muslim communities." Asghar Bukhari: "The harsher laws could ohm have made things worse. These people already think that they -- you know, their country hates them and they hate Muslims." Pinkston: "But British officials argue it's a terrorist mind, not police crackdowns, that's the problem. And people with that mindset are the ones who are being sought before they have a chance to act on their convictions."

The Washington Post (8/13, A1, Sullivan, Partlow, 748K) in a front page story notes, "More than any other country in Europe, Britain is struggling to cope with a surge in recruits and supporters of radical Islamic networks, according to interviews with British Muslims, and European and British counterterrorism officials and analysts. Officials said the threat is growing much faster than British authorities had expected or planned for."

The New York Times (8/13, Lyall, Fisher, 1.21M) adds, "British policies in Afghanistan and Iraq, and now in Lebanon, are just the most recent in a long list of grievances — cultural, economic and political — among Muslims here. For a few, that has manifested itself in extremism and violence. For many others, it has meant a sharpening of a continuing struggle between two competing identities."

Muslims Blame Blair Foreign Policy For Encouraging Terrorists. The New York Times (8/13, Cowell, 1.21M) reports, "As he vacations in the Caribbean during one of his country's biggest terror alerts, Prime Minister Tony Blair of Britain came under renewed attack on Saturday from Muslim leaders who said his policies in Iraq and the Middle East provided "ammunition to extremists who threaten us all." The Times says, "The criticism, in an open letter published in several newspapers, wove one more strand into the fabric of discontent clinging to Mr. Blair, who has aligned his country closely with the White House and led it into broadly unpopular conflicts in Iraq and Afghanistan." But a Blair spokesman said, "We should always remember that the terrorism affecting the West today has blighted Muslim countries for several decades. … It certainly pre-dated our decision to support democracy in Afghanistan and Iraq and of course the Sept. 11 attacks."

McClatchy Newspapers (8/13, Schofield) reports, "Foreign Minister Kim Howells responded sharply on Saturday. 'I have no doubt that there are many issues which incite people to loathe government policies but not to strap explosives to themselves and go out and murder innocent people. … There is no way of rationalizing that. I think it is very, very dangerous when people who call themselves community leaders make some assumption that somehow that there's a rational connection between these two things.'"

Preventing Terror Attacks Has Been FBI Priority Since 9/11. The Pittsburgh Post-Gazette (8/13, Ove) reported, "On Sept. 12, 2001, FBI Director Robert S. Mueller gathered the troops. 'I'll never forget it,' said Ken McCabe, former head of the FBI in Pittsburgh. 'He was leaning on a table, one finger pointing, and said, "We can never let this happen again."' The agency's mission had just changed, he said, from being reactive to proactive -- stopping another attack at all costs. Since that day, the FBI has devoted unprecedented resources to foiling terrorism, working with police and intelligence agencies around the world to disrupt plots like the one uncovered in England last week. But as a result, the agency…has cut back substantially on pursuing bank robbers, fugitives, drug dealers and other traditional criminals, leaving them to other law enforcement." The Post-Gazette added, "Jeff Killeen, spokesman for the Pittsburgh office, said the agency is able to fight terrorism and still pursue other crimes. … 'There's work to do here, there's work to do everywhere,' said Agent Killeen. 'The stakes are too high. I think there's a lot of tension. Stress levels are high. No one wants to be wrong.' Especially since the FBI took much of the blame for 9/11 after it was revealed that field

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agents knew the hijackers were up to something but couldn't get the brass to authorize an investigation."

DHS Accused Of Failing To Counter Threat From Liquid Explosives. ABC Evening News (8/12, 2:00, story 4, Avila) reports, "We've heard a lot this week about the so-called "mother of Satan" liquid bomb. Now comes news that while U.S. law enforcement knew about the threat, the Bush administration did not want to spend $6 million on research to detect exactly that kind of weapon. The Associated Press reports the Administration wanted the money diverted to Federal building protection. But Congress said no. And…there were other serious money issues when it came to liquid bomb detection." ABC added, "According to the government accounting office, the Transportation Security Administration has not been aggressive in developing new technologies to combat the explosives. In 2003, TSA spent more than half its money intended for research and development, more than $60 million, to pay salaries. As a result, the GAO says the agency delayed the development of a device to detect weapons, including liquid explosives. And earlier this year, the TSA failed a secret test. Congressional investigators were able to sneak bomb-making components, including liquids through security checkpoints. "

The CBS Evening News (8/12, story 6, 2:15, Assuras, 7.66M) reports, "In fact, liquid terror is nothing new. The potions have been used before to cause devastation and ignite fear. Back in 1994, Ramsey Usef detonated a liquid explosive on a plane to Japan, a practice run for a plan to bomb US-bound airplanes using liquid explosives. Since then the Federal government hired various contractors to work on detectors for liquid explosives. The machines are being tested but have yet to be installed in the nation's airports."

On NBC Nightly News (8/12, story 2, 1:00, Siegenthaler, 9.87M) NBC terrorism analyst Roger Cressey claimed, "The Department of Homeland Security has focused most efforts on trying to prevent the last attack, namely to prevent the smuggling of box cutters, other metallic objects. The DHS needs to be more pro-active in looking at the cutting edge threats."

Airport Screeners Said To Be Little-Improved Since 9/11. The New York Times (8/13, Chan, Pérez-Peña, 1.21M) reports airport screeners "are again a focus of attention as a vital line of defense against terrorism. But it is a seriously flawed line, some security consultants and government officials say. The federal workers under the Department of Homeland Security who replaced the screeners hired by private contractors remain a weak link in aviation safety. In exercises by undercover government workers, and experiences with real passengers, screeners repeatedly failed to prevent weapons from being taken aboard airliners. And their ranks have shrunk since 2003 even as air travel has increased. The screeners — who experts emphasize are better over all than when they were hired by private contractors — still earn relatively low wages, have a high rate of attrition, receive what many regard as too little training and operate inadequate equipment."

The AP (8/13, Miller) reports the TSA "is limited by law to have 45,000 screeners. That's not enough to do the job right at the 450 commercial airports the agency protects, according to congressional Democrats." However, Homeland Security Secretary Michael Chertoff "said there are enough screeners. … But at airports in Boston, Los Angeles and San Diego, National Guard troops were helping to screen passengers a second time at departure gates and helped herd crowds through security checkpoints."

Passengers Adjust To New Airport Security Rules. NBC Nightly News (8/12, story 3, 2:00, Siegenthaler, 9.87M) reported, "At airports around the country Americans are still traveling despite new security measures and concerns about terrorism. … Passengers are arriving earlier and checking bags with items they used to carry on and getting on with their plans. Across the country the security chaos seems to be over. Gone are huge bins of banned items as passengers now know the new rules." NBC noted, "The nation's airlines report few cancellations, a huge relief for a fragile industry that's lost $40 billion since 9/11."

In a "Week in Review" piece for the New York Times (8/13, 1.21M) Rick Lyman writes, "It's not always easy in these post-9/11 transitional moments, when the Terror World reasserts itself and everyone has to figure out, on the fly, how serious the new threat really is, what a person can do about it and which of the new security hoops and hurdles are voluntary and which are mandatory."

UK Air Travel Industry In Danger Of "Grinding To A Halt." The AP (8/13) reports airlines "warned the British government Saturday that the country's air travel is 'grinding to a halt' because of tough new anti-terror security requirements. One airline asked for police and army reservists to help with screening. British Airways and Ryanair

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canceled scores of flights from Britain to Europe and the United States and blamed airport operator BAA for not investing enough in security systems and baggage screening in the aftermath of new terrorism threats. … Heathrow Airport, the major hub for British Airways, canceled one-third of flights due out Saturday afternoon and night, blaming strict new security regulations. Passengers were delayed so long that many missed their flights."

Administration Officials Said To Have "Floundered" During 9/11 Attacks. The New York Times (8/13, 1.21M), in an editorial, writes, "No topic investigated by the 9/11 commission hatched more conspiracy theories than the failure of American air defense systems to intercept any of the four planes that had been hijacked by terrorists. That makes three new reports particularly welcome. Together, they shed some light on why civil aviation authorities, the military and the highest officials of the Bush administration failed to respond quickly enough to avert catastrophe." According to the Times, "The highest civilian officials…floundered. President Bush on Air Force One complained that his communications links were poor. Defense Secretary Donald Rumsfeld was largely out of the loop as he supervised rescue operations in the Pentagon parking lot. And for all the bravado surrounding the "shoot down" order issued by Vice President Dick Cheney during the crisis, the order reached Norad too late to be of any use and was not even passed on to the key fighter pilots. The commission was unable to document that Mr. Cheney had talked to the president before issuing the order, as he and Mr. Bush both testified. No one near him mentioned such a call in their contemporaneous notes and it was not logged in. But the issue is, for the most part, important only to Mr. Bush's image as commander in chief."

Post-Katrina Foreclosure Moratorium Lifted. The Mobile Register (8/13, Jumper) reports, "The post-Hurricane Katrina moratorium on foreclosures has been lifted in most cases, and Realtors predict a surge in activity. … On June 30, the moratorium affecting U.S. Department of Housing and Urban Development and Veterans Administration loans expired, but both agencies are looking at foreclosures on a case-by-case basis in several coastal counties, including Mobile and Baldwin counties, according to lenders." The report adds, "The moratorium on Fannie Mae's FHA or conventional loans expires Aug. 31, lenders said."

Mississippi Hosts Disaster Recovery Expo. The Los Angeles Times (8/13, Fausset, 918K) reports that Mississippi Gov. Haley Barbour (R) is billing "a sort of post-Katrina state fair" the Governor's Recovery Expo, "a free event that opened Friday at the Mississippi Coast Coliseum and runs through the weekend. Organizers are hoping the state's hurricane victims will leave here with their legal questions answered, a prefab home picked out, and a new energy that will help the long-suffering coast bloom with building projects as the first anniversary of the storm approaches, Aug. 29."

After Katrina, Some Businesses Survive Despite Challenges. The Los Angeles Times (8/13, Simmons, 918K) reports, "Almost a year after floodwaters drowned New Orleans, many businesses are still struggling to recover. Orleans Parish, the center of Louisiana's economy where New Orleans is located, had 12,695 small businesses before Katrina, according to state statistics. By May this year, a little more than 2,000 had reopened." The report adds, "Many business owners have given in to the debilitating challenges, and others hobble on with low profits in the hope that business will eventually rebound. But some entrepreneurs have abandoned or retooled their usual way of doing business."

Katrina-Stricken Families Struggle To Rebuild. The St. Louis Post-Dispatch/AP (8/13, Callimachi) reports, "In a city that still lies largely in ruin, life is pushing through like 'bad grass,' forcing its way through cracks in the pavement. One year after Hurricane Katrina laid waste to New Orleans, the city is fighting to come back. In each instance, it's the perseverance of one person, or family, that led to one house, one tiny patch of New Orleans becoming whole again." The report adds, "Those who choose to return do so in spite of the city's broken infrastructure, which a year later remains in tatters: Nearly 60 percent of homes and business are still not receiving electricity or heating gas. Only three out of nine New Orleans hospitals have reopened. Only 56 of 128 public schools will enroll students this fall."

Obama Applauds Xavier University Graduates Efforts To Overcome Katrina. The Houston Chronicle/AP (8/13) reports "Nearly a year after Hurricane Katrina submerged Xavier University's campus under eight feet of water," Illinois Sen. Barack Obama (D) addressed one of Xavier's largest graduating classes. Addressing nearly 500 graduates of the College of Arts and Sciences and the

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Graduate School seated at the New Orleans Arena Obama said, "Yours has been quite an education, an education in humanity brought by a force of nature. … Time can heal and cloud a memory. But it's your responsibility to remember what happened in New Orleans and make it a part of who you are. Katrina might be the most dramatic test you take but it won't be the last."

WAR NEWS:

US Forces Will Target 4 "Hotspots" In Baghdad; General Pace Broaches Amnesty.

ABC and CBS both ran stories on the effort to restore security to Baghdad. ABC Evening News (8/12, 2:30, story 3, Avila) reported, "Now to a deadly day for American troops fighting violent extremists on another front. Three soldiers were killed in a remote region of northeastern Afghanistan, hit by rocket-propelled grenades. In Iraq today, a huge dose of reality for those with loved ones serving in the military. First, the numbers. The Pentagon says two American soldiers on foot patrol, south of Baghdad, were killed when a roadside bomb exploded. 23 American troops have died in Iraq so far this month. And tonight, for the first time, America's top general tells ABC News that some of the insurgents killing American soldiers may eventually be forgiven and granted amnesty." ABC (Karl): "Those Iraqis trying to kill Americans. Will they escape punishment? In an exclusive interview, America's top general tells ABC News that may be what it takes to get peace in Iraq. Joint Chiefs of Staff Chairman General Peter Pace: "There is a point in the reconciliation process where amnesty is appropriate. It's appropriate, I think, when you've gotten to the point where the factions truly want to stop fighting. Karl: "Joint Chiefs Chairman Peter Pace did not say whether amnesty would extend to those who have actually killed Americans, but -- Pace: "Sooner or later, the enemy has to stop being your enemy. You cannot have an enemy and have peace. You have to decide that enough is enough." Karl: "The troops are going block by block in four of the deadliest neighborhoods in Baghdad. Not just killing insurgents, but also cleaning the place up. The idea, military officials say, show Iraqis the real goal is improving their lives."

The CBS Evening News (8/12, story 4, 1:45, Assuras, 7.66M) reported, "In the battle for Iraq, two US soldiers were killed today by a roadside bomb south of Baghdad, raising the number of US dead since the invasion to 2,600." CBS (Strassman): "Dura is about the last neighborhood in Baghdad you go to feel safe. So it's the first one where US troops are cracking down. ... For the US military, making Baghdad safe is a must. 7,000 US reinforcements, almost twice the number originally expected, are now going block by block through Dura, commanded by Major General J.B. Thurman, a no-nonsense Oklahoman." Maj. Gen. Thurman: "I think this is a defining moment of this campaign." Strassman: "Just last month, Baghdad had three times as many murders as New York had all last year. A rogue's gallery of killers was rule this part of Baghdad -- death squads, kidnapping gangs, and groups linked to al Qaeda. Just in this neighborhood in one day there were 20 murders."

The AP (8/12, Burns) reports that Maj. Gen. James Thurman vowed to "target four violent 'hotspots'" in Baghdad (Dora, Mansour, Ghazaliyah-Shula, and Azamiyah). Thurman and visiting JCS chair Gen. Peter Pace conducted a "question-and-answer session with several dozen soldiers, sailors and airmen at Camp Liberty," including some from the 172nd Stryker Brigade, whose tours were extended by four months to "add another 3,500 soldiers to Thurman's force in the capital." The general "said he now has 32,444 U.S. troops in Baghdad and areas south of the capital, as well as 32,554 Iraqi forces. Of the U.S. total, about 13,500 are in Baghdad proper." The AP reports that Thurman requested more troops, even though US officials "as recently as a month ago" had hoped to reduce troop levels, so that they could "once and for all get rid of the people that are causing the problems here."

Effort In Baghdad Could Be "Last Chance" To Avert Civil War. McClatchy Newspapers (8/13, Youssef) reports, "The U.S. plan to improve security in Baghdad could be the Bush administration's and the Iraqi government's last chance to halt a civil war that many Iraqis and U.S. officials believe is intensifying fast." Many Iraqis are pessimistic: "The offensive hasn't produced any major improvements in the capital since it began on June 14, and many Iraqis fear the plan is doomed because, they charge, Iraqi Prime Minister Nouri al Maliki is willing to attack Sunni insurgents but not to tackle the Shiite militias that support his Dawa political party. Even if he were, they argue, Iraq's police and security forces are too weak and too thoroughly infiltrated by Shiite militants." Unnamed US officials "have said that the Mahdi Army and al Sadr are trying to model themselves after Lebanon's Hezbollah and its leader Hassan Nasrallah, and become a state within the state. ... Two U.S. military officials, who requested anonymity because of the security implications,

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said they're seeing signs that the Sadrists are adopting the same tactics as Hezbollah," such as shelling and rocketing the Green Zone.

60 Suspects Are Arrested. The Los Angeles Times reprints an AP story (8/12) that appeared a day earlier in East Coast newspapers, which reports, "U.S. soldiers raided a funeral and detained 60 men suspected of involvement in car bombings, the U.S. command said Saturday, announcing the first major roundup of alleged insurgents since troop reinforcements began arriving for a new crackdown in Baghdad."

The New York Times (8/13, Cave, 1.21M) in an article on allegations of corruption by former Iraqi officials notes, "The United States military said late Friday night that American troops had killed 26 rebels and wounded six in a gun battle in Ramadi." It also reports, as covered on the previous day, that the US military "rounded up 60 suspects" believed to be part of a bomb-making group. After four days of searching 5,000 buildings in the "violent neighborhood" of Dora in Baghdad, US troops confiscated 14 AK-47's.

Two Soldiers Killed by IED. NBC Nightly News (8/12, story 6, :10, Siegenthaler, 9.87M) reported, "Two Americans lost their lives in the battle for Iraq today. The two soldiers were killed by a roadside bomb just south of Baghdad. 23 U.S. troops have died so far this month in Iraq."

Bloomberg News (8/13) reports, "Two U.S. soldiers were killed by a roadside bomb south of Baghdad, the military said, bringing the number of American deaths around the Iraqi capital to five since troops were deployed there to quell rising sectarian violence. ... Army deaths have increased around Baghdad since the U.S. Army started deploying 3,500 soldiers on Aug. 5 to try to stop violence that's left thousands dead in the city in recent months." Bloomberg adds, "The conflict continues to erode support for President George W. Bush ... Since the Aug. 5 deployment of troops in Baghdad, four have been killed in al-Anbar province, where most American troops die in fighting," as opposed to the roadside bombs that have killed the five GIs around Baghdad.

The Washington Times/AP (8/13, Reid) reports that the two soldiers were among "nearly 50 violent deaths" reported across Iraq. Twelve bodies were "trapped in a grate in the Tigris River." In addition, Prime Minister Maliki "banned a Kurdish extremist party from operating in Baghdad in a move seen largely as a gesture to Turkey."

Condolence Services Go On Nonstop In One Mosque. The Los Angeles Times (8/13, Fleishman, 918K) reports, "The Karada community was once a sliver of sanity amid the rage seeping across Baghdad. These days, though, the streets of this Shiite stronghold are ripped with bomb craters; the black banners of the dead, their names scrawled in yellow and white letters, flutter from courtyard walls." The Times quotes the prayer caller and grieving worshippers at a Shiite mosque.

Former Iraqi Officials Are Named In Graft Probe. The New York Times (8/13, Cave, 1.21M) reports, "The former Iraqi electricity minister [Muhsin Shlash] and several other current and former senior government officials have been charged with corruption or ordered to appear before judges." The AP (8/12, Reid) reports that another suspect is former "Defense Minister Hazem Shaalan." They are accused of "misdeeds ranging from stealing money and accepting kickbacks to assigning millions of dollars to phantom rebuilding contracts that appeared on paper and nowhere else." However, there are concerns that "the commission has become politicized, often pressing cases without enough evidence and mostly targeting officials from previous governments."

Failure To "Deliver Spoils" Epitomizes US Problems In Iraq. The New York Times (8/13, Glanz, 1.21M) reports that two sheiks' disappointment with promises of reconstruction that never came true "said everything about where the failures of the American reconstruction program in Iraq have had their greatest impact — community by community, block by block, house by house as the lights do not go on and water does not squirt from the taps. In Iraq, politics is not merely local: it can seem microscopic, with winners and losers on every crumbling street corner as projects succeed and fail." The article follows a captain of the 4th ID who tries to placate the sheiks.

WPost Outlook Piece Says Success In Iraq Will Ride On Iraqis. In the Washington Post (8/13, 748K), former Rep. Stephen Solarz and Brookings pundit Michael O'Hanlon argue for "a conditions-based commitment strategy." The strategy "would make our continued military presence in the non-Kurdish areas of Iraq contingent on the Iraqi government's initiating long-overdue steps that are crucial for any prospect of success. It would be similar to what Congress demanded of El Salvador in the 1980s." The Iraqi government would have to demonstrate progress in "adopting a series of constitutional amendments and related legislation that address the concerns of the Sunni community, while also

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being acceptable to Kurds and Shiites, on key issues such as federalism and the equitable distribution of Iraq's future oil revenue; reining in the Shiite militias ...; creating and implementing a plan for rehabilitating lower-level Baathists ...; and establishing functioning government ministries capable of delivering essential services."

NYTimes Piece Considers Peril Of Using Term "Jihad." In the New York Times (8/13, 1.21M), reporter David Sanger contrasts the terminology used by the Bush administration and the UK to characterize the UK terror suspects: President Bush referred to "war with Islamic fascists," while British police discussed "criminal proceedings." Sanger concludes that President Bush thinks that "dropping the talk of a 'long war' would be to send a message that America can go back to sleep" but says that such talk may create for jihadists "a narrative of never-ending conflict, in a war to be fought in Baghdad, in Lebanon and in economy class over the wing of a 747."

Former WPost Baghdad Reporter Raps Early Failure To Secure Baghdad. Speaking on CNN's Capital Gang (8/12, 7:24 pm), former *Washington Post* Baghdad bureau chief Rajiv Chandrasekaran said, "The problem began at the start, upon the liberation of Baghdad. Instead of sending thousands of advisers to help Iraq's police force, bringing in enough troops to stabilize the situation in Baghdad, the initial decision by the White House and the Pentagon was to send very, very few people and people without the right skills, and we're finally now trying to get it right by bringing in enough soldiers to help try to pacify the situation there, but some of the problems that we're facing right now are because, for many months, we just didn't have the right people there, training Iraqis, and enough troops there to help keep the situation under some sort of control."

Time magazine (8/7) reported earlier that Chandrasekaran has a forthcoming book about the Green Zone, titled *Imperial Life in the Emerald City.*

Multiethnic Countries Might Not Be Unusually Prone To Civil War. In the New York Times Sunday magazine (8/13), Princeton professor Gary Bass writes, "Today, as Iraq spirals toward outright warfare between Sunnis and Shiites, it risks joining a lengthening list of countries that have seemingly inevitably been ripped apart by bitter sectarian hatreds: Yugoslavia, Rwanda, Sudan and not least Lebanon, which experienced civil wars in 1860 and 1958 and from 1975 to 1990 and may face yet another one." However, a 2003 study by Stanford scholars James Fearon and David Laitin concluded that "civil wars only begin under particular circumstances that favor rebel insurgencies. The most common situation involves a weak, corrupt or brutal government confronting small bands of rebels protected by mountainous terrain and sheltered by a sympathetic rural population, and possibly bolstered with foreign support or revenues from diamonds or coca." Under that theory, "Ethnic wars do not just happen; they are made."

WPost Op-Ed Says Neocons Would Be "Mistaken" To Disdain Bush. In the Washington Post (8/13, B7, 748K), AEI fellow Joshua Muravchik reports on neocons' growing "backlash" against President Bush's foreign policy and warns: "But for neocons or any other conservatives to turn against George W. Bush would be a terrible mistake. Presidents invariably disappoint their strongest supporters. Their powers are limited, and they must cope with Congress, public opinion, unwieldy agencies and, where foreign policy is concerned, other nations that can help or hinder us." President Bush, unlike previous presidents considered tough, confronted the Middle East: he "set forth the enormous goal of destroying terrorist groups; cutting off government support for terrorists, if necessary by regime changes; and engineering a new culture in the Middle East by means of democratization."

Rep. Jo Ann Davis Could Be First GOP House Member To Call For Rumsfeld Resignation. The AP (8/12) reports, "US Representative Jo Ann Davis is doing something unusual -- she's siding with a Democrat when it comes to defense policy." She "says she agree with Senator Hillary Clinton -- a New York Democrat -- that Defense Secretary Donald Rumsfeld should resign." Davis faults the secretary for not heeding Gen. Eric Shinseki's advice to use more troops in Iraq. About 13 sites have reported Davis's remarks.

Afghan Anger With US Military Presence Grows. The Washington Post (8/13, Ricks, 748K) reports, "U.S. forces in Afghanistan have learned the hard way that their presence is sometimes backfiring among Afghan civilians. When a U.S. military vehicle caused a fatal traffic accident in Kabul on May 29, resentment erupted into the deadliest rioting the city has witnessed in years." The Post refers to a memo "by a senior sergeant in Afghanistan" (not visible online) that shows "the Army is thinking seriously about how to operate differently -- and more effectively -- in its counterinsurgency efforts. The document has been widely

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circulated among the U.S. military not only in Afghanistan but also at the Pentagon; on July 18 it was e-mailed to all Army generals."

Three Americans Killed In Afghan Ambush. Using a story published on the previous day by East Coast sites, the Los Angeles Times/AP (8/13) reports, "Militants attacked a U.S. patrol with rocket-propelled grenades, killing three Americans in Afghanistan's northeast, one of the wildest regions in the country ... U.S. troops used artillery to repel the attack in Nuristan province Friday, Col. Tom Collins said." The AP reports in the same brief article the accidental death of a British soldier and the assassination of a former deputy governor of Ghazni province, whose own former boss was assassinated in March.

US Seen As Too Slow To Adapt To New Warfare. The Baltimore Sun (8/13, Wood, 262K) reports, "From the foiled London airliner bombing plot to the bloody street carnage in Baghdad and smoking wreckage of southern Lebanon came chilling reminders last week that the United States and its allies are locked in a long war with a ruthless, technically adept enemy, one the United States is ill-prepared to confront and cannot fully defeat." Last week, "most of the vast military resources of the United States sat idle," unable to wage so-called "unrestricted warfare" against "enemies that are dispersed in cells and networks and so enmeshed in religious sects and culture that they are difficult to detect - and almost impossible to deter."

Somalia Could Become Next GWOT Front. In the Los Angeles Times (8/13, 918K), Africanist Mike Clough warns that Somalia "is on the brink of becoming the fourth front in the U.S. war on terror." Clough argues, "This latest front in the war on terror is the culmination of nearly 30 years of alternating Washington policy blunders and neglect in the Horn of Africa." The US under both Clinton and Bush embraced Ethiopia, encouraging its prime minister "to believe that he could dictate Somalia's political future. If Ethiopia, which has a large, moderate Islamic population, were a stable democracy committed to nurturing a democratic Somalia, the Clinton-Bush strategy would make sense. But it is not. ... Bush has little maneuvering room. He could accept the emergence of an anti-American Islamist Somalia. He could back Ethiopian intervention on the side of the transition government in Baidoa, which would lead to a bloody war. Or he could try to persuade another African government to militarily support the transitional government. None of these are particularly appealing, even when practical."

Soldiers Claim Depleted Uranium Caused Their Illness. The AP (8/13, Hastings) profiles Herbert Reed, an Iraq veteran who "believes depleted uranium has contaminated him and his life." Reed and seven others from his unit "all have depleted uranium in their urine, according to tests done in December 2003," by a German professor "while they bounced for months between Walter Reed and New Jersey's Fort Dix medical center, seeking relief that never came." They "have sued the U.S. Army, claiming officials knew the hazards of depleted uranium, but concealed the risks." The AP writes, "Reed and the seven brothers from his unit hate what has happened to them, and they speak of it at public seminars and in politicians' offices. It is something no VA doctor can explain; something that leaves them feeling like so many spent shell rounds, kicked to the side of battle."

Women Veterans Return Home With Different Needs Than Male Counterparts. The Milwaukee Journal Sentinel offers three stories about the problems that women veterans experience when they return from combat. Coverage in these articles is mixed for VA. In the main story, the Milwaukee Journal Sentinel (8/13, Rutledge, 259K) profiles Susan Sonnheim, who "underwent multiple reconstructive surgeries on her face and ear during a 19-month stay at Walter Reed Army Medical Center in Washington, D.C." She "is home now, but she's hardly comforted. She and many other women returning from war often are finding difficulty in the transition from warrior to wife, mom, student or simply civilian." The Journal-Sentinel writes, "More than 1,500 women have returned from Iraq or Afghanistan and sought some type of help from veterans hospitals in Wisconsin, northern Illinois and Iron Mountain, Mich., ranking the region third-highest in the country. Milwaukee's Zablocki Veterans Affairs Medical Center alone has seen more than 200 women since March 2003. … Some deal with problems that parallel those of their male counterparts. They've lost limbs, eyesight and hearing. They have digestive disorders, nightmares, anger and relationship problems. But female veterans returning from war face ailments and traumas of other sorts." Among other problems, the Journal-Sentinel cites reports of sexual assaults, greater

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incidence of mental health concerns, and gender-related societal issues.

Duckworth "Had To Point Out Gender-Specific Issues." In a second story, the Milwaukee Journal Sentinel (8/13, 259K) profiles veteran Tammy Duckowrth, who piloted helicopters over Iraq and was injured by a rocket propelled grenade and now has two artificial legs and an artificial arm. The Journal Sentinel writes, "Going on two years later, Duckworth said she is comfortable with her new body. She still feels attractive. She wears dresses and skirts regularly and is holding on to her bikinis. … Duckworth has had to point out some gender-specific issues to the VA in Illinois where she goes for health care. As recently as December they didn't have the type of birth control she uses." Duckworth: "They had Viagra, but they didn't have the patch." she said. The Journal Sentinel does not mention that Duckworth is the Democratic candidate for the House of Representatives in Illinois' 7th District.

Greuel Finds Motherhood Is "Biggest Heartache." In a third article, The Milwaukee Journal Sentinel (8/13, 259K) profiles Darcie Greuel, who "escaped physical injury while in Afghanistan from 2003 to 2004, but her return to civilian life was not pain-free." The Journal Sentinel writes, "Motherhood presented the biggest heartache of her deployment. The registered nurse who has spent 22 years in the Army Reserves has three children, who were 9, 15 and 17 when she deployed. Her oldest son was going into his senior year in high school, contemplating what to do after graduation. Her middle son was just starting high school and was emotional about not having his mom to help him through a typically tough year. Her daughter worried that Dad didn't know how to grocery shop or cook." But, when "she returned home to Milwaukee, she found decisions had been made without her. Her oldest son decided to take a year off after graduating from high school. All the children were doing their laundry and cooking meals." This article does not mention the Veterans Affairs Department.

CORPORATE SCANDALS:

Comverse Case Spotlights Option Scandal. In a column for the Los Angeles Times (8/13), Tom Petruno writes, "The stock option backdating scandal hadn't been reading like great fodder for Hollywood. Then the government laid out its case against former Comverse Technology Inc. executives. … The court papers released last week are rich with material — imaginary employees, a slush fund named for 'The Phantom of the Opera' and a botched coverup. Now we're getting the kinds of details that can overcome the eye-glazing effect that the term 'option backdating' induces. … This ought to at least be good for a cheap made-for-TV movie." Petruno continues, "More important, the Comverse case could put to rest the idea that what went on with stock options at many technology companies in the 1990s and early 2000s amounted to a minor bending of the rules — practices that, even if shareholders had known about them, wouldn't have troubled anyone much. … Three years ago, the mutual fund industry had the same initial response to the trading scandal that ultimately enveloped it. … Then, as now, many of the people involved asserted that very little of what went on rose to the level of a crime. … But that wasn't true about abusive mutual fund trading, and the government clearly thinks it isn't true about abusive option practices." Petruno adds, "The SEC says it has more than 80 companies under investigation for possible option abuses. Much more frightening to tech executives is that the Justice Department is bearing down with criminal cases, and has filed two in a period of three weeks. … On July 20, federal prosecutors in San Francisco charged two former executives of San Jose-based Brocade Communications Systems Inc. with securities fraud related to how they handled, and handed out, stock options. … Prosecutors in New York followed last week with a criminal case against three former Comverse executives, also alleging deceit in option practices. In a civil case filed against the three, the SEC said it found fraud in Comverse options dating as far back as 1991."

Law Firms Stocking Up On White-Collar Defense Talent. The Philadelphia Inquirer (8/13, Lounsberry) reports, "When Jack Dodds left the U.S. Attorney's Office for a big Philadelphia law firm in 1993, he joined two other former prosecutors here and one in Washington in a nascent white-collar defense unit." The Inquirer continues, "Today, there are about 50 lawyers in that unit in offices across the nation and in Paris, and they are busy - helping companies and executives enmeshed in investigations of everything from accounting fraud and health-care violations to price-fixing and insider trading. … But Morgan, Lewis & Bockius L.L.P. is not the only firm enjoying a burst in business in this specialized area of criminal defense: A new era of increased law-enforcement scrutiny of white-collar crime has triggered a boom across the country for defense lawyers who

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know what to do when FBI agents walk into a business with a grand-jury subpoena. … 'These cases can literally be bet-the-company cases,' said Dodds, 47, one of 15 lawyers in the Philadelphia office's corporate investigations and white-collar unit. 'The stakes are as high as they can be.'" The Inquirer adds, "Though most business infractions are still handled in civil court or become regulatory matters, the plaintiff these days is increasingly likely to be a state or federal agency. And now more than ever, there are criminal actions, too, with chief executive officers facing the prospect of prison time - and doing the perp walk on the TV news. … As a result, big law firms are moving to start up or expand units to help clients facing these complex government investigations. They are drawing lawyers from prosecutors' offices and other law firms in hopes of finding the best talent."

CRIMINAL LAW:

Families Of Crime Victims Decry Delays In Punishment. The State (SC) (8/13) reports, "Waiting the average of 12 years between the time a person is condemned to death for a murder and when the sentenced is actually carried out can take its toll on the families of victims. … But, some of those families say, the wait is worth it." The State continues, "Stephen Carroll was five when his uncle David Craig was killed by Andy Lavern Smith in 1981. Seventeen years later, Carroll witnessed Smith's death by lethal injection. … 'For so long, the families are waiting for justice to be served, and there's appeal after appeal,' Carroll said. 'If he had been executed earlier, we could've felt more at peace.'" The State adds, "During the time between the initial sentence and execution are appeals that can result in new trials or new sentencing hearings. … In 1999, the U.S. Justice Department said the average wait between sentencing and execution was 12 years. .. . The prospect of that long wait makes some family members of victims wonder if it's worth the effort."

Ban On Online Betting Seen As Unlikely. The San Diego Union-Tribune (8/13, Davies) reports, "For Zack Barrington, the drive to Alpine provides some much-needed distance. .. . The National City resident used to gamble online, but now travels to Viejas twice a week to play the slots. … For him, it was hard to control himself on the Internet casino sites." The Union-Tribune continues, "The federal government appears to agree with Barrington and is doing all it can to curb the spread of Internet gambling, which is estimated to be a $12 billion-a-year business. .. . Last month, it arrested the CEO of Betonsports.com, one of the most popular online gambling sites, when he changed planes in Dallas, as part of its aggressive crackdown on the site. … Also, the House of Representatives recently passed a tough anti-gambling law, further regulating payment systems as well as punishing people who facilitate Internet gambling, such as other sites that accept advertising from offshore casino sites. … But while the federal government tries to clamp down on Internet gambling sites, do those who actually make bets have to worry about running afoul of the law? … Not likely." The Union-Tribune notes, "In the weird world of online gambling, betting is legal, except in states with explicit bans such as Washington, which outlaws all online gambling, or Nevada, which disallows betting on horses via the Internet. … But while betting online is often not against the law, accepting the wager most decidedly is. The rub in terms of enforcing the law is that all the online casinos are located outside U.S. borders, in such countries as Costa Rica and Antigua. … 'There is no way you can put a curtain around the U.S. and stop the Internet,' said Frank Catania, a consultant to the gambling industry and the former director of the New Jersey Division of Gaming Enforcement. … Still, the government is trying. … In the case of Betonsports.com CEO David Carruthers, who is a British citizen and whose site operates out of Costa Rica and Antigua, the U.S. Attorney's Office in Missouri insisted that it has jurisdiction to prosecute because the company allegedly broke the law by sending promotional mailers and giving instructions on how to open wagering accounts, among other offenses."

CIVIL LAW:

Hospital Probe Leads To Millions In Fines. The Springfield (IL) State Journal-Register (8/13, Olsen) reports, "In the late 1990s, former Decatur police detective Robert Pittenger pored over records that listed the way various downstate hospitals were billing Medicare to take care of patients with pneumonia." The Journal-Register continues, "His work may not have been glamorous, but it was fruitful. … The investigation he began has resulted in six hospitals so far paying the federal government millions of dollars in compensation and penalties for alleged Medicare fraud. … And Rodger Heaton, the U.S. attorney for the Central District of Illinois, said prosecutors are scrutinizing the books of at least one more central Illinois hospital. He wouldn't say which

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one. … 'Our investigation is continuing,' said Heaton, who replaced Jan Paul Miller as the area's top federal prosecutor in December. … 'As we pour billions of dollars into health care, there's obviously a potential for that money to be misused or misspent,' Heaton said. 'We're definitely going to continue to focus on health-care fraud.'" The Journal-Register notes, "The Medicare fraud probe was part of a nationwide effort by the U.S. Department of Justice to crack down on alleged false billings for pneumonia patients. … The deception amounts to 'billions of dollars stolen from U.S. taxpayers,' according to Patrick Burns, a spokesman for a Washington-based advocacy group, Taxpayers Against Fraud."

Judge Rejects Portion Of Bankruptcy Reform Law. The Dallas Morning News (8/13, Yip) reports, "Consumer attorneys have scored a significant victory against the new bankruptcy law. … A federal judge in Dallas ruled recently that a provision of the law is unconstitutional because it prevents lawyers from giving their best advice to clients in financial distress." The News continues, "Critics of the Bankruptcy Abuse Prevention and Consumer Protection Act say the law, which went into effect last fall, caters to the credit card industry while putting unnecessary and harsh burdens on consumers who legitimately need relief from crushing debt loads. … Susan B. Hersh, a Dallas bankruptcy attorney, filed suit to challenge a provision of the law that forbids an attorney from advising a client to take on additional debt before a bankruptcy filing. The National Association of Consumer Bankruptcy Attorneys and the Connecticut Bar Association have also filed a pending lawsuit challenging the same provision." The News adds, "The provision was intended to discourage unscrupulous bankruptcy filers from taking on debt with the expectation that it will be erased in the bankruptcy case. … U.S. District Judge David C. Godbey ruled the provision 'was facially unconstitutional.' … 'Rather than changing the system to close the loopholes or penalize those who take on such debt, Congress ... enacted a prophylactic rule, banning the bankruptcy attorneys from advising their clients to take on additional debts 'in contemplation' of bankruptcy,' Judge Godbey said. … 'Without addressing all the complexities of the bankruptcy law, it seems quite possible that sometimes taking on more debt could be the most financially prudent option for someone considering bankruptcy.' … Judge Godbey hasn't issued a final judgment in the case, so for now the law is technically still in effect, the lawyers said. And even when there is a final judgment, the federal government can appeal. … 'It is obviously a ruling that's still under review, and we've not made any determination of what our next step will be,' Justice Department spokesman Charles Miller said."

CIVIL RIGHTS:

Illinois Officials Vote Same-Sex Measure Off Ballot. The New York Times/AP (8/13, Press) reports, "State elections officials voted Friday to keep a referendum against same-sex marriage off the November ballot, saying supporters had not gathered enough valid signatures. The ballot measure had sought to ask voters whether the state's Constitution should be amended to ban same-sex marriage." The report adds, "Illinois law prohibits same-sex marriage, but referendum supporters said they were concerned that the courts might overturn the law if the Constitution was not changed."

Federal Panel Proposes Testing Pharmaceuticals On Prison Inmates. The New York Times (8/13, Urbina, 1.21M) reports, "An influential federal panel of medical advisers has recommended that the government loosen regulations that severely limit the testing of pharmaceuticals on prison inmates, a practice that was all but stopped three decades ago after revelations of abuse." The report adds, "The proposed change includes provisions intended to prevent problems that plagued earlier programs. Nevertheless, it has dredged up a painful history of medical mistreatment and incited debate among prison rights advocates and researchers about whether prisoners can truly make uncoerced decisions, given the environment they live in."

Study: Female Managers Help Close Gender Salary Gap. The Washington Post (8/13, A8, Vedantam, 748K) reports, "American women earn substantially more money and narrow the long-standing gender gap in income if other women in their workplaces reach the ranks of senior management, according to a new national study presented here." The report adds, "By contrast, the study found, increasing the number of women managers in junior positions makes no difference to the gender gap — women on average continue to earn about 20 percent less than men. Surprisingly, men who work for women managers seem to do

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slightly worse in income than men who work for men, irrespective of whether the women managers are in senior positions."

ANTITRUST:

Congressional Committee Told Realtors Group Stifles Competition. The Philadelphia Inquirer (8/13, Heavens) reports, "Consumer groups have taken their case against the way real estate is bought and sold to a congressional committee looking into accusations that the National Association of Realtors and its 2.6 million members stifle competition." The Inquirer continues, "In testimony July 25 before the House Committee on Financial Services and its subcommittee on housing and community opportunity, Consumer Federation of America executive director Stephen Brobeck called the current real estate brokerage service system "cockamamie" and urged Congress to empower the Federal Trade Commission to reduce key barriers to competition in the industry." The Inquirer adds, "The hearing was commissioned by committee chairman Michael G. Oxley (R., Ohio), who calls the real estate industry a monopoly and wants to open the industry to 'free-market competition.' … Not only do traditional brokers fail to advertise commission rates and detailed services, but brokers also are reluctant to provide the information unless prospective customers request it, Brobeck said. … Moreover, these brokers have pushed state legislation and acted informally to make it difficult for those who advertise discount rates and limited services to promote or get access to homes for sale, he said. They do so to try to preserve a system in which commission rates remain at 6 percent or 7 percent, depending on the geographic area and price of homes." The Inquirer notes, "Almost a year ago, the Department of Justice filed suit against the Realtors' association over its 'virtual office policy,' which allows sellers and brokers the right to totally or selectively withhold their listings from display on other brokers' Web sites and prohibits copying of listings from one site to another. … The department said the policy - and a revised version adopted by the Realtors' association a day after the suit was filed – 'obstructs real estate brokers who use innovative Internet-based tools to offer better services and lower costs to consumers.' … The suit is pending in a Chicago court. No trial date has been set."

US Probes Plavix Deal. The Newark Star-Ledger (8/13, Jordan) reports, "Barry Sherman, the outspoken owner of the Canadian generic drug company Apotex, howled for years about Big Pharma's dirty tricks in battling the generics industry." The Star-Ledger continues, "Sherman's shrewd tactics, clashes with U.S. regulators and unrelenting court battles with the world's drug giants have made him a legend in the pharmaceutical industry and his company Canada's biggest drugmaker." The Star-Ledger adds, "His latest maneuver -- flooding the American market last week with a copycat version of the top-selling blood thinner Plavix -- may rewrite the rules of the tug-of-war between generic drugmakers and the big, brand-name pharmaceutical companies. … His adversary in the Plavix battle, Bristol-Myers Squibb Chief Executive Peter Dolan, has won praise for guiding the big drugmaker through a series of land mines, including a criminal probe of a $2 billion accounting scandal. Now, Dolan is in the spotlight once again, this time for his handling of Sherman and the threat he poses to Bristol's nearly $4 billion Plavix franchise." The Star-Ledger notes, "Wall Street cheered when Bristol announced in March it reached a deal with Apotex to keep generic Plavix off the market until the drug's patent expired. But during the past few weeks, the deal unraveled, leaving Plavix sales vulnerable to generic competition. … The battle about Plavix shifts this week to federal court in Manhattan, where lawyers for Bristol will seek an injunction blocking sales of the generic pills. … The case eventually could wind up in criminal court: The U.S. Department of Justice's anti-trust division has launched an investigation into the negotiations between Bristol and Apotex about Plavix. Both companies said they have received grand jury subpoenas. … In the end, the Plavix episode could turn out to be a career-defining moment both for Sherman, the pit bull of pharmaceuticals, and Dolan, the industry's golden boy."

Columnist Says Mutual Funds Are Ineffective At Policing Deals. In a column for the New York Times (8/13), Gretchen Morgenson writes, "As fiduciaries responsible for clients' financial interests, mutual fund managers are supposed to monitor the companies whose shares they own, on the lookout for avaricious executives, phony financials or somnambulant directors. That they have failed miserably in this task in recent years has frustrated investors, who know that only big, household-name stockholders like Fidelity, Vanguard and the rest have the

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clout to reform wayward companies. Before prosecutors have to get involved, that is." Morgenson continues, "Now, an academic study by Lily Qiu, an assistant professor of economics at Brown University, quantifies just how poorly mutual funds police management in one particular area — mergers and acquisitions — and how costly that failure has been. By contrast, her study shows that the activist approach taken by public pension funds has proved to be a positive policing mechanism that has translated into better performance in M.& A. deals. … The paper is titled, 'Which Institutional Investors Monitor? Evidence from Acquisition Activity,' and Yale's School of Management is reviewing it for possible publication in its Review of Financial Studies. Ms. Qiu has been working on the paper for three years; she updated the draft in June." Morgenson notes, "Mergers provide a natural litmus test for the adequacy of institutional oversight, Ms. Qiu says, because mergers occur often and can have a significant effect on companies' market values. Many mergers destroy the financial well-being of acquirers, according to academic studies, so Ms. Qiu wanted to examine how the roles played by different types of institutional investors during mergers might reduce such negative impacts. She separated investors into six types: public pension funds, mutual funds, insurance companies, private pension funds, banks and independent financial advisers. … Her conclusion is that public pension funds stand alone as effective monitors of corporate merger activities. When public pension funds hold large stakes in companies, those companies are less likely to conduct mergers over all; and when those same companies make acquisitions, the deals are more likely to succeed."

ENVIRONMENT:

BP Says Alaska Pipeline Shutdown Is Unnecessary. NBC Nightly News (8/12, story 9, 3:00, Siegenthaler, 9.87M) reported, "The major oil company that caused a panic about gas prices when it announced it would completely shout down its operations feeding into the Alaska pipeline has reassessed. It now says it can keep at least some of the oil flowing. … 16 miles of British Petroleum's corroded oil pipeline need to be replaced. A $100 million job that will likely push gas prices higher. The situation, while serious, is not as severe as first feared when B.P. shutdown its eastern field after discovering several holes in a key line. Now painstaking inspections by hand and ultrasound have determined the company will not need to close its west field."

Experts Claim New Technologies Will Avert Oil Pipeline Shutdowns. The AP (8/13, Linn) reports, "Technological improvements could help avert the severe corrosion and leaks that forced the partial shutdown of the nation's largest oil field, experts say, but the best way to prevent such problems in pipelines is to simply take better care of them. BP PLC, which operates the Prudhoe Bay oil field, has conceded it made a mistake by not more closely inspecting the interior of the 29-year-old pipeline… One side of the Prudhoe Bay oil field will be shut down while BP replaces 16 miles of the pipeline because of the leaks and corrosion, officials said. The pipelines normally carry 400,000 barrels of oil daily, or about 8 percent of domestic output. With the partial shutdown, the field is currently producing about 150,000 barrels of oil and natural gas daily." According to the AP, "Experts say some technological advances could make it easier to maintain existing pipelines and ensure that new pipelines, such as a proposed $25 billion natural gas pipeline that would run from Alaska into Canada, last longer."

Virginia Fisherman Sues Fisheries Service Over Pound Net Technique. The AP (8/13, Harper) reports on Virginia fisherman Edward Bender, who is challenging the National Marine Fisheries Service over his fishing methods. The AP continues, "Ongoing for three years, the suit says federal rules designed to keep sea turtles from entangling and dying in pound nets in the Chesapeake Bay are illegal, scientifically unproven and unfairly damaging to his fishing business. … Part rebel, part rogue, Bender is one of a handful of watermen left in Virginia who fish with a pound net. … This centuries-old trap, a maze of mesh and rope and chain, extends some 300 feet from shore. It basically tricks fish, stopping them with a wall-like structure called a leader, which forces them to turn and swim into netted chambers from which they do not escape. … Pound nets snare thousands of pounds of fish at a time — and, federal officials say, a few sea turtles, too." The AP adds, "Because the reptiles are protected by the Endangered Species Act, and because hundreds have been washing ashore dead on Virginia's beaches in recent years, the government took action. … And Bender got busy. … 'If the NMFS rule-making staff unintelligently chose to override and ignore the best available scientific advice, then the rule should be found to be

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arbitrary and capricious and therefore void,' he wrote in a 2004 legal brief filed in U.S. District Court in Norfolk, where his case is being heard. … Justice Department attorneys parrying Bender's claims could not recall a fisherman, by himself, taking on a such a challenge as this. … They seem slightly amused, if not annoyed, by the case, which has swelled to 30 volumes of motions, memos and transcripts. … 'It's been interesting, I'll say that,' said George M. Kelley III, an assistant U.S. attorney in Norfolk."

FBI/DEA/ATF/USMS:

Long Drug Sentence Sparks Appeal. The Deseret News (8/13, Fattah) reports, "Panamanian military leader Manuel Noriega got less prison time than first-time marijuana dealer Weldon Angelos, his attorneys like to point out. … Angelos, a young aspiring rap producer and father of two, sold marijuana to make some cash. After selling three 8-ounce bags of pot to an informant, who later testified that Angelos had a gun during two of the sales, Angelos was swept up in what his attorneys say is a minimum-mandatory sentencing system out of control." The News continues, "Angelos was sentenced to 55 years in federal prison in 2002. There is no parole in the federal system, meaning Angelos could be well over the age of 70 when eligible to be released from prison. … Now the 26-year-old is trying to get one last chance to overturn his sentence by appealing to the U.S. Supreme Court. The case has attracted the support of some of the brightest legal minds in the state and throughout the country." The News adds, "Salt Lake attorney Jerome Mooney teamed up several years ago with University of Utah law professor Erik Luna, an expert in criminal justice, to appeal for Angelos pro bono. Just recently, Michael Zimmerman, former chief justice of the Utah Supreme Court, decided to join in Angelos' defense, partly out of his personal belief that federal sentencing guidelines are out of control. … Zimmerman told the Deseret Morning News the fact that a first-time drug offender can get 55 years in prison is the product of overzealous politicians eager to appear tough on crime. … Zimmerman said he feels Angelos has a strong enough case to stand before the Supreme Court. Congress passed the mandatory enhancement of dealing drugs with a firearm as a way to crack down on big-time drug dealers. But small-time offenders like Angelos have become snared in the system. … 'Minimum mandatories like this make no sense at all and distort the penal system completely,' Zimmerman said, pointing out that had Angelos been convicted in state court, he would have likely received a few years in prison and probation, particularly for a first-time offense. … After handing down the sentence, U.S. District Judge Paul Cassell penned a scathing criticism of the minimum-mandatory laws. Cassell pointed out that someone convicted of raping a 10-year-old child or detonating a bomb on an aircraft get less time in the federal system than Angelos."

ATF Joins Probe Of Fatal Indiana Fire. The AP (8/13, Coyne) reports, "A fire killed four people early Sunday in a two-story house (in Michigan City, IN) where about a dozen people lived in makeshift rooms, some of them bedding down in closets, the state fire marshal said." The AP continues, "Witnesses reported seeing people fleeing the property before officials arrived, Fire Marshal Roger Johnson said. The residents didn't return, he said. .. . 'We don't know why they left, why they did not want to stay and why they did not want to address any questions we may have,' Johnson said." The AP adds, "Immigration officials had been to the scene, Deputy Fire Chief Chuck Greis said. Neighbors told The Associated Press they believed most residents in house were Asian immigrants who worked at a local Chinese restaurant. … The fire appeared to have started in the back of the house, but investigators did not yet know the cause, Johnson said. An accelerant-sniffing dog was being used and a task force was formed to investigate, including agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives."

IMMIGRATION:

Guard Troops On Mexican Border Credited With Limiting Entries For Illegal Immigrants. The Washington Times (8/13, Seper, 88K) reports on 350 Virginia National Guard soldiers and airmen "deployed along the border as part of 'Operation Jump Start.' President Bush's $760 million plan calls for National Guard troops to be sent over the next two years to the U.S.-Mexico border from California to Texas. The goal: allowing the U.S. Border Patrol to move more agents into frontline positions." According to the Times, "More than 150 illegal aliens used to cross nightly into the United States over a ramshackle metal fence at the base of a hill here just below a ridge, on which the team set up an observation post. On the hilltops just south of the border, Mexican spotters train equally sophisticated equipment on the Guard, directing smugglers of aliens and

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drugs to safer areas." However, the Guard troops have "put a 'significant dent' in the number of aliens crossing into his sector, with the daily count dropping from 150 to fewer than 20. Watches all along the border have reported similar declines since the National Guard's arrival, says Border Patrol Chief David V. Aguilar, who notes that last week apprehensions were down by 45 percent since the start of Operation Jump Start."

Border Agents Resigned To Inevitability Of Illegal Immigration. The Los Angeles Times (8/13, Bustillo, 918K) reports, "Though politicians and regular folks all over America agree that stopping illegal immigration starts with sealing the border, agents on the front line are under no illusions that they can catch everyone — even with the 6,000 extra agents that President Bush plans to put on the border over the next two years. … But after years of experience on the Rio Grande, they realize that desperate people will always find a way across, as long as opportunities on one side remain so much better than on the other." The Times goes on to report, "the Border Patrol says a steady buildup of agents and equipment has reduced drug running and human smuggling here over the last two decades. It has also improved the lives of hundreds of local men and women, who have found careers in the Border Patrol. Many agents readily admit that they did not join the Border Patrol because of a passion to stop illegal immigration. They were drawn to the job because it pays better than other lawful jobs in the region and promises a life of action along the untamable river Mexicans call Rio Bravo."

Census Bureau Releases Statistics On US Hispanic Population. The New York Times (8/13, Herring, 1.21M) reports, "National policy on immigration from the south can be fairly described as one of passionate ambivalence. Some Americans may try angrily to seal an unsealable border, yet many eagerly employ those who make it across. Amid all the controversy, though, the nation is preparing to celebrate many of its immigrants with Hispanic Heritage Month. (It starts Sept. 15.) To mark that occasion, the Census Bureau has offered up a grab bag of statistics, like these: as of July 1, the estimated Hispanic population was 42.7 million, nearly twice the 1990 level; by 2050, it is projected to hit 102.6 million, which would constitute 24 percent of the population. … The difficulties facing that population, though, can be seen in other bits of data: 32.7 percent of Hispanics lacked health insurance in 2004, 21.9 percent lived in poverty, and just 12 percent of those 25 and over had college degrees."

CONGRESS-ADMINISTRATION:

Defeat Of Haynes Nomination Traced To Graham. The Myrtle Beach (SC) Sun News (8/13, Rosen) reports, "If the defeat of a high-profile judicial nominee by President Bush was probed like a homicide investigation, Sen. Lindsey Graham's fingerprints would be on the gun." The News continues, "After Congress adjourned for its summer recess last week, the Senate quietly returned to the White House the nomination of William J. 'Jim' Haynes to the 4th Circuit Court of Appeals. .. . As general counsel at the Defense Department, Haynes helped craft the Bush administration's legal rationale for aggressive detainee interrogation techniques used by U.S. military and intelligence forces at the Abu Ghraib prison in Iraq, the Guantanamo Bay compound in Cuba and other sites." The News adds, "Graham, a former military lawyer, is widely seen on Capitol Hill and beyond as the man most responsible for the Senate's failure to confirm Haynes. From his seat on the Senate Judiciary Committee, Graham expressed strong concerns about Haynes' fitness for the appellate court. … Graham's stand has earned the admiration of many military lawyers and other senior officers. But it angered conservative activists who have condemned Senate Democrats for refusing to allow up-or-down votes on Bush's controversial judicial nominations. … 'To say the least, I have serious reservations about his nomination,' Graham said Thursday in an interview. 'This is not about being conservative. It's about being held accountable for what happened on your watch.' … Graham also drew heat from conservatives last year for his membership in the 'Gang of 14' senators, seven Republicans and seven Democrats, who negotiated a compromise for handling judicial nominees. .. . Under the deal, Democrats pledged to use a filibuster only in rare circumstances, while Republicans backed away from their threat to change Senate rules so that only 51 votes - instead of 60 - would be needed to break a filibuster."

Bush Seen As Taking Business-Like Approach While On Vacation. Julie Mason in her "White House Watch" column in the Houston Chronicle (8/13, 535K) reports, "Throughout their 10-day stay in Crawford, Bush and his top aides have made a point of looking like they are not on vacation. … Bush, in his only press conference at the ranch, appeared in a suit, at a podium. His backdrop was

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a blue curtain with the Western White House medallion and flags. In all, it was a departure from his usual ranch custom of sauntering out to meet reporters in his driveway, wearing boots and jeans."

Presidents Face Challenges Despite Vacations. Jonathan Martin in an Outlook column in The Washington Post (8/13, B1, 748K) writes that the concept of nothing much happening in Washington during August "is so ingrained in Washington's image of itself that it has almost become a self-fulfilling prophecy. But for the diehards who forgo the beaches and stay in town, this August — with multiple wars in the Middle East, aging dictators in post-op and foiled terrorism plots in the air — feels like anything but a slow news month." Martin adds, "Indeed, for a time of year when supposedly no one is around to hear them, a lot of trees tend to fall during August. And they have usually fallen upon our presidents hardest of all."

Poll Shows Bush Approval Up Slightly To 38 Percent. Newsweek (8/13, Mabry, 3.12M) in a web exclusive reports, "While the NEWSWEEK Poll suggests President George W. Bush and the GOP-led Congress have plenty to worry about just three months before the midterm congressional elections, it shows a slight uptick in the president's lagging approval rating and a significant boost in voters' opinions of his handling of the terror threat." Newsweek notes, "According to the poll, conducted through phone interviews with 1,001 Americans, 55 percent disapprove of how the president is doing his job, while 38 percent approve, an increase of 3 points since the May 11-12 NEWSWEEK Poll. But a majority, 55 percent, approve of Bush's handling of terrorism and homeland security (40 percent disapprove), an 11-point boost since May, returning the president to levels not seen since early 2005."

NBC Nightly News (8/12, story 5, 3:00, Corke, 9.87M) also reported the Newsweek poll "holds good news for Republicans. Asked which political party would do a better job of handling the war on terror at home and abroad -- 44% said Republicans, Democrats 39%. According to the poll the president benefits too, 55% say they approve of the President's handling of homeland security compared to 40% disapproval – that's up 11 points since May. But the news is not all good for the G.O.P. The survey asked: 'Has the Iraq war made Americans safer from terrorism?' 63% disagree, 32% agree. That on the heels of a Connecticut democratic primary that saw political newcomer Ned Lamont defeat pro-Iraq war Sen. Joe Lieberman." Prof. Ron Walters, University of Maryland: "Because of the Administration's link of the war on terrorism to Iraq, ironically Americans are feeling that Democrats now are better able to support their security."

Members Of Congress, Governors Oppose Medicaid Cuts Advocated By Bush. The New York Times (8/13, Pear, 1.21M) reports the White House "is clashing with governors of both parties over a plan to cut Medicaid payments to hospitals and nursing homes that care for millions of low-income people. The White House says the changes are needed to ensure the 'fiscal integrity' of Medicaid and to curb 'excessive payments' to health care providers. But the plan faces growing opposition. The National Governors Association said it 'would impose a huge financial burden on states,' already struggling with explosive growth in health costs." The Times notes, "More than 330 members of Congress, including 103 Republicans, have objected to the plan. … A bipartisan group of 50 senators recently urged President Bush to scrap the proposed rules." According to the Times, "State and local officials, members of Congress, hospitals, nursing homes and advocates for poor people" argue that Bush "is doing by regulation what he unsuccessfully asked Congress to do by legislation in the last two years. Second, they say, prior administrations and the Bush administration itself approved many of the state taxes that would be deemed improper under the new rules. Gov. Arnold Schwarzenegger of California, a Republican, said, 'The administration is attempting to reverse decades of federal Medicaid policy through the regulatory process,' less than a year after 'Congress rejected these misguided cuts.'" The Times adds critical comments from several other Republican governors.

Congress Presses For Computerized Medical Records, But Critics Voice Privacy Concerns. The Los Angeles Times (8/13, Alonso-Zaldivar, 918K) reports, "Congress is trying to bring the benefits of computerized medical records systems like the VA's to the whole country. By reducing reliance on paper records, lawmakers hope to save billions of dollars. And by tying computerized records systems together in networks, they hope to reduce medical errors by making information instantly available wherever it is needed. But legislation to encourage a move to computerized records, now moving through the final stages of congressional approval, has

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provoked opposition from privacy advocates, consumer groups and civil libertarians who point to recent security breaches -- including the much-publicized theft of a VA laptop containing personal information on millions of veterans."

Rep. Miller's Use Of Eminent Domain To Avoid Taxes Scrutinized. The Los Angeles Times (8/13, Heisel, 918K) reports GOP Rep. Gary Miller "sold 165 acres to the city of Monrovia in 2002, he made a profit of more than $10 million, according to a financial disclosure form he filed in Congress. Ordinarily, he would have had to pay state and federal taxes of up to 31% on that profit. Instead, Miller told the Internal Revenue Service and the state that Monrovia had forced him to sell the property under threat of eminent domain. That allowed him to shelter the profits from capital gains taxes for more than two years before he had to reinvest the money. But there is a problem with Miller's claim: Monrovia officials say that Miller sold the land willingly and that they didn't threaten to force him to sell." Miller "claimed the same exemption in two subsequent Fontana property transactions, allowing him to continue sheltering his profits from the Monrovia sale. And in each of those cases, the purchasers say eminent domain, which allows a government agency to force a sale if it's in the public interest, was neither used nor threatened."

Pelosi Blames Several International Crisis's On "Failure Of US Leadership." In an informal interview with the New York Times Magazine (8/13, Solomon) House minority lead Nancy Pelosi was asked if the GOP would get a boost if President Bush "produces Osama bin Laden the night before the election." Pelosi responded, "Well, that won't do it. That's five years too late." Asked. "What if he and his strategists use the Israeli-Hezbollah war to divert the public's attention from Iraq," Pelosi replied, "This doesn't help him. This is again a failure of U.S. diplomacy and leadership in the world. Look at this: the North Koreans are testing nuclear missiles, the Iranians are going nuclear, the Somalis are going militant, Iraq is a disaster, the Israeli-Palestinian situation is explosive and now we have the Lebanon situation. It's been a failure of U.S. leadership all around."

Federal Pay Outpacing Private Sector. The Cato Institute's Chris Edwards in an op-ed in The Washington Post (8/13, B7, 748K) writes, "We've often heard that civil servants forgo higher private-sector salaries in order to serve the nation selflessly. Many federal bureaucrats are indeed hard-working, but new statistics show that they are anything but underpaid." Edwards adds, "The Bureau of Economic Analysis released data this month showing that the average compensation for the 1.8 million federal civilian workers in 2005 was $106,579 -- exactly twice the average compensation paid in the U.S. private sector: $53,289."

Jeb Bush, Michael Bloomberg Laud NCLB Reforms. Florida Governor Jeb Bush and New York Mayor Michael R. Bloomberg in a op-ed in The Washington Post (8/13, B7, 748K) write, "The No Child Left Behind Act of 2001 sent an enormously important message to politicians and educators across America: Stop making excuses for low student achievement and start holding your schools accountable for results." Bush and Bloomberg write. "Florida and New York City are leaders when it comes to accountability in education. We have set high expectations for all students, and in key grades we have eliminated social promotion. … We grade schools based on student performance and growth so that parents and the public, as well as school administrators, know which schools are working well and which are not." They add, "Our emphasis on accountability is a big reason our schools are improving, our students are performing at higher levels and we're closing the achievement gap between poor and minority students and their peers."

Mann And Ornstein Book Excoriates Congress. In a review of Thomas Mann and Norman Ornstein's "The Broken Branch: How Congress Is Failing America And How to Get It Back on Track," for the Washington Post (8/13, BW7, 748K) Robert Kaiser writes, "The authors are members of what, sadly, may be a disappearing breed in Washington: independent-minded, knowledgeable experts whose concern for process is stronger than their desires for particular outcomes. … Their account of the recent decline of Congress, and particularly the House, is scathing but difficult to dispute. They blame a poisonously partisan division in both houses and in the country for much of today's congressional bickering and irrelevance. Partisan warfare led Republicans to cater to 'the base,' the country's most conservative Republicans, which explains the House's bizarre agenda in July."

Outsourcing Debate Loses Steam. Daniel Gross in his column in The New York Times (8/13, 1.21M) writes that the offshore outsourcing "debate flared after the annual

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Economic Report of the President was issued in February 2004, just as the Democratic presidential primaries were heating up and payroll job growth was sluggish. Answering reporters' questions about a section of the report on trade, N. Gregory Mankiw, then the chairman of the White House's Council of Economic Advisers, made a statement that would be utterly unobjectionable if uttered in a classroom at Harvard, where he taught before joining the Bush administration and to which he has returned." Goss adds, "The crux of it was this: "outsourcing is just a new way of doing international trade. … Outsourcing has yet to make a significant appearance in this year's political campaign. The furor surrounding the practice seems to have subsided quickly once the ballots were tallied in November 2004."

Pension Bill's Merits, Excesses Analyzed. The New York Times (8/13, 1.21M) editorializes that the pension reform bill that Congress recently sent to President Bush to sign "is an almost perfect example of Congress's inability to do anything good without tacking on some bad accommodation for special interests. For instance, the bill sets reasonably strict funding requirements and higher insurance premiums for traditional corporate pensions. That's good." The Times adds, "But in response to intense lobbying, Congress also carved out some big exceptions for ailing airlines, notably Northwest and Delta. That opens the door for other companies and industries to demand special treatment. And by creating the perception of an uneven playing field, the bill could provide yet another excuse for companies that want to get out of the pension business completely."

OTHER NEWS:

Report: Commodities Market Keeping Oil Prices High. The New York Times (8/13, Alster, 1.21M) reports, "By now, even a casual student of current affairs can reel off plenty of reasons for high oil prices: soaring demand, dwindling supplies, conflict in the Middle East and, most recently, the partial closing of an Alaskan oil field." And "Ben P. Dell, an analyst at Sanford C. Bernstein & Company, would place another factor at the top of the list: the money that has been surging into the commodities futures markets. Mr. Dell published a report last month suggesting that a stampede of institutional investors, mainly pension funds, into commodities is actually the chief cause of the rise in oil prices, which he called 'a bubble.' The report has generated more reaction than any other oil research published by the firm in the last three years, Mr. Dell said. And not all of it has been positive."

Poll Shows Lieberman Leading Lamont 46-41. Rasmussen (8/13) reports, "In the first General Election poll since Ned Lamont defeated Lieberman in Tuesday's primary, the incumbent is hanging on to a five percentage point lead. Lieberman earns support from 46% of Connecticut voters while Lamont is the choice of 41%. … Republican Alan Schlesinger earns just 6% of the vote, down from 13% a month ago. … The telephone survey of 500 Likely Voters was conducted by Rasmussen Reports August 9-10, 2006. The margin of sampling error for the survey is +/- 4.5 percentage points with a 95% level of confidence."

Lieberman Picking Up Endorsements From GOP Figures. The Washington Times (8/13, Lambro, 88K) reports Sen. Joe Lieberman "is picking up endorsements from Republicans across the country, while the National Republican Senatorial Committee appears to be dismissing its own candidate in Connecticut's Senate race." Lieberman "is being supported by several Republican Senate candidates -- including Rep. Mark Kennedy, who is seeking an open Democratic seat in Minnesota and Safeco insurance executive Mike McGavick, who is challenging Democratic Sen. Maria Cantwell in Washington state. He also received an endorsement from New York City Mayor Michael R. Bloomberg, a Republican who is weighing a possible independent campaign for the presidency. But in a rare departure from party tradition, the NRSC, whose chairwoman is North Carolina Sen. Elizabeth Dole, said Friday that it wasn't going to waste its limited resources on Mr. Schlesinger's nearly hopeless campaign."

Lieberman Seeks Support From Outside Connecticut. The AP (8/13, Haigh) reports Lieberman "made an unusual pitch to people outside Connecticut when he conceded the state's Democratic primary to Ned Lamont and announced plans to run as an independent. 'If you're disappointed with the ugly tone of our politics, if you're fed up with the nasty partisanship in Washington, then I ask your help, too,' said Lieberman. … The next day, Lieberman discussed his decision to run as an independent before a national audience on CNN's 'Larry King Live.' Lieberman's plea to voters beyond Connecticut comes as many Democratic Party leaders in and out of the state are abandoning the three-term incumbent and publicly endorsing

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Lamont. Several have urged Lieberman to withdraw from the race."

Lieberman Urged To Drop Out. In his column for the Los Angeles Times (8/13, 918K) Jonathan Chait writes, "The longer Sen. Joe Lieberman's reelection campaign in Connecticut goes on, the harder it gets to detect any rationale for his candidacy that's persuasive to anybody who isn't Joe Lieberman. … It has stopped being a battle for the soul of the Democratic Party and become a battle for Lieberman to keep his prestigious job. If the ideas that he professes to value above all else are really his highest priority, he should drop out of the race."

Lieberman's Loss Seen As Invigorating His Campaign. The Washington Post's Jim Hoagland (8/13, B7) writes, "In response to his humiliating defeat in the state's Democratic primary, the genial Lieberman finally got angry and got going. In non-concession speeches Wednesday morning, Lieberman showed the passion and focus that had been lacking in his somnolent primary campaign. And he found the enemy he needs to make a successful run as an independent in November."

Senate Democrats' Abandonment Of Lieberman Noted. In a "Week in review" piece for the New York Times (8/13, 1.21M) Mark Leibovich writes that Lieberman "has many 'good friends' among Senate Democrats, a point that's been jack-hammered home in recent days by all the colleagues who have lined up to tout their fondness for him — usually right before they declare, in so many words, that they want him to lose to a man most have never met."

Antiwar Democrats Likened To "Movement Conservatives" Of The '60s and 70s. In another "Week in review" piece for the New York Times (8/13, 1.21M) Sam Tanenhaus writes that the Lamont-Lieberman race "offers an intriguing twist in the history of insurgency that has shaped the identities of both parties over the last several decades. Some commentators have portrayed the bloggers who led the charge against Senator Lieberman as the ideological descendants of the left-wing Democrats who nearly brought the party to its knees in the 1960's and 70's. But in strategic terms they resemble more closely the 'movement conservatives' who transformed the Republican Party from 1955 to 1980, when it rose to dominate American politics. Like the current Democratic insurgency, the conservative movement was driven by activists who combined journalism with partisanship."

The Los Angeles Times' Gregory Rodriguez (8/13) writes, "Ned Lamont's Democratic primary victory Tuesday in Connecticut has given liberals hope that they can leverage the debacle in Iraq to catapult themselves back into power. And that may very well come to pass. Yet, ironically, what's good news for liberal candidates may not be such good news for liberalism. Why? Because the same quagmire that created this electoral opportunity has also forged a political climate that can't support liberalism's true goal: using government for the common good."

Lieberman's Call For "Civility" Seen As Campaign Template For McCain Or Clinton.

The Washington Post (8/13, A4, Balz, 748K) reports that the Lamont-Lieberman race is "an intriguing laboratory for what might emerge in the 2008 presidential campaign. Will Lieberman's campaign prove to be a forerunner for a message of civility and bipartisanship that emerges nationally in 2008, or simply be remembered as an obsolete refrain from a politician living in an idealized past and that serves only to deepen partisan divisions?" Sen. John McCain "despite his recent efforts to make himself more attractive to party conservatives and Bush loyalists, has asked more than once whether voters in 2008 will be looking for a candidate with the attributes he has long exhibited: independence and a willingness to work across party lines." Sen. Hillary Rodham Clinton, "a polarizing figure by any measure, nonetheless has spent much of her six years in the Senate developing a record of cooperation with Republican senators that she could take to the voters in 2008, should she decide to run for president." The Post adds that Sen. Evan Bayh and former Virginia governor Mark Warner "have been testing themes that include lowering the temperature of political rhetoric."

First Lady To Appear At Several Fundraisers Next Week.

The Houston Chronicle (8/13, Mason, 535K) reports, "You know the fall campaign season is off and running now: First lady Laura Bush is back in the game with a series of fundraisers starting this week. With public approval ratings higher than her husband's, the first lady is always a big political draw. This week she headlines fundraisers in Chicago; St. Louis; Lexington, Ky.; Kettering, Ohio; Dayton, Ohio; and Fairmont., W.V."

St. Louis Event Noted. The St. Louis Post-Dispatch (8/13, 300K) reports Laura Bush "will be in St. Louis on Monday to attend a national Republican Party fundraising

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event at the Clayton home of Sam and Marilyn Fox. … Sam Fox, founder and chairman of the Clayton-based Harbour Group, is among the most prominent and prolific donors to various Republican groups and candidates. Mrs. Bush is expected to be in the area for about two hours, a party spokeswoman said."

Chafee-Laffey Race Said To Share Dynamics Of Connecticut Democratic Primary. The New York Times (8/13, Zernike, 1.21M) reports, "One of the most liberal Republicans in the Senate," Sen. Lincoln Chafee "finds himself in a tight primary against Stephen Laffey, a populist Republican who is backed by a national conservative group and is traveling the state in a bright yellow RV proclaiming himself the 'Rhody Reformer.' The Rhode Island primary is the flip side of the battle between Senator Joseph I. Lieberman and Ned Lamont just across the state line, in Connecticut. Mr. Chafee is fighting for his survival because he voted against the Iraq war — the only Republican to do so — and has distanced himself from President Bush so much that he declined to vote for him in 2004, declaring that he would write in the first President Bush as a symbolic protest. Both campaigns show how a far flank of the party can shape a race, even in a place like Rhode Island, where Republicans are a minority; the record in a Republican primary here is about 45,000 voters, and most people expect short of that on Sept. 12. They also indicate the peril of being a moderate in a polarized year."

Kean Works To Keep Race's Focus Away From Bush And National Issues. The Washington Post (8/13, A4, Babington, 748K) reports that the race between Sen. Robert Menendez and Tom Kean Jr. "appears likely to turn on whether voters see Washington or Trenton as the capital more in need of a shake-up." Menendez "is trying to make the election a referendum on President Bush, and especially the president's Iraq war policy." Kean, "wants to keep the focus on taxes, state ethics, New Jersey's Democratic-run government and Menendez's ties to it. As much as any race this fall, theirs will test whether Republicans in tossup and Democratic-leaning states can shift enough attention from Bush's low popularity to preserve their congressional majorities. Polls suggest the race is about even, and if Kean can stay close or ahead, his keep-it-local strategy may inspire Republicans in other states as Nov. 7 draws near."

Democrats Criticize Steele For Offering Differing Assessments Of Iraq War. The Washington Post (8/13, C5, Mosk, 748K) reports Maryland Lt. Gov. Michael S. Steele "has again found himself facing objections for words uttered while campaigning for U.S. Senate. This time, the subject was the Iraq war, which the Republican candidate discussed last week with reporters and editors of the Frederick News-Post. The newspaper's State House bureau chief asked: Has the war been successful? Mr. Steele argued that it has. … State Democratic Party chairman Terry Lierman pounced on Steele's statements, noting that when the lieutenant governor spoke anonymously with reporters in Washington last month, he presented a different take on the war. 'Three weeks ago, the anonymous Steele said Bush should 'admit mistakes' in Iraq,' Lierman said. 'But this week, when talking to a newspaper in Maryland's Republican heartland, Michael Steele repeats GOP bromides about success in Iraq.'"

Swift Boat Vets Target Murtha. The Los Angeles Times (8/13, Levey, 918K) reports, "Two years after a cadre of veterans helped sink the presidential campaign of Sen. John F. Kerry (D-Mass.), they have found a new target in the old steel country of southwestern Pennsylvania: Democratic Rep. John P. Murtha. In a fight that organizers say will feature rallies, TV ads and an aggressive Internet campaign, these activists are promising to make Murtha pay for his criticism of the Iraq war. 'I will do my best to 'Swift boat' John Murtha,' retired Navy Capt. Larry Bailey said at a recent news conference here."

Taylor Uses Specter Of "Speaker Pelosi" In Attacks On Shuler. The AP (8/13, Whitmire) reports, "Facing a strong re-election challenge from Democrat Heath Shuler, veteran Republican Rep. Charles Taylor is going after a candidate who gets an 'F' from the National Rifle Association and a perfect score from a leading abortion-rights group. But that's not Shuler, a former NFL quarterback who hopes his pro-gun and anti-abortion positions appeal to swing voters and social conservatives alike in this mountainous district in western North Carolina. Instead, Taylor's target this summer is Minority Leader Nancy Pelosi, the California congresswoman who has emerged as a 'boogey-woman' of sorts for Republicans campaigning this year on the idea that Democrats can't be trusted with control of the House. … For

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Taylor, it is so far the only issue the eight-term incumbent is talking about."

Antiwar Activists And Crawford Locals Attend Barbecue Together. The AP (8/13, Brown) reports, "War protesters extended the olive branch to their new neighbors in President Bush's adopted hometown by hosting a barbecue Saturday — and a few even showed up. … Locals have been angry since a man bought five acres last month on behalf of peace activist Cindy Sheehan, who said no one in the area would have sold her any property. Anti-war demonstrator Jim Goodnow said he was glad some area residents — roughly half a dozen — visited the new protest site."

Bush Family's Interest In Backgammon Noted. The Washington Post, in its "Reliable Source" column (8/13, D3, Argetsinger, Roberts) reports, "The Bush family's obsession with backgammon is 'really serious,' according to George P. Bush : 'One of the most-read books in our family is "Backgammon for Blood." The 30-year-old son of Jeb Bush says in the new issue of Men's Vogue that his grandparents, former president George H.W. Bush and his wife, Barbara , run a 64-person, single-elimination tournament for extended family and friends at the Bush summer home."

AIDS Crisis Urgency Wanes. The Washington Post (8/13, A1, Vargas, 748K) in a front page article reports, "Twenty-five years ago, when the disease was a mystery, gay men were the face of AIDS, scared and outraged that it seemed nobody else cared as they died. They got organized, protested, demanded treatment. Today, however, the epidemic's public face is also heterosexual and, disproportionately, people of color." The Post report adds, "National and local health-care officials say they fear gay men have 'gotten collectively numb' about the epidemic. Some gay rights groups, the Human Rights Campaign and the Gay Men's Health Crisis among them, say a generational gulf has emerged."

U.S. AIDS Rate Unchanged, Despite Global Downward Trend. The Washington Post (8/13, A7, Brown, 748K) reports, "The number of people in poor countries taking AIDS drugs — about 1.4 million — rises by tens of thousands every week. The spread of AIDS in Africa seems to have peaked. Three countries there — Uganda, Kenya and Zimbabwe — report declining HIV prevalence, largely thanks to changes in people's behavior. Even in India, considered AIDS's ticking time bomb, efforts to defuse the epidemic are paying off in some places." The report adds, "The number of new HIV infections in the United States has been about 40,000 a year for the past decade and a half. It has not budged — not with new drugs, new prevention strategies or new administrations."

Inner Cities Seen As Domestic War Zones. The City University of New York's David Kennedy in an op-ed in The Washington Post (8/13, B1, 748K) writes, "The United States is losing the war in Iraq; more specifically, Philadelphia is. This war is at home, in the city's 12th Police District, where shootings have almost doubled over the past year and residents have spray-painted "IRAQ" in huge letters on abandoned buildings to mark the devastation." Kennedy adds, "It is a story being repeated up and down the East Coast and across the nation. … The federal government must return to its role as a real partner in conquering crime by providing funding and crafting effective approaches to key problems, such as drug markets, the methamphetamine epidemic, domestic violence, gangs and prisoners' reentry into their communities. We should learn from the true successes of the past decade."

U.S. Population To Hit 300 Million Mark. The Los Angeles Times (8/13, 918K) editorializes that the U.S. in on the verge of a significant milestone, "the arrival of the 300 millionth living human inhabitant of the United States, projected by the U.S. Census Bureau to occur in mid-October. We say 'arrival' because he or she may achieve that distinction not by drawing breath on U.S. soil but by arriving from somewhere else." The report adds that according to the U.S. Census Bureau "an international migrant arrives in this country every 31 seconds. On the other hand, a baby is born in the United States every seven seconds. That leads experts to believe that No. 300 million is likelier to enter the population data base the old-fashioned way, with a slap and a scream."

Lebanon Accepts Ceasefire Resolution As Violence Continues. The situation in the Mideast was described in a negative light as the violence continued despite Israel and Lebanon's signals that they would agree to the terms of the UN cease-fire resolution. Major papers' front page stories noted the violence in their lead sentences. ABC Evening News (8/12, 2:50, lead story, Berman) reported that "it

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could be a week before international forces arrive. This did not look like a nation on the brink of a cease-fire." Israel Foreign Ministry Spokesman Mark Regev: "By cleaning out the area today, we're making it easier for the international force and the Lebanese Army to do its job tomorrow." Avila: "John Berman in Beirut tonight where Monday looks like a long ways away."

The CBS Evening News (8/12, story 3, 3:00, Assuras, 7.66M) reports that "both Israel and Hezbollah have signaled their willingness to end their hostilities in Lebanon, saying they will adhere to Friday's security council resolution, but Israeli troops pushed further into Lebanon today." CBS (Pizzey): "This is why the cease-fire has to work -- all this Lebanese boy did was be too close to the target of an Israeli warplane." (explosion). After describing how both sides are continuing to fight while declaring they will abide by the cease-fire resolution Pizzey concludes, "that means there has to be a full U.N. force and many foreign and Lebanese troops in between the two sides, and nobody knows when that's going to happen so a timetable is very much in the minds of the people who set up the resolution, it's not very realistic on the ground."

Similarly NBC Nightly News (8/12, story 4, 3:00, Savidge, 9.87M) reported, "Even as they pledged peace, both sides waged war in southern Lebanon. " After describing the latest casualties NBC concluded that "for many here in Lebanon tonight, Monday seems a long way off."

In a front page article, the Washington Post (8/13, A1, Cody, Moore, 748K) leads, "Hezbollah and the Lebanese government accepted a U.N.-declared cease-fire with reservations Saturday night, but the war wore on with Israeli airstrikes, Hezbollah rocket attacks and expanded ground fighting." Also, while "the Lebanese government…unanimously accepted the U.N. resolution," there were "reservations expressed by Hezbollah's cabinet ministers." Israeli Deputy Prime Minister Shimon Peres "said Israeli military forces were expanding operations in southern Lebanon because 'the timetable permits it and there's an impression that Hezbollah controls the situation,'" adding "after the expected cabinet approval of the resolution Sunday, he believed that there was 'a fair chance' that a cease-fire would be imposed by the end of the week." In contrasts, "in an interview with Israel Radio One broadcast Saturday, Secretary of State Condoleezza Rice said she expected major hostilities to end within 'a day or so.'" She added, "there will continue to be, I'm sure, some skirmishes. … But hopefully the large-scale violence can stop." The Post notes, "the continued warfare indicated that the month-old conflict was unlikely to stop immediately despite Friday's U.N. Security Council resolution."

In a front page story, the New York Times (8/13, A1, Kifner, Myre, 1.21M) initially focuses on the Israeli military action, noting, "it was still unclear when the major military thrust ordered by Mr. Olmert, apparently with American approval only hours after the Security Council vote, would end." Meanwhile, "Hezbollah leader, Sheik Hassan Nasrallah, went on television to charge that 'nothing had changed' since the resolution, but conditionally pledged to abide by a cease-fire once it came into effect." The Times does not report Lebanon's acceptance of the ceasefire resolution until the sixth paragraph. The Times did not mention Rice's statements at all.

The AFP (8/13, Milikin) notes that Secretary Rice's "remarks appeared to confirm the widely held view that the wording of the UN resolution, and the notable absence of a demand for an 'immediate' end to the fighting, was designed to give Israel a final chance to weaken Hezbollah and occupy additional terrain in southern Lebanon prior to a truce. The Los Angeles Times (8/13, Wallace, Wilkinson, 918K) also didn't report on Rice's statement. It noted that while Israeli Foreign Minister Tzipi Livni "said her country's forces would halt their northward drive Monday, Israel's top military commander promised to fight Hezbollah militants there for at least another week. The AP (8/13, Frayer, Ghattas) reports, "Israel was determined to batter Hezbollah until the end" and "the big expansion of Israel troop strength prompted Hezbollah's leader, Sheik Hassan Nasrallah, to declare the fight far from finished and likely to get worse." The AP (8/13), McClatchy Newspapers (8/13, Rosenberg, Fadel), and the Washington Times (8/13, Mitnick, 88K) also cover this story.

Hezbollah Downs Helicopter. The AP (8/13, Rabinowitz) reports, "Nineteen Israeli soldiers were killed Saturday during an expanded offensive in Lebanon, the army said, making it the highest one-day toll for the Jewish state since the war against Hezbollah erupted." The military added "that a five member crew of a downed helicopter was missing and feared dead" after it "was shot down by Hezbollah guerillas." Hezbollah claimed carried on its al-Manar TV "that the helicopter was brought down by a new missile, the 'Waad' (Arabic for Promise) in the guerrilla arsenal."

Annan Announces Time Ceasefire Will Take Effect. The AP (8/13) reports that U.N. Secretary-General Kofi Annan

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announced "that he had been in touch with Prime Ministers Fuad Saniora of Lebanon and Ehud Olmert of Israel to discuss the exact time and date when the cessation of hostilities called for by a U.N. Security Council resolution will enter into force," and "that a cease-fire in the Hezbollah-Israel fighting will take effect at 8 a.m. Lebanese time (1 a.m. EDT, 4.03M) Monday."

Bush Praises Lebanese For Agreeing To Cease-Fire. NBC Nightly News (8/12, story 5, 3:00, Siegenthaler, 9.87M) reported, "Lebanon's prime minister received a phone call today from President Bush, praising the Lebanese government for giving its approval to the U.N. cease-fire. But the crisis in the Middle East is just one of the issues that could have a political impact in the U.S." NBC (Corke): "A senior White House official tells us tonight a second U.N. resolution, one that could establish a framework for how best to execute a ceasefire, could go before the U.N. Security Council perhaps by the end of the week."

Bush Urges World Leaders To "Turn Words Into Action." The AP (8/13, Pickler) reports, "President Bush on Saturday urged world leaders to turn the words of a Mideast cease-fire deal into action," telling the "international community to turn words into action and make every effort to bring lasting peace to the region," as part of "a written statement issued by his aides while he was bike riding on his Texas ranch." According to Frederick Jones, spokesman for the National Security Council at the White House, during a phone call with Lebanese Prime Minister Fuad Saniora "The president stressed the need to dismantle Hezbollah's state within a state in order to build Lebanese democracy" and "expressed his view that Iran and Syria were arming Hezbollah in order to exert unwanted influence over Lebanon."

In contrast, in a separate article the AP (8/13, Frayer, Ghattas) reports that after the call "the White House issued a statement declaring the administration was determined to vanquish the hold of Hezbollah — and that of its Syrian and Iranian benefactors — on the south."

US Policies, Image Said To Have Suffered From Conflict. In an analysis piece, the Washington Post (8/13, A10, Wright, 748K) reports, "the future of the Middle East may be markedly different," as well "the image of the United States." Interviews with a range of former U.S. officials and Middle East analysts reveal that "the Bush administration's struggle against terrorism and its campaign for democracy" are among the "big losers" from the is conflict. This is "despite marathon diplomatic efforts." For "the past three weeks, Rice devoted 90 percent of her time to the Lebanon crisis, aides said. In coordination with U.N. Secretary General Kofi Annan and France, she worked through the last three issues, all tricky -- the amount of military firepower a U.N. force can use to maintain peace, the status of the disputed Shebaa Farms region, and the sequence of Israel's withdrawal -- right up to the last minute Friday" to create a resolution that "Many diplomats said…was a masterful blend." However, analysts say that the "prolonged negotiations widely perceived in the Arab world as deliberate to allow Israel to pursue its military agenda -- with U.S.-manufactured weaponry" have "badly battered" the US's image abroad. In fact, "the big winner may be Hezbollah leader Hasan Nasrallah," as his organization is "widely seen in the Arab world as having achieved its second victory against Israel."

The AP (8/13, Gearan) adds that the ceasefire "will not do much to improve the image of America in the Arab world. This war is widely viewed as a joint U.S.-Israeli venture that slaughtered innocents and wrecked homes, roads and businesses in a fragile democracy the Bush administration has said it supports." The conflict "heightened anti-U.S. sentiment in the region," and "the terms of the peace deal may only reinforce twin perceptions in the Arab world: The United States did too little too late to rein in Israel and end the fighting, and friendship with the United States is worth little because the United States will back Israel no matter what, foreign policy analysts said."

The McClatchy Newspapers (8/13, Bengali, Nissenbaum) notes, "the month-long war in Lebanon appears likely to end with Israel's military campaign falling short of its goals and Hezbollah's cause strengthened," as, "by refusing to bend to the region's mightiest armed force, the Shiite Muslim militant group looks stronger in the eyes of its backers Iran and Syria. And it may be less likely to give up its weapons as Israel, the United States and many in Lebanon have urged."

Olmert, West Bank Withdrawal Said To Be Hurt By Conflict's Outcome. The New York Times (8/13, A1, Erlanger, 1.21M) reports in a front page analysis that Isreali Prime Minister Ehud Olmert "and his defense minister, Amir Peretz, have been wounded by the perception that they mishandled the war and were overly reluctant to commit sizable ground forces when there was enough time to

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accomplish the government's stated goals." The "move to greatly increase…ground forces in Lebanon…has two goals: to damage Hezbollah as much as possible and to conclude the conflict with something that could be called a victory for an Israeli government under domestic pressure." Now, "the plan to hand over more territory in the West Bank to a Hamas-led Palestinian Authority that could use more sophisticated rockets to hit Tel Aviv is now being dismissed as folly by many in the center, not just on the right." Also, "Israelis…fear there has been damage done to their relationship with the United States, where some may complain that the Israelis were given time to clobber Hezbollah and did not get the job done."

Conflict Exposes Problems With Israel Military. The Los Angeles Times (8/13, Wilkinson, Chu, 918K) reports that the conflict "has exposed serious deficiencies in the Jewish state's formidable fighting machine and the strategies that underpin it, unleashing repercussions that will shake the political establishment for a long time to come." While "Israel was accustomed to defeating the Arab armies that challenged it," Hezbollah "presented Israel with a different enemy and a different war. Neither the Israeli military's traditional skills as a modern armored force nor its ability to battle Palestinian militias has proved sufficient against the highly motivated, well-armed Hezbollah army." Israel's "acutely embarrassing military shortcomings" are due "to several factors, including reluctant politicians, faulty intelligence, poorly trained and equipped reservists, terrain that is virtually impassable for heavy tanks, and rusty fighting tactics."

Skeptical Israelis Said To Expect Another Conflict. An AP (8/13, Laub) analysis notes "The U.N. terms will buy temporary calm, but make the next war between Israel and Tehran's proxy army inevitable, former Israeli Foreign Minister Silvan Shalom and some military analysts warned." Israeli counterterrorism expert Boaz Ganor added, "Iran can easily reactivate Hezbollah for its own political needs, particularly if it were to be attacked by the West over its nuclear weapons ambitions." However, "Israeli leaders defended the deal against growing skepticism -- and got a little help from U.S. Secretary of State Condoleezza Rice. The deal, she told Israel TV in a telephone interview, 'really does enhance Israel's security.'"

Countries Volunteer For Peacekeeping Force. The AP (8/13, Doland) reports, ""France and Italy, along with predominantly Muslim Turkey and Malaysia, signaled willingness Saturday to send troops for a beefed-up U.N. peacekeeping force in southern Lebanon, but consultations are still needed to hammer out the force's makeup and mandate." Analysts say "France would be well-suited to lead such a force, given its diplomatic success in acting as go-between in negotiations involving the United States and Lebanon," and add that "by leading a peacekeeping force with a large European presence, France could strengthen its own role in the Middle East."

Shebaa Farms Said To Be Important To Lasting Cease Fire. The McClatchy Newspapers (8/13, Schofield) reports, "Any lasting Israeli-Hezbollah cease fire will have to address the fraught question of who owns 14 abandoned orchards, pastures and mini-farms on the Syrian-Lebanese border with Israel known as Shebaa Farms." Although "even Israelis say Shebaa Farms' strategic value is minimal, no one in the region is giving away any bargaining chips these days."

Protesters Gather In Washington, Other Cities, To Rally Against Mideast Violence.

The New York Times (8/13, Pear, 1.21M) reports, "Thousands of people rallied near the White House on Saturday to protest what they described as Israeli aggression in Lebanon and the United States' unwavering support for Israel." This "contrasted with the sentiment in Congress, where support for Israel is overwhelming and bipartisan." Besides addressing the conflict, "Several speakers at the rally criticized Mr. Bush for mentioning the religious background of those arrested this week in a plot to blow up airplanes flying from Britain to the United States." Former attorney general Ramsey Clark "drew cheers when he said, 'We have a solemn obligation to impeach President Bush.'" He "also advocated the impeachment of Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld." The Washington Post (8/13, A10, Dvorak, Samuels, 748K) notes, "By Washington standards, yesterday's event did not equal protests that swelled with hundreds of thousands of participants." The Post also noted "about two dozen counter-protesters."

The Los Angeles Times (8/13, Rohrlich, 918K) adds, "more than a thousand people who marched through downtown Los Angeles on Saturday to protest Israel's bombing of" Lebanon, "its treatment of Palestinians and the U.S. war in Iraq." Apparently "united in disdain for President Bush," various "ethnicities and age groups were represented in the peaceful protest." The AP (8/13, Metzler) notes, "In San Francisco, about 2,000 people marched in support of

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Lebanese and Palestinians and against the Israel military action," although "Several hundred counter-demonstrators gathered to show their support of Israel, waving American and Israeli flags."

Lebanese Convoy Hit By Missiles Thought It Had Clearance. In a front page story, the Washington Post (8/13, A1, Shadid, 748K) reports, "Nearly everyone has now departed the Christian town" of Marjayoun. "Most… left Friday in a harrowing convoy of hundreds of cars that plied a moonlit road and was attacked by Israeli aircraft. Six people were killed and more than 30 wounded." They "were told the convoy had permission, but the Israeli military said that although a request was made for safe transit, it was never granted. It said it had mistaken the cars for Hezbollah guerrillas transporting arms." The New York Times (8/13, Tavernise, 1.21M) adds, "Israeli planes have been striking Lebanese civilians since the beginning of the war," but "Friday's strike still came as a shock: the convoy was more than 500 cars long and included a town mayor, an entire Lebanese Army unit and its own ambulance."

WPost Ombudsman Defends Paper's Photos, Agrees Revised Deaths Need More Attention. Washington Post (8/13, B6, 748K) ombudsman Deborah Howell writes, "Photos and civilian casualties, especially out of Qana in southern Lebanon, were two recent hot buttons." However, "Post photo editors are cautious about Middle East photos" and "My review of war photos published in The Post didn't show any obvious manipulation." Others "complained…that 'The Post had a blaring headline about Israel's killing . . . Lebanese in Qana. When that number was reduced by more than half, the Post 'buried' the information.'" Howell agrees that "readers were right that the new, much lower number should have been high in the story or under a separate headline." However, "David Hoffman, assistant managing editor for foreign news, disagrees. He said the casualty count was pushed lower in the story on deadline to make room for other, later news."

Rice Said To Be Responsible For Dealing With Difficult Crisis. James Mann, author in residence at Johns Hopkins University's School of Advanced International Studies and author of "Rise of the Vulcans: The History of Bush's War Cabinet," writes in an op-ed in the Washington Post (8/13, B1, 748K), "Secretary of State Condoleezza Rice now faces the biggest crisis of her career. America's role in the Middle East is in danger of falling apart," and "her political future and vision of U.S. foreign policy as a transforming force in the Middle East hang in the balance." However, "nothing she has done quite prepares her for this role," where the "chances of lasting success in the Middle East rest upon different skills: hard diplomacy, the shrewdness to craft a long-term strategy and the flexibility to make compromises that square with her proclaimed ideals." During "the outset, she stumbled badly in her rhetoric," and there are still "many risks inherent in her current predicament." Rice "is in charge of U.S. diplomacy at a time of great upheaval -- and she will be held responsible for its failures." Currently "the Middle East is Condi's war -- and so far, she isn't winning."

Qatar Foreign Minister Explains Arab Opposition To Ceasefire Plan. The Washington Post (8/13, B3, 748K) publishes parts of an interview with Hamad Bin Jasi m al-Thani, foreign minister of Qatar. He said that the Arab League criticizes the proposed ceasefire because "We would like it to be a workable resolution," and "if the Lebanese government went to enforce it, they would have problems and we might see a civil war again." He doesn't "think it's the right thing to let the government of Lebanon start by taking Hezbollah's weapons. It has to be done, but is now the right moment? I don't think so." As for the US, it "needs a more balanced policy between their obligations to the Israelis and to their other friends in the region." Also, Iraq is "a mess and not curable soon."

Journalist Says Syrians Turning To Hezbollah. Rhonda Roumani, a freelance journalist in Damascus, writes in an op-ed in the Washington Post (8/13, B4, 748K), "Lubna is a thoroughly secular Muslim" who "embodies 'the new Middle East' of Condoleezza Rice's dreams. Except she isn't sure that she wants any part of it." Syrians "feel forced into a corner, made to choose between a U.S. plan for a 'new Middle East' that seems to show little respect for Arab lives and Arab ways and an Islamic-led resistance that could eventually turn against them at home," and even "secular Syrians of the art-gallery-and-democracy crowd are turning their sympathies toward the Islamic militant movement Hezbollah." Lubna says the possibility of peace "is gone" and "it's the United States's fault, because it didn't demand an immediate cease-fire in Lebanon."

Wpost Says Ceasefire Resolution Gives Opportunity For Peace. The Washington Post (8/13, B6, 748K) editorializes, "By holding firm on key points in United Nations negotiations, the Bush administration has given diplomacy at least a chance to work in Lebanon," but "it would be risky to bet on a smooth implementation." Israel

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needs to "accept and honor the spirit of the resolution, ceasing air attacks in Beirut, freezing its new ground offensive and responding only to direct provocations." And if Hezbollah decides "it can accept and ignore the terms," then "it will be up to Lebanon's government, the United Nations and the European nations expected to supply troops to prove the militia wrong."

LATimes Says Ceasefire Serves US Interests. The Los Angeles Times (8/13, 918K) editorializes that the peace resolution is "a major achievement" and "a serious effort to defuse a conflict that had become a humanitarian catastrophe," that, if it works, "not only would prevent further loss of innocent life, but would address what President Bush called the 'root cause' of this unexpected and unexpectedly bloody conflict: Hezbollah's creation of its own state within Lebanon." It also helps the US, as "continued violence in Lebanon would further demonize Israel and the United States in that country, with its large Shiite population, and complicate U.S. relations with other Arab nations as well. Far from advancing the campaign against what Bush calls 'Islamic fascism,' a prolonged war, with possible Syrian and Iranian involvement, would have thrown that effort into confusion. In serving the cause of peace, the United States has served its own interests as well."

Some Question Iranian Dissident As He Tells US "Hands Off." The Los Angeles Times (8/13, Watanabe, 918K) reports that Akbar Ganji, a former member of the Revolutionary Guards and "one of Iran's leading journalists and dissidents, has come to California to deliver what may seem a counterintuitive message: Leave Iran alone." He feels "that U.S. military intervention and funding of dissidents would only give the Iranian regime an excuse for further crackdowns," arguing instead that "the most promising path to democracy in the Middle East…is to resolve the Israeli-Palestinian conflict and eliminate the poverty, desperation and despotic governments that he said have allowed extremism to flourish." However, some of the Los Angeles population of Iranians "S still view Ganji with suspicion for his early involvement with the Ayatollah Ruhollah Khomeini's Revolutionary Guards and question his reformist credentials." There are questions as "how a political prisoner could manage to issue writings from jail — and after release, obtain a visa and embark on a global tour. Other critics accuse him of cooperating with the Islamic regime's persecution of dissidents in the revolution's early years."

Chavez To Visit A Reportedly Healing Castro. The CBS Evening News (8/12, story 5, 0:10, Assuras, 7.66M) reports, "Venezuela's President is planning to visit the ailing Fidel Castro in Havana tonight on the eve of Castro's 80th birthday. Officials say today the Cuban leader is walking and talking almost two weeks after undergoing intestinal surgery."

ABC Evening News (8/12, 0:20, story 5, Avila) reports, "And from Cuba today, news about Fidel Castro's health. Cuba's official newspaper, 'Gramma,' says Castro is walking, talking and working after intestinal surgery last month. Castro's 80th birthday is tomorrow. His ally, Hugo Chavez says he'll deliver there to deliver a gift and a cake."

NBC Nightly News (8/12, story 7, :20, Siegenthaler, 9.87M) reported, "Fidel Castro, turning 80 years old tomorrow, will be receiving a visit and a cake from his good friend, Hugo Chavez, the president of Venezuela. Richard Alarcon, the number three man in Cuba, tells NBC news that Castro is so anxious to get out of the hospital, he is following orders for the first time in his life, from his doctors."

The Washington Post/AP (8/13, A15, Snow) reports, "Fidel Castro is sitting up, walking and even working a bit on the eve of his 80th birthday, Cuba's official Communist Party newspaper said Saturday, two weeks after intestinal surgery forced the Cuban leader to step aside as president. The article in the Granma newspaper -- though brief -- was the most detailed statement Cuba's government has issued since Castro announced July 31 that he was temporarily ceding his powers to his younger brother Raul, No. 2 in the government."

Observers Analyze "Tiny Scraps" For News Of Castro. The Los Angeles Times (8/13, Williams, 918K) reports, "Kremlinology has come to the tropics. Rumor-mongering and reading of tea leaves have filled the void in the absence of any solid information about who's really calling the shots in Cuba two weeks after Fidel Castro delegated leadership duties to his 75-year-old brother and underwent surgery for intestinal bleeding. Cuba-watchers, cultural figures and politicians throughout North and South America have been left to scrutinize tiny scraps of news and commentary coming out of Havana to try to glean what they might signify for the future of a country that for nearly 48 years has been defined by one man."

Castro's Legacy Scrutinized. The Los Angeles Times runs a package of four columns under the label "Castro at 80," keyed to Fidel Castro's 80th birthday. In these columns, the writers comment on Castro's legacy and

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speculate about the future of Cuba and of Latin America's leftist movements.

Rand Political Scientist: Castro Not A Communist. In an op-ed in the Los Angeles Times (8/13, 918K), Edward Gonzalez, Rand Corp. adjunct political scientist, writes, "What prompted Castro's premeditated turn to Moscow? Clearly, his was a preemptive, calculated move that sought to guarantee the long-term survival of his revolution in anticipation of U.S. economic sanctions and possible armed aggression. But this explanation begs the more basic question of whether Castro was a crypto-communist who early on was bent on creating a socialist revolution and joining the Soviet bloc. The answer comes from Carlos Rafael Rodriguez, a member of the Cuban Communist Party's political bureau who spoke to me in his private office at party headquarters in Havana late at night on Aug. 14, 1967." Gonzalez says that Rodriguez told him "Castro had been neither a communist nor a socialist when he came to power in 1959, and added that 'even today, Fidel is not a communist.'" Gonzalez adds, "What Rodriguez was hinting at was that Castro was really a fidelista — a radical revolutionary who sought maximum political power through permanent struggle with his enemies, but who lacked a well-formed ideology."

Castro's Letters Show Him As "Idealistic Young Revolutionary," "Pitiless Dictator." In an op-ed in the New York Times (8/13, 1.21M), Ann Louise Bardach reprints excerpts from letters that Fidel Castro wrote when he was in prison in the 1950s. The letters were later published in a book, to be release in English next year. Bardach writes that he excerpts she publishes "are striking in that they reveal both the idealistic young revolutionary of 1953 and the pitiless dictator he would become over the following half-century."

Castañeda Sees End Of Latin American Left's Revolutionary Wing. In an op-ed in the Los Angeles Times (8/13, 918K), Jorge Castañeda, Mexico's former foreign minister, writes that until Castro's 1959 revolution, "the left was populist or Marxist, but in any case moderate; it had abdicated revolutionary ambitions." After that revolution, "the Latin American left was sundered by endless debates and tensions between its reformist, social democratic, peaceful components and its revolutionary, radical, often violent members." Castañeda adds, "With Castro's fading, the hemisphere's revolutionary school loses its inspirational leader. No possible successor — neither Raul at home nor Chavez abroad — could ever dream of replacing him in this context. … Historians can argue whether injecting the idea of revolution into the Latin American left was a good or bad idea half a century ago. But today, it would seem that putting an end to the revolutionary chapter in the left's history can only make it stronger, more modern and competitive; in short, more democratic."

Chavez Is Latin America's Emerging "Boogeyman." In a Los Angeles Times (8/13, 918K) op-ed, Daniel P. Erikson, senior associate for U.S. policy at the Inter-American Dialogue, opines, "There's no question that" Venezuelan President Hugo Chavez "has sufficient leverage in Cuba to potentially influence the choice of the island's next leader — and his blessing will certainly be crucial to the next Cuban government's success or failure. Whether he will wield his influence is unknown, and Cuba, of course, is a sovereign nation. But Washington's worry that he will clearly reverses the conventional wisdom of only a few years ago, when the Venezuelan leader was seen as a creation of Castro." Erikson adds, "Over the last several years, the U.S. has elevated Chavez's stature from that of a strictly Venezuelan political phenomenon to one of a continental menace whose maneuverings are responsible — correctly or not — for every development that goes against Washington's interests. He, not Castro, is the presumed hemispheric boogeyman behind Latin America's burgeoning left-wing movements." Erikson also notes, "Castro's template for Latin American leadership has captivated the Venezuelan leader since his earliest days in power. Chavez has learned from Castro how to build a virtually indestructible power base at home while winning friends and admirers around the world."

Gates Foundation Faces Challenge In Spending Buffett Money. The New York Times (8/13, Strom, 1.21M) reports, "Although it has long been the largest grant-making foundation in the nation, the Bill and Melinda Gates Foundation is facing an unparalleled challenge: how to give away more money — and do it much faster — than it ever has before. … For tax reasons, starting in 2009, the foundation must give away every nickel that he contributed in the previous year." Over "the next two years, the foundation plans to double its staff to about 600 people to handle the additional money, said Cheryl Scott, the foundation's new chief operating officer, and it is building a new headquarters complex in Seattle." The organization "has said it intends to continue to focus its philanthropy on education and global health while adding a new area, global development, to help the poor in third world countries."

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African "AIDS Grannies" Assemble In Canada. The New York Times (8/13, Altman, 1.21M) reports on a Canadian conference for African "AIDS grannies," who flew to Canda "for a four-day gathering that ends Sunday with a march to the opening of the 16th International AIDS Conference. The gathering, which brought the African women together with about 200 Canadian grandmothers (very few of them dealing with AIDS in their immediate families), is believed to be the first large one dedicated to helping grandmothers cope with the AIDS pandemic." The Times writes, "Although 40 percent to 60 percent of orphans in some African countries live in households headed by grandmothers, these women have received little financial or other support." The Times said the African grandmothers, from 11 countries, "attended workshops on topics like counseling to help them understand and support children coping with the loss of their parents; helping orphans deal with depression, frustration and stress; building resilience in children and grandmothers; and counseling about the 'put-down syndrome,' which the orphans experience when they are constantly told they are inferior or lazy."

Sri Lanka Sees "Worst Fighting" Since Ceasefire. The New York Times (8/13, Senanayake, 1.21M) reports, "In the worst fighting since a 2002 cease-fire, ethnic rebels advanced toward Sri Lanka's strategic Jaffna peninsula on Saturday as government jets bombed rebel positions and truce monitors were told to stay away. The military said it had lost 27 soldiers and killed 100 rebels. No casualty figures were offered by the rebel Liberation Tigers of Tamil Eelam. The group's spokesman said its troops had broken through the government's northern forward defense line at Muhamalai, effectively dragging the long-ravaged Jaffna peninsula back into the thick of war."

Early in the morning, the AP (8/13) reports, "Tamil Tiger rebels have offered to renew peace talks," and Palitha Kohona, chief of the government's peace secretariat say the government accepts the offer. He added, "The offer came two days ago, and the government is still prepared to talk despite Saturday's assassination."

Obrador Calls For Dismissing Almost 4% Of Mexico's Votes. The AP (8/13, Stevenson) reports that Andres Manuel Lopez Obrador "wants votes from nearly 5,000 polling places thrown out, a top aide said Saturday, amid signs that a partial recount won't change enough results to swing the election his way." While "the tribunal hasn't released any official results from the partial recount…local media reported that variations of only a few thousand votes have been found, far short of what Lopez Obrador would need to overcome a 244,000 vote deficit." Although "parties involved in the recount say elections officials have found extra ballots in some ballot boxes, and in other cases have failed to account for all blank ballots distributed to polling places," some experts suggest "the so-called 'missing ballots' might be due to people who kept voting sheets, rather than using them to vote, and said 'extra' ballots might have been transferred from nearby polling places."

Critics Say Mexican Town Failed To Properly Investigate Women's Murders. ABC Evening News (8/12, story 6, 2:10, Rooney) reports, "Since 1993, there have been almost 400 murders of women in Juarez, a lot. At least 90 were similar. Young factory workers, their bodies dumped in fields or the desert, sometimes in groups. Investigations were so incompetent that some mothers believed the police may have actually been involved." ABC (Rooney): "Now the prosecutor for the state of Chihuahua, a woman, says she's re-opening more than 100 cases."

Hayek Says US Should Help Investigate Murders. ABC Evening News (8/12, story 7, 1:40, Avila) interviews actress Salma Hayek, who says, "They're all poor women. Why? Because, I think unfortunately, around the world, these lives are not valued with the same strength as if it was somebody that -- that, I don't know, was the daughter of somebody important. In America, a girl disappears…everybody gets shocked and offended and appalled. … I know a lot of the families of the victims. And sometimes they don't even have money to bury them." She "says Mexican police need forensic and investigative help from the United States because 15 years of unsolved murders is unacceptable."

Brazilian Criminal Group Flexes Muscle With Crime Wave. The New York Times (8/13, Rohter, 1.21M) reports, "The powerful criminal group whose street battles with the police paralyzed this metropolis three months ago has begun a new series of attacks, mocking government efforts to reduce its influence, alarming citizens and igniting a partisan political dispute. The new offensive, which began this week, has killed far fewer people than the more than 180

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left dead in May. But the number and variety of targets chosen is larger: more than 200 sites in a score of cities and towns, including government offices, banks and police and bus stations." The group claiming responsibility, First Capital Command, "is a prison-based network that in the past has used such shows of strength as a bargaining chip to demand better conditions for its estimated 10,000 members behind bars."

Hazing Trial Exposes Old Russian Military Problem. The New York Times (8/13, Myers, 1.21M) reports on an ongoing trial against a Russian sergeant accused of stomping on a private's ankle. It would have been "an unremarkable instance of" Russian military hazing, but the private "suffered injuries that resulted in infection, then in the amputation of his legs and genitals and finally in a public scandal." The Times adds, "By the military's own count, disputed as conservative, 16 soldiers were killed by *dedovshchina* [hazing] last year, while an additional 276 committed suicide."

Late Russian Bioweapon Scientist Aided West. In an op-ed for the Los Angeles Times (8/13, 918K), former NYTimes reporter Judith Miller commemorates the "death of Lev S. Sandakhchiev, an extraordinary 70-year-old Russian scientist who until last year had led the former Soviet Union's most terrifying center of viral research." Sandakhchiev, who died in June, "made a courageous decision" in the 1990s by admitting his lab's work on bioweapons. Doing so "allowed him to preserve his institute and stop his scientists from being recruited by Iran and other germ weapon-hunting states and terrorist groups," but he also needed the funds provided by the "underappreciated" Cooperative Threat Reduction program, which needs more money: "Spending just $50 million to $70 million more over five years would help Russia consolidate and safeguard its pathogens in about a dozen new repositories, benefiting both nations' biosecurity."

Kristof Says Negotiating With "Brutal" Regimes Can Be Effective. In his column in the New York Times (8/13, 1.21M), Nicholas Kristof writes, "Vice President Dick Cheney's approach — often paraphrased as, 'we don't negotiate with evil; we defeat it' — has hobbled foreign policy over the last six years. It let North Korea outmaneuver us and made progress in the Middle East impossible." Kristof says President Clinton and President "Bush offer us a nice test case of alternative approaches to dealing with rogue regimes -- engagement and deal-making in the case of Mr. Clinton, and confrontation and isolation in the case of Mr. Bush. So let's look at how well each approach worked." Kristof assesses their record on North Korea thusly: "[Z]ero new nuclear weapons under Mr. Clinton, and enough plutonium for 10 weapons under Mr. Bush: that's a fair indication of which approach works better." Saying "[t]here simply is no substitute for engaging directly, even with brutal regimes," Kristof writes, "with the Middle East in crisis, let's hope that Mr. Bush will try direct negotiations with Syria and even Iran."

Brooks Suggests Outside Influence On Cultures Is Limited. In a column in the New York Times (8/13, 1.21M) David Brooks cites "The Central Liberal Truth," by foreign aid worker Lawrence E. Harrison. Brooks writes that in this book, "Harrison takes up the question that is at the center of politics today: Can we self-consciously change cultures so they encourage development and modernization? Harrison is writing about poverty, but this is incidentally a book about the war on terror, and whether it is possible to change culture in the Middle East and the ghettos of Muslim Europe." Brooks adds, "Harrison and a team of global academics…concluded that cultural change can't be imposed from the outside, except in rare circumstances. It has to be led by people who recognize and accept responsibility for their own culture's problems and selectively reinterpret their own traditions to encourage modernization." From here, Brooks concludes, "If Harrison is right, it is no wonder that young Muslim men in Britain might decide to renounce freedom and prosperity for midair martyrdom. They are driven by a deep cultural need for meaning. But it is also foolish to think we can address the root causes of their toxic desires. We'll just have to fight the symptoms of a disease we can neither cure nor understand."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

Hezbollah OKs Truce; Israel Pushes North
Border Agents: 'We're Never Going to Stop Them, Never'
Official's Tax Break: on Firm Ground?
Lebanon's Renewal Is Dashed in Weeks

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Gen-Xers Haul RVs Out of the Slow Lane

New York Times:

After U.N. Accord, Israel Expands Push in Lebanon
Israel Seeks Hint of Victory
Tracing Plots, British Watch, Then Pounce
Panel Suggests Using Inmates in Drug Trials
Bill Gates's Charity Races to Spend Buffett Billions
Tensions: Many Muslims in Britain Tell of Feeling Torn Between Competing Identities
Accounts After 2005 London Bombings Point to Al Qaeda Role From Pakistan
News Analysis: In Wake of News, a Plan: Uniting Party and President
Carry On: My Liquid-Free Flight Abroad
Former Iraqi Officials Named in Graft Inquiry
Hazing Trial Bares Dark Side of Russia's Military
Grandmothers From Africa Rally for AIDS Orphans

Washington Post:

Cease-Fire Accepted; Fighting Unlikely to End
U.S. Acted With Speed, Secrecy
Young Muslim Rage Takes Root in Britain
A Town Forever Changed
D.C. Gay Group Battles 'AIDS Fatigue'
War Grinds On
Built Too Tall in Fairfax

Washington Times:

Israel strikes hard ahead of cease-fire
Standing guard
Spy cameras fail to focus on street crime
Bush urges quick action on Lebanon resolution

Atlanta Journal-Constitution:

FBI experts trawl Web for pedophiles
Next up in unsolved Yates case
4th District: No stoppin' Johnson
Brothers focus of terror probe

Dallas Morning News:

Billionaire backs youth teams
Romo solid for Cowboys in 13-3 preseason win
3 arrested in Michigan; family, friends deny terror ties
Local walkers, bikers win on new trails
Old Grapevine neighborhood gets new life
El Paso left with flood questions, some little else

Houston Chronicle:

Israel moves deeper into Lebanon as truce nears
Development may change look of Rice Village
For Legislature, raiding earmarked funds routine
Teen body clocks, early class schedules don't mix
Some question response to six Houston slayings
Culberson wants rail along Southwest Freeway

Story Lineup From Last Night's Network News:

ABC: Lebanon Conflict Intensifies, U.K. Sky Terror Plot Connection, U.S. Baghdad Security, Liquid Bomb Threat, Castro Health, Mexican Crime Wave

CBS: UK Plane Bombing Plot, UK Plane Bombing Suspects, Mideast Violence Continues, US Baghdad Security, Chavez Visits Castro, US Airport Security, Air Force Pilot Heart Valve

NBC: US-UK Disagreement Over Timing Of Terror Arrests, DHS Aviation Security Efforts, US Airport Security, Ceasefire In Lebanon, Middle East, Terrorism And Polls, US Troops Killed In Iraq, Castro Update, Muslims In America, Alaska Oil Pipeline Leak

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – Arrives The White House via Marine One. South Lawn.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Aug. 10 - 14. ANIMAL RIGHTS 2006 _ Animal activists from across the country gather to mark the 25th anniversary of the animal rights movement. Guests include musician Moby; cartoonist Dan Piraro (``Bizarro"); and Greenpeace co-founder Paul Watson. Highlights: 7:30 p.m. Moby, musician and animal-rights advocate, receives In Defense of Animals Guardian Award. Location: Hilton Mark Center, Alexandria, Va. Contacts: Alex Hershaft, 301-530-5683.

3:50 p.m. MCCARRICK-LEBANON _ Cardinal Theodore E. McCarrick, former Archbishop of Washington, returns from a trip to Lebanon. Location: Aboard Air France Flight 24, Washington Dulles International Airport. Contacts: Mark Adkinson, 301-853-4515.

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content is drawn from thousands of newspapers, national magazines, national and local television programs, and radio broadcasts. The Attorney General's News Briefing is published five days a week for the Office of Public Affairs by BulletinNews, which creates custom news briefings for government and corporate leaders and also publishes the White House Bulletin, Frontrunner and Washington Morning Update. We can be found on the Web at BulletinNews.com, or called at (703) 749-0040.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, AUGUST 13, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Bush Urges Public To Remain Vigilant In Face Of Terrorist Attacks ... 2
Sky Terror Plot Connection To Pakistan Investigated ... 4
3 More Egyptian Students Caught ... 5
WPost Contributor Opposes Equating Teenagers And Terrorists. 5
Public Editor Addresses Questions About Timing Of NSA Story .. 5

Homeland Response:
Home Grown Terrorism A Threat To US ... 6
Preventing Terror Attacks Has Been FBI Priority Since 9/11 ... 6
DHS Accused Of Failing To Counter Threat From Liquid Explosives ... 7
Administration Officials Said To Have "Floundered" During 9/11 Attacks ... 7
Post-Katrina Foreclosure Moratorium Lifted ... 8

War News:
US Forces Will Target 4 "Hotspots" In Baghdad; General Pace Broaches Amnesty ... 8
Former Iraqi Officials Are Named In Graft Probe ... 10
Rep. Jo Ann Davis Could Be First GOP House Member To Call For Rumsfeld Resignation ... 11
Afghan Anger With US Military Presence Grows ... 11
US Seen As Too Slow To Adapt To New Warfare ... 11
Somalia Could Become Next GWOT Front ... 11
Soldiers Claim Depleted Uranium Caused Their Illness ... 11
Women Veterans Return Home With Different Needs Than Male Counterparts ... 11

Corporate Scandals:
Comverse Case Spotlights Option Scandal ... 12
Law Firms Stocking Up On White-Collar Defense Talent ... 12

Criminal Law:
Families Of Crime Victims Decry Delays In Punishment ... 13
Ban On Online Betting Seen As Unlikely ... 13

Civil Law:
Hospital Probe Leads To Millions In Fines ... 13
Judge Rejects Portion Of Bankruptcy Reform Law ... 14

Civil Rights:
Illinois Officials Vote Same-Sex Measure Off Ballot ... 14
Federal Panel Proposes Testing Pharmaceuticals On Prison Inmates ... 14
Study: Female Managers Help Close Gender Salary Gap ... 14

Antitrust:
Congressional Committee Told Realtors Group Stifles Competition ... 14
US Probes Plavix Deal ... 15
Columnist Says Mutual Funds Are Ineffective At Policing Deals. 15

Environment:
BP Says Alaska Pipeline Shutdown Is Unnecessary ... 16
Virginia Fisherman Sues Fisheries Service Over Pound Net Technique ... 16

FBI/DEA/ATF/USMS:
Long Drug Sentence Sparks Appeal ... 16
ATF Joins Probe Of Fatal Indiana Fire ... 17

Immigration:
Guard Troops On Mexican Border Credited With Limiting Entries For Illegal Immigrants ... 17

Congress-Administration:
Defeat Of Haynes Nomination Traced To Graham ... 18
Bush Seen As Taking Business-Like Approach While On Vacation ... 18
Poll Shows Bush Approval Up Slightly To 38 Percent ... 18
Members Of Congress, Governors Oppose Medicaid Cuts Advocated By Bush ... 18
Congress Presses For Computerized Medical Records, But Critics Voice Privacy Concerns ... 19
Rep. Miller's Use Of Eminent Domain To Avoid Taxes Scrutinized ... 19
Pelosi Blames Several International Crisis's On "Failure Of US Leadership." ... 19
Federal Pay Outpacing Private Sector ... 19
Jeb Bush, Michael Bloomberg Laud NCLB Reforms ... 19
Mann And Ornstein Book Excoriates Congress ... 20
Outsourcing Debate Loses Steam ... 20
Pension Bill's Merits, Excesses Analyzed ... 20

Other News:
Report: Commodities Market Keeping Oil Prices High ... 20

Poll Shows Lieberman Leading Lamont 46-41 20
Lieberman's Call For "Civility" Seen As Campaign Template For McCain Or Clinton 21
First Lady To Appear At Several Fundraisers Next Week..... 21
Chafee-Laffey Race Said To Share Dynamics Of Connecticut Democratic Primary 22
Kean Works To Keep Race's Focus Away From Bush And National Issues 22
Democrats Criticize Steele For Offering Differing Assessments Of Iraq War 22
Swift Boat Vets Target Murtha 22
Taylor Uses Specter Of "Speaker Pelosi" In Attacks On Shuler . 22
Antiwar Activists And Crawford Locals Attend Barbecue Together..... 22
Bush Family's Interest In Backgammon Noted..... 23
AIDS Crisis Urgency Wanes 23
Inner Cities Seen As Domestic War Zones 23
U.S. Population To Hit 300 Million Mark 23
Lebanon Accepts Ceasefire Resolution As Violence Continues . 23
US Policies, Image Said To Have Suffered From Conflict 24
Protesters Gather In Washington, Other Cities, To Rally Against Mideast Violence..... 26
Some Question Iranian Dissident As He Tells US "Hands Off."... 27
Chavez To Visit A Reportedly Healing Castro 27
Gates Foundation Faces Challenge In Spending Buffett Money 28
African "AIDS Grannies" Assemble In Canada..... 28
Sri Lanka Sees "Worst Fighting" Since Ceasefire 29
Obrador Calls For Dismissing Almost 4% Of Mexico's Votes 29
Critics Say Mexican Town Failed To Properly Investigate Women's Murders..... 29
Brazilian Criminal Group Flexes Muscle With Crime Wave..... 29
Hazing Trial Exposes Old Russian Military Problem 29
Late Russian Bioweapon Scientist Aided West..... 30
Kristof Says Negotiating With "Brutal" Regimes Can Be Effective30
Brooks Suggests Outside Influence On Cultures Is Limited..... 30

The Big Picture:

Headlines From Today's Front Pages 30

Washington's Schedule:

Today's Events In Washington 31
Other31

TERRORISM NEWS:

Bush Urges Public To Remain Vigilant In Face Of Terrorist Attacks. President Bush reiterated his concerns about the threat of terrorism in his radio message Saturday. Bush's remarks were briefly noted on the national network TV news shows and by the Washington Times and the wire services. The TV news programs focused primarily on the investigation of links to Al Qaeda in Pakistan and on the threat of homegrown terrorism. But while Bush was described as careful not to make the recent arrests a political issue, NBC and some of the print media focus on the political implications of the Administration's response.

ABC Evening News (8/12, story 2, 2:50, Avila) briefly noted, "In the United States, the President said the plot is a reminder of the tough war America is fighting against a ruthless enemy." The CBS Evening News (8/12, lead story, 5:00, Assuras, 7.66M) also noted, "In his weekly radio address, President Bush asked airline passengers to be patient with new security rules."

The Washington Times (8/13, Curl, 88K) reports, "With Congress set to debate Bush administration tactics to thwart terrorism, including indefinite detention and monitoring suspects' bank records and phone calls, Mr. Bush said the foiled airline attacks 'demonstrate the vital importance of ensuring that our intelligence and law-enforcement personnel have all the tools they need to track down the terrorists and prevent attacks on our country.'"

The AP (8/13, Pickler) says, "In his most extensive comments on the disrupted plot, Bush said it was a stark reminder that terrorists still aim to kill Americans five years after the Sept. 11 attacks." And "Democrats also said the plot again demonstrated that the United States is at war against dangerous extremists. But in a pointed critique that shows terrorism is still at the top of the debate in this election year, Democrats said the Bush administration is not doing a good enough job protecting Americans." In the Democratic radio address Sen. Mark Pryor said, "Five years after 9/11, our country is not as safe as it needs to be or should be. More needs to be done."

Bloomberg (8/13, Murray) reports Bush said, "We believe that this week's arrests have significantly disrupted the threat." Bush "called the plot 'carefully planned and well-advanced,' saying it 'is further evidence that the terrorists we face are sophisticated and constantly changing their tactics.'" He "sought to distance himself from suggestions that he might try to score political points from the latest arrests. National security and Bush's war on terrorism in Iraq and elsewhere are likely to be key areas of debate in midterm congressional elections in November."

Focusing on the Democratic radio message Bloomberg (8/13, Watson) quotes Sen. Pryor saying, "Our military, including our National Guard, has been stretched to the breaking point. … Returning Guard units no longer have adequate equipment to train for their next mission. Our first-responders lack critical resources. Our ports, borders and chemical plants remain unsecured."

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US And UK Reportedly Disagreed Over Timing Of Terror Arrests. NBC Nightly News (8/12, lead story, 3:30, Myers, 9.87M) reported, "A senior British official tells NBC news there was a significant disagreement between British and U.S. authorities over the timing of the arrests this week. The British wanted to wait at least another week." President Bush's counterterror adviser Frances Fragos Townsend, "denied there was a dispute and hailed the unprecedented cooperation between the US, Britain and Pakistan. But another U.S. official acknowledges a disagreement over timing. Analysts say British courts allow a higher burden of proof in terrorism cases and the US is haunted by missed opportunities before 9/11."

The New York Times (8/13, Shenon, Lewis, 1.21M) describes the differences between US and UK national security officials' approaches to counterterrorism and notes, "Justice Department officials and others involved in developing American counterterrorism strategies, however, say it is wrong to suggest that the F.B.I. always moves hurriedly to arrest terrorism suspects, rather than conduct surveillance that may lead to evidence about other conspirators and plots."

Without mentioning any disagreements between US and UK officials the Washington Post (8/13, A1, Eggen, Hsu, 748K) in a front page article describes "the U.S. government's secretive response to an emerging terrorist plot." Approximately "two weeks ago, authorities in London and Washington grappled with a succession of three major developments that shifted the investigation into a higher gear and led to last week's hurried raids and arrests. First was clear evidence of plans to target the United States; then came plans by the British to shut down the plot; and finally a frantic rush to execute the arrests earlier than expected to avoid losing suspects or allowing an attack to occur, according to intelligence and law enforcement officials." The Post notes, "The arrests on Thursday occurred at least two days earlier than planned, according to several U.S. officials. Among other things, sources have said, the suspects stepped up their Internet searches for possible U.S.-bound flights, made plans for an imminent 'dry run' to test security, and moved to purchase global-positioning satellite devices and other materials. British authorities were also concerned because they had lost contact with one or two of the suspects who had traveled to Pakistan, some officials said."

Political Maneuvering In Response To Terror Threats Examined. NBC Nightly News (8/12, story 5, 3:00, Corke, 9.87M) reported that President Bush "wraps up or gets close to the end of a working vacation that saw terrorism and security dominate international headlines and domestic politics." In his radio message, "Bush shied away from claiming political advantage." President Bush: "Unfortunately some have suggested recently that the terrorist threat is being used for partisan political advantage. We can have legitimate differences over how best to fight the terrorists, but there can be no disagreement about the dangers we face." Corke: "Dangers, say Democrats, that are on the rise." Sen. Mark Pryor: "Five years after 9/11, our country is not as safe as it needs to be or should be. More needs to be done."

Describing the behind-the-scenes efforts of the White House to reframe the political environment the New York Times (8/13, Rutenberg, 1.21M) reports, "One week ago, President Bush and his political aides were facing the most daunting election-year landscape of his presidency." The GOP was "splintered over Mr. Bush's proposed immigration overhaul and uncertain about the political effect of violence in Iraq. Even with the White House working to bring Republicans together behind the president's agenda, several candidates were making public shows of establishing their distance from him and his sagging approval ratings." But that "picture of Republican disunity eased dramatically this week" and "Republicans used those events to unleash a one-two punch, first portraying the Democrats as vacillating when it came to national security, and then using the alleged terror plot to hammer home the continuing threat faced by the United States." The Times notes, "By the time the president's top political strategists met at his ranch on Friday for an annual summer fund-raiser, the events had given them an opportunity to pull together the Republican Party as it headed toward the home stretch of the campaign, rallying once more around Mr. Bush's signature issue, the fight against terrorism."

Atlanta Journal Constitution columnist Cynthia Tucker (8/12) says that the GOP's campaign tactics of 2002 and 2004 will be harder to exploit this year: "This time around, the GOP leadership is going to have a much more difficult time painting Democrats as cut-and-run, bed-wetting pantywaists, because Republicans want to leave Iraq too." Last week, President Bush cited "war with Islamic fascists," but he "forfeited the moral authority to lead that war when he misled the American people about Saddam Hussein and his connection to those Islamic fascists, especially al-Qaida."

Timing Of White House Reaction To Lieberman Loss Scrutinized. The Houston Chronicle (8/13, Mason, 535K) reports, "There was a moment last week, after the Democratic primary defeat of Joe Lieberman in Connecticut and before the disclosure of a plot to blow up U.S.-bound airliners, that the Bush administration loosed a new line of political rhetoric. Its statements took on new meaning after the plot came to light, raising questions about whether Lieberman's setback was being framed for maximum political advantage. After all, White House officials knew about the alleged plot several days in advance of the news. … On Wednesday, administration officials said his defeat by executive Ned Lamont in the Senate contest was not a wake-up call for Bush and his policies, as many were arguing. Rather, the presidential team said, it was a gut-check

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moment for Democrats on whether to support the war on terror." The Chronicle notes, "But Vice President Dick Cheney, on vacation in Wyoming, made the same point…in a rare conference call with wire service reporters."

Muslims Concerned About Backlash In America. President Bush's remarks last week about the threat of terrorism were characterized in a negative light on NBC Nightly News (8/12, story 8, 4:00, Siegenthaler, 9.87M) which reported, "In light of the terrorists in London and approaching fifth anniversary of the attacks on America, there's growing unease in the Muslim-American community about how they're perceived by other Americans." A recent Gallup poll showed approximately "two in five Americans polled admitted to prejudice against Muslims." Some Muslim leaders "condemn those Muslim terrorists who claim they represent Islam." Yet, "those leaders heard the comment by President Bush about the interrupted plot." President Bush: "This nation is at war with Islamic fascists." Taibi: "And say issue suspicions about Muslims generally will not get worse."

Terror War Terminology May Hinder Administration Goals. David Sanger in a Week in Review article in the New York Times (8/13, 1.21M) notes that in response to the latest bomb plot, President Bush "summoned up language reaffirming that the United States is locked in a global war in which its enemies are bound together by a common ideology, and a common hatred of democracy." But there is the question of if "five years of war declarations and war-making have helped to make the United States more secure," or if "that approach — and the language that goes with it — creates a trap for the administration." Stephen Cohen, a Mideast scholar at the Israel Policy Forum, says, 'Just like every small crisis around the world was part of the cold war, every one is now part of the struggle between militant Islam and the United States. And that makes individual conflicts harder to solve,' and an inspiration for jihad." If the Israeli-Hezbollah conflict "were once again regarded as just another chapter in a long-running regional dispute, the stakes would be lower in Washington, making it easier for the United States to play a more traditional peace-making role." Also, "In the current issue of The Atlantic, James Fallows argues that the imagery of the 'long war'…is self-defeating," as "*Sometime* there will be more bombings, shootings, poisonings and other disruptions in the United States." However, for Bush, "dropping the talk of a 'long war' would be to send a message that America can go back to sleep. Thus, each terrorist attack or threat is woven into the bigger picture of a global struggle."

Sky Terror Plot Connection To Pakistan Investigated. ABC Evening News (8/12, story 2, 2:50, Watt) reported, "Tonight, more information about the alleged ring leader of this plot. Rashid Rauf was traced by British intelligence to Pakistan last month, picked up near the Afghan border in an area where, we're told, Al Qaeda camps are in operation. Information he gave to the Pakistani intelligence led to those raids and arrests across England."

The CBS Evening News (8/12, lead story, 5:00, Assuras, 7.66M) reported, "British police say there are more indications the terror plot is linked to al Qaeda, and authorities say the trail leads to Pakistan, where conspirators may still be on the lose." CBS (MacVicar): "US and British intelligence intercepted that call and thousands of miles away, that triggered the decision for British police to move in." Officials "are focusing on links to this man, wanted al Qaeda figure and explosives expert Matiur Rehman. The arrested Rashid Rauf has told investigates he met with Rehman. Pakistani sources say Rehman was believed to be planning a new attack on the US to mark the five-year anniversary of 9/11."

The New York Times (8/13, Khan, Gall, 1.21M) reports, "A British national told Pakistani interrogators last year that he had trained at a terrorist camp in Pakistan with one of the bombers who carried out suicide attacks in London last year and had met there with two senior leaders of Al Qaeda, a Pakistani intelligence official said in a recent interview." While "American officials expressed some skepticism about the claim, the Pakistani official said the account suggested that even if Qaeda leaders were not directly organizing attacks from where they were suspected of hiding in Pakistan, they may play a coordinating or inspirational role by meeting with militants from places like Britain." It "also showed that Al Qaeda remained a significant draw for militants from abroad, and that Pakistan was clearly the place to go for training, said the Pakistani official."

Pakistani Earthquake Relief Aid May Have Been Diverted To Fund Sky Terror Plot. The CBS Evening News (8/12, lead story, 5:00, MacVicar, 7.66M) reported, "There are suggestions today in the Pakistani press that in fact money that was sent to Pakistan for earthquake relief was, in fact, diverted and used to fund some of elements of this plot. That's something that apparently the British authorities tipped off the Pakistanis to a number of months ago, while all of this surveillance was under way, something that, again, is still being investigated."

Experts Raise Questions About Al Qaeda Involvement With Bomb Plot. In contrast to the TV news stories, the New York Times (8/13, Shane, 1.21M) reports that "counterterrorism experts said Saturday that the focus of government officials and the public on Al Qaeda, a term today with deep connotations but elusive meaning, may be misplaced." The Times adds, "They say the Qaeda label remains useful shorthand for the news media and for officials who want to tap the powerful emotions associated with the Sept. 11 attacks. But to suggest that the terrorist threat today is represented by the organization directly commanded by Osama bin Laden is to oversimplify a complex international movement, the specialists say." The Times notes, "References to Al Qaeda by American officials have

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unmistakable political implications, as demonstrated by the Bush administration's bitterly disputed attempts to link Saddam Hussein to Al Qaeda to justify the invasion of Iraq. There are also legal implications, stemming in part from the Congressional authorization of military force approved days after the Sept. 11 attacks, which targeted those who 'planned, authorized, committed, or aided' those attacks rather than terrorists generally."

Court Approves Continued Detention Of Sky Terror Suspects. The Washington Post (8/13, A14, Partlow, 748K) reports, "British police have prolonged the detention of all but one of two dozen suspects accused of plotting to explode multiple airplanes destined for the United States, authorities said Saturday." The Post adds, "A British court Friday evening approved a request to keep 22 of the suspects in custody until Wednesday even though they have not been charged, and one suspect's hearing was adjourned until Monday. Another was released without charge, according to Scotland Yard officials."

UK Officials Warn Public Against Relaxing Guard. The Washington Times/AP (8/13, Haven) in a front page story reports that British authorities "warned against complacency, saying the detention of the Raufs and several dozen other Muslim suspects in the airliner plot had not eliminated the danger." Although "authorities in Pakistan believe they nabbed the main players in the plot, one intelligence official told the Associated Press that two or three suspects remained at large.

The Los Angeles Times (8/13, Murphy, Meyer, 918K) reports, "One U.S. intelligence official said that in addition to seeking more suspects, authorities were looking into whether a similar parallel plot might have been in the works."

Suspects' Lawyers Complain About Treatment. CNN (8/13) on its web site reports, "The lawyer for two of the suspects rounded up in a possible plot to bring down as many as 10 trans-Atlantic flights on Saturday criticized their treatment at the hands of British police." He "listed a series of complaints, including the allegation that one of her clients had not received food and water for 26 hours."

3 More Egyptian Students Caught. The New York Times/AP (8/13) reports, "Nine of the 11 Egyptian exchange students who recently entered the United States and failed to appear at their college program in Montana were in custody after three were arrested on Friday in Des Moines, officials said. ... The three were Ahmed Refaat Saad El Moghazi El Laket, 19; Mohamed Ibrahim El Sayed El Moghazy, 20; and Moustafa Wagdy Moustafa El Gafary, 18."

3 Texans Arraigned On Terror Charges. The Washington Times/AP (8/13) reports, "Three Texas men were arraigned yesterday on terrorism-related charges after police found about 1,000 cell phones in their minivan. A magistrate set bond at $750,000 for each of the men, who are charged with collecting or providing materials for terrorist acts and surveillance of a vulnerable target for terrorist purposes." "Maruan Awad Muhareb and Louai Abdelhamied Othman, both of Mesquite, Texas, and Adham Abdelhamid Othman of Dallas" have said they intended to sell the phones for profit in Texas. The AP writes, "Authorities have said TracFones are often used by terrorists because they are not traceable. Cell phones can also be used to make detonators."

WPost Contributor Opposes Equating Teenagers And Terrorists. In the Washington Post (8/13, B2, 748K), journalist Dalia Lithwick quotes an expert who argues that trying teenaged would-be gunmen on terrorist charges "cheapens the war on terror." Lithwick concludes, "Teenagers are teenagers, and they are not criminally culpable in the way an adult might be, even when their attacks are as lethal. And because teenage boys with grudges are fundamentally different from men with liquid explosives, we should resist the temptation to use terrorism laws to prosecute them; even when those laws offer the prospect of longer sentences and trial in adult court. Still, it may well be the case that the best legal analogy we have for teenagers plotting a repeat of Columbine in this country is religious terrorism. In both cases, the offenders are alienated and grandiose, bitter and vengeful. ... we should consider the parallels between them in fashioning laws to deter and punish both."

Public Editor Addresses Questions About Timing Of NSA Story. New York Times public editor Byron Calame in an article in the New York Times (8/13, 1.21M) addresses reader's questions about allegations the Times refrained from publishing its story on the NSA terrorist monitoring program during the 2004 election. Executive editor Bill Keller, "has repeatedly indicated that a major reason for the publication delays was the administration's claim that everyone involved was satisfied with the program's legality. Later, he has said, it became clear that questions about the program's legality 'loomed larger within the government than we had previously understood.'" Yet, "last week Mr. Keller e-mailed me a description of how that picture had changed by December 2005, and it cast some new light on the pre-election situation for me. It implied that the paper's pre-election sources hadn't been sufficiently 'well-placed and credible' to convince him that questions about the program's legality and oversight were serious enough to make it 'responsible to publish.' But by December, he wrote, 'We now had some new people who could in no way be characterized as disgruntled bureaucrats or war-on-terror doves saying we should publish. That was a big deal.'"

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HOMELAND RESPONSE:

Home Grown Terrorism A Threat To US. ABC, CBS among other prominent media sources focused on how home-grown Muslim radicals in the UK were a threat to the US. ABC Evening News (8/12, story 2, 2:50, Watt) reported, "British foreign policy has spread anger throughout the Muslim community. Today, moderate Muslim leaders sent an open letter to Prime Minister Tony Blair. The debacle of Iraq, they wrote, is ammunition to extremists who threaten us all." The "cycle of violence in Britain that has officials in the U.S. concerned. Now, the danger that these British terrorists pose to America is obvious. We're told these men did plan to board planes here in Britain, but, we're told, they planned to board American airliners bound for American cities."

The CBS Evening News (8/12, lead story, 5:00, MacVicar, 7.66M) also noted, " "The head of the U.K. security services said just a few weeks ago it is their estimate that there are perhaps 1,200 radical Muslim operatives in this country. Compare that to the 500, the IRA the Irish Republican Army, was believed to have at its height and it gives you an idea of the scope of the problem for law enforcement and intelligence."

The CBS Evening News (8/12, story 2, 2:30, Pinkston, 7.66M) reports, "There's obviously no one voice of the Muslim community, but one young Britain a member of a political action group, blames part of the anger on the British government's harsh efforts to crack down on suspected terrorists." Muslim activist Asghar Bukhari: "The government is so disliked among some." Pinkston: "After last year's subway bombings, British police have conducted raids to prevent new attacks, sometimes arresting innocent people from the Muslim communities." Asghar Bukhari: "The harsher laws could ohm have made things worse. These people already think that they -- you know, their country hates them and they hate Muslims." Pinkston: "But British officials argue it's a terrorist mind, not police crackdowns, that's the problem. And people with that mindset are the ones who are being sought before they have a chance to act on their convictions."

The Washington Post (8/13, A1, Sullivan, Partlow, 748K) in a front page story notes, "More than any other country in Europe, Britain is struggling to cope with a surge in recruits and supporters of radical Islamic networks, according to interviews with British Muslims, and European and British counterterrorism officials and analysts. Officials said the threat is growing much faster than British authorities had expected or planned for."

The New York Times (8/13, Lyall, Fisher, 1.21M) adds, "British policies in Afghanistan and Iraq, and now in Lebanon, are just the most recent in a long list of grievances — cultural, economic and political — among Muslims here. For a few, that has manifested itself in extremism and violence. For many others, it has meant a sharpening of a continuing struggle between two competing identities."

Muslims Blame Blair Foreign Policy For Encouraging Terrorists. The New York Times (8/13, Cowell, 1.21M) reports, "As he vacations in the Caribbean during one of his country's biggest terror alerts, Prime Minister Tony Blair of Britain came under renewed attack on Saturday from Muslim leaders who said his policies in Iraq and the Middle East provided "ammunition to extremists who threaten us all." The Times says, "The criticism, in an open letter published in several newspapers, wove one more strand into the fabric of discontent clinging to Mr. Blair, who has aligned his country closely with the White House and led it into broadly unpopular conflicts in Iraq and Afghanistan." But a Blair spokesman said, "We should always remember that the terrorism affecting the West today has blighted Muslim countries for several decades. … It certainly pre-dated our decision to support democracy in Afghanistan and Iraq and of course the Sept. 11 attacks."

McClatchy Newspapers (8/13, Schofield) reports, "Foreign Minister Kim Howells responded sharply on Saturday. 'I have no doubt that there are many issues which incite people to loathe government policies but not to strap explosives to themselves and go out and murder innocent people. … There is no way of rationalizing that. I think it is very, very dangerous when people who call themselves community leaders make some assumption that somehow that there's a rational connection between these two things.'"

Preventing Terror Attacks Has Been FBI Priority Since 9/11. The Pittsburgh Post-Gazette (8/13, Ove) reported, "On Sept. 12, 2001, FBI Director Robert S. Mueller gathered the troops. 'I'll never forget it,' said Ken McCabe, former head of the FBI in Pittsburgh. 'He was leaning on a table, one finger pointing, and said, "We can never let this happen again."' The agency's mission had just changed, he said, from being reactive to proactive -- stopping another attack at all costs. Since that day, the FBI has devoted unprecedented resources to foiling terrorism, working with police and intelligence agencies around the world to disrupt plots like the one uncovered in England last week. But as a result, the agency…has cut back substantially on pursuing bank robbers, fugitives, drug dealers and other traditional criminals, leaving them to other law enforcement." The Post-Gazette added, "Jeff Killeen, spokesman for the Pittsburgh office, said the agency is able to fight terrorism and still pursue other crimes. … 'There's work to do here, there's work to do everywhere,' said Agent Killeen. 'The stakes are too high. I think there's a lot of tension. Stress levels are high. No one wants to be wrong.'

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Especially since the FBI took much of the blame for 9/11 after it was revealed that field agents knew the hijackers were up to something but couldn't get the brass to authorize an investigation."

DHS Accused Of Failing To Counter Threat From Liquid Explosives. ABC Evening News (8/12, 2:00, story 4, Avila) reports, "We've heard a lot this week about the so-called "mother of Satan" liquid bomb. Now comes news that while U.S. law enforcement knew about the threat, the Bush administration did not want to spend $6 million on research to detect exactly that kind of weapon. The Associated Press reports the Administration wanted the money diverted to Federal building protection. But Congress said no. And…there were other serious money issues when it came to liquid bomb detection." ABC added, "According to the government accounting office, the Transportation Security Administration has not been aggressive in developing new technologies to combat the explosives. In 2003, TSA spent more than half its money intended for research and development, more than $60 million, to pay salaries. As a result, the GAO says the agency delayed the development of a device to detect weapons, including liquid explosives. And earlier this year, the TSA failed a secret test. Congressional investigators were able to sneak bomb-making components, including liquids through security checkpoints. "

The CBS Evening News (8/12, story 6, 2:15, Assuras, 7.66M) reports, "In fact, liquid terror is nothing new. The potions have been used before to cause devastation and ignite fear. Back in 1994, Ramsey Usef detonated a liquid explosive on a plane to Japan, a practice run for a plan to bomb US-bound airplanes using liquid explosives. Since then the Federal government hired various contractors to work on detectors for liquid explosives. The machines are being tested but have yet to be installed in the nation's airports."

On NBC Nightly News (8/12, story 2, 1:00, Siegenthaler, 9.87M) NBC terrorism analyst Roger Cressey claimed, "The Department of Homeland Security has focused most efforts on trying to prevent the last attack, namely to prevent the smuggling of box cutters, other metallic objects. The DHS needs to be more pro-active in looking at the cutting edge threats."

Airport Screeners Said To Be Little-Improved Since 9/11. The New York Times (8/13, Chan, Pérez-Peña, 1.21M) reports airport screeners "are again a focus of attention as a vital line of defense against terrorism. But it is a seriously flawed line, some security consultants and government officials say. The federal workers under the Department of Homeland Security who replaced the screeners hired by private contractors remain a weak link in aviation safety. In exercises by undercover government workers, and experiences with real passengers, screeners repeatedly failed to prevent weapons from being taken aboard airliners. And their ranks have shrunk since 2003 even as air travel has increased. The screeners — who experts emphasize are better over all than when they were hired by private contractors — still earn relatively low wages, have a high rate of attrition, receive what many regard as too little training and operate inadequate equipment."

The AP (8/13, Miller) reports the TSA "is limited by law to have 45,000 screeners. That's not enough to do the job right at the 450 commercial airports the agency protects, according to congressional Democrats." However, Homeland Security Secretary Michael Chertoff "said there are enough screeners. … But at airports in Boston, Los Angeles and San Diego, National Guard troops were helping to screen passengers a second time at departure gates and helped herd crowds through security checkpoints."

Passengers Adjust To New Airport Security Rules. NBC Nightly News (8/12, story 3, 2:00, Siegenthaler, 9.87M) reported, "At airports around the country Americans are still traveling despite new security measures and concerns about terrorism. … Passengers are arriving earlier and checking bags with items they used to carry on and getting on with their plans. Across the country the security chaos seems to be over. Gone are huge bins of banned items as passengers now know the new rules." NBC noted, "The nation's airlines report few cancellations, a huge relief for a fragile industry that's lost $40 billion since 9/11."

In a "Week in Review" piece for the New York Times (8/13, 1.21M) Rick Lyman writes, "It's not always easy in these post-9/11 transitional moments, when the Terror World reasserts itself and everyone has to figure out, on the fly, how serious the new threat really is, what a person can do about it and which of the new security hoops and hurdles are voluntary and which are mandatory."

UK Air Travel Industry In Danger Of "Grinding To A Halt." The AP (8/13) reports airlines "warned the British government Saturday that the country's air travel is 'grinding to a halt' because of tough new anti-terror security requirements. One airline asked for police and army reservists to help with screening. British Airways and Ryanair canceled scores of flights from Britain to Europe and the United States and blamed airport operator BAA for not investing enough in security systems and baggage screening in the aftermath of new terrorism threats. … Heathrow Airport, the major hub for British Airways, canceled one-third of flights due out Saturday afternoon and night, blaming strict new security regulations. Passengers were delayed so long that many missed their flights."

Administration Officials Said To Have "Floundered" During 9/11 Attacks. The New York Times (8/13, 1.21M), in an editorial, writes, "No topic

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investigated by the 9/11 commission hatched more conspiracy theories than the failure of American air defense systems to intercept any of the four planes that had been hijacked by terrorists. That makes three new reports particularly welcome. Together, they shed some light on why civil aviation authorities, the military and the highest officials of the Bush administration failed to respond quickly enough to avert catastrophe." According to the Times, "The highest civilian officials…floundered. President Bush on Air Force One complained that his communications links were poor. Defense Secretary Donald Rumsfeld was largely out of the loop as he supervised rescue operations in the Pentagon parking lot. And for all the bravado surrounding the "shoot down" order issued by Vice President Dick Cheney during the crisis, the order reached Norad too late to be of any use and was not even passed on to the key fighter pilots. The commission was unable to document that Mr. Cheney had talked to the president before issuing the order, as he and Mr. Bush both testified. No one near him mentioned such a call in their contemporaneous notes and it was not logged in. But the issue is, for the most part, important only to Mr. Bush's image as commander in chief."

Post-Katrina Foreclosure Moratorium Lifted. The Mobile Register (8/13, Jumper) reports, "The post-Hurricane Katrina moratorium on foreclosures has been lifted in most cases, and Realtors predict a surge in activity. … On June 30, the moratorium affecting U.S. Department of Housing and Urban Development and Veterans Administration loans expired, but both agencies are looking at foreclosures on a case-by-case basis in several coastal counties, including Mobile and Baldwin counties, according to lenders." The report adds, "The moratorium on Fannie Mae's FHA or conventional loans expires Aug. 31, lenders said."

Mississippi Hosts Disaster Recovery Expo. The Los Angeles Times (8/13, Fausset, 918K) reports that Mississippi Gov. Haley Barbour (R) is billing "a sort of post-Katrina state fair" the Governor's Recovery Expo, "a free event that opened Friday at the Mississippi Coast Coliseum and runs through the weekend. Organizers are hoping the state's hurricane victims will leave here with their legal questions answered, a prefab home picked out, and a new energy that will help the long-suffering coast bloom with building projects as the first anniversary of the storm approaches, Aug. 29."

After Katrina, Some Businesses Survive Despite Challenges. The Los Angeles Times (8/13, Simmons, 918K) reports, "Almost a year after floodwaters drowned New Orleans, many businesses are still struggling to recover. Orleans Parish, the center of Louisiana's economy where New Orleans is located, had 12,695 small businesses before Katrina, according to state statistics. By May this year, a little more than 2,000 had reopened." The report adds, "Many business owners have given in to the debilitating challenges, and others hobble on with low profits in the hope that business will eventually rebound. But some entrepreneurs have abandoned or retooled their usual way of doing business."

Katrina-Stricken Families Struggle To Rebuild. The St. Louis Post-Dispatch/AP (8/13, Callimachi) reports, "In a city that still lies largely in ruin, life is pushing through like 'bad grass,' forcing its way through cracks in the pavement. One year after Hurricane Katrina laid waste to New Orleans, the city is fighting to come back. In each instance, it's the perseverance of one person, or family, that led to one house, one tiny patch of New Orleans becoming whole again." The report adds, "Those who choose to return do so in spite of the city's broken infrastructure, which a year later remains in tatters: Nearly 60 percent of homes and business are still not receiving electricity or heating gas. Only three out of nine New Orleans hospitals have reopened. Only 56 of 128 public schools will enroll students this fall."

Obama Applauds Xavier University Graduates Efforts To Overcome Katrina. The Houston Chronicle/AP (8/13) reports "Nearly a year after Hurricane Katrina submerged Xavier University's campus under eight feet of water," Illinois Sen. Barack Obama (D) addressed one of Xavier's largest graduating classes. Addressing nearly 500 graduates of the College of Arts and Sciences and the Graduate School seated at the New Orleans Arena Obama said, "Yours has been quite an education, an education in humanity brought by a force of nature. … Time can heal and cloud a memory. But it's your responsibility to remember what happened in New Orleans and make it a part of who you are. Katrina might be the most dramatic test you take but it won't be the last."

WAR NEWS:

US Forces Will Target 4 "Hotspots" In Baghdad; General Pace Broaches Amnesty. ABC and CBS both ran stories on the effort to restore security to Baghdad. ABC Evening News (8/12, 2:30, story 3, Avila) reported, "Now to a deadly day for American troops fighting violent extremists on another front. Three soldiers were killed in a remote region of northeastern Afghanistan, hit by rocket-propelled grenades. In Iraq today, a huge dose of reality for those with loved ones serving in the military. First, the numbers. The Pentagon says two American soldiers on foot patrol, south of Baghdad, were killed when a roadside bomb exploded. 23 American troops have died in Iraq so far this month. And tonight, for the first time, America's top general tells ABC News that some of the insurgents killing American soldiers may eventually be forgiven and granted amnesty." ABC (Karl): "Those Iraqis trying to kill Americans. Will they escape punishment? In an exclusive interview, America's top

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general tells ABC News that may be what it takes to get peace in Iraq. Joint Chiefs of Staff Chairman General Peter Pace: "There is a point in the reconciliation process where amnesty is appropriate. It's appropriate, I think, when you've gotten to the point where the factions truly want to stop fighting. Karl: "Joint Chiefs Chairman Peter Pace did not say whether amnesty would extend to those who have actually killed Americans, but -- Pace: "Sooner or later, the enemy has to stop being your enemy. You cannot have an enemy and have peace. You have to decide that enough is enough." Karl: "The troops are going block by block in four of the deadliest neighborhoods in Baghdad. Not just killing insurgents, but also cleaning the place up. The idea, military officials say, show Iraqis the real goal is improving their lives."

The CBS Evening News (8/12, story 4, 1:45, Assuras, 7.66M) reported, "In the battle for Iraq, two US soldiers were killed today by a roadside bomb south of Baghdad, raising the number of US dead since the invasion to 2,600." CBS (Strassman): "Dura is about the last neighborhood in Baghdad you go to feel safe. So it's the first one where US troops are cracking down. ... For the US military, making Baghdad safe is a must. 7,000 US reinforcements, almost twice the number originally expected, are now going block by block through Dura, commanded by Major General J.B. Thurman, a no-nonsense Oklahoman." Maj. Gen. Thurman: "I think this is a defining moment of this campaign." Strassman: "Just last month, Baghdad had three times as many murders as New York had all last year. A rogue's gallery of killers was rule this part of Baghdad -- death squads, kidnapping gangs, and groups linked to al Qaeda. Just in this neighborhood in one day there were 20 murders."

The AP (8/12, Burns) reports that Maj. Gen. James Thurman vowed to "target four violent 'hotspots'" in Baghdad (Dora, Mansour, Ghazaliyah-Shula, and Azamiyah). Thurman and visiting JCS chair Gen. Peter Pace conducted a "question-and-answer session with several dozen soldiers, sailors and airmen at Camp Liberty," including some from the 172nd Stryker Brigade, whose tours were extended by four months to "add another 3,500 soldiers to Thurman's force in the capital." The general "said he now has 32,444 U.S. troops in Baghdad and areas south of the capital, as well as 32,554 Iraqi forces. Of the U.S. total, about 13,500 are in Baghdad proper." The AP reports that Thurman requested more troops, even though US officials "as recently as a month ago" had hoped to reduce troop levels, so that they could "once and for all get rid of the people that are causing the problems here."

Effort In Baghdad Could Be "Last Chance" To Avert Civil War. McClatchy Newspapers (8/13, Youssef) reports, "The U.S. plan to improve security in Baghdad could be the Bush administration's and the Iraqi government's last chance to halt a civil war that many Iraqis and U.S. officials believe is intensifying fast." Many Iraqis are pessimistic: "The offensive hasn't produced any major improvements in the capital since it began on June 14, and many Iraqis fear the plan is doomed because, they charge, Iraqi Prime Minister Nouri al Maliki is willing to attack Sunni insurgents but not to tackle the Shiite militias that support his Dawa political party. Even if he were, they argue, Iraq's police and security forces are too weak and too thoroughly infiltrated by Shiite militants." Unnamed US officials "have said that the Mahdi Army and al Sadr are trying to model themselves after Lebanon's Hezbollah and its leader Hassan Nasrallah, and become a state within the state. ... Two U.S. military officials, who requested anonymity because of the security implications, said they're seeing signs that the Sadrists are adopting the same tactics as Hezbollah," such as shelling and rocketing the Green Zone.

60 Suspects Are Arrested. The Los Angeles Times reprints an AP story (8/12) that appeared a day earlier in East Coast newspapers, which reports, "U.S. soldiers raided a funeral and detained 60 men suspected of involvement in car bombings, the U.S. command said Saturday, announcing the first major roundup of alleged insurgents since troop reinforcements began arriving for a new crackdown in Baghdad."

The New York Times (8/13, Cave, 1.21M) in an article on allegations of corruption by former Iraqi officials notes, "The United States military said late Friday night that American troops had killed 26 rebels and wounded six in a gun battle in Ramadi." It also reports, as covered on the previous day, that the US military "rounded up 60 suspects" believed to be part of a bomb-making group. After four days of searching 5,000 buildings in the "violent neighborhood" of Dora in Baghdad, US troops confiscated 14 AK-47's.

Two Soldiers Killed by IED. NBC Nightly News (8/12, story 6, :10, Siegenthaler, 9.87M) reported, "Two Americans lost their lives in the battle for Iraq today. The two soldiers were killed by a roadside bomb just south of Baghdad. 23 U.S. troops have died so far this month in Iraq."

Bloomberg News (8/13) reports, "Two U.S. soldiers were killed by a roadside bomb south of Baghdad, the military said, bringing the number of American deaths around the Iraqi capital to five since troops were deployed there to quell rising sectarian violence. ... Army deaths have increased around Baghdad since the U.S. Army started deploying 3,500 soldiers on Aug. 5 to try to stop violence that's left thousands dead in the city in recent months." Bloomberg adds, "The conflict continues to erode support for President George W. Bush ... Since the Aug. 5 deployment of troops in Baghdad, four have been killed in al-Anbar province, where most American troops die in fighting," as opposed to the roadside bombs that have killed the five GIs around Baghdad.

The Washington Times/AP (8/13, Reid) reports that the two soldiers were among "nearly 50 violent deaths" reported across Iraq. Twelve bodies were "trapped in a grate in the Tigris River." In addition, Prime Minister Maliki "banned a

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Kurdish extremist party from operating in Baghdad in a move seen largely as a gesture to Turkey."

Condolence Services Go On Nonstop In One Mosque. The Los Angeles Times (8/13, Fleishman, 918K) reports, "The Karada community was once a sliver of sanity amid the rage seeping across Baghdad. These days, though, the streets of this Shiite stronghold are ripped with bomb craters; the black banners of the dead, their names scrawled in yellow and white letters, flutter from courtyard walls." The Times quotes the prayer caller and grieving worshippers at a Shiite mosque.

Former Iraqi Officials Are Named In Graft Probe. The New York Times (8/13, Cave, 1.21M) reports, "The former Iraqi electricity minister [Muhsin Shlash] and several other current and former senior government officials have been charged with corruption or ordered to appear before judges." The AP (8/12, Reid) reports that another suspect is former "Defense Minister Hazem Shaalan." They are accused of "misdeeds ranging from stealing money and accepting kickbacks to assigning millions of dollars to phantom rebuilding contracts that appeared on paper and nowhere else." However, there are concerns that "the commission has become politicized, often pressing cases without enough evidence and mostly targeting officials from previous governments."

Failure To "Deliver Spoils" Epitomizes US Problems In Iraq. The New York Times (8/13, Glanz, 1.21M) reports that two sheiks' disappointment with promises of reconstruction that never came true "said everything about where the failures of the American reconstruction program in Iraq have had their greatest impact — community by community, block by block, house by house as the lights do not go on and water does not squirt from the taps. In Iraq, politics is not merely local: it can seem microscopic, with winners and losers on every crumbling street corner as projects succeed and fail." The article follows a captain of the 4th ID who tries to placate the sheiks.

WPost Outlook Piece Says Success In Iraq Will Ride On Iraqis. In the Washington Post (8/13, 748K), former Rep. Stephen Solarz and Brookings pundit Michael O'Hanlon argue for "a conditions-based commitment strategy." The strategy "would make our continued military presence in the non-Kurdish areas of Iraq contingent on the Iraqi government's initiating long-overdue steps that are crucial for any prospect of success. It would be similar to what Congress demanded of El Salvador in the 1980s." The Iraqi government would have to demonstrate progress in "adopting a series of constitutional amendments and related legislation that address the concerns of the Sunni community, while also being acceptable to Kurds and Shiites, on key issues such as federalism and the equitable distribution of Iraq's future oil revenue; reining in the Shiite militias ...; creating and implementing a plan for rehabilitating lower-level Baathists ...; and establishing functioning government ministries capable of delivering essential services."

NYTimes Piece Considers Peril Of Using Term "Jihad." In the New York Times (8/13, 1.21M), reporter David Sanger contrasts the terminology used by the Bush administration and the UK to characterize the UK terror suspects: President Bush referred to "war with Islamic fascists," while British police discussed "criminal proceedings." Sanger concludes that President Bush thinks that "dropping the talk of a 'long war' would be to send a message that America can go back to sleep" but says that such talk may create for jihadists "a narrative of never-ending conflict, in a war to be fought in Baghdad, in Lebanon and in economy class over the wing of a 747."

Former WPost Baghdad Reporter Raps Early Failure To Secure Baghdad. Speaking on CNN's Capital Gang (8/12, 7:24 pm), former *Washington Post* Baghdad bureau chief Rajiv Chandrasekaran said, "The problem began at the start, upon the liberation of Baghdad. Instead of sending thousands of advisers to help Iraq's police force, bringing in enough troops to stabilize the situation in Baghdad, the initial decision by the White House and the Pentagon was to send very, very few people and people without the right skills, and we're finally now trying to get it right by bringing in enough soldiers to help try to pacify the situation there, but some of the problems that we're facing right now are because, for many months, we just didn't have the right people there, training Iraqis, and enough troops there to help keep the situation under some sort of control."

Time magazine (8/7) reported earlier that Chandrasekaran has a forthcoming book about the Green Zone, titled *Imperial Life in the Emerald City.*

Multiethnic Countries Might Not Be Unusually Prone To Civil War. In the New York Times Sunday magazine (8/13), Princeton professor Gary Bass writes, "Today, as Iraq spirals toward outright warfare between Sunnis and Shiites, it risks joining a lengthening list of countries that have seemingly inevitably been ripped apart by bitter sectarian hatreds: Yugoslavia, Rwanda, Sudan and not least Lebanon, which experienced civil wars in 1860 and 1958 and from 1975 to 1990 and may face yet another one." However, a 2003 study by Stanford scholars James Fearon and David Laitin concluded that "civil wars only begin under particular circumstances that favor rebel insurgencies. The most common situation involves a weak, corrupt or brutal government confronting small bands of rebels protected by mountainous terrain and sheltered by a sympathetic rural population, and possibly bolstered with foreign support or revenues from diamonds or coca." Under that theory, "Ethnic wars do not just happen; they are made."

WPost Op-Ed Says Neocons Would Be "Mistaken" To Disdain Bush. In the Washington Post (8/13, B7, 748K),

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AEI fellow Joshua Muravchik reports on neocons' growing "backlash" against President Bush's foreign policy and warns: "But for neocons or any other conservatives to turn against George W. Bush would be a terrible mistake. Presidents invariably disappoint their strongest supporters. Their powers are limited, and they must cope with Congress, public opinion, unwieldy agencies and, where foreign policy is concerned, other nations that can help or hinder us." President Bush, unlike previous presidents considered tough, confronted the Middle East: he "set forth the enormous goal of destroying terrorist groups; cutting off government support for terrorists, if necessary by regime changes; and engineering a new culture in the Middle East by means of democratization."

Rep. Jo Ann Davis Could Be First GOP House Member To Call For Rumsfeld Resignation. The AP (8/12) reports, "US Representative Jo Ann Davis is doing something unusual -- she's siding with a Democrat when it comes to defense policy." She "says she agree with Senator Hillary Clinton -- a New York Democrat -- that Defense Secretary Donald Rumsfeld should resign." Davis faults the secretary for not heeding Gen. Eric Shinseki's advice to use more troops in Iraq. About 13 sites have reported Davis's remarks.

Afghan Anger With US Military Presence Grows. The Washington Post (8/13, Ricks, 748K) reports, "U.S. forces in Afghanistan have learned the hard way that their presence is sometimes backfiring among Afghan civilians. When a U.S. military vehicle caused a fatal traffic accident in Kabul on May 29, resentment erupted into the deadliest rioting the city has witnessed in years." The Post refers to a memo "by a senior sergeant in Afghanistan" (not visible online) that shows "the Army is thinking seriously about how to operate differently -- and more effectively -- in its counterinsurgency efforts. The document has been widely circulated among the U.S. military not only in Afghanistan but also at the Pentagon; on July 18 it was e-mailed to all Army generals."

Three Americans Killed In Afghan Ambush. Using a story published on the previous day by East Coast sites, the Los Angeles Times/AP (8/13) reports, "Militants attacked a U.S. patrol with rocket-propelled grenades, killing three Americans in Afghanistan's northeast, one of the wildest regions in the country ... U.S. troops used artillery to repel the attack in Nuristan province Friday, Col. Tom Collins said." The AP reports in the same brief article the accidental death of a British soldier and the assassination of a former deputy governor of Ghazni province, whose own former boss was assassinated in March.

US Seen As Too Slow To Adapt To New Warfare. The Baltimore Sun (8/13, Wood, 262K) reports, "From the foiled London airliner bombing plot to the bloody street carnage in Baghdad and smoking wreckage of southern Lebanon came chilling reminders last week that the United States and its allies are locked in a long war with a ruthless, technically adept enemy, one the United States is ill-prepared to confront and cannot fully defeat." Last week, "most of the vast military resources of the United States sat idle," unable to wage so-called "unrestricted warfare" against "enemies that are dispersed in cells and networks and so enmeshed in religious sects and culture that they are difficult to detect - and almost impossible to deter."

Somalia Could Become Next GWOT Front. In the Los Angeles Times (8/13, 918K), Africanist Mike Clough warns that Somalia "is on the brink of becoming the fourth front in the U.S. war on terror." Clough argues, "This latest front in the war on terror is the culmination of nearly 30 years of alternating Washington policy blunders and neglect in the Horn of Africa." The US under both Clinton and Bush embraced Ethiopia, encouraging its prime minister "to believe that he could dictate Somalia's political future. If Ethiopia, which has a large, moderate Islamic population, were a stable democracy committed to nurturing a democratic Somalia, the Clinton-Bush strategy would make sense. But it is not. ... Bush has little maneuvering room. He could accept the emergence of an anti-American Islamist Somalia. He could back Ethiopian intervention on the side of the transition government in Baidoa, which would lead to a bloody war. Or he could try to persuade another African government to militarily support the transitional government. None of these are particularly appealing, even when practical."

Soldiers Claim Depleted Uranium Caused Their Illness. The AP (8/13, Hastings) profiles Herbert Reed, an Iraq veteran who "believes depleted uranium has contaminated him and his life." Reed and seven others from his unit "all have depleted uranium in their urine, according to tests done in December 2003," by a German professor "while they bounced for months between Walter Reed and New Jersey's Fort Dix medical center, seeking relief that never came." They "have sued the U.S. Army, claiming officials knew the hazards of depleted uranium, but concealed the risks." The AP writes, "Reed and the seven brothers from his unit hate what has happened to them, and they speak of it at public seminars and in politicians' offices. It is something no VA doctor can explain; something that leaves them feeling like so many spent shell rounds, kicked to the side of battle."

Women Veterans Return Home With Different Needs Than Male Counterparts. The Milwaukee

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Journal Sentinel offers three stories about the problems that women veterans experience when they return from combat. Coverage in these articles is mixed for VA. In the main story, the Milwaukee Journal Sentinel (8/13, Rutledge, 259K) profiles Susan Sonnheim, who "underwent multiple reconstructive surgeries on her face and ear during a 19-month stay at Walter Reed Army Medical Center in Washington, D.C." She "is home now, but she's hardly comforted. She and many other women returning from war often are finding difficulty in the transition from warrior to wife, mom, student or simply civilian." The Journal-Sentinel writes, "More than 1,500 women have returned from Iraq or Afghanistan and sought some type of help from veterans hospitals in Wisconsin, northern Illinois and Iron Mountain, Mich., ranking the region third-highest in the country. Milwaukee's Zablocki Veterans Affairs Medical Center alone has seen more than 200 women since March 2003. … Some deal with problems that parallel those of their male counterparts. They've lost limbs, eyesight and hearing. They have digestive disorders, nightmares, anger and relationship problems. But female veterans returning from war face ailments and traumas of other sorts." Among other problems, the Journal-Sentinel cites reports of sexual assaults, greater incidence of mental health concerns, and gender-related societal issues.

Duckworth "Had To Point Out Gender-Specific Issues." In a second story, the Milwaukee Journal Sentinel (8/13, 259K) profiles veteran Tammy Duckowrth, who piloted helicopters over Iraq and was injured by a rocket propelled grenade and now has two artificial legs and an artificial arm. The Journal Sentinel writes, "Going on two years later, Duckworth said she is comfortable with her new body. She still feels attractive. She wears dresses and skirts regularly and is holding on to her bikinis. … Duckworth has had to point out some gender-specific issues to the VA in Illinois where she goes for health care. As recently as December they didn't have the type of birth control she uses." Duckworth: "They had Viagra, but they didn't have the patch." she said. The Journal Sentinel does not mention that Duckworth is the Democratic candidate for the House of Representatives in Illinois' 7th District.

Greuel Finds Motherhood Is "Biggest Heartache." In a third article, The Milwaukee Journal Sentinel (8/13, 259K) profiles Darcie Greuel, who "escaped physical injury while in Afghanistan from 2003 to 2004, but her return to civilian life was not pain-free." The Journal Sentinel writes, "Motherhood presented the biggest heartache of her deployment. The registered nurse who has spent 22 years in the Army Reserves has three children, who were 9, 15 and 17 when she deployed. Her oldest son was going into his senior year in high school, contemplating what to do after graduation. Her middle son was just starting high school and was emotional about not having his mom to help him through a typically tough year. Her daughter worried that Dad didn't know how to grocery shop or cook." But, when "she returned home to Milwaukee, she found decisions had been made without her. Her oldest son decided to take a year off after graduating from high school. All the children were doing their laundry and cooking meals." This article does not mention the Veterans Affairs Department.

CORPORATE SCANDALS:

Comverse Case Spotlights Option Scandal. In a column for the Los Angeles Times (8/13), Tom Petruno writes, "The stock option backdating scandal hadn't been reading like great fodder for Hollywood. Then the government laid out its case against former Comverse Technology Inc. executives. … The court papers released last week are rich with material — imaginary employees, a slush fund named for 'The Phantom of the Opera' and a botched coverup. Now we're getting the kinds of details that can overcome the eye-glazing effect that the term 'option backdating' induces. … This ought to at least be good for a cheap made-for-TV movie." Petruno continues, "More important, the Comverse case could put to rest the idea that what went on with stock options at many technology companies in the 1990s and early 2000s amounted to a minor bending of the rules — practices that, even if shareholders had known about them, wouldn't have troubled anyone much. … Three years ago, the mutual fund industry had the same initial response to the trading scandal that ultimately enveloped it. … Then, as now, many of the people involved asserted that very little of what went on rose to the level of a crime. … But that wasn't true about abusive mutual fund trading, and the government clearly thinks it isn't true about abusive option practices." Petruno adds, "The SEC says it has more than 80 companies under investigation for possible option abuses. Much more frightening to tech executives is that the Justice Department is bearing down with criminal cases, and has filed two in a period of three weeks. … On July 20, federal prosecutors in San Francisco charged two former executives of San Jose-based Brocade Communications Systems Inc. with securities fraud related to how they handled, and handed out, stock options. … Prosecutors in New York followed last week with a criminal case against three former Comverse executives, also alleging deceit in option practices. In a civil case filed against the three, the SEC said it found fraud in Comverse options dating as far back as 1991."

Law Firms Stocking Up On White-Collar Defense Talent. The Philadelphia Inquirer (8/13, Lounsberry) reports, "When Jack Dodds left the U.S. Attorney's Office for a big Philadelphia law firm in 1993, he joined two other former prosecutors here and one in

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Washington in a nascent white-collar defense unit." The Inquirer continues, "Today, there are about 50 lawyers in that unit in offices across the nation and in Paris, and they are busy - helping companies and executives enmeshed in investigations of everything from accounting fraud and health-care violations to price-fixing and insider trading. … But Morgan, Lewis & Bockius L.L.P. is not the only firm enjoying a burst in business in this specialized area of criminal defense: A new era of increased law-enforcement scrutiny of white-collar crime has triggered a boom across the country for defense lawyers who know what to do when FBI agents walk into a business with a grand-jury subpoena. … 'These cases can literally be bet-the-company cases,' said Dodds, 47, one of 15 lawyers in the Philadelphia office's corporate investigations and white-collar unit. 'The stakes are as high as they can be.'" The Inquirer adds, "Though most business infractions are still handled in civil court or become regulatory matters, the plaintiff these days is increasingly likely to be a state or federal agency. And now more than ever, there are criminal actions, too, with chief executive officers facing the prospect of prison time - and doing the perp walk on the TV news. … As a result, big law firms are moving to start up or expand units to help clients facing these complex government investigations. They are drawing lawyers from prosecutors' offices and other law firms in hopes of finding the best talent."

CRIMINAL LAW:

Families Of Crime Victims Decry Delays In Punishment. The State (SC) (8/13) reports, "Waiting the average of 12 years between the time a person is condemned to death for a murder and when the sentenced is actually carried out can take its toll on the families of victims. … But, some of those families say, the wait is worth it." The State continues, "Stephen Carroll was five when his uncle David Craig was killed by Andy Lavern Smith in 1981. Seventeen years later, Carroll witnessed Smith's death by lethal injection. … 'For so long, the families are waiting for justice to be served, and there's appeal after appeal,' Carroll said. 'If he had been executed earlier, we could've felt more at peace.'" The State adds, "During the time between the initial sentence and execution are appeals that can result in new trials or new sentencing hearings. … In 1999, the U.S. Justice Department said the average wait between sentencing and execution was 12 years. .. . The prospect of that long wait makes some family members of victims wonder if it's worth the effort."

Ban On Online Betting Seen As Unlikely. The San Diego Union-Tribune (8/13, Davies) reports, "For Zack Barrington, the drive to Alpine provides some much-needed distance. .. . The National City resident used to gamble online, but now travels to Viejas twice a week to play the slots. … For him, it was hard to control himself on the Internet casino sites." The Union-Tribune continues, "The federal government appears to agree with Barrington and is doing all it can to curb the spread of Internet gambling, which is estimated to be a $12 billion-a-year business. .. . Last month, it arrested the CEO of Betonsports.com, one of the most popular online gambling sites, when he changed planes in Dallas, as part of its aggressive crackdown on the site. … Also, the House of Representatives recently passed a tough anti-gambling law, further regulating payment systems as well as punishing people who facilitate Internet gambling, such as other sites that accept advertising from offshore casino sites. … But while the federal government tries to clamp down on Internet gambling sites, do those who actually make bets have to worry about running afoul of the law? … Not likely." The Union-Tribune notes, "In the weird world of online gambling, betting is legal, except in states with explicit bans such as Washington, which outlaws all online gambling, or Nevada, which disallows betting on horses via the Internet. … But while betting online is often not against the law, accepting the wager most decidedly is. The rub in terms of enforcing the law is that all the online casinos are located outside U.S. borders, in such countries as Costa Rica and Antigua. … 'There is no way you can put a curtain around the U.S. and stop the Internet,' said Frank Catania, a consultant to the gambling industry and the former director of the New Jersey Division of Gaming Enforcement. … Still, the government is trying. … In the case of Betonsports.com CEO David Carruthers, who is a British citizen and whose site operates out of Costa Rica and Antigua, the U.S. Attorney's Office in Missouri insisted that it has jurisdiction to prosecute because the company allegedly broke the law by sending promotional mailers and giving instructions on how to open wagering accounts, among other offenses."

CIVIL LAW:

Hospital Probe Leads To Millions In Fines. The Springfield (IL) State Journal-Register (8/13, Olsen) reports, "In the late 1990s, former Decatur police detective Robert Pittenger pored over records that listed the way various downstate hospitals were billing Medicare to take care of patients with pneumonia." The Journal-Register continues, "His work may not have been glamorous, but it was fruitful. … The investigation he began has resulted in six hospitals so far paying the federal government millions of dollars in compensation and penalties for alleged Medicare fraud. … And Rodger Heaton, the U.S. attorney for the Central District of Illinois, said prosecutors are scrutinizing the books of at least one more central Illinois hospital. He wouldn't say which one. … 'Our investigation is continuing,' said Heaton, who

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replaced Jan Paul Miller as the area's top federal prosecutor in December. … 'As we pour billions of dollars into health care, there's obviously a potential for that money to be misused or misspent,' Heaton said. 'We're definitely going to continue to focus on health-care fraud.'" The Journal-Register notes, "The Medicare fraud probe was part of a nationwide effort by the U.S. Department of Justice to crack down on alleged false billings for pneumonia patients. … The deception amounts to 'billions of dollars stolen from U.S. taxpayers,' according to Patrick Burns, a spokesman for a Washington-based advocacy group, Taxpayers Against Fraud."

Judge Rejects Portion Of Bankruptcy Reform Law. The Dallas Morning News (8/13, Yip) reports, "Consumer attorneys have scored a significant victory against the new bankruptcy law. … A federal judge in Dallas ruled recently that a provision of the law is unconstitutional because it prevents lawyers from giving their best advice to clients in financial distress." The News continues, "Critics of the Bankruptcy Abuse Prevention and Consumer Protection Act say the law, which went into effect last fall, caters to the credit card industry while putting unnecessary and harsh burdens on consumers who legitimately need relief from crushing debt loads. … Susan B. Hersh, a Dallas bankruptcy attorney, filed suit to challenge a provision of the law that forbids an attorney from advising a client to take on additional debt before a bankruptcy filing. The National Association of Consumer Bankruptcy Attorneys and the Connecticut Bar Association have also filed a pending lawsuit challenging the same provision." The News adds, "The provision was intended to discourage unscrupulous bankruptcy filers from taking on debt with the expectation that it will be erased in the bankruptcy case. … U.S. District Judge David C. Godbey ruled the provision 'was facially unconstitutional.' … 'Rather than changing the system to close the loopholes or penalize those who take on such debt, Congress ... enacted a prophylactic rule, banning the bankruptcy attorneys from advising their clients to take on additional debts 'in contemplation' of bankruptcy,' Judge Godbey said. … 'Without addressing all the complexities of the bankruptcy law, it seems quite possible that sometimes taking on more debt could be the most financially prudent option for someone considering bankruptcy.' … Judge Godbey hasn't issued a final judgment in the case, so for now the law is technically still in effect, the lawyers said. And even when there is a final judgment, the federal government can appeal. … 'It is obviously a ruling that's still under review, and we've not made any determination of what our next step will be,' Justice Department spokesman Charles Miller said."

CIVIL RIGHTS:

Illinois Officials Vote Same-Sex Measure Off Ballot. The New York Times/AP (8/13, Press) reports, "State elections officials voted Friday to keep a referendum against same-sex marriage off the November ballot, saying supporters had not gathered enough valid signatures. The ballot measure had sought to ask voters whether the state's Constitution should be amended to ban same-sex marriage." The report adds, "Illinois law prohibits same-sex marriage, but referendum supporters said they were concerned that the courts might overturn the law if the Constitution was not changed."

Federal Panel Proposes Testing Pharmaceuticals On Prison Inmates. The New York Times (8/13, Urbina, 1.21M) reports, "An influential federal panel of medical advisers has recommended that the government loosen regulations that severely limit the testing of pharmaceuticals on prison inmates, a practice that was all but stopped three decades ago after revelations of abuse." The report adds, "The proposed change includes provisions intended to prevent problems that plagued earlier programs. Nevertheless, it has dredged up a painful history of medical mistreatment and incited debate among prison rights advocates and researchers about whether prisoners can truly make uncoerced decisions, given the environment they live in."

Study: Female Managers Help Close Gender Salary Gap. The Washington Post (8/13, A8, Vedantam, 748K) reports, "American women earn substantially more money and narrow the long-standing gender gap in income if other women in their workplaces reach the ranks of senior management, according to a new national study presented here." The report adds, "By contrast, the study found, increasing the number of women managers in junior positions makes no difference to the gender gap — women on average continue to earn about 20 percent less than men. Surprisingly, men who work for women managers seem to do slightly worse in income than men who work for men, irrespective of whether the women managers are in senior positions."

ANTITRUST:

Congressional Committee Told Realtors Group Stifles Competition. The Philadelphia Inquirer (8/13, Heavens) reports, "Consumer groups have taken their case against the way real estate is bought and sold to a

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congressional committee looking into accusations that the National Association of Realtors and its 2.6 million members stifle competition." The Inquirer continues, "In testimony July 25 before the House Committee on Financial Services and its subcommittee on housing and community opportunity, Consumer Federation of America executive director Stephen Brobeck called the current real estate brokerage service system "cockamamie" and urged Congress to empower the Federal Trade Commission to reduce key barriers to competition in the industry." The Inquirer adds, "The hearing was commissioned by committee chairman Michael G. Oxley (R., Ohio), who calls the real estate industry a monopoly and wants to open the industry to 'free-market competition.' … Not only do traditional brokers fail to advertise commission rates and detailed services, but brokers also are reluctant to provide the information unless prospective customers request it, Brobeck said. … Moreover, these brokers have pushed state legislation and acted informally to make it difficult for those who advertise discount rates and limited services to promote or get access to homes for sale, he said. They do so to try to preserve a system in which commission rates remain at 6 percent or 7 percent, depending on the geographic area and price of homes." The Inquirer notes, "Almost a year ago, the Department of Justice filed suit against the Realtors' association over its 'virtual office policy,' which allows sellers and brokers the right to totally or selectively withhold their listings from display on other brokers' Web sites and prohibits copying of listings from one site to another. … The department said the policy - and a revised version adopted by the Realtors' association a day after the suit was filed – 'obstructs real estate brokers who use innovative Internet-based tools to offer better services and lower costs to consumers.' … The suit is pending in a Chicago court. No trial date has been set."

US Probes Plavix Deal. The Newark Star-Ledger (8/13, Jordan) reports, "Barry Sherman, the outspoken owner of the Canadian generic drug company Apotex, howled for years about Big Pharma's dirty tricks in battling the generics industry." The Star-Ledger continues, "Sherman's shrewd tactics, clashes with U.S. regulators and unrelenting court battles with the world's drug giants have made him a legend in the pharmaceutical industry and his company Canada's biggest drugmaker." The Star-Ledger adds, "His latest maneuver -- flooding the American market last week with a copycat version of the top-selling blood thinner Plavix -- may rewrite the rules of the tug-of-war between generic drugmakers and the big, brand-name pharmaceutical companies. … His adversary in the Plavix battle, Bristol-Myers Squibb Chief Executive Peter Dolan, has won praise for guiding the big drugmaker through a series of land mines, including a criminal probe of a $2 billion accounting scandal. Now, Dolan is in the spotlight once again, this time for his handling of Sherman and the threat he poses to Bristol's nearly $4 billion Plavix franchise." The Star-Ledger notes, "Wall Street cheered when Bristol announced in March it reached a deal with Apotex to keep generic Plavix off the market until the drug's patent expired. But during the past few weeks, the deal unraveled, leaving Plavix sales vulnerable to generic competition. … The battle about Plavix shifts this week to federal court in Manhattan, where lawyers for Bristol will seek an injunction blocking sales of the generic pills. … The case eventually could wind up in criminal court: The U.S. Department of Justice's anti-trust division has launched an investigation into the negotiations between Bristol and Apotex about Plavix. Both companies said they have received grand jury subpoenas. … In the end, the Plavix episode could turn out to be a career-defining moment both for Sherman, the pit bull of pharmaceuticals, and Dolan, the industry's golden boy."

Columnist Says Mutual Funds Are Ineffective At Policing Deals. In a column for the New York Times (8/13), Gretchen Morgenson writes, "As fiduciaries responsible for clients' financial interests, mutual fund managers are supposed to monitor the companies whose shares they own, on the lookout for avaricious executives, phony financials or somnambulant directors. That they have failed miserably in this task in recent years has frustrated investors, who know that only big, household-name stockholders like Fidelity, Vanguard and the rest have the clout to reform wayward companies. Before prosecutors have to get involved, that is." Morgenson continues, "Now, an academic study by Lily Qiu, an assistant professor of economics at Brown University, quantifies just how poorly mutual funds police management in one particular area — mergers and acquisitions — and how costly that failure has been. By contrast, her study shows that the activist approach taken by public pension funds has proved to be a positive policing mechanism that has translated into better performance in M.& A. deals. … The paper is titled, 'Which Institutional Investors Monitor? Evidence from Acquisition Activity,' and Yale's School of Management is reviewing it for possible publication in its Review of Financial Studies. Ms. Qiu has been working on the paper for three years; she updated the draft in June." Morgenson notes, "Mergers provide a natural litmus test for the adequacy of institutional oversight, Ms. Qiu says, because mergers occur often and can have a significant effect on companies' market values. Many mergers destroy the financial well-being of acquirers, according to academic studies, so Ms. Qiu wanted to examine how the roles played by different types of institutional investors during mergers might reduce such negative impacts. She separated investors into six types: public pension funds, mutual funds, insurance companies,

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private pension funds, banks and independent financial advisers. … Her conclusion is that public pension funds stand alone as effective monitors of corporate merger activities. When public pension funds hold large stakes in companies, those companies are less likely to conduct mergers over all; and when those same companies make acquisitions, the deals are more likely to succeed."

ENVIRONMENT:

BP Says Alaska Pipeline Shutdown Is Unnecessary. NBC Nightly News (8/12, story 9, 3:00, Siegenthaler, 9.87M) reported, "The major oil company that caused a panic about gas prices when it announced it would completely shout down its operations feeding into the Alaska pipeline has reassessed. It now says it can keep at least some of the oil flowing. … 16 miles of British Petroleum's corroded oil pipeline need to be replaced. A $100 million job that will likely push gas prices higher. The situation, while serious, is not as severe as first feared when B.P. shutdown its eastern field after discovering several holes in a key line. Now painstaking inspections by hand and ultrasound have determined the company will not need to close its west field."

Experts Claim New Technologies Will Avert Oil Pipeline Shutdowns. The AP (8/13, Linn) reports, "Technological improvements could help avert the severe corrosion and leaks that forced the partial shutdown of the nation's largest oil field, experts say, but the best way to prevent such problems in pipelines is to simply take better care of them. BP PLC, which operates the Prudhoe Bay oil field, has conceded it made a mistake by not more closely inspecting the interior of the 29-year-old pipeline… One side of the Prudhoe Bay oil field will be shut down while BP replaces 16 miles of the pipeline because of the leaks and corrosion, officials said. The pipelines normally carry 400,000 barrels of oil daily, or about 8 percent of domestic output. With the partial shutdown, the field is currently producing about 150,000 barrels of oil and natural gas daily." According to the AP, "Experts say some technological advances could make it easier to maintain existing pipelines and ensure that new pipelines, such as a proposed $25 billion natural gas pipeline that would run from Alaska into Canada, last longer."

Virginia Fisherman Sues Fisheries Service Over Pound Net Technique. The AP (8/13, Harper) reports on Virginia fisherman Edward Bender, who is challenging the National Marine Fisheries Service over his fishing methods. The AP continues, "Ongoing for three years, the suit says federal rules designed to keep sea turtles from entangling and dying in pound nets in the Chesapeake Bay are illegal, scientifically unproven and unfairly damaging to his fishing business. … Part rebel, part rogue, Bender is one of a handful of watermen left in Virginia who fish with a pound net. … This centuries-old trap, a maze of mesh and rope and chain, extends some 300 feet from shore. It basically tricks fish, stopping them with a wall-like structure called a leader, which forces them to turn and swim into netted chambers from which they do not escape. … Pound nets snare thousands of pounds of fish at a time — and, federal officials say, a few sea turtles, too." The AP adds, "Because the reptiles are protected by the Endangered Species Act, and because hundreds have been washing ashore dead on Virginia's beaches in recent years, the government took action. … And Bender got busy. … 'If the NMFS rule-making staff unintelligently chose to override and ignore the best available scientific advice, then the rule should be found to be arbitrary and capricious and therefore void,' he wrote in a 2004 legal brief filed in U.S. District Court in Norfolk, where his case is being heard. … Justice Department attorneys parrying Bender's claims could not recall a fisherman, by himself, taking on a such a challenge as this. … They seem slightly amused, if not annoyed, by the case, which has swelled to 30 volumes of motions, memos and transcripts. … 'It's been interesting, I'll say that,' said George M. Kelley III, an assistant U.S. attorney in Norfolk."

FBI/DEA/ATF/USMS:

Long Drug Sentence Sparks Appeal. The Deseret News (8/13, Fattah) reports, "Panamanian military leader Manuel Noriega got less prison time than first-time marijuana dealer Weldon Angelos, his attorneys like to point out. … Angelos, a young aspiring rap producer and father of two, sold marijuana to make some cash. After selling three 8-ounce bags of pot to an informant, who later testified that Angelos had a gun during two of the sales, Angelos was swept up in what his attorneys say is a minimum-mandatory sentencing system out of control." The News continues, "Angelos was sentenced to 55 years in federal prison in 2002. There is no parole in the federal system, meaning Angelos could be well over the age of 70 when eligible to be released from prison. … Now the 26-year-old is trying to get one last chance to overturn his sentence by appealing to the U.S. Supreme Court. The case has attracted the support of some of the brightest legal minds in the state and throughout the country." The News adds, "Salt Lake attorney Jerome Mooney teamed up several years ago with University of Utah law professor Erik Luna, an expert in criminal justice, to appeal for Angelos pro bono. Just recently, Michael Zimmerman, former chief justice of the Utah Supreme Court, decided to join in Angelos' defense, partly out of his personal belief that federal sentencing guidelines are out of control. … Zimmerman told the Deseret Morning News the fact that a first-time drug offender can get 55 years in prison is the

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product of overzealous politicians eager to appear tough on crime. … Zimmerman said he feels Angelos has a strong enough case to stand before the Supreme Court. Congress passed the mandatory enhancement of dealing drugs with a firearm as a way to crack down on big-time drug dealers. But small-time offenders like Angelos have become snared in the system. … 'Minimum mandatories like this make no sense at all and distort the penal system completely,' Zimmerman said, pointing out that had Angelos been convicted in state court, he would have likely received a few years in prison and probation, particularly for a first-time offense. … After handing down the sentence, U.S. District Judge Paul Cassell penned a scathing criticism of the minimum-mandatory laws. Cassell pointed out that someone convicted of raping a 10-year-old child or detonating a bomb on an aircraft get less time in the federal system than Angelos."

ATF Joins Probe Of Fatal Indiana Fire. The AP (8/13, Coyne) reports, "A fire killed four people early Sunday in a two-story house (in Michigan City, IN) where about a dozen people lived in makeshift rooms, some of them bedding down in closets, the state fire marshal said." The AP continues, "Witnesses reported seeing people fleeing the property before officials arrived, Fire Marshal Roger Johnson said. The residents didn't return, he said. .. . 'We don't know why they left, why they did not want to stay and why they did not want to address any questions we may have,' Johnson said." The AP adds, "Immigration officials had been to the scene, Deputy Fire Chief Chuck Greis said. Neighbors told The Associated Press they believed most residents in house were Asian immigrants who worked at a local Chinese restaurant. … The fire appeared to have started in the back of the house, but investigators did not yet know the cause, Johnson said. An accelerant-sniffing dog was being used and a task force was formed to investigate, including agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives."

IMMIGRATION:

Guard Troops On Mexican Border Credited With Limiting Entries For Illegal Immigrants. The Washington Times (8/13, Seper, 88K) reports on 350 Virginia National Guard soldiers and airmen "deployed along the border as part of 'Operation Jump Start.' President Bush's $760 million plan calls for National Guard troops to be sent over the next two years to the U.S.-Mexico border from California to Texas. The goal: allowing the U.S. Border Patrol to move more agents into frontline positions." According to the Times, "More than 150 illegal aliens used to cross nightly into the United States over a ramshackle metal fence at the base of a hill here just below a ridge, on which the team set up an observation post. On the hilltops just south of the border, Mexican spotters train equally sophisticated equipment on the Guard, directing smugglers of aliens and drugs to safer areas." However, the Guard troops have "put a 'significant dent' in the number of aliens crossing into his sector, with the daily count dropping from 150 to fewer than 20. Watches all along the border have reported similar declines since the National Guard's arrival, says Border Patrol Chief David V. Aguilar, who notes that last week apprehensions were down by 45 percent since the start of Operation Jump Start."

Border Agents Resigned To Inevitability Of Illegal Immigration. The Los Angeles Times (8/13, Bustillo, 918K) reports, "Though politicians and regular folks all over America agree that stopping illegal immigration starts with sealing the border, agents on the front line are under no illusions that they can catch everyone — even with the 6,000 extra agents that President Bush plans to put on the border over the next two years. … But after years of experience on the Rio Grande, they realize that desperate people will always find a way across, as long as opportunities on one side remain so much better than on the other." The Times goes on to report, "the Border Patrol says a steady buildup of agents and equipment has reduced drug running and human smuggling here over the last two decades. It has also improved the lives of hundreds of local men and women, who have found careers in the Border Patrol. Many agents readily admit that they did not join the Border Patrol because of a passion to stop illegal immigration. They were drawn to the job because it pays better than other lawful jobs in the region and promises a life of action along the untamable river Mexicans call Rio Bravo."

Census Bureau Releases Statistics On US Hispanic Population. The New York Times (8/13, Herring, 1.21M) reports, "National policy on immigration from the south can be fairly described as one of passionate ambivalence. Some Americans may try angrily to seal an unsealable border, yet many eagerly employ those who make it across. Amid all the controversy, though, the nation is preparing to celebrate many of its immigrants with Hispanic Heritage Month. (It starts Sept. 15.) To mark that occasion, the Census Bureau has offered up a grab bag of statistics, like these: as of July 1, the estimated Hispanic population was 42.7 million, nearly twice the 1990 level; by 2050, it is projected to hit 102.6 million, which would constitute 24 percent of the population. … The difficulties facing that population, though, can be seen in other bits of data: 32.7 percent of Hispanics lacked health insurance in 2004, 21.9 percent lived in poverty, and just 12 percent of those 25 and over had college degrees."

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CONGRESS-ADMINISTRATION:

Defeat Of Haynes Nomination Traced To Graham. The Myrtle Beach (SC) Sun News (8/13, Rosen) reports, "If the defeat of a high-profile judicial nominee by President Bush was probed like a homicide investigation, Sen. Lindsey Graham's fingerprints would be on the gun." The News continues, "After Congress adjourned for its summer recess last week, the Senate quietly returned to the White House the nomination of William J. 'Jim' Haynes to the 4th Circuit Court of Appeals. .. . As general counsel at the Defense Department, Haynes helped craft the Bush administration's legal rationale for aggressive detainee interrogation techniques used by U.S. military and intelligence forces at the Abu Ghraib prison in Iraq, the Guantanamo Bay compound in Cuba and other sites." The News adds, "Graham, a former military lawyer, is widely seen on Capitol Hill and beyond as the man most responsible for the Senate's failure to confirm Haynes. From his seat on the Senate Judiciary Committee, Graham expressed strong concerns about Haynes' fitness for the appellate court. … Graham's stand has earned the admiration of many military lawyers and other senior officers. But it angered conservative activists who have condemned Senate Democrats for refusing to allow up-or-down votes on Bush's controversial judicial nominations. … 'To say the least, I have serious reservations about his nomination,' Graham said Thursday in an interview. 'This is not about being conservative. It's about being held accountable for what happened on your watch.' … Graham also drew heat from conservatives last year for his membership in the 'Gang of 14' senators, seven Republicans and seven Democrats, who negotiated a compromise for handling judicial nominees. .. . Under the deal, Democrats pledged to use a filibuster only in rare circumstances, while Republicans backed away from their threat to change Senate rules so that only 51 votes - instead of 60 - would be needed to break a filibuster."

Bush Seen As Taking Business-Like Approach While On Vacation. Julie Mason in her "White House Watch" column in the Houston Chronicle (8/13, 535K) reports, "Throughout their 10-day stay in Crawford, Bush and his top aides have made a point of looking like they are not on vacation. … Bush, in his only press conference at the ranch, appeared in a suit, at a podium. His backdrop was a blue curtain with the Western White House medallion and flags. In all, it was a departure from his usual ranch custom of sauntering out to meet reporters in his driveway, wearing boots and jeans."

Presidents Face Challenges Despite Vacations. Jonathan Martin in an Outlook column in The Washington Post (8/13, B1, 748K) writes that the concept of nothing much happening in Washington during August "is so ingrained in Washington's image of itself that it has almost become a self-fulfilling prophecy. But for the diehards who forgo the beaches and stay in town, this August — with multiple wars in the Middle East, aging dictators in post-op and foiled terrorism plots in the air — feels like anything but a slow news month." Martin adds, "Indeed, for a time of year when supposedly no one is around to hear them, a lot of trees tend to fall during August. And they have usually fallen upon our presidents hardest of all."

Poll Shows Bush Approval Up Slightly To 38 Percent. Newsweek (8/13, Mabry, 3.12M) in a web exclusive reports, "While the NEWSWEEK Poll suggests President George W. Bush and the GOP-led Congress have plenty to worry about just three months before the midterm congressional elections, it shows a slight uptick in the president's lagging approval rating and a significant boost in voters' opinions of his handling of the terror threat." Newsweek notes, "According to the poll, conducted through phone interviews with 1,001 Americans, 55 percent disapprove of how the president is doing his job, while 38 percent approve, an increase of 3 points since the May 11-12 NEWSWEEK Poll. But a majority, 55 percent, approve of Bush's handling of terrorism and homeland security (40 percent disapprove), an 11-point boost since May, returning the president to levels not seen since early 2005."

NBC Nightly News (8/12, story 5, 3:00, Corke, 9.87M) also reported the Newsweek poll "holds good news for Republicans. Asked which political party would do a better job of handling the war on terror at home and abroad -- 44% said Republicans, Democrats 39%. According to the poll the president benefits too, 55% say they approve of the President's handling of homeland security compared to 40% disapproval – that's up 11 points since May. But the news is not all good for the G.O.P. The survey asked: 'Has the Iraq war made Americans safer from terrorism?' 63% disagree, 32% agree. That on the heels of a Connecticut democratic primary that saw political newcomer Ned Lamont defeat pro-Iraq war Sen. Joe Lieberman." Prof. Ron Walters, University of Maryland: "Because of the Administration's link of the war on terrorism to Iraq, ironically Americans are feeling that Democrats now are better able to support their security."

Members Of Congress, Governors Oppose Medicaid Cuts Advocated By Bush. The New York Times (8/13, Pear, 1.21M) reports the White House "is clashing with governors of both parties over a plan to cut Medicaid payments to hospitals and nursing homes that care for millions of low-income people. The White House says the changes are needed to ensure the 'fiscal integrity' of

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Medicaid and to curb 'excessive payments' to health care providers. But the plan faces growing opposition. The National Governors Association said it 'would impose a huge financial burden on states,' already struggling with explosive growth in health costs." The Times notes, "More than 330 members of Congress, including 103 Republicans, have objected to the plan. … A bipartisan group of 50 senators recently urged President Bush to scrap the proposed rules." According to the Times, "State and local officials, members of Congress, hospitals, nursing homes and advocates for poor people" argue that Bush "is doing by regulation what he unsuccessfully asked Congress to do by legislation in the last two years. Second, they say, prior administrations and the Bush administration itself approved many of the state taxes that would be deemed improper under the new rules. Gov. Arnold Schwarzenegger of California, a Republican, said, 'The administration is attempting to reverse decades of federal Medicaid policy through the regulatory process,' less than a year after 'Congress rejected these misguided cuts.'" The Times adds critical comments from several other Republican governors.

Congress Presses For Computerized Medical Records, But Critics Voice Privacy Concerns. The Los Angeles Times (8/13, Alonso-Zaldivar, 918K) reports, "Congress is trying to bring the benefits of computerized medical records systems like the VA's to the whole country. By reducing reliance on paper records, lawmakers hope to save billions of dollars. And by tying computerized records systems together in networks, they hope to reduce medical errors by making information instantly available wherever it is needed. But legislation to encourage a move to computerized records, now moving through the final stages of congressional approval, has provoked opposition from privacy advocates, consumer groups and civil libertarians who point to recent security breaches -- including the much-publicized theft of a VA laptop containing personal information on millions of veterans."

Rep. Miller's Use Of Eminent Domain To Avoid Taxes Scrutinized. The Los Angeles Times (8/13, Heisel, 918K) reports GOP Rep. Gary Miller "sold 165 acres to the city of Monrovia in 2002, he made a profit of more than $10 million, according to a financial disclosure form he filed in Congress. Ordinarily, he would have had to pay state and federal taxes of up to 31% on that profit. Instead, Miller told the Internal Revenue Service and the state that Monrovia had forced him to sell the property under threat of eminent domain. That allowed him to shelter the profits from capital gains taxes for more than two years before he had to reinvest the money. But there is a problem with Miller's claim: Monrovia officials say that Miller sold the land willingly and that they didn't threaten to force him to sell." Miller "claimed the same exemption in two subsequent Fontana property transactions, allowing him to continue sheltering his profits from the Monrovia sale. And in each of those cases, the purchasers say eminent domain, which allows a government agency to force a sale if it's in the public interest, was neither used nor threatened."

Pelosi Blames Several International Crisis's On "Failure Of US Leadership." In an informal interview with the New York Times Magazine (8/13, Solomon) House minority lead Nancy Pelosi was asked if the GOP would get a boost if President Bush "produces Osama bin Laden the night before the election." Pelosi responded, "Well, that won't do it. That's five years too late." Asked. "What if he and his strategists use the Israeli-Hezbollah war to divert the public's attention from Iraq," Pelosi replied, "This doesn't help him. This is again a failure of U.S. diplomacy and leadership in the world. Look at this: the North Koreans are testing nuclear missiles, the Iranians are going nuclear, the Somalis are going militant, Iraq is a disaster, the Israeli-Palestinian situation is explosive and now we have the Lebanon situation. It's been a failure of U.S. leadership all around."

Federal Pay Outpacing Private Sector. The Cato Institute's Chris Edwards in an op-ed in The Washington Post (8/13, B7, 748K) writes, "We've often heard that civil servants forgo higher private-sector salaries in order to serve the nation selflessly. Many federal bureaucrats are indeed hard-working, but new statistics show that they are anything but underpaid." Edwards adds, "The Bureau of Economic Analysis released data this month showing that the average compensation for the 1.8 million federal civilian workers in 2005 was $106,579 -- exactly twice the average compensation paid in the U.S. private sector: $53,289."

Jeb Bush, Michael Bloomberg Laud NCLB Reforms. Florida Governor Jeb Bush and New York Mayor Michael R. Bloomberg in a op-ed in The Washington Post (8/13, B7, 748K) write, "The No Child Left Behind Act of 2001 sent an enormously important message to politicians and educators across America: Stop making excuses for low student achievement and start holding your schools accountable for results." Bush and Bloomberg write. "Florida and New York City are leaders when it comes to accountability in education. We have set high expectations for all students, and in key grades we have eliminated social promotion. … We grade schools based on student performance and growth so that parents and the public, as well as school administrators, know which schools are working well and which are not." They add, "Our emphasis on accountability is a big reason our schools are improving, our students are performing at higher levels and we're closing

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the achievement gap between poor and minority students and their peers."

Mann And Ornstein Book Excoriates Congress. In a review of Thomas Mann and Norman Ornstein's "The Broken Branch: How Congress Is Failing America And How to Get It Back on Track," for the Washington Post (8/13, BW7, 748K) Robert Kaiser writes, "The authors are members of what, sadly, may be a disappearing breed in Washington: independent-minded, knowledgeable experts whose concern for process is stronger than their desires for particular outcomes. … Their account of the recent decline of Congress, and particularly the House, is scathing but difficult to dispute. They blame a poisonously partisan division in both houses and in the country for much of today's congressional bickering and irrelevance. Partisan warfare led Republicans to cater to 'the base,' the country's most conservative Republicans, which explains the House's bizarre agenda in July."

Outsourcing Debate Loses Steam. Daniel Gross in his column in The New York Times (8/13, 1.21M) writes that the offshore outsourcing "debate flared after the annual Economic Report of the President was issued in February 2004, just as the Democratic presidential primaries were heating up and payroll job growth was sluggish. Answering reporters' questions about a section of the report on trade, N. Gregory Mankiw, then the chairman of the White House's Council of Economic Advisers, made a statement that would be utterly unobjectionable if uttered in a classroom at Harvard, where he taught before joining the Bush administration and to which he has returned." Goss adds, "The crux of it was this: "outsourcing is just a new way of doing international trade. … Outsourcing has yet to make a significant appearance in this year's political campaign. The furor surrounding the practice seems to have subsided quickly once the ballots were tallied in November 2004."

Pension Bill's Merits, Excesses Analyzed. The New York Times (8/13, 1.21M) editorializes that the pension reform bill that Congress recently sent to President Bush to sign "is an almost perfect example of Congress's inability to do anything good without tacking on some bad accommodation for special interests. For instance, the bill sets reasonably strict funding requirements and higher insurance premiums for traditional corporate pensions. That's good." The Times adds, "But in response to intense lobbying, Congress also carved out some big exceptions for ailing airlines, notably Northwest and Delta. That opens the door for other companies and industries to demand special treatment. And by creating the perception of an uneven playing field, the bill could provide yet another excuse for companies that want to get out of the pension business completely."

OTHER NEWS:

Report: Commodities Market Keeping Oil Prices High. The New York Times (8/13, Alster, 1.21M) reports, "By now, even a casual student of current affairs can reel off plenty of reasons for high oil prices: soaring demand, dwindling supplies, conflict in the Middle East and, most recently, the partial closing of an Alaskan oil field." And "Ben P. Dell, an analyst at Sanford C. Bernstein & Company, would place another factor at the top of the list: the money that has been surging into the commodities futures markets. Mr. Dell published a report last month suggesting that a stampede of institutional investors, mainly pension funds, into commodities is actually the chief cause of the rise in oil prices, which he called 'a bubble.' The report has generated more reaction than any other oil research published by the firm in the last three years, Mr. Dell said. And not all of it has been positive."

Poll Shows Lieberman Leading Lamont 46-41. Rasmussen (8/13) reports, "In the first General Election poll since Ned Lamont defeated Lieberman in Tuesday's primary, the incumbent is hanging on to a five percentage point lead. Lieberman earns support from 46% of Connecticut voters while Lamont is the choice of 41%. … Republican Alan Schlesinger earns just 6% of the vote, down from 13% a month ago. … The telephone survey of 500 Likely Voters was conducted by Rasmussen Reports August 9-10, 2006. The margin of sampling error for the survey is +/- 4.5 percentage points with a 95% level of confidence."

Lieberman Picking Up Endorsements From GOP Figures. The Washington Times (8/13, Lambro, 88K) reports Sen. Joe Lieberman "is picking up endorsements from Republicans across the country, while the National Republican Senatorial Committee appears to be dismissing its own candidate in Connecticut's Senate race." Lieberman "is being supported by several Republican Senate candidates -- including Rep. Mark Kennedy, who is seeking an open Democratic seat in Minnesota and Safeco insurance executive Mike McGavick, who is challenging Democratic Sen. Maria Cantwell in Washington state. He also received an endorsement from New York City Mayor Michael R. Bloomberg, a Republican who is weighing a possible independent campaign for the presidency. But in a rare departure from party tradition, the NRSC, whose chairwoman is North Carolina Sen. Elizabeth Dole, said Friday that it wasn't going to waste its limited resources on Mr. Schlesinger's nearly hopeless campaign."

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Lieberman Seeks Support From Outside Connecticut. The AP (8/13, Haigh) reports Lieberman "made an unusual pitch to people outside Connecticut when he conceded the state's Democratic primary to Ned Lamont and announced plans to run as an independent. 'If you're disappointed with the ugly tone of our politics, if you're fed up with the nasty partisanship in Washington, then I ask your help, too,' said Lieberman. … The next day, Lieberman discussed his decision to run as an independent before a national audience on CNN's 'Larry King Live.' Lieberman's plea to voters beyond Connecticut comes as many Democratic Party leaders in and out of the state are abandoning the three-term incumbent and publicly endorsing Lamont. Several have urged Lieberman to withdraw from the race."

Lieberman Urged To Drop Out. In his column for the Los Angeles Times (8/13, 918K) Jonathan Chait writes, "The longer Sen. Joe Lieberman's reelection campaign in Connecticut goes on, the harder it gets to detect any rationale for his candidacy that's persuasive to anybody who isn't Joe Lieberman. … It has stopped being a battle for the soul of the Democratic Party and become a battle for Lieberman to keep his prestigious job. If the ideas that he professes to value above all else are really his highest priority, he should drop out of the race."

Lieberman's Loss Seen As Invigorating His Campaign. The Washington Post's Jim Hoagland (8/13, B7) writes, "In response to his humiliating defeat in the state's Democratic primary, the genial Lieberman finally got angry and got going. In non-concession speeches Wednesday morning, Lieberman showed the passion and focus that had been lacking in his somnolent primary campaign. And he found the enemy he needs to make a successful run as an independent in November."

Senate Democrats' Abandonment Of Lieberman Noted. In a "Week in review" piece for the New York Times (8/13, 1.21M) Mark Leibovich writes that Lieberman "has many 'good friends' among Senate Democrats, a point that's been jack-hammered home in recent days by all the colleagues who have lined up to tout their fondness for him — usually right before they declare, in so many words, that they want him to lose to a man most have never met."

Antiwar Democrats Likened To "Movement Conservatives" Of The '60s and 70s. In another "Week in review" piece for the New York Times (8/13, 1.21M) Sam Tanenhaus writes that the Lamont-Lieberman race "offers an intriguing twist in the history of insurgency that has shaped the identities of both parties over the last several decades. Some commentators have portrayed the bloggers who led the charge against Senator Lieberman as the ideological descendants of the left-wing Democrats who nearly brought the party to its knees in the 1960's and 70's. But in strategic terms they resemble more closely the 'movement conservatives' who transformed the Republican Party from 1955 to 1980, when it rose to dominate American politics. Like the current Democratic insurgency, the conservative movement was driven by activists who combined journalism with partisanship."

The Los Angeles Times' Gregory Rodriguez (8/13) writes, "Ned Lamont's Democratic primary victory Tuesday in Connecticut has given liberals hope that they can leverage the debacle in Iraq to catapult themselves back into power. And that may very well come to pass. Yet, ironically, what's good news for liberal candidates may not be such good news for liberalism. Why? Because the same quagmire that created this electoral opportunity has also forged a political climate that can't support liberalism's true goal: using government for the common good."

Lieberman's Call For "Civility" Seen As Campaign Template For McCain Or Clinton. The Washington Post (8/13, A4, Balz, 748K) reports that the Lamont-Lieberman race is "an intriguing laboratory for what might emerge in the 2008 presidential campaign. Will Lieberman's campaign prove to be a forerunner for a message of civility and bipartisanship that emerges nationally in 2008, or simply be remembered as an obsolete refrain from a politician living in an idealized past and that serves only to deepen partisan divisions?" Sen. John McCain "despite his recent efforts to make himself more attractive to party conservatives and Bush loyalists, has asked more than once whether voters in 2008 will be looking for a candidate with the attributes he has long exhibited: independence and a willingness to work across party lines." Sen. Hillary Rodham Clinton, "a polarizing figure by any measure, nonetheless has spent much of her six years in the Senate developing a record of cooperation with Republican senators that she could take to the voters in 2008, should she decide to run for president." The Post adds that Sen. Evan Bayh and former Virginia governor Mark Warner "have been testing themes that include lowering the temperature of political rhetoric."

First Lady To Appear At Several Fundraisers Next Week. The Houston Chronicle (8/13, Mason, 535K) reports, "You know the fall campaign season is off and running now: First lady Laura Bush is back in the game with a series of fundraisers starting this week. With public approval ratings higher than her husband's, the first lady is always a big political draw. This week she headlines fundraisers in Chicago; St. Louis; Lexington, Ky.; Kettering, Ohio; Dayton, Ohio; and Fairmont., W.V."

St. Louis Event Noted. The St. Louis Post-Dispatch (8/13, 300K) reports Laura Bush "will be in St. Louis on Monday to attend a national Republican Party fundraising event at the Clayton home of Sam and Marilyn Fox. … Sam

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Fox, founder and chairman of the Clayton-based Harbour Group, is among the most prominent and prolific donors to various Republican groups and candidates. Mrs. Bush is expected to be in the area for about two hours, a party spokeswoman said."

Chafee-Laffey Race Said To Share Dynamics Of Connecticut Democratic Primary. The New York Times (8/13, Zernike, 1.21M) reports, "One of the most liberal Republicans in the Senate," Sen. Lincoln Chafee "finds himself in a tight primary against Stephen Laffey, a populist Republican who is backed by a national conservative group and is traveling the state in a bright yellow RV proclaiming himself the 'Rhody Reformer.' The Rhode Island primary is the flip side of the battle between Senator Joseph I. Lieberman and Ned Lamont just across the state line, in Connecticut. Mr. Chafee is fighting for his survival because he voted against the Iraq war — the only Republican to do so — and has distanced himself from President Bush so much that he declined to vote for him in 2004, declaring that he would write in the first President Bush as a symbolic protest. Both campaigns show how a far flank of the party can shape a race, even in a place like Rhode Island, where Republicans are a minority; the record in a Republican primary here is about 45,000 voters, and most people expect short of that on Sept. 12. They also indicate the peril of being a moderate in a polarized year."

Kean Works To Keep Race's Focus Away From Bush And National Issues. The Washington Post (8/13, A4, Babington, 748K) reports that the race between Sen. Robert Menendez and Tom Kean Jr. "appears likely to turn on whether voters see Washington or Trenton as the capital more in need of a shake-up." Menendez "is trying to make the election a referendum on President Bush, and especially the president's Iraq war policy." Kean, "wants to keep the focus on taxes, state ethics, New Jersey's Democratic-run government and Menendez's ties to it. As much as any race this fall, theirs will test whether Republicans in tossup and Democratic-leaning states can shift enough attention from Bush's low popularity to preserve their congressional majorities. Polls suggest the race is about even, and if Kean can stay close or ahead, his keep-it-local strategy may inspire Republicans in other states as Nov. 7 draws near."

Democrats Criticize Steele For Offering Differing Assessments Of Iraq War. The Washington Post (8/13, C5, Mosk, 748K) reports Maryland Lt. Gov. Michael S. Steele "has again found himself facing objections for words uttered while campaigning for U.S. Senate. This time, the subject was the Iraq war, which the Republican candidate discussed last week with reporters and editors of the Frederick News-Post. The newspaper's State House bureau chief asked: Has the war been successful? Mr. Steele argued that it has. … State Democratic Party chairman Terry Lierman pounced on Steele's statements, noting that when the lieutenant governor spoke anonymously with reporters in Washington last month, he presented a different take on the war. 'Three weeks ago, the anonymous Steele said Bush should 'admit mistakes' in Iraq,' Lierman said. 'But this week, when talking to a newspaper in Maryland's Republican heartland, Michael Steele repeats GOP bromides about success in Iraq.'"

Swift Boat Vets Target Murtha. The Los Angeles Times (8/13, Levey, 918K) reports, "Two years after a cadre of veterans helped sink the presidential campaign of Sen. John F. Kerry (D-Mass.), they have found a new target in the old steel country of southwestern Pennsylvania: Democratic Rep. John P. Murtha. In a fight that organizers say will feature rallies, TV ads and an aggressive Internet campaign, these activists are promising to make Murtha pay for his criticism of the Iraq war. 'I will do my best to 'Swift boat' John Murtha,' retired Navy Capt. Larry Bailey said at a recent news conference here."

Taylor Uses Specter Of "Speaker Pelosi" In Attacks On Shuler. The AP (8/13, Whitmire) reports, "Facing a strong re-election challenge from Democrat Heath Shuler, veteran Republican Rep. Charles Taylor is going after a candidate who gets an 'F' from the National Rifle Association and a perfect score from a leading abortion-rights group. But that's not Shuler, a former NFL quarterback who hopes his pro-gun and anti-abortion positions appeal to swing voters and social conservatives alike in this mountainous district in western North Carolina. Instead, Taylor's target this summer is Minority Leader Nancy Pelosi, the California congresswoman who has emerged as a 'boogey-woman' of sorts for Republicans campaigning this year on the idea that Democrats can't be trusted with control of the House. … For Taylor, it is so far the only issue the eight-term incumbent is talking about."

Antiwar Activists And Crawford Locals Attend Barbecue Together. The AP (8/13, Brown) reports, "War protesters extended the olive branch to their new neighbors in President Bush's adopted hometown by hosting a barbecue Saturday — and a few even showed up. … Locals have been angry since a man bought five acres last month on behalf of peace activist Cindy Sheehan, who said no one in the area would have sold her any property. Anti-war demonstrator Jim Goodnow said he was glad some area residents — roughly half a dozen — visited the new protest site."

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Bush Family's Interest In Backgammon Noted. The Washington Post, in its "Reliable Source" column (8/13, D3, Argetsinger, Roberts) reports, "The Bush family's obsession with backgammon is 'really serious,' according to George P. Bush : 'One of the most-read books in our family is "Backgammon for Blood." The 30-year-old son of Jeb Bush says in the new issue of Men's Vogue that his grandparents, former president George H.W. Bush and his wife, Barbara , run a 64-person, single-elimination tournament for extended family and friends at the Bush summer home."

AIDS Crisis Urgency Wanes. The Washington Post (8/13, A1, Vargas, 748K) in a front page article reports, "Twenty-five years ago, when the disease was a mystery, gay men were the face of AIDS, scared and outraged that it seemed nobody else cared as they died. They got organized, protested, demanded treatment. Today, however, the epidemic's public face is also heterosexual and, disproportionately, people of color." The Post report adds, "National and local health-care officials say they fear gay men have 'gotten collectively numb' about the epidemic. Some gay rights groups, the Human Rights Campaign and the Gay Men's Health Crisis among them, say a generational gulf has emerged."

U.S. AIDS Rate Unchanged, Despite Global Downward Trend. The Washington Post (8/13, A7, Brown, 748K) reports, "The number of people in poor countries taking AIDS drugs — about 1.4 million — rises by tens of thousands every week. The spread of AIDS in Africa seems to have peaked. Three countries there — Uganda, Kenya and Zimbabwe — report declining HIV prevalence, largely thanks to changes in people's behavior. Even in India, considered AIDS's ticking time bomb, efforts to defuse the epidemic are paying off in some places." The report adds, "The number of new HIV infections in the United States has been about 40,000 a year for the past decade and a half. It has not budged — not with new drugs, new prevention strategies or new administrations."

Inner Cities Seen As Domestic War Zones. The City University of New York's David Kennedy in an op-ed in The Washington Post (8/13, B1, 748K) writes, "The United States is losing the war in Iraq; more specifically, Philadelphia is. This war is at home, in the city's 12th Police District, where shootings have almost doubled over the past year and residents have spray-painted "IRAQ" in huge letters on abandoned buildings to mark the devastation." Kennedy adds, "It is a story being repeated up and down the East Coast and across the nation. … The federal government must return to its role as a real partner in conquering crime by providing funding and crafting effective approaches to key problems, such as drug markets, the methamphetamine epidemic, domestic violence, gangs and prisoners' reentry into their communities. We should learn from the true successes of the past decade."

U.S. Population To Hit 300 Million Mark. The Los Angeles Times (8/13, 918K) editorializes that the U.S. in on the verge of a significant milestone, "the arrival of the 300 millionth living human inhabitant of the United States, projected by the U.S. Census Bureau to occur in mid-October. We say 'arrival' because he or she may achieve that distinction not by drawing breath on U.S. soil but by arriving from somewhere else." The report adds that according to the U.S. Census Bureau "an international migrant arrives in this country every 31 seconds. On the other hand, a baby is born in the United States every seven seconds. That leads experts to believe that No. 300 million is likelier to enter the population data base the old-fashioned way, with a slap and a scream."

Lebanon Accepts Ceasefire Resolution As Violence Continues. The situation in the Mideast was described in a negative light as the violence continued despite Israel and Lebanon's signals that they would agree to the terms of the UN cease-fire resolution. Major papers' front page stories noted the violence in their lead sentences. ABC Evening News (8/12, 2:50, lead story, Berman) reported that "it could be a week before international forces arrive. This did not look like a nation on the brink of a cease-fire." Israel Foreign Ministry Spokesman Mark Regev: "By cleaning out the area today, we're making it easier for the international force and the Lebanese Army to do its job tomorrow." Avila: "John Berman in Beirut tonight where Monday looks like a long ways away."

The CBS Evening News (8/12, story 3, 3:00, Assuras, 7.66M) reports that "both Israel and Hezbollah have signaled their willingness to end their hostilities in Lebanon, saying they will adhere to Friday's security council resolution, but Israeli troops pushed further into Lebanon today." CBS (Pizzey): "This is why the cease-fire has to work -- all this Lebanese boy did was be too close to the target of an Israeli warplane." (explosion). After describing how both sides are continuing to fight while declaring they will abide by the cease-fire resolution Pizzey concludes, "that means there has to be a full U.N. force and many foreign and Lebanese troops in between the two sides, and nobody knows when that's going to happen so a timetable is very much in the minds of the people who set up the resolution, it's not very realistic on the ground."

Similarly NBC Nightly News (8/12, story 4, 3:00, Savidge, 9.87M) reported, "Even as they pledged peace, both sides waged war in southern Lebanon. " After describing the latest casualties NBC concluded that "for many here in Lebanon tonight, Monday seems a long way off."

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In a front page article, the Washington Post (8/13, A1, Cody, Moore, 748K) leads, "Hezbollah and the Lebanese government accepted a U.N.-declared cease-fire with reservations Saturday night, but the war wore on with Israeli airstrikes, Hezbollah rocket attacks and expanded ground fighting." Also, while "the Lebanese government…unanimously accepted the U.N. resolution," there were "reservations expressed by Hezbollah's cabinet ministers." Israeli Deputy Prime Minister Shimon Peres "said Israeli military forces were expanding operations in southern Lebanon because 'the timetable permits it and there's an impression that Hezbollah controls the situation,'" adding "after the expected cabinet approval of the resolution Sunday, he believed that there was 'a fair chance' that a cease-fire would be imposed by the end of the week." In contrasts, "in an interview with Israel Radio One broadcast Saturday, Secretary of State Condoleezza Rice said she expected major hostilities to end within 'a day or so.'" She added, "there will continue to be, I'm sure, some skirmishes. … But hopefully the large-scale violence can stop." The Post notes, "the continued warfare indicated that the month-old conflict was unlikely to stop immediately despite Friday's U.N. Security Council resolution."

In a front page story, the New York Times (8/13, A1, Kifner, Myre, 1.21M) initially focuses on the Israeli military action, noting, "it was still unclear when the major military thrust ordered by Mr. Olmert, apparently with American approval only hours after the Security Council vote, would end." Meanwhile, "Hezbollah leader, Sheik Hassan Nasrallah, went on television to charge that 'nothing had changed' since the resolution, but conditionally pledged to abide by a cease-fire once it came into effect." The Times does not report Lebanon's acceptance of the ceasefire resolution until the sixth paragraph. The Times did not mention Rice's statements at all.

The AFP (8/13, Milikin) notes that Secretary Rice's "remarks appeared to confirm the widely held view that the wording of the UN resolution, and the notable absence of a demand for an 'immediate' end to the fighting, was designed to give Israel a final chance to weaken Hezbollah and occupy additional terrain in southern Lebanon prior to a truce. The Los Angeles Times (8/13, Wallace, Wilkinson, 918K) also didn't report on Rice's statement. It noted that while Israeli Foreign Minister Tzipi Livni "said her country's forces would halt their northward drive Monday, Israel's top military commander promised to fight Hezbollah militants there for at least another week. The AP (8/13, Frayer, Ghattas) reports, "Israel was determined to batter Hezbollah until the end" and "the big expansion of Israel troop strength prompted Hezbollah's leader, Sheik Hassan Nasrallah, to declare the fight far from finished and likely to get worse." The AP (8/13), McClatchy Newspapers (8/13, Rosenberg, Fadel), and the Washington Times (8/13, Mitnick, 88K) also cover this story.

Hezbollah Downs Helicopter. The AP (8/13, Rabinowitz) reports, "Nineteen Israeli soldiers were killed Saturday during an expanded offensive in Lebanon, the army said, making it the highest one-day toll for the Jewish state since the war against Hezbollah erupted." The military added "that a five member crew of a downed helicopter was missing and feared dead" after it "was shot down by Hezbollah guerillas." Hezbollah claimed carried on its al-Manar TV "that the helicopter was brought down by a new missile, the 'Waad' (Arabic for Promise) in the guerrilla arsenal."

Annan Announces Time Ceasefire Will Take Effect. The AP (8/13) reports that U.N. Secretary-General Kofi Annan announced "that he had been in touch with Prime Ministers Fuad Saniora of Lebanon and Ehud Olmert of Israel to discuss the exact time and date when the cessation of hostilities called for by a U.N. Security Council resolution will enter into force," and "that a cease-fire in the Hezbollah-Israel fighting will take effect at 8 a.m. Lebanese time (1 a.m. EDT, 4.03M) Monday."

Bush Praises Lebanese For Agreeing To Cease-Fire. NBC Nightly News (8/12, story 5, 3:00, Siegenthaler, 9.87M) reported, "Lebanon's prime minister received a phone call today from President Bush, praising the Lebanese government for giving its approval to the U.N. cease-fire. But the crisis in the Middle East is just one of the issues that could have a political impact in the U.S." NBC (Corke): "A senior White House official tells us tonight a second U.N. resolution, one that could establish a framework for how best to execute a ceasefire, could go before the U.N. Security Council perhaps by the end of the week."

Bush Urges World Leaders To "Turn Words Into Action." The AP (8/13, Pickler) reports, "President Bush on Saturday urged world leaders to turn the words of a Mideast cease-fire deal into action," telling the "international community to turn words into action and make every effort to bring lasting peace to the region," as part of "a written statement issued by his aides while he was bike riding on his Texas ranch." According to Frederick Jones, spokesman for the National Security Council at the White House, during a phone call with Lebanese Prime Minister Fuad Saniora "The president stressed the need to dismantle Hezbollah's state within a state in order to build Lebanese democracy" and "expressed his view that Iran and Syria were arming Hezbollah in order to exert unwanted influence over Lebanon."

In contrast, in a separate article the AP (8/13, Frayer, Ghattas) reports that after the call "the White House issued a statement declaring the administration was determined to vanquish the hold of Hezbollah — and that of its Syrian and Iranian benefactors — on the south."

US Policies, Image Said To Have Suffered From Conflict. In an analysis piece, the Washington Post (8/13,

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A10, Wright, 748K) reports, "the future of the Middle East may be markedly different," as well "the image of the United States." Interviews with a range of former U.S. officials and Middle East analysts reveal that "the Bush administration's struggle against terrorism and its campaign for democracy" are among the "big losers" from the is conflict. This is "despite marathon diplomatic efforts." For "the past three weeks, Rice devoted 90 percent of her time to the Lebanon crisis, aides said. In coordination with U.N. Secretary General Kofi Annan and France, she worked through the last three issues, all tricky -- the amount of military firepower a U.N. force can use to maintain peace, the status of the disputed Shebaa Farms region, and the sequence of Israel's withdrawal -- right up to the last minute Friday" to create a resolution that "Many diplomats said…was a masterful blend." However, analysts say that the "prolonged negotiations widely perceived in the Arab world as deliberate to allow Israel to pursue its military agenda -- with U.S.-manufactured weaponry" have "badly battered" the US's image abroad. In fact, "the big winner may be Hezbollah leader Hasan Nasrallah," as his organization is "widely seen in the Arab world as having achieved its second victory against Israel."

The AP (8/13, Gearan) adds that the ceasefire "will not do much to improve the image of America in the Arab world. This war is widely viewed as a joint U.S.-Israeli venture that slaughtered innocents and wrecked homes, roads and businesses in a fragile democracy the Bush administration has said it supports." The conflict "heightened anti-U.S. sentiment in the region," and "the terms of the peace deal may only reinforce twin perceptions in the Arab world: The United States did too little too late to rein in Israel and end the fighting, and friendship with the United States is worth little because the United States will back Israel no matter what, foreign policy analysts said."

The McClatchy Newspapers (8/13, Bengali, Nissenbaum) notes, "the month-long war in Lebanon appears likely to end with Israel's military campaign falling short of its goals and Hezbollah's cause strengthened," as, "by refusing to bend to the region's mightiest armed force, the Shiite Muslim militant group looks stronger in the eyes of its backers Iran and Syria. And it may be less likely to give up its weapons as Israel, the United States and many in Lebanon have urged."

Olmert, West Bank Withdrawal Said To Be Hurt By Conflict's Outcome. The New York Times (8/13, A1, Erlanger, 1.21M) reports in a front page analysis that Isreali Prime Minister Ehud Olmert "and his defense minister, Amir Peretz, have been wounded by the perception that they mishandled the war and were overly reluctant to commit sizable ground forces when there was enough time to accomplish the government's stated goals." The "move to greatly increase…ground forces in Lebanon…has two goals: to damage Hezbollah as much as possible and to conclude the conflict with something that could be called a victory for an Israeli government under domestic pressure." Now, "the plan to hand over more territory in the West Bank to a Hamas-led Palestinian Authority that could use more sophisticated rockets to hit Tel Aviv is now being dismissed as folly by many in the center, not just on the right." Also, "Israelis…fear there has been damage done to their relationship with the United States, where some may complain that the Israelis were given time to clobber Hezbollah and did not get the job done."

Conflict Exposes Problems With Israel Military. The Los Angeles Times (8/13, Wilkinson, Chu, 918K) reports that the conflict "has exposed serious deficiencies in the Jewish state's formidable fighting machine and the strategies that underpin it, unleashing repercussions that will shake the political establishment for a long time to come." While "Israel was accustomed to defeating the Arab armies that challenged it," Hezbollah "presented Israel with a different enemy and a different war. Neither the Israeli military's traditional skills as a modern armored force nor its ability to battle Palestinian militias has proved sufficient against the highly motivated, well-armed Hezbollah army." Israel's "acutely embarrassing military shortcomings" are due "to several factors, including reluctant politicians, faulty intelligence, poorly trained and equipped reservists, terrain that is virtually impassable for heavy tanks, and rusty fighting tactics."

Skeptical Israelis Said To Expect Another Conflict. An AP (8/13, Laub) analysis notes "The U.N. terms will buy temporary calm, but make the next war between Israel and Tehran's proxy army inevitable, former Israeli Foreign Minister Silvan Shalom and some military analysts warned." Israeli counterterrorism expert Boaz Ganor added, "Iran can easily reactivate Hezbollah for its own political needs, particularly if it were to be attacked by the West over its nuclear weapons ambitions." However, "Israeli leaders defended the deal against growing skepticism -- and got a little help from U.S. Secretary of State Condoleezza Rice. The deal, she told Israel TV in a telephone interview, 'really does enhance Israel's security.'"

Countries Volunteer For Peacekeeping Force. The AP (8/13, Doland) reports, ""France and Italy, along with predominantly Muslim Turkey and Malaysia, signaled willingness Saturday to send troops for a beefed-up U.N. peacekeeping force in southern Lebanon, but consultations are still needed to hammer out the force's makeup and mandate." Analysts say "France would be well-suited to lead such a force, given its diplomatic success in acting as go-between in negotiations involving the United States and Lebanon," and add that "by leading a peacekeeping force with a large European presence, France could strengthen its own role in the Middle East."

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Shebaa Farms Said To Be Important To Lasting Cease Fire. The McClatchy Newspapers (8/13, Schofield) reports, "Any lasting Israeli-Hezbollah cease fire will have to address the fraught question of who owns 14 abandoned orchards, pastures and mini-farms on the Syrian-Lebanese border with Israel known as Shebaa Farms." Although "even Israelis say Shebaa Farms' strategic value is minimal, no one in the region is giving away any bargaining chips these days."

Protesters Gather In Washington, Other Cities, To Rally Against Mideast Violence. The New York Times (8/13, Pear, 1.21M) reports, "Thousands of people rallied near the White House on Saturday to protest what they described as Israeli aggression in Lebanon and the United States' unwavering support for Israel." This "contrasted with the sentiment in Congress, where support for Israel is overwhelming and bipartisan." Besides addressing the conflict, "Several speakers at the rally criticized Mr. Bush for mentioning the religious background of those arrested this week in a plot to blow up airplanes flying from Britain to the United States." Former attorney general Ramsey Clark "drew cheers when he said, 'We have a solemn obligation to impeach President Bush.'" He "also advocated the impeachment of Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld." The Washington Post (8/13, A10, Dvorak, Samuels, 748K) notes, "By Washington standards, yesterday's event did not equal protests that swelled with hundreds of thousands of participants." The Post also noted "about two dozen counter-protesters."

The Los Angeles Times (8/13, Rohrlich, 918K) adds, "more than a thousand people who marched through downtown Los Angeles on Saturday to protest Israel's bombing of" Lebanon, "its treatment of Palestinians and the U.S. war in Iraq." Apparently "united in disdain for President Bush," various "ethnicities and age groups were represented in the peaceful protest." The AP (8/13, Metzler) notes, "In San Francisco, about 2,000 people marched in support of Lebanese and Palestinians and against the Israel military action," although "Several hundred counter-demonstrators gathered to show their support of Israel, waving American and Israeli flags."

Lebanese Convoy Hit By Missiles Thought It Had Clearance. In a front page story, the Washington Post (8/13, A1, Shadid, 748K) reports, "Nearly everyone has now departed the Christian town" of Marjayoun. "Most… left Friday in a harrowing convoy of hundreds of cars that plied a moonlit road and was attacked by Israeli aircraft. Six people were killed and more than 30 wounded." They "were told the convoy had permission, but the Israeli military said that although a request was made for safe transit, it was never granted. It said it had mistaken the cars for Hezbollah guerrillas transporting arms." The New York Times (8/13, Tavernise, 1.21M) adds, "Israeli planes have been striking Lebanese civilians since the beginning of the war," but "Friday's strike still came as a shock: the convoy was more than 500 cars long and included a town mayor, an entire Lebanese Army unit and its own ambulance."

WPost Ombudsman Defends Paper's Photos, Agrees Revised Deaths Need More Attention. Washington Post (8/13, B6, 748K) ombudsman Deborah Howell writes, "Photos and civilian casualties, especially out of Qana in southern Lebanon, were two recent hot buttons." However, "Post photo editors are cautious about Middle East photos" and "My review of war photos published in The Post didn't show any obvious manipulation." Others "complained…that 'The Post had a blaring headline about Israel's killing . . . Lebanese in Qana. When that number was reduced by more than half, the Post 'buried' the information.'" Howell agrees that "readers were right that the new, much lower number should have been high in the story or under a separate headline." However, "David Hoffman, assistant managing editor for foreign news, disagrees. He said the casualty count was pushed lower in the story on deadline to make room for other, later news."

Rice Said To Be Responsible For Dealing With Difficult Crisis. James Mann, author in residence at Johns Hopkins University's School of Advanced International Studies and author of "Rise of the Vulcans: The History of Bush's War Cabinet," writes in an op-ed in the Washington Post (8/13, B1, 748K), "Secretary of State Condoleezza Rice now faces the biggest crisis of her career. America's role in the Middle East is in danger of falling apart," and "her political future and vision of U.S. foreign policy as a transforming force in the Middle East hang in the balance." However, "nothing she has done quite prepares her for this role," where the "chances of lasting success in the Middle East rest upon different skills: hard diplomacy, the shrewdness to craft a long-term strategy and the flexibility to make compromises that square with her proclaimed ideals." During "the outset, she stumbled badly in her rhetoric," and there are still "many risks inherent in her current predicament." Rice "is in charge of U.S. diplomacy at a time of great upheaval -- and she will be held responsible for its failures." Currently "the Middle East is Condi's war -- and so far, she isn't winning."

Qatar Foreign Minister Explains Arab Opposition To Ceasefire Plan. The Washington Post (8/13, B3, 748K) publishes parts of an interview with Hamad Bin Jasi m al-Thani, foreign minister of Qatar. He said that the Arab League criticizes the proposed ceasefire because "We would like it to be a workable resolution," and "if the Lebanese government went to enforce it, they would have problems and we might see a civil war again." He doesn't "think it's the right thing to let the government of Lebanon start by taking Hezbollah's weapons. It has to be done, but is now the right moment? I don't think so." As for the US, it "needs a more balanced policy between their obligations to the Israelis and

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to their other friends in the region." Also, Iraq is "a mess and not curable soon."

Journalist Says Syrians Turning To Hezbollah. Rhonda Roumani, a freelance journalist in Damascus, writes in an op-ed in the Washington Post (8/13, B4, 748K), "Lubna is a thoroughly secular Muslim" who "embodies 'the new Middle East' of Condoleezza Rice's dreams. Except she isn't sure that she wants any part of it." Syrians "feel forced into a corner, made to choose between a U.S. plan for a 'new Middle East' that seems to show little respect for Arab lives and Arab ways and an Islamic-led resistance that could eventually turn against them at home," and even "secular Syrians of the art-gallery-and-democracy crowd are turning their sympathies toward the Islamic militant movement Hezbollah." Lubna says the possibility of peace "is gone" and "it's the United States's fault, because it didn't demand an immediate cease-fire in Lebanon."

Wpost Says Ceasefire Resolution Gives Opportunity For Peace. The Washington Post (8/13, B6, 748K) editorializes, "By holding firm on key points in United Nations negotiations, the Bush administration has given diplomacy at least a chance to work in Lebanon," but "it would be risky to bet on a smooth implementation." Israel needs to "accept and honor the spirit of the resolution, ceasing air attacks in Beirut, freezing its new ground offensive and responding only to direct provocations." And if Hezbollah decides "it can accept and ignore the terms," then "it will be up to Lebanon's government, the United Nations and the European nations expected to supply troops to prove the militia wrong."

LATimes Says Ceasefire Serves US Interests. The Los Angeles Times (8/13, 918K) editorializes that the peace resolution is "a major achievement" and "a serious effort to defuse a conflict that had become a humanitarian catastrophe," that, if it works, "not only would prevent further loss of innocent life, but would address what President Bush called the 'root cause' of this unexpected and unexpectedly bloody conflict: Hezbollah's creation of its own state within Lebanon." It also helps the US, as "continued violence in Lebanon would further demonize Israel and the United States in that country, with its large Shiite population, and complicate U.S. relations with other Arab nations as well. Far from advancing the campaign against what Bush calls 'Islamic fascism,' a prolonged war, with possible Syrian and Iranian involvement, would have thrown that effort into confusion. In serving the cause of peace, the United States has served its own interests as well."

Some Question Iranian Dissident As He Tells US "Hands Off." The Los Angeles Times (8/13, Watanabe, 918K) reports that Akbar Ganji, a former member of the Revolutionary Guards and "one of Iran's leading journalists and dissidents, has come to California to deliver what may seem a counterintuitive message: Leave Iran alone." He feels "that U.S. military intervention and funding of dissidents would only give the Iranian regime an excuse for further crackdowns," arguing instead that "the most promising path to democracy in the Middle East…is to resolve the Israeli-Palestinian conflict and eliminate the poverty, desperation and despotic governments that he said have allowed extremism to flourish." However, some of the Los Angeles population of Iranians "S still view Ganji with suspicion for his early involvement with the Ayatollah Ruhollah Khomeini's Revolutionary Guards and question his reformist credentials." There are questions as "how a political prisoner could manage to issue writings from jail — and after release, obtain a visa and embark on a global tour. Other critics accuse him of cooperating with the Islamic regime's persecution of dissidents in the revolution's early years."

Chavez To Visit A Reportedly Healing Castro. The CBS Evening News (8/12, story 5, 0:10, Assuras, 7.66M) reports, "Venezuela's President is planning to visit the ailing Fidel Castro in Havana tonight on the eve of Castro's 80th birthday. Officials say today the Cuban leader is walking and talking almost two weeks after undergoing intestinal surgery."

ABC Evening News (8/12, 0:20, story 5, Avila) reports, "And from Cuba today, news about Fidel Castro's health. Cuba's official newspaper, 'Gramma,' says Castro is walking, talking and working after intestinal surgery last month. Castro's 80th birthday is tomorrow. His ally, Hugo Chavez says he'll deliver there to deliver a gift and a cake."

NBC Nightly News (8/12, story 7, :20, Siegenthaler, 9.87M) reported, "Fidel Castro, turning 80 years old tomorrow, will be receiving a visit and a cake from his good friend, Hugo Chavez, the president of Venezuela. Richard Alarcon, the number three man in Cuba, tells NBC news that Castro is so anxious to get out of the hospital, he is following orders for the first time in his life, from his doctors."

The Washington Post/AP (8/13, A15, Snow) reports, "Fidel Castro is sitting up, walking and even working a bit on the eve of his 80th birthday, Cuba's official Communist Party newspaper said Saturday, two weeks after intestinal surgery forced the Cuban leader to step aside as president. The article in the Granma newspaper -- though brief -- was the most detailed statement Cuba's government has issued since Castro announced July 31 that he was temporarily ceding his powers to his younger brother Raul, No. 2 in the government."

Observers Analyze "Tiny Scraps" For News Of Castro. The Los Angeles Times (8/13, Williams, 918K) reports, "Kremlinology has come to the tropics. Rumor-mongering and reading of tea leaves have filled the void in the absence of any solid information about who's really calling the shots in Cuba two weeks after Fidel Castro delegated leadership duties to his 75-year-old brother and

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underwent surgery for intestinal bleeding. Cuba-watchers, cultural figures and politicians throughout North and South America have been left to scrutinize tiny scraps of news and commentary coming out of Havana to try to glean what they might signify for the future of a country that for nearly 48 years has been defined by one man."

Castro's Legacy Scrutinized. The Los Angeles Times runs a package of four columns under the label "Castro at 80," keyed to Fidel Castro's 80th birthday. In these columns, the writers comment on Castro's legacy and speculate about the future of Cuba and of Latin America's leftist movements.

Rand Political Scientist: Castro Not A Communist. In an op-ed in the Los Angeles Times (8/13, 918K), Edward Gonzalez, Rand Corp. adjunct political scientist, writes, "What prompted Castro's premeditated turn to Moscow? Clearly, his was a preemptive, calculated move that sought to guarantee the long-term survival of his revolution in anticipation of U.S. economic sanctions and possible armed aggression. But this explanation begs the more basic question of whether Castro was a crypto-communist who early on was bent on creating a socialist revolution and joining the Soviet bloc. The answer comes from Carlos Rafael Rodriguez, a member of the Cuban Communist Party's political bureau who spoke to me in his private office at party headquarters in Havana late at night on Aug. 14, 1967." Gonzalez says that Rodriguez told him "Castro had been neither a communist nor a socialist when he came to power in 1959, and added that 'even today, Fidel is not a communist.'" Gonzalez adds, "What Rodriguez was hinting at was that Castro was really a fidelista — a radical revolutionary who sought maximum political power through permanent struggle with his enemies, but who lacked a well-formed ideology."

Castro's Letters Show Him As "Idealistic Young Revolutionary," "Pitiless Dictator." In an op-ed in the New York Times (8/13, 1.21M), Ann Louise Bardach reprints excerpts from letters that Fidel Castro wrote when he was in prison in the 1950s. The letters were later published in a book, to be release in English next year. Bardach writes that he excerpts she publishes "are striking in that they reveal both the idealistic young revolutionary of 1953 and the pitiless dictator he would become over the following half-century."

Castañeda Sees End Of Latin American Left's Revolutionary Wing. In an op-ed in the Los Angeles Times (8/13, 918K), Jorge Castañeda, Mexico's former foreign minister, writes that until Castro's 1959 revolution, "the left was populist or Marxist, but in any case moderate; it had abdicated revolutionary ambitions." After that revolution, "the Latin American left was sundered by endless debates and tensions between its reformist, social democratic, peaceful components and its revolutionary, radical, often violent members." Castañeda adds, "With Castro's fading, the hemisphere's revolutionary school loses its inspirational leader. No possible successor — neither Raul at home nor Chavez abroad — could ever dream of replacing him in this context. … Historians can argue whether injecting the idea of revolution into the Latin American left was a good or bad idea half a century ago. But today, it would seem that putting an end to the revolutionary chapter in the left's history can only make it stronger, more modern and competitive; in short, more democratic."

Chavez Is Latin America's Emerging "Boogeyman." In a Los Angeles Times (8/13, 918K) op-ed, Daniel P. Erikson, senior associate for U.S. policy at the Inter-American Dialogue, opines, "There's no question that" Venezuelan President Hugo Chavez "has sufficient leverage in Cuba to potentially influence the choice of the island's next leader — and his blessing will certainly be crucial to the next Cuban government's success or failure. Whether he will wield his influence is unknown, and Cuba, of course, is a sovereign nation. But Washington's worry that he will clearly reverses the conventional wisdom of only a few years ago, when the Venezuelan leader was seen as a creation of Castro." Erikson adds, "Over the last several years, the U.S. has elevated Chavez's stature from that of a strictly Venezuelan political phenomenon to one of a continental menace whose maneuverings are responsible — correctly or not — for every development that goes against Washington's interests. He, not Castro, is the presumed hemispheric boogeyman behind Latin America's burgeoning left-wing movements." Erikson also notes, "Castro's template for Latin American leadership has captivated the Venezuelan leader since his earliest days in power. Chavez has learned from Castro how to build a virtually indestructible power base at home while winning friends and admirers around the world."

Gates Foundation Faces Challenge In Spending Buffett Money. The New York Times (8/13, Strom, 1.21M) reports, "Although it has long been the largest grant-making foundation in the nation, the Bill and Melinda Gates Foundation is facing an unparalleled challenge: how to give away more money — and do it much faster — than it ever has before. … For tax reasons, starting in 2009, the foundation must give away every nickel that he contributed in the previous year." Over "the next two years, the foundation plans to double its staff to about 600 people to handle the additional money, said Cheryl Scott, the foundation's new chief operating officer, and it is building a new headquarters complex in Seattle." The organization "has said it intends to continue to focus its philanthropy on education and global health while adding a new area, global development, to help the poor in third world countries."

African "AIDS Grannies" Assemble In Canada. The New York Times (8/13, Altman, 1.21M) reports on a Canadian conference for African "AIDS grannies," who flew to Canda "for a four-day gathering that ends Sunday with a

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march to the opening of the 16th International AIDS Conference. The gathering, which brought the African women together with about 200 Canadian grandmothers (very few of them dealing with AIDS in their immediate families), is believed to be the first large one dedicated to helping grandmothers cope with the AIDS pandemic." The Times writes, "Although 40 percent to 60 percent of orphans in some African countries live in households headed by grandmothers, these women have received little financial or other support." The Times said the African grandmothers, from 11 countries, "attended workshops on topics like counseling to help them understand and support children coping with the loss of their parents; helping orphans deal with depression, frustration and stress; building resilience in children and grandmothers; and counseling about the 'put-down syndrome,' which the orphans experience when they are constantly told they are inferior or lazy."

Sri Lanka Sees "Worst Fighting" Since Ceasefire. The New York Times (8/13, Senanayake, 1.21M) reports, "In the worst fighting since a 2002 cease-fire, ethnic rebels advanced toward Sri Lanka's strategic Jaffna peninsula on Saturday as government jets bombed rebel positions and truce monitors were told to stay away. The military said it had lost 27 soldiers and killed 100 rebels. No casualty figures were offered by the rebel Liberation Tigers of Tamil Eelam. The group's spokesman said its troops had broken through the government's northern forward defense line at Muhamalai, effectively dragging the long-ravaged Jaffna peninsula back into the thick of war."

Early in the morning, the AP (8/13) reports, "Tamil Tiger rebels have offered to renew peace talks," and Palitha Kohona, chief of the government's peace secretariat say the government accepts the offer. He added, "The offer came two days ago, and the government is still prepared to talk despite Saturday's assassination."

Obrador Calls For Dismissing Almost 4% Of Mexico's Votes. The AP (8/13, Stevenson) reports that Andres Manuel Lopez Obrador "wants votes from nearly 5,000 polling places thrown out, a top aide said Saturday, amid signs that a partial recount won't change enough results to swing the election his way." While "the tribunal hasn't released any official results from the partial recount…local media reported that variations of only a few thousand votes have been found, far short of what Lopez Obrador would need to overcome a 244,000 vote deficit." Although "parties involved in the recount say elections officials have found extra ballots in some ballot boxes, and in other cases have failed to account for all blank ballots distributed to polling places," some experts suggest "the so-called 'missing ballots' might be due to people who kept voting sheets, rather than using them to vote, and said 'extra' ballots might have been transferred from nearby polling places."

Critics Say Mexican Town Failed To Properly Investigate Women's Murders. ABC Evening News (8/12, story 6, 2:10, Rooney) reports, "Since 1993, there have been almost 400 murders of women in Juarez, a lot. A t least 90 were similar. Young factory workers, their bodies dumped in fields or the desert, sometimes in groups. Investigations were so incompetent that some mothers believed the police may have actually been involved." ABC (Rooney): "Now the prosecutor for the state of Chihuahua, a woman, says she's re-opening more than 100 cases."

Hayek Says US Should Help Investigate Murders. ABC Evening News (8/12, story 7, 1:40, Avila) interviews actress Salma Hayek, who says, "They're all poor women. Why? Because, I think unfortunately, around the world, these lives are not valued with the same strength as if it was somebody that -- that, I don't know, was the daughter of somebody important. In America, a girl disappears…everybody gets shocked and offended and appalled. … I know a lot of the families of the victims. And sometimes they don't even have money to bury them." She "says Mexican police need forensic and investigative help from the United States because 15 years of unsolved murders is unacceptable."

Brazilian Criminal Group Flexes Muscle With Crime Wave. The New York Times (8/13, Rohter, 1.21M) reports, "The powerful criminal group whose street battles with the police paralyzed this metropolis three months ago has begun a new series of attacks, mocking government efforts to reduce its influence, alarming citizens and igniting a partisan political dispute. The new offensive, which began this week, has killed far fewer people than the more than 180 left dead in May. But the number and variety of targets chosen is larger: more than 200 sites in a score of cities and towns, including government offices, banks and police and bus stations." The group claiming responsibility, First Capital Command, "is a prison-based network that in the past has used such shows of strength as a bargaining chip to demand better conditions for its estimated 10,000 members behind bars."

Hazing Trial Exposes Old Russian Military Problem. The New York Times (8/13, Myers, 1.21M) reports on an ongoing trial against a Russian sergeant accused of stomping on a private's ankle. It would have been "an unremarkable instance of" Russian military hazing, but the private "suffered injuries that resulted in infection, then in the amputation of his legs and genitals and finally in a public scandal." The Times adds, "By the military's own count,

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disputed as conservative, 16 soldiers were killed by *dedovshchina* [hazing] last year, while an additional 276 committed suicide."

Late Russian Bioweapon Scientist Aided West. In an op-ed for the Los Angeles Times (8/13, 918K), former NYTimes reporter Judith Miller commemorates the "death of Lev S. Sandakhchiev, an extraordinary 70-year-old Russian scientist who until last year had led the former Soviet Union's most terrifying center of viral research." Sandakhchiev, who died in June, "made a courageous decision" in the 1990s by admitting his lab's work on bioweapons. Doing so "allowed him to preserve his institute and stop his scientists from being recruited by Iran and other germ weapon-hunting states and terrorist groups," but he also needed the funds provided by the "underappreciated" Cooperative Threat Reduction program, which needs more money: "Spending just $50 million to $70 million more over five years would help Russia consolidate and safeguard its pathogens in about a dozen new repositories, benefiting both nations' biosecurity."

Kristof Says Negotiating With "Brutal" Regimes Can Be Effective. In his column in the New York Times (8/13, 1.21M), Nicholas Kristof writes, "Vice President Dick Cheney's approach — often paraphrased as, 'we don't negotiate with evil; we defeat it' — has hobbled foreign policy over the last six years. It let North Korea outmaneuver us and made progress in the Middle East impossible." Kristof says President Clinton and President "Bush offer us a nice test case of alternative approaches to dealing with rogue regimes -- engagement and deal-making in the case of Mr. Clinton, and confrontation and isolation in the case of Mr. Bush. So let's look at how well each approach worked." Kristof assesses their record on North Korea thusly: "[Z]ero new nuclear weapons under Mr. Clinton, and enough plutonium for 10 weapons under Mr. Bush: that's a fair indication of which approach works better." Saying "[t]here simply is no substitute for engaging directly, even with brutal regimes," Kristof writes, "with the Middle East in crisis, let's hope that Mr. Bush will try direct negotiations with Syria and even Iran."

Brooks Suggests Outside Influence On Cultures Is Limited. In a column in the New York Times (8/13, 1.21M) David Brooks cites "The Central Liberal Truth," by foreign aid worker Lawrence E. Harrison. Brooks writes that in this book, "Harrison takes up the question that is at the center of politics today: Can we self-consciously change cultures so they encourage development and modernization? Harrison is writing about poverty, but this is incidentally a book about the war on terror, and whether it is possible to change culture in the Middle East and the ghettos of Muslim Europe." Brooks adds, "Harrison and a team of global academics…concluded that cultural change can't be imposed from the outside, except in rare circumstances. It has to be led by people who recognize and accept responsibility for their own culture's problems and selectively reinterpret their own traditions to encourage modernization." From here, Brooks concludes, "If Harrison is right, it is no wonder that young Muslim men in Britain might decide to renounce freedom and prosperity for midair martyrdom. They are driven by a deep cultural need for meaning. But it is also foolish to think we can address the root causes of their toxic desires. We'll just have to fight the symptoms of a disease we can neither cure nor understand."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

Hezbollah OKs Truce; Israel Pushes North
Border Agents: 'We're Never Going to Stop Them, Never'
Official's Tax Break: on Firm Ground?
Lebanon's Renewal Is Dashed in Weeks
Gen-Xers Haul RVs Out of the Slow Lane

New York Times:

After U.N. Accord, Israel Expands Push in Lebanon
Israel Seeks Hint of Victory
Tracing Plots, British Watch, Then Pounce
Panel Suggests Using Inmates in Drug Trials
Bill Gates's Charity Races to Spend Buffett Billions
Tensions: Many Muslims in Britain Tell of Feeling Torn Between Competing Identities
Accounts After 2005 London Bombings Point to Al Qaeda Role From Pakistan
News Analysis: In Wake of News, a Plan: Uniting Party and President
Carry On: My Liquid-Free Flight Abroad
Former Iraqi Officials Named in Graft Inquiry
Hazing Trial Bares Dark Side of Russia's Military
Grandmothers From Africa Rally for AIDS Orphans

Washington Post:

Cease-Fire Accepted; Fighting Unlikely to End
U.S. Acted With Speed, Secrecy
Young Muslim Rage Takes Root in Britain
A Town Forever Changed
D.C. Gay Group Battles 'AIDS Fatigue'
War Grinds On
Built Too Tall in Fairfax

Washington Times:

Israel strikes hard ahead of cease-fire
Standing guard
Spy cameras fail to focus on street crime

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Bush urges quick action on Lebanon resolution

Atlanta Journal-Constitution:
FBI experts trawl Web for pedophiles
Next up in unsolved Yates case
4th District: No stoppin' Johnson
Brothers focus of terror probe

Dallas Morning News:
Billionaire backs youth teams
Romo solid for Cowboys in 13-3 preseason win
3 arrested in Michigan; family, friends deny terror ties
Local walkers, bikers win on new trails
Old Grapevine neighborhood gets new life
El Paso left with flood questions, some little else

Houston Chronicle:
Israel moves deeper into Lebanon as truce nears
Development may change look of Rice Village
For Legislature, raiding earmarked funds routine
Teen body clocks, early class schedules don't mix
Some question response to six Houston slayings
Culberson wants rail along Southwest Freeway

Story Lineup From Last Night's Network News:
ABC: Lebanon Conflict Intensifies, U.K. Sky Terror Plot Connection, U.S. Baghdad Security, Liquid Bomb Threat, Castro Health, Mexican Crime Wave
CBS: UK Plane Bombing Plot, UK Plane Bombing Suspects, Mideast Violence Continues, US Baghdad Security, Chavez Visits Castro, US Airport Security, Air Force Pilot Heart Valve
NBC: US-UK Disagreement Over Timing Of Terror Arrests, DHS Aviation Security Efforts, US Airport Security, Ceasefire In Lebanon, Middle East, Terrorism And Polls, US Troops Killed In Iraq, Castro Update, Muslims In America, Alaska Oil Pipeline Leak

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH – Arrives The White House via Marine One. South Lawn.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Aug. 10 - 14. ANIMAL RIGHTS 2006 _ Animal activists from across the country gather to mark the 25th anniversary of the animal rights movement. Guests include musician Moby; cartoonist Dan Piraro (``Bizarro''); and Greenpeace co-founder Paul Watson. Highlights: 7:30 p.m. Moby, musician and animal-rights advocate, receives In Defense of Animals Guardian Award. Location: Hilton Mark Center, Alexandria, Va. Contacts: Alex Hershaft, 301-530-5683.

3:50 p.m. MCCARRICK-LEBANON _ Cardinal Theodore E. McCarrick, former Archbishop of Washington, returns from a trip to Lebanon. Location: Aboard Air France Flight 24, Washington Dulles International Airport. Contacts: Mark Adkinson, 301-853-4515.

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USDOJ- Office of Public Affairs

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Subject:	Attorney General's News Briefing for Saturday, August 12, 2006
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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, AUGUST 12, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Administration Remains On Alert As Plane Bomb Plot Probe Continues....3
Arrests Raise Questions About Focus Of Bush Counterterrorism Efforts....5
Some Tie Bomb Plot Suspect To Al Qaeda, UK Disagrees....6
Concerns Raised About Home Grown Threat....7
Judge Rejects Defense Request To Delay Hamas-Funding Trial....8
Medical Examiners Present Conflicting Testimony At Passaro Trial....8
Italian Authorities Detain Dozens Suspected Of Links To Terrorist Financing....8
US Embassy In India Warns Of Bomb Threat....9

Homeland Response:

US Officials Say Air Travel Is Safe, But Experts Note Security Gaps Remain....9
State Department To Issue Smart-Chip Passports Despite Privacy Concerns....13
Subway Searches Are Upheld....13
Terror Suspects In US Bought Multiple Cell Phones....13
Suspicious Package Is Cleared in DC....13
Louisiana Treasurer Pledges Not To Squander Federal Hurricane Aid....14
Ashcroft Emerges As Top Homeland Security Lobbyist....14

War News:

General Pace Refuses To Rule Out Troop Cuts....14
US Ambassador To Iraq Links Iran To Militias....15
Sunni And Shiite Clerics Lament Deaths....15
Audit Criticizes Bookkeeping In Iraq....15
Released Iraq Hostage Recalls Plight....15
Three Americans And One Canadian Killed In Afghanistan....15
Government Rests In Passaro Beating Case....15
Whistle Blower Says He Would Still Reveal Abu Ghraib Crimes....16
Kyrgyz Cleric Is Killed In Shootout....16
Lessons From Hezbollah Are Suggested....16
Amnesty For Insurgents Is Recommended....16
Congressman Campbell Says US Is Now Fighting "World War IV."....16

Corporate Scandals:

SEC Probing CEC Stock Options....16
Former Grand Juror Pleads Guilty To Bristol-Myers Leak....17

Criminal Law:

Former Interior Dept. Employee Pleads Guilty To Accepting Gifts From Abramoff....17
Judge Reinstates Two Of Three Gotti Racketeering Charges....17
BetOnSports Suspends Online Gambling Services In US....17
Gadsden Officials Among Three To Plead Guilty To Conspiracy....18
Louisiana Man Sentenced For Fraud....18
New Jersey Man Pleads Guilty To Fraud....18
Iowa Man Sentenced For Child Pornography....18
DOJ Declines Prosecution Of Former Head Start Chief....19
Louisiana Man Charged With FEMA Fraud....19
Judge Rules Fletcher Cannot Be Prosecuted While In Office 19

Civil Law:

Federal Judge Throws Out Suit Over Budget Bill Error....20
Unabomber's Possessions To Be Auctioned....20
Navy Halts Efforts To Photograph Sunken Ship....20
Columnist Notes The Vulnerability Of Information Stored By Search Engines....20

Civil Rights:

Mississippi Jail Report To DOJ Conflicts With Two Beatings 21

Native Americans Fight Redskins Name 21
4th Circuit Reinstates Racial Bias Suit Against Spa 21
Judge Invalidates Maryland's Early Voting Law 22

Antitrust:

Two Antitrust Suits Filed Against Biomet 22
Deregulation Of Broadband Said To Have Been A Success . 22

Environment:

Proponents Of ANWR Drilling Cite Problems With BP Oil Line 22
NOAA Restricts Fishing Off California Coast 24
Drought Causing Inflation Of Food Prices Spares Some US Regions And Crops 24
EPA Announces Agreement To Recover Mercury From Junked Vehicles 24
EPA Building Houses Controversial Depression-Era Murals . 24

FBI/DEA/ATF/USMS:

Mueller Appoints Morrow Pittsburgh SAC 24
FBI Agents Testify Against Former El Paso SAC 25
Advocates Of Legalizing Drugs Criticize DEA Effort To Link Drugs With Terrorism 25
Final Maryland Arson Defendant Pleads Guilty 25
ATF Probing Pipe Bombs Attached To Cars In Oregon 25

Congress-Administration:

Two New 10th Circuit Judges Sworn In 26
New White House Travel Policies Limit Media's Access To Bush 26
Bush Job-Approval Rating Falls To 33% In New AP-Ipsos Poll 26
Bush Schedules Meetings With His Top Advisors Throughout Next Week 27
Nicholson Announces Two New York City Hospitals Will Stay Open 27
Report Finds SCHIP Contributed To Decline In Percentage Of Uninsured Children 27
Podhoretz Book To Analyze Bush's Role In "World War IV." ... 28

Other News:

Stock Markets Close Lower To Cap Losing Week 28
Fed Rate Hikes Seen As Helping To Bring Down Housing Market 29
Vioxx Whittles Down Litigation Caseload 29
Small Firms Fuel Silicon Valley Resurgence 29
Antiwar Democrats Compared To Reagan Conservatives Of The '70s 29
Conservatives Said To Have Maintained "Adversarial" Mindset 30
Most Of Lieberman's Primary Supporters Seen As Unwilling To Back Lamont 30
Mayor Enters Race To Succeed DeLay As Write-In 31
Jefferson Attracts Twelve Challengers 31
Ehrlich Hopes Close Ties With Prince George's Exec Will Boost His Reelection Campaign 31
Sheehan Hospitalized For Dehydration And Exhaustion 31
WSJournal Celebrates Twenty-Fifth Anniversary Of Reagan Tax Cuts 31
NYTimes Denounces Automatic Calls Distorting Connecticut GOP Reps' Records 32
UN Reaches Agreement On Mideast Cease Fire Resolution 32
Both Sides Continue Fighting In Anticipation Of Cease Fire .. 34
Paulson Urges China To Demonstrate "More Flexibility" Regarding Yuan Appreciation 37
Thousands Rally In South Korea To Oppose Transfer Of Wartime Command 37
US Revises Immigration Policy For Cubans 37
Oaxaca Protestors Release Hostages 37
AIDS Conference To Feature Clinton And Gates 38
China Endures Powerful Typhoon 38
Greenland Icecap Said To Be Melting Faster Than Previously Assumed 38

The Big Picture:

Headlines From Today's Front Pages 38

Washington's Schedule:

Today's Events In Washington 39

DOJ_NMG_0046836

TERRORISM NEWS:

Administration Remains On Alert As Plane Bomb Plot Probe Continues. Top Administration officials' role in the investigation of the plane bomb plot and its response to the continuing threat received significant attention in the national media, although much of the credit for the discovery was credited to British and Pakistani intelligence. The network news devoted 13 stories totaling over 30 minutes to new details of the investigation and airport security measures as the coverage shifted from President Bush's response to that of Administration national security officials.

ABC World News Tonight (8/11, lead story, 2:25, Ross, 8.78M) reported, "US authorities said today they're keeping their guard up in case of follow-on or copy cat terrorists." DHS Secretary Michael Chertoff: "There are other people out there who are terrorists or terrorist sympathizers. So, I'm not prepared to let my guard down." Ross: "US law enforcement sources tell ABC News more than 200 FBI agents have been searching for people connected to the plot here in the US with nothing found, so far at least, according to White House counter-terror official Fran Townsend, who appeared on 'Good Morning America.'" Homeland Security Adviser Fran Townsend: "There is no indication of plotting. But of course we would be remiss if we weren't looking for connections between individuals here in the US and the plotters in the UK. There are leads that the FBI is running."

The CBS Evening News (8/11, story 2, 1:45, Smith, 7.66M) reported, "Homeland Security Secretary Michael Chertoff said today there is no evidence that any terrorist based in this country played a role in the Transatlantic terror plot." CBS (Martin) added that "most critical evidence was discovered about ten days ago when British intelligence agents secretly broke into one residence and found the bomb-making material." Meanwhile, Chertoff "made clear today devices precisely like these have never been seen before." Secretary Michael Chertoff: "They're going to reengineer what they've done. We're going to see how that differs from things we've known about and how it's the same." Martin: "The so-called sneak and peek job which uncovered the bombs was the beginning of the end game for of an investigation which began with a tip from a member of Britain's Muslim community in the wake of last summer's subway bombings.

The AP (8/12, Jordan) reports, "Federal investigators are pursuing leads in the United States related to the foiled plot to blow up flights from Britain but so far have found no evidence of terrorist activity, Bush administration officials said Friday." In an interview White House homeland security adviser Frances Fragos Townsend said, "We operate on the assumption that we don't have everybody. … I never, and I don't think anybody else in this business ever assumes when you take a case down that you've gotten everybody. … I think it's pretty clear that in this case, we don't have everybody."

The AP (8/12, Quinn, Haven) reports, "Investigators on three continents worked to fill in the full, frightening picture Friday of a plot to blow U.S. jetliners out of the Atlantic skies, tracking the money trail and seizing more alleged conspirators in the teeming towns of eastern Pakistan." While the FBI were investigating possible leads in the US, Chertoff "said Friday nothing significant had emerged. 'Currently, we do not have evidence that there was, as part of this plot, any plan to initiate activity inside the United States or that the plotting was done in the United States.'"

The Washington Times (8/12, Webb, 88K) reports, "Arrests of young Muslims in a terrorist plot to blow up U.S.-bound passenger jets soared yesterday, with Pakistan and Italy rounding up dozens of suspects. Britain froze bank accounts of 19 of 24 persons arrested a day earlier."

McClatchy Newspapers (8/12, Hutcheson, Schofield) adds that "U.S. officials downplayed the danger to travelers." But while "U.S. and British officials expressed confidence in the new airport security measures, they also warned about the possibility of copycats or spin-off operations." At Ronald Reagan Washington National Airport Chertoff said, "There are other people out there who are terrorists and terrorist sympathizers. … We want to make sure there are no copycats, no one who is inspired by this."

British Surveillance Key To Stopping Plot. NBC Nightly News (8/11, story 2, 2:25, Williams, 9.87M) reported, "British investigators were monitoring Internet cafes the terror suspects used, keeping tabs on the flow of their money and watching their travel and phone calls. Such tight control, US officials say, that after months of intense surveillance there was almost no chance any of the plotters could have carried out their attacks." US Attorney General Alberto Gonzales: "In

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this particular case, the British government made the calculation now is the appropriate time to take action." Williams: "Since 9/11, US officials have aggressively courted the Muslim community here knowing that kind of a tip could be essential. Just today, the head of the FBI's Washington office met with Muslim leaders to encourage that type of cooperation." Joseph Persichini, Jr., FBI: "That power coupled with all of us together will strengthen this nation as best as we possibly can." Williams: "But while investigators believe they arrested or identified all involved overseas, they cannot be certain."

US Terrorist Monitoring Programs Aided In Investigation. The role of the Administration's terrorist monitoring programs in the investigation has received little attention in the media. NBC Nightly News (8/11, lead story, 3:20, Myers, 9.87M) noted, "Intelligence sources say another key break was that the US intercepted communications between the plotters in Pakistan and Britain. Intelligence sources say while some received explosive training in Pakistan, there is no evidence they met with any senior al Qaeda commanders there."

Manhunt Continues For Additional Suspects In Plane Bomb Plot. NBC Nightly News (8/11, lead story, 3:20, Myers, 9.87M) reported that "intelligence sources tell NBC News an intense manhunt is underway for five suspects, and there are concerns that at least 20 other suspects involved in this plot may still be at large. Today teams swarmed homes of the suspects and the British government took the extraordinary step of releasing the names of 19 of the 24 arrested and also froze their assets. One suspect was later released."

Devastating Bomb Attack Plot May Have Been Scheduled For Next Week. The CBS Evening News (8/11, lead story, 3:10, MacVicar, 7.66M) reported, "This is the day investigators believe the plotters would have tested their plan, taking flights from Heathrow with their bomb components." Will Geddes, security consultant: "They were to undertake a dry run exercise today, and then follow through, if successful, with the actual attack being implemented next week." MacVicar: "That's how close this attack came, less than seven days before the would-be terrorists planned to board as many as ten US-bound jumbo jets and destroy them in mid-flight. Security sources tell CBS News the group also discussed detonating their bombs as the planes flew over American cities, maximizing casualties in the air and on American soil."

NBC Nightly News (8/11, story 2, 2:25, Williams, 9.87M) reported, "Had it actually happened it would have involved, at its core, two commonly available chemicals, brought through security individually and mixed on board. Experts have little doubt that if done right, it would have worked to potentially devastating effect." Neal Langerman, chemical explosives expert: "It could be very dangerous on a plane. If they mixed it, it would ignite and most likely detonate instantly upon mixing." Williams: "Explosive experts say it could have caused a severe fire or even worse, blown a big enough hole to bring down a jumbo jet. But it never got that far.

UK Threat Level Remains At Highest Level. The Financial Times (8/12, Sherwood, Blitz, Sevastopulo) reports, "UK Home Secretary John Reid "said the threat level following Thursday's terror alert would remain at critical -- the highest level -- as investigations continued." And "British police are expected on Friday to request permission to hold the suspects for up to 28 days without charge, under new anti-terrorism powers that came into force last month." The Washington Post (8/12, A12, Anderson, Knickmeyer, 748K) reports similar details.

DOJ Considers Possible Charges Against British Suspects. The Washington Post (8/12, Anderson, Eggen, Anderson, 748K) reports, "At the Justice Department, prosecutors have debated and identified possible criminal charges that could be filed against the suspects because they were targeting U.S.-bound flights. One official said they would defer to British prosecutors in the case but wanted backup options for the United States in case their London counterparts encountered problems."

Political Implications Of Plane Bomb Plot Examined. The Washington Post (8/12, A6, Vandehei, 748K) in an article titled "Whose Issue Is Terrorism?" reports, "The aggressive Democratic response to this week's foiled terrorist plot reflects a widely shared view among party strategists that intensified attacks against President Bush represent the best chance to offset" the GOP's image as being more tough on national security. As the elections approach many Democrats are attempting "to simultaneously express skepticism about Bush's Iraq war policy and project a message of resolve and strength against terrorism." Democratic strategists "also concluded that voters want clarity, which has been elusive for Democrats. Democrats remain divided on many terrorism-related issues, but the twin calls for a new approach in Iraq and the implementation of the Sept. 11 panel's recommendations represent efforts to

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find common ground." And some Democrats are concerned because Iraq war critics like Senate candidate Ned Lamont, Sen. Russell Feingold and DNC Chairman Howard Dean will be highlighted on Sunday's talk shows. Meanwhile, Bush's top political adviser Karl Rove has already "telegraphed that national security issues would be the foundation of the 2006 GOP strategy." For example "yesterday, drawing a clear link between Iraq and terrorism, Bush condemned the deadly bombing in Najaf." He "has not commented on most previous terrorist strikes in Iraq."

Similarly, the Los Angeles Times (8/12, Wallsten, 918K) reports, "Party strategists said they had steered clear of such loaded language in similarly sensitive cases out of fear of stirring up voters on an issue that, since 2001, has largely helped Republicans. But Democrats said they were determined now to maintain their criticism through the November elections, citing public anxiety over the Iraq war and other foreign policy challenges that might, for the first time in three election cycles, lessen the GOP advantage." It "is a direct response to surveys showing that Republicans hold only a marginal lead over Democrats when voters are asked whom they trust to keep the country safer."

Democrats Accuse Cheney Of Politicizing National Security. In a related story the AP (8/12, Sidoti) reports, "Senate Democratic leaders on Friday accused Vice President Dick Cheney of playing politics with terrorism and contended that voters won't buy Republican arguments that the GOP is stronger on national security." Senate Minority Leader Harry Reid said, "The American people simply do not recognize any validity in what they're saying." But White House spokesman Tony Snow responded, "It sounds to me like Senator Reid is trying to accuse us of politicizing while he, himself, is politicizing the issue. … The comments that this administration has been making, including me, have been aimed at simply trying to get people to think seriously about, How do you achieve the goal of winning the war on terror? When you're in a war, the goal should not be how to get out. It should be how to win and then to get out."

House GOP Lawmakers Believe London Terror Plot Will Boost Support For Border Security. The Wall Street Journal (8/12, Lueck, 2.03M) reports, "The London terror plot is already having an impact on Congress's contentious effort to overhaul the nation's immigration system, with House Republicans saying it strengthens their call for beefing up border security before permitting any increases in legal immigration." Rep. Curt Weldon said, "It's just going to reinforce the House position, which is that we have to first of all shut down the borders and get control of the problem of illegal immigration."

Arrests Raise Questions About Focus Of Bush Counterterrorism Efforts. The Los Angeles Times (8/12, Richter, 918K) reports, "The trail of evidence in the British terrorism investigation is leading to an uncomfortable question for the Bush administration: Is Pakistan — and not Iraq, Afghanistan or some other country — the central front in the war on terrorism?" It "serves as a reminder that one of the administration's leading allies in the region is also host to some of its worst enemies. It also is igniting a debate on whether the administration's effort to support Pakistani President Pervez Musharraf has done enough to stem Islamic radicalism in a country whose citizens are among the most strongly anti-American in the world."

Despite Government's Efforts, Pakistan Still Source Of Terrorism. A front page story in the Washington Post (8/12, A1, Linzer, 748K) reports, "U.S. and European officials described Pakistan yesterday as the hub of a plot to down transatlantic flights." Also, "U.S. intelligence analysts say they believe that the principal remaining leadership of al-Qaeda is hiding in Pakistan" and that "the number of extremists inside the country may be on the rise and elements of Pakistan's intelligence services remain sympathetic to their cause." While "the British government portrayed Pakistan's cooperation as vital in undoing the alleged bombing conspiracy…some U.S. officials said that five years after the Sept. 11 attacks, they are far from countering, or even understanding, the level of threat emanating from Pakistan's lawless regions and bustling cities." Pakistan's government is "portraying itself as a reliable ally against terrorism," and "insisted that the conspiracy was centered in neighboring Afghanistan."

The Wall Street Journal (8/12, A5, Solomon, 2.03M) adds that Pakistan "remains a principal center for terrorist training globally, say intelligence and counterterrorism officials in the U.S., Central Asia and Middle East," and it "is a nexus for extremist Islamic groups, many of which grew out of militant groups active in Kashmir." In fact, "many counterterrorism officials say Islamabad's failings against terrorism stem from its continuing attempt to differentiate between al Qaeda and the Kashmir-focused groups it has trained to fight against India for decades. Letting these

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groups flourish inside Pakistan, say counterterrorism officials, has served as a magnet for self-starting militants."

The New York Times (8/12, Sengupta, Shane, Rohde, 1.21M) notes that Pakistan's president, Gen. Pervez Musharraf's, exhibiting "the country's importance as a front-line ally in the global war against terror" is "a tacit acknowledgment of what a nexus Pakistan remains for would-be terrorists from halfway across the world." While "the Pakistani government was swift to describe its latest efforts in nabbing the would-be plotters as a testament to Pakistan's 'commitment' to fighting terrorism," the arrests "seemed to indicate that terrorist training camps remain active" and "again raised the question of whether Pakistan is doing enough to rein in terrorist groups operating on its soil." Still, "Western experts acknowledge that General Musharraf…must tread carefully in his efforts against terrorism" so "the administration is reluctant to do anything that might add to the pressure on the Pakistani president."

The AP (8/12, Pennington) notes, "Talat Masood, a former Pakistani general, said the developments show that officials are cooperating in the war on terror, but also send another message." Masood said, "It has pluses and minuses. The minuses are that it shows many active terrorists have links with Pakistan and people are visiting Pakistan for this purpose."

Foiled Plot Shows Al Qaeda Still Needs To Be "Reckoned With." AFP (8/11, Mannion) reports, "A foiled plot to bomb US-bound airliners over the Atlantic shows Al-Qaeda remains a force to be reckoned with five years after it shocked the world." AFP acknowledges "some doubt" about Al Qaeda's involvement, but "senior administration officials said the plot to blow up as many as 10 airliners over the Atlantic almost simultaneously bears the unmistakable imprint of an Al-Qaeda spectacular. ... Several suspects arrested in Pakistan have links to Al-Qaeda, according to Pakistani officials, which if proven would imply Al-Qaeda is forging operational relationships with 'homegrown' Islamic extremists in Britain." AFP adds that the perception of Al Qaeda involvement does not match statements "just a few months ago," when "administration officials" called Al Qaeda a "badly battered force."

Some Tie Bomb Plot Suspect To Al Qaeda, UK Disagrees. The CBS Evening News (8/11, story 2, 1:45, Smith, 7.66M) noted, "One of the suspected plotters was tracked to Pakistan where he apparently met with a man named Rashid Rauf, who both US and Pakistani officials say has links to al Qaeda. Rauf allegedly directed the bomb plot from Pakistan and sent at least one message urging the plotters in London to push ahead more quickly. But officials say they don't know whether Rauf was the ringleader or simply a go-between, relaying instructions from more senior al Qaeda operatives."

In a front page article, the New York Times (8/12, A1, Cowell, Filkins, Mazzetti, 1.21M) reports, "Pakistani officials said Friday that they had arrested a British-born associate of Al Qaeda," Rashid Rauf, "who appears to have been a crucial player." Furthermore, Mahmud Ali Durrani, Pakistan's ambassador to the United States, said, "There is definitely an Al Qaeda connection to this." American officials in Washington agreed "that Mr. Rauf was believed to be a principal facilitator in the plot to blow up the airliners and that he was affiliated with Al Qaeda." Also, "there were suggestions Friday that the plot uncovered in Britain may have been planned to reach to other countries. Maleeha Lodi, Pakistan's ambassador to Britain, said in an interview that the network uncovered in Pakistan had 'wider international dimensions.'" The Financial Times (8/12, Sherwood, Bokhari) notes Pakistani intelligence officials "heralded" the arrest "as the key breakthrough that helped foil" the plot.

The Los Angeles Times (8/12, Watson, Meyer, Rotella, 918K) reports, "The contours of an alleged plot to blow up airplanes over the Atlantic Ocean grew wider Friday when Pakistani authorities said that they had arrested at least nine people in the case and that one of them had admitted meeting with the reputed head of Al Qaeda's operations in Pakistan." A "link to Matiur Rehman, Pakistan's most-wanted terrorism suspect, was the strongest indication yet that Al Qaeda may have been involved in the alleged plot, although some intelligence analysts caution that any ties may be informal."

However, a front page article in the Wall Street Journal (8/12, A1, Block, 2.03M) notes there is a "gap between American and British descriptions of the bomb plot that was disrupted this week. U.S. officials have said they saw signs of an al Qaeda link, and British officials have pointedly declined to finger al Qaeda." Not only have "British officials…distanced themselves from such assertions," but "the divergent views of al Qaeda's possible involvement, as well as a host of leaks about the British takedown operation, led British officials to call their American counterparts on Thursday night insisting that U.S. officials refrain from saying anything more about the

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plot and linking it to al Qaeda, according to a British diplomat." Although "counterterrorism experts are reconsidering what they once thought they knew about al Qaeda" – once considered "on the ropes, they are starting to think it simply has changed shape and grown more complex" –"while Islamist groups in Pakistan clearly are sympathetic with al Qaeda, the relationships between them and al Qaeda's leaders are mysterious, leading to different conclusions about the meaning of such a link." Also, "some allies speculate that American officials would like to show links to al Qaeda because it could help the Bush administration's political message about the importance of fighting the war on terror."

Concerns Raised About Home Grown Threat. While security officials highlighted the continuing threat from home-grown terrorists, relatives and associates of the terror suspects in custody expressed their disbelief. This disparity received prominent attention in the media. The CBS Evening News (8/11, lead story, 3:10, MacVicar, 7.66M) reported, "All of them are British born, like Don Stewart-Whyte, who converted to Islam just a few months ago. In his home town, disbelief." Unidentified man: "He's too much of a nice guy. He got married as well less than a month ago." MacVicar: "Despite all of the benign descriptions, Britain has a real problem. The security service estimates there are 1,200 radical Muslim operatives here." Peter Neumann, Kings College: "So there is a continuing, ongoing threat, and this will certainly not be the last time that we will hear about a terrorist plot being foiled in this country." MacVicar: "That is the key reason why the terror threat level here remains at its highest – the belief that there is another lot, as yet undiscovered, more terrorists ready to go into action."

NBC Nightly News (8/11, lead story, 3:20, Myers, 9.87M) reported, "A father whose three sons were arrested was devastated, a friend spoke for the family." Unidentified man: "Anybody that knows his three children will swear on the Koran. Anything. To say they are innocent, without a shadow of a doubt. They went to pray. That is their guilt." Myers: "Counterterror officials say some members of the cell did not know each other. Sources say the common link was that each group communicated with the ringleader in Pakistan. Pakistani authorities identified the ringleader as Rashid Rauf, a British citizen whose brother was also arrested in Britain." Roger Cressey, terrorism analyst: "Rauf is not a senior al Qaeda operative but he is the type of facilitator so important for terrorist operations inside the United Kingdom."

ABC World News Tonight (8/11, story 2, 3:10, Gibson, 8.78M) reported that "we found that they are all so seemingly normal, living in working-class neighborhoods with family, with friends. Friends who believe them innocent. How did they get from such seeming normalcy to an intent to kill?" ABC (Watt) noted, "Since 9/11, more than 1,000 suspected terrorists have been arrested in Britain. Only 158 of them have actually been charged with terrorist offenses. Many Muslims distrust the police and claim they deal with the problem themselves."

The Washington Times/AP reports that a "sense of shock was repeated across the neighborhood. Residents said it is a friendly, quiet area where people respect their neighbors. Several of the suspects had lived there for many years and attended local schools." Yet "several men from the neighborhood have been linked to the Saviour Sect — an offshoot of a disbanded radical Islamist group, al-Muhajiroun, which was based in nearby Tottenham and gained notoriety for praising the Sept. 11 hijackers."

The New York Times (8/12, Fisher, 1.21M) reports that "for the moment, basic questions remain unanswered, from what connected the suspects to the more frightening issue confronting this country: what might have motivated young Britons to undertake months of planning to kill thousands?" One suspect, "Amin Tariq, 23, from Walthamstow, in London, reportedly worked as a security guard at Heathrow Airport, raising fears here that security there might have breached."

The Washington Post (8/12, A12, Partlow, Anderson, 748K) adds, "Several Muslims said they condemned any terrorist plot but were skeptical about the police investigation and evidence that tied so many seemingly normal, middle-class Muslims to the alleged plot." On the BBC Khalid Sofi, a senior member of the Muslim Council of Britain "said that British police made sweeping arrests of Muslims based on ethnic and religious profiling and used unwarranted stop-and-search procedures, and that most of the Muslims were released without being charged."

The Wall Street Journal (8/12, A1, Cummins, Mollenkamp, MacDonald, Hussain) in a front page story reports, "Many of the suspects weren't hard-up or without prospects. In March 2004, Tayib Rauf paid $189,000 in cash for a home in Birmingham, according to property records. Two months later, another suspect, Khuram Shazad Ali, paid $378,000 for a house in High Wycombe, records show. He

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was 24 at the time. The home had previously been owned by his father, a neighbor said. Three weeks after that, the Ali family bought another house a few doors down the street for $359,000. Mr. Ali's assets have been frozen by British authorities, the Bank of England said Friday. Police raided all the homes this week and are still guarding them." The Los Angeles Times (8/12, Rubin, 918K) reports similar details.

Some Blame Blair Policies For Encouraging Growth Of Home-Grown Terrorists. The Wall Street Journal (8/12, Champion, Singer, 2.03M) reports that "some hawkish American politicians may get a bounce in the polls from the bust-up of the alleged plot to blow up flights bound from Britain to the U.S. But across the Atlantic, British Prime Minister Tony Blair looks unlikely to benefit." According to experts "the foiled terror plot made public Thursday is another in a series of incidents in which the suspects are home-grown members of Britain's sizable Muslim community. These incidents have fueled the widespread belief in Britain that Mr. Blair's support for the war in Iraq and close association with President Bush -- both deeply unpopular with British Muslims -- are making the country more susceptible to terrorist attack."

UK Muslims-Fear Backlash. NBC Nightly News (8/11, story 6, 2:05, Brown, 9.87M) reported, "The terror plot in London unleashed fears of a backlash in the Muslim community there. Many are expressing concern that both their faith and lives will be judged by actions they were in no way responsible for." NBC (Ellis) added, "Muslim leaders are especially worried about the effect on Britain's young Muslims. 800,000 of them are 25 and younger." Iqbal Sacranie, Muslim Council of Britain: "If anything this is isolating further the mainstream Muslim community. You cannot target the entire community. You cannot criminalize the entire community." Ellis: "Tonight Muslims say what would help is for them to be judged individually, not in response to the actions of someone else."

US Warned Against Adopting British Counter Terrorism Policies. Juliette Kayyem a lecturer in public policy at Harvard University's Kennedy School of Government and former member of the National Commission on Terrorism, in an op-ed in tthe Washington Post (8/12, A21, 748K) warns against adopting British counter terrorism policies writing, "Immigrant groups feel themselves part of America, and our success is that we have made them feel that they have a role in the nation's destiny. Tougher surveillance, profiling or efforts that risk alienation might give us a sense that we are doing something, but the long-term legacy of such efforts could well prove self-destructive. Investing in those communities and asking for their assistance in the fight against terrorism is a smarter strategy." Kayyem concludes, "There is much to learn from the British: their reticence about disclosing details, their clear expertise in human intelligence, their non-hysterical reaction to very real threats. But how we deal with our immigrant and domestic populations is certainly not one of them."

Judge Rejects Defense Request To Delay Hamas-Funding Trial. The Chicago Tribune (8/12) reported, "Despite reports of a thwarted terror plot in London and war raging in the Middle East, the trial of two men accused of funding Palestinian extremists can continue as scheduled, a federal judge ruled Friday. U.S. District Judge Amy St. Eve told attorneys for Muhammad Salah and Abdelhaleem Ashqar that she won't postpone an October trial based on news the defense argues could prejudice jurors." The Tribune added, "St. Eve did request that defense attorneys give her more information about difficulties they said they face preparing for trial because of fighting in the West Bank and Gaza Strip."

Medical Examiners Present Conflicting Testimony At Passaro Trial. The AP (8/12, Thompson) reported that at the trial of former CIA contractor David Passaro Friday, Florida medical examiner Dr. Reinhard Motte testified that detainee Abdul Wali "probably died from injuries sustained during a beating described by soldiers who witnessed the interrogation. Several Army paratroopers testified this week they saw Passaro hit Wali repeatedly with a metal flashlight and kick him in the groin. … But after the prosecution rested Friday, a medical examiner called by Passaro's attorneys said he could not determine the cause of death based on 12 photos of Wali's body and descriptions of his treatment." The AP noted, "An autopsy was never conducted."

Italian Authorities Detain Dozens Suspected Of Links To Terrorist Financing. The CBS Evening News (8/11, lead story, 3:10, Smith, 7.66M) also noted, "In Italy today, several dozen Muslim extremists were rounded up by authorities there. What do you make of that?" MacVicar: "The arrests throughout Italy, we're told 40 people have been picked up. No one has been charged yet. They

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have been targeting Internet cafes, money transfer sites, and call centers, investigations that have been ongoing and may be linked to terror financing, including Pakistani networks."

The AP (8/12, D'emilio) adds, "The arrests in Rome, Milan, Venice, Florence, Naples and other cities on Thursday and Friday were 'part of an extraordinary operation that followed the British anti-terrorist operation,' the Interior Ministry said in a statement." Over "4,100 people were stopped for identification checks, the ministry said.

US Embassy In India Warns Of Bomb Threat.

The New York Times/IHT (8/12, Gentleman) reports that the US Embassy in India "warned Americans on Friday that foreign terrorists, possibly linked to Al Qaeda, were planning a series of bomb attacks in India's major cities in the days leading up to the nation's Independence Day next Tuesday." With "a strongly worded e-mail warning, the embassy urged American citizens living and working in India to 'maintain a low profile, and be especially alert and attentive to their surroundings.'" While "some Indian officials…were dismissive of the warning" and "officials at several other embassies, including the British and German, said they knew nothing of the threat," this "alert was unusually specific in its details on the possible timing of the threatened attack," and "the mention of a possible Qaeda link was also new."

The Financial Times (8/12, Johnson) adds, "Anand Sharma, a minister of state for foreign affairs, said the US had provided the government no separate information relating to its e-mailed warning," saying, "We have not received any formal communication from the US authorities." In contrast, the AP (8/12, Rosenberg) reports, "The warning prompted India to step up already tight security ahead of Independence Day."

HOMELAND RESPONSE:

US Officials Say Air Travel Is Safe, But Experts Note Security Gaps Remain. Air travelers in the US yesterday took the new restrictions on liquid and gels in carry on luggage in stride yesterday, and most airports experienced only limited security delays. Government officials, including Homeland Security Secretary Michael Chertoff, highlighted Transportation Security Administration efforts to improve security, but security and aviation experts still noted there were significant gaps in government and airline security. Indeed, some critics contend that US officials are focused on combating the last threat to the aviation system, to the exclusion of preparing for threats prospectively.

The Washington Times (8/12, Hudson, 88K) reports US officials "yesterday said it is safe to fly, even as the British government imposed new rules banning IPods, computers and most carry-on baggage on all flights from the United Kingdom." Secretary Chertoff "said there is no evidence linking the foiled terror plot in England to 'any plan to initiate activity inside the United States,' and that his department is looking at ways to 'reduce any additional inconvenience.'"

The New York Times (8/12, A1, Lipton, Wald, 1.21M) reports in a front page story that "a nearly obsessive focus on the previous attacks may have prevented the federal government from combating new threats effectively, terrorism experts and former agency officials say." While Homeland Security "has hardened cockpit doors and set up screening for guns and knives, it has done far too little to protect against plastic and liquid explosives, bombs in air cargo and shoulder-fired missiles, the experts say." At his news conference yesteday, Secretary Chertoff said "the department was trying to stay ahead of terrorists," but "even at senior levels of the department, there is recognition that this criticism is somewhat fair." In an interview, Deputy Secretary Michael Jackson said, "D.H.S. has to be nimble in a way most government agencies don't, and that has to be baked into our very DNA. I am impatient. I don't think we have gotten as far as we need to go. We can do more, and we can do better. And we must."

Gaps In Airport Security Remain. The networks each ran segments on airport security last night, devoting a total of ten minutes to the subject. ABC World News Tonight (8/11, story 4, 2:30, Thomas, 8.78M) reports, "Can you stop all explosives from being smuggled onto planes? Aviation experts say not now, and perhaps never. Numerous congressional investigations have shown current screening procedures and technology can still be easily defeated. Congressional critics say the government's efforts are failing." Rep. Ed Markey: "Only 10% of airports have the equipment necessary to screen passengers for explosives before they go on to planes. And unfortunately, there are too few screeners and they don't have proper training." Thomas: "Federal transportation officials have deployed 59 of these puffer devices, but only at 36 airports. The machines, at $160,000 apiece, blow air around passengers and then sensors sniff for hazardous materials. And the FBI and Department of

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Homeland Security is experimenting with this $30,000 handheld device which can identify up to 2,500 substances. But it's still only in the testing phase." Kip Hawley, TSA: "I'm very satisfied with the level of protection against explosive threats to the aircraft."

On ABC World News Tonight (8/11, story 5, 1:20, Gibson, 8.78M), ABC News consultant Richard Clarke said, "Objects that fly through the air filled with fuel are always going to be somewhat unsafe. But there are technologies available that would make them safer today than they are at most airports. It's a matter of spending more money. And the way the Federal Government pays for this is with a tax on airline tickets. We'd have to increase that tax."

The CBS Evening News (8/11, story 3, 2:10, Smith, 7.66M) reports various "security contractors have been working on detectors, like this giant CAT scanner or this small suitcase sized laser system that can identify liquids and red light hazardous ones." But "millions of tax dollars, intended for explosive detection, have been diverted to pay the salaries of security screeners."

NBC Nightly News (8/11, story 3, 2:20, Costello, 9.87M) reports while Homeland Security has "spent three quarters of a billion dollars researching new explosive detection systems, there is no reliable way to detect liquid explosives." Secretary Michael Chertoff: "Not only be able to detect, but to be able to detect with accuracy and a minimum of false positives." Costello: "The TSA has deployed 1,600 explosive detection systems to x-ray and scan bags for conventional explosives, and 7200 explosive trace detection systems in which bags are swabbed for explosives residue. But it estimates that installing the best screening systems at the 25 busiest airports nationwide will cost $22 billion and take 18 years."

McClatchy Newspapers (8/12, Boyd) reports government and private researchers "have developed a wide variety of technologies to detect explosives used by terrorists. But the systems are imperfect and can't guarantee that deadly devices won't slip through." The "drastic step of banning liquids from airline carry-on baggage after the exposure of the alleged London-based bomb plot provides vivid evidence of the weaknesses of existing detection methods."

Bloomberg (8/12, Goldsmith) reports the UK plot "exposed a weakness in aviation security and created a new focus in the war on terror: liquid explosives." The TSA ban on "any liquids or gooey substances, including toothpaste and shampoo" shows "how the threat to airplane security has moved beyond metal and guns to hidden chemical explosives, including ignitable liquids and vapors."

The Los Angeles Times (8/12, Gaouette, Schmitt, 918K) reports that with "no effective mechanisms in U.S. airports to detect liquid explosives, federal security officials are confronting a difficult choice: Wait for a technological breakthrough, or permanently impose limits on passenger luggage that would be unpopular among travelers and airlines." Because of "bureaucratic conflicts and other security priorities, no technology has emerged to detect possible liquid explosives in the screening process at airports. Some are now questioning whether airline passengers should be forced to cut back permanently on the amount of luggage they can carry onto flights to allow easier searches by hand."

AFP (8/11, Parameswaran) in a pessimistic article states, "Despite the swift disruption of an alleged plot to blow up US-bound airliners, the United States remains little prepared to combat terrorism five years after the deadly September 11 attacks." It quotes former Pentagon official Peter Brookes and pundit Michael O'Hanlon, who both "ask whether the United States has an effective strategy to keep the country safe." O'Hanlon faults the Iraq war for undermining the "long term effort to challenge Al-Qaeda and its ideology and its underlying causes."

Costs Have Limited Deployment Of More Sophisticated Scanning Equipment. The Washington Times/AP (8/12) reports that while the "process isn't perfect, scanning machines do exist to detect liquid explosives like the ones purportedly at the heart of the terrorist plot broken up this week. But don't expect the machines to be rushed into airports soon. Cost and logistical issues present challenges for these devices." Rapiscan Systems "is developing four kinds of devices -- some based on technologies more than 10 years old -- that can detect liquid or gel-based explosives." But "none is being used in the United States," and "one big reason is that it is not easy to integrate the explosive-detecting machines, some of which can cost $250,000, into existing security checkpoints."

The Wall Street Journal (8/12, Karp, 2.03M) reports companies "have developed technologies from air-puffer machines to neutron blasters that go beyond traditional X-rays to scan passengers and luggage for explosives, but lack of government funding, civil-rights concerns and cost issues have slowed their rollout in the U.S." British airport authorities,

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"meanwhile, have been more aggressive in adopting some of the newest equipment."

In a Web exclusive, Newsweek (8/12, Barrett, 3.12M) interviews aviation security expert Douglas Laird, president of the consulting firm Laird & Associates. Asked why authorities were not better prepared to deal with the threat of liquid explosives if they have been aware of the threat for over ten years, Laird said, "You would think it would be more of a priority. It's not a new threat. But we haven't been doing the research and development. Where we've gone wrong in my opinion is that when 9/11 took place, the TSA [Transportation Security Administration] was formed and 55,000 screeners were hired. And the money that had been allocated by Congress for research and development went to pay the screeners' salaries instead. We basically lost five years."

Bush Administration Said To Seek Diversion Of Funding For New Explosives Detection Technology. The AP (8/12, Solomon) reports that while "the British terror suspects were hatching their plot, the Bush administration was quietly seeking permission to divert $6 million that was supposed to be spent this year developing new homeland explosives detection technology." But congressional leaders "rejected the idea, the latest in a series of steps by the Homeland Security Department that has left lawmakers and some of the department's own experts questioning the commitment to create better anti-terror technologies."

Programs To Prevent Terrorists From Flying Not Going Well. The Wall Street Journal (8/12, Meckler, Michaels, 2.03M) reports that "increasingly, security experts think the nation needs to focus more on stopping bad people" from boarding flights rather than contraband. But US programs "aimed at identifying threatening people have been mired in controversies and setbacks including privacy protections, technology troubles and old-fashioned management fumbles." Secure Flight, "the Homeland Security program that is supposed to check passengers against a comprehensive terrorist watch list, is the most troubled. The program has been in development for three years and is nowhere close to being put into practice." The Registered Traveler program "to identify the good guys through advanced background checks and speed their trip through security so that screeners can focus on lesser-known travelers" has also "been delayed and derided in some circles as a waste of resources." A "third initiative, behavior recognition, tries to identify suspicious people at the airport. But the idea languished for years amid concerns about racial profiling."

TSA To Expand Registered Traveler Program To Twenty Airports. The New York Times (8/12, Goodnough, 1.21M) reports that at Orlando International Airport, "29,000 people…pay $80 a year to be 'registered travelers' in the program, which is currently only at Orlando. The Transportation Security Administration says it will extend to as many as 20 other airports by the end of the year." With "new restrictions imposed on Thursday making airport security lines much slower and longer in many cities, frequent travelers are more eager than ever for the program to grow, officials said." The program "requires people to provide fingerprints or an iris scan upon enrollment, and to submit to a background check conducted by the security agency and the Department of Homeland Security. When applicants are approved, their biometric data is placed on a plastic card; at the airport, their iris scan or fingerprints are matched against the card."

Passengers, Airlines Quickly Adapt To New Security Rules. ABC World News Tonight (8/11, story 3, 2:40, L. Stark, 8.78M) reports, "Passengers and screeners are quickly settled into the new routines. And they had better get used to them." ABC sent producers "to five airports, this afternoon. All breezed through security." The TSA "says it will be weeks before any major changes are made." Kip Hawley, Director, Transportation Security Administration: "As long as it takes. We're not going to put an artificial deadline on this."

The CBS Evening News (8/11, story 3, 2:10, Smith, 7.66M) reports, "Heightened security will remain in effect at America's airports indefinitely, and travelers appear to be adjusting to the new rules, but don't expect to see any new scanners, capable of detecting liquid explosives, any time soon." CBS (Orr) added, "At US airports, day two brought shorter lines and fewer complaints as passengers and screeners came to grips with the ban on liquids and gels in carry-on bags."

NBC Nightly News (8/11, story 3, 2:20, Costello, 9.87M) reports, "Much smoother travel day here and across the country. Some 2 million people a day make their way through TSA security checkpoints. It appears they have quickly adapted to yet another security upgrade."

The Wall Street Journal (8/12, Perez, 2.03M) reports the "new reality of increased security regulations will hit U.S. travelers next week. Airlines plan to start charging again for changing tickets and checking extra bags, fees that had been

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waived since Thursday to help passengers caught off guard in the wake of an alleged disrupted terror plot targeting airliners."

The New York Times (8/12, Johnson, 1.21M) reports some "security lines were long, as airport security workers screened and examined carry-on luggage for liquids, gels, creams and other newly prohibited items. But most airports reported generally smoother, faster operations on Friday than on Thursday, when the global air travel system was thrown into turmoil by the news of a disrupted plot to bring down airliners flying from Britain to the United States using explosive liquids."

The Washington Post (8/12, D1, Shin, Hart, Joyce, 748K) reports, "Airline officials said they would wait to hear from authorities about whether the new security measures are to become permanent before changing checked-baggage polices by increasing the number of bags allowed or raising weight limits."

The Washington Times (8/12, Emerling, 88K) reports security lines at the DC-area's "three major airports moved briskly yesterday as travelers learned more about the type of personal items being banned on commercial flights." The Washington Post (8/12, A13, Kunkle, Stockwell, 748K) reports, "Washington area airports returned to a state of calm yesterday -- or what passes for calm during the busy summer travel season -- after a day of widespread disruptions caused by the breakup of a terror plot in London."

The New York Times (8/12, Levere, Bunkley, 1.21M) reports on the impact of the new security regime on business travelers, noting that "for all their gritted teeth, business travelers could take some comfort in signs that travel was starting to return to normal yesterday. Most domestic airlines were able to get 75 to 80 percent of their flights departing on time yesterday, according to Flight Stats."

The Los Angeles Times (8/12, Oldham, Covarrubias, 918K) reports southern California travelers "adapted quickly to stringent new security rules Friday, with Los Angeles International Airport recording a 40% increase in checked luggage and officials noticing much less jostling for space aboard planes." But the "increase in the amount of checked baggage raised concerns that at peak hours, more passengers would have to wait in lines at LAX. Security experts have repeatedly warned that long lines are vulnerable to possible terrorist attacks."

Carry-On Liquid Ban Could Hurt California Vintners. The Los Angeles Times (8/12, Hirsch, 918K) reports the "new security measures banning liquids from airplane carry-on luggage have some California vintners seeing red." Each year, "hundreds of thousands of cases of wine travel across the country as carry-on luggage, a small but important part of California's $16.5-billion wine industry."

Airline Industry Share Prices Fall, But Still Expected To Weather Latest Terrorist Threat. The CBS Evening News (8/11, story 4, 2:05, Smith, 7.66M) reports, "Several US airlines saw their stock prices fall today, but some analysts say that may have more to do with the price of oil, which rose back above $74 a barrel." CBS (Whitaker) added, "The London plot increased the fear and hassle of flying, and had battered US airlines fearing another financial hit just when the industry was starting to recover from 9/11. Losing $40 billion since then, US airlines finally were taking off, profits up $1.6 billion the last two quarters. Analysts say this latest threat shouldn't stop that upward trend." Darryl Jenkins, aviation industry analyst: "I don't think this will be anything more than a short-term blip on the airlines' radar. If the planes had fallen out of the air yesterday, then it would have been a totally different scenario going forward." Whitaker: "It seems air travel can now absorb these shocks."

The Washington Post (8/12, D1, Blustein, Alexander, 748K) reports airline shares "plummeted yesterday on worries that travelers may begin canceling trips en masse to avoid flying at a time when they fear that heightened security screening will cause major inconvenience." Although several airlines "reported that their operations were generally returning to normal, and that they were seeing no unusual number of cancellations, jittery investors weren't assuaged. AMR Corp., the parent company of American Airlines, dropped 7.2 percent; Continental Airlines Inc. fell 7.1 percent; US Airways Group declined 8.2 percent; and UAL Corp., the parent of United Airlines, lost 5.1 percent."

The Los Angeles Times (8/12, Zimmerman, Yoshino, 918K) reports after "showing resilience in the immediate aftermath of the alleged London bomb plot, airline stocks took a drubbing Friday as investors worried about higher costs from increased airport security and rising oil prices. Meanwhile, travel agents, hotels and air carriers said travelers seemed to be adjusting to new security measures and reported only scattered booking cancellations." But some "cautioned, however, that it could be a week or more before they know whether travel to Britain — or air travel in general — would be seriously hurt by the latest terrorism scare."

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Constant Media Coverage Seen As Inuring Public To Threats. The New York Times (8/12, Stanley, 1.21M) reports, "The averted bombings…does not answer the question of whether the public is safer now than it was five years ago. European and American security forces are more vigilant, but terrorists have also grown more virulent." What it "did show is how far terrorism has metastasized on television." With "magnification and repetition, cable news does two opposite things at once: it stokes fear and inures viewers to danger." For example "the fact that the United States raised the security alert level to a limited red for the first time was relayed quite calmly." The attacks "was safely defused before the public knew of it. Homeland Security Secretary Michael Chertoff made appearances on almost every news program imaginable to reassure the public that this was just a precaution to match Britain's security rating, but also, perhaps, to take the victory lap that the British officials who broke up the plot were too busy to make."

NYTimes Suggests Ban On Carryon Items May Be Most Effective Screening Tool. The New York Times (8/12, 1.21M) editorializes, "The most frightening thing about the foiled plot to use liquid explosives to blow up airplanes over the Atlantic is that both the government and the aviation industry have been aware of the liquid bomb threat for years but have done little to prepare for it." The Times suggests "aviation authorities may have inadvertently hit on the wisest approach in their stopgap response to this latest plot. The Transportation Security Administration banned virtually all liquids and gels from carry-on luggage." Some have complained yet, "forcing passengers to check most of their items and bring very little aboard with them might be the surest and cheapest route to greater security."

State Department To Issue Smart-Chip Passports Despite Privacy Concerns. The AP (8/12, Caterinicchia) reports despite "ongoing privacy concerns and legal disputes involving companies bidding on the project, the U.S. State Department plans to begin issuing smart chip-embedded passports to Americans as planned Monday." The department said "not even the foiled terror plot that heightened security checks at airports nationwide threatens to delay the rollout." Any "hitches in getting the technology to work properly could add even longer waits to travelers already facing lengthy security lines at airports. The new U.S. passports will include a chip that contains all the data contained in the paper version — name, birthdate, gender, for example — and can be read by electronic scanners at equipped airports."

Subway Searches Are Upheld. The Washington Post/AP (8/12, A8, Neumeister) reports, "A federal appeals court said Friday that random bag searches on New York subways are constitutional, agreeing with a lower court that the police tactic is an effective and minimally invasive way to help protect a prime terrorism target. The U.S. Court of Appeals for the 2nd Circuit rejected a challenge to the searches by the New York Civil Liberties Union. ... The three-judge panel also noted that police have thwarted plans for New York subway attacks at least twice in the past nine years, including a bomb plot in 1997 in Brooklyn and a 2004 plot to bomb the Herald Square subway station in Manhattan."

Terror Suspects In US Bought Multiple Cell Phones. WNEM-TV in Saginaw, MI (8/12) reports, "Three suspects are now facing two counts each of Homeland Security Terrorism charges. All three suspects are due to be arraigned August 12th." The three men "allegedly bought 80 [cell phones] by purchasing them three at a time" at a Wal Mart in Michigan. An alert clerk called police." WNEM-TV reports, "The three men are described as being of Palestinian descent but live in Texas. Police say the three, ages 19, 22, and 23 appear to be naturalized citizens. ... The suspects had 1000 other cell phones in the van." A Michigan State Police bomb squad member said the bust had "all the tell tale signs of using cell phones to detonate bombs."

More Suspects Arrested In Ohio. WBOY-TV (8/12) reports, "The Washington County Sheriffs Department in Ohio has arrested two men for their involvement in what police say could be aiding terrorists, and one man linked to them could have been doing the same in Taylor County." Police consider the incidents connected: Hashem Sayed had "150 to 200 cell phones" in his car, while Osma Abulhassan and Ali Houssaiky had "several pre-paid cell phones and thousands of dollars in cash." All three "are from Dearborn, Michigan and all three gave similar reasons for buying the phones," i.e., selling them later for profit. However, Washington County Sheriff Larry Mincks said the phones were "digital for detonating car bombs." He added that the men "had instructions on how to obtain private flights and airplane passenger information."

Suspicious Package Is Cleared in DC. The Washington Post (8/12, B2, Chandler, Weil, 748K) reports, "A Capitol Hill street was closed, Library of Congress workers

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were evacuated and a film screening was delayed yesterday after a suspicious package was found near one of the library buildings." The package included "a tomato can with wiring attached." Police used an undisclosed technique to "disrupt" it without incident.

Louisiana Treasurer Pledges Not To Squander Federal Hurricane Aid. In an op-ed for the New York Times (8/12, 1.21M) John Neely Kennedy, the state treasurer of Louisiana, "American taxpayers have been generous to Louisiana in the aftermath of Hurricanes Katrina and Rita. Congress has appropriated tens of billions of dollars for us through emergency aid, community block grants and tax breaks. … We owe it to Congress, and to ourselves, to be good stewards of this largess, particularly in case we ever need more. For moral as well as practical reasons, Louisiana must have zero tolerance for the waste or theft of this money, or even the appearance of waste or theft."

Ashcroft Emerges As Top Homeland Security Lobbyist. The Washington Post (8/12, D1, Nakashima, 748K) reports former U.S. attorney general John D. Ashcroft, "whose tenure saw the creation of a burgeoning homeland security industry, has emerged as the highest-ranking former Bush administration official to lobby for and invest in companies in that field." Ashcroft "is building a lucrative consulting company helping security and other firms find business with federal agencies. … 'It's a continuation of the aspiration I have that our nation have access to the best possible resources to fight terror, whether domestic or international,'" said Ashcroft. According to the Post, "In all, Ashcroft's firm has 30 clients, many of which make products or technology aimed at homeland security, and about a third of which the firm has not disclosed, to protect client confidentiality. The firm also has equity stakes in eight client companies, a trend the company plans to continue as it gradually turns its focus toward venture capital. Privacy experts and civil libertarians, who battled Ashcroft's policies to enlarge surveillance powers, warned that the types of businesses promoted by the former attorney general and other lobbyists are fast becoming a de facto branch of the government, beyond traditional oversight." The Washington Post (8/12, D3, 748K) provides a list of "the companies and trade groups that the Ashcroft Group has disclosed that it represents before Congress or the executive branch."

WAR NEWS:

General Pace Refuses To Rule Out Troop Cuts. There was no network coverage of the Iraq war, which was displaced by the terror plot in the UK and the Mideast cease-fire deal. The AP (8/12, Burns) reports that JCS Chairman Gen. Peter Pace "said Saturday he would not rule out U.S. troop reductions in Iraq this year, even though troop levels were just increased in response to rising sectarian violence." Pace said "that the attitudes of rival Iraqi religious groups would be the ultimate decider of Iraq's fate as a nation." On a flight to Iraq, his second trip to the country this year, Pace "said he intended to meet with commanders and soldiers of the Alaska-based 172nd to thank them for accepting the burden of an extended Iraq tour." He added that officials are beginning to think of a replacement for General Casey, of whom he said, "He will not be easily replaced." He refused to accept anything more than "zero" cases of misconduct by US forces and "said the Iraqi forces now number about 277,000 and are on track to reach the final goal of 325,000 by the end of December."

US Forces Round Up 60 Men At Funeral. The Atlanta Journal Constitution/AP (8/12, Joshi) reports, "U.S. forces raided a funeral gathering and detained 60 men suspected of links with an al-Qaida cell blamed for a spate of car bomb attacks in Baghdad." The arrests "were the first major roundup of suspected insurgents since U.S. reinforcements started streaming into the capital last week as part of a new crackdown on violence" and took place in Arab Jabour, a Baghdad neighborhood considered a Sunni insurgent "stronghold." The AP quotes the Saturday New York Times story in which US Ambassador to Iraq Khalilzad "said Iran was instigating Shiite militias to step up attacks on U.S. forces in retaliation for the Israeli assault on Hezbollah in Lebanon" (discussed in Iran section below).

Ramadi Marines Feel "Summer Of Discontent." The Los Angeles Times (8/12, Barnes, 918K) reports on the Marines stationed in violent Ramadi: "As the summer wears on in Iraq, the attacks on Ramadi's government center are subsiding. But rising in their place are the heat, the boredom and the complaints — about the sandbags Marines must carry, about the Ramadi mission, about the war." It adds, "For the Marines of Kilo Company, stuck on the roof of Ramadi's government center and Iraqi police headquarters, simply killing insurgents doesn't feel like progress." It quotes the

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bitter comments of several Marines who perceive little achievement.

Two Fort Riley Soldiers Killed In Helicopter Crash. The AP (8/11) reports, "Sgts. Steven P. Mennemeyer, 26, of Granite City and Jeffery S. Brown, 25, of Trinity Center, Calif. were killed Tuesday when their UH-60 Blackhawk helicopter crashed into a lake near Rubtbah, Iraq." The brief article says that both men were stationed at Fort Riley and that the crash was not the result of enemy fire. About 5 sites carried this story.

Seattle Soldier Is Killed. The AP (8/11) reports the death of Staff Sgt. Tracy Melvin, who was killed by a roadside bomb in Ramadi. More than 25 sites reported his death.

101st Airborne Returns Home. The Washington Times/AP (8/12) reports, "Nearly 450 soldiers from the 101st Airborne Division returned home from Iraq yesterday and more flights into Fort Campbell are expected soon ... The arrivals bring the total number who have returned since the first homeward-bound flights early last month to about 1,000." The AP quotes a soldier's relieved wife but concludes, "Fort Campbell has had 166 soldiers die in the Iraq war since 2003. More than 150 of those were from the 101st Airborne. The troops are returning as four soldiers with the division's 3rd Brigade in Tikrit, Iraq, face murder charges in the deaths of Iraqi detainees near Samarra."

US Ambassador To Iraq Links Iran To Militias. The New York Times (8/12, Wong, 1.21M) reports that US ambassador to Iraq Zalmay Khalilzad, in "the first public statements by a senior Bush administration official directly linking violence in Iraq to American support of Israel's military campaign in Lebanon, and to growing pressure by the United States over Iran's nuclear program," said "Iran is pressing Shiite militias…to step up attacks against the American-led forces in retaliation for the Israeli assault on Lebanon," and "may foment even more violence as it faces off with the United States and United Nations over its nuclear program in the coming weeks." Khalilzad added that the "Shiite guerrillas behind the recent attacks are members of splinter groups of the Mahdi Army" and "have ties to Iran…and to Hezbollah." However, "he acknowledged that there was no proof that Iran was directing any particular operations by militias." These comments "reinforce the observations of some analysts that the rise of the majority Shiites in Iraq, long oppressed by Sunni Arab rulers, is fueling the creation of a 'Shiite crescent' across the Middle East."

Sunni And Shiite Clerics Lament Deaths. The Los Angeles Times (8/12, Fleishman, 918K) reports, "A day after a suicide bomber killed 35 people near a revered Shiite Muslim shrine, clerics across Iraq on Friday called for an end to the sectarian killing that one imam described as 'waking every day to the view of blood.'" The Times adds, "Many Shiite leaders have lost faith in the Iraqi army and police and are calling for more reliance on neighborhood defense committees and militias -- including anti-U.S. cleric Muqtada Sadr's Al Mahdi army. In several sermons Friday, Sunni and Shiite imams criticized the Iraqi government and the American forces."

Audit Criticizes Bookkeeping In Iraq. The New York Times (8/12, Glanz, 1.21M) reports, "An audit by the international accounting firm Ernst & Young portrays Iraq as a country that cannot keep its books straight, where elementary accounting errors of up to a billion dollars are routine and where no one can say how much of the country's oil revenues end up in government coffers." The audit was commissioned by the UN and "focused on the nearly $22 billion that Iraq generated in 2005 from oil revenues." The subpar 2005 results "echoed those of an earlier audit of the 2004 oil revenues."

Released Iraq Hostage Recalls Plight. The Los Angeles Times (8/12, Roug, 918K) reports on the July 31 kidnapping of "Raad Ommar, a 59-year-old businessman from La Crescenta," from his office in Baghdad. In the 1,330-word article, the Iraqi-born Ommar alleges that his kidnappers belonged to Iraqi security forces and credits his wife with paying his ransom.

Three Americans And One Canadian Killed In Afghanistan. The New York Times (8/12, Gall, 1.21M) reports, "Three American soldiers and a Canadian were killed Friday in two separate attacks." The three Americans died "in an attack by insurgents in the far northeast part of Afghanistan," where Americans "have encountered fierce resistance." The Canadian was killed by a suicide bombing in Kandahar province. The Times writes, "Some 400 soldiers have died in Afghanistan ... The dead include 270 Americans."

Government Rests In Passaro Beating Case. The AP (8/12, Thompson) reports, "A medical examiner testifying in the assault trial of a former CIA contractor said

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Friday that an Afghan detainee the defendant interrogated probably died from a beating, but a defense expert said there's too little information to know the cause of death." Dr. Reinhard Motte, for the prosecution, guessed the cause of death as "blunt force abdominal and pelvic injuries." Defense expert Navy Cmdr. Craig Mallak said that he had "insufficient information" to decide a cause of death and suggested that injuries "shown in the photographs could have come from attempts to revive him." About 60 sites carried this story.

Whistle Blower Says He Would Still Reveal Abu Ghraib Crimes. The AP (8/11, Pyle) reports that Abu Ghraib whistle blower Joe Darby in the September *Gentlemen's Quarterly* says "he feared deadly retaliation by other GIs and was shocked when Defense Secretary Donald Rumsfeld mentioned his name at a Senate hearing." He said he "later learned that Rumsfeld was not the first to identify him, and he did not see 'anything intentional or malicious' on Rumsfeld's part." Darby explained, "I had the choice between what I knew was morally right and my loyalty to other soldiers." Considered a traitor by many in his hometown of Cumberland, Maryland, he now lives elsewhere. This story appeared on about 100 sites.

Kyrgyz Cleric Is Killed In Shootout. The Los Angeles Times (8/12, Holley, 918K) reports, "Mohammed Rafik Kamalov, the popular imam of a mosque in the town of Korasuv, died Aug. 6, reportedly in a shootout between police and the two passengers of his car, who were also killed. Kyrgyzstan authorities allege that the two men were Islamic militants planning terrorist attacks." Authorities first said that Kamalov was working for "Islamic fighters," but after many of his supporters contended that forces had killed an innocent man, the authorities "backtracked," conceding that Kamalov may have been a hostage. The controversial killing does not "bode well for peace in the Fergana Valley ... long viewed as the heartland of radical Islam in Central Asia."

Lessons From Hezbollah Are Suggested. In an op-ed piece for the Washington Post (8/12, 748K), Marine Iraq war veteran Brian Humpheys writes, "Few if any American units in Iraq have achieved anything close to [Hezbollah's] level of success in winning the support of the local population. (Of more concern is the fact that few Iraqi security units or political leaders appear to have done so, either.) ... To engage in insurgency or counterinsurgency -- fancy terms for grass-roots politics by other means -- one must be willing and, most of all, able to work in the underbelly of local politics, as Hezbollah has done in Lebanon. It is the politics of getting people jobs, picking up trash and getting relatives out of jail."

Amnesty For Insurgents Is Recommended. In the New York Times (8/12, 1.21M), Bard College professor Timothy Waters argues, "Killing American soldiers in Iraq is an act of war, not a crime, and the United States is wrong to oppose amnesty for the insurgents there. ... This may sound like patriotic support for our troops, but it harms Iraq's hopes for peace." He adds, "Without amnesty, undefeated insurgents have no incentive to stop fighting, knowing that peace means prison. ... No American wants to see American troops killed. But every American, including our political leaders, should have the courage to say that if amnesty for their killers helps bring peace to Iraq, it is a sacrifice worth making."

Congressman Campbell Says US Is Now Fighting "World War IV." In an op-ed piece for the Washington Times (8/12, 88K), Rep. John Campbell (R-Calif.) writes, "The latest developments in the Middle East are a clear reminder that we must appreciate the ongoing Global War on Terror for what it really is: our fourth world war. ... In World War IV, we now fight Islamic extremism instead of empires, fascism or communism."

CORPORATE SCANDALS:

SEC Probing CEC Stock Options. The Dallas Morning News (8/12, Robinson-jacobs) reports, "The Securities and Exchange Commission has added CEC Entertainment Inc. to the growing list of companies it's investigating over stock option practices." The News continues, "The Irving-based parent of the Chuck E. Cheese's restaurant chain disclosed the informal inquiry in a regulatory filing after the market closed Friday. … The company also noted that it does not expect to file its second-quarter financial report on time, because of an internal review of how it grants stock options. The report, for the period ended July 2, was due Friday." The News adds, "CEC said in late July that its audit committee, aided by outside counsel, was looking into the company's stock option practices. It said the move was prompted by media reports of stock option reviews at other companies. … At least 65 public companies, including

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Dallas-based Affiliated Computer Services Inc. and Irving-based Michaels Stores Inc., have disclosed that their options practices are under investigation by the SEC, the Justice Department, or both, according to The Wall Street Journal."

Former Grand Juror Pleads Guilty To Bristol-Myers Leak. The Wall Street Journal (8/12, Bray) reports, "A New Jersey mail carrier pleaded guilty to criminal charges that he leaked details of a grand-jury probe last year into accounting fraud at Bristol-Myers Squibb Co. to members of an alleged insider-trading ring." The Journal continues, 'At a hearing Friday in federal court in Manhattan, Jason Smith, 30 years old, of Jersey City, N.J., pleaded guilty to conspiracy to commit securities fraud, insider trading and federal criminal contempt in connection with the grand-jury leak. … Sentencing is set for Nov. 30. The insider-trading charge carries a maximum of 20 years in prison, but the estimated range under federal-sentencing guidelines is 30 months to 37 months in prison." The Journal adds, "Prosecutors alleged that Mr. Smith, leaked information last year about the Bristol-Myers probe, while serving as a grand juror in New Jersey, to Eugene Plotkin and David Pajcin, two former Goldman Sachs Group Inc. employees accused of orchestrating several insider-trading schemes that netted more than $6 million in illicit profit. .. The government said Messrs. Plotkin and Pajcin traded and tipped others to trade on Bristol-Myers shares after receiving tips from Mr. Smith. Mr. Pajcin, who is cooperating with the government, and Mr. Plotkin also are facing criminal charges in the matter."

CRIMINAL LAW:

Former Interior Dept. Employee Pleads Guilty To Accepting Gifts From Abramoff. The Washington Times/AP (8/12) reports Roger Stillwell, a former Department of the Interior employee, "pleaded guilty yesterday to a misdemeanor charge for failing to report gifts he received from ex-lobbyist Jack Abramoff." Stillwell "told a federal magistrate that he had received hundreds of dollars worth of football and concert tickets from Abramoff, who at the time was lobbying for the Commonwealth of the Northern Mariana Islands. … Documents filed as part of Mr. Stillwell's plea do not indicate whether he is providing authorities with evidence against others who might be involved in the case."

Judge Reinstates Two Of Three Gotti Racketeering Charges. The New York Daily News (8/12, Zambito) reported, "Just when the Feds thought their case against John A. (Junior) Gotti was falling apart at the seams, Manhattan Federal Judge Shira Scheindlin stitched it back together" Friday. "Scheindlin reinstated two racketeering counts she had knocked out of the case on Monday -- viewed then as a stunning blow to prosecutors, who were weighing whether to drop the case altogether and seek a new indictment. Scheindlin said she changed her mind after a Thursday hearing attended by higher-ups in the Manhattan U.S. attorney's office." The Daily News noted that "Scheindlin said she erred in suggesting prosecutors would have to show Gotti tried to conceal his interest in two holding companies…that he used to buy property to prove the racketeering charges. Scheindlin said she'll listen to the prosecution's case and then decide whether to dismiss the charges."

BetOnSports Suspends Online Gambling Services In US. The Philadelphia Inquirer (8/12, Parmley) reports, "BetOnSports P.L.C., the embattled London-based Internet gambling company that has been charged with fraud and racketeering by U.S. prosecutors, announced yesterday that it has shut down its services for gamblers in the United States." The Inquirer continues, "On Thursday, the company told its employees that it was shutting down its Costa Rican and Antiguan offices, where it accepted wagers from tens of thousands of customers in the United States, its primary market. … The shutdown will result in the elimination of about 800 jobs, the company said in a statement." The Inquirer adds, "The case against BetOnSports is being watched closely by the $12 billion online gambling industry because it represents the first time that the U.S. Department of Justice is proceeding against a gambling entity that operates exclusively outside the United States. … 'That has been the safety net for most operators... that as long as they stayed outside the U.S. and kept their activities outside the U.S., they were relatively safe,' said Linda Goldstein, a partner at Manatt, Phelps & Phillips L.L.P., of Los Angeles, who specializes in Internet gambling law. 'This is certainly going to have a chilling effect on any operator of an offshore site.'" The Inquirer notes, "The case is a test of the reach of the U.S. government as it tries to clamp down on online gambling. 'It's an extraordinarily broad exercise of jurisdiction by the Department of Justice,' Goldstein said. … The

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company's Web site, www.BetOnSports. com, has not been operational since July 19, following the arrest in Texas of its chief executive officer, David Carruthers, who faces 22 counts of fraud, racketeering and conspiracy. He is in jail awaiting terms of his bail."

Gadsden Officials Among Three To Plead Guilty To Conspiracy. The Birmingham News (AL) (8/12, Walton) reports, "Two Gadsden City Council members and a businessman are to plead guilty Thursday to a conspiracy charge involving allegations of illegal support for a multimillion-dollar development near the Coosa River." The News continues, "Councilmen Jimmy L. Armstrong and Fred Huff and consultant Larry T. Thompson will enter guilty pleas before U.S. District Judge L. Scott Coogler, federal court records show." The News adds, "Justice Department prosecutors charged the three men August 3rd with participating in a conspiracy to get council members to support a project known as Lafferty's Landing, a shopping project valued at $9 million. … Armstrong and Huff are accused of accepting money in exchange for voting to award an additional $750,000 in tax incentives. Thompson, along with an unnamed person, is accused of giving cash to City Council members with the intent to influence or reward them for support."

Louisiana Man Sentenced For Fraud. The New Orleans Times-Picayune (8/12, Swerczek) reports, "A Kenner (LA) man was sentenced this week to 30 months in federal prison for defrauding Johnson & Johnson of more than $700,000 in improper rebates." The Times-Picayune continues, "Gerald Tauzier, 59, also was ordered Tuesday to pay $676,006 in restitution, in addition to the $101,000 he has already paid, according to the U.S. attorney's office in Newark, N.J., which handled the case. … He is free on $100,000 bond pending his surrender, which has yet to be worked out with the federal Bureau of Prisons, according to Tauzier and a news release from the U.S. attorney's office in New Jersey. Reached at his Elmwood office Friday, Tauzier said he doesn't know where he will do time." The Times-Picayune adds, "Tauzier said that in 2003 he had scheduled a meeting with Johnson & Johnson to settle the rebate matter, but the company canceled the meeting. … 'I tried to resolve the issue with them,' Tauzier said, adding that instead the company 'let the Justice Department do their legal work. That's not the way to do business.' … Tauzier owns Lee Medical International in Elmwood, which buys health care products from companies such as Johnson & Johnson and distributes them to hospitals, clinics and doctor's offices. … He pleaded guilty to one count of wire fraud on Feb. 3 before U.S. District Judge Joseph E. Irenas of New Jersey, admitting that he had his company file reports containing false information with Johnson & Johnson, which is based in New Brunswick, N.J., according to the news release."

New Jersey Man Pleads Guilty To Fraud. The Atlantic City (NJ) Press (8/12, Clark) reports, "An Atlantic City (NJ) man pleaded guilty in U.S. District Court on Friday to executing a scheme to defraud Wachovia Bank of more than $1.2 million, authorities said." The Press continues, "Daniel Cassese Jr. admitted to using fraudulent information during the loan application process for personal equity lines of credit on several occasions in 2003. … Cassese, 48, said he submitted two loan applications on Feb. 10, 2003, to obtain personal equity lines of credit worth $495,000 and $395,000, which were secured by residences in Hoboken and Neptune. The applications contained false information, including a phony Social Security number for his father, claims of annual earnings of more than $200,000 when he was actually unemployed and a fake tax return, according to the Justice Department." The Press adds, "After Wachovia approved both applications, Cassese withdrew $190,000 from the $495,000 account and $105,000 from the other, authorities said. … Cassese used the same false information again on April 8, 2003, when he applied for another line of credit worth $290,000, from which, after Wachovia approval, he withdrew another $190,000, authorities said. … Cassese also pleaded guilty to obtaining an approved $25,000 unsecured loan that relied upon the same information in June 3, 2003. On that same day, the funds were deposited and withdrawn from Cassese's account at Wachovia."

Iowa Man Sentenced For Child Pornography. The Waterloo-Cedar Falls (IA) Courier (8/12, Reinitz) reports, "His hands in cuffs and his next 14 years tied up in prison, Casey Frederiksen managed a brief smile as he glanced at family members at the back of the courtroom Thursday afternoon. … The 27-year-old Floyd man then looked down and disappeared as federal marshals led him out of the room so he could begin serving his sentence." The Courier continues, "Frederiksen --- who had been looking after Evelyn Miller, the 5-year-old daughter of his

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former girlfriend, in July 2005 when the girl disappeared and later turned up dead --- receive the maximum sentence of 14 years in prison after he pleaded guilty to possession and receiving or attempting to receive child pornography. He had faced between 11 and 14 years. … U.S. District Court Judge Linda Reade said she opted to hand down the maximum punishment because of the sheer number of pornographic images --- there were about 1,650, some depicting young girls having sex with adult men --- found on his computer, because he attempted of conceal the hard drive when police investigated Evelyn's disappearance and because of a 1992 incident where he sexually abused a 6-year-old girl." The Courier adds, "Public Defender Jane Kelly had asked for a sentence on the low end of the scale, noting Frederiksen was only 13 when the 1992 incident happened and saying his family members have noticed he was maturing. … Evidence presented during Thursday's sentencing included letters from Frederiksen's mother and a sister and a 13-minute pornographic video that was apparently recovered from his computer. … Assistant U.S. Attorney Sean Berry said Frederiksen's history shows that he was sexually interested in young girls in 1992 and continues to be sexually interested in them."

DOJ Declines Prosecution Of Former Head Start Chief. The National Journal (8/12, Friel) reports, "Federal investigators sought the prosecution of a former Bush administration official on allegations that she misused federal Head Start grant money, but the Justice Department declined prosecution, according to records obtained by National Journal through the Freedom of Information Act." The Journal continues, 'In a previously unreleased report, investigators said they had found evidence that Windy Hill, chief of Head Start at the Health and Human Services Department from January 2002 to May 2005, had improperly pocketed thousands of dollars when she was head of a local Head Start program in Texas. The report was provided to Hill's boss, Wade Horn, head of the Administration for Children and Families, for administrative action on April 1, 2005, nearly two months before Hill resigned on May 27." The Journal adds, "Investigators with the HHS inspector general's office found evidence that Hill, as executive director of a Head Start agency in Bastrop, Texas, was reimbursed $2,400 for college classes in which she did not enroll, received bonuses worth thousands of dollars more than officially permitted, was improperly paid thousands of dollars for unused vacation time, cut checks to herself without supporting documentation, awarded contracts on a noncompetitive basis to family members and employed children younger than the legal working age of 14. … The U.S. attorney's office in Austin, Texas, and the District Attorney's office in Bastrop declined prosecution 'due to a lack of resources and not meeting the minimum guidelines established by these offices,' HHS investigators reported in the released records. That could mean the attorneys decided the case was not clear-cut enough or the dollar amounts involved not high enough to justify full-fledged prosecution. … The Justice Department is reviewing 11 pages of records related to the case for potential public release. The government has taken no further legal action against Hill."

Louisiana Man Charged With FEMA Fraud. The Baton Rouge Advocate (8/12) reports, "A Baton Rouge man was arrested late last month and charged in a two-count indictment for FEMA fraud. The February indictment was sealed until his arrest." The Advocate continues, "Derrick W. Deamer, 32, was arrested July 26 for allegedly making false and fraudulent claims for disaster assistance benefits and for making false and fraudulent statements to the Federal Emergency Management Agency." The Advocate adds, "According to the indictment, in September Deamer applied for disaster assistance after Hurricane Katrina claiming an address in Harvey as his primary residence. .. . If convicted, Deamer could be sentenced to five years in prison and a $250,000 fine per count. … In September, U.S. Attorney General Alberto Gonzales created the Hurricane Katrina Fraud Task Force to deter, investigate and prosecute disaster-related federal crimes such as charity fraud, identity theft, procurement fraud and insurance fraud. … The task force includes members from the FBI, the Federal Trade Commission, the Postal Inspector's Office and the Executive Office for U.S. Attorneys."

Judge Rules Fletcher Cannot Be Prosecuted While In Office. The New York Times/AP (8/12) reports, "A judge ruled Friday that Gov. Ernie Fletcher, who is embroiled in a hiring scandal, is protected by executive immunity and cannot be prosecuted while in office." Fletcher "has accused the state's attorney general, Greg D. Stumbo, a Democrat, of conducting a politically motivated investigation."

The Washington Post (8/12, A3, Emery, 748K) reports Fletcher "was indicted in May on charges of criminal

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conspiracy, official misconduct and violating a prohibition against political discrimination, stemming from a program called the Governor's Personnel Initiative. According to the indictment, the initiative violated state hiring laws by putting political appointees in each Cabinet branch of the state government who would ensure that handpicked applicants got hired. Fletcher supporters would allegedly recruit candidates for open positions and guide them through the hiring process."

CIVIL LAW:

Federal Judge Throws Out Suit Over Budget Bill Error. The AP (8/12) reports U.S. District Judge John D. Bates rejected Public Citizen's "effort to block a $39 billion deficit-reduction bill that was passed in different versions by the House and Senate. The lawsuit by Public Citizen argued that because the two chambers passed slightly different bills, the version signed by President Bush on Feb. 8 was unconstitutional." Bates "disagreed, citing an 1892 Supreme Court ruling that says the signatures of Senate and House leaders are enough to affirm a bill's legitimacy. The lawsuit was one of four filed across the country challenging the law over a clerical error that listed different rental periods for medical equipment that would be covered by Medicare." The AP notes, "Three other cases, including one filed by Rep. John Conyers, D-Mich, are pending."

The Hill (8/12, Young) reports, "Public Citizen expects to file an appeal, lead attorney Adina Rosenbaum said shortly after Bates issued his decision. The U.S. Court of Appeals for the District of Columbia would be next in line to review it. … 'We are disappointed in the decision, which allows a blatant violation of the Constitution to go unaddressed. … We plan to appeal, and hope that the Court of Appeals will address the constitutional violation at issue here,' Rosenbaum said later in a written statement." The Hill adds, "Public Citizen, echoing charges made by House Democrats, argued that the bicameral clause of the Constitution was violated when a clerical error lead the House to pass a slightly different version of the $39 billion budget-reconciliation bill, know as the Deficit Reduction Act (DRA), in February. … But like other federal judges have done in two recent rulings, Bates determined that a 114-year-old Supreme Court precedent precluded him from deciding on the constitutional question."

Unabomber's Possessions To Be Auctioned. The New York Times (8/12, Mckinley, 1.21M) reports "personal items seized from the remote Montana shack of Theodore J. Kaczynski, known as the Unabomber…will be sold soon under order of a federal judge in an effort to pay off a $15 million restitution order."

Navy Halts Efforts To Photograph Sunken Ship. The Duluth News Tribune (8/12, Stodghill) reports, "St. Louis County Undersheriff Dave Phillips' efforts to photograph the inside of the sunken heavy cruiser USS Houston for its survivors association have been halted by the U.S. Navy before he could get his remote-controlled underwater camera into the ship." The Tribune continues, "Barbara Voulgaris of the Underwater Archaeology branch of the Naval Historical Center in Washington, D.C., said her office and the U.S. Justice Department were forwarded Monday's News Tribune story reporting Phillips' trip to Indonesia to film the inside of the ship, which was sunk by the Japanese during World War II. … Voulgaris wanted to know how to reach Phillips. … 'We've got some concerns because it's not legal for him (or his camera) to go inside the wreck or to take things off of it,' Voulgaris said. She said Phillips also wouldn't be allowed to send his camera into the ship because it had the potential to disturb the site. … 'As soon as they disturb it without the permission of the Navy -- that's where the problem is,' she said."

Columnist Notes The Vulnerability Of Information Stored By Search Engines. In a column in the New York Times (8/12, 1.21M), Tom Zeller Jr. writes, "Privacy advocates and search industry watchers have long warned that the vast and valuable stores of data collected by search engine companies could be vulnerable to thieves, rogue employees, mishaps or even government subpoenas." Noting a recent breach of customer data at AOL, Zeller adds, "No laws clearly place search requests off-limits to advertisers, law enforcement agencies or academic researchers, beyond the terms that companies set themselves." Zeller also notes, "Numerous bills have been proposed in Congress as well, but pitched battles between privacy advocates, who seek comprehensive data protections for consumers, and the financial industry, which wants to limit any onerous legislation and pre-empt tougher state laws, have stalled progress."

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CIVIL RIGHTS:

Mississippi Jail Report To DOJ Conflicts With Two Beatings. The Biloxi (MS) Sun Herald (8/12, Fitzgerald) reports, "Claims that a Harrison County (MS) jailer beat and tortured an inmate who suffered serious injuries Jan. 7 after several hours in a restraint chair conflict with a report the jail submitted to the U.S. Justice Department." The Herald continues, "The report is part of a quarterly package the jail is required to submit under a 1995 federal court order to improve conditions and guarantee inmates' rights at the Harrison County jail. The jail security report for January lists seven assault incidents between inmates but none between an inmate and an officer." The Herald adds, "The conflicting claims come from a notice of claim involving injuries Kasey Dion Alves allegedly suffered at the jail Jan. 7 as well as a wrongful-death lawsuit involving the fatal beating of inmate Jessie Lee Williams Jr. on Feb. 4. … The Williams lawsuit, a federal civil-rights complaint, alleges a pattern of abuse at the jail before Williams' beating. The lawsuit refers to several prior incidents of alleged abuse and says 'the most sadistic' incident was the one Jan. 7. … According to the Williams lawsuit, jail officials were warned after the Jan. 7 incident that if a certain jailer wasn't stopped, someone was going to die in the jail. Estate attorneys claimed, on the basis of conversations with Alves' counsel and others, that jailer Ryan Teel, who has since resigned, is the corrections officer involved in both incidents. … Teel has not been arrested or charged in either incident. However, a former co-worker, Regina Rhodes, pleaded guilty to two felony counts in federal court Monday. She admitted she assaulted Williams under color of law, violating his civil rights, and that she withheld information by falsifying a report and lying to state and federal investigators. She faces up to 13 years in prison; her sentencing is set for Oct. 16."

Native Americans Fight Redskins Name. The Washington Post (8/12, Weiss) reports, "A group of Native Americans filed a new legal challenge yesterday to trademarks for the name and logo of the Washington Redskins, saying the team's name is a racial slur that should be changed." The Post continues, "A petition filed at the U.S. Patent and Trademark Office by six Native Americans represents a second chance for Indians to challenge the football franchise's name. The team prevailed in an earlier fight when a U.S. District Court judge ruled that the plaintiffs waited too long under trademark law to object. This time, the complaint was filed with a new set of plaintiffs." The Post adds, "In the petition, the six Native American activists say that the football franchise's name breaks a 1946 federal law prohibiting the government from registering a trademark that disparages any race, religion or other group. … 'The term 'redskin' was and is a pejorative, derogatory, denigrating, offensive, scandalous, contemptuous, disreputable, disparaging and racist designation for a Native American person,' the complaint says." The Post notes, "The emotional issue has a long and winding legal trail dating back 14 years. In a similar petition filed in 1992, activists argued that the team's name and feather-wearing Indian mascot trivialized Indian victims of genocide and those forced off their land by settlers and U.S. soldiers. In 1999, the Trademark Trial and Appeal Board agreed and ruled that the team had no right to trademark its name. … But Pro-Football Inc., the corporation that owns the Redskins, appealed the trademark panel's decision in U.S. District Court. … In 2003, U.S. District Judge Colleen Kollar-Kotelly ruled in the team's favor and threw out the patent panel's decision to cancel six highly lucrative Redskins trademarks. She did not address whether the name was insulting but concluded that the activists waited too long to challenge the trademarks, which were first granted in 1967. … Last year, the U.S. Court of Appeals for the District of Columbia sent the case back to District Court without ruling on the substance of whether the name was derogatory. That case is still pending."

4th Circuit Reinstates Racial Bias Suit Against Spa. The Washington Post (8/12, B1, Markon) reports, "Seandria Denny wanted to do something special for Mother's Day. So she treated her mom to a full package at the Elizabeth Arden Red Door Salon and Spa in Vienna -- manicure, massage, hairstyling, the works. … During her mother's visit to the upscale spa in 2002, Denny showed up and tried to add a hair coloring. It was then, she said, that a receptionist uttered the words that turned a day of pampering into a protracted legal battle. … 'We have a problem,' the receptionist and then the manager allegedly told Denny. 'We don't do black people's hair.'" The Post continues, "Outraged, Denny told the salon to send her mother home. She said the salon tried to style Jean Denny's hair anyway but did a shoddy job. .. . Denny and her mother sued Elizabeth Arden for racial discrimination in U.S. District Court in Alexandria. A federal judge dismissed the case. But the U.S. Court of Appeals for

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the 4th Circuit reinstated the suit this week and sent it back to Alexandria for trial, ruling that 'there can be no doubt that plaintiffs have presented not only strong but direct evidence of the salon's intent to discriminate.' … 'It is hard to imagine plainer evidence of purposeful discrimination than when services are denied expressly because the purchaser is African-American,' Judge J. Harvie Wilkinson III wrote for a three-judge panel. 'It is, of course, entirely possible that the trier of fact may ultimately see this matter Elizabeth Arden's way. The record before us, however, at least draws into serious question the neutral and non-racial explanations for whatever happened here.' … In court papers, Elizabeth Arden accused the Dennys of trying to make a 'federal case' out of what was merely the salon's inability to schedule the coloring that day. A lawyer for the company, Stephanie Quincy, said it 'unequivocally denies that we have discriminated based on race.' She said the 4th Circuit ruling 'does not indicate that there was discrimination. It merely says plaintiffs have alleged discrimination, not that they have proven a case.'"

Judge Invalidates Maryland's Early Voting Law. The Washington Post (8/12, A1, Mosk, 748K) reports Anne Arundel County Circuit Court Judge Ronald Silkworth "invalidated Maryland's early voting laws yesterday in an opinion that could substantially alter the political tactics used by campaign teams across the state this fall." Silkworth "ruled that it would be illegal for Maryland elections officials to open polling stations during the week before Election Day because the state constitution strictly sets the timing of elections. The 2005 and 2006 laws also improperly permitted voters to cast ballots outside their precincts, he wrote." The Post notes Silkworth is "a Democratic appointee whose ruling favors Republicans."

The Washington Times (8/12, Miller, 88K) reports the Maryland Attorney General's Office "immediately appealed the ruling in the Court of Appeals, the state's highest court."

ANTITRUST:

Two Antitrust Suits Filed Against Biomet. Dow Jones (8/12) reports, "Warsaw-based Biomet said Friday that two lawsuits were filed against it for alleged violations of antitrust law -- and the orthopedic products maker could be served with more complaints." Dow Jones continues, "The lawsuits, seeking class-action status, are related to a Justice Department subpoena delivered in June to the company and three other orthopedics companies for possible antitrust violations, Biomet said in its annual report filed with the Securities and Exchange Commission. … The Justice Department requested Biomet documents from Jan. 1, 2001, to the present, according to the annual report for the fiscal year ended May 31. … The two lawsuits were filed by companies and individuals, said Greg Sasso, Biomet's senior vice president of corporate development and communications. Sasso said he didn't know where the suits were filed."

The AP (8/12) reports, "Biomet is aware that other lawsuits have been filed but not served on the company, the company's annual report said. Those complaints also name other orthopedics companies as defendants, it said. … 'The company intends to vigorously defend this matter, and believes that it has meritorious defenses to the claims being asserted,' Biomet said in its SEC-filed report. … Besides Biomet, the Justice Department in June subpoenaed DePuy, a subsidiary of Johnson & Johnson; Stryker Corp.; and Zimmer Holdings."

Deregulation Of Broadband Said To Have Been A Success. In an op-ed for the Wall Street Journal (8/12, 2.03M) Thomas Hazlett, professor at George Mason University and former chief economist of the FCC, writes, "We should be celebrating an anniversary this month: One year ago, in August, the Federal Communications Commission voted to deregulate residential broadband services. Never heard of it? Well, I'm not proposing a parade; but this victory for freer markets undermines the current proposal to re-regulate the Internet via 'net neutrality.' … The results are in: DSL packages are cheaper, performance speeds are faster, and the number of subscribers is growing more quickly than under open access rules. According to Leichtman Research, for the nine months following deregulation (fourth-quarter results aren't posted), the number of households with DSL increased by 4.6 million -- some 31% above the previous period's growth. Meanwhile, the DSL competitors -- cable modem services -- have added 3.8 million subscribers."

ENVIRONMENT:

Proponents Of ANWR Drilling Cite Problems With BP Oil Line. McClatchy Newspapers (8/12, Hall) reports, "Proponents of drilling in the Arctic National Wildlife

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Refuge are seizing on this week's shutdown of oil giant BP's Alaska drilling operations to renew their push in Congress to expand petroleum exploration and production." McClatchy continues, "Experts agree that if there'd been more U.S. production at ANWR, the global oil supply wouldn't be as tight as it is today. The Paris-based International Energy Agency said Friday that spare oil-production capacity across the globe was dangerously tight at about 3 million barrels per day (mbd)." But others "say that while Alaska's North Slope may be a more dependable source of oil than, say, Iran, Iraq, Saudi Arabia, Nigeria or Venezuela, developing it would only add to a coming oil glut. The Pulitzer Prize-winning oil historian Daniel Yergin, for one, thinks that a giant global oil cushion is just around the corner."

Congress To Investigate BP Decision To Shut Down Operations. The Financial Times (8/12, Kirchgaessner, Bream) reports, "BP is facing a congressional probe in Washington over whether its decision to shut down production at its Prudhoe Bay field was a 'market strategy' designed to manipulate the oil market." The Times notes, "In a scathing letter sent to Lord Browne, BP chief executive, on Friday, Joe Barton, the powerful chairman of the House energy committee, suggests the Alaska shutdown could be part of a wider strategy by BP to influence the market, particularly in light of recent allegations by US regulators that the company engaged in illegal trading in the propane gas market. The company has denied those allegations."

BP To Avoid Total Shutdown. The Washington Times/AP (8/12, Dispatches) reports, "BP PLC said yesterday it would keep one side of the nation's largest oil field open as it replaces 16 miles of pipeline, averting a total shutdown that could have put a larger crimp in the nation's oil supply." The AP notes, "The decision will allow BP to keep funneling up to 200,000 barrels of oil and natural gas from Prudhoe Bay. BP, which operates the oil field, previously had said it would have to shut down the field after revealing leaks and severe corrosion on the eastern side of the pipeline nearly a week ago."

The Washington Post (8/12, D1, Mufson, 748K) reports, "This week, BP has been scrambling to determine if it can keep some Prudhoe Bay oil flowing through its western transit line while it makes the repairs. That will depend on what is found by workers like White, who was flown to the site Monday. BP officials said they hoped to decide early next week. An order issued by the Transportation Department's Pipeline and Hazardous Materials Safety Administration gave BP the option of keeping open the western line, which previously carried half of Prudhoe Bay's output and is now running at 120,000 barrels a day."

The Los Angeles Times (8/12, Verhovek, 918K) reports, "The near-shutdown in oil deliveries from Prudhoe Bay caused a sudden spike in oil prices on jittery world markets and has prompted virtual chaos in Alaska's state government, 89% of which is funded by oil revenues from North Slope fields. On Friday, a beleaguered BP announced that while repairs are underway, it would continue production of oil from the western side of the Prudhoe Bay field."

BP Critics Unsurprised At Problems. The Wall Street Journal (8/12, Carlton, 2.03M) reports, "When the giant oil company BP PLC announced a week ago it would shut down its massive Prudhoe Bay oilfield in Alaska because of corrosion problems, the news surprised many. It surprised the energy markets, which sent oil prices up $2 a barrel. It surprised Wall Street, which pushed BP shares down." Yet long-time critic Charles Hamel was not surprised because "last year provided information on Prudhoe Bay's corrosion problems to the Environmental Protection Agency, prompting a criminal investigation. Mr. Hamel also spurred a Department of Transportation investigation into complaints that some safety valves weren't working at the field last March."

Oil Prices Rise Slightly. The AP (8/12, Read) reports, "Crude-oil prices rose slightly Friday after dropping more than $2 a barrel a day earlier, as markets re-evaluated how the thwarted trans-Atlantic airplane attacks might dampen jet fuel demand and consumer confidence." The AP notes, "It capped a week of huge price swings in the energy markets. The announcement late Sunday that BP would lose production out of its Alaskan pipeline caused prices to soar, and Thursday's news of the foiled terrorist plot cause them to tumble back."

WPost Support Increased Regulation Of Oil Pipelines. The Washington Post (8/12, A20, 748K) editorializes, "The weakness of government regulations for oil pipelines is also alarming. Because BP's leaky tube was a 'low-pressure' pipe, it is exempt from federal upkeep rules, which require regular and extensive integrity checks of other types of pipelines. The Transportation Department will soon propose rule changes that will remove the oversight exemption for pipes in sensitive areas. Whatever new rules the Bush administration decides to adopt, Congress should consider writing specific language into the Pipeline Safety

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Act, which is up for reapproval after summer recess, requiring tough regulatory standards for low-pressure pipelines. Otherwise America might not get its oil fix -- a strategic necessity until the country can undergo withdrawal."

NOAA Restricts Fishing Off California Coast. The Los Angeles Times (8/12, Polakovic, 918K) reports, "Under a plan unveiled by federal officials, about 20% of the waters around five islands off Ventura and Santa Barbara counties would be closed to fishing. Moving to ban fishing fleets from some of California's richest waters, federal authorities unveiled a plan Friday that would double the size of no-fishing zones around the Channel Islands to protect marine life and restore a depleted ocean. The proposal marks a major expansion of an existing network of marine protected areas and a recognition that closing large tracts of ocean to commercial and recreational fishermen may be necessary to help fish populations rebound. … Details of the plan are contained in a draft environmental impact statement the National Oceanic and Atmospheric Administration released Friday."

Drought Causing Inflation Of Food Prices Spares Some US Regions And Crops. The Wall Street Journal (8/12, Kilman, 2.03M) reports, "The hottest July since the 1936 Dust Bowl did little harm to the nation's two biggest crops -- Midwest-grown corn and soybeans -- but that is doing little to cool food inflation. The drought, which engulfs the Great Plains from Texas to North Dakota, as well as parts of the Deep South, is continuing to shrink the harvest potential there of durum wheat, cotton, peanuts and sorghum. Yet major farm states such as Illinois, Indiana and Ohio are largely unscathed." Michael Swanson, an agricultural economist at Wells Fargo "said Friday he expects food prices to climb 3.7% this year, which would be the sharpest increase felt by U.S. consumers since 1990."

EPA Announces Agreement To Recover Mercury From Junked Vehicles. The New York Times (8/12, Janofsky, 1.21M) reports the Environmental Protection Agency "said Friday that a new program paid for by industry groups would help capture up to seven tons of mercury emissions a year from old and out-of-use vehicles." The mercury is "primarily found in light switches in cars and trucks built before 2003. Until now, it has been ignored as old vehicles are dismantled, shredded, melted or crushed." The program "evolved from two years of negotiations between the agency, automakers, metal scrappers, vehicle shredders and environmental groups, including the Environmental Defense and the Ecology Center. That made the effort a relatively rare collaboration between industry and advocacy groups."

The Washington Post (8/12, A10, Eilperin, 748K) reports although "foreign automakers stopped using mercury in their cars' lighting systems in 1993 and domestic manufacturers did the same in 2002, about 67.5 million switches are still used in older cars and trucks. The toxic metal -- which is released into the air when recyclers flatten and shred old automobiles and melt them for their steel -- can cause neurological and developmental problems in infants and small children." The program "will reduce the country's annual mercury pollution by at least 5 percent over the next 15 years, Environmental Protection Agency Administrator Stephen L. Johnson said in an interview yesterday. Under the pact announced yesterday, the steel and auto industries will pay $2 million each to recover 4 million switches over the next three years."

EPA Building Houses Controversial Depression-Era Murals. McClatchy (8/12, Goldstein) reports, "A quarrel over public art and political correctness has been simmering for a decade inside - of all places - the Environmental Protection Agency. … Several 1930s murals of the Old West have become a flash point in a debate over negative stereotypes and artistic censorship. The mural that's sparking the most debate depicts Indians brutally scalping and murdering white settlers. All the women are naked, including one who's on all fours as a male Indian stands behind her, seizing her hair. Called 'Dangers of the Mail,' the 1937 mural was painted by Frank Mechau, a prominent Western artist." McLatchy notes, "For now, screens block the EPA's Mechau mural and partially obscure a few others. The search for a permanent solution has been slowed by the fact that the General Services Administration is the EPA building's landlord, and the GSA is hamstrung by rules that govern changes to historic buildings such as the EPA's headquarters."

FBI/DEA/ATF/USMS:

Mueller Appoints Morrow Pittsburgh SAC. The Pittsburgh Tribune-Review (8/12) reported, "Pittsburgh-area native Ray Morrow has been appointed to the top post of the FBI's Pittsburgh field office, agency officials said Friday. …

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FBI Director Robert Mueller made the appointment last week," and "Morrow is expected to take over as Pittsburgh's special agent in charge in October or November, FBI spokesman Jeff Killeen said. He replaces M. Chris Briese, who went to the FBI's headquarters as a deputy assistant director in the bureau's counter-terrorism branch." The AP (8/12) also briefly reported on Morrow's appointment.

FBI Agents Testify Against Former El Paso SAC. The El Paso Times (8/12, Gilot) reported, "The Juárez women's murders, allegations of drug cartel ties and a failed lie-detector test were part of testimony Friday in the trial of former El Paso FBI office chief Hardrick Crawford. Crawford made efforts to investigate alleged ties between his friend Jose Maria Guardia…and Mexican drug cartels, but did not break off their friendship even as doubts were piling up, witnesses testified. … FBI agents said their former boss…was concerned about the allegations against his friend and arranged for him to take a polygraph test. Guardia failed, said Jose Villela, an FBI agent specializing in drug-trafficking intelligence." The Times added, "FBI agent Sal Hernandez, the legal attaché working for the U.S. ambassador in Mexico, testified that because of published comments by Crawford, he had to mend fences with the Mexican attorney general's office."

Advocates Of Legalizing Drugs Criticize DEA Effort To Link Drugs With Terrorism. The Washington Post (8/12, A3, Lydersen, 748K) reports, "A photograph of President Bush waving a flag after the Sept. 11 attacks is juxtaposed against a black-and-white image of an African American mother smoking crack cocaine in bed next to her baby. Larger-than-life portraits of Osama bin Laden and Pablo Escobar line the walls. The central message of a traveling Drug Enforcement Administration exhibit unveiled at Chicago's Museum of Science and Industry yesterday is that terrorism and drugs are inextricably linked." Yet "advocates of legalization who are leafleting outside the exhibit say the DEA is leaving out an important part of the story. Critics agree that drug trafficking provides a potentially lucrative revenue stream for terrorist organizations. But they say the profit is actually fueled by the government's war on drugs, which creates a situation akin to prohibition of alcohol."

Final Maryland Arson Defendant Pleads Guilty. The Washington Post (8/12, B4, Castaneda) reports, "The last defendant in a highly publicized arson case that strained race relations in Southern Maryland admitted his guilt in federal court yesterday." The Post continues, "The guilty plea by Roy T. McCann, 23, means that all five men who were charged in the arson fires that devastated the Hunters Brooke subdivision in Charles County in December 2004 have been convicted. One was convicted by a federal jury in Baltimore; the rest pleaded guilty. … McCann, of Waldorf, pleaded guilty yesterday to one count of conspiracy to commit arson in U.S. District Court in Greenbelt. .. McCann also pleaded guilty to one count of conspiracy to distribute ecstasy." The Post adds, "U.S. District Judge Roger W. Titus scheduled McCann's sentencing for Nov. 8. McCann faces a maximum sentence of 20 years in prison, with a mandatory minimum of five years, federal prosecutors said. McCann also faces a possible sentence of 20 years in prison on the ecstasy charge and an additional fine of up to $1 million, authorities said. .. .In a statement, Maryland U.S. Attorney Rod J. Rosenstein said: 'The harm suffered by the victims of this horrible tragedy cannot be erased. We hope that this guilty plea will give them some comfort, as all of the criminals charged in connection with the Hunters Brooke arson have now been convicted.'"

ATF Probing Pipe Bombs Attached To Cars In Oregon. The Salem (OR) Statesman-Journal (8/12, Thompson, Gustafson) reports, "Police now think that four pipe bombs located across the Salem area Thursday all had been attached to cars and are warning everyone to inspect their vehicles before driving. … 'If you leave your car for any length of time, take a second and glance underneath it,' Salem police Lt. Bill Kohlmeyer said. 'I'm not one to cry wolf. I want to make sure folks understand this is potentially very serious.'" The Statesman-Journal continues, "Investigators also are looking for two cars that might have odd wires hanging from them because they think that two bombs found on the ground Thursday fell off moving vehicles to which they were strapped. … 'It's entirely possible that there are two cars out there with wires hanging off that shouldn't be there, drivers that are victims and don't even know they are victims,' Kohlmeyer said." The Statesman-Journal adds, "Investigators from the FBI and the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives are working with local law enforcement officials on the Salem case. … 'Usually, pipe bombs are thrown or placed in a fixed location, and it is fairly uncommon to find them attached to a vehicle. It's very

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disconcerting. That's why we're giving it full attention,' said Special Agent Julianne Marshall, a spokeswoman for the ATF in Seattle."

CONGRESS-ADMINISTRATION:

Two New 10th Circuit Judges Sworn In. The Topeka (KS) Capital-Journal (8/12, Boczkiewicz) reports, "The federal appeals court that serves Kansas gained two judges on Thursday, Jerome Holmes, of Oklahoma City, and Neil Gorsuch, of Denver." The Capital-Journal continues, "Both men, appointed by President Bush, come to the 10th U.S. Circuit Court of Appeals with conservative legal and public policy credentials. … Holmes is the court's first black judge. He is a former federal prosecutor in Oklahoma City and more recently has been in private law practice there. … Gorsuch, a Colorado native, has spent his career in Washington, D.C., in private practice and a year ago became principal deputy to the associate U.S. attorney general, the third-ranking Justice Department official."

The Tulsa World (8/12) reports, "The addition of Holmes and Gorsuch brings the court to full strength -- 12 full-time judges -- for the first time since October, when Judge Stephanie Seymour of Tulsa took senior status, meaning she no longer works full time. … The Denver-based court has judges in each of the six states it serves: Oklahoma, Kansas, New Mexico, Colorado, Wyoming and Utah."

New White House Travel Policies Limit Media's Access To Bush. The Washington Post (8/12, A1, Baker, 748K), in a front page article titled, "Increasingly, Bush Escapes The Media Pack: Press Cuts Converge With Closed Events," reports the "idea that" President Bush "could travel across the country without a full contingent of reporters, especially in the middle of a war, highlights a major cultural shift in the presidency and the news media." Since 1963 presidents "have taken journalists with them wherever they traveled on the theory that when it comes to the most powerful leader on the planet, anything can happen at any time. But increasingly in recent months, Bush has left town without a chartered press plane, often to receptions where he talks to donors chipping in hundreds of thousands of dollars with no cameras or tapes to record his words for the public. Barred from such events, most news organizations will not pay to travel with him. And so a White House policy inclined to secrecy has combined with escalating costs for the strapped news media to let Bush fly under the radar in a way his predecessors could not." The Post goes on to report, "fewer eyeballs on a president means less scrutiny, in the view of some media and government watchdog groups. Fewer reporters, they say, means fewer questions and fewer versions of what happens available to the public. … And in closing the doors of some fundraisers, the White House has reversed a policy adopted under Clinton after fundraising scandals raised questions about what donors are seeking when they hobnob with presidents."

Bush Attends Lunch With Top Donors In Texas. The AP (8/12) reports Republican Party "big spenders" were "rewarded with a barbecue lunch with President Bush on Friday at a $750,000 fundraiser at a ranch neighboring the president's Texas home. The fundraiser was closed to the public and the press, but the Republican National Committee reported that the attendees included 350 people who have each raised at least $15,000 for the party this cycle." Bush "addressed to group after an introduction by RNC Chairman Ken Mehlman."

Bush Read Camus' "The Stranger." AFP (8/12) reports President Bush "quoted French existential writer Albert Camus to European leaders a year and a half ago, and now he's read one of his most famous works: 'The Stranger.'" White House spokesman Tony Snow "said Friday that Bush…had made quick work of the Algerian-born writer's 1946 novel -- in English."

Bush Job-Approval Rating Falls To 33% In New AP-Ipsos Poll. Bloomberg (8/12, Murray) reports President Bush's job- approval rating "declined to 33 percent, matching a record low, according to an Associated Press-Ipsos poll that signaled public discontent with the economy and the Iraq war. The survey of 1,001 adults was taken Aug. 7-9, before yesterday's announcement by British authorities that they had foiled a suspected terrorist plot to blow up planes bound for the U.S." Bloomberg notes that "in the past, imminent threats of attacks on the U.S. have helped underpin Bush's public support." However, "Seventy-one percent of respondents in the current survey said Bush was leading the country in the wrong direction, up from 67 percent last month. Public approval of Bush's leadership on the economy fell to 37 percent, a record, and 33 percent of Americans approved of his handling of the Iraq war, also a record low. On Bush's foreign policy in general, 40 percent said they approved of his administration's diplomacy overseas and in the war against

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terror, down from 44 percent a month earlier, the survey showed.

Bush's Unpopularity Said To Undermine GOP Candidates. The AP (8/12, Cassata) reports, "Republicans determined to win in November are up against a troublesome trend -- growing opposition to President Bush. … His handling of nearly every issue, from the Iraq war to foreign policy, contributed to the president's decline around the nation, even in the Republican-friendly South. More sobering for the GOP are the number of voters who backed Bush in 2004 who are ready to vote Democratic in the fall's congressional elections -- 19 percent. These one-time Bush voters are more likely to be female, self-described moderates, low- to middle-income and from the Northeast and Midwest. Two years after giving the Republican president another term, more than half of these voters -- 57 percent -- disapprove of the job Bush is doing." The AP adds, "the AP-Ipsos poll suggested the midterms are clearly turning into a national referendum on Bush. The number of voters who say their congressional vote this fall will be in part to express opposition to the president jumped from 20 percent last month to 29 percent, driven by double-digit increases among males, minorities, moderate and conservative Democrats and Northeasterners."

Bush Schedules Meetings With His Top Advisors Throughout Next Week. The AP (8/12, Pickler) reports the White House has announced President Bush "plans a series of meetings next week with his top advisers to discuss his agenda and priorities. … Monday, Bush planned to travel to the Pentagon to meet with Defense Secretary Donald Rumsfeld and other top military advisers and then have lunch with what the White House described as experts on Iraq, although a list of attendees was not released. Then he was to head to the State Department to meet with Secretary of State Condoleezza Rice. Tuesday, Bush was heading to the National Counterterrorism Center in McLean, Va., for a briefing and lunch with his homeland security and counterterrorism teams." The AP notes that "long-scheduled meeting is not a reaction to the recently discovered plot to blow up flights between Britain and the United States." Friday Bush will meet with his economic advisers.

Nicholson Announces Two New York City Hospitals Will Stay Open. In a story that appeared in at least two outlets in New York, the AP (8/12) reports that VA Secretary Jim Nicholson, speaking on Mayor Michael Bloomberg's weekly radio show Friday, said "that two veterans' hospitals in Manhattan and Brooklyn will not be closed or consolidated, ending years of speculation about the fate of the facilities." Nicholson said "that the department has decided to keep both hospitals, which were examined as part of a nationwide restructuring plan. He also said a third facility in Queens will be updated." Additionally, a shorter article by AP (8/12) appears on the Web sites of at least three broadcast outlets.

The New York Times (8/12, Hu, 1.21M) reports, "The decision was hailed as a victory by" New York Mayor Michael Bloomberg "and members of the New York Congressional delegation who have lobbied the Department of Veterans Affairs, which runs hundreds of hospitals across the country, to keep open the two in Manhattan and Brooklyn. The mayor said that he had testified at hearings, written letters and pressed the issue with federal officials." Bloomberg: "Three different boroughs, V.A. facilities. … And they're going to stay and expand and keep doing what we want them to do: provide great care for people that live in this city, in this case for those who served this country." The Times adds, "In discussing the decision, Mr. Nicholson praised the quality of care provided by the hospitals. He said the Manhattan hospital was known for its cardiac and neurosurgical care, and the Brooklyn hospital for its cancer treatments and women's health programs. The Queens center, he said, specialized in geriatric care."

Report Finds SCHIP Contributed To Decline In Percentage Of Uninsured Children. The Washington Times (8/12, Price, 88K) reports, "In the nine years since Congress approved the government-funded State Children's Health Insurance Program (SCHIP) the percentage of U.S. children without health insurance has dropped 20 percent, even though the total number of uninsured Americans is rising, a new report shows. The State of Kids' Coverage report by the Robert Wood Johnson Foundation (RWJF) revealed that the number of uninsured children has declined by 2 million since SCHIP's creation and the recent expansion of Medicaid coverage." According to the Times, "The program's goal of encouraging states to add more children to their public health programs appears to have worked. At least 5 million youngsters ages 17 and under have been enrolled in public health programs such as SCHIP and Medicaid in the past nine years."

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Podhoretz Book To Analyze Bush's Role In "World War IV." The Wall Street Journal (8/12, Rago, 2.03M) runs an interview with Norman Podhoretz, founder of Commentary magazine. Podhoretz claims the "war on terror," should be "rightly understood as 'World War IV,' demanding a new set of policies and ideas that will allow the U.S. to cope under drastically altered conditions. The point of his voluminous WWIV essays (currently being expanded into a book) is to limn the ways in which George Bush has done precisely that."

OTHER NEWS:

Stock Markets Close Lower To Cap Losing Week. NBC Nightly News (8/11, story 8, :15, Brown, 9.87M) reports, "No eruptions on Wall Street today. The Dow off a little more than 36 points [to close at 11,088.03], the Nasdaq, down 14 [to close at 2,057.71]. For the week, the Dow lost more than 152 points [or 1.36%], the Nasdaq, 27 [or 1.31%]."

The Wall Street Journal (8/12, Patterson, 2.03M) reports a "report showing retailers sold more goods than expected in July boosted the odds the Fed may increase rates again later this year. Nail-biting over rates, as well as trepidation ahead of some key inflation data due next week, helped send the Dow Jones Industrial Average down 36.34 points." The Standard & Poor's 500-stock index "fell 5.07 Friday to 1266.74, leaving it down 13 points, or 1%, for the week, also ending a three-week string of gains." Wall Street "remains split between concerns about a slowing economy and fears that strong economic data will force the Fed to keep nudging rates higher, analysts said."

Bloomberg (8/12, Johnson) reports stocks ended "their first losing week in a month, after a surge in retail sales suggested the Federal Reserve will resume raising interest rates. Alcoa Inc., the world's largest aluminum maker, had the Dow Jones Industrial Average's biggest loss as the prospect of higher rates hurt companies most affected by a slower economy."

Retail Sales Up Unexpectedly Strong 1.4%. The Wall Street Journal (8/12, lp, 2.03M) reports, "The nation's retail sales grew much more than expected last month, casting doubt on whether consumer spending has slowed and the Federal Reserve has reached the end of its rate increases." The Commerce Department said retail sales "in July grew 1.4% from June, after falling a revised 0.4% in June from May." Excluding "a big jump at auto dealers, sales rose 1%. Further excluding gasoline stations, whose sales figures were boosted by higher gasoline prices, the increase was 0.7%. Nonetheless, the July figures were stronger than economists expected."

Bloomberg (8/12, Schlisserman) notes the retail sales report "may make it harder for Fed Chairman Ben S. Bernanke to indefinitely forgo raising interest rates after suspending a two-year tightening campaign this week." Stephen Stanley, chief economist at RBS Greenwich Capital in Greenwich, Connecticut, "and the only analyst in a Bloomberg News survey to accurately forecast the gain in sales," said, "It's a little too early for the Fed to have declared victory."

The Financial Times (8/12, Hughes) reports, "Strong retail sales data eased concerns about the US consumer on Friday as shoppers appeared undeterred by high petrol costs and used malls to escape the summer heat." Although "known for their volatility, the data were a sharp turnaround from June, when sales excluding autos rose just 0.1 per cent."

The Wall Street Journal (8/12, 2.03M) compiles economists' reactions to the increase in retail sales.

CPI Report For July Seen As Early Indicator Of Whether Fed Decision Was Correct. The Wall Street Journal (8/12, Bain, 2.03M) reports the "current market conditions will give you pause. In a week full of high-profile news events, including an oil spike, the first Federal Reserve inaction in years and an apparent foiled terrorist attack, stocks stayed relatively calm." Events next week "may provide new clues to an economic puzzle and give markets a clearer sense of direction." Investors "will zero in Wednesday on the Labor Department's consumer price index for July, a key inflation gauge and an early indicator of whether the Fed made the right move by leaving rates steady."

Difficulty Of Investing Examined. The Financial Times (8/12, Coggan) examines the reasons that make forecasting investment performance difficult: "The most obvious problem is the sheer amount of information that needs to be analysed. When deciding to buy a particular share, investors need to assess the probity of the management, the appeal of the group's products, the threat from competitors in the sector, and the economic conditions before even beginning to calculate the correct value of the shares, using a host of different measures. Not only do they need to understand conditions now, but predict how they will

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develop over the next five years or so. Even a very well-informed investor can struggle."

Fed Rate Hikes Seen As Helping To Bring Down Housing Market. The Los Angeles Times (8/12, 918K) says in an editorial, "There is one large group of Americans who've been stung almost every month by the Fed's steady ratcheting of interest rates: homeowners with adjustable-rate mortgages or home-equity loans." The "linkage between real estate and other aspects of the economy, especially consumer spending, has never been more direct or immediate. Hence the Fed's concern about a possible bursting of the bubble — if there is indeed a bubble — or the potential repercussions for the rest of the economy from a mere flattening of the market." More evidence "of a housing slowdown arrived in the days after the Fed's announcement, including reports of prices flattening in San Diego and Los Angeles. The bubble may not be popping, but the steam may be seeping out of it, which would make" Federal Reserve Chairman Ben Bernanke "happy. So long, that is, as a flat real estate market doesn't trigger a recession throughout the economy."

Southern California Real Estate Market "Slumping." The Los Angeles Times (8/12, Haddad, 918K) reports Los Angeles County's home prices "in July rose at their slowest pace in six years while San Diego County's continued to fall, more evidence that the Southland's real estate market is slumping, data released Friday show." Buyers are "not rushing into deals, with sales in Los Angeles County plunging 25% versus year-earlier volumes — the eighth consecutive month of declines, according to La Jolla-based research firm DataQuick Information Systems." The "latest data are likely to intensify the debate over whether widespread predictions of a 'soft landing' — in which home prices level off and avoid sharp declines — might be too optimistic."

Vioxx Whittles Down Litigation Caseload. The Wall Street Journal (8/12, Tesoriero) reports, "A verdict in the second federal Vioxx trial could come down next week as the massive litigation, encompassing nearly 14,200 lawsuits so far against Merck & Co., nears two major milestones: First comes the one-year anniversary of the first Vioxx verdict; then comes the expiration in most states of the two-year statute of limitations for people to file suits claiming the painkiller caused their heart attack or stroke." The Journal continues, "A year after getting hit with a $253.4 million judgment by a Texas state-court jury, Merck holds a narrow 5-3 lead in the trial tally. Plaintiffs, some of whom have recovered fully from the medical setbacks they blame on Vioxx, have found it tougher than they expected to win jurors' sympathy. Merck's stock is up by a third in the past year, and is now higher than it was when the company yanked Vioxx off the market just over two years ago. … But plaintiffs' lawyers maintain that even if they win just two or three of every 10 cases, the damage awards and litigation costs would be high enough to pressure the Whitehouse Station, N.J., company to consider settling the remaining cases." The Journal adds, "The pace and intensity of trials is set to accelerate, with as many as eight due to start before year's end. Once the statute of limitations passes, Merck and the plaintiffs' attorneys will get a more accurate picture of the number of cases and their relative merits, which could help lay the groundwork for settlement discussions. … The two sides have battled over which cases to try first, because each is attempting to establish a pattern that will strengthen their position in settlement talks that are sure to come. One critical test is the current trial in New Orleans federal court. Gerald Barnett, a 62-year-old former agent with the Federal Bureau of Investigation, alleges that the Vioxx he took for 33 months contributed to his September 2002 heart attack."

Small Firms Fuel Silicon Valley Resurgence. The Wall Street Journal (8/12, A1, Tam, 2.03M) reports after "suffering an exodus during the dot-com bust," Silicon Valley "is once again a land of opportunity." The "nation's technology capital lost 185,000 jobs, or one in five, between 2001 and 2005. This year, state economists expect a net inflow of people into the area for the first time in six years." And "just as noteworthy as the comeback is the source of all the new jobs. For the most part, it isn't giants such as Cisco Systems Inc., Sun Microsystems Inc. and Intel Corp. They're adjusting to slower growth rates and in some cases continuing to shed workers. The biggest demand comes from thousands of small and midsize companies and start-ups such as Sling Media, suggesting that Silicon Valley's entrepreneurial ferment survived the bust just fine. Companies are typically looking for experienced workers who are well-versed in hot technologies."

Antiwar Democrats Compared To Reagan Conservatives Of The '70s. In a piece that will

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appear in the 8/20 edition of the New York Times Magazine Matt Bai, in reference to the Lieberman-Lamont race, writes, "There are…some compelling parallels between this moment in Democratic politics and the one that saw the ideological cleansing of the Republican ranks three decades ago. In 'Reagan's Revolution,' an inside account of Reagan's failed 1976 campaign, Craig Shirley notes that aides to President Gerald Ford warned that they were 'in real danger of being outorganized by a small number of highly motivated right-wing nuts.' Those so-called nuts, meanwhile, waged war on the then widely held belief that 'if they were to succeed, Republicans had to be 'pragmatic,' they had to 'broaden the base' and they had to 'compromise.' Otherwise, they would always be in the minority.' The very same things might be written now, substituting the words 'left' and 'Democratic' for 'right' and 'Republican.' And like those bygone Republican leaders, establishment Democrats exhibit a surprisingly shallow understanding of the uprising that now threatens to engulf them."

Both Parties See Hopeful Signs In Lamont Win. The Financial Times (8/12, Yeager) reports liberal activists, "energized" by Ned Lamont's victory, "know what they think. 'Ned Lamont is a blueprint for the kind of leadership that can lead Democrats to victory in November,' said Eli Pariser, executive director of MoveOn.org Political Action. Mr Lamont rallied the grassroots and tapped the 'netroots', he said, and led a 'revolt by voters who are tired of the status quo'. For Republicans, though, Mr Lamont is the archetype of the pacifist Democrat, a theme the party hopes to exploit in November's midterm elections. Ken Mehlman, Republican National Committee chairman, said Mr Lamont's campaign was based on 'retreating from the terrorists in Iraq' and that his win reflected 'an unfortunate embrace of isolationism, defeatism and a 'blame America first' attitude'."

McGovern Compares This Year's Election Season To 1972. Newsweek's Eleanor Clift (8/12) writes George McGovern, the "84-year-old former senator from South Dakota, who served in World War II as a bomber pilot, spoke…about what it's like to hear his name invoked after this week's Democratic Senate primary in Connecticut as a cautionary tale about what can happen to candidates who get labeled weak on national security." McGovern is quoted as saying, "People feel they've been misled, that the administration has not been honest and there's a huge credibility problem as well as a foolish war. It's very similar to the situation in Vietnam that opened the way for me to win in a field of 17 candidates so many years ago."

Conservatives Said To Have Maintained "Adversarial" Mindset. In an op-ed for the New York Times (8/12, 1.21M) author Thomas Frank writes, "How does the right keep its adherents in a lather against government bureaucrats and Washington know-it-alls when conservatives are the only bureaucrats and know-it-alls who matter anymore? Part of the answer is that, after their crushing defeat in the 1930's, conservatives rebuilt their movement by adopting a purely negative stance against liberalism. … Writing in the middle of the Reagan years, the journalist Sidney Blumenthal gaped at the persistence of this 'adversarial' mind-set long after the liberals had been routed. 'Even when conservatives are in power they refuse to adopt the psychology of an establishment,' he marveled."

Most Of Lieberman's Primary Supporters Seen As Unwilling To Back Lamont. The New York Times (8/12, Confessore, Salzman, 1.21M) reports that after Sen. Joseph Lieberman's primary loss, "many prominent Democrats switched their support to" Ned Lamont "and called for the party to unite behind him. But that unity may be a more elusive goal at the grass-roots level. Only a handful of those Lieberman supporters interviewed said they would switch to Mr. Lamont, signaling the difficulties he may have attracting Connecticut's moderate voters in a general election." The Times adds, "Most of the nearly three dozen Lieberman supporters interviewed said that they opposed the war in Iraq but were unwilling to vote against the senator based on a single issue. Many praised his experience and his record on jobs and education. Others said Mr. Lieberman's decision to run as an independent squared easily with his past willingness to part ways with his party when his beliefs required it."

Lamont Seeking Assistance From National Democrats. The Washington Post (8/12, A2, Murray, 748K) reports Lamont "will launch a general election bid in Connecticut next week with an expanded campaign operation of Washington-based reinforcements." Lamont "is seeking help from party veterans in fundraising and communications, and in answering Lieberman's increasingly aggressive war defense." Lamont is "expected to be joined by numerous prominent Democrats, including 2004 vice presidential nominee John Edwards, who is scheduled to

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campaign with Lamont on Thursday. Also next week, the state's powerful labor unions will begin considering their next moves. The state AFL-CIO, which provided crucial turnout support to Lieberman on primary day, will hold an initial meeting to consider backing a general election candidate or staying neutral."

Lamont Campaign Manger Apologizes For His Depiction Of Lieberman Stronghold. The AP (8/12) reports Ned Lamont's campaign manager Tom Swan "said he would apologize to the mayor of Waterbury for describing the city that backed his opponent, Sen. Joe Lieberman, as a place 'where the forces of slime meet the forces of evil.'" Swan "said the comment made Tuesday, after the city voted heavily for Lieberman in the Democratic Senate primary, was in the context of a broader discussion of state politics in which former Mayor Philip A. Giordano was the 'slime' and former Gov. John G. Rowland was the 'evil.' Giordano is serving a prison sentence on federal child sex charges and Rowland, a Waterbury native, was forced to resign in 2004 and served a federal prison term for corruption."

Lamont Daughter Ruled Ineligible To Cast Vote. The AP (8/12) reports election officials "rejected Emily Lamont's vote in Tuesday's primary battle between her father and Sen. Joe Lieberman after the Democratic registrar of voters determined she had been ineligible to cast it because she wasn't a registered Democrat."

Mayor Enters Race To Succeed DeLay As Write-In. The AP (8/12, Castro) reports Sugar Land, Texas's Republican mayor David Wallace "became the first person to file as a write-in candidate on the ballot for former House Majority Leader Tom DeLay." Houston City Councilwoman Shelley Sekula-Gibbs "has said she would run for the seat only if the GOP said it would backed her. A spokeswoman for the state GOP, Gretchen Essell, said party leaders had not determined which candidate they would support in the race. The Democratic candidate on the ballot will be former U.S. Rep. Nick Lampson."

Jefferson Attracts Twelve Challengers. The Washington Post (8/12, A6, Lengel, 748K) reports Rep. William J. Jefferson "will face a dozen challengers in his bid for reelection, including some well-known Louisiana names. When the 5 p.m. filing deadline for the November election passed yesterday, eight Democrats, three Republicans and one Libertarian had filed to run against the eight-term incumbent, a sharp contrast to two years ago, when he faced one challenger. The candidates include state Sen. Derrick Shepherd (D), state Rep. Karen Carter (D) and former state representative and New Orleans City Council member Troy Carter (D)."

The AP (8/12, Deslatte) reports, "Although some are lesser-knowns, a few challengers carry significant name recognition, political ties and fundraising potential that could lead the eight-term Democrat into his first hard-fought race in years. Several candidates said the New Orleans-based district needs someone focused on hurricane recovery, rather than a federal investigation that has embroiled Jefferson. Jefferson framed his opponents as opportunists who won't succeed in unseating him."

Ehrlich Hopes Close Ties With Prince George's Exec Will Boost His Reelection Campaign. The Washington Post (8/12, B4, Marimow, 748K) reports Gov. Robert L. Ehrlich "said yesterday that he is well positioned to gain ground…in his reelection bid in part because of his warm relationship with Prince George's County Executive Jack B. Johnson. Four years ago, 'I didn't like him. He didn't like me,' the Republican said of Johnson (D) at a lunch meeting with Washington Post editors and reporters at the governor's mansion in Annapolis. Since then, the bipartisan relationship has blossomed into something 'really terrific.'" Ehrlich "said he does not expect the executive to endorse him in a general election match with Baltimore Mayor Martin O'Malley (D). But he suggested that Johnson has been helpful in more subtle ways, such as his public praise of the governor for buoying the troubled Prince George's Hospital Center."

Sheehan Hospitalized For Dehydration And Exhaustion. The AP (8/12, Brown) reports peace activist Cindy Sheehan "was hospitalized Friday evening for dehydration and exhaustion after fasting for more than a month and protesting earlier this week in 100-degree weather, friends and relatives said. Sheehan was listed in stable condition at Providence Health Center in Waco."

WSJournal Celebrates Twenty-Fifth Anniversary Of Reagan Tax Cuts. The Wall Street Journal (8/12, 2.03M), in an editorial, writes, "Twenty-five years ago this weekend, Ronald Reagan signed the Economic Recovery Tax Act. The bill cut personal income

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tax rates by 25% across the board, indexed tax brackets for inflation and reduced the corporate income tax rate. The anniversary is worth commemorating as a seminal moment that continues to influence policy for the better in the U.S., and around the globe. The achievement of Reaganomics can only be fully understood by recalling the miserable state of affairs a quarter-century ago. … The economy was enduring a cycle of rising inflation with growing levels of unemployment. Remember 20% mortgage interest rates? Terms like 'stagflation' and 'misery index' entered the popular vocabulary, and declinists of various kinds were in the saddle. The perception of American economic weakness encouraged the Soviet empire to ever bolder adventures, as reflected by Soviet tanks in Kabul and Communists on the march in Nicaragua and Africa."

NYTimes Denounces Automatic Calls Distorting Connecticut GOP Reps' Records. The New York Times (8/12, 1.21M) editorializes that Connecticut has "become the focus for some of this year's nastiest campaign tactics. For months, thousands of residents have gotten telephone calls with recorded messages filled with half-truths or outright lies regarding the records of the Republican House members — Christopher Shays, Nancy Johnson and, to a lesser degree, Rob Simmons. Political advocacy groups, some with obscure origins, are generating the automatic calls. … The entities behind the calls are registered as nonpartisan voter education groups. Because of a gaping hole in the campaign finance laws, they are not even required to publicly list their donors."

UN Reaches Agreement On Mideast Cease Fire Resolution. The UN's agreement on a ceasefire resolution for the Middle East remained a significant story, but was overshadowed somewhat in the media. Still, major papers carried on their front pages. In general, the cease fire deal was characterized as progress made after intense negotiating efforts by the US, but it was framed by news but it was framed by news of continuing violence between Israel and Hezbollah. The CBS Evening News (8/11, lead story, 3:10, Smith, 7.66M) in its lead story on the plane bomb plot noted, "For the first time since fighting broke out between Israel and Hezbollah forces last month, there is real hope of a ceasefire." But later in its broadcast the CBS Evening News (8/11, story 5, 1:50, Smith, 7.66M) also reported, "But the crisis isn't over yet. The Israelis are pressing ahead with a new offensive in southern Lebanon tonight."

ABC and NBC also covered the cease-fire deal later in their broadcasts. ABC World News Tonight (8/11, story 6, 2:00, Raddatz, 8.78M) reports, "There have been intensive negotiations all week. But it looks like there will be a ceasefire agreement, with both Lebanon and Israel supporting it. After a month of fighting, the terms of ceasefire are clear." Raddatz added, "The mandate for that force is robust with authorization to 'take all necessary actions' to enforce the truce. But today, just as the terms of the resolution were being finalized, Israeli rockets hit a convoy in southern Lebanon, killing 4 and injuring nearly 20." Raddatz: "The Israeli cabinet will vote on this on Sunday, but it is still unclear when a ceasefire would actually begin."

NBC Nightly News (8/11, story 4, 1:50, Mitchell, 9.87M) reports, "What was agreed to, this compromise tonight at the UN is a cessation of hostilities. But there is no deadline or timetable or enforcement. So it is not yet technically a cease-fire." Mitchell added, "Lebanon and Israel only agreed to this after a lot of pressure from Secretary of state Condoleezza Rice. Earlier I talked to her about this very fragile compromise." Secretary Rice: "I don't want to be overly optimistic here. Of course there may be some skirmishes but the large scale violence will stop when these governments signed on. That's a big win for the humanitarian situation, for the civilians. This force has to come in so as it deploys Israeli forces withdraw. You will have a fundamentally different situation in the south."

A front page article in the New York Times (8/12, A1, Hoge, Erlanger, 1.21M) reports, "The Security Council agreed unanimously on Friday on a measure calling for a full cessation of hostilities in Lebanon, deploying 30,000 Lebanese and United Nations forces in southern Lebanon and calling upon Israel to withdraw its forces 'in parallel.'" Lebanon protested an earlier draft that "specified that the force be created under Chapter VII of the United Nations Charter," so "Jean-Marc de la Sablière, the French ambassador, and John R. Bolton, the American ambassador, redrafted the resolution" using "the language of the less coercive Chapter VI." Secretary of State Condoleezza Rice had "received assurances from Tzipi Livni, Israel's foreign minister, that Israel would support the accord," and despite "rejecting earlier versions, Prime Minister Ehud Olmert of Israel accepted the resolution." However, "under a deal an Israeli official said was approved by the United States, Mr.

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Olmert will wait until Sunday to obtain his cabinet's approval," capping "an evening of diplomatic brinksmanship and political gamesmanship that may help him deflect criticism of his handling of the war." Olmert also "called President Bush to thank him for his help in 'safeguarding Israel's interests in the Security Council.'"

In a front page story, the Washington Post (8/12, A1, Lynch, Wright, 748K) adds, "It gives the international force the mandate to use firepower but no explicit role in disarming Hezbollah, leaving the fate of the Lebanese militia to a future political settlement." Secretary Rice "said the cease-fire will not go into effect immediately" and "cautioned that 'the conditions of a lasting peace must be nurtured over time.'" Still, "U.S. officials said they believe that at least some members of Hezbollah have endorsed the ideas in the proposal because Lebanese Prime Minister Fouad Siniora won unanimous cabinet support -- including from two Hezbollah ministers -- for the deployment of an expanded U.N. force." The Post notes "an enormous amount of work will have to be done quickly to get even the initial units to Beirut and then to southern Lebanon." The Financial Times (8/12, Birchall) notes in its second paragraph "Condoleezza Rice…told the security council the resolution would "help to open a path to lasting peace for Lebanon and Israel."

In a separate article, the Financial Times (8/12, Nations) leads, "The United Nations Security Council on Friday finally delivered a ceasefire plan for southern Lebanon that it hopes will…establish at least the groundwork for a lasting peace on Israel's northern border." France's UN ambassador Jean-Marc de la Sablière said it "will not only take care of the immediate situation . . . but also of the long-term situation."

The Washington Times/AP (8/12, A1, Wadhams) quotes Rice saying "the 'hard work of diplomacy' was only beginning with the passage of the resolution," and "Today we call upon every state, especially Iran and Syria, to respect the sovereignty of the Lebanese government and the will of the international community."

The Wall Street Journal (8/12, A3, Chazan, Champion, Leggett, 2.03M) adds," Israel and Lebanon signaled they would agree to terms of a United Nations resolution to halt the war between Israel and Hezbollah, offering the best hope yet of a break in the monthlong hostilities." However, the resolution "papers over a dispute about what kind of international force should patrol southern Lebanon and when Israeli troops should withdraw," and "the onus for keeping the peace will rest with a small and ill-equipped U.N. force long criticized as inept."

McClatchy Newspapers (8/12, Nissenbaum, Strobel) reports, "In a significant loss for Israel, the agreement doesn't explicitly spell out how or when Hezbollah will be disarmed. And it doesn't clearly lay out a way to prevent Hezbollah from rearming, another key Israeli demand." Also, Israel's new ground offensive preceding its to officially embracing the U.N. proposal on Sunday "is likely to lead to a dangerous last-minute escalation that could jeopardize the tenuous cease-fire agreement." The Los Angeles Times (8/12, Farley, Chu, 918K) also covers this story.

Rice Talked With Both Sides Leading Up To Resolution. Secretary of State Condoleezza Rice said on FNC's Hannity and Colmes (8/11, 9:00 p.m.), "We have been working for several weeks to try to bring an end so the large-scale violence not allowing it to return to the previous situation. They talk about a cease-fire but the conditions have to be there so you don't have a state within a state going across the blue line, attacks Israel, and causing to -- pledging the region into the chaos. Today was the culmination of that. I had several conversations with the Israeli leadership, foreign minister, prime minister. Several conversations with the Lebanese leadership. And we got to a good outcome for both Israel and Lebanon, who want the same thing."

Key To Deal Was "Robust" International Force. Secretary of State Condoleezza Rice in an interview on the CBS Evening News (8/11, story 6, 1:35, Smith, 7.66M) was asked about "one of the key elements to get Israel on board" the "sense UN forces could in fact use force if necessary. How key was that?" Secretary Rice: "Well, it was very key for the Israelis, and, frankly, for troop contributors, and I think also for the Lebanese, that this be a really robust force, international force, that can accompany and help the Lebanese armed forces so that we don't have a return to the status quo in the south." Rice added, "I think it's a very strong mandate, and this has been good for all sides."

Secretary of State Condoleezza Rice said on FNC's Hannity and Colmes (8/11, 9:00 p.m.), "Ultimately the way to stop Hezbollah is when there is a Lebanese government and a Lebanese army, with a major international force, robust international force that can make sure that the south is not the vacuum that it has been for the last six years. So, this is the really important step forward. And this international force in the mandate will be very robust."

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Bush Said To Believe That Conflict Is Proxy War Between US, Iran. The Financial Times (8/12, Luce) reports, "Former and current administration officials say that George W. Bush feels more strongly and is more engaged in support of Israel's military assault on Hizbollah than on any other question," and he believes "that the fighting between Israel and Hizbollah is a proxy war between the US and Iran's theocratic regime, which Washington sees as the most serious threat to stability in the region and beyond. US officials say they have intercepted communications between Tehran and Hizbollah that show Iran continues to supply arms to the Lebanese group" and that "it is no coincidence the Hizbollah raid occurred the day after Tehran effectively turned down Washington's conditional offer of talks over its alleged nuclear weapons programme." Meanwhile, "Washington's increasingly marginalised foreign policy 'realists' claim – without substantiation – that Condoleezza Rice, the secretary of state, was overruled by Mr Bush last month when she argued for an earlier ceasefire by Israel."

Rice Says Responsibility Lies With Lebanon, Syria To Enforce Arms Embargo. Secretary of State Condoleezza Rice in an interview on the CBS Evening News (8/11, story 6, 1:35, Smith, 7.66M) was asked, "Somehow, Iran and Syria have to be taken out of the equation. How do you take them out of this equation?" Secretary Rice: "First of all, everyone should use whatever influence they have with the state sponsors of terrorism, but there's also an arms embargo. The Lebanese government has said that it will take its responsibilities to keep unauthorized arms out of its country. And finally, Syria, which, of course, all the way back to Resolution 1559 has obligations concerning the sovereignty of Lebanon, really has to live up to them now."

Bush Calls Olmert After Cease Fire Deal Reached. NBC Nightly News (8/11, story 4, 1:50, Mitchell, 9.87M) reports, "Even as this compromise was being negotiated, though, Israeli tanks were moving northward and late today President Bush finally did call Prime Minister Olmert of Israel. It is the first time since this conflict began the President picked up the phone and talked to Olmert. They were very carefully secluding the President from having to deal with him, but now that this compromise was reached it was time for that phone call." The AP (8/12, Pickler) adds that in the call "Israeli Prime Minister Ehud Olmert thanked President Bush… for his work on a resolution to stop violence between Israel and Hezbollah"

NYTimes Calls For Strong Enforcement Of Cease Fire Plan. The New York Times (8/12, 1.21M) editorializes, "It took unconscionably long — almost a month — for the United Nations Security Council to produce a formula to end the fighting in Lebanon" and it must "be put into effect as quickly and thoroughly as possible, and…lead to a lasting political solution that can avoid future conflicts." That means Hezbollah's rockets "must be stopped" and "it cannot remain an armed state within a state." The "ugly, unnecessary war had many losers and no real winners," including "Washington, which rightly stood by Israel but wrongly refused to call for a cease-fire or engage in meaningful diplomacy with Syria, also paid a price that could further complicate problems in Iraq and Afghanistan. A rapid and effective follow-through on yesterday's resolution could make up for some of these losses. Anything less will only compound the damage already done."

Both Sides Continue Fighting In Anticipation Of Cease Fire. The CBS Evening News (8/11, story 5, 1:50, Cowan, 7.66M) in its story on the UN cease fire agreement also noted, "With the possibility of a truce imminent, both sides were getting their last licks in. Israel pounded Beirut's southern suburbs and hit a Syrian border crossing, killing at least a dozen. Hezbollah fired hundreds of more rockets, and one of them, they claim, hit an Israeli gunboat. If that kind of fighting stops, humanitarian aid agencies will get a long-awaited window to get help to those who have been trapped in the war zone. The UN expects both sides to agree to this resolution, but Israel has said it promises to push ahead with its offensive until the Israeli cabinet can at least vote on the cease-fire deal. That's not expected to happen until Sunday at the earliest, so we may still have at least a day and a half or two days of heavy fighting ahead."

NBC Nightly News (8/11, story 4, 1:50, Brown, 9.87M) reported, "And turning now to the violence in the Middle East, Israeli attacks killed at least 25 in Lebanon today. One Israeli soldier was killed in the fighting while here in New York, a breakthrough in efforts to find a ceasefire acceptable to all sides."

Israelis Continue Operations As Olmert's Numbers Fall. The New York Times (8/12, Erlanger, 1.21M) reports, "Israeli Prime Minister Ehud Olmert agreed early on Saturday to recommend that his government accept" the cease fire, but the government "will not meet until Sunday, and until that

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time, the Israeli military will be pressing forward farther into southern Lebanon to destroy Hezbollah strongholds and rocket stockpiles." An Israeli official said that delay "came with the approval of the United States." Meanwhile, "Olmert and Defense Minister Amir Peretz of the Labor Party have been sharply criticized in the Israeli media in the last few days for their handling of the month-long war" and "opinion polls, taken before details of the proposed Security Council resolution emerged, showed eroding public support in Israel for Mr. Olmert." The Washington Post (8/12, A16, Moore, Cody, 748K) notes the second paragraph, "Olmert's decision to increase ground combat came as Israeli public criticism of both the government and the military leadership escalated." The Washington Times (8/12, Mitnick, 88K) leads "After a month of silence by Israel's dovish left wing, growing criticism of war in Lebanon was highlighted by a plunge in support for Prime Minister Ehud Olmert in a poll published yesterday."

Time (8/12, McGirk, 4.03M) reports, "the after-shock of the Lebanon war is expected to shake-up the top echelons of the Israeli military, and it may even threaten Prime Minister Ehud Olmert's coalition government." Today, "many Israelis are worried that if they stop fighting now, they will have lost a weapon far more valuable than any 'bunker-buster' — the Israeli army's aura of invincibility. And for that loss in this Lebanese war, more than any other casualty, Olmert and his top generals may pay dearly."

A seperate Washington Times/AP (8/12, Laub) article reports on the "expanded ground offensive," but appears to be written before the Olmert agreed to the UN cease fire resolution. The AP reports, "Secretary of State Condoleezza Rice telephoned Mr. Olmert to ask him if there was any room left for diplomacy to solve the Mideast crisis, according to an individual close to the government with direct knowledge of the conversation," who added, "Mr. Olmert has indicated he would be willing to call off the offensive if Israel's basic demands are met."

Photographer Says Israeli Drone Attacked Convoy. The AP (8/12, Panossian) reports, "An Israeli drone fired at a convoy of refugees fleeing southern Lebanon on Friday night, killing at least seven people and wounding 22," according to Lutfallah Daher, an Associated Press photographer who was with the convoy when it was hit. He said "Israeli forces in Marjayoun gave the convoy permission to head north," but "Israel has said it would attack any vehicle on roads south of the Litani, assuming it was carrying Hezbollah weapons or fighters," and "Israel's military said no convoys had been coordinated with the army." The military added "it was investigating the incident."

Anti-Lebanon Conflict Protesters To March In DC. The Washington Times (8/12, Hunsberger, 88K) reports, "The Metropolitan Police Department says it will likely send officers from its special operations division to a rally today that organizers say is a protest of U.S. involvement in the war in Lebanon. Demonstrators are scheduled to meet at noon in Lafayette Park, in front of the White House, for a 90-minute rally, then walk to Capitol Hill. The organizers say they expect "thousands," but while "D.C. police officials…said they would assign more officers if the event becomes bigger than expected," there are "no plans to close streets along the march route." U.S. Capitol Police spokeswoman Sgt. Kimberly Schneider noted, "If we planned according to how many people that groups say they will have, we would have the city shut down half of the time."

Israeli Soldiers Say Hezbollah More Competent Than Expected. The New York Times (8/12, Myre, 1.21M) reports, "wounded soldiers here in northern Israel's main hospital, and all seem to have stories of unexpectedly fierce ground battles with Hezbollah. They describe Hezbollah as heavily armed, well organized and maddeningly elusive," and while they believe Israel can "drive Hezbollah back from the border," they "acknowledge it will involve tough fighting that could last weeks, in contrast to the swift and decisive victory many of them expected when the fighting began."

Hezbollah Fighter Says He Trained Outside Lebanon. The McClatchy Newspapers (8/12, Fadel) reports on Abu Ali the head of Hezbollah for the outskirts of the southern port city of Sidon. He says "As long as Israel is in Lebanon and continues to attack Lebanese land," Hezbollah will fight. He admits "he went through rigorous training both inside and outside Lebanon."

Rescue Workers Seek Victims Of Violence In Lebanon. NBC Nightly News (8/11, story 5, 2:15, Brown, 9.87M) reported, "While diplomats in New York try to stop the fighting, rescuers in the region are still trying to save lives. They are searching for survivors and bringing relief supplies to the 100,000 people still cut off in southern Lebanon." NBC (Engel) added, "The convoy passes villages destroyed by Israeli airstrikes on a rescue mission long overdue. In this village, a woman and three children were buried alive four days ago." Yet "Israel didn't allow the Red Cross in until this morning."

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UN Human Rights Council Condemns Israel, Not Hezbollah. The Washington Times/AP (8/12, Engeler) reports, "The U.N. Human Rights Council yesterday condemned Israel for 'massive bombardment of Lebanese civilian populations' and other 'systematic' human rights violations, and decided to send a commission to investigate. European countries, Japan and Canada voted against the resolution, primarily because it lacked balance in failing to name the Hezbollah militia," and "Israeli Ambassador Itzhak Levanon said the discussions were one-sided…ignoring the deadly Hezbollah missile attacks on northern Israel." He added, "the council made a distinction between the sufferings, the blood and the deaths, and this failure will forever be written in the annals of that body." U.N. high commissioner for human rights Louise Arbour also "told the council it was obligated to consider violations by both sides," noting "Hezbollah's indiscriminate shelling of densely populated centers" and "repeated allegations of Hezbollah's systematic use of civilians as human shields."

Death Of American Turned Israeli Soldier Personalizes Conflict For Some. The Los Angeles Times (8/12, Braun, King, 918K) reports, "Barely out of high school," Michael Levin "settled in Israel, struggled to learn Hebrew and set about winning a coveted assignment in the Israel Defense Forces" as a paratrooper. He got his wish, but was "Mortally wounded during a firefight with Hezbollah guerrillas in southern Lebanon this month." Now, "his passion for Israel has stirred young Zionists and Jewish congregations across the U.S., personalizing a conflict that has at times seemed remote and politically muddied."

Washington Post Details Plight Of Some Lebanese Refugees. The Washington Post (8/12, A17, Boustany, 748K) reports, "More than 11,000 refugees have arrived in Jazzin and surrounding towns since the crisis began." The Post notes that supplies are scarce and follows the plight of several refuges in the area.

Lebanese Blog On The Conflict. The Washington Times (8/12, Kim, 88K) reports, "Web logs, or 'blogs,' have become popular with computer-savvy Lebanese looking to express their anger and grief over the monthlong war between Hezbollah and Israel. The blogs range from furious rants against Israel and the United States to sentimental pessimism for their war-battered nation, which only recently held elections that were hailed as a model for emerging democracies in the Arab world." The Times goes on to cite examples from various blogs.

Evangelicals Silent On Conflict. The Washington Times/AP (8/12) reports, "In the flurry of pro and con statements from American Christians regarding Israel's strikes on Hezbollah guerrillas, one major religious group has remained notably quiet -- evangelicals. The most influential organizations in the movement, usually vocal backers of the Jewish state, have made no formal comment on the war in Lebanon despite pleas from Israelis that they do so." The president of the evangelical association, Rev. Ted Haggard, "insists the inaction is not a criticism of Israel, but reflects a new caution about the risks for Christians living in Muslim countries." Still, they are silent, as are the Southern Baptist Convention and Focus on the Family. "The three groups have far greater impact on public policy than do Christian Zionists, a minority among conservative Christians who back Israel unequivocally because they see its existence as part of biblical prophesy."

Jewish-Muslim Interfaith Activities In US Higher Since 9/11. The Washington Post (8/12, B9, Sacirbey, 748K) reports, "An unprecedented swell of interfaith activities followed the terrorist attacks of Sept. 11, 2001, and American Muslims and Jews have found common ground as religious minorities with shared theological and social values" as well "as Americans." Although "agreement on Middle East politics has remained elusive," for "some communities, Muslim-Jewish relations have become close enough that they can talk about Middle Eastern politics, even passionately but without losing their tempers."

Giant Oil Spill From Bombed Power Plant Threatens Sea Life. The McClatchy Newspapers (8/12, Allam) reports, "A massive oil spill off the coast of Lebanon is choking marine life, polluting the air as it evaporates and threatening to produce a long-lasting ecological disaster if Israel doesn't allow cleanup crews into the sea soon, environmental officials here warned Friday." The Lebanese government "is pleading for help to save its pristine beaches and fragile underwater life" as "between 10,000 and 15,000 tons of heavy fuel oil poured into the Mediterranean Sea after Israeli jets bombed a power plant south of Beirut in mid-July." Experts call it "the worst spill ever in the Mediterranean and a disaster comparable to the Exxon Valdez spill in Alaska in 1989." Meanwhile, "the governments of Cyprus, Turkey and Greece are on alert as strong tides spread" the oil.

Professor Says Both Sides Consistently Make Mistakes. Caleb Carr, a visiting professor of military studies at Bard College and the author of "The Lessons of Terror: A

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History of Warfare Against Civilians," writes in an op-ed in the Los Angeles Times (8/12, 918K), "Israelis and their foes are swinging wildly -- and missing their targets." The two "sides have made fundamentally foolish moves in recent weeks, yet each side has consistently been rescued from its mistakes by the errors of the other. And, following this pattern, they have worked themselves and the world to the edge of a crisis that is ominous even by Middle Eastern standards." There is "an alternative to this pattern of mistakes and countermistakes," but it"involves a quality that neither the Israelis nor the Palestinians have ever come close to mastering: tactical restraint in order to achieve strategic advantage," i.e., "looking past immediate and all-out retaliation as the best method of countering threat," or basically "absorbing smaller blows in order to deliver decisive later strikes." As "the combatants can no longer be trusted to make sound judgments…the time has come for the world to insert that rarest of phenomena, a multinational force with both bullets and a brief: to…demonstrate that the rest of the world's patience with their repeated errors, and interruptions of each others' errors, will no longer be tolerated." However, Friday's United Nations Resolution is "unlikely" to accomplish this.

Paulson Urges China To Demonstrate "More Flexibility" Regarding Yuan Appreciation. The Financial Times (8/12, Guha) reports Treasury Secretary Hank Paulson "pressed China to allow greater appreciation of the renminbi, urging Beijing to see this as means to deal with its own economic challenges. In a television interview with CNBC in Chicago, Mr Paulson said: 'One thing clearly Chinese leaders have to be very careful about is making sure they don't have an economy that overheats.' He added: 'When you're talking about imbalances in China, there's no doubt that in the short term they need to show much more flexibility on renminbi.'" Paulson, "a China expert, distinguished this from the 'longer term' objective of a renminbi 'traded in a competitive open marketplace'."

Thousands Rally In South Korea To Oppose Transfer Of Wartime Command. The Financial Times (8/12, Jung-a) reports, "South Korea is facing growing controversy over the proposed transfer of wartime command of its troops from the US, after President Roh Moo-hyun said this week that the time had come for South Korea to defend itself." The issue splits the "ruling party and young people" front "the opposition party and conservative groups." Friday "Thousands of protesters, including former defence ministers and war veterans, held a rally in Seoul…to protest the proposal. They urged the government to halt talks with Washington, saying the 'premature' move would undermine Seoul's alliance with its long-time ally and weaken deterrence against North Korea, with whom it is still technically at war." The Washington Post/AP (8/12, A18, Lee) adds that the protest "underlined the worsening divide in South Korean society over the government's push for the return of wartime command."

US Revises Immigration Policy For Cubans. The Washington Times (8/12, Dinan, 88K) reports the Bush administration "yesterday announced a change in immigration policy toward Cuba designed to punish the current oppressive regime and to encourage Cubans to stay and work for democracy rather than migrate en masse to the United States. One change will open up more slots for Cubans looking to unite with family members already in the United States, but reduce those given by discretionary lottery. The new policy would also punish those who attempt illegal immigration by establishing a list of Cubans interdicted at sea and making them ineligible for the new benefit. … Also under the new policy, the State Department will keep a list of Cubans 'in certain positions of authority in the Cuban government or known to have been engaged in persecution of others,' and they will be banned from immigrating to the United States. That change comes a week after President Bush said his administration would 'take note of Cuban leaders who try to obstruct progress toward freedom.'" The AP (8/12, Jordan) notes the new rules "are being considered three months before elections in which Florida's governorship and at least one House seat in Florida are considered to be in play. Many Cuban immigrants live in the state."

Oaxaca Protestors Release Hostages. The AP (8/12, Romero) reports protesters in the Mexican state of Oaxaca "held four people hostage for hours Friday, charging they were linked to a fatal shooting of a demonstrator during protests that have have besieged Oaxaca since June. The Federal Agency of Intelligence said protesters later released the hostages to its agents at a local television station that had been seized by the protesters. The protesters want the four charged in the death of Jose Jimenez, 50, who was killed late Thursday during an Oaxaca People's Assembly march calling for the resignation of Gov. Ulises Ruiz."

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AIDS Conference To Feature Clinton And Gates. The Wall Street Journal (8/12, Chase, 2.03M) reports, "The annual AIDS confab starting Sunday in Toronto is unlikely to live up to the ambitious theme selected by its organizers: 'Time to Deliver.' … Bill Clinton and Bill Gates will make a joint plea for world leaders to work toward ending the epidemic and delivering AIDS drugs to those among the 40 million HIV-infected people world-wide who need them. But there is little evidence that goal is within reach, even in the 13,000 papers on HIV/AIDS due to be released in conjunction with the conference. Money for treatment remains chronically short, a much-discussed vaccine remains a dream, and more than four million new infections a year suggest the wily virus will continue to outpace the global response for some time. That is, barring a prevention breakthrough."

AIDS Toll On Swaziland Described. In an op-ed for the New York Times (8/12, 1.21M) UNICEF's Alan Brody writes, "In some measure, it was the failure of Swaziland to recognize the disease that gave it the world's highest prevalence of H.I.V. More than 17,000 people in this tiny kingdom nestled in the hills of southern Africa have been dying each year of AIDS, in a population of about one million. At last count in 2004, 56 percent of pregnant women ages 25 to 29 had H.I.V."

Thailand Said To Be A Model For Nations Battling AIDS. In another op-ed for the New York Times (8/12, 1.21M) Chris Beyrer, director of the Center for Public Health and Human Rights at Johns Hopkins, and Voravit Suwanvanichkij, a physician in Thailand, write, "Twenty-five years into the H.I.V. pandemic, there remain few developing countries that have had success in controlling the virus. Thailand is one of them. … The 100 Percent Condom Campaign proves that H.I.V. prevention efforts can succeed by focusing on at-risk populations, providing tangible services and making healthy behavior, like condom use, social norms. Cambodia, the Dominican Republic and other countries have successfully adopted the Thai model."

China Endures Powerful Typhoon. ABC World News Tonight (8/11, story 8, :20, Gibson, 8.78M) reports, "In China, they're calling it the super typhoon. The most powerful storm they've seen in 100 years, with maximum winds of 170 miles per hour and driving rains. At least 100 people are dead. Nearly 200 are missing and more than 50,000 homes have been damaged or destroyed. 1.6 million Chinese were evacuated ahead of the storm."

Greenland Icecap Said To Be Melting Faster Than Previously Assumed. ABC World News Tonight (8/11, story 7, :20, Gibson, 8.78M) reports, "A major new study released today about global warming says Greenland's vast icecap is melting faster than ever before. University of Texas scientists studied data from US space agency satellites. They say the rate of melting is three-times faster than five years ago, and that is raising global sea levels by .6 millimeter each year."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

Global Hunt Nets More Suspects
A Time of Heartbreak and Humor: Growing Up Is Fun, Right?
Security Council Approves Israel-Hezbollah Measure
Poker-Faced TV Producer From Malibu Takes the Game's Big Pot
23 Arrests Preceded by Quiet English Lives
Groaning Belts and Empty Bins at LAX
Pressure's On for a Pipeline Fix

New York Times:

U.N. Council Backs Measure to Halt War in Lebanon
Suspect Held in Pakistan Is Said to Have Ties to Qaeda
Focused on 9/11, U.S. Is Seen to Lag on New Threats
Help for the Hardest Part of Prison: Staying Out
Across South, Push Is On to Make Dry Areas Wet
The Accused: Shock Reverberates Among Acquaintances of the Young Suspects
Across the Nation: Passengers Adjust to New Minimalism in Carry-On Items
A New Approach: Prescreening Draws Interest as Lines Grow at Terminals
No Liquids, Few Sales at Stores in Airports
U.S. Ambassador Says Iran Is Inciting Attacks

Washington Post:

Judge Voids Md. Laws for Early Voting
5 D.C. Youths Arrested in Robberies On the Mall
Airliner Plot Had Support in Pakistan
U.N. Approves Lebanon Peace Resolution
Increasingly, Bush Escapes the Media Pack

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Washington Times:
Terror roundup widens
Security Council adopts cease-fire
Judge nixes early voting
It's still safe to fly, says DHS chief
Bomb plot's initial suspects are British Muslims
Passengers move faster at airports

Detroit Free Press:
Child-rape deal alleged
Somerset North has been an upscale mall for all
Secretary of State race may include Sabaugh
Fight global warming with lifestyle change
Bring your pet along on your next vacation
Prosecutor: Kids, guns don't mix

Atlanta Journal-Constitution:
U.N. OKs Mideast cease-fire deal
Alaska oil will keep flowing
Mortgage fraud nets arrests
Savvy shorten airport wait
Terrorism arrests in Michigan
Ga. trout can't take the heat
Antifreeze poisoning trial set

Dallas Morning News:
Pakistan: Suspect has al-Qaeda ties
Sheehan treated at Waco hospital
Dallas taxes could dip as city considers budget
Unabomber's personal effects to be auctioned
U.N. troops to back Lebanon cease-fire

Houston Chronicle:
Security Council OKs peacekeeping force
Prosecutors' filing targets Skilling gains
Pakistan arrests key suspect in terror plot
Houston fliers adapt to tighter travel restrictions
Immigrant says FBI tried threats to make him spy
Iraq videos on Web offer soldiers' view of war

Story Lineup From Last Night's Network News:
ABC: UK Plane Bombing Plot, Bombing Suspects, Airport Security, Airplane Vulnerability, Airport Security-Analysis, UN-Middle East Resolution, Greenland Icecap, China-Typhoon.
CBS: UK Plane Bombing Plot, UK Plot-Investigation, Airport Security, Terror Plot-Airline Industry, UN-Middle East Resolution, Rice Interview, Ahmadinejad Interview.
NBC: UK Plane Bombing Plot, UK Plot-Investigation, Airport Security, UN-Middle East Resolution, Lebanon-Civilian Casualties, UK Muslims-Backlash Fears, Hawaiian Volcano, Stock Markets.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — In Crawford, Texas. No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: ANTI-WAR MARCH _ 12 p.m. Muslim-Americans and Act Now to Stop War and End Racism hold protest march ``in opposition to the US-Israeli war against the people of Lebanon and Gaza." Location: Lafayette Park.

PRO-LIFE RALLY _ 1:30 p.m. Stephen G. Peroutka, chairman of the National Pro-Life Action Committee, delivers keynote address at the Crossroads anti-abortion rally on the grounds of the Capitol. Location: West Front, Capitol.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, AUGUST 12, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Administration Remains On Alert As Plane Bomb Plot Probe Continues ... 3
Arrests Raise Questions About Focus Of Bush Counterterrorism Efforts ... 5
Some Tie Bomb Plot Suspect To Al Qaeda, UK Disagrees ... 6
Concerns Raised About Home Grown Threat ... 6
Judge Rejects Defense Request To Delay Hamas-Funding Trial. 7
Medical Examiners Present Conflicting Testimony At Passaro Trial ... 8
Italian Authorities Detain Dozens Suspected Of Links To Terrorist Financing ... 8
US Embassy In India Warns Of Bomb Threat ... 8

Homeland Response:

US Officials Say Air Travel Is Safe, But Experts Note Security Gaps Remain ... 8
State Department To Issue Smart-Chip Passports Despite Privacy Concerns ... 12
Subway Searches Are Upheld ... 12
Terror Suspects In US Bought Multiple Cell Phones ... 12
Suspicious Package Is Cleared in DC ... 12
Louisiana Treasurer Pledges Not To Squander Federal Hurricane Aid ... 12
Ashcroft Emerges As Top Homeland Security Lobbyist ... 12

War News:

General Pace Refuses To Rule Out Troop Cuts ... 13
US Ambassador To Iraq Links Iran To Militias ... 13
Sunni And Shiite Clerics Lament Deaths ... 13
Audit Criticizes Bookkeeping In Iraq ... 14
Released Iraq Hostage Recalls Plight ... 14
Three Americans And One Canadian Killed In Afghanistan ... 14
Government Rests In Passaro Beating Case ... 14
Whistle Blower Says He Would Still Reveal Abu Ghraib Crimes 14
Kyrgyz Cleric Is Killed In Shootout ... 14
Lessons From Hezbollah Are Suggested ... 14
Amnesty For Insurgents Is Recommended ... 14
Congressman Campbell Says US Is Now Fighting "World War IV." ... 14

Corporate Scandals:

SEC Probing CEC Stock Options ... 15
Former Grand Juror Pleads Guilty To Bristol-Myers Leak ... 15

Criminal Law:

Former Interior Dept. Employee Pleads Guilty To Accepting Gifts From Abramoff ... 15
Judge Reinstates Two Of Three Gotti Racketeering Charges ... 15
BetOnSports Suspends Online Gambling Services In US ... 15
Gadsden Officials Among Three To Plead Guilty To Conspiracy 16
Louisiana Man Sentenced For Fraud ... 16
New Jersey Man Pleads Guilty To Fraud ... 16
Iowa Man Sentenced For Child Pornography ... 16
DOJ Declines Prosecution Of Former Head Start Chief ... 17
Louisiana Man Charged With FEMA Fraud ... 17
Judge Rules Fletcher Cannot Be Prosecuted While In Office ... 17

Civil Law:

Federal Judge Throws Out Suit Over Budget Bill Error ... 17
Unabomber's Possessions To Be Auctioned ... 18
Navy Halts Efforts To Photograph Sunken Ship ... 18
Columnist Notes The Vulnerability Of Information Stored By Search Engines ... 18

Civil Rights:

Mississippi Jail Report To DOJ Conflicts With Two Beatings ... 18
Native Americans Fight Redskins Name ... 19
4th Circuit Reinstates Racial Bias Suit Against Spa ... 19
Judge Invalidates Maryland's Early Voting Law ... 19

Antitrust:

Two Antitrust Suits Filed Against Biomet ... 20
Deregulation Of Broadband Said To Have Been A Success ... 20

Environment:

Proponents Of ANWR Drilling Cite Problems With BP Oil Line .. 20
NOAA Restricts Fishing Off California Coast ... 21
Drought Causing Inflation Of Food Prices Spares Some US Regions And Crops ... 21
EPA Announces Agreement To Recover Mercury From Junked Vehicles ... 21
EPA Building Houses Controversial Depression-Era Murals ... 22

FBI/DEA/ATF/USMS:

Mueller Appoints Morrow Pittsburgh SAC 22
FBI Agents Testify Against Former El Paso SAC..... 22
Advocates Of Legalizing Drugs Criticize DEA Effort To Link Drugs With Terrorism..... 22
Final Maryland Arson Defendant Pleads Guilty..... 22
ATF Probing Pipe Bombs Attached To Cars In Oregon..... 23

Congress-Administration:

Two New 10th Circuit Judges Sworn In..... 23
New White House Travel Policies Limit Media's Access To Bush23
Bush Job-Approval Rating Falls To 33% In New AP-Ipsos Poll.. 23
Bush Schedules Meetings With His Top Advisors Throughout Next Week 24
Nicholson Announces Two New York City Hospitals Will Stay Open 24
Report Finds SCHIP Contributed To Decline In Percentage Of Uninsured Children 24
Podhoretz Book To Analyze Bush's Role In "World War IV."..... 25

Other News:

Stock Markets Close Lower To Cap Losing Week..... 25
Fed Rate Hikes Seen As Helping To Bring Down Housing Market 25
Vioxx Whittles Down Litigation Caseload..... 26
Small Firms Fuel Silicon Valley Resurgence 26
Antiwar Democrats Compared To Reagan Conservatives Of The '70s..... 26
Conservatives Said To Have Maintained "Adversarial" Mindset . 27
Most Of Lieberman's Primary Supporters Seen As Unwilling To Back Lamont..... 27
Mayor Enters Race To Succeed DeLay As Write-In 27
Jefferson Attracts Twelve Challengers 28
Ehrlich Hopes Close Ties With Prince George's Exec Will Boost His Reelection Campaign 28
Sheehan Hospitalized For Dehydration And Exhaustion..... 28
WSJournal Celebrates Twenty-Fifth Anniversary Of Reagan Tax Cuts..... 28
NYTimes Denounces Automatic Calls Distorting Connecticut GOP Reps' Records 28
UN Reaches Agreement On Mideast Cease Fire Resolution 28
Both Sides Continue Fighting In Anticipation Of Cease Fire..... 30
Paulson Urges China To Demonstrate "More Flexibility" Regarding Yuan Appreciation..... 33
Thousands Rally In South Korea To Oppose Transfer Of Wartime Command..... 33
US Revises Immigration Policy For Cubans..... 33
Oaxaca Protestors Release Hostages..... 33
AIDS Conference To Feature Clinton And Gates..... 33
China Endures Powerful Typhoon 34
Greenland Icecap Said To Be Melting Faster Than Previously Assumed 34

The Big Picture:

Headlines From Today's Front Pages 34

Washington's Schedule:

Today's Events In Washington 35

DOJ_NMG_0046875

TERRORISM NEWS:

Administration Remains On Alert As Plane Bomb Plot Probe Continues. Top Administration officials' role in the investigation of the plane bomb plot and its response to the continuing threat received significant attention in the national media, although much of the credit for the discovery was credited to British and Pakistani intelligence. The network news devoted 13 stories totaling over 30 minutes to new details of the investigation and airport security measures as the coverage shifted from President Bush's response to that of Administration national security officials.

ABC World News Tonight (8/11, lead story, 2:25, Ross, 8.78M) reported, "US authorities said today they're keeping their guard up in case of follow-on or copy cat terrorists." DHS Secretary Michael Chertoff: "There are other people out there who are terrorists or terrorist sympathizers. So, I'm not prepared to let my guard down." Ross: "US law enforcement sources tell ABC News more than 200 FBI agents have been searching for people connected to the plot here in the US with nothing found, so far at least, according to White House counter-terror official Fran Townsend, who appeared on 'Good Morning America.'" Homeland Security Adviser Fran Townsend: "There is no indication of plotting. But of course we would be remiss if we weren't looking for connections between individuals here in the US and the plotters in the UK. There are leads that the FBI is running."

The CBS Evening News (8/11, story 2, 1:45, Smith, 7.66M) reported, "Homeland Security Secretary Michael Chertoff said today there is no evidence that any terrorist based in this country played a role in the Transatlantic terror plot." CBS (Martin) added that "most critical evidence was discovered about ten days ago when British intelligence agents secretly broke into one residence and found the bomb-making material." Meanwhile, Chertoff "made clear today devices precisely like these have never been seen before." Secretary Michael Chertoff: "They're going to reengineer what they've done. We're going to see how that differs from things we've known about and how it's the same." Martin: "The so-called sneak and peek job which uncovered the bombs was the beginning of the end game for of an investigation which began with a tip from a member of Britain's Muslim community in the wake of last summer's subway bombings.

The AP (8/12, Jordan) reports, "Federal investigators are pursuing leads in the United States related to the foiled plot to blow up flights from Britain but so far have found no evidence of terrorist activity, Bush administration officials said Friday." In an interview White House homeland security adviser Frances Fragos Townsend said, "We operate on the assumption that we don't have everybody. … I never, and I don't think anybody else in this business ever assumes when you take a case down that you've gotten everybody. … I think it's pretty clear that in this case, we don't have everybody."

The AP (8/12, Quinn, Haven) reports, "Investigators on three continents worked to fill in the full, frightening picture Friday of a plot to blow U.S. jetliners out of the Atlantic skies, tracking the money trail and seizing more alleged conspirators in the teeming towns of eastern Pakistan." While the FBI were investigating possible leads in the US, Chertoff "said Friday nothing significant had emerged. 'Currently, we do not have evidence that there was, as part of this plot, any plan to initiate activity inside the United States or that the plotting was done in the United States.'"

The Washington Times (8/12, Webb, 88K) reports, "Arrests of young Muslims in a terrorist plot to blow up U.S.-bound passenger jets soared yesterday, with Pakistan and Italy rounding up dozens of suspects. Britain froze bank accounts of 19 of 24 persons arrested a day earlier."

McClatchy Newspapers (8/12, Hutcheson, Schofield) adds that "U.S. officials downplayed the danger to travelers." But while "U.S. and British officials expressed confidence in the new airport security measures, they also warned about the possibility of copycats or spin-off operations." At Ronald Reagan Washington National Airport Chertoff said, "There are other people out there who are terrorists and terrorist sympathizers. … We want to make sure there are no copycats, no one who is inspired by this."

British Surveillance Key To Stopping Plot. NBC Nightly News (8/11, story 2, 2:25, Williams, 9.87M) reported, "British investigators were monitoring Internet cafes the terror suspects used, keeping tabs on the flow of their money and watching their travel and phone calls. Such tight control, US officials say, that after months of intense surveillance there was almost no chance any of the plotters could have carried out their attacks." US Attorney General Alberto Gonzales: "In this particular case, the British government made the calculation now is the appropriate time to take action." Williams: "Since 9/11, US officials have aggressively courted the Muslim community here knowing that kind of a tip could be essential. Just today, the head of the FBI's Washington office met with Muslim leaders to encourage that type of cooperation." Joseph Persichini, Jr., FBI: "That power coupled with all of us together will strengthen this nation as best as we possibly can." Williams: "But while investigators believe they arrested or identified all involved overseas, they cannot be certain."

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US Terrorist Monitoring Programs Aided In Investigation. The role of the Administration's terrorist monitoring programs in the investigation has received little attention in the media. NBC Nightly News (8/11, lead story, 3:20, Myers, 9.87M) noted, "Intelligence sources say another key break was that the US intercepted communications between the plotters in Pakistan and Britain. Intelligence sources say while some received explosive training in Pakistan, there is no evidence they met with any senior al Qaeda commanders there."

Manhunt Continues For Additional Suspects In Plane Bomb Plot. NBC Nightly News (8/11, lead story, 3:20, Myers, 9.87M) reported that "intelligence sources tell NBC News an intense manhunt is underway for five suspects, and there are concerns that at least 20 other suspects involved in this plot may still be at large. Today teams swarmed homes of the suspects and the British government took the extraordinary step of releasing the names of 19 of the 24 arrested and also froze their assets. One suspect was later released."

Devastating Bomb Attack Plot May Have Been Scheduled For Next Week. The CBS Evening News (8/11, lead story, 3:10, MacVicar, 7.66M) reported, "This is the day investigators believe the plotters would have tested their plan, taking flights from Heathrow with their bomb components." Will Geddes, security consultant: "They were to undertake a dry run exercise today, and then follow through, if successful, with the actual attack being implemented next week." MacVicar: "That's how close this attack came, less than seven days before the would-be terrorists planned to board as many as ten US-bound jumbo jets and destroy them in mid-flight. Security sources tell CBS News the group also discussed detonating their bombs as the planes flew over American cities, maximizing casualties in the air and on American soil."

NBC Nightly News (8/11, story 2, 2:25, Williams, 9.87M) reported, "Had it actually happened it would have involved, at its core, two commonly available chemicals, brought through security individually and mixed on board. Experts have little doubt that if done right, it would have worked to potentially devastating effect." Neal Langerman, chemical explosives expert: "It could be very dangerous on a plane. If they mixed it, it would ignite and most likely detonate instantly upon mixing." Williams: "Explosive experts say it could have caused a severe fire or even worse, blown a big enough hole to bring down a jumbo jet. But it never got that far.

UK Threat Level Remains At Highest Level. The Financial Times (8/12, Sherwood, Blitz, Sevastopulo) reports, "UK Home Secretary John Reid "said the threat level following Thursday's terror alert would remain at critical -- the highest level -- as investigations continued." And "British police are expected on Friday to request permission to hold the suspects for up to 28 days without charge, under new anti-terrorism powers that came into force last month." The Washington Post (8/12, A12, Anderson, Knickmeyer, 748K) reports similar details.

DOJ Considers Possible Charges Against British Suspects. The Washington Post (8/12, Anderson, Eggen, Anderson, 748K) reports, "At the Justice Department, prosecutors have debated and identified possible criminal charges that could be filed against the suspects because they were targeting U.S.-bound flights. One official said they would defer to British prosecutors in the case but wanted backup options for the United States in case their London counterparts encountered problems."

Political Implications Of Plane Bomb Plot Examined. The Washington Post (8/12, A6, Vandehei, 748K) in an article titled "Whose Issue Is Terrorism?" reports, "The aggressive Democratic response to this week's foiled terrorist plot reflects a widely shared view among party strategists that intensified attacks against President Bush represent the best chance to offset" the GOP's image as being more tough on national security. As the elections approach many Democrats are attempting "to simultaneously express skepticism about Bush's Iraq war policy and project a message of resolve and strength against terrorism." Democratic strategists "also concluded that voters want clarity, which has been elusive for Democrats. Democrats remain divided on many terrorism-related issues, but the twin calls for a new approach in Iraq and the implementation of the Sept. 11 panel's recommendations represent efforts to find common ground." And some Democrats are concerned because Iraq war critics like Senate candidate Ned Lamont, Sen. Russell Feingold and DNC Chairman Howard Dean will be highlighted on Sunday's talk shows. Meanwhile, Bush's top political adviser Karl Rove has already "telegraphed that national security issues would be the foundation of the 2006 GOP strategy." For example "yesterday, drawing a clear link between Iraq and terrorism, Bush condemned the deadly bombing in Najaf." He "has not commented on most previous terrorist strikes in Iraq."

Similarly, the Los Angeles Times (8/12, Wallsten, 918K) reports, "Party strategists said they had steered clear of such loaded language in similarly sensitive cases out of fear of stirring up voters on an issue that, since 2001, has largely helped Republicans. But Democrats said they were determined now to maintain their criticism through the November elections, citing public anxiety over the Iraq war and other foreign policy challenges that might, for the first time in three election cycles, lessen the GOP advantage." It "is a direct response to surveys showing that Republicans hold only a marginal lead over Democrats when voters are asked whom they trust to keep the country safer."

Democrats Accuse Cheney Of Politicizing National Security. In a related story the AP (8/12, Sidoti) reports,

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"Senate Democratic leaders on Friday accused Vice President Dick Cheney of playing politics with terrorism and contended that voters won't buy Republican arguments that the GOP is stronger on national security." Senate Minority Leader Harry Reid said, "The American people simply do not recognize any validity in what they're saying." But White House spokesman Tony Snow responded, "It sounds to me like Senator Reid is trying to accuse us of politicizing while he, himself, is politicizing the issue. … The comments that this administration has been making, including me, have been aimed at simply trying to get people to think seriously about, How do you achieve the goal of winning the war on terror? When you're in a war, the goal should not be how to get out. It should be how to win and then to get out."

House GOP Lawmakers Believe London Terror Plot Will Boost Support For Border Security. The Wall Street Journal (8/12, Lueck, 2.03M) reports, "The London terror plot is already having an impact on Congress's contentious effort to overhaul the nation's immigration system, with House Republicans saying it strengthens their call for beefing up border security before permitting any increases in legal immigration." Rep. Curt Weldon said, "It's just going to reinforce the House position, which is that we have to first of all shut down the borders and get control of the problem of illegal immigration."

Arrests Raise Questions About Focus Of Bush Counterterrorism Efforts. The Los Angeles Times (8/12, Richter, 918K) reports, "The trail of evidence in the British terrorism investigation is leading to an uncomfortable question for the Bush administration: Is Pakistan — and not Iraq, Afghanistan or some other country — the central front in the war on terrorism?" It "serves as a reminder that one of the administration's leading allies in the region is also host to some of its worst enemies. It also is igniting a debate on whether the administration's effort to support Pakistani President Pervez Musharraf has done enough to stem Islamic radicalism in a country whose citizens are among the most strongly anti-American in the world."

Despite Government's Efforts, Pakistan Still Source Of Terrorism. A front page story in the Washington Post (8/12, A1, Linzer, 748K) reports, "U.S. and European officials described Pakistan yesterday as the hub of a plot to down transatlantic flights." Also, "U.S. intelligence analysts say they believe that the principal remaining leadership of al-Qaeda is hiding in Pakistan" and that "the number of extremists inside the country may be on the rise and elements of Pakistan's intelligence services remain sympathetic to their cause." While "the British government portrayed Pakistan's cooperation as vital in undoing the alleged bombing conspiracy…some U.S. officials said that five years after the Sept. 11 attacks, they are far from countering, or even understanding, the level of threat emanating from Pakistan's lawless regions and bustling cities." Pakistan's government is "portraying itself as a reliable ally against terrorism," and "insisted that the conspiracy was centered in neighboring Afghanistan."

The Wall Street Journal (8/12, A5, Solomon, 2.03M) adds that Pakistan "remains a principal center for terrorist training globally, say intelligence and counterterrorism officials in the U.S., Central Asia and Middle East," and it "is a nexus for extremist Islamic groups, many of which grew out of militant groups active in Kashmir." In fact, "many counterterrorism officials say Islamabad's failings against terrorism stem from its continuing attempt to differentiate between al Qaeda and the Kashmir-focused groups it has trained to fight against India for decades. Letting these groups flourish inside Pakistan, say counterterrorism officials, has served as a magnet for self-starting militants."

The New York Times (8/12, Sengupta, Shane, Rohde, 1.21M) notes that Pakistan's president, Gen. Pervez Musharraf's, exhibiting "the country's importance as a front-line ally in the global war against terror" is "a tacit acknowledgment of what a nexus Pakistan remains for would-be terrorists from halfway across the world." While "the Pakistani government was swift to describe its latest efforts in nabbing the would-be plotters as a testament to Pakistan's 'commitment' to fighting terrorism," the arrests "seemed to indicate that terrorist training camps remain active" and "again raised the question of whether Pakistan is doing enough to rein in terrorist groups operating on its soil." Still, "Western experts acknowledge that General Musharraf…must tread carefully in his efforts against terrorism" so "the administration is reluctant to do anything that might add to the pressure on the Pakistani president."

The AP (8/12, Pennington) notes, "Talat Masood, a former Pakistani general, said the developments show that officials are cooperating in the war on terror, but also send another message." Masood said, "It has pluses and minuses. The minuses are that it shows many active terrorists have links with Pakistan and people are visiting Pakistan for this purpose."

Foiled Plot Shows Al Qaeda Still Needs To Be "Reckoned With." AFP (8/11, Mannion) reports, "A foiled plot to bomb US-bound airliners over the Atlantic shows Al-Qaeda remains a force to be reckoned with five years after it shocked the world." AFP acknowledges "some doubt" about Al Qaeda's involvement, but "senior administration officials said the plot to blow up as many as 10 airliners over the Atlantic almost simultaneously bears the unmistakable imprint of an Al-Qaeda spectacular. ... Several suspects arrested in Pakistan have links to Al-Qaeda, according to Pakistani officials, which if proven would imply Al-Qaeda is forging operational relationships with 'homegrown' Islamic extremists in Britain." AFP adds that the perception of Al Qaeda involvement does not match statements "just a few months

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ago," when "administration officials" called Al Qaeda a "badly battered force."

Some Tie Bomb Plot Suspect To Al Qaeda, UK Disagrees. The CBS Evening News (8/11, story 2, 1:45, Smith, 7.66M) noted, "One of the suspected plotters was tracked to Pakistan where he apparently met with a man named Rashid Rauf, who both US and Pakistani officials say has links to al Qaeda. Rauf allegedly directed the bomb plot from Pakistan and sent at least one message urging the plotters in London to push ahead more quickly. But officials say they don't know whether Rauf was the ringleader or simply a go-between, relaying instructions from more senior al Qaeda operatives."

In a front page article, the New York Times (8/12, A1, Cowell, Filkins, Mazzetti, 1.21M) reports, "Pakistani officials said Friday that they had arrested a British-born associate of Al Qaeda," Rashid Rauf, "who appears to have been a crucial player." Furthermore, Mahmud Ali Durrani, Pakistan's ambassador to the United States, said, "There is definitely an Al Qaeda connection to this." American officials in Washington agreed "that Mr. Rauf was believed to be a principal facilitator in the plot to blow up the airliners and that he was affiliated with Al Qaeda." Also, "there were suggestions Friday that the plot uncovered in Britain may have been planned to reach to other countries. Maleeha Lodi, Pakistan's ambassador to Britain, said in an interview that the network uncovered in Pakistan had 'wider international dimensions.'" The Financial Times (8/12, Sherwood, Bokhari) notes Pakistani intelligence officials "heralded" the arrest "as the key breakthrough that helped foil" the plot.

The Los Angeles Times (8/12, Watson, Meyer, Rotella, 918K) reports, "The contours of an alleged plot to blow up airplanes over the Atlantic Ocean grew wider Friday when Pakistani authorities said that they had arrested at least nine people in the case and that one of them had admitted meeting with the reputed head of Al Qaeda's operations in Pakistan." A "link to Matiur Rehman, Pakistan's most-wanted terrorism suspect, was the strongest indication yet that Al Qaeda may have been involved in the alleged plot, although some intelligence analysts caution that any ties may be informal."

However, a front page article in the Wall Street Journal (8/12, A1, Block, 2.03M) notes there is a "gap between American and British descriptions of the bomb plot that was disrupted this week. U.S. officials have said they saw signs of an al Qaeda link, and British officials have pointedly declined to finger al Qaeda." Not only have "British officials…distanced themselves from such assertions," but "the divergent views of al Qaeda's possible involvement, as well as a host of leaks about the British takedown operation, led British officials to call their American counterparts on Thursday night insisting that U.S. officials refrain from saying anything more about the plot and linking it to al Qaeda, according to a British diplomat." Although "counterterrorism experts are reconsidering what they once thought they knew about al Qaeda" – once considered "on the ropes, they are starting to think it simply has changed shape and grown more complex" –"while Islamist groups in Pakistan clearly are sympathetic with al Qaeda, the relationships between them and al Qaeda's leaders are mysterious, leading to different conclusions about the meaning of such a link." Also, "some allies speculate that American officials would like to show links to al Qaeda because it could help the Bush administration's political message about the importance of fighting the war on terror."

Concerns Raised About Home Grown Threat. While security officials highlighted the continuing threat from home-grown terrorists, relatives and associates of the terror suspects in custody expressed their disbelief. This disparity received prominent attention in the media. The CBS Evening News (8/11, lead story, 3:10, MacVicar, 7.66M) reported, "All of them are British born, like Don Stewart-Whyte, who converted to Islam just a few months ago. In his home town, disbelief." Unidentified man: "He's too much of a nice guy. He got married as well less than a month ago." MacVicar: "Despite all of the benign descriptions, Britain has a real problem. The security service estimates there are 1,200 radical Muslim operatives here." Peter Neumann, Kings College: "So there is a continuing, ongoing threat, and this will certainly not be the last time that we will hear about a terrorist plot being foiled in this country." MacVicar: "That is the key reason why the terror threat level here remains at its highest – the belief that there is another lot, as yet undiscovered, more terrorists ready to go into action."

NBC Nightly News (8/11, lead story, 3:20, Myers, 9.87M) reported, "A father whose three sons were arrested was devastated, a friend spoke for the family." Unidentified man: "Anybody that knows his three children will swear on the Koran. Anything. To say they are innocent, without a shadow of a doubt. They went to pray. That is their guilt." Myers: "Counterterror officials say some members of the cell did not know each other. Sources say the common link was that each group communicated with the ringleader in Pakistan. Pakistani authorities identified the ringleader as Rashid Rauf, a British citizen whose brother was also arrested in Britain." Roger Cressey, terrorism analyst: "Rauf is not a senior al Qaeda operative but he is the type of facilitator so important for terrorist operations inside the United Kingdom."

ABC World News Tonight (8/11, story 2, 3:10, Gibson, 8.78M) reported that "we found that they are all so seemingly normal, living in working-class neighborhoods with family, with friends. Friends who believe them innocent. How did

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they get from such seeming normalcy to an intent to kill?" ABC (Watt) noted, "Since 9/11, more than 1,000 suspected terrorists have been arrested in Britain. Only 158 of them have actually been charged with terrorist offenses. Many Muslims distrust the police and claim they deal with the problem themselves."

The Washington Times/AP reports that a "sense of shock was repeated across the neighborhood. Residents said it is a friendly, quiet area where people respect their neighbors. Several of the suspects had lived there for many years and attended local schools." Yet "several men from the neighborhood have been linked to the Saviour Sect — an offshoot of a disbanded radical Islamist group, al-Muhajiroun, which was based in nearby Tottenham and gained notoriety for praising the Sept. 11 hijackers."

The New York Times (8/12, Fisher, 1.21M) reports that "for the moment, basic questions remain unanswered, from what connected the suspects to the more frightening issue confronting this country: what might have motivated young Britons to undertake months of planning to kill thousands?" One suspect, "Amin Tariq, 23, from Walthamstow, in London, reportedly worked as a security guard at Heathrow Airport, raising fears here that security there might have breached."

The Washington Post (8/12, A12, Partlow, Anderson, 748K) adds, "Several Muslims said they condemned any terrorist plot but were skeptical about the police investigation and evidence that tied so many seemingly normal, middle-class Muslims to the alleged plot." On the BBC Khalid Sofi, a senior member of the Muslim Council of Britain "said that British police made sweeping arrests of Muslims based on ethnic and religious profiling and used unwarranted stop-and-search procedures, and that most of the Muslims were released without being charged."

The Wall Street Journal (8/12, A1, Cummins, Mollenkamp, MacDonald, Hussain) in a front page story reports, "Many of the suspects weren't hard-up or without prospects. In March 2004, Tayib Rauf paid $189,000 in cash for a home in Birmingham, according to property records. Two months later, another suspect, Khuram Shazad Ali, paid $378,000 for a house in High Wycombe, records show. He was 24 at the time. The home had previously been owned by his father, a neighbor said. Three weeks after that, the Ali family bought another house a few doors down the street for $359,000. Mr. Ali's assets have been frozen by British authorities, the Bank of England said Friday. Police raided all the homes this week and are still guarding them." The Los Angeles Times (8/12, Rubin, 918K) reports similar details.

Some Blame Blair Policies For Encouraging Growth Of Home-Grown Terrorists. The Wall Street Journal (8/12, Champion, Singer, 2.03M) reports that "some hawkish American politicians may get a bounce in the polls from the bust-up of the alleged plot to blow up flights bound from Britain to the U.S. But across the Atlantic, British Prime Minister Tony Blair looks unlikely to benefit." According to experts "the foiled terror plot made public Thursday is another in a series of incidents in which the suspects are home-grown members of Britain's sizable Muslim community. These incidents have fueled the widespread belief in Britain that Mr. Blair's support for the war in Iraq and close association with President Bush -- both deeply unpopular with British Muslims -- are making the country more susceptible to terrorist attack."

UK Muslims-Fear Backlash. NBC Nightly News (8/11, story 6, 2:05, Brown, 9.87M) reported, "The terror plot in London unleashed fears of a backlash in the Muslim community there. Many are expressing concern that both their faith and lives will be judged by actions they were in no way responsible for." NBC (Ellis) added, "Muslim leaders are especially worried about the effect on Britain's young Muslims. 800,000 of them are 25 and younger." Iqbal Sacranie, Muslim Council of Britain: "If anything this is isolating further the mainstream Muslim community. You cannot target the entire community. You cannot criminalize the entire community." Ellis: "Tonight Muslims say what would help is for them to be judged individually, not in response to the actions of someone else."

US Warned Against Adopting British Counter Terrorism Policies. Juliette Kayyem a lecturer in public policy at Harvard University's Kennedy School of Government and former member of the National Commission on Terrorism, in an op-ed in tthe Washington Post (8/12, A21, 748K) warns against adopting British counter terrorism policies writing, "Immigrant groups feel themselves part of America, and our success is that we have made them feel that they have a role in the nation's destiny. Tougher surveillance, profiling or efforts that risk alienation might give us a sense that we are doing something, but the long-term legacy of such efforts could well prove self-destructive. Investing in those communities and asking for their assistance in the fight against terrorism is a smarter strategy." Kayyem concludes, "There is much to learn from the British: their reticence about disclosing details, their clear expertise in human intelligence, their non-hysterical reaction to very real threats. But how we deal with our immigrant and domestic populations is certainly not one of them."

Judge Rejects Defense Request To Delay Hamas-Funding Trial. The Chicago Tribune (8/12) reported, "Despite reports of a thwarted terror plot in London and war raging in the Middle East, the trial of two men accused of funding Palestinian extremists can continue as scheduled, a federal judge ruled Friday. U.S. District Judge Amy St. Eve told attorneys for Muhammad Salah and Abdelhaleem Ashqar that she won't postpone an October trial based on news the defense argues could prejudice jurors." The Tribune added, "St. Eve did request that defense

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attorneys give her more information about difficulties they said they face preparing for trial because of fighting in the West Bank and Gaza Strip."

Medical Examiners Present Conflicting Testimony At Passaro Trial. The AP (8/12, Thompson) reported that at the trial of former CIA contractor David Passaro Friday, Florida medical examiner Dr. Reinhard Motte testified that detainee Abdul Wali "probably died from injuries sustained during a beating described by soldiers who witnessed the interrogation. Several Army paratroopers testified this week they saw Passaro hit Wali repeatedly with a metal flashlight and kick him in the groin. … But after the prosecution rested Friday, a medical examiner called by Passaro's attorneys said he could not determine the cause of death based on 12 photos of Wali's body and descriptions of his treatment." The AP noted, "An autopsy was never conducted."

Italian Authorities Detain Dozens Suspected Of Links To Terrorist Financing. The CBS Evening News (8/11, lead story, 3:10, Smith, 7.66M) also noted, "In Italy today, several dozen Muslim extremists were rounded up by authorities there. What do you make of that?" MacVicar: "The arrests throughout Italy, we're told 40 people have been picked up. No one has been charged yet. They have been targeting Internet cafes, money transfer sites, and call centers, investigations that have been ongoing and may be linked to terror financing, including Pakistani networks."

The AP (8/12, D'emilio) adds, "The arrests in Rome, Milan, Venice, Florence, Naples and other cities on Thursday and Friday were 'part of an extraordinary operation that followed the British anti-terrorist operation,' the Interior Ministry said in a statement." Over "4,100 people were stopped for identification checks, the ministry said.

US Embassy In India Warns Of Bomb Threat. The New York Times/IHT (8/12, Gentleman) reports that the US Embassy in India "warned Americans on Friday that foreign terrorists, possibly linked to Al Qaeda, were planning a series of bomb attacks in India's major cities in the days leading up to the nation's Independence Day next Tuesday." With "a strongly worded e-mail warning, the embassy urged American citizens living and working in India to 'maintain a low profile, and be especially alert and attentive to their surroundings.'" While "some Indian officials…were dismissive of the warning" and "officials at several other embassies, including the British and German, said they knew nothing of the threat," this "alert was unusually specific in its details on the possible timing of the threatened attack," and "the mention of a possible Qaeda link was also new."

The Financial Times (8/12, Johnson) adds, "Anand Sharma, a minister of state for foreign affairs, said the US had provided the government no separate information relating to its e-mailed warning," saying, "We have not received any formal communication from the US authorities." In contrast, the AP (8/12, Rosenberg) reports, "The warning prompted India to step up already tight security ahead of Independence Day."

HOMELAND RESPONSE:

US Officials Say Air Travel Is Safe, But Experts Note Security Gaps Remain. Air travelers in the US yesterday took the new restrictions on liquid and gels in carry on luggage in stride yesterday, and most airports experienced only limited security delays. Government officials, including Homeland Security Secretary Michael Chertoff, highlighted Transportation Security Administration efforts to improve security, but security and aviation experts still noted there were significant gaps in government and airline security. Indeed, some critics contend that US officials are focused on combating the last threat to the aviation system, to the exclusion of preparing for threats prospectively.

The Washington Times (8/12, Hudson, 88K) reports US officials "yesterday said it is safe to fly, even as the British government imposed new rules banning IPods, computers and most carry-on baggage on all flights from the United Kingdom." Secretary Chertoff "said there is no evidence linking the foiled terror plot in England to 'any plan to initiate activity inside the United States,' and that his department is looking at ways to 'reduce any additional inconvenience.'"

The New York Times (8/12, A1, Lipton, Wald, 1.21M) reports in a front page story that "a nearly obsessive focus on the previous attacks may have prevented the federal government from combating new threats effectively, terrorism experts and former agency officials say." While Homeland Security "has hardened cockpit doors and set up screening for guns and knives, it has done far too little to protect against plastic and liquid explosives, bombs in air cargo and shoulder-fired missiles, the experts say." At his news conference yesteday, Secretary Chertoff said "the department was trying to stay ahead of terrorists," but "even at senior levels of the department, there is recognition that this criticism is somewhat fair." In an interview, Deputy Secretary Michael Jackson said, "D.H.S. has to be nimble in a way most government agencies don't, and that has to be baked into our very DNA. I am impatient. I don't think we have gotten as far as we need to go. We can do more, and we can do better. And we must."

Gaps In Airport Security Remain. The networks each ran segments on airport security last night, devoting a total of ten minutes to the subject. ABC World News Tonight (8/11, story 4, 2:30, Thomas, 8.78M) reports, "Can you stop all explosives from being smuggled onto planes? Aviation

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experts say not now, and perhaps never. Numerous congressional investigations have shown current screening procedures and technology can still be easily defeated. Congressional critics say the government's efforts are failing." Rep. Ed Markey: "Only 10% of airports have the equipment necessary to screen passengers for explosives before they go on to planes. And unfortunately, there are too few screeners and they don't have proper training." Thomas: "Federal transportation officials have deployed 59 of these puffer devices, but only at 36 airports. The machines, at $160,000 apiece, blow air around passengers and then sensors sniff for hazardous materials. And the FBI and Department of Homeland Security is experimenting with this $30,000 handheld device which can identify up to 2,500 substances. But it's still only in the testing phase." Kip Hawley, TSA: "I'm very satisfied with the level of protection against explosive threats to the aircraft."

On ABC World News Tonight (8/11, story 5, 1:20, Gibson, 8.78M), ABC News consultant Richard Clarke said, "Objects that fly through the air filled with fuel are always going to be somewhat unsafe. But there are technologies available that would make them safer today than they are at most airports. It's a matter of spending more money. And the way the Federal Government pays for this is with a tax on airline tickets. We'd have to increase that tax."

The CBS Evening News (8/11, story 3, 2:10, Smith, 7.66M) reports various "security contractors have been working on detectors, like this giant CAT scanner or this small suitcase sized laser system that can identify liquids and red light hazardous ones." But "millions of tax dollars, intended for explosive detection, have been diverted to pay the salaries of security screeners."

NBC Nightly News (8/11, story 3, 2:20, Costello, 9.87M) reports while Homeland Security has "spent three quarters of a billion dollars researching new explosive detection systems, there is no reliable way to detect liquid explosives." Secretary Michael Chertoff: "Not only be able to detect, but to be able to detect with accuracy and a minimum of false positives." Costello: "The TSA has deployed 1,600 explosive detection systems to x-ray and scan bags for conventional explosives, and 7200 explosive trace detection systems in which bags are swabbed for explosives residue. But it estimates that installing the best screening systems at the 25 busiest airports nationwide will cost $22 billion and take 18 years."

McClatchy Newspapers (8/12, Boyd) reports government and private researchers "have developed a wide variety of technologies to detect explosives used by terrorists. But the systems are imperfect and can't guarantee that deadly devices won't slip through." The "drastic step of banning liquids from airline carry-on baggage after the exposure of the alleged London-based bomb plot provides vivid evidence of the weaknesses of existing detection methods."

Bloomberg (8/12, Goldsmith) reports the UK plot "exposed a weakness in aviation security and created a new focus in the war on terror: liquid explosives." The TSA ban on "any liquids or gooey substances, including toothpaste and shampoo" shows "how the threat to airplane security has moved beyond metal and guns to hidden chemical explosives, including ignitable liquids and vapors."

The Los Angeles Times (8/12, Gaouette, Schmitt, 918K) reports that with "no effective mechanisms in U.S. airports to detect liquid explosives, federal security officials are confronting a difficult choice: Wait for a technological breakthrough, or permanently impose limits on passenger luggage that would be unpopular among travelers and airlines." Because of "bureaucratic conflicts and other security priorities, no technology has emerged to detect possible liquid explosives in the screening process at airports. Some are now questioning whether airline passengers should be forced to cut back permanently on the amount of luggage they can carry onto flights to allow easier searches by hand."

AFP (8/11, Parameswaran) in a pessimistic article states, "Despite the swift disruption of an alleged plot to blow up US-bound airliners, the United States remains little prepared to combat terrorism five years after the deadly September 11 attacks." It quotes former Pentagon official Peter Brookes and pundit Michael O'Hanlon, who both "ask whether the United States has an effective strategy to keep the country safe." O'Hanlon faults the Iraq war for undermining the "long term effort to challenge Al-Qaeda and its ideology and its underlying causes."

Costs Have Limited Deployment Of More Sophisticated Scanning Equipment. The Washington Times/AP (8/12) reports that while the "process isn't perfect, scanning machines do exist to detect liquid explosives like the ones purportedly at the heart of the terrorist plot broken up this week. But don't expect the machines to be rushed into airports soon. Cost and logistical issues present challenges for these devices." Rapiscan Systems "is developing four kinds of devices -- some based on technologies more than 10 years old -- that can detect liquid or gel-based explosives." But "none is being used in the United States," and "one big reason is that it is not easy to integrate the explosive-detecting machines, some of which can cost $250,000, into existing security checkpoints."

The Wall Street Journal (8/12, Karp, 2.03M) reports companies "have developed technologies from air-puffer machines to neutron blasters that go beyond traditional X-rays to scan passengers and luggage for explosives, but lack of government funding, civil-rights concerns and cost issues have slowed their rollout in the U.S." British airport authorities, "meanwhile, have been more aggressive in adopting some of the newest equipment."

In a Web exclusive, Newsweek (8/12, Barrett, 3.12M) interviews aviation security expert Douglas Laird, president of

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the consulting firm Laird & Associates. Asked why authorities were not better prepared to deal with the threat of liquid explosives if they have been aware of the threat for over ten years, Laird said, "You would think it would be more of a priority. It's not a new threat. But we haven't been doing the research and development. Where we've gone wrong in my opinion is that when 9/11 took place, the TSA [Transportation Security Administration] was formed and 55,000 screeners were hired. And the money that had been allocated by Congress for research and development went to pay the screeners' salaries instead. We basically lost five years."

Bush Administration Said To Seek Diversion Of Funding For New Explosives Detection Technology. The AP (8/12, Solomon) reports that while "the British terror suspects were hatching their plot, the Bush administration was quietly seeking permission to divert $6 million that was supposed to be spent this year developing new homeland explosives detection technology." But congressional leaders "rejected the idea, the latest in a series of steps by the Homeland Security Department that has left lawmakers and some of the department's own experts questioning the commitment to create better anti-terror technologies."

Programs To Prevent Terrorists From Flying Not Going Well. The Wall Street Journal (8/12, Meckler, Michaels, 2.03M) reports that "increasingly, security experts think the nation needs to focus more on stopping bad people" from boarding flights rather than contraband. But US programs "aimed at identifying threatening people have been mired in controversies and setbacks including privacy protections, technology troubles and old-fashioned management fumbles." Secure Flight, "the Homeland Security program that is supposed to check passengers against a comprehensive terrorist watch list, is the most troubled. The program has been in development for three years and is nowhere close to being put into practice." The Registered Traveler program "to identify the good guys through advanced background checks and speed their trip through security so that screeners can focus on lesser-known travelers" has also "been delayed and derided in some circles as a waste of resources." A "third initiative, behavior recognition, tries to identify suspicious people at the airport. But the idea languished for years amid concerns about racial profiling."

TSA To Expand Registered Traveler Program To Twenty Airports. The New York Times (8/12, Goodnough, 1.21M) reports that at Orlando International Airport, "29,000 people…pay $80 a year to be 'registered travelers' in the program, which is currently only at Orlando. The Transportation Security Administration says it will extend to as many as 20 other airports by the end of the year." With "new restrictions imposed on Thursday making airport security lines much slower and longer in many cities, frequent travelers are more eager than ever for the program to grow, officials said." The program "requires people to provide fingerprints or an iris scan upon enrollment, and to submit to a background check conducted by the security agency and the Department of Homeland Security. When applicants are approved, their biometric data is placed on a plastic card; at the airport, their iris scan or fingerprints are matched against the card."

Passengers, Airlines Quickly Adapt To New Security Rules. ABC World News Tonight (8/11, story 3, 2:40, L. Stark, 8.78M) reports, "Passengers and screeners are quickly settled into the new routines. And they had better get used to them." ABC sent producers "to five airports, this afternoon. All breezed through security." The TSA "says it will be weeks before any major changes are made." Kip Hawley, Director, Transportation Security Administration: "As long as it takes. We're not going to put an artificial deadline on this."

The CBS Evening News (8/11, story 3, 2:10, Smith, 7.66M) reports, "Heightened security will remain in effect at America's airports indefinitely, and travelers appear to be adjusting to the new rules, but don't expect to see any new scanners, capable of detecting liquid explosives, any time soon." CBS (Orr) added, "At US airports, day two brought shorter lines and fewer complaints as passengers and screeners came to grips with the ban on liquids and gels in carry-on bags."

NBC Nightly News (8/11, story 3, 2:20, Costello, 9.87M) reports, "Much smoother travel day here and across the country. Some 2 million people a day make their way through TSA security checkpoints. It appears they have quickly adapted to yet another security upgrade."

The Wall Street Journal (8/12, Perez, 2.03M) reports the "new reality of increased security regulations will hit U.S. travelers next week. Airlines plan to start charging again for changing tickets and checking extra bags, fees that had been waived since Thursday to help passengers caught off guard in the wake of an alleged disrupted terror plot targeting airliners."

The New York Times (8/12, Johnson, 1.21M) reports some "security lines were long, as airport security workers screened and examined carry-on luggage for liquids, gels, creams and other newly prohibited items. But most airports reported generally smoother, faster operations on Friday than on Thursday, when the global air travel system was thrown into turmoil by the news of a disrupted plot to bring down airliners flying from Britain to the United States using explosive liquids."

The Washington Post (8/12, D1, Shin, Hart, Joyce, 748K) reports, "Airline officials said they would wait to hear from authorities about whether the new security measures are to become permanent before changing checked-baggage polices by increasing the number of bags allowed or raising weight limits."

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The Washington Times (8/12, Emerling, 88K) reports security lines at the DC-area's "three major airports moved briskly yesterday as travelers learned more about the type of personal items being banned on commercial flights." The Washington Post (8/12, A13, Kunkle, Stockwell, 748K) reports, "Washington area airports returned to a state of calm yesterday -- or what passes for calm during the busy summer travel season -- after a day of widespread disruptions caused by the breakup of a terror plot in London."

The New York Times (8/12, Levere, Bunkley, 1.21M) reports on the impact of the new security regime on business travelers, noting that "for all their gritted teeth, business travelers could take some comfort in signs that travel was starting to return to normal yesterday. Most domestic airlines were able to get 75 to 80 percent of their flights departing on time yesterday, according to Flight Stats."

The Los Angeles Times (8/12, Oldham, Covarrubias, 918K) reports southern California travelers "adapted quickly to stringent new security rules Friday, with Los Angeles International Airport recording a 40% increase in checked luggage and officials noticing much less jostling for space aboard planes." But the "increase in the amount of checked baggage raised concerns that at peak hours, more passengers would have to wait in lines at LAX. Security experts have repeatedly warned that long lines are vulnerable to possible terrorist attacks."

Carry-On Liquid Ban Could Hurt California Vintners. The Los Angeles Times (8/12, Hirsch, 918K) reports the "new security measures banning liquids from airplane carry-on luggage have some California vintners seeing red." Each year, "hundreds of thousands of cases of wine travel across the country as carry-on luggage, a small but important part of California's $16.5-billion wine industry."

Airline Industry Share Prices Fall, But Still Expected To Weather Latest Terrorist Threat. The CBS Evening News (8/11, story 4, 2:05, Smith, 7.66M) reports, "Several US airlines saw their stock prices fall today, but some analysts say that may have more to do with the price of oil, which rose back above $74 a barrel." CBS (Whitaker) added, "The London plot increased the fear and hassle of flying, and had battered US airlines fearing another financial hit just when the industry was starting to recover from 9/11. Losing $40 billion since then, US airlines finally were taking off, profits up $1.6 billion the last two quarters. Analysts say this latest threat shouldn't stop that upward trend." Darryl Jenkins, aviation industry analyst: "I don't think this will be anything more than a short-term blip on the airlines' radar. If the planes had fallen out of the air yesterday, then it would have been a totally different scenario going forward." Whitaker: "It seems air travel can now absorb these shocks."

The Washington Post (8/12, D1, Blustein, Alexander, 748K) reports airline shares "plummeted yesterday on worries that travelers may begin canceling trips en masse to avoid flying at a time when they fear that heightened security screening will cause major inconvenience." Although several airlines "reported that their operations were generally returning to normal, and that they were seeing no unusual number of cancellations, jittery investors weren't assuaged. AMR Corp., the parent company of American Airlines, dropped 7.2 percent; Continental Airlines Inc. fell 7.1 percent; US Airways Group declined 8.2 percent; and UAL Corp., the parent of United Airlines, lost 5.1 percent."

The Los Angeles Times (8/12, Zimmerman, Yoshino, 918K) reports after "showing resilience in the immediate aftermath of the alleged London bomb plot, airline stocks took a drubbing Friday as investors worried about higher costs from increased airport security and rising oil prices. Meanwhile, travel agents, hotels and air carriers said travelers seemed to be adjusting to new security measures and reported only scattered booking cancellations." But some "cautioned, however, that it could be a week or more before they know whether travel to Britain — or air travel in general — would be seriously hurt by the latest terrorism scare."

Constant Media Coverage Seen As Inuring Public To Threats. The New York Times (8/12, Stanley, 1.21M) reports, "The averted bombings…does not answer the question of whether the public is safer now than it was five years ago. European and American security forces are more vigilant, but terrorists have also grown more virulent." What it "did show is how far terrorism has metastasized on television." With "magnification and repetition, cable news does two opposite things at once: it stokes fear and inures viewers to danger." For example "the fact that the United States raised the security alert level to a limited red for the first time was relayed quite calmly." The attacks "was safely defused before the public knew of it. Homeland Security Secretary Michael Chertoff made appearances on almost every news program imaginable to reassure the public that this was just a precaution to match Britain's security rating, but also, perhaps, to take the victory lap that the British officials who broke up the plot were too busy to make."

NYTimes Suggests Ban On Carryon Items May Be Most Effective Screening Tool. The New York Times (8/12, 1.21M) editorializes, "The most frightening thing about the foiled plot to use liquid explosives to blow up airplanes over the Atlantic is that both the government and the aviation industry have been aware of the liquid bomb threat for years but have done little to prepare for it." The Times suggests "aviation authorities may have inadvertently hit on the wisest approach in their stopgap response to this latest plot. The Transportation Security Administration banned virtually all liquids and gels from carry-on luggage." Some have complained yet, "forcing passengers to check most of their items and bring very little aboard with them might be the surest and cheapest route to greater security."

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State Department To Issue Smart-Chip Passports Despite Privacy Concerns. The AP (8/12, Caterinicchia) reports despite "ongoing privacy concerns and legal disputes involving companies bidding on the project, the U.S. State Department plans to begin issuing smart chip-embedded passports to Americans as planned Monday." The department said "not even the foiled terror plot that heightened security checks at airports nationwide threatens to delay the rollout." Any "hitches in getting the technology to work properly could add even longer waits to travelers already facing lengthy security lines at airports. The new U.S. passports will include a chip that contains all the data contained in the paper version — name, birthdate, gender, for example — and can be read by electronic scanners at equipped airports."

Subway Searches Are Upheld. The Washington Post/AP (8/12, A8, Neumeister) reports, "A federal appeals court said Friday that random bag searches on New York subways are constitutional, agreeing with a lower court that the police tactic is an effective and minimally invasive way to help protect a prime terrorism target. The U.S. Court of Appeals for the 2nd Circuit rejected a challenge to the searches by the New York Civil Liberties Union. ... The three-judge panel also noted that police have thwarted plans for New York subway attacks at least twice in the past nine years, including a bomb plot in 1997 in Brooklyn and a 2004 plot to bomb the Herald Square subway station in Manhattan."

Terror Suspects In US Bought Multiple Cell Phones. WNEM-TV in Saginaw, MI (8/12) reports, "Three suspects are now facing two counts each of Homeland Security Terrorism charges. All three suspects are due to be arraigned August 12th." The three men "allegedly bought 80 [cell phones] by purchasing them three at a time" at a Wal Mart in Michigan. An alert clerk called police." WNEM-TV reports, "The three men are described as being of Palestinian descent but live in Texas. Police say the three, ages 19, 22, and 23 appear to be naturalized citizens. ... The suspects had 1000 other cell phones in the van." A Michigan State Police bomb squad member said the bust had "all the tell tale signs of using cell phones to detonate bombs."

More Suspects Arrested In Ohio. WBOY-TV (8/12) reports, "The Washington County Sheriffs Department in Ohio has arrested two men for their involvement in what police say could be aiding terrorists, and one man linked to them could have been doing the same in Taylor County." Police consider the incidents connected: Hashem Sayed had "150 to 200 cell phones" in his car, while Osma Abulhassan and Ali Houssaiky had "several pre-paid cell phones and thousands of dollars in cash." All three "are from Dearborn, Michigan and all three gave similar reasons for buying the phones," i.e., selling them later for profit. However, Washington County Sheriff Larry Mincks said the phones were "digital for detonating car bombs." He added that the men "had instructions on how to obtain private flights and airplane passenger information."

Suspicious Package Is Cleared in DC. The Washington Post (8/12, B2, Chandler, Weil, 748K) reports, "A Capitol Hill street was closed, Library of Congress workers were evacuated and a film screening was delayed yesterday after a suspicious package was found near one of the library buildings." The package included "a tomato can with wiring attached." Police used an undisclosed technique to "disrupt" it without incident.

Louisiana Treasurer Pledges Not To Squander Federal Hurricane Aid. In an op-ed for the New York Times (8/12, 1.21M) John Neely Kennedy, the state treasurer of Louisiana, "American taxpayers have been generous to Louisiana in the aftermath of Hurricanes Katrina and Rita. Congress has appropriated tens of billions of dollars for us through emergency aid, community block grants and tax breaks. … We owe it to Congress, and to ourselves, to be good stewards of this largess, particularly in case we ever need more. For moral as well as practical reasons, Louisiana must have zero tolerance for the waste or theft of this money, or even the appearance of waste or theft."

Ashcroft Emerges As Top Homeland Security Lobbyist. The Washington Post (8/12, D1, Nakashima, 748K) reports former U.S. attorney general John D. Ashcroft, "whose tenure saw the creation of a burgeoning homeland security industry, has emerged as the highest-ranking former Bush administration official to lobby for and invest in companies in that field." Ashcroft "is building a lucrative consulting company helping security and other firms find business with federal agencies. … 'It's a continuation of the aspiration I have that our nation have access to the best possible resources to fight terror, whether domestic or international,'" said Ashcroft. According to the Post, "In all, Ashcroft's firm has 30 clients, many of which make products or technology aimed at homeland security, and about a third of which the firm has not disclosed, to protect client confidentiality. The firm also has equity stakes in eight client companies, a trend the company plans to continue as it gradually turns its focus toward venture capital. Privacy experts and civil libertarians, who battled Ashcroft's policies to enlarge surveillance powers, warned that the types of businesses promoted by the former attorney general and other lobbyists are fast becoming a de facto branch of the government, beyond traditional oversight." The Washington Post (8/12, D3, 748K) provides a list of "the companies and

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trade groups that the Ashcroft Group has disclosed that it represents before Congress or the executive branch."

WAR NEWS:

General Pace Refuses To Rule Out Troop Cuts.

There was no network coverage of the Iraq war, which was displaced by the terror plot in the UK and the Mideast cease-fire deal. The AP (8/12, Burns) reports that JCS Chairman Gen. Peter Pace "said Saturday he would not rule out U.S. troop reductions in Iraq this year, even though troop levels were just increased in response to rising sectarian violence." Pace said "that the attitudes of rival Iraqi religious groups would be the ultimate decider of Iraq's fate as a nation." On a flight to Iraq, his second trip to the country this year, Pace "said he intended to meet with commanders and soldiers of the Alaska-based 172nd to thank them for accepting the burden of an extended Iraq tour." He added that officials are beginning to think of a replacement for General Casey, of whom he said, "He will not be easily replaced." He refused to accept anything more than "zero" cases of misconduct by US forces and "said the Iraqi forces now number about 277,000 and are on track to reach the final goal of 325,000 by the end of December."

US Forces Round Up 60 Men At Funeral. The Atlanta Journal Constitution/AP (8/12, Joshi) reports, "U.S. forces raided a funeral gathering and detained 60 men suspected of links with an al-Qaida cell blamed for a spate of car bomb attacks in Baghdad." The arrests "were the first major roundup of suspected insurgents since U.S. reinforcements started streaming into the capital last week as part of a new crackdown on violence" and took place in Arab Jabour, a Baghdad neighborhood considered a Sunni insurgent "stronghold." The AP quotes the Saturday New York Times story in which US Ambassador to Iraq Khalilzad "said Iran was instigating Shiite militias to step up attacks on U.S. forces in retaliation for the Israeli assault on Hezbollah in Lebanon" (discussed in Iran section below).

Ramadi Marines Feel "Summer Of Discontent." The Los Angeles Times (8/12, Barnes, 918K) reports on the Marines stationed in violent Ramadi: "As the summer wears on in Iraq, the attacks on Ramadi's government center are subsiding. But rising in their place are the heat, the boredom and the complaints — about the sandbags Marines must carry, about the Ramadi mission, about the war." It adds, "For the Marines of Kilo Company, stuck on the roof of Ramadi's government center and Iraqi police headquarters, simply killing insurgents doesn't feel like progress." It quotes the bitter comments of several Marines who perceive little achievement.

Two Fort Riley Soldiers Killed In Helicopter Crash. The AP (8/11) reports, "Sgts. Steven P. Mennemeyer, 26, of Granite City and Jeffery S. Brown, 25, of Trinity Center, Calif. were killed Tuesday when their UH-60 Blackhawk helicopter crashed into a lake near Rubtbah, Iraq." The brief article says that both men were stationed at Fort Riley and that the crash was not the result of enemy fire. About 5 sites carried this story.

Seattle Soldier Is Killed. The AP (8/11) reports the death of Staff Sgt. Tracy Melvin, who was killed by a roadside bomb in Ramadi. More than 25 sites reported his death.

101st Airborne Returns Home. The Washington Times/AP (8/12) reports, "Nearly 450 soldiers from the 101st Airborne Division returned home from Iraq yesterday and more flights into Fort Campbell are expected soon ... The arrivals bring the total number who have returned since the first homeward-bound flights early last month to about 1,000." The AP quotes a soldier's relieved wife but concludes, "Fort Campbell has had 166 soldiers die in the Iraq war since 2003. More than 150 of those were from the 101st Airborne. The troops are returning as four soldiers with the division's 3rd Brigade in Tikrit, Iraq, face murder charges in the deaths of Iraqi detainees near Samarra."

US Ambassador To Iraq Links Iran To Militias.

The New York Times (8/12, Wong, 1.21M) reports that US ambassador to Iraq Zalmay Khalilzad, in "the first public statements by a senior Bush administration official directly linking violence in Iraq to American support of Israel's military campaign in Lebanon, and to growing pressure by the United States over Iran's nuclear program," said "Iran is pressing Shiite militias…to step up attacks against the American-led forces in retaliation for the Israeli assault on Lebanon," and "may foment even more violence as it faces off with the United States and United Nations over its nuclear program in the coming weeks." Khalilzad added that the "Shiite guerrillas behind the recent attacks are members of splinter groups of the Mahdi Army" and "have ties to Iran…and to Hezbollah." However, "he acknowledged that there was no proof that Iran was directing any particular operations by militias." These comments "reinforce the observations of some analysts that the rise of the majority Shiites in Iraq, long oppressed by Sunni Arab rulers, is fueling the creation of a 'Shiite crescent' across the Middle East."

Sunni And Shiite Clerics Lament Deaths. The Los Angeles Times (8/12, Fleishman, 918K) reports, "A day after a suicide bomber killed 35 people near a revered Shiite Muslim shrine, clerics across Iraq on Friday called for an end to the sectarian killing that one imam described as 'waking every day to the view of blood.'" The Times adds, "Many Shiite leaders have lost faith in the Iraqi army and police and are calling for more reliance on neighborhood defense committees and militias -- including anti-U.S. cleric Muqtada Sadr's Al Mahdi army. In several sermons Friday, Sunni and

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Shiite imams criticized the Iraqi government and the American forces."

Audit Criticizes Bookkeeping In Iraq. The New York Times (8/12, Glanz, 1.21M) reports, "An audit by the international accounting firm Ernst & Young portrays Iraq as a country that cannot keep its books straight, where elementary accounting errors of up to a billion dollars are routine and where no one can say how much of the country's oil revenues end up in government coffers." The audit was commissioned by the UN and "focused on the nearly $22 billion that Iraq generated in 2005 from oil revenues." The subpar 2005 results "echoed those of an earlier audit of the 2004 oil revenues."

Released Iraq Hostage Recalls Plight. The Los Angeles Times (8/12, Roug, 918K) reports on the July 31 kidnapping of "Raad Ommar, a 59-year-old businessman from La Crescenta," from his office in Baghdad. In the 1,330-word article, the Iraqi-born Ommar alleges that his kidnappers belonged to Iraqi security forces and credits his wife with paying his ransom.

Three Americans And One Canadian Killed In Afghanistan. The New York Times (8/12, Gall, 1.21M) reports, "Three American soldiers and a Canadian were killed Friday in two separate attacks." The three Americans died "in an attack by insurgents in the far northeast part of Afghanistan," where Americans "have encountered fierce resistance." The Canadian was killed by a suicide bombing in Kandahar province. The Times writes, "Some 400 soldiers have died in Afghanistan ... The dead include 270 Americans."

Government Rests In Passaro Beating Case. The AP (8/12, Thompson) reports, "A medical examiner testifying in the assault trial of a former CIA contractor said Friday that an Afghan detainee the defendant interrogated probably died from a beating, but a defense expert said there's too little information to know the cause of death." Dr. Reinhard Motte, for the prosecution, guessed the cause of death as "blunt force abdominal and pelvic injuries." Defense expert Navy Cmdr. Craig Mallak said that he had "insufficient information" to decide a cause of death and suggested that injuries "shown in the photographs could have come from attempts to revive him." About 60 sites carried this story.

Whistle Blower Says He Would Still Reveal Abu Ghraib Crimes. The AP (8/11, Pyle) reports that Abu Ghraib whistle blower Joe Darby in the September *Gentlemen's Quarterly* says "he feared deadly retaliation by other GIs and was shocked when Defense Secretary Donald Rumsfeld mentioned his name at a Senate hearing." He said he "later learned that Rumsfeld was not the first to identify him, and he did not see 'anything intentional or malicious' on Rumsfeld's part." Darby explained, "I had the choice between what I knew was morally right and my loyalty to other soldiers." Considered a traitor by many in his hometown of Cumberland, Maryland, he now lives elsewhere. This story appeared on about 100 sites.

Kyrgyz Cleric Is Killed In Shootout. The Los Angeles Times (8/12, Holley, 918K) reports, "Mohammed Rafik Kamalov, the popular imam of a mosque in the town of Korasuv, died Aug. 6, reportedly in a shootout between police and the two passengers of his car, who were also killed. Kyrgyzstan authorities allege that the two men were Islamic militants planning terrorist attacks." Authorities first said that Kamalov was working for "Islamic fighters," but after many of his supporters contended that forces had killed an innocent man, the authorities "backtracked," conceding that Kamalov may have been a hostage. The controversial killing does not "bode well for peace in the Fergana Valley ... long viewed as the heartland of radical Islam in Central Asia."

Lessons From Hezbollah Are Suggested. In an op-ed piece for the Washington Post (8/12, 748K), Marine Iraq war veteran Brian Humpheys writes, "Few if any American units in Iraq have achieved anything close to [Hezbollah's] level of success in winning the support of the local population. (Of more concern is the fact that few Iraqi security units or political leaders appear to have done so, either.) ... To engage in insurgency or counterinsurgency -- fancy terms for grass-roots politics by other means -- one must be willing and, most of all, able to work in the underbelly of local politics, as Hezbollah has done in Lebanon. It is the politics of getting people jobs, picking up trash and getting relatives out of jail."

Amnesty For Insurgents Is Recommended. In the New York Times (8/12, 1.21M), Bard College professor Timothy Waters argues, "Killing American soldiers in Iraq is an act of war, not a crime, and the United States is wrong to oppose amnesty for the insurgents there. ... This may sound like patriotic support for our troops, but it harms Iraq's hopes for peace." He adds, "Without amnesty, undefeated insurgents have no incentive to stop fighting, knowing that peace means prison. ... No American wants to see American troops killed. But every American, including our political leaders, should have the courage to say that if amnesty for their killers helps bring peace to Iraq, it is a sacrifice worth making."

Congressman Campbell Says US Is Now Fighting "World War IV." In an op-ed piece for the Washington Times (8/12, 88K), Rep. John Campbell (R-

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Calif.) writes, "The latest developments in the Middle East are a clear reminder that we must appreciate the ongoing Global War on Terror for what it really is: our fourth world war. ... In World War IV, we now fight Islamic extremism instead of empires, fascism or communism."

CORPORATE SCANDALS:

SEC Probing CEC Stock Options. The Dallas Morning News (8/12, Robinson-jacobs) reports, "The Securities and Exchange Commission has added CEC Entertainment Inc. to the growing list of companies it's investigating over stock option practices." The News continues, "The Irving-based parent of the Chuck E. Cheese's restaurant chain disclosed the informal inquiry in a regulatory filing after the market closed Friday. … The company also noted that it does not expect to file its second-quarter financial report on time, because of an internal review of how it grants stock options. The report, for the period ended July 2, was due Friday." The News adds, "CEC said in late July that its audit committee, aided by outside counsel, was looking into the company's stock option practices. It said the move was prompted by media reports of stock option reviews at other companies. … At least 65 public companies, including Dallas-based Affiliated Computer Services Inc. and Irving-based Michaels Stores Inc., have disclosed that their options practices are under investigation by the SEC, the Justice Department, or both, according to The Wall Street Journal."

Former Grand Juror Pleads Guilty To Bristol-Myers Leak. The Wall Street Journal (8/12, Bray) reports, "A New Jersey mail carrier pleaded guilty to criminal charges that he leaked details of a grand-jury probe last year into accounting fraud at Bristol-Myers Squibb Co. to members of an alleged insider-trading ring." The Journal continues, 'At a hearing Friday in federal court in Manhattan, Jason Smith, 30 years old, of Jersey City, N.J., pleaded guilty to conspiracy to commit securities fraud, insider trading and federal criminal contempt in connection with the grand-jury leak. … Sentencing is set for Nov. 30. The insider-trading charge carries a maximum of 20 years in prison, but the estimated range under federal-sentencing guidelines is 30 months to 37 months in prison." The Journal adds, "Prosecutors alleged that Mr. Smith, leaked information last year about the Bristol-Myers probe, while serving as a grand juror in New Jersey, to Eugene Plotkin and David Pajcin, two former Goldman Sachs Group Inc. employees accused of orchestrating several insider-trading schemes that netted more than $6 million in illicit profit. .. The government said Messrs. Plotkin and Pajcin traded and tipped others to trade on Bristol-Myers shares after receiving tips from Mr. Smith. Mr. Pajcin, who is cooperating with the government, and Mr. Plotkin also are facing criminal charges in the matter."

CRIMINAL LAW:

Former Interior Dept. Employee Pleads Guilty To Accepting Gifts From Abramoff. The Washington Times/AP (8/12) reports Roger Stillwell, a former Department of the Interior employee, "pleaded guilty yesterday to a misdemeanor charge for failing to report gifts he received from ex-lobbyist Jack Abramoff." Stillwell "told a federal magistrate that he had received hundreds of dollars worth of football and concert tickets from Abramoff, who at the time was lobbying for the Commonwealth of the Northern Mariana Islands. … Documents filed as part of Mr. Stillwell's plea do not indicate whether he is providing authorities with evidence against others who might be involved in the case."

Judge Reinstates Two Of Three Gotti Racketeering Charges. The New York Daily News (8/12, Zambito) reported, "Just when the Feds thought their case against John A. (Junior) Gotti was falling apart at the seams, Manhattan Federal Judge Shira Scheindlin stitched it back together" Friday. "Scheindlin reinstated two racketeering counts she had knocked out of the case on Monday -- viewed then as a stunning blow to prosecutors, who were weighing whether to drop the case altogether and seek a new indictment. Scheindlin said she changed her mind after a Thursday hearing attended by higher-ups in the Manhattan U.S. attorney's office." The Daily News noted that "Scheindlin said she erred in suggesting prosecutors would have to show Gotti tried to conceal his interest in two holding companies…that he used to buy property to prove the racketeering charges. Scheindlin said she'll listen to the prosecution's case and then decide whether to dismiss the charges."

BetOnSports Suspends Online Gambling Services In US. The Philadelphia Inquirer (8/12, Parmley) reports, "BetOnSports P.L.C., the embattled London-based Internet gambling company that has been charged with fraud and racketeering by U.S. prosecutors, announced yesterday that it has shut down its services for gamblers in the United States." The Inquirer continues, "On Thursday, the company told its employees that it was shutting down its Costa Rican and Antiguan offices, where it accepted wagers from tens of thousands of customers in the United States, its primary market. … The shutdown will result in the elimination of about 800 jobs, the company said in a statement." The Inquirer adds, "The case against BetOnSports is being watched closely by the $12 billion

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online gambling industry because it represents the first time that the U.S. Department of Justice is proceeding against a gambling entity that operates exclusively outside the United States. … 'That has been the safety net for most operators... that as long as they stayed outside the U.S. and kept their activities outside the U.S., they were relatively safe,' said Linda Goldstein, a partner at Manatt, Phelps & Phillips L.L.P., of Los Angeles, who specializes in Internet gambling law. 'This is certainly going to have a chilling effect on any operator of an offshore site.'" The Inquirer notes, "The case is a test of the reach of the U.S. government as it tries to clamp down on online gambling. 'It's an extraordinarily broad exercise of jurisdiction by the Department of Justice,' Goldstein said. … The company's Web site, www.BetOnSports. com, has not been operational since July 19, following the arrest in Texas of its chief executive officer, David Carruthers, who faces 22 counts of fraud, racketeering and conspiracy. He is in jail awaiting terms of his bail."

Gadsden Officials Among Three To Plead Guilty To Conspiracy. The Birmingham News (AL) (8/12, Walton) reports, "Two Gadsden City Council members and a businessman are to plead guilty Thursday to a conspiracy charge involving allegations of illegal support for a multimillion-dollar development near the Coosa River." The News continues, "Councilmen Jimmy L. Armstrong and Fred Huff and consultant Larry T. Thompson will enter guilty pleas before U.S. District Judge L. Scott Coogler, federal court records show." The News adds, "Justice Department prosecutors charged the three men August 3rd with participating in a conspiracy to get council members to support a project known as Lafferty's Landing, a shopping project valued at $9 million. … Armstrong and Huff are accused of accepting money in exchange for voting to award an additional $750,000 in tax incentives. Thompson, along with an unnamed person, is accused of giving cash to City Council members with the intent to influence or reward them for support."

Louisiana Man Sentenced For Fraud. The New Orleans Times-Picayune (8/12, Swerczek) reports, "A Kenner (LA) man was sentenced this week to 30 months in federal prison for defrauding Johnson & Johnson of more than $700,000 in improper rebates." The Times-Picayune continues, "Gerald Tauzier, 59, also was ordered Tuesday to pay $676,006 in restitution, in addition to the $101,000 he has already paid, according to the U.S. attorney's office in Newark, N.J., which handled the case. … He is free on $100,000 bond pending his surrender, which has yet to be worked out with the federal Bureau of Prisons, according to Tauzier and a news release from the U.S. attorney's office in New Jersey. Reached at his Elmwood office Friday, Tauzier said he doesn't know where he will do time." The Times-Picayune adds, "Tauzier said that in 2003 he had scheduled a meeting with Johnson & Johnson to settle the rebate matter, but the company canceled the meeting. … 'I tried to resolve the issue with them,' Tauzier said, adding that instead the company 'let the Justice Department do their legal work. That's not the way to do business.' … Tauzier owns Lee Medical International in Elmwood, which buys health care products from companies such as Johnson & Johnson and distributes them to hospitals, clinics and doctor's offices. … He pleaded guilty to one count of wire fraud on Feb. 3 before U.S. District Judge Joseph E. Irenas of New Jersey, admitting that he had his company file reports containing false information with Johnson & Johnson, which is based in New Brunswick, N.J., according to the news release."

New Jersey Man Pleads Guilty To Fraud. The Atlantic City (NJ) Press (8/12, Clark) reports, "An Atlantic City (NJ) man pleaded guilty in U.S. District Court on Friday to executing a scheme to defraud Wachovia Bank of more than $1.2 million, authorities said." The Press continues, "Daniel Cassese Jr. admitted to using fraudulent information during the loan application process for personal equity lines of credit on several occasions in 2003. … Cassese, 48, said he submitted two loan applications on Feb. 10, 2003, to obtain personal equity lines of credit worth $495,000 and $395,000, which were secured by residences in Hoboken and Neptune. The applications contained false information, including a phony Social Security number for his father, claims of annual earnings of more than $200,000 when he was actually unemployed and a fake tax return, according to the Justice Department." The Press adds, "After Wachovia approved both applications, Cassese withdrew $190,000 from the $495,000 account and $105,000 from the other, authorities said. … Cassese used the same false information again on April 8, 2003, when he applied for another line of credit worth $290,000, from which, after Wachovia approval, he withdrew another $190,000, authorities said. … Cassese also pleaded guilty to obtaining an approved $25,000 unsecured loan that relied upon the same information in June 3, 2003. On that same day, the funds were deposited and withdrawn from Cassese's account at Wachovia."

Iowa Man Sentenced For Child Pornography. The Waterloo-Cedar Falls (IA) Courier (8/12, Reinitz) reports, "His hands in cuffs and his next 14 years tied up in prison, Casey Frederiksen managed a brief smile as he glanced at family members at the back of the courtroom Thursday afternoon. … The 27-year-old Floyd man then looked down and disappeared as federal marshals led him out of the room so he could begin serving his sentence." The Courier continues, "Frederiksen --- who had been looking after Evelyn Miller, the 5-year-old daughter of his former girlfriend, in July 2005 when the girl disappeared and later turned up dead ---

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receive the maximum sentence of 14 years in prison after he pleaded guilty to possession and receiving or attempting to receive child pornography. He had faced between 11 and 14 years. … U.S. District Court Judge Linda Reade said she opted to hand down the maximum punishment because of the sheer number of pornographic images --- there were about 1,650, some depicting young girls having sex with adult men --- found on his computer, because he attempted of conceal the hard drive when police investigated Evelyn's disappearance and because of a 1992 incident where he sexually abused a 6-year-old girl." The Courier adds, "Public Defender Jane Kelly had asked for a sentence on the low end of the scale, noting Frederiksen was only 13 when the 1992 incident happened and saying his family members have noticed he was maturing. … Evidence presented during Thursday's sentencing included letters from Frederiksen's mother and a sister and a 13-minute pornographic video that was apparently recovered from his computer. … Assistant U.S. Attorney Sean Berry said Frederiksen's history shows that he was sexually interested in young girls in 1992 and continues to be sexually interested in them."

DOJ Declines Prosecution Of Former Head Start Chief. The National Journal (8/12, Friel) reports, "Federal investigators sought the prosecution of a former Bush administration official on allegations that she misused federal Head Start grant money, but the Justice Department declined prosecution, according to records obtained by National Journal through the Freedom of Information Act." The Journal continues, 'In a previously unreleased report, investigators said they had found evidence that Windy Hill, chief of Head Start at the Health and Human Services Department from January 2002 to May 2005, had improperly pocketed thousands of dollars when she was head of a local Head Start program in Texas. The report was provided to Hill's boss, Wade Horn, head of the Administration for Children and Families, for administrative action on April 1, 2005, nearly two months before Hill resigned on May 27." The Journal adds, "Investigators with the HHS inspector general's office found evidence that Hill, as executive director of a Head Start agency in Bastrop, Texas, was reimbursed $2,400 for college classes in which she did not enroll, received bonuses worth thousands of dollars more than officially permitted, was improperly paid thousands of dollars for unused vacation time, cut checks to herself without supporting documentation, awarded contracts on a noncompetitive basis to family members and employed children younger than the legal working age of 14. … The U.S. attorney's office in Austin, Texas, and the District Attorney's office in Bastrop declined prosecution 'due to a lack of resources and not meeting the minimum guidelines established by these offices,' HHS investigators reported in the released records. That could mean the attorneys decided the case was not clear-cut enough or the dollar amounts involved not high enough to justify full-fledged prosecution. … The Justice Department is reviewing 11 pages of records related to the case for potential public release. The government has taken no further legal action against Hill."

Louisiana Man Charged With FEMA Fraud. The Baton Rouge Advocate (8/12) reports, "A Baton Rouge man was arrested late last month and charged in a two-count indictment for FEMA fraud. The February indictment was sealed until his arrest." The Advocate continues, "Derrick W. Deamer, 32, was arrested July 26 for allegedly making false and fraudulent claims for disaster assistance benefits and for making false and fraudulent statements to the Federal Emergency Management Agency." The Advocate adds, "According to the indictment, in September Deamer applied for disaster assistance after Hurricane Katrina claiming an address in Harvey as his primary residence. .. . If convicted, Deamer could be sentenced to five years in prison and a $250,000 fine per count. … In September, U.S. Attorney General Alberto Gonzales created the Hurricane Katrina Fraud Task Force to deter, investigate and prosecute disaster-related federal crimes such as charity fraud, identity theft, procurement fraud and insurance fraud. … The task force includes members from the FBI, the Federal Trade Commission, the Postal Inspector's Office and the Executive Office for U.S. Attorneys."

Judge Rules Fletcher Cannot Be Prosecuted While In Office. The New York Times/AP (8/12) reports, "A judge ruled Friday that Gov. Ernie Fletcher, who is embroiled in a hiring scandal, is protected by executive immunity and cannot be prosecuted while in office." Fletcher "has accused the state's attorney general, Greg D. Stumbo, a Democrat, of conducting a politically motivated investigation."

The Washington Post (8/12, A3, Emery, 748K) reports Fletcher "was indicted in May on charges of criminal conspiracy, official misconduct and violating a prohibition against political discrimination, stemming from a program called the Governor's Personnel Initiative. According to the indictment, the initiative violated state hiring laws by putting political appointees in each Cabinet branch of the state government who would ensure that handpicked applicants got hired. Fletcher supporters would allegedly recruit candidates for open positions and guide them through the hiring process."

CIVIL LAW:

Federal Judge Throws Out Suit Over Budget Bill Error. The AP (8/12) reports U.S. District Judge John

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D. Bates rejected Public Citizen's "effort to block a $39 billion deficit-reduction bill that was passed in different versions by the House and Senate. The lawsuit by Public Citizen argued that because the two chambers passed slightly different bills, the version signed by President Bush on Feb. 8 was unconstitutional." Bates "disagreed, citing an 1892 Supreme Court ruling that says the signatures of Senate and House leaders are enough to affirm a bill's legitimacy. The lawsuit was one of four filed across the country challenging the law over a clerical error that listed different rental periods for medical equipment that would be covered by Medicare." The AP notes, "Three other cases, including one filed by Rep. John Conyers, D-Mich, are pending."

The Hill (8/12, Young) reports, "Public Citizen expects to file an appeal, lead attorney Adina Rosenbaum said shortly after Bates issued his decision. The U.S. Court of Appeals for the District of Columbia would be next in line to review it. … 'We are disappointed in the decision, which allows a blatant violation of the Constitution to go unaddressed. … We plan to appeal, and hope that the Court of Appeals will address the constitutional violation at issue here,' Rosenbaum said later in a written statement." The Hill adds, "Public Citizen, echoing charges made by House Democrats, argued that the bicameral clause of the Constitution was violated when a clerical error lead the House to pass a slightly different version of the $39 billion budget-reconciliation bill, know as the Deficit Reduction Act (DRA), in February. … But like other federal judges have done in two recent rulings, Bates determined that a 114-year-old Supreme Court precedent precluded him from deciding on the constitutional question."

Unabomber's Possessions To Be Auctioned. The New York Times (8/12, Mckinley, 1.21M) reports "personal items seized from the remote Montana shack of Theodore J. Kaczynski, known as the Unabomber…will be sold soon under order of a federal judge in an effort to pay off a $15 million restitution order."

Navy Halts Efforts To Photograph Sunken Ship. The Duluth News Tribune (8/12, Stodghill) reports, "St. Louis County Undersheriff Dave Phillips' efforts to photograph the inside of the sunken heavy cruiser USS Houston for its survivors association have been halted by the U.S. Navy before he could get his remote-controlled underwater camera into the ship." The Tribune continues, "Barbara Voulgaris of the Underwater Archaeology branch of the Naval Historical Center in Washington, D.C., said her office and the U.S. Justice Department were forwarded Monday's News Tribune story reporting Phillips' trip to Indonesia to film the inside of the ship, which was sunk by the Japanese during World War II. … Voulgaris wanted to know how to reach Phillips. … 'We've got some concerns because it's not legal for him (or his camera) to go inside the wreck or to take things off of it,' Voulgaris said. She said Phillips also wouldn't be allowed to send his camera into the ship because it had the potential to disturb the site. … 'As soon as they disturb it without the permission of the Navy -- that's where the problem is,' she said."

Columnist Notes The Vulnerability Of Information Stored By Search Engines. In a column in the New York Times (8/12, 1.21M), Tom Zeller Jr. writes, "Privacy advocates and search industry watchers have long warned that the vast and valuable stores of data collected by search engine companies could be vulnerable to thieves, rogue employees, mishaps or even government subpoenas." Noting a recent breach of customer data at AOL, Zeller adds, "No laws clearly place search requests off-limits to advertisers, law enforcement agencies or academic researchers, beyond the terms that companies set themselves." Zeller also notes, "Numerous bills have been proposed in Congress as well, but pitched battles between privacy advocates, who seek comprehensive data protections for consumers, and the financial industry, which wants to limit any onerous legislation and pre-empt tougher state laws, have stalled progress."

CIVIL RIGHTS:

Mississippi Jail Report To DOJ Conflicts With Two Beatings. The Biloxi (MS) Sun Herald (8/12, Fitzgerald) reports, "Claims that a Harrison County (MS) jailer beat and tortured an inmate who suffered serious injuries Jan. 7 after several hours in a restraint chair conflict with a report the jail submitted to the U.S. Justice Department." The Herald continues, "The report is part of a quarterly package the jail is required to submit under a 1995 federal court order to improve conditions and guarantee inmates' rights at the Harrison County jail. The jail security report for January lists seven assault incidents between inmates but none between an inmate and an officer." The Herald adds, "The conflicting claims come from a notice of claim involving injuries Kasey Dion Alves allegedly suffered at the jail Jan. 7 as well as a wrongful-death lawsuit involving the fatal beating of inmate Jessie Lee Williams Jr. on Feb. 4. … The Williams lawsuit, a federal civil-rights complaint, alleges a pattern of abuse at the jail before Williams' beating. The lawsuit refers to several prior incidents of alleged abuse and says 'the most sadistic' incident was the one Jan. 7. … According to the Williams lawsuit, jail officials were warned after the Jan. 7 incident that if a certain jailer wasn't stopped, someone was going to die in the jail. Estate attorneys claimed, on the basis of conversations with Alves' counsel and others, that jailer Ryan Teel, who has since resigned, is the corrections officer involved in both incidents. … Teel has not been arrested or

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charged in either incident. However, a former co-worker, Regina Rhodes, pleaded guilty to two felony counts in federal court Monday. She admitted she assaulted Williams under color of law, violating his civil rights, and that she withheld information by falsifying a report and lying to state and federal investigators. She faces up to 13 years in prison; her sentencing is set for Oct. 16."

Native Americans Fight Redskins Name. The Washington Post (8/12, Weiss) reports, "A group of Native Americans filed a new legal challenge yesterday to trademarks for the name and logo of the Washington Redskins, saying the team's name is a racial slur that should be changed." The Post continues, "A petition filed at the U.S. Patent and Trademark Office by six Native Americans represents a second chance for Indians to challenge the football franchise's name. The team prevailed in an earlier fight when a U.S. District Court judge ruled that the plaintiffs waited too long under trademark law to object. This time, the complaint was filed with a new set of plaintiffs." The Post adds, "In the petition, the six Native American activists say that the football franchise's name breaks a 1946 federal law prohibiting the government from registering a trademark that disparages any race, religion or other group. … 'The term 'redskin' was and is a pejorative, derogatory, denigrating, offensive, scandalous, contemptuous, disreputable, disparaging and racist designation for a Native American person,' the complaint says." The Post notes, "The emotional issue has a long and winding legal trail dating back 14 years. In a similar petition filed in 1992, activists argued that the team's name and feather-wearing Indian mascot trivialized Indian victims of genocide and those forced off their land by settlers and U.S. soldiers. In 1999, the Trademark Trial and Appeal Board agreed and ruled that the team had no right to trademark its name. … But Pro-Football Inc., the corporation that owns the Redskins, appealed the trademark panel's decision in U.S. District Court. … In 2003, U.S. District Judge Colleen Kollar-Kotelly ruled in the team's favor and threw out the patent panel's decision to cancel six highly lucrative Redskins trademarks. She did not address whether the name was insulting but concluded that the activists waited too long to challenge the trademarks, which were first granted in 1967. … Last year, the U.S. Court of Appeals for the District of Columbia sent the case back to District Court without ruling on the substance of whether the name was derogatory. That case is still pending."

4th Circuit Reinstates Racial Bias Suit Against Spa. The Washington Post (8/12, B1, Markon) reports, "Seandria Denny wanted to do something special for Mother's Day. So she treated her mom to a full package at the Elizabeth Arden Red Door Salon and Spa in Vienna -- manicure, massage, hairstyling, the works. … During her mother's visit to the upscale spa in 2002, Denny showed up and tried to add a hair coloring. It was then, she said, that a receptionist uttered the words that turned a day of pampering into a protracted legal battle. … 'We have a problem,' the receptionist and then the manager allegedly told Denny. 'We don't do black people's hair.'" The Post continues, "Outraged, Denny told the salon to send her mother home. She said the salon tried to style Jean Denny's hair anyway but did a shoddy job. .. . Denny and her mother sued Elizabeth Arden for racial discrimination in U.S. District Court in Alexandria. A federal judge dismissed the case. But the U.S. Court of Appeals for the 4th Circuit reinstated the suit this week and sent it back to Alexandria for trial, ruling that 'there can be no doubt that plaintiffs have presented not only strong but direct evidence of the salon's intent to discriminate.' … 'It is hard to imagine plainer evidence of purposeful discrimination than when services are denied expressly because the purchaser is African-American,' Judge J. Harvie Wilkinson III wrote for a three-judge panel. 'It is, of course, entirely possible that the trier of fact may ultimately see this matter Elizabeth Arden's way. The record before us, however, at least draws into serious question the neutral and non-racial explanations for whatever happened here.' … In court papers, Elizabeth Arden accused the Dennys of trying to make a 'federal case' out of what was merely the salon's inability to schedule the coloring that day. A lawyer for the company, Stephanie Quincy, said it 'unequivocally denies that we have discriminated based on race.' She said the 4th Circuit ruling 'does not indicate that there was discrimination. It merely says plaintiffs have alleged discrimination, not that they have proven a case.'"

Judge Invalidates Maryland's Early Voting Law. The Washington Post (8/12, A1, Mosk, 748K) reports Anne Arundel County Circuit Court Judge Ronald Silkworth "invalidated Maryland's early voting laws yesterday in an opinion that could substantially alter the political tactics used by campaign teams across the state this fall." Silkworth "ruled that it would be illegal for Maryland elections officials to open polling stations during the week before Election Day because the state constitution strictly sets the timing of elections. The 2005 and 2006 laws also improperly permitted voters to cast ballots outside their precincts, he wrote." The Post notes Silkworth is "a Democratic appointee whose ruling favors Republicans."

The Washington Times (8/12, Miller, 88K) reports the Maryland Attorney General's Office "immediately appealed the ruling in the Court of Appeals, the state's highest court."

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ANTITRUST:

Two Antitrust Suits Filed Against Biomet. Dow Jones (8/12) reports, "Warsaw-based Biomet said Friday that two lawsuits were filed against it for alleged violations of antitrust law -- and the orthopedic products maker could be served with more complaints." Dow Jones continues, "The lawsuits, seeking class-action status, are related to a Justice Department subpoena delivered in June to the company and three other orthopedics companies for possible antitrust violations, Biomet said in its annual report filed with the Securities and Exchange Commission. … The Justice Department requested Biomet documents from Jan. 1, 2001, to the present, according to the annual report for the fiscal year ended May 31. … The two lawsuits were filed by companies and individuals, said Greg Sasso, Biomet's senior vice president of corporate development and communications. Sasso said he didn't know where the suits were filed."

The AP (8/12) reports, "Biomet is aware that other lawsuits have been filed but not served on the company, the company's annual report said. Those complaints also name other orthopedics companies as defendants, it said. … 'The company intends to vigorously defend this matter, and believes that it has meritorious defenses to the claims being asserted,' Biomet said in its SEC-filed report. … Besides Biomet, the Justice Department in June subpoenaed DePuy, a subsidiary of Johnson & Johnson; Stryker Corp.; and Zimmer Holdings."

Deregulation Of Broadband Said To Have Been A Success. In an op-ed for the Wall Street Journal (8/12, 2.03M) Thomas Hazlett, professor at George Mason University and former chief economist of the FCC, writes, "We should be celebrating an anniversary this month: One year ago, in August, the Federal Communications Commission voted to deregulate residential broadband services. Never heard of it? Well, I'm not proposing a parade; but this victory for freer markets undermines the current proposal to re-regulate the Internet via 'net neutrality.' … The results are in: DSL packages are cheaper, performance speeds are faster, and the number of subscribers is growing more quickly than under open access rules. According to Leichtman Research, for the nine months following deregulation (fourth-quarter results aren't posted), the number of households with DSL increased by 4.6 million -- some 31% above the previous period's growth. Meanwhile, the DSL competitors -- cable modem services -- have added 3.8 million subscribers."

ENVIRONMENT:

Proponents Of ANWR Drilling Cite Problems With BP Oil Line. McClatchy Newspapers (8/12, Hall) reports, "Proponents of drilling in the Arctic National Wildlife Refuge are seizing on this week's shutdown of oil giant BP's Alaska drilling operations to renew their push in Congress to expand petroleum exploration and production." McClatchy continues, "Experts agree that if there'd been more U.S. production at ANWR, the global oil supply wouldn't be as tight as it is today. The Paris-based International Energy Agency said Friday that spare oil-production capacity across the globe was dangerously tight at about 3 million barrels per day (mbd)." But others "say that while Alaska's North Slope may be a more dependable source of oil than, say, Iran, Iraq, Saudi Arabia, Nigeria or Venezuela, developing it would only add to a coming oil glut. The Pulitzer Prize-winning oil historian Daniel Yergin, for one, thinks that a giant global oil cushion is just around the corner."

Congress To Investigate BP Decision To Shut Down Operations. The Financial Times (8/12, Kirchgaessner, Bream) reports, "BP is facing a congressional probe in Washington over whether its decision to shut down production at its Prudhoe Bay field was a 'market strategy' designed to manipulate the oil market." The Times notes, "In a scathing letter sent to Lord Browne, BP chief executive, on Friday, Joe Barton, the powerful chairman of the House energy committee, suggests the Alaska shutdown could be part of a wider strategy by BP to influence the market, particularly in light of recent allegations by US regulators that the company engaged in illegal trading in the propane gas market. The company has denied those allegations."

BP To Avoid Total Shutdown. The Washington Times/AP (8/12, Dispatches) reports, "BP PLC said yesterday it would keep one side of the nation's largest oil field open as it replaces 16 miles of pipeline, averting a total shutdown that could have put a larger crimp in the nation's oil supply." The AP notes, "The decision will allow BP to keep funneling up to 200,000 barrels of oil and natural gas from Prudhoe Bay. BP, which operates the oil field, previously had said it would have to shut down the field after revealing leaks and severe corrosion on the eastern side of the pipeline nearly a week ago."

The Washington Post (8/12, D1, Mufson, 748K) reports, "This week, BP has been scrambling to determine if it can keep some Prudhoe Bay oil flowing through its western transit line while it makes the repairs. That will depend on what is found by workers like White, who was flown to the site Monday. BP officials said they hoped to decide early next week. An order issued by the Transportation Department's Pipeline and Hazardous Materials Safety Administration gave

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BP the option of keeping open the western line, which previously carried half of Prudhoe Bay's output and is now running at 120,000 barrels a day."

The Los Angeles Times (8/12, Verhovek, 918K) reports, "The near-shutdown in oil deliveries from Prudhoe Bay caused a sudden spike in oil prices on jittery world markets and has prompted virtual chaos in Alaska's state government, 89% of which is funded by oil revenues from North Slope fields. On Friday, a beleaguered BP announced that while repairs are underway, it would continue production of oil from the western side of the Prudhoe Bay field."

BP Critics Unsurprised At Problems. The Wall Street Journal (8/12, Carlton, 2.03M) reports, "When the giant oil company BP PLC announced a week ago it would shut down its massive Prudhoe Bay oilfield in Alaska because of corrosion problems, the news surprised many. It surprised the energy markets, which sent oil prices up $2 a barrel. It surprised Wall Street, which pushed BP shares down." Yet long-time critic Charles Hamel was not surprised because "last year provided information on Prudhoe Bay's corrosion problems to the Environmental Protection Agency, prompting a criminal investigation. Mr. Hamel also spurred a Department of Transportation investigation into complaints that some safety valves weren't working at the field last March."

Oil Prices Rise Slightly. The AP (8/12, Read) reports, "Crude-oil prices rose slightly Friday after dropping more than $2 a barrel a day earlier, as markets re-evaluated how the thwarted trans-Atlantic airplane attacks might dampen jet fuel demand and consumer confidence." The AP notes, "It capped a week of huge price swings in the energy markets. The announcement late Sunday that BP would lose production out of its Alaskan pipeline caused prices to soar, and Thursday's news of the foiled terrorist plot cause them to tumble back."

WPost Support Increased Regulation Of Oil Pipelines. The Washington Post (8/12, A20, 748K) editorializes, "The weakness of government regulations for oil pipelines is also alarming. Because BP's leaky tube was a 'low-pressure' pipe, it is exempt from federal upkeep rules, which require regular and extensive integrity checks of other types of pipelines. The Transportation Department will soon propose rule changes that will remove the oversight exemption for pipes in sensitive areas. Whatever new rules the Bush administration decides to adopt, Congress should consider writing specific language into the Pipeline Safety Act, which is up for reapproval after summer recess, requiring tough regulatory standards for low-pressure pipelines. Otherwise America might not get its oil fix -- a strategic necessity until the country can undergo withdrawal."

NOAA Restricts Fishing Off California Coast. The Los Angeles Times (8/12, Polakovic, 918K) reports, "Under a plan unveiled by federal officials, about 20% of the waters around five islands off Ventura and Santa Barbara counties would be closed to fishing. Moving to ban fishing fleets from some of California's richest waters, federal authorities unveiled a plan Friday that would double the size of no-fishing zones around the Channel Islands to protect marine life and restore a depleted ocean. The proposal marks a major expansion of an existing network of marine protected areas and a recognition that closing large tracts of ocean to commercial and recreational fishermen may be necessary to help fish populations rebound. … Details of the plan are contained in a draft environmental impact statement the National Oceanic and Atmospheric Administration released Friday."

Drought Causing Inflation Of Food Prices Spares Some US Regions And Crops. The Wall Street Journal (8/12, Kilman, 2.03M) reports, "The hottest July since the 1936 Dust Bowl did little harm to the nation's two biggest crops -- Midwest-grown corn and soybeans -- but that is doing little to cool food inflation. The drought, which engulfs the Great Plains from Texas to North Dakota, as well as parts of the Deep South, is continuing to shrink the harvest potential there of durum wheat, cotton, peanuts and sorghum. Yet major farm states such as Illinois, Indiana and Ohio are largely unscathed." Michael Swanson, an agricultural economist at Wells Fargo "said Friday he expects food prices to climb 3.7% this year, which would be the sharpest increase felt by U.S. consumers since 1990."

EPA Announces Agreement To Recover Mercury From Junked Vehicles. The New York Times (8/12, Janofsky, 1.21M) reports the Environmental Protection Agency "said Friday that a new program paid for by industry groups would help capture up to seven tons of mercury emissions a year from old and out-of-use vehicles." The mercury is "primarily found in light switches in cars and trucks built before 2003. Until now, it has been ignored as old vehicles are dismantled, shredded, melted or crushed." The program "evolved from two years of negotiations between the agency, automakers, metal scrappers, vehicle shredders and environmental groups, including the Environmental Defense and the Ecology Center. That made the effort a relatively rare collaboration between industry and advocacy groups."

The Washington Post (8/12, A10, Eilperin, 748K) reports although "foreign automakers stopped using mercury in their cars' lighting systems in 1993 and domestic manufacturers did the same in 2002, about 67.5 million switches are still used in older cars and trucks. The toxic metal -- which is released into the air when recyclers flatten and shred old automobiles and melt them for their steel -- can cause neurological and developmental problems in infants

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and small children." The program "will reduce the country's annual mercury pollution by at least 5 percent over the next 15 years, Environmental Protection Agency Administrator Stephen L. Johnson said in an interview yesterday. Under the pact announced yesterday, the steel and auto industries will pay $2 million each to recover 4 million switches over the next three years."

EPA Building Houses Controversial Depression-Era Murals. McClatchy (8/12, Goldstein) reports, "A quarrel over public art and political correctness has been simmering for a decade inside - of all places - the Environmental Protection Agency. … Several 1930s murals of the Old West have become a flash point in a debate over negative stereotypes and artistic censorship. The mural that's sparking the most debate depicts Indians brutally scalping and murdering white settlers. All the women are naked, including one who's on all fours as a male Indian stands behind her, seizing her hair. Called 'Dangers of the Mail,' the 1937 mural was painted by Frank Mechau, a prominent Western artist." McLatchy notes, "For now, screens block the EPA's Mechau mural and partially obscure a few others. The search for a permanent solution has been slowed by the fact that the General Services Administration is the EPA building's landlord, and the GSA is hamstrung by rules that govern changes to historic buildings such as the EPA's headquarters."

FBI/DEA/ATF/USMS:

Mueller Appoints Morrow Pittsburgh SAC. The Pittsburgh Tribune-Review (8/12) reported, "Pittsburgh-area native Ray Morrow has been appointed to the top post of the FBI's Pittsburgh field office, agency officials said Friday. … FBI Director Robert Mueller made the appointment last week," and "Morrow is expected to take over as Pittsburgh's special agent in charge in October or November, FBI spokesman Jeff Killeen said. He replaces M. Chris Briese, who went to the FBI's headquarters as a deputy assistant director in the bureau's counter-terrorism branch." The AP (8/12) also briefly reported on Morrow's appointment.

FBI Agents Testify Against Former El Paso SAC. The El Paso Times (8/12, Gilot) reported, "The Juárez women's murders, allegations of drug cartel ties and a failed lie-detector test were part of testimony Friday in the trial of former El Paso FBI office chief Hardrick Crawford. Crawford made efforts to investigate alleged ties between his friend Jose Maria Guardia…and Mexican drug cartels, but did not break off their friendship even as doubts were piling up, witnesses testified. … FBI agents said their former boss…was concerned about the allegations against his friend and arranged for him to take a polygraph test. Guardia failed, said Jose Villela, an FBI agent specializing in drug-trafficking intelligence." The Times added, "FBI agent Sal Hernandez, the legal attaché working for the U.S. ambassador in Mexico, testified that because of published comments by Crawford, he had to mend fences with the Mexican attorney general's office."

Advocates Of Legalizing Drugs Criticize DEA Effort To Link Drugs With Terrorism. The Washington Post (8/12, A3, Lydersen, 748K) reports, "A photograph of President Bush waving a flag after the Sept. 11 attacks is juxtaposed against a black-and-white image of an African American mother smoking crack cocaine in bed next to her baby. Larger-than-life portraits of Osama bin Laden and Pablo Escobar line the walls. The central message of a traveling Drug Enforcement Administration exhibit unveiled at Chicago's Museum of Science and Industry yesterday is that terrorism and drugs are inextricably linked." Yet "advocates of legalization who are leafleting outside the exhibit say the DEA is leaving out an important part of the story. Critics agree that drug trafficking provides a potentially lucrative revenue stream for terrorist organizations. But they say the profit is actually fueled by the government's war on drugs, which creates a situation akin to prohibition of alcohol."

Final Maryland Arson Defendant Pleads Guilty. The Washington Post (8/12, B4, Castaneda) reports, "The last defendant in a highly publicized arson case that strained race relations in Southern Maryland admitted his guilt in federal court yesterday." The Post continues, "The guilty plea by Roy T. McCann, 23, means that all five men who were charged in the arson fires that devastated the Hunters Brooke subdivision in Charles County in December 2004 have been convicted. One was convicted by a federal jury in Baltimore; the rest pleaded guilty. … McCann, of Waldorf, pleaded guilty yesterday to one count of conspiracy to commit arson in U.S. District Court in Greenbelt. .. McCann also pleaded guilty to one count of conspiracy to distribute ecstasy." The Post adds, "U.S. District Judge Roger W. Titus scheduled McCann's sentencing for Nov. 8. McCann faces a maximum sentence of 20 years in prison, with a mandatory minimum of five years, federal prosecutors said. McCann also faces a possible sentence of 20 years in prison on the ecstasy charge and an additional fine of up to $1 million, authorities said. .. .In a statement, Maryland U.S. Attorney Rod J. Rosenstein said: 'The harm suffered by the victims of this horrible tragedy cannot be erased. We hope that this guilty plea will give them some comfort, as all of the criminals charged in connection with the Hunters Brooke arson have now been convicted.'"

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ATF Probing Pipe Bombs Attached To Cars In Oregon. The Salem (OR) Statesman-Journal (8/12, Thompson, Gustafson) reports, "Police now think that four pipe bombs located across the Salem area Thursday all had been attached to cars and are warning everyone to inspect their vehicles before driving. … 'If you leave your car for any length of time, take a second and glance underneath it,' Salem police Lt. Bill Kohlmeyer said. 'I'm not one to cry wolf. I want to make sure folks understand this is potentially very serious.'" The Statesman-Journal continues, "Investigators also are looking for two cars that might have odd wires hanging from them because they think that two bombs found on the ground Thursday fell off moving vehicles to which they were strapped. … 'It's entirely possible that there are two cars out there with wires hanging off that shouldn't be there, drivers that are victims and don't even know they are victims,' Kohlmeyer said." The Statesman-Journal adds, "Investigators from the FBI and the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives are working with local law enforcement officials on the Salem case. … 'Usually, pipe bombs are thrown or placed in a fixed location, and it is fairly uncommon to find them attached to a vehicle. It's very disconcerting. That's why we're giving it full attention,' said Special Agent Julianne Marshall, a spokeswoman for the ATF in Seattle."

CONGRESS-ADMINISTRATION:

Two New 10th Circuit Judges Sworn In. The Topeka (KS) Capital-Journal (8/12, Boczkiewicz) reports, "The federal appeals court that serves Kansas gained two judges on Thursday, Jerome Holmes, of Oklahoma City, and Neil Gorsuch, of Denver." The Capital-Journal continues, "Both men, appointed by President Bush, come to the 10th U.S. Circuit Court of Appeals with conservative legal and public policy credentials. … Holmes is the court's first black judge. He is a former federal prosecutor in Oklahoma City and more recently has been in private law practice there. … Gorsuch, a Colorado native, has spent his career in Washington, D.C., in private practice and a year ago became principal deputy to the associate U.S. attorney general, the third-ranking Justice Department official."

The Tulsa World (8/12) reports, "The addition of Holmes and Gorsuch brings the court to full strength -- 12 full-time judges -- for the first time since October, when Judge Stephanie Seymour of Tulsa took senior status, meaning she no longer works full time. … The Denver-based court has judges in each of the six states it serves: Oklahoma, Kansas, New Mexico, Colorado, Wyoming and Utah."

New White House Travel Policies Limit Media's Access To Bush. The Washington Post (8/12, A1, Baker, 748K), in a front page article titled, "Increasingly, Bush Escapes The Media Pack: Press Cuts Converge With Closed Events," reports the "idea that" President Bush "could travel across the country without a full contingent of reporters, especially in the middle of a war, highlights a major cultural shift in the presidency and the news media." Since 1963 presidents "have taken journalists with them wherever they traveled on the theory that when it comes to the most powerful leader on the planet, anything can happen at any time. But increasingly in recent months, Bush has left town without a chartered press plane, often to receptions where he talks to donors chipping in hundreds of thousands of dollars with no cameras or tapes to record his words for the public. Barred from such events, most news organizations will not pay to travel with him. And so a White House policy inclined to secrecy has combined with escalating costs for the strapped news media to let Bush fly under the radar in a way his predecessors could not." The Post goes on to report, "fewer eyeballs on a president means less scrutiny, in the view of some media and government watchdog groups. Fewer reporters, they say, means fewer questions and fewer versions of what happens available to the public. … And in closing the doors of some fundraisers, the White House has reversed a policy adopted under Clinton after fundraising scandals raised questions about what donors are seeking when they hobnob with presidents."

Bush Attends Lunch With Top Donors In Texas. The AP (8/12) reports Republican Party "big spenders" were "rewarded with a barbecue lunch with President Bush on Friday at a $750,000 fundraiser at a ranch neighboring the president's Texas home. The fundraiser was closed to the public and the press, but the Republican National Committee reported that the attendees included 350 people who have each raised at least $15,000 for the party this cycle." Bush "addressed to group after an introduction by RNC Chairman Ken Mehlman."

Bush Read Camus' "The Stranger." AFP (8/12) reports President Bush "quoted French existential writer Albert Camus to European leaders a year and a half ago, and now he's read one of his most famous works: 'The Stranger.'" White House spokesman Tony Snow "said Friday that Bush…had made quick work of the Algerian-born writer's 1946 novel -- in English."

Bush Job-Approval Rating Falls To 33% In New AP-Ipsos Poll. Bloomberg (8/12, Murray) reports President Bush's job- approval rating "declined to 33 percent, matching a record low, according to an Associated Press-Ipsos poll that signaled public discontent with the economy and the Iraq war. The survey of 1,001 adults was taken Aug.

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7-9, before yesterday's announcement by British authorities that they had foiled a suspected terrorist plot to blow up planes bound for the U.S." Bloomberg notes that "in the past, imminent threats of attacks on the U.S. have helped underpin Bush's public support." However, "Seventy-one percent of respondents in the current survey said Bush was leading the country in the wrong direction, up from 67 percent last month. Public approval of Bush's leadership on the economy fell to 37 percent, a record, and 33 percent of Americans approved of his handling of the Iraq war, also a record low. On Bush's foreign policy in general, 40 percent said they approved of his administration's diplomacy overseas and in the war against terror, down from 44 percent a month earlier, the survey showed.

Bush's Unpopularity Said To Undermine GOP Candidates. The AP (8/12, Cassata) reports, "Republicans determined to win in November are up against a troublesome trend -- growing opposition to President Bush. … His handling of nearly every issue, from the Iraq war to foreign policy, contributed to the president's decline around the nation, even in the Republican-friendly South. More sobering for the GOP are the number of voters who backed Bush in 2004 who are ready to vote Democratic in the fall's congressional elections -- 19 percent. These one-time Bush voters are more likely to be female, self-described moderates, low- to middle-income and from the Northeast and Midwest. Two years after giving the Republican president another term, more than half of these voters -- 57 percent -- disapprove of the job Bush is doing." The AP adds, "the AP-Ipsos poll suggested the midterms are clearly turning into a national referendum on Bush. The number of voters who say their congressional vote this fall will be in part to express opposition to the president jumped from 20 percent last month to 29 percent, driven by double-digit increases among males, minorities, moderate and conservative Democrats and Northeasterners."

Bush Schedules Meetings With His Top Advisors Throughout Next Week. The AP (8/12, Pickler) reports the White House has announced President Bush "plans a series of meetings next week with his top advisers to discuss his agenda and priorities. … Monday, Bush planned to travel to the Pentagon to meet with Defense Secretary Donald Rumsfeld and other top military advisers and then have lunch with what the White House described as experts on Iraq, although a list of attendees was not released. Then he was to head to the State Department to meet with Secretary of State Condoleezza Rice. Tuesday, Bush was heading to the National Counterterrorism Center in McLean, Va., for a briefing and lunch with his homeland security and counterterrorism teams." The AP notes that "long-scheduled meeting is not a reaction to the recently discovered plot to blow up flights between Britain and the United States." Friday Bush will meet with his economic advisers.

Nicholson Announces Two New York City Hospitals Will Stay Open. In a story that appeared in at least two outlets in New York, the AP (8/12) reports that VA Secretary Jim Nicholson, speaking on Mayor Michael Bloomberg's weekly radio show Friday, said "that two veterans' hospitals in Manhattan and Brooklyn will not be closed or consolidated, ending years of speculation about the fate of the facilities." Nicholson said "that the department has decided to keep both hospitals, which were examined as part of a nationwide restructuring plan. He also said a third facility in Queens will be updated." Additionally, a shorter article by AP (8/12) appears on the Web sites of at least three broadcast outlets.

The New York Times (8/12, Hu, 1.21M) reports, "The decision was hailed as a victory by" New York Mayor Michael Bloomberg "and members of the New York Congressional delegation who have lobbied the Department of Veterans Affairs, which runs hundreds of hospitals across the country, to keep open the two in Manhattan and Brooklyn. The mayor said that he had testified at hearings, written letters and pressed the issue with federal officials." Bloomberg: "Three different boroughs, V.A. facilities. … And they're going to stay and expand and keep doing what we want them to do: provide great care for people that live in this city, in this case for those who served this country." The Times adds, "In discussing the decision, Mr. Nicholson praised the quality of care provided by the hospitals. He said the Manhattan hospital was known for its cardiac and neurosurgical care, and the Brooklyn hospital for its cancer treatments and women's health programs. The Queens center, he said, specialized in geriatric care."

Report Finds SCHIP Contributed To Decline In Percentage Of Uninsured Children. The Washington Times (8/12, Price, 88K) reports, "In the nine years since Congress approved the government-funded State Children's Health Insurance Program (SCHIP) the percentage of U.S. children without health insurance has dropped 20 percent, even though the total number of uninsured Americans is rising, a new report shows. The State of Kids' Coverage report by the Robert Wood Johnson Foundation (RWJF) revealed that the number of uninsured children has declined by 2 million since SCHIP's creation and the recent expansion of Medicaid coverage." According to the Times, "The program's goal of encouraging states to add more children to their public health programs appears to have worked. At least 5 million youngsters ages 17 and under have been enrolled in public health programs such as SCHIP and Medicaid in the past nine years."

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Podhoretz Book To Analyze Bush's Role In "World War IV." The Wall Street Journal (8/12, Rago, 2.03M) runs an interview with Norman Podhoretz, founder of Commentary magazine. Podhoretz claims the "war on terror," should be "rightly understood as 'World War IV,' demanding a new set of policies and ideas that will allow the U.S. to cope under drastically altered conditions. The point of his voluminous WWIV essays (currently being expanded into a book) is to limn the ways in which George Bush has done precisely that."

OTHER NEWS:

Stock Markets Close Lower To Cap Losing Week. NBC Nightly News (8/11, story 8, :15, Brown, 9.87M) reports, "No eruptions on Wall Street today. The Dow off a little more than 36 points [to close at 11,088.03], the Nasdaq, down 14 [to close at 2,057.71]. For the week, the Dow lost more than 152 points [or 1.36%], the Nasdaq, 27 [or 1.31%]."

The Wall Street Journal (8/12, Patterson, 2.03M) reports a "report showing retailers sold more goods than expected in July boosted the odds the Fed may increase rates again later this year. Nail-biting over rates, as well as trepidation ahead of some key inflation data due next week, helped send the Dow Jones Industrial Average down 36.34 points." The Standard & Poor's 500-stock index "fell 5.07 Friday to 1266.74, leaving it down 13 points, or 1%, for the week, also ending a three-week string of gains." Wall Street "remains split between concerns about a slowing economy and fears that strong economic data will force the Fed to keep nudging rates higher, analysts said."

Bloomberg (8/12, Johnson) reports stocks ended "their first losing week in a month, after a surge in retail sales suggested the Federal Reserve will resume raising interest rates. Alcoa Inc., the world's largest aluminum maker, had the Dow Jones Industrial Average's biggest loss as the prospect of higher rates hurt companies most affected by a slower economy."

Retail Sales Up Unexpectedly Strong 1.4%. The Wall Street Journal (8/12, lp, 2.03M) reports, "The nation's retail sales grew much more than expected last month, casting doubt on whether consumer spending has slowed and the Federal Reserve has reached the end of its rate increases." The Commerce Department said retail sales "in July grew 1.4% from June, after falling a revised 0.4% in June from May." Excluding "a big jump at auto dealers, sales rose 1%. Further excluding gasoline stations, whose sales figures were boosted by higher gasoline prices, the increase was 0.7%. Nonetheless, the July figures were stronger than economists expected."

Bloomberg (8/12, Schlisserman) notes the retail sales report "may make it harder for Fed Chairman Ben S. Bernanke to indefinitely forgo raising interest rates after suspending a two-year tightening campaign this week." Stephen Stanley, chief economist at RBS Greenwich Capital in Greenwich, Connecticut, "and the only analyst in a Bloomberg News survey to accurately forecast the gain in sales," said, "It's a little too early for the Fed to have declared victory."

The Financial Times (8/12, Hughes) reports, "Strong retail sales data eased concerns about the US consumer on Friday as shoppers appeared undeterred by high petrol costs and used malls to escape the summer heat." Although "known for their volatility, the data were a sharp turnaround from June, when sales excluding autos rose just 0.1 per cent."

The Wall Street Journal (8/12, 2.03M) compiles economists' reactions to the increase in retail sales.

CPI Report For July Seen As Early Indicator Of Whether Fed Decision Was Correct. The Wall Street Journal (8/12, Bain, 2.03M) reports the "current market conditions will give you pause. In a week full of high-profile news events, including an oil spike, the first Federal Reserve inaction in years and an apparent foiled terrorist attack, stocks stayed relatively calm." Events next week "may provide new clues to an economic puzzle and give markets a clearer sense of direction." Investors "will zero in Wednesday on the Labor Department's consumer price index for July, a key inflation gauge and an early indicator of whether the Fed made the right move by leaving rates steady."

Difficulty Of Investing Examined. The Financial Times (8/12, Coggan) examines the reasons that make forecasting investment performance difficult: "The most obvious problem is the sheer amount of information that needs to be analysed. When deciding to buy a particular share, investors need to assess the probity of the management, the appeal of the group's products, the threat from competitors in the sector, and the economic conditions before even beginning to calculate the correct value of the shares, using a host of different measures. Not only do they need to understand conditions now, but predict how they will develop over the next five years or so. Even a very well-informed investor can struggle."

Fed Rate Hikes Seen As Helping To Bring Down Housing Market. The Los Angeles Times (8/12, 918K) says in an editorial, "There is one large group of Americans who've been stung almost every month by the Fed's steady ratcheting of interest rates: homeowners with adjustable-rate mortgages or home-equity loans." The "linkage between real estate and other aspects of the economy, especially consumer spending, has never been

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more direct or immediate. Hence the Fed's concern about a possible bursting of the bubble — if there is indeed a bubble — or the potential repercussions for the rest of the economy from a mere flattening of the market." More evidence "of a housing slowdown arrived in the days after the Fed's announcement, including reports of prices flattening in San Diego and Los Angeles. The bubble may not be popping, but the steam may be seeping out of it, which would make" Federal Reserve Chairman Ben Bernanke "happy. So long, that is, as a flat real estate market doesn't trigger a recession throughout the economy."

Southern California Real Estate Market "Slumping." The Los Angeles Times (8/12, Haddad, 918K) reports Los Angeles County's home prices "in July rose at their slowest pace in six years while San Diego County's continued to fall, more evidence that the Southland's real estate market is slumping, data released Friday show." Buyers are "not rushing into deals, with sales in Los Angeles County plunging 25% versus year-earlier volumes — the eighth consecutive month of declines, according to La Jolla-based research firm DataQuick Information Systems." The "latest data are likely to intensify the debate over whether widespread predictions of a 'soft landing' — in which home prices level off and avoid sharp declines — might be too optimistic."

Vioxx Whittles Down Litigation Caseload. The Wall Street Journal (8/12, Tesoriero) reports, "A verdict in the second federal Vioxx trial could come down next week as the massive litigation, encompassing nearly 14,200 lawsuits so far against Merck & Co., nears two major milestones: First comes the one-year anniversary of the first Vioxx verdict; then comes the expiration in most states of the two-year statute of limitations for people to file suits claiming the painkiller caused their heart attack or stroke." The Journal continues, "A year after getting hit with a $253.4 million judgment by a Texas state-court jury, Merck holds a narrow 5-3 lead in the trial tally. Plaintiffs, some of whom have recovered fully from the medical setbacks they blame on Vioxx, have found it tougher than they expected to win jurors' sympathy. Merck's stock is up by a third in the past year, and is now higher than it was when the company yanked Vioxx off the market just over two years ago. … But plaintiffs' lawyers maintain that even if they win just two or three of every 10 cases, the damage awards and litigation costs would be high enough to pressure the Whitehouse Station, N.J., company to consider settling the remaining cases." The Journal adds, "The pace and intensity of trials is set to accelerate, with as many as eight due to start before year's end. Once the statute of limitations passes, Merck and the plaintiffs' attorneys will get a more accurate picture of the number of cases and their relative merits, which could help lay the groundwork for settlement discussions. … The two sides have battled over which cases to try first, because each is attempting to establish a pattern that will strengthen their position in settlement talks that are sure to come. One critical test is the current trial in New Orleans federal court. Gerald Barnett, a 62-year-old former agent with the Federal Bureau of Investigation, alleges that the Vioxx he took for 33 months contributed to his September 2002 heart attack."

Small Firms Fuel Silicon Valley Resurgence. The Wall Street Journal (8/12, A1, Tam, 2.03M) reports after "suffering an exodus during the dot-com bust," Silicon Valley "is once again a land of opportunity." The "nation's technology capital lost 185,000 jobs, or one in five, between 2001 and 2005. This year, state economists expect a net inflow of people into the area for the first time in six years." And "just as noteworthy as the comeback is the source of all the new jobs. For the most part, it isn't giants such as Cisco Systems Inc., Sun Microsystems Inc. and Intel Corp. They're adjusting to slower growth rates and in some cases continuing to shed workers. The biggest demand comes from thousands of small and midsize companies and start-ups such as Sling Media, suggesting that Silicon Valley's entrepreneurial ferment survived the bust just fine. Companies are typically looking for experienced workers who are well-versed in hot technologies."

Antiwar Democrats Compared To Reagan Conservatives Of The '70s. In a piece that will appear in the 8/20 edition of the New York Times Magazine Matt Bai, in reference to the Lieberman-Lamont race, writes, "There are…some compelling parallels between this moment in Democratic politics and the one that saw the ideological cleansing of the Republican ranks three decades ago. In 'Reagan's Revolution,' an inside account of Reagan's failed 1976 campaign, Craig Shirley notes that aides to President Gerald Ford warned that they were 'in real danger of being outorganized by a small number of highly motivated right-wing nuts.' Those so-called nuts, meanwhile, waged war on the then widely held belief that 'if they were to succeed, Republicans had to be 'pragmatic,' they had to 'broaden the base' and they had to 'compromise.' Otherwise, they would always be in the minority.' The very same things might be written now, substituting the words 'left' and 'Democratic' for 'right' and 'Republican.' And like those bygone Republican leaders, establishment Democrats exhibit a surprisingly shallow understanding of the uprising that now threatens to engulf them."

Both Parties See Hopeful Signs In Lamont Win. The Financial Times (8/12, Yeager) reports liberal activists, "energized" by Ned Lamont's victory, "know what they think. 'Ned Lamont is a blueprint for the kind of leadership that can lead Democrats to victory in November,' said Eli Pariser, executive director of MoveOn.org Political Action. Mr Lamont rallied the grassroots and tapped the 'netroots', he said, and

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led a 'revolt by voters who are tired of the status quo'. For Republicans, though, Mr Lamont is the archetype of the pacifist Democrat, a theme the party hopes to exploit in November's midterm elections. Ken Mehlman, Republican National Committee chairman, said Mr Lamont's campaign was based on 'retreating from the terrorists in Iraq' and that his win reflected 'an unfortunate embrace of isolationism, defeatism and a 'blame America first' attitude'."

McGovern Compares This Year's Election Season To 1972. Newsweek's Eleanor Clift (8/12) writes George McGovern, the "84-year-old former senator from South Dakota, who served in World War II as a bomber pilot, spoke…about what it's like to hear his name invoked after this week's Democratic Senate primary in Connecticut as a cautionary tale about what can happen to candidates who get labeled weak on national security." McGovern is quoted as saying, "People feel they've been misled, that the administration has not been honest and there's a huge credibility problem as well as a foolish war. It's very similar to the situation in Vietnam that opened the way for me to win in a field of 17 candidates so many years ago."

Conservatives Said To Have Maintained "Adversarial" Mindset. In an op-ed for the New York Times (8/12, 1.21M) author Thomas Frank writes, "How does the right keep its adherents in a lather against government bureaucrats and Washington know-it-alls when conservatives are the only bureaucrats and know-it-alls who matter anymore? Part of the answer is that, after their crushing defeat in the 1930's, conservatives rebuilt their movement by adopting a purely negative stance against liberalism. … Writing in the middle of the Reagan years, the journalist Sidney Blumenthal gaped at the persistence of this 'adversarial' mind-set long after the liberals had been routed. 'Even when conservatives are in power they refuse to adopt the psychology of an establishment,' he marveled."

Most Of Lieberman's Primary Supporters Seen As Unwilling To Back Lamont. The New York Times (8/12, Confessore, Salzman, 1.21M) reports that after Sen. Joseph Lieberman's primary loss, "many prominent Democrats switched their support to" Ned Lamont "and called for the party to unite behind him. But that unity may be a more elusive goal at the grass-roots level. Only a handful of those Lieberman supporters interviewed said they would switch to Mr. Lamont, signaling the difficulties he may have attracting Connecticut's moderate voters in a general election." The Times adds, "Most of the nearly three dozen Lieberman supporters interviewed said that they opposed the war in Iraq but were unwilling to vote against the senator based on a single issue. Many praised his experience and his record on jobs and education. Others said Mr. Lieberman's decision to run as an independent squared easily with his past willingness to part ways with his party when his beliefs required it."

Lamont Seeking Assistance From National Democrats. The Washington Post (8/12, A2, Murray, 748K) reports Lamont "will launch a general election bid in Connecticut next week with an expanded campaign operation of Washington-based reinforcements." Lamont "is seeking help from party veterans in fundraising and communications, and in answering Lieberman's increasingly aggressive war defense." Lamont is "expected to be joined by numerous prominent Democrats, including 2004 vice presidential nominee John Edwards, who is scheduled to campaign with Lamont on Thursday. Also next week, the state's powerful labor unions will begin considering their next moves. The state AFL-CIO, which provided crucial turnout support to Lieberman on primary day, will hold an initial meeting to consider backing a general election candidate or staying neutral."

Lamont Campaign Manger Apologizes For His Depiction Of Lieberman Stronghold. The AP (8/12) reports Ned Lamont's campaign manager Tom Swan "said he would apologize to the mayor of Waterbury for describing the city that backed his opponent, Sen. Joe Lieberman, as a place 'where the forces of slime meet the forces of evil.'" Swan "said the comment made Tuesday, after the city voted heavily for Lieberman in the Democratic Senate primary, was in the context of a broader discussion of state politics in which former Mayor Philip A. Giordano was the 'slime' and former Gov. John G. Rowland was the 'evil.' Giordano is serving a prison sentence on federal child sex charges and Rowland, a Waterbury native, was forced to resign in 2004 and served a federal prison term for corruption."

Lamont Daughter Ruled Ineligible To Cast Vote. The AP (8/12) reports election officials "rejected Emily Lamont's vote in Tuesday's primary battle between her father and Sen. Joe Lieberman after the Democratic registrar of voters determined she had been ineligible to cast it because she wasn't a registered Democrat."

Mayor Enters Race To Succeed DeLay As Write-In. The AP (8/12, Castro) reports Sugar Land, Texas's Republican mayor David Wallace "became the first person to file as a write-in candidate on the ballot for former House Majority Leader Tom DeLay." Houston City Councilwoman Shelley Sekula-Gibbs "has said she would run for the seat only if the GOP said it would backed her. A spokeswoman for the state GOP, Gretchen Essell, said party leaders had not determined which candidate they would support in the race. The Democratic candidate on the ballot will be former U.S. Rep. Nick Lampson."

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Jefferson Attracts Twelve Challengers. The Washington Post (8/12, A6, Lengel, 748K) reports Rep. William J. Jefferson "will face a dozen challengers in his bid for reelection, including some well-known Louisiana names. When the 5 p.m. filing deadline for the November election passed yesterday, eight Democrats, three Republicans and one Libertarian had filed to run against the eight-term incumbent, a sharp contrast to two years ago, when he faced one challenger. The candidates include state Sen. Derrick Shepherd (D), state Rep. Karen Carter (D) and former state representative and New Orleans City Council member Troy Carter (D)."

The AP (8/12, Deslatte) reports, "Although some are lesser-knowns, a few challengers carry significant name recognition, political ties and fundraising potential that could lead the eight-term Democrat into his first hard-fought race in years. Several candidates said the New Orleans-based district needs someone focused on hurricane recovery, rather than a federal investigation that has embroiled Jefferson. Jefferson framed his opponents as opportunists who won't succeed in unseating him."

Ehrlich Hopes Close Ties With Prince George's Exec Will Boost His Reelection Campaign. The Washington Post (8/12, B4, Marimow, 748K) reports Gov. Robert L. Ehrlich "said yesterday that he is well positioned to gain ground…in his reelection bid in part because of his warm relationship with Prince George's County Executive Jack B. Johnson. Four years ago, 'I didn't like him. He didn't like me,' the Republican said of Johnson (D) at a lunch meeting with Washington Post editors and reporters at the governor's mansion in Annapolis. Since then, the bipartisan relationship has blossomed into something 'really terrific.'" Ehrlich "said he does not expect the executive to endorse him in a general election match with Baltimore Mayor Martin O'Malley (D). But he suggested that Johnson has been helpful in more subtle ways, such as his public praise of the governor for buoying the troubled Prince George's Hospital Center."

Sheehan Hospitalized For Dehydration And Exhaustion. The AP (8/12, Brown) reports peace activist Cindy Sheehan "was hospitalized Friday evening for dehydration and exhaustion after fasting for more than a month and protesting earlier this week in 100-degree weather, friends and relatives said. Sheehan was listed in stable condition at Providence Health Center in Waco."

WSJournal Celebrates Twenty-Fifth Anniversary Of Reagan Tax Cuts. The Wall Street Journal (8/12, 2.03M), in an editorial, writes, "Twenty-five years ago this weekend, Ronald Reagan signed the Economic Recovery Tax Act. The bill cut personal income tax rates by 25% across the board, indexed tax brackets for inflation and reduced the corporate income tax rate. The anniversary is worth commemorating as a seminal moment that continues to influence policy for the better in the U.S., and around the globe. The achievement of Reaganomics can only be fully understood by recalling the miserable state of affairs a quarter-century ago. … The economy was enduring a cycle of rising inflation with growing levels of unemployment. Remember 20% mortgage interest rates? Terms like 'stagflation' and 'misery index' entered the popular vocabulary, and declinists of various kinds were in the saddle. The perception of American economic weakness encouraged the Soviet empire to ever bolder adventures, as reflected by Soviet tanks in Kabul and Communists on the march in Nicaragua and Africa."

NYTimes Denounces Automatic Calls Distorting Connecticut GOP Reps' Records. The New York Times (8/12, 1.21M) editorializes that Connecticut has "become the focus for some of this year's nastiest campaign tactics. For months, thousands of residents have gotten telephone calls with recorded messages filled with half-truths or outright lies regarding the records of the Republican House members — Christopher Shays, Nancy Johnson and, to a lesser degree, Rob Simmons. Political advocacy groups, some with obscure origins, are generating the automatic calls. … The entities behind the calls are registered as nonpartisan voter education groups. Because of a gaping hole in the campaign finance laws, they are not even required to publicly list their donors."

UN Reaches Agreement On Mideast Cease Fire Resolution. The UN's agreement on a ceasefire resolution for the Middle East remained a significant story, but was overshadowed somewhat in the media. Still, major papers carried on their front pages. In general, the cease fire deal was characterized as progress made after intense negotiating efforts by the US, but it was framed by news but it was framed by news of continuing violence between Israel and Hezbollah. The CBS Evening News (8/11, lead story, 3:10, Smith, 7.66M) in its lead story on the plane bomb plot noted, "For the first time since fighting broke out between Israel and Hezbollah forces last month, there is real hope of a ceasefire." But later in its broadcast the CBS Evening News (8/11, story 5, 1:50, Smith, 7.66M) also reported, "But the crisis isn't over yet. The Israelis are pressing ahead with a new offensive in southern Lebanon tonight."

ABC and NBC also covered the cease-fire deal later in their broadcasts. ABC World News Tonight (8/11, story 6, 2:00, Raddatz, 8.78M) reports, "There have been intensive negotiations all week. But it looks like there will be a ceasefire agreement, with both Lebanon and Israel

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supporting it. After a month of fighting, the terms of ceasefire are clear." Raddatz added, "The mandate for that force is robust with authorization to 'take all necessary actions' to enforce the truce. But today, just as the terms of the resolution were being finalized, Israeli rockets hit a convoy in southern Lebanon, killing 4 and injuring nearly 20." Raddatz: "The Israeli cabinet will vote on this on Sunday, but it is still unclear when a ceasefire would actually begin."

NBC Nightly News (8/11, story 4, 1:50, Mitchell, 9.87M) reports, "What was agreed to, this compromise tonight at the UN is a cessation of hostilities. But there is no deadline or timetable or enforcement. So it is not yet technically a cease-fire." Mitchell added, "Lebanon and Israel only agreed to this after a lot of pressure from Secretary of state Condoleezza Rice. Earlier I talked to her about this very fragile compromise." Secretary Rice: "I don't want to be overly optimistic here. Of course there may be some skirmishes but the large scale violence will stop when these governments signed on. That's a big win for the humanitarian situation, for the civilians. This force has to come in so as it deploys Israeli forces withdraw. You will have a fundamentally different situation in the south."

A front page article in the New York Times (8/12, A1, Hoge, Erlanger, 1.21M) reports, "The Security Council agreed unanimously on Friday on a measure calling for a full cessation of hostilities in Lebanon, deploying 30,000 Lebanese and United Nations forces in southern Lebanon and calling upon Israel to withdraw its forces 'in parallel.'" Lebanon protested an earlier draft that "specified that the force be created under Chapter VII of the United Nations Charter," so "Jean-Marc de la Sablière, the French ambassador, and John R. Bolton, the American ambassador, redrafted the resolution" using "the language of the less coercive Chapter VI." Secretary of State Condoleezza Rice had "received assurances from Tzipi Livni, Israel's foreign minister, that Israel would support the accord," and despite "rejecting earlier versions, Prime Minister Ehud Olmert of Israel accepted the resolution." However, "under a deal an Israeli official said was approved by the United States, Mr. Olmert will wait until Sunday to obtain his cabinet's approval," capping "an evening of diplomatic brinksmanship and political gamesmanship that may help him deflect criticism of his handling of the war." Olmert also "called President Bush to thank him for his help in 'safeguarding Israel's interests in the Security Council.'"

In a front page story, the Washington Post (8/12, A1, Lynch, Wright, 748K) adds, "It gives the international force the mandate to use firepower but no explicit role in disarming Hezbollah, leaving the fate of the Lebanese militia to a future political settlement." Secretary Rice "said the cease-fire will not go into effect immediately" and "cautioned that 'the conditions of a lasting peace must be nurtured over time.'" Still, "U.S. officials said they believe that at least some members of Hezbollah have endorsed the ideas in the proposal because Lebanese Prime Minister Fouad Siniora won unanimous cabinet support -- including from two Hezbollah ministers -- for the deployment of an expanded U.N. force." The Post notes "an enormous amount of work will have to be done quickly to get even the initial units to Beirut and then to southern Lebanon." The Financial Times (8/12, Birchall) notes in its second paragraph "Condoleezza Rice…told the security council the resolution would "help to open a path to lasting peace for Lebanon and Israel."

In a separate article, the Financial Times (8/12, Nations) leads, "The United Nations Security Council on Friday finally delivered a ceasefire plan for southern Lebanon that it hopes will…establish at least the groundwork for a lasting peace on Israel's northern border." France's UN ambassador Jean-Marc de la Sablière said it "will not only take care of the immediate situation . . . but also of the long-term situation."

The Washington Times/AP (8/12, A1, Wadhams) quotes Rice saying "the 'hard work of diplomacy' was only beginning with the passage of the resolution," and "Today we call upon every state, especially Iran and Syria, to respect the sovereignty of the Lebanese government and the will of the international community."

The Wall Street Journal (8/12, A3, Chazan, Champion, Leggett, 2.03M) adds," Israel and Lebanon signaled they would agree to terms of a United Nations resolution to halt the war between Israel and Hezbollah, offering the best hope yet of a break in the monthlong hostilities." However, the resolution "papers over a dispute about what kind of international force should patrol southern Lebanon and when Israeli troops should withdraw," and "the onus for keeping the peace will rest with a small and ill-equipped U.N. force long criticized as inept."

McClatchy Newspapers (8/12, Nissenbaum, Strobel) reports, "In a significant loss for Israel, the agreement doesn't explicitly spell out how or when Hezbollah will be disarmed. And it doesn't clearly lay out a way to prevent Hezbollah from rearming, another key Israeli demand." Also, Israel's new ground offensive preceding its to officially embracing the U.N. proposal on Sunday "is likely to lead to a dangerous last-minute escalation that could jeopardize the tenuous cease-fire agreement." The Los Angeles Times (8/12, Farley, Chu, 918K) also covers this story.

Rice Talked With Both Sides Leading Up To Resolution. Secretary of State Condoleezza Rice said on FNC's Hannity and Colmes (8/11, 9:00 p.m.), "We have been working for several weeks to try to bring an end so the large-scale violence not allowing it to return to the previous situation. They talk about a cease-fire but the conditions have to be there so you don't have a state within a state going across the blue line, attacks Israel, and causing to -- pledging the region into the chaos. Today was the culmination of that. I

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had several conversations with the Israeli leadership, foreign minister, prime minister. Several conversations with the Lebanese leadership. And we got to a good outcome for both Israel and Lebanon, who want the same thing."

Key To Deal Was "Robust" International Force. Secretary of State Condoleezza Rice in an interview on the CBS Evening News (8/11, story 6, 1:35, Smith, 7.66M) was asked about "one of the key elements to get Israel on board" the "sense UN forces could in fact use force if necessary. How key was that?" Secretary Rice: "Well, it was very key for the Israelis, and, frankly, for troop contributors, and I think also for the Lebanese, that this be a really robust force, international force, that can accompany and help the Lebanese armed forces so that we don't have a return to the status quo in the south." Rice added, "I think it's a very strong mandate, and this has been good for all sides."

Secretary of State Condoleezza Rice said on FNC's Hannity and Colmes (8/11, 9:00 p.m.), "Ultimately the way to stop Hezbollah is when there is a Lebanese government and a Lebanese army, with a major international force, robust international force that can make sure that the south is not the vacuum that it has been for the last six years. So, this is the really important step forward. And this international force in the mandate will be very robust."

Bush Said To Believe That Conflict Is Proxy War Between US, Iran. The Financial Times (8/12, Luce) reports, "Former and current administration officials say that George W. Bush feels more strongly and is more engaged in support of Israel's military assault on Hizbollah than on any other question," and he believes "that the fighting between Israel and Hizbollah is a proxy war between the US and Iran's theocratic regime, which Washington sees as the most serious threat to stability in the region and beyond. US officials say they have intercepted communications between Tehran and Hizbollah that show Iran continues to supply arms to the Lebanese group" and that "it is no coincidence the Hizbollah raid occurred the day after Tehran effectively turned down Washington's conditional offer of talks over its alleged nuclear weapons programme." Meanwhile, "Washington's increasingly marginalised foreign policy 'realists' claim – without substantiation – that Condoleezza Rice, the secretary of state, was overruled by Mr Bush last month when she argued for an earlier ceasefire by Israel."

Rice Says Responsibility Lies With Lebanon, Syria To Enforce Arms Embargo. Secretary of State Condoleezza Rice in an interview on the CBS Evening News (8/11, story 6, 1:35, Smith, 7.66M) was asked, "Somehow, Iran and Syria have to be taken out of the equation. How do you take them out of this equation?" Secretary Rice: "First of all, everyone should use whatever influence they have with the state sponsors of terrorism, but there's also an arms embargo. The Lebanese government has said that it will take its responsibilities to keep unauthorized arms out of its country. And finally, Syria, which, of course, all the way back to Resolution 1559 has obligations concerning the sovereignty of Lebanon, really has to live up to them now."

Bush Calls Olmert After Cease Fire Deal Reached. NBC Nightly News (8/11, story 4, 1:50, Mitchell, 9.87M) reports, "Even as this compromise was being negotiated, though, Israeli tanks were moving northward and late today President Bush finally did call Prime Minister Olmert of Israel. It is the first time since this conflict began the President picked up the phone and talked to Olmert. They were very carefully secluding the President from having to deal with him, but now that this compromise was reached it was time for that phone call." The AP (8/12, Pickler) adds that in the call "Israeli Prime Minister Ehud Olmert thanked President Bush… for his work on a resolution to stop violence between Israel and Hezbollah"

NYTimes Calls For Strong Enforcement Of Cease Fire Plan. The New York Times (8/12, 1.21M) editorializes, "It took unconscionably long — almost a month — for the United Nations Security Council to produce a formula to end the fighting in Lebanon" and it must "be put into effect as quickly and thoroughly as possible, and…lead to a lasting political solution that can avoid future conflicts." That means Hezbollah's rockets "must be stopped" and "it cannot remain an armed state within a state." The "ugly, unnecessary war had many losers and no real winners," including "Washington, which rightly stood by Israel but wrongly refused to call for a cease-fire or engage in meaningful diplomacy with Syria, also paid a price that could further complicate problems in Iraq and Afghanistan. A rapid and effective follow-through on yesterday's resolution could make up for some of these losses. Anything less will only compound the damage already done."

Both Sides Continue Fighting In Anticipation Of Cease Fire. The CBS Evening News (8/11, story 5, 1:50, Cowan, 7.66M) in its story on the UN cease fire agreement also noted, "With the possibility of a truce imminent, both sides were getting their last licks in. Israel pounded Beirut's southern suburbs and hit a Syrian border crossing, killing at least a dozen. Hezbollah fired hundreds of more rockets, and one of them, they claim, hit an Israeli gunboat. If that kind of fighting stops, humanitarian aid agencies will get a long-awaited window to get help to those who have been trapped in the war zone. The UN expects both sides to agree to this resolution, but Israel has said it promises to push ahead with its offensive until the Israeli cabinet can at least vote on the cease-fire deal. That's not expected to happen until Sunday at the earliest, so we may still have at least a day and a half or two days of heavy fighting ahead."

NBC Nightly News (8/11, story 4, 1:50, Brown, 9.87M) reported, "And turning now to the violence in the Middle East, Israeli attacks killed at least 25 in Lebanon today. One Israeli

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soldier was killed in the fighting while here in New York, a breakthrough in efforts to find a ceasefire acceptable to all sides."

Israelis Continue Operations As Olmert's Numbers Fall. The New York Times (8/12, Erlanger, 1.21M) reports, "Israeli Prime Minister Ehud Olmert agreed early on Saturday to recommend that his government accept" the cease fire, but the government "will not meet until Sunday, and until that time, the Israeli military will be pressing forward farther into southern Lebanon to destroy Hezbollah strongholds and rocket stockpiles." An Israeli official said that delay "came with the approval of the United States." Meanwhile, "Olmert and Defense Minister Amir Peretz of the Labor Party have been sharply criticized in the Israeli media in the last few days for their handling of the month-long war" and "opinion polls, taken before details of the proposed Security Council resolution emerged, showed eroding public support in Israel for Mr. Olmert." The Washington Post (8/12, A16, Moore, Cody, 748K) notes the second paragraph, "Olmert's decision to increase ground combat came as Israeli public criticism of both the government and the military leadership escalated." The Washington Times (8/12, Mitnick, 88K) leads "After a month of silence by Israel's dovish left wing, growing criticism of war in Lebanon was highlighted by a plunge in support for Prime Minister Ehud Olmert in a poll published yesterday."

Time (8/12, McGirk, 4.03M) reports, "the after-shock of the Lebanon war is expected to shake-up the top echelons of the Israeli military, and it may even threaten Prime Minister Ehud Olmert's coalition government." Today, "many Israelis are worried that if they stop fighting now, they will have lost a weapon far more valuable than any 'bunker-buster' — the Israeli army's aura of invincibility. And for that loss in this Lebanese war, more than any other casualty, Olmert and his top generals may pay dearly."

A seperate Washington Times/AP (8/12, Laub) article reports on the "expanded ground offensive," but appears to be written before the Olmert agreed to the UN cease fire resolution. The AP reports, "Secretary of State Condoleezza Rice telephoned Mr. Olmert to ask him if there was any room left for diplomacy to solve the Mideast crisis, according to an individual close to the government with direct knowledge of the conversation," who added, "Mr. Olmert has indicated he would be willing to call off the offensive if Israel's basic demands are met."

Photographer Says Israeli Drone Attacked Convoy. The AP (8/12, Panossian) reports, "An Israeli drone fired at a convoy of refugees fleeing southern Lebanon on Friday night, killing at least seven people and wounding 22," according to Lutfallah Daher, an Associated Press photographer who was with the convoy when it was hit. He said "Israeli forces in Marjayoun gave the convoy permission to head north," but "Israel has said it would attack any vehicle on roads south of the Litani, assuming it was carrying Hezbollah weapons or fighters," and "Israel's military said no convoys had been coordinated with the army." The military added "it was investigating the incident."

Anti-Lebanon Conflict Protesters To March In DC. The Washington Times (8/12, Hunsberger, 88K) reports, "The Metropolitan Police Department says it will likely send officers from its special operations division to a rally today that organizers say is a protest of U.S. involvement in the war in Lebanon. Demonstrators are scheduled to meet at noon in Lafayette Park, in front of the White House, for a 90-minute rally, then walk to Capitol Hill. The organizers say they expect "thousands," but while "D.C. police officials…said they would assign more officers if the event becomes bigger than expected," there are "no plans to close streets along the march route." U.S. Capitol Police spokeswoman Sgt. Kimberly Schneider noted, "If we planned according to how many people that groups say they will have, we would have the city shut down half of the time."

Israeli Soldiers Say Hezbollah More Competent Than Expected. The New York Times (8/12, Myre, 1.21M) reports, "wounded soldiers here in northern Israel's main hospital, and all seem to have stories of unexpectedly fierce ground battles with Hezbollah. They describe Hezbollah as heavily armed, well organized and maddeningly elusive," and while they believe Israel can "drive Hezbollah back from the border," they "acknowledge it will involve tough fighting that could last weeks, in contrast to the swift and decisive victory many of them expected when the fighting began."

Hezbollah Fighter Says He Trained Outside Lebanon. The McClatchy Newspapers (8/12, Fadel) reports on Abu Ali the head of Hezbollah for the outskirts of the southern port city of Sidon. He says "As long as Israel is in Lebanon and continues to attack Lebanese land," Hezbollah will fight. He admits "he went through rigorous training both inside and outside Lebanon."

Rescue Workers Seek Victims Of Violence In Lebanon. NBC Nightly News (8/11, story 5, 2:15, Brown, 9.87M) reported, "While diplomats in New York try to stop the fighting, rescuers in the region are still trying to save lives. They are searching for survivors and bringing relief supplies to the 100,000 people still cut off in southern Lebanon." NBC (Engel) added, "The convoy passes villages destroyed by Israeli airstrikes on a rescue mission long overdue. In this village, a woman and three children were buried alive four days ago." Yet "Israel didn't allow the Red Cross in until this morning."

UN Human Rights Council Condemns Israel, Not Hezbollah. The Washington Times/AP (8/12, Engeler) reports, "The U.N. Human Rights Council yesterday condemned Israel for 'massive bombardment of Lebanese civilian populations' and other 'systematic' human rights violations, and decided to send a commission to investigate. European countries, Japan and Canada voted against the

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resolution, primarily because it lacked balance in failing to name the Hezbollah militia," and "Israeli Ambassador Itzhak Levanon said the discussions were one-sided…ignoring the deadly Hezbollah missile attacks on northern Israel." He added, "the council made a distinction between the sufferings, the blood and the deaths, and this failure will forever be written in the annals of that body." U.N. high commissioner for human rights Louise Arbour also "told the council it was obligated to consider violations by both sides," noting "Hezbollah's indiscriminate shelling of densely populated centers" and "repeated allegations of Hezbollah's systematic use of civilians as human shields."

Death Of American Turned Israeli Soldier Personalizes Conflict For Some. The Los Angeles Times (8/12, Braun, King, 918K) reports, "Barely out of high school," Michael Levin "settled in Israel, struggled to learn Hebrew and set about winning a coveted assignment in the Israel Defense Forces" as a paratrooper. He got his wish, but was "Mortally wounded during a firefight with Hezbollah guerrillas in southern Lebanon this month." Now, "his passion for Israel has stirred young Zionists and Jewish congregations across the U.S., personalizing a conflict that has at times seemed remote and politically muddied."

Washington Post Details Plight Of Some Lebanese Refugees. The Washington Post (8/12, A17, Boustany, 748K) reports, "More than 11,000 refugees have arrived in Jazzin and surrounding towns since the crisis began." The Post notes that supplies are scarce and follows the plight of several refuges in the area.

Lebanese Blog On The Conflict. The Washington Times (8/12, Kim, 88K) reports, "Web logs, or 'blogs,' have become popular with computer-savvy Lebanese looking to express their anger and grief over the monthlong war between Hezbollah and Israel. The blogs range from furious rants against Israel and the United States to sentimental pessimism for their war-battered nation, which only recently held elections that were hailed as a model for emerging democracies in the Arab world." The Times goes on to cite examples from various blogs.

Evangelicals Silent On Conflict. The Washington Times/AP (8/12) reports, "In the flurry of pro and con statements from American Christians regarding Israel's strikes on Hezbollah guerrillas, one major religious group has remained notably quiet -- evangelicals. The most influential organizations in the movement, usually vocal backers of the Jewish state, have made no formal comment on the war in Lebanon despite pleas from Israelis that they do so." The president of the evangelical association, Rev. Ted Haggard, "insists the inaction is not a criticism of Israel, but reflects a new caution about the risks for Christians living in Muslim countries." Still, they are silent, as are the Southern Baptist Convention and Focus on the Family. "The three groups have far greater impact on public policy than do Christian Zionists, a minority among conservative Christians who back Israel unequivocally because they see its existence as part of biblical prophesy."

Jewish-Muslim Interfaith Activities In US Higher Since 9/11. The Washington Post (8/12, B9, Sacirbey, 748K) reports, "An unprecedented swell of interfaith activities followed the terrorist attacks of Sept. 11, 2001, and American Muslims and Jews have found common ground as religious minorities with shared theological and social values" as well "as Americans." Although "agreement on Middle East politics has remained elusive," for "some communities, Muslim-Jewish relations have become close enough that they can talk about Middle Eastern politics, even passionately but without losing their tempers."

Giant Oil Spill From Bombed Power Plant Threatens Sea Life. The McClatchy Newspapers (8/12, Allam) reports, "A massive oil spill off the coast of Lebanon is choking marine life, polluting the air as it evaporates and threatening to produce a long-lasting ecological disaster if Israel doesn't allow cleanup crews into the sea soon, environmental officials here warned Friday." The Lebanese government "is pleading for help to save its pristine beaches and fragile underwater life" as "between 10,000 and 15,000 tons of heavy fuel oil poured into the Mediterranean Sea after Israeli jets bombed a power plant south of Beirut in mid-July." Experts call it "the worst spill ever in the Mediterranean and a disaster comparable to the Exxon Valdez spill in Alaska in 1989." Meanwhile, "the governments of Cyprus, Turkey and Greece are on alert as strong tides spread" the oil.

Professor Says Both Sides Consistently Make Mistakes. Caleb Carr, a visiting professor of military studies at Bard College and the author of "The Lessons of Terror: A History of Warfare Against Civilians," writes in an op-ed in the Los Angeles Times (8/12, 918K), "Israelis and their foes are swinging wildly -- and missing their targets." The two "sides have made fundamentally foolish moves in recent weeks, yet each side has consistently been rescued from its mistakes by the errors of the other. And, following this pattern, they have worked themselves and the world to the edge of a crisis that is ominous even by Middle Eastern standards." There is "an alternative to this pattern of mistakes and countermistakes," but it"involves a quality that neither the Israelis nor the Palestinians have ever come close to mastering: tactical restraint in order to achieve strategic advantage," i.e., "looking past immediate and all-out retaliation as the best method of countering threat," or basically "absorbing smaller blows in order to deliver decisive later strikes." As "the combatants can no longer be trusted to make sound judgments…the time has come for the world to insert that rarest of phenomena, a multinational force with both bullets and a brief: to…demonstrate that the rest of the world's patience with their repeated errors, and interruptions of each others' errors,

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will no longer be tolerated." However, Friday's United Nations Resolution is "unlikely" to accomplish this.

Paulson Urges China To Demonstrate "More Flexibility" Regarding Yuan Appreciation. The Financial Times (8/12, Guha) reports Treasury Secretary Hank Paulson "pressed China to allow greater appreciation of the renminbi, urging Beijing to see this as means to deal with its own economic challenges. In a television interview with CNBC in Chicago, Mr Paulson said: 'One thing clearly Chinese leaders have to be very careful about is making sure they don't have an economy that overheats.' He added: 'When you're talking about imbalances in China, there's no doubt that in the short term they need to show much more flexibility on renminbi.'" Paulson, "a China expert, distinguished this from the 'longer term' objective of a renminbi 'traded in a competitive open marketplace'."

Thousands Rally In South Korea To Oppose Transfer Of Wartime Command. The Financial Times (8/12, Jung-a) reports, "South Korea is facing growing controversy over the proposed transfer of wartime command of its troops from the US, after President Roh Moo-hyun said this week that the time had come for South Korea to defend itself." The issue splits the "ruling party and young people" front "the opposition party and conservative groups." Friday "Thousands of protesters, including former defence ministers and war veterans, held a rally in Seoul…to protest the proposal. They urged the government to halt talks with Washington, saying the 'premature' move would undermine Seoul's alliance with its long-time ally and weaken deterrence against North Korea, with whom it is still technically at war." The Washington Post/AP (8/12, A18, Lee) adds that the protest "underlined the worsening divide in South Korean society over the government's push for the return of wartime command."

US Revises Immigration Policy For Cubans. The Washington Times (8/12, Dinan, 88K) reports the Bush administration "yesterday announced a change in immigration policy toward Cuba designed to punish the current oppressive regime and to encourage Cubans to stay and work for democracy rather than migrate en masse to the United States. One change will open up more slots for Cubans looking to unite with family members already in the United States, but reduce those given by discretionary lottery. The new policy would also punish those who attempt illegal immigration by establishing a list of Cubans interdicted at sea and making them ineligible for the new benefit. … Also under the new policy, the State Department will keep a list of Cubans 'in certain positions of authority in the Cuban government or known to have been engaged in persecution of others,' and they will be banned from immigrating to the United States. That change comes a week after President Bush said his administration would 'take note of Cuban leaders who try to obstruct progress toward freedom.'" The AP (8/12, Jordan) notes the new rules "are being considered three months before elections in which Florida's governorship and at least one House seat in Florida are considered to be in play. Many Cuban immigrants live in the state."

Oaxaca Protestors Release Hostages. The AP (8/12, Romero) reports protesters in the Mexican state of Oaxaca "held four people hostage for hours Friday, charging they were linked to a fatal shooting of a demonstrator during protests that have have besieged Oaxaca since June. The Federal Agency of Intelligence said protesters later released the hostages to its agents at a local television station that had been seized by the protesters. The protesters want the four charged in the death of Jose Jimenez, 50, who was killed late Thursday during an Oaxaca People's Assembly march calling for the resignation of Gov. Ulises Ruiz."

AIDS Conference To Feature Clinton And Gates. The Wall Street Journal (8/12, Chase, 2.03M) reports, "The annual AIDS confab starting Sunday in Toronto is unlikely to live up to the ambitious theme selected by its organizers: 'Time to Deliver.' … Bill Clinton and Bill Gates will make a joint plea for world leaders to work toward ending the epidemic and delivering AIDS drugs to those among the 40 million HIV-infected people world-wide who need them. But there is little evidence that goal is within reach, even in the 13,000 papers on HIV/AIDS due to be released in conjunction with the conference. Money for treatment remains chronically short, a much-discussed vaccine remains a dream, and more than four million new infections a year suggest the wily virus will continue to outpace the global response for some time. That is, barring a prevention breakthrough."

AIDS Toll On Swaziland Described. In an op-ed for the New York Times (8/12, 1.21M) UNICEF's Alan Brody writes, "In some measure, it was the failure of Swaziland to recognize the disease that gave it the world's highest prevalence of H.I.V. More than 17,000 people in this tiny kingdom nestled in the hills of southern Africa have been dying each year of AIDS, in a population of about one million. At last count in 2004, 56 percent of pregnant women ages 25 to 29 had H.I.V."

Thailand Said To Be A Model For Nations Battling AIDS. In another op-ed for the New York Times (8/12, 1.21M) Chris Beyrer, director of the Center for Public Health and Human Rights at Johns Hopkins, and Voravit Suwanvanichkij, a physician in Thailand, write, "Twenty-five years into the H.I.V. pandemic, there remain few developing countries that have had success in controlling the virus. Thailand is one of them. … The 100 Percent Condom Campaign proves that H.I.V. prevention efforts can succeed

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by focusing on at-risk populations, providing tangible services and making healthy behavior, like condom use, social norms. Cambodia, the Dominican Republic and other countries have successfully adopted the Thai model."

China Endures Powerful Typhoon. ABC World News Tonight (8/11, story 8, :20, Gibson, 8.78M) reports, "In China, they're calling it the super typhoon. The most powerful storm they've seen in 100 years, with maximum winds of 170 miles per hour and driving rains. At least 100 people are dead. Nearly 200 are missing and more than 50,000 homes have been damaged or destroyed. 1.6 million Chinese were evacuated ahead of the storm."

Greenland Icecap Said To Be Melting Faster Than Previously Assumed. ABC World News Tonight (8/11, story 7, :20, Gibson, 8.78M) reports, "A major new study released today about global warming says Greenland's vast icecap is melting faster than ever before. University of Texas scientists studied data from US space agency satellites. They say the rate of melting is three-times faster than five years ago, and that is raising global sea levels by .6 millimeter each year."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
Global Hunt Nets More Suspects
A Time of Heartbreak and Humor: Growing Up Is Fun, Right?
Security Council Approves Israel-Hezbollah Measure
Poker-Faced TV Producer From Malibu Takes the Game's Big Pot
23 Arrests Preceded by Quiet English Lives
Groaning Belts and Empty Bins at LAX
Pressure's On for a Pipeline Fix

New York Times:
U.N. Council Backs Measure to Halt War in Lebanon
Suspect Held in Pakistan Is Said to Have Ties to Qaeda
Focused on 9/11, U.S. Is Seen to Lag on New Threats
Help for the Hardest Part of Prison: Staying Out
Across South, Push Is On to Make Dry Areas Wet
The Accused: Shock Reverberates Among Acquaintances of the Young Suspects
Across the Nation: Passengers Adjust to New Minimalism in Carry-On Items
A New Approach: Prescreening Draws Interest as Lines Grow at Terminals
No Liquids, Few Sales at Stores in Airports
U.S. Ambassador Says Iran Is Inciting Attacks

Washington Post:
Judge Voids Md. Laws for Early Voting
5 D.C. Youths Arrested in Robberies On the Mall
Airliner Plot Had Support in Pakistan
U.N. Approves Lebanon Peace Resolution
Increasingly, Bush Escapes the Media Pack

Washington Times:
Terror roundup widens
Security Council adopts cease-fire
Judge nixes early voting
It's still safe to fly, says DHS chief
Bomb plot's initial suspects are British Muslims
Passengers move faster at airports

Detroit Free Press:
Child-rape deal alleged
Somerset North has been an upscale mall for all
Secretary of State race may include Sabaugh
Fight global warming with lifestyle change
Bring your pet along on your next vacation
Prosecutor: Kids, guns don't mix

Atlanta Journal-Constitution:
U.N. OKs Mideast cease-fire deal
Alaska oil will keep flowing
Mortgage fraud nets arrests
Savvy shorten airport wait
Terrorism arrests in Michigan
Ga. trout can't take the heat
Antifreeze poisoning trial set

Dallas Morning News:
Pakistan: Suspect has al-Qaeda ties
Sheehan treated at Waco hospital
Dallas taxes could dip as city considers budget
Unabomber's personal effects to be auctioned
U.N. troops to back Lebanon cease-fire

Houston Chronicle:
Security Council OKs peacekeeping force
Prosecutors' filing targets Skilling gains
Pakistan arrests key suspect in terror plot
Houston fliers adapt to tighter travel restrictions
Immigrant says FBI tried threats to make him spy
Iraq videos on Web offer soldiers' view of war

Story Lineup From Last Night's Network News:
ABC: UK Plane Bombing Plot, Bombing Suspects, Airport Security, Airplane Vulnerability, Airport Security-Analysis, UN-Middle East Resolution, Greenland Icecap, China-Typhoon.
CBS: UK Plane Bombing Plot, UK Plot-Investigation, Airport Security, Terror Plot-Airline Industry, UN-Middle East Resolution, Rice Interview, Ahmadinejad Interview.
NBC: UK Plane Bombing Plot, UK Plot-Investigation, Airport Security, UN-Middle East Resolution, Lebanon-Civilian

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Casualties, UK Muslims-Backlash Fears, Hawaiian Volcano, Stock Markets.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — In Crawford, Texas. No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: ANTI-WAR MARCH _ 12 p.m. Muslim-Americans and Act Now to Stop War and End Racism hold protest march ``in opposition to the US-Israeli war against the people of Lebanon and Gaza." Location: Lafayette Park.

PRO-LIFE RALLY _ 1:30 p.m. Stephen G. Peroutka, chairman of the National Pro-Life Action Committee, delivers keynote address at the Crossroads anti-abortion rally on the grounds of the Capitol. Location: West Front, Capitol.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, AUGUST 14, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Intelligence Points To Bomb Link With Al-Qaeda (FT) 3
Al-Qaida-U.K. Plot Link Evidence Grows (AP) 4
Terror Probe Widens To Other Countries (WSJ) 5
Pakistani Charity Under Scrutiny In Financing Of Plot (NYT) 6
Intelligence Officials Search For Links Between Al Qaeda's Leaders And Latest Plot (NYT) 8
Pakistan Probes Money Transfers From Sources In UK (FT) 9
Afghanistan Denies U.K. Terror Plot Link (WP/AP) 10
Britain Lowers Terror Threat Level, Eases Luggage Restrictions (AFP) 11
Britain Warns Citizens Terrorism Threats Persist (WT/AP) 12
A 4th Day Of Slow Going In Britain (WP) 13
Airport Snarl In London Puts Scrutiny On Owner (NYT) 14
Airlines Cancel A Third Of Flights At Heathrow, Seek Army's Aid (WT) 15
Hundreds Of Flights Canceled In Britain (AP) 16
Britain Says Two Dozen Major Terrorist Conspiracies Are Under Investigation (NYT) 18
Plot Shows Rise Of Extremism In Europe (AP) 19
Terrorists Difficult To Profile, Even Harder To Find (USAT) 20
To Their Neighbors And Families, Plot Suspects Seemed To Lead Ordinary Lives (NYT) 22
The New Age Of Terror (NW) 23
The View From The Top (NW) 29
Such Lovely Lads (TIME) 31
A Loophole Emerges In Yemeni Campaign Against Extremists (WSJ) 32
Rewriting The Geneva Conventions (NYT) 34

Homeland Response:

Chertoff Says U.S. Needs More Authority (AP) 35
Chertoff: No U.S. Terror Link Seen (WP) 36
Republicans Weigh Push For Tougher Terror Laws (WSJ) 37
How To Stay One Step Ahead (TIME) 38
Air Safety: Plugging Holes In The Skies (NW) 39
Is Conspiracy A War Crime? (CSM) 40
Fearing Wider U.S. Plot, Investigators Raced Clock (USAT) 42
The British Way (WSJ) 44
Terror Threat Level Cut, But Still 'High' (WT) 46
Broader Security Changes Are Likely (USAT) 47
Air Travelers Adapt Quickly (USAT) 48
Fewer Delays As Fliers Adjust To New Rules (USAT) 49
Screeners To Be Changed At U.S. Airports (NYT) 49
Which Travelers Have 'Hostile Intent'? Biometric Device May Have The Answer (WSJ) 50
Homeland Security Department Gets Better Grades In 2nd Major Test (NYT) 52
TSA Tries To Balance Security, Efficiency (WP) 54
New Orleans Still Reeling, But Residents Make Do (WT/AP) 56
Fangs Are Bared Over Md. Group's Katrina Dog Rescues (WP) 57
Evacuees: Where Are They Now? (NW) 59

War News:

Car Bombs, Rockets Kill 47 In Baghdad Shiite Neighborhood (USAT/AP) 59
5 Bombs Kill At Least 57 In Baghdad (NYT) 61
Blasts Kill Dozens In Shiite Area Of Baghdad (WP) 62
56 Iraqis Die In Attacks On Marketplace (LAT) 63
General Hears Marines' Concerns In Iraq (WP/AP) 64
Pace Promises Troops Continued Support In U.S. (WT/AP) 65
Military At Odds On Intel Methods (WT) 66
Iraq: War Within A War: Who Runs The Mahdi Army? (NW) 67
Iraq Minister Says 7 Bodyguards Arrested (WP/AP) 67
Shiite To Preside Over 2nd Saddam Trial (WP/AP) 68
Iraqi Has Worst Fuel Shortage Since '03 (WP/AP) 68
The Kidnapping (CSM) 70
The Jill Carroll Story - (CSM) 74
Part 1: The Kidnapping (CSM) 74

Afghan Fighting Kills 25 Insurgents (AP)....75
Attacks Kill At Least 30 In Afghanistan (USAT)....76

Corporate Scandals:

Bar Associations Oppose Justice Department Policy They Say Lets Companies Avoid Costs (AP)....76
Plea Made In Bristol-Myers Squibb Case (USAT/BLOOM)....77
Apple Is Told It's Not Meeting Nasdaq Listing Requirements (WSJ)....78
Stock Issues Will Delay Apple's Quarterly Report (USAT)....78
Street Sleuth FASB Appears In A New Light On Stock Options (WSJ)....79

Criminal Law:

Two Linked To Sen. Fumo Are Offered Deals To Testify (PHI)....80
Records: Pa. Paid Fumo's Lawyers (PHI)....81
Tammany Official Indicted In Fraud (NOTP)....83
D.C. Police: Site Of Lawyer's Murder Shows Signs Of Tampering (LAW)....85
Bonanno Associate Pleads Guilty (NSDY)....86
Shoot First — No Questions Asked (NYT)....87

Civil Rights:

Two Men Are Accused Of A Hate Attack In Queens (NYT)....88
Where Does God Stand On Abortion? (USAT)....90
Beliefwatch: Foxholes (N W)....91

Antitrust:

MLSNI Responds To DOJ Investigations (INMAN)....91
EU Launches Probe Into Metso Bid For Aker Kvaerner Unit (WSJ/DJ)....93

Environment/Indian Affairs:

BP Keeps Part Of Prudhoe Open, Easing Concern (WSJ)....93
BP Spill Highlights Aging Oil Field's Increasing Problems (USAT)....94
Beyond Propaganda (NYT)....97
Attention To Locomotives' Emissions Renewed (WP)....99
Warplanes: The Air Force, B-52s And Mideast Oil (NW)....100

FBI/DEA/ATF/USMS:

Schuylkill May Have 9 Deaths From Mix. Other Counties Gird For Cases. (MORNCALL)....100
Deaths, Overdoses Ebbing From Fentanyl-laced Heroin (PPG)....101
Deadly Drug's Reputation Entices Addicts (PPG)....103
Hanover Woman, 21, Died Of Overdose, Prosecutor Says (DR)....104
Overdoses Spike As Methadone's Use As Painkiller Grows (AP)....104
Drug Trafficker Pleads Guilty (WT)....105
Fake DEA Agent Gets 15 Months (ST)....105
Drug-Terror Connection Disputed (WP)....106
DEA Drug-terror Exhibit Opens In Chicago (WT?UPI)....107
Heroin Cartel Member Sentenced (TRE)....107
Man Sentenced To 17 Years For Role In Heroin Cartel (AP)108
In Steroid Era, Will Golf's Integrity Stand Test? (NYT)....109
Court Upholds Drug Dealer's Conviction In Fatal Shooting (WP)....111
Records: Slayings Linked To Drugs (DR)....112
Ecstasy Raids Lead To Arrests Across The Bay (MR)....113
ARRESTS MADE IN BAY AREA-BASED DRUG SMUGGLING RING (BCNW)....113

Immigration:

Towns Take Aim At Illegal Immigration (USAT)....114
Poised Against Incursions, A Man On The Border, Armed And Philosophical (NYT)....115
Hope For Immigration Reform? (WP)....116

Congress-Administration:

Governors Oppose Federal Control Of Guard (WP)....117
Bush's Ranch Town Split Over His Record (FT)....118
Another Warning Of A Retiring Workforce (WP)....119
Conflict Of Interest Or Legitimate Punditry? You Decide. (WP)....120
Tuskegee Airmen Still Waiting (WP)....121
Opportunity For All Children (USAT)....121
Don't Pay Kids To Flee Schools (USAT)....122
Security Through Education (WP)....123
Alaska And You (WSJ)....124
An Unwelcome Visitor Center (NYT)....125

Other News:

Key Inflation Index May Get Greater Precision (WSJ)....125
How The Fed Lost Its Groove (WSJ)....126
Washington Wire (WJS)....127
Sales Force (WSJ)....128
Some Scientists See Shift In Stem Cell Hopes (NYT)....129
Where To Get A Pay Raise (TIME)....130
Lamont Decries Barbs By Cheney, Lieberman (USAT)....131
Lamont Decries Lieberman Terror Remarks (AP-Y)....131
Campaign 2006: A Hawk Stays Aloft (NW)....132
The Ana Log (TIME)....133
Three Cheers For Triangulation (TIME)....134
Consolidation Of Base Crucial For Lieberman (WT)....135

DOJ_NMG_0046911

Joe Lieberman Is No Moderate, So Why The GOP Tears? (NHUL) 136
Aiding Our Enemies (NYT) 137
Hoping For Fear (NYT) 138
For GOP, Bad Gets Worse In Northeast (WP) 139
Schwarz's Loss Seen As Cautionary Tale (WT) 141
Trouble For Centrists: Is The Hill Headed For A Sharper Split? (CSM) 142
Fathers Defeated, Democratic Sons Strike Back (NYT) 144
Untold Generosity (WP) 146
Clinton And Gates To Join Forces At Aids Conference (FT) 146
Gateses Urge Speed On HIV-Preventive Drugs (WP) 147
Black America Must Confront AIDS (WP) 148
AIDS Effort In Zambia Hailed As A Success (NYT) 149
In Africa, Rape As A Risk Factor (WP) 150
Can California Win Its Pension Gamble? (LAT) 151
Israel Accepts U.N. Deal (WP) 153
Israel, Hezbollah Ratchet Up Attacks Before Cease-fire (USAT) 155
Lebanon Conflict Intensifies (FT) 156
Combat Rocks Lebanon (WT) 157
Fierce Attacks On Eve Of Mideast Truce (NYT) 158
Israel Pounds Beirut Ahead Of Cease-fire (AP) 160
Ahead Of Truce, Israel And Hezbollah Show Their Strength (MCT) 162
U.S. Shift Kicked Off Frantic Diplomacy At U.N. (NYT) 164
Why Bush Embraces Israel's Hard Line (CSM) 166
In A Political Move, Lebanon Offers An Army That All Of Its Sects Can Accept: Its Own (NYT) 167
Results In Lebanon Damage U.S., Israel's Olmert (WSJ) 169
'The Best Guerrilla Force In The World' (WP) 170
Largely Empty, Stronghold Of Militia Is Still Perilous (NYT) ..172
The Real Nasrallah (NW) 174
The Chic Sheik (TIME) 176
Israel And The Bombs (TIME) 177
'The Street Is Not With Us' (NW) 178
Israeli Commando Missions Come Out Of Shadows (USAT) 179
Status Quo Ante (WSJ) 180
U.N. Brokers Mideast Truce, But Future Remains Murky (USAT) 181
Iran Leader: U.N. Serves U.S. Interests (AP) 182
Iran Leader Says US And Europe Face Backlash From Supporting Israel (AFP) 183
Free Thinker (WP) 184
Still Spinning (NYT) 187
Bush Seeks Balance On Cuban Migration (WSJ) 187
Castro Turns 80, Sends A Sober Message (AP) 189
Havana Releases Birthday Photos Of Castro (FT) 190
Castro Reportedly Improving, 'very Happy' As He Turns 80 (USAT/AP) 191
Cuban Paper Carries Castro Photos, Note (WP) 192
Cuba Stays Calm With Castro On Sidelines (NYT) 192
Partial Recount Confirms Victory By Calderón In Mexican Election (WSJ) 195
Mexican Leftist Remains Defiant As Recount Ends (NYT) ...195
Lopez Obrador Settles In For Long Fight (AP) 197
López Obrador Vows To Step Up His Fight (FT) 197
Mexican Runner-Up Sees Years Of Protest (WP) 198
Bolivia Suspends A Takeover Of Oil And Gas (NYT/AP) 199
"Korean Cash Squeeze" (WJS) 199

TERRORISM NEWS:

Intelligence Points To Bomb Link With Al-Qaeda (FT)

Financial Times, August 14, 2006

Security officials in the UK and Pakistan on Sunday said intelligence was pointing to a likely link between al-Qaeda and the alleged plot to bomb commercial airlines en route from London's Heathrow airport to the US.

As the UK continued to remain on the highest – "critical" – level of terror alert, Pakistan's investigation of the plot was concentrating on an al-Qaeda group based near Kandahar in southern Afghanistan, which officials said had actively backed the plot.

Among a group arrested in Pakistan in connection with last Thursday's anti-terrorist operation in the UK are some who were given detailed plans by the al-Qaeda group for manufacturing explosives, a Pakistan official said.

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"The plans were handed over to these people and they then passed on the plans to contacts in the UK," he said. "The cell in Afghanistan played an active role through the provision of details on how the operation had to be carried out while the actual implementation was being done at the UK end."

Pakistan officials examining the case also revealed details of a money trail linking accounts in the UK and Pakistan, and including groups in the UK dedicated to Islamic charities and small businesses suspected of being fronts for militants.

UK officials said there was a likely strong link between al-Qaeda and the alleged air terror plot, although the exact nature continued to be investigated.

The officials added that MI5 had identified at least 20 plots that could be activated relatively soon and that there were dozens of others that appeared to be less advanced. They said others connected to the plot could still be at large, while there were fears the alleged plot could provide a trigger to other groups to advance their plans.

John Reid, the UK home secretary, told the BBC: "We believe we have the main targets from this particular surveillance and plot. [But] there are still people out there who would carry out such attacks."

The alleged plot prompted Michael Chertoff, US homeland security secretary, to call for a review of US laws giving authorities the kind of powers the UK began exercising in the wake of the London bombings on July 7 last year to detain suspects for longer periods of time.

The US appeared to be taking a tough line on hand luggage after it emerged that US-bound passengers leaving the UK were no longer allowed to take any duty-free purchases on board. Mr Reid is said to have raised the issue of long checks with the homeland security department.

Reporting by Farhan Bokhari in Islamabad and Roger Blitz, Stephen Fidler, Elizabeth Rigby and Lisa Urquhart in London

Al-Qaida-U.K. Plot Link Evidence Grows (AP)

By Katherine Shrader

AP, August 14, 2006

After more than a decade hunting al-Qaida, U.S. counterterrorism agencies are reviewing their understanding of the terror group, which they strongly believe was behind the plot to blow up some 10 jetliners bound for the U.S.

Several Western government officials, who spoke on condition of anonymity about the ongoing investigations, said they don't yet have hard evidence to pin the attack on al-Qaida's central leadership — Osama bin Laden, his deputy Ayman al-Zawhari or a tier of key operatives below them.

But the plot bears all of the best-known earmarks of the terrorist group.

More than two dozen radicals, broken up into two- or three-member teams, were to assemble bombs made from everyday items on as many as 10 airplanes and blow them up as they traveled from Britain to the United States.

One intelligence official said not all the attackers knew one another, following operational security lessons taught in al-Qaida training manuals.

Among other al-Qaida trademarks:

• The plan was complex and had a carefully timed sequence for maximum dramatic impact.

• Financial and training support came from Pakistan, a hub for extremists where at least two of plot participants traveled.

"Certainly in terms of the complexity, the sophistication, the international dimension and the number of people involved, this plot has the hallmarks of an al-Qaida-type plot," Homeland Security Secretary Michael Chertoff said Friday.

An intelligence official said that investigators are focusing on whether one of the people arrested early in the Pakistan investigation was an operational planner. The official said Rashid Rauf, who has also been identified by Pakistanis as a key player, spent a lot of time overseeing the plotters and providing instructions to them.

Pakistan is questioning at least 17 people, including Rauf and one other British national whose name has not been released. Authorities in Pakistan believe they have nabbed the main players in the plot, but say there are two or three people still at large.

Because of Rauf's suspected ties to al-Qaida figures, some in government believe there is a high probability the group will be connected to the plot, the intelligence official said. It was not clear how cooperative he has been with interrogators.

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Some agencies have also focused on an al-Qaida explosives expert in Pakistan named Matuir Rehman, but his involvement is not certain and a matter of debate within the U.S. government.

Counterterrorism officials are particularly reviewing the plotters' connections to Pakistan, where al-Qaida has a substantial base. An intelligence agency recently intercepted a message from that country to the plotters in Britain urging them to move forward, after arrests were made in Pakistan, said a Western government official who spoke on condition of anonymity.

Bin Laden is believed to be hiding in the region along the Afghan-Pakistan border.

The disrupted plot has intelligence analysts taking a second look at questions such as what motivates citizens of a democratic country who are under age 25 to become radicalized, then leave their home country for terrorist training and return.

An important question to improve the understanding of terror groups, the official said: "How do they have, at that age, that level of training and expertise and everything to carry out such a sophisticated effort?"

It's not yet clear why the young radicals designed the latest attack plan, but officials suspect it may be based on a foiled plot from the mid-1990s. Then, al-Qaida was planning to blow up about a dozen airplanes on trans-Pacific flights, but a fire in a Manila apartment foiled them.

Chertoff noted the similarity, calling it "certainly reminiscent" of a plot devised by senior al-Qaida figure, Khalid Sheikh Mohammed, who was also behind the Sept. 11, 2001 attack on the United States.

"Very sophisticated, the idea of multiple terrorist attacks at the same time," he said Sunday on ABC's "This Week." "When you put those pieces together it is certainly the scope and scale that is comparable to the worst that al-Qaida has done."

Al-Qaida has returned to attacks that don't go off as planned. The 1993 World Trade Center bombing killed six, rather than the hundreds or thousands that al-Qaida normally targets. The group returned to the target in 2001, with devastating effects.

The 2000 attack on the USS Cole was preceded by an attempted strike on the USS The Sullivans, but the attack boat sank because it was loaded with too many explosives.

CIA Director Michael Hayden told an audience this spring that al-Qaida and its affiliates "still pose the greatest threat to the homeland and US interests abroad" of any single terrorist group.

Yet he and his two predecessors — George Tenet and Porter Goss — have warned the threat from al-Qaida is evolving from an organization based in Afghanistan to an amorphous ideology with a wider geographic reach.

A former intelligence official, who spoke on condition of anonymity, said the surprising aspect of the latest attack plan was the size of the operation.

The number of people involved, its sophistication and its scope indicate extremist networks still have substantial capabilities, the official said.

"To get that many people to take part in something like this ... that are not wannabes or people who are just copycats or looking up how to do this on the Wikipedia, there must be some more sophisticated links back to central al-Qaida," the official said.

Terror Probe Widens To Other Countries (WSJ)

By David Crawford, Carrick Mollenkamp And Peter Wonacott

The Wall Street Journal, August 14, 2006

Authorities Are Pursuing Possible Links to Sept. 11; U.K. Warns of New Threats

The probe into the alleged plot to blow up aircraft flying to the U.S. from Britain is widening to include possible links to Germany and the plotters of the 2001 U.S. terrorist attacks, as well as financial connections to Pakistan, according to officials, even as the British government warned that other plots also are under way.

In Pakistan, authorities are examining a money trail that may have helped finance the plot that British police say they thwarted last week before its perpetrators attempted to down trans-Atlantic jetliners with explosive liquids. A large sum of money was transferred from Pakistan to finance the attacks, according to a person familiar with the investigation. An official in Pakistan called it "the most important aspect of the investigation," though no details of the transactions were available.

British police have circulated a list of suspects to their counterparts throughout Europe, according to a European intelligence official with knowledge of the investigation. Investigators in Germany are keying these names into databases at each

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of the country's security services. German Deputy Interior Minister August Hanning said in a newspaper interview Sunday that German investigators have uncovered links between Muslim extremists in Germany and the suspects detained by British police, but provided no details. London's Metropolitan Police, known as Scotland Yard, arrested 24 people last week in Britain but released one person Friday.

Travel to Pakistan also is expected to be a focus of the investigation, as it was after four young men killed 56 people, including themselves, in three London subways and a bus on July 7, 2005. At least one of the suspects arrested last week traveled to Pakistan last year, as did two of the suicide bombers before the 2005 attacks. British police, who received help from a citizen after the 2005 attacks that helped lead to last week's arrests, declined to comment on any links between the two plots.

The terrorist threat remains intense in Britain. Authorities believe that at least two dozen plots currently could develop into more attacks, according to people familiar with the situation. Home Secretary John Reid told the British Broadcasting Corp. Sunday, "We believe we have the main targets from this particular surveillance and plot. [But] there are still people out there who would carry out such attacks."

Mr. Reid also said that "at least four major plots" have been thwarted since the 2005 attacks in London.

European and U.S. investigators are particularly concerned about the German links because the most recent documented ties between Europe and known officials of the al Qaeda terrorist group have been via Hamburg, Germany, home to relatives of several suspects in the Sept. 11, 2001, attacks who remain at large.

The need to uncover international links is acute throughout Europe because police still don't know how many members of the plot revealed Thursday remain at large. Passengers at British airports Sunday continued to face delays and flight cancellations amid tight security.

International links between terrorist groups pose a challenge to investigators but also offer opportunities for investigators, according to John Brennan, former director of the U.S. National Counterterrorism Center. Mr. Brennan said there are numerous family ties between Muslim extremists in Britain and Pakistan. Mr. Brennan said it is only natural that members of terrorist groups will "reach out" to people they can trust, if it can be done safely.

One clear tie, according to authorities, centers on Rashid Rauf, a British citizen arrested last week in Pakistan. Mr. Rauf, who moved to Pakistan in 2002, is the brother of Tayib Rauf, one of the suspects detained in Britain last week. Both are from the northern England city of Birmingham, and Pakistani authorities believe both men were the coordinators of the planned attacks.

Rashid Rauf, 26 years old, was arrested Wednesday in the southern Punjab town of Bahawalpur. He is being interrogated by Pakistani intelligence agencies in an undisclosed part of the country.

Bahawalpur is a fertile region, known for its cotton, wheat and mango orchards. But one of Pakistan's dangerous militant groups, Jaish-e-Mohammed, also has sprung up there. Although the group was outlawed in 2002, it continues to operate from the Bahawalpur area, home to its leader, Masood Azhar. He has maintained close links with al Qaeda and Afghanistan's former Taliban regime.

The group has disintegrated into small cells as a result of the government's ban. These cells have been involved in most of the terrorist attacks carried out in Pakistan against Western targets. Pakistan's military has blamed members of Jaish-e-Mohammed for trying to kill Pakistani President Pervez Musharraf, who has aligned himself with U.S. antiterrorism efforts. Pakistani security agencies suspect that Mr. Rauf might have been working with elements of Jaish-e-Mohammed, although the extent of these ties isn't yet clear.

In London, the Muslim community is trying to come to grips with last week's arrests. The families of the 23 suspects are planning to meet. But those families still haven't pinpointed the exact links tying the alleged plotters together, according to a person familiar with the matter. Police made arrests in east London; High Wycombe, a London commuter town; and Birmingham.

Authorities believe the plotters operated two cells, with one targeting an attack and the other handling logistics such as finances and housing.

--Zahid Hussain in Islamabad contributed to this article.

Pakistani Charity Under Scrutiny In Financing Of Plot (NYT)

By Dexter Filkins And Souad Mekhennet

The New York Times, August 14, 2006

LONDON, Aug. 13 — British and Pakistani investigators are trying to determine whether the group of Britons suspected of plotting to blow up as many as 10 commercial airliners may have received money raised for earthquake relief by a Pakistani charity that is a front for an Islamic militant group.

The charity, Jamaat ud Dawa, which is active in the mosques of Britain's largest cities, played a significant role in carrying out relief efforts after last October's earthquake in Pakistani-controlled Kashmir.

It is one of the most militant of the groups battling the part of Kashmir controlled by India. In May, it was labeled a terrorist organization by the United States government.

British and Pakistani investigators are looking into the possibility that the group, whose name means the Association of the Call to Righteousness, passed the earthquake donations raised in British mosques to the plotters, according to two people familiar with the investigation.

One former Pakistani official close to the intelligence officials there said Jamaat ud Dawa provided the money that was to be used to buy plane tickets for the suspects to conduct a practice run as well as the attacks themselves. The money is believed to have come directly from the group's network in Britain and was not sent from Pakistan, the former official said.

"The Pakistanis have been asked by the British to examine the links between Jamaat ud Dawa and the suspects in the airplane attack," the former Pakistani official said.

According to a former British security official familiar with the investigation, some of the money raised in British mosques also went to the group's militant activities in Indian-controlled Kashmir. Both the former Pakistani official and the former British official spoke only on the condition of anonymity.

On Wednesday, Pakistani officials detained Hafiz Mohammed Saeed, the head of the organization.

On Sunday, a senior American law enforcement official said that the British police and intelligence officials had identified several suspected accomplices of the plotters who were believed to have provided support to the plot outside Britain. The new suspects were identified by checking the arrested men's computers, the official said.

After the earthquake, which killed some 73,000 people, Jamaat ud Dawa raised funds in British Pakistani areas in London, Birmingham and Manchester. The group also urged British people of Pakistani origin to go to the region to help in the relief efforts, and hundreds did.

Several of the 23 suspects still in custody after the arrests by British police on Thursday — most of them Britons of Pakistani descent — traveled to Pakistan last year, ostensibly to help with earthquake relief efforts, said Nasir Ahmed, a leader among Britain's Pakistanis and a member of the House of Lords.

Mr. Ahmed said he was not sure how many of the suspects rounded up last week had gone to Kashmir to help, but among those who had gone were the suspects arrested in High Wycombe, west of London. The former Pakistani official said several of the suspects had gone to Pakistan at the time of the earthquake.

The official declined to say whether the suspects were believed to have been organizers or people who had provided support, like passports and safe houses.

Mr. Ahmed said it was possible that those who went came into contact with the militant Islamic organizations that were doing the relief work on the Pakistani-controlled side of Kashmir, where most of the casualties were. Indeed, at the time, Jamaat ud Dawa was welcomed by people in the area for stepping in where the Pakistani government had failed. The group was praised as one of the few providing aid efficiently, while Muslims around the world complained that Pakistanis had been abandoned.

"In the first few days, it was only religious organizations, the militant organizations, that were prepared to dig out people and provide relief supplies," Mr. Ahmed said. "It is possible that young people, many people, who have gone from U.K., may have fallen into hands of organizations like Jamaat Ud Dawa."

As both a militant group and a social welfare organization, Jamaat ud Dawa resembles its brethren in other parts of the Muslim world, like Hamas in the Palestinian territories and Hezbollah in Lebanon. In the days after the Sept. 11 attacks, the United States government shut down many Muslim charities that it said were financing militant activities.

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No one from Jamaat ud Dawa could be located Sunday in Britain. Its Web site says the organization has provided food to some 54,000 families who were struck by the earthquake. It also claims to be "one of the most feared militant groups fighting in Kashmir." The Web site displays a photograph of Mr. Saeed leading a demonstration protesting the United States government's designation of his group as a terrorist organization.

The details of the suspected plot to blow up the airliners began to emerge Thursday, when the police in Britain detained 24 people. The authorities said the suspects, most of them British-born young men of Pakistani descent, intended to smuggle liquid-based explosives onto 9 or 10 commercial airliners headed for the United States and detonate them as they approached. British officials said the plot, had it been successful, could have killed thousands.

The day before, on Wednesday, the police in Pakistan had arrested a British-born man they said was linked to Al Qaeda. They say they have at least one other British man in custody and are looking for at least one other suspect.

American and Pakistani officials have long believed that Jamaat ud Dawa is the successor organization to Lashkar-e-Taiba, which was banned in 2002 by the Pakistani government, under American pressure, after the attacks of Sept. 11, 2001.

It has called for holy war against the United States, India and Israel. Although it has avoided direct association with Al Qaeda, links between the groups have often surfaced. Abu Zubaida, the senior Qaeda member captured by Pakistani forces in the city Faisalabad in 2002, was found hiding in a safe house for Lashkar-e-Taiba.

Intelligence Officials Search For Links Between Al Qaeda's Leaders And Latest Plot (NYT)

By Scott Shane And Mark Mazzetti

The New York Times, August 14, 2006

WASHINGTON, Aug. 13 — Like some terrorist version of broadcast pundits, Osama bin Laden and Ayman al-Zawahri address the world by video or audio every few weeks, exhorting their followers to jihad, taunting their enemies and offering sometimes grandiose commentary on current events.

Whether that is all they can do from their hide-outs in Pakistan is a question that intelligence officials in the United States and Europe are urgently trying to answer.

"They keep informed, that is clear," said Olivier Roy, research director at the French National Center for Scientific Research and an expert on Islamist terror networks. "Whether they have any operational role is very hard to say."

The arrest in Britain last week of a score of Muslims of Pakistani ancestry, accused of an ambitious plot to blow up trans-Atlantic jetliners, has returned a spotlight to the top two leaders of Al Qaeda, who for five years have evaded one of history's biggest manhunts.

Because there are clear connections between the Britons arrested in and around London and their accused co-conspirators detained in Pakistan, officials have not ruled out the possibility of communications between the plotters and the Qaeda chiefs. No one has suggested that either man directed the scheme — but the fact that neither Mr. bin Laden or Mr. Zawahri has been captured suggests that Western intelligence agencies' knowledge of their activities is minimal.

In Senate testimony in June, Henry A. Crumpton, the State Department's counterterrorism chief, suggested that American-led efforts to pursue the two had severely limited their ability to act.

"There is evidence that core leaders, including bin Laden and Ayman al-Zawahri, are frustrated by their lack of direct control," Mr. Crumpton said, asserting that they had been isolated as they lost safe havens in Afghanistan and Pakistan. "We must retain this unrelenting pressure against Al Qaeda, especially their leadership, to further diminish the links throughout their global networks."

American diplomats in the region play down the importance of Mr. bin Laden, saying Pakistani military operations in the northwest region of Waziristan have curtailed his movements. They are less certain of the limits on Mr. Zawahri.

Michael Scheuer, who tracked Mr. bin Laden in the 1990's at the Central Intelligence Agency, is skeptical about the standard government claim that the two men are on the run.

"If we were really chasing them around, we would have them by now," Mr. Scheuer said. He said it was clear that the Qaeda leaders still had some operational ability because they were able to make audio and video tapes and to send them to allies who post them on the Web or pass them to Al Jazeera, the Arabic television channel in Qatar.

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Since the two leaders have often said their role is to inspire the global jihad, their ability to get their message out is itself a notable achievement. In a letter last year to the leader of the Iraq insurgency, Abu Musab al-Zarqawi, Mr. Zawahri wrote, "We are in a battle, and more than half of this battle is taking place in the battlefield of the media."

Mr. Zarqawi was killed on June 7, when American forces located him at a safe house north of Baghdad and dropped two 500-pound bombs on it.

An analysis by the private Virginia company IntelCenter said that Al Qaeda's clandestine media operation in Pakistan, As-Sahab, had released at a record pace this year 37 video and audio messages through the end of July, including 6 from Mr. bin Laden and 11 from Mr. Zawahri.

"I just don't see that they have any trouble disseminating information to followers, and they seem to have more sophisticated communications than they did six months ago," said Chris Heffelfinger, a terrorism analyst who monitors jihadist Web sites for the Combating Terrorism Center at West Point.

Some American officials concede that the loyalty both men inspire makes even the large bounty on their heads — up to $25 million each — an ineffective weapon. "I'm not sure that the $25 million does a damn bit of good," said one American intelligence official, speaking on condition of anonymity.

Counterterrorism experts agree that Pakistan has become the most important center for jihadist networks, in some ways replicating the role of Afghanistan before American troops ousted Al Qaeda and its Taliban protectors in late 2001.

The efforts of the Pakistani president, Gen. Pervez Musharraf, to help American antiterrorist operations have been limited both by the popularity in Pakistan of groups violently opposing Indian control of Kashmir and by his government's minimal control over the lawless tribal areas along the Afghanistan border.

It is in those areas that Mr. bin Laden, the 49-year-old son of a Saudi construction magnate, and Mr. Zawahri, 55, an Egyptian doctor who was jailed and tortured in Egypt in the 1980's, are believed to be in separate hiding places.

The American intelligence official said the men are believed to have direct contact with a small number of trusted aides who speak to others for them. "They're extremely careful about who they talk to," the official said.

American military and intelligence agencies have made repeated attempts to hunt them down. In January a missile fired by an American Predator drone, a pilotless aircraft, targeted a house in the tribal Bajaur district where Mr. Zawahri was believed to be attending a dinner; it killed 18 civilians and a number of militants, Pakistani officials said, but missed its prime target.

In typically defiant style, Mr. Zawahri responded two weeks later with a taunting video statement broadcast on Al Jazeera.

Calling President Bush a "failed crusader," Mr. Zawahri asked: "Bush, do you know where I am? I am among the Muslim masses enjoying their care with God's blessings and sharing with them their holy war against you until we defeat you."

As often in such tapes, Mr. Zawahri addressed "the American people," saying "Bush and his gangs are shedding your blood and wasting your money in frustrated adventures" in Iraq and Afghanistan.

Mr. bin Laden's somewhat rarer recent pronouncements have been audiotapes accompanied by a still photo, perhaps indicating that he wanted to avoid video cameras for security reasons. Like his deputy, he often makes reference to current events, implicitly asserting a claim to leadership in the Muslim world.

"They try to connect all the different crises, in Iraq, Lebanon, other places, and present themselves as the vanguard of the global Muslim community," said Mr. Roy, the French terrorism expert.

In April, Mr. bin Laden urged jihadists to go to the troubled Darfur region of Sudan if Western troops were deployed there. In May, he recounted his selection of the 19 hijackers for the Sept. 11 attacks and insisted that the just-sentenced Zacarias Moussaoui was not one of them. In June, he eulogized the just-killed Mr. Zarqawi as a fellow "lion of Islam."

"Even if we lost one of our greatest knights and princes, we are happy that we have found a symbol for our great Islamic nations, one that the mujahedeen will remember and praise in poetry and in stories secretly and aloud," Mr. bin Laden declared in the rambling 19-minute tape.

Pakistan Probes Money Transfers From Sources In UK (FT)

By Farhan Bokhari In Islamabad And Roger Blitz And Stephen Fidler In London

Financial Times, August 14, 2006

DOJ_NMG_0046918

Pakistan has been investigating the transfer of funds from up to 10 different sources in the UK to Pakistan since January, senior Pakistani intelligence officials said as investigations into the foiled alleged plot to blow up commercial airliners leaving London widened.

The investigators have looked at sources ranging from groups in the UK dedicated to supporting Islamic charities to individual donors who had transferred funds.

Intelligence officials in the UK said they were looking closely at money transfers between the two countries following the freezing by the Bank of England on Friday of 19 bank accounts held by the suspects.

However, one said bank transfers were "not necessarily linked to this specific plot".

As the UK's threat level remained at its highest "critical" level, UK officials said MI5 (Britain's domestic security service) had identified at least 20 plots that could be activated relatively soon and there were dozens of others that appeared to be less advanced.

"Six weeks ago, this [last week's alleged plot] was just one of a dozen or so plots near the top of our pile," said an official.

It moved to the top priority as evidence came in that it was coming closer to fruition, he said.

The Pakistan investigation has uncovered a wide range of beneficiaries from the money transfers, including small businesses suspected of being fronts for militants and private individuals. Their common trait was that they were believed to be connected to the planners of the foiled attacks.

Pakistani investigators say the money trail had been established in the summer of 2005 but became active in February when transfers of between £1,000 (€1,500) and £5,000 a time began taking place.

"This trail was put together very carefully and was meant to deliver small funds over a period of time rather than large sums over a short time-frame. The objective was to make certain that the transfers took place relatively unnoticed," said one Paki- stani intelligence official.

He said a portion of the transfers involved a "two-step process", with the funds transferred to other countries, mostly in the Middle East, before being sent to Pakistan, "as a precautionary way to make certain that the origin could not be immediately traced".

The official said there was no firm estimate yet on the amount of total transfers but added: "It must run in to tens of thousands of pounds."

Officials dealing with Pakistan security affairs said in addition to officials confirming the arrest of Rashid Rauf, a British man of Pakistani origin, one or two other Britons of Pakistani origin and several Pakistanis had been arrested.

Some arrests are understood to have taken place on the basis of evidence linking transfers of funds from the UK to Pakistani recipients.

Pakistani intelligence officials also claimed they had compiled evidence of members of an al-Qaeda group based in southern Afghanistan near the city of Kandahar having actively backed the plot through support for its planning.

Another senior Pakistani intelligence official said some of the arrested Pakistanis were known to have met members of al-Qaeda and were given detailed plans for manufacturing explosives.

"The plans were handed over to these people and they then passed on the plans to contacts in the UK," said the official.

"The cell in Afghanistan played an active role through the provision of details on how the operation had to be carried out while the actual implementation was being done at the UK end."

British intelligence sees a likely strong link between the alleged airliner plot and al-Qaeda but its exact nature continued to be investigated, UK security officials said.

Afghanistan Denies U.K. Terror Plot Link (WP/AP)

The Associated Press

The Washington Post/AP, August 14, 2006

KABUL, Afghanistan -- Afghanistan's foreign ministry on Sunday denied any Afghan al-Qaida connection to a plot to blow up jetliners over the Atlantic, rejecting a Pakistani allegation.

DOJ_NMG_0046919

"(Afghanistan) has become an inhospitable environment for al-Qaida to commission any terrorist attacks outside Afghanistan," the Afghan foreign ministry said in a statement.

The ministry was responding to the allegation made by Pakistan's foreign ministry that evidence linked a key suspect in the probe, Rashid Rauf, to an "Afghanistan-based al-Qaida connection."

Apparently pointing a finger at Pakistan, the Afghan statement said, "As the recent evidence and ongoing investigations have revealed, al-Qaida continues to enjoy safe haven outside Afghanistan."

Afghan officials accuse Pakistan of doing too little to stop militants in Pakistani border regions from staging attacks in Afghanistan. Pakistan says it is doing all it can to crush insurgents and has deployed 90,000 troops along the border.

Britain Lowers Terror Threat Level, Eases Luggage Restrictions (AFP)

By Prashant Rao

AFP, August 14, 2006

Britain downgraded its security threat level as it appeared that police had apprehended all of the main figures in an alleged terror plot, a decision that was likely to ease traveller frustrations at the country's airports.

The government lowered the threat level to "severe" from "critical" -- the highest of five levels -- with Home Secretary John Reid saying: "The police believe that the main suspects in the alleged plot were arrested last week."

British police staged pre-dawn raids on the homes of 24 terror suspects on Thursday over alleged plans to smuggle liquid explosives disguised as drinks or medicine onto US-bound planes and detonate them in mid-flight.

The "critical" alert level triggered exceptional security measures, with the authorities banning all carry-on baggage, with few exceptions.

The Department for Transport said on its website that following the security level downgrade passengers would now be allowed one piece of hand baggage, although the ban on carrying non-essential liquids would remain.

Reid, however, said the government would not let its guard down, and urged the public "to remain vigilant".

"I want to stress ... that the change in the threat level does not mean that the threat has gone away," he said.

"There is still a very serious threat of an attack. The threat level is at severe indicating the high likelihood of an attempted terrorist attack at some stage, and I urge the public to remain vigilant."

Britain's decision contrasts with that of the United States, which is not yet ready to lift its "code red" maximum security risk alert on incoming flights from Britain, US Homeland Security chief Michael Chertoff said Sunday.

Chertoff said that the US government would announce new airline security rules later Sunday -- but added that a complete prohibition on carry-on luggage was "unlikely".

He also told Fox News on Sunday that US and British investigators were still digging to see whether or not the plot broken up on Thursday was directed by the Al-Qaeda.

"Certainly this plot bears ... the hallmarks of an Al-Qaeda-type plot in sophistication, global reach and really the nature of the plot itself," he said.

Reid on Sunday told BBC television that Britain had thwarted "at least four major plots" since the July 7, 2005 bombings in London that left 56 people dead, and indicated that up to a dozen were under investigation.

Earlier this year, Peter Clarke, head of the Metropolitan Police's anti-terrorist branch, said officers had stopped three and probably four attacks since the July 2005 bombings -- while police were investigating 70 terrorist-related cases at home and around the world.

Regarding Thursday's terror raids, a spokeswoman for London's Metropolitan Police said that their enquiries and searches were ongoing.

At London's Heathrow airport, Europe's busiest air hub, travellers on Monday may be provided with some respite following four days of disruptions.

About one in three flights was cancelled on Sunday following the imposition of new security checks, including body searches for all passengers, along with the carry-on baggage ban.

DOJ_NMG_0046920

The operator of London's main Heathrow airport said, before the terror threat level was downgraded, that it expected one-fifth to one-third of all departing flights to be cancelled on Monday.

News of the alleged plot caused air travel chaos around the world as the cancelations of flights caused disruptions elsewhere and other countries also tightened security measures.

Despite the increased security checks passengers were still apparently able to get some banned items on board, with a mobile phone causing a scare on a British Airways flight from London to New York on Sunday.

The plane turned around mid-flight and returned to Heathrow for a full security search after the phone started ringing and no passenger claimed it, the airline said.

Meanwhile, the global investigation into the alleged plot is turning increasingly to Pakistan and the Al-Qaeda network, amid media suggestions that worse plans could be afoot.

Photographs of British Al-Qaeda suspect Rashid Rauf also appeared in newspapers after Pakistani authorities claimed he was a "key person" in the plot.

The Sunday Times newspaper in London said one of the suspects under arrest could be "Al-Qaeda's leader" in Britain. He was not named.

In Pakistan, two senior officials told AFP that Britain's intelligence services had asked their Pakistani counterparts to trail Rauf after he entered the country. He was arrested on August 4 in the eastern city of Bahawalpur.

Bahawalpur is known as a hotbed of militants with links to Jaish-e-Mohammed, a group suspected of connections to Al-Qaeda, fighting Indian rule in divided Kashmir.

One of the officials said that after Rauf told Pakistan interrogators of the plot to blow up airplanes, which was apparently not yet known to British or American authorities, British police carried out Thursday's raids.

One of the 24 people arrested was released without charge on Friday, while the others remain in custody.

Britain Warns Citizens Terrorism Threats Persist (WT/AP)

By Paul Haven

The Washington Times, August 14, 2006

LONDON -- Authorities warned Britons to remain vigilant yesterday, saying that 24 ongoing terrorism probes showed they could still be in the cross hairs of Islamic militants even after security forces foiled a plot to bring down packed planes heading to the United States.

Home Secretary John Reid said that authorities were conducting two dozen counterterrorism investigations in Britain and that there is no guarantee that the government will be able to thwart every plot.

"We believe we have the main targets from this particular surveillance and plot," Mr. Reid told British Broadcasting Corp. television, adding, "There are still people out there who would carry out such attacks."

British police questioned 22 suspects in detention yesterday, but authorities remained silent on what, if anything, they have learned.

With no briefings by police or government officials, the British press was left to speculate on a wide range of theories.

The Sunday Mirror tabloid asserted that a female suspect in custody may have been planning to use her baby as a diversion to smuggle a bomb onto a plane, but it did not name its sources. The Sunday Times reported that one of those in custody was thought to be al Qaeda's leader in Britain, but it did not say which suspect. And the Independent on Sunday cited security sources as saying terrorists were planning an "apocalyptic wave" of attacks.

Police arrested 24 persons across England on Thursday, saying they had thwarted a plot to blow up as many as 10 passenger planes flying from Britain to the United States. One suspect was released without charge, and a court will decide today on the detention of another. That last suspect cannot be questioned in the interim.

Seventeen other persons are in detention in Pakistan -- including Rashid Rauf, a British national named by Pakistani intelligence as one of the key suspects. Rauf was picked up along the Pakistan-Afghanistan border and is thought to have connections to a senior al Qaeda leader in Afghanistan.

DOJ_NMG_0046921

National newspapers said three of those arrested had been raised in middle-class or working-class families and only recently converted to Islam.

One of them, a former hairdresser named Don Steward-Whyte, changed his name to Abdul Waheed when he converted six months ago. Though he was not among the 19 detainees whose names were released by authorities, police guarded his home yesterday.

Mr. Waheed, who neighbors said is about 20, recently spent eight months working at a nightclub and two weeks selling electronics, never getting into any known trouble. His father was a local Conservative Party officer, and his half sister, Heather Stewart-Whyte, is a former model who was once married to tennis star Yannick Noah. She told British papers that she never met her half brother.

In Kabul, Afghanistan's Foreign Ministry yesterday denied any Afghan connection, saying the country -- where thousands of NATO and American troops are deployed -- was no longer a safe place for al Qaeda to operate.

"As the recent evidences and ongoing investigations have revealed, al Qaeda continues to enjoy safe haven outside Afghanistan," the ministry said.

Afghanistan has long complained that the Taliban and other militants are able to hide out on Pakistan's side of the border and wants Islamabad to do more to stop them.

A 4th Day Of Slow Going In Britain (WP)

By Joshua Partlow

The Washington Post, August 14, 2006

LONDON, Aug. 13 -- Thousands of travelers in Great Britain slogged through the fourth day of heightened security at airports as more than 210 flights were canceled, some delays dragged on for hours, and one airline executive called on the British government to bring in the army and police to help move passengers and avoid the collapse of the country's main airport.

British Home Secretary John Reid said Sunday that another attempted attack is "highly likely." He said authorities have thwarted four major terrorist plots since the July bombings in London last year. British police are holding 23 suspects -- most of them London-based Muslim men in their twenties -- in connection with an alleged terrorist plot unveiled last week to blow up as many as 10 airliners leaving Britain and bound for the United States.

"We think we have the main suspects in this particular plot. I have to be honest and say, on the basis of what we know, there could be others out there," Reid said in an interview on BBC television. "So the threat of a terrorist attack in the U.K. is still very substantial."

Reid said al-Qaeda had first attempted to attack Britain in 2000, and he suggested that more than 20 terrorist conspiracies are currently being investigated in the country.

Responding to a question about a report in the British press that there were "two dozen" terror cells under investigation, Reid said: "I'm not going to confirm an exact number, but I wouldn't deny that that would indicate the number of major conspiracies that we are trying to look at. There would be more which are not at the center of our considerations, and there may be more that we don't know about at all."

At London's Heathrow Airport on Sunday, security officials hand-searched every passenger, which created four times the normal workload and caused lines of passengers to stretch out of the terminal. Airlines operating from Heathrow canceled about 130 flights, people were prohibited from bringing any hand luggage onto airplanes, and some flights left without passengers who couldn't arrive in time, said British Airports Authority spokesman Duncan Bonfield.

"These are unprecedented circumstances: four times the volume of searches in the busiest international airport in the world," Bonfield said. "There has been a significant disruption, but I think people do understand that their safety and security is paramount.

"As yet we've had no indication whatsoever from the government about how long it's going to go on," he added.

One of the airlines operating in Britain, Ryanair, criticized the government's "heavy-handed" security measures that disrupted the travels of thousands of British passengers. The airline said in a statement that it was in favor of "all sensible and effective security measures" but that they should be limited so that fewer people are searched.

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"If the main U.K. airlines are forced to continue to cancel flights because the airports cannot meet these security requirements then the extremists will have succeeded," the company said.

Ryanair's chief executive, Michael O'Leary, said his airline cannot cope with the security measures and asked the British government for security personnel to help with the searches.

"If the British government is serious about defeating terrorism and not allowing the terrorists to disrupt normal, everyday British life, then it must provide the additional security staffing -- either police or army reserve personnel -- immediately to prevent London's main airports from grinding to a halt over the coming days," O'Leary said, according to wire service reports.

Airport officials expected the problems to continue into the week, and British Airways on Sunday was planning to cancel 20 percent of its Monday flights from Heathrow to comply with a British Airports Authority directive.

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Airport Snarl In London Puts Scrutiny On Owner (NYT)

By Heather Timmons

The New York Times, August 14, 2006

LONDON, Aug. 13 — With airlines here canceling about a third of their flights today, asking for troops to be posted in airport terminals and saying that they could not process passengers quickly enough because of stringent security requirements imposed last week, many critical fingers were pointed at BAA, the private company that runs the country's main airports.

As hundreds of travelers stood in the rain for hours at Heathrow Airport outside London, waiting for information about whether they could fly, airline executives complained that the new procedures seemed to be bringing the air travel system to near collapse, and they placed the blame squarely on BAA.

The company, which owns seven British airports as well as ones in Budapest and Naples, Italy, had been a public company traded in London until June, when it was purchased by a Spanish conglomerate, Grupo Ferrovial, whose roots are in the construction business.

On Sunday, British Airways' chief executive, Willie Walsh, declared: "BAA is unable to provide a robust security search process and baggage operation at London Heathrow. We are being forced to cancel flights and operate some others from Heathrow without all the passengers on board."

The situation raised new questions about the rapidly changing ownership of the world's airports. Once universally controlled by local governments, airports are now going into private ownership at a rapid clip, and are becoming hotly pursued as assets for large companies and private equity funds, which raise large amounts of risk capital from wealthy investors and institutions to buy and sell companies.

The trend been most pronounced in Europe and Asia, but it is starting to affect the United States, where the government in Chicago has been considering taking Midway Airport private, though no final decision has been made. BAA has managed the Indianapolis airport since 1995, though it is owned by a local government corporation.

BAA balks at the notion that it is not able to handle the new increased security measures because it is a private company. "Ownership is irrelevant," a spokesman, Duncan Bonfield, said. "Security is always the No. 1 issue for any company in the aviation industry. You just can't afford to get it wrong."

The company is being asked to search four times as many passengers as usual, Mr. Bonfield said, which is a "phenomenal and onerous" amount of work. He said that BAA was the first airline operator to introduce screening of checked baggage, even though it was a private company.

On Sunday, BAA set up a large white tent at the airport terminals at Heathrow, and passengers were asked to wait under the tents until their flights were announced. BAA workers served tea and coffee and handed out plastic raincoats. Many passengers sat on their luggage or passed the time reading, and most seemed resigned rather than angry about the situation.

"We were well aware of the delay because we called ahead to the airline," said Alan Main, 48, an information technology manager from Inverness, Scotland, who was trying to fly home. He stood under the BAA tent in one of the free blue raincoats. "We've heard some people complaining, but really, what planet were they on? Did they not see the television? The organization here has been fine, but we wouldn't want to do this every week."

Wimpee Kumaria, 29, an assistant manager from New Delhi who was checking in at Heathrow, said that her flight had been delayed but that her concern was for her personal property. "I don't care if the company is Spanish or British, as long as my laptop survives," she said.

BAA is being criticized for other reasons besides delays and baggage mishaps. One of the 24 people arrested last week was Amin Asmin Tariq, a BAA employee and Heathrow security guard. BAA had no comment on his arrest. Employees of the company in sensitive jobs like security are screened by the British Department of Transport.

The problems at BAA are not likely to help the proponents of airport privatization. "The airport's baggage system cannot process all of the passengers' bags," Mr. Walsh of British Airways contended, "and where passengers have been able to check their bags in, the lengthy queues in the airport security search area means that passengers are unable to get to the departure gate in time for their flight."

BAA was purchased for $19 billion by the Spanish company, which will soon handle security at the airports it controls — including Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Aberdeen and Southampton. BAA narrowly missed being taken over by the private equity unit of the investment bank Goldman Sachs, a group that commonly streamlines businesses and cuts costs to maximize profits.

BAA was taken public on the stock market in 1987 as part of an effort led by Margaret Thatcher, then the prime minister, to privatize assets held by the British government. The company's stock value grew slightly in recent years, but before the take over battle it still traded below highs reached in 2002.

Which provides better airport security, a local government or a for-profit company, "is a question that needs to be asked," said David Bentley, regional director of the Center for Asia Pacific Aviation.

The answer is not a simple one. By some measures, airport security in the United States has not improved since the federal government took over security measures in the aftermath of the September 2001 attacks.

Governments have been turning airports over to private ownership since the 1990's, but the idea has recently gained in popularity. Airport privatization is a boon for many of the parties involved. Investment banks reap fees for advising on take over deals, while governments get cash that can be used for other programs. Investors in publicly traded airports include some of the largest fund companies in the world. Airports are also attracting a growing number of international companies, which are buying infrastructure like roads and ports.

When all is running smoothly, airports make an attractive investment for these companies and funds; they generate a relatively predictable stream of revenue, thanks to easily estimated passenger traffic. The addition of better restaurants, coffee bars and shops has been lifting profits still further.

The idea is gathering steam in other regions. Fraport, which runs airports from Frankfurt to Lima, estimated in March that there were 350 airport privatizations in progress at the time. Governments in Russia, France and Japan, among others, are planning to take some of their largest airports private.

The Bush administration's proposal to privatize some air traffic control jobs was met with strong opposition. United States airports contract out much of their operation to private companies, but security is handled by the Transportation Security Administration, a Homeland Security Department agency.

Some specialists on airports are pushing for change. "Four years of experience have taught that the U.S. government cannot do the job any better than the private sector," wrote Robert W. Poole Jr. and James Jay Carafano, researchers who favor privatization, in a recent report for the Heritage Foundation, the conservative policy institute. "This should come as no surprise," they said. "Virtually every other country that has used government screeners has reached the same conclusion."

Airlines Cancel A Third Of Flights At Heathrow, Seek Army's Aid (WT)

The Washington Times, August 14, 2006

From combined dispatches

LONDON -- British airlines canceled up to a third of their flights at Heathrow Airport yesterday and called for the army to help screen throngs of stranded passengers suffering a fourth day of chaos caused by Thursday's foiled airplane bomb plot.

DOJ_NMG_0046924

Airlines will cut 20 percent of flights departing London Heathrow Airport today, following a directive by the airport's owner amid a bitter dispute over how to handle tougher security measures.

Britain's ban on all carry-on items remained in effect as British Airways canceled almost 100 flights to Europe from Heathrow and scrapped all its domestic flights from London Gatwick Airport. Most long-haul flights were operating, although 10 British Airways flights to the United States were canceled.

Ryanair and EasyJet, Europe's two biggest budget airlines, urged Britain's army and police force to help overwhelmed security staff and reduce overcrowding at checkpoints. Ryanair said new security measures are bringing London's airports "to the point of collapse."

Some airlines have accused the British Airports Authority (BAA) -- which operates seven of the country's major airports -- of being unable to cope with the new anti-terror security requirements.

"If we the industry and the government don't work together to have sensible security ... we are going to hand these extremists a terrific PR success," Michael O'Leary, chief executive of Ryanair, told Sky News television. "We don't need to be body-searching young children traveling with their parents on holiday to Spain."

British Airways acknowledged that some people were missing flights yesterday because they were stuck in security lines.

"It's disgusting. They don't have a system," said Jenny Chua, who was waiting yesterday at Heathrow for a flight to Singapore. "We've been trying to call for days, and they don't have enough staff."

Heathrow is Europe's busiest air hub, handling about 1,250 flights and 190,000 passengers a day. British Airways accounts for 40 percent of air traffic at Heathrow.

British Airways' chief executive, Willie Walsh, harshly criticized BAA's Heathrow operations, arguing that the airports authority was "unable" to provide an adequate security-search process and baggage operation there.

British Airways said it was complying with BAA's directive and expected to cut 20 percent of its flights from Heathrow today. That includes 39 short-haul flights out of 202 and five long-haul flights out of 76.

British Airways said it expected to operate a full European and long-haul schedule from Gatwick but that some domestic flights would be affected.

The directive at Heathrow applies to airlines with four or more flights a day from the airport. A source familiar with the situation said the BAA had threatened to deny airlines the use of airport facilities if they did not comply.

Richard Branson's Virgin Atlantic criticized the directive, saying it favored airlines such as British Airways which could cut less-lucrative short flights and keep most of its long-haul operations running. Virgin, which only operates long-haul flights, plans to cancel three flights today.

"There is no level playing field," a Virgin spokesman said.

Airlines are struggling to cope with the BAA's new security demands, which were imposed after the discovery of a plot to use liquid explosives smuggled on board in carry-on luggage. All passengers now are required to undergo a body search, and they are banned from taking anything into aircraft cabins except essential items such as travel documents.

"If this is maintained, we are likely to continue to see extremely long [lines] and regrettably even more flights canceled," said Tony Douglas, BAA's chief executive officer for Heathrow. "Quite simply, I don't know how long it's likely to go on, but it's clearly a set of measures that are unprecedented and by virtue of what they've come in to enforce, they're not sustainable measures."

British Home Secretary John Reid hinted that the stringent security checks may only be temporary.

"We understand this causes huge inconvenience to the airline operators for instance, the airports and the traveling public," he told British Broadcasting Corp. television yesterday. "That is why the extraordinary regime that we have had to bring in as a result of extraordinary circumstances is time-limited."

Hundreds Of Flights Canceled In Britain (AP)

By Paul Haven, Associated Press Writer

AP, August 14, 2006

DOJ_NMG_0046925

Authorities warned Britons to remain vigilant on Sunday, saying that 24 separate terrorism probes under way showed they could still be in the crosshairs of Islamic militants even after security forces foiled an alleged plot to bring down packed planes heading to the United States.

Tempers flared at the airports, as hundreds of flights were canceled and lengthy security checks caused some passengers to miss their flights.

Home Secretary John Reid said authorities were conducting two dozen separate counterterrorism investigations in Britain, and there was no guarantee the government would be able to thwart every plot.

"We believe we have the main targets from this particular surveillance and plot," Reid told British Broadcasting Corp. television. "(But) there are still people out there who would carry out such attacks."

Those sentiments were echoed by U.S. Homeland Security chief Michael Chertoff, who said there was a risk that other groups might try to cause bloodshed on the false assumption that law enforcement and intelligence services might be distracted.

Chertoff also called for taking a renewed look at U.S. laws that could give authorities the flexibility to detain suspects for longer periods of time. Britain recently passed controversial legislation giving the government up to 28 days to hold terror suspects without charge, and the jetliner plot is the first major test of how those new powers will be used.

British police questioned 22 of the suspects in detention Sunday, but authorities remained silent on what, if anything, they have learned.

With no briefings by police or government officials, the British press was left to speculate on a wide range of theories.

The Sunday Mirror tabloid asserted that a female suspect in custody may have been planning to use her own baby as a diversion to smuggle a bomb onto the plane, but it did not name its sources. The Sunday Times reported that one of those in custody was believed to be al-Qaida's leader in Britain, but it did not say which suspect. And The Independent on Sunday cited security sources as saying terrorists were planning an "Apocalyptic wave" of attacks.

There was plenty of time for travelers to soak up all of those theories as they waited in long lines at all the country's airports, particularly London's Heathrow and Gatwick.

Almost a third of flights out of Heathrow were canceled Sunday — the airport handles about 1,250 flights a day — and the ban on all carry-on items remained in effect. British Airways canceled almost 100 flights to Europe from Heathrow and scrapped all its domestic flights from Gatwick. Most long-haul flights were operating, although 10 BA flights to the United States were canceled.

"It's disgusting. They don't have a system," Jenny Chua, who was waiting Sunday at Heathrow for a flight to Singapore, told a reporter for The Guardian newspaper. "We've been trying to call for days and they don't have enough staff."

Some airlines have accused the British Airports Authority — which operates seven of the country's major airports — of being unable to cope with the new anti-terror security requirements. Others appealed to the British government to use police and army reservists to speed up searches at overloaded airport security checkpoints.

"If we the industry and the government don't work together to have sensible security ... we are going to hand these extremists a terrific PR success," Michael O'Leary, the chief executive of budget airline Ryanair, told Sky News television. "We don't need to be body-searching young children traveling with their parents on holiday to Spain."

British Airways acknowledged that some people were missing flights Sunday because they were stuck in security lines.

Eurostar brought in extra staff to deal with the volume of calls from travelers in Britain seeking to go on the high-speed train that stops in France and Brussels.

Police arrested 24 people across England on Thursday, saying they had thwarted a plot to blow up as many as 10 passenger planes flying between Britain and the United States. One suspect was released without charge, and a court will decide Monday on the detention of another. That last suspect cannot be questioned in the interim.

Another 17 people are in detention in Pakistan — including Rashid Rauf, a British national named by Pakistani intelligence as one of the key suspects. Rauf was picked up along the Pakistan-Afghanistan border, and is believed to have connections to a senior al-Qaida leader in Afghanistan.

In Kabul, Afghanistan's Foreign Ministry on Sunday denied any Afghan connection, saying the country — home to thousands of NATO and American troops — was no longer a safe place for al-Qaida to operate.

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"As the recent evidences and ongoing investigations have revealed, al-Qaida continues to enjoy safe haven outside Afghanistan," the ministry noted.

Afghanistan has long complained that the Taliban and other militants are able to hide out on Pakistan's side of the border and wants Islamabad to do more to stop them.

Britain Says Two Dozen Major Terrorist Conspiracies Are Under Investigation (NYT)

By Alan Cowell

The New York Times, August 14, 2006

LONDON, Aug. 13 — Britain's highest-ranking law enforcement official said Sunday that the threat of a terrorist attack here remained "very substantial," disclosing that about two dozen major terrorist conspiracies were under investigation.

"There are still people out there who would carry out such attacks," said the official, Home Secretary John Reid "The threat of a terrorist attack in the U.K. is still very substantial."

Mr. Reid spoke as Britain lowered its security threat level to severe, from critical, where it was set Thursday after British authorities announced they had disrupted a plot to use liquid explosives to bomb up to 10 United States-bound passenger jets.

Four days later, Britain's airports were still in pandemonium because of heightened security measures.

In early-morning raids last Thursday, the police rounded up 24 suspects and later freed one of them, leaving 23 in custody under counterterrorism laws permitting 28-day detention without charge. Of those, 22 were being questioned Sunday while the status of the 23rd awaited a court ruling on Monday.

In a BBC interview, Mr. Reid did not give details of any of the other conspiracies, but echoed police assessments that the British authorities had foiled four other plots since the July 7 London bombings last year.

The bombings brought Britons up short against the reality of Islamic terrorism, all the more chilling because the attackers then — like the suspects now — were mainly British-born Muslims. But the figure of 24 continuing investigations into other plots — far higher than had previously been made known — seemed bound to alarm many people whose lives had already been reshaped by new security regimes and what Prime Minister Tony Blair has called an "elemental" battle with radical Islam.

Apparently seeking to bolster official denials of a link between terrorism and Britain's alliance with the United States in Afghanistan and Iraq, Mr. Reid said it was now known that Al Qaeda first tried to attack a British target in 2000. "So this has been a long-going threat but it is a chronic one and it is a severe one," he said.

"We now think in retrospect that the first Al Qaeda plot, for instance against this country, preceded by quite a while our intervention in Iraq and Afghanistan and actually preceded 9/11," he said.

The remark seemed to be an indirect confirmation, for the first time, that the government saw the hand of Al Qaeda in the latest conspiracy, echoing stronger assertions by Pakistani officials.

Mr. Reid did not give details about the conspiracy in 2000 beyond saying it was uncovered in Birmingham, Britain's second-largest city, which figured in the latest wave of arrests. One man seized there, Tayib Rauf, was said to be the brother of Rashid Rauf, a man captured by police in Pakistan whose arrest reportedly set off last week's roundup of suspects.

Asked about a report in The Observer newspaper that police were hunting "two dozen" terror cells in Britain, Mr. Reid said: "I'm not going to confirm an exact number, but I wouldn't deny that that would indicate the number of major conspiracies that we are trying to look at. There would be more which are not at the center of our considerations and there may be more that we don't know about at all."

He also appeared to suggest that some conspirators associated with last week's suspected plot to use liquid explosives in waves of attacks may still be at large. "We believe it was a major, major plot," he said, describing the police investigation as "ongoing."

"We believe we have the main targets," he said, but did not rule out the idea that other people not in custody might still be planning an attack or "prepared to use this opportunity to carry out a terrorist attack."

The British depiction of the plot and its conspirators has drawn some skepticism, not least from Muslim groups, at a time when the government of Prime Minister Tony Blair is fighting to revive his credibility and popularity.

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"Since the introduction of the antiterror legislation, many innocent individuals have been arrested, often in high-profile raids, only to be released at a later date with no charges brought against them," said Wakkas Khan, a spokesman for the Federation of Student Islamic Societies, which represents Islamic bodies on college campuses. "It is important to maintain the legal principles we hold dear, namely the concept of innocent until proven guilty."

Mr. Blair is on vacation in the Caribbean. His absence has been criticized by adversaries who say that, if the plot was as serious as Mr. Reid and others maintain, he should return home. The threat of new attacks, as depicted by Mr. Reid, has sharpened an increasingly divisive debate over the links between homegrown Islamic terror attacks and Britain's actions in the Muslim world.

In a remarkable open letter on Saturday, 38 Islamic groups along with Muslim legislators and peers said British policies as an ally of the United States in Iraq, Afghanistan and elsewhere had provided "ammunition to extremists that threaten us all."

The letter drew an usually tart response from a phalanx of government ministers, including Mr. Reid, who called it on Sunday a "dreadful misjudgment."

"We make decisions in this country by democracy, not under threat of terrorism," Mr. Reid said.

David Davis, the Home Affairs spokesman of the opposition Conservatives, was more nuanced, acknowledging that Britain's foreign policy might be "part of the catalyst" for terrorism.

"But to explain this is not to excuse it," he said. "There are plenty of people with legitimate arguments with the government's foreign policy in Iraq and Afghanistan, in Lebanon and the Middle East. But none of them take the stance of attempting to murder many thousands of their fellow citizens."

While the government has struggled to refute the suggestion that its foreign policy has fueled extremism, Islamic groups say they are not alone in opposing Mr. Blair's policies in the Muslim world, where he has spoken of an "arc of extremism" challenging democratic values.

Hizb ut-Tahrir, a radical group that says it eschews violence in its quest for the revival of an Islamic caliphate, said in a statement on Sunday that the foreign policy concerns were "shared by Muslims and non-Muslims alike." It recalled an official assessment by the British security services in June 2005 that "events in Iraq are continuing to act as motivation and a focus of a range of terrorist-related activity in the U.K."

Two weeks after last year's July 7 bombings — when four suicide bombers killed 52 commuters on the London transport system — another group tried what seemed a copycat attack that failed only when their explosives failed to detonate on subway trains and a bus.

Mr. Reid hinted the security clampdown at airports might be eased, saying it was "time-limited." But he did not say when.

He also argued that the latest terror alert supported police demands for counterterrorism laws to be amended to permit detention without trial or charge for 90 days.

Plot Shows Rise Of Extremism In Europe (AP)

By William J. Kole, Associated Press Writer

AP, August 14, 2006

Britain's struggle to contain Muslim extremism points up a chilling trend across Europe: the rise of radical Islam, and with it, a willingness among a small but dangerous minority of young people to answer the call to jihad.

From the squalid suburbs north of Paris to the gritty streets of Sarajevo, young, disaffected Muslims are increasingly receptive to hard-liners looking to recruit foot soldiers for holy war, European counterterrorism officials and religious leaders warn.

The continent, they caution, remains vulnerable to attacks by homegrown militants despite the heightened security and attempts at inter-religious dialogue that followed the deadly 2004 train bombings in Madrid and last year's suicide attacks in London.

"Their numbers are still relatively small, but I fear they could become larger as more young Muslims embrace militancy," said Fawaz Gerges, a professor of Islamic studies at Sarah Lawrence College in New York.

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Gerges calls it "the jihad generation": converts to extremism in Britain, France, Germany, the Netherlands, Scandinavia and elsewhere who are becoming radicalized — partly in response to the conflicts in Afghanistan and the Middle East — and are spawning "self-generating" networks and cells.

"They're not part of al-Qaida, but in their own eyes, they are foot soldiers" who share Osama bin Laden's ideology, he said.

Little is known of what may have motivated the 23 suspects in British police custody to allegedly plot to blow up U.S.-bound jetliners with liquid explosives. But many in their middle and working class neighborhoods said the communities have become alienated by U.S. and British policy in the Middle East.

"Governments in Europe insist this is a problem of ideology, but the real cause of this phenomenon is the political crisis that is sweeping the world with the war in Iraq and the situation in Palestine," said Azzam Tamimi, director of the London-based Institute of Islamic Political Thought.

Like the Sept. 11 terror attacks, the London bombings on July 7, 2005, "should have been lessons for everybody — that government policies endanger the security of everyone," Tamimi said. "The root cause has never been addressed. Unless they open a debate, the threat will never go away."

Recruiters for hard-line Islamist groups can turn some Muslim youths with little interest in religion into extremists in a matter of weeks, contends Pierre de Bousquet de Florian, head of France's counterterrorism agency.

An estimated 5,000 French Muslims embrace extremist Islam, according to a 2005 police intelligence report. France is home to about 5 million Muslims, the largest Islamic community in western Europe, and French authorities claimed to dismantle several cells earlier this year.

"Young people who are indifferent to religion fall in a matter of weeks into the toughest kind of Islam and, almost without any transition, into the most worrisome kind of activism," Bousquet de Florian told the newspaper Le Parisien last month.

But the rise of homegrown extremists — many of whom operate in small, close-knit circles difficult for law enforcement to penetrate — has complicated counterterrorism efforts in many countries.

The Netherlands has been on high alert since a Dutch Muslim of Moroccan descent murdered filmmaker Theo van Gogh in 2004. Spanish authorities have been monitoring some 250 suspected Islamic radicals, and in Bosnia five men are on trial for allegedly plotting an attack on an unidentified European country — significantly, one with troops in Iraq and Afghanistan.

An open letter published this weekend by prominent British Islamic groups said the "debacle in Iraq" and the failure to quickly secure a cease-fire in southern Lebanon as Israel waged a military campaign against Hezbollah militants has made Britain a target.

Britain's archbishop of York, the Most Rev. John Sentamu, said he thinks disenfranchised young Muslims turn to extremism not because of Islam but "because they are alienated, because they have been given a vision which is so imaginatively wicked."

Terrorists Difficult To Profile, Even Harder To Find (USAT)

By Jeffrey Stinson

USA Today, August 14, 2006

LONDON — Nobody knows how many more potential terrorists are in Britain and Europe, waiting for a chance to launch a strike like the alleged plot to blow up passenger jets headed for the USA.

“There could be a hundred to more than hundreds of thousands,” said Alex Schmid, director of the Center for the Study of Terrorism and Political Violence at the University of St. Andrews in Scotland. “It's impossible to say.”

British authorities aren't even sure that they rounded up all the plotters last week in what Metropolitan Police Deputy Commissioner Paul Stephenson called a plan “to commit mass murder” in the skies on jets headed to the USA.

Metropolitan Police said Thursday that they had foiled a plot by would-be suicide bombers to blow up as many as 10 passenger jets en route to the USA from the United Kingdom. Twenty-four British citizens, many identified as Muslims, were arrested. One has been released.

“We think we have the main suspects,” British Home Secretary John Reid said Sunday. “But there could be others out there, perhaps people we don't know.”

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Even if the main suspects are in custody, Reid told the BBC, "It is highly likely there will be another terrorist attempt. The threat of a terrorist attack in the United Kingdom is still very substantial."

Analysts who study radical Islamic groups and terrorism, such as Schmid, say the number of potential terrorists indicates the possibility is great that more acts of terrorism will be launched in Europe.

Britain is home to an estimated 1.6 million Muslims. Western Europe has an estimated 20 million. Among them, analysts such as Schmid estimate, 1,000 to 3,000 people have been to terrorist training camps run by al-Qaeda or its sympathizers, or have fought in Islamic wars in Afghanistan, Pakistan and Chechnya.

Reid said the threat of terrorism "is a chronic one, and it is a severe one."

He repeated the assertion, made before by police, that Britain has foiled four major terrorist plots since the London transit bombings in July 2005.

There is no single profile of who could be a suicide bomber or what triggers a radical to turn violent.

Magnus Ranstorp, who follows Islamic terrorism at the Swedish National Defense College in Stockholm, said the 24 suspects arrested in last week's plot offer a prime example of the varied backgrounds would-be terrorists have.

"Some are educated, some are not. Some are advantaged, some are not," he said. Six are recent converts to Islam. Others grew up in moderate Muslim families. Like the London transit bombers, they were born or grew up in Britain, according to the Associated Press.

Among those arrested, for example, Abdul Waheed formerly was known as Don Stewart-Whyte. His father was a former Conservative Party operative, and his mother remains a party activist.

Ranstorp said it is impossible to determine what prompts a person to become a potential suicide bomber — whether it is Britain's involvement in the U.S.-led war in Iraq, the stand the two nations have taken in the conflict between Israel and the militant Islamic group Hezbollah in Lebanon, or just "an individual's circumstances."

The sheer number of possible suspects can stretch a security service's ability to keep people under surveillance. Determining who represents a real threat and who is just expressing radical views also poses a major problem for security services, analysts say.

Also, counterterrorism agencies often don't know who will become "homegrown" terrorists — people who take it upon themselves to become suicide bombers.

"There is no profile," Schmid says.

At the time of the London transit bombings, British security services were monitoring about 800 targets, according to the government's official report on the bombings issued in May. The number represents one-twentieth of the 16,000 to 18,000 Islamic extremists Britain's MI5 counterterrorism unit suspected of being in Britain, says Claude Moniquet, president of the European Strategic Intelligence and Security Center in Brussels.

The names of two of the four suicide bombers who struck three London subway trains and a bus, killing 52 people and injuring more than 770 others, were known to MI5 at the time. They were not deemed a serious enough threat to put under surveillance, the report issued by a joint parliamentary committee said.

"There are people out there who are not under surveillance … because they are not known," said Moniquet, whose center consults with governments and private businesses.

Although last week's plot is a reminder of how great the potential terrorist threat in Britain and Europe is, Moniquet said it does offer some good news.

He said the arrests represent a big setback for al-Qaeda and reduce the chances of another large-scale strike soon.

Moniquet said the plot has the earmarks of Osama bin Laden's terrorism network. It is similar to previous al-Qaeda operations that involved aircraft and multiple or simultaneous strikes. It also is of the spectacular nature al-Qaeda prefers and appears to have roots in Pakistan, where bin Laden is thought to be hiding.

The arrests of Rashid Rauf, who was picked up about a week ago along the Pakistani-Afghan border by Pakistani officials, and his brother Tayib Rauf, who was arrested here, support suggestions by Moniquet and government officials including U.S. Homeland Security Secretary Michael Chertoff that the plot had the hallmarks of al-Qaeda.

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If so, Moniquet said, British officials thwarted a complicated plot that required long-term planning, recruitment and funding. "Al-Qaeda cannot pull off one or two of these a year," he said. "It takes too long to organize. For al-Qaeda, (Thursday) was a very bad day."

To Their Neighbors And Families, Plot Suspects Seemed To Lead Ordinary Lives (NYT)

By Serge F. Kovaleski

The New York Times, August 14, 2006

HIGH WYCOMBE, England, Aug. 13 — Two weeks ago, Shazad Khuram Ali seemed despondent, so much so that it was almost palpable to one of his neighbors, who was struck by his sudden downcast gaze and strained face.

Wilbur Pires thought that the usually cheerful Mr. Ali might have encountered financial troubles in his used-car business, a small venture he had been running out of his two houses here, despite complaints from other nearby residents.

Then, one afternoon, while Mr. Pires was tending to his back garden, he started chatting across the way with Mr. Ali, who mentioned that he was planning to travel to Pakistan, and perhaps Dubai, to pursue a different line of work.

"He looked very down, and nervous, and said he was going into pharmaceuticals to branch out into something new," Mr. Pires recalled.

Around 7 a.m. last Thursday, Mr. Pires stepped out of bed to find the police raiding Mr. Ali's home. There was Mr. Ali, 27, being escorted out of the house in handcuffs as his stunned parents, still in their nightclothes, looked on.

Mr. Ali was one of two dozen suspects, most if not all British-born Muslims, who were arrested that day, much to the shock of many of their neighbors and relatives, in what authorities describe as a plot to blow up trans-Atlantic airliners with liquid explosives.

All but one of the suspects lived either in this ethnically mixed city, which is home to an estimated 10,000 Muslims, or within walking distance of one another in East London.

On Sunday, the police continued searching some of the homes that were included in the sweep. At one of the houses, in High Wycombe, at the end of Plomer Green Avenue, officers carried out a desktop computer and clear plastic bags containing documents and other materials.

At a home on Hepplewhite Close, officers wearing protective silver-colored jumpsuits and gloves rummaged through a cluttered garage and loaded bags full of potential evidence into a police van.

In interviews over the weekend, friends and acquaintances of several of the detainees said that the suspects had appeared to be staunch Muslims who cherished spirituality, peace and their families. They voiced incredulity that they might have taken part in a scheme to commit mass murder.

Some said that four or five of the suspects from this city of mostly red-brick bungalows and two-story townhouses in verdant rolling hills west of London used to get together once a week or so to box at a local community center. They would also play cricket or soccer together at Sands, a small park.

"They were sporting people, young healthy chums who liked to box or kick a football around and sweat," said Ali Hussein, 22, who knew some of the young men taken into custody.

Others said that a number of the suspects prayed together at the Muslim Education Center, a dilapidated place of worship behind a small supermarket and a store that sells liquor and magazines. Next to the entrance to the education center are two red garbage bins and some parking spaces.

A prominent imam in High Wycombe said that one of the suspects, Don Stewart-Whyte, whose age has been given as 19 or 21 and who converted to Islam around the beginning of this year, was married a month ago to a Muslim Arabic woman, perhaps a Moroccan, whom he had met on the Internet.

The imam, who spoke on condition of anonymity because of the continuing investigation, said Mr. Stewart-Whyte, who adopted the name Abdul Waheed, became passionate about Islam, grew a beard and regularly attended 4 a.m. prayers at another Islamic center, adjacent to a book store, before deciding to frequent a nearby mosque. The imam also noted that Mr. Stewart-Whyte, whose late father was a local Conservative Party official, had recently repainted the outside of the book store as an

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act of devotion. Two stories above the book store, in an apartment window, was a placard with Arabic writing that showed a fist brandishing an automatic rifle.

The imam said of Mr. Stewart-Whyte: "He seems harmless. I don't think that he could hurt a mosquito."

Mr. Stewart-Whyte was also known to relish his motorcycle, but traded it in for a car once he married.

Zahid Javed, a member of the Wycombe Islamic Society, said he recently asked the young man if he was interested in working with troubled youths on crime prevention. "He is very good at talking with kids," Mr. Javed said. "I was still waiting to hear back from him when the arrests happened."

The arrests have jolted High Wycombe. Late last Thursday, several local mosques and Muslim organizations released a group statement via the Internet that said, "The Muslim community is an integral part of British society and the actions of a few, if found to be, should not be allowed to jeopardize this."

The document urged Muslims in the area "to remain calm, nonjudgmental and, above all, to hold together at this very difficult and testing time."

Many non-Muslim residents of High Wycombe were also baffled by the arrests and the nature of the allegations.

Linda Hurst, who lives with her husband a few doors from the home on Plomer Green Avenue, where one of the suspects, Waseem Kayani, 28, lived with some of his relatives, said her young daughter used to play with one of the boys from the house. Mrs. Hurst said that Mr. Kayani was a taxi driver and that he and his family, one of the few Muslim families there, were affable and did their best to fit in.

"At Christmastime, they hung lights and other decorations to celebrate the holidays," she said.

In London, Shamin Uddin, who at 35 is the only suspect identified as over 30, had three children and no job, but drove an emerald Lexus.

"If you don't have bad habits, money can accumulate — that's what he told me," said Akin Salau, a neighbor.

Mr. Salau and other neighbors said Mr. Uddin moved into an apartment in a brick row house in the Stoke Newington neighborhood of London six months ago. Mr. Salau said he and Mr. Uddin went to pray every day at a nearby mosque, just a few doors from a synagogue. Mr. Uddin and his wife also traded off taking their children to the Muslim community center for Islamic classes after regular school, he said.

"He is very passionate about Islam," Mr. Salau said. Nevertheless, he added, he never heard that enthusiasm expressed as fanaticism or hatred.

Another neighbor, Sam Mason, a teacher who regularly chatted with Mr. Uddin, said: "I'm really taken aback. I mean, what does a terrorist look like? It's like, what does a pedophile look like? They look like everybody else, and he was really nice."

The New Age Of Terror (NW)

By Evan Thomas

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - Have we learned anything since 9/11? President George W. Bush has apparently learned not to overreact. In the panicky days after the September 11 attacks, the president wanted to see any scrap of information, no matter how thinly sourced. As a result, raw and unfiltered intelligence gushed into the Oval Office. A few weeks after 9/11, for instance, authorities in Pennsylvania received a frightening tip from an FBI office overseas: terrorists had a nuclear device on a train somewhere between Pittsburgh and Philadelphia. The report went straight to the White House, where the president was anxiously consuming threat traffic like a midlevel CIA analyst. The information, while terrifying, turned out to be bogus. Within a day it had been traced back to a conversation between two men overheard at a urinal in Ukraine.

Characteristically, some time later, Bush made a mordant joke of the scare. "Is this another Ukrainian urinal incident?" he would sarcastically inquire when some alarming but shaky intelligence came across his desk. His briefers learned to screen out the more lurid but unchecked tidbits, like the "poison pen" or "jilted-lover letters" that sometimes arrive at the FBI to falsely accuse a former spouse or boyfriend of conspiring with terrorists. Bush now "trusts his team" to weed out such "speculative" intelligence, said a senior Bush aide. The aide, who declined to be identified discussing the president's state of mind, implied, perhaps without meaning to, that earlier in his administration the president was warier of intelligence advisers.

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Though Bush can still probe the minutiae in intelligence briefings ("He's like a street cop," says Rep. Peter King, chairman of the Homeland Security Committee in the House), the president took a fairly hands-off approach to the biggest terror investigation since 9/11. Over the past several months, although British intelligence was closely tracking a plot to blow up as many as 10 airliners headed toward the United States from Britain, Bush was kept only loosely in the loop. At a briefing on Aug. 3, "he was basically told, 'This is happening and you should know about it, but we don't have a lot of details yet'," said a senior White House aide who asked to remain anonymous discussing intelligence briefings. The next day, the president was given a fuller picture. On Sunday, Aug. 6, Bush spent 45 minutes talking to British Prime Minister Tony Blair about timing—when to alert the airlines?—but he was informed of the impending arrests only as they were about to happen. At the time, he was at his Texas ranch, building a dock on the lake and riding his bike. While British intel was closing in on the alleged plotters, Bush was egging his junior aides to join the "100 Degree Club," an annual run in the scorching heat. Bush, who has quit jogging because of bad knees, rides a bike around his panting staffers, shouting, "Keep going! You can do it!"

Five years after 9/11, the president's advisers say they have learned a great deal about how to fight a war on terror, and they are no doubt correct. Bush was right to step back and to let his intelligence officials do their jobs. Before 9/11, America and its allies had few, if any, spies capable of penetrating jihadist cells. Although U.S. officials knocked down press reports that the Brits were able to plant a "mole" inside the plot, they do say that British intelligence had help—presumably one tip and maybe more—from Britain's large and disaffected Muslim community. And although rival intelligence agencies at home and abroad still sometimes squabble and spar (and deny and deceive), they also cooperate better than they did before Al Qaeda became a truly global menace. "Everything flowed and worked as it needed to," said the senior Bush aide. "That's what made this a seamless operation, from start to finish."

Unfortunately, the enemy has also learned much in this new age of terror. Their radical mullahs have taken advantage of what was arguably the Bush administration's most egregious overreaction to 9/11—the invasion of Iraq—by painting the United States as a vicious oppressor and murderer of Muslims. They believe that time is on their side. No matter how often their enemies capture a "high-value target"—a top Qaeda leader—a new one seems to emerge as the shadowy terror network metastasizes. It is unclear if a Qaeda Central, a hierarchal command structure, still exerts authority, but it may not matter: with the Internet and fanatical inspiration, Al Qaeda can morph and spread. The new jihadists learn from the experiments and mistakes of their predecessors. The most recent bombing plot was, in a sense, a victory for the West in the struggle against radical Islam. A plot was foiled. But a look back at recent history shows how the terrorists can turn old plots into new ones. Back before there was a war on terror, U.S. intelligence officials could not imagine the scale of what they now face. Steven Simon was a White House national-security official who went around the world meeting with counterterror operatives in other countries, or "fingernail pullers," as he jokingly called them. He was in the Philippines in the fall of 1994, chatting with some embassy officials, when he became intrigued by the strange case of a Philippine Airlines flight to Japan that had been the target of a terrorist bomb over the Pacific. The pilot had been able to land the damaged plane, but a Japanese businessman had been blown in half by the bomb planted under his seat. Law-enforcement officials couldn't figure out a motive. The businessman didn't seem to be the target of an assassination. Only later did Simon realize that the explosion was a test run for something much more ambitious and horrible, and that the businessman was only the first casualty of what the terrorists hoped would be a steep butcher's bill.

The plot was called Operation Bojinka, and its goal was nothing less than the midair destruction of a dozen airliners over the Pacific. The plan was fiendishly complex. The terrorists would fashion bombs out of liquid explosives, place them under the seats of the planes, set timers and then get off the planes at scheduled stopovers. Bad luck intervened: a kitchen fire in a Manila apartment led the police to discover the terrorists mixing explosives. The Filipinos extracted confessions, and that seemed to be the end of such an outlandish plot. Only, as the world just learned in London and Pakistan, it wasn't.

Al Qaeda and the Islamic jihadists spawned by radical Islam are nothing if not determined and patient. Struggles against the infidel are never-ending; to them a 12th-century crusade was only yesterday. "They are a persistent bunch," said Simon, who is now a consultant and author of a book called "The Next Attack." "They just keep coming at you when they have a good idea." Simon ticked off the list. In early 2000, Al Qaeda wanted to attack a U.S. destroyer in the port of Aden, Yemen, but the skiff filled with explosives was overloaded and sank. So a few months later the terrorists found a more seaworthy boat and blew a hole in the side of the USS Cole that nearly sank the warship. Radical Islamists wanted to bring down the World Trade Center, but the

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explosives used in a truck bomb in the February 1993 attack were not powerful enough. Some eight years later the terrorists returned in a pair of hijacked jetliners.

For the planned sequel to Operation Bojinka, the terrorists had learned and evolved. No longer was it necessary for the bombers to get off the plane. The Islamists had apparently found a squad of would-be martyrs who would board planes in groups of two or three, each carrying ingredients for the liquid bombs—ingredients that could be drawn from nail-polish remover and concentrated peroxide, usually undetectable by airport screening devices—as well as a simple electrical device, like a music player, to use as a detonator. The jihadists' willingness to die "simplifies their planning," noted Simon. There seems to be a limitless supply of volunteers. Judging from the 24 arrests made by British police in connection with the latest plot, they are sometimes polite young men who live in tidy middle-class houses in the lace-curtain suburbs of London. (Under the British legal system, the men can be held for questioning for up to a month before they must be charged; one man was released a few days after the arrests.)

For the moment, at least, it appears that Osama bin Laden has been thwarted in his relentless desire to stage an even grander spectacular than 9/11. But no one can doubt that he, or his successors and many imitators and acolytes, will try again and keep on trying until they succeed. Their ideology may date from the seventh century, but the jihadists, especially bin Laden's sinister No. 2, Ayman al-Zawahiri, are eager to get control of 21st-century weapons of mass destruction. Five years after 9/11, Al Qaeda's top leaders may have been killed, captured or driven into the caves of Pakistan and Afghanistan, but they still exercise a powerful pull. Bush has made a personal mission of bringing democracy to the tortured Middle East, and his policies may one day succeed. But America's sometimes heavy-handed attempt to stomp out the terrorists with military force has reaped a whirlwind of anti-American hatred in the Middle East and turned Iraq into a terrorist training ground.

As Americans stood in newly long lines at airports, wondering if they would ever again be able to carry a tube of toothpaste or hair gel in their carry-on bags, there was a feeling of helplessness, a return of the persistent low-grade anxiety that had lingered for months and years after 9/11. Bush tried to reassure Americans that they are safer than they were before the attacks. At the same time, his vice president, Dick Cheney, darkly warned that the Connecticut primary victory of antiwar candidate Ned Lamont over Sen. Joseph Lieberman would only encourage "Al Qaeda types." (Interviewed by NEWSWEEK, former Homeland Security secretary Tom Ridge bridled at his former colleague's remark: "That may be the way the vice president sees it," he said, "but I don't see it that way, and I don't think most Americans see it that way.")

White House aides insisted that Cheney was not trying to exploit the latest terror plot for political advantage. They claimed that at the time he spoke, he was unaware that arrests were imminent. Even so, these officials were somewhat hard put to explain why the normally press-shy Cheney volunteered to talk to wire reporters and offer his analysis on the national-security implications of a Lamont victory.

Bush got a slight boost from the thwarted terror plot. In the new NEWSWEEK Poll, 55 percent said they approved of the president's handling of terrorism, up from 44 percent in May. But the terrorism issue doesn't seem to be helping Republicans as much as it has in past elections. In August 2002, the voters said they trusted the GOP more than the Democrats to handle terrorism at home and abroad by a whopping 25-point margin (51 percent to 26 percent). Now the GOP is preferred by just five points. Overall, half of Americans think they are safer from terrorism than before 9/11. A majority (63 percent) continue to believe that the Iraq war has not made them safer from the terrorist threat.

The war on terror has been consistently plagued by politics. It was political pressure from Congress (ironically, led by Lieberman) that forced Bush to reverse his initial reluctance and go along with the creation of a Department of Homeland Security that has turned out to be bloated and unwieldy. Secretary Ridge's panicky color-coded alerts and his aides' appeals to stock up on duct tape (to seal windows from chemical attack) became fodder for late-night comics. More seriously, congressional pork-barrel politics made a mockery of spending on homeland security. While cutting funding for obvious targets like Washington and New York, lawmakers have freely spent to defend tiny towns in North Dakota from chem-bio attacks and pay for a defibrillator for a high school in Lake County, Tenn. (The mayor said that it would be good to have one on site for the district basketball tournament.)

To an important degree, however, intelligence services around the world have managed to rise above local politics. They share the bond of fellow spooks (sometimes greased with cash: intelligence officers, particularly in the developing world, are

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often on the CIA payroll). The CIA relies heavily on so-called liaison relationships. Jordanian intelligence, for instance, is more likely to penetrate a terror cell than the CIA. American intelligence services still suffer from a dearth of Arabic speakers. At the FBI, surveillance tapes have sat for weeks before a translator can get to them. But the CIA has received secret help from some surprising sources—even the Syrian Mukhabarat has chipped in morsels of useful intel from time to time. American intelligence has been able to count on help from the security services of countries, like France and Germany, whose leaders publicly scorn the Bush administration.

The Brits have long prided themselves on divining the mysteries of the Middle East. From imperial days, the Brits have long experience operating in the casbahs and souks. In Pakistan, where the local intelligence service is said to remember and still resent British rule, the American CIA has played the role of go-between.

Thanks to the so-called special relationship, British and U.S. intelligence generally mean to get along and cooperate. This is not to say, however, that the Brits and Americans are one big happy family across the pond. For a time after 9/11, American intelligence officials privately but bitterly criticized British intelligence for taking a lax approach to Islamic instigators stirring up local mosques. The British, in turn, blamed the Americans for not giving timely access to an informant who had information that might have disrupted the July 7 subway bombings of last year. British intelligence is often frustrated by the tendency of their gabby American allies to play politics and leak to the press. In the summer of 2004, shortly after the Democrats nominated Sen. John Kerry at a flag-waving convention, the Bush administration let it be known that the CIA and Pakistani intelligence had uncovered a Qaeda summit meeting where, the officials believed, the jihadists had been plotting against financial targets, including the World Bank, inside the United States. The Brits were forced to hastily—and, they complained, prematurely—round up a group of Islamic militants who were plotting to attack targets in the U.K. Since then, according to high-ranking intelligence sources who insisted on anonymity for diplomatic reasons, British operatives have been more reluctant to share secrets with their American counterparts.

It is a myth, of course, that the British intelligence services (M.I.6, which handles foreign intelligence, and M.I.5, which covers the home front) operate with the cool smoothness of James Bond. The Brits have been embarrassed by a series of intelligence bungles. Most recently, police shot a man while busting a house where, the spooks believed, a cyanide bomb was being made. It turned out that a suspect was charged with having child porn on his computer, but nothing relating to terrorism.

Nonetheless, there is no question that British intelligence performed capably in rolling up the plot to bomb the airliners. The Brits had been tracking the suspected plotters for more than a year, according to U.S. and British counterterrorism officials who declined to be identified discussing a classified investigation. It is not clear just how the Brits got wind of the plot, though there are strong suggestions that some tipsters inside the Muslim community were talking to the cops.

Generally speaking, intelligence services prefer to watch their targets, to allow plots to spin along for as long as possible before closing in to make arrests. Moving too soon can blow the chance to get deeply inside a terror network. While the little fish may fall into the net, the big ones get away. So for many months, British intelligence watched and waited.

A series of events in Britain and Pakistan forced their hand. The alleged plotters apparently began to explore the purchase of airplane tickets, possibly for a dry run. It is standard Qaeda practice to carefully rehearse and scope out targets. The 9/11 hijackers are believed to have taken a cross-country test run before the actual attacks. The suspects who were being closely monitored by British intelligence began going on the Internet to check out flights to the United States. "There was a focus on the month of August," said one senior U.S. official. At least three U.S. airlines were targeted: Continental, American and United. All have regular nonstop flights from airports in Britain to the United States. According to some reports, the suspects had already acquired the chemical ingredients to make liquid explosives. TATP bombs can be created by mixing solvents like nail-polish remover with concentrated peroxide. The potion, sometimes called "Mother of Satan" by Islamic extremists because of its deadly power, can be blended into a bottle to look just like a sports drink. The threat from liquid explosives is hardly new. The Islamicists plotting Operation Bojinka were planning on using them back in 1995, and terrorist bombers routinely employ TATP to make suicide bombs today. For years, experts have warned that airport security needs to be tightened to detect liquid explosives, but nothing has been done. Security tends to fight the last war—to be on the lookout for knives or guns or the box cutters used by the 9/11 hijackers, or to spot the fuses protruding from the soles of Richard Reid's shoes. In what may be a controversial decision, U.S. and British intelligence officials decided not to give early warning to the airlines of a brewing plot to blow up planes with

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liquid explosives. The officials feared that if airport security suddenly started checking baby bottles and banning toothpaste and hair gel, the alleged plotters would be tipped off that the government was on to them.

Investigators knew they were dealing with a suicide mission. They intercepted a "martyrdom video" of one of the suspects, according to a law-enforcement official who would not go into the details for fear of compromising the investigation. Suicide bombers routinely make their last will and testament to a camera before heading off to rendezvous with their maker.

Alarm bells went off louder when British intelligence discovered that one of the alleged plotters worked in security at Heathrow airport, the major hub outside London, and possessed a badge that would allow him entree into any part of the terminal. (One of the suspects arrested was identified as Amin Tariq, a tall, unshaven young man who, according to neighbors, worked at Heathrow.)

The immediate trigger for the massive bust was the arrest of a key player in Pakistan, a British national named Rashid Rauf. Wanted for questioning in Britain about the murder of his uncle in 2002, Rauf was described by intelligence officials as a ringleader of the plot, though perhaps not the only one. It is not clear just why the Pakistanis picked up Rauf. The British grumbled, as they often do, that the Pakistanis moved too soon. An intel report, described on a background basis to NEWSWEEK, identifies Rauf's brother, Tayib, as the leader of the plot in Britain. Tayib, whose family runs a cake and candy business that may, some investigators believe, be a front organization, may have had ties to one of a group of bombers who tried and failed to blow up subways and buses in a "second wave" attack after last July's British subway bombings (the explosives fizzled). According to a Pakistani official who declined to be identified discussing the investigation, Rauf quickly broke under interrogation. The questioning was probably not gentle; Pakistani security is known for its severe methods. There were reports that as Rauf was arrested, someone connected with Rauf may have tried to warn confederates back in Britain, maybe even order them to begin the operation. An intel official, who would not publicly discuss highly sensitive intelligence intercepts, told NEWSWEEK that a message was picked up from Rauf's cohort warning the other alleged plotters of his arrest—and urging them to proceed with the attacks. But in any case, his arrest apparently moved the Brits to swoop in on a number of houses around London and in the British Midlands starting the evening of Aug. 9. Eager to avoid another clumsy confrontation and shooting, police in London went in unarmed. (Authorities were also investigating whether Matiur Rehman, a militant believed to be close to Al Qaeda in Pakistan, was linked to the plot.)

There are always fears that a conspirator will drop out of sight before the net can be closed. At one point, according to two officials who declined to be identified discussing intelligence matters, one of the suspects was briefly "lost" by M.I.5. The alarm passed; the Brits found the man. But uneasiness over the possibility of second-wave attacks lingered on—and may for weeks or months. Days after the arrests, there were still chaotic scenes of travelers waiting in endless security lines to have their toiletries checked or sniffed by dogs. Passengers will have to learn to check their contact-lens cases, hair gels and face creams, and to not carry water bottles or other drinks; in Britain, they will have to live without their laptops and iPods on the crowded (and no doubt tenser) flights of the future.

U.S. intelligence seems to have played only a minor role in the takedown of the plot. There was a surge in eavesdropping requests to the secret intelligence court that approves wiretaps, according to a source who, like all intelligence officials, wished to remain anonymous discussing sensitive matters. The FBI and DHS kept looking for a link to the United States but found none, according to a senior law-enforcement official. Intelligence officials hinted that the Bush administration's secret warrantless surveillance operation was brought into play—"we used all the tools in the toolbox," said one. It may be that the NSA, the supersecret electronic spy agency, listened in on calls between Pakistan and Britain that were routed through the switching stations of American phone companies.

It seems that no one got in the way or held back information, which passes as progress in the clannish, suspicious world of intelligence. "This shows how we're better equipped to fight the enemy now," Fran Fragos Townsend, the White House homeland-security adviser, told NEWSWEEK. "We're seeing levels of cooperation between the FBI, CIA and the NSA we didn't see before. Nobody was trying to hide the ball." Outside experts and former officials remain skeptical. They say that although the agencies have tried harder to share secrets after 9/11, well-intentioned intelligence reform has just created new layers of bureaucracy. It is unclear whether the new National Counterterrorism Center is working to coordinate between the various agencies. The FBI and CIA and military intelligence still keep secrets to themselves. There has been some improvement in the

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age-old rivalry between the CIA and FBI. But old ways die hard. From time to time the FBI wants to "run" an informant overseas. The CIA has been eager to protect its own turf with a little bit of devious disinformation. CIA officials

Western intelligence has improved since 9/11. The question is whether the enemy has learned faster. Killing or capturing top Qaeda operatives like Khalid Shaikh Mohammed hasn't stopped Al Qaeda from reinventing itself. "I find it very troubling that it looks like the old Al Qaeda," said Richard Clarke, the former counterterror chief who served under President Bill Clinton, and, briefly, under President Bush. "This is not good news. It means that Al Qaeda is still around." The group seems to be able to replicate and multiply. "This is whack-a-mole," said Clarke. "It's almost to the point where for everyone we kill and capture, they grow three."

British and American intelligence officials seem unsure about the degree to which the New Al Qaeda is working for, or tied to, the Old Al Qaeda. Bin Laden's number two, al-Zawahiri, still sends videotapes from his hideout, somewhere in the no man's land of northwest Pakistan, exhorting and instructing. But does he also pass operational orders, perhaps via courier? (Al Qaeda long ago stopped using cell phones that could be traced.) Intelligence officials were especially curious about the apparent leader of the airplane bomb plot, Rashid Rauf, who kept changing his phone and credit cards and dipping into Internet cafés as he was trailed by Pakistani security in recent weeks.

The good news for Western intelligence is that an expanding and diversifying Al Qaeda may be easier for a spy to penetrate than the more tribal, insular Al Qaeda hierarchy of the late '90s. After all, whether or not the Brits had a mole inside the airline bomb plot, they were able to bug and track the plotters. There is some evidence as well that the new recruits lack the élan and skill of, say, the 9/11 hijackers. The jihadists who tried to hit the London subways two weeks after the 7/7 bombers last summer were unable to build bombs that detonated. derided the FBI's informant as unreliable, untrustworthy, a bad risk not worth the effort. It turn

Of course, Iraq continues to be not only a recruiting ground but also a training base for future terrorists. The young jihadists are learning how to use weapons, make bombs and, just as important, not fear the enemy. The "shock and awe" of the American invasion has long since worn off. A U.S. intelligence official in Baghdad, who talked to NEWSWEEK anonymously because he is barred from speaking to the press on sensitive matters, said: "When we first rolled in here, we weren't even human, they were [so] scared of us. But now they realize there's nothing special about [U.S. forces]—they're just human." Overnight, said this official, "we tripled the size of Al Qaeda" while radicalizing the Muslim world. "Let's say that 90 percent of world sympathy was with us back then [9/11]. When we crossed the border, there was another great pause, then a transfer of sympathy, and those that were on the fence jumped over. The entire Islamic world took a step to the right." This official has reluctantly concluded that the United States has to quicken the transfer of power to the Iraqis and leave the country, a move he said would lead to a massive spike in violence.ed out that CIA officials were running the informant themselves.

But it would be a mistake to complacently assume that radical Islam will not find a few recruits among American Muslims. Jessica Stern, a lecturer on terrorism at Harvard, warns of the creation of a "Muslim Timothy McVeigh." The Oklahoma City bomber went from alienated teenager to lethal terrorist after serving in the Army and seeing action in the first gulf war. Young Muslim men are joining the American Army and being sent to fight in Iraq, where they see "horrible things," said Stern—Islamic citizens killed in fire fights or rarely but occasionally abused by American soldiers. These soldiers get weapons training and a dose of military discipline, and, like soldiers of all stripes, they sometimes return home traumatized. John Muhammad, an African-American who converted to Islam and later became the Washington, D.C., sniper, fits this description. "I'd be surprised if it doesn't happen again," said Stern.

The greatest fear of American intelligence officials is that radical jihadists will get a nuclear weapon and smuggle it into an American port. There is no available technology that can guarantee security against such an attack. In 2002, when the container ship Palermo Senator docked in Newark, N.J., detectors picked up what seemed to be traces of nuclear material. The container turned out to hold some ceramic pots. "Problem is," said Pat D'Amuro, who was in charge of counterterrorism at the FBI and is now CEO of Giuliani Security and Safety, "by the time the ship docks, it's too late. You need to be able to detect the threat before it leaves the port of origin."

The jihadists don't need a nuke to pull off a 9/11-type horror show. A suicide bomber normally carries a few pounds of explosive to murder the people around him. But on an airplane, a few ounces could kill hundreds. Richard Reid was carrying a

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mere 60 grams of explosive material in the heel of his shoe. Had he been able to light a match and hold it steady, he would have brought down a jumbo jet with more than 300 passengers. Jimmie Oxley, a professor of chemistry and an explosives expert at the University of Rhode Island, explained what happens when a bomb fashioned from a juice bottle full of liquid explosives rips through the aluminum skin of an airliner. It wouldn't be all that dramatic, at first. "I'm not sure there would be much of a fireball," she told NEWSWEEK. "The visual effect would not be large. You'd get a depressurizing of the cabin, but I don't think people would initially get sucked out like you see in the movies."

Instead, the small hole would gradually grow larger, tearing at the structure of the plane, until the airframe itself became unstable and started to break apart. The whole process would begin slowly, then catastrophically accelerate. You wouldn't want to be there.

The View From The Top (NW)

By Michael Gerson

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - Five Washington Augusts ago, for me, is not just a different time; it is a distant country. At the White House, we debated the nuances of stem-cell research. The president delivered a speech to the Veterans of Foreign Wars without the need to mention any foreign wars. Americans obsessed on the mysterious affair of Chandra Levy. A spate of shark attacks was headline news.

Everything we saw took us further from the reality we could not see. Five Augusts ago, hijackers in Florida trained in gyms, bought small knives and practiced flying in rented aircraft. In Afghanistan, Osama bin Laden and Taliban leaders argued about targets and strategy, until bin Laden gave his final orders. Nineteen tickets were booked and purchased, and leftover funds were wired frugally back to Al Qaeda. "And then," as President Bush said, "there came a day of fire."

On Tuesday, September 11, 2001, while the president was on the road in Florida, I was working at home on a never-delivered speech announcing a long-forgotten initiative called Communities of Character. Warned by my deputy about the first attack, I headed by car toward the White House, neared the Pentagon and saw a plane in abnormally low descent—so low I could see the windows. Turned around by the police on the highway and sent home, I was finally able to call my evacuated staff at (of all places) the D.C. offices of Chrysler. Then came the first speech to the nation, with too much sentiment, not enough resolve and the president stiff and small. On Friday, a quiet motorcade in the rain to the National Cathedral; and the president filling his office completely; and the whole of official Washington singing, "Glory, glory, hallelujah. His truth is marching on." Starting in those days, I felt not merely part of an administration, but part of a story; a noble story, but with a happy ending by no means assured.

From those events, President Bush drew a fixed conclusion: as long as the Middle East remains a bitter and backward mess, America will not be secure. Dictators in that region survive by finding scapegoats for their failures—feeding conspiracy theories about Americans and Jews—and use religious groups to destroy reformers and democrats. Oil money strengthens elites, buys rockets, funds research into weapons of mass destruction, builds radical schools across Africa and Asia and finds its way to terrorist organizations. Terrorist organizers exploit the humiliated and hopeless—channeling their search for meaning into acts of murder—and plot, as London 2006 proves, to surpass the mad ambitions of 9/11.

In the traditional diplomatic view, this chaos can be contained through the skillful management of "favorable" dictators. But what if the status quo in the Middle East that produced Muhammad Atta and his friends and successors cannot be contained, or boxed up, or bought off? What if the false and shallow stability of tyranny is actually producing people and movements that make the whole world less stable? And what if the problem is getting dramatically worse as the technology of weapons of mass destruction becomes more democratically distributed? On this theory, President Bush set out a series of policy changes from the weeks after 9/11 to his second Inaugural in 2005. Threats would be confronted before they arrive, the sponsors of terror would be held equally accountable for terrorist murders and America would promote democracy as an alternative to Islamic fascism, the exploitation of religion to impose a violent political utopia. Every element of the Bush doctrine was directed toward a vision: a reformed Middle East that joins the world instead of resenting and assaulting it.

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That vision has been tested on nearly every front, by Katyusha rockets in Haifa, car bombs in Baghdad and a crackdown on dissent in Cairo. Condoleezza Rice calls this the "birth pangs" of a new Middle East, and it is a complicated birth. As this violent global conflict proceeds, and its length and costs become more obvious, Americans should keep a few things in mind.

First, the nation may be tired, but history doesn't care. It is not fair that the challenge of Iran is rising with Iraq, bloody and unresolved. But, as President Kennedy used to say, "Life is not fair."

Behind all the chaos and death in Lebanon and northern Israel, Iran is the main cause of worry in the West Wing—the crisis with the highest stakes. Its government shows every sign of grand regional ambitions, pulling together an anti-American alliance composed of Syria, terrorist groups like Hizbullah and Hamas, and proxies in Iraq and Afghanistan. And despite other disagreements, all the factions in Iran—conservative, ultraconservative and "let's usher in the apocalypse" fanatics—seem united in a nuclear nationalism.

Some commentators say that America is too exhausted to confront this threat. But presidential decisions on national security are not primarily made by the divination of public sentiments; they are made by the determination of national interests. And the low blood-sugar level of pundits counts not at all. Here the choice is not easy, but it is simple: can America (and other nations) accept a nuclear Iran? In foreign-policy circles, it is sometimes claimed that past nuclear proliferation—say, to India or Pakistan—has been less destabilizing than predicted. In the case of Iran, this is wishful thinking. A nuclear Iran would mean a nuclear Middle East, as traditional rivals like Saudi Arabia, Egypt and Turkey feel pressured to join the club, giving every regional conflict nuclear overtones. A nuclear Iran would also give terrorist groups something they have previously lacked and desperately want: a great-power sponsor. Over time, this is the surest way to put catastrophic technology into the hands of a murderous few. All options have dangers and drawbacks. But inaction might bring the harshest verdict of history: they knew much, and they did nothing. The war in Iraq, without doubt, complicates our approach to Iran. It has stretched the Army and lowered our reservoir of credibility on WMD intelligence. But Iran's destabilizing nuclear ambitions are not a guarded secret; they are an announced strategy. If the lesson drawn from Iraq is that the world is too unknowable and complicated for America to act in its interests, we will pay a terrible price down the road.

As these events unfold, our country will need a better way of doing business, a new compact between citizens and their government. Americans have every right to expect competence and honesty about risks and mistakes and failures. Yet Americans, in turn, must understand that in a war where deception is the weapon and goal of the enemy, every mistake is not a lie; every failure is not a conspiracy. And the worst failure would be a timid foreign policy that allows terrible threats to emerge.

There are still many steps of diplomacy, engagement and sanctions between today and a decision about military conflict with Iran—and there may yet be a peaceful solution. But in this diplomatic dance, America should not mirror the infinite patience of Europe. There must be someone in the world capable of drawing a line—someone who says, "This much and no further." At some point, those who decide on aggression must pay a price, or aggression will be universal. If American "cowboy diplomacy" did not exist, it would be necessary to invent it.

A second point: the promotion of democracy in the Middle East is messy, difficult, but no one has a better idea. There is no question that democratic societies are more likely to respect human rights, less susceptible to ideological extremism, more respectful of neighboring countries, more easily trusted with nuclear technology.

Yet the democracy agenda is under heavy questioning. Some critics—who might be called soft realists—concede the spread of democracy is desirable. It is just not possible. They argue that democratic governments require democratic cultures, which develop over centuries, and have never developed at all in the Arab Middle East.

Realism, however, is not always identical to pessimism. Arab societies, in fact, have strong traditions of private association, private property and a contractual relationship between ruler and ruled. It is not realism to ignore unprecedented elections in Afghanistan and Iraq and serious reforms elsewhere. The past half century has shown that the cultural obstacles to democracy are less formidable than many predicted, from Roman Catholic Southern Europe to Orthodox Eastern Europe to Confucian Asia. Our times provide strong evidence that liberty improves life and that people in many cultures eventually prefer liberty to slavery. And Americans, of all people, should not be surprised or embarrassed when our deepest beliefs turn out to be true.

Other critics of the democracy agenda—what might be called hard realists—think democracy in the Middle East may be possible, but it is not desirable because elections are likely to bring anti-American radicals like Hamas to power. It is certainly

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true that democracy means more than voting. Successful democracies eventually require the rule of law, the protection of minorities, the defeat of corruption, a free press, religious liberty and open economies. Any democracy agenda worthy of the name will promote all these things. But it is something else to claim that democracy itself is a threat in the Middle East because dictatorships are more stable. This duplicates the argument of the dictators themselves: it is us or the Islamists ... the junta or the jihad. But the choice is false. Political oppression in nations like Egypt has increased the standing and appeal of radicals and forced all opposition into the mosque, while state media continues to provide a steady supply of anti-Semitism and anti-Americanism. The real choice to be made in the Middle East is between radicals and democrats; both groups have been emboldened by the events of the last five years. We may have limited time to take the side of democratic forces—not merely as an act of altruism, but as an act of self-defense. Five Augusts from 9/11, in a summer of new fears, in a war on terror that has lasted longer than World War II, public weariness is understandable. And that exhaustion is increasingly reflected in our politics. In a conservative backlash against the president's democratic idealism. In a liberal backlash that has moved from the fringes to the mainstream of the Democratic Party. Ned Lamont, in his primary victory over Sen. Joe Lieberman, summed up the case this way: "We are going to get our troops out of Iraq ... we're going to start investing in our own country again." Lamontism—the elevation of flinching to a foreign policy—is McGovernism, and a long way from "bear any burden, pay any price."

But these political conflicts seem pale and puny in comparison with the broader civilizational conflict that engages us—a reality we cannot claim we do not see. Our enemies set out their goal with neon clarity. To kill, as intended in the London plot, as many as their technology allows. To seek technologies that will make radical Islam a global power, allowing new killing on an unimagined scale. The response of many Americans to all of this is ... up in the air. And, unfortunately, the demands of history may just be beginning, requiring more engagement, more sacrifice, more promotion of democracy, more foreign assistance to raise failed states where dangers gather. Setting out this case will fall to presidents of both parties, in calm and crisis—and making it will always be difficult in a weary hour. But necessity, in the end, makes a stronger argument than the finest rhetoric. And from London to Lebanon, history is proving that peace is not a natural state; it is achieved by a struggle of uncertain duration. In that struggle, the cynical, the world-weary, the risk-averse will not inherit the earth.

Such Lovely Lads (TIME)

By Michael Elliott

Time, August 14, 2006

The neighbors' tales had a depressingly familiar ring. One arrested man was "as good as gold, a normal lad"; another was a "nice guy" who liked to play soccer in the local park; a third, said someone who lived nearby, was "a very caring boy" who, on learning that her dog had died, said, "If you need me, I'm there for you."

Sweet. But if British authorities are right, those three nice lads and others were involved in a plot to blow airliners traveling from Britain to the U.S. out of the sky. The British last week arrested 24 suspects, one of whom was later released. Most of them were from London, although six were arrested in High Wycombe, a market town between London and Oxford, and two in the city of Birmingham, in the British Midlands. A British official says the group had been monitored for more than a year and intended to use ostensibly innocuous liquids to construct bombs that would then be detonated in flight by disguised iPods and other devices. The British authorities believe that if the group had attempted to carry out the plot, it probably would have been successful.

The dimensions of the plot and similarities to other atrocities in the past two decades strongly suggest that the homegrown jihadists were not acting alone. "There is an al-Qaeda link," says the British official. A possible connection may be Rashid Rauf, a Briton of Pakistani descent who left for Pakistan a few years ago, after the murder of his uncle. Rauf, whose brother Tayib was one of those arrested in Birmingham, was detained in Pakistan before the police raids in Britain. Rashid Rauf's arrest was one of the factors that precipitated the decision by the British authorities to roll up the network, on the assumption that news of his detention would soon leak to Britain. Pakistan's Interior Secretary Syed Kamal Shah told TIME that Rauf has ties to al-Qaeda. "He is the key man, a very important man," says Shah. Pakistani sources say more than 20 people have been arrested there in connection with the plane plot, some of them apparently connected to Lashkar-e-Jhangvi, a fanatic Islamic militant group that is thought to have been responsible for a suicide bombing at the U.S. consulate in Karachi in 2002 and the murder of U.S. journalist

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Daniel Pearl that year. A Pakistani official says Rauf--possibly with others--had been "visiting the same places and people" in Pakistan as two of the suicide bombers in last year's attacks on the London subway.

The path that radical British Muslims take between their suburban homes and Pakistan is by now as depressingly familiar as tales of those radicals' good nature. But it is of vital importance to understanding why Britain has become a key location for international terrorist activity. There are 745,000 people of Pakistani origin living in Britain, and no other nation in the developed world has to deal with the same flow of extremist information and ideologies that is transmitted into Britain, one way or another, from radicals based in Pakistan. "The big problem for the British," says a French official, "is not only the size of their mostly Pakistani Muslim population but also that those Muslims communicate better and more comfortably with people and places back in Pakistan than they do with many elements of British society."

Extremist ideas from Pakistan would not take root in Britain if the ground there was not fertile. Sadly, it is. Although the British Muslim community, 1.6 million strong, is not the largest in Europe, it plays host, says French terrorism analyst Roland Jacquard, to "arguably the largest number of radicalized young men." Polls bear out that conclusion. In a survey for Britain's Channel 4 this year, no less than 22% of Muslims agreed with the proposition that the subway bombings were justified because of "British support for the war on terror." Those under 24 were twice as likely to excuse the attacks as those over 45. A recent Pew study found that 15% of British Muslims identify themselves with fundamentalists. And among those British Muslims surveyed, a remarkable 81%--a percentage higher than that for Muslims not just in France and Germany but also in Egypt and Jordan--said they thought of themselves as Muslims first and citizens of their native country second.

Why is Britain's Muslim community seemingly so susceptible to radical ideas? Some of the pat explanations of a few years ago have had to be discarded. The well-known radical mosques that were at the center of "Londonistan" in the 1990s have had their wings clipped; as the investigations into the subway bombings showed, most young radicals don't get their ideas from mosques at all. They gather in youth clubs, gyms, bookstores or simply in someone's back room. (In a poll released in September by the Federation of Student Islamic Societies, only 2% of British Muslims said the mosque was their primary source of religious knowledge; 31% cited books, pamphlets, websites and videos.) Nor can it be easily argued that social deprivation or ethnic discrimination breeds radicalism; many of those arrested last week were from middle-class homes--the sort that send their children to university--in standard British multicultural neighborhoods, where Muslims, white Britons and more recent immigrants from Eastern Europe live together.

Plainly, for some devout Muslims, modern Britain--an almost crazily nondeferential, undisciplined, messy society--is an unappealing place. In the Channel 4 poll, 35% said they preferred to have Muslim neighbors, and 28% thought British society does not treat women with respect. Of those ages 18 to 24, 1 in 3 said they would like to live under Shari'a law. At the same time, a series of high-profile cases have soured relations between the police and some in the community. Many Muslims interviewed this week brought up, unprompted, Forest Gate, referring to a police raid on a house in that East London neighborhood that led in June to one Muslim's being shot in the shoulder, although nothing was found that led to terrorism-related charges. "I haven't trusted the police for a long time," said Zee, a law student coming out of a mosque in Walthamstow last Friday. "I didn't even trust them before the Forest Gate raid. Just because we're Muslims, we're being targeted."

And then there is the foreign policy of Tony Blair's government and its support for the Bush Administration in Afghanistan, Iraq and the Middle East. That too shows up in polls and interviews as an explanation for growing disaffection. "One minute the British government is not letting you take iPods on a plane in case you detonate a bomb," says Beena Faridi, of Britain's Islamic Human Rights Commission. "But at the same time they're letting America fly bombs to and from Prestwick Airport [in Scotland] so that the Israelis can collectively punish Lebanon for the kidnap of these two soldiers. It seems that the government has a double standard in its value of life, and that's just going to fuel the isolation of the Muslim community." Says Faridi: "Everything is building up." Britain hasn't yet figured out how to calm it down. With reporting by Reported by Aryn Baker/ New Delhi, Theunis Bates/ Walthamstow, Jessica Carsen/ London, Jumana Farouky/ London, J.F.O. McAllister/ London, Bruce Crumley/ Paris, Ghulam Hasnain/ Karachi, Adam Smith/ Birmingham and High Wycombe

A Loophole Emerges In Yemeni Campaign Against Extremists (WSJ)

By Greg Jaffe

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The Wall Street Journal, August 14, 2006

SANA, Yemen -- The U.S. has spent millions of dollars in Yemen to help the government crack down on Islamic extremists who want to wage violent jihad against nonbelievers.

There is just one problem with the strategy: It is not clear that jihad is illegal in Yemen.

Last month a Yemeni judge, sitting on the state's special terrorism court, ruled that 19 defendants who had traveled to Iraq to kill American soldiers and fight alongside al Qaeda there had done nothing wrong. The defendants -- 14 Yemenis and five Saudis who had been caught with guns and fake Iraqi passports -- made no attempt to deny their connection to al Qaeda in Iraq. They openly praised Osama bin Laden, and bore wounds from fighting American and Iraqi troops.

Yet Judge Mohammed al-Baadani, a 40-year-old jurist with family in the U.S. and a history of handing out prison sentences to al Qaeda fighters plotting attacks in Yemen, acquitted the defendants.

His argument: "Islamic Sharia law permits jihad against occupiers" of Muslim lands.

The judge's ruling prompted an immediate appeal from Yemeni prosecutors, and it outraged senior officials at the U.S. Embassy here. "I personally raised the issue with the President of the Republic and the Ministry of the Interior," says Nabeel Khoury, the deputy chief of mission at the U.S. Embassy.

Yet Judge al-Baadani says that he couldn't have ruled any differently. Yemeni law -- a mixture of British colonial law, local ordinances and Islamic Sharia law -- is murky on the subject of when it is permissible for Yemenis to take up arms with fellow Muslims. The country also has a long history of allowing its young men to go off to fight alongside fellow Muslims battling foreign forces in places like Afghanistan, Bosnia and Chechnya. For many Yemenis, jihad against foreign occupiers is an Islamic duty.

Even prosecutors didn't charge the 19 men with any crimes related to their Iraq activities. Instead, they were charged with plotting attacks against a Western hotel in Aden and other more nebulous "Western targets."

"The prosecution showed no evidence of this plot," Judge al-Baadani says.

The controversial ruling highlights the challenge the U.S. faces in the Arab world when it comes to stanching the flow of violent jihadists into Iraq, Afghanistan and now Lebanon. An internal study, prepared by the U.S. Central Command, which oversees U.S. troops in the Middle East, estimates that about 130 foreign fighters cross into Iraq each month. Though small in number, these fighters account for some of the most horrific and divisive attacks, military officials say.

In an interview, Judge al-Baadani says he has no doubt that the 19 men he acquitted were dangerous and misguided. During the trial he scolded them for sneaking off to Iraq without the approval of the president or their parents. But, he says, no laws prohibit Yemenis from fighting Western forces in Iraq. If such laws were enacted or enforced by the courts, they would only drive more Muslims to al Qaeda, he argues. By contrast, he says that under Yemeni and Sharia law it is against the law to attack U.S. or Western targets outside of occupied lands. That reading would make last week's foiled attacks on commercial airliners flying out of London illegal.

Like most Yemeni men, the judge was dressed in a long white robe and carried a long curved dagger, called a Jambiya, which dangled from an ornately decorated belt. Outside his window a dozen Yemeni soldiers armed with AK-47 rifles and Russian-made machine guns stood guard on the roof of an adjacent building, protecting him from terrorist attack.

In addition to drawing an angry response from the U.S. Embassy, the ruling also provoked stiff criticism from the judge's family members in the U.S., Judge al-Baadani says. His nephew, who runs a small business that supplies snack foods to delis in San Francisco, phoned him as soon as he learned of the verdict.

"I thought that since the government was friendly now to America and against terrorism that they would at least get some jail time," Adnan al-Ameri, the judge's 33-year-old nephew, says he told his uncle. Although he opposes the Iraq war, Mr. al-Ameri says calls for violent jihad there are damaging and perverting Islam. Other phone calls followed from friends and relatives in Michigan and the U.K.

Judge al-Baadani says he told his nephew that his decision disappointed radicals who wanted to use the case to make martyrs of the accused and to foment hatred against the U.S. And he promised him that it would benefit the U.S. in the long run. "Throwing those men in jail would get rid of 19 bad people, but it would make enemies out of 19 million Yemenis. Which one would America choose?" he asks.

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Since the Sept. 11 terrorist attacks, Yemen has by most measures been one of the U.S.'s stronger Arab allies in the war on terror -- though its record has been marred somewhat of late by a series of embarrassing jail breaks by convicted al Qaeda fighters. In 2002, the Yemeni government signed off on an attack in which a missile fired by an unmanned CIA plane incinerated a suspected al Qaeda militant in northern Yemen. To bolster Yemen's security forces, the U.S. is spending about $8 million a year to help Yemen build a coast guard and an elite counterterrorism force.

Even Judge al-Baadani's court, established to handle high-profile terrorism cases, is a sign that Yemen wants to stamp out al Qaeda extremists within its borders. Unlike other criminal courts in Yemen, defendants aren't allowed to see sensitive evidence against them that might compromise Western or Yemeni intelligence sources. Judge al-Baadani boasts that in April he handed out five- to seven-year sentences to a cell of 14 men caught with explosives and accused of plotting attacks on U.S. targets in Yemen.

The court has also jailed several conspirators in the 2000 attack on the U.S. destroyer Cole, which killed 17 U.S. sailors, and the bombing of a French oil tanker. More recently two teenagers accused of plotting to assassinate the former U.S. ambassador to the country were sentenced to prison terms.

All those attacks were aimed at Western targets in Yemen, a country that is not currently being occupied by non-Islamic forces and where the Islamic principle of jihad doesn't apply, Judge al-Baadani says.

In the cases of Yemenis fighting in Iraq and Afghanistan, the judge ruled that the centuries-old principle of jihad is the law. Jihad, which can refer to a Muslim's personal struggle against evil, is more typically used to describe the Islamic obligation to fight nonbelievers encroaching on Muslim lands.

"It's a very tricky concept," says Mr. Khoury. "It is a part of the dogma and one cannot just deny its legitimacy."

But he says debate over its role in the modern state must be confined to mosques and universities. "States... must clarify to citizens what constitutes the legitimate use of force and what doesn't," he says. In other words, Yemen simply can't allow its citizens to take up arms whenever and against whomever they want.

When he delivered his verdict, Judge al-Baadani argued that resisting occupiers was a part of every religion. "Millions of people believe in this duty whether they are Muslim, Jew or Christian," he argued.

He says he has been "shocked" by the criticism of the verdict not just from the embassy, but from his family in the U.S.

Of late, he says he has been trying to think about the case from the perspective of his American relatives and the U.S. legal system. "According to American law, isn't it OK to fight with people of your own religion against the occupiers?" he asks. "I'd like to visit America to see how the U.S. handles this issue."

Rewriting The Geneva Conventions (NYT)

The New York Times, August 14, 2006

In January 2002, when the Bush administration created the camp at Guantánamo Bay for prisoners from the war in Afghanistan, President Bush said he would be “adhering to the spirit of the Geneva Convention” in handling the detainees.

Unfortunately, like many of the things the administration said about Guantánamo Bay, this was not true. The president did not intend to follow the Geneva Conventions, and in some vital respects, he still doesn’t, despite a Supreme Court ruling that the prisoners merit those protections.

To everyone’s relief, the White House is now working with Congress on one major violation of the conventions found by the court — the military tribunals Mr. Bush invented for Guantánamo Bay. But the president remains determined to have his way on the other big issue — how jailers treat prisoners.

He wants Congress to make the United States the first country to repudiate the language of the Geneva Conventions. The only discernible reason is to allow interrogators — intelligence agents and private contractors — to continue abusive practices plainly banned by the conventions and to make sure they cannot be held accountable.

The Bush administration objects to the clause in Common Article 3 of the Geneva Conventions that prohibits “outrages upon personal dignity, in particular, humiliating and degrading treatment.”

This standard has been followed for more than a half-century by almost 190 countries, including the United States. The War Crimes Act of 1996, passed by a Republican Congress, makes it a felony to violate the Geneva Conventions. But the Bush

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administration authorized techniques to handle and interrogate prisoners that clearly break the rules — like prolonged exposure to extreme temperatures, long periods in stress positions, strapping prisoners to metal contraptions and force-feeding them.

The rational response to the court's decision would be to ban those practices and bring America in line with the rest of the civilized world. But that's not how this administration works. It asked Congress to change the law — to amend the War Crimes Act to redefine the standards of Common Article 3.

The White House wants to apply an American legal principle, used to prohibit cruel and unusual punishment, that bars treatment that "shocks the conscience." Mr. Bush wants Americans to believe that the language in Common Article 3 is too vague and makes fighting terrorism impossible.

In fact, the Geneva standard is more specific than the shocks-the-conscience standard. And a vast majority of Guantánamo inmates are not terrorists. In fact, many do not appear guilty of anything, not even fighting United States troops in Afghanistan.

The administration's real aim is to keep on using abusive interrogation techniques at the secret prisons run by the Central Intelligence Agency. And it wants to make interrogators — and those who give their orders — immune from prosecution.

Finally, the administration wants Congress to ban the use of the Geneva Conventions as the direct or indirect basis for a legal case in American courts. This would seal off the route that a prisoner used in the case on which the Supreme Court ruled in June.

The Geneva Conventions protect Americans. If this country changes the rules, it's changing the rules for Americans taken prisoner abroad. That is far too high a price to pay so this administration can hang on to its misbegotten policies.

HOMELAND RESPONSE:

Chertoff Says U.S. Needs More Authority (AP)

By Hope Yen

AP, August 13, 2006

The nation's chief of homeland security said Sunday that the U.S. should consider reviewing its laws to allow for more electronic surveillance and detention of possible terror suspects, citing last week's foiled plot.

Michael Chertoff, secretary of the Department of Homeland Security, stopped short of calling for immediate changes, noting there might be constitutional barriers to the type of wide police powers the British had in apprehending suspects in the plot to blow up airliners headed to the U.S.

But Chertoff made clear his belief that wider authority could thwart future attacks at a time when Congress is reviewing the proper scope of the Bush administration's executive powers for its warrantless eavesdropping program and military tribunals for detainees held at Guantanamo Bay, Cuba.

"What helped the British in this case is the ability to be nimble, to be fast, to be flexible, to operate based on fast-moving information," he said. "We have to make sure our legal system allows us to do that. It's not like the 20th century, where you had time to get warrants."

The Bush administration has pushed for greater executive authority in the war on terror, leading it to create a warrantless eavesdropping program, hold suspects who are deemed as "enemy combatants" for long periods and establish a military tribunal system for detainees that affords defendants fewer rights than traditional courts-martial.

Congress is now reviewing some of the programs after lawmakers questioned the legality of the eavesdropping program and the Supreme Court ruled in June that the tribunals defied international law and had not been authorized by Congress.

On Sunday, Chertoff said the U.S. is remaining vigilant for other attacks, citing concerns that terror groups may "think we are distracted" after last week's foiled plot. Attaining "maximum flexibility" in surveillance of transactions and communications will be critical in preventing future attacks, he said.

"We've done a lot in our legal system the last few years, to move in the direction of that kind of efficiency," Chertoff said. "But we ought to constantly review our legal rules to make sure they're helping us, not hindering us."

He said he expects the Bush administration to keep the U.S. on its highest threat alert for flights headed to the U.S. from the United Kingdom and at its second-highest level for all other flights.

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"We haven't fully analyzed the evidence, and therefore, we're still concerned there may be some plotters who are out there," Chertoff said. "We also have to be concerned about other groups that may seize the opportunity to carry out attacks because they think we are distracted with this plot."

Still, Chertoff said he believed that the nation's airline screeners were well-positioned to catch future terrorists. He did not anticipate greater restrictions beyond the current ban on carrying liquids and gels onto airliners, such as barring all carry-on luggage.

"We don't want to inconvenience unnecessarily," he said. "I think we can do the job with our screening, screening training and our technology without banning all carry-on luggage."

Chertoff: No U.S. Terror Link Seen (WP)

By Josh White

The Washington Post, August 14, 2006

There is no evidence that terrorists were working within the United States as part of a plot to detonate explosives on airliners, but U.S. officials remain on guard after last week's arrests in Britain and Pakistan, Homeland Security Secretary Michael Chertoff said yesterday.

As his department last night reduced the threat level for commercial flights departing Britain for the United States from red to orange, Chertoff reiterated that viewpoint.

"We are remaining vigilant for any signs of planning within the U.S. or directed at Americans," he said in a statement.

The threat-level announcement came after Chertoff had appeared on several Sunday-morning television talk shows, warning that enemies of the United States "still want to carry out spectacular plots" and have been developing innovative ways to skirt security.

"As we speak right now, we have not found any indication of active planning in the U.S. or plans to conduct operations within the U.S.," Chertoff said on CBS's "Face the Nation."

As he spoke about the plot, foiled by British authorities, to use liquid explosives on airplanes headed to U.S. cities, he said there is a concern about copycats.

"I think we have to be concerned about other groups that may seek to exploit the opportunities to do their own activities or their own operations because they believe we are distracted," Chertoff said. "And the message here is we are not distracted."

Much of the televised discussion yesterday concerned the investigative tools available in Britain that U.S. officials credit with allowing authorities to get ahead of the plot before it proved catastrophic. Chertoff said the ability to monitor monetary transactions and communications and to arrest suspects for a period of 28 days on an emergency basis made a significant difference in the case.

Although Chertoff did not suggest any specific changes in U.S. law to allow such flexibility, he alluded to the controversial Bush administration programs of secretly wiretapping suspects and of monitoring financial records.

He said on ABC's "This Week" that "we cannot afford to leave those weapons on the table." On "Fox News Sunday," he said, "The ability to be as nimble as possible with our surveillance is very important."

Sen. Pat Roberts (R-Kan.), chairman of the Senate intelligence committee, said on "Face the Nation" that the British government has "better tools" in its intelligence toolbox and that those tools helped British investigators speed along their efforts to stop the potential airline bombings.

Democrats, still critical of the Bush administration efforts to expand executive power to fight terrorism, said those tools are important but must be lawful and in accord with the Constitution.

"I support wiretapping of terrorists," Sen. Russell Feingold (D-Wis.) said on "This Week." "I just think it should be done within the law. . . . I just want the White House to stop making up their own laws."

Ned Lamont, the Democrat who defeated Sen. Joseph I. Lieberman in last week's Connecticut Senate primary, said on "Fox News Sunday" that the terror plot exposed how the United States is distracted by the war in Iraq.

"I think that we've taken our eye off the ball there a little bit, and I think it's time to focus," he said.

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Chertoff said it is unclear whether al-Qaeda leaders were involved in the plot but said the attacks, as planned, bore all the hallmarks of the group's prior work.

On NBC's "Meet the Press," he remarked that it has been five years since a major plot like this targeted U.S. citizens, and that the time gap indicates a weakening of the network.

"What that tells us is we actually have done a lot to degrade them," Chertoff said. "We've destroyed their training camps, we've killed a lot of the leaders, we've gathered a lot of intelligence, but they are still out there, they're trying to adapt their tactics, and they are a very constant presence."

The Department of Homeland Security's downgrade of the threat level came in conjunction with a similar move yesterday by British authorities, just as DHS's elevation to red on Thursday conformed with a British alert.

The threat level for all other commercial flights in or headed toward the United States remains at orange, the department announced, and a ban on liquids and gels in carry-on baggage remained in effect.

Republicans Weigh Push For Tougher Terror Laws (WSJ)

By Robert Block And Sarah Lueck

The Wall Street Journal, August 14, 2006

WASHINGTON -- Following the foiled United Kingdom bomb plot, the Bush administration is expected to use the terrorist threat to regain the upper hand in congressional debates and push for government action before the November elections.

Republicans appear to be circling around a new strategy to advocate stronger counterterrorism laws and expand domestic surveillance, while pushing back against civil libertarians.

Homeland Security Secretary Michael Chertoff is emerging as a point man in the drive for tougher laws, yesterday noting Britain's ability to hold suspects without publicizing the charges. Appearing on ABC News's "This Week with George Stephanopoulos," Mr. Chertoff said he would like to see a renewed look at U.S. laws that could give authorities here the flexibility to detain suspects for longer periods of time, noting that the British have such latitude.

"I think we should always review the law," Mr. Chertoff told "Fox News Sunday." "Certainly the ability to be as nimble as possible with surveillance, and their ability to hold people for a period of time gives them a legal advantage. We have to have a legal system to allow us to do that rather than punishing people after the fact."

Mr. Chertoff, who weeks ago was widely viewed in Congress as the beleaguered head of a troubled department, has emerged as the public face and voice of the U.S. government's response to the alleged London plot. Now the Department of Homeland Security has won praise for calibrated advisories and quick action that stopped passengers from potentially smuggling liquid explosives on airliners, but didn't unduly disrupt air travel. Although some critics considered the department late in responding to a well-known threat -- liquid bombs -- Mr. Chertoff's enhanced standing allows him to spearhead the call to re-examine America's counterterrorism laws by looking at how Britain fights terrorism.

The differences in how Britain and the U.S. approach counterterrorism strategies reflect a distinction between the two countries' legal systems and their definitions of civil liberties. British police and security agencies have greater authority and latitude than their American counterparts to conduct domestic surveillance and detain terrorism suspects.

Britain's newly revised terrorism laws permit the detention of suspects for 28 days without charge. In the U.S., suspects must be brought before a judge as soon as possible, which courts have interpreted to mean within 48 hours.

Nevertheless, the U.S. has been able to use existing laws to thwart what it said were terrorist plots in the making. During the weekend, three men from the Dallas area were arraigned in Michigan on terrorism-related charges.

The men, who were arrested Friday, were said to be linked to a plot to target the Mackinac Bridge, between Michigan's lower and upper peninsulas, the Grand Rapids Press reported. Police seized a laptop computer containing evidence that led them to believe the bridge was the target, the newspaper said. Police also found about 1,000 cellphones in the suspects' car. The men told police they had bought the cellphones to sell for profit.

As the administration pressed for further changes, Congress has yet to take up legislation authorizing warrantless wiretapping, specifically a proposal Senate Judiciary Chairman Arlen Specter of Pennsylvania worked out in negotiations with the

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Bush administration. That measure could become a vehicle for any increased authority the administration might want -- and for an election-year debate that would highlight Republican efforts to fight terrorism.

For most of the year, President Bush has been on the defensive on issues such as warrantless wiretapping and the handling of prisoners suspected of terrorism, while opinion polls show that fewer and fewer voters believe the Republicans do a better job than Democrats in handling the war on terrorism and ensuring a strong national defense.

Recent polls show while Americans are concerned that the U.S. government will go too far in monitoring the activities of potential terrorists in the U.S. and violate the privacy of average citizens, they also are supportive of legislation such as the Patriot Act, and on balance have been inclined to embrace controversial antiterror steps, such as telephone and financial surveillance, over civil-liberties concerns. Republican congressional leaders have already begun to raise the possibility that changes might be needed.

Pat Roberts, the Kansas Republican who chairs the Senate Select Committee on Intelligence, told CBS's "Face the Nation" that he believes the British have better intelligence tools than Americans. "If you want to get a warrant, all you have to do is call up a minister, in regards to Great Britain," he said. Sen. Roberts stopped short of advocating similar changes, but added "it seems to me that they have taken actions that would really speed that along."

Similar sentiment has been expressed by senior Republicans in the House as well. "You can't be going to court every time you want to monitor these conversations because they come in at a rapid pace. And...we have to get away from this concept that we have to apply civil-liberties protections to terrorists," Peter King (R., N.Y.), the chairman of the House Homeland Security Committee, said last week on Fox News's "The O'Reilly Factor."

Democrats, meanwhile, sought to praise the British triumph and necessity for intelligence while stressing there still was a need for checks and balances. Rep. Jane Harman of California, the senior Democrat on the House Intelligence Committee, said in a news release last week that she agreed with Republicans who said terrorism wasn't a vague, distant threat but a reality we must face every day.

"This demonstrates the importance of a legislative framework around the new tools needed to fight this elusive and sophisticated foe. Without this framework, we risk eroding our Constitution and civil liberties -- exactly as the terrorists wish," she said.

How To Stay One Step Ahead (TIME)

By Ron Suskind

Time, August 14, 2006

What are we to think, sitting in our living room or stranded on a tarmac, as harrowing details of the latest terrorist plot spill forth? Is this a victory of the spycraft and force on our side adroitly employed to avert disaster? Or is the plot--with its ingenious formula for off-the-shelf explosives--a frightening display of how many ways an invisible army of Islamic radicals might come at us?

What's clear: enemies are out there, as ardent and violent as ever. What's changing is our view of them. We in the easily distracted West may be becoming wiser, little by little. Hard experience will do that, like it or not. We are beginning to embrace--slowly and often against our will--that ancient dictum "Know thine enemy." Investigators rounding up suspects searched for a definitive link to al-Qaeda's leaders. Indeed, two of the would-be bombers seem to have met in Pakistan with an alleged al-Qaeda lieutenant and explosives expert. But a clear link may be beside the point. Osama bin Laden has become an ism--as much ideology as flesh--and al-Qaeda has largely devolved or maybe evolved into a franchise operation. Radical groups in various countries are largely self- activated and self-sustaining, though they may check in with top management before a major assault, as did the Saudi cell that in 2003 plotted hydrogen cyanide attacks in the New York City subways. Al-Qaeda No. 2, Ayman al-Zawahiri, called off that scheme, preferring, U.S. officials believed, to prepare for something bigger.

The foiled London plot teaches us that al-Qaeda (or its offspring) sees patience as a virtue. We think in news cycles. Al-Qaeda thinks in years. Even while elected leaders in Washington were taking credit across two elections for there being no second-wave attack after 9/11, a long-standing thought inside the government was that al-Qaeda might have been simply taking its time in mounting the next big hit. At a 2003 meeting of virtually all the top intelligence, foreign-policy and law-enforcement

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officials in the White House Situation Room, the consensus was that the next attack would be as large as or larger than 9/11. Officials expected a long period of planning and an attack timed to coincide with roiling events--a major assassination, the start of an armed conflict--that would provide synergies of turmoil and create the perception that al-Qaeda was central to a titanic global struggle.

Three years hence, this analysis seems borne out by London. Not only was the attack moving toward execution as Israel and Hizballah ignited the Middle East, but 10 planes exploding over the Atlantic or in U.S. airspace would indeed have created what U.S. experts believe our jihadist opponents desire: an upward arc of terror and dread between a second-wave attack and whatever might follow, five or even 10 years down the road.

Here's another lesson from London. Human intelligence routinely trumps fancy and often legally problematic surveillance techniques. The key to discovering the plot was apparently a citizen from Britain's diverse Islamic community who, in the days after last summer's bombings in London, overheard something troubling. He contacted authorities. An investigation took root. Imagine: a Muslim man sitting across from a British intelligence official at a cafÃ©, off hours. They have little in common. Some would say they are natural opponents. But a thread of shared interest leads to the passing of information and, a year later, to saving grace.

The U.S. intelligence community is in a poor position to replicate that. Concerned citizens in the Muslim world who are close enough to radicals to see or hear something pertinent seem less inclined than ever to sit down with an American. "They see us right now as an angry, reckless giant supporting the bombing of kids in Lebanon," says a top U.S. terrorism official. "If they were to see something troubling nowadays, they'd be more inclined than ever to simply look the other way. It's their inaction--on a vast scale--that'll kill us."

We talk in America's culture wars about the connection between personal behavior and public morality, a link that launches the country into divisive frenzies over abortion and same-sex marriage. Flip the equation. The angry public posturing of warring nations and messages sent from missile launchers and the turrets of tanks often stand in the way of unlikely human connections, improbable encounters that could save lives.

Good vs. evil? Blood quickening, yes. But it's never that simple. This week's offering from the cafÃ©s of London? Coffee--strong coffee--for two. Pull up a chair.

Suskind is the author of the best-selling book The One Percent Doctrine, first excerpted in TIME, about the war on terrorism

Air Safety: Plugging Holes In The Skies (NW)

By Jonathan Alter

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - First the terrorists turn airplanes into missiles, now they plan to blow us up with hair gel or toothpaste. What's next? That's the problem. No one knows. Once modern society turns on itself, the options for defense are limited, while those for mayhem seem practically limitless. Fear now comes in a jar of cold cream.

Story continues below ? advertisement

Because 9/11 was a breach in airport security, air travel was supposed to be fixed first. Americans are certainly paying to fix it, in time and money. The $3.4 billion spent on airport and airline security in 2005 represents a more than tenfold increase over 2000. The Transportation Security Administration (TSA) has federalized airport screeners and upgraded their training and vigilance. Cockpit doors are locked and hardened, and domestic pilots are allowed to carry guns. Flight attendants are instructed in how to identify suspicious passengers, restrain those who are dangerous and handle explosive materials. Expensive "explosive detection systems" have been installed in airports to screen all checked baggage.

So compared to securing borders, ports and chemical facilities, where congressional oversight is spotty and politics frequently trumps security, aviation has seemed a model of terrorism prevention.

NEWSWEEK Poll: Bush's Terror Ratings Up

But is it? Since 2002, more than 100 media reports have documented security breaches involving knives, explosives and even handguns. In March, NBC News revealed that government investigators smuggled materials for homemade bombs through

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security at all 21 airports they tested—materials similar to those involved in the London plot. But nothing was done until last week, just as shoes were not removed at airport security until Richard Reid tried to explode a shoe bomb in 2002.

"We keep chasing yesterday's story," says Irwin Redlener, director of the National Center for Disaster Preparedness at Columbia and author of a new book, "Americans at Risk." "The terrorists always seem one step ahead of us."

The focus may be wrong. Aviation consultant Michael Boyd calls TSA "the gang that can't screen straight." Boyd thinks the new restrictions will inconvenience travelers—without stopping terrorists. "[They] can strap [liquids] to their legs" when they go through security, Boyd says.

The view from inside isn't much different. "The people who work for [TSA] do a good job. But there aren't enough of them, things break down and go so slowly, and they don't have adequate technology," says a veteran United Airlines pilot, who requested anonymity so he wouldn't get in trouble with his employer. Under budget pressure, Congress has cut the number of TSA screeners by more than 25 percent since their post-9/11 peak. And the cool, expensive new "puffer" portals that detect explosives residue on individuals are still rare.

Then there's the problem of air cargo. As they empty their pockets and throw away the bottled water, travelers assume the rest of what's onboard has been screened, too. Not so. Passenger airlines ship nearly 2 billion tons of commercial cargo annually, and they don't have machines that can handle the varied shape and content of so many packages. Less than 7 percent is actually screened. Every year since 9/11, Reps. Edward Markey and Chris Shays have introduced a bill to require the screening of all air cargo, and every year the president and Congress has defeated it because they don't want to burden the air-shipping industry. Instead, they rely on the "Known Shipper" program, which requires shipping companies to submit details of their operations and undergo random inspections. But overseeing thousands of companies is impossible, and the database of those packages with "elevated risk" has been problematic. Congress cut funding for air-cargo screening in half to $55 million and rejected a 9/11 Commission recommendation that each passenger airliner contain at least one hardened container for suspect cargo.

"On this cargo thing, they're praying," says Markey. "It's faith-based homeland security."

Other aviation threats include inadequate security aimed at airport workers, who are often allowed to approach aircraft without being screened; the rapid proliferation around the world of shoulder-launched missiles and the slow development of onboard counter measures, and weak security at the 6,000 general-aviation airports (private pilots have a strong lobby).

One bright spot is the TSA's Registered Traveler program, an E-Zpass-style system (already up in Orlando, Fla.) to speed frequent fliers through a special security checkpoint if they've been "verified" by the government and a private company. These passengers still go through security, but the process is faster not only for them but also for those in other lines who haven't paid for the privilege.

It won't be long before the shock of the London plot wears off and the flying public is less indulgent about the inconveniences of today's air travel. "We were only just recently allowed to bring tweezers and now this!" Martina Clauser, a Ventura, Calif., accountant, said last week. But Clauser at least kept her sense of humor. "No water? No lotion? We're Californians. We spend big money keeping soft and hydrated. This is not good. Not good at all."

Is Conspiracy A War Crime? (CSM)

By Warren Richey

The Christian Science Monitor, August 14, 2006

Salim Ahmed Hamdan never planted a bomb, never took a hostage, never wielded a box cutter, never fired a weapon in anger, and never planned an attack of any kind.

What he is alleged to have done, according to his US military commission charge sheet, is work as Osama bin Laden's driver in Afghanistan.

So how could military prosecutors at Guantánamo Bay, Cuba, charge him with being a terrorist and war criminal? The answer boils down to a single word: conspiracy.

The same legal approach that helped put mafia dons, capos, and associates behind bars in America is at the center of US military efforts to prosecute suspected Al Qaeda members for war crimes.

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But now in the wake of the US Supreme Court's decision in the Hamdan case invalidating the military commission process, it is unclear to what extent military prosecutors can continue to use conspiracy as a war crimes charge.

The Bush administration is asking Congress to simply pass a law recognizing conspiracy as a war crime.

But some legal experts warn that the law of war is a reflection of both domestic and international standards that should not be watered down unilaterally by US lawmakers. They say such a move would further undermine US standing as a champion of human rights and set the stage for another major defeat in the courts for President Bush.

"This is just contempt for the court's opinion," says George Fletcher, a professor at Columbia Law School who authored a friend of the court brief in the Hamdan case that first raised the conspiracy issue. "If Congress says we can go around it, that is just crazy. They don't understand what they are doing."

In its June opinion, a five-member majority of justices struck down the military commissions at Guantánamo because they did not comply with the requirements of the Uniform Code of Military Justice and Common Article 3 of the Geneva Conventions. That part of the decision addressed what the high court viewed as fatal procedural defects - including a rule allowing the exclusion of a defendant from parts of his own trial.

Congress is now considering how best to rewrite those procedures to strike the proper balance between a fair trial and safeguarding national security.

But there is another part to the Hamdan decision. Four of the eight justices participating in the case ruled that the military commissions at Guantánamo did not have jurisdiction under the law of war to prosecute suspected Al Qaeda members for allegedly engaging in a conspiracy.

Conspiracy is not a war crime, said Justice John Paul Stevens in his plurality decision. And special military commissions can only try war crimes, he said. Conspiracy charges for 10

The ruling is significant because all 10 detainees at Guantánamo slated for military commission trials have been charged with conspiracy, and seven of them (including Mr. Hamdan) face only a single conspiracy charge.

According to the Stevens plurality, military prosecutors must base their cases on actual war atrocities or attempted atrocities, not merely on a criminal agreement (conspiracy) to violate war crimes. Legal experts say this significantly increases the burden military prosecutors would face to win convictions at trial, and some say it could make it impossible to convict defendants like Hamdan.

Justice Anthony Kennedy provided the decisive fifth vote striking down Guantánamo commission procedures in the Hamdan decision. But he declined to provide a fifth vote on the jurisdictional question involving conspiracy. Instead, he left the matter to the legislative branch.

"In light of the conclusion that the military commissions at issue are unauthorized, Congress may choose to provide further guidance in this area," Justice Kennedy wrote in his concurrence. "Congress, not the court, is the branch in the better position to undertake the sensitive task of establishing a principle not inconsistent with the national interest or international justice."

Analysts say it is unclear how Kennedy might vote in a future case.

"What does Kennedy think about this? We'll be asking that a lot," says Diane Amann, a law of war expert at the University of California, Davis, School of Law. But she adds, "The fact that Kennedy held back - if I were the government I would not take comfort in that fact."

In a dissenting opinion in the Hamdan case, Justices Clarence Thomas, Antonin Scalia, and Samuel Alito said the law of war is flexible enough to permit military commissions to hear conspiracy cases.

"The plurality's inflexible approach has dangerous implications for the Executive's ability to discharge his duties as Commander in Chief in future cases," Justice Thomas wrote.

The Bush administration agrees with Thomas's expansive view of presidential power. "We believe that the dissenting opinion in Hamdan was correct in its analysis and that the plurality's view on this particular question is not sustainable," Acting Assistant Attorney General Steven Bradbury told a Senate Judiciary Committee hearing on Aug. 2.

In the same hearing, Sen. Dianne Feinstein (D) of California asked the top legal officials for each of the four armed services whether Congress should designate conspiracy as a war crime for use in military commission trials at Guantánamo. Three said yes, one said he would prefer a charge of providing material support to terrorists.

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"If the Congress is just going to try to add conspiracy onto the existing military commissions, that could be problematic," says Michael Scharf, director of the Frederick K. Cox International Law Center at Case Western Reserve University School of Law. "I think they are better off leaving conspiracy out of it."

Professor Scharf and other international law experts say that while conspiracy charges are an accepted part of the legal system in the United States and Britain, that legal approach has been rejected by most other countries - including international war-crimes tribunals. Full rights for mafia, not detainees

In addition, analysts say that when federal prosecutors used conspiracy charges to help convict organized crime figures in the US, the alleged mafia members were afforded all the legal protections of the US court system. In contrast, military commissions don't provide the same range of trial protections.

One alternative to conspiracy, analysts say, is to charge suspects with a form of aiding and abetting. That would bring the military commission process within international standards. But it would also make it harder for prosecutors.

"From a prosecutorial standpoint, prosecuting someone for aiding and abetting requires a heck of a lot more proof than prosecuting them for conspiracy," says Professor Amann. Military prosecutors may not have enough evidence to win an aiding and abetting case, she says.

Scharf says military prosecutors still might win convictions. "My hunch is that everybody they are interested in trying, they can get for either committing the crime [a specific atrocity] or aiding and abetting. They don't really need the conspiracy," he says.

The bottom line, these analysts say, is that conspiracy charges would make it much easier to win convictions, but in the eyes of most of the world such trials would be viewed with suspicion and distrust rather than as beacons of international justice.

"Most people around the world look at the Hamdan decision as a return to the rule of law," Professor Fletcher says. "If Congress defies the Supreme Court and says: 'No, we think we can get around this,' it will hurt the country enormously."

Fearing Wider U.S. Plot, Investigators Raced Clock (USAT)

By Kevin Johnson

USA Today, August 14, 2006

WASHINGTON — Nearly a month ago, after British authorities secretly tipped their U.S. counterparts about a plot to destroy up to 10 commercial airliners, top federal officials began considering an even more frightening scenario: What if British intelligence officials had not recognized the full scope of the threat?

U.S. officials worried that British investigators involved in the surveillance of two dozen suspects could be misinterpreting possibly coded communications and that the suspects might actually be planning to launch attacks — or a second wave — from U.S. airports.

The chilling prospect, outlined by three federal law enforcement officials, was one of many early unknowns that added extra urgency to a mushrooming global investigation and sent U.S. investigators on a frantic sprint throughout the country to thwart a potential catastrophe on the scale of the Sept. 11, 2001, attacks that killed nearly 3,000 people.

As the investigation continued, there was another risk U.S. officials considered. They believed they could not impose stricter screening at U.S. airports as a backstop against the new threat because that would tip off the British suspects or possible U.S. accomplices, and the suspects could scatter before being apprehended.

In the end, federal authorities found no immediate evidence of U.S. links to the well-advanced terror operation based in London.

The United States remains vigilant, Homeland Security Secretary Michael Chertoff said Sunday, citing concerns that terror groups may “think we are distracted.”

“We haven't fully analyzed the evidence, and therefore, we're still concerned there may be some plotters who are out there,” he said on Fox News Sunday. “We also have to be concerned about other groups that may seize the opportunity to carry out attacks.”

The fast-moving investigation in the USA, parallel to the British inquiry, offered one of the most dramatic tests of federal law enforcement's response systems since Sept. 11.

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The U.S. law enforcement officials provided details of the investigation to USA TODAY but did not want to be identified because of the sensitivity of the inquiry. The officials participated in the investigation or were briefed by those who did.

Before British authorities arrested 24 people last week and revealed the plot to carry on board liquids and gels that could be mixed into an explosive, at least 200 FBI agents were quietly dispatched throughout the USA in a frantic search for possible accomplices.

None has been found so far. But the name of each British suspect was checked against financial records and visa records. Agents examined passenger manifests for past and future flights into New York, Washington, Chicago, Los Angeles, San Francisco, Detroit, Boston and other cities with flights from London.

As investigators worked in secret, taking care not to alert the subjects of the expanding British surveillance, new leads produced a brief spike in requests for wiretaps here to monitor communications and movement of possible suspects.

The U.S. officials said the requirement to maintain secrecy was made clear when British authorities first provided the United States with the suspects' names and the scope of the alleged plot in July. Information was held so closely that some key divisions of the government's aviation security were not immediately informed.

Much of the investigation involved examining vast government databases of airline manifests, immigration records and telephone calls in and out of the USA.

When agents did question potential witnesses, they took precautions not to spoil the British surveillance operation or to alert potential suspects here, sending them underground.

“It was a significant challenge because of the close-hold nature of the information,” one official said.

Working with the names of the British suspects, investigators did find records of some telephone contacts between Britain and the USA. In short order, it was determined that the calls either involved associates of the suspects or benign family communication that was deemed unrelated to the alleged plot, the officials said.

The pace of the investigation accelerated by the day because of the potential scale of the plot, and the anxiety levels heightened, officials said. The officials acknowledged that the requirement to maintain secrecy created some tension between U.S. and British authorities.

The secrecy meant the government was unable to immediately implement stricter airport screening to catch liquid-based explosives involved in the alleged plot, leaving flights vulnerable to possible attack.

As a result, the government had to rely on other techniques to thwart an assault. Applications to a special federal court for secret wiretaps, for example, tripled during the past month to assist in monitoring communication throughout the country, another of the U.S. officials said.

This official did not indicate whether the government augmented surveillance with its controversial wiretapping program that bypasses the need for a court-approved warrant. That strategy involves eavesdropping on telephone calls into or out of the United States in which one party has ties to terrorists.

At FBI headquarters, Director Robert Mueller and Deputy Director John Pistole managed the agents' work from Mueller's executive suite. Days began as early as 5:30 a.m. and ran into the early hours of the next day. Mueller, Pistole and other top deputies huddled up to five times a day in strategy meetings and in consultations with British authorities.

At the Justice Department, Attorney General Alberto Gonzales and Deputy Attorney General Paul McNulty got daily updates while reviewing the increasing number of applications for wiretap requests. Gonzales, who was out of town the weekend before the plot became public, was briefed by a secure telephone link.

Additional agents were drafted from many of the bureau's 56 field offices around the country. Some tasks ranged from the menial — perhaps a property record search — to surveillance of a possible witness or associate of the plot.

A major worry, the first official acknowledged, was whether British investigators had a full grasp of the operation's scope.

British investigators told their U.S. counterparts that intelligence based on intense surveillance of the suspects indicated the plan was to attack flights from London to the USA.

“Is that, in fact, what they (the suspects) meant?” that U.S. official said, recounting his early concern. “Or is it code that they would use other starting points? Are there others here in the U.S. scheduled on outbound flights?”

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Reviews of airline manifests concluded there was no suspicious travel involving the suspects into the USA. There also was no immediate evidence that any of the suspects had purchased tickets for future flights, although British authorities have indicated some of the suspects had allegedly reviewed flight schedules and were homing in on specific flights.

The timing of last week's decision to arrest the British suspects, U.S. officials said, was due to several factors.

•Pakistan was arresting suspects there in connection with the London plot.

•A few key suspects had returned to London from Pakistan where they allegedly participated in training and planning meetings.

•There also was evidence indicating that some of the suspects were planning a dry run soon to test their ability to smuggle components of the liquid-based explosives past airport screeners.

At the same time, U.S. authorities were pushing the British so stricter airport screening to ban liquids and gels could begin here.

Although British authorities believe they have captured the major players in the plot, they acknowledged there may be additional suspects still at large. Home Secretary John Reid said Sunday that authorities were conducting two dozen separate counterterrorism investigations in Britain.

"We believe we have the main targets from this particular surveillance and plot," Reid told the British Broadcasting Corp.

"(But) there are still people out there who would carry out such attacks," he said.

Based on British interrogations of the suspects and evidence collected in a search of their residences, U.S. authorities are following a new stream of leads.

The high level of alert in Britain and the USA "suggests a real uncertainty about whether they have fully plumbed the scope of the plot, and whether they've wrapped everybody up," Chertoff said on ABC's This Week. "They also have to be concerned about copycats — other groups that may think they have the opportunity to carry out a plot."

Chertoff said that the investigation will continue and that the Justice Department is weighing whether to bring criminal charges against any of the suspects held in Britain.

Chertoff said he would like to see a renewed look at U.S. laws that could give authorities here more flexibility to conduct electronic surveillance of possible suspects as well as detain them for longer periods of time, noting the British have such latitude.

"I don't think there's any specific authority I would suggest we need now," he said. "But I certainly think preserving this maximum flexibility in surveillance of transactions and communications is going to continue to be a critical element if we're going to prevent these attacks.

"What helped the British in this case is the ability to be nimble, to be fast, to be flexible, to operate based on fast-moving information," he said. "We have to make sure our legal system allows us to do that. It's not like the 20th century, where you had time to get warrants."

The British Way (WSJ)

By David B. Rivkin, Jr. And Lee A. Casey

The Wall Street Journal, August 14, 2006

Britain's successful preemption of an Islamicist plot to destroy up to 10 civilian airliners over the Atlantic Ocean proves that surveillance, and other forms of information-gathering, remain an essential weapon in prosecuting the war on terror. There was never any real doubt of this, of course. Al Qaeda's preferred targets are civilians, and civilians have a right to be protected from such deliberate and calculated attacks. Denying the terrorists funding, striking at their bases and training camps, holding accountable governments that promote terror and harbor terrorists, and building democracy around the world are all necessary measures in winning the war. None of these, however, can substitute for anticipating and thwarting terror operations as the British have done. This requires the development and exploitation of intelligence.

Despite this self-evident truth, critics of President Bush and the war on terror have relentlessly opposed virtually every effort to expand and improve the government's ability to gather the type of information needed to detect and prevent terrorist attacks, whether in the form of the Patriot Act's "national security" letters and delayed notification warrants (derisively described by pseudo-

civil libertarians as "sneak and peak" warrants), the NSA's once secret program to intercept al Qaeda communications into and out of the U.S., and the Treasury Department's efforts to monitor financial transactions through the "SWIFT" system. These, and similar measures, are among the tools that we will need to finish the job. * * *

In celebrating the British victory -- which was achieved with assistance from American and Pakistani intelligence services -- it is worth considering some of the aspects in which the U.S. and U.K. anti-terrorism systems differ, and what lessons can be learned. Of course, we begin with the proposition that the U.S. and Britain share a common law heritage, with its emphasis on individual rights and limitations on state power, and many of the same basic political values. That said, British law, political culture and sensibilities appear to be far more attuned to the practical needs of preventing terrorist attacks than do their American counterparts. Some examples include the following:

Criminal Investigations: British law-enforcement officials clearly have a more robust ability to investigate suspected terrorist activity than do U.S. police agencies. This is true in a range of areas. For example, traditionally there has been much more direct cooperation between British intelligence and police services; there was never the sort of "wall" between foreign intelligence and law enforcement functions that the U.S. maintained before Sept. 11. Similarly, British officials need not meet the very strict requirement of "probable cause" to obtain warrants that U.S. investigative bodies must satisfy under the Bill of Rights. In Britain, a warrant can generally be issued on a showing of "reasonable suspicion."

In addition, the British police have certain extraordinary tools designed specifically to fight terrorism. These include "control orders" issued by the Home Secretary that not only allow the police to monitor terror suspects, but which -- although the more stringent ones are the subject of continuing legal challenges -- permit the police at the minimum to monitor and restrict terror suspect movements. These orders also enable law-enforcement authorities to identify more easily the overall pool of potential terror operatives, since the close supervision of some suspects requires their undiscovered colleagues to assume more active roles.

Profiling: Ironically, although today's Britain leans far more to the left than does the U.S., British attitudes toward ethnic and religious profiling appear to be far more pragmatic. In the U.S., the subject of profiling -- even as a means of allocating and concentrating investigative resources -- is highly controversial, if not taboo. In Britain, law enforcement and intelligence officials clearly target their resources on the communities most likely to produce terror recruits, and further on the most radicalized segments of those communities. They are also able directly to infiltrate extremist mosques, community centers and Islamicist gatherings, instead of relying almost entirely on informants.

Privacy: Although the British virtually invented the notion of personal privacy -- the saying "an Englishman's home is his castle" can be traced at least to the 16th century -- the concept is not as broadly defined in law or politics as in contemporary America. For example, virtually all public spaces in Britain are surveilled round the clock by cameras, and the government engages in extensive data-mining operations. By contrast, in the U.S., not only have the courts created broad rights to privacy, above and beyond the Fourth Amendment's requirements, but our society has progressed to a point where individuals are considered by some to have a "privacy" interest in what can only be described as public actions -- such as giving personal information to third parties who are not bound by any formal privacy agreement, or participating in widely used fora like the Internet. Indeed, judging by some of the more extreme criticism leveled against war-on-terror policies, there are those who consider as the purest tyranny any compromise of individual autonomy to meet the community's needs.

Secrecy: Similarly, there is a substantial body of opinion in the U.S. which seems to consider any governmental effort to act secretly, or to punish the disclosure of sensitive information, to be illegitimate. Thus, for example, Bush critics persistently attacked the president's decision to intercept al Qaeda's international electronic communications without a warrant in part because of its secrecy, even though the relevant members of Congress had been informed of the NSA's program from the start. By contrast, there appears to be much less hostility in Britain toward government secrecy in general, and little or no tradition of "leaking" highly sensitive information as a regular part of bureaucratic infighting -- perhaps because the perpetrators could far more easily be punished with criminal sanctions under the Official Secrets Act in the U.K. than under current U.S. law.

International Intelligence Cooperation: The British national security bureaucracy is smaller and more tightly knit, and appears to be much less affected by the intense institutional feuds that are commonplace in Washington. Having an intelligence

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service operate for years in a state of virtual rebellion against its political masters -- as has been the case with the CIA during the Bush administration -- would be unthinkable in Britain.

Britain also takes a much more pragmatic attitude toward the need to cooperate with regimes, or their intelligence services, that have poor human rights records. This has periodically been an issue in both countries. The U.S. has cooperated, and does cooperate, with numerous less-than-savory intelligence services. Working with foreign intelligence services (like Pakistan's) with similar interests but questionable practices will continue to be a necessary part of the war on terror.

Experience: There is, of course, no substitute for experience and there is no doubt that Britain benefits (if that is the right word) from its experience in fighting IRA terror. Although the IRA was arguably a less dangerous threat than al Qaeda and its allies -- if only because the IRA eventually concluded that minimizing civilian casualties was in its political interests -- it was nevertheless well-organized, ideologically committed and vicious. For 30 years, Britain's military and law-enforcement forces investigated, infiltrated, surveilled and openly fought the IRA and won, deriving two important advantages in the process. First, Britain's armed forces and police have been thoroughly schooled in the most advanced techniques of surveillance and counter-terrorism. Second, its political establishment and population (obviously, with some exceptions) have become accustomed to the measures, sometimes intrusive and burdensome, necessary to prevent terrorist attacks.

American antiterror and intelligence capabilities have, of course, developed enormously since Sept. 11 -- and can boast a number of important successes in thwarting potential terror attacks. These include the 2002 arrests of six young men, later convicted for attending al Qaeda training camps in Afghanistan; the 2003 arrests of members of the "Virginia Jihad Network" for undergoing paramilitary training; and the recent arrests of seven Miami men accused, among other things, of plotting to blow up the Sears Tower. Moreover, the existence of the NSA and SWIFT surveillance and monitoring programs indicates that the Bush administration, at least, is fully aware of the intelligence imperatives presented by the Islamicist threat.

The U.S. cannot, of course, adopt all aspects of the British system; our constitutional systems are really quite different. Nevertheless, there are clear lessons that can be drawn from the British experience -- especially in affording the police greater investigative latitude and in accepting some compromise of privacy in exchange for greater security. Bush administration critics often misquote Benjamin Franklin as having said that "those who would trade liberty for security deserve neither." What Franklin actually proposed was a balancing test: "They that would give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety." In fighting terrorism, the British appear to have been striking that balance successfully.

Messrs. Rivkin and Casey are partners in the Washington, D.C., office of Baker & Hostetler, LLP, and served in the Department of Justice under Presidents Reagan and George H.W. Bush.

Terror Threat Level Cut, But Still 'High' (WT)

By Eric Pfeiffer

The Washington Times, August 14, 2006

The Department of Homeland Security last night reduced the terrorism threat level for U.S.-bound flights from Britain from red, for "severe," to orange, for "high," in the wake of last week's raids that officials say broke up a London-based bomb plot by Islamist radicals.

"I think the likelihood is, the main elements of the plot have been scooped up," Homeland Security Secretary Michael Chertoff said yesterday on NBC's "Meet the Press."

But Mr. Chertoff said the United States needs "maximum flexibility" to thwart terrorist attacks.

"What helped the British in this case is the ability to be nimble, to be fast, to be flexible, to operate based on fast-moving information," he said on ABC's "This Week."

"We have to make sure our legal system allows us to do that. It's not like the 20th century, where you had time to get warrants."

While the red alert was reduced for flights from Britain, all other flights operating in or destined for the United States remain at the orange level.

Meanwhile, the Transportation Security Administration (TSA) yesterday announced an amendment to its carry-on ban for all liquids, which was put in place after last week's foiled terror plot. It said small amounts of liquid medications would be

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permitted on all flights. The TSA also said that all passengers will have to remove their shoes before flying for X-ray screenings. The agency previously had suggested the procedure, but it wasn't required.

Mr. Chertoff told "Fox News Sunday" that officials are still investigating whether al Qaeda was behind the plot.

"There's a huge amount of evidence to be gone through, but certainly this plot bears the earmarks or the hallmarks of an al Qaeda-type plot in sophistication, global reach, and really, the nature of the plot itself," he said.

When questioned by ABC's George Stephanopoulos, Mr. Chertoff defended the administration's use of wiretapping and terrorist financial tracking.

"I'm not going to talk about specific classified programs," he said. "But I can tell you this, the kind of techniques you're talking about, surveillance of communications, tracking the flow of money and transactions, that is -- those are the weapons of the modern war against terror."

Sen. Pat Roberts, Kansas Republican, said the British were better prepared to capture terrorist suspects because of that nation's more robust surveillance laws.

"The British have better tools," Mr. Roberts said on CBS' "Face the Nation." "If you want to get a warrant, all you have to do is call up a [government] minister."

When asked by Fox News whether the British have better tools than the United States to track suspected terrorists, Mr. Chertoff said, "In some respects, they do."

Sen. Russ Feingold, Wisconsin Democrat, took issue with Mr. Chertoff, telling Mr. Stephanopoulos the Bush administration has abused the legal process.

"I just want the White House to stop making up their own laws," he said. "If they want to propose changes, I'm open to it, but not making up your own laws."

cThis article is based in part on wire service reports.

Broader Security Changes Are Likely (USAT)

By Alan Levin

USA Today, August 14, 2006

The drastic security measures imposed on airline travelers last week are probably the first step in broad long-term changes needed to block terrorists, according to lawmakers, airline officials and security experts.

Lacking an adequate defense against liquid explosives — the weapon allegedly chosen by a London terrorist cell — the government ordered passengers Thursday not to carry liquids or gels aboard U.S. flights.

That approach, which bans everything from makeup to bottled water, may be difficult to keep up over time.

“It's ridiculous. It's absurd,” said Stephen Luckey, a retired airline pilot and consultant who has worked on security issues for 30 years.

Department of Homeland Security (DHS) officials have not signaled what changes they will impose over the long run, and there is no clear consensus outside the government on what steps make the most sense, but most of those involved agree improvements are needed.

Some of the issues include:

•Detecting explosives. Congress has criticized the Transportation Security Administration (TSA), which falls under DHS, for diverting funds from projects to develop better explosive-detection equipment.

Rep. Peter DeFazio, D-Ore., says devices to detect explosives on passengers should be deployed immediately.

TSA Administrator Kip Hawley says the agency wants to adopt new technologies but some have been too cumbersome to operate at airport checkpoints.

Some prefer an old, low-technology solution: bomb-sniffing dogs. “They can do things faster than machines can,” says Jim May, president of the Air Transport Association, the airlines' trade organization.

•Adding screeners. The security measures imposed Thursday require far more searches of passengers, but Congress has capped the number of TSA screeners at 45,000, well below the agency's peak of 55,600.

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In San Diego, screeners have been asked to work six-day weeks, says Chris Soulia, a screener who is president of the American Federation of Government Employees union local representing TSA security workers.

"There is no way we can maintain what we need at the checkpoints and do gate screening with the amount of bodies that we have now," Soulia said.

Homeland Security Secretary Michael Chertoff has said the agency has enough screeners, and Republican lawmakers have opposed an increase. The Senate passed an amendment to the Homeland Security spending bill last month that would allow more screeners to be hired.

•Profiling passengers. DHS has struggled for years to introduce an improved method of identifying potential terrorists using airline records and financial data. Civil rights groups have opposed the effort because of concerns that it would unfairly target people of Middle Eastern descent.

Luckey, the security issues expert, works as a consultant on the project. He says the alleged terrorist plot in London highlights the need for a profiling system.

"We are going to have to do some of that. Otherwise, these guys are going to come over here and massacre us," he says.

•Tactics. Keeping terrorists off guard by continually changing tactics at security checkpoints and introducing new tools, such as different explosives-detection devices, may be more important than any single weapon, Massachusetts Institute of Technology professor John Hansman says.

Air Travelers Adapt Quickly (USAT)

By Tom Vanden Brook

USA Today, August 14, 2006

Authorities eased rules for carry-on bags slightly Sunday as U.S. air travelers braced for the first full week of restrictions since British authorities said they had foiled a plot to blow up jets headed to the USA.

Air travel, snarled since Thursday's announcement that suspects had been arrested, improved in the USA even as the new rules were issued. Meanwhile, delays and cancellations vexed London's Heathrow Airport, where about a third of flights were canceled and a ban on carry-ons remained in effect. The United States reduced the threat level to "Orange" for flights from Britain to the USA, down from "Red," the highest level.

Heathrow averages 1,250 flights a day. In August, an average of 126 jets flew daily between Great Britain and the USA, the Air Transport Association said.

British police were questioning 22 suspects in the alleged plot. Home Secretary John Reid told the BBC that authorities there were conducting more than 20 counterterrorism investigations and warned that attacks remained possible.

In the USA, airlines encountered few problems over the weekend, said Jim May, president of the transport association, the airline industry's trade group.

"It has been very smooth, particularly domestically," May said. Flights between the USA and England have been more disrupted but have been improving, he said.

After the arrests, the Transportation Security Administration banned most liquids, gels and lotions in carry-on bags. On Sunday, the TSA announced changes to its screening procedures that will put more bomb-sniffing dogs at airport terminals. The TSA also relaxed the restrictions on liquids so that passengers can now carry up to 4 ounces of non-prescription medicine.

Travelers across the country appeared to heed warnings. They arrived at airports early and avoided trying to board with water, toothpaste or cosmetics — all of which are banned.

Around the nation on Sunday:

•At Los Angeles International Airport, the number of checked bags increased as much as 50%, said Nico Melendez, a Transportation Security Administration spokesman. "Thursday we had a couple of hiccups, but by (Sunday) lines were moving, passengers were prepared and it was quite an efficient process," he said.

•At New York's Kennedy International Airport, lines weren't exceptionally long and fliers accepted the new restrictions. Stephanie Solomon, 55, on her way to Dallas, said: "It's part of life. It won't prevent us from flying. We have bottled water, and we have to finish it before we get on the plane, and I don't have a problem with it. … If I have to be body checked, go for it."

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•Chicago's O'Hare International Airport had several long lines. “What a mess!” said Jerry Russo of Schaumburg, Ill., as he stood in one line. He and his wife, Diane, were flying to the Dominican Republic for a vacation. “We think it's safer to travel right now because security is so beefed up,” Diane Russo said.

Fewer Delays As Fliers Adjust To New Rules (USAT)

By Charisse Jones

USA Today, August 14, 2006

Airline passengers appeared to have adjusted by Sunday to rules prohibiting them from carrying liquids on board. Most travelers packed toiletries in checked bags, and lines moved along at airports from Los Angeles to New York.

Passengers guzzled water before walking through security checkpoints, and many arrived at the airport earlier than it turned out they needed to.

There were only a few instances of passengers having to toss out lotions, shampoos and other liquids at the last minute — a scene that was common Thursday after an alleged terrorist plot was foiled in Great Britain and the stringent regulations were announced.

For the most part, travelers Sunday said their journeys were not more stressful than usual.

Kaye Hamilton-Smith, 57, of Highland Beach, Fla., and her husband were in line to check baggage at Miami International Airport at 6:38 a.m., and “we were through security at 7:09 a.m.”

Hamilton-Smith said she had exchanged cough syrup for lozenges in her carry-on bag, “but there was no visual check of our (hand) luggage."

The Transportation Security Administration tweaked the rules Sunday, allowing up to 4 ounces of non-prescription liquid medicine, such as cough syrup, and 8 ounces of low-blood-sugar treatments. Removing shoes for screening was also mandatory.

The adjustments Sunday caught passenger Talita Ikahihifo by surprise.

Ikahihifo, waiting with her family at Washington Dulles International Airport to fly to Ohio, then on to their home in Anchorage, said she would have carried on the cough medicine she needed for her 6-year-old daughter, Jade, if she had known about the change. Instead, the syrup was inside a checked bag.

“It would have been certainly helpful if we had known we could take her medication on board,” Ikahihifo said.

Before flying home from Los Angeles to Potomac, Md., Bob Wise, 50, bought an extra bag to hold all the toiletries his family normally would have carried on to the plane.

Wise, an entertainment attorney, still planned to bring a bag on board, but it was lighter than usual.

“We'll do what they tell us to do, and I hope it works to make us safer,” Wise said. His family had arrived at the airport with an hour to spare.

Melanie Treadwell, a lead agent with American Airlines at New York's JFK Airport, said more people are checking bags but that it is not leading to delays because “most people are coming to the airport extremely early."

There were some regrets about the restrictions on carry-on baggage.

Katie Irvin, 19, waiting in a long check-in line at Chicago's O'Hare International Airport early Sunday, said she regretted that she could not take her pet goldfish.

“I was a little sad," said Irvin, of Dunbar, Wis., who was on her way to college in Greenville, S.C. She would have carried the fish on board in a plastic bag filled with water. Instead, the fish had to stay with Irvin's parents.

While most accepted the need for precautions, some regretted how every traveler's life was affected by the actions of a few.

“A very small group of people make life very difficult for all of us," said Sally Ann Ballantyne, 42, who was flying from JFK Airport to Miami with her son and daughter. “But we're adjusting for our own safety, and I have no problem with that.”

Screeners To Be Changed At U.S. Airports (NYT)

By Eric Lipton And Christine Hauser

The New York Times, August 14, 2006

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WASHINGTON, Aug. 13 — Homeland Security Secretary Michael Chertoff said Sunday that he intended to replace contractors who inspect passenger identification at airport checkpoints with staff members from the Transportation Security Administration, a move that would be one of the biggest expansions of the agency's tasks since it was set up in the aftermath of the 2001 terrorist attacks.

Mr. Chertoff's comments, in an interview on Sunday, came as the T.S.A. took two steps to lower the level of the terror alert. First, it eased restrictions on items that were banned from being taken on board airplanes in carry-on luggage, in the aftermath of last week's foiled plot to blow up airplanes flying from Britain to the United States. On Sunday night, it adjusted the threat level on inbound flights from Britain to "orange," or high, from "red," or severe.

"The security measures already taken have allowed us to address an imminent threat of attack," Mr. Chertoff said in a statement on Sunday night. "Let me be clear: This does not mean the threat is over. The investigation continues to follow all leads."

Details of the plan to replace the contractors were still being worked out. But Mr. Chertoff said the transportation agency screeners would be trained in psychological profiling under the plan, which he intends to announce in the coming weeks or months.

Currently, the contractors who handle the precheckpoint processing of identification documents are hired by airlines. Transportation agency screeners, in addition to handling checkpoint security, also do the simple, labor-intensive task of picking up checked-in bags and placing them into scanning machines before they are loaded onto planes.

Under the plan, contractors would take over the manual labor of handling the checked bags, although federal screeners would continue to interpret images for possible threats. But the switch would free up enough screeners to do the identity checks and behavior analyses of passengers waiting to go through security.

Mr. Chertoff said administration officials would have to work with the airports on any additional costs and on administrative transition. "It is going to require a larger conversation," said Ellen Howe, a transportation agency spokeswoman. "We would like to consider shifting responsibility" of agency staff "from baggage handling to security."

The new rules for airline travelers, which went into effect at noon on Sunday, revise the restrictions that were announced Thursday.

Under the revised rules, beverages, shampoo, lotions, toothpaste, aerosols, hair gels, contact lens solutions, perfumes and nail polish remain prohibited.

Passengers may carry on small doses of prescription drugs if the patient's name matches the name on the airline ticket, as well as baby formula, breast milk and baby food for passengers traveling with an infant or small child. The rules also allow up to four ounces of nonprescription liquid medication, and up to eight ounces of liquid or gel insulin. Most cosmetics must be placed in checked baggage, but solid lipstick will be allowed in carry-ons.

The rules will also require passengers to remove their shoes for screening. Previously, this was "strongly recommended," Ms. Howe said.

She said the agency already had observers, trained under a pilot program in the past few years, who monitored passengers at checkpoints for involuntary cues that might indicate suspicious behavior.

"Since last week when the level increased, we have devoted extra resources to assist with the ticket checker functions to have that behavior observation going on at the front of the line," Ms. Howe said.

This monitoring was going on at about a dozen airports before Thursday's warning. "We are going to consider expanding it," she said.

Ms. Howe said the changes were meant to increase efficiency without compromising security. Wait times at security checkpoints have dropped, and there were fewer bins full off discarded banned items from Thursday to Friday, she said.

Which Travelers Have 'Hostile Intent'? Biometric Device May Have The Answer (WSJ)

By Jonathan Karp And Laura Meckler

The Wall Street Journal, August 14, 2006

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At airport security checkpoints in Knoxville, Tenn. this summer, scores of departing passengers were chosen to step behind a curtain, sit in a metallic oval booth and don headphones.

With one hand inserted into a sensor that monitors physical responses, the travelers used the other hand to answer questions on a touch screen about their plans. A machine measured biometric responses -- blood pressure, pulse and sweat levels -- that then were analyzed by software. The idea was to ferret out U.S. officials who were carrying out carefully constructed but make-believe terrorist missions.

The trial of the Israeli-developed system represents an effort by the U.S. Transportation Security Administration to determine whether technology can spot passengers who have "hostile intent." In effect, the screening system attempts to mechanize Israel's vaunted airport-security process by using algorithms, artificial-intelligence software and polygraph principles.

Neither the TSA nor Suspect Detection Systems Ltd., the Israeli company, will discuss the Knoxville trial, whose primary goal was to uncover the designated bad guys, not to identify threats among real travelers. They won't even say what questions were asked of travelers, though the system is generally designed to measure physical responses to hot-button questions like "Are you planning to immigrate illegally?" or "Are you smuggling drugs."

The test alone signals a push for new ways to combat terrorists using technology. Authorities are convinced that beyond hunting for weapons and dangerous liquids brought on board airliners, the battle for security lies in identifying dangerous passengers.

The method isn't intended to catch specific lies, says Shabtai Shoval, chief executive of Suspect Detection Systems, the start-up business behind the technology dubbed Cogito. "What we are looking for are patterns of behavior that indicate something all terrorists have: the fear of being caught," he says.

Security specialists say such technology can enhance, but not replace, existing detection machines and procedures. Some independent experts who are familiar with Mr. Shoval's product say that while his technology isn't yet mature, it has potential. "You can't replicate the Israeli system exactly, but if you can incorporate its philosophy, this technology can be one element of a better solution," says Doron Bergerbest-Eilon, chief executive of Asero Worldwide consulting firm and a former senior official in Israel's security service.

To date, the TSA has more confidence in people than machines to detect suspicious behavior. A small program now is using screening officers to watch travelers for suspicious behavior. "It may be the only thing I know of that favors the human solution instead of technology," says TSA chief Kip Hawley.

The people-based program -- called Screening Passengers by Observation Technique, or SPOT -- began undergoing tests at Boston's Logan Airport after 9/11 and has expanded to about a dozen airports. Trained teams watch travelers in security lines and elsewhere. They look for obvious things like someone wearing a heavy coat on a hot day, but also for subtle signs like vocal timbre, gestures and tiny facial movements that indicate someone is trying to disguise an emotion.

TSA officers observe passengers while consulting a list of more than 30 questionable behaviors, each of which has a numerical score. If someone scores high enough, an officer approaches the person and asks a few questions.

"All you know is there's an emotion being concealed. You have to find out why the emotion is occurring," says Paul Ekman, a San Francisco psychologist who pioneered work on facial expressions and is informally advising the TSA. "You can find out very quickly."

More than 80% of those approached are quickly dismissed, he says. The explanations for hiding emotions often are innocent: A traveler might be stressed out from work, worried about missing a flight or sad because a relative just died. If suspicions remain, the traveler is interviewed at greater length by a screener with more specialized training. SPOT teams have identified about 100 people who were trying to smuggle drugs, use fake IDs and commit other crimes, but not terrorist acts.

The TSA says that, because the program is based on human behavior, not attributes, it isn't vulnerable to racial profiling. Critics worry it still could run afoul of civil rights. "Our concern is that giving TSA screeners this kind of responsibility and discretion can result in their making decisions not based on solid criteria but on impermissible characteristics such as race," says Gregory T. Nojeim, associate director of the American Civil Liberties Union's Washington legislative office.

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Mr. Shoval, the Israeli entrepreneur, believes technology-based screening is the key to rolling out behavior-recognition techniques in the U.S. With experience in counter-terrorism service and the high-technology industry, Mr. Shoval developed his Cogito device with leading former Israeli intelligence officials, polygraph experts and computer-science academics.

Here is the Cogito concept: A passenger enters the booth, swipes his passport and responds in his choice of language to 15 to 20 questions generated by factors such as the location, and personal attributes like nationality, gender and age. The process takes as much as five minutes, after which the passenger is either cleared or interviewed further by a security officer.

At the heart of the system is proprietary software that draws on Israel's extensive field experience with suicide bombers and security-related interrogations. The system aims to test the responses to words, in many languages, that trigger psycho-physiological responses among people with terrorist intent.

The technology isn't geared toward detecting general nervousness: Mr. Shoval says terrorists often are trained to be cool and to conceal stress. Unlike a standard lie detector, the technology analyzes a person's answers not only in relation to his other responses but also those of a broader peer group determined by a range of security considerations. "We can recognize patterns for people with hostile agendas based on research with Palestinians, Israelis, Americans and other nationalities in Israel," Mr. Shoval says. "We haven't tried it with Chinese or Iraqis yet." In theory, the Cogito machine could be customized for specific cultures, and questions could be tailored to intelligence about a specific threat.

The biggest challenge in commercializing Cogito is reducing false results that either implicate innocent travelers or let bad guys slip through. Mr. Shoval's company has conducted about 10 trials in Israel, including tests in which control groups were given terrorist missions and tried to beat the system. In the latest Israeli trial, the system caught 85% of the role-acting terrorists, meaning that 15% got through, and incorrectly identified 8% of innocent travelers as potential threats, according to corporate marketing materials.

The company's goal is to prove it can catch at least 90% of potential saboteurs -- a 10% false-negative rate -- while inconveniencing just 4% of innocent travelers.

Mr. Shoval won a contract for the Knoxville trial in a competitive process. Next year, Israeli authorities plan to test Cogito at the country's main international airport and at checkpoints between Israel and the West Bank, where the goal will be to catch genuine security threats while testing the logistics of using the system more broadly. The latest prototype costs about $200,000 a machine.

Even though his expertise is in human observation, U.S. behavior-recognition expert Dr. Ekman says projects like Cogito deserve a shot. He expects technology to advance even further, to devices like lasers that measure people's vital signs from a distance. Within a year, he predicts, such technology will be able to tell whether someone's "blood pressure or heart rate is significantly higher than the last 10 people" who entered an airport.

Homeland Security Department Gets Better Grades In 2nd Major Test (NYT)

By Eric Lipton

The New York Times, August 14, 2006

WASHINGTON, Aug. 13 — Right after Hurricane Katrina ripped through the Gulf Coast last year, Michael Chertoff, the homeland security secretary, flew to Atlanta for a conference on bird flu — and then spent months parrying criticism that his department had flunked the first big test of its existence.

Last week, the department confronted a second major test, the arrests in Britain of 24 men suspected of plotting to blow up airliners bound for the United States.

In this case, the initial reviews of Mr. Chertoff's performance have been largely positive. The Homeland Security Department responded quickly to impose new security measures on the fear that some plotters might still be at large.

Questions remain about the agency's bureaucracy and its ability to anticipate threats rather than just react to them. But it is notable that Mr. Chertoff is being praised by some people who once bitterly chastised him or even called for his resignation.

"Until this threat, the department had fallen short of the promise that its creation held," Senator Susan Collins, Republican of Maine and chairwoman of the Homeland Security and Governmental Affairs Committee, said in an interview on Sunday. "This time we saw a crisp, confident and competent response, and Secretary Chertoff was clearly front and center."

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Representative Bennie Thompson, Democrat of Mississippi and the minority leader on the House Committee on Homeland Security, said: "He did a credible job. He did not create hysteria among the traveling public. He provided a clear message to the traveling public, and that is positive."

Mr. Chertoff and his agencies — which include the Transportation Security Administration, the air marshals, Customs and Border Protection and other departments involved in the response to the British plot — did not play a role in apprehending the terror suspects.

But ever since Aug. 4, when Mr. Chertoff said he learned that a scheme to bomb planes destined for the United States could unfold before the end of August, his agency has been developing an effort to prevent such an attack, he said in an interview at his office on Sunday.

The work began in secret at the Homeland Security Department headquarters, Mr. Chertoff said, where he and fewer than a half-dozen of his top aides met to devise two plans: what to do if a plot were successful and planes started blowing up, and what to do if arrests were to take place before such a catastrophe unfolded.

The first plan involved a course of action for shutting down national airspace if necessary, similar to what happened after the attacks of Sept. 11, 2001. It included guidelines for when planes might be turned back to their cities of origin, when they might be allowed to complete their flights or when they would be ordered to land at the closest airport, he said, as well as directions on when taking such steps might be appropriate.

Mr. Chertoff said that British officials had assured the United States that an attack would not be immediate — just that it was close. But officials here were concerned about what might happen if word were to leak about the investigation or if the plotters' activities were to change.

The second plan, which was kept secret until just hours before it was unveiled nationally, included imposing and enforcing the no-liquids rule at airports and deploying more federal air marshals on planes headed to the United States from abroad.

It also involved increasing the use of federal security screeners to observe the behavior of passengers at airports to look for signs that they might be involved in suspicious acts, something Israeli authorities have long done. And it entailed examining passenger manifests for all flights from Great Britain before the planes took off.

The circle of officials involved in the planning was so small that the department's top leaders, like Kip Hawley, the head of the Transportation Security Administration, handled the task of typing briefing materials on a classified computer. The new security measures would be shared only in confidence with others inside the government, including members of Congress, and with senior airline executives starting late Wednesday, after the arrests in Britain were under way.

For Mr. Chertoff, whose post-hurricane trip to Atlanta last year led to criticism that he was an aloof and disengaged manager, there was never any question that he would need to be at the center of this effort. But he acknowledged in the interview that what had happened with the hurricane made this even more critical.

"There were obvious frustrations in Katrina that I relied on others to do something and that turned out that that reliance was misplaced," he said. "So I guess to some extent, I have incorporated some of that lesson into what I do going forward."

Representative Peter T. King, Republican of New York, who has harshly criticized Mr. Chertoff, said that the Homeland Security Department's ability to institute such a drastic change in checkpoint procedures so rapidly reflected an agency that appeared to have matured in the last year.

"We will have to wait and see, but my impression right now is, with the team in place, the progress will now be geometric, it will move a lot quicker," Mr. King, chairman of the House Homeland Security Committee, said in an interview on Sunday.

Mr. King, Senator Collins and Representative Thompson all said that Mr. Chertoff's effort in his role as the Bush administration's public face on security also represented an improvement, not just from the way he handled Hurricane Katrina, but compared with his predecessor, Tom Ridge.

Instead of communicating through dueling appearances by the attorney general, the director of the Federal Bureau of Investigation and the homeland security secretary, as sometimes happened during Mr. Ridge's tenure, this time, the administration seemed to be speaking with a single, clear message, and one that seemed informed and confident, they said.

But critics and senior department officials said there were still considerable grounds for improvement in the agency's operations.

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Since Mr. Chertoff took over in February 2005, for example, the department has not issued fraud-proof identification cards for transportation workers. It has also not completed negotiations to make advance information on passengers on all planes headed to the United States available before they take off, nor has it developed an improved system for screening passenger names automatically on domestic flights.

In addition, senior agency officials acknowledged that the department had been far too slow to use new technologies to help detect liquid or plastic explosives that the equipment now in use might miss.

"Too many things have been left undone," Mr. Thompson said.

Ms. Collins took issue with Mr. Chertoff's remarks in a televised interview on Sunday that the United States should consider laws like those in Britain that would allow the authorities to detain terrorism suspects, including Americans, even before charges are filed.

And Representative Edward J. Markey, Democrat of Massachusetts, said in a statement on Sunday that no matter how well orchestrated Mr. Chertoff's response was in the past week, his department was still too narrow minded and reactionary, seeming to shift by the week from a focus on rail security to port security to aviation.

"As a result, the Bush administration seems to lurch from crisis to crisis," Mr. Markey said, "covering yesterday's vulnerabilities but leaving tomorrow's threats wide open to exploitation by terrorists."

Mr. Chertoff said he appreciated any voices of approval after the consistent tongue-lashing he received in the wake of Hurricane Katrina. But he knows the wind could still change direction.

"Certainly, getting praised is better than getting criticized," he said Sunday, after wrapping up appearances on all three major television networks and two cable news programs. "The judgment on my tenure will ultimately be determined over the long term."

TSA Tries To Balance Security, Efficiency (WP)

By Del Quentin Wilber

The Washington Post, August 14, 2006

U.S. security officials had long anticipated the kind of terror threat that threw global air traffic into an uproar last week -- they'd even stepped up training to head off terrorists trying to sneak improvised explosive devices onto airplanes.

But when British authorities announced they had foiled such a plot, the Transportation Security Administration had only one option in its playbook: a sharp crackdown at security gates, with new stringent rules restricting carry-on baggage. The move caused a recurrence of the long, slow security lines and massive inconvenience for passengers that have blackened the agency's reputation since its inception after the Sept. 11 terrorist attacks.

The response highlights the tough predicament that the TSA repeatedly faces as it attempts to become a more sophisticated security operation. The agency has the difficult task of ensuring airline security with a minimum of hassle for millions of travelers pouring through airports.

After analyzing intelligence reports and assessments of the alleged plot, TSA Administrator Edmund S. "Kip" Hawley said it did not take long for authorities to figure out what to do. "There wasn't any balancing on this one," Hawley said.

The TSA, which has a budget of $6.2 billion and has seen its number of screeners drop to 43,000 from 55,000 in 2002, is one of the last lines of defense in the country's efforts to battle terrorism, particularly attacks directed at airplanes.

Travelers and their advocates have long complained that lines are too long at many airports, that some security measures seem inconsistent and that security officers seem to be in short supply. Others say that TSA officers seem to be doing little but hanging out at checkpoints, even when the lines grow. A joke among pilots is that TSA stands for a "Thousand guys Standing Around."

Watchdogs have hammered the TSA from the other side -- contending that the agency has been slow to tackle the most serious security concerns. Critics and outside security experts say the TSA has been sluggish to grapple with not only carry-on security issues but also with a range of other threats that include cargo shipments and checked baggage on passenger jets.

The TSA should have banned liquids long ago or pushed more aggressively to develop technology to detect them because the threat from such explosives has been well-established for at least a decade, critics argue. They also wonder why the

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Department of Homeland Security, of which the TSA is a part, has seen its research and development budgets slashed from $110 billion in 2003 to $44 billion this year.

"This points out a much larger issue," said Clark Kent Ervin, a former inspector general at the department. "The terrorists are always one step ahead of us. They are adaptive and learning and proactive. We are always focused on the last war. We need to make sure we don't lose the next war."

TSA officials defend their approach, saying the agency was formed in direct response to the 2001 terror attacks and faced congressional mandates and other pressures to hire as many screeners as quickly as possible.

It was a tough task, they say, and consumed their focus for years. They also were receiving pressure from struggling airlines and airports hoping to ease passenger security burdens to boost travel. As they were monitoring intelligence for new terror threats, current and former TSA officials said they felt it would not have been prudent earlier to ban all liquids and gels from flights. Hawley says he is confident that his screeners, who receive training on how to detect liquid explosives, would have stopped bombers from boarding U.S. airlines at airports.

In their constant effort to balance risk and security, TSA officials announced yesterday that they were tweaking some of their restrictions. Revisiting a previous policy enacted after other terror threats, TSA officials said they are requiring all passengers to remove their shoes to be screened by X-ray machines. They are also banning all aerosol products but allowing small doses of nonprescription medications, solid lipstick and baby food. "This refinement affords the same level of security that has been in place since last Thursday, but is intended to minimize the impact on travelers," officials said in a news release.

Hawley, the agency's fourth administrator, took over the TSA last July. He immediately went through training classes to get a better sense of what his employees were learning, officials said.

Aware that terrorists were finding new ways to make bombs in Iraq and Afghanistan, he was troubled by the type of explosives training screeners received. The screeners were almost always seeing fully assembled devices, which are relatively easy to detect during training sessions.

He and other top officials worried that terrorists could get on a plane and then assemble an explosive device.

In response, TSA officials began to rework education requirements. While mandating that a third of the screeners' training sessions focus on improvised explosive devices, including liquid bombs, they began to throw more images of explosives and their components at officers in classrooms and on-the-job training sessions.

To get screeners to think more creatively about threats, TSA officials plan in coming months to introduce an interactive video game that centers on security to allow employees to role-play as terrorists.

"There is a lab right now in Iraq and Afghanistan, and the bad guys are learning new and better ways to build and disguise bombs," said Michael J. Restovich, assistant administrator for security operations. "For us, it's a constant, continuous education to learn how to detect and interdict all of these components of bombs. That is our target. That is what we're looking for."

Critics and outside security experts say the new training requirements are a good place to start. But they question whether the initiatives are working.

They point to a classified report from the Government Accountability Office that found that investigators were able to penetrate checkpoints at more than 20 airports with bomb components between October and January, according to news accounts at the time.

Top officials say they want to expand teams of security officers who are trained to identify passengers for suspicious activity in terminals and checkpoint lines. Using Israeli counterterrorism techniques, the teams already operate at more than 10 airports, including Dulles International Airport. The TSA won't discuss the methods the teams employ.

That expansion is part of an effort to create more diverse career paths for screeners to try to keep them on the payroll longer. The TSA has battled high attrition rates since its inception, although those numbers have dropped recently.

Hawley even changed the job title for screeners last year to Transportation Security Officers in the hopes of boosting morale and finding a description that better describes the nature of the work, he said.

While they were revamping training, TSA officials were working to loosen some restrictions on what passengers can carry onto planes.

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Late last year, the TSA removed the ban on small scissors and sharp tools. The chance of hijackers using such weapons is remote, officials say, because cockpit doors have been strengthened and pilots will not hesitate to put planes in rolls and spins to disrupt a plot. Passengers are also likely to stage a revolt.

Hawley has been lobbying Congress to change a federal law banning cigarette lighters in passenger cabins, a restriction enacted after a failed terror plot in late 2001. Thousands of lighters are confiscated every year by screeners, work that officials say distracts workers from more important tasks, such as finding bombs.

Rep. Edward J. Markey (D-Mass.), a sharp critic of the TSA and Bush administration security policy, said that lifting the ban on scissors and sharp tools was a bad decision. He said terrorists might use scissors and other small tools in a broader suicide bombing plot, perhaps to fight off passengers while someone assembles a bomb on board. He also says the TSA does not do enough to screen cargo shipments on passenger planes.

TSA officials counter that screening 100 percent of cargo would be impossible and said that they check such shipments after doing risk assessments.

"There is a Dickensian quality to their arguments," Markey said. "This is the best of security and the worst of security. The areas they are covering have been improved, but they have still left vast areas that are relatively unprotected. And it's just those areas that al-Qaeda has historically exploited."

New Orleans Still Reeling, But Residents Make Do (WT/AP)

By Rukmini Callimachi

The Washington Times, August 14, 2006

NEW ORLEANS -- They said she was too frail, that the mold growing on the warped walls of her flooded house would make her ill. They said she shouldn't bother since her mottled, mud-filled home likely would be bulldozed anyway.

But Willie Lee Barnes, who recently turned 94, didn't listen.

Standing outside her house, she clasped her rosary in her frail hands and prayed. "Lord," she said, "I'm not asking that you climb the mountain for me. I'm only asking that you give me the strength to do it myself."

Strapping on a dust mask, Miss Barnes grabbed a shovel and with all her force began pounding the deformed walls of her living room until they fell to the floor. She filled buckets with the broken drywall, which her son ferried outside. Bucket by bucket and week after week, she kept at it, resting occasionally on a stool, the only piece of furniture in her house to survive the flooding. Flanked by a worn statue of the Virgin Mary, hers is now one of the few houses that's been gutted in the city's Lower Ninth Ward.

Ask her to explain how a nonagenarian succeeded in doing what thousands of younger families have failed to do, and Miss Barnes offers an analogy: "I'm like bad grass. Because it never dies. You gotta pull it up, and even though you do, it still grows back. I don't care how hard something looks, I'm still going to try."

In a city that still lies largely in ruin after Hurricane Katrina hit Aug. 29, life is pushing through like "bad grass," forcing its way through cracks in the pavement.

Those who choose to return do so in spite of the city's broken infrastructure, which nearly a year later remains in tatters: Nearly 60 percent of homes and businesses are still not receiving electricity or heating gas. Only three out of nine New Orleans hospitals have reopened. Only 56 of 128 public schools will enroll students this fall.

The city itself still has no master plan.

Still, even in the worst-hit neighborhoods, where homes were ripped from their foundations and spit into the street, and where mattresses still lie impaled in the branches of trees, the rebirth is taking place.

Those who have returned to live here proudly proclaim their existence.

"I'm back. R U?" asks a sign in the window of a flooded pickup truck at a house slowly being repaired.

Down the block, another sign stands outside a gutted home. "I'm Coming Home," it says -- except "Coming" has been struck out with a bold, red line.

"This house is my soul," Carolyn Parker says. It has neither electricity nor running water, so each morning, until a government-issued trailer arrived last month, she walked to a nearby fire hydrant and screwed it open with a wrench. The water gushed out, and she filled two buckets. Then, she carried them back to her home, using them to bathe.

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Throughout the city, institutions have learned to adapt, too.

For more than 150 years, those who attended Sunday Mass at the Church of the Annunciation heard the Scripture read in Elizabethan English. Now, the traditional Anglican Church's priest reads the ancient Scripture, still dotted with 'Thees' and 'Thous,' inside a doublewide trailer, parked in the flooded Broadmoor neighborhood. Because there is no air conditioning, the clergy shed their ornate wool cassocks.

Still, the Episcopal bishop came carrying a tall, hooked staff and wearing green-and-gold vestments to bless the trailer.

"We do the best we can. But there's only so much pomp and circumstance you can have inside a doublewide," said the Rev. Milton Gibson, the church's deacon.

Even in the unharmed French Quarter, where jazz tumbles into the street from ornate, cast-iron balconies, residents speak of a lingering depression.

"I can't even remember how many going-away parties I've been to in the last few weeks. Every night, I lay in bed, thinking, 'Should I stay or should I go?'" says Maggie Beal, the manager of a store selling 19th-century French antiques.

Throughout the city, those who stayed are trying the best they can to make meaning out of the destruction.

When Miss Barnes first returned to her flooded bedroom, she hoped to find a crucifix studded with diamonds that for years she'd worn around her neck. She couldn't find it.

Yet she was able to salvage one item: A present given to her years ago, still inside its gift box. It's a porcelain angel, holding a battery-operated lantern.

Although the waters rose to the house's cypress beams, the box must have bobbed on the surface and not gone under -- when she unwrapped it and switched it on, the lantern lit up a soft, fuzzy yellow.

Holding the angel in her hands and straining to make out its inscription, Miss Barnes read aloud: "You are the Lord. Keep my light burning and turn the darkness into light."

Fangs Are Bared Over Md. Group's Katrina Dog Rescues (WP)

By Ernesto Londoã±o

The Washington Post, August 14, 2006

It started as a dispute over the custody of Sandy Marie and Coco Ree, two dogs brought to Montgomery County last year after being rescued from a suburb of New Orleans ravaged by Hurricane Katrina.

But the attorneys involved in the spiraling fight are dueling about more than ownership of the female shepherds. It has become a battle over the legal complexities of rescuing pets in disaster zones, disparities in social class and the incendiary effect grass-root campaigns waged on the Internet can have on people's lives.

On one side is Belinda Sumrall, a New Orleans evacuee who left her pets behind. On the other are the Montgomery County Society for the Prevention of Cruelty to Animals and two of its volunteers.

In the middle are the dogs' new owners, who adopted them from the society and now might have to return them to Sumrall.

A judge in Louisiana has ordered the society to return the dogs to Sumrall. The agency and the two volunteers have struck back with a defamation lawsuit in Maryland, in which they contend that the Louisiana attorney representing Sumrall has unfairly characterized them as elitist thieves who took advantage of Katrina victims.

The new owners are not a party in either suit, and their identities are not public.

When Katrina hit nearly a year ago, Kim Deserio of Gaithersburg, a federal government lawyer, traveled to Louisiana to help rescue abandoned pets. She found Sandy Marie and Coco Ree on the streets of Arabi in St. Bernard Parish.

Sumrall had left the dogs when fleeing the storm and resettled in Texas. Attempts to locate her to comment for this article were unsuccessful.

Parish officials gave Deserio permission to take the dogs to Maryland so they could be placed in foster care. The parish required the SPCA to post photographs of them with contact information on a Web site used by many Katrina evacuees to find their missing pets.

Under the agreement, the animals would become the property of the Montgomery SPCA if their owners hadn't come forward by Nov. 1.

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Sumrall posted queries on other Web sites about her missing pets but received no response, she said in court documents. A volunteer helping her look for them later discovered that they had been taken to Maryland.

The dogs, renamed Andi and Foxy by their caretakers in Montgomery, were treated for heartworm. One had a mass on her salivary gland that required expensive surgery, according to the society.

They were among the roughly 15,000 pets rescued in the Gulf Coast after the hurricane hit.

"We had two, three, four hundred animals being rescued every day," said Wayne Pacelle, president and chief executive of the Humane Society of the United States. "If we hadn't exported them, we would have had to suspend the operation."

Between 25 and 30 percent of the rescued pets were reunited with their owners, but most were adopted, Pacelle said.

Several ownership disputes have wound up in court, and their outcomes are likely to set precedents.

"There are many cases around the country, and they are going in many different ways," said Marie Riccio Wisner, who represents the Montgomery SPCA and its volunteers in the Louisiana case. Her clients did everything by the book and worked tirelessly to save endangered pets, Wisner said. "My main concern is that we on the Gulf Coast will be confronted with another hurricane. I don't think that we can bite the hand that feeds us."

Weeks after Sandy Marie and Coco Ree were adopted, Kathryn S. Bloomfield, a Shreveport attorney, contacted the Montgomery SPCA, saying that her client, Sumrall, wanted the dogs back. Bloomfield was told that they had a new home.

"We will not be returning the dogs to Ms. Sumrall, but wish her the best in her transition to a new life," Deserio wrote in a Dec. 17 e-mail, excerpts of which were posted on Bloomfield's blog -- Maddogs World -- under the headline: "Proof of the Callous Disregard of MCSPCA and Kim Deserio."

Bloomfield argued that Montgomery SPCA officials had not made an effort to find the dogs' owner before putting them up for adoption.

"It is again requested that you contact me immediately to arrange for the transport of Ms. Sumrall's pets home to her," Bloomfield wrote in a Dec. 28 e-mail to Deserio, according to court records. "Your continued refusal to do so makes no sense to us or to any of the agencies duly involved with the pet rescue efforts."

Days later, Bloomfield took a softer stance.

"Please contact me to make arrangements for the amicable return of Ms. Sumrall's pets to her," she wrote in a Jan. 7 e-mail to Dawn Wilcox, another society volunteer. "She misses them terribly and has just suffered terribly. Being denied her two beloved pets, Sandy Marie and Coco Ree, the latter of which was a wedding gift in honor of her wedding last year, simply is not the right thing to do."

Deserio and Wilcox allege in the defamation lawsuit that Bloomfield began lambasting Deserio and other Montgomery SPCA officials in online postings.

Bloomfield did not return phone messages left at her home and office. Her attorney, Edward S. Wisneski, said the allegations are baseless but would not respond to them in detail. He would not say whether Bloomfield disputes writing some of the postings attributed to her in the suit.

According to the defamation suit, Bloomfield posted a profanity-laced poem aimed at Deserio on at least two Web sites. The poem and other items allegedly posted by Bloomfield on Web sites were attached to the defamation complaint.

The poem warned that "no rich [expletive] who don't do Nuthin right is gonna take my dogs without a fight."

The blog also featured a letter from Sumrall.

"I don't know if you realize how bad you're hurting me by not giving me my dogs back," Sumrall wrote in the undated posting. "You make the holidays hard for me cause I always by my dogs something for christmas. This year, I couldn't cause of people like you who have my babies."

Deserio and Wilcox began receiving "threatening and disturbing communications" from people who were following the case in the blogosphere, they allege in the defamation lawsuit. Their attorney in that case would not comment, nor would Wilcox. Deserio did not respond to a phone message.

Bloomfield obtained a temporary restraining order Jan. 31 in which a Louisiana judge ordered officials from the Montgomery SPCA to return the dogs to Sumrall and threatened to fine it $1,000 for each day it disobeyed the order.

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The defendants weren't properly notified and didn't get a chance to defend their position, Wisner said. They believe that the petition for the restraining order misstates the facts.

Wisner said the easiest way to resolve the case would probably be to have the original and new owners of the dogs talk to each other.

"We've got to get the lawyers out of it," she said.

Evacuees: Where Are They Now? (NW)

By Sarah Childress

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - A year after the hurricane, many Katrina evacuees are still adrift—unemployed, homeless and suffering from mental-health problems caused or exacerbated by the storm, according to a study to be released this week. Commissioned by the nonprofit group Appleseed, the report is based on 350 interviews with relief workers and other advocates in the five cities that took in the most evacuees—Houston and San Antonio, Texas; Atlanta; Birmingham, Ala., and Baton Rouge, La.—as well as New Orleans.

Story continues below ? advertisement

The picture is hardly complete. The initial lack of cooperation on the local, state and federal levels made it impossible to track them all, and by now evacuees have scattered across the nation and the world. But the study offers a glimpse into the lives of those for whom, after a year of chaos, much of the support and sympathy has tapered off, leaving them to struggle alone.

Houston, which took in the most evacuees after the storm—250,000—harbors the largest remaining group, about 150,000. Most families earn about $26,360 a year. Blamed for overcrowding and a rise in crime, evacuees feel so stigmatized that they often hide their identity when applying for jobs or social services.

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Nearly half the 15,000 evacuees still in San Antonio have a family member suffering from a chronic medical condition. Most are unskilled or unemployed, and in need of housing. One evacuee talked of nightmares: "I have dreams that I didn't make it."

Because so many evacuees had family and friends in Atlanta, the city harbored more middle- and upper-class people who were able to flee on their own; more than 80 percent remain in the area.

The smallest number of evacuees made their way to Birmingham, which was lauded for its quick response to the storm. Only about 1,500 are there now, but many must compete for jobs and social services with the 21 percent of residents already living below the poverty line.

As a first stop for responders, Baton Rouge has boomed. But many of the 25,000 to 50,000 evacuees in the city today are uninsured, and hundreds are still living in FEMA trailer villages—unsure how to start anew, with no place else to go.

WAR NEWS:

Car Bombs, Rockets Kill 47 In Baghdad Shiite Neighborhood (USAT/AP)

USA Today/AP, August 14, 2006

BAGHDAD (AP) — Car bombs and a rocket barrage struck a predominantly Shiite neighborhood in Baghdad Sunday, killing at least 47 people and wounding 148. The rockets apparently were fired from a mostly Sunni district targeted by U.S. troops in a crackdown against the sectarian violence roiling the capital.

The attack on the Zafraniyah neighborhood in southern Baghdad began about 7:15 p.m. with two car bombs and a barrage of an estimated nine rockets, Defense Ministry spokesman Col. Saddoun Abu al-Ula said.

He said the barrage heavily damaged three buildings, including a multistory apartment house that collapsed. Al-Ula said the rockets appeared to have been fired from the neighborhood of Dora, which has been the focus of thousands of U.S. troops sent to try to restore peace in Baghdad.

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Police Lt. Thaer Mahmoud said 47 people were killed and 148 were wounded.

The complex style of the assault was similar to a July 27 attack of mortars, rockets and car bombs on another mostly Shiite district, Karradah, which killed 31 people. Police said the rockets and mortars that struck Karradah also were fired from Dora.

A Sunni extremist group, the al-Sahaba Soldiers, claimed responsibility for the Karradah attack to punish Shiites for supporting the "crusaders," or Americans, and the "treacherous" Iraqi government.

Muhanna Yassin, who lives in Zafraniyah, said the attack left the neighborhood "a total mess" with "bodies of the dead and injured scattered around in the streets — old, young, women and children."

"The ground shook underneath us and there was chaos everywhere," he said in a telephone interview. "Everyone was dazed and confused, looking for their families. Some children and grown-ups were crying. I can't even begin describing their state."

He said many of the victims were cut by flying glass and debris, leaving parts of the streets soaked in blood. Iraqi state television reported that some victims may be trapped in the rubble of the apartment building.

The multiple attacks were part of the grisly pattern of Sunni-Shiite violence that American officials consider the greatest threat to Iraq's stability more than three years after the U.S.-led invasion toppled Saddam Hussein's regime.

U.S. commanders are sending nearly 12,000 U.S. and Iraqi soldiers into the capital to curb the surge of sectarian violence, which was described by the U.S. ambassador to Iraq, Zalmay Khalilzad, on Sunday as "the principal problem here."

"I believe that the sectarian violence is serious. I believe the Iraqis have overcome challenges before ... and they can overcome this as well," Khalilzad said on CNN.

Earlier Sunday, the U.S. command announced that soldiers of the 2nd Brigade, 101st Airborne Division had arrested a key terrorist cell leader who was "directly linked" to the July 17 attack on an outdoor market in Mahmoudiya, about 20 miles south of Baghdad.

The statement said the arrest was made Thursday but did not give the suspect's name. Gunmen believed to be Sunnis opened fire on shoppers and vendors in the Mahmoudiya market during last month's attack, killing at least 51 people and wounding more than 70. Most of the victims were Shiites.

On Friday, U.S. soldiers arrested 60 Sunni men including members of an al-Qaeda-affiliated cell that "specializes in bomb making" and carried out car bomb attacks in the capital, the U.S. command said.

Sectarian tensions have been rising following the Feb. 22 bombing at a Shiite shrine in Samarra, which triggered a wave of reprisal attacks against Sunni mosques and clerics. Tens of thousands of Iraqis have fled their homes since then, seeking refuge in areas where their Muslim sect is in the majority.

Much of the violence has been blamed on sectarian militias and armed groups that target members of the rival religious community. Prime Minister Nouri al-Maliki, a Shiite, has promised to disband the militias, some of which are linked to figures in his own government.

On Sunday, Health Minister Ali al-Shemari, a member of a Shiite group that operates a militia, said American soldiers arrested seven of his bodyguards in a pre-dawn raid on his office.

"There was no legal warrant, there was no prior warning to the ministry, there was no reason to arrest them. It is a provocation," said al-Shemari, a member of the movement led by radical Shiite cleric, Muqtada al-Sadr, head of the biggest Shiite militia, the Mahdi Army.

However, a U.S. military statement said coalition forces received a tip from a resident that "15 criminals wearing Iraqi army uniforms" had kidnapped six people and taken them to the Ministry of Health building.

Iraqi and U.S. soldiers searched the building and did not find any kidnap victims. But five detainees were taken in for questioning "based on their positive identification by the tipster," the statement said, without elaborating.

It was not clear if the raid was linked to the June disappearance of a Sunni provincial health official, Dr. Ali al-Mahdawi, who vanished after a meeting with the minister. Sunnis claimed al-Mahdawi was kidnapped by Shiite militiamen.

Al-Shemari denied any knowledge of al-Mahdawi's disappearance and said he had interviewed him for a senior post in the ministry.

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Politicians from several factions, meanwhile, said Shiite and Kurdish parties are organizing a bid to oust the Sunni speaker of parliament.

Since taking office May 20, Mahmoud al-Mashhadani has made a number of statements that offended key constituencies, including speaking out against regional self-rule, strongly supported by Shiites and Kurds but opposed by many Sunni Arabs.

Al-Mashhadani's ouster, which could be done by a new vote in parliament, would be the first major shake-up in the government of national unity. Al-Mashhadani would likely be replaced by another Sunni Arab if the move against him succeeds.

5 Bombs Kill At Least 57 In Baghdad (NYT)

By Paul Von Zielbauer

The New York Times, August 14, 2006

BAGHDAD, Iraq, Aug. 13 — As American forces conducted a new security sweep in western Baghdad on Sunday, five apparently coordinated bombings in a predominantly Shiite neighborhood on the city's south side killed at least 57 people and wounded 148, an Iraqi government official said.

The death toll could rise, the official said, as emergency workers searched for victims in the rubble of an apartment building that collapsed as a result of the bombings.

The attacks, which killed civilians in a largely residential neighborhood, were the deadliest in the capital since the American military dispatched new forces here more than a week ago to quell a surge in killings and kidnappings by sectarian militias and criminal gangs.

Also Sunday, American and Iraqi soldiers searching for people who had been kidnapped raided Iraq's Health Ministry early in the morning and arrested five bodyguards, military and government officials said.

Southwest of the capital, security forces arrested 16 men who were suspected of planning to kidnap or kill members of Prime Minister Nuri Kamal al-Maliki's family, according to a statement from the prime minister's office.

The five bombings in the Zafaraniya district of southern Baghdad occurred in two waves about an hour apart on Sunday evening, an Interior Ministry official said.

At 7:30 p.m., the first of three successive blasts rocked an apartment building, said the official, who spoke on condition of anonymity. Shortly thereafter, in a market about 60 yards away, a car bomb detonated, killing people involved in rescuing victims of the first blast, the official said. The third explosion, minutes later, occurred on a road near the building as a police patrol sped toward the scene, the official said.

Then, at 8:30 p.m., about 300 yards from the scene of the first three explosions, a bomb rigged to a motorcycle blew up after neighbors confronted its driver, who was trying to park on the street, the Interior Ministry official said. Two minutes later, the official added, a fifth bomb exploded near the wreckage left by the motorcycle bomb, killing bystanders.

The new American-led security operation here is intended "to reduce the level of murders, kidnappings, assassinations, terrorism and sectarian violence in northwest Baghdad and to reinforce the Iraqi government's control in Iraq's capital city," according to a statement released by the United States military on Sunday evening.

The raid on the Health Ministry, which began around 2:30 a.m. following a tip from a local resident, did not turn up any kidnapping victims. It did draw a vehement reaction from the health minister, Dr. Ali al-Shimari, a Shiite who is closely aligned with Moktada al-Sadr, the anti-American cleric, and the powerful Shiite militia he commands, the Mahdi Army.

"They broke into all the floors, especially the ninth floor, stole some money, which was the salaries of the security workers, and they kidnapped five of our staff," Dr. Shimari, visibly annoyed, told reporters at his office Sunday afternoon. "This is a provocation. No day passes by without raids by the Americans against our health institutions."

A statement from the American military on Sunday evening said coalition forces received a tip at 12:44 a.m. Sunday that 15 men wearing Iraqi Army uniforms had kidnapped six people from a large medical complex in central Baghdad and taken them to the Health Ministry.

American military officials did not respond to questions about whether soldiers took any money from Dr. Shimari's office, but they said the raid was part of the new American effort to stabilize Baghdad's precarious security situation.

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"The Iraqi government has sworn to take every citizen's tip seriously and act upon them," said the military spokesman, Lt. Col. Barry Johnson, in an e-mail message. "The coalition has likewise sworn to assist them in these efforts to build a secure environment. It is for the benefit of the Iraqi people that these forces conducted the search and detained the suspects."

Dr. Shimari has gained the reputation as something of a Shiite firebrand. In June, he faced awkward questions after a Sunni Arab health official from a neighboring province disappeared after a meeting in Dr. Shimari's office. Some Sunni political leaders charged that the official, Dr. Ali al-Mahdawi, who is a member of the Iraqi Islamic Party, was kidnapped by members of a Shiite militia.

Dr. Shimari has denied any knowledge of the disappearance of Dr. Mahdawi, whose fate remains unknown.

The men suspected of plotting to kill or kidnap Prime Minister Maliki's family members were arrested in Hindiya, about 60 miles southwest of Baghdad, the statement from Mr. Maliki's office said. The men, whom the statement described as "criminals," confessed to killings, abductions and an attack on a police station in Mahmudiya that killed six officers, the statement said. One suspect in the group also confessed to detonating 12 car bombs in Baghdad, it said.

The government did not identify the 16 men or clarify which killings and kidnappings the men had confessed to.

In the northern city of Mosul, Duraid Kashmoula, the governor of Nineveh Province, barely escaped assassination after gunmen fired at his convoy with machine guns, an official in the governor's office said. A member of the governor's security detail was wounded in the attack.

Also Sunday, American military officials said that soldiers from the 502nd Infantry, 101st Airborne Division, had arrested a man on Thursday who was involved in a marketplace bombing in Mahmudiya, south of Baghdad, on July 17 that killed 40 people and wounded 70 others.

Blasts Kill Dozens In Shiite Area Of Baghdad (WP)

By Sudarsan Raghavan

The Washington Post, August 14, 2006

BAGHDAD, Aug. 13 -- Multiple explosions rocked a predominantly Shiite Muslim neighborhood of Baghdad on Sunday night, killing at least 47 people and wounding about 150 in one of the deadliest attacks to target the capital in recent weeks, authorities said.

The blasts tore through the Zafraniya neighborhood of southern Baghdad at a time when U.S. and Iraqi forces are attempting to crack down on the rising sectarian violence that officials see as the gravest threat to the country's stability. U.S. soldiers conducted a new round of security sweeps through two other volatile Baghdad neighborhoods Sunday, erecting concrete barriers and razor wire and patrolling the streets in Humvees.

The attacks began when a volley of rockets bombarded a residential apartment building during a nighttime curfew, witnesses and police said. Then, a roadside bomb exploded, followed minutes later by another bomb strapped to a motorcycle.

Ali Ibrahim, a shopkeeper in a market near the apartment complex, said he saw as many as 10 rockets strike several buildings, spraying debris and glass and setting several nearby shops on fire. As of late Sunday, no group or individuals had asserted responsibility for the attack.

"I closed my shop and ran away," Ibrahim said in a telephone interview.

Iraqi television reported that as bystanders ran toward the scene to rescue victims from the rubble of the partly collapsed apartment complex, the second and third bombs exploded, killing dozens more.

The assault appeared to mirror an attack last month involving mortars, car bombs and rockets that targeted Karrada, an upscale, mostly Shiite neighborhood in Baghdad, killing at least 25 people, collapsing buildings and trapping people in rubble.

Since the bombing of a Shiite shrine in Samarra in February, Sunni Arabs and Shiites have been tangled up in a cycle of tit-for-tat reprisal killings that have claimed on average more than 100 lives a day. On Thursday, a suicide bomber blew himself up in front of one of Shiite Islam's holiest shrines in the city of Najaf, killing more than 30 people. A Sunni insurgent group asserted responsibility for that attack.

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Early Sunday, U.S. and Iraqi soldiers surrounded the Ministry of Health building in search of kidnapped Iraqis. The 2:30 a.m. raid followed a tip indicating that 15 men in Iraqi army uniforms had seized six Iraqis from a medical complex in Baghdad, the U.S. military said in a statement. No victims were found, but five ministry bodyguards were detained for questioning.

Iraq's Shiite health minister, Ali al-Shimari, has close ties to the radical anti-American cleric Moqtada al-Sadr and his influential militia, the Mahdi Army, and the raid comes at a time of growing tensions between U.S. forces and Sadr's men.

Meanwhile, police arrested several men suspected of plotting to kill or kidnap relatives of Prime Minister Nouri al-Maliki, according to Muthana Ahmed, a police official in Babil province. The suspects were apprehended in the town of Hindiyah, 50 miles southwest of Baghdad, according to a statement from Maliki's office .

In the town of Mahmudiyah, about 15 miles south of Baghdad, U.S. troops of the 2nd Brigade, 101st Airborne Division, detained a key suspect accused of helping orchestrate an attack last month on an outdoor market that killed 51 people, most of them Shiites, the U.S. military said Sunday.

Special correspondents Saad al-Izzi and Salih Saif Aldin contributed to this report.

56 Iraqis Die In Attacks On Marketplace (LAT)

By Solomon Moore

The Los Angeles Times, August 14, 2006

BAGHDAD — Coordinated attacks Sunday in a predominantly Shiite neighborhood in south Baghdad killed at least 56 people and wounded 148, local officials said.

The attacks on a market in Zafaraniya included a barrage of mortar rockets, a car bomb and a suicide bomber on a bicycle, police reported.

Elsewhere, insurgents appeared to strike a blow to efforts to bolster security in the restive western city of Fallouja, where hundreds of newly recruited police officers failed to show up for work Sunday after insurgents circulated pamphlets threatening officers, said police officials.

"We will kill all the policemen infidels," read the pamphlets, "whether or not they quit or are still in their jobs."

Fallouja Police Lt. Mohammed Alwan said that the force, which he estimated had increased to more than 2,000, had now shrunk to 100. He said insurgents had killed dozens of policemen in their homes and also attacked relatives in a weeks-long intimidation campaign.

A Fallouja police major who spoke on condition of anonymity for fear of reprisals said that at least 1,400 policemen had left their jobs since Friday, 400 of them above the rank of officer.

"During the last three months more than 100 policemen were killed here," including a number of senior officers, the major said.

Marine Lt. Lawton King, who is stationed in Fallouja, called those figures "inaccurate." He said 32 police officers had been assassinated since January and that "substantially fewer than the exaggerated 1,400" officers had failed to report for work.

The Marines stationed in the western province of Al Anbar, the heartland of the Sunni Arab insurgency, have struggled to recruit police officers in Fallouja, which was the scene of major clashes in 2004 and has since remained under a strict Marine cordon and curfew. Some units were recently moved to nearby Ramadi during the same period that Fallouja officials say insurgents launched their campaign.

A prominent Shiite militia leader, citing U.S. and Iraqi forces' inability to provide security, called Sunday for the creation of "popular committees" to guard neighborhoods.

During a televised debate on an Arabic satellite channel, Hadi Amri, a leader of the Badr Brigade, a powerful Shiite militia that has been accused of running death squads within Iraq's national police forces, said paramilitary groups would persist until Iraq's security forces were able to protect the nation's citizens from terrorism.

"I talked to the Americans two years ago and told them if the security is not resolved there will be hundreds of militias, and now it has happened," said Amri, who is also a lawmaker. "Now all the guards of officials are militias, all the guards of parties and movements are militias, all the guards of companies are militias, all the guards of ministers … are militias."

DOJ_NMG_0046972

U.S. soldiers raided the Iraqi health minister's offices Sunday and arrested seven of his bodyguards, according to ministry officials. U.S. spokesman Lt. Col. Barry Johnson said the raid was conducted in response to a tip that six Iraqis had been kidnapped and taken to the Health Ministry building. Johnson said the soldiers found no abductees.

Sunni Arab leaders have recently alleged that Shiite militiamen have kidnapped Sunnis visiting relatives at the hospital or recovering fallen loved ones at the Baghdad morgue.

The Health Ministry is widely viewed as being under the control of the followers of radical Shiite cleric Muqtada Sadr, who heads an influential political movement and Al Mahdi militia.

Sadr followers condemned the raid as another act of provocation by the U.S. military, which drew harsh criticism for raids last week in Sadr City, an Al Mahdi stronghold in Baghdad.

Nasir Saidi, a Sadr associate, called the Health Ministry raid a "barbarian and unsound act."

"We have had enough of such aggression against us," Saidi said. "Everybody knows that the Sadr movement is participating in the political process — but it will never deal with the occupiers. We hope they will not force us to go in a different direction."

U.S. and Iraqi forces have increased operations in the capital in an effort to reduce sectarian violence, which many officials believe has eclipsed the insurgency as the main problem in Baghdad, which reported more than 1,800 violent deaths in July.

Meanwhile, Prime Minister Nouri Maliki's office announced that police had disrupted a six-member insurgent cell near Babylon allegedly plotting to kidnap and kill members of his family.

In southwest Baghdad, gunmen killed three men in separate incidents.

General Hears Marines' Concerns In Iraq (WP/AP)

By Robert Burns, The Associated Press

The Washington Post/AP, August 14, 2006

FALLUJAH, Iraq -- The top U.S. general dropped into this volatile city Sunday to hear what was on the minds of Marines doing battle daily with a resilient and deadly insurgency.

Some of what he heard sounded like a sign of creeping doubt _ not about the Marines' mission but about the wider purpose it is supposed to be serving as the U.S. war death count tops 2,600.

On his first visit to Fallujah as chairman of the Joint Chiefs of Staff, Marine Gen. Peter Pace stood before 1,300 troops _ mostly Marines _ and assured them that the American public supports them. And he predicted that Americans would continue to support the war.

"I think sometimes when you are out here at the tip of the spear, you wonder what's going on back in the United States and do you all still have the support of your fellow citizens," Pace said. "The answer is, yes, you do."

Public support for the troops doesn't extend to the Iraq war itself, however. More than half, 58 percent, said in a Newsweek poll out this weekend that the United States is losing ground in Iraq and opposition to the war has been growing.

During his meeting with the troops, the general also took questions.

How much more time, one Marine asked, should the Iraqi government be given to achieve the political unity necessary to stabilize the country?

"I guess they have as long as it takes," Pace replied, quickly adding, "Which is not forever."

Pace argued that setting a deadline by which the United States would withdraw its support would risk pushing the Iraqis into political decisions that are unviable. On the other hand, he said, "You do not want to leave it open ended."

Another Marine wanted to know if U.S. troops would stay in Iraq in the event of an all-out civil war. Pace repeated what he told a Senate committee last week: a civil war is possible, but not expected. He did not say what the United States would do if it actually happened.

Another asked what the United States would do if the Iraqi government did not support extending the U.N. resolution that authorizes the presence of American and other foreign troops in Iraq. Pace said the Iraqis already have said they favor extending the U.S. mandate, which expires in December.

One Marine wound up his question about the pace of U.S. troop deployments to Iraq by asking, "Is the war coming to an end?"

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Pace didn't answer directly. He said Pentagon officials and military leaders are trying to keep enough troops in Iraq to achieve the mission of training Iraqi troops to take over the security mission, while avoiding having so many that it creates an Iraqi dependency.

There are now about 133,000 U.S. troops in Iraq.

At each stop on Pace's two-day visit to Iraq, which included Baghdad and Mosul as well as Fallujah, he thanked troops for their service and assured them that the American public still supports them.

Pace did not explicitly mention the political debate in Washington over when to withdraw from Iraq, but the senior commander of U.S. forces in western Iraq, Maj. Gen. Richard Zilmer, said in an interview Sunday that he is concerned about the effects of that debate.

Asked about the tenor of some of the questions put to Pace by Marines who seemed to harbor doubts about the long-term viability of the U.S. military mission, Zilmer said he is confident that virtually every Marine here is satisfied that their work is noble and just.

"But they are not immune to the discussions they see in public communications," Zilmer said. "Like all of us, they want to be assured that what we're doing is the right thing for the nation. Watching the Iraqi national government develop here has not been easy."

Zilmer noted the calls by some in Congress for a U.S. troop withdrawal to begin this year.

"That plays back here," he said. "People hear that. It does create the question: Is there the national commitment behind what we're doing over here?"

Pace Promises Troops Continued Support In U.S. (WT/AP)

By Robert Burns

The Washington Times, August 14, 2006

FALLUJAH, Iraq -- Marine Gen. Peter Pace appeared before 1,300 troops in this hotbed of the Iraqi insurgency yesterday to assure them that the American public supports them and that the support would continue.

Hours afterward, three back-to-back explosions killed 20 persons and wounded more than 70 in a mostly Shi'ite neighborhood in southern Baghdad.

On his first visit to Fallujah as chairman of the Joint Chiefs of Staff, Gen. Pace predicted to an audience of mostly Marines that Americans would continue to support the war.

"I think sometimes when you are out here at the tip of the spear, you wonder what's going on back in the United States and do you all still have the support of your fellow citizens?" Gen. Pace said. "The answer is, yes, you do."

Public support for the troops doesn't extend to the Iraq war itself, however. More than half, 58 percent, said in a Newsweek poll released this weekend that the United States is losing ground in Iraq and opposition to the war has been growing.

During his meeting with the troops, the general also took questions.

How much more time, one Marine asked, should the Iraqi government be given to achieve the political unity necessary to stabilize the country?

"I guess they have as long as it takes," Gen. Pace replied, quickly adding, "which is not forever."

Gen. Pace argued that setting a deadline by which the United States would withdraw its support would risk pushing the Iraqis into political decisions that are unviable. On the other hand, he said, "You do not want to leave it open-ended."

One Marine wound up a question about troop deployments to Iraq by asking, "Is the war coming to an end?"

Gen. Pace didn't answer directly. He said military leaders are trying to keep enough troops in Iraq to achieve the mission of training Iraqi troops to take over the security mission, while avoiding having so many that it creates an Iraqi dependency. About 133,000 U.S. troops are in Iraq.

Gen. Pace did not explicitly mention the political debate in Washington about a withdrawal timeline, but the senior commander of U.S. forces in western Iraq, Maj. Gen. Richard Zilmer, said in an interview that he is concerned about the effects of that debate.

DOJ_NMG_0046974

"That plays back here," he said of calls by some in Congress for a U.S. troop withdrawal to begin this year. "People hear that. It does create the question: Is there the national commitment behind what we're doing over here?"

The first of three explosions in Baghdad yesterday occurred about 7:15 p.m. when a rocket struck an apartment building in the Zafraniyah neighborhood, police Lt. Thaer Mahmoud said.

About 10 minutes later, a car bomb exploded as police and bystanders rushed to the scene, he said. A bomb strapped to a motorcycle went off in the same area minutes later, he said.

First reports said eight persons were killed in the rocket attack and 12 in the two other blasts, he said, adding that more than 70 were wounded.

Military At Odds On Intel Methods (WT)

By Rowan Scarborough

The Washington Times, August 14, 2006

U.S. Central Command has been resisting suggestions from the Pentagon on how to revamp intelligence collection in Iraq, according to people familiar with the dispute.

The defense sources said Stephen Cambone, undersecretary of defense for intelligence, and Lt. Gen. William G. "Jerry" Boykin, a key deputy, have been pressing the command to change the way that intelligence is gleaned from insurgent strongholds and to increase the type of information that is collected.

But according to these sources, the command, whose intelligence chief is Brig. Gen. John M. Custer III, prefers the current Joint Intelligence Operations Centers (JIOC).

"If it is not invented at Central Command, it is not welcomed," said a source familiar with the internal debate, who referred to the disagreement as a "turf battle."

A second source said, "We want to know everything the insurgency is doing at any given time. ... Central Command resists everything unless they came up with it."

Mr. Cambone's department wants the Baghdad command to put more intelligence resources into neighborhoods where the insurgents operate in hopes of finding the perpetrators before the next suicide bombing or the placement of improvised explosive devices.

The dispute comes as the importance of taking down the insurgent cells -- or at least reducing the number of attacks -- is reaching a critical point. Gen. John Abizaid, Central Command chief, told the Senate Armed Services Committee two weeks ago that he has never seen sectarian violence at such a high level in Baghdad. Privately, military officials worry that they are running out of time in Iraq, with diminishing support from Washington politicians and the American public.

Defense Secretary Donald H. Rumsfeld has placed great emphasis on improving the military's intelligence capabilities. He created Mr. Cambone's post in 2003 as a way to initiate reform throughout the Defense Department's intelligence community. The network includes the Defense Intelligence Agency and units inside the military branches.

A Pentagon spokesman, who asked not to be named, said, "I can't speak to what Boykin and Custer have said to each other."

The spokesman pointed out that the services have accepted reforms, including creation of the joint operation centers operating in Iraq.

"One of the purposes was to try to get that broader type of information," the official said. "You pull what you need and get it to the operators."

The spokesman also referred to remarks that Gen. Boykin made in April about building intelligence in Iraq.

"We started August of [2005] building a mechanism, a system. And by the way, the reason we started in Iraq was because General Abizaid said at a combatant commanders conference, 'If we're going to build a JIOC, let's start where the real fight is, let's build the first one in Iraq,' " Gen. Boykin said. "So we said OK, we did. ... So what we did is we built an architecture there that allows an analyst to sit at a single workstation and bring in different classifications and different types of intelligence."

A spokesman at Central Command last week did not return e-mail or phone messages.

DOJ_NMG_0046975

Terrorism analysts Richard H. Shultz Jr. and Roy Godson wrote in the Weekly Standard last week that returning special operations commanders still complain that intelligence collection in Iraq is spotty. They quoted one commander as saying the joint intelligence center would give them the location of a neighborhood where insurgents hid. He said that his men could spend all day trying to find them and that what he needed was the exact address.

"The military men we talked to ... all said the same thing: When we're spending $40 billion a year on intelligence and committing 150,000 men to the Iraqi front, why can't we create the actionable intelligence required to roll up the insurgents?" the two wrote.

Mr. Shultz is considered an authority on military intelligence. He has published a new book on counterterrorism "Insurgents, Terrorists and Militias: The Warriors of Contemporary Combat."

Central Command, which oversees military operations in the Persian Gulf region, has some intelligence achievements to crow about. It found and killed al Qaeda in Iraq leader Abu Musab Zarqawi in June and rounded up scores of his lieutenants both before and after the air strike. Defense officials contend that al Qaeda in Iraq has been seriously damaged.

Iraq: War Within A War: Who Runs The Mahdi Army? (NW)

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - To stop Iraq's slide into civil war, U.S. and Iraqi forces launched a new security plan in Baghdad last week. One major problem: how to deal with the country's most powerful militia, the Mahdi Army, which has been linked to death squads responsible for a string of assassinations and kidnappings. Worse, the Mahdi Army's leader, Moqtada al-Sadr, seems to be losing his grip on the thousands of armed men who once followed his every word. "There are forces that are controlled by Moqtada, but there are commanders that are not controlled by him; there are death squads that are not controlled by him," U.S. Ambassador to Iraq Zalmay Khalilzad told NEWSWEEK. One U.S. military intel official, requesting anonymity because of the sensitivity of the info, says of the rogue elements: "The biggest threat now in Baghdad is the Mahdi Army."

Story continues below ? advertisement

Under the leadership of Sadr, the Mahdi Army was considered a containable force, susceptible to political bargaining. After the militia's uprising against U.S. forces two years ago, Sadr and his followers eventually joined the political process; his party, the Sadr Trend, now has 30 seats in the National Assembly. But as Sadr has leaned toward moderation, men fighting under his militia's banner have become more aggressive. In interviews with NEWSWEEK, Mahdi Army members, Iraqi politicians and Western officials describe an organization in which local commanders are increasingly independent of Sadr, splintering into cells of fighters committed to civil war. There are at least four offshoot Mahdi leaders in Sadr City alone; some groups are taking orders from Iran. There's similar fragmentation in the largely Shiite cities of Najaf and Basra. According to a U.S. military-intel official in Najaf, Coalition forces have been attacked by individuals who get their inspiration from the Mahdi Army but are not official members—men with "an AK-47, an RPG and a Sadr poster," says the official, requesting anonymity because of the issue's sensitivity. The situation is so volatile that, according to the U.S. officials, Sadr now fears for his own safety and position.

The United States is targeting militia-run death squads in the new Baghdad security operation, which will last for the next three months. Close to 5,000 additional U.S. troops are being moved to the city. But even as the Americans shift strategy, they face resistance from influential leaders in the Shiite-dominated Iraqi government. A suicide bombing in Najaf last week left more than 150 dead or injured and brought renewed calls among some Shiite leaders for the Mahdi Army and other militias to take over more security operations. But it's difficult for the United States to turn over control to an increasingly uncontrollable force.

Iraq Minister Says 7 Bodyguards Arrested (WP/AP)

By Qais Al-bashir, The Associated Press

The Washington Post/AP, August 14, 2006

BAGHDAD, Iraq -- Iraq's health minister, who is aligned to a powerful Shiite militia, claimed Sunday that U.S. forces arrested seven of his personal guards in a surprise pre-dawn raid on his office. The reason for the alleged arrests was unclear.

Health minister Ali al-Shemari said the soldiers arrived at 3 a.m. Sunday, broke open doors inside the building leading to his office and hauled away the seven men, who were posted there as night guards.

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There was no U.S. statement on the claim. However, a U.S. official, speaking on condition of anonymity because of the sensitivity of the case, said Iraqi forces with U.S. advisers searched the ministry after a tip from an Iraqi citizen and took five people into custody for questioning.

"There was no legal warrant, there was no prior warning to the ministry, there was no reason to arrest them. It is a provocation," said al-Shemari, a Shiite aligned to the anti-U.S. radical cleric, Muqtada al-Sadr, who heads Iraq's biggest Shiite militia, the Mahdi Army.

"We demand that the government and the prime minister put an end to the American military operations," he told The Associated Press.

He said it appeared the seven men were arrested on false accusations made by unknown people. He did not elaborate.

The health minister was involved in a controversy when a senior health official from Diyala province, a Sunni, disappeared along with his secretary and two guards soon after a meeting with the minister in his office on June 12.

Sunnis claimed Dr. Ali al-Mahdawi, a member of the Sunni-based Iraqi Islamic Party, was kidnapped by Shiite militiamen, possibly the Mahdi Army. The minister, however, denied the allegations, saying he had interviewed al-Mahdawi for a more senior job, and that the official had left the building after the meeting.

The Mahdi Army, which is modeled along Lebanon's Hezbollah guerrillas, has emerged as a key force in the majority Shiite community. It launched two uprisings against the U.S. military in 2004 but adopted a low-profile on the advice of the Shiite clergy.

However, Sunni Arabs believe the militia is responsible for kidnapping and killing thousands of Sunnis since the Feb. 22 bombing of a Shiite shrine. Members of the militia also clashed with U.S. troops last month when they raided an al-Sadr stronghold in Baghdad.

Shiite To Preside Over 2nd Saddam Trial (WP/AP)

By Qassim Abdul-zahra, The Associated Press

The Washington Post/AP, August 14, 2006

BAGHDAD, Iraq -- A 54-year-old Shiite jurist will preside as chief judge in the trial of Saddam Hussein and six others for their role in the 1980s campaign that killed an estimated 100,000 Kurds, a court official said Sunday.

Judge Abdullah al-Amiri will head the five-member panel that will convene Aug. 21, the official said on condition of anonymity because he is not authorized to speak to the media. Munqith Takleef al-Firuan will serve as the chief prosecutor, he said.

A Kurdish judge, Raouf Abdel-Rahman, headed the panel for Saddam's trial in the killing of Shiites in Dujail. That trial adjourned last month until Oct. 16, when the verdicts are expected for Saddam and seven other defendants.

The upcoming case involves Saddam's alleged role in Operation Anfal, Arabic for "spoils of war." The regime launched the 1987-1988 operation to crush independence-minded Kurdish militias and clear the Kurdish population along the sensitive Iranian border area. Saddam had accused Kurdish militias of ties to Iran.

Saddam and the six others face genocide charges over the campaign, which left thousands of Kurdish villages razed and their inhabitants either killed or displaced.

They could face the death penalty if convicted.

Iraqi Has Worst Fuel Shortage Since '03 (WP/AP)

By Rawya Rageh, The Associated Press

The Washington Post/AP, August 14, 2006

BAGHDAD, Iraq -- Under a scorching sun, Baghdad taxi driver Sameer Abdul Razzaq wraps a wet towel around his head and waits for gasoline in a line stretching a mile. "I've been here since 6 a.m.," he said Sunday. "If I'm lucky, I'll get to the end of the line by sunset. I actually think I might end up spending the night here."

This is the capital of what should be one of the world's great oil producers, but corruption and insurgent attacks have Iraqis mired in their worst fuel shortage since Saddam Hussein was ousted, with black market gasoline costing as much as $4 a gallon.

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The official price is $1 a gallon, but the fuel is often unavailable, forcing most Iraqi drivers to shell out the higher price to streetside vendors or wait in long lines at gas stations.

The shortage affects other petroleum products too. A cylinder of cooking gas costs about $18 on the black market _ double the price a few months ago.

All that causes ripple effects that compound problems facing an Iraqi public weary of bloodshed, sectarian strife, the presence of U.S.-led forces and the government's inability to restore peace.

Taxi drivers have quadrupled their fares. Higher delivery costs for food and other essentials are passed on to consumers _ many already living on the margin.

"We're going to switch to a small kerosene stove instead," housewife Amaal Ahmed Jabbar said after paying premium prices for cooking fuel.

The irony is especially bitter in a country that sits atop the world's third-largest proven petroleum reserves. Iraq's estimated 115 billion barrels are exceeded in the Organization of Petroleum Exporting Countries only by Saudi Arabia and Iran.

Iraq has been plagued by periodic fuel shortages since the 2003 U.S.-led invasion. But the current crisis comes amid higher demand for fuel to power generators and air-condition homes and offices, with summer temperatures topping 115 degrees.

The shortage is so bad that even a gas station inside the Green Zone, home of major Iraqi government offices and the U.S. Embassy, ran out of fuel Sunday afternoon.

The government blames the problem on insurgent attacks on pipelines and other infrastructure, which snarl the distribution system.

"I realize that people are really suffering from the lack of energy and electricity," President Jalal Talabani said Sunday. "But this is not the fault of the government ... terrorists have blown up many power stations as well as the pipeline" that delivers crude oil from the northern fields around Kirkuk to the main refinery in Beiji, 155 miles north of Baghdad.

The Beiji facility had a prewar capacity to refine 2 million to 2.25 million gallons of gasoline a day. It is now producing less than 260,000 gallons of gasoline a day, Oil Ministry spokesman Assem Jihad said, citing electricity shortages and threats to refinery operators as the main sources of the problem.

Last week, the main oil storage facility in Latifiyah, about 20 miles south of Baghdad, had to shut down after workers received death threats.

More than 250 Oil Ministry officials, workers and security guards have been killed since the collapse of the previous regime, according to the ministry.

The U.S. Energy Information Administration estimated that 315 major attacks have struck pipelines, electricity plants and other energy infrastructure between April 2003 and June.

The attacks have left the country struggling to restore oil production to prewar levels of about 2.5 million to 3 million barrels a day. As of May, production stood at about 1.9 million barrels a day, U.S. officials said.

The International Relations and Security Network, a Swiss group that promotes exchanges of information among security professionals, also blamed widespread corruption within the Oil Ministry.

Last year, 450 Oil Ministry employees were fired for illegally selling oil and petroleum products. In an April report, the Oil Ministry's inspector general Ali al-Alaak estimated about $4 billion worth of petroleum products were smuggled out of Iraq last year, including gasoline and crude oil siphoned from pipelines.

All that has added to the deep sense of pessimism among Iraqis.

"The ministers are busy with one thing only, and that is touring the world as we wallow here in the Middle Ages," said lawyer Ahmed Mohammed Ali, 55. "Everyday I take a container to the gas station to get some fuel to run my generator. It takes me up to five hours and sometimes all I get is humiliation by the security personnel in charge of the station."

Last month, Iraq's Oil Minister Hussain al-Shahristani predicted that Iraq's oil production would double over the next four years to 4 million barrels a day _ a forecast that some petroleum experts thought was overly optimistic.

Hassan al-Jubouri, who runs a ceramics workshop, says he's going broke.

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"My workshop is closed because I cannot run the generator," he said. "My family is without a source of living due to this shortage."

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Associated Press writer Sinan Salaheddin in Baghdad contributed to this report.

The Kidnapping (CSM)

By Jill Carroll And Peter Grier

The Christian Science Monitor, August 16, 2006

My chief captor had an idea about how to prod the US government into action: another video. A first-person account by Jill Carroll with contextual narrative by Peter Grier.He said this one would be different, and left.

I turned to the two guards sitting on cushions a few feet away and started to panic. Really, really panic.

"Oh my God, oh my God, they're going to kill me, this is going to be it. I don't know when but they're going to do it," I thought.

I crawled over to Abu Hassan, the one who seemed more grown-up and sympathetic. His 9mm pistol was by his side, as usual.

"You're my brother, you're truly my brother," I said in Arabic. "Promise me you will use this gun to kill me by your own hand. I don't want that knife, I don't want the knife, use the gun."

I started to cry hysterically. By now I'd been held captive by Iraqi insurgents for six weeks. They'd given me a new hijab, a new name (Aisha), and tried to convert me to Islam. They'd let me play with their children – and repeatedly accused me of working for the CIA.

At night I'd fall asleep and be free in my dreams. Then I'd wake up and my situation would land on me like a weight. Every morning, it was as if I was kidnapped anew.

That particular morning I'd received a visit from Abu Nour, the most senior of my captors. As usual, the distinctive scent of his spicy cologne had announced his presence. As usual, I'd snapped my eyes to the ground to avoid seeing his face.

"We need to make a new video of you," he'd said, in his high-pitched, yet gravelly voice. "The last video showed you in good condition, and that made the government move slowly."

The British government had moved quickly, he'd said, after a video had shown hostage Margaret Hassan in bad condition. They wanted to push the US in the same way.

Margaret Hassan! An Irish aid worker married to an Iraqi, she'd been seized in Baghdad in October 2004, while on her way to work. Less than a month later, she was killed.

After the leader left, I sat and stared into the glowing metal of the propane heater, my knees drawn up under my red velveteen dishdasha. I was completely terrified.

If it was going to happen, I wanted it to be quick. So I crawled over to Abu Hassan and begged.

"I don't want the knife!" I sobbed.

Neither Abu Hassan nor his fellow guard - the blubbery, adolescent Abu Qarrar - really knew what to do about my outburst.

"We're not going to kill you. Why? What is this?" said Hassan.

His voice was flat and sounded insincere.

"Abu Qarrar, you speak English. You have to tell my family that I love them and that I'm sorry," I implored.

I sat against the wall of a house whose location I didn't know, under a window to an outside I couldn't walk through, and cried and cried.

In Baghdad, Jan. 7, 2006 was a sunny Saturday. For me it promised to be an easy day.

Not that my life in Baghdad was easy. Freelance journalism is a tough business everywhere. But I didn't want to sit in a cubicle in the US and write, as I had, about the Department of Agriculture food pyramid. Here I was living my dream of being a foreign correspondent - even if that meant sometimes living in a hotel so seedy it was best to buy your own sheets.

First up were some routine interviews of Iraqi politicians trying to form a new government. Three weeks before, the country had chosen its first democratically elected permanent government. But Sunni politicians were dismayed at how few seats they'd won.

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Later, I planned to leave my virus-ridden laptop (stashed in the trunk) with a techie friend of my interpreter, Alan Enwiya.

Alan was vital to my newsgathering process. We had been a team for almost two years. We were also friends - it felt as if we were almost siblings - who'd worked through Iraq's difficult and increasingly dangerous conditions.

In our time together we'd eked out a living freelancing for the Italian news agency ANSA, USA Today, US News & World Report, and now The Christian Science Monitor. We had been threatened by militia members, mobbed after Friday prayers, and seen bullets rain down from passing police vehicles. We'd walked hours through Baghdad soliciting interviews from ordinary Iraqi voters.

During long days in traffic jams, Alan would tell me funny stories about his daughter and infant son, marveling at how fast they were growing. I would tease him that I was a spy for his wife, Fairuz, and would report to her if I caught him looking in the direction of a pretty girl.

ADNAN AL-DULAIMI: Jill Carroll and her companions were leaving the offices of this Sunni leader - shown here in an April 2005 photo - when their car was attacked.

CEERWAN AZIZ/AP

The first interview on our list that morning was Adnan al-Dulaimi, a Sunni politician. While there was a handful of what Western journalists considered no-go neighborhoods in Baghdad - his office wasn't in that category yet. But we had taken our normal security precautions. I was dressed, for example, in a black hijab that hid my hair and Western clothes. We'd been to Mr. Dulaimi's office several times before without a problem. Our last trip had been two days earlier to set up this interview.

In retrospect, that was a fatal mistake; we had given someone 48 hours to prepare for our return.

Adnan Abbas, the Monitor's longtime driver - who'd shared many of our harrowing experiences - guided his maroon Toyota sedan along the familiar route to Dulaimi's office, dropping us off 20 minutes earlier than the scheduled time of 10 a.m.

Inside, Dulaimi's aides steered us away from the usual waiting room full of men drinking sweet tea in tiny glasses, and into an adjoining room where we were alone. Alan and I noticed the strangeness of this move at the same moment.

"Well, it's better," Alan said. "You're a woman and there are a lot of men in there."

The minutes passed and aides walked through the room chatting on cellphones. I understood through my rudimentary Arabic that they were telling various people that a reporter was waiting to see Dulaimi. But a little after 10 a.m. the same aide who had made the appointment for us approached us.

"Sorry, Dr. Dulaimi has a press conference right now," the aide said. "He can't talk to you. Can you come back at 12?"

I wondered why I hadn't heard about the press conference before now.

We agreed to come back later and stepped out into the bright sunny morning where Adnan was waiting for us.

As we walked to the car, Alan reminded me that we needed to call ahead to make sure our next interview was still on. He climbed into the front, and I handed him my phone from the back seat, my usual place. He began shouting into the phone, trying to make himself heard over Baghdad's overloaded, spotty cellphone network.

Adnan had begun to pull away, but suddenly a large blue truck with red and yellow trim backed out of a driveway in front of us, completely blocking the road. Several men were standing around it, motioning to help it back out.

But in an instant they turned, trained pistols on us, and briskly approached the car.

Adnan hit the brakes, and he and Alan put their hands up. It was a routine we had become familiar with in Baghdad, where private security details often brandish weapons to clear a path for their clients.

But unlike the previous times, the men didn't lower their weapons - and they kept advancing. The man closest to the car, a rotund person with salt-and-pepper stubble, had his gun aimed right through the windshield at Adnan.

My eyes were glued to him. I was confused about why he didn't lower his pistol. At the same time Adnan and Alan opened their doors and began to get out of the car.

The gunmen ran at us. A whisper exploded from me into a scream, "No, no, NO!" as I tried to get out. The door closed on my right ankle as someone shoved me back in, pushing so hard that the right lens of my glasses popped out. Through the crack in the door - before the intruder slammed it - I saw the last moment of Alan's life.

Adnan was gone. The rotund man was in the driver's seat now. Other men jumped in sandwiching me between them. We sped away, out onto the main road, then turned right.

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"Jihad! Jihad! Jihad!" my abductors shouted, excited and joyful. "Jihad! Jihad!"

(P.G.) The taking of Jill Carroll off a Baghdad street on Jan. 7, 2006, created many hostages, of whom Jill herself was simply the central one, and the most endangered.

For her family and many friends and colleagues, normal life ended in the hours and days to come, as they heard what had happened. Henceforth, there would be worry, sometimes fear, and new routines that had one aim: free Jill.

Their solace was action. The first thing her father Jim Carroll did that black Saturday morning was fire up his computer to see what he could learn, while Mary Beth, her mother, contacted family members. Sister Katie, who worked for an international development consulting company, began calling every number she knew in the Middle East.

In Boston before the sun rose, the Monitor assembled an ad hoc Team Jill - Marshall Ingwerson, the managing editor; David Scott, the foreign editor; and Amelia Newcomb, the deputy foreign editor. Richard Bergenheim was in Mexico taking his first vacation since becoming the paper's editor. He caught the next flight back.

View the locations of Jill's story in our interactive map.

For the next 82 days, they met every few hours, sometimes starting at 5:30 a.m. and often finishing the day at 10 or 11 p.m. with a conference call with Baghdad. Some of these editors had dealt before with the stress and emotion over the kidnapping - and even murder - of foreign correspondents filing for the paper. But none were truly prepared for what lay ahead.

Jill herself, isolated by Islamist insurgents, did not envision such rallies to her cause. In the weeks to come she sometimes would avoid thinking about her family, because it made her sad; when she did, she imagined them apprehensive, waiting for some sort of word from the US government. As for the Monitor, well, she was just a freelancer, and it wasn't a rich paper. She figured that following her kidnapping and the murder of her interpreter, its rotating Baghdad staff would have fled Iraq.

She was wrong.

***

(J.C.) In the first minutes after my abduction, my captors peppered me with questions in Arabic. I played dumb, fearful they would think I understood too much and kill me.

They quickly drove Adnan's Toyota onto the highways of western Baghdad and surrounding farmlands, going in circles, apparently to kill time. Their "success" was granted by God, they believed, and they issued thanks repeatedly. "Allah Akbar" they said, "God is greatest."

"They're going to take me out into a field and kill me," I thought as we bumped down rural back roads.

They seemed to read my thoughts, perplexed that I was afraid amidst their jubilation.

"Why you worried?" they asked in stilted English. "No, no, no, [this is] jihad! [We are] Iraqi, Iraqi mujahideen! Why you worried?"

Sunni Muslim insurgents were - still are - the most active hostage-takers in Iraq. Many were allied to Abu Musab al-Zarqawi, the Jordanian who led Al Qaeda in Iraq until he was killed by a US airstrike June 7.

CREDENTIALS: An Iraqi policeman displays the US-issued press card of Jill Carroll's slain Iraqi translator Allan Enwiyeh.

HADI MIZBAN

But the outside world didn't know much about these groups. These weren't people who held press conferences or articulated their grievances through the political process.

They were a powerful force in Iraq, but they were like shadows behind a curtain. We could see broad outlines, but were left to guess at who they really were, how they think, and what motivates them.

Alan and I had been focusing for several months on piecing together a clear picture of Iraq's Sunni community. Their tacit support for the insurgency allowed it to operate; understanding them was key to understanding the forces violently splitting the country.

Now I was to gain the insight we had so long sought. At such a price to Alan, I have never been so desperate for ignorance.

(P.G.) On the morning of Jan. 7, the phone rang in Monitor staff writer Scott Peterson's Istanbul home just as he was stepping out the door, headed to the airport. His wife, Alex, picked up, and gave the caller Scott's cellphone number. If he stopped now, he might miss his flight to eastern Turkey, where he was traveling to report a story on bird flu. Better to talk in the taxi, on the way.

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Lean and intense, Mr. Peterson is a veteran foreign correspondent, the sort of person who wears a scarf as a memento of an attack by a poisonous snake in Africa. He's such a dedicated rock climber that he's built a climbing wall within the Monitor's small Baghdad apartment, where he spends four to six weeks at a time on assignment, to help himself stay physically and mentally sharp.

Five minutes down the road, the call came through. It was a British security firm that advises many journalists in Iraq. After a brief conversation, Peterson asked his driver to turn around. He called the foreign editor to inform him of his new destination - Iraq.

Sometime that day, Peterson, a habitual notetaker, wrote "Jill Abducted in Baghdad" in one of the small blue books he uses to document his life.

Underneath that line, in smaller letters, he wrote one word: "prayers."

FIRST REACTION: The notebook of Scott Peterson. The Christian Science Monitor staff writer in a taxi in Istanbul when he heard the news of his colleague's abduction. He wrote "Jill abducted in Baghdad" and, underneath, "prayers".

(J.C.) The room was small, with furniture that was fancy by Iraqi standards - two couches and an overstuffed chair covered in dark velvet with gold trim. The TV and its satellite box were in the corner.

Abu Rasha - a big man whom I would come to see as an organizer of my guards - lay down on one of the sofas. His wife and one of his children sat next to him on a chair.

Then Abu Rasha handed me the remote. "Whatever you want," he said.

How do you channel surf with the mujahideen? I asked myself that question as I flipped from one show to another, trying to act casual. Politics was out. News was out. Anything that might show even a flash of skin was out.

Finally, I found Channel 1 from Dubai, and Oprah was on. OK, good, Oprah, I thought. No naked women, no whatever, she's not in hijab, but it's OK.

The show was about people who had had really bad things happen to them, and had survived, and had hope. One woman came on who had been a model in the '70s and had breast cancer, and now she's a famous photographer. It really had an impact on me. Oprah talked about how people get through these things, and I thought, well, this is sort of prophetic, maybe.

I had only been in captivity a few hours. This house, big, with two stories, was the second place I'd been taken.

The first had been a tiny, three-room house among tall crops on Baghdad's western outskirts. It was a poor place, built of cinder blocks. My captors gave me a new set of clothes, and I changed in the bathroom while the stern-faced woman of the house looked on.

They took pains to explain they wouldn't take the $100 in cash they'd found in my pockets.

"When you return to America, this with you," said one, waving the $100 bill.

Who were these people? Kidnapping was justified but taking money was not? And less than an hour after killing Alan to kidnap me, they seemed to be saying they would eventually let me go.

Then we drove to the second house, which appeared to be the home of one of the kidnappers, who'd given his name as Abu Rasha.

They took me upstairs to the master bedroom. Within a few minutes an interpreter arrived, and an interrogation began.

They wanted to know my name, the name of my newspaper, my religion, how much my computer was worth, did it have a device to signal the government or military, if I or anyone in my family drank alcohol, how many American reporters were in Baghdad, did I know reporters from other countries, and myriad other questions.

Then, in a slightly gravelly voice, the interpreter explained the situation.

"You are our sister. We have no problem with you. Our problem is with your government. We just need to keep you for some time. We want women freed from Abu Ghraib prison. Maybe four or five women. We want to ask your government for this," the interpreter said. (At the time, it was reported that 10 Iraqi women were among 14,000 Iraqis being held by coalition forces on suspicion of insurgent activity.)

"You are to stay in this room. And this window, don't put one hand on this window," he continued. "I have a place underground. It is very dark and small, and cold, and if you put one hand on this window, we will put you there. Some of my friends said we should put you there, but I said, 'No she is a woman.' Women are very important in Islam."

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After that they fed me from a platter of chicken and rice that would have been fit for an honored guest. And I was invited downstairs to watch television with Abu Rasha's family.

That's when we'd watched Oprah. Afterward, Abu Rasha asked me what I liked to eat for breakfast, and what time I had it. It was part of this pattern - they all seemed concerned that I think they were good, or at least that they were treating me well.

It sounds hospitable. But in my mind every second was a test - the choice of food, TV program, everything - and they would kill me if I gave the wrong answer.

Eventually I told them I wanted to sleep, and they led me upstairs. I lay in bed, on the far side away from the window. The clock was ticking loudly, and then it started to rain. I love rain, and I thought, oh, maybe this is a good sign.

But I'd been performing all day, holding in my emotions, and with darkness they came flooding back.

"Oh my God. They killed Alan." A tide of emotion was racing toward me. It was going to drown me or send me flinging myself against the walls in anger and screams. I had to stop it.

"I cannot grieve now. I cannot do this now. I have to put it away," I thought.

I looked up into the darkness of the ceiling toward Alan. "I'm sorry," I told him. "I'll take care of you later." I felt disloyal. I thought to survive, I had to push aside the memory of his brutal murder. But I knew that at some point I'd have to come to terms with the guilt I felt for his death.

As night fell, I wondered if my friends had heard. I knew that by this point Alan's family, his wife, Fairuz, was realizing the worst.

"Well, now they must know," I thought. "It's dark. He hasn't come home. They must be screaming. Fairuz must be screaming."

The Jill Carroll Story - (CSM)

The Christian Science Monitor, August 14, 2006

Jill Carroll, a freelance reporter for the Christian Science Monitor, was held hostage in Iraq for 82 days. This is her story. Jill Carroll, a freelance reporter for The Christian Science Monitor, was kidnapped by Sunni Muslim insurgents in Baghdad on Jan. 7, 2006.

Over the next 82 days, she was shuttled blindfolded among at least six safe houses and had closer contact with Sunni insurgents than any American who has lived to tell the tale.

She cooked with the women. She played with the children. She was locked away in rooms to the sound of cocking guns.

Deprived of control over the smallest aspect of existence, she feared for her life every day.

Her chief captor required his journalist hostage to "interview" him for hours at a time. He would expound on the insurgent worldview and the ruling council set up by Abu Musab al-Zarqawi. Ms. Carroll stared at the floor. She was afraid to meet his gaze, lest he decide that she knew too much about his features.

In her last hours of captivity this man told her: "Forget about the council. You can only say I am a member of a medium group. You can't talk about the women or the children. You have to say you were in one room the whole time. Everything is forbidden. You must forget it all."

She couldn't. This is her story.

Read Part 1: The kidnapping

Part 1: The Kidnapping (CSM)

By Jill Carroll And Peter Grier

The Christian Science Monitor, August 14, 2006

An interview with an Iraqi politician turns deadly.

My chief captor had an idea about how to prod the US government into action: another video.

He said this one would be different, and left.

I turned to the two guards sitting on cushions a few feet away and started to panic. Really, really panic.

"Oh my God, oh my God, they're going to kill me, this is going to be it. I don't know when but they're going to do it," I thought.

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I started to cry hysterically. By now I'd been held captive by Iraqi insurgents for six weeks. They'd given me a new hijab, a new name (Aisha), and tried to convert me to Islam. They'd let me play with their children – and repeatedly accused me of working for the CIA.

At night I'd fall asleep and be free in my dreams. Then I'd wake up and my situation would land on me like a weight. Every morning, it was as if I was kidnapped anew.

That particular morning I'd received a visit from Abu Nour, the most senior of my captors. As usual, the distinctive scent of his spicy cologne had announced his presence. As usual, I'd snapped my eyes to the ground to avoid seeing his face.

"We need to make a new video of you," he'd said, in his high-pitched, yet gravelly voice. "The last video showed you in good condition, and that made the government move slowly."

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After the leader left, I sat and stared into the glowing metal of the propane heater, my knees drawn up under my red velveteen dishdasha. I was completely terrified.

If it was going to happen, I wanted it to be quick. So I crawled over to Abu Hassan and begged.

"I don't want the knife!" I sobbed.

Neither Abu Hassan nor his fellow guard - the blubbery, adolescent Abu Qarrar - really knew what to do about my outburst.

"We're not going to kill you. Why? What is this?" said Hassan.

His voice was flat and sounded insincere.

"Abu Qarrar, you speak English. You have to tell my family that I love them and that I'm sorry," I implored.

I sat against the wall of a house whose location I didn't know, under a window to an outside I couldn't walk through, and cried and cried.

Afghan Fighting Kills 25 Insurgents (AP)

By Chris Hawke, The Associated Press

AP, August 13, 2006

KABUL, Afghanistan -- Fighting in Afghanistan left at least 25 insurgents and five Afghan security forces dead, officials said Sunday. Defying the spike in violence, Afghan officials announced plans to thwart attacks on schools, which have killed 41 students and teachers and destroyed more than 140 schools in the last year.

Rebel violence has soared during the past year, leading to the heaviest fighting since the 2001 ouster of the Taliban regime. In the country's south and east, NATO- and U.S.-led troops are pursuing a fierce campaign against insurgents to extend the reach of Afghanistan's central government.

In eastern Paktika province, along the Pakistan border, insurgents attacked an Afghan army post Sunday, an operation that left five soldiers and at least 18 militants dead, the U.S.-led coalition said. Six Afghan soldiers were hurt, three seriously, before the attackers were fended off by mortar fire from nearby military bases.

Coalition soldiers were embedded with the Afghan troops but said they suffered no casualties.

In the southern Helmand province, police on Saturday killed six Taliban militants and wounded four, said Ghulam Rasool, the district police chief. The clash continued Sunday and three officers were wounded, he said.

In the capital, Education Minister Mohammed Hareef Atmaf announced the school safety plan Sunday, noting that insurgents burned 144 schools to the ground during the past year to discredit the government's ability to build a future for Afghanistan.

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The top U.S. general in Afghanistan, Lt. Gen. Karl Eikenberry, signed a deal with Atmaf to provide $300,000 for a program to rally communities to protect their schools.

The minister claimed insurgents were switching to attacks on soft, unguarded targets because of the country's strengthening domestic military and police forces _ although those forces are still far from adequate to stabilize the country.

The insurgents _ a shadowy combination of Taliban-led militants, opium traffickers and paid tribesmen _ have targeted teachers, students, health workers and aid officials as well as security forces.

In other violence:

_ A suspected Taliban insurgent was killed and another wounded after militants attacked police late Saturday in the southern province of Zabul, according to Aka Ghar district police chief Momuand Khan.

_ Police in the eastern province of Kunar were investigating who fired two mortar rounds at a house on Saturday, wounding twenty civilians, including women and children.

_ In southeastern Ghazni province, authorities averted two bomb attacks on relief officials.

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Associated Press Writers Fisnik Abrashi and Amir Shah in Kabul and Noor Khan in Kandahar contributed to this report.

Attacks Kill At Least 30 In Afghanistan (USAT)

USA Today, August 14, 2006

Fighting in Afghanistan left at least 25 insurgents and five Afghan security troops dead, authorities said Sunday. Eighteen insurgents and five soldiers were killed when insurgents attacked an Afghan army post in eastern Paktika province, the U.S.-led coalition said in a statement. In the south, Afghan police killed six insurgents and wounded four others in an attack in the southern Helmand province, district Police Chief Ghulam Rasool said. In Zabul province, an insurgent was killed in an attack on police, district police chief Momuand Khan said. The recent fighting is the deadliest since the Taliban was ousted in 2001.

Pope says Catholicism is a positive religion

Pope Benedict XVI said Roman Catholicism should not be seen as a “collection of prohibitions” because of opposition to gay marriage, abortion and contraception, but as a church with positive values. “We should correct that image that sees the church as spreading severe ‘no's,” he said in an interview with German TV and Vatican Radio. “It's not a Catholic invention that man and woman are made for each other, so that humanity can go on living: All cultures know this,” he said.

Benedict, 79, also said his job “really is tiring” and he won't travel as much as his predecessor, John Paul II, because he does not feel strong enough to take many long trips.

Kidnapped reporter tells of 82-day ordeal

At one of the most desperate moments of her captivity in Iraq, fearing she was about to be beheaded, reporter Jill Carroll pleaded with one of her captors for a quick death by pistol, saying: “I don't want the knife.”

In her first public account of her hostage ordeal, Carroll, 28, said she had feared the worst when her captors said they planned to use her in a propaganda video. Carroll describes the terror she felt in the first segment of an 11-part series on the kidnapping. It was published Sunday on the website of The Christian Science Monitor, where she is a staff writer.

Carroll was abducted Jan. 7, and her Iraqi interpreter, Alan Enwiya, was shot dead. She was freed in Baghdad 82 days later and returned to the USA on April 2.

Spain sends troops to battle wildfires

About 400 paratroopers joined crews battling 71 wildfires in the Galicia region of northern Spain. Emilio Perez Tourino, leader of the regional government, said 24 suspected arsonists have been arrested since Aug. 1. He said 15,000 people are fighting the blazes.

CORPORATE SCANDALS:

Bar Associations Oppose Justice Department Policy They Say Lets Companies Avoid Costs (AP)

DOJ_NMG_0046985

By Mark Johnson, ASSOCIATED PRESS

AP, August 14, 2006

ALBANY, N.Y. (AP) -- Two legal groups, including the American Bar Association, are opposing a U.S. Department of Justice policy they say compels companies facing possible indictment to refuse paying legal costs of corporate officers or board members.

After scandals at companies like Enron Corp. and WorldCom Inc. cost shareholders tens of billions of dollars and wiped out thousands of jobs, the Justice Department in January 2003 issued a memo to guide prosecutors as they decide whether to seek criminal charges against a business.

The memo says prosecutors can consider whether the corporation appears to be "protecting its culpable employees and agents" through advancing attorneys fees, retaining the employees without sanction or giving the employees information about the government's investigation.

The legal groups say the memo can inspire companies to do the opposite, including not paying legal costs for employees and agents.

Mark Alcott, president of the 72,000-member New York State Bar Association, said the use of such tactics to "force companies to waive attorney-client privilege" has accelerated in recent months.

His group and the 400,000-member American Bar Association want the Justice Department to back off.

"This is a serious and threatening interference in the relationship between lawyers and clients," Alcott said. "We don't know if somebody is a wrongdoer until charges have been brought, a jury hears a trial and someone is convicted. Every person is entitled to a lawyer, and (company officials) have a legal right to have their employers pay those fees."

Justice Department Spokeswoman Kathleen Blomquist said the department remains committed to the principles and guidance set out in the memo, but it will listen to concerns.

"We look at the seriousness of the offense, its pervasiveness, the corporation's past history, harm to shareholders and the adequacy of compliance programs, among other things," she said.

Plea Made In Bristol-Myers Squibb Case (USAT/BLOOM)

USA Today, August 14, 2006

A New Jersey mailman pleaded guilty to passing secret grand jury information about a Bristol-Myers Squibb probe to former Goldman Sachs Group employees charged with inside-trading.

Jason Smith, 30, admitted Friday in New York that he sat on a grand jury in New Jersey investigating Bristol-Myers accounting and gave details of the probe to David Pajcin and Eugene Plotkin, former Goldman employees. Smith admitted he hoped to share profits with the two, who are charged with trading on secrets they learned about the grand jury probe.

Smith is the second person to plead guilty in the case. He may help prosecutors convict Plotkin and Pajcin. Stanislav Shpigelman, a former mergers and acquisitions analyst at Merrill Lynch, pleaded guilty to inside trading in July.

“It's not a good development if you're one of the remaining defendants,” says Robert Mintz, a former federal prosecutor who is now a partner at McCarter & English. “Seeing the unified defense front break ranks has got to keep them up at night and force them to rethink their strategy.”

Smith's lawyer, Frank Handelman, declined to comment on whether his client will help prosecutors in the case. “I knew Pajcin and Plotkin were sharing this information and trading on it, and I hoped to share in the profits,” Smith told U.S. Magistrate Judge Andrew Peck at the plea hearing.

Smith pleaded guilty in federal court to charges filed against him in New York and New Jersey. The New York charges are conspiracy to commit securities fraud and inside trading. The New Jersey count is criminal contempt for violating grand jury secrecy. The securities charge carries up to 25 years. Smith's plea agreement calls for a sentence of 30 to 37 months. His sentencing is scheduled for Nov. 13.

Peter Rose, a Goldman Sachs spokesman, and Mark Herr, a Merrill spokesman, declined to comment on the plea.

Prosecutors charged Pajcin and Plotkin with betting that Bristol-Myers shares would fall based on a tip from Smith that a top company official would be charged as a result of the probe. The tip proved to be wrong. Smith and Pajcin were friends in high

school, court papers show. Smith gave Pajcin $7,000 “to finance the trading of various securities based on inside information that Pajcin expected to obtain,” the papers show.

Smith sent information from inside the grand jury room using coded phone messages to indicate if he thought a Bristol-Myers executive would be indicted, according to prosecutors.

In March 2005, Smith told Pajcin and Plotkin that a senior Bristol-Myers executive had been called before the grand jury and was likely to be indicted, according to a complaint filed in May by the Securities and Exchange Commission against Pajcin, Plotkin, Smith and others. Pajcin and Plotkin shared the grand jury information with Eugene Plotkin's father, Mikhail, and Henry Siegel, the SEC suit said. All four are defendants in the SEC's original lawsuit, filed last year.

Apple Is Told It's Not Meeting Nasdaq Listing Requirements (WSJ)

By Gee L. Lee And Nick Wingfield

The Wall Street Journal, August 14, 2006

Apple Computer Inc. said it was notified by the Nasdaq Stock Market that the company isn't in compliance with requirements for continued listing on Nasdaq because of Apple's delay in filing its quarterly report with the Securities and Exchange Commission.

Apple said it will request a hearing before a Nasdaq panel on the matter, and its shares will remain listed on the Nasdaq pending the panel's decision.

Apple spokeswoman Katie Cotton said the company expects the Nasdaq hearing and decision to be a "multimonth process."

The announcement came Friday after Apple earlier in the day confirmed that it would delay filing with the SEC its recently reported preliminary fiscal third-quarter results.

The Cupertino, Calif., computer company in June said an internal investigation discovered irregularities related to the issuance of stock-option grants and said on Aug. 3 that the issue would likely require it to delay filing its quarterly report and restate previous results.

Apple, which on July 19 reported a 48% jump in third-quarter net income to $472 million and a 24% revenue rise to $4.37 billion, said it plans to file its quarterly report and any required restated financial statements "as soon as practical."

Stock Issues Will Delay Apple's Quarterly Report (USAT)

USA Today, August 14, 2006

Apple on Friday told securities regulators that its quarterly report would not be filed on time because it is reviewing stock-options grants.

The Cupertino, Calif.-based company warned investors last week that the mandatory earnings report to the Securities and Exchange Commission would be late. Management needed more time to determine if past option grants had distorted results dating back to September 2002, Apple said.

If the filing is delayed long enough, regulators could try to delist Apple's stock from the Nasdaq Stock Market. That's what happened earlier this year to Mercury Interactive, another Silicon Valley company embroiled in a stock-option imbroglio.

Apple's looming restatements threaten to wipe out some profits generated during the most prosperous stretch in its 30-year history. The company's fortunes soared as millions of consumers snapped up the company's ubiquitous iPod digital music player and flocked to its iTunes Music Store. Apple has reported profits totaling $3.1 billion during the past four years.

The news caused Apple shares to fall 1%, or 42 cents, to close at $63.65 Friday. Apple shares have sunk 9% since management announced last week that an internal inquiry had uncovered new problems.

Apple so far hasn't explained the nature or the extent of its stock-option difficulties, saying only that it has uncovered some “irregularities” in the distribution of the popular employee awards as far back as 1997 — the same time that co-founder Steve Jobs began his second stint running the company.

More than 80 other companies nationwide are entangled in some sort of stock-option trouble. In most of those instances, the other companies have traced their problems to “backdating” issues.

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Under that practice, insiders try to make the rewards more lucrative by retroactively pinning the option's exercise price to a low point in the stock's value. If companies backdate options without accounting for the move, it can cause profits to be overstated and taxes to be underpaid. It also exposes companies to possible fraud charges.

Two executives at Brocade Communications Systems were the first to be charged in the widening scandal. Late Thursday, they received the bad news that federal prosecutors had issued more charges against them. They are accused of backdating options from 1999 to 2004.

Another possibility is that Apple and other companies "springloaded" options, says New York University business professor David Yermack. That's when a company offers grants just before announcing good news that's expected to lift its stock price. Like backdating, the practice is potentially problematic.

Apple has acknowledged that its stock-option inquiry involves some awards made to Jobs, although the grants were canceled before he realized any gains.

The scandal has cast a cloud over Jobs' latest tenure as CEO. The charismatic leader is widely considered key to Apple's success. But it's not frightening away stock analysts such as Standard & Poor's Richard Stice, who said in a recent research note that he expects Apple to overcome its accounting problems.

Street Sleuth FASB Appears In A New Light On Stock Options (WSJ)

By David Reilly

The Wall Street Journal, August 14, 2006

When the nation's accounting-rule makers proposed in 2004 that companies treat employee stock options as an expense that cuts into profit, corporate executives all but stormed the Financial Accounting Standards Board's headquarters in Norwalk, Conn.

In letters and public statements, business leaders declared that such an accounting rule would damage their bottom lines, compromise their ability to attract talented employees and make them less competitive against foreign rivals that didn't face similar requirements. Their protests failed to sway FASB; the new rule went into effect this year.

Now, some of the same companies that opposed it are among those caught up in a widening probe by federal authorities of companies that allegedly "backdated" employee stock options, a practice in which executives retroactively pick an options-grant date at which the company's share price was at a low, meaning they potentially can lock in a greater profit. This could violate securities laws and lead to misstated financial results and tax problems. This turn of events casts the companies' arguments against expensing stock options in a different light and offers what some accounting-industry observers say is a vindication for FASB.

It isn't clear that a rule requiring the expensing of options would have prevented the abuses now believed to have taken place from the early 1990s until recent years. But expensing "would have served as a deterrent," because the related cost would have affected profit rather than being shown in a footnote, says Rebecca Todd McEnally, director of the capital-markets policy group at the CFA Institute, a financial-markets organization. "Auditors would have had to pay considerably more attention to [options grants] than they apparently did."

Some of the companies opposing an expensing rule argued in 2004 that options didn't actually "cost" companies anything and that investors had all the information they needed regarding this type of compensation. One executive at that time even insisted to FASB there was no way for her company to issue options in a way that would provide potentially greater gains for executives; the company, KLA-Tencor Corp., has since acknowledged that probably did happen.

Other companies complained to FASB that its proposal would give investors a distorted view of a company's finances. Patrick Erlandson, chief financial officer at UnitedHealth Group Inc., wrote in a June 2004 letter that "expensing stock options does not provide financial statement readers with the most appropriate reflection of the economic impact of stock-options grants on an entity's financial statements."

UnitedHealth this spring disclosed that its options-grant practices are the subject of an "informal" SEC inquiry and that the Internal Revenue Service has requested documents regarding the options. Federal prosecutors also are probing the

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Minnetonka, Minn., company, which has warned it may have to restate prior year's results. A company spokesman declined to comment on the letter.

Those favoring expensing of stock options "seem to do so for the wrong reasons," the then-top-three executives at Macrovision Corp., including Chairman John Ryan, wrote FASB in 2004. "They tend to focus on corporate greed," the letter said, referring to scandals such as the implosion of Enron. "Stock options in themselves do not make people corrupt," the letter added.

In June, Macrovision, based in Santa Clara, Calif., disclosed that the Securities and Exchange Commission had requested information about the company's options practices since 1997; later that month the company said it was subpoenaed by federal prosecutors.

"It's irrelevant what the thought process was three years ago," says James Budge, Macrovision's current chief financial officer, who wasn't in that position in 2004 and didn't sign the company's letter to FASB. "There is a rule there today and we live by it." But he adds that he doesn't think the expensing rule solves any of the problems related to backdating.

Stock options give employees the right to buy stock at a preset, or exercise, price at a future date -- typically the same as the company's closing price on the date the option is granted. Backdating the grant date to coincide with a recent low point in a company's share price essentially builds in an instant paper gain on the options.

FASB tried to put options expensing in place in the mid-1990s but got pushed back by companies and Congress. Then came Enron, and FASB tried again, and succeeded. Since the beginning of this year, all public companies have had to record a cost for issuing options on their income statements.

Some executives argued in 2004 that expensing could lead to abuses. The difficulty in assessing values needed to expense options would result in an "opportunity for creativity for those who might push the envelope," Nathan Sarkisian, chief financial officer at Altera Corp., wrote in a June 25, 2004, letter.

In May, Altera said the SEC and federal prosecutors were looking into its options-granting practices. The San Jose, Calif., company has since said there were problems with options granted between 1996 and 2000 and that it expects to restate nine years of financial results. A spokeswoman declined to comment.

In another letter to FASB, the KLA executive questioned the motives of those pushing an options-expensing rule. Maureen Lamb, then a vice president, finance, wrote that while there were flaws in the accounting rules for stock-based compensation, "the politically charged belief that the blame lies with executives unwilling to give up their ill-begotten compensation is backward and unproductive."

Ms. Lamb, who is no longer with the company, added that "KLA-Tencor does not currently have the ability to issue any equity-based compensation other than at-the-money stock options." At the time, only options with exercise prices below the current trading price -- "in-the-money" options -- had to be expensed. So-called at-the-money options have an exercise price equal to the grant day's trading price; they didn't have to be expensed back then, but under the new rule they do.

This June, a committee of KLA's board reached a preliminary conclusion that the price dates for certain grants likely differed from recorded grant dates. In other words, the options likely weren't "at-the-money" and should have been expensed. Federal regulators and prosecutors have requested information from the company.

KLA officials didn't return calls seeking comment. Ms. Lamb, now chief financial officer of Photon Dynamics Inc., a San Jose technology company, also didn't return calls seeking comment.

CRIMINAL LAW:

Two Linked To Sen. Fumo Are Offered Deals To Testify (PHI)

By John Shiffman

The Philadelphia Inquirer, August 14, 2006

Federal prosecutors investigating State Sen. Vincent J. Fumo have pressured two more people - a current and a former aide - to testify against him in exchange for immunity, according to a newly unsealed court document.

The two aides and five others had been represented by the same law firm until recently, when a federal judge ruled that the arrangement created too many conflicts of interest. He ordered them to find new lawyers.

In an opinion issued in May but not unsealed until Thursday, U.S. District Judge Legrome D. Davis said Fumo's lawyer "hand-selected" the same law firm, Carroll & Brotman, for each of the seven potential witnesses.

The judge cited other potential conflicts, including the fact that legal bills for the seven were paid by the State Senate, and noted that one potential witness, a woman who previously worked on Fumo's 100-acre farm, did not appear to understand who was paying her legal fees.

In addition, at least one witness represented by the firm testified against another, the judge said.

"The law firm has entered a web of ethical quandaries from which neither attorney nor client can escape unharmed," Davis concluded.

"The structure of this financial arrangement imparts a desire, however subconsciously embedded, to protect from indictment the public official who pays the clients' legal fees," the judge wrote.

The seven witnesses had waived their right to independent lawyers, but the judge determined that this "waiver may stem from their hesitancy to alienate, if not inculpate, the prime target of the investigation, the public official."

One of Fumo's lawyers, Geoffrey R. Johnson of Sprague & Sprague, declined to comment. Prosecutors John Pease and Robert Zauzmer also declined to comment.

Calls to the Carroll & Brotman firm were not returned Friday.

The judge said that this conflict of interest was particularly acute for the current and the former aide because prosecutors had indicated that only one would receive immunity. The other likely would be indicted, according to the judge's summary of the prosecutors' position.

Davis noted that the decision by their lawyer to decline "to have either client engage in discussions concerning the possibility of immunity has materially harmed the interests" of the current and former aide.

"Both face, perhaps needlessly, the realistic prospect of indictment," the judge said.

Davis' order identified the current and former aides only by position, not name.

The former aide, who worked for Fumo (D., Phila.) on the Senate Appropriations Committee until early 2005, was warned by prosecutors that he might be charged with misappropriating funds from Citizens' Alliance for Better Neighborhoods, the Philadelphia charity at the center of the FBI investigation. He appeared before the grand jury in February and invoked the Fifth Amendment. Attempts to confirm his identity and reach his lawyer were unsuccessful Friday.

The current aide is Deborah Maguire, who supervises computer technicians for Senate Democrats in Harrisburg, a division Fumo oversees. Maguire appeared before the grand jury in late April and also invoked her right against self-incrimination, the judge's order said.

Marc S. Raspanti, her newly appointed lawyer, said he has cooperated with requests from prosecutors in the short time he has been involved. He would not elaborate, but he did say, "She has not been granted any immunity and I have not been advised by the U.S. government that they intend to charge her."

Two weeks after Davis issued his sealed order, federal authorities arrested two other Fumo aides, computer technicians Leonard Luchko and Mark Eister.

They were charged with destroying e-mail messages to thwart the federal investigation. They pleaded not guilty. Prosecutors last week disclosed that Luchko and Eister had also been approached about cooperating in exchange for leniency, but that the technicians rejected the idea.

Another Fumo computer aide, Donald Wilson, has testified before the grand jury under a grant of immunity. He told the grand jury that Fumo "knew that we were deleting" e-mail to prevent the FBI from seizing it, according to a government filing.

Fumo has denied any wrongdoing and has said the investigation was politically motivated by Republicans.

The central focus of the investigation is whether Fumo's fund-raising efforts on behalf of Citizens' Alliance violated the law. Authorities are also trying to determine whether Fumo benefited politically or personally from the charity, which prosecutors have described as "nominally independent but which the senator in fact controls."

Records: Pa. Paid Fumo's Lawyers (PHI)

By Mario F. Cattabiani

The Philadelphia Inquirer, August 14, 2006

HARRISBURG - State Sen. Vincent J. Fumo has spent more than $1.2 million in taxpayer and campaign funds on a prominent law firm since the FBI began its corruption probe into the Philadelphia Democrat three years ago, records show.

The money went to pay legal fees for Sprague & Sprague, which has represented Fumo throughout the criminal investigation.

Fumo, his lawyers and Senate officers would not say exactly what those bills covered.

The Senate has paid the firm $1,031,700 between December 2003, when the probe started, and May 31, according to records provided by Chief Clerk Russ Faber. Most of it - $931,242 - came from an account controlled by Fumo as the ranking Democrat on the Appropriations Committee.

Asked what services were provided, Geoffrey R. Johnson, an attorney with the Sprague firm, responded in an e-mail: "Fees were paid for representation of the Senate office in an aspect of the investigation related to Senate duties, but no tax dollars were paid for the Senator's personal representation."

He would not elaborate.

In a document unsealed Thursday, a federal judge said Sprague & Sprague "hand-selected" another firm to represent six Fumo aides and the wife of one of them. That firm's legal fees were also paid from the Appropriations Committee account.

Prosecutors used that detail, among other evidence, to persuade a judge in May to order the aides to get separate lawyers because of a conflict of interest.

Johnson declined to comment on the judge's order.

In addition to state funds, Sprague & Sprague received $300,000 this year from the senator's campaign account, campaign records show.

Johnson would not comment on those fees beyond this e-mailed response: "Senator Fumo's campaign expense reports speak for themselves. There is nothing to add."

Lawyers for Fumo and the Senate had vigorously challenged in federal court the FBI's February 2005 seizure of his and his staff's computer files from offices in Philadelphia, Harrisburg, and his two New Jersey Shore homes. They had argued unsuccessfully that the federal government overstepped its bounds by seizing state property that contained private, legislative-related documents.

The Senate, as an institution, joined in the legal battle. That effort cost taxpayers at least $150,000 in legal fees to the Philadelphia-based Stradley, Ronon, Stevens & Young firm, sources close to the matter said.

The FBI, the U.S. Attorney's Office, and the IRS are trying to determine whether Fumo engaged in extortion by soliciting contributions for a South Philadelphia charity, Citizens' Alliance for Better Neighborhoods, and whether any money was used improperly to benefit him politically or personally.

At the center of the wide-ranging investigation is $17 million in corporate donations to Citizens' Alliance from Peco Energy. Fumo had privately negotiated for the payments during talks with the company over his opposition to its proposal to deregulate electric rates.

Senate officials would not disclose how much of the $1,031,700 that was paid to the Sprague firm was related to the federal investigation. Breaking down the bills to specific subjects would violate attorney-client privilege, said Stephen MacNett, chief counsel for Senate Republicans, who control the chamber.

"It's been our long-standing approach that we will not identify by subject matter the billings incurred while a matter remains in progress," he added.

In New Jersey, such information is public record and often released to the media, said Albert Porroni, executive director of the New Jersey Office of Legislative Services.

"The fact is, these are state dollars and the public has, at the very least, the right to know how much is being spent and on what," Porroni said.

Also unclear is what work Sprague & Sprague did for Fumo's campaign committee. The latest expense reports filed with the state show that the committee paid the Sprague firm $150,000 in February and another $150,000 in May.

The report describes the payments only as "legal fees." Ken Snyder, a Fumo spokesman, did not respond to questions about the committee's legal fees.

Fumo is not up for reelection until 2008. The fees are by far the largest expense for the campaign this year and make up more than half of its spending.

Under the state's broadly worded election code, candidates can spend campaign dollars on almost anything as long as it goes for the purposes "of influencing the outcome of an election." The law does not specifically address what fits that definition.

"There is no list of prohibited or permitted expenses," said Leslie Amoros, press secretary to the Pennsylvania Department of State.

Fumo's past campaign reports show that he hasn't paid the Sprague firm with campaign funds going back at least eight years.

Other legislators facing legal problems have in the past used their campaign funds to pay attorneys.

Former Sen. F. Joseph Loeper (R., Delaware), the onetime majority leader, for example, spent at least $143,700 from his campaign on criminal-defense lawyers while facing tax-obstruction charges in 2000, for which he later served six months in prison.

The Senate also has spent more than $44,000 on legal bills for the only two people charged in the probe to date - Fumo's computer technicians Leonard Luchko and Mark Eister. They were arrested on obstruction-of-justice charges May 31 and later pleaded not guilty. The government alleges that, on Fumo's orders, the two men systematically deleted e-mails and other documents from computers used by the senator and his staff.

The Senate had paid $13,646 to the firm of Stevens & Lee to represent Luchko and $30,600 to the firm of McMonagle, Perri & McHugh to represent Eister.

Brian J. McMonagle, Eister's attorney, defended the state's paying the bills.

"You have a person who goes to work every day, and simply by the mere nature of the work, they are being investigated," he said. "The Senate ought to pay for it; otherwise you would have chaos."

Their resignations took effect before their arrests and the state is no longer paying their legal bills, said Faber, the chief clerk.

The U.S. Attorney's Office, much as it did in May, last week asked the court to require the two former computer techs to get new lawyers. Prosecutors argued that since they resigned, Fumo "has undertaken to organize an effort to raise funds to compensate the attorneys representing the defendants."

That poses another legal conflict, argued prosecutors, who did not explain how they believed Fumo was raising the funds.

Gary Tuma, a Fumo spokesman, did not return a phone call on Friday.

McMonagle called the government's motion absurd.

"I'm flattered," he said. "They only try to remove you from a case when they think you're going to trial and they think you're good."

Tammany Official Indicted In Fraud (NOTP)

By Bruce Hamilton, St. Tammany Bureau

New Orleans Times-Picayune, August 14, 2006

Post-Katrina contracts are basis of charges

St. Tammany Parish Councilman Joe Impastato Jr., already facing charges of extorting $50,000 from a Lacombe business owner, was indicted Friday on additional federal charges that he attempted to bilk another Lacombe resident in a similar scheme.

Separately, former Mandeville Public Works Director Joe Mistich was hit with a federal charge Friday in the corruption probe. He is accused of covering for Impastato in the alleged fraud.

Although the new indictment against Impastato names another victim, it contains no previously undisclosed revelations about the case. U.S. Attorney Jim Letten said it contains additional "overt acts" and extends the timeline of the conspiracy.

"These are not substantial changes," he said.

The documents describe separate cases in which Impastato used his position as an elected official to broker debris-disposal contracts. He allegedly demanded kickbacks for arranging the deals and colluded with Mistich, a general contractor from Mandeville, to submit an inflated bill of $34,990 to the first victims.

Impastato pleaded innocent to the original charges of extortion, money laundering and conspiracy in January. Friday's indictment adds attempted money laundering and extortion charges as well as soliciting illegal gratuities, which refers to the same alleged extortion under a different statute.

The councilman declined to comment Friday and referred calls to his attorney, Robert Habans.

"The superseding indictment is factually and legally incorrect in many, many respects," Habans said. "Joe Impastato is innocent of any criminal charges and that will be demonstrated at time of trial."

Charged differently

Mistich could not be reached for comment Friday. He is charged with misprision of a felony, or concealing another person's crime from law enforcement officers. It is not clear why he is charged in a bill of information, though in other cases such a tactic has led to cooperation by the defendant and a plea agreement.

"We made a conscious decision to charge Mistich separately for reasons I'm not going to go into," Letten said. He noted that such charges via bill of information are not unusual if federal prosecutors see a compelling reason for it.

Friday's superseding indictment of Impastato identifies as another victim, Peter Penton, from whom the councilman allegedly tried to get 50 percent of a proposed contract using Penton's land for debris disposal. Penton declined to comment Friday.

Penton, who owned and operated earth-moving equipment, originally was hired to prepare land for debris disposal. Later, Impastato allegedly offered to arrange a contract for disposal on Penton's land and told him he wouldn't set up the deal unless Penton agreed to kick back 50 percent of the proceeds.

Letten declined to describe how Penton's involvement came to light.

It is not clear whether Penton ever executed a deal with the parish's debris-removal contractor, Omni Pinnacle.

Approve a subdivision

The charging document also describes various repeated attempts by Impastato to extort money from Barbara "Diane" Mauberret and her son, Lee Mauberret, both Lacombe residents and owners of Pontchartrain Chipping Yard. It details their many meetings and conversations, as well as help the councilman allegedly provided in getting the council to approve zoning for a subdivision.

The Mauberrets set up their company after Hurricane Katrina to chip and burn fallen trees or other debris on a 175-acre tract they owned with other relatives. They had intended to develop a subdivision on the property, but the parish Planning and Zoning Commission denied approval in January 2005.

In March 2005, with Impastato's backing, the Parish Council overturned the commission's ruling, paving the way for the subdivision, according to the indictment. But after Katrina struck, he allegedly told the Mauberrets he was arranging for the state Department of Environmental Quality to inspect their land as a debris site.

On Sept. 10, the councilman allegedly told them he wanted Mistich to manage the site, which was already receiving debris from Omni. A day later, Diane Mauberret suggested to him that the deal was illegal and requested an opinion from the state attorney general, it says.

Impastato allegedly replied that he couldn't seek the attorney general's opinion according to the indictment.

He allegedly wanted the businessman to cut two checks from that one, including $10,000 to the lawyer -- identified only as "Mr. F" -- and $74,833 to Mistich. That payment included $40,000 for Impastato, which represented his first payment, according to the indictment.

However, Mauberret refused to accept the check, and the councilman allegedly directed Omni to reissue a check payable only to the company. After Mauberret received a check for $164,501, he then allegedly gave Impastato the two requested cashier's checks payable to "Mr. F" and Mistich.

For the original charges, Impastato faced up to 20 years in prison on each of the three counts and fines of as much as $1 million if convicted. The additional attempted extortion and attempted money laundering counts each carry a maximum punishment of 20 years in prison and a $500,000 fine.

The two new counts of solicitation of an illegal gratuity each carry a maximum penalty of 10 years in prison and a $250,000 fine.

Mistich faces a maximum of five years in prison and a fine of up to $250,000 if convicted.

Impastato's trial is scheduled for Oct. 16 in New Orleans before federal District Judge Stanwood R. Duval Jr. Letten said it is up to the court to decide whether the new indictment will delay it.

"We don't believe it will," he said. "We're prepared to go to trial."

. . . . . .

Bruce Hamilton can be reached at bhamilton@timespicayune.com or (985) 898-4827.

D.C. Police: Site Of Lawyer's Murder Shows Signs Of Tampering (LAW)

By Emma Schwartz, Legal Times

Legal Times, August 14, 2006

The crime scene where murdered Washington, D.C., lawyer Robert Wone was found had been tampered with before police arrived, according to an affidavit for a warrant to search the office of D.C. lawyer Joseph Price.

Price, a partner at Arent Fox, owns the Northwest Washington house in which Wone's body was found shortly before midnight Aug. 2.

Police executed the search warrant Aug. 4 at the Connecticut Avenue Northwest offices of Arent Fox and seized Price's computer.

Price owns the Swann Street Northwest house with Victor Zaborsky, a marketing manager at the International Dairy Food Association. A third man, Dylan Wade, also resides there. All three were home the night of Wone's murder, according to police and Wade's lawyer.

At least one of the residents told police the night of the murder that Wone was killed by an intruder, according to the affidavit for the search warrant.

D.C. Metropolitan Police officers were called to the house at 1509 Swann St. N.W. around midnight Aug. 2. Upon arrival, they found Wone unconscious in a second-floor bedroom, suffering from three stab wounds to the chest. He was pronounced dead shortly after being transported to George Washington University Hospital.

According to the affidavit signed by Detective William Xanten III, technicians determined that the "crime scene had been tampered with, including that the area where the victim's body was located had been cleaned. The use of chemicals and an artificial light source showed trace blood evidence located around where the victim's body was found. This trace blood evidence was located on the walls, floors, sofa bed and door frame of the bedroom where the decedent was killed."

Investigators were told that Price and Wone, who knew each other through their alma mater, the College of William & Mary, had spoken and e-mailed each other before Wone came over to Price's house that evening, the affidavit states.

Wone, who was general counsel for Radio Free Asia and a former associate at Covington & Burling, had decided to stay with Price that evening instead of driving to his Oakton, Va., home, where he lived with his wife of three years, Katherine Yu, say friends, co-workers and police.

MPD Capt. C.V. Morris told Legal Times that, right now, the residents are considered witnesses, although he says that could change. The three residents have hired criminal defense lawyers. Price and Zaborsky turned to Kathleen Voelker, a former Arent Fox partner who is now running a solo practice. David Schertler, former chief of the homicide section of the U.S. Attorney's Office, is representing Wade, who could not be reached for comment.

Price and Zaborsky did not return phone calls.

Jonathan Rosen, a partner at Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, says he is representing Sarah Morgan, a friend of the owners who lives in the English basement apartment at the Swann Street house. Meanwhile, former Deputy Attorney General Eric Holder Jr. of Covington has been brought in to represent the Wone family.

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Lawyers for the three men say their clients gave extensive statements to police the night of the murder. Regarding her clients, Price and Zaborsky, Voelker says, "They remain hopeful that the police will identify the intruder who committed this senseless crime." Of Wade, Schertler says, "My client has not done anything wrong, and I don't believe he will be charged."

The case is being investigated by a squad of homicide detectives working alongside Assistant U.S. Attorney Colleen Covell.

Police have yet to close their investigation and maintain that witness accounts from that evening aren't adding up. "Some of the information we were told, I just don't believe," Morris said during a televised press interview Aug. 3.

Police took custody of the house immediately after the incident and have been searching it ever since. On Thursday, FBI investigators began assisting the probe and were heard sawing and hammering inside.

"We don't think it was a random act of violence," says Brett Parson, sergeant in the MPD's Gay and Lesbian Liaison Unit, which is aiding in the investigation.

According to the police affidavit, one of the residents told police that an intruder had entered the house through the back door. But "there were no signs of any forced entry to the house, either through the back door or any other location," the affidavit states. "There was nothing that appeared out of place, nothing disturbed, nothing ransacked and nothing was taken."

Morris told Legal Times that the police had not entirely ruled out a break-in.

On the night of Aug. 2, Wone, who started his job at Radio Free Asia about a month earlier, met up with his counterpart at Radio Free Europe, John Lindburg. The two shared an early dinner at Subway on 18th Street Northwest and then walked over to a continuing legal education class at the D.C. Bar. During the approximately three-hour-long course on federal grants, the two exchanged notes and whispers, Lindburg says. "He clearly wanted to learn as much as possible that could help him at his job," he says.

The class ended at 9:15, and while the two were walking back to the Metro Center Metro station, Wone told Lindburg he needed to head back to the office to meet up with workers on the night shift. Lindburg last saw Wone when he exited at the Farragut North station.

Radio Free Asia Communications Director Sarah Jackson-Han says that Wone returned to the office that night, although she could not confirm whom he may have spoken with that evening.

Eventually, Wone showed up at the Swann Street house. At 11:49 p.m. police received a phone call from someone in the house saying that Wone had been stabbed. Police arrived on the scene 13 minutes later. Wone was taken to GWU Hospital, where he was pronounced dead at 12:24 a.m., according to the police report.

Wone was found in a second-floor bedroom, but the MPD's Morris would not say whether he was lying on a bed or a sofa. He was fully clothed, Morris says. The knife used in the attack was located on the table next to Wone and was from a "set of matching knives located in the kitchen of the house," according to the affidavit. The residents told police that everyone else in the three-bedroom house was sleeping when the incident occurred.

Price, who handles litigation and intellectual property at Arent Fox, has also done considerable legal work on gay rights issues. He is general counsel to Equality Virginia, for which he represented Janet Miller-Jenkins, a woman who sought custody rights after she and her partner broke up. Wade is a former spokesman for Equality Virginia, according to the group's Web site.

"Joe's one of those people in the legal community that everyone looks up to," says Jeff Trammell, a political consultant and friend.

Price and his domestic partner, Zaborsky, bought the Swann Street house last year for $1.2 million. In 2004, Price and Zaborsky were the subject of a USA Today article on gay parents. The two fathered children with a lesbian couple in Silver Spring, Md., by donating sperm.

William Charyk, managing partner at Arent Fox, says that Price has been at work all week. "He's gone through a horrible tragedy," Charyk says. "We're just making sure that he'll hang in there."

News editor Brendan Smith contributed to this article.

Bonanno Associate Pleads Guilty (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, August 12, 2006

DOJ_NMG_0046995

A reputed Bonanno crime family associate admitted Friday to playing a role in two gangland slayings and faces a possible 10-year prison term.

Patrick "Patty Muscles" Romanello, 52, of Greenpoint, admitted to Brooklyn federal Judge Nicholas Garaufis that he participated in the conspiracies to murder mob associate Louis Tuzzio in January 1990 and Enrico Mazzeo, a former city official, in November 1982.

Romanello, pleading guilty in court, said he took part in the conspiracies "to further the enterprise charged," referring to the Bonanno crime family activities charged in the indictment.

A muscular, broad-shouldered man with closely cropped hair, Romanello was charged in a 2003 indictment that accused dozens of other reputed Bonanno crime family members and associates of racketeering and other crimes.

Law enforcement officials have said that Tuzzio was killed at the behest of the late Gambino boss John Gotti because of the victim's involvement in the murder of another mob associate. The associate, Gus Farace, was responsible for the 1989 murder of Drug Enforcement Administration special agent Everett Hatcher.

During the Farace murder, Tuzzio wounded the son of a Gambino crime family member, earning Gotti's wrath, prosecutors said.

Mazzeo, a former deputy commissioner for the city's Marine and Aviation Department, was killed because the Bonanno crime family feared he might cooperate with law enforcement, investigators said.

Garaufis set sentencing for Romanello, who is being held without bail, for Oct. 27. He faces a 10-year sentence under his plea bargain.

In a different case, Garaufis prodded federal prosecutors Friday to finish a probe of allegations surrounding jailed reputed Bonanno crime family member Vincent "Vinny Gorgeous" Basciano. Once considered by police to be the acting street boss of the crime family, Basciano, who is awaiting trial, was placed in recent weeks in solitary confinement in a local federal detention center.

Prosecutors had not disclosed details of the investigation. But Garaufis said in court that government attorneys base their probe of Basciano on serious issues "involving safety and security." Federal prison officials are allowing Basciano, 45, to have visits from his lawyer, but not his family, and have legal papers returned to him.

Shoot First — No Questions Asked (NYT)

The New York Times, August 14, 2006

If ever a law was designed as a get-out-of-jail-free card for the trigger-happy gun owner, it's one that comes to us via the gun lobby and the State of Florida. The law, passed in the last year in 15 states and being considered in eight others, allows the extraordinary use of deadly force when a person simply doesn't want to back away from a confrontation.

There are legitimate kill-or-be-killed situations, but those are defensible in court already. There seems little reason to legally enshrine the right to maim or kill in response to a perceived threat. These laws do just that, and already a creepy picture of "Death Wish"-style justice is emerging.

In one case, a retired police officer shot twice and seriously wounded an apparently unarmed neighbor who had knocked on his door in a dispute over the number of garbage bags put out for collection. The shooter will remain free as long as his self-defense argument holds, and it well may.

The contorted logic of these laws reverses the notions that favored flight over fight and held deadly force to be a last resort. The Florida law holds that a crime victim may "stand his or her ground and meet force with force, including deadly force if he or she reasonably believes it is necessary." To defend homes and vehicles, an owner can wield lethal force with a freedom not granted to the police.

Redefining lethal force is bad enough, but it also comes with near-automatic immunity from prosecution and civil lawsuits. Florida's law is a sick cousin of the work of the gun lobby on Capitol Hill, where it has successfully protected the interstate traffickers of guns used in crimes. And it is the evil twin of laws passed in 38 states that allow concealed weapons. After all, what good is packing heat if it just stays in the holster?

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CIVIL RIGHTS:

Two Men Are Accused Of A Hate Attack In Queens (NYT)

By Thomas J. Lueck

The New York Times, August 14, 2006

Two Queens men have been charged with hate crimes after a confrontation that began in Douglaston with racial slurs shouted at a car full of Chinese-American students and escalated into a vicious roadside attack, then led to a fight with two police officers blocks away, the authorities said yesterday.

By the time it was over early Saturday, one of the students had been struck with his own steering wheel lock, one of his companions had been beaten in the face and body, and both officers had suffered minor injuries. All were released from hospitals after receiving treatment.

The events came as a shock yesterday to many people across Flushing, Douglaston, Little Neck and other neighborhoods of northern Queens that have attracted large concentrations of immigrants from China and Korea.

According to a law enforcement official, who insisted on anonymity because of the nature of the case, the epithets directed by the suspects, both white, at the four students, all of them native New Yorkers of Chinese descent, were laced with a racially derisive term rarely heard since the Korean War.

"The defendants' alleged actions are a throwback to a dark time and place in American history and are an affront to civilized society," Richard A. Brown, the Queens district attorney, said in a statement yesterday.

One of the students, John C. Lu, a Little Neck resident enrolled at the State University at Albany, said he had never experienced anything like it.

"I don't know what to say," he remarked outside his family's home late yesterday, still wearing a bandage over his right eyebrow. "It's the first time something like this has happened to me."

The authorities said that Kevin M. Brown, 19, of Auburndale, Queens, and Paul A. Heavey, 20, of Little Neck, were charged with assault and criminal harassment, and that each of the charges was elevated to a hate crime because of the nature of the attack and the slurs that were used.

Mr. Brown also was charged with assaulting the arresting officers, and resisting arrest. He had already been awaiting trial on an assault charge. The police said Mr. Brown attacked a man with a hammer after a collision and dispute on a Queens street in May.

Robert Brown, his father, said yesterday that he did not believe his son would be involved in a racially motivated attack. He said the charges against his son, who works as a parking valet at a Queens restaurant, and Mr. Heavey, who installs alarm systems, were particularly hard to believe because they had been outnumbered by the students.

"It's a fairy tale," Mr. Brown said outside his wood frame house in Auburndale. "It was four against two."

There was no response at the Heavey home yesterday afternoon. Both defendants were arraigned yesterday in Queens Criminal Court. Mr. Brown's bail was set at a $30,000 bond or $20,000 cash, and Mr. Heavey's bail was set at $10,000. It was not clear if they posted bail yesterday.

Mr. Brown's lawyer, Brian Kennedy, said yesterday that no racial epithets had been used, and that the matter was only a traffic dispute that had gotten out of hand. "We deny any kind of racial bias," he said.

But a Douglaston resident, who said he was returning home in a taxi and pulled up as the confrontation was taking place, said yesterday that he had clearly heard epithets.

"It was definitely bias," said John Pangia, 42, a private investigator who lives on Douglaston Parkway near 44th Avenue, where the attack on the students occurred. He said he saw two white men kicking and punching two young Asian men as people on the block looked out their windows and pleaded with them to stop, and while two other Asian men stood by trying to call for help on their cellphones.

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Besides Mr. Lu, the group of students included Reynold Liang of Little Neck, David Wu of the Bronx, and Wing Chung Poon of Bayside, the authorities said. Mr. Lu said they had all been friends since attending middle school in Queens, and were riding with Mr. Liang in his family's Lexus when the attack occurred.

Mr. Liang, an architecture student at the State University at Stony Brook, was the most seriously injured in the group. He was struck in the head by the steering wheel locking device known as the Club, which he had removed from the Lexus to defend himself, but which was taken and turned against him during the assault, the district attorney's office said.

A woman who identified herself as Mr. Liang's mother, but declined to give her name, said yesterday that the incident "hurt us so much, it really hurts." She spoke briefly outside the family's richly landscaped home on a block in Little Neck where houses are valued at more than $1 million.

The two groups of young men had not encountered each other before the confrontation on Saturday, said Nicole Navas, a spokeswoman for the district attorney.

According to an account provided by the district attorney's office, the events began about 2:30 a.m. when Mr. Brown and Mr. Heavey, in Mr. Brown's 1998 Toyota, pulled alongside the Lexus "and began cursing and shouting racial slurs." Moments later, the Toyota rammed the back of Lexus, the authorities said.

They said Mr. Liang then sped away, and pulled his car over at 44th Avenue and Douglaston Parkway after he thought he had eluded the Toyota. But when Mr. Lu got out to inspect the damage to the Lexus, Mr. Brown and Mr. Heavey drove up.

Hurling more racial slurs, the two men punched and kicked Mr. Lu, according to the district attorney's account. When Mr. Liang tried to come to his companion's aid, he was pummeled, it said.

Mr. Pangia, who said he was pulling up in the taxi at that point, said he heard either Mr. Brown or Mr. Heavey shouting "You want more?" as the attack went on. "This thing was ugly," Mr. Pangia said, adding that Mr. Liang's "face was all cracked open."

He said he approached Mr. Brown and Mr. Heavey, warning them that they might be committing murder, and the two men got back into the Toyota and drove off just before the police arrived. Mr. Pangia said he told the officers he could identify the assailants, and rode with the police in pursuit.

According to the district attorney, the Toyota was spotted and pulled over in Bayside, at the intersection of Cloverdale Boulevard and 46th Avenue. Mr. Pangia said he observed as the two officers approached, and Mr. Brown became violent.

"I don't know who this kid is or what he was on, but he was superhuman," Mr. Pangia said. As one of the officers reached into the Toyota, trying to restrain Mr. Brown, Mr. Pangia said Mr. Brown put the car in drive, lurching forward, and the door closed on the officer's head and arm.

Moments later, as both officers tried to put handcuffs on Mr. Brown, he fought back, injuring the other officer, Mr. Pangia said.

City Councilman Tony Avella, whose district includes Douglaston, Little Neck and other neighborhoods in northern Queens, said he knew of no racially motivated violence that had been directed against the growing number of residents of Chinese and Korean descent.

He said there has been tension, particularly over what many longtime residents view as overdevelopment, some of it by Asian developers. Another sticking point, he said, are commercial signs in Korean or Chinese, with no English translation, which "give people the impression that some businesses don't want to serve the whole community."

Mr. Avella said he has introduced legislation calling for all commercial signs in another language include a translation in English.

But he said hate crimes have not been a source of concern. If there were attacks on young people of Asian descent, "their parents would be on my phone immediately," Mr. Avella said.

Hugh M. Mo, a Chinese-American resident of Douglaston Manor and a deputy police commissioner in the 1980's under Mayor Edward I. Koch, said that Asian residents have spread into areas that have been traditionally non-Asian, "and obviously some ethnic whites find it hard to accept."

"It is really no different than incidents where blacks ventured into Howard Beach or the Rockaways," said Mr. Mo, now a lawyer in private practice. "Queens is going to see more and more of these kinds of incidents."

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Where Does God Stand On Abortion? (USAT)

USA Today, August 14, 2006

Each side of this divisiveissue claims the divineknowledge of what isright and wrong in theeyes of the Almighty.As with any hot-buttonissue, it's not that simple.

The U.S. Supreme Court has agreed to take up one aspect of the abortion issue in its next term — specifically the constitutionality of a rare procedure opponents call "partial-birth" abortion — and as a result will find itself embroiled in a marathon religious duel marked by vitriol, apocalyptic visions and relentless maneuvering. Religious leaders will speak passionately on both sides of the issue, quote Scripture against each other and claim to express God's will.

A third religious constituency, however, has lost interest in the abortion debate — some because homosexuality seems more pertinent; some because other issues such as war, justice, economic distress and terrorism seem more pressing.

In the abortion battle, each religious camp thinks it has gained ground since Roe v. Wade in 1973, in which the Supreme Court legalized abortion nationwide. One side, calling itself "pro-life," believes that new high court Justice Samuel Alito and Chief Justice John Roberts will tilt toward its anti-abortion position. The other side, calling itself "pro-choice," believes that public opinion has moved toward greater acceptance of legal abortion and that the court will follow the trend.

Shades of gray

So where do religions — and for that matter, people of faith — stand when it comes to whether abortion should be legal or not? Much like the secular debate over abortion, the religious debate is one best captured in shades of gray rather than how it's usually depicted by both "pro" sides — in black and white.

In fact, the religious arguments themselves haven't changed much over the past three decades. They've simply grown in volume and intensity.

The basic religious position against abortion is that human life begins at conception, not at birth, and therefore aborting a pregnancy violates the commandment against murder. The Supreme Court said in Roe that "we need not resolve the difficult question of when life begins. When those trained in the respective disciplines of medicine, philosophy, and theology are unable to arrive at any consensus, the judiciary, at this point in the development of man's knowledge, is not in a position to speculate as to the answer."

To counteract that argument, those who oppose abortion have devoted much of their recent work to developing a scientific and medical basis for defining life as they see it. Supporters of abortion rights disagree with this definition of life — calling it bad science and a misreading of Scripture — and argue that women, not the state, should make their own reproductive choices.

In the point-counterpoint of the abortion debate, biblical arguments seem to have lost their zing, as partisans talk past each other and dispute the meaning of the few biblical passages that come even close to being relevant. When Psalm 139, for example, says, "You (God) knit me together in my mother's womb," is that biblical proof life begins at conception or simply symbolic language showing God's providence, based perhaps on an ancient Phoenician myth? Depends on whom you ask.

When Jeremiah 1:5 has God saying, "Before I formed you in the womb, I knew you," is that God's definition of conception or the author's literary description of his call as a prophet? Again, it depends on one's interpretation.

The more active weapons have become labeling and trying to convey the impression of a religious juggernaut, when in fact neither side can make an absolute case for or against abortion.

The decision ultimately comes down to individual religions and, ultimately, individuals.

Each side wants to present itself as the one true religious viewpoint on abortion. In truth, there is no single religious position on abortion. Mainline churches tilt toward allowing legal abortion, conservative churches tilt toward ending legal abortion, but each denomination — even those most publicly aligned with opposition to abortion, such as Roman Catholic and Southern Baptist — has a sizable minority that takes a differing position.

So what lies ahead? The issue of abortion had been in a lull, as gay marriage became this year's political lightning rod. But expect that to change in the fall when the Supreme Court takes it up once again. The protest signs will appear on the steps of the court, the battle lines will again be drawn and the nation will again see religion used as a wedge.

Compromise unlikely

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America's religious communities show deep divisions and hardening positions on abortion. As happens when a political or cultural issue becomes a religious cause couched in absolutist language and claims of divine sanction, compromise seems unthinkable.

At the pew level, however, the situation is more fluid. Whether one attends a Southern Baptist service, a Catholic Mass, Jewish synagogue or Muslim mosque, there's a good chance that fellow congregants view the abortion debate as individuals rather than with one religious voice.

You wouldn't know that from the rhetoric — political and religious — on the national stage.

Yes, in this day and age, extreme positions command the microphones and drown out the others. Perhaps it's time for the common-sense middle to assert itself against both extremes — in abortion and in the next hot-button issue.

Beliefwatch: Foxholes (N W)

By Rebecca Phillips

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - There are no atheists in foxholes," the old saw goes. The line, attributed to a WWII chaplain, has since been uttered countless times by grunts, chaplains and news anchors. But an increasingly vocal group of activists and soldiers—atheist soldiers—disagrees. "It's a denial of our contributions," says Master Sgt. Kathleen Johnson, who founded the Military Association of Atheists and Freethinkers and who will be deployed to Iraq this fall. "A lot of people manage to serve without having to call on a higher power."

It's an ongoing battle. Just last month Lt. Gen. H. Steven Blum, chief of the National Guard Bureau, said, "Agnostics, atheists and bigots suddenly lose all that when their life is on the line." Atheist groups reacted swiftly, releasing a statement that "Nonbelievers are serving, and have served, in our nation's military with distinction!" The National Guard said it received about 20 letters objecting to Blum's statement, and said his comments were "intended to clearly illustrate the positive spirit of camaraderie, human understanding and inclusion of our fine men and women in the National Guard."

In the past several years, atheists have organized letter-writing campaigns against Katie Couric, Tom Brokaw, Bob Schieffer (who issued a public apology) and other news anchors for repeating the "no atheists in foxholes" line on TV. And on Veterans Day 2005, several dozen atheist veterans paraded down the National Mall bearing American flags and signs reading ATHEIST VETERAN—WE SHARED YOUR FOXHOLES! Johnson says atheists in the military face prejudice. "Before I got to be the rank I am I had to keep my head down and my mouth shut. I had commanding officers who made it clear that they wouldn't tolerate atheism in their ranks." Military leaders deny any discrimination. "Service in the military is open to people of all creeds and religions," says Michael Milord, a lieutenant colonel in the Air National Guard. Officially, the Department of Defense considers atheism a creed like other faiths. New recruits can choose ATHEIST, AGNOSTIC, or NO RELIGIOUS PREFERENCE for their dog-tag identifications. And an atheist symbol, which resembles an atom, is among the dozens of "approved emblems of belief" that can appear on the headstones of fallen soldiers in military cemeteries. Would a soldier really die without faith? Bowling Green State University's Ken Pargament, a professor specializing in the psychology of religion and coping, says: "If someone is a committed atheist, they're likely to stay a committed atheist."

ANTITRUST:

MLSNI Responds To DOJ Investigations (INMAN)

By Glenn Roberts Jr.

Inman News, August 14, 2006

Listing service turns over 'hundreds of thousands' of documents

Multiple Listing Service of Northern Illinois has turned over hundreds of thousands of documents for a U.S. Department of Justice investigation that relates to limited-service real estate listings, and MLSNI has also responded to a subpoena that is linked to a federal antitrust lawsuit against the National Association of Realtors.

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MLSNI, one of the largest MLSs in the country with about 51,000 members, in March received a subpoena from the Department of Justice that relates to ongoing antitrust litigation between the federal agency and the national Realtors trade group. The Justice Department charges in the lawsuit that the Realtor group's MLS policies for the online display and sharing of real estate information are overly restrictive, while the trade group has held that its policies are legal and provide for ample sharing of information.

In a statement to members, MLSNI said it was one of about 20 MLSs across the country that received a "civil investigation demand" or subpoena from the Justice Department relating to the lawsuit.

The subpoena mostly related to MLSNI's Virtual Office Web site (VOW) and Internet Data Exchange (IDX) policies for sharing property information online, though the Justice Department did request information related to the pullout and return of some real estate companies as members of the MLSNI, "as well as information regarding discussions MLSNI and MAP MLS have had and are having regarding (an MLS) consolidation or other transaction," according to an MLSNI announcement to members.

Laurie Janik, general counsel for the National Association of Realtors, announced at a conference in May that at least 14 MLSs had been served subpoenas at that time, and all of those subpoenas related to the Justice Department's lawsuit against the trade group, she said.

In December 2005, MLSNI had received an investigative demand from the Justice Department on a separate issue. This request for information related to "MLSNI rules regarding limited service brokerages," the MLS told its members.

That information request called for "MLSNI rules and policies as they related to limited service listings, distribution of listings displayed in default searches of the MLSNI database, distribution of listings sent by the MLS to IDX Web sites and requirements that a broker be required to provide any specific real estate services." Also, the Justice Department requested documents related to board of directors meetings, e-mails exchanged relating to limited-service listings, and a complete list of all inventory dating back to Jan. 1, 2003, among other items.

"With the assistance of our legal counsel, the staff at MLSNI was able to comply with the request, producing hundreds of thousands of documents. All documents requested ... have been tendered to the DOJ," MLSNI reported.

Illinois in August 2004 was one of the first states to enact a law, now commonly known as a minimum-services law, that mandates a set of duties for real estate agents, at least in certain situations. The Illinois law provides that all brokers who enter into a written contract to exclusively represent a clients must accept and present all offers and counteroffers on their client's behalf, and must also "assist the client in developing, communicating, negotiating and presenting offers, counteroffers and notices," and "answer the client's questions" relating to offers, counteroffers, notices and contingencies."

Justice Department and Federal Trade Commission officials have since objected to similar measures proposed in other states that they say can potentially restrict consumer choice and limit competition by making it difficult for some limited-service companies to do business. And they have investigated MLS policies relating to limited-service listings in other real estate markets.

Brad Tertell, vice president and general manager for MLSNI, said he doesn't recall whether MLSNI changed any of its MLS policies related to the passage of the state minimum-services law. "We didn't need to change anything because we do not identify limited-service listings" in the MLS database, he said. While some MLSs have excluded some types of limited-service listings from being forwarded for display at some property-search Web sites, such as Realtor.com, Tertell said MLSNI has no such restrictions in place.

Quin O'Brien, broker-owner of Chicago flat-fee company 4 Sale Realty Inc., said that MLSNI policies seem to be fair and have not hurt his business. "As far as I know, they treat (all listings) the same and fairly," he said.

The state minimum-services law has affected his business, though, he said. "The only real change is that I must offer negotiating services. My day is consumed with phone calls and negotiations now. The new law has definitely caused me to work more hours. However, because my business has been growing exponentially each year, I could expect that anyway. It is the consumers that are upset about it. Many of my clients are professional negotiators. Many are lawyers. They are very comfortable with the (real estate transaction) process and don't like that a middleman has been mandated upon them," O'Brien said.

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While O'Brien said he has not complained loudly about the minimum-services legislation in Illinois, he added, "I think as more consumers learn about this ... they will put pressure on the lawmakers to overturn this law. Until then, I quietly keep on doing my job."

MLSNI allows both exclusive agency listings and exclusive right to sell listings in its database, Tertell said. Under an exclusive right to sell agreement, the broker will earn a fee regardless of whether the owner sells the property or the broker sells the property. An exclusive agency agreement provides that the seller does not have to pay the broker if the seller personally finds a buyer for the property.

MLSNI hasn't yet received a response from the Justice Department since responding to the limited-service information request, Tertell said.

As for the subpoena, he said that MLSNI did not adopt a "selective opt-out" provision of the National Association of Realtors MLS policy that is a key issue in the lawsuit. This provision of the now-defunct NAR policy (the group has withdrawn these MLS rules, known as Virtual Office Web site or VOW), provided that a listing broker could allow company listings to be made available for online display by some but not all of the other brokers in the MLS.

Opponents of this opt-out provision have said that large companies could use the policy to selectively withhold their listings from companies with alternative business models, for example, while freely sharing them with other traditional companies.

MLSNI hired an outside lawyer to assist in its response to the subpoena, according to the announcement. "There are relevancy concerns on MLSNI's part that our legal counsels are negotiating with the DOJ."

The legal requests by the Justice Department have led to legal costs at MLSNI, and Tertell said that some costs may be absorbed by members while others may be absorbed by insurance and/or the National Association of Realtors.

In its announcement to members, MLSNI stated that "MLSNI does have insurance coverage (for legal issues) ... and once we met our deductible the rest of the expenses will be reimbursed from our insurance carrier," and the MLS will be "asking for some relief" from the National Association of Realtors for costs stemming from the subpoena.

EU Launches Probe Into Metso Bid For Aker Kvaerner Unit (WSJ/DJ)

Wall Street Journal/Dow Jones, August 14, 2006

BRUSSELS (Dow Jones)--The European Commission Monday launched an in-depth investigation into Metso Corp.'s (MX) plan to buy Norwegian offshore contractor Aker Kvaerner ASA's (AKVER.OS) pulping and power business.

The Brussels antitrust regulator said the deal could reduce competition in the markets for pulp mill equipment.

"This takeover would reduce the number of competitors from three to two," the commission's top antitrust regulator Neelie Kroes said in a statement.

Finland-based Metso and Aker Kvaener both develop and manufacture equipment for pulp mills that serve the paper industry. Austria's Andritz AG (ANDR.VI) is the only other maker of this equipment.

The commission said its in-depth investigation will focus on the markets for the supply of cooking equipment as well as the brown-stock washing, oxygen delignification, and bleaching stages of pulp production.

The commission said it will study the deal for 90 working days, noting that an in-depth investigation doesn't prejudge a final regulatory decision.

Metso's takeover of the Aker Kvaerner unit is worth EUR375.5 billion.

Aker Kvaerner's pulping and power business has operations in Sweden, Finland, the U.S., and Brazil. Sales for the business were about EUR565 million last year. Metso said the deal will allow it to offer all core processes for pulp mills.

Metso had sales of EUR4.2 billion in 2005. Its paper unit accounts for roughly 40% of the group's annual sales.

ENVIRONMENT/INDIAN AFFAIRS:

BP Keeps Part Of Prudhoe Open, Easing Concern (WSJ)

By Masood Farivar

The Wall Street Journal, August 14, 2006

NEW YORK -- A week after BP PLC's announcement that it was shutting down Prudhoe Bay sent ripples through world oil markets, the decision to continue to partially operate the giant oil field in Alaska has taken the worst-case scenario for oil prices off the table.

Under pressure from federal authorities concerned about supply shortages and Alaskan state officials fearing the loss of hundreds of millions of dollars in royalties and taxes, the United Kingdom's BP said late Friday it would maintain production in the western part of Prudhoe Bay, the largest producing oil field in the U.S., because it was confident of the integrity of the pipeline there.

In addition, the company pledged to continue rigorous inspections of the route and implement unprecedented oil-spill response measures.

The western operating area currently produces about 150,000 barrels a day of oil and natural-gas liquids, and after planned maintenance is completed, output will be ramped up to 200,000 barrels a day.

The move came after U.S. companies Exxon Mobil Corp. and ConocoPhillips, the two other partners in Prudhoe Bay, both informed their customers that they wouldn't be able to honor their delivery commitments. BP said it saw no need for such a measure, and refiners on the U.S. West Coast that depend on the field's crude oil said they could offset the shortfall by drawing down on inventories or tapping into readily available foreign sources of oil such as Saudi Arabia's.

This all served to calm traders worried about the loss of what would amount to 8% of total U.S. domestic production. With nearly half of the field open, "this now becomes more of a minor annoyance than a major supply disruption," said Peter Beutel, president of trading-advisory firm Cameron Hanover in New Canaan, Conn.

Between increased imports and high inventories, "it looks now like the West Coast refiners will easily be able to replace the lost Alaskan supply," Mr. Beutel added.

Over the weekend, refiners welcomed BP's decision. "Having that additional crude production from the western Prudhoe Bay could only be seen as a plus for the overall supply situation," said Mary Rose Brown, a spokeswoman for Valero Energy Corp. San Antonio-based Valero, a prominent U.S. refiner, operates a 144,000-barrel-a-day plant in Benicia, Calif.

Still, that the field -- which normally produces 400,000 barrels a day -- remains partially offline in an already overstretched global supply system is enough to keep prices near records. "We think people have discounted the worst-case scenario," said Mary Novak, managing director for energy services at Global Insight. However, "it's another factor that will keep prices in the mid-$70s."

The price of light, sweet crude-oil futures for September delivery on the New York Mercantile Exchange jumped as high as $77.45 a barrel Tuesday before beginning to slide as supply concerns eased. The contract settled Friday 35 cents higher at $74.35 a barrel, slightly lower on the week.

The pullback from the highs wasn't all on the back of easing worries about Prudhoe Bay. Anglo-Dutch Royal Dutch Shell PLC's resumption of some 180,000 barrels a day in production in Nigeria and the foiled plot to bomb several trans-Atlantic flights both weighed heavily on the market. But the Prudhoe Bay story was the biggest market mover.

The Prudhoe Bay glitch reverberated through world markets because it involved supplies in one of the most secure places in the world and came at a time when substantial amounts of global oil production remains offline in places such as Nigeria, Venezuela, Iraq and the Gulf of Mexico. According to Cambridge Energy Research Associates, of the U.S., a complete shutdown of Prudhoe Bay would raise the total amount of shut-in production to 2.3 million barrels a day, or 2.6% of total global output. Against that backdrop, traders' initial reaction to the potential loss of supply in Alaska was understandable, said Fadel Gheit, an analyst at brokerage house Oppenheimer & Co. in New York.

Not everyone feared the worst-case scenario. Global Insight began telling its clients as early as last Monday that a partial shutdown of Prudhoe Bay was the more likely scenario, according to Ms. Novak.

BP Spill Highlights Aging Oil Field's Increasing Problems (USAT)

By Chris Woodyard, Paul Davidson And Brad Heath

USA Today, August 14, 2006

DEADHORSE, Alaska — At a smelly site just off a gravel road, workers in oil-drenched coveralls tote vacuum hoses and thick towels across a patch of blackened tundra. Alone caribou grazes in the distance.

This cold, desolate expanse is where more than 735 gallons of crude spewed from a corroded pipeline earlier this month. As the oil migrated over a soggy half-acre, so, too, have troubles for operator BP.

The petroleum giant has cut in half the field's production of 400,000 barrels of oil a day after finding other weak spots in its lines, raising the specter of higher gasoline prices nationwide. At full production, the field supplies about 8% of total domestic output.

The latest spill, along with one in March of 267,000 gallons, calls into question BP's management and the problems that surround the decline of Prudhoe Bay, part of the Alaska North Slope that is America's most productive and environmentally sensitive oil land.

With the field producing past its projected life, Prudhoe Bay is showing its age. Snow and ice, along with bitter cold at the site 7 miles from the Arctic Ocean, allow water to seep underneath insulation and rust pipelines from the outside. Corrosion is attacking from within. Environmentalists and activists charge BP has failed to manage these issues. They say the company is unwilling to sink millions more into an oil field that is producing an average of 3.5% less every year.

"The North Slope corrosion problem is simply the latest example of a pattern of neglect and less-than-adequate maintenance through the years," says Richard Fineberg, a Fairbanks economic and environmental consultant and former oil analyst for the state.

BP denies cutting corners. The company is replacing 16 of 22 miles of pipeline. It announced Friday that it hopes to maintain half of Prudhoe Bay's production during repairs by pumping from the side of the field unaffected by the latest leak. Spending to quell corrosion has increased to an estimated $71 million this year, up 80% since 2001, the company says.

BP officials acknowledge that they should have found the leaks in the so-called transit lines, which gather oil from wells to feed into the main Trans-Alaska Pipeline for the 800-mile journey to Valdez.

"Clearly in hindsight, we would have been doing some things different with those old transit lines," says Kemp Copeland, BP's greater Prudhoe Bay field manager, during a bumpy bus ride with a company-hosted press entourage to the spill site Friday.

The problem stems from the oil field's advancing age, he says. Crude oozes through pipelines at a rate of 30 feet a minute now, a fraction of its speed in 1989 when the lines carried nearly four times as much. Lower flow rates allow sludge to build up on pipeline walls, trapping corrosion-causing contaminants.

The pipes are supposed to be swabbed clean of sludge by plastic cylinders called "maintenance pigs" that are run through the pipes.

The company acknowledges it had not cleaned the insides of lines in the eastern half of the field, where the latest spill occurred, since 1992. The western half was "pigged" in 1998. The cleaning efforts were suspended out of fears that too much sludge was being pushed into the Trans-Alaska Pipeline.

"If we had to do it over again, we would have been maintenance-pigging the lines," Copeland says.

In a June letter to U.S. Rep. John Dingell, D-Mich., the Transportation Department said it has "not received a reasonable explanation" for why the lines had gone so long without cleaning, and that the delay "does not represent sound management practices."

The sludge buildup also prevented BP from sending a probe called a "smart pig" through the lines to detect spots where the metal was corroding.

Regulators ordered the tests after the March spill, then complained publicly that BP wasn't conducting them fast enough.

The company says it has increased its efforts to clean and inspect lines. The recent spill was discovered at the same time as a probe found 16 thin spots in pipeline walls, prompting the shutdown. Since then, BP workers have found five small holes in the transit line. In some places, as much as 80% of the pipe's interior wall was gone.

A federal grand jury in Anchorage is investigating the March spill. Justice Department and Environmental Protection Agency officials declined to comment on the case.

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The pipelines are largely unregulated because they are low pressure and above ground. Neither Alaska nor the federal government required any specific steps to control or check for corrosion. Only recently has the Bush administration announced plans to regulate them.

Environmentalists say the state Department of Environmental Conservation has broad authority to monitor the lines under rules designed to prevent oil spills.

"The state has chosen not use their authority to enforce corrosion" prevention, says Alaska environmental lawyer Peter Van Tuyn. Regulators say the state isn't indifferent. "You don't get ahead economically, or in any way, by shortchanging the environment," says Lynda Giguere, a spokeswoman for the state Department of Environmental Conservation.

Oil taxes fund 86% of Alaska's budget, and when Prudhoe Bay shut down, the governor ordered a state hiring freeze.

Lax corrosion controls have taken their toll, environmentalists say. At least 100 spills of oil and other hazardous waste on the North Slope from 1996 to 2004 were corrosion-related, says Pamela Miller, a coordinator for the Northern Alaska Environmental Center.

In 2003, 6,000 gallons of oil and water leaked from an underground BP pipeline at a caribou crossing, prompting state and BP officials to promise to work together to determine whether corrosion problems were mounting.

The company's Alaska operation has had other environmental lapses. It has been cited by the EPA for eight violations since 2001, federal records show. All of the violations were reported to regulators by the company, and none appeared to be linked to its pipelines. In 1999, BP paid $6.5 million in civil penalties for illegally dumping hazardous waste at an oil field. And in 2005, BP was fined $1.3 million after an explosion and fire seriously injured a worker.

Environmentalists say BP's record lays bare a company keenly aware of the corrosion problem. In 1999, as a condition for approving BP's merger with Arco, which previously operated part of the Prudhoe Bay field, state officials called for twice-yearly meetings with BP to review the company's corrosion monitoring.

That year, BP workers approached Chuck Hamel, a retired oil broker and advocate for oil workers, with concerns that, to hold down costs, the company was skimping on use of a corrosion-prevention chemical, Hamel says.

In a May 2004 letter to Walter Massey, chairman of the BP board's environmental committee, Hamel warned of "cost cutting, causing serious corrosion damage" to lines and worker fears of "a catastrophic event."

After company executives did not take action, Hamel says, he went to EPA officials. BP says it wants to investigate those allegations but Hamel hasn't provided specifics.

Indeed, BP still has a lot at stake in the Alaskan tundra. The London-based oil giant, once known as British Petroleum, manages the Prudhoe Bay field and owns 26%. Two partners, ConocoPhillips and ExxonMobil, have 36% each. A host of others own the remaining 2%.

The spills are a black eye for a company that touts its nature-friendly focus. They could bolster environmental groups' case against drilling in the Arctic National Wildlife Refuge, about 100 miles east of Prudhoe Bay. BP is also angling to build a $20 billion pipeline that could carry natural gas from Prudhoe Bay to the upper Midwest.

Miller says the latest spill should be a "nail in the coffin" for plans to drill in the refuge. "They smashed the pickup, and they're looking for the keys to the Mercedes," she says.

For now, Alaska's North Slope is all about oil — or what's left of it. Only about a quarter of the liquid pulled out of the ground is oil nowadays. The rest is water.

"We're actually a water field that produces oil," quips Gary Crawford, corrosion detection team leader for BP in Prudhoe Bay. "Back in the '80s, they didn't have any water, so you didn't have to worry about corrosion."

Prudhoe Bay's pipeline problems are another sign that its best days are behind it. It was never expected to last this long. When production began in 1977, the oil was expected to give out after 25 years, Crawford says. Its economic life has been prolonged by technology advances, such as computer-controlled drill bits that make it possible to reach pockets of oil that were unfeasible to suck up before. Soaring oil prices make even low-quality or marginal wells profitable. "We'll be producing there for the next 50 years," predicts Craig Wiggs, who manages three BP production sites on the North Slope.

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Prudhoe Bay's productive life is pegged to increasing workloads. "It's like your car," Wiggs says. "If you do regular maintenance, it will last forever. Pipelines are the same way. But you have to be on top of your game. You have the elements fighting you."

Perhaps it's fitting that the whole Prudhoe Bay complex, about a third the size of Rhode Island, feels as if it's stuck in a 1970s time warp.

Boeing 737s fly workers in daily to Deadhorse, basically a glorified work camp. Even the Prudhoe Bay Hotel looks like a double stack of trailers.

Inside BP's gates, the base camp has all the charm of a truck stop. About 3,000 workers labor for 12-hour shifts for two or three weeks. Signs direct workers to the cafeteria or a recreation hall with pool tables and foosball. Fox News drones on overhead TV sets.

Friday, the temperature hung at 38 degrees — 30 degrees when the wind chill is factored in. At 50 degrees below zero in winter, crews work only 20 minutes at a time. At 80 below, they don't go outside.

Besides cold, workers must contend with strict rules. No liquor. Required seat belts on buses. No wandering onto the tundra, home to the area's abundant wildlife. Migrating herds of caribou can bring vehicles to a halt. Visitors are warned about bears and rabid Arctic foxes.

The attraction is good pay. BP workers can make $100,000 to $150,000 a year. For that money — and up to two weeks off a month — many have stayed on the job since the pipeline opened. More than 60% of BP's workers are 50 or older.

Contractors say they're compensated well, too. The pay was enough to lure Billy Bunch, 34, a married father of four, from a valve company in Bastrop, La.

"I came up here for $22 an hour," says Bunch, foreman of an crew removing pipe insulation for contractor Veco. Now, he flies home to Missoula, Mont.

He's one of more than 150 workers involved in looking for leaks or weak spots. More are coming.

Some are involved directly in the cleanup of this month's spill, which is expected to be finished in less than four weeks. The affected area has been cordoned off with orange plastic. Oil is sucked up into a truck.

Amanda Stark, the on-scene representative of the state Department of Environmental Conservation, says the final step will probably be to burn off the remaining oily tundra, above the permafrost. New grass will grow back next year. Copeland says BP is committed to the cleanup. And he says he hopes to speed up the oil through the pipes, reducing chances for corrosion, by replacing the questionable sections with smaller-diameter pipe. He says the cost will run into the millions, but cost isn't an issue.

Repairing the pipeline won't be half as hard as repairing BP's image. Officials are sanguine. Nothing, they say, is fundamentally wrong.

"Sometimes bad things happen to good companies," says Copeland, a 22-year BP veteran.

Beyond Propaganda (NYT)

By John Kenney

The New York Times, August 14, 2006

FOR some men, it's cars, a sports team or watching "The Godfather" over and over. For me, it's oil companies. They fascinate me. Their size, their power, their reach. So I was particularly interested in the recent news about BP shutting down the nation's largest oil field, in Prudhoe Bay, Alaska.

I was interested in part because six years ago I helped create BP's current advertising campaign, the man-in-the-street television commercials. I can't take credit for changing the company's name from "British Petroleum" to "beyond petroleum" (lower case is cooler); my boss at the time came up with it.

That was the summer of 2000. Ideas were needed. We were pitching to the top man, Sir John Browne (now Lord Browne). My partner and I got the assignment. Other agencies got to work on Nike, Apple, Super Bowl spots. I would have taken Taco Bell. We got an oil company. At the time, I knew nothing about oil companies.

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I started reading. The facts alone are amazing: 85 million barrels of oil a day used worldwide; 250,000 people born every day; climate change. I read Sir John's speeches and read about BP and its technological achievements and investment in hydrogen.

This wasn't my idea of an oil company chief. This was hope. Why didn't they talk about this stuff? And why did all big oil company advertising look alike? The typical helicopter shot of a tanker at sea, sunlight reflecting off the logo as it dissolves to a towheaded urchin on the beach, frolicking in the pristine waters. A voice like Morgan Freeman's saying, "At Gigantico Petroleum, we're on the move to keep the world on the move. And to fill this tanker with cash."

So we thought, what if you stripped away the corporate speak? What if you engaged in the debate that was happening with oil and energy and the environment?

We borrowed a video camera and approached people on the street, asking them questions: Would you rather have your car or a cleaner environment? Is global warming real? (Remember, this was 2000, when only one oil company, BP, had even admitted the possibility of global warming.) If you could say something right now to the head of a big oil company, what would you say?

It was an amazing experience. I had done man-in-the-street interviews for other products and knew that it was exceptionally difficult to get someone to stop and talk. People are simply too busy to talk seriously about, say, toilet paper with a stranger.

But with oil it was different. People stopped. They talked. They were intrigued and passionate and intelligent and a little angry. They understood that oil companies simply deliver a product. Yet — and I think this has to do with their size and profit — people often expected something more from them than they did of other large industries. A gallon of milk costs more than a gallon of gas, but it doesn't cause global warming. And we don't need 85 million barrels of it a day.

In short, they knew the power of an oil company executive. And they wanted leaders.

After a day and a half of interviews, we had enough footage for five commercials. They were raw and emotional. The things people said were sometimes none-too-flattering to BP or the industry. At the end of each spot, we put up a list of what BP was doing in terms of cleaner fuels, alternative forms of energy, recognizing global warming and reducing their own emissions; stuff you didn't hear from an oil company. Before the "beyond petroleum" tagline, we added, "It's a start."

We did print ads too. The same way. Real people, real quotes as headlines that challenged BP and the industry. No oil company — few companies at all — had ever spoken like this, confronting the debate so frankly.

They liked it.

Advertising is a funny business. You get to help shape the personalities of huge companies. Most often it's for cellphone service or credit cards or fast food or paper towels. Rarely are you faced with whether you "believe" in a product or service. This was different. This was serious. I believed wholeheartedly in BP's message, that we could go — or at least work toward going — beyond petroleum.

The campaign first appeared a few days before Sept. 11, 2001. It was shelved for a long time. Then relaunched. In that time, I moved on to other assignments and later another agency.

The campaign is running again. I heard that the interviewees are prescreened now, which is too bad. And last week, I heard that the pipeline in Prudhoe Bay is corroded and leaking. The company that claims to be beyond petroleum shut down a pipeline that serves up 400,000 barrels of petroleum a day. Maybe Coca-Cola's new line should be "It's good for your teeth."

I read too that the energy expert Daniel Yergin claimed last week that "new analysis of oil-industry activity points to a considerable growth in the capacity to produce oil in the years ahead." It seems unlikely that anyone's going to push hard to change our energy future.

I guess, looking at it now, "beyond petroleum" is just advertising. It's become mere marketing — perhaps it always was — instead of a genuine attempt to engage the public in the debate or a corporate rallying cry to change the paradigm. Maybe I'm naïve.

It's just that I believe that the handful of men who run these remarkable companies possess something more valuable than wealth, privilege and power. They have at their disposal the truly rare possibility of creating a legacy, the ability to change things, on a huge scale.

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I never actually met Lord Browne. He announced recently that he'll retire at the end of 2008, when he reaches BP's mandatory retirement age of 60. I have no doubt he is a good, decent and exceptionally bright person. But imagine what the headlines could have read: "Lord Browne to retire; changed oil industry and the world."

Think of it. Going beyond petroleum. The best and brightest, at a company that can provide practically unlimited resources, trying to find newer, smarter, cleaner ways of powering the world. Only they didn't go beyond petroleum. They are petroleum.

The problem there is that "are petroleum" just isn't a great tagline.

Attention To Locomotives' Emissions Renewed (WP)

By Juliet Eilperin

The Washington Post, August 14, 2006

For years, government scientists who measure air pollution assumed that diesel locomotive engines were relatively clean and emitted far less health-threatening emissions than diesel trucks or other vehicles.

But not long ago, those scientists made a startling discovery: Because they had used faulty estimates of the amount of fuel consumed by diesel trains, they grossly understated the amount of pollution generated annually. After revising their calculations, they concluded that the annual emissions of nitrogen oxide, a key ingredient in smog, and fine particulate matter, or soot, would be by 2030 nearly twice what they originally assumed.

That means that diesel locomotives would be releasing more than 800,000 tons of nitrogen oxide and 25,000 tons of soot every year within a quarter of a century, in contrast to the Environmental Protection Agency's previous projections of 480,00 tons of nitrogen dioxide and 12,000 tons of soot.

The new findings have put pressure on the government to crack down further on diesel engine emissions, a long-standing goal of Bush and Clinton administration officials. Bill Wehrum, the EPA's acting assistant administrator for air and radiation, said recently that his agency hopes to issue draft regulations by the end of the year or early next year for trains and ships that would reduce nitrogen oxide and particulate matter emissions "on the order of 80 to 90 percent."

Research has linked soot and smog to premature heart attacks, as well as to lung disease and childhood asthma, leading environmental activists to argue that the government has no choice but to impose tighter rules on locomotives.

"This is compelling evidence that EPA should move aggressively to clean up this major source of soot and smog," said Frank O'Donnell, who heads the advocacy group Clean Air Watch. "More than 150 million Americans live in areas that violate public health standards for one or both of these pollutants, and a lot of them live near major rail lines. Millions will probably continue to breathe dirty air in the future unless we reduce public exposure to train pollution."

In 2000, Clinton administration officials required manufacturers of trucks and buses to reduce their nitrogen oxide and soot emission by more than 90 percent by 2030; four years later, the Bush administration put the same requirements on off-road equipment used in construction, farming and heavy industry.

The EPA announced two years ago that it was drafting rules to clean up trains and marine vessels: Any rule would likely force manufacturers to redesign their engines and install controls on trains' exhaust.

"It's a real priority for us," Wehrum said in an interview. "This is a standard we want to get done, and we want to get it done as soon as possible."

The EPA's revised diesel pollution estimates highlight the extent to which shifting scientific data can lead to changes in federal regulations, according to Daniel C. Esty, a Yale environmental law and policy professor.

"This new information shows the environmental realm is very dynamic, and you've got to update your regulations to make them consistent" with the new calculations, said Esty, who worked in the EPA under President George H.W. Bush.

According to Association of American Railroads spokesman Tom White, diesel trains are three times as fuel efficient as trucks, having reduced their fuel consumption by 70 percent over the past 25 years, and emit a third of the pollution trucks release when transporting the same weight over a comparable distance.

"Today, rail is simply cleaner than trucks," White said. "Nothing that has been said changes that."

Trucks emit more than three times as much soot as trains a year and well over twice as much nitrogen oxide, according to the EPA's most recent data. But locomotives' advantage in terms of pollution is expected to erode over time as diesel-powered

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trucks and buses meet new federal standards. By 2030, trains will emit almost twice as much soot as trucks: 25,000 tons to 14,000.

State and local environmental officials say they need tougher pollution curbs on trains as soon as possible to meet the federal air quality standards that will take effect in the next few years.

Kathleen A. McGinty, head of Pennsylvania's Department of Environmental Protection, said her state is having such a hard time achieving federal standards that it has begun regulating the design of portable gasoline containers to cut down on emissions.

"It really is a situation where we're trying to get blood from a stone," McGinty said. "Transportation is probably the toughest nut to crack, across the board, in terms of air pollution."

Pennsylvania has the fifth-most-extensive railroad network in the nation. McGinty said the proposed standards for train emissions are particularly important because train traffic will increase in the coming years. "For us, clean trains is a growth industry," she said.

Communities located near rail yards experience the highest level of pollution. One example is the Houston-Galveston area, where marine vessels and trains accounted for 41 percent of the region's off-road nitrogen oxide pollution in 2002, according to the Texas Commission on Environmental Quality.

"It will be difficult for Texas to attain the 8-hour ozone standard in some parts of the state unless cleaner engines are federally mandated," wrote Glenn Shankle, the commission's executive director, in a letter to the EPA.

Two years ago, the California Air Resources Board analyzed diesel pollution from the Roseville Rail Yard, the largest service and maintenance rail yard in the West, through which more than 30,000 trains pass each year. The study found that the cancer risk level for as many as 26,000 nearby residents averaged between 100 and 500 in a million, meaning that the exposure nearly doubled the lifetime cancer risk for these residents.

"They're breathing in this stuff all the time," said Diane Bailey, a scientist at the advocacy group Natural Resources Defense Council. Bailey added that many trains idle three-quarters of the time they are in rail yards, and that, compared with trucks and buses, locomotives are "lagging so far behind other diesel equipment."

Warplanes: The Air Force, B-52s And Mideast Oil (NW)

By Dan Ephron

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - Tired of burning money at the gas pump? So is the U.S. Air Force, which spends about $4 billion a year gassing up its warplanes. Next month Air Force test pilots will try something new: flying a B-52 bomber on a fuel mixture that includes synthetic gas made from coal. The test flight is part of an energy-conservation program at the Pentagon that takes into account the potential for more instability in the Mideast, which provides much of the United States' oil. Geologists have known for decades that America is to coal what Saudi Arabia is to oil. "It's a known proven resource that should last at least 200 years," says Michael Aimone, the Air Force assistant deputy chief of staff for logistics.

Aimone's teams have been tinkering with engines and testing them in labs for months. If the flights are successful, the Air Force hopes to start using the synthetic mixture in some of its warplanes within six years, possibly inducing civilian airlines to make the switch. Environmentalists aren't fans of the idea. David Hawkins of the National Resources Defense Council says burning coal-based fuel will create the same amount of carbon-dioxide pollution as gas, furthering global warming. "The standards we have for carbon-dioxide pollution will only get stricter in the next 10 to 20 years," says Hawkins, who heads the group's climate center. "An institution like the Defense Department needs to be thinking beyond just alternatives that will cause the same amount of damage."

FBI/DEA/ATF/USMS:

Schuylkill May Have 9 Deaths From Mix. Other Counties Gird For Cases. (MORNCALL)

The Morning Call, August 13, 2006

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A blend of potent painkiller and heroin that has killed hundreds of people in cities across the country — including at least 70 in Philadelphia — has hit the tiny towns of the coal region.

Authorities say the mix of fentanyl, a fast-acting painkiller commonly used for cancer patients, and heroin, is suspected of causing the deaths of at least nine people in Schuylkill County, five of them in the small town of Tamaqua, in the past few months.

That five people may have died from the fentanyl/heroin mix in Tamaqua is unusual, Schuylkill County Coroner David Dutcavich said. He typically sees about 25 overdose deaths a year in the entire county of 150,000 people.

"Overdose deaths are not uncommon here, but …to have that many indicates that there's a change in what's happening," he said. "Either everybody is getting more careless or there's a change in what they are doing."

The four other deaths include one person in the western end of the county and three in the central part.

Dutcavich would not disclose the victims' names or any other identifying information. He said that the nine Schuylkill deaths are still in the "suspected" category pending final toxicology tests that can take several weeks.

State police Capt. David Young, director of the Drug Law Enforcement division of the Pennsylvania State Police, said the number of deaths in Philadelphia is not surprising because it is a "source city" for heroin. Monroe County also is a heroin hot spot, said Stroud Area Regional Police Department Lt. Brian Kimmins.

"Yeah, we've got it. We've noticed an increase in heroin, and the [fentanyl-heroin mix] is now on the radar," he said.

That juxtaposition of sources is helping authorities as they try to make sense of the five deaths in the sleepy little town of Tamaqua, whose population is about 7,000.

Schuylkill County Drug and Alcohol Commission Administrator Daniel McGrory said he's seen a "very steady increase in the use of heroin" in the county.

"Tamaqua overlaps two heroin distribution points: coming down from the Poconos and up from the Allentown/Philadelphia area," he said. "That's why there is a concentration in that in the area. It is a hub of the distribution points."

Tamaqua Mayor Christian Morrison is frustrated with the illegal drug use in his town.

"We've had a heroin problem in town for some time," he said. "Every now and again they get bored with their good old stand-by drug and they try something with it. This time it's fentanyl."

A potent mix

"The high is instantaneous — that's why people people have been found dead with the needle in the arms," said Young. "When you're an addict and you want it now and you need it now, fentanyl is a good thing to have with your heroin."

People ingest the mix in a number of ways, said Kevin Harley, spokesman for state Attorney General Tom Corbett.

"We're seeing several different things — heroin addicts are getting fentanyl patches and crystallizing [the drug] and putting it in the heroin," he said. "We've also heard reports that fentanyl is coming in from Mexico and being put in heroin."

Some addicts, he said, shoot heroin while chewing a fentanyl patch.

Deaths, Overdoses Ebbing From Fentanyl-laced Heroin (PPG)

By Michael A. Fuoco, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, August 14, 2006

'Spiked' drug may have killed 14 in May-July

The explosion of drug overdoses and deaths in the area this summer has dissipated, indicating fentanyl-laced heroin suspected in the spike is no longer on the streets.

While there's no longer an immediate public-health threat posed by the extra-strong fentanyl-boosted heroin, believed to be responsible for as many as 14 deaths between mid-May and mid-July, there remains a heroin-addiction problem that shows no signs of abating.

"My guess is there's still some [fentanyl-laced heroin] out there, but the good news is it's died down," said Dr. Neil A. Capretto, medical director of Gateway Rehabilitation Center. "But that's the same as saying it's 89 degrees outside and we're finally out of the 90s. It's still a hot day and we still have a bad problem."

Results of toxicology tests on the 14 overdose deaths in Allegheny County won't be known for another month, so authorities can't say with certainty that they involved fentanyl, a painkiller about 80 times stronger than morphine that is used legally as an

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anesthetic and for acute pain in cancer patients. But Dr. Frederick Fochman, director of the forensic science laboratory division and chief toxicologist of the Allegheny County medical examiner's office, said preliminary toxicology results and tests on residue found in drug packets indicated the presence of fentanyl.

Most of the overdoses occurred in June. The Allegheny County Health Department said there were at least 63 overdoses that month, including nine that were fatal, with 38 of them occurring June 3-5.

A drug cocktail of heroin and fentanyl has been seen here before, but the recent batch, much of it sold in stamp bags labeled "Get High Or Die Trying," "seems to be something to a much greater extent," Dr. Fochman said.

Dr. Capretto agreed: "We've heard on and off since 1999 that there occasionally was fentanyl in the area, but this batch was very potent."

The area wasn't alone in dealing with an outbreak of overdoses from the mixture. From the Midwest to the East Coast, authorities have been trying to get a handle on an extraordinary number of overdoses, and more than an estimated 200 overdose deaths, caused by heroin laced with fentanyl. As it is with fashion or other trends, the Pittsburgh area was a few months behind the outbreaks in Chicago, Detroit and Philadelphia, where addicts began dying in April.

Dealers add fentanyl to diluted or impure heroin for added kick. A dose the size of a few grains of salt can be fatal but, rather than scaring addicts, publicity about its punch drew those looking for a more powerful drug.

"People with addictions want something potent. If a dealer, all of a sudden, says, 'My product here will really lift you to another level,' that's attractive," Dr. Capretto said. "Very few addicts want to die, but they want to get that high, to push the limit of getting close to dying without going over the edge.

"Whenever addicts [hear about overdoses], they think, 'That person went out because they were careless, they used too much. I'll be careful,' " he said. "But that can be a fatal mistake."

Some addicts who heard about the heroin-fentanyl before using it were cautious when they did. One addict, who normally shot up five bags of heroin at a time, injected one from the potent batch, Dr. Capretto said. It knocked him out for 24 hours, scaring him so much that he admitted himself to Gateway. And some addicts were so frightened by the publicized fatal ODs that they, likewise, checked themselves in for rehabilitation, he said.

Of such concern is the outbreak of fentanyl-laced heroin that the White House drug policy office hosted a forum on the combination in Philadelphia on July 28.

"[Drug dealers] have discovered a new way to market their product, much like a soft drink manufacturer might add a twist of lemon to boost sales," Patrick Meehan, U.S. attorney for the Eastern District of Pennsylvania, told those attending. He said current estimates indicated there had been more than 170 deaths and 300 nonfatal overdoses in Pennsylvania, New Jersey and Delaware since April.

In May, Mexican law enforcement authorities seized a fentanyl laboratory in Toluca, Mexico, which they believe was the source of the fentanyl.

Pittsburgh police Cmdr. Maurita Bryant, who heads the narcotics section, said detectives heard from informants that, once federal and local law enforcement here announced they were focused on finding dealers of the drug, "the suppliers put it aside, because it was too hot. It was being cut so it wouldn't be as potent.

"We heard dealers called those [Get High or Die Trying] bags back in and repackaged them with different stamps. We also heard the supply from that particular shipment was gone in the city. Until the investigation is complete and somebody talks, we won't know exactly what happened."

Among those factors was the confiscation by police of 1,131 stamp bags and the arrests of people who had them.

"We believe we got the main source, centered in Hazelwood," Cmdr. Bryant said. "Then it's the matter of trying to find all the subsequent dealers out on the street. The investigation is not over."

Nor is the heroin problem. Dr. Capretto said the area was experiencing an epidemic of addiction to opiates and opioid drugs such as heroin, codeine, morphine, Percocet, Vicodin, Dilaudid and OxyContin, among others. Opioids possess some properties characteristic of opiate narcotics such as heroin and morphine but, unlike them, are not derived from the opium poppy.

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"More people than ever are addicted to heroin and opioid medication," he said. "We've had a 600 percent increase in our mission in the last six years.

"What that tells me, from our point of view, is we have an epidemic. From the early '80s to the late '90s, we averaged five teenagers a year [at Gateway]. In the last five years, we've seen 200 to 300 a year."

Heroin use has skyrocketed because drastically increased purity makes it possible to ingest by snorting or smoking instead of injecting, although many end up doing just that in an effort to re-create the initial high, according to Dr. Capretto.

In Allegheny County, drug overdose deaths remained fairly stable between 1998 and 2000 with an average of 105 deaths a year, according to a study by Steven A. Koehler, forensic epidemiologist for the county medical examiner's office. In 2001, there was an increase, with 210 OD deaths, then 228 in 2003, 205 in 2004 and 223 last year. Of the 223 fatal overdoses last year, 77, or 35 percent, were heroin-related; 22, or 10 percent, were opiate related; 10, or 4.5 percent, were morphine related; and 114, or 51 percent, involved other drugs.

"As far as opioids, from what we're seeing and reading nationally, we're worse than average. The opioid problem in our area is certainly more severe than most parts of the country," Dr. Capretto said.

He added that powerful opioid drugs such as OxyContin are prescribed here more than in other areas because of the region's large elderly population and large number of former industrial workers who suffered work-related injuries.

"The heroin/opioid problem is something absolutely everybody should be concerned with," he said.

That problem, unlike the fentanyl-laced heroin, just isn't going away.

Deadly Drug's Reputation Entices Addicts (PPG)

By Michael A. Fuoco, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, August 14, 2006

In was early June when it blared from Pittsburgh newspaper headlines and over the airwaves that a potent batch of heroin laced with fentanyl was causing overdoses, some fatal, at an alarming rate.

A 22-year-old heroin addict heard the news one morning as he was getting ready for the job that funded his $100-a-day habit. He called his addict friends, not with a warning but an entreaty: They had to get some of that "really good stuff."

That was the reaction of many heroin addicts when they heard the news. Rather than scaring them away from the potentially fatal drug cocktail, the reports drew them to it, thinking it would provide a super high.

The addict, who asked that his name not be used, left Gateway Rehabilitation Center yesterday after treatment for his four-year addiction to snorting heroin. Now, he says, he knows that searching for the fetanyl-laced heroin was "stupid, real stupid." But then, he, like other heroin addicts, was living a life succinctly described by the label on the drug mixture's stamp bags: "Get High Or Die Trying."

The reports of innumerable overdoses and a high number of fatalities didn't faze the addicts except to excite them about the prospect of getting their hands on a drug that would recapture a high that had been dulled by tolerance. Those who overdosed, they felt, weren't careful.

"We wanted it more, because of the ODs," the recovering addict said. "We wanted it because it was better. I asked around for it, but by that time, police were all over the place.

"Some dealers were trying to get it, but there were other ones who weren't because they didn't want to kill their buyers. A lot of people were getting busted, so that really did scare a lot of people away."

He never could find any of the heroin/fentanyl mixture, but two of the 10 people he called with the news succeeded, finding it in Hazelwood, where, Pittsburgh police said, distribution of the heroin/fentanyl mixture was centered.

"They got real high," he said. "They didn't OD because, by that time, everyone was warned that [the drug] was good, so they took the precaution of not doing as many bags."

For example, he said the two friends each injected one bag at a time. Normally, they would inject five or six bags of heroin at a time. With one bag each of the heroin/fentanyl mixture, "they still got as high as if they had done five bags" of heroin.

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When he speaks about his involvement in the drug world, it's as if he's speaking about someone else and, in many ways, he is. He's not the same person who, four years before, after doing other drugs such as alcohol, marijuana and cocaine, tried some heroin because it was at someone's house.

He credits his parents with influencing him to get treatment. He says he was tired of being addicted: "You don't go anywhere in life. You stay in the same place you're at."

His addict friends are happy he got help but have no such plans themselves.

"Some of them have nothing going for them. They don't work. They sit at home. They mooch off their parents. They have no desire to do anything with their lives."

With recovery, his prospects have opened up because he's no longer chained by a constant search for his next high, he said.

"I'm excited to get back out there. When I came in here, I just wanted to get high. After talking to a bunch of people who have gone through the same problems, and a lot of people who seem a lot worse, I just don't have any desire to use anymore"

He said he knew he had much more work to do in his recovery. Among the good choices he has to make are avoiding the "people, places, things" that would trigger a relapse. And that's what he plans to do, including not talking to friends who are addicts.

He knows that if another batch of heroin laced with fentanyl hit the streets, his friends and other heroin addicts "would run for it. [You want to] recapture that initial high."

But, he said, he hopes they, like him, will "stop using because it will cost them their lives if they don't."

Hanover Woman, 21, Died Of Overdose, Prosecutor Says (DR)

Daily Record, August 12, 2006

HANOVER -- The toxicology results for Holly Gillis, a 21-year-old Hanover resident found dead in her home on July 1, were released on Friday by the Morris County Prosecutor's Office.

The tests revealed that Gillis died of a multiple drug intoxication consisting of heroin and alprazolam, which commonly is found in the prescription medication Xanax and codeine, Morris County Prosecutor Michael M. Rubbinaccio said in a statement.

The toxicology results were negative for the presence of Fentanyl, a painkiller that has been mixed with heroin in other parts of the country in a combination that has been causing deaths.

The manner of death was officially ruled accidental, Rubbinaccio said.

Gillis had been battling a heroin addiction for many years. She became addicted in high school but was able to hide her problem behind outstanding grades, a 1,420 SAT score and other glimmers of brilliance, family and friends said.

Gillis' death had been the talk of the town before authorities arrested 60 young adults in Hanover and surrounding towns on drug charges in a sweep called "Operation Painkiller."

Her death is the 16th confirmed fatal drug overdose in Morris County this year, with at least four more pending toxicology reports. Rubbinaccio has said he is planning to coordinate a drug summit for Sept. 20.

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Overdoses Spike As Methadone's Use As Painkiller Grows (AP)

By David B. Caruso, Associated Press Writer

AP, August 12, 2006

NEW YORK -- The number of fatal overdoses among people taking methadone has nearly quadrupled in recent years, and experts say a surge in the drug's use as a painkiller is to blame.

Methadone has long been known for its use combatting heroin addiction, but in the 1990s an increasing number of doctors began prescribing it as an inexpensive alternative to painkilling drugs like OxyContin.

The shift had repercussions.

In 2003, methadone was listed as a cause of 2,452 unintentional poisoning deaths in the U.S., up from 623 deaths in 1999, according to the National Center for Health Statistics.

Florida had the most deaths, with 255, followed by North Carolina, with 230.

Government regulators are aware of the increase and are developing a strategy to deal with it, said Robert Lubran, director of the division of pharmacologic therapies at the U.S. Substance Abuse and Mental Health Services Administration.

Among other things, the agency is working to develop better training for doctors who prescribe methadone for pain.

"I think that physicians who are prescribing methadone for analgesia may not be as completely aware of some of the properties of methadone that create a potential for harm," Lubran said. The drug, he noted, shouldn't be mixed with several other medications. It also has a slower onset than some other painkillers and stays in the body for longer periods.

"If someone is not careful, they can take too much of it," Lubran said.

Studies have indicated, he said, that the increase in deaths isn't linked to methadone dispensed at drug addiction clinics.

The liquid doses of methadone distributed at those clinics are tightly controlled. Patients can often only get a single dose at a time and usually must pass drug tests to show they aren't taking other narcotics.

By comparison, methadone pills given for pain are largely uncontrolled. Patients can usually get a prescription from their personal doctor and take a supply home with them.

According to the Drug Enforcement Administration, retail sales of methadone roughly quadrupled between 1999 and 2003 and have increased tenfold between 1997 and 2005.

A research paper published July 24 in the online edition of the medical journal Pharmacoepidemiology and Drug Safety said the increase in methadone deaths is part of a broader trend that has seen deaths from all sorts of pain pills skyrocket.

As of 2002, overdoses linked to opiod painkillers exceeded those from street drugs like heroin and cocaine, the study said.

Drug Trafficker Pleads Guilty (WT)

Worcester Telegram, August 12, 2006

BOSTON— A Leominster man pleaded guilty yesterday in U.S. District Court to conspiracy to distribute more than 5 kilograms of cocaine and more than 1,000 kilograms of marijuana and the distribution of those two controlled substances.

Rigoberto Morfin-Rodriguez, 42, of 45 Stephens Road, Leominster, pleaded guilty before U.S. District Court Judge F. Dennis Saylor IV, of conspiracy to distribute cocaine and marijuana, and distribution of cocaine and marijuana, according to information from the office of U.S. Attorney Michael J. Sullivan.

Judge Saylor scheduled sentencing for Nov. 30. Mr. Morfin-Rodriguez faces up to life in prison and, if sentenced to a shorter term, a term of supervised release of up to life and a $4 million fine.

At the plea hearing yesterday, the prosecutor told the court that had the case proceeded to trial, the government's evidence would have proven that from at least July 2004 to the date of his arrest in March 2005, Mr. Morfin-Rodriguez, along with his co-defendant and nephew, Gilberto Morfin-Rodriguez, organized and led a cocaine and marijuana trafficking ring based in Fitchburg.

During that time Mr. Morfin-Rodriguez allegedly worked with 13 co-conspirators and arranged numerous cocaine and marijuana transactions, including obtaining shipments of marijuana from suppliers in the Southwest and reselling it to customers in the Worcester area, New Hampshire and Maine, and selling kilogram quantities of cocaine.

The prosecution was the result of a multidistrict investigation initiated in December 2003 by the Drug Enforcement Administration, Massachusetts State Police and other local authorities, including long-term surveillance and court-authorized wiretaps on four cellular telephones used by Rigoberto and Gilberto Morfin-Rodriguez. The investigation led to federal investigations of the Morfin-Rodriguez organization and others in Washington state, Arizona, Georgia and Illinois.

In the course of the investigation, authorities have seized about 2,500 pounds of marijuana, more than 3 kilograms of cocaine, $500,000 in U.S. currency, six firearms, 13 vehicles — including two tractor-trailers with false compartments — and two residential properties. Federal and state investigators continue to pursue the remaining elements of the organization.

"This well-coordinated investigation eliminated an entire drug trafficking organization," Mr. Sullivan said. "Task force-based organizations such as these are a powerful tool for keeping illegal drugs off of our streets."

The case is being prosecuted by Assistant U.S. Attorney Andrew E. Lelling.

Fake DEA Agent Gets 15 Months (ST)

Stockton Record, August 12, 2006

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SACRAMENTO - A Stockton man who posed as an agent for the Drug Enforcement Administration to solicit donations for a purported nonprofit was sentenced Friday to 15 months in federal prison, the U.S. Department of Justice reported.

Ricardo Simental, 43, once even made a speech before a Rotary Club touting his phony nonprofit organization, which purportedly benefitted at-risk children, said Assistant U.S. Attorney Carolyn Delaney, who prosecuted the case.

Simental never worked for the DEA or operated a nonprofit organization. A federal jury on March 16 found him guilty of three counts of impersonating a DEA agent, the Justice Department said.

U.S. District Judge Edward J. Garcia, who sentenced Simental, also ordered the Stockton man to pay $13,660 in restitution to the victims of his fraud. Simental deserves the sentence because he continues to deny responsibility for his actions, Garcia said.

Drug-Terror Connection Disputed (WP)

By Kari Lydersen, Washington Post Staff Writer

The Washington Post, August 12, 2006

DEA Defends Traveling Exhibit as Critics Draw Parallels to Prohibition Era

A photograph of President Bush waving a flag after the Sept. 11 attacks is juxtaposed against a black-and-white image of an African American mother smoking crack cocaine in bed next to her baby. Larger-than-life portraits of Osama bin Laden and Pablo Escobar line the walls. The central message of a traveling Drug Enforcement Administration exhibit unveiled at Chicago's Museum of Science and Industry yesterday is that terrorism and drugs are inextricably linked.

But advocates of legalization who are leafleting outside the exhibit say the DEA is leaving out an important part of the story. Critics agree that drug trafficking provides a potentially lucrative revenue stream for terrorist organizations. But they say the profit is actually fueled by the government's war on drugs, which creates a situation akin to prohibition of alcohol.

"If we taxed and regulated drugs, terrorists wouldn't have drugs as a source of profit," said Tom Angell of the nonprofit Students for Sensible Drug Policy, which focuses on restoring financial aid for college students with drug convictions.

"With the connection to Prohibition in Chicago we should know better," said Pete Guither, a professor of theater management at Illinois State University and founder of the blog DrugWarRant.com.

DEA spokesman Steve Robertson responded: "We're a law enforcement agency -- we enforce the laws as they are written. Congress makes the laws. People say if we didn't have [drug] laws there wouldn't be a problem, but there was a problem before and that's why laws were established."

Jeanne Barr, a history teacher at a private Chicago high school, plans to distribute fliers and bring her students to study the exhibit, titled "Target America: Opening Eyes to the Damage Drugs Cause."

"We'll look for possible omissions and oversimplifications," she said. "They don't pin any blame on the prohibition of drugs. But from my understanding of history, the major source of the black market is prohibition. I don't think there's any difference between alcohol prohibition and what we're looking at today."

Critics of the DEA exhibit also question its linking of drugs to al-Qaeda. Another Web site with which Guither is affiliated, http://www.deatargetsamerica.com/ , quotes the Sept. 11 commission report as finding that "there is no reliable evidence that Bin Ladin was involved in or made his money through drug trafficking."

The 2001 attacks are clearly the centerpiece of the exhibit, with a display of rubble and artifacts from Ground Zero under a banner reading "Traffickers, Terrorists and You."

"For al-Qaeda it's hard" to prove a link, said DEA public affairs chief Garrison Courtney. "I don't think we're saying 9/11 was caused by drug financing. But we're saying there is a link between drugs and terror, and September 11 is a poignant example of terrorism. Terrorists don't hold bake sales to raise money."

The exhibit includes a list of organizations designated as terrorist by the State Department, with the explanation that "nearly 50 percent" of them get funds through drug trafficking. There is a replica of a heroin-processing lab in Afghanistan and references to heroin production funding the Taliban.

But it does not mention that the Taliban publicly opposed heroin production, though federal prosecutors allege that Baz Mohammed, a recently convicted Afghan drug kingpin, had ties to al-Qaeda; that the United Nations Office on Drugs and Crime

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reported in 2003 that production of opium poppies in Afghanistan rose dramatically after the Taliban was overthrown; or that a top U.S. anti-drug official recently acknowledged allies' doubts about the effectiveness of poppy eradication in Afghanistan, where poor farmers have few options on crops.

"The Taliban said they had a moratorium on the production of opium poppies, but they were taxing the farmers who were doing it anyway," said DEA agent David Lorino, who was in Afghanistan.

The exhibit says the 2004 Madrid train bombing involved a hashish-for-explosives swap, and that in 2002 federal agents foiled two plans to trade heroin and hashish for Stinger antiaircraft missiles that suspects planned to sell to al-Qaeda and a Colombian paramilitary organization. The exhibit features Colombian and Peruvian guerrilla forces financed by cocaine.

The exhibit opened in Dallas on Sept. 11, 2003, and has been shown in New York, Omaha and Detroit. It was brought to Chicago at the request of Mayor Richard M. Daley (D), who blamed drugs for "80 percent of the crime factor in our city" in his remarks when the exhibit opened.

The Chicago component of the exhibit highlights terror caused by local gangs involved with drugs. DEA spokesman Robertson also took a broader view of terrorism and drugs.

"Terrorists' goal is to tear down current societies and governments and offer something else," he said. "Drug abuse degrades societies from within because of the effect on society, on users and on health services. Drug trafficking is a way to degrade societies, which helps terrorists in their goal."

DEA Drug-terror Exhibit Opens In Chicago (WT?UPI)

The Washington Times/UPI, August 12, 2006

A traveling photo exhibit sponsored by the U.S. Drug Enforcement Administration draws a controversial direct link between drug use and international terrorism.

The exhibit that opened this week at the Museum of Science and Industry in Chicago includes photos of Osama bin Laden and President Bush in the aftermath of Sept. 11, 2001.

The exhibit uses the attacks as a centerpiece and includes rubble from the World Trade Center.

The Washington Post said Saturday the subject matter is controversial: Drugs can generate money for terrorist groups, but it has not been proven the arrangement contributed to the terror attacks of Sept. 11.

Some critics also argue the alleged link could be broken by easing U.S. drug laws, the Post said.

The exhibit, titled "Traffickers, Terrorists and You," was created in 2003.

Heroin Cartel Member Sentenced (TRE)

Trentonian, August 12, 2006

TRENTON -- "Operation Golden Triangle," the high profile 2004 shakedown of the city's heroin trade, led to a 17-year prison term for one of its top players yesterday, officials said.

Bloods' gangster Akeem Blue, 22, of Kingsbury Square, Trenton, an alleged wholesaler for the heroin cartel toppled by the state-wide operation, pleaded guilty April 14 to possession of heroin with the intent to distribute after he was caught two years ago buying 8,950 decks of smack with $43,000 in cash, said Attorney General Zulima V. Farber.

At the time, police said "Operation Golden Triangle," put a major dent into Trenton's drug trade while sinking a multi-million dollar industry.

Seventy-five percent of the heroin trade in Trenton, as well as a substantial portion of the statewide market, came from Blue's gang-funded cartel.

Yesterday Farber said an estimated 20,000 doses were being distributed in the city at any given time before "Operation Golden Triangle" closed down the cartel in 2004.

It was Blue's job, officials said, to sell to lower-level dealers working within the city limits.

Judge Maryann Bielamowicz yesterday sentenced Blue to 10 years in state prison with 43 months of parole ineligibility on a charge of possession of heroin with the intent to distribute filed by the Division of Criminal Justice.

He was also sentenced to seven-more years on charges filed in Mercer County, officials said.

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While out on bail in March 2005, police chased Blue into Morrisville, Pa., and nabbed him with 160 packets of the drug, and $1,678 in cash.

A year-long covert joint-agency investigation, "Operation Golden Triangle," headed by the Division of Criminal Justice, resulted in 12 arrests in June 2004 and the confiscation of cash and cars.

It was the largest single seizure in the history of the division's history, said then Attorney General Peter Harvey.

The operation damaged the drug network's hierarchy, whose gang-controlled heroin was being shipped to Trenton on a weekly basis and was responsible for a substantial portion of the statewide heroin trafficking market, Harvey said.

Agents followed Robert "Marc" Cashwell on his way to meet up with Blue at the 7-Eleven on South Broad Street.

Officials said then it was Cashwell's job to move heroin from an Elizabeth warehouse into Mercer County.

Around 1 a.m., Cashwell got off the New Jersey Turnpike and headed toward Trenton where he allegedly made a small drug drop before meeting Blue in the parking lot.

The two men got out of their cars and started talking casually, Lt. Bill Stranero of the Special Investigations Unit in the Mercer County Prosecutor's Office said in 2004.

Within seconds 20 police ambushed the two men.

Blue was holding a Timberland shoe box containing $42,918 in cash and Cashwell, a black shopping bag with 179 bricks, or over 9,000 doses, of heroin, police said.

The arrests of Cashwell, 34, and Blue triggered the planned, simultaneous execution of more arrests and search warrants that morning at 12 locations in Trenton, Newark, Irvington, East Orange, Elizabeth and Philadelphia.

More than 60 investigators and detectives from 15 law enforcement agencies recovered drugs, weapons, cash and cars.

In total, the searches -- five of which took place in Trenton -- yielded 300 bricks of heroin (with a street value of about $250,000), more than $271,000 in cash and more than $132,000 in bank assets, officials said.

Police also seized illegal weapons, including an Uzi submachine gun, a 9mm semi-automatic pistol, and .38, .45, and .40 caliber semi-automatic handguns and hollow-point bullets, along with late-model cars and motorcycles.

Twelve of the 17 alleged members of the heroin cartel had ties to the Bloods street gang, officials said in 2004.

Investigators believe that before the June 25 raids an estimated 20,000 doses of heroin were being distributed in Trenton during any given week.

At the time cops explained heroin is packaged in bricks, about the size of a deck of cards.

Each brick contains five bundles of 50 glassine bags, or doses and each dose at the time sold for about $12 on the street.

Meanwhile Cashwell pled guilty March 3 to first-degree distribution of heroin filed by the Division of Criminal Justice, officials said.

He was listed to be sentenced yesterday but the hearing was postponed for unexplained reasons.

Once sentenced Cashwell, of Elizabeth, faces 10 years of state prison time with 42 months of parole ineligibility, police said.

Officials said the cartel's alleged kingpin, Charles "Black" Hamilton, 36, of Irvington, also fell to the operation.

He was charged with leading a narcotics trafficking network, criminal conspiracy, racketeering and the distribution of heroin.

Man Sentenced To 17 Years For Role In Heroin Cartel (AP)

AP, August 14, 2006

TRENTON, N.J. (AP) - A state Superior Court judge sentenced a Trenton man to 17 years in state prison Friday for his role in a heroin cartel.

Akeem Blue, 22, will not be eligible for parole for eight years.

He was arrested in June 2004 in the parking lot of a Trenton convenience store after he paid Robert Cashwell, 34, of Elizabeth, about $43,000 in cash for 179 bricks of heroin, or about 500 grams, according to the New Jersey Attorney General's Office.

Blue pleaded guilty in April to a charge of heroin possession with intent to distribute, as well as other related charges.

Prosecutors said Blue was a leading member of the cartel, which was based in Mercer and Essex counties and had ties to the Bloods street gang. It had control of about 75 percent of the heroin trade in Trenton, as well as a large piece of the statewide heroin trafficking market.

Prosecutors said the cartel would obtain large quantities of street-packaged heroin bricks from sources in northern New Jersey, then separate them out for distribution in single doses in the Trenton area. They estimate the cartel was selling about 20,000 doses on the streets of Trenton in any given week.

Cashwell pleaded guilty in March to a charge of first-degree heroin distribution and faces up to 10 years in state prison when he is sentenced. Authorities said the arrests of Blue and Cashwell sparked a round of arrests and searches in Trenton, Newark, Irvington, East Orange, Elizabeth and Philadelphia.

The reputed kingpin of the drug network - Charles Hamilton, 36, of Irvington - faces numerous charges, including allegations of leading a narcotics trafficking network, criminal conspiracy, racketeering and distribution of heroin.

In Steroid Era, Will Golf's Integrity Stand Test? (NYT)

By Damon Hack

The New York Times, August 14, 2006

In the seven years since Tiger Woods won the P.G.A. Championship at Medinah Country Club, the golf course has been yanked at the roots and stretched to 7,561 yards, making it the longest major championship venue ever devised.

Medinah, which will again play host to the P.G.A. Championship, beginning Thursday, is just one more reminder of a sport becoming identified with power — so much so that some players are questioning if golf could one day fall prey to the performance-enhancing drugs that have plagued other sports, if they have not infiltrated golf already.

"Up until this point in time, I would have said it is a fairly laughable question," Joey Sindelar, a seven-time PGA Tour winner, said in a recent interview. "The guys in my era weren't workout guys. It didn't used to be such a brute strength thing. But we're getting some serious 6-1 baseball-player-type guys. There's probably going to be a time when you're going to look at guys and say, 'Well, sooner or later somebody is going to cross that line.' "

Professional golf finds itself in an unusual position on the sports landscape. Players call penalties on themselves, sometimes costing themselves strokes, victories and money. Cheating is seen as the worst possible sin. But as golf courses grow longer in an effort to combat gains achieved through equipment and fitness, some players openly wonder if golf might follow the perilous path of baseball, where home run chases in the late 1990's may have obscured a darker truth.

In interviews with several professional golfers and officials, none said they believed that professional golf had a steroid problem. But many recognized that their sport does not exist in a vacuum despite its being perceived as a game of honor.

In decades past, observers used to debate whether golfers were even athletes. Ben Hogan was nicknamed Bantam Ben. Jack Nicklaus began his career with a paunch.

In today's game, though, the best players in the world, like Woods, Vijay Singh and Annika Sorenstam, are celebrated for their workout routines and prodigious tee shots. The majority of golf television ads show players wielding a driver and hitting tape-measure shots, a skill that not every professional golfer possesses in equal measure.

"We market the long ball," said Joe Ogilvie, a PGA Tour professional and member of its policy board. "We market the guys who hit it 300 yards. If that's your message, and people see that beginning at the high school level, I think as a tour it is very naïve to think that somebody down the line won't cheat.

"As it gets more popular and the zeroes continue to grow to the left of the decimal point, I don't think there is any doubt that there will be cheaters," Ogilvie added. "Golf is all about length, and the U.S.G.A., the P.G.A. of America and, to a certain extent, the PGA Tour are perpetuating it by blindly lengthening every golf course. It doesn't seem like they have a whole lot of rhyme or reason."

Some players on the PGA Tour, however, say the DNA in golf is different from the win-at-all-costs undercurrent of other sports.

"Maybe I'm naïve, because I have a hard time believing that anyone would cheat, I really do," said Tom Lehman, the 1996 British Open champion and the 2006 United States Ryder Cup captain. "The culture of golf is such that you play by the rules.

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"If you read in the paper that Tom Lehman just won the U.S. Open and he just took a drug test and he's been using the clear for the last two years, the guys out here would vilify me," he added, referring to the steroid tetrahydragestrinone. "It'd be over. For that reason alone, almost, it would keep guys clean."

The Tour player Bo Van Pelt added: "As far as steroids ever helping out golf or a golf swing, I just don't see it. Just because you're hitting it a little bit farther, your scores aren't going to be that much different. In golf there is too much short game, too much feel, too much carving shots.

"In football, it's a power game," Van Pelt added. "In baseball, it's the off-center hits that instead of being flyouts are home runs. In golf, it's still about controlling the distance. When you watch guys on Sunday, the guys who win the tournament are hitting it pin high and making the 6- to 8-footer. It's not just always the guy that's long."

Unlike the National Football League and Major League Baseball, the PGA Tour does not test its athletes for performance-enhancing drugs. Tim Finchem, the PGA Tour commissioner, said in a telephone interview that the Tour was not planning to begin a testing program despite the scandals that have plagued other sports, like baseball, cycling and track and field.

"We are monitoring the situation very carefully and we are making sure that players understand that steroids and other illegal substances are in violation of the rules of golf," Finchem said. "It's no different taking a steroid to prepare for a golf tournament than it is kicking your ball in the rough."

Finchem said he would not rule out testing for performance-enhancing drugs "if we get to a point in time where we think we have a problem," but he said that point had not been reached.

"We don't think it's prudent to test just because somebody someplace thinks all sports should test," Finchem said. "Having said that, if some pattern emerged or, candidly, let's say that didn't happen, but it just got to the point that no sport was considered clean, then we would have to take aggressive action.

"If we did test, we would not fool around. We would test aggressively and effectively. We would convince people that we are what people think we are in 2006. If we did it, there would be no hesitation on the part of the players. I would predict 100 percent participation."

A move toward testing has already begun in some golf circles. During the British Open last month, Peter Dawson, the chief executive of the Royal and Ancient Golf Club of St. Andrews, announced that the countries competing in the World Amateur Team Championships in South Africa in October would be given a drug test.

The L.P.G.A. Tour recently released a statement stating that, in light of the concerns regarding drug use and sports, "we are researching the possible implantation of a policy that would test for the use of performance-enhancing drugs."

Some players argue that the PGA Tour ought to take similarly swift action.

Tom Pernice Jr., a two-time PGA Tour winner, noted that Major League Baseball ran into trouble by delaying testing until steroid use was already a problem.

"We'd be better off being ahead of the game," Pernice said. "If we're going to test, do it now for future generations. I think we need to be a leader on this. From what I've heard, it's easy to get this stuff in high school and college, so do something now and it will trickle on down the line."

While there is no evidence suggesting steroid use on the PGA Tour, two players — Jay Delsing and Joe Durant — said they have heard of competitors taking beta blockers, which are often prescribed for heart ailments but can also be used to combat anxiety.

The extent of beta blocker use — and its effectiveness — has been debated for years on the PGA Tour. In 2000, Craig Parry of Australia said that three players, whom he did not identify, had won major championships during the 1990's while using beta blockers.

His comment prompted Nick Price, a three-time major champion who took beta blockers during the 1980's because of a family history of high blood pressure, to say that the drugs hurt his golf game by making him sluggish. (Price has said he won his three major titles after he stopped taking beta blockers.)

Durant, also a member of the PGA Tour policy board, said the anecdotes he had heard about beta blockers are similar. "I have heard of guys taking them and saying that they didn't help them at all," he said.

Delsing added: "As an athlete, you want your senses. It would be like, 'I'm calm, but I don't know where I am.' "

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Dr. Linn Goldberg, a professor of medicine at the Oregon Health and Science University and a spokesman for the Endocrine Society, said beta blockers could affect people differently, but that they are often used to combat a person's adrenaline flow.

"You can see that happen with someone putting, or shooting archery, or a doctor using it if before giving a talk," Goldberg said in a telephone interview. "It does steady your nerves because it combats adrenaline when you get nervous or your palms get sweaty and you have a crowd of people around. It mellows you out."

When Finchem was asked if he was concerned about players using beta blockers on the PGA Tour, he said the Tour's research found that beta blockers did not help golfers. He said the Tour had anecdotal evidence from three or four players.

"At least two of those players were on prescription, Nick Price being one," Finchem said. "They had such a negative impact that they saw a dilapidation that made it very difficult to play the game.

"We have never had much of an indication by players that there is use, and in the isolated incidents we've seen, it has been as much as a negative as anything."

Finchem concluded, as he did with steroids, that he would not rule out testing for beta blockers if further research found that it was warranted.

The issues for golf seem complex. Even in a game with rules written in black and white, the players see shades of gray in the area of drug testing.

When Woods was asked for his opinion on testing, he answered the question with his own set of questions. "I think we should study it a little bit more before we get into something like that," he said. "Where does it start? Who does it? Who is in control of it? What are the substances that you are looking for?"

Sindelar, too, said he recognized the complexity, but he also acknowledged the time for testing may be near.

"It's at the Olympics, it's everywhere," Sindelar said of steroid use. "That's what goes through my mind. If you said you needed a name, I couldn't say, yes, it's that guy. But if it's everywhere, what that says to me is, why do we think golf is insulated?"

Court Upholds Drug Dealer's Conviction In Fatal Shooting (WP)

By Candace Rondeaux, Washington Post Staff Writer

The Washington Post, August 13, 2006

The Virginia Court of Appeals has upheld the conviction and sentence of a Manassas drug dealer in the killing of a Leesburg man three years ago.

A Loudoun County jury convicted Tyrone T. Smith in 2004 on charges of second-degree murder in the shooting of Leesburg resident John G. Zimmerman. Prosecutors said that a drug deal between the two men March 27, 2003, went sour and that Smith, then 21, fired shots from the parking lot in front of Zimmerman's apartment on Clubhouse Drive after Zimmerman, 38, complained about the quality of cocaine Smith had sold him.

Loudoun County Circuit Court Judge Thomas D. Horne sentenced Smith to 35 years in prison for second-degree murder, firing a gun into an occupied dwelling, using a firearm in the commission of a murder and possessing a firearm while carrying illegal drugs. Smith received an additional 10 years for two drug offenses to which he pleaded guilty.

The crime had the hallmarks of an ordinary drug deal gone bad. But Smith's 2004 trial was anything but ordinary. Horne granted a prosecution motion to allow jurors to inspect the crime scene in person as prosecutors tried to convince them that the shooting was not an accident.

The trial took another unusual twist when Smith's attorneys asked the judge to declare a mistrial after Smith tried to hang himself in jail during jury deliberations. Horne denied the motion for a mistrial.

Two months later, Smith filed an appeal, saying that the jury should not have been allowed to tour the crime scene and that the jury's verdict should be thrown out because Smith's suicide attempt raised questions about whether he was competent to stand trial.

The appeals court disagreed on both counts. In a ruling issued Tuesday, the appeals court said the tour of the crime scene "helped the jury understand" the layout of the apartment complex where Zimmerman was shot in his second-story apartment.

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The court ruled that the tour was "entirely fair" and said legal precedents dating to the time of King George IV allowed such jury viewings.

The court said the claim that Smith was mentally unfit for trial was not valid. "Mental illness does not necessarily render a defendant incompetent to stand trial," wrote Judge D. Arthur Kelsey.

Loudoun Assistant Commonwealth's Attorney James P. Fisher said his office was pleased with the appeals court ruling.

"I particularly appreciate the appeals court giving some clarity and guidance on the issue of taking the jury out to view a crime scene," Fisher said. "Oftentimes photos don't fully show the layout of a particular scene. I was pleased we could actually go out to the murder scene so that the jury could fully understand that the killing was no accident."

Records: Slayings Linked To Drugs (DR)

Daily Review, August 12, 2006

Infighting between two of the Bay Area's biggest distributors of the illegal drug ecstasy may have led to the bludgeoning deaths of three people found inside a Union City home almost four years ago, according to court records.

Oakland resident Johnny Li, 33 — who was one of the area's largest ecstasy distributors, according to an affidavit unsealed this week by a U.S. District Court magistrate — his fiancee, 26-year-old Deborah Yao of Union City, and friend Kevin Kwok, 32, of San Jose, likely were killed because Li "wanted to be the sole distributor of (ecstasy in the Bay Area)," the document states.

Johnson Mai, the ringleader of a major ecstasy smuggling operation suspected of dispensing some 3.6 million doses of the drug in the Bay Area since 2000, according to the Drug Enforcement Agency, was arrested Thursday along with four others during a series of raids in the East Bay and on the Peninsula.

Mai, his wife, Lisa Lee, 42, and associates Eric Yu Heng Cai, 34, Zhi En Huang and David Yuen, both 37, appeared Thursday in a federal court in Oakland, where they face drug and money laundering charges.

A sixth suspect, 36-year-old Kai Lun Zheng, remains at large.

Zheng, the second major distributor working under Mai at the time of the slayings, is believed to have orchestrated the Union City killings and has since fled the country, a confidential informant told DEA special agents, the affidavit states.

Li, Yao and Kwok were found beaten to death in a Compton Court home on Sept. 12, 2002. All three victims appeared to have put up a struggle, but died as a result of blunt force trauma to the head, police said.

Detectives said the house, strewn with blood, had been ransacked. They also said they had established a motive fairly early in the investigation, but would not publicly say why the trio was killed.

Calls to the Union City police investigations unit were not returned Friday.

Although the affidavit released Thursday does not identify anyone involved in the killings, it uses information from confidential informants to document Li's involvement in the drug-smuggling ring and suggests that he was slain by an associate, possibly at the direction of Zheng, who heard that Li wanted to kill him and take over his accounts.

According to the document, Li was one of two Bay Area men, in addition to ringleader

Advertisement

Mai, who helped import the drugs from the Netherlands using upright pianos, automobile transmissions and leather sofas. When the items arrived, the drugs were removed and then distributed to sellers who pushed the pink pills at local clubs, and in some cases in the Houston area.

The DEA began investigating Mai in 2001 after Belgian authorities alerted U.S. Customs agents that a piano shipped from Germany to San Francisco International Airport had more than 40 kilograms of ecstasy stashed inside.

Narcotics agents then documented dozens of additional shipments carrying more than 906 kilograms of the drug — worth in excess of $51 million on the street. A kilogram of ecstasy produces about 4,000 pills.

Between January 2001 and June 2002 — three months before he died — Li was involved in smuggling more than two-thirds of the total amount, the affidavit said. Li and Zheng had the capacity to distribute as much as 200,000 pills per week, an informant told agents, according to the document.

During the summer of 2002, just before the killings, a confidential informant saw three black pianos in Li's garage. And after the slayings, the informant saw Mai and Zheng search Li's home, the affidavit states.

In the aftermath of the killings, Mai told several dealers that he had temporarily run out of ecstasy and ceased operation for about two months.

That November, Mai traveled to Canada and secured a 190-kilogram shipment of the drug in powder form, according to the affidavit. It then was set to be pressed into pills at clandestine labs in Canada and shipped to the United States for sale.

In addition to importing and distributing the drugs, Mai is suspected of laundering more than $3 million in profits from selling contraband and supporting an illegal gambling operation.

During their investigation, drug agents also learned from the informant that Zheng fled the country in April 2003 amid rumors that he was involved in the killings.

Ecstasy Raids Lead To Arrests Across The Bay (MR)

Mercury Register, August 11, 2006

Narcotics agents lowered the boom Thursday on an Ecstasy smuggling ring that authorities say pushed more than 3.6 million doses of the drug through the Bay Area since 2000.

Agents arrested five suspects in raids on six homes in the East Bay and the Peninsula on Thursday morning, discovering about 70,000 Ecstasy pills in an apartment on East 24th Street in Oakland, said Javier Pena, special agent in charge of the federal Druge Enforcement Administraton San Francisco office. Agents also seized firearms, cars and more than $40,000 in cash in a house in Danville, Pena said.

"This is a major organization that was bringing in a lot of Ecstasy," Pena said. "I think it's safe to say this was one of the largest, if not the largest, ecstasy smuggling operations ever in California."

Smugglers transported pills from their point of manufacture in the Netherlands to San Francisco International inside leather sofas, upright pianos and even automobile transmissions, the DEA said.

The group would typically consign the goods in the names of Bay Area identity theft victims, according to an affidavit unsealed in U.S. District Court on Thursday.

The goods were picked up from the shipper and delivered to distributors in parking lots or restaurants in the East Bay.

The affidavit also links a 2002 triple homicide in Union City to a feud between distributors for Mai's business.

Beginning in 2000, distributors moved about 906 kilograms of the drug — worth more than $51 million on the street — to clubs in the Bay Area as well as in Houston and Los Angeles.

Arrested were 43-year-old Johnson "Uncle Hong" Mai, the alleged ringleader, and his wife, Lisa Lee, 42. Also arrested were 34-year-old Eric Yu Heng Cai and 37-year-olds Zhi En Huang and David Yuen. A sixth suspect, 36-year-old Kai Lun Zheng, remains at large.

The five arrested suspects appeared before a federal magistrate Thursday afternoon in San Francisco and were charged with conspiracy to distribute Ecstasy and laundering more than $3 million in proceeds from drug sales.

The DEA began investigating Mai in 2001, after Belgian authorities alerted U.S. Customs agents to a piano shipped from Germany to San Francisco International Airport with more than 40 kilograms of the drug concealed inside.

Narcotics agents documented several more hidden shipments that passed through the airport since then, some hidden in high-end leather sofas, others inside assembled transmissions for BMW cars. The contraband was shipped from Amsterdam, Pena said.

"This will make a dent in Ecstasy distribution in the Bay Area, a major dent. A lot of people feel Ecstasy is a 'safe' drug, but we know — that one pill can be deadly," said Pena, referring to the much-publicized 2004 death of Belmont teenager Irma Perez, who died after experimenting with the drug.

ARRESTS MADE IN BAY AREA-BASED DRUG SMUGGLING RING (BCNW)

Bay City News Wire, August 12, 2006

Five Bay Area residents suspected of being in a drug smuggling ring are facing charges of conspiracy to distribute Ecstasy, according to the San Francisco division of the Drug Enforcement Administration (DEA).

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The DEA worked with U.S. Immigration and Customs Enforcement (ICE) to target the Bay Area-based criminal organization that reportedly used imported pianos, automobile transmissions and sofas to smuggle large quantities of Ecstasy into the U.S. since 2000.

"When we warn traffickers that we leave no stone unturned when looking for illegal drugs, perhaps we should have mentioned that this includes pianos, sofas and car transmissions," DEA Special Agent in Charge Javier Pena said Thursday in a written statement.

The ring is suspected of smuggling at least 906 kilograms of Ecstasy, which is equivalent to more than three million doses that carry a street value of about $60 for each pill, the DEA reported. The DEA reported that some of the suspected ring members used the drug proceeds to purchase homes in the Bay Area.

Johnson Mai, 43, the suspected ringleader of the organization, and his wife, Lisa Lee, 42, were arrested Thursday morning at their home in Hillsborough.

Burlingame resident, Eric Yu Heng Cai, 34, San Mateo resident Zhi En Huang, 37, Oakland resident David Yuen, 37, and two unnamed suspected associates of the organization were also arrested Thursday.

Authorities are still looking for Kai Lun Zheng, 37, of Canada.

In addition to a charge of conspiracy to distribute Ecstasy, Cai, Huang, Lee, Mai and Zheng are also facing charges of money laundering, the DEA reported.

The U.S. Attorney's Office in the Northern District of California is prosecuting the case.

The maximum penalty for each count of conspiracy to distribute Ecstasy is 20 years imprisonment. The maximum penalty for each count of money laundering is up to 20 years imprisonment and a $500,000 fine.

IMMIGRATION:

Towns Take Aim At Illegal Immigration (USAT)

By Oren Dorell, Usa Today

USA Today, August 14, 2006

In Hazleton, Pa., landlords, employers could face fines

Lou Barletta says illegal immigrants are overfilling schools in Hazleton, Pa., cramming local health clinics and overrunning the playground where he once played basketball.

Barletta, mayor of the city of 22,000 south of Wilkes-Barre, says illegal immigration is “destroying small towns” that don't have the budget to deal with the influx.

So Barletta proposed a law that fines landlords for renting to illegal immigrants and punishes employers for hiring them. The City Council passed the measure, and Barletta signed it into law last month. To implement it, Barletta wants to require renters to go to City Hall and obtain a permit assuring landlords that they are in the USA legally. That would require a background check with the Bureau of Immigration and Customs Enforcement.

Barletta says that even though the law isn't in effect yet, it's having an impact: “People are leaving daily.”

Hazleton's requirements are strict, but other communities also are targeting landlords and employers. A similar law passed recently in Riverside, N.J., and others are being drafted or voted on in several other communities where leaders have complained for months about inaction by federal lawmakers.

“If a byproduct of this is to send out a message and embarrass the people out in D.C., then maybe that's good,” says Andy Anderson, a councilman in Palm Bay, Fla. The city of 93,000 is one reading away from adopting a law that would fine anyone who employs an illegal immigrant a minimum of $500.

Similar measures are scheduled for votes in the Pennsylvania towns of Allentown (population 107,000), Shenandoah (5,300) and Mount Pocono (3,000). Local legislators in Gadsden, Ala. (population 37,400), Kennewick, Wash. (61,000), and Escondido, Calif. (134,000), are considering proposing legislation. A bill was narrowly rejected in Avon Park, Fla. (8,900).

Opponents, however, are lining up for a fight in Hazleton.

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"This is a test case that will serve as a model for challenges around the country," says criminal defense lawyer David Vaida of Allentown, Pa. He has joined forces with the Puerto Rican Legal Defense and Education Fund and the Pennsylvania chapter of the American Civil Liberties Union and says they are preparing a lawsuit.

"I don't think there was a municipality in the country until this came up that has ever required such a thing," he says. "Have you ever heard of a tenant needing an occupancy permit?"

Kris Kobach, once an immigration adviser to former attorney general John Ashcroft, disagrees. He says it is possible to draft a local ordinance that deals with immigration that will stand up to judicial scrutiny. He has helped several states draft immigration-related bills, including one in Utah that would penalize employers. Four states have passed similar laws this spring: Georgia, Louisiana, Colorado and Pennsylvania.

"States and localities bear a significant amount of the burden for dealing with illegal aliens, but the federal government bears the brunt of enforcing the law," Kobach says. "And when they don't, states and local governments pay the price."

Joseph Turner, an activist in San Bernardino, Calif. (population 199,000), pushed the idea before Hazleton adopted its law. The City Council declined to vote on it, and Turner was unable to gather enough signatures to put it on the ballot. He says passage across the country will "put enormous pressure on the federal government to come up with a solution that will finally solve this problem once and for all."

Barletta, meanwhile, says he has been contacted by officials from 30 towns asking for a copy of Hazleton's law.

Poised Against Incursions, A Man On The Border, Armed And Philosophical (NYT)

By Charlie Leduff

The New York Times, August 14, 2006

CAMPO, Calif. — Five miles past the paved road, up on a hill of no name, lives a one-eyed man with a one-eyed cat.

They sleep in a van parked against the patchwork fence that lines the border with Mexico. He is solitary, lean, trying to hold back a tidal wave of humanity. The cat is overweight.

Britt Craig describes himself as a 57-year-old Spartan, a decorated war veteran, a Buddhist, a damaged and lonesome man, a lover of books who can pull bits of philosophy from the corners of his confinement.

"The person who has nothing for which he is willing to fight is a miserable creature and has no chance of being free unless made so and kept so by the exertions of better men than himself," Mr. Craig says in the 100-degree heat, quoting John Stuart Mill almost perfectly.

He is a member of the Minuteman Project, a group of civilians dedicated to fighting illegal immigration from Mexico. He has done his part simply by standing here, watching, for 500 days.

The Minutemen claim 8,000 members, but that number is dubious at best. Consider that there are only two full-timers living on this 10-mile stretch of the 2,000-mile border now that the smuggling season is slow, the temperatures are blistering and the news media have gone on to other distractions.

The son of a Georgia newspaperman, the grandson of a Georgia newspaperman and the great-grandson of a gentleman farmer, Mr. Craig never lived up to family expectations.

He did poorly in school and thought he would prove himself as a warrior. He enlisted as a paratrooper and lost his left eye in Vietnam. By his account, he came home to mockery and derision and this knocked him sideways.

So he drifted. Sailed. Fished. Pounded nails. Made music in Puerto Rico. Knew a few women and forgot a few women. Finally, in his later years, he grew roots on this hill. He makes his morning toilet with a bucket and a shovel.

"I never got that 1945 reception," he says from beneath the shadow of his canvas brim. "Maybe now I'm doing something the American people appreciate."

The battle disfigurement entitles him to a $2,500-a-month disability check, more than enough to cover this life in the desert.

While some, including President Bush, call people like Mr. Craig a vigilante, more consider him a concerned citizen, if some polls are to be believed. And while the Minutemen do carry guns, the Border Patrol says there have been no reports of immigrants being shot or abused by them since they began their campaign more than a year ago.

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Mr. Craig, in turn, says he has been robbed, sniped at and pelted with stones by smugglers coming across the border. There are chips in his windshield.

"A society that cannot enforce its most basic rules is not a society at all," he says.

Mr. Craig, unlike some of the weekend warriors who flock to the border, is not a beer drinker from the blue-collar suburbs, a "big game hunter" or a bored retiree.

In fact, these types of Minutemen are obsequious toward this hermit on the hill. They refer to him as the Pirate, because of the patch over his ruined eye. They treat him as some sort of Colonel Kurtz, whisper in hushed conspiratorial tones about the greatness of the warrior who sits and spends his hours thinking, watching.

"He doesn't like being approached without radio contact," says a man who goes by the moniker Gadget. "He's only got one eye, but he knows how to use it."

Out here petty jealousies, rivalries and divisions have arisen. Across the country, the Minuteman movement has splintered into a half-dozen factions, Mr. Craig answering only to himself.

There is another man who lives on a hill on the horizon to the west. He, too, is an Army veteran, a retired fisherman and a 24-hour-a-day, seven-day-a-week "scout." He flies a large American flag from a makeshift 30-foot pole, carries a .45 pistol in his waistband and lives in relative luxury in an R.V. with a port-a-potty. That man, Robert Cook, also 57, goes by the nom de guerre Little Dog.

Mr. Cook is annoyed that Mr. Craig will not respect his position as director of Campo border operations for the Minuteman Project. And so he has referred to Mr. Craig as a phony war hero, compared him to male genitalia and rifled off an e-mail message to CNN calling Mr. Craig a swine who lives in a cat box.

This led to fisticuffs on the main street of town when the men happened to come off their hilltops at the same time for water and supplies. Mr. Craig, vigorous and perhaps a foot taller, gave Mr. Cook four chances to take the insults back, which Mr. Cook refused to do, ending in the breakage of Mr. Cook's eyeglasses.

The men have divided their territory at the obelisk marking the beginning of the Pacific Trail, creating yet another border within the border. A reporter tried to arrange a meeting between the two.

Mr. Cook agreed. Mr. Craig refused, saying, "I'd rather see the Mexican horde pour over the border than deal with that lying runt."

"I am content to sit on a hill and sulk," he said after producing his military papers from a plastic blue pouch, which confirmed his war legacy.

Mr. Craig came to be a Minuteman from St. Augustine, Fla., for what he called Second Amendment reasons. Namely; he wanted to know whether a man could still belong to a militia and carry a gun on federal land. He found he could.

"But what I really found out was how messed up the border situation really is," he says. "I'm not saying we are at war. But in the course of human history, wars have always started because of one tribe pushing into the traditional boundaries of another."

And in that spirit, he has parked himself in the middle of a drug smuggling route, at serious risk to his own life. Men on horseback have uprooted his camp. Border Patrol agents testify to that. Still, Mexicans rarely cross his way anymore. They go around.

Each morning he takes his 12-gauge and his 9-millimeter pistol and inspects the smuggling paths. He lets it be known that he has respect for the young coyote. Especially the one who wears size 7 soccer cleats. Mr. Craig has often noticed his tracks.

"I respect that man immensely," he says. "I harbor no ill will against him. He's very good. I would do the same thing in his position. Still, I'd like to see those cleats hanging from my mirror like baby shoes."

Hope For Immigration Reform? (WP)

The Washington Post, August 14, 2006

A new Republican proposal deserves a look.

PERHAPS IT WAS to be expected of an emotional issue in an election year, but the debate over immigration reform descended this summer to ever-lower levels. The one-sided "hearings" staged by House Republicans to trash the bipartisan Senate immigration measure have been particularly odious -- aimed mostly at scoring points. Into this poisonous environment,

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two conservatives -- Rep. Mike Pence (R-Ind.) and Sen. Kay Bailey Hutchison (R-Tex.) -- have introduced an intriguing, if imperfect, proposal that may offer the last, best hope for achieving immigration reform this year. It would begin with beefed-up enforcement -- but as part of a comprehensive package that would also put the millions now living in the United States illegally on a path to legal status and eventual citizenship.

We are not endorsing Pence-Hutchison; that would be impossible given that no actual legislation has been introduced. We do, though, applaud its authors for seeking to refocus the immigration discussion in a positive way. One plus is that their brand of enforcement-first is not tied to achieving an unrealistic -- and unattainable without other reforms -- degree of border control. Rather, Pence-Hutchison concentrates on benchmarks tied to resources and capabilities: hiring more agents, increasing detention capacity and making certain that employers poised to hire immigrant workers have a reliable system (secure identification cards, accurate databases) to verify eligibility. Postponing the rest of reform for two years while these goals are met isn't ideal, but it's a reasonable compromise.

On the legalization side, Pence-Hutchison would provide a path to citizenship -- albeit an overly lengthy and arduous one, 17 years in all, plus "self-deportation" to privately run "Ellis Island Centers" in their home countries -- for most of the 11 million or more people now in the United States illegally. It would also create a new category of temporary worker visas whose holders could -- again, after a long wait -- obtain citizenship. This framework, at least in theory, could avoid the perpetuation and expansion of a permanent underclass of foreign-born workers.

There are many unanswered questions and potential pitfalls. Among them: Only illegal immigrants from countries that are part of the North American and Central American free-trade agreements would be eligible for citizenship. How would other illegal immigrants be dealt with? What about a mechanism to reunify families? Are the requirements for ultimately obtaining citizenship so cumbersome that many people will be unable to comply -- and be forced back into the shadows? Will there be protections to ensure that new temporary workers wouldn't exploited by the employers who would sponsor their visas?

Still, the proposal is the most promising development in months and, however long a shot, deserves attention. House Republicans have spent months fanning the flames of outrage over illegal immigration. When they return in September, they ought to ask themselves: If they fail to come up with a realistic solution by election time, won't voters blame the folks who have been in charge?

CONGRESS-ADMINISTRATION:

Governors Oppose Federal Control Of Guard (WP)

By Dan Balz

The Washington Post, August 14, 2006

The nation's governors, protesting what they call an unprecedented shift in authority from the states to the federal government, will urge Congress today to block legislation that would allow the president to take control of National Guard forces in the event of a natural disaster or a threat to homeland security.

In a sharply worded letter that will be transmitted to Republican and Democratic leaders in Congress this morning, the governors ask that a House-Senate conference committee remove a provision included in the House-passed version of the National Defense Authorization Act giving the president such authority.

"This provision was drafted without consultation or input from governors and represents an unprecedented shift in authority from governors as commanders and chief of the Guard to the federal government," the governors state in the letter.

As of yesterday, 51 governors, including some from U.S. territories, had signed the letter, a sign of broad bipartisan support that underscores the depth of opposition among state executives to encroachments by Washington on their powers.

The governors discovered the provision two weeks ago, and the effort to have it removed from the defense bill began at last week's National Governors Association summer meeting in Charleston, S.C.

At the meeting, Arkansas Gov. Mike Huckabee (R), the outgoing NGA chairman, described the provision as one that "violates 200 years of American history." Governors see it as part of a broader effort by the federal government to diminish the sovereignty of the states.

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"Any effort to take that authority away from governors at the very least confuses the chain of command and at the worst could severely hamper state efforts to respond to emergencies," David Quam, NGA director of federal relations, said yesterday.

The battle with Congress is the second time this year that governors have united to oppose action in Washington that they deemed detrimental to their control of the Guard. Last winter, the governors pressed President Bush and Defense Secretary Donald H. Rumsfeld over what they regarded as harmful proposed cuts and restructuring in the Guard.

Bush's Ranch Town Split Over His Record (FT)

By Caroline Daniel In Crawford, Texas

Financial Times, August 14, 2006

Under the bench in front of Bill Sparkman's Barbershop, scrawled in red paint, is how many Crawfordians feel about President George W. Bush's war against terror – "Smoke 'Em Out . . . !"

But across town, right in front of the Coffee Station, just a hundred feet from where the Veterans for Peace park their brightly painted bus, Benedictine nun Sister Mary Gabriel Montgomery, from the Home of the Good Shepherd, talks about how the rest of the town of 705 people feel. "The main thing is, we just want the troops to come home. I'm old enough to remember Vietnam."

As she stands outside in her habit, with her takeaway fried catfish and a sour dough burger for Sr Jane Frances, the only concession to the 100-degree heat is her blue flip-flops. She says both of them will be voting Democrat in the mid-term elections in November.

Even this tiny town, which is not on the maps handed out from car rental kiosks at the nearby Waco airport, but which Mr Bush calls home, has become a microcosm of America – split on his record and the war in Iraq.

The country's most famous anti-war mother, Cindy Sheehan, comes to town every time the president heads for his 1,600-acre Prairie Chapel Ranch, and so do the protesters.

Last year her protest galvanised the nascent anti-war movement and thousands clustered at Camp Casey, named for her son who died in Iraq. This year, as anti-war sentiment has moved from the margins to the mainstream, the number of protesters has dwindled.

Only a handful bothered to protest at a $750,000 fundraiser for Republicans on Friday at the nearby Broken Spoke Ranch, lackadaisically lifting banners when a car passed.

Last year the White House had not known how to react to Ms Sheehan's demands for a meeting, sending out aides to mollify her anger about the war.

This year, however, as Mr Bush has launched a more assertive defence of his actions in Iraq, the tone has turned dismissive.

Asked last week about reaction to her march to Mr Bush's ranch, Tony Snow, White House spokesman, advised her to bring a Gatorade drink.

It turned out to be good advice. This weekend Ms Sheehan was briefly hospitalised for dehydration and exhaustion.

It has not been much of a holiday for Mr Bush. He returned to Washington last night after spending just 10 days at the ranch in August, compared with 29 in 2003 and 2005.

His stay has been overshadowed by events in the Middle East and by a one-day campaign trip to Wisconsin, a clear recognition that without a Republican Congress, the last two years of his tenure could become even more challenging.

Mr Bush has found solace in his favourite activities: clearing brush on his ranch, cycling and hanging out with three of his closest aides – Mr Snow, Karl Rove, his chief political adviser, and Josh Bolten, his chief of staff, who shunned the pedal cycles in favour of his preferred form of transport . . . a motorbike.

On the way down to Crawford on Air Force One, Mr Bush's legacy was clearly on his mind.

He was reading Richard Carwardine's biography of Abraham Lincoln, another president whose tenure was dominated by a morally difficult war, and who was willing to test the boundaries of presidential power at a time of war.

However, it was another book that offered a more revealing glimpse into the mind of the vacationing president.

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He read Albert Camus's The Stranger, triggering a discussion about existentialism with his aides. "He found it an interesting book and a quick read," said Mr Snow. "I don't want to go too deep into it, but we discussed the origins of existentialism."

For a man whose defining philosophy during his tenure has been a policy of pre-emptive action against terror threats, his interest in a philosophy emphasising that meaning is not provided by the natural order but can be created by human action, seems apt.

As he returns to work on Monday, with a Pentagon briefing and lunch with outside experts on Iraq to discuss sectarian violence, Sister Mary offered Mr Bush some less esoteric thoughts.

"Anybody in that job will have trouble," she said. "He's done the best he can under the circumstances."

Another Warning Of A Retiring Workforce (WP)

By Stephen Barr

The Washington Post, August 14, 2006

Crunch time for the federal acquisition workforce hits in 2015.

That's when 54 percent of contracting officers will be eligible to retire, according to a recently released report by the Federal Acquisition Institute. That is a sharp jump from fiscal 2005, when only 13 percent were eligible.

The loss of experienced officers could be severe at the Small Business Administration, where 81 percent of contracting officers will be eligible to retire in 2015, and at the Army, the Navy and the Energy, Homeland Security and Health and Human Services departments, where at least 60 percent will be eligible for retirement.

Dire retirement projections are not new. The Office of Personnel Management has repeatedly warned agencies this year that estimates show 40 percent of the federal workforce will retire over the next 10 years. Without adequate planning, some agencies may find it more difficult to deliver services and administer programs.

For federal procurement, however, a wave of retirements could be especially critical. Contracting officers oversee about $350 billion a year in spending, and there are concerns that not enough mid-career professionals will be left to replace retirees because of budget and staff cuts in the 1990s that thinned the ranks.

Karen A. Pica , director of the Federal Acquisition Institute, said the report offers some hope that an exodus will not take place. In 2005, when 13 percent of contracting officers were eligible to retire, only 8 percent did so.

"We are retaining some of the knowledge base," she said.

Pica also noted that the report shows that some agencies have stepped up recruiting from colleges and the private sector. Newcomers to the contracting officer position -- the 1102 job series -- are 33.6 years old, on average. Overall, contracting officers are 45.8 years old, on average, according to the report.

The Federal Acquisition Institute was created by Congress in 1976 to provide reports and training for government employees in the contracting field. It partners with the Defense Acquisition University, which trains employees who support the armed forces.

The 2005 report focuses on contracting officers, who handle the business aspects of purchasing, and contract specialists, who are experts on federal buying rules and perform most contracting work.

In 2005, there were 27,589 officers and specialists, who earned an average of $58,500 in base pay. About 60 percent were women, and about 69 percent were college graduates, according to the report.

As the purchase of goods and services has become increasingly complex, the government has expanded the list of occupations that make up the acquisition workforce. But there is no consensus on how to define it.

For its report, the Federal Acquisition Institute gathered data on seven occupations that make up substantial parts of the acquisition workforce and counted 125,779 federal employees as holding contracting and contract-related jobs.To Appeal, or Not

The Bush administration will wait until next month before deciding whether to appeal a federal court ruling that has blocked workplace rules at the Department of Homeland Security that unions contend would gut their bargaining rights.

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The department lost in U.S. District Court last year and before a three-judge panel from the U.S. Court of Appeals for the District of Columbia Circuit in June. The judges faulted the department for failing to ensure collective bargaining rights for employees.

The department will not seek a rehearing before the full appeals court, said Larry Orluskie , a spokesman. Instead, he said, the government "has reserved its decision as to whether or not to appeal to the U.S. Supreme Court."

The deadline for filing an appeal at the Supreme Court is Sept. 25, Orluskie said.New at OPM and EEOC

Kerry B. McTigue , a partner in a Columbia, S.C., law firm, joins the Office of Personnel Management this week as the agency's general counsel, an agency spokeswoman said.

McTigue is a 1996 graduate of the University of Kentucky College of Law and his practice has included employee benefits, procurement, technology, product liability and pharmaceutical and medical device litigation.

Ronald S. Cooper has been sworn in as the general counsel at the Equal Employment Opportunity Commission for a four-year term. He was a partner at Steptoe & Johnson LLP, where he worked for 34 years, specializing in employment litigation .

Conflict Of Interest Or Legitimate Punditry? You Decide. (WP)

By Al Kamen

The Washington Post, August 14, 2006

A Loop Fan writes: "Please explain to your readers how a government official who is paid by hard-earned taxpayer dollars is allowed to moonlight as a Republican mouthpiece on television."

The anonymous inquiry included a photo of Labor Department deputy assistant secretary Karen Czarnecki appearing on Fox News as a "conservative strategist." She's also a regular "conservative analyst" on the PBS show "To the Contrary" and, according to her department biography, has appeared on MSNBC, CNN, Canadian Public Broadcasting and C-SPAN.

So how does Czarnecki, who has worked in the Reagan and Bush I administrations and at the Heritage Foundation, do it? Easy. We're told it's quite possible to hold forth on "intelligent design," the meaning of the latest election returns and most any political issue without running afoul of ethics regulations or the Hatch Act's provisions on politics and government employees.

The ethics laws restrict income that certain political appointees can earn on the side, and the Hatch Act bars political activity while on duty or in a federal building, or using your official title or position.

But, best we can tell, Czarnecki, whose government salary is probably about $140,000 a year, is always identified as a "conservative" -- not even a Republican -- strategist (on Fox) or "conservative analyst" (on PBS) and apparently never as a federal bureaucrat.

Her punditry is not sanctioned by the department, and her appearances aren't booked by Labor. "Ms. Czarnecki involves herself as an active citizen on her own time engaging in activities that any citizen engages in," a Labor Department spokesman said. "It's no different than a person on the street doing a TV interview on Election Day."

Her television role was cleared by career ethics staff at the department. She apparently files leave papers, even if for a couple hours, before heading off to the studios. The quick appearances are supposed to be freebies, but we understand the regular PBS gig does supplement her government pay.

So that's our explanation for inquiring readers. Just remember to check with agency ethics folks before you do anything.Bipartisan Multiculturalism

This just in from Beijing: The hearty delegation of visiting senators wrapped up its journey to the Middle Kingdom last week after chatting with Chinese premier Hu Jintao and spending the week meeting with Chinese legislators.

Sens. Ted Stevens (R-Alaska) and Daniel K. Inouye (D-Hawaii), along with spouses, aides and military escorts, reportedly had a fine time. Others on the trip reportedly included Republican Sens. Thad Cochran (Miss.), Arlen Specter (Pa.), Lamar Alexander (Tenn.), Norm Coleman (Minn.) and Richard Burr (N.C.), and Democratic Sens. Patty Murray (Wash.) and Mark Dayton (Minn.).

The inter-parliamentary activities are often justified as a way for senators to better understand China and to guide future legislation. This one will surely pay off, except in Dayton's case. He's scheduled to have only another 15 working days in the Senate before retiring.

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Meanwhile, United Press International reports that more than 20 delegations with more than 100 senators and House members paid official visits to China. Some should be fluent in Mandarin soon.

'Get Well Soon' Letter for Castro

And now, the winner of the Loop Savvy Pol of the Month Award: It's Mohamed Abdelaziz , president of the Saharawi Arab Democratic Republic, who won this one going away.

Abdelaziz, who heads the Polisario Front fighting to secede from Morocco, has shored up his ties with, yes, Cuba's Fidel Castro , writing a heartfelt "get well soon" letter to the likely short-timer.

"The Saharawi people, friends and connoisseurs of the Cuban revolution, are convinced of the return of the Commandante to exercise his duty," Abdelaziz wrote. "All the international community is awaiting for your quick recovery, and we will be awaiting with millions of other peoples around the world this happy news."

Abdelaziz wrote that he wanted to "maintain the full collaboration with the authorities of the Republic of Cuba," thus locking in long-term backing from Havana.

Better collaborate real quick.

Tuskegee Airmen Still Waiting (WP)

The Washington Post, August 14, 2006

Five months after Congress voted to bestow its highest honor on the Tuskegee Airmen -- pioneering aviators who during World War II broke the color bar banning black pilots in the U.S. military -- the Congressional Gold Medal is still not in their hands.

"Every time you pick up a newspaper, one or two more are gone," said retired Lt. Col. Spann Watson of Westbury, N.Y. "We'd like people who are still living to be able to receive them. I want to get my medal in my hand."

"There is some concern," said retired Col. Lee Archer, 84, of New Rochelle, N.Y., the nation's first black combat ace. "Since Congress approved it, I know of three people who have passed on and will never see it. But I have no intention of dying before we get the medal."

Of the 994 black aviators who got their training at the Tuskegee Institute in Alabama beginning in 1942, 388 are still alive. Last month, Elmore Kennedy, 90, a retired lieutenant colonel who lived in Philadelphia, died of complications of a stroke.

In March, Congress unanimously approved the medal in recognition of the group's aerial exploits -- its fighter escort pilots never lost a bomber to enemy fire -- as well as their battles against racial discrimination. Recipients of the medal have included George Washington, the Wright Brothers, Pope John Paul II, the Navajo Code Talkers, and Martin Luther King Jr. and Coretta Scott King.

The medal, cast in gold, will be displayed in Washington. Bronze duplicates will be distributed to each veteran.

An aide to Rep. Charles B. Rangel (D-N.Y.), who co-sponsored legislation authorizing the medal, said the congressman had hoped the medal would be ready in time to be awarded during the annual convention of the Congressional Black Caucus in early September.

But the aide, Emile Milne, said several revisions to a design submitted by the aviators group have delayed the medal's issuance. Milne said the medal originally was to have featured the images of three aviators on the front and aircraft on the medal's reverse side. He said efforts to simplify the design have led to delays.

"There will be only one gold medal, which will sit in the Smithsonian, honoring the contributions of nearly 1,000 African American pilots who served heroically in World War II under the banner of the Tuskegee Airmen," Milne said. "Everyone wants to get it right."

Ron Brewington, a spokesman for Tuskegee Airmen Inc., said the medals are not expected before next year.

Opportunity For All Children (USAT)

USA Today, August 14, 2006

All children deserve a high quality education regardless of where they live or how much money their parents make. When schools fall short of standards year after year, we must give parents options and the information they need to do what's best for their kids. As a mom, I know that's what I want.

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President Bush's proposed America's Opportunity Scholarships for Kids would help low-income families whose schools have failed to meet state academic standards for five or more years. Parents could use the scholarship money to transfer their children to a higher-performing public, charter, or private school or enroll them in an intensive tutoring program. For those cities and districts committed to meeting No Child Left Behind's goal of every child reading and doing math at grade level by 2014, this is an additional tool to help get them there.

Our administration has invested hundreds of millions of dollars in other choice options, such as increasing the number of charter schools. Today there are more than 3,600 charter schools, compared with 2,000 five years ago. Just this year, we've requested $200 million from Congress for school improvement. That's in addition to almost $13 billion we've provided to help Title I public schools meet their students needs.

Scholarship programs do not replace these efforts but complement them. Students trapped for six years in a school that fails to meet standards shouldn't have to wait another day. The Opportunity Scholarships program is one way to ensure they don't.

We've already seen the success of this approach in Washington, D.C., where two years ago we launched a similar federally funded scholarship program. Thanks to that effort, more than 1,700 disadvantaged students have received grants to attend the school of their choice. Many more students around this country deserve that same chance.

As Americans, we are born into an inheritance of opportunity and boundless potential. Education is the tool that enables us to seize that opportunity, realize that potential and achieve a bright future. As such, education is not a luxury — it's a right — and we will continue our work to ensure every child has equal access to it.

Don't Pay Kids To Flee Schools (USAT)

USA Today, August 14, 2006

On Aug. 24, the children assigned to Cleveland's John D. Rockefeller Fundamental Education Center will troop back to a school with a grandiose name and a checkered history.

Three years ago the Rockefeller school, located in Cleveland's gritty Hough neighborhood, failed to make academic progress for three years in a row. That qualified Rockefeller for state assistance, a team of specially trained master teachers called coaches.

The coaches boosted school spirit, passed along expert teaching advice and shaped a winning curriculum. The students made enough progress to escape the dreaded list of "failing" schools. But when the coaches left, the K-8 school once again sputtered.

What's to be done with Rockefeller and hundreds of others like it around the nation?

Education Secretary Margaret Spellings is pushing a new approach: Give the children of persistently failing schools vouchers to attend private and religious schools. The $100 million program, which needs approval from Congress, would be available to students in schools that failed to make progress for five straight years. The program would pay up to $4,000 a year per student for private school tuition or tutoring.

In certain circumstances, vouchers are appropriate experiments. They need to be focused strictly on students in persistently failing schools, limited in time and subject to public accountability.

Would vouchers help the children at the Rockefeller school? Not likely.

Cleveland already has a voucher program, which in 2002 passed muster with the U.S. Supreme Court. But researchers who have examined the Cleveland voucher program are hard pressed to decide whether it's helping the children there. Part of the problem is that the available private schools aren't in the neighborhoods most in need of help.

Roughly 1,750 schools around the USA face restructuring, the result of not making progress for five years. And many more schools, such as Rockefeller, hover on the precipice. Rather than paying students to leave those schools, here are some better ways to spend that $100 million:

• Help states pay for coaches. Dispatching a team of outside education experts is a proven success, but Ohio has limited funds to pay for coaches. Michigan ran into the same problem with its coaching program. Asked why the master teachers have to be pulled from barely recovered schools, the director of the Michigan program answered: "We're not Santa Claus."

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• Boost the capacity of effective charter schools. A handful of charter schools — such as the Green Dot schools in Los Angeles, the Achievement First schools that started in New Haven, Conn., and the 52 KIPP academies in 16 states — have cracked the code: They succeed with students like those at Rockefeller. But their expansion is slow. Federal investments could make a difference.

Federal accountability rules snagged struggling schools such as Rockefeller, which means Washington has a responsibility to lend a hand. That requires doing something more effective than handing out vouchers that encourage the most motivated families to abandon those schools.

Security Through Education (WP)

By William E. Kirwan

The Washington Post, August 14, 2006

A national security crisis is brewing, and if our country doesn't take immediate action, it could be devastating for the future of the United States.

Consider these facts: Worldwide, the United States ranks seventh in high-school completion rates and ninth in the percentage of high-school graduates who enroll in college. Of every 100 current eighth-graders in America, just 18 will receive a college degree during the next 10 years. Based on current participation and completion rates, the education pipeline reveals alarming holes.

The "prescription" for what ails education in this country enjoys widespread consensus: Improve the performance of our primary and secondary school students and provide access to affordable, high-quality higher education to more people. But how the country goes about filling this prescription is a matter of significant debate.

Clearly, a "fix" to the problem requires the combined and coordinated efforts of various sectors. Central to the effort, however, must be higher education. Higher education, after all, prepares the teachers for the schools and sets the standards for the degrees.

What should higher education do to help plug the holes in the education pipeline and enable our nation to address its most pressing long-term national security issue: the development of a robust and superbly educated workforce?

First, higher education must become more engaged in improving primary and secondary school performance. Colleges and universities need to encourage more students to pursue teaching careers and, in partnership with local school districts, better prepare prospective teachers with the content knowledge and pedagogy skills to succeed. Universities must work more effectively with the K-12 sector to ensure that student assessment in high school is closely aligned with college entrance requirements, and that the transition from high school to college is as seamless as advancement from 11th to 12th grade.

The best way to achieve such transformational changes is through so-called statewide K-16 councils, which bring educational leaders from all levels -- superintendents, principals, university presidents, deans -- together with business and community leaders on a regular basis to develop reform agendas. Such an approach is working in Maryland and a few other states.

As a second means of plugging the holes, state governments and higher education need to rethink the way they distribute financial aid. During the past two decades there has been a huge shift in the allocation of university-based aid, away from students with demonstrated financial need and toward high-ability students -- often from upper-middle-class families -- whom universities seek in order to improve their SAT profiles and "vanity" rankings. Too many low-income students are either discouraged from attending college or must work such long hours that their progress toward a degree is unreasonably delayed or, worse, terminated.

Fortunately, we have seen several "enlightened" universities -- including the University of North Carolina at Chapel Hill, Harvard University, the University of Virginia and the University of Maryland, College Park -- introduce programs to ensure that students from families at the lower end of the economic ladder can graduate debt-free. At the University System of Maryland, we recently adopted a policy requiring that students from families with the lowest levels of income graduate with the lowest debt. Planned expenditures on institutional need-based aid by USM institutions have increased more than 30 percent in the past year.

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Finally, higher education -- especially public higher education -- must learn to operate with a more cost-conscious budget model. Most other sectors have experienced significant productivity gains through rigorous attention to cost containment. Higher education can no longer afford to ignore this strategy.

Investment of state funds in higher education on a per-student basis is at a 25-year low. It has fallen from about $7,100 in 2001 to just over $5,800 in 2005. As state investment on a per-student basis has declined, the tuition burden on students and their families has increased. In more than a quarter of our states, tuition revenue is now greater than the state's investment in its public colleges and universities. In the coming decades, areas such as health care, energy, and social services for an aging population will require an ever greater proportion of available tax dollars, accelerating the decline in public investment in higher education.

With that decline and without serious attention to cost containment, colleges and universities will face two highly undesirable alternatives: Accept more students at generally affordable tuition levels and see quality erode or protect quality by driving up tuition to levels that will be prohibitive for low-income students.

With the leadership of its Board of Regents, the University System of Maryland has incorporated cost containment as a formal part of its budget development process. These efforts have reduced the "bottom line" by more than $40 million for the system's 13 institutions during the past two years.

Filling the holes in America's education pipeline must become an urgent national priority. Nowhere is strong, unified action more necessary than at our colleges and universities. In partnership with others sectors, higher education must be held accountable for embracing its role and responsibilities to help improve K-12 education, increasing its need-based financial aid substantially, and containing costs more aggressively. If this doesn't happen, U.S. leadership in the global economy will erode. Perhaps even more threatening, our national ethos of social upward mobility will be lost and we will devolve into a two-tier society with a permanent underclass.

The writer is chancellor of the University System of Maryland.

Alaska And You (WSJ)

The Wall Street Journal, August 14, 2006

The closing of BP's Alaska pipeline is sending oil prices further skyward, but one place not to worry about is Alaska itself. That state is doing fine financially, thanks to a unique set of circumstances that deserve more attention, especially this year amid the scandal of Congressional earmarking.

Later this year every resident of Alaska will get a check in the mail for roughly $1,000 -- or $4,000 for a family of four -- simply for living in the state. In some years the annual payment has been nearly $8,000 per family. The money for these bonuses comes from the interest earned on what is now a $35 billion oil-revenue investment fund that Alaska has amassed since the late 1970s. While $75 oil is pinching pocketbooks in the lower 48 states, for the 640,000 residents of Alaska the cost of energy has been a gift.

Some 85% of the revenue the state collects comes from oil severance taxes -- a levy applied to the 850,000 daily gallons of North Slope oil that travels via pipelines such as BP's to the rest of the nation. As a result, Alaska is only one of nine states without a state income tax, and one of only two (along with New Hampshire) with no income or statewide sales tax. Alaska is the only state that can fund government services by exporting its tax burden via energy taxes to the other states.

And here's the political rub: Alaska is also the largest state recipient of federal spending earmarks. The Tax Foundation says Alaskans receive nearly $2 of income transfer from the taxpayers of the other 49 states for every $1 they pay in taxes each year. Ron Utt of the Heritage Foundation calculates that Alaska gets $5 of federal highway spending for every $1 in gas tax money it pays to the federal trust fund -- twice as much back as any other state.

We all know about Alaska's $230 million Bridge to Nowhere -- a federally funded highway project that will connect the town of Ketchikan (pop. 9,000) to a tiny island with a population of 50. But this white elephant is no anomaly. Year after year the 49th state manages to secure federal dollars for skating rinks, sea otter recovery grants, berry research, the Arctic winter games, native-Alaskan museums and miles upon miles of roads through deserted areas of the state.

The reason: The state's Congressional Members have so much seniority that they sit on the thrones of the most powerful spending committees. The state's lone House member, Don Young, is chairman of the Transportation Committee and was once

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quoted in the New York Times as saying he'd "like to be a little oinker myself," referring to pork-barrel spending. Alaska Senator Ted Stevens is the number two Republican (and former chairman) on the Appropriations Committee, the Grand Central Station of earmarks.

To be fair, Alaska is routinely handcuffed in its economic development efforts by Congress -- most notably by the prohibition on tapping oil resources from the Alaska National Wildlife Refuge (ANWR). Two-thirds of the land in Alaska is also owned by Uncle Sam and thus typically off limits to income-producing projects. But Alaska isn't poor; its per capita income is above the national average even before calculating the oil trust fund windfall each year. And taxpayers nationwide already subsidize Alaska's development projects with the billions of dollars of oil taxes that flow to the state's coffers. Why should everyone else pay for its earmarks too?

Messrs. Stevens and Young maintain that the local projects they fund are of the highest value to the public. Perhaps so, though our Alaska contacts tell us that even local residents are embarrassed by all the pork in their backyard. The best way to sort out which bridges, museums and research grants are worthy, and which are a waste, is to stop the earmarking and require the residents of this rich state -- and others -- to fund this stuff themselves.

An Unwelcome Visitor Center (NYT)

The New York Times, August 14, 2006

In 1982, the American public and the veterans of the Vietnam War were given what is perhaps the finest single memorial ever built in this country: the Vietnam Veterans Memorial, designed by Maya Lin. Its eloquence and its terseness — both a product of its simplicity — have moved nearly everyone who has ever been lucky enough to visit. But why stop with perfect? The Vietnam Veterans Memorial Fund, established to raise money for the memorial, has proposed a new visitor center to help "interpret" the memorial and the war. The center, some 25,000 square feet in size, would be built underground just north of the Lincoln Memorial. The site was approved the other day, with many restrictions.

This is an idea that makes no sense. The proposal has been shoehorned through Congress, exempting it from the restriction on new construction on the National Mall. Why the Vietnam Veterans Memorial deserves a visitor center and not, for instance, the Korean War Veterans Memorial is hard to say, as is the extent to which the fund represents the majority of Vietnam veterans. The reason for building the center underground is to keep it from impinging on the Lincoln Memorial. But, as we've learned in Lower Manhattan, building underground will be construed as an insult, and there will be significant pressure to build aboveground.

But the most serious objection is simply that the visitor center is not necessary. The libraries and museums of this country are filled with the tools needed to interpret Vietnam. So are the curriculums of our schools and colleges. At best, the visitor center can offer only a sanitized glimpse of that deeply controversial war. At worst, it will become a political battleground. Either way, it will damage the clarity of what Maya Lin achieved.

OTHER NEWS:

Key Inflation Index May Get Greater Precision (WSJ)

By Greg Ip

The Wall Street Journal, August 14, 2006

WASHINGTON -- The Bureau of Labor Statistics is contemplating a change in the widely followed consumer-price index that could have a big impact on how markets and policy makers interpret the latest inflation data.

The agency, part of the Department of Labor, is considering publishing the index and its subindexes to three decimal places instead of one, an agency official said. Doing so would greatly reduce the frequency with which rounding produces a misleading inflation rate.

No decision has been announced. If it goes ahead, the change would probably take effect early next year.

The consumer-price index is currently one of the most closely watched economic statistics on Wall Street because it is critical in the Federal Reserve's interest-rate decisions.

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In recent months, markets have moved considerably depending on whether the monthly change in the index was 0.2% or 0.3%. (Investors and the Fed focus most closely on the "core" index, which excludes the volatile food and energy components.) July's figure is due out on Wednesday.

Each month, the bureau surveys prices for about 80,000 items in 200 categories and converts the result to an index number. Component indexes are then combined into a variety of aggregates, such as the all-items and the core index. The change in the indexes is then calculated as the inflation rate. June's index, at 202.3, was up 0.2% from May's index reading of 201.9, and up 4.3% from the June 2005 index of 193.9. So the monthly inflation rate was 0.2%, and the 12-month inflation rate was 4.3%. (The index is equal to 100 in 1984.)

But because of rounding, these inflation figures can be misleading -- in two ways. One is that the percentage change is rounded. For example, an increase of 0.249% would be rounded down to 0.2%, while an increase of 0.251% would be rounded up to 0.3%. The difference between 0.2% and 0.3% seems large, but without rounding the difference is trivial. Economists, however, can adjust for that problem by calculating the percentage changes in the indexes themselves.

The second, more serious way the figures can be misleading results from the fact the BLS rounds the indexes as well before publishing them. Suppose the index for one month is 198.945, and then rounded down to 198.9, and the index for the next month is 199.355, and then rounded up to 199.4. The change in the rounded numbers is 0.251%, which rounds up to 0.3%, but the change in the unrounded numbers is only 0.206%, which rounds down to 0.2%.

The difference between 0.2% and 0.3% can have a huge impact on the market.

A working paper by Elliot Williams of the BLS notes the February 2005 consumer-price index released in March that year showed core monthly inflation at 0.3%, above economists' expected 0.2%. Bond prices tumbled and yields rose on the news. But Mr. Williams says the unrounded index would have shown a change of 0.2%, "and would have constituted essentially no news for inflation projections or bond prices."

Mr. Williams's paper found that between 1986 and 2005, using a seasonally adjusted index rounded to just one decimal place produced an inaccurate monthly overall inflation rate 24% of the time and an inaccurate core inflation rate 16% of the time. Using an index rounded to three decimal places reduces the incidence of errors to less than 1% of the time for both. "Increasing the precision of reported CPI levels would go a long way toward making the errors which arise from rounding error negligible," he wrote. (Staff papers don't represent official BLS views.)

Over time, rounding errors tend to offset each other and thus are less of a factor in annual inflation rates than monthly inflation rates.

How The Fed Lost Its Groove (WSJ)

By Henry Kaufman

The Wall Street Journal, August 14, 2006

In its most recent directive, the Federal Open Market Committee restated the Fed's long-standing and laudable goals: to seek "monetary and financial conditions that will foster price stability and promote sustainable growth in output." But the Fed's monetary tactics are flawed, and work against these objectives.

Fed strategy of the last few years stands on three tactical legs. First, its responses to economic and financial developments have been measured; second, its intentions and actions have been transparent; and third, it has relied on an econometric model for projecting future developments. These approaches would be reasonable, rational and effective -- if not for the uncomfortable fact that markets have learned how to circumvent them.

Consider the steady ratcheting up of the Federal funds rate -- from 1% to 5.25% over the last several years. Has this reined in debt expansion and credit availability? Non-financial debt in the U.S. expanded at a rate of 6% in 2001, grew by 10% in 2005, and has been swelling at an even faster rate this year. At this pace, debt is growing an astounding 50% faster than GDP.

Meanwhile, outstanding credit derivative contracts increased from about $4 trillion at the end of 2003 to more than $17 trillion at the end of 2005; and the large volume of financial market activity so far this year suggests that outstanding derivative contracts are even higher now. The recent surge of these instruments is not just about reducing risk; it is fueling speculation.

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What about the flattening of the yield curve? By historical standards, yield spreads (between high-grade and low-credit-quality debt) are very narrow. It costs somewhat more to borrow today than it did two or three years ago, but credit remains readily available.

While the yield curve has flattened, moreover, there has been a substantial increase in the profitability of major financial institutions. This is extraordinary: Historically, the profitability of financial intermediation gets squeezed as the differential between yields on short and long obligations disappeared.

Major financial intermediaries have found ways to overcome the retarding impact from Fed fund rate increases. They have actually increased their volume of outstanding assets, liabilities, off-balance sheet commitments, and profits.

How can this be? The Fed policies of measured response and transparency have improved the capacity of financial intermediaries to gauge the market impact of central bank actions. In this kind of environment, financial intermediaries employ a variety of "value at risk" analytical techniques, along with a wide range of credit instruments, to quantify risks within narrow bounds.

Ironically, the predictability born of the Fed's measured response and transparency encourages risk taking and speculative trading. As the Fed lowers uncertainty about the near term, investors grow bolder.

Today's large financial institutions set profit objectives that motivate lending officers, investment managers and traders to increase loans, investments and trading opportunities. Is there a large conglomerate financial institution around today that does not set revenue and profit targets for each of its subsidiaries above those of the previous year? I think not. This is another way that the Fed's measured response and transparency policies spur credit creation -- and as debt balloons beyond reason, inflation and volatility will follow.

The third leg of the Fed's policy stool -- heavy reliance on an econometric model -- is also wobbly. Such models are formulated on the basis of past economic and financial variables that do not adequately incorporate structural changes in business and financial behavior. Their underlying economic equations and statistical projections offer, for the most part, false comfort. The econometricians trained in this kind of model building, some of whom shape economic policy, should understand the limitations. Instead, they seem to have become entranced by their own magic.

The historical record offers a litany of monetary foibles and follies akin to the Federal Reserve's current off-kilter approach. In the 1920s, it tolerated over-speculation for too long, then helped usher in a depression by overreacting. In the 1970s, the Fed failed to discern that lifting interest rate ceilings gave banks the freedom to pass on the cost of money to borrowers. Borrowers' costs rose sharply, their profits declined, and their credit quality deteriorated. The Fed also miscalculated during this period when -- in tracking inflation -- it focused on indices that excluded the cost of energy and food.

Yet another tactical error, which extended through much the 1970s and 1980s, was the Fed's policy of targeting the growth of the money supply. This eventually was jettisoned as it became more and more difficult to differentiate between money and credit.

Last week, during his Congressional testimony, Fed Chairman Ben Bernanke reaffirmed that he will be using the Fed tactics that are so problematic. Measured response was very much in the tenor of his presentation; so too was his adherence to an economic model that is basic to the Fed's business forecast and monetary policy -- although Mr. Bernanke included the typical caveat that economic forecasting is far from a science. He made some nuanced comments that suggest a pause down the road for the rise of the federal funds rate. He did not comment on the extent to which the structural changes in the financial markets are modifying economic and financial behavior.

The market's response to Mr. Bernanke's testimony was decisive: Bonds and stocks rallied sharply. To market participants, the downside to risk taking was sharply reduced for the near term -- a factor which, regardless of fed fund rate changes, will only encourage substantial growth of debt.

Mr. Kaufman is President of Henry Kaufman & Company, Inc., an economic and financial consulting firm, and author of "On Money and Markets: A Wall Street Memoir."

Washington Wire (WJS)

Wall Street Journal, August 14, 2006

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August 13, 2006, 3:40 pm

Sooner Rather Than Later

If Federal Reserve policy makers are going to resume their recently paused campaign of interest-rate increases, history suggests it will happen soon.

Economists at Goldman Sachs recently analyzed the Fed's monetary policy decisions over the last several business cycles and found that pauses in the midst of tightening campaigns didn't last longer than one meeting. Either the Fed resumed raising rates at its next meeting or the pause lasted and the Fed started lowering interest rates six to seven months down the road.

That suggests the outcome of the Fed's September meeting will be telling for monetary policy over the next year or so, and that a rate increase is much more likely to come in September than sometime later this year.

Friday's strong reading on retail sales in July led traders in the futures markets to up the likelihood of a rate increase next month to 38% from 27% the day before. That number is likely to change again Wednesday when the Labor Department releases inflation figures for July. –Christopher Conkey

Permalink | Trackbacks

August 13, 2006, 3:02 pm Poll Shows Dems Up in Congressional Races; Bush Rating Flat

A new Harris Interactive telephone poll shows an uptick in support for a Democratic candidate in the next Congressional elections. When asked whom they would vote for if elections for Congress were held today, 45% of U.S. adults said they would vote for the Democratic candidate and 30% would vote for the Republican. In a similar poll in April, 41% supported a Democratic candidate for Congress and 37% supported a Republican. The poll was conducted Aug. 4-7, just ahead of the U.K. terror arrests. In the poll, President Bush's approval rating was steady at 34%. Read full article and poll results.

Graphic: See the trend of Bush's approval ratings tracked over multiple polls.

Permalink | Trackbacks

August 13, 2006, 1:45 pm Conn. Voters Not Weak on Terror, Lamont Says

On Fox News Sunday, Chris Wallace asks Ned Lamont whether his victory shows "at least some Americans are weakening in their will to fight the War on Terror." Lamont responds: "No, I think on the contrary. What this election showed is that a lot of people in Connecticut think that the invasion of Iraq has nothing to do with our war on terror. It's been a terrible distraction." He adds on last week's foiled terror plot: "It originated in Pakistan, goes through London, and here we have 132,000 of our bravest troops stuck in the middle of a civil war in Iraq. I think it was that disconnect that a lot of people focused on in Connecticut."

On NBC's Meet the Press, Howard Dean says that incumbent Joe Lieberman, who lost the Democratic primary to Lamont 52%-48% but has vowed to run in the general election, should drop out. " Look, I know how hard this is for Joe, and he's a good, good person. But the truth is I, I lost one of these races, and I got right behind my party's nominee, and I think that's what you have to do if you want to help the country. " A Rasmussen poll out Saturday puts Lieberman at 46%, Lamont at 41% and Republican Alan Schlesinger at 6%. – Tim Hanrahan

Sales Force (WSJ)

The Wall Street Journal, August 14, 2006

The demise of the American consumer has been declared so often in recent years that we're sometimes surprised to see anyone else in the shopping malls. But there went the spenders again in July, with the federal government announcing on Friday that retail sales climbed 1.4% for the month, well above the consensus forecast of 0.8%. Strong sales for building materials, furniture, and electronics and appliances led the way. Take out auto sales, and the increase was still a healthy 1%.

The sales numbers suggest that third quarter economic growth is off to a decent start, notwithstanding predictions that gas prices and a slowing housing market would leave consumers tapped out. The economists at Goldman Sachs have promoted this theme especially hard. Others have argued that job creation and healthy income growth would keep the resilient consumer in the game.

There's no doubt that the housing boom is over, but prices rose so fast in so many parts of the country that prices may have to fall a long way before many consumers feel poor enough to spend a lot less. Meanwhile, the economy has created more than 2.3 million new jobs in the last year, according to the household survey. Wage and salary growth is also accelerating.

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All of which will make life even more difficult for the Federal Reserve, which only last week stopped raising interest rates for the first time since June 2004 based on its prediction that the economy would slow enough in coming months to contain inflation. By this logic, if the economy doesn't slow as predicted, the Fed will have to resume raising rates, perhaps sooner than it now expects. The current economic expansion is one of the strangest on record, in that it has been stronger and has persisted longer than most economists have predicted. Let's hope their error rate continues.

Some Scientists See Shift In Stem Cell Hopes (NYT)

By Nicholas Wade

The New York Times, August 14, 2006

In the five years since President Bush authorized and at the same time restricted research on human embryonic stem cells, a marked shift has taken place in some scientists' views of how the research is likely to benefit medicine. Many no longer see cell therapy as the first goal of the research, parting company with those whose near-term expectations for cell therapy remain high.

Instead, these researchers envisage a longer-term program in which human embryonic cells would be a research tool to study the mechanisms of disease. From this, they say, many therapeutic benefits may emerge, like new drugs, which would probably be available at least as soon as any cell therapy treatment.

Mr. Bush announced on Aug. 9, 2001, that government-financed researchers would be unable to work with human embryonic stem cells because the Dickey Amendment barred federal support for any research in which an embryo was destroyed. As a political compromise, Mr. Bush allowed research to proceed, but only with stem cell lines that were already established. Mr. Bush sustained his position last month by vetoing a bill that would allow research with new cell lines.

The approved cell lines, though regarded by many scientists as unusable for medical treatment and insufficient for many research purposes, have allowed a first round of experimentation. Work since 2001 has produced no significant advance, but has enabled a preliminary assessment of the field's possibilities. Many researchers now see human embryonic stem cells as part of a long-term research program, with any sort of cell therapy being at least 5 or 10 years off.

That projection shows a gap between scientists' views and those of the public and of people for whom the overriding purpose of research with human embryonic stem cells is to generate cells that can restore damaged tissues.

Thomas M. Jessell, a neurobiologist at Columbia University Medical Center in New York, said that he hoped to see the research generate new drugs for neurodegenerative diseases within the next five years but that it could be a long time before rational cell-based therapies are effective.

"Many of us feel that for the next few years the most rational way forward is not to try to push cell therapies," Dr. Jessell said. Scientists have spent the last five years mostly in learning how to grow human embryonic stem cells in the laboratory and how to make them differentiate, meaning to turn into the body's various types of mature cells.

Dr. Ron McKay, a stem cell researcher at the National Institutes of Health, said, "Progress has been mostly incremental, but it is clear that human embryonic stem cells can differentiate" to cells of the sort that might be useful in therapy.

Government policy has slowed research with human embryonic stem cells in many ways, scientists say. To work with unapproved lines, government-supported researchers must not only raise private money but also keep their government-financed work separate from their work on unapproved stem cell lines.

Christopher E. Henderson, a neurobiologist at Columbia University Medical Center, said his government-supported students were not allowed to visit the lab where he worked with unapproved cell lines, lest they opened the center to prosecution by contributing government-gained knowledge to the private work.

This segregation of effort makes it much harder to integrate research on human cells with other relevant research, much of which is done first in animals and then needs to be cross-checked in human cells, said Dr. Arnold R. Kriegstein, director of stem cell biology at the University of California, San Francisco. "Doing things in parallel would work much better," Dr. Kriegstein said.

The hope of using human embryonic stem cells for cell therapy has been driven in part by the great success of bone marrow transplants, in which a patient's blood supply is regenerated from his own blood-making stem cells. But these cells are

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different from embryonic cells; they already exist in the adult body. Bone marrow transplants are "a special case, but the general applicability of that to any other disorder is a very big step," Dr. Jessell said.

Dr. Henderson added, "We all thought cell therapy first, then many of us realized there were a lot of hurdles to be crossed before that."

Making the embryonic stem cells convert in the laboratory into specialized types — like liver or heart cells — is not straightforward or predictable. Cells that look and behave like human muscle-activating neurons can be generated with just a couple of chemical signals. But some cells, like the insulin-making cells of the pancreas, have proved extremely hard to grow.

Besides the technical difficulty of growing the precise type of cell needed for cell therapy, researchers face the theoretical problem that new replacement cells are likely to be vulnerable to the same disease that killed the patient's cells in the first place. Ideally, a disease process must be understood and arrested before new cells are introduced.

Many researchers have come to see the primary benefit of human embryonic stem cells as models for human disease. The idea is to take a cell from a patient, convert it to embryonic form, and then make the embryonic cell mature into the type that goes awry in the patient's disease, whether it be a dopamine-producing cell for Parkinson's disease or an insulin-making cell for diabetes.

Somewhere down this developmental path, the basic cause of the disease may emerge, and be available for study in a dish of cells. The diseased cells should also provide an excellent means of screening thousands of chemicals for new drugs.

"Stem cell biology is just a rubric that applies to many things going on in biology," said John D. Gearhart, a Johns Hopkins University stem cell expert. "I personally feel that the beauty of these cells is that we'll learn a lot about human biology and disease processes, and that that information will be more important than the cells themselves."

Researchers have not, however, abandoned cell therapy, in which cells themselves would be used to regenerate tissue. In Parkinson's disease, for example, dopamine-producing cells from aborted fetuses, when injected into the brains of Parkinson's patients, do have an effect, suggesting that a better source of cell could have therapeutic value. "So it's the perfect place to go in," said Dr. Asa Abeliovich of Columbia University Medical Center. Dr. Abeliovich said that with Alzheimer's disease, in contrast, "We don't know how or what to replace."

Cell therapy requires making a stem cell from an embryo develop in the laboratory into a heart or liver cell or whatever tissue needs replacing. So far it seems that some cell types are easier to generate in the laboratory than others. "For some tissues we are doing extremely well, and for others we're really hurting because we don't know enough about the early stages of differentiation," Dr. Gearhart said.

Other uncertainties remain. In the developing embryo, cells are exposed to a succession of new signals as they progress down a long path from embryonic state to their mature fate. Researchers cannot recapitulate that exact journey in the laboratory because many of the signals are unknown. They hope that they can use shortcuts, and indeed by using just a few known signals, they can reproduce heart cells and some neuron cells that look and appear to act like their natural counterparts.

But it is not yet certain if mature cells grown in a laboratory will possess all the information they need to behave properly when introduced into a patient's body.

For the dopamine-producing cells of Parkinson's, "We cannot recapitulate the entire developmental program because the rest of the brain is already there," said Dr. Abeliovich. "It's more interesting to hypothesize that there are ways to get around this, and ask what they might be."

Dr. Evan Snyder, director of the stem cell program at the Burnham Institute in San Diego, added that with some diseases "we initially hoped we could leapfrog over certain developmental steps."

But that has changed.

"We are starting to learn that doesn't always work," Dr. Snyder said.

Where To Get A Pay Raise (TIME)

By Jeremy Caplan

Time, August 14, 2006

IN CHICAGO

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A Big-Box Battle

Wal-Mart may have earned more than $11 billion last year, but it's squawking over a $10 bill. The bill in question is a new Chicago ordinance that the retailer fiercely opposes, which will require the company--along with Target, Home Depot and other giant retailers--to pay a starting wage of $10 an hour, plus $3 in benefits, to anyone hired in the Windy City. The living-wage ordinance, passed by the city council after ferocious campaigning by organized labor and its business opponents, is the country's first directed at big retailers. Once enacted, it's set to be phased in over three years, beginning next July. Chicago's law, despite likely court challenges, is already prompting other cities such as Washington and Boston to pursue similar legislation.

After years of failed attempts to unionize big-box stores, labor seems to have hit on a winning legislative tactic in the battle over pay. Congress hasn't acted in nearly a decade, and although 140 local living-wage laws have been enacted in the U.S., most apply just to city workers or contractors. Union leaders say the Chicago rule means a long-overdue raise for the working poor. In real terms, wages for nonmanagerial retail workers have fallen 18% since 1975. But David Vite, president of the Illinois Retail Merchants Association, says the law could deter inner-city economic development. "Companies affected by this ordinance have capital budgets they can spend anywhere in the U.S.," Vite says, "and they'll now go elsewhere." Target, for one, has announced its postponement of plans for a previously announced store.

"In fights like this, retailers use the exit threat, then stay and expand," says Annette Bernhardt, a labor expert at New York University Law School. One of Target's most successful units is in Chicago's Lincoln Park neighborhood, and studies suggest there's $1.3 billion in untapped spending on the city's North Side and West Side alone. That, says Dorian Warren, a politics professor at Columbia University, "is going to be worth far more than the $10 wage costs them."

Not all retailers dread such laws. Costco CFO Richard Galanti says his company already meets the Chicago minimum and that the $10 wage helps the company retain employees. "It doesn't make us any less competitive," he says.

One keen observer of the living-wage battle has been David Coss, mayor of Santa Fe, N.M., which mandated a living wage in 2004. "We were also told the sky was going to fall," he says, "but all we've seen is strong growth." With the city's $9.50 wage floor set to rise to $10.50 in 2008, Target and Sam's Club are thriving. Wal-Mart is even building a superstore. "You're going to see more and more municipalities taking matters into their own hands," Coss says. "Poverty just isn't a necessary ingredient for economic development." With reporting by With reporting by Eric Ferkenhoff/Chicago

Lamont Decries Barbs By Cheney, Lieberman (USAT)

USA Today, August 14, 2006

Democratic Senate nominee Ned Lamont, the anti-war candidate who toppled Sen. Joe Lieberman in the Connecticut primary Tuesday, said Sunday that he was surprised Lieberman and Vice President Cheney claimed that Lamont's victory could embolden terrorists. “The very first thing that comes out of their mind is how can we turn this to partisan advantage. I find that offensive,” Lamont said.

Cheney had said Wednesday that Lamont's victory might encourage “the al-Qaeda types” who want to “break the will of the American people in terms of our ability to stay in the fight and complete the task.” Cheney spokeswoman Lea Anne McBride said Sunday that Lamont was the one “playing politics at a time the president is trying to build national unity and cooperation in fighting a determined and murderous enemy.”

Lieberman had said Thursday that Lamont's call for a phased withdrawal of troops from Iraq would be “taken as a tremendous victory” by terrorists. Lieberman spokesman Dan Gerstein said Sunday that the senator had only pointed out “an important difference between his approach to national security and Ned Lamont's, which is what campaigns are all about.”

Lieberman lost the primary 52%-48%. The next day he filed to run as an independent in the November general election against Lamont and Republican candidate Alan Schlesinger.

Lamont Decries Lieberman Terror Remarks (AP-Y)

By Andrew Miga

AP, August 14, 2006

Democratic Senate nominee Ned Lamont, the anti-war candidate who toppled Sen. Joe Lieberman in the Connecticut primary, says he was surprised by Lieberman and Vice President Dick Cheney's claims that his victory could embolden terrorists.

"My God, here we have a terrorist threat against hearth and home and the very first thing that comes out of their mind is how can we turn this to partisan advantage. I find that offensive," Lamont said in an interview Sunday with The Associated Press.

After British officials disclosed they had thwarted a terrorist airline bombing plot on Thursday, Lieberman warned that Lamont's call for a phased withdrawal of troops from Iraq would be "taken as a tremendous victory" by terrorists.

Cheney suggested Wednesday that Lamont's victory might encourage "the al-Qaida types" who want to "break the will of the American people in terms of our ability to stay in the fight and complete the task."

Lamont said Lieberman's swipe at his candidacy "sounded an awful lot" like Cheney.

"It surprised me," he said. "It seemed almost orchestrated. It's sort of demeaning to the people of Connecticut. ... I thought the senator and the vice president were both wrong to use that attack (strategy) on the voters of Connecticut."

The Lieberman camp Sunday brushed aside Lamont's comments.

"All Lieberman did was point out an important difference between his approach to national security and Ned Lamont's, which is what campaigns are all about," said Lieberman spokesman Dan Gerstein.

Cheney spokeswoman Lea Anne McBride said Lamont was the one seeking to score political points with the terror war.

"Sounds like he's the one playing politics at a time the president is trying to build national unity and cooperation in fighting a determined and murderous enemy — an enemy whose tactics and hatred we got to glimpse again last week, an enemy that continues to plot in the shadows and to probe weaknesses," McBride said.

Lamont's upset victory last week, fueled in part by liberal bloggers, was viewed by many as a referendum on Iraq and President Bush's handling of the war. The debate has placed his candidacy in the national spotlight.

Lamont, who was in Washington for appearances on two Sunday TV news talk shows, is reaching out to the Democratic Party establishment for help in what is expected to be a bruising general election fight against Lieberman.

Many top Democrats, including national party chairman Howard Dean and leading senators, have abandoned Lieberman, the party's 2000 vice presidential nominee. They have lined up behind Lamont in the general election, a three-way fight that also includes Republican Alan Schlesinger.

Some Democrats are urging Lieberman to drop his independent bid to clear a path for Lamont.

"It would be better for the Democratic Party, it would be better for the people of Connecticut, it would be better for the country" if Lieberman got out of the race, Sen. Russ Feingold, D-Wis., said on ABC's "This Week."

Lamont said he had no idea whether Lieberman might reconsider his candidacy.

"It's not helpful," he said of the possibility Lieberman could play the role of the spoiler.

Lamont also said he doubted that Republicans would find a stronger candidate than Schlesinger, who trails far behind both Lamont and Lieberman in recent polls.

"My hunch is they're not going to do that," Lamont said.

Lamont's previous political experience was serving in local offices such as selectman in Greenwich, Conn. He said he had no plans to tailor his campaign message in the fall race to appeal to independents or moderates in both parties.

"I'm not changing my message one iota now," Lamont said. "It is a message that resonates. It's not just Democrats who think that we need real change in Washington, D.C."

Lamont, 52, is a great-grandson of the former chairman of JP Morgan & Co. He has estimated that he's worth $90 million to $300 million. In 1984 he founded a company that wires college campuses for cable television.

Lamont spent about $4 million of his own money in the primary. He said he doubted he would have to provide a similar-sized cash infusion for the general election, but he vowed to remain competitive in terms of fundraising.

"We're not going to be badly outspent," said Lamont.

Lieberman has about $2 million in campaign funds for the fall race after spending roughly $5 million during the primary, according to campaign spokesman Gerstein. "We will raise enough to win," Gerstein said.

Campaign 2006: A Hawk Stays Aloft (NW)

By Jonathan Darman

Newsweek, August 14, 2006

DOJ_NMG_0047041

Aug. 21-28, 2006 issue - Joe Lieberman awoke last Wednesday with few prospects and no party. He'd lost the Democratic primary for his own Senate seat to challenger Ned Lamont and the army of "Netroots" Internet activists who'd hammered Lieberman's stubborn defense of the Iraq war. Even some of his friends thought his announced independent candidacy would be a sad and solitary quest.

But then came Thursday, with chilling news of a terror plot in Great Britain, and suddenly it was clear that Lieberman would not go gently. "If we just pick up like Ned Lamont wants us to do," he warned a campaign crowd, "get out by a date certain, it will be taken as a tremendous victory by the same people who wanted to blow up these planes." Hawkish Joe was back: early polls showed him leading Lamont in the general election.

And so, at least for one day, Joe Lieberman became the most prominent spokesman for the Republican strategy in 2006: paint Iraq critics as frail on national security at a time when our foes are at their fiercest. The GOP has moved aggressively to capitalize on Lieberman's defeat and the subsequent London terror news. On Friday, the Republican National Congressional Committee circulated a memo urging Republican candidates to jump on the week's headlines: "Recent events have reminded us that we continue to operate in a pivotal phase in the global war on terror," it read. "You should move to question your opponent's commitment to the defeat of terror and ... create a definitive contrast on this issue."

The GOP has artfully used that script in the last two election cycles. Its appeal had seemed to wane as anger over the Iraq war mounted. But Karl Rove and the Republicans now see a new opportunity in "Lamontism"—the idea that liberal Democrats will risk failure in Iraq to score points with a public grown weary of war. (Lamont favors withdrawal of the troops from Iraq but redeployment elsewhere in the Middle East.)

"If you have Lamont Democrats who say, 'Bring 'em home, turn away and it will all be over' ... the American people say, 'You're kidding yourself' ... The only way you walk away from war is as a victor," said a senior administration official who asked for anonymity speaking about the politics of national security. Now GOP candidates across the country who have feared the mention of combat on the campaign trail are embracing it once again—hoping that one last time, Americans will come to see the conflict in Iraq as indivisible from the broader war on terror.

Democrats say the terror card won't work this time. "We've all become more sophisticated about this as we've seen the consequences in Iraq," says Jim Webb, the Reagan administration Navy secretary who's running as the Democratic Senate candidate in Virginia. Webb opposes a timetable for withdrawal but wants a "careful" exit from Iraq in consultation with Mideast allies. Many Democrats were cheered by Lamont's victory and said it presages a November payoff for candidates who offer sharp criticism of the war. Still, few Democrats in tight races seemed eager to pin Lamont buttons to their lapel. "I think I'll just pass on that," Webb said when asked about the Connecticut primary. Some Republicans are being less bashful in their embrace of Lieberman. Vets for Freedom, an independent group of veterans from the Iraq and Afghanistan wars, is launching a media campaign in support of Lieberman. Among the group's advisers are prominent Republicans: former Coalition Provisional Authority spokesman Dan Senor and Weekly Standard editor Bill Kristol. The group is attractive to Republicans "who want to help Lieberman but [are] not going to start writing checks to his campaign because he's still a Democrat," says a senior Republican affiliated with the group who asked not to be identified while the group is launching. Lieberman's former chief of staff is also helping the group along with prominent Democrats who are rooting for Lieberman but don't want to risk the ire of the Netroots.

National Democrats say they won't be distracted by Connecticut. Still, as fall approaches, the Democrats are staking their hopes on their ability to talk critically about foreign policy without being labeled "antiwar"—a challenge that's vexed them in every campaign since George McGovern's 1972 presidential bid. Reached by NEWSWEEK on vacation, McGovern offered Democrats a warning. "For 50 years, [Republicans] used the fear of communism to beat Democrats," he said. "I hope we don't have 50 years of terrorism for them to do the same thing."

The Ana Log (TIME)

By Ana Marie Cox

Time, August 14, 2006

DOJ_NMG_0047042

PUNDIT ON POINTE Maybe Tucker Carlson picked up more from his '03 Britney Spears interview than how awesome the President is. The MSNBC host's preppie Ã©lan will froth forth on the next season of Dancing with the Stars. Don't think of it as waltzing on the grave of journalism. Think of it as a step away from getting O'Reilly on Fear Factor.

FILE NOT FOUND On the eve of the Connecticut primary, Senator Joseph Lieberman's website goes as dark as the horse Ned Lamont rode in on. Joe's campaign alleges the outage is a Lamont dirty trick, "almost Rovian"--which makes things awkward when Rove gives Lieberman a sympathy call the next day.

STRIKING SEQUEL After losing her primary, Georgia Congresswoman Cynthia McKinney--who tried to rebuild her reputation after smacking a cop on Capitol Hill--blames "the press in this room tonight" for physically hurting her mother and her staff but leaves it an open question as to who's at fault for her sing-along that evening with pop singer Pink's Dear Mr. President.

DID YOU KNOW the Chinese character for "convenient myth" is made up of the characters for "sounds good" and "why fact-check"? In answer to a question about the conflict in the Middle East, Secretary of State Condoleezza Rice tells NBC audiences that the Chinese character for "crisis" contains the characters for both "danger" and "opportunity." Sinologists dispute that often repeated claim, as do many in the Middle East.

Three Cheers For Triangulation (TIME)

By Joe Klein

Time, August 13, 2006

Ned Lamont's victory over Joe Lieberman in last week's Democratic Senate primary in Connecticut precipitated the expected torrent of rubbish from left-wing blognuts and conservative wingnuts. There was a nauseating triumphalism on both sides, the unblinking assertion that this one poorly attended summer primary provided a lesson of earth-shattering significance to the future of American politics. Maybe it did, but I hope not.

The wingnuts used Connecticut as a rationale for continuing to wave the bloody shirt of Islamist terrorism as a partisan bludgeon. Vice President Dick Cheney, the nation's wingnut in chief, actually said Lieberman's defeat would give aid and comfort to our terrorist "adversaries and al-Qaeda types." On the other side, Eli Pariser, the executive director of MoveOn.org and therefore, perhaps, the nation's blognut in chief, proposed the "death of triangulation"—that is, the end of Clintonian moderation—in a Washington Post Op-Ed piece and announced a return to ... well, the party's stupid excesses of the '70s and '80s.

Much was made of Cheney's venting, and it is a bit too easy, after six years of this bilge, to dwell on the Vice President's aura and miss the essential felony of the Bush White House—that it has tried to run a war without bipartisan support. Indeed, it has often attempted to use the war for partisan gain. To be sure, there is some grist to the Republican portrayal of Democrats as a bunch of wimpy peaceniks. All too often in the post-Vietnam past—the first Gulf War, for example—the default position of the Democratic Party has been to assume that any prospective use of U.S. military power would be immoral. But Bush's initial post-9/11 response was not one of those times. The invasion of Afghanistan and an aggressive effort to destroy al-Qaeda were supported by just about every Democratic politician. Many leading Democrats even gave Bush the authority to invade Iraq, although most did so, I suspect, for reasons of political expediency. One of the most convincing arguments offered by the bloggers is that the Democratic establishment should have been far more skeptical than it was about a pre-emptive, nearly unilateral assault on an Islamic country.

In 2004 Bush and Karl Rove managed to flummox the Democrats by conflating the war in Iraq with the war against al-Qaeda and insisting that any Democratic reservations about Iraq were a sign of weakness. This was infuriating. It was Bush's disastrous decision to go to war—and worse, to go to war with insufficient resources—that transformed Iraq into a terrorist Valhalla. It is Bush's feckless prosecution of the war that has created the current morass, in which a U.S. military withdrawal could lead to a regional conflagration. Rove may avert another electoral embarrassment this November with the same old demagoguery, but his strategy has betrayed the nation's best interests. It has destroyed any chance of a unified U.S. response to a crisis overseas. Even the Wall Street Journal's quasi-wingnut editorial page cautioned, in the midst of a typical anti-Democratic harrumph, "[No] President can maintain a war for long without any support from the opposition party; sooner or later his own party will begin to crack as well."

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There isn't much point in detailing the chest thumping of the various blognut extremists. Their reach is minuscule, largely limited to the left's upper crust, and their angry spew is beginning to seem sooo six months ago. But Pariser's anti-triangulation argument deserves attention because it represents the latest expression of a perennial self-destructive urge within the Democratic Party. "Originally employed as a survival mechanism by a Democratic President in the wake of 1994's Republican revolution," he writes, triangulation "no longer makes sense in an era when any attempt at bipartisanship" is seen as Democratic weakness "and exploited accordingly." He has a point. The Bush Administration has made a mockery of bipartisanship.

But Pariser and the MoveOniks can't seem to get Bill Clinton's success out of their craw. They persist in seeing "triangulation"—which was the consultant Dick Morris' odious term for Third Way liberalism—as a mere political strategy rather than a governing philosophy. It was a bit of each, of course. But the philosophy was both successful and profound. It proposed the achievement of liberal ends through market-oriented conservative means. Welfare reform, which combined a work requirement with significant financial incentives for the working poor, was the best example of how the philosophy might work. Unfortunately, Monica Lewinsky's thong show prevented further successes—and Al Gore and John Kerry foolishly sidled away from the Third Way, toward the party's electorally lethal special-interest groups.

Pariser calls for an era of "bolder, principle-driven politics." But we've suffered all the boldness we can handle these past six years. In the end, the real alternative to Bush's Republican extremism isn't Democratic extremism. It is bipartisan moderation—which has the additional advantage of being the highest form of patriotism and the only route to victory in a time of war.

Consolidation Of Base Crucial For Lieberman (WT)

By Charles Hurt

The Washington Times, August 14, 2006

HARTFORD, Conn. -- Sen. Joe Lieberman's re-election bid as an independent will depend on whether he can maintain voter support at home in the next few weeks and raise the money needed to wage a campaign against two party-backed candidates.

Exit polling suggests that although Mr. Lieberman can rely on support in November from most of the voters who picked him in last week's Democratic primary -- which he lost 52 percent to 48 percent to businessman Ned Lamont -- he still must draw support from a significant number of Republican and independent voters to win.

The campaign can take solace from a poll conducted last week by Rasmussen Reports that found 46 percent of Connecticut voters support Mr. Lieberman and 41 percent side with Mr. Lamont. Six percent said they support Republican Alan Schlesinger.

Even with an early lead, Mr. Lieberman will need plenty of money, which is far more difficult for him to raise without party backing. Further complicating that effort is that Mr. Lamont has shown a willingness to fund his anti-war campaign with his personal fortune of millions.

Mr. Lieberman has fired his campaign staffers, replacing them with trusted aides. He also has, belatedly, begun forcefully battling charges leveled against him during the primary that he blindly supports the war in Iraq and worked too closely with President Bush.

And although Mr. Lieberman has lost the backing of the Democratic Party leaders, it is not clear how actively they will support Mr. Lamont's effort.

"I do not think resources are going to be a problem for Joe Lieberman," said House Deputy Whip Eric Cantor, Virginia Republican, who is leading the effort to raise money for Republican House candidates. "He is going to get a tremendous amount of support from the American Jewish community."

In particular, Mr. Cantor said, those donors appreciate Mr. Lieberman's unwavering support of Israel and his determination to root out terrorism.

"I have spoken to many national contributors in the American Jewish community who are extremely frustrated with the steps that were taken to defeat Joe Lieberman," Mr. Cantor said.

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Mr. Lieberman begins his independent campaign with backing from about 75 percent of his supporters in the primary, according to an exit poll conducted by the New York Times and CBS News. That amounts to nearly 40 percent of the Democrats who participated in the primary.

His base, according to the poll, is significantly more loyal than is Mr. Lamont's. Nearly half of Mr. Lamont's supporters said they were motivated primarily by opposition to Mr. Lieberman, while 92 percent of Mr. Lieberman's supporters said they were casting their vote because they like Mr. Lieberman and the job he has done.

And although Democrats rejected Mr. Lieberman in the primary, the incumbent holds a job-approval rating of 56 percent.

Mr. Lieberman also is expected to draw substantial support among Connecticut Republicans and independents. Though such voters constitute a majority of the Connecticut electorate -- and historically have been very supportive of Mr. Lieberman -- registered Republicans and independents were prohibited under state law from voting in the Democratic primary.

The apparent lack of interest among national Republicans in their long-shot nominee likely will help Mr. Lieberman pick up Republican votes.

"Connecticut doesn't appear to be a competitive campaign for our nominee right now, so we are focusing our attention elsewhere on races where we might have a greater impact," Dan Ronayne, a spokesman for the National Republican Senatorial Committee, told The Washington Times.

Joe Lieberman Is No Moderate, So Why The GOP Tears? (NHUL)

By Robert Novak

New Hamsphire Union Leader, August 14, 2006

MARY MATALIN, longtime Republican political operative and Vice President Dick Cheney's adviser, seemed near tears on the Fox News Channel Tuesday night as adverse voting returns for Sen. Joseph Lieberman came in from Connecticut. With Matalin a reliable indicator of her party's line, she began an outpouring of GOP grief over Lieberman's Democratic primary defeat. That was a remarkable reaction to a liberal senator who has given George W. Bush scant help on any issue other than Iraq, from which he now also has retreated.

In Lieberman's and my school days, this would be called shedding crocodile tears (defined by Webster's as "a hypocritical show of sorrow"). Cheney himself deplored Connecticut's results, and Presidential adviser Karl Rove placed a publicized telephone call to the senator. Republicans cast anti-war primary winner Ned Lamont as a cross between Joe McCarthy and George McGovern. Contradicting his 18-year Senate voting record, Lieberman is identified as a Democratic centrist (supposedly one of the last of that breed).

With Republican morale sliding three months before midterm elections, Connecticut provided welcome news for GOP strategists. Republican National Chairman Ken Mehlman on the day after the primary was in Cleveland facing a Republican meltdown in Ohio and warned of a McGovernite takeover of the Democratic Party by elitists. Mehlman described Rep. Sherrod Brown, a left-wing congressman who leads Republican Sen. Mike DeWine for re-election, as a Midwestern Lamont.

But how different from Lieberman would Lamont vote in the Senate? Not much. President Bush, always seeking Texas-style centrists, famously hugged and kissed Lieberman on the House floor after delivering the 2005 State of the Union Address. Aside from Iraq, it has been unrequited love with Lieberman consistently denying Bush needed votes. Lieberman was in Connecticut campaigning Aug. 3 when the Senate again failed to break a filibuster against estate tax relief, but he would have voted no had he been there.

In key votes of the last Congress selected by the Almanac of American Politics, Lieberman followed the straight liberal line in opposing oil drilling in ANWR, Bush tax cuts, overtime pay reform, the energy bill, and bans on partial birth abortion and same-sex marriage. Similarly, he voted in support of Roe v. Wade, and for banning assault weapons and bunker buster bombs. His only two pro-Bush votes were to fund the Iraq war and support missile defense (duplicating Sen. Hillary Clinton's course on both).

Lieberman's most recent ratings by the American Conservative Union were 7 percent in 2003, zero in 2004 and 8 percent in 2005. "Well deserved!" ACU Chairman David Keene told me. "I don't see why any conservative should be overly concerned about Joe Lieberman's plight."

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Lieberman has opposed Bush as the environmentalists' Senate leader on global warming. He rebuffed attempts to compromise Social Security reform. He had a perfect record, seven for seven, backing filibusters that blocked Bush judicial nominees. He voted for cloture on three judicial nominations only after a compromise by the bipartisan Gang of 14 (which included Lieberman). He voted against confirming Supreme Court Justice Samuel Alito. This record of party regularity has won Lieberman's independent candidacy little backing from party stalwarts. Only four (out of 44) Democratic senators announced post-primary support for him. I could not find backing for Lieberman's independent candidacy from any of my longtime Democratic sources, who never have been associated with the MoveOn.org, neo-McGovernite wing of the party. Primarily because of Iraq, the clock has run out on Lieberman in his party since he was its 2000 nominee for vice president. In his disastrous 2004 campaign for the Presidential nomination, he lost badly in eight consecutive state contests (doing no better than 11 percent in Delaware). For Lieberman to have any chance in November, Connecticut Republican voters will have to reject the party's lackluster nominee (former State Rep. Alan Schlesinger). The only conceivable motivation would be Lieberman's position on Iraq, but even that faded last week. In a desperate Sunday night effort to separate himself from the President, he said "many of the Bush administration's decisions regarding the conduct of the war" were not "right." That did not fit the post-primary profile of courage that subsequently was sketched for him by the Republican high command.

Robert D. Novak is a syndicated columnist and a commentator for the FOX network.

Aiding Our Enemies (NYT)

By Bob Herbert

The New York Times, August 14, 2006

Here we go again.

I wonder if Americans will continue to fall for the political exploitation of their fears of terrorism, or if voters will begin to show some awareness of the fact that they have been cynically manipulated, and that our current policies have been disastrously counterproductive.

The disrupted plot to blow up as many as 10 passenger jets bound for the United States was a reminder, as if we needed a reminder, that the threat of terror remains both real and imminent. And it was a reminder that the greatest danger to Americans here at home continues to be an attack by a group affiliated with, or inspired by, Al Qaeda.

That being the case, what in the world are we doing in Iraq?

There was something pathetic about the delight with which Republicans seized upon the terror plot last week and began trying to wield it like a whip against their Democratic foes. The G.O.P. message seemed to be that the plot foiled in Britain was somehow proof that the U.S. needed to continue full speed ahead with the Bush administration's disastrous war in Iraq, and that any Democrat who demurred was somehow soft on terrorism.

The truth, of course, is that the demolition derby policies of the Bush administration are creating enemies of the United States, not defeating them. It cannot be said often enough, for example, that the catastrophic war in Iraq, which has caused the deaths of tens of thousands, was a strategic mistake of the highest magnitude. It diverted our focus, energy and resources from the real enemy, Al Qaeda and its offshoots, and turned Iraq, a country critically important to the Muslim imagination, into a spawning ground for terrorists.

Almost three years ago, in the immediate aftermath of the bombing of the United Nations headquarters in Baghdad, Jessica Stern, who lectures on terrorism at Harvard, wrote in The New York Times that the U.S. had created in Iraq "precisely the situation the Bush administration has described as a breeding ground for terrorists: a state unable to control its borders or provide for its citizens' rudimentary needs."

Ms. Stern went on to say, "As bad as the situation inside Iraq may be, the effect that the war has had on terrorist recruitment around the globe may be even more worrisome."

The situation has grown only worse since then. While Republicans are savoring the political possibilities of a foiled terror plot, the spiraling chaos in Iraq and other Bush administration policies are contributing mightily to the anger and radicalism in the Muslim world.

Ms. Stern, the author of "Terror in the Name of God: Why Religious Militants Kill," said in an interview last week:

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"We're in a world where Islamist terrorist leaders are teaching their followers that they have been humiliated. Well, first of all, it's true that Islamic civilization has fallen behind economically, intellectually, politically. It was once the greatest civilization. That's true. But the terrorist leaders teach their followers that not only is this humiliating, but somebody else is to blame — and that's us. They say that we have deliberately set out to destroy the Islamic world and humiliate Muslims."

While it's not true that the United States is trying to humiliate the Muslim world, said Ms. Stern, "I think that as we contemplate our policy remedies today, we also need to think about how they may ultimately be used by our terrorist enemies to recruit."

The debacle in Iraq, and inhumane policies like torture, rendition and the incarceration of Muslims without trial at Guantánamo Bay, Cuba, serve only to strengthen the appeal of militants who are single-mindedly dedicated to the destruction of American lives.

The U.S. needs to be much, much smarter in its efforts to counter this mortal threat. We should be focused like a laser on the fight against Al Qaeda-type terrorism. We need to ramp up our security efforts here at home. (Even as the terror plot in Britain was emerging, the Bush administration was trying to eliminate millions of dollars in funding for explosives-detection technology. Congress blocked that effort.) We need a new approach to foreign policy that draws on the wisest heads both here and abroad. And we need a strategy for withdrawal from Iraq.

In a world that is growing more dangerous by the hour, it's time to try something new.

Hoping For Fear (NYT)

By Paul Krugman

The New York Times, August 14, 2006

Just two days after 9/11, I learned from Congressional staffers that Republicans on Capitol Hill were already exploiting the atrocity, trying to use it to push through tax cuts for corporations and the wealthy. I wrote about the subject the next day, warning that "politicians who wrap themselves in the flag while relentlessly pursuing their usual partisan agenda are not true patriots."

The response from readers was furious — fury not at the politicians but at me, for suggesting that such an outrage was even possible. "How can I say that to my young son?" demanded one angry correspondent.

I wonder what he says to his son these days.

We now know that from the very beginning, the Bush administration and its allies in Congress saw the terrorist threat not as a problem to be solved, but as a political opportunity to be exploited. The story of the latest terror plot makes the administration's fecklessness and cynicism on terrorism clearer than ever.

Fecklessness: the administration has always pinched pennies when it comes to actually defending America against terrorist attacks. Now we learn that terrorism experts have known about the threat of liquid explosives for years, but that the Bush administration did nothing about that threat until now, and tried to divert funds from programs that might have helped protect us. "As the British terror plot was unfolding," reports The Associated Press, "the Bush administration quietly tried to take away $6 million that was supposed to be spent this year developing new explosives detection technology."

Cynicism: Republicans have consistently portrayed their opponents as weak on terrorism, if not actually in sympathy with the terrorists. Remember the 2002 TV ad in which Senator Max Cleland of Georgia was pictured with Osama bin Laden and Saddam Hussein? Now we have Dick Cheney suggesting that voters in the Democratic primary in Connecticut were lending aid and comfort to "Al Qaeda types." There they go again.

More fecklessness, and maybe more cynicism, too: NBC reports that there was a dispute between the British and the Americans over when to make arrests in the latest plot. Since the alleged plotters weren't ready to go — they hadn't purchased airline tickets, and some didn't even have passports yet — British officials wanted to watch and wait, hoping to gather more evidence. But according to NBC, the Americans insisted on early arrests.

Suspicions that the Bush administration might have had political motives in wanting the arrests made prematurely are fed by memories of events two years ago: the Department of Homeland Security declared a terror alert just after the Democratic National Convention, shifting the spotlight away from John Kerry — and, according to Pakistani intelligence officials, blowing the cover of a mole inside Al Qaeda.

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But whether or not there was something fishy about the timing of the latest terror announcement, there's the question of whether the administration's scare tactics will work. If current polls are any indication, Republicans are on the verge of losing control of at least one house of Congress. And "on every issue other than terrorism and homeland security," says Newsweek about its latest poll, "the Dems win." Can a last-minute effort to make a big splash on terror stave off electoral disaster?

Many political analysts think it will. But even on terrorism, and even after the latest news, polls give Republicans at best a slight advantage. And Democrats are finally doing what they should have done long ago: calling foul on the administration's attempt to take partisan advantage of the terrorist threat.

It was significant both that President Bush felt obliged to defend himself against that accusation in his Saturday radio address, and that his standard defense — attacking a straw man by declaring that "there should be no disagreement about the dangers we face" — came off sounding so weak.

Above all, many Americans now understand the extent to which Mr. Bush abused the trust the nation placed in him after 9/11. Americans no longer believe that he is someone who will keep them safe, as many did even in 2004; the pathetic response to Hurricane Katrina and the disaster in Iraq have seen to that.

All Mr. Bush and his party can do at this point is demonize their opposition. And my guess is that the public won't go for it, that Americans are fed up with leadership that has nothing to hope for but fear itself.

For GOP, Bad Gets Worse In Northeast (WP)

By Jim Vandehei

The Washington Post, August 14, 2006

PHOENIXVILLE, Pa. -- When it comes to President Bush and the Republican Congress, Rep. Jim Gerlach says voters in his suburban Philadelphia district are in a "sour mood."

That's why when it comes to his reelection, the two-term incumbent says "the name of the game" is to convince those same voters that he can be independent of his own party. He has turned his standard line about Bush -- "When I think he's wrong, I let him know" -- into a virtual campaign slogan, repeated in interviews and TV ads.

"It is a combination of things, from the war in Iraq to gas prices to what they are experiencing in their local areas," Gerlach said of the surly electorate whose decision he will know on Nov. 7.

The Iraq war and Bush's low approval ratings have created trouble for Republicans in all regions. But nowhere is the GOP brand more scuffed than in the Northeast, where this year's circumstances are combining with long-term trends to endanger numerous incumbents.

Sounding very much like Gerlach, state Sen. Raymond Meier, a Republican running for an open seat in Upstate New York, observed: "People around here are anxious and concerned not just about the national state of affairs, but also their personal state of affairs. As a Republican candidate, the challenge is to show you have even a clue about what their lives are like."

Also sounding very much like Gerlach is Rep. Rob Simmons. His eastern Connecticut seat is the most Democratic-leaning district in the country still held by a Republican. "My friend calls me Salmon Simmons . . . because I am always swimming upstream" against a Democratic current, he said.

Last week's defeat of Sen. Joseph I. Lieberman, a Connecticut moderate who has supported the Iraq war, in the Democratic primary gave Republicans a vivid look at some of the same angry currents likely to buffet them this fall. A Washington-Post ABC News poll this month found Bush's approval rating at 28 percent in the Northeast -- 12 points below his national average. The Republican Congress fared no better.

Republican losses in the region could echo well beyond the 2006 campaign. Because much of the region is tilting Democratic, history suggests Republicans would find it hard to recapture seats once lost.

That is why GOP operatives in Washington are alarmed not just about Gerlach's predicament, but about that of two congressional neighbors in suburban Philadelphia: Reps. Michael G. Fitzpatrick and Curt Weldon, both in tough districts.

In Connecticut, Republican Reps. Nancy L. Johnson and Christopher Shays -- like Simmons -- are in highly competitive contests. And several New York Republicans are facing their most difficult reelection fights ever.

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One reason Republicans understand the risk is that they were beneficiaries of a strikingly similar regional upheaval a decade ago.

Before the 1994 elections, when Republicans won control of the House for the first time in 40 years, Democrats held dozens of Southern districts in which the electorate had been gradually growing more conservative. That year, Republicans picked up 20 of those Southern seats, including several held by Democratic incumbents who -- like Northeast Republicans today -- tried to distance themselves from an unpopular White House and Congress controlled by their party.

Many of those Southern seats are afterthoughts in elections today because the districts are so solidly Republican. Simmons, who plays up his connections to organized labor, a traditionally Democratic interest, said a similar purge of Northeast Republicans would only exacerbate the polarized Washington environment. "For every one of us [moderates] who loses, the Congress becomes more partisan," he said.

GOP moderates have long felt marginalized by the conservative-dominated House Republican Conference. Late last year, however, Republican leaders realized they needed to soften some of their proposals or risk losing Northeastern seats. They reluctantly added money to the 2006 budget for job training and other programs pushed by the most liberal Republicans in Congress. They held a vote to expand stem cell research, a popular idea among moderates that was vetoed by Bush.

Last month, Republican leaders passed a $2.10 increase to the minimum wage, a powerful political issue in the struggling industrial towns. It was defeated in the Senate because it was linked to a cut in estate taxes.

"Our Republican conference needs to do more to put forward an agenda on health care, education and the environment," Gerlach said. "Those are important issues in the suburbs."

Here in Pennsylvania's 6th District, Democratic candidate Lois Murphy is a case study in how her party is trying to make campaigns about an unpopular Bush and Congress. On Tuesday, she traveled to the banks of Schuylkill River to rail against the "Bush energy bill," which she blamed for high gas costs and a dirtier environment.

Standing on a boat landing at a recent campaign event, she planted her shoe in a gob of melted gum. But she quickly went on to stick Gerlach with something the candidate's internal polls suggest is worse -- alleging the incumbent "has been a reliable vote for the Bush administration . . . and not stood up for the 6th District."

C. Ray Kalbach, 81, lifelong district resident, is receptive to the appeal. "My total commitment is to unelect all incumbents, period," said Kalbach, a self-described independent. He said he is fed up with Gerlach and "words spoken in one manner and actions done in another."

The district is a microcosm of other suburban areas in the region, a mixture of wealthy, GOP-leaning communities in West Chester and middle-income, working-class families in places such as Reading. Like many of the areas surrounding Philadelphia, it has been trending Democratic in recent elections, serving as the political base for Gov. Edward G. Rendell (D), the favorite to win reelection this year. Sen. John F. Kerry, the Democratic presidential candidate in 2004, won the district by three percentage points.

This the second time Gerlach is facing Murphy, a lawyer and mother of two children, and a skilled campaigner. In 2004, Gerlach beat her by about 6,400 votes (51 percent to 49 percent). Both candidates have raised about $2 million, plan to raise at least $1 million more, and are going for the jugular in campaign speeches and television ads.

Murphy's issue conflicts with Gerlach are somewhat amorphous, apparently by design. She would repeal some of Bush's tax cuts, including those for people earning $200,000 or more, but support others. Murphy slams Gerlach for "utterly failing" to stand up to Bush on the Iraq war, but she said her only policy difference is that she would force the president to come up with a "plan for success."

Pressed, she said Democrats "start from maybe worse than a blank slate" when it comes to having a national security plan. "Voters do not feel that they have that definition."

She calls herself a moderate, more a "Rendell Democrat than a Pelosi Democrat" -- drawing a bit of distance from House Minority Leader Nancy Pelosi, a liberal.

"Political conversation has become so polarized, so emotional," said Susan Bolton, a computer professional in the district. "When people liken Bush to Hitler, I see a lot of similarities myself." Bolton has stopped discussing the race here with Republican friends and said she will definitely turn out to vote for Murphy.

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Others are unfazed. "It is the lesser of two evils," said Jerry Cobb, a Republican retiree who has lived in the district for 45 years. "I am not a Gerlach man, but I will probably vote for him" because of -- not in spite of -- his ties to Bush. "They are having a good old time bashing George Bush," but it won't work on him, he said. Most voters interviewed in the area seemed unaware of the race -- or uninterested.

The Gerlach campaign calls the Democratic candidate "liberal Lois" and warns she will raise taxes if elected. Amy Bonitatibus, who took a leave from Sen. Hillary Rodham Clinton's office to assist Murphy, said the charge, while not true, "resonates" with many voters here. Gerlach, who served in the state House and Senate before winning his seat in 2002, has said the two biggest issues are gas prices and immigration -- two areas in which he highlights differences with Bush.

Still, for Democrats to pick up the 15 seats needed to take control of the House, they may need the discontent to spread beyond the suburbs and into the conservative towns and rural communities of Upstate New York.

Meier, 53, is struggling to hold a seat that has gone Republican for a half-century. New York's 24th is not the kind of suburban, well-to-do country that is causing problems for the GOP elsewhere. It is more like the industrial Midwest, where once-vibrant cities bleed jobs, population and money as the economy moves away from factory dominance.

Rep. Sherwood L. Boehlert, an influential moderate Republican who chairs the Science Committee, has represented the district since 1982. Several times, he beat back conservative primary challenges by convincing voters that his ability to win funding for pet projects -- such as turning Griffiss Air Force Base into a technology center -- was more important than such social issues as his support of abortion rights.

In a normal environment, Boehlert's decision to retire this year might open the door for a more conservative Republican, such as Meier, to lock down the district, where Democrats have 40,000 fewer registered voters. But Meier said there is nothing normal about 2006: "It's a challenging year as a Republican."

In a break with the GOP election-year strategy, Meier said he is largely avoiding wedge issues such as same-sex marriage that party leaders are promoting in Washington and playing up his ability to compromise and create jobs. "People here are not ideologues," Meier said.

Michael A. Arcuri, 47, is the district attorney from Utica, the district's largest city in a county that accounts for about 30 percent of its voters. Handsome and articulate, Arcuri is running a campaign seemingly focused on one thing: tethering Meier to an unpopular Bush and Republican Party establishment. "He is one of the extremists," said Arcuri, between sips of coffee at a Friendly's restaurant.

To emphasize this point, Arcuri is running as a "Boehlert Democrat," highlighting how he shares the retiring GOP congressman's views on abortion, stem cells, tax cuts and energy policies, which are not coincidentally different than Bush's. "There is a huge difference between Boehlert and Meier," Arcuri said.

Reba L. Taylor, a former Democrat who serves as the Republican mayor of Dryden, said there is widespread frustration with Republicans in the area. "They have been a complacent, ruling party too long," she said. "A lot of them have not been touchable for a long time."

But Taylor said she is sticking with Meier because she believes he is the best person to help win funding and assistance for her town and the district.

Said Boehlert: "It will be more of a challenge than in the past, but it won't be insurmountable."

Schwarz's Loss Seen As Cautionary Tale (WT)

By Amy Fagan And Stephen Dinan

The Washington Times, August 14, 2006

Rep. Joe Schwarz campaigned personally with Sen. John McCain and had the support of President Bush -- but what the incumbent didn't have was the right positions on issues for a conservative Republican district in Michigan.

His loss in last week's primary to conservative state lawmaker Tim Walberg is being read in Washington as a message to other Republicans about the need to control spending and listen to the conservative base on issues such as immigration and abortion.

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Although the defeat of Sen. Joe Lieberman in Connecticut's Democratic primary has garnered the most attention, Mr. Schwarz's loss indicates that Republican voters may be just as restless.

"Republicans the same day learned, 'Don't spend too much money. It's not good for your political health,' " said Grover Norquist, president of Americans for Tax Reform. He said Republican politics has entered a new chapter in which a lawmaker's votes on spending will be much more closely scrutinized by voters.

Mr. Schwarz signed the group's pledge not to raise taxes in 2004, and Mr. Norquist said he did vote for tax cuts. But Mr. Norquist said, "There's a higher standard now: What are you doing to cut spending?"

Other Republicans saw Mr. Schwarz's position on immigration -- he tied himself to Mr. McCain's plan for guest workers and repeated Mr. Bush's declaration that the country cannot deport an estimated 12 million illegal aliens -- hurt him.

"McCain and Bush are presently not the best allies for a primary," one Republican aide on Capitol Hill said. "When immigration is the party's No. 1 primary issue, why surround yourself with the party's two least credible sources on the issue?"

Mr. Walberg won 53 percent to 47 percent to oust Mr. Schwarz, who was first elected in 2004.

"Tim ran on limiting government spending, reducing taxes, defining traditional marriage, standing up for the culture of life," said Joe Wicks, Mr. Walberg's campaign manager. "Those were the economic issues that is the base, the key of the Republican Party."

The conservative group Club for Growth also played a key role in the race. The group and its supporters spent more than $1 million promoting Mr. Walberg as a true fiscal conservative and attacking Mr. Schwarz as a big government, wasteful-spending, liberal Republican.

Pat Toomey, the group's president, said Mr. Schwarz's loss shows there's a strong anti-spending sentiment among Republicans.

"It's the strongest message so far" on the need to cut spending, Mr. Toomey said. "It shows that voters are very attuned to this issue."

But Sarah Chamberlain Resnick, executive director of a group of more liberal House and Senate Republicans called the Republican Main Street Partnership, said the Club for Growth clearly "tried to buy the election" by focusing all its wealthy donors on this race. She said Mr. Schwarz lost because centrist voters stayed home.

Mrs. Resnick said conservative-base voters turned out, but about 10,000 other Republicans did not. Mr. Schwarz lost by 3,000 votes.

"For some reason, people sat home this cycle, and the issue is why," she said. One reason could be that many centrist Republicans are "turned off" by the war in Iraq and the Bush administration, she said.

Bill Rustem, president of Public Sector Consultants, a nonpartisan public policy think tank in Lansing, Mich., said the loss is less a matter of issues than of simple math.

In 2004, Mr. Schwarz was the most liberal candidate in a race that featured several conservatives, who split the base vote. This time, Mr. Walberg was the only alternative to Mr. Schwarz, giving conservatives a clear choice, Mr. Rustem said.

Mr. Toomey said that argument doesn't minimize the significance because this was the first time that a Republican incumbent had lost in what he called an ideological-based primary -- one in which there were no redistricting conflicts or other external factors -- since 1994.

He said it also dovetails with state primary losses for Republican incumbents in North Carolina, Indiana and particularly Pennsylvania, where 14 incumbents were ousted after having voted to give themselves raises.

"What all of this points to is, Republican voters are frustrated with the abandonment of the limited-government, less spending, fiscal conservatism that has historically been the Republican brand," Mr. Toomey said.

Trouble For Centrists: Is The Hill Headed For A Sharper Split? (CSM)

By Linda Feldmann

The Christian Science Monitor, August 14, 2006

WASHINGTON

Connecticut's junior senator wasn't the only congressional moderate named Joe to lose his primary election last week. Rep. Joe Schwarz (R) of Michigan also went down in a stiff challenge from within his own party - in this case, from the right.

And now another moderate senator - Lincoln Chafee (R) of Rhode Island - is fighting for his political life. If he survives the well-funded challenge of a conservative in his Sept. 12 primary, he faces another tough fight in the general election.

In an election year marked by strong anti-incumbent feeling and the potential for significant Republican losses, many of Congress's moderates - those willing to buck their party leadership at times - are vulnerable. In the House, the potential loss of Republican moderates could intensify the chamber's partisan polarization, adding to the challenges of George W. Bush's final two years as president.

"If Democrats defeat moderate Republicans, it will have the mirror effect of 1994, where you had Republicans defeating moderate Democrats," says Gary Jacobson, a political scientist at the University of California, San Diego. "That boosts polarization, no question."

The long-developing trend toward homogeneous congressional districts - those where partisan preference in presidential elections matches the partisan preference for member of Congress - may become even more pronounced with the vote Nov. 7.

Regional "purity" could also be enhanced. Just as the Southern Democrat has become nearly extinct, so, too, could the "Rockefeller Republican," named for Nelson Rockefeller, former governor of New York and a liberal Republican. The Northeast, home to one-third of the most vulnerable House Republicans, could lose many longtime members.

And in the Senate, the epitome of the Rockefeller Republican, Senator Chafee, is facing a tough primary challenge from Stephen Laffey, the conservative mayor of Cranston, R.I. Mr. Laffey is backed by the antitax, anti-"pork" Club for Growth, a Washington-based group that spent more than $1 million in helping to defeat the moderate Congressman Schwarz last Tuesday. But the Chafee-Laffey race is Club for Growth's marquee contest this cycle. So far, the group's members have sent $600,000 to Laffey, and its political action committee is running ads against Chafee.

If Laffey wins the nomination, polls show the Democratic candidate, former state Attorney General Sheldon Whitehouse, beating him soundly. In a blue state where a plurality of voters are independent and only 12 percent are registered Republicans, Chafee would seem to represent the Republicans' best shot at keeping that seat. A Rasmussen Reports poll released last week showed Mr. Whitehouse beating Chafee in the general election, 44 percent to 38 percent.

To the Club for Growth, there's nothing to lose in knocking off the incumbent. "Chafee and Whitehouse are alike on economic issues, so there's not much downside," says David Keating, the group's executive director. "The upside with Laffey is large. He could be a transforming figure in Rhode Island and provide a strong outsider voice in Washington."

To people who care about which party controls the Senate - and a Democratic takeover of that chamber is not impossible - Chafee's seat is crucial. And to Republican moderates working hard to protect their own, the argument to Republican primary voters in Rhode Island for nominating Chafee is obvious.

"It's a fact in Rhode Island that if Linc Chafee is defeated in the primary, the Democrats will pick up that seat," says Sarah Chamberlain Resnick, executive director of the moderate Republican Main Street Partnership.

It may be Chafee's ironic misfortune that he is up for reelection in a year when Democrats and independents are showing increasing impatience with Republican control of Capitol Hill. In Rhode Island, he is more popular among Democrats than among Republicans - he is the only Republican senator to vote against going to war in Iraq and he did not vote to reelect President Bush in 2004 - but he could end up losing in November, if nominated, just because he has an "R" after his name.

"This is a year when the Democratic base is really ticked off," says Darrell West, a political scientist at Brown University in Providence, R.I. "Democrats really want Democrats representing them."

Ultimately, the future of "centrism" in the Senate is not in as much peril as it is in the House. Even if Sens. Chafee and Joseph Lieberman (now running in Connecticut as an independent) lose their seats, there will be plenty of moderates remaining, such as Republicans Olympia Snowe and Susan Collins of Maine, and Democrats Mary Landrieu of Louisiana and Ken Salazar of Colorado.

The club could even gain some new members come January. Bob Casey of Pennsylvania, a moderate Democrat known for his opposition to abortion rights, continues to poll ahead of his opponent, Rick Santorum, the No. 3 Republican in the Senate.

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In Tennessee, Democratic Congressman Harold Ford Jr., a centrist activist in the House, is in a tight race to replace retiring Sen. Bill Frist (R).

Professor Jacobson at UCSD, an expert on political polarization, also sees how new voices of moderation would enter the scene if Democrats take over the House. To win a majority, Democrats will have to win some Republican-leaning districts, and those members will have to take some moderate positions to keep those seats.

Also, having a Republican president and probably a Republican Senate could have a moderating effect on a newly Democratic House.

But there's a counter scenario: If the Democrats do retake the House, after 12 years in the wilderness, they may be tempted to behave as the Republicans did after taking over in 1994 - showing little interest in compromising with the minority.

"They could overplay their hand by being too partisan," says Thomas Mann of the Brookings Institution, a think tank in Washington. "They could go back on the promises they made about running the House and, in two years, be back in the minority."

Fathers Defeated, Democratic Sons Strike Back (NYT)

By Robin Toner

The New York Times, August 14, 2006

In the history of the Democratic Party, the election of 1980 looms large: the year the party lost the White House, the Senate, a generation of Midwestern liberals and, in some ways, its confidence that it was the natural, even inevitable, majority party.

Now, that election has a sequel.

Call it the return of the sons: Chet Culver, the Iowa secretary of state and the son of former Senator John C. Culver, is running for governor of Iowa. Senator Evan Bayh, son of former Senator Birch Bayh of Indiana, is organizing and testing the waters for a possible presidential bid in 2008. And Jack Carter, the son of former President Jimmy Carter, has decided at the age of 59 to run an uphill race for the Senate in Nevada, his first foray into electoral politics.

All of them had their political sensibilities shaped, to some extent, by the election that defeated their fathers and began a generation of conservative dominance. The Democratic strategist William Galston, a senior fellow at the Brookings Institution, described it as the first of "a series of rolling shocks" for the Democratic Party that "started in 1980," when Ronald Reagan defeated Jimmy Carter, "and really didn't end until 1994."

They say their values are the same as their fathers', but their political approach is adapted to a different time. In one measure of the difference, the elder Mr. Bayh and Mr. Culver were invariably described as liberals; the sons, in recent interviews, avoided the term.

"I find the world just too complex to embrace a single ideological point of view," Evan Bayh said. Moreover, he argued, conservative strategists like Karl Rove like nothing better than to push Democrats into an ideological corner.

"It shouldn't be about ideology," Mr. Bayh said. "It ought to be about practical progress, ideas that make sense to people in their daily lives."

Chet Culver, who is running against Representative Jim Nussle in the Iowa governor's race, one of the most competitive in the country, describes himself as "a proud, progressive Democrat." He added: "Labels aren't what matters. It matters what you believe in."

At 50, Mr. Bayh has already served two terms as governor of Indiana and is in his second term as senator. He is clearly proud of his ability to run — and win — in a conservative, Midwestern state, an important part of the political rationale for his potential presidential candidacy. (He has said he will make a decision by the end of this year.)

While Birch Bayh was known as a classic "Great Society liberal," as Evan Bayh has put it, and as a champion of causes like the equal rights amendment, the son has long been a careful centrist, a former chairman of the Democratic Leadership Council and a founder of the Third Way, a centrist research group.

Visiting 22 states over the past year, he has argued that the way for Democrats to win is to reach out to the middle class, demonstrate credibility on national security and show respect for faith and values issues.

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"The world has changed a lot" since his father's day, Mr. Bayh said. "So it's natural that how we solve our problems changes, too." For example, he said, the importance of fiscal responsibility and balanced budgets has become increasingly apparent over the years. And from a political standpoint, Democrats have learned over and over since 1980 the power of an ideological campaign when waged against them.

Mr. Bayh was 24 when his father ran for re-election in 1980; he took a break from law school to be chairman of his campaign. It was clear, early on, that it would be a tough election: double-digit inflation, a hostage crisis, an embattled Democratic president at the top of the ticket, and the emergence of a tough new conservative organization known as the National Conservative Political Action Committee, or Ncpac.

Ncpac wanted not only to defeat a generation of liberals — Mr. Bayh, Mr. Culver, Senator George McGovern of South Dakota, Senator Frank Church of Idaho and a handful of others — but also to "send a shiver down the spine of every other liberal senator and congressman," as one official put it. They succeeded at both.

Afterward, "I came close to being turned off to politics," Evan Bayh said. "I love my father and I believe in him. And he lost to Dan Quayle. I had a hard time understanding how that could happen."

But Mr. Bayh said he ultimately came to see the loss as "an occupational hazard." He added: "Every once in a while, an election comes along and who you are and what you believe gets subsumed in a larger tide. It just happens."

People wanted change in 1980, he said. "And I think people want a change now," he added.

But do Democrats want, in 2008, the practical centrism that Mr. Bayh offers? Or are they hungry, once again, for an unapologetic liberalism to match the conservatism on the right?

Mr. Bayh replied that Democrats who "believe we can stay true to our progressive heritage and implement it in practical ways" and who are keenly aware that "the Republicans are trying to pigeonhole us" will eventually "make their voices heard."

The elder Mr. Bayh, now a 78-year-old lawyer and lobbyist in Washington, said the differences between his politics and those of his son tended to be exaggerated. But in general, said Mr. Bayh, who ran unsuccessfully for the presidency in 1976, "I try to remain at arm's length; he's the candidate, not old dad."

Chet Culver was 14 when his father was defeated in 1980 by a conservative Iowa farmer and House member: Charles E. Grassley, now chairman of the Senate Finance Committee.

"The great thing about it was my father gave it everything he had," Mr. Culver said after a campaign rally in Waterloo, Iowa, earlier this month. "Stayed true to his values, was very principled and focused, and went down with a great fight. It was very inspiring."

Twenty-six years later, the Republicans constitute the Washington establishment, a point that Mr. Culver drives home. He frames his race against Mr. Nussle, the chairman of the House Budget Committee, as a choice between "Iowa experience and Iowa values, and D.C. experience and D.C. values."

On the stump, the younger Culver, who won the Democratic nomination in a very competitive primary, evokes comparisons to his father.

"He didn't take any guff from anybody either," State Senator Bill Dotzler said, watching approvingly in Waterloo. "They're both big guys. They're both well loved by labor."

The Nussle campaign counters that, in the end, Mr. Nussle's track record and accomplishments will prevail.

Jack Carter, hoping to unseat Senator John Ensign in Nevada, said he had always believed that "I sort of gave at the office" when it came to politics, given how much he campaigned for his father.

But Mr. Carter, who spent his career in the investment and finance industry, said he had grown so "exasperated" with the Bush administration that he jumped into a race even though he was widely considered a long shot. "The Democratic message is what it's always been," he said. "It's that Democrats are for the working men and women in America."

A poll for The Las Vegas Review-Journal released over the weekend showed Mr. Ensign with 54 percent to Mr. Carter's 33 percent, although it noted that Mr. Carter had gained ground in recent months. The poll had a margin of sampling error of plus or minus four percentage points.

Mr. Carter said his father's initial reaction to his candidacy was probably shock, but the former president is solidly onboard, raising money for his son recently with his former vice president, Walter Mondale.

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The senior Mr. Bayh indicated that he had long ago settled into a supporting role for his son. “Once he got to be elected governor,” Mr. Bayh said, “I thought he was on his own.”

The families’ paths continue to cross: Evan Bayh will be campaigning with Chet Culver at the Iowa State Fair this week.

Untold Generosity (WP)

The Washington Post, August 14, 2006

VIRGINIA DOES NOT limit campaign contributions or lobbyists' gifts to their favorite politicians. But it does require reports on the money, trips, dinners and other handouts Virginia politicians get. With open records of who is giving what to whom, the logic goes, voters can freely decide whether to support the defense industry's woman or the telecoms' man.

When special interests can get away with neither thoroughly nor consistently reporting on their lobbying expenditures, however, even that dubious logic breaks down.

According to records at the secretary of the commonwealth's office reviewed by Tyler Whitley of the Richmond Times-Dispatch, lobbyists spent $15.4 million attempting to sway members of the General Assembly between May 1, 2005 and April 30, 2006. That's a record sum. The money went for everything from dinners out to golf trips to $650 for a piano player to entertain guests at a lobbyist's house.

What may be more worrisome than what state records show, however, is what is missing from them. Instead of listing the legislation it fought for or against, Verizon reported that its lobbying activities consisted of "all aspects impacting Verizon." Instead of providing an account of whom the Virginia Sheriffs' Association treated to dinner, the interest group claimed only that it spent $27,678 on entertainment and $555 on gifts.

Not every lobbyist's report was that vague. Dominion Resources provided names, locations and dates for its dinner appointments, for example. But the inconsistent quality of the lobbyist write-ups points to large problems in Virginia's disclosure laws: It's unclear just how detailed reports have to be, and the secretary of the commonwealth has no authority to audit the reports her office receives. As one state official put it, it's all on the honor code.

It's a situation ripe for legislative action. If Virginia's system is going to work, the General Assembly should give the secretary of the commonwealth's office the authority and means to audit lobbyists' reports, and it should prescribe tough penalties for providing incomplete or inaccurate information. Otherwise, lobbyists won't have much incentive to fully account for the money they've spent.

The General Assembly should then redraft the state's lobbyist disclosure form to remind lobbyists of the possibility of audit. Anything less, and the public won't really be able to trust the numbers lobbyists submit.

Clinton And Gates To Join Forces At Aids Conference (FT)

By Andrew Jack

Financial Times, August 14, 2006

Two high profile speakers - the world’s richest man and, until recently, its most powerful - will address 24,000 of scientists, government officials and activists in Toronto on Monday at the world’s biggest conference on Aids.

Bill Gates’ company and Bill Clinton’s administration may have had their differences over Microsoft’s monopolistic powers in the past, but today they have common interests in an area where even they are engulfed by the scale of the challenge in helping more than 40m people living with HIV.

Mr Gates is gearing up to spend most of the financial wealth he accumulated at his software business on philanthropic causes led by global health and Aids. Mr Clinton is using much of the political capital he earned as US president to do the same.

Together, the two men, who met up on a tour of South Africa and Lesotho last month as part of a strengthening alliance, complement each other’s skills.

They reflect an unprecedented shift in resources and advocacy towards the problems of the diseases of the developing world.

Mr Gates - with his $30bn Foundation set soon to double $1.5bn in annual pending with support from the financier Warren Buffett - has the money and intellectual passion to try to develop new drugs, vaccines and techniques to limit infection. Mr Clinton has the humanity and political savvy to mobilise companies to deliver and governments to use them.

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Mr Gates has offered fresh succour in recent weeks with a fresh pledge of $287m for research into an Aids vaccine, and $500m to the UN-backed Global Fund to fight Aids, TB and Malaria.

Mr Clinton, who is beginning to raise the public profile of his Aids work, has helped negotiate price reductions on existing HIV treatments and diagnostic tests, and is championing low-cost but effective treatment centres he hopes can be replicated across Africa.

He has added to activist pressure, encouraging fresh initiatives on combination medicines and lower developing world prices by big pharmaceutical companies such as Abbott, Gilead and Merck this weekend.

Some query the significance and impact of Mr Clinton's influence. "It is public health by press release," says Jerry Norris from the Hudson Institute, a right-wing US think tank that has criticised generic companies copying drugs still under patent to the large pharmaceutical manufacturers that developed them.

Others question about how far the clinics backed by the Clinton Foundation - such as the projects in Lesotho, Malawi, Rwanda and Ethiopia that he visited last week - can be reproduced across their respective countries, given that they rely on an exceptional concentration of talent and resources in otherwise poor countries.

But Tony Harries, a British adviser to the government of Malawi, says the Clinton Foundation is brokering a deal that will offer a 20 per cent reduction on one drug below alternative suppliers' prices. "When we are talking about 100,000 patients ... it is quite a cost saving," he says.

He is impressed by the Clinton Foundation's local staff - often volunteers or relatively low-paid people with business backgrounds - for "their willingness to listen and apparently to fall into line and follow national policy."

Mr Clinton may have been later off the mark than Mr Gates in tackling Aids and other diseases, but both have made more important contributions to combatting the disease since Mr Clinton's White House stint ended.

Ironically, the two Americans are getting used to travelling away from home to spread their message. A US visa ban for HIV positive people, never rescinded by Mr Clinton's administration, means that while Canada is hosting its third international Aids congress, their own country never has.

Gateses Urge Speed On HIV-Preventive Drugs (WP)

By David Brown

The Washington Post, August 14, 2006

TORONTO, Aug. 13 -- The two people who control the world's biggest charity opened the 16th International AIDS Conference here Sunday with a call for science and industry to redouble efforts to develop microbicides or pills that prevent sexual transmission of the human immunodeficiency virus.

The exhortation by Bill and Melinda Gates arises from three conclusions about the AIDS epidemic that are likely to be themes of this largest-ever gathering of scientists and advocates.

The first is that there won't be an AIDS vaccine soon. The second is that AIDS treatment, finally being brought to people in poor countries, will eventually become an intolerable drain on the world's resources if the rate of new HIV infections is not reduced. The third is that a prevention strategy controlled by women -- and usable without the knowledge or permission of men -- is essential.

"We want to call on everyone here and around the world to help speed up what we hope will be the next big breakthrough in the fight against AIDS," Bill Gates told delegates in the cavernous Rogers Centre, home of the Toronto Blue Jays baseball team. "This could mark a turning point in the epidemic, and we have to make it an urgent priority."

The foundation Gates and his wife run has invested $110 million in recent years in research on vaginal microbicides that would prevent HIV infection during intercourse. At a news conference earlier Sunday, they said they would increase their investment in that field, and in the use of antiretroviral drugs as before-sex pills, but they did not give details.

Clinical experiments of microbicides are underway in several African countries and India. Studies of two AIDS drugs, tenofovir and emtricitabine, for "pre-exposure prophylaxis" are now being done in Thailand, Botswana and Peru.

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The Bill and Melinda Gates Foundation has spent about $2 billion addressing the global AIDS epidemic. Last week it gave $500 million to the Global Fund to Fight AIDS, Tuberculosis and Malaria, the Geneva-based organization that pays for prevention and treatment programs in about 130 countries.

This year's AIDS conference comes 25 years after the identification of the first AIDS cases in Los Angeles and New York.

About 24,000 people will attend the week-long meeting, which is held every other year. That is twice the number of people at the conference in Durban, South Africa, in 2000, which most observers agree was the moment when rich countries and pharmaceutical companies seriously began to commit themselves to bringing life-extending anti-retroviral therapy to the developing world.

Nascent success in that effort -- 1.4 million people in poor countries are now on AIDS treatment, out of more than 6 million who need it immediately -- is leading to worries about the future as the call goes out to speed the process even more.

"It is time to move from crisis management to long-term, sustainable response," said Peter Piot, the Belgian physician who heads the United Nations' AIDS program. "Twenty, 30, 40 years from now, that [treatment] need will still be there. Who will pay for that? Where will the drugs come from?"

Unlike many scientific meetings, this conference includes thousands of activists and patients among the delegates. One of the speakers at the opening ceremonies was Frika Chia Iskandar, a 24-year-old Indonesian woman who is HIV-positive.

She reminded her listeners there are mundane obstacles to treatment that might not occur to them -- such as the inability of many rural patients to pay the bus fare to get to clinics where they can then get free drugs.

"When we talk about access to treatment, it is not just pills," she said.

Black America Must Confront AIDS (WP)

By Julian Bond

The Washington Post, August 14, 2006

It's been 25 years since we first learned of a disease that was killing a handful of white, gay men in a few of our nation's largest cities -- a disease that later became known as AIDS. But lulled by media images that portrayed AIDS mainly as a white, gay disease, we looked the other way: Those people weren't our people. AIDS was not our problem. It had not entered our house.

We had our own problems to deal with, so we let those people deal with their problem. But that was a quarter-century ago, and a lot has changed. Now, in 2006, almost 40 million people worldwide have HIV, and 25 million are dead. And most of those who have died and are dying are black. That's not just because of the devastation the pandemic has wreaked upon Africa.

The face of AIDS in the United States is primarily black as well. The majority of new HIV infections here are black, the majority of people who die from AIDS here are black and the people most at risk of contracting this virus in the United States are black. AIDS is now in our house. It's now our problem, and we must come up with solutions.

This week, a historic contingent of black leaders will attend the 16th International AIDS Conference in Toronto to put AIDS in our community at the top of the national agenda. All of black America must do the same. Every African American must stand with us, take ownership of AIDS and fight this epidemic with every resource we have.

I realize that what we are proposing may seem an overwhelming task. But we know it can be done. When AIDS hit the gay community, its members couldn't afford to wait for the government to save them; instead they worked to save themselves -- in part by using tactics and strategies out of our civil rights playbook. AIDS is a major civil rights issue of our time.

We cannot wait for the government to come and rescue us either -- that help may never come. Part of our response must be to eliminate the rabid homophobia that lives in our schools, our homes and especially our churches. Our inability to talk about sex, and more specifically homosexuality, is the single greatest barrier to the prevention of HIV transmission in our community. Intolerance has driven our gay friends and neighbors into the shadows. Men leading double lives -- on the "down low" -- put our women at extreme risk.

We must also overcome our resistance to safer sex practices that can help prevent the spread of AIDS, and we must ensure that our young people know exactly what AIDS is and how to protect themselves against it.

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For black America, the time to deliver is now. We're calling on leaders to lead. The AIDS story in the United States is partly one of a failure to lead. Prominent blacks -- from traditional ministers and civil rights leaders to hip-hop artists and Hollywood celebrities -- must immediately join this national call to action to end the AIDS epidemic in black America.

We're calling on black America to engage in a coordinated campaign with concrete, measurable goals and objectives and real deadlines. Each of us must identify strategies and activities that match our unique niches and capabilities.

We must build a new sense of urgency in black America, so that no one accepts the idea that the presence of HIV and AIDS is inevitable.

We're calling on black America to get informed about the science and facts about AIDS. Knowledge is a powerful weapon in this war.

We're calling on black Americans to get screened and find out their HIV status. I have -- it took 20 minutes and was bloodless and painless. Knowing your HIV status and the status of your partner can save your life.

We're calling for a massive effort to address the disproportionate impact this epidemic is having on black youth, women, injecting drug users and men who have sex with men.

We must also pressure our government and elected officials -- at local, state and national levels -- to be far more responsible partners than they have been. We must lift the federal ban on funding for needle exchange programs, which have been proven to slow the spread of AIDS. We must also work with elected officials to promote comprehensive, age-appropriate, culturally competent AIDS prevention efforts that give young people the tools they need to protect themselves.

We must heed Martin Luther King Jr.'s warning, originally meant for others but right for us now: "Nothing in the world is more dangerous than sincere ignorance and conscientious stupidity."

The writer is a professor at American University and the University of Virginia and chairman of the board of the NAACP.

AIDS Effort In Zambia Hailed As A Success (NYT)

By Lawrence K. Altman

The New York Times, August 14, 2006

TORONTO, Aug. 13 — Rapid expansion of a large AIDS treatment program in Lusaka, Zambia, is working well and has saved many lives in its first two years, the program's leaders reported Sunday at the opening of the 16th International AIDS Conference here.

The report looked at the outcome for more than 25,000 patients who received antiretroviral drugs through the program, the largest group in a single program studied so far.

Only a few years ago, there was widespread skepticism that AIDS treatment programs would work in poor countries. The drugs were considered too costly and too hard to deliver to those who needed them; the required regimens were seen as too complicated and the side effects too dangerous.

But the effort has worked, the authors of the study said, as health workers have made intensive efforts to use in Zambia and other poor countries the same kinds of drugs and monitoring services that are standard in rich countries.

Reflecting those efforts, Bill Gates said at the conference Sunday night that there was "a new sense of optimism" in Africa because "the world is doing far more than ever before to fight AIDS." Mr. Gates, the chairman of Microsoft, and his wife, Melinda, who have made stopping AIDS the top priority for their foundation, gave keynote addresses at the conference. They called for increased global access to H.I.V. prevention and treatment programs and greater efforts to dispel the stigma of AIDS.

Since the Zambian government opened 18 clinics in April 2004, death rates from AIDS have been reduced to compare favorably to those in the United States among patients who took standard antiretroviral drugs for at least three months, said Dr. Jeffrey S. A. Stringer, who led the team that reported the findings.

This group had 5 deaths for every 100 patient years (the number of patients multiplied by the number of years under treatment), in contrast to 4.34 at the University of Alabama at Birmingham, Dr. Stringer said at a news conference. Dr. Stringer works both at the university and at the Center for Infectious Disease Research in Zambia.

But treatment came too late for many AIDS patients in Lusaka. A vast majority of deaths occurred in the first three months of treatment.

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Many dying patients "literally came in in wheelbarrows, a common form of ambulance in Lusaka," the Zambian capital, Dr. Stringer said.

Now the challenge is to identify patients earlier in the course of the disease so they may benefit from antiretroviral therapy, Dr. Stringer said. But, he said, "getting patients to come in before they are deathly ill" will require Zambians to change their attitudes, particularly in breaking down the stigma of AIDS.

The Lusaka findings appear in the Aug. 16 issue of The Journal of the American Medical Association, which was released early to coincide with the opening of the AIDS conference. The meeting is expected to draw 24,000 participants.

Dr. Stringer cited four reasons for the program's initial success.

One was the Zambian government's leadership in promoting the program and its decision to eliminate medical fees for patients seeking H.I.V. care. The second was the use of nurses and physician assistants to compensate for a critical shortage of doctors. The third was use of a computerized system to monitor patients. The fourth was the large amount of money made available by the Bush administration initiative, the President's Emergency Plan for AIDS Relief, a five-year, $15 billion program that serves 16 countries, 13 of them in Africa.

The costs of training staff and managing patients and workers exceeded the costs of the drugs (less than $300 a year for each patient) and the tests to monitor the drugs' effect, Dr. Stringer said.

Dr. Peter Piot, the executive director of the United Nations AIDS program, said in an opening talk that the world must develop a sustainable plan to treat and prevent AIDS over the next several decades. "We must ensure that no credible national AIDS plan goes unfunded, now or in the decades ahead," Dr. Piot said.

Mr. Gates said the world must vastly improve its efforts to prevent millions of new H.I.V. infections and to keep pace with the rapidly growing demand for treatment. "Treatment without prevention is simply unsustainable," he said.

A more aggressive approach is needed to provide prevention tools to all who need them, Ms. Gates said. "Today, fewer than one in five of the people at greatest risk of H.I.V. infection have access to proven approaches like condoms, clean needles, education and testing,'' she said. "That's a big reason why we have more than four million new infections every year."

In urging politicians to take stronger action to break down the stigma of AIDS, Ms. Gates said: "When Bill and I visit other countries, we are enthusiastically accompanied by government officials on all our stops — until we go meet with sex workers. At that point, it can become too politically difficult to stay with us, and our official hosts often leave. That is senseless.

"People involved in sex work are crucial allies in the fight to end AIDS. We should be reaching out to them, enlisting them in our efforts, helping them protect themselves from infection, and keeping them from passing the virus along to others. If politicians need a more sympathetic image to make the point, they should think about saving the life of a faithful mother of four children whose husband visits sex workers."

In Africa, Rape As A Risk Factor (WP)

By Holly Burkhalter

The Washington Post, August 14, 2006

President Bush's global emergency plan to fight AIDS began with the radical proposition that men, women and children in Africa didn't have to die of the disease. Three years later that radical proposition has become wonderfully ordinary. The question of whether the poor should have expensive AIDS drugs has been answered with a sturdy affirmative: 561,000 Africans are now receiving life-saving medication.

But there is bad news, too: The HIV/AIDS prevention strategies have stunningly failed African women and girls. Rape of women and children by partners, husbands, relatives, neighbors and strangers has put hundreds of thousands at risk of violent transmission of HIV.

Medical experts have shown a clear association between HIV exposure and coerced sex. Wives who suffer violence if they request condom use or faithfulness are at higher risk of AIDS than unmarried women and girls. That is why defeating the AIDS pandemic requires a second radical proposition: that African women and girls have the right to protection under their own countries' laws.

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Why is this concept radical? Because public justice systems in many AIDS-burdened countries are broken or virtually inaccessible to poor girls and women. Rape and beatings are simply the norm, and deterrence and accountability for these crimes in Africa is as rare as AIDS drugs used to be.

An international consensus has emerged that violence and degradation of women and girls are key factors in the rapid spread of HIV among them. And yet investment in protection for children and women is not on the international radar screen. Africa's justice systems are thought to be too corrupt, understaffed or incompetent to fix. International experts instead focus on long-term development strategies such as economic empowerment and expansion of girls' education. Foreign donors prefer public awareness campaigns to hands-on help in getting rapists and batterers off the street and into jail.

Against all odds, however, some crusading human rights lawyers are doing what they can to change things one case at a time. Kenyan lawyers with International Justice Mission, for example, have represented dozens of children from the slum neighborhood of Kibera, Nairobi, who had been sexually assaulted. Working alongside Kenyan officials of goodwill, IJM investigators and lawyers have taken these cases before local courts and obtained convictions.

It is a laborious process. Last month a Kenyan court convicted a pedophile who had raped our client, a 4-year-old girl. It took five years to close the case. But this victory did more than put a rapist behind bars. It gave heart to other victims in Kibera and sent a clear message to future perpetrators.

Making more cases like this little girl's will require generous investment in the country's public justice system. Kenya spends about 3 cents per year per capita on prosecutions and investigations by lawyers, and virtually none of these resources are available to the people most at risk of sexual violence and HIV exposure: women and girls in poor neighborhoods. Seven out of eight Kenyan prosecutors are police officers, not lawyers, and few among them have adequate legal training.

If child rape victims postpone the search for justice until national courts are ready for them, they will have a long wait. Rather, the approach to national judiciaries in AIDS-burdened Africa should be to "build it as we go." That means ramping up investigations, prosecutions and convictions from the dozens to the hundreds, then thousands, while simultaneously training, equipping and recruiting police, prosecutors and judges.

As in the case of health systems, the greatest need of judiciaries is for skilled human resources. Local police need training, management, salary support and deployment to underserved rural villages and towns. Scaling up of rape cases requires DNA labs, rape test kits, witness protection capacity, referral systems, vehicles and computers. Corrupt or abusive police and judicial staff should be fired and prosecuted; incentives and benefits should reward excellence and confer prestige on police and prosecutors who take on sexual violence.

Rape is an HIV risk factor for tens of millions of African women and children. It requires something more than condoms, education or "empowerment." Functioning judicial systems are the next frontier in confronting the pandemic and preventing its spread. The 24,000 activists, government officials and donors meeting this week at the 16th International AIDS Conference in Toronto should commit the funding, ideas, technical support and personnel needed to make it a reality.

The writer is vice president of International Justice Mission, a global human rights agency.

Can California Win Its Pension Gamble? (LAT)

By Evan Halper, Times Staff Writer

The Los Angeles Times, August 14, 2006

The state's retirement fund planners base their projections on higher market returns than some experts predict.

SACRAMENTO — David Crane is a gifted investment banker who shared his expertise with government until he was dumped from a state board that invests teacher retirement funds.

Lawmakers bounced him from the board, one of the biggest players on Wall Street, after he repeatedly questioned whether state pension funds could earn enough to keep paying retirement benefits to teachers and other politically powerful employees.

Democratic legislators, who receive millions in campaign donations from teachers unions and other government labor groups, said it wasn't Crane's job to meddle in investment forecasts. California's numbers are in line with those of other states, they note, and its pension investments have beat projections over the last 20 years.

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But Crane, a close friend of Gov. Arnold Schwarzenegger, represents a cadre of market gurus who see investment profits flattening. They worry that state pension systems are heading down the same path as corporate retirement plans that hit trouble after failing to meet rosy earnings projections.

Several government pension plans are already deep in the red. Standard & Poor's reported in February that 13 states are likely to have less than 75% of the cash needed for promised benefits.

In Crane's corner are such financial heavyweights as investor Warren Buffett; John C. Bogle, founder of investment giant Vanguard Group Inc.; and William Bernstein, author of "The Four Pillars of Investing."

The stakes are huge — especially for California, which has more than $350 billion in retirement funds covering teachers and other public employees. Falling short of the nearly 8% return that state money managers project for those funds could create deficits of tens of billions of dollars.

Taxpayers would have to ante up; retirees' benefits are locked in by contract. Elected officials could be forced to raise taxes, cut services or borrow money. California's teacher retirement fund already has a projected $20-billion shortfall.

"It is a very real problem," Bogle said. "The financial consequences are staggering."

A decade of returns at the rate Buffett has set for retirement plans at his companies — 6.4% — would leave California short more than $90 billion. That is more than the entire state budget for health and human services this year, and several times what the state is spending on its university system.

The Legislature has spurned such restrained forecasts.

Lawmakers in June rejected Crane's appointment to the teacher retirement board by Schwarzenegger, after he had served almost a year. State Senate leader Don Perata (D-Oakland) said the job of trustees is "only to protect members' benefits" — not to worry about the long-term effects of the benefits on the state budget.

Crane, who helped build a San Francisco investment firm that has arranged $250 billion in financings, said at his confirmation hearing: "Bless them if they can make it" to 8%. "I would assume a lower number. And I think there is a lot of evidence to back up my view."

Bogle said he thinks California officials "are dreaming."

Opponents of Crane, a Democrat, called him the operative of an administration eager to undermine the political power of public employee unions. Schwarzenegger, a Republican, campaigned last year to eliminate pensions for all new government workers and replace them with 401(k)-style accounts. The unions fought him, and he dropped the issue.

Many labor leaders and pension officials characterize as bogus the alerts being raised about the funds' soundness.

"This is another way that folks who would like to see these benefits go away can undermine the plans," said Pat Macht, spokeswoman for the California Public Employee Retirement System.

Macht notes that state pension investments have yielded returns averaging 9.2% over the last decade. That includes the 12 months that ended June 30, when profits on state investments exceeded 12%.

Stanford University professor William F. Sharpe, who won a Nobel Prize in economics, helped California develop its forecasts. And the state's assumptions are in line with the predictions of economist Roger Ibbotson, whose predictions over the last 30 years have been uncannily accurate.

But author Bernstein, who is also a portfolio manager for wealthy individuals, is troubled that those who question the state's numbers are brushed aside as partisans.

"This is not a right- or left-wing issue," said Bernstein, a Democrat. "This is an issue of whether or not you can add."

Bernstein notes that as the outlook for domestic stocks dims, California and other states are moving more of their money into risky places, such as high-tech start-ups, real estate and hedge funds. Returns on such investments are erratic, he said, and could easily fall short of standard stock market index funds over time.

Meanwhile, as corporate America has scaled back retirement benefits in recent years, California has headed in the opposite direction, enhancing benefits through legislation and contract negotiations with public employee unions. The result is the most generous public pensions of any state.

Under former Gov. Gray Davis, who received millions in campaign donations from unions, retirement packages for state workers were sweetened.

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Davis signed legislation that based the pensions for many California workers on the highest annual income they earn while government employees; other states use an average of the top three years of earnings.

In addition, the age at which some employees could begin collecting was dropped to 50, and annual retirement payments were increased substantially.

When Schwarzenegger ousted Davis in the 2003 recall election, he made changing the pension system a centerpiece of his agenda, highlighting what he characterized as runaway costs.

Yet the 18 labor contracts negotiated by his administration have left in place most of the benefits the governor said the state can't afford; the few concessions that union officials traded for pay increases did little to lower future retirement costs.

Long-serving state employees in California "can receive more annual income in retirement than when they worked," according to a legislative report released last year.

The report said that when Social Security payments are factored in, "It takes just 20 to 30 years of work (that is, less than a full career) to have retirement income … equal to working pay."

A typical 55-year-old government employee who earns $60,000 and has worked for the state for 20 years is entitled to $25,000 a year, plus Social Security and lifelong healthcare benefits. In most other large states, the pension for the same employee, if eligible at 55, would be less than $15,000 a year — thousands less in some states — plus health benefits.

Defenders say the state is well positioned to cover these costs.

"Reasonable people disagree about what the markets can do long-term," said John Meier, a managing partner at Strategic Investment Solutions, a San Francisco firm that helps the state make projections.

Forecasts are made through a collaboration of actuaries, economists and investment experts from state government and private firms. They gauge the historical returns of various investment types, the outlook for growth in those places and the assumptions being used by other institutional investors.

"Our organization and a lot of other organizations believe that … a 6% rate of return is overly conservative. Most pension funds should do significantly better," Meier said.

Arizona and Virginia project an 8% return. Colorado and Pennsylvania anticipate 8.5%.

That's all fine, said Zvi Bodie, a professor at Boston University School of Management, but there are no guarantees — and there's the rub. Some experts are predicting a period of long-term market instability, he notes, and the state can't afford to be off by a percentage point or two.

"Every study we have of stock market behavior says one thing we know for sure is: We don't know for sure," he said. "It is risky. There is no free lunch here."

Bodie says the pressure for state number-crunchers to project strong earnings indefinitely is intense.

Optimistic projections free lawmakers from having to pull billions of dollars out of other state programs to increase the taxpayer contribution to the pension funds.

Meanwhile, officials at the California State Teachers Retirement System announced at a recent meeting that they are poised to raise investment in such risky areas as high-tech start-ups by roughly 67%.

"If they lose money, someone is going to have to bear that risk," said Olivia S. Mitchell, executive director of the University of Pennsylvania Wharton School's Pension Research Council. "Politicians today have promised benefits without explaining what will happen down the road if the system runs short."

Times staff writer Dan Morain contributed to this report.

Israel Accepts U.N. Deal (WP)

By Molly Moore And Edward Cody

The Washington Post, August 14, 2006

JERUSALEM, Aug. 14 -- The Israeli cabinet voted Sunday to accept a U.N.-declared cease-fire, even as Israeli military forces and Hezbollah fighters in southern Lebanon launched some of their most intense barrages of the war in anticipation of the Monday morning deadline.

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The Lebanese government and Hezbollah agreed to the cease-fire Saturday. Prospects for an immediate halt in the fighting appeared dim as Hezbollah's leader said his militia would keep fighting Israeli troops as long as they remained in southern Lebanon, and Israeli officials insisted they would not withdraw their soldiers until an international force and the Lebanese army took control of the border area. An international military force in Lebanon is expected to take at least two or three weeks to assemble.

Israel pummeled the southern suburbs of Beirut with heavy bombardments that rattled the entire city, while Hezbollah fired 220 rockets -- one of its largest volleys yet -- into Israel, killing an 83-year-old man and pelting the port city of Haifa with multiple strikes. The ground combat in southern Lebanon was also some of the most violent of the 33-day war as Israeli forces struggled to dominate as much territory as possible before the cease-fire deadline at 8 a.m. Monday. At least 17 people were killed Sunday in Lebanon.

Early Monday, two more blasts cracked across Beirut, less than two hours before the cease-fire was scheduled to take hold, and the Associated Press reported an Israeli air raid overnight killed seven people in the village of Brital, near the Hezbollah stronghold of Baalbek in eastern Lebanon's Bekaa Valley. [The Israeli military also dropped leaflets on central Beirut, warning it would retaliate against any attack launched on it from Lebanon, the Associated Press reported.]

The Israeli cabinet debated the U.N. resolution for nearly five hours, with some members criticizing the government's decision to expand ground combat just before the cease-fire was scheduled to begin.

Israeli Foreign Minister Tzipi Livni told reporters after the cabinet meeting that the U.N. resolution, if enacted, "will change the rules of the game." But, she added, "I am not naive. . . . This is the Middle East, and I know that not every resolution is implemented."

Israeli military officials were meeting with the U.N. peacekeeping force in Lebanon, known as UNIFIL, "to fine-tune the details of the cease-fire," Defense Minister Amir Peretz said.

At a press briefing at the military's northern command headquarters in Safed near the Lebanese border, Peretz said that even after the cease-fire deadline, "there is no situation in which Hezbollah fires at [Israeli] forces that we will not retaliate."

The U.N. resolution calls for 15,000 foreign troops and 15,000 Lebanese soldiers to be deployed in southern Lebanon.

The European Union's foreign policy chief, Javier Solana, meeting with Israeli officials in Jerusalem, said that at least 4,000 foreign troops could be ready to move into southern Lebanon "in a very, very short time," but he declined to pinpoint a timetable.

The resolution also calls for the causes of the current conflict to be addressed "urgently," but it leaves Hezbollah's fate and a dispute over the Shebaa Farms area to a future political settlement.

Throughout the weekend, Israeli forces ratcheted up the fighting across southern Lebanon. On Saturday, 24 soldiers were killed -- Israel's heaviest single-day toll in the war. On Sunday, at least five more were killed, and soldiers struggled all day to recover the bodies of five troops killed Saturday when Hezbollah fighters shot down their CH-53 Sikorsky helicopter. The helicopter crew included the first female Israeli service member to be killed in combat, a 28-year-old reserve air force mechanic.

Most of the soldiers were killed by Hezbollah antitank missile fire.

Israeli warplanes pursued their bombing campaign Sunday without letup, mounting an intense raid on the southern suburbs of Beirut. About 15 thundering explosions jarred the city in the early afternoon. The explosives leveled an area of several hundred square yards in a residential part of the Dahiya suburbs, controlled by Hezbollah and largely inhabited by the Shiite Muslims who are its main constituency.

Beirut residents who had been buoyed by news of the U.N. cease-fire agreement and ventured out for a late Sunday lunch were shaken back to the reality of more fighting by the first brace of blasts. The patrons of one restaurant fled from the terrace where they were eating and pointed to a large, white cloud rising from the southern suburbs. "Come on, let's go back home," one woman said dejectedly to her companion, and the terrace was suddenly empty.

Another series of blasts rattled windows at sunset.

The explosive power of the bombs and their concentration on one area suggested that the Israeli jets were seeking to kill Hezbollah leaders hiding in an underground bunker, some Lebanese said. Hezbollah swiftly issued a communique saying its chief, Hasan Nasrallah, and other senior officials were not in the area at the time of the bombing and were unharmed.

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Most of the Dahiya area has been evacuated during more than a month of repeated bombings of Hezbollah-connected office and residential buildings. But an Associated Press photographer reported that he saw rescuers pull the body of a child out of the wreckage, and local television reported that two civilians were killed. The exact number of dead and wounded was not known, police said, because Hezbollah activists were in charge of the area.

Airstrikes also reportedly hit the Ghandour chocolate factories in a hilly region southeast of Beirut overlooking the airport.

Israeli jets struck Tyre, a seaside city in the south, blasting two gas stations and destroying a nearby house. A woman, her three children and her housekeeper were killed, police told local reporters, and a Lebanese soldier was killed in a separate strike.

Six people were killed in airstrikes in the Bekaa Valley to the northeast.

A missile destroyed a truck as it drove down the road, killing two, and another strike crashed into the village of Ali al-Nahri, killing three more. A soldier was killed in another Bekaa air raid, officials reported.

In the village of Tibnine, about six miles west of the Israeli border, hospital officials issued an urgent appeal for help, saying 390 patients were in danger from Israeli shelling in the surrounding area.

The Lebanese government has tallied nearly 800 people killed since the war began July 12 with a Hezbollah commando raid into northern Israel. The overwhelming majority of victims have been civilians killed in Israeli bombings.

The Israeli military reported that 114 soldiers and 41 civilians have been killed in the conflict.

Ferocious combat with Hezbollah fighters was preventing Israeli forces from achieving their goal of controlling all of the territory from the Litani River south to the Israeli border, a swath that ranges from 14 to 20 miles wide.

Hezbollah reported sustained Israeli shelling against Khiam, a guerrilla stronghold about three miles south of the Israeli-occupied town of Marjayoun. In Aita al-Shaab, a much-contested village just above the border near Bint Jbeil, the Shiite movement said its militia fighters ambushed Israeli troops advancing down the borderside road, damaging six tanks and four bulldozers.

Other fighting was reported in the vicinity of Al Ghandouriyeh to the north, where Israeli troops were trying to recover the bodies of five crew members who perished when their helicopter was shot down Saturday night, Hezbollah said.

Al Ghandouriyeh lies on the main road west from Marjayoun toward Tyre, about three miles south of the Litani River. Hezbollah resistance in and around the villages has became a major obstacle to Israeli troops seeking to establish control of territory south of the river. Three people were killed in an airstrike just north of the river in the same vicinity, Lebanese television reported.

Cody reported from Beirut. Correspondent Nora Boustany in Beirut and special correspondent Tal Zipper in Safed contributed to this report.

Israel, Hezbollah Ratchet Up Attacks Before Cease-fire (USAT)

By Yaakov Katz Special For, Usa Today

USA Today, August 14, 2006

Both indicate truce may not end attacks

SAFED, Israel — Hours before a cease-fire was to begin this morning, Israel and Hezbollah engaged in a final frenzy of battle. Both sides signaled that the truce would not rule out further fighting in Lebanon.

The cease-fire was slated to start at 1 a.m. ET after the Israeli Cabinet on Sunday became the final party to approve a United Nations Security Council resolution to end the conflict, which began July 12 when Hezbollah abducted two Israeli soldiers. The deal calls for 15,000 Lebanese troops and 15,000 U.N. troops to be deployed in an 18-mile buffer zone between the Israeli-Lebanese border and the Litani River.

Leaders on both sides indicated they would not hesitate to resume fire if pushed.

"We will not allow the Hezbollah to attack, and we will respond even once the cease-fire begins," Israeli Defense Minister Amir Peretz said Sunday.

Hezbollah leader Hassan Nasrallah said Saturday, "As long as there are Israeli soldiers occupying our land, then it is our natural right to confront them, to fight them."

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The Lebanese Cabinet on Sunday was to have discussed deploying its army to southern Lebanon, but the meeting was canceled. Disarming Hezbollah, as the resolution requires, was an issue, said Timur Goksel, a veteran adviser of U.N. forces in Lebanon. Hezbollah leaders "don't want to be seen as the losers," he said.

Israeli Foreign Minister Tzipi Livni said no troops would pull out until the Lebanese army and an initial international force of 4,000 move into southern Lebanon. Israeli Maj. Gen. Moshe Kaplinsky said he expected that in "a few days."

As the cease-fire neared, both sides unleashed massive attacks. Israel sent 30,000 ground troops on an invasion as it pushed toward the Litani. The Israeli army said 24 Israeli soldiers were killed in fighting Saturday and five died Sunday.

Two Israeli air raids late Sunday in the village of Brital, in Lebanon's Bekaa Valley, killed at least seven people, civil defense official Ali Shukur said.

On Sunday, Hezbollah fired more than 250 rockets into northern Israel, the heaviest barrage since fighting began more than a month ago. The Israeli air force shot down two Hezbollah unmanned aircraft packed with explosives.

Lebanon Conflict Intensifies (FT)

By Harvey Morris, Ferry Biedermann And Jonathan Birchall

Financial Times, August 14, 2006

The Israeli government on Sunday accepted UN terms for a ceasefire due to go into force at 0500 GMT on Monday, while in south Lebanon its forces fought the fiercest battles of the conflict, seeking to gain ground before the deadline came.

But in Beirut the Lebanese cabinet last night cast doubt on an early end to the fighting when it failed to meet as scheduled to discuss implementation of the resolution a day after it voted unanimously to accept it.

According to one Lebanese minister, the Hizbollah movement – part of the coalition government – was refusing to disarm. "This is the moment of truth and they do not want to give up their arms," the minister, who asked not to be named, told Agence France Presse.

A spokesman for Fouad Siniora, Lebanon's prime minister, said the meeting had been postponed indefinitely to allow "wider discussions". The news of the disagreement came hours after a heavy Israeli bombardment of a Hizbollah area in the southern suburbs of Beirut, with 20 missiles striking the area.

Despite the Israeli advance, Hizbollah kept up its barrage on northern Israel, firing more than 250 rockets – a daily record – killing one person.

Resolution 1701 does not make the disarming of Hizbollah a prerequisite for a ceasefire. In 2004's resolution 1559, the international community had called for all militias in Lebanon to be disarmed. Peacekeepers have said they will only enter southern Lebanon if they and the Lebanese army are the only armed groups.

Hizbollah's arms could be a serious obstacle to the implementation of the ceasefire if the group insists on maintaining its positions to the south of the Litani river and next to the Israeli border where an international force and the Lebanese army are to take control. Tzipi Livni, Israel's foreign minister, insisted Israeli troops would remain in south Lebanon until the Lebanese army deployed there with the support of a multinational UN force.

Diplomatic efforts were on Sunday focused on planning a UN force of up to 15,000 troops that is to be deployed alongside a similar-sized Lebanese army presence once the fighting ends.

France – which helped negotiate the deal at the UN – is expected to provide the biggest contingent, with about 5,000 troops. Italy is expected to contribute 2,000-3,000, with Turkey, Malaysia, Australia and New Zealand also ready to participate.

Hassan Nasrallah, Hizbollah leader, had said in a televised speech on Saturday that he accepted the resolution but had some reservations.

"We will not be an obstacle to any decision taken by the Lebanese government," he said on Hizbollah's Al-Manar television.

Ehud Olmert, prime minister, said the terms were a good outcome for Israel that would ensure Hizbollah would not continue to exist in south Lebanon as a state within a state.

The Israeli military said it would continue to advance after heavy clashes the previous day, in which 24 Israeli soldiers were killed.

Israel has 30,000 troops in southern Lebanon and some units reached the Litani river.

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Helicopters have ferried troops deep into the country in the biggest Israeli operation of its kind since the 1973 Middle East war. One of the aircraft was brought down on Saturday by Hizbollah fire and five crewmen killed.

Combat Rocks Lebanon (WT)

By Joshua Mitnick

The Washington Times, August 14, 2006

HAIFA, Israel -- Israeli and Hezbollah forces engaged in fierce combat across southern Lebanon yesterday in a final bid to secure territory ahead of a cease-fire that formally took effect this morning. More than 250 rockets crashed into Israel, the highest one-day total of the war.

Hopes that the cease-fire might halt the fighting rose after Israel's Cabinet yesterday ratified the United Nations' resolution setting its terms. Lebanon's government approved it Saturday.

But Hezbollah vowed to continue resistance as long as Israeli troops remained in Lebanon, and Israel suggested that it would broadly interpret language permitting it to continue defensive operations.

About 30,000 Israeli troops used the final hours before the cease-fire at 8 a.m. (1 a.m. in Washington) to push toward the Litani River to drive Hezbollah from areas from where it can reach northern Israel with its Katyusha missiles.

Yesterday's barrage killed one Israeli and wounded more than 50, while setting cars afire in Haifa. Five Israeli soldiers were killed in southern Lebanon, bringing the total to 30 killed in two days.

Israeli Foreign Minister Tzipi Livni said U.N. Security Council Resolution 1701 setting the terms of the cease-fire was "the best possible that we could have gotten."

But, she said, Israel still considered it necessary to widen the buffer zone held by its ground forces in southern Lebanon. Israel has said that it won't withdraw from Lebanon until a robust multinational force is created to ensure that Hezbollah doesn't return to the south.

"It was impossible to achieve all of the goals that we set for ourselves through a military process -- and I mean the return of the kidnapped soldiers and the deployment of the Lebanese army," Mrs. Livni said.

The war began with the kidnapping of two Israeli soldiers by Hezbollah on July 12. The international force is to bolster the Lebanese army, which has promised to deploy 15,000 troops to areas that until recently were controlled by Hezbollah.

Yesterday's hostilities seemed to reflect an attempt by both sides to gain a psychological advantage going into the truce. Israel wants to push Hezbollah north of the Litani River, rendering its Katyusha rockets unable to reach Israeli towns.

Hezbollah, meanwhile, used its rocket barrage to demonstrate that Israel has not been able to stop it from striking at Israeli population centers. Israel's army said it downed two Hezbollah drones, which were apparently destined to carry out an attack in Israel.

Among the Israeli soldiers killed over the weekend was Staff Sgt. Uri Grossman, the 20-year-old son of noted novelist David Grossman, a peace activist.

Israeli army officers said they would honor the cease-fire when it went into effect today. But they also said they see themselves as free to respond to any attack on northern Israel under the cease-fire, which only requires them to halt offensive operations.

Prime Minister Ehud Olmert was criticized on both sides of Israel's political spectrum for the cease-fire agreement.

Dovish members of parliament questioned why he approved a wider push into Lebanon just hours before the cease-fire.

"It's doubtful that what we didn't accomplish over the last 34 days, we'll be able to accomplish in the next 34 hours," said Danny Yatom, a member of the Labor Party.

He argued that the goals of the operation had been realized and that the price of widening the ground war would be a sharp increase in civilian and military casualties.

Conservative members of the parliament argued that the Security Council resolution left Hezbollah free to rearm itself to confront Israel again.

Support for Mr. Olmert has been sagging as the public realizes that Israel will not achieve its stated goal of disarming Hezbollah.

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Cpl. Michael Mizrahi, a tank gunner recovering at Haifa's Rambam Hospital from a wound to his leg, said he was unsatisfied with the Security Council resolution because it will stop the Israeli army's advance into Lebanon.

"It's like soldiers went in there and got injured for nothing, without reaching our goals," he said.

Avshalom Vilan, a parliament member from the left-wing Meretz Party, said he planned to request the appointment of a state committee of inquiry to investigate all of the political-civilian failures of the current round of fighting.

Fierce Attacks On Eve Of Mideast Truce (NYT)

By Steven Erlanger

The New York Times, August 14, 2006

JERUSALEM, Aug. 13 — Hours before a cease-fire was to start, both sides in the Middle East conflict carried out fierce attacks on Sunday, with Israel bombing Beirut suburbs and racing to consolidate its positions in southern Lebanon and Hezbollah firing more than 220 rockets into northern Israel.

As the fighting continued, the Israeli cabinet endorsed a United Nations Security Council resolution calling for an end to the violence through the insertion of the Lebanese Army and an expanded United Nations force into southern Lebanon.

The cease-fire was planned for 8 a.m. local time on Monday (1 a.m. Eastern time), but few expected an immediate halt to hostilities, with skirmishes seen as likely between Hezbollah fighters and Israeli troops in Lebanon.

The leader of Hezbollah, Sheik Hassan Nasrallah, has said that Hezbollah will continue to fight Israeli troops as long as they are on Lebanese soil. Israel is committed to stopping all offensive military actions, but has pledged to respond to attacks.

Israel has also said its troops will continue to destroy Hezbollah assets and stockpiles in the areas Israel controls until they are handed over to the Lebanese Army and United Nations troops.

On Sunday, at least 22 Lebanese died, news agencies reported, as Israel bombed targets in southern Beirut, where Hezbollah and its leadership are based.

Israeli planes hit gasoline stores in Tyre, killing at least 12 people, and fierce ground fighting continued as Israel hurried to secure its foothold along the Litani River, about 15 miles north of the border. The river is the northern edge of the zone that the Lebanese Army and the United Nations troops are supposed to keep free of Hezbollah militiamen and armaments.

At least one Israeli civilian was killed by a Hezbollah rocket and dozens of others were wounded. More than 220 rockets fell on Israel, the army said, one of the highest numbers in one day, bringing to more than 4,000 the total number of rockets to strike Israel since the war began on July 12. Five Israeli soldiers were killed in fighting, the army said. It said 4 were severely wounded, and an additional 21 less seriously hurt.

No timetable was clear for when an expanded United Nations force, known as Unifil, would be ready to deploy, nor was there even any agreement on which country would lead it. [Prime Minister Ehud Olmert of Israel ordered the army to begin abiding by the cease-fire as early as 2 a.m. local time on Monday, six hours before the official start time, and to begin withdrawing some troops, the newspaper Haaretz reported on its Web site.] Israeli forces are expected to pull back gradually from Lebanon as the Lebanese Army and Unifil move together to take over sectors Israel now holds.

But a Lebanese cabinet meeting set for Sunday to discuss the enforcement of the United Nations Security Council resolution, including the disarmament of Hezbollah and the deployment of the Lebanese Army southward, was postponed indefinitely, apparently because of objections by Hezbollah, which has two cabinet ministers.

The dispute appeared to center on the critical issue of what would happen to Hezbollah's weapons; few in Lebanon believe it would surrender them. The postponement seemed an indication of the tensions in Lebanon over the cease-fire arrangement, which will, if carried out, deprive Hezbollah of its freedom to operate in predominantly Shiite southern Lebanon.

Israel is tense, too. Mr. Olmert's government is defending its handling of the war and the diplomacy to end it, arguing that Hezbollah has been badly damaged and that Israel has international backing to disarm it, at least in southern Lebanon.

The Israeli cabinet, after a lengthy session, voted 24 to 0 to approve the resolution, with one abstention — Shaul Mofaz, the transport minister, who was defense minister and army chief of staff when Ariel Sharon was prime minister.

Mr. Mofaz's abstention was an implicit criticism of his successor, Amir Peretz, the Labor Party leader, and of Mr. Olmert, and may presage a cabinet reshuffle.

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Some Labor ministers, like Ophir Pines-Paz, criticized the decision to launch an expanded military offensive before a cease-fire, while Mr. Olmert insisted, "Hezbollah won't continue to exist as a state within a state."

In the news media, a political battle was also being fought.

"Ehud Olmert knows that this is a juncture at which an entirely different war is going to begin," wrote Ben Caspit in Maariv, Israel's second-largest newspaper. "The war over his political future and that of his government."

Nahum Barnea, a columnist with the country's largest paper, Yediot Aharonot, said, "We did not win." Israel, he wrote, "comes to the cease-fire announcement bruised, conflicted and disturbed."

Although the war had not quite ended, Mr. Barnea said, "the declaration of the cease-fire allows the war of the Jews to officially begin." He called it a war of all against all — "the government against the general staff, Olmert against Peretz and vice versa, Olmert against Livni and vice versa, general against general, legislator against minister, the current government against its predecessors.'' He referred to Tzipi Livni, the foreign minister.

"Everyone is going around fed up, everyone is convinced that they have been betrayed, and everyone is waiting impatiently for the day when Nasrallah will allow them to get it all out into the open," Mr. Barnea said.

The war began on July 12 when Hezbollah crossed the international border with rockets and troops and captured two Israeli soldiers, killing eight. Sheik Nasrallah, the Hezbollah leader, said he had acted in solidarity with the Palestinians of Gaza, where Israeli forces were fighting to secure the release of another soldier, who had been captured by Palestinian militants in another raid into Israel on June 25.

Mr. Olmert responded forcefully, and since July 12, nearly 1,150 Lebanese are estimated to have died, most of them civilians, and about 150 Israelis, mostly soldiers. Israel says that some 500 Hezbollah fighters have been killed, a figure Hezbollah disputes. In Gaza, nearly 200 Palestinians have died, many of them militants.

Shimon Peres, the experienced deputy prime minister, said that after a confusing start, "we came out of this with the upper hand, both politically and militarily." He said that Sheik Nasrallah had suffered a serious setback in Lebanon. "Hezbollah is weaker, and the government of Lebanon is stronger," he said, and "between our suffering and Nasrallah's imagination, there is a big gap."

The war, he said, "is neither a solution nor a respite — it's an opening" toward a new relationship with Lebanon.

Ms. Livni, the foreign minister, said: "I am not naïve. I live in the Middle East, and I'm conscious of the difficulties that will be faced in applying the resolution. But this resolution is good for Israel."

She said that "since the beginning of the war we understood that all our objectives could not be achieved — but this resolution answers a lot of the goals."

Israel would negotiate for the release of its two captured soldiers, she said, presumably in exchange for captured Hezbollah fighters and the bodies of Hezbollah dead. Israel had demanded the unconditional release of its soldiers.

Still, Israelis will wait to see what the Lebanese Army and a new Unifil accomplish in southern Lebanon. Israeli officials, no fans of the French role in the diplomacy, were disturbed by suggestions that France, despite the language of the United Nations resolution, did not see the mission of Unifil as disarming Hezbollah.

Philippe Douste-Blazy, the French foreign minister, told Le Monde on Saturday that the purpose of the enlarged Unifil would not include the disarming of Hezbollah by force.

"We never thought a purely military solution could resolve the problem of Hezbollah," he said. "We are agreed on the goal, the disarmament, but for us the means are purely political."

That is the kind of immediate backtracking from the resolution that worries the Israelis, and which they say justifies their continuing military offensive to push Hezbollah back beyond the Litani, because they do not believe that the Lebanese Army, even with Unifil, will do it.

"It's easier to keep a place clean than to clean it," said an Israeli minister who spoke on condition of anonymity so as not to prejudice the international mission.

A Foreign Ministry official pointed out that it was Mr. Douste-Blazy who, in Beirut, called Iran "a force for stability in the region" when Europe is trying, with the United States, to ensure that Iran does not develop nuclear weapons.

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In the fighting Sunday, Israel said it shot down two Hezbollah drones, one near Tyre and the other over Israel; the Israeli news media said they were loaded with explosives.

In Beirut, the capital, about 20 explosions rocked the southern edge of the city in two minutes at midafternoon. The blasts were so heavy they could be heard from the mountain resorts high above the city. Another barrage occurred at night that appeared to be one of the heaviest attacks on the outskirts of Beirut since the war began.

In southeastern Lebanon, near the Israeli panhandle, the thump and boom of artillery pounded a constant beat that echoed in the mountain valleys Sunday night.

A correspondent for Al Manar, the Hezbollah television station, speaking by telephone from Khiam, a southern Lebanon town where the Israelis have been battling Hezbollah fighters for weeks, said the fighters had held off Israeli advances despite heavy shelling and airstrikes. “Morale is high,” he said.

Israel Pounds Beirut Ahead Of Cease-fire (AP)

By Ravi Nessman, Associated Press Writer

AP, August 14, 2006

Israel's Cabinet became the final party to sign on to the U.N. cease-fire deal Sunday, while Israeli planes blasted Beirut and ground troops battled Hezbollah in south Lebanon seeking to batter the militant Islamic group in the hours before fighting stopped.

Hezbollah hit back with its heaviest rocket barrage of the war on northern Israel.

The guns were supposed to fall silent at 8 a.m. (1 a.m. EDT) Monday, according to the United Nations, ending a month of combat that has killed more than 900 people.

But implementation of the hard-won agreement already was in question Sunday night when the Lebanese Cabinet indefinitely postponed a crucial meeting dealing with plans to send 15,000 soldiers to police Hezbollah's stronghold in southern Lebanon.

Lebanese media reported that the Cabinet, which approved the cease-fire plan unanimously Saturday, was sharply divided over demands that Hezbollah surrender its weapons in the south. That disagreement was believed to have led to the cancellation of Sunday's meeting.

Lebanese leaders made no public comments.

The deployment of the Lebanese army along Israel's border, with an equal number of U.N. peacekeepers, was a cornerstone of the cease-fire resolution passed Friday by the U.N. Security Council. The forces are supposed to keep Hezbollah fighters out of an 18-mile-wide zone between the border and Lebanon's Litani River.

Two hours before the cease-fire was to go into effect, the Israeli military dropped leaflets on central Beirut, warning it would retaliate for any attack launched against it from Lebanon.

Addressed to Lebanese citizens, one leaflet said Hezbollah serves the interests of its Iranian and Syrian patrons and has "brought destruction, displacement and death."

"Will you be able to pay this price again?" it said. "The Israeli Defense Forces will return and act with the required force against any terrorist act that is launched from Lebanon against the State of Israel."

Prime Minister Ehud Olmert ordered the army to halt its offensive from 2 a.m. Monday (6 p.m. EST) and only fire in self defense, the Web site of the Israeli daily Haaretz reported. The army could not confirm the report, and fighting escalated dramatically in the final hours before the cease-fire deadline.

A day after 24 of its soldiers were killed, Israel's army said five died Sunday in the latest fighting involving some of its 30,000 troops in Lebanon's south. Hezbollah reported one of its fighters killed, but did not say when.

Israeli jets pounded a Hezbollah stronghold in south Beirut with at least 23 missiles, most coming in a two-minute period Sunday.

An Associated Press photographer who reached the area saw the body of a child being removed from the wreckage. TV pictures showed heavy damage appearing to stretch for several hundred yards in all directions in the neighborhood of medium-rise apartment buildings.

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Israeli planes struck the area again late Sunday, Lebanese security officials said, but no damage was immediately reported.

Jets also attacked gas stations in the southern port city of Tyre. The strikes killed at least 15 people, Lebanese officials said.

Two Israeli air raids on a village in Lebanon's eastern Bekaa Valley later killed at least seven people and wounded nearly two dozen, civil defense official Ali Shukur said.

The strikes destroyed three houses in the village of Brital, about nine miles from the Hezbollah stronghold of Baalbek, and more people were feared trapped under the rubble, he said.

Residents said one of the homes housed a Hezbollah office. A raid on the same village last week left seven people dead and wounded nearly two dozen people.

Israeli warplanes also attacked the outskirts of Baalbek two hours before the cease-fire was to go in effect Monday, but it was not immediately clear if there were casualties, Lebanese security officials said.

Hezbollah fired more than 250 rockets at northern Israel, the worst daily barrage since fighting started July 12. Missiles killed an Israeli man and wounded 53 people, rescue officials said. Cars were set afire in the northern city of Haifa, billowing black smoke into the sky.

Israeli officials appealed to residents of the north who fled the rockets not to return before the government determined the situation was safe.

As the fighting persisted, Israel's Cabinet held a stormy debate on the cease-fire, with minister Ophir Pines-Paz criticizing the government's decision to expand its ground offensive ahead of the truce. The Cabinet eventually approved the agreement 24-0, with one abstention.

Prime Minister Ehud Olmert said the cease-fire agreement would ensure that "Hezbollah won't continue to exist as a state within a state."

In addition to authorizing the beefed-up international force in southern Lebanon, the Security Council resolution calls for the Lebanese government to be the only armed force in the country, meaning Hezbollah would have to be disarmed.

Israeli Foreign Minister Tzipi Livni said the agreement, if implemented, "will lead to a significant change in the rules of the game in Lebanon."

"I'm not naive. ... I live in the Middle East, and I know that sometimes not every decision is implemented. I'm aware of the difficulties. Yet with this I say with full confidence that the Security Council decision is good for Israel," she said.

Officials said Israeli troops would begin leaving southern Lebanon as soon as the Lebanese army and the international force started to deploy in the area.

The Lebanese government approved the U.N. plan Saturday, and Hezbollah leader Hassan Nasrallah signaled acceptance. But Hezbollah has resisted previous calls to disarm and its refusal to follow through this time would threaten the deal.

The fighting erupted July 12 when Hezbollah guerrillas attacked an army patrol inside Israel, killing three soldiers and capturing two others. Five more Israelis were killed later in the day trying to rescue their comrades.

Israel then launched an air and ground offensive, and 4 1/2 weeks of combat has killed at least 789 people in Lebanon — mostly civilians_ and 152 Israelis, including 113 soldiers.

Among the dead soldiers this weekend was Staff Sgt. Uri Grossman, the 20-year-old son of renowned Israeli novelist and peace activist David Grossman. He was killed by an anti-tank missile Saturday, the army said Sunday.

Livni said Israel would not stop trying to win the captured soldiers' release, but would not accept a link between their freedom and Hezbollah's demands that Israel free Lebanese prisoners.

With Israeli troops remaining in south Lebanon for the time being, the potential for more clashes after a cease-fire was high. Israel's weekend push to the Litani River meant dozens of Hezbollah fighters were caught behind Israeli lines and some of them were almost certain to attack.

Military officials said they would not sit passively if that happened.

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"If we're fired upon, or if Israel's fired upon, then we'll act against the fire," said Maj. Gen. Benny Gantz, the head of Israel's ground forces. "You can't move from black to white easily — there will be a period of gray."

Nasrallah, Hezbollah's leader, said Saturday that his guerrillas would abide by the cease-fire resolution, but warned it was "our natural right" to fight any Israeli troops remaining in Lebanon.

Israeli politicians criticized the government's handling of the fighting and its claims of success. Dovish lawmaker Yossi Beilin and hawkish legislator Benny Elon both called Sunday for the creation of a commission of inquiry after the fighting ended.

While Defense Minister Amir Peretz said Israel had emerged victorious, the U.N. plan was seen by many Israelis as at best a draw with Hezbollah. Some felt Israel — unable to subdue a guerrilla force — had lost.

The deal could buy a period of calm, though many worry that more fighting is sure to come. Neither the Lebanese army nor U.N. forces can be counted on to challenge Hezbollah and prevent the Iran-supplied guerrillas from rearming, military experts and commentators said.

Amos Yadlin, head of Israel's military intelligence, told the Cabinet that the capability of the Lebanese government was unclear and Hezbollah was sure to continue to get arms from Syria and Iran, according to Israel's Channel Two TV.

"Hezbollah has been weakened but not beaten," Channel Two quoted him as telling the meeting. "The chance of a future conflict with Hezbollah is very high."

But Livni said the cease-fire should "lead in the end to the disarming of Hezbollah."

Associated Press writer Joseph Panossian in Beirut, Lebanon, contributed to this report.

Ahead Of Truce, Israel And Hezbollah Show Their Strength (MCT)

By Dion Nissenbaum And Carol Rosenberg

McClatchy Newspapers, August 14, 2006

MALKIYA, Israel - Israeli forces bombed Beirut and fought ground battles in a race to take turf in south Lebanon on Sunday while Hezbollah fired its biggest one-day fusillade of rockets into northern Israel in an offensive frenzy ahead of a U.N.-brokered cease-fire meant to silence the month-old war soon after dawn Monday.

The weekend warfare was Israel's bloodiest of the month-old campaign. At least 29 soldiers were killed, among them the 20-year-old son of acclaimed Israeli author David Grossman who had publicly opposed the offensive, and the first Israeli woman soldier to die in this Lebanon conflict, a mechanic aboard a helicopter shot down by Hezbollah.

On the political front, the Israeli cabinet endorsed the cease-fire but said it would not withdraw thousands of troops ranged across Lebanon's south. Lebanese Prime Minister Fuad Siniora's government was mired in crisis after Hezbollah balked at disarming fighters in the conflict zone.

And still uncertain on the eve of the truce was whether it would take hold and stick long enough - a week or more - for the United Nations to assemble and dispatch a 15,000-member multinational force to move south with the Lebanese army and take control of the war zone.

"We are all sick of this war," said Israeli Pvt. Tomer Ashkenazi, 21, who was deployed to the fight a month ago, as he helped prepare shells for his tank unit Sunday at this Lebanese border community. "But, as a soldier, I can't see the end. They keep firing at us and we keep firing at them."

Hours later, Prime Minister Ehud Olmert's cabinet unanimously agreed with one abstention to stop its offensive at 8 a.m. Monday, or 1 a.m. EDT, and test the U.N. truce. Under the scheme, Israel would halt its air strikes and shelling of south Lebanon from artillery batteries arrayed along the northern border that have been shaking the earth night and day in support of advancing forces.

"It means we don't keep moving north. We do nothing to escalate the situation," said Israeli spokesman Mark Regev, adding that under the U.N. Security Council resolution adopted Friday, Israel reserved the right to fight defensively against Hezbollah until there is "a coordinated withdrawal together with the Lebanese army and the international forces."

But, he said, Israel would not bring home most of the troops it poured into the south over the weekend until the U.N. force arrives and separates the two sides, with Hezbollah going north and Israel back inside its territory.

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So, questions remained about how both sides would behave during the week or more it takes to assemble the force: How much air and firepower would Israel bring to bear if it spots Hezbollah fighters in the zone south of the Litani River? What about suspected re-supply missions? Would it use artillery or air support in close-range clashes with Hezbollah fighters? What if Hezbollah continues to fire rockets into northern Israel?

Still unclear Sunday night was where Israeli forces were dug in around southern Lebanon after a weekend dash 18-miles north of the border to the Litani River. Israel's combat helicopters dropped commandos north of Hezbollah positions Saturday, its largest offensive into Lebanon, leaving an estimated 30,000 troops spread across a perilous patchwork of Israeli infantry and tank forces here, Hezbollah fighters there.

Hezbollah's leader, Sheikh Hassan Nasrallah, said Saturday that his Party of God would accept the cease-fire, suggesting a halt in cross-border rockets. But he said, in defense of Lebanon, it would still fight Israeli troops on Lebanese soil even during the cease-fire.

In a show of strength Sunday, Hezbollah unleashed more than 250 rockets across the border into northern Israel in hour after hour of strikes that set off sirens and sent Israelis again and again to shelters from Nahariya to Kiryat Shemona. An 83-year-old man was killed in a Katyusha rocket attack, and more than 80 Israelis were wounded in the fusillade.

In Beirut, Israeli warplanes pummeled the southern suburbs, a Hezbollah stronghold, day and night. Prime Minister Siniora postponed a Cabinet session on implementing the cease-fire because of dispute over whether Hezbollah would disarm itself ahead of arrival of the Lebanese army and foreign forces. Most of Siniora's government, which includes two Hezbollah representatives, wants the Shiite fighters to lay down their arms before the Lebanese and U.N. forces arrive.

"We are still very hopeful there will be a cease-fire tomorrow, but ... the arms issue of Hezbollah is at the crux of that," said a Lebanese Cabinet member, on condition he not be identified.

Israel argues that Lebanon's government must leash Hezbollah.

"If a stone or a Katyusha is fired at Israel, we must deal the hardest blows at the Lebanese infrastructure, because Lebanon allows the Hezbollah to operate," Deputy Prime Minister Eli Yishai of the religious Shas Party said after Sunday's cabinet meeting. "Only in this way will Siniora watch over his area."

The infrastructure is already badly battered. Lebanese Red Cross said medics were digging through rubble in southern Beirut's Dahiyeh section Sunday for victims of Israel's bombing raids, which killed at least three people, two of them children, and wounded 18 others. In Tyre, Israeli strikes hit fuel stations north and south of the coastal city, said Qassim Shaalan of the Lebanese Red Cross there.

"We're expecting a very heavy night," said the Lebanese Red Cross' Ralph el-Hage in Beirut, predicting the death toll would climb. "Many more corpses lie under the rubble."

Israelis interviewed along the northern border offered a blend of bewilderment and anger over what the county had gained out of a month of warfare triggered July 12 by Hezbollah's capture of two soldiers inside Israel.

"We're a little bit confused because we didn't get anything at all out of the cease-fire," said Israeli army Lt. Roy Shaposhnik, 27, who was called into the reserves last week along with his old tank unit. "I think this is the first time that Israel lost a war."

Israel said it launched the war to both recover the two men and weaken or dismantle what it saw as a proxy of Iran and Syria, the armed wing of the parliamentary Party of God movement, which has dominated the south since Israel's May 2000 withdrawal inside its own borders.

But Hezbollah has hung on for a month, rocketing northern Israel, battling Israeli forces in the south - and was no closer to freeing the two reservists it presumed were still alive Sunday. Instead, the Israeli government said it would name a special envoy to negotiate with the Siniora government for their return.

Shaposhnik said Israel shouldn't have accepted any deal that didn't include return of the two soldiers, who were snatched in a bold Hezbollah incursion on their last day of reserve duty.

"No one wants to go inside Lebanon, but if you think about it we've had more than 30 days of fighting and I can't really understand what we achieved," he said.

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Amid the frenzy of fighting Sunday, Israeli unity was fracturing. Former Defense Minister Moshe Arens called Prime Minister Olmert and his cabinet unfit to govern, accusing them of mismanaging the war, then accepting a weak U.N. truce that kept Hezbollah strong.

"To lead the nation in a war to victory was just too much for them," wrote Arens, 80, in a commentary in the respected daily Haaretz newspaper. "Israel's enemies, and they are many, will conclude that Israel does not have the stamina for an extended encounter with terrorism. You do not need tanks and aircraft to defeat Israel - a few thousand rockets are enough."

U.S. Shift Kicked Off Frantic Diplomacy At U.N. (NYT)

By Warren Hoge

The New York Times, August 14, 2006

UNITED NATIONS, Aug. 13 — When Israel began its counterattack on Hezbollah one month ago, the Bush administration backed the Israeli plan to destroy the militia and its arsenal of rockets, resisting efforts by France and other allies to call for a cease-fire.

But as the assault wore on and it became evident that Hezbollah was a far more fearsome and skilled adversary than Israel had first thought — and as Lebanese civilian casualties mounted — American policy moved more urgently toward seeking an immediate political solution.

That shift, recounted by senior administration officials, led to one of the most dramatic bouts of diplomacy that the United Nations Security Council has witnessed in years. Whether it leads to peace in southern Lebanon remains unclear. But what is certain is that negotiators in a half-dozen countries took part in a rare high-wire act.

American secretaries of state attend Security Council sessions on resolutions only after a deal has been struck. Yet last Friday, when Secretary of State Condoleezza Rice arrived in New York, not only was there no deal, it was unclear whether the Council would even meet.

Negotiators here and in Paris, Washington, Beirut, Jerusalem and Arab capitals were still fighting over central elements of a draft resolution to halt the combat.

The fact that a resolution was passed unanimously that night still amazes some of the participants.

“This is the most difficult crisis that I have had to handle since 2002, when I became diplomatic counselor for the president,” said Maurice Gourdeault-Montagne, an adviser to President Jacques Chirac of France, who was a principal contact in Paris as the Franco-American diplomacy moved in and out of agreement.

R. Nicholas Burns, under secretary of state for political affairs, a driving force on the American side, said, “We were banging our heads against the wall six or seven hours a day, working out the words of these resolutions among four or five capitals.” He added, “We’d go home at 10 or 11 at night and say, ‘Tomorrow will be a better day.’ But the next day was Groundhog Day all over again.”

A senior administration official said a crucial moment came when Ms. Rice decided to intervene personally in New York.

“Condi sat in her office Thursday night,” he said. “In a very clear moment, she decided to go to New York and just force this through by going there and sitting there until it got done.”

That official, like many of those who spoke for this article, did so under restrictions imposed by superiors barring talking to reporters on the record.

The week of diplomacy began last Saturday, when France and the United States announced they had agreed on a resolution that would halt the fighting, ask the current United Nations force, Unifil, to monitor the border, and lay out a plan for a permanent cease-fire and political settlement.

The accord envisaged a second resolution, two to three weeks later, that would create a new international stabilization force.

In the following days, the accord was assailed in Beirut and throughout the Middle East because it allowed Israeli troops to remain in southern Lebanon until the new international force would arrive.

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"When the Lebanese government said the resolution is not enough and we need so and so and we reject it, in a sense we had to go back to work again and we said to the Americans, 'You have to work again too,' " a senior French government official said in a telephone interview.

An American official said, "By Tuesday, it was clear that this two-phase approach was creating a problem for both Lebanon and Israel. The two principal parties to this conflict didn't like it."

He said that Israel worried about a real force not being able to deploy in the area and feared a second resolution would never occur. The Lebanese, on the other hand, objected to a continued Israeli troop presence, and persuaded France that this was unacceptable.

A day later, both France and the United States saw the other as backtracking and the dialogue over drawing up the resolution sharpened, officials from the two countries said.

"By Wednesday, the French said, 'We've changed our minds. We think the Israelis should begin withdrawing immediately after the first resolution passes,' " the administration official said.

"We told the French, at different levels, that we will not agree to this ever," said the senior administration official. "It's not going to happen. It's completely unrealistic. Israel can't withdraw just with the cessation — Hezbollah would fill in right behind them."

In New York, John R. Bolton, the American ambassador, told at least one ambassador close to the talks that he feared the United States might be forced into using its veto. He and Jean-Marc de la Sablière, his French counterpart, talked about the disagreement as "crossing the Rubicon."

In a news conference in Toulon, France, Mr. Chirac said it would be "immoral" for the Security Council not to agree on a way to bring the fighting to a halt, and he made it clear to whom the admonition was addressed. "It seems today that there are American reservations toward adopting the proposal."

If there was a failure to agree, he said, France would present its own resolution and force other countries to "clearly state their position."

"We knew there was a risk that if we introduced our own resolution that the Americans would veto it," a senior French official said.

Mr. Chirac has a special place in his heart for Lebanon and was a close friend of Rafik Hariri, the former Lebanese prime minister who was assassinated in February 2005.

But more important for Mr. Chirac at that moment, he said, was French public opinion and the reaction in the Arab world.

On Thursday, Mr. Bolton and Mr. de la Sablière met with delegates from the Arab League who had flown to New York to protest the existing draft resolution as biased in Israel's favor. They said the resolution was unacceptable to Lebanon as long as it contained references to Chapter VII of the United Nations Charter, which gives international peacekeeping forces broad military powers.

Hezbollah, which is part of the Lebanese government, would not accept a resolution that appeared to directly empower foreign forces to disarm it.

That night, the two envoys met with the ambassadors of the other three permanent Security Council members, Britain, China and Russia, to discuss the stalemate.

Vitaly I. Churkin, the Russian ambassador, left that meeting abruptly, saying prospects for a resolution to end the fighting were bleak because of the dispute over Chapter VII and that Russia was consequently offering its own measure declaring a 72-hour "humanitarian cease-fire."

The feeling was one of hopelessness, but Mr. Bolton, departing 30 minutes later, boldly predicted there would be a vote on Friday.

Then he and Mr. de la Sablière worked into the night removing the Chapter VII citations and rewriting crucial passages with language adapted from the less coercive Chapter VI in such a way to give the force the power that France, the United States and Israel felt it needed to keep Hezbollah from reoccupying southern Lebanon.

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According to officials in Jerusalem, the government mood shifted Thursday, from upbeat in the morning to deeply unhappy when a draft arrived in the early hours of Friday with brackets around all those parts that the United States and France had been unable to settle on.

By Friday afternoon in Jerusalem, the Israelis were so mistrustful of an imminent political breakthrough that they ordered a ground assault that they had held in abeyance to give diplomacy a chance.

As evidence of how committed the United States had become to the notion that an Israeli military victory was no longer an option, Ms. Rice and other administration officials posed pointed questions to the Israelis about the likely consequences of an intensified military push. And in a rare pointed remark clearly aimed at Israel, Tony Snow, the White House spokesman, said Wednesday, "We do not want escalations."

Another official said he worried that a stepped-up military campaign with no clear Israeli victory would end up handing Hezbollah a moral victory in the Middle East.

Israeli officials said the aspect that brought them around was convincing evidence that the resolution gave Unifil greatly expanded power and foreign troop contributions.

A Foreign Ministry official in Jerusalem said Sunday that Israel was happy with the result. "I think this resolution has the potential and ability to change the situation in Lebanon," he said. "The Lebanese Army and the multinational force in the south removes the reason for Hezbollah to have its militia there."

Ms. Rice was particularly prominent in conducting the Lebanon policy because President Bush left the high-level contacts to her in a way that he has not in past crises, when he has made direct phone calls and personal appeals to world leaders.

When Prime Minister Ehud Olmert of Israel called Mr. Bush on Friday, it was the first time the two men had spoken since the Hezbollah-Israeli conflict began on July 12.

For Mr. Olmert, this cease-fire is a political gamble, as it is for Mr. Bush. Israeli troops are to leave gradually and in parallel with the arrival of the 30,000 foreign and Lebanese forces take up position. But that transition remains fraught with risk. And left open is the disarming of Hezbollah, a point on which all sides say they agree but which the resolution does not directly address.

Why Bush Embraces Israel's Hard Line (CSM)

By Peter Grier

The Christian Science Monitor, August 14, 2006

WASHINGTON

In the long history of US-Israel relations, President Bush may rank as one of the staunchest friends in the White House that the tiny Jewish state has ever had.

In part, this attitude appears to stem from Mr. Bush's travel in Israel and his personal relationships with its leaders. In part, it reflects the feelings of the US public, which is generally more pro-Israeli than is the population of Britain, say, or France.

But - as the White House reaction to the recent fighting makes clear - it may also stem from a stark view of Middle East conflicts. The overall administration calculus may run like this: There are good guys, and there are bad guys, and the role of the United States is not to manage negotiations between them but to facilitate the bad guys' defeat.

"The Bush administration [has] hoped to change the strategic equation in the region by eliminating or neutralizing regional troublemakers," writes Michele Dunne, a senior associate in the Middle East program at the Carnegie Endowment for International Peace, in a recent report on the current crisis.

Sunday, the Israeli Cabinet approved a UN cease-fire plan, scheduled to take effect Monday morning. The Lebanese government has also approved the truce, which calls for the deployment of about 15,000 foreign troops and an equal number of Lebanese soldiers in southern Lebanon. Despite the cease-fire plan, however, Israeli warplanes and troops continued fighting in Lebanon, and Israeli officials said their country would still be entitled to use force to prevent Hizbullah from rearming.

American presidents have long struggled to balance support of Israel with other Middle East diplomatic objectives. The balancing act, in fact, goes as far back as Harry Truman, who quickly recognized Israel in 1948 over the objections of Secretary of State George Marshall.

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In 1956, Dwight Eisenhower faced down Israel, France, and Britain in the Suez Crisis, a convoluted scheme by the trio to unseat Egypt's Gamal Abdel Nasser and reseize control of the Suez Canal.

In 1973, Richard Nixon rushed supplies such as ammunition and fighter jets to the Israeli military to bolster its fight for existence in the Yom Kippur War.

In the 1980s, Ronald Reagan embraced Israel as a strategic partner in the cold war. But Vice President George H.W. Bush didn't entirely share that attitude. He thought the US should be more of a neutral arbiter between Israel and Arab nations, which held vast reserves of oil.

When the first President Bush succeeded Reagan in the Oval Office, he for a time withheld US loan guarantees from Israel in an effort to force the curtailment of settlements in Israeli-occupied territory.

The second President Bush has broken with his father and warmly supported Israel, as Mr. Reagan did. One of the most repeated anecdotes of Bush's political biography is his 1998 helicopter flight over Israel with then-Foreign Minister Ariel Sharon. Bush marveled at how thin and fragile Israel seemed from the air, noting that there were "driveways in Texas" as long as the nation was wide.

Critics have charged that Bush's support of Israel is a result of his Christian faith and its attitude toward the Holy Land - something administration officials have long denied. Others point to the power of the Jewish vote. Bush received almost a quarter of Jewish votes in 2004, up from 19 percent in 2000. That's a significant increase, but Jews as a political group remain predominantly Democratic.

Critics also say Bush may be under the sway of pro-Israeli interest groups, long a potent Washington force.

Overall, "the 'special relationship' with Israel ... is due largely to the activities of the Israel lobby - a loose coalition of individuals and organizations who openly work to push US foreign policy in a pro-Israel direction," write political scientists John Mearsheimer and Stephen Walt, authors of a recent cover story on the subject in the journal Foreign Policy.

Administration supporters reply that, whatever the wellsprings of Bush's attitudes, he's merely reflecting US public opinion. They say Americans generally see Israel as a plucky democracy in a sea of autocracies - and a friend that, like the US, has endured terrorist attacks.

A recent Los Angeles Times/Bloomberg poll found that 59 percent of respondents judged Israel's actions in the current conflict "justified." That's a stark contrast to opinion in Europe. In Britain, a Daily Telegraph poll found that only 17 percent of respondents agreed that Israeli attacks were "appropriate and proportional." In Germany, a similar survey found only 12 percent approval.

Then there is the 9/11 factor. Over the past five years, the administration has increasingly seen all Middle East conflicts through the lens of the war on terror. Given the stakes, that's the right choice, say administration officials. But others say longstanding regional conflicts don't lend themselves to an us-against-them style of analysis.

"I think the administration has had a rather militant and absolutist notion of how to achieve peace in the Middle East, laced with overtones of black-and-white morality," said former National Security Adviser Zbigniew Brzezinski at a recent Center for Strategic and International Studies conference.

In A Political Move, Lebanon Offers An Army That All Of Its Sects Can Accept: Its Own (NYT)

By John Kifner And Jad Mouawad

The New York Times, August 14, 2006

BEIRUT, Aug. 12 — Prime Minister Fouad Siniora's offer to send the Lebanese Army into the Hezbollah-dominated south proved central to breaking the diplomatic impasse over Israel's invasion. But it is an almost entirely political — or even symbolic — gesture.

The army, for many years the least bellicose group of armed men in a country otherwise filled with them, is more suited to internal security than to facing outside threats. It has no modern tanks, no air force — only a handful of Vietnam-era helicopters — and its modest budget goes mostly for salaries.

The resolution on a truce adopted by the United Nations Security Council on Friday calls for 15,000 Lebanese soldiers to patrol southern Lebanon, once Israeli troops withdraw, in concert with an international peacekeeping force of the same size. The

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Lebanese Army has about 3,000 crack troops, Lebanese officers say, in units that specialize in tasks like commando operations and hostage rescue, aimed primarily at dealing with fractious local elements like Palestinian or Islamic militants.

The army was once divided into brigades by religion — the Sixth Brigade, made up of Shiites trained by Americans, was saddled with the motto "we serve and defect" when it went over to local militias in the early 1980's.

But in recent years, the army has been transformed into a national force, with the various sects integrated in the units.

Its deployment, some hope, could help soothe Lebanon's fragmented politics and strengthen the government's shaky legitimacy.

"This is a political mission for the army," said Brig. Gen. Elias Hanna, who is retired from the Lebanese Army.

"The Lebanese Army reflects the fabric of this society," General Hanna said. "Lebanon is a very small country. Everybody knows everybody.

"When you talk about the Shia in the army, you are talking about relatives, neighbors and friends. All we need in Lebanon is political consensus."

Prime Minister Siniora, a newcomer to politics who ran the vast business empire of Rafik Hariri, the assassinated former prime minister, is being widely praised here for his role in trying to end the fighting and, particularly, for calling for the army deployment.

"It shows the determination of the Lebanese government to act as a government, finally," said Rami G. Khouri, a columnist at The Daily Star and the director of a new Middle East research center at the American University of Beirut.

"That's significant," Mr. Khouri said. "The recent history has been one of terrible personal divisions. This sets the stage for future reconciliation."

Indeed, Mr. Siniora's performance drew a positive assessment even in the Israeli newspaper Haaretz, where Zvi Barel wrote that he "has managed to surprise everyone.

"His decision regarding stationing Lebanese Army reserve soldiers to prove that his intentions are genuine, was a perfect move in negotiations," he said.

After 15 years of civil war, 15 more of Syrian domination, past Israeli invasions and attacks, official corruption beyond measure and countless political assassinations, Lebanon had seemed, before the current conflict began, to be on the brink of establishing a legitimate independent government. But under the surface, the sectarian divisions remain and with them the fear of a renewed civil war.

In elections last spring, an anti-Syrian reform coalition — including some members who were old civil war enemies — won a narrow majority in Parliament.

But the voting still ran along religious lines, with Hezbollah candidates piling up huge margins in the Shiite districts.

In the sectarian straitjacket that allots political office, the speaker of Parliament must be a Shiite, so the post was retained by Nabih Berri, a longtime ally of Syria — as is President Émile Lahoud, a Maronite Catholic.

The result was a government stalemated on virtually every front.

But Mr. Siniora, a Sunni, has managed to get all of the major players to sign on to what he called his Seven-Point Plan for a cease-fire.

Hezbollah's insistence that it would not give up its weaponry has remained a troubling unresolved issue, though, and it continues to raise doubts about whether Mr. Siniora's plan can work.

In addition to his own Sunni backers, the rival Christian factions loyal to either the former warlord Samir Geagea or to Gen. Michel Aoun and the Druse chieftain Walid Jumblatt, the plan now has its most important backer: Sheik Hassan Nasrallah, the Hezbollah leader.

In a televised speech on Wednesday night, he said, "Now for the sake of national unity and despite our reservations we will not stand as an obstacle."

"The deployment of the army protects the sovereignty and the independence of the country," he added.

For more than a year, outside the formal government structure, the real powers of Lebanon, largely an assortment of near feudal clan chiefs known here as zaim and figures from the 17 different religions — the tiny Armenian community sent a rotating representative — have been meeting around a large round table in an effort to achieve a national dialogue.

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The most difficult issue was Hezbollah's weaponry, which it defended as necessary to resisting what it considers Israel's occupation of the Shebaa Farms area.

"The main sticking point was the weapons," said Nizar Hamzeh, a political science professor at the American University of Kuwait and the author of "In the Path of Hezbollah."

Mohammed Chatah, an important behind-the-scenes adviser to Mr. Siniora in the current negotiations and a former Lebanese ambassador to the United Nations, agreed, saying, "That's at the heart of the discussion that's been going on."

"They argued strongly that a separate resistance entity served the country better," Mr. Chatah said, adding, however, that the contention "that it was a deterrence did not stop the Israelis."

He emphasized the difference in perspective between the Western and Arab views of Hezbollah.

"I do not regard Hezbollah as a renegade militia," he said. "We are in a war against Israel which is perceived by many in this country as doing terrible things in Gaza and elsewhere."

Speaking of support for Hezbollah during the current Israeli occupation of southern Lebanon, he said, "There is a degree of solidarity that transcends diverse politics."

Results In Lebanon Damage U.S., Israel's Olmert (WSJ)

By Marc Champion And Guy Chazan

The Wall Street Journal, August 14, 2006

Israel's failure to quickly defeat Hezbollah forced the U.S. to make significant compromises at the United Nations and looks likely to leave U.S. policies in the region as well as Israeli Prime Minister Ehud Olmert damaged, according to diplomats and analysts.

Even as Israel threw thousands of extra ground troops into a major assault to clear Hezbollah from Lebanese territory ahead of a cease-fire set to take effect at 8 a.m. Israel time today, analysts and diplomats said the effort may be a sign of Mr. Olmert's political desperation rather than of strength. The career politician has come under criticism that he has mishandled the month-long war by limiting the military to an air offensive, with relatively few troops on the ground.

At the same time, Israel's inconclusive struggle with Hezbollah has forced the U.S. to accept a compromise resolution at the U.N. Security Council that may not secure its long-term goal of neutralizing Hezbollah as a military force and doesn't give the U.S. much of the credit for negotiating a cease-fire. While welcoming Friday's resolution, U.N. Secretary General Kofi Annan, European Union foreign-policy representative Javier Solana and leaders in the region expressed anger that it had taken so long to secure a cease-fire deal -- a veiled reference to U.S. opposition to an "immediate" cease-fire that helped delay a resolution.

In the end, the U.S. did agree to an immediate cease-fire, although that was termed in the resolution a "cessation of hostilities." The U.S. had insisted that any cease-fire should come simultaneously with the introduction of a robust international force. Now it is likely to come several weeks before such a force hits the ground. Israeli troops are to withdraw after the cease-fire, in parallel with the introduction of Lebanese government troops, backed by the small and weak existing force of U.N. monitors.

"The way the U.S. has handled this so far, in failing to seize a moment a few weeks ago when a cease-fire might have been managed, has actually united Shia and Sunni sentiment in the streets against the U.S.," said Steven Simon, a former U.S. National Security Council official and now senior analyst at the Rand Corp. in Washington. By uniting Muslim opinion against it as never before, the U.S. has become less effective in the region, he said.

U.S. and Israeli officials alike stressed that any compromises were minor and that in the long term, if the resolution is implemented, it will secure the goals of both: an end to Hezbollah rocket attacks on Israel; the return of the two Israeli soldiers whose capture triggered the conflict; Hezbollah eliminated as a military force from the region; and Lebanon's government in sovereign control of its entire territory and borders.

Indeed, many analysts say the dust will have to settle before it is clear how well Hezbollah survives Israel's attack and continuing international focus on its disarmament. Speaking at a cabinet meeting yesterday at which Friday's Security Council resolution was approved, Mr. Olmert said the agreement would ensure that "Hezbollah won't continue to exist as a state within a state."

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Yossi Kuperwasser, a brigadier general in the Israeli army, wrote in an article for the Jerusalem Post, "We created the necessary conditions to compel the international community to... ultimately turn Lebanon into an accountable, sovereign nation. If this happens, Syria and Iran would be the main losers of this war."

For now, the conflict has hardened the U.S. image in the region as Israel's protector and weakened its ability to act as a broker in disputes, analysts say. It also has dented the reputation of the Israeli military for invincibility, undercut the policy of the Israeli and U.S. governments for resolving the Palestinian conflict and cast further doubt over the ability of Western powers to change the Middle East in their favor through war.

The biggest casualty of the conflict may be Mr. Olmert's so-called convergence plan to withdraw from large parts of the West Bank. Mr. Olmert took office in May with a pledge to fix Israel's permanent borders, building on last year's withdrawal from the Gaza strip with a similar, but much larger, pullout from the West Bank, the uprooting of 70,000 settlers and their removal behind the separation fence.

The war in Lebanon has bolstered those who argue that unilateral withdrawals -- from Lebanon and Gaza -- have undermined Israel's security by creating a vacuum that was quickly filled by militant groups such as Hezbollah and Hamas. The idea of handing over control of the West Bank to a Hamas-led government whose armed wing already is firing homemade Qassam rockets at southern Israel from Gaza is now all but dead.

Abandoning the convergence plan would have severe implications for Israel's relations with the Palestinians and would badly set back the U.S. policy of fostering a two-state solution for Israel. It also could throw into question the future of Mr. Olmert's government and his Kadima party, which came to power on the promise of getting Israel out of the West Bank.

"If Olmert can't deliver on that, then what's the point of this government, or his party?" said Dan Schueftan, deputy director of the National Security Studies Center at the University of Haifa.

A key beneficiary will be the opposition Likud party. Binyamin Netanyahu, the Likud leader is expected to savage the U.N. deal in a speech to the Knesset today after a month of holding back on any criticism of the government and its handling of the war.

Mr. Olmert now is fighting for his political survival, fending off accusations that even after four weeks of fighting, Israel failed to secure the release of the captured soldiers or to stop Hezbollah's shelling of Northern Israel, which left scores of Israeli civilians dead and forced hundreds of thousands to seek shelter in bunkers or flee their homes.

Writing in the newspaper Haaretz, former defense minister Moshe Arens said the war had shown that Israel "has none of the stamina needed for a long-term struggle against terror. The war that according to its leaders was supposed to restore Israel's deterrent force succeeded in destroying it in a month," he wrote.

'The Best Guerrilla Force In The World' (WP)

By Edward Cody And Molly Moore

The Washington Post, August 14, 2006

BEIRUT, Aug. 13 -- Hezbollah's irregular fighters stood off the modern Israeli army for a month in the hills of southern Lebanon thanks to extraordinary zeal and secrecy, rigorous training, tight controls over the population, and a steady flow of Iranian money to acquire effective weaponry, according to informed assessments in Lebanon and Israel.

"They are the best guerrilla force in the world," said a Lebanese specialist who has sifted through intelligence on Hezbollah for more than two decades and strongly opposes the militant Shiite Muslim movement.

Because Hezbollah was entrenched in friendly Shiite-inhabited villages and underground bunkers constructed in secret over several years, a withering Israeli air campaign and a tank-led ground assault were unable to establish full control over a border strip and sweep it clear of Hezbollah guerrillas -- one of Israel's main declared war aims. Largely as a result, the U.N. Security Council resolution approved unanimously Friday night fell short of the original objectives laid out by Israel and the Bush administration when the conflict began July 12.

With the declared U.N. cease-fire set to take effect Monday morning, many Lebanese -- particularly among the Shiites who make up an estimated 40 percent of the population -- have already assessed Hezbollah's endurance as a military success despite the devastation wrought across Lebanon by Israeli bombing.

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Hezbollah's staying power on the battlefield came from a classic fish-in-the-sea advantage enjoyed by guerrillas on their home ground, hiding in their own villages and aided by their relatives. Hasan Nasrallah, the Hezbollah leader, summed up the guerrilla strategy in a televised address during the conflict when he said, "We are not a regular army and we will not fight like a regular army."

The group's battlefield resilience also came from an unusual combination of zeal and disciplined military science, said the Lebanese specialist with access to intelligence information, who spoke on condition he not be identified by name.

The fighters' Islamic faith and intense indoctrination reduced their fear of death, he noted, giving them an advantage in close-quarters combat and in braving airstrikes to move munitions from post to post. Hezbollah leaders also enhanced fighters' willingness to risk death by establishing the Martyr's Institute, with an office in Tehran, that guarantees living stipends and education fees for the families of fighters who die on the front.

"If you are waiting for a white flag coming out of the Hezbollah bunker, I can assure you it won't come," Brig. Gen. Ido Nehushtan, a member of the Israeli army's general staff, said in a briefing for reporters in the northern Israeli village of Gosherim. "They are extremists, they will go all the way."

Moreover, Hezbollah's military leadership carefully studied military history, including the Vietnam War, the Lebanese expert said, and set up a training program with help from Iranian intelligence and military officers with years of experience in the Iran-Iraq war of the 1980s. The training was matched to weapons that proved effective against Israeli tanks, he added, including the Merkava main battle tank with advanced armor plating.

Wire-guided and laser-guided antitank missiles were the most effective and deadly Hezbollah weapons, according to Israeli military officers and soldiers. A review of Israel Defense Forces records showed that the majority of Israeli combat deaths resulted from missile hits on armored vehicles -- or on buildings where Israeli soldiers set up observation posts or conducted searches.

Most of the antitank missiles, Israeli officers noted, could be dragged out of caches and quickly fired with two- or three-man launching teams at distances of 3,200 yards or more from their targets. One of the most effective was the Russian-designed Sagger 2, a wire-guided missile with a range of 550 to 3,200 yards.

In one hidden bunker, Israeli soldiers discovered night-vision camera equipment connected to computers that fed coordinates of targets to the Sagger 2 missile, according to Israeli military officials who described the details from photographs they said soldiers took inside the bunker.

Some antitank missiles also can be used to attack helicopters, which has limited the military's use of choppers in rescues and other operations. On Saturday, Hezbollah shot down a CH-53 Sikorsky helicopter in Lebanon, killing all five crew members, according to the Israeli military. As of late Sunday, Israeli troops still had been unable to retrieve the bodies because of fierce fighting in the area of the crash.

The Hezbollah arsenal, which also included thousands of missiles and rockets to be fired against northern Israel's towns and villages, was paid for with a war chest kept full by relentless fundraising among Shiites around the world and, in particular, by funds provided by Iran, said the intelligence specialist. The amount of Iranian funds reaching Hezbollah was estimated at $25 million a month, but some reports suggested it increased sharply, perhaps doubled, after Mahmoud Ahmadinejad took over as president in Tehran last year, the specialist said.

Fawaz Trabulsi, a Lebanese professor who helped lead Palestinian-allied militia forces against the Israeli army in 1982, noted that Hezbollah's fight has differed in several respects from that mounted by the Palestine Liberation Organization during the 1980s. In that war, Israeli forces punched straight northward and reached Beirut in a few days with only minor resistance, he recalled, saying Israeli officers seemed to think they could duplicate that performance against Hezbollah.

One reason for the sharp difference is that Israeli intelligence had much less detail on Hezbollah forces, tactics and equipment than it had on the PLO, which was infiltrated by a network of spies, said Trabulsi, now a political science professor at Lebanese American University. "Hezbollah is not penetrated at all," he said.

Nehushtan, the Israeli general, said the Israeli military had enough information to appreciate the fighting ability and weaponry of Hezbollah as the conflict opened. In addition, Israeli warplanes have hit pinpoint targets throughout the fighting, presumably on the basis of real-time intelligence reaching the Defense Ministry in Tel Aviv through drones and other surveillance

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equipment. Other observers, however, said the sweep of fighting over the last month -- when Israel on several occasions said it controlled the terrain, only to continue fighting in the same border villages -- suggested intelligence had not provided an adequate appreciation of the battlefield.

"I think it's no secret that the Israeli military didn't have the intelligence on this," said Richard Straus, who publishes the Middle East Policy Survey newsletter in Washington. "They didn't know what Hezbollah had, how it had built up, what it was capable of."

Another difference that gave Hezbollah fighters an edge is the experience they acquired in combating Israeli troops during the nearly two decades of Israeli occupation in southern Lebanon that ended in 2000. In contrast, Palestinian guerrillas had gained most of their experience fighting Lebanese militias in the civil war here -- using nothing more than assault rifles and rocket-propelled grenades -- and were unprepared and unequipped to resist the advance of Israel's modern army.

"The difference is in training, the difference is in weapons, but the big difference is that most of the Palestinians had never engaged in fighting Israel," Trabulsi said. "They were used to fighting a civil war in Lebanon."

Hezbollah's resistance to penetration by Israeli intelligence was part of a culture of secrecy extreme even by the standards of underground guerrilla forces. The code fit with a tendency toward secrecy in the Shiite stream of Islam, called faqih . It also fit with a sense of solidarity against others that Lebanese Shiites have been imbued with since the beginning of their emergence as a political force in the mid-1970s, when their first organization was called the Movement of the Deprived.

One young Lebanese doctor learned that her brother had been a Hezbollah fighter for several years only when the movement notified her he had been killed, colleagues said. Similarly, a Lebanese man found out his brother was a senior Hezbollah militia officer only when informed of his death; the brother had cloaked occasional trips to Tehran by saying he was trying to start an import-export business.

Reporters who over the last month went to the bombed-out sections of southern Beirut suburbs where Hezbollah had its headquarters were approached within minutes by young men asking who they were and what they were doing there. Interviews with the people living there, most of whom were ardent Hezbollah supporters, were not allowed, the young men said. Around the battlefields of south Lebanon, however, the militia was busy fighting Israeli troops and hiding from airstrikes.

Reporters were free to move as much as they dared, since they, too, feared being hit by Israeli jets.

Even the movement's political leadership was kept in the dark about many military and intelligence activities, Trabulsi noted. Ghaleb Abu-Zeinab, a member of Hezbollah's political bureau, said in an interview, for instance, that he was not informed about operations on "the field," Hezbollah shorthand for the villages and hillsides across southern Lebanon where the battle raged.

"They have a military and intelligence organization totally separated from the political organization," Trabulsi said.

A dramatic example of the secrecy and careful preparations for conflict with Israel was Hezbollah's al-Manar television. The station has kept broadcasting its mix of news and propaganda from hidden studios throughout the fighting, despite repeated Israeli airstrikes against relay towers and antennas across the country. Lebanese said some of the broadcasts seemed to include coded messages to Hezbollah fighters in southern Lebanon. But as with most things about Hezbollah, they were not really sure.

Nasrallah, the Hezbollah leader, used al-Manar to make a number of speeches rallying his followers and explaining his strategy. With his cleric's turban and student's mien, appearing on the screen in pre-taped broadcasts, he was perhaps the biggest secret of all, hunted by Israeli warplanes and hiding in a location about which Lebanese could only guess.

Moore reported from Jerusalem. Correspondent Jonathan Finer in Gosherim contributed to this report.

Largely Empty, Stronghold Of Militia Is Still Perilous (NYT)

By Richard A. Oppel Jr.

The New York Times, August 14, 2006

BINT JBAIL, Lebanon, Aug. 12 — Not long ago, this town was known as “the capital of the resistance,” the most important Hezbollah stronghold in the southern reaches of Lebanon.

Now Bint Jbail appears largely deserted. Most of the homes are damaged, some pockmarked by bullets or shrapnel and others reduced to piles of stone and concrete by Israeli artillery that continues to pound the village.

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But while Israeli troops have pushed farther north, Bint Jbail remains a very dangerous place for Israeli soldiers and a fitting illustration for why the war has become so frustrating for troops who had come to expect a swift and deep push into Lebanon.

Late on Wednesday night, Israeli soldiers from the elite Golani Brigade hiked five miles through darkness over tall hills carrying full packs, rifles and heavy jugs of water, arriving here a few hours before dawn. Accompanied by a reporter, they holed up in the second story of an unfinished house.

Hezbollah attacked a few hours later, at 8 a.m., firing a powerful missile into a Merkava tank in front of the house, wounding two crewmen.

Two hours later, a second antitank missile slammed into the top of the three-story house with a thunderous crack, shattering some of the few remaining windowpanes and shaking the home violently.

No soldiers had been on the top floor, and no one was hurt. But after two close calls, commanders herded a dozen enlisted men into the room thought to offer the most protection from missiles, an unfinished bathroom on the first floor. A few other members of the 20-man unit lay down outside the room, in an area between thick concrete walls.

The unit that had taken shelter in this house, part of the Golani Brigade's 51st Battalion, spent the next 36 hours sitting cramped-legged on bathroom tiles, dozing while leaning on one another, their rifles and their buddies' legs on top of them. Hezbollah missiles continued to occasionally explode nearby.

It was not the battalion's first mission here. On July 26, eight battalion soldiers were killed in close-quarters fighting with Hezbollah militiamen, including a deputy commander who threw himself on a live grenade to save the men around him.

Instead of that sort of fighting, the Israeli troops in Bint Jbail now dread the Hezbollah missiles that have forced the Israelis to alter much of its battle plan, as troops in Lebanon tailor their moves in fear of the militia's modern and accurate weapons. After first pushing into Lebanon in heavy armor, the Israeli forces are doing much more on foot and also walking at night to avoid giving the Hezbollah missile units an easy target, commanders here said. Even in areas well behind the front lines, the soldiers' days are spent hiding away from windows in reinforced, interior rooms to avoid the danger demonstrated by Thursday morning's near misses.

This battle resembles Russia's fight against Chechen rebels, said Vladi, one of the Israeli soldiers who took shelter in the house here. An émigré who fought in the Russian Army, Vladi, who declined to give his last name, said Israel now faced a more robust foe than the Chechens. "Hezbollah is tougher," he said.

On the ridge where the 51st Battalion hunkered down, many homes were of sturdy, expensive construction. The partly built home where the 20-member unit of the Golani Battalion had taken shelter appeared to be intended for a wealthy family, with thick concrete walls and ceilings, elaborate crown moldings, and stylish tiling. Now it was strewn with shards of glass, heaps of dust, wood splinters and trash. After Thursday's missile strikes, Col. Omri Bar-David peered through pieces of glass still hanging in a window frame and pointed to a ridge about two miles away being bombed by Israeli jets. That, he said, is where the missiles were launched.

Both missiles that struck Thursday were Russian-made Kornets, with a range up to about three miles, said Colonel Bar-David, a reserve commander of another battalion, and a corporate lawyer in civilian life, who had made the trip with the Golani soldiers.

"At first we sent the armor in, but the Hezbollah had missiles," he said. "So we decided to use the old method on two legs." Hezbollah fighters, he added, are skilled and resilient. "From the point of view of the individual soldier, they are better than the Arab armies that surround us," he said, referring to other Middle Eastern nations.

The missile attacks on Thursday morning were dangerous, but nothing like earlier battles in Bint Jbail and nearby villages. In one attack, Hezbollah militiamen struck a house of Israeli soldiers with three missiles, killing two men and wounding 30 — everybody in the house, said Joel Abel, a sergeant and medic for a unit of paratroopers that had been engaged in fierce fighting in Bint Jbail, Aita al Shaab and Marun al Ras. Interviewed in northern Israel as he waited for his unit to return to Lebanon, Sergeant Abel described how missile attacks and cramped quarters had taken their toll on some younger soldiers in his unit who had been holed up in houses attacked by Hezbollah.

"They were quite hysterical," he said. "They sat on the side and didn't know what to do. It was the first time they'd ever seen that kind of fighting," he said, fighting "you don't see from the Palestinians."

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At one point, Sergeant Abel said, a soldier preparing to fire at a Hezbollah position dived into a small room with five other soldiers to avoid another incoming missile. He said the Israeli soldier accidentally fired his weapon, severing the leg of another soldier who screamed, “My leg is boiling. Save me!”

During a moment of relative quiet at the house in Bint Jbail, a few younger troops listened as the most experienced soldier in the house, Col. Shlomo Parente, 48, who first fought in Lebanon during Israel’s occupation more than two decades ago, tried to put this war into some perspective.

“In the first war we got to the Litani after four or five days,” he said, referring to the river. “This is different. Hezbollah doesn’t run, they know how to fight, and they are fanatics.”

In an interview later, Colonel Parente also blamed Israeli leaders, saying their indecisiveness was responsible for the lack of progress. “This time it’s like fighting through chewing gum, or glue,” he said.

Nor does he have faith in the Lebanese Army, which under the United Nations cease-fire plan would patrol southern Lebanon with an international peacekeeping force. While the cease-fire is supposed to go into effect on Monday morning, it was not clear how soon the actual fighting would stop. “They are no good,” he said of the Lebanese soldiers. “They are afraid of Hezbollah.”

The Golani soldiers got along well despite the cramped quarters. They slept with their heads on one another’s shoulders as they occasionally fidgeted to get more comfortable, or emerged from the bathroom to take a turn standing guard.

“It’s been ugly,” said Dudi Levisohn, an enlisted man, as he stood guard. “But it’s our job.”

Speaking matter-of-factly, without sarcasm, he added, “We suffer so the people in Tel Aviv can enjoy themselves.”

The Real Nasrallah (NW)

By Babak Dehghanpisheh And Christopher Dickey

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - Remember this about Hassan Nasrallah, the leader of Hizbullah: he grew up very poor but very smart, and although he wears the robes of a minor Shiite cleric, he is a world-class politician. The U.S. government defines him as a terrorist, but that is only one of his faces. If he survives the war he started with Israel—a war that may now be in its final stages, following the U.N. Security Council's passage of a ceasefire plan—he will remain what he has become during these last weeks of combat: perhaps the most charismatic figure in the Muslim world, and very possibly the most dangerous.

Story continues below ? advertisement

Nasrallah's guerrilla force of a few thousand men has done what no Arab army has ever done before: stood up to the power of Israel's vaunted military week after week and kept fighting. Arab presidents and kings are humbled. Some of them spoke out against Nasrallah when the fighting began. Now they don't dare. Israeli leaders say they've heavily damaged his military organization, and he'll no longer be able to launch rockets across the border. But they worry openly that their military campaign, if ended, will leave him stronger than ever.

And if Nasrallah is killed? His myth as a martyr could well become the standard against which other leaders—presidents, kings, princes, preachers or, indeed, terrorists—will be judged. Nasrallah may be "in love with himself," as Israel's outgoing head of military intelligence, Brig. Gen. Yossi Kuperwasser, told NEWSWEEK last week, but the Hizbullah leader has played brilliantly on the sense of honor that is so important for many Arabs and Muslims. His message, says Kuperwasser, is "to regain lost pride ... by readiness to sacrifice, readiness to suffer."

This pudgy son of Beirut's slums, with a speech impediment that can seem almost childlike at times, has nevertheless earned the respect of his enemies. "A superb leader," says Yossi Alpher, a former senior official in Israel's Mossad. "He's smart, he's charismatic and he has guts." And he's inspired envy even among his closest supporters, the mullahs of Iran. Ali Akbar Mohtashemi, the Iranian official often credited with creating Hizbullah, described Nasrallah and his men this way in a recent interview with the Iranian newspaper Shargh: "They are students who went even further than their teachers."

Nasrallah, born in 1960, grew up in a neighborhood of squatters and refugees called Sharshabouk, in the Karantina area on the eastern outskirts of Beirut. There was no running water and no electricity. Houses were often crude shacks made from tin sheets and wood. "I remember the sound of rain striking the metal," says Ayoub Humayed, a parliamentarian who also lived there

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as a boy. "It was loud." Nasrallah's father ran a small grocery, and his former neighbors recall the father as a devout, trustworthy man. But Nasrallah's mother was the force in the family, according to Syrian filmmaker Nabil Mulhim, who interviewed her for a documentary about the Hizbullah leader: "The strong words and the soft face, those are hers," says Mulhim. "And the self-satisfaction. And the toughness." The boy's parents scraped their money together to send him to private school. Khalid Mustafa, a former classmate, remembers Nasrallah at the age of 12: "He didn't talk without thinking. He was mature, like a 35-year-old." Nasrallah often wore an oversize coat and pants to school and didn't play soccer or other sports. Most kids could tell he was poor, and gangs of Sunni bullies tyrannized everyone in the neighborhood. "All the Shiites were afraid," says Mustafa.

When Lebanon's long civil war began in 1975, one of its first battlegrounds was the slums of Karantina. Nasrallah's family fled south to their ancestral village near Tyre. Nasrallah, only 15 at the time, soon traveled to Iraq, to pursue religious studies in the holy city of Najaf. Eventually he also went to Qom, the great Iranian center of Shiite teaching. Still, Nasrallah never rose high in the scholarly ranks that confer authority on a cleric. "I was mesmerized," remembers a fellow mullah who knew him in Iran but didn't want to be quoted by name criticizing him. "He is more than charismatic if you listen to him—he is mythic. But as soon as you start asking him [theological] questions, you're surprised how little knowledge he has."

Nasrallah's interests were more pragmatic, more political, more rooted in worldly conflict. "He's a very good student of everything to do with Israel: the politicians, the Army," says Timur Goksel, a former senior adviser to the U.N. forces in Lebanon who has met the Hizbullah leader dozens of times. For religious guidance, Nasrallah relied increasingly on the heads of the Iranian revolution: Ayatollah Ruhollah Khomeini, whom he idolized, and Ayatollah Ali Khamenei, who in 1989 would become Khomeini's successor as Iran's spiritual leader and supreme political authority. In the 1980s, after Iran created Hizbullah to fight Israel's troops in Lebanon, the militia also took up the struggle against Lebanon's original Shiite movement, known as Amal. The two rival groups disagreed over the power of the ayatollahs and over which ones to follow. In 1988, skirmishes among the militias broke out into open combat—and Nasrallah was on Hizbullah's front lines. "He was always on the ground with the fighters," says Goksel, who was based with the United Nations in South Lebanon at the time. "They loved him for it. He has the full loyalty of the fighters from that time." For Nasrallah, the conflict took a personal turn. His older brother, who used the nom de guerre Jihad al Husseini, was on the side of Amal. "He was injured in the fighting with Hizbullah," says Humayed, his face flushing red from the memory. "You can imagine the suffering of the mother and the father. One son on one side and one son on the other side." The fratricidal battles among the Shiites were savage, with reports of corpses being mutilated. "All of Amal against all of Hizbullah," says Humayed. "It wasn't easy." Nasrallah's brother now keeps a low profile. "Their relationship isn't good," says a journalist who knows Nasrallah, asking not to be named because of the sensitivity of the subject.

But Nasrallah's conduct in the fight against Amal only added to his standing within his own organization. In February 1992, an Israeli "targeted assassination" killed Hizbullah leader Sheik Abbas al- Musawi, and Nasrallah took over as the group's secretary-general. He was 32 years old.

Within days of Musawi's death and Nasrallah's ascendancy, Hizbullah launched its first Katyusha rocket attacks on Israel. Within weeks, Israel's embassy in Buenos Aires was blown up by a suicide bomber. Although Nasrallah hasalways denied responsibility not only for that attack but also for a subsequent hit on a Jewish center in Argentina in 1994, those operations are often cited by Israel and the United States as examples of Hizbullah's long reach as a terrorist organization—and of the group's penchant for revenge. Even as his vendetta against Israel was beginning, Nasrallah was making life less harsh for the inhabitants of South Lebanon. His predecessors had enforced strict dress codes for women and bans against drinking and playing cards. Those puritanical standards were eased in areas under Nasrallah's control, and life became more relaxed in other ways, too. By 1993, Nasrallah was meeting with the Maronite Christian patriarch and trying to shore up relations with all the communities in a country barely beginning its recovery from 15 years of sectarian war. Nasrallah, even then, was staking out his position as a national leader. But the cornerstone of his politics and his power remained resistance to the Israeli occupation of Lebanese land—a struggle that had gained little ground in the years before he took charge. The military strategy developed under his leadership was one of guerrilla warfare, decentralized and working closely with the local population. Very closely. In September 1997, Nasrallah's own son, 18-year-old Hadi, was killed in a clash against the Israelis, who took his body away with them. The next night Nasrallah spoke at a Hizbullah anniversary rally. "We, in the leadership of Hizbullah, do not spare our children and save

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them for the future," he told the crowd. "We pride ourselves when our sons reach the front line. And stand, heads high, when they fall [as] martyrs."

It took Nasrallah almost a year to win the return of his son's corpse. The Israelis also freed 60 Lebanese prisoners and handed over the remains of 39 other fighters. In exchange, Nasrallah delivered the body of an Israeli naval commando who had been killed in a 1997 Hizbullah ambush. In 2000, to gain the freedom of still more prisoners, Hizbullah ambushed and captured three Israeli soldiers and abducted a retired Israeli colonel who had been lured to Beirut. The negotiations, through a German intermediary, lasted more than three years, eventually winning the release of 400 prisoners—not only Lebanese but Palestinians and other Arabs as well. When Nasrallah captured two Israeli soldiers this July, he may have thought new negotiations would begin. But he also knew that his war with Israel is what gave him his power and prestige.

When Israel withdrew from South Lebanon in May 2000, Nasrallah found himself for the first time a hero of the Arab world, the first to "defeat" the Israelis. He was recognized as the equal of any of Lebanon's constitutional leaders. Goksel even arranged a meeting for him with U.N. Secretary-General Kofi Annan. Nasrallah also developed a close relationship with the late Prime Minister Rafik Hariri, sometimes meeting him two or three times a week. "You can make business with this guy," the billionaire Hariri would say. Although Nasrallah is said to have a ferocious temper, he also has a self- deprecating sense of humor that he uses to put political rivals at ease in Lebanon and win the affection of the crowds that hang on his every word. In a speech earlier this year, he was discussing Israel's continued presence in the disputed Shebaa Farms district when his speech impediment made him unable to pronounce the name of a nearby southern Lebanese village. He paused for a second, apologized and said that a name with two r's was just really tough. The crowd roared with laughter Other lines in Nasrallah speeches are far from funny. His anti-Jewish rhetoric is always virulent, and he has denied the Holocaust. After years of emphasizing the fight to liberate Lebanese land, he's now trying to lead the struggle to liberate Palestine as well, and eliminate "the Zionist entity," as he calls Israel.

Having risen from poverty and humiliation to become an armed leader recognized and respected throughout the Arab world, Nasrallah is not likely to disarm his forces, whatever the United Nations says. Nor is he one to make peace. Hizbullah, which initiated the plague of suicide bombings in the Middle East during the 1980s, has now set the standard for guerrilla combat. A son of the slums has shaped history—and is still at it.

The Chic Sheik (TIME)

By Scott Macleod

Time, August 14, 2006

By the standards of Arab strongmen, Hassan Nasrallah is a charmer. In televised appearances made from the undisclosed location where he shelters from Israeli bombs, the Hizballah leader appears more soothing than bellicose. There is none of Saddam Hussein's finger wagging or Yasser Arafat's eye-bulging lectures or Osama bin Laden's hectoring sneer. Instead, Nasrallah reads deliberately from notes, occasionally swallowing as if to catch his breath. Every so often, he looks into the camera and flashes a smile.

Nasrallah is having a good war. By surviving Israel's aerial onslaught and fighting its army to a standstill, Nasrallah, 46, has staked a claim to being the most popular leader in the Arab world. Nasrallah's fighters have kept up their daily rocket barrages against Israeli cities and towns, keeping his promise to inflict suffering on Israel in return for its bombardment of Lebanon. When Nasrallah went before the cameras on Hizballah-run al-Manar last week, he presented himself as the custodian of Muslim honor. Even his Arab critics are biting their tongues, mindful of the support Nasrallah commands among the masses. Says a senior Arab diplomat whose government earlier criticized Nasrallah for leading Lebanon into war: "Hizballah is becoming the leader that people are following."

And yet having held off Israel and boosted his group's global prestige, Nasrallah is now under more pressure than ever. He has signaled his grudging acceptance of the U.N. Security Council plan to deploy 15,000 Lebanese Army troops to southern Lebanon, but he has resisted demands that Hizballah lay down its arms--raising the prospect that government and multinational forces will be forced to disarm Hizballah themselves. If a cease-fire takes hold, many Lebanese may feel emboldened to lash out against Hizballah for its capturing of two Israeli soldiers on July 12, which prompted the Israeli military response that has killed

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some 1,000 Lebanese and left 1 million displaced. "After the guns fall silent, the moment of truth will come," says Hilal Khashan, a political-science professor at the American University of Beirut. "People will hold Hizballah accountable for what happened."

Nasrallah won't shy from the fight. "The thing about Nasrallah," says a Lebanese politician who knows him well, "is that he believes in what he is doing and defends it convincingly." Says Hanna Anbar, a journalist who has covered Nasrallah for years: "Behind that smile, he's a very tough personality. He doesn't compromise." Part of his appeal on the Arab street is his refusal to accept Israel's right to exist and his enthusiastic support for Palestinian attacks, including suicide bombings, against Israelis. After he became Hizballah's leader at age 32, he calculated that hit-and-run attacks would eventually force the vastly mightier Israel Defense Forces to quit Lebanon, which they had first occupied in 1978. Following Hizballah's merciless guerrilla campaign, Israel withdrew from Lebanon in 2000, making Nasrallah the first Arab commander in chief who could claim a victory over Israel. It came at a personal price: in 1997 his eldest son was killed by Israeli shellfire in southern Lebanon after Nasrallah encouraged him to go there and fight. "Martyrdom is the best way of passing to the eternal world," he said in remarks published by an Iranian newspaper two weeks ago. "I am sure that my son is in paradise with God Almighty."

In recent years, Nasrallah has consolidated Hizballah's ties to its powerful sponsors, Iran and Syria. The group receives as much as $300 million a year from Tehran, and Nasrallah is a confidant of Syrian President Bashar Assad, whom he visited on a weekly basis prior to the war. Lebanese sources speaking to TIME give credence to Israeli reports that the Hizballah leader has spent part of the war holed up in the Iranian embassy in Beirut--which may have secret tunnels leading to Nasrallah's now destroyed headquarters. But within Lebanon, his coziness with foreign patrons is a liability. A senior Lebanese official tells TIME that as soon as the fighting stops, Lebanese political parties plan to confront Nasrallah with demands that Hizballah hand over its weapons and accept the primacy of the Lebanese government, as demanded by the Security Council.

So will he? Don't count on it. If Nasrallah surrenders, it would destroy his newfound aura as Islam's defiant redeemer. He may agree in principle to a cease-fire, but it's doubtful he will ever allow Hizballah to be totally defanged, since the group's arms enable Nasrallah to call the shots in Lebanon--and moving to disarm Hizballah by force could trigger a civil war. Some see a clue to Nasrallah's intentions in the Koranic verse inscribed on the Hizballah flag adorning his television broadcasts. PREPARE FOR THEM WHATEVER FORCES YOU CAN MUSTER, it reads. Nasrallah's war may be just getting started. With reporting by With reporting by Christopher Allbritton, Andrew Lee Butters/ Beirut, Nicholas Blanford/ Tyre, Douglas Waller/ Washington

Israel And The Bombs (TIME)

By Tim Mcgirk

Time, August 14, 2006

According to a top Israeli intelligence official, the Pentagon in 2002 offered to supply Israel with bunker-buster bombs capable of punching deep into an enemy's underground defenses, but Israel's air force chief, Lieut. General Dan Halutz, rejected Washington's offer, noting that his country had its own superb weaponry, thank you very much. Four years later, Halutz is now Israel's chief of staff in charge of this summer's air, sea and land strikes against Lebanon. Early on in the monthlong conflict, Israeli intelligence determined that most of Hizballah's rockets were being fired from launchers in 38 bunkers burrowed six yards into hilltops across southern Lebanon. The Israelis know exactly where these launchers are, but Halutz's vaunted Israeli-made bombs failed to destroy them. "If we'd had the bunker busters in the first few days," laments the senior intelligence officer, "we'd be in an entirely different situation today against Hizballah."

With such rueful hindsight, Israel last month put in an urgent request for precision-guided, 5,000-lb. bunker busters, and the Bush Administration complied, the intelligence source told TIME. And with the New York Times last week reporting that Israel has asked the U.S. to speed up delivery of short-range rockets armed with cluster bombs, Israel appears to be massively gearing up just as the U.N. Security Council--at long last--approved a cease-fire agreement.

The council voted unanimously late last week for a 15,000-strong international force to help the same number of Lebanese troops keep a 12-mile buffer zone free of "any armed personnel," whether Hizballah or Israeli. U.N. Secretary General Kofi Annan said he would work over the weekend to determine the exact date and time Israeli troops will move out as the Lebanese move in.

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Once the cease-fire begins, both sides will surely claim victory. Hizballah chief Hassan Nasrallah will declare himself a new champion of the Arab world for having terrorized 1.5 million Israelis with his blindly flung rockets. The Israelis can claim that they replaced the Hizballah militants along the border with Lebanese troops and a tough international force.

But the Israeli army may have lost its aura of invincibility along the way. And for that, Prime Minister Ehud Olmert and his top generals could pay dearly. The once decisive Prime Minister looked dithery last week after twice postponing a major ground offensive. With Israeli tanks revving their engines and more than 20,000 troops advancing into Lebanon, Olmert had good reason to be cautious about a long-lasting ground invasion. By Saturday, the war had cost 131 Israeli lives, 91 of them soldiers. And a major thrust 14 miles north to the Litani river--as envisioned by Halutz and the other generals--could drag on for another six weeks. Hence Olmert's decision last week to wait for a U.N. resolution, despite his generals' urging to roll the tanks.

As chief of staff, Halutz, 58, may end up taking most of the blame. Dismissing that initial offer of U.S. bunker busters is only one example of his famous hubris. On July 17, five days into the Lebanese conflict, Halutz told Knesset members, "With all the technology we have, there is no reason to start sending ground troops in." A month later, he was pushing to send thousands of soldiers as the only way to defeat Hizballah.

A no-nonsense fighter pilot who had been a favorite of--and, some insiders say, a possible successor to--former Prime Minister Ariel Sharon, Halutz at first impressed Israelis with his aviator glasses and Top Gun swagger. Once asked how it felt to drop a bomb on people, he replied, "I feel a light bump to the plane as a result of the bomb's release. A second later it's gone, and that's all. That is what I feel." Such myopia may have worked for him in the cockpit, but may be a liability in politics. With reporting by With reporting by Aaron J. Klein/ Jerusalem

'The Street Is Not With Us' (NW)

By Lally Weymouth

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - In the days before the united Nations Security Council passed its Lebanese ceasefire resolution, a group of Arab League emissaries flew to New York to demand last-minute revisions in the French-U.S. draft resolution. The Arabs' objection: the draft emphasized the security of Israel's border without demanding the immediate withdrawal of Israeli troops and called for an international force with real power, which Lebanon opposed. The Arab delegation pressed its case—and finally won. The negotiations were underway when the group's leader, Sheik Hamad bin Jassim bin Jabr al-Thani, foreign minister and deputy prime minister of Qatar, spelled out his thinking to NEWSWEEK's Lally Weymouth. Excerpts:

WEYMOUTH: What [were] the Arab League's reservations about the draft resolution?

AL-THANI: In Lebanon, Hizbullah and the Shia are around 40 percent of the population, so if the Lebanese government went to enforce it [the draft resolution] ... we might see a civil war again.

Does the Lebanese Army have the power to disarm Hizbullah?

Why do they have to take on Hizbullah? They have to take the place of Hizbullah, and Hizbullah has to become a normal political party.

If you insist the Israelis withdraw, won't you leave a vacuum for Hizbullah to fill?

If the Israelis withdraw, they have to give [the land] to the United Nations force, which will deliver it to the Lebanese forces.

But there have been many violations of the Lebanese border with UNIFIL [the U.N. Interim Force in Lebanon] right there.

If we enforce the UNIFIL with the right weapons and structure, it could work. The [Lebanese government] objects to any forces other than UNIFIL ... The government of Lebanon wants the umbrella of UNIFIL. That's what we support.

The United States and other countries were talking about an international force.

It could still be part of the UNIFIL [force].

Is Hizbullah a Lebanese party or a proxy of Iran?

It is a Lebanese party, but maybe they have a good relationship with Iran. Your country is close to Iran. Do you see their hand in this war?

I see no evidence of this.

Iran's president, Mahmoud Ahmadinejad, says Israel should be wiped off the earth.

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I don't agree with what he says. That's not acceptable.

No other Islamic leader makes such inflammatory statements.

But maybe in 10 years they will.

You seem to think this is a big turning point.

Yes. Maybe [the next generation of Arab leaders] will once again say they want to throw the Israelis into the sea. So why not take advantage of reasonable people and cut a deal? Things could change.

Israel should work with the current moderate regimes?

This is what I think.

How is your relationship with Israel?

We have normal relations. It doesn't mean we are very close, but we exchange views. Some Arab nations think we should not talk to them.

Why have relations between Qatar and the United States cooled in the last two years in spite of the fact that the United States uses your country as a base for Iraq?

I don't know exactly why ... Your government has a short memory.

How can you assure Israel and the world that Hizbullah will not continue to operate as a state within a state?

In the Middle East, there is frustration with United States policy. For that reason, you have a lot of enemies. And your friends are afraid to say they are your friends ... because the majority sides with anyone carrying out acts against Israel or America.

Do you think the United States should talk to Damascus?

Yes. You cannot ignore [the Syrians]. It's bad policy to try to degrade and demoralize countries by not talking to them. What do you think about the Lebanese government's trying to claim Shebaa Farms?

Shebaa could be given to the U.N. for a while and then, after a border demarcation, the U.N. would give it to Lebanon.

So Hizbullah kidnaps soldiers and gets Shebaa Farms as a reward?

This is why starting the war was a mistake.

Historically, the moderate Arab regimes distrusted Hizbullah. Yet you are at the United Nations essentially representing Hizbullah.

Things have changed. We are not representing Hizbullah. We are not the enemy of Hizbullah.

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Has this war made Hizbullah leader Hassan Nasrallah such a hero in the streets that the moderate regimes are afraid ...

After this war we will see who is the winner and the loser. Remember, in the first meeting of the Arab League in Cairo [at the beginning of the war] there was a different mood among some Arab countries. They were outspoken [against Hizbullah]. But they changed because of pressure from the Street. The Street is not with us.

Israeli Commando Missions Come Out Of Shadows (USAT)

By Yaakov Katz Special For

USA Today, August 14, 2006

TEL AVIV, Israel — The latest conflict in the Middle East has brought the traditionally secretive Israeli special forces into the open — an intentional effort, Israeli official say, to psych out the enemy.

Israeli infantry and armored divisions continued their battle Sunday to reach the Litani River, about 18 miles inside Lebanon. Commandos, meanwhile, have conducted high-profile raids on targets up to 100 miles from Israel's border.

Such operations deep inside Lebanon are a sign to the guerrillas, Israeli officials say. “They carry a clear message that we can reach anyone in Hezbollah wherever he might be,” says Brig. Gen. Noam Feig, a senior Israeli naval officer.

Feig oversaw an operation in Tyre on Aug. 5 in which members of the navy's elite unit, Shayetet 13, killed 10 militants who the Israeli military says had been firing long-range rockets into Israel.

The military chief of staff, Lt. Gen. Dan Halutz, has publicly applauded another special forces operation Aug. 1 in Baalbek in the Bekaa Valley of northeastern Lebanon. There, commandos from Sayeret Matkal, the army's most elite unit, and from the air

force's Shaldag Unit raided a hospital and captured five suspected Hezbollah guerrillas. Halutz says the operation showed Hezbollah the reach of the Israeli military.

The open acclaim for the special forces runs counter to their traditional role: covert missions rarely revealed to the public.

Reserve army Maj. Gen. Uzi Dayan, a former deputy chief of staff and head of the national security council, says special forces operate best when their role is never made public. They play a key role, he adds, but they don't win wars.

"Special operations are like dunks during a basketball game," says Dayan, a former commander of Sayeret Matkal and nephew of the legendary Israeli general and defense minister Moshe Dayan. "It is a nice move, but it doesn't win the game."

Established in 1957 and modeled after the British Special Air Service, Sayeret Matkal's primary declared mission is to gather field intelligence, often by venturing deep into enemy territory. Its operations, however, have gone far beyond intelligence gathering.

Sayeret Matkal is known for its role in Operation Thunderbolt in 1976, when it rescued 103 Air France passengers — most of them Israelis or Jews — who were being held hostage after their flight was hijacked to Entebbe, Uganda. In 1973, after Palestinian terrorists massacred Israeli Olympic athletes, Sayeret Matkal participated in Operation Spring of Youth, in which they attacked Palestine Liberation Organization buildings in Beirut.

Each military branch has its own special forces unit:

•The army has Sayeret Matkal, or the General Command Reconnaissance Unit.

•The navy has Shayetet 13, Hebrew for Flotilla 13.

•The air force has the Shaldag Unit. In Lebanon, its commandos have used lasers to mark targets, such as rocket launchers, for fighter-bombers that then destroy the targets with laser-guided missiles.

The military also has the Duvdevan Unit, a special operations force that operates mostly in the Palestinian territories. Its members conduct arrest raids.

Members of these units undergo a rigorous selection process. Their training includes long marches, basic and advanced land navigation techniques and training in advanced weaponry.

Since the current conflict started July 12, the Israeli military has used air power and ground forces to pound suspected militant hideouts and rocket launchers. Special forces have been deployed for the more delicate mission of finding and killing or capturing Hezbollah guerrillas. In more than four weeks of fighting, Israeli commandos have captured about 20 Hezbollah operatives, Israel's military says.

Maj. Gen. Amos Yadlin, head of Israeli military intelligence, told the Israeli Cabinet on Sunday that the military recently had captured one of the guerrillas who had participated in the July 12 border raid that ignited the conflict. That raid by Hezbollah guerrillas killed eight Israeli soldiers and captured two.

While the special forces operations have been publicly branded successes, Dayan says the missions were never intended to be revealed. In Baalbek, fierce resistance from Hezbollah fighters resulted in a two-hour firefight near a hospital that made the mission impossible to conceal. In Tyre, navy commandos also engaged in gunbattles, and several were wounded.

The special forces play a small role in a war that Dayan says in the end will probably be decided by the 30,000 Israeli infantrymen moving through Hezbollah strongholds in southern Lebanon.

The real effect of the special operations, he says, will be evaluated after the fighting. "Then we will be able to see what type of effect the raids deep inside Lebanon had on the Hezbollah."

Status Quo Ante (WSJ)

The Wall Street Journal, August 14, 2006

Ever since war broke out last month on the Israeli-Lebanese frontier, the Bush administration has said it wouldn't tolerate a return to the "status quo ante," in which Hezbollah behaved as a power unto itself within the Lebanese state. Yet after reading the text of the U.N. Security Council's cease-fire resolution adopted unanimously on Friday, we'd say the "status quo ante" is nearly what we've got.

And perhaps worse than that, because Hezbollah has now shown it can battle Israel to a military draw. The new resolution does call for disarming Hezbollah, just as resolution 1559 previously did, but without saying who will do it. Presumably that task is

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intended for the Lebanese Army, which is supposed to occupy the parts of southern Lebanon from which Hezbollah launched its attacks on Israel. But Lebanon's army is a weak force, consciously undermined over the years of Syrian occupation, and is largely Shiite. There's reason to doubt it will be able to disarm Hezbollah's still-powerful Shiite military.

The resolution also calls for beefing up Unifil, the existing U.N. peacekeeping force in Lebanon that also couldn't disarm Hezbollah. The addition of French troops to Unifil will help, but the resolution fell short of invoking the Chapter VII powers that U.S. officials had previously said were necessary to ensure a strong enough U.N. presence.

Secretary of State Condoleezza Rice insists that the resolution has Chapter VII powers in all but name, but we'll see what happens the first time Hezbollah again challenges Unifil authority. The likelihood is that Unifil and the Lebanese army will co-exist with Hezbollah, which will slowly re-arm to intimidate Lebanon's government and strike Israel or the U.S. again at the time of its choosing.

All the more so because Hezbollah's main suppliers, Syria and Iran, have suffered no negative consequences from their role over the last month. If anything, their regional clout has been enhanced, with growing calls in the U.S. and Europe for appeasing both countries with assorted "carrots." Yes, the new resolution calls for an arms embargo against Hezbollah, but Iran and Syria have evaded such strictures before. And both countries will now attempt to extract more diplomatic concessions from the U.S. and Europe as a price of not re-arming Hezbollah.

Syrians are under U.N. investigation for their suspected involvement in last year's murder of former Lebanese Prime Minister Rafik Hariri, and Iran's nuclear activities put it in material breach of another Security Council resolution. Syria wants the Hariri investigation dropped or at least its findings downplayed, and Iran may feel better positioned to flout the U.N.'s August 31 deadline to suspend uranium enrichment.

Perhaps it is true that the Bush administration had little choice but to accede to a cease-fire resolution. President Bush took some political risks for resisting an immediate cease-fire, not least in Iraq where the fighting in Lebanon was helping radical Shiite cleric Moqtada al-Sadr stir up anti-U.S. sentiment.

Last weekend's much better U.S.-French draft resolution was also resisted by the Sunni dictators of the Arab League fearful of a political backlash at home after their early criticism of Hezbollah. As usual, the likes of Egypt and Jordan chose to direct this public anger toward the U.S. and Israel. No doubt some of them are intimidated by Iran and the growing power of Hezbollah. The French also flipped their position -- which serves us right for saying something nice about them last week.

The Israeli government of Prime Minister Ehud Olmert is also responsible for indecisive war leadership. Mr. Bush gave him time and international political cover to act militarily, yet Mr. Olmert made the mistake of insisting on war without prosecuting it with sufficient speed and force. To paraphrase Napoleon, if you decide to disarm Hezbollah, then disarm Hezbollah.

After his Cabinet agreed to the cease-fire, Mr. Olmert said yesterday that "Hezbollah won't continue to exist as a state" and that "the Lebanese government is our address for every problem or violation of the agreement." For him to say anything else would be an admission of defeat after a bloody month. But even many Israelis in his own party are saying that, after firing more than 3,000 rockets into Israel, nearly 800 into residential areas, Hezbollah is emerging from this conflict stronger than either Sadat or Nasser after their wars with Israel.

Perhaps, for a time, this cease-fire resolution will "stop the violence," as Kofi Annan likes to exhort. But the price for letting a transnational terrorist group like Hezbollah claim victory is likely to be far more bloodshed in the future.

U.N. Brokers Mideast Truce, But Future Remains Murky (USAT)

USA Today, August 14, 2006

The world should welcome the U.N.-brokered cease-fire supposed to take effect today and hope it calms the month-long war that has killed hundreds of civilians in Lebanon and Israel. But at best the agreement is a fragile first step, at worst barely a pause in the violence.

Even as Israel's Cabinet approved the truce deal Sunday, Israel and Hezbollah were like boxers in the 15th round of a heavyweight fight, exchanging vicious blows in an effort to score a knockout, or at least more points in the minds of those who will judge who "won" the contest.

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The surprise war, sparked by a cross-border Hezbollah guerilla raid July 12, has become the sort of event after which nothing is ever the same. Many of the changes, unfortunately, diminish the chances of lasting peace:

• Hezbollah is stronger. The group has lost much of its military infrastructure to Israeli attacks, but by going toe-to-toe with the fearsome Israeli military longer and more effectively than Arab armies have, Hezbollah has seen its stock soar among Arabs. Though it might eventually suffer a backlash for bringing such misery on its fellow Shiites, it has fortified its status as a dominating civil and military force in Lebanon.

• Iran's reputation as a dangerous regional troublemaker has grown. It bankrolled Hezbollah and supplied sophisticated weapons that enabled Hezbollah to fight so effectively. The conflict distracted world attention from efforts to curb Iran's nuclear program.

• Israel sent a message that it will respond forcefully to provocation, but the government of Prime Minister Ehud Olmert has been seriously weakened. It will face challenges from an Israeli right angry that the nation's vaunted military could not deliver a knockout punch.

• The United States suffered serious damage to its image as a neutral broker, a role painstakingly nurtured by President Bush's predecessors. Bush's "road map" to Middle East peace appears at a dead end.

Into this context comes a United Nations resolution that sounds promising — it says Hezbollah should be disarmed — but leaves much undone or unclear.

Beyond the question of whether the immediate cease-fire will stick, the resolution calls for the Israeli army to pull out of southern Lebanon, "in parallel" with the introduction of an international peacekeeping force into the area. This seems much easier to describe than to make happen.

As for disarming Hezbollah, the Lebanese army has had years to do this and has not. That tough job now falls to the new force mixing Lebanese troops with soldiers from countries such as France and Turkey. The troops' role and ability to use force is murky.

Three weeks ago, Secretary of State Condoleezza Rice declared that the widespread bloodshed marked "the birth pangs of a new Middle East." The situation there has unquestionably changed in the past month. But it looks highly doubtful at this point that the new Middle East is a better Middle East.

Iran Leader: U.N. Serves U.S. Interests (AP)

AP, August 14, 2006

Iranian President Mahmoud Ahmadinejad blames the U.S. for growing violence in the Mideast, saying fighting has continued in Lebanon because the United Nations only serves U.S. interests.

In an interview airing Sunday on "60 Minutes," Ahmadinejad said it was Hezbollah that had a right to defend itself in its war with Israel. Even so, he said Iran joined others in calling for an immediate cease-fire only to have it thwarted by U.S. support for Israel.

"We are not at all happy with war," he said. "People, innocent people are being killed."

Saying the U.N. has failed to provide security in the region, Ahmadinejad said: "We see that it is not responding to atrocities. If we search for the root causes, we see the hand of the British and the Americans."

CBS newsman Mike Wallace conducted the long sought-after interview that was aired Sunday with Iran's president in Tehran. It comes 27 years after Wallace's chilling sit-down with Ayatollah Khomeini.

During the interview, Ahmadinejad reiterated that Iran had no plans to develop a nuclear bomb and that it simply wanted nuclear technology to develop energy resources.

The Bush administration is adamantly opposed, he said, because the U.S. is "opposed to Iranian progress."

"Mr. Bush's team and the parties that support him want to monopolize energy resources in the world," Ahmadinejad said. "Because once they have that they can impose their opinions, points of view, policies on other nations and, of course, line their pockets."

"Basically we are not looking for — working for the bomb," he added. "The time of the bomb is in the past. It's behind us. Today is the era of thoughts, dialogue and cultural exchanges."

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Ahmadinejad also said he doubted that Iran and the U.S. will have normalized relations anytime soon, saying that the U.S. will "have to change their behavior" before that can happen.

"Look at the makeup of the American administration, the behavior of the American administration. See how they talk down to my nation," Ahmadinejad said. "They want to build an empire. And they don't want to live side by side in peace with other nations."

Iran Leader Says US And Europe Face Backlash From Supporting Israel (AFP)

AFP, August 14, 2006

Iran's President Mahmoud Ahmadinejad accused the United States of "blindly supporting" Israel against Hezbollah and President George W. Bush of seeking to "solve everything with bombs", in a television interview.

Ahmadinejad again denied seeking a nuclear bomb, questioned the US military presence in Iraq and gave the US network CBS an evasive answer when questioned about an alleged unit of suicide bombers in Iran's Revolutionary Guard.

Commenting on the Israeli-Hezbollah war, the conservative leader said US support for Israel "threatens the future of all peoples, including the American and European peoples.

"So we are asking, why the American government is blindly supporting this murderous regime."

Ahmadinejad has in the past said Israel should be wiped off the map and denied the existence of the Holocaust.

In this interview, he said through a translator that Israel is "a fabricated government" because he said it had been forced upon the Middle East after the Holocaust.

The US administration, Israel's main ally, has repeatedly accused Iran and Syria of giving military and financial support to Hezbollah.

But in the interview, recorded last Tuesday before the UN Security Council ordered a cessation of hostilities, Ahmadinejad said: "Hezbollah is a popular organisation in Lebanon. And they are defending their land."

CBS released excerpts from the interview earlier last week and the full transcript on Sunday.

Ahmadinejad again denied that Iran sought a nuclear bomb but insisted that the United States and its allies would not stop Tehran's nuclear research.

"If Mr Bush thinks that he can stop our progress I have to say that he will be unable to do that."

The UN Security Council passed a resolution on July 31 which gave Iran one month to comply with demands to freeze its uranium enrichment. After that the Security Council could consider sanctions.

Ahmadinejad said Bush and his supporters "want to monopolize energy resources in the world. Because once they have that, they can impose their opinions, points of view, policies on other nations and, of course, line their own pockets."

He added: "Basically we are not looking for working for the bomb. The problem that President Bush has, is in his mind he wants to solve everything with bombs. The time of the bomb is in the past. It's behind us. Today is the era of thoughts, dialogue, and cultural exchanges."

Ahmadinejad said he was "saddened" that so many people have been killed in Iraq's spiralling unrest but that the United States was to blame because of its failure to assure security despite its huge military presence.

In December the US president called Ahmadinejad an "odd guy". This time the Iranian president took the offensive, criticising Bush for not responding to an 18 page letter sent in June.

"I think that Mr. Bush can be in the service of his own people. He can save the American economy without killing people, without occupation, without threats."

He added: "Those who refuse to accept an invitation to good will not have a good ending or fate."

"His approval rating is dropping every day. Hatred vis-a-vis the president is increasing every day around the world. For a ruler, this is the worst message that he could receive.

"Rulers and heads of government at the end of their office must leave office holding their heads high," Ahmadinejad declared.

Asked if he wanted normal relations with the United States, the Iranian president said the United States would have to change.

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"Please look at the makeup of the American administration, the behavior of the American administration. See how they talk down to my nation."

He added: "it is very clear to me they have to change their behaviour and everything will be resolved."

CBS interviewer Mike Wallace asked Ahmadinejad about an alleged special unit of suicide bombers in Iran's revolutionary guard that would be activated if the United States attacked.

"So are you expecting the Americans to threaten us and we sit idly by and watch them with our hands tied," the president replied.

"I do hope that the Americans will give up this practice of threatening other nations so that you are not forced me to ask such questions."

Free Thinker (WP)

By Robin Wright

The Washington Post, August 14, 2006

Akbar Ganji is free -- for now. He does not expect his liberty to last long.

Ganji, a small man with a whisper of a voice, is an Iranian writer who has taken on the world's mightiest theocracy and its thundering ayatollahs. Released in March after six years in prison -- a good chunk of that time in solitary confinement -- he is today the most radical democrat in Tehran. Several hunger strikes have left him with an emaciated body, at one point down more than 55 pounds, to 108. Deep crow's-feet dig dark crevices around his eyes when he smiles, belying his 46 years.

Ganji is a lonely voice in Iran these days, as hard-line leaders' positions are hardening and the reform movement has atrophied. Disillusioned, he has also turned against the very reformers who view him as their hero.

"The regime is driving Iran towards a catastrophe. . . . Iran is today an archipelago of prisons," he said during one of two recent interviews in Washington. ". . . But the path of the reformers is not correct either."

Ganji is brazen by the standards of a movement more comfortable with nuances, nudges and compromise. His investigative articles in Iranian newspapers linked Iran's intelligence ministry to the killings of dozens of dissidents during the 1990s.

He compiled his accusations against the regime in "Dungeon of Ghosts," the Iranian equivalent of Aleksandr Solzhenitsyn's "Gulag Archipelago." His other books chronicled corruption by top clergy. Put on trial in 2000 for defaming the regime and jeopardizing national security, he tore open his gray prison uniform to sit shirtless in court, showing what he said were the wounds of torture.

Food -- the lack of it -- became his weapon. In prison, he almost died during a 73-day hunger strike last year to protest his treatment and incarceration. He was eventually hospitalized.

"There is perhaps no greater exemplar of journalistic heroism in the world today," the National Press Club said in announcing that Ganji would receive its international Freedom of the Press award last month.

"His significance today remains in the example he sets," added Shaul Bakhash, a former Iranian journalist who is now a history professor at George Mason University. "He remains unflinching in his belief that it is the duty of intellectuals to speak out against tyranny and the suppression of individual rights. And he continues to speak out despite harsh treatment in the past and the prospect of further incarceration in the future."

Yet Ganji is no fan of the White House, either.

A year ago, President Bush issued a statement saying he was "saddened" by reports of Ganji's deteriorating health in prison. The White House demanded that Tehran release him for medical treatment, and it appealed to human rights activists around the world to rally to his cause.

"His valiant efforts should not go in vain," the White House statement said. "Mr. Ganji, please know that as you stand for your own liberty, America stands with you."

But during his trip to Washington to pick up the award -- his first visit, part of a world tour to speak out on Iran's human rights violations and to collect other prizes, including the World Association of Newspapers' Golden Pen of Freedom -- Ganji stayed as far away from the White House and all U.S. officials as he could, despite intermediaries' overtures.

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Bush administration support is dangerous for Middle East democrats these days.

"I was in solitary confinement in prison and had no contact with anyone when Bush announced support for me," Ganji recalled. Interrogators, however, "talked to me as if I had had dinner with Bush the previous evening."

U.S.-backed wars in the Middle East, he added, are not helping democrats in the region.

In a speech at London's Imperial College last month, Ganji warned that Iran's democracy movement does not support military action by either local or foreign forces to produce change. "Violence and force can never by themselves create genuine beliefs," he noted, taking a poke at both Tehran and Washington.

During a conversation in Washington, Ganji reflected: "You people [in the West] have great accomplishments. You brought the world modernity. But no one trusts Western governments now. Many world leaders wanted to meet me. But all the dissidents in Iran asked me not to. This shows the Iranian perception of Western governments."

Ganji, who is married and has two teenage daughters, also scoffs at the $75 million that the Bush administration has allocated for programs to encourage Iran's democracy movement. He said the funds would be better used for Iranian- or Islamic-studies centers at American universities.

Despite the cleric-controlled election last year of Mahmoud Ahmadinejad as president, Ganji argues that the idea of democracy has greater support today than at any time since Iran's constitutional revolution a century ago. The past year -- a time of growing censorship of the press and popular media, forced retirement of dissident professors, and the arrest of student and labor activists -- has deepened rejection of Tehran's theocracy.

"It's the first time that the elite have a consensus about human rights and democracy," he said. "The regime's biggest weakness is human rights. This is the issue on which it loses face with its people. It's the only point on which we can win."

The movement has so far faltered, he acknowledged, because of disorganization, absence of a strong leader and disparate roots -- left and right, secular and religious, monarchists and republicans, expatriates and insiders.

Ironically, they are the same diverse forces that opposed the shah -- until Ayatollah Khomeini's clerical clique offered the banner of Islam to unify them. Many Iranians now argue that their revolution to end more than 2,500 years of dynastic rule was hijacked.

"We still don't have the emergence of a Gandhi, Havel or Mandela," Ganji said.

Ganji did not always oppose the Iranian theocracy. He was once part of the regime he lambastes today.

A prototype revolutionary, Ganji grew up in the scruffy suburbs of south Tehran, a bastion of the 1979 rebellion against Iran's monarchy.

As a young man, he rallied behind Ayatollah Khomeini, served in the elite Revolutionary Guards at the same time as Iran's current hard-line president, then worked in the Ministry of Islamic Guidance, churning out its propaganda.

But Ganji gradually soured on the revolution -- then began trying to undo it.

"We wanted to create a heaven. We didn't want a shah, but we were not clear on what we desired," he reflected in his soft voice, his hands constantly in motion, pulling a label off a water bottle, picking at the clasps on his black cloth briefcase or gesticulating in the air. His nervous anger is in his hands, not his voice.

"The more we had repression, executions, as the revolution started swallowing its own children, I started to see this unbelievable reality, and from the other side I started to read about revolutions throughout history. And I ended up seeing one pattern: that all revolutions are the same, they follow the same rules. . . .

"I realized that repression is in the essence of revolution," he said, smiling. "And I realized that we cannot produce democracy with revolution."

Ganji emerged in the 1990s among a burgeoning group of reformers who challenged rigid theocratic rule and pushed for a freer press. As new independent newspapers started publishing, he began writing articles that probed the regime, corruption by top clerics and the killing of reformers and intellectuals.

His career came to an abrupt halt when he was charged in 2000.

In the isolation of prison, Ganji secretly started writing again. His book-length "Republican Manifesto" -- released in two parts, one in 2002, the other in 2005 -- and a series of letters to the "free people of the world" and top Iranian thinkers were sneaked out of Tehran's notorious Evin Prison and published on Freeganji.blogspot.com.

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In a letter on the 43rd day of his hunger strike last year, addressed to his mentor, Iranian philosopher Abdolkarim Soroush, Ganji wrote angrily of the ruling mullahs who "hide their corruption under their robes. . . . They know nothing but claim to be the holders of divine secrets."

Iran's theocracy is headed by a supreme leader -- currently Ayatollah Ali Khamenei -- who has veto power over all acts of an elected president and parliament. The ruling cleric, Ganji said, has "the status of a god" and is at the heart of the problem .

"Khamenei must go," Ganji wrote boldly.

In his second manifesto, Ganji outlined a strategy to end theocratic rule through massive civil disobedience and election boycotts. He charged that Iran's elections were "fraudulent" because of "forged ballots" and "orders given from above" to add votes to bolster turnout and the regime's seeming legitimacy.

Invoking the civil disobedience campaigns of Mahatma Gandhi and Nelson Mandela, he called on student activists and intellectuals to ignore court summonses for opposition activity that, under Article 500 of Iran's penal code, makes them liable to three to 12 months in prison.

"Citizens must break this law," he wrote. "If this law is broken extensively, the regime will not be able to send many people to jail for expressing their opposition. . . . The uneven path to freedom will be opened by our efforts. Freedom is not free."

He also blasted reformers for timidity and for selling out, because they have been willing to adapt Iran's theocracy rather than abandon it. Reform is no longer viable, Ganji wrote.

Throughout his writing, Ganji quotes Socrates and Immanuel Kant, John Stuart Mill and Alexis de Tocqueville, Thomas Paine, Baudelaire and Montesquieu.

In accepting his National Press Club Award last month, Ganji said he reports "in order to instigate protest." And he cited Albert Camus' "The Plague," a tale of disease's devastating toll that is often interpreted as a metaphor for repression's deadly impact -- a tale that he applies to his country and others.

"I am with you here today in order to bear witness on behalf of the fallen victims of the plague of violence," he said.

"It recognizes no boundaries," the diminutive writer warned. "One day, incarnated as Stalin, it ran over the vast territories of Russia, one day as Hitler it tormented the people of Germany, the Jews and other people. . . . One day as Mussolini it wreaked devastation on the beautiful landscape of Italy, and another day as bin Laden it wrought havoc on the United States."

Ganji continues his protests wherever he goes. In New York last month, he held a symbolic three-day hunger strike in front of U.N. headquarters to demand that Iran release its political prisoners. Small hunger strikes were conducted simultaneously in 18 cities around the world. "We tried to bring the world's attention to the broad human rights violations in Iran today," Ganji explained. To do nothing, he argues, is to share responsibility for the status quo.

But some Iranian analysts wonder about Ganji's relevance in the face of an increasingly hard-line regime.

"Ganji probably represents the loudest and most courageous voice of dissent in Iran, but it's not necessarily a pragmatic or effective one," said Hadi Semati, a Tehran University professor now at the Woodrow Wilson International Center for Scholars. "His combative and aggressive ideas on reform may not be in tune with the broader popular mood. The economic situation and the problems of everyday life and people are their priorities."

Added Najmeh Bozorgmehr, a visiting fellow at the Brookings Institution's Saban Center for Middle East Policy: "He's brave, but maybe too brave.

"He speaks for radical reformists who seem to be marginalized in today's Iran. Ahmadinejad's agenda is now dominant in Iran."

Yet analysts also agree that there is no one with wider appeal among the opposition -- even though Ganji does not see himself as a leader.

"No other dissident has emerged in the last 27 years, since the revolution, who has the respect of all the disparate elements of Iranian society, from Revolutionary Guardsmen and basij [volunteers], senior clergy and religious intellectuals, to the secular and religious middle class within Iran and the strong Iranian exile communities in Europe and North America," said Karim Sadjadpour, Iran analyst for the Crisis Group, an independent nonpartisan organization committed to preventing conflict and based in Brussels. "The fact that Ganji is held in such high esteem by all of these disparate actors is really quite remarkable."

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At a time when many intellectuals and dissidents are opting for temporary jobs abroad or low profiles at home, Ganji plans to return to Tehran soon to make more noise.

"My place is inside Iran. I have to go back and struggle from inside," he said.

During his last trip abroad in 2000 for a conference in Berlin, Ganji was warned that he would be arrested if he returned. "I went back, was arrested, and I don't regret it," he said.

"I told them from the beginning that it's a two-side cost," he added. "They imprison me and I pay the cost. But when I talk about them, they also pay a cost. And when they imprisoned me for six years, the cost was higher to them."

Still Spinning (NYT)

The New York Times, August 14, 2006

Perhaps they don't know — or they've got enough troubles — but American officials won't say whether they believe Iran ordered Hezbollah's attack on Israel that unleashed this bloody war. But Tehran is benefiting, not least because the fighting has diverted attention from its nuclear program.

It's now more than six months since Iran defied the international community and starting spinning centrifuges, the delicately balanced machines that enrich uranium for nuclear fuel or a nuclear weapon. The good news is that Iranian scientists aren't finding it easy to master the technology. The bad news is that it's only a matter of time before they do.

On July 31, the Security Council gave Iran a month to stop enrichment or face possible sanctions. The 14-to-1 vote (only Qatar opposed) showed that even the Russians and Chinese had run out of patience with Iran, which has spent years deceiving international nuclear inspectors. And while anger with Israel was heating up, much of Europe was still rooting against Hezbollah and its Iranian patrons.

The balance has since shifted as the civilian death toll has mounted in Lebanon. And until the fighting stops and there's a reliable peace, the Bush administration won't be able to get anyone to focus seriously on those centrifuges, let alone agree to punish Tehran for its defiance.

President Bush — who just days ago was trumpeting the war in Lebanon as an opportunity for remaking the Middle East — may find a nuclear-empowered Iran his real legacy.

Iran is acting as if it has won already, with officials calling the Security Council's resolution legally and morally void. Looking more responsible than President Mahmoud Ahmadinejad shouldn't be hard. But it is a measure of how much damage Iraq and now Lebanon have done to America's standing that the United States would find itself competing.

The White House made progress, at least with Russia and Europe, when it agreed to talk with Iran if it suspended enrichment. With hard-liners riding high in Tehran, there's little chance of changing minds there. But the White House should still try, offering security guarantees in exchange for Iran's giving up technology that could feed a nuclear weapons program. Isolating Iran and making itself look more reasonable are still more reasons why Washington should be offering to talk to Syria, Hezbollah's other patron and Iran's best ally.

If Iran is willing to come back to the table, it will likely demand, at a minimum, that it be allowed to run a centrifuge pilot plant. It's a risky path. Even with a small plant, scientists would be able to master skills that once learned can't be unlearned. More delay is dangerous. The centrifuges are spinning.

Bush Seeks Balance On Cuban Migration (WSJ)

By John D. Mckinnon And Evan Pérez

The Wall Street Journal, August 14, 2006

The Bush administration handed an election-year reward to Florida's influential Cuban community, announcing new immigration rules that would make it much easier for relatives left behind to join them in the U.S.

But the new policy, released late Friday, is also carefully sculpted to keep Cuban migration from becoming a political headache for President Bush and his brother, Jeb Bush, the Republican governor of Florida. Federal and state officials worry about a new wave of Cuban refugees amid uncertainty over the future of the island's ailing ruler, Fidel Castro.

With immigration already a flashpoint in the U.S., many Republicans "are terrified" at the prospect of an influx of Cuban immigrants, says David E. Johnson, a Republican pollster and consultant who works with candidates in Florida. "The White

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House wouldn't admit this publicly, but all of them are praying right now for Castro's recovery." A tumultuous transition in Havana "is completely problematic for them -- especially if it happens before November."

Both Cuban voters and Cuban migration have long been forces in Florida politics. Over the years, the state's million Cuban-Americans have won special immigration privileges, and while they tend to vote strongly Republican, they don't do so uniformly, and have shown some willingness to back Democrats favorable to their agenda. But the state's periodic refugee crises can cause headaches for whoever is in power.

The massive Mariel boatlift is believed to have contributed to Jimmy Carter's defeat in Florida in 1980. The rafter exodus of 1994 threatened then-Gov. Lawton Chiles's re-election hopes so much that he pressured Washington into sending boaters back unless they made it to U.S. soil. The Clinton administration's decision to return one young refugee, Elian Gonzalez, in 2000 cost Al Gore crucial votes among the Cuban-American bloc.

The conflicting forces are evident in campaigning for Florida's Sept. 5 primary, and the state's general election. In the race to succeed the term-limited Gov. Bush, Republican attorney general Charlie Crist is favored by his party's establishment and many Cuban-American leaders. Mr. Crist's main rival, state chief financial officer Tom Gallagher, is trying to woo Cuban-American votes by promoting a wider door for Cuban immigrants. On the other hand, three of the five Republicans vying for the nomination in an open, southwest district are running on anti-immigration platforms.

Cuban issues are particularly prominent in this year's campaign because of questions about Mr. Castro's future. On his 80th birthday yesterday, he issued a statement suggesting that his condition after abdominal surgery remains uncertain.

"I ask you all to be optimistic, and at the same time to be ready to face any adverse news," he said. Meanwhile, Mr. Castro's younger brother, Raúl, made his first public appearance as interim president, greeting Venezuelan President Hugo Chávez, in Cuba to mark the occasion.

Cuba's changing climate presents American politicians with a range of new pressures and possibilities. As the transition from Mr. Castro begins, Cuban-American leaders will be looking to the U.S. to lead an international effort to force democratization on the island. They also will be pushing for greater financial support for prodemocracy elements. As the transition progresses, there are likely to be more calls for liberalization of the travel and trade restrictions that the U.S. imposes. The Cuban-American community itself is likely to be split, though, on whether the transition merits a harder or softer line against Havana.

U.S. officials say any post-Castro government will be inherently unstable. That could lead to chaos on the island and raise demands for humanitarian relief. Deterioration of Cuba's political or economic situation could become a powerful weapon for 2008 presidential candidates who want to appeal to Florida's Cuban-American vote. Jeb Bush is seen as having presidential aspirations at some point, and his response in coming weeks could have an effect on his enduring appeal in the state.

Mauricio Claver-Carone, executive director of the U.S.-Cuba Democracy PAC, an advocacy group, believes the transition to democracy in Cuba will ultimately bring a political victory for Republicans and their allies, as the collapse of communism in Eastern Europe did for President Reagan. "I think we're going to be on the right side of history," he said.

The political impact in Florida from political transition in Havana could be greatest if -- as some fear -- the changes encourage an exodus from the island. Already, pressure to flee Cuba looks to be building, based on the growing numbers of refugees the U.S. Coast Guard has intercepted at sea in recent months.

Some Republican analysts in the U.S. worry that chaos in Cuba could upset the balance that President Bush has tried to strike between a more welcoming immigration policy and more orderly borders. Hard-line conservatives also could face trouble explaining why they oppose illegal immigration from Mexico and Central America, but favor friendly rules for Cubans. Cuban refugees generally are allowed to stay in the U.S. as long as they can reach American soil. Refugees from other countries, such as Haiti, typically are returned to their homeland.

Cuban-American leaders say any exodus depends on whether the post-Castro Cuban regime wants to antagonize the U.S. by allowing another mass migration. State and federal officials are reviewing their emergency plans for responding to a change in power in Cuba. One aim of the planning is to discourage attempts at mass migration, Gov. Bush told reporters this month.

"You don't want to have mass migration," Gov. Bush said. "The best solution for mass migration is to have a free Cuba, to have people have hope there."

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The Bush administration's new immigration rules announced Friday were designed in part to balance the conflicting concerns. The main change would allow thousands of Cubans with close relatives in the U.S. to come to America almost immediately and gain permanent resident status, rather than wait as long as 12 years for family reunification. Other changes would loosen immigration rules for doctors. Assuming the Cuban government agrees, the change could accelerate departures for at least 10,000 would-be emigrés, and possibly many more.

Yet the Department of Homeland Security, in its announcement, also discouraged Cubans from attempting the 90-mile crossing to the U.S. on their own, warning that they face losing their right to a family-reunification visa if they try.

Cuban-American leaders generally praised the new policies. "I commend the administration in seeking ways to protect Cuban lives and at the same time attempting to take away the Castro regime's abuse of the emigration of Cubans," said Mr. Claver-Carone.

But others warned that if chaos or a political crackdown emerges in Cuba, there is little the U.S. can do to stop an exodus. "This will not discourage anything," said Ninoska Perez-Castellon, director of the Cuban Liberty Council in Miami. "As far as an exodus, it all depends on what happens in Cuba."

Castro Turns 80, Sends A Sober Message (AP)

By Anita Snow, Associated Press Writer

AP, August 14, 2006

Fidel Castro sent Cubans a sober greeting on his 80th birthday Sunday, saying he faces a long recovery from surgery — and warning they should be prepared for "adverse news." But he encouraged them to be optimistic and said Cuba "will continue marching on perfectly well."

As a newspaper printed the first pictures of Castro since his illness, his younger brother, Raul, made his first public appearance as Cuba's acting president. State TV showed him at the airport greeting Venezuelan President Hugo Chavez on his arrival to celebrate Fidel's birthday.

Castro, who underwent surgery for an unspecified intestinal ailment that forced him to step aside as president two weeks ago, said in a statement that his health had improved, but stressed he still faced risks.

"To affirm that the recovery period will take a short time and that there is no risk would be absolutely incorrect," said the statement in the Communist Youth newspaper, Juventud Rebelde. "I ask you all to be optimistic, and at the same time to be ready to face any adverse news."

The Communist Party's newspaper, Granma, had offered a rosier picture of Castro's condition on Saturday, saying he was walking and talking again, and even working a bit. It compared him to a resistant tropical hardwood tree found in eastern Cuba, where he was born.

Raul Castro, 75, made no statements Sunday, maintaining the silence he's kept since Fidel put him temporarily in charge on July 31. He is currently the island's defense minister, and is set to rule Cuba permanently if his brother passes away or fails to regain enough strength to govern. But he's always been in his brother's shadow, even as he battled the government of Fulgencio Batista in the 1950s and helped launch the Cuban revolution.

News of Castro's surgery had made Cubans uneasy about the future, but a series of upbeat statements from government officials helped calm a public now facing up to the mortality of the island's longtime leader.

Juventud Rebelde published four photographs of Castro, giving the first view of the leader since July 26, when he gave two speeches in eastern Cuba. He looked a bit tired, but sat up straight, his eyes alert.

Wearing a red, white and blue Adidas warm-up jacket — the colors of the Cuban flag — Fidel was shown talking on the phone and holding up a special birthday supplement included in the Saturday edition of the state newspaper.

The photos were credited to Estudios Revolucion, a division of Castro's personal support group that collects historic documents and images. They seemed designed to prove he was recovering from his surgery, and there was no way to independently confirm the date or circumstances in which they were taken.

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After being welcomed at the airport by Raul Castro and Vice President Carlos Lage, Chavez gave the elder Castro a dagger and a coffee cup that had belonged to South American independence fighter Simon Bolivar, Venezuela's state news service ABN said. No other details of the meeting were provided.

The normally vibrant Cuban society has appeared somewhat subdued since Castro announced his illness, with some privately expressing fears for the nation's future. And while Castro's assessment of his own condition was tempered, many Cubans interviewed seemed joyful to receive proof he was alive and getting around.

"What happiness I received!" exulted an elderly Margot Gomez after seeing the newspaper during a morning walk in Havana. "Long live Fidel and long live the revolution! He knows what to do to convert setbacks into victories!"

Dozens of children in the Old Havana neighborhood celebrated Castro's birthday with a blindfolded boxing match and other games, as well as with a cake that read "Always With You Fidel." The boys and girls cheered and shouted "Long live Fidel!" after singing "Happy Birthday" for the Cuban leader.

A leading Cuban official voiced support Sunday for both Castro brothers.

"After Fidel, Raul is the man who is in the best condition to direct the destinies of this nation, either at Fidel's side or when he is no longer here," Cuba's minister for the sugar industry, Gen. Ulises Rosales del Toro, said while directing a crew of Foreign Ministry officials working in the fields to show support for Castro on his birthday.

And Russian President Vladimir Putin, while wishing Fidel Castro a speedy recovery, promised that Russia and Cuba would continue to be "active partners" in the future. Putin's government has sought to revive relations with the island, which had weakened following the collapse of the Soviet Union.

Bolivian president Evo Morales led about a thousand peasants in singing "Happy Birthday" to Castro outside a hospital staffed by Cuban doctors. "We will always be together. Long live Fidel, Long live Cuba!" said Morales, who vowed to bring Castro a cake made of coca flour in December.

Havana Releases Birthday Photos Of Castro (FT)

By Marc Frank

Financial Times, August 14, 2006

Fidel Castro, Cuban president, marked his 80th birthday on Sunday by authorising the first visual confirmation he is alive after handing power to his brother Raúl two weeks ago, and issuing a statement that he is in stable condition but not out of the woods.

Four photographs published in the official Juventud Rebelde newspaper showed Mr Castro from the chest up sitting, talking on the telephone, and holding a newspaper supplement published on Saturday.

“To say the stability has improved considerably is not to tell a lie. To say that the period of recovery will be short and there is now no risk would be absolutely incorrect,” Castro said in the message. “I suggest you be optimistic and at the same time always prepared to receive bad news.”

Raúl Castro made his first public appearance as Cuba’s interim president on Sunday, receiving Hugo Chávez, Venezuela’s president, as he arrived to celebrate the elder Castro’s birthday.

Various officials have stated that Fidel Castro underwent emergency surgery for intestinal bleeding some time between July 26 and July 31, that the surgery was successful and that he was recovering normally for a man of his age but would have to work far less to avoid renewed bleeding.

Mr Castro assured the public in the message he was following doctors’ orders.

But Ricardo Alarcon, National Assembly president, made clear in a series of interviews over the past week that slowing down will be hard for Mr Castro.

“Imagine Fidel Castro sitting or lying on a bed quietly. Not moving around. Not talking to others. It’s the first time in his life. When I saw him, we made jokes about that,” Mr Alarcon told NBC news.

Cuba remained calm on Sunday as people engaged in voluntary work, cleaned neighbourhoods and donated blood in Mr Castro’s honour.

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Throughout the leadership crisis, people have gone about their daily business and enjoyed summer holidays, though there is an unmistakable undercurrent of anxiety over the future without Fidel - the only leader most Cubans have ever known.

"It is like going down the steep part of one of the roller-coasters you see in the movies. You hope to come to the end and start moving up, but you never know," said Gabriela Sanchez, a young woman sweeping the sidewalk outside her Havana apartment building.

Castro Reportedly Improving, 'very Happy' As He Turns 80 (USAT/AP)

By Anita Snow

USA Today, August 14, 2006

HAVANA — On his 80th birthday, Fidel Castro cautioned Cubans he faces a long recovery from surgery and advised them to prepare for "adverse news," but he urged them to stay optimistic. A newspaper also published the first photographs of the Cuban leader since his illness.

Meanwhile, Castro's younger brother, Raul Castro, made his first public appearance as Cuba's interim president, receiving Venezuelan President Hugo Chávez at the Havana airport on Sunday. Chávez arrived on the communist island to celebrate Fidel Castro's birthday.

Raul Castro saluted and hugged Chávez. Images of the encounter were shown on state-run television, marking the first time the younger Castro has been seen since he become the island's temporary leader July 31. No statements were aired.

Fidel Castro, whose illness forced him to step aside as president, said his health had improved. Still, he warned he faces risks.

"I feel very happy," said a statement attributed to Castro in the Juventud Rebelde newspaper. "For all those who care about my health, I promise to fight for it."

In the photos, Castro wears a red, white and blue Adidas warm-up suit and looks a bit tired. One is a tight shot of him posing with his fist under his chin. In two other photos, he is talking on the phone.

A fourth photograph shows him sitting in a chair in front of a bed in what appears to be a home.

He is holding up a special supplement of Granma, the Communist Party newspaper, published Saturday as a homage to him.

The photos were published in the online edition of Juventud Rebelde. It was impossible to independently confirm the authenticity of the photographs — which were credited to Estudios Revolución, a division of Castro's personal support group that collects historic documents and images.

"What happiness I received!" the elderly Margot Gomez declared after seeing the newspaper during a morning walk in Havana.

Dozens of children in Old Havana celebrated Castro's birthday with a blindfolded boxing match and other games, as well as with a cake that read "Always With You Fidel."

Juventud Rebelde also published a handwritten note by Castro to five Cuban men who were convicted of working in the USA as unregistered foreign agents and who last week were denied a new trial by a federal appellate court.

"Rene, Antonio, Gerardo, Fernando, Ramon: We will triumph over the monstrous injustice!" read the note in his typical scrawl. It was signed: "Fidel. August 13, 2006 12:39 a.m."

In his statement, Castro said his stability has "considerably improved." He added, "To affirm that the recovery period will take a short time and that there is no risk would be absolutely incorrect."

"I ask you all to be optimistic, and at the same time to be ready to face any adverse news," the statement added.

"To the people of Cuba, infinite gratitude for your loving support. The country is marching on and will continue marching on perfectly well," the statement said.

Russian President Vladimir Putin added his name to the list of those sending greetings to the Cuban leader on his birthday, praising him as one the world's most outstanding politicians.

From Moscow, the Kremlin said Putin wished Castro a speedy recovery and said Russia and Communist Cuba would continue to be "active partners, with the aim of developing ties in various spheres in the interests of our peoples."

DOJ_NMG_0047100

Cuban Paper Carries Castro Photos, Note (WP)

By Manuel Roig-Franzia

The Washington Post, August 14, 2006

MEXICO CITY, Aug. 13 -- A state-run newspaper in Havana commemorated Fidel Castro's 80th birthday on Sunday by publishing the first photographs of the Cuban leader since he temporarily relinquished power after undergoing intestinal surgery two weeks ago.

The four photographs on the front page of Juventud Rebelde -- or Rebel Youth -- could not be authenticated but appeared aimed at dousing speculation that Castro is dead or incapacitated. Castro is shown sitting up, wearing a red-and-white striped Adidas warm-up jacket and holding the Saturday edition of the Communist daily Granma, a common technique for establishing the date of photographs.

Castro's skin tone appeared paler than usual and his eyes were baggy. He is talking on the phone in two of the shots, leans into his fist in another and is depicted sitting in a chair next to what appears to be a bed in a residence -- rather than a hospital -- in the fourth.

The photos are accompanied by a reproduction of Castro's slashing signature and a note attributed to him that warns Cubans to steel themselves for a long recovery and the possibility of "adverse news."

"It would not be inventing a lie to say that stability has improved considerably," Castro's note said. "Affirming that the period of recuperation will last a short time and that there do not exist some risks, would be absolutely incorrect. I suggest everyone be optimistic and at the same time be always prepared for whatever adverse news."

The headline read: "I feel happy."

Dennis K. Hays, a former State Department coordinator for Cuban affairs, said in a telephone interview Sunday that the photographs could be part of a propaganda strategy in advance of the Sept. 11 start in Havana of the summit of the Non-Aligned Movement, a group of developing nations that has often been critical of U.S. foreign policy.

"He's sort of teeing it up for a triumphant return, where he'll be the center of attention," said Hays, who is also a former executive with the Cuban American National Foundation, an anti-Castro exile group based in Miami.

The newspaper also reproduced what it said was a handwritten note from Castro to five Cubans -- known in Havana as the "Five Heroes" -- who have been imprisoned in the United States for nearly eight years. The men were convicted in 2001 of serving as unregistered agents of a foreign government.

The U.S. Court of Appeals for the 11th Circuit, based in Atlanta, last week overturned a three-judge panel that granted the men a new trial. The five acknowledged being Cuban agents but said they were spying not on the United States but on Cuban exiles plotting attacks in Cuba. Castro, calling each of the men by their first names, wrote in the one-sentence note that "we will defeat the monstrous injustice!"

Castro's announcement on July 31 that he was stepping aside to recover from surgery set off one of the most intense discussions of the island nation's future since he took power 47 years ago. Exiles in Miami celebrated in the streets, and some U.S. officials, such as Cuban-born Sen. Mel Martinez (R-Fla.), openly speculated that he had died.

The announcement also trained international attention on Castro's younger brother, Raull Castro, who was named temporary leader of Cuba and has been designated by Fidel Castro as his successor.

In the past two weeks, some in Havana had questioned why Raul Castro had not made a public appearance since his ascension to Cuba's top post. But on Sunday those questions appeared to be put to rest.

When Venezuelan President Hugo Chavez arrived at Havana's small international airport, Raul Castro was there to greet him.

Cuba Stays Calm With Castro On Sidelines (NYT)

By Ginger Thompson

The New York Times, August 14, 2006

DOJ_NMG_0047101

MEXICO CITY, Aug. 13 — The decline of Fidel Castro, who turned 80 on Sunday and appeared in photographs for the first time since his unspecified intestinal surgery last month, was supposed to be a kind of second Cuban revolution. The notion, put forward by Cuba specialists for years, was that the entire system hung on one man.

But in the last two weeks, with Mr. Castro turning over power to his brother Raúl, at least for now, a different reality has emerged on the island. There was calm and normalcy, not chaos and hysteria that was predicted. Instead of an intervention by the United States, the Bush administration called on the Cuban people to take their future in their own hands. And rather than upheaval within the Cuban government, it appears that the political system may not change much at all.

"American policy toward Cuba has always been based on the fragility of the Cuban system," said Philip Peters, an expert on Cuba at the Lexington Institute, a policy group based in Virginia that promotes free-market economics. "There is this predicate in our policies that the Cuban system is one that can be pushed over with one finger, and that has not been the case."

If Mr. Castro dies, the country's stability may be more overtly shaken. But so far it appears that Mr. Castro, who has governed Cuba for 47 years, may once again defy the experts and prove his influence, some call it control, over the government and its people, whether he survives or not.

Photos published Sunday by the state-run youth newspaper, Juventud Rebelde, showed Mr. Castro looking alert. A message signed by the president, however, made it clear that his recovery would be long, and might not be successful.

"I suggest to everyone to be optimistic," Mr. Castro's letter said, "and at the same time to be ready always to face any adverse news."

The four photos showed Mr. Castro from the waist up, wearing an Adidas sweat-suit jacket, rather than his signature army fatigues. In two of the photographs, Mr. Castro was speaking on the telephone. In another, he held a copy of a special supplement, published on Saturday by the state-run newspaper Granma, in honor of his birthday.

"For all those who care about my health," Mr. Castro wrote, "I promise to fight for it."

Upon the announcement that Mr. Castro was temporarily stepping down from power to have surgery, this reporter traveled to Cuba on a tourist visa, and was expelled a week later. Neither during that time, nor since then, has Mr. Castro vowed to return to office. Aides to Mr. Castro have suggested that he might not ever be able to fully reassume his responsibilities. But Julia E. Sweig, the director of the Latin American program at the Council on Foreign Relations, a nonpartisan organization, predicted he would not.

"I think they are signaling to domestic and international publics that the duration of Fidel's absence may be much longer than the provisional nature he initially stated," Ms. Sweig said. "The transfer is under way."

She added that in stepping down from power two weeks ago, even if only temporarily, Mr. Castro did more than elevate his brother Raúl. She said he also delegated control of government sectors, including energy, education and health care, to other close aides.

"It was a promotion for the people who have been running the country with Fidel," she said. "Now they are preparing to run the country without him."

Thoughts of a future without Fidel Castro have consumed public attention on the island since the ailing Mr. Castro announced that he had handed interim power to his brother 14 days ago.

Rather than making an abrupt departure from power, however, Ms. Sweig said that Mr. Castro had begun a drawn-out campaign aimed at keeping the country stable while his aides quietly worked out the details of the nation's first permanent transition in recent history. On Sunday, Raúl Castro made his first appearance as Cuba's temporary president when he greeted Venezuela's president, Hugo Chávez, at the airport.

Meanwhile, people across Havana pored over the photos and seemed to see different things in their president's unremarkable expressions. At a Coppelia ice cream shop that draws lines around the block, one man said that Mr. Castro's beard looked freshly dyed. It was a sign, the man said, of recovery.

A woman in the same line commented on Mr. Castro's eyes, and said, "He looks so tired."

Given the restrictions on political expression in Cuba, it can be hard to know peoples' true thoughts. Still, whether people said they felt relieved or skeptical, they continued on with their normal activities. If there was something unusual happening inside the government, there was hardly any way to tell it on the streets.

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Annual carnival celebrations scheduled for earlier this month were canceled, and the official celebrations of Mr. Castro's birthday were postponed until December, both because of his illness. But neighborhood Revolutionary Defense Committees called residents together for "reaffirmation ceremonies" to spread the message that the government was in good hands while Mr. Castro struggled to recover.

There were occasional light infantry exercises along the seaside boulevard, known as the Malecón, but they seemed much less spectacular than the everyday rush-hour blitz in which workers cram themselves onto decrepit public buses to get home.

Booksellers hawked used texts the way they always do in plazas at the heart of the city's colonial center. Children on summer vacation squealed as dolphins at the National Aquarium balanced balls on their noses and leaped through hoops. Foreign tourists sang along with salsa bands in bars that were once Ernest Hemingway's hangouts.

All in all, the days after Fidel Castro left power seemed a lot like any other.

"We were ill-prepared for the eventuality of continuity rather than change," said Damián Fernández, director of the Cuban Research Institute at Florida International University, referring to policy makers in Washington and Miami. "All our policies have been built on a foundation of wishful thinking. Now we are confronted with reality, and it's not what we had hoped it would be."

A stroll through a working-class neighborhood on the eastern outskirts of Havana, called Alamar, offers a glimpse of that reality. It was built in the early 1970's, the heyday of Mr. Castro's government, first for Eastern European technicians working on the island and then for the masses of Cuban workers moving from the countryside to the capital in search of a better life.

The money and utilitarian design for the project was provided by the former Soviet Union. The politics of the place, home to more than 140,000 people, is pure Castro.

There is free health care, but so little new housing that young couples often decide against getting married or having children because they have no places of their own. There is free education, but the government restricts access to the Internet and satellite television. Individuals are free to complain about shortages of food and fuel. But more than three residents complaining around a kitchen table can be run out of their homes as "counterrevolutionaries," and charged with treason.

It was not the police or the military that watched what people said and did, said a retired port worker and his wife. It was the people themselves.

An architect who could not be identified for security reasons stopped to talk after walking his wife and 2-year-old daughter to a park in Alamar last week. Like other Cubans interviewed there, the architect described himself as a "Fidelista," saying he respected Mr. Castro as a "person with incredible vision."

Still, he complained at length about the Cuban economy, which runs on two currencies: one for Cubans and one for foreigners.

He said that although he had helped the Cuban military design some of the elegant resorts that had attracted millions of tourists to the island, he did not dream on his $36-a-month salary of spending a night in one of them.

The bulk of the architect's earnings were in Cuban pesos, good only at state stores with limited stocks. Hotels like the ones he designed accept only "convertible pesos," available to those with foreign currency. The same is true for most supermarkets and clothing stores.

Although almost everyone has a state job, no one is able to support their families on them, the architect said. Most people, he added, illegally "invent" jobs on the side to earn foreign currency. He said he made ends meet with the $100 his father sent him monthly from Miami.

"Foreigners live as if it was a paradise," the architect said. "Cubans do not have access to it. Our money is no good in those places. It has generated a long chain of frustration."

When asked how it was that frustration had not boiled over into unrest after Mr. Castro stepped down from power, the architect said Cubans had already lived through several waves of uncertainty, from the Bay of Pigs to the collapse of the former Soviet Union.

Each time, he said, predictions that their government would collapse proved premature. Instead of getting weaker, he said, Mr. Castro's grip on the island seemed to get stronger.

"Children who live in countries at war get used to the sounds of bombs," he said. "We are accustomed to living with threats."

DOJ_NMG_0047103

Partial Recount Confirms Victory By Calderón In Mexican Election (WSJ)

By John Lyons

The Wall Street Journal, August 14, 2006

MEXICO CITY -- A partial recount of votes cast in Mexico's contested presidential election confirmed conservative politician Felipe Calderón's narrow win over his left-wing rival, Andrés Manuel López Obrador, aides to both men say.

Even so, Mr. López Obrador promised to keep pressing his fight, alleging that enough irregularities were uncovered to warrant a broader recount and form the basis for a new round of legal challenges designed to nullify results from thousands of polling stations.

Senior aides for Mr. Calderón welcomed the result, saying it brought the 43-year-old former congressman a step closer to the presidency by essentially confirming the validity of the original hand count. Mexico's electoral court has until Sept. 6 to rule on all legal challenges and declare a winner.

The court ordered a recount of about four million votes, or approximately 9% of the total, in response to legal complaints by Mr. López Obrador and won't release official results for several days, court officials said. Advisers to both parties, who observed the recount, say Mr. Calderón's 244,000-vote lead may have narrowed as a result of the process, though the final result wouldn't vary significantly from the initial tally.

"The recount showed once again that the election was clean," said Cesar Nava, the top lawyer for Mr. Calderón.

While the new tally reinforced Mr. Calderón's victory, Mr. López Obrador, a former Mexico City mayor, has vowed to file new challenges based on what aides describe as evidence of widespread fraud found during the recount process. The discoveries include broken seals on some ballot boxes and instances where the number of ballots inside ballot boxes differed from the number of blank ballots delivered to the polling station.

New legal challenges also will seek to expunge the results from several thousand polling stations where Mr. Calderón won by a wide margin -- a move the López Obrador camp says will reverse the election result. Lawyers for Mr. López Obrador will also argue that the irregularities found during the recount warrant a national review of the voting results.

"There is now so much evidence of fraud that the court will have to act," said Mexico City Mayor-elect Marcelo Ebrard, a close associate of Mr. López Obrador who is assisting him in the campaign to reverse the election results.

It is far from clear that the electoral court, a special tribunal of seven judges with absolute authority over election challenges, will rule in favor of Mr. López Obrador. The court has appeared to reject Mr. López Obrador's allegations of widespread fraud.

Mr. Nava said most of the alleged irregularities have innocuous explanations. He dismissed other allegations as "lies." Ballot-box seals were broken, for example, by court officials seeking to retrieve tally sheets and other documents inside.

Even if the court rules against Mr. López Obrador, his aides say the new evidence may bolster his public-approval ratings, which have declined because of traffic snarls caused by a two-week-old blockade of a central boulevard orchestrated by Mr. López Obrador to pressure the court to rule in his favor. In a speech yesterday to thousands of followers in the city's central square, he vowed to continue his protest campaign indefinitely.

Mexican Leftist Remains Defiant As Recount Ends (NYT)

By James C. McKinley Jr.

The New York Times, August 14, 2006

MEXICO CITY, Aug. 13 — As the courts completed a partial recount of votes in last month's presidential election, the beleaguered leftist candidate vowed Sunday to keep up a campaign of civil disobedience against the government for years, if necessary, to protest what he sees as a fraudulent election.

Speaking at a rally in the capital's central square, the candidate, Andrés Manuel López Obrador, a former Mexico City mayor who champions the cause of the poor, declared, "The object of our movement is to save democracy and make the Constitution mean something."

"We are prepared to resist for whatever time is necessary, even for years, if the circumstances merit it," he added. "Here and now begins a new chapter in the life of Mexico. The simulated republic is finished."

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Last month, the official tally by the Federal Electoral Commission showed that Felipe Calderón, the conservative candidate, from President Vicente Fox's National Action Party, had won a narrow victory — 243,000 votes of 41 million cast.

But Mr. López Obrador insisted there had been fraud and demanded a full recount. In response, a special electoral tribunal responsible for ratifying the results and resolving challenges ordered a partial recount of about 12,000 polling places. The seven-member court must rule on the challenges and designate a new president by Sept. 6. The partial recount was to be finished by midnight Sunday.

Mr. López Obrador's aides contended Sunday that evidence had surfaced during the partial recount that ballots were missing in some polling places while extra ballots had turned up in others. They cited the irregularities as evidence that ballot boxes had been stuffed in some precincts and that marked ballots had been disposed of in others.

Mr. López Obrador said he would ask the electoral tribunal on Monday to annul the vote in 7,000 polling places where his representatives maintain that irregularities took place. His aides contend that throwing out the results from those polling places would give Mr. López Obrador the victory.

Lawyers for Mr. Calderón's party, however, dispute the claim of missing ballots in any polling places. Nor do they agree that more ballots were cast than had been delivered in some precincts. They accuse Mr. López Obrador and others in the Party of the Democratic Revolution of lying to convince their supporters that there was fraud.

"We can say with absolute certainty there are no missing ballots, nor were there any fraudulent practices," said César Nava, a lawyer for Mr. Calderón's party. "The P.R.D. lies."

The question of whether Mr. López Obrador's charges of fraud were believable or merely a political smokescreen has dominated debates here from the dinner table to the airwaves and opinion pages, with no end in sight.

He has broadened his initial accusations of irregularities in the voting and now asserts that there was a broad conspiracy to rob him of victory by the current president's party, the long-dominant Institutional Revolutionary Party and business leaders and members of the electoral institute. On Saturday, for instance, he said, "It is not acceptable for a group of privileged people to decide the future of the nation."

Mr. Calderón, meanwhile, has kept a relatively low profile, speaking to various business associations and civic groups about his plan to revitalize the economy. His aides, denying that his party stuffed ballot boxes or committed other types of fraud, have maintained that the election was clean and fair. Mr. Calderón has also promised to abide by the court's decision.

Some voters who supported Mr. López Obrador say they have become disenchanted as he has tried to discredit the electoral institute and the tribunal, which they regard as critical to Mexico's fledgling democracy. Some say that his increasingly revolutionary stance, along with what seems to be his inability to believe that he may have lost, confirms Mr. Calderón's accusation that Mr. López Obrador is, at heart, a leftist autocrat in the making.

But other voters here say that his demand for a recount makes sense, given Mexico's long history of fraudulent elections, and would dispel any doubts about the legitimacy of the next president.

Protesters supporting a recount have closed down the capital's central artery, Paseo de Reforma, for three weeks, taken over toll booths on highways to deny the government revenue, and blockaded banks and the entrance to the stock exchange.

On Sunday, Mr. López Obrador made it clear the protests would continue if the court designates Mr. Calderón president-elect. He announced plans to disrupt Mr. Fox's annual state of the union message to Congress on Sept. 1 and to try to stop the court from giving Mr. Calderón the official document making him president on Sept. 6. He also threatened to hijack the traditional independence day celebration on Sept. 15 and said he would convene a "national democratic convention" the next day to decide "the role of civil disobedience in Mexico's public life over the next years."

Lawyers for Mr. López Obrador's party were still trying to find a way to reverse the official tally in court.

The lead lawyer, Horacio Duarte, said that in about 3,000 polling places examined during the partial recount there were nearly 46,000 more ballots cast for president than had been delivered to poll workers before the election. In another 4,300 polling places, he said, 80,000 ballots delivered to the polls were unaccounted for or missing.

"This proves to us that they are not arithmetic inconsistencies, that there was fraud, that they were manipulated to benefit the candidate of the right," he said.

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Lopez Obrador Settles In For Long Fight (AP)

By Mark Stevenson, Associated Press Writer

AP, August 14, 2006

Mexico's leftist presidential candidate promised on Sunday to maintain protest camps that have paralyzed downtown Mexico City until at least September, unless the nation's top electoral court orders a total recount in the still-disputed election.

Settling in for a long battle, Andres Manuel Lopez Obrador told supporters who launched the protest camps two weeks ago that "we could be here for years" if the tribunal does not grant his demand for a full recount. He also promised to spark a national leftist movement at a Sept. 16 convention.

The camps have brought Mexico City's cultural and financial center to a near standstill, forcing workers to hike to their jobs and causing traffic jams across the city. The protesters are angry at an official but still uncertified vote count that gave the conservative ruling party candidate Felipe Calderon a slim lead in the July 2 election.

The Federal Electoral Tribunal ordered a partial recount of 9 percent of the polling places, which was to end Sunday. The court's seven magistrates will review the results and release them later this month. The court scheduled a public session for Monday, but it is expected to use the session to hear appeals in congressional races, rather than the presidential race.

Lopez Obrador is demanding a full recount and has said he will not accept anything less.

"There's one decision that we've made from the start," he said "We will not allow the imposition of an illegitimate government."

He called for large-scale protests on Sept. 1, when President Vicente Fox gives his last state-of-the-nation address, and on Sept. 6, the deadline for the country's top electoral court to name a president-elect.

He also said he wanted to hold a "national democratic convention" in Mexico City on Sept. 16, the nation's independence day, to "reform" the country's electoral institutions.

The convention apparently would be aimed at forming a long-term anti-government movement outside of electoral politics, something Lopez Obrador termed "a new stage" and a "watershed in Mexican history."

Lopez Obrador and his top aides have said that the results should be annulled from 7,442 polling places, or 5.7 percent of the 130,000 polling stations — mostly in places where Calderon won — because of alleged voter fraud. They say that would tip the election in Lopez Obrador's favor.

Local media reported that variations of only a few thousand votes have been found, far short of what Lopez Obrador would need to overcome a 244,000-vote deficit. Horacio Duarte, who heads Lopez Obrador's legal team, said his figures showed Calderon had lost at least 13,679 votes in the partial recount.

But representatives of Lopez Obrador's Democratic Revolution Party observing the recount say electoral officials have found extra ballots in some ballot boxes, and in other cases have failed to account for all the ballots distributed to polling places.

Lopez Obrador says that proves fraud led to Calderon's advantage of less than 0.6 percent and should trigger a full recount.

Some experts have suggested that missing ballots might be due to people who kept voting sheets, rather than using them to vote, and that "extra" ballots might have been transferred from nearby polling places.

Representatives of Calderon's conservative National Action Party have insisted that no major problems or variations in the vote have surfaced during the partial recount. Calderon's supporters have launched counter-protests, asking Mexicans to wear white T-shirts on Sunday to show they do not agree with Lopez Obrador.

López Obrador Vows To Step Up His Fight (FT)

By Adam Thomson

Financial Times, August 14, 2006

The leftwing candidate in Mexico's disputed presidential elections vowed on Sunday to escalate his strategy of civil resistance "to its ultimate consequences" if the country's electoral authorities did not order a full recount of the votes cast on July 2.

The ultimatum came as Mexico's Federal Electoral Tribunal, the highest electoral authority, was finishing a recount it ordered last weekend involving about 9 per cent of votes cast in last month's election.

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The tribunal had until midnight on Sunday night to complete the limited recount. But Andrés Manuel López Obrador, who narrowly lost the election to Felipe Calderón, the centre-right candidate, said the limited recount had already uncovered "great and grave irregularities" and that he would not accept the result.

Speaking in Mexico City to a significantly smaller crowd than those of previous rallies, Mr López Obrador said: "The tribunal has the opportunity to take what would be a historically transcendental decision . . . it still has time to rectify [the decision for a partial recount] and make the people's will count."

Since he lost last month's election by a razor-thin 0.58 per cent of the votes cast, Mr López Obrador has become increasingly radical in his discourse and his followers have stepped up their actions.

This week his supporters took over toll roads, picketed foreign-owned banks in Mexico City and stopped workers from entering.

Those actions came on top of Mr López Obrador's orders two weeks ago to occupy Mexico City's central square and blockade one of the capital's main avenues with tents. The blockade has created chaos in the city and polarised an already divided population.

On Sunday Mr López Obrador said the blockade would continue as long as it took to defend democracy. "We are prepared to resist for as long as it takes. We could be here for years if the circumstances warrant it," he said.

He reiterated his insistence that the July 2 election was fraudulent, and announced a series of actions he and his followers would take if the tribunal confirmed Mr Caldeón as the official winner.

He promised to protest at every one of Mr Calderón's acts as head of state were the tribunal to confirm him as the official winner. He also said he would protest the September 1 congressional address of Vicente Fox, Mexico's president and a member of Mr Calderon's National Action Party.

Mr Lopez Obrador announced another rally on September 16 in which he said he and his followers would decide what medium- and long-term actions they would take. Turning to the crowd he asked: "Shall we fight against the imposition, to the ultimate consequences to protect democracy?" The response was emphatic: "Yes".

Mexican Runner-Up Sees Years Of Protest (WP)

By Manuel Roig-Franzia

The Washington Post, August 14, 2006

MEXICO CITY, Aug. 13 -- AndrÃ©s Manuel LÃ³pez Obrador, the populist runner-up in Mexico's disputed presidential election, said Sunday that the protests that have shackled this city's downtown could last for years even though a partial recount appears to be confirming his narrow loss.

The recount, which was expected to end late Sunday or early Monday, has barely budged the 244,000-vote, or half-percentage-point, lead of Felipe Calderon, the business-backed candidate from outgoing President Vicente Fox's National Action Party. Still, Lopez Obrador told followers Sunday that enough evidence of irregularities has been unearthed to warrant an annulment of votes cast in 5,000 of Mexico's 130,000 polling places.

"We will not accept an illegitimate government and a counterfeit president," Lopez Obrador told supporters in Mexico City's downtown square, the Zocalo.

Lopez Obrador's battle to overturn the results of the July 2 election has recently shown signs of losing momentum. His crowds have been dwindling, dropping from estimates of more than a million to as few as 20,000 on Sunday.

There also have been growing complaints about the monumental inconveniences caused by protest encampments on one of Mexico City's principal arteries, Reforma Avenue, where thousands of his followers have been sleeping, playing soccer and chanting for two weeks. Some political analysts say Lopez Obrador is certain to experience a backlash as more hotels near the encampments lay off workers who are not needed because of cancellations by visitors scared away by the demonstrations, which have been peaceful.

Lopez Obrador's call for an annulment represents a shift in strategy after demanding a full recount for more than a month. A special elections court rejected his request for a full recount Aug. 5 and instead ordered a recount of ballots cast in 9 percent of polling places.

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The opposing sides have waged a spin war since the recount began last Wednesday. Lopez Obrador, of the Democratic Revolutionary Party, and his top lieutenants say the recount has confirmed their fraud suspicions and exposed the "disappearance" of 80,000 ballots. Arturo Sarukhan, a top Calderon adviser, painted a different picture in an interview Sunday, saying the recount revealed no changes in more than 90 percent of the recounted polling places.

While arguing over the numbers, the two sides have accused each other of undermining a democratic system still finding its footing six years after the end of one-party rule.

Lopez Obrador told supporters Sunday that "the objective of our movement is to save the democracy." He has often said that Calderon's opposition to a full recount undercuts Mexican democracy.

Sarukhan countered that Lopez Obrador's call for more protests "underscores that this has never been about protecting democracy. At the end of the day, it's his way or the highway."

Mexico's special electoral court has until Sept. 6 to certify a winner, but Lopez Obrador is already looking ahead to battles well beyond that date. He said Sunday that if Mexico tries to install Calderon as president, he and his followers will be there to block the way.

Bolivia Suspends A Takeover Of Oil And Gas (NYT/AP)

By The Associated Press

The New York Times, August 14, 2006

LA PAZ, Bolivia, Aug. 13 (AP) — Bolivia says it has suspended the nationalization of its oil and gas industry pending an overhaul of the state petroleum company, which lacks the funds and operating capacity to take over production from foreign companies.

A statement issued Friday by Bolivia's hydrocarbons ministry said that "full effect" of nationalization would be temporarily suspended, because of the "lack of economic resources" for the company, known by its initials, Y.P.F.B.

When President Evo Morales nationalized the oil and gas industry on May 1, seizing the assets of international companies that had long controlled most of the country's considerable oil and gas reserves, he called for the company to be remade within 60 days as "transparent, efficient and socially controlled."

The state-owned company has asked the Central Bank of Bolivia for $180 million to help assume complete control of the production facilities.

In addition, the ministry announced plans to modernize the company, which was partly privatized in 1997 but nationalized again in 2004.

"Korean Cash Squeeze" (WJS)

WSJ letter – South Korea, August 14, 2006

Your July 28 editorial "Korean Cash Squeeze" asserted that after the U.N. Security Council passed a resolution condemning North Korea's missile launches and after the financial crack down on North Korea by China, Japan stepped up its economic sanctions on Pyongyang, making South Korea "the last holdout" in financing Kim Jong-il's regime. I hope to correct any misunderstanding that South Korea is the only country that does not comply with the U.N. resolution.

Articles 3 and 4 of U.N. Resolution 1695 require all Member States to prevent the transfer of missile and missile-related items, materials, goods and technology to the Democratic People's Republic of Korea's weapons programs, as well as the procurement of related items and technology from that country. The resolution also addressed the transfer of financial resources in relation to those programs.

Nowhere in the resolution does the United Nations require the suspension of general economic transactions with North Korea. Subsequently, the international community has continued trading with North Korea even after the missile launches. No country in the world has announced the complete suspension of trade with the North.

North Korea is known to have a total trade volume of $4 billion while trading with a few dozen countries, including China, Japan, Russia, Thailand and South Korea. It is, therefore, unfair to say that South Korea in particular is the last holdout in financing the Pyongyang regime. South Korea has repeatedly made it clear that as a member of the United Nations, it will respect the U.N. resolution and abide by it.

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Moreover, long before the passage of the U.N. resolution, South Korea signed five international treaties on missiles and WMDs and made its best efforts to prevent the proliferation of those weapons. Internally, in 2004, South Korea introduced a control system that enabled it to scrutinize the transfer of strategic materials and dual-use goods into North Korea, strictly in accordance with international standards.

In other words, South Korea has already implemented what the U.N. resolution demands and will continue to keep the control system in an effective mode in order to live up to the spirit of the resolution. In addition, although such actions are not demanded by the U.N. resolution, the South Korean government has suspended additional rice and fertilizer aid to North Korea, even at the risk of a partial interruption in inter-Korean relations.

It is regrettable that the editorial turned a blind eye to the South Korean government's efforts in countering North Korea's missile launches and makes it look like South Korea is taking a position opposite to that of the international community. Furthermore, commenting on the fact that President Roh Moo-hyun raised a question about the drastic measures Japan proposed taking following North Korea's missile launches, the editorial criticized Mr. Roh for being tolerant of North Korea while raising his voice against Japan.

There are 1.8 million heavily armed North and South Korean troops confronting each other along the 155-mile long Demilitarized Zone. Applying pressure on Pyongyang, especially with any military option, is likely to escalate tensions on the Korean Peninsula and threaten the lives and property of 48 million Korean people. This is why the South Korean government firmly opposes any measure that might exacerbate military tension on the Korean Peninsula.

The South Korean government has clearly expressed its regret over the North's missile launches. As mentioned earlier, by suspending its aid to North Korea, the South has already taken a substantial action to reprimand the North. President Roh filed a strong protest with Japan because the latter had tried to create a window of opportunity to use military force on the Korean Peninsula. Any American president would take firm measures against any attempt to destroy the lives and property of American citizens. So did President Roh.

Lee Kwan-sei

Assistant Minister for Unification Policy and Public Relations

The Republic of Korea

Seoul, South Korea

Stop Mooching Off

I recognize that there are any number of situations where children return home after college, some mutually beneficial, others financially necessary. But to suggest that this should be part of a 22-year-old's financial-planning repertoire is absurd ("Getting Going: Keeping Your Financial Footing at 22," Personal Journal, Aug. 2). Surely, many of these kids have "mooched" off mom and dad long enough. Some of that mooching has probably contributed to some of that debt; kids, relying on their parents, become irresponsible. Besides, mom and dad might need to focus more attention on saving for retirement than on continuing to coddle the next generation, financially and emotionally.

The longer you live off mom and dad, the more entitled you will feel to have their lifestyle. I'm not suggesting that parents abandon their children struggling with debt. But debt doesn't usually happen overnight and much of it, such as student loans for college, can be planned for in advance.

My advice to recent college graduates: Learn to live within your means, not that of your parents. And to the parents: Change the locks.

Kathleen Rauch

Lake Villa, Ill.

Trade Without Politics

Peter Sutherland's analysis of Doha's collapse is absolutely on target ("The Doha Debacle," editorial page, Aug. 2). A "worthwhile" deal was well within reach. But an easy fix could have produced something closer to spectacular, at least for the poorest countries.

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A recent study by the International Food Policy Research Institute found that the deal Mr. Sutherland describes would deliver a $54 billion increase in global income. However, the bulk of these gains -- roughly 60% -- go to the wealthiest countries, while the poorest are left with only about 2%.

The study suggests two modifications. First, offer complete free access for the least developed countries to all wealthy markets. This elevates global income gains to $69 billion with nearly half of the increase going to the 50 poorest countries. Second, re-orient the conversation toward minimizing the number of agricultural products that "escape the mainstream cuts." As a rule, more exemptions from full tariff cuts equal smaller income gains.

Finally, it is not for Pascal Lamy to rescue Doha. Rather, it is for the G-6 countries to go back home in order to get the political backing to let go of their losing bids and get the Doha Round out of the political prison it is in.

Ann Tutwiler

Managing Director

The Hewlett Foundation

Washington

It's Always the Right

Joseph Mussomeli claims that the Khmer Rouge mass murders "stand alone as having failed to bring any of the guilty to justice" ("The Worst Genocide Ever," editorial page, Aug. 1). This is untrue.

The policies of Mao and Stalin resulted in the combined death of a 100 million people. These two tyrants were never brought to justice; nor were they ever formally charged with any crimes.

Crimes against humanity conducted by Fidel Castro, Kim Jong Il or the Shining Path (in Peru) are also conveniently ignored or rationalized, as are almost all mass killings perpetrated by left-wing organizations. It is only crimes committed by right-wing groups that are prosecuted with vigor or whose prosecution is sought and acclaimed by the mass media.

This double standard allows terrorist organizations to engage in mass murder with impunity as long as they market themselves as "freedom fighters" aiding the oppressed. The present day conflict in the Middle East is a prime example of this hypocrisy.

If the Khmer Rouge had been classified as a right-wing fascist group, their leaders and others would have been charged, tried, convicted and executed long ago. Since they are not so classified, "our hunger for justice" will remain unsatiated.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, AUGUST 14, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Intelligence Points To Bomb Link With Al-Qaeda (FT) 3
Al-Qaida-U.K. Plot Link Evidence Grows (AP) 3
Terror Probe Widens To Other Countries (WSJ)..... 5
Pakistani Charity Under Scrutiny In Financing Of Plot (NYT)..... 6
Intelligence Officials Search For Links Between Al Qaeda's Leaders And Latest Plot (NYT)..... 7
Pakistan Probes Money Transfers From Sources In UK (FT)..... 8
Afghanistan Denies U.K. Terror Plot Link (WP/AP)..... 9
Britain Lowers Terror Threat Level, Eases Luggage Restrictions (AFP)..... 9
Britain Warns Citizens Terrorism Threats Persist (WT/AP)..... 10
A 4th Day Of Slow Going In Britain (WP) 11
Airport Snarl In London Puts Scrutiny On Owner (NYT) 12
Airlines Cancel A Third Of Flights At Heathrow, Seek Army's Aid (WT) 13
Hundreds Of Flights Canceled In Britain (AP) 14
Britain Says Two Dozen Major Terrorist Conspiracies Are Under Investigation (NYT) 15
Plot Shows Rise Of Extremism In Europe (AP)..... 17
Terrorists Difficult To Profile, Even Harder To Find (USAT)..... 18
To Their Neighbors And Families, Plot Suspects Seemed To Lead Ordinary Lives (NYT)..... 19
The New Age Of Terror (NW)..... 20
The View From The Top (NW)..... 25
Such Lovely Lads (TIME)..... 27
A Loophole Emerges In Yemeni Campaign Against Extremists (WSJ) 28
Rewriting The Geneva Conventions (NYT) 30

Homeland Response:

Chertoff Says U.S. Needs More Authority (AP)..... 30
Chertoff: No U.S. Terror Link Seen (WP) 31
Republicans Weigh Push For Tougher Terror Laws (WSJ) 32
How To Stay One Step Ahead (TIME) 33
Air Safety: Plugging Holes In The Skies (NW)..... 34
Is Conspiracy A War Crime? (CSM)..... 35
Fearing Wider U.S. Plot, Investigators Raced Clock (USAT)..... 37
The British Way (WSJ)..... 38
Terror Threat Level Cut, But Still 'High' (WT)..... 40
Broader Security Changes Are Likely (USAT)..... 41
Air Travelers Adapt Quickly (USAT) 42
Fewer Delays As Fliers Adjust To New Rules (USAT)..... 42
Screeners To Be Changed At U.S. Airports (NYT)..... 43
Which Travelers Have 'Hostile Intent'? Biometric Device May Have The Answer (WSJ) 44
Homeland Security Department Gets Better Grades In 2nd Major Test (NYT) 45
TSA Tries To Balance Security, Efficiency (WP)..... 47
New Orleans Still Reeling, But Residents Make Do (WT/AP)..... 49
Fangs Are Bared Over Md. Group's Katrina Dog Rescues (WP) 50
Evacuees: Where Are They Now? (NW)..... 51

War News:

Car Bombs, Rockets Kill 47 In Baghdad Shiite Neighborhood (USAT/AP) 52
5 Bombs Kill At Least 57 In Baghdad (NYT)..... 53
Blasts Kill Dozens In Shiite Area Of Baghdad (WP)..... 54
56 Iraqis Die In Attacks On Marketplace (LAT) 55
General Hears Marines' Concerns In Iraq (WP/AP)..... 56
Pace Promises Troops Continued Support In U.S. (WT/AP)..... 56
Military At Odds On Intel Methods (WT)..... 57
Iraq: War Within A War: Who Runs The Mahdi Army? (NW)..... 58
Iraq Minister Says 7 Bodyguards Arrested (WP/AP)..... 59
Shiite To Preside Over 2nd Saddam Trial (WP/AP)..... 59
Iraqi Has Worst Fuel Shortage Since '03 (WP/AP)..... 59
The Kidnapping (CSM) 60
The Jill Carroll Story - (CSM) 64
Part 1: The Kidnapping (CSM)..... 65
Afghan Fighting Kills 25 Insurgents (AP) 65
Attacks Kill At Least 30 In Afghanistan (USAT)..... 66

Corporate Scandals:

Bar Associations Oppose Justice Department Policy They Say Lets Companies Avoid Costs (AP) 67
Plea Made In Bristol-Myers Squibb Case (USAT/BLOOM)..... 67
Apple Is Told It's Not Meeting Nasdaq Listing Requirements (WSJ) 68
Stock Issues Will Delay Apple's Quarterly Report (USAT)..... 68
Street Sleuth FASB Appears In A New Light On Stock Options (WSJ) 69

Criminal Law:

Two Linked To Sen. Fumo Are Offered Deals To Testify (PHI) .. 70
Records: Pa. Paid Fumo's Lawyers (PHI) 71

Tammany Official Indicted In Fraud (NOTP) 72
D.C. Police: Site Of Lawyer's Murder Shows Signs Of Tampering (LAW) 74
Bonanno Associate Pleads Guilty (NSDY) 75
Shoot First — No Questions Asked (NYT) 76

Civil Rights:

Two Men Are Accused Of A Hate Attack In Queens (NYT) 76
Where Does God Stand On Abortion? (USAT) 78
Beliefwatch: Foxholes (N W) 79

Antitrust:

MLSNI Responds To DOJ Investigations (INMAN) 79
EU Launches Probe Into Metso Bid For Aker Kvaerner Unit (WSJ/DJ) 81

Environment/Indian Affairs:

BP Keeps Part Of Prudhoe Open, Easing Concern (WSJ) 81
BP Spill Highlights Aging Oil Field's Increasing Problems (USAT) 82
Beyond Propaganda (NYT) 85
Attention To Locomotives' Emissions Renewed (WP) 86
Warplanes: The Air Force, B-52s And Mideast Oil (NW) 87

FBI/DEA/ATF/USMS:

Schuylkill May Have 9 Deaths From Mix. Other Counties Gird For Cases. (MORNCALL) 87
Deaths, Overdoses Ebbing From Fentanyl-laced Heroin (PPG) . 88
Deadly Drug's Reputation Entices Addicts (PPG) 90
Hanover Woman, 21, Died Of Overdose, Prosecutor Says (DR) 90
Overdoses Spike As Methadone's Use As Painkiller Grows (AP) 91
Drug Trafficker Pleads Guilty (WT) 91
Fake DEA Agent Gets 15 Months (ST) 92
Drug-Terror Connection Disputed (WP) 92
DEA Drug-terror Exhibit Opens In Chicago (WT?UPI) 93
Heroin Cartel Member Sentenced (TRE) 93
Man Sentenced To 17 Years For Role In Heroin Cartel (AP) 94
In Steroid Era, Will Golf's Integrity Stand Test? (NYT) 95
Court Upholds Drug Dealer's Conviction In Fatal Shooting (WP) 97
Records: Slayings Linked To Drugs (DR) 97
Ecstasy Raids Lead To Arrests Across The Bay (MR) 98
ARRESTS MADE IN BAY AREA-BASED DRUG SMUGGLING RING (BCNW) 99

Immigration:

Towns Take Aim At Illegal Immigration (USAT) 99
Poised Against Incursions, A Man On The Border, Armed And Philosophical (NYT) 100
Hope For Immigration Reform? (WP) 101

Congress-Administration:

Governors Oppose Federal Control Of Guard (WP) 102
Bush's Ranch Town Split Over His Record (FT) 103
Another Warning Of A Retiring Workforce (WP) 104
Conflict Of Interest Or Legitimate Punditry? You Decide. (WP) 104
Tuskegee Airmen Still Waiting (WP) 105
Opportunity For All Children (USAT) 106
Don't Pay Kids To Flee Schools (USAT) 106
Security Through Education (WP) 107
Alaska And You (WSJ) 108
An Unwelcome Visitor Center (NYT) 109

Other News:

Key Inflation Index May Get Greater Precision (WSJ) 109
How The Fed Lost Its Groove (WSJ) 110
Washington Wire (WJS) 111
Sales Force (WSJ) 112
Some Scientists See Shift In Stem Cell Hopes (NYT) 112
Where To Get A Pay Raise (TIME) 114
Lamont Decries Barbs By Cheney, Lieberman (USAT) 114
Lamont Decries Lieberman Terror Remarks (AP-Y) 115
Campaign 2006: A Hawk Stays Aloft (NW) 115
The Ana Log (TIME) 116
Three Cheers For Triangulation (TIME) 117
Consolidation Of Base Crucial For Lieberman (WT) 118
Joe Lieberman Is No Moderate, So Why The GOP Tears? (NHUL) 118
Aiding Our Enemies (NYT) 119
Hoping For Fear (NYT) 120
For GOP, Bad Gets Worse In Northeast (WP) 121
Schwarz's Loss Seen As Cautionary Tale (WT) 123
Trouble For Centrists: Is The Hill Headed For A Sharper Split? (CSM) 124
Fathers Defeated, Democratic Sons Strike Back (NYT) 125
Untold Generosity (WP) 127
Clinton And Gates To Join Forces At Aids Conference (FT) 127
Gateses Urge Speed On HIV-Preventive Drugs (WP) 128
Black America Must Confront AIDS (WP) 129
AIDS Effort In Zambia Hailed As A Success (NYT) 130
In Africa, Rape As A Risk Factor (WP) 131
Can California Win Its Pension Gamble? (LAT) 132
Israel Accepts U.N. Deal (WP) 134
Israel, Hezbollah Ratchet Up Attacks Before Cease-fire (USAT) 135
Lebanon Conflict Intensifies (FT) 136
Combat Rocks Lebanon (WT) 136
Fierce Attacks On Eve Of Mideast Truce (NYT) 137
Israel Pounds Beirut Ahead Of Cease-fire (AP) 139
Ahead Of Truce, Israel And Hezbollah Show Their Strength (MCT) 141
U.S. Shift Kicked Off Frantic Diplomacy At U.N. (NYT) 142
Why Bush Embraces Israel's Hard Line (CSM) 144
In A Political Move, Lebanon Offers An Army That All Of Its Sects Can Accept: Its Own (NYT) 146
Results In Lebanon Damage U.S., Israel's Olmert (WSJ) 147
'The Best Guerrilla Force In The World' (WP) 148
Largely Empty, Stronghold Of Militia Is Still Perilous (NYT) 150
The Real Nasrallah (NW) 151
The Chic Sheik (TIME) 153
Israel And The Bombs (TIME) 154
'The Street Is Not With Us' (NW) 155
Israeli Commando Missions Come Out Of Shadows (USAT) ... 156
Status Quo Ante (WSJ) 157
U.N. Brokers Mideast Truce, But Future Remains Murky (USAT) 158

DOJ_NMG_0047112

Iran Leader: U.N. Serves U.S. Interests (AP) 158
Iran Leader Says US And Europe Face Backlash From Supporting Israel (AFP) 159
Free Thinker (WP) 160
Still Spinning (NYT) 163
Bush Seeks Balance On Cuban Migration (WSJ) 163
Castro Turns 80, Sends A Sober Message (AP) 164
Havana Releases Birthday Photos Of Castro (FT) 165
Castro Reportedly Improving, 'very Happy' As He Turns 80 (USAT/AP) 166
Cuban Paper Carries Castro Photos, Note (WP) 167
Cuba Stays Calm With Castro On Sidelines (NYT) 168
Partial Recount Confirms Victory By Calderón In Mexican Election (WSJ) 169
Mexican Leftist Remains Defiant As Recount Ends (NYT) 170
Lopez Obrador Settles In For Long Fight (AP) 171
López Obrador Vows To Step Up His Fight (FT) 172
Mexican Runner-Up Sees Years Of Protest (WP) 172
Bolivia Suspends A Takeover Of Oil And Gas (NYT/AP) 173
"Korean Cash Squeeze" (WJS) 173

TERRORISM NEWS:

Intelligence Points To Bomb Link With Al-Qaeda (FT)

Financial Times, August 14, 2006

Security officials in the UK and Pakistan on Sunday said intelligence was pointing to a likely link between al-Qaeda and the alleged plot to bomb commercial airlines en route from London's Heathrow airport to the US.

As the UK continued to remain on the highest – "critical" – level of terror alert, Pakistan's investigation of the plot was concentrating on an al-Qaeda group based near Kandahar in southern Afghanistan, which officials said had actively backed the plot.

Among a group arrested in Pakistan in connection with last Thursday's anti-terrorist operation in the UK are some who were given detailed plans by the al-Qaeda group for manufacturing explosives, a Pakistan official said.

"The plans were handed over to these people and they then passed on the plans to contacts in the UK," he said. "The cell in Afghanistan played an active role through the provision of details on how the operation had to be carried out while the actual implementation was being done at the UK end."

Pakistan officials examining the case also revealed details of a money trail linking accounts in the UK and Pakistan, and including groups in the UK dedicated to Islamic charities and small businesses suspected of being fronts for militants.

UK officials said there was a likely strong link between al-Qaeda and the alleged air terror plot, although the exact nature continued to be investigated.

The officials added that MI5 had identified at least 20 plots that could be activated relatively soon and that there were dozens of others that appeared to be less advanced. They said others connected to the plot could still be at large, while there were fears the alleged plot could provide a trigger to other groups to advance their plans.

John Reid, the UK home secretary, told the BBC: "We believe we have the main targets from this particular surveillance and plot. [But] there are still people out there who would carry out such attacks."

The alleged plot prompted Michael Chertoff, US homeland security secretary, to call for a review of US laws giving authorities the kind of powers the UK began exercising in the wake of the London bombings on July 7 last year to detain suspects for longer periods of time.

The US appeared to be taking a tough line on hand luggage after it emerged that US-bound passengers leaving the UK were no longer allowed to take any duty-free purchases on board. Mr Reid is said to have raised the issue of long checks with the homeland security department.

Reporting by Farhan Bokhari in Islamabad and Roger Blitz, Stephen Fidler, Elizabeth Rigby and Lisa Urquhart in London

Al-Qaida-U.K. Plot Link Evidence Grows (AP)

By Katherine Shrader

AP, August 14, 2006

After more than a decade hunting al-Qaida, U.S. counterterrorism agencies are reviewing their understanding of the terror group, which they strongly believe was behind the plot to blow up some 10 jetliners bound for the U.S.

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Several Western government officials, who spoke on condition of anonymity about the ongoing investigations, said they don't yet have hard evidence to pin the attack on al-Qaida's central leadership — Osama bin Laden, his deputy Ayman al-Zawhari or a tier of key operatives below them.

But the plot bears all of the best-known earmarks of the terrorist group.

More than two dozen radicals, broken up into two- or three-member teams, were to assemble bombs made from everyday items on as many as 10 airplanes and blow them up as they traveled from Britain to the United States.

One intelligence official said not all the attackers knew one another, following operational security lessons taught in al-Qaida training manuals.

Among other al-Qaida trademarks:

· The plan was complex and had a carefully timed sequence for maximum dramatic impact.

· Financial and training support came from Pakistan, a hub for extremists where at least two of plot participants traveled.

"Certainly in terms of the complexity, the sophistication, the international dimension and the number of people involved, this plot has the hallmarks of an al-Qaida-type plot," Homeland Security Secretary Michael Chertoff said Friday.

An intelligence official said that investigators are focusing on whether one of the people arrested early in the Pakistan investigation was an operational planner. The official said Rashid Rauf, who has also been identified by Pakistanis as a key player, spent a lot of time overseeing the plotters and providing instructions to them.

Pakistan is questioning at least 17 people, including Rauf and one other British national whose name has not been released. Authorities in Pakistan believe they have nabbed the main players in the plot, but say there are two or three people still at large.

Because of Rauf's suspected ties to al-Qaida figures, some in government believe there is a high probability the group will be connected to the plot, the intelligence official said. It was not clear how cooperative he has been with interrogators.

Some agencies have also focused on an al-Qaida explosives expert in Pakistan named Matuir Rehman, but his involvement is not certain and a matter of debate within the U.S. government.

Counterterrorism officials are particularly reviewing the plotters' connections to Pakistan, where al-Qaida has a substantial base. An intelligence agency recently intercepted a message from that country to the plotters in Britain urging them to move forward, after arrests were made in Pakistan, said a Western government official who spoke on condition of anonymity.

Bin Laden is believed to be hiding in the region along the Afghan-Pakistan border.

The disrupted plot has intelligence analysts taking a second look at questions such as what motivates citizens of a democratic country who are under age 25 to become radicalized, then leave their home country for terrorist training and return.

An important question to improve the understanding of terror groups, the official said: "How do they have, at that age, that level of training and expertise and everything to carry out such a sophisticated effort?"

It's not yet clear why the young radicals designed the latest attack plan, but officials suspect it may be based on a foiled plot from the mid-1990s. Then, al-Qaida was planning to blow up about a dozen airplanes on trans-Pacific flights, but a fire in a Manila apartment foiled them.

Chertoff noted the similarity, calling it "certainly reminiscent" of a plot devised by senior al-Qaida figure, Khalid Sheikh Mohammed, who was also behind the Sept. 11, 2001 attack on the United States.

"Very sophisticated, the idea of multiple terrorist attacks at the same time," he said Sunday on ABC's "This Week." "When you put those pieces together it is certainly the scope and scale that is comparable to the worst that al-Qaida has done."

Al-Qaida has returned to attacks that don't go off as planned. The 1993 World Trade Center bombing killed six, rather than the hundreds or thousands that al-Qaida normally targets. The group returned to the target in 2001, with devastating effects.

The 2000 attack on the USS Cole was preceded by an attempted strike on the USS The Sullivans, but the attack boat sank because it was loaded with too many explosives.

CIA Director Michael Hayden told an audience this spring that al-Qaida and its affiliates "still pose the greatest threat to the homeland and US interests abroad" of any single terrorist group.

Yet he and his two predecessors — George Tenet and Porter Goss — have warned the threat from al-Qaida is evolving from an organization based in Afghanistan to an amorphous ideology with a wider geographic reach.

A former intelligence official, who spoke on condition of anonymity, said the surprising aspect of the latest attack plan was the size of the operation.

The number of people involved, its sophistication and its scope indicate extremist networks still have substantial capabilities, the official said.

"To get that many people to take part in something like this ... that are not wannabes or people who are just copycats or looking up how to do this on the Wikipedia, there must be some more sophisticated links back to central al-Qaida," the official said.

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Terror Probe Widens To Other Countries (WSJ)

By David Crawford, Carrick Mollenkamp And Peter Wonacott

The Wall Street Journal, August 14, 2006

Authorities Are Pursuing Possible Links to Sept. 11; U.K. Warns of New Threats

The probe into the alleged plot to blow up aircraft flying to the U.S. from Britain is widening to include possible links to Germany and the plotters of the 2001 U.S. terrorist attacks, as well as financial connections to Pakistan, according to officials, even as the British government warned that other plots also are under way.

In Pakistan, authorities are examining a money trail that may have helped finance the plot that British police say they thwarted last week before its perpetrators attempted to down trans-Atlantic jetliners with explosive liquids. A large sum of money was transferred from Pakistan to finance the attacks, according to a person familiar with the investigation. An official in Pakistan called it "the most important aspect of the investigation," though no details of the transactions were available.

British police have circulated a list of suspects to their counterparts throughout Europe, according to a European intelligence official with knowledge of the investigation. Investigators in Germany are keying these names into databases at each of the country's security services. German Deputy Interior Minister August Hanning said in a newspaper interview Sunday that German investigators have uncovered links between Muslim extremists in Germany and the suspects detained by British police, but provided no details. London's Metropolitan Police, known as Scotland Yard, arrested 24 people last week in Britain but released one person Friday.

Travel to Pakistan also is expected to be a focus of the investigation, as it was after four young men killed 56 people, including themselves, in three London subways and a bus on July 7, 2005. At least one of the suspects arrested last week traveled to Pakistan last year, as did two of the suicide bombers before the 2005 attacks. British police, who received help from a citizen after the 2005 attacks that helped lead to last week's arrests, declined to comment on any links between the two plots.

The terrorist threat remains intense in Britain. Authorities believe that at least two dozen plots currently could develop into more attacks, according to people familiar with the situation. Home Secretary John Reid told the British Broadcasting Corp. Sunday, "We believe we have the main targets from this particular surveillance and plot. [But] there are still people out there who would carry out such attacks."

Mr. Reid also said that "at least four major plots" have been thwarted since the 2005 attacks in London.

European and U.S. investigators are particularly concerned about the German links because the most recent documented ties between Europe and known officials of the al Qaeda terrorist group have been via Hamburg, Germany, home to relatives of several suspects in the Sept. 11, 2001, attacks who remain at large.

The need to uncover international links is acute throughout Europe because police still don't know how many members of the plot revealed Thursday remain at large. Passengers at British airports Sunday continued to face delays and flight cancellations amid tight security.

International links between terrorist groups pose a challenge to investigators but also offer opportunities for investigators, according to John Brennan, former director of the U.S. National Counterterrorism Center. Mr. Brennan said there are numerous family ties between Muslim extremists in Britain and Pakistan. Mr. Brennan said it is only natural that members of terrorist groups will "reach out" to people they can trust, if it can be done safely.

One clear tie, according to authorities, centers on Rashid Rauf, a British citizen arrested last week in Pakistan. Mr. Rauf, who moved to Pakistan in 2002, is the brother of Tayib Rauf, one of the suspects detained in Britain last week. Both are from the northern England city of Birmingham, and Pakistani authorities believe both men were the coordinators of the planned attacks.

Rashid Rauf, 26 years old, was arrested Wednesday in the southern Punjab town of Bahawalpur. He is being interrogated by Pakistani intelligence agencies in an undisclosed part of the country.

Bahawalpur is a fertile region, known for its cotton, wheat and mango orchards. But one of Pakistan's dangerous militant groups, Jaish-e-Mohammed, also has sprung up there. Although the group was outlawed in 2002, it continues to operate from the Bahawalpur area, home to its leader, Masood Azhar. He has maintained close links with al Qaeda and Afghanistan's former Taliban regime.

The group has disintegrated into small cells as a result of the government's ban. These cells have been involved in most of the terrorist attacks carried out in Pakistan against Western targets. Pakistan's military has blamed members of Jaish-e-Mohammed for trying to kill Pakistani President Pervez Musharraf, who has aligned himself with U.S. antiterrorism efforts. Pakistani security agencies suspect that Mr. Rauf might have been working with elements of Jaish-e-Mohammed, although the extent of these ties isn't yet clear.

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In London, the Muslim community is trying to come to grips with last week's arrests. The families of the 23 suspects are planning to meet. But those families still haven't pinpointed the exact links tying the alleged plotters together, according to a person familiar with the matter. Police made arrests in east London; High Wycombe, a London commuter town; and Birmingham.

Authorities believe the plotters operated two cells, with one targeting an attack and the other handling logistics such as finances and housing.

--Zahid Hussain in Islamabad contributed to this article.

Pakistani Charity Under Scrutiny In Financing Of Plot (NYT)

By Dexter Filkins And Souad Mekhennet

The New York Times, August 14, 2006

LONDON, Aug. 13 — British and Pakistani investigators are trying to determine whether the group of Britons suspected of plotting to blow up as many as 10 commercial airliners may have received money raised for earthquake relief by a Pakistani charity that is a front for an Islamic militant group.

The charity, Jamaat ud Dawa, which is active in the mosques of Britain's largest cities, played a significant role in carrying out relief efforts after last October's earthquake in Pakistani-controlled Kashmir.

It is one of the most militant of the groups battling the part of Kashmir controlled by India. In May, it was labeled a terrorist organization by the United States government.

British and Pakistani investigators are looking into the possibility that the group, whose name means the Association of the Call to Righteousness, passed the earthquake donations raised in British mosques to the plotters, according to two people familiar with the investigation.

One former Pakistani official close to the intelligence officials there said Jamaat ud Dawa provided the money that was to be used to buy plane tickets for the suspects to conduct a practice run as well as the attacks themselves. The money is believed to have come directly from the group's network in Britain and was not sent from Pakistan, the former official said.

"The Pakistanis have been asked by the British to examine the links between Jamaat ud Dawa and the suspects in the airplane attack," the former Pakistani official said.

According to a former British security official familiar with the investigation, some of the money raised in British mosques also went to the group's militant activities in Indian-controlled Kashmir. Both the former Pakistani official and the former British official spoke only on the condition of anonymity.

On Wednesday, Pakistani officials detained Hafiz Mohammed Saeed, the head of the organization.

On Sunday, a senior American law enforcement official said that the British police and intelligence officials had identified several suspected accomplices of the plotters who were believed to have provided support to the plot outside Britain. The new suspects were identified by checking the arrested men's computers, the official said.

After the earthquake, which killed some 73,000 people, Jamaat ud Dawa raised funds in British Pakistani areas in London, Birmingham and Manchester. The group also urged British people of Pakistani origin to go to the region to help in the relief efforts, and hundreds did.

Several of the 23 suspects still in custody after the arrests by British police on Thursday — most of them Britons of Pakistani descent — traveled to Pakistan last year, ostensibly to help with earthquake relief efforts, said Nasir Ahmed, a leader among Britain's Pakistanis and a member of the House of Lords.

Mr. Ahmed said he was not sure how many of the suspects rounded up last week had gone to Kashmir to help, but among those who had gone were the suspects arrested in High Wycombe, west of London. The former Pakistani official said several of the suspects had gone to Pakistan at the time of the earthquake.

The official declined to say whether the suspects were believed to have been organizers or people who had provided support, like passports and safe houses.

Mr. Ahmed said it was possible that those who went came into contact with the militant Islamic organizations that were doing the relief work on the Pakistani-controlled side of Kashmir, where most of the casualties were. Indeed, at the time, Jamaat ud Dawa was welcomed by people in the area for stepping in where the Pakistani government had failed. The group was praised as one of the few providing aid efficiently, while Muslims around the world complained that Pakistanis had been abandoned.

"In the first few days, it was only religious organizations, the militant organizations, that were prepared to dig out people and provide relief supplies," Mr. Ahmed said. "It is possible that young people, many people, who have gone from U.K., may have fallen into hands of organizations like Jamaat Ud Dawa."

As both a militant group and a social welfare organization, Jamaat ud Dawa resembles its brethren in other parts of the Muslim world, like Hamas in the Palestinian territories and Hezbollah in Lebanon. In the days after the Sept. 11 attacks, the United States government shut down many Muslim charities that it said were financing militant activities.

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No one from Jamaat ud Dawa could be located Sunday in Britain. Its Web site says the organization has provided food to some 54,000 families who were struck by the earthquake. It also claims to be "one of the most feared militant groups fighting in Kashmir." The Web site displays a photograph of Mr. Saeed leading a demonstration protesting the United States government's designation of his group as a terrorist organization.

The details of the suspected plot to blow up the airliners began to emerge Thursday, when the police in Britain detained 24 people. The authorities said the suspects, most of them British-born young men of Pakistani descent, intended to smuggle liquid-based explosives onto 9 or 10 commercial airliners headed for the United States and detonate them as they approached. British officials said the plot, had it been successful, could have killed thousands.

The day before, on Wednesday, the police in Pakistan had arrested a British-born man they said was linked to Al Qaeda. They say they have at least one other British man in custody and are looking for at least one other suspect.

American and Pakistani officials have long believed that Jamaat ud Dawa is the successor organization to Lashkar-e-Taiba, which was banned in 2002 by the Pakistani government, under American pressure, after the attacks of Sept. 11, 2001.

It has called for holy war against the United States, India and Israel. Although it has avoided direct association with Al Qaeda, links between the groups have often surfaced. Abu Zubaida, the senior Qaeda member captured by Pakistani forces in the city Faisalabad in 2002, was found hiding in a safe house for Lashkar-e-Taiba.

Intelligence Officials Search For Links Between Al Qaeda's Leaders And Latest Plot (NYT)

By Scott Shane And Mark Mazzetti

The New York Times, August 14, 2006

WASHINGTON, Aug. 13 — Like some terrorist version of broadcast pundits, Osama bin Laden and Ayman al-Zawahri address the world by video or audio every few weeks, exhorting their followers to jihad, taunting their enemies and offering sometimes grandiose commentary on current events.

Whether that is all they can do from their hide-outs in Pakistan is a question that intelligence officials in the United States and Europe are urgently trying to answer.

"They keep informed, that is clear," said Olivier Roy, research director at the French National Center for Scientific Research and an expert on Islamist terror networks. "Whether they have any operational role is very hard to say."

The arrest in Britain last week of a score of Muslims of Pakistani ancestry, accused of an ambitious plot to blow up trans-Atlantic jetliners, has returned a spotlight to the top two leaders of Al Qaeda, who for five years have evaded one of history's biggest manhunts.

Because there are clear connections between the Britons arrested in and around London and their accused co-conspirators detained in Pakistan, officials have not ruled out the possibility of communications between the plotters and the Qaeda chiefs. No one has suggested that either man directed the scheme — but the fact that neither Mr. bin Laden or Mr. Zawahri has been captured suggests that Western intelligence agencies' knowledge of their activities is minimal.

In Senate testimony in June, Henry A. Crumpton, the State Department's counterterrorism chief, suggested that American-led efforts to pursue the two had severely limited their ability to act.

"There is evidence that core leaders, including bin Laden and Ayman al-Zawahri, are frustrated by their lack of direct control," Mr. Crumpton said, asserting that they had been isolated as they lost safe havens in Afghanistan and Pakistan. "We must retain this unrelenting pressure against Al Qaeda, especially their leadership, to further diminish the links throughout their global networks."

American diplomats in the region play down the importance of Mr. bin Laden, saying Pakistani military operations in the northwest region of Waziristan have curtailed his movements. They are less certain of the limits on Mr. Zawahri.

Michael Scheuer, who tracked Mr. bin Laden in the 1990's at the Central Intelligence Agency, is skeptical about the standard government claim that the two men are on the run.

"If we were really chasing them around, we would have them by now," Mr. Scheuer said. He said it was clear that the Qaeda leaders still had some operational ability because they were able to make audio and video tapes and to send them to allies who post them on the Web or pass them to Al Jazeera, the Arabic television channel in Qatar.

Since the two leaders have often said their role is to inspire the global jihad, their ability to get their message out is itself a notable achievement. In a letter last year to the leader of the Iraq insurgency, Abu Musab al-Zarqawi, Mr. Zawahri wrote, "We are in a battle, and more than half of this battle is taking place in the battlefield of the media."

Mr. Zarqawi was killed on June 7, when American forces located him at a safe house north of Baghdad and dropped two 500-pound bombs on it.

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An analysis by the private Virginia company IntelCenter said that Al Qaeda's clandestine media operation in Pakistan, As-Sahab, had released at a record pace this year 37 video and audio messages through the end of July, including 6 from Mr. bin Laden and 11 from Mr. Zawahri.

"I just don't see that they have any trouble disseminating information to followers, and they seem to have more sophisticated communications than they did six months ago," said Chris Heffelfinger, a terrorism analyst who monitors jihadist Web sites for the Combating Terrorism Center at West Point.

Some American officials concede that the loyalty both men inspire makes even the large bounty on their heads — up to $25 million each — an ineffective weapon. "I'm not sure that the $25 million does a damn bit of good," said one American intelligence official, speaking on condition of anonymity.

Counterterrorism experts agree that Pakistan has become the most important center for jihadist networks, in some ways replicating the role of Afghanistan before American troops ousted Al Qaeda and its Taliban protectors in late 2001.

The efforts of the Pakistani president, Gen. Pervez Musharraf, to help American antiterrorist operations have been limited both by the popularity in Pakistan of groups violently opposing Indian control of Kashmir and by his government's minimal control over the lawless tribal areas along the Afghanistan border.

It is in those areas that Mr. bin Laden, the 49-year-old son of a Saudi construction magnate, and Mr. Zawahri, 55, an Egyptian doctor who was jailed and tortured in Egypt in the 1980's, are believed to be in separate hiding places.

The American intelligence official said the men are believed to have direct contact with a small number of trusted aides who speak to others for them. "They're extremely careful about who they talk to," the official said.

American military and intelligence agencies have made repeated attempts to hunt them down. In January a missile fired by an American Predator drone, a pilotless aircraft, targeted a house in the tribal Bajaur district where Mr. Zawahri was believed to be attending a dinner; it killed 18 civilians and a number of militants, Pakistani officials said, but missed its prime target.

In typically defiant style, Mr. Zawahri responded two weeks later with a taunting video statement broadcast on Al Jazeera.

Calling President Bush a "failed crusader," Mr. Zawahri asked: "Bush, do you know where I am? I am among the Muslim masses enjoying their care with God's blessings and sharing with them their holy war against you until we defeat you."

As often in such tapes, Mr. Zawahri addressed "the American people," saying "Bush and his gangs are shedding your blood and wasting your money in frustrated adventures" in Iraq and Afghanistan.

Mr. bin Laden's somewhat rarer recent pronouncements have been audiotapes accompanied by a still photo, perhaps indicating that he wanted to avoid video cameras for security reasons. Like his deputy, he often makes reference to current events, implicitly asserting a claim to leadership in the Muslim world.

"They try to connect all the different crises, in Iraq, Lebanon, other places, and present themselves as the vanguard of the global Muslim community," said Mr. Roy, the French terrorism expert.

In April, Mr. bin Laden urged jihadists to go to the troubled Darfur region of Sudan if Western troops were deployed there. In May, he recounted his selection of the 19 hijackers for the Sept. 11 attacks and insisted that the just-sentenced Zacarias Moussaoui was not one of them. In June, he eulogized the just-killed Mr. Zarqawi as a fellow "lion of Islam."

"Even if we lost one of our greatest knights and princes, we are happy that we have found a symbol for our great Islamic nations, one that the mujahedeen will remember and praise in poetry and in stories secretly and aloud," Mr. bin Laden declared in the rambling 19-minute tape.

Pakistan Probes Money Transfers From Sources In UK (FT)

By Farhan Bokhari In Islamabad And Roger Blitz And Stephen Fidler In London

Financial Times, August 14, 2006

Pakistan has been investigating the transfer of funds from up to 10 different sources in the UK to Pakistan since January, senior Pakistani intelligence officials said as investigations into the foiled alleged plot to blow up commercial airliners leaving London widened.

The investigators have looked at sources ranging from groups in the UK dedicated to supporting Islamic charities to individual donors who had transferred funds.

Intelligence officials in the UK said they were looking closely at money transfers between the two countries following the freezing by the Bank of England on Friday of 19 bank accounts held by the suspects.

However, one said bank transfers were "not necessarily linked to this specific plot".

As the UK's threat level remained at its highest "critical" level, UK officials said MI5 (Britain's domestic security service) had identified at least 20 plots that could be activated relatively soon and there were dozens of others that appeared to be less advanced.

"Six weeks ago, this [last week's alleged plot] was just one of a dozen or so plots near the top of our pile," said an official.

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It moved to the top priority as evidence came in that it was coming closer to fruition, he said.

The Pakistan investigation has uncovered a wide range of beneficiaries from the money transfers, including small businesses suspected of being fronts for militants and private individuals. Their common trait was that they were believed to be connected to the planners of the foiled attacks.

Pakistani investigators say the money trail had been established in the summer of 2005 but became active in February when transfers of between £1,000 (€1,500) and £5,000 a time began taking place.

“This trail was put together very carefully and was meant to deliver small funds over a period of time rather than large sums over a short time-frame. The objective was to make certain that the transfers took place relatively unnoticed,” said one Paki- stani intelligence official.

He said a portion of the transfers involved a “two-step process”, with the funds transferred to other countries, mostly in the Middle East, before being sent to Pakistan, “as a precautionary way to make certain that the origin could not be immediately traced”.

The official said there was no firm estimate yet on the amount of total transfers but added: “It must run in to tens of thousands of pounds.”

Officials dealing with Pakistan security affairs said in addition to officials confirming the arrest of Rashid Rauf, a British man of Pakistani origin, one or two other Britons of Pakistani origin and several Pakistanis had been arrested.

Some arrests are understood to have taken place on the basis of evidence linking transfers of funds from the UK to Pakistani recipients.

Pakistani intelligence officials also claimed they had compiled evidence of members of an al-Qaeda group based in southern Afghanistan near the city of Kandahar having actively backed the plot through support for its planning.

Another senior Pakistani intelligence official said some of the arrested Pakistanis were known to have met members of al-Qaeda and were given detailed plans for manufacturing explosives.

“The plans were handed over to these people and they then passed on the plans to contacts in the UK,” said the official.

“The cell in Afghanistan played an active role through the provision of details on how the operation had to be carried out while the actual implementation was being done at the UK end.”

British intelligence sees a likely strong link between the alleged airliner plot and al-Qaeda but its exact nature continued to be investigated, UK security officials said.

Afghanistan Denies U.K. Terror Plot Link (WP/AP)

The Associated Press

The Washington Post/AP, August 14, 2006

KABUL, Afghanistan -- Afghanistan's foreign ministry on Sunday denied any Afghan al-Qaida connection to a plot to blow up jetliners over the Atlantic, rejecting a Pakistani allegation.

"(Afghanistan) has become an inhospitable environment for al-Qaida to commission any terrorist attacks outside Afghanistan," the Afghan foreign ministry said in a statement.

The ministry was responding to the allegation made by Pakistan's foreign ministry that evidence linked a key suspect in the probe, Rashid Rauf, to an "Afghanistan-based al-Qaida connection."

Apparently pointing a finger at Pakistan, the Afghan statement said, "As the recent evidence and ongoing investigations have revealed, al-Qaida continues to enjoy safe haven outside Afghanistan."

Afghan officials accuse Pakistan of doing too little to stop militants in Pakistani border regions from staging attacks in Afghanistan. Pakistan says it is doing all it can to crush insurgents and has deployed 90,000 troops along the border.

Britain Lowers Terror Threat Level, Eases Luggage Restrictions (AFP)

By Prashant Rao

AFP, August 14, 2006

Britain downgraded its security threat level as it appeared that police had apprehended all of the main figures in an alleged terror plot, a decision that was likely to ease traveller frustrations at the country's airports.

The government lowered the threat level to "severe" from "critical" -- the highest of five levels -- with Home Secretary John Reid saying: "The police believe that the main suspects in the alleged plot were arrested last week."

British police staged pre-dawn raids on the homes of 24 terror suspects on Thursday over alleged plans to smuggle liquid explosives disguised as drinks or medicine onto US-bound planes and detonate them in mid-flight.

The "critical" alert level triggered exceptional security measures, with the authorities banning all carry-on baggage, with few exceptions.

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The Department for Transport said on its website that following the security level downgrade passengers would now be allowed one piece of hand baggage, although the ban on carrying non-essential liquids would remain.

Reid, however, said the government would not let its guard down, and urged the public "to remain vigilant".

"I want to stress ... that the change in the threat level does not mean that the threat has gone away," he said.

"There is still a very serious threat of an attack. The threat level is at severe indicating the high likelihood of an attempted terrorist attack at some stage, and I urge the public to remain vigilant."

Britain's decision contrasts with that of the United States, which is not yet ready to lift its "code red" maximum security risk alert on incoming flights from Britain, US Homeland Security chief Michael Chertoff said Sunday.

Chertoff said that the US government would announce new airline security rules later Sunday -- but added that a complete prohibition on carry-on luggage was "unlikely".

He also told Fox News on Sunday that US and British investigators were still digging to see whether or not the plot broken up on Thursday was directed by the Al-Qaeda.

"Certainly this plot bears ... the hallmarks of an Al-Qaeda-type plot in sophistication, global reach and really the nature of the plot itself," he said.

Reid on Sunday told BBC television that Britain had thwarted "at least four major plots" since the July 7, 2005 bombings in London that left 56 people dead, and indicated that up to a dozen were under investigation.

Earlier this year, Peter Clarke, head of the Metropolitan Police's anti-terrorist branch, said officers had stopped three and probably four attacks since the July 2005 bombings -- while police were investigating 70 terrorist-related cases at home and around the world.

Regarding Thursday's terror raids, a spokeswoman for London's Metropolitan Police said that their enquiries and searches were ongoing.

At London's Heathrow airport, Europe's busiest air hub, travellers on Monday may be provided with some respite following four days of disruptions.

About one in three flights was cancelled on Sunday following the imposition of new security checks, including body searches for all passengers, along with the carry-on baggage ban.

The operator of London's main Heathrow airport said, before the terror threat level was downgraded, that it expected one-fifth to one-third of all departing flights to be cancelled on Monday.

News of the alleged plot caused air travel chaos around the world as the cancelations of flights caused disruptions elsewhere and other countries also tightened security measures.

Despite the increased security checks passengers were still apparently able to get some banned items on board, with a mobile phone causing a scare on a British Airways flight from London to New York on Sunday.

The plane turned around mid-flight and returned to Heathrow for a full security search after the phone started ringing and no passenger claimed it, the airline said.

Meanwhile, the global investigation into the alleged plot is turning increasingly to Pakistan and the Al-Qaeda network, amid media suggestions that worse plans could be afoot.

Photographs of British Al-Qaeda suspect Rashid Rauf also appeared in newspapers after Pakistani authorities claimed he was a "key person" in the plot.

The Sunday Times newspaper in London said one of the suspects under arrest could be "Al-Qaeda's leader" in Britain. He was not named.

In Pakistan, two senior officials told AFP that Britain's intelligence services had asked their Pakistani counterparts to trail Rauf after he entered the country. He was arrested on August 4 in the eastern city of Bahawalpur.

Bahawalpur is known as a hotbed of militants with links to Jaish-e-Mohammed, a group suspected of connections to Al-Qaeda, fighting Indian rule in divided Kashmir.

One of the officials said that after Rauf told Pakistan interrogators of the plot to blow up airplanes, which was apparently not yet known to British or American authorities, British police carried out Thursday's raids.

One of the 24 people arrested was released without charge on Friday, while the others remain in custody.

Britain Warns Citizens Terrorism Threats Persist (WT/AP)

By Paul Haven

The Washington Times, August 14, 2006

LONDON -- Authorities warned Britons to remain vigilant yesterday, saying that 24 ongoing terrorism probes showed they could still be in the cross hairs of Islamic militants even after security forces foiled a plot to bring down packed planes heading to the United States.

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Home Secretary John Reid said that authorities were conducting two dozen counterterrorism investigations in Britain and that there is no guarantee that the government will be able to thwart every plot.

"We believe we have the main targets from this particular surveillance and plot," Mr. Reid told British Broadcasting Corp. television, adding, "There are still people out there who would carry out such attacks."

British police questioned 22 suspects in detention yesterday, but authorities remained silent on what, if anything, they have learned.

With no briefings by police or government officials, the British press was left to speculate on a wide range of theories.

The Sunday Mirror tabloid asserted that a female suspect in custody may have been planning to use her baby as a diversion to smuggle a bomb onto a plane, but it did not name its sources. The Sunday Times reported that one of those in custody was thought to be al Qaeda's leader in Britain, but it did not say which suspect. And the Independent on Sunday cited security sources as saying terrorists were planning an "apocalyptic wave" of attacks.

Police arrested 24 persons across England on Thursday, saying they had thwarted a plot to blow up as many as 10 passenger planes flying from Britain to the United States. One suspect was released without charge, and a court will decide today on the detention of another. That last suspect cannot be questioned in the interim.

Seventeen other persons are in detention in Pakistan -- including Rashid Rauf, a British national named by Pakistani intelligence as one of the key suspects. Rauf was picked up along the Pakistan-Afghanistan border and is thought to have connections to a senior al Qaeda leader in Afghanistan.

National newspapers said three of those arrested had been raised in middle-class or working-class families and only recently converted to Islam.

One of them, a former hairdresser named Don Steward-Whyte, changed his name to Abdul Waheed when he converted six months ago. Though he was not among the 19 detainees whose names were released by authorities, police guarded his home yesterday.

Mr. Waheed, who neighbors said is about 20, recently spent eight months working at a nightclub and two weeks selling electronics, never getting into any known trouble. His father was a local Conservative Party officer, and his half sister, Heather Stewart-Whyte, is a former model who was once married to tennis star Yannick Noah. She told British papers that she never met her half brother.

In Kabul, Afghanistan's Foreign Ministry yesterday denied any Afghan connection, saying the country -- where thousands of NATO and American troops are deployed -- was no longer a safe place for al Qaeda to operate.

"As the recent evidences and ongoing investigations have revealed, al Qaeda continues to enjoy safe haven outside Afghanistan," the ministry said.

Afghanistan has long complained that the Taliban and other militants are able to hide out on Pakistan's side of the border and wants Islamabad to do more to stop them.

A 4th Day Of Slow Going In Britain (WP)

By Joshua Partlow

The Washington Post, August 14, 2006

LONDON, Aug. 13 -- Thousands of travelers in Great Britain slogged through the fourth day of heightened security at airports as more than 210 flights were canceled, some delays dragged on for hours, and one airline executive called on the British government to bring in the army and police to help move passengers and avoid the collapse of the country's main airport.

British Home Secretary John Reid said Sunday that another attempted attack is "highly likely." He said authorities have thwarted four major terrorist plots since the July bombings in London last year. British police are holding 23 suspects -- most of them London-based Muslim men in their twenties -- in connection with an alleged terrorist plot unveiled last week to blow up as many as 10 airliners leaving Britain and bound for the United States.

"We think we have the main suspects in this particular plot. I have to be honest and say, on the basis of what we know, there could be others out there," Reid said in an interview on BBC television. "So the threat of a terrorist attack in the U.K. is still very substantial."

Reid said al-Qaeda had first attempted to attack Britain in 2000, and he suggested that more than 20 terrorist conspiracies are currently being investigated in the country.

Responding to a question about a report in the British press that there were "two dozen" terror cells under investigation, Reid said: "I'm not going to confirm an exact number, but I wouldn't deny that that would indicate the number of major conspiracies that we are trying to look at. There would be more which are not at the center of our considerations, and there may be more that we don't know about at all."

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At London's Heathrow Airport on Sunday, security officials hand-searched every passenger, which created four times the normal workload and caused lines of passengers to stretch out of the terminal. Airlines operating from Heathrow canceled about 130 flights, people were prohibited from bringing any hand luggage onto airplanes, and some flights left without passengers who couldn't arrive in time, said British Airports Authority spokesman Duncan Bonfield.

"These are unprecedented circumstances: four times the volume of searches in the busiest international airport in the world," Bonfield said. "There has been a significant disruption, but I think people do understand that their safety and security is paramount.

"As yet we've had no indication whatsoever from the government about how long it's going to go on," he added.

One of the airlines operating in Britain, Ryanair, criticized the government's "heavy-handed" security measures that disrupted the travels of thousands of British passengers. The airline said in a statement that it was in favor of "all sensible and effective security measures" but that they should be limited so that fewer people are searched.

"If the main U.K. airlines are forced to continue to cancel flights because the airports cannot meet these security requirements then the extremists will have succeeded," the company said.

Ryanair's chief executive, Michael O'Leary, said his airline cannot cope with the security measures and asked the British government for security personnel to help with the searches.

"If the British government is serious about defeating terrorism and not allowing the terrorists to disrupt normal, everyday British life, then it must provide the additional security staffing -- either police or army reserve personnel -- immediately to prevent London's main airports from grinding to a halt over the coming days," O'Leary said, according to wire service reports.

Airport officials expected the problems to continue into the week, and British Airways on Sunday was planning to cancel 20 percent of its Monday flights from Heathrow to comply with a British Airports Authority directive.

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Airport Snarl In London Puts Scrutiny On Owner (NYT)

By Heather Timmons

The New York Times, August 14, 2006

LONDON, Aug. 13 — With airlines here canceling about a third of their flights today, asking for troops to be posted in airport terminals and saying that they could not process passengers quickly enough because of stringent security requirements imposed last week, many critical fingers were pointed at BAA, the private company that runs the country's main airports.

As hundreds of travelers stood in the rain for hours at Heathrow Airport outside London, waiting for information about whether they could fly, airline executives complained that the new procedures seemed to be bringing the air travel system to near collapse, and they placed the blame squarely on BAA.

The company, which owns seven British airports as well as ones in Budapest and Naples, Italy, had been a public company traded in London until June, when it was purchased by a Spanish conglomerate, Grupo Ferrovial, whose roots are in the construction business.

On Sunday, British Airways' chief executive, Willie Walsh, declared: "BAA is unable to provide a robust security search process and baggage operation at London Heathrow. We are being forced to cancel flights and operate some others from Heathrow without all the passengers on board."

The situation raised new questions about the rapidly changing ownership of the world's airports. Once universally controlled by local governments, airports are now going into private ownership at a rapid clip, and are becoming hotly pursued as assets for large companies and private equity funds, which raise large amounts of risk capital from wealthy investors and institutions to buy and sell companies.

The trend been most pronounced in Europe and Asia, but it is starting to affect the United States, where the government in Chicago has been considering taking Midway Airport private, though no final decision has been made. BAA has managed the Indianapolis airport since 1995, though it is owned by a local government corporation.

BAA balks at the notion that it is not able to handle the new increased security measures because it is a private company. "Ownership is irrelevant," a spokesman, Duncan Bonfield, said. "Security is always the No. 1 issue for any company in the aviation industry. You just can't afford to get it wrong."

The company is being asked to search four times as many passengers as usual, Mr. Bonfield said, which is a "phenomenal and onerous" amount of work. He said that BAA was the first airline operator to introduce screening of checked baggage, even though it was a private company.

On Sunday, BAA set up a large white tent at the airport terminals at Heathrow, and passengers were asked to wait under the tents until their flights were announced. BAA workers served tea and coffee and handed out plastic raincoats. Many passengers sat on their luggage or passed the time reading, and most seemed resigned rather than angry about the situation.

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"We were well aware of the delay because we called ahead to the airline," said Alan Main, 48, an information technology manager from Inverness, Scotland, who was trying to fly home. He stood under the BAA tent in one of the free blue raincoats. "We've heard some people complaining, but really, what planet were they on? Did they not see the television? The organization here has been fine, but we wouldn't want to do this every week."

Wimpee Kumaria, 29, an assistant manager from New Delhi who was checking in at Heathrow, said that her flight had been delayed but that her concern was for her personal property. "I don't care if the company is Spanish or British, as long as my laptop survives," she said.

BAA is being criticized for other reasons besides delays and baggage mishaps. One of the 24 people arrested last week was Amin Asmin Tariq, a BAA employee and Heathrow security guard. BAA had no comment on his arrest. Employees of the company in sensitive jobs like security are screened by the British Department of Transport.

The problems at BAA are not likely to help the proponents of airport privatization. "The airport's baggage system cannot process all of the passengers' bags," Mr. Walsh of British Airways contended, "and where passengers have been able to check their bags in, the lengthy queues in the airport security search area means that passengers are unable to get to the departure gate in time for their flight."

BAA was purchased for $19 billion by the Spanish company, which will soon handle security at the airports it controls — including Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Aberdeen and Southampton. BAA narrowly missed being taken over by the private equity unit of the investment bank Goldman Sachs, a group that commonly streamlines businesses and cuts costs to maximize profits.

BAA was taken public on the stock market in 1987 as part of an effort led by Margaret Thatcher, then the prime minister, to privatize assets held by the British government. The company's stock value grew slightly in recent years, but before the takeover battle it still traded below highs reached in 2002.

Which provides better airport security, a local government or a for-profit company, "is a question that needs to be asked," said David Bentley, regional director of the Center for Asia Pacific Aviation.

The answer is not a simple one. By some measures, airport security in the United States has not improved since the federal government took over security measures in the aftermath of the September 2001 attacks.

Governments have been turning airports over to private ownership since the 1990's, but the idea has recently gained in popularity. Airport privatization is a boon for many of the parties involved. Investment banks reap fees for advising on takeover deals, while governments get cash that can be used for other programs. Investors in publicly traded airports include some of the largest fund companies in the world. Airports are also attracting a growing number of international companies, which are buying infrastructure like roads and ports.

When all is running smoothly, airports make an attractive investment for these companies and funds; they generate a relatively predictable stream of revenue, thanks to easily estimated passenger traffic. The addition of better restaurants, coffee bars and shops has been lifting profits still further.

The idea is gathering steam in other regions. Fraport, which runs airports from Frankfurt to Lima, estimated in March that there were 350 airport privatizations in progress at the time. Governments in Russia, France and Japan, among others, are planning to take some of their largest airports private.

The Bush administration's proposal to privatize some air traffic control jobs was met with strong opposition. United States airports contract out much of their operation to private companies, but security is handled by the Transportation Security Administration, a Homeland Security Department agency.

Some specialists on airports are pushing for change. "Four years of experience have taught that the U.S. government cannot do the job any better than the private sector," wrote Robert W. Poole Jr. and James Jay Carafano, researchers who favor privatization, in a recent report for the Heritage Foundation, the conservative policy institute. "This should come as no surprise," they said. "Virtually every other country that has used government screeners has reached the same conclusion."

Airlines Cancel A Third Of Flights At Heathrow, Seek Army's Aid (WT)

The Washington Times, August 14, 2006

From combined dispatches

LONDON -- British airlines canceled up to a third of their flights at Heathrow Airport yesterday and called for the army to help screen throngs of stranded passengers suffering a fourth day of chaos caused by Thursday's foiled airplane bomb plot.

Airlines will cut 20 percent of flights departing London Heathrow Airport today, following a directive by the airport's owner amid a bitter dispute over how to handle tougher security measures.

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Britain's ban on all carry-on items remained in effect as British Airways canceled almost 100 flights to Europe from Heathrow and scrapped all its domestic flights from London Gatwick Airport. Most long-haul flights were operating, although 10 British Airways flights to the United States were canceled.

Ryanair and EasyJet, Europe's two biggest budget airlines, urged Britain's army and police force to help overwhelmed security staff and reduce overcrowding at checkpoints. Ryanair said new security measures are bringing London's airports "to the point of collapse."

Some airlines have accused the British Airports Authority (BAA) -- which operates seven of the country's major airports -- of being unable to cope with the new anti-terror security requirements.

"If we the industry and the government don't work together to have sensible security ... we are going to hand these extremists a terrific PR success," Michael O'Leary, chief executive of Ryanair, told Sky News television. "We don't need to be body-searching young children traveling with their parents on holiday to Spain."

British Airways acknowledged that some people were missing flights yesterday because they were stuck in security lines.

"It's disgusting. They don't have a system," said Jenny Chua, who was waiting yesterday at Heathrow for a flight to Singapore. "We've been trying to call for days, and they don't have enough staff."

Heathrow is Europe's busiest air hub, handling about 1,250 flights and 190,000 passengers a day. British Airways accounts for 40 percent of air traffic at Heathrow.

British Airways' chief executive, Willie Walsh, harshly criticized BAA's Heathrow operations, arguing that the airports authority was "unable" to provide an adequate security-search process and baggage operation there.

British Airways said it was complying with BAA's directive and expected to cut 20 percent of its flights from Heathrow today. That includes 39 short-haul flights out of 202 and five long-haul flights out of 76.

British Airways said it expected to operate a full European and long-haul schedule from Gatwick but that some domestic flights would be affected.

The directive at Heathrow applies to airlines with four or more flights a day from the airport. A source familiar with the situation said the BAA had threatened to deny airlines the use of airport facilities if they did not comply.

Richard Branson's Virgin Atlantic criticized the directive, saying it favored airlines such as British Airways which could cut less-lucrative short flights and keep most of its long-haul operations running. Virgin, which only operates long-haul flights, plans to cancel three flights today.

"There is no level playing field," a Virgin spokesman said.

Airlines are struggling to cope with the BAA's new security demands, which were imposed after the discovery of a plot to use liquid explosives smuggled on board in carry-on luggage. All passengers now are required to undergo a body search, and they are banned from taking anything into aircraft cabins except essential items such as travel documents.

"If this is maintained, we are likely to continue to see extremely long [lines] and regrettably even more flights canceled," said Tony Douglas, BAA's chief executive officer for Heathrow. "Quite simply, I don't know how long it's likely to go on, but it's clearly a set of measures that are unprecedented and by virtue of what they've come in to enforce, they're not sustainable measures."

British Home Secretary John Reid hinted that the stringent security checks may only be temporary.

"We understand this causes huge inconvenience to the airline operators for instance, the airports and the traveling public," he told British Broadcasting Corp. television yesterday. "That is why the extraordinary regime that we have had to bring in as a result of extraordinary circumstances is time-limited."

Hundreds Of Flights Canceled In Britain (AP)

By Paul Haven, Associated Press Writer

AP, August 14, 2006

Authorities warned Britons to remain vigilant on Sunday, saying that 24 separate terrorism probes under way showed they could still be in the crosshairs of Islamic militants even after security forces foiled an alleged plot to bring down packed planes heading to the United States.

Tempers flared at the airports, as hundreds of flights were canceled and lengthy security checks caused some passengers to miss their flights.

Home Secretary John Reid said authorities were conducting two dozen separate counterterrorism investigations in Britain, and there was no guarantee the government would be able to thwart every plot.

"We believe we have the main targets from this particular surveillance and plot," Reid told British Broadcasting Corp. television. "(But) there are still people out there who would carry out such attacks."

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Those sentiments were echoed by U.S. Homeland Security chief Michael Chertoff, who said there was a risk that other groups might try to cause bloodshed on the false assumption that law enforcement and intelligence services might be distracted.

Chertoff also called for taking a renewed look at U.S. laws that could give authorities the flexibility to detain suspects for longer periods of time. Britain recently passed controversial legislation giving the government up to 28 days to hold terror suspects without charge, and the jetliner plot is the first major test of how those new powers will be used.

British police questioned 22 of the suspects in detention Sunday, but authorities remained silent on what, if anything, they have learned.

With no briefings by police or government officials, the British press was left to speculate on a wide range of theories.

The Sunday Mirror tabloid asserted that a female suspect in custody may have been planning to use her own baby as a diversion to smuggle a bomb onto the plane, but it did not name its sources. The Sunday Times reported that one of those in custody was believed to be al-Qaida's leader in Britain, but it did not say which suspect. And The Independent on Sunday cited security sources as saying terrorists were planning an "Apocalyptic wave" of attacks.

There was plenty of time for travelers to soak up all of those theories as they waited in long lines at all the country's airports, particularly London's Heathrow and Gatwick.

Almost a third of flights out of Heathrow were canceled Sunday — the airport handles about 1,250 flights a day — and the ban on all carry-on items remained in effect. British Airways canceled almost 100 flights to Europe from Heathrow and scrapped all its domestic flights from Gatwick. Most long-haul flights were operating, although 10 BA flights to the United States were canceled.

"It's disgusting. They don't have a system," Jenny Chua, who was waiting Sunday at Heathrow for a flight to Singapore, told a reporter for The Guardian newspaper. "We've been trying to call for days and they don't have enough staff."

Some airlines have accused the British Airports Authority — which operates seven of the country's major airports — of being unable to cope with the new anti-terror security requirements. Others appealed to the British government to use police and army reservists to speed up searches at overloaded airport security checkpoints.

"If we the industry and the government don't work together to have sensible security ... we are going to hand these extremists a terrific PR success," Michael O'Leary, the chief executive of budget airline Ryanair, told Sky News television. "We don't need to be body-searching young children traveling with their parents on holiday to Spain."

British Airways acknowledged that some people were missing flights Sunday because they were stuck in security lines.

Eurostar brought in extra staff to deal with the volume of calls from travelers in Britain seeking to go on the high-speed train that stops in France and Brussels.

Police arrested 24 people across England on Thursday, saying they had thwarted a plot to blow up as many as 10 passenger planes flying between Britain and the United States. One suspect was released without charge, and a court will decide Monday on the detention of another. That last suspect cannot be questioned in the interim.

Another 17 people are in detention in Pakistan — including Rashid Rauf, a British national named by Pakistani intelligence as one of the key suspects. Rauf was picked up along the Pakistan-Afghanistan border, and is believed to have connections to a senior al-Qaida leader in Afghanistan.

In Kabul, Afghanistan's Foreign Ministry on Sunday denied any Afghan connection, saying the country — home to thousands of NATO and American troops — was no longer a safe place for al-Qaida to operate.

"As the recent evidences and ongoing investigations have revealed, al-Qaida continues to enjoy safe haven outside Afghanistan," the ministry noted.

Afghanistan has long complained that the Taliban and other militants are able to hide out on Pakistan's side of the border and wants Islamabad to do more to stop them.

Britain Says Two Dozen Major Terrorist Conspiracies Are Under Investigation (NYT)

By Alan Cowell

The New York Times, August 14, 2006

LONDON, Aug. 13 — Britain's highest-ranking law enforcement official said Sunday that the threat of a terrorist attack here remained "very substantial," disclosing that about two dozen major terrorist conspiracies were under investigation.

"There are still people out there who would carry out such attacks," said the official, Home Secretary John Reid "The threat of a terrorist attack in the U.K. is still very substantial."

Mr. Reid spoke as Britain lowered its security threat level to severe, from critical, where it was set Thursday after British authorities announced they had disrupted a plot to use liquid explosives to bomb up to 10 United States-bound passenger jets.

Four days later, Britain's airports were still in pandemonium because of heightened security measures.

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In early-morning raids last Thursday, the police rounded up 24 suspects and later freed one of them, leaving 23 in custody under counterterrorism laws permitting 28-day detention without charge. Of those, 22 were being questioned Sunday while the status of the 23rd awaited a court ruling on Monday.

In a BBC interview, Mr. Reid did not give details of any of the other conspiracies, but echoed police assessments that the British authorities had foiled four other plots since the July 7 London bombings last year.

The bombings brought Britons up short against the reality of Islamic terrorism, all the more chilling because the attackers then — like the suspects now — were mainly British-born Muslims. But the figure of 24 continuing investigations into other plots — far higher than had previously been made known — seemed bound to alarm many people whose lives had already been reshaped by new security regimes and what Prime Minister Tony Blair has called an "elemental" battle with radical Islam.

Apparently seeking to bolster official denials of a link between terrorism and Britain's alliance with the United States in Afghanistan and Iraq, Mr. Reid said it was now known that Al Qaeda first tried to attack a British target in 2000. "So this has been a long-going threat but it is a chronic one and it is a severe one," he said.

"We now think in retrospect that the first Al Qaeda plot, for instance against this country, preceded by quite a while our intervention in Iraq and Afghanistan and actually preceded 9/11," he said.

The remark seemed to be an indirect confirmation, for the first time, that the government saw the hand of Al Qaeda in the latest conspiracy, echoing stronger assertions by Pakistani officials.

Mr. Reid did not give details about the conspiracy in 2000 beyond saying it was uncovered in Birmingham, Britain's second-largest city, which figured in the latest wave of arrests. One man seized there, Tayib Rauf, was said to be the brother of Rashid Rauf, a man captured by police in Pakistan whose arrest reportedly set off last week's roundup of suspects.

Asked about a report in The Observer newspaper that police were hunting "two dozen" terror cells in Britain, Mr. Reid said: "I'm not going to confirm an exact number, but I wouldn't deny that that would indicate the number of major conspiracies that we are trying to look at. There would be more which are not at the center of our considerations and there may be more that we don't know about at all."

He also appeared to suggest that some conspirators associated with last week's suspected plot to use liquid explosives in waves of attacks may still be at large. "We believe it was a major, major plot," he said, describing the police investigation as "ongoing."

"We believe we have the main targets," he said, but did not rule out the idea that other people not in custody might still be planning an attack or "prepared to use this opportunity to carry out a terrorist attack."

The British depiction of the plot and its conspirators has drawn some skepticism, not least from Muslim groups, at a time when the government of Prime Minister Tony Blair is fighting to revive his credibility and popularity.

"Since the introduction of the antiterror legislation, many innocent individuals have been arrested, often in high-profile raids, only to be released at a later date with no charges brought against them," said Wakkas Khan, a spokesman for the Federation of Student Islamic Societies, which represents Islamic bodies on college campuses. "It is important to maintain the legal principles we hold dear, namely the concept of innocent until proven guilty."

Mr. Blair is on vacation in the Caribbean. His absence has been criticized by adversaries who say that, if the plot was as serious as Mr. Reid and others maintain, he should return home. The threat of new attacks, as depicted by Mr. Reid, has sharpened an increasingly divisive debate over the links between homegrown Islamic terror attacks and Britain's actions in the Muslim world.

In a remarkable open letter on Saturday, 38 Islamic groups along with Muslim legislators and peers said British policies as an ally of the United States in Iraq, Afghanistan and elsewhere had provided "ammunition to extremists that threaten us all."

The letter drew an usually tart response from a phalanx of government ministers, including Mr. Reid, who called it on Sunday a "dreadful misjudgment."

"We make decisions in this country by democracy, not under threat of terrorism," Mr. Reid said.

David Davis, the Home Affairs spokesman of the opposition Conservatives, was more nuanced, acknowledging that Britain's foreign policy might be "part of the catalyst" for terrorism.

"But to explain this is not to excuse it," he said. "There are plenty of people with legitimate arguments with the government's foreign policy in Iraq and Afghanistan, in Lebanon and the Middle East. But none of them take the stance of attempting to murder many thousands of their fellow citizens."

While the government has struggled to refute the suggestion that its foreign policy has fueled extremism, Islamic groups say they are not alone in opposing Mr. Blair's policies in the Muslim world, where he has spoken of an "arc of extremism" challenging democratic values.

Hizb ut-Tahrir, a radical group that says it eschews violence in its quest for the revival of an Islamic caliphate, said in a statement on Sunday that the foreign policy concerns were "shared by Muslims and non-Muslims alike." It recalled an official

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assessment by the British security services in June 2005 that “events in Iraq are continuing to act as motivation and a focus of a range of terrorist-related activity in the U.K.”

Two weeks after last year’s July 7 bombings — when four suicide bombers killed 52 commuters on the London transport system — another group tried what seemed a copycat attack that failed only when their explosives failed to detonate on subway trains and a bus.

Mr. Reid hinted the security clampdown at airports might be eased, saying it was “time-limited.” But he did not say when.

He also argued that the latest terror alert supported police demands for counterterrorism laws to be amended to permit detention without trial or charge for 90 days.

Plot Shows Rise Of Extremism In Europe (AP)

By William J. Kole, Associated Press Writer

AP, August 14, 2006

Britain's struggle to contain Muslim extremism points up a chilling trend across Europe: the rise of radical Islam, and with it, a willingness among a small but dangerous minority of young people to answer the call to jihad.

From the squalid suburbs north of Paris to the gritty streets of Sarajevo, young, disaffected Muslims are increasingly receptive to hard-liners looking to recruit foot soldiers for holy war, European counterterrorism officials and religious leaders warn.

The continent, they caution, remains vulnerable to attacks by homegrown militants despite the heightened security and attempts at inter-religious dialogue that followed the deadly 2004 train bombings in Madrid and last year's suicide attacks in London.

"Their numbers are still relatively small, but I fear they could become larger as more young Muslims embrace militancy," said Fawaz Gerges, a professor of Islamic studies at Sarah Lawrence College in New York.

Gerges calls it "the jihad generation": converts to extremism in Britain, France, Germany, the Netherlands, Scandinavia and elsewhere who are becoming radicalized — partly in response to the conflicts in Afghanistan and the Middle East — and are spawning "self-generating" networks and cells.

"They're not part of al-Qaida, but in their own eyes, they are foot soldiers" who share Osama bin Laden's ideology, he said.

Little is known of what may have motivated the 23 suspects in British police custody to allegedly plot to blow up U.S.-bound jetliners with liquid explosives. But many in their middle and working class neighborhoods said the communities have become alienated by U.S. and British policy in the Middle East.

"Governments in Europe insist this is a problem of ideology, but the real cause of this phenomenon is the political crisis that is sweeping the world with the war in Iraq and the situation in Palestine," said Azzam Tamimi, director of the London-based Institute of Islamic Political Thought.

Like the Sept. 11 terror attacks, the London bombings on July 7, 2005, "should have been lessons for everybody — that government policies endanger the security of everyone," Tamimi said. "The root cause has never been addressed. Unless they open a debate, the threat will never go away."

Recruiters for hard-line Islamist groups can turn some Muslim youths with little interest in religion into extremists in a matter of weeks, contends Pierre de Bousquet de Florian, head of France's counterterrorism agency.

An estimated 5,000 French Muslims embrace extremist Islam, according to a 2005 police intelligence report. France is home to about 5 million Muslims, the largest Islamic community in western Europe, and French authorities claimed to dismantle several cells earlier this year.

"Young people who are indifferent to religion fall in a matter of weeks into the toughest kind of Islam and, almost without any transition, into the most worrisome kind of activism," Bousquet de Florian told the newspaper Le Parisien last month.

But the rise of homegrown extremists — many of whom operate in small, close-knit circles difficult for law enforcement to penetrate — has complicated counterterrorism efforts in many countries.

The Netherlands has been on high alert since a Dutch Muslim of Moroccan descent murdered filmmaker Theo van Gogh in 2004. Spanish authorities have been monitoring some 250 suspected Islamic radicals, and in Bosnia five men are on trial for allegedly plotting an attack on an unidentified European country — significantly, one with troops in Iraq and Afghanistan.

An open letter published this weekend by prominent British Islamic groups said the "debacle in Iraq" and the failure to quickly secure a cease-fire in southern Lebanon as Israel waged a military campaign against Hezbollah militants has made Britain a target.

Britain's archbishop of York, the Most Rev. John Sentamu, said he thinks disenfranchised young Muslims turn to extremism not because of Islam but "because they are alienated, because they have been given a vision which is so imaginatively wicked."

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Terrorists Difficult To Profile, Even Harder To Find (USAT)

By Jeffrey Stinson

USA Today, August 14, 2006

LONDON — Nobody knows how many more potential terrorists are in Britain and Europe, waiting for a chance to launch a strike like the alleged plot to blow up passenger jets headed for the USA.

"There could be a hundred to more than hundreds of thousands," said Alex Schmid, director of the Center for the Study of Terrorism and Political Violence at the University of St. Andrews in Scotland. "It's impossible to say."

British authorities aren't even sure that they rounded up all the plotters last week in what Metropolitan Police Deputy Commissioner Paul Stephenson called a plan "to commit mass murder" in the skies on jets headed to the USA.

Metropolitan Police said Thursday that they had foiled a plot by would-be suicide bombers to blow up as many as 10 passenger jets en route to the USA from the United Kingdom. Twenty-four British citizens, many identified as Muslims, were arrested. One has been released.

"We think we have the main suspects," British Home Secretary John Reid said Sunday. "But there could be others out there, perhaps people we don't know."

Even if the main suspects are in custody, Reid told the BBC, "It is highly likely there will be another terrorist attempt. The threat of a terrorist attack in the United Kingdom is still very substantial."

Analysts who study radical Islamic groups and terrorism, such as Schmid, say the number of potential terrorists indicates the possibility is great that more acts of terrorism will be launched in Europe.

Britain is home to an estimated 1.6 million Muslims. Western Europe has an estimated 20 million. Among them, analysts such as Schmid estimate, 1,000 to 3,000 people have been to terrorist training camps run by al-Qaeda or its sympathizers, or have fought in Islamic wars in Afghanistan, Pakistan and Chechnya.

Reid said the threat of terrorism "is a chronic one, and it is a severe one."

He repeated the assertion, made before by police, that Britain has foiled four major terrorist plots since the London transit bombings in July 2005.

There is no single profile of who could be a suicide bomber or what triggers a radical to turn violent.

Magnus Ranstorp, who follows Islamic terrorism at the Swedish National Defense College in Stockholm, said the 24 suspects arrested in last week's plot offer a prime example of the varied backgrounds would-be terrorists have.

"Some are educated, some are not. Some are advantaged, some are not," he said. Six are recent converts to Islam. Others grew up in moderate Muslim families. Like the London transit bombers, they were born or grew up in Britain, according to the Associated Press.

Among those arrested, for example, Abdul Waheed formerly was known as Don Stewart-Whyte. His father was a former Conservative Party operative, and his mother remains a party activist.

Ranstorp said it is impossible to determine what prompts a person to become a potential suicide bomber — whether it is Britain's involvement in the U.S.-led war in Iraq, the stand the two nations have taken in the conflict between Israel and the militant Islamic group Hezbollah in Lebanon, or just "an individual's circumstances."

The sheer number of possible suspects can stretch a security service's ability to keep people under surveillance. Determining who represents a real threat and who is just expressing radical views also poses a major problem for security services, analysts say.

Also, counterterrorism agencies often don't know who will become "homegrown" terrorists — people who take it upon themselves to become suicide bombers.

"There is no profile," Schmid says.

At the time of the London transit bombings, British security services were monitoring about 800 targets, according to the government's official report on the bombings issued in May. The number represents one-twentieth of the 16,000 to 18,000 Islamic extremists Britain's MI5 counterterrorism unit suspected of being in Britain, says Claude Moniquet, president of the European Strategic Intelligence and Security Center in Brussels.

The names of two of the four suicide bombers who struck three London subway trains and a bus, killing 52 people and injuring more than 770 others, were known to MI5 at the time. They were not deemed a serious enough threat to put under surveillance, the report issued by a joint parliamentary committee said.

"There are people out there who are not under surveillance … because they are not known," said Moniquet, whose center consults with governments and private businesses.

Although last week's plot is a reminder of how great the potential terrorist threat in Britain and Europe is, Moniquet said it does offer some good news.

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He said the arrests represent a big setback for al-Qaeda and reduce the chances of another large-scale strike soon.

Moniquet said the plot has the earmarks of Osama bin Laden's terrorism network. It is similar to previous al-Qaeda operations that involved aircraft and multiple or simultaneous strikes. It also is of the spectacular nature al-Qaeda prefers and appears to have roots in Pakistan, where bin Laden is thought to be hiding.

The arrests of Rashid Rauf, who was picked up about a week ago along the Pakistani-Afghan border by Pakistani officials, and his brother Tayib Rauf, who was arrested here, support suggestions by Moniquet and government officials including U.S. Homeland Security Secretary Michael Chertoff that the plot had the hallmarks of al-Qaeda.

If so, Moniquet said, British officials thwarted a complicated plot that required long-term planning, recruitment and funding. "Al-Qaeda cannot pull off one or two of these a year," he said. "It takes too long to organize. For al-Qaeda, (Thursday) was a very bad day."

To Their Neighbors And Families, Plot Suspects Seemed To Lead Ordinary Lives (NYT)

By Serge F. Kovaleski

The New York Times, August 14, 2006

HIGH WYCOMBE, England, Aug. 13 — Two weeks ago, Shazad Khuram Ali seemed despondent, so much so that it was almost palpable to one of his neighbors, who was struck by his sudden downcast gaze and strained face.

Wilbur Pires thought that the usually cheerful Mr. Ali might have encountered financial troubles in his used-car business, a small venture he had been running out of his two houses here, despite complaints from other nearby residents.

Then, one afternoon, while Mr. Pires was tending to his back garden, he started chatting across the way with Mr. Ali, who mentioned that he was planning to travel to Pakistan, and perhaps Dubai, to pursue a different line of work.

"He looked very down, and nervous, and said he was going into pharmaceuticals to branch out into something new," Mr. Pires recalled.

Around 7 a.m. last Thursday, Mr. Pires stepped out of bed to find the police raiding Mr. Ali's home. There was Mr. Ali, 27, being escorted out of the house in handcuffs as his stunned parents, still in their nightclothes, looked on.

Mr. Ali was one of two dozen suspects, most if not all British-born Muslims, who were arrested that day, much to the shock of many of their neighbors and relatives, in what authorities describe as a plot to blow up trans-Atlantic airliners with liquid explosives.

All but one of the suspects lived either in this ethnically mixed city, which is home to an estimated 10,000 Muslims, or within walking distance of one another in East London.

On Sunday, the police continued searching some of the homes that were included in the sweep. At one of the houses, in High Wycombe, at the end of Plomer Green Avenue, officers carried out a desktop computer and clear plastic bags containing documents and other materials.

At a home on Hepplewhite Close, officers wearing protective silver-colored jumpsuits and gloves rummaged through a cluttered garage and loaded bags full of potential evidence into a police van.

In interviews over the weekend, friends and acquaintances of several of the detainees said that the suspects had appeared to be staunch Muslims who cherished spirituality, peace and their families. They voiced incredulity that they might have taken part in a scheme to commit mass murder.

Some said that four or five of the suspects from this city of mostly red-brick bungalows and two-story townhouses in verdant rolling hills west of London used to get together once a week or so to box at a local community center. They would also play cricket or soccer together at Sands, a small park.

"They were sporting people, young healthy chums who liked to box or kick a football around and sweat," said Ali Hussein, 22, who knew some of the young men taken into custody.

Others said that a number of the suspects prayed together at the Muslim Education Center, a dilapidated place of worship behind a small supermarket and a store that sells liquor and magazines. Next to the entrance to the education center are two red garbage bins and some parking spaces.

A prominent imam in High Wycombe said that one of the suspects, Don Stewart-Whyte, whose age has been given as 19 or 21 and who converted to Islam around the beginning of this year, was married a month ago to a Muslim Arabic woman, perhaps a Moroccan, whom he had met on the Internet.

The imam, who spoke on condition of anonymity because of the continuing investigation, said Mr. Stewart-Whyte, who adopted the name Abdul Waheed, became passionate about Islam, grew a beard and regularly attended 4 a.m. prayers at another Islamic center, adjacent to a book store, before deciding to frequent a nearby mosque. The imam also noted that Mr. Stewart-Whyte, whose late father was a local Conservative Party official, had recently repainted the outside of the book store as

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an act of devotion. Two stories above the book store, in an apartment window, was a placard with Arabic writing that showed a fist brandishing an automatic rifle.

The imam said of Mr. Stewart-Whyte: “He seems harmless. I don’t think that he could hurt a mosquito.”

Mr. Stewart-Whyte was also known to relish his motorcycle, but traded it in for a car once he married.

Zahid Javed, a member of the Wycombe Islamic Society, said he recently asked the young man if he was interested in working with troubled youths on crime prevention. “He is very good at talking with kids,” Mr. Javed said. “I was still waiting to hear back from him when the arrests happened.”

The arrests have jolted High Wycombe. Late last Thursday, several local mosques and Muslim organizations released a group statement via the Internet that said, “The Muslim community is an integral part of British society and the actions of a few, if found to be, should not be allowed to jeopardize this.”

The document urged Muslims in the area “to remain calm, nonjudgmental and, above all, to hold together at this very difficult and testing time.”

Many non-Muslim residents of High Wycombe were also baffled by the arrests and the nature of the allegations.

Linda Hurst, who lives with her husband a few doors from the home on Plomer Green Avenue, where one of the suspects, Waseem Kayani, 28, lived with some of his relatives, said her young daughter used to play with one of the boys from the house. Mrs. Hurst said that Mr. Kayani was a taxi driver and that he and his family, one of the few Muslim families there, were affable and did their best to fit in.

“At Christmastime, they hung lights and other decorations to celebrate the holidays,” she said.

In London, Shamin Uddin, who at 35 is the only suspect identified as over 30, had three children and no job, but drove an emerald Lexus.

“If you don’t have bad habits, money can accumulate — that’s what he told me,” said Akin Salau, a neighbor.

Mr. Salau and other neighbors said Mr. Uddin moved into an apartment in a brick row house in the Stoke Newington neighborhood of London six months ago. Mr. Salau said he and Mr. Uddin went to pray every day at a nearby mosque, just a few doors from a synagogue. Mr. Uddin and his wife also traded off taking their children to the Muslim community center for Islamic classes after regular school, he said.

“He is very passionate about Islam,” Mr. Salau said. Nevertheless, he added, he never heard that enthusiasm expressed as fanaticism or hatred.

Another neighbor, Sam Mason, a teacher who regularly chatted with Mr. Uddin, said: “I’m really taken aback. I mean, what does a terrorist look like? It’s like, what does a pedophile look like? They look like everybody else, and he was really nice.”

The New Age Of Terror (NW)

By Evan Thomas

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - Have we learned anything since 9/11? President George W. Bush has apparently learned not to overreact. In the panicky days after the September 11 attacks, the president wanted to see any scrap of information, no matter how thinly sourced. As a result, raw and unfiltered intelligence gushed into the Oval Office. A few weeks after 9/11, for instance, authorities in Pennsylvania received a frightening tip from an FBI office overseas: terrorists had a nuclear device on a train somewhere between Pittsburgh and Philadelphia. The report went straight to the White House, where the president was anxiously consuming threat traffic like a midlevel CIA analyst. The information, while terrifying, turned out to be bogus. Within a day it had been traced back to a conversation between two men overheard at a urinal in Ukraine.

Characteristically, some time later, Bush made a mordant joke of the scare. "Is this another Ukrainian urinal incident?" he would sarcastically inquire when some alarming but shaky intelligence came across his desk. His briefers learned to screen out the more lurid but unchecked tidbits, like the "poison pen" or "jilted-lover letters" that sometimes arrive at the FBI to falsely accuse a former spouse or boyfriend of conspiring with terrorists. Bush now "trusts his team" to weed out such "speculative" intelligence, said a senior Bush aide. The aide, who declined to be identified discussing the president's state of mind, implied, perhaps without meaning to, that earlier in his administration the president was warier of intelligence advisers.

Though Bush can still probe the minutiae in intelligence briefings ("He's like a street cop," says Rep. Peter King, chairman of the Homeland Security Committee in the House), the president took a fairly hands-off approach to the biggest terror investigation since 9/11. Over the past several months, although British intelligence was closely tracking a plot to blow up as many as 10 airliners headed toward the United States from Britain, Bush was kept only loosely in the loop. At a briefing on Aug. 3, "he was basically told, 'This is happening and you should know about it, but we don't have a lot of details yet'," said a senior White House aide who asked to remain anonymous discussing intelligence briefings. The next day, the president was given a fuller picture. On Sunday, Aug. 6, Bush spent 45 minutes talking to British Prime Minister Tony Blair about timing—when to alert

the airlines?—but he was informed of the impending arrests only as they were about to happen. At the time, he was at his Texas ranch, building a dock on the lake and riding his bike. While British intel was closing in on the alleged plotters, Bush was egging his junior aides to join the "100 Degree Club," an annual run in the scorching heat. Bush, who has quit jogging because of bad knees, rides a bike around his panting staffers, shouting, "Keep going! You can do it!"

Five years after 9/11, the president's advisers say they have learned a great deal about how to fight a war on terror, and they are no doubt correct. Bush was right to step back and to let his intelligence officials do their jobs. Before 9/11, America and its allies had few, if any, spies capable of penetrating jihadist cells. Although U.S. officials knocked down press reports that the Brits were able to plant a "mole" inside the plot, they do say that British intelligence had help—presumably one tip and maybe more—from Britain's large and disaffected Muslim community. And although rival intelligence agencies at home and abroad still sometimes squabble and spar (and deny and deceive), they also cooperate better than they did before Al Qaeda became a truly global menace. "Everything flowed and worked as it needed to," said the senior Bush aide. "That's what made this a seamless operation, from start to finish."

Unfortunately, the enemy has also learned much in this new age of terror. Their radical mullahs have taken advantage of what was arguably the Bush administration's most egregious overreaction to 9/11—the invasion of Iraq—by painting the United States as a vicious oppressor and murderer of Muslims. They believe that time is on their side. No matter how often their enemies capture a "high-value target"—a top Qaeda leader—a new one seems to emerge as the shadowy terror network metastasizes. It is unclear if a Qaeda Central, a hierarchal command structure, still exerts authority, but it may not matter: with the Internet and fanatical inspiration, Al Qaeda can morph and spread. The new jihadists learn from the experiments and mistakes of their predecessors. The most recent bombing plot was, in a sense, a victory for the West in the struggle against radical Islam. A plot was foiled. But a look back at recent history shows how the terrorists can turn old plots into new ones. Back before there was a war on terror, U.S. intelligence officials could not imagine the scale of what they now face. Steven Simon was a White House national-security official who went around the world meeting with counterterror operatives in other countries, or "fingernail pullers," as he jokingly called them. He was in the Philippines in the fall of 1994, chatting with some embassy officials, when he became intrigued by the strange case of a Philippine Airlines flight to Japan that had been the target of a terrorist bomb over the Pacific. The pilot had been able to land the damaged plane, but a Japanese businessman had been blown in half by the bomb planted under his seat. Law-enforcement officials couldn't figure out a motive. The businessman didn't seem to be the target of an assassination. Only later did Simon realize that the explosion was a test run for something much more ambitious and horrible, and that the businessman was only the first casualty of what the terrorists hoped would be a steep butcher's bill.

The plot was called Operation Bojinka, and its goal was nothing less than the midair destruction of a dozen airliners over the Pacific. The plan was fiendishly complex. The terrorists would fashion bombs out of liquid explosives, place them under the seats of the planes, set timers and then get off the planes at scheduled stopovers. Bad luck intervened: a kitchen fire in a Manila apartment led the police to discover the terrorists mixing explosives. The Filipinos extracted confessions, and that seemed to be the end of such an outlandish plot. Only, as the world just learned in London and Pakistan, it wasn't.

Al Qaeda and the Islamic jihadists spawned by radical Islam are nothing if not determined and patient. Struggles against the infidel are never-ending; to them a 12th-century crusade was only yesterday. "They are a persistent bunch," said Simon, who is now a consultant and author of a book called "The Next Attack." "They just keep coming at you when they have a good idea." Simon ticked off the list. In early 2000, Al Qaeda wanted to attack a U.S. destroyer in the port of Aden, Yemen, but the skiff filled with explosives was overloaded and sank. So a few months later the terrorists found a more seaworthy boat and blew a hole in the side of the USS Cole that nearly sank the warship. Radical Islamists wanted to bring down the World Trade Center, but the explosives used in a truck bomb in the February 1993 attack were not powerful enough. Some eight years later the terrorists returned in a pair of hijacked jetliners.

For the planned sequel to Operation Bojinka, the terrorists had learned and evolved. No longer was it necessary for the bombers to get off the plane. The Islamists had apparently found a squad of would-be martyrs who would board planes in groups of two or three, each carrying ingredients for the liquid bombs—ingredients that could be drawn from nail-polish remover and concentrated peroxide, usually undetectable by airport screening devices—as well as a simple electrical device, like a music player, to use as a detonator. The jihadists' willingness to die "simplifies their planning," noted Simon. There seems to be a limitless supply of volunteers. Judging from the 24 arrests made by British police in connection with the latest plot, they are sometimes polite young men who live in tidy middle-class houses in the lace-curtain suburbs of London. (Under the British legal system, the men can be held for questioning for up to a month before they must be charged; one man was released a few days after the arrests.)

For the moment, at least, it appears that Osama bin Laden has been thwarted in his relentless desire to stage an even grander spectacular than 9/11. But no one can doubt that he, or his successors and many imitators and acolytes, will try again and keep on trying until they succeed. Their ideology may date from the seventh century, but the jihadists, especially bin Laden's

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sinister No. 2, Ayman al-Zawahiri, are eager to get control of 21st-century weapons of mass destruction. Five years after 9/11, Al Qaeda's top leaders may have been killed, captured or driven into the caves of Pakistan and Afghanistan, but they still exercise a powerful pull. Bush has made a personal mission of bringing democracy to the tortured Middle East, and his policies may one day succeed. But America's sometimes heavy-handed attempt to stomp out the terrorists with military force has reaped a whirlwind of anti-American hatred in the Middle East and turned Iraq into a terrorist training ground.

As Americans stood in newly long lines at airports, wondering if they would ever again be able to carry a tube of toothpaste or hair gel in their carry-on bags, there was a feeling of helplessness, a return of the persistent low-grade anxiety that had lingered for months and years after 9/11. Bush tried to reassure Americans that they are safer than they were before the attacks. At the same time, his vice president, Dick Cheney, darkly warned that the Connecticut primary victory of antiwar candidate Ned Lamont over Sen. Joseph Lieberman would only encourage "Al Qaeda types." (Interviewed by NEWSWEEK, former Homeland Security secretary Tom Ridge bridled at his former colleague's remark: "That may be the way the vice president sees it," he said, "but I don't see it that way, and I don't think most Americans see it that way.")

White House aides insisted that Cheney was not trying to exploit the latest terror plot for political advantage. They claimed that at the time he spoke, he was unaware that arrests were imminent. Even so, these officials were somewhat hard put to explain why the normally press-shy Cheney volunteered to talk to wire reporters and offer his analysis on the national-security implications of a Lamont victory.

Bush got a slight boost from the thwarted terror plot. In the new NEWSWEEK Poll, 55 percent said they approved of the president's handling of terrorism, up from 44 percent in May. But the terrorism issue doesn't seem to be helping Republicans as much as it has in past elections. In August 2002, the voters said they trusted the GOP more than the Democrats to handle terrorism at home and abroad by a whopping 25-point margin (51 percent to 26 percent). Now the GOP is preferred by just five points. Overall, half of Americans think they are safer from terrorism than before 9/11. A majority (63 percent) continue to believe that the Iraq war has not made them safer from the terrorist threat.

The war on terror has been consistently plagued by politics. It was political pressure from Congress (ironically, led by Lieberman) that forced Bush to reverse his initial reluctance and go along with the creation of a Department of Homeland Security that has turned out to be bloated and unwieldy. Secretary Ridge's panicky color-coded alerts and his aides' appeals to stock up on duct tape (to seal windows from chemical attack) became fodder for late-night comics. More seriously, congressional pork-barrel politics made a mockery of spending on homeland security. While cutting funding for obvious targets like Washington and New York, lawmakers have freely spent to defend tiny towns in North Dakota from chem-bio attacks and pay for a defibrillator for a high school in Lake County, Tenn. (The mayor said that it would be good to have one on site for the district basketball tournament.)

To an important degree, however, intelligence services around the world have managed to rise above local politics. They share the bond of fellow spooks (sometimes greased with cash: intelligence officers, particularly in the developing world, are often on the CIA payroll). The CIA relies heavily on so-called liaison relationships. Jordanian intelligence, for instance, is more likely to penetrate a terror cell than the CIA. American intelligence services still suffer from a dearth of Arabic speakers. At the FBI, surveillance tapes have sat for weeks before a translator can get to them. But the CIA has received secret help from some surprising sources—even the Syrian Mukhabarat has chipped in morsels of useful intel from time to time. American intelligence has been able to count on help from the security services of countries, like France and Germany, whose leaders publicly scorn the Bush administration.

The Brits have long prided themselves on divining the mysteries of the Middle East. From imperial days, the Brits have long experience operating in the casbahs and souks. In Pakistan, where the local intelligence service is said to remember and still resent British rule, the American CIA has played the role of go-between.

Thanks to the so-called special relationship, British and U.S. intelligence generally mean to get along and cooperate. This is not to say, however, that the Brits and Americans are one big happy family across the pond. For a time after 9/11, American intelligence officials privately but bitterly criticized British intelligence for taking a lax approach to Islamic instigators stirring up local mosques. The British, in turn, blamed the Americans for not giving timely access to an informant who had information that might have disrupted the July 7 subway bombings of last year. British intelligence is often frustrated by the tendency of their gabby American allies to play politics and leak to the press. In the summer of 2004, shortly after the Democrats nominated Sen. John Kerry at a flag-waving convention, the Bush administration let it be known that the CIA and Pakistani intelligence had uncovered a Qaeda summit meeting where, the officials believed, the jihadists had been plotting against financial targets, including the World Bank, inside the United States. The Brits were forced to hastily—and, they complained, prematurely—round up a group of Islamic militants who were plotting to attack targets in the U.K. Since then, according to high-ranking intelligence sources who insisted on anonymity for diplomatic reasons, British operatives have been more reluctant to share secrets with their American counterparts.

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It is a myth, of course, that the British intelligence services (M.I.6, which handles foreign intelligence, and M.I.5, which covers the home front) operate with the cool smoothness of James Bond. The Brits have been embarrassed by a series of intelligence bungles. Most recently, police shot a man while busting a house where, the spooks believed, a cyanide bomb was being made. It turned out that a suspect was charged with having child porn on his computer, but nothing relating to terrorism.

Nonetheless, there is no question that British intelligence performed capably in rolling up the plot to bomb the airliners. The Brits had been tracking the suspected plotters for more than a year, according to U.S. and British counterterrorism officials who declined to be identified discussing a classified investigation. It is not clear just how the Brits got wind of the plot, though there are strong suggestions that some tipsters inside the Muslim community were talking to the cops.

Generally speaking, intelligence services prefer to watch their targets, to allow plots to spin along for as long as possible before closing in to make arrests. Moving too soon can blow the chance to get deeply inside a terror network. While the little fish may fall into the net, the big ones get away. So for many months, British intelligence watched and waited.

A series of events in Britain and Pakistan forced their hand. The alleged plotters apparently began to explore the purchase of airplane tickets, possibly for a dry run. It is standard Qaeda practice to carefully rehearse and scope out targets. The 9/11 hijackers are believed to have taken a cross-country test run before the actual attacks. The suspects who were being closely monitored by British intelligence began going on the Internet to check out flights to the United States. "There was a focus on the month of August," said one senior U.S. official. At least three U.S. airlines were targeted: Continental, American and United. All have regular nonstop flights from airports in Britain to the United States. According to some reports, the suspects had already acquired the chemical ingredients to make liquid explosives. TATP bombs can be created by mixing solvents like nail-polish remover with concentrated peroxide. The potion, sometimes called "Mother of Satan" by Islamic extremists because of its deadly power, can be blended into a bottle to look just like a sports drink. The threat from liquid explosives is hardly new. The Islamicists plotting Operation Bojinka were planning on using them back in 1995, and terrorist bombers routinely employ TATP to make suicide bombs today. For years, experts have warned that airport security needs to be tightened to detect liquid explosives, but nothing has been done. Security tends to fight the last war—to be on the lookout for knives or guns or the box cutters used by the 9/11 hijackers, or to spot the fuses protruding from the soles of Richard Reid's shoes. In what may be a controversial decision, U.S. and British intelligence officials decided not to give early warning to the airlines of a brewing plot to blow up planes with liquid explosives. The officials feared that if airport security suddenly started checking baby bottles and banning toothpaste and hair gel, the alleged plotters would be tipped off that the government was on to them.

Investigators knew they were dealing with a suicide mission. They intercepted a "martyrdom video" of one of the suspects, according to a law-enforcement official who would not go into the details for fear of compromising the investigation. Suicide bombers routinely make their last will and testament to a camera before heading off to rendezvous with their maker.

Alarm bells went off louder when British intelligence discovered that one of the alleged plotters worked in security at Heathrow airport, the major hub outside London, and possessed a badge that would allow him entree into any part of the terminal. (One of the suspects arrested was identified as Amin Tariq, a tall, unshaven young man who, according to neighbors, worked at Heathrow.)

The immediate trigger for the massive bust was the arrest of a key player in Pakistan, a British national named Rashid Rauf. Wanted for questioning in Britain about the murder of his uncle in 2002, Rauf was described by intelligence officials as a ringleader of the plot, though perhaps not the only one. It is not clear just why the Pakistanis picked up Rauf. The British grumbled, as they often do, that the Pakistanis moved too soon. An intel report, described on a background basis to NEWSWEEK, identifies Rauf's brother, Tayib, as the leader of the plot in Britain. Tayib, whose family runs a cake and candy business that may, some investigators believe, be a front organization, may have had ties to one of a group of bombers who tried and failed to blow up subways and buses in a "second wave" attack after last July's British subway bombings (the explosives fizzled). According to a Pakistani official who declined to be identified discussing the investigation, Rauf quickly broke under interrogation. The questioning was probably not gentle; Pakistani security is known for its severe methods. There were reports that as Rauf was arrested, someone connected with Rauf may have tried to warn confederates back in Britain, maybe even order them to begin the operation. An intel official, who would not publicly discuss highly sensitive intelligence intercepts, told NEWSWEEK that a message was picked up from Rauf's cohort warning the other alleged plotters of his arrest—and urging them to proceed with the attacks. But in any case, his arrest apparently moved the Brits to swoop in on a number of houses around London and in the British Midlands starting the evening of Aug. 9. Eager to avoid another clumsy confrontation and shooting, police in London went in unarmed. (Authorities were also investigating whether Matiur Rehman, a militant believed to be close to Al Qaeda in Pakistan, was linked to the plot.)

There are always fears that a conspirator will drop out of sight before the net can be closed. At one point, according to two officials who declined to be identified discussing intelligence matters, one of the suspects was briefly "lost" by M.I.5. The alarm passed; the Brits found the man. But uneasiness over the possibility of second-wave attacks lingered on—and may for weeks or

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months. Days after the arrests, there were still chaotic scenes of travelers waiting in endless security lines to have their toiletries checked or sniffed by dogs. Passengers will have to learn to check their contact-lens cases, hair gels and face creams, and to not carry water bottles or other drinks; in Britain, they will have to live without their laptops and iPods on the crowded (and no doubt tenser) flights of the future.

U.S. intelligence seems to have played only a minor role in the takedown of the plot. There was a surge in eavesdropping requests to the secret intelligence court that approves wiretaps, according to a source who, like all intelligence officials, wished to remain anonymous discussing sensitive matters. The FBI and DHS kept looking for a link to the United States but found none, according to a senior law-enforcement official. Intelligence officials hinted that the Bush administration's secret warrantless surveillance operation was brought into play—"we used all the tools in the toolbox," said one. It may be that the NSA, the supersecret electronic spy agency, listened in on calls between Pakistan and Britain that were routed through the switching stations of American phone companies.

It seems that no one got in the way or held back information, which passes as progress in the clannish, suspicious world of intelligence. "This shows how we're better equipped to fight the enemy now," Fran Fragos Townsend, the White House homeland-security adviser, told NEWSWEEK. "We're seeing levels of cooperation between the FBI, CIA and the NSA we didn't see before. Nobody was trying to hide the ball." Outside experts and former officials remain skeptical. They say that although the agencies have tried harder to share secrets after 9/11, well-intentioned intelligence reform has just created new layers of bureaucracy. It is unclear whether the new National Counterterrorism Center is working to coordinate between the various agencies. The FBI and CIA and military intelligence still keep secrets to themselves. There has been some improvement in the age-old rivalry between the CIA and FBI. But old ways die hard. From time to time the FBI wants to "run" an informant overseas. The CIA has been eager to protect its own turf with a little bit of devious disinformation. CIA officials

Western intelligence has improved since 9/11. The question is whether the enemy has learned faster. Killing or capturing top Qaeda operatives like Khalid Shaikh Mohammed hasn't stopped Al Qaeda from reinventing itself. "I find it very troubling that it looks like the old Al Qaeda," said Richard Clarke, the former counterterror chief who served under President Bill Clinton, and, briefly, under President Bush. "This is not good news. It means that Al Qaeda is still around." The group seems to be able to replicate and multiply. "This is whack-a-mole," said Clarke. "It's almost to the point where for everyone we kill and capture, they grow three."

British and American intelligence officials seem unsure about the degree to which the New Al Qaeda is working for, or tied to, the Old Al Qaeda. Bin Laden's number two, al-Zawahiri, still sends videotapes from his hideout, somewhere in the no man's land of northwest Pakistan, exhorting and instructing. But does he also pass operational orders, perhaps via courier? (Al Qaeda long ago stopped using cell phones that could be traced.) Intelligence officials were especially curious about the apparent leader of the airplane bomb plot, Rashid Rauf, who kept changing his phone and credit cards and dipping into Internet cafés as he was trailed by Pakistani security in recent weeks.

The good news for Western intelligence is that an expanding and diversifying Al Qaeda may be easier for a spy to penetrate than the more tribal, insular Al Qaeda hierarchy of the late '90s. After all, whether or not the Brits had a mole inside the airline bomb plot, they were able to bug and track the plotters. There is some evidence as well that the new recruits lack the élan and skill of, say, the 9/11 hijackers. The jihadists who tried to hit the London subways two weeks after the 7/7 bombers last summer were unable to build bombs that detonated. derided the FBI's informant as unreliable, untrustworthy, a bad risk not worth the effort. It turn

Of course, Iraq continues to be not only a recruiting ground but also a training base for future terrorists. The young jihadists are learning how to use weapons, make bombs and, just as important, not fear the enemy. The "shock and awe" of the American invasion has long since worn off. A U.S. intelligence official in Baghdad, who talked to NEWSWEEK anonymously because he is barred from speaking to the press on sensitive matters, said: "When we first rolled in here, we weren't even human, they were [so] scared of us. But now they realize there's nothing special about [U.S. forces]—they're just human." Overnight, said this official, "we tripled the size of Al Qaeda" while radicalizing the Muslim world. "Let's say that 90 percent of world sympathy was with us back then [9/11]. When we crossed the border, there was another great pause, then a transfer of sympathy, and those that were on the fence jumped over. The entire Islamic world took a step to the right." This official has reluctantly concluded that the United States has to quicken the transfer of power to the Iraqis and leave the country, a move he said would lead to a massive spike in violence.ed out that CIA officials were running the informant themselves.

But it would be a mistake to complacently assume that radical Islam will not find a few recruits among American Muslims. Jessica Stern, a lecturer on terrorism at Harvard, warns of the creation of a "Muslim Timothy McVeigh." The Oklahoma City bomber went from alienated teenager to lethal terrorist after serving in the Army and seeing action in the first gulf war. Young Muslim men are joining the American Army and being sent to fight in Iraq, where they see "horrible things," said Stern—Islamic citizens killed in fire fights or rarely but occasionally abused by American soldiers. These soldiers get weapons training and a

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dose of military discipline, and, like soldiers of all stripes, they sometimes return home traumatized. John Muhammad, an African-American who converted to Islam and later became the Washington, D.C., sniper, fits this description. "I'd be surprised if it doesn't happen again," said Stern.

The greatest fear of American intelligence officials is that radical jihadists will get a nuclear weapon and smuggle it into an American port. There is no available technology that can guarantee security against such an attack. In 2002, when the container ship Palermo Senator docked in Newark, N.J., detectors picked up what seemed to be traces of nuclear material. The container turned out to hold some ceramic pots. "Problem is," said Pat D'Amuro, who was in charge of counterterrorism at the FBI and is now CEO of Giuliani Security and Safety, "by the time the ship docks, it's too late. You need to be able to detect the threat before it leaves the port of origin."

The jihadists don't need a nuke to pull off a 9/11-type horror show. A suicide bomber normally carries a few pounds of explosive to murder the people around him. But on an airplane, a few ounces could kill hundreds. Richard Reid was carrying a mere 60 grams of explosive material in the heel of his shoe. Had he been able to light a match and hold it steady, he would have brought down a jumbo jet with more than 300 passengers. Jimmie Oxley, a professor of chemistry and an explosives expert at the University of Rhode Island, explained what happens when a bomb fashioned from a juice bottle full of liquid explosives rips through the aluminum skin of an airliner. It wouldn't be all that dramatic, at first. "I'm not sure there would be much of a fireball," she told NEWSWEEK. "The visual effect would not be large. You'd get a depressurizing of the cabin, but I don't think people would initially get sucked out like you see in the movies."

Instead, the small hole would gradually grow larger, tearing at the structure of the plane, until the airframe itself became unstable and started to break apart. The whole process would begin slowly, then catastrophically accelerate. You wouldn't want to be there.

The View From The Top (NW)

By Michael Gerson

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - Five Washington Augusts ago, for me, is not just a different time; it is a distant country. At the White House, we debated the nuances of stem-cell research. The president delivered a speech to the Veterans of Foreign Wars without the need to mention any foreign wars. Americans obsessed on the mysterious affair of Chandra Levy. A spate of shark attacks was headline news.

Everything we saw took us further from the reality we could not see. Five Augusts ago, hijackers in Florida trained in gyms, bought small knives and practiced flying in rented aircraft. In Afghanistan, Osama bin Laden and Taliban leaders argued about targets and strategy, until bin Laden gave his final orders. Nineteen tickets were booked and purchased, and leftover funds were wired frugally back to Al Qaeda. "And then," as President Bush said, "there came a day of fire."

On Tuesday, September 11, 2001, while the president was on the road in Florida, I was working at home on a never-delivered speech announcing a long-forgotten initiative called Communities of Character. Warned by my deputy about the first attack, I headed by car toward the White House, neared the Pentagon and saw a plane in abnormally low descent—so low I could see the windows. Turned around by the police on the highway and sent home, I was finally able to call my evacuated staff at (of all places) the D.C. offices of Chrysler. Then came the first speech to the nation, with too much sentiment, not enough resolve and the president stiff and small. On Friday, a quiet motorcade in the rain to the National Cathedral; and the president filling his office completely; and the whole of official Washington singing, "Glory, glory, hallelujah. His truth is marching on." Starting in those days, I felt not merely part of an administration, but part of a story; a noble story, but with a happy ending by no means assured.

From those events, President Bush drew a fixed conclusion: as long as the Middle East remains a bitter and backward mess, America will not be secure. Dictators in that region survive by finding scapegoats for their failures—feeding conspiracy theories about Americans and Jews—and use religious groups to destroy reformers and democrats. Oil money strengthens elites, buys rockets, funds research into weapons of mass destruction, builds radical schools across Africa and Asia and finds its way to terrorist organizations. Terrorist organizers exploit the humiliated and hopeless—channeling their search for meaning into acts of murder—and plot, as London 2006 proves, to surpass the mad ambitions of 9/11.

In the traditional diplomatic view, this chaos can be contained through the skillful management of "favorable" dictators. But what if the status quo in the Middle East that produced Muhammad Atta and his friends and successors cannot be contained, or boxed up, or bought off? What if the false and shallow stability of tyranny is actually producing people and movements that make the whole world less stable? And what if the problem is getting dramatically worse as the technology of weapons of mass destruction becomes more democratically distributed? On this theory, President Bush set out a series of policy changes from the weeks after 9/11 to his second Inaugural in 2005. Threats would be confronted before they arrive, the sponsors of terror would

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be held equally accountable for terrorist murders and America would promote democracy as an alternative to Islamic fascism, the exploitation of religion to impose a violent political utopia. Every element of the Bush doctrine was directed toward a vision: a reformed Middle East that joins the world instead of resenting and assaulting it.

That vision has been tested on nearly every front, by Katyusha rockets in Haifa, car bombs in Baghdad and a crackdown on dissent in Cairo. Condoleezza Rice calls this the "birth pangs" of a new Middle East, and it is a complicated birth. As this violent global conflict proceeds, and its length and costs become more obvious, Americans should keep a few things in mind.

First, the nation may be tired, but history doesn't care. It is not fair that the challenge of Iran is rising with Iraq, bloody and unresolved. But, as President Kennedy used to say, "Life is not fair."

Behind all the chaos and death in Lebanon and northern Israel, Iran is the main cause of worry in the West Wing—the crisis with the highest stakes. Its government shows every sign of grand regional ambitions, pulling together an anti-American alliance composed of Syria, terrorist groups like Hizbullah and Hamas, and proxies in Iraq and Afghanistan. And despite other disagreements, all the factions in Iran—conservative, ultraconservative and "let's usher in the apocalypse" fanatics—seem united in a nuclear nationalism.

Some commentators say that America is too exhausted to confront this threat. But presidential decisions on national security are not primarily made by the divination of public sentiments; they are made by the determination of national interests. And the low blood-sugar level of pundits counts not at all. Here the choice is not easy, but it is simple: can America (and other nations) accept a nuclear Iran? In foreign-policy circles, it is sometimes claimed that past nuclear proliferation—say, to India or Pakistan—has been less destabilizing than predicted. In the case of Iran, this is wishful thinking. A nuclear Iran would mean a nuclear Middle East, as traditional rivals like Saudi Arabia, Egypt and Turkey feel pressured to join the club, giving every regional conflict nuclear overtones. A nuclear Iran would also give terrorist groups something they have previously lacked and desperately want: a great-power sponsor. Over time, this is the surest way to put catastrophic technology into the hands of a murderous few. All options have dangers and drawbacks. But inaction might bring the harshest verdict of history: they knew much, and they did nothing. The war in Iraq, without doubt, complicates our approach to Iran. It has stretched the Army and lowered our reservoir of credibility on WMD intelligence. But Iran's destabilizing nuclear ambitions are not a guarded secret; they are an announced strategy. If the lesson drawn from Iraq is that the world is too unknowable and complicated for America to act in its interests, we will pay a terrible price down the road.

As these events unfold, our country will need a better way of doing business, a new compact between citizens and their government. Americans have every right to expect competence and honesty about risks and mistakes and failures. Yet Americans, in turn, must understand that in a war where deception is the weapon and goal of the enemy, every mistake is not a lie; every failure is not a conspiracy. And the worst failure would be a timid foreign policy that allows terrible threats to emerge.

There are still many steps of diplomacy, engagement and sanctions between today and a decision about military conflict with Iran—and there may yet be a peaceful solution. But in this diplomatic dance, America should not mirror the infinite patience of Europe. There must be someone in the world capable of drawing a line—someone who says, "This much and no further." At some point, those who decide on aggression must pay a price, or aggression will be universal. If American "cowboy diplomacy" did not exist, it would be necessary to invent it.

A second point: the promotion of democracy in the Middle East is messy, difficult, but no one has a better idea. There is no question that democratic societies are more likely to respect human rights, less susceptible to ideological extremism, more respectful of neighboring countries, more easily trusted with nuclear technology.

Yet the democracy agenda is under heavy questioning. Some critics—who might be called soft realists—concede the spread of democracy is desirable. It is just not possible. They argue that democratic governments require democratic cultures, which develop over centuries, and have never developed at all in the Arab Middle East.

Realism, however, is not always identical to pessimism. Arab societies, in fact, have strong traditions of private association, private property and a contractual relationship between ruler and ruled. It is not realism to ignore unprecedented elections in Afghanistan and Iraq and serious reforms elsewhere. The past half century has shown that the cultural obstacles to democracy are less formidable than many predicted, from Roman Catholic Southern Europe to Orthodox Eastern Europe to Confucian Asia. Our times provide strong evidence that liberty improves life and that people in many cultures eventually prefer liberty to slavery. And Americans, of all people, should not be surprised or embarrassed when our deepest beliefs turn out to be true.

Other critics of the democracy agenda—what might be called hard realists—think democracy in the Middle East may be possible, but it is not desirable because elections are likely to bring anti-American radicals like Hamas to power. It is certainly true that democracy means more than voting. Successful democracies eventually require the rule of law, the protection of minorities, the defeat of corruption, a free press, religious liberty and open economies. Any democracy agenda worthy of the name will promote all these things. But it is something else to claim that democracy itself is a threat in the Middle East because dictatorships are more stable. This duplicates the argument of the dictators themselves: it is us or the Islamists ... the junta or the

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jihad. But the choice is false. Political oppression in nations like Egypt has increased the standing and appeal of radicals and forced all opposition into the mosque, while state media continues to provide a steady supply of anti-Semitism and anti-Americanism. The real choice to be made in the Middle East is between radicals and democrats; both groups have been emboldened by the events of the last five years. We may have limited time to take the side of democratic forces—not merely as an act of altruism, but as an act of self-defense. Five Augusts from 9/11, in a summer of new fears, in a war on terror that has lasted longer than World War II, public weariness is understandable. And that exhaustion is increasingly reflected in our politics. In a conservative backlash against the president's democratic idealism. In a liberal backlash that has moved from the fringes to the mainstream of the Democratic Party. Ned Lamont, in his primary victory over Sen. Joe Lieberman, summed up the case this way: "We are going to get our troops out of Iraq ... we're going to start investing in our own country again." Lamontism—the elevation of flinching to a foreign policy—is McGovernism, and a long way from "bear any burden, pay any price."

But these political conflicts seem pale and puny in comparison with the broader civilizational conflict that engages us—a reality we cannot claim we do not see. Our enemies set out their goal with neon clarity. To kill, as intended in the London plot, as many as their technology allows. To seek technologies that will make radical Islam a global power, allowing new killing on an unimagined scale. The response of many Americans to all of this is ... up in the air. And, unfortunately, the demands of history may just be beginning, requiring more engagement, more sacrifice, more promotion of democracy, more foreign assistance to raise failed states where dangers gather. Setting out this case will fall to presidents of both parties, in calm and crisis—and making it will always be difficult in a weary hour. But necessity, in the end, makes a stronger argument than the finest rhetoric. And from London to Lebanon, history is proving that peace is not a natural state; it is achieved by a struggle of uncertain duration. In that struggle, the cynical, the world-weary, the risk-averse will not inherit the earth.

Such Lovely Lads (TIME)

By Michael Elliott

Time, August 14, 2006

The neighbors' tales had a depressingly familiar ring. One arrested man was "as good as gold, a normal lad"; another was a "nice guy" who liked to play soccer in the local park; a third, said someone who lived nearby, was "a very caring boy" who, on learning that her dog had died, said, "If you need me, I'm there for you."

Sweet. But if British authorities are right, those three nice lads and others were involved in a plot to blow airliners traveling from Britain to the U.S. out of the sky. The British last week arrested 24 suspects, one of whom was later released. Most of them were from London, although six were arrested in High Wycombe, a market town between London and Oxford, and two in the city of Birmingham, in the British Midlands. A British official says the group had been monitored for more than a year and intended to use ostensibly innocuous liquids to construct bombs that would then be detonated in flight by disguised iPods and other devices. The British authorities believe that if the group had attempted to carry out the plot, it probably would have been successful.

The dimensions of the plot and similarities to other atrocities in the past two decades strongly suggest that the homegrown jihadists were not acting alone. "There is an al-Qaeda link," says the British official. A possible connection may be Rashid Rauf, a Briton of Pakistani descent who left for Pakistan a few years ago, after the murder of his uncle. Rauf, whose brother Tayib was one of those arrested in Birmingham, was detained in Pakistan before the police raids in Britain. Rashid Rauf's arrest was one of the factors that precipitated the decision by the British authorities to roll up the network, on the assumption that news of his detention would soon leak to Britain. Pakistan's Interior Secretary Syed Kamal Shah told TIME that Rauf has ties to al-Qaeda. "He is the key man, a very important man," says Shah. Pakistani sources say more than 20 people have been arrested there in connection with the plane plot, some of them apparently connected to Lashkar-e-Jhangvi, a fanatic Islamic militant group that is thought to have been responsible for a suicide bombing at the U.S. consulate in Karachi in 2002 and the murder of U.S. journalist Daniel Pearl that year. A Pakistani official says Rauf--possibly with others--had been "visiting the same places and people" in Pakistan as two of the suicide bombers in last year's attacks on the London subway.

The path that radical British Muslims take between their suburban homes and Pakistan is by now as depressingly familiar as tales of those radicals' good nature. But it is of vital importance to understanding why Britain has become a key location for international terrorist activity. There are 745,000 people of Pakistani origin living in Britain, and no other nation in the developed world has to deal with the same flow of extremist information and ideologies that is transmitted into Britain, one way or another, from radicals based in Pakistan. "The big problem for the British," says a French official, "is not only the size of their mostly Pakistani Muslim population but also that those Muslims communicate better and more comfortably with people and places back in Pakistan than they do with many elements of British society."

Extremist ideas from Pakistan would not take root in Britain if the ground there was not fertile. Sadly, it is. Although the British Muslim community, 1.6 million strong, is not the largest in Europe, it plays host, says French terrorism analyst Roland Jacquard, to "arguably the largest number of radicalized young men." Polls bear out that conclusion. In a survey for Britain's

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Channel 4 this year, no less than 22% of Muslims agreed with the proposition that the subway bombings were justified because of "British support for the war on terror." Those under 24 were twice as likely to excuse the attacks as those over 45. A recent Pew study found that 15% of British Muslims identify themselves with fundamentalists. And among those British Muslims surveyed, a remarkable 81%--a percentage higher than that for Muslims not just in France and Germany but also in Egypt and Jordan--said they thought of themselves as Muslims first and citizens of their native country second.

Why is Britain's Muslim community seemingly so susceptible to radical ideas? Some of the pat explanations of a few years ago have had to be discarded. The well-known radical mosques that were at the center of "Londonistan" in the 1990s have had their wings clipped; as the investigations into the subway bombings showed, most young radicals don't get their ideas from mosques at all. They gather in youth clubs, gyms, bookstores or simply in someone's back room. (In a poll released in September by the Federation of Student Islamic Societies, only 2% of British Muslims said the mosque was their primary source of religious knowledge; 31% cited books, pamphlets, websites and videos.) Nor can it be easily argued that social deprivation or ethnic discrimination breeds radicalism; many of those arrested last week were from middle-class homes--the sort that send their children to university--in standard British multicultural neighborhoods, where Muslims, white Britons and more recent immigrants from Eastern Europe live together.

Plainly, for some devout Muslims, modern Britain--an almost crazily nondeferential, undisciplined, messy society--is an unappealing place. In the Channel 4 poll, 35% said they preferred to have Muslim neighbors, and 28% thought British society does not treat women with respect. Of those ages 18 to 24, 1 in 3 said they would like to live under Shari'a law. At the same time, a series of high-profile cases have soured relations between the police and some in the community. Many Muslims interviewed this week brought up, unprompted, Forest Gate, referring to a police raid on a house in that East London neighborhood that led in June to one Muslim's being shot in the shoulder, although nothing was found that led to terrorism-related charges. "I haven't trusted the police for a long time," said Zee, a law student coming out of a mosque in Walthamstow last Friday. "I didn't even trust them before the Forest Gate raid. Just because we're Muslims, we're being targeted."

And then there is the foreign policy of Tony Blair's government and its support for the Bush Administration in Afghanistan, Iraq and the Middle East. That too shows up in polls and interviews as an explanation for growing disaffection. "One minute the British government is not letting you take iPods on a plane in case you detonate a bomb," says Beena Faridi, of Britain's Islamic Human Rights Commission. "But at the same time they're letting America fly bombs to and from Prestwick Airport [in Scotland] so that the Israelis can collectively punish Lebanon for the kidnap of these two soldiers. It seems that the government has a double standard in its value of life, and that's just going to fuel the isolation of the Muslim community." Says Faridi: "Everything is building up." Britain hasn't yet figured out how to calm it down. With reporting by Reported by Aryn Baker/ New Delhi, Theunis Bates/ Walthamstow, Jessica Carsen/ London, Jumana Farouky/ London, J.F.O. McAllister/ London, Bruce Crumley/ Paris, Ghulam Hasnain/ Karachi, Adam Smith/ Birmingham and High Wycombe

A Loophole Emerges In Yemeni Campaign Against Extremists (WSJ)

By Greg Jaffe

The Wall Street Journal, August 14, 2006

SANA, Yemen -- The U.S. has spent millions of dollars in Yemen to help the government crack down on Islamic extremists who want to wage violent jihad against nonbelievers.

There is just one problem with the strategy: It is not clear that jihad is illegal in Yemen.

Last month a Yemeni judge, sitting on the state's special terrorism court, ruled that 19 defendants who had traveled to Iraq to kill American soldiers and fight alongside al Qaeda there had done nothing wrong. The defendants -- 14 Yemenis and five Saudis who had been caught with guns and fake Iraqi passports -- made no attempt to deny their connection to al Qaeda in Iraq. They openly praised Osama bin Laden, and bore wounds from fighting American and Iraqi troops.

Yet Judge Mohammed al-Baadani, a 40-year-old jurist with family in the U.S. and a history of handing out prison sentences to al Qaeda fighters plotting attacks in Yemen, acquitted the defendants.

His argument: "Islamic Sharia law permits jihad against occupiers" of Muslim lands.

The judge's ruling prompted an immediate appeal from Yemeni prosecutors, and it outraged senior officials at the U.S. Embassy here. "I personally raised the issue with the President of the Republic and the Ministry of the Interior," says Nabeel Khoury, the deputy chief of mission at the U.S. Embassy.

Yet Judge al-Baadani says that he couldn't have ruled any differently. Yemeni law -- a mixture of British colonial law, local ordinances and Islamic Sharia law -- is murky on the subject of when it is permissible for Yemenis to take up arms with fellow Muslims. The country also has a long history of allowing its young men to go off to fight alongside fellow Muslims battling foreign forces in places like Afghanistan, Bosnia and Chechnya. For many Yemenis, jihad against foreign occupiers is an Islamic duty.

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Even prosecutors didn't charge the 19 men with any crimes related to their Iraq activities. Instead, they were charged with plotting attacks against a Western hotel in Aden and other more nebulous "Western targets."

"The prosecution showed no evidence of this plot," Judge al-Baadani says.

The controversial ruling highlights the challenge the U.S. faces in the Arab world when it comes to stanching the flow of violent jihadists into Iraq, Afghanistan and now Lebanon. An internal study, prepared by the U.S. Central Command, which oversees U.S. troops in the Middle East, estimates that about 130 foreign fighters cross into Iraq each month. Though small in number, these fighters account for some of the most horrific and divisive attacks, military officials say.

In an interview, Judge al-Baadani says he has no doubt that the 19 men he acquitted were dangerous and misguided. During the trial he scolded them for sneaking off to Iraq without the approval of the president or their parents. But, he says, no laws prohibit Yemenis from fighting Western forces in Iraq. If such laws were enacted or enforced by the courts, they would only drive more Muslims to al Qaeda, he argues. By contrast, he says that under Yemeni and Sharia law it is against the law to attack U.S. or Western targets outside of occupied lands. That reading would make last week's foiled attacks on commercial airliners flying out of London illegal.

Like most Yemeni men, the judge was dressed in a long white robe and carried a long curved dagger, called a Jambiya, which dangled from an ornately decorated belt. Outside his window a dozen Yemeni soldiers armed with AK-47 rifles and Russian-made machine guns stood guard on the roof of an adjacent building, protecting him from terrorist attack.

In addition to drawing an angry response from the U.S. Embassy, the ruling also provoked stiff criticism from the judge's family members in the U.S., Judge al-Baadani says. His nephew, who runs a small business that supplies snack foods to delis in San Francisco, phoned him as soon as he learned of the verdict.

"I thought that since the government was friendly now to America and against terrorism that they would at least get some jail time," Adnan al-Ameri, the judge's 33-year-old nephew, says he told his uncle. Although he opposes the Iraq war, Mr. al-Ameri says calls for violent jihad there are damaging and perverting Islam. Other phone calls followed from friends and relatives in Michigan and the U.K.

Judge al-Baadani says he told his nephew that his decision disappointed radicals who wanted to use the case to make martyrs of the accused and to foment hatred against the U.S. And he promised him that it would benefit the U.S. in the long run. "Throwing those men in jail would get rid of 19 bad people, but it would make enemies out of 19 million Yemenis. Which one would America choose?" he asks.

Since the Sept. 11 terrorist attacks, Yemen has by most measures been one of the U.S.'s stronger Arab allies in the war on terror -- though its record has been marred somewhat of late by a series of embarrassing jail breaks by convicted al Qaeda fighters. In 2002, the Yemeni government signed off on an attack in which a missile fired by an unmanned CIA plane incinerated a suspected al Qaeda militant in northern Yemen. To bolster Yemen's security forces, the U.S. is spending about $8 million a year to help Yemen build a coast guard and an elite counterterrorism force.

Even Judge al-Baadani's court, established to handle high-profile terrorism cases, is a sign that Yemen wants to stamp out al Qaeda extremists within its borders. Unlike other criminal courts in Yemen, defendants aren't allowed to see sensitive evidence against them that might compromise Western or Yemeni intelligence sources. Judge al-Baadani boasts that in April he handed out five- to seven-year sentences to a cell of 14 men caught with explosives and accused of plotting attacks on U.S. targets in Yemen.

The court has also jailed several conspirators in the 2000 attack on the U.S. destroyer Cole, which killed 17 U.S. sailors, and the bombing of a French oil tanker. More recently two teenagers accused of plotting to assassinate the former U.S. ambassador to the country were sentenced to prison terms.

All those attacks were aimed at Western targets in Yemen, a country that is not currently being occupied by non-Islamic forces and where the Islamic principle of jihad doesn't apply, Judge al-Baadani says.

In the cases of Yemenis fighting in Iraq and Afghanistan, the judge ruled that the centuries-old principle of jihad is the law. Jihad, which can refer to a Muslim's personal struggle against evil, is more typically used to describe the Islamic obligation to fight nonbelievers encroaching on Muslim lands.

"It's a very tricky concept," says Mr. Khoury. "It is a part of the dogma and one cannot just deny its legitimacy."

But he says debate over its role in the modern state must be confined to mosques and universities. "States... must clarify to citizens what constitutes the legitimate use of force and what doesn't," he says. In other words, Yemen simply can't allow its citizens to take up arms whenever and against whomever they want.

When he delivered his verdict, Judge al-Baadani argued that resisting occupiers was a part of every religion. "Millions of people believe in this duty whether they are Muslim, Jew or Christian," he argued.

He says he has been "shocked" by the criticism of the verdict not just from the embassy, but from his family in the U.S.

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Of late, he says he has been trying to think about the case from the perspective of his American relatives and the U.S. legal system. "According to American law, isn't it OK to fight with people of your own religion against the occupiers?" he asks. "I'd like to visit America to see how the U.S. handles this issue."

Rewriting The Geneva Conventions (NYT)

The New York Times, August 14, 2006

In January 2002, when the Bush administration created the camp at Guantánamo Bay for prisoners from the war in Afghanistan, President Bush said he would be "adhering to the spirit of the Geneva Convention" in handling the detainees.

Unfortunately, like many of the things the administration said about Guantánamo Bay, this was not true. The president did not intend to follow the Geneva Conventions, and in some vital respects, he still doesn't, despite a Supreme Court ruling that the prisoners merit those protections.

To everyone's relief, the White House is now working with Congress on one major violation of the conventions found by the court — the military tribunals Mr. Bush invented for Guantánamo Bay. But the president remains determined to have his way on the other big issue — how jailers treat prisoners.

He wants Congress to make the United States the first country to repudiate the language of the Geneva Conventions. The only discernible reason is to allow interrogators — intelligence agents and private contractors — to continue abusive practices plainly banned by the conventions and to make sure they cannot be held accountable.

The Bush administration objects to the clause in Common Article 3 of the Geneva Conventions that prohibits "outrages upon personal dignity, in particular, humiliating and degrading treatment."

This standard has been followed for more than a half-century by almost 190 countries, including the United States. The War Crimes Act of 1996, passed by a Republican Congress, makes it a felony to violate the Geneva Conventions. But the Bush administration authorized techniques to handle and interrogate prisoners that clearly break the rules — like prolonged exposure to extreme temperatures, long periods in stress positions, strapping prisoners to metal contraptions and force-feeding them.

The rational response to the court's decision would be to ban those practices and bring America in line with the rest of the civilized world. But that's not how this administration works. It asked Congress to change the law — to amend the War Crimes Act to redefine the standards of Common Article 3.

The White House wants to apply an American legal principle, used to prohibit cruel and unusual punishment, that bars treatment that "shocks the conscience." Mr. Bush wants Americans to believe that the language in Common Article 3 is too vague and makes fighting terrorism impossible.

In fact, the Geneva standard is more specific than the shocks-the-conscience standard. And a vast majority of Guantánamo inmates are not terrorists. In fact, many do not appear guilty of anything, not even fighting United States troops in Afghanistan.

The administration's real aim is to keep on using abusive interrogation techniques at the secret prisons run by the Central Intelligence Agency. And it wants to make interrogators — and those who give their orders — immune from prosecution.

Finally, the administration wants Congress to ban the use of the Geneva Conventions as the direct or indirect basis for a legal case in American courts. This would seal off the route that a prisoner used in the case on which the Supreme Court ruled in June.

The Geneva Conventions protect Americans. If this country changes the rules, it's changing the rules for Americans taken prisoner abroad. That is far too high a price to pay so this administration can hang on to its misbegotten policies.

HOMELAND RESPONSE:

Chertoff Says U.S. Needs More Authority (AP)

By Hope Yen

AP, August 13, 2006

The nation's chief of homeland security said Sunday that the U.S. should consider reviewing its laws to allow for more electronic surveillance and detention of possible terror suspects, citing last week's foiled plot.

Michael Chertoff, secretary of the Department of Homeland Security, stopped short of calling for immediate changes, noting there might be constitutional barriers to the type of wide police powers the British had in apprehending suspects in the plot to blow up airliners headed to the U.S.

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But Chertoff made clear his belief that wider authority could thwart future attacks at a time when Congress is reviewing the proper scope of the Bush administration's executive powers for its warrantless eavesdropping program and military tribunals for detainees held at Guantanamo Bay, Cuba.

"What helped the British in this case is the ability to be nimble, to be fast, to be flexible, to operate based on fast-moving information," he said. "We have to make sure our legal system allows us to do that. It's not like the 20th century, where you had time to get warrants."

The Bush administration has pushed for greater executive authority in the war on terror, leading it to create a warrantless eavesdropping program, hold suspects who are deemed as "enemy combatants" for long periods and establish a military tribunal system for detainees that affords defendants fewer rights than traditional courts-martial.

Congress is now reviewing some of the programs after lawmakers questioned the legality of the eavesdropping program and the Supreme Court ruled in June that the tribunals defied international law and had not been authorized by Congress.

On Sunday, Chertoff said the U.S. is remaining vigilant for other attacks, citing concerns that terror groups may "think we are distracted" after last week's foiled plot. Attaining "maximum flexibility" in surveillance of transactions and communications will be critical in preventing future attacks, he said.

"We've done a lot in our legal system the last few years, to move in the direction of that kind of efficiency," Chertoff said. "But we ought to constantly review our legal rules to make sure they're helping us, not hindering us."

He said he expects the Bush administration to keep the U.S. on its highest threat alert for flights headed to the U.S. from the United Kingdom and at its second-highest level for all other flights.

"We haven't fully analyzed the evidence, and therefore, we're still concerned there may be some plotters who are out there," Chertoff said. "We also have to be concerned about other groups that may seize the opportunity to carry out attacks because they think we are distracted with this plot."

Still, Chertoff said he believed that the nation's airline screeners were well-positioned to catch future terrorists. He did not anticipate greater restrictions beyond the current ban on carrying liquids and gels onto airliners, such as barring all carry-on luggage.

"We don't want to inconvenience unnecessarily," he said. "I think we can do the job with our screening, screening training and our technology without banning all carry-on luggage."

Chertoff: No U.S. Terror Link Seen (WP)

By Josh White

The Washington Post, August 14, 2006

There is no evidence that terrorists were working within the United States as part of a plot to detonate explosives on airliners, but U.S. officials remain on guard after last week's arrests in Britain and Pakistan, Homeland Security Secretary Michael Chertoff said yesterday.

As his department last night reduced the threat level for commercial flights departing Britain for the United States from red to orange, Chertoff reiterated that viewpoint.

"We are remaining vigilant for any signs of planning within the U.S. or directed at Americans," he said in a statement.

The threat-level announcement came after Chertoff had appeared on several Sunday-morning television talk shows, warning that enemies of the United States "still want to carry out spectacular plots" and have been developing innovative ways to skirt security.

"As we speak right now, we have not found any indication of active planning in the U.S. or plans to conduct operations within the U.S.," Chertoff said on CBS's "Face the Nation."

As he spoke about the plot, foiled by British authorities, to use liquid explosives on airplanes headed to U.S. cities, he said there is a concern about copycats.

"I think we have to be concerned about other groups that may seek to exploit the opportunities to do their own activities or their own operations because they believe we are distracted," Chertoff said. "And the message here is we are not distracted."

Much of the televised discussion yesterday concerned the investigative tools available in Britain that U.S. officials credit with allowing authorities to get ahead of the plot before it proved catastrophic. Chertoff said the ability to monitor monetary transactions and communications and to arrest suspects for a period of 28 days on an emergency basis made a significant difference in the case.

Although Chertoff did not suggest any specific changes in U.S. law to allow such flexibility, he alluded to the controversial Bush administration programs of secretly wiretapping suspects and of monitoring financial records.

He said on ABC's "This Week" that "we cannot afford to leave those weapons on the table." On "Fox News Sunday," he said, "The ability to be as nimble as possible with our surveillance is very important."

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Sen. Pat Roberts (R-Kan.), chairman of the Senate intelligence committee, said on "Face the Nation" that the British government has "better tools" in its intelligence toolbox and that those tools helped British investigators speed along their efforts to stop the potential airline bombings.

Democrats, still critical of the Bush administration efforts to expand executive power to fight terrorism, said those tools are important but must be lawful and in accord with the Constitution.

"I support wiretapping of terrorists," Sen. Russell Feingold (D-Wis.) said on "This Week." "I just think it should be done within the law. . . . I just want the White House to stop making up their own laws."

Ned Lamont, the Democrat who defeated Sen. Joseph I. Lieberman in last week's Connecticut Senate primary, said on "Fox News Sunday" that the terror plot exposed how the United States is distracted by the war in Iraq.

"I think that we've taken our eye off the ball there a little bit, and I think it's time to focus," he said.

Chertoff said it is unclear whether al-Qaeda leaders were involved in the plot but said the attacks, as planned, bore all the hallmarks of the group's prior work.

On NBC's "Meet the Press," he remarked that it has been five years since a major plot like this targeted U.S. citizens, and that the time gap indicates a weakening of the network.

"What that tells us is we actually have done a lot to degrade them," Chertoff said. "We've destroyed their training camps, we've killed a lot of the leaders, we've gathered a lot of intelligence, but they are still out there, they're trying to adapt their tactics, and they are a very constant presence."

The Department of Homeland Security's downgrade of the threat level came in conjunction with a similar move yesterday by British authorities, just as DHS's elevation to red on Thursday conformed with a British alert.

The threat level for all other commercial flights in or headed toward the United States remains at orange, the department announced, and a ban on liquids and gels in carry-on baggage remained in effect.

Republicans Weigh Push For Tougher Terror Laws (WSJ)

By Robert Block And Sarah Lueck

The Wall Street Journal, August 14, 2006

WASHINGTON -- Following the foiled United Kingdom bomb plot, the Bush administration is expected to use the terrorist threat to regain the upper hand in congressional debates and push for government action before the November elections.

Republicans appear to be circling around a new strategy to advocate stronger counterterrorism laws and expand domestic surveillance, while pushing back against civil libertarians.

Homeland Security Secretary Michael Chertoff is emerging as a point man in the drive for tougher laws, yesterday noting Britain's ability to hold suspects without publicizing the charges. Appearing on ABC News's "This Week with George Stephanopoulos," Mr. Chertoff said he would like to see a renewed look at U.S. laws that could give authorities here the flexibility to detain suspects for longer periods of time, noting that the British have such latitude.

"I think we should always review the law," Mr. Chertoff told "Fox News Sunday." "Certainly the ability to be as nimble as possible with surveillance, and their ability to hold people for a period of time gives them a legal advantage. We have to have a legal system to allow us to do that rather than punishing people after the fact."

Mr. Chertoff, who weeks ago was widely viewed in Congress as the beleaguered head of a troubled department, has emerged as the public face and voice of the U.S. government's response to the alleged London plot. Now the Department of Homeland Security has won praise for calibrated advisories and quick action that stopped passengers from potentially smuggling liquid explosives on airliners, but didn't unduly disrupt air travel. Although some critics considered the department late in responding to a well-known threat -- liquid bombs -- Mr. Chertoff's enhanced standing allows him to spearhead the call to re-examine America's counterterrorism laws by looking at how Britain fights terrorism.

The differences in how Britain and the U.S. approach counterterrorism strategies reflect a distinction between the two countries' legal systems and their definitions of civil liberties. British police and security agencies have greater authority and latitude than their American counterparts to conduct domestic surveillance and detain terrorism suspects.

Britain's newly revised terrorism laws permit the detention of suspects for 28 days without charge. In the U.S., suspects must be brought before a judge as soon as possible, which courts have interpreted to mean within 48 hours.

Nevertheless, the U.S. has been able to use existing laws to thwart what it said were terrorist plots in the making. During the weekend, three men from the Dallas area were arraigned in Michigan on terrorism-related charges.

The men, who were arrested Friday, were said to be linked to a plot to target the Mackinac Bridge, between Michigan's lower and upper peninsulas, the Grand Rapids Press reported. Police seized a laptop computer containing evidence that led them to believe the bridge was the target, the newspaper said. Police also found about 1,000 cellphones in the suspects' car. The men told police they had bought the cellphones to sell for profit.

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As the administration pressed for further changes, Congress has yet to take up legislation authorizing warrantless wiretapping, specifically a proposal Senate Judiciary Chairman Arlen Specter of Pennsylvania worked out in negotiations with the Bush administration. That measure could become a vehicle for any increased authority the administration might want -- and for an election-year debate that would highlight Republican efforts to fight terrorism.

For most of the year, President Bush has been on the defensive on issues such as warrantless wiretapping and the handling of prisoners suspected of terrorism, while opinion polls show that fewer and fewer voters believe the Republicans do a better job than Democrats in handling the war on terrorism and ensuring a strong national defense.

Recent polls show while Americans are concerned that the U.S. government will go too far in monitoring the activities of potential terrorists in the U.S. and violate the privacy of average citizens, they also are supportive of legislation such as the Patriot Act, and on balance have been inclined to embrace controversial antiterror steps, such as telephone and financial surveillance, over civil-liberties concerns. Republican congressional leaders have already begun to raise the possibility that changes might be needed.

Pat Roberts, the Kansas Republican who chairs the Senate Select Committee on Intelligence, told CBS's "Face the Nation" that he believes the British have better intelligence tools than Americans. "If you want to get a warrant, all you have to do is call up a minister, in regards to Great Britain," he said. Sen. Roberts stopped short of advocating similar changes, but added "it seems to me that they have taken actions that would really speed that along."

Similar sentiment has been expressed by senior Republicans in the House as well. "You can't be going to court every time you want to monitor these conversations because they come in at a rapid pace. And...we have to get away from this concept that we have to apply civil-liberties protections to terrorists," Peter King (R., N.Y.), the chairman of the House Homeland Security Committee, said last week on Fox News's "The O'Reilly Factor."

Democrats, meanwhile, sought to praise the British triumph and necessity for intelligence while stressing there still was a need for checks and balances. Rep. Jane Harman of California, the senior Democrat on the House Intelligence Committee, said in a news release last week that she agreed with Republicans who said terrorism wasn't a vague, distant threat but a reality we must face every day.

"This demonstrates the importance of a legislative framework around the new tools needed to fight this elusive and sophisticated foe. Without this framework, we risk eroding our Constitution and civil liberties -- exactly as the terrorists wish," she said.

How To Stay One Step Ahead (TIME)

By Ron Suskind

Time, August 14, 2006

What are we to think, sitting in our living room or stranded on a tarmac, as harrowing details of the latest terrorist plot spill forth? Is this a victory of the spycraft and force on our side adroitly employed to avert disaster? Or is the plot--with its ingenious formula for off-the-shelf explosives--a frightening display of how many ways an invisible army of Islamic radicals might come at us?

What's clear: enemies are out there, as ardent and violent as ever. What's changing is our view of them. We in the easily distracted West may be becoming wiser, little by little. Hard experience will do that, like it or not. We are beginning to embrace--slowly and often against our will--that ancient dictum "Know thine enemy." Investigators rounding up suspects searched for a definitive link to al-Qaeda's leaders. Indeed, two of the would-be bombers seem to have met in Pakistan with an alleged al-Qaeda lieutenant and explosives expert. But a clear link may be beside the point. Osama bin Laden has become an ism--as much ideology as flesh--and al-Qaeda has largely devolved or maybe evolved into a franchise operation. Radical groups in various countries are largely self- activated and self-sustaining, though they may check in with top management before a major assault, as did the Saudi cell that in 2003 plotted hydrogen cyanide attacks in the New York City subways. Al-Qaeda No. 2, Ayman al-Zawahiri, called off that scheme, preferring, U.S. officials believed, to prepare for something bigger.

The foiled London plot teaches us that al-Qaeda (or its offspring) sees patience as a virtue. We think in news cycles. Al-Qaeda thinks in years. Even while elected leaders in Washington were taking credit across two elections for there being no second-wave attack after 9/11, a long-standing thought inside the government was that al-Qaeda might have been simply taking its time in mounting the next big hit. At a 2003 meeting of virtually all the top intelligence, foreign-policy and law-enforcement officials in the White House Situation Room, the consensus was that the next attack would be as large as or larger than 9/11. Officials expected a long period of planning and an attack timed to coincide with roiling events--a major assassination, the start of an armed conflict--that would provide synergies of turmoil and create the perception that al-Qaeda was central to a titanic global struggle.

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Three years hence, this analysis seems borne out by London. Not only was the attack moving toward execution as Israel and Hizballah ignited the Middle East, but 10 planes exploding over the Atlantic or in U.S. airspace would indeed have created what U.S. experts believe our jihadist opponents desire: an upward arc of terror and dread between a second-wave attack and whatever might follow, five or even 10 years down the road.

Here's another lesson from London. Human intelligence routinely trumps fancy and often legally problematic surveillance techniques. The key to discovering the plot was apparently a citizen from Britain's diverse Islamic community who, in the days after last summer's bombings in London, overheard something troubling. He contacted authorities. An investigation took root. Imagine: a Muslim man sitting across from a British intelligence official at a cafÃ©, off hours. They have little in common. Some would say they are natural opponents. But a thread of shared interest leads to the passing of information and, a year later, to saving grace.

The U.S. intelligence community is in a poor position to replicate that. Concerned citizens in the Muslim world who are close enough to radicals to see or hear something pertinent seem less inclined than ever to sit down with an American. "They see us right now as an angry, reckless giant supporting the bombing of kids in Lebanon," says a top U.S. terrorism official. "If they were to see something troubling nowadays, they'd be more inclined than ever to simply look the other way. It's their inaction--on a vast scale--that'll kill us."

We talk in America's culture wars about the connection between personal behavior and public morality, a link that launches the country into divisive frenzies over abortion and same-sex marriage. Flip the equation. The angry public posturing of warring nations and messages sent from missile launchers and the turrets of tanks often stand in the way of unlikely human connections, improbable encounters that could save lives.

Good vs. evil? Blood quickening, yes. But it's never that simple. This week's offering from the cafÃ©s of London? Coffee--strong coffee--for two. Pull up a chair.

Suskind is the author of the best-selling book The One Percent Doctrine, first excerpted in TIME, about the war on terrorism

Air Safety: Plugging Holes In The Skies (NW)

By Jonathan Alter

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - First the terrorists turn airplanes into missiles, now they plan to blow us up with hair gel or toothpaste. What's next? That's the problem. No one knows. Once modern society turns on itself, the options for defense are limited, while those for mayhem seem practically limitless. Fear now comes in a jar of cold cream.

Story continues below ? advertisement

Because 9/11 was a breach in airport security, air travel was supposed to be fixed first. Americans are certainly paying to fix it, in time and money. The $3.4 billion spent on airport and airline security in 2005 represents a more than tenfold increase over 2000. The Transportation Security Administration (TSA) has federalized airport screeners and upgraded their training and vigilance. Cockpit doors are locked and hardened, and domestic pilots are allowed to carry guns. Flight attendants are instructed in how to identify suspicious passengers, restrain those who are dangerous and handle explosive materials. Expensive "explosive detection systems" have been installed in airports to screen all checked baggage.

So compared to securing borders, ports and chemical facilities, where congressional oversight is spotty and politics frequently trumps security, aviation has seemed a model of terrorism prevention.

NEWSWEEK Poll: Bush's Terror Ratings Up

But is it? Since 2002, more than 100 media reports have documented security breaches involving knives, explosives and even handguns. In March, NBC News revealed that government investigators smuggled materials for homemade bombs through security at all 21 airports they tested—materials similar to those involved in the London plot. But nothing was done until last week, just as shoes were not removed at airport security until Richard Reid tried to explode a shoe bomb in 2002.

"We keep chasing yesterday's story," says Irwin Redlener, director of the National Center for Disaster Preparedness at Columbia and author of a new book, "Americans at Risk." "The terrorists always seem one step ahead of us."

The focus may be wrong. Aviation consultant Michael Boyd calls TSA "the gang that can't screen straight." Boyd thinks the new restrictions will inconvenience travelers—without stopping terrorists. "[They] can strap [liquids] to their legs" when they go through security, Boyd says.

The view from inside isn't much different. "The people who work for [TSA] do a good job. But there aren't enough of them, things break down and go so slowly, and they don't have adequate technology," says a veteran United Airlines pilot, who requested anonymity so he wouldn't get in trouble with his employer. Under budget pressure, Congress has cut the number of

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TSA screeners by more than 25 percent since their post-9/11 peak. And the cool, expensive new "puffer" portals that detect explosives residue on individuals are still rare.

Then there's the problem of air cargo. As they empty their pockets and throw away the bottled water, travelers assume the rest of what's onboard has been screened, too. Not so. Passenger airlines ship nearly 2 billion tons of commercial cargo annually, and they don't have machines that can handle the varied shape and content of so many packages. Less than 7 percent is actually screened. Every year since 9/11, Reps. Edward Markey and Chris Shays have introduced a bill to require the screening of all air cargo, and every year the president and Congress has defeated it because they don't want to burden the air-shipping industry. Instead, they rely on the "Known Shipper" program, which requires shipping companies to submit details of their operations and undergo random inspections. But overseeing thousands of companies is impossible, and the database of those packages with "elevated risk" has been problematic. Congress cut funding for air-cargo screening in half to $55 million and rejected a 9/11 Commission recommendation that each passenger airliner contain at least one hardened container for suspect cargo.

"On this cargo thing, they're praying," says Markey. "It's faith-based homeland security."

Other aviation threats include inadequate security aimed at airport workers, who are often allowed to approach aircraft without being screened; the rapid proliferation around the world of shoulder-launched missiles and the slow development of onboard counter measures, and weak security at the 6,000 general-aviation airports (private pilots have a strong lobby).

One bright spot is the TSA's Registered Traveler program, an E-Zpass-style system (already up in Orlando, Fla.) to speed frequent fliers through a special security checkpoint if they've been "verified" by the government and a private company. These passengers still go through security, but the process is faster not only for them but also for those in other lines who haven't paid for the privilege.

It won't be long before the shock of the London plot wears off and the flying public is less indulgent about the inconveniences of today's air travel. "We were only just recently allowed to bring tweezers and now this!" Martina Clauser, a Ventura, Calif., accountant, said last week. But Clauser at least kept her sense of humor. "No water? No lotion? We're Californians. We spend big money keeping soft and hydrated. This is not good. Not good at all."

Is Conspiracy A War Crime? (CSM)

By Warren Richey

The Christian Science Monitor, August 14, 2006

Salim Ahmed Hamdan never planted a bomb, never took a hostage, never wielded a box cutter, never fired a weapon in anger, and never planned an attack of any kind.

What he is alleged to have done, according to his US military commission charge sheet, is work as Osama bin Laden's driver in Afghanistan.

So how could military prosecutors at Guantánamo Bay, Cuba, charge him with being a terrorist and war criminal? The answer boils down to a single word: conspiracy.

The same legal approach that helped put mafia dons, capos, and associates behind bars in America is at the center of US military efforts to prosecute suspected Al Qaeda members for war crimes.

But now in the wake of the US Supreme Court's decision in the Hamdan case invalidating the military commission process, it is unclear to what extent military prosecutors can continue to use conspiracy as a war crimes charge.

The Bush administration is asking Congress to simply pass a law recognizing conspiracy as a war crime.

But some legal experts warn that the law of war is a reflection of both domestic and international standards that should not be watered down unilaterally by US lawmakers. They say such a move would further undermine US standing as a champion of human rights and set the stage for another major defeat in the courts for President Bush.

"This is just contempt for the court's opinion," says George Fletcher, a professor at Columbia Law School who authored a friend of the court brief in the Hamdan case that first raised the conspiracy issue. "If Congress says we can go around it, that is just crazy. They don't understand what they are doing."

In its June opinion, a five-member majority of justices struck down the military commissions at Guantánamo because they did not comply with the requirements of the Uniform Code of Military Justice and Common Article 3 of the Geneva Conventions. That part of the decision addressed what the high court viewed as fatal procedural defects - including a rule allowing the exclusion of a defendant from parts of his own trial.

Congress is now considering how best to rewrite those procedures to strike the proper balance between a fair trial and safeguarding national security.

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But there is another part to the Hamdan decision. Four of the eight justices participating in the case ruled that the military commissions at Guantánamo did not have jurisdiction under the law of war to prosecute suspected Al Qaeda members for allegedly engaging in a conspiracy.

Conspiracy is not a war crime, said Justice John Paul Stevens in his plurality decision. And special military commissions can only try war crimes, he said. Conspiracy charges for 10

The ruling is significant because all 10 detainees at Guantánamo slated for military commission trials have been charged with conspiracy, and seven of them (including Mr. Hamdan) face only a single conspiracy charge.

According to the Stevens plurality, military prosecutors must base their cases on actual war atrocities or attempted atrocities, not merely on a criminal agreement (conspiracy) to violate war crimes. Legal experts say this significantly increases the burden military prosecutors would face to win convictions at trial, and some say it could make it impossible to convict defendants like Hamdan.

Justice Anthony Kennedy provided the decisive fifth vote striking down Guantánamo commission procedures in the Hamdan decision. But he declined to provide a fifth vote on the jurisdictional question involving conspiracy. Instead, he left the matter to the legislative branch.

"In light of the conclusion that the military commissions at issue are unauthorized, Congress may choose to provide further guidance in this area," Justice Kennedy wrote in his concurrence. "Congress, not the court, is the branch in the better position to undertake the sensitive task of establishing a principle not inconsistent with the national interest or international justice."

Analysts say it is unclear how Kennedy might vote in a future case.

"What does Kennedy think about this? We'll be asking that a lot," says Diane Amann, a law of war expert at the University of California, Davis, School of Law. But she adds, "The fact that Kennedy held back - if I were the government I would not take comfort in that fact."

In a dissenting opinion in the Hamdan case, Justices Clarence Thomas, Antonin Scalia, and Samuel Alito said the law of war is flexible enough to permit military commissions to hear conspiracy cases.

"The plurality's inflexible approach has dangerous implications for the Executive's ability to discharge his duties as Commander in Chief in future cases," Justice Thomas wrote.

The Bush administration agrees with Thomas's expansive view of presidential power. "We believe that the dissenting opinion in Hamdan was correct in its analysis and that the plurality's view on this particular question is not sustainable," Acting Assistant Attorney General Steven Bradbury told a Senate Judiciary Committee hearing on Aug. 2.

In the same hearing, Sen. Dianne Feinstein (D) of California asked the top legal officials for each of the four armed services whether Congress should designate conspiracy as a war crime for use in military commission trials at Guantánamo. Three said yes, one said he would prefer a charge of providing material support to terrorists.

"If the Congress is just going to try to add conspiracy onto the existing military commissions, that could be problematic," says Michael Scharf, director of the Frederick K. Cox International Law Center at Case Western Reserve University School of Law. "I think they are better off leaving conspiracy out of it."

Professor Scharf and other international law experts say that while conspiracy charges are an accepted part of the legal system in the United States and Britain, that legal approach has been rejected by most other countries - including international war-crimes tribunals. Full rights for mafia, not detainees

In addition, analysts say that when federal prosecutors used conspiracy charges to help convict organized crime figures in the US, the alleged mafia members were afforded all the legal protections of the US court system. In contrast, military commissions don't provide the same range of trial protections.

One alternative to conspiracy, analysts say, is to charge suspects with a form of aiding and abetting. That would bring the military commission process within international standards. But it would also make it harder for prosecutors.

"From a prosecutorial standpoint, prosecuting someone for aiding and abetting requires a heck of a lot more proof than prosecuting them for conspiracy," says Professor Amann. Military prosecutors may not have enough evidence to win an aiding and abetting case, she says.

Scharf says military prosecutors still might win convictions. "My hunch is that everybody they are interested in trying, they can get for either committing the crime [a specific atrocity] or aiding and abetting. They don't really need the conspiracy," he says.

The bottom line, these analysts say, is that conspiracy charges would make it much easier to win convictions, but in the eyes of most of the world such trials would be viewed with suspicion and distrust rather than as beacons of international justice.

"Most people around the world look at the Hamdan decision as a return to the rule of law," Professor Fletcher says. "If Congress defies the Supreme Court and says: 'No, we think we can get around this,' it will hurt the country enormously."

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Fearing Wider U.S. Plot, Investigators Raced Clock (USAT)

By Kevin Johnson

USA Today, August 14, 2006

WASHINGTON — Nearly a month ago, after British authorities secretly tipped their U.S. counterparts about a plot to destroy up to 10 commercial airliners, top federal officials began considering an even more frightening scenario: What if British intelligence officials had not recognized the full scope of the threat?

U.S. officials worried that British investigators involved in the surveillance of two dozen suspects could be misinterpreting possibly coded communications and that the suspects might actually be planning to launch attacks — or a second wave — from U.S. airports.

The chilling prospect, outlined by three federal law enforcement officials, was one of many early unknowns that added extra urgency to a mushrooming global investigation and sent U.S. investigators on a frantic sprint throughout the country to thwart a potential catastrophe on the scale of the Sept. 11, 2001, attacks that killed nearly 3,000 people.

As the investigation continued, there was another risk U.S. officials considered. They believed they could not impose stricter screening at U.S. airports as a backstop against the new threat because that would tip off the British suspects or possible U.S. accomplices, and the suspects could scatter before being apprehended.

In the end, federal authorities found no immediate evidence of U.S. links to the well-advanced terror operation based in London.

The United States remains vigilant, Homeland Security Secretary Michael Chertoff said Sunday, citing concerns that terror groups may "think we are distracted."

"We haven't fully analyzed the evidence, and therefore, we're still concerned there may be some plotters who are out there," he said on Fox News Sunday. "We also have to be concerned about other groups that may seize the opportunity to carry out attacks."

The fast-moving investigation in the USA, parallel to the British inquiry, offered one of the most dramatic tests of federal law enforcement's response systems since Sept. 11.

The U.S. law enforcement officials provided details of the investigation to USA TODAY but did not want to be identified because of the sensitivity of the inquiry. The officials participated in the investigation or were briefed by those who did.

Before British authorities arrested 24 people last week and revealed the plot to carry on board liquids and gels that could be mixed into an explosive, at least 200 FBI agents were quietly dispatched throughout the USA in a frantic search for possible accomplices.

None has been found so far. But the name of each British suspect was checked against financial records and visa records. Agents examined passenger manifests for past and future flights into New York, Washington, Chicago, Los Angeles, San Francisco, Detroit, Boston and other cities with flights from London.

As investigators worked in secret, taking care not to alert the subjects of the expanding British surveillance, new leads produced a brief spike in requests for wiretaps here to monitor communications and movement of possible suspects.

The U.S. officials said the requirement to maintain secrecy was made clear when British authorities first provided the United States with the suspects' names and the scope of the alleged plot in July. Information was held so closely that some key divisions of the government's aviation security were not immediately informed.

Much of the investigation involved examining vast government databases of airline manifests, immigration records and telephone calls in and out of the USA.

When agents did question potential witnesses, they took precautions not to spoil the British surveillance operation or to alert potential suspects here, sending them underground.

"It was a significant challenge because of the close-hold nature of the information," one official said.

Working with the names of the British suspects, investigators did find records of some telephone contacts between Britain and the USA. In short order, it was determined that the calls either involved associates of the suspects or benign family communication that was deemed unrelated to the alleged plot, the officials said.

The pace of the investigation accelerated by the day because of the potential scale of the plot, and the anxiety levels heightened, officials said. The officials acknowledged that the requirement to maintain secrecy created some tension between U.S. and British authorities.

The secrecy meant the government was unable to immediately implement stricter airport screening to catch liquid-based explosives involved in the alleged plot, leaving flights vulnerable to possible attack.

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As a result, the government had to rely on other techniques to thwart an assault. Applications to a special federal court for secret wiretaps, for example, tripled during the past month to assist in monitoring communication throughout the country, another of the U.S. officials said.

This official did not indicate whether the government augmented surveillance with its controversial wiretapping program that bypasses the need for a court-approved warrant. That strategy involves eavesdropping on telephone calls into or out of the United States in which one party has ties to terrorists.

At FBI headquarters, Director Robert Mueller and Deputy Director John Pistole managed the agents' work from Mueller's executive suite. Days began as early as 5:30 a.m. and ran into the early hours of the next day. Mueller, Pistole and other top deputies huddled up to five times a day in strategy meetings and in consultations with British authorities.

At the Justice Department, Attorney General Alberto Gonzales and Deputy Attorney General Paul McNulty got daily updates while reviewing the increasing number of applications for wiretap requests. Gonzales, who was out of town the weekend before the plot became public, was briefed by a secure telephone link.

Additional agents were drafted from many of the bureau's 56 field offices around the country. Some tasks ranged from the menial — perhaps a property record search — to surveillance of a possible witness or associate of the plot.

A major worry, the first official acknowledged, was whether British investigators had a full grasp of the operation's scope.

British investigators told their U.S. counterparts that intelligence based on intense surveillance of the suspects indicated the plan was to attack flights from London to the USA.

“Is that, in fact, what they (the suspects) meant?” that U.S. official said, recounting his early concern. “Or is it code that they would use other starting points? Are there others here in the U.S. scheduled on outbound flights?”

Reviews of airline manifests concluded there was no suspicious travel involving the suspects into the USA. There also was no immediate evidence that any of the suspects had purchased tickets for future flights, although British authorities have indicated some of the suspects had allegedly reviewed flight schedules and were homing in on specific flights.

The timing of last week's decision to arrest the British suspects, U.S. officials said, was due to several factors.

·Pakistan was arresting suspects there in connection with the London plot.

·A few key suspects had returned to London from Pakistan where they allegedly participated in training and planning meetings.

·There also was evidence indicating that some of the suspects were planning a dry run soon to test their ability to smuggle components of the liquid-based explosives past airport screeners.

At the same time, U.S. authorities were pushing the British so stricter airport screening to ban liquids and gels could begin here.

Although British authorities believe they have captured the major players in the plot, they acknowledged there may be additional suspects still at large. Home Secretary John Reid said Sunday that authorities were conducting two dozen separate counterterrorism investigations in Britain.

“We believe we have the main targets from this particular surveillance and plot,” Reid told the British Broadcasting Corp.

“(But) there are still people out there who would carry out such attacks,” he said.

Based on British interrogations of the suspects and evidence collected in a search of their residences, U.S. authorities are following a new stream of leads.

The high level of alert in Britain and the USA “suggests a real uncertainty about whether they have fully plumbed the scope of the plot, and whether they've wrapped everybody up,” Chertoff said on ABC's This Week. “They also have to be concerned about copycats — other groups that may think they have the opportunity to carry out a plot.”

Chertoff said that the investigation will continue and that the Justice Department is weighing whether to bring criminal charges against any of the suspects held in Britain.

Chertoff said he would like to see a renewed look at U.S. laws that could give authorities here more flexibility to conduct electronic surveillance of possible suspects as well as detain them for longer periods of time, noting the British have such latitude.

“I don't think there's any specific authority I would suggest we need now,” he said. “But I certainly think preserving this maximum flexibility in surveillance of transactions and communications is going to continue to be a critical element if we're going to prevent these attacks.

“What helped the British in this case is the ability to be nimble, to be fast, to be flexible, to operate based on fast-moving information,” he said. “We have to make sure our legal system allows us to do that. It's not like the 20th century, where you had time to get warrants.”

The British Way (WSJ)

By David B. Rivkin, Jr. And Lee A. Casey
The Wall Street Journal, August 14, 2006

Britain's successful preemption of an Islamicist plot to destroy up to 10 civilian airliners over the Atlantic Ocean proves that surveillance, and other forms of information-gathering, remain an essential weapon in prosecuting the war on terror. There was never any real doubt of this, of course. Al Qaeda's preferred targets are civilians, and civilians have a right to be protected from such deliberate and calculated attacks. Denying the terrorists funding, striking at their bases and training camps, holding accountable governments that promote terror and harbor terrorists, and building democracy around the world are all necessary measures in winning the war. None of these, however, can substitute for anticipating and thwarting terror operations as the British have done. This requires the development and exploitation of intelligence.

Despite this self-evident truth, critics of President Bush and the war on terror have relentlessly opposed virtually every effort to expand and improve the government's ability to gather the type of information needed to detect and prevent terrorist attacks, whether in the form of the Patriot Act's "national security" letters and delayed notification warrants (derisively described by pseudo-civil libertarians as "sneak and peak" warrants), the NSA's once secret program to intercept al Qaeda communications into and out of the U.S., and the Treasury Department's efforts to monitor financial transactions through the "SWIFT" system. These, and similar measures, are among the tools that we will need to finish the job. * * *

In celebrating the British victory -- which was achieved with assistance from American and Pakistani intelligence services -- it is worth considering some of the aspects in which the U.S. and U.K. anti-terrorism systems differ, and what lessons can be learned. Of course, we begin with the proposition that the U.S. and Britain share a common law heritage, with its emphasis on individual rights and limitations on state power, and many of the same basic political values. That said, British law, political culture and sensibilities appear to be far more attuned to the practical needs of preventing terrorist attacks than do their American counterparts. Some examples include the following:

Criminal Investigations: British law-enforcement officials clearly have a more robust ability to investigate suspected terrorist activity than do U.S. police agencies. This is true in a range of areas. For example, traditionally there has been much more direct cooperation between British intelligence and police services; there was never the sort of "wall" between foreign intelligence and law enforcement functions that the U.S. maintained before Sept. 11. Similarly, British officials need not meet the very strict requirement of "probable cause" to obtain warrants that U.S. investigative bodies must satisfy under the Bill of Rights. In Britain, a warrant can generally be issued on a showing of "reasonable suspicion."

In addition, the British police have certain extraordinary tools designed specifically to fight terrorism. These include "control orders" issued by the Home Secretary that not only allow the police to monitor terror suspects, but which -- although the more stringent ones are the subject of continuing legal challenges -- permit the police at the minimum to monitor and restrict terror suspect movements. These orders also enable law-enforcement authorities to identify more easily the overall pool of potential terror operatives, since the close supervision of some suspects requires their undiscovered colleagues to assume more active roles.

Profiling: Ironically, although today's Britain leans far more to the left than does the U.S., British attitudes toward ethnic and religious profiling appear to be far more pragmatic. In the U.S., the subject of profiling -- even as a means of allocating and concentrating investigative resources -- is highly controversial, if not taboo. In Britain, law enforcement and intelligence officials clearly target their resources on the communities most likely to produce terror recruits, and further on the most radicalized segments of those communities. They are also able directly to infiltrate extremist mosques, community centers and Islamicist gatherings, instead of relying almost entirely on informants.

Privacy: Although the British virtually invented the notion of personal privacy -- the saying "an Englishman's home is his castle" can be traced at least to the 16th century -- the concept is not as broadly defined in law or politics as in contemporary America. For example, virtually all public spaces in Britain are surveilled round the clock by cameras, and the government engages in extensive data-mining operations. By contrast, in the U.S., not only have the courts created broad rights to privacy, above and beyond the Fourth Amendment's requirements, but our society has progressed to a point where individuals are considered by some to have a "privacy" interest in what can only be described as public actions -- such as giving personal information to third parties who are not bound by any formal privacy agreement, or participating in widely used fora like the Internet. Indeed, judging by some of the more extreme criticism leveled against war-on-terror policies, there are those who consider as the purest tyranny any compromise of individual autonomy to meet the community's needs.

Secrecy: Similarly, there is a substantial body of opinion in the U.S. which seems to consider any governmental effort to act secretly, or to punish the disclosure of sensitive information, to be illegitimate. Thus, for example, Bush critics persistently attacked the president's decision to intercept al Qaeda's international electronic communications without a warrant in part because of its secrecy, even though the relevant members of Congress had been informed of the NSA's program from the start. By contrast, there appears to be much less hostility in Britain toward government secrecy in general, and little or no tradition of

"leaking" highly sensitive information as a regular part of bureaucratic infighting -- perhaps because the perpetrators could far more easily be punished with criminal sanctions under the Official Secrets Act in the U.K. than under current U.S. law.

International Intelligence Cooperation: The British national security bureaucracy is smaller and more tightly knit, and appears to be much less affected by the intense institutional feuds that are commonplace in Washington. Having an intelligence service operate for years in a state of virtual rebellion against its political masters -- as has been the case with the CIA during the Bush administration -- would be unthinkable in Britain.

Britain also takes a much more pragmatic attitude toward the need to cooperate with regimes, or their intelligence services, that have poor human rights records. This has periodically been an issue in both countries. The U.S. has cooperated, and does cooperate, with numerous less-than-savory intelligence services. Working with foreign intelligence services (like Pakistan's) with similar interests but questionable practices will continue to be a necessary part of the war on terror.

Experience: There is, of course, no substitute for experience and there is no doubt that Britain benefits (if that is the right word) from its experience in fighting IRA terror. Although the IRA was arguably a less dangerous threat than al Qaeda and its allies -- if only because the IRA eventually concluded that minimizing civilian casualties was in its political interests -- it was nevertheless well-organized, ideologically committed and vicious. For 30 years, Britain's military and law-enforcement forces investigated, infiltrated, surveilled and openly fought the IRA and won, deriving two important advantages in the process. First, Britain's armed forces and police have been thoroughly schooled in the most advanced techniques of surveillance and counter-terrorism. Second, its political establishment and population (obviously, with some exceptions) have become accustomed to the measures, sometimes intrusive and burdensome, necessary to prevent terrorist attacks.

American antiterror and intelligence capabilities have, of course, developed enormously since Sept. 11 -- and can boast a number of important successes in thwarting potential terror attacks. These include the 2002 arrests of six young men, later convicted for attending al Qaeda training camps in Afghanistan; the 2003 arrests of members of the "Virginia Jihad Network" for undergoing paramilitary training; and the recent arrests of seven Miami men accused, among other things, of plotting to blow up the Sears Tower. Moreover, the existence of the NSA and SWIFT surveillance and monitoring programs indicates that the Bush administration, at least, is fully aware of the intelligence imperatives presented by the Islamicist threat.

The U.S. cannot, of course, adopt all aspects of the British system; our constitutional systems are really quite different. Nevertheless, there are clear lessons that can be drawn from the British experience -- especially in affording the police greater investigative latitude and in accepting some compromise of privacy in exchange for greater security. Bush administration critics often misquote Benjamin Franklin as having said that "those who would trade liberty for security deserve neither." What Franklin actually proposed was a balancing test: "They that would give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety." In fighting terrorism, the British appear to have been striking that balance successfully.

Messrs. Rivkin and Casey are partners in the Washington, D.C., office of Baker & Hostetler, LLP, and served in the Department of Justice under Presidents Reagan and George H.W. Bush.

Terror Threat Level Cut, But Still 'High' (WT)

By Eric Pfeiffer

The Washington Times, August 14, 2006

The Department of Homeland Security last night reduced the terrorism threat level for U.S.-bound flights from Britain from red, for "severe," to orange, for "high," in the wake of last week's raids that officials say broke up a London-based bomb plot by Islamist radicals.

"I think the likelihood is, the main elements of the plot have been scooped up," Homeland Security Secretary Michael Chertoff said yesterday on NBC's "Meet the Press."

But Mr. Chertoff said the United States needs "maximum flexibility" to thwart terrorist attacks.

"What helped the British in this case is the ability to be nimble, to be fast, to be flexible, to operate based on fast-moving information," he said on ABC's "This Week."

"We have to make sure our legal system allows us to do that. It's not like the 20th century, where you had time to get warrants."

While the red alert was reduced for flights from Britain, all other flights operating in or destined for the United States remain at the orange level.

Meanwhile, the Transportation Security Administration (TSA) yesterday announced an amendment to its carry-on ban for all liquids, which was put in place after last week's foiled terror plot. It said small amounts of liquid medications would be permitted on all flights. The TSA also said that all passengers will have to remove their shoes before flying for X-ray screenings. The agency previously had suggested the procedure, but it wasn't required.

Mr. Chertoff told "Fox News Sunday" that officials are still investigating whether al Qaeda was behind the plot.

"There's a huge amount of evidence to be gone through, but certainly this plot bears the earmarks or the hallmarks of an al Qaeda-type plot in sophistication, global reach, and really, the nature of the plot itself," he said.

When questioned by ABC's George Stephanopoulos, Mr. Chertoff defended the administration's use of wiretapping and terrorist financial tracking.

"I'm not going to talk about specific classified programs," he said. "But I can tell you this, the kind of techniques you're talking about, surveillance of communications, tracking the flow of money and transactions, that is -- those are the weapons of the modern war against terror."

Sen. Pat Roberts, Kansas Republican, said the British were better prepared to capture terrorist suspects because of that nation's more robust surveillance laws.

"The British have better tools," Mr. Roberts said on CBS' "Face the Nation." "If you want to get a warrant, all you have to do is call up a [government] minister."

When asked by Fox News whether the British have better tools than the United States to track suspected terrorists, Mr. Chertoff said, "In some respects, they do."

Sen. Russ Feingold, Wisconsin Democrat, took issue with Mr. Chertoff, telling Mr. Stephanopoulos the Bush administration has abused the legal process.

"I just want the White House to stop making up their own laws," he said. "If they want to propose changes, I'm open to it, but not making up your own laws."

cThis article is based in part on wire service reports.

Broader Security Changes Are Likely (USAT)

By Alan Levin

USA Today, August 14, 2006

The drastic security measures imposed on airline travelers last week are probably the first step in broad long-term changes needed to block terrorists, according to lawmakers, airline officials and security experts.

Lacking an adequate defense against liquid explosives — the weapon allegedly chosen by a London terrorist cell — the government ordered passengers Thursday not to carry liquids or gels aboard U.S. flights.

That approach, which bans everything from makeup to bottled water, may be difficult to keep up over time.

“It's ridiculous. It's absurd,” said Stephen Luckey, a retired airline pilot and consultant who has worked on security issues for 30 years.

Department of Homeland Security (DHS) officials have not signaled what changes they will impose over the long run, and there is no clear consensus outside the government on what steps make the most sense, but most of those involved agree improvements are needed.

Some of the issues include:

·Detecting explosives. Congress has criticized the Transportation Security Administration (TSA), which falls under DHS, for diverting funds from projects to develop better explosive-detection equipment.

Rep. Peter DeFazio, D-Ore., says devices to detect explosives on passengers should be deployed immediately.

TSA Administrator Kip Hawley says the agency wants to adopt new technologies but some have been too cumbersome to operate at airport checkpoints.

Some prefer an old, low-technology solution: bomb-sniffing dogs. “They can do things faster than machines can,” says Jim May, president of the Air Transport Association, the airlines' trade organization.

·Adding screeners. The security measures imposed Thursday require far more searches of passengers, but Congress has capped the number of TSA screeners at 45,000, well below the agency's peak of 55,600.

In San Diego, screeners have been asked to work six-day weeks, says Chris Soulia, a screener who is president of the American Federation of Government Employees union local representing TSA security workers.

“There is no way we can maintain what we need at the checkpoints and do gate screening with the amount of bodies that we have now,” Soulia said.

Homeland Security Secretary Michael Chertoff has said the agency has enough screeners, and Republican lawmakers have opposed an increase. The Senate passed an amendment to the Homeland Security spending bill last month that would allow more screeners to be hired.

·Profiling passengers. DHS has struggled for years to introduce an improved method of identifying potential terrorists using airline records and financial data. Civil rights groups have opposed the effort because of concerns that it would unfairly target people of Middle Eastern descent.

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Luckey, the security issues expert, works as a consultant on the project. He says the alleged terrorist plot in London highlights the need for a profiling system.

"We are going to have to do some of that. Otherwise, these guys are going to come over here and massacre us," he says.

·Tactics. Keeping terrorists off guard by continually changing tactics at security checkpoints and introducing new tools, such as different explosives-detection devices, may be more important than any single weapon, Massachusetts Institute of Technology professor John Hansman says.

Air Travelers Adapt Quickly (USAT)

By Tom Vanden Brook

USA Today, August 14, 2006

Authorities eased rules for carry-on bags slightly Sunday as U.S. air travelers braced for the first full week of restrictions since British authorities said they had foiled a plot to blow up jets headed to the USA.

Air travel, snarled since Thursday's announcement that suspects had been arrested, improved in the USA even as the new rules were issued. Meanwhile, delays and cancellations vexed London's Heathrow Airport, where about a third of flights were canceled and a ban on carry-ons remained in effect. The United States reduced the threat level to "Orange" for flights from Britain to the USA, down from "Red," the highest level.

Heathrow averages 1,250 flights a day. In August, an average of 126 jets flew daily between Great Britain and the USA, the Air Transport Association said.

British police were questioning 22 suspects in the alleged plot. Home Secretary John Reid told the BBC that authorities there were conducting more than 20 counterterrorism investigations and warned that attacks remained possible.

In the USA, airlines encountered few problems over the weekend, said Jim May, president of the transport association, the airline industry's trade group.

"It has been very smooth, particularly domestically," May said. Flights between the USA and England have been more disrupted but have been improving, he said.

After the arrests, the Transportation Security Administration banned most liquids, gels and lotions in carry-on bags. On Sunday, the TSA announced changes to its screening procedures that will put more bomb-sniffing dogs at airport terminals. The TSA also relaxed the restrictions on liquids so that passengers can now carry up to 4 ounces of non-prescription medicine.

Travelers across the country appeared to heed warnings. They arrived at airports early and avoided trying to board with water, toothpaste or cosmetics — all of which are banned.

Around the nation on Sunday:

·At Los Angeles International Airport, the number of checked bags increased as much as 50%, said Nico Melendez, a Transportation Security Administration spokesman. "Thursday we had a couple of hiccups, but by (Sunday) lines were moving, passengers were prepared and it was quite an efficient process," he said.

·At New York's Kennedy International Airport, lines weren't exceptionally long and fliers accepted the new restrictions. Stephanie Solomon, 55, on her way to Dallas, said: "It's part of life. It won't prevent us from flying. We have bottled water, and we have to finish it before we get on the plane, and I don't have a problem with it. … If I have to be body checked, go for it."

·Chicago's O'Hare International Airport had several long lines. "What a mess!" said Jerry Russo of Schaumburg, Ill., as he stood in one line. He and his wife, Diane, were flying to the Dominican Republic for a vacation. "We think it's safer to travel right now because security is so beefed up," Diane Russo said.

Fewer Delays As Fliers Adjust To New Rules (USAT)

By Charisse Jones

USA Today, August 14, 2006

Airline passengers appeared to have adjusted by Sunday to rules prohibiting them from carrying liquids on board. Most travelers packed toiletries in checked bags, and lines moved along at airports from Los Angeles to New York.

Passengers guzzled water before walking through security checkpoints, and many arrived at the airport earlier than it turned out they needed to.

There were only a few instances of passengers having to toss out lotions, shampoos and other liquids at the last minute — a scene that was common Thursday after an alleged terrorist plot was foiled in Great Britain and the stringent regulations were announced.

For the most part, travelers Sunday said their journeys were not more stressful than usual.

Kaye Hamilton-Smith, 57, of Highland Beach, Fla., and her husband were in line to check baggage at Miami International Airport at 6:38 a.m., and "we were through security at 7:09 a.m."

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Hamilton-Smith said she had exchanged cough syrup for lozenges in her carry-on bag, “but there was no visual check of our (hand) luggage."

The Transportation Security Administration tweaked the rules Sunday, allowing up to 4 ounces of non-prescription liquid medicine, such as cough syrup, and 8 ounces of low-blood-sugar treatments. Removing shoes for screening was also mandatory.

The adjustments Sunday caught passenger Talita Ikahihifo by surprise.

Ikahihifo, waiting with her family at Washington Dulles International Airport to fly to Ohio, then on to their home in Anchorage, said she would have carried on the cough medicine she needed for her 6-year-old daughter, Jade, if she had known about the change. Instead, the syrup was inside a checked bag.

“It would have been certainly helpful if we had known we could take her medication on board,” Ikahihifo said.

Before flying home from Los Angeles to Potomac, Md., Bob Wise, 50, bought an extra bag to hold all the toiletries his family normally would have carried on to the plane.

Wise, an entertainment attorney, still planned to bring a bag on board, but it was lighter than usual.

“We'll do what they tell us to do, and I hope it works to make us safer,” Wise said. His family had arrived at the airport with an hour to spare.

Melanie Treadwell, a lead agent with American Airlines at New York's JFK Airport, said more people are checking bags but that it is not leading to delays because “most people are coming to the airport extremely early."

There were some regrets about the restrictions on carry-on baggage.

Katie Irvin, 19, waiting in a long check-in line at Chicago's O'Hare International Airport early Sunday, said she regretted that she could not take her pet goldfish.

“I was a little sad," said Irvin, of Dunbar, Wis., who was on her way to college in Greenville, S.C. She would have carried the fish on board in a plastic bag filled with water. Instead, the fish had to stay with Irvin's parents.

While most accepted the need for precautions, some regretted how every traveler's life was affected by the actions of a few.

“A very small group of people make life very difficult for all of us," said Sally Ann Ballantyne, 42, who was flying from JFK Airport to Miami with her son and daughter. “But we're adjusting for our own safety, and I have no problem with that.”

Screeners To Be Changed At U.S. Airports (NYT)

By Eric Lipton And Christine Hauser

The New York Times, August 14, 2006

WASHINGTON, Aug. 13 — Homeland Security Secretary Michael Chertoff said Sunday that he intended to replace contractors who inspect passenger identification at airport checkpoints with staff members from the Transportation Security Administration, a move that would be one of the biggest expansions of the agency’s tasks since it was set up in the aftermath of the 2001 terrorist attacks.

Mr. Chertoff’s comments, in an interview on Sunday, came as the T.S.A. took two steps to lower the level of the terror alert. First, it eased restrictions on items that were banned from being taken on board airplanes in carry-on luggage, in the aftermath of last week’s foiled plot to blow up airplanes flying from Britain to the United States. On Sunday night, it adjusted the threat level on inbound flights from Britain to “orange,” or high, from “red,” or severe.

“The security measures already taken have allowed us to address an imminent threat of attack,” Mr. Chertoff said in a statement on Sunday night. “Let me be clear: This does not mean the threat is over. The investigation continues to follow all leads.”

Details of the plan to replace the contractors were still being worked out. But Mr. Chertoff said the transportation agency screeners would be trained in psychological profiling under the plan, which he intends to announce in the coming weeks or months.

Currently, the contractors who handle the precheckpoint processing of identification documents are hired by airlines. Transportation agency screeners, in addition to handling checkpoint security, also do the simple, labor-intensive task of picking up checked-in bags and placing them into scanning machines before they are loaded onto planes.

Under the plan, contractors would take over the manual labor of handling the checked bags, although federal screeners would continue to interpret images for possible threats. But the switch would free up enough screeners to do the identity checks and behavior analyses of passengers waiting to go through security.

Mr. Chertoff said administration officials would have to work with the airports on any additional costs and on administrative transition. “It is going to require a larger conversation,” said Ellen Howe, a transportation agency spokeswoman. “We would like to consider shifting responsibility” of agency staff “from baggage handling to security.”

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The new rules for airline travelers, which went into effect at noon on Sunday, revise the restrictions that were announced Thursday.

Under the revised rules, beverages, shampoo, lotions, toothpaste, aerosols, hair gels, contact lens solutions, perfumes and nail polish remain prohibited.

Passengers may carry on small doses of prescription drugs if the patient's name matches the name on the airline ticket, as well as baby formula, breast milk and baby food for passengers traveling with an infant or small child. The rules also allow up to four ounces of nonprescription liquid medication, and up to eight ounces of liquid or gel insulin. Most cosmetics must be placed in checked baggage, but solid lipstick will be allowed in carry-ons.

The rules will also require passengers to remove their shoes for screening. Previously, this was "strongly recommended," Ms. Howe said.

She said the agency already had observers, trained under a pilot program in the past few years, who monitored passengers at checkpoints for involuntary cues that might indicate suspicious behavior.

"Since last week when the level increased, we have devoted extra resources to assist with the ticket checker functions to have that behavior observation going on at the front of the line," Ms. Howe said.

This monitoring was going on at about a dozen airports before Thursday's warning. "We are going to consider expanding it," she said.

Ms. Howe said the changes were meant to increase efficiency without compromising security. Wait times at security checkpoints have dropped, and there were fewer bins full off discarded banned items from Thursday to Friday, she said.

Which Travelers Have 'Hostile Intent'? Biometric Device May Have The Answer (WSJ)

By Jonathan Karp And Laura Meckler

The Wall Street Journal, August 14, 2006

At airport security checkpoints in Knoxville, Tenn. this summer, scores of departing passengers were chosen to step behind a curtain, sit in a metallic oval booth and don headphones.

With one hand inserted into a sensor that monitors physical responses, the travelers used the other hand to answer questions on a touch screen about their plans. A machine measured biometric responses -- blood pressure, pulse and sweat levels -- that then were analyzed by software. The idea was to ferret out U.S. officials who were carrying out carefully constructed but make-believe terrorist missions.

The trial of the Israeli-developed system represents an effort by the U.S. Transportation Security Administration to determine whether technology can spot passengers who have "hostile intent." In effect, the screening system attempts to mechanize Israel's vaunted airport-security process by using algorithms, artificial-intelligence software and polygraph principles.

Neither the TSA nor Suspect Detection Systems Ltd., the Israeli company, will discuss the Knoxville trial, whose primary goal was to uncover the designated bad guys, not to identify threats among real travelers. They won't even say what questions were asked of travelers, though the system is generally designed to measure physical responses to hot-button questions like "Are you planning to immigrate illegally?" or "Are you smuggling drugs."

The test alone signals a push for new ways to combat terrorists using technology. Authorities are convinced that beyond hunting for weapons and dangerous liquids brought on board airliners, the battle for security lies in identifying dangerous passengers.

The method isn't intended to catch specific lies, says Shabtai Shoval, chief executive of Suspect Detection Systems, the start-up business behind the technology dubbed Cogito. "What we are looking for are patterns of behavior that indicate something all terrorists have: the fear of being caught," he says.

Security specialists say such technology can enhance, but not replace, existing detection machines and procedures. Some independent experts who are familiar with Mr. Shoval's product say that while his technology isn't yet mature, it has potential. "You can't replicate the Israeli system exactly, but if you can incorporate its philosophy, this technology can be one element of a better solution," says Doron Bergerbest-Eilon, chief executive of Asero Worldwide consulting firm and a former senior official in Israel's security service.

To date, the TSA has more confidence in people than machines to detect suspicious behavior. A small program now is using screening officers to watch travelers for suspicious behavior. "It may be the only thing I know of that favors the human solution instead of technology," says TSA chief Kip Hawley.

The people-based program -- called Screening Passengers by Observation Technique, or SPOT -- began undergoing tests at Boston's Logan Airport after 9/11 and has expanded to about a dozen airports. Trained teams watch travelers in security lines and elsewhere. They look for obvious things like someone wearing a heavy coat on a hot day, but also for subtle signs like vocal timbre, gestures and tiny facial movements that indicate someone is trying to disguise an emotion.

TSA officers observe passengers while consulting a list of more than 30 questionable behaviors, each of which has a numerical score. If someone scores high enough, an officer approaches the person and asks a few questions.

"All you know is there's an emotion being concealed. You have to find out why the emotion is occurring," says Paul Ekman, a San Francisco psychologist who pioneered work on facial expressions and is informally advising the TSA. "You can find out very quickly."

More than 80% of those approached are quickly dismissed, he says. The explanations for hiding emotions often are innocent: A traveler might be stressed out from work, worried about missing a flight or sad because a relative just died. If suspicions remain, the traveler is interviewed at greater length by a screener with more specialized training. SPOT teams have identified about 100 people who were trying to smuggle drugs, use fake IDs and commit other crimes, but not terrorist acts.

The TSA says that, because the program is based on human behavior, not attributes, it isn't vulnerable to racial profiling. Critics worry it still could run afoul of civil rights. "Our concern is that giving TSA screeners this kind of responsibility and discretion can result in their making decisions not based on solid criteria but on impermissible characteristics such as race," says Gregory T. Nojeim, associate director of the American Civil Liberties Union's Washington legislative office.

Mr. Shoval, the Israeli entrepreneur, believes technology-based screening is the key to rolling out behavior-recognition techniques in the U.S. With experience in counter-terrorism service and the high-technology industry, Mr. Shoval developed his Cogito device with leading former Israeli intelligence officials, polygraph experts and computer-science academics.

Here is the Cogito concept: A passenger enters the booth, swipes his passport and responds in his choice of language to 15 to 20 questions generated by factors such as the location, and personal attributes like nationality, gender and age. The process takes as much as five minutes, after which the passenger is either cleared or interviewed further by a security officer.

At the heart of the system is proprietary software that draws on Israel's extensive field experience with suicide bombers and security-related interrogations. The system aims to test the responses to words, in many languages, that trigger psycho-physiological responses among people with terrorist intent.

The technology isn't geared toward detecting general nervousness: Mr. Shoval says terrorists often are trained to be cool and to conceal stress. Unlike a standard lie detector, the technology analyzes a person's answers not only in relation to his other responses but also those of a broader peer group determined by a range of security considerations. "We can recognize patterns for people with hostile agendas based on research with Palestinians, Israelis, Americans and other nationalities in Israel," Mr. Shoval says. "We haven't tried it with Chinese or Iraqis yet." In theory, the Cogito machine could be customized for specific cultures, and questions could be tailored to intelligence about a specific threat.

The biggest challenge in commercializing Cogito is reducing false results that either implicate innocent travelers or let bad guys slip through. Mr. Shoval's company has conducted about 10 trials in Israel, including tests in which control groups were given terrorist missions and tried to beat the system. In the latest Israeli trial, the system caught 85% of the role-acting terrorists, meaning that 15% got through, and incorrectly identified 8% of innocent travelers as potential threats, according to corporate marketing materials.

The company's goal is to prove it can catch at least 90% of potential saboteurs -- a 10% false-negative rate -- while inconveniencing just 4% of innocent travelers.

Mr. Shoval won a contract for the Knoxville trial in a competitive process. Next year, Israeli authorities plan to test Cogito at the country's main international airport and at checkpoints between Israel and the West Bank, where the goal will be to catch genuine security threats while testing the logistics of using the system more broadly. The latest prototype costs about $200,000 a machine.

Even though his expertise is in human observation, U.S. behavior-recognition expert Dr. Ekman says projects like Cogito deserve a shot. He expects technology to advance even further, to devices like lasers that measure people's vital signs from a distance. Within a year, he predicts, such technology will be able to tell whether someone's "blood pressure or heart rate is significantly higher than the last 10 people" who entered an airport.

Homeland Security Department Gets Better Grades In 2nd Major Test (NYT)

By Eric Lipton

The New York Times, August 14, 2006

WASHINGTON, Aug. 13 — Right after Hurricane Katrina ripped through the Gulf Coast last year, Michael Chertoff, the homeland security secretary, flew to Atlanta for a conference on bird flu — and then spent months parrying criticism that his department had flunked the first big test of its existence.

Last week, the department confronted a second major test, the arrests in Britain of 24 men suspected of plotting to blow up airliners bound for the United States.

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In this case, the initial reviews of Mr. Chertoff's performance have been largely positive. The Homeland Security Department responded quickly to impose new security measures on the fear that some plotters might still be at large.

Questions remain about the agency's bureaucracy and its ability to anticipate threats rather than just react to them. But it is notable that Mr. Chertoff is being praised by some people who once bitterly chastised him or even called for his resignation.

"Until this threat, the department had fallen short of the promise that its creation held," Senator Susan Collins, Republican of Maine and chairwoman of the Homeland Security and Governmental Affairs Committee, said in an interview on Sunday. "This time we saw a crisp, confident and competent response, and Secretary Chertoff was clearly front and center."

Representative Bennie Thompson, Democrat of Mississippi and the minority leader on the House Committee on Homeland Security, said: "He did a credible job. He did not create hysteria among the traveling public. He provided a clear message to the traveling public, and that is positive."

Mr. Chertoff and his agencies — which include the Transportation Security Administration, the air marshals, Customs and Border Protection and other departments involved in the response to the British plot — did not play a role in apprehending the terror suspects.

But ever since Aug. 4, when Mr. Chertoff said he learned that a scheme to bomb planes destined for the United States could unfold before the end of August, his agency has been developing an effort to prevent such an attack, he said in an interview at his office on Sunday.

The work began in secret at the Homeland Security Department headquarters, Mr. Chertoff said, where he and fewer than a half-dozen of his top aides met to devise two plans: what to do if a plot were successful and planes started blowing up, and what to do if arrests were to take place before such a catastrophe unfolded.

The first plan involved a course of action for shutting down national airspace if necessary, similar to what happened after the attacks of Sept. 11, 2001. It included guidelines for when planes might be turned back to their cities of origin, when they might be allowed to complete their flights or when they would be ordered to land at the closest airport, he said, as well as directions on when taking such steps might be appropriate.

Mr. Chertoff said that British officials had assured the United States that an attack would not be immediate — just that it was close. But officials here were concerned about what might happen if word were to leak about the investigation or if the plotters' activities were to change.

The second plan, which was kept secret until just hours before it was unveiled nationally, included imposing and enforcing the no-liquids rule at airports and deploying more federal air marshals on planes headed to the United States from abroad.

It also involved increasing the use of federal security screeners to observe the behavior of passengers at airports to look for signs that they might be involved in suspicious acts, something Israeli authorities have long done. And it entailed examining passenger manifests for all flights from Great Britain before the planes took off.

The circle of officials involved in the planning was so small that the department's top leaders, like Kip Hawley, the head of the Transportation Security Administration, handled the task of typing briefing materials on a classified computer. The new security measures would be shared only in confidence with others inside the government, including members of Congress, and with senior airline executives starting late Wednesday, after the arrests in Britain were under way.

For Mr. Chertoff, whose post-hurricane trip to Atlanta last year led to criticism that he was an aloof and disengaged manager, there was never any question that he would need to be at the center of this effort. But he acknowledged in the interview that what had happened with the hurricane made this even more critical.

"There were obvious frustrations in Katrina that I relied on others to do something and that turned out that that reliance was misplaced," he said. "So I guess to some extent, I have incorporated some of that lesson into what I do going forward."

Representative Peter T. King, Republican of New York, who has harshly criticized Mr. Chertoff, said that the Homeland Security Department's ability to institute such a drastic change in checkpoint procedures so rapidly reflected an agency that appeared to have matured in the last year.

"We will have to wait and see, but my impression right now is, with the team in place, the progress will now be geometric, it will move a lot quicker," Mr. King, chairman of the House Homeland Security Committee, said in an interview on Sunday.

Mr. King, Senator Collins and Representative Thompson all said that Mr. Chertoff's effort in his role as the Bush administration's public face on security also represented an improvement, not just from the way he handled Hurricane Katrina, but compared with his predecessor, Tom Ridge.

Instead of communicating through dueling appearances by the attorney general, the director of the Federal Bureau of Investigation and the homeland security secretary, as sometimes happened during Mr. Ridge's tenure, this time, the administration seemed to be speaking with a single, clear message, and one that seemed informed and confident, they said.

But critics and senior department officials said there were still considerable grounds for improvement in the agency's operations.

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Since Mr. Chertoff took over in February 2005, for example, the department has not issued fraud-proof identification cards for transportation workers. It has also not completed negotiations to make advance information on passengers on all planes headed to the United States available before they take off, nor has it developed an improved system for screening passenger names automatically on domestic flights.

In addition, senior agency officials acknowledged that the department had been far too slow to use new technologies to help detect liquid or plastic explosives that the equipment now in use might miss.

"Too many things have been left undone," Mr. Thompson said.

Ms. Collins took issue with Mr. Chertoff's remarks in a televised interview on Sunday that the United States should consider laws like those in Britain that would allow the authorities to detain terrorism suspects, including Americans, even before charges are filed.

And Representative Edward J. Markey, Democrat of Massachusetts, said in a statement on Sunday that no matter how well orchestrated Mr. Chertoff's response was in the past week, his department was still too narrow minded and reactionary, seeming to shift by the week from a focus on rail security to port security to aviation.

"As a result, the Bush administration seems to lurch from crisis to crisis," Mr. Markey said, "covering yesterday's vulnerabilities but leaving tomorrow's threats wide open to exploitation by terrorists."

Mr. Chertoff said he appreciated any voices of approval after the consistent tongue-lashing he received in the wake of Hurricane Katrina. But he knows the wind could still change direction.

"Certainly, getting praised is better than getting criticized," he said Sunday, after wrapping up appearances on all three major television networks and two cable news programs. "The judgment on my tenure will ultimately be determined over the long term."

TSA Tries To Balance Security, Efficiency (WP)

By Del Quentin Wilber

The Washington Post, August 14, 2006

U.S. security officials had long anticipated the kind of terror threat that threw global air traffic into an uproar last week -- they'd even stepped up training to head off terrorists trying to sneak improvised explosive devices onto airplanes.

But when British authorities announced they had foiled such a plot, the Transportation Security Administration had only one option in its playbook: a sharp crackdown at security gates, with new stringent rules restricting carry-on baggage. The move caused a recurrence of the long, slow security lines and massive inconvenience for passengers that have blackened the agency's reputation since its inception after the Sept. 11 terrorist attacks.

The response highlights the tough predicament that the TSA repeatedly faces as it attempts to become a more sophisticated security operation. The agency has the difficult task of ensuring airline security with a minimum of hassle for millions of travelers pouring through airports.

After analyzing intelligence reports and assessments of the alleged plot, TSA Administrator Edmund S. "Kip" Hawley said it did not take long for authorities to figure out what to do. "There wasn't any balancing on this one," Hawley said.

The TSA, which has a budget of $6.2 billion and has seen its number of screeners drop to 43,000 from 55,000 in 2002, is one of the last lines of defense in the country's efforts to battle terrorism, particularly attacks directed at airplanes.

Travelers and their advocates have long complained that lines are too long at many airports, that some security measures seem inconsistent and that security officers seem to be in short supply. Others say that TSA officers seem to be doing little but hanging out at checkpoints, even when the lines grow. A joke among pilots is that TSA stands for a "Thousand guys Standing Around."

Watchdogs have hammered the TSA from the other side -- contending that the agency has been slow to tackle the most serious security concerns. Critics and outside security experts say the TSA has been sluggish to grapple with not only carry-on security issues but also with a range of other threats that include cargo shipments and checked baggage on passenger jets.

The TSA should have banned liquids long ago or pushed more aggressively to develop technology to detect them because the threat from such explosives has been well-established for at least a decade, critics argue. They also wonder why the Department of Homeland Security, of which the TSA is a part, has seen its research and development budgets slashed from $110 billion in 2003 to $44 billion this year.

"This points out a much larger issue," said Clark Kent Ervin, a former inspector general at the department. "The terrorists are always one step ahead of us. They are adaptive and learning and proactive. We are always focused on the last war. We need to make sure we don't lose the next war."

TSA officials defend their approach, saying the agency was formed in direct response to the 2001 terror attacks and faced congressional mandates and other pressures to hire as many screeners as quickly as possible.

It was a tough task, they say, and consumed their focus for years. They also were receiving pressure from struggling airlines and airports hoping to ease passenger security burdens to boost travel. As they were monitoring intelligence for new terror threats, current and former TSA officials said they felt it would not have been prudent earlier to ban all liquids and gels from flights. Hawley says he is confident that his screeners, who receive training on how to detect liquid explosives, would have stopped bombers from boarding U.S. airlines at airports.

In their constant effort to balance risk and security, TSA officials announced yesterday that they were tweaking some of their restrictions. Revisiting a previous policy enacted after other terror threats, TSA officials said they are requiring all passengers to remove their shoes to be screened by X-ray machines. They are also banning all aerosol products but allowing small doses of nonprescription medications, solid lipstick and baby food. "This refinement affords the same level of security that has been in place since last Thursday, but is intended to minimize the impact on travelers," officials said in a news release.

Hawley, the agency's fourth administrator, took over the TSA last July. He immediately went through training classes to get a better sense of what his employees were learning, officials said.

Aware that terrorists were finding new ways to make bombs in Iraq and Afghanistan, he was troubled by the type of explosives training screeners received. The screeners were almost always seeing fully assembled devices, which are relatively easy to detect during training sessions.

He and other top officials worried that terrorists could get on a plane and then assemble an explosive device.

In response, TSA officials began to rework education requirements. While mandating that a third of the screeners' training sessions focus on improvised explosive devices, including liquid bombs, they began to throw more images of explosives and their components at officers in classrooms and on-the-job training sessions.

To get screeners to think more creatively about threats, TSA officials plan in coming months to introduce an interactive video game that centers on security to allow employees to role-play as terrorists.

"There is a lab right now in Iraq and Afghanistan, and the bad guys are learning new and better ways to build and disguise bombs," said Michael J. Restovich, assistant administrator for security operations. "For us, it's a constant, continuous education to learn how to detect and interdict all of these components of bombs. That is our target. That is what we're looking for."

Critics and outside security experts say the new training requirements are a good place to start. But they question whether the initiatives are working.

They point to a classified report from the Government Accountability Office that found that investigators were able to penetrate checkpoints at more than 20 airports with bomb components between October and January, according to news accounts at the time.

Top officials say they want to expand teams of security officers who are trained to identify passengers for suspicious activity in terminals and checkpoint lines. Using Israeli counterterrorism techniques, the teams already operate at more than 10 airports, including Dulles International Airport. The TSA won't discuss the methods the teams employ.

That expansion is part of an effort to create more diverse career paths for screeners to try to keep them on the payroll longer. The TSA has battled high attrition rates since its inception, although those numbers have dropped recently.

Hawley even changed the job title for screeners last year to Transportation Security Officers in the hopes of boosting morale and finding a description that better describes the nature of the work, he said.

While they were revamping training, TSA officials were working to loosen some restrictions on what passengers can carry onto planes.

Late last year, the TSA removed the ban on small scissors and sharp tools. The chance of hijackers using such weapons is remote, officials say, because cockpit doors have been strengthened and pilots will not hesitate to put planes in rolls and spins to disrupt a plot. Passengers are also likely to stage a revolt.

Hawley has been lobbying Congress to change a federal law banning cigarette lighters in passenger cabins, a restriction enacted after a failed terror plot in late 2001. Thousands of lighters are confiscated every year by screeners, work that officials say distracts workers from more important tasks, such as finding bombs.

Rep. Edward J. Markey (D-Mass.), a sharp critic of the TSA and Bush administration security policy, said that lifting the ban on scissors and sharp tools was a bad decision. He said terrorists might use scissors and other small tools in a broader suicide bombing plot, perhaps to fight off passengers while someone assembles a bomb on board. He also says the TSA does not do enough to screen cargo shipments on passenger planes.

TSA officials counter that screening 100 percent of cargo would be impossible and said that they check such shipments after doing risk assessments.

"There is a Dickensian quality to their arguments," Markey said. "This is the best of security and the worst of security. The areas they are covering have been improved, but they have still left vast areas that are relatively unprotected. And it's just those areas that al-Qaeda has historically exploited."

New Orleans Still Reeling, But Residents Make Do (WT/AP)

By Rukmini Callimachi

The Washington Times, August 14, 2006

NEW ORLEANS -- They said she was too frail, that the mold growing on the warped walls of her flooded house would make her ill. They said she shouldn't bother since her mottled, mud-filled home likely would be bulldozed anyway.

But Willie Lee Barnes, who recently turned 94, didn't listen.

Standing outside her house, she clasped her rosary in her frail hands and prayed. "Lord," she said, "I'm not asking that you climb the mountain for me. I'm only asking that you give me the strength to do it myself."

Strapping on a dust mask, Miss Barnes grabbed a shovel and with all her force began pounding the deformed walls of her living room until they fell to the floor. She filled buckets with the broken drywall, which her son ferried outside. Bucket by bucket and week after week, she kept at it, resting occasionally on a stool, the only piece of furniture in her house to survive the flooding. Flanked by a worn statue of the Virgin Mary, hers is now one of the few houses that's been gutted in the city's Lower Ninth Ward.

Ask her to explain how a nonagenarian succeeded in doing what thousands of younger families have failed to do, and Miss Barnes offers an analogy: "I'm like bad grass. Because it never dies. You gotta pull it up, and even though you do, it still grows back. I don't care how hard something looks, I'm still going to try."

In a city that still lies largely in ruin after Hurricane Katrina hit Aug. 29, life is pushing through like "bad grass," forcing its way through cracks in the pavement.

Those who choose to return do so in spite of the city's broken infrastructure, which nearly a year later remains in tatters: Nearly 60 percent of homes and businesses are still not receiving electricity or heating gas. Only three out of nine New Orleans hospitals have reopened. Only 56 of 128 public schools will enroll students this fall.

The city itself still has no master plan.

Still, even in the worst-hit neighborhoods, where homes were ripped from their foundations and spit into the street, and where mattresses still lie impaled in the branches of trees, the rebirth is taking place.

Those who have returned to live here proudly proclaim their existence.

"I'm back. R U?" asks a sign in the window of a flooded pickup truck at a house slowly being repaired.

Down the block, another sign stands outside a gutted home. "I'm Coming Home," it says -- except "Coming" has been struck out with a bold, red line.

"This house is my soul," Carolyn Parker says. It has neither electricity nor running water, so each morning, until a government-issued trailer arrived last month, she walked to a nearby fire hydrant and screwed it open with a wrench. The water gushed out, and she filled two buckets. Then, she carried them back to her home, using them to bathe.

Throughout the city, institutions have learned to adapt, too.

For more than 150 years, those who attended Sunday Mass at the Church of the Annunciation heard the Scripture read in Elizabethan English. Now, the traditional Anglican Church's priest reads the ancient Scripture, still dotted with 'Thees' and 'Thous,' inside a doublewide trailer, parked in the flooded Broadmoor neighborhood. Because there is no air conditioning, the clergy shed their ornate wool cassocks.

Still, the Episcopal bishop came carrying a tall, hooked staff and wearing green-and-gold vestments to bless the trailer.

"We do the best we can. But there's only so much pomp and circumstance you can have inside a doublewide," said the Rev. Milton Gibson, the church's deacon.

Even in the unharmed French Quarter, where jazz tumbles into the street from ornate, cast-iron balconies, residents speak of a lingering depression.

"I can't even remember how many going-away parties I've been to in the last few weeks. Every night, I lay in bed, thinking, 'Should I stay or should I go?'" says Maggie Beal, the manager of a store selling 19th-century French antiques.

Throughout the city, those who stayed are trying the best they can to make meaning out of the destruction.

When Miss Barnes first returned to her flooded bedroom, she hoped to find a crucifix studded with diamonds that for years she'd worn around her neck. She couldn't find it.

Yet she was able to salvage one item: A present given to her years ago, still inside its gift box. It's a porcelain angel, holding a battery-operated lantern.

Although the waters rose to the house's cypress beams, the box must have bobbed on the surface and not gone under -- when she unwrapped it and switched it on, the lantern lit up a soft, fuzzy yellow.

Holding the angel in her hands and straining to make out its inscription, Miss Barnes read aloud: "You are the Lord. Keep my light burning and turn the darkness into light."

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Fangs Are Bared Over Md. Group's Katrina Dog Rescues (WP)

By Ernesto Londoã±o

The Washington Post, August 14, 2006

It started as a dispute over the custody of Sandy Marie and Coco Ree, two dogs brought to Montgomery County last year after being rescued from a suburb of New Orleans ravaged by Hurricane Katrina.

But the attorneys involved in the spiraling fight are dueling about more than ownership of the female shepherds. It has become a battle over the legal complexities of rescuing pets in disaster zones, disparities in social class and the incendiary effect grass-root campaigns waged on the Internet can have on people's lives.

On one side is Belinda Sumrall, a New Orleans evacuee who left her pets behind. On the other are the Montgomery County Society for the Prevention of Cruelty to Animals and two of its volunteers.

In the middle are the dogs' new owners, who adopted them from the society and now might have to return them to Sumrall.

A judge in Louisiana has ordered the society to return the dogs to Sumrall. The agency and the two volunteers have struck back with a defamation lawsuit in Maryland, in which they contend that the Louisiana attorney representing Sumrall has unfairly characterized them as elitist thieves who took advantage of Katrina victims.

The new owners are not a party in either suit, and their identities are not public.

When Katrina hit nearly a year ago, Kim Deserio of Gaithersburg, a federal government lawyer, traveled to Louisiana to help rescue abandoned pets. She found Sandy Marie and Coco Ree on the streets of Arabi in St. Bernard Parish.

Sumrall had left the dogs when fleeing the storm and resettled in Texas. Attempts to locate her to comment for this article were unsuccessful.

Parish officials gave Deserio permission to take the dogs to Maryland so they could be placed in foster care. The parish required the SPCA to post photographs of them with contact information on a Web site used by many Katrina evacuees to find their missing pets.

Under the agreement, the animals would become the property of the Montgomery SPCA if their owners hadn't come forward by Nov. 1.

Sumrall posted queries on other Web sites about her missing pets but received no response, she said in court documents. A volunteer helping her look for them later discovered that they had been taken to Maryland.

The dogs, renamed Andi and Foxy by their caretakers in Montgomery, were treated for heartworm. One had a mass on her salivary gland that required expensive surgery, according to the society.

They were among the roughly 15,000 pets rescued in the Gulf Coast after the hurricane hit.

"We had two, three, four hundred animals being rescued every day," said Wayne Pacelle, president and chief executive of the Humane Society of the United States. "If we hadn't exported them, we would have had to suspend the operation."

Between 25 and 30 percent of the rescued pets were reunited with their owners, but most were adopted, Pacelle said.

Several ownership disputes have wound up in court, and their outcomes are likely to set precedents.

"There are many cases around the country, and they are going in many different ways," said Marie Riccio Wisner, who represents the Montgomery SPCA and its volunteers in the Louisiana case. Her clients did everything by the book and worked tirelessly to save endangered pets, Wisner said. "My main concern is that we on the Gulf Coast will be confronted with another hurricane. I don't think that we can bite the hand that feeds us."

Weeks after Sandy Marie and Coco Ree were adopted, Kathryn S. Bloomfield, a Shreveport attorney, contacted the Montgomery SPCA, saying that her client, Sumrall, wanted the dogs back. Bloomfield was told that they had a new home.

"We will not be returning the dogs to Ms. Sumrall, but wish her the best in her transition to a new life," Deserio wrote in a Dec. 17 e-mail, excerpts of which were posted on Bloomfield's blog -- Maddogs World -- under the headline: "Proof of the Callous Disregard of MCSPCA and Kim Deserio."

Bloomfield argued that Montgomery SPCA officials had not made an effort to find the dogs' owner before putting them up for adoption.

"It is again requested that you contact me immediately to arrange for the transport of Ms. Sumrall's pets home to her," Bloomfield wrote in a Dec. 28 e-mail to Deserio, according to court records. "Your continued refusal to do so makes no sense to us or to any of the agencies duly involved with the pet rescue efforts."

Days later, Bloomfield took a softer stance.

"Please contact me to make arrangements for the amicable return of Ms. Sumrall's pets to her," she wrote in a Jan. 7 e-mail to Dawn Wilcox, another society volunteer. "She misses them terribly and has just suffered terribly. Being denied her two beloved pets, Sandy Marie and Coco Ree, the latter of which was a wedding gift in honor of her wedding last year, simply is not the right thing to do."

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Deserio and Wilcox allege in the defamation lawsuit that Bloomfield began lambasting Deserio and other Montgomery SPCA officials in online postings.

Bloomfield did not return phone messages left at her home and office. Her attorney, Edward S. Wisneski, said the allegations are baseless but would not respond to them in detail. He would not say whether Bloomfield disputes writing some of the postings attributed to her in the suit.

According to the defamation suit, Bloomfield posted a profanity-laced poem aimed at Deserio on at least two Web sites. The poem and other items allegedly posted by Bloomfield on Web sites were attached to the defamation complaint.

The poem warned that "no rich [expletive] who don't do Nuthin right is gonna take my dogs without a fight."

The blog also featured a letter from Sumrall.

"I don't know if you realize how bad you're hurting me by not giving me my dogs back," Sumrall wrote in the undated posting. "You make the holidays hard for me cause I always by my dogs something for christmas. This year, I couldn't cause of people like you who have my babies."

Deserio and Wilcox began receiving "threatening and disturbing communications" from people who were following the case in the blogosphere, they allege in the defamation lawsuit. Their attorney in that case would not comment, nor would Wilcox. Deserio did not respond to a phone message.

Bloomfield obtained a temporary restraining order Jan. 31 in which a Louisiana judge ordered officials from the Montgomery SPCA to return the dogs to Sumrall and threatened to fine it $1,000 for each day it disobeyed the order.

The defendants weren't properly notified and didn't get a chance to defend their position, Wisner said. They believe that the petition for the restraining order misstates the facts.

Wisner said the easiest way to resolve the case would probably be to have the original and new owners of the dogs talk to each other.

"We've got to get the lawyers out of it," she said.

Evacuees: Where Are They Now? (NW)

By Sarah Childress

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - A year after the hurricane, many Katrina evacuees are still adrift—unemployed, homeless and suffering from mental-health problems caused or exacerbated by the storm, according to a study to be released this week. Commissioned by the nonprofit group Appleseed, the report is based on 350 interviews with relief workers and other advocates in the five cities that took in the most evacuees—Houston and San Antonio, Texas; Atlanta; Birmingham, Ala., and Baton Rouge, La.—as well as New Orleans.

Story continues below ? advertisement

The picture is hardly complete. The initial lack of cooperation on the local, state and federal levels made it impossible to track them all, and by now evacuees have scattered across the nation and the world. But the study offers a glimpse into the lives of those for whom, after a year of chaos, much of the support and sympathy has tapered off, leaving them to struggle alone.

Houston, which took in the most evacuees after the storm—250,000—harbors the largest remaining group, about 150,000. Most families earn about $26,360 a year. Blamed for overcrowding and a rise in crime, evacuees feel so stigmatized that they often hide their identity when applying for jobs or social services.

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Nearly half the 15,000 evacuees still in San Antonio have a family member suffering from a chronic medical condition. Most are unskilled or unemployed, and in need of housing. One evacuee talked of nightmares: "I have dreams that I didn't make it."

Because so many evacuees had family and friends in Atlanta, the city harbored more middle- and upper-class people who were able to flee on their own; more than 80 percent remain in the area.

The smallest number of evacuees made their way to Birmingham, which was lauded for its quick response to the storm. Only about 1,500 are there now, but many must compete for jobs and social services with the 21 percent of residents already living below the poverty line.

As a first stop for responders, Baton Rouge has boomed. But many of the 25,000 to 50,000 evacuees in the city today are uninsured, and hundreds are still living in FEMA trailer villages—unsure how to start anew, with no place else to go.

WAR NEWS:

Car Bombs, Rockets Kill 47 In Baghdad Shiite Neighborhood (USAT/AP)

USA Today/AP, August 14, 2006

BAGHDAD (AP) — Car bombs and a rocket barrage struck a predominantly Shiite neighborhood in Baghdad Sunday, killing at least 47 people and wounding 148. The rockets apparently were fired from a mostly Sunni district targeted by U.S. troops in a crackdown against the sectarian violence roiling the capital.

The attack on the Zafraniyah neighborhood in southern Baghdad began about 7:15 p.m. with two car bombs and a barrage of an estimated nine rockets, Defense Ministry spokesman Col. Saddoun Abu al-Ula said.

He said the barrage heavily damaged three buildings, including a multistory apartment house that collapsed. Al-Ula said the rockets appeared to have been fired from the neighborhood of Dora, which has been the focus of thousands of U.S. troops sent to try to restore peace in Baghdad.

Police Lt. Thaer Mahmoud said 47 people were killed and 148 were wounded.

The complex style of the assault was similar to a July 27 attack of mortars, rockets and car bombs on another mostly Shiite district, Karradah, which killed 31 people. Police said the rockets and mortars that struck Karradah also were fired from Dora.

A Sunni extremist group, the al-Sahaba Soldiers, claimed responsibility for the Karradah attack to punish Shiites for supporting the "crusaders," or Americans, and the "treacherous" Iraqi government.

Muhanna Yassin, who lives in Zafraniyah, said the attack left the neighborhood "a total mess" with "bodies of the dead and injured scattered around in the streets — old, young, women and children."

"The ground shook underneath us and there was chaos everywhere," he said in a telephone interview. "Everyone was dazed and confused, looking for their families. Some children and grown-ups were crying. I can't even begin describing their state."

He said many of the victims were cut by flying glass and debris, leaving parts of the streets soaked in blood. Iraqi state television reported that some victims may be trapped in the rubble of the apartment building.

The multiple attacks were part of the grisly pattern of Sunni-Shiite violence that American officials consider the greatest threat to Iraq's stability more than three years after the U.S.-led invasion toppled Saddam Hussein's regime.

U.S. commanders are sending nearly 12,000 U.S. and Iraqi soldiers into the capital to curb the surge of sectarian violence, which was described by the U.S. ambassador to Iraq, Zalmay Khalilzad, on Sunday as "the principal problem here."

"I believe that the sectarian violence is serious. I believe the Iraqis have overcome challenges before ... and they can overcome this as well," Khalilzad said on CNN.

Earlier Sunday, the U.S. command announced that soldiers of the 2nd Brigade, 101st Airborne Division had arrested a key terrorist cell leader who was "directly linked" to the July 17 attack on an outdoor market in Mahmoudiya, about 20 miles south of Baghdad.

The statement said the arrest was made Thursday but did not give the suspect's name. Gunmen believed to be Sunnis opened fire on shoppers and vendors in the Mahmoudiya market during last month's attack, killing at least 51 people and wounding more than 70. Most of the victims were Shiites.

On Friday, U.S. soldiers arrested 60 Sunni men including members of an al-Qaeda-affiliated cell that "specializes in bomb making" and carried out car bomb attacks in the capital, the U.S. command said.

Sectarian tensions have been rising following the Feb. 22 bombing at a Shiite shrine in Samarra, which triggered a wave of reprisal attacks against Sunni mosques and clerics. Tens of thousands of Iraqis have fled their homes since then, seeking refuge in areas where their Muslim sect is in the majority.

Much of the violence has been blamed on sectarian militias and armed groups that target members of the rival religious community. Prime Minister Nouri al-Maliki, a Shiite, has promised to disband the militias, some of which are linked to figures in his own government.

On Sunday, Health Minister Ali al-Shemari, a member of a Shiite group that operates a militia, said American soldiers arrested seven of his bodyguards in a pre-dawn raid on his office.

"There was no legal warrant, there was no prior warning to the ministry, there was no reason to arrest them. It is a provocation," said al-Shemari, a member of the movement led by radical Shiite cleric, Muqtada al-Sadr, head of the biggest Shiite militia, the Mahdi Army.

However, a U.S. military statement said coalition forces received a tip from a resident that "15 criminals wearing Iraqi army uniforms" had kidnapped six people and taken them to the Ministry of Health building.

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Iraqi and U.S. soldiers searched the building and did not find any kidnap victims. But five detainees were taken in for questioning "based on their positive identification by the tipster," the statement said, without elaborating.

It was not clear if the raid was linked to the June disappearance of a Sunni provincial health official, Dr. Ali al-Mahdawi, who vanished after a meeting with the minister. Sunnis claimed al-Mahdawi was kidnapped by Shiite militiamen.

Al-Shemari denied any knowledge of al-Mahdawi's disappearance and said he had interviewed him for a senior post in the ministry.

Politicians from several factions, meanwhile, said Shiite and Kurdish parties are organizing a bid to oust the Sunni speaker of parliament.

Since taking office May 20, Mahmoud al-Mashhadani has made a number of statements that offended key constituencies, including speaking out against regional self-rule, strongly supported by Shiites and Kurds but opposed by many Sunni Arabs.

Al-Mashhadani's ouster, which could be done by a new vote in parliament, would be the first major shake-up in the government of national unity. Al-Mashhadani would likely be replaced by another Sunni Arab if the move against him succeeds.

5 Bombs Kill At Least 57 In Baghdad (NYT)

By Paul Von Zielbauer

The New York Times, August 14, 2006

BAGHDAD, Iraq, Aug. 13 — As American forces conducted a new security sweep in western Baghdad on Sunday, five apparently coordinated bombings in a predominantly Shiite neighborhood on the city's south side killed at least 57 people and wounded 148, an Iraqi government official said.

The death toll could rise, the official said, as emergency workers searched for victims in the rubble of an apartment building that collapsed as a result of the bombings.

The attacks, which killed civilians in a largely residential neighborhood, were the deadliest in the capital since the American military dispatched new forces here more than a week ago to quell a surge in killings and kidnappings by sectarian militias and criminal gangs.

Also Sunday, American and Iraqi soldiers searching for people who had been kidnapped raided Iraq's Health Ministry early in the morning and arrested five bodyguards, military and government officials said.

Southwest of the capital, security forces arrested 16 men who were suspected of planning to kidnap or kill members of Prime Minister Nuri Kamal al-Maliki's family, according to a statement from the prime minister's office.

The five bombings in the Zafaraniya district of southern Baghdad occurred in two waves about an hour apart on Sunday evening, an Interior Ministry official said.

At 7:30 p.m., the first of three successive blasts rocked an apartment building, said the official, who spoke on condition of anonymity. Shortly thereafter, in a market about 60 yards away, a car bomb detonated, killing people involved in rescuing victims of the first blast, the official said. The third explosion, minutes later, occurred on a road near the building as a police patrol sped toward the scene, the official said.

Then, at 8:30 p.m., about 300 yards from the scene of the first three explosions, a bomb rigged to a motorcycle blew up after neighbors confronted its driver, who was trying to park on the street, the Interior Ministry official said. Two minutes later, the official added, a fifth bomb exploded near the wreckage left by the motorcycle bomb, killing bystanders.

The new American-led security operation here is intended "to reduce the level of murders, kidnappings, assassinations, terrorism and sectarian violence in northwest Baghdad and to reinforce the Iraqi government's control in Iraq's capital city," according to a statement released by the United States military on Sunday evening.

The raid on the Health Ministry, which began around 2:30 a.m. following a tip from a local resident, did not turn up any kidnapping victims. It did draw a vehement reaction from the health minister, Dr. Ali al-Shimari, a Shiite who is closely aligned with Moktada al-Sadr, the anti-American cleric, and the powerful Shiite militia he commands, the Mahdi Army.

"They broke into all the floors, especially the ninth floor, stole some money, which was the salaries of the security workers, and they kidnapped five of our staff," Dr. Shimari, visibly annoyed, told reporters at his office Sunday afternoon. "This is a provocation. No day passes by without raids by the Americans against our health institutions."

A statement from the American military on Sunday evening said coalition forces received a tip at 12:44 a.m. Sunday that 15 men wearing Iraqi Army uniforms had kidnapped six people from a large medical complex in central Baghdad and taken them to the Health Ministry.

American military officials did not respond to questions about whether soldiers took any money from Dr. Shimari's office, but they said the raid was part of the new American effort to stabilize Baghdad's precarious security situation.

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"The Iraqi government has sworn to take every citizen's tip seriously and act upon them," said the military spokesman, Lt. Col. Barry Johnson, in an e-mail message. "The coalition has likewise sworn to assist them in these efforts to build a secure environment. It is for the benefit of the Iraqi people that these forces conducted the search and detained the suspects."

Dr. Shimari has gained the reputation as something of a Shiite firebrand. In June, he faced awkward questions after a Sunni Arab health official from a neighboring province disappeared after a meeting in Dr. Shimari's office. Some Sunni political leaders charged that the official, Dr. Ali al-Mahdawi, who is a member of the Iraqi Islamic Party, was kidnapped by members of a Shiite militia.

Dr. Shimari has denied any knowledge of the disappearance of Dr. Mahdawi, whose fate remains unknown.

The men suspected of plotting to kill or kidnap Prime Minister Maliki's family members were arrested in Hindiya, about 60 miles southwest of Baghdad, the statement from Mr. Maliki's office said. The men, whom the statement described as "criminals," confessed to killings, abductions and an attack on a police station in Mahmudiya that killed six officers, the statement said. One suspect in the group also confessed to detonating 12 car bombs in Baghdad, it said.

The government did not identify the 16 men or clarify which killings and kidnappings the men had confessed to.

In the northern city of Mosul, Duraid Kashmoula, the governor of Nineveh Province, barely escaped assassination after gunmen fired at his convoy with machine guns, an official in the governor's office said. A member of the governor's security detail was wounded in the attack.

Also Sunday, American military officials said that soldiers from the 502nd Infantry, 101st Airborne Division, had arrested a man on Thursday who was involved in a marketplace bombing in Mahmudiya, south of Baghdad, on July 17 that killed 40 people and wounded 70 others.

Blasts Kill Dozens In Shiite Area Of Baghdad (WP)

By Sudarsan Raghavan

The Washington Post, August 14, 2006

BAGHDAD, Aug. 13 -- Multiple explosions rocked a predominantly Shiite Muslim neighborhood of Baghdad on Sunday night, killing at least 47 people and wounding about 150 in one of the deadliest attacks to target the capital in recent weeks, authorities said.

The blasts tore through the Zafraniya neighborhood of southern Baghdad at a time when U.S. and Iraqi forces are attempting to crack down on the rising sectarian violence that officials see as the gravest threat to the country's stability. U.S. soldiers conducted a new round of security sweeps through two other volatile Baghdad neighborhoods Sunday, erecting concrete barriers and razor wire and patrolling the streets in Humvees.

The attacks began when a volley of rockets bombarded a residential apartment building during a nighttime curfew, witnesses and police said. Then, a roadside bomb exploded, followed minutes later by another bomb strapped to a motorcycle.

Ali Ibrahim, a shopkeeper in a market near the apartment complex, said he saw as many as 10 rockets strike several buildings, spraying debris and glass and setting several nearby shops on fire. As of late Sunday, no group or individuals had asserted responsibility for the attack.

"I closed my shop and ran away," Ibrahim said in a telephone interview.

Iraqi television reported that as bystanders ran toward the scene to rescue victims from the rubble of the partly collapsed apartment complex, the second and third bombs exploded, killing dozens more.

The assault appeared to mirror an attack last month involving mortars, car bombs and rockets that targeted Karrada, an upscale, mostly Shiite neighborhood in Baghdad, killing at least 25 people, collapsing buildings and trapping people in rubble.

Since the bombing of a Shiite shrine in Samarra in February, Sunni Arabs and Shiites have been tangled up in a cycle of tit-for-tat reprisal killings that have claimed on average more than 100 lives a day. On Thursday, a suicide bomber blew himself up in front of one of Shiite Islam's holiest shrines in the city of Najaf, killing more than 30 people. A Sunni insurgent group asserted responsibility for that attack.

Early Sunday, U.S. and Iraqi soldiers surrounded the Ministry of Health building in search of kidnapped Iraqis. The 2:30 a.m. raid followed a tip indicating that 15 men in Iraqi army uniforms had seized six Iraqis from a medical complex in Baghdad, the U.S. military said in a statement. No victims were found, but five ministry bodyguards were detained for questioning.

Iraq's Shiite health minister, Ali al-Shimari, has close ties to the radical anti-American cleric Moqtada al-Sadr and his influential militia, the Mahdi Army, and the raid comes at a time of growing tensions between U.S. forces and Sadr's men.

Meanwhile, police arrested several men suspected of plotting to kill or kidnap relatives of Prime Minister Nouri al-Maliki, according to Muthana Ahmed, a police official in Babil province. The suspects were apprehended in the town of Hindiyah, 50 miles southwest of Baghdad, according to a statement from Maliki's office .

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In the town of Mahmudiyah, about 15 miles south of Baghdad, U.S. troops of the 2nd Brigade, 101st Airborne Division, detained a key suspect accused of helping orchestrate an attack last month on an outdoor market that killed 51 people, most of them Shiites, the U.S. military said Sunday.

Special correspondents Saad al-Izzi and Salih Saif Aldin contributed to this report.

56 Iraqis Die In Attacks On Marketplace (LAT)

By Solomon Moore

The Los Angeles Times, August 14, 2006

BAGHDAD — Coordinated attacks Sunday in a predominantly Shiite neighborhood in south Baghdad killed at least 56 people and wounded 148, local officials said.

The attacks on a market in Zafaraniya included a barrage of mortar rockets, a car bomb and a suicide bomber on a bicycle, police reported.

Elsewhere, insurgents appeared to strike a blow to efforts to bolster security in the restive western city of Fallouja, where hundreds of newly recruited police officers failed to show up for work Sunday after insurgents circulated pamphlets threatening officers, said police officials.

"We will kill all the policemen infidels," read the pamphlets, "whether or not they quit or are still in their jobs."

Fallouja Police Lt. Mohammed Alwan said that the force, which he estimated had increased to more than 2,000, had now shrunk to 100. He said insurgents had killed dozens of policemen in their homes and also attacked relatives in a weeks-long intimidation campaign.

A Fallouja police major who spoke on condition of anonymity for fear of reprisals said that at least 1,400 policemen had left their jobs since Friday, 400 of them above the rank of officer.

"During the last three months more than 100 policemen were killed here," including a number of senior officers, the major said.

Marine Lt. Lawton King, who is stationed in Fallouja, called those figures "inaccurate." He said 32 police officers had been assassinated since January and that "substantially fewer than the exaggerated 1,400" officers had failed to report for work.

The Marines stationed in the western province of Al Anbar, the heartland of the Sunni Arab insurgency, have struggled to recruit police officers in Fallouja, which was the scene of major clashes in 2004 and has since remained under a strict Marine cordon and curfew. Some units were recently moved to nearby Ramadi during the same period that Fallouja officials say insurgents launched their campaign.

A prominent Shiite militia leader, citing U.S. and Iraqi forces' inability to provide security, called Sunday for the creation of "popular committees" to guard neighborhoods.

During a televised debate on an Arabic satellite channel, Hadi Amri, a leader of the Badr Brigade, a powerful Shiite militia that has been accused of running death squads within Iraq's national police forces, said paramilitary groups would persist until Iraq's security forces were able to protect the nation's citizens from terrorism.

"I talked to the Americans two years ago and told them if the security is not resolved there will be hundreds of militias, and now it has happened," said Amri, who is also a lawmaker. "Now all the guards of officials are militias, all the guards of parties and movements are militias, all the guards of companies are militias, all the guards of ministers … are militias."

U.S. soldiers raided the Iraqi health minister's offices Sunday and arrested seven of his bodyguards, according to ministry officials. U.S. spokesman Lt. Col. Barry Johnson said the raid was conducted in response to a tip that six Iraqis had been kidnapped and taken to the Health Ministry building. Johnson said the soldiers found no abductees.

Sunni Arab leaders have recently alleged that Shiite militiamen have kidnapped Sunnis visiting relatives at the hospital or recovering fallen loved ones at the Baghdad morgue.

The Health Ministry is widely viewed as being under the control of the followers of radical Shiite cleric Muqtada Sadr, who heads an influential political movement and Al Mahdi militia.

Sadr followers condemned the raid as another act of provocation by the U.S. military, which drew harsh criticism for raids last week in Sadr City, an Al Mahdi stronghold in Baghdad.

Nasir Saidi, a Sadr associate, called the Health Ministry raid a "barbarian and unsound act."

"We have had enough of such aggression against us," Saidi said. "Everybody knows that the Sadr movement is participating in the political process — but it will never deal with the occupiers. We hope they will not force us to go in a different direction."

U.S. and Iraqi forces have increased operations in the capital in an effort to reduce sectarian violence, which many officials believe has eclipsed the insurgency as the main problem in Baghdad, which reported more than 1,800 violent deaths in July.

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Meanwhile, Prime Minister Nouri Maliki's office announced that police had disrupted a six-member insurgent cell near Babylon allegedly plotting to kidnap and kill members of his family.

In southwest Baghdad, gunmen killed three men in separate incidents.

General Hears Marines' Concerns In Iraq (WP/AP)

By Robert Burns, The Associated Press

The Washington Post/AP, August 14, 2006

FALLUJAH, Iraq -- The top U.S. general dropped into this volatile city Sunday to hear what was on the minds of Marines doing battle daily with a resilient and deadly insurgency.

Some of what he heard sounded like a sign of creeping doubt _ not about the Marines' mission but about the wider purpose it is supposed to be serving as the U.S. war death count tops 2,600.

On his first visit to Fallujah as chairman of the Joint Chiefs of Staff, Marine Gen. Peter Pace stood before 1,300 troops _ mostly Marines _ and assured them that the American public supports them. And he predicted that Americans would continue to support the war.

"I think sometimes when you are out here at the tip of the spear, you wonder what's going on back in the United States and do you all still have the support of your fellow citizens," Pace said. "The answer is, yes, you do."

Public support for the troops doesn't extend to the Iraq war itself, however. More than half, 58 percent, said in a Newsweek poll out this weekend that the United States is losing ground in Iraq and opposition to the war has been growing.

During his meeting with the troops, the general also took questions.

How much more time, one Marine asked, should the Iraqi government be given to achieve the political unity necessary to stabilize the country?

"I guess they have as long as it takes," Pace replied, quickly adding, "Which is not forever."

Pace argued that setting a deadline by which the United States would withdraw its support would risk pushing the Iraqis into political decisions that are unviable. On the other hand, he said, "You do not want to leave it open ended."

Another Marine wanted to know if U.S. troops would stay in Iraq in the event of an all-out civil war. Pace repeated what he told a Senate committee last week: a civil war is possible, but not expected. He did not say what the United States would do if it actually happened.

Another asked what the United States would do if the Iraqi government did not support extending the U.N. resolution that authorizes the presence of American and other foreign troops in Iraq. Pace said the Iraqis already have said they favor extending the U.S. mandate, which expires in December.

One Marine wound up his question about the pace of U.S. troop deployments to Iraq by asking, "Is the war coming to an end?"

Pace didn't answer directly. He said Pentagon officials and military leaders are trying to keep enough troops in Iraq to achieve the mission of training Iraqi troops to take over the security mission, while avoiding having so many that it creates an Iraqi dependency.

There are now about 133,000 U.S. troops in Iraq.

At each stop on Pace's two-day visit to Iraq, which included Baghdad and Mosul as well as Fallujah, he thanked troops for their service and assured them that the American public still supports them.

Pace did not explicitly mention the political debate in Washington over when to withdraw from Iraq, but the senior commander of U.S. forces in western Iraq, Maj. Gen. Richard Zilmer, said in an interview Sunday that he is concerned about the effects of that debate.

Asked about the tenor of some of the questions put to Pace by Marines who seemed to harbor doubts about the long-term viability of the U.S. military mission, Zilmer said he is confident that virtually every Marine here is satisfied that their work is noble and just.

"But they are not immune to the discussions they see in public communications," Zilmer said. "Like all of us, they want to be assured that what we're doing is the right thing for the nation. Watching the Iraqi national government develop here has not been easy."

Zilmer noted the calls by some in Congress for a U.S. troop withdrawal to begin this year.

"That plays back here," he said. "People hear that. It does create the question: Is there the national commitment behind what we're doing over here?"

Pace Promises Troops Continued Support In U.S. (WT/AP)

By Robert Burns

DOJ_NMG_0047166

The Washington Times, August 14, 2006

FALLUJAH, Iraq -- Marine Gen. Peter Pace appeared before 1,300 troops in this hotbed of the Iraqi insurgency yesterday to assure them that the American public supports them and that the support would continue.

Hours afterward, three back-to-back explosions killed 20 persons and wounded more than 70 in a mostly Shi'ite neighborhood in southern Baghdad.

On his first visit to Fallujah as chairman of the Joint Chiefs of Staff, Gen. Pace predicted to an audience of mostly Marines that Americans would continue to support the war.

"I think sometimes when you are out here at the tip of the spear, you wonder what's going on back in the United States and do you all still have the support of your fellow citizens?" Gen. Pace said. "The answer is, yes, you do."

Public support for the troops doesn't extend to the Iraq war itself, however. More than half, 58 percent, said in a Newsweek poll released this weekend that the United States is losing ground in Iraq and opposition to the war has been growing.

During his meeting with the troops, the general also took questions.

How much more time, one Marine asked, should the Iraqi government be given to achieve the political unity necessary to stabilize the country?

"I guess they have as long as it takes," Gen. Pace replied, quickly adding, "which is not forever."

Gen. Pace argued that setting a deadline by which the United States would withdraw its support would risk pushing the Iraqis into political decisions that are unviable. On the other hand, he said, "You do not want to leave it open-ended."

One Marine wound up a question about troop deployments to Iraq by asking, "Is the war coming to an end?"

Gen. Pace didn't answer directly. He said military leaders are trying to keep enough troops in Iraq to achieve the mission of training Iraqi troops to take over the security mission, while avoiding having so many that it creates an Iraqi dependency. About 133,000 U.S. troops are in Iraq.

Gen. Pace did not explicitly mention the political debate in Washington about a withdrawal timeline, but the senior commander of U.S. forces in western Iraq, Maj. Gen. Richard Zilmer, said in an interview that he is concerned about the effects of that debate.

"That plays back here," he said of calls by some in Congress for a U.S. troop withdrawal to begin this year. "People hear that. It does create the question: Is there the national commitment behind what we're doing over here?"

The first of three explosions in Baghdad yesterday occurred about 7:15 p.m. when a rocket struck an apartment building in the Zafraniyah neighborhood, police Lt. Thaer Mahmoud said.

About 10 minutes later, a car bomb exploded as police and bystanders rushed to the scene, he said. A bomb strapped to a motorcycle went off in the same area minutes later, he said.

First reports said eight persons were killed in the rocket attack and 12 in the two other blasts, he said, adding that more than 70 were wounded.

Military At Odds On Intel Methods (WT)

By Rowan Scarborough

The Washington Times, August 14, 2006

U.S. Central Command has been resisting suggestions from the Pentagon on how to revamp intelligence collection in Iraq, according to people familiar with the dispute.

The defense sources said Stephen Cambone, undersecretary of defense for intelligence, and Lt. Gen. William G. "Jerry" Boykin, a key deputy, have been pressing the command to change the way that intelligence is gleaned from insurgent strongholds and to increase the type of information that is collected.

But according to these sources, the command, whose intelligence chief is Brig. Gen. John M. Custer III, prefers the current Joint Intelligence Operations Centers (JIOC).

"If it is not invented at Central Command, it is not welcomed," said a source familiar with the internal debate, who referred to the disagreement as a "turf battle."

A second source said, "We want to know everything the insurgency is doing at any given time. ... Central Command resists everything unless they came up with it."

Mr. Cambone's department wants the Baghdad command to put more intelligence resources into neighborhoods where the insurgents operate in hopes of finding the perpetrators before the next suicide bombing or the placement of improvised explosive devices.

The dispute comes as the importance of taking down the insurgent cells -- or at least reducing the number of attacks -- is reaching a critical point. Gen. John Abizaid, Central Command chief, told the Senate Armed Services Committee two weeks ago

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that he has never seen sectarian violence at such a high level in Baghdad. Privately, military officials worry that they are running out of time in Iraq, with diminishing support from Washington politicians and the American public.

Defense Secretary Donald H. Rumsfeld has placed great emphasis on improving the military's intelligence capabilities. He created Mr. Cambone's post in 2003 as a way to initiate reform throughout the Defense Department's intelligence community. The network includes the Defense Intelligence Agency and units inside the military branches.

A Pentagon spokesman, who asked not to be named, said, "I can't speak to what Boykin and Custer have said to each other."

The spokesman pointed out that the services have accepted reforms, including creation of the joint operation centers operating in Iraq.

"One of the purposes was to try to get that broader type of information," the official said. "You pull what you need and get it to the operators."

The spokesman also referred to remarks that Gen. Boykin made in April about building intelligence in Iraq.

"We started August of [2005] building a mechanism, a system. And by the way, the reason we started in Iraq was because General Abizaid said at a combatant commanders conference, 'If we're going to build a JIOC, let's start where the real fight is, let's build the first one in Iraq,' " Gen. Boykin said. "So we said OK, we did. ... So what we did is we built an architecture there that allows an analyst to sit at a single workstation and bring in different classifications and different types of intelligence."

A spokesman at Central Command last week did not return e-mail or phone messages.

Terrorism analysts Richard H. Shultz Jr. and Roy Godson wrote in the Weekly Standard last week that returning special operations commanders still complain that intelligence collection in Iraq is spotty. They quoted one commander as saying the joint intelligence center would give them the location of a neighborhood where insurgents hid. He said that his men could spend all day trying to find them and that what he needed was the exact address.

"The military men we talked to ... all said the same thing: When we're spending $40 billion a year on intelligence and committing 150,000 men to the Iraqi front, why can't we create the actionable intelligence required to roll up the insurgents?" the two wrote.

Mr. Shultz is considered an authority on military intelligence. He has published a new book on counterterrorism "Insurgents, Terrorists and Militias: The Warriors of Contemporary Combat."

Central Command, which oversees military operations in the Persian Gulf region, has some intelligence achievements to crow about. It found and killed al Qaeda in Iraq leader Abu Musab Zarqawi in June and rounded up scores of his lieutenants both before and after the air strike. Defense officials contend that al Qaeda in Iraq has been seriously damaged.

Iraq: War Within A War: Who Runs The Mahdi Army? (NW)

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - To stop Iraq's slide into civil war, U.S. and Iraqi forces launched a new security plan in Baghdad last week. One major problem: how to deal with the country's most powerful militia, the Mahdi Army, which has been linked to death squads responsible for a string of assassinations and kidnappings. Worse, the Mahdi Army's leader, Moqtada al-Sadr, seems to be losing his grip on the thousands of armed men who once followed his every word. "There are forces that are controlled by Moqtada, but there are commanders that are not controlled by him; there are death squads that are not controlled by him," U.S. Ambassador to Iraq Zalmay Khalilzad told NEWSWEEK. One U.S. military intel official, requesting anonymity because of the sensitivity of the info, says of the rogue elements: "The biggest threat now in Baghdad is the Mahdi Army."

Story continues below ? advertisement

Under the leadership of Sadr, the Mahdi Army was considered a containable force, susceptible to political bargaining. After the militia's uprising against U.S. forces two years ago, Sadr and his followers eventually joined the political process; his party, the Sadr Trend, now has 30 seats in the National Assembly. But as Sadr has leaned toward moderation, men fighting under his militia's banner have become more aggressive. In interviews with NEWSWEEK, Mahdi Army members, Iraqi politicians and Western officials describe an organization in which local commanders are increasingly independent of Sadr, splintering into cells of fighters committed to civil war. There are at least four offshoot Mahdi leaders in Sadr City alone; some groups are taking orders from Iran. There's similar fragmentation in the largely Shiite cities of Najaf and Basra. According to a U.S. military-intel official in Najaf, Coalition forces have been attacked by individuals who get their inspiration from the Mahdi Army but are not official members—men with "an AK-47, an RPG and a Sadr poster," says the official, requesting anonymity because of the issue's sensitivity. The situation is so volatile that, according to the U.S. officials, Sadr now fears for his own safety and position.

The United States is targeting militia-run death squads in the new Baghdad security operation, which will last for the next three months. Close to 5,000 additional U.S. troops are being moved to the city. But even as the Americans shift strategy, they face resistance from influential leaders in the Shiite-dominated Iraqi government. A suicide bombing in Najaf last week left more

than 150 dead or injured and brought renewed calls among some Shiite leaders for the Mahdi Army and other militias to take over more security operations. But it's difficult for the United States to turn over control to an increasingly uncontrollable force.

Iraq Minister Says 7 Bodyguards Arrested (WP/AP)

By Qais Al-bashir, The Associated Press

The Washington Post/AP, August 14, 2006

BAGHDAD, Iraq -- Iraq's health minister, who is aligned to a powerful Shiite militia, claimed Sunday that U.S. forces arrested seven of his personal guards in a surprise pre-dawn raid on his office. The reason for the alleged arrests was unclear.

Health minister Ali al-Shemari said the soldiers arrived at 3 a.m. Sunday, broke open doors inside the building leading to his office and hauled away the seven men, who were posted there as night guards.

There was no U.S. statement on the claim. However, a U.S. official, speaking on condition of anonymity because of the sensitivity of the case, said Iraqi forces with U.S. advisers searched the ministry after a tip from an Iraqi citizen and took five people into custody for questioning.

"There was no legal warrant, there was no prior warning to the ministry, there was no reason to arrest them. It is a provocation," said al-Shemari, a Shiite aligned to the anti-U.S. radical cleric, Muqtada al-Sadr, who heads Iraq's biggest Shiite militia, the Mahdi Army.

"We demand that the government and the prime minister put an end to the American military operations," he told The Associated Press.

He said it appeared the seven men were arrested on false accusations made by unknown people. He did not elaborate.

The health minister was involved in a controversy when a senior health official from Diyala province, a Sunni, disappeared along with his secretary and two guards soon after a meeting with the minister in his office on June 12.

Sunnis claimed Dr. Ali al-Mahdawi, a member of the Sunni-based Iraqi Islamic Party, was kidnapped by Shiite militiamen, possibly the Mahdi Army. The minister, however, denied the allegations, saying he had interviewed al-Mahdawi for a more senior job, and that the official had left the building after the meeting.

The Mahdi Army, which is modeled along Lebanon's Hezbollah guerrillas, has emerged as a key force in the majority Shiite community. It launched two uprisings against the U.S. military in 2004 but adopted a low-profile on the advice of the Shiite clergy.

However, Sunni Arabs believe the militia is responsible for kidnapping and killing thousands of Sunnis since the Feb. 22 bombing of a Shiite shrine. Members of the militia also clashed with U.S. troops last month when they raided an al-Sadr stronghold in Baghdad.

Shiite To Preside Over 2nd Saddam Trial (WP/AP)

By Qassim Abdul-zahra, The Associated Press

The Washington Post/AP, August 14, 2006

BAGHDAD, Iraq -- A 54-year-old Shiite jurist will preside as chief judge in the trial of Saddam Hussein and six others for their role in the 1980s campaign that killed an estimated 100,000 Kurds, a court official said Sunday.

Judge Abdullah al-Amiri will head the five-member panel that will convene Aug. 21, the official said on condition of anonymity because he is not authorized to speak to the media. Munqith Takleef al-Firuan will serve as the chief prosecutor, he said.

A Kurdish judge, Raouf Abdel-Rahman, headed the panel for Saddam's trial in the killing of Shiites in Dujail. That trial adjourned last month until Oct. 16, when the verdicts are expected for Saddam and seven other defendants.

The upcoming case involves Saddam's alleged role in Operation Anfal, Arabic for "spoils of war." The regime launched the 1987-1988 operation to crush independence-minded Kurdish militias and clear the Kurdish population along the sensitive Iranian border area. Saddam had accused Kurdish militias of ties to Iran.

Saddam and the six others face genocide charges over the campaign, which left thousands of Kurdish villages razed and their inhabitants either killed or displaced.

They could face the death penalty if convicted.

Iraqi Has Worst Fuel Shortage Since '03 (WP/AP)

By Rawya Rageh, The Associated Press

The Washington Post/AP, August 14, 2006

BAGHDAD, Iraq -- Under a scorching sun, Baghdad taxi driver Sameer Abdul Razzaq wraps a wet towel around his head and waits for gasoline in a line stretching a mile. "I've been here since 6 a.m.," he said Sunday. "If I'm lucky, I'll get to the end of the line by sunset. I actually think I might end up spending the night here."

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This is the capital of what should be one of the world's great oil producers, but corruption and insurgent attacks have Iraqis mired in their worst fuel shortage since Saddam Hussein was ousted, with black market gasoline costing as much as $4 a gallon.

The official price is $1 a gallon, but the fuel is often unavailable, forcing most Iraqi drivers to shell out the higher price to streetside vendors or wait in long lines at gas stations.

The shortage affects other petroleum products too. A cylinder of cooking gas costs about $18 on the black market _ double the price a few months ago.

All that causes ripple effects that compound problems facing an Iraqi public weary of bloodshed, sectarian strife, the presence of U.S.-led forces and the government's inability to restore peace.

Taxi drivers have quadrupled their fares. Higher delivery costs for food and other essentials are passed on to consumers _ many already living on the margin.

"We're going to switch to a small kerosene stove instead," housewife Amaal Ahmed Jabbar said after paying premium prices for cooking fuel.

The irony is especially bitter in a country that sits atop the world's third-largest proven petroleum reserves. Iraq's estimated 115 billion barrels are exceeded in the Organization of Petroleum Exporting Countries only by Saudi Arabia and Iran.

Iraq has been plagued by periodic fuel shortages since the 2003 U.S.-led invasion. But the current crisis comes amid higher demand for fuel to power generators and air-condition homes and offices, with summer temperatures topping 115 degrees.

The shortage is so bad that even a gas station inside the Green Zone, home of major Iraqi government offices and the U.S. Embassy, ran out of fuel Sunday afternoon.

The government blames the problem on insurgent attacks on pipelines and other infrastructure, which snarl the distribution system.

"I realize that people are really suffering from the lack of energy and electricity," President Jalal Talabani said Sunday. "But this is not the fault of the government ... terrorists have blown up many power stations as well as the pipeline" that delivers crude oil from the northern fields around Kirkuk to the main refinery in Beiji, 155 miles north of Baghdad.

The Beiji facility had a prewar capacity to refine 2 million to 2.25 million gallons of gasoline a day. It is now producing less than 260,000 gallons of gasoline a day, Oil Ministry spokesman Assem Jihad said, citing electricity shortages and threats to refinery operators as the main sources of the problem.

Last week, the main oil storage facility in Latifiyah, about 20 miles south of Baghdad, had to shut down after workers received death threats.

More than 250 Oil Ministry officials, workers and security guards have been killed since the collapse of the previous regime, according to the ministry.

The U.S. Energy Information Administration estimated that 315 major attacks have struck pipelines, electricity plants and other energy infrastructure between April 2003 and June.

The attacks have left the country struggling to restore oil production to prewar levels of about 2.5 million to 3 million barrels a day. As of May, production stood at about 1.9 million barrels a day, U.S. officials said.

The International Relations and Security Network, a Swiss group that promotes exchanges of information among security professionals, also blamed widespread corruption within the Oil Ministry.

Last year, 450 Oil Ministry employees were fired for illegally selling oil and petroleum products. In an April report, the Oil Ministry's inspector general Ali al-Alaak estimated about $4 billion worth of petroleum products were smuggled out of Iraq last year, including gasoline and crude oil siphoned from pipelines.

All that has added to the deep sense of pessimism among Iraqis.

"The ministers are busy with one thing only, and that is touring the world as we wallow here in the Middle Ages," said lawyer Ahmed Mohammed Ali, 55. "Everyday I take a container to the gas station to get some fuel to run my generator. It takes me up to five hours and sometimes all I get is humiliation by the security personnel in charge of the station."

Last month, Iraq's Oil Minister Hussain al-Shahristani predicted that Iraq's oil production would double over the next four years to 4 million barrels a day _ a forecast that some petroleum experts thought was overly optimistic.

Hassan al-Jubouri, who runs a ceramics workshop, says he's going broke.

"My workshop is closed because I cannot run the generator," he said. "My family is without a source of living due to this shortage."

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Associated Press writer Sinan Salaheddin in Baghdad contributed to this report.

The Kidnapping (CSM)

By Jill Carroll And Peter Grier

The Christian Science Monitor, August 16, 2006

My chief captor had an idea about how to prod the US government into action: another video. A first-person account by Jill Carroll with contextual narrative by Peter Grier.He said this one would be different, and left.

I turned to the two guards sitting on cushions a few feet away and started to panic. Really, really panic.

"Oh my God, oh my God, they're going to kill me, this is going to be it. I don't know when but they're going to do it," I thought.

I crawled over to Abu Hassan, the one who seemed more grown-up and sympathetic. His 9mm pistol was by his side, as usual.

"You're my brother, you're truly my brother," I said in Arabic. "Promise me you will use this gun to kill me by your own hand. I don't want that knife, I don't want the knife, use the gun."

I started to cry hysterically. By now I'd been held captive by Iraqi insurgents for six weeks. They'd given me a new hijab, a new name (Aisha), and tried to convert me to Islam. They'd let me play with their children – and repeatedly accused me of working for the CIA.

At night I'd fall asleep and be free in my dreams. Then I'd wake up and my situation would land on me like a weight. Every morning, it was as if I was kidnapped anew.

That particular morning I'd received a visit from Abu Nour, the most senior of my captors. As usual, the distinctive scent of his spicy cologne had announced his presence. As usual, I'd snapped my eyes to the ground to avoid seeing his face.

"We need to make a new video of you," he'd said, in his high-pitched, yet gravelly voice. "The last video showed you in good condition, and that made the government move slowly."

The British government had moved quickly, he'd said, after a video had shown hostage Margaret Hassan in bad condition. They wanted to push the US in the same way.

Margaret Hassan! An Irish aid worker married to an Iraqi, she'd been seized in Baghdad in October 2004, while on her way to work. Less than a month later, she was killed.

After the leader left, I sat and stared into the glowing metal of the propane heater, my knees drawn up under my red velveteen dishdasha. I was completely terrified.

If it was going to happen, I wanted it to be quick. So I crawled over to Abu Hassan and begged.

"I don't want the knife!" I sobbed.

Neither Abu Hassan nor his fellow guard - the blubbery, adolescent Abu Qarrar - really knew what to do about my outburst.

"We're not going to kill you. Why? What is this?" said Hassan.

His voice was flat and sounded insincere.

"Abu Qarrar, you speak English. You have to tell my family that I love them and that I'm sorry," I implored.

I sat against the wall of a house whose location I didn't know, under a window to an outside I couldn't walk through, and cried and cried.

In Baghdad, Jan. 7, 2006 was a sunny Saturday. For me it promised to be an easy day.

Not that my life in Baghdad was easy. Freelance journalism is a tough business everywhere. But I didn't want to sit in a cubicle in the US and write, as I had, about the Department of Agriculture food pyramid. Here I was living my dream of being a foreign correspondent - even if that meant sometimes living in a hotel so seedy it was best to buy your own sheets.

First up were some routine interviews of Iraqi politicians trying to form a new government. Three weeks before, the country had chosen its first democratically elected permanent government. But Sunni politicians were dismayed at how few seats they'd won.

Later, I planned to leave my virus-ridden laptop (stashed in the trunk) with a techie friend of my interpreter, Alan Enwiya.

Alan was vital to my newsgathering process. We had been a team for almost two years. We were also friends - it felt as if we were almost siblings - who'd worked through Iraq's difficult and increasingly dangerous conditions.

In our time together we'd eked out a living freelancing for the Italian news agency ANSA, USA Today, US News & World Report, and now The Christian Science Monitor. We had been threatened by militia members, mobbed after Friday prayers, and seen bullets rain down from passing police vehicles. We'd walked hours through Baghdad soliciting interviews from ordinary Iraqi voters.

During long days in traffic jams, Alan would tell me funny stories about his daughter and infant son, marveling at how fast they were growing. I would tease him that I was a spy for his wife, Fairuz, and would report to her if I caught him looking in the direction of a pretty girl.

ADNAN AL-DULAIMI: Jill Carroll and her companions were leaving the offices of this Sunni leader - shown here in an April 2005 photo - when their car was attacked.

CEERWAN AZIZ/AP

The first interview on our list that morning was Adnan al-Dulaimi, a Sunni politician. While there was a handful of what Western journalists considered no-go neighborhoods in Baghdad - his office wasn't in that category yet. But we had taken our normal security precautions. I was dressed, for example, in a black hijab that hid my hair and Western clothes. We'd been to Mr. Dulaimi's office several times before without a problem. Our last trip had been two days earlier to set up this interview.

In retrospect, that was a fatal mistake; we had given someone 48 hours to prepare for our return.

Adnan Abbas, the Monitor's longtime driver - who'd shared many of our harrowing experiences - guided his maroon Toyota sedan along the familiar route to Dulaimi's office, dropping us off 20 minutes earlier than the scheduled time of 10 a.m.

Inside, Dulaimi's aides steered us away from the usual waiting room full of men drinking sweet tea in tiny glasses, and into an adjoining room where we were alone. Alan and I noticed the strangeness of this move at the same moment.

"Well, it's better," Alan said. "You're a woman and there are a lot of men in there."

The minutes passed and aides walked through the room chatting on cellphones. I understood through my rudimentary Arabic that they were telling various people that a reporter was waiting to see Dulaimi. But a little after 10 a.m. the same aide who had made the appointment for us approached us.

"Sorry, Dr. Dulaimi has a press conference right now," the aide said. "He can't talk to you. Can you come back at 12?"

I wondered why I hadn't heard about the press conference before now.

We agreed to come back later and stepped out into the bright sunny morning where Adnan was waiting for us.

As we walked to the car, Alan reminded me that we needed to call ahead to make sure our next interview was still on. He climbed into the front, and I handed him my phone from the back seat, my usual place. He began shouting into the phone, trying to make himself heard over Baghdad's overloaded, spotty cellphone network.

Adnan had begun to pull away, but suddenly a large blue truck with red and yellow trim backed out of a driveway in front of us, completely blocking the road. Several men were standing around it, motioning to help it back out.

But in an instant they turned, trained pistols on us, and briskly approached the car.

Adnan hit the brakes, and he and Alan put their hands up. It was a routine we had become familiar with in Baghdad, where private security details often brandish weapons to clear a path for their clients.

But unlike the previous times, the men didn't lower their weapons - and they kept advancing. The man closest to the car, a rotund person with salt-and-pepper stubble, had his gun aimed right through the windshield at Adnan.

My eyes were glued to him. I was confused about why he didn't lower his pistol. At the same time Adnan and Alan opened their doors and began to get out of the car.

The gunmen ran at us. A whisper exploded from me into a scream, "No, no, NO!" as I tried to get out. The door closed on my right ankle as someone shoved me back in, pushing so hard that the right lens of my glasses popped out. Through the crack in the door - before the intruder slammed it - I saw the last moment of Alan's life.

Adnan was gone. The rotund man was in the driver's seat now. Other men jumped in sandwiching me between them. We sped away, out onto the main road, then turned right.

"Jihad! Jihad! Jihad!" my abductors shouted, excited and joyful. "Jihad! Jihad!"

(P.G.) The taking of Jill Carroll off a Baghdad street on Jan. 7, 2006, created many hostages, of whom Jill herself was simply the central one, and the most endangered.

For her family and many friends and colleagues, normal life ended in the hours and days to come, as they heard what had happened. Henceforth, there would be worry, sometimes fear, and new routines that had one aim: free Jill.

Their solace was action. The first thing her father Jim Carroll did that black Saturday morning was fire up his computer to see what he could learn, while Mary Beth, her mother, contacted family members. Sister Katie, who worked for an international development consulting company, began calling every number she knew in the Middle East.

In Boston before the sun rose, the Monitor assembled an ad hoc Team Jill - Marshall Ingwerson, the managing editor; David Scott, the foreign editor; and Amelia Newcomb, the deputy foreign editor. Richard Bergenheim was in Mexico taking his first vacation since becoming the paper's editor. He caught the next flight back.

View the locations of Jill's story in our interactive map.

For the next 82 days, they met every few hours, sometimes starting at 5:30 a.m. and often finishing the day at 10 or 11 p.m. with a conference call with Baghdad. Some of these editors had dealt before with the stress and emotion over the kidnapping - and even murder - of foreign correspondents filing for the paper. But none were truly prepared for what lay ahead.

Jill herself, isolated by Islamist insurgents, did not envision such rallies to her cause. In the weeks to come she sometimes would avoid thinking about her family, because it made her sad; when she did, she imagined them apprehensive, waiting for some sort of word from the US government. As for the Monitor, well, she was just a freelancer, and it wasn't a rich paper. She figured that following her kidnapping and the murder of her interpreter, its rotating Baghdad staff would have fled Iraq.

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She was wrong.

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(J.C.) In the first minutes after my abduction, my captors peppered me with questions in Arabic. I played dumb, fearful they would think I understood too much and kill me.

They quickly drove Adnan's Toyota onto the highways of western Baghdad and surrounding farmlands, going in circles, apparently to kill time. Their "success" was granted by God, they believed, and they issued thanks repeatedly. "Allah Akbar" they said, "God is greatest."

"They're going to take me out into a field and kill me," I thought as we bumped down rural back roads.

They seemed to read my thoughts, perplexed that I was afraid amidst their jubilation.

"Why you worried?" they asked in stilted English. "No, no, no, [this is] jihad! [We are] Iraqi, Iraqi mujahideen! Why you worried?"

Sunni Muslim insurgents were - still are - the most active hostage-takers in Iraq. Many were allied to Abu Musab al-Zarqawi, the Jordanian who led Al Qaeda in Iraq until he was killed by a US airstrike June 7.

CREDENTIALS: An Iraqi policeman displays the US-issued press card of Jill Carroll's slain Iraqi translator Allan Enwiyeh.

HADI MIZBAN

But the outside world didn't know much about these groups. These weren't people who held press conferences or articulated their grievances through the political process.

They were a powerful force in Iraq, but they were like shadows behind a curtain. We could see broad outlines, but were left to guess at who they really were, how they think, and what motivates them.

Alan and I had been focusing for several months on piecing together a clear picture of Iraq's Sunni community. Their tacit support for the insurgency allowed it to operate; understanding them was key to understanding the forces violently splitting the country.

Now I was to gain the insight we had so long sought. At such a price to Alan, I have never been so desperate for ignorance.

(P.G.) On the morning of Jan. 7, the phone rang in Monitor staff writer Scott Peterson's Istanbul home just as he was stepping out the door, headed to the airport. His wife, Alex, picked up, and gave the caller Scott's cellphone number. If he stopped now, he might miss his flight to eastern Turkey, where he was traveling to report a story on bird flu. Better to talk in the taxi, on the way.

Lean and intense, Mr. Peterson is a veteran foreign correspondent, the sort of person who wears a scarf as a memento of an attack by a poisonous snake in Africa. He's such a dedicated rock climber that he's built a climbing wall within the Monitor's small Baghdad apartment, where he spends four to six weeks at a time on assignment, to help himself stay physically and mentally sharp.

Five minutes down the road, the call came through. It was a British security firm that advises many journalists in Iraq. After a brief conversation, Peterson asked his driver to turn around. He called the foreign editor to inform him of his new destination - Iraq.

Sometime that day, Peterson, a habitual notetaker, wrote "Jill Abducted in Baghdad" in one of the small blue books he uses to document his life.

Underneath that line, in smaller letters, he wrote one word: "prayers."

FIRST REACTION: The notebook of Scott Peterson. The Christian Science Monitor staff writer in a taxi in Istanbul when he heard the news of his colleague's abduction. He wrote "Jill abducted in Baghdad" and, underneath, "prayers".

(J.C.) The room was small, with furniture that was fancy by Iraqi standards - two couches and an overstuffed chair covered in dark velvet with gold trim. The TV and its satellite box were in the corner.

Abu Rasha - a big man whom I would come to see as an organizer of my guards - lay down on one of the sofas. His wife and one of his children sat next to him on a chair.

Then Abu Rasha handed me the remote. "Whatever you want," he said.

How do you channel surf with the mujahideen? I asked myself that question as I flipped from one show to another, trying to act casual. Politics was out. News was out. Anything that might show even a flash of skin was out.

Finally, I found Channel 1 from Dubai, and Oprah was on. OK, good, Oprah, I thought. No naked women, no whatever, she's not in hijab, but it's OK.

The show was about people who had had really bad things happen to them, and had survived, and had hope. One woman came on who had been a model in the '70s and had breast cancer, and now she's a famous photographer. It really had an impact on me. Oprah talked about how people get through these things, and I thought, well, this is sort of prophetic, maybe.

I had only been in captivity a few hours. This house, big, with two stories, was the second place I'd been taken.

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The first had been a tiny, three-room house among tall crops on Baghdad's western outskirts. It was a poor place, built of cinder blocks. My captors gave me a new set of clothes, and I changed in the bathroom while the stern-faced woman of the house looked on.

They took pains to explain they wouldn't take the $100 in cash they'd found in my pockets.

"When you return to America, this with you," said one, waving the $100 bill.

Who were these people? Kidnapping was justified but taking money was not? And less than an hour after killing Alan to kidnap me, they seemed to be saying they would eventually let me go.

Then we drove to the second house, which appeared to be the home of one of the kidnappers, who'd given his name as Abu Rasha.

They took me upstairs to the master bedroom. Within a few minutes an interpreter arrived, and an interrogation began.

They wanted to know my name, the name of my newspaper, my religion, how much my computer was worth, did it have a device to signal the government or military, if I or anyone in my family drank alcohol, how many American reporters were in Baghdad, did I know reporters from other countries, and myriad other questions.

Then, in a slightly gravelly voice, the interpreter explained the situation.

"You are our sister. We have no problem with you. Our problem is with your government. We just need to keep you for some time. We want women freed from Abu Ghraib prison. Maybe four or five women. We want to ask your government for this," the interpreter said. (At the time, it was reported that 10 Iraqi women were among 14,000 Iraqis being held by coalition forces on suspicion of insurgent activity.)

"You are to stay in this room. And this window, don't put one hand on this window," he continued. "I have a place underground. It is very dark and small, and cold, and if you put one hand on this window, we will put you there. Some of my friends said we should put you there, but I said, 'No she is a woman.' Women are very important in Islam."

After that they fed me from a platter of chicken and rice that would have been fit for an honored guest. And I was invited downstairs to watch television with Abu Rasha's family.

That's when we'd watched Oprah. Afterward, Abu Rasha asked me what I liked to eat for breakfast, and what time I had it. It was part of this pattern - they all seemed concerned that I think they were good, or at least that they were treating me well.

It sounds hospitable. But in my mind every second was a test - the choice of food, TV program, everything - and they would kill me if I gave the wrong answer.

Eventually I told them I wanted to sleep, and they led me upstairs. I lay in bed, on the far side away from the window. The clock was ticking loudly, and then it started to rain. I love rain, and I thought, oh, maybe this is a good sign.

But I'd been performing all day, holding in my emotions, and with darkness they came flooding back.

"Oh my God. They killed Alan." A tide of emotion was racing toward me. It was going to drown me or send me flinging myself against the walls in anger and screams. I had to stop it.

"I cannot grieve now. I cannot do this now. I have to put it away," I thought.

I looked up into the darkness of the ceiling toward Alan. "I'm sorry," I told him. "I'll take care of you later." I felt disloyal. I thought to survive, I had to push aside the memory of his brutal murder. But I knew that at some point I'd have to come to terms with the guilt I felt for his death.

As night fell, I wondered if my friends had heard. I knew that by this point Alan's family, his wife, Fairuz, was realizing the worst.

"Well, now they must know," I thought. "It's dark. He hasn't come home. They must be screaming. Fairuz must be screaming."

The Jill Carroll Story - (CSM)

The Christian Science Monitor, August 14, 2006

Jill Carroll, a freelance reporter for the Christian Science Monitor, was held hostage in Iraq for 82 days. This is her story. Jill Carroll, a freelance reporter for The Christian Science Monitor, was kidnapped by Sunni Muslim insurgents in Baghdad on Jan. 7, 2006.

Over the next 82 days, she was shuttled blindfolded among at least six safe houses and had closer contact with Sunni insurgents than any American who has lived to tell the tale.

She cooked with the women. She played with the children. She was locked away in rooms to the sound of cocking guns.

Deprived of control over the smallest aspect of existence, she feared for her life every day.

Her chief captor required his journalist hostage to "interview" him for hours at a time. He would expound on the insurgent worldview and the ruling council set up by Abu Musab al-Zarqawi. Ms. Carroll stared at the floor. She was afraid to meet his gaze, lest he decide that she knew too much about his features.

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In her last hours of captivity this man told her: "Forget about the council. You can only say I am a member of a medium group. You can't talk about the women or the children. You have to say you were in one room the whole time. Everything is forbidden. You must forget it all."

She couldn't. This is her story.

Read Part 1: The kidnapping

Part 1: The Kidnapping (CSM)

By Jill Carroll And Peter Grier

The Christian Science Monitor, August 14, 2006

An interview with an Iraqi politician turns deadly.

My chief captor had an idea about how to prod the US government into action: another video.

He said this one would be different, and left.

I turned to the two guards sitting on cushions a few feet away and started to panic. Really, really panic.

"Oh my God, oh my God, they're going to kill me, this is going to be it. I don't know when but they're going to do it," I thought.

I crawled over to Abu Hassan, the one who seemed more grown-up and sympathetic. His 9mm pistol was by his side, as usual.

"You're my brother, you're truly my brother," I said in Arabic. "Promise me you will use this gun to kill me by your own hand. I don't want that knife, I don't want the knife, use the gun."

I started to cry hysterically. By now I'd been held captive by Iraqi insurgents for six weeks. They'd given me a new hijab, a new name (Aisha), and tried to convert me to Islam. They'd let me play with their children – and repeatedly accused me of working for the CIA.

At night I'd fall asleep and be free in my dreams. Then I'd wake up and my situation would land on me like a weight. Every morning, it was as if I was kidnapped anew.

That particular morning I'd received a visit from Abu Nour, the most senior of my captors. As usual, the distinctive scent of his spicy cologne had announced his presence. As usual, I'd snapped my eyes to the ground to avoid seeing his face.

"We need to make a new video of you," he'd said, in his high-pitched, yet gravelly voice. "The last video showed you in good condition, and that made the government move slowly."

The British government had moved quickly, he'd said, after a video had shown hostage Margaret Hassan in bad condition. They wanted to push the US in the same way.

Margaret Hassan! An Irish aid worker married to an Iraqi, she'd been seized in Baghdad in October 2004, while on her way to work. Less than a month later, she was killed.

After the leader left, I sat and stared into the glowing metal of the propane heater, my knees drawn up under my red velveteen dishdasha. I was completely terrified.

If it was going to happen, I wanted it to be quick. So I crawled over to Abu Hassan and begged.

"I don't want the knife!" I sobbed.

Neither Abu Hassan nor his fellow guard - the blubbery, adolescent Abu Qarrar - really knew what to do about my outburst.

"We're not going to kill you. Why? What is this?" said Hassan.

His voice was flat and sounded insincere.

"Abu Qarrar, you speak English. You have to tell my family that I love them and that I'm sorry," I implored.

I sat against the wall of a house whose location I didn't know, under a window to an outside I couldn't walk through, and cried and cried.

Afghan Fighting Kills 25 Insurgents (AP)

By Chris Hawke, The Associated Press

AP, August 13, 2006

KABUL, Afghanistan -- Fighting in Afghanistan left at least 25 insurgents and five Afghan security forces dead, officials said Sunday. Defying the spike in violence, Afghan officials announced plans to thwart attacks on schools, which have killed 41 students and teachers and destroyed more than 140 schools in the last year.

Rebel violence has soared during the past year, leading to the heaviest fighting since the 2001 ouster of the Taliban regime. In the country's south and east, NATO- and U.S.-led troops are pursuing a fierce campaign against insurgents to extend the reach of Afghanistan's central government.

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In eastern Paktika province, along the Pakistan border, insurgents attacked an Afghan army post Sunday, an operation that left five soldiers and at least 18 militants dead, the U.S.-led coalition said. Six Afghan soldiers were hurt, three seriously, before the attackers were fended off by mortar fire from nearby military bases.

Coalition soldiers were embedded with the Afghan troops but said they suffered no casualties.

In the southern Helmand province, police on Saturday killed six Taliban militants and wounded four, said Ghulam Rasool, the district police chief. The clash continued Sunday and three officers were wounded, he said.

In the capital, Education Minister Mohammed Hareef Atmaf announced the school safety plan Sunday, noting that insurgents burned 144 schools to the ground during the past year to discredit the government's ability to build a future for Afghanistan.

The top U.S. general in Afghanistan, Lt. Gen. Karl Eikenberry, signed a deal with Atmaf to provide $300,000 for a program to rally communities to protect their schools.

The minister claimed insurgents were switching to attacks on soft, unguarded targets because of the country's strengthening domestic military and police forces _ although those forces are still far from adequate to stabilize the country.

The insurgents _ a shadowy combination of Taliban-led militants, opium traffickers and paid tribesmen _ have targeted teachers, students, health workers and aid officials as well as security forces.

In other violence:

_ A suspected Taliban insurgent was killed and another wounded after militants attacked police late Saturday in the southern province of Zabul, according to Aka Ghar district police chief Momuand Khan.

_ Police in the eastern province of Kunar were investigating who fired two mortar rounds at a house on Saturday, wounding twenty civilians, including women and children.

_ In southeastern Ghazni province, authorities averted two bomb attacks on relief officials.

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Associated Press Writers Fisnik Abrashi and Amir Shah in Kabul and Noor Khan in Kandahar contributed to this report.

Attacks Kill At Least 30 In Afghanistan (USAT)

USA Today, August 14, 2006

Fighting in Afghanistan left at least 25 insurgents and five Afghan security troops dead, authorities said Sunday. Eighteen insurgents and five soldiers were killed when insurgents attacked an Afghan army post in eastern Paktika province, the U.S.-led coalition said in a statement. In the south, Afghan police killed six insurgents and wounded four others in an attack in the southern Helmand province, district Police Chief Ghulam Rasool said. In Zabul province, an insurgent was killed in an attack on police, district police chief Momuand Khan said. The recent fighting is the deadliest since the Taliban was ousted in 2001.

Pope says Catholicism is a positive religion

Pope Benedict XVI said Roman Catholicism should not be seen as a “collection of prohibitions” because of opposition to gay marriage, abortion and contraception, but as a church with positive values. “We should correct that image that sees the church as spreading severe ‘no's,” he said in an interview with German TV and Vatican Radio. “It's not a Catholic invention that man and woman are made for each other, so that humanity can go on living: All cultures know this,” he said.

Benedict, 79, also said his job “really is tiring” and he won't travel as much as his predecessor, John Paul II, because he does not feel strong enough to take many long trips.

Kidnapped reporter tells of 82-day ordeal

At one of the most desperate moments of her captivity in Iraq, fearing she was about to be beheaded, reporter Jill Carroll pleaded with one of her captors for a quick death by pistol, saying: “I don't want the knife.”

In her first public account of her hostage ordeal, Carroll, 28, said she had feared the worst when her captors said they planned to use her in a propaganda video. Carroll describes the terror she felt in the first segment of an 11-part series on the kidnapping. It was published Sunday on the website of The Christian Science Monitor, where she is a staff writer.

Carroll was abducted Jan. 7, and her Iraqi interpreter, Alan Enwiya, was shot dead. She was freed in Baghdad 82 days later and returned to the USA on April 2.

Spain sends troops to battle wildfires

About 400 paratroopers joined crews battling 71 wildfires in the Galicia region of northern Spain. Emilio Perez Tourino, leader of the regional government, said 24 suspected arsonists have been arrested since Aug. 1. He said 15,000 people are fighting the blazes.

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CORPORATE SCANDALS:

Bar Associations Oppose Justice Department Policy They Say Lets Companies Avoid Costs (AP)

By Mark Johnson, ASSOCIATED PRESS

AP, August 14, 2006

ALBANY, N.Y. (AP) -- Two legal groups, including the American Bar Association, are opposing a U.S. Department of Justice policy they say compels companies facing possible indictment to refuse paying legal costs of corporate officers or board members.

After scandals at companies like Enron Corp. and WorldCom Inc. cost shareholders tens of billions of dollars and wiped out thousands of jobs, the Justice Department in January 2003 issued a memo to guide prosecutors as they decide whether to seek criminal charges against a business.

The memo says prosecutors can consider whether the corporation appears to be "protecting its culpable employees and agents" through advancing attorneys fees, retaining the employees without sanction or giving the employees information about the government's investigation.

The legal groups say the memo can inspire companies to do the opposite, including not paying legal costs for employees and agents.

Mark Alcott, president of the 72,000-member New York State Bar Association, said the use of such tactics to "force companies to waive attorney-client privilege" has accelerated in recent months.

His group and the 400,000-member American Bar Association want the Justice Department to back off.

"This is a serious and threatening interference in the relationship between lawyers and clients," Alcott said. "We don't know if somebody is a wrongdoer until charges have been brought, a jury hears a trial and someone is convicted. Every person is entitled to a lawyer, and (company officials) have a legal right to have their employers pay those fees."

Justice Department Spokeswoman Kathleen Blomquist said the department remains committed to the principles and guidance set out in the memo, but it will listen to concerns.

"We look at the seriousness of the offense, its pervasiveness, the corporation's past history, harm to shareholders and the adequacy of compliance programs, among other things," she said.

Plea Made In Bristol-Myers Squibb Case (USAT/BLOOM)

USA Today, August 14, 2006

A New Jersey mailman pleaded guilty to passing secret grand jury information about a Bristol-Myers Squibb probe to former Goldman Sachs Group employees charged with inside-trading.

Jason Smith, 30, admitted Friday in New York that he sat on a grand jury in New Jersey investigating Bristol-Myers accounting and gave details of the probe to David Pajcin and Eugene Plotkin, former Goldman employees. Smith admitted he hoped to share profits with the two, who are charged with trading on secrets they learned about the grand jury probe.

Smith is the second person to plead guilty in the case. He may help prosecutors convict Plotkin and Pajcin. Stanislav Shpigelman, a former mergers and acquisitions analyst at Merrill Lynch, pleaded guilty to inside trading in July.

“It's not a good development if you're one of the remaining defendants,” says Robert Mintz, a former federal prosecutor who is now a partner at McCarter & English. “Seeing the unified defense front break ranks has got to keep them up at night and force them to rethink their strategy.”

Smith's lawyer, Frank Handelman, declined to comment on whether his client will help prosecutors in the case. “I knew Pajcin and Plotkin were sharing this information and trading on it, and I hoped to share in the profits,” Smith told U.S. Magistrate Judge Andrew Peck at the plea hearing.

Smith pleaded guilty in federal court to charges filed against him in New York and New Jersey. The New York charges are conspiracy to commit securities fraud and inside trading. The New Jersey count is criminal contempt for violating grand jury secrecy. The securities charge carries up to 25 years. Smith's plea agreement calls for a sentence of 30 to 37 months. His sentencing is scheduled for Nov. 13.

Peter Rose, a Goldman Sachs spokesman, and Mark Herr, a Merrill spokesman, declined to comment on the plea.

Prosecutors charged Pajcin and Plotkin with betting that Bristol-Myers shares would fall based on a tip from Smith that a top company official would be charged as a result of the probe. The tip proved to be wrong. Smith and Pajcin were friends in high school, court papers show. Smith gave Pajcin $7,000 “to finance the trading of various securities based on inside information that Pajcin expected to obtain,” the papers show.

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Smith sent information from inside the grand jury room using coded phone messages to indicate if he thought a Bristol-Myers executive would be indicted, according to prosecutors.

In March 2005, Smith told Pajcin and Plotkin that a senior Bristol-Myers executive had been called before the grand jury and was likely to be indicted, according to a complaint filed in May by the Securities and Exchange Commission against Pajcin, Plotkin, Smith and others. Pajcin and Plotkin shared the grand jury information with Eugene Plotkin's father, Mikhail, and Henry Siegel, the SEC suit said. All four are defendants in the SEC's original lawsuit, filed last year.

Apple Is Told It's Not Meeting Nasdaq Listing Requirements (WSJ)

By Gee L. Lee And Nick Wingfield

The Wall Street Journal, August 14, 2006

Apple Computer Inc. said it was notified by the Nasdaq Stock Market that the company isn't in compliance with requirements for continued listing on Nasdaq because of Apple's delay in filing its quarterly report with the Securities and Exchange Commission.

Apple said it will request a hearing before a Nasdaq panel on the matter, and its shares will remain listed on the Nasdaq pending the panel's decision.

Apple spokeswoman Katie Cotton said the company expects the Nasdaq hearing and decision to be a "multimonth process."

The announcement came Friday after Apple earlier in the day confirmed that it would delay filing with the SEC its recently reported preliminary fiscal third-quarter results.

The Cupertino, Calif., computer company in June said an internal investigation discovered irregularities related to the issuance of stock-option grants and said on Aug. 3 that the issue would likely require it to delay filing its quarterly report and restate previous results.

Apple, which on July 19 reported a 48% jump in third-quarter net income to $472 million and a 24% revenue rise to $4.37 billion, said it plans to file its quarterly report and any required restated financial statements "as soon as practical."

Stock Issues Will Delay Apple's Quarterly Report (USAT)

USA Today, August 14, 2006

Apple on Friday told securities regulators that its quarterly report would not be filed on time because it is reviewing stock-options grants.

The Cupertino, Calif.-based company warned investors last week that the mandatory earnings report to the Securities and Exchange Commission would be late. Management needed more time to determine if past option grants had distorted results dating back to September 2002, Apple said.

If the filing is delayed long enough, regulators could try to delist Apple's stock from the Nasdaq Stock Market. That's what happened earlier this year to Mercury Interactive, another Silicon Valley company embroiled in a stock-option imbroglio.

Apple's looming restatements threaten to wipe out some profits generated during the most prosperous stretch in its 30-year history. The company's fortunes soared as millions of consumers snapped up the company's ubiquitous iPod digital music player and flocked to its iTunes Music Store. Apple has reported profits totaling $3.1 billion during the past four years.

The news caused Apple shares to fall 1%, or 42 cents, to close at $63.65 Friday. Apple shares have sunk 9% since management announced last week that an internal inquiry had uncovered new problems.

Apple so far hasn't explained the nature or the extent of its stock-option difficulties, saying only that it has uncovered some “irregularities” in the distribution of the popular employee awards as far back as 1997 — the same time that co-founder Steve Jobs began his second stint running the company.

More than 80 other companies nationwide are entangled in some sort of stock-option trouble. In most of those instances, the other companies have traced their problems to “backdating” issues.

Under that practice, insiders try to make the rewards more lucrative by retroactively pinning the option's exercise price to a low point in the stock's value. If companies backdate options without accounting for the move, it can cause profits to be overstated and taxes to be underpaid. It also exposes companies to possible fraud charges.

Two executives at Brocade Communications Systems were the first to be charged in the widening scandal. Late Thursday, they received the bad news that federal prosecutors had issued more charges against them. They are accused of backdating options from 1999 to 2004.

Another possibility is that Apple and other companies “springloaded” options, says New York University business professor David Yermack. That's when a company offers grants just before announcing good news that's expected to lift its stock price. Like backdating, the practice is potentially problematic.

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Apple has acknowledged that its stock-option inquiry involves some awards made to Jobs, although the grants were canceled before he realized any gains.

The scandal has cast a cloud over Jobs' latest tenure as CEO. The charismatic leader is widely considered key to Apple's success. But it's not frightening away stock analysts such as Standard & Poor's Richard Stice, who said in a recent research note that he expects Apple to overcome its accounting problems.

Street Sleuth FASB Appears In A New Light On Stock Options (WSJ)

By David Reilly

The Wall Street Journal, August 14, 2006

When the nation's accounting-rule makers proposed in 2004 that companies treat employee stock options as an expense that cuts into profit, corporate executives all but stormed the Financial Accounting Standards Board's headquarters in Norwalk, Conn.

In letters and public statements, business leaders declared that such an accounting rule would damage their bottom lines, compromise their ability to attract talented employees and make them less competitive against foreign rivals that didn't face similar requirements. Their protests failed to sway FASB; the new rule went into effect this year.

Now, some of the same companies that opposed it are among those caught up in a widening probe by federal authorities of companies that allegedly "backdated" employee stock options, a practice in which executives retroactively pick an options-grant date at which the company's share price was at a low, meaning they potentially can lock in a greater profit. This could violate securities laws and lead to misstated financial results and tax problems. This turn of events casts the companies' arguments against expensing stock options in a different light and offers what some accounting-industry observers say is a vindication for FASB.

It isn't clear that a rule requiring the expensing of options would have prevented the abuses now believed to have taken place from the early 1990s until recent years. But expensing "would have served as a deterrent," because the related cost would have affected profit rather than being shown in a footnote, says Rebecca Todd McEnally, director of the capital-markets policy group at the CFA Institute, a financial-markets organization. "Auditors would have had to pay considerably more attention to [options grants] than they apparently did."

Some of the companies opposing an expensing rule argued in 2004 that options didn't actually "cost" companies anything and that investors had all the information they needed regarding this type of compensation. One executive at that time even insisted to FASB there was no way for her company to issue options in a way that would provide potentially greater gains for executives; the company, KLA-Tencor Corp., has since acknowledged that probably did happen.

Other companies complained to FASB that its proposal would give investors a distorted view of a company's finances. Patrick Erlandson, chief financial officer at UnitedHealth Group Inc., wrote in a June 2004 letter that "expensing stock options does not provide financial statement readers with the most appropriate reflection of the economic impact of stock-options grants on an entity's financial statements."

UnitedHealth this spring disclosed that its options-grant practices are the subject of an "informal" SEC inquiry and that the Internal Revenue Service has requested documents regarding the options. Federal prosecutors also are probing the Minnetonka, Minn., company, which has warned it may have to restate prior year's results. A company spokesman declined to comment on the letter.

Those favoring expensing of stock options "seem to do so for the wrong reasons," the then-top-three executives at Macrovision Corp., including Chairman John Ryan, wrote FASB in 2004. "They tend to focus on corporate greed," the letter said, referring to scandals such as the implosion of Enron. "Stock options in themselves do not make people corrupt," the letter added.

In June, Macrovision, based in Santa Clara, Calif., disclosed that the Securities and Exchange Commission had requested information about the company's options practices since 1997; later that month the company said it was subpoenaed by federal prosecutors.

"It's irrelevant what the thought process was three years ago," says James Budge, Macrovision's current chief financial officer, who wasn't in that position in 2004 and didn't sign the company's letter to FASB. "There is a rule there today and we live by it." But he adds that he doesn't think the expensing rule solves any of the problems related to backdating.

Stock options give employees the right to buy stock at a preset, or exercise, price at a future date -- typically the same as the company's closing price on the date the option is granted. Backdating the grant date to coincide with a recent low point in a company's share price essentially builds in an instant paper gain on the options.

FASB tried to put options expensing in place in the mid-1990s but got pushed back by companies and Congress. Then came Enron, and FASB tried again, and succeeded. Since the beginning of this year, all public companies have had to record a cost for issuing options on their income statements.

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Some executives argued in 2004 that expensing could lead to abuses. The difficulty in assessing values needed to expense options would result in an "opportunity for creativity for those who might push the envelope," Nathan Sarkisian, chief financial officer at Altera Corp., wrote in a June 25, 2004, letter.

In May, Altera said the SEC and federal prosecutors were looking into its options-granting practices. The San Jose, Calif., company has since said there were problems with options granted between 1996 and 2000 and that it expects to restate nine years of financial results. A spokeswoman declined to comment.

In another letter to FASB, the KLA executive questioned the motives of those pushing an options-expensing rule. Maureen Lamb, then a vice president, finance, wrote that while there were flaws in the accounting rules for stock-based compensation, "the politically charged belief that the blame lies with executives unwilling to give up their ill-begotten compensation is backward and unproductive."

Ms. Lamb, who is no longer with the company, added that "KLA-Tencor does not currently have the ability to issue any equity-based compensation other than at-the-money stock options." At the time, only options with exercise prices below the current trading price -- "in-the-money" options -- had to be expensed. So-called at-the-money options have an exercise price equal to the grant day's trading price; they didn't have to be expensed back then, but under the new rule they do.

This June, a committee of KLA's board reached a preliminary conclusion that the price dates for certain grants likely differed from recorded grant dates. In other words, the options likely weren't "at-the-money" and should have been expensed. Federal regulators and prosecutors have requested information from the company.

KLA officials didn't return calls seeking comment. Ms. Lamb, now chief financial officer of Photon Dynamics Inc., a San Jose technology company, also didn't return calls seeking comment.

CRIMINAL LAW:

Two Linked To Sen. Fumo Are Offered Deals To Testify (PHI)

By John Shiffman

The Philadelphia Inquirer, August 14, 2006

Federal prosecutors investigating State Sen. Vincent J. Fumo have pressured two more people - a current and a former aide - to testify against him in exchange for immunity, according to a newly unsealed court document.

The two aides and five others had been represented by the same law firm until recently, when a federal judge ruled that the arrangement created too many conflicts of interest. He ordered them to find new lawyers.

In an opinion issued in May but not unsealed until Thursday, U.S. District Judge Legrome D. Davis said Fumo's lawyer "hand-selected" the same law firm, Carroll & Brotman, for each of the seven potential witnesses.

The judge cited other potential conflicts, including the fact that legal bills for the seven were paid by the State Senate, and noted that one potential witness, a woman who previously worked on Fumo's 100-acre farm, did not appear to understand who was paying her legal fees.

In addition, at least one witness represented by the firm testified against another, the judge said.

"The law firm has entered a web of ethical quandaries from which neither attorney nor client can escape unharmed," Davis concluded.

"The structure of this financial arrangement imparts a desire, however subconsciously embedded, to protect from indictment the public official who pays the clients' legal fees," the judge wrote.

The seven witnesses had waived their right to independent lawyers, but the judge determined that this "waiver may stem from their hesitancy to alienate, if not inculpate, the prime target of the investigation, the public official."

One of Fumo's lawyers, Geoffrey R. Johnson of Sprague & Sprague, declined to comment. Prosecutors John Pease and Robert Zauzmer also declined to comment.

Calls to the Carroll & Brotman firm were not returned Friday.

The judge said that this conflict of interest was particularly acute for the current and the former aide because prosecutors had indicated that only one would receive immunity. The other likely would be indicted, according to the judge's summary of the prosecutors' position.

Davis noted that the decision by their lawyer to decline "to have either client engage in discussions concerning the possibility of immunity has materially harmed the interests" of the current and former aide.

"Both face, perhaps needlessly, the realistic prospect of indictment," the judge said.

Davis' order identified the current and former aides only by position, not name.

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The former aide, who worked for Fumo (D., Phila.) on the Senate Appropriations Committee until early 2005, was warned by prosecutors that he might be charged with misappropriating funds from Citizens' Alliance for Better Neighborhoods, the Philadelphia charity at the center of the FBI investigation. He appeared before the grand jury in February and invoked the Fifth Amendment. Attempts to confirm his identity and reach his lawyer were unsuccessful Friday.

The current aide is Deborah Maguire, who supervises computer technicians for Senate Democrats in Harrisburg, a division Fumo oversees. Maguire appeared before the grand jury in late April and also invoked her right against self-incrimination, the judge's order said.

Marc S. Raspanti, her newly appointed lawyer, said he has cooperated with requests from prosecutors in the short time he has been involved. He would not elaborate, but he did say, "She has not been granted any immunity and I have not been advised by the U.S. government that they intend to charge her."

Two weeks after Davis issued his sealed order, federal authorities arrested two other Fumo aides, computer technicians Leonard Luchko and Mark Eister.

They were charged with destroying e-mail messages to thwart the federal investigation. They pleaded not guilty. Prosecutors last week disclosed that Luchko and Eister had also been approached about cooperating in exchange for leniency, but that the technicians rejected the idea.

Another Fumo computer aide, Donald Wilson, has testified before the grand jury under a grant of immunity. He told the grand jury that Fumo "knew that we were deleting" e-mail to prevent the FBI from seizing it, according to a government filing.

Fumo has denied any wrongdoing and has said the investigation was politically motivated by Republicans.

The central focus of the investigation is whether Fumo's fund-raising efforts on behalf of Citizens' Alliance violated the law. Authorities are also trying to determine whether Fumo benefited politically or personally from the charity, which prosecutors have described as "nominally independent but which the senator in fact controls."

Records: Pa. Paid Fumo's Lawyers (PHI)

By Mario F. Cattabiani

The Philadelphia Inquirer, August 14, 2006

HARRISBURG - State Sen. Vincent J. Fumo has spent more than $1.2 million in taxpayer and campaign funds on a prominent law firm since the FBI began its corruption probe into the Philadelphia Democrat three years ago, records show.

The money went to pay legal fees for Sprague & Sprague, which has represented Fumo throughout the criminal investigation.

Fumo, his lawyers and Senate officers would not say exactly what those bills covered.

The Senate has paid the firm $1,031,700 between December 2003, when the probe started, and May 31, according to records provided by Chief Clerk Russ Faber. Most of it - $931,242 - came from an account controlled by Fumo as the ranking Democrat on the Appropriations Committee.

Asked what services were provided, Geoffrey R. Johnson, an attorney with the Sprague firm, responded in an e-mail: "Fees were paid for representation of the Senate office in an aspect of the investigation related to Senate duties, but no tax dollars were paid for the Senator's personal representation."

He would not elaborate.

In a document unsealed Thursday, a federal judge said Sprague & Sprague "hand-selected" another firm to represent six Fumo aides and the wife of one of them. That firm's legal fees were also paid from the Appropriations Committee account.

Prosecutors used that detail, among other evidence, to persuade a judge in May to order the aides to get separate lawyers because of a conflict of interest.

Johnson declined to comment on the judge's order.

In addition to state funds, Sprague & Sprague received $300,000 this year from the senator's campaign account, campaign records show.

Johnson would not comment on those fees beyond this e-mailed response: "Senator Fumo's campaign expense reports speak for themselves. There is nothing to add."

Lawyers for Fumo and the Senate had vigorously challenged in federal court the FBI's February 2005 seizure of his and his staff's computer files from offices in Philadelphia, Harrisburg, and his two New Jersey Shore homes. They had argued unsuccessfully that the federal government overstepped its bounds by seizing state property that contained private, legislative-related documents.

The Senate, as an institution, joined in the legal battle. That effort cost taxpayers at least $150,000 in legal fees to the Philadelphia-based Stradley, Ronon, Stevens & Young firm, sources close to the matter said.

The FBI, the U.S. Attorney's Office, and the IRS are trying to determine whether Fumo engaged in extortion by soliciting contributions for a South Philadelphia charity, Citizens' Alliance for Better Neighborhoods, and whether any money was used improperly to benefit him politically or personally.

At the center of the wide-ranging investigation is $17 million in corporate donations to Citizens' Alliance from Peco Energy. Fumo had privately negotiated for the payments during talks with the company over his opposition to its proposal to deregulate electric rates.

Senate officials would not disclose how much of the $1,031,700 that was paid to the Sprague firm was related to the federal investigation. Breaking down the bills to specific subjects would violate attorney-client privilege, said Stephen MacNett, chief counsel for Senate Republicans, who control the chamber.

"It's been our long-standing approach that we will not identify by subject matter the billings incurred while a matter remains in progress," he added.

In New Jersey, such information is public record and often released to the media, said Albert Porroni, executive director of the New Jersey Office of Legislative Services.

"The fact is, these are state dollars and the public has, at the very least, the right to know how much is being spent and on what," Porroni said.

Also unclear is what work Sprague & Sprague did for Fumo's campaign committee. The latest expense reports filed with the state show that the committee paid the Sprague firm $150,000 in February and another $150,000 in May.

The report describes the payments only as "legal fees." Ken Snyder, a Fumo spokesman, did not respond to questions about the committee's legal fees.

Fumo is not up for reelection until 2008. The fees are by far the largest expense for the campaign this year and make up more than half of its spending.

Under the state's broadly worded election code, candidates can spend campaign dollars on almost anything as long as it goes for the purposes "of influencing the outcome of an election." The law does not specifically address what fits that definition.

"There is no list of prohibited or permitted expenses," said Leslie Amoros, press secretary to the Pennsylvania Department of State.

Fumo's past campaign reports show that he hasn't paid the Sprague firm with campaign funds going back at least eight years.

Other legislators facing legal problems have in the past used their campaign funds to pay attorneys.

Former Sen. F. Joseph Loeper (R., Delaware), the onetime majority leader, for example, spent at least $143,700 from his campaign on criminal-defense lawyers while facing tax-obstruction charges in 2000, for which he later served six months in prison.

The Senate also has spent more than $44,000 on legal bills for the only two people charged in the probe to date - Fumo's computer technicians Leonard Luchko and Mark Eister. They were arrested on obstruction-of-justice charges May 31 and later pleaded not guilty. The government alleges that, on Fumo's orders, the two men systematically deleted e-mails and other documents from computers used by the senator and his staff.

The Senate had paid $13,646 to the firm of Stevens & Lee to represent Luchko and $30,600 to the firm of McMonagle, Perri & McHugh to represent Eister.

Brian J. McMonagle, Eister's attorney, defended the state's paying the bills.

"You have a person who goes to work every day, and simply by the mere nature of the work, they are being investigated," he said. "The Senate ought to pay for it; otherwise you would have chaos."

Their resignations took effect before their arrests and the state is no longer paying their legal bills, said Faber, the chief clerk.

The U.S. Attorney's Office, much as it did in May, last week asked the court to require the two former computer techs to get new lawyers. Prosecutors argued that since they resigned, Fumo "has undertaken to organize an effort to raise funds to compensate the attorneys representing the defendants."

That poses another legal conflict, argued prosecutors, who did not explain how they believed Fumo was raising the funds.

Gary Tuma, a Fumo spokesman, did not return a phone call on Friday.

McMonagle called the government's motion absurd.

"I'm flattered," he said. "They only try to remove you from a case when they think you're going to trial and they think you're good."

Tammany Official Indicted In Fraud (NOTP)

By Bruce Hamilton, St. Tammany Bureau

New Orleans Times-Picayune, August 14, 2006

Post-Katrina contracts are basis of charges

St. Tammany Parish Councilman Joe Impastato Jr., already facing charges of extorting $50,000 from a Lacombe business owner, was indicted Friday on additional federal charges that he attempted to bilk another Lacombe resident in a similar scheme.

Separately, former Mandeville Public Works Director Joe Mistich was hit with a federal charge Friday in the corruption probe. He is accused of covering for Impastato in the alleged fraud.

Although the new indictment against Impastato names another victim, it contains no previously undisclosed revelations about the case. U.S. Attorney Jim Letten said it contains additional "overt acts" and extends the timeline of the conspiracy.

"These are not substantial changes," he said.

The documents describe separate cases in which Impastato used his position as an elected official to broker debris-disposal contracts. He allegedly demanded kickbacks for arranging the deals and colluded with Mistich, a general contractor from Mandeville, to submit an inflated bill of $34,990 to the first victims.

Impastato pleaded innocent to the original charges of extortion, money laundering and conspiracy in January. Friday's indictment adds attempted money laundering and extortion charges as well as soliciting illegal gratuities, which refers to the same alleged extortion under a different statute.

The councilman declined to comment Friday and referred calls to his attorney, Robert Habans.

"The superseding indictment is factually and legally incorrect in many, many respects," Habans said. "Joe Impastato is innocent of any criminal charges and that will be demonstrated at time of trial."

Charged differently

Mistich could not be reached for comment Friday. He is charged with misprision of a felony, or concealing another person's crime from law enforcement officers. It is not clear why he is charged in a bill of information, though in other cases such a tactic has led to cooperation by the defendant and a plea agreement.

"We made a conscious decision to charge Mistich separately for reasons I'm not going to go into," Letten said. He noted that such charges via bill of information are not unusual if federal prosecutors see a compelling reason for it.

Friday's superseding indictment of Impastato identifies as another victim, Peter Penton, from whom the councilman allegedly tried to get 50 percent of a proposed contract using Penton's land for debris disposal. Penton declined to comment Friday.

Penton, who owned and operated earth-moving equipment, originally was hired to prepare land for debris disposal. Later, Impastato allegedly offered to arrange a contract for disposal on Penton's land and told him he wouldn't set up the deal unless Penton agreed to kick back 50 percent of the proceeds.

Letten declined to describe how Penton's involvement came to light.

It is not clear whether Penton ever executed a deal with the parish's debris-removal contractor, Omni Pinnacle.

Approve a subdivision

The charging document also describes various repeated attempts by Impastato to extort money from Barbara "Diane" Mauberret and her son, Lee Mauberret, both Lacombe residents and owners of Pontchartrain Chipping Yard. It details their many meetings and conversations, as well as help the councilman allegedly provided in getting the council to approve zoning for a subdivision.

The Mauberrets set up their company after Hurricane Katrina to chip and burn fallen trees or other debris on a 175-acre tract they owned with other relatives. They had intended to develop a subdivision on the property, but the parish Planning and Zoning Commission denied approval in January 2005.

In March 2005, with Impastato's backing, the Parish Council overturned the commission's ruling, paving the way for the subdivision, according to the indictment. But after Katrina struck, he allegedly told the Mauberrets he was arranging for the state Department of Environmental Quality to inspect their land as a debris site.

On Sept. 10, the councilman allegedly told them he wanted Mistich to manage the site, which was already receiving debris from Omni. A day later, Diane Mauberret suggested to him that the deal was illegal and requested an opinion from the state attorney general, it says.

Impastato allegedly replied that he couldn't seek the attorney general's opinion according to the indictment.

He allegedly wanted the businessman to cut two checks from that one, including $10,000 to the lawyer -- identified only as "Mr. F" -- and $74,833 to Mistich. That payment included $40,000 for Impastato, which represented his first payment, according to the indictment.

However, Mauberret refused to accept the check, and the councilman allegedly directed Omni to reissue a check payable only to the company. After Mauberret received a check for $164,501, he then allegedly gave Impastato the two requested cashier's checks payable to "Mr. F" and Mistich.

For the original charges, Impastato faced up to 20 years in prison on each of the three counts and fines of as much as $1 million if convicted. The additional attempted extortion and attempted money laundering counts each carry a maximum punishment of 20 years in prison and a $500,000 fine.

The two new counts of solicitation of an illegal gratuity each carry a maximum penalty of 10 years in prison and a $250,000 fine.

Mistich faces a maximum of five years in prison and a fine of up to $250,000 if convicted.

Impastato's trial is scheduled for Oct. 16 in New Orleans before federal District Judge Stanwood R. Duval Jr. Letten said it is up to the court to decide whether the new indictment will delay it.

"We don't believe it will," he said. "We're prepared to go to trial."

. . . . . .

Bruce Hamilton can be reached at bhamilton@timespicayune.com or (985) 898-4827.

D.C. Police: Site Of Lawyer's Murder Shows Signs Of Tampering (LAW)

By Emma Schwartz, Legal Times

Legal Times, August 14, 2006

The crime scene where murdered Washington, D.C., lawyer Robert Wone was found had been tampered with before police arrived, according to an affidavit for a warrant to search the office of D.C. lawyer Joseph Price.

Price, a partner at Arent Fox, owns the Northwest Washington house in which Wone's body was found shortly before midnight Aug. 2.

Police executed the search warrant Aug. 4 at the Connecticut Avenue Northwest offices of Arent Fox and seized Price's computer.

Price owns the Swann Street Northwest house with Victor Zaborsky, a marketing manager at the International Dairy Food Association. A third man, Dylan Wade, also resides there. All three were home the night of Wone's murder, according to police and Wade's lawyer.

At least one of the residents told police the night of the murder that Wone was killed by an intruder, according to the affidavit for the search warrant.

D.C. Metropolitan Police officers were called to the house at 1509 Swann St. N.W. around midnight Aug. 2. Upon arrival, they found Wone unconscious in a second-floor bedroom, suffering from three stab wounds to the chest. He was pronounced dead shortly after being transported to George Washington University Hospital.

According to the affidavit signed by Detective William Xanten III, technicians determined that the "crime scene had been tampered with, including that the area where the victim's body was located had been cleaned. The use of chemicals and an artificial light source showed trace blood evidence located around where the victim's body was found. This trace blood evidence was located on the walls, floors, sofa bed and door frame of the bedroom where the decedent was killed."

Investigators were told that Price and Wone, who knew each other through their alma mater, the College of William & Mary, had spoken and e-mailed each other before Wone came over to Price's house that evening, the affidavit states.

Wone, who was general counsel for Radio Free Asia and a former associate at Covington & Burling, had decided to stay with Price that evening instead of driving to his Oakton, Va., home, where he lived with his wife of three years, Katherine Yu, say friends, co-workers and police.

MPD Capt. C.V. Morris told Legal Times that, right now, the residents are considered witnesses, although he says that could change. The three residents have hired criminal defense lawyers. Price and Zaborsky turned to Kathleen Voelker, a former Arent Fox partner who is now running a solo practice. David Schertler, former chief of the homicide section of the U.S. Attorney's Office, is representing Wade, who could not be reached for comment.

Price and Zaborsky did not return phone calls.

Jonathan Rosen, a partner at Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, says he is representing Sarah Morgan, a friend of the owners who lives in the English basement apartment at the Swann Street house. Meanwhile, former Deputy Attorney General Eric Holder Jr. of Covington has been brought in to represent the Wone family.

Lawyers for the three men say their clients gave extensive statements to police the night of the murder. Regarding her clients, Price and Zaborsky, Voelker says, "They remain hopeful that the police will identify the intruder who committed this senseless crime." Of Wade, Schertler says, "My client has not done anything wrong, and I don't believe he will be charged."

The case is being investigated by a squad of homicide detectives working alongside Assistant U.S. Attorney Colleen Covell.

Police have yet to close their investigation and maintain that witness accounts from that evening aren't adding up. "Some of the information we were told, I just don't believe," Morris said during a televised press interview Aug. 3.

Police took custody of the house immediately after the incident and have been searching it ever since. On Thursday, FBI investigators began assisting the probe and were heard sawing and hammering inside.

"We don't think it was a random act of violence," says Brett Parson, sergeant in the MPD's Gay and Lesbian Liaison Unit, which is aiding in the investigation.

According to the police affidavit, one of the residents told police that an intruder had entered the house through the back door. But "there were no signs of any forced entry to the house, either through the back door or any other location," the affidavit states. "There was nothing that appeared out of place, nothing disturbed, nothing ransacked and nothing was taken."

Morris told Legal Times that the police had not entirely ruled out a break-in.

On the night of Aug. 2, Wone, who started his job at Radio Free Asia about a month earlier, met up with his counterpart at Radio Free Europe, John Lindburg. The two shared an early dinner at Subway on 18th Street Northwest and then walked over to a continuing legal education class at the D.C. Bar. During the approximately three-hour-long course on federal grants, the two exchanged notes and whispers, Lindburg says. "He clearly wanted to learn as much as possible that could help him at his job," he says.

The class ended at 9:15, and while the two were walking back to the Metro Center Metro station, Wone told Lindburg he needed to head back to the office to meet up with workers on the night shift. Lindburg last saw Wone when he exited at the Farragut North station.

Radio Free Asia Communications Director Sarah Jackson-Han says that Wone returned to the office that night, although she could not confirm whom he may have spoken with that evening.

Eventually, Wone showed up at the Swann Street house. At 11:49 p.m. police received a phone call from someone in the house saying that Wone had been stabbed. Police arrived on the scene 13 minutes later. Wone was taken to GWU Hospital, where he was pronounced dead at 12:24 a.m., according to the police report.

Wone was found in a second-floor bedroom, but the MPD's Morris would not say whether he was lying on a bed or a sofa. He was fully clothed, Morris says. The knife used in the attack was located on the table next to Wone and was from a "set of matching knives located in the kitchen of the house," according to the affidavit. The residents told police that everyone else in the three-bedroom house was sleeping when the incident occurred.

Price, who handles litigation and intellectual property at Arent Fox, has also done considerable legal work on gay rights issues. He is general counsel to Equality Virginia, for which he represented Janet Miller-Jenkins, a woman who sought custody rights after she and her partner broke up. Wade is a former spokesman for Equality Virginia, according to the group's Web site.

"Joe's one of those people in the legal community that everyone looks up to," says Jeff Trammell, a political consultant and friend.

Price and his domestic partner, Zaborsky, bought the Swann Street house last year for $1.2 million. In 2004, Price and Zaborsky were the subject of a USA Today article on gay parents. The two fathered children with a lesbian couple in Silver Spring, Md., by donating sperm.

William Charyk, managing partner at Arent Fox, says that Price has been at work all week. "He's gone through a horrible tragedy," Charyk says. "We're just making sure that he'll hang in there."

News editor Brendan Smith contributed to this article.

Bonanno Associate Pleads Guilty (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, August 12, 2006

A reputed Bonanno crime family associate admitted Friday to playing a role in two gangland slayings and faces a possible 10-year prison term.

Patrick "Patty Muscles" Romanello, 52, of Greenpoint, admitted to Brooklyn federal Judge Nicholas Garaufis that he participated in the conspiracies to murder mob associate Louis Tuzzio in January 1990 and Enrico Mazzeo, a former city official, in November 1982.

Romanello, pleading guilty in court, said he took part in the conspiracies "to further the enterprise charged," referring to the Bonanno crime family activities charged in the indictment.

A muscular, broad-shouldered man with closely cropped hair, Romanello was charged in a 2003 indictment that accused dozens of other reputed Bonanno crime family members and associates of racketeering and other crimes.

Law enforcement officials have said that Tuzzio was killed at the behest of the late Gambino boss John Gotti because of the victim's involvement in the murder of another mob associate. The associate, Gus Farace, was responsible for the 1989 murder of Drug Enforcement Administration special agent Everett Hatcher.

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During the Farace murder, Tuzzio wounded the son of a Gambino crime family member, earning Gotti's wrath, prosecutors said.

Mazzeo, a former deputy commissioner for the city's Marine and Aviation Department, was killed because the Bonanno crime family feared he might cooperate with law enforcement, investigators said.

Garaufis set sentencing for Romanello, who is being held without bail, for Oct. 27. He faces a 10-year sentence under his plea bargain.

In a different case, Garaufis prodded federal prosecutors Friday to finish a probe of allegations surrounding jailed reputed Bonanno crime family member Vincent "Vinny Gorgeous" Basciano. Once considered by police to be the acting street boss of the crime family, Basciano, who is awaiting trial, was placed in recent weeks in solitary confinement in a local federal detention center.

Prosecutors had not disclosed details of the investigation. But Garaufis said in court that government attorneys base their probe of Basciano on serious issues "involving safety and security." Federal prison officials are allowing Basciano, 45, to have visits from his lawyer, but not his family, and have legal papers returned to him.

Shoot First — No Questions Asked (NYT)

The New York Times, August 14, 2006

If ever a law was designed as a get-out-of-jail-free card for the trigger-happy gun owner, it's one that comes to us via the gun lobby and the State of Florida. The law, passed in the last year in 15 states and being considered in eight others, allows the extraordinary use of deadly force when a person simply doesn't want to back away from a confrontation.

There are legitimate kill-or-be-killed situations, but those are defensible in court already. There seems little reason to legally enshrine the right to maim or kill in response to a perceived threat. These laws do just that, and already a creepy picture of "Death Wish"-style justice is emerging.

In one case, a retired police officer shot twice and seriously wounded an apparently unarmed neighbor who had knocked on his door in a dispute over the number of garbage bags put out for collection. The shooter will remain free as long as his self-defense argument holds, and it well may.

The contorted logic of these laws reverses the notions that favored flight over fight and held deadly force to be a last resort. The Florida law holds that a crime victim may "stand his or her ground and meet force with force, including deadly force if he or she reasonably believes it is necessary." To defend homes and vehicles, an owner can wield lethal force with a freedom not granted to the police.

Redefining lethal force is bad enough, but it also comes with near-automatic immunity from prosecution and civil lawsuits. Florida's law is a sick cousin of the work of the gun lobby on Capitol Hill, where it has successfully protected the interstate traffickers of guns used in crimes. And it is the evil twin of laws passed in 38 states that allow concealed weapons. After all, what good is packing heat if it just stays in the holster?

CIVIL RIGHTS:

Two Men Are Accused Of A Hate Attack In Queens (NYT)

By Thomas J. Lueck

The New York Times, August 14, 2006

Two Queens men have been charged with hate crimes after a confrontation that began in Douglaston with racial slurs shouted at a car full of Chinese-American students and escalated into a vicious roadside attack, then led to a fight with two police officers blocks away, the authorities said yesterday.

By the time it was over early Saturday, one of the students had been struck with his own steering wheel lock, one of his companions had been beaten in the face and body, and both officers had suffered minor injuries. All were released from hospitals after receiving treatment.

The events came as a shock yesterday to many people across Flushing, Douglaston, Little Neck and other neighborhoods of northern Queens that have attracted large concentrations of immigrants from China and Korea.

According to a law enforcement official, who insisted on anonymity because of the nature of the case, the epithets directed by the suspects, both white, at the four students, all of them native New Yorkers of Chinese descent, were laced with a racially derisive term rarely heard since the Korean War.

"The defendants' alleged actions are a throwback to a dark time and place in American history and are an affront to civilized society," Richard A. Brown, the Queens district attorney, said in a statement yesterday.

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One of the students, John C. Lu, a Little Neck resident enrolled at the State University at Albany, said he had never experienced anything like it.

"I don't know what to say," he remarked outside his family's home late yesterday, still wearing a bandage over his right eyebrow. "It's the first time something like this has happened to me."

The authorities said that Kevin M. Brown, 19, of Auburndale, Queens, and Paul A. Heavey, 20, of Little Neck, were charged with assault and criminal harassment, and that each of the charges was elevated to a hate crime because of the nature of the attack and the slurs that were used.

Mr. Brown also was charged with assaulting the arresting officers, and resisting arrest. He had already been awaiting trial on an assault charge. The police said Mr. Brown attacked a man with a hammer after a collision and dispute on a Queens street in May.

Robert Brown, his father, said yesterday that he did not believe his son would be involved in a racially motivated attack. He said the charges against his son, who works as a parking valet at a Queens restaurant, and Mr. Heavey, who installs alarm systems, were particularly hard to believe because they had been outnumbered by the students.

"It's a fairy tale," Mr. Brown said outside his wood frame house in Auburndale. "It was four against two."

There was no response at the Heavey home yesterday afternoon. Both defendants were arraigned yesterday in Queens Criminal Court. Mr. Brown's bail was set at a $30,000 bond or $20,000 cash, and Mr. Heavey's bail was set at $10,000. It was not clear if they posted bail yesterday.

Mr. Brown's lawyer, Brian Kennedy, said yesterday that no racial epithets had been used, and that the matter was only a traffic dispute that had gotten out of hand. "We deny any kind of racial bias," he said.

But a Douglaston resident, who said he was returning home in a taxi and pulled up as the confrontation was taking place, said yesterday that he had clearly heard epithets.

"It was definitely bias," said John Pangia, 42, a private investigator who lives on Douglaston Parkway near 44th Avenue, where the attack on the students occurred. He said he saw two white men kicking and punching two young Asian men as people on the block looked out their windows and pleaded with them to stop, and while two other Asian men stood by trying to call for help on their cellphones.

Besides Mr. Lu, the group of students included Reynold Liang of Little Neck, David Wu of the Bronx, and Wing Chung Poon of Bayside, the authorities said. Mr. Lu said they had all been friends since attending middle school in Queens, and were riding with Mr. Liang in his family's Lexus when the attack occurred.

Mr. Liang, an architecture student at the State University at Stony Brook, was the most seriously injured in the group. He was struck in the head by the steering wheel locking device known as the Club, which he had removed from the Lexus to defend himself, but which was taken and turned against him during the assault, the district attorney's office said.

A woman who identified herself as Mr. Liang's mother, but declined to give her name, said yesterday that the incident "hurt us so much, it really hurts." She spoke briefly outside the family's richly landscaped home on a block in Little Neck where houses are valued at more than $1 million.

The two groups of young men had not encountered each other before the confrontation on Saturday, said Nicole Navas, a spokeswoman for the district attorney.

According to an account provided by the district attorney's office, the events began about 2:30 a.m. when Mr. Brown and Mr. Heavey, in Mr. Brown's 1998 Toyota, pulled alongside the Lexus "and began cursing and shouting racial slurs." Moments later, the Toyota rammed the back of Lexus, the authorities said.

They said Mr. Liang then sped away, and pulled his car over at 44th Avenue and Douglaston Parkway after he thought he had eluded the Toyota. But when Mr. Lu got out to inspect the damage to the Lexus, Mr. Brown and Mr. Heavey drove up.

Hurling more racial slurs, the two men punched and kicked Mr. Lu, according to the district attorney's account. When Mr. Liang tried to come to his companion's aid, he was pummeled, it said.

Mr. Pangia, who said he was pulling up in the taxi at that point, said he heard either Mr. Brown or Mr. Heavey shouting "You want more?" as the attack went on. "This thing was ugly," Mr. Pangia said, adding that Mr. Liang's "face was all cracked open."

He said he approached Mr. Brown and Mr. Heavey, warning them that they might be committing murder, and the two men got back into the Toyota and drove off just before the police arrived. Mr. Pangia said he told the officers he could identify the assailants, and rode with the police in pursuit.

According to the district attorney, the Toyota was spotted and pulled over in Bayside, at the intersection of Cloverdale Boulevard and 46th Avenue. Mr. Pangia said he observed as the two officers approached, and Mr. Brown became violent.

"I don't know who this kid is or what he was on, but he was superhuman," Mr. Pangia said. As one of the officers reached into the Toyota, trying to restrain Mr. Brown, Mr. Pangia said Mr. Brown put the car in drive, lurching forward, and the door closed on the officer's head and arm.

Moments later, as both officers tried to put handcuffs on Mr. Brown, he fought back, injuring the other officer, Mr. Pangia said.

City Councilman Tony Avella, whose district includes Douglaston, Little Neck and other neighborhoods in northern Queens, said he knew of no racially motivated violence that had been directed against the growing number of residents of Chinese and Korean descent.

He said there has been tension, particularly over what many longtime residents view as overdevelopment, some of it by Asian developers. Another sticking point, he said, are commercial signs in Korean or Chinese, with no English translation, which "give people the impression that some businesses don't want to serve the whole community."

Mr. Avella said he has introduced legislation calling for all commercial signs in another language include a translation in English.

But he said hate crimes have not been a source of concern. If there were attacks on young people of Asian descent, "their parents would be on my phone immediately," Mr. Avella said.

Hugh M. Mo, a Chinese-American resident of Douglaston Manor and a deputy police commissioner in the 1980's under Mayor Edward I. Koch, said that Asian residents have spread into areas that have been traditionally non-Asian, "and obviously some ethnic whites find it hard to accept."

"It is really no different than incidents where blacks ventured into Howard Beach or the Rockaways," said Mr. Mo, now a lawyer in private practice. "Queens is going to see more and more of these kinds of incidents."

Where Does God Stand On Abortion? (USAT)

USA Today, August 14, 2006

Each side of this divisiveissue claims the divineknowledge of what isright and wrong in theeyes of the Almighty.As with any hot-buttonissue, it's not that simple.

The U.S. Supreme Court has agreed to take up one aspect of the abortion issue in its next term — specifically the constitutionality of a rare procedure opponents call "partial-birth" abortion — and as a result will find itself embroiled in a marathon religious duel marked by vitriol, apocalyptic visions and relentless maneuvering. Religious leaders will speak passionately on both sides of the issue, quote Scripture against each other and claim to express God's will.

A third religious constituency, however, has lost interest in the abortion debate — some because homosexuality seems more pertinent; some because other issues such as war, justice, economic distress and terrorism seem more pressing.

In the abortion battle, each religious camp thinks it has gained ground since Roe v. Wade in 1973, in which the Supreme Court legalized abortion nationwide. One side, calling itself "pro-life," believes that new high court Justice Samuel Alito and Chief Justice John Roberts will tilt toward its anti-abortion position. The other side, calling itself "pro-choice," believes that public opinion has moved toward greater acceptance of legal abortion and that the court will follow the trend.

Shades of gray

So where do religions — and for that matter, people of faith — stand when it comes to whether abortion should be legal or not? Much like the secular debate over abortion, the religious debate is one best captured in shades of gray rather than how it's usually depicted by both "pro" sides — in black and white.

In fact, the religious arguments themselves haven't changed much over the past three decades. They've simply grown in volume and intensity.

The basic religious position against abortion is that human life begins at conception, not at birth, and therefore aborting a pregnancy violates the commandment against murder. The Supreme Court said in Roe that "we need not resolve the difficult question of when life begins. When those trained in the respective disciplines of medicine, philosophy, and theology are unable to arrive at any consensus, the judiciary, at this point in the development of man's knowledge, is not in a position to speculate as to the answer."

To counteract that argument, those who oppose abortion have devoted much of their recent work to developing a scientific and medical basis for defining life as they see it. Supporters of abortion rights disagree with this definition of life — calling it bad science and a misreading of Scripture — and argue that women, not the state, should make their own reproductive choices.

In the point-counterpoint of the abortion debate, biblical arguments seem to have lost their zing, as partisans talk past each other and dispute the meaning of the few biblical passages that come even close to being relevant. When Psalm 139, for example, says, "You (God) knit me together in my mother's womb," is that biblical proof life begins at conception or simply symbolic language showing God's providence, based perhaps on an ancient Phoenician myth? Depends on whom you ask.

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When Jeremiah 1:5 has God saying, "Before I formed you in the womb, I knew you," is that God's definition of conception or the author's literary description of his call as a prophet? Again, it depends on one's interpretation.

The more active weapons have become labeling and trying to convey the impression of a religious juggernaut, when in fact neither side can make an absolute case for or against abortion.

The decision ultimately comes down to individual religions and, ultimately, individuals.

Each side wants to present itself as the one true religious viewpoint on abortion. In truth, there is no single religious position on abortion. Mainline churches tilt toward allowing legal abortion, conservative churches tilt toward ending legal abortion, but each denomination — even those most publicly aligned with opposition to abortion, such as Roman Catholic and Southern Baptist — has a sizable minority that takes a differing position.

So what lies ahead? The issue of abortion had been in a lull, as gay marriage became this year's political lightning rod. But expect that to change in the fall when the Supreme Court takes it up once again. The protest signs will appear on the steps of the court, the battle lines will again be drawn and the nation will again see religion used as a wedge.

Compromise unlikely

America's religious communities show deep divisions and hardening positions on abortion. As happens when a political or cultural issue becomes a religious cause couched in absolutist language and claims of divine sanction, compromise seems unthinkable.

At the pew level, however, the situation is more fluid. Whether one attends a Southern Baptist service, a Catholic Mass, Jewish synagogue or Muslim mosque, there's a good chance that fellow congregants view the abortion debate as individuals rather than with one religious voice.

You wouldn't know that from the rhetoric — political and religious — on the national stage.

Yes, in this day and age, extreme positions command the microphones and drown out the others. Perhaps it's time for the common-sense middle to assert itself against both extremes — in abortion and in the next hot-button issue.

Beliefwatch: Foxholes (N W)

By Rebecca Phillips

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - There are no atheists in foxholes," the old saw goes. The line, attributed to a WWII chaplain, has since been uttered countless times by grunts, chaplains and news anchors. But an increasingly vocal group of activists and soldiers—atheist soldiers—disagrees. "It's a denial of our contributions," says Master Sgt. Kathleen Johnson, who founded the Military Association of Atheists and Freethinkers and who will be deployed to Iraq this fall. "A lot of people manage to serve without having to call on a higher power."

It's an ongoing battle. Just last month Lt. Gen. H. Steven Blum, chief of the National Guard Bureau, said, "Agnostics, atheists and bigots suddenly lose all that when their life is on the line." Atheist groups reacted swiftly, releasing a statement that "Nonbelievers are serving, and have served, in our nation's military with distinction!" The National Guard said it received about 20 letters objecting to Blum's statement, and said his comments were "intended to clearly illustrate the positive spirit of camaraderie, human understanding and inclusion of our fine men and women in the National Guard."

In the past several years, atheists have organized letter-writing campaigns against Katie Couric, Tom Brokaw, Bob Schieffer (who issued a public apology) and other news anchors for repeating the "no atheists in foxholes" line on TV. And on Veterans Day 2005, several dozen atheist veterans paraded down the National Mall bearing American flags and signs reading ATHEIST VETERAN—WE SHARED YOUR FOXHOLES! Johnson says atheists in the military face prejudice. "Before I got to be the rank I am I had to keep my head down and my mouth shut. I had commanding officers who made it clear that they wouldn't tolerate atheism in their ranks." Military leaders deny any discrimination. "Service in the military is open to people of all creeds and religions," says Michael Milord, a lieutenant colonel in the Air National Guard. Officially, the Department of Defense considers atheism a creed like other faiths. New recruits can choose ATHEIST, AGNOSTIC, or NO RELIGIOUS PREFERENCE for their dog-tag identifications. And an atheist symbol, which resembles an atom, is among the dozens of "approved emblems of belief" that can appear on the headstones of fallen soldiers in military cemeteries. Would a soldier really die without faith? Bowling Green State University's Ken Pargament, a professor specializing in the psychology of religion and coping, says: "If someone is a committed atheist, they're likely to stay a committed atheist."

ANTITRUST:

MLSNI Responds To DOJ Investigations (INMAN)

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By Glenn Roberts Jr.

Inman News, August 14, 2006

Listing service turns over 'hundreds of thousands' of documents

Multiple Listing Service of Northern Illinois has turned over hundreds of thousands of documents for a U.S. Department of Justice investigation that relates to limited-service real estate listings, and MLSNI has also responded to a subpoena that is linked to a federal antitrust lawsuit against the National Association of Realtors.

MLSNI, one of the largest MLSs in the country with about 51,000 members, in March received a subpoena from the Department of Justice that relates to ongoing antitrust litigation between the federal agency and the national Realtors trade group. The Justice Department charges in the lawsuit that the Realtor group's MLS policies for the online display and sharing of real estate information are overly restrictive, while the trade group has held that its policies are legal and provide for ample sharing of information.

In a statement to members, MLSNI said it was one of about 20 MLSs across the country that received a "civil investigation demand" or subpoena from the Justice Department relating to the lawsuit.

The subpoena mostly related to MLSNI's Virtual Office Web site (VOW) and Internet Data Exchange (IDX) policies for sharing property information online, though the Justice Department did request information related to the pullout and return of some real estate companies as members of the MLSNI, "as well as information regarding discussions MLSNI and MAP MLS have had and are having regarding (an MLS) consolidation or other transaction," according to an MLSNI announcement to members.

Laurie Janik, general counsel for the National Association of Realtors, announced at a conference in May that at least 14 MLSs had been served subpoenas at that time, and all of those subpoenas related to the Justice Department's lawsuit against the trade group, she said.

In December 2005, MLSNI had received an investigative demand from the Justice Department on a separate issue. This request for information related to "MLSNI rules regarding limited service brokerages," the MLS told its members.

That information request called for "MLSNI rules and policies as they related to limited service listings, distribution of listings displayed in default searches of the MLSNI database, distribution of listings sent by the MLS to IDX Web sites and requirements that a broker be required to provide any specific real estate services." Also, the Justice Department requested documents related to board of directors meetings, e-mails exchanged relating to limited-service listings, and a complete list of all inventory dating back to Jan. 1, 2003, among other items.

"With the assistance of our legal counsel, the staff at MLSNI was able to comply with the request, producing hundreds of thousands of documents. All documents requested ... have been tendered to the DOJ," MLSNI reported.

Illinois in August 2004 was one of the first states to enact a law, now commonly known as a minimum-services law, that mandates a set of duties for real estate agents, at least in certain situations. The Illinois law provides that all brokers who enter into a written contract to exclusively represent a clients must accept and present all offers and counteroffers on their client's behalf, and must also "assist the client in developing, communicating, negotiating and presenting offers, counteroffers and notices," and "answer the client's questions" relating to offers, counteroffers, notices and contingencies."

Justice Department and Federal Trade Commission officials have since objected to similar measures proposed in other states that they say can potentially restrict consumer choice and limit competition by making it difficult for some limited-service companies to do business. And they have investigated MLS policies relating to limited-service listings in other real estate markets.

Brad Tertell, vice president and general manager for MLSNI, said he doesn't recall whether MLSNI changed any of its MLS policies related to the passage of the state minimum-services law. "We didn't need to change anything because we do not identify limited-service listings" in the MLS database, he said. While some MLSs have excluded some types of limited-service listings from being forwarded for display at some property-search Web sites, such as Realtor.com, Tertell said MLSNI has no such restrictions in place.

Quin O'Brien, broker-owner of Chicago flat-fee company 4 Sale Realty Inc., said that MLSNI policies seem to be fair and have not hurt his business. "As far as I know, they treat (all listings) the same and fairly," he said.

The state minimum-services law has affected his business, though, he said. "The only real change is that I must offer negotiating services. My day is consumed with phone calls and negotiations now. The new law has definitely caused me to work more hours. However, because my business has been growing exponentially each year, I could expect that anyway. It is the consumers that are upset about it. Many of my clients are professional negotiators. Many are lawyers. They are very comfortable with the (real estate transaction) process and don't like that a middleman has been mandated upon them," O'Brien said.

While O'Brien said he has not complained loudly about the minimum-services legislation in Illinois, he added, "I think as more consumers learn about this ... they will put pressure on the lawmakers to overturn this law. Until then, I quietly keep on doing my job."

MLSNI allows both exclusive agency listings and exclusive right to sell listings in its database, Tertell said. Under an exclusive right to sell agreement, the broker will earn a fee regardless of whether the owner sells the property or the broker sells the property. An exclusive agency agreement provides that the seller does not have to pay the broker if the seller personally finds a buyer for the property.

MLSNI hasn't yet received a response from the Justice Department since responding to the limited-service information request, Tertell said.

As for the subpoena, he said that MLSNI did not adopt a "selective opt-out" provision of the National Association of Realtors MLS policy that is a key issue in the lawsuit. This provision of the now-defunct NAR policy (the group has withdrawn these MLS rules, known as Virtual Office Web site or VOW), provided that a listing broker could allow company listings to be made available for online display by some but not all of the other brokers in the MLS.

Opponents of this opt-out provision have said that large companies could use the policy to selectively withhold their listings from companies with alternative business models, for example, while freely sharing them with other traditional companies.

MLSNI hired an outside lawyer to assist in its response to the subpoena, according to the announcement. "There are relevancy concerns on MLSNI's part that our legal counsels are negotiating with the DOJ."

The legal requests by the Justice Department have led to legal costs at MLSNI, and Tertell said that some costs may be absorbed by members while others may be absorbed by insurance and/or the National Association of Realtors.

In its announcement to members, MLSNI stated that "MLSNI does have insurance coverage (for legal issues) ... and once we met our deductible the rest of the expenses will be reimbursed from our insurance carrier," and the MLS will be "asking for some relief" from the National Association of Realtors for costs stemming from the subpoena.

EU Launches Probe Into Metso Bid For Aker Kvaerner Unit (WSJ/DJ)

Wall Street Journal/Dow Jones, August 14, 2006

BRUSSELS (Dow Jones)--The European Commission Monday launched an in-depth investigation into Metso Corp.'s (MX) plan to buy Norwegian offshore contractor Aker Kvaerner ASA's (AKVER.OS) pulping and power business.

The Brussels antitrust regulator said the deal could reduce competition in the markets for pulp mill equipment.

"This takeover would reduce the number of competitors from three to two," the commission's top antitrust regulator Neelie Kroes said in a statement.

Finland-based Metso and Aker Kvaener both develop and manufacture equipment for pulp mills that serve the paper industry. Austria's Andritz AG (ANDR.VI) is the only other maker of this equipment.

The commission said its in-depth investigation will focus on the markets for the supply of cooking equipment as well as the brown-stock washing, oxygen delignification, and bleaching stages of pulp production.

The commission said it will study the deal for 90 working days, noting that an in-depth investigation doesn't prejudge a final regulatory decision.

Metso's takeover of the Aker Kvaerner unit is worth EUR375.5 billion.

Aker Kvaerner's pulping and power business has operations in Sweden, Finland, the U.S., and Brazil. Sales for the business were about EUR565 million last year. Metso said the deal will allow it to offer all core processes for pulp mills.

Metso had sales of EUR4.2 billion in 2005. Its paper unit accounts for roughly 40% of the group's annual sales.

ENVIRONMENT/INDIAN AFFAIRS:

BP Keeps Part Of Prudhoe Open, Easing Concern (WSJ)

By Masood Farivar

The Wall Street Journal, August 14, 2006

NEW YORK -- A week after BP PLC's announcement that it was shutting down Prudhoe Bay sent ripples through world oil markets, the decision to continue to partially operate the giant oil field in Alaska has taken the worst-case scenario for oil prices off the table.

Under pressure from federal authorities concerned about supply shortages and Alaskan state officials fearing the loss of hundreds of millions of dollars in royalties and taxes, the United Kingdom's BP said late Friday it would maintain production in the

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western part of Prudhoe Bay, the largest producing oil field in the U.S., because it was confident of the integrity of the pipeline there.

In addition, the company pledged to continue rigorous inspections of the route and implement unprecedented oil-spill response measures.

The western operating area currently produces about 150,000 barrels a day of oil and natural-gas liquids, and after planned maintenance is completed, output will be ramped up to 200,000 barrels a day.

The move came after U.S. companies Exxon Mobil Corp. and ConocoPhillips, the two other partners in Prudhoe Bay, both informed their customers that they wouldn't be able to honor their delivery commitments. BP said it saw no need for such a measure, and refiners on the U.S. West Coast that depend on the field's crude oil said they could offset the shortfall by drawing down on inventories or tapping into readily available foreign sources of oil such as Saudi Arabia's.

This all served to calm traders worried about the loss of what would amount to 8% of total U.S. domestic production. With nearly half of the field open, "this now becomes more of a minor annoyance than a major supply disruption," said Peter Beutel, president of trading-advisory firm Cameron Hanover in New Canaan, Conn.

Between increased imports and high inventories, "it looks now like the West Coast refiners will easily be able to replace the lost Alaskan supply," Mr. Beutel added.

Over the weekend, refiners welcomed BP's decision. "Having that additional crude production from the western Prudhoe Bay could only be seen as a plus for the overall supply situation," said Mary Rose Brown, a spokeswoman for Valero Energy Corp. San Antonio-based Valero, a prominent U.S. refiner, operates a 144,000-barrel-a-day plant in Benicia, Calif.

Still, that the field -- which normally produces 400,000 barrels a day -- remains partially offline in an already overstretched global supply system is enough to keep prices near records. "We think people have discounted the worst-case scenario," said Mary Novak, managing director for energy services at Global Insight. However, "it's another factor that will keep prices in the mid-$70s."

The price of light, sweet crude-oil futures for September delivery on the New York Mercantile Exchange jumped as high as $77.45 a barrel Tuesday before beginning to slide as supply concerns eased. The contract settled Friday 35 cents higher at $74.35 a barrel, slightly lower on the week.

The pullback from the highs wasn't all on the back of easing worries about Prudhoe Bay. Anglo-Dutch Royal Dutch Shell PLC's resumption of some 180,000 barrels a day in production in Nigeria and the foiled plot to bomb several trans-Atlantic flights both weighed heavily on the market. But the Prudhoe Bay story was the biggest market mover.

The Prudhoe Bay glitch reverberated through world markets because it involved supplies in one of the most secure places in the world and came at a time when substantial amounts of global oil production remains offline in places such as Nigeria, Venezuela, Iraq and the Gulf of Mexico. According to Cambridge Energy Research Associates, of the U.S., a complete shutdown of Prudhoe Bay would raise the total amount of shut-in production to 2.3 million barrels a day, or 2.6% of total global output. Against that backdrop, traders' initial reaction to the potential loss of supply in Alaska was understandable, said Fadel Gheit, an analyst at brokerage house Oppenheimer & Co. in New York.

Not everyone feared the worst-case scenario. Global Insight began telling its clients as early as last Monday that a partial shutdown of Prudhoe Bay was the more likely scenario, according to Ms. Novak.

BP Spill Highlights Aging Oil Field's Increasing Problems (USAT)

By Chris Woodyard, Paul Davidson And Brad Heath

USA Today, August 14, 2006

DEADHORSE, Alaska — At a smelly site just off a gravel road, workers in oil-drenched coveralls tote vacuum hoses and thick towels across a patch of blackened tundra. A lone caribou grazes in the distance.

This cold, desolate expanse is where more than 735 gallons of crude spewed from a corroded pipeline earlier this month. As the oil migrated over a soggy half-acre, so, too, have troubles for operator BP.

The petroleum giant has cut in half the field's production of 400,000 barrels of oil a day after finding other weak spots in its lines, raising the specter of higher gasoline prices nationwide. At full production, the field supplies about 8% of total domestic output.

The latest spill, along with one in March of 267,000 gallons, calls into question BP's management and the problems that surround the decline of Prudhoe Bay, part of the Alaska North Slope that is America's most productive and environmentally sensitive oil land.

With the field producing past its projected life, Prudhoe Bay is showing its age. Snow and ice, along with bitter cold at the site 7 miles from the Arctic Ocean, allow water to seep underneath insulation and rust pipelines from the outside. Corrosion is

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attacking from within. Environmentalists and activists charge BP has failed to manage these issues. They say the company is unwilling to sink millions more into an oil field that is producing an average of 3.5% less every year.

"The North Slope corrosion problem is simply the latest example of a pattern of neglect and less-than-adequate maintenance through the years," says Richard Fineberg, a Fairbanks economic and environmental consultant and former oil analyst for the state.

BP denies cutting corners. The company is replacing 16 of 22 miles of pipeline. It announced Friday that it hopes to maintain half of Prudhoe Bay's production during repairs by pumping from the side of the field unaffected by the latest leak. Spending to quell corrosion has increased to an estimated $71 million this year, up 80% since 2001, the company says.

BP officials acknowledge that they should have found the leaks in the so-called transit lines, which gather oil from wells to feed into the main Trans-Alaska Pipeline for the 800-mile journey to Valdez.

"Clearly in hindsight, we would have been doing some things different with those old transit lines," says Kemp Copeland, BP's greater Prudhoe Bay field manager, during a bumpy bus ride with a company-hosted press entourage to the spill site Friday.

The problem stems from the oil field's advancing age, he says. Crude oozes through pipelines at a rate of 30 feet a minute now, a fraction of its speed in 1989 when the lines carried nearly four times as much. Lower flow rates allow sludge to build up on pipeline walls, trapping corrosion-causing contaminants.

The pipes are supposed to be swabbed clean of sludge by plastic cylinders called "maintenance pigs" that are run through the pipes.

The company acknowledges it had not cleaned the insides of lines in the eastern half of the field, where the latest spill occurred, since 1992. The western half was "pigged" in 1998. The cleaning efforts were suspended out of fears that too much sludge was being pushed into the Trans-Alaska Pipeline.

"If we had to do it over again, we would have been maintenance-pigging the lines," Copeland says.

In a June letter to U.S. Rep. John Dingell, D-Mich., the Transportation Department said it has "not received a reasonable explanation" for why the lines had gone so long without cleaning, and that the delay "does not represent sound management practices."

The sludge buildup also prevented BP from sending a probe called a "smart pig" through the lines to detect spots where the metal was corroding.

Regulators ordered the tests after the March spill, then complained publicly that BP wasn't conducting them fast enough.

The company says it has increased its efforts to clean and inspect lines. The recent spill was discovered at the same time as a probe found 16 thin spots in pipeline walls, prompting the shutdown. Since then, BP workers have found five small holes in the transit line. In some places, as much as 80% of the pipe's interior wall was gone.

A federal grand jury in Anchorage is investigating the March spill. Justice Department and Environmental Protection Agency officials declined to comment on the case.

The pipelines are largely unregulated because they are low pressure and above ground. Neither Alaska nor the federal government required any specific steps to control or check for corrosion. Only recently has the Bush administration announced plans to regulate them.

Environmentalists say the state Department of Environmental Conservation has broad authority to monitor the lines under rules designed to prevent oil spills.

"The state has chosen not use their authority to enforce corrosion" prevention, says Alaska environmental lawyer Peter Van Tuyn. Regulators say the state isn't indifferent. "You don't get ahead economically, or in any way, by shortchanging the environment," says Lynda Giguere, a spokeswoman for the state Department of Environmental Conservation.

Oil taxes fund 86% of Alaska's budget, and when Prudhoe Bay shut down, the governor ordered a state hiring freeze.

Lax corrosion controls have taken their toll, environmentalists say. At least 100 spills of oil and other hazardous waste on the North Slope from 1996 to 2004 were corrosion-related, says Pamela Miller, a coordinator for the Northern Alaska Environmental Center.

In 2003, 6,000 gallons of oil and water leaked from an underground BP pipeline at a caribou crossing, prompting state and BP officials to promise to work together to determine whether corrosion problems were mounting.

The company's Alaska operation has had other environmental lapses. It has been cited by the EPA for eight violations since 2001, federal records show. All of the violations were reported to regulators by the company, and none appeared to be linked to its pipelines. In 1999, BP paid $6.5 million in civil penalties for illegally dumping hazardous waste at an oil field. And in 2005, BP was fined $1.3 million after an explosion and fire seriously injured a worker.

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Environmentalists say BP's record lays bare a company keenly aware of the corrosion problem. In 1999, as a condition for approving BP's merger with Arco, which previously operated part of the Prudhoe Bay field, state officials called for twice-yearly meetings with BP to review the company's corrosion monitoring.

That year, BP workers approached Chuck Hamel, a retired oil broker and advocate for oil workers, with concerns that, to hold down costs, the company was skimping on use of a corrosion-prevention chemical, Hamel says.

In a May 2004 letter to Walter Massey, chairman of the BP board's environmental committee, Hamel warned of “cost cutting, causing serious corrosion damage” to lines and worker fears of “a catastrophic event.”

After company executives did not take action, Hamel says, he went to EPA officials. BP says it wants to investigate those allegations but Hamel hasn't provided specifics.

Indeed, BP still has a lot at stake in the Alaskan tundra. The London-based oil giant, once known as British Petroleum, manages the Prudhoe Bay field and owns 26%. Two partners, ConocoPhillips and ExxonMobil, have 36% each. A host of others own the remaining 2%.

The spills are a black eye for a company that touts its nature-friendly focus. They could bolster environmental groups' case against drilling in the Arctic National Wildlife Refuge, about 100 miles east of Prudhoe Bay. BP is also angling to build a $20 billion pipeline that could carry natural gas from Prudhoe Bay to the upper Midwest.

Miller says the latest spill should be a “nail in the coffin” for plans to drill in the refuge. “They smashed the pickup, and they're looking for the keys to the Mercedes,” she says.

For now, Alaska's North Slope is all about oil — or what's left of it. Only about a quarter of the liquid pulled out of the ground is oil nowadays. The rest is water.

“We're actually a water field that produces oil,” quips Gary Crawford, corrosion detection team leader for BP in Prudhoe Bay. “Back in the '80s, they didn't have any water, so you didn't have to worry about corrosion.”

Prudhoe Bay's pipeline problems are another sign that its best days are behind it. It was never expected to last this long. When production began in 1977, the oil was expected to give out after 25 years, Crawford says. Its economic life has been prolonged by technology advances, such as computer-controlled drill bits that make it possible to reach pockets of oil that were unfeasible to suck up before. Soaring oil prices make even low-quality or marginal wells profitable. “We'll be producing there for the next 50 years,” predicts Craig Wiggs, who manages three BP production sites on the North Slope.

Prudhoe Bay's productive life is pegged to increasing workloads. “It's like your car,” Wiggs says. “If you do regular maintenance, it will last forever. Pipelines are the same way. But you have to be on top of your game. You have the elements fighting you.”

Perhaps it's fitting that the whole Prudhoe Bay complex, about a third the size of Rhode Island, feels as if it's stuck in a 1970s time warp.

Boeing 737s fly workers in daily to Deadhorse, basically a glorified work camp. Even the Prudhoe Bay Hotel looks like a double stack of trailers.

Inside BP's gates, the base camp has all the charm of a truck stop. About 3,000 workers labor for 12-hour shifts for two or three weeks. Signs direct workers to the cafeteria or a recreation hall with pool tables and foosball. Fox News drones on overhead TV sets.

Friday, the temperature hung at 38 degrees — 30 degrees when the wind chill is factored in. At 50 degrees below zero in winter, crews work only 20 minutes at a time. At 80 below, they don't go outside.

Besides cold, workers must contend with strict rules. No liquor. Required seat belts on buses. No wandering onto the tundra, home to the area's abundant wildlife. Migrating herds of caribou can bring vehicles to a halt. Visitors are warned about bears and rabid Arctic foxes.

The attraction is good pay. BP workers can make $100,000 to $150,000 a year. For that money — and up to two weeks off a month — many have stayed on the job since the pipeline opened. More than 60% of BP's workers are 50 or older.

Contractors say they're compensated well, too. The pay was enough to lure Billy Bunch, 34, a married father of four, from a valve company in Bastrop, La.

“I came up here for $22 an hour,” says Bunch, foreman of an crew removing pipe insulation for contractor Veco. Now, he flies home to Missoula, Mont.

He's one of more than 150 workers involved in looking for leaks or weak spots. More are coming.

Some are involved directly in the cleanup of this month's spill, which is expected to be finished in less than four weeks. The affected area has been cordoned off with orange plastic. Oil is sucked up into a truck.

Amanda Stark, the on-scene representative of the state Department of Environmental Conservation, says the final step will probably be to burn off the remaining oily tundra, above the permafrost. New grass will grow back next year. Copeland says BP

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is committed to the cleanup. And he says he hopes to speed up the oil through the pipes, reducing chances for corrosion, by replacing the questionable sections with smaller-diameter pipe. He says the cost will run into the millions, but cost isn't an issue.

Repairing the pipeline won't be half as hard as repairing BP's image. Officials are sanguine. Nothing, they say, is fundamentally wrong.

"Sometimes bad things happen to good companies," says Copeland, a 22-year BP veteran.

Beyond Propaganda (NYT)

By John Kenney

The New York Times, August 14, 2006

FOR some men, it's cars, a sports team or watching "The Godfather" over and over. For me, it's oil companies. They fascinate me. Their size, their power, their reach. So I was particularly interested in the recent news about BP shutting down the nation's largest oil field, in Prudhoe Bay, Alaska.

I was interested in part because six years ago I helped create BP's current advertising campaign, the man-in-the-street television commercials. I can't take credit for changing the company's name from "British Petroleum" to "beyond petroleum" (lower case is cooler); my boss at the time came up with it.

That was the summer of 2000. Ideas were needed. We were pitching to the top man, Sir John Browne (now Lord Browne). My partner and I got the assignment. Other agencies got to work on Nike, Apple, Super Bowl spots. I would have taken Taco Bell. We got an oil company. At the time, I knew nothing about oil companies.

I started reading. The facts alone are amazing: 85 million barrels of oil a day used worldwide; 250,000 people born every day; climate change. I read Sir John's speeches and read about BP and its technological achievements and investment in hydrogen.

This wasn't my idea of an oil company chief. This was hope. Why didn't they talk about this stuff? And why did all big oil company advertising look alike? The typical helicopter shot of a tanker at sea, sunlight reflecting off the logo as it dissolves to a towheaded urchin on the beach, frolicking in the pristine waters. A voice like Morgan Freeman's saying, "At Gigantico Petroleum, we're on the move to keep the world on the move. And to fill this tanker with cash."

So we thought, what if you stripped away the corporate speak? What if you engaged in the debate that was happening with oil and energy and the environment?

We borrowed a video camera and approached people on the street, asking them questions: Would you rather have your car or a cleaner environment? Is global warming real? (Remember, this was 2000, when only one oil company, BP, had even admitted the possibility of global warming.) If you could say something right now to the head of a big oil company, what would you say?

It was an amazing experience. I had done man-in-the-street interviews for other products and knew that it was exceptionally difficult to get someone to stop and talk. People are simply too busy to talk seriously about, say, toilet paper with a stranger.

But with oil it was different. People stopped. They talked. They were intrigued and passionate and intelligent and a little angry. They understood that oil companies simply deliver a product. Yet — and I think this has to do with their size and profit — people often expected something more from them than they did of other large industries. A gallon of milk costs more than a gallon of gas, but it doesn't cause global warming. And we don't need 85 million barrels of it a day.

In short, they knew the power of an oil company executive. And they wanted leaders.

After a day and a half of interviews, we had enough footage for five commercials. They were raw and emotional. The things people said were sometimes none-too-flattering to BP or the industry. At the end of each spot, we put up a list of what BP was doing in terms of cleaner fuels, alternative forms of energy, recognizing global warming and reducing their own emissions; stuff you didn't hear from an oil company. Before the "beyond petroleum" tagline, we added, "It's a start."

We did print ads too. The same way. Real people, real quotes as headlines that challenged BP and the industry. No oil company — few companies at all — had ever spoken like this, confronting the debate so frankly.

They liked it.

Advertising is a funny business. You get to help shape the personalities of huge companies. Most often it's for cellphone service or credit cards or fast food or paper towels. Rarely are you faced with whether you "believe" in a product or service. This was different. This was serious. I believed wholeheartedly in BP's message, that we could go — or at least work toward going — beyond petroleum.

The campaign first appeared a few days before Sept. 11, 2001. It was shelved for a long time. Then relaunched. In that time, I moved on to other assignments and later another agency.

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The campaign is running again. I heard that the interviewees are prescreened now, which is too bad. And last week, I heard that the pipeline in Prudhoe Bay is corroded and leaking. The company that claims to be beyond petroleum shut down a pipeline that serves up 400,000 barrels of petroleum a day. Maybe Coca-Cola's new line should be "It's good for your teeth."

I read too that the energy expert Daniel Yergin claimed last week that "new analysis of oil-industry activity points to a considerable growth in the capacity to produce oil in the years ahead." It seems unlikely that anyone's going to push hard to change our energy future.

I guess, looking at it now, "beyond petroleum" is just advertising. It's become mere marketing — perhaps it always was — instead of a genuine attempt to engage the public in the debate or a corporate rallying cry to change the paradigm. Maybe I'm naïve.

It's just that I believe that the handful of men who run these remarkable companies possess something more valuable than wealth, privilege and power. They have at their disposal the truly rare possibility of creating a legacy, the ability to change things, on a huge scale.

I never actually met Lord Browne. He announced recently that he'll retire at the end of 2008, when he reaches BP's mandatory retirement age of 60. I have no doubt he is a good, decent and exceptionally bright person. But imagine what the headlines could have read: "Lord Browne to retire; changed oil industry and the world."

Think of it. Going beyond petroleum. The best and brightest, at a company that can provide practically unlimited resources, trying to find newer, smarter, cleaner ways of powering the world. Only they didn't go beyond petroleum. They are petroleum.

The problem there is that "are petroleum" just isn't a great tagline.

Attention To Locomotives' Emissions Renewed (WP)

By Juliet Eilperin

The Washington Post, August 14, 2006

For years, government scientists who measure air pollution assumed that diesel locomotive engines were relatively clean and emitted far less health-threatening emissions than diesel trucks or other vehicles.

But not long ago, those scientists made a startling discovery: Because they had used faulty estimates of the amount of fuel consumed by diesel trains, they grossly understated the amount of pollution generated annually. After revising their calculations, they concluded that the annual emissions of nitrogen oxide, a key ingredient in smog, and fine particulate matter, or soot, would be by 2030 nearly twice what they originally assumed.

That means that diesel locomotives would be releasing more than 800,000 tons of nitrogen oxide and 25,000 tons of soot every year within a quarter of a century, in contrast to the Environmental Protection Agency's previous projections of 480,00 tons of nitrogen dioxide and 12,000 tons of soot.

The new findings have put pressure on the government to crack down further on diesel engine emissions, a long-standing goal of Bush and Clinton administration officials. Bill Wehrum, the EPA's acting assistant administrator for air and radiation, said recently that his agency hopes to issue draft regulations by the end of the year or early next year for trains and ships that would reduce nitrogen oxide and particulate matter emissions "on the order of 80 to 90 percent."

Research has linked soot and smog to premature heart attacks, as well as to lung disease and childhood asthma, leading environmental activists to argue that the government has no choice but to impose tighter rules on locomotives.

"This is compelling evidence that EPA should move aggressively to clean up this major source of soot and smog," said Frank O'Donnell, who heads the advocacy group Clean Air Watch. "More than 150 million Americans live in areas that violate public health standards for one or both of these pollutants, and a lot of them live near major rail lines. Millions will probably continue to breathe dirty air in the future unless we reduce public exposure to train pollution."

In 2000, Clinton administration officials required manufacturers of trucks and buses to reduce their nitrogen oxide and soot emission by more than 90 percent by 2030; four years later, the Bush administration put the same requirements on off-road equipment used in construction, farming and heavy industry.

The EPA announced two years ago that it was drafting rules to clean up trains and marine vessels: Any rule would likely force manufacturers to redesign their engines and install controls on trains' exhaust.

"It's a real priority for us," Wehrum said in an interview. "This is a standard we want to get done, and we want to get it done as soon as possible."

The EPA's revised diesel pollution estimates highlight the extent to which shifting scientific data can lead to changes in federal regulations, according to Daniel C. Esty, a Yale environmental law and policy professor.

"This new information shows the environmental realm is very dynamic, and you've got to update your regulations to make them consistent" with the new calculations, said Esty, who worked in the EPA under President George H.W. Bush.

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According to Association of American Railroads spokesman Tom White, diesel trains are three times as fuel efficient as trucks, having reduced their fuel consumption by 70 percent over the past 25 years, and emit a third of the pollution trucks release when transporting the same weight over a comparable distance.

"Today, rail is simply cleaner than trucks," White said. "Nothing that has been said changes that."

Trucks emit more than three times as much soot as trains a year and well over twice as much nitrogen oxide, according to the EPA's most recent data. But locomotives' advantage in terms of pollution is expected to erode over time as diesel-powered trucks and buses meet new federal standards. By 2030, trains will emit almost twice as much soot as trucks: 25,000 tons to 14,000.

State and local environmental officials say they need tougher pollution curbs on trains as soon as possible to meet the federal air quality standards that will take effect in the next few years.

Kathleen A. McGinty, head of Pennsylvania's Department of Environmental Protection, said her state is having such a hard time achieving federal standards that it has begun regulating the design of portable gasoline containers to cut down on emissions.

"It really is a situation where we're trying to get blood from a stone," McGinty said. "Transportation is probably the toughest nut to crack, across the board, in terms of air pollution."

Pennsylvania has the fifth-most-extensive railroad network in the nation. McGinty said the proposed standards for train emissions are particularly important because train traffic will increase in the coming years. "For us, clean trains is a growth industry," she said.

Communities located near rail yards experience the highest level of pollution. One example is the Houston-Galveston area, where marine vessels and trains accounted for 41 percent of the region's off-road nitrogen oxide pollution in 2002, according to the Texas Commission on Environmental Quality.

"It will be difficult for Texas to attain the 8-hour ozone standard in some parts of the state unless cleaner engines are federally mandated," wrote Glenn Shankle, the commission's executive director, in a letter to the EPA.

Two years ago, the California Air Resources Board analyzed diesel pollution from the Roseville Rail Yard, the largest service and maintenance rail yard in the West, through which more than 30,000 trains pass each year. The study found that the cancer risk level for as many as 26,000 nearby residents averaged between 100 and 500 in a million, meaning that the exposure nearly doubled the lifetime cancer risk for these residents.

"They're breathing in this stuff all the time," said Diane Bailey, a scientist at the advocacy group Natural Resources Defense Council. Bailey added that many trains idle three-quarters of the time they are in rail yards, and that, compared with trucks and buses, locomotives are "lagging so far behind other diesel equipment."

Warplanes: The Air Force, B-52s And Mideast Oil (NW)

By Dan Ephron

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - Tired of burning money at the gas pump? So is the U.S. Air Force, which spends about $4 billion a year gassing up its warplanes. Next month Air Force test pilots will try something new: flying a B-52 bomber on a fuel mixture that includes synthetic gas made from coal. The test flight is part of an energy-conservation program at the Pentagon that takes into account the potential for more instability in the Mideast, which provides much of the United States' oil. Geologists have known for decades that America is to coal what Saudi Arabia is to oil. "It's a known proven resource that should last at least 200 years," says Michael Aimone, the Air Force assistant deputy chief of staff for logistics.

Aimone's teams have been tinkering with engines and testing them in labs for months. If the flights are successful, the Air Force hopes to start using the synthetic mixture in some of its warplanes within six years, possibly inducing civilian airlines to make the switch. Environmentalists aren't fans of the idea. David Hawkins of the National Resources Defense Council says burning coal-based fuel will create the same amount of carbon-dioxide pollution as gas, furthering global warming. "The standards we have for carbon-dioxide pollution will only get stricter in the next 10 to 20 years," says Hawkins, who heads the group's climate center. "An institution like the Defense Department needs to be thinking beyond just alternatives that will cause the same amount of damage."

FBI/DEA/ATF/USMS:

Schuylkill May Have 9 Deaths From Mix. Other Counties Gird For Cases. (MORNCALL)

The Morning Call, August 13, 2006

A blend of potent painkiller and heroin that has killed hundreds of people in cities across the country — including at least 70 in Philadelphia — has hit the tiny towns of the coal region.

Authorities say the mix of fentanyl, a fast-acting painkiller commonly used for cancer patients, and heroin, is suspected of causing the deaths of at least nine people in Schuylkill County, five of them in the small town of Tamaqua, in the past few months.

That five people may have died from the fentanyl/heroin mix in Tamaqua is unusual, Schuylkill County Coroner David Dutcavich said. He typically sees about 25 overdose deaths a year in the entire county of 150,000 people.

"Overdose deaths are not uncommon here, but …to have that many indicates that there's a change in what's happening," he said. "Either everybody is getting more careless or there's a change in what they are doing."

The four other deaths include one person in the western end of the county and three in the central part.

Dutcavich would not disclose the victims' names or any other identifying information. He said that the nine Schuylkill deaths are still in the "suspected" category pending final toxicology tests that can take several weeks.

State police Capt. David Young, director of the Drug Law Enforcement division of the Pennsylvania State Police, said the number of deaths in Philadelphia is not surprising because it is a "source city" for heroin. Monroe County also is a heroin hot spot, said Stroud Area Regional Police Department Lt. Brian Kimmins.

"Yeah, we've got it. We've noticed an increase in heroin, and the [fentanyl-heroin mix] is now on the radar," he said.

That juxtaposition of sources is helping authorities as they try to make sense of the five deaths in the sleepy little town of Tamaqua, whose population is about 7,000.

Schuylkill County Drug and Alcohol Commission Administrator Daniel McGrory said he's seen a "very steady increase in the use of heroin" in the county.

"Tamaqua overlaps two heroin distribution points: coming down from the Poconos and up from the Allentown/Philadelphia area," he said. "That's why there is a concentration in that in the area. It is a hub of the distribution points."

Tamaqua Mayor Christian Morrison is frustrated with the illegal drug use in his town.

"We've had a heroin problem in town for some time," he said. "Every now and again they get bored with their good old stand-by drug and they try something with it. This time it's fentanyl."

A potent mix

"The high is instantaneous — that's why people people have been found dead with the needle in the arms," said Young. "When you're an addict and you want it now and you need it now, fentanyl is a good thing to have with your heroin."

People ingest the mix in a number of ways, said Kevin Harley, spokesman for state Attorney General Tom Corbett.

"We're seeing several different things — heroin addicts are getting fentanyl patches and crystallizing [the drug] and putting it in the heroin," he said. "We've also heard reports that fentanyl is coming in from Mexico and being put in heroin."

Some addicts, he said, shoot heroin while chewing a fentanyl patch.

Deaths, Overdoses Ebbing From Fentanyl-laced Heroin (PPG)

By Michael A. Fuoco, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, August 14, 2006

'Spiked' drug may have killed 14 in May-July

The explosion of drug overdoses and deaths in the area this summer has dissipated, indicating fentanyl-laced heroin suspected in the spike is no longer on the streets.

While there's no longer an immediate public-health threat posed by the extra-strong fentanyl-boosted heroin, believed to be responsible for as many as 14 deaths between mid-May and mid-July, there remains a heroin-addiction problem that shows no signs of abating.

"My guess is there's still some [fentanyl-laced heroin] out there, but the good news is it's died down," said Dr. Neil A. Capretto, medical director of Gateway Rehabilitation Center. "But that's the same as saying it's 89 degrees outside and we're finally out of the 90s. It's still a hot day and we still have a bad problem."

Results of toxicology tests on the 14 overdose deaths in Allegheny County won't be known for another month, so authorities can't say with certainty that they involved fentanyl, a painkiller about 80 times stronger than morphine that is used legally as an anesthetic and for acute pain in cancer patients. But Dr. Frederick Fochman, director of the forensic science laboratory division and chief toxicologist of the Allegheny County medical examiner's office, said preliminary toxicology results and tests on residue found in drug packets indicated the presence of fentanyl.

Most of the overdoses occurred in June. The Allegheny County Health Department said there were at least 63 overdoses that month, including nine that were fatal, with 38 of them occurring June 3-5.

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A drug cocktail of heroin and fentanyl has been seen here before, but the recent batch, much of it sold in stamp bags labeled "Get High Or Die Trying," "seems to be something to a much greater extent," Dr. Fochman said.

Dr. Capretto agreed: "We've heard on and off since 1999 that there occasionally was fentanyl in the area, but this batch was very potent."

The area wasn't alone in dealing with an outbreak of overdoses from the mixture. From the Midwest to the East Coast, authorities have been trying to get a handle on an extraordinary number of overdoses, and more than an estimated 200 overdose deaths, caused by heroin laced with fentanyl. As it is with fashion or other trends, the Pittsburgh area was a few months behind the outbreaks in Chicago, Detroit and Philadelphia, where addicts began dying in April.

Dealers add fentanyl to diluted or impure heroin for added kick. A dose the size of a few grains of salt can be fatal but, rather than scaring addicts, publicity about its punch drew those looking for a more powerful drug.

"People with addictions want something potent. If a dealer, all of a sudden, says, 'My product here will really lift you to another level,' that's attractive," Dr. Capretto said. "Very few addicts want to die, but they want to get that high, to push the limit of getting close to dying without going over the edge.

"Whenever addicts [hear about overdoses], they think, 'That person went out because they were careless, they used too much. I'll be careful,' " he said. "But that can be a fatal mistake."

Some addicts who heard about the heroin-fentanyl before using it were cautious when they did. One addict, who normally shot up five bags of heroin at a time, injected one from the potent batch, Dr. Capretto said. It knocked him out for 24 hours, scaring him so much that he admitted himself to Gateway. And some addicts were so frightened by the publicized fatal ODs that they, likewise, checked themselves in for rehabilitation, he said.

Of such concern is the outbreak of fentanyl-laced heroin that the White House drug policy office hosted a forum on the combination in Philadelphia on July 28.

"[Drug dealers] have discovered a new way to market their product, much like a soft drink manufacturer might add a twist of lemon to boost sales," Patrick Meehan, U.S. attorney for the Eastern District of Pennsylvania, told those attending. He said current estimates indicated there had been more than 170 deaths and 300 nonfatal overdoses in Pennsylvania, New Jersey and Delaware since April.

In May, Mexican law enforcement authorities seized a fentanyl laboratory in Toluca, Mexico, which they believe was the source of the fentanyl.

Pittsburgh police Cmdr. Maurita Bryant, who heads the narcotics section, said detectives heard from informants that, once federal and local law enforcement here announced they were focused on finding dealers of the drug, "the suppliers put it aside, because it was too hot. It was being cut so it wouldn't be as potent.

"We heard dealers called those [Get High or Die Trying] bags back in and repackaged them with different stamps. We also heard the supply from that particular shipment was gone in the city. Until the investigation is complete and somebody talks, we won't know exactly what happened."

Among those factors was the confiscation by police of 1,131 stamp bags and the arrests of people who had them.

"We believe we got the main source, centered in Hazelwood," Cmdr. Bryant said. "Then it's the matter of trying to find all the subsequent dealers out on the street. The investigation is not over."

Nor is the heroin problem. Dr. Capretto said the area was experiencing an epidemic of addiction to opiates and opioid drugs such as heroin, codeine, morphine, Percocet, Vicodin, Dilaudid and OxyContin, among others. Opioids possess some properties characteristic of opiate narcotics such as heroin and morphine but, unlike them, are not derived from the opium poppy.

"More people than ever are addicted to heroin and opioid medication," he said. "We've had a 600 percent increase in our mission in the last six years.

"What that tells me, from our point of view, is we have an epidemic. From the early '80s to the late '90s, we averaged five teenagers a year [at Gateway]. In the last five years, we've seen 200 to 300 a year."

Heroin use has skyrocketed because drastically increased purity makes it possible to ingest by snorting or smoking instead of injecting, although many end up doing just that in an effort to re-create the initial high, according to Dr. Capretto.

In Allegheny County, drug overdose deaths remained fairly stable between 1998 and 2000 with an average of 105 deaths a year, according to a study by Steven A. Koehler, forensic epidemiologist for the county medical examiner's office. In 2001, there was an increase, with 210 OD deaths, then 228 in 2003, 205 in 2004 and 223 last year. Of the 223 fatal overdoses last year, 77, or 35 percent, were heroin-related; 22, or 10 percent, were opiate related; 10, or 4.5 percent, were morphine related; and 114, or 51 percent, involved other drugs.

"As far as opioids, from what we're seeing and reading nationally, we're worse than average. The opioid problem in our area is certainly more severe than most parts of the country," Dr. Capretto said.

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He added that powerful opioid drugs such as OxyContin are prescribed here more than in other areas because of the region's large elderly population and large number of former industrial workers who suffered work-related injuries.

"The heroin/opioid problem is something absolutely everybody should be concerned with," he said.

That problem, unlike the fentanyl-laced heroin, just isn't going away.

Deadly Drug's Reputation Entices Addicts (PPG)

By Michael A. Fuoco, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, August 14, 2006

In was early June when it blared from Pittsburgh newspaper headlines and over the airwaves that a potent batch of heroin laced with fentanyl was causing overdoses, some fatal, at an alarming rate.

A 22-year-old heroin addict heard the news one morning as he was getting ready for the job that funded his $100-a-day habit. He called his addict friends, not with a warning but an entreaty: They had to get some of that "really good stuff."

That was the reaction of many heroin addicts when they heard the news. Rather than scaring them away from the potentially fatal drug cocktail, the reports drew them to it, thinking it would provide a super high.

The addict, who asked that his name not be used, left Gateway Rehabilitation Center yesterday after treatment for his four-year addiction to snorting heroin. Now, he says, he knows that searching for the fetanyl-laced heroin was "stupid, real stupid." But then, he, like other heroin addicts, was living a life succinctly described by the label on the drug mixture's stamp bags: "Get High Or Die Trying."

The reports of innumerable overdoses and a high number of fatalities didn't faze the addicts except to excite them about the prospect of getting their hands on a drug that would recapture a high that had been dulled by tolerance. Those who overdosed, they felt, weren't careful.

"We wanted it more, because of the ODs," the recovering addict said. "We wanted it because it was better. I asked around for it, but by that time, police were all over the place.

"Some dealers were trying to get it, but there were other ones who weren't because they didn't want to kill their buyers. A lot of people were getting busted, so that really did scare a lot of people away."

He never could find any of the heroin/fentanyl mixture, but two of the 10 people he called with the news succeeded, finding it in Hazelwood, where, Pittsburgh police said, distribution of the heroin/fentanyl mixture was centered.

"They got real high," he said. "They didn't OD because, by that time, everyone was warned that [the drug] was good, so they took the precaution of not doing as many bags."

For example, he said the two friends each injected one bag at a time. Normally, they would inject five or six bags of heroin at a time. With one bag each of the heroin/fentanyl mixture, "they still got as high as if they had done five bags" of heroin.

When he speaks about his involvement in the drug world, it's as if he's speaking about someone else and, in many ways, he is. He's not the same person who, four years before, after doing other drugs such as alcohol, marijuana and cocaine, tried some heroin because it was at someone's house.

He credits his parents with influencing him to get treatment. He says he was tired of being addicted: "You don't go anywhere in life. You stay in the same place you're at."

His addict friends are happy he got help but have no such plans themselves.

"Some of them have nothing going for them. They don't work. They sit at home. They mooch off their parents. They have no desire to do anything with their lives."

With recovery, his prospects have opened up because he's no longer chained by a constant search for his next high, he said.

"I'm excited to get back out there. When I came in here, I just wanted to get high. After talking to a bunch of people who have gone through the same problems, and a lot of people who seem a lot worse, I just don't have any desire to use anymore"

He said he knew he had much more work to do in his recovery. Among the good choices he has to make are avoiding the "people, places, things" that would trigger a relapse. And that's what he plans to do, including not talking to friends who are addicts.

He knows that if another batch of heroin laced with fentanyl hit the streets, his friends and other heroin addicts "would run for it. [You want to] recapture that initial high."

But, he said, he hopes they, like him, will "stop using because it will cost them their lives if they don't."

Hanover Woman, 21, Died Of Overdose, Prosecutor Says (DR)

Daily Record, August 12, 2006

DOJ_NMG_0047200

HANOVER -- The toxicology results for Holly Gillis, a 21-year-old Hanover resident found dead in her home on July 1, were released on Friday by the Morris County Prosecutor's Office.

The tests revealed that Gillis died of a multiple drug intoxication consisting of heroin and alprazolam, which commonly is found in the prescription medication Xanax and codeine, Morris County Prosecutor Michael M. Rubbinaccio said in a statement.

The toxicology results were negative for the presence of Fentanyl, a painkiller that has been mixed with heroin in other parts of the country in a combination that has been causing deaths.

The manner of death was officially ruled accidental, Rubbinaccio said.

Gillis had been battling a heroin addiction for many years. She became addicted in high school but was able to hide her problem behind outstanding grades, a 1,420 SAT score and other glimmers of brilliance, family and friends said.

Gillis' death had been the talk of the town before authorities arrested 60 young adults in Hanover and surrounding towns on drug charges in a sweep called "Operation Painkiller."

Her death is the 16th confirmed fatal drug overdose in Morris County this year, with at least four more pending toxicology reports. Rubbinaccio has said he is planning to coordinate a drug summit for Sept. 20.

Partners: Jobs: CareerBuilder.com · Cars: Cars.com · Apartments: Apartments.com · Shopping: ShopLocal.com

Overdoses Spike As Methadone's Use As Painkiller Grows (AP)

By David B. Caruso, Associated Press Writer

AP, August 12, 2006

NEW YORK -- The number of fatal overdoses among people taking methadone has nearly quadrupled in recent years, and experts say a surge in the drug's use as a painkiller is to blame.

Methadone has long been known for its use combatting heroin addiction, but in the 1990s an increasing number of doctors began prescribing it as an inexpensive alternative to painkilling drugs like OxyContin.

The shift had repercussions.

In 2003, methadone was listed as a cause of 2,452 unintentional poisoning deaths in the U.S., up from 623 deaths in 1999, according to the National Center for Health Statistics.

Florida had the most deaths, with 255, followed by North Carolina, with 230.

Government regulators are aware of the increase and are developing a strategy to deal with it, said Robert Lubran, director of the division of pharmacologic therapies at the U.S. Substance Abuse and Mental Health Services Administration.

Among other things, the agency is working to develop better training for doctors who prescribe methadone for pain.

"I think that physicians who are prescribing methadone for analgesia may not be as completely aware of some of the properties of methadone that create a potential for harm," Lubran said. The drug, he noted, shouldn't be mixed with several other medications. It also has a slower onset than some other painkillers and stays in the body for longer periods.

"If someone is not careful, they can take too much of it," Lubran said.

Studies have indicated, he said, that the increase in deaths isn't linked to methadone dispensed at drug addiction clinics.

The liquid doses of methadone distributed at those clinics are tightly controlled. Patients can often only get a single dose at a time and usually must pass drug tests to show they aren't taking other narcotics.

By comparison, methadone pills given for pain are largely uncontrolled. Patients can usually get a prescription from their personal doctor and take a supply home with them.

According to the Drug Enforcement Administration, retail sales of methadone roughly quadrupled between 1999 and 2003 and have increased tenfold between 1997 and 2005.

A research paper published July 24 in the online edition of the medical journal Pharmacoepidemiology and Drug Safety said the increase in methadone deaths is part of a broader trend that has seen deaths from all sorts of pain pills skyrocket.

As of 2002, overdoses linked to opiod painkillers exceeded those from street drugs like heroin and cocaine, the study said.

Drug Trafficker Pleads Guilty (WT)

Worcester Telegram, August 12, 2006

BOSTON— A Leominster man pleaded guilty yesterday in U.S. District Court to conspiracy to distribute more than 5 kilograms of cocaine and more than 1,000 kilograms of marijuana and the distribution of those two controlled substances.

Rigoberto Morfin-Rodriguez, 42, of 45 Stephens Road, Leominster, pleaded guilty before U.S. District Court Judge F. Dennis Saylor IV, of conspiracy to distribute cocaine and marijuana, and distribution of cocaine and marijuana, according to information from the office of U.S. Attorney Michael J. Sullivan.

Judge Saylor scheduled sentencing for Nov. 30. Mr. Morfin-Rodriguez faces up to life in prison and, if sentenced to a shorter term, a term of supervised release of up to life and a $4 million fine.

At the plea hearing yesterday, the prosecutor told the court that had the case proceeded to trial, the government's evidence would have proven that from at least July 2004 to the date of his arrest in March 2005, Mr. Morfin-Rodriguez, along with his co-defendant and nephew, Gilberto Morfin-Rodriguez, organized and led a cocaine and marijuana trafficking ring based in Fitchburg.

During that time Mr. Morfin-Rodriguez allegedly worked with 13 co-conspirators and arranged numerous cocaine and marijuana transactions, including obtaining shipments of marijuana from suppliers in the Southwest and reselling it to customers in the Worcester area, New Hampshire and Maine, and selling kilogram quantities of cocaine.

The prosecution was the result of a multidistrict investigation initiated in December 2003 by the Drug Enforcement Administration, Massachusetts State Police and other local authorities, including long-term surveillance and court-authorized wiretaps on four cellular telephones used by Rigoberto and Gilberto Morfin-Rodriguez. The investigation led to federal investigations of the Morfin-Rodriguez organization and others in Washington state, Arizona, Georgia and Illinois.

In the course of the investigation, authorities have seized about 2,500 pounds of marijuana, more than 3 kilograms of cocaine, $500,000 in U.S. currency, six firearms, 13 vehicles — including two tractor-trailers with false compartments — and two residential properties. Federal and state investigators continue to pursue the remaining elements of the organization.

"This well-coordinated investigation eliminated an entire drug trafficking organization," Mr. Sullivan said. "Task force-based organizations such as these are a powerful tool for keeping illegal drugs off of our streets."

The case is being prosecuted by Assistant U.S. Attorney Andrew E. Lelling.

Fake DEA Agent Gets 15 Months (ST)

Stockton Record, August 12, 2006

SACRAMENTO - A Stockton man who posed as an agent for the Drug Enforcement Administration to solicit donations for a purported nonprofit was sentenced Friday to 15 months in federal prison, the U.S. Department of Justice reported.

Ricardo Simental, 43, once even made a speech before a Rotary Club touting his phony nonprofit organization, which purportedly benefitted at-risk children, said Assistant U.S. Attorney Carolyn Delaney, who prosecuted the case.

Simental never worked for the DEA or operated a nonprofit organization. A federal jury on March 16 found him guilty of three counts of impersonating a DEA agent, the Justice Department said.

U.S. District Judge Edward J. Garcia, who sentenced Simental, also ordered the Stockton man to pay $13,660 in restitution to the victims of his fraud. Simental deserves the sentence because he continues to deny responsibility for his actions, Garcia said.

Drug-Terror Connection Disputed (WP)

By Kari Lydersen, Washington Post Staff Writer

The Washington Post, August 12, 2006

DEA Defends Traveling Exhibit as Critics Draw Parallels to Prohibition Era

A photograph of President Bush waving a flag after the Sept. 11 attacks is juxtaposed against a black-and-white image of an African American mother smoking crack cocaine in bed next to her baby. Larger-than-life portraits of Osama bin Laden and Pablo Escobar line the walls. The central message of a traveling Drug Enforcement Administration exhibit unveiled at Chicago's Museum of Science and Industry yesterday is that terrorism and drugs are inextricably linked.

But advocates of legalization who are leafleting outside the exhibit say the DEA is leaving out an important part of the story. Critics agree that drug trafficking provides a potentially lucrative revenue stream for terrorist organizations. But they say the profit is actually fueled by the government's war on drugs, which creates a situation akin to prohibition of alcohol.

"If we taxed and regulated drugs, terrorists wouldn't have drugs as a source of profit," said Tom Angell of the nonprofit Students for Sensible Drug Policy, which focuses on restoring financial aid for college students with drug convictions.

"With the connection to Prohibition in Chicago we should know better," said Pete Guither, a professor of theater management at Illinois State University and founder of the blog DrugWarRant.com.

DEA spokesman Steve Robertson responded: "We're a law enforcement agency -- we enforce the laws as they are written. Congress makes the laws. People say if we didn't have [drug] laws there wouldn't be a problem, but there was a problem before and that's why laws were established."

Jeanne Barr, a history teacher at a private Chicago high school, plans to distribute fliers and bring her students to study the exhibit, titled "Target America: Opening Eyes to the Damage Drugs Cause."

"We'll look for possible omissions and oversimplifications," she said. "They don't pin any blame on the prohibition of drugs. But from my understanding of history, the major source of the black market is prohibition. I don't think there's any difference between alcohol prohibition and what we're looking at today."

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Critics of the DEA exhibit also question its linking of drugs to al-Qaeda. Another Web site with which Guither is affiliated, http://www.deatargetsamerica.com/ , quotes the Sept. 11 commission report as finding that "there is no reliable evidence that Bin Ladin was involved in or made his money through drug trafficking."

The 2001 attacks are clearly the centerpiece of the exhibit, with a display of rubble and artifacts from Ground Zero under a banner reading "Traffickers, Terrorists and You."

"For al-Qaeda it's hard" to prove a link, said DEA public affairs chief Garrison Courtney. "I don't think we're saying 9/11 was caused by drug financing. But we're saying there is a link between drugs and terror, and September 11 is a poignant example of terrorism. Terrorists don't hold bake sales to raise money."

The exhibit includes a list of organizations designated as terrorist by the State Department, with the explanation that "nearly 50 percent" of them get funds through drug trafficking. There is a replica of a heroin-processing lab in Afghanistan and references to heroin production funding the Taliban.

But it does not mention that the Taliban publicly opposed heroin production, though federal prosecutors allege that Baz Mohammed, a recently convicted Afghan drug kingpin, had ties to al-Qaeda; that the United Nations Office on Drugs and Crime reported in 2003 that production of opium poppies in Afghanistan rose dramatically after the Taliban was overthrown; or that a top U.S. anti-drug official recently acknowledged allies' doubts about the effectiveness of poppy eradication in Afghanistan, where poor farmers have few options on crops.

"The Taliban said they had a moratorium on the production of opium poppies, but they were taxing the farmers who were doing it anyway," said DEA agent David Lorino, who was in Afghanistan.

The exhibit says the 2004 Madrid train bombing involved a hashish-for-explosives swap, and that in 2002 federal agents foiled two plans to trade heroin and hashish for Stinger antiaircraft missiles that suspects planned to sell to al-Qaeda and a Colombian paramilitary organization. The exhibit features Colombian and Peruvian guerrilla forces financed by cocaine.

The exhibit opened in Dallas on Sept. 11, 2003, and has been shown in New York, Omaha and Detroit. It was brought to Chicago at the request of Mayor Richard M. Daley (D), who blamed drugs for "80 percent of the crime factor in our city" in his remarks when the exhibit opened.

The Chicago component of the exhibit highlights terror caused by local gangs involved with drugs. DEA spokesman Robertson also took a broader view of terrorism and drugs.

"Terrorists' goal is to tear down current societies and governments and offer something else," he said. "Drug abuse degrades societies from within because of the effect on society, on users and on health services. Drug trafficking is a way to degrade societies, which helps terrorists in their goal."

DEA Drug-terror Exhibit Opens In Chicago (WT?UPI)

The Washington Times/UPI, August 12, 2006

A traveling photo exhibit sponsored by the U.S. Drug Enforcement Administration draws a controversial direct link between drug use and international terrorism.

The exhibit that opened this week at the Museum of Science and Industry in Chicago includes photos of Osama bin Laden and President Bush in the aftermath of Sept. 11, 2001.

The exhibit uses the attacks as a centerpiece and includes rubble from the World Trade Center.

The Washington Post said Saturday the subject matter is controversial: Drugs can generate money for terrorist groups, but it has not been proven the arrangement contributed to the terror attacks of Sept. 11.

Some critics also argue the alleged link could be broken by easing U.S. drug laws, the Post said.

The exhibit, titled "Traffickers, Terrorists and You," was created in 2003.

Heroin Cartel Member Sentenced (TRE)

Trentonian, August 12, 2006

TRENTON -- "Operation Golden Triangle," the high profile 2004 shakedown of the city's heroin trade, led to a 17-year prison term for one of its top players yesterday, officials said.

Bloods' gangster Akeem Blue, 22, of Kingsbury Square, Trenton, an alleged wholesaler for the heroin cartel toppled by the state-wide operation, pleaded guilty April 14 to possession of heroin with the intent to distribute after he was caught two years ago buying 8,950 decks of smack with $43,000 in cash, said Attorney General Zulima V. Farber.

At the time, police said "Operation Golden Triangle," put a major dent into Trenton's drug trade while sinking a multi-million dollar industry.

Seventy-five percent of the heroin trade in Trenton, as well as a substantial portion of the statewide market, came from Blue's gang-funded cartel.

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Yesterday Farber said an estimated 20,000 doses were being distributed in the city at any given time before "Operation Golden Triangle" closed down the cartel in 2004.

It was Blue's job, officials said, to sell to lower-level dealers working within the city limits.

Judge Maryann Bielamowicz yesterday sentenced Blue to 10 years in state prison with 43 months of parole ineligibility on a charge of possession of heroin with the intent to distribute filed by the Division of Criminal Justice.

He was also sentenced to seven-more years on charges filed in Mercer County, officials said.

While out on bail in March 2005, police chased Blue into Morrisville, Pa., and nabbed him with 160 packets of the drug, and $1,678 in cash.

A year-long covert joint-agency investigation, "Operation Golden Triangle," headed by the Division of Criminal Justice, resulted in 12 arrests in June 2004 and the confiscation of cash and cars.

It was the largest single seizure in the history of the division's history, said then Attorney General Peter Harvey.

The operation damaged the drug network's hierarchy, whose gang-controlled heroin was being shipped to Trenton on a weekly basis and was responsible for a substantial portion of the statewide heroin trafficking market, Harvey said.

Agents followed Robert "Marc" Cashwell on his way to meet up with Blue at the 7-Eleven on South Broad Street.

Officials said then it was Cashwell's job to move heroin from an Elizabeth warehouse into Mercer County.

Around 1 a.m., Cashwell got off the New Jersey Turnpike and headed toward Trenton where he allegedly made a small drug drop before meeting Blue in the parking lot.

The two men got out of their cars and started talking casually, Lt. Bill Stranero of the Special Investigations Unit in the Mercer County Prosecutor's Office said in 2004.

Within seconds 20 police ambushed the two men.

Blue was holding a Timberland shoe box containing $42,918 in cash and Cashwell, a black shopping bag with 179 bricks, or over 9,000 doses, of heroin, police said.

The arrests of Cashwell, 34, and Blue triggered the planned, simultaneous execution of more arrests and search warrants that morning at 12 locations in Trenton, Newark, Irvington, East Orange, Elizabeth and Philadelphia.

More than 60 investigators and detectives from 15 law enforcement agencies recovered drugs, weapons, cash and cars.

In total, the searches -- five of which took place in Trenton -- yielded 300 bricks of heroin (with a street value of about $250,000), more than $271,000 in cash and more than $132,000 in bank assets, officials said.

Police also seized illegal weapons, including an Uzi submachine gun, a 9mm semi-automatic pistol, and .38, .45, and .40 caliber semi-automatic handguns and hollow-point bullets, along with late-model cars and motorcycles.

Twelve of the 17 alleged members of the heroin cartel had ties to the Bloods street gang, officials said in 2004.

Investigators believe that before the June 25 raids an estimated 20,000 doses of heroin were being distributed in Trenton during any given week.

At the time cops explained heroin is packaged in bricks, about the size of a deck of cards.

Each brick contains five bundles of 50 glassine bags, or doses and each dose at the time sold for about $12 on the street.

Meanwhile Cashwell pled guilty March 3 to first-degree distribution of heroin filed by the Division of Criminal Justice, officials said.

He was listed to be sentenced yesterday but the hearing was postponed for unexplained reasons.

Once sentenced Cashwell, of Elizabeth, faces 10 years of state prison time with 42 months of parole ineligibility, police said.

Officials said the cartel's alleged kingpin, Charles "Black" Hamilton, 36, of Irvington, also fell to the operation.

He was charged with leading a narcotics trafficking network, criminal conspiracy, racketeering and the distribution of heroin.

Man Sentenced To 17 Years For Role In Heroin Cartel (AP)

AP, August 14, 2006

TRENTON, N.J. (AP) - A state Superior Court judge sentenced a Trenton man to 17 years in state prison Friday for his role in a heroin cartel.

Akeem Blue, 22, will not be eligible for parole for eight years.

He was arrested in June 2004 in the parking lot of a Trenton convenience store after he paid Robert Cashwell, 34, of Elizabeth, about $43,000 in cash for 179 bricks of heroin, or about 500 grams, according to the New Jersey Attorney General's Office.

Blue pleaded guilty in April to a charge of heroin possession with intent to distribute, as well as other related charges.

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Prosecutors said Blue was a leading member of the cartel, which was based in Mercer and Essex counties and had ties to the Bloods street gang. It had control of about 75 percent of the heroin trade in Trenton, as well as a large piece of the statewide heroin trafficking market.

Prosecutors said the cartel would obtain large quantities of street-packaged heroin bricks from sources in northern New Jersey, then separate them out for distribution in single doses in the Trenton area. They estimate the cartel was selling about 20,000 doses on the streets of Trenton in any given week.

Cashwell pleaded guilty in March to a charge of first-degree heroin distribution and faces up to 10 years in state prison when he is sentenced. Authorities said the arrests of Blue and Cashwell sparked a round of arrests and searches in Trenton, Newark, Irvington, East Orange, Elizabeth and Philadelphia.

The reputed kingpin of the drug network - Charles Hamilton, 36, of Irvington - faces numerous charges, including allegations of leading a narcotics trafficking network, criminal conspiracy, racketeering and distribution of heroin.

In Steroid Era, Will Golf's Integrity Stand Test? (NYT)

By Damon Hack

The New York Times, August 14, 2006

In the seven years since Tiger Woods won the P.G.A. Championship at Medinah Country Club, the golf course has been yanked at the roots and stretched to 7,561 yards, making it the longest major championship venue ever devised.

Medinah, which will again play host to the P.G.A. Championship, beginning Thursday, is just one more reminder of a sport becoming identified with power — so much so that some players are questioning if golf could one day fall prey to the performance-enhancing drugs that have plagued other sports, if they have not infiltrated golf already.

"Up until this point in time, I would have said it is a fairly laughable question," Joey Sindelar, a seven-time PGA Tour winner, said in a recent interview. "The guys in my era weren't workout guys. It didn't used to be such a brute strength thing. But we're getting some serious 6-1 baseball-player-type guys. There's probably going to be a time when you're going to look at guys and say, 'Well, sooner or later somebody is going to cross that line.' "

Professional golf finds itself in an unusual position on the sports landscape. Players call penalties on themselves, sometimes costing themselves strokes, victories and money. Cheating is seen as the worst possible sin. But as golf courses grow longer in an effort to combat gains achieved through equipment and fitness, some players openly wonder if golf might follow the perilous path of baseball, where home run chases in the late 1990's may have obscured a darker truth.

In interviews with several professional golfers and officials, none said they believed that professional golf had a steroid problem. But many recognized that their sport does not exist in a vacuum despite its being perceived as a game of honor.

In decades past, observers used to debate whether golfers were even athletes. Ben Hogan was nicknamed Bantam Ben. Jack Nicklaus began his career with a paunch.

In today's game, though, the best players in the world, like Woods, Vijay Singh and Annika Sorenstam, are celebrated for their workout routines and prodigious tee shots. The majority of golf television ads show players wielding a driver and hitting tape-measure shots, a skill that not every professional golfer possesses in equal measure.

"We market the long ball," said Joe Ogilvie, a PGA Tour professional and member of its policy board. "We market the guys who hit it 300 yards. If that's your message, and people see that beginning at the high school level, I think as a tour it is very naïve to think that somebody down the line won't cheat.

"As it gets more popular and the zeroes continue to grow to the left of the decimal point, I don't think there is any doubt that there will be cheaters," Ogilvie added. "Golf is all about length, and the U.S.G.A., the P.G.A. of America and, to a certain extent, the PGA Tour are perpetuating it by blindly lengthening every golf course. It doesn't seem like they have a whole lot of rhyme or reason."

Some players on the PGA Tour, however, say the DNA in golf is different from the win-at-all-costs undercurrent of other sports.

"Maybe I'm naïve, because I have a hard time believing that anyone would cheat, I really do," said Tom Lehman, the 1996 British Open champion and the 2006 United States Ryder Cup captain. "The culture of golf is such that you play by the rules.

"If you read in the paper that Tom Lehman just won the U.S. Open and he just took a drug test and he's been using the clear for the last two years, the guys out here would vilify me," he added, referring to the steroid tetrahydragestrinone. "It'd be over. For that reason alone, almost, it would keep guys clean."

The Tour player Bo Van Pelt added: "As far as steroids ever helping out golf or a golf swing, I just don't see it. Just because you're hitting it a little bit farther, your scores aren't going to be that much different. In golf there is too much short game, too much feel, too much carving shots.

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"In football, it's a power game," Van Pelt added. "In baseball, it's the off-center hits that instead of being flyouts are home runs. In golf, it's still about controlling the distance. When you watch guys on Sunday, the guys who win the tournament are hitting it pin high and making the 6- to 8-footer. It's not just always the guy that's long."

Unlike the National Football League and Major League Baseball, the PGA Tour does not test its athletes for performance-enhancing drugs. Tim Finchem, the PGA Tour commissioner, said in a telephone interview that the Tour was not planning to begin a testing program despite the scandals that have plagued other sports, like baseball, cycling and track and field.

"We are monitoring the situation very carefully and we are making sure that players understand that steroids and other illegal substances are in violation of the rules of golf," Finchem said. "It's no different taking a steroid to prepare for a golf tournament than it is kicking your ball in the rough."

Finchem said he would not rule out testing for performance-enhancing drugs "if we get to a point in time where we think we have a problem," but he said that point had not been reached.

"We don't think it's prudent to test just because somebody someplace thinks all sports should test," Finchem said. "Having said that, if some pattern emerged or, candidly, let's say that didn't happen, but it just got to the point that no sport was considered clean, then we would have to take aggressive action.

"If we did test, we would not fool around. We would test aggressively and effectively. We would convince people that we are what people think we are in 2006. If we did it, there would be no hesitation on the part of the players. I would predict 100 percent participation."

A move toward testing has already begun in some golf circles. During the British Open last month, Peter Dawson, the chief executive of the Royal and Ancient Golf Club of St. Andrews, announced that the countries competing in the World Amateur Team Championships in South Africa in October would be given a drug test.

The L.P.G.A. Tour recently released a statement stating that, in light of the concerns regarding drug use and sports, "we are researching the possible implantation of a policy that would test for the use of performance-enhancing drugs."

Some players argue that the PGA Tour ought to take similarly swift action.

Tom Pernice Jr., a two-time PGA Tour winner, noted that Major League Baseball ran into trouble by delaying testing until steroid use was already a problem.

"We'd be better off being ahead of the game," Pernice said. "If we're going to test, do it now for future generations. I think we need to be a leader on this. From what I've heard, it's easy to get this stuff in high school and college, so do something now and it will trickle on down the line."

While there is no evidence suggesting steroid use on the PGA Tour, two players — Jay Delsing and Joe Durant — said they have heard of competitors taking beta blockers, which are often prescribed for heart ailments but can also be used to combat anxiety.

The extent of beta blocker use — and its effectiveness — has been debated for years on the PGA Tour. In 2000, Craig Parry of Australia said that three players, whom he did not identify, had won major championships during the 1990's while using beta blockers.

His comment prompted Nick Price, a three-time major champion who took beta blockers during the 1980's because of a family history of high blood pressure, to say that the drugs hurt his golf game by making him sluggish. (Price has said he won his three major titles after he stopped taking beta blockers.)

Durant, also a member of the PGA Tour policy board, said the anecdotes he had heard about beta blockers are similar. "I have heard of guys taking them and saying that they didn't help them at all," he said.

Delsing added: "As an athlete, you want your senses. It would be like, 'I'm calm, but I don't know where I am.' "

Dr. Linn Goldberg, a professor of medicine at the Oregon Health and Science University and a spokesman for the Endocrine Society, said beta blockers could affect people differently, but that they are often used to combat a person's adrenaline flow.

"You can see that happen with someone putting, or shooting archery, or a doctor using it if before giving a talk," Goldberg said in a telephone interview. "It does steady your nerves because it combats adrenaline when you get nervous or your palms get sweaty and you have a crowd of people around. It mellows you out."

When Finchem was asked if he was concerned about players using beta blockers on the PGA Tour, he said the Tour's research found that beta blockers did not help golfers. He said the Tour had anecdotal evidence from three or four players.

"At least two of those players were on prescription, Nick Price being one," Finchem said. "They had such a negative impact that they saw a dilapidation that made it very difficult to play the game.

"We have never had much of an indication by players that there is use, and in the isolated incidents we've seen, it has been as much as a negative as anything."

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Finchem concluded, as he did with steroids, that he would not rule out testing for beta blockers if further research found that it was warranted.

The issues for golf seem complex. Even in a game with rules written in black and white, the players see shades of gray in the area of drug testing.

When Woods was asked for his opinion on testing, he answered the question with his own set of questions. “I think we should study it a little bit more before we get into something like that,” he said. “Where does it start? Who does it? Who is in control of it? What are the substances that you are looking for?”

Sindelar, too, said he recognized the complexity, but he also acknowledged the time for testing may be near.

“It’s at the Olympics, it’s everywhere,” Sindelar said of steroid use. “That’s what goes through my mind. If you said you needed a name, I couldn’t say, yes, it’s that guy. But if it’s everywhere, what that says to me is, why do we think golf is insulated?”

Court Upholds Drug Dealer's Conviction In Fatal Shooting (WP)

By Candace Rondeaux, Washington Post Staff Writer

The Washington Post, August 13, 2006

The Virginia Court of Appeals has upheld the conviction and sentence of a Manassas drug dealer in the killing of a Leesburg man three years ago.

A Loudoun County jury convicted Tyrone T. Smith in 2004 on charges of second-degree murder in the shooting of Leesburg resident John G. Zimmerman. Prosecutors said that a drug deal between the two men March 27, 2003, went sour and that Smith, then 21, fired shots from the parking lot in front of Zimmerman's apartment on Clubhouse Drive after Zimmerman, 38, complained about the quality of cocaine Smith had sold him.

Loudoun County Circuit Court Judge Thomas D. Horne sentenced Smith to 35 years in prison for second-degree murder, firing a gun into an occupied dwelling, using a firearm in the commission of a murder and possessing a firearm while carrying illegal drugs. Smith received an additional 10 years for two drug offenses to which he pleaded guilty.

The crime had the hallmarks of an ordinary drug deal gone bad. But Smith's 2004 trial was anything but ordinary. Horne granted a prosecution motion to allow jurors to inspect the crime scene in person as prosecutors tried to convince them that the shooting was not an accident.

The trial took another unusual twist when Smith's attorneys asked the judge to declare a mistrial after Smith tried to hang himself in jail during jury deliberations. Horne denied the motion for a mistrial.

Two months later, Smith filed an appeal, saying that the jury should not have been allowed to tour the crime scene and that the jury's verdict should be thrown out because Smith's suicide attempt raised questions about whether he was competent to stand trial.

The appeals court disagreed on both counts. In a ruling issued Tuesday, the appeals court said the tour of the crime scene "helped the jury understand" the layout of the apartment complex where Zimmerman was shot in his second-story apartment. The court ruled that the tour was "entirely fair" and said legal precedents dating to the time of King George IV allowed such jury viewings.

The court said the claim that Smith was mentally unfit for trial was not valid. "Mental illness does not necessarily render a defendant incompetent to stand trial," wrote Judge D. Arthur Kelsey.

Loudoun Assistant Commonwealth's Attorney James P. Fisher said his office was pleased with the appeals court ruling.

"I particularly appreciate the appeals court giving some clarity and guidance on the issue of taking the jury out to view a crime scene," Fisher said. "Oftentimes photos don't fully show the layout of a particular scene. I was pleased we could actually go out to the murder scene so that the jury could fully understand that the killing was no accident."

Records: Slayings Linked To Drugs (DR)

Daily Review, August 12, 2006

Infighting between two of the Bay Area's biggest distributors of the illegal drug ecstasy may have led to the bludgeoning deaths of three people found inside a Union City home almost four years ago, according to court records.

Oakland resident Johnny Li, 33 — who was one of the area's largest ecstasy distributors, according to an affidavit unsealed this week by a U.S. District Court magistrate — his fiancee, 26-year-old Deborah Yao of Union City, and friend Kevin Kwok, 32, of San Jose, likely were killed because Li "wanted to be the sole distributor of (ecstasy in the Bay Area)," the document states.

DOJ_NMG_0047207

Johnson Mai, the ringleader of a major ecstasy smuggling operation suspected of dispensing some 3.6 million doses of the drug in the Bay Area since 2000, according to the Drug Enforcement Agency, was arrested Thursday along with four others during a series of raids in the East Bay and on the Peninsula.

Mai, his wife, Lisa Lee, 42, and associates Eric Yu Heng Cai, 34, Zhi En Huang and David Yuen, both 37, appeared Thursday in a federal court in Oakland, where they face drug and money laundering charges.

A sixth suspect, 36-year-old Kai Lun Zheng, remains at large.

Zheng, the second major distributor working under Mai at the time of the slayings, is believed to have orchestrated the Union City killings and has since fled the country, a confidential informant told DEA special agents, the affidavit states.

Li, Yao and Kwok were found beaten to death in a Compton Court home on Sept. 12, 2002. All three victims appeared to have put up a struggle, but died as a result of blunt force trauma to the head, police said.

Detectives said the house, strewn with blood, had been ransacked. They also said they had established a motive fairly early in the investigation, but would not publicly say why the trio was killed.

Calls to the Union City police investigations unit were not returned Friday.

Although the affidavit released Thursday does not identify anyone involved in the killings, it uses information from confidential informants to document Li's involvement in the drug-smuggling ring and suggests that he was slain by an associate, possibly at the direction of Zheng, who heard that Li wanted to kill him and take over his accounts.

According to the document, Li was one of two Bay Area men, in addition to ringleader

Advertisement

Mai, who helped import the drugs from the Netherlands using upright pianos, automobile transmissions and leather sofas. When the items arrived, the drugs were removed and then distributed to sellers who pushed the pink pills at local clubs, and in some cases in the Houston area.

The DEA began investigating Mai in 2001 after Belgian authorities alerted U.S. Customs agents that a piano shipped from Germany to San Francisco International Airport had more than 40 kilograms of ecstasy stashed inside.

Narcotics agents then documented dozens of additional shipments carrying more than 906 kilograms of the drug — worth in excess of $51 million on the street. A kilogram of ecstasy produces about 4,000 pills.

Between January 2001 and June 2002 — three months before he died — Li was involved in smuggling more than two-thirds of the total amount, the affidavit said. Li and Zheng had the capacity to distribute as much as 200,000 pills per week, an informant told agents, according to the document.

During the summer of 2002, just before the killings, a confidential informant saw three black pianos in Li's garage. And after the slayings, the informant saw Mai and Zheng search Li's home, the affidavit states.

In the aftermath of the killings, Mai told several dealers that he had temporarily run out of ecstasy and ceased operation for about two months.

That November, Mai traveled to Canada and secured a 190-kilogram shipment of the drug in powder form, according to the affidavit. It then was set to be pressed into pills at clandestine labs in Canada and shipped to the United States for sale.

In addition to importing and distributing the drugs, Mai is suspected of laundering more than $3 million in profits from selling contraband and supporting an illegal gambling operation.

During their investigation, drug agents also learned from the informant that Zheng fled the country in April 2003 amid rumors that he was involved in the killings.

Ecstasy Raids Lead To Arrests Across The Bay (MR)

Mercury Register, August 11, 2006

Narcotics agents lowered the boom Thursday on an Ecstasy smuggling ring that authorities say pushed more than 3.6 million doses of the drug through the Bay Area since 2000.

Agents arrested five suspects in raids on six homes in the East Bay and the Peninsula on Thursday morning, discovering about 70,000 Ecstasy pills in an apartment on East 24th Street in Oakland, said Javier Pena, special agent in charge of the federal Druge Enforcement Administraton San Francisco office. Agents also seized firearms, cars and more than $40,000 in cash in a house in Danville, Pena said.

"This is a major organization that was bringing in a lot of Ecstasy," Pena said. "I think it's safe to say this was one of the largest, if not the largest, ecstasy smuggling operations ever in California."

Smugglers transported pills from their point of manufacture in the Netherlands to San Francisco International inside leather sofas, upright pianos and even automobile transmissions, the DEA said.

The group would typically consign the goods in the names of Bay Area identity theft victims, according to an affidavit unsealed in U.S. District Court on Thursday.

The goods were picked up from the shipper and delivered to distributors in parking lots or restaurants in the East Bay.

The affidavit also links a 2002 triple homicide in Union City to a feud between distributors for Mai's business.

Beginning in 2000, distributors moved about 906 kilograms of the drug — worth more than $51 million on the street — to clubs in the Bay Area as well as in Houston and Los Angeles.

Arrested were 43-year-old Johnson "Uncle Hong" Mai, the alleged ringleader, and his wife, Lisa Lee, 42. Also arrested were 34-year-old Eric Yu Heng Cai and 37-year-olds Zhi En Huang and David Yuen. A sixth suspect, 36-year-old Kai Lun Zheng, remains at large.

The five arrested suspects appeared before a federal magistrate Thursday afternoon in San Francisco and were charged with conspiracy to distribute Ecstasy and laundering more than $3 million in proceeds from drug sales.

The DEA began investigating Mai in 2001, after Belgian authorities alerted U.S. Customs agents to a piano shipped from Germany to San Francisco International Airport with more than 40 kilograms of the drug concealed inside.

Narcotics agents documented several more hidden shipments that passed through the airport since then, some hidden in high-end leather sofas, others inside assembled transmissions for BMW cars. The contraband was shipped from Amsterdam, Pena said.

"This will make a dent in Ecstasy distribution in the Bay Area, a major dent. A lot of people feel Ecstasy is a 'safe' drug, but we know — that one pill can be deadly," said Pena, referring to the much-publicized 2004 death of Belmont teenager Irma Perez, who died after experimenting with the drug.

ARRESTS MADE IN BAY AREA-BASED DRUG SMUGGLING RING (BCNW)

Bay City News Wire, August 12, 2006

Five Bay Area residents suspected of being in a drug smuggling ring are facing charges of conspiracy to distribute Ecstasy, according to the San Francisco division of the Drug Enforcement Administration (DEA).

The DEA worked with U.S. Immigration and Customs Enforcement (ICE) to target the Bay Area-based criminal organization that reportedly used imported pianos, automobile transmissions and sofas to smuggle large quantities of Ecstasy into the U.S. since 2000.

"When we warn traffickers that we leave no stone unturned when looking for illegal drugs, perhaps we should have mentioned that this includes pianos, sofas and car transmissions," DEA Special Agent in Charge Javier Pena said Thursday in a written statement.

The ring is suspected of smuggling at least 906 kilograms of Ecstasy, which is equivalent to more than three million doses that carry a street value of about $60 for each pill, the DEA reported. The DEA reported that some of the suspected ring members used the drug proceeds to purchase homes in the Bay Area.

Johnson Mai, 43, the suspected ringleader of the organization, and his wife, Lisa Lee, 42, were arrested Thursday morning at their home in Hillsborough.

Burlingame resident, Eric Yu Heng Cai, 34, San Mateo resident Zhi En Huang, 37, Oakland resident David Yuen, 37, and two unnamed suspected associates of the organization were also arrested Thursday.

Authorities are still looking for Kai Lun Zheng, 37, of Canada.

In addition to a charge of conspiracy to distribute Ecstasy, Cai, Huang, Lee, Mai and Zheng are also facing charges of money laundering, the DEA reported.

The U.S. Attorney's Office in the Northern District of California is prosecuting the case.

The maximum penalty for each count of conspiracy to distribute Ecstasy is 20 years imprisonment. The maximum penalty for each count of money laundering is up to 20 years imprisonment and a $500,000 fine.

IMMIGRATION:

Towns Take Aim At Illegal Immigration (USAT)

By Oren Dorell, Usa Today

USA Today, August 14, 2006

In Hazleton, Pa., landlords, employers could face fines

Lou Barletta says illegal immigrants are overfilling schools in Hazleton, Pa., cramming local health clinics and overrunning the playground where he once played basketball.

Barletta, mayor of the city of 22,000 south of Wilkes-Barre, says illegal immigration is “destroying small towns” that don't have the budget to deal with the influx.

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So Barletta proposed a law that fines landlords for renting to illegal immigrants and punishes employers for hiring them. The City Council passed the measure, and Barletta signed it into law last month. To implement it, Barletta wants to require renters to go to City Hall and obtain a permit assuring landlords that they are in the USA legally. That would require a background check with the Bureau of Immigration and Customs Enforcement.

Barletta says that even though the law isn't in effect yet, it's having an impact: "People are leaving daily."

Hazleton's requirements are strict, but other communities also are targeting landlords and employers. A similar law passed recently in Riverside, N.J., and others are being drafted or voted on in several other communities where leaders have complained for months about inaction by federal lawmakers.

"If a byproduct of this is to send out a message and embarrass the people out in D.C., then maybe that's good," says Andy Anderson, a councilman in Palm Bay, Fla. The city of 93,000 is one reading away from adopting a law that would fine anyone who employs an illegal immigrant a minimum of $500.

Similar measures are scheduled for votes in the Pennsylvania towns of Allentown (population 107,000), Shenandoah (5,300) and Mount Pocono (3,000). Local legislators in Gadsden, Ala. (population 37,400), Kennewick, Wash. (61,000), and Escondido, Calif. (134,000), are considering proposing legislation. A bill was narrowly rejected in Avon Park, Fla. (8,900).

Opponents, however, are lining up for a fight in Hazleton.

"This is a test case that will serve as a model for challenges around the country," says criminal defense lawyer David Vaida of Allentown, Pa. He has joined forces with the Puerto Rican Legal Defense and Education Fund and the Pennsylvania chapter of the American Civil Liberties Union and says they are preparing a lawsuit.

"I don't think there was a municipality in the country until this came up that has ever required such a thing," he says. "Have you ever heard of a tenant needing an occupancy permit?"

Kris Kobach, once an immigration adviser to former attorney general John Ashcroft, disagrees. He says it is possible to draft a local ordinance that deals with immigration that will stand up to judicial scrutiny. He has helped several states draft immigration-related bills, including one in Utah that would penalize employers. Four states have passed similar laws this spring: Georgia, Louisiana, Colorado and Pennsylvania.

"States and localities bear a significant amount of the burden for dealing with illegal aliens, but the federal government bears the brunt of enforcing the law," Kobach says. "And when they don't, states and local governments pay the price."

Joseph Turner, an activist in San Bernardino, Calif. (population 199,000), pushed the idea before Hazleton adopted its law. The City Council declined to vote on it, and Turner was unable to gather enough signatures to put it on the ballot. He says passage across the country will "put enormous pressure on the federal government to come up with a solution that will finally solve this problem once and for all."

Barletta, meanwhile, says he has been contacted by officials from 30 towns asking for a copy of Hazleton's law.

Poised Against Incursions, A Man On The Border, Armed And Philosophical (NYT)

By Charlie Leduff

The New York Times, August 14, 2006

CAMPO, Calif. — Five miles past the paved road, up on a hill of no name, lives a one-eyed man with a one-eyed cat.

They sleep in a van parked against the patchwork fence that lines the border with Mexico. He is solitary, lean, trying to hold back a tidal wave of humanity. The cat is overweight.

Britt Craig describes himself as a 57-year-old Spartan, a decorated war veteran, a Buddhist, a damaged and lonesome man, a lover of books who can pull bits of philosophy from the corners of his confinement.

"The person who has nothing for which he is willing to fight is a miserable creature and has no chance of being free unless made so and kept so by the exertions of better men than himself," Mr. Craig says in the 100-degree heat, quoting John Stuart Mill almost perfectly.

He is a member of the Minuteman Project, a group of civilians dedicated to fighting illegal immigration from Mexico. He has done his part simply by standing here, watching, for 500 days.

The Minutemen claim 8,000 members, but that number is dubious at best. Consider that there are only two full-timers living on this 10-mile stretch of the 2,000-mile border now that the smuggling season is slow, the temperatures are blistering and the news media have gone on to other distractions.

The son of a Georgia newspaperman, the grandson of a Georgia newspaperman and the great-grandson of a gentleman farmer, Mr. Craig never lived up to family expectations.

He did poorly in school and thought he would prove himself as a warrior. He enlisted as a paratrooper and lost his left eye in Vietnam. By his account, he came home to mockery and derision and this knocked him sideways.

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So he drifted. Sailed. Fished. Pounded nails. Made music in Puerto Rico. Knew a few women and forgot a few women. Finally, in his later years, he grew roots on this hill. He makes his morning toilet with a bucket and a shovel.

"I never got that 1945 reception," he says from beneath the shadow of his canvas brim. "Maybe now I'm doing something the American people appreciate."

The battle disfigurement entitles him to a $2,500-a-month disability check, more than enough to cover this life in the desert.

While some, including President Bush, call people like Mr. Craig a vigilante, more consider him a concerned citizen, if some polls are to be believed. And while the Minutemen do carry guns, the Border Patrol says there have been no reports of immigrants being shot or abused by them since they began their campaign more than a year ago.

Mr. Craig, in turn, says he has been robbed, sniped at and pelted with stones by smugglers coming across the border. There are chips in his windshield.

"A society that cannot enforce its most basic rules is not a society at all," he says.

Mr. Craig, unlike some of the weekend warriors who flock to the border, is not a beer drinker from the blue-collar suburbs, a "big game hunter" or a bored retiree.

In fact, these types of Minutemen are obsequious toward this hermit on the hill. They refer to him as the Pirate, because of the patch over his ruined eye. They treat him as some sort of Colonel Kurtz, whisper in hushed conspiratorial tones about the greatness of the warrior who sits and spends his hours thinking, watching.

"He doesn't like being approached without radio contact," says a man who goes by the moniker Gadget. "He's only got one eye, but he knows how to use it."

Out here petty jealousies, rivalries and divisions have arisen. Across the country, the Minuteman movement has splintered into a half-dozen factions, Mr. Craig answering only to himself.

There is another man who lives on a hill on the horizon to the west. He, too, is an Army veteran, a retired fisherman and a 24-hour-a-day, seven-day-a-week "scout." He flies a large American flag from a makeshift 30-foot pole, carries a .45 pistol in his waistband and lives in relative luxury in an R.V. with a port-a-potty. That man, Robert Cook, also 57, goes by the nom de guerre Little Dog.

Mr. Cook is annoyed that Mr. Craig will not respect his position as director of Campo border operations for the Minuteman Project. And so he has referred to Mr. Craig as a phony war hero, compared him to male genitalia and rifled off an e-mail message to CNN calling Mr. Craig a swine who lives in a cat box.

This led to fisticuffs on the main street of town when the men happened to come off their hilltops at the same time for water and supplies. Mr. Craig, vigorous and perhaps a foot taller, gave Mr. Cook four chances to take the insults back, which Mr. Cook refused to do, ending in the breakage of Mr. Cook's eyeglasses.

The men have divided their territory at the obelisk marking the beginning of the Pacific Trail, creating yet another border within the border. A reporter tried to arrange a meeting between the two.

Mr. Cook agreed. Mr. Craig refused, saying, "I'd rather see the Mexican horde pour over the border than deal with that lying runt."

"I am content to sit on a hill and sulk," he said after producing his military papers from a plastic blue pouch, which confirmed his war legacy.

Mr. Craig came to be a Minuteman from St. Augustine, Fla., for what he called Second Amendment reasons. Namely; he wanted to know whether a man could still belong to a militia and carry a gun on federal land. He found he could.

"But what I really found out was how messed up the border situation really is," he says. "I'm not saying we are at war. But in the course of human history, wars have always started because of one tribe pushing into the traditional boundaries of another."

And in that spirit, he has parked himself in the middle of a drug smuggling route, at serious risk to his own life. Men on horseback have uprooted his camp. Border Patrol agents testify to that. Still, Mexicans rarely cross his way anymore. They go around.

Each morning he takes his 12-gauge and his 9-millimeter pistol and inspects the smuggling paths. He lets it be known that he has respect for the young coyote. Especially the one who wears size 7 soccer cleats. Mr. Craig has often noticed his tracks.

"I respect that man immensely," he says. "I harbor no ill will against him. He's very good. I would do the same thing in his position. Still, I'd like to see those cleats hanging from my mirror like baby shoes."

Hope For Immigration Reform? (WP)

The Washington Post, August 14, 2006

A new Republican proposal deserves a look.

DOJ_NMG_0047211

PERHAPS IT WAS to be expected of an emotional issue in an election year, but the debate over immigration reform descended this summer to ever-lower levels. The one-sided "hearings" staged by House Republicans to trash the bipartisan Senate immigration measure have been particularly odious -- aimed mostly at scoring points. Into this poisonous environment, two conservatives -- Rep. Mike Pence (R-Ind.) and Sen. Kay Bailey Hutchison (R-Tex.) -- have introduced an intriguing, if imperfect, proposal that may offer the last, best hope for achieving immigration reform this year. It would begin with beefed-up enforcement -- but as part of a comprehensive package that would also put the millions now living in the United States illegally on a path to legal status and eventual citizenship.

We are not endorsing Pence-Hutchison; that would be impossible given that no actual legislation has been introduced. We do, though, applaud its authors for seeking to refocus the immigration discussion in a positive way. One plus is that their brand of enforcement-first is not tied to achieving an unrealistic -- and unattainable without other reforms -- degree of border control. Rather, Pence-Hutchison concentrates on benchmarks tied to resources and capabilities: hiring more agents, increasing detention capacity and making certain that employers poised to hire immigrant workers have a reliable system (secure identification cards, accurate databases) to verify eligibility. Postponing the rest of reform for two years while these goals are met isn't ideal, but it's a reasonable compromise.

On the legalization side, Pence-Hutchison would provide a path to citizenship -- albeit an overly lengthy and arduous one, 17 years in all, plus "self-deportation" to privately run "Ellis Island Centers" in their home countries -- for most of the 11 million or more people now in the United States illegally. It would also create a new category of temporary worker visas whose holders could -- again, after a long wait -- obtain citizenship. This framework, at least in theory, could avoid the perpetuation and expansion of a permanent underclass of foreign-born workers.

There are many unanswered questions and potential pitfalls. Among them: Only illegal immigrants from countries that are part of the North American and Central American free-trade agreements would be eligible for citizenship. How would other illegal immigrants be dealt with? What about a mechanism to reunify families? Are the requirements for ultimately obtaining citizenship so cumbersome that many people will be unable to comply -- and be forced back into the shadows? Will there be protections to ensure that new temporary workers wouldn't exploited by the employers who would sponsor their visas?

Still, the proposal is the most promising development in months and, however long a shot, deserves attention. House Republicans have spent months fanning the flames of outrage over illegal immigration. When they return in September, they ought to ask themselves: If they fail to come up with a realistic solution by election time, won't voters blame the folks who have been in charge?

CONGRESS-ADMINISTRATION:

Governors Oppose Federal Control Of Guard (WP)

By Dan Balz

The Washington Post, August 14, 2006

The nation's governors, protesting what they call an unprecedented shift in authority from the states to the federal government, will urge Congress today to block legislation that would allow the president to take control of National Guard forces in the event of a natural disaster or a threat to homeland security.

In a sharply worded letter that will be transmitted to Republican and Democratic leaders in Congress this morning, the governors ask that a House-Senate conference committee remove a provision included in the House-passed version of the National Defense Authorization Act giving the president such authority.

"This provision was drafted without consultation or input from governors and represents an unprecedented shift in authority from governors as commanders and chief of the Guard to the federal government," the governors state in the letter.

As of yesterday, 51 governors, including some from U.S. territories, had signed the letter, a sign of broad bipartisan support that underscores the depth of opposition among state executives to encroachments by Washington on their powers.

The governors discovered the provision two weeks ago, and the effort to have it removed from the defense bill began at last week's National Governors Association summer meeting in Charleston, S.C.

At the meeting, Arkansas Gov. Mike Huckabee (R), the outgoing NGA chairman, described the provision as one that "violates 200 years of American history." Governors see it as part of a broader effort by the federal government to diminish the sovereignty of the states.

"Any effort to take that authority away from governors at the very least confuses the chain of command and at the worst could severely hamper state efforts to respond to emergencies," David Quam, NGA director of federal relations, said yesterday.

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The battle with Congress is the second time this year that governors have united to oppose action in Washington that they deemed detrimental to their control of the Guard. Last winter, the governors pressed President Bush and Defense Secretary Donald H. Rumsfeld over what they regarded as harmful proposed cuts and restructuring in the Guard.

Bush's Ranch Town Split Over His Record (FT)

By Caroline Daniel In Crawford, Texas

Financial Times, August 14, 2006

Under the bench in front of Bill Sparkman's Barbershop, scrawled in red paint, is how many Crawfordians feel about President George W. Bush's war against terror – "Smoke 'Em Out . . . !"

But across town, right in front of the Coffee Station, just a hundred feet from where the Veterans for Peace park their brightly painted bus, Benedictine nun Sister Mary Gabriel Montgomery, from the Home of the Good Shepherd, talks about how the rest of the town of 705 people feel. "The main thing is, we just want the troops to come home. I'm old enough to remember Vietnam."

As she stands outside in her habit, with her takeaway fried catfish and a sour dough burger for Sr Jane Frances, the only concession to the 100-degree heat is her blue flip-flops. She says both of them will be voting Democrat in the mid-term elections in November.

Even this tiny town, which is not on the maps handed out from car rental kiosks at the nearby Waco airport, but which Mr Bush calls home, has become a microcosm of America – split on his record and the war in Iraq.

The country's most famous anti-war mother, Cindy Sheehan, comes to town every time the president heads for his 1,600-acre Prairie Chapel Ranch, and so do the protesters.

Last year her protest galvanised the nascent anti-war movement and thousands clustered at Camp Casey, named for her son who died in Iraq. This year, as anti-war sentiment has moved from the margins to the mainstream, the number of protesters has dwindled.

Only a handful bothered to protest at a $750,000 fundraiser for Republicans on Friday at the nearby Broken Spoke Ranch, lackadaisically lifting banners when a car passed.

Last year the White House had not known how to react to Ms Sheehan's demands for a meeting, sending out aides to mollify her anger about the war.

This year, however, as Mr Bush has launched a more assertive defence of his actions in Iraq, the tone has turned dismissive.

Asked last week about reaction to her march to Mr Bush's ranch, Tony Snow, White House spokesman, advised her to bring a Gatorade drink.

It turned out to be good advice. This weekend Ms Sheehan was briefly hospitalised for dehydration and exhaustion.

It has not been much of a holiday for Mr Bush. He returned to Washington last night after spending just 10 days at the ranch in August, compared with 29 in 2003 and 2005.

His stay has been overshadowed by events in the Middle East and by a one-day campaign trip to Wisconsin, a clear recognition that without a Republican Congress, the last two years of his tenure could become even more challenging.

Mr Bush has found solace in his favourite activities: clearing brush on his ranch, cycling and hanging out with three of his closest aides – Mr Snow, Karl Rove, his chief political adviser, and Josh Bolten, his chief of staff, who shunned the pedal cycles in favour of his preferred form of transport . . . a motorbike.

On the way down to Crawford on Air Force One, Mr Bush's legacy was clearly on his mind.

He was reading Richard Carwardine's biography of Abraham Lincoln, another president whose tenure was dominated by a morally difficult war, and who was willing to test the boundaries of presidential power at a time of war.

However, it was another book that offered a more revealing glimpse into the mind of the vacationing president.

He read Albert Camus's The Stranger, triggering a discussion about existentialism with his aides. "He found it an interesting book and a quick read," said Mr Snow. "I don't want to go too deep into it, but we discussed the origins of existentialism."

For a man whose defining philosophy during his tenure has been a policy of pre-emptive action against terror threats, his interest in a philosophy emphasising that meaning is not provided by the natural order but can be created by human action, seems apt.

As he returns to work on Monday, with a Pentagon briefing and lunch with outside experts on Iraq to discuss sectarian violence, Sister Mary offered Mr Bush some less esoteric thoughts.

"Anybody in that job will have trouble," she said. "He's done the best he can under the circumstances."

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Another Warning Of A Retiring Workforce (WP)

By Stephen Barr

The Washington Post, August 14, 2006

Crunch time for the federal acquisition workforce hits in 2015.

That's when 54 percent of contracting officers will be eligible to retire, according to a recently released report by the Federal Acquisition Institute. That is a sharp jump from fiscal 2005, when only 13 percent were eligible.

The loss of experienced officers could be severe at the Small Business Administration, where 81 percent of contracting officers will be eligible to retire in 2015, and at the Army, the Navy and the Energy, Homeland Security and Health and Human Services departments, where at least 60 percent will be eligible for retirement.

Dire retirement projections are not new. The Office of Personnel Management has repeatedly warned agencies this year that estimates show 40 percent of the federal workforce will retire over the next 10 years. Without adequate planning, some agencies may find it more difficult to deliver services and administer programs.

For federal procurement, however, a wave of retirements could be especially critical. Contracting officers oversee about $350 billion a year in spending, and there are concerns that not enough mid-career professionals will be left to replace retirees because of budget and staff cuts in the 1990s that thinned the ranks.

Karen A. Pica , director of the Federal Acquisition Institute, said the report offers some hope that an exodus will not take place. In 2005, when 13 percent of contracting officers were eligible to retire, only 8 percent did so.

"We are retaining some of the knowledge base," she said.

Pica also noted that the report shows that some agencies have stepped up recruiting from colleges and the private sector. Newcomers to the contracting officer position -- the 1102 job series -- are 33.6 years old, on average. Overall, contracting officers are 45.8 years old, on average, according to the report.

The Federal Acquisition Institute was created by Congress in 1976 to provide reports and training for government employees in the contracting field. It partners with the Defense Acquisition University, which trains employees who support the armed forces.

The 2005 report focuses on contracting officers, who handle the business aspects of purchasing, and contract specialists, who are experts on federal buying rules and perform most contracting work.

In 2005, there were 27,589 officers and specialists, who earned an average of $58,500 in base pay. About 60 percent were women, and about 69 percent were college graduates, according to the report.

As the purchase of goods and services has become increasingly complex, the government has expanded the list of occupations that make up the acquisition workforce. But there is no consensus on how to define it.

For its report, the Federal Acquisition Institute gathered data on seven occupations that make up substantial parts of the acquisition workforce and counted 125,779 federal employees as holding contracting and contract-related jobs.To Appeal, or Not

The Bush administration will wait until next month before deciding whether to appeal a federal court ruling that has blocked workplace rules at the Department of Homeland Security that unions contend would gut their bargaining rights.

The department lost in U.S. District Court last year and before a three-judge panel from the U.S. Court of Appeals for the District of Columbia Circuit in June. The judges faulted the department for failing to ensure collective bargaining rights for employees.

The department will not seek a rehearing before the full appeals court, said Larry Orluskie , a spokesman. Instead, he said, the government "has reserved its decision as to whether or not to appeal to the U.S. Supreme Court."

The deadline for filing an appeal at the Supreme Court is Sept. 25, Orluskie said.New at OPM and EEOC

Kerry B. McTigue , a partner in a Columbia, S.C., law firm, joins the Office of Personnel Management this week as the agency's general counsel, an agency spokeswoman said.

McTigue is a 1996 graduate of the University of Kentucky College of Law and his practice has included employee benefits, procurement, technology, product liability and pharmaceutical and medical device litigation.

Ronald S. Cooper has been sworn in as the general counsel at the Equal Employment Opportunity Commission for a four-year term. He was a partner at Steptoe & Johnson LLP, where he worked for 34 years, specializing in employment litigation.

Conflict Of Interest Or Legitimate Punditry? You Decide. (WP)

By Al Kamen

The Washington Post, August 14, 2006

A Loop Fan writes: "Please explain to your readers how a government official who is paid by hard-earned taxpayer dollars is allowed to moonlight as a Republican mouthpiece on television."

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The anonymous inquiry included a photo of Labor Department deputy assistant secretary Karen Czarnecki appearing on Fox News as a "conservative strategist." She's also a regular "conservative analyst" on the PBS show "To the Contrary" and, according to her department biography, has appeared on MSNBC, CNN, Canadian Public Broadcasting and C-SPAN.

So how does Czarnecki, who has worked in the Reagan and Bush I administrations and at the Heritage Foundation, do it? Easy. We're told it's quite possible to hold forth on "intelligent design," the meaning of the latest election returns and most any political issue without running afoul of ethics regulations or the Hatch Act's provisions on politics and government employees.

The ethics laws restrict income that certain political appointees can earn on the side, and the Hatch Act bars political activity while on duty or in a federal building, or using your official title or position.

But, best we can tell, Czarnecki, whose government salary is probably about $140,000 a year, is always identified as a "conservative" -- not even a Republican -- strategist (on Fox) or "conservative analyst" (on PBS) and apparently never as a federal bureaucrat.

Her punditry is not sanctioned by the department, and her appearances aren't booked by Labor. "Ms. Czarnecki involves herself as an active citizen on her own time engaging in activities that any citizen engages in," a Labor Department spokesman said. "It's no different than a person on the street doing a TV interview on Election Day."

Her television role was cleared by career ethics staff at the department. She apparently files leave papers, even if for a couple hours, before heading off to the studios. The quick appearances are supposed to be freebies, but we understand the regular PBS gig does supplement her government pay.

So that's our explanation for inquiring readers. Just remember to check with agency ethics folks before you do anything.Bipartisan Multiculturalism

This just in from Beijing: The hearty delegation of visiting senators wrapped up its journey to the Middle Kingdom last week after chatting with Chinese premier Hu Jintao and spending the week meeting with Chinese legislators.

Sens. Ted Stevens (R-Alaska) and Daniel K. Inouye (D-Hawaii), along with spouses, aides and military escorts, reportedly had a fine time. Others on the trip reportedly included Republican Sens. Thad Cochran (Miss.), Arlen Specter (Pa.), Lamar Alexander (Tenn.), Norm Coleman (Minn.) and Richard Burr (N.C.), and Democratic Sens. Patty Murray (Wash.) and Mark Dayton (Minn.).

The inter-parliamentary activities are often justified as a way for senators to better understand China and to guide future legislation. This one will surely pay off, except in Dayton's case. He's scheduled to have only another 15 working days in the Senate before retiring.

Meanwhile, United Press International reports that more than 20 delegations with more than 100 senators and House members paid official visits to China. Some should be fluent in Mandarin soon.

'Get Well Soon' Letter for Castro

And now, the winner of the Loop Savvy Pol of the Month Award: It's Mohamed Abdelaziz , president of the Saharawi Arab Democratic Republic, who won this one going away.

Abdelaziz, who heads the Polisario Front fighting to secede from Morocco, has shored up his ties with, yes, Cuba's Fidel Castro , writing a heartfelt "get well soon" letter to the likely short-timer.

"The Saharawi people, friends and connoisseurs of the Cuban revolution, are convinced of the return of the Commandante to exercise his duty," Abdelaziz wrote. "All the international community is awaiting for your quick recovery, and we will be awaiting with millions of other peoples around the world this happy news."

Abdelaziz wrote that he wanted to "maintain the full collaboration with the authorities of the Republic of Cuba," thus locking in long-term backing from Havana.

Better collaborate real quick.

Tuskegee Airmen Still Waiting (WP)

The Washington Post, August 14, 2006

Five months after Congress voted to bestow its highest honor on the Tuskegee Airmen -- pioneering aviators who during World War II broke the color bar banning black pilots in the U.S. military -- the Congressional Gold Medal is still not in their hands.

"Every time you pick up a newspaper, one or two more are gone," said retired Lt. Col. Spann Watson of Westbury, N.Y. "We'd like people who are still living to be able to receive them. I want to get my medal in my hand."

"There is some concern," said retired Col. Lee Archer, 84, of New Rochelle, N.Y., the nation's first black combat ace. "Since Congress approved it, I know of three people who have passed on and will never see it. But I have no intention of dying before we get the medal."

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Of the 994 black aviators who got their training at the Tuskegee Institute in Alabama beginning in 1942, 388 are still alive. Last month, Elmore Kennedy, 90, a retired lieutenant colonel who lived in Philadelphia, died of complications of a stroke.

In March, Congress unanimously approved the medal in recognition of the group's aerial exploits -- its fighter escort pilots never lost a bomber to enemy fire -- as well as their battles against racial discrimination. Recipients of the medal have included George Washington, the Wright Brothers, Pope John Paul II, the Navajo Code Talkers, and Martin Luther King Jr. and Coretta Scott King.

The medal, cast in gold, will be displayed in Washington. Bronze duplicates will be distributed to each veteran.

An aide to Rep. Charles B. Rangel (D-N.Y.), who co-sponsored legislation authorizing the medal, said the congressman had hoped the medal would be ready in time to be awarded during the annual convention of the Congressional Black Caucus in early September.

But the aide, Emile Milne, said several revisions to a design submitted by the aviators group have delayed the medal's issuance. Milne said the medal originally was to have featured the images of three aviators on the front and aircraft on the medal's reverse side. He said efforts to simplify the design have led to delays.

"There will be only one gold medal, which will sit in the Smithsonian, honoring the contributions of nearly 1,000 African American pilots who served heroically in World War II under the banner of the Tuskegee Airmen," Milne said. "Everyone wants to get it right."

Ron Brewington, a spokesman for Tuskegee Airmen Inc., said the medals are not expected before next year.

Opportunity For All Children (USAT)

USA Today, August 14, 2006

All children deserve a high quality education regardless of where they live or how much money their parents make. When schools fall short of standards year after year, we must give parents options and the information they need to do what's best for their kids. As a mom, I know that's what I want.

President Bush's proposed America's Opportunity Scholarships for Kids would help low-income families whose schools have failed to meet state academic standards for five or more years. Parents could use the scholarship money to transfer their children to a higher-performing public, charter, or private school or enroll them in an intensive tutoring program. For those cities and districts committed to meeting No Child Left Behind's goal of every child reading and doing math at grade level by 2014, this is an additional tool to help get them there.

Our administration has invested hundreds of millions of dollars in other choice options, such as increasing the number of charter schools. Today there are more than 3,600 charter schools, compared with 2,000 five years ago. Just this year, we've requested $200 million from Congress for school improvement. That's in addition to almost $13 billion we've provided to help Title I public schools meet their students needs.

Scholarship programs do not replace these efforts but complement them. Students trapped for six years in a school that fails to meet standards shouldn't have to wait another day. The Opportunity Scholarships program is one way to ensure they don't.

We've already seen the success of this approach in Washington, D.C., where two years ago we launched a similar federally funded scholarship program. Thanks to that effort, more than 1,700 disadvantaged students have received grants to attend the school of their choice. Many more students around this country deserve that same chance.

As Americans, we are born into an inheritance of opportunity and boundless potential. Education is the tool that enables us to seize that opportunity, realize that potential and achieve a bright future. As such, education is not a luxury — it's a right — and we will continue our work to ensure every child has equal access to it.

Don't Pay Kids To Flee Schools (USAT)

USA Today, August 14, 2006

On Aug. 24, the children assigned to Cleveland's John D. Rockefeller Fundamental Education Center will troop back to a school with a grandiose name and a checkered history.

Three years ago the Rockefeller school, located in Cleveland's gritty Hough neighborhood, failed to make academic progress for three years in a row. That qualified Rockefeller for state assistance, a team of specially trained master teachers called coaches.

The coaches boosted school spirit, passed along expert teaching advice and shaped a winning curriculum. The students made enough progress to escape the dreaded list of "failing" schools. But when the coaches left, the K-8 school once again sputtered.

What's to be done with Rockefeller and hundreds of others like it around the nation?

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Education Secretary Margaret Spellings is pushing a new approach: Give the children of persistently failing schools vouchers to attend private and religious schools. The $100 million program, which needs approval from Congress, would be available to students in schools that failed to make progress for five straight years. The program would pay up to $4,000 a year per student for private school tuition or tutoring.

In certain circumstances, vouchers are appropriate experiments. They need to be focused strictly on students in persistently failing schools, limited in time and subject to public accountability.

Would vouchers help the children at the Rockefeller school? Not likely.

Cleveland already has a voucher program, which in 2002 passed muster with the U.S. Supreme Court. But researchers who have examined the Cleveland voucher program are hard pressed to decide whether it's helping the children there. Part of the problem is that the available private schools aren't in the neighborhoods most in need of help.

Roughly 1,750 schools around the USA face restructuring, the result of not making progress for five years. And many more schools, such as Rockefeller, hover on the precipice. Rather than paying students to leave those schools, here are some better ways to spend that $100 million:

· Help states pay for coaches. Dispatching a team of outside education experts is a proven success, but Ohio has limited funds to pay for coaches. Michigan ran into the same problem with its coaching program. Asked why the master teachers have to be pulled from barely recovered schools, the director of the Michigan program answered: "We're not Santa Claus."

· Boost the capacity of effective charter schools. A handful of charter schools — such as the Green Dot schools in Los Angeles, the Achievement First schools that started in New Haven, Conn., and the 52 KIPP academies in 16 states — have cracked the code: They succeed with students like those at Rockefeller. But their expansion is slow. Federal investments could make a difference.

Federal accountability rules snagged struggling schools such as Rockefeller, which means Washington has a responsibility to lend a hand. That requires doing something more effective than handing out vouchers that encourage the most motivated families to abandon those schools.

Security Through Education (WP)

By William E. Kirwan

The Washington Post, August 14, 2006

A national security crisis is brewing, and if our country doesn't take immediate action, it could be devastating for the future of the United States.

Consider these facts: Worldwide, the United States ranks seventh in high-school completion rates and ninth in the percentage of high-school graduates who enroll in college. Of every 100 current eighth-graders in America, just 18 will receive a college degree during the next 10 years. Based on current participation and completion rates, the education pipeline reveals alarming holes.

The "prescription" for what ails education in this country enjoys widespread consensus: Improve the performance of our primary and secondary school students and provide access to affordable, high-quality higher education to more people. But how the country goes about filling this prescription is a matter of significant debate.

Clearly, a "fix" to the problem requires the combined and coordinated efforts of various sectors. Central to the effort, however, must be higher education. Higher education, after all, prepares the teachers for the schools and sets the standards for the degrees.

What should higher education do to help plug the holes in the education pipeline and enable our nation to address its most pressing long-term national security issue: the development of a robust and superbly educated workforce?

First, higher education must become more engaged in improving primary and secondary school performance. Colleges and universities need to encourage more students to pursue teaching careers and, in partnership with local school districts, better prepare prospective teachers with the content knowledge and pedagogy skills to succeed. Universities must work more effectively with the K-12 sector to ensure that student assessment in high school is closely aligned with college entrance requirements, and that the transition from high school to college is as seamless as advancement from 11th to 12th grade.

The best way to achieve such transformational changes is through so-called statewide K-16 councils, which bring educational leaders from all levels -- superintendents, principals, university presidents, deans -- together with business and community leaders on a regular basis to develop reform agendas. Such an approach is working in Maryland and a few other states.

As a second means of plugging the holes, state governments and higher education need to rethink the way they distribute financial aid. During the past two decades there has been a huge shift in the allocation of university-based aid, away from students with demonstrated financial need and toward high-ability students -- often from upper-middle-class families -- whom

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universities seek in order to improve their SAT profiles and "vanity" rankings. Too many low-income students are either discouraged from attending college or must work such long hours that their progress toward a degree is unreasonably delayed or, worse, terminated.

Fortunately, we have seen several "enlightened" universities -- including the University of North Carolina at Chapel Hill, Harvard University, the University of Virginia and the University of Maryland, College Park -- introduce programs to ensure that students from families at the lower end of the economic ladder can graduate debt-free. At the University System of Maryland, we recently adopted a policy requiring that students from families with the lowest levels of income graduate with the lowest debt. Planned expenditures on institutional need-based aid by USM institutions have increased more than 30 percent in the past year.

Finally, higher education -- especially public higher education -- must learn to operate with a more cost-conscious budget model. Most other sectors have experienced significant productivity gains through rigorous attention to cost containment. Higher education can no longer afford to ignore this strategy.

Investment of state funds in higher education on a per-student basis is at a 25-year low. It has fallen from about $7,100 in 2001 to just over $5,800 in 2005. As state investment on a per-student basis has declined, the tuition burden on students and their families has increased. In more than a quarter of our states, tuition revenue is now greater than the state's investment in its public colleges and universities. In the coming decades, areas such as health care, energy, and social services for an aging population will require an ever greater proportion of available tax dollars, accelerating the decline in public investment in higher education.

With that decline and without serious attention to cost containment, colleges and universities will face two highly undesirable alternatives: Accept more students at generally affordable tuition levels and see quality erode or protect quality by driving up tuition to levels that will be prohibitive for low-income students.

With the leadership of its Board of Regents, the University System of Maryland has incorporated cost containment as a formal part of its budget development process. These efforts have reduced the "bottom line" by more than $40 million for the system's 13 institutions during the past two years.

Filling the holes in America's education pipeline must become an urgent national priority. Nowhere is strong, unified action more necessary than at our colleges and universities. In partnership with others sectors, higher education must be held accountable for embracing its role and responsibilities to help improve K-12 education, increasing its need-based financial aid substantially, and containing costs more aggressively. If this doesn't happen, U.S. leadership in the global economy will erode. Perhaps even more threatening, our national ethos of social upward mobility will be lost and we will devolve into a two-tier society with a permanent underclass.

The writer is chancellor of the University System of Maryland.

Alaska And You (WSJ)

The Wall Street Journal, August 14, 2006

The closing of BP's Alaska pipeline is sending oil prices further skyward, but one place not to worry about is Alaska itself. That state is doing fine financially, thanks to a unique set of circumstances that deserve more attention, especially this year amid the scandal of Congressional earmarking.

Later this year every resident of Alaska will get a check in the mail for roughly $1,000 -- or $4,000 for a family of four -- simply for living in the state. In some years the annual payment has been nearly $8,000 per family. The money for these bonuses comes from the interest earned on what is now a $35 billion oil-revenue investment fund that Alaska has amassed since the late 1970s. While $75 oil is pinching pocketbooks in the lower 48 states, for the 640,000 residents of Alaska the cost of energy has been a gift.

Some 85% of the revenue the state collects comes from oil severance taxes -- a levy applied to the 850,000 daily gallons of North Slope oil that travels via pipelines such as BP's to the rest of the nation. As a result, Alaska is only one of nine states without a state income tax, and one of only two (along with New Hampshire) with no income or statewide sales tax. Alaska is the only state that can fund government services by exporting its tax burden via energy taxes to the other states.

And here's the political rub: Alaska is also the largest state recipient of federal spending earmarks. The Tax Foundation says Alaskans receive nearly $2 of income transfer from the taxpayers of the other 49 states for every $1 they pay in taxes each year. Ron Utt of the Heritage Foundation calculates that Alaska gets $5 of federal highway spending for every $1 in gas tax money it pays to the federal trust fund -- twice as much back as any other state.

We all know about Alaska's $230 million Bridge to Nowhere -- a federally funded highway project that will connect the town of Ketchikan (pop. 9,000) to a tiny island with a population of 50. But this white elephant is no anomaly. Year after year the 49th state manages to secure federal dollars for skating rinks, sea otter recovery grants, berry research, the Arctic winter games, native-Alaskan museums and miles upon miles of roads through deserted areas of the state.

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The reason: The state's Congressional Members have so much seniority that they sit on the thrones of the most powerful spending committees. The state's lone House member, Don Young, is chairman of the Transportation Committee and was once quoted in the New York Times as saying he'd "like to be a little oinker myself," referring to pork-barrel spending. Alaska Senator Ted Stevens is the number two Republican (and former chairman) on the Appropriations Committee, the Grand Central Station of earmarks.

To be fair, Alaska is routinely handcuffed in its economic development efforts by Congress -- most notably by the prohibition on tapping oil resources from the Alaska National Wildlife Refuge (ANWR). Two-thirds of the land in Alaska is also owned by Uncle Sam and thus typically off limits to income-producing projects. But Alaska isn't poor; its per capita income is above the national average even before calculating the oil trust fund windfall each year. And taxpayers nationwide already subsidize Alaska's development projects with the billions of dollars of oil taxes that flow to the state's coffers. Why should everyone else pay for its earmarks too?

Messrs. Stevens and Young maintain that the local projects they fund are of the highest value to the public. Perhaps so, though our Alaska contacts tell us that even local residents are embarrassed by all the pork in their backyard. The best way to sort out which bridges, museums and research grants are worthy, and which are a waste, is to stop the earmarking and require the residents of this rich state -- and others -- to fund this stuff themselves.

An Unwelcome Visitor Center (NYT)

The New York Times, August 14, 2006

In 1982, the American public and the veterans of the Vietnam War were given what is perhaps the finest single memorial ever built in this country: the Vietnam Veterans Memorial, designed by Maya Lin. Its eloquence and its terseness — both a product of its simplicity — have moved nearly everyone who has ever been lucky enough to visit. But why stop with perfect? The Vietnam Veterans Memorial Fund, established to raise money for the memorial, has proposed a new visitor center to help "interpret" the memorial and the war. The center, some 25,000 square feet in size, would be built underground just north of the Lincoln Memorial. The site was approved the other day, with many restrictions.

This is an idea that makes no sense. The proposal has been shoehorned through Congress, exempting it from the restriction on new construction on the National Mall. Why the Vietnam Veterans Memorial deserves a visitor center and not, for instance, the Korean War Veterans Memorial is hard to say, as is the extent to which the fund represents the majority of Vietnam veterans. The reason for building the center underground is to keep it from impinging on the Lincoln Memorial. But, as we've learned in Lower Manhattan, building underground will be construed as an insult, and there will be significant pressure to build aboveground.

But the most serious objection is simply that the visitor center is not necessary. The libraries and museums of this country are filled with the tools needed to interpret Vietnam. So are the curriculums of our schools and colleges. At best, the visitor center can offer only a sanitized glimpse of that deeply controversial war. At worst, it will become a political battleground. Either way, it will damage the clarity of what Maya Lin achieved.

OTHER NEWS:

Key Inflation Index May Get Greater Precision (WSJ)

By Greg Ip

The Wall Street Journal, August 14, 2006

WASHINGTON -- The Bureau of Labor Statistics is contemplating a change in the widely followed consumer-price index that could have a big impact on how markets and policy makers interpret the latest inflation data.

The agency, part of the Department of Labor, is considering publishing the index and its subindexes to three decimal places instead of one, an agency official said. Doing so would greatly reduce the frequency with which rounding produces a misleading inflation rate.

No decision has been announced. If it goes ahead, the change would probably take effect early next year.

The consumer-price index is currently one of the most closely watched economic statistics on Wall Street because it is critical in the Federal Reserve's interest-rate decisions.

In recent months, markets have moved considerably depending on whether the monthly change in the index was 0.2% or 0.3%. (Investors and the Fed focus most closely on the "core" index, which excludes the volatile food and energy components.) July's figure is due out on Wednesday.

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Each month, the bureau surveys prices for about 80,000 items in 200 categories and converts the result to an index number. Component indexes are then combined into a variety of aggregates, such as the all-items and the core index. The change in the indexes is then calculated as the inflation rate. June's index, at 202.3, was up 0.2% from May's index reading of 201.9, and up 4.3% from the June 2005 index of 193.9. So the monthly inflation rate was 0.2%, and the 12-month inflation rate was 4.3%. (The index is equal to 100 in 1984.)

But because of rounding, these inflation figures can be misleading -- in two ways. One is that the percentage change is rounded. For example, an increase of 0.249% would be rounded down to 0.2%, while an increase of 0.251% would be rounded up to 0.3%. The difference between 0.2% and 0.3% seems large, but without rounding the difference is trivial. Economists, however, can adjust for that problem by calculating the percentage changes in the indexes themselves.

The second, more serious way the figures can be misleading results from the fact the BLS rounds the indexes as well before publishing them. Suppose the index for one month is 198.945, and then rounded down to 198.9, and the index for the next month is 199.355, and then rounded up to 199.4. The change in the rounded numbers is 0.251%, which rounds up to 0.3%, but the change in the unrounded numbers is only 0.206%, which rounds down to 0.2%.

The difference between 0.2% and 0.3% can have a huge impact on the market.

A working paper by Elliot Williams of the BLS notes the February 2005 consumer-price index released in March that year showed core monthly inflation at 0.3%, above economists' expected 0.2%. Bond prices tumbled and yields rose on the news. But Mr. Williams says the unrounded index would have shown a change of 0.2%, "and would have constituted essentially no news for inflation projections or bond prices."

Mr. Williams's paper found that between 1986 and 2005, using a seasonally adjusted index rounded to just one decimal place produced an inaccurate monthly overall inflation rate 24% of the time and an inaccurate core inflation rate 16% of the time. Using an index rounded to three decimal places reduces the incidence of errors to less than 1% of the time for both. "Increasing the precision of reported CPI levels would go a long way toward making the errors which arise from rounding error negligible," he wrote. (Staff papers don't represent official BLS views.)

Over time, rounding errors tend to offset each other and thus are less of a factor in annual inflation rates than monthly inflation rates.

How The Fed Lost Its Groove (WSJ)

By Henry Kaufman

The Wall Street Journal, August 14, 2006

In its most recent directive, the Federal Open Market Committee restated the Fed's long-standing and laudable goals: to seek "monetary and financial conditions that will foster price stability and promote sustainable growth in output." But the Fed's monetary tactics are flawed, and work against these objectives.

Fed strategy of the last few years stands on three tactical legs. First, its responses to economic and financial developments have been measured; second, its intentions and actions have been transparent; and third, it has relied on an econometric model for projecting future developments. These approaches would be reasonable, rational and effective -- if not for the uncomfortable fact that markets have learned how to circumvent them.

Consider the steady ratcheting up of the Federal funds rate -- from 1% to 5.25% over the last several years. Has this reined in debt expansion and credit availability? Non-financial debt in the U.S. expanded at a rate of 6% in 2001, grew by 10% in 2005, and has been swelling at an even faster rate this year. At this pace, debt is growing an astounding 50% faster than GDP.

Meanwhile, outstanding credit derivative contracts increased from about $4 trillion at the end of 2003 to more than $17 trillion at the end of 2005; and the large volume of financial market activity so far this year suggests that outstanding derivative contracts are even higher now. The recent surge of these instruments is not just about reducing risk; it is fueling speculation.

What about the flattening of the yield curve? By historical standards, yield spreads (between high-grade and low-credit-quality debt) are very narrow. It costs somewhat more to borrow today than it did two or three years ago, but credit remains readily available.

While the yield curve has flattened, moreover, there has been a substantial increase in the profitability of major financial institutions. This is extraordinary: Historically, the profitability of financial intermediation gets squeezed as the differential between yields on short and long obligations disappeared.

Major financial intermediaries have found ways to overcome the retarding impact from Fed fund rate increases. They have actually increased their volume of outstanding assets, liabilities, off-balance sheet commitments, and profits.

How can this be? The Fed policies of measured response and transparency have improved the capacity of financial intermediaries to gauge the market impact of central bank actions. In this kind of environment, financial intermediaries employ a

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variety of "value at risk" analytical techniques, along with a wide range of credit instruments, to quantify risks within narrow bounds.

Ironically, the predictability born of the Fed's measured response and transparency encourages risk taking and speculative trading. As the Fed lowers uncertainty about the near term, investors grow bolder.

Today's large financial institutions set profit objectives that motivate lending officers, investment managers and traders to increase loans, investments and trading opportunities. Is there a large conglomerate financial institution around today that does not set revenue and profit targets for each of its subsidiaries above those of the previous year? I think not. This is another way that the Fed's measured response and transparency policies spur credit creation -- and as debt balloons beyond reason, inflation and volatility will follow.

The third leg of the Fed's policy stool -- heavy reliance on an econometric model -- is also wobbly. Such models are formulated on the basis of past economic and financial variables that do not adequately incorporate structural changes in business and financial behavior. Their underlying economic equations and statistical projections offer, for the most part, false comfort. The econometricians trained in this kind of model building, some of whom shape economic policy, should understand the limitations. Instead, they seem to have become entranced by their own magic.

The historical record offers a litany of monetary foibles and follies akin to the Federal Reserve's current off-kilter approach. In the 1920s, it tolerated over-speculation for too long, then helped usher in a depression by overreacting. In the 1970s, the Fed failed to discern that lifting interest rate ceilings gave banks the freedom to pass on the cost of money to borrowers. Borrowers' costs rose sharply, their profits declined, and their credit quality deteriorated. The Fed also miscalculated during this period when -- in tracking inflation -- it focused on indices that excluded the cost of energy and food.

Yet another tactical error, which extended through much the 1970s and 1980s, was the Fed's policy of targeting the growth of the money supply. This eventually was jettisoned as it became more and more difficult to differentiate between money and credit.

Last week, during his Congressional testimony, Fed Chairman Ben Bernanke reaffirmed that he will be using the Fed tactics that are so problematic. Measured response was very much in the tenor of his presentation; so too was his adherence to an economic model that is basic to the Fed's business forecast and monetary policy -- although Mr. Bernanke included the typical caveat that economic forecasting is far from a science. He made some nuanced comments that suggest a pause down the road for the rise of the federal funds rate. He did not comment on the extent to which the structural changes in the financial markets are modifying economic and financial behavior.

The market's response to Mr. Bernanke's testimony was decisive: Bonds and stocks rallied sharply. To market participants, the downside to risk taking was sharply reduced for the near term -- a factor which, regardless of fed fund rate changes, will only encourage substantial growth of debt.

Mr. Kaufman is President of Henry Kaufman & Company, Inc., an economic and financial consulting firm, and author of "On Money and Markets: A Wall Street Memoir."

Washington Wire (WJS)

Wall Street Journal, August 14, 2006

August 13, 2006, 3:40 pm

Sooner Rather Than Later

If Federal Reserve policy makers are going to resume their recently paused campaign of interest-rate increases, history suggests it will happen soon.

Economists at Goldman Sachs recently analyzed the Fed's monetary policy decisions over the last several business cycles and found that pauses in the midst of tightening campaigns didn't last longer than one meeting. Either the Fed resumed raising rates at its next meeting or the pause lasted and the Fed started lowering interest rates six to seven months down the road.

That suggests the outcome of the Fed's September meeting will be telling for monetary policy over the next year or so, and that a rate increase is much more likely to come in September than sometime later this year.

Friday's strong reading on retail sales in July led traders in the futures markets to up the likelihood of a rate increase next month to 38% from 27% the day before. That number is likely to change again Wednesday when the Labor Department releases inflation figures for July. –Christopher Conkey

Permalink | Trackbacks

August 13, 2006, 3:02 pm Poll Shows Dems Up in Congressional Races; Bush Rating Flat

A new Harris Interactive telephone poll shows an uptick in support for a Democratic candidate in the next Congressional elections. When asked whom they would vote for if elections for Congress were held today, 45% of U.S. adults said they would vote for the Democratic candidate and 30% would vote for the Republican. In a similar poll in April, 41% supported a Democratic

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candidate for Congress and 37% supported a Republican. The poll was conducted Aug. 4-7, just ahead of the U.K. terror arrests. In the poll, President Bush's approval rating was steady at 34%. Read full article and poll results.

Graphic: See the trend of Bush's approval ratings tracked over multiple polls.

Permalink | Trackbacks

August 13, 2006, 1:45 pm Conn. Voters Not Weak on Terror, Lamont Says

On Fox News Sunday, Chris Wallace asks Ned Lamont whether his victory shows "at least some Americans are weakening in their will to fight the War on Terror." Lamont responds: "No, I think on the contrary. What this election showed is that a lot of people in Connecticut think that the invasion of Iraq has nothing to do with our war on terror. It's been a terrible distraction." He adds on last week's foiled terror plot: "It originated in Pakistan, goes through London, and here we have 132,000 of our bravest troops stuck in the middle of a civil war in Iraq. I think it was that disconnect that a lot of people focused on in Connecticut."

On NBC's Meet the Press, Howard Dean says that incumbent Joe Lieberman, who lost the Democratic primary to Lamont 52%-48% but has vowed to run in the general election, should drop out. " Look, I know how hard this is for Joe, and he's a good, good person. But the truth is I, I lost one of these races, and I got right behind my party's nominee, and I think that's what you have to do if you want to help the country. " A Rasmussen poll out Saturday puts Lieberman at 46%, Lamont at 41% and Republican Alan Schlesinger at 6%. – Tim Hanrahan

Sales Force (WSJ)

The Wall Street Journal, August 14, 2006

The demise of the American consumer has been declared so often in recent years that we're sometimes surprised to see anyone else in the shopping malls. But there went the spenders again in July, with the federal government announcing on Friday that retail sales climbed 1.4% for the month, well above the consensus forecast of 0.8%. Strong sales for building materials, furniture, and electronics and appliances led the way. Take out auto sales, and the increase was still a healthy 1%.

The sales numbers suggest that third quarter economic growth is off to a decent start, notwithstanding predictions that gas prices and a slowing housing market would leave consumers tapped out. The economists at Goldman Sachs have promoted this theme especially hard. Others have argued that job creation and healthy income growth would keep the resilient consumer in the game.

There's no doubt that the housing boom is over, but prices rose so fast in so many parts of the country that prices may have to fall a long way before many consumers feel poor enough to spend a lot less. Meanwhile, the economy has created more than 2.3 million new jobs in the last year, according to the household survey. Wage and salary growth is also accelerating.

All of which will make life even more difficult for the Federal Reserve, which only last week stopped raising interest rates for the first time since June 2004 based on its prediction that the economy would slow enough in coming months to contain inflation. By this logic, if the economy doesn't slow as predicted, the Fed will have to resume raising rates, perhaps sooner than it now expects. The current economic expansion is one of the strangest on record, in that it has been stronger and has persisted longer than most economists have predicted. Let's hope their error rate continues.

Some Scientists See Shift In Stem Cell Hopes (NYT)

By Nicholas Wade

The New York Times, August 14, 2006

In the five years since President Bush authorized and at the same time restricted research on human embryonic stem cells, a marked shift has taken place in some scientists' views of how the research is likely to benefit medicine. Many no longer see cell therapy as the first goal of the research, parting company with those whose near-term expectations for cell therapy remain high.

Instead, these researchers envisage a longer-term program in which human embryonic cells would be a research tool to study the mechanisms of disease. From this, they say, many therapeutic benefits may emerge, like new drugs, which would probably be available at least as soon as any cell therapy treatment.

Mr. Bush announced on Aug. 9, 2001, that government-financed researchers would be unable to work with human embryonic stem cells because the Dickey Amendment barred federal support for any research in which an embryo was destroyed. As a political compromise, Mr. Bush allowed research to proceed, but only with stem cell lines that were already established. Mr. Bush sustained his position last month by vetoing a bill that would allow research with new cell lines.

The approved cell lines, though regarded by many scientists as unusable for medical treatment and insufficient for many research purposes, have allowed a first round of experimentation. Work since 2001 has produced no significant advance, but has enabled a preliminary assessment of the field's possibilities. Many researchers now see human embryonic stem cells as part of a long-term research program, with any sort of cell therapy being at least 5 or 10 years off.

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That projection shows a gap between scientists' views and those of the public and of people for whom the overriding purpose of research with human embryonic stem cells is to generate cells that can restore damaged tissues.

Thomas M. Jessell, a neurobiologist at Columbia University Medical Center in New York, said that he hoped to see the research generate new drugs for neurodegenerative diseases within the next five years but that it could be a long time before rational cell-based therapies are effective.

"Many of us feel that for the next few years the most rational way forward is not to try to push cell therapies," Dr. Jessell said. Scientists have spent the last five years mostly in learning how to grow human embryonic stem cells in the laboratory and how to make them differentiate, meaning to turn into the body's various types of mature cells.

Dr. Ron McKay, a stem cell researcher at the National Institutes of Health, said, "Progress has been mostly incremental, but it is clear that human embryonic stem cells can differentiate" to cells of the sort that might be useful in therapy.

Government policy has slowed research with human embryonic stem cells in many ways, scientists say. To work with unapproved lines, government-supported researchers must not only raise private money but also keep their government-financed work separate from their work on unapproved stem cell lines.

Christopher E. Henderson, a neurobiologist at Columbia University Medical Center, said his government-supported students were not allowed to visit the lab where he worked with unapproved cell lines, lest they opened the center to prosecution by contributing government-gained knowledge to the private work.

This segregation of effort makes it much harder to integrate research on human cells with other relevant research, much of which is done first in animals and then needs to be cross-checked in human cells, said Dr. Arnold R. Kriegstein, director of stem cell biology at the University of California, San Francisco. "Doing things in parallel would work much better," Dr. Kriegstein said.

The hope of using human embryonic stem cells for cell therapy has been driven in part by the great success of bone marrow transplants, in which a patient's blood supply is regenerated from his own blood-making stem cells. But these cells are different from embryonic cells; they already exist in the adult body. Bone marrow transplants are "a special case, but the general applicability of that to any other disorder is a very big step," Dr. Jessell said.

Dr. Henderson added, "We all thought cell therapy first, then many of us realized there were a lot of hurdles to be crossed before that."

Making the embryonic stem cells convert in the laboratory into specialized types — like liver or heart cells — is not straightforward or predictable. Cells that look and behave like human muscle-activating neurons can be generated with just a couple of chemical signals. But some cells, like the insulin-making cells of the pancreas, have proved extremely hard to grow.

Besides the technical difficulty of growing the precise type of cell needed for cell therapy, researchers face the theoretical problem that new replacement cells are likely to be vulnerable to the same disease that killed the patient's cells in the first place. Ideally, a disease process must be understood and arrested before new cells are introduced.

Many researchers have come to see the primary benefit of human embryonic stem cells as models for human disease. The idea is to take a cell from a patient, convert it to embryonic form, and then make the embryonic cell mature into the type that goes awry in the patient's disease, whether it be a dopamine-producing cell for Parkinson's disease or an insulin-making cell for diabetes.

Somewhere down this developmental path, the basic cause of the disease may emerge, and be available for study in a dish of cells. The diseased cells should also provide an excellent means of screening thousands of chemicals for new drugs.

"Stem cell biology is just a rubric that applies to many things going on in biology," said John D. Gearhart, a Johns Hopkins University stem cell expert. "I personally feel that the beauty of these cells is that we'll learn a lot about human biology and disease processes, and that that information will be more important than the cells themselves."

Researchers have not, however, abandoned cell therapy, in which cells themselves would be used to regenerate tissue. In Parkinson's disease, for example, dopamine-producing cells from aborted fetuses, when injected into the brains of Parkinson's patients, do have an effect, suggesting that a better source of cell could have therapeutic value. "So it's the perfect place to go in," said Dr. Asa Abeliovich of Columbia University Medical Center. Dr. Abeliovich said that with Alzheimer's disease, in contrast, "We don't know how or what to replace."

Cell therapy requires making a stem cell from an embryo develop in the laboratory into a heart or liver cell or whatever tissue needs replacing. So far it seems that some cell types are easier to generate in the laboratory than others. "For some tissues we are doing extremely well, and for others we're really hurting because we don't know enough about the early stages of differentiation," Dr. Gearhart said.

Other uncertainties remain. In the developing embryo, cells are exposed to a succession of new signals as they progress down a long path from embryonic state to their mature fate. Researchers cannot recapitulate that exact journey in the laboratory because many of the signals are unknown. They hope that they can use shortcuts, and indeed by using just a few known signals, they can reproduce heart cells and some neuron cells that look and appear to act like their natural counterparts.

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But it is not yet certain if mature cells grown in a laboratory will possess all the information they need to behave properly when introduced into a patient's body.

For the dopamine-producing cells of Parkinson's, "We cannot recapitulate the entire developmental program because the rest of the brain is already there," said Dr. Abeliovich. "It's more interesting to hypothesize that there are ways to get around this, and ask what they might be."

Dr. Evan Snyder, director of the stem cell program at the Burnham Institute in San Diego, added that with some diseases "we initially hoped we could leapfrog over certain developmental steps."

But that has changed.

"We are starting to learn that doesn't always work," Dr. Snyder said.

Where To Get A Pay Raise (TIME)

By Jeremy Caplan

Time, August 14, 2006

IN CHICAGO

A Big-Box Battle

Wal-Mart may have earned more than $11 billion last year, but it's squawking over a $10 bill. The bill in question is a new Chicago ordinance that the retailer fiercely opposes, which will require the company--along with Target, Home Depot and other giant retailers--to pay a starting wage of $10 an hour, plus $3 in benefits, to anyone hired in the Windy City. The living-wage ordinance, passed by the city council after ferocious campaigning by organized labor and its business opponents, is the country's first directed at big retailers. Once enacted, it's set to be phased in over three years, beginning next July. Chicago's law, despite likely court challenges, is already prompting other cities such as Washington and Boston to pursue similar legislation.

After years of failed attempts to unionize big-box stores, labor seems to have hit on a winning legislative tactic in the battle over pay. Congress hasn't acted in nearly a decade, and although 140 local living-wage laws have been enacted in the U.S., most apply just to city workers or contractors. Union leaders say the Chicago rule means a long-overdue raise for the working poor. In real terms, wages for nonmanagerial retail workers have fallen 18% since 1975. But David Vite, president of the Illinois Retail Merchants Association, says the law could deter inner-city economic development. "Companies affected by this ordinance have capital budgets they can spend anywhere in the U.S.," Vite says, "and they'll now go elsewhere." Target, for one, has announced its postponement of plans for a previously announced store.

"In fights like this, retailers use the exit threat, then stay and expand," says Annette Bernhardt, a labor expert at New York University Law School. One of Target's most successful units is in Chicago's Lincoln Park neighborhood, and studies suggest there's $1.3 billion in untapped spending on the city's North Side and West Side alone. That, says Dorian Warren, a politics professor at Columbia University, "is going to be worth far more than the $10 wage costs them."

Not all retailers dread such laws. Costco CFO Richard Galanti says his company already meets the Chicago minimum and that the $10 wage helps the company retain employees. "It doesn't make us any less competitive," he says.

One keen observer of the living-wage battle has been David Coss, mayor of Santa Fe, N.M., which mandated a living wage in 2004. "We were also told the sky was going to fall," he says, "but all we've seen is strong growth." With the city's $9.50 wage floor set to rise to $10.50 in 2008, Target and Sam's Club are thriving. Wal-Mart is even building a superstore. "You're going to see more and more municipalities taking matters into their own hands," Coss says. "Poverty just isn't a necessary ingredient for economic development." With reporting by With reporting by Eric Ferkenhoff/Chicago

Lamont Decries Barbs By Cheney, Lieberman (USAT)

USA Today, August 14, 2006

Democratic Senate nominee Ned Lamont, the anti-war candidate who toppled Sen. Joe Lieberman in the Connecticut primary Tuesday, said Sunday that he was surprised Lieberman and Vice President Cheney claimed that Lamont's victory could embolden terrorists. "The very first thing that comes out of their mind is how can we turn this to partisan advantage. I find that offensive," Lamont said.

Cheney had said Wednesday that Lamont's victory might encourage "the al-Qaeda types" who want to "break the will of the American people in terms of our ability to stay in the fight and complete the task." Cheney spokeswoman Lea Anne McBride said Sunday that Lamont was the one "playing politics at a time the president is trying to build national unity and cooperation in fighting a determined and murderous enemy."

Lieberman had said Thursday that Lamont's call for a phased withdrawal of troops from Iraq would be "taken as a tremendous victory" by terrorists. Lieberman spokesman Dan Gerstein said Sunday that the senator had only pointed out "an important difference between his approach to national security and Ned Lamont's, which is what campaigns are all about."

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Lieberman lost the primary 52%-48%. The next day he filed to run as an independent in the November general election against Lamont and Republican candidate Alan Schlesinger.

Lamont Decries Lieberman Terror Remarks (AP-Y)

By Andrew Miga

AP, August 14, 2006

Democratic Senate nominee Ned Lamont, the anti-war candidate who toppled Sen. Joe Lieberman in the Connecticut primary, says he was surprised by Lieberman and Vice President Dick Cheney's claims that his victory could embolden terrorists.

"My God, here we have a terrorist threat against hearth and home and the very first thing that comes out of their mind is how can we turn this to partisan advantage. I find that offensive," Lamont said in an interview Sunday with The Associated Press.

After British officials disclosed they had thwarted a terrorist airline bombing plot on Thursday, Lieberman warned that Lamont's call for a phased withdrawal of troops from Iraq would be "taken as a tremendous victory" by terrorists.

Cheney suggested Wednesday that Lamont's victory might encourage "the al-Qaida types" who want to "break the will of the American people in terms of our ability to stay in the fight and complete the task."

Lamont said Lieberman's swipe at his candidacy "sounded an awful lot" like Cheney.

"It surprised me," he said. "It seemed almost orchestrated. It's sort of demeaning to the people of Connecticut. ... I thought the senator and the vice president were both wrong to use that attack (strategy) on the voters of Connecticut."

The Lieberman camp Sunday brushed aside Lamont's comments.

"All Lieberman did was point out an important difference between his approach to national security and Ned Lamont's, which is what campaigns are all about," said Lieberman spokesman Dan Gerstein.

Cheney spokeswoman Lea Anne McBride said Lamont was the one seeking to score political points with the terror war.

"Sounds like he's the one playing politics at a time the president is trying to build national unity and cooperation in fighting a determined and murderous enemy — an enemy whose tactics and hatred we got to glimpse again last week, an enemy that continues to plot in the shadows and to probe weaknesses," McBride said.

Lamont's upset victory last week, fueled in part by liberal bloggers, was viewed by many as a referendum on Iraq and President Bush's handling of the war. The debate has placed his candidacy in the national spotlight.

Lamont, who was in Washington for appearances on two Sunday TV news talk shows, is reaching out to the Democratic Party establishment for help in what is expected to be a bruising general election fight against Lieberman.

Many top Democrats, including national party chairman Howard Dean and leading senators, have abandoned Lieberman, the party's 2000 vice presidential nominee. They have lined up behind Lamont in the general election, a three-way fight that also includes Republican Alan Schlesinger.

Some Democrats are urging Lieberman to drop his independent bid to clear a path for Lamont.

"It would be better for the Democratic Party, it would be better for the people of Connecticut, it would be better for the country" if Lieberman got out of the race, Sen. Russ Feingold, D-Wis., said on ABC's "This Week."

Lamont said he had no idea whether Lieberman might reconsider his candidacy.

"It's not helpful," he said of the possibility Lieberman could play the role of the spoiler.

Lamont also said he doubted that Republicans would find a stronger candidate than Schlesinger, who trails far behind both Lamont and Lieberman in recent polls.

"My hunch is they're not going to do that," Lamont said.

Lamont's previous political experience was serving in local offices such as selectman in Greenwich, Conn. He said he had no plans to tailor his campaign message in the fall race to appeal to independents or moderates in both parties.

"I'm not changing my message one iota now," Lamont said. "It is a message that resonates. It's not just Democrats who think that we need real change in Washington, D.C."

Lamont, 52, is a great-grandson of the former chairman of JP Morgan & Co. He has estimated that he's worth $90 million to $300 million. In 1984 he founded a company that wires college campuses for cable television.

Lamont spent about $4 million of his own money in the primary. He said he doubted he would have to provide a similar-sized cash infusion for the general election, but he vowed to remain competitive in terms of fundraising.

"We're not going to be badly outspent," said Lamont.

Lieberman has about $2 million in campaign funds for the fall race after spending roughly $5 million during the primary, according to campaign spokesman Gerstein. "We will raise enough to win," Gerstein said.

Campaign 2006: A Hawk Stays Aloft (NW)

By Jonathan Darman

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Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - Joe Lieberman awoke last Wednesday with few prospects and no party. He'd lost the Democratic primary for his own Senate seat to challenger Ned Lamont and the army of "Netroots" Internet activists who'd hammered Lieberman's stubborn defense of the Iraq war. Even some of his friends thought his announced independent candidacy would be a sad and solitary quest.

But then came Thursday, with chilling news of a terror plot in Great Britain, and suddenly it was clear that Lieberman would not go gently. "If we just pick up like Ned Lamont wants us to do," he warned a campaign crowd, "get out by a date certain, it will be taken as a tremendous victory by the same people who wanted to blow up these planes." Hawkish Joe was back: early polls showed him leading Lamont in the general election.

And so, at least for one day, Joe Lieberman became the most prominent spokesman for the Republican strategy in 2006: paint Iraq critics as frail on national security at a time when our foes are at their fiercest. The GOP has moved aggressively to capitalize on Lieberman's defeat and the subsequent London terror news. On Friday, the Republican National Congressional Committee circulated a memo urging Republican candidates to jump on the week's headlines: "Recent events have reminded us that we continue to operate in a pivotal phase in the global war on terror," it read. "You should move to question your opponent's commitment to the defeat of terror and ... create a definitive contrast on this issue."

The GOP has artfully used that script in the last two election cycles. Its appeal had seemed to wane as anger over the Iraq war mounted. But Karl Rove and the Republicans now see a new opportunity in "Lamontism"—the idea that liberal Democrats will risk failure in Iraq to score points with a public grown weary of war. (Lamont favors withdrawal of the troops from Iraq but redeployment elsewhere in the Middle East.)

"If you have Lamont Democrats who say, 'Bring 'em home, turn away and it will all be over' ... the American people say, 'You're kidding yourself' ... The only way you walk away from war is as a victor," said a senior administration official who asked for anonymity speaking about the politics of national security. Now GOP candidates across the country who have feared the mention of combat on the campaign trail are embracing it once again—hoping that one last time, Americans will come to see the conflict in Iraq as indivisible from the broader war on terror.

Democrats say the terror card won't work this time. "We've all become more sophisticated about this as we've seen the consequences in Iraq," says Jim Webb, the Reagan administration Navy secretary who's running as the Democratic Senate candidate in Virginia. Webb opposes a timetable for withdrawal but wants a "careful" exit from Iraq in consultation with Mideast allies. Many Democrats were cheered by Lamont's victory and said it presages a November payoff for candidates who offer sharp criticism of the war. Still, few Democrats in tight races seemed eager to pin Lamont buttons to their lapel. "I think I'll just pass on that," Webb said when asked about the Connecticut primary. Some Republicans are being less bashful in their embrace of Lieberman. Vets for Freedom, an independent group of veterans from the Iraq and Afghanistan wars, is launching a media campaign in support of Lieberman. Among the group's advisers are prominent Republicans: former Coalition Provisional Authority spokesman Dan Senor and Weekly Standard editor Bill Kristol. The group is attractive to Republicans "who want to help Lieberman but [are] not going to start writing checks to his campaign because he's still a Democrat," says a senior Republican affiliated with the group who asked not to be identified while the group is launching. Lieberman's former chief of staff is also helping the group along with prominent Democrats who are rooting for Lieberman but don't want to risk the ire of the Netroots.

National Democrats say they won't be distracted by Connecticut. Still, as fall approaches, the Democrats are staking their hopes on their ability to talk critically about foreign policy without being labeled "antiwar"—a challenge that's vexed them in every campaign since George McGovern's 1972 presidential bid. Reached by NEWSWEEK on vacation, McGovern offered Democrats a warning. "For 50 years, [Republicans] used the fear of communism to beat Democrats," he said. "I hope we don't have 50 years of terrorism for them to do the same thing."

The Ana Log (TIME)

By Ana Marie Cox

Time, August 14, 2006

PUNDIT ON POINTE Maybe Tucker Carlson picked up more from his '03 Britney Spears interview than how awesome the President is. The MSNBC host's preppie Ã©lan will froth forth on the next season of Dancing with the Stars. Don't think of it as waltzing on the grave of journalism. Think of it as a step away from getting O'Reilly on Fear Factor.

FILE NOT FOUND On the eve of the Connecticut primary, Senator Joseph Lieberman's website goes as dark as the horse Ned Lamont rode in on. Joe's campaign alleges the outage is a Lamont dirty trick, "almost Rovian"--which makes things awkward when Rove gives Lieberman a sympathy call the next day.

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STRIKING SEQUEL After losing her primary, Georgia Congresswoman Cynthia McKinney--who tried to rebuild her reputation after smacking a cop on Capitol Hill--blames "the press in this room tonight" for physically hurting her mother and her staff but leaves it an open question as to who's at fault for her sing-along that evening with pop singer Pink's Dear Mr. President.

DID YOU KNOW the Chinese character for "convenient myth" is made up of the characters for "sounds good" and "why fact-check"? In answer to a question about the conflict in the Middle East, Secretary of State Condoleezza Rice tells NBC audiences that the Chinese character for "crisis" contains the characters for both "danger" and "opportunity." Sinologists dispute that often repeated claim, as do many in the Middle East.

Three Cheers For Triangulation (TIME)

By Joe Klein

Time, August 13, 2006

Ned Lamont's victory over Joe Lieberman in last week's Democratic Senate primary in Connecticut precipitated the expected torrent of rubbish from left-wing blognuts and conservative wingnuts. There was a nauseating triumphalism on both sides, the unblinking assertion that this one poorly attended summer primary provided a lesson of earth-shattering significance to the future of American politics. Maybe it did, but I hope not.

The wingnuts used Connecticut as a rationale for continuing to wave the bloody shirt of Islamist terrorism as a partisan bludgeon. Vice President Dick Cheney, the nation's wingnut in chief, actually said Lieberman's defeat would give aid and comfort to our terrorist "adversaries and al-Qaeda types." On the other side, Eli Pariser, the executive director of MoveOn.org and therefore, perhaps, the nation's blognut in chief, proposed the "death of triangulation"—that is, the end of Clintonian moderation—in a Washington Post Op-Ed piece and announced a return to ... well, the party's stupid excesses of the '70s and '80s.

Much was made of Cheney's venting, and it is a bit too easy, after six years of this bilge, to dwell on the Vice President's aura and miss the essential felony of the Bush White House—that it has tried to run a war without bipartisan support. Indeed, it has often attempted to use the war for partisan gain. To be sure, there is some grist to the Republican portrayal of Democrats as a bunch of wimpy peaceniks. All too often in the post-Vietnam past—the first Gulf War, for example—the default position of the Democratic Party has been to assume that any prospective use of U.S. military power would be immoral. But Bush's initial post-9/11 response was not one of those times. The invasion of Afghanistan and an aggressive effort to destroy al-Qaeda were supported by just about every Democratic politician. Many leading Democrats even gave Bush the authority to invade Iraq, although most did so, I suspect, for reasons of political expediency. One of the most convincing arguments offered by the bloggers is that the Democratic establishment should have been far more skeptical than it was about a pre-emptive, nearly unilateral assault on an Islamic country.

In 2004 Bush and Karl Rove managed to flummox the Democrats by conflating the war in Iraq with the war against al-Qaeda and insisting that any Democratic reservations about Iraq were a sign of weakness. This was infuriating. It was Bush's disastrous decision to go to war—and worse, to go to war with insufficient resources—that transformed Iraq into a terrorist Valhalla. It is Bush's feckless prosecution of the war that has created the current morass, in which a U.S. military withdrawal could lead to a regional conflagration. Rove may avert another electoral embarrassment this November with the same old demagoguery, but his strategy has betrayed the nation's best interests. It has destroyed any chance of a unified U.S. response to a crisis overseas. Even the Wall Street Journal's quasi-wingnut editorial page cautioned, in the midst of a typical anti-Democratic harrumph, "[No] President can maintain a war for long without any support from the opposition party; sooner or later his own party will begin to crack as well."

There isn't much point in detailing the chest thumping of the various blognut extremists. Their reach is minuscule, largely limited to the left's upper crust, and their angry spew is beginning to seem sooo six months ago. But Pariser's anti-triangulation argument deserves attention because it represents the latest expression of a perennial self-destructive urge within the Democratic Party. "Originally employed as a survival mechanism by a Democratic President in the wake of 1994's Republican revolution," he writes, triangulation "no longer makes sense in an era when any attempt at bipartisanship" is seen as Democratic weakness "and exploited accordingly." He has a point. The Bush Administration has made a mockery of bipartisanship.

But Pariser and the MoveOniks can't seem to get Bill Clinton's success out of their craw. They persist in seeing "triangulation"—which was the consultant Dick Morris' odious term for Third Way liberalism—as a mere political strategy rather than a governing philosophy. It was a bit of each, of course. But the philosophy was both successful and profound. It proposed the achievement of liberal ends through market-oriented conservative means. Welfare reform, which combined a work requirement with significant financial incentives for the working poor, was the best example of how the philosophy might work. Unfortunately, Monica Lewinsky's thong show prevented further successes—and Al Gore and John Kerry foolishly sidled away from the Third Way, toward the party's electorally lethal special-interest groups.

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Pariser calls for an era of "bolder, principle-driven politics." But we've suffered all the boldness we can handle these past six years. In the end, the real alternative to Bush's Republican extremism isn't Democratic extremism. It is bipartisan moderation—which has the additional advantage of being the highest form of patriotism and the only route to victory in a time of war.

Consolidation Of Base Crucial For Lieberman (WT)

By Charles Hurt

The Washington Times, August 14, 2006

HARTFORD, Conn. -- Sen. Joe Lieberman's re-election bid as an independent will depend on whether he can maintain voter support at home in the next few weeks and raise the money needed to wage a campaign against two party-backed candidates.

Exit polling suggests that although Mr. Lieberman can rely on support in November from most of the voters who picked him in last week's Democratic primary -- which he lost 52 percent to 48 percent to businessman Ned Lamont -- he still must draw support from a significant number of Republican and independent voters to win.

The campaign can take solace from a poll conducted last week by Rasmussen Reports that found 46 percent of Connecticut voters support Mr. Lieberman and 41 percent side with Mr. Lamont. Six percent said they support Republican Alan Schlesinger.

Even with an early lead, Mr. Lieberman will need plenty of money, which is far more difficult for him to raise without party backing. Further complicating that effort is that Mr. Lamont has shown a willingness to fund his anti-war campaign with his personal fortune of millions.

Mr. Lieberman has fired his campaign staffers, replacing them with trusted aides. He also has, belatedly, begun forcefully battling charges leveled against him during the primary that he blindly supports the war in Iraq and worked too closely with President Bush.

And although Mr. Lieberman has lost the backing of the Democratic Party leaders, it is not clear how actively they will support Mr. Lamont's effort.

"I do not think resources are going to be a problem for Joe Lieberman," said House Deputy Whip Eric Cantor, Virginia Republican, who is leading the effort to raise money for Republican House candidates. "He is going to get a tremendous amount of support from the American Jewish community."

In particular, Mr. Cantor said, those donors appreciate Mr. Lieberman's unwavering support of Israel and his determination to root out terrorism.

"I have spoken to many national contributors in the American Jewish community who are extremely frustrated with the steps that were taken to defeat Joe Lieberman," Mr. Cantor said.

Mr. Lieberman begins his independent campaign with backing from about 75 percent of his supporters in the primary, according to an exit poll conducted by the New York Times and CBS News. That amounts to nearly 40 percent of the Democrats who participated in the primary.

His base, according to the poll, is significantly more loyal than is Mr. Lamont's. Nearly half of Mr. Lamont's supporters said they were motivated primarily by opposition to Mr. Lieberman, while 92 percent of Mr. Lieberman's supporters said they were casting their vote because they like Mr. Lieberman and the job he has done.

And although Democrats rejected Mr. Lieberman in the primary, the incumbent holds a job-approval rating of 56 percent.

Mr. Lieberman also is expected to draw substantial support among Connecticut Republicans and independents. Though such voters constitute a majority of the Connecticut electorate -- and historically have been very supportive of Mr. Lieberman -- registered Republicans and independents were prohibited under state law from voting in the Democratic primary.

The apparent lack of interest among national Republicans in their long-shot nominee likely will help Mr. Lieberman pick up Republican votes.

"Connecticut doesn't appear to be a competitive campaign for our nominee right now, so we are focusing our attention elsewhere on races where we might have a greater impact," Dan Ronayne, a spokesman for the National Republican Senatorial Committee, told The Washington Times.

Joe Lieberman Is No Moderate, So Why The GOP Tears? (NHUL)

By Robert Novak

New Hamsphire Union Leader, August 14, 2006

MARY MATALIN, longtime Republican political operative and Vice President Dick Cheney's adviser, seemed near tears on the Fox News Channel Tuesday night as adverse voting returns for Sen. Joseph Lieberman came in from Connecticut. With

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Matalin a reliable indicator of her party's line, she began an outpouring of GOP grief over Lieberman's Democratic primary defeat. That was a remarkable reaction to a liberal senator who has given George W. Bush scant help on any issue other than Iraq, from which he now also has retreated.

In Lieberman's and my school days, this would be called shedding crocodile tears (defined by Webster's as "a hypocritical show of sorrow"). Cheney himself deplored Connecticut's results, and Presidential adviser Karl Rove placed a publicized telephone call to the senator. Republicans cast anti-war primary winner Ned Lamont as a cross between Joe McCarthy and George McGovern. Contradicting his 18-year Senate voting record, Lieberman is identified as a Democratic centrist (supposedly one of the last of that breed).

With Republican morale sliding three months before midterm elections, Connecticut provided welcome news for GOP strategists. Republican National Chairman Ken Mehlman on the day after the primary was in Cleveland facing a Republican meltdown in Ohio and warned of a McGovernite takeover of the Democratic Party by elitists. Mehlman described Rep. Sherrod Brown, a left-wing congressman who leads Republican Sen. Mike DeWine for re-election, as a Midwestern Lamont.

But how different from Lieberman would Lamont vote in the Senate? Not much. President Bush, always seeking Texas-style centrists, famously hugged and kissed Lieberman on the House floor after delivering the 2005 State of the Union Address. Aside from Iraq, it has been unrequited love with Lieberman consistently denying Bush needed votes. Lieberman was in Connecticut campaigning Aug. 3 when the Senate again failed to break a filibuster against estate tax relief, but he would have voted no had he been there.

In key votes of the last Congress selected by the Almanac of American Politics, Lieberman followed the straight liberal line in opposing oil drilling in ANWR, Bush tax cuts, overtime pay reform, the energy bill, and bans on partial birth abortion and same-sex marriage. Similarly, he voted in support of Roe v. Wade, and for banning assault weapons and bunker buster bombs. His only two pro-Bush votes were to fund the Iraq war and support missile defense (duplicating Sen. Hillary Clinton's course on both).

Lieberman's most recent ratings by the American Conservative Union were 7 percent in 2003, zero in 2004 and 8 percent in 2005. "Well deserved!" ACU Chairman David Keene told me. "I don't see why any conservative should be overly concerned about Joe Lieberman's plight."

Lieberman has opposed Bush as the environmentalists' Senate leader on global warming. He rebuffed attempts to compromise Social Security reform. He had a perfect record, seven for seven, backing filibusters that blocked Bush judicial nominees. He voted for cloture on three judicial nominations only after a compromise by the bipartisan Gang of 14 (which included Lieberman). He voted against confirming Supreme Court Justice Samuel Alito. This record of party regularity has won Lieberman's independent candidacy little backing from party stalwarts. Only four (out of 44) Democratic senators announced post-primary support for him. I could not find backing for Lieberman's independent candidacy from any of my longtime Democratic sources, who never have been associated with the MoveOn.org, neo-McGovernite wing of the party. Primarily because of Iraq, the clock has run out on Lieberman in his party since he was its 2000 nominee for vice president. In his disastrous 2004 campaign for the Presidential nomination, he lost badly in eight consecutive state contests (doing no better than 11 percent in Delaware). For Lieberman to have any chance in November, Connecticut Republican voters will have to reject the party's lackluster nominee (former State Rep. Alan Schlesinger). The only conceivable motivation would be Lieberman's position on Iraq, but even that faded last week. In a desperate Sunday night effort to separate himself from the President, he said "many of the Bush administration's decisions regarding the conduct of the war" were not "right." That did not fit the post-primary profile of courage that subsequently was sketched for him by the Republican high command.

Robert D. Novak is a syndicated columnist and a commentator for the FOX network.

Aiding Our Enemies (NYT)

By Bob Herbert

The New York Times, August 14, 2006

Here we go again.

I wonder if Americans will continue to fall for the political exploitation of their fears of terrorism, or if voters will begin to show some awareness of the fact that they have been cynically manipulated, and that our current policies have been disastrously counterproductive.

The disrupted plot to blow up as many as 10 passenger jets bound for the United States was a reminder, as if we needed a reminder, that the threat of terror remains both real and imminent. And it was a reminder that the greatest danger to Americans here at home continues to be an attack by a group affiliated with, or inspired by, Al Qaeda.

That being the case, what in the world are we doing in Iraq?

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There was something pathetic about the delight with which Republicans seized upon the terror plot last week and began trying to wield it like a whip against their Democratic foes. The G.O.P. message seemed to be that the plot foiled in Britain was somehow proof that the U.S. needed to continue full speed ahead with the Bush administration's disastrous war in Iraq, and that any Democrat who demurred was somehow soft on terrorism.

The truth, of course, is that the demolition derby policies of the Bush administration are creating enemies of the United States, not defeating them. It cannot be said often enough, for example, that the catastrophic war in Iraq, which has caused the deaths of tens of thousands, was a strategic mistake of the highest magnitude. It diverted our focus, energy and resources from the real enemy, Al Qaeda and its offshoots, and turned Iraq, a country critically important to the Muslim imagination, into a spawning ground for terrorists.

Almost three years ago, in the immediate aftermath of the bombing of the United Nations headquarters in Baghdad, Jessica Stern, who lectures on terrorism at Harvard, wrote in The New York Times that the U.S. had created in Iraq "precisely the situation the Bush administration has described as a breeding ground for terrorists: a state unable to control its borders or provide for its citizens' rudimentary needs."

Ms. Stern went on to say, "As bad as the situation inside Iraq may be, the effect that the war has had on terrorist recruitment around the globe may be even more worrisome."

The situation has grown only worse since then. While Republicans are savoring the political possibilities of a foiled terror plot, the spiraling chaos in Iraq and other Bush administration policies are contributing mightily to the anger and radicalism in the Muslim world.

Ms. Stern, the author of "Terror in the Name of God: Why Religious Militants Kill," said in an interview last week:

"We're in a world where Islamist terrorist leaders are teaching their followers that they have been humiliated. Well, first of all, it's true that Islamic civilization has fallen behind economically, intellectually, politically. It was once the greatest civilization. That's true. But the terrorist leaders teach their followers that not only is this humiliating, but somebody else is to blame — and that's us. They say that we have deliberately set out to destroy the Islamic world and humiliate Muslims."

While it's not true that the United States is trying to humiliate the Muslim world, said Ms. Stern, "I think that as we contemplate our policy remedies today, we also need to think about how they may ultimately be used by our terrorist enemies to recruit."

The debacle in Iraq, and inhumane policies like torture, rendition and the incarceration of Muslims without trial at Guantánamo Bay, Cuba, serve only to strengthen the appeal of militants who are single-mindedly dedicated to the destruction of American lives.

The U.S. needs to be much, much smarter in its efforts to counter this mortal threat. We should be focused like a laser on the fight against Al Qaeda-type terrorism. We need to ramp up our security efforts here at home. (Even as the terror plot in Britain was emerging, the Bush administration was trying to eliminate millions of dollars in funding for explosives-detection technology. Congress blocked that effort.) We need a new approach to foreign policy that draws on the wisest heads both here and abroad. And we need a strategy for withdrawal from Iraq.

In a world that is growing more dangerous by the hour, it's time to try something new.

Hoping For Fear (NYT)

By Paul Krugman

The New York Times, August 14, 2006

Just two days after 9/11, I learned from Congressional staffers that Republicans on Capitol Hill were already exploiting the atrocity, trying to use it to push through tax cuts for corporations and the wealthy. I wrote about the subject the next day, warning that "politicians who wrap themselves in the flag while relentlessly pursuing their usual partisan agenda are not true patriots."

The response from readers was furious — fury not at the politicians but at me, for suggesting that such an outrage was even possible. "How can I say that to my young son?" demanded one angry correspondent.

I wonder what he says to his son these days.

We now know that from the very beginning, the Bush administration and its allies in Congress saw the terrorist threat not as a problem to be solved, but as a political opportunity to be exploited. The story of the latest terror plot makes the administration's fecklessness and cynicism on terrorism clearer than ever.

Fecklessness: the administration has always pinched pennies when it comes to actually defending America against terrorist attacks. Now we learn that terrorism experts have known about the threat of liquid explosives for years, but that the Bush administration did nothing about that threat until now, and tried to divert funds from programs that might have helped protect us. "As the British terror plot was unfolding," reports The Associated Press, "the Bush administration quietly tried to take away $6 million that was supposed to be spent this year developing new explosives detection technology."

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Cynicism: Republicans have consistently portrayed their opponents as weak on terrorism, if not actually in sympathy with the terrorists. Remember the 2002 TV ad in which Senator Max Cleland of Georgia was pictured with Osama bin Laden and Saddam Hussein? Now we have Dick Cheney suggesting that voters in the Democratic primary in Connecticut were lending aid and comfort to "Al Qaeda types." There they go again.

More fecklessness, and maybe more cynicism, too: NBC reports that there was a dispute between the British and the Americans over when to make arrests in the latest plot. Since the alleged plotters weren't ready to go — they hadn't purchased airline tickets, and some didn't even have passports yet — British officials wanted to watch and wait, hoping to gather more evidence. But according to NBC, the Americans insisted on early arrests.

Suspicions that the Bush administration might have had political motives in wanting the arrests made prematurely are fed by memories of events two years ago: the Department of Homeland Security declared a terror alert just after the Democratic National Convention, shifting the spotlight away from John Kerry — and, according to Pakistani intelligence officials, blowing the cover of a mole inside Al Qaeda.

But whether or not there was something fishy about the timing of the latest terror announcement, there's the question of whether the administration's scare tactics will work. If current polls are any indication, Republicans are on the verge of losing control of at least one house of Congress. And "on every issue other than terrorism and homeland security," says Newsweek about its latest poll, "the Dems win." Can a last-minute effort to make a big splash on terror stave off electoral disaster?

Many political analysts think it will. But even on terrorism, and even after the latest news, polls give Republicans at best a slight advantage. And Democrats are finally doing what they should have done long ago: calling foul on the administration's attempt to take partisan advantage of the terrorist threat.

It was significant both that President Bush felt obliged to defend himself against that accusation in his Saturday radio address, and that his standard defense — attacking a straw man by declaring that "there should be no disagreement about the dangers we face" — came off sounding so weak.

Above all, many Americans now understand the extent to which Mr. Bush abused the trust the nation placed in him after 9/11. Americans no longer believe that he is someone who will keep them safe, as many did even in 2004; the pathetic response to Hurricane Katrina and the disaster in Iraq have seen to that.

All Mr. Bush and his party can do at this point is demonize their opposition. And my guess is that the public won't go for it, that Americans are fed up with leadership that has nothing to hope for but fear itself.

For GOP, Bad Gets Worse In Northeast (WP)

By Jim Vandehei

The Washington Post, August 14, 2006

PHOENIXVILLE, Pa. -- When it comes to President Bush and the Republican Congress, Rep. Jim Gerlach says voters in his suburban Philadelphia district are in a "sour mood."

That's why when it comes to his reelection, the two-term incumbent says "the name of the game" is to convince those same voters that he can be independent of his own party. He has turned his standard line about Bush -- "When I think he's wrong, I let him know" -- into a virtual campaign slogan, repeated in interviews and TV ads.

"It is a combination of things, from the war in Iraq to gas prices to what they are experiencing in their local areas," Gerlach said of the surly electorate whose decision he will know on Nov. 7.

The Iraq war and Bush's low approval ratings have created trouble for Republicans in all regions. But nowhere is the GOP brand more scuffed than in the Northeast, where this year's circumstances are combining with long-term trends to endanger numerous incumbents.

Sounding very much like Gerlach, state Sen. Raymond Meier, a Republican running for an open seat in Upstate New York, observed: "People around here are anxious and concerned not just about the national state of affairs, but also their personal state of affairs. As a Republican candidate, the challenge is to show you have even a clue about what their lives are like."

Also sounding very much like Gerlach is Rep. Rob Simmons. His eastern Connecticut seat is the most Democratic-leaning district in the country still held by a Republican. "My friend calls me Salmon Simmons . . . because I am always swimming upstream" against a Democratic current, he said.

Last week's defeat of Sen. Joseph I. Lieberman, a Connecticut moderate who has supported the Iraq war, in the Democratic primary gave Republicans a vivid look at some of the same angry currents likely to buffet them this fall. A Washington-Post ABC News poll this month found Bush's approval rating at 28 percent in the Northeast -- 12 points below his national average. The Republican Congress fared no better.

Republican losses in the region could echo well beyond the 2006 campaign. Because much of the region is tilting Democratic, history suggests Republicans would find it hard to recapture seats once lost.

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That is why GOP operatives in Washington are alarmed not just about Gerlach's predicament, but about that of two congressional neighbors in suburban Philadelphia: Reps. Michael G. Fitzpatrick and Curt Weldon, both in tough districts.

In Connecticut, Republican Reps. Nancy L. Johnson and Christopher Shays -- like Simmons -- are in highly competitive contests. And several New York Republicans are facing their most difficult reelection fights ever.

One reason Republicans understand the risk is that they were beneficiaries of a strikingly similar regional upheaval a decade ago.

Before the 1994 elections, when Republicans won control of the House for the first time in 40 years, Democrats held dozens of Southern districts in which the electorate had been gradually growing more conservative. That year, Republicans picked up 20 of those Southern seats, including several held by Democratic incumbents who -- like Northeast Republicans today -- tried to distance themselves from an unpopular White House and Congress controlled by their party.

Many of those Southern seats are afterthoughts in elections today because the districts are so solidly Republican. Simmons, who plays up his connections to organized labor, a traditionally Democratic interest, said a similar purge of Northeast Republicans would only exacerbate the polarized Washington environment. "For every one of us [moderates] who loses, the Congress becomes more partisan," he said.

GOP moderates have long felt marginalized by the conservative-dominated House Republican Conference. Late last year, however, Republican leaders realized they needed to soften some of their proposals or risk losing Northeastern seats. They reluctantly added money to the 2006 budget for job training and other programs pushed by the most liberal Republicans in Congress. They held a vote to expand stem cell research, a popular idea among moderates that was vetoed by Bush.

Last month, Republican leaders passed a $2.10 increase to the minimum wage, a powerful political issue in the struggling industrial towns. It was defeated in the Senate because it was linked to a cut in estate taxes.

"Our Republican conference needs to do more to put forward an agenda on health care, education and the environment," Gerlach said. "Those are important issues in the suburbs."

Here in Pennsylvania's 6th District, Democratic candidate Lois Murphy is a case study in how her party is trying to make campaigns about an unpopular Bush and Congress. On Tuesday, she traveled to the banks of Schuylkill River to rail against the "Bush energy bill," which she blamed for high gas costs and a dirtier environment.

Standing on a boat landing at a recent campaign event, she planted her shoe in a gob of melted gum. But she quickly went on to stick Gerlach with something the candidate's internal polls suggest is worse -- alleging the incumbent "has been a reliable vote for the Bush administration . . . and not stood up for the 6th District."

C. Ray Kalbach, 81, lifelong district resident, is receptive to the appeal. "My total commitment is to unelect all incumbents, period," said Kalbach, a self-described independent. He said he is fed up with Gerlach and "words spoken in one manner and actions done in another."

The district is a microcosm of other suburban areas in the region, a mixture of wealthy, GOP-leaning communities in West Chester and middle-income, working-class families in places such as Reading. Like many of the areas surrounding Philadelphia, it has been trending Democratic in recent elections, serving as the political base for Gov. Edward G. Rendell (D), the favorite to win reelection this year. Sen. John F. Kerry, the Democratic presidential candidate in 2004, won the district by three percentage points.

This the second time Gerlach is facing Murphy, a lawyer and mother of two children, and a skilled campaigner. In 2004, Gerlach beat her by about 6,400 votes (51 percent to 49 percent). Both candidates have raised about $2 million, plan to raise at least $1 million more, and are going for the jugular in campaign speeches and television ads.

Murphy's issue conflicts with Gerlach are somewhat amorphous, apparently by design. She would repeal some of Bush's tax cuts, including those for people earning $200,000 or more, but support others. Murphy slams Gerlach for "utterly failing" to stand up to Bush on the Iraq war, but she said her only policy difference is that she would force the president to come up with a "plan for success."

Pressed, she said Democrats "start from maybe worse than a blank slate" when it comes to having a national security plan. "Voters do not feel that they have that definition."

She calls herself a moderate, more a "Rendell Democrat than a Pelosi Democrat" -- drawing a bit of distance from House Minority Leader Nancy Pelosi, a liberal.

"Political conversation has become so polarized, so emotional," said Susan Bolton, a computer professional in the district. "When people liken Bush to Hitler, I see a lot of similarities myself." Bolton has stopped discussing the race here with Republican friends and said she will definitely turn out to vote for Murphy.

Others are unfazed. "It is the lesser of two evils," said Jerry Cobb, a Republican retiree who has lived in the district for 45 years. "I am not a Gerlach man, but I will probably vote for him" because of -- not in spite of -- his ties to Bush. "They are having

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a good old time bashing George Bush," but it won't work on him, he said. Most voters interviewed in the area seemed unaware of the race -- or uninterested.

The Gerlach campaign calls the Democratic candidate "liberal Lois" and warns she will raise taxes if elected. Amy Bonitatibus, who took a leave from Sen. Hillary Rodham Clinton's office to assist Murphy, said the charge, while not true, "resonates" with many voters here. Gerlach, who served in the state House and Senate before winning his seat in 2002, has said the two biggest issues are gas prices and immigration -- two areas in which he highlights differences with Bush.

Still, for Democrats to pick up the 15 seats needed to take control of the House, they may need the discontent to spread beyond the suburbs and into the conservative towns and rural communities of Upstate New York.

Meier, 53, is struggling to hold a seat that has gone Republican for a half-century. New York's 24th is not the kind of suburban, well-to-do country that is causing problems for the GOP elsewhere. It is more like the industrial Midwest, where once-vibrant cities bleed jobs, population and money as the economy moves away from factory dominance.

Rep. Sherwood L. Boehlert, an influential moderate Republican who chairs the Science Committee, has represented the district since 1982. Several times, he beat back conservative primary challenges by convincing voters that his ability to win funding for pet projects -- such as turning Griffiss Air Force Base into a technology center -- was more important than such social issues as his support of abortion rights.

In a normal environment, Boehlert's decision to retire this year might open the door for a more conservative Republican, such as Meier, to lock down the district, where Democrats have 40,000 fewer registered voters. But Meier said there is nothing normal about 2006: "It's a challenging year as a Republican."

In a break with the GOP election-year strategy, Meier said he is largely avoiding wedge issues such as same-sex marriage that party leaders are promoting in Washington and playing up his ability to compromise and create jobs. "People here are not ideologues," Meier said.

Michael A. Arcuri, 47, is the district attorney from Utica, the district's largest city in a county that accounts for about 30 percent of its voters. Handsome and articulate, Arcuri is running a campaign seemingly focused on one thing: tethering Meier to an unpopular Bush and Republican Party establishment. "He is one of the extremists," said Arcuri, between sips of coffee at a Friendly's restaurant.

To emphasize this point, Arcuri is running as a "Boehlert Democrat," highlighting how he shares the retiring GOP congressman's views on abortion, stem cells, tax cuts and energy policies, which are not coincidentally different than Bush's. "There is a huge difference between Boehlert and Meier," Arcuri said.

Reba L. Taylor, a former Democrat who serves as the Republican mayor of Dryden, said there is widespread frustration with Republicans in the area. "They have been a complacent, ruling party too long," she said. "A lot of them have not been touchable for a long time."

But Taylor said she is sticking with Meier because she believes he is the best person to help win funding and assistance for her town and the district.

Said Boehlert: "It will be more of a challenge than in the past, but it won't be insurmountable."

Schwarz's Loss Seen As Cautionary Tale (WT)

By Amy Fagan And Stephen Dinan

The Washington Times, August 14, 2006

Rep. Joe Schwarz campaigned personally with Sen. John McCain and had the support of President Bush -- but what the incumbent didn't have was the right positions on issues for a conservative Republican district in Michigan.

His loss in last week's primary to conservative state lawmaker Tim Walberg is being read in Washington as a message to other Republicans about the need to control spending and listen to the conservative base on issues such as immigration and abortion.

Although the defeat of Sen. Joe Lieberman in Connecticut's Democratic primary has garnered the most attention, Mr. Schwarz's loss indicates that Republican voters may be just as restless.

"Republicans the same day learned, 'Don't spend too much money. It's not good for your political health,' " said Grover Norquist, president of Americans for Tax Reform. He said Republican politics has entered a new chapter in which a lawmaker's votes on spending will be much more closely scrutinized by voters.

Mr. Schwarz signed the group's pledge not to raise taxes in 2004, and Mr. Norquist said he did vote for tax cuts. But Mr. Norquist said, "There's a higher standard now: What are you doing to cut spending?"

Other Republicans saw Mr. Schwarz's position on immigration -- he tied himself to Mr. McCain's plan for guest workers and repeated Mr. Bush's declaration that the country cannot deport an estimated 12 million illegal aliens -- hurt him.

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"McCain and Bush are presently not the best allies for a primary," one Republican aide on Capitol Hill said. "When immigration is the party's No. 1 primary issue, why surround yourself with the party's two least credible sources on the issue?"

Mr. Walberg won 53 percent to 47 percent to oust Mr. Schwarz, who was first elected in 2004.

"Tim ran on limiting government spending, reducing taxes, defining traditional marriage, standing up for the culture of life," said Joe Wicks, Mr. Walberg's campaign manager. "Those were the economic issues that is the base, the key of the Republican Party."

The conservative group Club for Growth also played a key role in the race. The group and its supporters spent more than $1 million promoting Mr. Walberg as a true fiscal conservative and attacking Mr. Schwarz as a big government, wasteful-spending, liberal Republican.

Pat Toomey, the group's president, said Mr. Schwarz's loss shows there's a strong anti-spending sentiment among Republicans.

"It's the strongest message so far" on the need to cut spending, Mr. Toomey said. "It shows that voters are very attuned to this issue."

But Sarah Chamberlain Resnick, executive director of a group of more liberal House and Senate Republicans called the Republican Main Street Partnership, said the Club for Growth clearly "tried to buy the election" by focusing all its wealthy donors on this race. She said Mr. Schwarz lost because centrist voters stayed home.

Mrs. Resnick said conservative-base voters turned out, but about 10,000 other Republicans did not. Mr. Schwarz lost by 3,000 votes.

"For some reason, people sat home this cycle, and the issue is why," she said. One reason could be that many centrist Republicans are "turned off" by the war in Iraq and the Bush administration, she said.

Bill Rustem, president of Public Sector Consultants, a nonpartisan public policy think tank in Lansing, Mich., said the loss is less a matter of issues than of simple math.

In 2004, Mr. Schwarz was the most liberal candidate in a race that featured several conservatives, who split the base vote. This time, Mr. Walberg was the only alternative to Mr. Schwarz, giving conservatives a clear choice, Mr. Rustem said.

Mr. Toomey said that argument doesn't minimize the significance because this was the first time that a Republican incumbent had lost in what he called an ideological-based primary -- one in which there were no redistricting conflicts or other external factors -- since 1994.

He said it also dovetails with state primary losses for Republican incumbents in North Carolina, Indiana and particularly Pennsylvania, where 14 incumbents were ousted after having voted to give themselves raises.

"What all of this points to is, Republican voters are frustrated with the abandonment of the limited-government, less spending, fiscal conservatism that has historically been the Republican brand," Mr. Toomey said.

Trouble For Centrists: Is The Hill Headed For A Sharper Split? (CSM)

By Linda Feldmann

The Christian Science Monitor, August 14, 2006

WASHINGTON

Connecticut's junior senator wasn't the only congressional moderate named Joe to lose his primary election last week. Rep. Joe Schwarz (R) of Michigan also went down in a stiff challenge from within his own party - in this case, from the right.

And now another moderate senator - Lincoln Chafee (R) of Rhode Island - is fighting for his political life. If he survives the well-funded challenge of a conservative in his Sept. 12 primary, he faces another tough fight in the general election.

In an election year marked by strong anti-incumbent feeling and the potential for significant Republican losses, many of Congress's moderates - those willing to buck their party leadership at times - are vulnerable. In the House, the potential loss of Republican moderates could intensify the chamber's partisan polarization, adding to the challenges of George W. Bush's final two years as president.

"If Democrats defeat moderate Republicans, it will have the mirror effect of 1994, where you had Republicans defeating moderate Democrats," says Gary Jacobson, a political scientist at the University of California, San Diego. "That boosts polarization, no question."

The long-developing trend toward homogeneous congressional districts - those where partisan preference in presidential elections matches the partisan preference for member of Congress - may become even more pronounced with the vote Nov. 7.

Regional "purity" could also be enhanced. Just as the Southern Democrat has become nearly extinct, so, too, could the "Rockefeller Republican," named for Nelson Rockefeller, former governor of New York and a liberal Republican. The Northeast, home to one-third of the most vulnerable House Republicans, could lose many longtime members.

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And in the Senate, the epitome of the Rockefeller Republican, Senator Chafee, is facing a tough primary challenge from Stephen Laffey, the conservative mayor of Cranston, R.I. Mr. Laffey is backed by the antitax, anti-"pork" Club for Growth, a Washington-based group that spent more than $1 million in helping to defeat the moderate Congressman Schwarz last Tuesday. But the Chafee-Laffey race is Club for Growth's marquee contest this cycle. So far, the group's members have sent $600,000 to Laffey, and its political action committee is running ads against Chafee.

If Laffey wins the nomination, polls show the Democratic candidate, former state Attorney General Sheldon Whitehouse, beating him soundly. In a blue state where a plurality of voters are independent and only 12 percent are registered Republicans, Chafee would seem to represent the Republicans' best shot at keeping that seat. A Rasmussen Reports poll released last week showed Mr. Whitehouse beating Chafee in the general election, 44 percent to 38 percent.

To the Club for Growth, there's nothing to lose in knocking off the incumbent. "Chafee and Whitehouse are alike on economic issues, so there's not much downside," says David Keating, the group's executive director. "The upside with Laffey is large. He could be a transforming figure in Rhode Island and provide a strong outsider voice in Washington."

To people who care about which party controls the Senate - and a Democratic takeover of that chamber is not impossible - Chafee's seat is crucial. And to Republican moderates working hard to protect their own, the argument to Republican primary voters in Rhode Island for nominating Chafee is obvious.

"It's a fact in Rhode Island that if Linc Chafee is defeated in the primary, the Democrats will pick up that seat," says Sarah Chamberlain Resnick, executive director of the moderate Republican Main Street Partnership.

It may be Chafee's ironic misfortune that he is up for reelection in a year when Democrats and independents are showing increasing impatience with Republican control of Capitol Hill. In Rhode Island, he is more popular among Democrats than among Republicans - he is the only Republican senator to vote against going to war in Iraq and he did not vote to reelect Presi-dent Bush in 2004 - but he could end up losing in November, if nominated, just because he has an "R" after his name.

"This is a year when the Democratic base is really ticked off," says Darrell West, a political scientist at Brown University in Providence, R.I. "Democrats really want Democrats representing them."

Ultimately, the future of "centrism" in the Senate is not in as much peril as it is in the House. Even if Sens. Chafee and Joseph Lieberman (now running in Connecticut as an independent) lose their seats, there will be plenty of moderates remaining, such as Republicans Olympia Snowe and Susan Collins of Maine, and Democrats Mary Landrieu of Louisiana and Ken Salazar of Colorado.

The club could even gain some new members come January. Bob Casey of Pennsylvania, a moderate Democrat known for his opposition to abortion rights, continues to poll ahead of his opponent, Rick Santorum, the No. 3 Republican in the Senate. In Tennessee, Democratic Congressman Harold Ford Jr., a centrist activist in the House, is in a tight race to replace retiring Sen. Bill Frist (R).

Professor Jacobson at UCSD, an expert on political polarization, also sees how new voices of moderation would enter the scene if Democrats take over the House. To win a majority, Democrats will have to win some Republican-leaning districts, and those members will have to take some moderate positions to keep those seats.

Also, having a Republican president and probably a Republican Senate could have a moderating effect on a newly Democratic House.

But there's a counter scenario: If the Democrats do retake the House, after 12 years in the wilderness, they may be tempted to behave as the Republicans did after taking over in 1994 - showing little interest in compromising with the minority.

"They could overplay their hand by being too partisan," says Thomas Mann of the Brookings Institution, a think tank in Washington. "They could go back on the promises they made about running the House and, in two years, be back in the minority."

Fathers Defeated, Democratic Sons Strike Back (NYT)

By Robin Toner

The New York Times, August 14, 2006

In the history of the Democratic Party, the election of 1980 looms large: the year the party lost the White House, the Senate, a generation of Midwestern liberals and, in some ways, its confidence that it was the natural, even inevitable, majority party.

Now, that election has a sequel.

Call it the return of the sons: Chet Culver, the Iowa secretary of state and the son of former Senator John C. Culver, is running for governor of Iowa. Senator Evan Bayh, son of former Senator Birch Bayh of Indiana, is organizing and testing the waters for a possible presidential bid in 2008. And Jack Carter, the son of former President Jimmy Carter, has decided at the age of 59 to run an uphill race for the Senate in Nevada, his first foray into electoral politics.

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All of them had their political sensibilities shaped, to some extent, by the election that defeated their fathers and began a generation of conservative dominance. The Democratic strategist William Galston, a senior fellow at the Brookings Institution, described it as the first of "a series of rolling shocks" for the Democratic Party that "started in 1980," when Ronald Reagan defeated Jimmy Carter, "and really didn't end until 1994."

They say their values are the same as their fathers', but their political approach is adapted to a different time. In one measure of the difference, the elder Mr. Bayh and Mr. Culver were invariably described as liberals; the sons, in recent interviews, avoided the term.

"I find the world just too complex to embrace a single ideological point of view," Evan Bayh said. Moreover, he argued, conservative strategists like Karl Rove like nothing better than to push Democrats into an ideological corner.

"It shouldn't be about ideology," Mr. Bayh said. "It ought to be about practical progress, ideas that make sense to people in their daily lives."

Chet Culver, who is running against Representative Jim Nussle in the Iowa governor's race, one of the most competitive in the country, describes himself as "a proud, progressive Democrat." He added: "Labels aren't what matters. It matters what you believe in."

At 50, Mr. Bayh has already served two terms as governor of Indiana and is in his second term as senator. He is clearly proud of his ability to run — and win — in a conservative, Midwestern state, an important part of the political rationale for his potential presidential candidacy. (He has said he will make a decision by the end of this year.)

While Birch Bayh was known as a classic "Great Society liberal," as Evan Bayh has put it, and as a champion of causes like the equal rights amendment, the son has long been a careful centrist, a former chairman of the Democratic Leadership Council and a founder of the Third Way, a centrist research group.

Visiting 22 states over the past year, he has argued that the way for Democrats to win is to reach out to the middle class, demonstrate credibility on national security and show respect for faith and values issues.

"The world has changed a lot" since his father's day, Mr. Bayh said. "So it's natural that how we solve our problems changes, too." For example, he said, the importance of fiscal responsibility and balanced budgets has become increasingly apparent over the years. And from a political standpoint, Democrats have learned over and over since 1980 the power of an ideological campaign when waged against them.

Mr. Bayh was 24 when his father ran for re-election in 1980; he took a break from law school to be chairman of his campaign. It was clear, early on, that it would be a tough election: double-digit inflation, a hostage crisis, an embattled Democratic president at the top of the ticket, and the emergence of a tough new conservative organization known as the National Conservative Political Action Committee, or Ncpac.

Ncpac wanted not only to defeat a generation of liberals — Mr. Bayh, Mr. Culver, Senator George McGovern of South Dakota, Senator Frank Church of Idaho and a handful of others — but also to "send a shiver down the spine of every other liberal senator and congressman," as one official put it. They succeeded at both.

Afterward, "I came close to being turned off to politics," Evan Bayh said. "I love my father and I believe in him. And he lost to Dan Quayle. I had a hard time understanding how that could happen."

But Mr. Bayh said he ultimately came to see the loss as "an occupational hazard." He added: "Every once in a while, an election comes along and who you are and what you believe gets subsumed in a larger tide. It just happens."

People wanted change in 1980, he said. "And I think people want a change now," he added.

But do Democrats want, in 2008, the practical centrism that Mr. Bayh offers? Or are they hungry, once again, for an unapologetic liberalism to match the conservatism on the right?

Mr. Bayh replied that Democrats who "believe we can stay true to our progressive heritage and implement it in practical ways" and who are keenly aware that "the Republicans are trying to pigeonhole us" will eventually "make their voices heard."

The elder Mr. Bayh, now a 78-year-old lawyer and lobbyist in Washington, said the differences between his politics and those of his son tended to be exaggerated. But in general, said Mr. Bayh, who ran unsuccessfully for the presidency in 1976, "I try to remain at arm's length; he's the candidate, not old dad."

Chet Culver was 14 when his father was defeated in 1980 by a conservative Iowa farmer and House member: Charles E. Grassley, now chairman of the Senate Finance Committee.

"The great thing about it was my father gave it everything he had," Mr. Culver said after a campaign rally in Waterloo, Iowa, earlier this month. "Stayed true to his values, was very principled and focused, and went down with a great fight. It was very inspiring."

Twenty-six years later, the Republicans constitute the Washington establishment, a point that Mr. Culver drives home. He frames his race against Mr. Nussle, the chairman of the House Budget Committee, as a choice between "Iowa experience and Iowa values, and D.C. experience and D.C. values."

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On the stump, the younger Culver, who won the Democratic nomination in a very competitive primary, evokes comparisons to his father.

"He didn't take any guff from anybody either," State Senator Bill Dotzler said, watching approvingly in Waterloo. "They're both big guys. They're both well loved by labor."

The Nussle campaign counters that, in the end, Mr. Nussle's track record and accomplishments will prevail.

Jack Carter, hoping to unseat Senator John Ensign in Nevada, said he had always believed that "I sort of gave at the office" when it came to politics, given how much he campaigned for his father.

But Mr. Carter, who spent his career in the investment and finance industry, said he had grown so "exasperated" with the Bush administration that he jumped into a race even though he was widely considered a long shot. "The Democratic message is what it's always been," he said. "It's that Democrats are for the working men and women in America."

A poll for The Las Vegas Review-Journal released over the weekend showed Mr. Ensign with 54 percent to Mr. Carter's 33 percent, although it noted that Mr. Carter had gained ground in recent months. The poll had a margin of sampling error of plus or minus four percentage points.

Mr. Carter said his father's initial reaction to his candidacy was probably shock, but the former president is solidly onboard, raising money for his son recently with his former vice president, Walter Mondale.

The senior Mr. Bayh indicated that he had long ago settled into a supporting role for his son. "Once he got to be elected governor," Mr. Bayh said, "I thought he was on his own."

The families' paths continue to cross: Evan Bayh will be campaigning with Chet Culver at the Iowa State Fair this week.

Untold Generosity (WP)

The Washington Post, August 14, 2006

VIRGINIA DOES NOT limit campaign contributions or lobbyists' gifts to their favorite politicians. But it does require reports on the money, trips, dinners and other handouts Virginia politicians get. With open records of who is giving what to whom, the logic goes, voters can freely decide whether to support the defense industry's woman or the telecoms' man.

When special interests can get away with neither thoroughly nor consistently reporting on their lobbying expenditures, however, even that dubious logic breaks down.

According to records at the secretary of the commonwealth's office reviewed by Tyler Whitley of the Richmond Times-Dispatch, lobbyists spent $15.4 million attempting to sway members of the General Assembly between May 1, 2005 and April 30, 2006. That's a record sum. The money went for everything from dinners out to golf trips to $650 for a piano player to entertain guests at a lobbyist's house.

What may be more worrisome than what state records show, however, is what is missing from them. Instead of listing the legislation it fought for or against, Verizon reported that its lobbying activities consisted of "all aspects impacting Verizon." Instead of providing an account of whom the Virginia Sheriffs' Association treated to dinner, the interest group claimed only that it spent $27,678 on entertainment and $555 on gifts.

Not every lobbyist's report was that vague. Dominion Resources provided names, locations and dates for its dinner appointments, for example. But the inconsistent quality of the lobbyist write-ups points to large problems in Virginia's disclosure laws: It's unclear just how detailed reports have to be, and the secretary of the commonwealth has no authority to audit the reports her office receives. As one state official put it, it's all on the honor code.

It's a situation ripe for legislative action. If Virginia's system is going to work, the General Assembly should give the secretary of the commonwealth's office the authority and means to audit lobbyists' reports, and it should prescribe tough penalties for providing incomplete or inaccurate information. Otherwise, lobbyists won't have much incentive to fully account for the money they've spent.

The General Assembly should then redraft the state's lobbyist disclosure form to remind lobbyists of the possibility of audit. Anything less, and the public won't really be able to trust the numbers lobbyists submit.

Clinton And Gates To Join Forces At Aids Conference (FT)

By Andrew Jack

Financial Times, August 14, 2006

Two high profile speakers - the world's richest man and, until recently, its most powerful - will address 24,000 of scientists, government officials and activists in Toronto on Monday at the world's biggest conference on Aids.

Bill Gates' company and Bill Clinton's administration may have had their differences over Microsoft's monopolistic powers in the past, but today they have common interests in an area where even they are engulfed by the scale of the challenge in helping more than 40m people living with HIV.

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Mr Gates is gearing up to spend most of the financial wealth he accumulated at his software business on philanthropic causes led by global health and Aids. Mr Clinton is using much of the political capital he earned as US president to do the same.

Together, the two men, who met up on a tour of South Africa and Lesotho last month as part of a strengthening alliance, complement each other's skills.

They reflect an unprecedented shift in resources and advocacy towards the problems of the diseases of the developing world.

Mr Gates - with his $30bn Foundation set soon to double $1.5bn in annual pending with support from the financier Warren Buffett - has the money and intellectual passion to try to develop new drugs, vaccines and techniques to limit infection. Mr Clinton has the humanity and political savvy to mobilise companies to deliver and governments to use them.

Mr Gates has offered fresh succour in recent weeks with a fresh pledge of $287m for research into an Aids vaccine, and $500m to the UN-backed Global Fund to fight Aids, TB and Malaria.

Mr Clinton, who is beginning to raise the public profile of his Aids work, has helped negotiate price reductions on existing HIV treatments and diagnostic tests, and is championing low-cost but effective treatment centres he hopes can be replicated across Africa.

He has added to activist pressure, encouraging fresh initiatives on combination medicines and lower developing world prices by big pharmaceutical companies such as Abbott, Gilead and Merck this weekend.

Some query the significance and impact of Mr Clinton's influence. "It is public health by press release," says Jerry Norris from the Hudson Institute, a right-wing US think tank that has criticised generic companies copying drugs still under patent to the large pharmaceutical manufacturers that developed them.

Others question about how far the clinics backed by the Clinton Foundation - such as the projects in Lesotho, Malawi, Rwanda and Ethiopia that he visited last week - can be reproduced across their respective countries, given that they rely on an exceptional concentration of talent and resources in otherwise poor countries.

But Tony Harries, a British adviser to the government of Malawi, says the Clinton Foundation is brokering a deal that will offer a 20 per cent reduction on one drug below alternative suppliers' prices. "When we are talking about 100,000 patients ... it is quite a cost saving," he says.

He is impressed by the Clinton Foundation's local staff - often volunteers or relatively low-paid people with business backgrounds - for "their willingness to listen and apparently to fall into line and follow national policy."

Mr Clinton may have been later off the mark than Mr Gates in tackling Aids and other diseases, but both have made more important contributions to combatting the disease since Mr Clinton's White House stint ended.

Ironically, the two Americans are getting used to travelling away from home to spread their message. A US visa ban for HIV positive people, never rescinded by Mr Clinton's administration, means that while Canada is hosting its third international Aids congress, their own country never has.

Gateses Urge Speed On HIV-Preventive Drugs (WP)

By David Brown

The Washington Post, August 14, 2006

TORONTO, Aug. 13 -- The two people who control the world's biggest charity opened the 16th International AIDS Conference here Sunday with a call for science and industry to redouble efforts to develop microbicides or pills that prevent sexual transmission of the human immunodeficiency virus.

The exhortation by Bill and Melinda Gates arises from three conclusions about the AIDS epidemic that are likely to be themes of this largest-ever gathering of scientists and advocates.

The first is that there won't be an AIDS vaccine soon. The second is that AIDS treatment, finally being brought to people in poor countries, will eventually become an intolerable drain on the world's resources if the rate of new HIV infections is not reduced. The third is that a prevention strategy controlled by women -- and usable without the knowledge or permission of men -- is essential.

"We want to call on everyone here and around the world to help speed up what we hope will be the next big breakthrough in the fight against AIDS," Bill Gates told delegates in the cavernous Rogers Centre, home of the Toronto Blue Jays baseball team. "This could mark a turning point in the epidemic, and we have to make it an urgent priority."

The foundation Gates and his wife run has invested $110 million in recent years in research on vaginal microbicides that would prevent HIV infection during intercourse. At a news conference earlier Sunday, they said they would increase their investment in that field, and in the use of antiretroviral drugs as before-sex pills, but they did not give details.

Clinical experiments of microbicides are underway in several African countries and India. Studies of two AIDS drugs, tenofovir and emtricitabine, for "pre-exposure prophylaxis" are now being done in Thailand, Botswana and Peru.

The Bill and Melinda Gates Foundation has spent about $2 billion addressing the global AIDS epidemic. Last week it gave $500 million to the Global Fund to Fight AIDS, Tuberculosis and Malaria, the Geneva-based organization that pays for prevention and treatment programs in about 130 countries.

This year's AIDS conference comes 25 years after the identification of the first AIDS cases in Los Angeles and New York.

About 24,000 people will attend the week-long meeting, which is held every other year. That is twice the number of people at the conference in Durban, South Africa, in 2000, which most observers agree was the moment when rich countries and pharmaceutical companies seriously began to commit themselves to bringing life-extending anti-retroviral therapy to the developing world.

Nascent success in that effort -- 1.4 million people in poor countries are now on AIDS treatment, out of more than 6 million who need it immediately -- is leading to worries about the future as the call goes out to speed the process even more.

"It is time to move from crisis management to long-term, sustainable response," said Peter Piot, the Belgian physician who heads the United Nations' AIDS program. "Twenty, 30, 40 years from now, that [treatment] need will still be there. Who will pay for that? Where will the drugs come from?"

Unlike many scientific meetings, this conference includes thousands of activists and patients among the delegates. One of the speakers at the opening ceremonies was Frika Chia Iskandar, a 24-year-old Indonesian woman who is HIV-positive.

She reminded her listeners there are mundane obstacles to treatment that might not occur to them -- such as the inability of many rural patients to pay the bus fare to get to clinics where they can then get free drugs.

"When we talk about access to treatment, it is not just pills," she said.

Black America Must Confront AIDS (WP)

By Julian Bond

The Washington Post, August 14, 2006

It's been 25 years since we first learned of a disease that was killing a handful of white, gay men in a few of our nation's largest cities -- a disease that later became known as AIDS. But lulled by media images that portrayed AIDS mainly as a white, gay disease, we looked the other way: Those people weren't our people. AIDS was not our problem. It had not entered our house.

We had our own problems to deal with, so we let those people deal with their problem. But that was a quarter-century ago, and a lot has changed. Now, in 2006, almost 40 million people worldwide have HIV, and 25 million are dead. And most of those who have died and are dying are black. That's not just because of the devastation the pandemic has wreaked upon Africa.

The face of AIDS in the United States is primarily black as well. The majority of new HIV infections here are black, the majority of people who die from AIDS here are black and the people most at risk of contracting this virus in the United States are black. AIDS is now in our house. It's now our problem, and we must come up with solutions.

This week, a historic contingent of black leaders will attend the 16th International AIDS Conference in Toronto to put AIDS in our community at the top of the national agenda. All of black America must do the same. Every African American must stand with us, take ownership of AIDS and fight this epidemic with every resource we have.

I realize that what we are proposing may seem an overwhelming task. But we know it can be done. When AIDS hit the gay community, its members couldn't afford to wait for the government to save them; instead they worked to save themselves -- in part by using tactics and strategies out of our civil rights playbook. AIDS is a major civil rights issue of our time.

We cannot wait for the government to come and rescue us either -- that help may never come. Part of our response must be to eliminate the rabid homophobia that lives in our schools, our homes and especially our churches. Our inability to talk about sex, and more specifically homosexuality, is the single greatest barrier to the prevention of HIV transmission in our community. Intolerance has driven our gay friends and neighbors into the shadows. Men leading double lives -- on the "down low" -- put our women at extreme risk.

We must also overcome our resistance to safer sex practices that can help prevent the spread of AIDS, and we must ensure that our young people know exactly what AIDS is and how to protect themselves against it.

For black America, the time to deliver is now. We're calling on leaders to lead. The AIDS story in the United States is partly one of a failure to lead. Prominent blacks -- from traditional ministers and civil rights leaders to hip-hop artists and Hollywood celebrities -- must immediately join this national call to action to end the AIDS epidemic in black America.

We're calling on black America to engage in a coordinated campaign with concrete, measurable goals and objectives and real deadlines. Each of us must identify strategies and activities that match our unique niches and capabilities.

We must build a new sense of urgency in black America, so that no one accepts the idea that the presence of HIV and AIDS is inevitable.

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We're calling on black America to get informed about the science and facts about AIDS. Knowledge is a powerful weapon in this war.

We're calling on black Americans to get screened and find out their HIV status. I have -- it took 20 minutes and was bloodless and painless. Knowing your HIV status and the status of your partner can save your life.

We're calling for a massive effort to address the disproportionate impact this epidemic is having on black youth, women, injecting drug users and men who have sex with men.

We must also pressure our government and elected officials -- at local, state and national levels -- to be far more responsible partners than they have been. We must lift the federal ban on funding for needle exchange programs, which have been proven to slow the spread of AIDS. We must also work with elected officials to promote comprehensive, age-appropriate, culturally competent AIDS prevention efforts that give young people the tools they need to protect themselves.

We must heed Martin Luther King Jr.'s warning, originally meant for others but right for us now: "Nothing in the world is more dangerous than sincere ignorance and conscientious stupidity."

The writer is a professor at American University and the University of Virginia and chairman of the board of the NAACP.

AIDS Effort In Zambia Hailed As A Success (NYT)

By Lawrence K. Altman

The New York Times, August 14, 2006

TORONTO, Aug. 13 — Rapid expansion of a large AIDS treatment program in Lusaka, Zambia, is working well and has saved many lives in its first two years, the program's leaders reported Sunday at the opening of the 16th International AIDS Conference here.

The report looked at the outcome for more than 25,000 patients who received antiretroviral drugs through the program, the largest group in a single program studied so far.

Only a few years ago, there was widespread skepticism that AIDS treatment programs would work in poor countries. The drugs were considered too costly and too hard to deliver to those who needed them; the required regimens were seen as too complicated and the side effects too dangerous.

But the effort has worked, the authors of the study said, as health workers have made intensive efforts to use in Zambia and other poor countries the same kinds of drugs and monitoring services that are standard in rich countries.

Reflecting those efforts, Bill Gates said at the conference Sunday night that there was "a new sense of optimism" in Africa because "the world is doing far more than ever before to fight AIDS." Mr. Gates, the chairman of Microsoft, and his wife, Melinda, who have made stopping AIDS the top priority for their foundation, gave keynote addresses at the conference. They called for increased global access to H.I.V. prevention and treatment programs and greater efforts to dispel the stigma of AIDS.

Since the Zambian government opened 18 clinics in April 2004, death rates from AIDS have been reduced to compare favorably to those in the United States among patients who took standard antiretroviral drugs for at least three months, said Dr. Jeffrey S. A. Stringer, who led the team that reported the findings.

This group had 5 deaths for every 100 patient years (the number of patients multiplied by the number of years under treatment), in contrast to 4.34 at the University of Alabama at Birmingham, Dr. Stringer said at a news conference. Dr. Stringer works both at the university and at the Center for Infectious Disease Research in Zambia.

But treatment came too late for many AIDS patients in Lusaka. A vast majority of deaths occurred in the first three months of treatment.

Many dying patients "literally came in in wheelbarrows, a common form of ambulance in Lusaka," the Zambian capital, Dr. Stringer said.

Now the challenge is to identify patients earlier in the course of the disease so they may benefit from antiretroviral therapy, Dr. Stringer said. But, he said, "getting patients to come in before they are deathly ill" will require Zambians to change their attitudes, particularly in breaking down the stigma of AIDS.

The Lusaka findings appear in the Aug. 16 issue of The Journal of the American Medical Association, which was released early to coincide with the opening of the AIDS conference. The meeting is expected to draw 24,000 participants.

Dr. Stringer cited four reasons for the program's initial success.

One was the Zambian government's leadership in promoting the program and its decision to eliminate medical fees for patients seeking H.I.V. care. The second was the use of nurses and physician assistants to compensate for a critical shortage of doctors. The third was use of a computerized system to monitor patients. The fourth was the large amount of money made available by the Bush administration initiative, the President's Emergency Plan for AIDS Relief, a five-year, $15 billion program that serves 16 countries, 13 of them in Africa.

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The costs of training staff and managing patients and workers exceeded the costs of the drugs (less than $300 a year for each patient) and the tests to monitor the drugs' effect, Dr. Stringer said.

Dr. Peter Piot, the executive director of the United Nations AIDS program, said in an opening talk that the world must develop a sustainable plan to treat and prevent AIDS over the next several decades. "We must ensure that no credible national AIDS plan goes unfunded, now or in the decades ahead," Dr. Piot said.

Mr. Gates said the world must vastly improve its efforts to prevent millions of new H.I.V. infections and to keep pace with the rapidly growing demand for treatment. "Treatment without prevention is simply unsustainable," he said.

A more aggressive approach is needed to provide prevention tools to all who need them, Ms. Gates said. "Today, fewer than one in five of the people at greatest risk of H.I.V. infection have access to proven approaches like condoms, clean needles, education and testing," she said. "That's a big reason why we have more than four million new infections every year."

In urging politicians to take stronger action to break down the stigma of AIDS, Ms. Gates said: "When Bill and I visit other countries, we are enthusiastically accompanied by government officials on all our stops — until we go meet with sex workers. At that point, it can become too politically difficult to stay with us, and our official hosts often leave. That is senseless.

"People involved in sex work are crucial allies in the fight to end AIDS. We should be reaching out to them, enlisting them in our efforts, helping them protect themselves from infection, and keeping them from passing the virus along to others. If politicians need a more sympathetic image to make the point, they should think about saving the life of a faithful mother of four children whose husband visits sex workers."

In Africa, Rape As A Risk Factor (WP)

By Holly Burkhalter

The Washington Post, August 14, 2006

President Bush's global emergency plan to fight AIDS began with the radical proposition that men, women and children in Africa didn't have to die of the disease. Three years later that radical proposition has become wonderfully ordinary. The question of whether the poor should have expensive AIDS drugs has been answered with a sturdy affirmative: 561,000 Africans are now receiving life-saving medication.

But there is bad news, too: The HIV/AIDS prevention strategies have stunningly failed African women and girls. Rape of women and children by partners, husbands, relatives, neighbors and strangers has put hundreds of thousands at risk of violent transmission of HIV.

Medical experts have shown a clear association between HIV exposure and coerced sex. Wives who suffer violence if they request condom use or faithfulness are at higher risk of AIDS than unmarried women and girls. That is why defeating the AIDS pandemic requires a second radical proposition: that African women and girls have the right to protection under their own countries' laws.

Why is this concept radical? Because public justice systems in many AIDS-burdened countries are broken or virtually inaccessible to poor girls and women. Rape and beatings are simply the norm, and deterrence and accountability for these crimes in Africa is as rare as AIDS drugs used to be.

An international consensus has emerged that violence and degradation of women and girls are key factors in the rapid spread of HIV among them. And yet investment in protection for children and women is not on the international radar screen. Africa's justice systems are thought to be too corrupt, understaffed or incompetent to fix. International experts instead focus on long-term development strategies such as economic empowerment and expansion of girls' education. Foreign donors prefer public awareness campaigns to hands-on help in getting rapists and batterers off the street and into jail.

Against all odds, however, some crusading human rights lawyers are doing what they can to change things one case at a time. Kenyan lawyers with International Justice Mission, for example, have represented dozens of children from the slum neighborhood of Kibera, Nairobi, who had been sexually assaulted. Working alongside Kenyan officials of goodwill, IJM investigators and lawyers have taken these cases before local courts and obtained convictions.

It is a laborious process. Last month a Kenyan court convicted a pedophile who had raped our client, a 4-year-old girl. It took five years to close the case. But this victory did more than put a rapist behind bars. It gave heart to other victims in Kibera and sent a clear message to future perpetrators.

Making more cases like this little girl's will require generous investment in the country's public justice system. Kenya spends about 3 cents per year per capita on prosecutions and investigations by lawyers, and virtually none of these resources are available to the people most at risk of sexual violence and HIV exposure: women and girls in poor neighborhoods. Seven out of eight Kenyan prosecutors are police officers, not lawyers, and few among them have adequate legal training.

If child rape victims postpone the search for justice until national courts are ready for them, they will have a long wait. Rather, the approach to national judiciaries in AIDS-burdened Africa should be to "build it as we go." That means ramping up

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investigations, prosecutions and convictions from the dozens to the hundreds, then thousands, while simultaneously training, equipping and recruiting police, prosecutors and judges.

As in the case of health systems, the greatest need of judiciaries is for skilled human resources. Local police need training, management, salary support and deployment to underserved rural villages and towns. Scaling up of rape cases requires DNA labs, rape test kits, witness protection capacity, referral systems, vehicles and computers. Corrupt or abusive police and judicial staff should be fired and prosecuted; incentives and benefits should reward excellence and confer prestige on police and prosecutors who take on sexual violence.

Rape is an HIV risk factor for tens of millions of African women and children. It requires something more than condoms, education or "empowerment." Functioning judicial systems are the next frontier in confronting the pandemic and preventing its spread. The 24,000 activists, government officials and donors meeting this week at the 16th International AIDS Conference in Toronto should commit the funding, ideas, technical support and personnel needed to make it a reality.

The writer is vice president of International Justice Mission, a global human rights agency.

Can California Win Its Pension Gamble? (LAT)

By Evan Halper, Times Staff Writer

The Los Angeles Times, August 14, 2006

The state's retirement fund planners base their projections on higher market returns than some experts predict.

SACRAMENTO — David Crane is a gifted investment banker who shared his expertise with government until he was dumped from a state board that invests teacher retirement funds.

Lawmakers bounced him from the board, one of the biggest players on Wall Street, after he repeatedly questioned whether state pension funds could earn enough to keep paying retirement benefits to teachers and other politically powerful employees.

Democratic legislators, who receive millions in campaign donations from teachers unions and other government labor groups, said it wasn't Crane's job to meddle in investment forecasts. California's numbers are in line with those of other states, they note, and its pension investments have beat projections over the last 20 years.

But Crane, a close friend of Gov. Arnold Schwarzenegger, represents a cadre of market gurus who see investment profits flattening. They worry that state pension systems are heading down the same path as corporate retirement plans that hit trouble after failing to meet rosy earnings projections.

Several government pension plans are already deep in the red. Standard & Poor's reported in February that 13 states are likely to have less than 75% of the cash needed for promised benefits.

In Crane's corner are such financial heavyweights as investor Warren Buffett; John C. Bogle, founder of investment giant Vanguard Group Inc.; and William Bernstein, author of "The Four Pillars of Investing."

The stakes are huge — especially for California, which has more than $350 billion in retirement funds covering teachers and other public employees. Falling short of the nearly 8% return that state money managers project for those funds could create deficits of tens of billions of dollars.

Taxpayers would have to ante up; retirees' benefits are locked in by contract. Elected officials could be forced to raise taxes, cut services or borrow money. California's teacher retirement fund already has a projected $20-billion shortfall.

"It is a very real problem," Bogle said. "The financial consequences are staggering."

A decade of returns at the rate Buffett has set for retirement plans at his companies — 6.4% — would leave California short more than $90 billion. That is more than the entire state budget for health and human services this year, and several times what the state is spending on its university system.

The Legislature has spurned such restrained forecasts.

Lawmakers in June rejected Crane's appointment to the teacher retirement board by Schwarzenegger, after he had served almost a year. State Senate leader Don Perata (D-Oakland) said the job of trustees is "only to protect members' benefits" — not to worry about the long-term effects of the benefits on the state budget.

Crane, who helped build a San Francisco investment firm that has arranged $250 billion in financings, said at his confirmation hearing: "Bless them if they can make it" to 8%. "I would assume a lower number. And I think there is a lot of evidence to back up my view."

Bogle said he thinks California officials "are dreaming."

Opponents of Crane, a Democrat, called him the operative of an administration eager to undermine the political power of public employee unions. Schwarzenegger, a Republican, campaigned last year to eliminate pensions for all new government workers and replace them with 401(k)-style accounts. The unions fought him, and he dropped the issue.

Many labor leaders and pension officials characterize as bogus the alerts being raised about the funds' soundness.

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"This is another way that folks who would like to see these benefits go away can undermine the plans," said Pat Macht, spokeswoman for the California Public Employee Retirement System.

Macht notes that state pension investments have yielded returns averaging 9.2% over the last decade. That includes the 12 months that ended June 30, when profits on state investments exceeded 12%.

Stanford University professor William F. Sharpe, who won a Nobel Prize in economics, helped California develop its forecasts. And the state's assumptions are in line with the predictions of economist Roger Ibbotson, whose predictions over the last 30 years have been uncannily accurate.

But author Bernstein, who is also a portfolio manager for wealthy individuals, is troubled that those who question the state's numbers are brushed aside as partisans.

"This is not a right- or left-wing issue," said Bernstein, a Democrat. "This is an issue of whether or not you can add."

Bernstein notes that as the outlook for domestic stocks dims, California and other states are moving more of their money into risky places, such as high-tech start-ups, real estate and hedge funds. Returns on such investments are erratic, he said, and could easily fall short of standard stock market index funds over time.

Meanwhile, as corporate America has scaled back retirement benefits in recent years, California has headed in the opposite direction, enhancing benefits through legislation and contract negotiations with public employee unions. The result is the most generous public pensions of any state.

Under former Gov. Gray Davis, who received millions in campaign donations from unions, retirement packages for state workers were sweetened.

Davis signed legislation that based the pensions for many California workers on the highest annual income they earn while government employees; other states use an average of the top three years of earnings.

In addition, the age at which some employees could begin collecting was dropped to 50, and annual retirement payments were increased substantially.

When Schwarzenegger ousted Davis in the 2003 recall election, he made changing the pension system a centerpiece of his agenda, highlighting what he characterized as runaway costs.

Yet the 18 labor contracts negotiated by his administration have left in place most of the benefits the governor said the state can't afford; the few concessions that union officials traded for pay increases did little to lower future retirement costs.

Long-serving state employees in California "can receive more annual income in retirement than when they worked," according to a legislative report released last year.

The report said that when Social Security payments are factored in, "It takes just 20 to 30 years of work (that is, less than a full career) to have retirement income … equal to working pay."

A typical 55-year-old government employee who earns $60,000 and has worked for the state for 20 years is entitled to $25,000 a year, plus Social Security and lifelong healthcare benefits. In most other large states, the pension for the same employee, if eligible at 55, would be less than $15,000 a year — thousands less in some states — plus health benefits.

Defenders say the state is well positioned to cover these costs.

"Reasonable people disagree about what the markets can do long-term," said John Meier, a managing partner at Strategic Investment Solutions, a San Francisco firm that helps the state make projections.

Forecasts are made through a collaboration of actuaries, economists and investment experts from state government and private firms. They gauge the historical returns of various investment types, the outlook for growth in those places and the assumptions being used by other institutional investors.

"Our organization and a lot of other organizations believe that … a 6% rate of return is overly conservative. Most pension funds should do significantly better," Meier said.

Arizona and Virginia project an 8% return. Colorado and Pennsylvania anticipate 8.5%.

That's all fine, said Zvi Bodie, a professor at Boston University School of Management, but there are no guarantees — and there's the rub. Some experts are predicting a period of long-term market instability, he notes, and the state can't afford to be off by a percentage point or two.

"Every study we have of stock market behavior says one thing we know for sure is: We don't know for sure," he said. "It is risky. There is no free lunch here."

Bodie says the pressure for state number-crunchers to project strong earnings indefinitely is intense.

Optimistic projections free lawmakers from having to pull billions of dollars out of other state programs to increase the taxpayer contribution to the pension funds.

Meanwhile, officials at the California State Teachers Retirement System announced at a recent meeting that they are poised to raise investment in such risky areas as high-tech start-ups by roughly 67%.

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"If they lose money, someone is going to have to bear that risk," said Olivia S. Mitchell, executive director of the University of Pennsylvania Wharton School's Pension Research Council. "Politicians today have promised benefits without explaining what will happen down the road if the system runs short."

Times staff writer Dan Morain contributed to this report.

Israel Accepts U.N. Deal (WP)

By Molly Moore And Edward Cody

The Washington Post, August 14, 2006

JERUSALEM, Aug. 14 -- The Israeli cabinet voted Sunday to accept a U.N.-declared cease-fire, even as Israeli military forces and Hezbollah fighters in southern Lebanon launched some of their most intense barrages of the war in anticipation of the Monday morning deadline.

The Lebanese government and Hezbollah agreed to the cease-fire Saturday. Prospects for an immediate halt in the fighting appeared dim as Hezbollah's leader said his militia would keep fighting Israeli troops as long as they remained in southern Lebanon, and Israeli officials insisted they would not withdraw their soldiers until an international force and the Lebanese army took control of the border area. An international military force in Lebanon is expected to take at least two or three weeks to assemble.

Israel pummeled the southern suburbs of Beirut with heavy bombardments that rattled the entire city, while Hezbollah fired 220 rockets -- one of its largest volleys yet -- into Israel, killing an 83-year-old man and pelting the port city of Haifa with multiple strikes. The ground combat in southern Lebanon was also some of the most violent of the 33-day war as Israeli forces struggled to dominate as much territory as possible before the cease-fire deadline at 8 a.m. Monday. At least 17 people were killed Sunday in Lebanon.

Early Monday, two more blasts cracked across Beirut, less than two hours before the cease-fire was scheduled to take hold, and the Associated Press reported an Israeli air raid overnight killed seven people in the village of Brital, near the Hezbollah stronghold of Baalbek in eastern Lebanon's Bekaa Valley. [The Israeli military also dropped leaflets on central Beirut, warning it would retaliate against any attack launched on it from Lebanon, the Associated Press reported.]

The Israeli cabinet debated the U.N. resolution for nearly five hours, with some members criticizing the government's decision to expand ground combat just before the cease-fire was scheduled to begin.

Israeli Foreign Minister Tzipi Livni told reporters after the cabinet meeting that the U.N. resolution, if enacted, "will change the rules of the game." But, she added, "I am not naive. . . . This is the Middle East, and I know that not every resolution is implemented."

Israeli military officials were meeting with the U.N. peacekeeping force in Lebanon, known as UNIFIL, "to fine-tune the details of the cease-fire," Defense Minister Amir Peretz said.

At a press briefing at the military's northern command headquarters in Safed near the Lebanese border, Peretz said that even after the cease-fire deadline, "there is no situation in which Hezbollah fires at [Israeli] forces that we will not retaliate."

The U.N. resolution calls for 15,000 foreign troops and 15,000 Lebanese soldiers to be deployed in southern Lebanon.

The European Union's foreign policy chief, Javier Solana, meeting with Israeli officials in Jerusalem, said that at least 4,000 foreign troops could be ready to move into southern Lebanon "in a very, very short time," but he declined to pinpoint a timetable.

The resolution also calls for the causes of the current conflict to be addressed "urgently," but it leaves Hezbollah's fate and a dispute over the Shebaa Farms area to a future political settlement.

Throughout the weekend, Israeli forces ratcheted up the fighting across southern Lebanon. On Saturday, 24 soldiers were killed -- Israel's heaviest single-day toll in the war. On Sunday, at least five more were killed, and soldiers struggled all day to recover the bodies of five troops killed Saturday when Hezbollah fighters shot down their CH-53 Sikorsky helicopter. The helicopter crew included the first female Israeli service member to be killed in combat, a 28-year-old reserve air force mechanic.

Most of the soldiers were killed by Hezbollah antitank missile fire.

Israeli warplanes pursued their bombing campaign Sunday without letup, mounting an intense raid on the southern suburbs of Beirut. About 15 thundering explosions jarred the city in the early afternoon. The explosives leveled an area of several hundred square yards in a residential part of the Dahiya suburbs, controlled by Hezbollah and largely inhabited by the Shiite Muslims who are its main constituency.

Beirut residents who had been buoyed by news of the U.N. cease-fire agreement and ventured out for a late Sunday lunch were shaken back to the reality of more fighting by the first brace of blasts. The patrons of one restaurant fled from the terrace where they were eating and pointed to a large, white cloud rising from the southern suburbs. "Come on, let's go back home," one woman said dejectedly to her companion, and the terrace was suddenly empty.

Another series of blasts rattled windows at sunset.

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The explosive power of the bombs and their concentration on one area suggested that the Israeli jets were seeking to kill Hezbollah leaders hiding in an underground bunker, some Lebanese said. Hezbollah swiftly issued a communique saying its chief, Hasan Nasrallah, and other senior officials were not in the area at the time of the bombing and were unharmed.

Most of the Dahiya area has been evacuated during more than a month of repeated bombings of Hezbollah-connected office and residential buildings. But an Associated Press photographer reported that he saw rescuers pull the body of a child out of the wreckage, and local television reported that two civilians were killed. The exact number of dead and wounded was not known, police said, because Hezbollah activists were in charge of the area.

Airstrikes also reportedly hit the Ghandour chocolate factories in a hilly region southeast of Beirut overlooking the airport.

Israeli jets struck Tyre, a seaside city in the south, blasting two gas stations and destroying a nearby house. A woman, her three children and her housekeeper were killed, police told local reporters, and a Lebanese soldier was killed in a separate strike.

Six people were killed in airstrikes in the Bekaa Valley to the northeast.

A missile destroyed a truck as it drove down the road, killing two, and another strike crashed into the village of Ali al-Nahri, killing three more. A soldier was killed in another Bekaa air raid, officials reported.

In the village of Tibnine, about six miles west of the Israeli border, hospital officials issued an urgent appeal for help, saying 390 patients were in danger from Israeli shelling in the surrounding area.

The Lebanese government has tallied nearly 800 people killed since the war began July 12 with a Hezbollah commando raid into northern Israel. The overwhelming majority of victims have been civilians killed in Israeli bombings.

The Israeli military reported that 114 soldiers and 41 civilians have been killed in the conflict.

Ferocious combat with Hezbollah fighters was preventing Israeli forces from achieving their goal of controlling all of the territory from the Litani River south to the Israeli border, a swath that ranges from 14 to 20 miles wide.

Hezbollah reported sustained Israeli shelling against Khiam, a guerrilla stronghold about three miles south of the Israeli-occupied town of Marjayoun. In Aita al-Shaab, a much-contested village just above the border near Bint Jbeil, the Shiite movement said its militia fighters ambushed Israeli troops advancing down the borderside road, damaging six tanks and four bulldozers.

Other fighting was reported in the vicinity of Al Ghandouriyeh to the north, where Israeli troops were trying to recover the bodies of five crew members who perished when their helicopter was shot down Saturday night, Hezbollah said.

Al Ghandouriyeh lies on the main road west from Marjayoun toward Tyre, about three miles south of the Litani River. Hezbollah resistance in and around the villages has became a major obstacle to Israeli troops seeking to establish control of territory south of the river. Three people were killed in an airstrike just north of the river in the same vicinity, Lebanese television reported.

Cody reported from Beirut. Correspondent Nora Boustany in Beirut and special correspondent Tal Zipper in Safed contributed to this report.

Israel, Hezbollah Ratchet Up Attacks Before Cease-fire (USAT)

By Yaakov Katz Special For, Usa Today

USA Today, August 14, 2006

Both indicate truce may not end attacks

SAFED, Israel — Hours before a cease-fire was to begin this morning, Israel and Hezbollah engaged in a final frenzy of battle. Both sides signaled that the truce would not rule out further fighting in Lebanon.

The cease-fire was slated to start at 1 a.m. ET after the Israeli Cabinet on Sunday became the final party to approve a United Nations Security Council resolution to end the conflict, which began July 12 when Hezbollah abducted two Israeli soldiers. The deal calls for 15,000 Lebanese troops and 15,000 U.N. troops to be deployed in an 18-mile buffer zone between the Israeli-Lebanese border and the Litani River.

Leaders on both sides indicated they would not hesitate to resume fire if pushed.

“We will not allow the Hezbollah to attack, and we will respond even once the cease-fire begins,” Israeli Defense Minister Amir Peretz said Sunday.

Hezbollah leader Hassan Nasrallah said Saturday, “As long as there are Israeli soldiers occupying our land, then it is our natural right to confront them, to fight them.”

The Lebanese Cabinet on Sunday was to have discussed deploying its army to southern Lebanon, but the meeting was canceled. Disarming Hezbollah, as the resolution requires, was an issue, said Timur Goksel, a veteran adviser of U.N. forces in Lebanon. Hezbollah leaders “don't want to be seen as the losers,” he said.

Israeli Foreign Minister Tzipi Livni said no troops would pull out until the Lebanese army and an initial international force of 4,000 move into southern Lebanon. Israeli Maj. Gen. Moshe Kaplinsky said he expected that in “a few days.”

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As the cease-fire neared, both sides unleashed massive attacks. Israel sent 30,000 ground troops on an invasion as it pushed toward the Litani. The Israeli army said 24 Israeli soldiers were killed in fighting Saturday and five died Sunday.

Two Israeli air raids late Sunday in the village of Brital, in Lebanon's Bekaa Valley, killed at least seven people, civil defense official Ali Shukur said.

On Sunday, Hezbollah fired more than 250 rockets into northern Israel, the heaviest barrage since fighting began more than a month ago. The Israeli air force shot down two Hezbollah unmanned aircraft packed with explosives.

Lebanon Conflict Intensifies (FT)

By Harvey Morris, Ferry Biedermann And Jonathan Birchall

Financial Times, August 14, 2006

The Israeli government on Sunday accepted UN terms for a ceasefire due to go into force at 0500 GMT on Monday, while in south Lebanon its forces fought the fiercest battles of the conflict, seeking to gain ground before the deadline came.

But in Beirut the Lebanese cabinet last night cast doubt on an early end to the fighting when it failed to meet as scheduled to discuss implementation of the resolution a day after it voted unanimously to accept it.

According to one Lebanese minister, the Hizbollah movement – part of the coalition government – was refusing to disarm. “This is the moment of truth and they do not want to give up their arms,” the minister, who asked not to be named, told Agence France Presse.

A spokesman for Fouad Siniora, Lebanon’s prime minister, said the meeting had been postponed indefinitely to allow “wider discussions”. The news of the disagreement came hours after a heavy Israeli bombardment of a Hizbollah area in the southern suburbs of Beirut, with 20 missiles striking the area.

Despite the Israeli advance, Hizbollah kept up its barrage on northern Israel, firing more than 250 rockets – a daily record – killing one person.

Resolution 1701 does not make the disarming of Hizbollah a prerequisite for a ceasefire. In 2004’s resolution 1559, the international community had called for all militias in Lebanon to be disarmed. Peacekeepers have said they will only enter southern Lebanon if they and the Lebanese army are the only armed groups.

Hizbollah’s arms could be a serious obstacle to the implementation of the ceasefire if the group insists on maintaining its positions to the south of the Litani river and next to the Israeli border where an international force and the Lebanese army are to take control. Tzipi Livni, Israel’s foreign minister, insisted Israeli troops would remain in south Lebanon until the Lebanese army deployed there with the support of a multinational UN force.

Diplomatic efforts were on Sunday focused on planning a UN force of up to 15,000 troops that is to be deployed alongside a similar-sized Lebanese army presence once the fighting ends.

France – which helped negotiate the deal at the UN – is expected to provide the biggest contingent, with about 5,000 troops. Italy is expected to contribute 2,000-3,000, with Turkey, Malaysia, Australia and New Zealand also ready to participate.

Hassan Nasrallah, Hizbollah leader, had said in a televised speech on Saturday that he accepted the resolution but had some reservations.

“We will not be an obstacle to any decision taken by the Lebanese government,” he said on Hizbollah's Al-Manar television.

Ehud Olmert, prime minister, said the terms were a good outcome for Israel that would ensure Hizbollah would not continue to exist in south Lebanon as a state within a state.

The Israeli military said it would continue to advance after heavy clashes the previous day, in which 24 Israeli soldiers were killed.

Israel has 30,000 troops in southern Lebanon and some units reached the Litani river.

Helicopters have ferried troops deep into the country in the biggest Israeli operation of its kind since the 1973 Middle East war. One of the aircraft was brought down on Saturday by Hizbollah fire and five crewmen killed.

Combat Rocks Lebanon (WT)

By Joshua Mitnick

The Washington Times, August 14, 2006

HAIFA, Israel -- Israeli and Hezbollah forces engaged in fierce combat across southern Lebanon yesterday in a final bid to secure territory ahead of a cease-fire that formally took effect this morning. More than 250 rockets crashed into Israel, the highest one-day total of the war.

Hopes that the cease-fire might halt the fighting rose after Israel's Cabinet yesterday ratified the United Nations' resolution setting its terms. Lebanon's government approved it Saturday.

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But Hezbollah vowed to continue resistance as long as Israeli troops remained in Lebanon, and Israel suggested that it would broadly interpret language permitting it to continue defensive operations.

About 30,000 Israeli troops used the final hours before the cease-fire at 8 a.m. (1 a.m. in Washington) to push toward the Litani River to drive Hezbollah from areas from where it can reach northern Israel with its Katyusha missiles.

Yesterday's barrage killed one Israeli and wounded more than 50, while setting cars afire in Haifa. Five Israeli soldiers were killed in southern Lebanon, bringing the total to 30 killed in two days.

Israeli Foreign Minister Tzipi Livni said U.N. Security Council Resolution 1701 setting the terms of the cease-fire was "the best possible that we could have gotten."

But, she said, Israel still considered it necessary to widen the buffer zone held by its ground forces in southern Lebanon. Israel has said that it won't withdraw from Lebanon until a robust multinational force is created to ensure that Hezbollah doesn't return to the south.

"It was impossible to achieve all of the goals that we set for ourselves through a military process -- and I mean the return of the kidnapped soldiers and the deployment of the Lebanese army," Mrs. Livni said.

The war began with the kidnapping of two Israeli soldiers by Hezbollah on July 12. The international force is to bolster the Lebanese army, which has promised to deploy 15,000 troops to areas that until recently were controlled by Hezbollah.

Yesterday's hostilities seemed to reflect an attempt by both sides to gain a psychological advantage going into the truce. Israel wants to push Hezbollah north of the Litani River, rendering its Katyusha rockets unable to reach Israeli towns.

Hezbollah, meanwhile, used its rocket barrage to demonstrate that Israel has not been able to stop it from striking at Israeli population centers. Israel's army said it downed two Hezbollah drones, which were apparently destined to carry out an attack in Israel.

Among the Israeli soldiers killed over the weekend was Staff Sgt. Uri Grossman, the 20-year-old son of noted novelist David Grossman, a peace activist.

Israeli army officers said they would honor the cease-fire when it went into effect today. But they also said they see themselves as free to respond to any attack on northern Israel under the cease-fire, which only requires them to halt offensive operations.

Prime Minister Ehud Olmert was criticized on both sides of Israel's political spectrum for the cease-fire agreement.

Dovish members of parliament questioned why he approved a wider push into Lebanon just hours before the cease-fire.

"It's doubtful that what we didn't accomplish over the last 34 days, we'll be able to accomplish in the next 34 hours," said Danny Yatom, a member of the Labor Party.

He argued that the goals of the operation had been realized and that the price of widening the ground war would be a sharp increase in civilian and military casualties.

Conservative members of the parliament argued that the Security Council resolution left Hezbollah free to rearm itself to confront Israel again.

Support for Mr. Olmert has been sagging as the public realizes that Israel will not achieve its stated goal of disarming Hezbollah.

Cpl. Michael Mizrahi, a tank gunner recovering at Haifa's Rambam Hospital from a wound to his leg, said he was unsatisfied with the Security Council resolution because it will stop the Israeli army's advance into Lebanon.

"It's like soldiers went in there and got injured for nothing, without reaching our goals," he said.

Avshalom Vilan, a parliament member from the left-wing Meretz Party, said he planned to request the appointment of a state committee of inquiry to investigate all of the political-civilian failures of the current round of fighting.

Fierce Attacks On Eve Of Mideast Truce (NYT)

By Steven Erlanger

The New York Times, August 14, 2006

JERUSALEM, Aug. 13 — Hours before a cease-fire was to start, both sides in the Middle East conflict carried out fierce attacks on Sunday, with Israel bombing Beirut suburbs and racing to consolidate its positions in southern Lebanon and Hezbollah firing more than 220 rockets into northern Israel.

As the fighting continued, the Israeli cabinet endorsed a United Nations Security Council resolution calling for an end to the violence through the insertion of the Lebanese Army and an expanded United Nations force into southern Lebanon.

The cease-fire was planned for 8 a.m. local time on Monday (1 a.m. Eastern time), but few expected an immediate halt to hostilities, with skirmishes seen as likely between Hezbollah fighters and Israeli troops in Lebanon.

The leader of Hezbollah, Sheik Hassan Nasrallah, has said that Hezbollah will continue to fight Israeli troops as long as they are on Lebanese soil. Israel is committed to stopping all offensive military actions, but has pledged to respond to attacks.

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Israel has also said its troops will continue to destroy Hezbollah assets and stockpiles in the areas Israel controls until they are handed over to the Lebanese Army and United Nations troops.

On Sunday, at least 22 Lebanese died, news agencies reported, as Israel bombed targets in southern Beirut, where Hezbollah and its leadership are based.

Israeli planes hit gasoline stores in Tyre, killing at least 12 people, and fierce ground fighting continued as Israel hurried to secure its foothold along the Litani River, about 15 miles north of the border. The river is the northern edge of the zone that the Lebanese Army and the United Nations troops are supposed to keep free of Hezbollah militiamen and armaments.

At least one Israeli civilian was killed by a Hezbollah rocket and dozens of others were wounded. More than 220 rockets fell on Israel, the army said, one of the highest numbers in one day, bringing to more than 4,000 the total number of rockets to strike Israel since the war began on July 12. Five Israeli soldiers were killed in fighting, the army said. It said 4 were severely wounded, and an additional 21 less seriously hurt.

No timetable was clear for when an expanded United Nations force, known as Unifil, would be ready to deploy, nor was there even any agreement on which country would lead it. [Prime Minister Ehud Olmert of Israel ordered the army to begin abiding by the cease-fire as early as 2 a.m. local time on Monday, six hours before the official start time, and to begin withdrawing some troops, the newspaper Haaretz reported on its Web site.] Israeli forces are expected to pull back gradually from Lebanon as the Lebanese Army and Unifil move together to take over sectors Israel now holds.

But a Lebanese cabinet meeting set for Sunday to discuss the enforcement of the United Nations Security Council resolution, including the disarmament of Hezbollah and the deployment of the Lebanese Army southward, was postponed indefinitely, apparently because of objections by Hezbollah, which has two cabinet ministers.

The dispute appeared to center on the critical issue of what would happen to Hezbollah's weapons; few in Lebanon believe it would surrender them. The postponement seemed an indication of the tensions in Lebanon over the cease-fire arrangement, which will, if carried out, deprive Hezbollah of its freedom to operate in predominantly Shiite southern Lebanon.

Israel is tense, too. Mr. Olmert's government is defending its handling of the war and the diplomacy to end it, arguing that Hezbollah has been badly damaged and that Israel has international backing to disarm it, at least in southern Lebanon.

The Israeli cabinet, after a lengthy session, voted 24 to 0 to approve the resolution, with one abstention — Shaul Mofaz, the transport minister, who was defense minister and army chief of staff when Ariel Sharon was prime minister.

Mr. Mofaz's abstention was an implicit criticism of his successor, Amir Peretz, the Labor Party leader, and of Mr. Olmert, and may presage a cabinet reshuffle.

Some Labor ministers, like Ophir Pines-Paz, criticized the decision to launch an expanded military offensive before a cease-fire, while Mr. Olmert insisted, "Hezbollah won't continue to exist as a state within a state."

In the news media, a political battle was also being fought.

"Ehud Olmert knows that this is a juncture at which an entirely different war is going to begin," wrote Ben Caspit in Maariv, Israel's second-largest newspaper. "The war over his political future and that of his government."

Nahum Barnea, a columnist with the country's largest paper, Yediot Aharonot, said, "We did not win." Israel, he wrote, "comes to the cease-fire announcement bruised, conflicted and disturbed."

Although the war had not quite ended, Mr. Barnea said, "the declaration of the cease-fire allows the war of the Jews to officially begin." He called it a war of all against all — "the government against the general staff, Olmert against Peretz and vice versa, Olmert against Livni and vice versa, general against general, legislator against minister, the current government against its predecessors.'' He referred to Tzipi Livni, the foreign minister.

"Everyone is going around fed up, everyone is convinced that they have been betrayed, and everyone is waiting impatiently for the day when Nasrallah will allow them to get it all out into the open," Mr. Barnea said.

The war began on July 12 when Hezbollah crossed the international border with rockets and troops and captured two Israeli soldiers, killing eight. Sheik Nasrallah, the Hezbollah leader, said he had acted in solidarity with the Palestinians of Gaza, where Israeli forces were fighting to secure the release of another soldier, who had been captured by Palestinian militants in another raid into Israel on June 25.

Mr. Olmert responded forcefully, and since July 12, nearly 1,150 Lebanese are estimated to have died, most of them civilians, and about 150 Israelis, mostly soldiers. Israel says that some 500 Hezbollah fighters have been killed, a figure Hezbollah disputes. In Gaza, nearly 200 Palestinians have died, many of them militants.

Shimon Peres, the experienced deputy prime minister, said that after a confusing start, "we came out of this with the upper hand, both politically and militarily." He said that Sheik Nasrallah had suffered a serious setback in Lebanon. "Hezbollah is weaker, and the government of Lebanon is stronger," he said, and "between our suffering and Nasrallah's imagination, there is a big gap."

The war, he said, "is neither a solution nor a respite — it's an opening" toward a new relationship with Lebanon.

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Ms. Livni, the foreign minister, said: “I am not naïve. I live in the Middle East, and I’m conscious of the difficulties that will be faced in applying the resolution. But this resolution is good for Israel.”

She said that “since the beginning of the war we understood that all our objectives could not be achieved — but this resolution answers a lot of the goals.”

Israel would negotiate for the release of its two captured soldiers, she said, presumably in exchange for captured Hezbollah fighters and the bodies of Hezbollah dead. Israel had demanded the unconditional release of its soldiers.

Still, Israelis will wait to see what the Lebanese Army and a new Unifil accomplish in southern Lebanon. Israeli officials, no fans of the French role in the diplomacy, were disturbed by suggestions that France, despite the language of the United Nations resolution, did not see the mission of Unifil as disarming Hezbollah.

Philippe Douste-Blazy, the French foreign minister, told Le Monde on Saturday that the purpose of the enlarged Unifil would not include the disarming of Hezbollah by force.

“We never thought a purely military solution could resolve the problem of Hezbollah,” he said. “We are agreed on the goal, the disarmament, but for us the means are purely political.”

That is the kind of immediate backtracking from the resolution that worries the Israelis, and which they say justifies their continuing military offensive to push Hezbollah back beyond the Litani, because they do not believe that the Lebanese Army, even with Unifil, will do it.

“It’s easier to keep a place clean than to clean it,” said an Israeli minister who spoke on condition of anonymity so as not to prejudice the international mission.

A Foreign Ministry official pointed out that it was Mr. Douste-Blazy who, in Beirut, called Iran “a force for stability in the region” when Europe is trying, with the United States, to ensure that Iran does not develop nuclear weapons.

In the fighting Sunday, Israel said it shot down two Hezbollah drones, one near Tyre and the other over Israel; the Israeli news media said they were loaded with explosives.

In Beirut, the capital, about 20 explosions rocked the southern edge of the city in two minutes at midafternoon. The blasts were so heavy they could be heard from the mountain resorts high above the city. Another barrage occurred at night that appeared to be one of the heaviest attacks on the outskirts of Beirut since the war began.

In southeastern Lebanon, near the Israeli panhandle, the thump and boom of artillery pounded a constant beat that echoed in the mountain valleys Sunday night.

A correspondent for Al Manar, the Hezbollah television station, speaking by telephone from Khiam, a southern Lebanon town where the Israelis have been battling Hezbollah fighters for weeks, said the fighters had held off Israeli advances despite heavy shelling and airstrikes. “Morale is high,” he said.

Israel Pounds Beirut Ahead Of Cease-fire (AP)

By Ravi Nessman, Associated Press Writer

AP, August 14, 2006

Israel's Cabinet became the final party to sign on to the U.N. cease-fire deal Sunday, while Israeli planes blasted Beirut and ground troops battled Hezbollah in south Lebanon seeking to batter the militant Islamic group in the hours before fighting stopped.

Hezbollah hit back with its heaviest rocket barrage of the war on northern Israel.

The guns were supposed to fall silent at 8 a.m. (1 a.m. EDT) Monday, according to the United Nations, ending a month of combat that has killed more than 900 people.

But implementation of the hard-won agreement already was in question Sunday night when the Lebanese Cabinet indefinitely postponed a crucial meeting dealing with plans to send 15,000 soldiers to police Hezbollah's stronghold in southern Lebanon.

Lebanese media reported that the Cabinet, which approved the cease-fire plan unanimously Saturday, was sharply divided over demands that Hezbollah surrender its weapons in the south. That disagreement was believed to have led to the cancellation of Sunday's meeting.

Lebanese leaders made no public comments.

The deployment of the Lebanese army along Israel's border, with an equal number of U.N. peacekeepers, was a cornerstone of the cease-fire resolution passed Friday by the U.N. Security Council. The forces are supposed to keep Hezbollah fighters out of an 18-mile-wide zone between the border and Lebanon's Litani River.

Two hours before the cease-fire was to go into effect, the Israeli military dropped leaflets on central Beirut, warning it would retaliate for any attack launched against it from Lebanon.

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Addressed to Lebanese citizens, one leaflet said Hezbollah serves the interests of its Iranian and Syrian patrons and has "brought destruction, displacement and death."

"Will you be able to pay this price again?" it said. "The Israeli Defense Forces will return and act with the required force against any terrorist act that is launched from Lebanon against the State of Israel."

Prime Minister Ehud Olmert ordered the army to halt its offensive from 2 a.m. Monday (6 p.m. EST) and only fire in self defense, the Web site of the Israeli daily Haaretz reported. The army could not confirm the report, and fighting escalated dramatically in the final hours before the cease-fire deadline.

A day after 24 of its soldiers were killed, Israel's army said five died Sunday in the latest fighting involving some of its 30,000 troops in Lebanon's south. Hezbollah reported one of its fighters killed, but did not say when.

Israeli jets pounded a Hezbollah stronghold in south Beirut with at least 23 missiles, most coming in a two-minute period Sunday.

An Associated Press photographer who reached the area saw the body of a child being removed from the wreckage. TV pictures showed heavy damage appearing to stretch for several hundred yards in all directions in the neighborhood of medium-rise apartment buildings.

Israeli planes struck the area again late Sunday, Lebanese security officials said, but no damage was immediately reported.

Jets also attacked gas stations in the southern port city of Tyre. The strikes killed at least 15 people, Lebanese officials said.

Two Israeli air raids on a village in Lebanon's eastern Bekaa Valley later killed at least seven people and wounded nearly two dozen, civil defense official Ali Shukur said.

The strikes destroyed three houses in the village of Brital, about nine miles from the Hezbollah stronghold of Baalbek, and more people were feared trapped under the rubble, he said.

Residents said one of the homes housed a Hezbollah office. A raid on the same village last week left seven people dead and wounded nearly two dozen people.

Israeli warplanes also attacked the outskirts of Baalbek two hours before the cease-fire was to go in effect Monday, but it was not immediately clear if there were casualties, Lebanese security officials said.

Hezbollah fired more than 250 rockets at northern Israel, the worst daily barrage since fighting started July 12. Missiles killed an Israeli man and wounded 53 people, rescue officials said. Cars were set afire in the northern city of Haifa, billowing black smoke into the sky.

Israeli officials appealed to residents of the north who fled the rockets not to return before the government determined the situation was safe.

As the fighting persisted, Israel's Cabinet held a stormy debate on the cease-fire, with minister Ophir Pines-Paz criticizing the government's decision to expand its ground offensive ahead of the truce. The Cabinet eventually approved the agreement 24-0, with one abstention.

Prime Minister Ehud Olmert said the cease-fire agreement would ensure that "Hezbollah won't continue to exist as a state within a state."

In addition to authorizing the beefed-up international force in southern Lebanon, the Security Council resolution calls for the Lebanese government to be the only armed force in the country, meaning Hezbollah would have to be disarmed.

Israeli Foreign Minister Tzipi Livni said the agreement, if implemented, "will lead to a significant change in the rules of the game in Lebanon."

"I'm not naive. ... I live in the Middle East, and I know that sometimes not every decision is implemented. I'm aware of the difficulties. Yet with this I say with full confidence that the Security Council decision is good for Israel," she said.

Officials said Israeli troops would begin leaving southern Lebanon as soon as the Lebanese army and the international force started to deploy in the area.

The Lebanese government approved the U.N. plan Saturday, and Hezbollah leader Hassan Nasrallah signaled acceptance. But Hezbollah has resisted previous calls to disarm and its refusal to follow through this time would threaten the deal.

The fighting erupted July 12 when Hezbollah guerrillas attacked an army patrol inside Israel, killing three soldiers and capturing two others. Five more Israelis were killed later in the day trying to rescue their comrades.

Israel then launched an air and ground offensive, and 4 1/2 weeks of combat has killed at least 789 people in Lebanon — mostly civilians_ and 152 Israelis, including 113 soldiers.

Among the dead soldiers this weekend was Staff Sgt. Uri Grossman, the 20-year-old son of renowned Israeli novelist and peace activist David Grossman. He was killed by an anti-tank missile Saturday, the army said Sunday.

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Livni said Israel would not stop trying to win the captured soldiers' release, but would not accept a link between their freedom and Hezbollah's demands that Israel free Lebanese prisoners.

With Israeli troops remaining in south Lebanon for the time being, the potential for more clashes after a cease-fire was high. Israel's weekend push to the Litani River meant dozens of Hezbollah fighters were caught behind Israeli lines and some of them were almost certain to attack.

Military officials said they would not sit passively if that happened.

"If we're fired upon, or if Israel's fired upon, then we'll act against the fire," said Maj. Gen. Benny Gantz, the head of Israel's ground forces. "You can't move from black to white easily — there will be a period of gray."

Nasrallah, Hezbollah's leader, said Saturday that his guerrillas would abide by the cease-fire resolution, but warned it was "our natural right" to fight any Israeli troops remaining in Lebanon.

Israeli politicians criticized the government's handling of the fighting and its claims of success. Dovish lawmaker Yossi Beilin and hawkish legislator Benny Elon both called Sunday for the creation of a commission of inquiry after the fighting ended.

While Defense Minister Amir Peretz said Israel had emerged victorious, the U.N. plan was seen by many Israelis as at best a draw with Hezbollah. Some felt Israel — unable to subdue a guerrilla force — had lost.

The deal could buy a period of calm, though many worry that more fighting is sure to come. Neither the Lebanese army nor U.N. forces can be counted on to challenge Hezbollah and prevent the Iran-supplied guerrillas from rearming, military experts and commentators said.

Amos Yadlin, head of Israel's military intelligence, told the Cabinet that the capability of the Lebanese government was unclear and Hezbollah was sure to continue to get arms from Syria and Iran, according to Israel's Channel Two TV.

"Hezbollah has been weakened but not beaten," Channel Two quoted him as telling the meeting. "The chance of a future conflict with Hezbollah is very high."

But Livni said the cease-fire should "lead in the end to the disarming of Hezbollah."

Associated Press writer Joseph Panossian in Beirut, Lebanon, contributed to this report.

Ahead Of Truce, Israel And Hezbollah Show Their Strength (MCT)

By Dion Nissenbaum And Carol Rosenberg

McClatchy Newspapers, August 14, 2006

MALKIYA, Israel - Israeli forces bombed Beirut and fought ground battles in a race to take turf in south Lebanon on Sunday while Hezbollah fired its biggest one-day fusillade of rockets into northern Israel in an offensive frenzy ahead of a U.N.-brokered cease-fire meant to silence the month-old war soon after dawn Monday.

The weekend warfare was Israel's bloodiest of the month-old campaign. At least 29 soldiers were killed, among them the 20-year-old son of acclaimed Israeli author David Grossman who had publicly opposed the offensive, and the first Israeli woman soldier to die in this Lebanon conflict, a mechanic aboard a helicopter shot down by Hezbollah.

On the political front, the Israeli cabinet endorsed the cease-fire but said it would not withdraw thousands of troops ranged across Lebanon's south. Lebanese Prime Minister Fuad Siniora's government was mired in crisis after Hezbollah balked at disarming fighters in the conflict zone.

And still uncertain on the eve of the truce was whether it would take hold and stick long enough - a week or more - for the United Nations to assemble and dispatch a 15,000-member multinational force to move south with the Lebanese army and take control of the war zone.

"We are all sick of this war," said Israeli Pvt. Tomer Ashkenazi, 21, who was deployed to the fight a month ago, as he helped prepare shells for his tank unit Sunday at this Lebanese border community. "But, as a soldier, I can't see the end. They keep firing at us and we keep firing at them."

Hours later, Prime Minister Ehud Olmert's cabinet unanimously agreed with one abstention to stop its offensive at 8 a.m. Monday, or 1 a.m. EDT, and test the U.N. truce. Under the scheme, Israel would halt its air strikes and shelling of south Lebanon from artillery batteries arrayed along the northern border that have been shaking the earth night and day in support of advancing forces.

"It means we don't keep moving north. We do nothing to escalate the situation," said Israeli spokesman Mark Regev, adding that under the U.N. Security Council resolution adopted Friday, Israel reserved the right to fight defensively against Hezbollah until there is "a coordinated withdrawal together with the Lebanese army and the international forces."

But, he said, Israel would not bring home most of the troops it poured into the south over the weekend until the U.N. force arrives and separates the two sides, with Hezbollah going north and Israel back inside its territory.

So, questions remained about how both sides would behave during the week or more it takes to assemble the force: How much air and firepower would Israel bring to bear if it spots Hezbollah fighters in the zone south of the Litani River? What about

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suspected re-supply missions? Would it use artillery or air support in close-range clashes with Hezbollah fighters? What if Hezbollah continues to fire rockets into northern Israel?

Still unclear Sunday night was where Israeli forces were dug in around southern Lebanon after a weekend dash 18-miles north of the border to the Litani River. Israel's combat helicopters dropped commandos north of Hezbollah positions Saturday, its largest offensive into Lebanon, leaving an estimated 30,000 troops spread across a perilous patchwork of Israeli infantry and tank forces here, Hezbollah fighters there.

Hezbollah's leader, Sheikh Hassan Nasrallah, said Saturday that his Party of God would accept the cease-fire, suggesting a halt in cross-border rockets. But he said, in defense of Lebanon, it would still fight Israeli troops on Lebanese soil even during the cease-fire.

In a show of strength Sunday, Hezbollah unleashed more than 250 rockets across the border into northern Israel in hour after hour of strikes that set off sirens and sent Israelis again and again to shelters from Nahariya to Kiryat Shemona. An 83-year-old man was killed in a Katyusha rocket attack, and more than 80 Israelis were wounded in the fusillade.

In Beirut, Israeli warplanes pummeled the southern suburbs, a Hezbollah stronghold, day and night. Prime Minister Siniora postponed a Cabinet session on implementing the cease-fire because of dispute over whether Hezbollah would disarm itself ahead of arrival of the Lebanese army and foreign forces. Most of Siniora's government, which includes two Hezbollah representatives, wants the Shiite fighters to lay down their arms before the Lebanese and U.N. forces arrive.

"We are still very hopeful there will be a cease-fire tomorrow, but ... the arms issue of Hezbollah is at the crux of that," said a Lebanese Cabinet member, on condition he not be identified.

Israel argues that Lebanon's government must leash Hezbollah.

"If a stone or a Katyusha is fired at Israel, we must deal the hardest blows at the Lebanese infrastructure, because Lebanon allows the Hezbollah to operate," Deputy Prime Minister Eli Yishai of the religious Shas Party said after Sunday's cabinet meeting. "Only in this way will Siniora watch over his area."

The infrastructure is already badly battered. Lebanese Red Cross said medics were digging through rubble in southern Beirut's Dahiyeh section Sunday for victims of Israel's bombing raids, which killed at least three people, two of them children, and wounded 18 others. In Tyre, Israeli strikes hit fuel stations north and south of the coastal city, said Qassim Shaalan of the Lebanese Red Cross there.

"We're expecting a very heavy night," said the Lebanese Red Cross' Ralph el-Hage in Beirut, predicting the death toll would climb. "Many more corpses lie under the rubble."

Israelis interviewed along the northern border offered a blend of bewilderment and anger over what the county had gained out of a month of warfare triggered July 12 by Hezbollah's capture of two soldiers inside Israel.

"We're a little bit confused because we didn't get anything at all out of the cease-fire," said Israeli army Lt. Roy Shaposhnik, 27, who was called into the reserves last week along with his old tank unit. "I think this is the first time that Israel lost a war."

Israel said it launched the war to both recover the two men and weaken or dismantle what it saw as a proxy of Iran and Syria, the armed wing of the parliamentary Party of God movement, which has dominated the south since Israel's May 2000 withdrawal inside its own borders.

But Hezbollah has hung on for a month, rocketing northern Israel, battling Israeli forces in the south - and was no closer to freeing the two reservists it presumed were still alive Sunday. Instead, the Israeli government said it would name a special envoy to negotiate with the Siniora government for their return.

Shaposhnik said Israel shouldn't have accepted any deal that didn't include return of the two soldiers, who were snatched in a bold Hezbollah incursion on their last day of reserve duty.

"No one wants to go inside Lebanon, but if you think about it we've had more than 30 days of fighting and I can't really understand what we achieved," he said.

Amid the frenzy of fighting Sunday, Israeli unity was fracturing. Former Defense Minister Moshe Arens called Prime Minister Olmert and his cabinet unfit to govern, accusing them of mismanaging the war, then accepting a weak U.N. truce that kept Hezbollah strong.

"To lead the nation in a war to victory was just too much for them," wrote Arens, 80, in a commentary in the respected daily Haaretz newspaper. "Israel's enemies, and they are many, will conclude that Israel does not have the stamina for an extended encounter with terrorism. You do not need tanks and aircraft to defeat Israel - a few thousand rockets are enough."

U.S. Shift Kicked Off Frantic Diplomacy At U.N. (NYT)

By Warren Hoge

The New York Times, August 14, 2006

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UNITED NATIONS, Aug. 13 — When Israel began its counterattack on Hezbollah one month ago, the Bush administration backed the Israeli plan to destroy the militia and its arsenal of rockets, resisting efforts by France and other allies to call for a cease-fire.

But as the assault wore on and it became evident that Hezbollah was a far more fearsome and skilled adversary than Israel had first thought — and as Lebanese civilian casualties mounted — American policy moved more urgently toward seeking an immediate political solution.

That shift, recounted by senior administration officials, led to one of the most dramatic bouts of diplomacy that the United Nations Security Council has witnessed in years. Whether it leads to peace in southern Lebanon remains unclear. But what is certain is that negotiators in a half-dozen countries took part in a rare high-wire act.

American secretaries of state attend Security Council sessions on resolutions only after a deal has been struck. Yet last Friday, when Secretary of State Condoleezza Rice arrived in New York, not only was there no deal, it was unclear whether the Council would even meet.

Negotiators here and in Paris, Washington, Beirut, Jerusalem and Arab capitals were still fighting over central elements of a draft resolution to halt the combat.

The fact that a resolution was passed unanimously that night still amazes some of the participants.

"This is the most difficult crisis that I have had to handle since 2002, when I became diplomatic counselor for the president," said Maurice Gourdeault-Montagne, an adviser to President Jacques Chirac of France, who was a principal contact in Paris as the Franco-American diplomacy moved in and out of agreement.

R. Nicholas Burns, under secretary of state for political affairs, a driving force on the American side, said, "We were banging our heads against the wall six or seven hours a day, working out the words of these resolutions among four or five capitals." He added, "We'd go home at 10 or 11 at night and say, 'Tomorrow will be a better day.' But the next day was Groundhog Day all over again."

A senior administration official said a crucial moment came when Ms. Rice decided to intervene personally in New York.

"Condi sat in her office Thursday night," he said. "In a very clear moment, she decided to go to New York and just force this through by going there and sitting there until it got done."

That official, like many of those who spoke for this article, did so under restrictions imposed by superiors barring talking to reporters on the record.

The week of diplomacy began last Saturday, when France and the United States announced they had agreed on a resolution that would halt the fighting, ask the current United Nations force, Unifil, to monitor the border, and lay out a plan for a permanent cease-fire and political settlement.

The accord envisaged a second resolution, two to three weeks later, that would create a new international stabilization force.

In the following days, the accord was assailed in Beirut and throughout the Middle East because it allowed Israeli troops to remain in southern Lebanon until the new international force would arrive.

"When the Lebanese government said the resolution is not enough and we need so and so and we reject it, in a sense we had to go back to work again and we said to the Americans, 'You have to work again too,' " a senior French government official said in a telephone interview.

An American official said, "By Tuesday, it was clear that this two-phase approach was creating a problem for both Lebanon and Israel. The two principal parties to this conflict didn't like it."

He said that Israel worried about a real force not being able to deploy in the area and feared a second resolution would never occur. The Lebanese, on the other hand, objected to a continued Israeli troop presence, and persuaded France that this was unacceptable.

A day later, both France and the United States saw the other as backtracking and the dialogue over drawing up the resolution sharpened, officials from the two countries said.

"By Wednesday, the French said, 'We've changed our minds. We think the Israelis should begin withdrawing immediately after the first resolution passes,' " the administration official said.

"We told the French, at different levels, that we will not agree to this ever," said the senior administration official. "It's not going to happen. It's completely unrealistic. Israel can't withdraw just with the cessation — Hezbollah would fill in right behind them."

In New York, John R. Bolton, the American ambassador, told at least one ambassador close to the talks that he feared the United States might be forced into using its veto. He and Jean-Marc de la Sablière, his French counterpart, talked about the disagreement as "crossing the Rubicon."

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In a news conference in Toulon, France, Mr. Chirac said it would be "immoral" for the Security Council not to agree on a way to bring the fighting to a halt, and he made it clear to whom the admonition was addressed. "It seems today that there are American reservations toward adopting the proposal."

If there was a failure to agree, he said, France would present its own resolution and force other countries to "clearly state their position."

"We knew there was a risk that if we introduced our own resolution that the Americans would veto it," a senior French official said.

Mr. Chirac has a special place in his heart for Lebanon and was a close friend of Rafik Hariri, the former Lebanese prime minister who was assassinated in February 2005.

But more important for Mr. Chirac at that moment, he said, was French public opinion and the reaction in the Arab world.

On Thursday, Mr. Bolton and Mr. de la Sablière met with delegates from the Arab League who had flown to New York to protest the existing draft resolution as biased in Israel's favor. They said the resolution was unacceptable to Lebanon as long as it contained references to Chapter VII of the United Nations Charter, which gives international peacekeeping forces broad military powers.

Hezbollah, which is part of the Lebanese government, would not accept a resolution that appeared to directly empower foreign forces to disarm it.

That night, the two envoys met with the ambassadors of the other three permanent Security Council members, Britain, China and Russia, to discuss the stalemate.

Vitaly I. Churkin, the Russian ambassador, left that meeting abruptly, saying prospects for a resolution to end the fighting were bleak because of the dispute over Chapter VII and that Russia was consequently offering its own measure declaring a 72-hour "humanitarian cease-fire."

The feeling was one of hopelessness, but Mr. Bolton, departing 30 minutes later, boldly predicted there would be a vote on Friday.

Then he and Mr. de la Sablière worked into the night removing the Chapter VII citations and rewriting crucial passages with language adapted from the less coercive Chapter VI in such a way to give the force the power that France, the United States and Israel felt it needed to keep Hezbollah from reoccupying southern Lebanon.

According to officials in Jerusalem, the government mood shifted Thursday, from upbeat in the morning to deeply unhappy when a draft arrived in the early hours of Friday with brackets around all those parts that the United States and France had been unable to settle on.

By Friday afternoon in Jerusalem, the Israelis were so mistrustful of an imminent political breakthrough that they ordered a ground assault that they had held in abeyance to give diplomacy a chance.

As evidence of how committed the United States had become to the notion that an Israeli military victory was no longer an option, Ms. Rice and other administration officials posed pointed questions to the Israelis about the likely consequences of an intensified military push. And in a rare pointed remark clearly aimed at Israel, Tony Snow, the White House spokesman, said Wednesday, "We do not want escalations."

Another official said he worried that a stepped-up military campaign with no clear Israeli victory would end up handing Hezbollah a moral victory in the Middle East.

Israeli officials said the aspect that brought them around was convincing evidence that the resolution gave Unifil greatly expanded power and foreign troop contributions.

A Foreign Ministry official in Jerusalem said Sunday that Israel was happy with the result. "I think this resolution has the potential and ability to change the situation in Lebanon," he said. "The Lebanese Army and the multinational force in the south removes the reason for Hezbollah to have its militia there."

Ms. Rice was particularly prominent in conducting the Lebanon policy because President Bush left the high-level contacts to her in a way that he has not in past crises, when he has made direct phone calls and personal appeals to world leaders.

When Prime Minister Ehud Olmert of Israel called Mr. Bush on Friday, it was the first time the two men had spoken since the Hezbollah-Israeli conflict began on July 12.

For Mr. Olmert, this cease-fire is a political gamble, as it is for Mr. Bush. Israeli troops are to leave gradually and in parallel with the arrival of the 30,000 foreign and Lebanese forces take up position. But that transition remains fraught with risk. And left open is the disarming of Hezbollah, a point on which all sides say they agree but which the resolution does not directly address.

Why Bush Embraces Israel's Hard Line (CSM)

By Peter Grier

The Christian Science Monitor, August 14, 2006

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WASHINGTON

In the long history of US-Israel relations, President Bush may rank as one of the staunchest friends in the White House that the tiny Jewish state has ever had.

In part, this attitude appears to stem from Mr. Bush's travel in Israel and his personal relationships with its leaders. In part, it reflects the feelings of the US public, which is generally more pro-Israeli than is the population of Britain, say, or France.

But - as the White House reaction to the recent fighting makes clear - it may also stem from a stark view of Middle East conflicts. The overall administration calculus may run like this: There are good guys, and there are bad guys, and the role of the United States is not to manage negotiations between them but to facilitate the bad guys' defeat.

"The Bush administration [has] hoped to change the strategic equation in the region by eliminating or neutralizing regional troublemakers," writes Michele Dunne, a senior associate in the Middle East program at the Carnegie Endowment for International Peace, in a recent report on the current crisis.

Sunday, the Israeli Cabinet approved a UN cease-fire plan, scheduled to take effect Monday morning. The Lebanese government has also approved the truce, which calls for the deployment of about 15,000 foreign troops and an equal number of Lebanese soldiers in southern Lebanon. Despite the cease-fire plan, however, Israeli warplanes and troops continued fighting in Lebanon, and Israeli officials said their country would still be entitled to use force to prevent Hizbullah from rearming.

American presidents have long struggled to balance support of Israel with other Middle East diplomatic objectives. The balancing act, in fact, goes as far back as Harry Truman, who quickly recognized Israel in 1948 over the objections of Secretary of State George Marshall.

In 1956, Dwight Eisenhower faced down Israel, France, and Britain in the Suez Crisis, a convoluted scheme by the trio to unseat Egypt's Gamal Abdel Nasser and reseize control of the Suez Canal.

In 1973, Richard Nixon rushed supplies such as ammunition and fighter jets to the Israeli military to bolster its fight for existence in the Yom Kippur War.

In the 1980s, Ronald Reagan embraced Israel as a strategic partner in the cold war. But Vice President George H.W. Bush didn't entirely share that attitude. He thought the US should be more of a neutral arbiter between Israel and Arab nations, which held vast reserves of oil.

When the first President Bush succeeded Reagan in the Oval Office, he for a time withheld US loan guarantees from Israel in an effort to force the curtailment of settlements in Israeli-occupied territory.

The second President Bush has broken with his father and warmly supported Israel, as Mr. Reagan did. One of the most repeated anecdotes of Bush's political biography is his 1998 helicopter flight over Israel with then-Foreign Minister Ariel Sharon. Bush marveled at how thin and fragile Israel seemed from the air, noting that there were "driveways in Texas" as long as the nation was wide.

Critics have charged that Bush's support of Israel is a result of his Christian faith and its attitude toward the Holy Land - something administration officials have long denied. Others point to the power of the Jewish vote. Bush received almost a quarter of Jewish votes in 2004, up from 19 percent in 2000. That's a significant increase, but Jews as a political group remain predominantly Democratic.

Critics also say Bush may be under the sway of pro-Israeli interest groups, long a potent Washington force.

Overall, "the 'special relationship' with Israel ... is due largely to the activities of the Israel lobby - a loose coalition of individuals and organizations who openly work to push US foreign policy in a pro-Israel direction," write political scientists John Mearsheimer and Stephen Walt, authors of a recent cover story on the subject in the journal Foreign Policy.

Administration supporters reply that, whatever the wellsprings of Bush's attitudes, he's merely reflecting US public opinion. They say Americans generally see Israel as a plucky democracy in a sea of autocracies - and a friend that, like the US, has endured terrorist attacks.

A recent Los Angeles Times/Bloomberg poll found that 59 percent of respondents judged Israel's actions in the current conflict "justified." That's a stark contrast to opinion in Europe. In Britain, a Daily Telegraph poll found that only 17 percent of respondents agreed that Israeli attacks were "appropriate and proportional." In Germany, a similar survey found only 12 percent approval.

Then there is the 9/11 factor. Over the past five years, the administration has increasingly seen all Middle East conflicts through the lens of the war on terror. Given the stakes, that's the right choice, say administration officials. But others say longstanding regional conflicts don't lend themselves to an us-against-them style of analysis.

"I think the administration has had a rather militant and absolutist notion of how to achieve peace in the Middle East, laced with overtones of black-and-white morality," said former National Security Adviser Zbigniew Brzezinski at a recent Center for Strategic and International Studies conference.

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In A Political Move, Lebanon Offers An Army That All Of Its Sects Can Accept: Its Own (NYT)

By John Kifner And Jad Mouawad

The New York Times, August 14, 2006

BEIRUT, Aug. 12 — Prime Minister Fouad Siniora's offer to send the Lebanese Army into the Hezbollah-dominated south proved central to breaking the diplomatic impasse over Israel's invasion. But it is an almost entirely political — or even symbolic — gesture.

The army, for many years the least bellicose group of armed men in a country otherwise filled with them, is more suited to internal security than to facing outside threats. It has no modern tanks, no air force — only a handful of Vietnam-era helicopters — and its modest budget goes mostly for salaries.

The resolution on a truce adopted by the United Nations Security Council on Friday calls for 15,000 Lebanese soldiers to patrol southern Lebanon, once Israeli troops withdraw, in concert with an international peacekeeping force of the same size. The Lebanese Army has about 3,000 crack troops, Lebanese officers say, in units that specialize in tasks like commando operations and hostage rescue, aimed primarily at dealing with fractious local elements like Palestinian or Islamic militants.

The army was once divided into brigades by religion — the Sixth Brigade, made up of Shiites trained by Americans, was saddled with the motto "we serve and defect" when it went over to local militias in the early 1980's.

But in recent years, the army has been transformed into a national force, with the various sects integrated in the units.

Its deployment, some hope, could help soothe Lebanon's fragmented politics and strengthen the government's shaky legitimacy.

"This is a political mission for the army," said Brig. Gen. Elias Hanna, who is retired from the Lebanese Army.

"The Lebanese Army reflects the fabric of this society," General Hanna said. "Lebanon is a very small country. Everybody knows everybody.

"When you talk about the Shia in the army, you are talking about relatives, neighbors and friends. All we need in Lebanon is political consensus."

Prime Minister Siniora, a newcomer to politics who ran the vast business empire of Rafik Hariri, the assassinated former prime minister, is being widely praised here for his role in trying to end the fighting and, particularly, for calling for the army deployment.

"It shows the determination of the Lebanese government to act as a government, finally," said Rami G. Khouri, a columnist at The Daily Star and the director of a new Middle East research center at the American University of Beirut.

"That's significant," Mr. Khouri said. "The recent history has been one of terrible personal divisions. This sets the stage for future reconciliation."

Indeed, Mr. Siniora's performance drew a positive assessment even in the Israeli newspaper Haaretz, where Zvi Barel wrote that he "has managed to surprise everyone.

"His decision regarding stationing Lebanese Army reserve soldiers to prove that his intentions are genuine, was a perfect move in negotiations," he said.

After 15 years of civil war, 15 more of Syrian domination, past Israeli invasions and attacks, official corruption beyond measure and countless political assassinations, Lebanon had seemed, before the current conflict began, to be on the brink of establishing a legitimate independent government. But under the surface, the sectarian divisions remain and with them the fear of a renewed civil war.

In elections last spring, an anti-Syrian reform coalition — including some members who were old civil war enemies — won a narrow majority in Parliament.

But the voting still ran along religious lines, with Hezbollah candidates piling up huge margins in the Shiite districts.

In the sectarian straitjacket that allots political office, the speaker of Parliament must be a Shiite, so the post was retained by Nabih Berri, a longtime ally of Syria — as is President Émile Lahoud, a Maronite Catholic.

The result was a government stalemated on virtually every front.

But Mr. Siniora, a Sunni, has managed to get all of the major players to sign on to what he called his Seven-Point Plan for a cease-fire.

Hezbollah's insistence that it would not give up its weaponry has remained a troubling unresolved issue, though, and it continues to raise doubts about whether Mr. Siniora's plan can work.

In addition to his own Sunni backers, the rival Christian factions loyal to either the former warlord Samir Geagea or to Gen. Michel Aoun and the Druse chieftain Walid Jumblatt, the plan now has its most important backer: Sheik Hassan Nasrallah, the Hezbollah leader.

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In a televised speech on Wednesday night, he said, “Now for the sake of national unity and despite our reservations we will not stand as an obstacle.”

“The deployment of the army protects the sovereignty and the independence of the country,” he added.

For more than a year, outside the formal government structure, the real powers of Lebanon, largely an assortment of near feudal clan chiefs known here as zaim and figures from the 17 different religions — the tiny Armenian community sent a rotating representative — have been meeting around a large round table in an effort to achieve a national dialogue.

The most difficult issue was Hezbollah’s weaponry, which it defended as necessary to resisting what it considers Israel’s occupation of the Shebaa Farms area.

“The main sticking point was the weapons,” said Nizar Hamzeh, a political science professor at the American University of Kuwait and the author of “In the Path of Hezbollah.”

Mohammed Chatah, an important behind-the-scenes adviser to Mr. Siniora in the current negotiations and a former Lebanese ambassador to the United Nations, agreed, saying, “That’s at the heart of the discussion that’s been going on.”

“They argued strongly that a separate resistance entity served the country better,” Mr. Chatah said, adding, however, that the contention “that it was a deterrence did not stop the Israelis.”

He emphasized the difference in perspective between the Western and Arab views of Hezbollah.

“I do not regard Hezbollah as a renegade militia,” he said. “We are in a war against Israel which is perceived by many in this country as doing terrible things in Gaza and elsewhere.”

Speaking of support for Hezbollah during the current Israeli occupation of southern Lebanon, he said, “There is a degree of solidarity that transcends diverse politics.”

Results In Lebanon Damage U.S., Israel's Olmert (WSJ)

By Marc Champion And Guy Chazan

The Wall Street Journal, August 14, 2006

Israel's failure to quickly defeat Hezbollah forced the U.S. to make significant compromises at the United Nations and looks likely to leave U.S. policies in the region as well as Israeli Prime Minister Ehud Olmert damaged, according to diplomats and analysts.

Even as Israel threw thousands of extra ground troops into a major assault to clear Hezbollah from Lebanese territory ahead of a cease-fire set to take effect at 8 a.m. Israel time today, analysts and diplomats said the effort may be a sign of Mr. Olmert's political desperation rather than of strength. The career politician has come under criticism that he has mishandled the month-long war by limiting the military to an air offensive, with relatively few troops on the ground.

At the same time, Israel's inconclusive struggle with Hezbollah has forced the U.S. to accept a compromise resolution at the U.N. Security Council that may not secure its long-term goal of neutralizing Hezbollah as a military force and doesn't give the U.S. much of the credit for negotiating a cease-fire. While welcoming Friday's resolution, U.N. Secretary General Kofi Annan, European Union foreign-policy representative Javier Solana and leaders in the region expressed anger that it had taken so long to secure a cease-fire deal -- a veiled reference to U.S. opposition to an "immediate" cease-fire that helped delay a resolution.

In the end, the U.S. did agree to an immediate cease-fire, although that was termed in the resolution a "cessation of hostilities." The U.S. had insisted that any cease-fire should come simultaneously with the introduction of a robust international force. Now it is likely to come several weeks before such a force hits the ground. Israeli troops are to withdraw after the cease-fire, in parallel with the introduction of Lebanese government troops, backed by the small and weak existing force of U.N. monitors.

"The way the U.S. has handled this so far, in failing to seize a moment a few weeks ago when a cease-fire might have been managed, has actually united Shia and Sunni sentiment in the streets against the U.S.," said Steven Simon, a former U.S. National Security Council official and now senior analyst at the Rand Corp. in Washington. By uniting Muslim opinion against it as never before, the U.S. has become less effective in the region, he said.

U.S. and Israeli officials alike stressed that any compromises were minor and that in the long term, if the resolution is implemented, it will secure the goals of both: an end to Hezbollah rocket attacks on Israel; the return of the two Israeli soldiers whose capture triggered the conflict; Hezbollah eliminated as a military force from the region; and Lebanon's government in sovereign control of its entire territory and borders.

Indeed, many analysts say the dust will have to settle before it is clear how well Hezbollah survives Israel's attack and continuing international focus on its disarmament. Speaking at a cabinet meeting yesterday at which Friday's Security Council resolution was approved, Mr. Olmert said the agreement would ensure that "Hezbollah won't continue to exist as a state within a state."

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Yossi Kuperwasser, a brigadier general in the Israeli army, wrote in an article for the Jerusalem Post, "We created the necessary conditions to compel the international community to... ultimately turn Lebanon into an accountable, sovereign nation. If this happens, Syria and Iran would be the main losers of this war."

For now, the conflict has hardened the U.S. image in the region as Israel's protector and weakened its ability to act as a broker in disputes, analysts say. It also has dented the reputation of the Israeli military for invincibility, undercut the policy of the Israeli and U.S. governments for resolving the Palestinian conflict and cast further doubt over the ability of Western powers to change the Middle East in their favor through war.

The biggest casualty of the conflict may be Mr. Olmert's so-called convergence plan to withdraw from large parts of the West Bank. Mr. Olmert took office in May with a pledge to fix Israel's permanent borders, building on last year's withdrawal from the Gaza strip with a similar, but much larger, pullout from the West Bank, the uprooting of 70,000 settlers and their removal behind the separation fence.

The war in Lebanon has bolstered those who argue that unilateral withdrawals -- from Lebanon and Gaza -- have undermined Israel's security by creating a vacuum that was quickly filled by militant groups such as Hezbollah and Hamas. The idea of handing over control of the West Bank to a Hamas-led government whose armed wing already is firing homemade Qassam rockets at southern Israel from Gaza is now all but dead.

Abandoning the convergence plan would have severe implications for Israel's relations with the Palestinians and would badly set back the U.S. policy of fostering a two-state solution for Israel. It also could throw into question the future of Mr. Olmert's government and his Kadima party, which came to power on the promise of getting Israel out of the West Bank.

"If Olmert can't deliver on that, then what's the point of this government, or his party?" said Dan Schueftan, deputy director of the National Security Studies Center at the University of Haifa.

A key beneficiary will be the opposition Likud party. Binyamin Netanyahu, the Likud leader is expected to savage the U.N. deal in a speech to the Knesset today after a month of holding back on any criticism of the government and its handling of the war.

Mr. Olmert now is fighting for his political survival, fending off accusations that even after four weeks of fighting, Israel failed to secure the release of the captured soldiers or to stop Hezbollah's shelling of Northern Israel, which left scores of Israeli civilians dead and forced hundreds of thousands to seek shelter in bunkers or flee their homes.

Writing in the newspaper Haaretz, former defense minister Moshe Arens said the war had shown that Israel "has none of the stamina needed for a long-term struggle against terror. The war that according to its leaders was supposed to restore Israel's deterrent force succeeded in destroying it in a month," he wrote.

'The Best Guerrilla Force In The World' (WP)

By Edward Cody And Molly Moore

The Washington Post, August 14, 2006

BEIRUT, Aug. 13 -- Hezbollah's irregular fighters stood off the modern Israeli army for a month in the hills of southern Lebanon thanks to extraordinary zeal and secrecy, rigorous training, tight controls over the population, and a steady flow of Iranian money to acquire effective weaponry, according to informed assessments in Lebanon and Israel.

"They are the best guerrilla force in the world," said a Lebanese specialist who has sifted through intelligence on Hezbollah for more than two decades and strongly opposes the militant Shiite Muslim movement.

Because Hezbollah was entrenched in friendly Shiite-inhabited villages and underground bunkers constructed in secret over several years, a withering Israeli air campaign and a tank-led ground assault were unable to establish full control over a border strip and sweep it clear of Hezbollah guerrillas -- one of Israel's main declared war aims. Largely as a result, the U.N. Security Council resolution approved unanimously Friday night fell short of the original objectives laid out by Israel and the Bush administration when the conflict began July 12.

With the declared U.N. cease-fire set to take effect Monday morning, many Lebanese -- particularly among the Shiites who make up an estimated 40 percent of the population -- have already assessed Hezbollah's endurance as a military success despite the devastation wrought across Lebanon by Israeli bombing.

Hezbollah's staying power on the battlefield came from a classic fish-in-the-sea advantage enjoyed by guerrillas on their home ground, hiding in their own villages and aided by their relatives. Hasan Nasrallah, the Hezbollah leader, summed up the guerrilla strategy in a televised address during the conflict when he said, "We are not a regular army and we will not fight like a regular army."

The group's battlefield resilience also came from an unusual combination of zeal and disciplined military science, said the Lebanese specialist with access to intelligence information, who spoke on condition he not be identified by name.

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The fighters' Islamic faith and intense indoctrination reduced their fear of death, he noted, giving them an advantage in close-quarters combat and in braving airstrikes to move munitions from post to post. Hezbollah leaders also enhanced fighters' willingness to risk death by establishing the Martyr's Institute, with an office in Tehran, that guarantees living stipends and education fees for the families of fighters who die on the front.

"If you are waiting for a white flag coming out of the Hezbollah bunker, I can assure you it won't come," Brig. Gen. Ido Nehushtan, a member of the Israeli army's general staff, said in a briefing for reporters in the northern Israeli village of Gosherim. "They are extremists, they will go all the way."

Moreover, Hezbollah's military leadership carefully studied military history, including the Vietnam War, the Lebanese expert said, and set up a training program with help from Iranian intelligence and military officers with years of experience in the Iran-Iraq war of the 1980s. The training was matched to weapons that proved effective against Israeli tanks, he added, including the Merkava main battle tank with advanced armor plating.

Wire-guided and laser-guided antitank missiles were the most effective and deadly Hezbollah weapons, according to Israeli military officers and soldiers. A review of Israel Defense Forces records showed that the majority of Israeli combat deaths resulted from missile hits on armored vehicles -- or on buildings where Israeli soldiers set up observation posts or conducted searches.

Most of the antitank missiles, Israeli officers noted, could be dragged out of caches and quickly fired with two- or three-man launching teams at distances of 3,200 yards or more from their targets. One of the most effective was the Russian-designed Sagger 2, a wire-guided missile with a range of 550 to 3,200 yards.

In one hidden bunker, Israeli soldiers discovered night-vision camera equipment connected to computers that fed coordinates of targets to the Sagger 2 missile, according to Israeli military officials who described the details from photographs they said soldiers took inside the bunker.

Some antitank missiles also can be used to attack helicopters, which has limited the military's use of choppers in rescues and other operations. On Saturday, Hezbollah shot down a CH-53 Sikorsky helicopter in Lebanon, killing all five crew members, according to the Israeli military. As of late Sunday, Israeli troops still had been unable to retrieve the bodies because of fierce fighting in the area of the crash.

The Hezbollah arsenal, which also included thousands of missiles and rockets to be fired against northern Israel's towns and villages, was paid for with a war chest kept full by relentless fundraising among Shiites around the world and, in particular, by funds provided by Iran, said the intelligence specialist. The amount of Iranian funds reaching Hezbollah was estimated at $25 million a month, but some reports suggested it increased sharply, perhaps doubled, after Mahmoud Ahmadinejad took over as president in Tehran last year, the specialist said.

Fawaz Trabulsi, a Lebanese professor who helped lead Palestinian-allied militia forces against the Israeli army in 1982, noted that Hezbollah's fight has differed in several respects from that mounted by the Palestine Liberation Organization during the 1980s. In that war, Israeli forces punched straight northward and reached Beirut in a few days with only minor resistance, he recalled, saying Israeli officers seemed to think they could duplicate that performance against Hezbollah.

One reason for the sharp difference is that Israeli intelligence had much less detail on Hezbollah forces, tactics and equipment than it had on the PLO, which was infiltrated by a network of spies, said Trabulsi, now a political science professor at Lebanese American University. "Hezbollah is not penetrated at all," he said.

Nehushtan, the Israeli general, said the Israeli military had enough information to appreciate the fighting ability and weaponry of Hezbollah as the conflict opened. In addition, Israeli warplanes have hit pinpoint targets throughout the fighting, presumably on the basis of real-time intelligence reaching the Defense Ministry in Tel Aviv through drones and other surveillance equipment. Other observers, however, said the sweep of fighting over the last month -- when Israel on several occasions said it controlled the terrain, only to continue fighting in the same border villages -- suggested intelligence had not provided an adequate appreciation of the battlefield.

"I think it's no secret that the Israeli military didn't have the intelligence on this," said Richard Straus, who publishes the Middle East Policy Survey newsletter in Washington. "They didn't know what Hezbollah had, how it had built up, what it was capable of."

Another difference that gave Hezbollah fighters an edge is the experience they acquired in combating Israeli troops during the nearly two decades of Israeli occupation in southern Lebanon that ended in 2000. In contrast, Palestinian guerrillas had gained most of their experience fighting Lebanese militias in the civil war here -- using nothing more than assault rifles and rocket-propelled grenades -- and were unprepared and unequipped to resist the advance of Israel's modern army.

"The difference is in training, the difference is in weapons, but the big difference is that most of the Palestinians had never engaged in fighting Israel," Trabulsi said. "They were used to fighting a civil war in Lebanon."

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Hezbollah's resistance to penetration by Israeli intelligence was part of a culture of secrecy extreme even by the standards of underground guerrilla forces. The code fit with a tendency toward secrecy in the Shiite stream of Islam, called faqih . It also fit with a sense of solidarity against others that Lebanese Shiites have been imbued with since the beginning of their emergence as a political force in the mid-1970s, when their first organization was called the Movement of the Deprived.

One young Lebanese doctor learned that her brother had been a Hezbollah fighter for several years only when the movement notified her he had been killed, colleagues said. Similarly, a Lebanese man found out his brother was a senior Hezbollah militia officer only when informed of his death; the brother had cloaked occasional trips to Tehran by saying he was trying to start an import-export business.

Reporters who over the last month went to the bombed-out sections of southern Beirut suburbs where Hezbollah had its headquarters were approached within minutes by young men asking who they were and what they were doing there. Interviews with the people living there, most of whom were ardent Hezbollah supporters, were not allowed, the young men said. Around the battlefields of south Lebanon, however, the militia was busy fighting Israeli troops and hiding from airstrikes.

Reporters were free to move as much as they dared, since they, too, feared being hit by Israeli jets.

Even the movement's political leadership was kept in the dark about many military and intelligence activities, Trabulsi noted. Ghaleb Abu-Zeinab, a member of Hezbollah's political bureau, said in an interview, for instance, that he was not informed about operations on "the field," Hezbollah shorthand for the villages and hillsides across southern Lebanon where the battle raged.

"They have a military and intelligence organization totally separated from the political organization," Trabulsi said.

A dramatic example of the secrecy and careful preparations for conflict with Israel was Hezbollah's al-Manar television. The station has kept broadcasting its mix of news and propaganda from hidden studios throughout the fighting, despite repeated Israeli airstrikes against relay towers and antennas across the country. Lebanese said some of the broadcasts seemed to include coded messages to Hezbollah fighters in southern Lebanon. But as with most things about Hezbollah, they were not really sure.

Nasrallah, the Hezbollah leader, used al-Manar to make a number of speeches rallying his followers and explaining his strategy. With his cleric's turban and student's mien, appearing on the screen in pre-taped broadcasts, he was perhaps the biggest secret of all, hunted by Israeli warplanes and hiding in a location about which Lebanese could only guess.

Moore reported from Jerusalem. Correspondent Jonathan Finer in Gosherim contributed to this report.

Largely Empty, Stronghold Of Militia Is Still Perilous (NYT)

By Richard A. Oppel Jr.

The New York Times, August 14, 2006

BINT JBAIL, Lebanon, Aug. 12 — Not long ago, this town was known as “the capital of the resistance,” the most important Hezbollah stronghold in the southern reaches of Lebanon.

Now Bint Jbail appears largely deserted. Most of the homes are damaged, some pockmarked by bullets or shrapnel and others reduced to piles of stone and concrete by Israeli artillery that continues to pound the village.

But while Israeli troops have pushed farther north, Bint Jbail remains a very dangerous place for Israeli soldiers and a fitting illustration for why the war has become so frustrating for troops who had come to expect a swift and deep push into Lebanon.

Late on Wednesday night, Israeli soldiers from the elite Golani Brigade hiked five miles through darkness over tall hills carrying full packs, rifles and heavy jugs of water, arriving here a few hours before dawn. Accompanied by a reporter, they holed up in the second story of an unfinished house.

Hezbollah attacked a few hours later, at 8 a.m., firing a powerful missile into a Merkava tank in front of the house, wounding two crewmen.

Two hours later, a second antitank missile slammed into the top of the three-story house with a thunderous crack, shattering some of the few remaining windowpanes and shaking the home violently.

No soldiers had been on the top floor, and no one was hurt. But after two close calls, commanders herded a dozen enlisted men into the room thought to offer the most protection from missiles, an unfinished bathroom on the first floor. A few other members of the 20-man unit lay down outside the room, in an area between thick concrete walls.

The unit that had taken shelter in this house, part of the Golani Brigade’s 51st Battalion, spent the next 36 hours sitting cramped-legged on bathroom tiles, dozing while leaning on one another, their rifles and their buddies’ legs on top of them. Hezbollah missiles continued to occasionally explode nearby.

It was not the battalion’s first mission here. On July 26, eight battalion soldiers were killed in close-quarters fighting with Hezbollah militiamen, including a deputy commander who threw himself on a live grenade to save the men around him.

Instead of that sort of fighting, the Israeli troops in Bint Jbail now dread the Hezbollah missiles that have forced the Israelis to alter much of its battle plan, as troops in Lebanon tailor their moves in fear of the militia’s modern and accurate weapons. After

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first pushing into Lebanon in heavy armor, the Israeli forces are doing much more on foot and also walking at night to avoid giving the Hezbollah missile units an easy target, commanders here said. Even in areas well behind the front lines, the soldiers' days are spent hiding away from windows in reinforced, interior rooms to avoid the danger demonstrated by Thursday morning's near misses.

This battle resembles Russia's fight against Chechen rebels, said Vladi, one of the Israeli soldiers who took shelter in the house here. An émigré who fought in the Russian Army, Vladi, who declined to give his last name, said Israel now faced a more robust foe than the Chechens. "Hezbollah is tougher," he said.

On the ridge where the 51st Battalion hunkered down, many homes were of sturdy, expensive construction. The partly built home where the 20-member unit of the Golani Battalion had taken shelter appeared to be intended for a wealthy family, with thick concrete walls and ceilings, elaborate crown moldings, and stylish tiling. Now it was strewn with shards of glass, heaps of dust, wood splinters and trash. After Thursday's missile strikes, Col. Omri Bar-David peered through pieces of glass still hanging in a window frame and pointed to a ridge about two miles away being bombed by Israeli jets. That, he said, is where the missiles were launched.

Both missiles that struck Thursday were Russian-made Kornets, with a range up to about three miles, said Colonel Bar-David, a reserve commander of another battalion, and a corporate lawyer in civilian life, who had made the trip with the Golani soldiers.

"At first we sent the armor in, but the Hezbollah had missiles," he said. "So we decided to use the old method on two legs." Hezbollah fighters, he added, are skilled and resilient. "From the point of view of the individual soldier, they are better than the Arab armies that surround us," he said, referring to other Middle Eastern nations.

The missile attacks on Thursday morning were dangerous, but nothing like earlier battles in Bint Jbail and nearby villages. In one attack, Hezbollah militiamen struck a house of Israeli soldiers with three missiles, killing two men and wounding 30 — everybody in the house, said Joel Abel, a sergeant and medic for a unit of paratroopers that had been engaged in fierce fighting in Bint Jbail, Aita al Shaab and Marun al Ras. Interviewed in northern Israel as he waited for his unit to return to Lebanon, Sergeant Abel described how missile attacks and cramped quarters had taken their toll on some younger soldiers in his unit who had been holed up in houses attacked by Hezbollah.

"They were quite hysterical," he said. "They sat on the side and didn't know what to do. It was the first time they'd ever seen that kind of fighting," he said, fighting "you don't see from the Palestinians."

At one point, Sergeant Abel said, a soldier preparing to fire at a Hezbollah position dived into a small room with five other soldiers to avoid another incoming missile. He said the Israeli soldier accidentally fired his weapon, severing the leg of another soldier who screamed, "My leg is boiling. Save me!"

During a moment of relative quiet at the house in Bint Jbail, a few younger troops listened as the most experienced soldier in the house, Col. Shlomo Parente, 48, who first fought in Lebanon during Israel's occupation more than two decades ago, tried to put this war into some perspective.

"In the first war we got to the Litani after four or five days," he said, referring to the river. "This is different. Hezbollah doesn't run, they know how to fight, and they are fanatics."

In an interview later, Colonel Parente also blamed Israeli leaders, saying their indecisiveness was responsible for the lack of progress. "This time it's like fighting through chewing gum, or glue," he said.

Nor does he have faith in the Lebanese Army, which under the United Nations cease-fire plan would patrol southern Lebanon with an international peacekeeping force. While the cease-fire is supposed to go into effect on Monday morning, it was not clear how soon the actual fighting would stop. "They are no good," he said of the Lebanese soldiers. "They are afraid of Hezbollah."

The Golani soldiers got along well despite the cramped quarters. They slept with their heads on one another's shoulders as they occasionally fidgeted to get more comfortable, or emerged from the bathroom to take a turn standing guard.

"It's been ugly," said Dudi Levisohn, an enlisted man, as he stood guard. "But it's our job."

Speaking matter-of-factly, without sarcasm, he added, "We suffer so the people in Tel Aviv can enjoy themselves."

The Real Nasrallah (NW)

By Babak Dehghanpisheh And Christopher Dickey

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - Remember this about Hassan Nasrallah, the leader of Hizbullah: he grew up very poor but very smart, and although he wears the robes of a minor Shiite cleric, he is a world-class politician. The U.S. government defines him as a terrorist, but that is only one of his faces. If he survives the war he started with Israel—a war that may now be in its final

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stages, following the U.N. Security Council's passage of a ceasefire plan—he will remain what he has become during these last weeks of combat: perhaps the most charismatic figure in the Muslim world, and very possibly the most dangerous.

Story continues below ? advertisement

Nasrallah's guerrilla force of a few thousand men has done what no Arab army has ever done before: stood up to the power of Israel's vaunted military week after week and kept fighting. Arab presidents and kings are humbled. Some of them spoke out against Nasrallah when the fighting began. Now they don't dare. Israeli leaders say they've heavily damaged his military organization, and he'll no longer be able to launch rockets across the border. But they worry openly that their military campaign, if ended, will leave him stronger than ever.

And if Nasrallah is killed? His myth as a martyr could well become the standard against which other leaders—presidents, kings, princes, preachers or, indeed, terrorists—will be judged. Nasrallah may be "in love with himself," as Israel's outgoing head of military intelligence, Brig. Gen. Yossi Kuperwasser, told NEWSWEEK last week, but the Hizbullah leader has played brilliantly on the sense of honor that is so important for many Arabs and Muslims. His message, says Kuperwasser, is "to regain lost pride ... by readiness to sacrifice, readiness to suffer."

This pudgy son of Beirut's slums, with a speech impediment that can seem almost childlike at times, has nevertheless earned the respect of his enemies. "A superb leader," says Yossi Alpher, a former senior official in Israel's Mossad. "He's smart, he's charismatic and he has guts." And he's inspired envy even among his closest supporters, the mullahs of Iran. Ali Akbar Mohtashemi, the Iranian official often credited with creating Hizbullah, described Nasrallah and his men this way in a recent interview with the Iranian newspaper Shargh: "They are students who went even further than their teachers."

Nasrallah, born in 1960, grew up in a neighborhood of squatters and refugees called Sharshabouk, in the Karantina area on the eastern outskirts of Beirut. There was no running water and no electricity. Houses were often crude shacks made from tin sheets and wood. "I remember the sound of rain striking the metal," says Ayoub Humayed, a parliamentarian who also lived there as a boy. "It was loud." Nasrallah's father ran a small grocery, and his former neighbors recall the father as a devout, trustworthy man. But Nasrallah's mother was the force in the family, according to Syrian filmmaker Nabil Mulhim, who interviewed her for a documentary about the Hizbullah leader: "The strong words and the soft face, those are hers," says Mulhim. "And the self-satisfaction. And the toughness." The boy's parents scraped their money together to send him to private school. Khalid Mustafa, a former classmate, remembers Nasrallah at the age of 12: "He didn't talk without thinking. He was mature, like a 35-year-old." Nasrallah often wore an oversize coat and pants to school and didn't play soccer or other sports. Most kids could tell he was poor, and gangs of Sunni bullies tyrannized everyone in the neighborhood. "All the Shiites were afraid," says Mustafa.

When Lebanon's long civil war began in 1975, one of its first battlegrounds was the slums of Karantina. Nasrallah's family fled south to their ancestral village near Tyre. Nasrallah, only 15 at the time, soon traveled to Iraq, to pursue religious studies in the holy city of Najaf. Eventually he also went to Qom, the great Iranian center of Shiite teaching. Still, Nasrallah never rose high in the scholarly ranks that confer authority on a cleric. "I was mesmerized," remembers a fellow mullah who knew him in Iran but didn't want to be quoted by name criticizing him. "He is more than charismatic if you listen to him—he is mythic. But as soon as you start asking him [theological] questions, you're surprised how little knowledge he has."

Nasrallah's interests were more pragmatic, more political, more rooted in worldly conflict. "He's a very good student of everything to do with Israel: the politicians, the Army," says Timur Goksel, a former senior adviser to the U.N. forces in Lebanon who has met the Hizbullah leader dozens of times. For religious guidance, Nasrallah relied increasingly on the heads of the Iranian revolution: Ayatollah Ruhollah Khomeini, whom he idolized, and Ayatollah Ali Khamenei, who in 1989 would become Khomeini's successor as Iran's spiritual leader and supreme political authority. In the 1980s, after Iran created Hizbullah to fight Israel's troops in Lebanon, the militia also took up the struggle against Lebanon's original Shiite movement, known as Amal. The two rival groups disagreed over the power of the ayatollahs and over which ones to follow. In 1988, skirmishes among the militias broke out into open combat—and Nasrallah was on Hizbullah's front lines. "He was always on the ground with the fighters," says Goksel, who was based with the United Nations in South Lebanon at the time. "They loved him for it. He has the full loyalty of the fighters from that time." For Nasrallah, the conflict took a personal turn. His older brother, who used the nom de guerre Jihad al Husseini, was on the side of Amal. "He was injured in the fighting with Hizbullah," says Humayed, his face flushing red from the memory. "You can imagine the suffering of the mother and the father. One son on one side and one son on the other side." The fratricidal battles among the Shiites were savage, with reports of corpses being mutilated. "All of Amal against all of Hizbullah," says Humayed. "It wasn't easy." Nasrallah's brother now keeps a low profile. "Their relationship isn't good," says a journalist who knows Nasrallah, asking not to be named because of the sensitivity of the subject.

But Nasrallah's conduct in the fight against Amal only added to his standing within his own organization. In February 1992, an Israeli "targeted assassination" killed Hizbullah leader Sheik Abbas al- Musawi, and Nasrallah took over as the group's secretary-general. He was 32 years old.

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Within days of Musawi's death and Nasrallah's ascendancy, Hizbullah launched its first Katyusha rocket attacks on Israel. Within weeks, Israel's embassy in Buenos Aires was blown up by a suicide bomber. Although Nasrallah hasalways denied responsibility not only for that attack but also for a subsequent hit on a Jewish center in Argentina in 1994, those operations are often cited by Israel and the United States as examples of Hizbullah's long reach as a terrorist organization—and of the group's penchant for revenge. Even as his vendetta against Israel was beginning, Nasrallah was making life less harsh for the inhabitants of South Lebanon. His predecessors had enforced strict dress codes for women and bans against drinking and playing cards. Those puritanical standards were eased in areas under Nasrallah's control, and life became more relaxed in other ways, too. By 1993, Nasrallah was meeting with the Maronite Christian patriarch and trying to shore up relations with all the communities in a country barely beginning its recovery from 15 years of sectarian war. Nasrallah, even then, was staking out his position as a national leader. But the cornerstone of his politics and his power remained resistance to the Israeli occupation of Lebanese land—a struggle that had gained little ground in the years before he took charge. The military strategy developed under his leadership was one of guerrilla warfare, decentralized and working closely with the local population. Very closely. In September 1997, Nasrallah's own son, 18-year-old Hadi, was killed in a clash against the Israelis, who took his body away with them. The next night Nasrallah spoke at a Hizbullah anniversary rally. "We, in the leadership of Hizbullah, do not spare our children and save them for the future," he told the crowd. "We pride ourselves when our sons reach the front line. And stand, heads high, when they fall [as] martyrs."

It took Nasrallah almost a year to win the return of his son's corpse. The Israelis also freed 60 Lebanese prisoners and handed over the remains of 39 other fighters. In exchange, Nasrallah delivered the body of an Israeli naval commando who had been killed in a 1997 Hizbullah ambush. In 2000, to gain the freedom of still more prisoners, Hizbullah ambushed and captured three Israeli soldiers and abducted a retired Israeli colonel who had been lured to Beirut. The negotiations, through a German intermediary, lasted more than three years, eventually winning the release of 400 prisoners—not only Lebanese but Palestinians and other Arabs as well. When Nasrallah captured two Israeli soldiers this July, he may have thought new negotiations would begin. But he also knew that his war with Israel is what gave him his power and prestige.

When Israel withdrew from South Lebanon in May 2000, Nasrallah found himself for the first time a hero of the Arab world, the first to "defeat" the Israelis. He was recognized as the equal of any of Lebanon's constitutional leaders. Goksel even arranged a meeting for him with U.N. Secretary-General Kofi Annan. Nasrallah also developed a close relationship with the late Prime Minister Rafik Hariri, sometimes meeting him two or three times a week. "You can make business with this guy," the billionaire Hariri would say. Although Nasrallah is said to have a ferocious temper, he also has a self- deprecating sense of humor that he uses to put political rivals at ease in Lebanon and win the affection of the crowds that hang on his every word. In a speech earlier this year, he was discussing Israel's continued presence in the disputed Shebaa Farms district when his speech impediment made him unable to pronounce the name of a nearby southern Lebanese village. He paused for a second, apologized and said that a name with two r's was just really tough. The crowd roared with laughter Other lines in Nasrallah speeches are far from funny. His anti-Jewish rhetoric is always virulent, and he has denied the Holocaust. After years of emphasizing the fight to liberate Lebanese land, he's now trying to lead the struggle to liberate Palestine as well, and eliminate "the Zionist entity," as he calls Israel.

Having risen from poverty and humiliation to become an armed leader recognized and respected throughout the Arab world, Nasrallah is not likely to disarm his forces, whatever the United Nations says. Nor is he one to make peace. Hizbullah, which initiated the plague of suicide bombings in the Middle East during the 1980s, has now set the standard for guerrilla combat. A son of the slums has shaped history—and is still at it.

The Chic Sheik (TIME)

By Scott Macleod

Time, August 14, 2006

By the standards of Arab strongmen, Hassan Nasrallah is a charmer. In televised appearances made from the undisclosed location where he shelters from Israeli bombs, the Hizballah leader appears more soothing than bellicose. There is none of Saddam Hussein's finger wagging or Yasser Arafat's eye-bulging lectures or Osama bin Laden's hectoring sneer. Instead, Nasrallah reads deliberately from notes, occasionally swallowing as if to catch his breath. Every so often, he looks into the camera and flashes a smile.

Nasrallah is having a good war. By surviving Israel's aerial onslaught and fighting its army to a standstill, Nasrallah, 46, has staked a claim to being the most popular leader in the Arab world. Nasrallah's fighters have kept up their daily rocket barrages against Israeli cities and towns, keeping his promise to inflict suffering on Israel in return for its bombardment of Lebanon. When Nasrallah went before the cameras on Hizballah-run al-Manar last week, he presented himself as the custodian of Muslim honor. Even his Arab critics are biting their tongues, mindful of the support Nasrallah commands among the masses. Says a senior

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Arab diplomat whose government earlier criticized Nasrallah for leading Lebanon into war: "Hizballah is becoming the leader that people are following."

And yet having held off Israel and boosted his group's global prestige, Nasrallah is now under more pressure than ever. He has signaled his grudging acceptance of the U.N. Security Council plan to deploy 15,000 Lebanese Army troops to southern Lebanon, but he has resisted demands that Hizballah lay down its arms--raising the prospect that government and multinational forces will be forced to disarm Hizballah themselves. If a cease-fire takes hold, many Lebanese may feel emboldened to lash out against Hizballah for its capturing of two Israeli soldiers on July 12, which prompted the Israeli military response that has killed some 1,000 Lebanese and left 1 million displaced. "After the guns fall silent, the moment of truth will come," says Hilal Khashan, a political-science professor at the American University of Beirut. "People will hold Hizballah accountable for what happened."

Nasrallah won't shy from the fight. "The thing about Nasrallah," says a Lebanese politician who knows him well, "is that he believes in what he is doing and defends it convincingly." Says Hanna Anbar, a journalist who has covered Nasrallah for years: "Behind that smile, he's a very tough personality. He doesn't compromise." Part of his appeal on the Arab street is his refusal to accept Israel's right to exist and his enthusiastic support for Palestinian attacks, including suicide bombings, against Israelis. After he became Hizballah's leader at age 32, he calculated that hit-and-run attacks would eventually force the vastly mightier Israel Defense Forces to quit Lebanon, which they had first occupied in 1978. Following Hizballah's merciless guerrilla campaign, Israel withdrew from Lebanon in 2000, making Nasrallah the first Arab commander in chief who could claim a victory over Israel. It came at a personal price: in 1997 his eldest son was killed by Israeli shellfire in southern Lebanon after Nasrallah encouraged him to go there and fight. "Martyrdom is the best way of passing to the eternal world," he said in remarks published by an Iranian newspaper two weeks ago. "I am sure that my son is in paradise with God Almighty."

In recent years, Nasrallah has consolidated Hizballah's ties to its powerful sponsors, Iran and Syria. The group receives as much as $300 million a year from Tehran, and Nasrallah is a confidant of Syrian President Bashar Assad, whom he visited on a weekly basis prior to the war. Lebanese sources speaking to TIME give credence to Israeli reports that the Hizballah leader has spent part of the war holed up in the Iranian embassy in Beirut--which may have secret tunnels leading to Nasrallah's now destroyed headquarters. But within Lebanon, his coziness with foreign patrons is a liability. A senior Lebanese official tells TIME that as soon as the fighting stops, Lebanese political parties plan to confront Nasrallah with demands that Hizballah hand over its weapons and accept the primacy of the Lebanese government, as demanded by the Security Council.

So will he? Don't count on it. If Nasrallah surrenders, it would destroy his newfound aura as Islam's defiant redeemer. He may agree in principle to a cease-fire, but it's doubtful he will ever allow Hizballah to be totally defanged, since the group's arms enable Nasrallah to call the shots in Lebanon--and moving to disarm Hizballah by force could trigger a civil war. Some see a clue to Nasrallah's intentions in the Koranic verse inscribed on the Hizballah flag adorning his television broadcasts. PREPARE FOR THEM WHATEVER FORCES YOU CAN MUSTER, it reads. Nasrallah's war may be just getting started. With reporting by With reporting by Christopher Allbritton, Andrew Lee Butters/ Beirut, Nicholas Blanford/ Tyre, Douglas Waller/ Washington

Israel And The Bombs (TIME)

By Tim Mcgirk

Time, August 14, 2006

According to a top Israeli intelligence official, the Pentagon in 2002 offered to supply Israel with bunker-buster bombs capable of punching deep into an enemy's underground defenses, but Israel's air force chief, Lieut. General Dan Halutz, rejected Washington's offer, noting that his country had its own superb weaponry, thank you very much. Four years later, Halutz is now Israel's chief of staff in charge of this summer's air, sea and land strikes against Lebanon. Early on in the monthlong conflict, Israeli intelligence determined that most of Hizballah's rockets were being fired from launchers in 38 bunkers burrowed six yards into hilltops across southern Lebanon. The Israelis know exactly where these launchers are, but Halutz's vaunted Israeli-made bombs failed to destroy them. "If we'd had the bunker busters in the first few days," laments the senior intelligence officer, "we'd be in an entirely different situation today against Hizballah."

With such rueful hindsight, Israel last month put in an urgent request for precision-guided, 5,000-lb. bunker busters, and the Bush Administration complied, the intelligence source told TIME. And with the New York Times last week reporting that Israel has asked the U.S. to speed up delivery of short-range rockets armed with cluster bombs, Israel appears to be massively gearing up just as the U.N. Security Council--at long last--approved a cease-fire agreement.

The council voted unanimously late last week for a 15,000-strong international force to help the same number of Lebanese troops keep a 12-mile buffer zone free of "any armed personnel," whether Hizballah or Israeli. U.N. Secretary General Kofi Annan said he would work over the weekend to determine the exact date and time Israeli troops will move out as the Lebanese move in.

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Once the cease-fire begins, both sides will surely claim victory. Hizballah chief Hassan Nasrallah will declare himself a new champion of the Arab world for having terrorized 1.5 million Israelis with his blindly flung rockets. The Israelis can claim that they replaced the Hizballah militants along the border with Lebanese troops and a tough international force.

But the Israeli army may have lost its aura of invincibility along the way. And for that, Prime Minister Ehud Olmert and his top generals could pay dearly. The once decisive Prime Minister looked dithery last week after twice postponing a major ground offensive. With Israeli tanks revving their engines and more than 20,000 troops advancing into Lebanon, Olmert had good reason to be cautious about a long-lasting ground invasion. By Saturday, the war had cost 131 Israeli lives, 91 of them soldiers. And a major thrust 14 miles north to the Litani river--as envisioned by Halutz and the other generals--could drag on for another six weeks. Hence Olmert's decision last week to wait for a U.N. resolution, despite his generals' urging to roll the tanks.

As chief of staff, Halutz, 58, may end up taking most of the blame. Dismissing that initial offer of U.S. bunker busters is only one example of his famous hubris. On July 17, five days into the Lebanese conflict, Halutz told Knesset members, "With all the technology we have, there is no reason to start sending ground troops in." A month later, he was pushing to send thousands of soldiers as the only way to defeat Hizballah.

A no-nonsense fighter pilot who had been a favorite of--and, some insiders say, a possible successor to--former Prime Minister Ariel Sharon, Halutz at first impressed Israelis with his aviator glasses and Top Gun swagger. Once asked how it felt to drop a bomb on people, he replied, "I feel a light bump to the plane as a result of the bomb's release. A second later it's gone, and that's all. That is what I feel." Such myopia may have worked for him in the cockpit, but may be a liability in politics. With reporting by With reporting by Aaron J. Klein/ Jerusalem

'The Street Is Not With Us' (NW)

By Lally Weymouth

Newsweek, August 14, 2006

Aug. 21-28, 2006 issue - In the days before the united Nations Security Council passed its Lebanese ceasefire resolution, a group of Arab League emissaries flew to New York to demand last-minute revisions in the French-U.S. draft resolution. The Arabs' objection: the draft emphasized the security of Israel's border without demanding the immediate withdrawal of Israeli troops and called for an international force with real power, which Lebanon opposed. The Arab delegation pressed its case—and finally won. The negotiations were underway when the group's leader, Sheik Hamad bin Jassim bin Jabr al-Thani, foreign minister and deputy prime minister of Qatar, spelled out his thinking to NEWSWEEK's Lally Weymouth. Excerpts:

WEYMOUTH: What [were] the Arab League's reservations about the draft resolution?

AL-THANI: In Lebanon, Hizbullah and the Shia are around 40 percent of the population, so if the Lebanese government went to enforce it [the draft resolution] ... we might see a civil war again.

Does the Lebanese Army have the power to disarm Hizbullah?

Why do they have to take on Hizbullah? They have to take the place of Hizbullah, and Hizbullah has to become a normal political party.

If you insist the Israelis withdraw, won't you leave a vacuum for Hizbullah to fill?

If the Israelis withdraw, they have to give [the land] to the United Nations force, which will deliver it to the Lebanese forces.

But there have been many violations of the Lebanese border with UNIFIL [the U.N. Interim Force in Lebanon] right there.

If we enforce the UNIFIL with the right weapons and structure, it could work. The [Lebanese government] objects to any forces other than UNIFIL ... The government of Lebanon wants the umbrella of UNIFIL. That's what we support.

The United States and other countries were talking about an international force.

It could still be part of the UNIFIL [force].

Is Hizbullah a Lebanese party or a proxy of Iran?

It is a Lebanese party, but maybe they have a good relationship with Iran. Your country is close to Iran. Do you see their hand in this war?

I see no evidence of this.

Iran's president, Mahmoud Ahmadinejad, says Israel should be wiped off the earth.

I don't agree with what he says. That's not acceptable.

No other Islamic leader makes such inflammatory statements.

But maybe in 10 years they will.

You seem to think this is a big turning point.

Yes. Maybe [the next generation of Arab leaders] will once again say they want to throw the Israelis into the sea. So why not take advantage of reasonable people and cut a deal? Things could change.

Israel should work with the current moderate regimes?

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This is what I think.

How is your relationship with Israel?

We have normal relations. It doesn't mean we are very close, but we exchange views. Some Arab nations think we should not talk to them.

Why have relations between Qatar and the United States cooled in the last two years in spite of the fact that the United States uses your country as a base for Iraq?

I don't know exactly why ... Your government has a short memory.

How can you assure Israel and the world that Hizbullah will not continue to operate as a state within a state?

In the Middle East, there is frustration with United States policy. For that reason, you have a lot of enemies. And your friends are afraid to say they are your friends ... because the majority sides with anyone carrying out acts against Israel or America.

Do you think the United States should talk to Damascus?

Yes. You cannot ignore [the Syrians]. It's bad policy to try to degrade and demoralize countries by not talking to them. What do you think about the Lebanese government's trying to claim Shebaa Farms?

Shebaa could be given to the U.N. for a while and then, after a border demarcation, the U.N. would give it to Lebanon.

So Hizbullah kidnaps soldiers and gets Shebaa Farms as a reward?

This is why starting the war was a mistake.

Historically, the moderate Arab regimes distrusted Hizbullah. Yet you are at the United Nations essentially representing Hizbullah.

Things have changed. We are not representing Hizbullah. We are not the enemy of Hizbullah.

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Has this war made Hizbullah leader Hassan Nasrallah such a hero in the streets that the moderate regimes are afraid ...

After this war we will see who is the winner and the loser. Remember, in the first meeting of the Arab League in Cairo [at the beginning of the war] there was a different mood among some Arab countries. They were outspoken [against Hizbullah]. But they changed because of pressure from the Street. The Street is not with us.

Israeli Commando Missions Come Out Of Shadows (USAT)

By Yaakov Katz Special For

USA Today, August 14, 2006

TEL AVIV, Israel — The latest conflict in the Middle East has brought the traditionally secretive Israeli special forces into the open — an intentional effort, Israeli official say, to psych out the enemy.

Israeli infantry and armored divisions continued their battle Sunday to reach the Litani River, about 18 miles inside Lebanon. Commandos, meanwhile, have conducted high-profile raids on targets up to 100 miles from Israel's border.

Such operations deep inside Lebanon are a sign to the guerrillas, Israeli officials say. “They carry a clear message that we can reach anyone in Hezbollah wherever he might be,” says Brig. Gen. Noam Feig, a senior Israeli naval officer.

Feig oversaw an operation in Tyre on Aug. 5 in which members of the navy's elite unit, Shayetet 13, killed 10 militants who the Israeli military says had been firing long-range rockets into Israel.

The military chief of staff, Lt. Gen. Dan Halutz, has publicly applauded another special forces operation Aug. 1 in Baalbek in the Bekaa Valley of northeastern Lebanon. There, commandos from Sayeret Matkal, the army's most elite unit, and from the air force's Shaldag Unit raided a hospital and captured five suspected Hezbollah guerrillas. Halutz says the operation showed Hezbollah the reach of the Israeli military.

The open acclaim for the special forces runs counter to their traditional role: covert missions rarely revealed to the public.

Reserve army Maj. Gen. Uzi Dayan, a former deputy chief of staff and head of the national security council, says special forces operate best when their role is never made public. They play a key role, he adds, but they don't win wars.

“Special operations are like dunks during a basketball game,” says Dayan, a former commander of Sayeret Matkal and nephew of the legendary Israeli general and defense minister Moshe Dayan. “It is a nice move, but it doesn't win the game.”

Established in 1957 and modeled after the British Special Air Service, Sayeret Matkal's primary declared mission is to gather field intelligence, often by venturing deep into enemy territory. Its operations, however, have gone far beyond intelligence gathering.

Sayeret Matkal is known for its role in Operation Thunderbolt in 1976, when it rescued 103 Air France passengers — most of them Israelis or Jews — who were being held hostage after their flight was hijacked to Entebbe, Uganda. In 1973, after

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Palestinian terrorists massacred Israeli Olympic athletes, Sayeret Matkal participated in Operation Spring of Youth, in which they attacked Palestine Liberation Organization buildings in Beirut.

Each military branch has its own special forces unit:

·The army has Sayeret Matkal, or the General Command Reconnaissance Unit.

·The navy has Shayetet 13, Hebrew for Flotilla 13.

·The air force has the Shaldag Unit. In Lebanon, its commandos have used lasers to mark targets, such as rocket launchers, for fighter-bombers that then destroy the targets with laser-guided missiles.

The military also has the Duvdevan Unit, a special operations force that operates mostly in the Palestinian territories. Its members conduct arrest raids.

Members of these units undergo a rigorous selection process. Their training includes long marches, basic and advanced land navigation techniques and training in advanced weaponry.

Since the current conflict started July 12, the Israeli military has used air power and ground forces to pound suspected militant hideouts and rocket launchers. Special forces have been deployed for the more delicate mission of finding and killing or capturing Hezbollah guerrillas. In more than four weeks of fighting, Israeli commandos have captured about 20 Hezbollah operatives, Israel's military says.

Maj. Gen. Amos Yadlin, head of Israeli military intelligence, told the Israeli Cabinet on Sunday that the military recently had captured one of the guerrillas who had participated in the July 12 border raid that ignited the conflict. That raid by Hezbollah guerrillas killed eight Israeli soldiers and captured two.

While the special forces operations have been publicly branded successes, Dayan says the missions were never intended to be revealed. In Baalbek, fierce resistance from Hezbollah fighters resulted in a two-hour firefight near a hospital that made the mission impossible to conceal. In Tyre, navy commandos also engaged in gunbattles, and several were wounded.

The special forces play a small role in a war that Dayan says in the end will probably be decided by the 30,000 Israeli infantrymen moving through Hezbollah strongholds in southern Lebanon.

The real effect of the special operations, he says, will be evaluated after the fighting. “Then we will be able to see what type of effect the raids deep inside Lebanon had on the Hezbollah.”

Status Quo Ante (WSJ)

The Wall Street Journal, August 14, 2006

Ever since war broke out last month on the Israeli-Lebanese frontier, the Bush administration has said it wouldn't tolerate a return to the "status quo ante," in which Hezbollah behaved as a power unto itself within the Lebanese state. Yet after reading the text of the U.N. Security Council's cease-fire resolution adopted unanimously on Friday, we'd say the "status quo ante" is nearly what we've got.

And perhaps worse than that, because Hezbollah has now shown it can battle Israel to a military draw. The new resolution does call for disarming Hezbollah, just as resolution 1559 previously did, but without saying who will do it. Presumably that task is intended for the Lebanese Army, which is supposed to occupy the parts of southern Lebanon from which Hezbollah launched its attacks on Israel. But Lebanon's army is a weak force, consciously undermined over the years of Syrian occupation, and is largely Shiite. There's reason to doubt it will be able to disarm Hezbollah's still-powerful Shiite military.

The resolution also calls for beefing up Unifil, the existing U.N. peacekeeping force in Lebanon that also couldn't disarm Hezbollah. The addition of French troops to Unifil will help, but the resolution fell short of invoking the Chapter VII powers that U.S. officials had previously said were necessary to ensure a strong enough U.N. presence.

Secretary of State Condoleezza Rice insists that the resolution has Chapter VII powers in all but name, but we'll see what happens the first time Hezbollah again challenges Unifil authority. The likelihood is that Unifil and the Lebanese army will co-exist with Hezbollah, which will slowly re-arm to intimidate Lebanon's government and strike Israel or the U.S. again at the time of its choosing.

All the more so because Hezbollah's main suppliers, Syria and Iran, have suffered no negative consequences from their role over the last month. If anything, their regional clout has been enhanced, with growing calls in the U.S. and Europe for appeasing both countries with assorted "carrots." Yes, the new resolution calls for an arms embargo against Hezbollah, but Iran and Syria have evaded such strictures before. And both countries will now attempt to extract more diplomatic concessions from the U.S. and Europe as a price of not re-arming Hezbollah.

Syrians are under U.N. investigation for their suspected involvement in last year's murder of former Lebanese Prime Minister Rafik Hariri, and Iran's nuclear activities put it in material breach of another Security Council resolution. Syria wants the Hariri investigation dropped or at least its findings downplayed, and Iran may feel better positioned to flout the U.N.'s August 31 deadline to suspend uranium enrichment.

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Perhaps it is true that the Bush administration had little choice but to accede to a cease-fire resolution. President Bush took some political risks for resisting an immediate cease-fire, not least in Iraq where the fighting in Lebanon was helping radical Shiite cleric Moqtada al-Sadr stir up anti-U.S. sentiment.

Last weekend's much better U.S.-French draft resolution was also resisted by the Sunni dictators of the Arab League fearful of a political backlash at home after their early criticism of Hezbollah. As usual, the likes of Egypt and Jordan chose to direct this public anger toward the U.S. and Israel. No doubt some of them are intimidated by Iran and the growing power of Hezbollah. The French also flipped their position -- which serves us right for saying something nice about them last week.

The Israeli government of Prime Minister Ehud Olmert is also responsible for indecisive war leadership. Mr. Bush gave him time and international political cover to act militarily, yet Mr. Olmert made the mistake of insisting on war without prosecuting it with sufficient speed and force. To paraphrase Napoleon, if you decide to disarm Hezbollah, then disarm Hezbollah.

After his Cabinet agreed to the cease-fire, Mr. Olmert said yesterday that "Hezbollah won't continue to exist as a state" and that "the Lebanese government is our address for every problem or violation of the agreement." For him to say anything else would be an admission of defeat after a bloody month. But even many Israelis in his own party are saying that, after firing more than 3,000 rockets into Israel, nearly 800 into residential areas, Hezbollah is emerging from this conflict stronger than either Sadat or Nasser after their wars with Israel.

Perhaps, for a time, this cease-fire resolution will "stop the violence," as Kofi Annan likes to exhort. But the price for letting a transnational terrorist group like Hezbollah claim victory is likely to be far more bloodshed in the future.

U.N. Brokers Mideast Truce, But Future Remains Murky (USAT)

USA Today, August 14, 2006

The world should welcome the U.N.-brokered cease-fire supposed to take effect today and hope it calms the month-long war that has killed hundreds of civilians in Lebanon and Israel. But at best the agreement is a fragile first step, at worst barely a pause in the violence.

Even as Israel's Cabinet approved the truce deal Sunday, Israel and Hezbollah were like boxers in the 15th round of a heavyweight fight, exchanging vicious blows in an effort to score a knockout, or at least more points in the minds of those who will judge who "won" the contest.

The surprise war, sparked by a cross-border Hezbollah guerilla raid July 12, has become the sort of event after which nothing is ever the same. Many of the changes, unfortunately, diminish the chances of lasting peace:

· Hezbollah is stronger. The group has lost much of its military infrastructure to Israeli attacks, but by going toe-to-toe with the fearsome Israeli military longer and more effectively than Arab armies have, Hezbollah has seen its stock soar among Arabs. Though it might eventually suffer a backlash for bringing such misery on its fellow Shiites, it has fortified its status as a dominating civil and military force in Lebanon.

· Iran's reputation as a dangerous regional troublemaker has grown. It bankrolled Hezbollah and supplied sophisticated weapons that enabled Hezbollah to fight so effectively. The conflict distracted world attention from efforts to curb Iran's nuclear program.

· Israel sent a message that it will respond forcefully to provocation, but the government of Prime Minister Ehud Olmert has been seriously weakened. It will face challenges from an Israeli right angry that the nation's vaunted military could not deliver a knockout punch.

· The United States suffered serious damage to its image as a neutral broker, a role painstakingly nurtured by President Bush's predecessors. Bush's "road map" to Middle East peace appears at a dead end.

Into this context comes a United Nations resolution that sounds promising — it says Hezbollah should be disarmed — but leaves much undone or unclear.

Beyond the question of whether the immediate cease-fire will stick, the resolution calls for the Israeli army to pull out of southern Lebanon, "in parallel" with the introduction of an international peacekeeping force into the area. This seems much easier to describe than to make happen.

As for disarming Hezbollah, the Lebanese army has had years to do this and has not. That tough job now falls to the new force mixing Lebanese troops with soldiers from countries such as France and Turkey. The troops' role and ability to use force is murky.

Three weeks ago, Secretary of State Condoleezza Rice declared that the widespread bloodshed marked "the birth pangs of a new Middle East." The situation there has unquestionably changed in the past month. But it looks highly doubtful at this point that the new Middle East is a better Middle East.

Iran Leader: U.N. Serves U.S. Interests (AP)

DOJ_NMG_0047268

AP, August 14, 2006

Iranian President Mahmoud Ahmadinejad blames the U.S. for growing violence in the Mideast, saying fighting has continued in Lebanon because the United Nations only serves U.S. interests.

In an interview airing Sunday on "60 Minutes," Ahmadinejad said it was Hezbollah that had a right to defend itself in its war with Israel. Even so, he said Iran joined others in calling for an immediate cease-fire only to have it thwarted by U.S. support for Israel.

"We are not at all happy with war," he said. "People, innocent people are being killed."

Saying the U.N. has failed to provide security in the region, Ahmadinejad said: "We see that it is not responding to atrocities. If we search for the root causes, we see the hand of the British and the Americans."

CBS newsman Mike Wallace conducted the long sought-after interview that was aired Sunday with Iran's president in Tehran. It comes 27 years after Wallace's chilling sit-down with Ayatollah Khomeini.

During the interview, Ahmadinejad reiterated that Iran had no plans to develop a nuclear bomb and that it simply wanted nuclear technology to develop energy resources.

The Bush administration is adamantly opposed, he said, because the U.S. is "opposed to Iranian progress."

"Mr. Bush's team and the parties that support him want to monopolize energy resources in the world," Ahmadinejad said. "Because once they have that they can impose their opinions, points of view, policies on other nations and, of course, line their pockets."

"Basically we are not looking for — working for the bomb," he added. "The time of the bomb is in the past. It's behind us. Today is the era of thoughts, dialogue and cultural exchanges."

Ahmadinejad also said he doubted that Iran and the U.S. will have normalized relations anytime soon, saying that the U.S. will "have to change their behavior" before that can happen.

"Look at the makeup of the American administration, the behavior of the American administration. See how they talk down to my nation," Ahmadinejad said. "They want to build an empire. And they don't want to live side by side in peace with other nations."

Iran Leader Says US And Europe Face Backlash From Supporting Israel (AFP)

AFP, August 14, 2006

Iran's President Mahmoud Ahmadinejad accused the United States of "blindly supporting" Israel against Hezbollah and President George W. Bush of seeking to "solve everything with bombs", in a television interview.

Ahmadinejad again denied seeking a nuclear bomb, questioned the US military presence in Iraq and gave the US network CBS an evasive answer when questioned about an alleged unit of suicide bombers in Iran's Revolutionary Guard.

Commenting on the Israeli-Hezbollah war, the conservative leader said US support for Israel "threatens the future of all peoples, including the American and European peoples.

"So we are asking, why the American government is blindly supporting this murderous regime."

Ahmadinejad has in the past said Israel should be wiped off the map and denied the existence of the Holocaust.

In this interview, he said through a translator that Israel is "a fabricated government" because he said it had been forced upon the Middle East after the Holocaust.

The US administration, Israel's main ally, has repeatedly accused Iran and Syria of giving military and financial support to Hezbollah.

But in the interview, recorded last Tuesday before the UN Security Council ordered a cessation of hostilities, Ahmadinejad said: "Hezbollah is a popular organisation in Lebanon. And they are defending their land."

CBS released excerpts from the interview earlier last week and the full transcript on Sunday.

Ahmadinejad again denied that Iran sought a nuclear bomb but insisted that the United States and its allies would not stop Tehran's nuclear research.

"If Mr Bush thinks that he can stop our progress I have to say that he will be unable to do that."

The UN Security Council passed a resolution on July 31 which gave Iran one month to comply with demands to freeze its uranium enrichment. After that the Security Council could consider sanctions.

Ahmadinejad said Bush and his supporters "want to monopolize energy resources in the world. Because once they have that, they can impose their opinions, points of view, policies on other nations and, of course, line their own pockets."

He added: "Basically we are not looking for working for the bomb. The problem that President Bush has, is in his mind he wants to solve everything with bombs. The time of the bomb is in the past. It's behind us. Today is the era of thoughts, dialogue, and cultural exchanges."

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Ahmadinejad said he was "saddened" that so many people have been killed in Iraq's spiralling unrest but that the United States was to blame because of its failure to assure security despite its huge military presence.

In December the US president called Ahmadinejad an "odd guy". This time the Iranian president took the offensive, criticising Bush for not responding to an 18 page letter sent in June.

"I think that Mr. Bush can be in the service of his own people. He can save the American economy without killing people, without occupation, without threats."

He added: "Those who refuse to accept an invitation to good will not have a good ending or fate."

"His approval rating is dropping every day. Hatred vis-a-vis the president is increasing every day around the world. For a ruler, this is the worst message that he could receive.

"Rulers and heads of government at the end of their office must leave office holding their heads high," Ahmadinejad declared.

Asked if he wanted normal relations with the United States, the Iranian president said the United States would have to change.

"Please look at the makeup of the American administration, the behavior of the American administration. See how they talk down to my nation."

He added: "it is very clear to me they have to change their behaviour and everything will be resolved."

CBS interviewer Mike Wallace asked Ahmadinejad about an alleged special unit of suicide bombers in Iran's revolutionary guard that would be activated if the United States attacked.

"So are you expecting the Americans to threaten us and we sit idly by and watch them with our hands tied," the president replied.

"I do hope that the Americans will give up this practice of threatening other nations so that you are not forced me to ask such questions."

Free Thinker (WP)

By Robin Wright

The Washington Post, August 14, 2006

Akbar Ganji is free -- for now. He does not expect his liberty to last long.

Ganji, a small man with a whisper of a voice, is an Iranian writer who has taken on the world's mightiest theocracy and its thundering ayatollahs. Released in March after six years in prison -- a good chunk of that time in solitary confinement -- he is today the most radical democrat in Tehran. Several hunger strikes have left him with an emaciated body, at one point down more than 55 pounds, to 108. Deep crow's-feet dig dark crevices around his eyes when he smiles, belying his 46 years.

Ganji is a lonely voice in Iran these days, as hard-line leaders' positions are hardening and the reform movement has atrophied. Disillusioned, he has also turned against the very reformers who view him as their hero.

"The regime is driving Iran towards a catastrophe. . . . Iran is today an archipelago of prisons," he said during one of two recent interviews in Washington. ". . . But the path of the reformers is not correct either."

Ganji is brazen by the standards of a movement more comfortable with nuances, nudges and compromise. His investigative articles in Iranian newspapers linked Iran's intelligence ministry to the killings of dozens of dissidents during the 1990s.

He compiled his accusations against the regime in "Dungeon of Ghosts," the Iranian equivalent of Aleksandr Solzhenitsyn's "Gulag Archipelago." His other books chronicled corruption by top clergy. Put on trial in 2000 for defaming the regime and jeopardizing national security, he tore open his gray prison uniform to sit shirtless in court, showing what he said were the wounds of torture.

Food -- the lack of it -- became his weapon. In prison, he almost died during a 73-day hunger strike last year to protest his treatment and incarceration. He was eventually hospitalized.

"There is perhaps no greater exemplar of journalistic heroism in the world today," the National Press Club said in announcing that Ganji would receive its international Freedom of the Press award last month.

"His significance today remains in the example he sets," added Shaul Bakhash, a former Iranian journalist who is now a history professor at George Mason University. "He remains unflinching in his belief that it is the duty of intellectuals to speak out against tyranny and the suppression of individual rights. And he continues to speak out despite harsh treatment in the past and the prospect of further incarceration in the future."

Yet Ganji is no fan of the White House, either.

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A year ago, President Bush issued a statement saying he was "saddened" by reports of Ganji's deteriorating health in prison. The White House demanded that Tehran release him for medical treatment, and it appealed to human rights activists around the world to rally to his cause.

"His valiant efforts should not go in vain," the White House statement said. "Mr. Ganji, please know that as you stand for your own liberty, America stands with you."

But during his trip to Washington to pick up the award -- his first visit, part of a world tour to speak out on Iran's human rights violations and to collect other prizes, including the World Association of Newspapers' Golden Pen of Freedom -- Ganji stayed as far away from the White House and all U.S. officials as he could, despite intermediaries' overtures.

Bush administration support is dangerous for Middle East democrats these days.

"I was in solitary confinement in prison and had no contact with anyone when Bush announced support for me," Ganji recalled. Interrogators, however, "talked to me as if I had had dinner with Bush the previous evening."

U.S.-backed wars in the Middle East, he added, are not helping democrats in the region.

In a speech at London's Imperial College last month, Ganji warned that Iran's democracy movement does not support military action by either local or foreign forces to produce change. "Violence and force can never by themselves create genuine beliefs," he noted, taking a poke at both Tehran and Washington.

During a conversation in Washington, Ganji reflected: "You people [in the West] have great accomplishments. You brought the world modernity. But no one trusts Western governments now. Many world leaders wanted to meet me. But all the dissidents in Iran asked me not to. This shows the Iranian perception of Western governments."

Ganji, who is married and has two teenage daughters, also scoffs at the $75 million that the Bush administration has allocated for programs to encourage Iran's democracy movement. He said the funds would be better used for Iranian- or Islamic-studies centers at American universities.

Despite the cleric-controlled election last year of Mahmoud Ahmadinejad as president, Ganji argues that the idea of democracy has greater support today than at any time since Iran's constitutional revolution a century ago. The past year -- a time of growing censorship of the press and popular media, forced retirement of dissident professors, and the arrest of student and labor activists -- has deepened rejection of Tehran's theocracy.

"It's the first time that the elite have a consensus about human rights and democracy," he said. "The regime's biggest weakness is human rights. This is the issue on which it loses face with its people. It's the only point on which we can win."

The movement has so far faltered, he acknowledged, because of disorganization, absence of a strong leader and disparate roots -- left and right, secular and religious, monarchists and republicans, expatriates and insiders.

Ironically, they are the same diverse forces that opposed the shah -- until Ayatollah Khomeini's clerical clique offered the banner of Islam to unify them. Many Iranians now argue that their revolution to end more than 2,500 years of dynastic rule was hijacked.

"We still don't have the emergence of a Gandhi, Havel or Mandela," Ganji said.

Ganji did not always oppose the Iranian theocracy. He was once part of the regime he lambastes today.

A prototype revolutionary, Ganji grew up in the scruffy suburbs of south Tehran, a bastion of the 1979 rebellion against Iran's monarchy.

As a young man, he rallied behind Ayatollah Khomeini, served in the elite Revolutionary Guards at the same time as Iran's current hard-line president, then worked in the Ministry of Islamic Guidance, churning out its propaganda.

But Ganji gradually soured on the revolution -- then began trying to undo it.

"We wanted to create a heaven. We didn't want a shah, but we were not clear on what we desired," he reflected in his soft voice, his hands constantly in motion, pulling a label off a water bottle, picking at the clasps on his black cloth briefcase or gesticulating in the air. His nervous anger is in his hands, not his voice.

"The more we had repression, executions, as the revolution started swallowing its own children, I started to see this unbelievable reality, and from the other side I started to read about revolutions throughout history. And I ended up seeing one pattern: that all revolutions are the same, they follow the same rules. . . .

"I realized that repression is in the essence of revolution," he said, smiling. "And I realized that we cannot produce democracy with revolution."

Ganji emerged in the 1990s among a burgeoning group of reformers who challenged rigid theocratic rule and pushed for a freer press. As new independent newspapers started publishing, he began writing articles that probed the regime, corruption by top clerics and the killing of reformers and intellectuals.

His career came to an abrupt halt when he was charged in 2000.

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In the isolation of prison, Ganji secretly started writing again. His book-length "Republican Manifesto" -- released in two parts, one in 2002, the other in 2005 -- and a series of letters to the "free people of the world" and top Iranian thinkers were sneaked out of Tehran's notorious Evin Prison and published on Freeganji.blogspot.com.

In a letter on the 43rd day of his hunger strike last year, addressed to his mentor, Iranian philosopher Abdolkarim Soroush, Ganji wrote angrily of the ruling mullahs who "hide their corruption under their robes. . . . They know nothing but claim to be the holders of divine secrets."

Iran's theocracy is headed by a supreme leader -- currently Ayatollah Ali Khamenei -- who has veto power over all acts of an elected president and parliament. The ruling cleric, Ganji said, has "the status of a god" and is at the heart of the problem.

"Khamenei must go," Ganji wrote boldly.

In his second manifesto, Ganji outlined a strategy to end theocratic rule through massive civil disobedience and election boycotts. He charged that Iran's elections were "fraudulent" because of "forged ballots" and "orders given from above" to add votes to bolster turnout and the regime's seeming legitimacy.

Invoking the civil disobedience campaigns of Mahatma Gandhi and Nelson Mandela, he called on student activists and intellectuals to ignore court summonses for opposition activity that, under Article 500 of Iran's penal code, makes them liable to three to 12 months in prison.

"Citizens must break this law," he wrote. "If this law is broken extensively, the regime will not be able to send many people to jail for expressing their opposition. . . . The uneven path to freedom will be opened by our efforts. Freedom is not free."

He also blasted reformers for timidity and for selling out, because they have been willing to adapt Iran's theocracy rather than abandon it. Reform is no longer viable, Ganji wrote.

Throughout his writing, Ganji quotes Socrates and Immanuel Kant, John Stuart Mill and Alexis de Tocqueville, Thomas Paine, Baudelaire and Montesquieu.

In accepting his National Press Club Award last month, Ganji said he reports "in order to instigate protest." And he cited Albert Camus' "The Plague," a tale of disease's devastating toll that is often interpreted as a metaphor for repression's deadly impact -- a tale that he applies to his country and others.

"I am with you here today in order to bear witness on behalf of the fallen victims of the plague of violence," he said.

"It recognizes no boundaries," the diminutive writer warned. "One day, incarnated as Stalin, it ran over the vast territories of Russia, one day as Hitler it tormented the people of Germany, the Jews and other people. . . . One day as Mussolini it wreaked devastation on the beautiful landscape of Italy, and another day as bin Laden it wrought havoc on the United States."

Ganji continues his protests wherever he goes. In New York last month, he held a symbolic three-day hunger strike in front of U.N. headquarters to demand that Iran release its political prisoners. Small hunger strikes were conducted simultaneously in 18 cities around the world. "We tried to bring the world's attention to the broad human rights violations in Iran today," Ganji explained. To do nothing, he argues, is to share responsibility for the status quo.

But some Iranian analysts wonder about Ganji's relevance in the face of an increasingly hard-line regime.

"Ganji probably represents the loudest and most courageous voice of dissent in Iran, but it's not necessarily a pragmatic or effective one," said Hadi Semati, a Tehran University professor now at the Woodrow Wilson International Center for Scholars. "His combative and aggressive ideas on reform may not be in tune with the broader popular mood. The economic situation and the problems of everyday life and people are their priorities."

Added Najmeh Bozorgmehr, a visiting fellow at the Brookings Institution's Saban Center for Middle East Policy: "He's brave, but maybe too brave.

"He speaks for radical reformists who seem to be marginalized in today's Iran. Ahmadinejad's agenda is now dominant in Iran."

Yet analysts also agree that there is no one with wider appeal among the opposition -- even though Ganji does not see himself as a leader.

"No other dissident has emerged in the last 27 years, since the revolution, who has the respect of all the disparate elements of Iranian society, from Revolutionary Guardsmen and basij [volunteers], senior clergy and religious intellectuals, to the secular and religious middle class within Iran and the strong Iranian exile communities in Europe and North America," said Karim Sadjadpour, Iran analyst for the Crisis Group, an independent nonpartisan organization committed to preventing conflict and based in Brussels. "The fact that Ganji is held in such high esteem by all of these disparate actors is really quite remarkable."

At a time when many intellectuals and dissidents are opting for temporary jobs abroad or low profiles at home, Ganji plans to return to Tehran soon to make more noise.

"My place is inside Iran. I have to go back and struggle from inside," he said.

During his last trip abroad in 2000 for a conference in Berlin, Ganji was warned that he would be arrested if he returned. "I went back, was arrested, and I don't regret it," he said.

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"I told them from the beginning that it's a two-side cost," he added. "They imprison me and I pay the cost. But when I talk about them, they also pay a cost. And when they imprisoned me for six years, the cost was higher to them."

Still Spinning (NYT)

The New York Times, August 14, 2006

Perhaps they don't know — or they've got enough troubles — but American officials won't say whether they believe Iran ordered Hezbollah's attack on Israel that unleashed this bloody war. But Tehran is benefiting, not least because the fighting has diverted attention from its nuclear program.

It's now more than six months since Iran defied the international community and starting spinning centrifuges, the delicately balanced machines that enrich uranium for nuclear fuel or a nuclear weapon. The good news is that Iranian scientists aren't finding it easy to master the technology. The bad news is that it's only a matter of time before they do.

On July 31, the Security Council gave Iran a month to stop enrichment or face possible sanctions. The 14-to-1 vote (only Qatar opposed) showed that even the Russians and Chinese had run out of patience with Iran, which has spent years deceiving international nuclear inspectors. And while anger with Israel was heating up, much of Europe was still rooting against Hezbollah and its Iranian patrons.

The balance has since shifted as the civilian death toll has mounted in Lebanon. And until the fighting stops and there's a reliable peace, the Bush administration won't be able to get anyone to focus seriously on those centrifuges, let alone agree to punish Tehran for its defiance.

President Bush — who just days ago was trumpeting the war in Lebanon as an opportunity for remaking the Middle East — may find a nuclear-empowered Iran his real legacy.

Iran is acting as if it has won already, with officials calling the Security Council's resolution legally and morally void. Looking more responsible than President Mahmoud Ahmadinejad shouldn't be hard. But it is a measure of how much damage Iraq and now Lebanon have done to America's standing that the United States would find itself competing.

The White House made progress, at least with Russia and Europe, when it agreed to talk with Iran if it suspended enrichment. With hard-liners riding high in Tehran, there's little chance of changing minds there. But the White House should still try, offering security guarantees in exchange for Iran's giving up technology that could feed a nuclear weapons program. Isolating Iran and making itself look more reasonable are still more reasons why Washington should be offering to talk to Syria, Hezbollah's other patron and Iran's best ally.

If Iran is willing to come back to the table, it will likely demand, at a minimum, that it be allowed to run a centrifuge pilot plant. It's a risky path. Even with a small plant, scientists would be able to master skills that once learned can't be unlearned. More delay is dangerous. The centrifuges are spinning.

Bush Seeks Balance On Cuban Migration (WSJ)

By John D. Mckinnon And Evan Pérez

The Wall Street Journal, August 14, 2006

The Bush administration handed an election-year reward to Florida's influential Cuban community, announcing new immigration rules that would make it much easier for relatives left behind to join them in the U.S.

But the new policy, released late Friday, is also carefully sculpted to keep Cuban migration from becoming a political headache for President Bush and his brother, Jeb Bush, the Republican governor of Florida. Federal and state officials worry about a new wave of Cuban refugees amid uncertainty over the future of the island's ailing ruler, Fidel Castro.

With immigration already a flashpoint in the U.S., many Republicans "are terrified" at the prospect of an influx of Cuban immigrants, says David E. Johnson, a Republican pollster and consultant who works with candidates in Florida. "The White House wouldn't admit this publicly, but all of them are praying right now for Castro's recovery." A tumultuous transition in Havana "is completely problematic for them -- especially if it happens before November."

Both Cuban voters and Cuban migration have long been forces in Florida politics. Over the years, the state's million Cuban-Americans have won special immigration privileges, and while they tend to vote strongly Republican, they don't do so uniformly, and have shown some willingness to back Democrats favorable to their agenda. But the state's periodic refugee crises can cause headaches for whoever is in power.

The massive Mariel boatlift is believed to have contributed to Jimmy Carter's defeat in Florida in 1980. The rafter exodus of 1994 threatened then-Gov. Lawton Chiles's re-election hopes so much that he pressured Washington into sending boaters back unless they made it to U.S. soil. The Clinton administration's decision to return one young refugee, Elian Gonzalez, in 2000 cost Al Gore crucial votes among the Cuban-American bloc.

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The conflicting forces are evident in campaigning for Florida's Sept. 5 primary, and the state's general election. In the race to succeed the term-limited Gov. Bush, Republican attorney general Charlie Crist is favored by his party's establishment and many Cuban-American leaders. Mr. Crist's main rival, state chief financial officer Tom Gallagher, is trying to woo Cuban-American votes by promoting a wider door for Cuban immigrants. On the other hand, three of the five Republicans vying for the nomination in an open, southwest district are running on anti-immigration platforms.

Cuban issues are particularly prominent in this year's campaign because of questions about Mr. Castro's future. On his 80th birthday yesterday, he issued a statement suggesting that his condition after abdominal surgery remains uncertain.

"I ask you all to be optimistic, and at the same time to be ready to face any adverse news," he said. Meanwhile, Mr. Castro's younger brother, Raúl, made his first public appearance as interim president, greeting Venezuelan President Hugo Chávez, in Cuba to mark the occasion.

Cuba's changing climate presents American politicians with a range of new pressures and possibilities. As the transition from Mr. Castro begins, Cuban-American leaders will be looking to the U.S. to lead an international effort to force democratization on the island. They also will be pushing for greater financial support for prodemocracy elements. As the transition progresses, there are likely to be more calls for liberalization of the travel and trade restrictions that the U.S. imposes. The Cuban-American community itself is likely to be split, though, on whether the transition merits a harder or softer line against Havana.

U.S. officials say any post-Castro government will be inherently unstable. That could lead to chaos on the island and raise demands for humanitarian relief. Deterioration of Cuba's political or economic situation could become a powerful weapon for 2008 presidential candidates who want to appeal to Florida's Cuban-American vote. Jeb Bush is seen as having presidential aspirations at some point, and his response in coming weeks could have an effect on his enduring appeal in the state.

Mauricio Claver-Carone, executive director of the U.S.-Cuba Democracy PAC, an advocacy group, believes the transition to democracy in Cuba will ultimately bring a political victory for Republicans and their allies, as the collapse of communism in Eastern Europe did for President Reagan. "I think we're going to be on the right side of history," he said.

The political impact in Florida from political transition in Havana could be greatest if -- as some fear -- the changes encourage an exodus from the island. Already, pressure to flee Cuba looks to be building, based on the growing numbers of refugees the U.S. Coast Guard has intercepted at sea in recent months.

Some Republican analysts in the U.S. worry that chaos in Cuba could upset the balance that President Bush has tried to strike between a more welcoming immigration policy and more orderly borders. Hard-line conservatives also could face trouble explaining why they oppose illegal immigration from Mexico and Central America, but favor friendly rules for Cubans. Cuban refugees generally are allowed to stay in the U.S. as long as they can reach American soil. Refugees from other countries, such as Haiti, typically are returned to their homeland.

Cuban-American leaders say any exodus depends on whether the post-Castro Cuban regime wants to antagonize the U.S. by allowing another mass migration. State and federal officials are reviewing their emergency plans for responding to a change in power in Cuba. One aim of the planning is to discourage attempts at mass migration, Gov. Bush told reporters this month.

"You don't want to have mass migration," Gov. Bush said. "The best solution for mass migration is to have a free Cuba, to have people have hope there."

The Bush administration's new immigration rules announced Friday were designed in part to balance the conflicting concerns. The main change would allow thousands of Cubans with close relatives in the U.S. to come to America almost immediately and gain permanent resident status, rather than wait as long as 12 years for family reunification. Other changes would loosen immigration rules for doctors. Assuming the Cuban government agrees, the change could accelerate departures for at least 10,000 would-be emigrés, and possibly many more.

Yet the Department of Homeland Security, in its announcement, also discouraged Cubans from attempting the 90-mile crossing to the U.S. on their own, warning that they face losing their right to a family-reunification visa if they try.

Cuban-American leaders generally praised the new policies. "I commend the administration in seeking ways to protect Cuban lives and at the same time attempting to take away the Castro regime's abuse of the emigration of Cubans," said Mr. Claver-Carone.

But others warned that if chaos or a political crackdown emerges in Cuba, there is little the U.S. can do to stop an exodus. "This will not discourage anything," said Ninoska Perez-Castellon, director of the Cuban Liberty Council in Miami. "As far as an exodus, it all depends on what happens in Cuba."

Castro Turns 80, Sends A Sober Message (AP)

By Anita Snow, Associated Press Writer

AP, August 14, 2006

DOJ_NMG_0047274

Fidel Castro sent Cubans a sober greeting on his 80th birthday Sunday, saying he faces a long recovery from surgery — and warning they should be prepared for "adverse news." But he encouraged them to be optimistic and said Cuba "will continue marching on perfectly well."

As a newspaper printed the first pictures of Castro since his illness, his younger brother, Raul, made his first public appearance as Cuba's acting president. State TV showed him at the airport greeting Venezuelan President Hugo Chavez on his arrival to celebrate Fidel's birthday.

Castro, who underwent surgery for an unspecified intestinal ailment that forced him to step aside as president two weeks ago, said in a statement that his health had improved, but stressed he still faced risks.

"To affirm that the recovery period will take a short time and that there is no risk would be absolutely incorrect," said the statement in the Communist Youth newspaper, Juventud Rebelde. "I ask you all to be optimistic, and at the same time to be ready to face any adverse news."

The Communist Party's newspaper, Granma, had offered a rosier picture of Castro's condition on Saturday, saying he was walking and talking again, and even working a bit. It compared him to a resistant tropical hardwood tree found in eastern Cuba, where he was born.

Raul Castro, 75, made no statements Sunday, maintaining the silence he's kept since Fidel put him temporarily in charge on July 31. He is currently the island's defense minister, and is set to rule Cuba permanently if his brother passes away or fails to regain enough strength to govern. But he's always been in his brother's shadow, even as he battled the government of Fulgencio Batista in the 1950s and helped launch the Cuban revolution.

News of Castro's surgery had made Cubans uneasy about the future, but a series of upbeat statements from government officials helped calm a public now facing up to the mortality of the island's longtime leader.

Juventud Rebelde published four photographs of Castro, giving the first view of the leader since July 26, when he gave two speeches in eastern Cuba. He looked a bit tired, but sat up straight, his eyes alert.

Wearing a red, white and blue Adidas warm-up jacket — the colors of the Cuban flag — Fidel was shown talking on the phone and holding up a special birthday supplement included in the Saturday edition of the state newspaper.

The photos were credited to Estudios Revolucion, a division of Castro's personal support group that collects historic documents and images. They seemed designed to prove he was recovering from his surgery, and there was no way to independently confirm the date or circumstances in which they were taken.

After being welcomed at the airport by Raul Castro and Vice President Carlos Lage, Chavez gave the elder Castro a dagger and a coffee cup that had belonged to South American independence fighter Simon Bolivar, Venezuela's state news service ABN said. No other details of the meeting were provided.

The normally vibrant Cuban society has appeared somewhat subdued since Castro announced his illness, with some privately expressing fears for the nation's future. And while Castro's assessment of his own condition was tempered, many Cubans interviewed seemed joyful to receive proof he was alive and getting around.

"What happiness I received!" exulted an elderly Margot Gomez after seeing the newspaper during a morning walk in Havana. "Long live Fidel and long live the revolution! He knows what to do to convert setbacks into victories!"

Dozens of children in the Old Havana neighborhood celebrated Castro's birthday with a blindfolded boxing match and other games, as well as with a cake that read "Always With You Fidel." The boys and girls cheered and shouted "Long live Fidel!" after singing "Happy Birthday" for the Cuban leader.

A leading Cuban official voiced support Sunday for both Castro brothers.

"After Fidel, Raul is the man who is in the best condition to direct the destinies of this nation, either at Fidel's side or when he is no longer here," Cuba's minister for the sugar industry, Gen. Ulises Rosales del Toro, said while directing a crew of Foreign Ministry officials working in the fields to show support for Castro on his birthday.

And Russian President Vladimir Putin, while wishing Fidel Castro a speedy recovery, promised that Russia and Cuba would continue to be "active partners" in the future. Putin's government has sought to revive relations with the island, which had weakened following the collapse of the Soviet Union.

Bolivian president Evo Morales led about a thousand peasants in singing "Happy Birthday" to Castro outside a hospital staffed by Cuban doctors. "We will always be together. Long live Fidel, Long live Cuba!" said Morales, who vowed to bring Castro a cake made of coca flour in December.

Havana Releases Birthday Photos Of Castro (FT)

By Marc Frank

Financial Times, August 14, 2006

DOJ_NMG_0047275

Fidel Castro, Cuban president, marked his 80th birthday on Sunday by authorising the first visual confirmation he is alive after handing power to his brother Raúl two weeks ago, and issuing a statement that he is in stable condition but not out of the woods.

Four photographs published in the official Juventud Rebelde newspaper showed Mr Castro from the chest up sitting, talking on the telephone, and holding a newspaper supplement published on Saturday.

"To say the stability has improved considerably is not to tell a lie. To say that the period of recovery will be short and there is now no risk would be absolutely incorrect," Castro said in the message. "I suggest you be optimistic and at the same time always prepared to receive bad news."

Raúl Castro made his first public appearance as Cuba's interim president on Sunday, receiving Hugo Chávez, Venezuela's president, as he arrived to celebrate the elder Castro's birthday.

Various officials have stated that Fidel Castro underwent emergency surgery for intestinal bleeding some time between July 26 and July 31, that the surgery was successful and that he was recovering normally for a man of his age but would have to work far less to avoid renewed bleeding.

Mr Castro assured the public in the message he was following doctors' orders.

But Ricardo Alarcon, National Assembly president, made clear in a series of interviews over the past week that slowing down will be hard for Mr Castro.

"Imagine Fidel Castro sitting or lying on a bed quietly. Not moving around. Not talking to others. It's the first time in his life. When I saw him, we made jokes about that," Mr Alarcon told NBC news.

Cuba remained calm on Sunday as people engaged in voluntary work, cleaned neighbourhoods and donated blood in Mr Castro's honour.

Throughout the leadership crisis, people have gone about their daily business and enjoyed summer holidays, though there is an unmistakable undercurrent of anxiety over the future without Fidel - the only leader most Cubans have ever known.

"It is like going down the steep part of one of the roller-coasters you see in the movies. You hope to come to the end and start moving up, but you never know," said Gabriela Sanchez, a young woman sweeping the sidewalk outside her Havana apartment building.

Castro Reportedly Improving, 'very Happy' As He Turns 80 (USAT/AP)

By Anita Snow

USA Today, August 14, 2006

HAVANA — On his 80th birthday, Fidel Castro cautioned Cubans he faces a long recovery from surgery and advised them to prepare for "adverse news," but he urged them to stay optimistic. A newspaper also published the first photographs of the Cuban leader since his illness.

Meanwhile, Castro's younger brother, Raul Castro, made his first public appearance as Cuba's interim president, receiving Venezuelan President Hugo Chávez at the Havana airport on Sunday. Chávez arrived on the communist island to celebrate Fidel Castro's birthday.

Raul Castro saluted and hugged Chávez. Images of the encounter were shown on state-run television, marking the first time the younger Castro has been seen since he become the island's temporary leader July 31. No statements were aired.

Fidel Castro, whose illness forced him to step aside as president, said his health had improved. Still, he warned he faces risks.

"I feel very happy," said a statement attributed to Castro in the Juventud Rebelde newspaper. "For all those who care about my health, I promise to fight for it."

In the photos, Castro wears a red, white and blue Adidas warm-up suit and looks a bit tired. One is a tight shot of him posing with his fist under his chin. In two other photos, he is talking on the phone.

A fourth photograph shows him sitting in a chair in front of a bed in what appears to be a home.

He is holding up a special supplement of Granma, the Communist Party newspaper, published Saturday as a homage to him.

The photos were published in the online edition of Juventud Rebelde. It was impossible to independently confirm the authenticity of the photographs — which were credited to Estudios Revolución, a division of Castro's personal support group that collects historic documents and images.

"What happiness I received!" the elderly Margot Gomez declared after seeing the newspaper during a morning walk in Havana.

Dozens of children in Old Havana celebrated Castro's birthday with a blindfolded boxing match and other games, as well as with a cake that read "Always With You Fidel."

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Juventud Rebelde also published a handwritten note by Castro to five Cuban men who were convicted of working in the USA as unregistered foreign agents and who last week were denied a new trial by a federal appellate court.

"Rene, Antonio, Gerardo, Fernando, Ramon: We will triumph over the monstrous injustice!" read the note in his typical scrawl. It was signed: "Fidel. August 13, 2006 12:39 a.m."

In his statement, Castro said his stability has "considerably improved." He added, "To affirm that the recovery period will take a short time and that there is no risk would be absolutely incorrect."

"I ask you all to be optimistic, and at the same time to be ready to face any adverse news," the statement added.

"To the people of Cuba, infinite gratitude for your loving support. The country is marching on and will continue marching on perfectly well," the statement said.

Russian President Vladimir Putin added his name to the list of those sending greetings to the Cuban leader on his birthday, praising him as one the world's most outstanding politicians.

From Moscow, the Kremlin said Putin wished Castro a speedy recovery and said Russia and Communist Cuba would continue to be "active partners, with the aim of developing ties in various spheres in the interests of our peoples."

Cuban Paper Carries Castro Photos, Note (WP)

By Manuel Roig-Franzia

The Washington Post, August 14, 2006

MEXICO CITY, Aug. 13 -- A state-run newspaper in Havana commemorated Fidel Castro's 80th birthday on Sunday by publishing the first photographs of the Cuban leader since he temporarily relinquished power after undergoing intestinal surgery two weeks ago.

The four photographs on the front page of Juventud Rebelde -- or Rebel Youth -- could not be authenticated but appeared aimed at dousing speculation that Castro is dead or incapacitated. Castro is shown sitting up, wearing a red-and-white striped Adidas warm-up jacket and holding the Saturday edition of the Communist daily Granma, a common technique for establishing the date of photographs.

Castro's skin tone appeared paler than usual and his eyes were baggy. He is talking on the phone in two of the shots, leans into his fist in another and is depicted sitting in a chair next to what appears to be a bed in a residence -- rather than a hospital -- in the fourth.

The photos are accompanied by a reproduction of Castro's slashing signature and a note attributed to him that warns Cubans to steel themselves for a long recovery and the possibility of "adverse news."

"It would not be inventing a lie to say that stability has improved considerably," Castro's note said. "Affirming that the period of recuperation will last a short time and that there do not exist some risks, would be absolutely incorrect. I suggest everyone be optimistic and at the same time be always prepared for whatever adverse news."

The headline read: "I feel happy."

Dennis K. Hays, a former State Department coordinator for Cuban affairs, said in a telephone interview Sunday that the photographs could be part of a propaganda strategy in advance of the Sept. 11 start in Havana of the summit of the Non-Aligned Movement, a group of developing nations that has often been critical of U.S. foreign policy.

"He's sort of teeing it up for a triumphant return, where he'll be the center of attention," said Hays, who is also a former executive with the Cuban American National Foundation, an anti-Castro exile group based in Miami.

The newspaper also reproduced what it said was a handwritten note from Castro to five Cubans -- known in Havana as the "Five Heroes" -- who have been imprisoned in the United States for nearly eight years. The men were convicted in 2001 of serving as unregistered agents of a foreign government.

The U.S. Court of Appeals for the 11th Circuit, based in Atlanta, last week overturned a three-judge panel that granted the men a new trial. The five acknowledged being Cuban agents but said they were spying not on the United States but on Cuban exiles plotting attacks in Cuba. Castro, calling each of the men by their first names, wrote in the one-sentence note that "we will defeat the monstrous injustice!"

Castro's announcement on July 31 that he was stepping aside to recover from surgery set off one of the most intense discussions of the island nation's future since he took power 47 years ago. Exiles in Miami celebrated in the streets, and some U.S. officials, such as Cuban-born Sen. Mel Martinez (R-Fla.), openly speculated that he had died.

The announcement also trained international attention on Castro's younger brother, Raull Castro, who was named temporary leader of Cuba and has been designated by Fidel Castro as his successor.

In the past two weeks, some in Havana had questioned why Raul Castro had not made a public appearance since his ascension to Cuba's top post. But on Sunday those questions appeared to be put to rest.

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When Venezuelan President Hugo Chavez arrived at Havana's small international airport, Raul Castro was there to greet him.

Cuba Stays Calm With Castro On Sidelines (NYT)

By Ginger Thompson

The New York Times, August 14, 2006

MEXICO CITY, Aug. 13 — The decline of Fidel Castro, who turned 80 on Sunday and appeared in photographs for the first time since his unspecified intestinal surgery last month, was supposed to be a kind of second Cuban revolution. The notion, put forward by Cuba specialists for years, was that the entire system hung on one man.

But in the last two weeks, with Mr. Castro turning over power to his brother Raúl, at least for now, a different reality has emerged on the island. There was calm and normalcy, not chaos and hysteria that was predicted. Instead of an intervention by the United States, the Bush administration called on the Cuban people to take their future in their own hands. And rather than upheaval within the Cuban government, it appears that the political system may not change much at all.

"American policy toward Cuba has always been based on the fragility of the Cuban system," said Philip Peters, an expert on Cuba at the Lexington Institute, a policy group based in Virginia that promotes free-market economics. "There is this predicate in our policies that the Cuban system is one that can be pushed over with one finger, and that has not been the case."

If Mr. Castro dies, the country's stability may be more overtly shaken. But so far it appears that Mr. Castro, who has governed Cuba for 47 years, may once again defy the experts and prove his influence, some call it control, over the government and its people, whether he survives or not.

Photos published Sunday by the state-run youth newspaper, Juventud Rebelde, showed Mr. Castro looking alert. A message signed by the president, however, made it clear that his recovery would be long, and might not be successful.

"I suggest to everyone to be optimistic," Mr. Castro's letter said, "and at the same time to be ready always to face any adverse news."

The four photos showed Mr. Castro from the waist up, wearing an Adidas sweat-suit jacket, rather than his signature army fatigues. In two of the photographs, Mr. Castro was speaking on the telephone. In another, he held a copy of a special supplement, published on Saturday by the state-run newspaper Granma, in honor of his birthday.

"For all those who care about my health," Mr. Castro wrote, "I promise to fight for it."

Upon the announcement that Mr. Castro was temporarily stepping down from power to have surgery, this reporter traveled to Cuba on a tourist visa, and was expelled a week later. Neither during that time, nor since then, has Mr. Castro vowed to return to office. Aides to Mr. Castro have suggested that he might not ever be able to fully reassume his responsibilities. But Julia E. Sweig, the director of the Latin American program at the Council on Foreign Relations, a nonpartisan organization, predicted he would not.

"I think they are signaling to domestic and international publics that the duration of Fidel's absence may be much longer than the provisional nature he initially stated," Ms. Sweig said. "The transfer is under way."

She added that in stepping down from power two weeks ago, even if only temporarily, Mr. Castro did more than elevate his brother Raúl. She said he also delegated control of government sectors, including energy, education and health care, to other close aides.

"It was a promotion for the people who have been running the country with Fidel," she said. "Now they are preparing to run the country without him."

Thoughts of a future without Fidel Castro have consumed public attention on the island since the ailing Mr. Castro announced that he had handed interim power to his brother 14 days ago.

Rather than making an abrupt departure from power, however, Ms. Sweig said that Mr. Castro had begun a drawn-out campaign aimed at keeping the country stable while his aides quietly worked out the details of the nation's first permanent transition in recent history. On Sunday, Raúl Castro made his first appearance as Cuba's temporary president when he greeted Venezuela's president, Hugo Chávez, at the airport.

Meanwhile, people across Havana pored over the photos and seemed to see different things in their president's unremarkable expressions. At a Coppelia ice cream shop that draws lines around the block, one man said that Mr. Castro's beard looked freshly dyed. It was a sign, the man said, of recovery.

A woman in the same line commented on Mr. Castro's eyes, and said, "He looks so tired."

Given the restrictions on political expression in Cuba, it can be hard to know peoples' true thoughts. Still, whether people said they felt relieved or skeptical, they continued on with their normal activities. If there was something unusual happening inside the government, there was hardly any way to tell it on the streets.

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Annual carnival celebrations scheduled for earlier this month were canceled, and the official celebrations of Mr. Castro's birthday were postponed until December, both because of his illness. But neighborhood Revolutionary Defense Committees called residents together for "reaffirmation ceremonies" to spread the message that the government was in good hands while Mr. Castro struggled to recover.

There were occasional light infantry exercises along the seaside boulevard, known as the Malecón, but they seemed much less spectacular than the everyday rush-hour blitz in which workers cram themselves onto decrepit public buses to get home.

Booksellers hawked used texts the way they always do in plazas at the heart of the city's colonial center. Children on summer vacation squealed as dolphins at the National Aquarium balanced balls on their noses and leaped through hoops. Foreign tourists sang along with salsa bands in bars that were once Ernest Hemingway's hangouts.

All in all, the days after Fidel Castro left power seemed a lot like any other.

"We were ill-prepared for the eventuality of continuity rather than change," said Damián Fernández, director of the Cuban Research Institute at Florida International University, referring to policy makers in Washington and Miami. "All our policies have been built on a foundation of wishful thinking. Now we are confronted with reality, and it's not what we had hoped it would be."

A stroll through a working-class neighborhood on the eastern outskirts of Havana, called Alamar, offers a glimpse of that reality. It was built in the early 1970's, the heyday of Mr. Castro's government, first for Eastern European technicians working on the island and then for the masses of Cuban workers moving from the countryside to the capital in search of a better life.

The money and utilitarian design for the project was provided by the former Soviet Union. The politics of the place, home to more than 140,000 people, is pure Castro.

There is free health care, but so little new housing that young couples often decide against getting married or having children because they have no places of their own. There is free education, but the government restricts access to the Internet and satellite television. Individuals are free to complain about shortages of food and fuel. But more than three residents complaining around a kitchen table can be run out of their homes as "counterrevolutionaries," and charged with treason.

It was not the police or the military that watched what people said and did, said a retired port worker and his wife. It was the people themselves.

An architect who could not be identified for security reasons stopped to talk after walking his wife and 2-year-old daughter to a park in Alamar last week. Like other Cubans interviewed there, the architect described himself as a "Fidelista," saying he respected Mr. Castro as a "person with incredible vision."

Still, he complained at length about the Cuban economy, which runs on two currencies: one for Cubans and one for foreigners.

He said that although he had helped the Cuban military design some of the elegant resorts that had attracted millions of tourists to the island, he did not dream on his $36-a-month salary of spending a night in one of them.

The bulk of the architect's earnings were in Cuban pesos, good only at state stores with limited stocks. Hotels like the ones he designed accept only "convertible pesos," available to those with foreign currency. The same is true for most supermarkets and clothing stores.

Although almost everyone has a state job, no one is able to support their families on them, the architect said. Most people, he added, illegally "invent" jobs on the side to earn foreign currency. He said he made ends meet with the $100 his father sent him monthly from Miami.

"Foreigners live as if it was a paradise," the architect said. "Cubans do not have access to it. Our money is no good in those places. It has generated a long chain of frustration."

When asked how it was that frustration had not boiled over into unrest after Mr. Castro stepped down from power, the architect said Cubans had already lived through several waves of uncertainty, from the Bay of Pigs to the collapse of the former Soviet Union.

Each time, he said, predictions that their government would collapse proved premature. Instead of getting weaker, he said, Mr. Castro's grip on the island seemed to get stronger.

"Children who live in countries at war get used to the sounds of bombs," he said. "We are accustomed to living with threats."

Partial Recount Confirms Victory By Calderón In Mexican Election (WSJ)

By John Lyons

The Wall Street Journal, August 14, 2006

MEXICO CITY -- A partial recount of votes cast in Mexico's contested presidential election confirmed conservative politician Felipe Calderón's narrow win over his left-wing rival, Andrés Manuel López Obrador, aides to both men say.

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Even so, Mr. López Obrador promised to keep pressing his fight, alleging that enough irregularities were uncovered to warrant a broader recount and form the basis for a new round of legal challenges designed to nullify results from thousands of polling stations.

Senior aides for Mr. Calderón welcomed the result, saying it brought the 43-year-old former congressman a step closer to the presidency by essentially confirming the validity of the original hand count. Mexico's electoral court has until Sept. 6 to rule on all legal challenges and declare a winner.

The court ordered a recount of about four million votes, or approximately 9% of the total, in response to legal complaints by Mr. López Obrador and won't release official results for several days, court officials said. Advisers to both parties, who observed the recount, say Mr. Calderón's 244,000-vote lead may have narrowed as a result of the process, though the final result wouldn't vary significantly from the initial tally.

"The recount showed once again that the election was clean," said Cesar Nava, the top lawyer for Mr. Calderón.

While the new tally reinforced Mr. Calderón's victory, Mr. López Obrador, a former Mexico City mayor, has vowed to file new challenges based on what aides describe as evidence of widespread fraud found during the recount process. The discoveries include broken seals on some ballot boxes and instances where the number of ballots inside ballot boxes differed from the number of blank ballots delivered to the polling station.

New legal challenges also will seek to expunge the results from several thousand polling stations where Mr. Calderón won by a wide margin -- a move the López Obrador camp says will reverse the election result. Lawyers for Mr. López Obrador will also argue that the irregularities found during the recount warrant a national review of the voting results.

"There is now so much evidence of fraud that the court will have to act," said Mexico City Mayor-elect Marcelo Ebrard, a close associate of Mr. López Obrador who is assisting him in the campaign to reverse the election results.

It is far from clear that the electoral court, a special tribunal of seven judges with absolute authority over election challenges, will rule in favor of Mr. López Obrador. The court has appeared to reject Mr. López Obrador's allegations of widespread fraud.

Mr. Nava said most of the alleged irregularities have innocuous explanations. He dismissed other allegations as "lies." Ballot-box seals were broken, for example, by court officials seeking to retrieve tally sheets and other documents inside.

Even if the court rules against Mr. López Obrador, his aides say the new evidence may bolster his public-approval ratings, which have declined because of traffic snarls caused by a two-week-old blockade of a central boulevard orchestrated by Mr. López Obrador to pressure the court to rule in his favor. In a speech yesterday to thousands of followers in the city's central square, he vowed to continue his protest campaign indefinitely.

Mexican Leftist Remains Defiant As Recount Ends (NYT)

By James C. McKinley Jr.

The New York Times, August 14, 2006

MEXICO CITY, Aug. 13 — As the courts completed a partial recount of votes in last month's presidential election, the beleaguered leftist candidate vowed Sunday to keep up a campaign of civil disobedience against the government for years, if necessary, to protest what he sees as a fraudulent election.

Speaking at a rally in the capital's central square, the candidate, Andrés Manuel López Obrador, a former Mexico City mayor who champions the cause of the poor, declared, "The object of our movement is to save democracy and make the Constitution mean something."

"We are prepared to resist for whatever time is necessary, even for years, if the circumstances merit it," he added. "Here and now begins a new chapter in the life of Mexico. The simulated republic is finished."

Last month, the official tally by the Federal Electoral Commission showed that Felipe Calderón, the conservative candidate, from President Vicente Fox's National Action Party, had won a narrow victory — 243,000 votes of 41 million cast.

But Mr. López Obrador insisted there had been fraud and demanded a full recount. In response, a special electoral tribunal responsible for ratifying the results and resolving challenges ordered a partial recount of about 12,000 polling places. The seven-member court must rule on the challenges and designate a new president by Sept. 6. The partial recount was to be finished by midnight Sunday.

Mr. López Obrador's aides contended Sunday that evidence had surfaced during the partial recount that ballots were missing in some polling places while extra ballots had turned up in others. They cited the irregularities as evidence that ballot boxes had been stuffed in some precincts and that marked ballots had been disposed of in others.

Mr. López Obrador said he would ask the electoral tribunal on Monday to annul the vote in 7,000 polling places where his representatives maintain that irregularities took place. His aides contend that throwing out the results from those polling places would give Mr. López Obrador the victory.

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Lawyers for Mr. Calderón's party, however, dispute the claim of missing ballots in any polling places. Nor do they agree that more ballots were cast than had been delivered in some precincts. They accuse Mr. López Obrador and others in the Party of the Democratic Revolution of lying to convince their supporters that there was fraud.

"We can say with absolute certainty there are no missing ballots, nor were there any fraudulent practices," said César Nava, a lawyer for Mr. Calderón's party. "The P.R.D. lies."

The question of whether Mr. López Obrador's charges of fraud were believable or merely a political smokescreen has dominated debates here from the dinner table to the airwaves and opinion pages, with no end in sight.

He has broadened his initial accusations of irregularities in the voting and now asserts that there was a broad conspiracy to rob him of victory by the current president's party, the long-dominant Institutional Revolutionary Party and business leaders and members of the electoral institute. On Saturday, for instance, he said, "It is not acceptable for a group of privileged people to decide the future of the nation."

Mr. Calderón, meanwhile, has kept a relatively low profile, speaking to various business associations and civic groups about his plan to revitalize the economy. His aides, denying that his party stuffed ballot boxes or committed other types of fraud, have maintained that the election was clean and fair. Mr. Calderón has also promised to abide by the court's decision.

Some voters who supported Mr. López Obrador say they have become disenchanted as he has tried to discredit the electoral institute and the tribunal, which they regard as critical to Mexico's fledgling democracy. Some say that his increasingly revolutionary stance, along with what seems to be his inability to believe that he may have lost, confirms Mr. Calderón's accusation that Mr. López Obrador is, at heart, a leftist autocrat in the making.

But other voters here say that his demand for a recount makes sense, given Mexico's long history of fraudulent elections, and would dispel any doubts about the legitimacy of the next president.

Protesters supporting a recount have closed down the capital's central artery, Paseo de Reforma, for three weeks, taken over toll booths on highways to deny the government revenue, and blockaded banks and the entrance to the stock exchange.

On Sunday, Mr. López Obrador made it clear the protests would continue if the court designates Mr. Calderón president-elect. He announced plans to disrupt Mr. Fox's annual state of the union message to Congress on Sept. 1 and to try to stop the court from giving Mr. Calderón the official document making him president on Sept. 6. He also threatened to hijack the traditional independence day celebration on Sept. 15 and said he would convene a "national democratic convention" the next day to decide "the role of civil disobedience in Mexico's public life over the next years."

Lawyers for Mr. López Obrador's party were still trying to find a way to reverse the official tally in court.

The lead lawyer, Horacio Duarte, said that in about 3,000 polling places examined during the partial recount there were nearly 46,000 more ballots cast for president than had been delivered to poll workers before the election. In another 4,300 polling places, he said, 80,000 ballots delivered to the polls were unaccounted for or missing.

"This proves to us that they are not arithmetic inconsistencies, that there was fraud, that they were manipulated to benefit the candidate of the right," he said.

Lopez Obrador Settles In For Long Fight (AP)

By Mark Stevenson, Associated Press Writer

AP, August 14, 2006

Mexico's leftist presidential candidate promised on Sunday to maintain protest camps that have paralyzed downtown Mexico City until at least September, unless the nation's top electoral court orders a total recount in the still-disputed election.

Settling in for a long battle, Andres Manuel Lopez Obrador told supporters who launched the protest camps two weeks ago that "we could be here for years" if the tribunal does not grant his demand for a full recount. He also promised to spark a national leftist movement at a Sept. 16 convention.

The camps have brought Mexico City's cultural and financial center to a near standstill, forcing workers to hike to their jobs and causing traffic jams across the city. The protesters are angry at an official but still uncertified vote count that gave the conservative ruling party candidate Felipe Calderon a slim lead in the July 2 election.

The Federal Electoral Tribunal ordered a partial recount of 9 percent of the polling places, which was to end Sunday. The court's seven magistrates will review the results and release them later this month. The court scheduled a public session for Monday, but it is expected to use the session to hear appeals in congressional races, rather than the presidential race.

Lopez Obrador is demanding a full recount and has said he will not accept anything less.

"There's one decision that we've made from the start," he said "We will not allow the imposition of an illegitimate government."

He called for large-scale protests on Sept. 1, when President Vicente Fox gives his last state-of-the-nation address, and on Sept. 6, the deadline for the country's top electoral court to name a president-elect.

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He also said he wanted to hold a "national democratic convention" in Mexico City on Sept. 16, the nation's independence day, to "reform" the country's electoral institutions.

The convention apparently would be aimed at forming a long-term anti-government movement outside of electoral politics, something Lopez Obrador termed "a new stage" and a "watershed in Mexican history."

Lopez Obrador and his top aides have said that the results should be annulled from 7,442 polling places, or 5.7 percent of the 130,000 polling stations — mostly in places where Calderon won — because of alleged voter fraud. They say that would tip the election in Lopez Obrador's favor.

Local media reported that variations of only a few thousand votes have been found, far short of what Lopez Obrador would need to overcome a 244,000-vote deficit. Horacio Duarte, who heads Lopez Obrador's legal team, said his figures showed Calderon had lost at least 13,679 votes in the partial recount.

But representatives of Lopez Obrador's Democratic Revolution Party observing the recount say electoral officials have found extra ballots in some ballot boxes, and in other cases have failed to account for all the ballots distributed to polling places.

Lopez Obrador says that proves fraud led to Calderon's advantage of less than 0.6 percent and should trigger a full recount.

Some experts have suggested that missing ballots might be due to people who kept voting sheets, rather than using them to vote, and that "extra" ballots might have been transferred from nearby polling places.

Representatives of Calderon's conservative National Action Party have insisted that no major problems or variations in the vote have surfaced during the partial recount. Calderon's supporters have launched counter-protests, asking Mexicans to wear white T-shirts on Sunday to show they do not agree with Lopez Obrador.

López Obrador Vows To Step Up His Fight (FT)

By Adam Thomson

Financial Times, August 14, 2006

The leftwing candidate in Mexico's disputed presidential elections vowed on Sunday to escalate his strategy of civil resistance "to its ultimate consequences" if the country's electoral authorities did not order a full recount of the votes cast on July 2.

The ultimatum came as Mexico's Federal Electoral Tribunal, the highest electoral authority, was finishing a recount it ordered last weekend involving about 9 per cent of votes cast in last month's election.

The tribunal had until midnight on Sunday night to complete the limited recount. But Andrés Manuel López Obrador, who narrowly lost the election to Felipe Calderón, the centre-right candidate, said the limited recount had already uncovered "great and grave irregularities" and that he would not accept the result.

Speaking in Mexico City to a significantly smaller crowd than those of previous rallies, Mr López Obrador said: "The tribunal has the opportunity to take what would be a historically transcendental decision . . . it still has time to rectify [the decision for a partial recount] and make the people's will count."

Since he lost last month's election by a razor-thin 0.58 per cent of the votes cast, Mr López Obrador has become increasingly radical in his discourse and his followers have stepped up their actions.

This week his supporters took over toll roads, picketed foreign-owned banks in Mexico City and stopped workers from entering.

Those actions came on top of Mr López Obrador's orders two weeks ago to occupy Mexico City's central square and blockade one of the capital's main avenues with tents. The blockade has created chaos in the city and polarised an already divided population.

On Sunday Mr López Obrador said the blockade would continue as long as it took to defend democracy. "We are prepared to resist for as long as it takes. We could be here for years if the circumstances warrant it," he said.

He reiterated his insistence that the July 2 election was fraudulent, and announced a series of actions he and his followers would take if the tribunal confirmed Mr Caldeón as the official winner.

He promised to protest at every one of Mr Calderón's acts as head of state were the tribunal to confirm him as the official winner. He also said he would protest the September 1 congressional address of Vicente Fox, Mexico's president and a member of Mr Calderon's National Action Party.

Mr Lopez Obrador announced another rally on September 16 in which he said he and his followers would decide what medium- and long-term actions they would take. Turning to the crowd he asked: "Shall we fight against the imposition, to the ultimate consequences to protect democracy?" The response was emphatic: "Yes".

Mexican Runner-Up Sees Years Of Protest (WP)

DOJ_NMG_0047282

By Manuel Roig-Franzia

The Washington Post, August 14, 2006

MEXICO CITY, Aug. 13 -- AndrÃ©s Manuel LÃ³pez Obrador, the populist runner-up in Mexico's disputed presidential election, said Sunday that the protests that have shackled this city's downtown could last for years even though a partial recount appears to be confirming his narrow loss.

The recount, which was expected to end late Sunday or early Monday, has barely budged the 244,000-vote, or half-percentage-point, lead of Felipe Calderon, the business-backed candidate from outgoing President Vicente Fox's National Action Party. Still, Lopez Obrador told followers Sunday that enough evidence of irregularities has been unearthed to warrant an annulment of votes cast in 5,000 of Mexico's 130,000 polling places.

"We will not accept an illegitimate government and a counterfeit president," Lopez Obrador told supporters in Mexico City's downtown square, the Zocalo.

Lopez Obrador's battle to overturn the results of the July 2 election has recently shown signs of losing momentum. His crowds have been dwindling, dropping from estimates of more than a million to as few as 20,000 on Sunday.

There also have been growing complaints about the monumental inconveniences caused by protest encampments on one of Mexico City's principal arteries, Reforma Avenue, where thousands of his followers have been sleeping, playing soccer and chanting for two weeks. Some political analysts say Lopez Obrador is certain to experience a backlash as more hotels near the encampments lay off workers who are not needed because of cancellations by visitors scared away by the demonstrations, which have been peaceful.

Lopez Obrador's call for an annulment represents a shift in strategy after demanding a full recount for more than a month. A special elections court rejected his request for a full recount Aug. 5 and instead ordered a recount of ballots cast in 9 percent of polling places.

The opposing sides have waged a spin war since the recount began last Wednesday. Lopez Obrador, of the Democratic Revolutionary Party, and his top lieutenants say the recount has confirmed their fraud suspicions and exposed the "disappearance" of 80,000 ballots. Arturo Sarukhan, a top Calderon adviser, painted a different picture in an interview Sunday, saying the recount revealed no changes in more than 90 percent of the recounted polling places.

While arguing over the numbers, the two sides have accused each other of undermining a democratic system still finding its footing six years after the end of one-party rule.

Lopez Obrador told supporters Sunday that "the objective of our movement is to save the democracy." He has often said that Calderon's opposition to a full recount undercuts Mexican democracy.

Sarukhan countered that Lopez Obrador's call for more protests "underscores that this has never been about protecting democracy. At the end of the day, it's his way or the highway."

Mexico's special electoral court has until Sept. 6 to certify a winner, but Lopez Obrador is already looking ahead to battles well beyond that date. He said Sunday that if Mexico tries to install Calderon as president, he and his followers will be there to block the way.

Bolivia Suspends A Takeover Of Oil And Gas (NYT/AP)

By The Associated Press

The New York Times, August 14, 2006

LA PAZ, Bolivia, Aug. 13 (AP) — Bolivia says it has suspended the nationalization of its oil and gas industry pending an overhaul of the state petroleum company, which lacks the funds and operating capacity to take over production from foreign companies.

A statement issued Friday by Bolivia's hydrocarbons ministry said that "full effect" of nationalization would be temporarily suspended, because of the "lack of economic resources" for the company, known by its initials, Y.P.F.B.

When President Evo Morales nationalized the oil and gas industry on May 1, seizing the assets of international companies that had long controlled most of the country's considerable oil and gas reserves, he called for the company to be remade within 60 days as "transparent, efficient and socially controlled."

The state-owned company has asked the Central Bank of Bolivia for $180 million to help assume complete control of the production facilities.

In addition, the ministry announced plans to modernize the company, which was partly privatized in 1997 but nationalized again in 2004.

"Korean Cash Squeeze" (WJS)

WSJ letter – South Korea, August 14, 2006

DOJ_NMG_0047283

Your July 28 editorial "Korean Cash Squeeze" asserted that after the U.N. Security Council passed a resolution condemning North Korea's missile launches and after the financial crack down on North Korea by China, Japan stepped up its economic sanctions on Pyongyang, making South Korea "the last holdout" in financing Kim Jong-il's regime. I hope to correct any misunderstanding that South Korea is the only country that does not comply with the U.N. resolution.

Articles 3 and 4 of U.N. Resolution 1695 require all Member States to prevent the transfer of missile and missile-related items, materials, goods and technology to the Democratic People's Republic of Korea's weapons programs, as well as the procurement of related items and technology from that country. The resolution also addressed the transfer of financial resources in relation to those programs.

Nowhere in the resolution does the United Nations require the suspension of general economic transactions with North Korea. Subsequently, the international community has continued trading with North Korea even after the missile launches. No country in the world has announced the complete suspension of trade with the North.

North Korea is known to have a total trade volume of $4 billion while trading with a few dozen countries, including China, Japan, Russia, Thailand and South Korea. It is, therefore, unfair to say that South Korea in particular is the last holdout in financing the Pyongyang regime. South Korea has repeatedly made it clear that as a member of the United Nations, it will respect the U.N. resolution and abide by it.

Moreover, long before the passage of the U.N. resolution, South Korea signed five international treaties on missiles and WMDs and made its best efforts to prevent the proliferation of those weapons. Internally, in 2004, South Korea introduced a control system that enabled it to scrutinize the transfer of strategic materials and dual-use goods into North Korea, strictly in accordance with international standards.

In other words, South Korea has already implemented what the U.N. resolution demands and will continue to keep the control system in an effective mode in order to live up to the spirit of the resolution. In addition, although such actions are not demanded by the U.N. resolution, the South Korean government has suspended additional rice and fertilizer aid to North Korea, even at the risk of a partial interruption in inter-Korean relations.

It is regrettable that the editorial turned a blind eye to the South Korean government's efforts in countering North Korea's missile launches and makes it look like South Korea is taking a position opposite to that of the international community. Furthermore, commenting on the fact that President Roh Moo-hyun raised a question about the drastic measures Japan proposed taking following North Korea's missile launches, the editorial criticized Mr. Roh for being tolerant of North Korea while raising his voice against Japan.

There are 1.8 million heavily armed North and South Korean troops confronting each other along the 155-mile long Demilitarized Zone. Applying pressure on Pyongyang, especially with any military option, is likely to escalate tensions on the Korean Peninsula and threaten the lives and property of 48 million Korean people. This is why the South Korean government firmly opposes any measure that might exacerbate military tension on the Korean Peninsula.

The South Korean government has clearly expressed its regret over the North's missile launches. As mentioned earlier, by suspending its aid to North Korea, the South has already taken a substantial action to reprimand the North. President Roh filed a strong protest with Japan because the latter had tried to create a window of opportunity to use military force on the Korean Peninsula. Any American president would take firm measures against any attempt to destroy the lives and property of American citizens. So did President Roh.

Lee Kwan-sei
Assistant Minister for Unification Policy and Public Relations
The Republic of Korea
Seoul, South Korea

Stop Mooching Off

I recognize that there are any number of situations where children return home after college, some mutually beneficial, others financially necessary. But to suggest that this should be part of a 22-year-old's financial-planning repertoire is absurd ("Getting Going: Keeping Your Financial Footing at 22," Personal Journal, Aug. 2). Surely, many of these kids have "mooched" off mom and dad long enough. Some of that mooching has probably contributed to some of that debt; kids, relying on their parents, become irresponsible. Besides, mom and dad might need to focus more attention on saving for retirement than on continuing to coddle the next generation, financially and emotionally.

The longer you live off mom and dad, the more entitled you will feel to have their lifestyle. I'm not suggesting that parents abandon their children struggling with debt. But debt doesn't usually happen overnight and much of it, such as student loans for college, can be planned for in advance.

My advice to recent college graduates: Learn to live within your means, not that of your parents. And to the parents: Change the locks.

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Kathleen Rauch
Lake Villa, Ill.

Trade Without Politics

Peter Sutherland's analysis of Doha's collapse is absolutely on target ("The Doha Debacle," editorial page, Aug. 2). A "worthwhile" deal was well within reach. But an easy fix could have produced something closer to spectacular, at least for the poorest countries.

A recent study by the International Food Policy Research Institute found that the deal Mr. Sutherland describes would deliver a $54 billion increase in global income. However, the bulk of these gains -- roughly 60% -- go to the wealthiest countries, while the poorest are left with only about 2%.

The study suggests two modifications. First, offer complete free access for the least developed countries to all wealthy markets. This elevates global income gains to $69 billion with nearly half of the increase going to the 50 poorest countries. Second, re-orient the conversation toward minimizing the number of agricultural products that "escape the mainstream cuts." As a rule, more exemptions from full tariff cuts equal smaller income gains.

Finally, it is not for Pascal Lamy to rescue Doha. Rather, it is for the G-6 countries to go back home in order to get the political backing to let go of their losing bids and get the Doha Round out of the political prison it is in.

Ann Tutwiler
Managing Director
The Hewlett Foundation
Washington

It's Always the Right

Joseph Mussomeli claims that the Khmer Rouge mass murders "stand alone as having failed to bring any of the guilty to justice" ("The Worst Genocide Ever," editorial page, Aug. 1). This is untrue.

The policies of Mao and Stalin resulted in the combined death of a 100 million people. These two tyrants were never brought to justice; nor were they ever formally charged with any crimes.

Crimes against humanity conducted by Fidel Castro, Kim Jong Il or the Shining Path (in Peru) are also conveniently ignored or rationalized, as are almost all mass killings perpetrated by left-wing organizations. It is only crimes committed by right-wing groups that are prosecuted with vigor or whose prosecution is sought and acclaimed by the mass media.

This double standard allows terrorist organizations to engage in mass murder with impunity as long as they market themselves as "freedom fighters" aiding the oppressed. The present day conflict in the Middle East is a prime example of this hypocrisy.

If the Khmer Rouge had been classified as a right-wing fascist group, their leaders and others would have been charged, tried, convicted and executed long ago. Since they are not so classified, "our hunger for justice" will remain unsatiated.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Bush Urges Quick Action On Lebanon Resolution (WT).....3
Bush: Plot Shows Danger Hasn't Passed (AP).....4
Bush Says Terror Plot `Significantly Disrupted' (Update1) (BLOOM).....5
Bush Must Do More To Protect From Terror, Pryor Says (Update1) (BLOOM).....6
Tracing Plots, British Watch, Then Pounce (NYT).....7
U.S. Responded To Plot With Speed, Secrecy (WP).....9
In Wake Of News, A Plan: Uniting Party And President (NYT) 12
REPUBLICANS BEAT THE WAR DRUM, HOPING IT STILL RESOUNDS (AJC).....13
A Second Look At Statements On Lieberman's Loss (HC).....14
Does Calling It Jihad Make It So? (NYT).....15
Accounts After 2005 London Bombings Point To Al Qaeda Role From Pakistan (NYT).....17
Terrorism Experts Cast Doubt On Qaeda Tie To London Arrests (NYT).....19
Police Keeping Most Plot Suspects In Custody, Without Charges, Under Terror Law (WP).....20
British Probe Eyes Brothers, Al Qaeda Link (WT/AP).....21
More Suspects Sought In Alleged Bomb Plot (LAT).....22
Suspects' Lawyer Criticizes Police (CNN).....23
3 Egyptian Students Are Arrested In Iowa (NYT/AP).....24
3 Texans Arraigned On Terror Charges (WT/AP).....24
Terrorists Or Teens? (WP).....25
Eavesdropping And The Election: An Answer On The Question Of Timing (NYT).....26

Homeland Response:

Young Muslim Rage Takes Root In Britain (WP).....28
Many Muslims In Britain Tell Of Feeling Torn Between Competing Identities (NYT).....31
British Muslims Criticize Blair And Policies; Police Broaden Search For Evidence (NYT).....33
Groups Say British Support For War In Iraq Encourages Extremists (MCT).....35
Post-9/11 FBI Shifts Its Focus To Terror (PPG).....36
Sizing Up The People Who Tell Us To Take Our Shoes Off (NYT).....37
Questions Raised About Airport Staffing (AP).....39
My Liquid-Free Flight Abroad (NYT).....40
Airlines: U.K. Travel Grinding To Halt (AP).....41
Our Porous Air Defenses On 9/11 (NYT).....42
Foreclosures Expected To Come Back In Full Force (MR)..43
Where Recovery Is The Stock In Trade (LAT).....43
Adapting To Nature (LAT).....45
One Year Later, Life Forces Itself Back In Spite Of Katrina's Devastation (SLPD/AP).....47
Illinois Sen. Barack Obama Tells Xavier Graduates To Choose Involvement Over Indifference (HC/AP).....49

War News:

Forces To Target 4 'Hotspots' In Baghdad (AP-Y).....50
Peace In Baghdad Could Be The Last Chance To Avoid Civil War (MCT).....51
60 Suspects Arrested At Iraq Funeral (LAT/AP).....52
Former Iraqi Officials Named In Graft Inquiry (NYT).....53
Two Soldiers Killed By Roadside Bomb In Baghdad, U.S. Army Says (BLOOM).....54
12 Men Found Slain In Tigris (WT/AP).....55
Call To Prayer Mingles With Verses Of Grief (LAT).....56
U.S. Troops Among Nearly 50 Dead In Iraq (AP).....57
In Iraq, A Failure To Deliver The Spoils (NYT).....59
Success In Iraq Is Up To The Iraqis (WP).....60
It's The Condi Rice Show (TIME).....61
What Really Causes Civil War? (NYT).....62
Standing By Bush (WP).....63
Rep. Davis: War Bungles Should Oust Rumsfeld (AP).....64
Afghan Road Rage (WP).....65

U.S. Patrol Hit In Afghanistan (LAT/AP) 65
U.S. Is Slow To Act On Lessons Of New Warfare (BSUN) 65
Dragged Back Into Somalia (LAT) 67
Sickened Iraq Vets Cite Depleted Uranium (AP-Y) 68
A Woman's Fight (MJS) 72
Seeing Needs, Big And Small (MJS) 75
Back To Normal Wasn't Easy (MJS) 75

Corporate Scandals:

Juicy Details In Option Scandal (LAT) 76
Buttoning Up White-collar Cases (PHI) 77

Criminal Law:

Victims' Families Say Delay In Punishment Is Hard (TSSC) .. 79
The Line On Online Bets (SDUT) 80

Civil Law:

Hospital Probe Nets Millions In Fines (SSJR) 82
Judge Rejects Part Of Reform Of Bankruptcy (DMN) 84

Civil Rights:

Illinois Election Officials Reject Ballot Measure On Gay Marriage (NYT/AP) 85
Panel Suggests Using Inmates In Drug Trials (NYT) 86
Women In Top Ranks Pull Up The Pay Of Others (WP) 88

Antitrust:

Panel Told That Realtors Group Stifles Competition (PHI) 90
Feds Probe Plavix Deal As Apotex Pushes Pill (NSL) 91
Mutual Funds Are Failing As Deal Police (NYT) 92

Environment:

Oil Experts Press Need For Pipeline Care (AP) 94
Dying Bay Fishing Method Snags Waterman In Dispute (AP) 95

FBI/DEA/ATF/USMS:

55-year Sentence Sparks Fight (DESERET) 96
Fire Kills 4 In Crowded Indiana House (AP-Y) 98

Immigration:

Standing Guard (WT) 98
Border Agents: 'We're Never Going To Stop Them, Never' (LAT) 101
A Closer Look At The Hispanic Population (NYT) 104

Congress-Administration:

Graham Traced To Nominee Defeat (MBSN) 104
Beware The Idles Of August (WP) 106
The Ripple Effect (MSN) 108
Planned Medicaid Cuts Cause Rift With States (NYT) 108
Bill Seeks National Medical Records System (LAT) 110
Official's Tax Break: On Firm Ground? (LAT) 112
Life Of The Party (NYT) 114
Federal Pay: Myth And Realities (WP) 115
How To Help Our Students (WP) 116
House Of Ill Repute (WP) 117
Why 'Outsourcing' May Lose Its Power As A Scare Word (NYT) 119
The Pension Piñata (NYT) 120

Other News:

Is A Futures Stampede Keeping Oil Prices High? (NYT) 121
Connecticut Senate: Two Days After Primary Lieberman Ahead By 5 (RP) 122
Republicans Take Liking To Lieberman Candidacy (WT) .. 123
Lieberman Looking Outside Conn. For Help (AP) 124
Jonathan Chait: Give It Up, Joe (LAT) 125
Joe Lieberman, Insurgent (WP) 126
With Friends Like Joe's ... (NYT) 127
An Antiwar Campaign That Takes A Page From The G.O.P. Playbook (NYT) 128
Gregory Rodriguez: The Iraq War Won't Save Liberals (LAT) 130
Connecticut May Be A 2008 Preview (WP) 131
Laura Bush Will Visit Here Monday (SLPD) 133
Tight Race For Another Senator, This Time A Republican (NYT) 133
In N.J. Race, Kean Tries To Keep It Local (WP) 135
Steele's Remarks On Success In Iraq Draw Criticism From Democrats (WP) 137
"Swift Boat" Veterans Set Sights On Rep. Murtha (LAT) 138
GOP Raises Specter Of 'Speaker Pelosi' (AP) 140
Protesters Host Barbecue For Crawford (AP) 141
The Reliable Source (WP) 142
D.C. Gay Group Battles 'AIDS Fatigue' (WP) 143
Why The U.S. Has Not Stemmed HIV (WP) 146
The Neighborhood War Zone (WP) 148
The 300-Million Milestone (LAT) 151
Cease-Fire Is Accepted In Lebanon (WP) 152
After U.N. Accord, Israel Expands Push In Lebanon (NYT) ... 154
No Real Winners As UN "Ceasefire" Resolution Met By More Fighting (AFP) 155
Hezbollah OKs Truce; Israel Pushes North (LAT) 156
Israel Surges Into Lebanon, Despite Vote (AP) 158
Rice Hopes For Cease-fire In 'Day Or So' (AP) 159
Combat Continues In Lebanon Despite Cease-fire Deal (MCT) 160
Israel Strikes Hard Ahead Of Cease-fire (WT) 161
Hezbollah Shoots Down Israeli Helicopter (AP) 163

DOJ_NMG_0047288

Annan: Mideast Cease-fire Starts Monday (AP) 163
Bush Urges World Leaders On The Mideast (AP).....164
As Mideast Smoke Clears, Political Fates May Shift (WP)....165
Analysis: Pact Won't Improve U.S. Image (AP).....167
Hezbollah Resistance Likely To Remained Undimmed By Conflict (MCT).....168
Israel Seeks Hint Of Victory (NYT) 170
Israel Encounters An Unexpectedly Different War (LAT).....171
Analysis: For Israel, An Imperfect Deal (AP).....173
France, Italy, Turkey Offer U.N. Troops (AP) 174
Shebaa Farms Occupies A Pivotal Spot In Mideast Conflict (MCT).....176
Rally Near White House Protests Violence In Mideast (NYT)176
Lebanon Supporters Converge At White House (WP).....177
Hundreds March In L.A. To Protest Lebanon And Iraq Wars (LAT).....178
Mideast Rallies Held In Washington, S.F. (AP) 178
Fleeing Lebanese Christians See Town Forever Changed (WP) 179
Before Attack, Confusion Over Clearance For Convoy (NYT)182
In Mideast, It's Condi's Fight Now (WP) 183
A Conversation With Hamad Bin Jasim Al-Thani (WP).....185
Dispatch From The 'New' Mideast (WP) 186
A Month Of War (WP).....188
A Chance For Peace In Lebanon (LAT) 188
Iranian Dissident Urges Caution (LAT) 189
Paper Is Upbeat On Castro's Condition (WP/AP) 191
Conjecture Fills The Information Vacuum In Cuba (LAT) 191
Castro's Deal With The Soviet Devil (LAT) 193
Portrait Of The Maximum Leader As A Young Man (NYT) ...194
Fidel Fatigue (LAT).....196
Is Hugo Chavez Cuba's Kingmaker? (LAT).....197
Bill Gates's Charity Races To Spend Buffett Billions (NYT) .198
Grandmothers From Africa Rally For AIDS Orphans (NYT) .200
Iran Insists On Nuclear Right, Threatens To Quit IAEA (AFP)202
Mexican Seeks 4 Percent Of Votes Tossed (AP).....202
New Attacks By A Heavily Armed Gang Rattle Brazil And Set Off Political Wrangling (NYT).....203
Hazing Trial Bares Dark Side Of Russia's Military (NYT).....204
The Man Who Exposed The Soviets' Viral Terror (LAT).....207
Talking To Evil (NYT).....208
The Culture Of Nations (NYT) 209

TERRORISM NEWS:

Bush Urges Quick Action On Lebanon Resolution (WT)

By Joseph Curl

The Washington Times, August 13, 2006

CRAWFORD, Texas -- President Bush yesterday urged the United Nations to swiftly enforce its resolution demanding an end to the monthlong war between Israel and Hezbollah guerrillas in Lebanon, saying deployment of peacekeepers will help ensure security for the Mideast.

"Hezbollah and its Iranian and Syrian sponsors have brought an unwanted war to the people of Lebanon and Israel, and millions have suffered as a result," Mr. Bush said. "I now urge the international community to turn words into action and make every effort to bring lasting peace to the region."

The president welcomed the U.N. Security Council's resolution, which was adopted unanimously Friday night and calls for deploying 15,000 U.N. peacekeepers, saying that disarming Hezbollah is a step to "restore the sovereignty of Lebanon's democratic government."

He pointedly called Hezbollah "a terrorist group."

"Yesterday's resolution aims to end Hezbollah's attacks on Israel and bring a halt to Israel's offensive military operations," Mr. Bush said. "It also calls for an embargo on the supply of arms to militias in Lebanon, for a robust international force to deploy to southern Lebanon in conjunction with Lebanon's legitimate armed forces, and for the disarming of Hezbollah and all other militia groups operating in Lebanon."

Mr. Bush issued a stern warning to Hezbollah's chief sponsors, Iran and Syria.

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"These steps are designed to stop Hezbollah from acting as a state within a state, and put an end to Iran and Syria's efforts to hold the Lebanese people hostage to their own extremist agenda," he said.

Secretary of State Condoleezza Rice told Israeli television yesterday that U.N. Secretary-General Kofi Annan was discussing a cease-fire timetable with Israel and Lebanon.

"I would hope that within no more than a day or so that there would be a cessation of the hostilities on the ground," Miss Rice said in the interview with Israel's Channel 1.

Also yesterday, Mr. Bush said that Hezbollah, which has targeted missiles at Israeli cities while hiding in residential areas in Lebanon, shares a "totalitarian ideology" with the suspected terrorists arrested before the weekend in a plot to blow up airliners bound for the United States from Britain.

"The terrorists attempt to bring down airplanes full of innocent men, women and children," the president said in his weekly radio address. "They kill civilians and American servicemen in Iraq and Afghanistan, and they deliberately hide behind civilians in Lebanon. They are seeking to spread their totalitarian ideology."

The United States, Britain and other allies "are determined to defend ourselves and advance the cause of liberty," Mr. Bush said. "With patience, courage and untiring resolve, we will defend our freedom, and we will win the war on terror."

Mr. Bush also said that "some have suggested recently that the terrorist threat is being used for partisan political advantage. We can have legitimate disagreements about the best way to fight the terrorists, yet there should be no disagreement about the dangers we face."

With Congress set to debate Bush administration tactics to thwart terrorism, including indefinite detention and monitoring suspects' bank records and phone calls, Mr. Bush said the foiled airline attacks "demonstrate the vital importance of ensuring that our intelligence and law-enforcement personnel have all the tools they need to track down the terrorists and prevent attacks on our country."

"Because of the measures we've taken to protect the American people, our nation is safer than it was prior to September the 11th," he said.

During the weekly Democratic radio address yesterday, Sen. Mark Pryor of Arkansas said the administration isn't doing enough.

"My fellow Democrats and I believe our government must do more to protect Americans at home and around the world," Mr. Pryor said. "We also understand there is no time to waste. Five years after 9/11, our country is not as safe as it needs to be, or should be. More needs to be done."

c This article is based in part on wire service reports.

Bush: Plot Shows Danger Hasn't Passed (AP)

By Nedra Pickler

AP, August 13, 2006

President Bush said Saturday that a scheme to blow up several flights between Britain and the United States was carefully planned and well-advanced, with the potential to cause "death on a massive scale."

In his most extensive comments on the disrupted plot, Bush said it was a stark reminder that terrorists still aim to kill Americans five years after the Sept. 11 attacks.

"This plot is further evidence that the terrorists we face are sophisticated and constantly changing their tactics," Bush said in his weekly radio address, taped Friday at his Texas ranch and broadcast Saturday.

"We must never make the mistake of thinking the danger of terrorism has passed," Bush said. "This week's experience reminds us of a hard fact — the terrorists have to succeed only once to achieve their goal of mass murder, while we have to succeed every time to stop them."

Democrats also said the plot again demonstrated that the United States is at war against dangerous extremists. But in a pointed critique that shows terrorism is still at the top of the debate in this election year, Democrats said the Bush administration is not doing a good enough job protecting Americans.

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"My fellow Democrats and I believe our government must do more to protect Americans at home and around the world," Arkansas Sen. Mark Pryor said in Saturday's Democratic radio address. "We also understand there is no time to waste. Five years after 9/11, our country is not as safe as it needs to be or should be. More needs to be done."

British and Pakistani authorities have arrested as many as 41 people in their two countries in connection with the alleged plan, broken up by British police this week, to detonate disguised liquid explosives aboard as many as 10 planes bound from Britain to the United States.

Bush authorized an increase in the terror threat warning for flights on that route to code red, indicating a severe risk of terror attacks. All other domestic and international flights in the United States were set to code orange, the second highest level on the scale.

Within hours of the news, Democrats and Republicans were engaged in election-year squabbling over which party can best protect Americans.

The dispute continued Saturday in the dueling radio addresses.

Pryor said the Bush administration should spend more money on emergency responders and commit to screen all cargo on aircraft and at shipping ports. He said National Guard units do not have adequate equipment; borders and chemical plants remain unsecured; North Korea and Iran continue to pursue nuclear ambitions; and Sept. 11 mastermind Osama bin Laden is still on the loose.

In Iraq, Pryor said, the administration's "poor management of the war has diverted our focus, our military and more than $300 billion from the war on terrorism."

"We need a new direction," Pryor said. "It's time for Washington to be tough and smart about the threats we face. Americans deserve real security, not just leaders who talk tough but fail to deliver."

Bush did not criticize Democrats in his address but alluded to political disagreements about the war on terror.

"Unfortunately, some have suggested recently that the terrorist threat is being used for partisan political advantage," Bush said in his radio message. "We can have legitimate disagreements about the best way to fight the terrorists, yet there should be no disagreement about the dangers we face.

"If these terrorists had succeeded, they could have caused death on a massive scale," Bush said. "The plot appears to have been carefully planned and well-advanced."

Bush linked the plot to conflicts around the world.

"The terrorists attempt to bring down airplanes full of innocent men, women and children," Bush said. "They kill civilians and American servicemen in Iraq and Afghanistan, and they deliberately hide behind civilians in Lebanon.

"These killers need to know that America, Great Britain and our allies are determined to defend ourselves and advance the cause of liberty," Bush said. "With patience, courage and untiring resolve, we will defend our freedom, and we will win the war on terror."

Bush urged travelers to be patient and vigilant as they encounter inconveniences during heightened airport screening procedures. All liquid and gel products were banned from carry-on luggage.

"We believe that this week's arrests have significantly disrupted the threat," Bush said. "Yet we cannot be sure that the threat has been eliminated."

Bush also thanked investigators in the U.S. and Britain for working together to stop the plot. White House aides said they hoped the successful investigation would dampen criticism of the administration's controversial anti-terror methods, such as secret monitoring of phone calls, e-mail and financial transactions.

"This week's events demonstrate the vital importance of ensuring that our intelligence and law enforcement personnel have all the tools they need to track down the terrorists and prevent attacks on our country," Bush said.

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On the Net:

http://www.whitehouse.gov

Bush Says Terror Plot `Significantly Disrupted' (Update1) (BLOOM)

By Brendan Murray

Bloomberg, August 13, 2006

Aug. 12 (Bloomberg) -- President George W. Bush said the U.S. must remain vigilant against a ``totalitarian ideology'' that aims to kill civilians and he urged Americans to be patient with government efforts to make airline travel safe from new terrorist threats.

Two days ago, the U.S. Homeland Security Department raised the terrorism threat level for domestic and international flights to ``orange,'' or high alert, after U.K. police said they foiled a plot to blow up aircraft bound for the U.S. The rest of the country remained in code ``yellow,'' reflecting an elevated threat, according to Homeland Security.

``We believe that this week's arrests have significantly disrupted the threat,'' Bush, who is at his ranch in Crawford, Texas, said in his weekly radio address. He called the plot ``carefully planned and well-advanced,'' saying it ``is further evidence that the terrorists we face are sophisticated and constantly changing their tactics.''

Bush sought to distance himself from suggestions that he might try to score political points from the latest arrests. National security and Bush's war on terrorism in Iraq and elsewhere are likely to be key areas of debate in midterm congressional elections in November.

Political Advantage

``Unfortunately, some have suggested recently that the terrorist threat is being used for partisan political advantage,'' Republican Bush said. ``We can have legitimate disagreements about the best way to fight the terrorists, yet there should be no disagreement about the dangers we face.''

Democratic Senator Mark Pryor of Arkansas, who gave his party's weekly radio address today, said Bush isn't doing enough at home and abroad to protect citizens from terrorist attacks because funding is falling short and U.S. troops are overextended.

``Our military, including our National Guard, has been stretched to the breaking point,'' said Pryor, who serves on the Homeland Security Committee. ``Returning Guard units no longer have adequate equipment to train for their next mission. Our first-responders lack critical resources. Our ports, borders and chemical plants remain unsecured.''

Liquid Explosives

U.K. authorities arrested 24 men ranging in age from 17 to 35 after learning the suspected terrorists might do a test run within days and carry out their plan soon thereafter. The plotters may have intended carry into the passenger cabins bombs fueled with liquid explosives to destroy as many as 10 planes, U.K. and U.S. officials said.

While the U.S. is safer than it was before the September 2001 terrorist attacks on New York and Washington, ``we must never make the mistake of thinking the danger of terrorism has passed,'' Bush said.

The arrests triggered tougher security in the U.K. and U.S. Passengers on U.S. airlines were immediately barred from taking any liquids or gooey substances, including toothpaste and shampoo, on board. The new rules caused flight delays, and wait times in security lines at major airports were as long as an hour.

Travel Inconveniences

``I ask for your patience, cooperation and vigilance in the coming days,'' Bush said. ``The inconveniences you will face are for your protection, and they will give us time to adjust our screening procedures to meet the current threat.''

Before this week's arrests, the U.S. hadn't changed its threat alert advisory since August 2005, when the code was downgraded to yellow from orange for the nation's mass transit systems. The alert has been raised and lowered 15 times since it was started in March 2002.

In his radio address, Bush made a passing reference to the conflict in the Middle East between Israel and Hezbollah fighters in Lebanon.

Terrorists ``kill civilians and American servicemen in Iraq and Afghanistan, and they deliberately hide behind civilians in Lebanon,'' Bush said. ``They are seeking to spread their totalitarian ideology. They're seeking to take over countries like Afghanistan and Iraq so they can establish safe havens from which to attack free nations.''

Bush Must Do More To Protect From Terror, Pryor Says (Update1) (BLOOM)

By Ripley Watson

Bloomberg, August 13, 2006

Aug. 12 (Bloomberg) -- President George W. Bush isn't doing enough at home and abroad to protect citizens from terrorist attacks because funding is falling short and U.S. troops are over-extended, Arkansas Democratic Senator Mark Pryor said.

``My fellow Democrats and I believe our government must do more to protect Americans at home and around the world," Pryor, 43, said in the weekly Democratic radio address today. ``Five years after 9/11, our country is not as safe as it needs to be, or should be. Americans deserve real security, not just leaders who talk tough but fail to deliver."

Pryor's comments came two days after British intelligence broke up an alleged terrorist plot to blow up airliners over the Atlantic Ocean and arrested 24 people. The U.S. Homeland Security Department responded by raising the terror alert level and banning liquids, which were intended for use in a planned attack, from carry-on bags on commercial airliners.

Bush, in his weekly radio address earlier today, said ``we believe that this week's arrests have significantly disrupted the threat" and that the plot ``is further evidence that the terrorists we face are sophisticated and constantly changing their tactics."

Military Stretched

``Our military, including our National Guard, has been stretched to the breaking point," Pryor said in the Democratic address. ``Returning Guard units no longer have adequate equipment to train for their next mission. Our first-responders lack critical resources. Our ports, borders and chemical plants remain unsecured."

Pryor also said Bush shouldn't have cut funds to train police and other emergency workers, in places like Pine Bluff, one of Arkansas' largest cities. Bush should back policies to screen all cargo on planes and arriving at U.S. ports, and adopt all recommendations from the bipartisan commission that investigated the 2001 attacks, said Pryor, who serves on the Homeland Security Committee.

Bush in his radio address tried to distance himself from the political implications of the latest arrests. National security and Bush's war on terrorism in Iraq and elsewhere are likely to be key areas of debate in midterm congressional elections in November.

``Unfortunately, some have suggested recently that the terrorist threat is being used for partisan political advantage," Bush said. ``We can have legitimate disagreements about the best way to fight the terrorists, yet there should be no disagreement about the dangers we face."

Pryor termed the bombing plots ``a stark reminder of the dangerous world we live in."

Tracing Plots, British Watch, Then Pounce (NYT)

By Philip Shenon And Neil A. Lewis

The New York Times, August 13, 2006

WASHINGTON, Aug. 12 — The disclosure that British officials conducted months of surveillance before arresting 24 terrorism suspects this week highlighted what many terrorism specialists said was a central difference between American and British law enforcement agencies.

The British, they say, are more willing to wait and watch.

Although details of the British investigation remain secret, Bush administration officials say Britain's domestic intelligence agency, MI5, was for at least several months aware of a plot to set off explosions on airliners flying to the United States from Britain, as well as the identity of the people who would carry it out.

British officials suggested that the arrests were held off to gather as much information as possible about the plot and the reach of the network behind it. Although it is not clear how close the plotters were to acting, or how capable they were of carrying out the attacks, intelligence and law enforcement officials have described the planning as well advanced.

The Justice Department and the Federal Bureau of Investigation have suggested in the past that they would never allow a terrorist plot discovered here to advance to its final stages, for fear that it could not be stopped in time.

In June, the F.B.I. arrested seven people in Florida on charges of plotting attacks on American landmarks, including the Sears Tower in Chicago, with investigators openly acknowledging that the suspects, described as Al Qaeda sympathizers, had only the most preliminary discussions about an attack.

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"Our philosophy is that we try to identify plots in the earliest stages possible because we don't know what we don't know about a terrorism plot," Attorney General Alberto R. Gonzales said at the time. "Once we have sufficient information to move forward with a prosecution, that's what we do."

The differences in counterterrorism strategy reflect an important distinction between the legal systems of the United States and Britain and their definitions of civil liberties, with MI5 and British police agencies given far greater authority in general than their American counterparts to conduct domestic surveillance and detain terrorism suspects.

Britain's newly revised terrorism laws permit the detention of suspects for 28 days without charge. Prime Minister Tony Blair's government had been pressing for 90 days, but Parliament blocked the proposal. In the United States, suspects must be brought before a judge as soon as possible, which courts have interpreted to mean within 48 hours. Law enforcement officials have detained some terrorism suspects designated material witnesses for far longer. (The United States has also taken into custody overseas several hundred people suspected of terrorist activity and detained them at Guantánamo Bay, Cuba, as enemy combatants.)

At the same time, Britain has far stricter contempt-of-court laws intended to prevent the prejudicing of trials. Anything that is said or reported about the suspects rounded up this week could, the police contend, prejudice their trial and prevent their prosecution.

Andrew C. McCarthy, a former terrorism prosecutor at the Justice Department, said he believed that British authorities were willing to allow terrorist plots to progress further because, if an attack appeared imminent, they could immediately round up the suspects, even without formal criminal charges.

"They have this fail-safe," he said. "They can arrest people without charging them with a crime, which would make a big difference in how long you'd be willing to let things run." He said F.B.I. agents, who are required to bring criminal charges if they wanted to arrest a suspect, had a justifiable fear that they might be unable to short-circuit an attack at the last minute.

There is a difference, too, in how information is shared, with American law enforcement officials typically communicating much more fully with the news media and other agencies than their British counterparts do.

In one case in particular, last year after the London bombings when New York police officers traveled there to pitch in, the different working style created tension. British police and intelligence officials complained to the F.B.I., C.I.A. and State Department after the New York officers, used to speaking more openly, gave interviews to the press in London and sent information on to their headquarters in New York, where officials then held a news conference with some details about the investigation, according to one senior American official involved in the relationship with British agencies.

While American officials say they do not believe there were any serious compromises of the investigation, the British were extremely upset. "They don't want us to share so widely," the senior American official said.

A senior federal law enforcement official said MI5 also had a distinct advantage over the F.B.I. in that it had a greater store of foreign-language speakers, giving British authorities greater ability to infiltrate conspiracy groups. The F.B.I. still has only a handful of Muslim agents and others who speak Arabic, Urdu or other languages common in the Islamic world.

Justice Department officials and others involved in developing American counterterrorism strategies, however, say it is wrong to suggest that the F.B.I. always moves hurriedly to arrest terrorism suspects, rather than conduct surveillance that may lead to evidence about other conspirators and plots.

On Saturday, as news reports surfaced describing significant disagreements between British and American officials over the the timing of the arrests in the bombing plot, Frances Fragos Townsend, the president's homeland security adviser, said in a statement: "There was unprecedented cooperation and coordination between the U.S., U.K. and Pakistan officials throughout the case and we worked together to protect our citizens from harm while ensuring that we gathered as much information as possible to bring the plotters to justice. There was no disagreement between U.S. and U.K. officials."

John O. Brennan, a former official of the Central Intelligence Agency who set up the government's National Counterterrorism Center two years ago, said in an interview that he had been involved in a number of recent cases — most of them still classified — in which the F.B.I. had placed suspected terrorists under surveillance rather than rounding them up.

He said the bureau's willingness to wait reflected a new sophistication as supervisors adapted to the rhythm of terrorism investigations. "Especially given the history of 9/11, of course the bureau wants to move quickly and make sure there is no risk of

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attack," he said. "But over the past two years, I think the bureau has become much more adept at allowing these operations to run and monitor them."

But others are less certain that the bureau has overcome its traditional desire to make quick arrests.

Daniel Benjamin, a counterterrorism specialist in the National Security Council in the Clinton administration, said the apparent success of the British surveillance operation — and the failure of the F.B.I. to identify and disrupt any similar terrorist cell in the United States since Sept. 11 — argued for creation of an American counterpart to MI5. "The F.B.I. has still not risen to the domestic intelligence task," he said.

But MI5, others note, may have benefited from the longer experience of dealing with domestic terrorism in connection with the Irish Republican Army. And it has its own critics who question its strategy by noting that it had some of the suspects in last summer's bombings in the London subway and on a bus under surveillance before the attacks.

British security officials have publicly acknowledged that two of the London bombers — Mohammed Siddique Khan and Shehzad Tanweer — had been observed in connection with a different terrorist plot that was subject to heavy surveillance. But when they dropped out of sight — well before the London bombings — intelligence agencies did not pursue them because the other conspiracy seemed a much greater priority.

John Timoney, the Miami police chief who also has run the Philadelphia Police Department and served in the No. 2 post in the New York Police Department, has worked extensively over the years in Britain on policing matters. He said comparing the two country's approaches was difficult.

"First and foremost, the policing systems are completely different," said Chief Timoney, noting that in Britain the Metropolitan Police is the dominant national law enforcement agency and is served by MI5.

In the United States, on the other hand, there is intense competition between various federal agencies and between some federal agencies and some state and local forces, he said.

But neither approach is guaranteed to succeed. In June, about 250 police officers stormed an East London row house looking for chemical weapons and arrested two brothers, Abul Koyair and Mohammed Abdul Kahar. Mr. Kahar was shot and wounded during the operation. But the two men were later released without charge after the authorities failed to find any evidence linking them to terrorist activities.

David N. Kelley, a former United States attorney in Manhattan who has overseen a range of international terrorism cases, including prosecuting the mastermind of the 1993 World Trade Center bombing, said, "The real challenge in law enforcement when you have a plot like that is when do you pull the trigger."

He also said that the longer investigators waited to take down a case, the risks that they might lose track of suspects increased, even if the plotters were under 24-hour surveillance.

"People think when you have someone under surveillance, it's a fail-safe, but losing someone is a real fear in these things," he said. "It's not like television. It's a real juggling act. You've got to keep a lot of balls in the air and not let any of them drop."

U.S. Responded To Plot With Speed, Secrecy (WP)

By Dan Eggen And Spencer S. Hsu, Washington Post Staff Writers

The Washington Post, August 13, 2006

It was the last week of July, heading into the lazy dog days of official Washington, but Michael Chertoff was suddenly busy.

The homeland security secretary discreetly asked subordinates about plans developed months or even years ago, focused on aviation safety, threat levels and other minutiae. In briefings, he quizzed staffers about responses to an aviation threat: What was the default plan for going to "orange alert"? What items can we ban from airplanes if we need to?

Those taking the questions -- including many of Chertoff's closest aides -- had no idea what was really going on, two senior counterterrorism officials said.

Chertoff's stealthy information-gathering was just one example of the U.S. government's secretive response to an emerging terrorist plot, in which at least 41 suspects were arrested in Britain and Pakistan in connection with alleged plans to blow up jetliners as they flew from London to the United States.

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Until the last hours, details of the British probe were confined to a limited coterie of U.S. Cabinet members and senior officials, according to interviews with more than a dozen people who were involved or have since been briefed. The approach ensured that no advance word of the operation leaked out -- but also meant that airlines, airports and even the Transportation Security Administration had only a few hours to ramp up sweeping new measures after being alerted to the threat late Wednesday night.

"Operational security was the paramount concern on our part and on the part of the Brits," one senior U.S. law enforcement official said. "We had a very small number of people who were actually read in on it and operating with full knowledge."

At the FBI, several hundred agents and analysts had been assigned to the case beginning in late July, yet only a handful knew about the overall plot or other significant details, according to several law enforcement officials. Many knew nothing about the targets they were watching or investigating, officials said.

At the TSA, the agency responsible for safety at U.S. airports, changes that would usually take four weeks to execute occurred in four hours in the middle of the night Wednesday, according to Assistant Secretary Kip Hawley. "This was a surprise to many of us," Hawley said at a news conference.

Even now, three days after British authorities arrested 24 suspects -- and two days after most of the suspects have been publicly named -- U.S. officials are tight-lipped about the most rudimentary details of the case, citing strict British secrecy laws and a desire to avoid the strained relations that followed U.S. leaks about the 2005 subway bombings.

The FBI has found no links to the plot inside the United States so far, but is still pursuing leads generated by the arrests, interrogations and seizure of evidence in Britain and Pakistan, according to U.S. officials. There is no evidence any of the suspects had traveled here, officials said.

Several sources suggested last week that the extensive secrecy irritated some officials who were kept out of the loop at intelligence and law enforcement agencies, but declined to discuss the tensions in detail. Michael P. Jackson, Homeland Security's deputy secretary, said the secrecy "wasn't controversial. It was operational security."

The British probe began modestly last year, in the aftermath of the London subway bombings, when a concerned citizen within London's large Muslim community tipped authorities to a suspicious acquaintance, sources have said.

But starting about two weeks ago, authorities in London and Washington grappled with a succession of three major developments that shifted the investigation into a higher gear and led to last week's hurried raids and arrests. First was clear evidence of plans to target the United States; then came plans by the British to shut down the plot; and finally a frantic rush to execute the arrests earlier than expected to avoid losing suspects or allowing an attack to occur, according to intelligence and law enforcement officials.

In late July, the British became "exceptionally concerned about where the specifics of the investigation were leading them -- it was getting more from conception to completion," one official said. Chertoff publicly described this as the moment "that the investigation revealed that this planning was taking the direction of targeting the United States."

Within days, the FBI was hunting down names provided by British intelligence and police, seeking to identify any domestic tentacles of the suspected plot. FBI Director Robert S. Mueller III, who took over the bureau just days before the Sept. 11, 2001, attacks, cleared most of his schedule to concentrate on the probe around this time, aides said.

More than 200 FBI agents and scores of analysts and other personnel would be assigned to the operation in late July and early August, mounting dozens of clandestine surveillance and search operations on individuals with possible links to the London plotters, officials said. Among the individuals were people who had been called or e-mailed by suspects or their relatives and acquaintances, as the FBI combed through layers of the group's "social network" inside the United States.

The case included labor-intensive 24-hour surveillance, which can require several dozen people to watch a single target, one official said. Those conducting the surveillance generally had no idea why the subject was being watched, the official said.

The volume of surveillance was such that it produced a noticeable surge in applications for clandestine warrants from the Foreign Intelligence Surveillance Court, which oversees most intelligence surveillance inside the country, according to law enforcement officials.

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By Friday, Aug. 4, "the real countdown started," one U.S. counterterrorism official said, as British authorities finalized plans to proceed with arrests. U.S. officials were given a rough schedule that broke down the planned "timing and the conduct of the takedown," Jackson said.

Senior government intelligence officials, along with leaders of the Defense, Homeland Security and Justice departments, began preparing for the possibility of attacks on jetliners over the Atlantic, with options including destruction of one or more aircraft, a disrupted attack, and the capture of all suspects.

On Aug. 5, President Bush was given briefings at his Crawford, Tex., ranch about the government response in case an attack materialized, officials said. Hawley, the TSA chief, was called back from a trip to participate. Information was limited to "a small handful of individuals," Jackson said.

One U.S. official said the circle initially excluded staff aides at the National Security Council, the Homeland Security Council and the Counterterrorism Security Group, all of which are usually deeply involved in sensitive terrorism cases.

The arrests on Thursday occurred at least two days earlier than planned, according to several U.S. officials. Among other things, sources have said, the suspects stepped up their Internet searches for possible U.S.-bound flights, made plans for an imminent "dry run" to test security, and moved to purchase global-positioning satellite devices and other materials. British authorities were also concerned because they had lost contact with one or two of the suspects who had traveled to Pakistan, some officials said.

Given a schedule from London, senior U.S. and British government officials consulted Wednesday between 6 p.m. and midnight Washington time. It soon became clear that all the suspects could not be located immediately, raising concerns about a potential attack.

"As things headed south," one official said, Chertoff "flipped the switch" to gain approval for raising the threat level. Late Wednesday and into Thursday, DHS leaders held a series of conference calls with governors' offices, airlines, airline security specialists, labor unions, and airport security directors across the country to share information and plans.

Chertoff joined the 8 p.m. call with the security directors, saying this moment was the reason they did their jobs. Shortly afterward, TSA issued its official "security directive" banning all liquids and gels from carry-on luggage, giving airports and airlines about four hours on the East Coast to prepare more trash bins, print fliers and call in reinforcements.

Consultations with key members of Congress were held that night, bulletins were sent to law enforcement officials, and state and local homeland security officials were briefed at about 1 a.m. At 2:38 a.m., the department released a statement by Chertoff announcing a change to the threat level for the aviation sector, taking effect at airports at 4 a.m.

Knowledge of the British probe varied among local and state governments. D.C. Mayor Anthony A. Williams (D) did not know about the investigation until he was notified of the arrests. Baltimore Mayor Martin O'Malley (D) got the telephone call at 3 a.m. from the Baltimore Police Department's intelligence division.

Senior officials at the Virginia State Police already knew about the British investigation, according to police spokeswoman Corinne Geller, though she declined to elaborate. Robert P. Crouch, Virginia's top homeland security adviser, was roused by cellphone at 12:30 a.m., alerting him to a 1 a.m. conference call about the arrests with senior DHS officials and his state security counterparts.

In New York, officials said they learned about the British probe several weeks ago and were told early last week -- by British contacts -- that arrests were imminent. The city police department has an extensive intelligence operation, including officers assigned to Scotland Yard and other locations overseas.

The arrests were carried out as Bush was taking a working vacation at his ranch in Texas. Aides said he and Vice President Cheney had been kept closely informed of developments starting Aug. 4, and were regularly briefed in the days leading to the arrests.

Bush spoke with British Prime Minister Tony Blair in a 47-minute videoconference last Sunday, a conversation that the White House at the time described as being about the Middle East. The two leaders spoke again by telephone on Wednesday.

Officials said Bush's homeland security adviser, Frances Fragos Townsend, called the president late Wednesday afternoon to tell him that British authorities were poised to begin making arrests. The two stayed in touch through several phone conversations for the rest of the day, as suspects were being rounded up.

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Later that evening, Bush approved the plan to elevate the nation's threat level. He retired for the night as the arrests were continuing, officials said.

Staff writers Sara Kehaulani Goo and Del Quentin Wilber in Washington, Michael A. Fletcher in Crawford, Tex., Michael Powell in New York, Michael D. Shear in Richmond and researcher Julie Tate contributed to this report.

In Wake Of News, A Plan: Uniting Party And President (NYT)

By Jim Rutenberg

The New York Times, August 13, 2006

CRAWFORD, Tex., Aug. 12 — One week ago, President Bush and his political aides were facing the most daunting election-year landscape of his presidency.

Their party was splintered over Mr. Bush's proposed immigration overhaul and uncertain about the political effect of violence in Iraq. Even with the White House working to bring Republicans together behind the president's agenda, several candidates were making public shows of establishing their distance from him and his sagging approval ratings.

That picture of Republican disunity eased dramatically this week with the defeat on Tuesday of Senator Joseph I. Lieberman in the Democratic primary in Connecticut and the news on Thursday that Britain had foiled a potentially large-scale terrorist plot.

The White House and Congressional Republicans used those events to unleash a one-two punch, first portraying the Democrats as vacillating when it came to national security, and then using the alleged terror plot to hammer home the continuing threat faced by the United States.

By the time the president's top political strategists met at his ranch on Friday for an annual summer fund-raiser, the events had given them an opportunity to pull together the Republican Party as it headed toward the home stretch of the campaign, rallying once more around Mr. Bush's signature issue, the fight against terrorism.

The entire effort was swiftly coordinated by the Republican National Committee and the White House, using the same political machinery that carried them to victory in 2004. It began in the days before the anticipated loss of Mr. Lieberman, a staunch supporter of the war in Iraq, to Ned Lamont, a vocal war critic whose victory Republicans used to paint Democrats as "Defeatocrats."

That word originated in a White House memorandum by Mr. Bush's press secretary, Tony Snow, suggesting ways to frame the debate, that was shared with officials, including Ken Mehlman, the Republican chairman, and Karl Rove, the president's top strategist.

The effort continued with the news of the British intelligence breakthrough, with the message that the plot had highlighted the stakes of a fight that the Democrats, according to Republicans, were not equipped to face.

But Democrats, seeing a political opportunity, began to focus on national security, making a vigorous case this week that the Republicans were mismanaging the war and making the country more vulnerable to attack.

"If the Republican Party thinks this is a good political issue for them, they are mistaken," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

And a top Republican strategist cautioned that the party's candidates still faced serious challenges in states where the war and Mr. Bush were overwhelmingly unpopular.

But at the very least, news of the plot helped the White House and the Republican Party achieve something they have struggled to do all year: bring the party forcefully together with the president.

The plan came together at the same time that Mr. Bush and his top security aides, as well as Vice President Dick Cheney, were being intensively briefed on the unfolding British investigation. That led Democrats to charge that the White House had actively used the plot to its political advantage.

"For people to suggest there was somehow a larger, coordinated effort between the Lieberman loss and the disruption of the terror plot is just absurd," said Brian Jones, a spokesman for the Republican Party.

Administration officials said that those who had been briefed on the plot had not expected any arrests for several days, well after the initial political fallout of the Lieberman campaign would have played out.

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But in several interviews, the officials said the attacks had reinforced arguments they had devised to meet Mr. Lieberman's expected defeat.

Officials said they had identified a Lieberman loss as a potential watershed moment that could reinforce the Democrats' antiwar message — and scare Republicans out of taking White House advice to embrace the war in Iraq and national security in general. That advice was wearing thin as the death toll in Iraq continued to climb.

At a Republican gathering in Minneapolis on Aug. 4, Duf Sundheim, chairman of the California Republican Party, said that national security had "been a great issue for the Republican Party over a long time, and there's still a good choice between the two parties. But what changes the dynamic is the current situation in Iraq. It dissipates it."

Still, last weekend, Republican officials said, as the Lieberman loss seemed a certainty, the Republican National Committee and the White House began working to bring the party together on a message that the Democratic Party was taking a hard turn toward the antiwar left.

The Republican talking points, reviewed by Mr. Rove and Sara Taylor, the White House political director, went out to state committees across the country, with statements like "Ned Lamont's victory over a distinguished public servant like Joe Lieberman represents the end of a tradition of proud Democrat leaders in the mold of F.D.R., Harry Truman, Scoop Jackson and J.F.K."

Mr. Mehlman, the Republican National Committee chairman, led the "Defeatocrats" charge in a speech on Wednesday in Ohio, a key swing state.

In Crawford this week, Mr. Snow told reporters there were two approaches to fighting terrorism: "And in the Connecticut race, one of the approaches is to ignore the difficulties and walk away." He added, "Now, when the United States walked away, in the opinion of Osama bin Laden in 1991, bin Laden drew from that the conclusion that Americans were weak and wouldn't stay the course, and that led to Sept. 11."

As Republican officeholders echoed the talking points around the nation, Mr. Cheney set up an unusual conference call with reporters from his vacation home in Wyoming. He said Mr. Lieberman's defeat had sent a signal to "Al Qaeda types," who, he said, "clearly are betting on the proposition that ultimately they can break the will of the American people in terms of our ability to stay in the fight and complete the task."

Senator Harry Reid of Nevada, the Democratic leader in the Senate, said in a statement to supporters that it was "disgraceful" that Mr. Cheney's comments had come after he had been briefed on the British investigation.

Mr. Snow said Friday: "He did not know that there was an operation that was to take place."

Yet by Thursday afternoon Congressional Republicans had already issued a flood of e-mail messages hailing the breakup of the plot, and crediting the administration's anti-terror effort.

Congressional officials said they were acting on their own, not on guidance from the White House. "We really knew instinctively what we wanted to say," said Ron Bonjean, a spokesman for the House speaker, J. Dennis Hastert of Illinois.

Party officials said that they had no plans to issue statements about the plot until late in the day, after the Democrats had criticized the Republicans as mismanaging national security. Republicans said they expected their arguments to carry through next week — when Mr. Bush is to meet with counterterrorism and Homeland Security Department officials — and Democrats are girding for more of the same around the fifth anniversary of the Sept. 11 attacks.

But even Republicans acknowledged that the climate was unpredictable. "When something like this happens it just sort of sweeps across the political landscape and changes things," a senior Republican official said. "The pendulum can swing very quickly on it because there are events out of your typical political control."

REPUBLICANS BEAT THE WAR DRUM, HOPING IT STILL RESOUNDS (AJC)

By Cynthia Tucker

Atlanta Journal Constitution, August 13, 2006

There they go again.

Hoping for a reprise of the 2002 and 2004 elections, when they rolled over Democrats by claiming they were soft on terrorism, leading Republicans are once again portraying the invasion of Iraq as brilliant, denouncing their critics as traitors, and claiming anything less than enthusiastic support for "staying the course" is tantamount to saddling up with al-Qaida.

Recently, GOP heavyweights used the victory of anti-war political novice Ned Lamont over three-term incumbent Sen. Joe Lieberman, D-Conn., in last week's Democratic primary -- Lieberman had remained a staunch defender of the war -- to portray the Democrats as a bunch of America-hating wimps. With so many Republican incumbents struggling to distance themselves from President Bush and the war, you'd think the GOP leadership would have a qualm or two about that strategy. But if you only know one tune, you sing it.

According to Republican National Committee Chairman Ken Mehlman, Lieberman's loss means "defeatism and isolation are now Democratic Party orthodoxy." Vice President Dick Cheney even suggested Lieberman's defeat might encourage "al-Qaida types," according to The New York Times.

Al-Qaida types? They've been closely watching the outcome of the contest between Lamont and Lieberman, seeking encouragement? You've got to be kidding.

First off, the vast majority of Texans couldn't tell you who won the race between Lamont and Lieberman, much less the rank-and-file of al-Qaida. Second, jihadists seem to be getting all the encouragement they need from a heavy-handed American presence in Iraq; an Iran emboldened by Iraq's breakdown; and a disproportionate Israeli response to Hezbollah in Lebanon. The mujahedeen couldn't care less about Connecticut.

But Cheney and his ilk -- the vice president utters a pronouncement at least once a week that ought to qualify him for 72 hours' observation in a mental facility -- continue to beat the war drum because it worked for them before. In 2002, then-U.S. Rep. Saxby Chambliss, R-Ga., defeated incumbent Sen. Max Cleland, D-Ga. -- a Vietnam triple amputee -- by questioning his "courage." Chambliss ran an ad linking Cleland to Osama bin Laden and Saddam Hussein. (Incidentally, Chambliss, who walks with the brisk stride of a fit man, escaped service in Vietnam with a medical exemption for a bad knee.)

Similarly, Bush defeated John Kerry two years ago by constantly resurrecting the searing memory of 9/11 and questioning Kerry's toughness against terrorism. In the months leading up to the election, the Bush administration issued a terror alert about once a week. Oddly, there have been precious few terror alerts in the 2 1/2 years since Bush's re-election; the most stringent of those resulted from plots carried out or interrupted in Great Britain.

This time around, the GOP leadership is going to have a much more difficult time painting Democrats as cut-and-run, bed-wetting pantywaists, because Republicans want to leave Iraq too. In June, Republicans staged a for-the-cameras debate on the floor of the House, where they insisted U.S. troops must "stay the course." U.S. Rep. Gil Gutknecht (news, bio, voting record), R-Minn., upbraided any who thought otherwise: "Members, now is not the time to go wobbly," he declared.

But last month, Gutknecht returned from a visit to Iraq with a bleak assessment of the war and called for at least a partial withdrawal of U.S. troops. "Baghdad is worse today than it was three years ago," he said, adding, "All of the information we receive sometimes from the Pentagon and the State Department isn't always true."

Really? The voters had already figured that out. According to a poll conducted for CNN this month by Opinion Research Corp., 60 percent of Americans now oppose the war in Iraq, the highest number since the invasion began in March 2003. Sixty-one percent favor the withdrawal of some U.S. troops by the end of the year.

Last Thursday, Bush used the news of a thwarted plot involving aircraft bound for the United States from Great Britain as a "stark reminder that this nation is at war with Islamic fascists." That is certainly true. But the president forfeited the moral authority to lead that war when he misled the American people about Saddam Hussein and his connection to those Islamic fascists, especially al-Qaida. The war he led us into has set off shock waves throughout the Middle East that will roil the region for years to come.

The damage is already done -- even if we start withdrawing U.S. troops tomorrow.

A Second Look At Statements On Lieberman's Loss (HC)

By Julie Mason

Houston Chronicle, August 13, 2006

CRAWFORD — There was a moment last week, after the Democratic primary defeat of Joe Lieberman in Connecticut and before the disclosure of a plot to blow up U.S.-bound airliners, that the Bush administration loosed a new line of political rhetoric.

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Its statements took on new meaning after the plot came to light, raising questions about whether Lieberman's setback was being framed for maximum political advantage. After all, White House officials knew about the alleged plot several days in advance of the news.

White House spokesman Tony Snow denied that the administration had used private knowledge of the plot as it framed its political talk.

"This was not — however, it was not explicit — let me put it this way, I don't want to encourage that line of thought," Snow said Thursday on Air Force One. "I don't think it's fully accurate, but I also don't want — I know it's frustrating, but we really don't want to get too much into who knew what, where, when."

Lieberman, who had expressed support for some of President Bush's decisions on Iraq, lost Tuesday. On Wednesday, administration officials said his defeat by executive Ned Lamont in the Senate contest was not a wake-up call for Bush and his policies, as many were arguing.

Rather, the presidential team said, it was a gut-check moment for Democrats on whether to support the war on terror.

"I know a lot of people have tried to make this a referendum on the president; I would flip it. I think instead it's a defining moment for the Democratic Party, whose national leaders now have made it clear that if you disagree with the extreme left in their party they're going to come after you," Snow said.

Surveys show that many, if not most, Americans reject the idea that the invasion of Iraq was directly tied to the drive to block terrorist activity.

But Vice President Dick Cheney, on vacation in Wyoming, made the same point as Snow in a rare conference call with wire service reporters.

"It's an unfortunate development, I think, from the standpoint of the Democratic Party to see a man like Lieberman pushed aside because of his willingness to support an aggressive posture in terms of our national security strategy," he said.

News keeps 'em busy on the ranch

Throughout their 10-day stay in Crawford, Bush and his top aides have made a point of looking like they are not on vacation. Certainly, the churn of news events has kept them from indulging in a great deal of leisure.

Bush, in his only press conference at the ranch, appeared in a suit, at a podium. His backdrop was a blue curtain with the Western White House medallion and flags.

In all, it was a departure from his usual ranch custom of sauntering out to meet reporters in his driveway, wearing boots and jeans.

Snow also donned a coat and tie for an on-camera press briefing — over a pair of jeans.

The first lady hits the fundraising trail

You know the fall campaign season is off and running now: First lady Laura Bush is back in the game with a series of fundraisers starting this week.

With public approval ratings higher than her husband's, the first lady is always a big political draw.

This week she headlines fundraisers in Chicago; St. Louis; Lexington, Ky.; Kettering, Ohio; Dayton, Ohio; and Fairmont., W.V.

Short take"People down here don't appreciate furry haircuts like that," Bush said Thursday, during a tour of a Wisconsin metal plant, to a White House press corps photographer with curly blond hair.

Does Calling It Jihad Make It So? (NYT)

By David E. Sanger

The New York Times, August 13, 2006

SOON after the British police announced last week that they had broken up a plot to blow up aircraft across the Atlantic, President Bush declared the affair “a stark reminder that this nation is at war with Islamic fascists.”

British officials, on the other hand, referred to the men in custody as “main players,” and declined to discuss either their motives or ideology so that they would not jeopardize “criminal proceedings.”

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The difference in these initial public characterizations was revealing: The American president summoned up language reaffirming that the United States is locked in a global war in which its enemies are bound together by a common ideology, and a common hatred of democracy. For the moment, the British carefully stuck to the toned-down language of law enforcement.

A critical debate in America today — among political candidates and among national security experts — is whether five years of war declarations and war-making have helped to make the United States more secure. Or, even in the absence of a major attack on American soil since 9/11, has this strategy created greater danger by providing terror groups with exactly what they crave: the sense that they are a unified army of jihadists? And has the strategy radicalized large swaths of the Muslim world in ways that were not imaginable as recently as 2003?

For the White House, the bomb plot last week was Exhibit A in defense of the war strategy: the plotters would go after Americans, war or no war in Iraq. But critics argue that merging the global war on terror and Iraq was creating new jihadists, from Indonesia to Walthamstow, the East London area where much of the plot was hatched.

Few questioned whether the war-on-terror strategy made sense right after 9/11. The war in Afghanistan greatly degraded Al Qaeda's organizational ability, although there were indications last week that the terror network had links to the homegrown suspects in the London plot.

President Bush and Vice President Dick Cheney derided what they saw as the law enforcement approach of the Clinton years. As Mr. Cheney told visiting diplomats recently, "There was a war on in the 1990's, but we didn't know it."

He routinely recites a history of terror plots against Americans over the past two decades, from the destruction of a Marine barracks in Beirut in 1983 to the attack on the U.S.S. Cole in 2000 — all of which, he said, were treated like police investigations, emboldening the plotters of 9/11.

"You'll see case after case of terrorists hitting America or American targets — and America failing to hit back hard enough," Mr. Cheney said in a recent speech.

The test of American willpower, Mr. Cheney and Mr. Bush have insisted, is in Baghdad, which explains why they stick to the language that it is the "central front" in the war on terrorism and domino that America cannot let fall. Defeat there, they warn, would give the jihadists a victory and empower them to move on to the next country — maybe Pakistan, maybe Saudi Arabia, maybe Lebanon.

The question is whether that approach — and the language that goes with it — creates a trap for the administration.

"I think that what is happening is that everything is getting magnified," said Stephen Cohen, a Mideast scholar at the Israel Policy Forum. "Just like every small crisis around the world was part of the cold war, everyone is now part of the struggle between militant Islam and the United States. And that makes individual conflicts harder to solve," and an inspiration for jihad.

Mr. Cohen cited the American approach to the Israeli-Hezbollah conflict. If that conflict were once again regarded as just another chapter in a long-running regional dispute, the stakes would be lower in Washington, making it easier for the United States to play a more traditional peace-making role.

The administration response is that it describes the world the way it is — rather than ducking the realities of the Mideast.

Although she worries that the language of "Islamic fascism" risks alienating Muslim communities, Farhana Ali, a political analyst at the RAND Corporation, said: "I don't blame the administration for treating this as a war, because it is one in many ways. It's a political war."

She points to the video released last month, exactly a year after the London subway bombings. In it, one plotter who died in the attacks, seeming to speak from the grave, warned that the explosions were just the beginning of bigger attacks.

Daniel Benjamin, author of "The Next Attack,'' a book about the future of terrorism, said: "The tube bombers in Britain were clearly motivated in large measure by Iraq. They were obsessed about it. ''

Washington has tried, at times, to soften its message. Mr. Bush has launched diplomatic efforts to convince the Muslim world that the battle is with terrorists, not with "a great religion." The administration provided aid to the tsunami victims in Indonesia, partly also to remind the world's largest Muslim nation that American goals go beyond counterinsurgency operations.

But those military operations are what most of the world watches each night. A mystery of the London plot is whether Al Qaeda incited it — as its surviving leadership seeks to prove it can still pack a punch — and whether the suspects were prompted by televised military imagery.

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Jon B. Wolfsthal, of the Center for Strategic and International Studies, said on Friday: "If I could ask one question as an interrogator to the guys they just arrested, I'd want to find out who they were and what they were thinking about this kind of attack before Iraq, or after. I'd want to know whether they have longstanding anger at the U.S., or are we adding fuel to the fire, and making new extremists. I don't mean that Iraq was right or wrong, but every action has consequences."

In the current issue of The Atlantic, James Fallows argues that the imagery of the "long war" — one that has already lasted longer than the Korean conflict — is self-defeating. "An open-ended war is an open-ended invitation to defeat," he wrote. "Sometime there will be more bombings, shootings, poisonings and other disruptions in the United States." Some will be the work of Islamic extremists, some not. He added: "If they occur while the war is still on, they are enemy 'victories,' not misfortunes of the sort that great nations suffer."

For Mr. Bush, however, dropping the talk of a "long war" would be to send a message that America can go back to sleep. Thus, each terrorist attack or threat is woven into the bigger picture of a global struggle.

It helps explain the recent redeployment of American troops to the streets of Baghdad: to pull out early would be a return to the failed approach of the 1990's. It would be another Somalia, another Beirut. The problem is whether staying may give the jihadists something else: A narrative of never-ending conflict, in a war to be fought in Baghdad, in Lebanon and in economy class over the wing of a 747.

Accounts After 2005 London Bombings Point To Al Qaeda Role From Pakistan (NYT)

By Mohammed Khan And Carlotta Gall

The New York Times, August 13, 2006

PESHAWAR, Pakistan, Aug. 12 — If it proves true that suspects in the foiled plot to blow up as many as 10 airliners flying from London met with members of Al Qaeda in Pakistan, it may not be the first time such a meeting took place.

A British national told Pakistani interrogators last year that he had trained at a terrorist camp in Pakistan with one of the bombers who carried out suicide attacks in London last year and had met there with two senior leaders of Al Qaeda, a Pakistani intelligence official said in a recent interview.

Though American officials expressed some skepticism about the claim, the Pakistani official said the account suggested that even if Qaeda leaders were not directly organizing attacks from where they were suspected of hiding in Pakistan, they may play a coordinating or inspirational role by meeting with militants from places like Britain.

The account also showed that Al Qaeda remained a significant draw for militants from abroad, and that Pakistan was clearly the place to go for training, said the Pakistani official, who asked not to be named because he was not authorized to speak to the news media.

The Pakistani official said the claims came from the interrogation of Zeeshan Siddique, 25, a British national of Pakistani origin.

Mr. Siddique, too, had been planning some kind of attack in Britain, the official said, but his arrest in northwest Pakistan in May 2005 prevented him from "doing something pretty serious in the U.K."

After being arrested, Mr. Siddique was held for eight months and eventually cleared in a Pakistani court of charges of links to terrorism, visa violations and possessing a fake Pakistani identity card. He was deported back to London on Jan. 11.

The British police and the Pakistani Embassy in London have refused to comment on Mr. Siddique or his whereabouts.

But in an interview with the BBC in March, Mr. Siddique, a former student at the School of Oriental and African Studies in London, forcefully denied any link to Al Qaeda and claimed to have suffered a string of abuses while in custody.

He told the BBC that his interrogators threatened to pull his fingernails out, put him up on meat hooks and skin him. He said he had been drugged, force fed and chained to a bed for 11 days. "They were trying to force me to make a false confession — which I couldn't do," he said.

Pakistani intelligence officers fabricated the account, he said, to prove they were cooperating with the United States by producing terrorism suspects.

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The British Foreign Office acknowledged that consular staff members and "other officials" visited Mr. Siddique while he was in Pakistani custody, and told the BBC that the abuse allegations had been raised several times with the Pakistani authorities, who denied any mistreatment.

The Pakistani official said Mr. Siddique made the torture allegations to avoid questioning, and that a personal diary and telephone numbers found with him were sufficient evidence of his involvement with Al Qaeda.

The question of whether Osama bin Laden and his network might have given direction to the London bombers in the attack last year is still being analyzed by British and American intelligence officials and remains unresolved, according to an American counterterrorism official.

But both British and American officials agree that at least one and possibly two of last year's London bombers traveled to Pakistan, went to a training camp and may have sought out Al Qaeda leaders.

"What actually happened there, we're still not sure we know," the American official said.

The bombers had several telephone conversations with individuals in Pakistan in the last days before the attacks, which suggests they may have had advice or direction, according to a British parliamentary report on the bombings released in May.

The Pakistani security official said the bombers had telephone contact with two or three public telephone numbers in Rawalpindi but said it had been impossible to trace who had used the public telephone on those days.

Mr. Siddique, the Pakistani official said, claimed to have trained with eight or nine other Britons of Pakistani descent, including at least one of the London bombers who killed 52 people when they blew themselves up on the subway and a public bus.

He told his interrogators that the training lasted about three weeks in July 2003 and that it took place in the mountainous district of Upper Dir, some 300 miles north of Peshawar, the Pakistani official said.

He identified Mohamed Siddique Khan, one of the London suicide bombers, as a participant from a photograph shown to him by British investigators after the London bombings, the Pakistani official said.

The men traveled to the training camp in two separate groups, the Pakistani officials said, and were instructed in how to use assault rifles.

Mr. Siddique told interrogators the training was arranged by Mohammed Junaid Babar, a Pakistani American computer programmer from Queens, in New York, according to the Pakistani official.

Mr. Babar is now in United States custody after pleading guilty in June 2004 to supplying military equipment to a Qaeda training camp in Pakistan and helping to plan another bomb plot in Britain.

He is cooperating with American authorities and has appeared as a witness at the trial of seven Britons in London accused of training in Pakistan to prepare bomb attacks in Britain more than a year before the London bombings.

After his training, Mr. Siddique traveled with Mr. Babar to Angor Adda, a town on the border with Afghanistan, near where American and Afghan forces have repeatedly clashed with militants, including foreign fighters, according to the Pakistani official.

They also visited Shakai, a village in South Waziristan, and then Sedgi, in the Shawal valley of North Waziristan, an area known for sheltering foreign militants and where Pakistani forces have mounted operations, the official said.

Mr. Siddique said that during the trip he had met with two senior Qaeda figures, the official said. One was Abu Munthar al-Maghrebi, who has since reportedly been detained by Pakistani security forces.

The other was Abdul Hadi al-Iraqi, a former Iraqi army officer who has been described as Al Qaeda's No. 3 leader. He remains at large.

At the end of the trip, a man called Obaid, probably an alias for Mr. Maghrebi, arranged Mr. Siddique's transport out of the region to Peshawar, the official said.

Mr. Siddique was arrested on May 18, 2005, in a small house outside the city. There, investigators recovered an electrical circuit that could be used as a detonator and a desktop computer that contained aeronautical mapping.

He was also found with telephone numbers of known Al Qaeda members and 35-page diary, typed in English, covering March 2 to April 6, 2005.

The Pakistani official said he believed that Mr. Siddique was waiting to be dispatched as a suicide bomber, and that the diary made cryptic reference to some kind of operation.

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The British parliamentary report concluded that two of last year's four suicide bombers — Mr. Khan and Shahzad Tanweer — had terrorist training in Pakistan and that it was "likely that they had some contact with Al Qaeda figures."

But the report did not provide details and said that the extent of Al Qaeda involvement remained unclear and under investigation.

Terrorism Experts Cast Doubt On Qaeda Tie To London Arrests (NYT)

By Scott Shane

The New York Times, August 13, 2006

WASHINGTON, Aug. 12 — When American and Pakistani officials said this week that one conspirator in the foiled plan to bomb trans-Atlantic airliners was a "liaison" to Al Qaeda, they suggested that his arrest proved the group was linked to the scheme. Rashid Rauf, a Briton, had trained in the group's camps in the 1990's and was "a key Al Qaeda operative," one Pakistani official said.

But counterterrorism experts said Saturday that the focus of government officials and the public on Al Qaeda, a term today with deep connotations but elusive meaning, may be misplaced.

They say the Qaeda label remains useful shorthand for the news media and for officials who want to tap the powerful emotions associated with the Sept. 11 attacks. But to suggest that the terrorist threat today is represented by the organization directly commanded by Osama bin Laden is to oversimplify a complex international movement, the specialists say.

"If you think of Al Qaeda as the group that did 9/11, I don't think it's a very useful question," said Marc S. Sageman, a former Central Intelligence Agency officer and author of a 2004 book closely studied in intelligence agencies, "Understanding Terror Networks."

"There is no such thing as Al Qaeda as it existed before we went to Afghanistan and destroyed it," Mr. Sageman said.

As the latest plot suggests, he said, that does not mean total victory is at hand. "We won the war against the old Al Qaeda. But we're not winning against the global social movement that Al Qaeda was part of, because more and more kids are joining the movement," he said.

Michael Scheuer, a former head of the C.I.A. unit that focuses on Mr. bin Laden, says there may be more left of the old Al Qaeda than Mr. Sageman thinks. But he, too, doubts that Mr. bin Laden had anything to do with the airliner plot and emphasizes Al Qaeda's role as the inspiration and support for a broader movement.

"There are an amazing number of people who are connected to Al Qaeda" through training or funding, Mr. Scheuer said. "But the connection is not command and control."

Some government officials acknowledge privately that Washington has been slow to consider the possibility that the international jihad movement is without any central organization.

"We're still wrapped up in thinking that this is a hierarchical organization," said one intelligence official who spoke on condition of anonymity. "We have a major problem out there, because the fact is that there is no command and control, and there are so many copycats out there."

Top American officials said in their first comments after news of the arrests in Britain that the scheme bore "the hallmarks" of Al Qaeda. Media coverage dwelt at length on the possibility of ties to the group. The identification on Friday of Mr. Rauf appeared to nail down a connection.

Speculation about a possible role of another suspected militant still being sought in Pakistan, Matiur Rehman, an explosives expert, has added to the notion of a Qaeda role, though few agree on whether he is linked with the group's operations in Pakistan.

Mr. Rehman is a "person of interest" in the airliner plot but it is unclear whether he played a role, the intelligence official said. Even top intelligence officials are uncertain about what is left of Al Qaeda beyond its top two leaders, Osama bin Laden and Ayman al-Zawahiri, who are believed to be in hiding in Pakistan.

"Those of us in the counterterrorism community debate this all the time: what do we mean when we say 'Al Qaeda'?" said Brian Fishman, of the Combating Terrorism Center at the United States Military Academy. "There's a lot of disagreement."

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The West Point center has published a study of Al Qaeda documents that include an almost comically bureaucratic set of personnel rules on salary and vacation. One reads: "The salary of a married Mujahed brother is 1,000 Pakistani rupee. The bachelor Mujahed qualifies for a round-trip ticket to his country after one year from joining the organization."

The date of the documents is uncertain, but they clearly were written when Al Qaeda was based in Afghanistan between 1996 and 2001 and had the greatest freedom of action, Mr. Fishman said.

"It really looked like a corporate organization," he said. "But even then, bin Laden and Zawahiri saw their job as inspiring a movement of youth around the world. They were under no illusion that they could topple the United States on their own."

In fact, Al Qaeda was not for long the stable and hierarchical organization implied by its personnel policies. Much of the discussion of the group this week focused on the similarities between the foiled trans-Atlantic plot and an earlier failed scheme dating from 1994, the so-called Bojinka plan to bring down 11 airliners over the Pacific.

But contrary to widespread belief, said Paul R. Pillar, a former C.I.A. analyst now at Georgetown University, neither the Bojinka plot nor the 1993 attack on the World Trade Center were, strictly speaking, Al Qaeda operations. Both took place before Mr. bin Laden moved from Sudan to establish his base in Afghanistan in 1996 and intelligence officials believe neither was directed by him.

Ramzi Yousef, who is now imprisoned in Colorado, was involved in both the 1993 World Trade Center bombing and the Bojinka plot, in which Mr. Yousef's uncle, Khalid Sheikh Mohammed, also played a role. Only in 1998 did Mr. Mohammed formally join Al Qaeda, but his later role as the chief architect of the Sept. 11 attacks has led to the association of the group with the earlier plots.

Nonetheless, the invocation of Al Qaeda, and the still-chilling image of Mr. bin Laden, have provided an effective way to encapsulate and personalize the otherwise overwhelming threat of terrorism. In the same way, the image of Abu Musab al-Zarqawi, the head of the loosely affiliated branch of Al Qaeda in Iraq, came to stand for the entire Iraqi insurgency.

But the insurgency has continued uninterrupted since Mr. Zarqawi was killed in June. Similarly, the larger terrorist threat would likely not be significantly diminished if Mr. bin Laden and Mr. Zawahiri were killed, most specialists believe.

References to Al Qaeda by American officials have unmistakable political implications, as demonstrated by the Bush administration's bitterly disputed attempts to link Saddam Hussein to Al Qaeda to justify the invasion of Iraq. There are also legal implications, stemming in part from the Congressional authorization of military force approved days after the Sept. 11 attacks, which targeted those who "planned, authorized, committed, or aided" those attacks rather than terrorists generally.

But the focus on Al Qaeda reflects a natural human tendency to paint the enemy in understandable terms, Mr. Fishman said.

"The world is simpler when we have one enemy," he said. "When we talk about a social movement and self-radicalizing, homegrown groups, that's nothing like we have faced in the past."

Police Keeping Most Plot Suspects In Custody, Without Charges, Under Terror Law (WP)

By Joshua Partlow

The Washington Post, August 13, 2006

LONDON, Aug. 12 -- British police have prolonged the detention of all but one of two dozen suspects accused of plotting to explode multiple airplanes destined for the United States, authorities said Saturday.

A British court Friday evening approved a request to keep 22 of the suspects in custody until Wednesday even though they have not been charged, and one suspect's hearing was adjourned until Monday. Another was released without charge, according to Scotland Yard officials.

A police spokeswoman said the Terrorism Act of 2000 allowed authorities to detain the suspects for 28 days without charging them.

The names and ages of 19 of the suspects have been released. All have Muslim names, and most are in their twenties and live in London. Intelligence officials have said that more than half of the suspects have family ties to Pakistan.

Meanwhile, a group of leading British Muslim politicians and 38 Muslim groups sent a letter to Prime Minister Tony Blair in which they said the country's policies concerning the Middle East had contributed to a lack of security in Britain and abroad.

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"To combat terror, the government has focused extensively on domestic legislation. While some of this will have an impact, the government must not ignore the role of its foreign policy," the letter said. "The debacle of Iraq and the failure to do more to secure an immediate end to the attacks on civilians in the Middle East not only increases the risk to ordinary people in that region, it is also ammunition to extremists who threaten us all."

Kim Howells, the British Foreign Office minister, said in an interview with Sky News that "no government worth its salt would change its policy in response to terrorism."

Stricter security measures at airports in Britain remained in place Saturday, and travel disruptions continued, though to a lesser degree than in the previous days.

The British Airport Authority has asked all carriers to cancel as many as a third of their flights out of London's Heathrow Airport on Sunday in an effort to minimize the backlog of passenger luggage. British Airways canceled 10 flights into the United States and 58 flights to other European destinations. American Airlines canceled five flights from Heathrow, including three to New York's JFK International Airport.

Staff writer Kim Hart in Washington contributed to this report.

British Probe Eyes Brothers, Al Qaeda Link (WT/AP)

By Paul Haven, Associated Press

The Washington Times, August 13, 2006

LONDON -- The investigation into a plot to blow up U.S.-bound jetliners over the Atlantic zeroed in yesterday on brothers arrested in Pakistan and Britain, one named as a key al Qaeda suspect who left the family's home in England years ago and the other described as gentle and polite.

The brothers are Rashid and Tayib Rauf, whose father, Abdul, immigrated to Britain from the Mirpur district of Pakistan several decades ago. His five children were all born in Britain, the family said.

British authorities, meanwhile, warned against complacency, saying the detention of the Raufs and several dozen other Muslim suspects in the airliner plot had not eliminated the danger.

"No one should be under any illusion that the threat ended with the recent arrests. It didn't," Home Secretary John Reid told police chiefs at a breakfast meeting. "All of us know that this investigation hasn't ended."

While authorities in Pakistan believe they nabbed the main players in the plot, one intelligence official told the Associated Press that two or three suspects remained at large.

They include Matiur Rahman, a senior figure in the al Qaeda-linked Pakistani militant group Lashkar-e-Jhangvi. The official told the AP that one detainee mentioned Rahman during interrogation.

Five suspects learned bomb-making in al Qaeda training camps, Pakistan intelligence officials told the London Sunday Telegraph.

The five, who were not identified, also recorded "martyrdom videos," which were to be released by al Qaeda immediately after the attacks, the Telegraph reported.

Among the questions British police are studying is whether any of the suspects had links to the London subway bombers last year and how many visited Pakistan in recent months.

The suspects are reported to have traveled to Pakistan during the past 24 months and to have met with al Qaeda members. Some visited the region at the same time as London subway bombers Mohammad Sidique Khan and Shehzad Tanweer, the Telegraph said.

Confusion and disorder continued yesterday for passengers attempting to leave Britain by air, with up to a third of the flights from London's Heathrow Airport canceled. More disruptions were expected today.

At the Washington area's three main airports, however, security lines moved without significant delays, officials said.

A swirl of attention focused on the role that Rashid and Tayib Rauf may have played in the plot.

Rashid Rauf was arrested about a week ago along the Pakistan-Afghan border, and Pakistani officials characterized him as a "key person" in the airliner plot. They said evidence linked him to an "Afghanistan-based al Qaeda connection" but gave no details.

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His 22-year-old brother, Tayib, was taken into custody in Britain during the sweeps that nabbed 24 suspects here, and unconfirmed reports said a third brother might have been detained.

A great-uncle of the Rauf brothers said Tayib is partially deaf as a result of a childhood illness.

"He is very, very polite, the kindest person you could hope to meet," Qazi Amir Kulzum was quoted as saying in yesterday's edition of the Birmingham Post. "No one can believe that he would be involved in such matters."

The devout Muslim family is no stranger to the authorities.

The Raufs' terraced home was first searched during a 2002 investigation into the fatal stabbing of Mohammed Saeed, an uncle of the brothers, police said. Rashid Rauf was reportedly a suspect in the slaying and is thought to have left England for Pakistan shortly after the death.

The house was searched again in connection with a slaying during race riots in 2005.

Pakistan is questioning at least 17 persons, including Rashid Rauf and one other British national whose name has not been released.

A senior Pakistani security official told the AP that Rashid Rauf's arrest prompted an accomplice in the southern city of Karachi to make a panicked phone call to a suspect in Britain, giving the green light for the airliner plot to move forward urgently.

"This telephone-call intercept in Karachi and the arrest of Rashid Rauf helped a lot to foil the terror plan," the official said.

A second intelligence official, who described the accomplice as "inexperienced," also said the caller "alerted his associates about the arrest of Rashid Rauf, and asked them to go ahead."

More Suspects Sought In Alleged Bomb Plot (LAT)

By Kim Murphy And Josh Meyer

The Los Angeles Times, August 13, 2006

British and U.S. officials say other conspirators could be at large. They are also looking into whether parallel plans were in the works.

LONDON — British and U.S. officials warned Saturday against complacency after the arrests of suspects in an alleged plot to blow up passenger jets bound for the United States and said the search continues for more people who might have been involved.

"No one should be under any illusion that the threat ended with the recent arrests. It didn't. The threat, as well as our efforts, is ongoing," British Home Secretary John Reid said.

One U.S. intelligence official said that in addition to seeking more suspects, authorities were looking into whether a similar parallel plot might have been in the works.

"Are there concerns that there are more conspirators out there who wish to do us harm? Yes. That has been and continues to be the case; either people connected with this plot or who may have been trying to do something in parallel," said the official, who spoke on condition of anonymity because of the sensitivity of the investigation.

The U.S. official also confirmed that an alleged plotter in Pakistan sent word to conspirators in Britain, urging them to launch their attacks as soon as possible, apparently after one person was detained in Pakistan.

The authorities continued their search for links between 23 detainees in custody, many of them British natives of Pakistani origin, and at least 11 others, including the brother of one of the suspects, who are being held in Pakistan.

All are suspected of participating in a plot, allegedly nearing its final days, to smuggle liquid explosives aboard U.S.-bound airliners flying out of Heathrow. The Times of London reported Saturday that police were looking at possible links between the detainees and the perpetrators of a series of coordinated bombings on the London transit system in July 2005.

Some of those in custody appear to have visited Pakistan last year at the same time as two of the London bombers, the Times of London reported.

The U.S. official discounted published reports that the alleged plotters had selected a specific date for the attacks, saying intelligence suggested that the date, specific flights and other details were still in flux when the plot was disrupted.

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With no new arrests and few revelations about the plot, criticism in Britain began Saturday to focus on Prime Minister Tony Blair's Middle East policy. Muslim leaders singled out the British government's participation in the Iraq war and Blair's failure to call for an immediate end to the fighting in Lebanon.

In an open letter to several newspapers, leaders of the Muslim community in Britain, including six lawmakers, said British foreign policy was "putting civilians at increased risk, both in the U.K. and abroad," and said the government should focus less on domestic anti-terrorism laws and more on its Mideast policy.

While emphasizing that "attacking civilians is never justified," the letter said "the debacle of Iraq and now the failure to do more to secure an immediate end to the attacks on civilians in the Middle East not only increases the risk to ordinary people in that region, it is also ammunition to extremists who threaten us all."

Blair is on vacation, but his office issued a statement saying "nobody could have worked harder" to bring about a cessation of hostilities in the region.

His allies went on the attack, with Transport Minister Douglas Alexander calling such arguments "dangerous and foolish."

"Frankly, no government worth its salt would allow its foreign policy to be dictated to under the threat of terrorism," Alexander told the BBC.

"I have no doubt that there are many issues which incite people to loathe government policies, but not to strap explosives to themselves and go out and murder innocent people," added Foreign Office Minister Kim Howells.

"I think it is very, very dangerous when people who call themselves community leaders make some assumption that somehow there's a rational connection between these two things," he said.

But Muslim leaders insisted that the government has too long ignored the political frustrations they said were increasingly driving young British Muslims toward extremism. A recent Times of London poll showed that 13% of British Muslims believed that the suicide bombers who perpetrated the July 2005 attacks were martyrs.

Shahid Malik, a Labor Party member of Parliament from an area that was home to one of the London transit bombers, said Israel's bombing campaign in Lebanon and Britain's failure to condemn it were issues of substantial frustration.

"Obviously, I think everybody would condemn Hezbollah and their actions," he said, "But it's critically important that we say the actions of Israel, and the relative inaction of us in the West, is contributing to increasing anger and frustration among Muslims in the U.K., in America and across the world," he said. "And invariably, if you're angry and frustrated, then you're more likely to be susceptible to voices that are sinister."

At the Muslim Council of Britain, Inayat Bunglawala said Saturday's statement came in response to a clear trend of increasing radicalism among Muslim youths in Britain.

"Whenever we ask about what may have contributed toward younger people turning towards extremist views, we keep hearing back from them that they feel our country's pursuing hostile policies toward other Muslims overseas," he said.

Mainstream Muslim organizations have to a degree been in "denial" about the extent of extremism among young British Muslims, Bunglawala said, but "there is also denial amongst the government as to whether some of their own policies may have contributed to undermining our country's security, and this is hindering our fight against terrorism."

Murphy reported from London and Meyer from Washington.

Suspects' Lawyer Criticizes Police (CNN)

By Dan Rivers

CNN, August 13, 2006

Police say they are unaware of any complaints

LONDON, England (CNN) -- The lawyer for two of the suspects rounded up in a possible plot to bring down as many as 10 trans-Atlantic flights on Saturday criticized their treatment at the hands of British police.

In an exclusive CNN interview, attorney Mudassar Irani listed a series of complaints, including the allegation that one of her clients had not received food and water for 26 hours.

Police arrested 24 people in connection with the alleged terror plot, although one man was released after it was determined he was an innocent bystander, Rivers said.

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Although the names of many of the detainees have been confirmed by the Bank of England, which has frozen their accounts, Irani was unwilling to confirm the identities of her clients, referring to them by letters of the alphabet assigned by police.

Both of the men are from the Walthamstow area of East London. They are 22 and 23 years old.

She complained she was able to meet with her clients for only five minutes on Friday.

The men told her they are being held in cold cells and that requests for blankets were refused.

Irani said she was able to brief the men only on events surrounding their arrests and the legal process.

One of the men alleged that police pushed him and targeted him with racial abuse, the lawyer said.

CNN has been unable to corroborate Irani's allegations. The Metropolitan Police tell CNN they have not been made aware of any official complaint about the detainees' treatment.

Irani said that the men were upset and had been crying.

She said her clients are shocked at what is happening, and were concerned about their families, whom police have moved from their homes into hotels. The men, she said, have not been allowed to call their families, contrary to their rights.

"She had not had any indication from the police as to what was going to happen next," Rivers said.

Police were preparing to move the men, who can be held for up to 28 days without charges being filed, from London's Paddington Green police station to Belmarsh prison, the lawyer said. Belmarsh is a maximum security facility regularly used to hold terrorism suspects.

Rivers said Walthamstow, where most of the men were arrested, is a fairly quiet, middle-class suburb where many Asians and Muslims live. A man who knows Irani's clients said they were polite and have jobs.

U.S. and British sources said one of the men in custody in Pakistan, Rashid Rauf, had a key operational role in the alleged plot. Rauf appeared in a local court before a magistrate Saturday, according to Pakistan's Interior Ministry.

3 Egyptian Students Are Arrested In Iowa (NYT/AP)

The New York Times/AP, August 13, 2006

WASHINGTON, Aug. 12 (AP) — Nine of the 11 Egyptian exchange students who recently entered the United States and failed to appear at their college program in Montana were in custody after three were arrested on Friday in Des Moines, officials said.

Immigration and Customs Enforcement agents tracked the three students from New York to San Francisco to Des Moines. They were arrested without incident on administrative immigration violations.

The three were Ahmed Refaat Saad El Moghazi El Laket, 19; Mohamed Ibrahim El Sayed El Moghazy, 20; and Moustafa Wagdy Moustafa El Gafary, 18.

The students were to attend a monthlong program at Montana State University in Bozeman. A group of 17 students arrived in New York on July 29. Six reported to Bozeman on time.

After Montana State repeatedly tried to contact the missing students, it notified officials at the Department of Homeland Security and registered the Egyptians as no-shows in a system to track foreign students that was developed after the Sept. 11, 2001, terrorist attacks.

None of the students are considered a terrorism risk. Immigration officials said the last two Egyptian students were still being sought.

3 Texans Arraigned On Terror Charges (WT/AP)

The Washington Times/AP, August 13, 2006

CARO, Mich. (AP) -- Three Texas men were arraigned yesterday on terrorism-related charges after police found about 1,000 cell phones in their minivan.

A magistrate set bond at $750,000 for each of the men, who are charged with collecting or providing materials for terrorist acts and surveillance of a vulnerable target for terrorist purposes.

Officials declined to say how the case relates to terrorism.

No pleas were entered at the arraignment at a district court in Caro, about 80 miles north of Detroit.

Maruan Awad Muhareb and Louai Abdelhamied Othman, both of Mesquite, Texas, and Adham Abdelhamid Othman of Dallas were stopped before dawn Friday after they purchased 80 cell phones from a Wal-Mart in Caro. Police said they found about 1,000 cell phones, mostly prepaid TracFones, in the minivan.

The men cooperated with police and the FBI for hours before their arrests Friday afternoon. They said they intended to sell the phones in Texas for a profit.

Authorities have said TracFones are often used by terrorists because they are not traceable. Cell phones can also be used to make detonators.

Mr. Adham and Mr. Louai Othman are in their early 20s, and Mr. Muhareb is 18. All are being held at the Tuscola County Jail, Caro police said.

Their arrests came three days after two men were arrested in Marietta, Ohio, where police said they piqued suspicions when they acknowledged buying about 600 phones in recent months at stores in southeast Ohio.

Investigators found information about airline flights and airports in their car.

The men, Ali Houssaiky and Osama Abulhassan, both 20 and of Dearborn, Mich., have been charged with two felonies -- money laundering in support of terrorism and soliciting or providing support for acts of terrorism -- and misdemeanor falsification. A preliminary hearing on the felony counts was set for Tuesday.

Terrorists Or Teens? (WP)

By Dahlia Lithwick

The Washington Post, August 13, 2006

At first blush, it's just outrageous. Across the country, teenagers are being tried as terrorists for plots to shoot their enemies in the lunchroom. In many cases, they have been charged under terrorism laws intended to keep us safe from al-Qaeda, not from anguished Goths with dreams of grandeur.

Prosecutors say that angry young men amassing guns and bombs really is terrorism; that the students killed in 1999 at Columbine High School are as much terrorism victims as the workers killed in the World Trade Center in 2001. Defense lawyers say these prosecutions are overblown; they allow prosecutors to claim huge victories against terrorism when they've just put a pimply misfit behind bars.

As is often the case, the truth lies somewhere in the middle. There is a difference between terrorists and teenagers, and using stiff anti-terrorism laws to ratchet up penalties and punish juveniles as adults obscures an important distinction. As Michael Greenberger, a law professor at the University of Maryland, recently told USA Today, charging troubled teenagers as terrorists "cheapens the war on terror." There's a profound difference between fundamentalist Islamic terrorism, domestic terrorism such as Timothy McVeigh's bombing in Oklahoma City and juvenile plots to shoot the cool kids in study hall. Charging all three classes of offenders as terrorists only serves to blur the already porous legal definition of terrorism. It suggests that the lonely kid who posts bomb threats on his MySpace page is the moral equivalent of Mohamed Atta.

But that lonely kid can prove to be a lethal kid, and, as Columbine's Eric Harris and Dylan Klebold, and D.C. sniper Lee Boyd Malvo, proved, the fact that you're in high school hardly matters when you've fatally shot someone. While it's clear that we shouldn't be using terrorism laws to prosecute teenage death threats, the striking parallels between fundamentalist terrorists and alleged school shooters offer intriguing insight into the policy strategies for addressing both.

The annual crop of Columbine wannabes flourished yet again this year. And where they once may have been charged with conspiracy or attempted assault, they are now charged as terrorists. Which probably rules out college.

In April -- timed, as ever, to coincide with the anniversary of the Columbine killings -- a string of disturbing plots emerged: Four New Jersey students, ages 14 to 16, were charged with first-degree terrorism on suspicion of plotting to massacre at least 17 people during lunchtime at Winslow Township High School on April 20, seven years to the day after Columbine. None of the students had been able to obtain weapons. In Kansas City, Mo., two 17-year-olds were charged with making terrorist threats in an alleged plot to use guns and explosives against Platte County R-3 High School, also timed to coincide with the Columbine anniversary.

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In Michigan, prosecutors are deciding whether to file terrorism charges against a 16-year-old Oxford boy accused of stockpiling homemade bombs, napalm and blueprints of his high school in his parents' basement. Also in Michigan, Andrew Osantowski, 18, of Macomb County was sentenced to at least 4 1/2 years in prison in June after a jury found him guilty of terrorism and making terrorist threats in a plot to massacre students at his suburban Detroit high school. Amassed in his home were an AK-47, pipe bombs, a Nazi flag, printed material about Adolf Hitler and a schematic diagram of his school.

One of the striking similarities in all these school shooting plots is this lack of originality. There's always the stupid Nazi flag. There's always the school schematic. There's usually a pornographically detailed written plan. It's as though the same adolescent drive to own the same style of Nikes as all the other kids animates a need to plot the exact same killing spree. And perhaps that is the parallel between the 9/11 terrorists and these would-be school shooters -- their fundamental passivity, failure of imagination and willingness to be led without thought.

There's another telling similarity between suicide bombers and teenage would-be suicide-shooters: A Secret Service study undertaken in response to the rash of school shootings in the late 1990s found that of the 41 teenage shooters studied -- ranging in age from 11 to 21 and with little commonality in family background, income or intelligence -- the only common links were depression and suicidal tendencies. Moreover, like suicide bombers, school shooters see themselves as victims. The report indicated that more than two-thirds of the school shooters felt persecuted or bullied. The motive for the shooting often was revenge. In that sense, too, school shooters could be compared to terrorists; they feel victimized and despairing, they hunger for revenge and they need to have their lives matter, even if only in hindsight.

One of the most pathetic details that emerged with last month's release of nearly 1,000 pages of previously confidential diary entries, notes and schoolwork of the two Columbine shooters was this: Sandwiched between the hatred and loneliness and alienation was a simple yet acute longing for girlfriends. As Newsweek reported , Klebold, 17 at the time, lamented, "I don't know what I do wrong with people (mainly women) it's like they set out to hate & ignore me." This is not unlike the longings of the fundamentalist suicide bomber, whose religious beliefs often lead to a complicated mix of desire for and loathing of women.

Certainly, there are differences between disaffected Goths and suicide bombers. The role that religion plays in the minds of the latter group cannot be underestimated. More broadly, teenagers are teenagers, and they are not criminally culpable in the way an adult might be, even when their attacks are as lethal. And because teenage boys with grudges are fundamentally different from men with liquid explosives, we should resist the temptation to use terrorism laws to prosecute them; even when those laws offer the prospect of longer sentences and trial in adult court.

Still, it may well be the case that the best legal analogy we have for teenagers plotting a repeat of Columbine in this country is religious terrorism. In both cases, the offenders are alienated and grandiose, bitter and vengeful. And although we shouldn't use laws fashioned for terrorists to try high-schoolers with homemade bombs, we should consider the parallels between them in fashioning laws to deter and punish both.

dahlia.lithwick@hotmail.com

Dahlia Lithwick covers legal affairs for Slate, the online magazine at www.slate.com.

Eavesdropping And The Election: An Answer On The Question Of Timing (NYT)

By Byron Calame

The New York Times, August 13, 2006

THE NEW YORK TIMES'S Dec. 16 article that disclosed the Bush administration's warrantless eavesdropping has led to an important public debate about the once-secret program. And the decision to write about the program in the face of White House pressure deserved even more praise than I gave it in a January column, which focused on the paper's inadequate explanation of why it had "delayed publication for a year."

The article, written by James Risen and Eric Lichtblau, has been honored with a Pulitzer and other journalistic prizes. But contradictory post-publication comments by Times editors and others about just how long the article was held have left me increasingly concerned about one key question: Did The Times mislead readers by stating that any delay in publication came after the Nov. 2, 2004, presidential election?

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In my January column, in which I refused to rely on anonymous sources, I noted that I was left "puzzled" by the election question. But I have now learned from Bill Keller, the executive editor, that The Times delayed publication of drafts of the eavesdropping article before the 2004 election. This revelation confirms what anonymous sources had told other publications such as The Los Angeles Times and The New York Observer in December.

A number of readers critical of the Bush administration have remained particularly suspicious of the article's assertion that the publication delay dated back only "a year" to Dec. 16, 2004. They contend that pre-election disclosure of the National Security Agency's warrantless eavesdropping could have changed the outcome of the election.

Since the Times article appeared, I have grown increasingly intrigued by changes in the way the delay has been described in the paper and in comments by Mr. Keller. A background paragraph in a follow-up article on Dec. 31 said, "The administration first learned that The New York Times had obtained information about the secret eavesdropping program more than a year ago." Mr. Keller also began using the "more than a year" language.

My decision to take another look at the extent of the delay came after reading Mr. Keller's response to an online question in April during "Talk to the Newsroom," a feature on nytimes.com. Eric Sullivan, from Waunakee, Wis., commented: "I'd like to know why you sat on the N.S.A. story. You probably changed the course of an election and likely history to come."

Mr. Keller's rather matter-of-fact acceptance of Mr. Sullivan's presumptions caught my eye: "Whether publishing earlier would have influenced the 2004 election is, I think, hard to say. Judging from the public reaction to the N.S.A. eavesdropping reflected in various polls, one could ask whether earlier disclosure might have helped President Bush more than hurt."

Mr. Keller, who wouldn't answer any questions for my January column, recently agreed to an interview about the delay, although he saw it as "old business." But he had some new things to say about the delay and the election.

Internal discussions about drafts of the article had been "dragging on for weeks" before the Nov. 2 election, Mr. Keller acknowledged. That process had included talks with the Bush administration. He said a fresh draft was the subject of internal deliberations "less than a week" before the election.

"The climactic discussion about whether to publish was right on the eve of the election," Mr. Keller said. The pre-election discussions included Jill Abramson, a managing editor; Philip Taubman, the chief of the Washington bureau; Rebecca Corbett, the editor handling the story, and often Mr. Risen. Arthur Sulzberger Jr., the publisher, was briefed, but Mr. Keller said the final decision to hold the story was his.

Mr. Keller declined to explain in detail his pre-election decision to hold the article, citing obligations to preserve the confidentiality of sources. He has repeatedly indicated that a major reason for the publication delays was the administration's claim that everyone involved was satisfied with the program's legality. Later, he has said, it became clear that questions about the program's legality "loomed larger within the government than we had previously understood."

But last week Mr. Keller e-mailed me a description of how that picture had changed by December 2005, and it cast some new light on the pre-election situation for me. It implied that the paper's pre-election sources hadn't been sufficiently "well-placed and credible" to convince him that questions about the program's legality and oversight were serious enough to make it "responsible to publish." But by December, he wrote, "We now had some new people who could in no way be characterized as disgruntled bureaucrats or war-on-terror doves saying we should publish. That was a big deal."

Holding a fresh draft of the story just days before the election also was an issue of fairness, Mr. Keller said. I agree that candidates affected by a negative article deserve to have time — several days to a week — to get their response disseminated before voters head to the polls.

So why did the Dec. 16 article say The Times had "delayed publication for a year," specifically ruling out the possibility that the story had been held prior to the Nov. 2 election? "It was probably inelegant wording," Mr. Keller said, who added later, "I don't know what was in my head at the time."

Were the wording and the sensitivity of the election-day timing issue discussed internally? "I don't remember," Mr. Keller said in an interview. He does remember discussing that "I wanted to own up to holding it." And The Times does deserve credit for disclosing that it had held the story.

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It was more than inelegant, however, to report flatly that the delay had lasted "a year." Characterizing it as "more than a year," as Mr. Keller and others later did, would have been technically accurate. But that phrase would have represented a fuzziness that Times readers shouldn't have to put up with when a hotly contested presidential election is involved.

Given the importance of this otherwise outstanding article on warrantless eavesdropping — and now the confirmation of pre-election decisions to delay publication — The Times owes it to readers to set the official record straight.

Identifying Contributors

Inviting outside experts to write essays, commentaries and columns about their field can provide valuable insights to Times readers. But because they hold non-journalism jobs that are their primary means of income and professional fulfillment, readers can question how much those career endeavors influence what these experts write.

While the inherent conflict can't be eliminated, full disclosure of the positions held by outside contributors can defuse reader suspicions that otherwise could take root in the absence of the facts. But a check of The Times reveals that not all of these contributors are being identified by the job they hold, and it's not clear that any paper-wide standards are being applied consistently.

This concern over disclosure doesn't involve all outside contributors. The bulk of the army of freelancers used by The Times isn't at issue here because journalism or writing typically constitutes their principal job. And contributors to the weekly Book Review and the Op-Ed pages are already being identified.

I'm not suggesting any journalistic sins by contributors with careers outside journalism, but here are a few examples where disclosure could help allay reader suspicions about possible hidden agendas.

One reader asked recently why Samuel G. Freedman, a writer of the On Education column, is not identified as a professor at Columbia, where he teaches journalism. His editor doesn't think it's necessary because Mr. Freedman doesn't devote entire columns to Columbia or journalism schools. But I feel his Columbia position is relevant to his writing about education, and disclosing it would be beneficial especially because his "sgfreedman@nytimes.com" e-mail address listed with each column could lead readers to think he's on the staff.

Peter Steinfels, the respected writer of the Beliefs column, isn't identified in any way. He is co-director of the Fordham Center on Religion and Culture and a member of the faculty at Fordham University, a Catholic institution. Catholics and Catholicism are frequently mentioned in Beliefs, although Mr. Steinfels sees only eight of his past 45 columns as "really dwelling on matters specific to Catholicism."

Many of the medical doctors who write essays and commentaries for the Health & Fitness pages of the Science Times section are not identified beyond the "M.D." in their bylines. Based on the queries I have received, I think readers would like to know what kind of medicine these doctors practice and where.

HOMELAND RESPONSE:

Young Muslim Rage Takes Root In Britain (WP)

By Kevin Sullivan And Joshua Partlow

The Washington Post, August 13, 2006

Unemployment, Foreign Policy Fuel Extremism

LONDON, Aug. 12 -- Naweed Hussain sat in his little real estate office Friday, trying to focus on spreadsheets instead of the angry clatter outside.

Furious young Muslim men crowded around the local mosque on his street, surrounded by television cameras. They complained that their friends, other young Muslim men from Walthamstow, in East London, had been unfairly accused of plotting to blow up airliners. Police guarded the home of one suspect in what authorities call a plot to kill people on an "unimaginable" scale, allegedly planned right here in Hussain's working-class neighborhood.

"Why is it not happening in some other country?" wondered Hussain, 53, a soft-spoken man in a tie and black-rimmed glasses who has lived here since he migrated from Pakistan 40 years ago. "Why is it happening here?"

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The answer is that Britain has become an incubator for violent Islamic extremism, fueled by disenchantment at home and growing rage about events abroad, including the wars in Iraq and Afghanistan.

Four bombers killed themselves and 52 others in attacks on the London public transit system on July 7, 2005 , followed by an almost identical but failed attack two weeks later. Last month Metropolitan Police Commissioner Ian Blair said that at least three "serious conspiracies" had been disrupted in the previous 12 months. Then this week, police said they thwarted a plot to blow up as many as 10 airliners flying from Britain to the United States that could have killed thousands.

In one of Europe's largest Muslim communities, young men face a lack of jobs, poor educational achievement and discrimination in a highly class-oriented culture. Prime Minister Tony Blair is the most outspoken ally of President Bush, and their policies in Iraq and Afghanistan are seen by many Muslims as aimed at Islam.

Britain's long tradition of tolerance has made it an oasis for immigrants and political outcasts from around the world, with its large influx of Pakistanis and other Muslims leading to the nickname Londonistan. Especially during the 1980s and 1990s, Britain became the refuge of choice for scores of Islamic radicals who had been expelled or exiled from their home countries for their inflammatory sermons and speeches.

More than any other country in Europe, Britain is struggling to cope with a surge in recruits and supporters of radical Islamic networks, according to interviews with British Muslims, and European and British counterterrorism officials and analysts. Officials said the threat is growing much faster than British authorities had expected or planned for.

"The U.K. is at the forefront of the wrath of extremists," said Magnus Ranstorp, terrorism researcher for the Swedish National Defense College in Stockholm.

The British security service, known as MI5, disclosed last month that it had about 1,200 Islamic militants under surveillance who were considered capable of carrying out violent attacks. Peter Clarke, the head of Scotland Yard's anti-terrorism branch, said police were engaged in 70 separate terrorism investigations, the most ever. "This is unprecedented and the flow of new cases shows no sign of abating," Clarke said. "If anything, it is accelerating."

Since the July attacks, Blair's government has toughened anti-terrorism laws, making it a crime to "glorify" terrorism and easing procedures for deporting clerics and others who advocate violence. The government has increased the number of Muslim police officers on the beat and conducted extensive outreach in Britain's Muslim community, which officially numbers 1.6 million people but is widely believed to be 2 million or more.

The attacks last summer, and this week's disclosure of a plot to bomb jumbo jets from the sky, have created a sense of unease not often seen in a nation that stoically endured some of World War II's worst bombings and a 30-year campaign of violence by the Irish Republican Army. Being a target of a new kind of terror -- one without specific demands, that seems to many here to be motivated by vengeance and hate -- has created a new uncertainty.

"There is more nervousness now between communities and about the future," said Colin Sumers, 32, an information technology consultant from Bournemouth. "Where is this all heading? How do you answer these problems? What do these terrorists want?"

Asghar Bukhari of the Muslim Public Affairs Committee, which advocates Muslim involvement in the democratic process and opposes violence, said, "It's not hard to comprehend the mind of a Muslim." He said young British Muslims look around the world and "everywhere they are getting bombed," so they increasingly respond by saying, "Don't just sit down and take it -- let's fight them."

Harming the United States clearly remains a top priority of al-Qaeda and other radical groups, and the plot uncovered this week allegedly involved planes heading to major U.S. cities. But officials said Britain is an increasingly enticing target for extremists eager to strike back at the West, particularly Bush and Blair.

"This is the second-best thing," Ranstorp said. "You can't get to the United States? Punish Britain. Punish the little brother."Seeds of Radical Islam

Sitting in his office in Walthamstow, Hussain said he has watched with dismay as his neighborhood has grown more angry in recent years. "I never expected anything like this," he said, working at a wooden desk by the window, under a framed map of England.

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Since he arrived in Walthamstow as a 14-year-old boy from Islamabad, Pakistan, Hussain has seen the neighborhood's industrial past fade away and the South Asian immigrant population swell, part of the great migration of people from around the world -- including many former British colonies -- that has made London one of the world's most diverse cities.

Little is known about the background or motives of suspects in the latest case. The 19 suspects who have been publicly identified all have Muslim names; 14 are from London, including several from Walthamstow; four are from High Wycombe, a quiet suburb west of London; and one is from the city of Birmingham. They range in age from 17 to 35, all but three of them in their twenties. Friends interviewed in Walthamstow said the suspects were either born in England or were from families who have lived for many years in London. Police have released no further information about them.

Hussain said many Pakistani immigrants moved out of tiny apartments cramped with relatives and now own multiple cars and houses and flourish financially. But over the years, he has also seen the seeds of radical Islam grow around him.

Despite the prosperity of some Muslims, statistics released by the government earlier this year showed that unemployment rates were higher among Muslims than for any other religion. Among Muslims aged 16 to 24, almost 28 percent were unemployed, compared with about 12 percent of Britons overall in that age group. Many here argue that isolation and disenchantment among young Muslims provides a fertile environment for extremist groups recruiting new members.

"Whoever teaches or preaches or brainwashes them, the police need to stop them," Hussain said.

Menzies Campbell, leader of the Liberal Democrats and a leading opponent of Blair's government, said the reasons young Muslims turn to violence are more complicated than simply economic and social disadvantages.

"I used to think it was about having a stake in society, about people having poor housing and poor education," he said. "But the more you look at it, explaining it away as a lack of a stake in the success of the country might not be the easy answer some people think it is."'Democracy by Force'

"The root is foreign policy," said Bukhari, who has emerged in the past year as a leading voice of the young Muslim community. "Only a half-wit wouldn't understand that this is about" British and American policies in the Middle East.

Ahmed Versi, editor of the Muslim News, said he receives at least two e-mails a day with pictures of dead bodies: Muslims who have been killed in conflicts around the world -- most recently in Lebanon, where Israel is fighting Hezbollah -- an effort widely seen here as backed by the United States and Britain. He said the photos are part of mass mailings to e-mail lists across the Muslim world, which inflame sentiments and aid recruiting by extremist groups.

"Young children torn to pieces, killed by the Israelis," Versi said. "Iraq is also a major cause. Young people see these pictures."

Ehsan Hannan, spokesman for the London Muslim Center, said British foreign policy, which she said advocates the "spread of democracy by force," was creating enough anger to push some people from anger to violence.

On Friday, several leading Muslim politicians and 38 Muslim groups, including the moderate Muslim Council of Britain, wrote to Blair calling for "urgent" changes to British foreign policy, arguing that the "debacle" of Iraq and other policies in the Middle East had put British civilians at risk at home and abroad.

On Friday afternoon, dozens of Muslim men came to the Darul Uloom Qadria Jalani mosque near the house of another Walthamstow suspect. After prayer services, many of the men denounced the British government, the United States and Israel -- which many see as allied against Islam.

"It's George Bush's policy that got us here today," said one worshiper, a law student, who declined to give his name. "It's his wars that have breeded the mentality and hate that is here today. And what we're angry about is that our Prime Minister Tony Blair doesn't represent the beliefs of the people."Feeling Under Siege

On Sept. 11, 2001, Hussain was managing a retail electronics shop, surrounded by television sets that replayed the attacks on the World Trade Center and the Pentagon over and over. "It is still in my mind," he said.

Since that day, and especially since the bombings in London last year, many British Muslims have felt under siege, discriminated against and feared for having a beard or dressing in traditional Muslim clothing. When the news broke this week of the arrests in the alleged bomb plot, one of Hussain's two daughters, Afsheen, 15, asked him: "Why do they call them Muslim terrorists? Are we like that?"

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Hussain said when he walks around the city, people look at him and draw conclusions about him because he is a Muslim. He said that angers him, but he has also felt suspicious of others. Last weekend, when his brother visited London, Hussain rode on the subway to Piccadilly and Trafalgar Square to go sightseeing. It was his first subway ride since the bombings last year. "I saw someone carrying a big bag and it did cross my mind, you know: There could be a bomb in there," he said. "If it was a bearded man, it would have been worse."

Still, many young Muslims believe they have been unfairly targeted by police. Scotland Yard released statistics on Friday showing that 1,047 people had been arrested under the Terrorism Act between September 2001 and the end of June. Of those, only 158 were eventually charged with offenses covered by the law. Officials did not say how many of those arrested were Muslims. But Muslim officials have complained that the vast majority of those arrested were Muslims, and that the low number of people charged suggests that most of the arrests were unwarranted.

Many Muslims have been especially skeptical of the police since last summer, when officers shot and killed an innocent Brazilian electrician they mistook for a terrorism suspect. Then in June, police conducted a massive raid in the Forest Gate neighborhood of East London and arrested two brothers they suspected of preparing a chemical attack on London. Police shot one of the brothers during the raid and later released the men with an apology, saying officers had acted on incorrect intelligence.

In East London on Friday, many people said that the police track record made them skeptical that the 23 suspects still in custody were guilty. "They said this was intelligence-driven and we have seen intelligence of the British," said Hamza Qureshi, 20, a student.'Muslim First and Foremost'

"Britain became the center of gravity for militant causes in Europe in the latter half of the 1990s and this made a very solid base for radicalization," said Petter Nesser, an analyst at the Norwegian Defense Research Establishment who studies radical Islamic networks in Europe.

Welcoming immigration regulations combined with strict European Union human rights standards have often made it tough for Britain to expel the most radical of the newcomers. While Britain in recent months has eased deportation laws to try to get rid of several clerics who advocated violence, human rights laws have prevented deportations to countries such as Syria and Algeria, where deportees could be subject to torture or other inhumane treatment.

Courts have repeatedly sided with nine Afghans who hijacked an Ariana Airlines plane in 2000, took its passengers and crew hostage and flew to Britain. They requested political asylum status, arguing they would be persecuted by the extremist Taliban government that was then in place. After serving relatively short jail terms, the men have won court decisions preventing their deportation to Afghanistan. Blair called such decisions an "abuse of common sense," but judges have responded that they are simply enforcing the law.

Blair and other British officials have also lamented the failure of many in the Muslim community to fully integrate into British society, preferring to live instead in neighborhoods where they rarely mix with others.

"The identity of Muslims in the U.K. is Muslim first and foremost and British second," Ranstorp said, echoing a recent Pew global survey of Muslim attitudes that found that 81 percent of British Muslims who responded agreed with that sentiment. Only Pakistan had a higher percentage of people who considered themselves Muslims first, the survey showed.

Correspondent Craig Whitlock and staff writer Anushka Asthana in Washington and special correspondent Alexandra Topping in Isle of Wight, England, contributed to this report.

Many Muslims In Britain Tell Of Feeling Torn Between Competing Identities (NYT)

By Sarah Lyall And Ian Fisher

The New York Times, August 13, 2006

LONDON, Aug. 12 — As a Muslim, Qadeer Ahmed says, he believes that violence against civilians is never justified. But as a British Muslim, he is not surprised to find the country once again at the center of a reported terrorist plot by homegrown extremists.

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"When people say it's Bush and Blair against the world, it's difficult to argue with them," said Mr. Ahmed, 37, a leader of the largest mosque in High Wycombe, where half a dozen young British Muslims were among the 24 arrested Thursday in what the authorities said was an elaborate plan to blow up planes on trans-Atlantic routes.

Despite government efforts over the last several years to reach out to community leaders — a tricky proposition, given that Muslims hardly speak with one voice — many Muslims have hardened their resentment of their country.

British policies in Afghanistan and Iraq, and now in Lebanon, are just the most recent in a long list of grievances — cultural, economic and political — among Muslims here. For a few, that has manifested itself in extremism and violence. For many others, it has meant a sharpening of a continuing struggle between two competing identities.

In a recent poll of Muslims in 13 countries conducted by the Pew Global Attitudes Project, 81 percent of those surveyed in Britain said they considered themselves Muslims first and Britons second. That contrasts with Spain, where 69 percent of those surveyed considered themselves Muslims first and Spaniards second; Germany, where the comparable number is 66 percent, and even Jordan, with 67 percent.

Britain has never aspired to be a melting pot, and even second- and third-generation immigrants in England are likely to identify themselves — and, more significantly, be identified by the English — as belonging to their family's country of origin.

"In the U.S., people routinely talk of Irish-Americans, Portuguese-Americans, You Name It-Americans, but have you ever heard the English talk that way?" asked Roger Ballard, director of the center for applied South Asian studies at the University of Manchester. "The English have always had, since the days of the Reformation, this strong commitment to homogeneity."

For Muslims, with their adherence to religion in a country that is aggressively secular and their feelings of brotherhood with Muslims in the Middle East, the feelings of alienation are particularly acute.

"The war on terrorism is the war on us," said Mohammed Mowaz, 29, a computer engineer interviewed outside the Queen's Road Mosque in Walthamstow.

Nazim Akram, 23, an accounting trainee, said in an interview outside the mosque that he was skeptical about anything the authorities said, particularly after the botched raid by 250 officers in the Forest Gate section of London in June. After shooting a Muslim suspect, destroying his house, and arresting him and another Muslim man on suspicion of making chemical weapons, the police released them and said they had made a mistake.

Similarly, Mr. Akram said he believed that the suspects in the recent bombing case were "just normal guys."

Those who study Muslims in England say the current generation of young people — those whose fathers moved here in the 1960's to work in the textile mills in the Midlands and the north — is more inclined to be at odds with British society.

Many of the first wave of immigrants were from rural Pakistan, spoke poor English and never integrated much. But the generation that is coming of age now is caught between the traditionalism of their parents and the Western ideas they have been born in to, and the result can be toxic.

"They are deeply confused, because they have been brought up in Britain and are actually very Westernized," Mr. Ballard said. "They're seeking to discover an Islam through Western ideas." And, he said, they are rereading in literal terms.

Muslim ties to tradition are reinforced by frequent visits to where their families came from, and by arranged marriages to cousins who are likely to come from small Pakistani villages.

Feeling apart from mainstream society, finding it hard to get work in the depressed former mill towns near Manchester and Birmingham, some young men turn to local mosques — often run by imams who have moved from rural Pakistan themselves — as social, religious and educational centers.

Khalid Mahmood, a member of Parliament from Birmingham, said Muslims found it all too easy to shrug off the radicalization of some parts of their culture, particularly among young men.

"They are reluctant to discuss what reality is and come to terms with it," he said.

Mr. Mahmood is a friend of the family of Tayib Rauf, one of the suspects whose arrest was announced Thursday, and he said that the Rauf family was comfortably off and not in any way fundamentalist. He suspected, he said, that Mr. Rauf had become radicalized in college, perhaps by listening to a speech from a visiting speaker.

In a country where, for instance, Muslims were free to raise placards denouncing freedom of speech during a demonstration protesting the publication of cartoons depicting the prophet Mohammed, Mr. Mahmood said British tolerance had

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allowed extremism to flourish. "We've been reluctant to curb freedom of expression or religious rights," he said. "We've played host to people who weren't allowed in their own country of origin."

Some British Muslims are repelled by what they see as the decadence and libertinism of Western society, particularly obvious in Britain.

"Among younger Brits in urban areas, which is where most British Muslims live, we drink more alcohol faster, sleep around more, live less in long-lasting, two-parent families, and worship less than almost anywhere else in the world," the writer Timothy Garton Ash argued in The Guardian recently. "It's clear from what young British Muslims themselves say that part of their reaction is against this kind of secular, hedonistic, anomic lifestyle."

But Taji Mustafa, a spokesman for the British branch of Hizb ut-Tahrir, a nonviolent group advocating a unified Muslim government in Muslim countries, said rejecting Western permissiveness in the name of Islam does not breed extremism.

"People say, 'Oh, he became more religious,' " Mr. Mustafa said in an interview. "What does that mean? Well, instead of spending time at the pub, he may spend more time with his family. When someone says, 'I'm Muslim first,' does that mean, 'I want to go bomb the Underground?' Nonsense!"

If some Muslims see themselves as apart from British society, said Massoud Shadajares, chairman of the Islamic Human Rights Commission, the feelings are cruelly reinforced by the British.

As an illustration, Mr. Shadajares described how at the time of the World Cup tournament in June, a secular Muslim friend from Nottingham ducked in to a pub to find the England team's latest score.

"He walked in and said, 'Hey, guys, how are we doing?' " Mr. Shadajares said. "And one of the English guys said, 'I didn't know that Pakistan was playing today.' "

By the same token, when Sajid Mahmood, a cricket star of Pakistani descent, took the field with the English team this week against Pakistan, fans of Pakistani descent booed him and called him a traitor.

British Muslims Criticize Blair And Policies; Police Broaden Search For Evidence (NYT)

By Alan Cowell

The New York Times, August 13, 2006

LONDON, Aug. 12 — As he vacations in the Caribbean during one of his country's biggest terror alerts, Prime Minister Tony Blair of Britain came under renewed attack on Saturday from Muslim leaders who said his policies in Iraq and the Middle East provided "ammunition to extremists who threaten us all."

The criticism, in an open letter published in several newspapers, wove one more strand into the fabric of discontent clinging to Mr. Blair, who has aligned his country closely with the White House and led it into broadly unpopular conflicts in Iraq and Afghanistan.

The letter was inspired by official reports of a conspiracy to bomb trans-Atlantic airliners, which set off the country's highest level of alert last Thursday, brought air travel to and from London to a virtual standstill and provoked visions of as many as 10 United States-bound planes being attacked by British-born Islamic terrorists.

In the continuing investigation, British police officers on Saturday searched homes raided in the arrests. The police also acknowledged that they had broadened their quest for evidence, confiscating computer equipment from Internet cafes in Reading and Slough, west of London, both relatively close to High Wycombe.

Britain has been on its highest level of terrorist alert — "critical" — since the arrests in the early hours of Thursday. The level means that an attack is considered imminent.

Throughout Saturday, as passenger lines lengthened at Heathrow Airport in London because of heightened security precautions, airlines like British Airways and Ryanair, a low-cost operator, said airport authorities were failing to cope with the crisis.

Willie Walsh, the chief executive of British Airways, said the airline had canceled a quarter of its short-distance flights, and some planes had been taking off half-empty because passengers were being held up in lines for security searches. All passengers have undergone body searches since Thursday.

A British Airways spokesman said the airline finally suspended check-in for short-haul flights.

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Michael O'Leary, the chief executive of Ryanair, urged the deployment of police and army reservists to search passengers "immediately to prevent London's main airports from grinding to a halt over the coming days."

The security alert has been only the latest of many challenges for Mr. Blair.

Last week, as diplomacy over the Lebanon crisis unfolded in New York, government officials said Mr. Blair delayed his vacation to be seen working the phones as the effort to secure a United Nations cease-fire resolution pursued its apparently languorous course.

But after a weekend of phone calls, he left for the Caribbean, and just a few days later came Thursday's roundup of 24 terrorism suspects in the nation's newest terror alert — the most significant since the London bombings of July 2005. The contrast between photographs of Mr. Blair aboard a yacht off Barbados and the crisis back home inspired some sarcasm and lampooning.

"Crisis? Yacht crisis?" a front-page headline in the fiercely anti-government Daily Mail proclaimed next to a photograph of a smiling Mr. Blair aboard a yacht called "Good Vibrations." The political fallout from the crisis has been all the more marked because of an undeclared scramble between Deputy Prime Minister John Prescott and Home Secretary John Reid to present themselves as the national voice of calm and leadership during Mr. Blair's vacation.

The criticism of Mr. Blair's absence — and a call by some of his Labor Party legislators for the recall of Parliament — follows accusations by some Britons that the prime minister did not call for an immediate cease-fire in Lebanon and did not echo some other ministers, notably the former foreign secretary Jack Straw, who called Israeli tactics "disproportionate" to Hezbollah's missile attacks.

Rather, Mr. Blair allied himself closely with President Bush, depicting the struggle against Hezbollah as what he called part of an "elemental" battle to counter antidemocratic forces in an "arc of extremism."

But for some among Britain's 1.6 million Muslim minority, the Lebanon war provided yet more television images of Muslims coming under attack from a Western ally.

And as in the United States, where President Bush's reference to "Islamic fascism" this week has perturbed some Muslims, the arrests of terrorism suspects here has spread concern that Muslims are being unjustly stereotyped and persecuted.

Recently, 250 officers raided a home in East London, arresting two brothers and shooting one of them, only to release them without charge a few days later. That raid, in the Forest Gate area, became an emblem among Muslims of their vulnerability to wrongful police action.

In their open letter on Saturday, 38 Islamic organizations, three of the four Muslim legislators from the House of Commons and three of the four Muslim members of the House of Lords accused Mr. Blair of adopting policies that exposed the nation to terrorist attack.

The argument is that by joining the United States war on terror, Britain has joined what some Muslims call a war on Islam, stirring anger across the Islamic world.

"It is our view that current British government policy risks putting civilians at increased risk both in the U.K. and abroad," the letter said. Its signatories included the Muslim Council of Britain, which projects itself as the leading representative Muslim group, and peers such as Lord Patel of Blackburn.

"To combat terror the government has focused extensively on domestic legislation," the letter said. "While some of this will have an impact, the government must not ignore the role of its foreign policy."

It continued: "Attacking civilians is never justified. This message is a global one. We urge the prime minister to redouble his efforts to tackle terror and extremism and change our foreign policy to show the world that we value the lives of civilians wherever they live and whatever their religion."

Mr. Blair's spokesman, who spoke in return for anonymity under civil service rules, disputed the letter's assumptions.

"We should always remember that the terrorism affecting the West today has blighted Muslim countries for several decades," he said. "It certainly pre-dated our decision to support democracy in Afghanistan and Iraq and of course the Sept. 11 attacks."

The letter drew sharp responses from other officials as well.

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Douglas Alexander, the transport secretary, told BBC radio that "no government worth its salt should allow its foreign policy to be dictated to under the threat of terrorism." To do so, he said, would be foolish.

The foreign secretary, Margaret Beckett, said it would be the "gravest possible error" to blame foreign policy for the threat of terrorism. "This is part of a distorted view of the world, a distorted view of life," she said. "Let's put the blame where it belongs: with people who wantonly want to take innocent lives."

The newest terror alert led to huge changes in airport security, with passengers prohibited from taking carry-on baggage other than items such as wallets, medications and boarding passes. All liquids were also banned because of fears that the bombers had planned to use a liquid, the highly volatile chemical TATP.

The British police initially arrested 24 people in East London, High Wycombe, west of London, and in Birmingham. But by Saturday morning, one person had been released, leaving 23 held under British counterterrorism laws that permit 28 days of detention without charge.

One of the men picked up on Thursday, Asmin Amin Tariq, worked as a security guard at Heathrow airport, according to his neighbors. In New Delhi, Jet Airlines, India's biggest private carrier and Mr. Tariq's employer, said he was being suspended "pending a full investigation," Agence France-Presse quoted an airline statement as saying.

For the first time, a senior official in Germany, August Hanning, said there might be "some links" between the London suspects and Germany, according to an interview to be published Sunday in the newspaper Bild am Sonntag.

He did not give details, but a German magazine, Focus, said its Monday issue would say one of the British detainees had been in contact with the wife of a man accused of maintaining links with the cell in Hamburg used by the Sept. 11, 2001, attackers in the United States.

Groups Say British Support For War In Iraq Encourages Extremists (MCT)

By Matthew Schofield

McClatchy Newspapers, August 13, 2006

LONDON - British Prime Minister Tony Blair's support for wars in Iraq and Lebanon provides "ammunition to extremists," according to an open letter published in newspapers here Saturday and signed by leaders of prominent British Islamic groups.

The letter, endorsed by three members of Parliament and three British peers, in addition to the 38 organizations, notes: "The debacle of Iraq, and now the failure to do more to secure an immediate end to the attacks on civilians in the Middle East, not only increases the risk to ordinary people in the region, it is also provides ammunition to extremists who threaten us all."

While urging Blair to " do more to fight against all those who target civilians with violence, whenever and wherever that happens," the writers contends that "current British government policy risks putting civilians at increased risk both in the UK and abroad."

Foreign Minister Kim Howells responded sharply on Saturday.

"I have no doubt that there are many issues which incite people to loathe government policies but not to strap explosives to themselves and go out and murder innocent people," Howells said. "There is no way of rationalizing that. I think it is very, very dangerous when people who call themselves community leaders make some assumption that somehow that there's a rational connection between these two things."

In other developments Saturday, Home Secretary John Reid said that while authorities believe the main suspects have all been found, they are not to a point where they "can or should stop searching. That is why the alert level remains at critical."

"All of us know that this investigation hasn't ended," he said.

Beginning to become evident is how deeply into normal British life those apprehended were.

Abdul Waheed, 20, for example, had recently converted to Islam from a Methodist upbringing, when he was Don Stewart-Whyte. His half sister Heather Stewart-Whyte is a model and former girlfriend of tennis star Yannick Noah. His parents are Tory activists.

Umar Islam, 28, was born Brian Young, also a Christian until converting three years ago, because, friends said, he was troubled by the decadence of the West. He is a postman, and married with a young son. Assan Khan, 21, is a trainee probation officer. Waheed Zaman, 23, is a biochemistry student, studying to be a doctor.

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For their part, Britons seemed unfazed at finding alleged terrorists again in their midst.

Col. Christopher Langton, head of the Defense Analysis Department for the London-based International Institute for Strategic Studies, said they'd grown accustomed to homegrown terrorism after decades of experience with the Irish Republican Army. And just across the English Channel many other varieties of domestic terrorists have lived - and died spectacularly - in Spain, Germany and Italy.

"There is an acceptance here that we have to work through terrorism, rather than combat it," he said. "Terrorism here isn't an act of war, it's nothing more than a crime."

Sometimes the authorities win, Langton continued, but "counter-terrorism in Europe is a very old game.

"This time we've learned the security services were extremely well coordinated. But nobody thinks this is the end of the game."

Post-9/11 FBI Shifts Its Focus To Terror (PPG)

By Torsten Ove, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, August 13, 2006

Agency's traditional role in bank robbery handed over to local authorities

On Sept. 12, 2001, FBI Director Robert S. Mueller gathered the troops.

"I'll never forget it," said Ken McCabe, former head of the FBI in Pittsburgh. "He was leaning on a table, one finger pointing, and said, 'We can never let this happen again.' "

The agency's mission had just changed, he said, from being reactive to proactive -- stopping another attack at all costs.

Since that day, the FBI has devoted unprecedented resources to foiling terrorism, working with police and intelligence agencies around the world to disrupt plots like the one uncovered in England last week.

But as a result, the agency -- which enforces some 300 criminal statutes -- has cut back substantially on pursuing bank robbers, fugitives, drug dealers and other traditional criminals, leaving them to other law enforcement.

Counter-intelligence has always been a priority at the FBI, but it's now consuming so much time and manpower that the agency has de-emphasized some of its crime-fighting roles in some offices.

Like busting bank robbers.

Bank heists are part of the agency's lore. In Hogan's Alley, the fake town where agents are trained in Quantico, Va., recruits still train to handle mock bank robberies. The town even contains a replica of the Biograph Theater named for the Chicago movie house where the FBI tracked down bank robber John Dillinger in 1934.

But the FBI now lets police pursue many bank jobs. In Pittsburgh, city police handle most of them; the FBI still goes out on county cases.

The FBI has also pulled agents from various task forces combatting guns and drugs, stopped hunting fugitives and pulled many of its top agents from crime-fighting to its terrorism task forces, which include local police officers and other federal agents.

Congress has also provided money for the FBI to hire hundreds of intelligence analysts whose job is to "connect the dots" by sharing information with the CIA, National Security Agency and the rest of the intelligence community.

There has been some concern that garden-variety criminals might take advantage of all this distraction and that Congress should allocate a separate budget for terrorism within the FBI.

Crime tends to be cyclical -- what goes around comes around, said Edward Turzanski, a political analyst and intelligence expert at La Salle University in Philadelphia. "What tends to happen, invariably, is that old problems resurface."

But he also said the FBI has always been fluid, shifting its resources to meet the needs of the day.

La Roche College Professor Lawrence Likar, a former supervisor in the Pittsburgh FBI office, said the agency retooled to deal with German espionage in World War II, civil rights violations in the 1960s and Soviet spies during the Cold War.

He said much of agents' time was inevitably wasted tracking down bad leads in such major initiatives, but there were successes, too.

"When you look at every major incident in the history of the country, the FBI has been smack in the middle of that," he said.

This time it's terrorism -- and other agencies have to pick up the slack.

"When this [shift] was done, Mueller met with the heads of all the other agencies," said Mr. McCabe. "He said we're pulling out of DEA task forces, out of ATF task forces, out of the marshals' task forces. And you guys are going to have to step up."

The FBI still devotes many of its 12,500 agents to organized crime, white-collar crime, narcotics and public corruption.

And many of those investigations overlap with counter-terrorism, particularly in the way terror networks are funded through money-laundering, credit card fraud and narcotics trafficking.

"We're seeing a nexus of terrorism and the drug trade working together," said Professor Turzanski. "They do have a common cause. Terrorists very often resort to various forms of financial fraud."

Jeff Killeen, spokesman for the Pittsburgh office, said the agency is able to fight terrorism and still pursue other crimes.

The busiest unit in this region these days is the one no one knows anything about: the Joint Terrorism Task Force, headquartered at the Pittsburgh FBI office with squads in Erie and West Virginia.

Every day its cadre of police officers, analysts and agents coordinate with their counterparts in each of the FBI's 56 field offices.

"There's work to do here, there's work to do everywhere," said Agent Killeen. "The stakes are too high. I think there's a lot of tension. Stress levels are high. No one wants to be wrong."

Especially since the FBI took much of the blame for 9/11 after it was revealed that field agents knew the hijackers were up to something but couldn't get the brass to authorize an investigation.

"That's why they feel the pressure not to get things wrong," said Professor Turzanski. "The FBI had a self-image, largely well-earned, of being the pre-eminent law enforcement entity in the world. It goes beyond pride. It's real defensiveness."

The nature of the job has changed from indictments and convictions to probing and watching -- with no measurable results to gauge performance.

That can be demoralizing for some agents.

The work of the Joint Terrorism Task Force is classified. But chasing down leads, many of them bogus, is obviously a big part of the job now just as it was immediately after 9/11.

"You can't let leads go," said Mr. McCabe.

Some threats are more concrete.

Page 59 of the 911 Commission report, for example, contains a specific mention of Pittsburgh in connection with Osama bin Laden's terror network:

"A Muslim organization called al Khifa had numerous branch offices, the largest of which was in the Farouq mosque in Brooklyn. In the mid-1980s, it had been set up as one of the first outposts of Azzam and bin Laden's MAK. Other cities with branches of al Khifa included Atlanta, Boston, Chicago, Pittsburgh and Tucson."

The report goes on to say that al Khifa recruited American Muslims to fight in Afghanistan and that some of them participated in al-Qaida terror attacks, including the 1998 attacks on U.S. embassies in Africa.

Al Khifa is no longer functioning here.

Sizing Up The People Who Tell Us To Take Our Shoes Off (NYT)

By Sewell Chan And Richard Pérez-peña

The New York Times, August 13, 2006

After the Sept. 11 attacks, no item on the federal agenda was tackled as quickly and broadly as aviation security.

There were calls to secure cockpit doors, hire armed air marshals, update passenger “watch lists” — Washington was inundated with ideas for preventing a jetliner from being hijacked and destroyed again.

In less than three months, a split second in Beltway time, Congress and President Bush had agreed to one of most crucial proposals: a new corps of federal workers to screen passengers and bags at airports.

With the disclosure last week of a plot to bomb airplanes flying over the Atlantic with liquid or gel explosives, those workers are again a focus of attention as a vital line of defense against terrorism. But it is a seriously flawed line, some security consultants and government officials say. The federal workers under the Department of Homeland Security who replaced the screeners hired by private contractors remain a weak link in aviation safety.

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In exercises by undercover government workers, and experiences with real passengers, screeners repeatedly failed to prevent weapons from being taken aboard airliners. And their ranks have shrunk since 2003 even as air travel has increased.

The screeners — who experts emphasize are better over all than when they were hired by private contractors — still earn relatively low wages, have a high rate of attrition, receive what many regard as too little training and operate inadequate equipment.

It is this 43,000-person workforce that is now responsible for enforcing the new ban on most liquids in carry-on luggage, and making nuanced distinctions between suspicious substances and innocuous ones.

Representative John L. Mica, a Florida Republican who was an architect of the current system, said its record was so dismal that a drastic overhaul was needed.

"If the system implodes,'' he said, "it might be one of the better things, because it might force action."

The answer, he said, is to invest heavily in technology that can detect weapons, and rely less on human skills — a view seconded by some security experts.

Yolanda Clark, spokeswoman for the Transportation Security Administration, part of the Homeland Security Department, disputed criticism of the agency, saying that the screeners were well trained and effective.

More important, she said, they are "just one of many" levels of protection. There is more robust security than in 2001, she said, including more luggage X-ray machines, air marshals and chemical detection devices.

Her agency, created two months after 9/11, had a rocky start — millions wasted in the rush to hire, reliance on dubious contractors, even an inability to pay people on time, according to several government reports.

Among the most serious problems that were discovered was that the agency hired hundreds of screeners with criminal records, in some cases for felonies as serious as manslaughter and rape. Reports of thefts soared as more bags than ever were inspected by hand.

"T.S.A. was so focused on meeting the Congressional deadlines that they cut a lot of corners," said Clark Kent Ervin, who was inspector general of the Department of Homeland Security in 2003 and 2004.

Ms. Clark, the spokeswoman, said those early problems were corrected long ago. But critics say problems remain with salaries, training and attrition.

The starting salary for screeners is less than $24,000, and some are hired without high school diplomas. People who do specialized work like reading X-rays are no better paid those who ask people to take their shoes off.

Each year, fewer than 20 percent of screeners leave the job, Ms. Clark said. But the agency has such trouble keeping up with those losses that this year it began paying a $500 bonus to anyone who lasts a year.

Ms. Clark said the screeners receive 60 hours of classroom training and 40 hours on the job, as well as periodic retraining. Some 18,000 of them received special training in recognizing explosives and bomb parts.

Yet the Government Accountability Office reported in April that investigators slipped bomb components past checkpoints at all 21 airports tried. The components could be combined onboard to make an explosive — the very strategy British authorities say plotters in England planned to use.

Ms. Clark declined to address the specifics of that report, but she called it flawed.

Passengers have their own tales of lapses. At Kennedy International Airport on Friday, two travelers, Lee and Annie Barreiro of Florida, said that they had recently taken a steak knife past a security checkpoint in their hometown airport. "They let a lot get through," Mr. Barreiro said.

Private security experts say the airport screeners would be hard-pressed to stop sophisticated terrorists.

"These screeners were not particularly well trained to do the jobs they were hired to do, and now they're having something completely different thrown at them," said Michael J. Boyd, president of an aviation and security consulting firm in Evergreen, Colo.

Like Representative Mica, he said technology must play a bigger role.

But Mr. Ervin said: "Technology is ultimately only as good as the people operating it. They need to be better trained and supervised."

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Richard W. Bloom, a psychologist and counterterrorism expert at Embry-Riddle Aeronautical University in Prescott, Ariz., said the government should stop having screeners do the same rote tasks hour after hour. “How long can you look at a screen before any normal person is going to lose their performance efficiency?” he asked.

The system has its defenders, like Representative Dan Lungren, a California Republican and member of the Homeland Security Committee, though he said his confidence in it was new. He said that Kip Hawley, administrator of the Transportation Security Administration — the fourth in that job since 2002 — has responded nimbly to new threats, like liquid explosives. And he praised the decision to lift a post-9/11 ban on items like nail clippers and small scissors.

In each of the last two years, the Bush administration has asked for a big increase in the $5 security fee added to a round-trip ticket price, contending that it was needed for improved screening. The airline industry has strenuously fought the proposal. Last year, Congress rejected the request, and it has not yet acted on this year’s.

Questions Raised About Airport Staffing (AP)

By Leslie Miller

AP, August 13, 2006

The ban on carrying liquids and gels onto airliners will continue indefinitely, raising questions about whether there are enough airport screeners to do the added work.

The restrictions are part of tighter airline security ordered by the Transportation Security Administration Thursday in the wake of a foiled terror plot. The alleged conspirators planned to blow up as many as 10 planes flying from Britain to the U.S. using liquid explosives — which the TSA's security equipment can't detect in carry-on luggage.

Since Thursday, screeners have searched more carry-on luggage by hand. They also randomly checked passengers at airport gates to make sure that they hadn't bought toothpaste or drinks at airport shops after going through a security checkpoint.

The TSA, though, is limited by law to have 45,000 screeners. That's not enough to do the job right at the 450 commercial airports the agency protects, according to congressional Democrats.

Homeland Security Secretary Michael Chertoff said there are enough screeners.

"The experience in the last 24 hours has showed that TSA has managed to deal with its workload and its workflow quite effectively," Chertoff said on Friday, the day after the new security rules took effect.

But at airports in Boston, Los Angeles and San Diego, National Guard troops were helping to screen passengers a second time at departure gates and helped herd crowds through security checkpoints.

The ban on liquids and gels also forced the TSA to increase the number of screeners scheduled to work at airports.

"We have all hands on deck and we've brought all our resources to bear on the threat," TSA spokeswoman Yolanda Clark said Saturday.

Screeners at San Diego International Airport were put on a mandatory six-day work week, said Cris Soulia, a screener at the airport and union representative for the American Federation of Government Employees, which represents TSA screeners.

Soulia said passengers are checking more bags because of the ban on liquids and gels, which has doubled the workload for TSA employees who screen the checked bags for bombs.

"We're stretched kind of thin as it is," Soulia said. "We can't sustain it."

They may have to.

TSA chief Kip Hawley on Friday made it clear that the ban on liquids may well continue after the terror threat alert — now at orange — is reduced.

"As to the liquid ban, there is no timetable," Hawley told The Associated Press. "We're going to take as long as it takes for us to be satisfied with our total security system."

Soulia said the screeners couldn't have done the gate checks in San Diego without the National Guard's help. He said it was fortunate that security was tightened during a lull in the travel season.

"If this had happened a few weeks early during Fourth of July, or a few weeks later during Labor Day, I don't know how we could have pulled it off," he said.

Sen. Frank Lautenberg, D-N.J., has tried to get the cap of 45,000 screeners lifted.

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On July 12, the Senate approved his amendment to lift the cap as part of the Homeland Security spending bill for 2007. The House kept the limit in its version of the bill, and the two versions must be reconciled.

"It's time to put safety first and remove this arbitrary limit," Lautenberg said.

The TSA will be refining its security procedures in the next few days, Hawley said.

The agency is updating its Web site as it clarifies which liquids and gels are banned and which aren't.

On Saturday, the TSA added mascara, but not lipstick, to the list of banned items. Gel shoe inserts are not allowed, but shoes with gel embedded in the heel are.

Also banned: Baby teethers with gel or liquid inside, children's toys with gel inside and gel candles.

A Newsweek poll released Saturday showed that almost half, 45 percent, definitely favor banning liquids and another fourth, 24 percent, probably will favor that step.

But the poll found that a majority, 54 percent, oppose banning carry-on baggage on commercial flights.

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On the Net:

Transportation Security Administration: http://www.tsa.gov

My Liquid-Free Flight Abroad (NYT)

By Rick Lyman

The New York Times, August 13, 2006

MELISSA GRANT, a teacher in suburban London, sat beside her boyfriend at Gate B26 in Kennedy Airport's Terminal 4 and glared angrily at the woman, 20 yards away, who had ducked under a makeshift security perimeter. "Cheeky!" she declared.

Cheeky it may have been. But it could have been simply another example of someone unsure of what's allowed and what's not in this latest mutation of security procedures.

It's not always easy in these post-9/11 transitional moments, when the Terror World reasserts itself and everyone has to figure out, on the fly, how serious the new threat really is, what a person can do about it and which of the new security hoops and hurdles are voluntary and which are mandatory.

"The nerve," Ms. Grant said. "And look, she's arguing with the man. The gall!"

They swoop down on us now and then, unexpectedly, these Terror Days that follow some fresh outrage. And they give the air a special flavor, like the cool morning you catch the first crisp scent of autumn. Old fears are dragged out of cold-weather storage, dusted off and tried on again. Is this the day it will happen to me?

First, the problem was electronic equipment ("Remove your laptops"), then it was shoes and now, what, sports drinks?

Except something did seem different this time around, at least to one traveler going from J.F.K. to Heathrow on the evening of the latest revelations — a plot to blast trans-Atlantic airliners out of the sky. People seemed to be more readily taking it in stride. We are no strangers to this foxhole.

The challenge is to assimilate the new and puzzling security procedures. Is carry-on luggage permitted or not? Must I carry all my things in a clear plastic bag? And people seemed to be meeting that challenge with quick efficiency.

There was confusion, of course.

Some people heeded early warnings and brought no carry-ons. Others came with their regular retinue of satchels, shoulder bags and paper sacks. "You told me I had to check my laptop," one man hissed to his wife as he watched another waiting passenger peck at his MacBook. And a surprising number of people had done so, and brought their personal items in plastic see-through bags.

That is one characteristic of these mutations in the antiterror rules: each brings its own humiliations and pleasures.

An elderly woman carefully cradled her plastic so prying eyes couldn't read the labels on her half-dozen pill bottles. But how can people resist peeking into the bags of their fellow passengers? What can you not live without for a few hours?

For those awaiting Virgin Atlantic Flight 10 Thursday night at Gate B26: lozenges, toothbrushes, gum, power bars, tissues, paperbacks. But also changes of underwear, enough candy for Halloween, a packet of multicolored pencils, flip-flops, fast-food condiment packets and, most fittingly, a pair of dice.

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In some ways, it was like any other Terror Day.

The soundtrack for the long drive to J.F.K. was all-news radio, and that was terror, terror, terror. (Inside the terminal, half the sets were tuned to terror reports, the other half to sports.) Even the cabdriver got into the game, barking back at the radio. “What about the ports?” he screamed. “What about the X-ray machines that don’t work? What about the billions we spent and we’re not any safer?”

You can let us off anywhere here.

This was usual for a Terror Day, the sudden re-immersion into a dialogue of fear. But instead of being magnified at J.F.K., with its expected crowds and chaos, the airport was an oasis of calm.

Flight 10 was to depart at 9:25 p.m., but the airline’s Web site said it had been pushed back to 10:40 (it didn’t actually take off until 2:57 a.m.) because the incoming flight from truly chaotic Heathrow had been so long delayed. We were advised, after a half-dozen tries over several hours to get a human being on the phone at the airline, to arrive at the airport as though the flight were leaving on time, just to be safe.

So at 7:02 p.m. we pulled up at Terminal 4. There were 12 people in line at the Virgin Atlantic counter. We had our boarding passes and had deposited our luggage by 7:21. Crowds were thin. The longest line we saw all day was at Kentucky Fried Chicken Express.

At the security checkpoint at 8:45, there was nobody in line. I had my choice of four scanning machines, no waiting, tall stacks of bins for the carry-ons I wasn’t carrying. Even though I had bought my ticket that day, something that almost always guarantees a special wanding, I was waved through.

The focus of attention, everywhere, was bottles of liquid. Fresh-printed signs warned everywhere about this, but still some people seemed stunned when a stern security officer pulled a water bottle from a carry-on.

The big initial problem is that all sorts of bottled liquids are for sale at shops inside the security zone. That’s why the airline had to set up a second security perimeter around Gate B26.

We had been lounging around the gate for hours, waiting for the jet from London to arrive so it could be cleaned, boarded and turned back to Britain. Suddenly, airport workers appeared with a couple dozen metal poles on heavy stands that could be connected by unfurling vinyl ribbon from the shaft like Scotch tape from a roller.

They surrounded those of us seated nearest the gate until there was only one narrow opening, and then we were ordered to vacate this space and get in line to be searched yet again. We were joined by dozens more who had been seated nearby, and by latecomers who had ignored the entreaties to arrive early.

We were searched, patted down and herded together in the tiny security zone, with only half as many seats as needed. It was an odd scene, because outside the barriers was a largely deserted concourse with hundreds of empty seats.

No doubt next time they’ll make the security zone larger. It’s a work in progress.

Airlines: U.K. Travel Grinding To Halt (AP)

AP, August 13, 2006

Airlines warned the British government Saturday that the country's air travel is "grinding to a halt" because of tough new anti-terror security requirements. One airline asked for police and army reservists to help with screening.

British Airways and Ryanair canceled scores of flights from Britain to Europe and the United States and blamed airport operator BAA for not investing enough in security systems and baggage screening in the aftermath of new terrorism threats.

BAA, which owns Heathrow and Stansted airports, ordered the cancellations because its systems for screening passengers and checked-in baggage for security threats could not cope with the extra required scrutiny of passengers and their luggage in the wake of Thursday's thwarted threat to bomb up to 10 U.S.-bound aircraft.

Budget carrier Ryanair appealed to the British government to use police and army reservists to speed up searches at overloaded airport security checkpoints.

"If the British government is serious about defeating terrorism and not allowing the terrorists to disrupt normal, everyday British life, then it must provide the additional security staffing — either police or army reserve personnel — immediately to prevent London's main airports from grinding to a halt over the coming days," said Michael O'Leary, chief executive officer of Ryanair.

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Heathrow Airport, the major hub for British Airways, canceled one-third of flights due out Saturday afternoon and night, blaming strict new security regulations. Passengers were delayed so long that many missed their flights.

Saturday night, the airport said it planned to cancel a third of its flights on Sunday, too, because of the current delays.

Ryanair, which operates most of its London services through Stansted Airport, northeast of London, said it had complied with BAA orders to cancel more than 60 flights of its Stansted flights this weekend, about 20 percent of the total, but said this overloaded security situation must be fixed by Monday.

"Ryanair and other major UK airlines cannot keep canceling flights and disrupting the travel plans of tens of thousands of British passengers and visitors solely because the BAA cannot cope with the new body-search requirements," said O'Leary.

Our Porous Air Defenses On 9/11 (NYT)

The New York Times, August 13, 2006

No topic investigated by the 9/11 commission hatched more conspiracy theories than the failure of American air defense systems to intercept any of the four planes that had been hijacked by terrorists. That makes three new reports particularly welcome. Together, they shed some light on why civil aviation authorities, the military and the highest officials of the Bush administration failed to respond quickly enough to avert catastrophe.

The reports include a new book written by the co-chairmen of the 9/11 commission, a Vanity Fair article based on tapes released by the military, and a 2005 report from the inspector general of the Defense Department that was finally released last week. They paint a picture of confusion as civilian and military authorities struggled to grasp and respond to what was happening. There was absolutely no evidence that any air defenders deliberately stood aside to let the terrorists have their way or that the military itself fired a cruise missile into the Pentagon, as conspiracy theories have suggested.

The Federal Aviation Administration, which was monitoring civilian air traffic, dropped the ball repeatedly. Its critical mistake was assuming that the transponders on hijacked planes would stay on, displaying each plane's identity and altitude. The agency also failed miserably in its duty to alert the military. It provided nine minutes' warning before the first plane crashed into the World Trade Center, two minutes' warning that an unidentified aircraft was heading toward Washington and no advance notice of the other two hijacked flights. However, the F.A.A. did tell the military, erroneously, that a plane that had already hit the World Trade Center was still headed south toward Washington. As a result, the military scrambled two planes to chase a ghost that no longer existed.

The military had its own problems. The North American Aerospace Defense Command, or Norad, had its radars pointing outward to detect external threats. Only four planes were armed and ready to intercept terrorists in the eastern region of the country. And when the military dispatched two of those fighters to protect Washington, they raced out to sea instead of taking a position to defend the city.

The highest civilian officials also floundered. President Bush on Air Force One complained that his communications links were poor. Defense Secretary Donald Rumsfeld was largely out of the loop as he supervised rescue operations in the Pentagon parking lot. And for all the bravado surrounding the "shoot down" order issued by Vice President Dick Cheney during the crisis, the order reached Norad too late to be of any use and was not even passed on to the key fighter pilots.

The commission was unable to document that Mr. Cheney had talked to the president before issuing the order, as he and Mr. Bush both testified. No one near him mentioned such a call in their contemporaneous notes and it was not logged in. But the issue is, for the most part, important only to Mr. Bush's image as commander in chief.

After the fact, military officials gave false testimony that exaggerated their readiness to protect the nation's capital. They indicated that the F.A.A. had alerted the military more promptly than it actually had, that fighter jets were scrambled to protect Washington from real planes rather than to chase the ghost flight, and that the military was tracking — and ready to shoot down — a plane that it did not even know had been hijacked and that had already crashed in Pennsylvania.

The commission asked the inspectors general for the Defense and Transportation Departments to investigate whether these false statements were made deliberately. An initial report by the Pentagon's inspector general attributed much of the problem to poor record keeping and insufficient emphasis on reconstructing events before testifying. A military spokesman suggested that the final verdict, in a report still to come, would find no evidence of knowing falsification. If so, someone will still

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have to explain why the military, with far greater resources and more time for investigation, could not come up with the real story until the 9/11 commission forced it to admit the truth.

Foreclosures Expected To Come Back In Full Force (MR)

By Kathy Jumper, Real Estate Editor

Mobile Press-Register (AL), August 13, 2006

The post-Hurricane Katrina moratorium on foreclosures has been lifted in most cases, and Realtors predict a surge in activity.

"I have been telling my clients and investors to expect a flood in the fall," said Mike Meadows of Dauphin Realty.

Many homeowners were given a break if they were delinquent on mortgage payments after Katrina hit the Gulf Coast in August 2005.

On June 30, the moratorium affecting U.S. Department of Housing and Urban Development and Veterans Administration loans expired, but both agencies are looking at foreclosures on a case-by-case basis in several coastal counties, including Mobile and Baldwin counties, according to lenders.

The moratorium on Fannie Mae's FHA or conventional loans expires Aug. 31, lenders said.

"The moratorium had a tremendous impact on the market, with so much demand and a dwindling supply," said attorney Goodman Ledyard of Mobile's Pierce Ledyard PC. Prior to Katrina, his firm handled 25 or 30 foreclosures a month, but that average fell to five or fewer during the moratoriums.

Typically a homeowner is at least three months behind with mortgage payments before a loan is foreclosed. A homeowner can have the loan reinstated by paying all the back payments, fees and costs via certified funds, according to foreclosure experts.

"Lenders never want to take a property back," Ledyard said, adding that lending institutions have to report the number of foreclosed loans and it doesn't look good for the lender.

There were 100 foreclosure sales for the first half of 2006 in Mobile and the Eastern Shore, compared to 300 at the same time last year, according to Meadows. He said there are about 35 active foreclosure listings in Mobile and the Eastern Shore.

That bucks the national trend: There were 28,130 new residential foreclosures in July, a 4.95 percent increase over June and a 10 percent increase from July 2005, according to Foreclosure.com's nationwide report.

Alabama had 1,697 active foreclosure properties and 683 new foreclosures in July, the report showed.

The active real estate market in Mobile and the Eastern Shore, and the lack of available rental houses and apartments, has prompted more folks to look for investment properties to rent or fix up and then sell.

"We went through a spell where we didn't get anything," said Rick Breland of Coldwell Banker Charles Hayes Real Estate. "But let's face it, if you get in a financial situation where you're going to lose your house, you should be able to sell it in today's market. They don't last long if you price them competitively."

Whenever a good foreclosure comes on the market, it brings in lots of offers and usually sells at the list price or better, according to Tim Pope of Prudential Cooper & Co. Realtors.

"I look for Mobile to break loose in September on foreclosure business," Pope said. "But you never know. There's a lot of money coming in from people in Mississippi who are moving over here. A lot of them are just now getting payments for their houses."

A couple of years ago an investor could get a good buy on a foreclosure, but with the increase in property values, those deals are more difficult to find, according to lenders and Realtors.

Most investors don't want to pay more than $100,000 on a foreclosure house, Ledyard said. Investors will put $5,000 to $10,000 into improvements and then rent it or sell it if they can, he said. "They don't go for the more expensive houses because there are more risks."

Where Recovery Is The Stock In Trade (LAT)

By Richard Fausset, Times Staff Writer

The Los Angeles Times, August 13, 2006

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A Mississippi expo tries to corral, under one arena roof, all that Katrina victims might need—experts, advice and even, well, a roof.

BILOXI, Miss. — It is a sort of post-Katrina state fair. A trade show custom-tailored for a ruined land. A convergence of building and zoning experts, readily accessible bureaucrats, and salesmen who have just the extra-thick siding you've been looking for — the kind with the patented Twister Lock and Cyclonic Locking System that withstands winds up to 187 mph!

Mississippi Gov. Haley Barbour is billing it as the Governor's Recovery Expo, a free event that opened Friday at the Mississippi Coast Coliseum and runs through the weekend. Organizers are hoping the state's hurricane victims will leave here with their legal questions answered, a prefab home picked out, and a new energy that will help the long-suffering coast bloom with building projects as the first anniversary of the storm approaches, Aug. 29.

So far, Mississippi's rebuilding effort has been both heartening and frustrating. Thousands of Gulf Coast residents are still in trailer homes, and many waterfront communities are strewn with ghostly husks of businesses and homes.

But Gavin Smith, the state's recovery director, says momentum is starting to build: Residents are receiving their insurance payouts, and smallbusiness loans are sprucing up commercial properties. Last month, the state began distributing a portion of $5 billion in federal rebuilding aid to 17,000 homeowners. The ravaged Beau Rivage Casino & Resort, once one of the region's fanciest, is set for an Aug. 29 grand reopening.

"We think we're right at the cusp of the point where people will start building in earnest," Smith said.

Some of the most ardent believers in that forecast were the dozens of building-industry representatives who dominated the Recovery Expo. If the style of their message owed a debt to Dale Carnegie, the substance took a cue from the little pig who built with bricks. Their names alone set the theme: Kodiak Steel Homes; Safeway Homes; House Raising of the Gulf Coast; FloodBarrier Inc.

A company called Oceansafe Housing hawked a hurricane-proof home with walls made from a kind of steel-and-polystyrene sandwich. Project Coordinator Susanne Bohr said it had been a success in the Caribbean.

"A NASA engineer holds the patent," she said.

A salesman named Steve Bishop offered an array of hurricane-proof doors and windows. He was hoping to hook up with some big condo developers. He had some advice for them, too: Build the high-rises with multilevel garages on the first few floors.

"Then you're going to lose cars, not people," he said.

One booth touted the DuPont StormRoom with a display model. It seemed normal enough and was about the size of a guest bathroom. But the accompanying text noted that it was reinforced with Kevlar: "the same lifesaving fiber used in bullet-resistant vests."

Aaron Steele was fielding questions at the Internal Revenue Service booth a few feet away from DuPont's room model. Steele, who is based in New Orleans, lost his house in the Gentilly neighborhood and is busy rebuilding. A Kevlar room wasn't part of his plans.

"Since I didn't stay for this one and won't be staying for any future ones, I don't know if I have a need for that," he said. "My thing is, 'Get outta Dodge.' "

Neil Smith, the DuPont distributor, said the storm room didn't make much sense directly in the flood zone but could be helpful a couple of miles from the beach, where the greatest danger from a hurricane is wind damage rather than water.

Blake Hobson, who was pitching the extra-thick siding with the "cyclonic" technology, said companies like his stood to make money on the Gulf Coast in the coming years. "This whole place has got to be rebuilt," he said.

Booth neighbor Steve Davis, president of Eye of the Storm, was showing off what he called a black box for hurricanes — a video camera, housed in a stainless steel cylinder, to record the way a storm destroys a structure. The homeowner would include the video when filing a claim with an insurance company.

"The big question is: Is it wind or is it water damage as far as the insurance is concerned?" Davis said.

A number of exhibitors touted their prefabricated houses, which these days often go by the name "modular" housing to sidestep trailer-park stigmas. Across the Gulf Coast region, officials are hoping that architecturally spiffed-up versions of this old, affordable idea will help bring long-term housing to the region, and fast. Barbour, who kicked off the Recovery Expo on Friday morning, said that with chronic labor shortages, the region had to rely on homes at least partially assembled in a factory.

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"We have to replace 70,000 units of housing," Barbour said, referring to the number of homes destroyed or rendered uninhabitable by Hurricane Katrina. "We've never built more than 2,800 units of housing on the Mississippi Gulf Coast in one year."

A number of modular homes were on display in the arena's heat-baked parking lot. Many of them made concessions to the vernacular architecture of the region, with wide porches, touches of gingerbread and attempts to simulate the look of wood.

Francis and Maxey Schultz of New Orleans were looking for a cheap replacement for their Mississippi weekend home that Katrina washed away. They were impressed with the new prefabs.

"It's more in accord with what we're used to," Maxey Schultz said. "The ceilings are higher. Some of them have 10-foot ceilings."

A number of government representatives were on hand to answer questions about job training programs, evacuation routes and new height requirements for houses. A Federal Emergency Management Agency booth displayed a series of fact sheets titled "Home Builder's Guide to Coastal Construction."

The arena itself was severely flooded in the storm — its website shows a photo of large waves coursing across the main floor. As Mississippians crowded the exhibit area Friday, a work crew was hammering away nearby, fixing up a section of the building that still had no windows.

Adapting To Nature (LAT)

By Ann M. Simmons, Times Staff Writer

The Los Angeles Times, August 13, 2006

After Hurricane Katrina devastated New Orleans' businesses, many left and did not return. But some small companies did reopen and found that to survive, they had to adjust to the region's needs.

Andrew Herrington, an erosion control and coastal restoration specialist, had a career change after Hurricane Katrina hit last year.

Once he planted marsh grasses and other vegetation along the Louisiana shoreline, but then Herrington got into the demolition and clean-up business, pumping out flooded interiors, gutting them and rebuilding.

"Right after the storm, nobody was worried about the vegetation side of erosion control," Herrington said. "I didn't think we would survive if we waited around. I needed to keep my guys busy until my regular business came back."

So Herrington used his pump trucks to help drain water from commercial and residential properties. His team helped gut and tear down buildings. Then came requests for help with construction.

Before long, Herrington and business partner Glenn Landrum had another idea: They launched Hurricane Guy, a company that provides pre- and post-hurricane services, including making and storing customized window shutters, cleaning refrigerators, electronically documenting important records and storing photographs.

"You have to be able to adapt and change your business model these days. Don't be afraid of change," Herrington said about his new business that started in February.

Almost a year after floodwaters drowned New Orleans, many businesses are still struggling to recover. Orleans Parish, the center of Louisiana's economy where New Orleans is located, had 12,695 small businesses before Katrina, according to state statistics. By May this year, a little more than 2,000 had reopened.

Lack of money, displaced employees and a shortage of customers have hampered the revival of many ventures, financial analysts said. Many business owners have given in to the debilitating challenges, and others hobble on with low profits in the hope that business will eventually rebound.

But some entrepreneurs have abandoned or retooled their usual way of doing business.

"The businesses that survived identified what people needed," said Tim Williamson, president of Idea Village, a nonprofit organization that since Katrina has provided about 100 local businesses — as many as 40% of them reinvented — with technical support, contacts and capital. "If you try to do what you did before, it may not work now. If you're not going to be flexible, you're going to be out of business," he said.

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Herrington, a New Orleans native, acknowledged that his initial reaction to Katrina's effect was panic. Three years earlier, Herrington had given up a stable corporate job to start his own erosion control business.

"We thought, 'Oh my God, what have we done to our families?' " he recalled.

But Hurricane Guy currently has about 50 clients, whose homes range in size from 1,500 to 4,500 square feet. Many customers are elderly homeowners who are willing to pay the $700 to $4,500 fee rather than "fool with the headache" of preparing their homes before a storm and setting things back to normal after, Herrington said.

On a recent afternoon, two of his workers measured plywood and cut the shutters for a dozen windows of a majestic house with white pillars on New Orleans' State Street in the Uptown neighborhood. Then they did a dry run to determine how long it would take to hang them.

Herrington explained that within 72 hours of an expected hurricane, his team would remove and store the swing set and patio furniture that graced the home's neatly manicured back garden, while hanging the storm shutters. Customers would be alerted of their pack-up time via e-mail or by phone.

Fear of going bust is what motivated Aaron Wolfson not to abandon the Savvy Gourmet cooking school that he and business partner Peter Menge Jr. had launched less than two weeks before Katrina.

"I had just sunk all this money into the building," Wolfson said of the school's venue on Magazine Street, one of the city's most vibrant commercial strips. The property sustained minor storm damage, but the businessmen lost the big tour groups that they had hoped would fill their cooking classes. Half a dozen or so events, with an anticipated 25 to 40 out-of-town participants, had already been booked.

"We realized that if we couldn't use our space, which was relatively untouched, then what would encourage other people to come back?" Wolfson said.

So the two men decided to open their doors to displaced chefs, who started cooking meals for the city's returnees. They hosted so-called devacuation parties. And before long, a restaurant began to take root.

"It was a matter of survival," Menge said.

Neither he nor Wolfson had experience in restaurant management. So they hired a manager and someone to train their staff.

"Our previous business model, providing a cooking class, is a fairly controlled event," Wolfson said. "When you have a restaurant, there are so many opportunities to fall down. The level of service and attention to detail that restaurant diners expect is a bit different than the expectation of someone coming to a cooking class. You have to adopt a totally different management style."

The number of customers dining at the Savvy Gourmet has grown from 35 to about 100 a day. The menu is up from two items to more than two dozen soups, salads and sandwiches. Cooking classes are also back inside the 3,500-square-foot pine-furnished venue, which features a demonstration kitchen and cookware store. Outside catering jobs have mushroomed, and the company recently launched Savvy Kids, cooking classes for children.

"We practice entrepreneurial yoga now," Wolfson said. "You fit into whatever crack you see available, and make things happen."

Internet entrepreneur W. Anthony Patton has also learned that lesson.

Before Katrina, Patton created websites for African American businesses, and his online marketing and advertising company promoted news and entertainment in the black community. "We were rolling," Patton recalled. "It was really good business."

But Katrina flooded his company's offices, destroying computers, furniture and other equipment. Patton lost about $300,000 in contracts he could no longer fulfill. Most of his clients fled the city, as did Patton, his business partner and staff.

"We realized very quickly that we were not going to go back to New Orleans and be who we were," Patton said.

What he didn't lose were the 72,000 e-mail addresses in his company's online database. He first used this resource to help politicians and city officials contact displaced New Orleanians. And as businesses began to return to the city, Patton identified another crucial need.

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"The biggest issue was access to employees," he said. "Everybody was trying to hire, but there was nobody around, because so many people had been displaced."

When a friend requested Patton's help to find a community consultant for his company, scores of people responded to the e-mail blast Patton sent out to his 72,000 contacts. They packed the lobby of his offices.

He knew he was on to something. "People needed jobs. Employers were screaming, 'We have jobs and no people.' We had the database. It was the perfect fit," said Patton, whose company, EBONetworks, now does online recruiting.

On most days, Patton and his staff of eight huddle around a coffee table in a small first-floor room they are temporarily occupying inside the offices of Idea Village. Working from laptops, they vet job applicants for companies that have contracted EBONetworks' services. For each position, 10 promising candidates are selected to meet with Patton and his business partner, who then whittle that number down for interviews with the prospective employer.

Patton said the experience of reinventing was challenging, but it had taught him an invaluable business lesson: "Don't put all your eggs in one basket. And be more global," he said.

But not all businesses have had success bouncing back. In fact, business industry analysts say the reinvention of small businesses post-Katrina has been the exception, not the rule.

"Most people are not changing their type of business," said Kelley Pace, a finance professor at Louisiana State University's E.J. Ourso College of Business. "They are trying to make it with their old one, accepting less business and hoping things will return to normal."

"If you're in the spa and salon business, you're not going to suddenly start selling hardware and chain saws," said Richard Campanella, a geographer at Tulane University. "One builds up a reservoir of knowledge and skills in a certain sector. It takes a lot to let that go and build up in something else."

Campanella, Pace and LSU geographer Nina Lam have been conducting surveys on post-Katrina business trends along certain commercial corridors in New Orleans.

Their research through May showed that businesses catering to a want — such as restaurants, hairdressers and spas — were rebounding at twice the pace of those catering to a need, such as grocery stores, gas stations and auto repair shops.

Laura Drumm, president of the board of Second Wind NOLA, a local advocacy group for small businesses, said that it wasn't possible for many business owners, especially those with specialty niches, to completely change their model. She owns a store at New Orleans airport that sells Tabasco sauce products.

The organization has been critical of the United States Small Business Administration for not being more efficient in dispensing disaster assistance to storm-battered businesses.

The criticism was echoed last month in a report by the federal Government Accountability Office.

Richard Jenkins, public information officer for the SBA's Disaster Field Operation Center-West, said that about 31,000 businesses in Louisiana had applied for loans since Katrina, and 12,122 loans had been awarded, amounting to almost $1.3 billion.

He acknowledged that processing loan applications took longer than desired because of the volume of requests, but said that his agency was "working every day to speed up the process."

Herrington, of Hurricane Guy, said he was denied an SBA loan, and requests to the Federal Emergency Management Agency for help with housing for his workers were unsuccessful.

He ended up relying on a small grant from Idea Village and refinancing from his bank based on his personal collateral. The risk and endurance have paid off.

"We went from survival to growth mode," Herrington said.

One Year Later, Life Forces Itself Back In Spite Of Katrina's Devastation (SLPD/AP)

St. Louis Post-Dispatch/AP, August 13, 2006

NEW ORLEANS (AP) -- They said she was too frail. That the mold growing on the warped walls of her flooded house would make her ill. That she shouldn't bother since her mottled, mud-filled home would likely be bulldozed anyway.

But Willie Lee Barnes, who recently turned 94, didn't listen.

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Standing outside her flooded house in the Louisiana sun, she clasped her rosary in her frail hands and prayed. "Lord," she said, "I'm not asking that you climb the mountain for me. I'm only asking that you give me the strength to do it myself."

Strapping on a dust mask, she grabbed a shovel and with all her force, began pounding the deformed walls of her living room until they came off, falling to the floor like the rinds of a desiccated orange. She filled buckets with the broken drywall, which her son ferried outside. Bucket by bucket and week after passing week, she kept at it, resting occasionally on a stool, the only piece of furniture in her house to survive the flooding. Flanked by a worn statue of the Virgin Mary, hers is now one of the few houses that's been gutted in the city's most destroyed neighborhood, the Lower Ninth Ward.

Ask her to explain how a nonagenarian succeeded in doing what thousands of younger families have failed to do, Miss Barnes offers an analogy: "I'm like bad grass. Because it never dies. You gotta pull it up and even though you do, it still grows back. I don't care how hard something looks, I'm still going to try."

In a city that still lies largely in ruin, life is pushing through like 'bad grass,' forcing its way through cracks in the pavement. One year after Hurricane Katrina laid waste to New Orleans, the city is fighting to come back.

In each instance, it's the perseverance of one person, or family, that led to one house, one tiny patch of New Orleans becoming whole again.

Those who choose to return do so in spite of the city's broken infrastructure, which a year later remains in tatters: Nearly 60 percent of homes and business are still not receiving electricity or heating gas. Only three out of nine New Orleans hospitals have reopened. Only 56 of 128 public schools will enroll students this fall.

The city itself still has no master plan.

Those attempting to rebuild their homes have yet to be told how high they will have to raise them. And it's still unclear if the city's patched levees will hold back future floods.

Still, even in the worst-hit neighborhoods, where homes were ripped from their foundations and spit into the street, and where mattresses still lie impaled in the branches of trees, the rebirth is taking place.

On one street, one house may be gutted, while scores of others are untouched. Some are adorned with wooden crosses, a crude memorial to the dead.

Like pioneers that have survived a winter in an unforgiving wilderness, those that have returned to live here proudly proclaim their existence.

"I'm back. R U?" asks a sign in the window of a flooded pickup truck at a house slowly being repaired.

Down the block, past the flooded Victorian shotguns, another sign stands outside a gutted home. "I'm Coming Home," it says -- except "Coming" has been struck out with a bold, red line.

"This house is my soul," explains Carolyn Parker, who says she violated a "look and leave" policy to move back into her broken home last winter. It has neither electricity nor running water, so each morning, until a government-issued trailer arrived last month, she walked to a nearby fire hydrant and screwed it open with a wrench. The water gushed out and she filled two buckets. Then, she carried them back, using them to bathe.

In neighborhoods that took a lesser hit, like Broadmoor, the pockets of health are deeper. Houses were not ripped off their slabs and so will not need to be bulldozed.

On a street that one year ago lay 7 feet under water, a young woman crosses the grassy median, pushing her 2-year-old daughter in a red stroller. On the same median come dusk, couples go jogging, sweating in the setting Louisiana sun, passing the same finished and unfinished houses as life moves on.

But what is visible from the street in the Lower Ninth Ward is sometimes hidden here: Behind their freshly painted doors, many families are still living in wounded homes.

"There are two types of people: Those that came back, and those that came back, threw up their hands and gave up," says one Broadmoor resident, a 68-year-old man named Del who lives by himself in a lofty, two-story house, which from the outside appears repaired.

He'd give only his first name because he's embarrassed of his living arrangements. To survive the oven-like heat -- electricity is still out -- he moves around his house naked, carrying a battery-operated fan from room to room.

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Adapting has taken numerous forms. With large swaths of the city still without heating gas, many families are able to bathe only in cold water. But with electricity it's possible microwave bowls of water to scalding, then mix that with tap water in the bathtub.

Hundreds, possibly thousands, in multi-story houses have moved into their dry upstairs.

Julie Quinn is one such homeowner. The state senator's colonnaded mansion is in one of the city's posh suburbs that flooded, and although the second- and third-stories are intact, the kitchen has yet to be repaired.

"I've become the queen of the Crockpot and toaster oven," Quinn jokes.

Throughout the city, institutions have learned to adapt, too.

For more than 150 years, those who attended Sunday Mass at the Church of the Annunciation heard the scripture read in Elizabethan English. Now, the traditional Anglican church's priest reads the ancient scripture, still dotted with 'Thees' and 'Thous,' inside a doublewide trailer, parked in the flooded Broadmoor neighborhood. Because there is no air conditioning, the clergy shed their ornate wool cassocks.

Still, the Episcopal bishop came carrying a tall, hooked staff and wearing green-and-gold vestments to bless the trailer.

"We do the best we can. But there's only so much pomp and circumstance you can have inside a doublewide," said the Rev. Milton Gibson, the church's deacon.

Even though life is pushing through, it's come at a cost.

Dentists are reporting that an alarming number of patients are arriving for checkups with chipped or grooved teeth, a result of grinding at night.

Funeral home directors say they're seeing a disproportionate number of suicides, a rate that health officials estimate could be as much as three times higher than pre-Katrina.

Even in the unharmed French Quarter, where jazz tumbles into the street from ornate, cast-iron balconies, residents speak of a lingering depression.

"I can't even remember how many going-away parties I've been to in the last few weeks. Every night I lay in bed, thinking, 'Should I stay or should I go?'" says Maggie Beal, the manager of a store selling 19th century French antiques. All day, she says, she waits for tourists to walk in, but there are few. And the ones who are in town rarely are interested in the expensive armoires and Louis XV furnishings.

Yet even in the Quarter, the day-to-day struggle has created a society of intense, highly committed, pro-city New Orleanians. Many have proudly hoisted City of New Orleans flags outside their 19th century shotguns. Bumper stickers proclaim "Proud to swim home" and "I love New Orleans."

Even in a restroom at The Spotted Cat, a hipster bar just outside the Quarter, hope shines through graffiti: "Stay strong New Orleans. You are beautiful," someone wrote with a black-felt pen on the door.

Throughout the city, those who stayed, who didn't throw up their hands, are trying the best they can to make meaning out of the destruction.

When Miss Barnes first returned to her flooded bedroom, she hoped to find a crucifix studded with diamonds that for years she'd worn around her neck. She couldn't find it.

Yet she was able to salvage one item: A present given to her years ago, still inside its gift box. It's a porcelain angel, holding a battery-operated lantern.

Although the waters rose to the house's cypress beams, the box must have bobbed on the surface and not gone under, because when she unwrapped it and switched it on, the lantern lit up -- a soft, fuzzy yellow.

Holding the angel in her hands and straining to make out its inscription, she reads aloud: "You are the Lord. Keep my light burning and turn the darkness into light."

Illinois Sen. Barack Obama Tells Xavier Graduates To Choose Involvement Over Indifference (HC/AP)

Houston Chronicle/AP, August 13, 2006

NEW ORLEANS — Nearly a year after Hurricane Katrina submerged Xavier University's campus under eight feet of water, Illinois Sen. Barack Obama on Saturday joined the school in celebrating one of its largest graduating classes.

"Thanks for allowing me to share in your miracle," Obama told the nearly 500 graduates of the College of Arts and Sciences and the Graduate School seated at the New Orleans Arena.

Norman C. Francis, Xavier's president, said he never doubted that the university would hold graduation ceremonies this year.

"I said shortly after the storm that people would either call me stupid and crazy or an aggressive visionary," Francis said. "I guess it's the latter."

Xavier, the country's only historically black and Roman Catholic college, reopened in January. More than 120 students graduated from the College of Pharmacy in May, and the fall semester will begin Sept. 8 with about 2,800 students.

Obama noted that most commencement speakers tell graduates what to expect when they enter "the real world."

"But this is different," he said, adding that most in the room have already experienced the "real" world since Katrina.

The Democratic senator said he visited New Orleans last month and saw the "pictures of your campus after the storm — submerged classrooms and dorm rooms where books remained open as you left them."

He recalled hearing the stories of 400 students trapped on the roof of a building along with a handwritten sign that read 'Help us' after flooding blocked their escape from the storm-ravaged city.

He said he could give advice about overcoming challenges or about courage and perseverance but "you could probably teach the rest of us" about those things.

"Yours has been quite an education, an education in humanity brought by a force of nature," Obama said.

However, he said, those types of lessons can be unlearned.

"Time can heal and cloud a memory," he said. "But it's your responsibility to remember what happened in New Orleans and make it a part of who you are. Katrina might be the most dramatic test you take but it won't be the last."

Obama said the graduates would be forced to choose a path — one of detachment and indifference or one of involvement.

"The easiest thing is to do nothing at all. Turn off the TV, put down the newspaper and go about your busy lives. Remain detached and indifferent," he said. "But, if you choose to remember what happens when responsibilities are ignored and the buck is passed. ... That asks more of you. Not only to pursue your own individual dreams but also to perfect our collective dream as a nation."

Obama encouraged the graduates to "make this a nation where we are no longer unprepared to meet the challenges of time. Make this a nation worthy of the sacrifices of so many of our citizens. Take the second path.

"Katrina's not the end of tough times for New Orleans or you," he said.

WAR NEWS:

Forces To Target 4 'Hotspots' In Baghdad (AP-Y)

By Robert Burns, Ap Military Writer

AP, August 13, 2006

The new push by U.S. and Iraqi forces to reverse a rising tide of violence in Baghdad will target four violent "hotspots" in the city, the American general in charge of the plan said Saturday.

Those parts of the city have experienced frequent kidnappings, suicide bombings and revenge killings by Shiites and Sunnis.

Maj. Gen. James Thurman, commander of the Army's 4th Infantry Division, said the renewed push for stability began Aug. 7 in the Dora area of southwestern Baghdad, a notoriously violent part of the city. He said sweeps of Dora neighborhoods had captured 179 people thus far and killed 25 "terrorists."

The other three targeted districts are Mansour and the Ghazaliyah-Shula areas of western Baghdad and the Azamiyah area in the northeast, he said, adding that the goal is to quell the violence and restore ordinary Iraqis' confidence in their government's ability to provide security and basic services.

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"I'm confident, based on what I'm seeing right now, that we've got a positive trend here happening," Thurman said in an interview after joining Gen. Peter Pace, chairman of the Joint Chiefs of Staff, in a question-and-answer session with several dozen soldiers, sailors and airmen at Camp Liberty.

"We've got four major hotspots where we've had a lot of sectarian killings," Thurman said. "And we've got a plan that will zero in on reducing the number of murders, kidnappings, assassinations and car bombs."

Pace, who arrived Saturday from Washington, met with Thurman and other senior American commanders and addressed the troops at Camp Liberty to thank them for their service.

A few of the soldiers in his audience were with the Alaska-based 172nd Stryker Brigade, whose one-year tour of duty in Iraq was extended by four months recently in order to add another 3,500 soldiers to Thurman's force in the capital. Thurman said he has received another 2,000 extra troops from other units.

Thurman said he now has 32,444 U.S. troops in Baghdad and areas south of the capital, as well as 32,554 Iraqi forces. Of the U.S. total, about 13,500 are in Baghdad proper, he said.

As recently as a month ago, U.S. officials thought they were going to be able to reduce U.S. troop levels this fall, but Thurman said the rise in strife between different religious groups "had us worried" and prompted him to ask his superiors for more combat power "so we could quell this and once and for all get rid of the people that are causing the problems here." Thus, the 172nd Stryker Brigade was moved into Baghdad from northern Iraq.

In his remarks to troops at Thurman's headquarters, Pace disclosed that the plan earlier this summer was to reduce the total number of U.S. combat brigades this fall to 12 from the 14 that were operating at the time. Instead a brigade that had been held in reserve in Kuwait was brought into Iraq and the 172nd was retained even as its replacement — a brigade of the 2nd Infantry Division — arrived.

Nonetheless, Pace told reporters traveling with him enroute to Baghdad that he would not rule out U.S. troop reductions this fall.

Pace stopped short of predicting that conditions would improve enough to allow a U.S. troop reduction before year's end, but he said he would be consulting with top commanders this weekend on the outlook for a turnaround in the violence among different religious groups and the need for U.S. troops.

"It's important to always have troop levels on the table" as a subject for discussion, he said. "We thought as recently as a month or so ago that we were going to be able to come down" in the numbers. "What changed was the increase in sectarian violence," he added.

Nonetheless, Pace said it was possible that the sect-on-sect violence could be tamped down quickly. "Their leaders simply could decide to stop it" by telling their people to stop killing each other, he said.

"There is still the potential to reduce the number of troops," he said, although he would not say how soon he thought this could happen. Earlier this year U.S. officials were hoping to reduce troop levels to 100,000 or less by December, with more significant cuts following in 2007.

The Joint Chiefs chairman, on only his second trip to Iraq this year, also said that Pentagon officials are beginning to think about who might replace Casey, who has been the top commander in Iraq since July 2004. Pace said Casey would stay for about another six months.

"Certainly you start thinking now" about who should succeed Casey, Pace said. He offered no names but praised Casey's performance, noting: "He will not be easily replaced."

Peace In Baghdad Could Be The Last Chance To Avoid Civil War (MCT)

By Nancy A. Youssef

McClatchy Newspapers, August 13, 2006

BAGHDAD - The U.S. plan to improve security in Baghdad could be the Bush administration's and the Iraqi government's last chance to halt a civil war that many Iraqis and U.S. officials believe is intensifying fast.

The security plan, which calls for sweeping neighborhoods and restoring services, is intended to bring the capital under Iraqi military and police control and begin to pacify it. If that happens, U.S. troops could begin to withdraw. If it doesn't, the

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country's sectarian conflict could spiral out of control and escalate into a regional war between Iraq's Shiite and Sunni Muslim neighbors.

"The government has to make a clear decision about dismantling militias," said Saad al Janabi, a member of the secular Iraqi slate. "Reconciliation will not happen unless the Iraqi army is in charge" of the capital.

The offensive hasn't produced any major improvements in the capital since it began on June 14, and many Iraqis fear the plan is doomed because, they charge, Iraqi Prime Minister Nouri al Maliki is willing to attack Sunni insurgents but not to tackle the Shiite militias that support his Dawa political party.

Even if he were, they argue, Iraq's police and security forces are too weak and too thoroughly infiltrated by Shiite militants to challenge the Iranian-backed Shiite militias, including the Badr Corps and the Mahdi Army.

Maliki, once a harsh critic of Sunnis, adopted more centrist language after he became prime minister in April, a development the Bush administration hailed as a milestone for Iraqi democracy. But his Dawa Party won the prime minister's slot only with the backing of firebrand cleric Moqtada al Sadr.

Although Maliki has said he represents all Iraqis, he blasted U.S. soldiers for raiding a suspected Shiite militia leader's home earlier this week. It was the most vitriolic language he's used to describe the U.S. effort to stop the surge of sectarian violence in the capital.

"Why did he feel so angry about the attack on Sadr City, but said nothing about the many other attacks against Sunni cities?" asked Sheik Khalif al Elaiyan, a Sunni member of parliament. "Sadrists have committed many crimes against the Sunni people."

"He must change. This is not his private office. He should represent all Iraqis," said Mithal Alusi, a secular Shiite member of parliament. The Baghdad security plan "is the last chance for Maliki."

The U.S. raid targeted the Mahdi Army, which many say is the crux of Baghdad's security problems. Comprised of thousands of Shiite men and led by al Sadr, the group has seized control of parts of the capital, pushing Sunni residents out of their homes and killing Sunnis.

In an interview with McClatchy newspapers, a Mahdi Army leader who wanted to be identified only as "Rowad" boasted of killing Sunnis, whom he called infidels.

He said that Sunnis who're suspected of killing Shiites in the post-Saddam Hussein period are captured and brought before an Islamic court. If convicted, they receive the death penalty.

"There is nothing sectarian about it," Rowad said, offering to show a McClatchy reporter photos of Sunnis he's killed that he stores on his cell phone.

U.S. officials have said that the Mahdi Army and al Sadr are trying to model themselves after Lebanon's Hezbollah and its leader Hassan Nasrallah, and become a state within the state. Besides having its own militia, Hezbollah holds 32 seats in the Lebanese parliament, more than any other party, and walks a fine line between embracing and rejecting the political system.

Two U.S. military officials, who requested anonymity because of the security implications, said they're seeing signs that the Sadrists are adopting the same tactics as Hezbollah. There's been a surge of rocket and mortar attacks from the Mahdi Army's stronghold in Baghdad's Sadr City toward the Green Zone, the seat of the Iraqi government, the officials said.

U.S. officials have been hesitant to attack the Mahdi Army publicly, out of fear that doing so would spark more violence, and they've said that the Baghdad offensive will go after all criminal elements, regardless of sect.

The beleaguered residents of the Iraqi capital, meanwhile, are still waiting for a sign that things are getting better amid growing evidence that they're getting worse. Baghdad morgue officials said they received 1,815 bodies in July, the most since the fall of Saddam Hussein's regime in April 2003. Nearly all were killed violently, morgue officials said.

McClatchy special correspondents Huda Ahmed, Laith Hammoudi and Zaineb Obeid contributed to this report.

60 Suspects Arrested At Iraq Funeral (LAT/AP)

From The Associated Press

The Los Angeles Times, August 13, 2006

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BAGHDAD — U.S. soldiers raided a funeral and detained 60 men suspected of involvement in car bombings, the U.S. command said Saturday, announcing the first major roundup of alleged insurgents since troop reinforcements began arriving for a new crackdown in Baghdad.

Bomb and gun attacks killed 16 people across Iraq on Saturday, and police reported finding 15 victims of apparent sectarian violence, including a dozen bodies pulled out of the Tigris River. Two U.S. soldiers were killed south of Baghdad.

U.S. commanders said they were rushing nearly 12,000 more American and Iraqi soldiers into the capital.

But despite the rise in sectarian fighting and other violence, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said he would not rule out U.S. troop reductions this year. Pace, who arrived here Saturday, said he would consult with top commanders on the outlook for a turnaround in the violence and the need for U.S. troops.

A statement by the U.S. military said the arrests in Baghdad were made Friday in Arab Jabour, a southern neighborhood that is a stronghold of Sunni insurgents.

The 60 detained men are believed to be associated with a senior Iraqi Al Qaeda leader in a cell that "specializes in bomb-making," the statement said. "The group has been reported to be planning and conducting training for future attacks."

On Saturday, the bound and blindfolded bodies of 12 men were found in the Tigris in Suwayrah, 30 miles southeast of Baghdad, at one of the metal grills fixed in the river.

Three more bodies were discovered Saturday, one in Baghdad and two in Kifil, in Hillah province south of the capital.

The U.S. military said the two American soldiers were killed when their foot patrol was hit by a roadside bomb south of Baghdad, bringing to 23 the number of Americans killed in Iraq this month.

Former Iraqi Officials Named In Graft Inquiry (NYT)

By Damien Cave

The New York Times, August 13, 2006

The former Iraqi electricity minister and several other current and former senior government officials have been charged with corruption or ordered to appear before judges, Iraqi officials announced Saturday. It was the newest development in an investigation that began two years ago.

The cases, referred to an Iraqi court by the Commission for Public Integrity, accuse officials from various departments of misdeeds ranging from stealing money and accepting kickbacks to assigning millions of dollars to phantom rebuilding contracts that appeared on paper and nowhere else, commission officials said.

In the continuing fighting in Iraq, the United States military said late Friday night that American troops had killed 26 rebels and wounded six in a gun battle in Ramadi, the capital of Anbar Province and a stronghold of the Sunni Arab insurgency.

Among those newly cited in the corruption investigation are Muhsin Shlash, a professional engineer who until recently ran the Electricity Ministry, a department that has received billions of dollars in reconstruction money over the past three years but has made far less progress than expected.

Mr. Shlash was recruited from exile in Canada to take over the ministry in May 2005. He served for a year — failing to raise electricity production above prewar levels — then left the country when the new government of Prime Minister Nuri Kamal al-Maliki replaced him.

The commission, set up by the American occupation and now run by the Iraqi government, has been actively investigating corruption since 2004, looking into hundreds of cases. In that time, 36 former or current senior Iraqi officials have been charged or ordered to appear before Iraqi judges, who under Iraq's system also serve as investigators.

There are concerns, however, that the commission has become politicized, often pressing cases without enough evidence and mostly targeting officials from previous governments. Most of the 36 officials accused have served in the administration of Iraq's first prime minister, Ayad Allawi, or the prime minister that followed him, Ibrahim al-Jaafari.

During last year's election, Mr. Allawi, among others, said the inquiries were an effort to slander his administration.

None of the officials newly charged or asked to appear in court, including a deputy minister of finance, could be reached on Saturday for comment. Ali al-Shabot, a spokesman for the Commission for Public Integrity, said many of them were out of government or out of the country.

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"Some of the ex-officials are abroad, and we will coordinate with the Ministry of Foreign Affairs to inform Interpol," Mr. Shabot said, referring to the international police network.

Mr. Shabot said the political and sectarian affiliations of the charged officials were across the board.

A handful were still employed by the government, he said, adding that they would be arrested if they were not granted immunity. One of the accused officials who would be immune to prosecution unless Parliament lifts that protection is a Sunni Arab member of Parliament, Nashan al-Jabouri.

"We've asked for information regarding the work of several high officials in the government now," he said, including the current under secretary of the ministry of electricity and under secretaries of planning, defense, finance and communications.

The latest allegations come after years of speculation about where billions of dollars in reconstruction and oil money have gone. Several United Nations sponsored audits in recent weeks have criticized the Iraqi and American government for allowing accounting errors of up to $1 billion to become routine.

In June, in one of many examples, Iraqi authorities said that they were investigating possible kickbacks in connection with more than $300 million in purchases of defective and outdated helicopters, machine guns and armored personnel carriers by the Defense Ministry's former procurement chief.

Mr. Shlash is being investigated over charges of sweetheart deals for contractors, according to the commission.

In the fighting in Anbar Province late Friday, marines and Army soldiers "were attacked at multiple locations with rocket-propelled grenades, medium machine-gun fire and small arms fire from buildings targeting outposts in the northwest portion of the city," according to a statement from the military.

The attacks came from men in homes and mosques, dressed as civilians, the statement said.

The American military also said it had recovered the bodies of two soldiers missing after the crash of a Black Hawk helicopter on Aug. 8 in Anbar Province. Two soldiers and two sailors were injured during the crash but rescued that day. The crash was not the result of enemy fire, the military said.

Also on Friday, in a sign of how little it takes to spark violence here, gunmen set fire to a southern office of one of Iraq's main Kurdish parties and attacked another party office in Baghdad, party officials said.

The assaults on the party, the Patriotic Union of Kurdistan, came after a party newspaper published a story on Aug. 8 that criticized Ayatollah Muhammad al-Yacoubi, a prominent Shiite cleric. The ayatollah is the founder of the Fadhila Party, a conservative group. A Fadhila official denied that its members had been involved in the attacks.

On Saturday, a bomb blast in Basra, the country's second largest city, killed three people. In Baquba, north of Baghdad, seven policeman were wounded when a roadside bomb exploded, the authorities said.

In western Baghdad, a roadside bomb targeting an Iraqi army patrol killed three soldiers and wounded two civilians, an interior ministry official said. A second roadside bomb in a nearby neighborhood killed three and wounded 11.

Throughout the city, the authorities found 15 bodies, many of them with gunshot wounds to the head.

Also in Baghdad, American forces said they rounded up 60 suspects believed to be involved in a bomb-making group linked to attacks in the capital.

The detainments came near Dora, a violent neighborhood in southern Baghdad where thousands of Iraqi and American troops have been conducting a comprehensive search of 5,000 buildings, every edifice in the neighborhood. After four days of the operation, a model for what the American military plans to do in other troubled areas of the capital, 14 AK-47's were confiscated.

Col. Michael Beech, commander of the American Army brigade in charge of the area, said the district would be cordoned off, with one entrance and exit, until further notice.

Two Soldiers Killed By Roadside Bomb In Baghdad, U.S. Army Says (BLOOM)

By Aaron Sheldrick

Bloomberg, August 13, 2006

Aug. 13 (Bloomberg) -- Two U.S. soldiers were killed by a roadside bomb south of Baghdad, the military said, bringing the number of American deaths around the Iraqi capital to five since troops were deployed there to quell rising sectarian violence.

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The soldiers, assigned to the Multi-National Division - Baghdad, were hit by an improvised explosive device at about 10:10 a.m. local time yesterday, the military said in a statement e-mailed from the capital late last night. The soldiers' names are being withheld pending notification of next of kin. No more details were given.

Army deaths have increased around Baghdad since the U.S. Army started deploying 3,500 soldiers on Aug. 5 to try to stop violence that's left thousands dead in the city in recent months. General John Abizaid, the top U.S. commander in the Middle East, said on Aug. 3 fighting in Baghdad is at its highest level and threatens to push Iraq into civil war.

Abizaid said the military is moving the troops, including a Stryker brigade from Mosul, to Baghdad to attack the ``militia death squads that we are seeing operate now in Baghdad with a degree of freedom."

Violence between Sunnis and majority Shiites increased after the bombing on Feb. 22 of the Shiite Golden Mosque in Samarra.

Eroding Support

The sectarian violence and the insurgency to drive U.S. troops out rages on even with the formation of Iraqi Prime Minister Nuri al-Maliki's government on May 20. U.S. commanders earlier said the creation of a new government would help quell the violence.

The conflict continues to erode support for President George W. Bush, with more than half of the public saying the global terror threat increased because of the war, up 20 percentage points from January, according to a Bloomberg/Los Angeles Times poll taken between July 28 and Aug. 1.

American military deaths, including Department of Defense civilian contractors, since the invasion in March 2003, amounted to 2,593 as of Aug. 11, a Department of Defense tally shows. Of those, 2,057 were killed in action and the rest died in accidents or from medical reasons not related to fighting.

Since the Aug. 5 deployment of troops in Baghdad, four have been killed in al-Anbar province, where most American troops die in fighting, according to military statements on the Department of Defense Web site. Five have been killed around the Iraqi capital, all in roadside bomb attacks.

More than 19,000 U.S. soldiers have been wounded in action and nearly 46 percent of those sustained wounds that are so serious they haven't returned to duty, the table shows.

At least 50,000 civilians have been killed in violence in Iraq since Saddam Hussein was ousted in 2003, the United Nations said last month. There were 14,000 people killed in the first six months of the year, mostly in Baghdad, the UN said.

12 Men Found Slain In Tigris (WT/AP)

By Robert H. Reid

The Washington Times/AP, August 13, 2006

BAGHDAD -- Police found a dozen bodies trapped in a grate in the Tigris River, and a roadside bomb killed two U.S. soldiers on foot patrol south of Baghdad yesterday as nearly 50 violent deaths were reported across Iraq.

Prime Minister Nouri al-Maliki banned a Kurdish extremist party from operating in Baghdad in a move seen largely as a gesture to Turkey, which had threatened to send troops across the border to destroy the group's bases in northern Iraq.

The 12 bodies were found in Suwayrah, 25 miles south of Baghdad, at one of a series of metal grates fixed in the river to block debris, said Mamoun al-Rubaie of the Kut city morgue.

All were men between 35 and 45 years old and had been bound, blindfolded and shot in the head or chest, Mr. al-Rubaie said. They appeared to have been the victims of sectarian death squads that operate in the religiously mixed communities in the Baghdad area.

Police also found 15 other bullet-riddled bodies of men who had been handcuffed and blindfolded in six neighborhoods throughout the Baghdad area, police Lt. Mohammed Khayoun said.

Another 21 persons were killed yesterday, mostly in Baghdad but also in Hillah, Mosul and Basra.

The roiling violence, especially between Sunni and Shi'ite Muslims in the Baghdad area, has alarmed U.S. commanders, prompting them to order nearly 12,000 more American and Iraqi soldiers into the capital.

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The United States currently has about 32,400 troops in Baghdad and areas south of the capital. About 13,500 are in the city proper, Maj. Gen. James Thurman said yesterday.

U.S. and Iraqi officials have said the reinforcements will focus on four neighborhoods where Sunni residents do not trust the Shi'ite-dominated Iraqi security forces.

Nevertheless, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said he would not rule out significant U.S. troop reductions this year.

Gen. Pace, who arrived in Baghdad yesterday, said such a decision would depend on improvements in the security situation and would be made after consultations with U.S. commanders in Iraq.

As part of the renewed security crackdown, the U.S. military yesterday said that 60 men had been rounded up the day before at a funeral in the southern Arab Jabour neighborhood, a mostly Sunni district.

The 60 men were thought to include members of an al Qaeda-affiliated cell that "specializes in bomb making" and carried out car bomb attacks in the capital, a U.S. statement said.

Women and children at the funeral were separated from the men and the arrests were made without incident, the statement said without giving any details.

"The group has been reported to be planning and conducting training for future attacks," it said. "Multiple forms of credible intelligence led the assault force to the location, later determined to be a funeral gathering, where the suspects were detained."

Call To Prayer Mingles With Verses Of Grief (LAT)

By Jeffrey Fleishman

The Los Angeles Times, August 13, 2006

With violence spiraling, there are 'nonstop condolence services' at one Baghdad mosque.

BAGHDAD — In coming days, his voice will echo across rooftops beyond the Tigris, a call to prayer in a city at war. But, now, a mother and her son must be mourned.

It didn't used to be this way. The Karada community was once a sliver of sanity amid the rage seeping across Baghdad. These days, though, the streets of this Shiite stronghold are ripped with bomb craters; the black banners of the dead, their names scrawled in yellow and white letters, flutter from courtyard walls.

"In the time before all this sectarian violence, our mosque would receive maybe one or two deaths a month. Ordinary deaths, deaths of the elderly," says Ali Mahmood Ali, the muezzin, or prayer caller, at Al Zuwiya mosque. "But now we have nonstop condolence services…. They're victims of explosions, assassinations, kidnappings. We have so many we can't fit them all. We tell people to reserve."

Amid such circumstance, a man is allowed any bit of quiet joy he can muster. Ali points to the mosque's new minaret. Built with ivory stone from Mosul, and inlaid with green and turquoise tiles, the spire is nearly finished, and soon the bags of mortar will be hauled away, the courtyard will be swept and eight loudspeakers will broadcast the call to prayer in all directions.

"My voice will travel to even remote places," says Ali, the son of a muezzin, who began reciting verses from the Koran when he was 10, landing his first job as a prayer caller at 13. So much has happened since then, boy turning to man, voice deepening and thousands of prayers recited against setting suns and half-blushed moons. Ali likes the intricacy of the minaret and how it brings fluted splendor to streets of drab, closed-up houses.

"Whatever you give God," Ali says, "will be multiplied for you later." He sits on a green carpet in the prayer room. His thick oval face is speckled with black and white stubble and his stomach strains the buttons of a linen shirt. His eyes are dull pinpricks, his hands rough and brown. He knows the mosque like some men know their closets. He is caretaker and tea maker, the one with keys to all the doors.

But it is Ali's voice that gives the rest of him resonance. It is throaty and damp, and sometimes when he speaks, the words lilt as if set to ancient music.

Work on the minaret began in 2004. The U.S. occupation was a year old, and pockets of violence in certain neighborhoods foreshadowed the strife between Shiites and Sunni Arabs. Imam Fadhil Muhsin Salloom asked his followers for donations, saying

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that since the mosque was built in 1973, it had longed for a minaret with narrow dome and a blessing written in gold to mark this land as a place of God.

"There was supposed to be a minaret all the time, but we couldn't afford a proper one," says Ali, 50. "We had to simulate a minaret by putting a few metal rods on the roof and attaching loudspeakers. My voice didn't travel so far. Then one of our rich people, Ahmad Zanboori, gave us land that used to be a garden. Our campaign began."

Money from worshipers and condolence donations from grieving families trickled in. Gradually, like a flower growing from dust, the minaret rose above the courtyard walls, peeked over the date palms and pricked the desert skyline. But even as it grew, the killings in Baghdad multiplied, and on some days car bombs and mortar rounds shook the mosque, rattling its windows, riffling its curtains. The laborers on the scaffolds stayed busy, chiseling stone and daubing from buckets of wet cement.

Ali is happy for this, but as he speaks, a condolence line grows and men kiss cheek to cheek, some whispering into the ears of the bereaved. Boys bring glasses of water and cups of bitter coffee poured from pots blackened in ash fires. The wind is hot. The names of the dead are posted: Faiza Hussein Alwan and Abbas Zaki Yahya, her 12-year-old son. They died with 30 others in bomb and mortar attacks not far away.

As many as 100 Iraqis die in Baghdad each day. Coffins bob in the traffic; revenge is plotted before the grave is dug.

"We are heading toward the worst," says Raad Ahmed Hasan, a banker and mourner whose eyes turn wild behind his glasses. "I am so hot-tempered about what is happening to my neighborhood and to my friends. They are dying." Hasan yells. A few mourners stop and listen, then walk beneath the minaret to pay their respects. The mosque's guards lean Kalashnikov rifles against their legs, fiddle with 9-millimeter pistols at their sides.

Two Shiite clerics in white turbans join the condolence line. One of their bodyguards, Haidar Habib, wears a gray suit and a pistachio-colored shirt, the outline of a gun visible.

"This neighborhood once symbolized calm and tranquillity," he says. "We were always against Saddam and his Sunni Baathists. That's why the terrorists are targeting us now." The clerics whisk across the courtyard. Habib follows, hurrying along the razor wire and barricades. The entourage speeds away, past neighborhood boys sidling close to their fathers and rows of shops that aren't so pretty anymore.

"What can we do?" Ali says. "There's a saying by the prophet Muhammad: He who struggles to bring food to his family is doing the noble work of Allah. We must go out and do our daily work. We have to leave our homes to earn money to feed our families. But we never know if we'll return home safe and sound at the end of the day. There are no more sanctuaries."

Alwan and her son were loved. It is late afternoon and mourners still come, patted down by guards at the courtyard gate, gazing for a moment at the new minaret. Ali sits on the green carpet. He closes his eyes, words lifting from him like song:

"O God, Bless Muhammad and the descendants of Muhammad.

In the name of God, I beg nobody but Him.

From whom I fear nothing but His justice.

And I follow nothing but His words.

I cling on nothing but His faith."

The verse drifts from the mosque and is carried away by the wind.

Times staff writer Suhail Ahmad contributed to this report.

U.S. Troops Among Nearly 50 Dead In Iraq (AP)

By Robert H. Reid

AP, August 13, 2006

Police found a dozen bodies trapped in a grate in the Tigris River, and a roadside bomb killed two U.S. soldiers on a foot patrol south of Baghdad Saturday as nearly 50 violent deaths were reported across Iraq.

Prime Minister Nouri al-Maliki banned a Kurdish extremist party from operating in Baghdad in a move seen largely as a gesture to Turkey, which had threatened to send troops across the border to destroy the group's bases in northern Iraq.

Also Saturday, a state commission said nearly 40 top officials of the past two governments have been ordered to appear in court to answer allegations of corruption. They include former ministers of defense, labor and electricity, the commission said.

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The 12 bodies were found in Suwayrah, 25 miles south of Baghdad, at one of a series of metal grates fixed in the river to block debris, Mamoun al-Rubaie of the Kut city morgue said.

All were men between 35 and 45 years old and had been bound, blindfolded and shot in the head or chest, al-Rubaie said. They appeared to have been the victims of sectarian death squads that operate in the religiously mixed communities in the Baghdad area.

Police also found 15 other bullet-riddled bodies of men who had been handcuffed and blindfolded in six neighborhoods throughout the Baghdad area, police Lt. Mohammed Khayoun said.

Another 21 people were killed Saturday, mostly in Baghdad but also in Hillah, Mosul and Basra.

The roiling violence, especially between Sunni and Shiite Muslims in the Baghdad area, has alarmed U.S. commanders, prompting them to order nearly 12,000 more American and Iraqi soldiers into the capital.

The United States currently has about 32,400 troops in Baghdad and areas south of the capital — of which about 13,500 are in the city proper, Maj. Gen. James Thurman said Saturday.

U.S. and Iraqi officials have said the reinforcements will focus on about four neighborhoods where Sunni residents do not trust the Shiite-dominated Iraqi security forces.

Nevertheless, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said he would not rule out significant U.S. troop reductions this year. Pace, who arrived in Baghdad on Saturday, said such a decision would depend on improvements in the security situation and would come after consultations with U.S. commanders in Iraq.

As part of the renewed security crackdown, the U.S. military Saturday said that 60 men had been rounded up the day before at a funeral in the southern Arab Jabour neighborhood, a mostly Sunni district.

The 60 were believed to include members of an al-Qaida-affiliated cell that "specializes in bomb making" and carried out car bomb attacks in the capital, a U.S. statement said. Women and children at the funeral were separated from the men and the arrests were made without incident, the statement said without giving any details.

"The group has been reported to be planning and conducting training for future attacks," it said. "Multiple forms of credible intelligence led the assault force to the location, later determined to be a funeral gathering, where the suspects were detained."

Late Saturday, Iraqi state television announced that 16 "terrorists" had been arrested for allegedly exploding a dozen car bombs in Baghdad and plotting to assassinate relatives of the prime minister in his hometown near Karbala.

The independent Commission for Public Integrity said the corruption allegations had been filed against 39 top officials in the governments of former prime ministers Ayad Allawi and Ibrahim al-Jaafari, according to the commission's spokesman, Ali Shabbout.

Shabbout said the officials include ex-Defense Minister Hazem Shaalan and former Labor Minister Laila Abdul Latif, both of whom served in the Allawi government, and Abdul Muhsin Shalash, the electricity minister under al-Jaafari.

Some have fled the country, but Abdul Latif was released on bail, Shabbout said.

In a brief statement, the government said al-Maliki had banned the Kurdistan Workers Party, a rebel group fighting for autonomy in southeastern Turkey, from operating in Baghdad. Al-Maliki told Turkish Prime Minister Recep Tayyip Erdogan of the order during a telephone conversation Saturday, the statement said.

It was unclear whether the order would have significant effect on the party, known by its acronym PKK, which is not known to have a major operation in Baghdad. The party has been fighting Turkish forces since 1984 and is considered a terrorist organization by Turkey, the United States and the European Union.

The PKK operates clandestine bases in the Kurdish-self ruled provinces of northern Iraq, where central government authority is limited.

Last month, Erdogan said Turkey was moving forward with plans to send troops into northern Iraq to attack PKK bases but was holding talks with the United States and Iraq in an attempt to defuse tensions.

In an interview with the New York Times published Saturday, the U.S. ambassador to Iraq, Zalmay Khalilzad, said Iran was encouraging Shiite militias to step up attacks on U.S. forces in retaliation for the Israeli assault on Hezbollah in Lebanon. The Shiite Hezbollah is backed by Iran.

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Privately, some senior U.S. officials are skeptical the Iranian government is doing more than providing money to select Shiite groups. Others insist Iran is providing weapons and training to some Shiite factions.

In Iraq, A Failure To Deliver The Spoils (NYT)

By James Glanz

The New York Times, August 13, 2006

TOUNIS, Iraq

THEY were just two tribal sheiks from a town so small it does not appear on most maps, and they were meeting two weeks ago in the local police station with an American officer to talk about reconstruction projects. Still, they could have been old-time Chicago ward heelers looking out for the neighborhood when a little pork barrel was at stake.

And the sheiks, Abu Jawad and Abu Ghazwan, had not gotten their piece of the action. An American military man they remembered only as Captain Burns had come to their town, a dusty place around 30 miles south of Baghdad, and left without coming through on his promises of electricity projects, water projects, schools, said the sheiks and the local police commander, Lt. Col. Hussein Daher Layg.

The sheiks' disappointment had nothing to do with America's wider strategic aims in Iraq. Rather, explained the sheiks, suited up in traditional checked headdresses and formal robes, dishdashas, they simply could not look their people in the eye after passing on the promises they had received.

The episode said everything about where the failures of the American reconstruction program in Iraq have had their greatest impact — community by community, block by block, house by house as the lights do not go on and water does not squirt from the taps. In Iraq, politics is not merely local: it can seem microscopic, with winners and losers on every crumbling street corner as projects succeed and fail.

"We meet here a lot and you promise us a lot, and nothing happens," said Abu Jawad. "When I go to my people and say, 'Next week, next week,' they start to say I'm lying."

And it was left to a new American officer, Capt. Jocolby Phillips of the 4th Infantry Division, to banish a ghost of broken promises in Iraq, and repair the loss of credibility wrought by this torn stitch in the American enterprise here.

"You will not hear me promise something to you that I will not deliver," said Captain Phillips, an earnest young officer from the West Texas town of Kermit, whose population was 6,000 when he played high school football there. "I hope that will be the start of building trust again with the American forces."

In the United States, the question of the effectiveness of the roughly $45 billion in rebuilding generally boils down to a statistical debate, with proponents saying that thousands of projects have been completed, and critics pointing to thousands that are incomplete or have not even started.

With most of the American-taxpayer money for rebuilding set to run out this year, that debate has become sharper. But it is beside the point in Iraq, where sentiment on the street is overwhelmingly dismissive of a reconstruction effort prolific in press releases but with little clear impact on people's lives.

Just as important in Iraq, there is no tribal or local political leader who can take credit for something as amorphous as megawatts added to Iraq's national electrical grid or increased oil production.

For that reason, the reconstruction successes in Iraq seem to be almost always on narrow, targeted, geographically and demographically limited projects. In Diyarah, a mixed Sunni-Shiite town a few miles from Tounis, Captain Phillips and Sgt. First Class Michael H. Taylor, both in D Company of the division's 2nd Battalion, 8th Infantry Regiment, showed off a brand new electrical generator and a water plant whose pipes were being laid in fresh trenches along the city streets.

There was a smiling Sunni imam, Saleh Hassan al-Wan, the Americans' main contact in the town, who said that people who had recently left Diyarah were now moving back because of the generator. He said he was aware that the town of Tounis was jealous of Diyarah's success with reconstruction.

"We go to sleep and we can get good sleep because of the new generator," the imam said.

Walking through the streets of Diyarah like a beat cop on his rounds, Captain Phillips said that problems with Shiite militias in Tounis were one factor in slowing the rebuilding there. But during his meeting in Tounis, he spent much of his time trying to

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undo the damage wrought by promises large and small, some apparently delivered by the mysterious Captain Burns, which were never delivered to the local chieftains the Americans desperately want on their side.

"The promises that he made, obviously he was not able to fulfill on that," an exasperated Captain Phillips said, "and that was wrong."

But as justifiable as the sheiks' outrage appeared to be on certain points, it was also clear that they were playing a game as old as pork barrel politics: working over a well-intentioned official with money to spend and giving it all they had.

The local police chief played his role as host perfectly, too, offering lengthy speeches in praise of the Americans but then warning that if the projects did not materialize soon, the chief might call for a meeting and find, to his chagrin, that none of the Iraqi elders would attend.

"We need to show all the people here that the coalition forces are not liars," the police chief said.

The sheiks hammered Captain Phillips from every possible angle. When Abu Ghazwan asked why Latifiya, another town just up the road, had been getting projects when Tounis was not, the captain replied that the town was in a different unit's area of responsibility — a fact that the canny sheiks surely knew.

When Captain Phillips reminded them that he was in fact prepared to spread some sugar and finally bring some projects to Tounis, Abu Jawad had an answer: "There are three small projects and none of them has been delivered so far."

Captain Phillips, speaking as patiently as possible to his translator, said of one of those projects: "Here is what they must understand. It is a small project for Tounis. But all across Iraq, everyone is doing —— "

"Sir!" Abu Jawad interrupted. "You are not just a military man. You are also a politician and a very good one. Because we have gotten only a mirage."

Success In Iraq Is Up To The Iraqis (WP)

By Stephen J. Solarz And Michael E. O'hanlon

The Washington Post, August 13, 2006

President Bush has been emphatic in saying that American troops will leave Iraq only when conditions there allow it. His "stay the course" approach, underscoring the progress Iraq needs to make in security and other areas before we can prudently depart, has sent a powerful signal to our Iraqi friends that our commitment is durable -- and to our Iraqi and jihadist enemies that we will not be intimidated into a hasty departure.

For the first few years of U.S. involvement in Iraq this "conditions-based" exit strategy made some sense. But in view of the deteriorating security situation in Baghdad and the emergence of an escalating sectarian conflict between Sunnis and Shiites, the time has come for what might be called a conditions-based commitment strategy.

This new strategy would make our continued military presence in the non-Kurdish areas of Iraq contingent on the Iraqi government's initiating long-overdue steps that are crucial for any prospect of success. It would be similar to what Congress demanded of El Salvador in the 1980s, when continued U.S. assistance was made conditional on substantial progress toward the elimination of government-sponsored death squads and greater respect for human rights in general. Such an approach in Iraq could spark needed reforms while still allowing the president sufficient flexibility.

This approach recognizes that the most important policy decisions now needed in Iraq can be undertaken only by Iraqis. It also recognizes the changed politics of Iraq in the United States. Most Americans think we are either losing or treading water -- and their assessment is not far off. If the Iraq mission is to remain politically sustainable at home, we need to make it clear that our commitment is not open-ended and that without essential reforms we will not continue to spend American blood and treasure on a failing operation.

Right now Iraq faces a Sunni-based insurgency that is morphing into a Sunni-Shiite civil war. To have any hope of defeating the insurgency, Prime Minister Nouri al-Maliki's administration needs to establish its legitimacy in the eyes of the Sunni community, giving Sunnis a stake in the success of a government they no longer dominate and depriving the resistance of the support it enjoys from as much as 20 percent of the population. To have any hope of preventing civil war, the government must eliminate the Shiite death squads that have fueled the downward spiral toward an all-out sectarian conflict.

To succeed, the Iraqi government must make substantial progress over the next few months in:

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Â· Adopting a series of constitutional amendments and related legislation that address the concerns of the Sunni community, while also being acceptable to Kurds and Shiites, on key issues such as federalism and the equitable distribution of Iraq's future oil revenue.

Â· Reining in the Shiite militias. This is the hardest challenge of all, since Maliki's government depends on the support of the party leaders whose militias he needs to bring under control.

Â· Creating and implementing a plan for rehabilitating lower-level Baathists so that those who were essentially forced to join the party under Saddam Hussein but were never directly complicit in its crimes can fully reenter the nation's political and economic life.

Â· Establishing functioning government ministries capable of delivering essential services.

These are all steps that both the Bush and Maliki administrations have already endorsed. But this approach would make our continued military presence in the non-Kurdish areas of Iraq contingent on their implementation within a reasonable period.

To be sure, the cost of failure in Iraq would be enormous. Jihadists would gain a new bastion in the region and be confirmed in their view that the United States is a paper tiger. In addition, a major oil producer would be condemned to a sectarian conflict that would probably be much worse than the Lebanese civil war in the 1970s (in which 150,000 Lebanese lost their lives). Our claims to care about a key Muslim nation would be mocked, and a strategically crucial part of the world would risk slipping into a broader regional conflict. But whether such a failure can be averted depends much more on the Iraqis than it does on the United States.

The debate over Iraq in the United States has become extraordinarily polarized. Given the implications of an American failure, most Republicans argue that we should stay the course regardless of the cost in life and money and even our prospects for success. Given the price being paid, most Democrats believe we should begin the process of withdrawing now, regardless of the consequences.

National disunity in time of war is a recipe for failure. By recognizing the imperative of success in Iraq, while also recognizing that success is not possible in the absence of measures that only the Iraqi government can take, a conditions-based commitment strategy has the potential not only to induce the Iraqi government to do what it must but also to unite the American people around a policy more firmly rooted in Iraqi and American realities.

Stephen J. Solarz, a former Democratic representative from New York, was a co-author of House legislation authorizing Operation Desert Storm in 1991. Michael E. O'Hanlon is a senior fellow at the Brookings Institution and co-author of Brookings' Iraq Index.

It's The Condi Rice Show (TIME)

By Mike Allen

Time, August 13, 2006

Back in 2003, Condoleezza Rice, then the National Security Adviser, decided that U.S. administrator L. Paul Bremer's plan for getting a government going in Iraq wasn't viable. Without telling Bremer or his boss, Defense Secretary Donald Rumsfeld, Rice went to President George W. Bush after her summer vacation to put the viceroy on a shorter leash. She knew that the President exercised with Bremer when he visited Washington, appreciated his strong Catholic faith and treated him like a Cabinet member. But she drew on her even deeper bond with the President. She soft-pedaled her views of Bremer's record so as not to make it personal and got herself put in charge of Iraq policy.

The episode, a precursor of Rice's outmaneuvering of Bush hard-liners when she became Secretary of State, is revealed in Imperial Life in the Emerald City, a forthcoming book about the Green Zone by the Washington Post's former Baghdad bureau chief Rajiv Chandrasekaran. The details were confirmed for TIME by an official who was involved, who added a telling coda: Bremer actually liked the new arrangement because he "got to deal with Condi, who had the President's ear." Since moving out of the West Wing to take over State in early 2005, Rice has returned there often and has remained close to the President and First Lady. Now the President's hopes for becoming a Middle East peacemaker lie with the imperturbable and at times inflexible concert pianist and childhood championship ice skater he calls "an unsticker"--a solver of insoluble problems.

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Rice announced before heading off to Israel and Lebanon last week that she was not after "a temporary solution," much to the consternation of Arab and European allies of the U.S. The New York Times ran a vivid front-page photo of Rice, eyes closed, holding her head as if in despair. In fact, she was wiping off perspiration that was pouring down her forehead in a broiling conference room in Rome. (The hall normally seats about 100 people but was packed with 1,000; firefighters showed up to remove doors to cool the place down.) Her goal is grander than the instant results demanded by her critics. She says she is after nothing less than a changed Middle East, which requires more than a cease-fire that could quickly be breached. As White House press secretary Tony Snow put it, the objective is to "create the conditions so that you not only have the piece of paper, you have the peace."

Rice has greater access and latitude than any Secretary of State since Henry Kissinger left government after Gerald Ford lost in 1976, and she has capitalized on every bit of it. Many senior officials at the National Security Council are Rice loyalists who date back to her days there, so the State Department and the White House work closely together and sometimes cut the Pentagon out, according to participants. Until now, she has won generally glowing marks for a record that includes offering the first substantive talks with Iran in 27 years. But some Bush aides were miffed that she embarked on what they sarcastically called the "Condi Rice Show" without a clearly attainable goal. Her initial round of diplomacy in the Israel-Hizballah hostilities was mostly portrayed as a failure, and she looked drained as she emerged from a meeting of world powers in Rome, where many allies had pushed to call for an immediate cease-fire.

Earlier this month Rice took her senior staff to the Wye River Conference Center on Maryland's Eastern Shore to plan the fall, including a presidential trip to the U.N. The former plantation was the site of Bill Clinton's negotiations between the Israelis and Palestinians. A reprise looks very far off to the Bush team. Nevertheless, friends say, Rice, 51, is thriving in her higher-profile role, working from 6:30 a.m. until 7:30 or 8 at night, then treating herself to tennis, the Kennedy Center and brunches with friends on weekends. Roughly one Sunday a month she has her chamber-music group over to her Watergate apartment.

She worked on the National Security Council of President George H.W. Bush, and some Bush-family aides say Rice's election as the first black and first woman President could be one of the clan's greatest legacies. Although no national race appears to be in the offing for 2008, friends hope she will eventually run statewide in California. Rice's staff recognizes that the speculation about her political future may be useful, and has overhauled the optics of the job to give her coverage greater pizazz. In Washington she appears with world leaders in front of a fireplace that could be in the Oval Office. Abroad, she is photographed stepping from a plane with an almost presidential wave, a shot that Colin Powell's staff rarely facilitated. "The time for diplomacy is now," she said at her confirmation hearing. It was a message not only to the world but also to parts of the Administration that had thwarted Powell.

Rice's staff asked State Department historians for the dossiers of successful Secretaries. One characteristic they had in common was clout. She can check that off. Now she must show she can use it.

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What Really Causes Civil War? (NYT)

By Gary J. Bass

The New York Times, August 13, 2006

The commonplace assumption that a more homogeneous society is a more peaceful society certainly sounds reasonable. Surely monoethnic Japan should have an easier time maintaining domestic order than Indonesia; or Slovenia than Macedonia. After all, in a country with numerous ethnic or religious groups, politicians are easily tempted to organize factions along group lines — which can lead to rising tensions and even civil war or the collapse of the state. In 1938, Benito Mussolini warned, “If Czechoslovakia finds herself today in what might be called a ‘delicate situation,’ it is because she was not just Czechoslovakia, but Czech-Germano-Polono-Magyaro-Rutheno-Rumano-Slovakia.”

Today, as Iraq spirals toward outright warfare between Sunnis and Shiites, it risks joining a lengthening list of countries that have seemingly inevitably been ripped apart by bitter sectarian hatreds: Yugoslavia, Rwanda, Sudan and not least Lebanon, which experienced civil wars in 1860 and 1958 and from 1975 to 1990 and may face yet another one.

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But what if this whole premise is wrong? Odd as it may seem, there is a growing body of work that suggests that multiethnic countries are actually no more prone to civil war than other countries. In a sweeping 2003 study, the Stanford civil war experts James D. Fearon and David D. Laitin came to a startling finding: "it appears not to be true that a greater degree of ethnic or religious diversity — or indeed any particular cultural demography — by itself makes a country more prone to civil war."

Fearon and Laitin looked at 127 civil wars from 1945 to 1999, most often in sub-Saharan Africa and Asia. They found that regardless of how ethnically mixed a country is, the likelihood of a civil war decreases as countries get richer. The richest states are almost impervious to civil strife, no matter how multiethnic they might be — think for instance of Belgium, where Flemings and Walloons show almost no inclination to fight it out. And while the poorest countries have the most civil wars, Fearon and Laitin discovered that, oddly enough, it is actually the more homogeneous ones among them that are most likely to descend into violence.

Fearon and Laitin explained their findings by noting that while the world is awash with political grudges, ethnic and otherwise, civil wars only begin under particular circumstances that favor rebel insurgencies. The most common situation involves a weak, corrupt or brutal government confronting small bands of rebels protected by mountainous terrain and sheltered by a sympathetic rural population, and possibly bolstered with foreign support or revenues from diamonds or coca. These insurgents may be ethnic chauvinists, but they could equally well be anti-colonialists, Islamists, drug lords, greedy opportunists, communists of various stripes and so on.

The Fearon and Laitin argument has not gone unchallenged. In a 2004 paper, the Oxford economists Paul Collier and Anke Hoeffler noted that when an ethnic group makes up more than 45 percent but less than 90 percent of a population, strife becomes more likely. Such a group, they reasoned, will be especially tempted to exploit smaller groups.

Other scholars have backed up Fearon and Laitin's general argument. Crawford Young, an African politics expert at Wisconsin and a former dean at the National University of Zaire, maintains that the new pattern of conflict in Africa, where many of the post-1989 civil wars have broken out, has "nothing to do with religion, ethnicity and race." In contrast to the conventional view that violence in Africa is a product of the legacy of arbitrary colonial borders that bundled rival tribes together, Young blames recent African civil wars largely on novel financial and military factors. He points to the illicit sale of arms from the former Soviet Union and the rising professionalism of foreign-trained guerrillas (including jihadis who fought the Soviets in Afghanistan) as well as the use of child soldiers in Uganda and Congo.

Young emphasizes that rebels do not need much popular support if they can manage to finance themselves: trading in illicit diamonds helped bankroll and sustain Charles Taylor's National Patriotic Front of Liberia, not to mention rebels in Sierra Leone and Angola. This argument also helps explain why Colombia's civil war, fueled by coca profiteering, has dragged on for so many decades. Far from needing ethnic grievances to perpetuate them, some civil wars can perpetuate themselves.

If true, the notion that ethnic diversity does not make civil war more likely would be reassuring news for citizens of multiethnic countries like the United States and India. It would also call into question the thinking of pundits like Robert D. Kaplan, who has written that that multiethnic Nigeria "is likely to split into several pieces," and Samuel P. Huntington, whose book "The Clash of Civilizations and the Remaking of World Order" previews a world torn apart by cultural differences between Muslims and other civilizations — ethnic warfare on a global scale. The Fearon-Laitin thesis suggests that the debate over the future of fragile countries should turn from questions of ethnic demography to the need for good government, economic development and adequate policing. It also implies that there was nothing inevitable about the terrible sectarian strife in Iraq. Ethnic wars do not just happen; they are made.

Standing By Bush (WP)

By Joshua Muravchik

The Washington Post, August 13, 2006

The Post reported recently on Page 1 that "President Bush is facing a new and swiftly building backlash on the right over his handling of foreign affairs" ["Conservative Anger Grows Over Bush's Foreign Policy," July 19]. Judging by those quoted, the current backlash is centered among neoconservatives, until now Bush's most ardent foreign policy constituency.

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A few weeks earlier, Richard Perle, one of the most respected neocons, had penned a scathing critique of Bush's Iran policy [Outlook, June 25]. I myself may have contributed to the overall impression of neocon disillusionment by decrying the administration's flaccid response to a wave of repression by Egyptian President Hosni Mubarak [op-ed, June 27].

But for neocons or any other conservatives to turn against George W. Bush would be a terrible mistake. Presidents invariably disappoint their strongest supporters. Their powers are limited, and they must cope with Congress, public opinion, unwieldy agencies and, where foreign policy is concerned, other nations that can help or hinder us. The results never match the elegance of the policies formulated by people like me, who grapple only with editors.

Neocons and other conservatives revere the memory of President Ronald Reagan now. But at the time, we weren't satisfied. "To say that neoconservatives [are] disappointed . . . understates the case to an incalculable degree," Norman Podhoretz, editor of the neocon flagship Commentary magazine, lamented about Reagan's foreign policy in 1982.

Reagan's anti-communist actions toughened in the years that followed, leading to victory in the Cold War. But on terrorism they remained equivocal. In 1983, when Hezbollah blew up our Beirut embassy and followed with a suicide bombing that killed 220 Marines, the president ordered our forces to abandon their peacekeeping mission and slink away unavenged. In his second term, Reagan committed the sin of appeasement, trading arms to Tehran for U.S. hostages.

The contrast between Reagan's courage toward the "evil empire" and his faintheartedness toward Middle Eastern terrorists underscores the magnificence of Bush's achievement in marshaling our country for a war against terrorism. Middle Eastern terrorists had been coldly murdering Americans for three decades, but from Nixon through Clinton, no president dared face the issue head-on. The fight promised to be too nasty, and it required a strategy for changing the politics and psychology of the Middle East, for which there was no guidebook. So each administration had contented itself with shaking a symbolic fist or issuing some subpoenas while leaving the problem to metastasize.

This led to the Sept. 11 attacks, putting Bush to the test. Liberals said we should continue to treat terrorism as a law enforcement issue. Others would have attacked al-Qaeda in Afghanistan and left it at that. In contrast, Bush set forth the enormous goal of destroying terrorist groups; cutting off government support for terrorists, if necessary by regime changes; and engineering a new culture in the Middle East by means of democratization. This was a plan to warm the hearts of neocons, embodying ideas for which we had long been arguing (and giving rise to inflated tales of neocon influence, even though few neocons served in the administration).

The necessity for such a far-reaching strategy was brought home again last week by the revelation of another vast terrorist plot involving scores of British and Pakistani Muslims with apparently tenuous links to al-Qaeda. The diverse and seemingly endless supply of such volunteer killers suggests the depth of the challenge we face.

Bush's pursuit of a fundamental solution was especially courageous because he knew it could not all be achieved within the span of his presidency, thereby courting public impatience. But his courage has held.

When Israel was attacked by Hamas and Hezbollah, two tentacles of the international terrorist jihad, much of the rest of the world responded in knee-jerk fashion, chastising Israel's reaction as "disproportionate." But Bush insisted on supporting Israel's attempt to break the terrorist sword hanging over it.

None of this is to say that Bush's performance, including the campaign in Iraq, is above criticism by conservatives -- or liberals. I worry, for example, about whether he is conceding too much to our U.N. Security Council partners regarding Iran. But if he is going to bomb Iran's nuclear facilities -- as I believe he will have to do and will not shrink from doing -- his position will be strengthened by having exhausted every diplomatic possibility. I worry, too, about indulging North Korea. But no president can tackle every problem at once.

Bush has taken on the one problem that is by far most important, and he has done it with remarkable perseverance. He led our nation into a war that is both just and necessary and that he knew could not be finished on his watch -- a thankless undertaking. For this he deserves unflagging support from neocons and other conservatives, and indeed from all Americans.

The writer is a resident scholar at the American Enterprise Institute.

Rep. Davis: War Bungles Should Oust Rumsfeld (AP)

AP, August 13, 2006

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HAMPTON, Va. U-S- Representative Jo Ann Davis is doing something unusual -- she's siding with a Democrat when it comes to defense policy.The Virginia Republican says she agree with Senator Hillary Clinton -- a New York Democrat -- that Defense Secretary Donald Rumsfeld should resign.Clinton made the suggestion earlier this month. Davis announced her feelings to the Hampton Roads Chapter of the American Society of Military Comptrollers Thursday.She blames Rumsfeld for bungling the handling of the war in Iraq. She pointed to his 2003 firing of General Eric Shinseki (shin-SEK-ee) who told officials before the war that hundreds of thousands of U-S troops would be needed there during the postwar period.Rumsfeld fired him in 2003.Now, Davis says ... quote ... "General Shinseki has been proven right."Davis says she's also disturbed by meetings with injured soldiers. But she says she continues to support the war -- she just wants soldiers home quickly.

Afghan Road Rage (WP)

The Washington Post, August 13, 2006

After a spring and summer of bloody clashes with a resurgent Taliban, U.S. forces in Afghanistan have learned the hard way that their presence is sometimes backfiring among Afghan civilians. When a U.S. military vehicle caused a fatal traffic accident in Kabul on May 29, resentment erupted into the deadliest rioting the city has witnessed in years. Indeed, U.S. troops have earned a reputation as "negligent, offensive, rude, callous, occupiers, hostile, disrespectful . . . you get the point." That description is found in the memo below by a senior sergeant in Afghanistan, signaling that the Army is thinking seriously about how to operate differently -- and more effectively -- in its counterinsurgency efforts. The document has been widely circulated among the U.S. military not only in Afghanistan but also at the Pentagon; on July 18 it was e-mailed to all Army generals.

-- Thomas E. Ricks

U.S. Patrol Hit In Afghanistan (LAT/AP)

From The Associated Press

The Los Angeles Times, August 13, 2006

KABUL, Afghanistan — Militants attacked a U.S. patrol with rocket-propelled grenades, killing three Americans in Afghanistan's northeast, one of the wildest regions in the country, an official said Saturday.

U.S. troops used artillery to repel the attack in Nuristan province Friday, Col. Tom Collins said.

Three U.S. soldiers and a civilian were wounded in the clash, which occurred in the Waygal district. American forces are hunting for Taliban fighters and extremists close to Osama bin Laden's Al Qaeda network in remote mountains along the Pakistani border.

In the restive southeastern Ghazni province, gunmen killed a former deputy governor outside his home, months after his former boss was assassinated in an ambush, an official said.

Abdul Hakim was shot Friday night when he left his house, a spokesman said. In March, militants ambushed former Gov. Taj Mohammed near his home, killing him and four others.

A British soldier was killed Saturday in a vehicle accident in the southern province of Helmand, a British Defense Ministry spokesman said.

U.S. Is Slow To Act On Lessons Of New Warfare (BSUN)

By David Wood

The Baltimore Sun, August 13, 2006

Conventional methods cannot defeat enemy, experts warn

WASHINGTON -- From the foiled London airliner bombing plot to the bloody street carnage in Baghdad and smoking wreckage of southern Lebanon came chilling reminders last week that the United States and its allies are locked in a long war with a ruthless, technically adept enemy, one the United States is ill-prepared to confront and cannot fully defeat, senior officials say.

Strategists call this "unrestricted warfare" to describe the way it is fought: outside the skein of international law and Western moral standards, by enemies that are dispersed in cells and networks and so enmeshed in religious sects and culture that they are difficult to detect - and almost impossible to deter.

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Throughout the week's bloody crises and threats, most of the vast military resources of the United States sat idle, its nuclear missiles unable to deter terrorists or insurgents, its sophisticated jet fighters and warships and highly experienced ground troops unable to prevent suicide bombings in Iraq or to stop the death and destruction in southern Lebanon.

In recent years, American defense analysts have used various terms to describe unrestricted warfare: guerrilla war, low-intensity conflict and insurgency. It has been the subject of dozens of books, learned treatises, military manuals and conferences - and yet a clear comprehension of how it works and how to defeat it seems elusive.

"Our understanding of these new adversaries is limited," said Jim Thomas, a senior strategist for Defense Secretary Donald H. Rumsfeld.

In an interview, Thomas likened the threat to a flu virus: You can fight off this year's strain, but you know a different type is coming next winter. In that sense, the virus wins by not losing, and there will be no conclusive fight-to-the-death battle that the military prefers.

"This adversary is not going to fight you that way," he said. Instead, this enemy "can metastasize, and we've seen that with al-Qaida, where you have lots of franchises or copycats. It can also mutate over time, with different tactics and capabilities."

Ultimately, the war on terrorism demands an indirect approach, winning the great "silent majority" of Muslims and marginalizing Islam's radical extremists, said Brig. Gen. Robert L. Caslen, until recently deputy director for terrorism on the Pentagon's Joint Staff.

"The biggest dilemma with insurgency or unrestricted warfare is that every time you use force to accomplish your immediate tactical objectives, and that force produces significant collateral damage, you move that population of Islam to the right, toward the radicals," said Caslen, commandant at the U.S. Military Academy at West Point.

"When you start destroying Islamic culture and families and ruining lives and that makes news - and they are experts at manipulating the media - then you start creating more jihadists than you are defeating."

That is the dilemma the United States has been unwillingly pushed toward in Afghanistan and Iraq, critics say, where the continued use of airstrikes, for example, seems to have accelerated resistance to U.S. forces.

"In fact, radicalization is expanding, and we haven't turned the corner on that yet," Henry Crumpton, the former CIA officer who oversees counterterrorism policy at the State Department, recently observed.

These gloomy assessments illustrate a growing realization that the U.S. response to al-Qaida, Hezbollah and their likely imitators requires a strategy and set of weapons and capabilities unlike those it has today. These include:

• A new air power strategy, to make better use of intelligence and surveillance technology and miniature precision weapons.

In Afghanistan, after the Taliban and al-Qaida forces withdrew into the mountains in late 2001 and early 2002, U.S. forces were unable to find and strike them, according to a detailed study by Steven Biddle for the U.S. Army War College Strategic Studies Institute. The result was that Osama bin Laden got away and al-Qaida forces could regroup.

The Air Force declined to respond to questions for this article.

• A new strategy for deterrence. The traditional threat of massive conventional or nuclear retaliation is impractical against a hidden foe with no fixed address and a set of values that might seem incomprehensible, according to specialists in strategic planning.

What is needed is what some call "tailored deterrence," which would threaten something or some place that each enemy holds dear. That approach requires deep intelligence and complex analysis at levels not commonly done.

• Faster technological response to threats. Today's enemies, with no bureaucracy, seem to be able to conjure up new forms of weapons, such as improvised bombs detonated with cell phones, faster than the Pentagon can devise technical responses. It has taken the Air Force more than a year to develop a small-diameter bomb in response to demands from airmen in Iraq for weapons that cause fewer civilian casualties. The U.S. and Israel worked for years on a missile defense system before giving up because of cost and complexity. Pentagon teams have won praise for devising ways to detect and defeat improvised bombs in Iraq; their approach could be expanded, critics say.

• A new strategy to control escalation in a battle with unrestricted warriors. Given Israel's frustration in trying to bring the full weight of its military power against Hezbollah, there is great risk of throwing off all restraints, said Andrew F. Krepinevich, a West

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Point-educated former Pentagon strategist who now heads the nonpartisan Center for Strategic and Budgetary Assessments, in Washington.

"When a country feels its back is up against the wall, it will stop at nothing to try to defend itself," he said. "Then you have something very much different than a limited war."

• Greater numbers of highly skilled infantrymen familiar with local language and culture and comfortable operating in the shadows against a foe with no morals, capabilities beyond today's military forces.

"You need to have the 19-year-old corporal, or sergeant, comfortable with making those decisions," said Jeffrey Davis, whose last assignment before retiring in June from the Marine Corps was writing its counterinsurgency manual.

Troops must have a "clear understanding" of their strategic purpose - for example, the specific goal of the U.S. presence in Iraq as it spirals toward civil war, he said. That purpose might not be clear at senior leadership levels.

"We are all struggling with what to do" against the threat of unrestricted warfare, said Ronald R. Luman, head of the national security analysis department of the Johns Hopkins University Applied Physics Laboratory.

"People are stuck. They want to do something soon, but the intellectual homework, the deep analysis that we have done for conventional warfare, doesn't yet exist for this sort of warfare," said Luman, who organized a conference in March on the subject that drew experts from government and academia.

In its most recent strategic reassessment, released in February, the Pentagon acknowledged that it is "still encumbered with a Cold War organization and mentality in many aspects of Department operations."

The report, known as the Quadrennial Defense Review (QDR), detailed some steps the Pentagon has taken in response to the challenges of unrestricted warfare, such as ordering an expansion of Special Operations forces and trying to develop "a wider range of conventional and non-kinetic deterrent options." (Non-kinetic, in military parlance, means "non-explosive" and refers to economic, judicial and other forms of power.) The QDR and other U.S. strategy documents also call for tighter coordination among federal agencies.

More needs to be done, officials say.

"We need to be more like our enemies, organizationally" - flexible, networked, unconventional, said Thomas. "You can't fight this war from the center."

Yet there is too little coordination among government agencies. And the decisive shift in defense spending that many expected from Rumsfeld has never come.

Instead, the huge $468 billion defense budget overwhelmingly serves big-ticket conventional weapons: the Army's Future Combat Systems, nuclear attack submarines and the Air Force's supersonic stealth fighter, the F-22.

"Lots of people expected either a wholesale cancellation of big weapons systems - or a statement that insurgency is a temporary spike and there won't be any more after Iraq," said Biddle, currently a military analyst at the Council on Foreign Relations.

"There is lots of talk about insurgency, but then nothing was canceled. Everybody sort of got what they wanted."

david.wood@baltsun.com

Dragged Back Into Somalia (LAT)

By Mike Clough, Mike Clough Was Director Of The Africa Program At The Council On Foreign Relations From 1987 Until 1

The Los Angeles Times, August 13, 2006

The country is on the brink of becoming the fourth front in the U.S. war on terror.

THE LAST TIME Somalia got Americans' attention was in October 1993, when U.S. Delta Force commandos and Army Rangers were dropped into its capital city, Mogadishu, to capture two aides of a Somali warlord. The mission was successful, but two Black Hawk helicopters were downed by Somali militia, and in the ensuing firefight, 18 Americans died. Images of an Army Ranger's body being dragged through the streets horrified U.S. households. Soon after, President Clinton abandoned the country, and Somalia was largely forgotten until the 2001 movie "Black Hawk Down" retold the tragic story.

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Now, Somalia is on the brink of becoming the fourth front in the U.S. war on terror. As in Afghanistan, Iraq and in Lebanon, the U.S. is allied in some way against radical Islamic fundamentalists.

The Islamic Courts Union, a growing alliance of Islamic militants, recently routed U.S.-backed warlords and took over Mogadishu. It seeks to oust a transitional federal government, which is supported by the African Union but controls only the town of Baidoa. On the sidelines is the U.S.-backed regime in Ethiopia that is eager to lead the battle against the Islamists, who may have ties to Al Qaeda. A war could quickly spread throughout the Horn of Africa and be as costly in human lives as the IsraeliHezbollah conflict.

In many ways, this latest front in the war on terror is the culmination of nearly 30 years of alternating Washington policy blunders and neglect in the Horn of Africa. That history has left the U.S. with few good options in a worsening situation.

U.S. missteps in the region date to 1977, when policymakers tacitly — and foolishly — encouraged Somalia to take advantage of political instability in the Ethiopian capital and grab control of Ethiopia's Somali-inhabited Ogaden region.

The move backfired when Soviet and Cuban troops rushed in to defend the Marxist regime in Addis Ababa, turning Ethiopia into Moscow's staunchest ally in Africa. In response, Washington armed Mohamed Siad Barre's thugocracy in Somalia.

When the Cold War ended, U.S. policy toward Somalia swung from intense engagement to indifference. Aid was cut off, Barre was overthrown and the country began its descent into anarchy.

But in 1992, the New York Times published photographs of starving children in Baidoa, and President George H.W. Bush sent U.S. troops into Mogadishu under U.N. auspices to distribute food. It was a noble humanitarian gesture but ultimately misguided.

Most experts opposed American intervention in Somalia because they believed that the famine was nearing an end and that the presence of U.S. soldiers would only exacerbate the conflicts among rival clan warlords that stymied relief efforts.

They were right.

As fighting among Somalia's warlords intensified, the Clinton administration and the United Nations started to talk about nation-building. It was never clear which was prepared to restore order, but the mere possibility that the U.S. or the U.N. might try made them targets.

The Black Hawk incident abruptly ended talk of nation-building as a goal, and Somalia was forgotten again.

Meanwhile, Clinton had embraced the Ethiopian government of Prime Minister Meles Zenawi as the region's cop. Meles was seen as a tough-minded reformer who, along with other "new African leaders," would provide much-needed role models for a troubled continent. He also pledged to assist covert efforts to track down Al Qaeda cells operating in the region, which was especially important to Washington in the wake of the 1998 U.S. Embassy bombings in Kenya and Tanzania.

Thus were sown the seeds of the current conflict unfolding in the Horn of Africa. The chaos in Somalia, the result of years of on-again, off-again U.S. policy, allowed the Islamic militants to gain sway in a country where religion has traditionally been far less important than kinship. Clinton's embrace of Meles — and President George W. Bush's strengthening of ties with Ethiopia after 9/11 — encouraged the Ethiopian prime minister to believe that he could dictate Somalia's political future.

If Ethiopia, which has a large, moderate Islamic population, were a stable democracy committed to nurturing a democratic Somalia, the Clinton-Bush strategy would make sense. But it is not. As Human Rights Watch reported on the eve of parliamentary elections last year, the Meles regime crushed dissent in Oromia, a region overwhelmingly hostile to it, in order to maintain power. Since the election, many of the opposition leaders who won seats in Parliament are now in jail.

With a growing likelihood of war in the Horn of Africa, Bush has little maneuvering room. He could accept the emergence of an anti-American Islamist Somalia. He could back Ethiopian intervention on the side of the transition government in Baidoa, which would lead to a bloody war. Or he could try to persuade another African government to militarily support the transitional government.

None of these are particularly appealing, even when practical. This time, Somalia doesn't seem to be going away.

Sickened Iraq Vets Cite Depleted Uranium (AP-Y)

By Deborah Hastings, Ap National Writer

AP, August 13, 2006

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It takes at least 10 minutes and a large glass of orange juice to wash down all the pills — morphine, methadone, a muscle relaxant, an antidepressant, a stool softener. Viagra for sexual dysfunction. Valium for his nerves.

Four hours later, Herbert Reed will swallow another 15 mg of morphine to cut the pain clenching every part of his body. He will do it twice more before the day is done.

Since he left a bombed-out train depot in Iraq, his gums bleed. There is more blood in his urine, and still more in his stool. Bright light hurts his eyes. A tumor has been removed from his thyroid. Rashes erupt everywhere, itching so badly they seem to live inside his skin. Migraines cleave his skull. His joints ache, grating like door hinges in need of oil.

There is something massively wrong with Herbert Reed, though no one is sure what it is. He believes he knows the cause, but he cannot convince anyone caring for him that the military's new favorite weapon has made him terrifyingly sick.

In the sprawling bureaucracy of the Department of Veterans Affairs, he has many caretakers. An internist, a neurologist, a pain-management specialist, a psychologist, an orthopedic surgeon and a dermatologist. He cannot function without his stupefying arsenal of medications, but they exact a high price.

"I'm just a zombie walking around," he says.

Reed believes depleted uranium has contaminated him and his life. He now walks point in a vitriolic war over the Pentagon's arsenal of it — thousands of shells and hundreds of tanks coated with the metal that is radioactive, chemically toxic, and nearly twice as dense as lead.

A shell coated with depleted uranium pierces a tank like a hot knife through butter, exploding on impact into a charring inferno. As tank armor, it repels artillery assaults. It also leaves behind a fine radioactive dust with a half-life of 4.5 billion years.

Depleted uranium is the garbage left from producing enriched uranium for nuclear weapons and energy plants. It is 60 percent as radioactive as natural uranium. The U.S. has an estimated 1.5 billion pounds of it, sitting in hazardous waste storage sites across the country. Meaning it is plentiful and cheap as well as highly effective.

Reed says he unknowingly breathed DU dust while living with his unit in Samawah, Iraq. He was med-evaced out in July 2003, nearly unable to walk because of lightning-strike pains from herniated discs in his spine. Then began a strange series of symptoms he'd never experienced in his previously healthy life.

At Walter Reed Army Medical Center in Washington, D.C, he ran into a buddy from his unit. And another, and another, and in the tedium of hospital life between doctor visits and the dispensing of meds, they began to talk.

"We all had migraines. We all felt sick," Reed says. "The doctors said, 'It's all in your head.' "

Then the medic from their unit showed up. He too, was suffering. That made eight sick soldiers from the 442nd Military Police, an Army National Guard unit made up of mostly cops and correctional officers from the New York area.

But the medic knew something the others didn't.

Dutch marines had taken over the abandoned train depot dubbed Camp Smitty, which was surrounded by tank skeletons, unexploded ordnance and shell casings. They'd brought radiation-detection devices. The readings were so hot, the Dutch set up camp in the middle of the desert rather than live in the station ruins.

"We got on the Internet," Reed said, "and we started researching depleted uranium."

Then they contacted The New York Daily News, which paid for sophisticated urine tests available only overseas.

Then they hired a lawyer.

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Reed, Gerard Matthew, Raymond Ramos, Hector Vega, Augustin Matos, Anthony Yonnone, Jerry Ojeda and Anthony Phillip all have depleted uranium in their urine, according to tests done in December 2003, while they bounced for months between Walter Reed and New Jersey's Fort Dix medical center, seeking relief that never came.

The analyses were done in Germany, by a Frankfurt professor who developed a depleted uranium test with Randall Parrish, a professor of isotope geology at the University of Leicester in Britain.

The veterans, using their positive results as evidence, have sued the U.S. Army, claiming officials knew the hazards of depleted uranium, but concealed the risks.

The Department of Defense says depleted uranium is powerful and safe, and not that worrisome.

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Four of the highest-registering samples from Frankfurt were sent to the VA. Those results were negative, Reed said. "Their test just isn't as sophisticated," he said. "And when we first asked to be tested, they told us there wasn't one. They've lied to us all along."

The VA's testing methodology is safe and accurate, the agency says. More than 2,100 soldiers from the current war have asked to be tested; only 8 had DU in their urine, the VA said.

The term depleted uranium is linguistically radioactive. Simply uttering the words can prompt a reaction akin to preaching atheism at tent revival. Heads shake, eyes roll, opinions are yelled from all sides.

"The Department of Defense takes the position that you can eat it for breakfast and it poses no threat at all," said Steve Robinson of the National Gulf War Resource Center, which helps veterans with various problems, including navigating the labyrinth of VA health care. "Then you have far-left groups that ... declare it a crime against humanity."

Several countries use it as weaponry, including Britain, which fired it during the 2003 Iraq invasion.

An estimated 286 tons of DU munitions were fired by the U.S. in Iraq and Kuwait in 1991. An estimated 130 tons were shot toppling Saddam Hussein.

Depleted uranium can enter the human body by inhalation, the most dangerous method; by ingesting contaminated food or eating with contaminated hands; by getting dust or debris in an open wound, or by being struck by shrapnel, which often is not removed because doing so would be more dangerous than leaving it.

Inhaled, it can lodge in the lungs. As with imbedded shrapnel, this is doubly dangerous — not only are the particles themselves physically destructive, they emit radiation.

A moderate voice on the divisive DU spectrum belongs to Dan Fahey, a doctoral student at the University of California at Berkeley, who has studied the issue for years and also served in the Gulf War before leaving the military as a conscientious objector.

"I've been working on this since '93 and I've just given up hope," he said. "I've spoken to successive federal committees and elected officials ... who then side with the Pentagon. Nothing changes."

At the other end are a collection of conspiracy-theorists and Internet proselytizers who say using such weapons constitutes genocide. Two of the most vocal opponents recently suggested that a depleted-uranium missile, not a hijacked jetliner, struck the Pentagon in 2001.

"The bottom line is it's more hazardous than the Pentagon admits," Fahey said, "but it's not as hazardous as the hard-line activist groups say it is. And there's a real dearth of information about how DU affects humans."

There are several studies on how it affects animals, though their results are not, of course, directly applicable to humans. Military research on mice shows that depleted uranium can enter the bloodstream and come to rest in bones, the brain, kidneys and lymph nodes. Other research in rats shows that DU can result in cancerous tumors and genetic mutations, and pass from mother to unborn child, resulting in birth defects.

Iraqi doctors reported significant increases in birth defects and childhood cancers after the 1991 invasion.

Iraqi authorities "found that uranium, which affected the blood cells, had a serious impact on health: The number of cases of leukemia had increased considerably, as had the incidence of fetal deformities," the U.N. reported.

Depleted uranium can also contaminate soil and water, and coat buildings with radioactive dust, which can by carried by wind and sandstorms.

In 2005, the U.N. Environmental Program identified 311 polluted sites in Iraq. Cleaning them will take at least $40 million and several years, the agency said. Nothing can start until the fighting stops.

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Fifteen years after it was first used in battle, there is only one U.S. government study monitoring veterans exposed to depleted uranium.

Number of soldiers in the survey: 32. Number of soldiers in both Iraq wars: more than 900,000.

The study group's size is controversial — far too small, say experts including Fahey — and so are the findings of the voluntary, Baltimore-based study.

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It has found "no clinically significant" health effects from depleted uranium exposure in the study subjects, according to its researchers.

Critics say the VA has downplayed participants' health problems, including not reporting one soldier who developed cancer, and another who developed a bone tumor.

So for now, depleted uranium falls into the quagmire of Gulf War Syndrome, from which no treatment has emerged despite the government's spending of at least $300 million.

About 30 percent of the 700,000 men and women who served in the first Gulf War still suffer a baffling array of symptoms very similar to those reported by Reed's unit.

Depleted uranium has long been suspected as a possible contributor to Gulf War Syndrome, and in the mid-90s, veterans helped push the military into tracking soldiers exposed to it.

But for all their efforts, what they got in the end was a questionnaire dispensed to homeward-bound soldiers asking about mental health, nightmares, losing control, exposure to dangerous and radioactive chemicals.

But, the veterans persisted, how would soldiers know they'd been exposed? Radiation is invisible, tasteless, and has no smell. And what exhausted, homesick, war-addled soldier would check a box that would only send him or her to a military medical center to be poked and prodded and questioned and tested?

It will take years to determine how depleted uranium affected soldiers from this war. After Vietnam, veterans, in numbers that grew with the passage of time, complained of joint aches, night sweats, bloody feces, migraine headaches, unexplained rashes and violent behavior; some developed cancers.

It took more than 25 years for the Pentagon to acknowledge that Agent Orange — a corrosive defoliant used to melt the jungles of Vietnam and flush out the enemy — was linked to those sufferings.

It took 40 years for the military to compensate sick World War II vets exposed to massive blasts of radiation during tests of the atomic bomb.

In 2002, Congress voted to not let that happen again.

It established the Research Advisory Committee on Gulf War Veterans' Illnesses — comprised of scientists, physicians and veterans advocates. It reports to the secretary of Veterans Affairs.

Its mandate is to judge all research and all efforts to treat Gulf War Syndrome patients against a single standard: Have sick soldiers been made better?

The answer, according to the committee, is no.

"Regrettably, after four years of operation neither the Committee nor (the) VA can report progress toward this goal," stated its December 2005 report. "Research has not produced effective treatments for these conditions nor shown that existing treatments are significantly effective."

And so time marches on, as do soldiers going to, and returning from, the deserts of Iraq.

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Herbert Reed is an imposing man, broad shouldered and tall. He strides into the VA Medical Center in the Bronx with the presence of a cop or a soldier. Since the Vietnam War, he has been both.

His hair is perfect, his shirt spotless, his jeans sharply creased. But there is something wrong, a niggling imperfection made more noticeable by a bearing so disciplined. It is a limp — more like a hitch in his get-along.

It is the only sign, albeit a tiny one, that he is extremely sick.

Even sleep offers no release. He dreams of gunfire and bombs and soldiers who scream for help. No matter how hard he tries, he never gets there in time.

At 54, he is a veteran of two wars and a 20-year veteran of the New York Police Department, where he last served as an assistant warden at the Riker's Island prison.

He was in perfect health, he says, before being deployed to Iraq.

According to military guidelines, he should have heard the words depleted uranium long before he ended up at Walter Reed. He should have been trained about its dangers, and how to avoid prolonged exposure to its toxicity and radioactivity. He

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says he didn't get anything of the kind. Neither did other reservists and National Guard soldiers called up for the current war, according to veterans' groups.

Reed and the seven brothers from his unit hate what has happened to them, and they speak of it at public seminars and in politicians' offices. It is something no VA doctor can explain; something that leaves them feeling like so many spent shell rounds, kicked to the side of battle.

But for every outspoken soldier like them, there are silent veterans like Raphael Naboa, an Army artillery scout who served 11 months in the northern Sunni Triangle, only to come home and fall apart.

Some days he feels fine. "Some days I can't get out of bed," he said from his home in Colorado.

Now 29, he's had growths removed from his brain. He has suffered a small stroke — one morning he was shaving, having put down the razor to rinse his face. In that moment, he blacked out and pitched over.

"Just as quickly as I lost consciousness, I regained it," he said. "Except I couldn't move the right side of my body."

After about 15 minutes, the paralysis ebbed.

He has mentioned depleted uranium to his VA doctors, who say he suffers from a series of "non-related conditions." He knows he was exposed to DU.

"A lot of guys went trophy-hunting, grabbing bayonets, helmets, stuff that was in the vehicles that were destroyed by depleted uranium. My guys were rooting around in it. I was trying to get them out of the vehicles."

No one in the military talked to him about depleted uranium, he said. His knowledge, like Reed's, is self-taught from the Internet.

Unlike Reed, he has not gone to war over it. He doesn't feel up to the fight. There is no known cure for what ails him, and so no possible victory in battle.

He'd really just like to feel normal again. And he knows of others who feel the same.

"I was an artillery scout, these are folks who are in pretty good shape. Your Rangers, your Special Forces guys, they're in as good as shape as a professional athlete.

"Then we come back and we're all sick."

They feel like men who once were warriors and now are old before their time, with no hope for relief from a multitude of miseries that has no name.

A Woman's Fight (MJS)

By Raquel Rutledge Rrutledge@journalsentinel.com

Milwaukee Journal Sentinel, August 13, 2006

As the fastest growing population of veterans, women often return from war with different problems and less support

Susan Sonnheim has thrown away her shorts. It doesn't matter that it's a searing hot summer in Milwaukee. It's pants only from now on, a full-body wet suit when she goes to the beach. The former National Guard member from Franklin keeps her legs covered.

"They're ugly," she said.

Blown up in Baghdad at the beginning of the war by a roadside bomb, Sonnheim's body was peppered with shrapnel. Hundreds of pieces remain lodged in her legs and throughout much of her body. Her left eye is fully blind. She has shrapnel lodged in her "good" eye, and her hearing is dulled. She underwent multiple reconstructive surgeries on her face and ear during a 19-month stay at Walter Reed Army Medical Center in Washington, D.C.

Sonnheim, 47, is home now, but she's hardly comforted. She and many other women returning from war often are finding difficulty in the transition from warrior to wife, mom, student or simply civilian.

More than 1,500 women have returned from Iraq or Afghanistan and sought some type of help from veterans hospitals in Wisconsin, northern Illinois and Iron Mountain, Mich., ranking the region third-highest in the country. Milwaukee's Zablocki Veterans Affairs Medical Center alone has seen more than 200 women since March 2003.

"Women are the fastest growing veteran population in the nation," said Gundel Metz, coordinator for female veterans' issues with the Wisconsin Department of Veterans Affairs.

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Some deal with problems that parallel those of their male counterparts. They've lost limbs, eyesight and hearing. They have digestive disorders, nightmares, anger and relationship problems.

But female veterans returning from war face ailments and traumas of other sorts:

• More than 400 military women working in Iraq, Afghanistan and the region have reported they were victims of sexual assault from 2003 through May, according to the U.S. Department of Defense.

• More female soldiers report mental health concerns than their male comrades: 24% compared with 19%, according to a Pentagon study released in March.

• Roughly 40% have musculoskeletal problems that doctors say likely are linked to lugging too-heavy and ill-fitted equipment.

• A considerable number - 28% - return with genital and urinary system infections.

• There are gender-related societal issues that make transitioning tough, psychologists who work with female veterans say. Women are more likely to worry about body image issues, especially if they have visible scars, and their traditional roles as caregivers in civilian life can set them back when they return.

"Men come back and they have women fluttering around them taking care of them," said Molly Carnes, a professor in the department of medicine at the University of Wisconsin-Madison and director of the women veterans health program at the William S. Middleton Memorial Veterans Hospital in Madison. "Women come back and suddenly they're thrust into the caregiving role, taking care of their children and supporting their husbands.

"Who takes care of the woman veteran?" Needs long ignored

Carnes remembers when she started working at the veterans hospital in the 1970s. A female patient got her period and there were no sanitary products anywhere in the building. Even in the late 1990s, when the women's clinic opened, tables in the exam room faced the door, exposing women's bodies to anyone who walked in.

"So you could be spread eagle to the door," Carnes said. "Nobody thought about 'Oh, we're going to be doing pelvics on women veterans. They might like some privacy.' "

Today, curtains circle the tables. The Madison VA runs one of six specialty clinics for women in the country, perhaps one reason the area treats so many women, doctors said.

The Women's Stress Disorder Treatment Program, operated jointly with the VA hospital in northern Illinois, was launched in 1999 to respond to women suffering effects of rape and other sexual trauma. Although that still is among its missions, the program recently has shifted its focus to serving women who have been in combat.

Although federal law bars women from ground combat, the chaotic nature of the Iraq war and lack of a conventional front line make everyone vulnerable. Fifty-three American military women have been killed in Iraq, more than the number killed in Korea, Vietnam and the first Gulf war combined. Four were from Wisconsin.

Almost 400 women have been wounded in action in Iraq. Eleven women have lost limbs in recent operations there and elsewhere.

"Every single day at every moment, people are afraid they are going to die," Carnes said. "That has long, enduring effects on the central nervous system, the immune system, hormone systems, the whole body . . . It can restructure the way the body works."

Veterans hospitals everywhere are changing their ways to be more welcoming to the growing number of women, who make up about 15% of the active duty force and 17% of the National Guard and Reserve. Recruiters say those percentages continue to climb.

This spring Zablocki formed a women veterans' support group for those who recently served in Iraq and Afghanistan.

At North Chicago VA Medical Center, the walls are being redecorated, the staff retrained and the literature in the waiting rooms updated to reflect women's needs, said Katherine Dong, women veterans program manager.

"We're making sure there's no gender bias in the signage and that the military artwork on the walls includes men and women," Dong said.

The hospital also tries to segregate the waiting room so women aren't alone among a mass of men, she said. Receptionists are being taught to never assume that the man in a couple is the patient, a seemingly small but important observance that can make women feel valued, Dong said.

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Perhaps most importantly, the hospital is making sure the doctors treating female veterans are proficient in women's health issues. For example, many of the women in the war said they had to hold their bladders for long periods of time because they had no adequate alternatives.

"I had a woman tell me she would not drink liquids because she didn't want to have to worry about having to go to the bathroom," Dong said.

The North Chicago VA made one doctor responsible for all female vets, Dong said. That doctor then becomes familiar with issues and behaviors specific to women deployed to a war zone and can better treat them. A part of her life

Sonnheim regularly passes through the revolving door at Zablocki. She ignores the small poster pasted to the door that reads, "The price of freedom is visible here."

The 5-foot-3, 118-pound former military police officer doesn't need the reminder. She's paid the price. It's part of her now, from the time she wakes up to an empty bed until the time she swallows her anti-depressants and falls asleep at night. Even then, images of Iraq weasel their way into her dreams, replaying the destruction it has wreaked on her world.

She and her husband of 20 years, Dennis Sonnheim, divorced within months of her medical discharge from the military in May 2005. He didn't return calls seeking his perspective on their relationship.

"He blames me for everything," she said. "He blames me for joining the military. He blames me for getting blown up."

Her parents and siblings don't know how to talk to her, often avoiding any discussion of Iraq, she said. She has no children, and her friends have distanced themselves.

"They say they found me difficult," she said.

On a couple occasions when Sonnheim has gone out to socialize, she's gotten into trouble.

On May 20, 2005, several days after returning to Milwaukee, Sonnheim was arrested for drunken driving. Sonnheim said she's never been a big drinker, and records show the incident was her first of its kind. On March 7, 2006, she was arrested again for driving while intoxicated.

Sonnheim blamed her behavior on post-traumatic stress disorder and medications she takes to help alleviate the symptoms.

No drugs can stop the constant plugging and popping in her ears, which were injured in the explosion.

"I feel like I'm at high altitudes all the time," she said. 'Whose pin is that?'

Sonnheim is clearly proud of her service and said she is frequently frustrated by a lack of respect paid to female veterans.

She was disappointed at a recent event when a woman noticed her Purple Heart hat and said, "Oh, you're the ones always calling me to donate my old clothes."

"My heart sank," Sonnheim said.

Even the Purple Heart pin she wears every day draws rude reactions from an unlikely group: veterans themselves.

Sonnheim works as a licensed practical nurse at Zablocki - the same job she held before she was deployed in 2003.

"They (patients at the hospital) will ask me, 'Whose pin is that?' or 'Why are you wearing that pin?' "

When Sonnheim went to get her flu shot at the VA, "The clerk was asking everybody 'What's your name? What's your name?' Then when I got up to the table she said, 'Are you a veteran?'

"They just don't acknowledge women," she said.

Sonnheim hopes to be more visible once she gets her driver's license back next year. She bought a purple Mini Cooper and ordered license plates that read "SGT MP."

"I want people to be aware," she said.

Sonnheim goes to biweekly counseling sessions and attends a women's support group at Zablocki to help female veterans readjust to civilian life.

She spends much of her free time alone, with her two baby cockatiels, teaching them to sing and obey commands.

"They're pretty much my life," she said.

From the Aug. 13, 2006 editions of the Milwaukee Journal Sentinel

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Seeing Needs, Big And Small (MJS)

Milwaukee Journal Sentinel, August 13, 2006

It's Nov. 12, 2004, and Tammy Duckworth is co-piloting a Black Hawk helicopter north of Baghdad. A rocket-propelled grenade slams into the cockpit.

When Duckworth, a major in the Illinois Army National Guard, wakes up 10 days later at Walter Reed, her legs are gone. Her arm is seriously injured, and she's in unfathomable pain.

"The only way I could survive was to count to 60 because every time I got to 60 I had lived another minute," she said. "That's all I could handle."

Into the foggy haze walks Juanita Wilson, who stands quietly at Duckworth's side and takes off her artificial arm. Wilson's Humvee had been blown up by a roadside bomb three months earlier.

"She was standing there letting me know that this will end," said Duckworth, 38, who is running for Congress in Illinois. "Juanita was an amazing fountain of strength for me."

Wilson, who also was recovering, anticipated Duckworth would want some simple things not necessarily typical of her male counterparts - for example, to have her hair washed, which is not something most men with buzz cuts think of in the hospital.

"And she even brought conditioner," Duckworth said. "She knew the things I would want. She understood."

Going on two years later, Duckworth said she is comfortable with her new body. She still feels attractive. She wears dresses and skirts regularly and is holding on to her bikinis.

She's thrilled about a new pair of feet that can wear high heels.

"I'm still a girly girl," she said. "I'm excited even if they are attached to titanium legs."

Duckworth has had to point out some gender-specific issues to the VA in Illinois where she goes for health care. As recently as December they didn't have the type of birth control she uses.

"They had Viagra, but they didn't have the patch," she said.

Back To Normal Wasn't Easy (MJS)

Milwaukee Journal Sentinel, August 13, 2006

Motherhood presented the biggest heartache of her deployment.

The registered nurse who has spent 22 years in the Army Reserves has three children, who were 9, 15 and 17 when she deployed. Her oldest son was going into his senior year in high school, contemplating what to do after graduation. Her middle son was just starting high school and was emotional about not having his mom to help him through a typically tough year. Her daughter worried that Dad didn't know how to grocery shop or cook.

"I can't tell you all the nights I laid over there thinking, 'I hope he's making their lunches and getting them to soccer. After all those years of being the mother . . . it was really hard to be away."

When she returned home to Milwaukee, she found decisions had been made without her. Her oldest son decided to take a year off after graduating from high school. All the children were doing their laundry and cooking meals.

"They were doing things that I felt like I would have been doing or should have been doing," she said. "It was hard."

Even the family dog acted differently, shying away from her.

"It took some time to get readjusted," she said. "Dad was in charge. It wasn't like just jumping right in, that's for sure."

In Afghanistan, "I knew what my role was, and I was used to doing it," she said.

At home, "I felt out of place, like I didn't belong anymore."

Greuel has since gone back to school and is nearing the completion of her bachelor's degree. She's still in the Reserves and said that "if called again, I would do it in a minute."

"The first year I was home, Afghanistan was on my mind every day. It was a huge part of my life," she said. "Now I'm just so busy I don't have time to sit and think about those things.

"Things are probably as back to normal as they're going to get."

- Raquel Rutledge

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CORPORATE SCANDALS:

Juicy Details In Option Scandal (LAT)

Tom Petruno Market Beat

The Los Angeles Times, August 13, 2006

A tale of fake workers and a slush fund makes it harder to deny that backdating was abusive.

The stock option backdating scandal hadn't been reading like great fodder for Hollywood. Then the government laid out its case against former Comverse Technology Inc. executives.

The court papers released last week are rich with material — imaginary employees, a slush fund named for "The Phantom of the Opera" and a botched coverup. Now we're getting the kinds of details that can overcome the eye-glazing effect that the term "option backdating" induces.

This ought to at least be good for a cheap made-for-TV movie.

More important, the Comverse case could put to rest the idea that what went on with stock options at many technology companies in the 1990s and early 2000s amounted to a minor bending of the rules — practices that, even if shareholders had known about them, wouldn't have troubled anyone much.

Three years ago, the mutual fund industry had the same initial response to the trading scandal that ultimately enveloped it.

Then, as now, many of the people involved asserted that very little of what went on rose to the level of a crime.

But that wasn't true about abusive mutual fund trading, and the government clearly thinks it isn't true about abusive option practices.

"People who are trying to minimize this are missing the point," says Harvey Pitt, a veteran securities lawyer and a former chairman of the Securities and Exchange Commission. "This is cheating. This isn't an ambiguous situation."

The SEC says it has more than 80 companies under investigation for possible option abuses. Much more frightening to tech executives is that the Justice Department is bearing down with criminal cases, and has filed two in a period of three weeks.

On July 20, federal prosecutors in San Francisco charged two former executives of San Jose-based Brocade Communications Systems Inc. with securities fraud related to how they handled, and handed out, stock options.

Prosecutors in New York followed last week with a criminal case against three former Comverse executives, also alleging deceit in option practices. In a civil case filed against the three, the SEC said it found fraud in Comverse options dating as far back as 1991.

Options — rights to buy stock at a specific price for a set period — have been the currency of the technology realm for two decades. Companies used them as a tool to recruit and retain workers. If a business prospered, and its stock soared, options were tickets to magnificent wealth.

Get 5,000 options at $20 a share. If the stock zooms to, say, $40, you exercise the options, buy at $20 and then sell at $40. You've made $100,000, just like that.

But there are certain rules that companies are supposed to follow in issuing options to employees. One is that the exercise price of an option generally is presumed to be the market price of the stock on the date the option is granted.

At the heart of the backdating scandal is that some firms played fast and loose in deciding on option grant dates in the '90s and early 2000s. If you could cherry-pick the grant date, after the fact, you could boost the potential payoff from an option.

In just one example from the Comverse case, the government alleges that executives had the voicemail-technology company's board approve option grants on Nov. 28, 2001. But instead of pricing them that day, when the stock closed at $21.01, the officers reached back to price the options as of Oct. 22, 2001, when the stock ended at $16.05 — which just happened to be the second-lowest price of that year.

So recipients of those options, who included the three executives charged in the case, had an instant paper gain of nearly $5 a share on those grants.

Imagine if average shareholders could do the same: Don't buy a stock now; wait a month, then lock in whatever the lowest price was in the previous weeks. Who wouldn't want such a deal?

The former executives of New York-based Comverse, led by founder Jacob Alexander, had an even more complex fraud going for years, the government alleges: They created make-believe employees and submitted the phonied-up names to directors for option-grant approval. Those grants then were transferred to a slush fund account under the name of "I.M. Fanton," which was derived from phantom — as in "The Phantom of the Opera."

The unnamed assistant who kept track of the phantom account so named it after seeing the movie version of "The Phantom of the Opera," according to an FBI affidavit filed in support of the government's case against the Comverse executives. The assistant chose that name because "it fit what he/she was being asked to do (i.e., create phantom employees)," the affidavit said.

Prosecutors pray for those kinds of details in complex white-collar crime cases, notes Jacob Frenkel, a former federal prosecutor now in private practice in Maryland. "Making up employees is something that any juror can understand," he said.

Alexander awarded the slush-fund options to real employees as he saw fit, but without the board's approval, prosecutors say. One use, former Comverse Chief Financial Officer David Kreinberg allegedly told investigators, was to deal with "disgruntled" workers who might seek to leave the company if they didn't get more compensation.

Therein is one of the angles defense attorneys are likely to use in arguing that backdated option awards helped, rather than hurt, shareholders of the companies involved: If the options allowed the company to hang on to talent, wasn't that good for shareholders? Didn't everybody win?

It would be interesting to hear from Alexander on this subject. But he seems to have disappeared; the government said last week it was trying to find him, after he wired $57 million to Israel. (He holds dual U.S. and Israeli citizenship.)

Patrick McGurn, a corporate governance expert at investor advisory firm Institutional Shareholder Services, puts it this way about option backdating: "If it was such a wonderful practice, why wouldn't you disclose it?"

Indeed, the basic issue the government has with backdating is that public shareholders never knew about it. They were told almost uniformly by companies that options only were issued at the price on the date of the grant.

If, in fact, options were handed out at cherry-picked exercise prices below the market price, companies were supposed to record the difference between the two prices as an expense, reducing earnings.

Because no such earnings reduction was recorded by Comverse, or by perhaps hundreds of other companies that may have engaged in option backdating, earnings reported by these firms over the last decade or longer now appear to be lies.

If lying to your investors isn't fraud, what is it? And if you lied about your options program, what else did you lie about?

Tom Petruno can be reached at tom.petruno@latimes.com. For recent columns on the web, visit: latimes.com/petruno.

Buttoning Up White-collar Cases (PHI)

By Emilie Lounsberry

The Philadelphia Inquirer, August 13, 2006

When Jack Dodds left the U.S. Attorney's Office for a big Philadelphia law firm in 1993, he joined two other former prosecutors here and one in Washington in a nascent white-collar defense unit.

Today, there are about 50 lawyers in that unit in offices across the nation and in Paris, and they are busy - helping companies and executives enmeshed in investigations of everything from accounting fraud and health-care violations to price-fixing and insider trading.

But Morgan, Lewis & Bockius L.L.P. is not the only firm enjoying a burst in business in this specialized area of criminal defense: A new era of increased law-enforcement scrutiny of white-collar crime has triggered a boom across the country for defense lawyers who know what to do when FBI agents walk into a business with a grand-jury subpoena.

"These cases can literally be bet-the-company cases," said Dodds, 47, one of 15 lawyers in the Philadelphia office's corporate investigations and white-collar unit. "The stakes are as high as they can be."

Though most business infractions are still handled in civil court or become regulatory matters, the plaintiff these days is increasingly likely to be a state or federal agency. And now more than ever, there are criminal actions, too, with chief executive officers facing the prospect of prison time - and doing the perp walk on the TV news.

As a result, big law firms are moving to start up or expand units to help clients facing these complex government investigations. They are drawing lawyers from prosecutors' offices and other law firms in hopes of finding the best talent.

"Every large firm is trying to get white-collar capability almost immediately," said Center City lawyer Marc S. Raspanti, who added that the white-collar business at his firm, Miller Alfano & Raspanti, had tripled in the last five years.

He said he got inquiries about "once a month" from bigger firms that want to acquire his small firm because of its expertise in that area.

The burst in business is the result of an evolving phenomenon in federal and state law enforcement: a shift toward using criminal laws - rather than civil and regulatory remedies - to handle infractions in the business world.

In 1996, for example, Congress passed the Health Insurance Portability and Accountability Act - touted as the most comprehensive effort to fight health-care fraud - and federal prosecutors began initiating massive criminal cases in that field.

Then came the Enron debacle and the conviction of its accounting firm, Arthur Andersen L.L.P.

The accounting scandals shook public confidence in the markets and led to creation of the Justice Department's Corporate Fraud Task Force, which has brought prosecutions involving more than 100 companies since 2002.

In Pennsylvania, for example, executives with Rite Aid Corp. and Adelphia Communications Corp. were indicted - and sent away - for accounting fraud.

On the health-care front, Schering-Plough Corp. agreed to pay $345.5 million and plead guilty to a federal criminal charge filed by the U.S. attorney in Philadelphia that it overcharged Medicaid.

Health-care inquiries are "a huge part of my practice," said Lawrence Lustberg, a North Jersey white-collar defense lawyer. He said political corruption inquiries, especially in New Jersey, also had helped fuel the increase in his firm's white-collar practice.

In New York, state Attorney General Eliot Spitzer began using state laws to crack down on corporate corruption, and his success led other state attorneys general to embark on similar strategies.

"There just was an evolution over time where the government, both the federal government and the state governments, began to look through the prism of criminal statutes at things that in the past would have just been regulatory problems," Dodds said.

The 2002 enactment of the Sarbanes-Oxley law also sent chills through executive suites: It holds top executives responsible for the accuracy of financial statements, and it sets significant prison terms for those who submit phony numbers.

Some defense lawyers complain that the pendulum has now swung too far in law enforcement's favor, but others concede that the crackdown was necessary to stop egregious criminal conduct.

"I'd be hesitant to call it overreaching myself, but what I would say is that the government is far more aggressive than it used to be," said Mark J. Krudys, a Richmond defense lawyer who is vice chairman of the white-collar crime committee of the American Bar Association's business law section.

John C. Coffee Jr., a law professor at Columbia University who is an expert on white-collar criminal law, said corporate boards now must act swiftly at the first hint of scandal to determine whether laws have been violated.

"They have an obligation to find out, and they can't just find out on their own, so they bring in a law firm to do a detailed investigation," Coffee said. He added that such internal inquiries are generally handled by defense lawyers with white-collar-crime expertise.

Robert E. Goldman, a former prosecutor in Bucks County and the U.S. Attorney's Office who now does white-collar defense work for Fox Rothschild L.L.P., said such inquiries were often similar to those done by prosecutors, especially when the corporation is the victim of a crime. He said the results could be turned over to prosecutors.

Jeffrey M. Lindy, a former federal prosecutor who now has a small firm in Center City, said large law firms were simply responding to the needs of their clients.

"It's sort of a no-brainer for the big firms," said Lindy, who often gets referrals from firms that need help with the added white-collar workload.

When Dodds joined Morgan Lewis - one of the city's oldest law firms - in 1993, the idea was to build a white-collar practice so the staff would have the expertise if a corporate client had a criminal problem.

But the unit has been growing since, first to deal with the increasing number of health-care inquiries, and then to handle the post-Enron securities investigations.

Now, Dodds said, the practice has become national - and even global - in scope, and his clients are rarely in Philadelphia.

"It's pretty busy," said Dodds, just back from Houston and heading soon to Boston and Alabama. "I'm racking up a lot of frequent-flier miles, that's for sure. And so is everyone else."

CRIMINAL LAW:

Victims' Families Say Delay In Punishment Is Hard (TSSC)

The State (SC), August 13, 2006

ANDERSON, S.C. - Waiting the average of 12 years between the time a person is condemned to death for a murder and when the sentenced is actually carried out can take its toll on the families of victims.

But, some of those families say, the wait is worth it.

Stephen Carroll was five when his uncle David Craig was killed by Andy Lavern Smith in 1981. Seventeen years later, Carroll witnessed Smith's death by lethal injection.

"For so long, the families are waiting for justice to be served, and there's appeal after appeal," Carroll said. "If he had been executed earlier, we could've felt more at peace."

During the time between the initial sentence and execution are appeals that can result in new trials or new sentencing hearings.

In 1999, the U.S. Justice Department said the average wait between sentencing and execution was 12 years.

The prospect of that long wait makes some family members of victims wonder if it's worth the effort.

Marilyn Alexander didn't want to attend all the appeals and hearings for the men convicted of killing her brother, Dennis Hepler.

Hepler, an elementary school principal in Anderson, was shot and killed in 1988 when several men approached him as he left the school. They robbed him of $67 and killed him.

One man convicted, Kevin Dean Young, was executed in November 2000. The other, William Bell, remains on death row.

"The trials and hearings were very emotional for me and for my elderly parents," Alexander told the Anderson Independent-Mail in an e-mail interview. "I tried to attend some of them, but it was just too emotional. It just added to the never-ending nightmare."

Carmencita Turman's 3-year-old son, Keyondez Draqua Turman, was found dead in 2002 in a wooded area near his home. Reco Hill, Carmencita Turman's boyfriend, pleaded guilty the following year to beating and killing the boy.

At first, she wanted prosecutor Druanne White to seek the death penalty.

"At the time, I was all for it," Turman said. "At the time, I was so hurt, it just didn't really matter to me if he died or not."

But when she found out Hill would plead guilty in exchange for life in prison without parole, she agreed because she didn't want the years of having to revisit the crime.

"I didn't want (to put) my family or my daughter through all of that for so long," she said. Now, she said, she doesn't support the death penalty at all. "I guess I just feel ... it's not really right to take a life for a life," she said.

One way to cut down on appeals might be to provide defense attorneys with more resources and create stricter standards for attorneys who can take on capital cases, said Richard Dieter, executive director of the Death Penalty Information Center in Washington, D.C.

In South Carolina, at least one attorney on the case must have five years of experience - three on felony trials, said Teresa Norris, a Columbia attorney who has been involved with several death penalty cases.

"Mistakes are often found, so you need the appeals process," Dieter said. In "more than half the cases, they do find constitutional errors, so you don't want to eliminate that process."

Even after going through the process, some family members say it still isn't enough.

Years after the execution, Carroll said he looks at the photos of his uncle's killer with confusion.

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"The sting goes away, but closure to me seems like you'll get over it, but it's not closure to me," he said.

Still, he said, watching Smith take his last breath gave him the ability to move on with his life.

"When he finally exhaled, it was like I could finally exhale," he said.

The Line On Online Bets (SDUT)

By By Jennifer Davies, Staff Writer

The San Diego Union-Tribune, August 13, 2006

U.S. would like a ban, but individual wagerers may have little to fear

For Zack Barrington, the drive to Alpine provides some much-needed distance.

The National City resident used to gamble online, but now travels to Viejas twice a week to play the slots.

For him, it was hard to control himself on the Internet casino sites.

"With the long drive out here, you at least have to go through the mountains," he said. "If I bet online, I'd be home all the time. It's too easy to get broke quick – really too easy."

The federal government appears to agree with Barrington and is doing all it can to curb the spread of Internet gambling, which is estimated to be a $12 billion-a-year business.

Last month, it arrested the CEO of Betonsports.com, one of the most popular online gambling sites, when he changed planes in Dallas, as part of its aggressive crackdown on the site.

Also, the House of Representatives recently passed a tough anti-gambling law, further regulating payment systems as well as punishing people who facilitate Internet gambling, such as other sites that accept advertising from offshore casino sites.

But while the federal government tries to clamp down on Internet gambling sites, do those who actually make bets have to worry about running afoul of the law?

Not likely.

In the weird world of online gambling, betting is legal, except in states with explicit bans such as Washington, which outlaws all online gambling, or Nevada, which disallows betting on horses via the Internet.

But while betting online is often not against the law, accepting the wager most decidedly is. The rub in terms of enforcing the law is that all the online casinos are located outside U.S. borders, in such countries as Costa Rica and Antigua.

"There is no way you can put a curtain around the U.S. and stop the Internet," said Frank Catania, a consultant to the gambling industry and the former director of the New Jersey Division of Gaming Enforcement.

Still, the government is trying.

In the case of Betonsports.com CEO David Carruthers, who is a British citizen and whose site operates out of Costa Rica and Antigua, the U.S. Attorney's Office in Missouri insisted that it has jurisdiction to prosecute because the company allegedly broke the law by sending promotional mailers and giving instructions on how to open wagering accounts, among other offenses.

Since his arrest, Carruthers has been fired as CEO. The site said Friday that it will end its U.S. business, closing down operations in Costa Rica and Antigua. Other employees also have been arrested, while the site's founder, Gary Kaplan, a former New York bookie, is still at large and presumably in Costa Rica.

Lawrence Walters, an attorney who specializes in Internet gambling, is dumbstruck at the arrest of Carruthers and is unconvinced that the legal action will stand up.

"Here's a CEO of a publicly traded company," Catania said. "You look at this and you ask, 'What's our Justice Department doing?'"

But while Carruthers waits for his day in court, the other 1,800 or so gambling sites and their operators are, for the most part, out of reach of the U.S. government.

Some are so well-established that they trade on the London Stock Exchange. In fact, the United Kingdom is gearing up to legalize online casinos, further complicating this country's attempt to limit their reach, Catania said.

The current jurisdictional labyrinth has helped the market for online gambling in the United States to flourish.

Americans account for $6 billion of the online gambling industry's estimated annual revenue of $12 billion. By way of comparison, all other forms of gambling in the United States had revenue of almost $79 billion in 2004.

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Internet gambling among U.S. citizens is growing at a rate of 20 percent a year, according to a study by the American Gaming Association, the trade organization of commercial casinos.

PartyGaming, one the most successful online casinos, said 84 percent of its nearly $1 billion revenue in 2005 came from U.S. residents.

Pacific Beach resident Ryan Lord said the allure of online gambling is hard to ignore – it's easy money.

Lord, 32, has played in online poker tournaments since Christmas and said he is doing so well that he may quit his day job and try to make a living gambling. Recently, he's been cashing out for about $300 a day.

"It's not huge money, but it's tax-free and I'm playing poker, doing something I love," he said.

Online gambling foes such as Rep. Jim Leach, R-Iowa, who co-sponsored the current legislation, say the money is doing nothing to create new jobs and ultimately hurts the U.S. economy.

"It's an economic drain of $6 billion a year," said Greg Wierzynski, chief of staff for Leach.

That's precisely the point, counter online gambling supporters, who contend that if online gambling were made legal and regulated, it would be a boon to the economy and to strapped state and federal coffers.

A study commissioned by The Poker Players Alliance, a group dedicated to promoting the game, estimated that the federal government could see $3.3 billion in new tax revenue if online gambling were legalized and regulated.

But critics contend that no amount of regulation would limit the societal ills caused by gambling. Chief among them is gambling by minors.

"You give me any kid with a credit card and he'll be playing in three minutes," said Bruce Roberts, executive director for the California Council on Problem Gambling.

He said adolescents are more susceptible to problem gambling because they lack the impulse control of adults. With the rise in popularity of poker and online casinos, Roberts said, gambling on college campuses is "rampant."

One high-profile case is that of a former student class president at Lehigh University in Pennsylvania, who pleaded guilty last month to bank robbery after he stole more than $2,700 to help pay his online gambling debt.

But it's not just adolescents and college students who are prone to problem gambling online. Roberts said seniors, who are often dealing with loneliness and strapped budgets, came be lured by the promise of easy money on these sites.

C.A. Talley of San Diego can identify with that desire.

She said she started gambling online a couple of weeks ago and has gotten herself in a tough financial situation. The 53-year-old is on disability and a fixed income, so she was intrigued by a mailer promoting the Web site Casino Classic.

The site, which is based in the Mohawk Territory of Kahnawake, Canada, offers first-time players $500 to gamble with and allows players to keep whatever profits they make after playing for an hour.

While Talley said she ended up pocketing $200 in winnings after the first hour of play, her luck quickly turned sour and now she owes the site a large sum of money – money that she does not have.

"Now, I've got to fix this screw-up," she said.

Different game

Before becoming disabled, Talley said, she had money to go on trips to Las Vegas, where gambling was just a fun pastime. But her latest foray into online 3gambling is much different.

"When you go from being flush to being disabled, it changes your whole demeanor," she said. "It's desperation. You are just trying to get back to where you were."

Despite her bad experience, Talley said, she's against the prohibition of online gambling.

"It boils down to, 'Don't tell me how to live my life,'" she said.

Other online gambling proponents see a certain amount of hypocrisy when it comes to the government's stance.

They point to state-sanctioned lotteries as well as online horse race wagering, which is either legal or permitted in some 40 states. Youbet.com, one of the largest online racetrack sites, is based in Woodland Hills, Calif., and TVG.com, another popular site, is located in Beaverton, Ore.

There is also a shift among commercial casinos.

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In the past, the American Gaming Association opposed legalizing Internet gambling, but now the organization has taken a neutral stance, asking for a commission to study the pros and cons of the issue, said Holly Thomsen, the group's spokeswoman.

"There are members of the AGA who have made no secret that they want to get into this," said, naming MGM Mirage and Harrah's Entertainment as those interested in online gambling if it were legalized.

Some other business groups are opposed to the current legislation, saying the restrictions on transactions are too onerous. The U.S. Chamber of Commerce and the Independent Community Bankers of America, an industry trade group, both have asked for significant changes to the bill before the Senate acts.

Vote up in air

The legislation currently requires that credit companies investigate paper checks and other noncoded transactions, but the U.S. Chamber said that would "require substantial changes" to the current systems. It is unclear when, or even if, the Senate will take a vote on the bill.

Already, credit card companies do not process online gambling transactions for fear of running afoul of federal authorities. That fact has led to the rise of third-party sites such as Neteller and Firepay, which allow users to deposit money electronically from their credit card or checking accounts into new accounts on the site and then move their funds to online gambling sites.

Those are the type of noncoded transactions that the current legislation would aim to stop.

But until the federal government makes it illegal to place a bet, Internet gambling will never go away, said attorney Walters.

And even proponents of online gambling restrictions aren't willing to go so far as to penalize individual players.

"It would be extremely difficult to go after people who place bets. You'd have to have such an extensive monitoring system," Iowa's Wierzynski said.

For his part, Pacific Beach's Lord isn't worried about the government shutting down online casinos.

"It's too big. It's too much of a moneymaker," he said. "They are threatening, but it's not going to happen."

Gambling consultant Catania said the government should take a lesson from its unsuccessful attempts to outlaw alcohol.

"It's the wrong approach. Alcohol prohibition didn't work in the 1920s. It actually spawned the Mafia," he said. "They can try all they want with prohibition. It's not going to stop it. It may put a dent in it for a while, but it is not going to stop it."

Jennifer Davies: (619) 293-1373; jennifer.davies@uniontrib.com

CIVIL LAW:

Hospital Probe Nets Millions In Fines (SSJR)

By Dean Olsen, STAFF WRITER

Springfield (IL) State Journal-Register, August 13, 2006

Investigation of Medicare fraud centers on pneumonia diagnoses

In the late 1990s, former Decatur police detective Robert Pittenger pored over records that listed the way various downstate hospitals were billing Medicare to take care of patients with pneumonia.

His work may not have been glamorous, but it was fruitful.

The investigation he began has resulted in six hospitals so far paying the federal government millions of dollars in compensation and penalties for alleged Medicare fraud.

And Rodger Heaton, the U.S. attorney for the Central District of Illinois, said prosecutors are scrutinizing the books of at least one more central Illinois hospital. He wouldn't say which one.

"Our investigation is continuing," said Heaton, who replaced Jan Paul Miller as the area's top federal prosecutor in December.

"As we pour billions of dollars into health care, there's obviously a potential for that money to be misused or misspent," Heaton said. "We're definitely going to continue to focus on health-care fraud."

The Medicare fraud probe was part of a nationwide effort by the U.S. Department of Justice to crack down on alleged false billings for pneumonia patients.

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The deception amounts to "billions of dollars stolen from U.S. taxpayers," according to Patrick Burns, a spokesman for a Washington-based advocacy group, Taxpayers Against Fraud.

The local effort started in Springfield's federal court building.

Pittenger, 57, had retired from the Decatur Police Department and was hired in 1997 by then-U.S. Attorney Frances Hulin to be her office's first health-care fraud investigator. (He since has retired.)

Pittenger was guided by Justice Department data that indicated most people who came down with lung infections had what was called "simple pneumonia," which Medicare pays hospitals about $3,000 to treat.

More serious forms were known as "complex pneumonia," for which Medicare paid hospitals an additional $2,000 to $2,500 per patient. But complex pneumonia occurred only 4 percent to 6 percent of the time, based on the federal analysis of national Medicare billing data.

However, Pittenger found that two hospitals in the Peoria area and several others south of there - including facilities in Carlinville, Lincoln, Monmouth and Shelbyville - were billing Medicare for complex pneumonia several times more often than average.

"It just piqued my interest," Pittenger said.

The probe resulted in authorities subpoenaing patients' records, interviewing hospital administrators and, in some cases, filing civil lawsuits.

The suits and resulting out-of-court settlements involving the bills of more than 1,000 patients claimed that the more expensive pneumonia mentioned in Medicare bills wasn't always supported by patients' records. The settlements also involved bills for illnesses such as septicemia and renal failure, which are common among patients with pneumonia.

"The scheme is that if you take a patient that actually has simple pneumonia but somehow diagnose them as having complex pneumonia, ... you're going to get paid more money and do less treatment because they're not as sick," Pittenger said.

The U.S. attorney's office in Springfield has negotiated settlements totaling more than $5 million from Carlinville Area Hospital, Abraham Lincoln Memorial Hospital in Lincoln, Community Medical Center of Western Illinois in Monmouth, Shelby Memorial Hospital in Shelbyville, Pekin Hospital in Pekin and Perry Memorial Hospital in Princeton.

Federal prosecutors haven't charged anybody with criminal conduct, and at least one of the hospitals believes it was unfairly targeted, but the federal effort has been successful at forcing hospitals into submission.

The investigation focused on small, rural hospitals, most of them served by billing consultant Stephen B. Burkhart. Burkhart, a family physician from Salem, Ky., hasn't been charged, but he remains under investigation. (Burkhart didn't work with the Peoria-area hospitals.)

"Burkhart's advice was designed to maximize their reimbursements," Heaton said. Not including the Peoria-area hospitals, the fraud totaled between $1 million and $1.5 million, he said.

"We were trying to get the money back, plus a penalty," Heaton said.

In terse news releases, the central Illinois hospitals have insisted they didn't plan to defraud the government, saying they relied on Burkhart's advice. Burkhart has denied any legal or ethical lapses.

But Burns believes most hospitals that have settled these cases in Illinois and across the country were intimately involved in the fraud, as were their consultants. Most have escaped criminal prosecution because providing criminal intent is so hard, he said.

"This is an old-fashioned case of lying, cheating and stealing," said Burns, whose group is calling for more federal spending on prosecutions.

"We're talking about essentially ethics-free management," Burns said. "Business-plan fraud is the logical outcome of poor enforcement, low fines and the low likelihood of being caught."

The U.S. Government Accountability Office estimates that waste, fraud and abuse consumes 9 percent of the $214 billion spent by the federal government each year on fee-for-service payments to hospitals, doctors and others caring for Medicare patients.

But hospitals have their defenders at the national and state level.

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Rick Wade, spokesman for the American Hospital Association, said Medicare's coding system to reimburse hospitals is complex and confusing, and federal officials have given hospitals conflicting instructions.

The practice of increasing the severity of conditions in Medicare bills without justification is called "upcoding."

Pat Schou, executive director of the Illinois Critical Access Network, which represents many small rural hospitals, said the downstate hospitals investigated by the U.S. attorney's office are embarrassed by the implication that they intended to defraud the government. The hospitals sought advice from Burkhart because they wanted to improve their documentation in the billing process with the hope that it would bring them higher reimbursements, she said.

"These hospitals wouldn't want to risk their reputations," Schou said. "They would not have in their wildest dreams thought they were being corrupt in doing this."

Heaton noted that the federal law prosecutors have used to negotiate Medicare-fraud settlements originated with Springfield's most famous citizen. In 1863, President Abraham Lincoln signed into law the False Claims Act, designed to crack down on private contractors who were selling the Union army shoddy supplies at inflated prices - including boxes of sawdust made to look like crates of weapons.

More than 130 years later, downstate Illinois hospitals paid by Medicare, one of the largest federally funded programs, are feeling the pressure.

The law allows authorities to issue a civil charge if a person or organization used false records or statements to obtain payment for a claim while either knowing the claim was false or recklessly disregarding the likelihood it was false.

The first two cases Pittenger investigated - involving Pekin Hospital in Pekin and Perry Memorial Hospital in Princeton - ended with settlements: $1.07 million in Pekin's case in 2001, and $709,659 in Perry Memorial's case in 2003.

Pittenger honed in on the other cases by looking at rates of a type of complex pneumonia known as "gram-negative." Those hospitals billed for gram-negative pneumonia at least 20 percent of the time when the patient had pneumonia, he said.

Shelby Memorial's gram-negative rates were as high as 40 percent or more, he said. Shelby Memorial officials didn't respond to requests for comment. They agreed in January 2004 to pay a $1.75 million settlement.

Officials at Carlinville Area Hospital, which agreed in December 2005 to a $1.25 million settlement, "never had any intention of doing anything wrong," said Kenneth Reid, the hospital's chief executive officer.

Officials at Abraham Lincoln Memorial, who agreed to a $1.34 million settlement in February, wouldn't comment for this story.

Wade said Medicare is preparing to expand the number of codes that hospitals should use. The idea is to help them receive correct payment for the care of patients with increasingly complex medical problems.

But the additional codes also will force hospitals to hire more people to scrutinize the codes, Wade said. Hospitals also might make more mistakes, he said.

Heaton said Medicare and Medicaid fraud cases will remain a priority locally because of the large amount of the economy devoted to health care in his territory's population centers: Springfield, Peoria, Champaign-Urbana, Bloomington-Normal and Moline.

"The taxpayers have an interest that the billions of dollars flowing to health care is spent properly," he said.

Dean Olsen can be reached at 788-1543 or dean.olsen@sj-r.com.

Judge Rejects Part Of Reform Of Bankruptcy (DMN)

By Pamela Yip

Dallas Morning News, August 13, 2006

DALLAS - Consumer attorneys have scored a significant victory against the new bankruptcy law.

A federal judge in Dallas ruled recently that a provision of the law is unconstitutional because it prevents lawyers from giving their best advice to clients in financial distress.

Critics of the Bankruptcy Abuse Prevention and Consumer Protection Act say the law, which went into effect last fall, caters to the credit card industry while putting unnecessary and harsh burdens on consumers who legitimately need relief from crushing debt loads.

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Susan B. Hersh, a Dallas bankruptcy attorney, filed suit to challenge a provision of the law that forbids an attorney from advising a client to take on additional debt before a bankruptcy filing. The National Association of Consumer Bankruptcy Attorneys and the Connecticut Bar Association have also filed a pending lawsuit challenging the same provision.

The provision was intended to discourage unscrupulous bankruptcy filers from taking on debt with the expectation that it will be erased in the bankruptcy case.

U.S. District Judge David C. Godbey ruled the provision "was facially unconstitutional."

"Rather than changing the system to close the loopholes or penalize those who take on such debt, Congress ... enacted a prophylactic rule, banning the bankruptcy attorneys from advising their clients to take on additional debts 'in contemplation' of bankruptcy," Judge Godbey said.

"Without addressing all the complexities of the bankruptcy law, it seems quite possible that sometimes taking on more debt could be the most financially prudent option for someone considering bankruptcy."

Examples include refinancing a loan to get a lower interest rate and getting a car loan so a debtor has the means of getting to a job, Judge Godbey said. Thus, the provision in the law prevents lawyers from "advising clients to take actions that are lawful" and "unconstitutionally restricts Hersh's speech," the judge ruled.

Hersh said in an interview that the provision in the law is such an "arcane restriction on the attorney-client relationship that it was just absurd."

Overall, the bankruptcy law "made everybody out to being a crook, liar and thief," Hersh said.

"It treats everybody almost like a criminal when the majority are just unfortunate," Hersh said. "What they need to be able to do is to move on so they can rejoin the economy and the credit industry."

The provision was overly broad, said Howard Marc Spector, Hersh's attorney.

As a lawyer, he said, "They're paying me to draw these fine legal distinctions. But in this particular situation, there is no distinction. All advice regarding borrowing is illegal."

And the provision was unnecessary to boot, he said.

"The law says you can't discharge debts procured through fraud," he said.

Judge Godbey hasn't issued a final judgment in the case, so for now the law is technically still in effect, the lawyers said. And even when there is a final judgment, the federal government can appeal.

"It is obviously a ruling that's still under review, and we've not made any determination of what our next step will be," Justice Department spokesman Charles Miller said.

CIVIL RIGHTS:

Illinois Election Officials Reject Ballot Measure On Gay Marriage (NYT/AP)

By The Associated Press

The New York Times, August 13, 2006

CHICAGO, Aug. 12 (AP) — State elections officials voted Friday to keep a referendum against same-sex marriage off the November ballot, saying supporters had not gathered enough valid signatures.

The ballot measure had sought to ask voters whether the state's Constitution should be amended to ban same-sex marriage. Illinois law prohibits same-sex marriage, but referendum supporters said they were concerned that the courts might overturn the law if the Constitution was not changed.

The referendum's supporters filed a lawsuit in federal court, saying the state's procedures for placing a referendum on the ballot were burdensome and unconstitutional.

"It's not near over," said Peter LaBarbera, executive director of the Illinois Family Institute and Protect Marriage Illinois, a group that supports the referendum.

Referendum supporters are appealing a decision this month by a federal judge who dismissed the lawsuit.

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Elections officials reviewed a sampling of more than 330,000 signatures on the referendum petition and said last month that there were not enough valid signatures. Illinois requires more than 95 percent of a sample's signatures to be valid, but the sampling of the referendum petitions determined that 91 percent were valid.

"Unless they pull a rabbit out of a hat in federal court, it's not going to be on the ballot," said Patricia Logue, senior counsel for the Lambda Legal Defense and Education Fund, a gay and lesbian rights group.

Both Gov. Rod Blagojevich, a Democrat who is seeking another term this fall, and his Republican opponent, Judy Baar Topinka, the state treasurer, opposed the referendum.

"Don't tinker with the Constitution if you don't have to," Ms. Topinka said.

Mr. Blagojevich agreed. "I don't support gay marriage," he said, "but I also don't support efforts to further divide our community by trying to pass laws or change constitutions when the law is already sufficient as it is."

Panel Suggests Using Inmates In Drug Trials (NYT)

By Ian Urbina

The New York Times, August 13, 2006

PHILADELPHIA, Aug. 7 — An influential federal panel of medical advisers has recommended that the government loosen regulations that severely limit the testing of pharmaceuticals on prison inmates, a practice that was all but stopped three decades ago after revelations of abuse.

The proposed change includes provisions intended to prevent problems that plagued earlier programs. Nevertheless, it has dredged up a painful history of medical mistreatment and incited debate among prison rights advocates and researchers about whether prisoners can truly make uncoerced decisions, given the environment they live in.

Supporters of such programs cite the possibility of benefit to prison populations, and the potential for contributing to the greater good.

Until the early 1970's, about 90 percent of all pharmaceutical products were tested on prison inmates, federal officials say. But such research diminished sharply in 1974 after revelations of abuse at prisons like Holmesburg here, where inmates were paid hundreds of dollars a month to test items as varied as dandruff treatments and dioxin, and where they were exposed to radioactive, hallucinogenic and carcinogenic chemicals.

In addition to addressing the abuses at Holmesburg, the regulations were a reaction to revelations in 1972 surrounding what the government called the Tuskegee Study of Untreated Syphilis in the Negro Male, which was begun in the 1930's and lasted 40 years. In it, several hundred mostly illiterate men with syphilis in rural Alabama were left untreated, even after a cure was discovered, so that researchers could study the disease.

"What happened at Holmesburg was just as gruesome as Tuskegee, but at Holmesburg it happened smack dab in the middle of a major city, not in some backwoods in Alabama," said Allen M. Hornblum, an urban studies professor at Temple University and the author of "Acres of Skin," a 1998 book about the Holmesburg research. "It just goes to show how prisons are truly distinct institutions where the walls don't just serve to keep inmates in, they also serve to keep public eyes out."

Critics also doubt the merits of pharmaceutical testing on prisoners who often lack basic health care.

Alvin Bronstein, a Washington lawyer who helped found the National Prison Project, an American Civil Liberties Union program, said he did not believe that altering the regulations risked a return to the days of Holmesburg.

"With the help of external review boards that would include a prisoner advocate," Mr. Bronstein said, "I do believe that the potential benefits of biomedical research outweigh the potential risks."

Holmesburg closed in 1995 but was partly reopened in July to help ease overcrowding at other prisons.

Under current regulations, passed in 1978, prisoners can participate in federally financed biomedical research if the experiment poses no more than "minimal" risks to the subjects. But a report formally presented to federal officials on Aug. 1 by the Institute of Medicine of the National Academy of Sciences advised that experiments with greater risks be permitted if they had the potential to benefit prisoners. As an added precaution, the report suggested that all studies be subject to an independent review.

"The current regulations are entirely outdated and restrictive, and prisoners are being arbitrarily excluded from research that can help them," said Ernest D. Prentice, a University of Nebraska genetics professor and the chairman of a Health and

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Human Services Department committee that requested the study. Mr. Prentice said the regulation revision process would begin at the committee's next meeting, on Nov. 2.

The discussion comes as the biomedical industry is facing a shortage of testing subjects. In the last two years, several pain medications, including Vioxx and Bextra, have been pulled off the market because early testing did not include large enough numbers of patients to catch dangerous problems.

And the committee's report comes against the backdrop of a prison population that has more than quadrupled, to about 2.3 million, over the last 30 years and that disproportionately suffers from H.I.V. and hepatitis C, diseases that some researchers say could be better controlled if new research were permitted in prisons.

For Leodus Jones, a former prisoner, the report has opened old wounds. "This moves us back in a very bad direction," said Mr. Jones, who participated in the experiments at Holmesburg in 1966 and after his release played a pivotal role in lobbying to get the regulations passed.

In one experiment, Mr. Jones's skin changed color, and he developed rashes on his back and legs where he said lotions had been tested.

"The doctors told me at the time that something was seriously wrong," said Mr. Jones, who added that he had never signed a consent form. He reached a $40,000 settlement in 1986 with the City of Philadelphia after he sued.

"I never had these rashes before," he said, "but I've had them ever since."

The Institute of Medicine report was initiated in 2004 when the Health and Human Services Department asked the institute to look into the issue. The report said prisoners should be allowed to take part in federally financed clinical trials so long as the trials were in the later and less dangerous phase of Food and Drug Administration approval. It also recommended that at least half the subjects in such trials be nonprisoners, making it more difficult to test products that might scare off volunteers.

Dr. A. Bernard Ackerman, a New York dermatologist who worked at Holmesburg during the 1960's trials as a second-year resident from the University of Pennsylvania, said he remained skeptical. "I saw it firsthand," Dr. Ackerman said. "What started as scientific research became pure business, and no amount of regulations can prevent that from happening again."

Others cite similar concerns over the financial stake in such research.

"It strikes me as pretty ridiculous to start talking about prisoners getting access to cutting-edge research and medications when they can't even get penicillin and high-blood-pressure pills," said Paul Wright, editor of Prison Legal News, an independent monthly review. "I have to imagine there are larger financial motivations here."

The demand for human test subjects has grown so much that the so-called contract research industry has emerged in the past decade to recruit volunteers for pharmaceutical trials. The Tufts Center for the Study of Drug Development, a Boston policy and economic research group at Tufts University, estimated that contract research revenue grew to $7 billion in 2005, up from $1 billion in 1995.

But researchers at the Institute of Medicine said their sole focus was to see if prisoners could benefit by changing the regulations.

The pharmaceutical industry says it was not involved. Jeff Trewitt, a spokesman for the Pharmaceutical Research and Manufacturers of America, a drug industry trade group, said that his organization had no role in prompting the study and that it had not had a chance to review the findings.

Dr. Albert M. Kligman, who directed the experiments at Holmesburg and is now an emeritus professor of dermatology at the University of Pennsylvania Medical School, said the regulations should never have been written in the first place.

"My view is that shutting the prison experiments down was a big mistake," Dr. Kligman said.

While confirming that he used radioactive materials, hallucinogenic drugs and carcinogenic materials on prisoners, Dr. Kligman said that they were always administered in extremely low doses and that the benefits to the public were overwhelming.

He cited breakthroughs like Retin A, a popular anti-acne drug, and ingredients for most of the creams used to treat poison ivy. "I'm on the medical ethics committee at Penn," he said, "and I still don't see there having been anything wrong with what we were doing."

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From 1951 to 1974, several federal agencies and more than 30 companies used Holmesburg for experiments, mostly under the auspices of the University of Pennsylvania, which had built laboratories at the prison. After the revelations about Holmesburg, it soon became clear that other universities and prisons in other states were involved in similar abuses.

In October 2000, nearly 300 former inmates sued the University of Pennsylvania, Dr. Kligman, Dow Chemical and Johnson & Johnson for injuries they said occurred during the experiments at Holmesburg, but the suit was dismissed because the statute of limitations had expired.

"When they put the chemicals on me, my hands swelled up like eight-ounce boxing gloves, and they've never gone back to normal," said Edward Anthony, 62, a former inmate who took part in Holmesburg experiments in 1964. "We're still pushing the lawsuit because the medical bills are still coming in for a lot of us."

Daniel S. Murphy, a professor of criminal justice at Appalachian State University in Boone, N.C., who was imprisoned for five years in the 1990's for growing marijuana, said that loosening the regulations would be a mistake.

"Free and informed consent becomes pretty questionable when prisoners don't hold the keys to their own cells," Professor Murphy said, "and in many cases they can't read, yet they are signing a document that it practically takes a law degree to understand."

During the Holmesburg experiments, inmates could earn up to $1,500 a month by participating. The only other jobs were at the commissary or in the shoe and shirt factory, where wages were usually about 15 cents to 25 cents a day, Professor Hornblum of Temple said.

On the issue of compensation for inmates, the report raised concern about "undue inducements to participate in research in order to gain access to medical care or other benefits they would not normally have." It called for "adequate protections" to avoid "attempts to coerce or manipulate participation.''

The report also expressed worry about the absence of regulation over experiments that do not receive federal money. Lawrence O. Gostin, the chairman of the panel that conducted the study and a professor of law and public health at Georgetown University, said he hoped to change that.

Even with current regulations, oversight of such research has been difficult. In 2000, several universities were reprimanded for using federal money and conducting several hundred projects on prisoners without fully reporting the projects to the appropriate authorities.

Professor Gostin said the report called for tightening some existing regulations by advising that all research involving prisoners be subject to uniform federal oversight, even if no federal funds are involved. The report also said protections should extend not just to prisoners behind bars but also to those on parole or on probation.

Professor Murphy, who testified to the panel as the report was being written, praised those proposed precautions before adding, "They're also the parts of the report that faced the strongest resistance from federal officials, and I fear they're most likely the parts that will end up getting cut as these recommendations become new regulations."

Women In Top Ranks Pull Up The Pay Of Others (WP)

By Shankar Vedantam

The Washington Post, August 13, 2006

Study Says Existing Salary Gap Fades When Female Managers Are in Charge

MONTREAL -- American women earn substantially more money and narrow the long-standing gender gap in income if other women in their workplaces reach the ranks of senior management, according to a new national study presented here.

By contrast, the study found, increasing the number of women managers in junior positions makes no difference to the gender gap -- women on average continue to earn about 20 percent less than men.

Surprisingly, men who work for women managers seem to do slightly worse in income than men who work for men, irrespective of whether the women managers are in senior positions.

The study answers for the first time what happens to workers when women break through the glass ceiling, and is based on 1.3 million American workers in nearly 30,000 jobs and 79 metropolitan areas.

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"The glass ceiling is about all women, not just women who become managers," said Philip N. Cohen, a sociologist at the University of North Carolina at Chapel Hill who announced the study here Friday at the 101st meeting of the American Sociological Association. "If women break through the glass ceiling, it helps other women."

The study comes at a time when there has been renewed discussion of gender roles in America. From talk of a 2008 presidential race between Sen. Hillary Rodham Clinton (D-N.Y.) and Secretary of State Condoleezza Rice to the movie "The Devil Wears Prada," there are often unstated political, cultural and economic implications attached to the idea of women acquiring power.

Cohen said the study of gender and income disparities is more complicated than it looks. For example, while it is true that employees who work for women seem to be penalized, compared with those who work for men, that is largely because women tend to become managers in professions that have a lot of women to begin with -- and those professions usually pay less than professions with a lot of men.

Men work in jobs that are 70 percent male on average; women work in jobs that are 70 percent female on average. Jobs with similar educational requirements can pay very differently: Truck drivers earn far more than nurse's aides, for example, and corporate lawyers earn more than family lawyers, Cohen said.

"Nothing stops you from paying a nurse's aide less than a truck driver," Cohen said. "That is not against any law."

Even within the same industry, or within a single company, women tend to be distributed unequally in high- and low-profile divisions, said Cynthia Fuchs Epstein, a sociologist at the City University of New York and the president of the sociology association. One reason men are more likely to reach upper management, Fuchs added, is that the express elevators to the top -- high-profile jobs -- tend to be filled with men, whereas the elevators that stop at more floors along the way tend to be filled with women.

There is a stereotype in the United States that women who become bosses are ruthless and that they treat female subordinates worse than they treat men. Advocates for diversity, by contrast, have long argued that opening the management door to women is not only the right thing to do but will lead to more equitable workplaces in general. Cohen's study is the first empirical evidence that these advocates are right -- but only when women get to very senior positions.

Cohen and University of California at Irvine sociologist Matt L. Huffman found that women earn about 81 percent of what men make, and that figure remains unchanged when the number of junior-level women managers rises from 2 percent to more than 50 percent. But when women become senior managers, female workers earn 91 percent of men's salaries.

The sociologists used data from the 2000 census that asked Americans about their professional lives, including the industry they work in and their incomes. The sociologists then compared the information against what was known about the ratio of male and female managers in particular industries, and how senior the female managers were in each of those local industries. They accounted for dozens of other variables, including race, geographic location, size of workers' families, education and experience.

For example, the sociologists found 1,887 restaurant managers in the Los Angeles area and 10,422 restaurant workers. There were far more female restaurant managers in Los Angeles than in New York, but the Los Angeles female managers were more likely to be low-level. Consistent with the study's findings, women restaurant workers in New York earned 95 percent of the pay of their male counterparts, while workers in Los Angeles earned 92 percent of what men made.

Cohen and Huffman said there are multiple possible explanations of why men seem to earn less money with female managers than with men. One possibility is that the gender gap in income is not just because women are underpaid, but because men are overpaid, and the slight decline in men's wages is bringing their salaries into line with actual productivity. But it is also possible that to get gender equity, the extra money for women has to come from somewhere, and it partly comes from higher-paid men.

The income study was part of an array of gender issues discussed at the sociologists' meeting. Supreme Court Justice Ruth Bader Ginsburg, who spoke at the meeting Friday, noted that she is now the only woman on the high court and called for redressing enduring disparities in the judiciary. Since Sandra Day O'Connor's retirement, Ginsburg said, "I have been all alone in my corner on the bench."

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ANTITRUST:

Panel Told That Realtors Group Stifles Competition (PHI)

By Alan J. Heavens

The Philadelphia Inquirer, August 13, 2006

Consumer groups have taken their case against the way real estate is bought and sold to a congressional committee looking into accusations that the National Association of Realtors and its 2.6 million members stifle competition.

In testimony July 25 before the House Committee on Financial Services and its subcommittee on housing and community opportunity, Consumer Federation of America executive director Stephen Brobeck called the current real estate brokerage service system "cockamamie" and urged Congress to empower the Federal Trade Commission to reduce key barriers to competition in the industry.

The hearing was commissioned by committee chairman Michael G. Oxley (R., Ohio), who calls the real estate industry a monopoly and wants to open the industry to "free-market competition."

Not only do traditional brokers fail to advertise commission rates and detailed services, but brokers also are reluctant to provide the information unless prospective customers request it, Brobeck said.

Moreover, these brokers have pushed state legislation and acted informally to make it difficult for those who advertise discount rates and limited services to promote or get access to homes for sale, he said. They do so to try to preserve a system in which commission rates remain at 6 percent or 7 percent, depending on the geographic area and price of homes.

Almost a year ago, the Department of Justice filed suit against the Realtors' association over its "virtual office policy," which allows sellers and brokers the right to totally or selectively withhold their listings from display on other brokers' Web sites and prohibits copying of listings from one site to another.

The department said the policy - and a revised version adopted by the Realtors' association a day after the suit was filed - "obstructs real estate brokers who use innovative Internet-based tools to offer better services and lower costs to consumers."

The suit is pending in a Chicago court. No trial date has been set.

In his testimony, Brobeck also urged the federal government to take action to reduce barriers to competition. He said this was especially important because the industry dominates the majority of state real estate commissions and boards. He urged Congress to empower the FTC to regulate the industry more vigorously.

"It is the agency responsible for stopping unfair and unconscionable interstate sales practices," Brobeck said.

In a letter to the committee, Bruce Hahn, president of the American Homeowners Grassroots Alliance, said, "Real estate industry lobbying and the conflicts presented by self-regulation are denying homeowners the opportunity to save billions of dollars each year through the use of innovative new brokerage tools and methods."

Hahn said the Realtors' rules being challenged by the Justice Department would hasten the consolidation of real estate brokerages and are adverse to the best interests of many small and independent brokers.

Despite the best efforts of government agencies and consumer groups, "the powerful real estate lobby has them outgunned," Hahn said.

Moreover, "the state real estate commissions and boards appear to be dominated by active, traditional full-service real estate brokers with conflicts of interest," Hahn wrote and Brobeck stated in his testimony.

"We believe that most of the minimum-service and anti-rebate regulations come at the behest of the state real estate associations," Hahn said.

Pat Vredevoogd Combs, president-elect of the Realtors' group, testified that real estate markets are essentially local, and that competition within local markets is fierce, including competition among agents associated with the same firm.

"Agents openly compete for local listings from potential sellers and for potential buyers on the basis of reputation, level of service, and price," she said.

On a national basis, average commissions have significantly declined since 1991, Vredevoogd Combs said.

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"Commissions or the price for real estate services are independently established by each firm or broker, as are the commission splits with the affiliated agents," she said. "Many agents are permitted to set their own commission rates and have the ability to negotiate what services to provide to their clients within prescribed limits set by their broker.

"Those who have criticized the real estate industry as anticompetitive are oversimplifying the issue by looking at real estate as one national market, which is not the case," Vredevoogd Combs said. "Real estate is local, and competition should be measured at a local level."

Feds Probe Plavix Deal As Apotex Pushes Pill (NSL)

By George E. Jordan, Star-ledger Staff

Newark Star-Ledger, August 13, 2006

Barry Sherman, the outspoken owner of the Canadian generic drug company Apotex, howled for years about Big Pharma's dirty tricks in battling the generics industry.

Sherman's shrewd tactics, clashes with U.S. regulators and unrelenting court battles with the world's drug giants have made him a legend in the pharmaceutical industry and his company Canada's biggest drugmaker.

His latest maneuver -- flooding the American market last week with a copycat version of the top-selling blood thinner Plavix -- may rewrite the rules of the tug-of-war between generic drugmakers and the big, brand-name pharmaceutical companies.

His adversary in the Plavix battle, Bristol-Myers Squibb Chief Executive Peter Dolan, has won praise for guiding the big drugmaker through a series of land mines, including a criminal probe of a $2 billion accounting scandal. Now, Dolan is in the spotlight once again, this time for his handling of Sherman and the threat he poses to Bristol's nearly $4 billion Plavix franchise.

Wall Street cheered when Bristol announced in March it reached a deal with Apotex to keep generic Plavix off the market until the drug's patent expired. But during the past few weeks, the deal unraveled, leaving Plavix sales vulnerable to generic competition.

The battle about Plavix shifts this week to federal court in Manhattan, where lawyers for Bristol will seek an injunction blocking sales of the generic pills.

The case eventually could wind up in criminal court: The U.S. Department of Justice's anti-trust division has launched an investigation into the negotiations between Bristol and Apotex about Plavix. Both companies said they have received grand jury subpoenas.

In the end, the Plavix episode could turn out to be a career-defining moment both for Sherman, the pit bull of pharmaceuticals, and Dolan, the industry's golden boy.

Generic drugmakers usually wait until a drug's patent is about to expire before launching a copy-cat version, but not Apotex. Although the patent on Plavix is in force for another five years, the company in January won approval from the U.S. Food and Drug Administration to market a generic form.

There's nothing to prevent a generic drugmaker from making a so-called "at risk" product launch. But if a court later finds the brand-name's patent has been violated, the generics company faces triple the damages. Only a half-dozen times in the past two decades have drugmakers launched a copy-cat drug "at risk."

Bristol and its marketing partner, the French drug giant Sanofi-Aventis, went to court to stop Apotex. But in March, the parties reached a "reverse payment" deal, under which Bristol and Sanofi would pay Apotex a reported $40 million not to launch generic Plavix.

The settlement quickly drew the attention of the Federal Trade Commission and a group of state attorneys general. Then the Justice Department announced its investigation. By last week, Apotex said the deal was dead, and announced plans to immediately begin selling the generic.

In an interview last week, Sherman told The Star-Ledger he planned all along for a product launch because he didn't expect U.S. regulators to sign off on the "reverse payment" deal.

In negotiating with Bristol, Sherman said he demanded and won concessions that made it easier for him to begin selling the generic pills. They include reduced penalties should Apotex be found to have violated Bristol's patent and a five-day waiting period before Bristol can seek an injunction to stop the sale of the generic.

"This is a bold strike and consistent with his business strategy," Jim Keon, president of the Canadian Drug Manufacturers Association, said of Sherman. "You don't get to be No. 1 by sitting back and being conservative. Barry built his company from scratch."

Sherman, 64, founded Apotex with three employees in 1974. Today, the privately held company is Canada's largest drugmaker, with 6,000 employees. It doesn't disclose revenue or earnings.

Sherman also owns a 35 percent stake in Barr Pharmaceuticals, the Woodcliff Lake company that has battled the Food and Drug Administration for approval of over-the-counter sales of the controversial emergency contraceptive Plan B.

Apotex has earned a reputation for being combative and litigious; during the 1990s the company was involved in 100 different court cases. It also has a long history of challenging big drugmakers before their patents expire.

In 2001, Apotex made copies of Bayer's antibiotic Cipro, and in 2004 Sherman sold a low-cost version of the antidepressant Paxil before GlaxoSmithKline's patent expired. In both cases, he avoided punitive legal judgments.

The Justice Department probe of the Plavix deal isn't the first time Sherman and his company have drawn the attention of authorities.

In 1995, Sherman's Bahamian mail-order company, Medicine Club International, pleaded guilty to a violation of interstate commerce for importing a generic version of the antidepressant Prozac to 500,000 U.S. customers without prescriptions. The company paid a $500,000 fine and $339,000 in investigative costs. Around the same time, other drug companies complained Sherman was manufacturing bootleg generic drugs in Mexico and China.

Several published reports have noted the central character in John Le Carre's novel "The Constant Gardener," which was made into a major motion picture in 2005, bears a striking resemblance to Nancy Olivieri, a renowned Canadian hematologist at the center of a whistler-blower dispute with Apotex.

After taking part in clinical trials for Apotex's drug Deferiprone, Olivieri wrote in The New England Journal of Medicine the drug had lethal side effects. She then came under personal and professional attacks, much like Le Carre's protagonists.

Steve Giuli, Apotex's director of government affairs and industrial relations, declined comment.

Bristol shares have tumbled 23 percent since its deal with Apotex began to unravel. Credit-rating agencies said they are reviewing Bristol's ratings. And the company may be forced it to slash its annual dividend to 60 cents from $1.12, according to Barbara Ryan, an analyst at Deutsche Bank.

The Plavix episode could drive Bristol's share price down to the point where the company becomes an irresistible takeover target, Ryan said in a investor note.

Bristol has long been considered a takeover target, particularly for big European drugmakers like Sanofi, GlaxoSmithKline and Novartis, because of its discovery and development of several cardiovascular and oncology drugs at a time when Wall Street bemoaned a lack of additional medicines across the industry.

Damage to the Plavix franchise would also be a major setback for Dolan, coming in the wake of other embarrassments, including the accounting scandal and abandonment of the diabetes drug Pargluva after it was touted as a billion-dollar blockbuster.

"This is another strike against him, considering all the missteps he's had in recent years," Arthur Wong, a pharmaceutical analyst at Standard & Poors, said of Dolan. "Yes, some of them happened before and he inherited some of them, but some of these missteps, you have to look to him."

As Dolan soldiers on, James Robinson, Bristol's chairman, said he has the company's unwavering support.

"Peter has done a superb job in turning around the company, from developing a new management team, to a pipeline considered to be one of the best in the industry, to the recent approvals which bring innovative new medicines to patients in need," Robinson said in a statement the company released Friday.

" He has the full and complete confidence of the board."

George E. Jordan may be reached at gjordan@starledger.com or (973) 392-1801.

Mutual Funds Are Failing As Deal Police (NYT)

The New York Times, August 13, 2006

AS fiduciaries responsible for clients' financial interests, mutual fund managers are supposed to monitor the companies whose shares they own, on the lookout for avaricious executives, phony financials or somnambulant directors. That they have failed miserably in this task in recent years has frustrated investors, who know that only big, household-name stockholders like Fidelity, Vanguard and the rest have the clout to reform wayward companies. Before prosecutors have to get involved, that is.

Now, an academic study by Lily Qiu, an assistant professor of economics at Brown University, quantifies just how poorly mutual funds police management in one particular area — mergers and acquisitions — and how costly that failure has been. By contrast, her study shows that the activist approach taken by public pension funds has proved to be a positive policing mechanism that has translated into better performance in M.& A. deals.

The paper is titled, "Which Institutional Investors Monitor? Evidence from Acquisition Activity," and Yale's School of Management is reviewing it for possible publication in its Review of Financial Studies. Ms. Qiu has been working on the paper for three years; she updated the draft in June.

Mergers provide a natural litmus test for the adequacy of institutional oversight, Ms. Qiu says, because mergers occur often and can have a significant effect on companies' market values. Many mergers destroy the financial well-being of acquirers, according to academic studies, so Ms. Qiu wanted to examine how the roles played by different types of institutional investors during mergers might reduce such negative impacts. She separated investors into six types: public pension funds, mutual funds, insurance companies, private pension funds, banks and independent financial advisers.

Her conclusion is that public pension funds stand alone as effective monitors of corporate merger activities. When public pension funds hold large stakes in companies, those companies are less likely to conduct mergers over all; and when those same companies make acquisitions, the deals are more likely to succeed.

Mutual funds, on the other hand, seem to encourage merger activity, Ms. Qiu found. When mutual funds have hefty positions in companies, those companies are more likely to strike lots of merger deals — and more bad ones, at that. Mutual funds were the most passive monitors of merger activity among the institutional investors Ms. Qiu measured.

"Mutual funds are not really acting in interests of shareholders," Ms. Qiu said. "Corporate managers may know that when they see a majority of their owners are mutual funds that they are kind of protected."

Ms. Qiu studied data from 1993 to 2000, which comprised 1,362 companies and 2,022 merger events. She found that when the stake in a company held by its largest public pension fund investor increased 1 percent, the frequency of mergers declined 4 percent at the company.

That 1 percent increase also corresponded to an 8 percent reduction in value-destroying acquisitions, Ms. Qiu found. You know the deals Ms. Qiu is talking about: those vanity projects that chief executives pursue simply to "buy" earnings or revenue growth rather than generate growth internally and organically.

INTERESTINGLY, public pension funds do not get in the way of mergers likely to benefit an acquirer's shareholders, Ms. Qiu said. In fact, companies with a large public pension fund presence performed better in the long run after acquisitions, her study found. A 1 percent increase in public pension fund ownership corresponded with an increase of 0.41 percent to 3.01 percent in the 12-month outperformance in those companies' shares.

Mutual fund ownership, on the other hand, corresponds to greater merger activity at companies and to acquisitions engineered to buy growth. In addition to quantifying how mutual funds fail in their duty to investors to act as cops on the merger beat, Ms. Qiu's data might also help investors assess how well a deal might perform down the road. If an acquirer has large public pension funds behind it, the merger will probably be a success, she said. If the company has mostly mutual fund or other private institutions as shareholders, the merged companies are more likely to underperform.

"Those bidder firms that had a higher percentage of public ownership tended to show a better performance," Ms. Qiu said. "So when you look at M.& A., whether you want to buy or sell the stock, that would be an indicator."

Mutual fund executives often argue that they prefer to vote with their feet and sell if problems appear, rather than agitate for change at troubled companies as pension funds typically do. (This is not possible for index fund managers, of course, who must own the companies that are part of whatever index they are mimicking.)

But the vote-with-your-feet argument loses credibility in the face of Ms. Qiu's study, which instead indicates a tendency among mutual funds to hear-no-evil-see-no-evil, at least in mergers. One reason for that willing suspension of disbelief may be

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that large mutual fund concerns have too much to lose by battling with the same companies whose 401(k) business, money management services and trust operations they oversee or seek.

"The cozy, clubby relationship leads management not to worry about mutual funds actively promoting corporate governance," Ms. Qiu said. "Unless we see some change from the mutual funds themselves that shows they are interested in corporate governance, we will continue to see this pattern."

And mutual fund shareholders will keep paying for this passivity with smaller returns.

ENVIRONMENT:

Oil Experts Press Need For Pipeline Care (AP)

By Allison Linn

AP, August 13, 2006

Technological improvements could help avert the severe corrosion and leaks that forced the partial shutdown of the nation's largest oil field, experts say, but the best way to prevent such problems in pipelines is to simply take better care of them.

BP PLC, which operates the Prudhoe Bay oil field, has conceded it made a mistake by not more closely inspecting the interior of the 29-year-old pipeline. Before its inspections in July, the company had last run a high-tech tool called a "smart pig" on the western side of the field 1998. Spokesman Ronnie Chappell Saturday said it had never previously done so on the eastern side where a leak was discovered a week ago.

"They didn't do a good job of corrosion prevention. That's a big, big embarrassing problem with enormous implications not only for them but also for customers and other oil companies that use the line," said Lois Epstein, senior engineer with Cook Inletkeeper, a conservation advocacy group.

One side of the Prudhoe Bay oil field will be shut down while BP replaces 16 miles of the pipeline because of the leaks and corrosion, officials said. The pipelines normally carry 400,000 barrels of oil daily, or about 8 percent of domestic output. With the partial shutdown, the field is currently producing about 150,000 barrels of oil and natural gas daily.

An oil spill discovered at the same time as the corrosion is three times as large as originally estimated, BP said Saturday. About 750 gallons of oil have been recovered, and the cleanup was nearing completion, Chappell said.

Experts say some technological advances could make it easier to maintain existing pipelines and ensure that new pipelines, such as a proposed $25 billion natural gas pipeline that would run from Alaska into Canada, last longer.

For example, technology for smart pigs and maintenance machines called cleaning pigs — both of which are pushed through pipelines by the pressure of the oil or gas they carry — has improved significantly in the decades since the pipeline was built, said Rick Kuprewicz, a pipeline expert with Accufacts Inc.

The ability of steel mills to produce higher quality pipe also has gotten better, and such pipe has gotten cheaper, he said.

But those improvements will only help if companies inspect and clean the pipes, and are vigilant about checking for corrosion. Not doing that, Kuprewicz said, is like buying a new car and never changing the oil.

"Pipe can wear out too if you don't pay attention to it, but in most cases its age is many hundreds of years. But, again, you gotta respect it," he said.

He finds it extremely unusual that BP thought it would be OK to go without regular smart pig checks.

"The whole thing — it sounds embarrassing," he said.

Epstein blames government regulators for not forcing the industry to do better. To avoid future problems, she said, federal and state regulators need to adopt stricter oversight.

"The industry will often say a well-designed and maintained and operated pipeline can last a very long time, and to a large extent I agree with that. But, of course, it needs to be well-maintained and operated," she said.

Chappell said the company has a substantial corrosion detection program at Prudhoe Bay. He noted it had regularly used other methods including ultrasound to test the condition of the pipelines, and at the time thought such inspections were sufficient. The company expects to spend about $72 million this year on corrosion control.

"I think it's clear in retrospect that the program as it related to these transit lines wasn't sufficient, wasn't adequate," he said.

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Under orders from federal regulators, BP has stepped up inspections of the western side of the pipeline that continues to run, but it has only promised the more reliable smart pig tests by the end of November.

Dying Bay Fishing Method Snags Waterman In Dispute (AP)

By Scott Harper, Associated Press

AP, August 13, 2006

Edward Bender answered the door in a T-shirt and boxer shorts.

Greeting a visitor to his modest home at midday here on Virginia's Eastern Shore, Bender looked like the rumpled actor Wilford Brimley just after a nap.

Bender explained that he had been upstairs on the computer, typing another court motion in his lawsuit against the National Marine Fisheries Service, an agency he describes as "a scary bunch of people."

"And believe me, I don't scare easy," he said.

Ongoing for three years, the suit says federal rules designed to keep sea turtles from entangling and dying in pound nets in the Chesapeake Bay are illegal, scientifically unproven and unfairly damaging to his fishing business. Furthermore, he said, "they're pretty stupid."

Part rebel, part rogue, Bender is one of a handful of watermen left in Virginia who fish with a pound net.

This centuries-old trap, a maze of mesh and rope and chain, extends some 300 feet from shore. It basically tricks fish, stopping them with a wall-like structure called a leader, which forces them to turn and swim into netted chambers from which they do not escape.

Pound nets snare thousands of pounds of fish at a time — and, federal officials say, a few sea turtles, too.

Because the reptiles are protected by the Endangered Species Act, and because hundreds have been washing ashore dead on Virginia's beaches in recent years, the government took action.

And Bender got busy.

"If the NMFS rule-making staff unintelligently chose to override and ignore the best available scientific advice, then the rule should be found to be arbitrary and capricious and therefore void," he wrote in a 2004 legal brief filed in U.S. District Court in Norfolk, where his case is being heard.

Justice Department attorneys parrying Bender's claims could not recall a fisherman, by himself, taking on a such a challenge as this.

They seem slightly amused, if not annoyed, by the case, which has swelled to 30 volumes of motions, memos and transcripts.

"It's been interesting, I'll say that," said George M. Kelley III, an assistant U.S. attorney in Norfolk.

Pound netting once was a way of life on the Bay. In 1930, more than 2,200 of the webbed devices stretched into the bay, capturing almost half of the state's catch back then, about 45.5 million pounds.

Today, Virginia maintains a freeze on netting licenses, at 161. It started doing so in 1994, in response to scientific concerns the traps were threatening populations of gray trout, a coveted species among netters.

The lower Eastern Shore, near the mouth of the Bay along Cape Charles, is where most of the remaining action occurs.

"We're the ones who'll be extinct," Bender said of pound netters. "The turtles will be fine."

In his dispute with the federal government, Bender is both the accuser and the accused. He also is his own attorney, even though he never attended law school or finished college.

Bender and his son Mark face a $15,000 fine for violating the turtle-protection rules two years ago. They are accused of not removing their leader, the wall-like part of their net, on three days in May 2004.

That year, the government banned the use of leaders, which all pound nets use, in certain parts of the Bay in the late spring and early summer — when sea turtles are most prevalent in Virginia waters.

Bender is contesting the violation and the fine. He says he never should have been charged under rules that he was fighting in court as illegal. Furthermore, he says he cannot afford the penalty, having taken out loans against his mortgage to stay afloat during the regulatory crackdown.

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Bender, 76, said he is worried he might not live to see the end of his case.

At his front door on a recent sultry day, he smiled devilishly at a visiting reporter and put a finger over the air hole in his throat; he suffers from apnea and needs a small, medical device to breathe and speak.

Bender was born and raised — and probably will die, he said — on the Eastern Shore. He once was in the Navy and attributes his hearing loss to too much time inside a ship's engine room.

He farmed for a while, got bored and became a master electrician. He took a job in southern Maryland as a pipe fitter at the Calvert Cliffs nuclear power plant.

Tired of the commute and the time away from his family, Bender eventually came home to Cheriton and started fishing, which he has done, on and off, for 30 years. His two sons are commercial fishermen, too.

"At least he's giving them a battle," the younger son, Peter, said, as he unloaded a catch of menhaden recently in Cape Charles.

Asked whether he thinks the federal rules will help turtles, Peter Bender didn't flinch. "No," he said. "Any turtle that ends up in a fish trap leader is sick or already is dead and just floated there. It's pretty worthless and only hurts us."

The elder Bender, too, said he has never killed a healthy sea turtle.

"They love pound nets," he said, "because they can follow all these fish into the trap and feast all day, then find their way out."

Fishery officials point to research in 2004 that showed that eight turtles turned up dead in experimental nets in Virginia.

Pound nets take in croaker, striped bass, gray trout, menhaden and anything else that swims into the maze. Bender said his biggest haul was 200,000 pounds of croaker in one day, in 1978. He has earned as much as $66,000 in 10 days of net fishing, he said.

Last month, Bender went to court in Norfolk on the merits of his case. U.S. District Judge James Bradbury presided.

Bender offered a short opening statement.

"I'm here to show that what they've done is arbitrary and capricious," Bender told the judge. "Are you to rule on the arbitrary and capriciousness?"

After some technical review of how government officials arrived at and implemented the rules, Bradbury announced his intentions.

"Mr. Bender," he said, "I know you've spent a lot of time on this, and you've been more competent in what you're doing than other lawyers I've known.

"But in fairness to you," the judge continued, "I do not think you have a claim for remedy in this case, and no basis for recovery... and I do not intend to rule in your favor."

Before Bradbury would issue his formal opinion, however, he wanted the National Marine Fisheries Service to reconsider the proposed fine against Bender and his son.

Since then, the federal agency has sent Bender a letter saying it would lower its proposed fine from $18,000 to $15,000. Bradbury has not issued his final order.

After the hearing, Bender emerged with a smile. He said he appreciated Bradbury's sympathy and respect.

So what was his next move? Was the case over?

"Are you kidding?" Bender said with a grin. "I'm going to appeal."

FBI/DEA/ATF/USMS:

55-year Sentence Sparks Fight (DESERET)

By Geoffrey Fattah, Deseret Morning News

Deseret News, August 13, 2006

Lawyers for first-time drug dealer appeal to U.S. Supreme Court

Panamanian military leader Manuel Noriega got less prison time than first-time marijuana dealer Weldon Angelos, his attorneys like to point out.

Angelos, a young aspiring rap producer and father of two, sold marijuana to make some cash. After selling three 8-ounce bags of pot to an informant, who later testified that Angelos had a gun during two of the sales, Angelos was swept up in what his attorneys say is a minimum-mandatory sentencing system out of control.

Angelos was sentenced to 55 years in federal prison in 2002. There is no parole in the federal system, meaning Angelos could be well over the age of 70 when eligible to be released from prison.

Now the 26-year-old is trying to get one last chance to overturn his sentence by appealing to the U.S. Supreme Court. The case has attracted the support of some of the brightest legal minds in the state and throughout the country.

Salt Lake attorney Jerome Mooney teamed up several years ago with University of Utah law professor Erik Luna, an expert in criminal justice, to appeal for Angelos pro bono. Just recently, Michael Zimmerman, former chief justice of the Utah Supreme Court, decided to join in Angelos' defense, partly out of his personal belief that federal sentencing guidelines are out of control.

Zimmerman told the Deseret Morning News the fact that a first-time drug offender can get 55 years in prison is the product of overzealous politicians eager to appear tough on crime.

"No one ever lost an election by campaigning for tougher criminal punishment," Zimmerman said. "Minimum mandatories at the federal level are particularly way out of whack, I think have no penal justification, and are totally PR-driven."

Zimmerman said he feels Angelos has a strong enough case to stand before the Supreme Court. Congress passed the mandatory enhancement of dealing drugs with a firearm as a way to crack down on big-time drug dealers. But small-time offenders like Angelos have become snared in the system.

"Minimum mandatories like this make no sense at all and distort the penal system completely," Zimmerman said, pointing out that had Angelos been convicted in state court, he would have likely received a few years in prison and probation, particularly for a first-time offense.

After handing down the sentence, U.S. District Judge Paul Cassell penned a scathing criticism of the minimum-mandatory laws. Cassell pointed out that someone convicted of raping a 10-year-old child or detonating a bomb on an aircraft get less time in the federal system than Angelos.

But getting the U.S. Supreme Court to hear the case is no small task. The brief, which was filed last week, must appeal to the intellect of the justices and their clerks.

Luna said this is a case of federal prosecutors stacking an unreasonable amount of prison time against a defendant to get him to fold to a plea bargain. Originally, federal prosecutors sought 105 years in prison for Angelos, but a judge lowered that. Prosecutors then pressed Angelos to accept a 15-year plea deal, which he rejected.

What Congress is essentially doing, Luna said, is taking away a judge's ability to judge.

"Mandatory minimums make prosecutors the real sentencers in the federal system," Luna said, "and convert trial judges into notaries in black robes."

Recently the Supreme Court requested a reply brief from the U.S. Solicitor General's Office. Such a move does not mean the court will grant a hearing in the case but is an indication that at least some of the justices are interested in the issue.

Luna said under the "rule of four" they must convince at least four of the nine justices to take the case in order for it to be heard. A final decision will be made Sept. 25. The U.S. Attorney's Office for Utah said it could not comment on the case but referred to pleadings filed before the 10th Circuit Court of Appeals.

The government has argued that judges are bound to carry out the will of Congress, which in this case is to battle the dangerous combination of drugs and guns.

Yet several heavy-hitting legal minds disagreed, saying this sentence crossed the line into cruel and unusual punishment. This was detailed in a "friend of the court" brief filed by former U.S. attorneys general Janet Reno, Benjamin Civiletti, Griffin Bell and Nicholas Katzenbach and nearly 160 other ex-Justice Department officials and federal judges.

Last January, the 10th Circuit upheld Angelos' sentence. "In our view, the district court failed to accord proper deference to Congress' decision to severely punish criminals who repeatedly possess firearms in connection with drug-trafficking crimes and erroneously downplayed the seriousness of Angelos' crimes," the 10th Circuit Court opinion said.

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The circuit court went on to say there were indications that Angelos was a known gang member and a moderate drug dealer, saying the fact that Angelos was a first-time offender appeared to be more luck than anything else — something Luna takes issue with.

The Angelos defense team indicated it may have some groups waiting in the wings to file friends of the court briefs in the event the case is accepted, but said it could not talk about who they are.

Luna said regardless of one's position on the war on drugs, "the punishment in this case is simply beyond the pale."

Fire Kills 4 In Crowded Indiana House (AP-Y)

By Tom Coyne, Associated Press Writer

AP, August 13, 2006

A fire killed four people early Sunday in a two-story house where about a dozen people lived in makeshift rooms, some of them bedding down in closets, the state fire marshal said.

Witnesses reported seeing people fleeing the property before officials arrived, Fire Marshal Roger Johnson said. The residents didn't return, he said.

"We don't know why they left, why they did not want to stay and why they did not want to address any questions we may have," Johnson said.

Immigration officials had been to the scene, Deputy Fire Chief Chuck Greis said. Neighbors told The Associated Press they believed most residents in house were Asian immigrants who worked at a local Chinese restaurant.

The fire appeared to have started in the back of the house, but investigators did not yet know the cause, Johnson said. An accelerant-sniffing dog was being used and a task force was formed to investigate, including agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives.

When fire crews arrived, the rear of the home was fully engulfed in flames and within minutes the fire had spread through the entire house, Fire Chief Ralph Martin said. He said the fire appeared to have traveled through the walls or ceilings. Crews needed three hours to extinguish the blaze.

Johnson said he did not know how many people were there when the fire started but he said there were "an abnormal number of sleeping areas in the house." Mattresses were found inside closets and there appeared to be some makeshift rooms with spots for about 12 to 15 people to sleep, he said.

Neighbor Holly Hanrath said the house had been up for sale and she and her husband Frank had been inside about two weeks ago. She said it had been subdivided into rooms with plywood sheeting and there were mattresses on the kitchen floor. The couple said the wiring and plumbing were old and they could smell gas near the stove.

The Hanraths live across the street. "I could feel the heat coming in through my window. It was really intense," Frank Hanrath said.

Neighbor Tawny Anderson said firefighters hosed down her house and the one next to it to prevent the flames from spreading. Anderson said she moved into the neighborhood only six weeks ago and did not know the people in the burned house.

Officials did not know the victims' identities or ages. The LaPorte County coroner's office did not return phone messages Saturday.

Michigan City is in northwestern Indiana, about 35 miles east of Chicago.

IMMIGRATION:

Standing Guard (WT)

By Jerry Seper, The Washington Times

The Washington Times, August 13, 2006

NOGALES, Ariz.

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Sgt. Steven W. Jacobs of the Virginia National Guard, one of thousands of guardsmen from 30 states deployed along the southwest border with Mexico, says he arrived here with "no idea" of how vulnerable America is.

"I believe 95 percent of the people in this country have no clue of what it's like down here," says Sgt. Jacobs, a bear of a man with a vise-grip handshake. "I know I had no idea how many people come over this border every day and the weird things they do to get across.

"They'll do anything to get into the United States, often coming over with just the clothes on their back," he says. "And it's not just here; this happens all along the border. I was very surprised at what I saw when we first arrived, but I am here to protect my country, and I will stay as long as they need me."

Sgt. Jacobs, who lives in Fort A.P. Hill, Va., is among 350 Virginia National Guard soldiers and airmen deployed along the border as part of "Operation Jump Start." President Bush's $760 million plan calls for National Guard troops to be sent over the next two years to the U.S.-Mexico border from California to Texas. The goal: allowing the U.S. Border Patrol to move more agents into frontline positions.

Sgt. Jacobs and Spc. Jessica Jessee, also of Fort A.P. Hill, are assigned to an entry-identification team responsible for a popular corridor for illegal immigration along the border just west of here.

Members of the team work 24 hours on and 24 hours off to fight this invasion of illegal aliens while facing temperatures that rise above 100 degrees, fearsome thunderstorms that send rivers of water down nearby gullies and swarms of always-present flies.

Using binoculars, night-vision equipment and global positioning systems, the team seeks to spot anyone trying to enter the country illegally and to report their position to the Border Patrol. About a third of the National Guard force is assigned to entry-identification teams.

"It's a long, hard shift, but we have been very successful," Spc. Jessee says. "We do the best we can to keep tabs on what is going on in our area, and the Border Patrol has responded quickly to our calls."

More than 150 illegal aliens used to cross nightly into the United States over a ramshackle metal fence at the base of a hill here just below a ridge, on which the team set up an observation post. On the hilltops just south of the border, Mexican spotters train equally sophisticated equipment on the Guard, directing smugglers of aliens and drugs to safer areas.

"They've got their own spotters watching us, trying to catch us when we're not looking," Sgt. Jacobs says.

'Significant dent'

Alien smugglers, he says, sometimes send people along the border to see how the Guard troops react and how quickly the Border Patrol responds. But he says his team has put a "significant dent" in the number of aliens crossing into his sector, with the daily count dropping from 150 to fewer than 20.

Watches all along the border have reported similar declines since the National Guard's arrival, says Border Patrol Chief David V. Aguilar, who notes that last week apprehensions were down by 45 percent since the start of Operation Jump Start.

"Nationally, we are down by 2 percent," Chief Aguilar says. "But this is the important number: Since the day the president announced Operation Jump Start ... our apprehensions are down by 45 percent. How does that compare to the seasonal downtrend? Well, last year, it was 25 percent. So the increase in the downward trend is, in fact, positive; it's real, and it's impacting."

Operation Jump Start was designed to free up Border Patrol agents for expanded enforcement duties along the 1,951-mile southwest border.

National Guard troops are building roads and fences, adding cameras and sensors, conducting aerial reconnaissance and providing medical aid and communications support. Guard troops also perform administrative duties, gather intelligence from border cameras for agents to act on, assist at highway checkpoints, serve on entry-identification teams and work as mechanics at Border Patrol stations, repairing well-worn trucks and cars.

The operation is expected to give the Border Patrol time to recruit and train 6,000 new agents to bring its field strength to 17,000.

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"We're not putting up to 6,000 armed National Guardsmen on the border as a show of force," National Guard Bureau Chief Lt. Gen. H. Steven Blum says. "We are in support of a Homeland Security operation, or a Customs and Border Protection operation.

"Probably the biggest thing we bring in terms of numbers and capability to the game are the additional eyes and ears of the initial-entry teams," Gen. Blum says. Border Patrol agents, he says, gain "greater situational awareness of what is going on in places where they could not go, or could not see, or could not hear what was happening before."

Trooping to border

In May, Mr. Bush sent Congress a request for $1.94 billion in emergency funding for border security. Besides money to pay for 6,000 new Border Patrol agents over the next two years, the president sought $770 million for the temporary deployment of 6,000 National Guard troops.

Thirty of the 54 states and territories with National Guard units have sent troops to the border, where they are quartered in motels and hotels. Maryland sent 120 National Guard troops to Arizona for 60 days earlier this month.

Customs and Border Protection Commissioner Ralph Basham, who oversees the Border Patrol, says the National Guard met the president's commitment of 6,000 troops by currently deploying 6,199 soldiers and airmen on the border. The troops are "forward deployed," he says, meaning they directly support the Border Patrol through surveillance, intelligence gathering, entry identification, engineering and other duties.

"The deployment of the National Guard has made a powerful impact on the security of our southern border," Mr. Basham says. "Fewer people are crossing our border, and this decline far exceeds any changes in border crossing due to seasonal migration patterns.

"The Guard's deployment has enabled more than 315 Border Patrol agents to move from back-office administrative functions to frontline border-enforcement activities, further multiplying the Guard's impact."

Although the troops are not involved directly in law enforcement, Mr. Basham says their presence led to the apprehension of 2,296 illegal aliens and the seizure of 64 vehicles, 14,496 pounds of marijuana and 220 pound of cocaine. The agency is "on track" to meet Mr. Bush's objective of doubling the number of Border Patrol agents by the end of 2008, he says.

The National Guard's priority target is Arizona, though troops are deployed along the border from California to Texas. The Arizona-Mexico border is the nation's most heavily traveled corridor for illegal immigration, accounting last year for about half of the 1.15 million illegal aliens detained nationwide. It also is a major drug-smuggling route into the United States.

'Eye-opening' service

All of the 6,199 Guard troops stationed in the border states volunteered for the mission. Among them is Spc. Travis Arnold of the Wisconsin National Guard, who also served a year in Iraq. He says he plans to help secure the border for two years.

"This certainly has been an eye-opening experience," Spc. Arnold says. "Immigration is not a huge issue in Wisconsin. It was the sheer number of people coming over that border that surprised me the most. I had no idea how many people jump that fence every day."

Spc. Arnold works eight-hour shifts at the Border Patrol field office in Nogales. He and a partner, Spc. Kirstin Schultz, monitor live border-surveillance videos on more than 40 television screens. Their job is to report to the Border Patrol any incursions by illegal aliens or drug smugglers.

"I didn't realize just how quickly they come over the fences," Spc. Schultz says. "We are the agents' eyes until they make contact, and we can get them additional help if they get into trouble."

Sgt. Brian Eckberg and Spc. Timothy Reisinger, also members of the Wisconsin National Guard who work at the Nogales field office, are assigned to monitor the detention area. They do required paperwork on apprehended border crossers, maintain detention records and call for help for agents when they need it.

"We are freeing up the agents to be able to do enforcement work in the field," Sgt. Eckberg says. "I feel we are accomplishing a lot here for the agency and the country."

More than 200 illegals a day are processed at the detention center at the Nogales station. With 500 agents, the station is the agency's largest and sits close to the border with Mexico.

'Glad to be here'

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Maj. Fay Ludens, a National Guard spokeswoman, says the troops "are glad to be here."

"Nobody is here who didn't want to be here," says Maj. Ludens, a member of the South Dakota National Guard who retires this month after 23 years. "I think we have all learned a lot about the Border Patrol and how the Border Patrol and the National Guard can work together.

"This call-out was a way for us to do something in the United States, helping our own."

Border Patrol spokesman Sean King says the Guard's presence in Nogales alone enabled that field office to free up 40 agents for enforcement duties along the border, a 10 percent staffing increase per shift. The increased manpower, he says, allows the office to put agents in areas "not now patrolled."

"The National Guard has given us the ability to strengthen our overall effort to secure the border," Mr. King says.

Apprehensions dropped by 17 percent in the Nogales office's 32-mile jurisdiction, he says, and 21 percent in the Tucson sector, which includes 281 miles of border.

Last year, the Tucson sector accounted for about half of the 1.15 million illegal aliens apprehended on America's southern and northern borders -- about 1,300 arrests every day.

Gen. Blum, the Guard's bureau chief, describes Operation Jump Start as a law-enforcement operation rather than a military one. He says the Guard's role is to provide military support to civilian law enforcement, as directed by the president and the secretary of defense.

"We are not doing Border Patrol law-enforcement work," Gen. Blum says during a press conference in Washington. "We're doing everything else that other badge-carrying Border Patrol people used to have to do. We are replacing them so that they can get badges back to the border."

Border Agents: 'We're Never Going To Stop Them, Never' (LAT)

By Miguel Bustillo, Times Staff Writer

The Los Angeles Times, August 13, 2006

Those patrolling the Rio Grande know desperate people will always find a way into the U.S.

Carlos Gonzalez gunned the throttle. The roar of the outboard motor warned everyone within a mile that the U.S. Border Patrol was rounding the serpentine bend of the Rio Grande known as the cola del diablo, or devil's tail.

Turtles scurried off logs and into the green, murky water as the Border Patrol boat raced by at 35 mph, flanked by a second boat with a hard-faced agent in dark sunglasses holding an M-4 carbine assault rifle.

On the Mexican side, men with fishing poles by their feet lay lazily in the tropical sun. Their eyes followed every move the boats made. Gonzalez, a 20-year veteran of the Rio Grande beat, suspected most were lookouts who would take out cellphones and alert smugglers when the coast was clear.

He cut off the motor and coasted into a foul-smelling landing less than half a football field across from Mexico, where countless feet had carved a well-worn path up the reedy riverbank. It was littered with inner tubes, plastic bags and underwear — unmistakable clues that immigrants continued crossing into Texas. But when the border agents went ashore, the beachhead was still. The only signs of life were swarms of buzzing mosquitoes.

"We're never going to stop them, never," Gonzales said. "This was happening before I was born, and it will be happening long after I am gone. There is no way to shut the river down."

Though politicians and regular folks all over America agree that stopping illegal immigration starts with sealing the border, agents on the front line are under no illusions that they can catch everyone — even with the 6,000 extra agents that President Bush plans to put on the border over the next two years.

The challenges of policing the southernmost boundary with Mexico were clearly visible recently as Gonzalez and two other agents fanned out on different shifts across the Rio Grande Valley sector, a stretch of 18 counties that ends where the river — feared for its murderous whirlpools and undertow — calmly empties into the Gulf of Mexico.

The 1,500 agents in this region are mainly small-town men from South Texas. They pride themselves on working hard each day to stop hardened criminals and terrorists, and catch as many illegal immigrants as possible. But after years of

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experience on the Rio Grande, they realize that desperate people will always find a way across, as long as opportunities on one side remain so much better than on the other.

Equipped with all-terrain vehicles, mountain bikes, horses, helicopters, firearms, motion sensors and infrared cameras, the agents cast a sweeping dragnet over 17,000 square miles.

In addition to keeping vigil along the riverbank and staffing highway checkpoints to inspect cars and trucks heading north, agents board buses to question passengers riding to big cities in Texas. They double-check identification at regional airports. They stop freight trains and search cargo holds for immigrants riding the rails. They comb barrier islands for drug runners sneaking up the coast. And they scour the mesquite and brush of cattle ranches for smugglers cutting around the highway checkpoints.

The Rio Grande was one of the first places where the government got serious about fighting illegal immigration, and the Border Patrol says a steady buildup of agents and equipment has reduced drug running and human smuggling here over the last two decades. It has also improved the lives of hundreds of local men and women, who have found careers in the Border Patrol.

Many agents readily admit that they did not join the Border Patrol because of a passion to stop illegal immigration. They were drawn to the job because it pays better than other lawful jobs in the region and promises a life of action along the untamable river Mexicans call Rio Bravo.

"I was looking for a career," said Derek Conrow, 29, an agent from El Paso who was Gonzalez's boat mate. "If you like the outdoors, this is the place to be. We're not stuck in the office all day."

Agents generally earn $51,972 a year after three years — twice the median household income in this region — and average about 25% more in overtime pay.

"I have a friend who is a principal at a local school, and he makes as much as me," Gonzalez said. "He has a master's degree. I am a flunky who left after three years of college."

Gonzalez stood on the dock at Anzalduas County Park and looked out at another dock, in another park, in another country.

On weekends, each park fills up with Latino families picnicking as children wade in the river. When the agents aren't around, smugglers on Jet Skis scoot illegal immigrants from one side to the other in seconds, Gonzalez said.

He pushed off the dock and resumed his day patrol along the stretch of the Rio Grande southwest of McAllen, where the Border Patrol has a regional office. The 18-foot fiberglass boats are supposed to serve as deterrents. But they also make the agents, in white polo shirts with "Border Patrol" emblazoned on the back, highly visible targets.

Agents patrol the river in a state of unease, searching for an adversary who seems to be everywhere, yet nowhere. Smugglers have shot at them with semiautomatic weapons. Mexican peasants have pelted them with rocks. Someone tried to string thin metal wire across the river in an attempt to decapitate them. Agents have heard rumors that their names were on hit lists, compelling some to move.

The boats sped up the river, past an old brick smokestack and the skeletal frames of cars scattered along the U.S. side. On the Mexican shore, a speedboat sat in a boathouse next to a Mediterranean-style mansion, and a white stallion grazed by the riverbank.

The agents slowed to a stop at a sandy peninsula they had nicknamed "the beach," where generations of illegal immigrants have forded the river and walked to safe havens in the neighborhoods nearby. To their surprise, they found a newly carved smugglers' cove. The fresh twine in the water told them it was being used to pull drug loads from one side to the other.

"Damn, I had never noticed that," Gonzalez said.

He had wanted to join the Border Patrol since he was a schoolboy in nearby Weslaco, where he would walk by the El Bronco coffee shop on his way to class and see the agents in cowboy hats. It seemed like the best job in town, he said.

Gonzalez, 44, has not changed his mind about that, despite the dead bodies he has found floating in the water, the children he has seen drowning, or the humble-looking men he has caught who turned out to be convicted murderers and rapists. He is more convinced than ever that his job is important. But as one of those who protect the American border, he realizes that enforcement alone will not stop the flow.

Staring at the muddy water, Gonzalez reflected on the vastness of the problem. "The public just doesn't realize how many people come across."

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If Hollywood dreamed up a Border Patrol agent, he would look like Pedro "Pete" Martinez, a tall, handsome and well-spoken 28-year veteran with the wilderness skills of an Eagle Scout.

Martinez peered into his binoculars and spotted a man crossing the river shortly before noon on a rubber tube in plain view. The man made it to the U.S. in a matter of seconds, then disappeared into a thicket of reeds. Martinez radioed for backup, and a pack of sport utility vehicles converged on the scene.

"You see anything? He's in there somewhere," Martinez said into his receiver.

In the Border Patrol's station in Harlingen, east of McAllen, inside a room full of monitors that resembled a television studio, an agent operating a sophisticated surveillance camera zoomed in on the spot where the man was last seen. Motion sensors scanned for suspicious vibrations in the surrounding fields of tall sugarcane and sorghum.

But the man was gone. He may not even have been an illegal immigrant, Martinez said, because destitute Mexicans liked to scavenge a dump nearby and swim home with mattresses on their backs.

"In this job, you have to learn what an alien is," the senior agent said. "They teach you that in the academy, but in the real world, you find it's different."

When Martinez spotted a footprint facing away from the river, he placed his index finger on it and gently pressed down. The dirt was dry and crusty, baked by the sun. That meant the mark was hours old, he said, so whoever left it was long gone.

Martinez, like others on the river beat, has developed sympathy for the desperate people he comes across.

"You deal with a lot of human misery — real human misery," he said. "You're dealing with the poorest of the poor. People are determined to get across the border no matter what. Jobs and the American dollar, that's the issue."

Agents caught 134,185 illegal immigrants from 71 countries in the Rio Grande Valley sector from October 2004 to September 2005, about half the number caught in 1997. Nearly 60% were from nations other than Mexico, with some hailing from as far as China.

Martinez, one of 12 children born to a carpenter from Brownsville, watched border agents work when he ran along the river levees as a teenager. Today, he coordinates the daily movements of dozens of agents.

In many ways, the challenges have not changed over the years, said Martinez, 52. A constant problem is that some Mexican American families along the border hide illegal immigrants out of pity, or try to sneak in relatives.

"They have friends and family connections in Mexico, and they're trying to help somebody," said Martinez, a fourth-generation Texan whose grandmother lived in Matamoros, just across the river from Brownsville. "It's hard to deal with that."

Earlier in his shift, during a midmorning check at a Greyhound station, Martinez had watched as agents in khaki uniforms boarded a bus headed to Houston and began asking travelers for identification. Most passengers quickly handed over Texas driver's licenses and identification cards with respectful "yes, sir" answers.

Agent Rhaudell Cordova began questioning one nervous-looking man who said he was born in a Mexican village and moved legally to California as a child. Cordova asked him to name the hospital where he was born. It was a trick question; Cordova knew that in that part of Mexico, midwives delivered most babies. The man gave a satisfactory answer, and Cordova left him on the bus.

Cordova speaks Spanish well, but a few agents lack a strong command of the language, which they were taught during academy training. Martinez said that only about half are fluent.

"When you catch a smuggler and are trying to squeeze information out of him, trying to use reverse psychology and other interrogation techniques, it is important," Martinez said.

Martinez then dropped in on one of the least-exciting beats on the border: Valley International Airport. About 15 flights a day take off from the Harlingen airstrip to cities such as Austin and San Antonio.

Low-ranking agents stand around the terminal and watch for suspicious people. A few prefer the airport's air-conditioned comfort to the humid triple-digit heat by the river, but it is not a coveted assignment. Hours pass without any departures. The agents are lucky to catch one illegal immigrant a day.

"Even if we caught nobody, we'd be here," Martinez said, sipping coffee at the airport Starbucks with one of the agents. "If we left, the bad guys would notice."

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Paul Backor said he was wasting away in a boring job as an office manager when he decided he wanted a more adventurous — and lucrative — career. Just before turning 37, the age limit for recruits at the time, he joined the Border Patrol.

Ten years later, Backor stared at a picturesque wide turn on the Rio Grande near Harlingen that agents had nicknamed "the lookout," and said he was happy with his decision.

As the sun began dropping in the distance, songbirds sang, and the twilight gave the water an ethereal glow. Soon the river would come alive with the sounds of smugglers and border crossers, and the evening's chase would begin.

In 10 years, Backor will face mandatory retirement and will have to find a third career. But he doubts anything else will pay as well or provide the same adrenaline jolt. A guarded man who made Clint Eastwood seem effusive, Backor, 47, did not philosophize about illegal immigration, or much else. He saw his job in simple terms.

"If they cross that river, they're breaking the law," he said. "When I go home at night, either I caught 'em or I didn't."

But when Backor catches mothers and fathers crossing with their children, he thinks about how much he wants to make life better for his daughters, Abby and Emily, and he wonders whether border agents could ever stop poor families from sneaking into America.

Backor drove to a stretch of railroad tracks just as agents with sniffing dogs were searching a train. A German shepherd named Bojar picked up a scent and dragged his handlers to an immigrant hiding in a metal freight car. The dog then rushed to a cubbyhole in another car. A second man stepped forward with an uneasy smile and turned himself in.

Agents swiftly cuffed the men, who had boarded hundreds of miles to the south in the Mexican state of Coahuila, pushed them in the back of a paddy wagon and drove off. The men would be returned to Mexico as soon as possible.

"When I got here in 1997, it was not unusual to find 30 to 35 guys on a train," said one of the dog handlers, Don LaPress. Now most illegal immigrants know that the trains are being watched.

Back at the river, Backor stopped to chat with Rocky Bustinza, a young agent who grew up in Brownsville and joined the Border Patrol, just like his brother before him. Bustinza said he recently ran into one of his Porter High School classmates — in the booking room.

"I never would have suspected this guy was illegal," Bustinza said. But the man, who spoke flawless English, was caught crossing the river after visiting family in Mexico.

When darkness fell, it was absolute, save for the light of a half moon, and Backor's patrol radio began to crackle with reports of immigrant sightings on infrared cameras and motion sensors. But this night, it seemed as if every report was followed by a call from an agent who rushed to the scene — and found nothing.

A Closer Look At The Hispanic Population (NYT)

By Hubert B. Herring

The New York Times, August 13, 2006

National policy on immigration from the south can be fairly described as one of passionate ambivalence. Some Americans may try angrily to seal an unsealable border, yet many eagerly employ those who make it across.

Amid all the controversy, though, the nation is preparing to celebrate many of its immigrants with Hispanic Heritage Month. (It starts Sept. 15.)

To mark that occasion, the Census Bureau has offered up a grab bag of statistics, like these: as of July 1, the estimated Hispanic population was 42.7 million, nearly twice the 1990 level; by 2050, it is projected to hit 102.6 million, which would constitute 24 percent of the population. There were 1.6 million Hispanic-owned businesses in 2002, generating $222 billion in revenue.

The difficulties facing that population, though, can be seen in other bits of data: 32.7 percent of Hispanics lacked health insurance in 2004, 21.9 percent lived in poverty, and just 12 percent of those 25 and over had college degrees.

CONGRESS-ADMINISTRATION:

Graham Traced To Nominee Defeat (MBSN)

DOJ_NMG_0047390

By James Rosen

Myrtle Beach (SC) Sun News, August 13, 2006

WASHINGTON - If the defeat of a high-profile judicial nominee by President Bush was probed like a homicide investigation, Sen. Lindsey Graham's fingerprints would be on the gun.

After Congress adjourned for its summer recess last week, the Senate quietly returned to the White House the nomination of William J. "Jim" Haynes to the 4th Circuit Court of Appeals.

As general counsel at the Defense Department, Haynes helped craft the Bush administration's legal rationale for aggressive detainee interrogation techniques used by U.S. military and intelligence forces at the Abu Ghraib prison in Iraq, the Guantanamo Bay compound in Cuba and other sites.

Graham, a former military lawyer, is widely seen on Capitol Hill and beyond as the man most responsible for the Senate's failure to confirm Haynes. From his seat on the Senate Judiciary Committee, Graham expressed strong concerns about Haynes' fitness for the appellate court.

Graham's stand has earned the admiration of many military lawyers and other senior officers. But it angered conservative activists who have condemned Senate Democrats for refusing to allow up-or-down votes on Bush's controversial judicial nominations.

"To say the least, I have serious reservations about his nomination," Graham said Thursday in an interview. "This is not about being conservative. It's about being held accountable for what happened on your watch."

Graham also drew heat from conservatives last year for his membership in the "Gang of 14" senators, seven Republicans and seven Democrats, who negotiated a compromise for handling judicial nominees.

Under the deal, Democrats pledged to use a filibuster only in rare circumstances, while Republicans backed away from their threat to change Senate rules so that only 51 votes - instead of 60 - would be needed to break a filibuster.

This year, Democrats repeatedly vowed to filibuster Haynes' nomination. But it never reached the Senate floor because the Judiciary Committee failed to take a vote. With nine Republicans and seven Democrats on the panel, opposition from a single Republican was enough to stymie the nomination.

Controversial opposition

Graham insisted he wasn't blocking Haynes' nomination, but his opposition was an open secret on Capitol Hill.

"There are lots of other Republicans who say he did block it," said Sean Ruston, executive director of the Committee for Justice, a group of prominent conservatives and Republicans who push for the appointment of "constitutionalist" judges to the federal bench.

"Jim Haynes was blocked in committee for months at the behest of Senator Graham," Ruston said.

Among the group's founders are former Michigan Gov. John Engler and Connie Mack, a former U.S. senator from Florida.

Sens. John McCain of Arizona and Mike DeWine of Ohio were among a handful of Republican senators who raised concerns about Haynes, but Graham was the most vocal.

On the Senate floor and in committee hearings, Graham said it would be unfair to reward a senior Pentagon official who helped devise the now-repudiated interrogation procedures while at the same time prosecuting rank-and-file soldiers who practiced them.

Graham also said that the policies crafted in Washington confused soldiers in Iraq, Afghanistan and elsewhere because they contradicted well-established military regulations on interrogating enemy detainees.

In a dramatic showdown last month, Graham grilled Haynes at his confirmation hearing, cutting him off in mid-sentence at several points. Graham highlighted contradictions between Haynes' testimony and that of military lawyers who said Haynes ignored their strong opposition to the interrogation techniques.

And Graham ridiculed Haynes' contention that he didn't set interrogation policies, but merely passed on the findings of Justice Department lawyers to Defense Secretary Donald Rumsfeld and the White House office of legal counsel.

Military support

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John Hutson, a retired admiral and former judge advocate general of the Navy, joined 19 other retired military officers who opposed Haynes' nomination in writing a letter last month to Sen. Arlen Specter, a Pennsylvania Republican and chairman of the Senate Judiciary Committee.

Hutson said it took political courage for Graham to oppose a high-profile nomination by a president of his own party.

"I think that Sen. Graham is doing exactly what he was elected to do and constitutionally is required to do," Hutson said. "If he's voting his conscience, then that's what we want U.S. senators to do. We don't want them to just automatically follow the party line. I admire him for it."

Ruston, with the Committee for Justice, said Graham's opposition to Haynes has not been lost on conservative and GOP activists and leaders around the country.

"It will be remembered," Ruston said. "It's something that has been made note of. This is not an issue that is floating under the radar among conservatives and Republicans."

In an Aug. 3 news release by his organization, Graham was the only Republican senator grouped with Democrats for blocking Haynes and two other controversial judicial nominees, Terrence Boyle and William Myers.

Haynes' father, William Haynes, grew up in the Palmetto State, attended the University of South Carolina and served as colonel in the Air Force. He blames Graham at least partly for his son's failure to advance to the appellate court.

"I feel that Senator Graham has not lived up to his campaign promise to ensure that all nominees get an up-or-down vote," the elder Haynes said.

An 'influential force'

Bush originally nominated the younger Haynes in 2003, and he moved through the Senate Judiciary Committee with Graham's support. But that was before the Abu Ghraib prison scandal erupted and subsequent reports described Haynes' involvement in helping write memos justifying the use of water-boarding, sleep deprivation, stress positions and other aggressive interrogation techniques on detainees.

Haynes' nomination bogged down in the full Senate in 2004, and Bush resubmitted it last year to a new session of Congress.

Hutson, the former Navy judge advocate general, said Graham has joined McCain as Senate experts on the complex web of issues surrounding interrogation and prosecution of enemy combatants in the war on terror.

"He is a very influential force because of his military background," Hutson said of Graham. "Like McCain, he's one of the people that other senators listen to - if not defer to - on some of these issues."

In a June 8 letter responding to conservative activists upset by his stance on Haynes, Graham said he could not ignore the views of senior military officers.

"As a member of the Senate Armed Services Committee and a strong supporter of our men and women in uniform, I am troubled that very distinguished military leaders have expressed strong opposition to the Haynes nomination," Graham wrote.

Beware The Idles Of August (WP)

By Jonathan Martin

The Washington Post, August 13, 2006

You're probably not reading this. But if somehow you are, it's surely via the laptop you brought along with you to the tony island, cape or peninsula where you're summering. You certainly aren't spending this time of year in Washington, where tumbleweeds blow down K Street and the merchants in Georgetown hang "Gone Fishin' " signs in their storefront windows, are you? After all, nothing much happens in Washington during August.

This received wisdom is so ingrained in Washington's image of itself that it has almost become a self-fulfilling prophecy. But for the diehards who forgo the beaches and stay in town, this August -- with multiple wars in the Middle East, aging dictators in post-op and foiled terrorism plots in the air -- feels like anything but a slow news month. Indeed, for a time of year when supposedly no one is around to hear them, a lot of trees tend to fall during August. And they have usually fallen upon our presidents hardest of all.

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It was Aug. 8, 1974, when President Richard M. Nixon flashed his defiant victory sign on the White House lawn, boarding Marine One as the first president in U.S. history to resign. Twenty-four Augusts later, another president faced up to scandal. Speaking from the White House Map Room on Aug. 17, 1998, Bill Clinton admitted to the nation that he "did have a relationship with Miss Lewinsky that was not appropriate." (On the same day, in case one crisis did not suffice, the Russian ruble collapsed, forcing Clinton to contend with the possibility of an international financial meltdown. Dramatic, certainly, though not enough to get Washington's mind off the presidential sex scandal.)

Nixon's disgrace notwithstanding, he at least enjoyed an uninterrupted vacation on the beaches of San Clemente because he was newly unemployed. Clinton, though, had only a two-day respite in Martha's Vineyard before returning to Washington to again address the nation -- this time to announce the launching of cruise missiles at suspected al-Qaeda hideouts in Afghanistan and Sudan. The move was a retaliation against the terrorist attacks on U.S. embassies in Kenya and Tanzania, which had taken place earlier that August.

Presidents between Nixon and Clinton also had to confront crises while trying to enjoy their August down time. It was still Aug. 31, Washington time, when a Soviet fighter jet shot down a Korean Air 737 over the Sea of Japan in 1983, killing all 269 people on board. Shortly thereafter, President Ronald Reagan left behind the horseback riding and wood-chopping in Santa Barbara, Calif., to return to the capital. He later condemned the attack as a "massacre" and a "crime against humanity."

President George H.W. Bush endured August surprises in three of his four years in the Oval Office. First, in what would not be the last time he irritated the Bush clan, Iraqi strongman Saddam Hussein invaded Kuwait in August 1990, prompting Bush to return to work from the family compound in Kennebunkport, Maine, and launch Operation Desert Shield. The next summer brought more foreign-policy turmoil, when Russian hardliners sought to overthrow Mikhail Gorbachev, accelerating the breakup of the Soviet Union and again forcing Bush to drop the horseshoes at Walker's Point.

Bush was handed his third August crisis when, at the end of the month in 1992, Hurricane Andrew tore its way across South Florida, leaving a swath of destruction and a political headache in its wake. Sensitive to election-year criticism that his administration had not responded quickly enough to the disaster, Bush decamped from Camp David back to Washington to meet with designated hurricane relief coordinator Andrew H. Card Jr. (remember that name) and to get something off his chest before the White House press corps.

"May I tell you something?" Bush growled to reporters. "This may be hard for you to believe. I am thinking about what's good for the people here. I don't even think about the politics of it. We're trying to help people. . . . Can't we help people without having somebody try to put a political interpretation in it? I mean, heaven's sakes. . . . "

No modern president, however, knows more about the danger of the Idles of August than George W. Bush. It was between brush-clearing and bass fishing in Crawford, Tex., that this President Bush was briefed on a memo titled, "Bin Laden Determined to Strike in US." The date: Aug. 6, 2001.

Four summers later, Bush's R&R at the ranch was interrupted first by Cindy Sheehan and her fellow war protesters. Then, on Aug. 29, Hurricane Katrina made landfall on the Gulf Coast, forcing Bush to cut short his month-long vacation.

This year, with Washington purportedly shut down until after Labor Day, Bush is also at his ranch facing a full slate of challenges. The Middle East is awash in violence, Fidel Castro may be on his way out in Cuba (meaning more Cubans may be on their way in to Florida), North Korea is acting like, well, North Korea, hurricane season is entering its peak and British authorities foiled a terrorist plot targeting airplanes bound for the United States -- while British Prime Minister Tony Blair was vacationing in Barbados. Oh, and Sheehan and Co. are back in Crawford for another summer, this time with their own property from which to razz the president.

And those are just some of the problems we know about.

Given this daunting array of challenges, Bush will spend much less time this month at his beloved Prairie Chapel Ranch than he did in his first five summers as president. He reached Texas on Aug. 3 and is scheduled to return to Washington today. He may go back to Crawford later this month, but he won't come close to replicating his traditional month-long holiday.

Perhaps it took his own especially brutal August to teach Bush that, contrary to D.C. lore, plenty happens during this month, much of it unexpected -- and most of it bad.

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Don't worry, though, about missing out on new policy pronouncements while you've got your own toes in the sand. Ten years after his stint as Bush 41's hurricane coordinator, Bush 43's then-Chief of Staff Andy Card put it best in 2002 when discussing the possibility of invading Iraq. "From a marketing point of view," he explained, "you don't introduce new products in August."

jmartin@nationaljournal.com

Jonathan Martin is a staff writer at National Journal's "The Hotline."

The Ripple Effect (MSN)

NWSK -- Terror Poll, August 13, 2006

The foiled airline plot boosts President Bush's terror ratings, but the new NEWSWEEK Poll finds a lot for Democrats to cheer as the midterm elections approach.

Aug. 12, 2006 - Even after British officials revealed a terrorist plot to blow up as many as 10 jetliners traveling from the U.K. to the United States, using ordinary-looking liquid explosives smuggled into airplane cabins, a majority of Americans still aren't willing to part with their carry-ons.

So says the latest NEWSWEEK Poll. Fifty-four percent of respondents oppose prohibiting all carry-on baggage "to better prevent terrorists from putting a bomb on a plane," according to the poll, conducted Thursday and Friday nights. Only 26 percent say they "definitely favor" such a move, and 18 percent say they would "probably favor" it.

Despite this week's foiled plot, almost five years after terrorists turned airplanes into missiles in the worst peacetime attack in U.S. history, 45 percent of Americans believe air travel is safer today than it was before September 11 (41 percent believe flying is about as safe). And though we treasure our carry-ons, 52 percent of Americans say they are willing to support a "major increase" in airfares to fund additional security at airports and in planes.

Still, the most murderous terror plot to be publicly exposed since 9/11 disrupted more than air travel. It roiled public opinion too. While the NEWSWEEK Poll suggests President George W. Bush and the GOP-led Congress have plenty to worry about just three months before the midterm congressional elections, it shows a slight uptick in the president's lagging approval rating and a significant boost in voters' opinions of his handling of the terror threat.

According to the poll, conducted through phone interviews with 1,001 Americans, 55 percent disapprove of how the president is doing his job, while 38 percent approve, an increase of 3 points since the May 11-12 NEWSWEEK Poll. But a majority, 55 percent, approve of Bush's handling of terrorism and homeland security (40 percent disapprove), an 11-point boost since May, returning the president to levels not seen since early 2005.

Planned Medicaid Cuts Cause Rift With States (NYT)

By Robert Pear

The New York Times, August 13, 2006

WASHINGTON, Aug. 12 — The White House is clashing with governors of both parties over a plan to cut Medicaid payments to hospitals and nursing homes that care for millions of low-income people.

The White House says the changes are needed to ensure the “fiscal integrity” of Medicaid and to curb “excessive payments” to health care providers.

But the plan faces growing opposition. The National Governors Association said it “would impose a huge financial burden on states,” already struggling with explosive growth in health costs.

More than 330 members of Congress, including 103 Republicans, have objected to the plan. A letter signed by 82 House Republicans says it “would seriously disrupt financing of Medicaid programs around the country.” A bipartisan group of 50 senators recently urged President Bush to scrap the proposed rules, which were set forth in his 2007 budget and could be issued before the end of this year.

Medicaid finances health care for more than 50 million low-income people, with money provided by the federal government and the states.

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Under the White House plan, the federal government would reduce Medicaid payments to many public hospitals and nursing homes by redefining allowable costs. It would also limit the states' ability to finance their share of Medicaid by imposing taxes on health care providers. About two-thirds of the states have such taxes.

The federal government pays at least 50 percent of Medicaid costs in each state and more than 70 percent in the poorest states. Bush administration officials say states have used creative bookkeeping and accounting gimmicks to obtain large amounts of federal Medicaid money without paying their share. Moreover, they contend, some states have improperly recycled federal money to claim additional federal Medicaid money.

"States have managed to draw down more federal Medicaid dollars with fewer state dollars," said Dennis G. Smith, director of the federal Center for Medicaid and State Operations.

State and local officials, members of Congress, hospitals, nursing homes and advocates for poor people make several arguments. First, they say, Mr. Bush is doing by regulation what he unsuccessfully asked Congress to do by legislation in the last two years. Second, they say, prior administrations and the Bush administration itself approved many of the state taxes that would be deemed improper under the new rules.

Gov. Arnold Schwarzenegger of California, a Republican, said, "The administration is attempting to reverse decades of federal Medicaid policy through the regulatory process," less than a year after "Congress rejected these misguided cuts."

In Missouri, Gov. Matt Blunt, a Republican, said the change "could mean a loss of more than $84.9 million" for his state. That, he said, would "jeopardize the continuity of care for Medicaid recipients" and set back efforts to improve care in nursing homes.

Gov. M. Jodi Rell of Connecticut, a Republican, protested the White House plan in a letter to Mr. Bush. She said the effects would be "disastrous" in states like Connecticut, which relies on fees collected from nursing homes to help pay its share of Medicaid costs.

Democratic governors, including Janet Napolitano of Arizona, Edward G. Rendell of Pennsylvania and Kathleen Sebelius of Kansas, also denounced the White House plan. Ms. Sebelius said the cuts would make it much more difficult for health care providers like the University of Kansas Hospital to serve Medicaid recipients and people without insurance.

The cuts contemplated by the White House would not reduce the cost of care. But state officials said the changes would put pressure on states to reduce Medicaid benefits, restrict eligibility or lower payments to health care providers.

Medicaid is one of the largest, fastest-growing items in state budgets. To pay their share of the costs, states often rely on general revenue from sales and income taxes. But many also levy special taxes on hospitals, nursing homes and other health care providers. In many cases, providers willingly pay such taxes because the revenue shores up Medicaid and can be used by states to obtain federal matching payments.

Under current rules, a state can impose a tax equal to 6 percent of the revenue of a hospital or nursing home. The administration wants to lower the allowable tax rate to 3 percent. The federal government would reduce its Medicaid payment to any state that levied taxes above that.

Michael O. Leavitt, the secretary of health and human services, said this change would "remove incentives for states to shift the responsibility to fund their share of the Medicaid program to health care providers." Hospitals and nursing homes, he said, should welcome the change because it would reduce their taxes.

But Thomas P. Nickels, senior vice president of the American Hospital Association, and Bruce A. Yarwood, president of the American Health Care Association, a trade group for nursing homes, said the plan was simply a way to cut Medicaid.

"If provider taxes are cut, the Medicaid program will be reduced, and that will harm beneficiaries," Mr. Nickels said. "We do not see a political will, at the federal or state level, to supplant provider taxes with other types of revenue."

In February, Mr. Bush signed a bill that gave states power to revamp Medicaid by altering eligibility and benefits. That measure is expected to cut the growth of federal Medicaid spending by $4.9 billion over five years. The White House estimates that the new rules will save the federal government even more: $12.2 billion over five years.

The administration said it needed to impose stricter limits on Medicaid payments to public hospitals and nursing homes because such payments far exceeded "the actual cost of services" in many states.

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The changes may seem technical. But Marvin R. O'Quinn, president of Jackson Health System in Miami, said they would directly and adversely affect patients.

Dr. Bruce A. Chernof, director of the Los Angeles County Department of Health Services, said the cuts would "reduce access to services in a county where 33 percent of residents are uninsured." The county's five public hospitals operate traum a centers and burn treatment units for all patients, not just Medicaid recipients, he said.

The effects are magnified by the way Medicaid is financed. For each dollar that a state loses in provider tax revenue, the federal government will reduce its contributions — by $1 in California and Connecticut, and by $3 in a poor state like Mississippi.

The White House said Mr. Bush would also adopt stricter policies on Medicaid payments for rehabilitation and school-based health services.

Bill Seeks National Medical Records System (LAT)

By Ricardo Alonso-zaldivar, Times Staff Writer

The Los Angeles Times, August 13, 2006

Congress wants all patients' data to be computerized. But critics say the legislation needs more privacy safeguards, pointing to recent breaches.

WASHINGTON — After Hurricane Katrina devastated New Orleans and Mississippi, thousands of evacuees with health problems faced double jeopardy because their medical records had been lost — forcing doctors in evacuation centers to rely on educated guesswork in treating patients they'd never seen before.

One group was spared that risk: former members of the armed forces whose records were available electronically from the Department of Veterans Affairs. For these patients, doctors in Texas, Arkansas and other states that took in Katrina refugees could call up medical charts, prescriptions, lab results — even videos of medical imaging tests.

Congress is trying to bring the benefits of computerized medical records systems like the VA's to the whole country. By reducing reliance on paper records, lawmakers hope to save billions of dollars. And by tying computerized records systems together in networks, they hope to reduce medical errors by making information instantly available wherever it is needed.

But legislation to encourage a move to computerized records, now moving through the final stages of congressional approval, has provoked opposition from privacy advocates, consumer groups and civil libertarians who point to recent security breaches — including the much-publicized theft of a VA laptop containing personal information on millions of veterans.

These groups warn that the legislation wouldn't provide enough safeguards.

On one side of the debate is the issue of ensuring adequate protection for a person's most personal information. On the other side is the imperative from government, employers and insurers to curb the seemingly unsustainable growth of healthcare spending, as well as to improve medical treatment.

"We are not going to be able to get healthcare costs under control and improve quality without dramatic implementation of health [technology] over the next 10 years," said Robert Laszewski, a health policy consultant. "It's one of those things where choices are going to have to be made.

"That doesn't mean give the healthcare industry a blank check — we've got to have standards — but I'm afraid we're going to have to take some risks," he said.

Privacy advocates say the legislation needs stronger protections, such as provisions that would allow patients to control who sees their records or even to opt out of the electronic system. Agencies should be required to notify patients of a security breach, and patients should have the right to sue over unauthorized disclosures, privacy advocates say.

"The main thing we are concerned about is that if this information leaks out to employers, it can destroy people's reputations and livelihoods," said Dr. Deborah Peel, a leading critic and a psychiatrist who heads the Patient Privacy Rights Foundation in Austin, Texas.

Under the legislation, patients would not "have the basic right to control who can see and use the most sensitive information on Earth about you," Peel added.

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Supporters of the legislation — known as the Health IT bill — say existing federal medical-privacy laws offer sufficient safeguards. Such laws "already provide absolute protection of our health information," said Rep. Nancy L. Johnson (R-Conn.), a coauthor of the legislation.

The Senate unanimously approved a version of the Health IT bill last year. The House version sparked partisan battles over complex technical and legal issues, as well as privacy. But House Republicans won passage over Democratic opposition last month.

A House-Senate conference to try to iron out differences promises to be contentious. Sen. Edward M. Kennedy (D-Mass.) has branded the House legislation "a weak, partisan bill."

Both versions share the same goal — to establish a legal and technical framework for a records system that would guarantee that doctors and hospitals anywhere could seamlessly share patient files.

Private industry would design and build the system, and pay for most of the cost. A federal technology czar in the Health and Human Services Department would oversee standards and ensure that computer systems could communicate with one another.

Architects of the system envision achieving more than a vast records repository. It could help doctors, for example, by warning them if they are about to prescribe a medication to which a patient is allergic. Patients would also have access. For instance, people with heart disease and diabetes could report daily blood pressure and blood sugar readings online, instead of bringing handwritten notes to their medical appointments.

The Bush administration strongly supports the legislation.

"We would love nothing more than to see the entire country covered," Veterans Affairs Secretary Jim Nicholson said. "And most especially the Department of Defense — they come to us with paper files, which is sort of an anachronism."

Independent analyses suggest the cost savings would be considerable. A Rand Corp. study last year estimated savings of at least $81 billion a year, mostly from lower administrative costs. And with increasing use of the system, the practice of medicine could become more efficient, eventually saving as much as $346 billion annually. Even for a country that spends about $2 trillion a year on healthcare, the savings would be substantial.

The study also found that about 20% to 25% of hospitals are now using electronic records systems, along with about 15% to 20% of doctors' offices. One reason for the small numbers is cost. Installing a nationwide system in hospitals and doctors' offices would take about $7.7 billion a year over a 15-year period. The Senate bill provides some modest federal starter grants, but the House bill does not.

Opponents of the legislation deny that they are trying to hold back progress. "I want medical science to go forward," said Rep. Lois Capps (D-Santa Barbara), "as long as we take care that what we are going to do is not going to expose people's privacy."

As a former nurse, Capps said she would be glad to see note-taking and deciphering doctors' squiggly handwriting relegated to the realm of lost arts, but added: "If people don't trust the [new] system, they are not going to sign up for treatment."

House Republicans backed off an initial attempt to preempt state laws, but privacy will remain a delicate issue for the conference committee. Major labor unions and consumer groups, including AARP, are calling for stronger protections than those currently in either bill.

Some physicians are also concerned. Dr. Jack Lewin, chief executive of the California Medical Assn., said he worries such powerful technology could be misused by hospitals and insurers to coerce doctors.

"It could conceivably be used in a witch hunt, going after a doctor who is outspoken on quality issues," Lewin said. "While we don't think that would commonly occur, medical staffs want to make sure these kinds of protections are considered."

In addition to the privacy issues, the conference committee must grapple with a House provision that would waive anti-kickback laws to allow doctors to accept electronic records systems from hospitals and other enterprises.

Veterans Affairs department officials say that their electronic medical records system has not been breached in its six years in operation and that they have saved $100 million a year. The VA was widely criticized earlier this year after a laptop with other kinds of personal data on 28.6 million veterans and active-duty service members was stolen from an employee's home. The computer was later recovered, and FBI analysts said the data had not been compromised.

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"We have never had someone hack the [records] system, nor have we ever had a data loss," said Dr. Robert Lynch, who chairs the internal VA committee that oversees the system, called VistA.

Paper records were not always more secure, Lynch said. "The controversy is that [electronic] data is more transportable," he said.

The agency uses a variety of strategies to protect its system, he said, such as data encryption and monitor screens that prevent the data from being seen by a visitor in a medical office.

Although the transition to electronic records would be a major change for hospitals and doctors, Lynch said he is not sure that it represents a new privacy frontier for patients.

"The reality is that you and I already have our major diagnoses coded in computers all over the place," he said. "Even without electronic records, that information is already in cyberspace because of the billing system. If anything, this is just more detail."

Official's Tax Break: On Firm Ground? (LAT)

By William Heisel, Times Staff Writer

The Los Angeles Times, August 13, 2006

Rep. Miller has avoided paying millions on real estate profits. He says the sales were forced; cities' officials dispute that.

When U.S. Rep. Gary Miller (R-Diamond Bar) sold 165 acres to the city of Monrovia in 2002, he made a profit of more than $10 million, according to a financial disclosure form he filed in Congress. Ordinarily, he would have had to pay state and federal taxes of up to 31% on that profit.

Instead, Miller told the Internal Revenue Service and the state that Monrovia had forced him to sell the property under threat of eminent domain. That allowed him to shelter the profits from capital gains taxes for more than two years before he had to reinvest the money.

But there is a problem with Miller's claim: Monrovia officials say that Miller sold the land willingly and that they didn't threaten to force him to sell.

Miller, whose 42nd Congressional District includes chunks of Los Angeles, Orange and San Bernardino counties, claimed the same exemption in two subsequent Fontana property transactions, allowing him to continue sheltering his profits from the Monrovia sale. And in each of those cases, the purchasers say eminent domain, which allows a government agency to force a sale if it's in the public interest, was neither used nor threatened.

Internal Revenue Code Section 1033 was designed to protect people whose land is condemned by government agencies or destroyed in natural disasters. Other investors wishing to postpone capital gains taxes would have to follow complicated rules that include reinvesting the entire amount in other property within 180 days. For Miller, a millionaire land developer in the Inland Empire and a senior member of the House Transportation and Infrastructure Committee, repeated use of the forced-sale exemption has enabled deferment of capital gains taxes through at least 2009.

Miller declined to comment on the sales after officials in Monrovia disputed his eminent domain contention. Officials with the IRS and the state Franchise Tax Board said it's not their policy to comment on individual cases.

In an earlier interview, Miller described being threatened by Monrovia during the bargaining process and said the city gave him no choice but to sell. He said that he prided himself on transparency and noted that he fully disclosed all of his property transactions.

"The base of the deal was either you sell to us or we'll have to condemn it," Miller said.

But records and interviews in Monrovia show that the sale of Miller's land was voluntary.

Glen Owens, a member of Monrovia's Planning Commission, said the city could not have used eminent domain to purchase Miller's property, because it was acquiring the undeveloped hillside land for a wilderness preserve using state funding that specifically prohibited forced sales.

"The state doesn't go along with eminent domain," he said. "You have to have a willing seller."

A letter from then-City Manager Don Hopper at the time of the sale confirms that use of state funds blocked the city from considering eminent domain.

"Under the guidelines of the Challenge Grant Program, all property owners must be willing sellers," Hopper wrote in May 2002.

A videotape of a February 2000 City Council meeting, packed with people pushing the city to protect the hillside, shows Miller pleading with city officials four times to buy his land.

"Why don't you buy my property? I've asked you repeatedly," Miller said.

Miller's press secretary, Kevin McKee, wrote in an e-mail to The Times, "Mr. Miller and the city of Monrovia agreed upon the purchase price and a friendly condemnation."

Although early drafts of Monrovia's sales contract with Miller included the phrase "friendly condemnation," it was stricken when the final deal was made. Miller and his wife signed an amendment to the escrow instructions on Aug. 1, 2002, saying, "condemnation deleted."

Scott Ochoa, the assistant city manager at the time and now the city manager, said the city always discusses the possibility of so-called "friendly condemnation" when it is negotiating a purchase in case a seller wants to claim the forced-sale exemption. In this case, though, the state funds took that option off the table, he said.

Miller said that two years after the Monrovia sale, he raced to beat his extended deadline of Dec. 31, 2004, for reinvesting the profits. On Dec. 28, he reinvested some of the profits by purchasing 10 lots for about $5 million near the expanded 210 Freeway in Fontana, a building in Fontana for $1.3 million and five acres in Rancho Cucamonga worth about $2 million. He bought the properties from Lewis Operating Corp., a major Inland Empire developer and one of Miller's largest campaign contributors.

Miller took an exemption again when he sold the 10 lots to the city of Fontana in 2005 and again when he sold the building to Fontana this year, claiming both were compulsory sales. Those moves gave him at least another two years after each sale to reinvest the funds without paying capital gains taxes.

But records and interviews in Fontana show that those sales were not compulsory.

"From my perspective, if we were ever asked, I would say we were not threatening eminent domain," said Clark Alsop, the lead lawyer representing Fontana.

In fact, Miller bought the properties knowing that Fontana would be purchasing them.

"The market kept going through the roof, as you know, and I was running out of options," Miller said. "Lewis had bought some property at the request of Fontana. I thought, 'That's safe. I'll buy it. They'll buy it a year from now, and that's no big deal.' "

Such a sale could have meant that Miller would finally be liable for the capital gains taxes he had deferred by purchasing the Fontana property.

But when Miller sold the 10 lots, most of them with homes, to the Fontana redevelopment agency in April and June 2005 for about $5 million, he filed a tax withholding form for the sale and claimed an exemption by checking a box that said that the sale was "being compulsorily or involuntarily converted" and that he intended to acquire a similar property with the money "to qualify for nonrecognition of gain."

To bolster his case that the sale was forced, Miller also asked the city for "a letter that talked about eminent domain," said Ray Bragg, the city's redevelopment director.

Bragg called it "a courtesy letter. Agencies do it when asked."

The March 22, 2005, letter, signed by City Manager Kenneth R. Hunt, does not threaten to take Miller's land. In fact, it notes that the "redevelopment plan for this project area does not currently authorize the use of eminent domain." But it also notes that, "the Redevelopment Agency is in the process of amending the redevelopment plan to authorize the use of eminent domain."

Bragg said that as far as the city is concerned, the letter does not threaten the use of eminent domain.

"It's really between him and his tax man and the IRS as to whether what is said in that letter is valid to say that the city was going to condemn the property," Bragg said.

Fontana attorney Alsop said he had not been consulted about the letter.

"It's pretty clear to me that the city cannot make a representation to the IRS that this is property being taken under the threat of eminent domain and therefore this person deserves a tax break," Alsop said.

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Another property owner in the area, Jesse Bojorquez, bought land the city had its eye on and ultimately sold it to Fontana's redevelopment agency. He asked for the same kind of letter to support a claim for a forced-sale exemption.

Unlike the letter Miller was given, Bojorquez's letter from Hunt contained a paragraph that explicitly stated it was not to be used as "a representation or warranty as to the applicability of the Internal Revenue Code Section 1033.

"I'm just a little guy," Bojorquez said. "Why would they beat me up in my letter and not beat this guy up? It's not fair."

More than a year later, when Miller sold the Fontana building he had purchased from the Lewis Corp. to the city, he again filed a tax form invoking an exemption by claiming that the sale was compulsory. The city planned to use the structure as a temporary home for a branch of the county library.

Again, the city wrote Miller a letter noting that it had the power of eminent domain in its downtown redevelopment district but wasn't planning to use it to acquire the library building. There was no need to. When Miller bought the building from the Lewis Corp., he assumed Lewis' lease arrangement with Fontana that included an option for the city to buy the property outright.

"In reality, that letter is meaningless, and any IRS auditor who took a look at it would know that," Bragg said.

By invoking Section 1033 again, though, Miller was able to defer the payment of a portion of the capital gains taxes from the Monrovia sale until at least 2009.

The property he bought in Rancho Cucamonga with some of the proceeds from the Monrovia sale hasn't been sold.

Experts in eminent domain law said the arrangement between Fontana and Miller is pushing the legal envelope.

"Public use condemnation is meant to be a rarity because it's such an extraordinary power," said Doug Kmiec, a constitutional law professor at Pepperdine University. "And a taxpayer who has manipulated the process to provide evidence of a threat where none exists is not much different than a taxpayer who claims deductions on his tax return based on things he made up in his basement."

Tax experts said Miller would have a tough time proving to an IRS auditor that he was forced to sell property three times in a row.

"You really shouldn't be just happening into all these 1033 transactions unless you're very unlucky," said Washington, D.C., tax lawyer Brian Lynn, who has written about the tax exemption. "Multiple 1033 transactions might look fishy to an auditor. You have sort of the pattern-of-evidence problem."

Heisel's e-mail address is
william.heisel@latimes.com.

Life Of The Party (NYT)

By Interview By Deborah Solomon

The New York Times, August 13, 2006

Q: As the Democratic leader of the House of Representatives, how are you spending your summer vacation now that Congress is out of session?

I'll be traveling to 20 cities this month to raise money for the Democrats, but on the Sunday when this piece appears, I will be at my vacation home in Napa Valley, holding an issues conference.

Are you saying you have issues?

Well, I am addicted to chocolate, but what we'll be discussing at the conference are the urgent issues facing our nation, such as Iraq, affordable health care and education. My whole focus is the first Tuesday in November.

Exactly how many seats do the Democrats need to gain to take the majority in the House?

Fifteen. Right now there are 203 Democrats in the House, and to get the majority we need 218. We have 49 or 50 races that we are targeting. Every poll says we are ahead by at least 10 points. If the election were today, we would win. But it's not today. It's in 86 days. And every day is a lifetime in politics.

What do you think the president could do in the interim to boost his ratings?

If I knew, I wouldn't say it publicly.

What if he produces Osama bin Laden the night before the election?

Well, that won't do it. That's five years too late.

What if he and his strategists use the Israeli-Hezbollah war to divert the public's attention from Iraq?

This doesn't help him. This is again a failure of U.S. diplomacy and leadership in the world. Look at this: the North Koreans are testing nuclear missiles, the Iranians are going nuclear, the Somalis are going militant, Iraq is a disaster, the Israeli-Palestinian situation is explosive and now we have the Lebanon situation. It's been a failure of U.S. leadership all around.

One problem facing the Democrats is that the only ones who seem to have a knack for raising serious money are the Clintons.

There are a lot of good fund-raisers! Our goal in the House is to raise $105 million in this election cycle, and we will. We're at about $75 million now. We're right where we need to be.

What is your ultimate ambition?

Speaker. Speaker of the House. That's it. That's the end. Imagine a woman speaker of the House! It's the president, vice president, speaker of the House — the third-highest office in the land. A woman has never even come close to achieving that.

Don't you think we're past the point where women should congratulate themselves on their passage into traditionally male realms of power?

This is about a new level of power.

More powerful than Condoleezza Rice?

I'm not btalking about — that is derivative, that is somebody the president appoints. This is power about winning elections. If we had the majority, we could counter the president, we could be a counterforce.

Your critics, particularly among the blogger activists, say you and Harry Reid, your counterpart in the Senate, have failed to endow the Democrats with a forceful sense of purpose.

We're in politics. There are factions within parties, and you always take those barbs. You know what? I have a very thick skin. I know what I have to do, and that is to win.

You grew up in Baltimore, where your dad, Thomas D'Alesandro Jr., was the mayor. Which parent were you closer to?

I was close to both of them, but probably closer to my mother. She had six boys, and all she wanted was a daughter.

The youngest of your own children, Alexandra Pelosi, is a filmmaker who followed President Bush on the campaign trail in her amusing <object.title class="Movie" idsrc="nyt_ttl" value="262775">"Journeys With George." Are your four other children also Democrats? </object.title>

<object.title class="Movie" idsrc="nyt_ttl" value="262775">Yes, but my son-in-law is not. He married my daughter Jacqueline. He's a wonderful father and a wonderful husband, and that's all that matters.</object.title>

By the way, what did you mean when you referred to your chocolate addiction?

It's a real obsession. I can't do without it.

Do you ever wake up and eat a chocolate bar in the morning?

Ice cream, maybe. Ice cream for breakfast is a good thing. In fact I did it recently in Washington. It got me through the day.

Federal Pay: Myth And Realities (WP)

By Chris Edwards

The Washington Post, August 13, 2006

We've often heard that civil servants forgo higher private-sector salaries in order to serve the nation selflessly. Many federal bureaucrats are indeed hardworking, but new statistics show that they are anything but underpaid.

The Bureau of Economic Analysis released data this month showing that the average compensation for the 1.8 million federal civilian workers in 2005 was $106,579 -- exactly twice the average compensation paid in the U.S. private sector: $53,289. If you consider wages without benefits, the average federal civilian worker earned $71,114, 62 percent more than the average private-sector worker, who made $43,917.

The high level of federal pay is problematic in and of itself, but so is its rapid growth. Since 1990 average compensation for federal workers has increased by 129 percent, the BEA data show, compared with 74 percent for private-sector workers.

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Why is federal compensation growing so quickly? For one thing, federal pay schedules increase every year regardless of how well the economy is doing. Thus in recession years, private pay stagnates while government pay continues to rise. Another factor is the steadily increasing "locality" payments given to federal workers in higher-cost cities.

Rapid growth in federal pay also results from regular promotions that move workers into higher salary brackets regardless of performance and from redefining jobs upward into higher pay ranges. The federal workforce has become increasingly top-heavy.

The structure of that workforce has also changed over time. There are fewer low-pay typists and more high-pay computer experts in the government today than there were a generation ago. But that doesn't explain why, as the BEA data show, federal wages have risen 38 percent in just the past five years, compared with 14 percent in the private sector.

Whatever the reasons, the federal civilian workforce has become an elite island of secure and highly paid workers, separated from the ocean of private-sector American workers who must compete in today's dynamic economy.

Federal workers' unions try to convince Congress that their members suffer from a "pay gap" with the private sector. They point to studies showing that in similar jobs, federal workers are paid less than they would be in large private companies. But such studies typically look only at wages and don't consider the superior benefits enjoyed by federal workers.

Federal workers receive generous health benefits during work and retirement, a pension plan with inflation protection, a retirement savings plan with generous matching contributions, large disability benefits, and union protections. They often have generous holiday and vacation schedules, flexible hours, training options, incentive awards, flexible spending accounts, and a more relaxed pace of work than private-sector workers.

Perhaps the most important benefit of federal employment is extreme job security. According to Bureau of Labor Statistics data, the rate of layoffs and firings in the federal workforce is just one-quarter the rate in the private sector. All these advantages in worker benefits suggest that, in comparable jobs, federal wages ought to be lower than private-sector wages.

One sign that federal workers have a sweeter deal than they acknowledge is the rate of voluntary resignation from government positions: just one-quarter the rate in the private sector, the BLS data show. Long job tenure has its pros and cons, but the fact that many federal workers burrow in and never leave suggests that they are doing pretty well for themselves.

Of course, particular federal jobs may be underpaid and others overpaid. The average annual compensation of federal air traffic controllers is $170,000, which certainly seems excessive. One way to determine proper pay levels objectively would be to privatize services and let the market decide what they're worth.

The Bush administration has tried to bring greater payroll flexibility to the federal government, but it has also presided over large pay increases. To get spending under control, Congress should consider trimming overly generous benefit packages and freezing federal wages for a few years. With federal civilian compensation costing about $200 billion a year, this area is ripe for reform.

Chris Edwards is tax director at the Cato Institute and author of "Downsizing the Federal Government."

How To Help Our Students (WP)

By Jeb Bush And Michael R. Bloomberg

The Washington Post, August 13, 2006

Building on the 'No Child' Law

The No Child Left Behind Act of 2001 sent an enormously important message to politicians and educators across America: Stop making excuses for low student achievement and start holding your schools accountable for results.

Florida and New York City are leaders when it comes to accountability in education. We have set high expectations for all students, and in key grades we have eliminated social promotion, the harmful practice of pushing unprepared students ahead. We grade schools based on student performance and growth so that parents and the public, as well as school administrators, know which schools are working well and which are not. Our emphasis on accountability is a big reason our schools are improving, our students are performing at higher levels and we're closing the achievement gap between poor and minority students and their peers.

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The No Child Left Behind Act brought the same emphasis to thousands of schools across the country -- some for the first time in their history. Yet since the law's passage, we have learned some things about how to put the principles of accountability into practice in a way that most effectively promotes student achievement. As Congress begins to consider reauthorization of the act, we believe it should be guided by four main lessons:

Â· Make standards meaningful. Ensure that every state sets a high standard for proficiency. The existing law left room for states to define proficiency levels, and some have dumbed them down to create the illusion of progress. We need a uniform measuring stick.

The well-respected National Assessment of Educational Progress (NAEP), which is administered in every state, should become an official benchmark for evaluating states' standards. States that accept federal money without maintaining NAEP standards should be required to bring their standards into line. We believe in the role of sovereign states in our federalist system, but we also believe it is in our national interest to raise standards and expectations.

Â· Encourage student gains. When the law was written five years ago, Congress didn't think it was possible to follow an individual student's performance from year to year. As a result, the law defines success largely by the total number of students meeting a proficiency standard -- not by whether individual students are improving.

Florida and New York City, along with many other jurisdictions, have developed data systems to track and encourage every student's growth from one year to the next. By focusing on individual progress, as well as overall proficiency levels, we encourage schools to help all students improve -- from the lowest achievers to the most gifted -- not only those performing just below the proficiency threshold.

Congress should revise the law to take into account the gains that schools achieve with all of their students, not just the number of students who are proficient. With students, states and school districts at different levels in terms of academic performance, we need a system that encourages every student to improve continuously.

Â· Recognize degrees of progress. Congress should consider that there are more than just two options for rating schools -- passing and failing. Rather than the current all-or-nothing system, the law should reward levels of performance at each school. Many schools are making great progress with the majority of their students. The schools should be acknowledged for that and encouraged to strive toward full proficiency. Florida and now New York City are giving schools grades of A, B, C, D and F -- enabling us to recognize and support progress at all levels and to hold schools accountable for success.

Make no mistake, federal law should remain demanding. We believe that with these changes schools would face greater pressure to make sure all children, even those who would otherwise excel easily or drop out entirely, continue to learn.

Â· Reward and retain high-quality teachers. Tests can measure progress, but ultimately teachers must drive it. The law should go further than ensuring that teachers are qualified. It should also ensure that they are performing well and being paid accordingly. Congress should support measures that link pay with performance, raise pay for teachers in fields with shortages and high-needs communities, toughen standards for achieving tenure, and create meaningful paths for dismissing poor educators.

The opponents of accountability have seized on the problems with the No Child Left Behind Act in an effort to do away with the law altogether. That is wrong. A little common sense could go a long way toward making sure that the nation's accountability system is realistic, tough and fair. Incorporating these four basic lessons will allow us to realize the law's full promise and help children realize their dreams.

Jeb Bush, a Republican, is governor of Florida. Michael R. Bloomberg, also a Republican, is mayor of New York.

House Of Ill Repute (WP)

Reviewed By Robert G. Kaiser

The Washington Post, August 13, 2006

Two Beltway veterans lament today's partisan, bitter and sidelined legislature.

THE BROKEN BRANCH

How Congress Is Failing America

And How to Get It Back on Track

DOJ_NMG_0047403

By Thomas E. Mann and Norman J. Ornstein

Oxford Univ. 272 pp. $26

Citizens baffled by the House of Representatives' allocation of its time in July -- spent mostly on flag burning, stem-cell research, gay marriage, the Pledge of Allegiance, religion and gun control -- can find cogent explanations for its political priorities in this slim, forceful volume. Not that the subjects that ate up the House calendar last month are addressed here; they are not. It is the institution of Congress that Thomas E. Mann and Norman J. Ornstein dissect, and they find it in appalling condition.

The authors are members of what, sadly, may be a disappearing breed in Washington: independent-minded, knowledgeable experts whose concern for process is stronger than their desires for particular outcomes. They are means guys in an age dominated by ends. And they most emphatically do not believe that any particular end justifies craven or extra-legal means.

Mann and Ornstein are Washington fixtures, Mann at the Brookings Institution and Ornstein at the American Enterprise Institute. You've seen them both on television and quoted countless times; they are the sort of pundits that reporters rely on. They have been friends, sometimes rivalrous ones, since graduate school; they studied together at the University of Michigan and were congressional fellows together in 1969. Their personal politics are left-of-center, but, as they declare at the beginning of the book, their strongest partisanship is institutional. "For us," they write, "Congress has always been the first branch." Their devotion to Congress has won them admirers from all points on the political spectrum. A blurb from former Republican speaker of the House Newt Gingrich makes the point: "Mann and Ornstein understand well the glaring gap between the framers' design and today's reality."

The Founding Fathers quite deliberately described Congress in the first article of the Constitution, the presidency in the second. The authors of a revolution designed to overthrow a monarch did not want to put a comparably powerful chief executive officer in the king's place. Congress, explicitly granted the power to raise and spend money, was to have the upper hand.

Over more than two centuries of American history, the founders' intention to create a strong legislature has repeatedly been tested -- and sometimes evaded, as in recent years. Until now, the pendulum has always swung back toward the Capitol after periods of unusually strong White House influence. Mann and Ornstein fervently want this to happen again; their book explains why they consider this so important and provides some ideas for how it might happen. But fundamental change will not come from tinkering reforms, they argue; only angry voters can force the House and Senate to correct themselves.

Their account of the recent decline of Congress, and particularly the House, is scathing but difficult to dispute. They blame a poisonously partisan division in both houses and in the country for much of today's congressional bickering and irrelevance. Partisan warfare led Republicans to cater to "the base," the country's most conservative Republicans, which explains the House's bizarre agenda in July. Mann and Ornstein trace the origins of partisan warfare back to the 1980s, when a contemptuous Democratic majority dominated the House without any fear or expectation that the Republicans would ever regain control. But Gingrich's forces did, of course, leading first to the spectacle of a wholly partisan impeachment of a sitting president and then to the first period of extended GOP control of both Congress and the White House since the 1920s.

"The arrival of unified Republican government in 2001 transformed the aggressive and active GOP-led Congress of the Clinton years into a deferential and supine body, one extremely reluctant to demand information, scrub presidential proposals, or oversee the executive," Mann and Ornstein write. "The uncompromising assertion of executive authority by President Bush and Vice President Cheney was met with a whimper, not a principled fight, by the Republican Congress." The authors write contemptuously of House Speaker J. Dennis Hastert (R-Ill.) and his willingness to ignore House rules and traditions to ram through legislation to please the White House.

History is often ignored or forgotten in contemporary America, but not by Mann and Ornstein. Their argument is strengthened by their ability to put it in historical context, to demonstrate how far the current Congress has wandered from the legislature's traditional and constitutional role. Unfortunately, Mann and Ornstein let their own history complicate their narrative by repeatedly quoting their earlier writings. Their editor did them no favor by permitting these self-citations, which create a "We told you so" tone not conducive to making, or winning, an argument.

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Even so, it is easy to recommend this book to anyone who is interested in Congress, how it works and how it should work. Hastert would be particularly well-served by spending a few hours with The Broken Branch . And if, as Mann recently predicted in The Post's Outlook section, Democrats win control of the House in November, this book will suddenly be useful to both parties: to the Democrats as a cautionary tale and a useful blueprint, to the Republicans as an insight into where they went wrong. Â·

Robert G. Kaiser is an associate editor of The Washington Post. He broke into journalism as a copy boy for the Associated Press in the House of Representatives press gallery in 1961.

Why 'Outsourcing' May Lose Its Power As A Scare Word (NYT)

By Daniel Gross

The New York Times, August 13, 2006

IN the 2004 political season, offshore outsourcing — the practice of hiring lower-paid service workers in places like India to carry out tasks previously done by higher-paid American workers — became an important issue.

The debate flared after the annual Economic Report of the President was issued in February 2004, just as the Democratic presidential primaries were heating up and payroll job growth was sluggish. Answering reporters' questions about a section of the report on trade, N. Gregory Mankiw, then the chairman of the White House's Council of Economic Advisers, made a statement that would be utterly unobjectionable if uttered in a classroom at Harvard, where he taught before joining the Bush administration and to which he has returned.

The crux of it was this: "outsourcing is just a new way of doing international trade."

The phrase was translated into headlines, as well as politically motivated press releases, that accused Mr. Mankiw, and hence President Bush, of supporting the wholesale export of jobs from Bangor to Bangalore. Democrats and Republicans hastened to condemn the remark, which Mr. Mankiw hastened to clarify.

For Mr. Mankiw, the episode, which he recounts in a recent working paper that he wrote with Philip L. Swagel, former chief of staff at the council, stands as a case study of what happens when an academic economist is tossed into the meat grinder of the news cycle — and of the public's general lack of economic education. "This is the sort of stuff I talk about in the first week of my introductory economics class," he said.

Outsourcing has yet to make a significant appearance in this year's political campaign. The furor surrounding the practice seems to have subsided quickly once the ballots were tallied in November 2004.

Mr. Mankiw and Mr. Swagel found that the number of references to "outsourcing" in four major newspapers spiked from about 300 in 2003 to 1,000 in 2004, but has since fallen. As the number of jobs has risen steadily — albeit not impressively — politicians now seem preoccupied with other issues, like Iraq and energy.

But it's also possible that, considered in its macroeconomic context, outsourcing just isn't that big a deal right now. In the years since Mr. Mankiw's encounter with the buzz machine, economists have been crunching data on short-term trends in outsourcing in the vast service sector, which accounts for about 80 percent of domestic jobs. While there are some exceptions, they generally find more reason for concern than alarm.

In December 2005, the McKinsey Global Institute predicted that 1.4 million jobs would be outsourced overseas from 2004 to 2008, or about 280,000 a year. That's a drop in the bucket. In July, there were 135.35 million payroll jobs in the United States, according to the Bureau of Labor Statistics. Thanks to the forces of creative destruction, more jobs are created and lost in a few months than will be outsourced in a year. Diana Farrell, director of the McKinsey Global Institute, notes that in May 2005 alone, 4.7 million Americans started new jobs with new employers.

What's more, the threat of outsourcing varies widely by industry. Lots of services require face-to-face interaction for people to do their jobs. That is particularly true for the biggest sectors, retail and health care. As a result, according to a McKinsey study, only 3 percent of retail jobs and 8 percent of health care jobs can possibly be outsourced. By contrast, McKinsey found that nearly half the jobs in packaged software and information technology services could be done offshore. But those sectors account for only about 2 percent of total employment. The upshot: "Only 11 percent of all U.S. services job could theoretically be performed offshore," Ms. Farrell says.

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Economists have also found that jobs or sectors susceptible to outsourcing aren't disappearing. Quite the opposite. Last fall, J. Bradford Jensen, deputy director at the International Institute of Economics, based in Washington, and Lori G. Kletzer, professor of economics at the University of California, Santa Cruz, documented the degree to which various service sectors and jobs were "tradable," ranging from computer and mathematical occupations (100 percent) to food preparation (4 percent).

Not surprisingly, Mr. Jensen and Professor Kletzer found that in recent years there has been greater job insecurity in the tradable job categories. But they also concluded that jobs in those industries paid higher wages, and that tradable industries had grown faster than nontradable industries. "That could mean that this is our competitive advantage," Mr. Jensen says. "In other words, what the U.S. does well is the highly skilled, higher-paid jobs within those tradable services."

There is evidence that within sectors, lower-paying jobs are being outsourced while the more skilled ones are being kept here. In a 2005 study, Catherine L. Mann, senior fellow at the Institute for International Economics, found that from 1999 to 2003, when outsourcing was picking up pace, the United States lost 125,000 programming jobs but added 425,000 jobs for higher-skilled software engineers and analysts.

Economists also point out that jobs and services that are tradable won't necessarily move to lower-cost places. Ms. Farrell of McKinsey said that despite their huge populations, China and India lack enough university graduates with the specific skills and experience to meet the staffing needs of Fortune 500 companies.

In addition, labor costs are only one of many factors that companies consider. Executives have to worry about reliable power supplies and the proximity of vendors and customers. Here, again, the United States has significant advantages over countries like India and China. As a result, only a small portion of the jobs that could be outsourced will be outsourced; Ms. Farrell believes that by 2008, outsourcing will affect less than 2 percent of all service jobs.

STILL, these projections aren't universally accepted. Alan S. Blinder, former vice chairman of the board of governors at the Federal Reserve and an economics professor at Princeton, says they are too optimistic because they don't take into account likely developments in the global economy.

"As the technology improves, and as the quality and experience of offshore work forces improves, the capacity to deliver services electronically will rise," he says. Professor Blinder says that over the long term, far more than 2 percent of all service workers may be in danger of having their jobs outsourced overseas.

So while the debate about outsourcing has declined, "we shouldn't be deluded that this has subsided as an issue," Professor Blinder concludes. Should Mr. Mankiw decide to return to Washington to work for this administration, or a future one, he would be well advised to think twice before speaking about outsourcing.

The Pension Piñata (NYT)

The New York Times, August 13, 2006

There are a lot of goodies in the pension reform bill that Congress recently sent to the White House for President Bush's signature. But it is important not to confuse something-for-everyone with balance. The bill is an almost perfect example of Congress's inability to do anything good without tacking on some bad accommodation for special interests.

For instance, the bill sets reasonably strict funding requirements and higher insurance premiums for traditional corporate pensions. That's good. The most important mission of pension reform is to protect employees from being shortchanged and taxpayers from having to foot the bill for pension defaults. But in response to intense lobbying, Congress also carved out some big exceptions for ailing airlines, notably Northwest and Delta. That opens the door for other companies and industries to demand special treatment. And by creating the perception of an uneven playing field, the bill could provide yet another excuse for companies that want to get out of the pension business completely.

While voters may imagine that "pension reform" involves doing something to stop the disappearance of traditional pension plans, it means no such thing. Healthy companies are increasingly curtailing their pensions, having concluded that they are not needed to attract or retain suitable employees. There is probably little Congress could do to stop the trend, even if it wanted to.

The bill did begin to tackle a more solvable problem: how to make sure that increasingly popular 401(k) plans cover more people. But again, each step forward seems to have been linked to a step back.

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A set of groundbreaking provisions clears the way for employers to automatically enroll employees in their companies' 401(k)'s, unless they specifically request to opt out. That is good because it is likely to increase savings significantly, especially among low- and middle-income workers.

But the bill also imperils savers by allowing for potentially biased investment advice. Previous law quite sensibly banned mutual fund companies from offering advice if their funds were among an employee's 401(k) options, but it did not give employers a legally sanctioned way to provide such advice. For the new bill, some senators had proposed protections for employers to hire qualified independent advisers. Unfortunately, at the behest of securities industry campaign donors, the House majority leader, John Boehner, fought hard for basically lifting the ban, and won.

In a similar vein, the bill strengthens the saver's credit, a tax incentive to help low-income people save for retirement (good), at a cost of about $10 billion through 2016. But it fails to extend the credit to some 50 million workers whose incomes are so low that they do not pay income taxes. The omission is all the more appalling given that the bill permanently increases, at a cost of about $36 billion through 2016, the already lofty before-tax amounts that high earners can stash each year in their I.R.A.'s and 401(k) accounts (bad). Raising the contribution limits benefits only 6 percent of all households, mostly those making more than $100,000.

Lawmakers have trumpeted the pension bill mainly because they have done so little that can conceivably be bragged about this year. But once it is signed, the new law will require careful monitoring to ensure that its special interest giveaways do not trump the public interest. And clearly, there is more work to do to help Americans who need to save for retirement.

OTHER NEWS:

Is A Futures Stampede Keeping Oil Prices High? (NYT)

By Norm Alster

The New York Times, August 13, 2006

BY now, even a casual student of current affairs can reel off plenty of reasons for high oil prices: soaring demand, dwindling supplies, conflict in the Middle East and, most recently, the partial closing of an Alaskan oil field.

Ben P. Dell, an analyst at Sanford C. Bernstein & Company, would place another factor at the top of the list: the money that has been surging into the commodities futures markets. Mr. Dell published a report last month suggesting that a stampede of institutional investors, mainly pension funds, into commodities is actually the chief cause of the rise in oil prices, which he called "a bubble."

The report has generated more reaction than any other oil research published by the firm in the last three years, Mr. Dell said. And not all of it has been positive. Some oil experts say that while the flood of money has had some effect on spot prices, it is by no means as important as Mr. Dell maintains.

"I think the idea of speculation being the main driver of higher oil prices ignores the fact that in the real world there are a whole host of things to worry about," said Robert J. Weiner, professor of international business at George Washington University.

Similarly, Jan Stuart, global oil economist at UBS, said factors like geopolitics were more significant. Further, he said, "I'm not calling it a bubble." For his part, Mr. Dell acknowledged that geopolitical concerns — particularly fear of a possible disruption in supplies by Iran — were having an impact on prices. But he said that such issues did not entirely explain oil prices, which, in his view, should be trending downward based on supply-and-demand fundamentals.

Despite some short-term fluctuations, inventory levels in the United States, for example, are "well above the upper end of the average range," according to a recent Energy Department report. Growth in global demand has cooled, and new oil supplies have padded what had been a threadbare cushion of supply over demand.

"You're growing supply," Mr. Dell said. "You're growing inventories. And demand growth is slowing. But the price keeps going up."

The reason for this anomaly, he said, may be found in financial markets, specifically in the billions of dollars that investors, mainly pension funds and other typically conservative institutions, have poured into commodities in recent years.

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Commodities futures that track indexes like the Goldman Sachs Commodity Index or Dow Jones AIG Commodity Index have become fashionable for many investors. Their reasoning is that this asset class, though volatile, affords portfolio protection because it has often performed well when stocks and bonds have been weak.

Close to $100 billion will be invested by pension funds and other institutions in futures contracts tied to the commodities indexes this year, up from less than $20 billion three years ago, according to Goldman Sachs.

Pension funds, whose charters often prohibit short-selling, have been exerting upward pressure on futures prices, several analysts said. "They want to be long. They want to stay long and 'don't bother me with it.' " said William H. Brown III, president of WHB Energy Research in Chappaqua, N.Y. "It definitely adds a positive bias to the market."

This persistent upward pull on futures prices creates an arbitrage opportunity that drags the price of spot oil higher as well, according to Mr. Dell. With futures prices higher than the spot price, why not buy oil, store it and then sell it forward in the futures market at a profit? Mr. Dell and others argue that this is precisely what's happening.

"It's a typical commodities play currently being employed in oil markets," said Sal Gilbertie, a trader at Fimat USA in New York.

Similarly, Phillip Verlander, an independent energy economist, said that on Aug. 4, for example, it was possible to "buy heating oil in New York Harbor at $2 a gallon and store it and sell a future to deliver it in December for $2.24," and that many traders were doing so.

Mr. Dell said that current oil prices were a bubble comparable to the tech investment bubble of several years ago — and that the oil bubble was likely to burst before very long.

Others on Wall Street agreed that the flood of institutional dollars had had some effect, but they disagreed about just how much. Edward L. Morse, chief energy economist at Lehman Brothers, said, "There is no doubt in my mind that there's an impact from a new class of investors into commodity markets, especially pension funds and also speculative investors including hedge funds." That impact can at times be as much as $10 a barrel, but "fundamentals play a much bigger role," he added.

In a similar vein, Mr. Stuart of UBS said: "Explosive growth in commodity-related financial investments has translated into sharply higher prices and higher trading volumes on long-term oil futures. In effect, financial buyers have become consumers of oil, contributing to the persistence of high prices."

But he said that tight supplies, China's growing appetite for oil and other considerations were more important. "The arbitrage that's available is only one of the factors supporting the price of oil," he said. Mr. Stuart expects the average price of oil to hold around $69 a barrel next year; oil has been trading around $75 recently.

ON the other hand, Mr. Brown of WHB Energy Research supports Mr. Dell's view of current price levels. He has studied the historical correlation of oil prices with inventory levels and, at current levels, oil should sell for just $27 a barrel, he said. The impact of passive, long-term investors "is in my view $33 a barrel," he said, with other factors, like flagging production in the North Sea and in Nigeria accounting for much of the rest of the gap. Still, he says he does not expect prices to tumble unless there was "a major slowdown or even reversal of demand growth."

Mr. Dell said that prices could weaken once global storage capacity filled up, limiting the possibility of arbitrage profits. He said that this could happen within four to six months but emphasized that it would be hard to predict precisely when oil prices might move down.

In Cushing, Okla, a giant oil storage hub, the tanks are indeed filling up. "In today's environment, all the major tankage owners are being very well utilized," said Rick Sandahl, senior vice president for market development at Enbridge Inc. He said that 80 to 90 percent of his company's storage capacity of 12.5 million barrels was in use. Asked if his customers seemed to be hoarding oil to take advantage of a price arbitrage, Mr. Sandahl replied: "I would think it's a factor in their decisions."

Investors who believe that oil prices are ready for a fall would want to avoid mutual funds or exchange-traded funds that are linked to commodities indexes. Mr. Dell said that stock investors should "underweight" oil, recommending only such "defensive" plays as Exxon Mobil, Chevron, Total and Apache, all of which, he said, have "considerable excess cash flow beyond their capital spending needs." As such, he added, they could withstand a drop in oil prices "and still deliver their growth plans."

Connecticut Senate: Two Days After Primary Lieberman Ahead By 5 (RP)

DOJ_NMG_0047408

Rasmussen poll Lieberman-Lamont, August 13, 2006

Joe Lieberman's decision to run as an Independent sets up a lively campaign season for Connecticut voters. In the first General Election poll since Ned Lamont defeated Lieberman in Tuesday's primary, the incumbent is hanging on to a five percentage point lead. Lieberman earns support from 46% of Connecticut voters while Lamont is the choice of 41%.

A month ago, the candidates were tied at 40% each.

Republican Alan Schlesinger earns just 6% of the vote, down from 13% a month ago.

57% of the state's voters view Lieberman as politically moderate while 51% see Lamont as liberal.

Half (52%) of Lamont voters believe Bush should be impeached and removed from office. Just 15% of Lieberman voters share that view.

Overall, 55% of Connecticut voters trust Lieberman more than Lamont when it comes to the War on Terror. Thirty-one percent (31%) trust Lamont.

Thirty-one percent (31%) have a Very Favorable opinion of Lieberman, 18% Very Unfavorable.

For Lamont, the numbers are 19% Very Favorable, 23% Very Unfavorable.

Lieberman still attracts 35% of votes from Democrats. Lamont will have to find a way to trim that number without alienating unaffiliated voters. Lieberman is viewed at least somewhat favorably by 65% of unaffiliated voters compared to 49% for Lamont.

The telephone survey of 500 Likely Voters was conducted by Rasmussen Reports August 9-10, 2006. The margin of sampling error for the survey is +/- 4.5 percentage points with a 95% level of confidence.

Rasmussen Reports is an electronic publishing firm specializing in the collection, publication, and distribution of public opinion polling information.

Republicans Take Liking To Lieberman Candidacy (WT)

By Donald Lambro

The Washington Times, August 13, 2006

Democrat Joe Lieberman is picking up endorsements from Republicans across the country, while the National Republican Senatorial Committee appears to be dismissing its own candidate in Connecticut's Senate race.

Mr. Lieberman is running for a fourth Senate term in the general election as an independent after losing his party's nomination to Ned Lamont in last week's primary. The two will face Alan Schlesinger, the former Republican mayor of Derby, in the general election.

Mr. Lieberman is being supported by several Republican Senate candidates -- including Rep. Mark Kennedy, who is seeking an open Democratic seat in Minnesota and Safeco insurance executive Mike McGavick, who is challenging Democratic Sen. Maria Cantwell in Washington state. He also received an endorsement from New York City Mayor Michael R. Bloomberg, a Republican who is weighing a possible independent campaign for the presidency.

But in a rare departure from party tradition, the NRSC, whose chairwoman is North Carolina Sen. Elizabeth Dole, said Friday that it wasn't going to waste its limited resources on Mr. Schlesinger's nearly hopeless campaign.

"Let me get back to you on that," NRSC spokesman Dan Ronayne said, when asked whether the party was going to vigorously support its own candidate.

Minutes later, Mr. Ronayne responded by e-mail with this statement: "Connecticut doesn't appear to be a competitive campaign for our nominee right now, so we are focusing our attention elsewhere on races where we may have a greater impact."

Connecticut Republican officials, including Gov. M. Jodi Rell, have urged Mr. Schlesinger to drop out of the race and let the party choose a replacement, but he has declined.

Republican candidates have praised Mr. Lieberman's willingness to reach out across the aisle and his steadfast support for the Iraq war in the face of fierce opposition from liberal anti-war activists and left-wing bloggers, who fueled and helped finance Mr. Lamont's primary campaign.

"There are many things the senator and I disagree on," Mr. Kennedy said, "but I have tremendous respect for Senator Lieberman's courage and his character. In the face of blistering negative attacks, he didn't waffle, he didn't back down from what he knew was right."

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Mr. McGavick, who has campaigned on returning civility to Washington politics, said he would support Mr. Lieberman's re-election both politically and financially because his "message of independence and bipartisanship is right for our country."

Mr. Bloomberg said last week that he was supporting Mr. Lieberman because the country needs "nonpartisan elected officials who think doing the right thing for the public is more important than supporting some party."

The Lieberman campaign, now reorganizing itself for the general election, seemed somewhat defensive about the praise it was getting from Republican admirers.

"He's really not interested in being a political football for Dick Cheney and Karl Rove, just as he's not going to be a political football for Howard Dean and Nancy Pelosi," Lieberman spokesman Dan Berstein said.

"Since he announced he was running as an independent, he's received a lot of encouragement from across the political spectrum, Democrats, Republicans and independents. I imagine he will receive more [endorsements] as we go along," Mr. Berstein said.

Lieberman Looking Outside Conn. For Help (AP)

By Susan Haigh

AP, August 13, 2006

Sen. Joe Lieberman made an unusual pitch to people outside Connecticut when he conceded the state's Democratic primary to Ned Lamont and announced plans to run as an independent.

"If you're disappointed with the ugly tone of our politics, if you're fed up with the nasty partisanship in Washington, then I ask your help, too," said Lieberman, who was criticized as being too close to the Republican administration.

Lieberman called on people across America to visit his Web site and send ideas "on how we can build this new politics of unity and purpose." He also hit them up for campaign contributions.

"Together I am confident that we can find common ground and secure a better future for our children," he said. "That, and not partisanship, is what our politics ought to be about."

The next day, Lieberman discussed his decision to run as an independent before a national audience on CNN's "Larry King Live."

Lieberman's plea to voters beyond Connecticut comes as many Democratic Party leaders in and out of the state are abandoning the three-term incumbent and publicly endorsing Lamont. Several have urged Lieberman to withdraw from the race.

However, the centrist Democrat has the benefit of being well known outside his state. Aside from being the Democratic vice presidential candidate in 2000 and a presidential hopeful in 2004, Lieberman also is part of the so-called Gang of 14, the bipartisan group of moderate senators who have tried to work together on various issues.

"Lieberman has a national reputation. He was on a national ticket, he's regarded by at least the Sunday talk shows as one of the senators who typically makes the circuits. So he has somewhat of a national following," said Ken Dautrich, a University of Connecticut public policy professor.

Though the appeal to a national audience is an unusual move for a state election, Dautrich said it makes sense for Lieberman. He said Lamont has already benefited from national support, including MoveOn.org, the liberal Internet-based organization whose members have contributed more than $250,000 to the anti-war candidate.

"Even though this was a Connecticut election among Democratic voters, it really had a national flavor to it given all the attention it got," Dautrich said.

Lieberman has come under fire for his support of the Iraq war and a perceived closeness with President Bush and Republicans. Lamont capitalized on that ill will and portrayed Lieberman as being out of touch on the war and key Democratic issues such as health care coverage and education spending.

Lamont's campaign said Lieberman's pitch to people outside the state is an example of the senator trying desperately to hold on to power.

"He didn't like the decision of the voters of Connecticut so he's appealing to people outside of Connecticut," said Liz Dupont-Diehl, campaign spokeswoman.

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According to the Center for Responsive Politics, about 46 percent of Lamont's campaign funds have come from inside Connecticut while 54 percent came from outside the state. That doesn't include the more than $4 million the multimillionaire cable company founder has contributed himself, making up 61 percent of his campaign's funds.

Seeking more cash from outside the state isn't a stretch for Lieberman. About 80 percent of his campaign funds have come from outside Connecticut, according to the center. He has about $2 million left over from the primary, according to campaign spokesman Dan Gerstein.

Eighty-two percent of Lieberman's contributions came from individuals and 16 percent from political action committees. Lamont is not accepting contributions from political action committees.

Lieberman said his message of "progressive new ideas and stronger national security" resonates with people across the nation. Now he needs those people to help out, especially since Lamont could dump more of his own money into the now-three-way race with Lieberman and Republican Alan Schlesinger.

"This is saying to a lot of people across the country, who I know are as fed up as I am with the partisanship in Washington that stops our government from doing anything about the big problems that average people face," he said Thursday.

Jonathan Chait: Give It Up, Joe (LAT)

By Jonathan Chait

The Los Angeles Times, August 13, 2006

Sore loser Lieberman is fighting for his job, not the good of his party.

THE LONGER Sen. Joe Lieberman's reelection campaign in Connecticut goes on, the harder it gets to detect any rationale for his candidacy that's persuasive to anybody who isn't Joe Lieberman.

When he announced earlier this summer that he would run as an independent if he lost the Democratic primary, his stated reason was that turnout was likely to be tiny. Instead, turnout was heavy. But Lieberman says he's running as an independent anyway.

Lieberman says his antiwar opponent, Ned Lamont, relied on the support of Al Sharpton, demagogic bloggers and other unsavory characters. This is perfectly true. But Lieberman is just as happy to accept the good wishes of odious figures such as Sean Hannity and Karl Rove.

The night of his defeat, Lieberman tried to cast the result of the primary as illegitimate because "the old politics of partisan polarization won today. For the sake of our state, our country and my party, I cannot and will not let this result stand." But what does it mean that the politics of partisan polarization won? It means that Lieberman lost. It's a perfectly circular definition.

Moreover, it's increasingly clear that Lieberman's loss is his own fault. He was far too slow to recognize the seriousness of Lamont's challenge. He ended the campaign with $2 million unspent. And his decision to now run as an independent was a disaster, confirming the central accusation against him, which was that he cared more about his own standing than his party. If he had just declared in advance that he would abide by the result of the primary, he probably would have won, and he'd have Lamont campaigning for him today.

Lieberman's decision to run as an independent after contesting the primary is not illegal in Connecticut (unlike other states, which have "sore loser" laws prohibiting such a gambit), but it is poor form. The primary is an essential element of the two-party system, and the process is subverted when losing candidates feel free to circumvent it. (Which is the problem with Ralph Nader-esque, suicidal third-party runs.) If the primary voters veer off too far toward the extreme, there's a built-in sanction: They will lose the general election and moderate their ways next time.

The best rationale for Lieberman's candidacy all along was that he was an important spokesman for Democrats who take seriously the threat of Islamist radicalism. Unfortunately, Lieberman was never an ideal messenger for that ideology. He has supported capital-gains tax cuts, ultra-loose financial regulations and the crucial vote on the grotesque bankruptcy bill. He has an almost pathological need to be liked by the far right.

Above all, he has maddeningly failed to acknowledge just how badly the Iraq war has turned out, which is different from insisting that we have to fix the mess we created. After all, many hawkish Democrats such as Sen. Joe Biden of Delaware supported the war and don't want to retreat but fully acknowledge President Bush's catastrophic management of the occupation.

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Lieberman's persona has therefore tainted his admirable foreign policy instincts with his un-admirable domestic and political ones. In a perverse way, conservative Republicans and liberal doves have a shared interest in making Lieberman the symbol of the Democratic hawk. Dovish lefties want everybody to think that if you're a hawk, you must be cozy with Bush. Conservatives want everybody to think that if you're not cozy with Bush, you can't be a hawk.

Still, the Lieberman rationale held together, just barely, as long as he was fighting the good fight within the Democratic Party. But now that he's running as an independent, the last pillars of that rationale have crumbled.

What's the point of running to uphold Democratic hawkishness when you're running against the Democratic Party and its chosen nominee? Lieberman is fighting on terrain that, from the perspective of the liberal hawks, could not be less advantageous.

It has stopped being a battle for the soul of the Democratic Party and become a battle for Lieberman to keep his prestigious job. If the ideas that he professes to value above all else are really his highest priority, he should drop out of the race.

Joe Lieberman, Insurgent (WP)

By Jim Hoagland

The Washington Post, August 13, 2006

Thank you, Connecticut Democrats, for showing a refined sense of humor. You have delivered a victory for irony by telling Joe Lieberman to get lost. Only that could have spurred Lieberman into doing what is needed for political success in these days of global political rage.

In response to his humiliating defeat in the state's Democratic primary, the genial Lieberman finally got angry and got going. In non-concession speeches Wednesday morning, Lieberman showed the passion and focus that had been lacking in his somnolent primary campaign. And he found the enemy he needs to make a successful run as an independent in November.

That enemy is the establishment, in this case the Democratic Party's establishment leadership, which dutifully kicked in endorsements and cash to Ned Lamont before Lieberman's political corpse had even cooled. Overnight Lamont and his networking rebels had to hand over the insurgency mantle to none other than Lieberman, who is now the underdog outcast independent in the Connecticut Senate race.

Irony has never been a formidable or enduring political tool. But Connecticut Democrats have given Lieberman a lot of room to conduct the kind of ad hominem, obsessional attacks on opponents that too often pass for political discourse and wit in the Internet age. He immediately lobbed a national security stink bomb by claiming that terrorists would welcome a Lamont victory.

Who better to represent the anger and even hatred that constituents feel for the sinister, unseen forces messing with their lives than this about-to-be-fired pol who was done in by a rich entrepreneur backed at first by elitist techies and now by incumbent party bosses who previously were for Lieberman? If Ned Lamont did not exist, Joe Lieberman would have had to invent him.

Angrier-than-thou is the spreading zeitgeist of international politics in the morning of the 21st century. War, uncertain economic times and vertiginous change in social and cultural matrices leave in the dust the sweet reasonableness and hopes for consensus-building that the old establishmentarian Lieberman practiced. So do the slash-and-burn politics that George W. Bush and Karl Rove perfected, exploited and intend to bequeath to the Republican Party for eternity.

With the U.S. effort in Iraq faltering because of confused leadership here, and the first anniversary of the calamity of Hurricane Katrina on the horizon, there is plenty of reason for anger at Bush and his singularly inept, callous administration.

I intend to take nothing away from those in Connecticut and elsewhere who vented their frustrations on symbolic stand-ins for Bush last Tuesday. But mistaking anger for political wisdom is a dangerous luxury in democracies. It can become an all-consuming fire that destroys rather than builds. For the power-hungry and opportunistic, anger is an especially attractive instrument of manipulation in the political toolbox.

The especially angry year of 1968 ended with the election of tricky Dick Nixon, not poet-philosopher Gene McCarthy. In 2002 in France, protest votes for racist candidate Jean-Marie Le Pen unexpectedly propelled him into a presidential runoff against incumbent Jacques Chirac. Chirac easily won the general election but then proved to be ineffectual in dealing with the ugly strain of national resentments that the campaign unleashed.

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Protest votes are not consequence-free luxuries, in France or in Connecticut. The task for responsible politicians is to acknowledge the anger and to channel it into problem-solving rather than into pointless venting or an endless seeking of partisan advantage. Unfortunately, Bush and Rove show an inability or a lack of interest in the problem-solving approach. Increasingly, their critics do the same.

Anger over Iraq in particular helped lay Lieberman low, and that is entirely appropriate. This vote was an expression of frustration with the unending stream of implausible plans for victory coming out of the White House and the Pentagon and the lack of credible alternatives from Congress. That expression needs to be heard and accommodated.

For that we need serious politicians working together to craft a bipartisan and realistic effort to find an honorable exit from Iraq, where the U.S. presence risks becoming not only ineffective but intolerable to the Iraqis themselves. That in turn means reshaping the U.S. strategic presence in the Middle East and Persian Gulf.

Who are those serious politicians? They include senators such as John Warner, the Republican from Virginia; Jack Reed, the sensible Democrat from Rhode Island; and, yes, the iconoclastic Republican from Nebraska, Chuck Hagel. Come to think of it, we sure could use the seasoned and usually sober Joe Lieberman to help find the center of gravity for a better approach on Iraq. Thanks, Connecticut, for reminding everybody, including and most of all Lieberman.

jimhoagland@washpost.com

With Friends Like Joe's ... (NYT)

By Mark Leibovich

The New York Times, August 13, 2006

Washington

JOE LIEBERMAN has many "good friends" among Senate Democrats, a point that's been jack-hammered home in recent days by all the colleagues who have lined up to tout their fondness for him — usually right before they declare, in so many words, that they want him to lose to a man most have never met.

Political friendships are mythologically flimsy and perishable partnerships. They are born largely of expedience, a point that should come as a yawning non-shocker to anyone in Official Washington, where the mantle of friendship — "my good friend," "great friend," "dear friend" — is applied as freely as hairspray.

In many ways, friendships in Washington are no different than they are in any other competitive and zero-sum realms, like Wall Street, Hollywood or, for that matter, high school. But the Connecticut Senate race has cast the provisional nature of political friendships into particularly stark relief.

Mr. Lieberman, the three-term incumbent who lost Tuesday's Democratic primary to Ned Lamont, a Greenwich businessman, says he plans to continue his campaign as an independent. In the process, he has achieved an odd pariah status among many of his "good friends" in the Democratic Party who have arrayed themselves in near-lockstep behind Mr. Lamont. Only a trickle of Senate Democrats say they will continue to support Mr. Lieberman, although many had endorsed him in the primary.

"It's moments like this that are very difficult, when you have personal friendships and relationships," said Senator Christopher Dodd, Mr. Lieberman's longtime Connecticut colleague, speaking at a Democratic "unity press conference" in Hartford on Wednesday.

People who know both men say that Mr. Dodd's affection for Mr. Lieberman is sincere, and that the feeling has been largely mutual during their 18 years together in the Senate. Their alliance has been unusually durable given that senators from the same state and of the same party have waged some particularly notorious "friendships" over the years (epitomized by New Jersey's quarrelsome Democratic duo of Frank Lautenberg and his former colleague, Bob Torricelli). "But this isn't just about relationships and friendships, or about candidacies," Mr. Dodd said at the event.

It is about, to some degree, the will of Democratic primary voters. And it's also about political calculation. (Again, stop the presses: Politicians are calculating. Whoa!) To stick with Mr. Lieberman could endanger Mr. Dodd's viability among the Democratic voters who have nominated him for the Senate five times, or those he would need if he seeks his party's nomination for president in 2008, as he is contemplating.

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Same goes for Mr. Lieberman's "old friends" in the Senate who might also run for president — the likes of John Kerry, Joseph Biden, Russell Feingold and Hillary Clinton, among others — who have declared their support for Mr. Lamont, if not their friendship (yet).

In the most superficial sense, accumulating as many friends as possible is the essence of politics. So many rudiments of the game — the handwritten notes, the "just-checking-in" phone calls, the mass-produced holiday cards — involve the caring and feeding of people who consider themselves "friends."

It's no accident that the term of art for many political fundraising committees is "friends of" so-and-so. Or that senators and representatives typically address each other publicly as "my good friend from," even when these "good friends" really despise each other.

The 19th-century statesman John C. Calhoun once said of his Senate rival, Henry Clay: "I don't like Henry Clay. He is a bad man, an imposter, a creator of wicked schemes. I wouldn't speak to him. But by God, I love him."

Be still my cold heart.

"It is almost impossible to explain that statement to most people," the former Senator Howard Baker said of Mr. Calhoun's remark, during a speech in 1998. "But most senators understand it instinctively and perfectly."

As would most presidents, lobbyists and members of Congress. In an interview recently, the Democratic House leader, Nancy Pelosi, nodded avidly when asked whether she considers her embattled Republican colleague, Tom DeLay, to be a "friend." This came a few seconds after she had described Mr. DeLay as "corrupt."

"It's a weird place," Ms. Pelosi said of the apparent contradiction.

Politics, to be certain, has also bred some legendary bonds. Mike Mansfield, a Montana Democrat, and George Aiken, a Vermont Republican, met for breakfast nearly every morning in the Senate dining room, according to Richard Baker, of the Senate Historical Office. But as a general rule, few elected officials would place political friends atop the list of true soul mates, says Ross K. Baker, a political scientist at Rutgers and author of "Friend and Foe in the U.S. Senate."

"Usually you'll hear them say it's their college roommate or something," says Mr. Baker, who adds that he became interested in the notion of friendship in politics "because of the conspicuous and excessive use of the term."

Bill Richardson, New Mexico's governor, says that only one of his five closest friends is in politics.

"You think of political friends as transitory friends," says Mr. Richardson, who also might run for president in 2008. He counts Mr. Lieberman among his compadres, but says he is supporting Mr. Lamont.

"I'm sure about 90 percent of Democrats are doing what I'm doing," Mr. Richardson says. "I'm sure Lieberman expects it. But he's got to be pained by it, too."

Mr. Lieberman is known to take political snubs more personally than most, say people who know him. Even so, Mr. Lieberman has been around a long time and knows the political kabuki as well as anyone. He has attended his share of "Democratic Unity" events over the years, too.

One of these occurred in March 2004, at the National Building Museum in Washington, when Mr. Lieberman joined the other losing Democratic presidential candidates of that year to rally around their presumptive nominee, John Kerry. In his brief remarks, Mr. Lieberman took note of all the nasty things they had all said about one another during the proceeding months. Then he shrugged.

"It's like what Emily Litella said," Mr. Lieberman said, referring to the old "Saturday Night Live" character played by Gilda Radner. "Never mind."

An Antiwar Campaign That Takes A Page From The G.O.P. Playbook (NYT)

By Sam Tanenhaus

The New York Times, August 13, 2006

JOSEPH I. LIEBERMAN'S DEFEAT in the Senate Democratic primary in Connecticut is a reminder that intramural contests are often the most bruising in our two-party system, and can leave the party involved vulnerable to attacks from the opposition.

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Indeed, those who feared that Senator Lieberman's defeat would be exploited by Republicans eager to portray his opponent, Ned Lamont, as a stand-in for an entire party "soft" on terrorism, were vindicated, almost instantly, in the days following the vote.

More tellingly, the campaign offers an intriguing twist in the history of insurgency that has shaped the identities of both parties over the last several decades. Some commentators have portrayed the bloggers who led the charge against Senator Lieberman as the ideological descendants of the left-wing Democrats who nearly brought the party to its knees in the 1960's and 70's. But in strategic terms they resemble more closely the "movement conservatives" who transformed the Republican Party from 1955 to 1980, when it rose to dominate American politics.

Like the current Democratic insurgency, the conservative movement was driven by activists who combined journalism with partisanship. Just as today's insurgents often post their analyses and self-described "rants" on Web sites like Daily Kos, so the conservative rebels of an earlier day poured forth their opinions in the National Review, the biweekly magazine founded in 1955 by the 29-year-old William F. Buckley Jr.

Today, of course, National Review is widely read as a journal of the Republican establishment. But in its infancy it was regarded as extreme — far more radical than the bloggers most influential in the Lieberman defeat. (This wasn't surprising since Mr. Buckley and another editor, L. Brent Bozell, were co-authors of a book that championed Senator Joseph McCarthy, and the pair had orchestrated a hard-hitting advertising campaign in, as it happened, Connecticut against the Democratic senator, William Benton, whom the pair accused of obstructing the government's investigation of Communists.)

But National Review's biggest targets were the moderates in their party, in this case East Coast Republicans who had tapped the non-ideological war hero, Dwight Eisenhower, for the Republican nomination in 1952 over the conservative Senator Robert Taft.

Once in office, Eisenhower declined to roll back Communism abroad and the welfare state at home. To conservatives, this was a "me-too" echo of his Democratic predecessors. In fact, when recruiting backers for the magazine, Mr. Buckley vowed "to read Dwight Eisenhower out of the conservative movement."

The magazine's message resonated with at least two readers, Barry Goldwater and Ronald Reagan, who sprang to prominence as tribunes of a broader heartland rebellion against the party's eastern wing. The new right also attracted a new generation of conservatives who joined campus chapters of the Young Americans for Freedom and campaigned ardently for Goldwater when he ran for president in 1964. Even as mainstream Republicans inveighed against the damage these activists might inflict, the new breed became a force in party politics, seizing control, for example, of the California Republican Assembly, which helped choose candidates for statewide elections.

When Richard Nixon, denounced his party's fringe elements during his bid to be elected governor of California in 1962, he lost the race. He did penance by stumping for Goldwater in 1964 and was rewarded with the presidential nomination in 1968.

The more ideological Ronald Reagan avoided Nixon's mistake, positioning himself as an insurgent in both his early political career in the 1960's (going so far as to endorse a representative who was member of the far-right John Birch Society) and in 1976 when he challenged the incumbent, Gerald R. Ford, for the Republican nomination, and nearly unseated him. Eventually, Reagan moved toward the center and governed pragmatically, but he continued to heed the conservatives and consistently courted them while in office.

The contrast with what is happening today in the Democratic Party are instructive. The challenge now comes from an insurgency in the Lamont campaign that is in no way as ideological as the new right was in its heyday.

And yet Democrats seem anxious. Why? Probably because they face a more complicated reality. The party is divided over the Iraq war and this inevitably stirs memories of a time when antiwar insurgents backed the candidacies of Senator Eugene McCarthy in 1968 and George McGovern in 1972.

Moreover, those rebellions coincided — and were blurred in the public mind — with militant left-wing protests, occurring on campuses and in some cities. When demonstrators clashed with Chicago police during the 1968 Democratic National Convention, the party seemed on the brink of anarchy.

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The memory of those years seems to haunt today's Democrats, who fear that uprisings like the one in Connecticut leave the party open to charges, already voiced by Vice President Dick Cheney, that its opposition to the Iraq war means it is soft on terrorism and "anti-American."

But the post-9/11 world may defy such easy formulations. Many Americans have qualms about Iraq. This does not make them hardened ideologues. So, too, with the today's liberal insurgents, who in most cases equally reject the neo-conservative vision of the Bush administration and the worldviews of 60's radicals. Most identify instead with the Democratic Party and accept its traditional values of activist government and strong international alliances.

Mr. Lamont, a multimillionaire businessman from Greenwich, is by no means a radical. Neither is an insurgent blogger like Markos Moulitsas Zúniga, the founder of Daily Kos. In "Crashing the Gate," the book he wrote with Jerome Armstrong, Mr. Zúniga says his goal is to advance the cause of the Democratic Party and "rebuild our institutions of power." Few Democrats differ with him. What does set the insurgents apart is their belief in partisanship. This is the basis of their attack on Senator Lieberman, who, in their view, has failed to be a team player as evidenced by his long history of siding with Republicans and his persistent defense of President Bush.

To borrow a term once used by the new right, Senator Lieberman's opponents see him as a "me-too" Democrat all too eager to align himself with the opposition party, whereas Mr. Lamont offers "a choice not an echo," as Goldwaterites often said during the 1964 campaign.

Before the Connecticut primary, the insurgents had achieved no significant victories. But like the conservative activists of an earlier time, today's liberal insurgents seem undeterred by setbacks. After Goldwater's devastating loss in 1964 to President Johnson, movement conservatives instantly regrouped, forming new organizations (like the American Conservative Union) and rallying around a new leader, Reagan, who attained national prominence when he delivered an eloquent televised speech in the waning days of the Goldwater campaign, and then made a successful run for the California governorship in 1966.

The new wave of activist liberals have also tasted defeat. Many were active in the insurgent presidential bid of Howard Dean in 2004. Like the Goldwater crusade in 1964, this failed campaign seemed to create a legacy. Mr. Dean's ingenious use of the Web, for instance, resurfaced in the Internet-driven campaign that defeated Senator Lieberman. The advocacy group Democracy for America, which helped drive the Lamont campaign, is the latest incarnation of the organization that had brought millions into Mr. Dean's candidacy.

All this has gone forward with little help from the Democratic establishment, which for years has played down ideology in its mission to recapture the elusive center of American politics. The party's reigning figure is Bill Clinton, whose genius for splitting the differences between left and right, has proved so fleeting a philosophy that few other politicians have been able to duplicate it.

Meanwhile, Republicans continue to draw inspiration from Goldwater and Reagan, with their boldly stated views and unclouded vision. A similar clarity informs the new liberal insurgents, who seem to understand, as demonstrated in the Connecticut primary, that insurgency begins at home.

Gregory Rodriguez: The Iraq War Won't Save Liberals (LAT)

Gregory Rodriguez

The Los Angeles Times, August 13, 2006

Democrats like Ned Lamont won't make it far without big ideas like FDR's New Deal.

NED LAMONT'S Democratic primary victory Tuesday in Connecticut has given liberals hope that they can leverage the debacle in Iraq to catapult themselves back into power. And that may very well come to pass. Yet, ironically, what's good news for liberal candidates may not be such good news for liberalism.

Why? Because the same quagmire that created this electoral opportunity has also forged a political climate that can't support liberalism's true goal: using government for the common good.

Over the last several years, a growing number of intellectuals have been trying to push liberalism away from the oppositional politics of the New Left back toward the governing philosophy of the New Deal.

Last year, Princeton University sociologist Paul Starr called on liberals to remember that their ideology once stood for bold idealism and the belief that government could make a positive difference. He reminded them that in the post World War II-era,

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liberalism was "the innovative and outward-looking force in American politics," while conservatism was "the stodgy and parochial source of resistance." He feared that the roles had been reversed.

Last May, Michael Tomasky seconded the call for renewal in the journal he edits, American Prospect. What Democrats need, he wrote, is a "big idea that unites their proposals and converts them from a hodgepodge of narrow and specific fixes into a vision for society."

They were both conjuring the politics founded by President Franklin D. Roosevelt. Although FDR's conservative foes stumped for small government and took a dim view of human potential, he proclaimed a big idea: Government had the "innate capacity to protect its people against disasters once considered inevitable, to solve problems once considered unsolvable." Driven by this philosophy, the Roosevelt administration gave us Social Security, the first minimum wage law and the Federal Deposit Insurance Corp.

But it didn't happen in a vacuum. FDR's big idea, born in the Depression, was consolidated, nurtured and embraced in World War II — the Good War — which provided, as it happens, ideal conditions for American liberalism. Overwhelming public support for the war effort created national unity, collective responsibility and a willingness to sacrifice. Americans supported expanded government driven by taxes, which increased dramatically during the war. The Allied victory then ushered in a period of high expectations of what government could accomplish.

The ripple effect was so strong that no matter which political party occupied the White House for the next two decades, a liberal consensus held sway over the American body politic. It built federal highways, created student loans and enacted civil rights legislation.

Today, as liberals seek to rebuild that kind of agenda, they have nothing like a Good War to help them. In fact, what they are facing is a situation much more like the Vietnam War — in which the public was polarized and disillusioned — and its belief in what government could accomplish was demolished.

The Vietnam War escalated in 1965 and ended in 1975. The debate between the war's supporters and those who called for withdrawal created deep and lasting political divisions that undermined the national unity required to tackle liberalism's big ideas. As historian James T. Patterson wrote: "Nothing did more than Vietnam to subvert the grand expectations that many Americans had developed by 1965 about the capacity of government to deal with public problems." This distrust and disunity was the fertile ground from which anti-government conservatives made their late-century comeback.

For a brief moment after Sept. 11, public faith in government rose again. But it quickly evaporated, and by early 2004, when the majority of Americans began to believe that the costs of the war in Iraq were not worth the potential gains, that sense of trust eroded further. Today, the partisan divide over Iraq is three times more severe than it was during Vietnam, and one can't imagine politicians building a healthy national consensus on anything.

The problem for liberals doesn't stop there. Mired in opposition politics, they aren't heeding the call to reformulate their agenda. They aren't generating "big ideas" — comprehensive healthcare reform, for example, or finding new ways to address growing economic insecurity.

"If the country were united behind a successful war effort, then inspiring people to unite toward large, common goals would be easier," Tomasky said. "This war makes it harder to move the political discourse in a new direction."

Connecticut May Be A 2008 Preview (WP)

By Dan Balz

The Washington Post, August 13, 2006

Polarization Over War, Bush, Parties Confronts Voters

American politics this year has been running on two divergent tracks. The first is intensified partisan combat in advance of a critical midterm election. The second is growing disaffection among many voters with a national capital seen as stalemated by polarization and distrust between the two political parties.

That makes the coming campaign between antiwar Democrat Ned Lamont and Sen. Joseph I. Lieberman, who lost last week's primary and is now running in the general election as an independent, an intriguing laboratory for what might emerge in the 2008 presidential campaign.

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Will Lieberman's campaign prove to be a forerunner for a message of civility and bipartisanship that emerges nationally in 2008, or simply be remembered as an obsolete refrain from a politician living in an idealized past and that serves only to deepen partisan divisions?

The Lieberman-Lamont primary became the latest stage for the politics of anger that has dominated since President Bush took office after the disputed election of 2000. Lieberman hopes to make the general election a template for civility in politics and a return to some measure of bipartisan cooperation in Washington.

The war in Iraq and the architecture of Republican electoral victories in 2002 and 2004 have persuaded many strategists in both parties that the key to victory is to maximize support of the most ideological of their followers, rather than appealing to less-partisan swing voters.

Still, long before the Connecticut Senate race, prospective 2008 candidates, including the two early front-runners for their parties' nominations, have been examining the question of whether the public is ready to turn away from the partisan style of politics that has dominated the Bush presidency.

Sen. John McCain (R-Ariz.), despite his recent efforts to make himself more attractive to party conservatives and Bush loyalists, has asked more than once whether voters in 2008 will be looking for a candidate with the attributes he has long exhibited: independence and a willingness to work across party lines.

Sen. Hillary Rodham Clinton (D-N.Y.), a polarizing figure by any measure, nonetheless has spent much of her six years in the Senate developing a record of cooperation with Republican senators that she could take to the voters in 2008, should she decide to run for president.

At the same time, veteran Republican strategist Doug Bailey, Carter administration veterans Hamilton Jordan and Gerald Rafshoon and former independent governor Angus King of Maine, among others, have launched a Web-based organization called Unity08. They are urging Americans turned off by partisan combat to help break the current model by using online voting to nominate a bipartisan ticket next year as an alternative to the two major party nominees.

Those stirrings lead directly back to Connecticut's Senate race. Political strategists, however, say Lieberman may be an imperfect vehicle for testing this message. He is a three-term incumbent, a Washington insider and an establishment politician of the first rank -- in short, hardly the kind of person to argue that he can change the tone in Washington.

"Whenever there is disillusionment with Washington, there is interest or potential appeal for a third force in politics -- an outsider," said Andrew Kohut, director of the Pew Research Center. "The problem with Lieberman is he represents the establishment when he will be running as an independent."

Beyond that, the opening stage of his campaign has delivered a decidedly mixed message. Lieberman's first post-primary television ad promises an era of "unity and purpose." His first post-primary campaign appearance featured a slashing attack on Lamont in which he claimed that success by his rival in November would be "taken as a tremendous victory by the same people who wanted to blow up these planes in this plot hatched in England."

Lieberman long has preached the politics of civility and calm rhetoric, but he appears to be ready to set that history aside to defeat Lamont in November. It was his willingness to work with and support Bush on the Iraq war that helped bring about his loss in the primary to a political neophyte who ran as an opponent of the war and a critic of Lieberman's repeated support for the president.

The aftertaste of that experience produced a concession statement in which Lieberman appeared defiant -- and liberated at the prospect of running against the antiwar rage directed toward him in his primary campaign. "People . . . and not just the Democrats are angry at the direction of this country -- so am I," he told supporters last Tuesday night. "People are fed up with the petty partisanship and angry vitriol in Washington. Let me tell you, I have been there, and I am fed up, too."

Lieberman went on to complain of a brand of politics in which disagreement is viewed as disloyalty and opponents are branded as evil. "It is time for our elected leaders to stop playing political games, so we can get things done for the people who are good enough to send us to Washington to serve them," he said.

Those are sentiments often heard throughout the country, from ordinary citizens and from state and local elected officials who have come to see Washington as stalemated by partisanship and incapable of dealing with pressing issues. Whether such sentiments will attract a champion in 2008 is a question many strategists and analysts are beginning to ask.

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Bipartisanship is out of fashion among strategists who plan and execute campaigns. Democrats believe Bush's presidency has ushered in an opposite style of politics, one designed to energize partisans by exploiting the sharp divisions that now exist on the war, on social issues and on Bush himself.

A number of the prospective 2008 Democratic candidates -- Sen. John F. Kerry (Mass.), former senator John Edwards (N.C.), Sen. Russell Feingold (Wis.), retired Army Gen. Wesley K. Clark -- have stepped up their attacks on the administration's policies on the war and other issues. Months before the 2008 campaign gets into high gear, they are at the barricades, hoping to attract the activists in their party.

Others, such as Sen. Evan Bayh (D-Ind.) and former Virginia governor Mark R. Warner, have been testing themes that include lowering the temperature of political rhetoric.

Party strategists believe the crop of presidential candidates will have trouble winning the nomination with a message of working across party lines. "There is a strong antipathy toward what people regard as accommodation and capitulation to Republicans," said Democratic pollster Mark Mellman. "Anybody who tries to [deliver a] message against that grain is going to have a very hard time. Frankly, I think it's true on the Republican side, as well."

Simon Rosenberg, founder of the Democratic group NDN that has sought to be a bridge between centrist Democrats and the more liberal world of bloggers and Internet activists, said: "Lieberman's calculation here that there is a revulsion against Washington is not correct. There's revulsion at Republican governance."

Eli Pariser, executive director of the MoveOn.org political action committee that supported Lamont, argued that Lieberman's general election message is a fundamental misreading of what happened to him in the primary. "I think because the Connecticut primary was driven by real, deep issues that our nation should be grappling with, it's exactly what our politics ought to be like, rather than nasty, gotcha bickering," he said. "It was about big ideas and big challenges facing the country."

Some strategists looking ahead already believe a successful candidate will have to find a message that can reassure hyper-partisans that core principles matter, while appealing to disaffected swing voters with a message that compromise is not always a dirty word. Connecticut's Senate race, flawed as it may be, could produce some early clues about what may be coming in 2008.

Laura Bush Will Visit Here Monday (SLPD)

St. Louis Post-Dispatch, August 13, 2006

Laura Bush, wife of President George W. Bush, will be in St. Louis on Monday to attend a national Republican Party fundraising event at the Clayton home of Sam and Marilyn Fox.

The late afternoon event is closed to the public and the media, the White House said Friday. A spokeswoman said that the amount raised will be made public; it will be used by the national party to aid its candidates this fall.

Sam Fox, founder and chairman of the Clayton-based Harbour Group, is among the most prominent and prolific donors to various Republican groups and candidates.

Mrs. Bush is expected to be in the area for about two hours, a party spokeswoman said. For security reasons, the White House is not disclosing the exact time or route she will take from the airport.

Earlier Monday, Laura Bush will headline a fundraising luncheon in Addison, Ill.

Tight Race For Another Senator, This Time A Republican (NYT)

By Kate Zernike

The New York Times, August 13, 2006

WARWICK, R.I., Aug. 9 — Like his father before him, Senator Lincoln Chafee has been the kind of Republican whom this Democratic state could embrace: a supporter of abortion rights, a champion of the environment.

His trouble now is his own party. One of the most liberal Republicans in the Senate, Mr. Chafee finds himself in a tight primary against Stephen Laffey, a populist Republican who is backed by a national conservative group and is traveling the state in a bright yellow RV proclaiming himself the “Rhody Reformer.”

The Rhode Island primary is the flip side of the battle between Senator Joseph I. Lieberman and Ned Lamont just across the state line, in Connecticut. Mr. Chafee is fighting for his survival because he voted against the Iraq war — the only Republican

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to do so — and has distanced himself from President Bush so much that he declined to vote for him in 2004, declaring that he would write in the first President Bush as a symbolic protest.

Both campaigns show how a far flank of the party can shape a race, even in a place like Rhode Island, where Republicans are a minority; the record in a Republican primary here is about 45,000 voters, and most people expect short of that on Sept. 12. They also indicate the peril of being a moderate in a polarized year.

In a race that Mr. Chafee's supporters fear may be a bellwether, Representative Joe Schwarz of Michigan, a moderate Republican, lost a primary challenge to an opponent supported by the Club for Growth, the conservative group backing Mr. Chafee's opponent.

But the stakes are far higher here for the party in power. Polls show that if Mr. Laffey wins the primary, he will lose the general election, handing the Democrats a seat from a blue state that has been held by Republicans since 1976.

Even if Mr. Chafee wins the primary, recent polls show him struggling to win the general election; this year, no matter how much Democrats like Mr. Chafee, they may care more about the letter after his name.

"This is one of those election years that's going to come down to R versus D, and people want the real thing, not someone who votes with the Democrats 70 or 80 percent of the time," said Darrell West, a political scientist at Brown. "They want the Classic Coke, not the New Coke."

Republican leaders, worried more about losing a seat than about party loyalty, have rushed to help Mr. Chafee, forcing him to buddy up with the conservatives whose agenda he declines to embrace. Senators Bill Frist of Tennessee, Elizabeth Dole of North Carolina and Mitch McConnell of Kentucky have held fund-raisers for him, and Laura Bush has traveled to the state on his behalf.

On the other side, Steve Forbes, who ran for the Republican presidential nomination in 1996 and 2000, has written letters and held a fund-raiser for Mr. Laffey. And national Democrats, after defaulting the seat to Republicans for years, are putting money behind their candidate, Sheldon Whitehouse. All told, more than 80 percent of campaign money has come from outside the state.

A scion of one of Rhode Island's "five families," Mr. Chafee, a Brown graduate who worked for a time shoeing horses, went on to become mayor of Warwick. When his father, John Chafee, died in office near the end of his fourth Senate term in 1999, Lincoln Chafee was appointed his replacement and won the seat with 57 percent of the vote a year later.

Mr. Chafee angered Republicans by opposing many proposed tax cuts, saying a country with such a big deficit could not afford them, and voted against an energy bill because it included subsidies for oil companies. He cast the sole Republican vote against the confirmation of Justice Samuel A. Alito Jr.

So while in the last election Mr. Chafee advertised how often he had voted against Republicans, his latest ad emphasizes the anger he has drawn from both parties, the amount of money he has brought home, and his desire to restore "a climate of civility, decency and hope" to politics.

"There has to be a place for moderates in our politics," Mr. Chafee said, campaigning at a recent parade. "The American public wants to see us work better together."

His campaign slogan is "Keep Chafee." It is resurrected, he said, from his father's successful campaign for governor in 1964 — another tough year because Barry Goldwater, unpopular here, was at the top of the Republican presidential ticket.

Compared with many colleagues in the Senate, Mr. Chafee, 53, keeps a low profile, and campaigning does not seem second nature to him. Stopping to buy lemonade from a truck, he asks the attendant about the book she is reading. Only after tipping her and turning away does he toss over his shoulder, "Vote Chafee!"

"He's very approachable, human, sincere," said Ana Morgan, a supporter at the parade. "In New England we are a different breed of Republican, more moderate, more liberal. At a time when both parties are going to extremes, we need someone who can work with both."

Others are put off by Mr. Chafee's often public agonizing about his struggle between voting with the party and voting his conscience.

"I'm not sure where Chafee's coming from half the time," said Eleanor Acton of North Kingston, an independent. "He wants to be a liberal, but he can't because he's a Republican, and he's a Republican because his dad was a Republican."

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Internal Democratic polls show that he is less popular among Republicans than the Democrat, Mr. Whitehouse. While the state party supports him, local Republican committees, including the one in Exeter, where Mr. Chafee lives with his wife and three children, endorsed Mr. Laffey.

"Whatever conscience he's voting, it's not the conscience of the Republican Party," said Robert J. Manning, the national committeeman for the state Republican Party and a Laffey supporter.

Mr. Laffey, the 44-year-old mayor of Cranston, embraces campaigning. On "blitzes" of neighborhoods in the RV, an aide uses a bullhorn to announce his presence, and Mr. Laffey darts across gardens and up grassy embankments to shake any willing hand. His wife and their children, ages 1 to 17, tag along, as do friends.

He boasts of rescuing Cranston from near bankruptcy; in his most publicized act, he fired crossing guards who earned, including benefits, about $120 an hour. "Reagan had his air-traffic controllers, I have the crossing guards," he said, a line he repeats often in campaign appearances and interviews.

But his personality has alienated many people. Some in Cranston say that he is a showboater and that the crossing guards worked just two hours a day, accounting for only a small part of the city budget. They have complained that property tax increases put into effect while he was mayor — 12.8 percent in 2003 — priced many people out of their homes. He has defended them as necessary to turn the city around.

"Everything he does is to make a name for himself," said Jack Cassidy, a Cranston resident. "I think he's looking for big publicity."

An independent, Mr. Cassidy will vote in a Republican primary for the first time to, as the slogan says, "Keep Chafee." Mr. Chafee's hopes, analysts say, lie in other independents doing the same, and the campaign has urged Democrats to switch to "unaffiliated" so they can vote in the primary. About 14,000 did.

At the recent parade, young couples waved as they saw the "Keep Chafee" banner. "Good luck!" one man hollered.

"Luck helps," Mr. Chafee replied quietly.

In N.J. Race, Kean Tries To Keep It Local (WP)

By Charles Babington

The Washington Post, August 13, 2006

MORRISTOWN, N.J. -- Robert Menendez and Tom Kean Jr. agree on so many principles that it's hard to believe they are running against each other in one of the nation's tightest Senate elections. Current tax policies are misguided, the status quo is unacceptable and New Jersey needs a senator who will stand up to powerful leaders, both men say.

They are aiming their remarks at entirely different administrations, however, and the contest appears likely to turn on whether voters see Washington or Trenton as the capital more in need of a shake-up.

Menendez, the Democratic incumbent, is trying to make the election a referendum on President Bush, and especially the president's Iraq war policy. Kean, the Republican challenger, wants to keep the focus on taxes, state ethics, New Jersey's Democratic-run government and Menendez's ties to it.

As much as any race this fall, theirs will test whether Republicans in tossup and Democratic-leaning states can shift enough attention from Bush's low popularity to preserve their congressional majorities. Polls suggest the race is about even, and if Kean can stay close or ahead, his keep-it-local strategy may inspire Republicans in other states as Nov. 7 draws near.

To follow Kean and Menendez on the campaign trail is to hear two politicians talking past each other, each insisting he is in touch with the voters' moods and concerns. Menendez, who was appointed by Gov. Jon S. Corzine (D), drops Bush's name repeatedly, and never in a kind way.

"The nation is headed on such a perilous course," he told an antiwar audience gathered recently in Morristown. "My opponent wants to be another vote for George Bush."

Kean (pronounced "cane") is the son and namesake of the popular former governor who chaired the national commission that explored the terrorist attacks of Sept. 11, 2001. The 37-year-old candidate almost never mentions Bush, and often seems to be running for state senator -- a position he already holds.

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"People are starting to give up on the state of New Jersey," Kean recently told a small group in Oceanport, "because they can no longer afford to live in this state." Menendez, he said, "has done nothing to make this state more affordable" and has "bought into the status quo."

The only reference to Bush in Kean's seven-minute speech was negative. The state needs a senator, he said, "who will stand up to the governor when he's wrong, or against the president, who hasn't cut spending."

Menendez, 52, uses similar language but directs it only at the White House. "New Jersey needs a senator who will stand up to President Bush," he tells audiences.

For Menendez, the Iraq war is the primary issue, while Kean ranks "affordability" and "ethics in government" at the top. As a House member in 2002, Menendez voted against authorizing the war, and last June he voted with 12 other senators to require Bush to begin withdrawing troops. He is the only one in that group now facing a tight election.

When Bush used his 2003 State of the Union address to claim that Saddam Hussein was pursuing weapons of mass destruction, Menendez said in Morristown, "I knew what he was saying was clearly, clearly a lie." The war, he said, "is an enormous failure, because it is a war of choice rather than a war of necessity." He criticized Kean for supporting the war "even with the benefit of hindsight."

In an interview, Kean said, "There have been horrendous mistakes made in the conduct of the war. But to create an artificial timeline dictated by Congress for withdrawal could lead to a humanitarian crisis in that region or further threats to our own country."

Kean prefers to spend time trying to link Menendez to topics that irritate many New Jersey residents, especially high taxes and the state's history of public corruption. Thousands leave the state annually because of high taxes on real estate, retail purchases and other items, he says, and he faults Menendez for opposing cuts in the federal income tax and estate tax.

Kean often cites a recent week-long state government shutdown triggered by a budget impasse between Corzine and the Democratic-controlled legislature. Lawmakers finally accepted Corzine's push to raise the sales tax to 7 percent, among other steps, and Kean has tried to capitalize on public discontent by reminding voters of Menendez's links to the governor. But polls found that residents blamed the legislature more than Corzine, and the issue has begun to fade.

In another strategy that places state matters above federal, Kean often talks about government ethics, even though the issue is playing to Democrats' advantage nationally because of the Jack Abramoff affair. He cites Menendez's political apprenticeship to a Hudson County Democratic official who went to prison on corruption charges in the early 1980s, and suggests that Menendez is the new "boss of Hudson County."

Menendez calls it a desperation tactic, and cites recent articles in the New York Times and elsewhere that portray him as a courageous witness for prosecutors in his mentor's long-ago downfall. Still, Menendez's Democratic allies have a knack for stunts that keep Kean's taunts afloat.

When Kean tried to make an anti-Menendez speech on June 1, inmates from the Democratic-controlled county jail suddenly fired up noisy lawn mowers and weed-whackers to cut grass that had been trimmed a few days earlier. Menendez also has close ties to the state attorney general, who is under fire for helping her boyfriend avoid arrest for automobile infractions.

A different nationally prominent issue -- embryonic stem cell research -- may prove more troublesome for Kean. Both candidates disagreed with Bush's veto of legislation to allow more federal research on such cell lines. Democrats, however, note that Kean voted three times as a state senator against bills to publicly fund embryonic stem cell research. Kean says he opposed the measures because they would have steered borrowed money to new buildings without voter approval.

Democrats are troubled by polls showing Kean even with Menendez or slightly ahead in a state that has not elected a Republican senator in 34 years. Menendez dismisses the polls, saying many voters confuse Kean with his well-liked father and have yet to tune into issues that will favor Democrats. Polls will start moving his way, Menendez said, "when people see that junior isn't senior."

When Kean worked a recent picnic crowd waiting for horse races at a large track in Monmouth, he frequently was asked his relationship to "the governor." "I'm his son," he answered each time with a smile.

He readily acknowledges that his family connections help him, but some Republicans warn that the youthful-looking, affable candidate might appear to lack gravitas if he is compared too closely with his father. "If Kean wants to win, he needs to

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become a man," said Brian W. McAlindin, a Republican local councilman who accepted a neighbor's invitation to a backyard reception for Menendez in Point Pleasant Borough. "He's too smiley; he's too grinny."

Kean's backers say the encouraging poll numbers are attributable less to strong family name recognition than to voters' unease about Menendez's ties to a state Democratic party associated with high taxes and occasional corruption. Privately, they say Kean will struggle if the election becomes a referendum on Bush's handling of the war, Hurricane Katrina and other matters.

Kean predicts it will not. "This election is going to be determined by what's happening and impacting the lives of people in the state of New Jersey," he said.

If he is right, and if he pulls off a victory in this pro-Democratic state and this strong-Democratic year, he may write a new chapter on how to win federal elections on state and local issues.

Steele's Remarks On Success In Iraq Draw Criticism From Democrats (WP)

By Matthew Mosk

The Washington Post, August 13, 2006

Maryland Lt. Gov. Michael S. Steele has again found himself facing objections for words uttered while campaigning for U.S. Senate.

This time, the subject was the Iraq war, which the Republican candidate discussed last week with reporters and editors of the Frederick News-Post.

The newspaper's State House bureau chief asked: Has the war been successful? Mr. Steele argued that it has.

"Largely unwritten is the story of what's happening in three-quarters of the rest of that country," Steele said. "Remember Fallujah, ladies and gentlemen? I don't hear anyone talking about Fallujah anymore. It's not on the front page anymore of the papers. Why? Because order has been restored, and the terrorists have largely been routed."

To some degree, Steele's comments reflect recent reports.

The Washington Post reported Aug. 4 that a major U.S. military offensive drove the bulk of the guerrillas from Fallujah. "Since then," the report said, "the insurgent presence in the city has been vastly reduced, while in nearby Ramadi there have been daily scenes of fighting between U.S. troops and insurgents."

At the same time, Steele's Democratic critics said the lieutenant governor was presenting an exceptionally rosy view of events there. The same Post report said al-Qaeda had vowed to take back Fallujah, declaring that it had united local armed factions into a cohesive force to fight U.S. and Iraqi troops.

The U.S. Marines reported that Lance Cpl. Kurt E. Dechen of Springfield, Vt., was shot in the abdomen and killed Aug. 3 while on a foot patrol there. Another Marine, Lance Cpl. Adam Escobar of Hampton, Mass., was hit in the leg.

State Democratic Party chairman Terry Lierman pounced on Steele's statements, noting that when the lieutenant governor spoke anonymously with reporters in Washington last month, he presented a different take on the war.

"Three weeks ago, the anonymous Steele said Bush should 'admit mistakes' in Iraq," Lierman said. "But this week, when talking to a newspaper in Maryland's Republican heartland, Michael Steele repeats GOP bromides about success in Iraq, citing Fallujah as an example. What planet is Steele on?"

Steele's campaign had no response to Lierman's comments.

Steele's latest take on the war appears to run counter to the opinion of most Marylanders. In a June Washington Post poll, 63 percent of registered voters said the war was not worth fighting. Candidates for governor and other state offices will submit their latest campaign finance reports this week, and those close to Gov. Robert L. Ehrlich Jr. say they expect the governor's report to show close to $13 million on hand.

Ehrlich (R) wouldn't discuss how much he has raised, but during a lunch Friday with reporters and editors from The Post, he said he has been to almost nightly fundraising receptions.

Ehrlich has rejected traditional methods of raising money such as phoning bigwigs in favor of small events in homes, where he can raise as much as $100,000 during a lunch or evening cocktail party.

The governor said he has done so many receptions, "I'm having nightmares where I'm being chased down a dark alley by a crab ball."PTA Tries to Guard Phone List

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Members of the Montgomery County Council of Parent Teacher Associations got a warning in their e-mail boxes last week from President Jane de Winter : Don't hand over the group's phone directory to political candidates.

The warning came after former County Council member Blair Ewing advised de Winter that Democratic gubernatorial candidate Martin O'Malley 's campaign had obtained a copy of the coveted "Blue Book" and planned to use it to invite PTA leaders to a town hall event.

Ewing (D), who supports the Baltimore mayor's bid to unseat Ehrlich, told de Winter that he wasn't the one who gave O'Malley's people the book, but de Winter still seemed none too pleased.

"I told him that MCCPTA does not sanction the use of the book for that purpose," she wrote. "I told him to look at the disclaimer that appears on the inside cover which was prepared by our attorney. I told him that our membership had made it very clear that it did not want Blue Book information used by any groups other than PTA.

"He said that he would pass that information along and urge the campaign to contact PTA presidents through their schools," she wrote.

"Swift Boat" Veterans Set Sights On Rep. Murtha (LAT)

By Noam N. Levey

The Los Angeles Times, August 13, 2006

The Iraq war looms over another race, as the group that helped defeat John Kerry targets the antiwar lawmaker.

JOHNSTOWN, Pa. — Two years after a cadre of veterans helped sink the presidential campaign of Sen. John F. Kerry (D-Mass.), they have found a new target in the old steel country of southwestern Pennsylvania: Democratic Rep. John P. Murtha.

In a fight that organizers say will feature rallies, TV ads and an aggressive Internet campaign, these activists are promising to make Murtha pay for his criticism of the Iraq war.

"I will do my best to 'Swift boat' John Murtha," retired Navy Capt. Larry Bailey said at a recent news conference here, invoking the 2004 campaign against Kerry that took its name from Vietnam War-era Navy vessels.

Few believe that Murtha, a Vietnam veteran who has represented his district since 1974, is in much danger of being driven from office.

But in the wake of Sen. Joe Lieberman's defeat in Connecticut's Democratic primary last week, Murtha's showdown with an increasingly vocal group of opponents provides more evidence of the prominent role the Iraq war is playing in this year's midterm campaign.

Unlike Lieberman, whose support for the war cost him Democratic voters, Murtha confronts a challenge sparked by his repeated calls for the withdrawal of U.S. troops from Iraq.

Long among the most hawkish Democrats in Congress, the once media-shy Murtha has become a standard bearer for the party's antiwar wing since airing his criticism of the Bush administration's commitment in Iraq. And on street corners and town squares of this Rust Belt district, a small but committed corps of volunteers has joined Bailey, a North Carolina resident, in trying to make sure Murtha's constituents remember it — and vote against him in November.

Murtha has brushed aside the attacks.

"It's ludicrous," he said in an interview with the Los Angeles Times last week. "What they are trying to do is distract from the [Iraq] issue…. There is no one who supports the military more than me."

Murtha's allies, led by a veterans group based in Richmond, Va., held a counter-rally in Johnstown that largely overshadowed Bailey's news conference. The pro-Murtha event featured former Sen. Max Cleland (D-Ga.), who lost three limbs while serving in Vietnam.

The battle over Murtha's opposition to the Iraq war is unfolding in a place where support for the military has been an article of faith at least since the Civil War. The communities that form Murtha's district were among the first to send volunteers for the Union war effort — a distinction proudly noted on a memorial in Johnstown's town square.

Today, 15.3% of the district's residents are veterans, slightly above the national average of 12.6%, according to the Almanac of American Politics.

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And when a Pennsylvania National Guard battalion stationed outside Johnstown returned in June from a yearlong deployment in Iraq's Anbar province, some 1,000 well-wishers turned out to show their support, according to a unit spokesman.

For years, Murtha has been the embodiment of that spirit, many locals say.

A decorated Marine wounded in action, Murtha became the first Vietnam veteran elected to Congress. He backed the first Persian Gulf War and has been a longtime champion of robust defense spending.

Perhaps most critically for Johnstown, the congressman helped bring home defense-related jobs. Firms such as Lockheed Martin, DRS Technologies and Concurrent Technologies have opened facilities in the new industrial park on the hills above the city.

"What you find here is a tradition that goes way back with the military," said Robert Layo, president of the Greater Johnstown/Cambria County Chamber of Commerce. "His position has always been in line with that."

But Murtha, 74, established a new persona on Nov. 17, when he called a news conference to declare that, in his view, U.S. troops had become "the primary target of the insurgency" in Iraq and that it was "time to bring them home."

Murtha almost immediately became an antiwar icon — a role he has embraced in the months since.

Now a regular on news talk shows, Murtha made headlines again in May when he said that Marines in Iraq had killed more than a dozen civilians "in cold blood." His comments caused one Marine under investigation in the Haditha killings to file a libel and invasion of privacy lawsuit against him last week.

With Congress on its summer break, Murtha is spending much of his time crisscrossing the country, headlining the nationwide Democratic push to take control of Congress in November's election. And he recently contributed an item on the war to the Huffington Post, a leading liberal website edited by Brentwood's Arianna Huffington.

Murtha's new identity has made him a prime target in a national Republican campaign to portray Democrats as defeatists. Some Pennsylvanians in Murtha's 12th Congressional District agree with that assessment.

In tiny Charleroi, Pa., Nikki A.C. Sheppick, a 54-year-old housewife who served as an Army personnel officer in 1972-73, has made a series of dining-table-sized panels with cartoons, text and photos attacking Murtha for his comments about the alleged civilian massacre in Iraq.

"You just don't talk about the troops that way," said Sheppick, who recalled how hurtful criticism of soldiers was during the Vietnam era.

She is helping organize an effort called "Operation Street Corner," in which volunteers are to take the cartoon panels to fairs, shopping centers and other public places.

About 75 miles away in Johnstown, Murtha foes are working on plans for a rally in October, which they hope will draw thousands.

The organizers stress that theirs is largely a local campaign. But they have linked with Bailey, who from his North Carolina home is reassembling members of the national team that took on Kerry, including a Web expert in Texas and a Georgia developer who is helping bankroll the "Boot Murtha" effort.

For fundraising help, Bailey also has joined with an Iowa political action committee — Iowa Presidential Watch — that touts its efforts to "hold accountable" Democratic presidential candidates.

And he has invited the participation of John O'Neill, the Houston lawyer who was a founder of the Swift Boat Veterans for Truth group that ran ads questioning Kerry's military record in Vietnam.

Meanwhile, Murtha's Republican challenger, county commissioner Diana Irey, is making Murtha's comments on the war a focal point of her campaign. "That's the issue that people come up to me and talk about," she said in a recent interview.

At Point Stadium in Johnstown, where thousands converge every summer for the All American Amateur Baseball Association championships, Jeff Katarski said the issue bothers him.

"I think [Murtha's] talking out of both sides of his mouth," said Katarski, who served in the Navy for five years in the late 1970s and early '80s. "To me, he should know better than to criticize the administration and the troops during war, at least openly.... It hurts morale."

But even Katarski concedes that Murtha's opponents will have a hard sell.

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At the VFW post in Uniontown, another aging industrial city that was the birthplace of World War II hero Gen. George C. Marshall, retiree Joe Hawkins said he doesn't know many people who question Murtha's judgment.

"I think he's doing a hell of a job," Hawkins said.

Murtha may reflect the feelings of a large portion of his constituents, said Clay F. Richards, assistant director of the polling institute at Quinnipiac University in Connecticut, which polls extensively across the Northeast.

Opposition to the war "emerged earlier [in the region] than it did in other parts of the country," Richards said.

Murtha, who was in San Francisco on Friday visiting House Minority Leader Nancy Pelosi (D-San Francisco) after campaigning for Democrats in Connecticut and New York, said he is confident the public is with him.

"The average person goes out of their way to tell me they want change…. What am I supposed to do? Say everything is all right?" Murtha asked before flying to Tennessee to attend a dinner for former Democratic presidential candidate Al Gore.

"I'm not going to say everything is all right if everything isn't all right."

GOP Raises Specter Of 'Speaker Pelosi' (AP)

By Tim Whitmire

AP, August 13, 2006

Facing a strong re-election challenge from Democrat Heath Shuler, veteran Republican Rep. Charles Taylor is going after a candidate who gets an "F" from the National Rifle Association and a perfect score from a leading abortion-rights group.

But that's not Shuler, a former NFL quarterback who hopes his pro-gun and anti-abortion positions appeal to swing voters and social conservatives alike in this mountainous district in western North Carolina.

Instead, Taylor's target this summer is Minority Leader Nancy Pelosi, the California congresswoman who has emerged as a "boogey-woman" of sorts for Republicans campaigning this year on the idea that Democrats can't be trusted with control of the House.

"Rookie Heath Shuler is following the playbook of San Francisco liberal Nancy Pelosi," an announcer intones as the noise of a stadium crowd and marching band plays in the background of a 60-second Taylor radio spot. "The Pelosi game plan: Elect Heath Shuler and others like him, and take over Congress with the votes of illegal immigrants."

These rugged, rural mountains, which couldn't be more different from Pelosi's San Francisco, aren't the only place Republicans want to make the specter of a Democratic House a key campaign issue.

_In South Carolina's 5th District, state Rep. Ralph Norman is challenging 12-term Democratic incumbent John Spratt and has repeatedly linked Spratt to Pelosi, saying voters should elect Norman if they want the GOP to maintain control of the House.

_Before announcing in April that he would leave Congress, former House Majority Leader Tom DeLay criticized the Democrat lined up to run against him as a tool of "liberal activists" like Pelosi, Barbra Streisand and financier George Soros.

_House Republicans recently released a document claiming that a Democratic House takeover would lead to committee chairmanships for several prominent liberal Democrats, including California's Henry Waxman, New York's Charles Rangel and Michigan's John Conyers Jr.

"Nancy Pelosi is one of the most stridently liberal politicians in recent memory, and insofar as candidates can draw a contrast between their record and Pelosi's record, (she) could emerge as a campaign issue," said Jonathan Collegio, a spokesman for the National Republican Congressional Committee.

For Taylor, it is so far the only issue the eight-term incumbent is talking about. It's been years since the timber and banking magnate faced a tough re-election challenge. He has rarely been pushed hard enough to have to campaign actively and almost never advertises until the final weeks of a race. But with some polls showing Shuler running ahead of the incumbent and the race considered a toss up, Taylor jumped into the campaign this summer with the spot linking Shuler to Pelosi.

Shuler's campaign calls Taylor's ad dishonest, noting that Shuler has repeatedly said he opposes illegal immigration and supports effort to strengthen the nation's borders.

"I'm a Democrat," Shuler said. "I feel that (Minority) Leader Pelosi and I certainly have different viewpoints on the social issues, but I feel like as a whole ... I'm a Democrat, kind of the old, Southern-style Democrat, certainly a more moderate-style Democrat."

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Asked whether he would vote to make Pelosi the House speaker if he is part of a Democratic takeover of the House, Shuler responded: "Just as I was interviewed to run for this office, I will also do my interview process and pick the person that not only fits the best for our district, but also fits our party best."

Taylor often declines to speak with reporters, and calls to his campaign headquarters seeking comment about the ad were not returned. But Collegio, who pointed out Pelosi's campaign committee has given $4,000 to Shuler's campaign so far, said the ad "shows Charles Taylor is taking this race seriously."

Jack Pitney, a government professor at California's Claremont McKenna College, wonders how much good it will do. Citing a Gallup poll released earlier this summer, Pitney noted 40 percent of Americans surveyed either didn't know Pelosi, or had no opinion of her. Those who knew her were roughly split between positive and negative feelings, he said.

"Congressional leaders usually don't provide much ammunition to the other party," Pitney wrote in an e-mail interview. "In most cases, voters have only a hazy picture of the top Republicans and Democrats in Congress."

Conservative Democrats so far seem immune to claims that Shuler — with his anti-abortion positions and blaze orange "Sportsmen for Heath Shuler" bumper stickers — is a closet liberal.

"I say Heath Shuler is a man with his own mind made up," said John Leopard, a Cashiers, N.C., resident who attended a recent Shuler speech. "If he needed to vote with Nancy Pelosi, he would vote. If he had to vote against her, he would. That's the reason I would vote for him."

Asked recently by reporters how she felt about being painted as a GOP "boogey-woman," Pelosi said the tactic "represents a bankruptcy of ideas."

"I think that it indicates the Republicans don't have a positive agenda. They don't have anything," she said. "They have been in power with the House and the Senate and the White House; they could have accomplished so many things for the American people and they have failed. ... That is why they have to do their ad hominems, because they don't have anything positive to talk about."

Of course, there could be other motives at work. Pitney said while swing voters aren't likely to be moved much by anti-Pelosi campaigns, the tactic could succeed at riling up the Republicans' conservative base.

"Conservative donors might open their checkbooks to stop a Pelosi speakership," he said.

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On the Net:

Pelosi's office Web site: http://www.democraticleader.house.gov

Taylor's office Web site: http://charlestaylor.house.gov

Shuler campaign: http://www.heathshuler.com

Protesters Host Barbecue For Crawford (AP)

By Angela K. Brown

AP, August 13, 2006

War protesters extended the olive branch to their new neighbors in President Bush's adopted hometown by hosting a barbecue Saturday — and a few even showed up.

"You can have a dialogue, but you'll never agree," said Valerie Duty, a staunch Bush supporter who wore a "This is Bush country, by George!" T-shirt. "Both sides do agree about bringing the troops home safely. The difference is the way we go about that."

Locals have been angry since a man bought five acres last month on behalf of peace activist Cindy Sheehan, who said no one in the area would have sold her any property.

Anti-war demonstrator Jim Goodnow said he was glad some area residents — roughly half a dozen — visited the new protest site.

"If we can get away from the name calling and see each other as Americans, that will be how we can heal this nation," Goodnow said.

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Sheehan first came to Crawford a year ago, refusing to leave until Bush talked to her about the war that claimed her soldier son Casey's life in 2004. Her 26-day vigil during Bush's August 2005 ranch vacation attracted more than 10,000 demonstrators.

On Saturday, a week into the group's summer protest, nearly 150 people attended the barbecue under a large tent filled with banners that read "A mother's loss, a nation's pain."

But Sheehan was absent. She was to spend a second night in a hospital in nearby Waco after a minor gynecological procedure and treatment for dehydration.

Sheehan was listed in stable condition Saturday at Providence Health Center in Waco. She said her spirits were lifted upon hearing news that those at the camp, even some locals who dropped by, signed a card for her.

"That makes me feel really good," Sheehan, 49, told The Associated Press on Saturday. "Physically I don't feel better than I did yesterday, but at least I'm here and resting."

Sheehan bought the property near downtown Crawford, about seven miles from Bush's ranch, so the group would have a place to protest when the president was at his ranch. The group can no longer camp in ditches since county leaders banned roadside parking and camping last fall.

The anti-war protest is to continue through Sept. 3, though Bush's 10-day ranch vacation is to end Sunday.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, August 13, 2006

Lying Low on Location While Portraying Daniel Pearl

For all the buzz about Angelina Jolie portraying Mariane Pearl in the movie version of her story, we've learned that the real drama swirled around the actor playing her husband, slain journalist Daniel Pearl .

The handsome, popular Wall Street Journal reporter spent three years in Washington (he played fiddle on bluegrass nights at Madam's Organ) before he was abducted and killed in Pakistan -- four months before his wife gave birth to their son -- while researching a story about Muslim fundamentalists. Mariane's 2003 memoir, "A Mighty Heart," chronicles the desperate race to save her husband. Jolie made headlines last month with the news that she would star in the film adaptation.

But the announcement from Paramount made no mention of who would play her husband; with filming slated to begin this fall, most assumed no one had yet been selected. In fact, an actor was already cast and secretly preparing to film in Pakistan: Pearl is being played by actor/writer Dan Futterman , a Maryland native best known for his recurring role on "Judging Amy" and his Oscar-nominated screenplay for "Capote." The casting was kept under wraps because Futterman just returned Thursday from a closely guarded 10-day shoot on location in Karachi and Islamabad.

Futterman, director Michael Winterbottom and a skeleton crew went overseas to capture the flavor of the story. "It was important to shoot in the actual places where things happened," said Futterman, who agreed to be interviewed only after returning to the United States. Winterbottom ("Welcome to Sarajevo," "The Road to Guantanamo") has become known for making films in global hot spots; his 2002 "In This World" was about Afghans trying to leave a refugee camp in Pakistan. The crew shot on the streets of Karachi -- including the Village restaurant, where Pearl was last seen before his abduction -- and in the rural countryside. "There are lots of little things that were important to [Winterbottom]," Futterman said, "not least of all the people and the sound of the language spoken."

Security concerns were so high that all involved were sworn to secrecy. Because they hoped to be perceived as a documentary or news crew, the filming took place without any Hollywood trappings. There was also some concern because Futterman, like Pearl, is Jewish. "One thing I admire about Danny is how proud he was of his heritage, and how he refused to lie about it, no matter where he was," he said.

Futterman, 39, was picked for the part two months ago after a two-hour meeting with Winterbottom. "The movie's not about Daniel Pearl -- it's about the search for him," Futterman said. "We talked a lot about the balance, showing enough to make an impact. By all accounts, he and Mariane had a really blessed relationship." The actor has met with Pearl's parents: "They were extremely generous, but I was aware that it was an incredibly sad meeting to be having."

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"A Mighty Heart" is scheduled for a 2007 release. This year, HBO will debut the documentary "The Journalist and the Jihadi: The Murder of Daniel Pearl" on Oct. 10 -- which would have been Pearl's 43rd birthday.Authoritative Models of Power Dressing

They legislate and look good doing it! Sartorial multi-tasking was apparently enough to land Sen. Barack Obama and Sen. Joe Biden on Esquire's list of "The Best Dressed Men in the World 2006."

For the third year, the magazine selected 20 men "who get it exactly right." Obama was cited for his sober but well-tailored suits and "impeccable ties" -- but was outranked on the list by Biden, who was praised for power dressing that "unmistakably says 'authority' ": strong suits, bold ties, pocket squares, cuff links and chunky watches.

"This is unexpected and undeserved," Biden said Friday. "My dad was an elegant dresser, and he used to say, 'Anybody who can buy off the rack can't be that sophisticated.' "For the Bushes, Cutthroat Backgammon!

Smackdown in Kennebunkport! The Bush family's obsession with backgammon is "really serious," according to George P. Bush : "One of the most-read books in our family is 'Backgammon for Blood.' "

The 30-year-old son of Jeb Bush says in the new issue of Men's Vogue that his grandparents, former president George H.W. Bush and his wife, Barbara , run a 64-person, single-elimination tournament for extended family and friends at the Bush summer home. Last year "some disgruntled losers" organized a second game after they were knocked out of the first, he says. "The losers renamed it 'the White House Cup.' "

"Backgammon's huge in this family," confirmed Jean Becker , 41's chief of staff. The former first lady needlepoints many of the backgammon boards at Walker's Point, and every grandchild learns early on how to play. The former president told the magazine that George P. should "keep on practicing, dusting off easier opponents, and wait for his glory to come."For the Bushes, Cutthroat Backgammon!

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D.C. Gay Group Battles 'AIDS Fatigue' (WP)

By Jose Antonio Vargas

The Washington Post, August 13, 2006

At 25, the Epidemic Presents a New Set of Complications

Josh arrives two hours late, still wondering why he even bothered to show.

This is a party for HIV-positive gay men. And though those gathered in this Northeast Washington condo are supposed to be his new clan -- he tested positive in December -- he feels out of place. At 22, he's used to meeting guys on the Internet, hooking up, then moving on, not standing around engaging in polite conversation about drug treatments or camping trips.

But Shawn Henderson, head of D.C. Young Poz Socials, an HIV support group, never lets up. He's always trying to get Josh involved. And now here's Henderson, getting too close, hugging too tightly, being the too-perfect host as he ushers Josh through this moment.

A 35-year-old nursing a Coors Light in the living room is asking about the side effects of HIV medications. A 33-year-old smoking a Marlboro on the patio talks about the day he learned he was positive. In the kitchen, a tall, gray-haired 37-year-old U.S. Army officer is sharing how much he misses Europe -- he was sent home after testing positive. Except for Henderson, no one gives his full name, including Josh, who listens, nods at the men's stories and sips his vodka and cranberry juice.

"I'm probably gonna go home pretty soon," he says minutes later.

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There was a time when AIDS united the gay community. Now, in subtle ways, the epidemic has divided it. Across the country, HIV has become its own subculture.

"It's almost like us versus them, the guys who are negative versus the guys who are positive," Henderson says. "It's almost like, 'It's your fault that you got it now.' "

Twenty-five years ago, when the disease was a mystery, gay men were the face of AIDS, scared and outraged that it seemed nobody else cared as they died. They got organized, protested, demanded treatment. Today, however, the epidemic's public face is also heterosexual and, disproportionately, people of color. If you can afford them, drug cocktails have made HIV, the virus that causes AIDS, a more manageable illness -- the Food and Drug Administration approved a once-a-day pill last month.

National and local health-care officials say they fear gay men have "gotten collectively numb" about the epidemic. Some gay rights groups, the Human Rights Campaign and the Gay Men's Health Crisis among them, say a generational gulf has emerged.

All the while, the latest figures from the Centers for Disease Control and Prevention show that "men who have sex with men" account for the largest proportion of new HIV diagnoses in the United States.

There are some men who get biohazard-symbol tattoos -- on their biceps, arms, calves -- to signal that they're positive. There are those addicted to crystal meth (a.k.a. Tina), which can lead to "partying and playing" (a.k.a. PNP), which often leads to unprotected sex. There are those who join groups for gay men such as D.C. Poz, where being poz, as in HIV-positive, is the only membership requirement. When Henderson joined the group three years ago, it had 30 members. Word spread. By fall 2004 there were 175. Now there are more than 460.

And then there are those like Josh, who fall somewhere in the midst of all that. He doesn't have a tattoo, he's not at all into Tina, and he isn't sure whether he'll stay with D.C. Poz. He got infected because he had unprotected sex. And he's still having unprotected sex.

"I'm trying to reach out to him, but he's not reaching back," says Henderson, 32. "It's a bittersweet thing. I'm glad that there's a group like ours, where being poz is not an issue. At the same time, I think, 'Oh my God, Josh is so young.' It's heartbreaking.'"AIDS Fatigue'

It's a question Henderson thinks about: Why are young gay men, with 25 years of sobering history to learn from, getting HIV?

Gay men are not getting infected in the same numbers seen in the '80s and '90s -- many swear by safe sex -- but there are enough cases to rankle health officials who fear the gay community is experiencing "AIDS fatigue," says Anthony Fauci, director of the National Institutes of Health's program on infectious diseases.

Since a "rare skin cancer" was found in "five homosexual men" in 1981, gay and bisexual men have accounted for nearly half of all AIDS diagnoses in the United States, according to the CDC. Of the 529,113 people with AIDS who have died since the beginning of the epidemic, nearly half -- 256,053 -- were men who had sex with men, says the CDC.

It estimates that at least 40,000 Americans become infected with a human immunodeficiency virus every year. From 2001 to 2004, in 33 states that conducted name-based HIV reporting, men who have sex with men made up 44 percent of new diagnoses. (A CDC study of men who have sex with men released last month reported that out of 10,000 men surveyed, 47 percent said they've had unprotected anal intercourse with men in the previous year.)

In the District, gay and bisexual men make up 45 percent of the city's 16,130 cumulative AIDS cases, says the city's Administration for HIV Policy and Programs. Of the estimated 10,000 D.C. residents living with AIDS -- the AHPP has yet to release reliable figures on HIV infections -- more than a third say they are gay or bisexual.

For years, local organizations such as the Whitman-Walker Clinic, the oldest and largest HIV-AIDS service provider in the Washington area, and Us Helping Us, which serves the African American community, have targeted these men in their HIV-prevention campaigns. They give out condoms in bars, they pass out brochures, they offer free HIV testing. Added to that are the slew of online ads reminding men to get tested. And there are the support groups for those addicted to Tina.

However, says Marsha Martin, head of the District's AIDS office: "The truth is the urgency of the HIV prevention messages we've been sending -- safe sex only! use a condom! -- has worn off. And if you think about the political and social climate we've been in and we're still in, what message is that sending to gay men? 'No, you can't get married as gay couples.' 'No, you can't be

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openly gay in the military.' 'No, you don't have equal rights.' Those things produce a lack of self-esteem, a kind of self-loathing, and in that environment is HIV."

Adds Bruce Weiss, executive director of the Sexual Minority Youth Assistance League, a Capitol Hill-based organization: "The gay community has fought long and hard not to be solely defined by sex. But we have a situation where, as a community, we're not having a frank dialogue about what people are doing in their bedrooms, while they're online, when they're out in bars or wherever meeting people. It's almost as if we've gone into the closet about AIDS."Hooking Up

It's considered popular wisdom in gay Washington that if you're looking for sex, you can get it within minutes. It can be as easy as walking into a gym's sauna. Going to Meridian Hill Park, or the bathroom of certain gay clubs, or even a nondescript apartment building on 14th Street NW. Or you can hook up on the Internet, which is what Josh prefers.

Sometimes as early as 7 a.m., when he gets up, or as late as 1:30 a.m., when he's about to go to bed, Josh signs on to Manhunt.net.

His life revolves around the Internet. It was on America Online, while chatting in one of the "Men4Men" rooms, where he confirmed to himself that he's gay. He's made friends on Gay.com. And in the past year, his social life has mostly centered on Manhunt, an online hookup site. It can be a brutal place, full of rejection: "Sorry, I'm only into white guys." But with the right photographs (including sexually explicit ones), the right time ("on a lunch break?") and the right location ("I'm in Capitol Hill"), you're guaranteed sex.

For months, the headline of Josh's Manhunt profile read "22yo BB." "BB" translates to "bareback," or unprotected sex. He recently changed the headline, though the message is still clear: Unprotected sex is okay. Members of Manhunt are asked to reveal their HIV status by checking "positive" or "negative" or "ask me" in their profiles. Under HIV status, Josh's profile reads "ask me." But Josh says most men still don't ask.

He's a wisp of a man, with smooth, tanned skin and oil-dark eyes, representing his racially mixed background. He is an only child, reared mostly by his mother. He was teased a lot while growing up, Josh says, and he dropped out in ninth grade and got his GED. Kids called him "faggot," so he tried to stay out of their way. The more he felt alone, the more he chatted online, he says.

Late one night last November, Josh, at home in Sterling, was chatting with a guy from the U Street corridor. He doesn't remember his name, just that he was "29 or 30 years old," looked racially mixed, lived in a "nice condo."

So, Josh says, he went to his place and had sex. He was lonely. He didn't use a condom.

"You're closer to someone without it," says Josh, who spoke on the condition that only his first name be used. He's never had a boyfriend. "I try to date, but it doesn't work out," he says.

It was during that November encounter that he believes he was infected.

"I thought maybe I'd get gonorrhea or I'd get herpes or something like that," he says. " . . . I just never thought I'd get HIV."

How could he not think about the risk? "It crossed my mind, I guess," Josh says. "But I just didn't think about it."

Does he worry about infecting others?

Says Josh, "I am careful who I bareback with."The Big Mistake

Henderson of D.C. Poz remembers that it was on Feb. 20, 2003, a Thursday, about 3 p.m. The doctor was saying that the results had come back positive and Henderson remembers replying no, that can't be. He was 29.

"I was [expletive] off that I didn't protect myself," he says.

Though he called himself "Mr. Latex" years ago, Henderson admits that he didn't always use a condom. Unprotected sex is "the forbidden fruit," he says. When he contracted the virus, neither he nor the guy he was dating ever said anything about HIV. Each had assumed the other was negative.

"People can say that it's my fault. And it is, they're totally right, 100 percent accurate," Henderson says. "Was it my fault that I didn't use condoms? Yes. Why are people still smoking? Why are people putting 10 spoons of sugar in their coffee? Can I let my HIV status affect my life now? No."

Henderson, who is white and grew up the oldest of four children, lives in Northeast Washington with his boyfriend of 2 1/2 years. The boyfriend, who asked not to be named, works for the government and is HIV-negative.

"I gotta live with this," Henderson goes on, "and I wanted to help other guys live with it too."The Poz Attitude

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E-mails land in Henderson's inbox, notes filled with so much fear and anxiety and heartbreak that, after a while, even he wonders, "How can I read this?" But he does. Each new e-mail. Every day.

There's the guy looking for an HIV specialist because he tested positive two weeks ago. The guy who's applying for a new job and worries about disclosing his HIV status. The guy who writes: "Today is Saturday, July 8. . . . I am a 37 yr old Hispanic in D.C. . . . slowly drifting into a depression."

As the head of D.C. Poz, Henderson moderates the group's Web site, http://www.dcyngpozsocials.com ; plans events and outings, such as a white-water rafting trip over Labor Day weekend; and recruits new members nonstop.

He meets people all over. At the Metropolitan Community Church, the gay-friendly Northwest congregation where Henderson has been the youth director for five years. And at gay bars such as JR's, where one recent evening he spotted a biohazard-symbol tattoo on a man's left calf. Henderson hurried to his Mini Cooper and returned with a small, glossy "Summer Fun With the DCYngPozSocials" flier.

"All the energy I put in the group is because I know how hard it is out there," he says. "It's almost like a recovery process for me."

There are other support groups for gay men with HIV, from Louisville Poz Buddies to San Diego Young Positives to Strength in Numbers in New York. The Health Options and Positive Energy Foundation has been in the metro area since the '80s. A thirtysomething, who declined to be identified for this story, started the D.C. Young Poz Socials in May 2003. Henderson, an office assistant in a D.C. law firm, joined that spring.

Washington has a vibrant gay community, but that doesn't mean there aren't those for whom the phrase "I work for the government," uttered in a bar like JR's, is sometimes code for "I'm not out at work." And it's another thing to be openly gay and HIV positive. It can almost be like coming out for the second time.

D.C. Poz is not for dating or hooking up, Henderson says, but relationships are inevitable. If it weren't for the group, he says, he probably wouldn't have met other HIV-positive men, including those in desperate need of a community, a sense of belonging. Young men such as Josh.'We All Have AIDS'

The more they hang out, Henderson believes, the better Josh will get to know and trust him. The closer, maybe, Josh will get to other members of D.C. Poz.

So at the annual street festival for Capital Pride weekend, Henderson waits for Josh at the corner of Fourth Street and Pennsylvania Avenue NW. He's wearing a T-shirt that reads "WE ALL HAVE AIDS," which is earning him all kinds of stares, and not one of them, he feels, is particularly warm. Especially from the guy standing nearby in a pair of worn jeans and a T-shirt emblazoned with the face of Charlize Theron.

"They're staring at me like, 'Why is he wearing that? Why is he ruining the fun for everybody? Why is he raining on our parade?' " Henderson says.

He laments that the day before, at the Pride parade through the Dupont and Logan Circle neighborhoods, there was barely a mention of the 25th anniversary of AIDS. All he saw, he says, was the Whitman-Walker Clinic float. There's a joke among D.C. Poz members that next year the group should have its own float in front of Whitman-Walker's. Theirs would have a poster that would read, "If you slept with anyone on this float, see the next float." He chuckles, and glares back at Mr. Theron T-shirt.

An hour goes by. Still no Josh.

"All I can really do is be there for him, to be a friend," Henderson says. "I know how hard it is to think you are alone, to worry about disclosing your status to someone else."

But Josh never shows.

That night, Josh is signed on to Manhunt.

"I was down because the fact I am poz," he writes, explaining why he missed the festival. "I have always gone to Pride and enjoyed it, but this year was different. I see lots of cute guys, but I know they are neg, so I get depressed."

It's 1:25 a.m.

Why The U.S. Has Not Stemmed HIV (WP)

By David Brown

DOJ_NMG_0047432

The Washington Post, August 13, 2006

Activists Blame Infection Rate, Unchanged Since 1990, on Policies and Funding

The number of people in poor countries taking AIDS drugs -- about 1.4 million -- rises by tens of thousands every week. The spread of AIDS in Africa seems to have peaked. Three countries there -- Uganda, Kenya and Zimbabwe -- report declining HIV prevalence, largely thanks to changes in people's behavior. Even in India, considered AIDS's ticking time bomb, efforts to defuse the epidemic are paying off in some places.

Amid these optimistic trends from around the world, however, is another statistic that is stuck in time, right here at home.

The number of new HIV infections in the United States has been about 40,000 a year for the past decade and a half. It has not budged -- not with new drugs, new prevention strategies or new administrations. Five years ago, the Centers for Disease Control and Prevention launched an effort to cut it in half. It did not move.

The intransigence of the AIDS epidemic in the place where it emerged -- and where many of the strategies against it have been developed -- will be on the minds of many this week as 20,000 people gather in Toronto for the 16th International AIDS Conference.

There is little question that, for public health experts and AIDS activists, the fact that the HIV infection rate has not changed since 1990 is an embarrassment. At the same time, it is a testament to a victory -- albeit one that happened long ago.

AIDS was first recognized in June 1981. Incidence of the disease -- the number of new cases in a period, generally a year -- peaked at 160,000 in the mid-1980s. With intensive effort to reduce risky behavior in gay men and, to a lesser extent in injecting drug users, it fell to 40,000 by 1990. It has remained there since.

"It's very much a glass-half-empty-glass-half-full situation," said David R. Holtgrave, a professor at the Bloomberg School of Public Health at Johns Hopkins University. "Prevention seems to work. But it seems like we have a lot of work left to do."

In the eyes of Chris Collins, who wrote a new report on U.S. AIDS policy for the Open Society Institute, "America is in many ways failing its own citizens in its domestic response to the epidemic." Government inaction has produced "needless mortality," he wrote.

But Grant Colfax, a physician at the San Francisco Department of Public Health, said last week that "as someone who tries to figure out new ways to reduce the number of infections, I don't sit here and blame the CDC for this rate remaining at an unacceptable level for 15 years."

What does bother him, though, is the lack of money for prevention. "As a society, there is just not enough commitment to addressing this," he said.

The number of new HIV cases each year has not changed despite a dramatic increase in HIV prevalence, the number of Americans infected at a given time. That number stands at 1.1 million and is growing as people on combination antiretroviral therapy live far longer than AIDS patients used to. Deaths from AIDS in the United States dropped from 52,000 in 1995 to 15,800 in 2004.

Normally, a rising number of infected people would lead to a rising number of new infections each year, as more people are able to transmit the virus. But that is not happening. One of the main reasons is that HIV-positive people today are more likely to know they are infected -- and to know to take precautions -- than was the case in the past.

Consequently, a stable rate of 40,000 new cases a year is a "very, very significant finding," Ronald O. Valdiserri, deputy director of the CDC's HIV and AIDS activities, said last week. "We think it represents some level of success in HIV prevention. We will not deny that we have a ways to go."

What would it take to lower the infection rate?

Holtgrave, who worked at the CDC and at Emory University before moving to Johns Hopkins, tried to answer that in 2002 and recently updated his calculations.

He estimates that the number of new infections could be cut in half if the 5 million Americans at highest risk of HIV -- 4 million because of sexual activity and 1 million because of drug use -- received the full battery of proven interventions. Those include HIV counseling and testing, free condoms, one-on-one or small-group counseling sessions, and needle exchange.

The CDC now spends $720 million a year on HIV prevention. It would need to spend $415 million more to reduce new cases by 50 percent, according to Holtgrave's calculations.

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He and his collaborators further estimated that the country would need to prevent 12,000 infections each year to save money in the long run. HIV infection is expensive to treat, and newly infected people will need to be treated for decades -- a huge cost to the health-care system.

There is a lot of evidence that there is much more prevention to be done.

The CDC last month published a survey of 10,000 men who have sex with men -- the term preferred by epidemiologists, as some such men do not consider themselves gay or bisexual. They were questioned at bars, dance clubs, gyms, raves, beaches and on the street in 17 cities between 2003 and 2005.

The survey found that 77 percent had been tested for HIV in the previous year. Testing is a crucial prevention tool. Studies have shown that each year, 11 percent of people who do not know they are infected transmit the virus to someone else, compared with 2 percent of those who do know. Overall, it is estimated, about one-quarter of infected Americans do not know their status.

Forty-seven percent of those interviewed said that in the past year they had engaged in unprotected anal sex -- the riskiest activity. Ninety-eight percent had gotten free condoms. But only 15 percent had had one-on-one risk counseling, and only 8 percent had had peer-group sessions -- two interventions found to change behavior.

The population most vulnerable is young black men who have sex with men. In a study of five cities -- Baltimore, Los Angeles, Miami, New York and San Francisco -- published last year, CDC researchers found that 46 percent of people in that category were infected. Two-thirds of them did not know it.

Many of those men are difficult to reach for testing and risk counseling, and some organizations that work with that population have found it increasingly difficult to get government money for their efforts.

"I think it's fair and certainly honest to say that over the past several years we've gotten more stringent with our funding," Valdiserri, of the CDC, said last week.

Men of Color Motivational Group was a 14-year-old organization of gay black men in Detroit with two missions: outreach to teenagers and outreach to adults. It had a $1.2 million budget, with $650,000 provided by the CDC.

Last year, it lost that funding and closed.

"Over the years, there were ups and downs," said Mark J. McLaurin, a New York AIDS activist who sat on the group's board. "But I don't think there was any question that dealt the deathblow."

The strategy for reducing new infections many experts consider most overlooked is needle exchange for drug addicts.

The CDC estimates that 17 percent of new infections each year come from contaminated needles. Evidence suggests that 65 percent of those could be prevented if every addict had access to a clean needle. However, federal law prohibits using federal money for that purpose.

Nevertheless, there are 150 needle-exchange programs around the country, including one in the District, supported by local budgets and contributions. They have had dramatic effects.

In Baltimore, 60 percent of new infections came from drug use in 1994, the year before the city offered needle exchange. In 2003, 41 percent of new infections came from needle use -- and over that period the total number of new infections, from all causes, declined.

Exchanging 2.2 million needles a year, Seattle is not just protecting addicts. Most heterosexual transmission occurs between male drug users and their female partners. In Seattle, very few women are becoming infected that way, which in turn means that few pregnant women are HIV-positive. That is part of the reason the city hasn't had a baby born with the virus since 1997, said Robert W. Wood, the physician who heads HIV-control efforts in the Seattle health department.

"Is prevention effective? We've spent a lot of money and a lot of effort toward IV drug users, and I hope that's not for naught," he said.

The Neighborhood War Zone (WP)

By David Kennedy

The Washington Post, August 13, 2006

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NEW YORK -- The United States is losing the war in Iraq; more specifically, Philadelphia is. This war is at home, in the city's 12th Police District, where shootings have almost doubled over the past year and residents have spray-painted "IRAQ" in huge letters on abandoned buildings to mark the devastation.

It is a story being repeated up and down the East Coast and across the nation. In Boston, where the homicide rate is soaring, Analicia Perry , a 20-year-old mother, was shot and killed several weeks ago -- while visiting the street shrine marking the site of her brother's death on the same date four years earlier. Last Tuesday, Orlando's homicide count for this year reached 37, surpassing the city's previous annual high of 36 in 1982. And in Washington, D.C., where 14 people were killed in the first 12 days of July, Police Chief Charles H. Ramsey declared a state of emergency.

Not long ago, the United States was declaring "mission accomplished" on crime: Homicide rates were plunging, the crack epidemic was over, the broken windows were fixed. Now, preliminary FBI statistics show that homicides rose nearly 5 percent in 2005, and news from around the country suggests that 2006 is looking worse. Our many Iraqs at home are making it clear that the self-congratulation was premature. In reality, Americans were lulled into complacency about violent crime. And two new factors have emerged: Some of the law enforcement tactics used to fight crime in recent years damaged the social fabric in many communities and contributed to increased crime. More important has been the spread of a virulent thug ethos -- an obsession with "respect" that has made killing a legitimate response to the most minor snubs and slights. In parts of the District's Anacostia neighborhood today, a young man knows that the wrong kind of eye contact with the wrong person -- a "hard look" -- can cost him his life.

The celebration about crime reductions should have been tempered by caution. The good news was real enough: In New York City, homicides fell an astonishing 76 percent, from 2,245 in 1990 to 539 in 2005. Most observers -- myself included -- gave a good deal of the credit to the city's newly focused and entrepreneurial police department. In Boston, Operation Ceasefire -- which I helped design as a Harvard researcher in 1996 -- brought an unprecedented partnership of law enforcement, social service providers and community leaders into sustained face-to-face contact with drug crews; told them to stop shooting one another; and offered them help. Homicides in the city plunged to lows not seen since the 1960s.

The national numbers followed suit, but not evenly. Although homicides in New York City dropped to a rate of about 6.6 victims per 100,000 people last year, Buffalo came down from a peak of 90 killings in 1994 but still had 63 homicides in 2003, for a rate of 22 victims per 100,000 residents. And Chicago fell from a 1992 peak of 939 homicides but remained stubbornly in the 600 to 700 range during the next decade, for a 2002 rate of about 22 per 100,000 people.

Many jurisdictions made progress only to lose ground shortly thereafter. Philadelphia peaked at 420 homicides in 1996, fell to 292 in 1999, and climbed back to 380 last year. Boston's 1990s "miracle" ended abruptly as petty rivalries shattered the Ceasefire coalition, and killings increased from 31 in 1999 to 73 in 2005.

At the same time, gang and drug problems were showing up in smaller cities and towns -- another disturbing and largely unnoticed shift. In 2005, jurisdictions with populations between 50,000 and 250,000 saw homicide increases of about 12.5 percent -- far larger than the big cities.

And even those local numbers tell only part of the story. Serious crime is concentrated in poor black and Hispanic neighborhoods, and in certain areas within them. For people who live in the Anacostia area of Washington, in the Nickerson Gardens housing complex in South Los Angeles, and on Magnolia Street in Boston, the citywide statistics have always been meaningless. Their neighborhoods are war zones.

In the District, attacks on tourists on the Mall and on a political activist in Georgetown may grab headlines, but it is the everyday violence in troubled neighborhoods that drives up the body count. Boston has so many street memorials for homicide victims that the city is considering regulating them.

The national sense of well-being about crime was unrealistic. Cities such as Boston let their successful strategies collapse. New York City's approach has not worked nearly as well in other cities that have attempted it, such as Baltimore, Hartford, Miami and Philadelphia. Key problems such as crack waned but never really went away. Many rural areas have been ravaged by an exploding methamphetamine epidemic, which we have been unconscionably slow to recognize as a national crisis. And the focus on terrorism in recent years has diverted attention from sure threats to vague ones, leaving police standing watch at highway overpasses while kids across town kill one another in drug markets. "People are dying," Gary Hagler, the police

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chief of Flint, Mich., said bluntly in a recent plea to a Senate panel to restore cuts in federal funding for state and local crime prevention.

Beyond this, there is a subtle but worrisome shift at work. We are used to thinking of the many factors that drive crime -- poverty, inequality, demographics, racism, and family and community problems. But to that list we should add the spread of a subculture once found only in the toughest urban areas: the culture of respect.

My research in Baltimore, Boston, Minneapolis, Washington and many other cities, along with that of colleagues at the University of California at Irvine and at Michigan State University, shows that in hard-hit neighborhoods, the violence is much less about drugs and money than about girls, vendettas and trivial social frictions. These are often referred to as "disputes" in police reports and in the media. But such violence is not about anger-management problems. The code of the streets has reached a point in which not responding to a slight can destroy a reputation, while violence is a sure way to enhance it. The quick and the dead are not losing their tempers; they are following shared -- and lethal -- social expectations.

I've heard shooters say, in private, that they wanted no part of what happened. But with their friends and enemies watching -- and the unwritten rules clear to everybody -- they did what they had to do. In San Francisco, a string of killings between the warring Big Block and West Mob crews in Hunters Point apparently started nearly a decade ago over who would perform next at a rap concert. The killing of Analicia Perry's brother was never solved, but the man the neighborhood tagged for the death was himself killed -- and that homicide in turn went unsolved. The minister at Analicia Perry's memorial service upbraided the young men before him. "She is now in the hands of God," he said. "I'm just glad she's not in the hands of some of you."

This thug ethos is spreading. It used to be that one learned how to be a gangster from another gangster. No more. Mass-market glossy magazines promote the thug life. One can learn from listening to rapper 50 Cent, or by watching music videos. And it is big business. When rapper Lil' Kim was convicted of perjury connected to a shooting by her posse, she got her own reality show on Black Entertainment Television, which promoted her intent to go to federal prison with her "mouth shut and head held high." Crips and Bloods have Web pages and profiles on MySpace.

All of this is spreading as well as amplifying the street definition of what it means to have honor. In big cities, the quest for honor reignites existing conflicts; in small ones, it brings big-city behavior and big-city problems. Working recently on Long Island with the Nassau County Police Department, my colleagues and I found Bloods, Crips -- and violence. But the gangs were homegrown, and the violence was almost entirely personal.

Tragically, the code of the street -- and the community disorganization and disenfranchisement on which it thrives -- has been helped along by law enforcement. Profligate arrests and incarcerations, many aimed at drugs, have destroyed the village in order to save it. As crime has dropped, zealous enforcement has continued. A staggering 2 million people are now incarcerated in the United States, and about 5 million are on probation and parole. They disproportionately come from -- and return to -- the same neighborhoods. The Justice Policy Institute recently determined that a shocking 52 percent of Baltimore's black men ages 20 to 29 were incarcerated, on probation or on parole; nationally, the lifetime chance of a black man being locked up is one in three.

This enforcement breaks up families; it ruins the prospects of young people who now have little reason to finish school and take entry-level jobs, and of older people who find themselves virtually unemployable; it creates a street culture in which prison is normal and even valued; and it plays directly into community narratives that equate law enforcement and the white community with slaveholders and other historical oppressors. The "stop snitching" culture that recently made headlines has been brewing for decades, reflecting a conviction on the part of many that law enforcement is a racist enemy -- even though staying silent means protecting violent predators.

So what do we do?

Above all, get serious. The problems of crime and violence have not been solved. To the contrary, everywhere I go, state and local officials feel abandoned by the federal government. While authorities talk about terrorism, people are dying on our streets. Poor black grandmothers didn't stand up after the World Trade Center attacks and say that the world had just become a dangerous place; they were already living in a world that could turn lethal at any moment, and still can.

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Loretta Scott, the black former commissioner of parks and recreation in Rochester, N.Y., with whom I've worked on violence prevention, speaks with passion of her young granddaughter who, when she heard that Scott was going to the funeral of a neighborhood elder, asked, "Who killed him?"

"Not 'What did he die of?' " says Scott, full of grief and anger. " 'Who killed him?' "

The federal government must return to its role as a real partner in conquering crime by providing funding and crafting effective approaches to key problems, such as drug markets, the methamphetamine epidemic, domestic violence, gangs and prisoners' reentry into their communities. We should learn from the true successes of the past decade.

Two stand out. One is the organizational and operational breakthroughs of the New York Police Department, which has shown an unparalleled ability to stay focused and effective over more than a decade. How and why this has happened should be fully understood and the lessons made available to other jurisdictions.

The second success story is the approach in Boston 10 years ago that slowed the killing there. Those tactics have since proved themselves in many other places, most recently Chicago, and have been strengthened through explicit attention to street culture and to the barriers between law enforcement, communities and offenders. When police are frank about the limits of traditional law enforcement and about their desire to stop doing harm; when communities look offenders in the eye and tell them that they are doing wrong but are loved and deserve help; when old gangsters tell young ones that the code of the street leads only to grief, things change. I've seen it happen.

Tyrone Parker, founder of Washington's Alliance of Concerned Men , has a finely honed street sense, and it tells him something is shifting. "People are tired of going to prison," he told me recently. His comment was borne out by an ex-offender at a Boston-style meeting I attended in late March with gang members on Long Island. "I'm a walking miracle," the man said to the gang members, many of whom knew him. "I've seen people die in front of me, I've been shot before, I've played with guns, sold crack, sold weed, smoked weed. And you know what? I'm paying for it. I've been on paper since I was 14 years old: juvenile, federal, state. I'm done. I'm praying you're all done, too." After the meeting, the shooting between the gangs virtually stopped.

That's the message that could turn the "stop snitching" culture into a "stop killing" movement.

dakennedy@jjay.cuny.edu

David Kennedy is director of the Center for Crime Prevention and Control at John Jay College of Criminal Justice, City University of New York.

The 300-Million Milestone (LAT)

The Los Angeles Times, August 13, 2006

As U.S. population hits new heights, America changes with it.

THE FIRST BABY TO BE BORN in a new year is a celebrity, however transitory, and he or she can look forward to years of embarrassment when proud parents pull out that clipping from the local paper. But no camera is likely to record a more significant demographic milestone than the arrival of the 300 millionth living human inhabitant of the United States, projected by the U.S. Census Bureau to occur in mid-October.

We say "arrival" because he or she may achieve that distinction not by drawing breath on U.S. soil but by arriving from somewhere else. According to the bureau, an international migrant arrives in this country every 31 seconds. On the other hand, a baby is born in the United States every seven seconds. That leads experts to believe that No. 300 million is likelier to enter the population data base the old-fashioned way, with a slap and a scream.

Some prognosticators are even more specific. In an interview with USA Today, demographer Peter Francese predicted that No. 300 million will be a baby boy born of "a white, non-Hispanic woman living in the South" aged either 28 or 29. The lucky day: Oct. 27. The Census Bureau wisely won't be pinned down on the precise location of the statistical blessed event. But the agency has provided the public and the media with lots of other information related to this demographic B-day. In a news release this week, the bureau offered several folksy factoids about how the U.S. has changed as it has become more crowded.

In 1915, the bureau says, when the population was a measly 100 million, the price of a gallon of gasoline (measured in 2006 dollars) was $5.01. When the population doubled to 200 million, in 1967, the price had dipped to $2. This week it was $3.04 — though there's no telling where it will be Oct. 27.

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In 1915, the bureau says, the Model T and silent movies were "the rage." In 1967, the rage was color TV. Increase the population to 300 million and our affections turn to iPods, "American Idol" and cellphones. No information is available, however, about what "the rage" will be in 2040, when the bureau projects a population of 400 million. Biodegradable BlackBerrys? Super sunblock to combat global warming?

Wait! We know: predictions about where and when No. 400 million will be born.

Cease-Fire Is Accepted In Lebanon (WP)

By Edward Cody And Molly Moore

The Washington Post, August 13, 2006

Fighting Unlikely to Halt Immediately

BEIRUT, Aug. 13 -- Hezbollah and the Lebanese government accepted a U.N.-declared cease-fire with reservations Saturday night, but the war wore on with Israeli airstrikes, Hezbollah rocket attacks and expanded ground fighting.

Nineteen Israeli soldiers were killed Saturday and 70 were wounded, the highest single-day death toll for troops in Lebanon since the conflict started, military officials said Sunday. The military also said that a five-member crew of a downed helicopter was missing. About 19 Lebanese civilians were killed.

The continued warfare indicated that the month-old conflict was unlikely to stop immediately despite Friday's U.N. Security Council resolution calling for an end to Hezbollah attacks on Israel and to Israel's military operations in Lebanon.

The Israeli cabinet was scheduled to make its decision Sunday, with Deputy Prime Minister Shimon Peres predicting that the U.N. cease-fire would be accepted in Jerusalem as well. But at the same time, Lt. Gen. Dan Halutz, the Israeli chief of staff, said he had dispatched more troops and armor to Lebanon to pursue Israel's goal of driving Hezbollah fighters from a strip of border territory and holding it until an international peacekeeping force can be deployed along the frontier.

Peres, in a telephone interview, said Israeli military forces were expanding operations in southern Lebanon because "the timetable permits it and there's an impression that Hezbollah controls the situation, which is not true." He added that while Hezbollah is continuing to fire rockets, "the best way to stop it is to clear out the area of the rockets."

Peres said that after the expected cabinet approval of the resolution Sunday, he believed that there was "a fair chance" that a cease-fire would be imposed by the end of the week and that the international forces could be in place in "another week or two" afterward.

In an interview with Israel Radio One broadcast Saturday, Secretary of State Condoleezza Rice said she expected major hostilities to end within "a day or so." After agreement by both Lebanon and Israel, U.N. Secretary General Kofi Annan will work with the parties to establish a timetable. "I would hope that within no more than a day or so of that, that there would be a cessation of the hostilities on the ground."

Rice added: "I do need to warn, there will continue to be, I'm sure, some skirmishes. That always happens in a cessation of hostilities. But hopefully the large-scale violence can stop."

Annan announced late Saturday that the cease-fire would take effect at 8 a.m. Lebanese time Monday, the Associated Press reported.

The U.N. resolution also calls for the Lebanese army and a bolstered U.N. force to move into southern Lebanon as Israeli forces withdraw and leaves the disarmament of Hezbollah and a dispute over the Shebaa Farms area to a future settlement.

Hezbollah's leader, Hasan Nasrallah, said in a televised announcement that his militia would abide by the cease-fire but only after the timing of Israel's withdrawal was worked out and Israeli troops stopped attacking. Once Israeli military operations cease, Hezbollah fighters will "adhere to it without hesitation," he said.

The Lebanese government announced three hours later that it too unanimously accepted the U.N. resolution, but with the reservations expressed by Hezbollah's cabinet ministers.

"Nothing changed today," Nasrallah said, noting Israel's decision to move reinforcements into Lebanon and its continued airstrikes and ground operations.

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The Israeli attacks, he declared, were designed to impress Israelis by getting troops up to the Litani River, which meanders in large part between 14 to 20 miles north of the border and forms the line beyond which Israel had said Hezbollah fighters must be driven.

The Israeli military transported some of its troops toward the Litani in helicopters, flying over the villages and hillsides where combat has raged for the last month, an Israeli military spokesman said. In apparent reference to the move, Nasrallah said any Israeli troops who approach the river in an attempt to outflank Hezbollah forces farther south would also face resistance from militia fighters.

Other Israeli troops moved southwest from their stronghold in Marjayoun and engaged Hezbollah defenders near the village of Al Ghandouriyeh, about five miles west of the Galilee panhandle. Israeli forces on Thursday seized control without opposition in Marjayoun, a Christian town that was the headquarters of an Israeli-sponsored Lebanese militia during a two-decade occupation of the region that ended six years ago.

Hezbollah fighters shot down an Israeli helicopter with a missile Saturday in the Maryamein valley near the village of Yater, Hezbollah said in a report on its al-Manar TV station. The Israeli military later said the five crew members were missing.

Nineteen other soldiers were killed in incidents across the battlefield, including two who reportedly were crushed when one of their own tanks rolled over them, according to an Israeli military spokeswoman. Twelve of the soldiers died when anti-tank missiles hit their tanks or their tanks rolled over mines. Four of the soldiers were killed in separate incidents during the course of day-long firefights in town of Ghandouriyeh, just south of the Litani, the spokeswoman said. Another soldier died when an anti-tank missile hit a building.

Israeli warplanes, meanwhile, continued a broad pattern of airstrikes against infrastructure and roads, seeking to choke off routes used by Hezbollah to transport munitions and to cripple the environment in which the militia has flourished in recent years.

A missile strike at the village of Rashaf, near Bint Jbeil, blasted two houses, killing an estimated 15 people, according to reports from local officials. Three more were killed in an airstrike against the village of Kharayeb, about 16 miles south of Sidon. Electricity generating plants were hit at Sidon, on the coast, and at Tyre, about 25 miles farther south, officials reported.

In the far north of the country, Israeli jets blasted roads near the Al Arida border crossing into Syria, hitting a gasoline station and several vehicles. Witnesses said that flames and greasy black smoke rose into the sky for hours afterward and that Lebanese fleeing the country drove over back roads seeking alternate routes to the border crossing. Other Israeli planes hit a Lebanese army air base in the Bekaa Valley, Lebanese officials said, killing one soldier.

International aid agencies complained that the continued fighting blocked access to scores of villages in southern Lebanon. Israeli authorities refused to grant safe passage for delivery to villages or for relief supplies to be shipped into Lebanon, a U.N. spokesman said.

Milos Strugar, spokesman for the United Nations Interim Force in Lebanon, or UNIFIL, said it had received no explanation from Israel for an attack Friday evening on a convoy of Lebanese soldiers, internal security forces and civilian residents from Marjayoun that had been joined by several hundred cars full of civilians.

The convoy was accompanied by UNIFIL part of the way and then came under attack as it moved northward up the Bekaa Valley. At least six people were killed.

"UNIFIL had informed the IDF about the convoy and about the road to Beirut through the Bekaa," he explained, referring to the Israel Defense Forces.

"And then, the Israeli soldiers who were controlling the joint Lebanese security headquarters" in Marjayoun, he said, "knew exactly who was in the convoy."

The Israeli military fired on the convoy "acting on the suspicion that these were Hezbollah terrorists transporting weaponry," according to a statement issued by the IDF on Saturday morning.

At the same time, the Israeli military said it knew the convoy would be transiting on the road north, away from the battle zone.

"It is important to note that a request for the passage of the convoy was submitted to the IDF coordination apparatuses prior to its departure and was not authorized," the statement said.

Moore reported from Jerusalem. Correspondent Nora Boustany in Beirut and staff writer Robin Wright in Washington contributed to this report.

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After U.N. Accord, Israel Expands Push In Lebanon (NYT)

By John Kifner And Greg Myre

The New York Times, August 13, 2006

BEIRUT, Lebanon, Aug. 12 — Israel poured troops into southern Lebanon on Saturday, making its deepest push yet toward the Litani River and suffering its highest daily losses, including having a helicopter shot down by Hezbollah guerrillas for the first time in the fighting.

The fighting, including dozens of Israeli airstrikes, intensified a day after the United Nations Security Council approved a resolution for a truce. In a statement released Saturday night, Secretary General Kofi Annan said he had been in touch with Prime Minister Ehud Olmert of Israel and Prime Minister Fouad Siniora of Lebanon and that both had agreed that the end of fighting would take effect at 5 a.m. Monday, Greenwich Mean Time, which will be at 8 a.m. in Lebanon and Israel.

"Preferably, the fighting should stop now to respect the spirit and intent of the Council decision, the object of which was to save civilian lives, to spare the pain and suffering that the civilians on both sides are living through," Mr. Annan said.

The Israeli cabinet was still set to consider the resolution for formal approval at its regular meeting on Sunday, and it was still unclear when the major military thrust ordered by Mr. Olmert, apparently with American approval only hours after the Security Council vote, would end.

Earlier Saturday, the Hezbollah leader, Sheik Hassan Nasrallah, went on television to charge that "nothing had changed" since the resolution, but conditionally pledged to abide by a cease-fire once it came into effect. "The war did not end, because the aggression is still going on," he said, but added that his forces would stop fighting "when the Israeli aggression stops" and Israel's troops leave Lebanon.

As expected, the Lebanese government approved the cease-fire plan after more than five hours of debate that lasted long into the evening. Two ministers representing Hezbollah went along with the decision, though they expressed "reservations" about the resolution because it blamed Hezbollah for the war and seemed to exonerate Israel, said one of the ministers, Mohammed Fneish.

For Israel on Saturday, at least 11 soldiers were killed and more than 70 wounded as fighting raged in at least a half-dozen places in southern Lebanon. The Israeli military said Saturday night that it had killed about 50 Hezbollah fighters in the previous 24 hours.

In Lebanon, the government examined how it would deploy 15,000 soldiers to southern Lebanon, joining with an international peacekeeping force of similar size, once Israeli troops withdraw, as specified by the resolution.

France, New Zealand and Italy said Saturday that they were ready to contribute troops to the peacekeeping force, The Associated Press reported.

Lt. Gen. Dan Halutz, the Israeli chief of staff, said Saturday that he had tripled the number of his troops in Lebanon, though he did not give figures and expected the fighting to continue despite the resolution. Israel already had an estimated 10,000 soldiers in Lebanon.

"We will continue to operate until we achieve our aims," he told reporters in northern Israel, adding, "The fact that a U.N. resolution was accepted yesterday doesn't apply immediately on the cease-fire arrangement. Once the agreement is completed in all its details, then we will be able to decide."

In Washington, a senior Bush administration official confirmed in general terms the timetable described by Mr. Annan.

"At some point after midnight tomorrow, we expect a cessation from both sides," the official said late Saturday, using a schedule based on Eastern time.

But, the official, who would speak only on condition of anonymity because of the delicacy of the diplomacy, also cautioned, "We also assume a very uneasy interregnum before the multinational force and the Lebanese armed forces move into the south."

The airstrikes overnight ranged the length and breadth of Lebanon, from Tyre in the southwest to the Bekaa Valley in the northeast. Among the targets that were hit were an electric power plant near Sidon and another at Tyre, and the last remaining official border-crossing point from Syria at Arida, near the coast north of Tripoli, open for aid convoys and civilians fleeing the fighting. The highway was impassable, but drivers tried to maneuver around it through ruts and ditches.

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In one overnight airstrike, a convoy of some 500 vehicles carrying civilians and Lebanese security forces, fleeing north from Merj' Uyun, was struck near Shtaura in the Bekaa Valley. Witnesses and hospital officials said at least six people were killed, including a Lebanese Army officer. The Israeli military said the convoy was fired upon because of a suspicion it contained Hezbollah fighters.

Officials in the convoy said they had asked the Israeli military for permission to move, but the Israeli statement said such permission had been denied.

Incomplete casualty figures flowed in through the day: at least 15 dead in the village of Rachef, 8 near the ports of Sidon and Tripoli, 3 in airstrikes on Kharayeb, and a Lebanese soldier in an airstrike near a military base in the Bekaa Valley.

The Israelis used dozens of helicopters to take hundreds of commandos into southern Lebanon, and the Israeli news media called it the biggest such operation since 1973.

Hezbollah shot down one Israeli helicopter near the village of Yater, the first time the group has shot down an aircraft since the fighting began a month ago. The Israeli military confirmed the shooting, but did not immediately release casualty figures, adding that no combat troops were on board.

Israeli troops moved deeper into southern Lebanon than at any point in the current fighting.

Some of the heaviest combat was near the village of Ghanduriye, about seven miles northwest of the border and two miles south of the Litani River. The Israeli Air Force carried out repeated strikes around the village in support of the advance.

Lebanese security officials cited by The Associated Press said that Israeli troops reached the Litani River by helicopter about six miles west of the northern Israeli panhandle. The officials said the troops were near the village of Aalmane, which is on high ground on the river's south side.

In Beirut, there was little celebration at the possibility that a cease-fire could come soon, the people instead expressing mostly exhaustion from the war.

"All we have is 1,000 dead and widespread destruction," said Jamal Ghosn, who runs an Internet store. "Hezbollah's stature has grown. But the biggest losers are the people."

No Real Winners As UN "Ceasefire" Resolution Met By More Fighting (AFP)

By David Millikin

AFP, August 13, 2006

The long-awaited UN resolution to halt the fighting in Lebanon left no clear winner in the bloody month-long conflict, with Lebanese and Israelis alike still awaiting for signs of peace.

Within hours of the resolution's unanimous adoption by the United Nations Security Council on Friday, Israel launched new ground operations against Hezbollah guerrillas, pushing further into southern Lebanon.

US Secretary of State Condoleezza Rice, who has been in close touch with Israeli leaders, told Israeli radio Saturday she was confident the offensive would stop once Israel's cabinet approved the UN resolution on Sunday.

"My understanding ... is that when the ceasefire, the cessation of hostilities comes into being, Israel will stop," she said, predicting that this would take "a day or so" after approval of the resolution by the Israeli and Lebanese cabinets.

But her remarks appeared to confirm the widely held view that the wording of the UN resolution, and the notable absence of a demand for an "immediate" end to the fighting, was designed to give Israel a final chance to weaken Hezbollah and occupy additional terrain in southern Lebanon prior to a truce.

"What the Americans and the French have, in effect, said to the Israelis is 'You have 48 hours, but in 48 hours it's over'," said Dominique Moisi, an analyst at the French Institute of International Relations in Paris.

"Afterwards, it will be difficult for Israel to continue unless Hezbollah carries out some spectacular provocation, like firing a missile at Tel Aviv," he said.

The head of Hezbollah, Hassan Nasrallah, said his forces would abide by the UN plan, which the Lebanese government -- that includes two Hezbollah ministers -- approved with reservations on Saturday.

Israel's cabinet is expected to meet Sunday and has indicated it would endorse the resolution.

But Rice cautioned that more bloodshed was to be expected even after both sides agreed to the truce.

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"I do need to warn, there will continue to be, I'm sure, some skirmishes," she said, while reiterating her hope that the UN resolution would bring an end to the "large-scale violence" of Israeli bombardments and Hezbollah rocket attacks which have killed more than 1,000 people, the vast majority Lebanese.

The US- and French-drafted UN plan demanded a "full cessation" of hostilities following nearly five weeks of fighting.

But the United States successfully held out against widespread international calls for the world body to insist on an immediate ceasefire.

Washington argued such a ceasefire would permit Hezbollah, an Islamic militia backed by Syria and Iran, an opportunity to rearm and reinforce its strongholds in southern Lebanon and carry out more attacks like the July 12 cross-border raid on an Israeli army outpost that sparked the latest conflict.

Instead, the UN resolution called only for a cessation of hostilities, an end of Hezbollah attacks on Israel and a halt to "offensive" Israeli operations.

It also called for an Israeli withdrawal from southern Lebanon, but one timed to coincide with the deployment of a 30,000-strong joint Lebanese army and UN force in the area -- an operation Rice admitted will take weeks to accomplish.

Lebanon's acting foreign minister, Tarek Mitri, was highly critical of the text after its passage late Friday.

"A ceasefire that retains for one side the right not to cease firing is not a ceasefire," he said, adding, "The Lebanese are not confident in Israeli distinction between 'defensive' and 'offensive'."

The UN text also failed to resolve a key territorial dispute that Hezbollah had used to justify its attacks on Israel -- the Israeli occupation of a small parcel of land north of its border called the Shebaa Farms.

The UN action did, however, embody several major concessions by Washington, which notably had wanted to avoid any mention of an Israeli withdrawal, even gradual, until after the full deployment of an international peace force.

Washington also gave in on details of the makeup and mandate of the international force to which Lebanon had objected.

"No one comes out of this thing a winner," Moisi said of the UN negotiations. "If they had, the other party would not have agreed to the deal."

"On the ground, the real loser is Lebanon, which has been set back several years (by the Israeli bombings)," he said.

"On the political front, the real winner is Iran, and a bit its ally Hezbollah, because it was not quickly destroyed by Israeli," he said.

"Not losing the battle, for Hezbollah, is to win it. Not winning quickly, for Israel, is almost to have lost," he said.

Hezbollah OKs Truce; Israel Pushes North (LAT)

By Bruce Wallace And Tracy Wilkinson

The Los Angeles Times, August 13, 2006

The Jewish state triples the size of its force across the border but signals that it will accept the cease-fire, which is to take effect Monday.

BEIRUT — Israel tripled the number of its combat troops in south Lebanon on Saturday, accelerating its push northward even as leaders on both sides of the border signaled acceptance of a U.N.-brokered truce aimed at stopping more than a month of fighting.

Israel's Cabinet will meet to vote on the resolution today. Hezbollah leader Sheik Hassan Nasrallah and the Lebanese government agreed Saturday to the United Nations' demand for a full cessation of hostilities.

"This resistance is a reaction and whenever the hostile Israeli acts will stop, we will stop our retaliatory acts," Nasrallah said in an address broadcast on Hezbollah's television channel. But he also warned that the shooting wouldn't stop: "We in Lebanon should be vigilant and not think that the war is over."

After a Cabinet meeting described by some participants as "heated," the Lebanese government said it reluctantly agreed to the resolution's provisions, which include a reinforced U.N. military presence in the country's south.

U.N. Secretary-General Kofi Annan said the cease-fire would take effect at 8 a.m. Monday. Israeli Foreign Minister Tzipi Livni predicted approval, saying, "The cease-fire is a U.N. decision, and Israel intends to agree to it."

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Although Livni said her country's forces would halt their northward drive Monday, Israel's top military commander promised to fight Hezbollah militants there for at least another week.

The cross-border incursion continues to cost Israel steep casualties. The military said 19 Israeli soldiers were killed Saturday during the expanded offensive, its highest single-day death toll during the conflict with Hezbollah. An Israeli helicopter was shot down in southern Lebanon, and the military said the five-member crew was feared dead. The Israelis said their troops killed 40 Hezbollah fighters, a claim the militia denied.

Israeli officials indicated that 30,000 Israeli troops were operating across the border. Hundreds of paratroopers were walking into the southern hills of Lebanon on Saturday, and hundreds more were being airlifted farther into Lebanese territory in a massive helicopter operation, witnesses and military officials said.

It was Israel's biggest troop airlift since the 1973 Yom Kippur War, with heavy fighting reported around the Lebanese cities of Tyre and Sidon, as well as smaller towns such as Marjayoun, which Israel previously said it controlled.

Israel launched its campaign July 12 after the Islamic militant group captured two Israeli soldiers and killed eight others in a cross-border attack.

The United Nations resolution calls on Israel to "halt all offensive operations," but many of the troops appeared to be carrying enough gear for a long stay.

Lt. Gen. Dan Halutz, the army chief of staff, said it would probably take at least a week to learn the operational details of the U.N. resolution — especially how the existing 2,000-member U.N. observer force will be converted into a more robust 15,000-strong contingent that will have the authority to make southern Lebanon a weapons-free zone.

Troops from France, Italy and Turkey are expected to make up the backbone of the bolstered U.N. force. The Security Council wants the troops to support the 15,000 Lebanese soldiers who will move into southern Lebanon as Israel withdraws.

"Until then, we have to stay," Halutz told reporters gathered under camouflage netting at an army base near the town of Rosh Pina. He said Israel would use the time to continue to attack Hezbollah rockets, rocket launchers and infrastructure.

The government of Israeli Prime Minister Ehud Olmert faces sharp criticism from many Israelis who argue that a halt to the fighting would leave the country's north within range of Hezbollah rockets.

The militant group fired 65 rockets into northern Israeli border towns Saturday. Israeli officers noted that the count was lower than usual and that the strikes were not as deep.

Israeli airstrikes hit more than 80 targets across Lebanon on Saturday, killing at least 20 people, Lebanese officials said. Fifteen people were killed when a house was destroyed in the town of Rashaf.

Israeli planes also continued to sever Lebanon's links with the outside world, bombing the last significant road connection to Syria. The bombing all but cut off major shipments to Lebanon from Syria, one of Hezbollah's primary backers.

Ambulances and trucks loaded with cargo sat on the Syrian side of the Arida border crossing. The road leading south along the Mediterranean coast into Lebanon was apparently struck by at least two missiles.

The choking of supply routes alarms many Lebanese, who fear that shortages in a country that depends on fuel oil for power generation could trigger chaos.

"Our biggest fear is that with fuel becoming depleted, the lack of electricity means food will start to rot and a lot of turmoil will be generated," said Dr. Nadim Cortas, dean of the faculty of medicine at the American University of Beirut. Cortas said his 325-bed hospital would be able to function for no more than 11 days if electricity was cut off.

The deteriorating conditions were one factor pushing the Lebanese government toward acceptance of the U.N.'s conditions for a cease-fire. Lebanon's Cabinet, which includes two Hezbollah ministers, approved the truce despite bitterness over the Israeli offensive and uncertainty about whether the resolution allowed for Hezbollah to maintain arms in southern Lebanon.

Prime Minister Fouad Siniora condemned Israel's escalation of operations, saying that by "giving free rein to its war machine," it had raised doubts among some Lebanese politicians about the merits of abiding by the Security Council's orders.

But others argue that having inflicted more damage on Israeli forces than expected, Hezbollah was strategically wise to halt the fighting at this stage.

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"Yes, there has been support for Hezbollah during this crisis, but even if they don't say it, people blame Hezbollah too for some of the destruction," said Farid Khazen, a Lebanese legislator. "It is the right decision to stop now. None of the parties has emerged from this war undamaged."

But there is also widespread agreement that Hezbollah's performance against Israel's vastly superior military machine has boosted Nasrallah's political standing in Lebanon.

"Nasrallah can stop now with the look and image of a hero," said Fadia Kiwan, a political scientist at Beirut's St. Joseph University. "Hezbollah has won this war because they resisted the Israeli machine longer than thought possible."

Wallace reported from Beirut and Wilkinson from northern Israel. Times staff writers Borzou Daragahi in Arida, Lebanon, and Henry Chu in Jerusalem and special correspondent Maha al-Azar in Beirut contributed to this report.

Israel Surges Into Lebanon, Despite Vote (AP)

By Lauren Frayer And Sam F. Ghattas

AP, August 13, 2006

More Israeli tanks and soldiers surged into southern Lebanon on Saturday, reaching the Litani River and engaging in some of the heaviest ground combat of the monthlong war just hours after the U.N. Security Council adopted a cease-fire plan.

The leader of the Islamic militant group Hezbollah grudgingly joined Lebanon's government in accepting the U.N. resolution but vowed to keep fighting until Israeli troops leave and hand over territory to a muscular U.N. peacekeeping force intended to separate the antagonists.

Israel also signaled its intention to approve the plan, at a Cabinet meeting Sunday, and a senior official predicted fighting would stop Monday morning, but there was no slowing in the bloodshed.

Israel was determined to batter Hezbollah until the end, while the guerrillas seemed to be fighting as fiercely as ever after a month of intense Israeli air, artillery and ground assaults.

Israel said 11 of its soldiers were killed and more than 70 wounded in an expanded offensive that tripled Israeli troop strength in southern Lebanon to 30,000. Israel Radio reported 100 troops wounded, which if confirmed would be the Jewish state's highest one-day injury toll of the fighting. Israel did confirm guerrillas shot down a helicopter and there were injuries, but it did not elaborate. Hezbollah claimed to destroy 21 tanks.

Israel said it killed more than 40 Hezbollah fighters. Hezbollah issued a statement saying three of its fighters had been killed but gave no date.

Nineteen Lebanese civilians died from Israeli airstrikes, while Hezollah rockets wounded eight people in northern Israel. The 32-day struggle has claimed nearly 900 lives — including at least 763 in Lebanon and 130 in Israel.

The big expansion of Israel troop strength prompted Hezbollah's leader, Sheik Hassan Nasrallah, to declare the fight far from finished and likely to get worse.

"We must not make a mistake, not in the resistance, the government or the people, and believe that the war has ended. The war has not ended," he said.

"Today nothing has changed and it appears tomorrow nothing will change," Nasrallah added in his trademark measured tones.

Speaking a few hours before Lebanon's Cabinet voted unanimously to accept the U.N. plan, Nasrallah said Hezbollah would abide by the cease-fire resolution but continue fighting as long as Israeli troops remained in Lebanon, calling it "our natural right."

Lebanese Prime Minister Fuad Saniora said his Cabinet endorsed the cease-fire plan despite having reservations. "We will deal with the requirements of the resolution with realism in a way that serves the national interest," he said.

The Cabinet harshly condemned Israel's military push Saturday, saying it presented a "flagrant challenge" to the international community after the U.N. resolution was issued.

A senior Israeli official said the cease-fire was expected to go into effect at 7 a.m. Monday — midnight Sunday EDT.

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The official, who spoke on condition of anonymity because he was not authorized to discuss sensitive issues publicly, said Israel wanted to seize control of the south so more Hezbollah fighters do not enter the zone before it is handed over to the Lebanese army and U.N. troops.

Defense Minister Amir Peretz said Israeli troops would remain until the international force arrived, and would defend themselves if attacked.

"If anyone dares to use force against Israeli defense forces, we will see this as a violation of the cease-fire agreement," he said on Israel television.

Israel's army chief, Lt. Gen. Dan Halutz, said ground forces had tripled in size in a bid to chase Hezbollah fighters and rocket crews north of the Litani, 18 miles north of the border. He did not give a specific figure, but a threefold increase would mean Israel had 30,000 soldiers inside Lebanon.

Lebanese security officials said Israel troops reached the Litani by helicopter at a point about six miles west of the northern tip of the Israeli panhandle that juts northward alongside southeastern Lebanon. The officials said the troops were near the village of Aalmane, which sits on high ground on the south side of the river.

The officials, who spoke on condition of anonymity because they were not authorized to speak to reporters, said the commandos cleared the area ahead of the arrival of a column of Israeli armored vehicles.

The Israelis used more than 50 helicopters to ferry hundreds of commandos into Hezbollah territory in the largest such operation in the Middle East since the October 1973 war.

President Bush had an eight-minute phone call Saturday with Saniora to discuss the U.N. resolution and efforts to end hostilities. The White House issued a statement declaring the administration was determined to vanquish the hold of Hezbollah — and that of its Syrian and Iranian benefactors — on the south.

"These steps are designed to stop Hezbollah from acting as a state within a state, and put an end to Iran and Syria's efforts to hold the Lebanese people hostage to their own extremist agenda," Bush said. "This in turn will help to restore the sovereignty of Lebanon's democratic government and help ensure security for the people of Lebanon and Israel."

Saniora, an anti-Syria politician whose government was extremely weak when the fighting began, appears to have emerged from the crisis considerably strengthened. He refused to give in to initial cease-fire proposals from the United States and France that would have left Israeli troops in place until an international force was installed.

He also prevailed in his insistence that policing of the cease-fire be done by Lebanese soldiers supported by a U.N. force rather than by an ad hoc assembly of international troops, possibly from NATO.

The cease-fire, unanimously adopted by the U.N. Security Council on Friday night, calls for a contingent of as many as 30,000 soldiers — half U.N., half Lebanese — to enforce the truce.

French President Jacques Chirac said his nation was ready to contribute troops. Italy and the predominantly Muslim nations of Turkey and Malaysia also have offered soldiers.

Israeli police said 64 rockets fell on northern Israel, wounding eight people. That compared with an average 200 missiles daily for the last two weeks.

At least 19 Lebanese civilians were killed in Israeli air raids Saturday. In the deadliest strike, Israeli missiles killed at least 15 civilians in the southern village of Rachaf, Lebanese security officials said.

Israeli warplanes also knocked out a highway in northern Lebanon leading to the Arida border crossing with Syria, the last official border post open for aid convoys and civilians fleeing the country. The only routes left were rugged footpaths and back roads through deserts or over mountains.

Aid convoys were stuck in ports or at warehouses because Israel refused to guarantee their safety on the roads. Thousands of people trapped in southern villages were believed to have run out of food and medicine and were drinking unsafe water.

Rice Hopes For Cease-fire In 'Day Or So' (AP)

AP, August 13, 2006

Secretary of State Condoleezza Rice said Saturday that she hoped the fighting between Israel and Hezbollah guerrillas would end in "a day or so."

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In an interview with Israel Television, Rice said that U.N. Secretary-General Kofi Annan "is working with the parties to establish a timetable for the cease-fire, but I would hope that within no more than a day or so that there would be a cessation of the hostilities on the ground."

Rice also said she believes that the cease-fire deal enhances Israel's security.

The U.N. Security Council adopted a resolution on Friday seeking a "full cessation" of violence between Israel and Hezbollah, offering the region its best chance yet for peace after a month of fighting that has killed nearly 900 people.

The resolution, adopted unanimously, authorizes 15,000 U.N. peacekeepers to help Lebanese troops take control of south Lebanon as Israeli forces that have occupied the area withdraw.

Combat Continues In Lebanon Despite Cease-fire Deal (MCT)

By Carol Rosenberg And Leila Fadel

McClatchy Newspapers, August 13, 2006

JERUSALEM - By air and by land, thousands of Israeli troops plunged deep inside southern Lebanon Saturday and charged toward the Litani River battling Hezbollah fighters, even as the United Nations brokered a Monday morning cease-fire.

The scenario suggested a sticking point for how to impose the truce after a month of escalating warfare:

Even as the warring parties seemed poised to accept a foreign force and the Lebanese Army to separate them, Israel said it would hold conquered ground until the international force relieved its soldiers.

Hezbollah's leader replied that he would accept the truce, too. But "as long as there are Israeli soldiers on our soil we will continue to fight them," said Sheik Hassan Nasrallah.

And combat was fierce as Israeli troops thrust into new battleground all the way to the Litani River, 18 miles north of the border. It appeared to be one last push to confront and weaken the Shiite fighters firing rockets into northern Israel, as well as bid to draw the line where the international forces would take over.

At least 11 Israeli soldiers were killed, including two that Israeli media said were crushed by a tank. Israel said it killed about 40 Hezbollah fighters in a daylong campaign of air strikes and ground battles.

For the massive push, Israel tripled its troop strength inside Lebanon, Israel's Chief of Staff Lt. Gen. Dan Halutz told reporters in the north Saturday, meaning an estimated 30,000 Israeli fighters were on Lebanese soil. That included hundreds of commandos reportedly ferried north toward the Litani in combat helicopters, one of which was shot down Saturday evening over south Lebanon.

Israeli helicopters also evacuated 70 wounded troops to hospitals inside Israel, with the confirmed death toll expected to climb throughout the night. It was unclear whether the chopper that crashed had been moving reinforcements or was on a casualty evacuation mission.

Halutz said Israel's military would keep fighting until it got an order from Prime Minster Ehud Olmert to do otherwise.

The first opportunity for that order comes Sunday, when Israel's regular weekly Cabinet meeting is expected to accept the United Nations plan - first for a cease-fire, then for the foreign force deployment.

In Beirut, the Lebanese government of Prime Minister Fuad Siniora endorsed the U.N. resolution on Saturday. It proposes to send 15,000 international forces to join with Lebanon Army troops as a buffer to keep Israeli and Hezbollah forces apart. Ultimately, they're to demilitarize the zone of southern Lebanon where the armed wing of the parliamentary Party of God has functioned as an independent militia since Israel ceded the south in May 2000.

In New York, U.N. Secretary General Kofi Annan announced Saturday night that both Siniora and Israeli Prime Minister Ehud Olmert agreed in principle to a 7 a.m. Monday cease-fire - midnight in New York.

In Israel, government spokesman Mark Regev said that Olmert's Cabinet was expected to approve the U.N. Security Council plan adopted through a resolution Friday, including Annan's "H-Hour" - the hour that both sides stop fighting.

Regardless, Israel would not leave Lebanon, Regev said, until international forces took up Israeli positions.

"We can stay put," Regev said, citing the resolution. ``There is no question of moving out until they relieve."

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A U.N. force currently acts as observers in south Lebanon, recording violations of earlier truces and reporting them back to headquarters. Now, the U.N. must assemble a more robust force, which Israel has asked the Bush administration to vet and make sure includes NATO members.

In New York, U.N. envoy Alvaro de Soto said it could take seven to 10 days to organize the force, meaning in the best-case scenario a week or more of close-range clashes. Both sides would agree to stop firing rockets, and Israel would stop its air strikes.

"If there is an agreement on the cessation of hostilities between the Lebanese government and the enemy, we will observe it without delay," Nasrallah said Saturday, as the battle raged. But, he predicted "the war will continue for another few days. That's why we are continuing to fight today."

And, though there was a marked decrease, Hezbollah lobbed an estimated 68 katyusha rockets into the small towns and farm studded north, setting off sirens through the Jewish Sabbath. And the Israeli military continued to fire its 155m Howitizer rounds and other rockets into the south, supporting the expanding force of Israeli fighters.

An official Israeli count released early Thursday reported 96 citizens killed in the month-long war, 56 of them soldiers. Lebanese sources estimate about ten times as many fatalities, many from Israeli airstrikes on civilian buildings that Israel argues Hezbollah fighters use as cover. Israel claims to have killed upwards of 550 Hezbollah fighters.

In South Lebanon Saturday, Tyre was completely isolated after overnight Israeli air strikes took out the last makeshift bridge over the Litani - presumably a key Hezbollah re-supply route.

City residents described a ghost town, with 90 percent of Tyre's population having already fled Israeli air strikes and commando raids in four months of fighting triggered by Hezbollah's bold July 12 incursion into Israel and capture of two Israeli soldiers.

No vehicles moved, the Israel Defense Forces having warned that any moving traffic would be hit. Gaping holes were apparent in an empty building in Tyre where missiles tore through two apartments, according to local residents.

The Lebanese Red Cross in Tyre was immobilized and unable to get to Kasmiyeh, a town across the Litani River where people had been killed and injured in Israeli air strikes Saturday morning, said Qassim Shaalan with the Lebanese Red Cross in Tyre. After losing one medic traveling with a convoy leaving Marjayoun that was hit by Israeli air strikes and an ambulance carrying bread and medicine was hit and destroyed in Tibnin, medics are worried about being killed themselves.

"Our ambulances are being attacked," Shaalan said. "There is no way to help. It's terrible."

In the port city of Sidon a power station was struck by Israeli artillery and the city was left without power. Generators were running the local hospitals but the mayor, Abdul Rahmna Bizri, worried that it would disrupt water supplies.

U.N. observers reported ground battles across the south, especially in south central Lebanon, but gave no estimates of dead and wounded.

"It never stopped," said Milos Strober, spokesman for the United Nations Interim Force in Lebanon in Naqoura early Sunday. "There was intensive shelling, bombardment, basically the heavy exchanges continued unabated. Maybe the intensity of the fighting on the ground was higher than on previous days, and the intensity of rocket firing and aerial bombardment was somewhat reduced in these days."

McClatchy News correspondents Shashank Bengali and Leila Fadel contributed to this report from Beirut, Lebanon, and Dion Nissenbaum contributed to this report from along Israel's northern border. Carol Rosenberg reported from Jerusalem.

Israel Strikes Hard Ahead Of Cease-fire (WT)

By Joshua Mitnick

The Washington Times, August 13, 2006

TEL AVIV -- Israel yesterday dropped hundreds of commandos behind enemy lines and pushed deep into southern Lebanon to seize territory from Hezbollah guerrillas before a U.N.-brokered cease-fire takes effect tomorrow morning.

Israel suffered its biggest single-day death toll of the monthlong war, with 24 soldiers killed in clashes, including a five-member crew of a helicoper downed by Hezbollah.

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The Syria- and Iran-backed militants joined the Israeli and Lebanese governments in saying they would honor a U.N. resolution calling for a halt to the fighting.

U.N. Secretary-General Kofi Annan said the prime ministers of Lebanon and Israel had agreed to cease firing at 8 a.m. tomorrow.

"Preferably, the fighting should stop now to respect the spirit and intent of the [U.N. Security Council] decision, the objec t of which was to save civilian lives, to spare the pain and suffering that the civilians on both sides are living through," Mr. Annan said in announcing the deadline from New York.

Hezbollah, which operates independently of the Lebanese government and is regarded as a terrorist organization by Israel and the United States, was less specific.

The group's leader, Sheik Hassan Nasrallah, said his fighters would abide by the resolution, which was approved by all 15 members of the Security Council on Friday evening. But he also indicated the war was far from over.

Israel said at least 70 of its soldiers had been wounded and more than 40 Hezbollah fighters killed as its troops drove toward the Litani River.

"The operation continues," Israeli Foreign Minister Tzippi Livni told Israeli public television. "The whole world is looking at us now, and for the political echelon to limit the military would have been interpreted as weakness."

The Israeli general in charge of the northern command said he hoped the estimated 30,000 troops involved in the expanded offensive launched overnight will have secured control of most of south Lebanon by tomorrow.

"I think we will be in a much better situation than we are today," Gen. Udi Adam said. "Assuming that the cease-fire will take effect, we will stop the moment we are told. If it doesn't, we could continue."

France, Italy, Turkey and New Zealand were among the countries expected to send soldiers to participate in a 15,000-strong U.N. peacekeeping force.

Officials said they hoped the deployment would begin within weeks.

"The resolution is reasonable," said Matan Vilnai, a member of parliament from Israel's dovish Labor Party. "With every day Hezbollah is weaker and the missiles are distanced is good for us."

Hard-liners in Israel criticized the U.N. resolution as worthless.

Likud Party parliament member Silvan Shalom, a former foreign minister, said the cease-fire document is worse than Security Council Resolution 1559, which called for disarming Hezbollah.

"We wouldn't have gone in if we knew this would be the decision. It's a worse situation than when we went in," he said.

Yesterday's offensive tripled the number of Israeli troops in southern Lebanon.

Hezbollah claimed it had destroyed 21 tanks. At least 19 Lebanese civilians died from Israeli air strikes, while Hezbollah rockets wounded eight persons in northern Israel, the Associated Press reported.

The 32-day struggle has claimed nearly 900 lives -- including at least 763 in Lebanon and 130 in Israel.

Despite signaling a willingness to accept the U.N. resolution, Sheik Nasrallah said Hezbollah would continue fighting as long as Israeli troops remained in Lebanon, calling it "our natural right."

Lebanese Prime Minister Fuad Siniora said his Cabinet endorsed the cease-fire plan despite having reservations. "We will deal with the requirements of the resolution with realism in a way that serves the national interest," he said.

The Cabinet harshly condemned Israel's military push, saying it presented a "flagrant challenge" to the international community after the U.N. resolution was adopted.

Israeli Defense Minister Amir Peretz said Israeli troops would remain until the international force arrived, and would defend themselves if attacked.

"If anyone dares to use force against Israeli defense forces, we will see this as a violation of the cease-fire agreement," he said on Israel television.

The Israelis used more than 50 helicopters to ferry hundreds of commandos into Hezbollah territory in the largest such operation in the Middle East since the October 1973 war.

Israeli police said 64 rockets fell on northern Israel yesterday, compared with an average of more than 100 missiles daily for the past two weeks.

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•This article is based in part on wire service reports.

Hezbollah Shoots Down Israeli Helicopter (AP)

By Gavin Rabinowitz

AP, August 13, 2006

Nineteen Israeli soldiers were killed Saturday during an expanded offensive in Lebanon, the army said, making it the highest one-day toll for the Jewish state since the war against Hezbollah erupted.

The deaths, which occurred in several battles throughout the day, brought to more than 100 the number of Israeli troops killed so far.

In its statement Sunday, the military also said that a five member crew of a downed helicopter was missing and feared dead.

The soldiers were killed in battles as helicopters landed commandos near the Litani River and columns of armor and infantry pushed north to meet them.

Several soldiers died they were hit by anti-tank missiles and others in fierce gunbattles with the guerillas. Two were killed when a tank accidentally ran over them, the army said, adding that more than 50 Hezbollah fighters were killed. Israel Radio reported that some 100 soldiers were injured in the clashes.

The transport helicopter was shot down by Hezbollah guerillas. Only the crew were on board at the time, the army said.

Hezbollah said, in a claim carried on Hezbollah's al-Manar TV, that the helicopter was brought down by a new missile, the "Waad" (Arabic for Promise) in the guerrilla arsenal. Israel's Channel 10 TV reported the helicopter brought down by anti-tank missile.

It was Israel's first loss of a helicopter in Lebanon in the monthlong conflict. Two helicopters collided and crashed and a third crashed separately in northern Israel early on in the fighting.

Hezbollah guerrillas have crippled an Israeli warship with a missile July 15.

The helicopter was shot down in the Maryamein valley near the village of Yater, and other helicopters scrambled to the area to try to rescue the crew.

Hezbollah reported a gunbattle raged as Israeli troops tried to retrieve the crew members from the downed chopper, according to a statement issued by the group.

Reports from some Arab media that several Israeli soldiers had been killed could not immediately be verified.

Hundreds of Israeli troops were airlifted to positions deep inside southern Lebanon on Saturday and tanks punched across terrain in an attempt to grab more territory before an expected cessation of hostilities Monday morning.

Annan: Mideast Cease-fire Starts Monday (AP)

AP, August 13, 2006

U.N. Secretary-General Kofi Annan announced that a cease-fire in the Hezbollah-Israel fighting will take effect at 8 a.m. Lebanese time (1 a.m. EDT) Monday.

Annan said in a statement distributed in Beirut early Sunday that he had been in touch with Prime Ministers Fuad Saniora of Lebanon and Ehud Olmert of Israel to discuss the exact time and date when the cessation of hostilities called for by a U.N. Security Council resolution will enter into force.

"I am happy to annouce that the two leaders have agreed that the cessation of hostilities and the end of the fighting will enter into force on 14 August, at 0500 hours GMT," the statement said.

Late Friday, the Security Council on adopted a resolution seeking a "full cessation" of violence between Israel and Hezbollah, offering the region its best chance yet for peace after a month of fighting that has killed more than 800 people and inflamed Mideast tensions.

The resolution, adopted unanimously, authorizes 15,000 U.N. peacekeepers to help Lebanese troops take control of south Lebanon as Israeli forces that have occupied the area withdraw.

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Hezbollah's leader on Saturday grudgingly joined Lebanon's government in accepting the U.N. resolution but vowed to keep fighting until Israeli troops leave and hand over territory to a muscular U.N. peacekeeping force intended to separate the antagonists.

Israel also signaled its intention to approve the plan, and a senior official predicted fighting would stop Monday morning, but there was no slowing in the bloodshed.

More Israeli tanks and soldiers surged into southern Lebanon on Saturday, reaching the Litani River and engaging in some of the heaviest ground combat of the monthlong war.

Israel was determined to batter Hezbollah until the end, while the guerrillas seemed to be fighting as fiercely as ever after a month of intense Israeli air, artillery and ground assaults.

Israel said 11 of its soldiers were killed and more than 70 wounded in an expanded offensive that tripled Israeli troop strength in southern Lebanon to 30,000. Israel Radio reported 100 troops wounded, which if confirmed would be the Jewish state's highest one-day injury toll of the fighting.

Israel confirmed that guerrillas shot down a helicopter in the south and there were injuries. Hezbollah said a battle raged for hours as Israel attempted to retrieve those on board. Hezbollah claimed to destroy 21 tanks.

Israel said it killed more than 40 Hezbollah fighters. Hezbollah issued a statement saying three of its fighters had been killed but gave no date.

Nineteen Lebanese civilians died from Israeli airstrikes, while Hezollah rockets wounded eight people in northern Israel. The 32-day struggle has claimed nearly 900 lives — including at least 763 in Lebanon and 130 in Israel.

The big expansion of Israel troop strength prompted Hezbollah's leader, Sheik Hassan Nasrallah, to declare the fight far from finished and likely to get worse.

"We must not make a mistake, not in the resistance, the government or the people, and believe that the war has ended. The war has not ended," he said.

"Today nothing has changed and it appears tomorrow nothing will change," Nasrallah added in his trademark measured tones.

Speaking a few hours before Lebanon's Cabinet voted unanimously to accept the U.N. plan, Nasrallah said Hezbollah would abide by the cease-fire resolution but continue fighting as long as Israeli troops remained in Lebanon, calling it "our natural right."

The Security Council resolution leaves out several key demands from both Israel and Lebanon in efforts to come up with a workable arrangement.

Despite Lebanese objections, Israel will be allowed to continue defensive operations — a term that Arab diplomats fear the Israeli military will interpret widely. A dispute over the Chebaa Farms area along the Syria-Lebanon-Israel border will be left for later; and Israel won't get its wish for an entirely new multinational force separate from the U.N. peacekeepers that have been stationed in south Lebanon since 1978.

There is also no call for the release of Lebanese prisoners held by Israel or a demand for the immediate withdrawal of Israeli troops. Although the draft resolution emphasizes the need for the "unconditional release" of the two Israeli soldiers whose July 12 capture by Hezbollah sparked the conflict, that call is not included in the list of steps required for a lasting cease-fire.

Diplomats said the negotiators' main goal had been to come up with a draft that spells out a lasting political solution to the hostilities between Israel and Hezbollah along the Israel-Lebanon border. The standoff has bedeviled the region for more than two decades.

At the heart of the resolution are two elements: It seeks an immediate halt to the fighting and it spells out a series of steps that would lead to a permanent cease-fire and long-term solution.

That would be done by creating a new buffer zone in south Lebanon "free of any armed personnel, assets and weapons other than those of the government of Lebanon and UNIFIL" — the acronym of the U.N. force deployed in the region since 1978. The force now has 2,000 troops; the resolution would expand it to a maximum of 15,000.

Bush Urges World Leaders On The Mideast (AP)

DOJ_NMG_0047450

By Nedra Pickler

AP, August 13, 2006

President Bush on Saturday urged world leaders to turn the words of a Mideast cease-fire deal into action, even as Israel expanded its air and ground campaign into Lebanon.

Secretary of State Condoleezza Rice said the broadened Israeli offensive had been anticipated and she hoped the hostilities would end in "a day or so." Rice predicted "skirmishes" will continue despite the cease-fire agreement, but she hoped the large-scale violence will stop.

"My understanding is that this is part of the normal operations that were contemplated. When the cease fire — the cessation of hostilities — comes into being, Israel will stop," she said in an interview with Israel Television.

Bush welcomed the resolution unanimously approved Friday night by the United Nations Security Council that seeks a full cessation of the violence between Israel and Hezbollah militants in Lebanon. Nearly 900 people have been killed in a month of fighting.

"Hezbollah and its Iranian and Syrian sponsors have brought an unwanted war to the people of Lebanon and Israel, and millions have suffered as a result," Bush said. "I now urge the international community to turn words into action and make every effort to bring lasting peace to the region."

Bush's remarks came in a written statement issued by his aides while he was bike riding on his Texas ranch. Bush plans to return to Washington Sunday after a 10-day vacation from the White House.

Bush had an eight-minute phone call Saturday morning with Lebanese Prime Minister Fuad Saniora to discuss the resolution and efforts to bring an end to hostilities.

"The president stressed the need to dismantle Hezbollah's state within a state in order to build Lebanese democracy," said Frederick Jones, spokesman for the National Security Council at the White House. "He expressed his view that Iran and Syria were arming Hezbollah in order to exert unwanted influence over Lebanon."

The U.N. resolution authorizes 15,000 U.N. peacekeepers to help Lebanese troops take control of south Lebanon, where Hezbollah guerillas have been operating, as Israeli forces that have occupied the area withdraw. It also calls for an embargo on the supply of arms to militias in Lebanon.

"These steps are designed to stop Hezbollah from acting as a state within a state, and put an end to Iran and Syria's efforts to hold the Lebanese people hostage to their own extremist agenda," Bush said. "This in turn will help to restore the sovereignty of Lebanon's democratic government and help ensure security for the people of Lebanon and Israel."

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As Mideast Smoke Clears, Political Fates May Shift (WP)

By Robin Wright

The Washington Post, August 13, 2006

It was a very close call. U.N. diplomats assembled at 3 p.m. in the cavernous Security Council hall to get the U.S.-French proposal to end an excruciating month of hostilities between Israel and Hezbollah. The United States had Lebanon's approval but still had not received word from Israel. U.S. Ambassador John R. Bolton did a "diplomatic tap dance" to stall, U.S. officials said.

Then at 3:53 Friday, Israeli Foreign Minister Tzipi Livni called Secretary of State Condoleezza Rice for the third time during a tense day of diplomacy. Despite its decision just hours earlier to launch a ground invasion, Israel agreed to the terms of the resolution. It was a deal.

Before she raised her hand to vote for the proposal, Rice said the time had come "to build a more hopeful future" in the region.

But the future of the Middle East may be markedly different as a result of the bloody drama that erupted July 12 after the seizure of two Israeli soldiers by Lebanon's Shiite militia. So, too, the image of the United States. What many now consider to be

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the sixth modern Middle East war has some distinct winners and losers, interviews with a range of former U.S. officials and Middle East analysts reveal.

Although the outcome will be long debated, big losers at this stage appear to be Israel's government, the Lebanese people, and the Bush administration's struggle against terrorism and its campaign for democracy, these observers said.

In waging the longest Arab war against Israel, the big winner may be Hezbollah leader Hasan Nasrallah -- for now. One surprise has been the strong leadership of neophyte Lebanese Prime Minister Fouad Siniora.

Yet every party has lost something.

"This is a war that has not had a clear logic, but it does have a large number of casualties and losers," said Robert Malley of the Brussels-based International Crisis Group. "Israel's government is in trouble. Lebanon as a country has lost a lot. U.S. standing is worse. Democracy promotion has been hurt. The credibility of the U.N. Security Council has been eroded. Even the anti-terror agenda has lost. So on almost every count, you see diminished assets and credibility."

Israel lost by failing to achieve its strategic objectives in response to the capture of its soldiers, analysts said. It has already paid a huge political, physical and psychological price -- with perhaps more to come, as Prime Minister Ehud Olmert appears imperiled, they added.

"The pressure is rising in Israel to interpret this as a debacle. Israel is nowhere close to having achieved its goal of destroying Hezbollah or its arsenal. It will also have to deal with the moral and humanitarian crisis that it caused," said Ellen Laipson, president of the Henry L. Stimson Center, a defense think tank, and formerly of the National Intelligence Council. "It looks like the denouement will create a crisis in Israeli politics that will not be easily fixable."

The conflict has affected Israeli civilians more than in any previous war, with the northernmost quarter of the country fleeing sustained Hezbollah missile attacks, analysts noted. It has proved that Israel cannot force peace through military means, said former U.S. ambassador to Israel Edward P. Djerejian.

The United States does not come out well, either, despite marathon diplomatic efforts.

Over the past three weeks, Rice devoted 90 percent of her time to the Lebanon crisis, aides said. In coordination with U.N. Secretary General Kofi Annan and France, she worked through the last three issues, all tricky -- the amount of military firepower a U.N. force can use to maintain peace, the status of the disputed Shebaa Farms region, and the sequence of Israel's withdrawal -- right up to the last minute Friday.

Diplomacy over the past week had been like a Rubik's cube, a senior State Department official said: "One minute you think you had it, then you did the turn and discovered you were further away than when you started." After an agreement last weekend, Washington and Paris by Wednesday were at loggerheads over the terms and timing of an Israeli withdrawal. Thursday was a critical day of compromises, U.S. and European diplomats said.

Many diplomats said the resolution was a masterful blend to secure Israel's vulnerable border while strengthening Lebanon's government and containing Hezbollah.

Yet America's image abroad emerges from the crisis badly battered, in part due to prolonged negotiations widely perceived in the Arab world as deliberate to allow Israel to pursue its military agenda -- with U.S.-manufactured weaponry, analysts said.

Rice's comment on the conflict as part of the "birth pangs" of a new Middle East was particularly "crude, insensitive and cruel," said Rami G. Khouri, an analyst and columnist for Beirut's Daily Star newspaper. "She was basically seen as saying you have to kill Arabs to remake them and you have to allow Israel to destroy Arab movements to make better nations.

"If it is a new Mideast, it won't be the one she is expecting," Khouri said, particularly coming after deeply troubled U.S.-led efforts to transform Iraq, the Palestinian territories and Afghanistan.

After the July 30 Israeli airstrike on Qana that killed at least 28 civilians, a large banner went up in downtown Beirut depicting Rice with sharp fangs and blood flowing from her mouth. "The massacre of children in Qana is a gift from Rice," it said.

Almost 90 percent of Lebanese said that the United States is not an honest broker, according to a July 29 survey by the Beirut Center for Research and Information, compared with 38 percent who supported a U.S. role in a January survey.

"Our image suffers from this perception and makes diplomacy and democracy promotion more difficult," Djerejian said.

U.S. officials said they recognize the potential ramifications.

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"This is certainly one of the toughest challenges we have faced in the last few years. . . . We knew the consequences were very broad. We recognized this was not just a border war between Hezbollah and Israel," Undersecretary of State R. Nicholas Burns said. "We know there are Arab complaints and anger about our role. But when it came down to the final analysis, the deal could not have been put together without us."

Lebanon suffered the most damage and death. More than 800 Lebanese civilians have died, and one-quarter of the country's population has been displaced. The nation's infrastructure, already rebuilt once after a vicious 15-year civil war, has been devastated. Electrical power plants, roads, bridges and thousands of housing units will require billions of dollars to be reconstructed.

Yet Siniora, who took over a fragile government only 13 months ago, has proved to be a strong and persuasive leader.

"It's been a remarkable performance," said Shibley Telhami of the Brookings Institution's Saban Center for Middle East Policy.

Siniora, who wept in talks with Arab leaders on Monday, gave an impassioned speech during the July 26 Rome conference that won support for his proposal on Lebanon's fate.

Hezbollah may gain more than any other party.

In tangible terms, the Shiite militia has lost several command posts and bunkers, financial distribution centers with funds in them, and as much as one-quarter of its front-line fighters, said Dennis Ross, a Middle East negotiator in the George H.W. Bush and Clinton administrations. With an expanded international force and a new arms embargo, secret attempts to replace hundreds of missiles from Iran and Syria will be far more difficult. And Hezbollah is supposed to dismantle the last private army in Lebanon under terms of the resolution.

But the movement is also now widely seen in the Arab world as having achieved its second victory against Israel -- after first forcing it to withdraw in 2000.

Although Nasrallah is a Shiite cleric, he has personally emerged from the Lebanon war as an epic "folk hero" in Arab and Islamic circles, said Paul Salem, director-designate of the new Carnegie Middle East Center in Beirut.

The Beirut Center survey showed about 87 percent of Lebanese support Hezbollah's retaliatory attacks on Israel. Yet the general consensus throughout the country is that Nasrallah grossly miscalculated the response to seizing the Israeli soldiers.

"Inside Lebanon, he is stronger in the sense that he fought a war and survived, but he also comes out weaker in the sense that his leadership that once led the Shiites to political victory but has now led them to ruin," Salem said.

Analysis: Pact Won't Improve U.S. Image (AP)

By Anne Gearan

AP, August 13, 2006

A U.S.-backed diplomatic pact to end more than a month of war between Israel and Islamic militants in Lebanon may stop the worst of the killing and retire the daily television images of burning buildings and suffocated children.

It will not do much to improve the image of America in the Arab world.

This war is widely viewed as a joint U.S.-Israeli venture that slaughtered innocents and wrecked homes, roads and businesses in a fragile democracy the Bush administration has said it supports.

President Bush on Saturday urged world leaders to turn the words of a U.N. cease-fire deal into action, even as Israel staged wide-ranging airstrikes across Lebanon and sent commandos into the Hezbollah heartland.

Airstrikes killed at least 19 people in Lebanon, including 15 in one village, while Hezbollah rockets wounded at least five people in Israel in the hours after the unanimous U.N. vote. Israel says it may fight another week despite the cease-fire deal.

Hezbollah leader Sheik Hassan Nasrallah, who has become a folk hero across the Arab world for taking on Israel, agreed to the deal Saturday, but said the militants will continue fighting as long as Israeli troops remain in south Lebanon.

Lebanon's Cabinet voted unanimously to accept the plan despite reservations. Israel is to take it up Sunday.

The deal would stop the fighting, perhaps next week, and authorize deployment of 15,000 foreign troops to help the Lebanese army control the country's southern swath, along the Israeli border.

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Israel would begin withdrawing the forces that have invaded Lebanon over the past five weeks "in parallel" with deployment of the peacekeeping force. Hezbollah is directed to stop all attacks, but Israeli forces could defend themselves so long as they are there.

The terms of the peace deal may only reinforce twin perceptions in the Arab world: The United States did too little too late to rein in Israel and end the fighting, and friendship with the United States is worth little because the United States will back Israel no matter what, foreign policy analysts said.

"The U.S. reputation as an honest broker has been eroding under this administration for some time. This just crystallized what the Arabs thought," said Jonathan Clarke, a former British diplomat now at the Cato Institute. He said the Arabs had grown to believe "the U.S. and Israel had become one country."

The United States backed Israel without public reservation from the first moments of the war, when Hezbollah militants crossed the Lebanon border and killed and captured Israeli soldiers on July 12.

Bush laid blame on the militants and their Syrian and Iranian backers in his statement welcoming the cease-fire blueprint.

"The loss of innocent life in both Lebanon and Israel has been a great tragedy," Bush said. "Hezbollah and its Iranian and Syrian sponsors have brought an unwanted war to the people of Lebanon and Israel, and millions have suffered as a result."

The Bush administration has set expansion of democracy and freedom in the Middle East as the signal call of a foreign policy that Arab, European and other governments still view with suspicion more than three years after the widely unpopular U.S.-led invasion of Iraq.

Although inspiring to some Arab reformers, the Bush policy was always seen as naive by many leaders in the region and elsewhere.

Secretary of State Condoleezza Rice was ridiculed in the Arab press when she talked about the war as the "birth pangs of a new Middle East" during a diplomatic trip to the region that outwardly accomplished little.

The Lebanon conflict has heightened anti-U.S. sentiment in the region, with frequent protests in moderate U.S. allies like Egypt, Jordan and Kuwait.

Saudi Arabia and other U.S. allies in the region say the bloodshed only fuels radicalism.

"We would like to return to the old Middle East, because we don't see anything in the new Middle East apart from more problems," Saudi Foreign Minister Saud al-Faisal remarked.

The war has undermined the Arab reformers and political moderates Washington has courted.

The democracy movements in Egypt and other countries were already struggling as their governments rolled back on promises of change.

"The Americans are shooting themselves in the foot," Abdel Moneim Said, head of Al-Ahram Center for Political and Strategic Studies, based in Cairo, said last week, before the U.N. deal. "The only beneficiaries of the ongoing conflict are the fundamentalists."

The United States pushed for the peace deal approved by the United Nations Security Council on Friday to stop fighting that threatened to topple Lebanon's tenuous democratic government.

The deal does not accomplish the disarmament of Hezbollah, the key goal that Bush and Rice said they sought.

The deal also does not guarantee that Lebanon can extend political control to the southern part of the country where the armed Hezbollah movement held greater power than the Beirut government.

Nor does the deal make Israel more likely to cooperate toward the wider Bush administration goal of peace with the Palestinians and a viable independent Palestinian state. Analysts said they see little prospect that Washington can help broker a real peace settlement for years to come.

"Condi talked about a new Middle East," said Aaron David Miller, a former adviser on the Middle East to both Republican and Democratic administrations. "There will be new Middle East, but it will be a nastier and messier one."

Hezbollah Resistance Likely To Remained Undimmed By Conflict (MCT)

By Shashank Bengali And Dion Nissenbaum

McClatchy Newspapers, August 13, 2006

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BEIRUT, Lebanon - With the warring parties signaling support for a U.N. cease-fire plan, the month-long war in Lebanon appears likely to end with Israel's military campaign falling short of its goals and Hezbollah's cause strengthened.

Israeli leaders are expected to formally accept the U.N. resolution on Sunday having achieved only their most modest prewar objectives, despite pounding Hezbollah bases throughout Lebanon with air strikes and, in recent days, a major ground operation.

Hezbollah may be military weakened, but by refusing to bend to the region's mightiest armed force, the Shiite Muslim militant group looks stronger in the eyes of its backers Iran and Syria. And it may be less likely to give up its weapons as Israel, the United States and many in Lebanon have urged.

"Resistance is a natural right for us," Hezbollah's leader Hassan Nasrallah said Saturday, accepting the U.N. resolution but vowing to continue fighting Israeli aggression.

For now, even as Israel dramatically ramps up its eleventh-hour ground operation, experts say the cease-fire represents a muddled conclusion that fails to resolve either side's major grievances despite the human toll. More than 1,000 Lebanese and 100 Israelis have died in the conflict, which began July 12 when Hezbollah guerrillas kidnapped two Israeli soldiers from a border post.

Israeli leaders called at the outset for the immediate and unconditional return of the two soldiers and spoke of destroying Hezbollah. Instead, as the fighting stretched on, Israel began to scale back its expectations.

It dropped its opposition to the creation of a new international peacekeeping force in southern Lebanon. Leaders stopped suggesting that they could destroy Hezbollah on the battlefield and instead spoke of "crippling" the militants. And Israel eventually acceded to weak assurances from the U.N. that Hezbollah wouldn't be able to secure new weapons from Syria and Iran.

"The expectations were too high," said Uri Dromi, a former Israeli government spokesman who now serves as director of international outreach for The Israel Democracy Institute. "All that talk about defeating Hezbollah was far-fetched from day one."

The winner, said Dromi, was Nasrallah. "He stood up against Israel, no question about it," he said. "And this, in a way, was a setback of the Israeli deterrence."

In the end, the agreement should ensure that one of Israel's main objectives - protecting its 40-mile northern border with Lebanon - is met. Under the deal, a beefed-up U.N. peacekeeping force is supposed to make sure Hezbollah is forced out of the bottom fifth of the country below the Litani River.

That should prevent Hezbollah from staging future cross-border raids and would put much of Israel out of range of the group's short-range Katyusha rockets.

Israel's biggest concession was over the fate of the two soldiers, whose release isn't required under the resolution. It's more likely they'll be released in a prisoner exchange with Lebanon.

"From day one, we didn't say this was a hostage crisis alone," said Mark Regev, a spokesman for Israel's Foreign Ministry. "This was a threat to our nation. We would like the hostages given back straightaway of course. Unfortunately that is not possible."

Because Israel always viewed the battle not just as a fight for the soldiers, but as a war against anti-Israeli forces in Syria and Iran, it wanted to send a decisive military message.

But Hezbollah displayed a resiliency that surprised Israelis, firing scores of rockets daily at northern Israel and putting up a stiff fight on the ground thanks to a web of tunnels and bunkers and a stockpile of automatic and anti-tank weapons.

Before the war, the Lebanese government had been in negotiations to get Hezbollah to give up its weapons. Hezbollah, which has representatives in the government, always resisted on the grounds that it was the only military force able to secure southern Lebanon - and its performance over the past four weeks backs that up.

"Military professionalism has been the exclusive property of the Israelis for the last 40 years, and that's why they were succeeding," said Jamil Mroue, editor of The Daily Star, an English-language newspaper in Lebanon.

"Now they (Hezbollah) are exhibiting some of those traits as an Arab army."

The U.N. resolution calls for Hezbollah to disarm, though it doesn't specify how. The U.N. force of up to 15,000 troops will monitor the cease-fire, but in a compromise with Lebanon it has no clear authority and little likely inclination to use its weapons - making it unlikely that it will face off against Hezbollah.

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Another 15,000 Lebanese troops will soon be deployed to southern Lebanon, but the army is poorly equipped and is seen by Hezbollah as an inferior force.

The army is also 35 percent Shiite and includes many Hezbollah loyalists. Sending the army to disarm Hezbollah would be a recipe for civil war, experts say.

"I cannot conceive of them searching for Hezbollah arms or Hezbollah militants," said Amal Saad-Ghorayeb, an author and expert on Hezbollah.

"If the Lebanese government had any qualms about forcibly disarming Hezbollah, it's going to be much harder now."

Making it even more difficult is the fact that one of Hezbollah's key demands, that Israel return to Lebanon a small piece of border territory called Shebaa Farms, is unresolved in the cease-fire plan. That was a concession to Israel and the United States.

Despite its battlefield success, Hezbollah's political position in Lebanon remains complicated. As the conflict dragged on and the damage mounted, cracks began to show in the country's fragile sectarian consensus. Many in the country's Christian, Druze and Sunni Muslim communities have quietly criticized Hezbollah for launching into this conflict unilaterally, and the massive cost of rebuilding the country is likely to put pressure on Nasrallah's group to give up arms.

"Certainly, Hezbollah is a very good army," said Atef Majdalani, a Christian member of the Lebanese parliament. "But you can't say they protected Lebanon. You saw that in the last month - the country is destroyed."

In Israel, the outcome is likely to afflict Olmert.

"Chutzpah has its limits," analyst Ari Shavit wrote Friday in the newspaper Haaretz. "You cannot lead an entire nation to war promising victory, produce humiliating defeat and remain in power."

Bengali reported from Beirut, Nissenbaum from Jerusalem.

Israel Seeks Hint Of Victory (NYT)

By Steven Erlanger

The New York Times, August 13, 2006

JERUSALEM, Aug. 12 — Israel's move to greatly increase its ground forces in Lebanon a day before it is expected to accept a cease-fire has two goals: to damage Hezbollah as much as possible and to conclude the conflict with something that could be called a victory for an Israeli government under domestic pressure.

Having begun the war by proclaiming that the aim was the destruction and disarmament of Hezbollah, Prime Minister Ehud Olmert will be able to claim only that Hezbollah is badly hurt and, with the help of international troops, effectively restrained — even without the robust new international force or disarming of the militia that Israel initially demanded.

In this last army push, which many here regard as too late to make a big difference, Mr. Olmert wants to ensure that the Iranian-backed militia and its stockpiles are at least cleared out of southern Lebanon.

The hope is that inhabitants of the north will be able to return home or emerge from bomb shelters without the daily fear of rocket fire.

The Israeli cabinet is scheduled to meet Sunday to discuss a United Nations Security Council resolution calling for a cease-fire. But the Israeli Army will be pressing forward at least until Monday, if not beyond, trying to destroy Hezbollah rockets and assets. That is a task that Israel does not believe the Lebanese Army, even accompanied by an expanded United Nations force, will dare to do.

Mr. Olmert and his defense minister, Amir Peretz, have been wounded by the perception that they mishandled the war and were overly reluctant to commit sizable ground forces when there was enough time to accomplish the government's stated goals. The life of the government is likely to have been shortened.

The debate in Israel has not been over the war's legitimacy — that is widely accepted. The attacks on the government have been over its handling of the assault.

In a familiar pattern of backbiting — the best indication that the war has not gone well — the army leadership is complaining that the politicians did not let the military do its job, and the politicians are complaining that the army promised that the task could be accomplished in a week or two and largely with air power.

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As usual in Israel, the army is more popular than the politicians, and it is bound to win the argument. But the army's performance against Hezbollah will lead to considerable introspection and criticism about failures in strategic analysis, intelligence, training and preparedness, especially among the reserves.

There will also be sharp criticism of governmental preparedness, with the image of many thousands of poorer Israelis huddling for a month in decrepit bomb shelters with inadequate public services and supplies.

Mr. Olmert, who leads the centrist Kadima Party, is going to face a postwar onslaught from the right, in particular from Benjamin Netanyahu. Mr. Netanyahu, the Likud Party leader, favored a major military operation to destroy what he called "an Iranian army division" fighting in "a war conceived, organized, trained and equipped by Iran, with Iran's goal of destroying Israel and its fantasy ideology of building a once-glorious Muslim empire in which we are merely the first pit stop."

There is more of this talk to come, and from another rival on the right: Avigdor Lieberman, who is already very popular among the Russians who make up a large number of the Jewish Israelis living in the north, many of whom were too poor to seek shelter in southern towns.

Mr. Olmert's plan to extend the policy of unilateralism by removing up to 70,000 Israeli settlers from the West Bank, behind the separation barrier, also appears moribund. The rocket wars have made the barrier look flimsy, and one year after Ariel Sharon and Mr. Olmert pulled 9,000 Israeli settlers out of Gaza unilaterally, many onetime supporters of the plan say that critics like Mr. Netanyahu appear to have been correct — that the disengagement provided little security or stability.

The plan to hand over more territory in the West Bank to a Hamas-led Palestinian Authority that could use more sophisticated rockets to hit Tel Aviv is now being dismissed as folly by many in the center, not just on the right — an unexpected gift to the settler movement.

"A year after the withdrawal of Gaza, there is a huge 'I told you so' hanging in the air, and it's hard to argue with, when Qassams are still flying out of Gaza and nothing has moved forward," said Tom Segev, an Israeli historian. "Like Oslo, Gaza disengagement was a good idea, but it was managed very badly. But instead of criticizing the management, we criticize the thing itself."

Itamar Rabinovich, a former ambassador to Washington, said bluntly: "Two notions have died. First, unilateralism, and second, separation by the fence. Missiles dwarf the fence."

Israelis also fear there has been damage done to their relationship with the United States, where some may complain that the Israelis were given time to clobber Hezbollah and did not get the job done.

Mr. Rabinovich is more sanguine. "Part of the reckoning will be our reputation as a strategic partner, when we tell the Americans, 'Give us the tools and we'll do the job,' " he said. "Part of our self-image is of military miracle workers, and we didn't do that this time."

Still, he said, Lebanon reinforces Israel's view that the real danger in the region is Iran, Hezbollah's patron, and that the threat of a nuclear-armed Iran is aimed at Egypt, Saudi Arabia and Jordan too.

For Mr. Segev, the Lebanese war seems like a side show to Israel's main and persisting problem: the Palestinians. Israel still faces a crisis in Gaza, including the unknown fate of a soldier captured June 25, and unresolved disputes over the Hamas-led government.

"This war is a huge detour from the real problem, like an accident that shouldn't have happened," Mr. Segev said. "The Palestinian problem persists, and again the government looks to be bad managers."

Israel Encounters An Unexpectedly Different War (LAT)

By Tracy Wilkinson And Henry Chu, Times Staff Writers

The Los Angeles Times, August 13, 2006

The military is not only battling a well-armed foe but also grappling with its own shortfalls.

MISGAV AM, Israel — Whether Israel's war with Hezbollah ends this week or weeks from now, it has exposed serious deficiencies in the Jewish state's formidable fighting machine and the strategies that underpin it, unleashing repercussions that will shake the political establishment for a long time to come.

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For a month, Israeli civilians here in the north have found themselves targeted by Hezbollah rockets that the mightiest army in the region could not stop; the image of desperate Israelis huddling in shelters for days on end is a haunting blow to a nation that prides itself on its strength and resolve.

Israeli commanders, after early vows to quickly wipe out Hezbollah, now acknowledge they may never be able to completely halt the rocket fire. One top military strategist spoke last week of redefining the word "victory."

"This may be the first war that Israel does not win," said military historian Michael Oren, a research fellow at the Shalem Center in Jerusalem.

From its independence in 1948 through the devastating Six-Day and Yom Kippur wars, Israel was accustomed to defeating the Arab armies that challenged it. But Hezbollah has presented Israel with a different enemy and a different war.

Neither the Israeli military's traditional skills as a modern armored force nor its ability to battle Palestinian militias has proved sufficient against the highly motivated, well-armed Hezbollah army.

Israel hopes its victory will come eventually in marshaling and sustaining international support for the isolation and containment of Hezbollah, and in establishing consensus that Iran and Syria must be held accountable for their patronage of the Shiite Muslim faction that has grown in Lebanon during the last quarter of a century.

Israel's military shortcomings, in the meantime, have proved acutely embarrassing.

The failure to make the desired progress on the battlefield can be attributed to several factors, including reluctant politicians, faulty intelligence, poorly trained and equipped reservists, terrain that is virtually impassable for heavy tanks, and rusty fighting tactics.

Ehud Olmert, the first elected prime minister who was never an important army commander, went into the offensive reluctant to incur Israeli casualties — a hesitation, his critics say, that proved instrumental in the failure to strike a decisive blow against Hezbollah.

Public opinion has begun to turn against Olmert for his conduct of the war, and he will face new questioning today when he convenes his Cabinet to debate the United Nations resolution for ending the Lebanon conflict.

Already, the criticism among Israel's acerbic political commentators is unforgiving.

"You cannot lead an entire nation to war promising victory, produce humiliating defeat and remain in power," columnist Ari Shavit wrote in Friday's Haaretz newspaper. The day Hezbollah leader Sheik Hassan Nasrallah "comes out of his bunker and declares victory to the whole world, Olmert must not be in the prime minister's office."

Israel's reservists, the backbone of its army, have suffered huge casualties. Oren, the historian, said the reserves were "not up to combat snuff" and had to undergo quick refresher courses before they were sent into battle. Some family members complain the courses were not enough.

In past wars, the reserves counted on a large component of kibbutzim men — strapping, outdoorsy types. But a demographic and economic revolution in Israel in the last decade means that more and more reservists now being called up were sitting behind computers instead of working on farms.

Israeli military commanders acknowledge their surprise at the level of sophistication of Hezbollah's armament, notably its antitank missiles, capable of piercing armor. These have inflicted a large percentage of the Israeli deaths in this war.

Soldiers emerging from the battlefield have told stories of running out of food and water, a suggestion that resupply lines are weak or nonexistent. One Israeli journalist traveling with troops reported that several soldiers in his unit had to be evacuated because of dehydration.

And the soldiers describe an enemy that defied their expectations, one far more cunning and prepared than the Palestinian militants they have trained for and encountered in recent years.

"It's completely different," said 1st Sgt. Gil Hiram, 22, with the Golani Brigade's special forces. "We were kind of overwhelmed by how different it was. These were trained army men — these weren't some two-cent terrorists given an AK-47. They know how to do camouflage almost as good as us."

Hiram spoke from a hospital in Haifa where he was recovering from bullet wounds received in fighting in a Lebanese village just across the border. A day before he was ordered to Lebanon, he was in the Gaza Strip.

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"You can take Lebanon in one day, as the U.S. took Iraq in one week. [But] once you're there, the [real] fighting begins," said Arik Dayan, 26, a paratroop company commander who was also recovering from wounds suffered in fighting in Lebanon. He was operating in Palestinian territory in the West Bank one day, only to be transferred abruptly to the Lebanon offensive.

Hezbollah had a "big advantage" because its fighters worked in small groups and were mixed with the regular population. "Once we got into the villages, they would send wave after wave of fighters," Dayan said.

The prosecution of this war also has laid bare divisions within the Israeli military hierarchy. Lt. Gen. Dan Halutz, the army's chief of staff, ordered that the commander of the offensive be replaced mid-campaign, a highly unusual and potentially demoralizing move.

Privately, some military officers complained that Halutz, a career air force commander, failed to understand the urgency of launching a wider ground campaign, favoring instead thousands of bombing sorties over Lebanon that devastated much of the country but did not silence Hezbollah.

These critics contend that Israel would have been more successful if it had deployed troops immediately along the Litani River, north of where most Hezbollah fighters were entrenched, and then worked to squeeze them from the north and south. Instead, Israeli forces largely concentrated on trying to control small villages just over the border, with limited results.

Only now have Israeli forces appeared to position themselves to apply a kind of pincer pressure, deploying hundreds of troops into southern Lebanon on Saturday. Halutz says it has taken the damage inflicted by constant air power to weaken Hezbollah to a point where it can be corralled on the ground.

Whenever this war ends, there will be finger-pointing aplenty over who is to blame for the mistakes. Maj. Gen. Udi Adam, the head of the northern command whom Halutz essentially demoted, suggested Saturday that he would have done things differently.

Asked in a television interview why the long-threatened massive ground attack was launched a month after the conflict began, Adam said: "This is not a question you should be asking me. The northern command was ready to expand the fighting two weeks ago."

Also coming in for criticism are civilian authorities who failed to evacuate threatened towns and are increasingly being accused of mishandling relief aid.

Haim Barbivai, the mayor of Kiryat Shemona, the largest city in this part of the north, acknowledged that numerous Israeli cities were unprepared for the humanitarian disaster that befell them, with families trapped in bomb shelters and most businesses shuttered.

"We didn't know it would last so long," Barbivai said. "We thought it was going to end in minutes: the mighty Israeli army against Hezbollah. But when war starts, you never know where it will end."

Wilkinson reported from Misgav Am and Chu from Jerusalem.

Analysis: For Israel, An Imperfect Deal (AP)

By Karin Laub

AP, August 13, 2006

For Israel, the U.N. cease-fire deal is far from perfect. A U.N. force deploying in south Lebanon as part of the truce will have trouble keeping Hezbollah at bay for long or prevent the Iranian-supplied guerrillas from rearming, critics said, pointing to past failures of international peacekeepers.

The U.N. terms will buy temporary calm, but make the next war between Israel and Tehran's proxy army inevitable, former Israeli Foreign Minister Silvan Shalom and some military analysts warned.

"It begs the question, `What was it all for?'" Shalom said, reflecting a growing chorus of criticism.

Israel had little choice but to go along with the U.S.-backed compromise, after its vaunted army failed to subdue Hezbollah in more than a month of fighting. The guerrillas took heavy blows and suffered scores of casualties, but kept raining rockets on northern Israel throughout the war and clung to positions near Israel's border.

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In a race against a looming cease-fire, Israeli troops moved deeper into Lebanon on Saturday to try to capture all territory south of the Litani River, the area that is to be free of Hezbollah. Helicopters ferried hundreds of soldiers into the war zone, in the biggest military airlift in 33 years.

Israeli officials explained that the troops were trying to pave the way for the deployment of 15,000 U.N. peacekeepers and 15,000 Lebanese forces between the border and the Litani. However, some said the last-minute push was of questionable military value and unnecessarily endangered soldiers.

At least seven soldiers were killed Saturday, the first day of the wider ground war, and an Israeli helicopter was shot down.

On paper, a combined force of 30,000 patrolling south Lebanon appeared an impressive achievement for Israel, which has long demanded that the Lebanese government take control of that area.

However, the Lebanese army — composed of up to 50 percent of Shiite Muslims, the same faith as Hezbollah's fighters — will at best have a symbolic role, and at worst be sympathetic to the guerrillas, said Shlomo Brom, a former Israeli military chief of planning.

If challenged by Hezbollah gunmen, the army would likely fold, Brom said. "That's why a multinational force is needed," he said.

However, international observers in the area have proven ineffective in the past. The 2,000 U.N. peacekeepers, known as UNIFIL, who have patrolled south Lebanon since 1978 are no match for Hezbollah, which built its state-within-a-state and acquired sophisticated weapons from Iran without interference.

The new beefed-up U.N. force was given a wider mandate, including permission to use "forceful means" if challenged by the guerrillas.

That wording is still vague, Israeli TV commentator Ehud Yaari said. "When you take into account the past record of UN forces ... it's hard to be hopeful," he said.

Alvaro de Soto, a U.N. special envoy to the Middle East, said much of the criticism of UNIFIL was unfair, since its mandate had been limited. Even so, he said the force repeatedly had defused minor confrontations.

The U.N. resolution's language on a weapons embargo also is problematic, analysts said. The truce deal bars the "sales or supply of arms and related material to Lebanon, except as authorized by its government" — of which Hezbollah is a member. An embargo also would be difficult to enforce on the ground, Yaari said.

Hezbollah leader Sheik Hassan Nasrallah said his guerrillas would abide by the cease-fire once Israeli forces leave, but he expressed reservations about the deal.

The Islamic militant group wants a release of Lebanese prisoners in Israel and a return of Chebaa Farms, a disputed border region held by Israel. If progress is not made on those provisions, the guerrillas may be less willing to cooperate with the forces in the south.

Defense analysts warned more fighting was likely in the future.

Iran can easily reactivate Hezbollah for its own political needs, particularly if it were to be attacked by the West over its nuclear weapons ambitions, Israeli counterterrorism expert Boaz Ganor said.

Shalom, of the right-wing Likud Party, agreed that another war is inevitable. "This was just the preview for the main movie," he said of the conflict that began July 12 when Hezbollah crossed the border and captured two Israeli soldiers.

"They (Hezbollah) will now rebuild themselves. We could then see long-range missiles, perhaps with non-conventional warheads," warned Shalom.

Israeli leaders defended the deal against growing skepticism — and got a little help from U.S. Secretary of State Condoleezza Rice. The deal, she told Israel TV in a telephone interview, "really does enhance Israel's security."

Defense Minister Amir Peretz acknowledged that Israel would have preferred a NATO-led force, rather than U.N. troops, but emphasized the expanded size and mandate of the peacekeepers.

Vice Premier Shimon Peres said Israel couldn't expect to get everything it wanted. "If we opposed the U.N. resolution, the world would have turned against us," he cautioned.

France, Italy, Turkey Offer U.N. Troops (AP)

DOJ_NMG_0047460

By Angela Doland

AP, August 13, 2006

France and Italy, along with predominantly Muslim Turkey and Malaysia, signaled willingness Saturday to send troops for a beefed-up U.N. peacekeeping force in southern Lebanon, but consultations are still needed to hammer out the force's makeup and mandate.

New Zealand and Ireland were among smaller nations saying they might contribute peacekeepers for the mission to bring calm after a month of fighting that has killed more than 800 people, displaced hundreds of thousands and caused widespread damage.

A day after the U.N. Security Council unanimously adopted a resolution seeking a "full cessation" of hostilities, governments worldwide urged Israel and Hezbollah to seize the opportunity. German Foreign Minister Frank-Walter Steinmeier called it a chance "that must not be wasted."

The resolution, drafted by France and the United States, authorizes 15,000 U.N. peacekeepers to help a similar number of Lebanese troops take control of southern Lebanon as Israeli forces withdraw from an area that is a longtime stronghold of the Islamic militants of Hezbollah.

Analysts said France would be well-suited to lead such a force, given its diplomatic success in acting as go-between in negotiations involving the United States and Lebanon.

As France had argued for, the resolution strengthens the existing U.N. force in southern Lebanon — UNIFIL, which now has 2,000 soldiers acting as observers and has been in place since 1978.

Washington has been concerned over UNIFIL's ineffectiveness in containing violence along the Israel-Lebanon frontier and it originally pressed for the deployment of a new international force separate from UNIFIL.

The strengthened U.N. force is to monitor a cease-fire, ensure humanitarian aid reaches civilians and back up the Lebanese army in asserting government control in the south, where Hezbollah has been virtually autonomous.

The resolution authorizes UNIFIL to use "all necessary action" to make sure "its area of operations is not utilized for hostile activities of any kind." Its troops could use force to ensure the movement of aid workers and protect civilians in imminent danger.

Further discussions are needed to pin down exactly when and under what conditions UNIFIL can use firepower. And the Security Council said UNIFIL's mandate setting out its roles might be "enhanced" in a later resolution.

French President Jacques Chirac said his country will "play a role in putting the new resolution into place, particularly in regards to the new UNIFIL."

France — which already participates in UNIFIL along with China, Ghana, India, Ireland, Italy, Poland and Ukraine — will determine how many more peacekeepers to send after evaluating the force's mandate, Chirac said.

His country is seen as a likely leader of the U.N. operation.

By leading a peacekeeping force with a large European presence, France could strengthen its own role in the Middle East, analysts say.

That could, in turn, benefit the European Union, and ensure France a greater role in carving out the bloc's foreign policy, said Barah Mikail of the Institute of International and Strategic Relations in Paris.

Given France's relations with Washington and its historic ties with the Arab world, "France seems the best-placed to lead this force," Mikhail said.

Italian Premier Romano Prodi and his foreign minister, Massimo D'Alema, confirmed Italy's willingness to take part. They said Italy will be involved in talks "in the next few days to determine the composition, articulation and mandate" of the force.

Predominantly Muslim nations also expressed willingness to provide peacekeepers.

Turkish Foreign Minister Abdullah Gul said his government would look "very favorably" toward sending peacekeepers, but only after a full cease-fire.

In Malaysia, Deputy Prime Minister Najib Razak said his country was preparing about 1,000 soldiers to take part in the mission once fighting stops.

Razak also said two of Malaysia's Muslim neighbors, Indonesia and Brunei, were prepared to participate, although there was no official comment from those governments.

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Shebaa Farms Occupies A Pivotal Spot In Mideast Conflict (MCT)

By Matt Schofield

McClatchy Newspapers, August 13, 2006

Any lasting Israeli-Hezbollah cease fire will have to address the fraught question of who owns 14 abandoned orchards, pastures and mini-farms on the Syrian-Lebanese border with Israel known as Shebaa Farms.

Israel captured the 10 square-mile strip of sand and dust-tinted scrub brush from Syria during the Six Day War in 1967.

When Israel pulled its troops from southern Lebanon in 2000, it left some in Shebaa Farms on the theory that Hezbollah no longer had an excuse to attack them as occupying forces because Shebaa Farms belonged to Syria.

Israel proved wrong about Hezbollah, which has attacked the area more than 30 times since 2000 - and killed seven Israeli troops - 2000 on grounds that Shebaa Farms belongs to Lebanon.

And Syria agrees with Hezbollah.

While even Israelis say Shebaa Farms' strategic value is minimal, no one in the region is giving away any bargaining chips these days.

Rally Near White House Protests Violence In Mideast (NYT)

By Robert Pear

The New York Times, August 13, 2006

WASHINGTON, Aug. 12 — Thousands of people rallied near the White House on Saturday to protest what they described as Israeli aggression in Lebanon and the United States' unwavering support for Israel.

The diverse crowd included many Arab-Americans and Muslims, college students and families, as well as veterans of prior demonstrations against the war in Iraq.

"We want to know why our tax money is going to support war crimes,'' said Mounzer Sleiman, vice chairman of the National Council of Arab-Americans, one of more than 15 speakers who addressed the protesters gathered in Lafayette Park, across from the White House, under a cloudless sky.

The crowd erupted periodically in chants, "Israel out of Lebanon now" and "Free, free Palestine.''

Dr. Khalil A. Katato of West Bloomfield, Mich., an oncologist who came to Washington by bus with his wife and five children, said, "We are protesting U.S. support of Israeli aggression on the Palestinian and Lebanese people.''

His wife, Daad Katato, said she made the trip to protest the war in Iraq, and to show sympathy for children killed or injured during Israel's military operations in Lebanon and the Gaza Strip.

The criticism of Israel at Saturday's rally contrasted with the sentiment in Congress, where support for Israel is overwhelming and bipartisan. By a vote of 410 to 8, the House last month expressed "strong support'' for Israel and condemned Hezbollah and Hamas for armed attacks on Israeli territory. The Senate approved a similar resolution by voice vote.

President Bush was at his ranch in Crawford, Tex., winding up a 10-day vacation. He was due back at the White House on Sunday.

At the rally on Saturday, the prevailing sentiments were expressed in signs held aloft by marchers: "Occupation is a crime — Iraq, Lebanon, Palestine." "Stop Israeli terrorism." "No justice, no peace.''

Brian Becker, national coordinator of a coalition called Act Now to Stop War and End Racism, a sponsor of the rally, asserted that President Bush had given Israel a green light to crush Hezbollah in Lebanon, then "sent cluster bombs to the Israeli Defense Forces to kill Lebanese children.'' Israel has asked the Bush administration to speed delivery of rockets armed with cluster munitions, which could be used to strike Hezbollah missile sites in Lebanon, and a senior American official said this week that the request was likely to be approved.

Several speakers at the rally criticized Mr. Bush for mentioning the religious background of those arrested this week in a plot to blow up airplanes flying from Britain to the United States. Mr. Bush said the plot showed that "this nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation.''

Mahdi Bray, executive director of the Muslim American Society Freedom Foundation, said Mr. Bush owed Muslims an apology. "There is no Islamic fascism,'' Mr. Bray said. "There is no doctrine of fascism in Islam.''

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Esam Omesh, president of the Muslim American Society, said, “We all stand united against the violence and the killing in the holy land.’’

Ramsey Clark, the former attorney general, drew cheers when he said, “We have a solemn obligation to impeach President Bush.’’ Mr. Clark, who has served on the defense team for Saddam Hussein, the former president of Iraq, also advocated the impeachment of Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld.

Two students from George Mason University in Fairfax, Va. — Ali Khan, 28, a Pakistani-American, and his wife, Afnan Khan, 22, who was born in the United States to Iraqi parents — were less strident. They said they were protesting the death of civilians, especially Lebanese children.

“They are all innocent,’’ Mr. Khan said.

Lebanon Supporters Converge At White House (WP)

By Petula Dvorak And Robert Samuels

The Washington Post, August 13, 2006

Families, Activists Travel to Demand Cease-Fire, Protest Actions of U.S. and Israel

Thousands of people came from across town, across the river or across the country to circle the White House yesterday in a passionate demonstration supporting Lebanon, the country at the center of the fighting between Israel and Hezbollah.

Hundreds of red-white-and-green Lebanese flags bearing the country's emblematic cedar tree waved beneath Lafayette Square's canopy of elms as demonstrators demanded a cease-fire, many of them mourning their war-ravaged homeland.

"There are a lot of kids, a lot of women dying, and the amazing thing is no one is doing anything about it," said Hassan Alaouie, 42, who traveled with his wife and two children from Dearborn, Mich., to attend the rally. "This is the least we can do." Alaouie, who works for a medical billing company, came to the United States from a border village in Lebanon 20 years ago, but much of his family is still there. His brother lost his home in Beirut to an Israeli missile, and his parents had to flee to a safe house in the north.

By Washington standards, yesterday's event did not equal protests that swelled with hundreds of thousands of participants. Organizers estimated "tens of thousands," but law enforcement officials, who no longer make official crowd counts, estimated the crowd at less than 10,000.

The rally was held on the day that Hezbollah and the Lebanese government accepted with reservations a cease-fire declared by the United Nations to end the month-long conflict. The Israeli cabinet is to vote on the cease-fire today.

The primary organizer was the ANSWER coalition, a left-wing group that has sponsored numerous antiwar rallies that often attract socialists and anarchists. The National Council of Arab Americans and the Muslim American Society Freedom Foundation also were sponsors.

Most of the people at the White House yesterday were Muslim families and students, who took breaks in the shade to feed children or bow toward Mecca for noon prayers.

"We came with seven buses from Ohio. We drove all night," said Julia Shearson, director of the Ohio chapter of the Council on American-Islamic Relations, in Cleveland.

Shearson, a convert to Islam, said she brought her 5-year-old daughter, Dalal Alaai, because she fears for her future. "We're very frightened of the escalation in this conflict," Shearson said.

For about two hours before the march, thousands of protesters gathered near the stage in Lafayette Square. Cedars were painted on faces and T-shirts; hair was dyed in the colors of the Lebanese flag and hundreds of Palestinian flags and banners were waved.

Speakers decried the actions of Israel and the United States, which they described as an occupation, and proclaimed solidarity with the civilians caught in the crossfire of the conflicts in the Middle East.

The crowd grew most agitated when speakers denounced President Bush's references to Islam.

"Mr. Bush: Stop calling Islam 'Islamic fascism,' " said Esam Omesh, president of the Muslim American Society, prompting a massive roar from the crowd. He said there is no such thing, "just as there is no such thing as Christian fascism."

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By early afternoon, the march wound its way around the White House. As the marchers turned onto 15th Street NW, they encountered about two dozen counter-protesters.

"There is no other God but Jesus!" shouted one of the counter-protesters. He held a megaphone in one hand, a Bible in the other.

The crowd shouted back: "Rah, rah, Hezbollah!" and "Long live Hezbollah!"

Syed Hussain, 19, of Columbia carried a neon green sign that read: "Hezbollah is not a terrorist organization."

"They're just defending themselves," Hussain said. "I hope this rally helps to show people that, so when they see us shouting 'Hezbollah,' they know what it means."

Jerry Scheer, 46, watched with his hands on his hips.

"I've never seen anything like this. I'm from Kansas," said Scheer, of Wichita, who expressed his displeasure with the rally. "But this is the only country in the world that would allow them to do this."

Staff writers Sandhya Somashekhar and Martin Weil contributed to this report.

Hundreds March In L.A. To Protest Lebanon And Iraq Wars (LAT)

By Ted Rohrlich

The Los Angeles Times, August 13, 2006

Some participants are former Lebanese angered by the Israeli invastion.

Omar Abdallah, a 38-year-old North Hollywood convenience store owner who emigrated from Lebanon as a young man, was one of more than a thousand people who marched through downtown Los Angeles on Saturday to protest Israel's bombing of his native land, its treatment of Palestinians and the U.S. war in Iraq.

Abdallah, who marched up Broadway and through the Civic Center holding a Lebanese flag, said he was drawn to the event because he is "against all war" and, in the case of Israel's war against Hezbollah, he has had family members in harm's way.

He said he spoke by telephone Saturday with a sibling who said Israeli warplanes had just bombed the town of Baalbek in the Bekaa Valley, where his brother and sister live. Other family members have fled, he said, leaving almost all of their possessions behind. The Associated Press reported that the Israeli target in Baalbek on Saturday was the headquarters of a Hezbollah charity organization.

The Los Angeles march — organized by a group called Act Now to Stop War & End Racism, the National Council of Arab Americans and the Muslim American Society Freedom Foundation — took place as a United Nations-brokered cease-fire was being accepted by Lebanon and Hezbollah. Similar marches took place in San Francisco and Washington, D.C.

Many of the local marchers, including organizer Ahmed Azam, president of the Muslim American Society's Los Angeles chapter, were skeptical that a cease-fire would lead to lasting peace.

"I'm not optimistic," said Azam, who teaches at DeVry University in Long Beach.

Many ethnicities and age groups were represented in the peaceful protest.

Toni Arenstein, 56, a nurse, said she marched because "I am a Jewish woman and I stand in full solidarity with the Lebanese and Palestinian resistance, and also I am outraged at the billions of dollars … the U.S. government is spending to fund the Israeli war machine when people here are suffering."

The marchers appeared united in disdain for President Bush. Some carried printed signs with his photograph and the label "warmonger."

Simone Missirian, 35, of L.A. wore a sandwich board purporting to show Bush's "policy checklist." It began: "Save Embryos. Kill Muslims and Arabs."

But Houda Itani, a 19-year-old American of Lebanese descent, said she came out of disgust for political leaders in general who make war but "don't realize" that most Muslims and Jews just want to live in peace.

Mideast Rallies Held In Washington, S.F. (AP)

By Natasha T. Metzler, Associated Press Writer

AP, August 13, 2006

DOJ_NMG_0047464

Thousands of people gathered across from the White House on Saturday, even though the president was out of town, to condemn U.S. and Israeli policies in the Middle East.

Speakers in Lafayette Park energized the mostly Muslim crowd with chants and speeches condemning Israeli involvement in Lebanon and the Palestinian territories, U.S. support for Israel and U.S. involvement in Iraq.

"Occupation is a crime," the crowd chanted, equating the situations in the three areas. But they also called for peace and justice for all.

"We all stand united against the violence and the killing in the holy land," said Esam Omesh, president of the Muslim American Society, a co-sponsor of the demonstration, along with the American-Arab Anti Discrimination Committee and the National Council of Arab Americans.

"There is no difference between Muslim life, Christian life or Jewish life," said Omesh.

In San Francisco, about 2,000 people marched in support of Lebanese and Palestinians and against the Israel military action.

"The occupiers are being seen as the victims, and I'm really ashamed of what is going on in the Middle East," said Alicia Jrapko, a member of the A.N.S.W.E.R. Coalition, which organized the rally.

"End the occupation now!" one demonstrator's sign read, a call for Israel to leave historically Palestinian lands.

Several hundred counter-demonstrators gathered to show their support of Israel, waving American and Israeli flags. "Hezbollah out of Lebanon!" a protester's sign said.

Former Attorney General Ramsey Clark drew cheers from the Washington crowd when he called for President Bush's impeachment.

"We've made more enemies during the presidency of George Bush than in the rest of our history combined," Clark said.

Rahat Husain, 24, of Columbia, Md., said he did not have much hope that the Bush administration would change its policies because of the demonstration, but said it could raise Americans' awareness and create compassion for Lebanese citizens.

Hassan Rida, 26, traveled from Farmington Hills, Mich., with his 15-year-old cousin, Hassan Mokbel, who was vacationing in southern Lebanon when the current crisis started and had to escape through Syria. He and friends Nehme Mhanna, 24, and Mona Alaouie, 24, from Dearborn, Mich., said they wanted to show support for the Lebanese and educate Americans about the situation.

"There's always two sides of the story," Rida said.

Habib Ghanim, 55, of Silver Spring, Md., said he voted for Bush, but would probably vote democratic in the next election, because he is disappointed and wants to "stop the fighting on all sides."

The family friendly crowd was filled with Muslims, but also contained many non-Muslims, including a handful of orthodox Jews. Yeshaye Rosenverg, 23, traveled form Monsey, N.Y., to "show the support for the Lebanese and Palestine people and to make clear that it's not a Jewish fight between Arabs and Jews."

A law enforcement official on the scene estimated that there were about 5,000 people attending the rally and subsequent march through the streets of Washington, which was sponsored by the ANSWER Coalition, the Muslim American Society Freedom Foundation and the National Council of Arab Americans.

Fleeing Lebanese Christians See Town Forever Changed (WP)

By Anthony Shadid

The Washington Post, August 13, 2006

HASBAYA, Lebanon, Aug. 12

Israeli troops entered Marjayoun at 3:30 a.m. Thursday. They had first seized Burj al-Molouk. Next was Qleia. The last, along a road stretching from the border, was the capital of the province, a faded, once-prosperous town that unfurls up a hill overlooking a valley carpeted in olive trees and the imposing, wizened peaks of Mount Hermon, known here as Jebel al-Sheikh.

"They came with the tanks, of course," said Fouad Hamra, the town's mayor.

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Residents said the 400 or so families in the town of Marjayoun stayed indoors, some too fearful to look out their windows to the street. Even a loud voice might draw notice, they said. The Israeli presence was ghostly -- some heard voices, a few saw the soldiers themselves, most knew of their presence by word of mouth, news broadcasts and the sound of fighting that went on outside their doors.

"People didn't dare leave their homes," said Hikmat Farha, a 53-year-old resident now staying in a Beirut suburb.

Nearly everyone has now departed the Christian town, where houses of cream stone and red-tiled roofs sit tucked in a southern corner of Lebanon, perched unfortunately along the Israeli border. Some left in the early days of the month-long war, when Israeli forces laid siege to Khiam, a Shiite Muslim town across the valley, where fighting still raged Saturday. Most, like Hamra, left Friday in a harrowing convoy of hundreds of cars that plied a moonlit road and was attacked by Israeli aircraft. Six people were killed and more than 30 wounded.

Now its exiled inhabitants await what many Lebanese fear is the start of a smoldering, undecided war, brokered by a U.N. resolution that might bring a respite rather than peace.

"It's tough for people not to be able to go home," Farha said.

The destruction of the front-line village of Bint Jbeil is far more harrowing, swaths of it pulverized into unrecognizable rubble. The siege of the seaside port of Tyre is more menacing, its thousands of people running short on food, water and gasoline after an Israeli order that any car traveling on any road risks attack. But the experience of Marjayoun is an example, writ in the footnotes of a war, of the sometimes ignored sentiments of conflict: the pain of loss, of uncertainty, of not knowing when homes will become theirs again.

"I wish I knew," Hamra said. "I wish they'd leave now."

The start of Marjayoun's occupation was quiet, but clashes soon erupted. What started them is a matter of dispute. Ever since Israeli forces left Marjayoun and the rest of southern Lebanon in 2000, Hezbollah and its Shiite Muslim militia maintained a discreet presence. There were no retributions. There was no armed presence inside Marjayoun and other villages that belonged to Lebanon's other sects: Druze, Christian and Sunni Muslim. Some residents said it was not Hezbollah that fired on the Israeli troops in Marjayoun, but operatives of a secular, leftist party whose posters still adorn the sides of buildings and telephone poles across the region.

Whatever the cause, Israeli forces fired in Marjayoun. Samir Razzouk's busy shop in the newly renovated town square was destroyed, along with its lottery machine that drew customers and its shelves stuffed to the ceiling with decade-old oddities that gave him a reputation as a pack rat. The house of Suheil Abu Mrad near the town's lone mosque was damaged. So was the house of Karim Jabarra, who provided electricity from a generator when the city's power grid flickered and floundered, as it often did.

The number varied of other houses damaged -- 10, 20, perhaps more. And in a town where houses represent families, and families represent centuries of history, residents said a part of Marjayoun was lost, too.

Water was scarce, an irony for a town whose name means "field of springs" in Arabic. "They had springs outside their homes, and they couldn't reach them," Farha said. Generators began giving out as gasoline ran short. And people decided to leave.

"Everybody will say: 'Why did they leave? How did they leave?' " Farha said. He called the question easy in hindsight. "Looking at the war with your eyeglasses on is easy," he said. "But when you're in the middle of it, it's much more difficult."

Farsan Kfouri said his family of 35, along with others, gathered at 8:30 a.m. Friday on the town's main street. They waited for permission through the day, as Israeli shells crashed down on Khiam and the outskirts of Marjayoun. There were negotiations and rumors about Israeli permission, and the convoy of hundreds of cars finally set off at 4 p.m., passing several miles in two hours along a dirt road with white smoke furling skyward sometimes 500 yards away. Short on gas, some cars were abandoned on the road.

"The cars were bumper to bumper, and the people were terrified," he said.

By nightfall, the convoy had split into small groups, making their way through the Bekaa Valley. At times, the road was lit by a full moon, tinted yellow, illuminating the nearby mountains. As they left the valley at about 9 p.m., near the town of Kefraya, known in Lebanon for the wine of its vineyards, some in the convoy saw flashes of light and heard blasts. Chaos ensued. People got out

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of the cars; the air filled with screams and cries. Others shouted for the drivers to turn off their car lights. Minutes later, a Lebanese soldier ordered them to turn the lights back on. Cars careened in every direction, trying to retreat. On her way out, Ronitte Daher, the correspondent for an-Nahar newspaper, who was riding with her sister, said she saw the body of a man she knew, Elie Salama, a baker in Marjayoun.

"We thought we'd go out of this region, and we'd be safe, but it was the opposite," she said.

The residents of Marjayoun were told the convoy had permission, but the Israeli military said that although a request was made for safe transit, it was never granted. It said it had mistaken the cars for Hezbollah guerrillas transporting arms.

"The clearance was not clearance enough," Hamra said bitterly.

With his family, Kfouri made it back to Rashaya and stayed with a family. He eventually made it to Beirut 24 hours later.

"Even if there was Hezbollah, they shouldn't have gone ahead and hit innocent civilians," he said.

In all, at least six people died -- two from Marjayoun, one from Deir Mimis, another civilian, a soldier and a Red Cross volunteer. Rumors swirled through the community of Marjayoun: who was hurt, who was killed. Some heard friends were dead who later turned out to be alive. Word spread slowly, since much of the convoy stayed put, the drivers too fearful to go any farther.

"It's so useless," said Nimr Musallam, who left Marjayoun during a lull in fighting two weeks ago. "War is ugly."

The war in southern Lebanon is infused with a Shiite Muslim narrative, both past and present. Memories run deep of the 18-year Israeli occupation over mostly Shiite villages. Often heard in today's conflict is the idea that nothing can be gained without sacrifice, that the Shiite community has already proved its steadfastness by battling the Israelis for more than a month.

There is a sense, too, that the war is not yet over. Hasan Nasrallah, the leader of Hezbollah, vowed Saturday that while his group would accept a cease-fire, fighting would persist as long as Israeli troops were on Lebanese land.

"It is our natural right to confront them, fight them and defend our land, our homes and ourselves," he said.

Marjayoun residents expected to escape the brunt of the fighting. It is a Christian town and, during the occupation, it served as the headquarters of Israel's allied militia. The Israelis themselves were not necessarily popular, but the money their presence brought to the town provided a livelihood far better than today, as jobs are scarce and many of its young depart for Beirut or emigrate abroad. Occupation, though, draws on universal notions, as does exile; foremost, perhaps, is the uncertainty of when it will end.

"It's like you're deprived of your home," Musallam said. "It's your dignity, your identity, everything that concerns you."

He thought for a moment. "They could stay for a week, they could stay for a year. I don't know. Really."

As Farha left Marjayoun, his most distinct memory was the empty streets, framed by the olive groves that bend like a bow across the hillsides, interspersed with the grapevines climbing terraces, their ripening red fruit hanging over patios. A crater is carved into one road out of Marjayoun, as it hugs a hill of crumbling terraces and worn stones revealed by time. Five rocks, spaced a yard apart, block another road, impassable but by foot. The one path is a sand trail that arches over a deserted quarry.

Farha left his clothes, his three-month-old dog Max and pretty much all his belongings in a house he had painstakingly remodeled. And he thought back to more distant stories: 1948 and the war that led to Israel's creation. Palestinians in such towns as Haifa, Acre and Jaffa, and villages along the coast, were told to leave their homes for a few days until the war ended. They never returned.

"That is how people left," he said. "They left everything and the next day, in a few days, they thought they would be back."

Marjayoun will never be the same, he said. It could be rebuilt, but its terrain will likely remain scarred -- an intricate quilt of Lebanon's diversity. He wondered what would happen to the devastated Shiite villages of Dibin and Blatt next door, and Khiam across the valley. Or the more distant Sunni towns such as Kfar Shouba, Kafr Hammam and Shebaa, many of their residents having fled.

"When you see only Marjayoun around you, you become sad," he said.

Hamra, the mayor, thought back to history, too. He had never left Marjayoun. In the 1967 war, he said, he stood on his balcony, watching residents leave. He did the same in 1982, when Israeli troops invaded Lebanon. And the same in 2000, when they left.

"I was always watching the people," he said. "This time, what happened was a disaster, and I decided to leave."

He paused, thinking ahead. "I'll go back to Marjayoun. Myself, I'll go back." He stopped again. "If they allow me."

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Before Attack, Confusion Over Clearance For Convoy (NYT)

By Sabrina Tavernise

The New York Times, August 13, 2006

HASBAYA, Lebanon, Aug. 12 — The cars set off down the narrow mountain road a few hours before sunset. They were trying to leave villages the Israeli Army occupied two days before, moving with what they thought was permission to pass.

But then the missiles came. Shortly after nightfall, Israeli aircraft fired into the convoy, containing more than a thousand Lebanese villagers. The military said in a statement that it had received a request for the convoy to move, but had denied it. It said it had suspected that cars in the area contained Hezbollah guerrillas carrying weapons, and only later discovered that the cars were part of the refugee convoy.

Six people were killed and more than 30 were wounded, according to witnesses and Red Cross officials. Among the dead were a Lebanese soldier, a baker, a Red Cross worker and the wife of a mayor of one of the villages.

What followed was a scene of panic under a large yellow moon. Drivers switched off their headlights, afraid of being shot, and frantically began turning around on the narrow road, which runs between two mountains near the winemaking village of Kefraya. An ambulance worker driving with the convoy was killed trying to get to the wounded, and it was an hour before nearby emergency workers could get in to pick up the bodies.

"We saw the light and the sound of the bomb," said Ronitte Daher, a newspaper reporter from the village of Qlayah, who was traveling in the convoy with her sister. "I got out of the car and heard voices of people crying and shouting."

She did not know what to do, and switched off her lights. Someone shouted to get out of the car and run for cover. Other cars were driving in reverse. She turned her car around.

"When I was turning, I saw a dead body," she said. "I know that man. I saw his children crying and shouting, 'Please help us! Please help us!' "

Israeli planes have been striking Lebanese civilians since the beginning of the war, hitting a truckload of fleeing farmers, a Lebanese photographer and a village during a funeral. Even so, Friday's strike still came as a shock: the convoy was more than 500 cars long and included a town mayor, an entire Lebanese Army unit and its own ambulance.

The Israeli military said it had banned the movement of cars south of the Litani River, though the convoy was hit well north of it.

Crowding may have been part of the problem. The villagers had been waiting in Merj 'Uyun, a few miles south of here, since early Friday. Many had not been out of their houses since the Israelis came late last week, and they were desperate to leave.

Finally, around 4 p.m., they piled behind each other in a long bumper-to-bumper line and began moving out. The road was a mess, torn with large craters, and it took more than two hours to move several miles, according to the mayor of Merj 'Uyun , Fuad Hamra, who was in the convoy.

As soon as the cars were hit, all within about three minutes of one another, drivers farther back began hearing about it on their cellphones and many simply stopped in the dark. Some cars parked in areas that looked safe. Others, like Ms. Daher, drove to Jib Janine, a nearby town. Shortly after the attack, clumps of cars were idling in two parking lots south of Jib Jenine. People stood outside in the bright moonlight.

Ms. Daher stayed in the home of a family she had never met. They gave her water.

"I saw some people," she said. "I asked it's safe here? They said, yes, come."

Ms. Daher, a reporter for Nahar Newspaper, one of Lebanon's main newspapers, said that she tried to take photographs of the soldiers from the window of her house on Thursday, but that soldiers shot at the house when they saw her.

"They asked people not to look out the windows," she said, speaking by telephone from Beirut, where she finally arrived Saturday afternoon.

She described a frozen town, in which Israeli soldiers and Lebanese civilians were terrified of one another.

"They are afraid of any movement in the houses, so we tried to keep calm," she said. Israelis, according to Mr. Hamra and other residents, had destroyed some houses in the villages they occupied late last week, and residents did not feel safe inside their homes.

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"They bombed some houses," she said. "We don't know why."

Residents were similarly baffled about the convoy. The Israelis have warned several days ago that they would strike anyone driving south of the Litani River, and reiterated that warning the statement they released Saturday about the mistaken strike. But the convoy was hit far north of the river, after the convoy had passed out of active fighting.

"Something went wrong," Mr. Hamra said by telephone from Beirut. "We were promised that we would have the clearance from Israelis and the road would be cleared. Neither happened."

"Probably the clearance wasn't cleared enough."

In Mideast, It's Condi's Fight Now (WP)

By James Mann

The Washington Post, August 13, 2006

Secretary of State Condoleezza Rice now faces the biggest crisis of her career. America's role in the Middle East is in danger of falling apart -- and it is her job to put it back together. As she sifts through the damage wrought by the month-long conflict in Lebanon and witnesses the intensifying violence in Iraq, her political future and vision of U.S. foreign policy as a transforming force in the Middle East hang in the balance. This, like none other, is Rice's moment.

Nothing she has done quite prepares her for this role. Throughout nearly a decade in government, Rice has combined many talents -- a striking public persona, political savvy, a knack for the bureaucratic infighting inherent in U.S. foreign policy, and the ability to avoid blame when things go awry. (Americans unhappy with the war in Iraq have largely given her a free pass, focusing their anger on President Bush, Vice President Cheney and Defense Secretary Donald H. Rumsfeld, even though Rice has been involved in many key decisions.) Today, those talents will not suffice. Rice's chances of lasting success in the Middle East rest upon different skills: hard diplomacy, the shrewdness to craft a long-term strategy and the flexibility to make compromises that square with her proclaimed ideals. Rice has adapted before, from young pianist to academic Sovietologist, from Condi the bureaucratic straddler to Condi the Bush foreign-policy apostle. But this challenge is tougher than the others she has faced. Right now, the Middle East is Condi's war -- and so far, she isn't winning.

Friday night's U.N. resolution calling for an end to hostilities between Israel and Lebanon -- which Rice hammered out together with U.S. allies -- is a critical breakthrough, but only the first step in an arduous effort to stabilize the region. After the war broke out, Rice traveled to the region and met repeatedly with some of its leaders, though not those in Iran or Syria. At the outset, she stumbled badly in her rhetoric: When she argued that the war represented the "birth pangs of a new Middle East," she provided ready fodder for ridicule and anti-American diatribes throughout the region. It was not the time or place to take on the mantle of the apostle.

If Rice fails and the turmoil in the Middle East worsens, the adulatory coverage of her tenure at the State Department will dry up. For the first two years, the public perceptions of Rice -- the boots! the dresses! the snooze on the floor of the plane! -- concentrated more on her personality than on her modest diplomatic record. So far as secretary, Rice has worked hard, with some success, to improve relations with European governments and to ease the hard-edged unilateralism that typified Bush's first term. But she has failed to produce far-reaching diplomatic breakthroughs on more urgent problems, such as North Korea's nuclear program.

Her two immediate predecessors should provide cautionary tales: Both Madeleine K. Albright and Colin L. Powell received similar celebrity treatment in their early days at State, yet both ended their tenures there amid considerably less excitement than when they started.

Of course, Rice enjoys the one asset that these two predecessors lacked: a close working relationship with the president of the United States. Indeed, her ascent to the top of the Bush foreign-policy team was underscored less than three months ago, when Bush agreed, at Rice's urging, to offer Iran direct talks over its nuclear program. That action reversed more than two decades of U.S. policy; it also aroused outraged protests from neoconservatives such as Richard Perle, who in these pages accused the administration of "an ignominious retreat."

Rice's rise within the foreign-policy elite was based in part on her ability to smooth over battles with people such as Perle, or to avoid the battles altogether. In terms of policy and philosophy, the Early Condi was a straddler. In her first big job, as a National

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Security Council specialist on the Soviet Union and Eastern Europe under President George H.W. Bush, the administration was divided over how to deal with Soviet President Mikhail Gorbachev. Did he truly represent significant change? How much support should Washington lend him? Rice avoided closely identifying with either the hawks or the doves in these intra-administration debates. (More than a decade later, when I was conducting book interviews about these events, I found that members of both factions still believed Rice had been on their side.)

Rice's talent for bridging differences within the Republican camp was part of her appeal to George W. Bush when he first ran for president. Since the 1970s, the Republicans have been beset by divisions over foreign policy. On one side are the realists, the wing of the party symbolized by former secretary of state Henry A. Kissinger and former national security adviser (and Rice mentor) Brent Scowcroft; they emphasize balance-of-power diplomacy. On the other are the conservatives and neoconservatives, the wing symbolized by President Ronald Reagan; they put a premium on values, such as political freedom, in foreign policy. These disputes had weakened the party and helped contribute to the defeat of two Republican presidents: Gerald R. Ford and, more important, George H.W. Bush, who was never able to win the support and enthusiasm of Reagan Republicans.

Rice's mission for the current president was to make sure it didn't happen again. She courted neoconservatives, suggesting that the differences within the party were more imagined than genuine. During the 2000 campaign, in which Rice served as Bush's principal foreign-policy adviser, he gave speeches calling for "realism in the service of ideals." Later, when the Bush administration drafted its first National Security Strategy in 2002, under Rice's direction, the document called for "a balance of power that favors human freedom." In each case, these careful formulations combine one nod to the Kissinger wing of the party (realism, balance of power) and one to the Reagan wing (ideals, human freedom).

As Bush's first-term national security adviser, Rice kept her distance from the bureaucratic combatants in this battle: the State Department vs. the Pentagon, Cheney and Rumsfeld vs. Powell. Younger and less experienced than these top-level players, she failed to bring the internal discipline to the foreign-policy apparatus of the Bush administration that Scowcroft, her old boss, had brought to the administration of the president's father.

But in Bush's second term, Early Condi the straddler has given way to New Condi the apostle. Today, she has emerged as the public spokeswoman for an interconnected set of ideas that make up the underlying justification for Bush's foreign policy: first, that the Sept. 11, 2001, attacks transformed international relations; second, that, as a result, many of the old assumptions about U.S. foreign policy should be thrown out; third, that the Bush foreign-policy team faces a task comparable to that of the Truman administration at the start of the Cold War, to develop an entirely new doctrine for this new era; and finally, that U.S. policy should be devoted to transforming the Middle East and bringing democracy to the region, a job that will take a generation.

Rice's new views, no doubt sincere, have again served Bush's political interests. Bush has now staked his presidency on the notion of an unending battle against terrorism. The speeches and news conferences of the New Condi provide the justifications and the historical analogies he needs to make his case. In Bush's second term, he doesn't need to fret so much about intra-Republican splits between neocons and realists. (How much can Richard Perle hurt him these days, really?) Rather, he must worry about a further erosion -- or even a collapse -- of public support for his policies.

The problem is that the notions of epochal change that Rice has put forward are exceedingly difficult to apply in the current chaos in the Middle East. Take a typical news conference in Britain last spring. Asked about U.S. policy in the region, Rice replied: "I would say probably the most important thing that we've done is to declare . . . that the 60 years of trying to buy stability at the expense of democracy in the region is now gone."

That was certainly forthright and cogent. But at the moment, Rice and the Bush administration would be thrilled to restore mere stability to the region. To do so, they probably will need the help of undemocratic governments such as those of Egypt and Saudi Arabia, the regimes to which Rice's gibe about "stability at the expense of democracy" was directed. They may even require the assent, at least tacit, of Iran and Syria. One way or another, once the Middle East goes up in flames, as parts of it have now, diplomacy there usually involves doing some business with nasty people. Unfortunately, the past 60 years of history can't be discarded; they are all too relevant.

Much of the commentary about Rice has jumped too far into the future, ignoring the perils and challenges that remain for the final years of the Bush administration. Pundits love to speculate about Rice as a potential candidate for national office,

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perhaps as a Republican vice presidential nominee. These breezy predictions overlook the many risks inherent in her current predicament.

Rice is no longer merely the conciliator of Republican disputes, or the national security adviser who reconciles differences within the bureaucracy, or the charismatic new face at the State Department. Now, she is in charge of U.S. diplomacy at a time of great upheaval -- and she will be held responsible for its failures. The latest violence in the Middle East is a reminder that if things really fall apart, so will her own political prospects and the ambitious ideas she has worked so hard to advance.

jmann12@jhu.edu

James Mann is author in residence at Johns Hopkins University's School of Advanced International Studies and author of "Rise of the Vulcans:

The History of Bush's War Cabinet" (Viking).

A Conversation With Hamad Bin Jasim Al-Thani (WP)

By Lally Weymouth

The Washington Post, August 13, 2006

Last week, as soon as it looked as though a joint U.S.-French resolution that would halt hostilities in Lebanon might pass the U.N. Security Council, the Arab League sent emissaries to work on changing the original draft. The head of the Arab delegation, Hamad Bin Jasim al-Thani, foreign minister of Qatar, spoke with Newsweek-Washington Post's Lally Weymouth.

What are the Arab League's reservations about the Security Council's draft resolution?

We would like it to be a workable resolution. In Lebanon, Hezbollah and the Shia are around 40 percent of the population. So . . . if the Lebanese government went to enforce it, they would have problems and we might see a civil war again.

So, if Lebanese Prime Minister [Fouad] Siniora tried to enforce U.N. Resolution 1559 [requiring disarmament] on Hezbollah, there would be civil war?

Everything could happen in Lebanon. I don't think it's the right thing to let the government of Lebanon start by taking Hezbollah's weapons. It has to be done, but is now the right moment? I don't think so.

Does the Lebanese army have the power to disarm Hezbollah?

Hezbollah is in the parliament and in the government. The government of Lebanon did a good thing by announcing that they are ready to send its army to the border -- 15,000 troops.... Why do they have to take on Hezbollah? They have to take the place of Hezbollah, and Hezbollah has to become a normal political party.

Isn't the Arab League insisting that Israeli troops withdraw before Lebanese troops are deployed to the border?

This is part of a technicality that is delaying things, but I think there are solutions coming.

If you insist the Israelis withdraw, won't you leave a vacuum for Hezbollah to fill?

We say if the Israelis withdraw, they have to give [the land] to the United Nations force, which will deliver it to the Lebanese forces.

But the Israelis hate the U.N. forces.

It shouldn't be hated by anybody. It should be the fairness guy with the blue hat, trying to bring peace.

But there have been many violations of the Lebanese border with UNIFIL forces standing right there.

If we enforce the UNIFIL with the right weapons and the right structure, it could work. [The Lebanese government] objects to any forces other than UNIFIL.

Is Hezbollah really a Lebanese party or is it a proxy of Iran?

It is a Lebanese party, but maybe they have a good relationship with Iran.

How can you ensure that Hezbollah will not operate as a state within a state?

In the Middle East, there is a frustration with United States policy. For that reason, you have a lot of enemies. And your friends are afraid to say they are your friends . . . because the majority sides with anyone carrying out acts against Israel or America.

Moderate Arab regimes are afraid to say they are America's friends because . . .

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They will not be popular in our region. My country is an ally of the United States. We need more consultation with the United States. The U.S. needs a more balanced policy between their obligations to the Israelis and to their other friends in the region. Otherwise, we will have more militants and more hate. . . .

We should have a normal relationship with Israel -- we should exchange ambassadors and they should give the land back to the Palestinians. Otherwise, within 20 or 50 years, the Israelis might not have the same kind of people to reach peace with [in the Arab world]. Remember, 50 years ago, the Arabs wanted to throw Israel into the sea. Now they have accepted to live with Israel. Maybe the mood will change and there will be another war.

If the Arab League delays this resolution, won't you bring on a massive ground invasion from Israel into Lebanon?

[If there is a] big land war in Lebanon, nobody will win. Five weeks ago, the Israelis said they needed two weeks to finish the job. This will be worse.

Another Iraq, you mean?

Exactly.

Has this war made [Hezbollah leader Hasan] Nasrallah such a hero in the streets that the moderate regimes are afraid?

After this war, we will see who is the winner and the loser. Remember, in the first meeting of the Arab League in Cairo, there was a different mood among some Arab countries. They were outspoken [against Hezbollah]. But they changed because of pressure from the street. The street is not with us.

What do you think about the Lebanese government trying to claim [the disputed territory of] Shebaa Farms?

That's part of the game. Right now, from what we hear, Shebaa could be given to the U.N. for a while and then the U.N. after a border demarcation would give it to Lebanon.

So Hezbollah kidnaps soldiers and gets Shebaa Farms as a reward?

This is why starting the war was a mistake.

Your country is close to Iran. Do you see their hand in this war?

I see no evidence of this.

The statements that President [Mahmoud] Ahmadinejad makes about Israel are quite provocative.

I don't agree with what he says.

He calls for Israel to be wiped off the face of the earth.

That's not acceptable. But why? We are leaving this wound open for 50 years with no solution.

No other Islamic leader makes such statements.

But maybe in 10 years they will.

You seem to think this is a big turning point, a major crisis.

Yes. Maybe [the next generation of Arab leaders] will once again say they want to throw the Israelis in the sea. So why not take advantage of reasonable people and cut a deal?

Why have relations between Qatar and the U.S. cooled in the last two years in spite of the fact that the U.S. uses your country as a base for Iraq?

I don't know exactly why. . . . The U.S. is under pressure from other Arab countries who don't like our policy of instituting democracy and sustaining a relationship with both the United States and Israel. Your government has a short memory.

Reportedly, you warned against the war in Iraq?

We thought that in Iraq -- to go and to stay in the cities -- was a big mistake.

What's your assessment of Iraq today?

It's a mess and not curable soon.

Dispatch From The 'New' Mideast (WP)

By Rhonda Roumani

The Washington Post, August 13, 2006

DAMASCUS, Syria

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Lubna is a thoroughly secular Muslim. She likes watching B movies on satellite channels and seeking out the latest reality shows sweeping the United States. She spends much of her time in Damascus coffeehouses, writing sitcoms that appear on Arabic television stations. Her latest series was about love -- 30 episodes, 30 plotlines.

The 25-year-old is the daughter of a former political prisoner who spent 15 years incarcerated in Syria, so she has an insider's sense of the cost of political involvement in her country. And she has studiously shunned politics herself. When she found her mother tuned to al-Jazeera the other day, watching the gruesome images from an Israeli attack on the southern Lebanese town of Qana that killed mostly women and children, she grabbed the remote and switched the channel to her favorite show -- "Oprah."

Lubna, in short, embodies "the new Middle East" of Condoleezza Rice's dreams. Except she isn't sure that she wants any part of it.

"Our generation could have been different," she told me with exasperation recently, clutching a Diet Pepsi in one hand and a mentholated cigarette in the other. We had taken refuge from the Damascus heat in an air-conditioned room at a friend's art gallery. "We really could have made peace. But now," she shook her head, "it's over. That possibility is gone."

And, she says, it's the United States's fault, because it didn't demand an immediate cease-fire in Lebanon. As the estimated death toll there rises to nearly 1,000, she and other secular Syrians of the art-gallery-and-democracy crowd are turning their sympathies toward the Islamic militant movement Hezbollah.

It's not a natural alliance. Even though most of the Syrian population has sided overwhelmingly with Hezbollah -- cars draped in the movement's flags roll through the streets of Damascus, and posters of Syrian President Bashar al-Assad flanked by Hezbollah leader Hasan Nasrallah and Iranian President Mahmoud Ahmadinejad adorn minibuses and storefronts -- Syria remains, in name at least, a secular country. Women in tank tops walk along the street next to women wearing hijab, and the mosque shares a corner with the neighborhood pub. But over the past year, the Syrian regime has forged closer ties with Islamic groups both inside and outside the country. And that has increased secular Syrians' wariness of the rising religious conservatism around them.

But they're just as wary of the United States's failing democracy experiment in Iraq. The sectarian violence tearing that country apart is a potent vision of what they could one day face themselves. And so they feel forced into a corner, made to choose between a U.S. plan for a "new Middle East" that seems to show little respect for Arab lives and Arab ways and an Islamic-led resistance that could eventually turn against them at home.

And they are reluctantly choosing. "The issue of Hezbollah and the war is no longer rational," one Syrian opposition figure told me. "It is emotional."

In an apartment on the outskirts of Damascus, a group of twentysomethings recently played a game of 20 questions over beers and arak , a strong Mediterranean liquor. A young woman asked: "If you could live anywhere in the world, where would it be?"

It's a frustrating question for many of these young people -- a Syrian passport doesn't get you very far these days. Amre, 29, is a writer. He blurts out his answer: "I have to live in New York before I die."

Another person answers Barcelona. A third longs to return to his hometown of Aleppo.

As the game winds down, they start joking about what they would do if the war spread into Syria. A month ago, many would have said something different. But tonight most hardly hesitate before saying they would have no choice but to support Hezbollah.

When one young man disagrees, worrying about the consequences of siding with an Islamic movement, Amre, a Heineken in hand, accuses him of being an "American." Amre may dream of living in New York, but he knows this is the worst insult you can level at someone in the Arab world these days.

The host's mother says she's against Hezbollah, but has a lot of respect for Nasrallah. "He's a kind of Che Guevara," she says.

Many in the group nod.

"Before what happened, I was against Hasan Nasrallah," Amre says. "But in war, I was forced to choose. Now, I have to join Nasrallah's team.

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"I'm against the new maps the United States is creating in the region," he adds, and pauses. Then he shakes his head. "But I'm really lost."

rhondaroumani@yahoo.com

Rhonda Roumani is a freelance journalist in Damascus.

A Month Of War (WP)

The Washington Post, August 13, 2006

And now, at least a chance for peace

BY HOLDING firm on key points in United Nations negotiations, the Bush administration has given diplomacy at least a chance to work in Lebanon. The cease-fire resolution approved unanimously by the Security Council on Friday emphasizes the need not only to end the violence but also "to address urgently the causes that have given rise to the current crisis." The chief cause was Hezbollah, a radical Islamist force that has maintained a sophisticated army beyond the control of Lebanon's government. The resolution adopted on a 15-to-0 vote, if implemented faithfully by all sides, would significantly reduce Hezbollah's ability to cause trouble.

As always in the Middle East, however, it would be risky to bet on a smooth implementation, as events yesterday demonstrated. Israel, while planning to vote today on accepting the terms of the resolution, expanded its ground force in southern Lebanon and continued its airstrikes. Hezbollah's leader, while saying he accepted the resolution, vowed to continue attacking Israeli forces in Lebanon.

This war started when Hezbollah kidnapped two Israeli soldiers and killed others on the Israeli side of the border. It could have occurred on that side only, because Israel had long since withdrawn all its troops from Lebanon. Israel responded with air and ground attacks that on the whole were justified but painful in their effect on civilians, hundreds of whom were killed and hundreds of thousands of whom have been displaced. Hezbollah in turn retaliated by firing thousands of missiles into Israel with the deliberate goal of killing and wounding civilians.

Now the United Nations has called for the Lebanese armed forces to deploy to southern Lebanon and -- because they are woefully weak -- for an international force of 15,000 troops to join them. The resolution doesn't explicitly authorize the force to disarm Hezbollah but it does authorize it "to take all necessary action" to ensure that southern Lebanon can no longer be used as a base for attacks against Israel. Importantly, U.S. diplomats resisted demands that Israel withdraw immediately, which would have created a vacuum that Hezbollah would quickly have filled. Instead, Israel will withdraw as the Lebanese and international forces arrive, which could take several weeks. In the meantime Israel should accept and honor the spirit of the resolution, ceasing air attacks in Beirut, freezing its new ground offensive and responding only to direct provocations.

Secretary General Kofi Annan deplored how long it took for the Security Council to act, but it may be that the damage inflicted on Hezbollah during a month of fighting is what led it to accept the terms of the resolution. Alternatively, the militia may calculate that it can accept and ignore the terms -- that no Lebanese army or international force will dare prevent its rearmament and its return to the Israeli border. If so, it will be up to Lebanon's government, the United Nations and the European nations expected to supply troops to prove the militia wrong.

A Chance For Peace In Lebanon (LAT)

The Los Angeles Times, August 13, 2006

Security Council crafts a good plan for a lasting cease-fire.

THE RESOLUTION UNANIMOUSLY APPROVED FRIDAY by the U.N. Security Council calling for a "full cessation of hostilities" in Lebanon comes too late for the more than 1,000 people killed in the last four weeks. But its adoption — with the expected consent of Israel and Lebanon — is still a major achievement. If implemented successfully, it not only would prevent further loss of innocent life, but would address what President Bush called the "root cause" of this unexpected and unexpectedly bloody conflict: Hezbollah's creation of its own state within Lebanon.

Hezbollah, a Shiite movement nurtured by Iran, proved that it could act with impunity when it crossed the Israeli-Lebanese border in July and abducted two Israeli soldiers. But it wasn't until Israel retaliated that the world learned the extent to which Hezbollah had established itself as a military force.

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What Israel is promised by the Security Council resolution is peace on its northern border, secured by the Lebanese army and what Secretary of State Condoleezza Rice calls a "robust" international force of about 15,000 troops. Technically, this new force would be an augmentation of the 2,000-member United Nations Interim Force in Lebanon, an anemic contingent long held in contempt by Israel. Although the Lebanese army would be responsible for disarming Hezbollah, the new U.N. force is intended to be muscular enough to discourage Hezbollah from subverting the Security Council agreement.

Although Israeli Prime Minister Ehud Olmert will recommend that his Cabinet accept the resolution today, he made it clear even as it was being fashioned that Israeli forces were poised for a ground operation in Lebanon if diplomacy failed. Obviously, Israel will never deprive itself of the option of military action if it believes diplomacy will not protect its citizens. But it is better for Israel, its neighbors and the world if Israel's security can be guaranteed in other ways.

After seeming to hold back when it looked as if Israel could subdue Hezbollah in short order, Bush last week joined those calling for an end to the violence. He then matched those words with energetic diplomacy that focused on the United Nations (not Bush's preferred foreign policy arena) and actively engaged France (not his favorite European ally), a nation with historic ties to Lebanon. The result is a resolution that, while not failure-proof, is a serious effort to defuse a conflict that had become a humanitarian catastrophe.

Although the people of Israel and Lebanon will be the principal beneficiaries of an end to this war, the U.S. will also benefit. As pro-Hezbollah sentiment in Iraq made clear, continued violence in Lebanon would further demonize Israel and the United States in that country, with its large Shiite population, and complicate U.S. relations with other Arab nations as well. Far from advancing the campaign against what Bush calls "Islamic fascism," a prolonged war, with possible Syrian and Iranian involvement, would have thrown that effort into confusion. In serving the cause of peace, the United States has served its own interests as well.

Iranian Dissident Urges Caution (LAT)

By Teresa Watanabe

The Los Angeles Times, August 13, 2006

A critic of the Islamic regime says U.S. intervention would lead to more oppression. Some in 'Irangeles' question his motives.

For six long years, Akbar Ganji wasted away in an Iranian jail, suffering torture and solitary confinement for promoting democracy and criticizing leaders of the Islamic Republic of Iran. An 80-day hunger strike badly weakened him.

President Bush hailed his valiance and called for his release, authorizing $75 million in funding this year to support Iran's democratic opposition.

But Ganji, a former member of the Revolutionary Guards who is now regarded as one of Iran's leading journalists and dissidents, has come to California to deliver what may seem a counterintuitive message: Leave Iran alone.

In interviews, talks with scholars and an appearance last week at a celebrity-studded gathering sponsored by actor Sean Penn and producer Mike Medavoy, Ganji pressed his view that U.S. military intervention and funding of dissidents would only give the Iranian regime an excuse for further crackdowns. Already, he said, the regime is trying to marginalize the opposition as "foreign agents" and has dramatically increased censorship and other oppressive measures.

The most promising path to democracy in the Middle East, he said, is to resolve the Israeli-Palestinian conflict and eliminate the poverty, desperation and despotic governments that he said have allowed extremism to flourish.

"We have to change the regime through our own challenges and struggles," said Ganji, 46, a short, slight man who was released from prison five months ago. "The U.S. cannot do it for us."

He added, however, that Americans can help their cause by promoting greater contacts with Iran through technological, cultural and educational exchanges.

Now a worldwide symbol of free speech and human rights, Ganji has won several press freedom awards. He declined a White House invitation to meet with President Bush, saying the timing wasn't right, but is set for audiences with Pope Benedict XVI and other global figures later in the tour. At the celebrity gathering last week, Penn — who traveled to Iran last year to observe its national elections — touted Ganji for "the courage and will to speak for people who didn't have a voice."

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But in Los Angeles, where the largest population of Iranians outside Iran resides, Ganji is not universally embraced. The community here, known as "Irangeles," includes some of the nation's most vocal advocates of aggressive steps to topple the Islamic regime.

Some of them still view Ganji with suspicion for his early involvement with the Ayatollah Ruhollah Khomeini's Revolutionary Guards and question his reformist credentials.

Roozbeh Farahanipour, head of the Westwood-based MPG Party, or Iranians for a Secular Republic, questioned how a political prisoner could manage to issue writings from jail — and after release, obtain a visa and embark on a global tour. Other critics accuse him of cooperating with the Islamic regime's persecution of dissidents in the revolution's early years.

"We are trying to show the international community that he is a fake figure trying to keep this regime safe," Farahanipour said.

Ganji himself adamantly denies ever committing any human rights abuses. He said he was a member of the Revolutionary Guards for only a few years, initially supporting the revolution for the same reason millions of other Iranians did: as a populist uprising against the oppressive regime of the late Shah Mohammed Reza Pahlavi. He also supported the Iranian regime during its eight-year war against Iraq as a sign of patriotism, he said.

"I'm proud of my past and I can defend it morally," Ganji said. Such questions were also put to Ganji at a UCLA meeting last week among mostly Iranian scholars and intellectuals, according to Hossein Hedjazi, a popular talk show host and program director for KIRN-AM (670), known as Radio Iran. Hedjazi said he concluded that there was no evidence to back up the suspicions, and he appealed to Iranian Americans to refrain from fighting with each other.

"We have been entangled in conspiracy theories for decades, even centuries, in Iran and we've suffered for it," Hedjazi said, adding that Ganji was "very honest and reasonable" with a far better grasp of Iran's current reality than expatriate opposition groups, which he said are out of touch with the homeland.

At the celebrity gathering in Beverly Hills, Ganji received both admiring support for his resistance to the Iranian regime and hard questions about his views on Israel. Ganji spoke through a translator before about 75 people, including actors Warren Beatty, Annette Bening, Brad Pitt, Jake Gyllenhaal and Mark Ruffalo.

Ganji affirmed Israel's right to statehood, condemned suicide bombings and castigated Iranian President Mahmoud Ahmadinejad's vow to destroy the Jewish state. But he also called for nuclear disarmament of the entire region, a just solution to the Israeli-Palestinian problem and resistance to Islamic, Christian and Jewish fundamentalism, which he said is stoking the regional conflicts.

That drew objections from Haim Saban, a media mogul and Egypt-born Jew who argued that Islamic fundamentalists who kill people with suicide bombings are not morally equivalent to Christian and Jewish extremists, who do not. He also said that Israel needed a nuclear deterrent because it was vastly outnumbered and surrounded by hostile Arabs.

But Ganji, never losing his composure or smile, told Saban that fair play required either everyone to have weapons or no one, and that disarmament was the best choice. "We are all the same and equal," he said.

Ganji does not dwell on details of his life, telling friends that he plans to write an autobiography. A Tehran native, Ganji said only that he became disillusioned with the Islamic regime when he began to see it was no less despotic than the shah's, featuring "executions, violence, injustice."

"We had intended to create a paradise and rather we created a hell," he said.

Ganji's first public criticism of the Islamic regime came in a 1987 article asserting that it was headed toward fascism; he was jailed for six months for it. In the late 1990s, he wrote a series of articles alleging that high government officials were involved in the systematic killing of writers and intellectuals.

He was arrested again in 2000, following his participation in a pro-reform conference in Berlin. He was eventually accused of damaging national security and "spreading propaganda," and given a six-year prison sentence. During his hunger strike, he lost more than 40 pounds and nearly died, according to published statements by his wife.

Nayereh Tohidi, a Cal State Northridge professor of women's studies, said Ganji has distinguished himself with his straight talk and willingness to critique not only the government but also Islamic and Iranian traditions themselves in his advocacy of

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nonviolent regime change, a secular democratic republic, church-state separation and full civil rights for women and minorities. Last week, for instance, he delivered a speech at UC Berkeley on Iran's "gender apartheid."

"I fear for his safety," Tohidi said, adding that she and others are urging him to delay his return to Tehran as long as possible.

Ganji himself shrugs off any worries about what awaits him back home.

"This is the price we have to pay to defend freedom and democracy," he said, "and I'm ready to do it."

Paper Is Upbeat On Castro's Condition (WP/AP)

By Anita Snow, Associated Press

The Washington Post, August 13, 2006

HAVANA, Aug. 12 -- Fidel Castro is sitting up, walking and even working a bit on the eve of his 80th birthday, Cuba's official Communist Party newspaper said Saturday, two weeks after intestinal surgery forced the Cuban leader to step aside as president.

The article in the Granma newspaper -- though brief -- was the most detailed statement Cuba's government has issued since Castro announced July 31 that he was temporarily ceding his powers to his younger brother RaÃºl, No. 2 in the government.

Fidel Castro said his condition during his recovery would be treated as a "state secret," so as not to give any advantage to his enemies in the United States.

"Firm Like a Caguairan," the Granma headline read, comparing Castro to a hardwood tropical tree native to eastern Cuba.

"A friend tells us that just a few hours ago, upon visiting the Comandante who was briefly dispatching some business, he witnessed some good news that he enthusiastically summed up in one sentence: 'The Caguairan has risen,' " the paper said in a three-paragraph report.

"He said that he could appreciate how the Chief of the Revolution, after receiving a little physical therapy, took some steps in his room and then, seated in a chair, conversed animatedly," the report said, without identifying the friend.

Culture Minister Abel Prieto said Saturday that he was convinced that with or without Castro, Cuba will "continue to be a survivor of the sinking ship of socialism in the 20th century. It will be a reference for socialism in the 21st century."

Meanwhile, Venezuelan President Hugo ChÃ¡vez announced plans to visit his close friend and political ally in Havana.

"I'll take him a nice gift, a good cake, and we'll be celebrating the 80 years of this great figure of America and our history," ChÃ¡vez said at a news conference in Venezuela after declaring his candidacy for reelection in December.

Conjecture Fills The Information Vacuum In Cuba (LAT)

By Carol J. Williams

The Los Angeles Times, August 13, 2006

Observers analyze every bit of news to glean what Castro's interim power transfer might mean for a nation defined by one man for nearly 50 years.

MIAMI — Why hasn't Raul Castro been seen in public since he became acting president of Cuba?

Would Vice President Carlos Lage Davila, a reputed Gorbachev-style reformer in the Havana hierarchy, have traveled to Bolivia if Fidel Castro was on his deathbed?

Was National Assembly President Ricardo Alarcon trying to signal that the bearded revolutionary was going to retire when he noted that Fidel would have to lighten his workload after his recovery?

Kremlinology has come to the tropics. Rumor-mongering and reading of tea leaves have filled the void in the absence of any solid information about who's really calling the shots in Cuba two weeks after Fidel Castro delegated leadership duties to his 75-year-old brother and underwent surgery for intestinal bleeding.

Cuba-watchers, cultural figures and politicians throughout North and South America have been left to scrutinize tiny scraps of news and commentary coming out of Havana to try to glean what they might signify for the future of a country that for nearly 48 years has been defined by one man.

State-run media in Cuba have said little about the illness, treatment or recuperation of Fidel Castro, who deemed his health a "state secret" a day after undergoing an abdominal operation July 31.

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Authorities in Havana have yet to grant foreign media access to the island, and even the handful of Western journalists based there have been relying heavily on outside academics for analysis of the purportedly temporary power transfer.

Some in the Cuban research field even wonder if the ill-explained power shift isn't a dry run of Castro's succession plans to see whether anyone in the leadership ranks tries to exploit uncertainty or whether security revisions are needed to prevent public unrest or foreign interference.

"Nothing happens in Cuba by coincidence," said Paolo Spadoni, a University of Florida professor who studies the Cuban economy. Spadoni wonders whether the transfer of power during Castro's surgery was the Cuban leader's attempt "to test the strength of the island's communist system and its future while he is still alive," rather than a move forced by illness.

Most Cuba-watchers agree that no one outside the Castro brothers' inner circle has any clear picture of what power-brokering or jockeying for position might be going on in the hermetically sealed corridors of the Cuban leadership.

No one on the outside even knows what ails Castro, what kind of surgery he had, where he is convalescing or how his recovery is proceeding.

Venezuelan President Hugo Chavez added fuel to the speculative fire Thursday when he said he'd received a letter from Castro in which he learned that his friend and political soul mate was "fighting a great battle" for his life. Cuban officials who have commented on Castro's condition have tended to suggest he is out of danger. Chavez planned to visit Castro today on his 80th birthday.

Anthony Maingot, a sociology professor at Florida International University, said the reports of from intestinal bleeding "could mean anything."

"It could be one of five different things. We don't know what it is. Trying to follow this day to day is an exercise in futility."

Prospects for Castro's recovery and resumption of governing powers are equally unclear.

Alarcon, a former United Nations ambassador through whom Castro often addresses the outside world, sent analysts into a tizzy of interpretation when he said Castro was recuperating well but would have to slow down and delegate more of the workload after his recovery.

"We need him to be in good health and working," the parliamentary chief said in a radio interview. "Part of that implies … abandoning the day-to-day work to which he was so accustomed for many years."

That kind of gradual retreat from micromanagement would lead to the most stable scenario for Cubans coming to grips with a post-Castro era, said Philip Peters, a veteran Cuba analyst and vice president of the Lexington Institute think tank in Virginia.

"In an extended transition, there wouldn't be a single moment when suddenly Castro's absence is felt or suddenly successors have assumed total responsibility for running Cuban government affairs," Peters said. "There wouldn't be a single moment when people outside perceive Cuba to be vulnerable."

When Cuban writer Roberto Fernandez Retamar declared at a Havana news conference that the country had already undergone a "successful transition," some analysts speculated that the elder Castro was all but out of the picture.

"Mid-level Communist Party officials in Cuba are saying Fidel Castro will never resume all of his activities," said Brian Latell, a former CIA Cuba analyst and author of "After Fidel." "The Fidel Castro era is over."

Susan Kaufman Purcell, director of the University of Miami's Center for Hemispheric Policy and a former State Department official, acknowledged that analysts had no way of knowing whether a transition was underway — or if Cubans even wanted one.

"We don't know to what degree anyone in Cuba is going to be expressing demands" for change of the communist system in place for nearly half a century, she said.

Two weeks into the cloudy power transfer, Raul Castro's absence from the public eye has raised eyebrows among analysts, but they note that Cubans are accustomed to long spates without seeing their leaders.

Fidel Castro's lifelong monopoly of the spotlight might be discouraging his brother from taking the stage now, said Javier Corrales, a political science professor at Amherst College in Massachusetts.

He said he suspected Fidel Castro might be planning a triumphant public comeback, perhaps at the Sept. 11 opening of a Non-Aligned Movement summit in Havana.

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Analysts say Lage, whom they expect to be named prime minister or Communist Party leader if Castro dies or passes on those titles, wouldn't have gone to Bolivia during the first week of El Maximo Lider's illness if there were credible fears Castro might die.

Analyst Peters is starting to believe the "dry run" theory.

"Did you ever wish you could attend your own funeral to see what people say and do when you're gone?" he asked in a paper posted Friday on the Lexington Institute website.

Since Castro stunned the world by relinquishing the reins for the first time in his tenure, Peters wrote, "he has witnessed a dress rehearsal for his own death, a matter of no small importance for the security of the Cuban revolution."

Castro's Deal With The Soviet Devil (LAT)

By Edward Gonzalez, Edward Gonzalez Is A Professor Emeritus At Ucla And An Adjunct Political Scientist At The Rand Corp.

The Los Angeles Times, August 13, 2006

Communist money and military might fed his ego and sank his nation.

WHEN FIDEL Castro passes from the scene, will he be remembered as he portrays himself — a selfless revolutionary leader who struggled against imperialism and for the good of his people? Or will he be seen as an all-powerful, egocentric charismatic leader who used his unrestrained authority to advance his grandiose ambitions to the detriment of his people?

The hundreds of thousands who have fled Castro's Cuba over the last 47 years have already voted. But clearly some portion of the island's 11.2 million people still fervently support "Fidel," though how many remains guesswork because Cubans don't have the freedom to speak negatively about their lider maximo. Leftist and populist leaders in Latin America lionize Castro for having defied the Americans, but they are too realistic to adopt the Cuban model for their own countries.

Despite some notable benefits, such as the nation's acclaimed free public health system, Cubans have paid dearly for Castro's years in power. They have endured a highly repressive totalitarian state, all the while putting up with a command economy marked by food rationing, chronic shortages of essential consumer goods, dilapidated housing, aging public works and uneven growth.

Then, in 1991, Cuba suffered a terrible blow when its economic and military patron, the Soviet Union, imploded. Its economy plummeted by more than 33%; the nation's standard of living will not return to its 1989 level for years.

Hitching his country's fate to the Soviet Union was Castro's most consequential mistake. The conventional wisdom is that the Eisenhower administration "pushed" Castro and his young regime into the hands of the Soviets because of its hostile reaction to the Cuban revolution. But this is not borne out by the historical record.

The Eisenhower administration sought to reach some kind of accommodation with Havana between April 1959 and January 1960, only to be shunned time and again by Castro. The conciliatory U.S. approach ended when Soviet First Deputy Premier Anastas Mikoyan arrived in Cuba in early February 1960 for a 10-day visit

The 1997 book "One Hell of a Gamble," by Aleksandr Fursenko and Timothy Natfali, offers a behind-the-scenes explanation. The book draws heavily on Soviet intelligence archives and communiques from Moscow's man in Havana, Aleksandr Aleksiev. It shows that beginning in October 1959, Castro, his brother, Raul, and Ernesto "Che" Guevara conspired with Aleksiev to radicalize the revolution, heighten Cuban anti-American sentiment and exacerbate the rising tensions with Washington. All this was done to justify Cuba's realignment with Moscow, which commenced with Mikoyan's visit.

What prompted Castro's premeditated turn to Moscow? Clearly, his was a preemptive, calculated move that sought to guarantee the long-term survival of his revolution in anticipation of U.S. economic sanctions and possible armed aggression. But this explanation begs the more basic question of whether Castro was a crypto-communist who early on was bent on creating a socialist revolution and joining the Soviet bloc.

The answer comes from Carlos Rafael Rodriguez, a member of the Cuban Communist Party's political bureau who spoke to me in his private office at party headquarters in Havana late at night on Aug. 14, 1967. Rodriguez volunteered that Castro had been neither a communist nor a socialist when he came to power in 1959, and added that "even today, Fidel is not a communist."

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This was a startling, heretical assertion. In 1961, Castro had claimed that he was a "Marxist-Leninist," and earlier in 1967, he had proclaimed that Cuba had started down the path of building "genuine communism."

What Rodriguez was hinting at was that Castro was really a fidelista — a radical revolutionary who sought maximum political power through permanent struggle with his enemies, but who lacked a well-formed ideology.

Cuba's charismatic leader was overflowing with narcissism and hubris. His ambition to do battle with the hated United States would make him Latin America's greatest leader since Simon Bolivar, achieving eternal glory for himself.

Soviet economic and military backing enabled Castro to bask in the limelight on the world stage. It extended Cuba's influence not only throughout Latin America but to Africa and other Third World arenas.

In sacrificing his country to advance his grandiose ambitions, however, Castro dealt a grievous blow to Cuban society. He has left the island exhausted, disillusioned, divided and with little hope of a better future — at least as long as he remains on the scene.

Portrait Of The Maximum Leader As A Young Man (NYT)

By Ann Louise Bardach Op-ed

The New York Times, August 13, 2006

Santa Barbara, Calif.

FIDEL CASTRO appears to have cheated death (yet again) and will celebrate his 80th birthday today. Although he has decreed that his birthday celebration will take place on Dec. 2 (the 50th anniversary of his return to Cuba from exile), he in fact came into the world, weighing 12 pounds, on Aug. 13, 1926, at 2 a.m. at his family's estate at Birán.

In 1952, when Fulgencio Batista seized power through a military coup, Fidel Castro declined an invitation to join the regime from Rafael Díaz-Balart, a brother of his wife, Mirta, and a minister in the new government. He had far grander ambitions.

On July 26, 1953, Mr. Castro and his younger brother Raúl declared war against Batista with an audacious assault on the Moncada military garrison in Santiago de Cuba. The attack was a disaster, with more than 60 men killed, but it made Fidel Castro a household name. He reveled in his ensuing trial — declaring famously that "history will absolve me" — and was sentenced to 15 years at the Isle of Pines prison. (He served less than two.)

Castro was productive and prolific in prison, reading ceaselessly and writing hundreds of letters. Twenty-one of those letters were published in Cuba in 1959 in a volume edited by his friend and frequent correspondent, Luis Conte Agüero. (Mr. Conte Agüero broke with Castro soon after and fled to Miami in 1960.)

The book will be published in the United States in English next year for the first time as "The Prison Letters of Fidel Castro." The excerpts below, translated by Mr. Conte Agüero's son Efraim Conte, are striking in that they reveal both the idealistic young revolutionary of 1953 and the pitiless dictator he would become over the following half-century.

* * *

The Prisoner

Dec. 12, 1953

To Luis Conte Agüero:

I am going to ask you a favor. Write a Manifesto to the people in accordance with the content of this letter. Sign it in my name and take it to Mirta. She will try to have it published. . . .

It is decided we shall not have Christmas — not to even drink water on that day as a sign of mourning. Make it known, because I believe that in this way the objective will be more noble and human. There is no point for prisoners like us to aspire to the joys of Christmas. …

Luis, we still have strength to die and fists to fight. Receive, from all of us, a strong embrace. …

The Propagandist

Even behind bars, Fidel Castro never lost faith in his cause or in his ability to exact revenge on his enemies. In this letter to Melba Hernandez, one of two women who took part in the Moncada raid, he depicts himself as the heir to the great Cuban nationalist José Martí.

April 17, 1954

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To Melba Hernandez:

First, we cannot for a minute abandon propaganda, for it is the soul of our struggle. Ours must have its own style and match our circumstances. …

Second, we must coordinate the work between our people here and those abroad. To this end, arrange a trip to Mexico as soon as possible. . . . We have to consider with extreme care any project of cooperation with others, lest they simply try to use our name. "To know how to wait," Martí said, "is the great secret of success."

Third, maintain a deceptively soft touch and smile with everyone. Follow the same strategy that we followed during the trial; defend our points of view without raising resentments. There will be enough time later to squash all the cockroaches together. Do not lose heart over anything or anyone; after all, we did not do so during the most difficult moments.

One last counsel: beware of envy. When someone has glory and prestige as you do, the mediocre easily find motives or pretexts to be suspicious. Accept help from anyone, but remember, trust no one. The Strategist

June 19, 1954

To Luis Conte Agüero:

Here I spend my life reading and exercising self-control. I truly feel better when I do not read the newspapers; the politicking and submissiveness I see everywhere produces in me fits of rage.

If anyone's patience has been put to the test it is mine; there are times when I spend whole hours fighting the desire to explode, declaring myself on hunger strike, and not tasting a bite until I am taken out of this cell or killed, which would not be the least improbable. I am convinced that what they want at all costs is to provoke me, and I ignore their intentions. …

Luis, I think we must organize as soon as possible a firm, systematic and growing campaign against this outrageous situation of mine. . . . This is psychologically the most favorable moment due to a series of events. … The Minister of Governance has behaved just as he is, a perfect pansy; he has acquiesced to all the whims of the military and given himself over to shameless enrichment. …

Remember Cato, who always ended his speeches asking for the destruction of Carthage.

The Aggrieved Husband

With her spouse incarcerated, Mirta secretly accepted a modest stipend from her brother Rafael, the deputy interior minister, through his office. When the arrangement became public, Fidel Castro refused to believe it, insisting that Ramón Hermida, the interior minister, was trying to blacken his name.

July 17, 1954

To Luis Conte Agüero:

This is a machination against me: the basest, most cowardly, most indecent, the vilest and intolerable. Mirta is too level-headed to have ever allowed herself to be seduced by her family, agreeing to appear in the Government employee roster, no matter how hard her economic situation. I am sure she has been miserably slandered. …

Only an effeminate like Hermida at the lowest degree of sexual degeneration would resort to these methods, of such inconceivable indecency and unmanliness. Now I have no doubt that the statement attributed to me about being well-treated was his doing.

I do not want to become a murderer when I leave prison. Has a political prisoner no honor? Ought a political prisoner be offended in this way? May not a prisoner challenge someone to a duel when he leaves prison? Must he graze on the bile of infamy in the impotence and despair of confinement? I am ready to challenge my own brother-in-law to a duel at any time. It is the prestige of my wife and my honor as a revolutionary that is at stake.

The Warrior

Furious at discovering that Mirta had actually received help from her family and thus besmirched his honor, Mr. Castro sues for divorce and micromanages a scorched earth campaign for sole custody of his son, Fidelito, in this letter to his halfsister, Lidia.

November 29, 1954

To Lidia Castro Argota:

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It makes me very happy what you tell me about the divorce; above all that it will be done strictly following my instructions. About the boy, I remain unchanged in my point of view, and at the first opportunity, immediately after the filing, will press the court to require his return to Cuba to attend school, consistent with my thinking. …

I resist even the thought of my son sleeping for one night under the same roof that shelters my most despicable enemies and receive on his innocent cheeks the kisses of those miserable Judases. I have endured their aggressions with the same strength I will use to demand reparations from them; I have suffered the unjustifiable and unforgivable absence of my son with the same resolve with which I shall rescue him at any cost. They know it, or at least they should know it! I presume they know that to rob me of that boy they will have to kill me — and even then. I lose my head when I think of these things.

The Politician In 1954, with public opinion overwhelmingly against the Batista regime, a groundswell arose for an amnesty for political prisoners. The United States even pressured Batista to adopt an amnesty, but Fidel Castro was only interested in one on his terms.

March 1955

To Luis Conte Agüero:

I am not in the least interested in swaying the regime to enact that amnesty; this is not at all my concern; what I am interested in is demonstrating the falsehood of its positions, the insincerity of its words, the base and cowardly maneuver that they are carrying out against men who are in prison for opposing it. They have said that they are generous because they feel strong, in fact they are vengeful because they feel weak. …

There will be Amnesty when there is peace. With what morale can men who have spent the last three years proclaiming that they carried out the coup to bring peace to the Republic make such proposals? So there is no peace, so the coup did not bring peace. …

"The best proof that there is no dictatorship is that there are no political prisoners," they said for many months; today prison and exile are overflowing, therefore they cannot say that we live under a democratic constitutional regime.

Fidel Fatigue (LAT)

By Jorge G. Castañeda, Jorge G. Castañeda Is A Former Foreign Minister Of Mexico And A Professor Of Politics And Latin Amer

The Los Angeles Times, August 13, 2006

Long live the revolution? That's the last thing Latin America needs.

FIDEL CASTRO TURNS 80 today, and his era has come to an end. The biological denouement in Havana is not yet discernible — Is he dead? Will he recover? — but he has relinquished power, temporarily to his brother, Raul, but also permanently through the admission of his own mortality.

Obsessed as he has always been with history and his role in it, Castro has meticulously orchestrated his succession. So painstakingly have the steps been laid out that some observers speculate that the brouhaha over his illness is a dress rehearsal, not the real thing. Still, his best-laid plans will probably go astray.

He may write his epitaph, but not his biography. He may control Cuba's archives, but not everybody else's. He hopes his revolution will last forever, but he undoubtedly knows it will not. He may try to ensure that his legacy at home and abroad remains intact, but because his persona and influence are inseparable, it will not.

That means that the absolute, binding link that has prevailed in Latin America since 1959 — between Castro and the idea of revolution — is consigned to history.

The belief in a transformative revolution has been Castro's most important influence on the left throughout Latin America. He placed revolution — socialist, nationalist, anti-imperialist, whatever — front and center on the left's agenda.

Before Fidel, Raul and Che entered Havana in January 1959, the left was populist or Marxist, but in any case moderate; it had abdicated revolutionary ambitions. After 1959, everything changed, and the Latin American left was sundered by endless debates and tensions between its reformist, social democratic, peaceful components and its revolutionary, radical, often violent members. Even today, when such divisions seem quaint and anachronistic in most of the world, in Latin America they are present and central.

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Evo Morales in Bolivia and Hugo Chavez in Venezuela see themselves — as do their followers — as revolutionaries seeking to overhaul the economic and social order that was bequeathed to them by voters. Michelle Bachelet in Chile and Luiz Inacio Lula da Silva in Brazil view themselves, their goals and their strategies as eminently reformist, maintaining the status quo but with significantly less inequality and poverty. (That the moderates spring from a hard-line past, and the radicals from a distinctly populist one, is just one more paradox in the history of the Latin American left.)

With Castro's fading, the hemisphere's revolutionary school loses its inspirational leader. No possible successor — neither Raul at home nor Chavez abroad — could ever dream of replacing him in this context. In addition, Cuba's transition inevitably will cast light on the true record of Castro's regime — its failures, its deceptions and disappointments, its complicities and crimes, and its presumed accomplishments in education and public health. And because that record will be largely negative, continuing to be a revolutionary will be impossible. One needs a revolution to look up to, after all.

Historians can argue whether injecting the idea of revolution into the Latin American left was a good or bad idea half a century ago. But today, it would seem that putting an end to the revolutionary chapter in the left's history can only make it stronger, more modern and competitive; in short, more democratic.

Latin America needs effective social democrats like Ricardo Lagos, (Chile's former, immensely successful president) and Uruguay's President Tabare Vazquez. The end of revolution will make it easier for them to lead.

The best case in point is Mexico. It boasts perhaps the most pro-Cuban and revolutionary chapter of the Latin American left, much to its own detriment. In the dispute over the July 2 presidential election, many of Andres Manuel Lopez Obrador's followers openly proclaim their revolutionary vocation and fervor. At Lopez Obrador's rallies, one of the most prominent slogans is: "If there is no solution, there will be a revolution." The party of the left, the Democratic Revolution Party, is not demanding a recount or a new election. It is, increasingly, calling for revolution, for a total makeover of Mexico's admittedly flawed and unjust society.

Fidel's temporarily handing power over to Raul will not change anything overnight, but the transformation of the Mexican left — of the Latin American left — into an effective progressive movement cannot happen until it lays the idea of revolution to rest.

And that cannot occur until revolution's midwife, Castro, fades away in the Cuban keys.

Is Hugo Chavez Cuba's Kingmaker? (LAT)

By Daniel P. Erikson, Daniel P. Erikson Is Senior Associate For U.s. Policy At The Inter-american Dialogue. He Is Co-edito

The Los Angeles Times, August 13, 2006

Once, the U.S. thought Venezuela's president was Castro's creation. Now Chavez holds the key to Cuba's future.

JUST DAYS before Fidel Castro's ailing health grabbed world headlines, the Cuban leader was Venezuelan President Hugo Chavez's surprise guest at a South American summit in Argentina. The two leaders traveled to the boyhood home of Ernesto "Che" Guevara, the revolutionary icon. Chavez appeared moved by the visit. "For me," he said, "it is truly an honor to be here, walking through history." But Chavez has already joined Che where it counts most — on billboards in Havana, where the Cuban government lauds its heroes.

Chavez is indeed a hero in Cuba, especially to its longtime leader. Over the last seven years, he has become Castro's key economic benefactor and political partner. That relationship has stirred concern among U.S. policymakers that Chavez might meddle in the post-Castro transition.

There's no question that he has sufficient leverage in Cuba to potentially influence the choice of the island's next leader — and his blessing will certainly be crucial to the next Cuban government's success or failure. Whether he will wield his influence is unknown, and Cuba, of course, is a sovereign nation. But Washington's worry that he will clearly reverses the conventional wisdom of only a few years ago, when the Venezuelan leader was seen as a creation of Castro.

The sources of Chavez's potential leverage in Cuba's transition are multiple. The most important is the "oil for services" pact that he and Castro signed in October 2000 and that continues to expand.

Cuba receives more than 90,000 barrels of Venezuela crude a day at favorable rates of financing in exchange for deploying an estimated 20,000 doctors in Venezuela. Although the presence of Cuban doctors has deepened Chavez's support among his country's poor, the arrangement has yielded extraordinary benefits for Castro as well. Over the last six years, oil prices have more

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than tripled, from $20 to about $76 a barrel. Not only has Cuba avoided oil sticker shock, it has received a modest windfall. In 2005, bilateral trade between the two countries reached $2.5 billion, including $1.8 billion in Venezuelan oil sales to Cuba on deferred financing plans — and nonpayment by Cuba is the norm.

Cuba and Venezuela's deep security and intelligence cooperation in recent years also contributes to Chavez's influence in Cuba. Chavez has embraced Cuban military doctrine, which includes the development of a 2-million-member Venezuelan reservist force to counter the perceived threat of U.S. aggression. New laws give Cuban officials wide latitude to conduct security activities in Venezuela, and Venezuelan military personnel have cultivated strong relationships with their Cuban counterparts. In the future, the specter of Venezuelan military intervention in Cuba — even if farfetched — further diminishes the already-negligible enthusiasm U.S. military officials have for a Cuban adventure.

Aside from billboards, the Cuban state media covers Chavez as if he were a member of Castro's Cabinet. Cuban and Venezuelan flags often appear together at official ceremonies on the island, and the thousands of Venezuelans visiting Cuba for medical treatment or ideological training underscore the bond between the two leaders. Chavez's elder brother, Adan, who until this month was Venezuelan ambassador to Havana, skipped many of the diplomatic functions other foreign embassies depend on for communicating with the Cuban government because he already had direct access to the highest levels of power.

During a visit to Caracas last fall, Carlos Lage Davila, Cuba's vice president and a potential successor to Castro, raised eyebrows when he declared that "we have two presidents: Fidel and Chavez." Hyperbole, yes. But he undoubtedly wanted to communicate his government's gratitude for continued Venezuelan support.

Finally, in addition to more than one-third of Cuba's doctors, Venezuela is host to thousands of Cuban educators, sports trainers and security personnel. These individuals make up a significant percentage of the well-trained human capital that represents the crown jewel of Cuba's socialist revolution. When Castro dies, Chavez will have to decide how to deal with these Cubans in Venezuela. If he sends them home, there may be no jobs for them, which could be socially destabilizing.

Washington has few tools to counter Chavez in Cuba. In a recent report on the island, the Bush administration concluded that "the current regime in Havana is working with like-minded governments, particularly Venezuela, to build a network of political and financial support designed to forestall any external pressure to change." After Castro's surgery was made public, the administration quickly ruled out any dialogue with the new Cuban government, instead continuing the sanctions policy that has left Washington without any effective leverage in Cuban affairs.

Still, Washington's anxiety about Venezuela's influence in a post-Castro Cuba illustrates how completely Chavez occupies center stage in U.S. policy toward Latin America. Over the last several years, the U.S. has elevated Chavez's stature from that of a strictly Venezuelan political phenomenon to one of a continental menace whose maneuverings are responsible — correctly or not — for every development that goes against Washington's interests. He, not Castro, is the presumed hemispheric boogeyman behind Latin America's burgeoning left-wing movements.

Castro's template for Latin American leadership has captivated the Venezuelan leader since his earliest days in power. Chavez has learned from Castro how to build a virtually indestructible power base at home while winning friends and admirers around the world.

Most important, Castro has demonstrated that crossing swords with the United States can be a good career move. If the U.S. detects his hand in the selection of Cuba's next leader, Chavez may be betting that roiling the U.S. will benefit him as well.

Bill Gates's Charity Races To Spend Buffett Billions (NYT)

By Stephanie Strom

The New York Times, August 13, 2006

Although it has long been the largest grant-making foundation in the nation, the Bill and Melinda Gates Foundation is facing an unparalleled challenge: how to give away more money — and do it much faster — than it ever has before.

Largely lost in the June announcement of Warren E. Buffett's gift of $31 billion to the foundation were its terms. Mr. Buffet will make the contribution in annual increments. For tax reasons, starting in 2009, the foundation must give away every nickel that he contributed in the previous year.

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At the current price of the Berkshire Hathaway stock Mr. Buffett will be donating, the foundation will have to distribute $3 billion annually, or a little more than twice what it distributed last year.

"It's like having a second child," said Dr. Helene D. Gayle, who left the foundation this year to become president of CARE USA, the international relief group. "It's not just twice the amount of work; rather, things change in vastly different ways."

In the next two years, the foundation plans to double its staff to about 600 people to handle the additional money, said Cheryl Scott, the foundation's new chief operating officer, and it is building a new headquarters complex in Seattle. "We're very thankful for the two years he gave us to ramp up," Ms. Scott said. "I think he understands that you don't just turn this kind of thing on and off."

"I've been a manager for close to 30 years, and this is a well-run organization," Ms. Scott added, "but if you put that kind of a load on the current process we have, it's not going to carry it through."

The foundation has said it intends to continue to focus its philanthropy on education and global health while adding a new area, global development, to help the poor in third world countries. Before Mr. Buffett's donation, the Gates Foundation had assets of almost $30 billion.

Dr. Gayle said the foundation's way of doing business had evolved from its early days, when it believed in giving out a few large grants, rather than many small grants, to avoid building a huge staff and becoming a big institution. Now, she said, it has a more formal, structured process. Increasingly, it creates horse races among potential recipients through requests for proposals, more like a business, Dr. Gayle said.

"That takes time and is very hard to do piece by piece, project by project when you're trying to get that much money out the door," Dr. Gayle said. "In addition to the traditional approach of requests for proposals for specific projects, they may need to look at ways of giving out money over longer terms and turning to institutions that have the capacity to spend large resources."

Externally, the immensity of the amount the foundation will have to give away each year is reviving debate about its size and influence.

"One out of every 10 foundation dollars spent is going to have the Gates name on it, and that gives it influence that is impossible to calculate," said Rick Cohen, executive director of the National Committee for Responsive Philanthropy, a research group.

"And as currently structured, just four people are deciding how to spend all that money," Mr. Cohen said, referring to Mr. and Mrs. Gates; William Gates Sr., Mr. Gates's father; and Patty Stonesifer, the foundation's co-chairwoman and president.

Mr. Cohen and others said the large amount of money also allowed governments and other donors an excuse not to spend their money.

In its 2007 budget proposal, for example, the Bush administration eliminated a $93.5 million program to underwrite the development of smaller schools, specifically citing the increase in support for those schools from "nonfederal funds" from the Gates Foundation and the Carnegie Corporation.

Then there is the issue of accountability. Foundations by and large police themselves because of the paucity of federal and state resources devoted to oversight of the nonprofit sector.

The Gates Foundation goes further than most in revealing its warts. Its Web site acknowledges various missteps and challenges, be they unexpected complications in starting its AIDS-related program in Botswana or problems with its efforts to develop small schools. Its new headquarters will have a visitors' center, a first for a major foundation.

"There is skepticism about whether a foundation can be a responsible and effective steward of this kind of money," Ms. Scott said. "For us, it's a question of teeing up the issue squarely, because it is a real one, and telling the story as fully and openly as we can. We do not want to be a black box."

Others say the critics' concerns are overblown because influence can be achieved with even small amounts of money.

"It doesn't take billions of dollars to influence public policy," said James Allen Smith, a philanthropic historian at Georgetown University. "It can be done with tens of millions or even a strategically placed few hundred thousand."

Dr. Smith said that although the Gates Foundation grants were typically many times the amount of an average foundation's, its donations paled in comparison with spending by government-financed organizations like the National Institutes of Health, which has an annual budget of $29 billion.

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Foundation officials make the same point. "It's still, in absolute terms, a small amount of money, given the problems we're working on," said Raj Shah, who oversees the foundation's new financial services for the poor and efforts to improve agricultural productivity. Mr. Shah said the foundation's primary focus was on some 550 million households in the world that survive on less than $2 a day.

Mr. Shah's responsibilities include a new global development program. It is concerned with making financial and agricultural advances, and water and sanitation improvements for the poor. In Malawi, the foundation has underwritten the purchase of thumbprint readers used in establishing savings accounts for the rural poor.

The new endeavors, which grew out of a 16-month review aimed at determining how to expand the foundation's operations in ways that complement its work on global health issues, give it new opportunities to spend its money.

Dr. Gayle said the foundation's work had been evolving in the past year to include broader goals. In reproductive health, for example, it has been moving beyond grants supporting the delivery of services to broader goals like reducing maternal mortality, increasing access to contraception and providing education to girls.

The foundation had begun working toward an expansion more than a year before the Buffett gift was announced. The Gateses have long said they intend to give much of their fortune, pegged at $51 billion by Forbes magazine, to the foundation, and Mr. Gates is ceding day-to-day control of Microsoft to devote himself to foundation work.

Grandmothers From Africa Rally For AIDS Orphans (NYT)

By Lawrence K. Altman

The New York Times, August 13, 2006

TORONTO, Aug. 12 — After burying their children, they must take care of the children of their children.

They are the "AIDS grannies" of Africa: women like Matilda Mwenda, 51, of Zambia, who has lost two of her seven children to AIDS, leaving five orphaned grandchildren in her care, along with two nieces who were orphaned when her sister died of AIDS.

Or Priscilla Mwanza, 49, also of Zambia, a widow who is herself infected with H.I.V. She cares for three grandchildren orphaned by AIDS in addition to her own surviving children, 16 and 3, a niece and her aging mother.

Or Alicia Mdaka, 66, from Cape Town, who has seen four of her eight children die — two from AIDS, two from stabbings. Now, along with her four surviving children, she cares for seven grandchildren and five great-grandchildren.

The three women are among about 100 African grandmothers who flew here for a four-day gathering that ends Sunday with a march to the opening of the 16th International AIDS Conference. The gathering, which brought the African women together with about 200 Canadian grandmothers (very few of them dealing with AIDS in their immediate families), is believed to be the first large one dedicated to helping grandmothers cope with the AIDS pandemic.

"We did not know we had this potential until we formed a support group to learn and share," Ms. Mdaka said.

At first, she said, "I was so angry, feeling guilt, asking how can I live." But then uniting with other grandmothers in the same situation "made things easier for me." The pandemic has created an estimated 12 million orphans in Africa, with the number expected to grow to 18 million by 2010. The burden of care has fallen on grandmothers, whose extended families often exceed a dozen children.

Although 40 percent to 60 percent of orphans in some African countries live in households headed by grandmothers, these women have received little financial or other support.

"Governments haven't the faintest idea what to do," said Stephen Lewis, a former Canadian ambassador to the United Nations who is Secretary General Kofi Annan's representative to Africa for AIDS.

"The policies for orphans, more often than not, are a grab bag of frantic interventions, where faith-based and community-based groups try desperately to cope with the numbers, but rarely have either the capacity or the resources," he said.

His nonprofit Stephen Lewis Foundation (stephenlewisfoundation.org) sponsored the gathering here. As the foundation prepared for the gathering, it learned that a small number of Canadian grandmothers had established connections with grandmothers in Africa, particularly a group called the Go Go Grannies in Alexandria Township near Johannesburg.

"A burgeoning population of parentless children, adolescents and rootless youth is simply overwhelming for every state," Mr. Lewis said in the lectures he delivered at the University of Toronto last year.

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His foundation pays for 142 projects in Africa. Many work with grandmothers to help them form and expand support networks for dealing with the problems of raising AIDS orphans.

The projects also try to develop sustained income-generating projects to pay for orphans' food, school fees and school uniforms, and for coffins to allow for dignified burials of family members.

The African grandmothers came here from 11 countries. They attended workshops on topics like counseling to help them understand and support children coping with the loss of their parents; helping orphans deal with depression, frustration and stress; building resilience in children and grandmothers; and counseling about the "put-down syndrome," which the orphans experience when they are constantly told they are inferior or lazy.

Among other things, the women were told to be careful to avoid infection when cleaning the bleeding wounds of children who may be H.I.V. positive.

Ms. Mdaka counsels children about bereavement and advises teachers that when the orphans are moody they may be thinking about the loss of their parents. She also advises other grandparents on how to prepare wills and how to develop skills in sewing and knitting to make money for services they share.

Cherry Matimuna, 53, is a nurse who has adopted four children orphaned by a niece and a nephew who died of AIDS in Zambia. She said she would be resting if there were no AIDS epidemic. Instead, she has come out of retirement to help care for 61 additional AIDS orphans in Kadwe, the same town where Ms. Mwenda and Ms. Mwanza live.

"We're fighting to create another strong generation," Ms. Matimuna said.

Twenty-five years after AIDS was first detected, no master plan exists to deal with its orphans.

"What the world fails to recognize is that these children don't become orphans when their parents die, they become orphans while their parents are dying," said Mr. Lewis, the United Nations representative.

In the absence of a grandmother or other relative to care for AIDS orphans, the oldest child becomes the head of the household and looks after the siblings.

"Many orphans play, beg for food and sleep on the streets," Ms. Matimuna said. Some go naked for lack of clothes. As the orphans grow up, some commit crimes. Some become prostitutes, get pregnant and are infected with H.I.V.

The transfer of love, knowledge and values from one generation to the other is gone, and with it goes the confidence, security and sense of place that children normally take for granted, Mr. Lewis said.

So he has concluded that "we must collectively carve out a social security scheme for grandmothers, which will permit them to survive themselves, and secure food, clothing and shelter for their orphan grandchildren."

Many African grandmothers, he went on, have "made that heart-wrenching trek to the graveyard, many more than once, and yet they speak with a spunk and resilience that is positively supernatural."

The Canadian and African grandmothers come from vastly different backgrounds but have a common purpose — to learn how to help African grandmothers raise the millions of AIDS orphans.

Mary Anna Beer, 62, a retired teacher from Newmarket, Ontario, became interested in AIDS in the late 1980's, when friends died of it, and says she began to understand the plight of African grandmothers in six trips to eight countries since 1993. She said she had helped a committee raise nearly $900,000 for the Lewis Foundation and publish a manual advising other groups to raise awareness of AIDS in Africa. (The manual is online at york4stephenlewis.ca.)

Mr. Lewis's daughter, Ilana Landsberg-Lewis, who runs the foundation, said the gathering had three goals. One was to spread awareness about the plight of the African grandmothers. A second was to get the grandmothers to show the world what they needed, what their agenda was and what response they wanted. A third was to raise money for them.

African grandmothers have always worked hard, farming and preparing meals, nursing the sick and caring for children while parents were working.

But in the AIDS pandemic, many overlook the fact that the grandmothers need help to cope with the added suffering from their losses.

Ms. Matimuna said that as the breadwinner she felt responsible for rearing the orphans in her family; paying for their school fees, uniforms and books; and keeping them from living on the streets.

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The orphans call her Mommy, Ms. Matimuna said, and generally cope well, though occasionally the oldest asks if her parents will return. “It’s natural to think about that, and I tell them the truth.”

Iran Insists On Nuclear Right, Threatens To Quit IAEA (AFP)

AFP, August 13, 2006

Iran repeated its refusal to suspend uranium enrichment activities as called for in a UN resolution, threatening instead to withdraw from the International Atomic Energy Agency.

"Iran doesn't accept suspending its uranium enrichment," the official IRNA agency quoted parliamentary speaker Gholam-Ali Hadad-Adel as telling parliament.

"If the result of our being part of international organisations and the IAEA is to be deprived of our absolute right (in nuclear matters), there is no reason for us to continue to be part of such organisations," he said.

The UN Security Council has given Iran until August 31 to halt enrichment and reprocessing activities or face possible sanctions.

The resolution was pushed through after Iran ignored a previous non-binding deadline and failed to respond to an international offer of incentives in exchange for a moratorium on nuclear fuel work.

Iran has repeatedly insisted its nuclear programme is for civil purposes only despite Western concerns that it may be cover for an attempt to develop the bomb.

The Islamic republic is due on August 22 to reply to a package of incentives offered by the big powers and aimed at suspending uranium enrichment.

But the head of Iran's supreme national security council and chief nuclear negotiator, Ali Larijani, said on August 6 that Iran would not suspend uranium enrichment.

Asked about Iran's reply on August 22, foreign ministry spokesman Hamid Reza Asefi said on Sunday that, "the date does not have any significance. What is important is the climate and the conditions for a dialogue."

"We do not trust Europeans any more," he said, referring to the so-called EU-3 of Britain, France and Germany that have been leading negotiations on Iran's controversial nuclear programme.

"Unfortunately, the Europeans changed their path," he added, referring to the adoption of the United Nations Security Council's ultimatum.

"Iran will choose another path," other that of cooperation, if the Europeans, "continue their own path," he said, without elaborating.

After more than two year of nuclear negotiation with the European troika, Iran started uranium conversion -- a prerequisite for uranium enrichment -- thus breaking the talks.

Mexican Seeks 4 Percent Of Votes Tossed (AP)

By Mark Stevenson

AP, August 13, 2006

Mexico's leftist presidential candidate wants votes from nearly 5,000 polling places thrown out, a top aide said Saturday, amid signs that a partial recount won't change enough results to swing the election his way.

"Annulling (the results) from these polling places would change the balance of the election, and would mean that Andres Manuel Lopez Obrador would be the winner," said Claudia Sheinbaum, the leftist candidate's top campaign aide.

She said the request will be filed soon to the Federal Electoral Tribunal, which is overseeing the partial recount and must resolve all challenges to the July 2 elections by month's end.

Parties involved in the recount say elections officials have found extra ballots in some ballot boxes, and in other cases have failed to account for all blank ballots distributed to polling places. Sheinbaum said this suggests "a concerted operation" to fix the election for conservative Felipe Calderon, who led by less than 1 percent in the official but still uncertified vote count.

"These criminals thought it was going to be easy — 'we took his victory away and he's going to cross his arms and do nothing,'" Lopez Obrador said Saturday in Chiapas, where he was campaigning for a fellow party member. "Well, no, I'm not going to just wait with my arms crossed."

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The polling places to be challenged by Lopez Obrador's Democratic Revolution Party were mainly ones where Calderon got more votes, and would represent almost 4 percent of Mexico's voting places, a figure that could rise if more alleged irregularities are found in the partial recount, which is set to conclude Sunday.

Lopez Obrador has said he doesn't want the entire election thrown out, but Sheinbaum said the tribunal might choose to do that, or to order a complete recount of all 41 million votes cast, rather than the current recount of 9 percent of ballot boxes with evident problems.

Some experts have suggested the so-called "missing ballots" might be due to people who kept voting sheets, rather than using them to vote, and said "extra" ballots might have been transferred from nearby polling places. Sheinbaum said neither explanation could account for such widespread problems.

The tribunal hasn't released any official results from the partial recount, but local media reported that variations of only a few thousand votes have been found, far short of what Lopez Obrador would need to overcome a 244,000 vote deficit.

Also, in a Mexican twist on the "hanging chad" dispute that marked the 2000 U.S. elections, the electoral tribunal said it will have judges individually examine questionable ballots that emerge from the partial recount.

Sheinbaum said thousands of ballots could fall into the questionable category.

Mexico's voting system is not computerized — voters use crayons to make an "x" on a paper ballot in a square corresponding to a candidate, unlike the punch cards that sometimes left incomplete perforations, or "hanging chads," during Florida's 2000 president election recount.

But some ballots apparently have marks that run over more than one square, or no visible marking; such ballots would be reviewed by justices to see whether there was a clear intention in favor of one candidate, or whether they will be considered null or voided.

The protest camps set up in much of downtown Mexico City continued in full swing Saturday. Lopez Obrador's supporters also have briefly taken over highway toll booths, allowing motorists to pass through without paying, a tactic they repeated Saturday on highways in the central state of Puebla, the southern state of Guerrero and the northern state of Nuevo Leon.

New Attacks By A Heavily Armed Gang Rattle Brazil And Set Off Political Wrangling (NYT)

By Larry Rohter

The New York Times, August 13, 2006

SÃO PAULO, Brazil, Aug. 12 — The powerful criminal group whose street battles with the police paralyzed this metropolis three months ago has begun a new series of attacks, mocking government efforts to reduce its influence, alarming citizens and igniting a partisan political dispute.

The new offensive, which began this week, has killed far fewer people than the more than 180 left dead in May. But the number and variety of targets chosen is larger: more than 200 sites in a score of cities and towns, including government offices, banks and police and bus stations.

The criminal group that has claimed responsibility for many of the attacks, First Capital Command (P.C.C. are its initials in Portuguese), is a prison-based network that in the past has used such shows of strength as a bargaining chip to demand better conditions for its estimated 10,000 members behind bars.

“A new fact in these attacks are the cities in the interior” that have been chosen as targets, said Col. Elizeu Teixeira Borges, commander of the São Paulo military police. “They’ve even attacked a church, which makes no sense.”

The city of São Paulo is the largest in South America, with more than 10 million people in the city itself and another 10 million in the metropolitan area. With more than 40 million inhabitants, the state of the same name is more populous than California and accounts for nearly one-quarter of Brazil’s total population and about 40 percent of its economy.

The new attacks, which were preceded by a shorter wave of raids last month, have caused consternation. The gang has consistently shown itself to have more firepower than the police, including grenades, mortars and other weapons legally available only to the armed forces, which has contributed to a sense of helplessness among residents.

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"We're always hearing about Hezbollah in Lebanon and Al Qaeda in Iraq, and it all seems so very far away," said Nelson Kimura, a university student here. "But we have also an alien organism in our body politic, one that the state here, as there, seems unable to control."

With Brazil's presidential election less than two months away, the gang's guerrilla-style attacks have quickly become a campaign issue. President Luiz Inácio Lula da Silva of the left-wing Workers' Party, who promised vastly improved public security as a candidate four years ago, is seeking a second term. His main opponent is Geraldo Alckmin of the center-left Brazilian Social Democratic Party, who was governor of the state of São Paulo until election laws forced him to step down.

On Friday, Mr. da Silva took part in a ceremony at a military base in the suburbs here and renewed an offer of federal help — in the form of as many as 10,000 army troops — made this week by his minister of justice.

"Society must defeat these bandits," he said. "We cannot be threatened or defeated by banditry."

But Mr. Alckmin's supporters and many political analysts have interpreted the offer of troops as aimed at weakening his candidacy.

If the state government were to accept the army presence, the message to voters around the country would be that "the crisis in São Paulo's security can't be resolved without Brasília's help," O Estado de São Paulo, the state's most important newspaper, concluded on Wednesday. "Lula would gain by showing that the state government has not been able to control the P.C.C. and would benefit by linking a sense of security among the populace to the army."

At an impromptu news conference here late Thursday, Cláudio Lembo, who became governor of São Paulo when Mr. Alckmin resigned, said the presence of the army would constitute "inappropriate interference" in his state's affairs. "This interference has not occurred because they know it would not be requested or accepted," he said, adding, in reference to the troops, "We don't need them here at this moment."

According to Brazilian press reports, the armed forces themselves are wary of such duty. Mr. da Silva has already dispatched troops to Rio de Janeiro on a limited, temporary basis to fight drug gangs there, with mixed results at best: a 35-year-old schoolteacher was shot dead at a military roadblock and some military weapons ended up in the hands of drug lords who are said to have followers infiltrated among soldiers.

On Friday, Mr. da Silva was accompanied by his ministers of justice and defense, and, in what seemed to be an effort to show that the military stands behind his plan, the commander of the Brazilian Army, Gen. Francisco de Albuquerque, and the officer in charge of the regional garrison here. In his remarks at the military base, the president referred to the rift between the state and federal governments in his address at the police academy, saying, "People are recognizing that the gravity of the situation demands that we be comrades so that a solution can be found."

Violence appeared to be tapering off at week's end, but the authorities remain worried about new outbreaks. Sunday is Father's Day in Brazil, and an estimated 13,000 prisoners, including many affiliated with the First Capital Command, are entitled to a weekend furlough.

Security officials had sought to deny the furloughs, but a judge here ruled this week that such an action would be illegal. The police said they now planned to cancel all days off for officers and to "monitor" furloughed gang members, but Mr. Lembo also issued an appeal to the gang and its leaders to act with "good sense."

"We are preserving their dignity and integrity," he said, noting that the police had not killed any jailed or paroled gang members during the latest outburst of violence. "Now I hope there will be reciprocity on their part."

Hazing Trial Bares Dark Side Of Russia's Military (NYT)

By Steven Lee Myers

The New York Times, August 13, 2006

CHELYABINSK, Russia, Aug. 7 — It is becoming clear now what happened New Year's Day in the barracks of the Chelyabinsk Tank Academy, when the Russian military's singular means of enforcing discipline claimed its most famous victim.

The details are trickling out in a windowless courtroom here in a trial that has illustrated the darkest aspects of Russian military service and exposed the commanders' refusal to address them, despite public pledges to the contrary.

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A sergeant, possibly drunk, meted out punishment to a younger soldier, Pvt. Andrei S. Sychyov, who, like him, was a draftee. Rousted from bed at 3 a.m., Private Sychyov was forced to squat for three and a half hours. When he complained, as the pain worsened, the sergeant stomped on his ankle twice.

The episode might have ended there, an unremarkable instance of an abusive system of discipline known as dedovshchina, or the rule of the grandfathers. But Private Sychyov suffered injuries that resulted in infection, then in the amputation of his legs and genitals and finally in a public scandal.

Private Sychyov's fate forced initially dismissive leaders, including the minister of defense, Sergei B. Ivanov, to respond to the furor. They vowed to punish those responsible and to crack down on such abuse.

The trial, however, has cast doubt on the military's prosecution and showed how deeply rooted dedovshchina (pronounced de-DOV-she-na) remains in Russia's barracks, still largely filled with conscripts despite overwhelming opposition to the draft.

The prosecution's case against the sergeant, who is charged only with exceeding his authority, appears to be faltering.

One witness who testified against the sergeant recanted and stopped appearing in court. Others have reversed statements to investigators that they had seen or heard what happened. Witnesses revealed in court that an army general had told three soldiers not to testify at the trial, though they defied him and testified anyway.

Private Sychyov's mother, Galina, said she had received repeated offers from an unknown official with free access to the grounds of a military hospital to drop the case in exchange for an apartment and $100,000. The official stopped, said her daughter, Marina A. Muffert, only after the family complained publicly.

Spokesmen for the Ministry of Defense and the military prosecutor declined to discuss the accusations of bribery and the general's attempt to pressure witnesses, though the new military prosecutor, Sergei N. Fridinsky, has vowed to investigate.

The chief military prosecutor, Aleksandr N. Savenkov, had called it the most "cynical and audacious crime" he had seen in his career, but he was replaced last month in a shake-up of the Prosecutor General's Office. His successor boasted on Aug. 4 that incidents of dedovshchina had declined, contradicting statistics provided the same day by his boss, the new prosecutor general, Yuri Y. Chaika.

Ms. Muffert, who attends the trial every day, traveling from her home in Yekaterinburg, 120 miles north of here, said the military was deliberately undermining the prosecution, even as senior leaders cited the trial as evidence that they were serious about punishing abuse.

"I would like to believe there will be justice," she said during a break on Monday, "but I have less hope each day."

The case of Private Sychyov has shaken the Russian military like no other scandal since the sinking of the nuclear submarine Kursk in 2000, when 118 on board died after a torpedo exploded during an exercise and commanders lied about the cause and the rescue effort.

The furor stemmed in part from the gruesome nature of his injuries, but also because the case confirmed a widespread fear about the dangers of military service — not from combat, but from the military's own method of discipline.

Dedovshchina is often translated as hazing, evoking a ritualized indoctrination, but it has evolved into more. It is a system of rank and discipline where older conscripts exert unquestioned authority over newer ones. The system has become so formalized that there are four levels that each draftee passes through. Those once subservient later become masters over those who follow.

By the military's own count, disputed as conservative, 16 soldiers were killed by dedovshchina last year, while an additional 276 committed suicide. Critics say that the suicides, as well as deaths listed as crimes or accidents, reflect cases of dedovshchina that commanders disguised to avoid attention.

On Aug. 4, Mr. Chaika announced that there had been 3,500 reports of abuse already this year, compared with 2,798 in 2005, a figure that could reflect a rise in the reporting of cases, as Mr. Ivanov has urged commanders to do. Already this year, dedovshchina has killed 17 soldiers, Mr. Chaika reported, compared with 36 soldiers who have died in combat in Chechnya this year.

Mr. Ivanov, who also is a deputy prime minister and is considered a potential successor to President Vladimir V. Putin, played down Private Sychyov's case at first. "I think nothing serious happened," he said more than three weeks after the incident. "Otherwise, I would have certainly known about it."

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He later called the case an "outrageous occurrence" and vowed to prosecute those involved. At the same time, he said it should not be "a reason for baseless accusations against the entire army, and against generals and admirals in particular." And he blamed larger factors beyond the military's control, including high rates of crime and violence throughout society. "In our country," he told the lower house of Parliament in February, "dedovshchina begins in kindergarten."

In an extensive study of dedovshchina, Human Rights Watch reported in 2004 that the system was now badly abused, eroding military preparedness and killing dozens each year, while leaving thousands with "serious — and often permanent — damage to their physical and mental health."

Here in Chelyabinsk, three soldiers are on trial, though only one, Junior Sgt. Aleksandr V. Sivyakov, is directly charged with the abuse of Private Sychyov. The others face charges of hazing other conscripts. At the time of the incident, Sergeant Sivyakov had served for a year, while Private Sychyov had been in the army for only six months.

News media reports have described what happened New Year's Eve as a wanton, drunken assault involving several soldiers. They have erroneously included reports of torture and rape.

In fact, according to testimony, including Private Sychyov's accounts, the details are more banal, though the results no less grievous.

The battalion had a New Year's Eve party in the barracks. When it was over, Sergeant Sivyakov became upset over the poor job soldiers did in cleaning up the mess left behind. For reasons not yet clear, he decided to punish the private.

"The sergeant said I was a bad soldier," Private Sychyov said, according to testimony read by the lead prosecutor. (He remains in a military hospital in Moscow, too ill to testify in person, according to the prosecutors. The panel of three judges refused defense requests that he appear or that the trial be moved temporarily to Moscow.)

"Sivyakov," the private continued, "said he would teach me to follow orders."

His punishment was to squat on the balls of his feet, a position that soon became excruciating.

Private Sychyov said he had no previous trouble with the sergeant, who just that night had advanced to the next level in the dedovshchina ranks, his lawyer said. Private Sychyov said he smelled alcohol on the sergeant's breath.

Private Sychyov, then 18, had been eager to serve in the military, his sister said, unusual in a country in which about 90 percent of the men manage to avoid their nominally mandatory two years of service. "His father served," she added. "His grandfather served. All the men in our family served. It was not even a question."

When the punishment ended, Private Sychyov testified, he could not stand immediately. He sat for 5 to 15 minutes, but then returned to bed. When he woke again later that day, his leg hurt. By Jan. 3 he was bedridden.

Because no one was at the base clinic, given the holidays, when much of Russia shuts down, he did not seek medical attention until Jan. 4. An initial examination diagnosed thrombophlebitis, a swelling caused by a blood clot.

By Jan. 6, as his condition had worsened, he was transferred to a civilian hospital in Chelyabinsk, where doctors found that gangrene had spread through his lower extremities and began amputating them the next day. His mother learned of his condition only after the first amputation.

Sergeant Sivyakov, who sits in a cage during his trial, occasionally exchanging whispered remarks with his mother in the gallery, has pleaded not guilty. His lawyers have tried to challenge much of the evidence presented by the prosecution, so far without much success.

One of his lawyers, Yelena V. Ustinova, said in an interview that prosecutors were pressuring soldiers to testify against the sergeant, who has not yet testified in his own defense, and said he was being turned into a scapegoat.

The sergeant's lawyers argue that he did nothing to injure Private Sychyov and that the soldier's injuries may have stemmed from a pre-existing medical condition. [On Friday, a military doctor testified for the defense that the private might have suffered a blood infection for several months before New Year's Day.]

Pvt. Sergei N. Gorlov, one of the three soldiers told not to testify against the sergeant, took the stand Monday and explained how he had awakened at 5 a.m. and saw the sergeant with a squatting Private Sychyov. He also testified that he heard the private scream at least twice. Defense lawyers challenged discrepancies in his account and quizzed him on how he could have identified Sergeant Sivyakov positively in the darkened barracks.

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Despite the outrage over the case, the ministry appears to have shown little interest in rooting out dedovshchina itself, only those abuses that come to light. Critics argue that only an end to conscription and the creation of a professional army, with a trained corps of noncommissioned officers, will end the reliance on dedovshchina for discipline in the ranks.

Even Private Gorlov expressed mixed feelings about the practice during a break in the trial. “I don’t think it will ever go away,” he said.

Pvt. Oleg S. Makarin, another of the soldiers urged not to testify, said the system still had its place in Russia’s military.

“There are pluses and minuses to dedovshchina,” he said outside the courthouse. “It is easier to run an army if the older soldiers are looking after the younger soldiers.” He paused, nervously, before leaving to smoke. “You have to know the limits.”

The Man Who Exposed The Soviets' Viral Terror (LAT)

By Judith Miller, Judith Miller, A Former New York Times Reporter, Is A Coauthor Of "Germs: Biological Weapons And Ame

The Los Angeles Times, August 13, 2006

Lev Sandakhchiev raised the barbed wire on a deadly Cold War secret and saved the world from bioweapon horror.

A MAJOR CHAPTER in biological warfare quietly closed in June with the death of Lev S. Sandakhchiev, an extraordinary 70-year-old Russian scientist who until last year had led the former Soviet Union's most terrifying center of viral research. Located in remote Siberia, the State Research Center of Virology and Biotechnology, informally known as Vector — worthy of James Bond — had throughout the Cold War been turning the world's most hideous diseases into weapons. A secret research facility, Vector had long been the target of American intelligence efforts and, as it turned out, justified anxiety.

For decades, the U.S. could only speculate about the lab's frightful accomplishments. Then Sandakhchiev made a courageous decision. A compact, wiry, chain-smoking scientist, he grasped after the Soviet Union's collapse that the survival of his lab and its scientists depended on abandoning his life's long work in bioweapons and opening up to the West.

In 1993, he astonished Russian and American scientists at an international meeting by shouting the Russian equivalent of "Let's cut the crap" when some of his colleagues denied that Moscow had long violated the anti-germ warfare treaty it had been among the first to sign. In 1999, Sandakhchiev further outraged some of his colleagues by permitting an American journalist to tour Vector and write about what was done there and his hopes for peaceful cooperation with American scientists. The implications of what I saw have haunted me ever since.

Behind barbed wire, Vector sprawled over 100 buildings and included warrens of animal pens, massive labs designed to contain smallpox, anthrax and plague germs, and even its own cemetery, in which a scientist who had accidentally injected himself with Marburg virus had been buried in a zinc-lined grave. Vector had been experimenting with viruses such as Marburg and Ebola, nature's own weapons of mass destruction, to which there were no antidotes.

The scale was breathtaking. The virus that causes smallpox had been mankind's greatest scourge. Microscopic quantities could kill millions. Yet Vector had secretly produced tons.

Now a Vector spin-off makes cosmetics. The lab also remains one of two World Health Organization-designated repositories of the smallpox virus; the U.S. Centers for Disease Control and Prevention in Atlanta is the other. And Vector is seeking WHO designation as a global center for combating avian flu.

Sandakhchiev's scientific glasnost allowed him to preserve his institute and stop his scientists from being recruited by Iran and other germ weapon-hunting states and terrorist groups. But he couldn't have done it without a visionary, underappreciated American program. Created in 1991 by Sam Nunn, the former Democratic senator from Georgia, and Sen. Richard Lugar, Republican of Indiana, the Cooperative Threat Reduction program in 1998 provided an emergency $1-million grant — chump change by government standards — to underwrite Sandakhchiev's outreach to the West.

As a result, Vector was able to spurn Iran's offers, and the United States was finally able to confirm defector reports and understand other key aspects of the Soviet Union's clandestine germ empire, which at its peak in the late 1980s employed about 60,000 scientists and technicians in secret facilities throughout the land.

In the end, Sandakhchiev's biggest contribution may have been his example, which helped persuade many other Soviet scientists to abandon secrecy and turn their expertise in chemical and biological warfare to peaceful pursuits.

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Needless to say, some nationalistic hard-liners in Russia resisted scientific exchanges and Vector's growing ties to the West. For their part, some U.S. officials suspected that military work was continuing at Vector and elsewhere. Such fears were largely but not totally allayed, at least at Vector, by 2000, when audits of its grants showed that the dollars Washington had invested there — $30 million at last count — had been spent as Congress intended.

In the battle against germ weapons, as in medicine itself, an ounce of prevention is worth a pound of cure. For about $500 million a year — about the cost of two days of the Iraq war — the Nunn-Lugar threat-reduction programs have helped deny nuclear, chemical and deadly biological materials and expertise to hostile states and terrorists.

Despite this record, the program has often struggled for funding, particularly its biological work. In the year after 9/11 and the anthrax-letter attacks, Nunn-Lugar funding actually dipped. The U.S. is spending lots of money to stop the spread of deadly pathogens, but not enough in Russia, which only 15 years ago had the world's most advanced bioweapons program. Spending just $50 million to $70 million more over five years would help Russia consolidate and safeguard its pathogens in about a dozen new repositories, benefiting both nations' biosecurity.

Both the Pentagon and the State Department sent wreaths to Sandakhchiev's funeral. Appropriately so. Sandakhchiev may well have taken some terrible secrets to his grave. But it's hard to overestimate his contribution to demonstrating that archenemies of 50 years can cooperate to battle disease, rather than spread it for military gain.

A far more meaningful tribute to him would be increased spending to stop the proliferation of the world's deadliest germs and other sources of unconventional weapons.

Talking To Evil (NYT)

By Nicholas D. Kristof column

The New York Times, August 13, 2006

If there's one thing about North Korea that is widely known, it's that there's no point in negotiating with it. After all, President Bill Clinton reached a landmark nuclear deal with North Korea and it then cheated and secretly produced nuclear weapons on the side, rendering that agreement no more than worthless paper.

Alas, that one "fact" is wrong. And since the perception that negotiation failed is so widespread — and shapes our unwillingness to negotiate with Iran and Syria, central players in today's Middle East crisis — it's worth setting the record straight.

Vice President Dick Cheney's approach — often paraphrased as, "we don't negotiate with evil; we defeat it" — has hobbled foreign policy over the last six years. It let North Korea outmaneuver us and made progress in the Middle East impossible.

Last month, President Bush led an international gnashing of teeth about North Korea's missile test. But at the end of the day, despite a U.N. resolution that was a significant achievement for the administration, North Korea is continuing its missile development and plutonium production.

Mr. Clinton and Mr. Bush offer us a nice test case of alternative approaches to dealing with rogue regimes — engagement and deal-making in the case of Mr. Clinton, and confrontation and isolation in the case of Mr. Bush. So let's look at how well each approach worked.

North Korea began obtaining plutonium under President Ronald Reagan and the first President Bush, and that rogue behavior led at the beginning of Mr. Clinton's presidency to frenzied negotiations that culminated in the Agreed Framework of 1994.

That was the deal in which North Korea would get oil and nuclear reactors in exchange for freezing and eventually dismantling its nuclear weapons program. Republicans were furious, noting correctly that North Korea was in effect blackmailing us by making us pay to stop its outrageous behavior. Moreover, North Korea soon began to cheat: it secretly tried to develop an alternative route to nuclear weapons using enriched uranium.

Mr. Bush, seeing the Agreed Framework as the mollycoddling of tyrants, backed out of it in 2002.

Alas, this approach worked even worse: North Korea revived its plutonium program and converted old fuel rods into enough plutonium for a half-dozen weapons. And North Korea is now adding enough plutonium for about one weapon a year.

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So here's the score card: Mr. Clinton's negotiated approach prevented North Korea from making a single ounce of plutonium during his eight years in office (no one seriously asserts the opposite). In contrast, North Korea will have obtained enough plutonium for about 10 weapons on Mr. Bush's watch.

What about North Korea's cheating? That didn't involve plutonium but efforts to purchase equipment to enrich uranium and make weapons by a separate path. And that effort apparently never got off the ground; the intelligence community is pretty sure that North Korea hasn't made any uranium bombs under either Mr. Clinton or Mr. Bush.

So, zero new nuclear weapons under Mr. Clinton, and enough plutonium for 10 weapons under Mr. Bush: that's a fair indication of which approach works better.

Instead of negotiating directly with evil regimes, Mr. Bush has used a strategy of persuading proxies to help: China in the case of North Korea, and friendly Arab states in the case of Syria. That has failed because those proxies don't share our strategies and don't have much influence.

Relying on the Chinese doesn't work, for example, because the North Koreans and the Chinese privately can't stand each other. I'm told that after the missile tests, the Chinese government requested an urgent meeting to transmit a message to Kim Jong Il — then the Chinese seethed because the North Koreans made them wait three days before even listening to the message.

There simply is no substitute for engaging directly, even with brutal regimes, as President Richard Nixon did so successfully with Mao's China. And Mr. Bush has dealt repeatedly with one odious regime: Sudan's. Mr. Bush hasn't been able to stop the genocide in Darfur, but he did end the war between northern and southern Sudan, a conflict that had cost two million lives over 20 years. That was a triumph for Mr. Bush, and it came through relentless negotiations.

So with the Middle East in crisis, let's hope that Mr. Bush will try direct negotiations with Syria and even Iran. Negotiations may not be pretty, but the evidence shows that they work far better than tooth-gnashing.

The Culture Of Nations (NYT)

By David Brooks column

The New York Times, August 13, 2006

Diplomats in New York rack up a lot of unpaid parking tickets, but not all rack them up at the same rates. According to the economists Raymond Fisman and Edward Miguel, diplomats from countries that rank high on the Transparency International corruption index pile up huge numbers of unpaid tickets, whereas diplomats from countries that rank low on the index barely get any at all.

Between 1997 and 2002, the U.N. Mission of Kuwait picked up 246 parking violations per diplomat. Diplomats from Egypt, Chad, Sudan, Mozambique, Pakistan, Ethiopia and Syria also committed huge numbers of violations. Meanwhile, not a single parking violation by a Swedish diplomat was recorded. Nor were there any by diplomats from Denmark, Japan, Israel, Norway or Canada.

The reason there are such wide variations in ticket rates is that human beings are not merely products of economics. The diplomats paid no cost for parking illegally, thanks to diplomatic immunity. But human beings are also shaped by cultural and moral norms. If you're Swedish and you have a chance to pull up in front of a fire hydrant, you still don't do it. You're Swedish. That's who you are.

Walter Lippmann got to the crux of the matter in a speech 65 years ago. People don't become happy by satisfying their desires, he said. They become happy by living within a belief system that restrains and gives coherence to their desires:

"Above all the other necessities of human nature, above the satisfaction of any other need, above hunger, love, pleasure, fame — even life itself — what a man most needs is the conviction that he is contained within the discipline of an ordered existence."

People need the coherence their culture provides and value it even more than easy parking.

For several decades a veteran foreign aid worker, Lawrence E. Harrison, has contemplated the power of culture in shaping behavior. He's concluded that cultural differences mostly explain why some nations develop quickly while others do not.

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All cultures have value because they provide coherence, but some cultures foster development while others retard it. Some cultures check corruption, while others permit it. Some cultures focus on the future, while others focus on the past. Some cultures encourage the belief that individuals can control their own destinies, while others encourage fatalism.

In a new book, "The Central Liberal Truth," Harrison takes up the question that is at the center of politics today: Can we self-consciously change cultures so they encourage development and modernization? Harrison is writing about poverty, but this is incidentally a book about the war on terror, and whether it is possible to change culture in the Middle East and the ghettos of Muslim Europe.

On the one hand, Harrison is an optimist. He has taken his title from one of Daniel Patrick Moynihan's greatest observations: "The central conservative truth is that it is culture, not politics, that determines the success of a society. The central liberal truth is that politics can change a culture and save it from itself."

But when Harrison turns to how politics can change culture, you find he is a man who has been made aware of the limitations on what we can know and achieve. Harrison and a team of global academics studied cultural transformations in Ireland, China, Latin America and elsewhere. They concluded that cultural change can't be imposed from the outside, except in rare circumstances. It has to be led by people who recognize and accept responsibility for their own culture's problems and selectively reinterpret their own traditions to encourage modernization.

Harrison observes that gigantic investments in education, and especially in improving female literacy, usually precede transformations. Chile was highly literate in the 19th century, and in 1905, 90 percent of Japanese children were in school. These investments laid the groundwork for takeoffs that were decades away.

Harrison points to many other factors — leaders who encourage economic liberalization, movements that restrict the power of the clerics — but the main impressions he leaves are that cultural change is measured in centuries, not decades, and that cultures are separated from one another by veils of complexity and difference.

If Harrison is right, it is no wonder that young Muslim men in Britain might decide to renounce freedom and prosperity for midair martyrdom. They are driven by a deep cultural need for meaning. But it is also foolish to think we can address the root causes of their toxic desires. We'll just have to fight the symptoms of a disease we can neither cure nor understand.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Bush Urges Quick Action On Lebanon Resolution (WT)..... 3
Bush: Plot Shows Danger Hasn't Passed (AP) 4
Bush Says Terror Plot `Significantly Disrupted' (Update1) (BLOOM)..... 5
Bush Must Do More To Protect From Terror, Pryor Says (Update1) (BLOOM) 6
Tracing Plots, British Watch, Then Pounce (NYT) 6
U.S. Responded To Plot With Speed, Secrecy (WP)..... 8
In Wake Of News, A Plan: Uniting Party And President (NYT)... 10
REPUBLICANS BEAT THE WAR DRUM, HOPING IT STILL RESOUNDS (AJC) 12
A Second Look At Statements On Lieberman's Loss (HC)..... 13
Does Calling It Jihad Make It So? (NYT) 13
Accounts After 2005 London Bombings Point To Al Qaeda Role From Pakistan (NYT)..... 15
Terrorism Experts Cast Doubt On Qaeda Tie To London Arrests (NYT) 16
Police Keeping Most Plot Suspects In Custody, Without Charges, Under Terror Law (WP)..... 18
British Probe Eyes Brothers, Al Qaeda Link (WT/AP)..... 18
More Suspects Sought In Alleged Bomb Plot (LAT)..... 19
Suspects' Lawyer Criticizes Police (CNN) 20
3 Egyptian Students Are Arrested In Iowa (NYT/AP) 21
3 Texans Arraigned On Terror Charges (WT/AP) 21
Terrorists Or Teens? (WP)..... 22
Eavesdropping And The Election: An Answer On The Question Of Timing (NYT)..... 23

Homeland Response:

Young Muslim Rage Takes Root In Britain (WP) 24
Many Muslims In Britain Tell Of Feeling Torn Between Competing Identities (NYT) 27
British Muslims Criticize Blair And Policies; Police Broaden Search For Evidence (NYT) 29
Groups Say British Support For War In Iraq Encourages Extremists (MCT)..... 30
Post-9/11 FBI Shifts Its Focus To Terror (PPG)..... 31
Sizing Up The People Who Tell Us To Take Our Shoes Off (NYT) 32
Questions Raised About Airport Staffing (AP)..... 34
My Liquid-Free Flight Abroad (NYT)..... 35
Airlines: U.K. Travel Grinding To Halt (AP)..... 36
Our Porous Air Defenses On 9/11 (NYT) 36
Foreclosures Expected To Come Back In Full Force (MR)..... 37
Where Recovery Is The Stock In Trade (LAT) 38
Adapting To Nature (LAT)..... 39
One Year Later, Life Forces Itself Back In Spite Of Katrina's Devastation (SLPD/AP) 41
Illinois Sen. Barack Obama Tells Xavier Graduates To Choose Involvement Over Indifference (HC/AP) 43

War News:

Forces To Target 4 'Hotspots' In Baghdad (AP-Y) 44
Peace In Baghdad Could Be The Last Chance To Avoid Civil War (MCT) 45
60 Suspects Arrested At Iraq Funeral (LAT/AP)..... 46
Former Iraqi Officials Named In Graft Inquiry (NYT) 46
Two Soldiers Killed By Roadside Bomb In Baghdad, U.S. Army Says (BLOOM) 47
12 Men Found Slain In Tigris (WT/AP)..... 48
Call To Prayer Mingles With Verses Of Grief (LAT) 49
U.S. Troops Among Nearly 50 Dead In Iraq (AP)..... 50
In Iraq, A Failure To Deliver The Spoils (NYT) 51
Success In Iraq Is Up To The Iraqis (WP) 52
It's The Condi Rice Show (TIME)..... 53
What Really Causes Civil War? (NYT) 54
Standing By Bush (WP) 55
Rep. Davis: War Bungles Should Oust Rumsfeld (AP) 56
Afghan Road Rage (WP) 56
U.S. Patrol Hit In Afghanistan (LAT/AP) 56
U.S. Is Slow To Act On Lessons Of New Warfare (BSUN)..... 57
Dragged Back Into Somalia (LAT) 58
Sickened Iraq Vets Cite Depleted Uranium (AP-Y) 59
A Woman's Fight (MJS) 63
Seeing Needs, Big And Small (MJS) 65
Back To Normal Wasn't Easy (MJS) 65

Corporate Scandals:

Juicy Details In Option Scandal (LAT) 66
Buttoning Up White-collar Cases (PHI) 67

Criminal Law:

Victims' Families Say Delay In Punishment Is Hard (TSSC)..... 68
The Line On Online Bets (SDUT) 69

Civil Law:
Hospital Probe Nets Millions In Fines (SSJR) 71
Judge Rejects Part Of Reform Of Bankruptcy (DMN) 73

Civil Rights:
Illinois Election Officials Reject Ballot Measure On Gay Marriage (NYT/AP)..... 74
Panel Suggests Using Inmates In Drug Trials (NYT) 74
Women In Top Ranks Pull Up The Pay Of Others (WP)..... 77

Antitrust:
Panel Told That Realtors Group Stifles Competition (PHI) 78
Feds Probe Plavix Deal As Apotex Pushes Pill (NSL) 79
Mutual Funds Are Failing As Deal Police (NYT)..... 80

Environment:
Oil Experts Press Need For Pipeline Care (AP) 81
Dying Bay Fishing Method Snags Waterman In Dispute (AP) 82

FBI/DEA/ATF/USMS:
55-year Sentence Sparks Fight (DESERET)..... 84
Fire Kills 4 In Crowded Indiana House (AP-Y)..... 85

Immigration:
Standing Guard (WT)..... 85
Border Agents: 'We're Never Going To Stop Them, Never' (LAT)88
A Closer Look At The Hispanic Population (NYT) 90

Congress-Administration:
Graham Traced To Nominee Defeat (MBSN) 91
Beware The Idles Of August (WP)..... 92
The Ripple Effect (MSN)..... 93
Planned Medicaid Cuts Cause Rift With States (NYT)..... 94
Bill Seeks National Medical Records System (LAT)..... 95
Official's Tax Break: On Firm Ground? (LAT)..... 97
Life Of The Party (NYT) 99
Federal Pay: Myth And Realities (WP) 100
How To Help Our Students (WP)..... 101
House Of Ill Repute (WP) 102
Why 'Outsourcing' May Lose Its Power As A Scare Word (NYT)103
The Pension Piñata (NYT)..... 104

Other News:
Is A Futures Stampede Keeping Oil Prices High? (NYT)..... 105
Connecticut Senate: Two Days After Primary Lieberman Ahead By 5 (RP) 106
Republicans Take Liking To Lieberman Candidacy (WT) 107
Lieberman Looking Outside Conn. For Help (AP) 107
Jonathan Chait: Give It Up, Joe (LAT)..... 108
Joe Lieberman, Insurgent (WP)..... 109
With Friends Like Joe's ... (NYT) 110
An Antiwar Campaign That Takes A Page From The G.O.P. Playbook (NYT) 112
Gregory Rodriguez: The Iraq War Won't Save Liberals (LAT) .. 113
Connecticut May Be A 2008 Preview (WP)..... 114
Laura Bush Will Visit Here Monday (SLPD) 116
Tight Race For Another Senator, This Time A Republican (NYT)116
In N.J. Race, Kean Tries To Keep It Local (WP) 117
Steele's Remarks On Success In Iraq Draw Criticism From Democrats (WP) 119
"Swift Boat" Veterans Set Sights On Rep. Murtha (LAT) 120
GOP Raises Specter Of 'Speaker Pelosi' (AP)..... 122
Protesters Host Barbecue For Crawford (AP) 123
The Reliable Source (WP) 123
D.C. Gay Group Battles 'AIDS Fatigue' (WP)..... 124
Why The U.S. Has Not Stemmed HIV (WP) 127
The Neighborhood War Zone (WP)..... 129
The 300-Million Milestone (LAT)..... 131
Cease-Fire Is Accepted In Lebanon (WP)..... 132
After U.N. Accord, Israel Expands Push In Lebanon (NYT)..... 133
No Real Winners As UN "Ceasefire" Resolution Met By More Fighting (AFP)..... 135
Hezbollah OKs Truce; Israel Pushes North (LAT)..... 136
Israel Surges Into Lebanon, Despite Vote (AP)..... 137
Rice Hopes For Cease-fire In 'Day Or So' (AP)..... 139
Combat Continues In Lebanon Despite Cease-fire Deal (MCT) 139
Israel Strikes Hard Ahead Of Cease-fire (WT) 140
Hezbollah Shoots Down Israeli Helicopter (AP) 141
Annan: Mideast Cease-fire Starts Monday (AP)..... 142
Bush Urges World Leaders On The Mideast (AP)..... 143
As Mideast Smoke Clears, Political Fates May Shift (WP)..... 144
Analysis: Pact Won't Improve U.S. Image (AP)..... 145
Hezbollah Resistance Likely To Remained Undimmed By Conflict (MCT)..... 146
Israel Seeks Hint Of Victory (NYT) 148
Israel Encounters An Unexpectedly Different War (LAT) 149
Analysis: For Israel, An Imperfect Deal (AP) 151
France, Italy, Turkey Offer U.N. Troops (AP) 152
Shebaa Farms Occupies A Pivotal Spot In Mideast Conflict (MCT)..... 153
Rally Near White House Protests Violence In Mideast (NYT)... 153
Lebanon Supporters Converge At White House (WP) 154
Hundreds March In L.A. To Protest Lebanon And Iraq Wars (LAT) 155
Mideast Rallies Held In Washington, S.F. (AP) 155
Fleeing Lebanese Christians See Town Forever Changed (WP)156
Before Attack, Confusion Over Clearance For Convoy (NYT) .. 158
In Mideast, It's Condi's Fight Now (WP) 159
A Conversation With Hamad Bin Jasim Al-Thani (WP)..... 161
Dispatch From The 'New' Mideast (WP)..... 162
A Month Of War (WP)..... 163
A Chance For Peace In Lebanon (LAT) 164
Iranian Dissident Urges Caution (LAT) 164
Paper Is Upbeat On Castro's Condition (WP/AP)..... 166
Conjecture Fills The Information Vacuum In Cuba (LAT)..... 166
Castro's Deal With The Soviet Devil (LAT)..... 168
Portrait Of The Maximum Leader As A Young Man (NYT) 169
Fidel Fatigue (LAT) 170
Is Hugo Chavez Cuba's Kingmaker? (LAT)..... 171
Bill Gates's Charity Races To Spend Buffett Billions (NYT)..... 172
Grandmothers From Africa Rally For AIDS Orphans (NYT)..... 174
Iran Insists On Nuclear Right, Threatens To Quit IAEA (AFP).. 175
Mexican Seeks 4 Percent Of Votes Tossed (AP)..... 176

DOJ_NMG_0047498

New Attacks By A Heavily Armed Gang Rattle Brazil And Set Off Political Wrangling (NYT) 177
Hazing Trial Bares Dark Side Of Russia's Military (NYT) 178
The Man Who Exposed The Soviets' Viral Terror (LAT) 180
Talking To Evil (NYT) 181
The Culture Of Nations (NYT) 182

TERRORISM NEWS:

Bush Urges Quick Action On Lebanon Resolution (WT)

By Joseph Curl

The Washington Times, August 13, 2006

CRAWFORD, Texas -- President Bush yesterday urged the United Nations to swiftly enforce its resolution demanding an end to the monthlong war between Israel and Hezbollah guerrillas in Lebanon, saying deployment of peacekeepers will help ensure security for the Mideast.

"Hezbollah and its Iranian and Syrian sponsors have brought an unwanted war to the people of Lebanon and Israel, and millions have suffered as a result," Mr. Bush said. "I now urge the international community to turn words into action and make every effort to bring lasting peace to the region."

The president welcomed the U.N. Security Council's resolution, which was adopted unanimously Friday night and calls for deploying 15,000 U.N. peacekeepers, saying that disarming Hezbollah is a step to "restore the sovereignty of Lebanon's democratic government."

He pointedly called Hezbollah "a terrorist group."

"Yesterday's resolution aims to end Hezbollah's attacks on Israel and bring a halt to Israel's offensive military operations," Mr. Bush said. "It also calls for an embargo on the supply of arms to militias in Lebanon, for a robust international force to deploy to southern Lebanon in conjunction with Lebanon's legitimate armed forces, and for the disarming of Hezbollah and all other militia groups operating in Lebanon."

Mr. Bush issued a stern warning to Hezbollah's chief sponsors, Iran and Syria.

"These steps are designed to stop Hezbollah from acting as a state within a state, and put an end to Iran and Syria's efforts to hold the Lebanese people hostage to their own extremist agenda," he said.

Secretary of State Condoleezza Rice told Israeli television yesterday that U.N. Secretary-General Kofi Annan was discussing a cease-fire timetable with Israel and Lebanon.

"I would hope that within no more than a day or so that there would be a cessation of the hostilities on the ground," Miss Rice said in the interview with Israel's Channel 1.

Also yesterday, Mr. Bush said that Hezbollah, which has targeted missiles at Israeli cities while hiding in residential areas in Lebanon, shares a "totalitarian ideology" with the suspected terrorists arrested before the weekend in a plot to blow up airliners bound for the United States from Britain.

"The terrorists attempt to bring down airplanes full of innocent men, women and children," the president said in his weekly radio address. "They kill civilians and American servicemen in Iraq and Afghanistan, and they deliberately hide behind civilians in Lebanon. They are seeking to spread their totalitarian ideology."

The United States, Britain and other allies "are determined to defend ourselves and advance the cause of liberty," Mr. Bush said. "With patience, courage and untiring resolve, we will defend our freedom, and we will win the war on terror."

Mr. Bush also said that "some have suggested recently that the terrorist threat is being used for partisan political advantage. We can have legitimate disagreements about the best way to fight the terrorists, yet there should be no disagreement about the dangers we face."

With Congress set to debate Bush administration tactics to thwart terrorism, including indefinite detention and monitoring suspects' bank records and phone calls, Mr. Bush said the foiled airline attacks "demonstrate the vital importance of ensuring that our intelligence and law-enforcement personnel have all the tools they need to track down the terrorists and prevent attacks on our country."

"Because of the measures we've taken to protect the American people, our nation is safer than it was prior to September the 11th," he said.

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During the weekly Democratic radio address yesterday, Sen. Mark Pryor of Arkansas said the administration isn't doing enough.

"My fellow Democrats and I believe our government must do more to protect Americans at home and around the world," Mr. Pryor said. "We also understand there is no time to waste. Five years after 9/11, our country is not as safe as it needs to be, or should be. More needs to be done."

c This article is based in part on wire service reports.

Bush: Plot Shows Danger Hasn't Passed (AP)

By Nedra Pickler

AP, August 13, 2006

President Bush said Saturday that a scheme to blow up several flights between Britain and the United States was carefully planned and well-advanced, with the potential to cause "death on a massive scale."

In his most extensive comments on the disrupted plot, Bush said it was a stark reminder that terrorists still aim to kill Americans five years after the Sept. 11 attacks.

"This plot is further evidence that the terrorists we face are sophisticated and constantly changing their tactics," Bush said in his weekly radio address, taped Friday at his Texas ranch and broadcast Saturday.

"We must never make the mistake of thinking the danger of terrorism has passed," Bush said. "This week's experience reminds us of a hard fact — the terrorists have to succeed only once to achieve their goal of mass murder, while we have to succeed every time to stop them."

Democrats also said the plot again demonstrated that the United States is at war against dangerous extremists. But in a pointed critique that shows terrorism is still at the top of the debate in this election year, Democrats said the Bush administration is not doing a good enough job protecting Americans.

"My fellow Democrats and I believe our government must do more to protect Americans at home and around the world," Arkansas Sen. Mark Pryor said in Saturday's Democratic radio address. "We also understand there is no time to waste. Five years after 9/11, our country is not as safe as it needs to be or should be. More needs to be done."

British and Pakistani authorities have arrested as many as 41 people in their two countries in connection with the alleged plan, broken up by British police this week, to detonate disguised liquid explosives aboard as many as 10 planes bound from Britain to the United States.

Bush authorized an increase in the terror threat warning for flights on that route to code red, indicating a severe risk of terror attacks. All other domestic and international flights in the United States were set to code orange, the second highest level on the scale.

Within hours of the news, Democrats and Republicans were engaged in election-year squabbling over which party can best protect Americans.

The dispute continued Saturday in the dueling radio addresses.

Pryor said the Bush administration should spend more money on emergency responders and commit to screen all cargo on aircraft and at shipping ports. He said National Guard units do not have adequate equipment; borders and chemical plants remain unsecured; North Korea and Iran continue to pursue nuclear ambitions; and Sept. 11 mastermind Osama bin Laden is still on the loose.

In Iraq, Pryor said, the administration's "poor management of the war has diverted our focus, our military and more than $300 billion from the war on terrorism."

"We need a new direction," Pryor said. "It's time for Washington to be tough and smart about the threats we face. Americans deserve real security, not just leaders who talk tough but fail to deliver."

Bush did not criticize Democrats in his address but alluded to political disagreements about the war on terror.

"Unfortunately, some have suggested recently that the terrorist threat is being used for partisan political advantage," Bush said in his radio message. "We can have legitimate disagreements about the best way to fight the terrorists, yet there should be no disagreement about the dangers we face.

"If these terrorists had succeeded, they could have caused death on a massive scale," Bush said. "The plot appears to have been carefully planned and well-advanced."

Bush linked the plot to conflicts around the world.

"The terrorists attempt to bring down airplanes full of innocent men, women and children," Bush said. "They kill civilians and American servicemen in Iraq and Afghanistan, and they deliberately hide behind civilians in Lebanon.

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"These killers need to know that America, Great Britain and our allies are determined to defend ourselves and advance the cause of liberty," Bush said. "With patience, courage and untiring resolve, we will defend our freedom, and we will win the war on terror."

Bush urged travelers to be patient and vigilant as they encounter inconveniences during heightened airport screening procedures. All liquid and gel products were banned from carry-on luggage.

"We believe that this week's arrests have significantly disrupted the threat," Bush said. "Yet we cannot be sure that the threat has been eliminated."

Bush also thanked investigators in the U.S. and Britain for working together to stop the plot. White House aides said they hoped the successful investigation would dampen criticism of the administration's controversial anti-terror methods, such as secret monitoring of phone calls, e-mail and financial transactions.

"This week's events demonstrate the vital importance of ensuring that our intelligence and law enforcement personnel have all the tools they need to track down the terrorists and prevent attacks on our country," Bush said.

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On the Net:

http://www.whitehouse.gov

Bush Says Terror Plot `Significantly Disrupted' (Update1) (BLOOM)

By Brendan Murray

Bloomberg, August 13, 2006

Aug. 12 (Bloomberg) -- President George W. Bush said the U.S. must remain vigilant against a ``totalitarian ideology'' that aims to kill civilians and he urged Americans to be patient with government efforts to make airline travel safe from new terrorist threats.

Two days ago, the U.S. Homeland Security Department raised the terrorism threat level for domestic and international flights to ``orange,'' or high alert, after U.K. police said they foiled a plot to blow up aircraft bound for the U.S. The rest of the country remained in code ``yellow,'' reflecting an elevated threat, according to Homeland Security.

``We believe that this week's arrests have significantly disrupted the threat,'' Bush, who is at his ranch in Crawford, Texas, said in his weekly radio address. He called the plot ``carefully planned and well-advanced,'' saying it ``is further evidence that the terrorists we face are sophisticated and constantly changing their tactics.''

Bush sought to distance himself from suggestions that he might try to score political points from the latest arrests. National security and Bush's war on terrorism in Iraq and elsewhere are likely to be key areas of debate in midterm congressional elections in November.

Political Advantage

``Unfortunately, some have suggested recently that the terrorist threat is being used for partisan political advantage,'' Republican Bush said. ``We can have legitimate disagreements about the best way to fight the terrorists, yet there should be no disagreement about the dangers we face.''

Democratic Senator Mark Pryor of Arkansas, who gave his party's weekly radio address today, said Bush isn't doing enough at home and abroad to protect citizens from terrorist attacks because funding is falling short and U.S. troops are overextended.

``Our military, including our National Guard, has been stretched to the breaking point,'' said Pryor, who serves on the Homeland Security Committee. ``Returning Guard units no longer have adequate equipment to train for their next mission. Our first-responders lack critical resources. Our ports, borders and chemical plants remain unsecured.''

Liquid Explosives

U.K. authorities arrested 24 men ranging in age from 17 to 35 after learning the suspected terrorists might do a test run within days and carry out their plan soon thereafter. The plotters may have intended carry into the passenger cabins bombs fueled with liquid explosives to destroy as many as 10 planes, U.K. and U.S. officials said.

While the U.S. is safer than it was before the September 2001 terrorist attacks on New York and Washington, ``we must never make the mistake of thinking the danger of terrorism has passed,'' Bush said.

The arrests triggered tougher security in the U.K. and U.S. Passengers on U.S. airlines were immediately barred from taking any liquids or gooey substances, including toothpaste and shampoo, on board. The new rules caused flight delays, and wait times in security lines at major airports were as long as an hour.

Travel Inconveniences

``I ask for your patience, cooperation and vigilance in the coming days,'' Bush said. ``The inconveniences you will face are for your protection, and they will give us time to adjust our screening procedures to meet the current threat.''

Before this week's arrests, the U.S. hadn't changed its threat alert advisory since August 2005, when the code was downgraded to yellow from orange for the nation's mass transit systems. The alert has been raised and lowered 15 times since it was started in March 2002.

In his radio address, Bush made a passing reference to the conflict in the Middle East between Israel and Hezbollah fighters in Lebanon.

Terrorists ``kill civilians and American servicemen in Iraq and Afghanistan, and they deliberately hide behind civilians in Lebanon," Bush said. ``They are seeking to spread their totalitarian ideology. They're seeking to take over countries like Afghanistan and Iraq so they can establish safe havens from which to attack free nations."

Bush Must Do More To Protect From Terror, Pryor Says (Update1) (BLOOM)

By Ripley Watson

Bloomberg, August 13, 2006

Aug. 12 (Bloomberg) -- President George W. Bush isn't doing enough at home and abroad to protect citizens from terrorist attacks because funding is falling short and U.S. troops are over-extended, Arkansas Democratic Senator Mark Pryor said.

``My fellow Democrats and I believe our government must do more to protect Americans at home and around the world," Pryor, 43, said in the weekly Democratic radio address today. ``Five years after 9/11, our country is not as safe as it needs to be, or should be. Americans deserve real security, not just leaders who talk tough but fail to deliver."

Pryor's comments came two days after British intelligence broke up an alleged terrorist plot to blow up airliners over the Atlantic Ocean and arrested 24 people. The U.S. Homeland Security Department responded by raising the terror alert level and banning liquids, which were intended for use in a planned attack, from carry-on bags on commercial airliners.

Bush, in his weekly radio address earlier today, said ``we believe that this week's arrests have significantly disrupted the threat" and that the plot ``is further evidence that the terrorists we face are sophisticated and constantly changing their tactics."

Military Stretched

``Our military, including our National Guard, has been stretched to the breaking point," Pryor said in the Democratic address. ``Returning Guard units no longer have adequate equipment to train for their next mission. Our first-responders lack critical resources. Our ports, borders and chemical plants remain unsecured."

Pryor also said Bush shouldn't have cut funds to train police and other emergency workers, in places like Pine Bluff, one of Arkansas' largest cities. Bush should back policies to screen all cargo on planes and arriving at U.S. ports, and adopt all recommendations from the bipartisan commission that investigated the 2001 attacks, said Pryor, who serves on the Homeland Security Committee.

Bush in his radio address tried to distance himself from the political implications of the latest arrests. National security and Bush's war on terrorism in Iraq and elsewhere are likely to be key areas of debate in midterm congressional elections in November.

``Unfortunately, some have suggested recently that the terrorist threat is being used for partisan political advantage," Bush said. ``We can have legitimate disagreements about the best way to fight the terrorists, yet there should be no disagreement about the dangers we face."

Pryor termed the bombing plots ``a stark reminder of the dangerous world we live in."

Tracing Plots, British Watch, Then Pounce (NYT)

By Philip Shenon And Neil A. Lewis

The New York Times, August 13, 2006

WASHINGTON, Aug. 12 — The disclosure that British officials conducted months of surveillance before arresting 24 terrorism suspects this week highlighted what many terrorism specialists said was a central difference between American and British law enforcement agencies.

The British, they say, are more willing to wait and watch.

Although details of the British investigation remain secret, Bush administration officials say Britain's domestic intelligence agency, MI5, was for at least several months aware of a plot to set off explosions on airliners flying to the United States from Britain, as well as the identity of the people who would carry it out.

British officials suggested that the arrests were held off to gather as much information as possible about the plot and the reach of the network behind it. Although it is not clear how close the plotters were to acting, or how capable they were of carrying out the attacks, intelligence and law enforcement officials have described the planning as well advanced.

The Justice Department and the Federal Bureau of Investigation have suggested in the past that they would never allow a terrorist plot discovered here to advance to its final stages, for fear that it could not be stopped in time.

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In June, the F.B.I. arrested seven people in Florida on charges of plotting attacks on American landmarks, including the Sears Tower in Chicago, with investigators openly acknowledging that the suspects, described as Al Qaeda sympathizers, had only the most preliminary discussions about an attack.

"Our philosophy is that we try to identify plots in the earliest stages possible because we don't know what we don't know about a terrorism plot," Attorney General Alberto R. Gonzales said at the time. "Once we have sufficient information to move forward with a prosecution, that's what we do."

The differences in counterterrorism strategy reflect an important distinction between the legal systems of the United States and Britain and their definitions of civil liberties, with MI5 and British police agencies given far greater authority in general than their American counterparts to conduct domestic surveillance and detain terrorism suspects.

Britain's newly revised terrorism laws permit the detention of suspects for 28 days without charge. Prime Minister Tony Blair's government had been pressing for 90 days, but Parliament blocked the proposal. In the United States, suspects must be brought before a judge as soon as possible, which courts have interpreted to mean within 48 hours. Law enforcement officials have detained some terrorism suspects designated material witnesses for far longer. (The United States has also taken into custody overseas several hundred people suspected of terrorist activity and detained them at Guantánamo Bay, Cuba, as enemy combatants.)

At the same time, Britain has far stricter contempt-of-court laws intended to prevent the prejudicing of trials. Anything that is said or reported about the suspects rounded up this week could, the police contend, prejudice their trial and prevent their prosecution.

Andrew C. McCarthy, a former terrorism prosecutor at the Justice Department, said he believed that British authorities were willing to allow terrorist plots to progress further because, if an attack appeared imminent, they could immediately round up the suspects, even without formal criminal charges.

"They have this fail-safe," he said. "They can arrest people without charging them with a crime, which would make a big difference in how long you'd be willing to let things run." He said F.B.I. agents, who are required to bring criminal charges if they wanted to arrest a suspect, had a justifiable fear that they might be unable to short-circuit an attack at the last minute.

There is a difference, too, in how information is shared, with American law enforcement officials typically communicating much more fully with the news media and other agencies than their British counterparts do.

In one case in particular, last year after the London bombings when New York police officers traveled there to pitch in, the different working style created tension. British police and intelligence officials complained to the F.B.I., C.I.A. and State Department after the New York officers, used to speaking more openly, gave interviews to the press in London and sent information on to their headquarters in New York, where officials then held a news conference with some details about the investigation, according to one senior American official involved in the relationship with British agencies.

While American officials say they do not believe there were any serious compromises of the investigation, the British were extremely upset. "They don't want us to share so widely," the senior American official said.

A senior federal law enforcement official said MI5 also had a distinct advantage over the F.B.I. in that it had a greater store of foreign-language speakers, giving British authorities greater ability to infiltrate conspiracy groups. The F.B.I. still has only a handful of Muslim agents and others who speak Arabic, Urdu or other languages common in the Islamic world.

Justice Department officials and others involved in developing American counterterrorism strategies, however, say it is wrong to suggest that the F.B.I. always moves hurriedly to arrest terrorism suspects, rather than conduct surveillance that may lead to evidence about other conspirators and plots.

On Saturday, as news reports surfaced describing significant disagreements between British and American officials over the the timing of the arrests in the bombing plot, Frances Fragos Townsend, the president's homeland security adviser, said in a statement: "There was unprecedented cooperation and coordination between the U.S., U.K. and Pakistan officials throughout the case and we worked together to protect our citizens from harm while ensuring that we gathered as much information as possible to bring the plotters to justice. There was no disagreement between U.S. and U.K. officials."

John O. Brennan, a former official of the Central Intelligence Agency who set up the government's National Counterterrorism Center two years ago, said in an interview that he had been involved in a number of recent cases — most of them still classified — in which the F.B.I. had placed suspected terrorists under surveillance rather than rounding them up.

He said the bureau's willingness to wait reflected a new sophistication as supervisors adapted to the rhythm of terrorism investigations. "Especially given the history of 9/11, of course the bureau wants to move quickly and make sure there is no risk of attack," he said. "But over the past two years, I think the bureau has become much more adept at allowing these operations to run and monitor them."

But others are less certain that the bureau has overcome its traditional desire to make quick arrests.

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Daniel Benjamin, a counterterrorism specialist in the National Security Council in the Clinton administration, said the apparent success of the British surveillance operation — and the failure of the F.B.I. to identify and disrupt any similar terrorist cell in the United States since Sept. 11 — argued for creation of an American counterpart to MI5. "The F.B.I. has still not risen to the domestic intelligence task," he said.

But MI5, others note, may have benefited from the longer experience of dealing with domestic terrorism in connection with the Irish Republican Army. And it has its own critics who question its strategy by noting that it had some of the suspects in last summer's bombings in the London subway and on a bus under surveillance before the attacks.

British security officials have publicly acknowledged that two of the London bombers — Mohammed Siddique Khan and Shehzad Tanweer — had been observed in connection with a different terrorist plot that was subject to heavy surveillance. But when they dropped out of sight — well before the London bombings — intelligence agencies did not pursue them because the other conspiracy seemed a much greater priority.

John Timoney, the Miami police chief who also has run the Philadelphia Police Department and served in the No. 2 post in the New York Police Department, has worked extensively over the years in Britain on policing matters. He said comparing the two country's approaches was difficult.

"First and foremost, the policing systems are completely different," said Chief Timoney, noting that in Britain the Metropolitan Police is the dominant national law enforcement agency and is served by MI5.

In the United States, on the other hand, there is intense competition between various federal agencies and between some federal agencies and some state and local forces, he said.

But neither approach is guaranteed to succeed. In June, about 250 police officers stormed an East London row house looking for chemical weapons and arrested two brothers, Abul Koyair and Mohammed Abdul Kahar. Mr. Kahar was shot and wounded during the operation. But the two men were later released without charge after the authorities failed to find any evidence linking them to terrorist activities.

David N. Kelley, a former United States attorney in Manhattan who has overseen a range of international terrorism cases, including prosecuting the mastermind of the 1993 World Trade Center bombing, said, "The real challenge in law enforcement when you have a plot like that is when do you pull the trigger."

He also said that the longer investigators waited to take down a case, the risks that they might lose track of suspects increased, even if the plotters were under 24-hour surveillance.

"People think when you have someone under surveillance, it's a fail-safe, but losing someone is a real fear in these things," he said. "It's not like television. It's a real juggling act. You've got to keep a lot of balls in the air and not let any of them drop."

U.S. Responded To Plot With Speed, Secrecy (WP)

By Dan Eggen And Spencer S. Hsu, Washington Post Staff Writers

The Washington Post, August 13, 2006

It was the last week of July, heading into the lazy dog days of official Washington, but Michael Chertoff was suddenly busy.

The homeland security secretary discreetly asked subordinates about plans developed months or even years ago, focused on aviation safety, threat levels and other minutiae. In briefings, he quizzed staffers about responses to an aviation threat: What was the default plan for going to "orange alert"? What items can we ban from airplanes if we need to?

Those taking the questions -- including many of Chertoff's closest aides -- had no idea what was really going on, two senior counterterrorism officials said.

Chertoff's stealthy information-gathering was just one example of the U.S. government's secretive response to an emerging terrorist plot, in which at least 41 suspects were arrested in Britain and Pakistan in connection with alleged plans to blow up jetliners as they flew from London to the United States.

Until the last hours, details of the British probe were confined to a limited coterie of U.S. Cabinet members and senior officials, according to interviews with more than a dozen people who were involved or have since been briefed. The approach ensured that no advance word of the operation leaked out -- but also meant that airlines, airports and even the Transportation Security Administration had only a few hours to ramp up sweeping new measures after being alerted to the threat late Wednesday night.

"Operational security was the paramount concern on our part and on the part of the Brits," one senior U.S. law enforcement official said. "We had a very small number of people who were actually read in on it and operating with full knowledge."

At the FBI, several hundred agents and analysts had been assigned to the case beginning in late July, yet only a handful knew about the overall plot or other significant details, according to several law enforcement officials. Many knew nothing about the targets they were watching or investigating, officials said.

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At the TSA, the agency responsible for safety at U.S. airports, changes that would usually take four weeks to execute occurred in four hours in the middle of the night Wednesday, according to Assistant Secretary Kip Hawley. "This was a surprise to many of us," Hawley said at a news conference.

Even now, three days after British authorities arrested 24 suspects -- and two days after most of the suspects have been publicly named -- U.S. officials are tight-lipped about the most rudimentary details of the case, citing strict British secrecy laws and a desire to avoid the strained relations that followed U.S. leaks about the 2005 subway bombings.

The FBI has found no links to the plot inside the United States so far, but is still pursuing leads generated by the arrests, interrogations and seizure of evidence in Britain and Pakistan, according to U.S. officials. There is no evidence any of the suspects had traveled here, officials said.

Several sources suggested last week that the extensive secrecy irritated some officials who were kept out of the loop at intelligence and law enforcement agencies, but declined to discuss the tensions in detail. Michael P. Jackson, Homeland Security's deputy secretary, said the secrecy "wasn't controversial. It was operational security."

The British probe began modestly last year, in the aftermath of the London subway bombings, when a concerned citizen within London's large Muslim community tipped authorities to a suspicious acquaintance, sources have said.

But starting about two weeks ago, authorities in London and Washington grappled with a succession of three major developments that shifted the investigation into a higher gear and led to last week's hurried raids and arrests. First was clear evidence of plans to target the United States; then came plans by the British to shut down the plot; and finally a frantic rush to execute the arrests earlier than expected to avoid losing suspects or allowing an attack to occur, according to intelligence and law enforcement officials.

In late July, the British became "exceptionally concerned about where the specifics of the investigation were leading them -- it was getting more from conception to completion," one official said. Chertoff publicly described this as the moment "that the investigation revealed that this planning was taking the direction of targeting the United States."

Within days, the FBI was hunting down names provided by British intelligence and police, seeking to identify any domestic tentacles of the suspected plot. FBI Director Robert S. Mueller III, who took over the bureau just days before the Sept. 11, 2001, attacks, cleared most of his schedule to concentrate on the probe around this time, aides said.

More than 200 FBI agents and scores of analysts and other personnel would be assigned to the operation in late July and early August, mounting dozens of clandestine surveillance and search operations on individuals with possible links to the London plotters, officials said. Among the individuals were people who had been called or e-mailed by suspects or their relatives and acquaintances, as the FBI combed through layers of the group's "social network" inside the United States.

The case included labor-intensive 24-hour surveillance, which can require several dozen people to watch a single target, one official said. Those conducting the surveillance generally had no idea why the subject was being watched, the official said.

The volume of surveillance was such that it produced a noticeable surge in applications for clandestine warrants from the Foreign Intelligence Surveillance Court, which oversees most intelligence surveillance inside the country, according to law enforcement officials.

By Friday, Aug. 4, "the real countdown started," one U.S. counterterrorism official said, as British authorities finalized plans to proceed with arrests. U.S. officials were given a rough schedule that broke down the planned "timing and the conduct of the takedown," Jackson said.

Senior government intelligence officials, along with leaders of the Defense, Homeland Security and Justice departments, began preparing for the possibility of attacks on jetliners over the Atlantic, with options including destruction of one or more aircraft, a disrupted attack, and the capture of all suspects.

On Aug. 5, President Bush was given briefings at his Crawford, Tex., ranch about the government response in case an attack materialized, officials said. Hawley, the TSA chief, was called back from a trip to participate. Information was limited to "a small handful of individuals," Jackson said.

One U.S. official said the circle initially excluded staff aides at the National Security Council, the Homeland Security Council and the Counterterrorism Security Group, all of which are usually deeply involved in sensitive terrorism cases.

The arrests on Thursday occurred at least two days earlier than planned, according to several U.S. officials. Among other things, sources have said, the suspects stepped up their Internet searches for possible U.S.-bound flights, made plans for an imminent "dry run" to test security, and moved to purchase global-positioning satellite devices and other materials. British authorities were also concerned because they had lost contact with one or two of the suspects who had traveled to Pakistan, some officials said.

Given a schedule from London, senior U.S. and British government officials consulted Wednesday between 6 p.m. and midnight Washington time. It soon became clear that all the suspects could not be located immediately, raising concerns about a potential attack.

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"As things headed south," one official said, Chertoff "flipped the switch" to gain approval for raising the threat level. Late Wednesday and into Thursday, DHS leaders held a series of conference calls with governors' offices, airlines, airline security specialists, labor unions, and airport security directors across the country to share information and plans.

Chertoff joined the 8 p.m. call with the security directors, saying this moment was the reason they did their jobs. Shortly afterward, TSA issued its official "security directive" banning all liquids and gels from carry-on luggage, giving airports and airlines about four hours on the East Coast to prepare more trash bins, print fliers and call in reinforcements.

Consultations with key members of Congress were held that night, bulletins were sent to law enforcement officials, and state and local homeland security officials were briefed at about 1 a.m. At 2:38 a.m., the department released a statement by Chertoff announcing a change to the threat level for the aviation sector, taking effect at airports at 4 a.m.

Knowledge of the British probe varied among local and state governments. D.C. Mayor Anthony A. Williams (D) did not know about the investigation until he was notified of the arrests. Baltimore Mayor Martin O'Malley (D) got the telephone call at 3 a.m. from the Baltimore Police Department's intelligence division.

Senior officials at the Virginia State Police already knew about the British investigation, according to police spokeswoman Corinne Geller, though she declined to elaborate. Robert P. Crouch, Virginia's top homeland security adviser, was roused by cellphone at 12:30 a.m., alerting him to a 1 a.m. conference call about the arrests with senior DHS officials and his state security counterparts.

In New York, officials said they learned about the British probe several weeks ago and were told early last week -- by British contacts -- that arrests were imminent. The city police department has an extensive intelligence operation, including officers assigned to Scotland Yard and other locations overseas.

The arrests were carried out as Bush was taking a working vacation at his ranch in Texas. Aides said he and Vice President Cheney had been kept closely informed of developments starting Aug. 4, and were regularly briefed in the days leading to the arrests.

Bush spoke with British Prime Minister Tony Blair in a 47-minute videoconference last Sunday, a conversation that the White House at the time described as being about the Middle East. The two leaders spoke again by telephone on Wednesday.

Officials said Bush's homeland security adviser, Frances Fragos Townsend, called the president late Wednesday afternoon to tell him that British authorities were poised to begin making arrests. The two stayed in touch through several phone conversations for the rest of the day, as suspects were being rounded up.

Later that evening, Bush approved the plan to elevate the nation's threat level. He retired for the night as the arrests were continuing, officials said.

Staff writers Sara Kehaulani Goo and Del Quentin Wilber in Washington, Michael A. Fletcher in Crawford, Tex., Michael Powell in New York, Michael D. Shear in Richmond and researcher Julie Tate contributed to this report.

In Wake Of News, A Plan: Uniting Party And President (NYT)

By Jim Rutenberg

The New York Times, August 13, 2006

CRAWFORD, Tex., Aug. 12 — One week ago, President Bush and his political aides were facing the most daunting election-year landscape of his presidency.

Their party was splintered over Mr. Bush's proposed immigration overhaul and uncertain about the political effect of violence in Iraq. Even with the White House working to bring Republicans together behind the president's agenda, several candidates were making public shows of establishing their distance from him and his sagging approval ratings.

That picture of Republican disunity eased dramatically this week with the defeat on Tuesday of Senator Joseph I. Lieberman in the Democratic primary in Connecticut and the news on Thursday that Britain had foiled a potentially large-scale terrorist plot.

The White House and Congressional Republicans used those events to unleash a one-two punch, first portraying the Democrats as vacillating when it came to national security, and then using the alleged terror plot to hammer home the continuing threat faced by the United States.

By the time the president's top political strategists met at his ranch on Friday for an annual summer fund-raiser, the events had given them an opportunity to pull together the Republican Party as it headed toward the home stretch of the campaign, rallying once more around Mr. Bush's signature issue, the fight against terrorism.

The entire effort was swiftly coordinated by the Republican National Committee and the White House, using the same political machinery that carried them to victory in 2004. It began in the days before the anticipated loss of Mr. Lieberman, a staunch supporter of the war in Iraq, to Ned Lamont, a vocal war critic whose victory Republicans used to paint Democrats as "Defeatocrats."

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That word originated in a White House memorandum by Mr. Bush's press secretary, Tony Snow, suggesting ways to frame the debate, that was shared with officials, including Ken Mehlman, the Republican chairman, and Karl Rove, the president's top strategist.

The effort continued with the news of the British intelligence breakthrough, with the message that the plot had highlighted the stakes of a fight that the Democrats, according to Republicans, were not equipped to face.

But Democrats, seeing a political opportunity, began to focus on national security, making a vigorous case this week that the Republicans were mismanaging the war and making the country more vulnerable to attack.

"If the Republican Party thinks this is a good political issue for them, they are mistaken," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

And a top Republican strategist cautioned that the party's candidates still faced serious challenges in states where the war and Mr. Bush were overwhelmingly unpopular.

But at the very least, news of the plot helped the White House and the Republican Party achieve something they have struggled to do all year: bring the party forcefully together with the president.

The plan came together at the same time that Mr. Bush and his top security aides, as well as Vice President Dick Cheney, were being intensively briefed on the unfolding British investigation. That led Democrats to charge that the White House had actively used the plot to its political advantage.

"For people to suggest there was somehow a larger, coordinated effort between the Lieberman loss and the disruption of the terror plot is just absurd," said Brian Jones, a spokesman for the Republican Party.

Administration officials said that those who had been briefed on the plot had not expected any arrests for several days, well after the initial political fallout of the Lieberman campaign would have played out.

But in several interviews, the officials said the attacks had reinforced arguments they had devised to meet Mr. Lieberman's expected defeat.

Officials said they had identified a Lieberman loss as a potential watershed moment that could reinforce the Democrats' antiwar message — and scare Republicans out of taking White House advice to embrace the war in Iraq and national security in general. That advice was wearing thin as the death toll in Iraq continued to climb.

At a Republican gathering in Minneapolis on Aug. 4, Duf Sundheim, chairman of the California Republican Party, said that national security had "been a great issue for the Republican Party over a long time, and there's still a good choice between the two parties. But what changes the dynamic is the current situation in Iraq. It dissipates it."

Still, last weekend, Republican officials said, as the Lieberman loss seemed a certainty, the Republican National Committee and the White House began working to bring the party together on a message that the Democratic Party was taking a hard turn toward the antiwar left.

The Republican talking points, reviewed by Mr. Rove and Sara Taylor, the White House political director, went out to state committees across the country, with statements like "Ned Lamont's victory over a distinguished public servant like Joe Lieberman represents the end of a tradition of proud Democrat leaders in the mold of F.D.R., Harry Truman, Scoop Jackson and J.F.K."

Mr. Mehlman, the Republican National Committee chairman, led the "Defeatocrats" charge in a speech on Wednesday in Ohio, a key swing state.

In Crawford this week, Mr. Snow told reporters there were two approaches to fighting terrorism: "And in the Connecticut race, one of the approaches is to ignore the difficulties and walk away." He added, "Now, when the United States walked away, in the opinion of Osama bin Laden in 1991, bin Laden drew from that the conclusion that Americans were weak and wouldn't stay the course, and that led to Sept. 11."

As Republican officeholders echoed the talking points around the nation, Mr. Cheney set up an unusual conference call with reporters from his vacation home in Wyoming. He said Mr. Lieberman's defeat had sent a signal to "Al Qaeda types," who, he said, "clearly are betting on the proposition that ultimately they can break the will of the American people in terms of our ability to stay in the fight and complete the task."

Senator Harry Reid of Nevada, the Democratic leader in the Senate, said in a statement to supporters that it was "disgraceful" that Mr. Cheney's comments had come after he had been briefed on the British investigation.

Mr. Snow said Friday: "He did not know that there was an operation that was to take place."

Yet by Thursday afternoon Congressional Republicans had already issued a flood of e-mail messages hailing the breakup of the plot, and crediting the administration's anti-terror effort.

Congressional officials said they were acting on their own, not on guidance from the White House. "We really knew instinctively what we wanted to say," said Ron Bonjean, a spokesman for the House speaker, J. Dennis Hastert of Illinois.

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Party officials said that they had no plans to issue statements about the plot until late in the day, after the Democrats had criticized the Republicans as mismanaging national security. Republicans said they expected their arguments to carry through next week — when Mr. Bush is to meet with counterterrorism and Homeland Security Department officials — and Democrats are girding for more of the same around the fifth anniversary of the Sept. 11 attacks.

But even Republicans acknowledged that the climate was unpredictable. “When something like this happens it just sort of sweeps across the political landscape and changes things,” a senior Republican official said. “The pendulum can swing very quickly on it because there are events out of your typical political control.”

REPUBLICANS BEAT THE WAR DRUM, HOPING IT STILL RESOUNDS (AJC)

By Cynthia Tucker

Atlanta Journal Constitution, August 13, 2006

There they go again.

Hoping for a reprise of the 2002 and 2004 elections, when they rolled over Democrats by claiming they were soft on terrorism, leading Republicans are once again portraying the invasion of Iraq as brilliant, denouncing their critics as traitors, and claiming anything less than enthusiastic support for "staying the course" is tantamount to saddling up with al-Qaida.

Recently, GOP heavyweights used the victory of anti-war political novice Ned Lamont over three-term incumbent Sen. Joe Lieberman, D-Conn., in last week's Democratic primary -- Lieberman had remained a staunch defender of the war -- to portray the Democrats as a bunch of America-hating wimps. With so many Republican incumbents struggling to distance themselves from President Bush and the war, you'd think the GOP leadership would have a qualm or two about that strategy. But if you only know one tune, you sing it.

According to Republican National Committee Chairman Ken Mehlman, Lieberman's loss means "defeatism and isolation are now Democratic Party orthodoxy." Vice President Dick Cheney even suggested Lieberman's defeat might encourage "al-Qaida types," according to The New York Times.

Al-Qaida types? They've been closely watching the outcome of the contest between Lamont and Lieberman, seeking encouragement? You've got to be kidding.

First off, the vast majority of Texans couldn't tell you who won the race between Lamont and Lieberman, much less the rank-and-file of al-Qaida. Second, jihadists seem to be getting all the encouragement they need from a heavy-handed American presence in Iraq; an Iran emboldened by Iraq's breakdown; and a disproportionate Israeli response to Hezbollah in Lebanon. The mujahedeen couldn't care less about Connecticut.

But Cheney and his ilk -- the vice president utters a pronouncement at least once a week that ought to qualify him for 72 hours' observation in a mental facility -- continue to beat the war drum because it worked for them before. In 2002, then-U.S. Rep. Saxby Chambliss, R-Ga., defeated incumbent Sen. Max Cleland, D-Ga. -- a Vietnam triple amputee -- by questioning his "courage." Chambliss ran an ad linking Cleland to Osama bin Laden and Saddam Hussein. (Incidentally, Chambliss, who walks with the brisk stride of a fit man, escaped service in Vietnam with a medical exemption for a bad knee.)

Similarly, Bush defeated John Kerry two years ago by constantly resurrecting the searing memory of 9/11 and questioning Kerry's toughness against terrorism. In the months leading up to the election, the Bush administration issued a terror alert about once a week. Oddly, there have been precious few terror alerts in the 2 1/2 years since Bush's re-election; the most stringent of those resulted from plots carried out or interrupted in Great Britain.

This time around, the GOP leadership is going to have a much more difficult time painting Democrats as cut-and-run, bed-wetting pantywaists, because Republicans want to leave Iraq too. In June, Republicans staged a for-the-cameras debate on the floor of the House, where they insisted U.S. troops must "stay the course." U.S. Rep. Gil Gutknecht (news, bio, voting record), R-Minn., upbraided any who thought otherwise: "Members, now is not the time to go wobbly," he declared.

But last month, Gutknecht returned from a visit to Iraq with a bleak assessment of the war and called for at least a partial withdrawal of U.S. troops. "Baghdad is worse today than it was three years ago," he said, adding, "All of the information we receive sometimes from the Pentagon and the State Department isn't always true."

Really? The voters had already figured that out. According to a poll conducted for CNN this month by Opinion Research Corp., 60 percent of Americans now oppose the war in Iraq, the highest number since the invasion began in March 2003. Sixty-one percent favor the withdrawal of some U.S. troops by the end of the year.

Last Thursday, Bush used the news of a thwarted plot involving aircraft bound for the United States from Great Britain as a "stark reminder that this nation is at war with Islamic fascists." That is certainly true. But the president forfeited the moral authority to lead that war when he misled the American people about Saddam Hussein and his connection to those Islamic fascists, especially al-Qaida. The war he led us into has set off shock waves throughout the Middle East that will roil the region for years to come.

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The damage is already done -- even if we start withdrawing U.S. troops tomorrow.

A Second Look At Statements On Lieberman's Loss (HC)

By Julie Mason

Houston Chronicle, August 13, 2006

CRAWFORD — There was a moment last week, after the Democratic primary defeat of Joe Lieberman in Connecticut and before the disclosure of a plot to blow up U.S.-bound airliners, that the Bush administration loosed a new line of political rhetoric.

Its statements took on new meaning after the plot came to light, raising questions about whether Lieberman's setback was being framed for maximum political advantage. After all, White House officials knew about the alleged plot several days in advance of the news.

White House spokesman Tony Snow denied that the administration had used private knowledge of the plot as it framed its political talk.

"This was not — however, it was not explicit — let me put it this way, I don't want to encourage that line of thought," Snow said Thursday on Air Force One. "I don't think it's fully accurate, but I also don't want — I know it's frustrating, but we really don't want to get too much into who knew what, where, when."

Lieberman, who had expressed support for some of President Bush's decisions on Iraq, lost Tuesday. On Wednesday, administration officials said his defeat by executive Ned Lamont in the Senate contest was not a wake-up call for Bush and his policies, as many were arguing.

Rather, the presidential team said, it was a gut-check moment for Democrats on whether to support the war on terror.

"I know a lot of people have tried to make this a referendum on the president; I would flip it. I think instead it's a defining moment for the Democratic Party, whose national leaders now have made it clear that if you disagree with the extreme left in their party they're going to come after you," Snow said.

Surveys show that many, if not most, Americans reject the idea that the invasion of Iraq was directly tied to the drive to block terrorist activity.

But Vice President Dick Cheney, on vacation in Wyoming, made the same point as Snow in a rare conference call with wire service reporters.

"It's an unfortunate development, I think, from the standpoint of the Democratic Party to see a man like Lieberman pushed aside because of his willingness to support an aggressive posture in terms of our national security strategy," he said.

News keeps 'em busy on the ranch

Throughout their 10-day stay in Crawford, Bush and his top aides have made a point of looking like they are not on vacation. Certainly, the churn of news events has kept them from indulging in a great deal of leisure.

Bush, in his only press conference at the ranch, appeared in a suit, at a podium. His backdrop was a blue curtain with the Western White House medallion and flags.

In all, it was a departure from his usual ranch custom of sauntering out to meet reporters in his driveway, wearing boots and jeans.

Snow also donned a coat and tie for an on-camera press briefing — over a pair of jeans.

The first lady hits the fundraising trail

You know the fall campaign season is off and running now: First lady Laura Bush is back in the game with a series of fundraisers starting this week.

With public approval ratings higher than her husband's, the first lady is always a big political draw.

This week she headlines fundraisers in Chicago; St. Louis; Lexington, Ky.; Kettering, Ohio; Dayton, Ohio; and Fairmont., W.V.

Short take"People down here don't appreciate furry haircuts like that," Bush said Thursday, during a tour of a Wisconsin metal plant, to a White House press corps photographer with curly blond hair.

Does Calling It Jihad Make It So? (NYT)

By David E. Sanger

The New York Times, August 13, 2006

SOON after the British police announced last week that they had broken up a plot to blow up aircraft across the Atlantic, President Bush declared the affair “a stark reminder that this nation is at war with Islamic fascists.”

British officials, on the other hand, referred to the men in custody as “main players,” and declined to discuss either their motives or ideology so that they would not jeopardize “criminal proceedings.”

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The difference in these initial public characterizations was revealing: The American president summoned up language reaffirming that the United States is locked in a global war in which its enemies are bound together by a common ideology, and a common hatred of democracy. For the moment, the British carefully stuck to the toned-down language of law enforcement.

A critical debate in America today — among political candidates and among national security experts — is whether five years of war declarations and war-making have helped to make the United States more secure. Or, even in the absence of a major attack on American soil since 9/11, has this strategy created greater danger by providing terror groups with exactly what they crave: the sense that they are a unified army of jihadists? And has the strategy radicalized large swaths of the Muslim world in ways that were not imaginable as recently as 2003?

For the White House, the bomb plot last week was Exhibit A in defense of the war strategy: the plotters would go after Americans, war or no war in Iraq. But critics argue that merging the global war on terror and Iraq was creating new jihadists, from Indonesia to Walthamstow, the East London area where much of the plot was hatched.

Few questioned whether the war-on-terror strategy made sense right after 9/11. The war in Afghanistan greatly degraded Al Qaeda's organizational ability, although there were indications last week that the terror network had links to the homegrown suspects in the London plot.

President Bush and Vice President Dick Cheney derided what they saw as the law enforcement approach of the Clinton years. As Mr. Cheney told visiting diplomats recently, "There was a war on in the 1990's, but we didn't know it."

He routinely recites a history of terror plots against Americans over the past two decades, from the destruction of a Marine barracks in Beirut in 1983 to the attack on the U.S.S. Cole in 2000 — all of which, he said, were treated like police investigations, emboldening the plotters of 9/11.

"You'll see case after case of terrorists hitting America or American targets — and America failing to hit back hard enough," Mr. Cheney said in a recent speech.

The test of American willpower, Mr. Cheney and Mr. Bush have insisted, is in Baghdad, which explains why they stick to the language that it is the "central front" in the war on terrorism and domino that America cannot let fall. Defeat there, they warn, would give the jihadists a victory and empower them to move on to the next country — maybe Pakistan, maybe Saudi Arabia, maybe Lebanon.

The question is whether that approach — and the language that goes with it — creates a trap for the administration.

"I think that what is happening is that everything is getting magnified," said Stephen Cohen, a Mideast scholar at the Israel Policy Forum. "Just like every small crisis around the world was part of the cold war, every one is now part of the struggle between militant Islam and the United States. And that makes individual conflicts harder to solve," and an inspiration for jihad.

Mr. Cohen cited the American approach to the Israeli-Hezbollah conflict. If that conflict were once again regarded as just another chapter in a long-running regional dispute, the stakes would be lower in Washington, making it easier for the United States to play a more traditional peace-making role.

The administration response is that it describes the world the way it is — rather than ducking the realities of the Mideast.

Although she worries that the language of "Islamic fascism" risks alienating Muslim communities, Farhana Ali, a political analyst at the RAND Corporation, said: "I don't blame the administration for treating this as a war, because it is one in many ways. It's a political war."

She points to the video released last month, exactly a year after the London subway bombings. In it, one plotter who died in the attacks, seeming to speak from the grave, warned that the explosions were just the beginning of bigger attacks.

Daniel Benjamin, author of "The Next Attack,'' a book about the future of terrorism, said: "The tube bombers in Britain were clearly motivated in large measure by Iraq. They were obsessed about it. ''

Washington has tried, at times, to soften its message. Mr. Bush has launched diplomatic efforts to convince the Muslim world that the battle is with terrorists, not with "a great religion." The administration provided aid to the tsunami victims in Indonesia, partly also to remind the world's largest Muslim nation that American goals go beyond counterinsurgency operations.

But those military operations are what most of the world watches each night. A mystery of the London plot is whether Al Qaeda incited it — as its surviving leadership seeks to prove it can still pack a punch — and whether the suspects were prompted by televised military imagery.

Jon B. Wolfsthal, of the Center for Strategic and International Studies, said on Friday: "If I could ask one question as an interrogator to the guys they just arrested, I'd want to find out who they were and what they were thinking about this kind of attack before Iraq, or after. I'd want to know whether they have longstanding anger at the U.S., or are we adding fuel to the fire, and making new extremists. I don't mean that Iraq was right or wrong, but every action has consequences."

In the current issue of The Atlantic, James Fallows argues that the imagery of the "long war" — one that has already lasted longer than the Korean conflict — is self-defeating. "An open-ended war is an open-ended invitation to defeat," he wrote. "Sometime there will be more bombings, shootings, poisonings and other disruptions in the United States." Some will be the work

of Islamic extremists, some not. He added: "If they occur while the war is still on, they are enemy 'victories,' not misfortunes of the sort that great nations suffer."

For Mr. Bush, however, dropping the talk of a "long war" would be to send a message that America can go back to sleep. Thus, each terrorist attack or threat is woven into the bigger picture of a global struggle.

It helps explain the recent redeployment of American troops to the streets of Baghdad: to pull out early would be a return to the failed approach of the 1990's. It would be another Somalia, another Beirut. The problem is whether staying may give the jihadists something else: A narrative of never-ending conflict, in a war to be fought in Baghdad, in Lebanon and in economy class over the wing of a 747.

Accounts After 2005 London Bombings Point To Al Qaeda Role From Pakistan (NYT)

By Mohammed Khan And Carlotta Gall

The New York Times, August 13, 2006

PESHAWAR, Pakistan, Aug. 12 — If it proves true that suspects in the foiled plot to blow up as many as 10 airliners flying from London met with members of Al Qaeda in Pakistan, it may not be the first time such a meeting took place.

A British national told Pakistani interrogators last year that he had trained at a terrorist camp in Pakistan with one of the bombers who carried out suicide attacks in London last year and had met there with two senior leaders of Al Qaeda, a Pakistani intelligence official said in a recent interview.

Though American officials expressed some skepticism about the claim, the Pakistani official said the account suggested that even if Qaeda leaders were not directly organizing attacks from where they were suspected of hiding in Pakistan, they may play a coordinating or inspirational role by meeting with militants from places like Britain.

The account also showed that Al Qaeda remained a significant draw for militants from abroad, and that Pakistan was clearly the place to go for training, said the Pakistani official, who asked not to be named because he was not authorized to speak to the news media.

The Pakistani official said the claims came from the interrogation of Zeeshan Siddique, 25, a British national of Pakistani origin.

Mr. Siddique, too, had been planning some kind of attack in Britain, the official said, but his arrest in northwest Pakistan in May 2005 prevented him from "doing something pretty serious in the U.K."

After being arrested, Mr. Siddique was held for eight months and eventually cleared in a Pakistani court of charges of links to terrorism, visa violations and possessing a fake Pakistani identity card. He was deported back to London on Jan. 11.

The British police and the Pakistani Embassy in London have refused to comment on Mr. Siddique or his whereabouts.

But in an interview with the BBC in March, Mr. Siddique, a former student at the School of Oriental and African Studies in London, forcefully denied any link to Al Qaeda and claimed to have suffered a string of abuses while in custody.

He told the BBC that his interrogators threatened to pull his fingernails out, put him up on meat hooks and skin him. He said he had been drugged, force fed and chained to a bed for 11 days. "They were trying to force me to make a false confession — which I couldn't do," he said.

Pakistani intelligence officers fabricated the account, he said, to prove they were cooperating with the United States by producing terrorism suspects.

The British Foreign Office acknowledged that consular staff members and "other officials" visited Mr. Siddique while he was in Pakistani custody, and told the BBC that the abuse allegations had been raised several times with the Pakistani authorities, who denied any mistreatment.

The Pakistani official said Mr. Siddique made the torture allegations to avoid questioning, and that a personal diary and telephone numbers found with him were sufficient evidence of his involvement with Al Qaeda.

The question of whether Osama bin Laden and his network might have given direction to the London bombers in the attack last year is still being analyzed by British and American intelligence officials and remains unresolved, according to an American counterterrorism official.

But both British and American officials agree that at least one and possibly two of last year's London bombers traveled to Pakistan, went to a training camp and may have sought out Al Qaeda leaders.

"What actually happened there, we're still not sure we know," the American official said.

The bombers had several telephone conversations with individuals in Pakistan in the last days before the attacks, which suggests they may have had advice or direction, according to a British parliamentary report on the bombings released in May.

The Pakistani security official said the bombers had telephone contact with two or three public telephone numbers in Rawalpindi but said it had been impossible to trace who had used the public telephone on those days.

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Mr. Siddique, the Pakistani official said, claimed to have trained with eight or nine other Britons of Pakistani descent, including at least one of the London bombers who killed 52 people when they blew themselves up on the subway and a public bus.

He told his interrogators that the training lasted about three weeks in July 2003 and that it took place in the mountainous district of Upper Dir, some 300 miles north of Peshawar, the Pakistani official said.

He identified Mohamed Siddique Khan, one of the London suicide bombers, as a participant from a photograph shown to him by British investigators after the London bombings, the Pakistani official said.

The men traveled to the training camp in two separate groups, the Pakistani officials said, and were instructed in how to use assault rifles.

Mr. Siddique told interrogators the training was arranged by Mohammed Junaid Babar, a Pakistani American computer programmer from Queens, in New York, according to the Pakistani official.

Mr. Babar is now in United States custody after pleading guilty in June 2004 to supplying military equipment to a Qaeda training camp in Pakistan and helping to plan another bomb plot in Britain.

He is cooperating with American authorities and has appeared as a witness at the trial of seven Britons in London accused of training in Pakistan to prepare bomb attacks in Britain more than a year before the London bombings.

After his training, Mr. Siddique traveled with Mr. Babar to Angor Adda, a town on the border with Afghanistan, near where American and Afghan forces have repeatedly clashed with militants, including foreign fighters, according to the Pakistani official.

They also visited Shakai, a village in South Waziristan, and then Sedgi, in the Shawal valley of North Waziristan, an area known for sheltering foreign militants and where Pakistani forces have mounted operations, the official said.

Mr. Siddique said that during the trip he had met with two senior Qaeda figures, the official said. One was Abu Munthar al-Maghrebi, who has since reportedly been detained by Pakistani security forces.

The other was Abdul Hadi al-Iraqi, a former Iraqi army officer who has been described as Al Qaeda's No. 3 leader. He remains at large.

At the end of the trip, a man called Obaid, probably an alias for Mr. Maghrebi, arranged Mr. Siddique's transport out of the region to Peshawar, the official said.

Mr. Siddique was arrested on May 18, 2005, in a small house outside the city. There, investigators recovered an electrical circuit that could be used as a detonator and a desktop computer that contained aeronautical mapping.

He was also found with telephone numbers of known Al Qaeda members and 35-page diary, typed in English, covering March 2 to April 6, 2005.

The Pakistani official said he believed that Mr. Siddique was waiting to be dispatched as a suicide bomber, and that the diary made cryptic reference to some kind of operation.

The British parliamentary report concluded that two of last year's four suicide bombers — Mr. Khan and Shahzad Tanweer — had terrorist training in Pakistan and that it was "likely that they had some contact with Al Qaeda figures."

But the report did not provide details and said that the extent of Al Qaeda involvement remained unclear and under investigation.

Terrorism Experts Cast Doubt On Qaeda Tie To London Arrests (NYT)

By Scott Shane

The New York Times, August 13, 2006

WASHINGTON, Aug. 12 — When American and Pakistani officials said this week that one conspirator in the foiled plan to bomb trans-Atlantic airliners was a "liaison" to Al Qaeda, they suggested that his arrest proved the group was linked to the scheme. Rashid Rauf, a Briton, had trained in the group's camps in the 1990's and was "a key Al Qaeda operative," one Pakistani official said.

But counterterrorism experts said Saturday that the focus of government officials and the public on Al Qaeda, a term today with deep connotations but elusive meaning, may be misplaced.

They say the Qaeda label remains useful shorthand for the news media and for officials who want to tap the powerful emotions associated with the Sept. 11 attacks. But to suggest that the terrorist threat today is represented by the organization directly commanded by Osama bin Laden is to oversimplify a complex international movement, the specialists say.

"If you think of Al Qaeda as the group that did 9/11, I don't think it's a very useful question," said Marc S. Sageman, a former Central Intelligence Agency officer and author of a 2004 book closely studied in intelligence agencies, "Understanding Terror Networks."

"There is no such thing as Al Qaeda as it existed before we went to Afghanistan and destroyed it," Mr. Sageman said.

As the latest plot suggests, he said, that does not mean total victory is at hand. "We won the war against the old Al Qaeda. But we're not winning against the global social movement that Al Qaeda was part of, because more and more kids are joining the movement," he said.

Michael Scheuer, a former head of the C.I.A. unit that focuses on Mr. bin Laden, says there may be more left of the old Al Qaeda than Mr. Sageman thinks. But he, too, doubts that Mr. bin Laden had anything to do with the airliner plot and emphasizes Al Qaeda's role as the inspiration and support for a broader movement.

"There are an amazing number of people who are connected to Al Qaeda" through training or funding, Mr. Scheuer said. "But the connection is not command and control."

Some government officials acknowledge privately that Washington has been slow to consider the possibility that the international jihad movement is without any central organization.

"We're still wrapped up in thinking that this is a hierarchical organization," said one intelligence official who spoke on condition of anonymity. "We have a major problem out there, because the fact is that there is no command and control, and there are so many copycats out there."

Top American officials said in their first comments after news of the arrests in Britain that the scheme bore "the hallmarks" of Al Qaeda. Media coverage dwelt at length on the possibility of ties to the group. The identification on Friday of Mr. Rauf appeared to nail down a connection.

Speculation about a possible role of another suspected militant still being sought in Pakistan, Matiur Rehman, an explosives expert, has added to the notion of a Qaeda role, though few agree on whether he is linked with the group's operations in Pakistan.

Mr. Rehman is a "person of interest" in the airliner plot but it is unclear whether he played a role, the intelligence official said. Even top intelligence officials are uncertain about what is left of Al Qaeda beyond its top two leaders, Osama bin Laden and Ayman al-Zawahiri, who are believed to be in hiding in Pakistan.

"Those of us in the counterterrorism community debate this all the time: what do we mean when we say 'Al Qaeda'?" said Brian Fishman, of the Combating Terrorism Center at the United States Military Academy. "There's a lot of disagreement."

The West Point center has published a study of Al Qaeda documents that include an almost comically bureaucratic set of personnel rules on salary and vacation. One reads: "The salary of a married Mujahed brother is 1,000 Pakistani rupee. The bachelor Mujahed qualifies for a round-trip ticket to his country after one year from joining the organization."

The date of the documents is uncertain, but they clearly were written when Al Qaeda was based in Afghanistan between 1996 and 2001 and had the greatest freedom of action, Mr. Fishman said.

"It really looked like a corporate organization," he said. "But even then, bin Laden and Zawahiri saw their job as inspiring a movement of youth around the world. They were under no illusion that they could topple the United States on their own."

In fact, Al Qaeda was not for long the stable and hierarchical organization implied by its personnel policies. Much of the discussion of the group this week focused on the similarities between the foiled trans-Atlantic plot and an earlier failed scheme dating from 1994, the so-called Bojinka plan to bring down 11 airliners over the Pacific.

But contrary to widespread belief, said Paul R. Pillar, a former C.I.A. analyst now at Georgetown University, neither the Bojinka plot nor the 1993 attack on the World Trade Center were, strictly speaking, Al Qaeda operations. Both took place before Mr. bin Laden moved from Sudan to establish his base in Afghanistan in 1996 and intelligence officials believe neither was directed by him.

Ramzi Yousef, who is now imprisoned in Colorado, was involved in both the 1993 World Trade Center bombing and the Bojinka plot, in which Mr. Yousef's uncle, Khalid Sheikh Mohammed, also played a role. Only in 1998 did Mr. Mohammed formally join Al Qaeda, but his later role as the chief architect of the Sept. 11 attacks has led to the association of the group with the earlier plots.

Nonetheless, the invocation of Al Qaeda, and the still-chilling image of Mr. bin Laden, have provided an effective way to encapsulate and personalize the otherwise overwhelming threat of terrorism. In the same way, the image of Abu Musab al-Zarqawi, the head of the loosely affiliated branch of Al Qaeda in Iraq, came to stand for the entire Iraqi insurgency.

But the insurgency has continued uninterrupted since Mr. Zarqawi was killed in June. Similarly, the larger terrorist threat would likely not be significantly diminished if Mr. bin Laden and Mr. Zawahiri were killed, most specialists believe.

References to Al Qaeda by American officials have unmistakable political implications, as demonstrated by the Bush administration's bitterly disputed attempts to link Saddam Hussein to Al Qaeda to justify the invasion of Iraq. There are also legal implications, stemming in part from the Congressional authorization of military force approved days after the Sept. 11 attacks, which targeted those who "planned, authorized, committed, or aided" those attacks rather than terrorists generally.

But the focus on Al Qaeda reflects a natural human tendency to paint the enemy in understandable terms, Mr. Fishman said.

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"The world is simpler when we have one enemy," he said. "When we talk about a social movement and self-radicalizing, homegrown groups, that's nothing like we have faced in the past."

Police Keeping Most Plot Suspects In Custody, Without Charges, Under Terror Law (WP)

By Joshua Partlow

The Washington Post, August 13, 2006

LONDON, Aug. 12 -- British police have prolonged the detention of all but one of two dozen suspects accused of plotting to explode multiple airplanes destined for the United States, authorities said Saturday.

A British court Friday evening approved a request to keep 22 of the suspects in custody until Wednesday even though they have not been charged, and one suspect's hearing was adjourned until Monday. Another was released without charge, according to Scotland Yard officials.

A police spokeswoman said the Terrorism Act of 2000 allowed authorities to detain the suspects for 28 days without charging them.

The names and ages of 19 of the suspects have been released. All have Muslim names, and most are in their twenties and live in London. Intelligence officials have said that more than half of the suspects have family ties to Pakistan.

Meanwhile, a group of leading British Muslim politicians and 38 Muslim groups sent a letter to Prime Minister Tony Blair in which they said the country's policies concerning the Middle East had contributed to a lack of security in Britain and abroad.

"To combat terror, the government has focused extensively on domestic legislation. While some of this will have an impact, the government must not ignore the role of its foreign policy," the letter said. "The debacle of Iraq and the failure to do more to secure an immediate end to the attacks on civilians in the Middle East not only increases the risk to ordinary people in that region, it is also ammunition to extremists who threaten us all."

Kim Howells, the British Foreign Office minister, said in an interview with Sky News that "no government worth its salt would change its policy in response to terrorism."

Stricter security measures at airports in Britain remained in place Saturday, and travel disruptions continued, though to a lesser degree than in the previous days.

The British Airport Authority has asked all carriers to cancel as many as a third of their flights out of London's Heathrow Airport on Sunday in an effort to minimize the backlog of passenger luggage. British Airways canceled 10 flights into the United States and 58 flights to other European destinations. American Airlines canceled five flights from Heathrow, including three to New York's JFK International Airport.

Staff writer Kim Hart in Washington contributed to this report.

British Probe Eyes Brothers, Al Qaeda Link (WT/AP)

By Paul Haven, Associated Press

The Washington Times, August 13, 2006

LONDON -- The investigation into a plot to blow up U.S.-bound jetliners over the Atlantic zeroed in yesterday on brothers arrested in Pakistan and Britain, one named as a key al Qaeda suspect who left the family's home in England years ago and the other described as gentle and polite.

The brothers are Rashid and Tayib Rauf, whose father, Abdul, immigrated to Britain from the Mirpur district of Pakistan several decades ago. His five children were all born in Britain, the family said.

British authorities, meanwhile, warned against complacency, saying the detention of the Raufs and several dozen other Muslim suspects in the airliner plot had not eliminated the danger.

"No one should be under any illusion that the threat ended with the recent arrests. It didn't," Home Secretary John Reid told police chiefs at a breakfast meeting. "All of us know that this investigation hasn't ended."

While authorities in Pakistan believe they nabbed the main players in the plot, one intelligence official told the Associated Press that two or three suspects remained at large.

They include Matiur Rahman, a senior figure in the al Qaeda-linked Pakistani militant group Lashkar-e-Jhangvi. The official told the AP that one detainee mentioned Rahman during interrogation.

Five suspects learned bomb-making in al Qaeda training camps, Pakistan intelligence officials told the London Sunday Telegraph.

The five, who were not identified, also recorded "martyrdom videos," which were to be released by al Qaeda immediately after the attacks, the Telegraph reported.

Among the questions British police are studying is whether any of the suspects had links to the London subway bombers last year and how many visited Pakistan in recent months.

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The suspects are reported to have traveled to Pakistan during the past 24 months and to have met with al Qaeda members. Some visited the region at the same time as London subway bombers Mohammad Sidique Khan and Shehzad Tanweer, the Telegraph said.

Confusion and disorder continued yesterday for passengers attempting to leave Britain by air, with up to a third of the flights from London's Heathrow Airport canceled. More disruptions were expected today.

At the Washington area's three main airports, however, security lines moved without significant delays, officials said.

A swirl of attention focused on the role that Rashid and Tayib Rauf may have played in the plot.

Rashid Rauf was arrested about a week ago along the Pakistan-Afghan border, and Pakistani officials characterized him as a "key person" in the airliner plot. They said evidence linked him to an "Afghanistan-based al Qaeda connection" but gave no details.

His 22-year-old brother, Tayib, was taken into custody in Britain during the sweeps that nabbed 24 suspects here, and unconfirmed reports said a third brother might have been detained.

A great-uncle of the Rauf brothers said Tayib is partially deaf as a result of a childhood illness.

"He is very, very polite, the kindest person you could hope to meet," Qazi Amir Kulzum was quoted as saying in yesterday's edition of the Birmingham Post. "No one can believe that he would be involved in such matters."

The devout Muslim family is no stranger to the authorities.

The Raufs' terraced home was first searched during a 2002 investigation into the fatal stabbing of Mohammed Saeed, an uncle of the brothers, police said. Rashid Rauf was reportedly a suspect in the slaying and is thought to have left England for Pakistan shortly after the death.

The house was searched again in connection with a slaying during race riots in 2005.

Pakistan is questioning at least 17 persons, including Rashid Rauf and one other British national whose name has not been released.

A senior Pakistani security official told the AP that Rashid Rauf's arrest prompted an accomplice in the southern city of Karachi to make a panicked phone call to a suspect in Britain, giving the green light for the airliner plot to move forward urgently.

"This telephone-call intercept in Karachi and the arrest of Rashid Rauf helped a lot to foil the terror plan," the official said.

A second intelligence official, who described the accomplice as "inexperienced," also said the caller "alerted his associates about the arrest of Rashid Rauf, and asked them to go ahead."

More Suspects Sought In Alleged Bomb Plot (LAT)

By Kim Murphy And Josh Meyer

The Los Angeles Times, August 13, 2006

British and U.S. officials say other conspirators could be at large. They are also looking into whether parallel plans were in the works.

LONDON — British and U.S. officials warned Saturday against complacency after the arrests of suspects in an alleged plot to blow up passenger jets bound for the United States and said the search continues for more people who might have been involved.

"No one should be under any illusion that the threat ended with the recent arrests. It didn't. The threat, as well as our efforts, is ongoing," British Home Secretary John Reid said.

One U.S. intelligence official said that in addition to seeking more suspects, authorities were looking into whether a similar parallel plot might have been in the works.

"Are there concerns that there are more conspirators out there who wish to do us harm? Yes. That has been and continues to be the case; either people connected with this plot or who may have been trying to do something in parallel," said the official, who spoke on condition of anonymity because of the sensitivity of the investigation.

The U.S. official also confirmed that an alleged plotter in Pakistan sent word to conspirators in Britain, urging them to launch their attacks as soon as possible, apparently after one person was detained in Pakistan.

The authorities continued their search for links between 23 detainees in custody, many of them British natives of Pakistani origin, and at least 11 others, including the brother of one of the suspects, who are being held in Pakistan.

All are suspected of participating in a plot, allegedly nearing its final days, to smuggle liquid explosives aboard U.S.-bound airliners flying out of Heathrow. The Times of London reported Saturday that police were looking at possible links between the detainees and the perpetrators of a series of coordinated bombings on the London transit system in July 2005.

Some of those in custody appear to have visited Pakistan last year at the same time as two of the London bombers, the Times of London reported.

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The U.S. official discounted published reports that the alleged plotters had selected a specific date for the attacks, saying intelligence suggested that the date, specific flights and other details were still in flux when the plot was disrupted.

With no new arrests and few revelations about the plot, criticism in Britain began Saturday to focus on Prime Minister Tony Blair's Middle East policy. Muslim leaders singled out the British government's participation in the Iraq war and Blair's failure to call for an immediate end to the fighting in Lebanon.

In an open letter to several newspapers, leaders of the Muslim community in Britain, including six lawmakers, said British foreign policy was "putting civilians at increased risk, both in the U.K. and abroad," and said the government should focus less on domestic anti-terrorism laws and more on its Mideast policy.

While emphasizing that "attacking civilians is never justified," the letter said "the debacle of Iraq and now the failure to do more to secure an immediate end to the attacks on civilians in the Middle East not only increases the risk to ordinary people in that region, it is also ammunition to extremists who threaten us all."

Blair is on vacation, but his office issued a statement saying "nobody could have worked harder" to bring about a cessation of hostilities in the region.

His allies went on the attack, with Transport Minister Douglas Alexander calling such arguments "dangerous and foolish."

"Frankly, no government worth its salt would allow its foreign policy to be dictated to under the threat of terrorism," Alexander told the BBC.

"I have no doubt that there are many issues which incite people to loathe government policies, but not to strap explosives to themselves and go out and murder innocent people," added Foreign Office Minister Kim Howells.

"I think it is very, very dangerous when people who call themselves community leaders make some assumption that somehow there's a rational connection between these two things," he said.

But Muslim leaders insisted that the government has too long ignored the political frustrations they said were increasingly driving young British Muslims toward extremism. A recent Times of London poll showed that 13% of British Muslims believed that the suicide bombers who perpetrated the July 2005 attacks were martyrs.

Shahid Malik, a Labor Party member of Parliament from an area that was home to one of the London transit bombers, said Israel's bombing campaign in Lebanon and Britain's failure to condemn it were issues of substantial frustration.

"Obviously, I think everybody would condemn Hezbollah and their actions," he said, "But it's critically important that we say the actions of Israel, and the relative inaction of us in the West, is contributing to increasing anger and frustration among Muslims in the U.K., in America and across the world," he said. "And invariably, if you're angry and frustrated, then you're more likely to be susceptible to voices that are sinister."

At the Muslim Council of Britain, Inayat Bunglawala said Saturday's statement came in response to a clear trend of increasing radicalism among Muslim youths in Britain.

"Whenever we ask about what may have contributed toward younger people turning towards extremist views, we keep hearing back from them that they feel our country's pursuing hostile policies toward other Muslims overseas," he said.

Mainstream Muslim organizations have to a degree been in "denial" about the extent of extremism among young British Muslims, Bunglawala said, but "there is also denial amongst the government as to whether some of their own policies may have contributed to undermining our country's security, and this is hindering our fight against terrorism."

Murphy reported from London and Meyer from Washington.

Suspects' Lawyer Criticizes Police (CNN)

By Dan Rivers

CNN, August 13, 2006

Police say they are unaware of any complaints

LONDON, England (CNN) -- The lawyer for two of the suspects rounded up in a possible plot to bring down as many as 10 trans-Atlantic flights on Saturday criticized their treatment at the hands of British police.

In an exclusive CNN interview, attorney Mudassar Irani listed a series of complaints, including the allegation that one of her clients had not received food and water for 26 hours.

Police arrested 24 people in connection with the alleged terror plot, although one man was released after it was determined he was an innocent bystander, Rivers said.

Although the names of many of the detainees have been confirmed by the Bank of England, which has frozen their accounts, Irani was unwilling to confirm the identities of her clients, referring to them by letters of the alphabet assigned by police.

Both of the men are from the Walthamstow area of East London. They are 22 and 23 years old.

She complained she was able to meet with her clients for only five minutes on Friday.

The men told her they are being held in cold cells and that requests for blankets were refused.

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Irani said she was able to brief the men only on events surrounding their arrests and the legal process.

One of the men alleged that police pushed him and targeted him with racial abuse, the lawyer said.

CNN has been unable to corroborate Irani's allegations. The Metropolitan Police tell CNN they have not been made aware of any official complaint about the detainees' treatment.

Irani said that the men were upset and had been crying.

She said her clients are shocked at what is happening, and were concerned about their families, whom police have moved from their homes into hotels. The men, she said, have not been allowed to call their families, contrary to their rights.

"She had not had any indication from the police as to what was going to happen next," Rivers said.

Police were preparing to move the men, who can be held for up to 28 days without charges being filed, from London's Paddington Green police station to Belmarsh prison, the lawyer said. Belmarsh is a maximum security facility regularly used to hold terrorism suspects.

Rivers said Walthamstow, where most of the men were arrested, is a fairly quiet, middle-class suburb where many Asians and Muslims live. A man who knows Irani's clients said they were polite and have jobs.

U.S. and British sources said one of the men in custody in Pakistan, Rashid Rauf, had a key operational role in the alleged plot. Rauf appeared in a local court before a magistrate Saturday, according to Pakistan's Interior Ministry.

3 Egyptian Students Are Arrested In Iowa (NYT/AP)

The New York Times/AP, August 13, 2006

WASHINGTON, Aug. 12 (AP) — Nine of the 11 Egyptian exchange students who recently entered the United States and failed to appear at their college program in Montana were in custody after three were arrested on Friday in Des Moines, officials said.

Immigration and Customs Enforcement agents tracked the three students from New York to San Francisco to Des Moines. They were arrested without incident on administrative immigration violations.

The three were Ahmed Refaat Saad El Moghazi El Laket, 19; Mohamed Ibrahim El Sayed El Moghazy, 20; and Moustafa Wagdy Moustafa El Gafary, 18.

The students were to attend a monthlong program at Montana State University in Bozeman. A group of 17 students arrived in New York on July 29. Six reported to Bozeman on time.

After Montana State repeatedly tried to contact the missing students, it notified officials at the Department of Homeland Security and registered the Egyptians as no-shows in a system to track foreign students that was developed after the Sept. 11, 2001, terrorist attacks.

None of the students are considered a terrorism risk. Immigration officials said the last two Egyptian students were still being sought.

3 Texans Arraigned On Terror Charges (WT/AP)

The Washington Times/AP, August 13, 2006

CARO, Mich. (AP) -- Three Texas men were arraigned yesterday on terrorism-related charges after police found about 1,000 cell phones in their minivan.

A magistrate set bond at $750,000 for each of the men, who are charged with collecting or providing materials for terrorist acts and surveillance of a vulnerable target for terrorist purposes.

Officials declined to say how the case relates to terrorism.

No pleas were entered at the arraignment at a district court in Caro, about 80 miles north of Detroit.

Maruan Awad Muhareb and Louai Abdelhamied Othman, both of Mesquite, Texas, and Adham Abdelhamid Othman of Dallas were stopped before dawn Friday after they purchased 80 cell phones from a Wal-Mart in Caro. Police said they found about 1,000 cell phones, mostly prepaid TracFones, in the minivan.

The men cooperated with police and the FBI for hours before their arrests Friday afternoon. They said they intended to sell the phones in Texas for a profit.

Authorities have said TracFones are often used by terrorists because they are not traceable. Cell phones can also be used to make detonators.

Mr. Adham and Mr. Louai Othman are in their early 20s, and Mr. Muhareb is 18. All are being held at the Tuscola County Jail, Caro police said.

Their arrests came three days after two men were arrested in Marietta, Ohio, where police said they piqued suspicions when they acknowledged buying about 600 phones in recent months at stores in southeast Ohio.

Investigators found information about airline flights and airports in their car.

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The men, Ali Houssaiky and Osama Abulhassan, both 20 and of Dearborn, Mich., have been charged with two felonies -- money laundering in support of terrorism and soliciting or providing support for acts of terrorism -- and misdemeanor falsification. A preliminary hearing on the felony counts was set for Tuesday.

Terrorists Or Teens? (WP)

By Dahlia Lithwick

The Washington Post, August 13, 2006

At first blush, it's just outrageous. Across the country, teenagers are being tried as terrorists for plots to shoot their enemies in the lunchroom. In many cases, they have been charged under terrorism laws intended to keep us safe from al-Qaeda, not from anguished Goths with dreams of grandeur.

Prosecutors say that angry young men amassing guns and bombs really is terrorism; that the students killed in 1999 at Columbine High School are as much terrorism victims as the workers killed in the World Trade Center in 2001. Defense lawyers say these prosecutions are overblown; they allow prosecutors to claim huge victories against terrorism when they've just put a pimply misfit behind bars.

As is often the case, the truth lies somewhere in the middle. There is a difference between terrorists and teenagers, and using stiff anti-terrorism laws to ratchet up penalties and punish juveniles as adults obscures an important distinction. As Michael Greenberger, a law professor at the University of Maryland, recently told USA Today, charging troubled teenagers as terrorists "cheapens the war on terror." There's a profound difference between fundamentalist Islamic terrorism, domestic terrorism such as Timothy McVeigh's bombing in Oklahoma City and juvenile plots to shoot the cool kids in study hall. Charging all three classes of offenders as terrorists only serves to blur the already porous legal definition of terrorism. It suggests that the lonely kid who posts bomb threats on his MySpace page is the moral equivalent of Mohamed Atta.

But that lonely kid can prove to be a lethal kid, and, as Columbine's Eric Harris and Dylan Klebold, and D.C. sniper Lee Boyd Malvo, proved, the fact that you're in high school hardly matters when you've fatally shot someone. While it's clear that we shouldn't be using terrorism laws to prosecute teenage death threats, the striking parallels between fundamentalist terrorists and alleged school shooters offer intriguing insight into the policy strategies for addressing both.

The annual crop of Columbine wannabes flourished yet again this year. And where they once may have been charged with conspiracy or attempted assault, they are now charged as terrorists. Which probably rules out college.

In April -- timed, as ever, to coincide with the anniversary of the Columbine killings -- a string of disturbing plots emerged: Four New Jersey students, ages 14 to 16, were charged with first-degree terrorism on suspicion of plotting to massacre at least 17 people during lunchtime at Winslow Township High School on April 20, seven years to the day after Columbine. None of the students had been able to obtain weapons. In Kansas City, Mo., two 17-year-olds were charged with making terrorist threats in an alleged plot to use guns and explosives against Platte County R-3 High School, also timed to coincide with the Columbine anniversary.

In Michigan, prosecutors are deciding whether to file terrorism charges against a 16-year-old Oxford boy accused of stockpiling homemade bombs, napalm and blueprints of his high school in his parents' basement. Also in Michigan, Andrew Osantowski, 18, of Macomb County was sentenced to at least 4 1/2 years in prison in June after a jury found him guilty of terrorism and making terrorist threats in a plot to massacre students at his suburban Detroit high school. Amassed in his home were an AK-47, pipe bombs, a Nazi flag, printed material about Adolf Hitler and a schematic diagram of his school.

One of the striking similarities in all these school shooting plots is this lack of originality. There's always the stupid Nazi flag. There's always the school schematic. There's usually a pornographically detailed written plan. It's as though the same adolescent drive to own the same style of Nikes as all the other kids animates a need to plot the exact same killing spree. And perhaps that is the parallel between the 9/11 terrorists and these would-be school shooters -- their fundamental passivity, failure of imagination and willingness to be led without thought.

There's another telling similarity between suicide bombers and teenage would-be suicide-shooters: A Secret Service study undertaken in response to the rash of school shootings in the late 1990s found that of the 41 teenage shooters studied -- ranging in age from 11 to 21 and with little commonality in family background, income or intelligence -- the only common links were depression and suicidal tendencies. Moreover, like suicide bombers, school shooters see themselves as victims. The report indicated that more than two-thirds of the school shooters felt persecuted or bullied. The motive for the shooting often was revenge. In that sense, too, school shooters could be compared to terrorists; they feel victimized and despairing, they hunger for revenge and they need to have their lives matter, even if only in hindsight.

One of the most pathetic details that emerged with last month's release of nearly 1,000 pages of previously confidential diary entries, notes and schoolwork of the two Columbine shooters was this: Sandwiched between the hatred and loneliness and alienation was a simple yet acute longing for girlfriends. As Newsweek reported , Klebold, 17 at the time, lamented, "I don't know

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what I do wrong with people (mainly women) it's like they set out to hate & ignore me." This is not unlike the longings of the fundamentalist suicide bomber, whose religious beliefs often lead to a complicated mix of desire for and loathing of women.

Certainly, there are differences between disaffected Goths and suicide bombers. The role that religion plays in the minds of the latter group cannot be underestimated. More broadly, teenagers are teenagers, and they are not criminally culpable in the way an adult might be, even when their attacks are as lethal. And because teenage boys with grudges are fundamentally different from men with liquid explosives, we should resist the temptation to use terrorism laws to prosecute them; even when those laws offer the prospect of longer sentences and trial in adult court.

Still, it may well be the case that the best legal analogy we have for teenagers plotting a repeat of Columbine in this country is religious terrorism. In both cases, the offenders are alienated and grandiose, bitter and vengeful. And although we shouldn't use laws fashioned for terrorists to try high-schoolers with homemade bombs, we should consider the parallels between them in fashioning laws to deter and punish both.

dahlia.lithwick@hotmail.com

Dahlia Lithwick covers legal affairs for Slate, the online magazine at www.slate.com.

Eavesdropping And The Election: An Answer On The Question Of Timing (NYT)

By Byron Calame

The New York Times, August 13, 2006

THE NEW YORK TIMES'S Dec. 16 article that disclosed the Bush administration's warrantless eavesdropping has led to an important public debate about the once-secret program. And the decision to write about the program in the face of White House pressure deserved even more praise than I gave it in a January column, which focused on the paper's inadequate explanation of why it had "delayed publication for a year."

The article, written by James Risen and Eric Lichtblau, has been honored with a Pulitzer and other journalistic prizes. But contradictory post-publication comments by Times editors and others about just how long the article was held have left me increasingly concerned about one key question: Did The Times mislead readers by stating that any delay in publication came after the Nov. 2, 2004, presidential election?

In my January column, in which I refused to rely on anonymous sources, I noted that I was left "puzzled" by the election question. But I have now learned from Bill Keller, the executive editor, that The Times delayed publication of drafts of the eavesdropping article before the 2004 election. This revelation confirms what anonymous sources had told other publications such as The Los Angeles Times and The New York Observer in December.

A number of readers critical of the Bush administration have remained particularly suspicious of the article's assertion that the publication delay dated back only "a year" to Dec. 16, 2004. They contend that pre-election disclosure of the National Security Agency's warrantless eavesdropping could have changed the outcome of the election.

Since the Times article appeared, I have grown increasingly intrigued by changes in the way the delay has been described in the paper and in comments by Mr. Keller. A background paragraph in a follow-up article on Dec. 31 said, "The administration first learned that The New York Times had obtained information about the secret eavesdropping program more than a year ago." Mr. Keller also began using the "more than a year" language.

My decision to take another look at the extent of the delay came after reading Mr. Keller's response to an online question in April during "Talk to the Newsroom," a feature on nytimes.com. Eric Sullivan, from Waunakee, Wis., commented: "I'd like to know why you sat on the N.S.A. story. You probably changed the course of an election and likely history to come."

Mr. Keller's rather matter-of-fact acceptance of Mr. Sullivan's presumptions caught my eye: "Whether publishing earlier would have influenced the 2004 election is, I think, hard to say. Judging from the public reaction to the N.S.A. eavesdropping reflected in various polls, one could ask whether earlier disclosure might have helped President Bush more than hurt."

Mr. Keller, who wouldn't answer any questions for my January column, recently agreed to an interview about the delay, although he saw it as "old business." But he had some new things to say about the delay and the election.

Internal discussions about drafts of the article had been "dragging on for weeks" before the Nov. 2 election, Mr. Keller acknowledged. That process had included talks with the Bush administration. He said a fresh draft was the subject of internal deliberations "less than a week" before the election.

"The climactic discussion about whether to publish was right on the eve of the election," Mr. Keller said. The pre-election discussions included Jill Abramson, a managing editor; Philip Taubman, the chief of the Washington bureau; Rebecca Corbett, the editor handling the story, and often Mr. Risen. Arthur Sulzberger Jr., the publisher, was briefed, but Mr. Keller said the final decision to hold the story was his.

Mr. Keller declined to explain in detail his pre-election decision to hold the article, citing obligations to preserve the confidentiality of sources. He has repeatedly indicated that a major reason for the publication delays was the administration's

claim that everyone involved was satisfied with the program's legality. Later, he has said, it became clear that questions about the program's legality "loomed larger within the government than we had previously understood."

But last week Mr. Keller e-mailed me a description of how that picture had changed by December 2005, and it cast some new light on the pre-election situation for me. It implied that the paper's pre-election sources hadn't been sufficiently "well-placed and credible" to convince him that questions about the program's legality and oversight were serious enough to make it "responsible to publish." But by December, he wrote, "We now had some new people who could in no way be characterized as disgruntled bureaucrats or war-on-terror doves saying we should publish. That was a big deal."

Holding a fresh draft of the story just days before the election also was an issue of fairness, Mr. Keller said. I agree that candidates affected by a negative article deserve to have time — several days to a week — to get their response disseminated before voters head to the polls.

So why did the Dec. 16 article say The Times had "delayed publication for a year," specifically ruling out the possibility that the story had been held prior to the Nov. 2 election? "It was probably inelegant wording," Mr. Keller said, who added later, "I don't know what was in my head at the time."

Were the wording and the sensitivity of the election-day timing issue discussed internally? "I don't remember," Mr. Keller said in an interview. He does remember discussing that "I wanted to own up to holding it." And The Times does deserve credit for disclosing that it had held the story.

It was more than inelegant, however, to report flatly that the delay had lasted "a year." Characterizing it as "more than a year," as Mr. Keller and others later did, would have been technically accurate. But that phrase would have represented a fuzziness that Times readers shouldn't have to put up with when a hotly contested presidential election is involved.

Given the importance of this otherwise outstanding article on warrantless eavesdropping — and now the confirmation of pre-election decisions to delay publication — The Times owes it to readers to set the official record straight.

Identifying Contributors

Inviting outside experts to write essays, commentaries and columns about their field can provide valuable insights to Times readers. But because they hold non-journalism jobs that are their primary means of income and professional fulfillment, readers can question how much those career endeavors influence what these experts write.

While the inherent conflict can't be eliminated, full disclosure of the positions held by outside contributors can defuse reader suspicions that otherwise could take root in the absence of the facts. But a check of The Times reveals that not all of these contributors are being identified by the job they hold, and it's not clear that any paper-wide standards are being applied consistently.

This concern over disclosure doesn't involve all outside contributors. The bulk of the army of freelancers used by The Times isn't at issue here because journalism or writing typically constitutes their principal job. And contributors to the weekly Book Review and the Op-Ed pages are already being identified.

I'm not suggesting any journalistic sins by contributors with careers outside journalism, but here are a few examples where disclosure could help allay reader suspicions about possible hidden agendas.

One reader asked recently why Samuel G. Freedman, a writer of the On Education column, is not identified as a professor at Columbia, where he teaches journalism. His editor doesn't think it's necessary because Mr. Freedman doesn't devote entire columns to Columbia or journalism schools. But I feel his Columbia position is relevant to his writing about education, and disclosing it would be beneficial especially because his "sgfreedman@nytimes.com" e-mail address listed with each column could lead readers to think he's on the staff.

Peter Steinfels, the respected writer of the Beliefs column, isn't identified in any way. He is co-director of the Fordham Center on Religion and Culture and a member of the faculty at Fordham University, a Catholic institution. Catholics and Catholicism are frequently mentioned in Beliefs, although Mr. Steinfels sees only eight of his past 45 columns as "really dwelling on matters specific to Catholicism."

Many of the medical doctors who write essays and commentaries for the Health & Fitness pages of the Science Times section are not identified beyond the "M.D." in their bylines. Based on the queries I have received, I think readers would like to know what kind of medicine these doctors practice and where.

HOMELAND RESPONSE:

Young Muslim Rage Takes Root In Britain (WP)

By Kevin Sullivan And Joshua Partlow

The Washington Post, August 13, 2006

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Unemployment, Foreign Policy Fuel Extremism

LONDON, Aug. 12 -- Naweed Hussain sat in his little real estate office Friday, trying to focus on spreadsheets instead of the angry clatter outside.

Furious young Muslim men crowded around the local mosque on his street, surrounded by television cameras. They complained that their friends, other young Muslim men from Walthamstow, in East London, had been unfairly accused of plotting to blow up airliners. Police guarded the home of one suspect in what authorities call a plot to kill people on an "unimaginable" scale, allegedly planned right here in Hussain's working-class neighborhood.

"Why is it not happening in some other country?" wondered Hussain, 53, a soft-spoken man in a tie and black-rimmed glasses who has lived here since he migrated from Pakistan 40 years ago. "Why is it happening here?"

The answer is that Britain has become an incubator for violent Islamic extremism, fueled by disenchantment at home and growing rage about events abroad, including the wars in Iraq and Afghanistan.

Four bombers killed themselves and 52 others in attacks on the London public transit system on July 7, 2005 , followed by an almost identical but failed attack two weeks later. Last month Metropolitan Police Commissioner Ian Blair said that at least three "serious conspiracies" had been disrupted in the previous 12 months. Then this week, police said they thwarted a plot to blow up as many as 10 airliners flying from Britain to the United States that could have killed thousands.

In one of Europe's largest Muslim communities, young men face a lack of jobs, poor educational achievement and discrimination in a highly class-oriented culture. Prime Minister Tony Blair is the most outspoken ally of President Bush, and their policies in Iraq and Afghanistan are seen by many Muslims as aimed at Islam.

Britain's long tradition of tolerance has made it an oasis for immigrants and political outcasts from around the world, with its large influx of Pakistanis and other Muslims leading to the nickname Londonistan. Especially during the 1980s and 1990s, Britain became the refuge of choice for scores of Islamic radicals who had been expelled or exiled from their home countries for their inflammatory sermons and speeches.

More than any other country in Europe, Britain is struggling to cope with a surge in recruits and supporters of radical Islamic networks, according to interviews with British Muslims, and European and British counterterrorism officials and analysts. Officials said the threat is growing much faster than British authorities had expected or planned for.

"The U.K. is at the forefront of the wrath of extremists," said Magnus Ranstorp, terrorism researcher for the Swedish National Defense College in Stockholm.

The British security service, known as MI5, disclosed last month that it had about 1,200 Islamic militants under surveillance who were considered capable of carrying out violent attacks. Peter Clarke, the head of Scotland Yard's anti-terrorism branch, said police were engaged in 70 separate terrorism investigations, the most ever. "This is unprecedented and the flow of new cases shows no sign of abating," Clarke said. "If anything, it is accelerating."

Since the July attacks, Blair's government has toughened anti-terrorism laws, making it a crime to "glorify" terrorism and easing procedures for deporting clerics and others who advocate violence. The government has increased the number of Muslim police officers on the beat and conducted extensive outreach in Britain's Muslim community, which officially numbers 1.6 million people but is widely believed to be 2 million or more.

The attacks last summer, and this week's disclosure of a plot to bomb jumbo jets from the sky, have created a sense of unease not often seen in a nation that stoically endured some of World War II's worst bombings and a 30-year campaign of violence by the Irish Republican Army. Being a target of a new kind of terror -- one without specific demands, that seems to many here to be motivated by vengeance and hate -- has created a new uncertainty.

"There is more nervousness now between communities and about the future," said Colin Sumers, 32, an information technology consultant from Bournemouth. "Where is this all heading? How do you answer these problems? What do these terrorists want?"

Asghar Bukhari of the Muslim Public Affairs Committee, which advocates Muslim involvement in the democratic process and opposes violence, said, "It's not hard to comprehend the mind of a Muslim." He said young British Muslims look around the world and "everywhere they are getting bombed," so they increasingly respond by saying, "Don't just sit down and take it -- let's fight them."

Harming the United States clearly remains a top priority of al-Qaeda and other radical groups, and the plot uncovered this week allegedly involved planes heading to major U.S. cities. But officials said Britain is an increasingly enticing target for extremists eager to strike back at the West, particularly Bush and Blair.

"This is the second-best thing," Ranstorp said. "You can't get to the United States? Punish Britain. Punish the little brother."Seeds of Radical Islam

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Sitting in his office in Walthamstow, Hussain said he has watched with dismay as his neighborhood has grown more angry in recent years. "I never expected anything like this," he said, working at a wooden desk by the window, under a framed map of England.

Since he arrived in Walthamstow as a 14-year-old boy from Islamabad, Pakistan, Hussain has seen the neighborhood's industrial past fade away and the South Asian immigrant population swell, part of the great migration of people from around the world -- including many former British colonies -- that has made London one of the world's most diverse cities.

Little is known about the background or motives of suspects in the latest case. The 19 suspects who have been publicly identified all have Muslim names; 14 are from London, including several from Walthamstow; four are from High Wycombe, a quiet suburb west of London; and one is from the city of Birmingham. They range in age from 17 to 35, all but three of them in their twenties. Friends interviewed in Walthamstow said the suspects were either born in England or were from families who have lived for many years in London. Police have released no further information about them.

Hussain said many Pakistani immigrants moved out of tiny apartments cramped with relatives and now own multiple cars and houses and flourish financially. But over the years, he has also seen the seeds of radical Islam grow around him.

Despite the prosperity of some Muslims, statistics released by the government earlier this year showed that unemployment rates were higher among Muslims than for any other religion. Among Muslims aged 16 to 24, almost 28 percent were unemployed, compared with about 12 percent of Britons overall in that age group. Many here argue that isolation and disenchantment among young Muslims provides a fertile environment for extremist groups recruiting new members.

"Whoever teaches or preaches or brainwashes them, the police need to stop them," Hussain said.

Menzies Campbell, leader of the Liberal Democrats and a leading opponent of Blair's government, said the reasons young Muslims turn to violence are more complicated than simply economic and social disadvantages.

"I used to think it was about having a stake in society, about people having poor housing and poor education," he said. "But the more you look at it, explaining it away as a lack of a stake in the success of the country might not be the easy answer some people think it is."'Democracy by Force'

"The root is foreign policy," said Bukhari, who has emerged in the past year as a leading voice of the young Muslim community. "Only a half-wit wouldn't understand that this is about" British and American policies in the Middle East.

Ahmed Versi, editor of the Muslim News, said he receives at least two e-mails a day with pictures of dead bodies: Muslims who have been killed in conflicts around the world -- most recently in Lebanon, where Israel is fighting Hezbollah -- an effort widely seen here as backed by the United States and Britain. He said the photos are part of mass mailings to e-mail lists across the Muslim world, which inflame sentiments and aid recruiting by extremist groups.

"Young children torn to pieces, killed by the Israelis," Versi said. "Iraq is also a major cause. Young people see these pictures."

Ehsan Hannan, spokesman for the London Muslim Center, said British foreign policy, which she said advocates the "spread of democracy by force," was creating enough anger to push some people from anger to violence.

On Friday, several leading Muslim politicians and 38 Muslim groups, including the moderate Muslim Council of Britain, wrote to Blair calling for "urgent" changes to British foreign policy, arguing that the "debacle" of Iraq and other policies in the Middle East had put British civilians at risk at home and abroad.

On Friday afternoon, dozens of Muslim men came to the Darul Uloom Qadria Jalani mosque near the house of another Walthamstow suspect. After prayer services, many of the men denounced the British government, the United States and Israel -- which many see as allied against Islam.

"It's George Bush's policy that got us here today," said one worshiper, a law student, who declined to give his name. "It's his wars that have breeded the mentality and hate that is here today. And what we're angry about is that our Prime Minister Tony Blair doesn't represent the beliefs of the people."Feeling Under Siege

On Sept. 11, 2001, Hussain was managing a retail electronics shop, surrounded by television sets that replayed the attacks on the World Trade Center and the Pentagon over and over. "It is still in my mind," he said.

Since that day, and especially since the bombings in London last year, many British Muslims have felt under siege, discriminated against and feared for having a beard or dressing in traditional Muslim clothing. When the news broke this week of the arrests in the alleged bomb plot, one of Hussain's two daughters, Afsheen, 15, asked him: "Why do they call them Muslim terrorists? Are we like that?"

Hussain said when he walks around the city, people look at him and draw conclusions about him because he is a Muslim. He said that angers him, but he has also felt suspicious of others. Last weekend, when his brother visited London, Hussain rode on the subway to Piccadilly and Trafalgar Square to go sightseeing. It was his first subway ride since the bombings last year. "I saw someone carrying a big bag and it did cross my mind, you know: There could be a bomb in there," he said. "If it was a bearded man, it would have been worse."

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Still, many young Muslims believe they have been unfairly targeted by police. Scotland Yard released statistics on Friday showing that 1,047 people had been arrested under the Terrorism Act between September 2001 and the end of June. Of those, only 158 were eventually charged with offenses covered by the law. Officials did not say how many of those arrested were Muslims. But Muslim officials have complained that the vast majority of those arrested were Muslims, and that the low number of people charged suggests that most of the arrests were unwarranted.

Many Muslims have been especially skeptical of the police since last summer, when officers shot and killed an innocent Brazilian electrician they mistook for a terrorism suspect. Then in June, police conducted a massive raid in the Forest Gate neighborhood of East London and arrested two brothers they suspected of preparing a chemical attack on London. Police shot one of the brothers during the raid and later released the men with an apology, saying officers had acted on incorrect intelligence.

In East London on Friday, many people said that the police track record made them skeptical that the 23 suspects still in custody were guilty. "They said this was intelligence-driven and we have seen intelligence of the British," said Hamza Qureshi, 20, a student.'Muslim First and Foremost'

"Britain became the center of gravity for militant causes in Europe in the latter half of the 1990s and this made a very solid base for radicalization," said Petter Nesser, an analyst at the Norwegian Defense Research Establishment who studies radical Islamic networks in Europe.

Welcoming immigration regulations combined with strict European Union human rights standards have often made it tough for Britain to expel the most radical of the newcomers. While Britain in recent months has eased deportation laws to try to get rid of several clerics who advocated violence, human rights laws have prevented deportations to countries such as Syria and Algeria, where deportees could be subject to torture or other inhumane treatment.

Courts have repeatedly sided with nine Afghans who hijacked an Ariana Airlines plane in 2000, took its passengers and crew hostage and flew to Britain. They requested political asylum status, arguing they would be persecuted by the extremist Taliban government that was then in place. After serving relatively short jail terms, the men have won court decisions preventing their deportation to Afghanistan. Blair called such decisions an "abuse of common sense," but judges have responded that they are simply enforcing the law.

Blair and other British officials have also lamented the failure of many in the Muslim community to fully integrate into British society, preferring to live instead in neighborhoods where they rarely mix with others.

"The identity of Muslims in the U.K. is Muslim first and foremost and British second," Ranstorp said, echoing a recent Pew global survey of Muslim attitudes that found that 81 percent of British Muslims who responded agreed with that sentiment. Only Pakistan had a higher percentage of people who considered themselves Muslims first, the survey showed.

Correspondent Craig Whitlock and staff writer Anushka Asthana in Washington and special correspondent Alexandra Topping in Isle of Wight, England, contributed to this report.

Many Muslims In Britain Tell Of Feeling Torn Between Competing Identities (NYT)

By Sarah Lyall And Ian Fisher

The New York Times, August 13, 2006

LONDON, Aug. 12 — As a Muslim, Qadeer Ahmed says, he believes that violence against civilians is never justified. But as a British Muslim, he is not surprised to find the country once again at the center of a reported terrorist plot by homegrown extremists.

“When people say it’s Bush and Blair against the world, it’s difficult to argue with them,” said Mr. Ahmed, 37, a leader of the largest mosque in High Wycombe, where half a dozen young British Muslims were among the 24 arrested Thursday in what the authorities said was an elaborate plan to blow up planes on trans-Atlantic routes.

Despite government efforts over the last several years to reach out to community leaders — a tricky proposition, given that Muslims hardly speak with one voice — many Muslims have hardened their resentment of their country.

British policies in Afghanistan and Iraq, and now in Lebanon, are just the most recent in a long list of grievances — cultural, economic and political — among Muslims here. For a few, that has manifested itself in extremism and violence. For many others, it has meant a sharpening of a continuing struggle between two competing identities.

In a recent poll of Muslims in 13 countries conducted by the Pew Global Attitudes Project, 81 percent of those surveyed in Britain said they considered themselves Muslims first and Britons second. That contrasts with Spain, where 69 percent of those surveyed considered themselves Muslims first and Spaniards second; Germany, where the comparable number is 66 percent, and even Jordan, with 67 percent.

Britain has never aspired to be a melting pot, and even second- and third-generation immigrants in England are likely to identify themselves — and, more significantly, be identified by the English — as belonging to their family’s country of origin.

"In the U.S., people routinely talk of Irish-Americans, Portuguese-Americans, You Name It-Americans, but have you ever heard the English talk that way?" asked Roger Ballard, director of the center for applied South Asian studies at the University of Manchester. "The English have always had, since the days of the Reformation, this strong commitment to homogeneity."

For Muslims, with their adherence to religion in a country that is aggressively secular and their feelings of brotherhood with Muslims in the Middle East, the feelings of alienation are particularly acute.

"The war on terrorism is the war on us," said Mohammed Mowaz, 29, a computer engineer interviewed outside the Queen's Road Mosque in Walthamstow.

Nazim Akram, 23, an accounting trainee, said in an interview outside the mosque that he was skeptical about anything the authorities said, particularly after the botched raid by 250 officers in the Forest Gate section of London in June. After shooting a Muslim suspect, destroying his house, and arresting him and another Muslim man on suspicion of making chemical weapons, the police released them and said they had made a mistake.

Similarly, Mr. Akram said he believed that the suspects in the recent bombing case were "just normal guys."

Those who study Muslims in England say the current generation of young people — those whose fathers moved here in the 1960's to work in the textile mills in the Midlands and the north — is more inclined to be at odds with British society.

Many of the first wave of immigrants were from rural Pakistan, spoke poor English and never integrated much. But the generation that is coming of age now is caught between the traditionalism of their parents and the Western ideas they have been born in to, and the result can be toxic.

"They are deeply confused, because they have been brought up in Britain and are actually very Westernized," Mr. Ballard said. "They're seeking to discover an Islam through Western ideas." And, he said, they are rereading in literal terms.

Muslim ties to tradition are reinforced by frequent visits to where their families came from, and by arranged marriages to cousins who are likely to come from small Pakistani villages.

Feeling apart from mainstream society, finding it hard to get work in the depressed former mill towns near Manchester and Birmingham, some young men turn to local mosques — often run by imams who have moved from rural Pakistan themselves — as social, religious and educational centers.

Khalid Mahmood, a member of Parliament from Birmingham, said Muslims found it all too easy to shrug off the radicalization of some parts of their culture, particularly among young men.

"They are reluctant to discuss what reality is and come to terms with it," he said.

Mr. Mahmood is a friend of the family of Tayib Rauf, one of the suspects whose arrest was announced Thursday, and he said that the Rauf family was comfortably off and not in any way fundamentalist. He suspected, he said, that Mr. Rauf had become radicalized in college, perhaps by listening to a speech from a visiting speaker.

In a country where, for instance, Muslims were free to raise placards denouncing freedom of speech during a demonstration protesting the publication of cartoons depicting the prophet Mohammed, Mr. Mahmood said British tolerance had allowed extremism to flourish. "We've been reluctant to curb freedom of expression or religious rights," he said. "We've played host to people who weren't allowed in their own country of origin."

Some British Muslims are repelled by what they see as the decadence and libertinism of Western society, particularly obvious in Britain.

"Among younger Brits in urban areas, which is where most British Muslims live, we drink more alcohol faster, sleep around more, live less in long-lasting, two-parent families, and worship less than almost anywhere else in the world," the writer Timothy Garton Ash argued in The Guardian recently. "It's clear from what young British Muslims themselves say that part of their reaction is against this kind of secular, hedonistic, anomic lifestyle."

But Taji Mustafa, a spokesman for the British branch of Hizb ut-Tahrir, a nonviolent group advocating a unified Muslim government in Muslim countries, said rejecting Western permissiveness in the name of Islam does not breed extremism.

"People say, 'Oh, he became more religious,' " Mr. Mustafa said in an interview. "What does that mean? Well, instead of spending time at the pub, he may spend more time with his family. When someone says, 'I'm Muslim first,' does that mean, 'I want to go bomb the Underground?' Nonsense!"

If some Muslims see themselves as apart from British society, said Massoud Shadajares, chairman of the Islamic Human Rights Commission, the feelings are cruelly reinforced by the British.

As an illustration, Mr. Shadajares described how at the time of the World Cup tournament in June, a secular Muslim friend from Nottingham ducked in to a pub to find the England team's latest score.

"He walked in and said, 'Hey, guys, how are we doing?' " Mr. Shadajares said. "And one of the English guys said, 'I didn't know that Pakistan was playing today.' "

By the same token, when Sajid Mahmood, a cricket star of Pakistani descent, took the field with the English team this week against Pakistan, fans of Pakistani descent booed him and called him a traitor.

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British Muslims Criticize Blair And Policies; Police Broaden Search For Evidence (NYT)

By Alan Cowell

The New York Times, August 13, 2006

LONDON, Aug. 12 — As he vacations in the Caribbean during one of his country's biggest terror alerts, Prime Minister Tony Blair of Britain came under renewed attack on Saturday from Muslim leaders who said his policies in Iraq and the Middle East provided "ammunition to extremists who threaten us all."

The criticism, in an open letter published in several newspapers, wove one more strand into the fabric of discontent clinging to Mr. Blair, who has aligned his country closely with the White House and led it into broadly unpopular conflicts in Iraq and Afghanistan.

The letter was inspired by official reports of a conspiracy to bomb trans-Atlantic airliners, which set off the country's highest level of alert last Thursday, brought air travel to and from London to a virtual standstill and provoked visions of as many as 10 United States-bound planes being attacked by British-born Islamic terrorists.

In the continuing investigation, British police officers on Saturday searched homes raided in the arrests. The police also acknowledged that they had broadened their quest for evidence, confiscating computer equipment from Internet cafes in Reading and Slough, west of London, both relatively close to High Wycombe.

Britain has been on its highest level of terrorist alert — "critical" — since the arrests in the early hours of Thursday. The level means that an attack is considered imminent.

Throughout Saturday, as passenger lines lengthened at Heathrow Airport in London because of heightened security precautions, airlines like British Airways and Ryanair, a low-cost operator, said airport authorities were failing to cope with the crisis.

Willie Walsh, the chief executive of British Airways, said the airline had canceled a quarter of its short-distance flights, and some planes had been taking off half-empty because passengers were being held up in lines for security searches. All passengers have undergone body searches since Thursday.

A British Airways spokesman said the airline finally suspended check-in for short-haul flights.

Michael O'Leary, the chief executive of Ryanair, urged the deployment of police and army reservists to search passengers "immediately to prevent London's main airports from grinding to a halt over the coming days."

The security alert has been only the latest of many challenges for Mr. Blair.

Last week, as diplomacy over the Lebanon crisis unfolded in New York, government officials said Mr. Blair delayed his vacation to be seen working the phones as the effort to secure a United Nations cease-fire resolution pursued its apparently languorous course.

But after a weekend of phone calls, he left for the Caribbean, and just a few days later came Thursday's roundup of 24 terrorism suspects in the nation's newest terror alert — the most significant since the London bombings of July 2005. The contrast between photographs of Mr. Blair aboard a yacht off Barbados and the crisis back home inspired some sarcasm and lampooning.

"Crisis? Yacht crisis?" a front-page headline in the fiercely anti-government Daily Mail proclaimed next to a photograph of a smiling Mr. Blair aboard a yacht called "Good Vibrations." The political fallout from the crisis has been all the more marked because of an undeclared scramble between Deputy Prime Minister John Prescott and Home Secretary John Reid to present themselves as the national voice of calm and leadership during Mr. Blair's vacation.

The criticism of Mr. Blair's absence — and a call by some of his Labor Party legislators for the recall of Parliament — follows accusations by some Britons that the prime minister did not call for an immediate cease-fire in Lebanon and did not echo some other ministers, notably the former foreign secretary Jack Straw, who called Israeli tactics "disproportionate" to Hezbollah's missile attacks.

Rather, Mr. Blair allied himself closely with President Bush, depicting the struggle against Hezbollah as what he called part of an "elemental" battle to counter antidemocratic forces in an "arc of extremism."

But for some among Britain's 1.6 million Muslim minority, the Lebanon war provided yet more television images of Muslims coming under attack from a Western ally.

And as in the United States, where President Bush's reference to "Islamic fascism" this week has perturbed some Muslims, the arrests of terrorism suspects here has spread concern that Muslims are being unjustly stereotyped and persecuted.

Recently, 250 officers raided a home in East London, arresting two brothers and shooting one of them, only to release them without charge a few days later. That raid, in the Forest Gate area, became an emblem among Muslims of their vulnerability to wrongful police action.

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In their open letter on Saturday, 38 Islamic organizations, three of the four Muslim legislators from the House of Commons and three of the four Muslim members of the House of Lords accused Mr. Blair of adopting policies that exposed the nation to terrorist attack.

The argument is that by joining the United States war on terror, Britain has joined what some Muslims call a war on Islam, stirring anger across the Islamic world.

"It is our view that current British government policy risks putting civilians at increased risk both in the U.K. and abroad," the letter said. Its signatories included the Muslim Council of Britain, which projects itself as the leading representative Muslim group, and peers such as Lord Patel of Blackburn.

"To combat terror the government has focused extensively on domestic legislation," the letter said. "While some of this will have an impact, the government must not ignore the role of its foreign policy."

It continued: "Attacking civilians is never justified. This message is a global one. We urge the prime minister to redouble his efforts to tackle terror and extremism and change our foreign policy to show the world that we value the lives of civilians wherever they live and whatever their religion."

Mr. Blair's spokesman, who spoke in return for anonymity under civil service rules, disputed the letter's assumptions.

"We should always remember that the terrorism affecting the West today has blighted Muslim countries for several decades," he said. "It certainly pre-dated our decision to support democracy in Afghanistan and Iraq and of course the Sept. 11 attacks."

The letter drew sharp responses from other officials as well.

Douglas Alexander, the transport secretary, told BBC radio that "no government worth its salt should allow its foreign policy to be dictated to under the threat of terrorism." To do so, he said, would be foolish.

The foreign secretary, Margaret Beckett, said it would be the "gravest possible error" to blame foreign policy for the threat of terrorism. "This is part of a distorted view of the world, a distorted view of life," she said. "Let's put the blame where it belongs: with people who wantonly want to take innocent lives."

The newest terror alert led to huge changes in airport security, with passengers prohibited from taking carry-on baggage other than items such as wallets, medications and boarding passes. All liquids were also banned because of fears that the bombers had planned to use a liquid, the highly volatile chemical TATP.

The British police initially arrested 24 people in East London, High Wycombe, west of London, and in Birmingham. But by Saturday morning, one person had been released, leaving 23 held under British counterterrorism laws that permit 28 days of detention without charge.

One of the men picked up on Thursday, Asmin Amin Tariq, worked as a security guard at Heathrow airport, according to his neighbors. In New Delhi, Jet Airlines, India's biggest private carrier and Mr. Tariq's employer, said he was being suspended "pending a full investigation," Agence France-Presse quoted an airline statement as saying.

For the first time, a senior official in Germany, August Hanning, said there might be "some links" between the London suspects and Germany, according to an interview to be published Sunday in the newspaper Bild am Sonntag.

He did not give details, but a German magazine, Focus, said its Monday issue would say one of the British detainees had been in contact with the wife of a man accused of maintaining links with the cell in Hamburg used by the Sept. 11, 2001, attackers in the United States.

Groups Say British Support For War In Iraq Encourages Extremists (MCT)

By Matthew Schofield

McClatchy Newspapers, August 13, 2006

LONDON - British Prime Minister Tony Blair's support for wars in Iraq and Lebanon provides "ammunition to extremists," according to an open letter published in newspapers here Saturday and signed by leaders of prominent British Islamic groups.

The letter, endorsed by three members of Parliament and three British peers, in addition to the 38 organizations, notes: "The debacle of Iraq, and now the failure to do more to secure an immediate end to the attacks on civilians in the Middle East, not only increases the risk to ordinary people in the region, it is also provides ammunition to extremists who threaten us all."

While urging Blair to " do more to fight against all those who target civilians with violence, whenever and wherever that happens," the writers contends that "current British government policy risks putting civilians at increased risk both in the UK and abroad."

Foreign Minister Kim Howells responded sharply on Saturday.

"I have no doubt that there are many issues which incite people to loathe government policies but not to strap explosives to themselves and go out and murder innocent people," Howells said. "There is no way of rationalizing that. I think it is very, very

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dangerous when people who call themselves community leaders make some assumption that somehow that there's a rational connection between these two things."

In other developments Saturday, Home Secretary John Reid said that while authorities believe the main suspects have all been found, they are not to a point where they "can or should stop searching. That is why the alert level remains at critical."

"All of us know that this investigation hasn't ended," he said.

Beginning to become evident is how deeply into normal British life those apprehended were.

Abdul Waheed, 20, for example, had recently converted to Islam from a Methodist upbringing, when he was Don Stewart-Whyte. His half sister Heather Stewart-Whyte is a model and former girlfriend of tennis star Yannick Noah. His parents are Tory activists.

Umar Islam, 28, was born Brian Young, also a Christian until converting three years ago, because, friends said, he was troubled by the decadence of the West. He is a postman, and married with a young son. Assan Khan, 21, is a trainee probation officer. Waheed Zaman, 23, is a biochemistry student, studying to be a doctor.

For their part, Britons seemed unfazed at finding alleged terrorists again in their midst.

Col. Christopher Langton, head of the Defense Analysis Department for the London-based International Institute for Strategic Studies, said they'd grown accustomed to homegrown terrorism after decades of experience with the Irish Republican Army. And just across the English Channel many other varieties of domestic terrorists have lived - and died spectacularly - in Spain, Germany and Italy.

"There is an acceptance here that we have to work through terrorism, rather than combat it," he said. "Terrorism here isn't an act of war, it's nothing more than a crime."

Sometimes the authorities win, Langton continued, but "counter-terrorism in Europe is a very old game.

"This time we've learned the security services were extremely well coordinated. But nobody thinks this is the end of the game."

Post-9/11 FBI Shifts Its Focus To Terror (PPG)

By Torsten Ove, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, August 13, 2006

Agency's traditional role in bank robbery handed over to local authorities

On Sept. 12, 2001, FBI Director Robert S. Mueller gathered the troops.

"I'll never forget it," said Ken McCabe, former head of the FBI in Pittsburgh. "He was leaning on a table, one finger pointing, and said, 'We can never let this happen again.' "

The agency's mission had just changed, he said, from being reactive to proactive -- stopping another attack at all costs.

Since that day, the FBI has devoted unprecedented resources to foiling terrorism, working with police and intelligence agencies around the world to disrupt plots like the one uncovered in England last week.

But as a result, the agency -- which enforces some 300 criminal statutes -- has cut back substantially on pursuing bank robbers, fugitives, drug dealers and other traditional criminals, leaving them to other law enforcement.

Counter-intelligence has always been a priority at the FBI, but it's now consuming so much time and manpower that the agency has de-emphasized some of its crime-fighting roles in some offices.

Like busting bank robbers.

Bank heists are part of the agency's lore. In Hogan's Alley, the fake town where agents are trained in Quantico, Va., recruits still train to handle mock bank robberies. The town even contains a replica of the Biograph Theater named for the Chicago movie house where the FBI tracked down bank robber John Dillinger in 1934.

But the FBI now lets police pursue many bank jobs. In Pittsburgh, city police handle most of them; the FBI still goes out on county cases.

The FBI has also pulled agents from various task forces combatting guns and drugs, stopped hunting fugitives and pulled many of its top agents from crime-fighting to its terrorism task forces, which include local police officers and other federal agents.

Congress has also provided money for the FBI to hire hundreds of intelligence analysts whose job is to "connect the dots" by sharing information with the CIA, National Security Agency and the rest of the intelligence community.

There has been some concern that garden-variety criminals might take advantage of all this distraction and that Congress should allocate a separate budget for terrorism within the FBI.

Crime tends to be cyclical -- what goes around comes around, said Edward Turzanski, a political analyst and intelligence expert at La Salle University in Philadelphia. "What tends to happen, invariably, is that old problems resurface."

But he also said the FBI has always been fluid, shifting its resources to meet the needs of the day.

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La Roche College Professor Lawrence Likar, a former supervisor in the Pittsburgh FBI office, said the agency retooled to deal with German espionage in World War II, civil rights violations in the 1960s and Soviet spies during the Cold War.

He said much of agents' time was inevitably wasted tracking down bad leads in such major initiatives, but there were successes, too.

"When you look at every major incident in the history of the country, the FBI has been smack in the middle of that," he said.

This time it's terrorism -- and other agencies have to pick up the slack.

"When this [shift] was done, Mueller met with the heads of all the other agencies," said Mr. McCabe. "He said we're pulling out of DEA task forces, out of ATF task forces, out of the marshals' task forces. And you guys are going to have to step up."

The FBI still devotes many of its 12,500 agents to organized crime, white-collar crime, narcotics and public corruption.

And many of those investigations overlap with counter-terrorism, particularly in the way terror networks are funded through money-laundering, credit card fraud and narcotics trafficking.

"We're seeing a nexus of terrorism and the drug trade working together," said Professor Turzanski. "They do have a common cause. Terrorists very often resort to various forms of financial fraud."

Jeff Killeen, spokesman for the Pittsburgh office, said the agency is able to fight terrorism and still pursue other crimes.

The busiest unit in this region these days is the one no one knows anything about: the Joint Terrorism Task Force, headquartered at the Pittsburgh FBI office with squads in Erie and West Virginia.

Every day its cadre of police officers, analysts and agents coordinate with their counterparts in each of the FBI's 56 field offices.

"There's work to do here, there's work to do everywhere," said Agent Killeen. "The stakes are too high. I think there's a lot of tension. Stress levels are high. No one wants to be wrong."

Especially since the FBI took much of the blame for 9/11 after it was revealed that field agents knew the hijackers were up to something but couldn't get the brass to authorize an investigation.

"That's why they feel the pressure not to get things wrong," said Professor Turzanski. "The FBI had a self-image, largely well-earned, of being the pre-eminent law enforcement entity in the world. It goes beyond pride. It's real defensiveness."

The nature of the job has changed from indictments and convictions to probing and watching -- with no measurable results to gauge performance.

That can be demoralizing for some agents.

The work of the Joint Terrorism Task Force is classified. But chasing down leads, many of them bogus, is obviously a big part of the job now just as it was immediately after 9/11.

"You can't let leads go," said Mr. McCabe.

Some threats are more concrete.

Page 59 of the 911 Commission report, for example, contains a specific mention of Pittsburgh in connection with Osama bin Laden's terror network:

"A Muslim organization called al Khifa had numerous branch offices, the largest of which was in the Farouq mosque in Brooklyn. In the mid-1980s, it had been set up as one of the first outposts of Azzam and bin Laden's MAK. Other cities with branches of al Khifa included Atlanta, Boston, Chicago, Pittsburgh and Tucson."

The report goes on to say that al Khifa recruited American Muslims to fight in Afghanistan and that some of them participated in al-Qaida terror attacks, including the 1998 attacks on U.S. embassies in Africa.

Al Khifa is no longer functioning here.

Sizing Up The People Who Tell Us To Take Our Shoes Off (NYT)

By Sewell Chan And Richard Pérez-peña

The New York Times, August 13, 2006

After the Sept. 11 attacks, no item on the federal agenda was tackled as quickly and broadly as aviation security.

There were calls to secure cockpit doors, hire armed air marshals, update passenger “watch lists” — Washington was inundated with ideas for preventing a jetliner from being hijacked and destroyed again.

In less than three months, a split second in Beltway time, Congress and President Bush had agreed to one of most crucial proposals: a new corps of federal workers to screen passengers and bags at airports.

With the disclosure last week of a plot to bomb airplanes flying over the Atlantic with liquid or gel explosives, those workers are again a focus of attention as a vital line of defense against terrorism. But it is a seriously flawed line, some security consultants and government officials say. The federal workers under the Department of Homeland Security who replaced the screeners hired by private contractors remain a weak link in aviation safety.

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In exercises by undercover government workers, and experiences with real passengers, screeners repeatedly failed to prevent weapons from being taken aboard airliners. And their ranks have shrunk since 2003 even as air travel has increased.

The screeners — who experts emphasize are better over all than when they were hired by private contractors — still earn relatively low wages, have a high rate of attrition, receive what many regard as too little training and operate inadequate equipment.

It is this 43,000-person workforce that is now responsible for enforcing the new ban on most liquids in carry-on luggage, and making nuanced distinctions between suspicious substances and innocuous ones.

Representative John L. Mica, a Florida Republican who was an architect of the current system, said its record was so dismal that a drastic overhaul was needed.

"If the system implodes,'' he said, "it might be one of the better things, because it might force action."

The answer, he said, is to invest heavily in technology that can detect weapons, and rely less on human skills — a view seconded by some security experts.

Yolanda Clark, spokeswoman for the Transportation Security Administration, part of the Homeland Security Department, disputed criticism of the agency, saying that the screeners were well trained and effective.

More important, she said, they are "just one of many" levels of protection. There is more robust security than in 2001, she said, including more luggage X-ray machines, air marshals and chemical detection devices.

Her agency, created two months after 9/11, had a rocky start — millions wasted in the rush to hire, reliance on dubious contractors, even an inability to pay people on time, according to several government reports.

Among the most serious problems that were discovered was that the agency hired hundreds of screeners with criminal records, in some cases for felonies as serious as manslaughter and rape. Reports of thefts soared as more bags than ever were inspected by hand.

"T.S.A. was so focused on meeting the Congressional deadlines that they cut a lot of corners," said Clark Kent Ervin, who was inspector general of the Department of Homeland Security in 2003 and 2004.

Ms. Clark, the spokeswoman, said those early problems were corrected long ago. But critics say problems remain with salaries, training and attrition.

The starting salary for screeners is less than $24,000, and some are hired without high school diplomas. People who do specialized work like reading X-rays are no better paid those who ask people to take their shoes off.

Each year, fewer than 20 percent of screeners leave the job, Ms. Clark said. But the agency has such trouble keeping up with those losses that this year it began paying a $500 bonus to anyone who lasts a year.

Ms. Clark said the screeners receive 60 hours of classroom training and 40 hours on the job, as well as periodic retraining. Some 18,000 of them received special training in recognizing explosives and bomb parts.

Yet the Government Accountability Office reported in April that investigators slipped bomb components past checkpoints at all 21 airports tried. The components could be combined onboard to make an explosive — the very strategy British authorities say plotters in England planned to use.

Ms. Clark declined to address the specifics of that report, but she called it flawed.

Passengers have their own tales of lapses. At Kennedy International Airport on Friday, two travelers, Lee and Annie Barreiro of Florida, said that they had recently taken a steak knife past a security checkpoint in their hometown airport. "They let a lot get through," Mr. Barreiro said.

Private security experts say the airport screeners would be hard-pressed to stop sophisticated terrorists.

"These screeners were not particularly well trained to do the jobs they were hired to do, and now they're having something completely different thrown at them," said Michael J. Boyd, president of an aviation and security consulting firm in Evergreen, Colo.

Like Representative Mica, he said technology must play a bigger role.

But Mr. Ervin said: "Technology is ultimately only as good as the people operating it. They need to be better trained and supervised."

Richard W. Bloom, a psychologist and counterterrorism expert at Embry-Riddle Aeronautical University in Prescott, Ariz., said the government should stop having screeners do the same rote tasks hour after hour. "How long can you look at a screen before any normal person is going to lose their performance efficiency?" he asked.

The system has its defenders, like Representative Dan Lungren, a California Republican and member of the Homeland Security Committee, though he said his confidence in it was new. He said that Kip Hawley, administrator of the Transportation Security Administration — the fourth in that job since 2002 — has responded nimbly to new threats, like liquid explosives. And he praised the decision to lift a post-9/11 ban on items like nail clippers and small scissors.

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In each of the last two years, the Bush administration has asked for a big increase in the $5 security fee added to a round-trip ticket price, contending that it was needed for improved screening. The airline industry has strenuously fought the proposal. Last year, Congress rejected the request, and it has not yet acted on this year's.

Questions Raised About Airport Staffing (AP)

By Leslie Miller

AP, August 13, 2006

The ban on carrying liquids and gels onto airliners will continue indefinitely, raising questions about whether there are enough airport screeners to do the added work.

The restrictions are part of tighter airline security ordered by the Transportation Security Administration Thursday in the wake of a foiled terror plot. The alleged conspirators planned to blow up as many as 10 planes flying from Britain to the U.S. using liquid explosives — which the TSA's security equipment can't detect in carry-on luggage.

Since Thursday, screeners have searched more carry-on luggage by hand. They also randomly checked passengers at airport gates to make sure that they hadn't bought toothpaste or drinks at airport shops after going through a security checkpoint.

The TSA, though, is limited by law to have 45,000 screeners. That's not enough to do the job right at the 450 commercial airports the agency protects, according to congressional Democrats.

Homeland Security Secretary Michael Chertoff said there are enough screeners.

"The experience in the last 24 hours has showed that TSA has managed to deal with its workload and its workflow quite effectively," Chertoff said on Friday, the day after the new security rules took effect.

But at airports in Boston, Los Angeles and San Diego, National Guard troops were helping to screen passengers a second time at departure gates and helped herd crowds through security checkpoints.

The ban on liquids and gels also forced the TSA to increase the number of screeners scheduled to work at airports.

"We have all hands on deck and we've brought all our resources to bear on the threat," TSA spokeswoman Yolanda Clark said Saturday.

Screeners at San Diego International Airport were put on a mandatory six-day work week, said Cris Soulia, a screener at the airport and union representative for the American Federation of Government Employees, which represents TSA screeners.

Soulia said passengers are checking more bags because of the ban on liquids and gels, which has doubled the workload for TSA employees who screen the checked bags for bombs.

"We're stretched kind of thin as it is," Soulia said. "We can't sustain it."

They may have to.

TSA chief Kip Hawley on Friday made it clear that the ban on liquids may well continue after the terror threat alert — now at orange — is reduced.

"As to the liquid ban, there is no timetable," Hawley told The Associated Press. "We're going to take as long as it takes for us to be satisfied with our total security system."

Soulia said the screeners couldn't have done the gate checks in San Diego without the National Guard's help. He said it was fortunate that security was tightened during a lull in the travel season.

"If this had happened a few weeks early during Fourth of July, or a few weeks later during Labor Day, I don't know how we could have pulled it off," he said.

Sen. Frank Lautenberg, D-N.J., has tried to get the cap of 45,000 screeners lifted.

On July 12, the Senate approved his amendment to lift the cap as part of the Homeland Security spending bill for 2007. The House kept the limit in its version of the bill, and the two versions must be reconciled.

"It's time to put safety first and remove this arbitrary limit," Lautenberg said.

The TSA will be refining its security procedures in the next few days, Hawley said.

The agency is updating its Web site as it clarifies which liquids and gels are banned and which aren't.

On Saturday, the TSA added mascara, but not lipstick, to the list of banned items. Gel shoe inserts are not allowed, but shoes with gel embedded in the heel are.

Also banned: Baby teethers with gel or liquid inside, children's toys with gel inside and gel candles.

A Newsweek poll released Saturday showed that almost half, 45 percent, definitely favor banning liquids and another fourth, 24 percent, probably will favor that step.

But the poll found that a majority, 54 percent, oppose banning carry-on baggage on commercial flights.

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On the Net:

Transportation Security Administration: http://www.tsa.gov

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My Liquid-Free Flight Abroad (NYT)

By Rick Lyman

The New York Times, August 13, 2006

MELISSA GRANT, a teacher in suburban London, sat beside her boyfriend at Gate B26 in Kennedy Airport's Terminal 4 and glared angrily at the woman, 20 yards away, who had ducked under a makeshift security perimeter. "Cheeky!" she declared.

Cheeky it may have been. But it could have been simply another example of someone unsure of what's allowed and what's not in this latest mutation of security procedures.

It's not always easy in these post-9/11 transitional moments, when the Terror World reasserts itself and everyone has to figure out, on the fly, how serious the new threat really is, what a person can do about it and which of the new security hoops and hurdles are voluntary and which are mandatory.

"The nerve," Ms. Grant said. "And look, she's arguing with the man. The gall!"

They swoop down on us now and then, unexpectedly, these Terror Days that follow some fresh outrage. And they give the air a special flavor, like the cool morning you catch the first crisp scent of autumn. Old fears are dragged out of cold-weather storage, dusted off and tried on again. Is this the day it will happen to me?

First, the problem was electronic equipment ("Remove your laptops"), then it was shoes and now, what, sports drinks?

Except something did seem different this time around, at least to one traveler going from J.F.K. to Heathrow on the evening of the latest revelations — a plot to blast trans-Atlantic airliners out of the sky. People seemed to be more readily taking it in stride. We are no strangers to this foxhole.

The challenge is to assimilate the new and puzzling security procedures. Is carry-on luggage permitted or not? Must I carry all my things in a clear plastic bag? And people seemed to be meeting that challenge with quick efficiency.

There was confusion, of course.

Some people heeded early warnings and brought no carry-ons. Others came with their regular retinue of satchels, shoulder bags and paper sacks. "You told me I had to check my laptop," one man hissed to his wife as he watched another waiting passenger peck at his MacBook. And a surprising number of people had done so, and brought their personal items in plastic see-through bags.

That is one characteristic of these mutations in the antiterror rules: each brings its own humiliations and pleasures.

An elderly woman carefully cradled her plastic so prying eyes couldn't read the labels on her half-dozen pill bottles. But how can people resist peeking into the bags of their fellow passengers? What can you not live without for a few hours?

For those awaiting Virgin Atlantic Flight 10 Thursday night at Gate B26: lozenges, toothbrushes, gum, power bars, tissues, paperbacks. But also changes of underwear, enough candy for Halloween, a packet of multicolored pencils, flip-flops, fast-food condiment packets and, most fittingly, a pair of dice.

In some ways, it was like any other Terror Day.

The soundtrack for the long drive to J.F.K. was all-news radio, and that was terror, terror, terror. (Inside the terminal, half the sets were tuned to terror reports, the other half to sports.) Even the cabdriver got into the game, barking back at the radio. "What about the ports?" he screamed. "What about the X-ray machines that don't work? What about the billions we spent and we're not any safer?"

You can let us off anywhere here.

This was usual for a Terror Day, the sudden re-immersion into a dialogue of fear. But instead of being magnified at J.F.K., with its expected crowds and chaos, the airport was an oasis of calm.

Flight 10 was to depart at 9:25 p.m., but the airline's Web site said it had been pushed back to 10:40 (it didn't actually take off until 2:57 a.m.) because the incoming flight from truly chaotic Heathrow had been so long delayed. We were advised, after a half-dozen tries over several hours to get a human being on the phone at the airline, to arrive at the airport as though the flight were leaving on time, just to be safe.

So at 7:02 p.m. we pulled up at Terminal 4. There were 12 people in line at the Virgin Atlantic counter. We had our boarding passes and had deposited our luggage by 7:21. Crowds were thin. The longest line we saw all day was at Kentucky Fried Chicken Express.

At the security checkpoint at 8:45, there was nobody in line. I had my choice of four scanning machines, no waiting, tall stacks of bins for the carry-ons I wasn't carrying. Even though I had bought my ticket that day, something that almost always guarantees a special wanding, I was waved through.

The focus of attention, everywhere, was bottles of liquid. Fresh-printed signs warned everywhere about this, but still some people seemed stunned when a stern security officer pulled a water bottle from a carry-on.

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The big initial problem is that all sorts of bottled liquids are for sale at shops inside the security zone. That's why the airline had to set up a second security perimeter around Gate B26.

We had been lounging around the gate for hours, waiting for the jet from London to arrive so it could be cleaned, boarded and turned back to Britain. Suddenly, airport workers appeared with a couple dozen metal poles on heavy stands that could be connected by unfurling vinyl ribbon from the shaft like Scotch tape from a roller.

They surrounded those of us seated nearest the gate until there was only one narrow opening, and then we were ordered to vacate this space and get in line to be searched yet again. We were joined by dozens more who had been seated nearby, and by latecomers who had ignored the entreaties to arrive early.

We were searched, patted down and herded together in the tiny security zone, with only half as many seats as needed. It was an odd scene, because outside the barriers was a largely deserted concourse with hundreds of empty seats.

No doubt next time they'll make the security zone larger. It's a work in progress.

Airlines: U.K. Travel Grinding To Halt (AP)

AP, August 13, 2006

Airlines warned the British government Saturday that the country's air travel is "grinding to a halt" because of tough new anti-terror security requirements. One airline asked for police and army reservists to help with screening.

British Airways and Ryanair canceled scores of flights from Britain to Europe and the United States and blamed airport operator BAA for not investing enough in security systems and baggage screening in the aftermath of new terrorism threats.

BAA, which owns Heathrow and Stansted airports, ordered the cancellations because its systems for screening passengers and checked-in baggage for security threats could not cope with the extra required scrutiny of passengers and their luggage in the wake of Thursday's thwarted threat to bomb up to 10 U.S.-bound aircraft.

Budget carrier Ryanair appealed to the British government to use police and army reservists to speed up searches at overloaded airport security checkpoints.

"If the British government is serious about defeating terrorism and not allowing the terrorists to disrupt normal, everyday British life, then it must provide the additional security staffing — either police or army reserve personnel — immediately to prevent London's main airports from grinding to a halt over the coming days," said Michael O'Leary, chief executive officer of Ryanair.

Heathrow Airport, the major hub for British Airways, canceled one-third of flights due out Saturday afternoon and night, blaming strict new security regulations. Passengers were delayed so long that many missed their flights.

Saturday night, the airport said it planned to cancel a third of its flights on Sunday, too, because of the current delays.

Ryanair, which operates most of its London services through Stansted Airport, northeast of London, said it had complied with BAA orders to cancel more than 60 flights of its Stansted flights this weekend, about 20 percent of the total, but said this overloaded security situation must be fixed by Monday.

"Ryanair and other major UK airlines cannot keep canceling flights and disrupting the travel plans of tens of thousands of British passengers and visitors solely because the BAA cannot cope with the new body-search requirements," said O'Leary.

Our Porous Air Defenses On 9/11 (NYT)

The New York Times, August 13, 2006

No topic investigated by the 9/11 commission hatched more conspiracy theories than the failure of American air defense systems to intercept any of the four planes that had been hijacked by terrorists. That makes three new reports particularly welcome. Together, they shed some light on why civil aviation authorities, the military and the highest officials of the Bush administration failed to respond quickly enough to avert catastrophe.

The reports include a new book written by the co-chairmen of the 9/11 commission, a Vanity Fair article based on tapes released by the military, and a 2005 report from the inspector general of the Defense Department that was finally released last week. They paint a picture of confusion as civilian and military authorities struggled to grasp and respond to what was happening. There was absolutely no evidence that any air defenders deliberately stood aside to let the terrorists have their way or that the military itself fired a cruise missile into the Pentagon, as conspiracy theories have suggested.

The Federal Aviation Administration, which was monitoring civilian air traffic, dropped the ball repeatedly. Its critical mistake was assuming that the transponders on hijacked planes would stay on, displaying each plane's identity and altitude. The agency also failed miserably in its duty to alert the military. It provided nine minutes' warning before the first plane crashed into the World Trade Center, two minutes' warning that an unidentified aircraft was heading toward Washington and no advance notice of the other two hijacked flights. However, the F.A.A. did tell the military, erroneously, that a plane that had already hit the World Trade

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Center was still headed south toward Washington. As a result, the military scrambled two planes to chase a ghost that no longer existed.

The military had its own problems. The North American Aerospace Defense Command, or Norad, had its radars pointing outward to detect external threats. Only four planes were armed and ready to intercept terrorists in the eastern region of the country. And when the military dispatched two of those fighters to protect Washington, they raced out to sea instead of taking a position to defend the city.

The highest civilian officials also floundered. President Bush on Air Force One complained that his communications links were poor. Defense Secretary Donald Rumsfeld was largely out of the loop as he supervised rescue operations in the Pentagon parking lot. And for all the bravado surrounding the "shoot down" order issued by Vice President Dick Cheney during the crisis, the order reached Norad too late to be of any use and was not even passed on to the key fighter pilots.

The commission was unable to document that Mr. Cheney had talked to the president before issuing the order, as he and Mr. Bush both testified. No one near him mentioned such a call in their contemporaneous notes and it was not logged in. But the issue is, for the most part, important only to Mr. Bush's image as commander in chief.

After the fact, military officials gave false testimony that exaggerated their readiness to protect the nation's capital. They indicated that the F.A.A. had alerted the military more promptly than it actually had, that fighter jets were scrambled to protect Washington from real planes rather than to chase the ghost flight, and that the military was tracking — and ready to shoot down — a plane that it did not even know had been hijacked and that had already crashed in Pennsylvania.

The commission asked the inspectors general for the Defense and Transportation Departments to investigate whether these false statements were made deliberately. An initial report by the Pentagon's inspector general attributed much of the problem to poor record keeping and insufficient emphasis on reconstructing events before testifying. A military spokesman suggested that the final verdict, in a report still to come, would find no evidence of knowing falsification. If so, someone will still have to explain why the military, with far greater resources and more time for investigation, could not come up with the real story until the 9/11 commission forced it to admit the truth.

Foreclosures Expected To Come Back In Full Force (MR)

By Kathy Jumper, Real Estate Editor

Mobile Press-Register (AL), August 13, 2006

The post-Hurricane Katrina moratorium on foreclosures has been lifted in most cases, and Realtors predict a surge in activity.

"I have been telling my clients and investors to expect a flood in the fall," said Mike Meadows of Dauphin Realty.

Many homeowners were given a break if they were delinquent on mortgage payments after Katrina hit the Gulf Coast in August 2005.

On June 30, the moratorium affecting U.S. Department of Housing and Urban Development and Veterans Administration loans expired, but both agencies are looking at foreclosures on a case-by-case basis in several coastal counties, including Mobile and Baldwin counties, according to lenders.

The moratorium on Fannie Mae's FHA or conventional loans expires Aug. 31, lenders said.

"The moratorium had a tremendous impact on the market, with so much demand and a dwindling supply," said attorney Goodman Ledyard of Mobile's Pierce Ledyard PC. Prior to Katrina, his firm handled 25 or 30 foreclosures a month, but that average fell to five or fewer during the moratoriums.

Typically a homeowner is at least three months behind with mortgage payments before a loan is foreclosed. A homeowner can have the loan reinstated by paying all the back payments, fees and costs via certified funds, according to foreclosure experts.

"Lenders never want to take a property back," Ledyard said, adding that lending institutions have to report the number of foreclosed loans and it doesn't look good for the lender.

There were 100 foreclosure sales for the first half of 2006 in Mobile and the Eastern Shore, compared to 300 at the same time last year, according to Meadows. He said there are about 35 active foreclosure listings in Mobile and the Eastern Shore.

That bucks the national trend: There were 28,130 new residential foreclosures in July, a 4.95 percent increase over June and a 10 percent increase from July 2005, according to Foreclosure.com's nationwide report.

Alabama had 1,697 active foreclosure properties and 683 new foreclosures in July, the report showed.

The active real estate market in Mobile and the Eastern Shore, and the lack of available rental houses and apartments, has prompted more folks to look for investment properties to rent or fix up and then sell.

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"We went through a spell where we didn't get anything," said Rick Breland of Coldwell Banker Charles Hayes Real Estate. "But let's face it, if you get in a financial situation where you're going to lose your house, you should be able to sell it in today's market. They don't last long if you price them competitively."

Whenever a good foreclosure comes on the market, it brings in lots of offers and usually sells at the list price or better, according to Tim Pope of Prudential Cooper & Co. Realtors.

"I look for Mobile to break loose in September on foreclosure business," Pope said. "But you never know. There's a lot of money coming in from people in Mississippi who are moving over here. A lot of them are just now getting payments for their houses."

A couple of years ago an investor could get a good buy on a foreclosure, but with the increase in property values, those deals are more difficult to find, according to lenders and Realtors.

Most investors don't want to pay more than $100,000 on a foreclosure house, Ledyard said. Investors will put $5,000 to $10,000 into improvements and then rent it or sell it if they can, he said. "They don't go for the more expensive houses because there are more risks."

Where Recovery Is The Stock In Trade (LAT)

By Richard Fausset, Times Staff Writer

The Los Angeles Times, August 13, 2006

A Mississippi expo tries to corral, under one arena roof, all that Katrina victims might need—experts, advice and even, well, a roof.

BILOXI, Miss. — It is a sort of post-Katrina state fair. A trade show custom-tailored for a ruined land. A convergence of building and zoning experts, readily accessible bureaucrats, and salesmen who have just the extra-thick siding you've been looking for — the kind with the patented Twister Lock and Cyclonic Locking System that withstands winds up to 187 mph!

Mississippi Gov. Haley Barbour is billing it as the Governor's Recovery Expo, a free event that opened Friday at the Mississippi Coast Coliseum and runs through the weekend. Organizers are hoping the state's hurricane victims will leave here with their legal questions answered, a prefab home picked out, and a new energy that will help the long-suffering coast bloom with building projects as the first anniversary of the storm approaches, Aug. 29.

So far, Mississippi's rebuilding effort has been both heartening and frustrating. Thousands of Gulf Coast residents are still in trailer homes, and many waterfront communities are strewn with ghostly husks of businesses and homes.

But Gavin Smith, the state's recovery director, says momentum is starting to build: Residents are receiving their insurance payouts, and smallbusiness loans are sprucing up commercial properties. Last month, the state began distributing a portion of $5 billion in federal rebuilding aid to 17,000 homeowners. The ravaged Beau Rivage Casino & Resort, once one of the region's fanciest, is set for an Aug. 29 grand reopening.

"We think we're right at the cusp of the point where people will start building in earnest," Smith said.

Some of the most ardent believers in that forecast were the dozens of building-industry representatives who dominated the Recovery Expo. If the style of their message owed a debt to Dale Carnegie, the substance took a cue from the little pig who built with bricks. Their names alone set the theme: Kodiak Steel Homes; Safeway Homes; House Raising of the Gulf Coast; FloodBarrier Inc.

A company called Oceansafe Housing hawked a hurricane-proof home with walls made from a kind of steel-and-polystyrene sandwich. Project Coordinator Susanne Bohr said it had been a success in the Caribbean.

"A NASA engineer holds the patent," she said.

A salesman named Steve Bishop offered an array of hurricane-proof doors and windows. He was hoping to hook up with some big condo developers. He had some advice for them, too: Build the high-rises with multilevel garages on the first few floors.

"Then you're going to lose cars, not people," he said.

One booth touted the DuPont StormRoom with a display model. It seemed normal enough and was about the size of a guest bathroom. But the accompanying text noted that it was reinforced with Kevlar: "the same lifesaving fiber used in bullet-resistant vests."

Aaron Steele was fielding questions at the Internal Revenue Service booth a few feet away from DuPont's room model. Steele, who is based in New Orleans, lost his house in the Gentilly neighborhood and is busy rebuilding. A Kevlar room wasn't part of his plans.

"Since I didn't stay for this one and won't be staying for any future ones, I don't know if I have a need for that," he said. "My thing is, 'Get outta Dodge.' "

Neil Smith, the DuPont distributor, said the storm room didn't make much sense directly in the flood zone but could be helpful a couple of miles from the beach, where the greatest danger from a hurricane is wind damage rather than water.

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Blake Hobson, who was pitching the extra-thick siding with the "cyclonic" technology, said companies like his stood to make money on the Gulf Coast in the coming years. "This whole place has got to be rebuilt," he said.

Booth neighbor Steve Davis, president of Eye of the Storm, was showing off what he called a black box for hurricanes — a video camera, housed in a stainless steel cylinder, to record the way a storm destroys a structure. The homeowner would include the video when filing a claim with an insurance company.

"The big question is: Is it wind or is it water damage as far as the insurance is concerned?" Davis said.

A number of exhibitors touted their prefabricated houses, which these days often go by the name "modular" housing to sidestep trailer-park stigmas. Across the Gulf Coast region, officials are hoping that architecturally spiffed-up versions of this old, affordable idea will help bring long-term housing to the region, and fast. Barbour, who kicked off the Recovery Expo on Friday morning, said that with chronic labor shortages, the region had to rely on homes at least partially assembled in a factory.

"We have to replace 70,000 units of housing," Barbour said, referring to the number of homes destroyed or rendered uninhabitable by Hurricane Katrina. "We've never built more than 2,800 units of housing on the Mississippi Gulf Coast in one year."

A number of modular homes were on display in the arena's heat-baked parking lot. Many of them made concessions to the vernacular architecture of the region, with wide porches, touches of gingerbread and attempts to simulate the look of wood.

Francis and Maxey Schultz of New Orleans were looking for a cheap replacement for their Mississippi weekend home that Katrina washed away. They were impressed with the new prefabs.

"It's more in accord with what we're used to," Maxey Schultz said. "The ceilings are higher. Some of them have 10-foot ceilings."

A number of government representatives were on hand to answer questions about job training programs, evacuation routes and new height requirements for houses. A Federal Emergency Management Agency booth displayed a series of fact sheets titled "Home Builder's Guide to Coastal Construction."

The arena itself was severely flooded in the storm — its website shows a photo of large waves coursing across the main floor. As Mississippians crowded the exhibit area Friday, a work crew was hammering away nearby, fixing up a section of the building that still had no windows.

Adapting To Nature (LAT)

By Ann M. Simmons, Times Staff Writer

The Los Angeles Times, August 13, 2006

After Hurricane Katrina devastated New Orleans' businesses, many left and did not return. But some small companies did reopen and found that to survive, they had to adjust to the region's needs.

Andrew Herrington, an erosion control and coastal restoration specialist, had a career change after Hurricane Katrina hit last year.

Once he planted marsh grasses and other vegetation along the Louisiana shoreline, but then Herrington got into the demolition and clean-up business, pumping out flooded interiors, gutting them and rebuilding.

"Right after the storm, nobody was worried about the vegetation side of erosion control," Herrington said. "I didn't think we would survive if we waited around. I needed to keep my guys busy until my regular business came back."

So Herrington used his pump trucks to help drain water from commercial and residential properties. His team helped gut and tear down buildings. Then came requests for help with construction.

Before long, Herrington and business partner Glenn Landrum had another idea: They launched Hurricane Guy, a company that provides pre- and post-hurricane services, including making and storing customized window shutters, cleaning refrigerators, electronically documenting important records and storing photographs.

"You have to be able to adapt and change your business model these days. Don't be afraid of change," Herrington said about his new business that started in February.

Almost a year after floodwaters drowned New Orleans, many businesses are still struggling to recover. Orleans Parish, the center of Louisiana's economy where New Orleans is located, had 12,695 small businesses before Katrina, according to state statistics. By May this year, a little more than 2,000 had reopened.

Lack of money, displaced employees and a shortage of customers have hampered the revival of many ventures, financial analysts said. Many business owners have given in to the debilitating challenges, and others hobble on with low profits in the hope that business will eventually rebound.

But some entrepreneurs have abandoned or retooled their usual way of doing business.

"The businesses that survived identified what people needed," said Tim Williamson, president of Idea Village, a nonprofit organization that since Katrina has provided about 100 local businesses — as many as 40% of them reinvented — with technical

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support, contacts and capital. "If you try to do what you did before, it may not work now. If you're not going to be flexible, you're going to be out of business," he said.

Herrington, a New Orleans native, acknowledged that his initial reaction to Katrina's effect was panic. Three years earlier, Herrington had given up a stable corporate job to start his own erosion control business.

"We thought, 'Oh my God, what have we done to our families?' " he recalled.

But Hurricane Guy currently has about 50 clients, whose homes range in size from 1,500 to 4,500 square feet. Many customers are elderly homeowners who are willing to pay the $700 to $4,500 fee rather than "fool with the headache" of preparing their homes before a storm and setting things back to normal after, Herrington said.

On a recent afternoon, two of his workers measured plywood and cut the shutters for a dozen windows of a majestic house with white pillars on New Orleans' State Street in the Uptown neighborhood. Then they did a dry run to determine how long it would take to hang them.

Herrington explained that within 72 hours of an expected hurricane, his team would remove and store the swing set and patio furniture that graced the home's neatly manicured back garden, while hanging the storm shutters. Customers would be alerted of their pack-up time via e-mail or by phone.

Fear of going bust is what motivated Aaron Wolfson not to abandon the Savvy Gourmet cooking school that he and business partner Peter Menge Jr. had launched less than two weeks before Katrina.

"I had just sunk all this money into the building," Wolfson said of the school's venue on Magazine Street, one of the city's most vibrant commercial strips. The property sustained minor storm damage, but the businessmen lost the big tour groups that they had hoped would fill their cooking classes. Half a dozen or so events, with an anticipated 25 to 40 out-of-town participants, had already been booked.

"We realized that if we couldn't use our space, which was relatively untouched, then what would encourage other people to come back?" Wolfson said.

So the two men decided to open their doors to displaced chefs, who started cooking meals for the city's returnees. They hosted so-called devacuation parties. And before long, a restaurant began to take root.

"It was a matter of survival," Menge said.

Neither he nor Wolfson had experience in restaurant management. So they hired a manager and someone to train their staff.

"Our previous business model, providing a cooking class, is a fairly controlled event," Wolfson said. "When you have a restaurant, there are so many opportunities to fall down. The level of service and attention to detail that restaurant diners expect is a bit different than the expectation of someone coming to a cooking class. You have to adopt a totally different management style."

The number of customers dining at the Savvy Gourmet has grown from 35 to about 100 a day. The menu is up from two items to more than two dozen soups, salads and sandwiches. Cooking classes are also back inside the 3,500-square-foot pine-furnished venue, which features a demonstration kitchen and cookware store. Outside catering jobs have mushroomed, and the company recently launched Savvy Kids, cooking classes for children.

"We practice entrepreneurial yoga now," Wolfson said. "You fit into whatever crack you see available, and make things happen."

Internet entrepreneur W. Anthony Patton has also learned that lesson.

Before Katrina, Patton created websites for African American businesses, and his online marketing and advertising company promoted news and entertainment in the black community. "We were rolling," Patton recalled. "It was really good business."

But Katrina flooded his company's offices, destroying computers, furniture and other equipment. Patton lost about $300,000 in contracts he could no longer fulfill. Most of his clients fled the city, as did Patton, his business partner and staff.

"We realized very quickly that we were not going to go back to New Orleans and be who we were," Patton said.

What he didn't lose were the 72,000 e-mail addresses in his company's online database. He first used this resource to help politicians and city officials contact displaced New Orleanians. And as businesses began to return to the city, Patton identified another crucial need.

"The biggest issue was access to employees," he said. "Everybody was trying to hire, but there was nobody around, because so many people had been displaced."

When a friend requested Patton's help to find a community consultant for his company, scores of people responded to the e-mail blast Patton sent out to his 72,000 contacts. They packed the lobby of his offices.

He knew he was on to something. "People needed jobs. Employers were screaming, 'We have jobs and no people.' We had the database. It was the perfect fit," said Patton, whose company, EBONetworks, now does online recruiting.

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On most days, Patton and his staff of eight huddle around a coffee table in a small first-floor room they are temporarily occupying inside the offices of Idea Village. Working from laptops, they vet job applicants for companies that have contracted EBONetworks' services. For each position, 10 promising candidates are selected to meet with Patton and his business partner, who then whittle that number down for interviews with the prospective employer.

Patton said the experience of reinventing was challenging, but it had taught him an invaluable business lesson: "Don't put all your eggs in one basket. And be more global," he said.

But not all businesses have had success bouncing back. In fact, business industry analysts say the reinvention of small businesses post-Katrina has been the exception, not the rule.

"Most people are not changing their type of business," said Kelley Pace, a finance professor at Louisiana State University's E.J. Ourso College of Business. "They are trying to make it with their old one, accepting less business and hoping things will return to normal."

"If you're in the spa and salon business, you're not going to suddenly start selling hardware and chain saws," said Richard Campanella, a geographer at Tulane University. "One builds up a reservoir of knowledge and skills in a certain sector. It takes a lot to let that go and build up in something else."

Campanella, Pace and LSU geographer Nina Lam have been conducting surveys on post-Katrina business trends along certain commercial corridors in New Orleans.

Their research through May showed that businesses catering to a want — such as restaurants, hairdressers and spas — were rebounding at twice the pace of those catering to a need, such as grocery stores, gas stations and auto repair shops.

Laura Drumm, president of the board of Second Wind NOLA, a local advocacy group for small businesses, said that it wasn't possible for many business owners, especially those with specialty niches, to completely change their model. She owns a store at New Orleans airport that sells Tabasco sauce products.

The organization has been critical of the United States Small Business Administration for not being more efficient in dispensing disaster assistance to storm-battered businesses.

The criticism was echoed last month in a report by the federal Government Accountability Office.

Richard Jenkins, public information officer for the SBA's Disaster Field Operation Center-West, said that about 31,000 businesses in Louisiana had applied for loans since Katrina, and 12,122 loans had been awarded, amounting to almost $1.3 billion.

He acknowledged that processing loan applications took longer than desired because of the volume of requests, but said that his agency was "working every day to speed up the process."

Herrington, of Hurricane Guy, said he was denied an SBA loan, and requests to the Federal Emergency Management Agency for help with housing for his workers were unsuccessful.

He ended up relying on a small grant from Idea Village and refinancing from his bank based on his personal collateral. The risk and endurance have paid off.

"We went from survival to growth mode," Herrington said.

One Year Later, Life Forces Itself Back In Spite Of Katrina's Devastation (SLPD/AP)

St. Louis Post-Dispatch/AP, August 13, 2006

NEW ORLEANS (AP) -- They said she was too frail. That the mold growing on the warped walls of her flooded house would make her ill. That she shouldn't bother since her mottled, mud-filled home would likely be bulldozed anyway.

But Willie Lee Barnes, who recently turned 94, didn't listen.

Standing outside her flooded house in the Louisiana sun, she clasped her rosary in her frail hands and prayed. "Lord," she said, "I'm not asking that you climb the mountain for me. I'm only asking that you give me the strength to do it myself."

Strapping on a dust mask, she grabbed a shovel and with all her force, began pounding the deformed walls of her living room until they came off, falling to the floor like the rinds of a desiccated orange. She filled buckets with the broken drywall, which her son ferried outside. Bucket by bucket and week after passing week, she kept at it, resting occasionally on a stool, the only piece of furniture in her house to survive the flooding. Flanked by a worn statue of the Virgin Mary, hers is now one of the few houses that's been gutted in the city's most destroyed neighborhood, the Lower Ninth Ward.

Ask her to explain how a nonagenarian succeeded in doing what thousands of younger families have failed to do, Miss Barnes offers an analogy: "I'm like bad grass. Because it never dies. You gotta pull it up and even though you do, it still grows back. I don't care how hard something looks, I'm still going to try."

In a city that still lies largely in ruin, life is pushing through like 'bad grass,' forcing its way through cracks in the pavement. One year after Hurricane Katrina laid waste to New Orleans, the city is fighting to come back.

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In each instance, it's the perseverance of one person, or family, that led to one house, one tiny patch of New Orleans becoming whole again.

Those who choose to return do so in spite of the city's broken infrastructure, which a year later remains in tatters: Nearly 60 percent of homes and business are still not receiving electricity or heating gas. Only three out of nine New Orleans hospitals have reopened. Only 56 of 128 public schools will enroll students this fall.

The city itself still has no master plan.

Those attempting to rebuild their homes have yet to be told how high they will have to raise them. And it's still unclear if the city's patched levees will hold back future floods.

Still, even in the worst-hit neighborhoods, where homes were ripped from their foundations and spit into the street, and where mattresses still lie impaled in the branches of trees, the rebirth is taking place.

On one street, one house may be gutted, while scores of others are untouched. Some are adorned with wooden crosses, a crude memorial to the dead.

Like pioneers that have survived a winter in an unforgiving wilderness, those that have returned to live here proudly proclaim their existence.

"I'm back. R U?" asks a sign in the window of a flooded pickup truck at a house slowly being repaired.

Down the block, past the flooded Victorian shotguns, another sign stands outside a gutted home. "I'm Coming Home," it says -- except "Coming" has been struck out with a bold, red line.

"This house is my soul," explains Carolyn Parker, who says she violated a "look and leave" policy to move back into her broken home last winter. It has neither electricity nor running water, so each morning, until a government-issued trailer arrived last month, she walked to a nearby fire hydrant and screwed it open with a wrench. The water gushed out and she filled two buckets. Then, she carried them back, using them to bathe.

In neighborhoods that took a lesser hit, like Broadmoor, the pockets of health are deeper. Houses were not ripped off their slabs and so will not need to be bulldozed.

On a street that one year ago lay 7 feet under water, a young woman crosses the grassy median, pushing her 2-year-old daughter in a red stroller. On the same median come dusk, couples go jogging, sweating in the setting Louisiana sun, passing the same finished and unfinished houses as life moves on.

But what is visible from the street in the Lower Ninth Ward is sometimes hidden here: Behind their freshly painted doors, many families are still living in wounded homes.

"There are two types of people: Those that came back, and those that came back, threw up their hands and gave up," says one Broadmoor resident, a 68-year-old man named Del who lives by himself in a lofty, two-story house, which from the outside appears repaired.

He'd give only his first name because he's embarrassed of his living arrangements. To survive the oven-like heat -- electricity is still out -- he moves around his house naked, carrying a battery-operated fan from room to room.

Adapting has taken numerous forms. With large swaths of the city still without heating gas, many families are able to bathe only in cold water. But with electricity it's possible microwave bowls of water to scalding, then mix that with tap water in the bathtub.

Hundreds, possibly thousands, in multi-story houses have moved into their dry upstairs.

Julie Quinn is one such homeowner. The state senator's colonnaded mansion is in one of the city's posh suburbs that flooded, and although the second- and third-stories are intact, the kitchen has yet to be repaired.

"I've become the queen of the Crockpot and toaster oven," Quinn jokes.

Throughout the city, institutions have learned to adapt, too.

For more than 150 years, those who attended Sunday Mass at the Church of the Annunciation heard the scripture read in Elizabethan English. Now, the traditional Anglican church's priest reads the ancient scripture, still dotted with 'Thees' and 'Thous,' inside a doublewide trailer, parked in the flooded Broadmoor neighborhood. Because there is no air conditioning, the clergy shed their ornate wool cassocks.

Still, the Episcopal bishop came carrying a tall, hooked staff and wearing green-and-gold vestments to bless the trailer.

"We do the best we can. But there's only so much pomp and circumstance you can have inside a doublewide," said the Rev. Milton Gibson, the church's deacon.

Even though life is pushing through, it's come at a cost.

Dentists are reporting that an alarming number of patients are arriving for checkups with chipped or grooved teeth, a result of grinding at night.

Funeral home directors say they're seeing a disproportionate number of suicides, a rate that health officials estimate could be as much as three times higher than pre-Katrina.

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Even in the unharmed French Quarter, where jazz tumbles into the street from ornate, cast-iron balconies, residents speak of a lingering depression.

"I can't even remember how many going-away parties I've been to in the last few weeks. Every night I lay in bed, thinking, 'Should I stay or should I go?'" says Maggie Beal, the manager of a store selling 19th century French antiques. All day, she says, she waits for tourists to walk in, but there are few. And the ones who are in town rarely are interested in the expensive armoires and Louis XV furnishings.

Yet even in the Quarter, the day-to-day struggle has created a society of intense, highly committed, pro-city New Orleanians. Many have proudly hoisted City of New Orleans flags outside their 19th century shotguns. Bumper stickers proclaim "Proud to swim home" and "I love New Orleans."

Even in a restroom at The Spotted Cat, a hipster bar just outside the Quarter, hope shines through graffiti: "Stay strong New Orleans. You are beautiful," someone wrote with a black-felt pen on the door.

Throughout the city, those who stayed, who didn't throw up their hands, are trying the best they can to make meaning out of the destruction.

When Miss Barnes first returned to her flooded bedroom, she hoped to find a crucifix studded with diamonds that for years she'd worn around her neck. She couldn't find it.

Yet she was able to salvage one item: A present given to her years ago, still inside its gift box. It's a porcelain angel, holding a battery-operated lantern.

Although the waters rose to the house's cypress beams, the box must have bobbed on the surface and not gone under, because when she unwrapped it and switched it on, the lantern lit up -- a soft, fuzzy yellow.

Holding the angel in her hands and straining to make out its inscription, she reads aloud: "You are the Lord. Keep my light burning and turn the darkness into light."

Illinois Sen. Barack Obama Tells Xavier Graduates To Choose Involvement Over Indifference (HC/AP)

Houston Chronicle/AP, August 13, 2006

NEW ORLEANS — Nearly a year after Hurricane Katrina submerged Xavier University's campus under eight feet of water, Illinois Sen. Barack Obama on Saturday joined the school in celebrating one of its largest graduating classes.

"Thanks for allowing me to share in your miracle," Obama told the nearly 500 graduates of the College of Arts and Sciences and the Graduate School seated at the New Orleans Arena.

Norman C. Francis, Xavier's president, said he never doubted that the university would hold graduation ceremonies this year.

"I said shortly after the storm that people would either call me stupid and crazy or an aggressive visionary," Francis said. "I guess it's the latter."

Xavier, the country's only historically black and Roman Catholic college, reopened in January. More than 120 students graduated from the College of Pharmacy in May, and the fall semester will begin Sept. 8 with about 2,800 students.

Obama noted that most commencement speakers tell graduates what to expect when they enter "the real world."

"But this is different," he said, adding that most in the room have already experienced the "real" world since Katrina.

The Democratic senator said he visited New Orleans last month and saw the "pictures of your campus after the storm — submerged classrooms and dorm rooms where books remained open as you left them."

He recalled hearing the stories of 400 students trapped on the roof of a building along with a handwritten sign that read 'Help us' after flooding blocked their escape from the storm-ravaged city.

He said he could give advice about overcoming challenges or about courage and perseverance but "you could probably teach the rest of us" about those things.

"Yours has been quite an education, an education in humanity brought by a force of nature," Obama said.

However, he said, those types of lessons can be unlearned.

"Time can heal and cloud a memory," he said. "But it's your responsibility to remember what happened in New Orleans and make it a part of who you are. Katrina might be the most dramatic test you take but it won't be the last."

Obama said the graduates would be forced to choose a path — one of detachment and indifference or one of involvement.

"The easiest thing is to do nothing at all. Turn off the TV, put down the newspaper and go about your busy lives. Remain detached and indifferent," he said. "But, if you choose to remember what happens when responsibilities are ignored and the buck is passed. ... That asks more of you. Not only to pursue your own individual dreams but also to perfect our collective dream as a nation."

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Obama encouraged the graduates to "make this a nation where we are no longer unprepared to meet the challenges of time. Make this a nation worthy of the sacrifices of so many of our citizens. Take the second path.

"Katrina's not the end of tough times for New Orleans or you," he said.

WAR NEWS:

Forces To Target 4 'Hotspots' In Baghdad (AP-Y)

By Robert Burns, Ap Military Writer

AP, August 13, 2006

The new push by U.S. and Iraqi forces to reverse a rising tide of violence in Baghdad will target four violent "hotspots" in the city, the American general in charge of the plan said Saturday.

Those parts of the city have experienced frequent kidnappings, suicide bombings and revenge killings by Shiites and Sunnis.

Maj. Gen. James Thurman, commander of the Army's 4th Infantry Division, said the renewed push for stability began Aug. 7 in the Dora area of southwestern Baghdad, a notoriously violent part of the city. He said sweeps of Dora neighborhoods had captured 179 people thus far and killed 25 "terrorists."

The other three targeted districts are Mansour and the Ghazaliyah-Shula areas of western Baghdad and the Azamiyah area in the northeast, he said, adding that the goal is to quell the violence and restore ordinary Iraqis' confidence in their government's ability to provide security and basic services.

"I'm confident, based on what I'm seeing right now, that we've got a positive trend here happening," Thurman said in an interview after joining Gen. Peter Pace, chairman of the Joint Chiefs of Staff, in a question-and-answer session with several dozen soldiers, sailors and airmen at Camp Liberty.

"We've got four major hotspots where we've had a lot of sectarian killings," Thurman said. "And we've got a plan that will zero in on reducing the number of murders, kidnappings, assassinations and car bombs."

Pace, who arrived Saturday from Washington, met with Thurman and other senior American commanders and addressed the troops at Camp Liberty to thank them for their service.

A few of the soldiers in his audience were with the Alaska-based 172nd Stryker Brigade, whose one-year tour of duty in Iraq was extended by four months recently in order to add another 3,500 soldiers to Thurman's force in the capital. Thurman said he has received another 2,000 extra troops from other units.

Thurman said he now has 32,444 U.S. troops in Baghdad and areas south of the capital, as well as 32,554 Iraqi forces. Of the U.S. total, about 13,500 are in Baghdad proper, he said.

As recently as a month ago, U.S. officials thought they were going to be able to reduce U.S. troop levels this fall, but Thurman said the rise in strife between different religious groups "had us worried" and prompted him to ask his superiors for more combat power "so we could quell this and once and for all get rid of the people that are causing the problems here." Thus, the 172nd Stryker Brigade was moved into Baghdad from northern Iraq.

In his remarks to troops at Thurman's headquarters, Pace disclosed that the plan earlier this summer was to reduce the total number of U.S. combat brigades this fall to 12 from the 14 that were operating at the time. Instead a brigade that had been held in reserve in Kuwait was brought into Iraq and the 172nd was retained even as its replacement — a brigade of the 2nd Infantry Division — arrived.

Nonetheless, Pace told reporters traveling with him enroute to Baghdad that he would not rule out U.S. troop reductions this fall.

Pace stopped short of predicting that conditions would improve enough to allow a U.S. troop reduction before year's end, but he said he would be consulting with top commanders this weekend on the outlook for a turnaround in the violence among different religious groups and the need for U.S. troops.

"It's important to always have troop levels on the table" as a subject for discussion, he said. "We thought as recently as a month or so ago that we were going to be able to come down" in the numbers. "What changed was the increase in sectarian violence," he added.

Nonetheless, Pace said it was possible that the sect-on-sect violence could be tamped down quickly. "Their leaders simply could decide to stop it" by telling their people to stop killing each other, he said.

"There is still the potential to reduce the number of troops," he said, although he would not say how soon he thought this could happen. Earlier this year U.S. officials were hoping to reduce troop levels to 100,000 or less by December, with more significant cuts following in 2007.

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The Joint Chiefs chairman, on only his second trip to Iraq this year, also said that Pentagon officials are beginning to think about who might replace Casey, who has been the top commander in Iraq since July 2004. Pace said Casey would stay for about another six months.

"Certainly you start thinking now" about who should succeed Casey, Pace said. He offered no names but praised Casey's performance, noting: "He will not be easily replaced."

Peace In Baghdad Could Be The Last Chance To Avoid Civil War (MCT)

By Nancy A. Youssef

McClatchy Newspapers, August 13, 2006

BAGHDAD - The U.S. plan to improve security in Baghdad could be the Bush administration's and the Iraqi government's last chance to halt a civil war that many Iraqis and U.S. officials believe is intensifying fast.

The security plan, which calls for sweeping neighborhoods and restoring services, is intended to bring the capital under Iraqi military and police control and begin to pacify it. If that happens, U.S. troops could begin to withdraw. If it doesn't, the country's sectarian conflict could spiral out of control and escalate into a regional war between Iraq's Shiite and Sunni Muslim neighbors.

"The government has to make a clear decision about dismantling militias," said Saad al Janabi, a member of the secular Iraqi slate. "Reconciliation will not happen unless the Iraqi army is in charge" of the capital.

The offensive hasn't produced any major improvements in the capital since it began on June 14, and many Iraqis fear the plan is doomed because, they charge, Iraqi Prime Minister Nouri al Maliki is willing to attack Sunni insurgents but not to tackle the Shiite militias that support his Dawa political party.

Even if he were, they argue, Iraq's police and security forces are too weak and too thoroughly infiltrated by Shiite militants to challenge the Iranian-backed Shiite militias, including the Badr Corps and the Mahdi Army.

Maliki, once a harsh critic of Sunnis, adopted more centrist language after he became prime minister in April, a development the Bush administration hailed as a milestone for Iraqi democracy. But his Dawa Party won the prime minister's slot only with the backing of firebrand cleric Moqtada al Sadr.

Although Maliki has said he represents all Iraqis, he blasted U.S. soldiers for raiding a suspected Shiite militia leader's home earlier this week. It was the most vitriolic language he's used to describe the U.S. effort to stop the surge of sectarian violence in the capital.

"Why did he feel so angry about the attack on Sadr City, but said nothing about the many other attacks against Sunni cities?" asked Sheik Khalif al Elaiyan, a Sunni member of parliament. "Sadrists have committed many crimes against the Sunni people."

"He must change. This is not his private office. He should represent all Iraqis," said Mithal Alusi, a secular Shiite member of parliament. The Baghdad security plan "is the last chance for Maliki."

The U.S. raid targeted the Mahdi Army, which many say is the crux of Baghdad's security problems. Comprised of thousands of Shiite men and led by al Sadr, the group has seized control of parts of the capital, pushing Sunni residents out of their homes and killing Sunnis.

In an interview with McClatchy newspapers, a Mahdi Army leader who wanted to be identified only as "Rowad" boasted of killing Sunnis, whom he called infidels.

He said that Sunnis who're suspected of killing Shiites in the post-Saddam Hussein period are captured and brought before an Islamic court. If convicted, they receive the death penalty.

"There is nothing sectarian about it," Rowad said, offering to show a McClatchy reporter photos of Sunnis he's killed that he stores on his cell phone.

U.S. officials have said that the Mahdi Army and al Sadr are trying to model themselves after Lebanon's Hezbollah and its leader Hassan Nasrallah, and become a state within the state. Besides having its own militia, Hezbollah holds 32 seats in the Lebanese parliament, more than any other party, and walks a fine line between embracing and rejecting the political system.

Two U.S. military officials, who requested anonymity because of the security implications, said they're seeing signs that the Sadrists are adopting the same tactics as Hezbollah. There's been a surge of rocket and mortar attacks from the Mahdi Army's stronghold in Baghdad's Sadr City toward the Green Zone, the seat of the Iraqi government, the officials said.

U.S. officials have been hesitant to attack the Mahdi Army publicly, out of fear that doing so would spark more violence, and they've said that the Baghdad offensive will go after all criminal elements, regardless of sect.

The beleaguered residents of the Iraqi capital, meanwhile, are still waiting for a sign that things are getting better amid growing evidence that they're getting worse. Baghdad morgue officials said they received 1,815 bodies in July, the most since the fall of Saddam Hussein's regime in April 2003. Nearly all were killed violently, morgue officials said.

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McClatchy special correspondents Huda Ahmed, Laith Hammoudi and Zaineb Obeid contributed to this report.

60 Suspects Arrested At Iraq Funeral (LAT/AP)

From The Associated Press

The Los Angeles Times, August 13, 2006

BAGHDAD — U.S. soldiers raided a funeral and detained 60 men suspected of involvement in car bombings, the U.S. command said Saturday, announcing the first major roundup of alleged insurgents since troop reinforcements began arriving for a new crackdown in Baghdad.

Bomb and gun attacks killed 16 people across Iraq on Saturday, and police reported finding 15 victims of apparent sectarian violence, including a dozen bodies pulled out of the Tigris River. Two U.S. soldiers were killed south of Baghdad.

U.S. commanders said they were rushing nearly 12,000 more American and Iraqi soldiers into the capital.

But despite the rise in sectarian fighting and other violence, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said he would not rule out U.S. troop reductions this year. Pace, who arrived here Saturday, said he would consult with top commanders on the outlook for a turnaround in the violence and the need for U.S. troops.

A statement by the U.S. military said the arrests in Baghdad were made Friday in Arab Jabour, a southern neighborhood that is a stronghold of Sunni insurgents.

The 60 detained men are believed to be associated with a senior Iraqi Al Qaeda leader in a cell that "specializes in bomb-making," the statement said. "The group has been reported to be planning and conducting training for future attacks."

On Saturday, the bound and blindfolded bodies of 12 men were found in the Tigris in Suwayrah, 30 miles southeast of Baghdad, at one of the metal grills fixed in the river.

Three more bodies were discovered Saturday, one in Baghdad and two in Kifil, in Hillah province south of the capital.

The U.S. military said the two American soldiers were killed when their foot patrol was hit by a roadside bomb south of Baghdad, bringing to 23 the number of Americans killed in Iraq this month.

Former Iraqi Officials Named In Graft Inquiry (NYT)

By Damien Cave

The New York Times, August 13, 2006

The former Iraqi electricity minister and several other current and former senior government officials have been charged with corruption or ordered to appear before judges, Iraqi officials announced Saturday. It was the newest development in an investigation that began two years ago.

The cases, referred to an Iraqi court by the Commission for Public Integrity, accuse officials from various departments of misdeeds ranging from stealing money and accepting kickbacks to assigning millions of dollars to phantom rebuilding contracts that appeared on paper and nowhere else, commission officials said.

In the continuing fighting in Iraq, the United States military said late Friday night that American troops had killed 26 rebels and wounded six in a gun battle in Ramadi, the capital of Anbar Province and a stronghold of the Sunni Arab insurgency.

Among those newly cited in the corruption investigation are Muhsin Shlash, a professional engineer who until recently ran the Electricity Ministry, a department that has received billions of dollars in reconstruction money over the past three years but has made far less progress than expected.

Mr. Shlash was recruited from exile in Canada to take over the ministry in May 2005. He served for a year — failing to raise electricity production above prewar levels — then left the country when the new government of Prime Minister Nuri Kamal al-Maliki replaced him.

The commission, set up by the American occupation and now run by the Iraqi government, has been actively investigating corruption since 2004, looking into hundreds of cases. In that time, 36 former or current senior Iraqi officials have been charged or ordered to appear before Iraqi judges, who under Iraq's system also serve as investigators.

There are concerns, however, that the commission has become politicized, often pressing cases without enough evidence and mostly targeting officials from previous governments. Most of the 36 officials accused have served in the administration of Iraq's first prime minister, Ayad Allawi, or the prime minister that followed him, Ibrahim al-Jaafari.

During last year's election, Mr. Allawi, among others, said the inquiries were an effort to slander his administration.

None of the officials newly charged or asked to appear in court, including a deputy minister of finance, could be reached on Saturday for comment. Ali al-Shabot, a spokesman for the Commission for Public Integrity, said many of them were out of government or out of the country.

"Some of the ex-officials are abroad, and we will coordinate with the Ministry of Foreign Affairs to inform Interpol," Mr. Shabot said, referring to the international police network.

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Mr. Shabot said the political and sectarian affiliations of the charged officials were across the board.

A handful were still employed by the government, he said, adding that they would be arrested if they were not granted immunity. One of the accused officials who would be immune to prosecution unless Parliament lifts that protection is a Sunni Arab member of Parliament, Nashan al-Jabouri.

"We've asked for information regarding the work of several high officials in the government now," he said, including the current under secretary of the ministry of electricity and under secretaries of planning, defense, finance and communications.

The latest allegations come after years of speculation about where billions of dollars in reconstruction and oil money have gone. Several United Nations sponsored audits in recent weeks have criticized the Iraqi and American government for allowing accounting errors of up to $1 billion to become routine.

In June, in one of many examples, Iraqi authorities said that they were investigating possible kickbacks in connection with more than $300 million in purchases of defective and outdated helicopters, machine guns and armored personnel carriers by the Defense Ministry's former procurement chief.

Mr. Shlash is being investigated over charges of sweetheart deals for contractors, according to the commission.

In the fighting in Anbar Province late Friday, marines and Army soldiers "were attacked at multiple locations with rocket-propelled grenades, medium machine-gun fire and small arms fire from buildings targeting outposts in the northwest portion of the city," according to a statement from the military.

The attacks came from men in homes and mosques, dressed as civilians, the statement said.

The American military also said it had recovered the bodies of two soldiers missing after the crash of a Black Hawk helicopter on Aug. 8 in Anbar Province. Two soldiers and two sailors were injured during the crash but rescued that day. The crash was not the result of enemy fire, the military said.

Also on Friday, in a sign of how little it takes to spark violence here, gunmen set fire to a southern office of one of Iraq's main Kurdish parties and attacked another party office in Baghdad, party officials said.

The assaults on the party, the Patriotic Union of Kurdistan, came after a party newspaper published a story on Aug. 8 that criticized Ayatollah Muhammad al-Yacoubi, a prominent Shiite cleric. The ayatollah is the founder of the Fadhila Party, a conservative group. A Fadhila official denied that its members had been involved in the attacks.

On Saturday, a bomb blast in Basra, the country's second largest city, killed three people. In Baquba, north of Baghdad, seven policeman were wounded when a roadside bomb exploded, the authorities said.

In western Baghdad, a roadside bomb targeting an Iraqi army patrol killed three soldiers and wounded two civilians, an interior ministry official said. A second roadside bomb in a nearby neighborhood killed three and wounded 11.

Throughout the city, the authorities found 15 bodies, many of them with gunshot wounds to the head.

Also in Baghdad, American forces said they rounded up 60 suspects believed to be involved in a bomb-making group linked to attacks in the capital.

The detainments came near Dora, a violent neighborhood in southern Baghdad where thousands of Iraqi and American troops have been conducting a comprehensive search of 5,000 buildings, every edifice in the neighborhood. After four days of the operation, a model for what the American military plans to do in other troubled areas of the capital, 14 AK-47's were confiscated.

Col. Michael Beech, commander of the American Army brigade in charge of the area, said the district would be cordoned off, with one entrance and exit, until further notice.

Two Soldiers Killed By Roadside Bomb In Baghdad, U.S. Army Says (BLOOM)

By Aaron Sheldrick

Bloomberg, August 13, 2006

Aug. 13 (Bloomberg) -- Two U.S. soldiers were killed by a roadside bomb south of Baghdad, the military said, bringing the number of American deaths around the Iraqi capital to five since troops were deployed there to quell rising sectarian violence.

The soldiers, assigned to the Multi-National Division - Baghdad, were hit by an improvised explosive device at about 10:10 a.m. local time yesterday, the military said in a statement e-mailed from the capital late last night. The soldiers' names are being withheld pending notification of next of kin. No more details were given.

Army deaths have increased around Baghdad since the U.S. Army started deploying 3,500 soldiers on Aug. 5 to try to stop violence that's left thousands dead in the city in recent months. General John Abizaid, the top U.S. commander in the Middle East, said on Aug. 3 fighting in Baghdad is at its highest level and threatens to push Iraq into civil war.

Abizaid said the military is moving the troops, including a Stryker brigade from Mosul, to Baghdad to attack the ``militia death squads that we are seeing operate now in Baghdad with a degree of freedom."

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Violence between Sunnis and majority Shiites increased after the bombing on Feb. 22 of the Shiite Golden Mosque in Samarra.

Eroding Support

The sectarian violence and the insurgency to drive U.S. troops out rages on even with the formation of Iraqi Prime Minister Nuri al-Maliki's government on May 20. U.S. commanders earlier said the creation of a new government would help quell the violence.

The conflict continues to erode support for President George W. Bush, with more than half of the public saying the global terror threat increased because of the war, up 20 percentage points from January, according to a Bloomberg/Los Angeles Times poll taken between July 28 and Aug. 1.

American military deaths, including Department of Defense civilian contractors, since the invasion in March 2003, amounted to 2,593 as of Aug. 11, a Department of Defense tally shows. Of those, 2,057 were killed in action and the rest died in accidents or from medical reasons not related to fighting.

Since the Aug. 5 deployment of troops in Baghdad, four have been killed in al-Anbar province, where most American troops die in fighting, according to military statements on the Department of Defense Web site. Five have been killed around the Iraqi capital, all in roadside bomb attacks.

More than 19,000 U.S. soldiers have been wounded in action and nearly 46 percent of those sustained wounds that are so serious they haven't returned to duty, the table shows.

At least 50,000 civilians have been killed in violence in Iraq since Saddam Hussein was ousted in 2003, the United Nations said last month. There were 14,000 people killed in the first six months of the year, mostly in Baghdad, the UN said.

12 Men Found Slain In Tigris (WT/AP)

By Robert H. Reid

The Washington Times/AP, August 13, 2006

BAGHDAD -- Police found a dozen bodies trapped in a grate in the Tigris River, and a roadside bomb killed two U.S. soldiers on foot patrol south of Baghdad yesterday as nearly 50 violent deaths were reported across Iraq.

Prime Minister Nouri al-Maliki banned a Kurdish extremist party from operating in Baghdad in a move seen largely as a gesture to Turkey, which had threatened to send troops across the border to destroy the group's bases in northern Iraq.

The 12 bodies were found in Suwayrah, 25 miles south of Baghdad, at one of a series of metal grates fixed in the river to block debris, said Mamoun al-Rubaie of the Kut city morgue.

All were men between 35 and 45 years old and had been bound, blindfolded and shot in the head or chest, Mr. al-Rubaie said. They appeared to have been the victims of sectarian death squads that operate in the religiously mixed communities in the Baghdad area.

Police also found 15 other bullet-riddled bodies of men who had been handcuffed and blindfolded in six neighborhoods throughout the Baghdad area, police Lt. Mohammed Khayoun said.

Another 21 persons were killed yesterday, mostly in Baghdad but also in Hillah, Mosul and Basra.

The roiling violence, especially between Sunni and Shi'ite Muslims in the Baghdad area, has alarmed U.S. commanders, prompting them to order nearly 12,000 more American and Iraqi soldiers into the capital.

The United States currently has about 32,400 troops in Baghdad and areas south of the capital. About 13,500 are in the city proper, Maj. Gen. James Thurman said yesterday.

U.S. and Iraqi officials have said the reinforcements will focus on four neighborhoods where Sunni residents do not trust the Shi'ite-dominated Iraqi security forces.

Nevertheless, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said he would not rule out significant U.S. troop reductions this year.

Gen. Pace, who arrived in Baghdad yesterday, said such a decision would depend on improvements in the security situation and would be made after consultations with U.S. commanders in Iraq.

As part of the renewed security crackdown, the U.S. military yesterday said that 60 men had been rounded up the day before at a funeral in the southern Arab Jabour neighborhood, a mostly Sunni district.

The 60 men were thought to include members of an al Qaeda-affiliated cell that "specializes in bomb making" and carried out car bomb attacks in the capital, a U.S. statement said.

Women and children at the funeral were separated from the men and the arrests were made without incident, the statement said without giving any details.

"The group has been reported to be planning and conducting training for future attacks," it said. "Multiple forms of credible intelligence led the assault force to the location, later determined to be a funeral gathering, where the suspects were detained."

DOJ_NMG_0047544

Call To Prayer Mingles With Verses Of Grief (LAT)

By Jeffrey Fleishman

The Los Angeles Times, August 13, 2006

With violence spiraling, there are 'nonstop condolence services' at one Baghdad mosque.

BAGHDAD — In coming days, his voice will echo across rooftops beyond the Tigris, a call to prayer in a city at war. But, now, a mother and her son must be mourned.

It didn't used to be this way. The Karada community was once a sliver of sanity amid the rage seeping across Baghdad. These days, though, the streets of this Shiite stronghold are ripped with bomb craters; the black banners of the dead, their names scrawled in yellow and white letters, flutter from courtyard walls.

"In the time before all this sectarian violence, our mosque would receive maybe one or two deaths a month. Ordinary deaths, deaths of the elderly," says Ali Mahmood Ali, the muezzin, or prayer caller, at Al Zuwiya mosque. "But now we have nonstop condolence services…. They're victims of explosions, assassinations, kidnappings. We have so many we can't fit them all. We tell people to reserve."

Amid such circumstance, a man is allowed any bit of quiet joy he can muster. Ali points to the mosque's new minaret. Built with ivory stone from Mosul, and inlaid with green and turquoise tiles, the spire is nearly finished, and soon the bags of mortar will be hauled away, the courtyard will be swept and eight loudspeakers will broadcast the call to prayer in all directions.

"My voice will travel to even remote places," says Ali, the son of a muezzin, who began reciting verses from the Koran when he was 10, landing his first job as a prayer caller at 13. So much has happened since then, boy turning to man, voice deepening and thousands of prayers recited against setting suns and half-blushed moons. Ali likes the intricacy of the minaret and how it brings fluted splendor to streets of drab, closed-up houses.

"Whatever you give God," Ali says, "will be multiplied for you later." He sits on a green carpet in the prayer room. His thick oval face is speckled with black and white stubble and his stomach strains the buttons of a linen shirt. His eyes are dull pinpricks, his hands rough and brown. He knows the mosque like some men know their closets. He is caretaker and tea maker, the one with keys to all the doors.

But it is Ali's voice that gives the rest of him resonance. It is throaty and damp, and sometimes when he speaks, the words lilt as if set to ancient music.

Work on the minaret began in 2004. The U.S. occupation was a year old, and pockets of violence in certain neighborhoods foreshadowed the strife between Shiites and Sunni Arabs. Imam Fadhil Muhsin Salloom asked his followers for donations, saying that since the mosque was built in 1973, it had longed for a minaret with narrow dome and a blessing written in gold to mark this land as a place of God.

"There was supposed to be a minaret all the time, but we couldn't afford a proper one," says Ali, 50. "We had to simulate a minaret by putting a few metal rods on the roof and attaching loudspeakers. My voice didn't travel so far. Then one of our rich people, Ahmad Zanboori, gave us land that used to be a garden. Our campaign began."

Money from worshipers and condolence donations from grieving families trickled in. Gradually, like a flower growing from dust, the minaret rose above the courtyard walls, peeked over the date palms and pricked the desert skyline. But even as it grew, the killings in Baghdad multiplied, and on some days car bombs and mortar rounds shook the mosque, rattling its windows, riffling its curtains. The laborers on the scaffolds stayed busy, chiseling stone and daubing from buckets of wet cement.

Ali is happy for this, but as he speaks, a condolence line grows and men kiss cheek to cheek, some whispering into the ears of the bereaved. Boys bring glasses of water and cups of bitter coffee poured from pots blackened in ash fires. The wind is hot. The names of the dead are posted: Faiza Hussein Alwan and Abbas Zaki Yahya, her 12-year-old son. They died with 30 others in bomb and mortar attacks not far away.

As many as 100 Iraqis die in Baghdad each day. Coffins bob in the traffic; revenge is plotted before the grave is dug.

"We are heading toward the worst," says Raad Ahmed Hasan, a banker and mourner whose eyes turn wild behind his glasses. "I am so hot-tempered about what is happening to my neighborhood and to my friends. They are dying." Hasan yells. A few mourners stop and listen, then walk beneath the minaret to pay their respects. The mosque's guards lean Kalashnikov rifles against their legs, fiddle with 9-millimeter pistols at their sides.

Two Shiite clerics in white turbans join the condolence line. One of their bodyguards, Haidar Habib, wears a gray suit and a pistachio-colored shirt, the outline of a gun visible.

"This neighborhood once symbolized calm and tranquillity," he says. "We were always against Saddam and his Sunni Baathists. That's why the terrorists are targeting us now." The clerics whisk across the courtyard. Habib follows, hurrying along the razor wire and barricades. The entourage speeds away, past neighborhood boys sidling close to their fathers and rows of shops that aren't so pretty anymore.

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"What can we do?" Ali says. "There's a saying by the prophet Muhammad: He who struggles to bring food to his family is doing the noble work of Allah. We must go out and do our daily work. We have to leave our homes to earn money to feed our families. But we never know if we'll return home safe and sound at the end of the day. There are no more sanctuaries."

Alwan and her son were loved. It is late afternoon and mourners still come, patted down by guards at the courtyard gate, gazing for a moment at the new minaret. Ali sits on the green carpet. He closes his eyes, words lifting from him like song:

"O God, Bless Muhammad and the descendants of Muhammad.
In the name of God, I beg nobody but Him.
From whom I fear nothing but His justice.
And I follow nothing but His words.
I cling on nothing but His faith."

The verse drifts from the mosque and is carried away by the wind.

Times staff writer Suhail Ahmad contributed to this report.

U.S. Troops Among Nearly 50 Dead In Iraq (AP)

By Robert H. Reid

AP, August 13, 2006

Police found a dozen bodies trapped in a grate in the Tigris River, and a roadside bomb killed two U.S. soldiers on a foot patrol south of Baghdad Saturday as nearly 50 violent deaths were reported across Iraq.

Prime Minister Nouri al-Maliki banned a Kurdish extremist party from operating in Baghdad in a move seen largely as a gesture to Turkey, which had threatened to send troops across the border to destroy the group's bases in northern Iraq.

Also Saturday, a state commission said nearly 40 top officials of the past two governments have been ordered to appear in court to answer allegations of corruption. They include former ministers of defense, labor and electricity, the commission said.

The 12 bodies were found in Suwayrah, 25 miles south of Baghdad, at one of a series of metal grates fixed in the river to block debris, Mamoun al-Rubaie of the Kut city morgue said.

All were men between 35 and 45 years old and had been bound, blindfolded and shot in the head or chest, al-Rubaie said. They appeared to have been the victims of sectarian death squads that operate in the religiously mixed communities in the Baghdad area.

Police also found 15 other bullet-riddled bodies of men who had been handcuffed and blindfolded in six neighborhoods throughout the Baghdad area, police Lt. Mohammed Khayoun said.

Another 21 people were killed Saturday, mostly in Baghdad but also in Hillah, Mosul and Basra.

The roiling violence, especially between Sunni and Shiite Muslims in the Baghdad area, has alarmed U.S. commanders, prompting them to order nearly 12,000 more American and Iraqi soldiers into the capital.

The United States currently has about 32,400 troops in Baghdad and areas south of the capital — of which about 13,500 are in the city proper, Maj. Gen. James Thurman said Saturday.

U.S. and Iraqi officials have said the reinforcements will focus on about four neighborhoods where Sunni residents do not trust the Shiite-dominated Iraqi security forces.

Nevertheless, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said he would not rule out significant U.S. troop reductions this year. Pace, who arrived in Baghdad on Saturday, said such a decision would depend on improvements in the security situation and would come after consultations with U.S. commanders in Iraq.

As part of the renewed security crackdown, the U.S. military Saturday said that 60 men had been rounded up the day before at a funeral in the southern Arab Jabour neighborhood, a mostly Sunni district.

The 60 were believed to include members of an al-Qaida-affiliated cell that "specializes in bomb making" and carried out car bomb attacks in the capital, a U.S. statement said. Women and children at the funeral were separated from the men and the arrests were made without incident, the statement said without giving any details.

"The group has been reported to be planning and conducting training for future attacks," it said. "Multiple forms of credible intelligence led the assault force to the location, later determined to be a funeral gathering, where the suspects were detained."

Late Saturday, Iraqi state television announced that 16 "terrorists" had been arrested for allegedly exploding a dozen car bombs in Baghdad and plotting to assassinate relatives of the prime minister in his hometown near Karbala.

The independent Commission for Public Integrity said the corruption allegations had been filed against 39 top officials in the governments of former prime ministers Ayad Allawi and Ibrahim al-Jaafari, according to the commission's spokesman, Ali Shabbout.

Shabbout said the officials include ex-Defense Minister Hazem Shaalan and former Labor Minister Laila Abdul Latif, both of whom served in the Allawi government, and Abdul Muhsin Shalash, the electricity minister under al-Jaafari.

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Some have fled the country, but Abdul Latif was released on bail, Shabbout said.

In a brief statement, the government said al-Maliki had banned the Kurdistan Workers Party, a rebel group fighting for autonomy in southeastern Turkey, from operating in Baghdad. Al-Maliki told Turkish Prime Minister Recep Tayyip Erdogan of the order during a telephone conversation Saturday, the statement said.

It was unclear whether the order would have significant effect on the party, known by its acronym PKK, which is not known to have a major operation in Baghdad. The party has been fighting Turkish forces since 1984 and is considered a terrorist organization by Turkey, the United States and the European Union.

The PKK operates clandestine bases in the Kurdish-self ruled provinces of northern Iraq, where central government authority is limited.

Last month, Erdogan said Turkey was moving forward with plans to send troops into northern Iraq to attack PKK bases but was holding talks with the United States and Iraq in an attempt to defuse tensions.

In an interview with the New York Times published Saturday, the U.S. ambassador to Iraq, Zalmay Khalilzad, said Iran was encouraging Shiite militias to step up attacks on U.S. forces in retaliation for the Israeli assault on Hezbollah in Lebanon. The Shiite Hezbollah is backed by Iran.

Privately, some senior U.S. officials are skeptical the Iranian government is doing more than providing money to select Shiite groups. Others insist Iran is providing weapons and training to some Shiite factions.

In Iraq, A Failure To Deliver The Spoils (NYT)

By James Glanz

The New York Times, August 13, 2006

TOUNIS, Iraq

THEY were just two tribal sheiks from a town so small it does not appear on most maps, and they were meeting two weeks ago in the local police station with an American officer to talk about reconstruction projects. Still, they could have been old-time Chicago ward heelers looking out for the neighborhood when a little pork barrel was at stake.

And the sheiks, Abu Jawad and Abu Ghazwan, had not gotten their piece of the action. An American military man they remembered only as Captain Burns had come to their town, a dusty place around 30 miles south of Baghdad, and left without coming through on his promises of electricity projects, water projects, schools, said the sheiks and the local police commander, Lt. Col. Hussein Daher Layg.

The sheiks' disappointment had nothing to do with America's wider strategic aims in Iraq. Rather, explained the sheiks, suited up in traditional checked headdresses and formal robes, dishdashas, they simply could not look their people in the eye after passing on the promises they had received.

The episode said everything about where the failures of the American reconstruction program in Iraq have had their greatest impact — community by community, block by block, house by house as the lights do not go on and water does not squirt from the taps. In Iraq, politics is not merely local: it can seem microscopic, with winners and losers on every crumbling street corner as projects succeed and fail.

"We meet here a lot and you promise us a lot, and nothing happens," said Abu Jawad. "When I go to my people and say, 'Next week, next week,' they start to say I'm lying."

And it was left to a new American officer, Capt. Jocolby Phillips of the 4th Infantry Division, to banish a ghost of broken promises in Iraq, and repair the loss of credibility wrought by this torn stitch in the American enterprise here.

"You will not hear me promise something to you that I will not deliver," said Captain Phillips, an earnest young officer from the West Texas town of Kermit, whose population was 6,000 when he played high school football there. "I hope that will be the start of building trust again with the American forces."

In the United States, the question of the effectiveness of the roughly $45 billion in rebuilding generally boils down to a statistical debate, with proponents saying that thousands of projects have been completed, and critics pointing to thousands that are incomplete or have not even started.

With most of the American-taxpayer money for rebuilding set to run out this year, that debate has become sharper. But it is beside the point in Iraq, where sentiment on the street is overwhelmingly dismissive of a reconstruction effort prolific in press releases but with little clear impact on people's lives.

Just as important in Iraq, there is no tribal or local political leader who can take credit for something as amorphous as megawatts added to Iraq's national electrical grid or increased oil production.

For that reason, the reconstruction successes in Iraq seem to be almost always on narrow, targeted, geographically and demographically limited projects. In Diyarah, a mixed Sunni-Shiite town a few miles from Tounis, Captain Phillips and Sgt. First

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Class Michael H. Taylor, both in D Company of the division's 2nd Battalion, 8th Infantry Regiment, showed off a brand new electrical generator and a water plant whose pipes were being laid in fresh trenches along the city streets.

There was a smiling Sunni imam, Saleh Hassan al-Wan, the Americans' main contact in the town, who said that people who had recently left Diyarah were now moving back because of the generator. He said he was aware that the town of Tounis was jealous of Diyarah's success with reconstruction.

"We go to sleep and we can get good sleep because of the new generator," the imam said.

Walking through the streets of Diyarah like a beat cop on his rounds, Captain Phillips said that problems with Shiite militias in Tounis were one factor in slowing the rebuilding there. But during his meeting in Tounis, he spent much of his time trying to undo the damage wrought by promises large and small, some apparently delivered by the mysterious Captain Burns, which were never delivered to the local chieftains the Americans desperately want on their side.

"The promises that he made, obviously he was not able to fulfill on that," an exasperated Captain Phillips said, "and that was wrong."

But as justifiable as the sheiks' outrage appeared to be on certain points, it was also clear that they were playing a game as old as pork barrel politics: working over a well-intentioned official with money to spend and giving it all they had.

The local police chief played his role as host perfectly, too, offering lengthy speeches in praise of the Americans but then warning that if the projects did not materialize soon, the chief might call for a meeting and find, to his chagrin, that none of the Iraqi elders would attend.

"We need to show all the people here that the coalition forces are not liars," the police chief said.

The sheiks hammered Captain Phillips from every possible angle. When Abu Ghazwan asked why Latifiya, another town just up the road, had been getting projects when Tounis was not, the captain replied that the town was in a different unit's area of responsibility — a fact that the canny sheiks surely knew.

When Captain Phillips reminded them that he was in fact prepared to spread some sugar and finally bring some projects to Tounis, Abu Jawad had an answer: "There are three small projects and none of them has been delivered so far."

Captain Phillips, speaking as patiently as possible to his translator, said of one of those projects: "Here is what they must understand. It is a small project for Tounis. But all across Iraq, everyone is doing —— "

"Sir!" Abu Jawad interrupted. "You are not just a military man. You are also a politician and a very good one. Because we have gotten only a mirage."

Success In Iraq Is Up To The Iraqis (WP)

By Stephen J. Solarz And Michael E. O'hanlon

The Washington Post, August 13, 2006

President Bush has been emphatic in saying that American troops will leave Iraq only when conditions there allow it. His "stay the course" approach, underscoring the progress Iraq needs to make in security and other areas before we can prudently depart, has sent a powerful signal to our Iraqi friends that our commitment is durable -- and to our Iraqi and jihadist enemies that we will not be intimidated into a hasty departure.

For the first few years of U.S. involvement in Iraq this "conditions-based" exit strategy made some sense. But in view of the deteriorating security situation in Baghdad and the emergence of an escalating sectarian conflict between Sunnis and Shiites, the time has come for what might be called a conditions-based commitment strategy.

This new strategy would make our continued military presence in the non-Kurdish areas of Iraq contingent on the Iraqi government's initiating long-overdue steps that are crucial for any prospect of success. It would be similar to what Congress demanded of El Salvador in the 1980s, when continued U.S. assistance was made conditional on substantial progress toward the elimination of government-sponsored death squads and greater respect for human rights in general. Such an approach in Iraq could spark needed reforms while still allowing the president sufficient flexibility.

This approach recognizes that the most important policy decisions now needed in Iraq can be undertaken only by Iraqis. It also recognizes the changed politics of Iraq in the United States. Most Americans think we are either losing or treading water -- and their assessment is not far off. If the Iraq mission is to remain politically sustainable at home, we need to make it clear that our commitment is not open-ended and that without essential reforms we will not continue to spend American blood and treasure on a failing operation.

Right now Iraq faces a Sunni-based insurgency that is morphing into a Sunni-Shiite civil war. To have any hope of defeating the insurgency, Prime Minister Nouri al-Maliki's administration needs to establish its legitimacy in the eyes of the Sunni community, giving Sunnis a stake in the success of a government they no longer dominate and depriving the resistance of the support it enjoys from as much as 20 percent of the population. To have any hope of preventing civil war, the government must eliminate the Shiite death squads that have fueled the downward spiral toward an all-out sectarian conflict.

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To succeed, the Iraqi government must make substantial progress over the next few months in:

Â· Adopting a series of constitutional amendments and related legislation that address the concerns of the Sunni community, while also being acceptable to Kurds and Shiites, on key issues such as federalism and the equitable distribution of Iraq's future oil revenue.

Â· Reining in the Shiite militias. This is the hardest challenge of all, since Maliki's government depends on the support of the party leaders whose militias he needs to bring under control.

Â· Creating and implementing a plan for rehabilitating lower-level Baathists so that those who were essentially forced to join the party under Saddam Hussein but were never directly complicit in its crimes can fully reenter the nation's political and economic life.

Â· Establishing functioning government ministries capable of delivering essential services.

These are all steps that both the Bush and Maliki administrations have already endorsed. But this approach would make our continued military presence in the non-Kurdish areas of Iraq contingent on their implementation within a reasonable period.

To be sure, the cost of failure in Iraq would be enormous. Jihadists would gain a new bastion in the region and be confirmed in their view that the United States is a paper tiger. In addition, a major oil producer would be condemned to a sectarian conflict that would probably be much worse than the Lebanese civil war in the 1970s (in which 150,000 Lebanese lost their lives). Our claims to care about a key Muslim nation would be mocked, and a strategically crucial part of the world would risk slipping into a broader regional conflict. But whether such a failure can be averted depends much more on the Iraqis than it does on the United States.

The debate over Iraq in the United States has become extraordinarily polarized. Given the implications of an American failure, most Republicans argue that we should stay the course regardless of the cost in life and money and even our prospects for success. Given the price being paid, most Democrats believe we should begin the process of withdrawing now, regardless of the consequences.

National disunity in time of war is a recipe for failure. By recognizing the imperative of success in Iraq, while also recognizing that success is not possible in the absence of measures that only the Iraqi government can take, a conditions-based commitment strategy has the potential not only to induce the Iraqi government to do what it must but also to unite the American people around a policy more firmly rooted in Iraqi and American realities.

Stephen J. Solarz, a former Democratic representative from New York, was a co-author of House legislation authorizing Operation Desert Storm in 1991. Michael E. O'Hanlon is a senior fellow at the Brookings Institution and co-author of Brookings' Iraq Index.

It's The Condi Rice Show (TIME)

By Mike Allen

Time, August 13, 2006

Back in 2003, Condoleezza Rice, then the National Security Adviser, decided that U.S. administrator L. Paul Bremer's plan for getting a government going in Iraq wasn't viable. Without telling Bremer or his boss, Defense Secretary Donald Rumsfeld, Rice went to President George W. Bush after her summer vacation to put the viceroy on a shorter leash. She knew that the President exercised with Bremer when he visited Washington, appreciated his strong Catholic faith and treated him like a Cabinet member. But she drew on her even deeper bond with the President. She soft-pedaled her views of Bremer's record so as not to make it personal and got herself put in charge of Iraq policy.

The episode, a precursor of Rice's outmaneuvering of Bush hard-liners when she became Secretary of State, is revealed in Imperial Life in the Emerald City, a forthcoming book about the Green Zone by the Washington Post's former Baghdad bureau chief Rajiv Chandrasekaran. The details were confirmed for TIME by an official who was involved, who added a telling coda: Bremer actually liked the new arrangement because he "got to deal with Condi, who had the President's ear." Since moving out of the West Wing to take over State in early 2005, Rice has returned there often and has remained close to the President and First Lady. Now the President's hopes for becoming a Middle East peacemaker lie with the imperturbable and at times inflexible concert pianist and childhood championship ice skater he calls "an unsticker"--a solver of insoluble problems.

Rice announced before heading off to Israel and Lebanon last week that she was not after "a temporary solution," much to the consternation of Arab and European allies of the U.S. The New York Times ran a vivid front-page photo of Rice, eyes closed, holding her head as if in despair. In fact, she was wiping off perspiration that was pouring down her forehead in a broiling conference room in Rome. (The hall normally seats about 100 people but was packed with 1,000; firefighters showed up to remove doors to cool the place down.) Her goal is grander than the instant results demanded by her critics. She says she is after nothing less than a changed Middle East, which requires more than a cease-fire that could quickly be breached. As White House

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press secretary Tony Snow put it, the objective is to "create the conditions so that you not only have the piece of paper, you have the peace."

Rice has greater access and latitude than any Secretary of State since Henry Kissinger left government after Gerald Ford lost in 1976, and she has capitalized on every bit of it. Many senior officials at the National Security Council are Rice loyalists who date back to her days there, so the State Department and the White House work closely together and sometimes cut the Pentagon out, according to participants. Until now, she has won generally glowing marks for a record that includes offering the first substantive talks with Iran in 27 years. But some Bush aides were miffed that she embarked on what they sarcastically called the "Condi Rice Show" without a clearly attainable goal. Her initial round of diplomacy in the Israel-Hizballah hostilities was mostly portrayed as a failure, and she looked drained as she emerged from a meeting of world powers in Rome, where many allies had pushed to call for an immediate cease-fire.

Earlier this month Rice took her senior staff to the Wye River Conference Center on Maryland's Eastern Shore to plan the fall, including a presidential trip to the U.N. The former plantation was the site of Bill Clinton's negotiations between the Israelis and Palestinians. A reprise looks very far off to the Bush team. Nevertheless, friends say, Rice, 51, is thriving in her higher-profile role, working from 6:30 a.m. until 7:30 or 8 at night, then treating herself to tennis, the Kennedy Center and brunches with friends on weekends. Roughly one Sunday a month she has her chamber-music group over to her Watergate apartment.

She worked on the National Security Council of President George H.W. Bush, and some Bush-family aides say Rice's election as the first black and first woman President could be one of the clan's greatest legacies. Although no national race appears to be in the offing for 2008, friends hope she will eventually run statewide in California. Rice's staff recognizes that the speculation about her political future may be useful, and has overhauled the optics of the job to give her coverage greater pizazz. In Washington she appears with world leaders in front of a fireplace that could be in the Oval Office. Abroad, she is photographed stepping from a plane with an almost presidential wave, a shot that Colin Powell's staff rarely facilitated. "The time for diplomacy is now," she said at her confirmation hearing. It was a message not only to the world but also to parts of the Administration that had thwarted Powell.

Rice's staff asked State Department historians for the dossiers of successful Secretaries. One characteristic they had in common was clout. She can check that off. Now she must show she can use it.

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What Really Causes Civil War? (NYT)

By Gary J. Bass

The New York Times, August 13, 2006

The commonplace assumption that a more homogeneous society is a more peaceful society certainly sounds reasonable. Surely monoethnic Japan should have an easier time maintaining domestic order than Indonesia; or Slovenia than Macedonia. After all, in a country with numerous ethnic or religious groups, politicians are easily tempted to organize factions along group lines — which can lead to rising tensions and even civil war or the collapse of the state. In 1938, Benito Mussolini warned, “If Czechoslovakia finds herself today in what might be called a ‘delicate situation,’ it is because she was not just Czechoslovakia, but Czech-Germano-Polono-Magyaro-Rutheno-Rumano-Slovakia.”

Today, as Iraq spirals toward outright warfare between Sunnis and Shiites, it risks joining a lengthening list of countries that have seemingly inevitably been ripped apart by bitter sectarian hatreds: Yugoslavia, Rwanda, Sudan and not least Lebanon, which experienced civil wars in 1860 and 1958 and from 1975 to 1990 and may face yet another one.

But what if this whole premise is wrong? Odd as it may seem, there is a growing body of work that suggests that multiethnic countries are actually no more prone to civil war than other countries. In a sweeping 2003 study, the Stanford civil war experts James D. Fearon and David D. Laitin came to a startling finding: “it appears not to be true that a greater degree of ethnic or religious diversity — or indeed any particular cultural demography — by itself makes a country more prone to civil war.”

Fearon and Laitin looked at 127 civil wars from 1945 to 1999, most often in sub-Saharan Africa and Asia. They found that regardless of how ethnically mixed a country is, the likelihood of a civil war decreases as countries get richer. The richest states are almost impervious to civil strife, no matter how multiethnic they might be — think for instance of Belgium, where Flemings and Walloons show almost no inclination to fight it out. And while the poorest countries have the most civil wars, Fearon and Laitin discovered that, oddly enough, it is actually the more homogeneous ones among them that are most likely to descend into violence.

Fearon and Laitin explained their findings by noting that while the world is awash with political grudges, ethnic and otherwise, civil wars only begin under particular circumstances that favor rebel insurgencies. The most common situation involves a weak, corrupt or brutal government confronting small bands of rebels protected by mountainous terrain and sheltered by a sympathetic rural population, and possibly bolstered with foreign support or revenues from diamonds or coca. These

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insurgents may be ethnic chauvinists, but they could equally well be anti-colonialists, Islamists, drug lords, greedy opportunists, communists of various stripes and so on.

The Fearon and Laitin argument has not gone unchallenged. In a 2004 paper, the Oxford economists Paul Collier and Anke Hoeffler noted that when an ethnic group makes up more than 45 percent but less than 90 percent of a population, strife becomes more likely. Such a group, they reasoned, will be especially tempted to exploit smaller groups.

Other scholars have backed up Fearon and Laitin's general argument. Crawford Young, an African politics expert at Wisconsin and a former dean at the National University of Zaire, maintains that the new pattern of conflict in Africa, where many of the post-1989 civil wars have broken out, has "nothing to do with religion, ethnicity and race." In contrast to the conventional view that violence in Africa is a product of the legacy of arbitrary colonial borders that bundled rival tribes together, Young blames recent African civil wars largely on novel financial and military factors. He points to the illicit sale of arms from the former Soviet Union and the rising professionalism of foreign-trained guerrillas (including jihadis who fought the Soviets in Afghanistan) as well as the use of child soldiers in Uganda and Congo.

Young emphasizes that rebels do not need much popular support if they can manage to finance themselves: trading in illicit diamonds helped bankroll and sustain Charles Taylor's National Patriotic Front of Liberia, not to mention rebels in Sierra Leone and Angola. This argument also helps explain why Colombia's civil war, fueled by coca profiteering, has dragged on for so many decades. Far from needing ethnic grievances to perpetuate them, some civil wars can perpetuate themselves.

If true, the notion that ethnic diversity does not make civil war more likely would be reassuring news for citizens of multiethnic countries like the United States and India. It would also call into question the thinking of pundits like Robert D. Kaplan, who has written that that multiethnic Nigeria "is likely to split into several pieces," and Samuel P. Huntington, whose book "The Clash of Civilizations and the Remaking of World Order" previews a world torn apart by cultural differences between Muslims and other civilizations — ethnic warfare on a global scale. The Fearon-Laitin thesis suggests that the debate over the future of fragile countries should turn from questions of ethnic demography to the need for good government, economic development and adequate policing. It also implies that there was nothing inevitable about the terrible sectarian strife in Iraq. Ethnic wars do not just happen; they are made.

Standing By Bush (WP)

By Joshua Muravchik

The Washington Post, August 13, 2006

The Post reported recently on Page 1 that "President Bush is facing a new and swiftly building backlash on the right over his handling of foreign affairs" ["Conservative Anger Grows Over Bush's Foreign Policy," July 19]. Judging by those quoted, the current backlash is centered among neoconservatives, until now Bush's most ardent foreign policy constituency.

A few weeks earlier, Richard Perle, one of the most respected neocons, had penned a scathing critique of Bush's Iran policy [Outlook, June 25]. I myself may have contributed to the overall impression of neocon disillusionment by decrying the administration's flaccid response to a wave of repression by Egyptian President Hosni Mubarak [op-ed, June 27].

But for neocons or any other conservatives to turn against George W. Bush would be a terrible mistake. Presidents invariably disappoint their strongest supporters. Their powers are limited, and they must cope with Congress, public opinion, unwieldy agencies and, where foreign policy is concerned, other nations that can help or hinder us. The results never match the elegance of the policies formulated by people like me, who grapple only with editors.

Neocons and other conservatives revere the memory of President Ronald Reagan now. But at the time, we weren't satisfied. "To say that neoconservatives [are] disappointed . . . understates the case to an incalculable degree," Norman Podhoretz, editor of the neocon flagship Commentary magazine, lamented about Reagan's foreign policy in 1982.

Reagan's anti-communist actions toughened in the years that followed, leading to victory in the Cold War. But on terrorism they remained equivocal. In 1983, when Hezbollah blew up our Beirut embassy and followed with a suicide bombing that killed 220 Marines, the president ordered our forces to abandon their peacekeeping mission and slink away unavenged. In his second term, Reagan committed the sin of appeasement, trading arms to Tehran for U.S. hostages.

The contrast between Reagan's courage toward the "evil empire" and his faintheartedness toward Middle Eastern terrorists underscores the magnificence of Bush's achievement in marshaling our country for a war against terrorism. Middle Eastern terrorists had been coldly murdering Americans for three decades, but from Nixon through Clinton, no president dared face the issue head-on. The fight promised to be too nasty, and it required a strategy for changing the politics and psychology of the Middle East, for which there was no guidebook. So each administration had contented itself with shaking a symbolic fist or issuing some subpoenas while leaving the problem to metastasize.

This led to the Sept. 11 attacks, putting Bush to the test. Liberals said we should continue to treat terrorism as a law enforcement issue. Others would have attacked al-Qaeda in Afghanistan and left it at that. In contrast, Bush set forth the

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enormous goal of destroying terrorist groups; cutting off government support for terrorists, if necessary by regime changes; and engineering a new culture in the Middle East by means of democratization. This was a plan to warm the hearts of neocons, embodying ideas for which we had long been arguing (and giving rise to inflated tales of neocon influence, even though few neocons served in the administration).

The necessity for such a far-reaching strategy was brought home again last week by the revelation of another vast terrorist plot involving scores of British and Pakistani Muslims with apparently tenuous links to al-Qaeda. The diverse and seemingly endless supply of such volunteer killers suggests the depth of the challenge we face.

Bush's pursuit of a fundamental solution was especially courageous because he knew it could not all be achieved within the span of his presidency, thereby courting public impatience. But his courage has held.

When Israel was attacked by Hamas and Hezbollah, two tentacles of the international terrorist jihad, much of the rest of the world responded in knee-jerk fashion, chastising Israel's reaction as "disproportionate." But Bush insisted on supporting Israel's attempt to break the terrorist sword hanging over it.

None of this is to say that Bush's performance, including the campaign in Iraq, is above criticism by conservatives -- or liberals. I worry, for example, about whether he is conceding too much to our U.N. Security Council partners regarding Iran. But if he is going to bomb Iran's nuclear facilities -- as I believe he will have to do and will not shrink from doing -- his position will be strengthened by having exhausted every diplomatic possibility. I worry, too, about indulging North Korea. But no president can tackle every problem at once.

Bush has taken on the one problem that is by far most important, and he has done it with remarkable perseverance. He led our nation into a war that is both just and necessary and that he knew could not be finished on his watch -- a thankless undertaking. For this he deserves unflagging support from neocons and other conservatives, and indeed from all Americans.

The writer is a resident scholar at the American Enterprise Institute.

Rep. Davis: War Bungles Should Oust Rumsfeld (AP)

AP, August 13, 2006

HAMPTON, Va. U-S- Representative Jo Ann Davis is doing something unusual -- she's siding with a Democrat when it comes to defense policy.The Virginia Republican says she agree with Senator Hillary Clinton -- a New York Democrat -- that Defense Secretary Donald Rumsfeld should resign.Clinton made the suggestion earlier this month. Davis announced her feelings to the Hampton Roads Chapter of the American Society of Military Comptrollers Thursday.She blames Rumsfeld for bungling the handling of the war in Iraq. She pointed to his 2003 firing of General Eric Shinseki (shin-SEK-ee) who told officials before the war that hundreds of thousands of U-S troops would be needed there during the postwar period.Rumsfeld fired him in 2003.Now, Davis says ... quote ... "General Shinseki has been proven right."Davis says she's also disturbed by meetings with injured soldiers. But she says she continues to support the war -- she just wants soldiers home quickly.

Afghan Road Rage (WP)

The Washington Post, August 13, 2006

After a spring and summer of bloody clashes with a resurgent Taliban, U.S. forces in Afghanistan have learned the hard way that their presence is sometimes backfiring among Afghan civilians. When a U.S. military vehicle caused a fatal traffic accident in Kabul on May 29, resentment erupted into the deadliest rioting the city has witnessed in years. Indeed, U.S. troops have earned a reputation as "negligent, offensive, rude, callous, occupiers, hostile, disrespectful . . . you get the point." That description is found in the memo below by a senior sergeant in Afghanistan, signaling that the Army is thinking seriously about how to operate differently -- and more effectively -- in its counterinsurgency efforts. The document has been widely circulated among the U.S. military not only in Afghanistan but also at the Pentagon; on July 18 it was e-mailed to all Army generals.

-- Thomas E. Ricks

U.S. Patrol Hit In Afghanistan (LAT/AP)

From The Associated Press

The Los Angeles Times, August 13, 2006

KABUL, Afghanistan — Militants attacked a U.S. patrol with rocket-propelled grenades, killing three Americans in Afghanistan's northeast, one of the wildest regions in the country, an official said Saturday.

U.S. troops used artillery to repel the attack in Nuristan province Friday, Col. Tom Collins said.

Three U.S. soldiers and a civilian were wounded in the clash, which occurred in the Waygal district. American forces are hunting for Taliban fighters and extremists close to Osama bin Laden's Al Qaeda network in remote mountains along the Pakistani border.

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In the restive southeastern Ghazni province, gunmen killed a former deputy governor outside his home, months after his former boss was assassinated in an ambush, an official said.

Abdul Hakim was shot Friday night when he left his house, a spokesman said. In March, militants ambushed former Gov. Taj Mohammed near his home, killing him and four others.

A British soldier was killed Saturday in a vehicle accident in the southern province of Helmand, a British Defense Ministry spokesman said.

U.S. Is Slow To Act On Lessons Of New Warfare (BSUN)

By David Wood

The Baltimore Sun, August 13, 2006

Conventional methods cannot defeat enemy, experts warn

WASHINGTON -- From the foiled London airliner bombing plot to the bloody street carnage in Baghdad and smoking wreckage of southern Lebanon came chilling reminders last week that the United States and its allies are locked in a long war with a ruthless, technically adept enemy, one the United States is ill-prepared to confront and cannot fully defeat, senior officials say.

Strategists call this "unrestricted warfare" to describe the way it is fought: outside the skein of international law and Western moral standards, by enemies that are dispersed in cells and networks and so enmeshed in religious sects and culture that they are difficult to detect - and almost impossible to deter.

Throughout the week's bloody crises and threats, most of the vast military resources of the United States sat idle, its nuclear missiles unable to deter terrorists or insurgents, its sophisticated jet fighters and warships and highly experienced ground troops unable to prevent suicide bombings in Iraq or to stop the death and destruction in southern Lebanon.

In recent years, American defense analysts have used various terms to describe unrestricted warfare: guerrilla war, low-intensity conflict and insurgency. It has been the subject of dozens of books, learned treatises, military manuals and conferences - and yet a clear comprehension of how it works and how to defeat it seems elusive.

"Our understanding of these new adversaries is limited," said Jim Thomas, a senior strategist for Defense Secretary Donald H. Rumsfeld.

In an interview, Thomas likened the threat to a flu virus: You can fight off this year's strain, but you know a different type is coming next winter. In that sense, the virus wins by not losing, and there will be no conclusive fight-to-the-death battle that the military prefers.

"This adversary is not going to fight you that way," he said. Instead, this enemy "can metastasize, and we've seen that with al-Qaida, where you have lots of franchises or copycats. It can also mutate over time, with different tactics and capabilities."

Ultimately, the war on terrorism demands an indirect approach, winning the great "silent majority" of Muslims and marginalizing Islam's radical extremists, said Brig. Gen. Robert L. Caslen, until recently deputy director for terrorism on the Pentagon's Joint Staff.

"The biggest dilemma with insurgency or unrestricted warfare is that every time you use force to accomplish your immediate tactical objectives, and that force produces significant collateral damage, you move that population of Islam to the right, toward the radicals," said Caslen, commandant at the U.S. Military Academy at West Point.

"When you start destroying Islamic culture and families and ruining lives and that makes news - and they are experts at manipulating the media - then you start creating more jihadists than you are defeating."

That is the dilemma the United States has been unwillingly pushed toward in Afghanistan and Iraq, critics say, where the continued use of airstrikes, for example, seems to have accelerated resistance to U.S. forces.

"In fact, radicalization is expanding, and we haven't turned the corner on that yet," Henry Crumpton, the former CIA officer who oversees counterterrorism policy at the State Department, recently observed.

These gloomy assessments illustrate a growing realization that the U.S. response to al-Qaida, Hezbollah and their likely imitators requires a strategy and set of weapons and capabilities unlike those it has today. These include:

· A new air power strategy, to make better use of intelligence and surveillance technology and miniature precision weapons.

In Afghanistan, after the Taliban and al-Qaida forces withdrew into the mountains in late 2001 and early 2002, U.S. forces were unable to find and strike them, according to a detailed study by Steven Biddle for the U.S. Army War College Strategic Studies Institute. The result was that Osama bin Laden got away and al-Qaida forces could regroup.

The Air Force declined to respond to questions for this article.

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· A new strategy for deterrence. The traditional threat of massive conventional or nuclear retaliation is impractical against a hidden foe with no fixed address and a set of values that might seem incomprehensible, according to specialists in strategic planning.

What is needed is what some call "tailored deterrence," which would threaten something or some place that each enemy holds dear. That approach requires deep intelligence and complex analysis at levels not commonly done.

· Faster technological response to threats. Today's enemies, with no bureaucracy, seem to be able to conjure up new forms of weapons, such as improvised bombs detonated with cell phones, faster than the Pentagon can devise technical responses. It has taken the Air Force more than a year to develop a small-diameter bomb in response to demands from airmen in Iraq for weapons that cause fewer civilian casualties. The U.S. and Israel worked for years on a missile defense system before giving up because of cost and complexity. Pentagon teams have won praise for devising ways to detect and defeat improvised bombs in Iraq; their approach could be expanded, critics say.

· A new strategy to control escalation in a battle with unrestricted warriors. Given Israel's frustration in trying to bring the full weight of its military power against Hezbollah, there is great risk of throwing off all restraints, said Andrew F. Krepinevich, a West Point-educated former Pentagon strategist who now heads the nonpartisan Center for Strategic and Budgetary Assessments, in Washington.

"When a country feels its back is up against the wall, it will stop at nothing to try to defend itself," he said. "Then you have something very much different than a limited war."

· Greater numbers of highly skilled infantrymen familiar with local language and culture and comfortable operating in the shadows against a foe with no morals, capabilities beyond today's military forces.

"You need to have the 19-year-old corporal, or sergeant, comfortable with making those decisions," said Jeffrey Davis, whose last assignment before retiring in June from the Marine Corps was writing its counterinsurgency manual.

Troops must have a "clear understanding" of their strategic purpose - for example, the specific goal of the U.S. presence in Iraq as it spirals toward civil war, he said. That purpose might not be clear at senior leadership levels.

"We are all struggling with what to do" against the threat of unrestricted warfare, said Ronald R. Luman, head of the national security analysis department of the Johns Hopkins University Applied Physics Laboratory.

"People are stuck. They want to do something soon, but the intellectual homework, the deep analysis that we have done for conventional warfare, doesn't yet exist for this sort of warfare," said Luman, who organized a conference in March on the subject that drew experts from government and academia.

In its most recent strategic reassessment, released in February, the Pentagon acknowledged that it is "still encumbered with a Cold War organization and mentality in many aspects of Department operations."

The report, known as the Quadrennial Defense Review (QDR), detailed some steps the Pentagon has taken in response to the challenges of unrestricted warfare, such as ordering an expansion of Special Operations forces and trying to develop "a wider range of conventional and non-kinetic deterrent options." (Non-kinetic, in military parlance, means "non-explosive" and refers to economic, judicial and other forms of power.) The QDR and other U.S. strategy documents also call for tighter coordination among federal agencies.

More needs to be done, officials say.

"We need to be more like our enemies, organizationally" - flexible, networked, unconventional, said Thomas. "You can't fight this war from the center."

Yet there is too little coordination among government agencies. And the decisive shift in defense spending that many expected from Rumsfeld has never come.

Instead, the huge $468 billion defense budget overwhelmingly serves big-ticket conventional weapons: the Army's Future Combat Systems, nuclear attack submarines and the Air Force's supersonic stealth fighter, the F-22.

"Lots of people expected either a wholesale cancellation of big weapons systems - or a statement that insurgency is a temporary spike and there won't be any more after Iraq," said Biddle, currently a military analyst at the Council on Foreign Relations.

"There is lots of talk about insurgency, but then nothing was canceled. Everybody sort of got what they wanted."

david.wood@baltsun.com

Dragged Back Into Somalia (LAT)

By Mike Clough, Mike Clough Was Director Of The Africa Program At The Council On Foreign Relations From 1987 Until 1

The Los Angeles Times, August 13, 2006

The country is on the brink of becoming the fourth front in the U.S. war on terror.

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THE LAST TIME Somalia got Americans' attention was in October 1993, when U.S. Delta Force commandos and Army Rangers were dropped into its capital city, Mogadishu, to capture two aides of a Somali warlord. The mission was successful, but two Black Hawk helicopters were downed by Somali militia, and in the ensuing firefight, 18 Americans died. Images of an Army Ranger's body being dragged through the streets horrified U.S. households. Soon after, President Clinton abandoned the country, and Somalia was largely forgotten until the 2001 movie "Black Hawk Down" retold the tragic story.

Now, Somalia is on the brink of becoming the fourth front in the U.S. war on terror. As in Afghanistan, Iraq and in Lebanon, the U.S. is allied in some way against radical Islamic fundamentalists.

The Islamic Courts Union, a growing alliance of Islamic militants, recently routed U.S.-backed warlords and took over Mogadishu. It seeks to oust a transitional federal government, which is supported by the African Union but controls only the town of Baidoa. On the sidelines is the U.S.-backed regime in Ethiopia that is eager to lead the battle against the Islamists, who may have ties to Al Qaeda. A war could quickly spread throughout the Horn of Africa and be as costly in human lives as the IsraeliHezbollah conflict.

In many ways, this latest front in the war on terror is the culmination of nearly 30 years of alternating Washington policy blunders and neglect in the Horn of Africa. That history has left the U.S. with few good options in a worsening situation.

U.S. missteps in the region date to 1977, when policymakers tacitly — and foolishly — encouraged Somalia to take advantage of political instability in the Ethiopian capital and grab control of Ethiopia's Somali-inhabited Ogaden region.

The move backfired when Soviet and Cuban troops rushed in to defend the Marxist regime in Addis Ababa, turning Ethiopia into Moscow's staunchest ally in Africa. In response, Washington armed Mohamed Siad Barre's thugocracy in Somalia.

When the Cold War ended, U.S. policy toward Somalia swung from intense engagement to indifference. Aid was cut off, Barre was overthrown and the country began its descent into anarchy.

But in 1992, the New York Times published photographs of starving children in Baidoa, and President George H.W. Bush sent U.S. troops into Mogadishu under U.N. auspices to distribute food. It was a noble humanitarian gesture but ultimately misguided.

Most experts opposed American intervention in Somalia because they believed that the famine was nearing an end and that the presence of U.S. soldiers would only exacerbate the conflicts among rival clan warlords that stymied relief efforts.

They were right.

As fighting among Somalia's warlords intensified, the Clinton administration and the United Nations started to talk about nation-building. It was never clear which was prepared to restore order, but the mere possibility that the U.S. or the U.N. might try made them targets.

The Black Hawk incident abruptly ended talk of nation-building as a goal, and Somalia was forgotten again.

Meanwhile, Clinton had embraced the Ethiopian government of Prime Minister Meles Zenawi as the region's cop. Meles was seen as a tough-minded reformer who, along with other "new African leaders," would provide much-needed role models for a troubled continent. He also pledged to assist covert efforts to track down Al Qaeda cells operating in the region, which was especially important to Washington in the wake of the 1998 U.S. Embassy bombings in Kenya and Tanzania.

Thus were sown the seeds of the current conflict unfolding in the Horn of Africa. The chaos in Somalia, the result of years of on-again, off-again U.S. policy, allowed the Islamic militants to gain sway in a country where religion has traditionally been far less important than kinship. Clinton's embrace of Meles — and President George W. Bush's strengthening of ties with Ethiopia after 9/11 — encouraged the Ethiopian prime minister to believe that he could dictate Somalia's political future.

If Ethiopia, which has a large, moderate Islamic population, were a stable democracy committed to nurturing a democratic Somalia, the Clinton-Bush strategy would make sense. But it is not. As Human Rights Watch reported on the eve of parliamentary elections last year, the Meles regime crushed dissent in Oromia, a region overwhelmingly hostile to it, in order to maintain power. Since the election, many of the opposition leaders who won seats in Parliament are now in jail.

With a growing likelihood of war in the Horn of Africa, Bush has little maneuvering room. He could accept the emergence of an anti-American Islamist Somalia. He could back Ethiopian intervention on the side of the transition government in Baidoa, which would lead to a bloody war. Or he could try to persuade another African government to militarily support the transitional government.

None of these are particularly appealing, even when practical. This time, Somalia doesn't seem to be going away.

Sickened Iraq Vets Cite Depleted Uranium (AP-Y)

By Deborah Hastings, Ap National Writer

AP, August 13, 2006

It takes at least 10 minutes and a large glass of orange juice to wash down all the pills — morphine, methadone, a muscle relaxant, an antidepressant, a stool softener. Viagra for sexual dysfunction. Valium for his nerves.

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Four hours later, Herbert Reed will swallow another 15 mg of morphine to cut the pain clenching every part of his body. He will do it twice more before the day is done.

Since he left a bombed-out train depot in Iraq, his gums bleed. There is more blood in his urine, and still more in his stool. Bright light hurts his eyes. A tumor has been removed from his thyroid. Rashes erupt everywhere, itching so badly they seem to live inside his skin. Migraines cleave his skull. His joints ache, grating like door hinges in need of oil.

There is something massively wrong with Herbert Reed, though no one is sure what it is. He believes he knows the cause, but he cannot convince anyone caring for him that the military's new favorite weapon has made him terrifyingly sick.

In the sprawling bureaucracy of the Department of Veterans Affairs, he has many caretakers. An internist, a neurologist, a pain-management specialist, a psychologist, an orthopedic surgeon and a dermatologist. He cannot function without his stupefying arsenal of medications, but they exact a high price.

"I'm just a zombie walking around," he says.

Reed believes depleted uranium has contaminated him and his life. He now walks point in a vitriolic war over the Pentagon's arsenal of it — thousands of shells and hundreds of tanks coated with the metal that is radioactive, chemically toxic, and nearly twice as dense as lead.

A shell coated with depleted uranium pierces a tank like a hot knife through butter, exploding on impact into a charring inferno. As tank armor, it repels artillery assaults. It also leaves behind a fine radioactive dust with a half-life of 4.5 billion years.

Depleted uranium is the garbage left from producing enriched uranium for nuclear weapons and energy plants. It is 60 percent as radioactive as natural uranium. The U.S. has an estimated 1.5 billion pounds of it, sitting in hazardous waste storage sites across the country. Meaning it is plentiful and cheap as well as highly effective.

Reed says he unknowingly breathed DU dust while living with his unit in Samawah, Iraq. He was med-evaced out in July 2003, nearly unable to walk because of lightning-strike pains from herniated discs in his spine. Then began a strange series of symptoms he'd never experienced in his previously healthy life.

At Walter Reed Army Medical Center in Washington, D.C, he ran into a buddy from his unit. And another, and another, and in the tedium of hospital life between doctor visits and the dispensing of meds, they began to talk.

"We all had migraines. We all felt sick," Reed says. "The doctors said, 'It's all in your head.' "

Then the medic from their unit showed up. He too, was suffering. That made eight sick soldiers from the 442nd Military Police, an Army National Guard unit made up of mostly cops and correctional officers from the New York area.

But the medic knew something the others didn't.

Dutch marines had taken over the abandoned train depot dubbed Camp Smitty, which was surrounded by tank skeletons, unexploded ordnance and shell casings. They'd brought radiation-detection devices. The readings were so hot, the Dutch set up camp in the middle of the desert rather than live in the station ruins.

"We got on the Internet," Reed said, "and we started researching depleted uranium."

Then they contacted The New York Daily News, which paid for sophisticated urine tests available only overseas.

Then they hired a lawyer.

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Reed, Gerard Matthew, Raymond Ramos, Hector Vega, Augustin Matos, Anthony Yonnone, Jerry Ojeda and Anthony Phillip all have depleted uranium in their urine, according to tests done in December 2003, while they bounced for months between Walter Reed and New Jersey's Fort Dix medical center, seeking relief that never came.

The analyses were done in Germany, by a Frankfurt professor who developed a depleted uranium test with Randall Parrish, a professor of isotope geology at the University of Leicester in Britain.

The veterans, using their positive results as evidence, have sued the U.S. Army, claiming officials knew the hazards of depleted uranium, but concealed the risks.

The Department of Defense says depleted uranium is powerful and safe, and not that worrisome.

Four of the highest-registering samples from Frankfurt were sent to the VA. Those results were negative, Reed said. "Their test just isn't as sophisticated," he said. "And when we first asked to be tested, they told us there wasn't one. They've lied to us all along."

The VA's testing methodology is safe and accurate, the agency says. More than 2,100 soldiers from the current war have asked to be tested; only 8 had DU in their urine, the VA said.

The term depleted uranium is linguistically radioactive. Simply uttering the words can prompt a reaction akin to preaching atheism at tent revival. Heads shake, eyes roll, opinions are yelled from all sides.

"The Department of Defense takes the position that you can eat it for breakfast and it poses no threat at all," said Steve Robinson of the National Gulf War Resource Center, which helps veterans with various problems, including navigating the labyrinth of VA health care. "Then you have far-left groups that ... declare it a crime against humanity."

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Several countries use it as weaponry, including Britain, which fired it during the 2003 Iraq invasion.

An estimated 286 tons of DU munitions were fired by the U.S. in Iraq and Kuwait in 1991. An estimated 130 tons were shot toppling Saddam Hussein.

Depleted uranium can enter the human body by inhalation, the most dangerous method; by ingesting contaminated food or eating with contaminated hands; by getting dust or debris in an open wound, or by being struck by shrapnel, which often is not removed because doing so would be more dangerous than leaving it.

Inhaled, it can lodge in the lungs. As with imbedded shrapnel, this is doubly dangerous — not only are the particles themselves physically destructive, they emit radiation.

A moderate voice on the divisive DU spectrum belongs to Dan Fahey, a doctoral student at the University of California at Berkeley, who has studied the issue for years and also served in the Gulf War before leaving the military as a conscientious objector.

"I've been working on this since '93 and I've just given up hope," he said. "I've spoken to successive federal committees and elected officials ... who then side with the Pentagon. Nothing changes."

At the other end are a collection of conspiracy-theorists and Internet proselytizers who say using such weapons constitutes genocide. Two of the most vocal opponents recently suggested that a depleted-uranium missile, not a hijacked jetliner, struck the Pentagon in 2001.

"The bottom line is it's more hazardous than the Pentagon admits," Fahey said, "but it's not as hazardous as the hard-line activist groups say it is. And there's a real dearth of information about how DU affects humans."

There are several studies on how it affects animals, though their results are not, of course, directly applicable to humans. Military research on mice shows that depleted uranium can enter the bloodstream and come to rest in bones, the brain, kidneys and lymph nodes. Other research in rats shows that DU can result in cancerous tumors and genetic mutations, and pass from mother to unborn child, resulting in birth defects.

Iraqi doctors reported significant increases in birth defects and childhood cancers after the 1991 invasion.

Iraqi authorities "found that uranium, which affected the blood cells, had a serious impact on health: The number of cases of leukemia had increased considerably, as had the incidence of fetal deformities," the U.N. reported.

Depleted uranium can also contaminate soil and water, and coat buildings with radioactive dust, which can by carried by wind and sandstorms.

In 2005, the U.N. Environmental Program identified 311 polluted sites in Iraq. Cleaning them will take at least $40 million and several years, the agency said. Nothing can start until the fighting stops.

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Fifteen years after it was first used in battle, there is only one U.S. government study monitoring veterans exposed to depleted uranium.

Number of soldiers in the survey: 32. Number of soldiers in both Iraq wars: more than 900,000.

The study group's size is controversial — far too small, say experts including Fahey — and so are the findings of the voluntary, Baltimore-based study.

It has found "no clinically significant" health effects from depleted uranium exposure in the study subjects, according to its researchers.

Critics say the VA has downplayed participants' health problems, including not reporting one soldier who developed cancer, and another who developed a bone tumor.

So for now, depleted uranium falls into the quagmire of Gulf War Syndrome, from which no treatment has emerged despite the government's spending of at least $300 million.

About 30 percent of the 700,000 men and women who served in the first Gulf War still suffer a baffling array of symptoms very similar to those reported by Reed's unit.

Depleted uranium has long been suspected as a possible contributor to Gulf War Syndrome, and in the mid-90s, veterans helped push the military into tracking soldiers exposed to it.

But for all their efforts, what they got in the end was a questionnaire dispensed to homeward-bound soldiers asking about mental health, nightmares, losing control, exposure to dangerous and radioactive chemicals.

But, the veterans persisted, how would soldiers know they'd been exposed? Radiation is invisible, tasteless, and has no smell. And what exhausted, homesick, war-addled soldier would check a box that would only send him or her to a military medical center to be poked and prodded and questioned and tested?

It will take years to determine how depleted uranium affected soldiers from this war. After Vietnam, veterans, in numbers that grew with the passage of time, complained of joint aches, night sweats, bloody feces, migraine headaches, unexplained rashes and violent behavior; some developed cancers.

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It took more than 25 years for the Pentagon to acknowledge that Agent Orange — a corrosive defoliant used to melt the jungles of Vietnam and flush out the enemy — was linked to those sufferings.

It took 40 years for the military to compensate sick World War II vets exposed to massive blasts of radiation during tests of the atomic bomb.

In 2002, Congress voted to not let that happen again.

It established the Research Advisory Committee on Gulf War Veterans' Illnesses — comprised of scientists, physicians and veterans advocates. It reports to the secretary of Veterans Affairs.

Its mandate is to judge all research and all efforts to treat Gulf War Syndrome patients against a single standard: Have sick soldiers been made better?

The answer, according to the committee, is no.

"Regrettably, after four years of operation neither the Committee nor (the) VA can report progress toward this goal," stated its December 2005 report. "Research has not produced effective treatments for these conditions nor shown that existing treatments are significantly effective."

And so time marches on, as do soldiers going to, and returning from, the deserts of Iraq.

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Herbert Reed is an imposing man, broad shouldered and tall. He strides into the VA Medical Center in the Bronx with the presence of a cop or a soldier. Since the Vietnam War, he has been both.

His hair is perfect, his shirt spotless, his jeans sharply creased. But there is something wrong, a niggling imperfection made more noticeable by a bearing so disciplined. It is a limp — more like a hitch in his get-along.

It is the only sign, albeit a tiny one, that he is extremely sick.

Even sleep offers no release. He dreams of gunfire and bombs and soldiers who scream for help. No matter how hard he tries, he never gets there in time.

At 54, he is a veteran of two wars and a 20-year veteran of the New York Police Department, where he last served as an assistant warden at the Riker's Island prison.

He was in perfect health, he says, before being deployed to Iraq.

According to military guidelines, he should have heard the words depleted uranium long before he ended up at Walter Reed. He should have been trained about its dangers, and how to avoid prolonged exposure to its toxicity and radioactivity. He says he didn't get anything of the kind. Neither did other reservists and National Guard soldiers called up for the current war, according to veterans' groups.

Reed and the seven brothers from his unit hate what has happened to them, and they speak of it at public seminars and in politicians' offices. It is something no VA doctor can explain; something that leaves them feeling like so many spent shell rounds, kicked to the side of battle.

But for every outspoken soldier like them, there are silent veterans like Raphael Naboa, an Army artillery scout who served 11 months in the northern Sunni Triangle, only to come home and fall apart.

Some days he feels fine. "Some days I can't get out of bed," he said from his home in Colorado.

Now 29, he's had growths removed from his brain. He has suffered a small stroke — one morning he was shaving, having put down the razor to rinse his face. In that moment, he blacked out and pitched over.

"Just as quickly as I lost consciousness, I regained it," he said. "Except I couldn't move the right side of my body."

After about 15 minutes, the paralysis ebbed.

He has mentioned depleted uranium to his VA doctors, who say he suffers from a series of "non-related conditions." He knows he was exposed to DU.

"A lot of guys went trophy-hunting, grabbing bayonets, helmets, stuff that was in the vehicles that were destroyed by depleted uranium. My guys were rooting around in it. I was trying to get them out of the vehicles."

No one in the military talked to him about depleted uranium, he said. His knowledge, like Reed's, is self-taught from the Internet.

Unlike Reed, he has not gone to war over it. He doesn't feel up to the fight. There is no known cure for what ails him, and so no possible victory in battle.

He'd really just like to feel normal again. And he knows of others who feel the same.

"I was an artillery scout, these are folks who are in pretty good shape. Your Rangers, your Special Forces guys, they're in as good as shape as a professional athlete.

"Then we come back and we're all sick."

They feel like men who once were warriors and now are old before their time, with no hope for relief from a multitude of miseries that has no name.

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A Woman's Fight (MJS)

By Raquel Rutledge Rrutledge@journalsentinel.com

Milwaukee Journal Sentinel, August 13, 2006

As the fastest growing population of veterans, women often return from war with different problems and less support

Susan Sonnheim has thrown away her shorts. It doesn't matter that it's a searing hot summer in Milwaukee. It's pants only from now on, a full-body wet suit when she goes to the beach. The former National Guard member from Franklin keeps her legs covered.

"They're ugly," she said.

Blown up in Baghdad at the beginning of the war by a roadside bomb, Sonnheim's body was peppered with shrapnel. Hundreds of pieces remain lodged in her legs and throughout much of her body. Her left eye is fully blind. She has shrapnel lodged in her "good" eye, and her hearing is dulled. She underwent multiple reconstructive surgeries on her face and ear during a 19-month stay at Walter Reed Army Medical Center in Washington, D.C.

Sonnheim, 47, is home now, but she's hardly comforted. She and many other women returning from war often are finding difficulty in the transition from warrior to wife, mom, student or simply civilian.

More than 1,500 women have returned from Iraq or Afghanistan and sought some type of help from veterans hospitals in Wisconsin, northern Illinois and Iron Mountain, Mich., ranking the region third-highest in the country. Milwaukee's Zablocki Veterans Affairs Medical Center alone has seen more than 200 women since March 2003.

"Women are the fastest growing veteran population in the nation," said Gundel Metz, coordinator for female veterans' issues with the Wisconsin Department of Veterans Affairs.

Some deal with problems that parallel those of their male counterparts. They've lost limbs, eyesight and hearing. They have digestive disorders, nightmares, anger and relationship problems.

But female veterans returning from war face ailments and traumas of other sorts:

· More than 400 military women working in Iraq, Afghanistan and the region have reported they were victims of sexual assault from 2003 through May, according to the U.S. Department of Defense.

· More female soldiers report mental health concerns than their male comrades: 24% compared with 19%, according to a Pentagon study released in March.

· Roughly 40% have musculoskeletal problems that doctors say likely are linked to lugging too-heavy and ill-fitted equipment.

· A considerable number - 28% - return with genital and urinary system infections.

· There are gender-related societal issues that make transitioning tough, psychologists who work with female veterans say. Women are more likely to worry about body image issues, especially if they have visible scars, and their traditional roles as caregivers in civilian life can set them back when they return.

"Men come back and they have women fluttering around them taking care of them," said Molly Carnes, a professor in the department of medicine at the University of Wisconsin-Madison and director of the women veterans health program at the William S. Middleton Memorial Veterans Hospital in Madison. "Women come back and suddenly they're thrust into the caregiving role, taking care of their children and supporting their husbands.

"Who takes care of the woman veteran?" Needs long ignored

Carnes remembers when she started working at the veterans hospital in the 1970s. A female patient got her period and there were no sanitary products anywhere in the building. Even in the late 1990s, when the women's clinic opened, tables in the exam room faced the door, exposing women's bodies to anyone who walked in.

"So you could be spread eagle to the door," Carnes said. "Nobody thought about 'Oh, we're going to be doing pelvics on women veterans. They might like some privacy.' "

Today, curtains circle the tables. The Madison VA runs one of six specialty clinics for women in the country, perhaps one reason the area treats so many women, doctors said.

The Women's Stress Disorder Treatment Program, operated jointly with the VA hospital in northern Illinois, was launched in 1999 to respond to women suffering effects of rape and other sexual trauma. Although that still is among its missions, the program recently has shifted its focus to serving women who have been in combat.

Although federal law bars women from ground combat, the chaotic nature of the Iraq war and lack of a conventional front line make everyone vulnerable. Fifty-three American military women have been killed in Iraq, more than the number killed in Korea, Vietnam and the first Gulf war combined. Four were from Wisconsin.

Almost 400 women have been wounded in action in Iraq. Eleven women have lost limbs in recent operations there and elsewhere.

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"Every single day at every moment, people are afraid they are going to die," Carnes said. "That has long, enduring effects on the central nervous system, the immune system, hormone systems, the whole body . . . It can restructure the way the body works."

Veterans hospitals everywhere are changing their ways to be more welcoming to the growing number of women, who make up about 15% of the active duty force and 17% of the National Guard and Reserve. Recruiters say those percentages continue to climb.

This spring Zablocki formed a women veterans' support group for those who recently served in Iraq and Afghanistan.

At North Chicago VA Medical Center, the walls are being redecorated, the staff retrained and the literature in the waiting rooms updated to reflect women's needs, said Katherine Dong, women veterans program manager.

"We're making sure there's no gender bias in the signage and that the military artwork on the walls includes men and women," Dong said.

The hospital also tries to segregate the waiting room so women aren't alone among a mass of men, she said. Receptionists are being taught to never assume that the man in a couple is the patient, a seemingly small but important observance that can make women feel valued, Dong said.

Perhaps most importantly, the hospital is making sure the doctors treating female veterans are proficient in women's health issues. For example, many of the women in the war said they had to hold their bladders for long periods of time because they had no adequate alternatives.

"I had a woman tell me she would not drink liquids because she didn't want to have to worry about having to go to the bathroom," Dong said.

The North Chicago VA made one doctor responsible for all female vets, Dong said. That doctor then becomes familiar with issues and behaviors specific to women deployed to a war zone and can better treat them. A part of her life

Sonnheim regularly passes through the revolving door at Zablocki. She ignores the small poster pasted to the door that reads, "The price of freedom is visible here."

The 5-foot-3, 118-pound former military police officer doesn't need the reminder. She's paid the price. It's part of her now, from the time she wakes up to an empty bed until the time she swallows her anti-depressants and falls asleep at night. Even then, images of Iraq weasel their way into her dreams, replaying the destruction it has wreaked on her world.

She and her husband of 20 years, Dennis Sonnheim, divorced within months of her medical discharge from the military in May 2005. He didn't return calls seeking his perspective on their relationship.

"He blames me for everything," she said. "He blames me for joining the military. He blames me for getting blown up."

Her parents and siblings don't know how to talk to her, often avoiding any discussion of Iraq, she said. She has no children, and her friends have distanced themselves.

"They say they found me difficult," she said.

On a couple occasions when Sonnheim has gone out to socialize, she's gotten into trouble.

On May 20, 2005, several days after returning to Milwaukee, Sonnheim was arrested for drunken driving. Sonnheim said she's never been a big drinker, and records show the incident was her first of its kind. On March 7, 2006, she was arrested again for driving while intoxicated.

Sonnheim blamed her behavior on post-traumatic stress disorder and medications she takes to help alleviate the symptoms.

No drugs can stop the constant plugging and popping in her ears, which were injured in the explosion.

"I feel like I'm at high altitudes all the time," she said. 'Whose pin is that?'

Sonnheim is clearly proud of her service and said she is frequently frustrated by a lack of respect paid to female veterans.

She was disappointed at a recent event when a woman noticed her Purple Heart hat and said, "Oh, you're the ones always calling me to donate my old clothes."

"My heart sank," Sonnheim said.

Even the Purple Heart pin she wears every day draws rude reactions from an unlikely group: veterans themselves.

Sonnheim works as a licensed practical nurse at Zablocki - the same job she held before she was deployed in 2003.

"They (patients at the hospital) will ask me, 'Whose pin is that?' or 'Why are you wearing that pin?' "

When Sonnheim went to get her flu shot at the VA, "The clerk was asking everybody 'What's your name? What's your name?' Then when I got up to the table she said, 'Are you a veteran?'

"They just don't acknowledge women," she said.

Sonnheim hopes to be more visible once she gets her driver's license back next year. She bought a purple Mini Cooper and ordered license plates that read "SGT MP."

"I want people to be aware," she said.

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Sonnheim goes to biweekly counseling sessions and attends a women's support group at Zablocki to help female veterans readjust to civilian life.

She spends much of her free time alone, with her two baby cockatiels, teaching them to sing and obey commands.

"They're pretty much my life," she said.

From the Aug. 13, 2006 editions of the Milwaukee Journal Sentinel

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Seeing Needs, Big And Small (MJS)

Milwaukee Journal Sentinel, August 13, 2006

It's Nov. 12, 2004, and Tammy Duckworth is co-piloting a Black Hawk helicopter north of Baghdad. A rocket-propelled grenade slams into the cockpit.

When Duckworth, a major in the Illinois Army National Guard, wakes up 10 days later at Walter Reed, her legs are gone. Her arm is seriously injured, and she's in unfathomable pain.

"The only way I could survive was to count to 60 because every time I got to 60 I had lived another minute," she said. "That's all I could handle."

Into the foggy haze walks Juanita Wilson, who stands quietly at Duckworth's side and takes off her artificial arm. Wilson's Humvee had been blown up by a roadside bomb three months earlier.

"She was standing there letting me know that this will end," said Duckworth, 38, who is running for Congress in Illinois. "Juanita was an amazing fountain of strength for me."

Wilson, who also was recovering, anticipated Duckworth would want some simple things not necessarily typical of her male counterparts - for example, to have her hair washed, which is not something most men with buzz cuts think of in the hospital.

"And she even brought conditioner," Duckworth said. "She knew the things I would want. She understood."

Going on two years later, Duckworth said she is comfortable with her new body. She still feels attractive. She wears dresses and skirts regularly and is holding on to her bikinis.

She's thrilled about a new pair of feet that can wear high heels.

"I'm still a girly girl," she said. "I'm excited even if they are attached to titanium legs."

Duckworth has had to point out some gender-specific issues to the VA in Illinois where she goes for health care. As recently as December they didn't have the type of birth control she uses.

"They had Viagra, but they didn't have the patch," she said.

Back To Normal Wasn't Easy (MJS)

Milwaukee Journal Sentinel, August 13, 2006

Motherhood presented the biggest heartache of her deployment.

The registered nurse who has spent 22 years in the Army Reserves has three children, who were 9, 15 and 17 when she deployed. Her oldest son was going into his senior year in high school, contemplating what to do after graduation. Her middle son was just starting high school and was emotional about not having his mom to help him through a typically tough year. Her daughter worried that Dad didn't know how to grocery shop or cook.

"I can't tell you all the nights I laid over there thinking, 'I hope he's making their lunches and getting them to soccer. After all those years of being the mother . . . it was really hard to be away."

When she returned home to Milwaukee, she found decisions had been made without her. Her oldest son decided to take a year off after graduating from high school. All the children were doing their laundry and cooking meals.

"They were doing things that I felt like I would have been doing or should have been doing," she said. "It was hard."

Even the family dog acted differently, shying away from her.

"It took some time to get readjusted," she said. "Dad was in charge. It wasn't like just jumping right in, that's for sure."

In Afghanistan, "I knew what my role was, and I was used to doing it," she said.

At home, "I felt out of place, like I didn't belong anymore."

Greuel has since gone back to school and is nearing the completion of her bachelor's degree. She's still in the Reserves and said that "if called again, I would do it in a minute."

"The first year I was home, Afghanistan was on my mind every day. It was a huge part of my life," she said. "Now I'm just so busy I don't have time to sit and think about those things.

"Things are probably as back to normal as they're going to get."

- Raquel Rutledge

CORPORATE SCANDALS:

Juicy Details In Option Scandal (LAT)

Tom Petruno Market Beat

The Los Angeles Times, August 13, 2006

A tale of fake workers and a slush fund makes it harder to deny that backdating was abusive.

The stock option backdating scandal hadn't been reading like great fodder for Hollywood. Then the government laid out its case against former Comverse Technology Inc. executives.

The court papers released last week are rich with material — imaginary employees, a slush fund named for "The Phantom of the Opera" and a botched coverup. Now we're getting the kinds of details that can overcome the eye-glazing effect that the term "option backdating" induces.

This ought to at least be good for a cheap made-for-TV movie.

More important, the Comverse case could put to rest the idea that what went on with stock options at many technology companies in the 1990s and early 2000s amounted to a minor bending of the rules — practices that, even if shareholders had known about them, wouldn't have troubled anyone much.

Three years ago, the mutual fund industry had the same initial response to the trading scandal that ultimately enveloped it.

Then, as now, many of the people involved asserted that very little of what went on rose to the level of a crime.

But that wasn't true about abusive mutual fund trading, and the government clearly thinks it isn't true about abusive option practices.

"People who are trying to minimize this are missing the point," says Harvey Pitt, a veteran securities lawyer and a former chairman of the Securities and Exchange Commission. "This is cheating. This isn't an ambiguous situation."

The SEC says it has more than 80 companies under investigation for possible option abuses. Much more frightening to tech executives is that the Justice Department is bearing down with criminal cases, and has filed two in a period of three weeks.

On July 20, federal prosecutors in San Francisco charged two former executives of San Jose-based Brocade Communications Systems Inc. with securities fraud related to how they handled, and handed out, stock options.

Prosecutors in New York followed last week with a criminal case against three former Comverse executives, also alleging deceit in option practices. In a civil case filed against the three, the SEC said it found fraud in Comverse options dating as far back as 1991.

Options — rights to buy stock at a specific price for a set period — have been the currency of the technology realm for two decades. Companies used them as a tool to recruit and retain workers. If a business prospered, and its stock soared, options were tickets to magnificent wealth.

Get 5,000 options at $20 a share. If the stock zooms to, say, $40, you exercise the options, buy at $20 and then sell at $40. You've made $100,000, just like that.

But there are certain rules that companies are supposed to follow in issuing options to employees. One is that the exercise price of an option generally is presumed to be the market price of the stock on the date the option is granted.

At the heart of the backdating scandal is that some firms played fast and loose in deciding on option grant dates in the '90s and early 2000s. If you could cherry-pick the grant date, after the fact, you could boost the potential payoff from an option.

In just one example from the Comverse case, the government alleges that executives had the voicemail-technology company's board approve option grants on Nov. 28, 2001. But instead of pricing them that day, when the stock closed at $21.01, the officers reached back to price the options as of Oct. 22, 2001, when the stock ended at $16.05 — which just happened to be the second-lowest price of that year.

So recipients of those options, who included the three executives charged in the case, had an instant paper gain of nearly $5 a share on those grants.

Imagine if average shareholders could do the same: Don't buy a stock now; wait a month, then lock in whatever the lowest price was in the previous weeks. Who wouldn't want such a deal?

The former executives of New York-based Comverse, led by founder Jacob Alexander, had an even more complex fraud going for years, the government alleges: They created make-believe employees and submitted the phonied-up names to directors for option-grant approval. Those grants then were transferred to a slush fund account under the name of "I.M. Fanton," which was derived from phantom — as in "The Phantom of the Opera."

The unnamed assistant who kept track of the phantom account so named it after seeing the movie version of "The Phantom of the Opera," according to an FBI affidavit filed in support of the government's case against the Comverse executives.

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The assistant chose that name because "it fit what he/she was being asked to do (i.e., create phantom employees)," the affidavit said.

Prosecutors pray for those kinds of details in complex white-collar crime cases, notes Jacob Frenkel, a former federal prosecutor now in private practice in Maryland. "Making up employees is something that any juror can understand," he said.

Alexander awarded the slush-fund options to real employees as he saw fit, but without the board's approval, prosecutors say. One use, former Comverse Chief Financial Officer David Kreinberg allegedly told investigators, was to deal with "disgruntled" workers who might seek to leave the company if they didn't get more compensation.

Therein is one of the angles defense attorneys are likely to use in arguing that backdated option awards helped, rather than hurt, shareholders of the companies involved: If the options allowed the company to hang on to talent, wasn't that good for shareholders? Didn't everybody win?

It would be interesting to hear from Alexander on this subject. But he seems to have disappeared; the government said last week it was trying to find him, after he wired $57 million to Israel. (He holds dual U.S. and Israeli citizenship.)

Patrick McGurn, a corporate governance expert at investor advisory firm Institutional Shareholder Services, puts it this way about option backdating: "If it was such a wonderful practice, why wouldn't you disclose it?"

Indeed, the basic issue the government has with backdating is that public shareholders never knew about it. They were told almost uniformly by companies that options only were issued at the price on the date of the grant.

If, in fact, options were handed out at cherry-picked exercise prices below the market price, companies were supposed to record the difference between the two prices as an expense, reducing earnings.

Because no such earnings reduction was recorded by Comverse, or by perhaps hundreds of other companies that may have engaged in option backdating, earnings reported by these firms over the last decade or longer now appear to be lies.

If lying to your investors isn't fraud, what is it? And if you lied about your options program, what else did you lie about?

Tom Petruno can be reached at tom.petruno@latimes.com. For recent columns on the web, visit: latimes.com/petruno.

Buttoning Up White-collar Cases (PHI)

By Emilie Lounsberry

The Philadelphia Inquirer, August 13, 2006

When Jack Dodds left the U.S. Attorney's Office for a big Philadelphia law firm in 1993, he joined two other former prosecutors here and one in Washington in a nascent white-collar defense unit.

Today, there are about 50 lawyers in that unit in offices across the nation and in Paris, and they are busy - helping companies and executives enmeshed in investigations of everything from accounting fraud and health-care violations to price-fixing and insider trading.

But Morgan, Lewis & Bockius L.L.P. is not the only firm enjoying a burst in business in this specialized area of criminal defense: A new era of increased law-enforcement scrutiny of white-collar crime has triggered a boom across the country for defense lawyers who know what to do when FBI agents walk into a business with a grand-jury subpoena.

"These cases can literally be bet-the-company cases," said Dodds, 47, one of 15 lawyers in the Philadelphia office's corporate investigations and white-collar unit. "The stakes are as high as they can be."

Though most business infractions are still handled in civil court or become regulatory matters, the plaintiff these days is increasingly likely to be a state or federal agency. And now more than ever, there are criminal actions, too, with chief executive officers facing the prospect of prison time - and doing the perp walk on the TV news.

As a result, big law firms are moving to start up or expand units to help clients facing these complex government investigations. They are drawing lawyers from prosecutors' offices and other law firms in hopes of finding the best talent.

"Every large firm is trying to get white-collar capability almost immediately," said Center City lawyer Marc S. Raspanti, who added that the white-collar business at his firm, Miller Alfano & Raspanti, had tripled in the last five years.

He said he got inquiries about "once a month" from bigger firms that want to acquire his small firm because of its expertise in that area.

The burst in business is the result of an evolving phenomenon in federal and state law enforcement: a shift toward using criminal laws - rather than civil and regulatory remedies - to handle infractions in the business world.

In 1996, for example, Congress passed the Health Insurance Portability and Accountability Act - touted as the most comprehensive effort to fight health-care fraud - and federal prosecutors began initiating massive criminal cases in that field.

Then came the Enron debacle and the conviction of its accounting firm, Arthur Andersen L.L.P.

The accounting scandals shook public confidence in the markets and led to creation of the Justice Department's Corporate Fraud Task Force, which has brought prosecutions involving more than 100 companies since 2002.

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In Pennsylvania, for example, executives with Rite Aid Corp. and Adelphia Communications Corp. were indicted - and sent away - for accounting fraud.

On the health-care front, Schering-Plough Corp. agreed to pay $345.5 million and plead guilty to a federal criminal charge filed by the U.S. attorney in Philadelphia that it overcharged Medicaid.

Health-care inquiries are "a huge part of my practice," said Lawrence Lustberg, a North Jersey white-collar defense lawyer. He said political corruption inquiries, especially in New Jersey, also had helped fuel the increase in his firm's white-collar practice.

In New York, state Attorney General Eliot Spitzer began using state laws to crack down on corporate corruption, and his success led other state attorneys general to embark on similar strategies.

"There just was an evolution over time where the government, both the federal government and the state governments, began to look through the prism of criminal statutes at things that in the past would have just been regulatory problems," Dodds said.

The 2002 enactment of the Sarbanes-Oxley law also sent chills through executive suites: It holds top executives responsible for the accuracy of financial statements, and it sets significant prison terms for those who submit phony numbers.

Some defense lawyers complain that the pendulum has now swung too far in law enforcement's favor, but others concede that the crackdown was necessary to stop egregious criminal conduct.

"I'd be hesitant to call it overreaching myself, but what I would say is that the government is far more aggressive than it used to be," said Mark J. Krudys, a Richmond defense lawyer who is vice chairman of the white-collar crime committee of the American Bar Association's business law section.

John C. Coffee Jr., a law professor at Columbia University who is an expert on white-collar criminal law, said corporate boards now must act swiftly at the first hint of scandal to determine whether laws have been violated.

"They have an obligation to find out, and they can't just find out on their own, so they bring in a law firm to do a detailed investigation," Coffee said. He added that such internal inquiries are generally handled by defense lawyers with white-collar-crime expertise.

Robert E. Goldman, a former prosecutor in Bucks County and the U.S. Attorney's Office who now does white-collar defense work for Fox Rothschild L.L.P., said such inquiries were often similar to those done by prosecutors, especially when the corporation is the victim of a crime. He said the results could be turned over to prosecutors.

Jeffrey M. Lindy, a former federal prosecutor who now has a small firm in Center City, said large law firms were simply responding to the needs of their clients.

"It's sort of a no-brainer for the big firms," said Lindy, who often gets referrals from firms that need help with the added white-collar workload.

When Dodds joined Morgan Lewis - one of the city's oldest law firms - in 1993, the idea was to build a white-collar practice so the staff would have the expertise if a corporate client had a criminal problem.

But the unit has been growing since, first to deal with the increasing number of health-care inquiries, and then to handle the post-Enron securities investigations.

Now, Dodds said, the practice has become national - and even global - in scope, and his clients are rarely in Philadelphia.

"It's pretty busy," said Dodds, just back from Houston and heading soon to Boston and Alabama. "I'm racking up a lot of frequent-flier miles, that's for sure. And so is everyone else."

CRIMINAL LAW:

Victims' Families Say Delay In Punishment Is Hard (TSSC)

The State (SC), August 13, 2006

ANDERSON, S.C. - Waiting the average of 12 years between the time a person is condemned to death for a murder and when the sentenced is actually carried out can take its toll on the families of victims.

But, some of those families say, the wait is worth it.

Stephen Carroll was five when his uncle David Craig was killed by Andy Lavern Smith in 1981. Seventeen years later, Carroll witnessed Smith's death by lethal injection.

"For so long, the families are waiting for justice to be served, and there's appeal after appeal," Carroll said. "If he had been executed earlier, we could've felt more at peace."

During the time between the initial sentence and execution are appeals that can result in new trials or new sentencing hearings.

In 1999, the U.S. Justice Department said the average wait between sentencing and execution was 12 years.

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The prospect of that long wait makes some family members of victims wonder if it's worth the effort.

Marilyn Alexander didn't want to attend all the appeals and hearings for the men convicted of killing her brother, Dennis Hepler.

Hepler, an elementary school principal in Anderson, was shot and killed in 1988 when several men approached him as he left the school. They robbed him of $67 and killed him.

One man convicted, Kevin Dean Young, was executed in November 2000. The other, William Bell, remains on death row.

"The trials and hearings were very emotional for me and for my elderly parents," Alexander told the Anderson Independent-Mail in an e-mail interview. "I tried to attend some of them, but it was just too emotional. It just added to the never-ending nightmare."

Carmencita Turman's 3-year-old son, Keyondez Draqua Turman, was found dead in 2002 in a wooded area near his home. Reco Hill, Carmencita Turman's boyfriend, pleaded guilty the following year to beating and killing the boy.

At first, she wanted prosecutor Druanne White to seek the death penalty.

"At the time, I was all for it," Turman said. "At the time, I was so hurt, it just didn't really matter to me if he died or not."

But when she found out Hill would plead guilty in exchange for life in prison without parole, she agreed because she didn't want the years of having to revisit the crime.

"I didn't want (to put) my family or my daughter through all of that for so long," she said. Now, she said, she doesn't support the death penalty at all. "I guess I just feel ... it's not really right to take a life for a life," she said.

One way to cut down on appeals might be to provide defense attorneys with more resources and create stricter standards for attorneys who can take on capital cases, said Richard Dieter, executive director of the Death Penalty Information Center in Washington, D.C.

In South Carolina, at least one attorney on the case must have five years of experience - three on felony trials, said Teresa Norris, a Columbia attorney who has been involved with several death penalty cases.

"Mistakes are often found, so you need the appeals process," Dieter said. In "more than half the cases, they do find constitutional errors, so you don't want to eliminate that process."

Even after going through the process, some family members say it still isn't enough.

Years after the execution, Carroll said he looks at the photos of his uncle's killer with confusion.

"The sting goes away, but closure to me seems like you'll get over it, but it's not closure to me," he said.

Still, he said, watching Smith take his last breath gave him the ability to move on with his life.

"When he finally exhaled, it was like I could finally exhale," he said.

The Line On Online Bets (SDUT)

By By Jennifer Davies, Staff Writer

The San Diego Union-Tribune, August 13, 2006

U.S. would like a ban, but individual wagerers may have little to fear

For Zack Barrington, the drive to Alpine provides some much-needed distance.

The National City resident used to gamble online, but now travels to Viejas twice a week to play the slots.

For him, it was hard to control himself on the Internet casino sites.

“With the long drive out here, you at least have to go through the mountains,” he said. “If I bet online, I'd be home all the time. It's too easy to get broke quick – really too easy.”

The federal government appears to agree with Barrington and is doing all it can to curb the spread of Internet gambling, which is estimated to be a $12 billion-a-year business.

Last month, it arrested the CEO of Betonsports.com, one of the most popular online gambling sites, when he changed planes in Dallas, as part of its aggressive crackdown on the site.

Also, the House of Representatives recently passed a tough anti-gambling law, further regulating payment systems as well as punishing people who facilitate Internet gambling, such as other sites that accept advertising from offshore casino sites.

But while the federal government tries to clamp down on Internet gambling sites, do those who actually make bets have to worry about running afoul of the law?

Not likely.

In the weird world of online gambling, betting is legal, except in states with explicit bans such as Washington, which outlaws all online gambling, or Nevada, which disallows betting on horses via the Internet.

But while betting online is often not against the law, accepting the wager most decidedly is. The rub in terms of enforcing the law is that all the online casinos are located outside U.S. borders, in such countries as Costa Rica and Antigua.

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“There is no way you can put a curtain around the U.S. and stop the Internet,” said Frank Catania, a consultant to the gambling industry and the former director of the New Jersey Division of Gaming Enforcement.

Still, the government is trying.

In the case of Betonsports.com CEO David Carruthers, who is a British citizen and whose site operates out of Costa Rica and Antigua, the U.S. Attorney's Office in Missouri insisted that it has jurisdiction to prosecute because the company allegedly broke the law by sending promotional mailers and giving instructions on how to open wagering accounts, among other offenses.

Since his arrest, Carruthers has been fired as CEO. The site said Friday that it will end its U.S. business, closing down operations in Costa Rica and Antigua. Other employees also have been arrested, while the site's founder, Gary Kaplan, a former New York bookie, is still at large and presumably in Costa Rica.

Lawrence Walters, an attorney who specializes in Internet gambling, is dumbstruck at the arrest of Carruthers and is unconvinced that the legal action will stand up.

“Here's a CEO of a publicly traded company,” Catania said. “You look at this and you ask, 'What's our Justice Department doing?'”

But while Carruthers waits for his day in court, the other 1,800 or so gambling sites and their operators are, for the most part, out of reach of the U.S. government.

Some are so well-established that they trade on the London Stock Exchange. In fact, the United Kingdom is gearing up to legalize online casinos, further complicating this country's attempt to limit their reach, Catania said.

The current jurisdictional labyrinth has helped the market for online gambling in the United States to flourish.

Americans account for $6 billion of the online gambling industry's estimated annual revenue of $12 billion. By way of comparison, all other forms of gambling in the United States had revenue of almost $79 billion in 2004.

Internet gambling among U.S. citizens is growing at a rate of 20 percent a year, according to a study by the American Gaming Association, the trade organization of commercial casinos.

PartyGaming, one the most successful online casinos, said 84 percent of its nearly $1 billion revenue in 2005 came from U.S. residents.

Pacific Beach resident Ryan Lord said the allure of online gambling is hard to ignore – it's easy money.

Lord, 32, has played in online poker tournaments since Christmas and said he is doing so well that he may quit his day job and try to make a living gambling. Recently, he's been cashing out for about $300 a day.

“It's not huge money, but it's tax-free and I'm playing poker, doing something I love,” he said.

Online gambling foes such as Rep. Jim Leach, R-Iowa, who co-sponsored the current legislation, say the money is doing nothing to create new jobs and ultimately hurts the U.S. economy.

“It's an economic drain of $6 billion a year,” said Greg Wierzynski, chief of staff for Leach.

That's precisely the point, counter online gambling supporters, who contend that if online gambling were made legal and regulated, it would be a boon to the economy and to strapped state and federal coffers.

A study commissioned by The Poker Players Alliance, a group dedicated to promoting the game, estimated that the federal government could see $3.3 billion in new tax revenue if online gambling were legalized and regulated.

But critics contend that no amount of regulation would limit the societal ills caused by gambling. Chief among them is gambling by minors.

“You give me any kid with a credit card and he'll be playing in three minutes,” said Bruce Roberts, executive director for the California Council on Problem Gambling.

He said adolescents are more susceptible to problem gambling because they lack the impulse control of adults. With the rise in popularity of poker and online casinos, Roberts said, gambling on college campuses is “rampant.”

One high-profile case is that of a former student class president at Lehigh University in Pennsylvania, who pleaded guilty last month to bank robbery after he stole more than $2,700 to help pay his online gambling debt.

But it's not just adolescents and college students who are prone to problem gambling online. Roberts said seniors, who are often dealing with loneliness and strapped budgets, came be lured by the promise of easy money on these sites.

C.A. Talley of San Diego can identify with that desire.

She said she started gambling online a couple of weeks ago and has gotten herself in a tough financial situation. The 53-year-old is on disability and a fixed income, so she was intrigued by a mailer promoting the Web site Casino Classic.

The site, which is based in the Mohawk Territory of Kahnawake, Canada, offers first-time players $500 to gamble with and allows players to keep whatever profits they make after playing for an hour.

While Talley said she ended up pocketing $200 in winnings after the first hour of play, her luck quickly turned sour and now she owes the site a large sum of money – money that she does not have.

“Now, I've got to fix this screw-up,” she said.

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Different game

Before becoming disabled, Talley said, she had money to go on trips to Las Vegas, where gambling was just a fun pastime. But her latest foray into online 3gambling is much different.

“When you go from being flush to being disabled, it changes your whole demeanor,” she said. “It's desperation. You are just trying to get back to where you were.”

Despite her bad experience, Talley said, she's against the prohibition of online gambling.

“It boils down to, 'Don't tell me how to live my life,'” she said.

Other online gambling proponents see a certain amount of hypocrisy when it comes to the government's stance.

They point to state-sanctioned lotteries as well as online horse race wagering, which is either legal or permitted in some 40 states. Youbet.com, one of the largest online racetrack sites, is based in Woodland Hills, Calif., and TVG.com, another popular site, is located in Beaverton, Ore.

There is also a shift among commercial casinos.

In the past, the American Gaming Association opposed legalizing Internet gambling, but now the organization has taken a neutral stance, asking for a commission to study the pros and cons of the issue, said Holly Thomsen, the group's spokeswoman.

“There are members of the AGA who have made no secret that they want to get into this,” said, naming MGM Mirage and Harrah's Entertainment as those interested in online gambling if it were legalized.

Some other business groups are opposed to the current legislation, saying the restrictions on transactions are too onerous. The U.S. Chamber of Commerce and the Independent Community Bankers of America, an industry trade group, both have asked for significant changes to the bill before the Senate acts.

Vote up in air

The legislation currently requires that credit companies investigate paper checks and other noncoded transactions, but the U.S. Chamber said that would “require substantial changes” to the current systems. It is unclear when, or even if, the Senate will take a vote on the bill.

Already, credit card companies do not process online gambling transactions for fear of running afoul of federal authorities. That fact has led to the rise of third-party sites such as Neteller and Firepay, which allow users to deposit money electronically from their credit card or checking accounts into new accounts on the site and then move their funds to online gambling sites.

Those are the type of noncoded transactions that the current legislation would aim to stop.

But until the federal government makes it illegal to place a bet, Internet gambling will never go away, said attorney Walters.

And even proponents of online gambling restrictions aren't willing to go so far as to penalize individual players.

“It would be extremely difficult to go after people who place bets. You'd have to have such an extensive monitoring system,” Iowa's Wierzynski said.

For his part, Pacific Beach's Lord isn't worried about the government shutting down online casinos.

“It's too big. It's too much of a moneymaker,” he said. “They are threatening, but it's not going to happen.”

Gambling consultant Catania said the government should take a lesson from its unsuccessful attempts to outlaw alcohol.

“It's the wrong approach. Alcohol prohibition didn't work in the 1920s. It actually spawned the Mafia,” he said. “They can try all they want with prohibition. It's not going to stop it. It may put a dent in it for a while, but it is not going to stop it.”

Jennifer Davies: (619) 293-1373; jennifer.davies@uniontrib.com

CIVIL LAW:

Hospital Probe Nets Millions In Fines (SSJR)

By Dean Olsen, STAFF WRITER

Springfield (IL) State Journal-Register, August 13, 2006

Investigation of Medicare fraud centers on pneumonia diagnoses

In the late 1990s, former Decatur police detective Robert Pittenger pored over records that listed the way various downstate hospitals were billing Medicare to take care of patients with pneumonia.

His work may not have been glamorous, but it was fruitful.

The investigation he began has resulted in six hospitals so far paying the federal government millions of dollars in compensation and penalties for alleged Medicare fraud.

And Rodger Heaton, the U.S. attorney for the Central District of Illinois, said prosecutors are scrutinizing the books of at least one more central Illinois hospital. He wouldn't say which one.

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"Our investigation is continuing," said Heaton, who replaced Jan Paul Miller as the area's top federal prosecutor in December.

"As we pour billions of dollars into health care, there's obviously a potential for that money to be misused or misspent," Heaton said. "We're definitely going to continue to focus on health-care fraud."

The Medicare fraud probe was part of a nationwide effort by the U.S. Department of Justice to crack down on alleged false billings for pneumonia patients.

The deception amounts to "billions of dollars stolen from U.S. taxpayers," according to Patrick Burns, a spokesman for a Washington-based advocacy group, Taxpayers Against Fraud.

The local effort started in Springfield's federal court building.

Pittenger, 57, had retired from the Decatur Police Department and was hired in 1997 by then-U.S. Attorney Frances Hulin to be her office's first health-care fraud investigator. (He since has retired.)

Pittenger was guided by Justice Department data that indicated most people who came down with lung infections had what was called "simple pneumonia," which Medicare pays hospitals about $3,000 to treat.

More serious forms were known as "complex pneumonia," for which Medicare paid hospitals an additional $2,000 to $2,500 per patient. But complex pneumonia occurred only 4 percent to 6 percent of the time, based on the federal analysis of national Medicare billing data.

However, Pittenger found that two hospitals in the Peoria area and several others south of there - including facilities in Carlinville, Lincoln, Monmouth and Shelbyville - were billing Medicare for complex pneumonia several times more often than average.

"It just piqued my interest," Pittenger said.

The probe resulted in authorities subpoenaing patients' records, interviewing hospital administrators and, in some cases, filing civil lawsuits.

The suits and resulting out-of-court settlements involving the bills of more than 1,000 patients claimed that the more expensive pneumonia mentioned in Medicare bills wasn't always supported by patients' records. The settlements also involved bills for illnesses such as septicemia and renal failure, which are common among patients with pneumonia.

"The scheme is that if you take a patient that actually has simple pneumonia but somehow diagnose them as having complex pneumonia, ... you're going to get paid more money and do less treatment because they're not as sick," Pittenger said.

The U.S. attorney's office in Springfield has negotiated settlements totaling more than $5 million from Carlinville Area Hospital, Abraham Lincoln Memorial Hospital in Lincoln, Community Medical Center of Western Illinois in Monmouth, Shelby Memorial Hospital in Shelbyville, Pekin Hospital in Pekin and Perry Memorial Hospital in Princeton.

Federal prosecutors haven't charged anybody with criminal conduct, and at least one of the hospitals believes it was unfairly targeted, but the federal effort has been successful at forcing hospitals into submission.

The investigation focused on small, rural hospitals, most of them served by billing consultant Stephen B. Burkhart. Burkhart, a family physician from Salem, Ky., hasn't been charged, but he remains under investigation. (Burkhart didn't work with the Peoria-area hospitals.)

"Burkhart's advice was designed to maximize their reimbursements," Heaton said. Not including the Peoria-area hospitals, the fraud totaled between $1 million and $1.5 million, he said.

"We were trying to get the money back, plus a penalty," Heaton said.

In terse news releases, the central Illinois hospitals have insisted they didn't plan to defraud the government, saying they relied on Burkhart's advice. Burkhart has denied any legal or ethical lapses.

But Burns believes most hospitals that have settled these cases in Illinois and across the country were intimately involved in the fraud, as were their consultants. Most have escaped criminal prosecution because providing criminal intent is so hard, he said.

"This is an old-fashioned case of lying, cheating and stealing," said Burns, whose group is calling for more federal spending on prosecutions.

"We're talking about essentially ethics-free management," Burns said. "Business-plan fraud is the logical outcome of poor enforcement, low fines and the low likelihood of being caught."

The U.S. Government Accountability Office estimates that waste, fraud and abuse consumes 9 percent of the $214 billion spent by the federal government each year on fee-for-service payments to hospitals, doctors and others caring for Medicare patients.

But hospitals have their defenders at the national and state level.

Rick Wade, spokesman for the American Hospital Association, said Medicare's coding system to reimburse hospitals is complex and confusing, and federal officials have given hospitals conflicting instructions.

The practice of increasing the severity of conditions in Medicare bills without justification is called "upcoding."

Pat Schou, executive director of the Illinois Critical Access Network, which represents many small rural hospitals, said the downstate hospitals investigated by the U.S. attorney's office are embarrassed by the implication that they intended to defraud the government. The hospitals sought advice from Burkhart because they wanted to improve their documentation in the billing process with the hope that it would bring them higher reimbursements, she said.

"These hospitals wouldn't want to risk their reputations," Schou said. "They would not have in their wildest dreams thought they were being corrupt in doing this."

Heaton noted that the federal law prosecutors have used to negotiate Medicare-fraud settlements originated with Springfield's most famous citizen. In 1863, President Abraham Lincoln signed into law the False Claims Act, designed to crack down on private contractors who were selling the Union army shoddy supplies at inflated prices - including boxes of sawdust made to look like crates of weapons.

More than 130 years later, downstate Illinois hospitals paid by Medicare, one of the largest federally funded programs, are feeling the pressure.

The law allows authorities to issue a civil charge if a person or organization used false records or statements to obtain payment for a claim while either knowing the claim was false or recklessly disregarding the likelihood it was false.

The first two cases Pittenger investigated - involving Pekin Hospital in Pekin and Perry Memorial Hospital in Princeton - ended with settlements: $1.07 million in Pekin's case in 2001, and $709,659 in Perry Memorial's case in 2003.

Pittenger honed in on the other cases by looking at rates of a type of complex pneumonia known as "gram-negative." Those hospitals billed for gram-negative pneumonia at least 20 percent of the time when the patient had pneumonia, he said.

Shelby Memorial's gram-negative rates were as high as 40 percent or more, he said. Shelby Memorial officials didn't respond to requests for comment. They agreed in January 2004 to pay a $1.75 million settlement.

Officials at Carlinville Area Hospital, which agreed in December 2005 to a $1.25 million settlement, "never had any intention of doing anything wrong," said Kenneth Reid, the hospital's chief executive officer.

Officials at Abraham Lincoln Memorial, who agreed to a $1.34 million settlement in February, wouldn't comment for this story.

Wade said Medicare is preparing to expand the number of codes that hospitals should use. The idea is to help them receive correct payment for the care of patients with increasingly complex medical problems.

But the additional codes also will force hospitals to hire more people to scrutinize the codes, Wade said. Hospitals also might make more mistakes, he said.

Heaton said Medicare and Medicaid fraud cases will remain a priority locally because of the large amount of the economy devoted to health care in his territory's population centers: Springfield, Peoria, Champaign-Urbana, Bloomington-Normal and Moline.

"The taxpayers have an interest that the billions of dollars flowing to health care is spent properly," he said.

Dean Olsen can be reached at 788-1543 or dean.olsen@sj-r.com.

Judge Rejects Part Of Reform Of Bankruptcy (DMN)

By Pamela Yip

Dallas Morning News, August 13, 2006

DALLAS - Consumer attorneys have scored a significant victory against the new bankruptcy law.

A federal judge in Dallas ruled recently that a provision of the law is unconstitutional because it prevents lawyers from giving their best advice to clients in financial distress.

Critics of the Bankruptcy Abuse Prevention and Consumer Protection Act say the law, which went into effect last fall, caters to the credit card industry while putting unnecessary and harsh burdens on consumers who legitimately need relief from crushing debt loads.

Susan B. Hersh, a Dallas bankruptcy attorney, filed suit to challenge a provision of the law that forbids an attorney from advising a client to take on additional debt before a bankruptcy filing. The National Association of Consumer Bankruptcy Attorneys and the Connecticut Bar Association have also filed a pending lawsuit challenging the same provision.

The provision was intended to discourage unscrupulous bankruptcy filers from taking on debt with the expectation that it will be erased in the bankruptcy case.

U.S. District Judge David C. Godbey ruled the provision "was facially unconstitutional."

"Rather than changing the system to close the loopholes or penalize those who take on such debt, Congress ... enacted a prophylactic rule, banning the bankruptcy attorneys from advising their clients to take on additional debts 'in contemplation' of bankruptcy," Judge Godbey said.

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"Without addressing all the complexities of the bankruptcy law, it seems quite possible that sometimes taking on more debt could be the most financially prudent option for someone considering bankruptcy."

Examples include refinancing a loan to get a lower interest rate and getting a car loan so a debtor has the means of getting to a job, Judge Godbey said. Thus, the provision in the law prevents lawyers from "advising clients to take actions that are lawful" and "unconstitutionally restricts Hersh's speech," the judge ruled.

Hersh said in an interview that the provision in the law is such an "arcane restriction on the attorney-client relationship that it was just absurd."

Overall, the bankruptcy law "made everybody out to being a crook, liar and thief," Hersh said.

"It treats everybody almost like a criminal when the majority are just unfortunate," Hersh said. "What they need to be able to do is to move on so they can rejoin the economy and the credit industry."

The provision was overly broad, said Howard Marc Spector, Hersh's attorney.

As a lawyer, he said, "They're paying me to draw these fine legal distinctions. But in this particular situation, there is no distinction. All advice regarding borrowing is illegal."

And the provision was unnecessary to boot, he said.

"The law says you can't discharge debts procured through fraud," he said.

Judge Godbey hasn't issued a final judgment in the case, so for now the law is technically still in effect, the lawyers said. And even when there is a final judgment, the federal government can appeal.

"It is obviously a ruling that's still under review, and we've not made any determination of what our next step will be," Justice Department spokesman Charles Miller said.

CIVIL RIGHTS:

Illinois Election Officials Reject Ballot Measure On Gay Marriage (NYT/AP)

By The Associated Press

The New York Times, August 13, 2006

CHICAGO, Aug. 12 (AP) — State elections officials voted Friday to keep a referendum against same-sex marriage off the November ballot, saying supporters had not gathered enough valid signatures.

The ballot measure had sought to ask voters whether the state's Constitution should be amended to ban same-sex marriage. Illinois law prohibits same-sex marriage, but referendum supporters said they were concerned that the courts might overturn the law if the Constitution was not changed.

The referendum's supporters filed a lawsuit in federal court, saying the state's procedures for placing a referendum on the ballot were burdensome and unconstitutional.

"It's not near over," said Peter LaBarbera, executive director of the Illinois Family Institute and Protect Marriage Illinois, a group that supports the referendum.

Referendum supporters are appealing a decision this month by a federal judge who dismissed the lawsuit.

Elections officials reviewed a sampling of more than 330,000 signatures on the referendum petition and said last month that there were not enough valid signatures. Illinois requires more than 95 percent of a sample's signatures to be valid, but the sampling of the referendum petitions determined that 91 percent were valid.

"Unless they pull a rabbit out of a hat in federal court, it's not going to be on the ballot," said Patricia Logue, senior counsel for the Lambda Legal Defense and Education Fund, a gay and lesbian rights group.

Both Gov. Rod Blagojevich, a Democrat who is seeking another term this fall, and his Republican opponent, Judy Baar Topinka, the state treasurer, opposed the referendum.

"Don't tinker with the Constitution if you don't have to," Ms. Topinka said.

Mr. Blagojevich agreed. "I don't support gay marriage," he said, "but I also don't support efforts to further divide our community by trying to pass laws or change constitutions when the law is already sufficient as it is."

Panel Suggests Using Inmates In Drug Trials (NYT)

By Ian Urbina

The New York Times, August 13, 2006

PHILADELPHIA, Aug. 7 — An influential federal panel of medical advisers has recommended that the government loosen regulations that severely limit the testing of pharmaceuticals on prison inmates, a practice that was all but stopped three decades ago after revelations of abuse.

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The proposed change includes provisions intended to prevent problems that plagued earlier programs. Nevertheless, it has dredged up a painful history of medical mistreatment and incited debate among prison rights advocates and researchers about whether prisoners can truly make uncoerced decisions, given the environment they live in.

Supporters of such programs cite the possibility of benefit to prison populations, and the potential for contributing to the greater good.

Until the early 1970's, about 90 percent of all pharmaceutical products were tested on prison inmates, federal officials say. But such research diminished sharply in 1974 after revelations of abuse at prisons like Holmesburg here, where inmates were paid hundreds of dollars a month to test items as varied as dandruff treatments and dioxin, and where they were exposed to radioactive, hallucinogenic and carcinogenic chemicals.

In addition to addressing the abuses at Holmesburg, the regulations were a reaction to revelations in 1972 surrounding what the government called the Tuskegee Study of Untreated Syphilis in the Negro Male, which was begun in the 1930's and lasted 40 years. In it, several hundred mostly illiterate men with syphilis in rural Alabama were left untreated, even after a cure was discovered, so that researchers could study the disease.

"What happened at Holmesburg was just as gruesome as Tuskegee, but at Holmesburg it happened smack dab in the middle of a major city, not in some backwoods in Alabama," said Allen M. Hornblum, an urban studies professor at Temple University and the author of "Acres of Skin," a 1998 book about the Holmesburg research. "It just goes to show how prisons are truly distinct institutions where the walls don't just serve to keep inmates in, they also serve to keep public eyes out."

Critics also doubt the merits of pharmaceutical testing on prisoners who often lack basic health care.

Alvin Bronstein, a Washington lawyer who helped found the National Prison Project, an American Civil Liberties Union program, said he did not believe that altering the regulations risked a return to the days of Holmesburg.

"With the help of external review boards that would include a prisoner advocate," Mr. Bronstein said, "I do believe that the potential benefits of biomedical research outweigh the potential risks."

Holmesburg closed in 1995 but was partly reopened in July to help ease overcrowding at other prisons.

Under current regulations, passed in 1978, prisoners can participate in federally financed biomedical research if the experiment poses no more than "minimal" risks to the subjects. But a report formally presented to federal officials on Aug. 1 by the Institute of Medicine of the National Academy of Sciences advised that experiments with greater risks be permitted if they had the potential to benefit prisoners. As an added precaution, the report suggested that all studies be subject to an independent review.

"The current regulations are entirely outdated and restrictive, and prisoners are being arbitrarily excluded from research that can help them," said Ernest D. Prentice, a University of Nebraska genetics professor and the chairman of a Health and Human Services Department committee that requested the study. Mr. Prentice said the regulation revision process would begin at the committee's next meeting, on Nov. 2.

The discussion comes as the biomedical industry is facing a shortage of testing subjects. In the last two years, several pain medications, including Vioxx and Bextra, have been pulled off the market because early testing did not include large enough numbers of patients to catch dangerous problems.

And the committee's report comes against the backdrop of a prison population that has more than quadrupled, to about 2.3 million, over the last 30 years and that disproportionately suffers from H.I.V. and hepatitis C, diseases that some researchers say could be better controlled if new research were permitted in prisons.

For Leodus Jones, a former prisoner, the report has opened old wounds. "This moves us back in a very bad direction," said Mr. Jones, who participated in the experiments at Holmesburg in 1966 and after his release played a pivotal role in lobbying to get the regulations passed.

In one experiment, Mr. Jones's skin changed color, and he developed rashes on his back and legs where he said lotions had been tested.

"The doctors told me at the time that something was seriously wrong," said Mr. Jones, who added that he had never signed a consent form. He reached a $40,000 settlement in 1986 with the City of Philadelphia after he sued.

"I never had these rashes before," he said, "but I've had them ever since."

The Institute of Medicine report was initiated in 2004 when the Health and Human Services Department asked the institute to look into the issue. The report said prisoners should be allowed to take part in federally financed clinical trials so long as the trials were in the later and less dangerous phase of Food and Drug Administration approval. It also recommended that at least half the subjects in such trials be nonprisoners, making it more difficult to test products that might scare off volunteers.

Dr. A. Bernard Ackerman, a New York dermatologist who worked at Holmesburg during the 1960's trials as a second-year resident from the University of Pennsylvania, said he remained skeptical. "I saw it firsthand," Dr. Ackerman said. "What started as scientific research became pure business, and no amount of regulations can prevent that from happening again."

Others cite similar concerns over the financial stake in such research.

"It strikes me as pretty ridiculous to start talking about prisoners getting access to cutting-edge research and medications when they can't even get penicillin and high-blood-pressure pills," said Paul Wright, editor of Prison Legal News, an independent monthly review. "I have to imagine there are larger financial motivations here."

The demand for human test subjects has grown so much that the so-called contract research industry has emerged in the past decade to recruit volunteers for pharmaceutical trials. The Tufts Center for the Study of Drug Development, a Boston policy and economic research group at Tufts University, estimated that contract research revenue grew to $7 billion in 2005, up from $1 billion in 1995.

But researchers at the Institute of Medicine said their sole focus was to see if prisoners could benefit by changing the regulations.

The pharmaceutical industry says it was not involved. Jeff Trewitt, a spokesman for the Pharmaceutical Research and Manufacturers of America, a drug industry trade group, said that his organization had no role in prompting the study and that it had not had a chance to review the findings.

Dr. Albert M. Kligman, who directed the experiments at Holmesburg and is now an emeritus professor of dermatology at the University of Pennsylvania Medical School, said the regulations should never have been written in the first place.

"My view is that shutting the prison experiments down was a big mistake," Dr. Kligman said.

While confirming that he used radioactive materials, hallucinogenic drugs and carcinogenic materials on prisoners, Dr. Kligman said that they were always administered in extremely low doses and that the benefits to the public were overwhelming.

He cited breakthroughs like Retin A, a popular anti-acne drug, and ingredients for most of the creams used to treat poison ivy. "I'm on the medical ethics committee at Penn," he said, "and I still don't see there having been anything wrong with what we were doing."

From 1951 to 1974, several federal agencies and more than 30 companies used Holmesburg for experiments, mostly under the auspices of the University of Pennsylvania, which had built laboratories at the prison. After the revelations about Holmesburg, it soon became clear that other universities and prisons in other states were involved in similar abuses.

In October 2000, nearly 300 former inmates sued the University of Pennsylvania, Dr. Kligman, Dow Chemical and Johnson & Johnson for injuries they said occurred during the experiments at Holmesburg, but the suit was dismissed because the statute of limitations had expired.

"When they put the chemicals on me, my hands swelled up like eight-ounce boxing gloves, and they've never gone back to normal," said Edward Anthony, 62, a former inmate who took part in Holmesburg experiments in 1964. "We're still pushing the lawsuit because the medical bills are still coming in for a lot of us."

Daniel S. Murphy, a professor of criminal justice at Appalachian State University in Boone, N.C., who was imprisoned for five years in the 1990's for growing marijuana, said that loosening the regulations would be a mistake.

"Free and informed consent becomes pretty questionable when prisoners don't hold the keys to their own cells," Professor Murphy said, "and in many cases they can't read, yet they are signing a document that it practically takes a law degree to understand."

During the Holmesburg experiments, inmates could earn up to $1,500 a month by participating. The only other jobs were at the commissary or in the shoe and shirt factory, where wages were usually about 15 cents to 25 cents a day, Professor Hornblum of Temple said.

On the issue of compensation for inmates, the report raised concern about "undue inducements to participate in research in order to gain access to medical care or other benefits they would not normally have." It called for "adequate protections" to avoid "attempts to coerce or manipulate participation."

The report also expressed worry about the absence of regulation over experiments that do not receive federal money. Lawrence O. Gostin, the chairman of the panel that conducted the study and a professor of law and public health at Georgetown University, said he hoped to change that.

Even with current regulations, oversight of such research has been difficult. In 2000, several universities were reprimanded for using federal money and conducting several hundred projects on prisoners without fully reporting the projects to the appropriate authorities.

Professor Gostin said the report called for tightening some existing regulations by advising that all research involving prisoners be subject to uniform federal oversight, even if no federal funds are involved. The report also said protections should extend not just to prisoners behind bars but also to those on parole or on probation.

Professor Murphy, who testified to the panel as the report was being written, praised those proposed precautions before adding, "They're also the parts of the report that faced the strongest resistance from federal officials, and I fear they're most likely the parts that will end up getting cut as these recommendations become new regulations."

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Women In Top Ranks Pull Up The Pay Of Others (WP)

By Shankar Vedantam

The Washington Post, August 13, 2006

Study Says Existing Salary Gap Fades When Female Managers Are in Charge

MONTREAL -- American women earn substantially more money and narrow the long-standing gender gap in income if other women in their workplaces reach the ranks of senior management, according to a new national study presented here.

By contrast, the study found, increasing the number of women managers in junior positions makes no difference to the gender gap -- women on average continue to earn about 20 percent less than men.

Surprisingly, men who work for women managers seem to do slightly worse in income than men who work for men, irrespective of whether the women managers are in senior positions.

The study answers for the first time what happens to workers when women break through the glass ceiling, and is based on 1.3 million American workers in nearly 30,000 jobs and 79 metropolitan areas.

"The glass ceiling is about all women, not just women who become managers," said Philip N. Cohen, a sociologist at the University of North Carolina at Chapel Hill who announced the study here Friday at the 101st meeting of the American Sociological Association. "If women break through the glass ceiling, it helps other women."

The study comes at a time when there has been renewed discussion of gender roles in America. From talk of a 2008 presidential race between Sen. Hillary Rodham Clinton (D-N.Y.) and Secretary of State Condoleezza Rice to the movie "The Devil Wears Prada," there are often unstated political, cultural and economic implications attached to the idea of women acquiring power.

Cohen said the study of gender and income disparities is more complicated than it looks. For example, while it is true that employees who work for women seem to be penalized, compared with those who work for men, that is largely because women tend to become managers in professions that have a lot of women to begin with -- and those professions usually pay less than professions with a lot of men.

Men work in jobs that are 70 percent male on average; women work in jobs that are 70 percent female on average. Jobs with similar educational requirements can pay very differently: Truck drivers earn far more than nurse's aides, for example, and corporate lawyers earn more than family lawyers, Cohen said.

"Nothing stops you from paying a nurse's aide less than a truck driver," Cohen said. "That is not against any law."

Even within the same industry, or within a single company, women tend to be distributed unequally in high- and low-profile divisions, said Cynthia Fuchs Epstein, a sociologist at the City University of New York and the president of the sociology association. One reason men are more likely to reach upper management, Fuchs added, is that the express elevators to the top -- high-profile jobs -- tend to be filled with men, whereas the elevators that stop at more floors along the way tend to be filled with women.

There is a stereotype in the United States that women who become bosses are ruthless and that they treat female subordinates worse than they treat men. Advocates for diversity, by contrast, have long argued that opening the management door to women is not only the right thing to do but will lead to more equitable workplaces in general. Cohen's study is the first empirical evidence that these advocates are right -- but only when women get to very senior positions.

Cohen and University of California at Irvine sociologist Matt L. Huffman found that women earn about 81 percent of what men make, and that figure remains unchanged when the number of junior-level women managers rises from 2 percent to more than 50 percent. But when women become senior managers, female workers earn 91 percent of men's salaries.

The sociologists used data from the 2000 census that asked Americans about their professional lives, including the industry they work in and their incomes. The sociologists then compared the information against what was known about the ratio of male and female managers in particular industries, and how senior the female managers were in each of those local industries. They accounted for dozens of other variables, including race, geographic location, size of workers' families, education and experience.

For example, the sociologists found 1,887 restaurant managers in the Los Angeles area and 10,422 restaurant workers. There were far more female restaurant managers in Los Angeles than in New York, but the Los Angeles female managers were more likely to be low-level. Consistent with the study's findings, women restaurant workers in New York earned 95 percent of the pay of their male counterparts, while workers in Los Angeles earned 92 percent of what men made.

Cohen and Huffman said there are multiple possible explanations of why men seem to earn less money with female managers than with men. One possibility is that the gender gap in income is not just because women are underpaid, but because men are overpaid, and the slight decline in men's wages is bringing their salaries into line with actual productivity. But it

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is also possible that to get gender equity, the extra money for women has to come from somewhere, and it partly comes from higher-paid men.

The income study was part of an array of gender issues discussed at the sociologists' meeting. Supreme Court Justice Ruth Bader Ginsburg, who spoke at the meeting Friday, noted that she is now the only woman on the high court and called for redressing enduring disparities in the judiciary. Since Sandra Day O'Connor's retirement, Ginsburg said, "I have been all alone in my corner on the bench."

ANTITRUST:

Panel Told That Realtors Group Stifles Competition (PHI)

By Alan J. Heavens

The Philadelphia Inquirer, August 13, 2006

Consumer groups have taken their case against the way real estate is bought and sold to a congressional committee looking into accusations that the National Association of Realtors and its 2.6 million members stifle competition.

In testimony July 25 before the House Committee on Financial Services and its subcommittee on housing and community opportunity, Consumer Federation of America executive director Stephen Brobeck called the current real estate brokerage service system "cockamamie" and urged Congress to empower the Federal Trade Commission to reduce key barriers to competition in the industry.

The hearing was commissioned by committee chairman Michael G. Oxley (R., Ohio), who calls the real estate industry a monopoly and wants to open the industry to "free-market competition."

Not only do traditional brokers fail to advertise commission rates and detailed services, but brokers also are reluctant to provide the information unless prospective customers request it, Brobeck said.

Moreover, these brokers have pushed state legislation and acted informally to make it difficult for those who advertise discount rates and limited services to promote or get access to homes for sale, he said. They do so to try to preserve a system in which commission rates remain at 6 percent or 7 percent, depending on the geographic area and price of homes.

Almost a year ago, the Department of Justice filed suit against the Realtors' association over its "virtual office policy," which allows sellers and brokers the right to totally or selectively withhold their listings from display on other brokers' Web sites and prohibits copying of listings from one site to another.

The department said the policy - and a revised version adopted by the Realtors' association a day after the suit was filed - "obstructs real estate brokers who use innovative Internet-based tools to offer better services and lower costs to consumers."

The suit is pending in a Chicago court. No trial date has been set.

In his testimony, Brobeck also urged the federal government to take action to reduce barriers to competition. He said this was especially important because the industry dominates the majority of state real estate commissions and boards. He urged Congress to empower the FTC to regulate the industry more vigorously.

"It is the agency responsible for stopping unfair and unconscionable interstate sales practices," Brobeck said.

In a letter to the committee, Bruce Hahn, president of the American Homeowners Grassroots Alliance, said, "Real estate industry lobbying and the conflicts presented by self-regulation are denying homeowners the opportunity to save billions of dollars each year through the use of innovative new brokerage tools and methods."

Hahn said the Realtors' rules being challenged by the Justice Department would hasten the consolidation of real estate brokerages and are adverse to the best interests of many small and independent brokers.

Despite the best efforts of government agencies and consumer groups, "the powerful real estate lobby has them outgunned," Hahn said.

Moreover, "the state real estate commissions and boards appear to be dominated by active, traditional full-service real estate brokers with conflicts of interest," Hahn wrote and Brobeck stated in his testimony.

"We believe that most of the minimum-service and anti-rebate regulations come at the behest of the state real estate associations," Hahn said.

Pat Vredevoogd Combs, president-elect of the Realtors' group, testified that real estate markets are essentially local, and that competition within local markets is fierce, including competition among agents associated with the same firm.

"Agents openly compete for local listings from potential sellers and for potential buyers on the basis of reputation, level of service, and price," she said.

On a national basis, average commissions have significantly declined since 1991, Vredevoogd Combs said.

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"Commissions or the price for real estate services are independently established by each firm or broker, as are the commission splits with the affiliated agents," she said. "Many agents are permitted to set their own commission rates and have the ability to negotiate what services to provide to their clients within prescribed limits set by their broker.

"Those who have criticized the real estate industry as anticompetitive are oversimplifying the issue by looking at real estate as one national market, which is not the case," Vredevoogd Combs said. "Real estate is local, and competition should be measured at a local level."

Feds Probe Plavix Deal As Apotex Pushes Pill (NSL)

By George E. Jordan, Star-ledger Staff

Newark Star-Ledger, August 13, 2006

Barry Sherman, the outspoken owner of the Canadian generic drug company Apotex, howled for years about Big Pharma's dirty tricks in battling the generics industry.

Sherman's shrewd tactics, clashes with U.S. regulators and unrelenting court battles with the world's drug giants have made him a legend in the pharmaceutical industry and his company Canada's biggest drugmaker.

His latest maneuver -- flooding the American market last week with a copycat version of the top-selling blood thinner Plavix -- may rewrite the rules of the tug-of-war between generic drugmakers and the big, brand-name pharmaceutical companies.

His adversary in the Plavix battle, Bristol-Myers Squibb Chief Executive Peter Dolan, has won praise for guiding the big drugmaker through a series of land mines, including a criminal probe of a $2 billion accounting scandal. Now, Dolan is in the spotlight once again, this time for his handling of Sherman and the threat he poses to Bristol's nearly $4 billion Plavix franchise.

Wall Street cheered when Bristol announced in March it reached a deal with Apotex to keep generic Plavix off the market until the drug's patent expired. But during the past few weeks, the deal unraveled, leaving Plavix sales vulnerable to generic competition.

The battle about Plavix shifts this week to federal court in Manhattan, where lawyers for Bristol will seek an injunction blocking sales of the generic pills.

The case eventually could wind up in criminal court: The U.S. Department of Justice's anti-trust division has launched an investigation into the negotiations between Bristol and Apotex about Plavix. Both companies said they have received grand jury subpoenas.

In the end, the Plavix episode could turn out to be a career-defining moment both for Sherman, the pit bull of pharmaceuticals, and Dolan, the industry's golden boy.

Generic drugmakers usually wait until a drug's patent is about to expire before launching a copy-cat version, but not Apotex. Although the patent on Plavix is in force for another five years, the company in January won approval from the U.S. Food and Drug Administration to market a generic form.

There's nothing to prevent a generic drugmaker from making a so-called "at risk" product launch. But if a court later finds the brand-name's patent has been violated, the generics company faces triple the damages. Only a half-dozen times in the past two decades have drugmakers launched a copy-cat drug "at risk."

Bristol and its marketing partner, the French drug giant Sanofi-Aventis, went to court to stop Apotex. But in March, the parties reached a "reverse payment" deal, under which Bristol and Sanofi would pay Apotex a reported $40 million not to launch generic Plavix.

The settlement quickly drew the attention of the Federal Trade Commission and a group of state attorneys general. Then the Justice Department announced its investigation. By last week, Apotex said the deal was dead, and announced plans to immediately begin selling the generic.

In an interview last week, Sherman told The Star-Ledger he planned all along for a product launch because he didn't expect U.S. regulators to sign off on the "reverse payment" deal.

In negotiating with Bristol, Sherman said he demanded and won concessions that made it easier for him to begin selling the generic pills. They include reduced penalties should Apotex be found to have violated Bristol's patent and a five-day waiting period before Bristol can seek an injunction to stop the sale of the generic.

"This is a bold strike and consistent with his business strategy," Jim Keon, president of the Canadian Drug Manufacturers Association, said of Sherman. "You don't get to be No. 1 by sitting back and being conservative. Barry built his company from scratch."

Sherman, 64, founded Apotex with three employees in 1974. Today, the privately held company is Canada's largest drugmaker, with 6,000 employees. It doesn't disclose revenue or earnings.

Sherman also owns a 35 percent stake in Barr Pharmaceuticals, the Woodcliff Lake company that has battled the Food and Drug Administration for approval of over-the-counter sales of the controversial emergency contraceptive Plan B.

Apotex has earned a reputation for being combative and litigious; during the 1990s the company was involved in 100 different court cases. It also has a long history of challenging big drugmakers before their patents expire.

In 2001, Apotex made copies of Bayer's antibiotic Cipro, and in 2004 Sherman sold a low-cost version of the antidepressant Paxil before GlaxoSmithKline's patent expired. In both cases, he avoided punitive legal judgments.

The Justice Department probe of the Plavix deal isn't the first time Sherman and his company have drawn the attention of authorities.

In 1995, Sherman's Bahamian mail-order company, Medicine Club International, pleaded guilty to a violation of interstate commerce for importing a generic version of the antidepressant Prozac to 500,000 U.S. customers without prescriptions. The company paid a $500,000 fine and $339,000 in investigative costs. Around the same time, other drug companies complained Sherman was manufacturing bootleg generic drugs in Mexico and China.

Several published reports have noted the central character in John Le Carre's novel "The Constant Gardener," which was made into a major motion picture in 2005, bears a striking resemblance to Nancy Olivieri, a renowned Canadian hematologist at the center of a whistler-blower dispute with Apotex.

After taking part in clinical trials for Apotex's drug Deferiprone, Olivieri wrote in The New England Journal of Medicine the drug had lethal side effects. She then came under personal and professional attacks, much like Le Carre's protagonists.

Steve Giuli, Apotex's director of government affairs and industrial relations, declined comment.

Bristol shares have tumbled 23 percent since its deal with Apotex began to unravel. Credit-rating agencies said they are reviewing Bristol's ratings. And the company may be forced it to slash its annual dividend to 60 cents from $1.12, according to Barbara Ryan, an analyst at Deutsche Bank.

The Plavix episode could drive Bristol's share price down to the point where the company becomes an irresistible takeover target, Ryan said in a investor note.

Bristol has long been considered a takeover target, particularly for big European drugmakers like Sanofi, GlaxoSmithKline and Novartis, because of its discovery and development of several cardiovascular and oncology drugs at a time when Wall Street bemoaned a lack of additional medicines across the industry.

Damage to the Plavix franchise would also be a major setback for Dolan, coming in the wake of other embarrassments, including the accounting scandal and abandonment of the diabetes drug Pargluva after it was touted as a billion-dollar blockbuster.

"This is another strike against him, considering all the missteps he's had in recent years," Arthur Wong, a pharmaceutical analyst at Standard & Poors, said of Dolan. "Yes, some of them happened before and he inherited some of them, but some of these missteps, you have to look to him."

As Dolan soldiers on, James Robinson, Bristol's chairman, said he has the company's unwavering support.

"Peter has done a superb job in turning around the company, from developing a new management team, to a pipeline considered to be one of the best in the industry, to the recent approvals which bring innovative new medicines to patients in need," Robinson said in a statement the company released Friday.

" He has the full and complete confidence of the board."

George E. Jordan may be reached at gjordan@starledger.com or (973) 392-1801.

Mutual Funds Are Failing As Deal Police (NYT)

The New York Times, August 13, 2006

AS fiduciaries responsible for clients' financial interests, mutual fund managers are supposed to monitor the companies whose shares they own, on the lookout for avaricious executives, phony financials or somnambulant directors. That they have failed miserably in this task in recent years has frustrated investors, who know that only big, household-name stockholders like Fidelity, Vanguard and the rest have the clout to reform wayward companies. Before prosecutors have to get involved, that is.

Now, an academic study by Lily Qiu, an assistant professor of economics at Brown University, quantifies just how poorly mutual funds police management in one particular area — mergers and acquisitions — and how costly that failure has been. By contrast, her study shows that the activist approach taken by public pension funds has proved to be a positive policing mechanism that has translated into better performance in M.& A. deals.

The paper is titled, "Which Institutional Investors Monitor? Evidence from Acquisition Activity," and Yale's School of Management is reviewing it for possible publication in its Review of Financial Studies. Ms. Qiu has been working on the paper for three years; she updated the draft in June.

Mergers provide a natural litmus test for the adequacy of institutional oversight, Ms. Qiu says, because mergers occur often and can have a significant effect on companies' market values. Many mergers destroy the financial well-being of acquirers, according to academic studies, so Ms. Qiu wanted to examine how the roles played by different types of institutional investors

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during mergers might reduce such negative impacts. She separated investors into six types: public pension funds, mutual funds, insurance companies, private pension funds, banks and independent financial advisers.

Her conclusion is that public pension funds stand alone as effective monitors of corporate merger activities. When public pension funds hold large stakes in companies, those companies are less likely to conduct mergers over all; and when those same companies make acquisitions, the deals are more likely to succeed.

Mutual funds, on the other hand, seem to encourage merger activity, Ms. Qiu found. When mutual funds have hefty positions in companies, those companies are more likely to strike lots of merger deals — and more bad ones, at that. Mutual funds were the most passive monitors of merger activity among the institutional investors Ms. Qiu measured.

"Mutual funds are not really acting in interests of shareholders," Ms. Qiu said. "Corporate managers may know that when they see a majority of their owners are mutual funds that they are kind of protected."

Ms. Qiu studied data from 1993 to 2000, which comprised 1,362 companies and 2,022 merger events. She found that when the stake in a company held by its largest public pension fund investor increased 1 percent, the frequency of mergers declined 4 percent at the company.

That 1 percent increase also corresponded to an 8 percent reduction in value-destroying acquisitions, Ms. Qiu found. You know the deals Ms. Qiu is talking about: those vanity projects that chief executives pursue simply to "buy" earnings or revenue growth rather than generate growth internally and organically.

INTERESTINGLY, public pension funds do not get in the way of mergers likely to benefit an acquirer's shareholders, Ms. Qiu said. In fact, companies with a large public pension fund presence performed better in the long run after acquisitions, her study found. A 1 percent increase in public pension fund ownership corresponded with an increase of 0.41 percent to 3.01 percent in the 12-month outperformance in those companies' shares.

Mutual fund ownership, on the other hand, corresponds to greater merger activity at companies and to acquisitions engineered to buy growth. In addition to quantifying how mutual funds fail in their duty to investors to act as cops on the merger beat, Ms. Qiu's data might also help investors assess how well a deal might perform down the road. If an acquirer has large public pension funds behind it, the merger will probably be a success, she said. If the company has mostly mutual fund or other private institutions as shareholders, the merged companies are more likely to underperform.

"Those bidder firms that had a higher percentage of public ownership tended to show a better performance," Ms. Qiu said. "So when you look at M.& A., whether you want to buy or sell the stock, that would be an indicator."

Mutual fund executives often argue that they prefer to vote with their feet and sell if problems appear, rather than agitate for change at troubled companies as pension funds typically do. (This is not possible for index fund managers, of course, who must own the companies that are part of whatever index they are mimicking.)

But the vote-with-your-feet argument loses credibility in the face of Ms. Qiu's study, which instead indicates a tendency among mutual funds to hear-no-evil-see-no-evil, at least in mergers. One reason for that willing suspension of disbelief may be that large mutual fund concerns have too much to lose by battling with the same companies whose 401(k) business, money management services and trust operations they oversee or seek.

"The cozy, clubby relationship leads management not to worry about mutual funds actively promoting corporate governance," Ms. Qiu said. "Unless we see some change from the mutual funds themselves that shows they are interested in corporate governance, we will continue to see this pattern."

And mutual fund shareholders will keep paying for this passivity with smaller returns.

ENVIRONMENT:

Oil Experts Press Need For Pipeline Care (AP)

By Allison Linn

AP, August 13, 2006

Technological improvements could help avert the severe corrosion and leaks that forced the partial shutdown of the nation's largest oil field, experts say, but the best way to prevent such problems in pipelines is to simply take better care of them.

BP PLC, which operates the Prudhoe Bay oil field, has conceded it made a mistake by not more closely inspecting the interior of the 29-year-old pipeline. Before its inspections in July, the company had last run a high-tech tool called a "smart pig" on the western side of the field 1998. Spokesman Ronnie Chappell Saturday said it had never previously done so on the eastern side where a leak was discovered a week ago.

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"They didn't do a good job of corrosion prevention. That's a big, big embarrassing problem with enormous implications not only for them but also for customers and other oil companies that use the line," said Lois Epstein, senior engineer with Cook Inletkeeper, a conservation advocacy group.

One side of the Prudhoe Bay oil field will be shut down while BP replaces 16 miles of the pipeline because of the leaks and corrosion, officials said. The pipelines normally carry 400,000 barrels of oil daily, or about 8 percent of domestic output. With the partial shutdown, the field is currently producing about 150,000 barrels of oil and natural gas daily.

An oil spill discovered at the same time as the corrosion is three times as large as originally estimated, BP said Saturday. About 750 gallons of oil have been recovered, and the cleanup was nearing completion, Chappell said.

Experts say some technological advances could make it easier to maintain existing pipelines and ensure that new pipelines, such as a proposed $25 billion natural gas pipeline that would run from Alaska into Canada, last longer.

For example, technology for smart pigs and maintenance machines called cleaning pigs — both of which are pushed through pipelines by the pressure of the oil or gas they carry — has improved significantly in the decades since the pipeline was built, said Rick Kuprewicz, a pipeline expert with Accufacts Inc.

The ability of steel mills to produce higher quality pipe also has gotten better, and such pipe has gotten cheaper, he said.

But those improvements will only help if companies inspect and clean the pipes, and are vigilant about checking for corrosion. Not doing that, Kuprewicz said, is like buying a new car and never changing the oil.

"Pipe can wear out too if you don't pay attention to it, but in most cases its age is many hundreds of years. But, again, you gotta respect it," he said.

He finds it extremely unusual that BP thought it would be OK to go without regular smart pig checks.

"The whole thing — it sounds embarrassing," he said.

Epstein blames government regulators for not forcing the industry to do better. To avoid future problems, she said, federal and state regulators need to adopt stricter oversight.

"The industry will often say a well-designed and maintained and operated pipeline can last a very long time, and to a large extent I agree with that. But, of course, it needs to be well-maintained and operated," she said.

Chappell said the company has a substantial corrosion detection program at Prudhoe Bay. He noted it had regularly used other methods including ultrasound to test the condition of the pipelines, and at the time thought such inspections were sufficient. The company expects to spend about $72 million this year on corrosion control.

"I think it's clear in retrospect that the program as it related to these transit lines wasn't sufficient, wasn't adequate," he said.

Under orders from federal regulators, BP has stepped up inspections of the western side of the pipeline that continues to run, but it has only promised the more reliable smart pig tests by the end of November.

Dying Bay Fishing Method Snags Waterman In Dispute (AP)

By Scott Harper, Associated Press

AP, August 13, 2006

Edward Bender answered the door in a T-shirt and boxer shorts.

Greeting a visitor to his modest home at midday here on Virginia's Eastern Shore, Bender looked like the rumpled actor Wilford Brimley just after a nap.

Bender explained that he had been upstairs on the computer, typing another court motion in his lawsuit against the National Marine Fisheries Service, an agency he describes as "a scary bunch of people."

"And believe me, I don't scare easy," he said.

Ongoing for three years, the suit says federal rules designed to keep sea turtles from entangling and dying in pound nets in the Chesapeake Bay are illegal, scientifically unproven and unfairly damaging to his fishing business. Furthermore, he said, "they're pretty stupid."

Part rebel, part rogue, Bender is one of a handful of watermen left in Virginia who fish with a pound net.

This centuries-old trap, a maze of mesh and rope and chain, extends some 300 feet from shore. It basically tricks fish, stopping them with a wall-like structure called a leader, which forces them to turn and swim into netted chambers from which they do not escape.

Pound nets snare thousands of pounds of fish at a time — and, federal officials say, a few sea turtles, too.

Because the reptiles are protected by the Endangered Species Act, and because hundreds have been washing ashore dead on Virginia's beaches in recent years, the government took action.

And Bender got busy.

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"If the NMFS rule-making staff unintelligently chose to override and ignore the best available scientific advice, then the rule should be found to be arbitrary and capricious and therefore void," he wrote in a 2004 legal brief filed in U.S. District Court in Norfolk, where his case is being heard.

Justice Department attorneys parrying Bender's claims could not recall a fisherman, by himself, taking on a such a challenge as this.

They seem slightly amused, if not annoyed, by the case, which has swelled to 30 volumes of motions, memos and transcripts.

"It's been interesting, I'll say that," said George M. Kelley III, an assistant U.S. attorney in Norfolk.

Pound netting once was a way of life on the Bay. In 1930, more than 2,200 of the webbed devices stretched into the bay, capturing almost half of the state's catch back then, about 45.5 million pounds.

Today, Virginia maintains a freeze on netting licenses, at 161. It started doing so in 1994, in response to scientific concerns the traps were threatening populations of gray trout, a coveted species among netters.

The lower Eastern Shore, near the mouth of the Bay along Cape Charles, is where most of the remaining action occurs.

"We're the ones who'll be extinct," Bender said of pound netters. "The turtles will be fine."

In his dispute with the federal government, Bender is both the accuser and the accused. He also is his own attorney, even though he never attended law school or finished college.

Bender and his son Mark face a $15,000 fine for violating the turtle-protection rules two years ago. They are accused of not removing their leader, the wall-like part of their net, on three days in May 2004.

That year, the government banned the use of leaders, which all pound nets use, in certain parts of the Bay in the late spring and early summer — when sea turtles are most prevalent in Virginia waters.

Bender is contesting the violation and the fine. He says he never should have been charged under rules that he was fighting in court as illegal. Furthermore, he says he cannot afford the penalty, having taken out loans against his mortgage to stay afloat during the regulatory crackdown.

Bender, 76, said he is worried he might not live to see the end of his case.

At his front door on a recent sultry day, he smiled devilishly at a visiting reporter and put a finger over the air hole in his throat; he suffers from apnea and needs a small, medical device to breathe and speak.

Bender was born and raised — and probably will die, he said — on the Eastern Shore. He once was in the Navy and attributes his hearing loss to too much time inside a ship's engine room.

He farmed for a while, got bored and became a master electrician. He took a job in southern Maryland as a pipe fitter at the Calvert Cliffs nuclear power plant.

Tired of the commute and the time away from his family, Bender eventually came home to Cheriton and started fishing, which he has done, on and off, for 30 years. His two sons are commercial fishermen, too.

"At least he's giving them a battle," the younger son, Peter, said, as he unloaded a catch of menhaden recently in Cape Charles.

Asked whether he thinks the federal rules will help turtles, Peter Bender didn't flinch. "No," he said. "Any turtle that ends up in a fish trap leader is sick or already is dead and just floated there. It's pretty worthless and only hurts us."

The elder Bender, too, said he has never killed a healthy sea turtle.

"They love pound nets," he said, "because they can follow all these fish into the trap and feast all day, then find their way out."

Fishery officials point to research in 2004 that showed that eight turtles turned up dead in experimental nets in Virginia.

Pound nets take in croaker, striped bass, gray trout, menhaden and anything else that swims into the maze. Bender said his biggest haul was 200,000 pounds of croaker in one day, in 1978. He has earned as much as $66,000 in 10 days of net fishing, he said.

Last month, Bender went to court in Norfolk on the merits of his case. U.S. District Judge James Bradbury presided.

Bender offered a short opening statement.

"I'm here to show that what they've done is arbitrary and capricious," Bender told the judge. "Are you to rule on the arbitrary and capriciousness?"

After some technical review of how government officials arrived at and implemented the rules, Bradbury announced his intentions.

"Mr. Bender," he said, "I know you've spent a lot of time on this, and you've been more competent in what you're doing than other lawyers I've known.

"But in fairness to you," the judge continued, "I do not think you have a claim for remedy in this case, and no basis for recovery... and I do not intend to rule in your favor."

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Before Bradbury would issue his formal opinion, however, he wanted the National Marine Fisheries Service to reconsider the proposed fine against Bender and his son.

Since then, the federal agency has sent Bender a letter saying it would lower its proposed fine from $18,000 to $15,000. Bradbury has not issued his final order.

After the hearing, Bender emerged with a smile. He said he appreciated Bradbury's sympathy and respect.

So what was his next move? Was the case over?

"Are you kidding?" Bender said with a grin. "I'm going to appeal."

FBI/DEA/ATF/USMS:

55-year Sentence Sparks Fight (DESERET)

By Geoffrey Fattah, Deseret Morning News

Deseret News, August 13, 2006

Lawyers for first-time drug dealer appeal to U.S. Supreme Court

Panamanian military leader Manuel Noriega got less prison time than first-time marijuana dealer Weldon Angelos, his attorneys like to point out.

Angelos, a young aspiring rap producer and father of two, sold marijuana to make some cash. After selling three 8-ounce bags of pot to an informant, who later testified that Angelos had a gun during two of the sales, Angelos was swept up in what his attorneys say is a minimum-mandatory sentencing system out of control.

Angelos was sentenced to 55 years in federal prison in 2002. There is no parole in the federal system, meaning Angelos could be well over the age of 70 when eligible to be released from prison.

Now the 26-year-old is trying to get one last chance to overturn his sentence by appealing to the U.S. Supreme Court. The case has attracted the support of some of the brightest legal minds in the state and throughout the country.

Salt Lake attorney Jerome Mooney teamed up several years ago with University of Utah law professor Erik Luna, an expert in criminal justice, to appeal for Angelos pro bono. Just recently, Michael Zimmerman, former chief justice of the Utah Supreme Court, decided to join in Angelos' defense, partly out of his personal belief that federal sentencing guidelines are out of control.

Zimmerman told the Deseret Morning News the fact that a first-time drug offender can get 55 years in prison is the product of overzealous politicians eager to appear tough on crime.

"No one ever lost an election by campaigning for tougher criminal punishment," Zimmerman said. "Minimum mandatories at the federal level are particularly way out of whack, I think have no penal justification, and are totally PR-driven."

Zimmerman said he feels Angelos has a strong enough case to stand before the Supreme Court. Congress passed the mandatory enhancement of dealing drugs with a firearm as a way to crack down on big-time drug dealers. But small-time offenders like Angelos have become snared in the system.

"Minimum mandatories like this make no sense at all and distort the penal system completely," Zimmerman said, pointing out that had Angelos been convicted in state court, he would have likely received a few years in prison and probation, particularly for a first-time offense.

After handing down the sentence, U.S. District Judge Paul Cassell penned a scathing criticism of the minimum-mandatory laws. Cassell pointed out that someone convicted of raping a 10-year-old child or detonating a bomb on an aircraft get less time in the federal system than Angelos.

But getting the U.S. Supreme Court to hear the case is no small task. The brief, which was filed last week, must appeal to the intellect of the justices and their clerks.

Luna said this is a case of federal prosecutors stacking an unreasonable amount of prison time against a defendant to get him to fold to a plea bargain. Originally, federal prosecutors sought 105 years in prison for Angelos, but a judge lowered that. Prosecutors then pressed Angelos to accept a 15-year plea deal, which he rejected.

What Congress is essentially doing, Luna said, is taking away a judge's ability to judge.

"Mandatory minimums make prosecutors the real sentencers in the federal system," Luna said, "and convert trial judges into notaries in black robes."

Recently the Supreme Court requested a reply brief from the U.S. Solicitor General's Office. Such a move does not mean the court will grant a hearing in the case but is an indication that at least some of the justices are interested in the issue.

Luna said under the "rule of four" they must convince at least four of the nine justices to take the case in order for it to be heard. A final decision will be made Sept. 25. The U.S. Attorney's Office for Utah said it could not comment on the case but referred to pleadings filed before the 10th Circuit Court of Appeals.

The government has argued that judges are bound to carry out the will of Congress, which in this case is to battle the dangerous combination of drugs and guns.

Yet several heavy-hitting legal minds disagreed, saying this sentence crossed the line into cruel and unusual punishment. This was detailed in a "friend of the court" brief filed by former U.S. attorneys general Janet Reno, Benjamin Civiletti, Griffin Bell and Nicholas Katzenbach and nearly 160 other ex-Justice Department officials and federal judges.

Last January, the 10th Circuit upheld Angelos' sentence. "In our view, the district court failed to accord proper deference to Congress' decision to severely punish criminals who repeatedly possess firearms in connection with drug-trafficking crimes and erroneously downplayed the seriousness of Angelos' crimes," the 10th Circuit Court opinion said.

The circuit court went on to say there were indications that Angelos was a known gang member and a moderate drug dealer, saying the fact that Angelos was a first-time offender appeared to be more luck than anything else — something Luna takes issue with.

The Angelos defense team indicated it may have some groups waiting in the wings to file friends of the court briefs in the event the case is accepted, but said it could not talk about who they are.

Luna said regardless of one's position on the war on drugs, "the punishment in this case is simply beyond the pale."

Fire Kills 4 In Crowded Indiana House (AP-Y)

By Tom Coyne, Associated Press Writer

AP, August 13, 2006

A fire killed four people early Sunday in a two-story house where about a dozen people lived in makeshift rooms, some of them bedding down in closets, the state fire marshal said.

Witnesses reported seeing people fleeing the property before officials arrived, Fire Marshal Roger Johnson said. The residents didn't return, he said.

"We don't know why they left, why they did not want to stay and why they did not want to address any questions we may have," Johnson said.

Immigration officials had been to the scene, Deputy Fire Chief Chuck Greis said. Neighbors told The Associated Press they believed most residents in house were Asian immigrants who worked at a local Chinese restaurant.

The fire appeared to have started in the back of the house, but investigators did not yet know the cause, Johnson said. An accelerant-sniffing dog was being used and a task force was formed to investigate, including agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives.

When fire crews arrived, the rear of the home was fully engulfed in flames and within minutes the fire had spread through the entire house, Fire Chief Ralph Martin said. He said the fire appeared to have traveled through the walls or ceilings. Crews needed three hours to extinguish the blaze.

Johnson said he did not know how many people were there when the fire started but he said there were "an abnormal number of sleeping areas in the house." Mattresses were found inside closets and there appeared to be some makeshift rooms with spots for about 12 to 15 people to sleep, he said.

Neighbor Holly Hanrath said the house had been up for sale and she and her husband Frank had been inside about two weeks ago. She said it had been subdivided into rooms with plywood sheeting and there were mattresses on the kitchen floor. The couple said the wiring and plumbing were old and they could smell gas near the stove.

The Hanraths live across the street. "I could feel the heat coming in through my window. It was really intense," Frank Hanrath said.

Neighbor Tawny Anderson said firefighters hosed down her house and the one next to it to prevent the flames from spreading. Anderson said she moved into the neighborhood only six weeks ago and did not know the people in the burned house.

Officials did not know the victims' identities or ages. The LaPorte County coroner's office did not return phone messages Saturday.

Michigan City is in northwestern Indiana, about 35 miles east of Chicago.

IMMIGRATION:

Standing Guard (WT)

By Jerry Seper, The Washington Times

The Washington Times, August 13, 2006

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NOGALES, Ariz.

Sgt. Steven W. Jacobs of the Virginia National Guard, one of thousands of guardsmen from 30 states deployed along the southwest border with Mexico, says he arrived here with "no idea" of how vulnerable America is.

"I believe 95 percent of the people in this country have no clue of what it's like down here," says Sgt. Jacobs, a bear of a man with a vise-grip handshake. "I know I had no idea how many people come over this border every day and the weird things they do to get across.

"They'll do anything to get into the United States, often coming over with just the clothes on their back," he says. "And it's not just here; this happens all along the border. I was very surprised at what I saw when we first arrived, but I am here to protect my country, and I will stay as long as they need me."

Sgt. Jacobs, who lives in Fort A.P. Hill, Va., is among 350 Virginia National Guard soldiers and airmen deployed along the border as part of "Operation Jump Start." President Bush's $760 million plan calls for National Guard troops to be sent over the next two years to the U.S.-Mexico border from California to Texas. The goal: allowing the U.S. Border Patrol to move more agents into frontline positions.

Sgt. Jacobs and Spc. Jessica Jessee, also of Fort A.P. Hill, are assigned to an entry-identification team responsible for a popular corridor for illegal immigration along the border just west of here.

Members of the team work 24 hours on and 24 hours off to fight this invasion of illegal aliens while facing temperatures that rise above 100 degrees, fearsome thunderstorms that send rivers of water down nearby gullies and swarms of always-present flies.

Using binoculars, night-vision equipment and global positioning systems, the team seeks to spot anyone trying to enter the country illegally and to report their position to the Border Patrol. About a third of the National Guard force is assigned to entry-identification teams.

"It's a long, hard shift, but we have been very successful," Spc. Jessee says. "We do the best we can to keep tabs on what is going on in our area, and the Border Patrol has responded quickly to our calls."

More than 150 illegal aliens used to cross nightly into the United States over a ramshackle metal fence at the base of a hill here just below a ridge, on which the team set up an observation post. On the hilltops just south of the border, Mexican spotters train equally sophisticated equipment on the Guard, directing smugglers of aliens and drugs to safer areas.

"They've got their own spotters watching us, trying to catch us when we're not looking," Sgt. Jacobs says.

'Significant dent'

Alien smugglers, he says, sometimes send people along the border to see how the Guard troops react and how quickly the Border Patrol responds. But he says his team has put a "significant dent" in the number of aliens crossing into his sector, with the daily count dropping from 150 to fewer than 20.

Watches all along the border have reported similar declines since the National Guard's arrival, says Border Patrol Chief David V. Aguilar, who notes that last week apprehensions were down by 45 percent since the start of Operation Jump Start.

"Nationally, we are down by 2 percent," Chief Aguilar says. "But this is the important number: Since the day the president announced Operation Jump Start ... our apprehensions are down by 45 percent. How does that compare to the seasonal downtrend? Well, last year, it was 25 percent. So the increase in the downward trend is, in fact, positive; it's real, and it's impacting."

Operation Jump Start was designed to free up Border Patrol agents for expanded enforcement duties along the 1,951-mile southwest border.

National Guard troops are building roads and fences, adding cameras and sensors, conducting aerial reconnaissance and providing medical aid and communications support. Guard troops also perform administrative duties, gather intelligence from border cameras for agents to act on, assist at highway checkpoints, serve on entry-identification teams and work as mechanics at Border Patrol stations, repairing well-worn trucks and cars.

The operation is expected to give the Border Patrol time to recruit and train 6,000 new agents to bring its field strength to 17,000.

"We're not putting up to 6,000 armed National Guardsmen on the border as a show of force," National Guard Bureau Chief Lt. Gen. H. Steven Blum says. "We are in support of a Homeland Security operation, or a Customs and Border Protection operation.

"Probably the biggest thing we bring in terms of numbers and capability to the game are the additional eyes and ears of the initial-entry teams," Gen. Blum says. Border Patrol agents, he says, gain "greater situational awareness of what is going on in places where they could not go, or could not see, or could not hear what was happening before."

Trooping to border

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In May, Mr. Bush sent Congress a request for $1.94 billion in emergency funding for border security. Besides money to pay for 6,000 new Border Patrol agents over the next two years, the president sought $770 million for the temporary deployment of 6,000 National Guard troops.

Thirty of the 54 states and territories with National Guard units have sent troops to the border, where they are quartered in motels and hotels. Maryland sent 120 National Guard troops to Arizona for 60 days earlier this month.

Customs and Border Protection Commissioner Ralph Basham, who oversees the Border Patrol, says the National Guard met the president's commitment of 6,000 troops by currently deploying 6,199 soldiers and airmen on the border. The troops are "forward deployed," he says, meaning they directly support the Border Patrol through surveillance, intelligence gathering, entry identification, engineering and other duties.

"The deployment of the National Guard has made a powerful impact on the security of our southern border," Mr. Basham says. "Fewer people are crossing our border, and this decline far exceeds any changes in border crossing due to seasonal migration patterns.

"The Guard's deployment has enabled more than 315 Border Patrol agents to move from back-office administrative functions to frontline border-enforcement activities, further multiplying the Guard's impact."

Although the troops are not involved directly in law enforcement, Mr. Basham says their presence led to the apprehension of 2,296 illegal aliens and the seizure of 64 vehicles, 14,496 pounds of marijuana and 220 pound of cocaine. The agency is "on track" to meet Mr. Bush's objective of doubling the number of Border Patrol agents by the end of 2008, he says.

The National Guard's priority target is Arizona, though troops are deployed along the border from California to Texas. The Arizona-Mexico border is the nation's most heavily traveled corridor for illegal immigration, accounting last year for about half of the 1.15 million illegal aliens detained nationwide. It also is a major drug-smuggling route into the United States.

'Eye-opening' service

All of the 6,199 Guard troops stationed in the border states volunteered for the mission. Among them is Spc. Travis Arnold of the Wisconsin National Guard, who also served a year in Iraq. He says he plans to help secure the border for two years.

"This certainly has been an eye-opening experience," Spc. Arnold says. "Immigration is not a huge issue in Wisconsin. It was the sheer number of people coming over that border that surprised me the most. I had no idea how many people jump that fence every day."

Spc. Arnold works eight-hour shifts at the Border Patrol field office in Nogales. He and a partner, Spc. Kirstin Schultz, monitor live border-surveillance videos on more than 40 television screens. Their job is to report to the Border Patrol any incursions by illegal aliens or drug smugglers.

"I didn't realize just how quickly they come over the fences," Spc. Schultz says. "We are the agents' eyes until they make contact, and we can get them additional help if they get into trouble."

Sgt. Brian Eckberg and Spc. Timothy Reisinger, also members of the Wisconsin National Guard who work at the Nogales field office, are assigned to monitor the detention area. They do required paperwork on apprehended border crossers, maintain detention records and call for help for agents when they need it.

"We are freeing up the agents to be able to do enforcement work in the field," Sgt. Eckberg says. "I feel we are accomplishing a lot here for the agency and the country."

More than 200 illegals a day are processed at the detention center at the Nogales station. With 500 agents, the station is the agency's largest and sits close to the border with Mexico.

'Glad to be here'

Maj. Fay Ludens, a National Guard spokeswoman, says the troops "are glad to be here."

"Nobody is here who didn't want to be here," says Maj. Ludens, a member of the South Dakota National Guard who retires this month after 23 years. "I think we have all learned a lot about the Border Patrol and how the Border Patrol and the National Guard can work together.

"This call-out was a way for us to do something in the United States, helping our own."

Border Patrol spokesman Sean King says the Guard's presence in Nogales alone enabled that field office to free up 40 agents for enforcement duties along the border, a 10 percent staffing increase per shift. The increased manpower, he says, allows the office to put agents in areas "not now patrolled."

"The National Guard has given us the ability to strengthen our overall effort to secure the border," Mr. King says.

Apprehensions dropped by 17 percent in the Nogales office's 32-mile jurisdiction, he says, and 21 percent in the Tucson sector, which includes 281 miles of border.

Last year, the Tucson sector accounted for about half of the 1.15 million illegal aliens apprehended on America's southern and northern borders -- about 1,300 arrests every day.

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Gen. Blum, the Guard's bureau chief, describes Operation Jump Start as a law-enforcement operation rather than a military one. He says the Guard's role is to provide military support to civilian law enforcement, as directed by the president and the secretary of defense.

"We are not doing Border Patrol law-enforcement work," Gen. Blum says during a press conference in Washington. "We're doing everything else that other badge-carrying Border Patrol people used to have to do. We are replacing them so that they can get badges back to the border."

Border Agents: 'We're Never Going To Stop Them, Never' (LAT)

By Miguel Bustillo, Times Staff Writer

The Los Angeles Times, August 13, 2006

Those patrolling the Rio Grande know desperate people will always find a way into the U.S.

Carlos Gonzalez gunned the throttle. The roar of the outboard motor warned everyone within a mile that the U.S. Border Patrol was rounding the serpentine bend of the Rio Grande known as the cola del diablo, or devil's tail.

Turtles scurried off logs and into the green, murky water as the Border Patrol boat raced by at 35 mph, flanked by a second boat with a hard-faced agent in dark sunglasses holding an M-4 carbine assault rifle.

On the Mexican side, men with fishing poles by their feet lay lazily in the tropical sun. Their eyes followed every move the boats made. Gonzalez, a 20-year veteran of the Rio Grande beat, suspected most were lookouts who would take out cellphones and alert smugglers when the coast was clear.

He cut off the motor and coasted into a foul-smelling landing less than half a football field across from Mexico, where countless feet had carved a well-worn path up the reedy riverbank. It was littered with inner tubes, plastic bags and underwear — unmistakable clues that immigrants continued crossing into Texas. But when the border agents went ashore, the beachhead was still. The only signs of life were swarms of buzzing mosquitoes.

"We're never going to stop them, never," Gonzales said. "This was happening before I was born, and it will be happening long after I am gone. There is no way to shut the river down."

Though politicians and regular folks all over America agree that stopping illegal immigration starts with sealing the border, agents on the front line are under no illusions that they can catch everyone — even with the 6,000 extra agents that President Bush plans to put on the border over the next two years.

The challenges of policing the southernmost boundary with Mexico were clearly visible recently as Gonzalez and two other agents fanned out on different shifts across the Rio Grande Valley sector, a stretch of 18 counties that ends where the river — feared for its murderous whirlpools and undertow — calmly empties into the Gulf of Mexico.

The 1,500 agents in this region are mainly small-town men from South Texas. They pride themselves on working hard each day to stop hardened criminals and terrorists, and catch as many illegal immigrants as possible. But after years of experience on the Rio Grande, they realize that desperate people will always find a way across, as long as opportunities on one side remain so much better than on the other.

Equipped with all-terrain vehicles, mountain bikes, horses, helicopters, firearms, motion sensors and infrared cameras, the agents cast a sweeping dragnet over 17,000 square miles.

In addition to keeping vigil along the riverbank and staffing highway checkpoints to inspect cars and trucks heading north, agents board buses to question passengers riding to big cities in Texas. They double-check identification at regional airports. They stop freight trains and search cargo holds for immigrants riding the rails. They comb barrier islands for drug runners sneaking up the coast. And they scour the mesquite and brush of cattle ranches for smugglers cutting around the highway checkpoints.

The Rio Grande was one of the first places where the government got serious about fighting illegal immigration, and the Border Patrol says a steady buildup of agents and equipment has reduced drug running and human smuggling here over the last two decades. It has also improved the lives of hundreds of local men and women, who have found careers in the Border Patrol.

Many agents readily admit that they did not join the Border Patrol because of a passion to stop illegal immigration. They were drawn to the job because it pays better than other lawful jobs in the region and promises a life of action along the untamable river Mexicans call Rio Bravo.

"I was looking for a career," said Derek Conrow, 29, an agent from El Paso who was Gonzalez's boat mate. "If you like the outdoors, this is the place to be. We're not stuck in the office all day."

Agents generally earn $51,972 a year after three years — twice the median household income in this region — and average about 25% more in overtime pay.

"I have a friend who is a principal at a local school, and he makes as much as me," Gonzalez said. "He has a master's degree. I am a flunky who left after three years of college."

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Gonzalez stood on the dock at Anzalduas County Park and looked out at another dock, in another park, in another country.

On weekends, each park fills up with Latino families picnicking as children wade in the river. When the agents aren't around, smugglers on Jet Skis scoot illegal immigrants from one side to the other in seconds, Gonzalez said.

He pushed off the dock and resumed his day patrol along the stretch of the Rio Grande southwest of McAllen, where the Border Patrol has a regional office. The 18-foot fiberglass boats are supposed to serve as deterrents. But they also make the agents, in white polo shirts with "Border Patrol" emblazoned on the back, highly visible targets.

Agents patrol the river in a state of unease, searching for an adversary who seems to be everywhere, yet nowhere. Smugglers have shot at them with semiautomatic weapons. Mexican peasants have pelted them with rocks. Someone tried to string thin metal wire across the river in an attempt to decapitate them. Agents have heard rumors that their names were on hit lists, compelling some to move.

The boats sped up the river, past an old brick smokestack and the skeletal frames of cars scattered along the U.S. side. On the Mexican shore, a speedboat sat in a boathouse next to a Mediterranean-style mansion, and a white stallion grazed by the riverbank.

The agents slowed to a stop at a sandy peninsula they had nicknamed "the beach," where generations of illegal immigrants have forded the river and walked to safe havens in the neighborhoods nearby. To their surprise, they found a newly carved smugglers' cove. The fresh twine in the water told them it was being used to pull drug loads from one side to the other.

"Damn, I had never noticed that," Gonzalez said.

He had wanted to join the Border Patrol since he was a schoolboy in nearby Weslaco, where he would walk by the El Bronco coffee shop on his way to class and see the agents in cowboy hats. It seemed like the best job in town, he said.

Gonzalez, 44, has not changed his mind about that, despite the dead bodies he has found floating in the water, the children he has seen drowning, or the humble-looking men he has caught who turned out to be convicted murderers and rapists. He is more convinced than ever that his job is important. But as one of those who protect the American border, he realizes that enforcement alone will not stop the flow.

Staring at the muddy water, Gonzalez reflected on the vastness of the problem. "The public just doesn't realize how many people come across."

If Hollywood dreamed up a Border Patrol agent, he would look like Pedro "Pete" Martinez, a tall, handsome and well-spoken 28-year veteran with the wilderness skills of an Eagle Scout.

Martinez peered into his binoculars and spotted a man crossing the river shortly before noon on a rubber tube in plain view. The man made it to the U.S. in a matter of seconds, then disappeared into a thicket of reeds. Martinez radioed for backup, and a pack of sport utility vehicles converged on the scene.

"You see anything? He's in there somewhere," Martinez said into his receiver.

In the Border Patrol's station in Harlingen, east of McAllen, inside a room full of monitors that resembled a television studio, an agent operating a sophisticated surveillance camera zoomed in on the spot where the man was last seen. Motion sensors scanned for suspicious vibrations in the surrounding fields of tall sugarcane and sorghum.

But the man was gone. He may not even have been an illegal immigrant, Martinez said, because destitute Mexicans liked to scavenge a dump nearby and swim home with mattresses on their backs.

"In this job, you have to learn what an alien is," the senior agent said. "They teach you that in the academy, but in the real world, you find it's different."

When Martinez spotted a footprint facing away from the river, he placed his index finger on it and gently pressed down. The dirt was dry and crusty, baked by the sun. That meant the mark was hours old, he said, so whoever left it was long gone.

Martinez, like others on the river beat, has developed sympathy for the desperate people he comes across.

"You deal with a lot of human misery — real human misery," he said. "You're dealing with the poorest of the poor. People are determined to get across the border no matter what. Jobs and the American dollar, that's the issue."

Agents caught 134,185 illegal immigrants from 71 countries in the Rio Grande Valley sector from October 2004 to September 2005, about half the number caught in 1997. Nearly 60% were from nations other than Mexico, with some hailing from as far as China.

Martinez, one of 12 children born to a carpenter from Brownsville, watched border agents work when he ran along the river levees as a teenager. Today, he coordinates the daily movements of dozens of agents.

In many ways, the challenges have not changed over the years, said Martinez, 52. A constant problem is that some Mexican American families along the border hide illegal immigrants out of pity, or try to sneak in relatives.

"They have friends and family connections in Mexico, and they're trying to help somebody," said Martinez, a fourth-generation Texan whose grandmother lived in Matamoros, just across the river from Brownsville. "It's hard to deal with that."

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Earlier in his shift, during a midmorning check at a Greyhound station, Martinez had watched as agents in khaki uniforms boarded a bus headed to Houston and began asking travelers for identification. Most passengers quickly handed over Texas driver's licenses and identification cards with respectful "yes, sir" answers.

Agent Rhaudell Cordova began questioning one nervous-looking man who said he was born in a Mexican village and moved legally to California as a child. Cordova asked him to name the hospital where he was born. It was a trick question; Cordova knew that in that part of Mexico, midwives delivered most babies. The man gave a satisfactory answer, and Cordova left him on the bus.

Cordova speaks Spanish well, but a few agents lack a strong command of the language, which they were taught during academy training. Martinez said that only about half are fluent.

"When you catch a smuggler and are trying to squeeze information out of him, trying to use reverse psychology and other interrogation techniques, it is important," Martinez said.

Martinez then dropped in on one of the least-exciting beats on the border: Valley International Airport. About 15 flights a day take off from the Harlingen airstrip to cities such as Austin and San Antonio.

Low-ranking agents stand around the terminal and watch for suspicious people. A few prefer the airport's air-conditioned comfort to the humid triple-digit heat by the river, but it is not a coveted assignment. Hours pass without any departures. The agents are lucky to catch one illegal immigrant a day.

"Even if we caught nobody, we'd be here," Martinez said, sipping coffee at the airport Starbucks with one of the agents. "If we left, the bad guys would notice."

Paul Backor said he was wasting away in a boring job as an office manager when he decided he wanted a more adventurous — and lucrative — career. Just before turning 37, the age limit for recruits at the time, he joined the Border Patrol.

Ten years later, Backor stared at a picturesque wide turn on the Rio Grande near Harlingen that agents had nicknamed "the lookout," and said he was happy with his decision.

As the sun began dropping in the distance, songbirds sang, and the twilight gave the water an ethereal glow. Soon the river would come alive with the sounds of smugglers and border crossers, and the evening's chase would begin.

In 10 years, Backor will face mandatory retirement and will have to find a third career. But he doubts anything else will pay as well or provide the same adrenaline jolt. A guarded man who made Clint Eastwood seem effusive, Backor, 47, did not philosophize about illegal immigration, or much else. He saw his job in simple terms.

"If they cross that river, they're breaking the law," he said. "When I go home at night, either I caught 'em or I didn't."

But when Backor catches mothers and fathers crossing with their children, he thinks about how much he wants to make life better for his daughters, Abby and Emily, and he wonders whether border agents could ever stop poor families from sneaking into America.

Backor drove to a stretch of railroad tracks just as agents with sniffing dogs were searching a train. A German shepherd named Bojar picked up a scent and dragged his handlers to an immigrant hiding in a metal freight car. The dog then rushed to a cubbyhole in another car. A second man stepped forward with an uneasy smile and turned himself in.

Agents swiftly cuffed the men, who had boarded hundreds of miles to the south in the Mexican state of Coahuila, pushed them in the back of a paddy wagon and drove off. The men would be returned to Mexico as soon as possible.

"When I got here in 1997, it was not unusual to find 30 to 35 guys on a train," said one of the dog handlers, Don LaPress. Now most illegal immigrants know that the trains are being watched.

Back at the river, Backor stopped to chat with Rocky Bustinza, a young agent who grew up in Brownsville and joined the Border Patrol, just like his brother before him. Bustinza said he recently ran into one of his Porter High School classmates — in the booking room.

"I never would have suspected this guy was illegal," Bustinza said. But the man, who spoke flawless English, was caught crossing the river after visiting family in Mexico.

When darkness fell, it was absolute, save for the light of a half moon, and Backor's patrol radio began to crackle with reports of immigrant sightings on infrared cameras and motion sensors. But this night, it seemed as if every report was followed by a call from an agent who rushed to the scene — and found nothing.

A Closer Look At The Hispanic Population (NYT)

By Hubert B. Herring

The New York Times, August 13, 2006

National policy on immigration from the south can be fairly described as one of passionate ambivalence. Some Americans may try angrily to seal an unsealable border, yet many eagerly employ those who make it across.

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Amid all the controversy, though, the nation is preparing to celebrate many of its immigrants with Hispanic Heritage Month. (It starts Sept. 15.)

To mark that occasion, the Census Bureau has offered up a grab bag of statistics, like these: as of July 1, the estimated Hispanic population was 42.7 million, nearly twice the 1990 level; by 2050, it is projected to hit 102.6 million, which would constitute 24 percent of the population. There were 1.6 million Hispanic-owned businesses in 2002, generating $222 billion in revenue.

The difficulties facing that population, though, can be seen in other bits of data: 32.7 percent of Hispanics lacked health insurance in 2004, 21.9 percent lived in poverty, and just 12 percent of those 25 and over had college degrees.

CONGRESS-ADMINISTRATION:

Graham Traced To Nominee Defeat (MBSN)

By James Rosen

Myrtle Beach (SC) Sun News, August 13, 2006

WASHINGTON - If the defeat of a high-profile judicial nominee by President Bush was probed like a homicide investigation, Sen. Lindsey Graham's fingerprints would be on the gun.

After Congress adjourned for its summer recess last week, the Senate quietly returned to the White House the nomination of William J. "Jim" Haynes to the 4th Circuit Court of Appeals.

As general counsel at the Defense Department, Haynes helped craft the Bush administration's legal rationale for aggressive detainee interrogation techniques used by U.S. military and intelligence forces at the Abu Ghraib prison in Iraq, the Guantanamo Bay compound in Cuba and other sites.

Graham, a former military lawyer, is widely seen on Capitol Hill and beyond as the man most responsible for the Senate's failure to confirm Haynes. From his seat on the Senate Judiciary Committee, Graham expressed strong concerns about Haynes' fitness for the appellate court.

Graham's stand has earned the admiration of many military lawyers and other senior officers. But it angered conservative activists who have condemned Senate Democrats for refusing to allow up-or-down votes on Bush's controversial judicial nominations.

"To say the least, I have serious reservations about his nomination," Graham said Thursday in an interview. "This is not about being conservative. It's about being held accountable for what happened on your watch."

Graham also drew heat from conservatives last year for his membership in the "Gang of 14" senators, seven Republicans and seven Democrats, who negotiated a compromise for handling judicial nominees.

Under the deal, Democrats pledged to use a filibuster only in rare circumstances, while Republicans backed away from their threat to change Senate rules so that only 51 votes - instead of 60 - would be needed to break a filibuster.

This year, Democrats repeatedly vowed to filibuster Haynes' nomination. But it never reached the Senate floor because the Judiciary Committee failed to take a vote. With nine Republicans and seven Democrats on the panel, opposition from a single Republican was enough to stymie the nomination.

Controversial opposition

Graham insisted he wasn't blocking Haynes' nomination, but his opposition was an open secret on Capitol Hill.

"There are lots of other Republicans who say he did block it," said Sean Ruston, executive director of the Committee for Justice, a group of prominent conservatives and Republicans who push for the appointment of "constitutionalist" judges to the federal bench.

"Jim Haynes was blocked in committee for months at the behest of Senator Graham," Ruston said.

Among the group's founders are former Michigan Gov. John Engler and Connie Mack, a former U.S. senator from Florida.

Sens. John McCain of Arizona and Mike DeWine of Ohio were among a handful of Republican senators who raised concerns about Haynes, but Graham was the most vocal.

On the Senate floor and in committee hearings, Graham said it would be unfair to reward a senior Pentagon official who helped devise the now-repudiated interrogation procedures while at the same time prosecuting rank-and-file soldiers who practiced them.

Graham also said that the policies crafted in Washington confused soldiers in Iraq, Afghanistan and elsewhere because they contradicted well-established military regulations on interrogating enemy detainees.

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In a dramatic showdown last month, Graham grilled Haynes at his confirmation hearing, cutting him off in mid-sentence at several points. Graham highlighted contradictions between Haynes' testimony and that of military lawyers who said Haynes ignored their strong opposition to the interrogation techniques.

And Graham ridiculed Haynes' contention that he didn't set interrogation policies, but merely passed on the findings of Justice Department lawyers to Defense Secretary Donald Rumsfeld and the White House office of legal counsel.

Military support

John Hutson, a retired admiral and former judge advocate general of the Navy, joined 19 other retired military officers who opposed Haynes' nomination in writing a letter last month to Sen. Arlen Specter, a Pennsylvania Republican and chairman of the Senate Judiciary Committee.

Hutson said it took political courage for Graham to oppose a high-profile nomination by a president of his own party.

"I think that Sen. Graham is doing exactly what he was elected to do and constitutionally is required to do," Hutson said. "If he's voting his conscience, then that's what we want U.S. senators to do. We don't want them to just automatically follow the party line. I admire him for it."

Ruston, with the Committee for Justice, said Graham's opposition to Haynes has not been lost on conservative and GOP activists and leaders around the country.

"It will be remembered," Ruston said. "It's something that has been made note of. This is not an issue that is floating under the radar among conservatives and Republicans."

In an Aug. 3 news release by his organization, Graham was the only Republican senator grouped with Democrats for blocking Haynes and two other controversial judicial nominees, Terrence Boyle and William Myers.

Haynes' father, William Haynes, grew up in the Palmetto State, attended the University of South Carolina and served as colonel in the Air Force. He blames Graham at least partly for his son's failure to advance to the appellate court.

"I feel that Senator Graham has not lived up to his campaign promise to ensure that all nominees get an up-or-down vote," the elder Haynes said.

An 'influential force'

Bush originally nominated the younger Haynes in 2003, and he moved through the Senate Judiciary Committee with Graham's support. But that was before the Abu Ghraib prison scandal erupted and subsequent reports described Haynes' involvement in helping write memos justifying the use of water-boarding, sleep deprivation, stress positions and other aggressive interrogation techniques on detainees.

Haynes' nomination bogged down in the full Senate in 2004, and Bush resubmitted it last year to a new session of Congress.

Hutson, the former Navy judge advocate general, said Graham has joined McCain as Senate experts on the complex web of issues surrounding interrogation and prosecution of enemy combatants in the war on terror.

"He is a very influential force because of his military background," Hutson said of Graham. "Like McCain, he's one of the people that other senators listen to - if not defer to - on some of these issues."

In a June 8 letter responding to conservative activists upset by his stance on Haynes, Graham said he could not ignore the views of senior military officers.

"As a member of the Senate Armed Services Committee and a strong supporter of our men and women in uniform, I am troubled that very distinguished military leaders have expressed strong opposition to the Haynes nomination," Graham wrote.

Beware The Idles Of August (WP)

By Jonathan Martin

The Washington Post, August 13, 2006

You're probably not reading this. But if somehow you are, it's surely via the laptop you brought along with you to the tony island, cape or peninsula where you're summering. You certainly aren't spending this time of year in Washington, where tumbleweeds blow down K Street and the merchants in Georgetown hang "Gone Fishin' " signs in their storefront windows, are you? After all, nothing much happens in Washington during August.

This received wisdom is so ingrained in Washington's image of itself that it has almost become a self-fulfilling prophecy. But for the diehards who forgo the beaches and stay in town, this August -- with multiple wars in the Middle East, aging dictators in post-op and foiled terrorism plots in the air -- feels like anything but a slow news month. Indeed, for a time of year when supposedly no one is around to hear them, a lot of trees tend to fall during August. And they have usually fallen upon our presidents hardest of all.

It was Aug. 8, 1974, when President Richard M. Nixon flashed his defiant victory sign on the White House lawn, boarding Marine One as the first president in U.S. history to resign. Twenty-four Augusts later, another president faced up to scandal.

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Speaking from the White House Map Room on Aug. 17, 1998, Bill Clinton admitted to the nation that he "did have a relationship with Miss Lewinsky that was not appropriate." (On the same day, in case one crisis did not suffice, the Russian ruble collapsed, forcing Clinton to contend with the possibility of an international financial meltdown. Dramatic, certainly, though not enough to get Washington's mind off the presidential sex scandal.)

Nixon's disgrace notwithstanding, he at least enjoyed an uninterrupted vacation on the beaches of San Clemente because he was newly unemployed. Clinton, though, had only a two-day respite in Martha's Vineyard before returning to Washington to again address the nation -- this time to announce the launching of cruise missiles at suspected al-Qaeda hideouts in Afghanistan and Sudan. The move was a retaliation against the terrorist attacks on U.S. embassies in Kenya and Tanzania, which had taken place earlier that August.

Presidents between Nixon and Clinton also had to confront crises while trying to enjoy their August down time. It was still Aug. 31, Washington time, when a Soviet fighter jet shot down a Korean Air 737 over the Sea of Japan in 1983, killing all 269 people on board. Shortly thereafter, President Ronald Reagan left behind the horseback riding and wood-chopping in Santa Barbara, Calif., to return to the capital. He later condemned the attack as a "massacre" and a "crime against humanity."

President George H.W. Bush endured August surprises in three of his four years in the Oval Office. First, in what would not be the last time he irritated the Bush clan, Iraqi strongman Saddam Hussein invaded Kuwait in August 1990, prompting Bush to return to work from the family compound in Kennebunkport, Maine, and launch Operation Desert Shield. The next summer brought more foreign-policy turmoil, when Russian hardliners sought to overthrow Mikhail Gorbachev, accelerating the breakup of the Soviet Union and again forcing Bush to drop the horseshoes at Walker's Point.

Bush was handed his third August crisis when, at the end of the month in 1992, Hurricane Andrew tore its way across South Florida, leaving a swath of destruction and a political headache in its wake. Sensitive to election-year criticism that his administration had not responded quickly enough to the disaster, Bush decamped from Camp David back to Washington to meet with designated hurricane relief coordinator Andrew H. Card Jr. (remember that name) and to get something off his chest before the White House press corps.

"May I tell you something?" Bush growled to reporters. "This may be hard for you to believe. I am thinking about what's good for the people here. I don't even think about the politics of it. We're trying to help people. . . . Can't we help people without having somebody try to put a political interpretation in it? I mean, heaven's sakes. . . . "

No modern president, however, knows more about the danger of the Idles of August than George W. Bush. It was between brush-clearing and bass fishing in Crawford, Tex., that this President Bush was briefed on a memo titled, "Bin Laden Determined to Strike in US." The date: Aug. 6, 2001.

Four summers later, Bush's R&R at the ranch was interrupted first by Cindy Sheehan and her fellow war protesters. Then, on Aug. 29, Hurricane Katrina made landfall on the Gulf Coast, forcing Bush to cut short his month-long vacation.

This year, with Washington purportedly shut down until after Labor Day, Bush is also at his ranch facing a full slate of challenges. The Middle East is awash in violence, Fidel Castro may be on his way out in Cuba (meaning more Cubans may be on their way in to Florida), North Korea is acting like, well, North Korea, hurricane season is entering its peak and British authorities foiled a terrorist plot targeting airplanes bound for the United States -- while British Prime Minister Tony Blair was vacationing in Barbados. Oh, and Sheehan and Co. are back in Crawford for another summer, this time with their own property from which to razz the president.

And those are just some of the problems we know about.

Given this daunting array of challenges, Bush will spend much less time this month at his beloved Prairie Chapel Ranch than he did in his first five summers as president. He reached Texas on Aug. 3 and is scheduled to return to Washington today. He may go back to Crawford later this month, but he won't come close to replicating his traditional month-long holiday.

Perhaps it took his own especially brutal August to teach Bush that, contrary to D.C. lore, plenty happens during this month, much of it unexpected -- and most of it bad.

Don't worry, though, about missing out on new policy pronouncements while you've got your own toes in the sand. Ten years after his stint as Bush 41's hurricane coordinator, Bush 43's then-Chief of Staff Andy Card put it best in 2002 when discussing the possibility of invading Iraq. "From a marketing point of view," he explained, "you don't introduce new products in August."

jmartin@nationaljournal.com

Jonathan Martin is a staff writer at National Journal's "The Hotline."

The Ripple Effect (MSN)

NWSK -- Terror Poll, August 13, 2006

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The foiled airline plot boosts President Bush's terror ratings, but the new NEWSWEEK Poll finds a lot for Democrats to cheer as the midterm elections approach.

Aug. 12, 2006 - Even after British officials revealed a terrorist plot to blow up as many as 10 jetliners traveling from the U.K. to the United States, using ordinary-looking liquid explosives smuggled into airplane cabins, a majority of Americans still aren't willing to part with their carry-ons.

So says the latest NEWSWEEK Poll. Fifty-four percent of respondents oppose prohibiting all carry-on baggage "to better prevent terrorists from putting a bomb on a plane," according to the poll, conducted Thursday and Friday nights. Only 26 percent say they "definitely favor" such a move, and 18 percent say they would "probably favor" it.

Despite this week's foiled plot, almost five years after terrorists turned airplanes into missiles in the worst peacetime attack in U.S. history, 45 percent of Americans believe air travel is safer today than it was before September 11 (41 percent believe flying is about as safe). And though we treasure our carry-ons, 52 percent of Americans say they are willing to support a "major increase" in airfares to fund additional security at airports and in planes.

Still, the most murderous terror plot to be publicly exposed since 9/11 disrupted more than air travel. It roiled public opinion too. While the NEWSWEEK Poll suggests President George W. Bush and the GOP-led Congress have plenty to worry about just three months before the midterm congressional elections, it shows a slight uptick in the president's lagging approval rating and a significant boost in voters' opinions of his handling of the terror threat.

According to the poll, conducted through phone interviews with 1,001 Americans, 55 percent disapprove of how the president is doing his job, while 38 percent approve, an increase of 3 points since the May 11-12 NEWSWEEK Poll. But a majority, 55 percent, approve of Bush's handling of terrorism and homeland security (40 percent disapprove), an 11-point boost since May, returning the president to levels not seen since early 2005.

Planned Medicaid Cuts Cause Rift With States (NYT)

By Robert Pear

The New York Times, August 13, 2006

WASHINGTON, Aug. 12 — The White House is clashing with governors of both parties over a plan to cut Medicaid payments to hospitals and nursing homes that care for millions of low-income people.

The White House says the changes are needed to ensure the “fiscal integrity” of Medicaid and to curb “excessive payments” to health care providers.

But the plan faces growing opposition. The National Governors Association said it “would impose a huge financial burden on states,” already struggling with explosive growth in health costs.

More than 330 members of Congress, including 103 Republicans, have objected to the plan. A letter signed by 82 House Republicans says it “would seriously disrupt financing of Medicaid programs around the country.” A bipartisan group of 50 senators recently urged President Bush to scrap the proposed rules, which were set forth in his 2007 budget and could be issued before the end of this year.

Medicaid finances health care for more than 50 million low-income people, with money provided by the federal government and the states.

Under the White House plan, the federal government would reduce Medicaid payments to many public hospitals and nursing homes by redefining allowable costs. It would also limit the states’ ability to finance their share of Medicaid by imposing taxes on health care providers. About two-thirds of the states have such taxes.

The federal government pays at least 50 percent of Medicaid costs in each state and more than 70 percent in the poorest states. Bush administration officials say states have used creative bookkeeping and accounting gimmicks to obtain large amounts of federal Medicaid money without paying their share. Moreover, they contend, some states have improperly recycled federal money to claim additional federal Medicaid money.

“States have managed to draw down more federal Medicaid dollars with fewer state dollars,” said Dennis G. Smith, director of the federal Center for Medicaid and State Operations.

State and local officials, members of Congress, hospitals, nursing homes and advocates for poor people make several arguments. First, they say, Mr. Bush is doing by regulation what he unsuccessfully asked Congress to do by legislation in the last two years. Second, they say, prior administrations and the Bush administration itself approved many of the state taxes that would be deemed improper under the new rules.

Gov. Arnold Schwarzenegger of California, a Republican, said, “The administration is attempting to reverse decades of federal Medicaid policy through the regulatory process,” less than a year after “Congress rejected these misguided cuts.”

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In Missouri, Gov. Matt Blunt, a Republican, said the change "could mean a loss of more than $84.9 million" for his state. That, he said, would "jeopardize the continuity of care for Medicaid recipients" and set back efforts to improve care in nursing homes.

Gov. M. Jodi Rell of Connecticut, a Republican, protested the White House plan in a letter to Mr. Bush. She said the effects would be "disastrous" in states like Connecticut, which relies on fees collected from nursing homes to help pay its share of Medicaid costs.

Democratic governors, including Janet Napolitano of Arizona, Edward G. Rendell of Pennsylvania and Kathleen Sebelius of Kansas, also denounced the White House plan. Ms. Sebelius said the cuts would make it much more difficult for health care providers like the University of Kansas Hospital to serve Medicaid recipients and people without insurance.

The cuts contemplated by the White House would not reduce the cost of care. But state officials said the changes would put pressure on states to reduce Medicaid benefits, restrict eligibility or lower payments to health care providers.

Medicaid is one of the largest, fastest-growing items in state budgets. To pay their share of the costs, states often rely on general revenue from sales and income taxes. But many also levy special taxes on hospitals, nursing homes and other health care providers. In many cases, providers willingly pay such taxes because the revenue shores up Medicaid and can be used by states to obtain federal matching payments.

Under current rules, a state can impose a tax equal to 6 percent of the revenue of a hospital or nursing home. The administration wants to lower the allowable tax rate to 3 percent. The federal government would reduce its Medicaid payment to any state that levied taxes above that.

Michael O. Leavitt, the secretary of health and human services, said this change would "remove incentives for states to shift the responsibility to fund their share of the Medicaid program to health care providers." Hospitals and nursing homes, he said, should welcome the change because it would reduce their taxes.

But Thomas P. Nickels, senior vice president of the American Hospital Association, and Bruce A. Yarwood, president of the American Health Care Association, a trade group for nursing homes, said the plan was simply a way to cut Medicaid.

"If provider taxes are cut, the Medicaid program will be reduced, and that will harm beneficiaries," Mr. Nickels said. "We do not see a political will, at the federal or state level, to supplant provider taxes with other types of revenue."

In February, Mr. Bush signed a bill that gave states power to revamp Medicaid by altering eligibility and benefits. That measure is expected to cut the growth of federal Medicaid spending by $4.9 billion over five years. The White House estimates that the new rules will save the federal government even more: $12.2 billion over five years.

The administration said it needed to impose stricter limits on Medicaid payments to public hospitals and nursing homes because such payments far exceeded "the actual cost of services" in many states.

The changes may seem technical. But Marvin R. O'Quinn, president of Jackson Health System in Miami, said they would directly and adversely affect patients.

Dr. Bruce A. Chernof, director of the Los Angeles County Department of Health Services, said the cuts would "reduce access to services in a county where 33 percent of residents are uninsured." The county's five public hospitals operate trauma centers and burn treatment units for all patients, not just Medicaid recipients, he said.

The effects are magnified by the way Medicaid is financed. For each dollar that a state loses in provider tax revenue, the federal government will reduce its contributions — by $1 in California and Connecticut, and by $3 in a poor state like Mississippi.

The White House said Mr. Bush would also adopt stricter policies on Medicaid payments for rehabilitation and school-based health services.

Bill Seeks National Medical Records System (LAT)

By Ricardo Alonso-zaldivar, Times Staff Writer

The Los Angeles Times, August 13, 2006

Congress wants all patients' data to be computerized. But critics say the legislation needs more privacy safeguards, pointing to recent breaches.

WASHINGTON — After Hurricane Katrina devastated New Orleans and Mississippi, thousands of evacuees with health problems faced double jeopardy because their medical records had been lost — forcing doctors in evacuation centers to rely on educated guesswork in treating patients they'd never seen before.

One group was spared that risk: former members of the armed forces whose records were available electronically from the Department of Veterans Affairs. For these patients, doctors in Texas, Arkansas and other states that took in Katrina refugees could call up medical charts, prescriptions, lab results — even videos of medical imaging tests.

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Congress is trying to bring the benefits of computerized medical records systems like the VA's to the whole country. By reducing reliance on paper records, lawmakers hope to save billions of dollars. And by tying computerized records systems together in networks, they hope to reduce medical errors by making information instantly available wherever it is needed.

But legislation to encourage a move to computerized records, now moving through the final stages of congressional approval, has provoked opposition from privacy advocates, consumer groups and civil libertarians who point to recent security breaches — including the much-publicized theft of a VA laptop containing personal information on millions of veterans.

These groups warn that the legislation wouldn't provide enough safeguards.

On one side of the debate is the issue of ensuring adequate protection for a person's most personal information. On the other side is the imperative from government, employers and insurers to curb the seemingly unsustainable growth of healthcare spending, as well as to improve medical treatment.

"We are not going to be able to get healthcare costs under control and improve quality without dramatic implementation of health [technology] over the next 10 years," said Robert Laszewski, a health policy consultant. "It's one of those things where choices are going to have to be made.

"That doesn't mean give the healthcare industry a blank check — we've got to have standards — but I'm afraid we're going to have to take some risks," he said.

Privacy advocates say the legislation needs stronger protections, such as provisions that would allow patients to control who sees their records or even to opt out of the electronic system. Agencies should be required to notify patients of a security breach, and patients should have the right to sue over unauthorized disclosures, privacy advocates say.

"The main thing we are concerned about is that if this information leaks out to employers, it can destroy people's reputations and livelihoods," said Dr. Deborah Peel, a leading critic and a psychiatrist who heads the Patient Privacy Rights Foundation in Austin, Texas.

Under the legislation, patients would not "have the basic right to control who can see and use the most sensitive information on Earth about you," Peel added.

Supporters of the legislation — known as the Health IT bill — say existing federal medical-privacy laws offer sufficient safeguards. Such laws "already provide absolute protection of our health information," said Rep. Nancy L. Johnson (R-Conn.), a coauthor of the legislation.

The Senate unanimously approved a version of the Health IT bill last year. The House version sparked partisan battles over complex technical and legal issues, as well as privacy. But House Republicans won passage over Democratic opposition last month.

A House-Senate conference to try to iron out differences promises to be contentious. Sen. Edward M. Kennedy (D-Mass.) has branded the House legislation "a weak, partisan bill."

Both versions share the same goal — to establish a legal and technical framework for a records system that would guarantee that doctors and hospitals anywhere could seamlessly share patient files.

Private industry would design and build the system, and pay for most of the cost. A federal technology czar in the Health and Human Services Department would oversee standards and ensure that computer systems could communicate with one another.

Architects of the system envision achieving more than a vast records repository. It could help doctors, for example, by warning them if they are about to prescribe a medication to which a patient is allergic. Patients would also have access. For instance, people with heart disease and diabetes could report daily blood pressure and blood sugar readings online, instead of bringing handwritten notes to their medical appointments.

The Bush administration strongly supports the legislation.

"We would love nothing more than to see the entire country covered," Veterans Affairs Secretary Jim Nicholson said. "And most especially the Department of Defense — they come to us with paper files, which is sort of an anachronism."

Independent analyses suggest the cost savings would be considerable. A Rand Corp. study last year estimated savings of at least $81 billion a year, mostly from lower administrative costs. And with increasing use of the system, the practice of medicine could become more efficient, eventually saving as much as $346 billion annually. Even for a country that spends about $2 trillion a year on healthcare, the savings would be substantial.

The study also found that about 20% to 25% of hospitals are now using electronic records systems, along with about 15% to 20% of doctors' offices. One reason for the small numbers is cost. Installing a nationwide system in hospitals and doctors' offices would take about $7.7 billion a year over a 15-year period. The Senate bill provides some modest federal starter grants, but the House bill does not.

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Opponents of the legislation deny that they are trying to hold back progress. "I want medical science to go forward," said Rep. Lois Capps (D-Santa Barbara), "as long as we take care that what we are going to do is not going to expose people's privacy."

As a former nurse, Capps said she would be glad to see note-taking and deciphering doctors' squiggly handwriting relegated to the realm of lost arts, but added: "If people don't trust the [new] system, they are not going to sign up for treatment."

House Republicans backed off an initial attempt to preempt state laws, but privacy will remain a delicate issue for the conference committee. Major labor unions and consumer groups, including AARP, are calling for stronger protections than those currently in either bill.

Some physicians are also concerned. Dr. Jack Lewin, chief executive of the California Medical Assn., said he worries such powerful technology could be misused by hospitals and insurers to coerce doctors.

"It could conceivably be used in a witch hunt, going after a doctor who is outspoken on quality issues," Lewin said. "While we don't think that would commonly occur, medical staffs want to make sure these kinds of protections are considered."

In addition to the privacy issues, the conference committee must grapple with a House provision that would waive anti-kickback laws to allow doctors to accept electronic records systems from hospitals and other enterprises.

Veterans Affairs department officials say that their electronic medical records system has not been breached in its six years in operation and that they have saved $100 million a year. The VA was widely criticized earlier this year after a laptop with other kinds of personal data on 28.6 million veterans and active-duty service members was stolen from an employee's home. The computer was later recovered, and FBI analysts said the data had not been compromised.

"We have never had someone hack the [records] system, nor have we ever had a data loss," said Dr. Robert Lynch, who chairs the internal VA committee that oversees the system, called VistA.

Paper records were not always more secure, Lynch said. "The controversy is that [electronic] data is more transportable," he said.

The agency uses a variety of strategies to protect its system, he said, such as data encryption and monitor screens that prevent the data from being seen by a visitor in a medical office.

Although the transition to electronic records would be a major change for hospitals and doctors, Lynch said he is not sure that it represents a new privacy frontier for patients.

"The reality is that you and I already have our major diagnoses coded in computers all over the place," he said. "Even without electronic records, that information is already in cyberspace because of the billing system. If anything, this is just more detail."

Official's Tax Break: On Firm Ground? (LAT)

By William Heisel, Times Staff Writer

The Los Angeles Times, August 13, 2006

Rep. Miller has avoided paying millions on real estate profits. He says the sales were forced; cities' officials dispute that.

When U.S. Rep. Gary Miller (R-Diamond Bar) sold 165 acres to the city of Monrovia in 2002, he made a profit of more than $10 million, according to a financial disclosure form he filed in Congress. Ordinarily, he would have had to pay state and federal taxes of up to 31% on that profit.

Instead, Miller told the Internal Revenue Service and the state that Monrovia had forced him to sell the property under threat of eminent domain. That allowed him to shelter the profits from capital gains taxes for more than two years before he had to reinvest the money.

But there is a problem with Miller's claim: Monrovia officials say that Miller sold the land willingly and that they didn't threaten to force him to sell.

Miller, whose 42nd Congressional District includes chunks of Los Angeles, Orange and San Bernardino counties, claimed the same exemption in two subsequent Fontana property transactions, allowing him to continue sheltering his profits from the Monrovia sale. And in each of those cases, the purchasers say eminent domain, which allows a government agency to force a sale if it's in the public interest, was neither used nor threatened.

Internal Revenue Code Section 1033 was designed to protect people whose land is condemned by government agencies or destroyed in natural disasters. Other investors wishing to postpone capital gains taxes would have to follow complicated rules that include reinvesting the entire amount in other property within 180 days. For Miller, a millionaire land developer in the Inland Empire and a senior member of the House Transportation and Infrastructure Committee, repeated use of the forced-sale exemption has enabled deferment of capital gains taxes through at least 2009.

Miller declined to comment on the sales after officials in Monrovia disputed his eminent domain contention. Officials with the IRS and the state Franchise Tax Board said it's not their policy to comment on individual cases.

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In an earlier interview, Miller described being threatened by Monrovia during the bargaining process and said the city gave him no choice but to sell. He said that he prided himself on transparency and noted that he fully disclosed all of his property transactions.

"The base of the deal was either you sell to us or we'll have to condemn it," Miller said.

But records and interviews in Monrovia show that the sale of Miller's land was voluntary.

Glen Owens, a member of Monrovia's Planning Commission, said the city could not have used eminent domain to purchase Miller's property, because it was acquiring the undeveloped hillside land for a wilderness preserve using state funding that specifically prohibited forced sales.

"The state doesn't go along with eminent domain," he said. "You have to have a willing seller."

A letter from then-City Manager Don Hopper at the time of the sale confirms that use of state funds blocked the city from considering eminent domain.

"Under the guidelines of the Challenge Grant Program, all property owners must be willing sellers," Hopper wrote in May 2002.

A videotape of a February 2000 City Council meeting, packed with people pushing the city to protect the hillside, shows Miller pleading with city officials four times to buy his land.

"Why don't you buy my property? I've asked you repeatedly," Miller said.

Miller's press secretary, Kevin McKee, wrote in an e-mail to The Times, "Mr. Miller and the city of Monrovia agreed upon the purchase price and a friendly condemnation."

Although early drafts of Monrovia's sales contract with Miller included the phrase "friendly condemnation," it was stricken when the final deal was made. Miller and his wife signed an amendment to the escrow instructions on Aug. 1, 2002, saying, "condemnation deleted."

Scott Ochoa, the assistant city manager at the time and now the city manager, said the city always discusses the possibility of so-called "friendly condemnation" when it is negotiating a purchase in case a seller wants to claim the forced-sale exemption. In this case, though, the state funds took that option off the table, he said.

Miller said that two years after the Monrovia sale, he raced to beat his extended deadline of Dec. 31, 2004, for reinvesting the profits. On Dec. 28, he reinvested some of the profits by purchasing 10 lots for about $5 million near the expanded 210 Freeway in Fontana, a building in Fontana for $1.3 million and five acres in Rancho Cucamonga worth about $2 million. He bought the properties from Lewis Operating Corp., a major Inland Empire developer and one of Miller's largest campaign contributors.

Miller took an exemption again when he sold the 10 lots to the city of Fontana in 2005 and again when he sold the building to Fontana this year, claiming both were compulsory sales. Those moves gave him at least another two years after each sale to reinvest the funds without paying capital gains taxes.

But records and interviews in Fontana show that those sales were not compulsory.

"From my perspective, if we were ever asked, I would say we were not threatening eminent domain," said Clark Alsop, the lead lawyer representing Fontana.

In fact, Miller bought the properties knowing that Fontana would be purchasing them.

"The market kept going through the roof, as you know, and I was running out of options," Miller said. "Lewis had bought some property at the request of Fontana. I thought, 'That's safe. I'll buy it. They'll buy it a year from now, and that's no big deal.' "

Such a sale could have meant that Miller would finally be liable for the capital gains taxes he had deferred by purchasing the Fontana property.

But when Miller sold the 10 lots, most of them with homes, to the Fontana redevelopment agency in April and June 2005 for about $5 million, he filed a tax withholding form for the sale and claimed an exemption by checking a box that said that the sale was "being compulsorily or involuntarily converted" and that he intended to acquire a similar property with the money "to qualify for nonrecognition of gain."

To bolster his case that the sale was forced, Miller also asked the city for "a letter that talked about eminent domain," said Ray Bragg, the city's redevelopment director.

Bragg called it "a courtesy letter. Agencies do it when asked."

The March 22, 2005, letter, signed by City Manager Kenneth R. Hunt, does not threaten to take Miller's land. In fact, it notes that the "redevelopment plan for this project area does not currently authorize the use of eminent domain." But it also notes that, "the Redevelopment Agency is in the process of amending the redevelopment plan to authorize the use of eminent domain."

Bragg said that as far as the city is concerned, the letter does not threaten the use of eminent domain.

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"It's really between him and his tax man and the IRS as to whether what is said in that letter is valid to say that the city was going to condemn the property," Bragg said.

Fontana attorney Alsop said he had not been consulted about the letter.

"It's pretty clear to me that the city cannot make a representation to the IRS that this is property being taken under the threat of eminent domain and therefore this person deserves a tax break," Alsop said.

Another property owner in the area, Jesse Bojorquez, bought land the city had its eye on and ultimately sold it to Fontana's redevelopment agency. He asked for the same kind of letter to support a claim for a forced-sale exemption.

Unlike the letter Miller was given, Bojorquez's letter from Hunt contained a paragraph that explicitly stated it was not to be used as "a representation or warranty as to the applicability of the Internal Revenue Code Section 1033.

"I'm just a little guy," Bojorquez said. "Why would they beat me up in my letter and not beat this guy up? It's not fair."

More than a year later, when Miller sold the Fontana building he had purchased from the Lewis Corp. to the city, he again filed a tax form invoking an exemption by claiming that the sale was compulsory. The city planned to use the structure as a temporary home for a branch of the county library.

Again, the city wrote Miller a letter noting that it had the power of eminent domain in its downtown redevelopment district but wasn't planning to use it to acquire the library building. There was no need to. When Miller bought the building from the Lewis Corp., he assumed Lewis' lease arrangement with Fontana that included an option for the city to buy the property outright.

"In reality, that letter is meaningless, and any IRS auditor who took a look at it would know that," Bragg said.

By invoking Section 1033 again, though, Miller was able to defer the payment of a portion of the capital gains taxes from the Monrovia sale until at least 2009.

The property he bought in Rancho Cucamonga with some of the proceeds from the Monrovia sale hasn't been sold.

Experts in eminent domain law said the arrangement between Fontana and Miller is pushing the legal envelope.

"Public use condemnation is meant to be a rarity because it's such an extraordinary power," said Doug Kmiec, a constitutional law professor at Pepperdine University. "And a taxpayer who has manipulated the process to provide evidence of a threat where none exists is not much different than a taxpayer who claims deductions on his tax return based on things he made up in his basement."

Tax experts said Miller would have a tough time proving to an IRS auditor that he was forced to sell property three times in a row.

"You really shouldn't be just happening into all these 1033 transactions unless you're very unlucky," said Washington, D.C., tax lawyer Brian Lynn, who has written about the tax exemption. "Multiple 1033 transactions might look fishy to an auditor. You have sort of the pattern-of-evidence problem."

Heisel's e-mail address is
william.heisel@latimes.com.

Life Of The Party (NYT)

By Interview By Deborah Solomon

The New York Times, August 13, 2006

Q: As the Democratic leader of the House of Representatives, how are you spending your summer vacation now that Congress is out of session?

I'll be traveling to 20 cities this month to raise money for the Democrats, but on the Sunday when this piece appears, I will be at my vacation home in Napa Valley, holding an issues conference.

Are you saying you have issues?

Well, I am addicted to chocolate, but what we'll be discussing at the conference are the urgent issues facing our nation, such as Iraq, affordable health care and education. My whole focus is the first Tuesday in November.

Exactly how many seats do the Democrats need to gain to take the majority in the House?

Fifteen. Right now there are 203 Democrats in the House, and to get the majority we need 218. We have 49 or 50 races that we are targeting. Every poll says we are ahead by at least 10 points. If the election were today, we would win. But it's not today. It's in 86 days. And every day is a lifetime in politics.

What do you think the president could do in the interim to boost his ratings?

If I knew, I wouldn't say it publicly.

What if he produces Osama bin Laden the night before the election?

Well, that won't do it. That's five years too late.

What if he and his strategists use the Israeli-Hezbollah war to divert the public's attention from Iraq?

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This doesn't help him. This is again a failure of U.S. diplomacy and leadership in the world. Look at this: the North Koreans are testing nuclear missiles, the Iranians are going nuclear, the Somalis are going militant, Iraq is a disaster, the Israeli-Palestinian situation is explosive and now we have the Lebanon situation. It's been a failure of U.S. leadership all around.

One problem facing the Democrats is that the only ones who seem to have a knack for raising serious money are the Clintons.

There are a lot of good fund-raisers! Our goal in the House is to raise $105 million in this election cycle, and we will. We're at about $75 million now. We're right where we need to be.

What is your ultimate ambition?

Speaker. Speaker of the House. That's it. That's the end. Imagine a woman speaker of the House! It's the president, vice president, speaker of the House — the third-highest office in the land. A woman has never even come close to achieving that.

Don't you think we're past the point where women should congratulate themselves on their passage into traditionally male realms of power?

This is about a new level of power.

More powerful than Condoleezza Rice?

I'm not btalking about — that is derivative, that is somebody the president appoints. This is power about winning elections. If we had the majority, we could counter the president, we could be a counterforce.

Your critics, particularly among the blogger activists, say you and Harry Reid, your counterpart in the Senate, have failed to endow the Democrats with a forceful sense of purpose.

We're in politics. There are factions within parties, and you always take those barbs. You know what? I have a very thick skin. I know what I have to do, and that is to win.

You grew up in Baltimore, where your dad, Thomas D'Alesandro Jr., was the mayor. Which parent were you closer to?

I was close to both of them, but probably closer to my mother. She had six boys, and all she wanted was a daughter.

The youngest of your own children, Alexandra Pelosi, is a filmmaker who followed President Bush on the campaign trail in her amusing <object.title class="Movie" idsrc="nyt_ttl" value="262775">"Journeys With George." Are your four other children also Democrats? </object.title>

<object.title class="Movie" idsrc="nyt_ttl" value="262775">Yes, but my son-in-law is not. He married my daughter Jacqueline. He's a wonderful father and a wonderful husband, and that's all that matters.</object.title>

By the way, what did you mean when you referred to your chocolate addiction?

It's a real obsession. I can't do without it.

Do you ever wake up and eat a chocolate bar in the morning?

Ice cream, maybe. Ice cream for breakfast is a good thing. In fact I did it recently in Washington. It got me through the day.

Federal Pay: Myth And Realities (WP)

By Chris Edwards

The Washington Post, August 13, 2006

We've often heard that civil servants forgo higher private-sector salaries in order to serve the nation selflessly. Many federal bureaucrats are indeed hardworking, but new statistics show that they are anything but underpaid.

The Bureau of Economic Analysis released data this month showing that the average compensation for the 1.8 million federal civilian workers in 2005 was $106,579 -- exactly twice the average compensation paid in the U.S. private sector: $53,289. If you consider wages without benefits, the average federal civilian worker earned $71,114, 62 percent more than the average private-sector worker, who made $43,917.

The high level of federal pay is problematic in and of itself, but so is its rapid growth. Since 1990 average compensation for federal workers has increased by 129 percent, the BEA data show, compared with 74 percent for private-sector workers.

Why is federal compensation growing so quickly? For one thing, federal pay schedules increase every year regardless of how well the economy is doing. Thus in recession years, private pay stagnates while government pay continues to rise. Another factor is the steadily increasing "locality" payments given to federal workers in higher-cost cities.

Rapid growth in federal pay also results from regular promotions that move workers into higher salary brackets regardless of performance and from redefining jobs upward into higher pay ranges. The federal workforce has become increasingly top-heavy.

The structure of that workforce has also changed over time. There are fewer low-pay typists and more high-pay computer experts in the government today than there were a generation ago. But that doesn't explain why, as the BEA data show, federal wages have risen 38 percent in just the past five years, compared with 14 percent in the private sector.

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Whatever the reasons, the federal civilian workforce has become an elite island of secure and highly paid workers, separated from the ocean of private-sector American workers who must compete in today's dynamic economy.

Federal workers' unions try to convince Congress that their members suffer from a "pay gap" with the private sector. They point to studies showing that in similar jobs, federal workers are paid less than they would be in large private companies. But such studies typically look only at wages and don't consider the superior benefits enjoyed by federal workers.

Federal workers receive generous health benefits during work and retirement, a pension plan with inflation protection, a retirement savings plan with generous matching contributions, large disability benefits, and union protections. They often have generous holiday and vacation schedules, flexible hours, training options, incentive awards, flexible spending accounts, and a more relaxed pace of work than private-sector workers.

Perhaps the most important benefit of federal employment is extreme job security. According to Bureau of Labor Statistics data, the rate of layoffs and firings in the federal workforce is just one-quarter the rate in the private sector. All these advantages in worker benefits suggest that, in comparable jobs, federal wages ought to be lower than private-sector wages.

One sign that federal workers have a sweeter deal than they acknowledge is the rate of voluntary resignation from government positions: just one-quarter the rate in the private sector, the BLS data show. Long job tenure has its pros and cons, but the fact that many federal workers burrow in and never leave suggests that they are doing pretty well for themselves.

Of course, particular federal jobs may be underpaid and others overpaid. The average annual compensation of federal air traffic controllers is $170,000, which certainly seems excessive. One way to determine proper pay levels objectively would be to privatize services and let the market decide what they're worth.

The Bush administration has tried to bring greater payroll flexibility to the federal government, but it has also presided over large pay increases. To get spending under control, Congress should consider trimming overly generous benefit packages and freezing federal wages for a few years. With federal civilian compensation costing about $200 billion a year, this area is ripe for reform.

Chris Edwards is tax director at the Cato Institute and author of "Downsizing the Federal Government."

How To Help Our Students (WP)

By Jeb Bush And Michael R. Bloomberg

The Washington Post, August 13, 2006

Building on the 'No Child' Law

The No Child Left Behind Act of 2001 sent an enormously important message to politicians and educators across America: Stop making excuses for low student achievement and start holding your schools accountable for results.

Florida and New York City are leaders when it comes to accountability in education. We have set high expectations for all students, and in key grades we have eliminated social promotion, the harmful practice of pushing unprepared students ahead. We grade schools based on student performance and growth so that parents and the public, as well as school administrators, know which schools are working well and which are not. Our emphasis on accountability is a big reason our schools are improving, our students are performing at higher levels and we're closing the achievement gap between poor and minority students and their peers.

The No Child Left Behind Act brought the same emphasis to thousands of schools across the country -- some for the first time in their history. Yet since the law's passage, we have learned some things about how to put the principles of accountability into practice in a way that most effectively promotes student achievement. As Congress begins to consider reauthorization of the act, we believe it should be guided by four main lessons:

Â· Make standards meaningful. Ensure that every state sets a high standard for proficiency. The existing law left room for states to define proficiency levels, and some have dumbed them down to create the illusion of progress. We need a uniform measuring stick.

The well-respected National Assessment of Educational Progress (NAEP), which is administered in every state, should become an official benchmark for evaluating states' standards. States that accept federal money without maintaining NAEP standards should be required to bring their standards into line. We believe in the role of sovereign states in our federalist system, but we also believe it is in our national interest to raise standards and expectations.

Â· Encourage student gains. When the law was written five years ago, Congress didn't think it was possible to follow an individual student's performance from year to year. As a result, the law defines success largely by the total number of students meeting a proficiency standard -- not by whether individual students are improving.

Florida and New York City, along with many other jurisdictions, have developed data systems to track and encourage every student's growth from one year to the next. By focusing on individual progress, as well as overall proficiency levels, we

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encourage schools to help all students improve -- from the lowest achievers to the most gifted -- not only those performing just below the proficiency threshold.

Congress should revise the law to take into account the gains that schools achieve with all of their students, not just the number of students who are proficient. With students, states and school districts at different levels in terms of academic performance, we need a system that encourages every student to improve continuously.

Â· Recognize degrees of progress. Congress should consider that there are more than just two options for rating schools -- passing and failing. Rather than the current all-or-nothing system, the law should reward levels of performance at each school. Many schools are making great progress with the majority of their students. The schools should be acknowledged for that and encouraged to strive toward full proficiency. Florida and now New York City are giving schools grades of A, B, C, D and F -- enabling us to recognize and support progress at all levels and to hold schools accountable for success.

Make no mistake, federal law should remain demanding. We believe that with these changes schools would face greater pressure to make sure all children, even those who would otherwise excel easily or drop out entirely, continue to learn.

Â· Reward and retain high-quality teachers. Tests can measure progress, but ultimately teachers must drive it. The law should go further than ensuring that teachers are qualified. It should also ensure that they are performing well and being paid accordingly. Congress should support measures that link pay with performance, raise pay for teachers in fields with shortages and high-needs communities, toughen standards for achieving tenure, and create meaningful paths for dismissing poor educators.

The opponents of accountability have seized on the problems with the No Child Left Behind Act in an effort to do away with the law altogether. That is wrong. A little common sense could go a long way toward making sure that the nation's accountability system is realistic, tough and fair. Incorporating these four basic lessons will allow us to realize the law's full promise and help children realize their dreams.

Jeb Bush, a Republican, is governor of Florida. Michael R. Bloomberg, also a Republican, is mayor of New York.

House Of Ill Repute (WP)

Reviewed By Robert G. Kaiser

The Washington Post, August 13, 2006

Two Beltway veterans lament today's partisan, bitter and sidelined legislature.

THE BROKEN BRANCH

How Congress Is Failing America

And How to Get It Back on Track

By Thomas E. Mann and Norman J. Ornstein

Oxford Univ. 272 pp. $26

Citizens baffled by the House of Representatives' allocation of its time in July -- spent mostly on flag burning, stem-cell research, gay marriage, the Pledge of Allegiance, religion and gun control -- can find cogent explanations for its political priorities in this slim, forceful volume. Not that the subjects that ate up the House calendar last month are addressed here; they are not. It is the institution of Congress that Thomas E. Mann and Norman J. Ornstein dissect, and they find it in appalling condition.

The authors are members of what, sadly, may be a disappearing breed in Washington: independent-minded, knowledgeable experts whose concern for process is stronger than their desires for particular outcomes. They are means guys in an age dominated by ends. And they most emphatically do not believe that any particular end justifies craven or extra-legal means.

Mann and Ornstein are Washington fixtures, Mann at the Brookings Institution and Ornstein at the American Enterprise Institute. You've seen them both on television and quoted countless times; they are the sort of pundits that reporters rely on. They have been friends, sometimes rivalrous ones, since graduate school; they studied together at the University of Michigan and were congressional fellows together in 1969. Their personal politics are left-of-center, but, as they declare at the beginning of the book, their strongest partisanship is institutional. "For us," they write, "Congress has always been the first branch." Their devotion to Congress has won them admirers from all points on the political spectrum. A blurb from former Republican speaker of the House Newt Gingrich makes the point: "Mann and Ornstein understand well the glaring gap between the framers' design and today's reality."

The Founding Fathers quite deliberately described Congress in the first article of the Constitution, the presidency in the second. The authors of a revolution designed to overthrow a monarch did not want to put a comparably powerful chief executive officer in the king's place. Congress, explicitly granted the power to raise and spend money, was to have the upper hand.

Over more than two centuries of American history, the founders' intention to create a strong legislature has repeatedly been tested -- and sometimes evaded, as in recent years. Until now, the pendulum has always swung back toward the Capitol

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after periods of unusually strong White House influence. Mann and Ornstein fervently want this to happen again; their book explains why they consider this so important and provides some ideas for how it might happen. But fundamental change will not come from tinkering reforms, they argue; only angry voters can force the House and Senate to correct themselves.

Their account of the recent decline of Congress, and particularly the House, is scathing but difficult to dispute. They blame a poisonously partisan division in both houses and in the country for much of today's congressional bickering and irrelevance. Partisan warfare led Republicans to cater to "the base," the country's most conservative Republicans, which explains the House's bizarre agenda in July. Mann and Ornstein trace the origins of partisan warfare back to the 1980s, when a contemptuous Democratic majority dominated the House without any fear or expectation that the Republicans would ever regain control. But Gingrich's forces did, of course, leading first to the spectacle of a wholly partisan impeachment of a sitting president and then to the first period of extended GOP control of both Congress and the White House since the 1920s.

"The arrival of unified Republican government in 2001 transformed the aggressive and active GOP-led Congress of the Clinton years into a deferential and supine body, one extremely reluctant to demand information, scrub presidential proposals, or oversee the executive," Mann and Ornstein write. "The uncompromising assertion of executive authority by President Bush and Vice President Cheney was met with a whimper, not a principled fight, by the Republican Congress." The authors write contemptuously of House Speaker J. Dennis Hastert (R-Ill.) and his willingness to ignore House rules and traditions to ram through legislation to please the White House.

History is often ignored or forgotten in contemporary America, but not by Mann and Ornstein. Their argument is strengthened by their ability to put it in historical context, to demonstrate how far the current Congress has wandered from the legislature's traditional and constitutional role. Unfortunately, Mann and Ornstein let their own history complicate their narrative by repeatedly quoting their earlier writings. Their editor did them no favor by permitting these self-citations, which create a "We told you so" tone not conducive to making, or winning, an argument.

Even so, it is easy to recommend this book to anyone who is interested in Congress, how it works and how it should work. Hastert would be particularly well-served by spending a few hours with The Broken Branch . And if, as Mann recently predicted in The Post's Outlook section, Democrats win control of the House in November, this book will suddenly be useful to both parties: to the Democrats as a cautionary tale and a useful blueprint, to the Republicans as an insight into where they went wrong. Â·

Robert G. Kaiser is an associate editor of The Washington Post. He broke into journalism as a copy boy for the Associated Press in the House of Representatives press gallery in 1961.

Why 'Outsourcing' May Lose Its Power As A Scare Word (NYT)

By Daniel Gross

The New York Times, August 13, 2006

IN the 2004 political season, offshore outsourcing — the practice of hiring lower-paid service workers in places like India to carry out tasks previously done by higher-paid American workers — became an important issue.

The debate flared after the annual Economic Report of the President was issued in February 2004, just as the Democratic presidential primaries were heating up and payroll job growth was sluggish. Answering reporters' questions about a section of the report on trade, N. Gregory Mankiw, then the chairman of the White House's Council of Economic Advisers, made a statement that would be utterly unobjectionable if uttered in a classroom at Harvard, where he taught before joining the Bush administration and to which he has returned.

The crux of it was this: "outsourcing is just a new way of doing international trade."

The phrase was translated into headlines, as well as politically motivated press releases, that accused Mr. Mankiw, and hence President Bush, of supporting the wholesale export of jobs from Bangor to Bangalore. Democrats and Republicans hastened to condemn the remark, which Mr. Mankiw hastened to clarify.

For Mr. Mankiw, the episode, which he recounts in a recent working paper that he wrote with Philip L. Swagel, former chief of staff at the council, stands as a case study of what happens when an academic economist is tossed into the meat grinder of the news cycle — and of the public's general lack of economic education. "This is the sort of stuff I talk about in the first week of my introductory economics class," he said.

Outsourcing has yet to make a significant appearance in this year's political campaign. The furor surrounding the practice seems to have subsided quickly once the ballots were tallied in November 2004.

Mr. Mankiw and Mr. Swagel found that the number of references to "outsourcing" in four major newspapers spiked from about 300 in 2003 to 1,000 in 2004, but has since fallen. As the number of jobs has risen steadily — albeit not impressively — politicians now seem preoccupied with other issues, like Iraq and energy.

But it's also possible that, considered in its macroeconomic context, outsourcing just isn't that big a deal right now. In the years since Mr. Mankiw's encounter with the buzz machine, economists have been crunching data on short-term trends in

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outsourcing in the vast service sector, which accounts for about 80 percent of domestic jobs. While there are some exceptions, they generally find more reason for concern than alarm.

In December 2005, the McKinsey Global Institute predicted that 1.4 million jobs would be outsourced overseas from 2004 to 2008, or about 280,000 a year. That's a drop in the bucket. In July, there were 135.35 million payroll jobs in the United States, according to the Bureau of Labor Statistics. Thanks to the forces of creative destruction, more jobs are created and lost in a few months than will be outsourced in a year. Diana Farrell, director of the McKinsey Global Institute, notes that in May 2005 alone, 4.7 million Americans started new jobs with new employers.

What's more, the threat of outsourcing varies widely by industry. Lots of services require face-to-face interaction for people to do their jobs. That is particularly true for the biggest sectors, retail and health care. As a result, according to a McKinsey study, only 3 percent of retail jobs and 8 percent of health care jobs can possibly be outsourced. By contrast, McKinsey found that nearly half the jobs in packaged software and information technology services could be done offshore. But those sectors account for only about 2 percent of total employment. The upshot: "Only 11 percent of all U.S. services job could theoretically be performed offshore," Ms. Farrell says.

Economists have also found that jobs or sectors susceptible to outsourcing aren't disappearing. Quite the opposite. Last fall, J. Bradford Jensen, deputy director at the International Institute of Economics, based in Washington, and Lori G. Kletzer, professor of economics at the University of California, Santa Cruz, documented the degree to which various service sectors and jobs were "tradable," ranging from computer and mathematical occupations (100 percent) to food preparation (4 percent).

Not surprisingly, Mr. Jensen and Professor Kletzer found that in recent years there has been greater job insecurity in the tradable job categories. But they also concluded that jobs in those industries paid higher wages, and that tradable industries had grown faster than nontradable industries. "That could mean that this is our competitive advantage," Mr. Jensen says. "In other words, what the U.S. does well is the highly skilled, higher-paid jobs within those tradable services."

There is evidence that within sectors, lower-paying jobs are being outsourced while the more skilled ones are being kept here. In a 2005 study, Catherine L. Mann, senior fellow at the Institute for International Economics, found that from 1999 to 2003, when outsourcing was picking up pace, the United States lost 125,000 programming jobs but added 425,000 jobs for higher-skilled software engineers and analysts.

Economists also point out that jobs and services that are tradable won't necessarily move to lower-cost places. Ms. Farrell of McKinsey said that despite their huge populations, China and India lack enough university graduates with the specific skills and experience to meet the staffing needs of Fortune 500 companies.

In addition, labor costs are only one of many factors that companies consider. Executives have to worry about reliable power supplies and the proximity of vendors and customers. Here, again, the United States has significant advantages over countries like India and China. As a result, only a small portion of the jobs that could be outsourced will be outsourced; Ms. Farrell believes that by 2008, outsourcing will affect less than 2 percent of all service jobs.

STILL, these projections aren't universally accepted. Alan S. Blinder, former vice chairman of the board of governors at the Federal Reserve and an economics professor at Princeton, says they are too optimistic because they don't take into account likely developments in the global economy.

"As the technology improves, and as the quality and experience of offshore work forces improves, the capacity to deliver services electronically will rise," he says. Professor Blinder says that over the long term, far more than 2 percent of all service workers may be in danger of having their jobs outsourced overseas.

So while the debate about outsourcing has declined, "we shouldn't be deluded that this has subsided as an issue," Professor Blinder concludes. Should Mr. Mankiw decide to return to Washington to work for this administration, or a future one, he would be well advised to think twice before speaking about outsourcing.

The Pension Piñata (NYT)

The New York Times, August 13, 2006

There are a lot of goodies in the pension reform bill that Congress recently sent to the White House for President Bush's signature. But it is important not to confuse something-for-everyone with balance. The bill is an almost perfect example of Congress's inability to do anything good without tacking on some bad accommodation for special interests.

For instance, the bill sets reasonably strict funding requirements and higher insurance premiums for traditional corporate pensions. That's good. The most important mission of pension reform is to protect employees from being shortchanged and taxpayers from having to foot the bill for pension defaults. But in response to intense lobbying, Congress also carved out some big exceptions for ailing airlines, notably Northwest and Delta. That opens the door for other companies and industries to demand special treatment. And by creating the perception of an uneven playing field, the bill could provide yet another excuse for companies that want to get out of the pension business completely.

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While voters may imagine that "pension reform" involves doing something to stop the disappearance of traditional pension plans, it means no such thing. Healthy companies are increasingly curtailing their pensions, having concluded that they are not needed to attract or retain suitable employees. There is probably little Congress could do to stop the trend, even if it wanted to.

The bill did begin to tackle a more solvable problem: how to make sure that increasingly popular 401(k) plans cover more people. But again, each step forward seems to have been linked to a step back.

A set of groundbreaking provisions clears the way for employers to automatically enroll employees in their companies' 401(k)'s, unless they specifically request to opt out. That is good because it is likely to increase savings significantly, especially among low- and middle-income workers.

But the bill also imperils savers by allowing for potentially biased investment advice. Previous law quite sensibly banned mutual fund companies from offering advice if their funds were among an employee's 401(k) options, but it did not give employers a legally sanctioned way to provide such advice. For the new bill, some senators had proposed protections for employers to hire qualified independent advisers. Unfortunately, at the behest of securities industry campaign donors, the House majority leader, John Boehner, fought hard for basically lifting the ban, and won.

In a similar vein, the bill strengthens the saver's credit, a tax incentive to help low-income people save for retirement (good), at a cost of about $10 billion through 2016. But it fails to extend the credit to some 50 million workers whose incomes are so low that they do not pay income taxes. The omission is all the more appalling given that the bill permanently increases, at a cost of about $36 billion through 2016, the already lofty before-tax amounts that high earners can stash each year in their I.R.A.'s and 401(k) accounts (bad). Raising the contribution limits benefits only 6 percent of all households, mostly those making more than $100,000.

Lawmakers have trumpeted the pension bill mainly because they have done so little that can conceivably be bragged about this year. But once it is signed, the new law will require careful monitoring to ensure that its special interest giveaways do not trump the public interest. And clearly, there is more work to do to help Americans who need to save for retirement.

OTHER NEWS:

Is A Futures Stampede Keeping Oil Prices High? (NYT)

By Norm Alster

The New York Times, August 13, 2006

BY now, even a casual student of current affairs can reel off plenty of reasons for high oil prices: soaring demand, dwindling supplies, conflict in the Middle East and, most recently, the partial closing of an Alaskan oil field.

Ben P. Dell, an analyst at Sanford C. Bernstein & Company, would place another factor at the top of the list: the money that has been surging into the commodities futures markets. Mr. Dell published a report last month suggesting that a stampede of institutional investors, mainly pension funds, into commodities is actually the chief cause of the rise in oil prices, which he called "a bubble."

The report has generated more reaction than any other oil research published by the firm in the last three years, Mr. Dell said. And not all of it has been positive. Some oil experts say that while the flood of money has had some effect on spot prices, it is by no means as important as Mr. Dell maintains.

"I think the idea of speculation being the main driver of higher oil prices ignores the fact that in the real world there are a whole host of things to worry about," said Robert J. Weiner, professor of international business at George Washington University.

Similarly, Jan Stuart, global oil economist at UBS, said factors like geopolitics were more significant. Further, he said, "I'm not calling it a bubble." For his part, Mr. Dell acknowledged that geopolitical concerns — particularly fear of a possible disruption in supplies by Iran — were having an impact on prices. But he said that such issues did not entirely explain oil prices, which, in his view, should be trending downward based on supply-and-demand fundamentals.

Despite some short-term fluctuations, inventory levels in the United States, for example, are "well above the upper end of the average range," according to a recent Energy Department report. Growth in global demand has cooled, and new oil supplies have padded what had been a threadbare cushion of supply over demand.

"You're growing supply," Mr. Dell said. "You're growing inventories. And demand growth is slowing. But the price keeps going up."

The reason for this anomaly, he said, may be found in financial markets, specifically in the billions of dollars that investors, mainly pension funds and other typically conservative institutions, have poured into commodities in recent years.

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Commodities futures that track indexes like the Goldman Sachs Commodity Index or Dow Jones AIG Commodity Index have become fashionable for many investors. Their reasoning is that this asset class, though volatile, affords portfolio protection because it has often performed well when stocks and bonds have been weak.

Close to $100 billion will be invested by pension funds and other institutions in futures contracts tied to the commodities indexes this year, up from less than $20 billion three years ago, according to Goldman Sachs.

Pension funds, whose charters often prohibit short-selling, have been exerting upward pressure on futures prices, several analysts said. "They want to be long. They want to stay long and 'don't bother me with it.' " said William H. Brown III, president of WHB Energy Research in Chappaqua, N.Y. "It definitely adds a positive bias to the market."

This persistent upward pull on futures prices creates an arbitrage opportunity that drags the price of spot oil higher as well, according to Mr. Dell. With futures prices higher than the spot price, why not buy oil, store it and then sell it forward in the futures market at a profit? Mr. Dell and others argue that this is precisely what's happening.

"It's a typical commodities play currently being employed in oil markets," said Sal Gilbertie, a trader at Fimat USA in New York.

Similarly, Phillip Verlander, an independent energy economist, said that on Aug. 4, for example, it was possible to "buy heating oil in New York Harbor at $2 a gallon and store it and sell a future to deliver it in December for $2.24," and that many traders were doing so.

Mr. Dell said that current oil prices were a bubble comparable to the tech investment bubble of several years ago — and that the oil bubble was likely to burst before very long.

Others on Wall Street agreed that the flood of institutional dollars had had some effect, but they disagreed about just how much. Edward L. Morse, chief energy economist at Lehman Brothers, said, "There is no doubt in my mind that there's an impact from a new class of investors into commodity markets, especially pension funds and also speculative investors including hedge funds." That impact can at times be as much as $10 a barrel, but "fundamentals play a much bigger role," he added.

In a similar vein, Mr. Stuart of UBS said: "Explosive growth in commodity-related financial investments has translated into sharply higher prices and higher trading volumes on long-term oil futures. In effect, financial buyers have become consumers of oil, contributing to the persistence of high prices."

But he said that tight supplies, China's growing appetite for oil and other considerations were more important. "The arbitrage that's available is only one of the factors supporting the price of oil," he said. Mr. Stuart expects the average price of oil to hold around $69 a barrel next year; oil has been trading around $75 recently.

ON the other hand, Mr. Brown of WHB Energy Research supports Mr. Dell's view of current price levels. He has studied the historical correlation of oil prices with inventory levels and, at current levels, oil should sell for just $27 a barrel, he said. The impact of passive, long-term investors "is in my view $33 a barrel," he said, with other factors, like flagging production in the North Sea and in Nigeria accounting for much of the rest of the gap. Still, he says he does not expect prices to tumble unless there was "a major slowdown or even reversal of demand growth."

Mr. Dell said that prices could weaken once global storage capacity filled up, limiting the possibility of arbitrage profits. He said that this could happen within four to six months but emphasized that it would be hard to predict precisely when oil prices might move down.

In Cushing, Okla, a giant oil storage hub, the tanks are indeed filling up. "In today's environment, all the major tankage owners are being very well utilized," said Rick Sandahl, senior vice president for market development at Enbridge Inc. He said that 80 to 90 percent of his company's storage capacity of 12.5 million barrels was in use. Asked if his customers seemed to be hoarding oil to take advantage of a price arbitrage, Mr. Sandahl replied: "I would think it's a factor in their decisions."

Investors who believe that oil prices are ready for a fall would want to avoid mutual funds or exchange-traded funds that are linked to commodities indexes. Mr. Dell said that stock investors should "underweight" oil, recommending only such "defensive" plays as Exxon Mobil, Chevron, Total and Apache, all of which, he said, have "considerable excess cash flow beyond their capital spending needs." As such, he added, they could withstand a drop in oil prices "and still deliver their growth plans."

Connecticut Senate: Two Days After Primary Lieberman Ahead By 5 (RP)

Rasmussen poll Lieberman-Lamont, August 13, 2006

Joe Lieberman's decision to run as an Independent sets up a lively campaign season for Connecticut voters. In the first General Election poll since Ned Lamont defeated Lieberman in Tuesday's primary, the incumbent is hanging on to a five percentage point lead. Lieberman earns support from 46% of Connecticut voters while Lamont is the choice of 41%.

A month ago, the candidates were tied at 40% each.

Republican Alan Schlesinger earns just 6% of the vote, down from 13% a month ago.

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57% of the state's voters view Lieberman as politically moderate while 51% see Lamont as liberal.

Half (52%) of Lamont voters believe Bush should be impeached and removed from office. Just 15% of Lieberman voters share that view.

Overall, 55% of Connecticut voters trust Lieberman more than Lamont when it comes to the War on Terror. Thirty-one percent (31%) trust Lamont.

Thirty-one percent (31%) have a Very Favorable opinion of Lieberman, 18% Very Unfavorable.

For Lamont, the numbers are 19% Very Favorable, 23% Very Unfavorable.

Lieberman still attracts 35% of votes from Democrats. Lamont will have to find a way to trim that number without alienating unaffiliated voters. Lieberman is viewed at least somewhat favorably by 65% of unaffiliated voters compared to 49% for Lamont.

The telephone survey of 500 Likely Voters was conducted by Rasmussen Reports August 9-10, 2006. The margin of sampling error for the survey is +/- 4.5 percentage points with a 95% level of confidence.

Rasmussen Reports is an electronic publishing firm specializing in the collection, publication, and distribution of public opinion polling information.

Republicans Take Liking To Lieberman Candidacy (WT)

By Donald Lambro

The Washington Times, August 13, 2006

Democrat Joe Lieberman is picking up endorsements from Republicans across the country, while the National Republican Senatorial Committee appears to be dismissing its own candidate in Connecticut's Senate race.

Mr. Lieberman is running for a fourth Senate term in the general election as an independent after losing his party's nomination to Ned Lamont in last week's primary. The two will face Alan Schlesinger, the former Republican mayor of Derby, in the general election.

Mr. Lieberman is being supported by several Republican Senate candidates -- including Rep. Mark Kennedy, who is seeking an open Democratic seat in Minnesota and Safeco insurance executive Mike McGavick, who is challenging Democratic Sen. Maria Cantwell in Washington state. He also received an endorsement from New York City Mayor Michael R. Bloomberg, a Republican who is weighing a possible independent campaign for the presidency.

But in a rare departure from party tradition, the NRSC, whose chairwoman is North Carolina Sen. Elizabeth Dole, said Friday that it wasn't going to waste its limited resources on Mr. Schlesinger's nearly hopeless campaign.

"Let me get back to you on that," NRSC spokesman Dan Ronayne said, when asked whether the party was going to vigorously support its own candidate.

Minutes later, Mr. Ronayne responded by e-mail with this statement: "Connecticut doesn't appear to be a competitive campaign for our nominee right now, so we are focusing our attention elsewhere on races where we may have a greater impact."

Connecticut Republican officials, including Gov. M. Jodi Rell, have urged Mr. Schlesinger to drop out of the race and let the party choose a replacement, but he has declined.

Republican candidates have praised Mr. Lieberman's willingness to reach out across the aisle and his steadfast support for the Iraq war in the face of fierce opposition from liberal anti-war activists and left-wing bloggers, who fueled and helped finance Mr. Lamont's primary campaign.

"There are many things the senator and I disagree on," Mr. Kennedy said, "but I have tremendous respect for Senator Lieberman's courage and his character. In the face of blistering negative attacks, he didn't waffle, he didn't back down from what he knew was right."

Mr. McGavick, who has campaigned on returning civility to Washington politics, said he would support Mr. Lieberman's re-election both politically and financially because his "message of independence and bipartisanship is right for our country."

Mr. Bloomberg said last week that he was supporting Mr. Lieberman because the country needs "nonpartisan elected officials who think doing the right thing for the public is more important than supporting some party."

The Lieberman campaign, now reorganizing itself for the general election, seemed somewhat defensive about the praise it was getting from Republican admirers.

"He's really not interested in being a political football for Dick Cheney and Karl Rove, just as he's not going to be a political football for Howard Dean and Nancy Pelosi," Lieberman spokesman Dan Berstein said.

"Since he announced he was running as an independent, he's received a lot of encouragement from across the political spectrum, Democrats, Republicans and independents. I imagine he will receive more [endorsements] as we go along," Mr. Berstein said.

Lieberman Looking Outside Conn. For Help (AP)

By Susan Haigh

AP, August 13, 2006

Sen. Joe Lieberman made an unusual pitch to people outside Connecticut when he conceded the state's Democratic primary to Ned Lamont and announced plans to run as an independent.

"If you're disappointed with the ugly tone of our politics, if you're fed up with the nasty partisanship in Washington, then I ask your help, too," said Lieberman, who was criticized as being too close to the Republican administration.

Lieberman called on people across America to visit his Web site and send ideas "on how we can build this new politics of unity and purpose." He also hit them up for campaign contributions.

"Together I am confident that we can find common ground and secure a better future for our children," he said. "That, and not partisanship, is what our politics ought to be about."

The next day, Lieberman discussed his decision to run as an independent before a national audience on CNN's "Larry King Live."

Lieberman's plea to voters beyond Connecticut comes as many Democratic Party leaders in and out of the state are abandoning the three-term incumbent and publicly endorsing Lamont. Several have urged Lieberman to withdraw from the race.

However, the centrist Democrat has the benefit of being well known outside his state. Aside from being the Democratic vice presidential candidate in 2000 and a presidential hopeful in 2004, Lieberman also is part of the so-called Gang of 14, the bipartisan group of moderate senators who have tried to work together on various issues.

"Lieberman has a national reputation. He was on a national ticket, he's regarded by at least the Sunday talk shows as one of the senators who typically makes the circuits. So he has somewhat of a national following," said Ken Dautrich, a University of Connecticut public policy professor.

Though the appeal to a national audience is an unusual move for a state election, Dautrich said it makes sense for Lieberman. He said Lamont has already benefited from national support, including MoveOn.org, the liberal Internet-based organization whose members have contributed more than $250,000 to the anti-war candidate.

"Even though this was a Connecticut election among Democratic voters, it really had a national flavor to it given all the attention it got," Dautrich said.

Lieberman has come under fire for his support of the Iraq war and a perceived closeness with President Bush and Republicans. Lamont capitalized on that ill will and portrayed Lieberman as being out of touch on the war and key Democratic issues such as health care coverage and education spending.

Lamont's campaign said Lieberman's pitch to people outside the state is an example of the senator trying desperately to hold on to power.

"He didn't like the decision of the voters of Connecticut so he's appealing to people outside of Connecticut," said Liz Dupont-Diehl, campaign spokeswoman.

According to the Center for Responsive Politics, about 46 percent of Lamont's campaign funds have come from inside Connecticut while 54 percent came from outside the state. That doesn't include the more than $4 million the multimillionaire cable company founder has contributed himself, making up 61 percent of his campaign's funds.

Seeking more cash from outside the state isn't a stretch for Lieberman. About 80 percent of his campaign funds have come from outside Connecticut, according to the center. He has about $2 million left over from the primary, according to campaign spokesman Dan Gerstein.

Eighty-two percent of Lieberman's contributions came from individuals and 16 percent from political action committees. Lamont is not accepting contributions from political action committees.

Lieberman said his message of "progressive new ideas and stronger national security" resonates with people across the nation. Now he needs those people to help out, especially since Lamont could dump more of his own money into the now-three-way race with Lieberman and Republican Alan Schlesinger.

"This is saying to a lot of people across the country, who I know are as fed up as I am with the partisanship in Washington that stops our government from doing anything about the big problems that average people face," he said Thursday.

Jonathan Chait: Give It Up, Joe (LAT)

By Jonathan Chait

The Los Angeles Times, August 13, 2006

Sore loser Lieberman is fighting for his job, not the good of his party.

THE LONGER Sen. Joe Lieberman's reelection campaign in Connecticut goes on, the harder it gets to detect any rationale for his candidacy that's persuasive to anybody who isn't Joe Lieberman.

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When he announced earlier this summer that he would run as an independent if he lost the Democratic primary, his stated reason was that turnout was likely to be tiny. Instead, turnout was heavy. But Lieberman says he's running as an independent anyway.

Lieberman says his antiwar opponent, Ned Lamont, relied on the support of Al Sharpton, demagogic bloggers and other unsavory characters. This is perfectly true. But Lieberman is just as happy to accept the good wishes of odious figures such as Sean Hannity and Karl Rove.

The night of his defeat, Lieberman tried to cast the result of the primary as illegitimate because "the old politics of partisan polarization won today. For the sake of our state, our country and my party, I cannot and will not let this result stand." But what does it mean that the politics of partisan polarization won? It means that Lieberman lost. It's a perfectly circular definition.

Moreover, it's increasingly clear that Lieberman's loss is his own fault. He was far too slow to recognize the seriousness of Lamont's challenge. He ended the campaign with $2 million unspent. And his decision to now run as an independent was a disaster, confirming the central accusation against him, which was that he cared more about his own standing than his party. If he had just declared in advance that he would abide by the result of the primary, he probably would have won, and he'd have Lamont campaigning for him today.

Lieberman's decision to run as an independent after contesting the primary is not illegal in Connecticut (unlike other states, which have "sore loser" laws prohibiting such a gambit), but it is poor form. The primary is an essential element of the two-party system, and the process is subverted when losing candidates feel free to circumvent it. (Which is the problem with Ralph Nader-esque, suicidal third-party runs.) If the primary voters veer off too far toward the extreme, there's a built-in sanction: They will lose the general election and moderate their ways next time.

The best rationale for Lieberman's candidacy all along was that he was an important spokesman for Democrats who take seriously the threat of Islamist radicalism. Unfortunately, Lieberman was never an ideal messenger for that ideology. He has supported capital-gains tax cuts, ultra-loose financial regulations and the crucial vote on the grotesque bankruptcy bill. He has an almost pathological need to be liked by the far right.

Above all, he has maddeningly failed to acknowledge just how badly the Iraq war has turned out, which is different from insisting that we have to fix the mess we created. After all, many hawkish Democrats such as Sen. Joe Biden of Delaware supported the war and don't want to retreat but fully acknowledge President Bush's catastrophic management of the occupation.

Lieberman's persona has therefore tainted his admirable foreign policy instincts with his un-admirable domestic and political ones. In a perverse way, conservative Republicans and liberal doves have a shared interest in making Lieberman the symbol of the Democratic hawk. Dovish lefties want everybody to think that if you're a hawk, you must be cozy with Bush. Conservatives want everybody to think that if you're not cozy with Bush, you can't be a hawk.

Still, the Lieberman rationale held together, just barely, as long as he was fighting the good fight within the Democratic Party. But now that he's running as an independent, the last pillars of that rationale have crumbled.

What's the point of running to uphold Democratic hawkishness when you're running against the Democratic Party and its chosen nominee? Lieberman is fighting on terrain that, from the perspective of the liberal hawks, could not be less advantageous.

It has stopped being a battle for the soul of the Democratic Party and become a battle for Lieberman to keep his prestigious job. If the ideas that he professes to value above all else are really his highest priority, he should drop out of the race.

Joe Lieberman, Insurgent (WP)

By Jim Hoagland

The Washington Post, August 13, 2006

Thank you, Connecticut Democrats, for showing a refined sense of humor. You have delivered a victory for irony by telling Joe Lieberman to get lost. Only that could have spurred Lieberman into doing what is needed for political success in these days of global political rage.

In response to his humiliating defeat in the state's Democratic primary, the genial Lieberman finally got angry and got going. In non-concession speeches Wednesday morning, Lieberman showed the passion and focus that had been lacking in his somnolent primary campaign. And he found the enemy he needs to make a successful run as an independent in November.

That enemy is the establishment, in this case the Democratic Party's establishment leadership, which dutifully kicked in endorsements and cash to Ned Lamont before Lieberman's political corpse had even cooled. Overnight Lamont and his networking rebels had to hand over the insurgency mantle to none other than Lieberman, who is now the underdog outcast independent in the Connecticut Senate race.

Irony has never been a formidable or enduring political tool. But Connecticut Democrats have given Lieberman a lot of room to conduct the kind of ad hominem, obsessional attacks on opponents that too often pass for political discourse and wit in

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the Internet age. He immediately lobbed a national security stink bomb by claiming that terrorists would welcome a Lamont victory.

Who better to represent the anger and even hatred that constituents feel for the sinister, unseen forces messing with their lives than this about-to-be-fired pol who was done in by a rich entrepreneur backed at first by elitist techies and now by incumbent party bosses who previously were for Lieberman? If Ned Lamont did not exist, Joe Lieberman would have had to invent him.

Angrier-than-thou is the spreading zeitgeist of international politics in the morning of the 21st century. War, uncertain economic times and vertiginous change in social and cultural matrices leave in the dust the sweet reasonableness and hopes for consensus-building that the old establishmentarian Lieberman practiced. So do the slash-and-burn politics that George W. Bush and Karl Rove perfected, exploited and intend to bequeath to the Republican Party for eternity.

With the U.S. effort in Iraq faltering because of confused leadership here, and the first anniversary of the calamity of Hurricane Katrina on the horizon, there is plenty of reason for anger at Bush and his singularly inept, callous administration.

I intend to take nothing away from those in Connecticut and elsewhere who vented their frustrations on symbolic stand-ins for Bush last Tuesday. But mistaking anger for political wisdom is a dangerous luxury in democracies. It can become an all-consuming fire that destroys rather than builds. For the power-hungry and opportunistic, anger is an especially attractive instrument of manipulation in the political toolbox.

The especially angry year of 1968 ended with the election of tricky Dick Nixon, not poet-philosopher Gene McCarthy. In 2002 in France, protest votes for racist candidate Jean-Marie Le Pen unexpectedly propelled him into a presidential runoff against incumbent Jacques Chirac. Chirac easily won the general election but then proved to be ineffectual in dealing with the ugly strain of national resentments that the campaign unleashed.

Protest votes are not consequence-free luxuries, in France or in Connecticut. The task for responsible politicians is to acknowledge the anger and to channel it into problem-solving rather than into pointless venting or an endless seeking of partisan advantage. Unfortunately, Bush and Rove show an inability or a lack of interest in the problem-solving approach. Increasingly, their critics do the same.

Anger over Iraq in particular helped lay Lieberman low, and that is entirely appropriate. This vote was an expression of frustration with the unending stream of implausible plans for victory coming out of the White House and the Pentagon and the lack of credible alternatives from Congress. That expression needs to be heard and accommodated.

For that we need serious politicians working together to craft a bipartisan and realistic effort to find an honorable exit from Iraq, where the U.S. presence risks becoming not only ineffective but intolerable to the Iraqis themselves. That in turn means reshaping the U.S. strategic presence in the Middle East and Persian Gulf.

Who are those serious politicians? They include senators such as John Warner, the Republican from Virginia; Jack Reed, the sensible Democrat from Rhode Island; and, yes, the iconoclastic Republican from Nebraska, Chuck Hagel. Come to think of it, we sure could use the seasoned and usually sober Joe Lieberman to help find the center of gravity for a better approach on Iraq. Thanks, Connecticut, for reminding everybody, including and most of all Lieberman.

jimhoagland@washpost.com

With Friends Like Joe's ... (NYT)

By Mark Leibovich

The New York Times, August 13, 2006

Washington

JOE LIEBERMAN has many "good friends" among Senate Democrats, a point that's been jack-hammered home in recent days by all the colleagues who have lined up to tout their fondness for him — usually right before they declare, in so many words, that they want him to lose to a man most have never met.

Political friendships are mythologically flimsy and perishable partnerships. They are born largely of expedience, a point that should come as a yawning non-shocker to anyone in Official Washington, where the mantle of friendship — "my good friend," "great friend," "dear friend" — is applied as freely as hairspray.

In many ways, friendships in Washington are no different than they are in any other competitive and zero-sum realms, like Wall Street, Hollywood or, for that matter, high school. But the Connecticut Senate race has cast the provisional nature of political friendships into particularly stark relief.

Mr. Lieberman, the three-term incumbent who lost Tuesday's Democratic primary to Ned Lamont, a Greenwich businessman, says he plans to continue his campaign as an independent. In the process, he has achieved an odd pariah status among many of his "good friends" in the Democratic Party who have arrayed themselves in near-lockstep behind Mr. Lamont.

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Only a trickle of Senate Democrats say they will continue to support Mr. Lieberman, although many had endorsed him in the primary.

"It's moments like this that are very difficult, when you have personal friendships and relationships," said Senator Christopher Dodd, Mr. Lieberman's longtime Connecticut colleague, speaking at a Democratic "unity press conference" in Hartford on Wednesday.

People who know both men say that Mr. Dodd's affection for Mr. Lieberman is sincere, and that the feeling has been largely mutual during their 18 years together in the Senate. Their alliance has been unusually durable given that senators from the same state and of the same party have waged some particularly notorious "friendships" over the years (epitomized by New Jersey's quarrelsome Democratic duo of Frank Lautenberg and his former colleague, Bob Torricelli). "But this isn't just about relationships and friendships, or about candidacies," Mr. Dodd said at the event.

It is about, to some degree, the will of Democratic primary voters. And it's also about political calculation. (Again, stop the presses: Politicians are calculating. Whoa!) To stick with Mr. Lieberman could endanger Mr. Dodd's viability among the Democratic voters who have nominated him for the Senate five times, or those he would need if he seeks his party's nomination for president in 2008, as he is contemplating.

Same goes for Mr. Lieberman's "old friends" in the Senate who might also run for president — the likes of John Kerry, Joseph Biden, Russell Feingold and Hillary Clinton, among others — who have declared their support for Mr. Lamont, if not their friendship (yet).

In the most superficial sense, accumulating as many friends as possible is the essence of politics. So many rudiments of the game — the handwritten notes, the "just-checking-in" phone calls, the mass-produced holiday cards — involve the caring and feeding of people who consider themselves "friends."

It's no accident that the term of art for many political fundraising committees is "friends of" so-and-so. Or that senators and representatives typically address each other publicly as "my good friend from," even when these "good friends" really despise each other.

The 19th-century statesman John C. Calhoun once said of his Senate rival, Henry Clay: "I don't like Henry Clay. He is a bad man, an imposter, a creator of wicked schemes. I wouldn't speak to him. But by God, I love him."

Be still my cold heart.

"It is almost impossible to explain that statement to most people," the former Senator Howard Baker said of Mr. Calhoun's remark, during a speech in 1998. "But most senators understand it instinctively and perfectly."

As would most presidents, lobbyists and members of Congress. In an interview recently, the Democratic House leader, Nancy Pelosi, nodded avidly when asked whether she considers her embattled Republican colleague, Tom DeLay, to be a "friend." This came a few seconds after she had described Mr. DeLay as "corrupt."

"It's a weird place," Ms. Pelosi said of the apparent contradiction.

Politics, to be certain, has also bred some legendary bonds. Mike Mansfield, a Montana Democrat, and George Aiken, a Vermont Republican, met for breakfast nearly every morning in the Senate dining room, according to Richard Baker, of the Senate Historical Office. But as a general rule, few elected officials would place political friends atop the list of true soul mates, says Ross K. Baker, a political scientist at Rutgers and author of "Friend and Foe in the U.S. Senate."

"Usually you'll hear them say it's their college roommate or something," says Mr. Baker, who adds that he became interested in the notion of friendship in politics "because of the conspicuous and excessive use of the term."

Bill Richardson, New Mexico's governor, says that only one of his five closest friends is in politics.

"You think of political friends as transitory friends," says Mr. Richardson, who also might run for president in 2008. He counts Mr. Lieberman among his compadres, but says he is supporting Mr. Lamont.

"I'm sure about 90 percent of Democrats are doing what I'm doing," Mr. Richardson says. "I'm sure Lieberman expects it. But he's got to be pained by it, too."

Mr. Lieberman is known to take political snubs more personally than most, say people who know him. Even so, Mr. Lieberman has been around a long time and knows the political kabuki as well as anyone. He has attended his share of "Democratic Unity" events over the years, too.

One of these occurred in March 2004, at the National Building Museum in Washington, when Mr. Lieberman joined the other losing Democratic presidential candidates of that year to rally around their presumptive nominee, John Kerry. In his brief remarks, Mr. Lieberman took note of all the nasty things they had all said about one another during the proceeding months. Then he shrugged.

"It's like what Emily Litella said," Mr. Lieberman said, referring to the old "Saturday Night Live" character played by Gilda Radner. "Never mind."

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An Antiwar Campaign That Takes A Page From The G.O.P. Playbook (NYT)

By Sam Tanenhaus

The New York Times, August 13, 2006

JOSEPH I. LIEBERMAN'S DEFEAT in the Senate Democratic primary in Connecticut is a reminder that intramural contests are often the most bruising in our two-party system, and can leave the party involved vulnerable to attacks from the opposition.

Indeed, those who feared that Senator Lieberman's defeat would be exploited by Republicans eager to portray his opponent, Ned Lamont, as a stand-in for an entire party "soft" on terrorism, were vindicated, almost instantly, in the days following the vote.

More tellingly, the campaign offers an intriguing twist in the history of insurgency that has shaped the identities of both parties over the last several decades. Some commentators have portrayed the bloggers who led the charge against Senator Lieberman as the ideological descendants of the left-wing Democrats who nearly brought the party to its knees in the 1960's and 70's. But in strategic terms they resemble more closely the "movement conservatives" who transformed the Republican Party from 1955 to 1980, when it rose to dominate American politics.

Like the current Democratic insurgency, the conservative movement was driven by activists who combined journalism with partisanship. Just as today's insurgents often post their analyses and self-described "rants" on Web sites like Daily Kos, so the conservative rebels of an earlier day poured forth their opinions in the National Review, the biweekly magazine founded in 1955 by the 29-year-old William F. Buckley Jr.

Today, of course, National Review is widely read as a journal of the Republican establishment. But in its infancy it was regarded as extreme — far more radical than the bloggers most influential in the Lieberman defeat. (This wasn't surprising since Mr. Buckley and another editor, L. Brent Bozell, were co-authors of a book that championed Senator Joseph McCarthy, and the pair had orchestrated a hard-hitting advertising campaign in, as it happened, Connecticut against the Democratic senator, William Benton, whom the pair accused of obstructing the government's investigation of Communists.)

But National Review's biggest targets were the moderates in their party, in this case East Coast Republicans who had tapped the non-ideological war hero, Dwight Eisenhower, for the Republican nomination in 1952 over the conservative Senator Robert Taft.

Once in office, Eisenhower declined to roll back Communism abroad and the welfare state at home. To conservatives, this was a "me-too" echo of his Democratic predecessors. In fact, when recruiting backers for the magazine, Mr. Buckley vowed "to read Dwight Eisenhower out of the conservative movement."

The magazine's message resonated with at least two readers, Barry Goldwater and Ronald Reagan, who sprang to prominence as tribunes of a broader heartland rebellion against the party's eastern wing. The new right also attracted a new generation of conservatives who joined campus chapters of the Young Americans for Freedom and campaigned ardently for Goldwater when he ran for president in 1964. Even as mainstream Republicans inveighed against the damage these activists might inflict, the new breed became a force in party politics, seizing control, for example, of the California Republican Assembly, which helped choose candidates for statewide elections.

When Richard Nixon, denounced his party's fringe elements during his bid to be elected governor of California in 1962, he lost the race. He did penance by stumping for Goldwater in 1964 and was rewarded with the presidential nomination in 1968.

The more ideological Ronald Reagan avoided Nixon's mistake, positioning himself as an insurgent in both his early political career in the 1960's (going so far as to endorse a representative who was member of the far-right John Birch Society) and in 1976 when he challenged the incumbent, Gerald R. Ford, for the Republican nomination, and nearly unseated him. Eventually, Reagan moved toward the center and governed pragmatically, but he continued to heed the conservatives and consistently courted them while in office.

The contrast with what is happening today in the Democratic Party are instructive. The challenge now comes from an insurgency in the Lamont campaign that is in no way as ideological as the new right was in its heyday.

And yet Democrats seem anxious. Why? Probably because they face a more complicated reality. The party is divided over the Iraq war and this inevitably stirs memories of a time when antiwar insurgents backed the candidacies of Senator Eugene McCarthy in 1968 and George McGovern in 1972.

Moreover, those rebellions coincided — and were blurred in the public mind — with militant left-wing protests, occurring on campuses and in some cities. When demonstrators clashed with Chicago police during the 1968 Democratic National Convention, the party seemed on the brink of anarchy.

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The memory of those years seems to haunt today's Democrats, who fear that uprisings like the one in Connecticut leave the party open to charges, already voiced by Vice President Dick Cheney, that its opposition to the Iraq war means it is soft on terrorism and "anti-American."

But the post-9/11 world may defy such easy formulations. Many Americans have qualms about Iraq. This does not make them hardened ideologues. So, too, with the today's liberal insurgents, who in most cases equally reject the neo-conservative vision of the Bush administration and the worldviews of 60's radicals. Most identify instead with the Democratic Party and accept its traditional values of activist government and strong international alliances.

Mr. Lamont, a multimillionaire businessman from Greenwich, is by no means a radical. Neither is an insurgent blogger like Markos Moulitsas Zúniga, the founder of Daily Kos. In "Crashing the Gate," the book he wrote with Jerome Armstrong, Mr. Zúniga says his goal is to advance the cause of the Democratic Party and "rebuild our institutions of power." Few Democrats differ with him. What does set the insurgents apart is their belief in partisanship. This is the basis of their attack on Senator Lieberman, who, in their view, has failed to be a team player as evidenced by his long history of siding with Republicans and his persistent defense of President Bush.

To borrow a term once used by the new right, Senator Lieberman's opponents see him as a "me-too" Democrat all too eager to align himself with the opposition party, whereas Mr. Lamont offers "a choice not an echo," as Goldwaterites often said during the 1964 campaign.

Before the Connecticut primary, the insurgents had achieved no significant victories. But like the conservative activists of an earlier time, today's liberal insurgents seem undeterred by setbacks. After Goldwater's devastating loss in 1964 to President Johnson, movement conservatives instantly regrouped, forming new organizations (like the American Conservative Union) and rallying around a new leader, Reagan, who attained national prominence when he delivered an eloquent televised speech in the waning days of the Goldwater campaign, and then made a successful run for the California governorship in 1966.

The new wave of activist liberals have also tasted defeat. Many were active in the insurgent presidential bid of Howard Dean in 2004. Like the Goldwater crusade in 1964, this failed campaign seemed to create a legacy. Mr. Dean's ingenious use of the Web, for instance, resurfaced in the Internet-driven campaign that defeated Senator Lieberman. The advocacy group Democracy for America, which helped drive the Lamont campaign, is the latest incarnation of the organization that had brought millions into Mr. Dean's candidacy.

All this has gone forward with little help from the Democratic establishment, which for years has played down ideology in its mission to recapture the elusive center of American politics. The party's reigning figure is Bill Clinton, whose genius for splitting the differences between left and right, has proved so fleeting a philosophy that few other politicians have been able to duplicate it.

Meanwhile, Republicans continue to draw inspiration from Goldwater and Reagan, with their boldly stated views and unclouded vision. A similar clarity informs the new liberal insurgents, who seem to understand, as demonstrated in the Connecticut primary, that insurgency begins at home.

Gregory Rodriguez: The Iraq War Won't Save Liberals (LAT)

Gregory Rodriguez

The Los Angeles Times, August 13, 2006

Democrats like Ned Lamont won't make it far without big ideas like FDR's New Deal.

NED LAMONT'S Democratic primary victory Tuesday in Connecticut has given liberals hope that they can leverage the debacle in Iraq to catapult themselves back into power. And that may very well come to pass. Yet, ironically, what's good news for liberal candidates may not be such good news for liberalism.

Why? Because the same quagmire that created this electoral opportunity has also forged a political climate that can't support liberalism's true goal: using government for the common good.

Over the last several years, a growing number of intellectuals have been trying to push liberalism away from the oppositional politics of the New Left back toward the governing philosophy of the New Deal.

Last year, Princeton University sociologist Paul Starr called on liberals to remember that their ideology once stood for bold idealism and the belief that government could make a positive difference. He reminded them that in the post World War II-era, liberalism was "the innovative and outward-looking force in American politics," while conservatism was "the stodgy and parochial source of resistance." He feared that the roles had been reversed.

Last May, Michael Tomasky seconded the call for renewal in the journal he edits, American Prospect. What Democrats need, he wrote, is a "big idea that unites their proposals and converts them from a hodgepodge of narrow and specific fixes into a vision for society."

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They were both conjuring the politics founded by President Franklin D. Roosevelt. Although FDR's conservative foes stumped for small government and took a dim view of human potential, he proclaimed a big idea: Government had the "innate capacity to protect its people against disasters once considered inevitable, to solve problems once considered unsolvable." Driven by this philosophy, the Roosevelt administration gave us Social Security, the first minimum wage law and the Federal Deposit Insurance Corp.

But it didn't happen in a vacuum. FDR's big idea, born in the Depression, was consolidated, nurtured and embraced in World War II — the Good War — which provided, as it happens, ideal conditions for American liberalism. Overwhelming public support for the war effort created national unity, collective responsibility and a willingness to sacrifice. Americans supported expanded government driven by taxes, which increased dramatically during the war. The Allied victory then ushered in a period of high expectations of what government could accomplish.

The ripple effect was so strong that no matter which political party occupied the White House for the next two decades, a liberal consensus held sway over the American body politic. It built federal highways, created student loans and enacted civil rights legislation.

Today, as liberals seek to rebuild that kind of agenda, they have nothing like a Good War to help them. In fact, what they are facing is a situation much more like the Vietnam War — in which the public was polarized and disillusioned — and its belief in what government could accomplish was demolished.

The Vietnam War escalated in 1965 and ended in 1975. The debate between the war's supporters and those who called for withdrawal created deep and lasting political divisions that undermined the national unity required to tackle liberalism's big ideas. As historian James T. Patterson wrote: "Nothing did more than Vietnam to subvert the grand expectations that many Americans had developed by 1965 about the capacity of government to deal with public problems." This distrust and disunity was the fertile ground from which anti-government conservatives made their late-century comeback.

For a brief moment after Sept. 11, public faith in government rose again. But it quickly evaporated, and by early 2004, when the majority of Americans began to believe that the costs of the war in Iraq were not worth the potential gains, that sense of trust eroded further. Today, the partisan divide over Iraq is three times more severe than it was during Vietnam, and one can't imagine politicians building a healthy national consensus on anything.

The problem for liberals doesn't stop there. Mired in opposition politics, they aren't heeding the call to reformulate their agenda. They aren't generating "big ideas" — comprehensive healthcare reform, for example, or finding new ways to address growing economic insecurity.

"If the country were united behind a successful war effort, then inspiring people to unite toward large, common goals would be easier," Tomasky said. "This war makes it harder to move the political discourse in a new direction."

Connecticut May Be A 2008 Preview (WP)

By Dan Balz

The Washington Post, August 13, 2006

Polarization Over War, Bush, Parties Confronts Voters

American politics this year has been running on two divergent tracks. The first is intensified partisan combat in advance of a critical midterm election. The second is growing disaffection among many voters with a national capital seen as stalemated by polarization and distrust between the two political parties.

That makes the coming campaign between antiwar Democrat Ned Lamont and Sen. Joseph I. Lieberman, who lost last week's primary and is now running in the general election as an independent, an intriguing laboratory for what might emerge in the 2008 presidential campaign.

Will Lieberman's campaign prove to be a forerunner for a message of civility and bipartisanship that emerges nationally in 2008, or simply be remembered as an obsolete refrain from a politician living in an idealized past and that serves only to deepen partisan divisions?

The Lieberman-Lamont primary became the latest stage for the politics of anger that has dominated since President Bush took office after the disputed election of 2000. Lieberman hopes to make the general election a template for civility in politics and a return to some measure of bipartisan cooperation in Washington.

The war in Iraq and the architecture of Republican electoral victories in 2002 and 2004 have persuaded many strategists in both parties that the key to victory is to maximize support of the most ideological of their followers, rather than appealing to less-partisan swing voters.

Still, long before the Connecticut Senate race, prospective 2008 candidates, including the two early front-runners for their parties' nominations, have been examining the question of whether the public is ready to turn away from the partisan style of politics that has dominated the Bush presidency.

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Sen. John McCain (R-Ariz.), despite his recent efforts to make himself more attractive to party conservatives and Bush loyalists, has asked more than once whether voters in 2008 will be looking for a candidate with the attributes he has long exhibited: independence and a willingness to work across party lines.

Sen. Hillary Rodham Clinton (D-N.Y.), a polarizing figure by any measure, nonetheless has spent much of her six years in the Senate developing a record of cooperation with Republican senators that she could take to the voters in 2008, should she decide to run for president.

At the same time, veteran Republican strategist Doug Bailey, Carter administration veterans Hamilton Jordan and Gerald Rafshoon and former independent governor Angus King of Maine, among others, have launched a Web-based organization called Unity08. They are urging Americans turned off by partisan combat to help break the current model by using online voting to nominate a bipartisan ticket next year as an alternative to the two major party nominees.

Those stirrings lead directly back to Connecticut's Senate race. Political strategists, however, say Lieberman may be an imperfect vehicle for testing this message. He is a three-term incumbent, a Washington insider and an establishment politician of the first rank -- in short, hardly the kind of person to argue that he can change the tone in Washington.

"Whenever there is disillusionment with Washington, there is interest or potential appeal for a third force in politics -- an outsider," said Andrew Kohut, director of the Pew Research Center. "The problem with Lieberman is he represents the establishment when he will be running as an independent."

Beyond that, the opening stage of his campaign has delivered a decidedly mixed message. Lieberman's first post-primary television ad promises an era of "unity and purpose." His first post-primary campaign appearance featured a slashing attack on Lamont in which he claimed that success by his rival in November would be "taken as a tremendous victory by the same people who wanted to blow up these planes in this plot hatched in England."

Lieberman long has preached the politics of civility and calm rhetoric, but he appears to be ready to set that history aside to defeat Lamont in November. It was his willingness to work with and support Bush on the Iraq war that helped bring about his loss in the primary to a political neophyte who ran as an opponent of the war and a critic of Lieberman's repeated support for the president.

The aftertaste of that experience produced a concession statement in which Lieberman appeared defiant -- and liberated at the prospect of running against the antiwar rage directed toward him in his primary campaign. "People . . . and not just the Democrats are angry at the direction of this country -- so am I," he told supporters last Tuesday night. "People are fed up with the petty partisanship and angry vitriol in Washington. Let me tell you, I have been there, and I am fed up, too."

Lieberman went on to complain of a brand of politics in which disagreement is viewed as disloyalty and opponents are branded as evil. "It is time for our elected leaders to stop playing political games, so we can get things done for the people who are good enough to send us to Washington to serve them," he said.

Those are sentiments often heard throughout the country, from ordinary citizens and from state and local elected officials who have come to see Washington as stalemated by partisanship and incapable of dealing with pressing issues. Whether such sentiments will attract a champion in 2008 is a question many strategists and analysts are beginning to ask.

Bipartisanship is out of fashion among strategists who plan and execute campaigns. Democrats believe Bush's presidency has ushered in an opposite style of politics, one designed to energize partisans by exploiting the sharp divisions that now exist on the war, on social issues and on Bush himself.

A number of the prospective 2008 Democratic candidates -- Sen. John F. Kerry (Mass.), former senator John Edwards (N.C.), Sen. Russell Feingold (Wis.), retired Army Gen. Wesley K. Clark -- have stepped up their attacks on the administration's policies on the war and other issues. Months before the 2008 campaign gets into high gear, they are at the barricades, hoping to attract the activists in their party.

Others, such as Sen. Evan Bayh (D-Ind.) and former Virginia governor Mark R. Warner, have been testing themes that include lowering the temperature of political rhetoric.

Party strategists believe the crop of presidential candidates will have trouble winning the nomination with a message of working across party lines. "There is a strong antipathy toward what people regard as accommodation and capitulation to Republicans," said Democratic pollster Mark Mellman. "Anybody who tries to [deliver a] message against that grain is going to have a very hard time. Frankly, I think it's true on the Republican side, as well."

Simon Rosenberg, founder of the Democratic group NDN that has sought to be a bridge between centrist Democrats and the more liberal world of bloggers and Internet activists, said: "Lieberman's calculation here that there is a revulsion against Washington is not correct. There's revulsion at Republican governance."

Eli Pariser, executive director of the MoveOn.org political action committee that supported Lamont, argued that Lieberman's general election message is a fundamental misreading of what happened to him in the primary. "I think because the

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Connecticut primary was driven by real, deep issues that our nation should be grappling with, it's exactly what our politics ought to be like, rather than nasty, gotcha bickering," he said. "It was about big ideas and big challenges facing the country."

Some strategists looking ahead already believe a successful candidate will have to find a message that can reassure hyper-partisans that core principles matter, while appealing to disaffected swing voters with a message that compromise is not always a dirty word. Connecticut's Senate race, flawed as it may be, could produce some early clues about what may be coming in 2008.

Laura Bush Will Visit Here Monday (SLPD)

St. Louis Post-Dispatch, August 13, 2006

Laura Bush, wife of President George W. Bush, will be in St. Louis on Monday to attend a national Republican Party fundraising event at the Clayton home of Sam and Marilyn Fox.

The late afternoon event is closed to the public and the media, the White House said Friday. A spokeswoman said that the amount raised will be made public; it will be used by the national party to aid its candidates this fall.

Sam Fox, founder and chairman of the Clayton-based Harbour Group, is among the most prominent and prolific donors to various Republican groups and candidates.

Mrs. Bush is expected to be in the area for about two hours, a party spokeswoman said. For security reasons, the White House is not disclosing the exact time or route she will take from the airport.

Earlier Monday, Laura Bush will headline a fundraising luncheon in Addison, Ill.

Tight Race For Another Senator, This Time A Republican (NYT)

By Kate Zernike

The New York Times, August 13, 2006

WARWICK, R.I., Aug. 9 — Like his father before him, Senator Lincoln Chafee has been the kind of Republican whom this Democratic state could embrace: a supporter of abortion rights, a champion of the environment.

His trouble now is his own party. One of the most liberal Republicans in the Senate, Mr. Chafee finds himself in a tight primary against Stephen Laffey, a populist Republican who is backed by a national conservative group and is traveling the state in a bright yellow RV proclaiming himself the “Rhody Reformer.”

The Rhode Island primary is the flip side of the battle between Senator Joseph I. Lieberman and Ned Lamont just across the state line, in Connecticut. Mr. Chafee is fighting for his survival because he voted against the Iraq war — the only Republican to do so — and has distanced himself from President Bush so much that he declined to vote for him in 2004, declaring that he would write in the first President Bush as a symbolic protest.

Both campaigns show how a far flank of the party can shape a race, even in a place like Rhode Island, where Republicans are a minority; the record in a Republican primary here is about 45,000 voters, and most people expect short of that on Sept. 12. They also indicate the peril of being a moderate in a polarized year.

In a race that Mr. Chafee’s supporters fear may be a bellwether, Representative Joe Schwarz of Michigan, a moderate Republican, lost a primary challenge to an opponent supported by the Club for Growth, the conservative group backing Mr. Chafee’s opponent.

But the stakes are far higher here for the party in power. Polls show that if Mr. Laffey wins the primary, he will lose the general election, handing the Democrats a seat from a blue state that has been held by Republicans since 1976.

Even if Mr. Chafee wins the primary, recent polls show him struggling to win the general election; this year, no matter how much Democrats like Mr. Chafee, they may care more about the letter after his name.

“This is one of those election years that’s going to come down to R versus D, and people want the real thing, not someone who votes with the Democrats 70 or 80 percent of the time,” said Darrell West, a political scientist at Brown. “They want the Classic Coke, not the New Coke.”

Republican leaders, worried more about losing a seat than about party loyalty, have rushed to help Mr. Chafee, forcing him to buddy up with the conservatives whose agenda he declines to embrace. Senators Bill Frist of Tennessee, Elizabeth Dole of North Carolina and Mitch McConnell of Kentucky have held fund-raisers for him, and Laura Bush has traveled to the state on his behalf.

On the other side, Steve Forbes, who ran for the Republican presidential nomination in 1996 and 2000, has written letters and held a fund-raiser for Mr. Laffey. And national Democrats, after defaulting the seat to Republicans for years, are putting money behind their candidate, Sheldon Whitehouse. All told, more than 80 percent of campaign money has come from outside the state.

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A scion of one of Rhode Island's "five families," Mr. Chafee, a Brown graduate who worked for a time shoeing horses, went on to become mayor of Warwick. When his father, John Chafee, died in office near the end of his fourth Senate term in 1999, Lincoln Chafee was appointed his replacement and won the seat with 57 percent of the vote a year later.

Mr. Chafee angered Republicans by opposing many proposed tax cuts, saying a country with such a big deficit could not afford them, and voted against an energy bill because it included subsidies for oil companies. He cast the sole Republican vote against the confirmation of Justice Samuel A. Alito Jr.

So while in the last election Mr. Chafee advertised how often he had voted against Republicans, his latest ad emphasizes the anger he has drawn from both parties, the amount of money he has brought home, and his desire to restore "a climate of civility, decency and hope" to politics.

"There has to be a place for moderates in our politics," Mr. Chafee said, campaigning at a recent parade. "The American public wants to see us work better together."

His campaign slogan is "Keep Chafee." It is resurrected, he said, from his father's successful campaign for governor in 1964 — another tough year because Barry Goldwater, unpopular here, was at the top of the Republican presidential ticket.

Compared with many colleagues in the Senate, Mr. Chafee, 53, keeps a low profile, and campaigning does not seem second nature to him. Stopping to buy lemonade from a truck, he asks the attendant about the book she is reading. Only after tipping her and turning away does he toss over his shoulder, "Vote Chafee!"

"He's very approachable, human, sincere," said Ana Morgan, a supporter at the parade. "In New England we are a different breed of Republican, more moderate, more liberal. At a time when both parties are going to extremes, we need someone who can work with both."

Others are put off by Mr. Chafee's often public agonizing about his struggle between voting with the party and voting his conscience.

"I'm not sure where Chafee's coming from half the time," said Eleanor Acton of North Kingston, an independent. "He wants to be a liberal, but he can't because he's a Republican, and he's a Republican because his dad was a Republican."

Internal Democratic polls show that he is less popular among Republicans than the Democrat, Mr. Whitehouse. While the state party supports him, local Republican committees, including the one in Exeter, where Mr. Chafee lives with his wife and three children, endorsed Mr. Laffey.

"Whatever conscience he's voting, it's not the conscience of the Republican Party," said Robert J. Manning, the national committeeman for the state Republican Party and a Laffey supporter.

Mr. Laffey, the 44-year-old mayor of Cranston, embraces campaigning. On "blitzes" of neighborhoods in the RV, an aide uses a bullhorn to announce his presence, and Mr. Laffey darts across gardens and up grassy embankments to shake any willing hand. His wife and their children, ages 1 to 17, tag along, as do friends.

He boasts of rescuing Cranston from near bankruptcy; in his most publicized act, he fired crossing guards who earned, including benefits, about $120 an hour. "Reagan had his air-traffic controllers, I have the crossing guards," he said, a line he repeats often in campaign appearances and interviews.

But his personality has alienated many people. Some in Cranston say that he is a showboater and that the crossing guards worked just two hours a day, accounting for only a small part of the city budget. They have complained that property tax increases put into effect while he was mayor — 12.8 percent in 2003 — priced many people out of their homes. He has defended them as necessary to turn the city around.

"Everything he does is to make a name for himself," said Jack Cassidy, a Cranston resident. "I think he's looking for big publicity."

An independent, Mr. Cassidy will vote in a Republican primary for the first time to, as the slogan says, "Keep Chafee." Mr. Chafee's hopes, analysts say, lie in other independents doing the same, and the campaign has urged Democrats to switch to "unaffiliated" so they can vote in the primary. About 14,000 did.

At the recent parade, young couples waved as they saw the "Keep Chafee" banner. "Good luck!" one man hollered.

"Luck helps," Mr. Chafee replied quietly.

In N.J. Race, Kean Tries To Keep It Local (WP)

By Charles Babington

The Washington Post, August 13, 2006

MORRISTOWN, N.J. -- Robert Menendez and Tom Kean Jr. agree on so many principles that it's hard to believe they are running against each other in one of the nation's tightest Senate elections. Current tax policies are misguided, the status quo is unacceptable and New Jersey needs a senator who will stand up to powerful leaders, both men say.

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They are aiming their remarks at entirely different administrations, however, and the contest appears likely to turn on whether voters see Washington or Trenton as the capital more in need of a shake-up.

Menendez, the Democratic incumbent, is trying to make the election a referendum on President Bush, and especially the president's Iraq war policy. Kean, the Republican challenger, wants to keep the focus on taxes, state ethics, New Jersey's Democratic-run government and Menendez's ties to it.

As much as any race this fall, theirs will test whether Republicans in tossup and Democratic-leaning states can shift enough attention from Bush's low popularity to preserve their congressional majorities. Polls suggest the race is about even, and if Kean can stay close or ahead, his keep-it-local strategy may inspire Republicans in other states as Nov. 7 draws near.

To follow Kean and Menendez on the campaign trail is to hear two politicians talking past each other, each insisting he is in touch with the voters' moods and concerns. Menendez, who was appointed by Gov. Jon S. Corzine (D), drops Bush's name repeatedly, and never in a kind way.

"The nation is headed on such a perilous course," he told an antiwar audience gathered recently in Morristown. "My opponent wants to be another vote for George Bush."

Kean (pronounced "cane") is the son and namesake of the popular former governor who chaired the national commission that explored the terrorist attacks of Sept. 11, 2001. The 37-year-old candidate almost never mentions Bush, and often seems to be running for state senator -- a position he already holds.

"People are starting to give up on the state of New Jersey," Kean recently told a small group in Oceanport, "because they can no longer afford to live in this state." Menendez, he said, "has done nothing to make this state more affordable" and has "bought into the status quo."

The only reference to Bush in Kean's seven-minute speech was negative. The state needs a senator, he said, "who will stand up to the governor when he's wrong, or against the president, who hasn't cut spending."

Menendez, 52, uses similar language but directs it only at the White House. "New Jersey needs a senator who will stand up to President Bush," he tells audiences.

For Menendez, the Iraq war is the primary issue, while Kean ranks "affordability" and "ethics in government" at the top. As a House member in 2002, Menendez voted against authorizing the war, and last June he voted with 12 other senators to require Bush to begin withdrawing troops. He is the only one in that group now facing a tight election.

When Bush used his 2003 State of the Union address to claim that Saddam Hussein was pursuing weapons of mass destruction, Menendez said in Morristown, "I knew what he was saying was clearly, clearly a lie." The war, he said, "is an enormous failure, because it is a war of choice rather than a war of necessity." He criticized Kean for supporting the war "even with the benefit of hindsight."

In an interview, Kean said, "There have been horrendous mistakes made in the conduct of the war. But to create an artificial timeline dictated by Congress for withdrawal could lead to a humanitarian crisis in that region or further threats to our own country."

Kean prefers to spend time trying to link Menendez to topics that irritate many New Jersey residents, especially high taxes and the state's history of public corruption. Thousands leave the state annually because of high taxes on real estate, retail purchases and other items, he says, and he faults Menendez for opposing cuts in the federal income tax and estate tax.

Kean often cites a recent week-long state government shutdown triggered by a budget impasse between Corzine and the Democratic-controlled legislature. Lawmakers finally accepted Corzine's push to raise the sales tax to 7 percent, among other steps, and Kean has tried to capitalize on public discontent by reminding voters of Menendez's links to the governor. But polls found that residents blamed the legislature more than Corzine, and the issue has begun to fade.

In another strategy that places state matters above federal, Kean often talks about government ethics, even though the issue is playing to Democrats' advantage nationally because of the Jack Abramoff affair. He cites Menendez's political apprenticeship to a Hudson County Democratic official who went to prison on corruption charges in the early 1980s, and suggests that Menendez is the new "boss of Hudson County."

Menendez calls it a desperation tactic, and cites recent articles in the New York Times and elsewhere that portray him as a courageous witness for prosecutors in his mentor's long-ago downfall. Still, Menendez's Democratic allies have a knack for stunts that keep Kean's taunts afloat.

When Kean tried to make an anti-Menendez speech on June 1, inmates from the Democratic-controlled county jail suddenly fired up noisy lawn mowers and weed-whackers to cut grass that had been trimmed a few days earlier. Menendez also has close ties to the state attorney general, who is under fire for helping her boyfriend avoid arrest for automobile infractions.

A different nationally prominent issue -- embryonic stem cell research -- may prove more troublesome for Kean. Both candidates disagreed with Bush's veto of legislation to allow more federal research on such cell lines. Democrats, however, note

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that Kean voted three times as a state senator against bills to publicly fund embryonic stem cell research. Kean says he opposed the measures because they would have steered borrowed money to new buildings without voter approval.

Democrats are troubled by polls showing Kean even with Menendez or slightly ahead in a state that has not elected a Republican senator in 34 years. Menendez dismisses the polls, saying many voters confuse Kean with his well-liked father and have yet to tune into issues that will favor Democrats. Polls will start moving his way, Menendez said, "when people see that junior isn't senior."

When Kean worked a recent picnic crowd waiting for horse races at a large track in Monmouth, he frequently was asked his relationship to "the governor." "I'm his son," he answered each time with a smile.

He readily acknowledges that his family connections help him, but some Republicans warn that the youthful-looking, affable candidate might appear to lack gravitas if he is compared too closely with his father. "If Kean wants to win, he needs to become a man," said Brian W. McAlindin, a Republican local councilman who accepted a neighbor's invitation to a backyard reception for Menendez in Point Pleasant Borough. "He's too smiley; he's too grinny."

Kean's backers say the encouraging poll numbers are attributable less to strong family name recognition than to voters' unease about Menendez's ties to a state Democratic party associated with high taxes and occasional corruption. Privately, they say Kean will struggle if the election becomes a referendum on Bush's handling of the war, Hurricane Katrina and other matters.

Kean predicts it will not. "This election is going to be determined by what's happening and impacting the lives of people in the state of New Jersey," he said.

If he is right, and if he pulls off a victory in this pro-Democratic state and this strong-Democratic year, he may write a new chapter on how to win federal elections on state and local issues.

Steele's Remarks On Success In Iraq Draw Criticism From Democrats (WP)

By Matthew Mosk

The Washington Post, August 13, 2006

Maryland Lt. Gov. Michael S. Steele has again found himself facing objections for words uttered while campaigning for U.S. Senate.

This time, the subject was the Iraq war, which the Republican candidate discussed last week with reporters and editors of the Frederick News-Post.

The newspaper's State House bureau chief asked: Has the war been successful? Mr. Steele argued that it has.

"Largely unwritten is the story of what's happening in three-quarters of the rest of that country," Steele said. "Remember Fallujah, ladies and gentlemen? I don't hear anyone talking about Fallujah anymore. It's not on the front page anymore of the papers. Why? Because order has been restored, and the terrorists have largely been routed."

To some degree, Steele's comments reflect recent reports.

The Washington Post reported Aug. 4 that a major U.S. military offensive drove the bulk of the guerrillas from Fallujah. "Since then," the report said, "the insurgent presence in the city has been vastly reduced, while in nearby Ramadi there have been daily scenes of fighting between U.S. troops and insurgents."

At the same time, Steele's Democratic critics said the lieutenant governor was presenting an exceptionally rosy view of events there. The same Post report said al-Qaeda had vowed to take back Fallujah, declaring that it had united local armed factions into a cohesive force to fight U.S. and Iraqi troops.

The U.S. Marines reported that Lance Cpl. Kurt E. Dechen of Springfield, Vt., was shot in the abdomen and killed Aug. 3 while on a foot patrol there. Another Marine, Lance Cpl. Adam Escobar of Hampton, Mass., was hit in the leg.

State Democratic Party chairman Terry Lierman pounced on Steele's statements, noting that when the lieutenant governor spoke anonymously with reporters in Washington last month, he presented a different take on the war.

"Three weeks ago, the anonymous Steele said Bush should 'admit mistakes' in Iraq," Lierman said. "But this week, when talking to a newspaper in Maryland's Republican heartland, Michael Steele repeats GOP bromides about success in Iraq, citing Fallujah as an example. What planet is Steele on?"

Steele's campaign had no response to Lierman's comments.

Steele's latest take on the war appears to run counter to the opinion of most Marylanders. In a June Washington Post poll, 63 percent of registered voters said the war was not worth fighting. Candidates for governor and other state offices will submit their latest campaign finance reports this week, and those close to Gov. Robert L. Ehrlich Jr. say they expect the governor's report to show close to $13 million on hand.

Ehrlich (R) wouldn't discuss how much he has raised, but during a lunch Friday with reporters and editors from The Post, he said he has been to almost nightly fundraising receptions.

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Ehrlich has rejected traditional methods of raising money such as phoning bigwigs in favor of small events in homes, where he can raise as much as $100,000 during a lunch or evening cocktail party.

The governor said he has done so many receptions, "I'm having nightmares where I'm being chased down a dark alley by a crab ball."PTA Tries to Guard Phone List

Members of the Montgomery County Council of Parent Teacher Associations got a warning in their e-mail boxes last week from President Jane de Winter : Don't hand over the group's phone directory to political candidates.

The warning came after former County Council member Blair Ewing advised de Winter that Democratic gubernatorial candidate Martin O'Malley 's campaign had obtained a copy of the coveted "Blue Book" and planned to use it to invite PTA leaders to a town hall event.

Ewing (D), who supports the Baltimore mayor's bid to unseat Ehrlich, told de Winter that he wasn't the one who gave O'Malley's people the book, but de Winter still seemed none too pleased.

"I told him that MCCPTA does not sanction the use of the book for that purpose," she wrote. "I told him to look at the disclaimer that appears on the inside cover which was prepared by our attorney. I told him that our membership had made it very clear that it did not want Blue Book information used by any groups other than PTA.

"He said that he would pass that information along and urge the campaign to contact PTA presidents through their schools," she wrote.

"Swift Boat" Veterans Set Sights On Rep. Murtha (LAT)

By Noam N. Levey

The Los Angeles Times, August 13, 2006

The Iraq war looms over another race, as the group that helped defeat John Kerry targets the antiwar lawmaker.

JOHNSTOWN, Pa. — Two years after a cadre of veterans helped sink the presidential campaign of Sen. John F. Kerry (D-Mass.), they have found a new target in the old steel country of southwestern Pennsylvania: Democratic Rep. John P. Murtha.

In a fight that organizers say will feature rallies, TV ads and an aggressive Internet campaign, these activists are promising to make Murtha pay for his criticism of the Iraq war.

"I will do my best to 'Swift boat' John Murtha," retired Navy Capt. Larry Bailey said at a recent news conference here, invoking the 2004 campaign against Kerry that took its name from Vietnam War-era Navy vessels.

Few believe that Murtha, a Vietnam veteran who has represented his district since 1974, is in much danger of being driven from office.

But in the wake of Sen. Joe Lieberman's defeat in Connecticut's Democratic primary last week, Murtha's showdown with an increasingly vocal group of opponents provides more evidence of the prominent role the Iraq war is playing in this year's midterm campaign.

Unlike Lieberman, whose support for the war cost him Democratic voters, Murtha confronts a challenge sparked by his repeated calls for the withdrawal of U.S. troops from Iraq.

Long among the most hawkish Democrats in Congress, the once media-shy Murtha has become a standard bearer for the party's antiwar wing since airing his criticism of the Bush administration's commitment in Iraq. And on street corners and town squares of this Rust Belt district, a small but committed corps of volunteers has joined Bailey, a North Carolina resident, in trying to make sure Murtha's constituents remember it — and vote against him in November.

Murtha has brushed aside the attacks.

"It's ludicrous," he said in an interview with the Los Angeles Times last week. "What they are trying to do is distract from the [Iraq] issue…. There is no one who supports the military more than me."

Murtha's allies, led by a veterans group based in Richmond, Va., held a counter-rally in Johnstown that largely overshadowed Bailey's news conference. The pro-Murtha event featured former Sen. Max Cleland (D-Ga.), who lost three limbs while serving in Vietnam.

The battle over Murtha's opposition to the Iraq war is unfolding in a place where support for the military has been an article of faith at least since the Civil War. The communities that form Murtha's district were among the first to send volunteers for the Union war effort — a distinction proudly noted on a memorial in Johnstown's town square.

Today, 15.3% of the district's residents are veterans, slightly above the national average of 12.6%, according to the Almanac of American Politics.

And when a Pennsylvania National Guard battalion stationed outside Johnstown returned in June from a yearlong deployment in Iraq's Anbar province, some 1,000 well-wishers turned out to show their support, according to a unit spokesman.

For years, Murtha has been the embodiment of that spirit, many locals say.

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A decorated Marine wounded in action, Murtha became the first Vietnam veteran elected to Congress. He backed the first Persian Gulf War and has been a longtime champion of robust defense spending.

Perhaps most critically for Johnstown, the congressman helped bring home defense-related jobs. Firms such as Lockheed Martin, DRS Technologies and Concurrent Technologies have opened facilities in the new industrial park on the hills above the city.

"What you find here is a tradition that goes way back with the military," said Robert Layo, president of the Greater Johnstown/Cambria County Chamber of Commerce. "His position has always been in line with that."

But Murtha, 74, established a new persona on Nov. 17, when he called a news conference to declare that, in his view, U.S. troops had become "the primary target of the insurgency" in Iraq and that it was "time to bring them home."

Murtha almost immediately became an antiwar icon — a role he has embraced in the months since.

Now a regular on news talk shows, Murtha made headlines again in May when he said that Marines in Iraq had killed more than a dozen civilians "in cold blood." His comments caused one Marine under investigation in the Haditha killings to file a libel and invasion of privacy lawsuit against him last week.

With Congress on its summer break, Murtha is spending much of his time crisscrossing the country, headlining the nationwide Democratic push to take control of Congress in November's election. And he recently contributed an item on the war to the Huffington Post, a leading liberal website edited by Brentwood's Arianna Huffington.

Murtha's new identity has made him a prime target in a national Republican campaign to portray Democrats as defeatists. Some Pennsylvanians in Murtha's 12th Congressional District agree with that assessment.

In tiny Charleroi, Pa., Nikki A.C. Sheppick, a 54-year-old housewife who served as an Army personnel officer in 1972-73, has made a series of dining-table-sized panels with cartoons, text and photos attacking Murtha for his comments about the alleged civilian massacre in Iraq.

"You just don't talk about the troops that way," said Sheppick, who recalled how hurtful criticism of soldiers was during the Vietnam era.

She is helping organize an effort called "Operation Street Corner," in which volunteers are to take the cartoon panels to fairs, shopping centers and other public places.

About 75 miles away in Johnstown, Murtha foes are working on plans for a rally in October, which they hope will draw thousands.

The organizers stress that theirs is largely a local campaign. But they have linked with Bailey, who from his North Carolina home is reassembling members of the national team that took on Kerry, including a Web expert in Texas and a Georgia developer who is helping bankroll the "Boot Murtha" effort.

For fundraising help, Bailey also has joined with an Iowa political action committee — Iowa Presidential Watch — that touts its efforts to "hold accountable" Democratic presidential candidates.

And he has invited the participation of John O'Neill, the Houston lawyer who was a founder of the Swift Boat Veterans for Truth group that ran ads questioning Kerry's military record in Vietnam.

Meanwhile, Murtha's Republican challenger, county commissioner Diana Irey, is making Murtha's comments on the war a focal point of her campaign. "That's the issue that people come up to me and talk about," she said in a recent interview.

At Point Stadium in Johnstown, where thousands converge every summer for the All American Amateur Baseball Association championships, Jeff Katarski said the issue bothers him.

"I think [Murtha's] talking out of both sides of his mouth," said Katarski, who served in the Navy for five years in the late 1970s and early '80s. "To me, he should know better than to criticize the administration and the troops during war, at least openly…. It hurts morale."

But even Katarski concedes that Murtha's opponents will have a hard sell.

At the VFW post in Uniontown, another aging industrial city that was the birthplace of World War II hero Gen. George C. Marshall, retiree Joe Hawkins said he doesn't know many people who question Murtha's judgment.

"I think he's doing a hell of a job," Hawkins said.

Murtha may reflect the feelings of a large portion of his constituents, said Clay F. Richards, assistant director of the polling institute at Quinnipiac University in Connecticut, which polls extensively across the Northeast.

Opposition to the war "emerged earlier [in the region] than it did in other parts of the country," Richards said.

Murtha, who was in San Francisco on Friday visiting House Minority Leader Nancy Pelosi (D-San Francisco) after campaigning for Democrats in Connecticut and New York, said he is confident the public is with him.

"The average person goes out of their way to tell me they want change…. What am I supposed to do? Say everything is all right?" Murtha asked before flying to Tennessee to attend a dinner for former Democratic presidential candidate Al Gore.

"I'm not going to say everything is all right if everything isn't all right."

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GOP Raises Specter Of 'Speaker Pelosi' (AP)

By Tim Whitmire

AP, August 13, 2006

Facing a strong re-election challenge from Democrat Heath Shuler, veteran Republican Rep. Charles Taylor is going after a candidate who gets an "F" from the National Rifle Association and a perfect score from a leading abortion-rights group.

But that's not Shuler, a former NFL quarterback who hopes his pro-gun and anti-abortion positions appeal to swing voters and social conservatives alike in this mountainous district in western North Carolina.

Instead, Taylor's target this summer is Minority Leader Nancy Pelosi, the California congresswoman who has emerged as a "boogey-woman" of sorts for Republicans campaigning this year on the idea that Democrats can't be trusted with control of the House.

"Rookie Heath Shuler is following the playbook of San Francisco liberal Nancy Pelosi," an announcer intones as the noise of a stadium crowd and marching band plays in the background of a 60-second Taylor radio spot. "The Pelosi game plan: Elect Heath Shuler and others like him, and take over Congress with the votes of illegal immigrants."

These rugged, rural mountains, which couldn't be more different from Pelosi's San Francisco, aren't the only place Republicans want to make the specter of a Democratic House a key campaign issue.

_In South Carolina's 5th District, state Rep. Ralph Norman is challenging 12-term Democratic incumbent John Spratt and has repeatedly linked Spratt to Pelosi, saying voters should elect Norman if they want the GOP to maintain control of the House.

_Before announcing in April that he would leave Congress, former House Majority Leader Tom DeLay criticized the Democrat lined up to run against him as a tool of "liberal activists" like Pelosi, Barbra Streisand and financier George Soros.

_House Republicans recently released a document claiming that a Democratic House takeover would lead to committee chairmanships for several prominent liberal Democrats, including California's Henry Waxman, New York's Charles Rangel and Michigan's John Conyers Jr.

"Nancy Pelosi is one of the most stridently liberal politicians in recent memory, and insofar as candidates can draw a contrast between their record and Pelosi's record, (she) could emerge as a campaign issue," said Jonathan Collegio, a spokesman for the National Republican Congressional Committee.

For Taylor, it is so far the only issue the eight-term incumbent is talking about. It's been years since the timber and banking magnate faced a tough re-election challenge. He has rarely been pushed hard enough to have to campaign actively and almost never advertises until the final weeks of a race. But with some polls showing Shuler running ahead of the incumbent and the race considered a toss up, Taylor jumped into the campaign this summer with the spot linking Shuler to Pelosi.

Shuler's campaign calls Taylor's ad dishonest, noting that Shuler has repeatedly said he opposes illegal immigration and supports effort to strengthen the nation's borders.

"I'm a Democrat," Shuler said. "I feel that (Minority) Leader Pelosi and I certainly have different viewpoints on the social issues, but I feel like as a whole ... I'm a Democrat, kind of the old, Southern-style Democrat, certainly a more moderate-style Democrat."

Asked whether he would vote to make Pelosi the House speaker if he is part of a Democratic takeover of the House, Shuler responded: "Just as I was interviewed to run for this office, I will also do my interview process and pick the person that not only fits the best for our district, but also fits our party best."

Taylor often declines to speak with reporters, and calls to his campaign headquarters seeking comment about the ad were not returned. But Collegio, who pointed out Pelosi's campaign committee has given $4,000 to Shuler's campaign so far, said the ad "shows Charles Taylor is taking this race seriously."

Jack Pitney, a government professor at California's Claremont McKenna College, wonders how much good it will do. Citing a Gallup poll released earlier this summer, Pitney noted 40 percent of Americans surveyed either didn't know Pelosi, or had no opinion of her. Those who knew her were roughly split between positive and negative feelings, he said.

"Congressional leaders usually don't provide much ammunition to the other party," Pitney wrote in an e-mail interview. "In most cases, voters have only a hazy picture of the top Republicans and Democrats in Congress."

Conservative Democrats so far seem immune to claims that Shuler — with his anti-abortion positions and blaze orange "Sportsmen for Heath Shuler" bumper stickers — is a closet liberal.

"I say Heath Shuler is a man with his own mind made up," said John Leopard, a Cashiers, N.C., resident who attended a recent Shuler speech. "If he needed to vote with Nancy Pelosi, he would vote. If he had to vote against her, he would. That's the reason I would vote for him."

Asked recently by reporters how she felt about being painted as a GOP "boogey-woman," Pelosi said the tactic "represents a bankruptcy of ideas."

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"I think that it indicates the Republicans don't have a positive agenda. They don't have anything," she said. "They have been in power with the House and the Senate and the White House; they could have accomplished so many things for the American people and they have failed. ... That is why they have to do their ad hominems, because they don't have anything positive to talk about."

Of course, there could be other motives at work. Pitney said while swing voters aren't likely to be moved much by anti-Pelosi campaigns, the tactic could succeed at riling up the Republicans' conservative base.

"Conservative donors might open their checkbooks to stop a Pelosi speakership," he said.

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On the Net:

Pelosi's office Web site: http://www.democraticleader.house.gov

Taylor's office Web site: http://charlestaylor.house.gov

Shuler campaign: http://www.heathshuler.com

Protesters Host Barbecue For Crawford (AP)

By Angela K. Brown

AP, August 13, 2006

War protesters extended the olive branch to their new neighbors in President Bush's adopted hometown by hosting a barbecue Saturday — and a few even showed up.

"You can have a dialogue, but you'll never agree," said Valerie Duty, a staunch Bush supporter who wore a "This is Bush country, by George!" T-shirt. "Both sides do agree about bringing the troops home safely. The difference is the way we go about that."

Locals have been angry since a man bought five acres last month on behalf of peace activist Cindy Sheehan, who said no one in the area would have sold her any property.

Anti-war demonstrator Jim Goodnow said he was glad some area residents — roughly half a dozen — visited the new protest site.

"If we can get away from the name calling and see each other as Americans, that will be how we can heal this nation," Goodnow said.

Sheehan first came to Crawford a year ago, refusing to leave until Bush talked to her about the war that claimed her soldier son Casey's life in 2004. Her 26-day vigil during Bush's August 2005 ranch vacation attracted more than 10,000 demonstrators.

On Saturday, a week into the group's summer protest, nearly 150 people attended the barbecue under a large tent filled with banners that read "A mother's loss, a nation's pain."

But Sheehan was absent. She was to spend a second night in a hospital in nearby Waco after a minor gynecological procedure and treatment for dehydration.

Sheehan was listed in stable condition Saturday at Providence Health Center in Waco. She said her spirits were lifted upon hearing news that those at the camp, even some locals who dropped by, signed a card for her.

"That makes me feel really good," Sheehan, 49, told The Associated Press on Saturday. "Physically I don't feel better than I did yesterday, but at least I'm here and resting."

Sheehan bought the property near downtown Crawford, about seven miles from Bush's ranch, so the group would have a place to protest when the president was at his ranch. The group can no longer camp in ditches since county leaders banned roadside parking and camping last fall.

The anti-war protest is to continue through Sept. 3, though Bush's 10-day ranch vacation is to end Sunday.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, August 13, 2006

Lying Low on Location While Portraying Daniel Pearl

For all the buzz about Angelina Jolie portraying Mariane Pearl in the movie version of her story, we've learned that the real drama swirled around the actor playing her husband, slain journalist Daniel Pearl .

The handsome, popular Wall Street Journal reporter spent three years in Washington (he played fiddle on bluegrass nights at Madam's Organ) before he was abducted and killed in Pakistan -- four months before his wife gave birth to their son -- while researching a story about Muslim fundamentalists. Mariane's 2003 memoir, "A Mighty Heart," chronicles the desperate race to save her husband. Jolie made headlines last month with the news that she would star in the film adaptation.

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But the announcement from Paramount made no mention of who would play her husband; with filming slated to begin this fall, most assumed no one had yet been selected. In fact, an actor was already cast and secretly preparing to film in Pakistan: Pearl is being played by actor/writer Dan Futterman , a Maryland native best known for his recurring role on "Judging Amy" and his Oscar-nominated screenplay for "Capote." The casting was kept under wraps because Futterman just returned Thursday from a closely guarded 10-day shoot on location in Karachi and Islamabad.

Futterman, director Michael Winterbottom and a skeleton crew went overseas to capture the flavor of the story. "It was important to shoot in the actual places where things happened," said Futterman, who agreed to be interviewed only after returning to the United States. Winterbottom ("Welcome to Sarajevo," "The Road to Guantanamo") has become known for making films in global hot spots; his 2002 "In This World" was about Afghans trying to leave a refugee camp in Pakistan. The crew shot on the streets of Karachi -- including the Village restaurant, where Pearl was last seen before his abduction -- and in the rural countryside. "There are lots of little things that were important to [Winterbottom]," Futterman said, "not least of all the people and the sound of the language spoken."

Security concerns were so high that all involved were sworn to secrecy. Because they hoped to be perceived as a documentary or news crew, the filming took place without any Hollywood trappings. There was also some concern because Futterman, like Pearl, is Jewish. "One thing I admire about Danny is how proud he was of his heritage, and how he refused to lie about it, no matter where he was," he said.

Futterman, 39, was picked for the part two months ago after a two-hour meeting with Winterbottom. "The movie's not about Daniel Pearl -- it's about the search for him," Futterman said. "We talked a lot about the balance, showing enough to make an impact. By all accounts, he and Mariane had a really blessed relationship." The actor has met with Pearl's parents: "They were extremely generous, but I was aware that it was an incredibly sad meeting to be having."

"A Mighty Heart" is scheduled for a 2007 release. This year, HBO will debut the documentary "The Journalist and the Jihadi: The Murder of Daniel Pearl" on Oct. 10 -- which would have been Pearl's 43rd birthday.Authoritative Models of Power Dressing

They legislate and look good doing it! Sartorial multi-tasking was apparently enough to land Sen. Barack Obama and Sen. Joe Biden on Esquire's list of "The Best Dressed Men in the World 2006."

For the third year, the magazine selected 20 men "who get it exactly right." Obama was cited for his sober but well-tailored suits and "impeccable ties" -- but was outranked on the list by Biden, who was praised for power dressing that "unmistakably says 'authority' ": strong suits, bold ties, pocket squares, cuff links and chunky watches.

"This is unexpected and undeserved," Biden said Friday. "My dad was an elegant dresser, and he used to say, 'Anybody who can buy off the rack can't be that sophisticated.' "For the Bushes, Cutthroat Backgammon!

Smackdown in Kennebunkport! The Bush family's obsession with backgammon is "really serious," according to George P. Bush : "One of the most-read books in our family is 'Backgammon for Blood.' "

The 30-year-old son of Jeb Bush says in the new issue of Men's Vogue that his grandparents, former president George H.W. Bush and his wife, Barbara , run a 64-person, single-elimination tournament for extended family and friends at the Bush summer home. Last year "some disgruntled losers" organized a second game after they were knocked out of the first, he says. "The losers renamed it 'the White House Cup.' "

"Backgammon's huge in this family," confirmed Jean Becker , 41's chief of staff. The former first lady needlepoints many of the backgammon boards at Walker's Point, and every grandchild learns early on how to play. The former president told the magazine that George P. should "keep on practicing, dusting off easier opponents, and wait for his glory to come."For the Bushes, Cutthroat Backgammon!

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D.C. Gay Group Battles 'AIDS Fatigue' (WP)

By Jose Antonio Vargas

The Washington Post, August 13, 2006

DOJ_NMG_0047620

At 25, the Epidemic Presents a New Set of Complications

Josh arrives two hours late, still wondering why he even bothered to show.

This is a party for HIV-positive gay men. And though those gathered in this Northeast Washington condo are supposed to be his new clan -- he tested positive in December -- he feels out of place. At 22, he's used to meeting guys on the Internet, hooking up, then moving on, not standing around engaging in polite conversation about drug treatments or camping trips.

But Shawn Henderson, head of D.C. Young Poz Socials, an HIV support group, never lets up. He's always trying to get Josh involved. And now here's Henderson, getting too close, hugging too tightly, being the too-perfect host as he ushers Josh through this moment.

A 35-year-old nursing a Coors Light in the living room is asking about the side effects of HIV medications. A 33-year-old smoking a Marlboro on the patio talks about the day he learned he was positive. In the kitchen, a tall, gray-haired 37-year-old U.S. Army officer is sharing how much he misses Europe -- he was sent home after testing positive. Except for Henderson, no one gives his full name, including Josh, who listens, nods at the men's stories and sips his vodka and cranberry juice.

"I'm probably gonna go home pretty soon," he says minutes later.

There was a time when AIDS united the gay community. Now, in subtle ways, the epidemic has divided it. Across the country, HIV has become its own subculture.

"It's almost like us versus them, the guys who are negative versus the guys who are positive," Henderson says. "It's almost like, 'It's your fault that you got it now.' "

Twenty-five years ago, when the disease was a mystery, gay men were the face of AIDS, scared and outraged that it seemed nobody else cared as they died. They got organized, protested, demanded treatment. Today, however, the epidemic's public face is also heterosexual and, disproportionately, people of color. If you can afford them, drug cocktails have made HIV, the virus that causes AIDS, a more manageable illness -- the Food and Drug Administration approved a once-a-day pill last month.

National and local health-care officials say they fear gay men have "gotten collectively numb" about the epidemic. Some gay rights groups, the Human Rights Campaign and the Gay Men's Health Crisis among them, say a generational gulf has emerged.

All the while, the latest figures from the Centers for Disease Control and Prevention show that "men who have sex with men" account for the largest proportion of new HIV diagnoses in the United States.

There are some men who get biohazard-symbol tattoos -- on their biceps, arms, calves -- to signal that they're positive. There are those addicted to crystal meth (a.k.a. Tina), which can lead to "partying and playing" (a.k.a. PNP), which often leads to unprotected sex. There are those who join groups for gay men such as D.C. Poz, where being poz, as in HIV-positive, is the only membership requirement. When Henderson joined the group three years ago, it had 30 members. Word spread. By fall 2004 there were 175. Now there are more than 460.

And then there are those like Josh, who fall somewhere in the midst of all that. He doesn't have a tattoo, he's not at all into Tina, and he isn't sure whether he'll stay with D.C. Poz. He got infected because he had unprotected sex. And he's still having unprotected sex.

"I'm trying to reach out to him, but he's not reaching back," says Henderson, 32. "It's a bittersweet thing. I'm glad that there's a group like ours, where being poz is not an issue. At the same time, I think, 'Oh my God, Josh is so young.' It's heartbreaking."'AIDS Fatigue'

It's a question Henderson thinks about: Why are young gay men, with 25 years of sobering history to learn from, getting HIV?

Gay men are not getting infected in the same numbers seen in the '80s and '90s -- many swear by safe sex -- but there are enough cases to rankle health officials who fear the gay community is experiencing "AIDS fatigue," says Anthony Fauci, director of the National Institutes of Health's program on infectious diseases.

Since a "rare skin cancer" was found in "five homosexual men" in 1981, gay and bisexual men have accounted for nearly half of all AIDS diagnoses in the United States, according to the CDC. Of the 529,113 people with AIDS who have died since the beginning of the epidemic, nearly half -- 256,053 -- were men who had sex with men, says the CDC.

It estimates that at least 40,000 Americans become infected with a human immunodeficiency virus every year. From 2001 to 2004, in 33 states that conducted name-based HIV reporting, men who have sex with men made up 44 percent of new diagnoses. (A CDC study of men who have sex with men released last month reported that out of 10,000 men surveyed, 47 percent said they've had unprotected anal intercourse with men in the previous year.)

In the District, gay and bisexual men make up 45 percent of the city's 16,130 cumulative AIDS cases, says the city's Administration for HIV Policy and Programs. Of the estimated 10,000 D.C. residents living with AIDS -- the AHPP has yet to release reliable figures on HIV infections -- more than a third say they are gay or bisexual.

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For years, local organizations such as the Whitman-Walker Clinic, the oldest and largest HIV-AIDS service provider in the Washington area, and Us Helping Us, which serves the African American community, have targeted these men in their HIV-prevention campaigns. They give out condoms in bars, they pass out brochures, they offer free HIV testing. Added to that are the slew of online ads reminding men to get tested. And there are the support groups for those addicted to Tina.

However, says Marsha Martin, head of the District's AIDS office: "The truth is the urgency of the HIV prevention messages we've been sending -- safe sex only! use a condom! -- has worn off. And if you think about the political and social climate we've been in and we're still in, what message is that sending to gay men? 'No, you can't get married as gay couples.' 'No, you can't be openly gay in the military.' 'No, you don't have equal rights.' Those things produce a lack of self-esteem, a kind of self-loathing, and in that environment is HIV."

Adds Bruce Weiss, executive director of the Sexual Minority Youth Assistance League, a Capitol Hill-based organization: "The gay community has fought long and hard not to be solely defined by sex. But we have a situation where, as a community, we're not having a frank dialogue about what people are doing in their bedrooms, while they're online, when they're out in bars or wherever meeting people. It's almost as if we've gone into the closet about AIDS."Hooking Up

It's considered popular wisdom in gay Washington that if you're looking for sex, you can get it within minutes. It can be as easy as walking into a gym's sauna. Going to Meridian Hill Park, or the bathroom of certain gay clubs, or even a nondescript apartment building on 14th Street NW. Or you can hook up on the Internet, which is what Josh prefers.

Sometimes as early as 7 a.m., when he gets up, or as late as 1:30 a.m., when he's about to go to bed, Josh signs on to Manhunt.net.

His life revolves around the Internet. It was on America Online, while chatting in one of the "Men4Men" rooms, where he confirmed to himself that he's gay. He's made friends on Gay.com. And in the past year, his social life has mostly centered on Manhunt, an online hookup site. It can be a brutal place, full of rejection: "Sorry, I'm only into white guys." But with the right photographs (including sexually explicit ones), the right time ("on a lunch break?") and the right location ("I'm in Capitol Hill"), you're guaranteed sex.

For months, the headline of Josh's Manhunt profile read "22yo BB." "BB" translates to "bareback," or unprotected sex. He recently changed the headline, though the message is still clear: Unprotected sex is okay. Members of Manhunt are asked to reveal their HIV status by checking "positive" or "negative" or "ask me" in their profiles. Under HIV status, Josh's profile reads "ask me." But Josh says most men still don't ask.

He's a wisp of a man, with smooth, tanned skin and oil-dark eyes, representing his racially mixed background. He is an only child, reared mostly by his mother. He was teased a lot while growing up, Josh says, and he dropped out in ninth grade and got his GED. Kids called him "faggot," so he tried to stay out of their way. The more he felt alone, the more he chatted online, he says.

Late one night last November, Josh, at home in Sterling, was chatting with a guy from the U Street corridor. He doesn't remember his name, just that he was "29 or 30 years old," looked racially mixed, lived in a "nice condo."

So, Josh says, he went to his place and had sex. He was lonely. He didn't use a condom.

"You're closer to someone without it," says Josh, who spoke on the condition that only his first name be used. He's never had a boyfriend. "I try to date, but it doesn't work out," he says.

It was during that November encounter that he believes he was infected.

"I thought maybe I'd get gonorrhea or I'd get herpes or something like that," he says. " . . . I just never thought I'd get HIV."

How could he not think about the risk? "It crossed my mind, I guess," Josh says. "But I just didn't think about it."

Does he worry about infecting others?

Says Josh, "I am careful who I bareback with."The Big Mistake

Henderson of D.C. Poz remembers that it was on Feb. 20, 2003, a Thursday, about 3 p.m. The doctor was saying that the results had come back positive and Henderson remembers replying no, that can't be. He was 29.

"I was [expletive] off that I didn't protect myself," he says.

Though he called himself "Mr. Latex" years ago, Henderson admits that he didn't always use a condom. Unprotected sex is "the forbidden fruit," he says. When he contracted the virus, neither he nor the guy he was dating ever said anything about HIV. Each had assumed the other was negative.

"People can say that it's my fault. And it is, they're totally right, 100 percent accurate," Henderson says. "Was it my fault that I didn't use condoms? Yes. Why are people still smoking? Why are people putting 10 spoons of sugar in their coffee? Can I let my HIV status affect my life now? No."

Henderson, who is white and grew up the oldest of four children, lives in Northeast Washington with his boyfriend of 2 1/2 years. The boyfriend, who asked not to be named, works for the government and is HIV-negative.

"I gotta live with this," Henderson goes on, "and I wanted to help other guys live with it too."The Poz Attitude

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E-mails land in Henderson's inbox, notes filled with so much fear and anxiety and heartbreak that, after a while, even he wonders, "How can I read this?" But he does. Each new e-mail. Every day.

There's the guy looking for an HIV specialist because he tested positive two weeks ago. The guy who's applying for a new job and worries about disclosing his HIV status. The guy who writes: "Today is Saturday, July 8. . . . I am a 37 yr old Hispanic in D.C. . . . slowly drifting into a depression."

As the head of D.C. Poz, Henderson moderates the group's Web site, http://www.dcyngpozsocials.com ; plans events and outings, such as a white-water rafting trip over Labor Day weekend; and recruits new members nonstop.

He meets people all over. At the Metropolitan Community Church, the gay-friendly Northwest congregation where Henderson has been the youth director for five years. And at gay bars such as JR's, where one recent evening he spotted a biohazard-symbol tattoo on a man's left calf. Henderson hurried to his Mini Cooper and returned with a small, glossy "Summer Fun With the DCYngPozSocials" flier.

"All the energy I put in the group is because I know how hard it is out there," he says. "It's almost like a recovery process for me."

There are other support groups for gay men with HIV, from Louisville Poz Buddies to San Diego Young Positives to Strength in Numbers in New York. The Health Options and Positive Energy Foundation has been in the metro area since the '80s. A thirtysomething, who declined to be identified for this story, started the D.C. Young Poz Socials in May 2003. Henderson, an office assistant in a D.C. law firm, joined that spring.

Washington has a vibrant gay community, but that doesn't mean there aren't those for whom the phrase "I work for the government," uttered in a bar like JR's, is sometimes code for "I'm not out at work." And it's another thing to be openly gay and HIV positive. It can almost be like coming out for the second time.

D.C. Poz is not for dating or hooking up, Henderson says, but relationships are inevitable. If it weren't for the group, he says, he probably wouldn't have met other HIV-positive men, including those in desperate need of a community, a sense of belonging. Young men such as Josh.'We All Have AIDS'

The more they hang out, Henderson believes, the better Josh will get to know and trust him. The closer, maybe, Josh will get to other members of D.C. Poz.

So at the annual street festival for Capital Pride weekend, Henderson waits for Josh at the corner of Fourth Street and Pennsylvania Avenue NW. He's wearing a T-shirt that reads "WE ALL HAVE AIDS," which is earning him all kinds of stares, and not one of them, he feels, is particularly warm. Especially from the guy standing nearby in a pair of worn jeans and a T-shirt emblazoned with the face of Charlize Theron.

"They're staring at me like, 'Why is he wearing that? Why is he ruining the fun for everybody? Why is he raining on our parade?' " Henderson says.

He laments that the day before, at the Pride parade through the Dupont and Logan Circle neighborhoods, there was barely a mention of the 25th anniversary of AIDS. All he saw, he says, was the Whitman-Walker Clinic float. There's a joke among D.C. Poz members that next year the group should have its own float in front of Whitman-Walker's. Theirs would have a poster that would read, "If you slept with anyone on this float, see the next float." He chuckles, and glares back at Mr. Theron T-shirt.

An hour goes by. Still no Josh.

"All I can really do is be there for him, to be a friend," Henderson says. "I know how hard it is to think you are alone, to worry about disclosing your status to someone else."

But Josh never shows.

That night, Josh is signed on to Manhunt.

"I was down because the fact I am poz," he writes, explaining why he missed the festival. "I have always gone to Pride and enjoyed it, but this year was different. I see lots of cute guys, but I know they are neg, so I get depressed."

It's 1:25 a.m.

Why The U.S. Has Not Stemmed HIV (WP)

By David Brown

The Washington Post, August 13, 2006

Activists Blame Infection Rate, Unchanged Since 1990, on Policies and Funding

The number of people in poor countries taking AIDS drugs -- about 1.4 million -- rises by tens of thousands every week. The spread of AIDS in Africa seems to have peaked. Three countries there -- Uganda, Kenya and Zimbabwe -- report declining HIV prevalence, largely thanks to changes in people's behavior. Even in India, considered AIDS's ticking time bomb, efforts to defuse the epidemic are paying off in some places.

Amid these optimistic trends from around the world, however, is another statistic that is stuck in time, right here at home.

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The number of new HIV infections in the United States has been about 40,000 a year for the past decade and a half. It has not budged -- not with new drugs, new prevention strategies or new administrations. Five years ago, the Centers for Disease Control and Prevention launched an effort to cut it in half. It did not move.

The intransigence of the AIDS epidemic in the place where it emerged -- and where many of the strategies against it have been developed -- will be on the minds of many this week as 20,000 people gather in Toronto for the 16th International AIDS Conference.

There is little question that, for public health experts and AIDS activists, the fact that the HIV infection rate has not changed since 1990 is an embarrassment. At the same time, it is a testament to a victory -- albeit one that happened long ago.

AIDS was first recognized in June 1981. Incidence of the disease -- the number of new cases in a period, generally a year -- peaked at 160,000 in the mid-1980s. With intensive effort to reduce risky behavior in gay men and, to a lesser extent in injecting drug users, it fell to 40,000 by 1990. It has remained there since.

"It's very much a glass-half-empty-glass-half-full situation," said David R. Holtgrave, a professor at the Bloomberg School of Public Health at Johns Hopkins University. "Prevention seems to work. But it seems like we have a lot of work left to do."

In the eyes of Chris Collins, who wrote a new report on U.S. AIDS policy for the Open Society Institute, "America is in many ways failing its own citizens in its domestic response to the epidemic." Government inaction has produced "needless mortality," he wrote.

But Grant Colfax, a physician at the San Francisco Department of Public Health, said last week that "as someone who tries to figure out new ways to reduce the number of infections, I don't sit here and blame the CDC for this rate remaining at an unacceptable level for 15 years."

What does bother him, though, is the lack of money for prevention. "As a society, there is just not enough commitment to addressing this," he said.

The number of new HIV cases each year has not changed despite a dramatic increase in HIV prevalence, the number of Americans infected at a given time. That number stands at 1.1 million and is growing as people on combination antiretroviral therapy live far longer than AIDS patients used to. Deaths from AIDS in the United States dropped from 52,000 in 1995 to 15,800 in 2004.

Normally, a rising number of infected people would lead to a rising number of new infections each year, as more people are able to transmit the virus. But that is not happening. One of the main reasons is that HIV-positive people today are more likely to know they are infected -- and to know to take precautions -- than was the case in the past.

Consequently, a stable rate of 40,000 new cases a year is a "very, very significant finding," Ronald O. Valdiserri, deputy director of the CDC's HIV and AIDS activities, said last week. "We think it represents some level of success in HIV prevention. We will not deny that we have a ways to go."

What would it take to lower the infection rate?

Holtgrave, who worked at the CDC and at Emory University before moving to Johns Hopkins, tried to answer that in 2002 and recently updated his calculations.

He estimates that the number of new infections could be cut in half if the 5 million Americans at highest risk of HIV -- 4 million because of sexual activity and 1 million because of drug use -- received the full battery of proven interventions. Those include HIV counseling and testing, free condoms, one-on-one or small-group counseling sessions, and needle exchange.

The CDC now spends $720 million a year on HIV prevention. It would need to spend $415 million more to reduce new cases by 50 percent, according to Holtgrave's calculations.

He and his collaborators further estimated that the country would need to prevent 12,000 infections each year to save money in the long run. HIV infection is expensive to treat, and newly infected people will need to be treated for decades -- a huge cost to the health-care system.

There is a lot of evidence that there is much more prevention to be done.

The CDC last month published a survey of 10,000 men who have sex with men -- the term preferred by epidemiologists, as some such men do not consider themselves gay or bisexual. They were questioned at bars, dance clubs, gyms, raves, beaches and on the street in 17 cities between 2003 and 2005.

The survey found that 77 percent had been tested for HIV in the previous year. Testing is a crucial prevention tool. Studies have shown that each year, 11 percent of people who do not know they are infected transmit the virus to someone else, compared with 2 percent of those who do know. Overall, it is estimated, about one-quarter of infected Americans do not know their status.

Forty-seven percent of those interviewed said that in the past year they had engaged in unprotected anal sex -- the riskiest activity. Ninety-eight percent had gotten free condoms. But only 15 percent had had one-on-one risk counseling, and only 8 percent had had peer-group sessions -- two interventions found to change behavior.

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The population most vulnerable is young black men who have sex with men. In a study of five cities -- Baltimore, Los Angeles, Miami, New York and San Francisco -- published last year, CDC researchers found that 46 percent of people in that category were infected. Two-thirds of them did not know it.

Many of those men are difficult to reach for testing and risk counseling, and some organizations that work with that population have found it increasingly difficult to get government money for their efforts.

"I think it's fair and certainly honest to say that over the past several years we've gotten more stringent with our funding," Valdiserri, of the CDC, said last week.

Men of Color Motivational Group was a 14-year-old organization of gay black men in Detroit with two missions: outreach to teenagers and outreach to adults. It had a $1.2 million budget, with $650,000 provided by the CDC.

Last year, it lost that funding and closed.

"Over the years, there were ups and downs," said Mark J. McLaurin, a New York AIDS activist who sat on the group's board. "But I don't think there was any question that dealt the deathblow."

The strategy for reducing new infections many experts consider most overlooked is needle exchange for drug addicts.

The CDC estimates that 17 percent of new infections each year come from contaminated needles. Evidence suggests that 65 percent of those could be prevented if every addict had access to a clean needle. However, federal law prohibits using federal money for that purpose.

Nevertheless, there are 150 needle-exchange programs around the country, including one in the District, supported by local budgets and contributions. They have had dramatic effects.

In Baltimore, 60 percent of new infections came from drug use in 1994, the year before the city offered needle exchange. In 2003, 41 percent of new infections came from needle use -- and over that period the total number of new infections, from all causes, declined.

Exchanging 2.2 million needles a year, Seattle is not just protecting addicts. Most heterosexual transmission occurs between male drug users and their female partners. In Seattle, very few women are becoming infected that way, which in turn means that few pregnant women are HIV-positive. That is part of the reason the city hasn't had a baby born with the virus since 1997, said Robert W. Wood, the physician who heads HIV-control efforts in the Seattle health department.

"Is prevention effective? We've spent a lot of money and a lot of effort toward IV drug users, and I hope that's not for naught," he said.

The Neighborhood War Zone (WP)

By David Kennedy

The Washington Post, August 13, 2006

NEW YORK -- The United States is losing the war in Iraq; more specifically, Philadelphia is. This war is at home, in the city's 12th Police District, where shootings have almost doubled over the past year and residents have spray-painted "IRAQ" in huge letters on abandoned buildings to mark the devastation.

It is a story being repeated up and down the East Coast and across the nation. In Boston, where the homicide rate is soaring, Analicia Perry , a 20-year-old mother, was shot and killed several weeks ago -- while visiting the street shrine marking the site of her brother's death on the same date four years earlier. Last Tuesday, Orlando's homicide count for this year reached 37, surpassing the city's previous annual high of 36 in 1982. And in Washington, D.C., where 14 people were killed in the first 12 days of July, Police Chief Charles H. Ramsey declared a state of emergency.

Not long ago, the United States was declaring "mission accomplished" on crime: Homicide rates were plunging, the crack epidemic was over, the broken windows were fixed. Now, preliminary FBI statistics show that homicides rose nearly 5 percent in 2005, and news from around the country suggests that 2006 is looking worse. Our many Iraqs at home are making it clear that the self-congratulation was premature. In reality, Americans were lulled into complacency about violent crime. And two new factors have emerged: Some of the law enforcement tactics used to fight crime in recent years damaged the social fabric in many communities and contributed to increased crime. More important has been the spread of a virulent thug ethos -- an obsession with "respect" that has made killing a legitimate response to the most minor snubs and slights. In parts of the District's Anacostia neighborhood today, a young man knows that the wrong kind of eye contact with the wrong person -- a "hard look" -- can cost him his life.

The celebration about crime reductions should have been tempered by caution. The good news was real enough: In New York City, homicides fell an astonishing 76 percent, from 2,245 in 1990 to 539 in 2005. Most observers -- myself included -- gave a good deal of the credit to the city's newly focused and entrepreneurial police department. In Boston, Operation Ceasefire -- which I helped design as a Harvard researcher in 1996 -- brought an unprecedented partnership of law enforcement, social

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service providers and community leaders into sustained face-to-face contact with drug crews; told them to stop shooting one another; and offered them help. Homicides in the city plunged to lows not seen since the 1960s.

The national numbers followed suit, but not evenly. Although homicides in New York City dropped to a rate of about 6.6 victims per 100,000 people last year, Buffalo came down from a peak of 90 killings in 1994 but still had 63 homicides in 2003, for a rate of 22 victims per 100,000 residents. And Chicago fell from a 1992 peak of 939 homicides but remained stubbornly in the 600 to 700 range during the next decade, for a 2002 rate of about 22 per 100,000 people.

Many jurisdictions made progress only to lose ground shortly thereafter. Philadelphia peaked at 420 homicides in 1996, fell to 292 in 1999, and climbed back to 380 last year. Boston's 1990s "miracle" ended abruptly as petty rivalries shattered the Ceasefire coalition, and killings increased from 31 in 1999 to 73 in 2005.

At the same time, gang and drug problems were showing up in smaller cities and towns -- another disturbing and largely unnoticed shift. In 2005, jurisdictions with populations between 50,000 and 250,000 saw homicide increases of about 12.5 percent -- far larger than the big cities.

And even those local numbers tell only part of the story. Serious crime is concentrated in poor black and Hispanic neighborhoods, and in certain areas within them. For people who live in the Anacostia area of Washington, in the Nickerson Gardens housing complex in South Los Angeles, and on Magnolia Street in Boston, the citywide statistics have always been meaningless. Their neighborhoods are war zones.

In the District, attacks on tourists on the Mall and on a political activist in Georgetown may grab headlines, but it is the everyday violence in troubled neighborhoods that drives up the body count. Boston has so many street memorials for homicide victims that the city is considering regulating them.

The national sense of well-being about crime was unrealistic. Cities such as Boston let their successful strategies collapse. New York City's approach has not worked nearly as well in other cities that have attempted it, such as Baltimore, Hartford, Miami and Philadelphia. Key problems such as crack waned but never really went away. Many rural areas have been ravaged by an exploding methamphetamine epidemic, which we have been unconscionably slow to recognize as a national crisis. And the focus on terrorism in recent years has diverted attention from sure threats to vague ones, leaving police standing watch at highway overpasses while kids across town kill one another in drug markets. "People are dying," Gary Hagler, the police chief of Flint, Mich., said bluntly in a recent plea to a Senate panel to restore cuts in federal funding for state and local crime prevention.

Beyond this, there is a subtle but worrisome shift at work. We are used to thinking of the many factors that drive crime -- poverty, inequality, demographics, racism, and family and community problems. But to that list we should add the spread of a subculture once found only in the toughest urban areas: the culture of respect.

My research in Baltimore, Boston, Minneapolis, Washington and many other cities, along with that of colleagues at the University of California at Irvine and at Michigan State University, shows that in hard-hit neighborhoods, the violence is much less about drugs and money than about girls, vendettas and trivial social frictions. These are often referred to as "disputes" in police reports and in the media. But such violence is not about anger-management problems. The code of the streets has reached a point in which not responding to a slight can destroy a reputation, while violence is a sure way to enhance it. The quick and the dead are not losing their tempers; they are following shared -- and lethal -- social expectations.

I've heard shooters say, in private, that they wanted no part of what happened. But with their friends and enemies watching -- and the unwritten rules clear to everybody -- they did what they had to do. In San Francisco, a string of killings between the warring Big Block and West Mob crews in Hunters Point apparently started nearly a decade ago over who would perform next at a rap concert. The killing of Analicia Perry's brother was never solved, but the man the neighborhood tagged for the death was himself killed -- and that homicide in turn went unsolved. The minister at Analicia Perry's memorial service upbraided the young men before him. "She is now in the hands of God," he said. "I'm just glad she's not in the hands of some of you."

This thug ethos is spreading. It used to be that one learned how to be a gangster from another gangster. No more. Mass-market glossy magazines promote the thug life. One can learn from listening to rapper 50 Cent, or by watching music videos. And it is big business. When rapper Lil' Kim was convicted of perjury connected to a shooting by her posse, she got her own reality show on Black Entertainment Television, which promoted her intent to go to federal prison with her "mouth shut and head held high." Crips and Bloods have Web pages and profiles on MySpace.

All of this is spreading as well as amplifying the street definition of what it means to have honor. In big cities, the quest for honor reignites existing conflicts; in small ones, it brings big-city behavior and big-city problems. Working recently on Long Island with the Nassau County Police Department, my colleagues and I found Bloods, Crips -- and violence. But the gangs were homegrown, and the violence was almost entirely personal.

Tragically, the code of the street -- and the community disorganization and disenfranchisement on which it thrives -- has been helped along by law enforcement. Profligate arrests and incarcerations, many aimed at drugs, have destroyed the village in order to save it. As crime has dropped, zealous enforcement has continued. A staggering 2 million people are now incarcerated

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in the United States, and about 5 million are on probation and parole. They disproportionately come from -- and return to -- the same neighborhoods. The Justice Policy Institute recently determined that a shocking 52 percent of Baltimore's black men ages 20 to 29 were incarcerated, on probation or on parole; nationally, the lifetime chance of a black man being locked up is one in three.

This enforcement breaks up families; it ruins the prospects of young people who now have little reason to finish school and take entry-level jobs, and of older people who find themselves virtually unemployable; it creates a street culture in which prison is normal and even valued; and it plays directly into community narratives that equate law enforcement and the white community with slaveholders and other historical oppressors. The "stop snitching" culture that recently made headlines has been brewing for decades, reflecting a conviction on the part of many that law enforcement is a racist enemy -- even though staying silent means protecting violent predators.

So what do we do?

Above all, get serious. The problems of crime and violence have not been solved. To the contrary, everywhere I go, state and local officials feel abandoned by the federal government. While authorities talk about terrorism, people are dying on our streets. Poor black grandmothers didn't stand up after the World Trade Center attacks and say that the world had just become a dangerous place; they were already living in a world that could turn lethal at any moment, and still can.

Loretta Scott, the black former commissioner of parks and recreation in Rochester, N.Y., with whom I've worked on violence prevention, speaks with passion of her young granddaughter who, when she heard that Scott was going to the funeral of a neighborhood elder, asked, "Who killed him?"

"Not 'What did he die of?' " says Scott, full of grief and anger. " 'Who killed him?' "

The federal government must return to its role as a real partner in conquering crime by providing funding and crafting effective approaches to key problems, such as drug markets, the methamphetamine epidemic, domestic violence, gangs and prisoners' reentry into their communities. We should learn from the true successes of the past decade.

Two stand out. One is the organizational and operational breakthroughs of the New York Police Department, which has shown an unparalleled ability to stay focused and effective over more than a decade. How and why this has happened should be fully understood and the lessons made available to other jurisdictions.

The second success story is the approach in Boston 10 years ago that slowed the killing there. Those tactics have since proved themselves in many other places, most recently Chicago, and have been strengthened through explicit attention to street culture and to the barriers between law enforcement, communities and offenders. When police are frank about the limits of traditional law enforcement and about their desire to stop doing harm; when communities look offenders in the eye and tell them that they are doing wrong but are loved and deserve help; when old gangsters tell young ones that the code of the street leads only to grief, things change. I've seen it happen.

Tyrone Parker, founder of Washington's Alliance of Concerned Men , has a finely honed street sense, and it tells him something is shifting. "People are tired of going to prison," he told me recently. His comment was borne out by an ex-offender at a Boston-style meeting I attended in late March with gang members on Long Island. "I'm a walking miracle," the man said to the gang members, many of whom knew him. "I've seen people die in front of me, I've been shot before, I've played with guns, sold crack, sold weed, smoked weed. And you know what? I'm paying for it. I've been on paper since I was 14 years old: juvenile, federal, state. I'm done. I'm praying you're all done, too." After the meeting, the shooting between the gangs virtually stopped.

That's the message that could turn the "stop snitching" culture into a "stop killing" movement.

dakennedy@jjay.cuny.edu

David Kennedy is director of the Center for Crime Prevention and Control at John Jay College of Criminal Justice, City University of New York.

The 300-Million Milestone (LAT)

The Los Angeles Times, August 13, 2006

As U.S. population hits new heights, America changes with it.

THE FIRST BABY TO BE BORN in a new year is a celebrity, however transitory, and he or she can look forward to years of embarrassment when proud parents pull out that clipping from the local paper. But no camera is likely to record a more significant demographic milestone than the arrival of the 300 millionth living human inhabitant of the United States, projected by the U.S. Census Bureau to occur in mid-October.

We say "arrival" because he or she may achieve that distinction not by drawing breath on U.S. soil but by arriving from somewhere else. According to the bureau, an international migrant arrives in this country every 31 seconds. On the other hand, a baby is born in the United States every seven seconds. That leads experts to believe that No. 300 million is likelier to enter the population data base the old-fashioned way, with a slap and a scream.

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Some prognosticators are even more specific. In an interview with USA Today, demographer Peter Francese predicted that No. 300 million will be a baby boy born of "a white, non-Hispanic woman living in the South" aged either 28 or 29. The lucky day: Oct. 27. The Census Bureau wisely won't be pinned down on the precise location of the statistical blessed event. But the agency has provided the public and the media with lots of other information related to this demographic B-day. In a news release this week, the bureau offered several folksy factoids about how the U.S. has changed as it has become more crowded.

In 1915, the bureau says, when the population was a measly 100 million, the price of a gallon of gasoline (measured in 2006 dollars) was $5.01. When the population doubled to 200 million, in 1967, the price had dipped to $2. This week it was $3.04 — though there's no telling where it will be Oct. 27.

In 1915, the bureau says, the Model T and silent movies were "the rage." In 1967, the rage was color TV. Increase the population to 300 million and our affections turn to iPods, "American Idol" and cellphones. No information is available, however, about what "the rage" will be in 2040, when the bureau projects a population of 400 million. Biodegradable BlackBerrys? Super sunblock to combat global warming?

Wait! We know: predictions about where and when No. 400 million will be born.

Cease-Fire Is Accepted In Lebanon (WP)

By Edward Cody And Molly Moore

The Washington Post, August 13, 2006

Fighting Unlikely to Halt Immediately

BEIRUT, Aug. 13 -- Hezbollah and the Lebanese government accepted a U.N.-declared cease-fire with reservations Saturday night, but the war wore on with Israeli airstrikes, Hezbollah rocket attacks and expanded ground fighting.

Nineteen Israeli soldiers were killed Saturday and 70 were wounded, the highest single-day death toll for troops in Lebanon since the conflict started, military officials said Sunday. The military also said that a five-member crew of a downed helicopter was missing. About 19 Lebanese civilians were killed.

The continued warfare indicated that the month-old conflict was unlikely to stop immediately despite Friday's U.N. Security Council resolution calling for an end to Hezbollah attacks on Israel and to Israel's military operations in Lebanon.

The Israeli cabinet was scheduled to make its decision Sunday, with Deputy Prime Minister Shimon Peres predicting that the U.N. cease-fire would be accepted in Jerusalem as well. But at the same time, Lt. Gen. Dan Halutz, the Israeli chief of staff, said he had dispatched more troops and armor to Lebanon to pursue Israel's goal of driving Hezbollah fighters from a strip of border territory and holding it until an international peacekeeping force can be deployed along the frontier.

Peres, in a telephone interview, said Israeli military forces were expanding operations in southern Lebanon because "the timetable permits it and there's an impression that Hezbollah controls the situation, which is not true." He added that while Hezbollah is continuing to fire rockets, "the best way to stop it is to clear out the area of the rockets."

Peres said that after the expected cabinet approval of the resolution Sunday, he believed that there was "a fair chance" that a cease-fire would be imposed by the end of the week and that the international forces could be in place in "another week or two" afterward.

In an interview with Israel Radio One broadcast Saturday, Secretary of State Condoleezza Rice said she expected major hostilities to end within "a day or so." After agreement by both Lebanon and Israel, U.N. Secretary General Kofi Annan will work with the parties to establish a timetable. "I would hope that within no more than a day or so of that, that there would be a cessation of the hostilities on the ground."

Rice added: "I do need to warn, there will continue to be, I'm sure, some skirmishes. That always happens in a cessation of hostilities. But hopefully the large-scale violence can stop."

Annan announced late Saturday that the cease-fire would take effect at 8 a.m. Lebanese time Monday, the Associated Press reported.

The U.N. resolution also calls for the Lebanese army and a bolstered U.N. force to move into southern Lebanon as Israeli forces withdraw and leaves the disarmament of Hezbollah and a dispute over the Shebaa Farms area to a future settlement.

Hezbollah's leader, Hasan Nasrallah, said in a televised announcement that his militia would abide by the cease-fire but only after the timing of Israel's withdrawal was worked out and Israeli troops stopped attacking. Once Israeli military operations cease, Hezbollah fighters will "adhere to it without hesitation," he said.

The Lebanese government announced three hours later that it too unanimously accepted the U.N. resolution, but with the reservations expressed by Hezbollah's cabinet ministers.

"Nothing changed today," Nasrallah said, noting Israel's decision to move reinforcements into Lebanon and its continued airstrikes and ground operations.

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The Israeli attacks, he declared, were designed to impress Israelis by getting troops up to the Litani River, which meanders in large part between 14 to 20 miles north of the border and forms the line beyond which Israel had said Hezbollah fighters must be driven.

The Israeli military transported some of its troops toward the Litani in helicopters, flying over the villages and hillsides where combat has raged for the last month, an Israeli military spokesman said. In apparent reference to the move, Nasrallah said any Israeli troops who approach the river in an attempt to outflank Hezbollah forces farther south would also face resistance from militia fighters.

Other Israeli troops moved southwest from their stronghold in Marjayoun and engaged Hezbollah defenders near the village of Al Ghandouriyeh, about five miles west of the Galilee panhandle. Israeli forces on Thursday seized control without opposition in Marjayoun, a Christian town that was the headquarters of an Israeli-sponsored Lebanese militia during a two-decade occupation of the region that ended six years ago.

Hezbollah fighters shot down an Israeli helicopter with a missile Saturday in the Maryamein valley near the village of Yater, Hezbollah said in a report on its al-Manar TV station. The Israeli military later said the five crew members were missing.

Nineteen other soldiers were killed in incidents across the battlefield, including two who reportedly were crushed when one of their own tanks rolled over them, according to an Israeli military spokeswoman. Twelve of the soldiers died when anti-tank missiles hit their tanks or their tanks rolled over mines. Four of the soldiers were killed in separate incidents during the course of day-long firefights in town of Ghandouriyeh, just south of the Litani, the spokeswoman said. Another soldier died when an anti-tank missile hit a building.

Israeli warplanes, meanwhile, continued a broad pattern of airstrikes against infrastructure and roads, seeking to choke off routes used by Hezbollah to transport munitions and to cripple the environment in which the militia has flourished in recent years.

A missile strike at the village of Rashaf, near Bint Jbeil, blasted two houses, killing an estimated 15 people, according to reports from local officials. Three more were killed in an airstrike against the village of Kharayeb, about 16 miles south of Sidon. Electricity generating plants were hit at Sidon, on the coast, and at Tyre, about 25 miles farther south, officials reported.

In the far north of the country, Israeli jets blasted roads near the Al Arida border crossing into Syria, hitting a gasoline station and several vehicles. Witnesses said that flames and greasy black smoke rose into the sky for hours afterward and that Lebanese fleeing the country drove over back roads seeking alternate routes to the border crossing. Other Israeli planes hit a Lebanese army air base in the Bekaa Valley, Lebanese officials said, killing one soldier.

International aid agencies complained that the continued fighting blocked access to scores of villages in southern Lebanon. Israeli authorities refused to grant safe passage for delivery to villages or for relief supplies to be shipped into Lebanon, a U.N. spokesman said.

Milos Strugar, spokesman for the United Nations Interim Force in Lebanon, or UNIFIL, said it had received no explanation from Israel for an attack Friday evening on a convoy of Lebanese soldiers, internal security forces and civilian residents from Marjayoun that had been joined by several hundred cars full of civilians.

The convoy was accompanied by UNIFIL part of the way and then came under attack as it moved northward up the Bekaa Valley. At least six people were killed.

"UNIFIL had informed the IDF about the convoy and about the road to Beirut through the Bekaa," he explained, referring to the Israel Defense Forces.

"And then, the Israeli soldiers who were controlling the joint Lebanese security headquarters" in Marjayoun, he said, "knew exactly who was in the convoy."

The Israeli military fired on the convoy "acting on the suspicion that these were Hezbollah terrorists transporting weaponry," according to a statement issued by the IDF on Saturday morning.

At the same time, the Israeli military said it knew the convoy would be transiting on the road north, away from the battle zone.

"It is important to note that a request for the passage of the convoy was submitted to the IDF coordination apparatuses prior to its departure and was not authorized," the statement said.

Moore reported from Jerusalem. Correspondent Nora Boustany in Beirut and staff writer Robin Wright in Washington contributed to this report.

After U.N. Accord, Israel Expands Push In Lebanon (NYT)

By John Kifner And Greg Myre

The New York Times, August 13, 2006

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BEIRUT, Lebanon, Aug. 12 — Israel poured troops into southern Lebanon on Saturday, making its deepest push yet toward the Litani River and suffering its highest daily losses, including having a helicopter shot down by Hezbollah guerrillas for the first time in the fighting.

The fighting, including dozens of Israeli airstrikes, intensified a day after the United Nations Security Council approved a resolution for a truce. In a statement released Saturday night, Secretary General Kofi Annan said he had been in touch with Prime Minister Ehud Olmert of Israel and Prime Minister Fouad Siniora of Lebanon and that both had agreed that the end of fighting would take effect at 5 a.m. Monday, Greenwich Mean Time, which will be at 8 a.m. in Lebanon and Israel.

"Preferably, the fighting should stop now to respect the spirit and intent of the Council decision, the object of which was to save civilian lives, to spare the pain and suffering that the civilians on both sides are living through," Mr. Annan said.

The Israeli cabinet was still set to consider the resolution for formal approval at its regular meeting on Sunday, and it was still unclear when the major military thrust ordered by Mr. Olmert, apparently with American approval only hours after the Security Council vote, would end.

Earlier Saturday, the Hezbollah leader, Sheik Hassan Nasrallah, went on television to charge that "nothing had changed" since the resolution, but conditionally pledged to abide by a cease-fire once it came into effect. "The war did not end, because the aggression is still going on," he said, but added that his forces would stop fighting "when the Israeli aggression stops" and Israel's troops leave Lebanon.

As expected, the Lebanese government approved the cease-fire plan after more than five hours of debate that lasted long into the evening. Two ministers representing Hezbollah went along with the decision, though they expressed "reservations" about the resolution because it blamed Hezbollah for the war and seemed to exonerate Israel, said one of the ministers, Mohammed Fneish.

For Israel on Saturday, at least 11 soldiers were killed and more than 70 wounded as fighting raged in at least a half-dozen places in southern Lebanon. The Israeli military said Saturday night that it had killed about 50 Hezbollah fighters in the previous 24 hours.

In Lebanon, the government examined how it would deploy 15,000 soldiers to southern Lebanon, joining with an international peacekeeping force of similar size, once Israeli troops withdraw, as specified by the resolution.

France, New Zealand and Italy said Saturday that they were ready to contribute troops to the peacekeeping force, The Associated Press reported.

Lt. Gen. Dan Halutz, the Israeli chief of staff, said Saturday that he had tripled the number of his troops in Lebanon, though he did not give figures and expected the fighting to continue despite the resolution. Israel already had an estimated 10,000 soldiers in Lebanon.

"We will continue to operate until we achieve our aims," he told reporters in northern Israel, adding, "The fact that a U.N. resolution was accepted yesterday doesn't apply immediately on the cease-fire arrangement. Once the agreement is completed in all its details, then we will be able to decide."

In Washington, a senior Bush administration official confirmed in general terms the timetable described by Mr. Annan.

"At some point after midnight tomorrow, we expect a cessation from both sides," the official said late Saturday, using a schedule based on Eastern time.

But, the official, who would speak only on condition of anonymity because of the delicacy of the diplomacy, also cautioned, "We also assume a very uneasy interregnum before the multinational force and the Lebanese armed forces move into the south."

The airstrikes overnight ranged the length and breadth of Lebanon, from Tyre in the southwest to the Bekaa Valley in the northeast. Among the targets that were hit were an electric power plant near Sidon and another at Tyre, and the last remaining official border-crossing point from Syria at Arida, near the coast north of Tripoli, open for aid convoys and civilians fleeing the fighting. The highway was impassable, but drivers tried to maneuver around it through ruts and ditches.

In one overnight airstrike, a convoy of some 500 vehicles carrying civilians and Lebanese security forces, fleeing north from Merj' Uyun, was struck near Shtaura in the Bekaa Valley. Witnesses and hospital officials said at least six people were killed, including a Lebanese Army officer. The Israeli military said the convoy was fired upon because of a suspicion it contained Hezbollah fighters.

Officials in the convoy said they had asked the Israeli military for permission to move, but the Israeli statement said such permission had been denied.

Incomplete casualty figures flowed in through the day: at least 15 dead in the village of Rachef, 8 near the ports of Sidon and Tripoli, 3 in airstrikes on Kharayeb, and a Lebanese soldier in an airstrike near a military base in the Bekaa Valley.

The Israelis used dozens of helicopters to take hundreds of commandos into southern Lebanon, and the Israeli news media called it the biggest such operation since 1973.

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Hezbollah shot down one Israeli helicopter near the village of Yater, the first time the group has shot down an aircraft since the fighting began a month ago. The Israeli military confirmed the shooting, but did not immediately release casualty figures, adding that no combat troops were on board.

Israeli troops moved deeper into southern Lebanon than at any point in the current fighting.

Some of the heaviest combat was near the village of Ghanduriye, about seven miles northwest of the border and two miles south of the Litani River. The Israeli Air Force carried out repeated strikes around the village in support of the advance.

Lebanese security officials cited by The Associated Press said that Israeli troops reached the Litani River by helicopter about six miles west of the northern Israeli panhandle. The officials said the troops were near the village of Aalmane, which is on high ground on the river's south side.

In Beirut, there was little celebration at the possibility that a cease-fire could come soon, the people instead expressing mostly exhaustion from the war.

"All we have is 1,000 dead and widespread destruction," said Jamal Ghosn, who runs an Internet store. "Hezbollah's stature has grown. But the biggest losers are the people."

No Real Winners As UN "Ceasefire" Resolution Met By More Fighting (AFP)

By David Millikin

AFP, August 13, 2006

The long-awaited UN resolution to halt the fighting in Lebanon left no clear winner in the bloody month-long conflict, with Lebanese and Israelis alike still awaiting for signs of peace.

Within hours of the resolution's unanimous adoption by the United Nations Security Council on Friday, Israel launched new ground operations against Hezbollah guerrillas, pushing further into southern Lebanon.

US Secretary of State Condoleezza Rice, who has been in close touch with Israeli leaders, told Israeli radio Saturday she was confident the offensive would stop once Israel's cabinet approved the UN resolution on Sunday.

"My understanding ... is that when the ceasefire, the cessation of hostilities comes into being, Israel will stop," she said, predicting that this would take "a day or so" after approval of the resolution by the Israeli and Lebanese cabinets.

But her remarks appeared to confirm the widely held view that the wording of the UN resolution, and the notable absence of a demand for an "immediate" end to the fighting, was designed to give Israel a final chance to weaken Hezbollah and occupy additional terrain in southern Lebanon prior to a truce.

"What the Americans and the French have, in effect, said to the Israelis is 'You have 48 hours, but in 48 hours it's over'," said Dominique Moisi, an analyst at the French Institute of International Relations in Paris.

"Afterwards, it will be difficult for Israel to continue unless Hezbollah carries out some spectacular provocation, like firing a missile at Tel Aviv," he said.

The head of Hezbollah, Hassan Nasrallah, said his forces would abide by the UN plan, which the Lebanese government -- that includes two Hezbollah ministers -- approved with reservations on Saturday.

Israel's cabinet is expected to meet Sunday and has indicated it would endorse the resolution.

But Rice cautioned that more bloodshed was to be expected even after both sides agreed to the truce.

"I do need to warn, there will continue to be, I'm sure, some skirmishes," she said, while reiterating her hope that the UN resolution would bring an end to the "large-scale violence" of Israeli bombardments and Hezbollah rocket attacks which have killed more than 1,000 people, the vast majority Lebanese.

The US- and French-drafted UN plan demanded a "full cessation" of hostilities following nearly five weeks of fighting.

But the United States successfully held out against widespread international calls for the world body to insist on an immediate ceasefire.

Washington argued such a ceasefire would permit Hezbollah, an Islamic militia backed by Syria and Iran, an opportunity to rearm and reinforce its strongholds in southern Lebanon and carry out more attacks like the July 12 cross-border raid on an Israeli army outpost that sparked the latest conflict.

Instead, the UN resolution called only for a cessation of hostilities, an end of Hezbollah attacks on Israel and a halt to "offensive" Israeli operations.

It also called for an Israeli withdrawal from southern Lebanon, but one timed to coincide with the deployment of a 30,000-strong joint Lebanese army and UN force in the area -- an operation Rice admitted will take weeks to accomplish.

Lebanon's acting foreign minister, Tarek Mitri, was highly critical of the text after its passage late Friday.

"A ceasefire that retains for one side the right not to cease firing is not a ceasefire," he said, adding, "The Lebanese are not confident in Israeli distinction between 'defensive' and 'offensive'."

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The UN text also failed to resolve a key territorial dispute that Hezbollah had used to justify its attacks on Israel -- the Israeli occupation of a small parcel of land north of its border called the Shebaa Farms.

The UN action did, however, embody several major concessions by Washington, which notably had wanted to avoid any mention of an Israeli withdrawal, even gradual, until after the full deployment of an international peace force.

Washington also gave in on details of the makeup and mandate of the international force to which Lebanon had objected.

"No one comes out of this thing a winner," Moisi said of the UN negotiations. "If they had, the other party would not have agreed to the deal."

"On the ground, the real loser is Lebanon, which has been set back several years (by the Israeli bombings)," he said.

"On the political front, the real winner is Iran, and a bit its ally Hezbollah, because it was not quickly destroyed by Israeli," he said.

"Not losing the battle, for Hezbollah, is to win it. Not winning quickly, for Israel, is almost to have lost," he said.

Hezbollah OKs Truce; Israel Pushes North (LAT)

By Bruce Wallace And Tracy Wilkinson

The Los Angeles Times, August 13, 2006

The Jewish state triples the size of its force across the border but signals that it will accept the cease-fire, which is to take effect Monday.

BEIRUT — Israel tripled the number of its combat troops in south Lebanon on Saturday, accelerating its push northward even as leaders on both sides of the border signaled acceptance of a U.N.-brokered truce aimed at stopping more than a month of fighting.

Israel's Cabinet will meet to vote on the resolution today. Hezbollah leader Sheik Hassan Nasrallah and the Lebanese government agreed Saturday to the United Nations' demand for a full cessation of hostilities.

"This resistance is a reaction and whenever the hostile Israeli acts will stop, we will stop our retaliatory acts," Nasrallah said in an address broadcast on Hezbollah's television channel. But he also warned that the shooting wouldn't stop: "We in Lebanon should be vigilant and not think that the war is over."

After a Cabinet meeting described by some participants as "heated," the Lebanese government said it reluctantly agreed to the resolution's provisions, which include a reinforced U.N. military presence in the country's south.

U.N. Secretary-General Kofi Annan said the cease-fire would take effect at 8 a.m. Monday. Israeli Foreign Minister Tzipi Livni predicted approval, saying, "The cease-fire is a U.N. decision, and Israel intends to agree to it."

Although Livni said her country's forces would halt their northward drive Monday, Israel's top military commander promised to fight Hezbollah militants there for at least another week.

The cross-border incursion continues to cost Israel steep casualties. The military said 19 Israeli soldiers were killed Saturday during the expanded offensive, its highest single-day death toll during the conflict with Hezbollah. An Israeli helicopter was shot down in southern Lebanon, and the military said the five-member crew was feared dead. The Israelis said their troops killed 40 Hezbollah fighters, a claim the militia denied.

Israeli officials indicated that 30,000 Israeli troops were operating across the border. Hundreds of paratroopers were walking into the southern hills of Lebanon on Saturday, and hundreds more were being airlifted farther into Lebanese territory in a massive helicopter operation, witnesses and military officials said.

It was Israel's biggest troop airlift since the 1973 Yom Kippur War, with heavy fighting reported around the Lebanese cities of Tyre and Sidon, as well as smaller towns such as Marjayoun, which Israel previously said it controlled.

Israel launched its campaign July 12 after the Islamic militant group captured two Israeli soldiers and killed eight others in a cross-border attack.

The United Nations resolution calls on Israel to "halt all offensive operations," but many of the troops appeared to be carrying enough gear for a long stay.

Lt. Gen. Dan Halutz, the army chief of staff, said it would probably take at least a week to learn the operational details of the U.N. resolution — especially how the existing 2,000-member U.N. observer force will be converted into a more robust 15,000-strong contingent that will have the authority to make southern Lebanon a weapons-free zone.

Troops from France, Italy and Turkey are expected to make up the backbone of the bolstered U.N. force. The Security Council wants the troops to support the 15,000 Lebanese soldiers who will move into southern Lebanon as Israel withdraws.

"Until then, we have to stay," Halutz told reporters gathered under camouflage netting at an army base near the town of Rosh Pina. He said Israel would use the time to continue to attack Hezbollah rockets, rocket launchers and infrastructure.

The government of Israeli Prime Minister Ehud Olmert faces sharp criticism from many Israelis who argue that a halt to the fighting would leave the country's north within range of Hezbollah rockets.

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The militant group fired 65 rockets into northern Israeli border towns Saturday. Israeli officers noted that the count was lower than usual and that the strikes were not as deep.

Israeli airstrikes hit more than 80 targets across Lebanon on Saturday, killing at least 20 people, Lebanese officials said. Fifteen people were killed when a house was destroyed in the town of Rashaf.

Israeli planes also continued to sever Lebanon's links with the outside world, bombing the last significant road connection to Syria. The bombing all but cut off major shipments to Lebanon from Syria, one of Hezbollah's primary backers.

Ambulances and trucks loaded with cargo sat on the Syrian side of the Arida border crossing. The road leading south along the Mediterranean coast into Lebanon was apparently struck by at least two missiles.

The choking of supply routes alarms many Lebanese, who fear that shortages in a country that depends on fuel oil for power generation could trigger chaos.

"Our biggest fear is that with fuel becoming depleted, the lack of electricity means food will start to rot and a lot of turmoil will be generated," said Dr. Nadim Cortas, dean of the faculty of medicine at the American University of Beirut. Cortas said his 325-bed hospital would be able to function for no more than 11 days if electricity was cut off.

The deteriorating conditions were one factor pushing the Lebanese government toward acceptance of the U.N.'s conditions for a cease-fire. Lebanon's Cabinet, which includes two Hezbollah ministers, approved the truce despite bitterness over the Israeli offensive and uncertainty about whether the resolution allowed for Hezbollah to maintain arms in southern Lebanon.

Prime Minister Fouad Siniora condemned Israel's escalation of operations, saying that by "giving free rein to its war machine," it had raised doubts among some Lebanese politicians about the merits of abiding by the Security Council's orders.

But others argue that having inflicted more damage on Israeli forces than expected, Hezbollah was strategically wise to halt the fighting at this stage.

"Yes, there has been support for Hezbollah during this crisis, but even if they don't say it, people blame Hezbollah too for some of the destruction," said Farid Khazen, a Lebanese legislator. "It is the right decision to stop now. None of the parties has emerged from this war undamaged."

But there is also widespread agreement that Hezbollah's performance against Israel's vastly superior military machine has boosted Nasrallah's political standing in Lebanon.

"Nasrallah can stop now with the look and image of a hero," said Fadia Kiwan, a political scientist at Beirut's St. Joseph University. "Hezbollah has won this war because they resisted the Israeli machine longer than thought possible."

Wallace reported from Beirut and Wilkinson from northern Israel. Times staff writers Borzou Daragahi in Arida, Lebanon, and Henry Chu in Jerusalem and special correspondent Maha al-Azar in Beirut contributed to this report.

Israel Surges Into Lebanon, Despite Vote (AP)

By Lauren Frayer And Sam F. Ghattas

AP, August 13, 2006

More Israeli tanks and soldiers surged into southern Lebanon on Saturday, reaching the Litani River and engaging in some of the heaviest ground combat of the monthlong war just hours after the U.N. Security Council adopted a cease-fire plan.

The leader of the Islamic militant group Hezbollah grudgingly joined Lebanon's government in accepting the U.N. resolution but vowed to keep fighting until Israeli troops leave and hand over territory to a muscular U.N. peacekeeping force intended to separate the antagonists.

Israel also signaled its intention to approve the plan, at a Cabinet meeting Sunday, and a senior official predicted fighting would stop Monday morning, but there was no slowing in the bloodshed.

Israel was determined to batter Hezbollah until the end, while the guerrillas seemed to be fighting as fiercely as ever after a month of intense Israeli air, artillery and ground assaults.

Israel said 11 of its soldiers were killed and more than 70 wounded in an expanded offensive that tripled Israeli troop strength in southern Lebanon to 30,000. Israel Radio reported 100 troops wounded, which if confirmed would be the Jewish state's highest one-day injury toll of the fighting. Israel did confirm guerrillas shot down a helicopter and there were injuries, but it did not elaborate. Hezbollah claimed to destroy 21 tanks.

Israel said it killed more than 40 Hezbollah fighters. Hezbollah issued a statement saying three of its fighters had been killed but gave no date.

Nineteen Lebanese civilians died from Israeli airstrikes, while Hezollah rockets wounded eight people in northern Israel. The 32-day struggle has claimed nearly 900 lives — including at least 763 in Lebanon and 130 in Israel.

The big expansion of Israel troop strength prompted Hezbollah's leader, Sheik Hassan Nasrallah, to declare the fight far from finished and likely to get worse.

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"We must not make a mistake, not in the resistance, the government or the people, and believe that the war has ended. The war has not ended," he said.

"Today nothing has changed and it appears tomorrow nothing will change," Nasrallah added in his trademark measured tones.

Speaking a few hours before Lebanon's Cabinet voted unanimously to accept the U.N. plan, Nasrallah said Hezbollah would abide by the cease-fire resolution but continue fighting as long as Israeli troops remained in Lebanon, calling it "our natural right."

Lebanese Prime Minister Fuad Saniora said his Cabinet endorsed the cease-fire plan despite having reservations. "We will deal with the requirements of the resolution with realism in a way that serves the national interest," he said.

The Cabinet harshly condemned Israel's military push Saturday, saying it presented a "flagrant challenge" to the international community after the U.N. resolution was issued.

A senior Israeli official said the cease-fire was expected to go into effect at 7 a.m. Monday — midnight Sunday EDT.

The official, who spoke on condition of anonymity because he was not authorized to discuss sensitive issues publicly, said Israel wanted to seize control of the south so more Hezbollah fighters do not enter the zone before it is handed over to the Lebanese army and U.N. troops.

Defense Minister Amir Peretz said Israeli troops would remain until the international force arrived, and would defend themselves if attacked.

"If anyone dares to use force against Israeli defense forces, we will see this as a violation of the cease-fire agreement," he said on Israel television.

Israel's army chief, Lt. Gen. Dan Halutz, said ground forces had tripled in size in a bid to chase Hezbollah fighters and rocket crews north of the Litani, 18 miles north of the border. He did not give a specific figure, but a threefold increase would mean Israel had 30,000 soldiers inside Lebanon.

Lebanese security officials said Israel troops reached the Litani by helicopter at a point about six miles west of the northern tip of the Israeli panhandle that juts northward alongside southeastern Lebanon. The officials said the troops were near the village of Aalmane, which sits on high ground on the south side of the river.

The officials, who spoke on condition of anonymity because they were not authorized to speak to reporters, said the commandos cleared the area ahead of the arrival of a column of Israeli armored vehicles.

The Israelis used more than 50 helicopters to ferry hundreds of commandos into Hezbollah territory in the largest such operation in the Middle East since the October 1973 war.

President Bush had an eight-minute phone call Saturday with Saniora to discuss the U.N. resolution and efforts to end hostilities. The White House issued a statement declaring the administration was determined to vanquish the hold of Hezbollah — and that of its Syrian and Iranian benefactors — on the south.

"These steps are designed to stop Hezbollah from acting as a state within a state, and put an end to Iran and Syria's efforts to hold the Lebanese people hostage to their own extremist agenda," Bush said. "This in turn will help to restore the sovereignty of Lebanon's democratic government and help ensure security for the people of Lebanon and Israel."

Saniora, an anti-Syria politician whose government was extremely weak when the fighting began, appears to have emerged from the crisis considerably strengthened. He refused to give in to initial cease-fire proposals from the United States and France that would have left Israeli troops in place until an international force was installed.

He also prevailed in his insistence that policing of the cease-fire be done by Lebanese soldiers supported by a U.N. force rather than by an ad hoc assembly of international troops, possibly from NATO.

The cease-fire, unanimously adopted by the U.N. Security Council on Friday night, calls for a contingent of as many as 30,000 soldiers — half U.N., half Lebanese — to enforce the truce.

French President Jacques Chirac said his nation was ready to contribute troops. Italy and the predominantly Muslim nations of Turkey and Malaysia also have offered soldiers.

Israeli police said 64 rockets fell on northern Israel, wounding eight people. That compared with an average 200 missiles daily for the last two weeks.

At least 19 Lebanese civilians were killed in Israeli air raids Saturday. In the deadliest strike, Israeli missiles killed at least 15 civilians in the southern village of Rachaf, Lebanese security officials said.

Israeli warplanes also knocked out a highway in northern Lebanon leading to the Arida border crossing with Syria, the last official border post open for aid convoys and civilians fleeing the country. The only routes left were rugged footpaths and back roads through deserts or over mountains.

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Aid convoys were stuck in ports or at warehouses because Israel refused to guarantee their safety on the roads. Thousands of people trapped in southern villages were believed to have run out of food and medicine and were drinking unsafe water.

Rice Hopes For Cease-fire In 'Day Or So' (AP)

AP, August 13, 2006

Secretary of State Condoleezza Rice said Saturday that she hoped the fighting between Israel and Hezbollah guerrillas would end in "a day or so."

In an interview with Israel Television, Rice said that U.N. Secretary-General Kofi Annan "is working with the parties to establish a timetable for the cease-fire, but I would hope that within no more than a day or so that there would be a cessation of the hostilities on the ground."

Rice also said she believes that the cease-fire deal enhances Israel's security.

The U.N. Security Council adopted a resolution on Friday seeking a "full cessation" of violence between Israel and Hezbollah, offering the region its best chance yet for peace after a month of fighting that has killed nearly 900 people.

The resolution, adopted unanimously, authorizes 15,000 U.N. peacekeepers to help Lebanese troops take control of south Lebanon as Israeli forces that have occupied the area withdraw.

Combat Continues In Lebanon Despite Cease-fire Deal (MCT)

By Carol Rosenberg And Leila Fadel

McClatchy Newspapers, August 13, 2006

JERUSALEM - By air and by land, thousands of Israeli troops plunged deep inside southern Lebanon Saturday and charged toward the Litani River battling Hezbollah fighters, even as the United Nations brokered a Monday morning cease-fire.

The scenario suggested a sticking point for how to impose the truce after a month of escalating warfare:

Even as the warring parties seemed poised to accept a foreign force and the Lebanese Army to separate them, Israel said it would hold conquered ground until the international force relieved its soldiers.

Hezbollah's leader replied that he would accept the truce, too. But "as long as there are Israeli soldiers on our soil we will continue to fight them," said Sheik Hassan Nasrallah.

And combat was fierce as Israeli troops thrust into new battleground all the way to the Litani River, 18 miles north of the border. It appeared to be one last push to confront and weaken the Shiite fighters firing rockets into northern Israel, as well as bid to draw the line where the international forces would take over.

At least 11 Israeli soldiers were killed, including two that Israeli media said were crushed by a tank. Israel said it killed about 40 Hezbollah fighters in a daylong campaign of air strikes and ground battles.

For the massive push, Israel tripled its troop strength inside Lebanon, Israel's Chief of Staff Lt. Gen. Dan Halutz told reporters in the north Saturday, meaning an estimated 30,000 Israeli fighters were on Lebanese soil. That included hundreds of commandos reportedly ferried north toward the Litani in combat helicopters, one of which was shot down Saturday evening over south Lebanon.

Israeli helicopters also evacuated 70 wounded troops to hospitals inside Israel, with the confirmed death toll expected to climb throughout the night. It was unclear whether the chopper that crashed had been moving reinforcements or was on a casualty evacuation mission.

Halutz said Israel's military would keep fighting until it got an order from Prime Minster Ehud Olmert to do otherwise.

The first opportunity for that order comes Sunday, when Israel's regular weekly Cabinet meeting is expected to accept the United Nations plan - first for a cease-fire, then for the foreign force deployment.

In Beirut, the Lebanese government of Prime Minister Fuad Siniora endorsed the U.N. resolution on Saturday. It proposes to send 15,000 international forces to join with Lebanon Army troops as a buffer to keep Israeli and Hezbollah forces apart. Ultimately, they're to demilitarize the zone of southern Lebanon where the armed wing of the parliamentary Party of God has functioned as an independent militia since Israel ceded the south in May 2000.

In New York, U.N. Secretary General Kofi Annan announced Saturday night that both Siniora and Israeli Prime Minister Ehud Olmert agreed in principle to a 7 a.m. Monday cease-fire - midnight in New York.

In Israel, government spokesman Mark Regev said that Olmert's Cabinet was expected to approve the U.N. Security Council plan adopted through a resolution Friday, including Annan's "H-Hour" - the hour that both sides stop fighting.

Regardless, Israel would not leave Lebanon, Regev said, until international forces took up Israeli positions.

"We can stay put," Regev said, citing the resolution. ``There is no question of moving out until they relieve."

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A U.N. force currently acts as observers in south Lebanon, recording violations of earlier truces and reporting them back to headquarters. Now, the U.N. must assemble a more robust force, which Israel has asked the Bush administration to vet and make sure includes NATO members.

In New York, U.N. envoy Alvaro de Soto said it could take seven to 10 days to organize the force, meaning in the best-case scenario a week or more of close-range clashes. Both sides would agree to stop firing rockets, and Israel would stop its air strikes.

"If there is an agreement on the cessation of hostilities between the Lebanese government and the enemy, we will observe it without delay," Nasrallah said Saturday, as the battle raged. But, he predicted "the war will continue for another few days. That's why we are continuing to fight today."

And, though there was a marked decrease, Hezbollah lobbed an estimated 68 katyusha rockets into the small towns and farm studded north, setting off sirens through the Jewish Sabbath. And the Israeli military continued to fire its 155m Howitizer rounds and other rockets into the south, supporting the expanding force of Israeli fighters.

An official Israeli count released early Thursday reported 96 citizens killed in the month-long war, 56 of them soldiers. Lebanese sources estimate about ten times as many fatalities, many from Israeli airstrikes on civilian buildings that Israel argues Hezbollah fighters use as cover. Israel claims to have killed upwards of 550 Hezbollah fighters.

In South Lebanon Saturday, Tyre was completely isolated after overnight Israeli air strikes took out the last makeshift bridge over the Litani - presumably a key Hezbollah re-supply route.

City residents described a ghost town, with 90 percent of Tyre's population having already fled Israeli air strikes and commando raids in four months of fighting triggered by Hezbollah's bold July 12 incursion into Israel and capture of two Israeli soldiers.

No vehicles moved, the Israel Defense Forces having warned that any moving traffic would be hit. Gaping holes were apparent in an empty building in Tyre where missiles tore through two apartments, according to local residents.

The Lebanese Red Cross in Tyre was immobilized and unable to get to Kasmiyeh, a town across the Litani River where people had been killed and injured in Israeli air strikes Saturday morning, said Qassim Shaalan with the Lebanese Red Cross in Tyre. After losing one medic traveling with a convoy leaving Marjayoun that was hit by Israeli air strikes and an ambulance carrying bread and medicine was hit and destroyed in Tibnin, medics are worried about being killed themselves.

"Our ambulances are being attacked," Shaalan said. "There is no way to help. It's terrible."

In the port city of Sidon a power station was struck by Israeli artillery and the city was left without power. Generators were running the local hospitals but the mayor, Abdul Rahmna Bizri, worried that it would disrupt water supplies.

U.N. observers reported ground battles across the south, especially in south central Lebanon, but gave no estimates of dead and wounded.

"It never stopped," said Milos Strober, spokesman for the United Nations Interim Force in Lebanon in Naqoura early Sunday. "There was intensive shelling, bombardment, basically the heavy exchanges continued unabated. Maybe the intensity of the fighting on the ground was higher than on previous days, and the intensity of rocket firing and aerial bombardment was somewhat reduced in these days."

McClatchy News correspondents Shashank Bengali and Leila Fadel contributed to this report from Beirut, Lebanon, and Dion Nissenbaum contributed to this report from along Israel's northern border. Carol Rosenberg reported from Jerusalem.

Israel Strikes Hard Ahead Of Cease-fire (WT)

By Joshua Mitnick

The Washington Times, August 13, 2006

TEL AVIV -- Israel yesterday dropped hundreds of commandos behind enemy lines and pushed deep into southern Lebanon to seize territory from Hezbollah guerrillas before a U.N.-brokered cease-fire takes effect tomorrow morning.

Israel suffered its biggest single-day death toll of the monthlong war, with 24 soldiers killed in clashes, including a five-member crew of a helicoper downed by Hezbollah.

The Syria- and Iran-backed militants joined the Israeli and Lebanese governments in saying they would honor a U.N. resolution calling for a halt to the fighting.

U.N. Secretary-General Kofi Annan said the prime ministers of Lebanon and Israel had agreed to cease firing at 8 a.m. tomorrow.

"Preferably, the fighting should stop now to respect the spirit and intent of the [U.N. Security Council] decision, the object of which was to save civilian lives, to spare the pain and suffering that the civilians on both sides are living through," Mr. Annan said in announcing the deadline from New York.

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Hezbollah, which operates independently of the Lebanese government and is regarded as a terrorist organization by Israel and the United States, was less specific.

The group's leader, Sheik Hassan Nasrallah, said his fighters would abide by the resolution, which was approved by all 15 members of the Security Council on Friday evening. But he also indicated the war was far from over.

Israel said at least 70 of its soldiers had been wounded and more than 40 Hezbollah fighters killed as its troops drove toward the Litani River.

"The operation continues," Israeli Foreign Minister Tzippi Livni told Israeli public television. "The whole world is looking at us now, and for the political echelon to limit the military would have been interpreted as weakness."

The Israeli general in charge of the northern command said he hoped the estimated 30,000 troops involved in the expanded offensive launched overnight will have secured control of most of south Lebanon by tomorrow.

"I think we will be in a much better situation than we are today," Gen. Udi Adam said. "Assuming that the cease-fire will take effect, we will stop the moment we are told. If it doesn't, we could continue."

France, Italy, Turkey and New Zealand were among the countries expected to send soldiers to participate in a 15,000-strong U.N. peacekeeping force.

Officials said they hoped the deployment would begin within weeks.

"The resolution is reasonable," said Matan Vilnai, a member of parliament from Israel's dovish Labor Party. "With every day Hezbollah is weaker and the missiles are distanced is good for us."

Hard-liners in Israel criticized the U.N. resolution as worthless.

Likud Party parliament member Silvan Shalom, a former foreign minister, said the cease-fire document is worse than Security Council Resolution 1559, which called for disarming Hezbollah.

"We wouldn't have gone in if we knew this would be the decision. It's a worse situation than when we went in," he said.

Yesterday's offensive tripled the number of Israeli troops in southern Lebanon.

Hezbollah claimed it had destroyed 21 tanks. At least 19 Lebanese civilians died from Israeli air strikes, while Hezbollah rockets wounded eight persons in northern Israel, the Associated Press reported.

The 32-day struggle has claimed nearly 900 lives -- including at least 763 in Lebanon and 130 in Israel.

Despite signaling a willingness to accept the U.N. resolution, Sheik Nasrallah said Hezbollah would continue fighting as long as Israeli troops remained in Lebanon, calling it "our natural right."

Lebanese Prime Minister Fuad Siniora said his Cabinet endorsed the cease-fire plan despite having reservations. "We will deal with the requirements of the resolution with realism in a way that serves the national interest," he said.

The Cabinet harshly condemned Israel's military push, saying it presented a "flagrant challenge" to the international community after the U.N. resolution was adopted.

Israeli Defense Minister Amir Peretz said Israeli troops would remain until the international force arrived, and would defend themselves if attacked.

"If anyone dares to use force against Israeli defense forces, we will see this as a violation of the cease-fire agreement," he said on Israel television.

The Israelis used more than 50 helicopters to ferry hundreds of commandos into Hezbollah territory in the largest such operation in the Middle East since the October 1973 war.

Israeli police said 64 rockets fell on northern Israel yesterday, compared with an average of more than 100 missiles daily for the past two weeks.

·This article is based in part on wire service reports.

Hezbollah Shoots Down Israeli Helicopter (AP)

By Gavin Rabinowitz

AP, August 13, 2006

Nineteen Israeli soldiers were killed Saturday during an expanded offensive in Lebanon, the army said, making it the highest one-day toll for the Jewish state since the war against Hezbollah erupted.

The deaths, which occurred in several battles throughout the day, brought to more than 100 the number of Israeli troops killed so far.

In its statement Sunday, the military also said that a five member crew of a downed helicopter was missing and feared dead.

The soldiers were killed in battles as helicopters landed commandos near the Litani River and columns of armor and infantry pushed north to meet them.

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Several soldiers died they were hit by anti-tank missiles and others in fierce gunbattles with the guerillas. Two were killed when a tank accidentally ran over them, the army said, adding that more than 50 Hezbollah fighters were killed. Israel Radio reported that some 100 soldiers were injured in the clashes.

The transport helicopter was shot down by Hezbollah guerillas. Only the crew were on board at the time, the army said.

Hezbollah said, in a claim carried on Hezbollah's al-Manar TV, that the helicopter was brought down by a new missile, the "Waad" (Arabic for Promise) in the guerrilla arsenal. Israel's Channel 10 TV reported the helicopter brought down by anti-tank missile.

It was Israel's first loss of a helicopter in Lebanon in the monthlong conflict. Two helicopters collided and crashed and a third crashed separately in northern Israel early on in the fighting.

Hezbollah guerrillas have crippled an Israeli warship with a missile July 15.

The helicopter was shot down in the Maryamein valley near the village of Yater, and other helicopters scrambled to the area to try to rescue the crew.

Hezbollah reported a gunbattle raged as Israeli troops tried to retrieve the crew members from the downed chopper, according to a statement issued by the group.

Reports from some Arab media that several Israeli soldiers had been killed could not immediately be verified.

Hundreds of Israeli troops were airlifted to positions deep inside southern Lebanon on Saturday and tanks punched across terrain in an attempt to grab more territory before an expected cessation of hostilities Monday morning.

Annan: Mideast Cease-fire Starts Monday (AP)

AP, August 13, 2006

U.N. Secretary-General Kofi Annan announced that a cease-fire in the Hezbollah-Israel fighting will take effect at 8 a.m. Lebanese time (1 a.m. EDT) Monday.

Annan said in a statement distributed in Beirut early Sunday that he had been in touch with Prime Ministers Fuad Saniora of Lebanon and Ehud Olmert of Israel to discuss the exact time and date when the cessation of hostilities called for by a U.N. Security Council resolution will enter into force.

"I am happy to annouce that the two leaders have agreed that the cessation of hostilities and the end of the fighting will enter into force on 14 August, at 0500 hours GMT," the statement said.

Late Friday, the Security Council on adopted a resolution seeking a "full cessation" of violence between Israel and Hezbollah, offering the region its best chance yet for peace after a month of fighting that has killed more than 800 people and inflamed Mideast tensions.

The resolution, adopted unanimously, authorizes 15,000 U.N. peacekeepers to help Lebanese troops take control of south Lebanon as Israeli forces that have occupied the area withdraw.

Hezbollah's leader on Saturday grudgingly joined Lebanon's government in accepting the U.N. resolution but vowed to keep fighting until Israeli troops leave and hand over territory to a muscular U.N. peacekeeping force intended to separate the antagonists.

Israel also signaled its intention to approve the plan, and a senior official predicted fighting would stop Monday morning, but there was no slowing in the bloodshed.

More Israeli tanks and soldiers surged into southern Lebanon on Saturday, reaching the Litani River and engaging in some of the heaviest ground combat of the monthlong war.

Israel was determined to batter Hezbollah until the end, while the guerrillas seemed to be fighting as fiercely as ever after a month of intense Israeli air, artillery and ground assaults.

Israel said 11 of its soldiers were killed and more than 70 wounded in an expanded offensive that tripled Israeli troop strength in southern Lebanon to 30,000. Israel Radio reported 100 troops wounded, which if confirmed would be the Jewish state's highest one-day injury toll of the fighting.

Israel confirmed that guerrillas shot down a helicopter in the south and there were injuries. Hezbollah said a battle raged for hours as Israel attempted to retrieve those on board. Hezbollah claimed to destroy 21 tanks.

Israel said it killed more than 40 Hezbollah fighters. Hezbollah issued a statement saying three of its fighters had been killed but gave no date.

Nineteen Lebanese civilians died from Israeli airstrikes, while Hezollah rockets wounded eight people in northern Israel. The 32-day struggle has claimed nearly 900 lives — including at least 763 in Lebanon and 130 in Israel.

The big expansion of Israel troop strength prompted Hezbollah's leader, Sheik Hassan Nasrallah, to declare the fight far from finished and likely to get worse.

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"We must not make a mistake, not in the resistance, the government or the people, and believe that the war has ended. The war has not ended," he said.

"Today nothing has changed and it appears tomorrow nothing will change," Nasrallah added in his trademark measured tones.

Speaking a few hours before Lebanon's Cabinet voted unanimously to accept the U.N. plan, Nasrallah said Hezbollah would abide by the cease-fire resolution but continue fighting as long as Israeli troops remained in Lebanon, calling it "our natural right."

The Security Council resolution leaves out several key demands from both Israel and Lebanon in efforts to come up with a workable arrangement.

Despite Lebanese objections, Israel will be allowed to continue defensive operations — a term that Arab diplomats fear the Israeli military will interpret widely. A dispute over the Chebaa Farms area along the Syria-Lebanon-Israel border will be left for later; and Israel won't get its wish for an entirely new multinational force separate from the U.N. peacekeepers that have been stationed in south Lebanon since 1978.

There is also no call for the release of Lebanese prisoners held by Israel or a demand for the immediate withdrawal of Israeli troops. Although the draft resolution emphasizes the need for the "unconditional release" of the two Israeli soldiers whose July 12 capture by Hezbollah sparked the conflict, that call is not included in the list of steps required for a lasting cease-fire.

Diplomats said the negotiators' main goal had been to come up with a draft that spells out a lasting political solution to the hostilities between Israel and Hezbollah along the Israel-Lebanon border. The standoff has bedeviled the region for more than two decades.

At the heart of the resolution are two elements: It seeks an immediate halt to the fighting and it spells out a series of steps that would lead to a permanent cease-fire and long-term solution.

That would be done by creating a new buffer zone in south Lebanon "free of any armed personnel, assets and weapons other than those of the government of Lebanon and UNIFIL" — the acronym of the U.N. force deployed in the region since 1978. The force now has 2,000 troops; the resolution would expand it to a maximum of 15,000.

Bush Urges World Leaders On The Mideast (AP)

By Nedra Pickler

AP, August 13, 2006

President Bush on Saturday urged world leaders to turn the words of a Mideast cease-fire deal into action, even as Israel expanded its air and ground campaign into Lebanon.

Secretary of State Condoleezza Rice said the broadened Israeli offensive had been anticipated and she hoped the hostilities would end in "a day or so." Rice predicted "skirmishes" will continue despite the cease-fire agreement, but she hoped the large-scale violence will stop.

"My understanding is that this is part of the normal operations that were contemplated. When the cease fire — the cessation of hostilities — comes into being, Israel will stop," she said in an interview with Israel Television.

Bush welcomed the resolution unanimously approved Friday night by the United Nations Security Council that seeks a full cessation of the violence between Israel and Hezbollah militants in Lebanon. Nearly 900 people have been killed in a month of fighting.

"Hezbollah and its Iranian and Syrian sponsors have brought an unwanted war to the people of Lebanon and Israel, and millions have suffered as a result," Bush said. "I now urge the international community to turn words into action and make every effort to bring lasting peace to the region."

Bush's remarks came in a written statement issued by his aides while he was bike riding on his Texas ranch. Bush plans to return to Washington Sunday after a 10-day vacation from the White House.

Bush had an eight-minute phone call Saturday morning with Lebanese Prime Minister Fuad Saniora to discuss the resolution and efforts to bring an end to hostilities.

"The president stressed the need to dismantle Hezbollah's state within a state in order to build Lebanese democracy," said Frederick Jones, spokesman for the National Security Council at the White House. "He expressed his view that Iran and Syria were arming Hezbollah in order to exert unwanted influence over Lebanon."

The U.N. resolution authorizes 15,000 U.N. peacekeepers to help Lebanese troops take control of south Lebanon, where Hezbollah guerillas have been operating, as Israeli forces that have occupied the area withdraw. It also calls for an embargo on the supply of arms to militias in Lebanon.

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"These steps are designed to stop Hezbollah from acting as a state within a state, and put an end to Iran and Syria's efforts to hold the Lebanese people hostage to their own extremist agenda," Bush said. "This in turn will help to restore the sovereignty of Lebanon's democratic government and help ensure security for the people of Lebanon and Israel."

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On the Net:
http://www.whitehouse.gov

As Mideast Smoke Clears, Political Fates May Shift (WP)

By Robin Wright
The Washington Post, August 13, 2006

It was a very close call. U.N. diplomats assembled at 3 p.m. in the cavernous Security Council hall to get the U.S.-French proposal to end an excruciating month of hostilities between Israel and Hezbollah. The United States had Lebanon's approval but still had not received word from Israel. U.S. Ambassador John R. Bolton did a "diplomatic tap dance" to stall, U.S. officials said.

Then at 3:53 Friday, Israeli Foreign Minister Tzipi Livni called Secretary of State Condoleezza Rice for the third time during a tense day of diplomacy. Despite its decision just hours earlier to launch a ground invasion, Israel agreed to the terms of the resolution. It was a deal.

Before she raised her hand to vote for the proposal, Rice said the time had come "to build a more hopeful future" in the region.

But the future of the Middle East may be markedly different as a result of the bloody drama that erupted July 12 after the seizure of two Israeli soldiers by Lebanon's Shiite militia. So, too, the image of the United States. What many now consider to be the sixth modern Middle East war has some distinct winners and losers, interviews with a range of former U.S. officials and Middle East analysts reveal.

Although the outcome will be long debated, big losers at this stage appear to be Israel's government, the Lebanese people, and the Bush administration's struggle against terrorism and its campaign for democracy, these observers said.

In waging the longest Arab war against Israel, the big winner may be Hezbollah leader Hasan Nasrallah -- for now. One surprise has been the strong leadership of neophyte Lebanese Prime Minister Fouad Siniora.

Yet every party has lost something.

"This is a war that has not had a clear logic, but it does have a large number of casualties and losers," said Robert Malley of the Brussels-based International Crisis Group. "Israel's government is in trouble. Lebanon as a country has lost a lot. U.S. standing is worse. Democracy promotion has been hurt. The credibility of the U.N. Security Council has been eroded. Even the anti-terror agenda has lost. So on almost every count, you see diminished assets and credibility."

Israel lost by failing to achieve its strategic objectives in response to the capture of its soldiers, analysts said. It has already paid a huge political, physical and psychological price -- with perhaps more to come, as Prime Minister Ehud Olmert appears imperiled, they added.

"The pressure is rising in Israel to interpret this as a debacle. Israel is nowhere close to having achieved its goal of destroying Hezbollah or its arsenal. It will also have to deal with the moral and humanitarian crisis that it caused," said Ellen Laipson, president of the Henry L. Stimson Center, a defense think tank, and formerly of the National Intelligence Council. "It looks like the denouement will create a crisis in Israeli politics that will not be easily fixable."

The conflict has affected Israeli civilians more than in any previous war, with the northernmost quarter of the country fleeing sustained Hezbollah missile attacks, analysts noted. It has proved that Israel cannot force peace through military means, said former U.S. ambassador to Israel Edward P. Djerejian.

The United States does not come out well, either, despite marathon diplomatic efforts.

Over the past three weeks, Rice devoted 90 percent of her time to the Lebanon crisis, aides said. In coordination with U.N. Secretary General Kofi Annan and France, she worked through the last three issues, all tricky -- the amount of military firepower a U.N. force can use to maintain peace, the status of the disputed Shebaa Farms region, and the sequence of Israel's withdrawal -- right up to the last minute Friday.

Diplomacy over the past week had been like a Rubik's cube, a senior State Department official said: "One minute you think you had it, then you did the turn and discovered you were further away than when you started." After an agreement last weekend, Washington and Paris by Wednesday were at loggerheads over the terms and timing of an Israeli withdrawal. Thursday was a critical day of compromises, U.S. and European diplomats said.

Many diplomats said the resolution was a masterful blend to secure Israel's vulnerable border while strengthening Lebanon's government and containing Hezbollah.

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Yet America's image abroad emerges from the crisis badly battered, in part due to prolonged negotiations widely perceived in the Arab world as deliberate to allow Israel to pursue its military agenda -- with U.S.-manufactured weaponry, analysts said.

Rice's comment on the conflict as part of the "birth pangs" of a new Middle East was particularly "crude, insensitive and cruel," said Rami G. Khouri, an analyst and columnist for Beirut's Daily Star newspaper. "She was basically seen as saying you have to kill Arabs to remake them and you have to allow Israel to destroy Arab movements to make better nations.

"If it is a new Mideast, it won't be the one she is expecting," Khouri said, particularly coming after deeply troubled U.S.-led efforts to transform Iraq, the Palestinian territories and Afghanistan.

After the July 30 Israeli airstrike on Qana that killed at least 28 civilians, a large banner went up in downtown Beirut depicting Rice with sharp fangs and blood flowing from her mouth. "The massacre of children in Qana is a gift from Rice," it said.

Almost 90 percent of Lebanese said that the United States is not an honest broker, according to a July 29 survey by the Beirut Center for Research and Information, compared with 38 percent who supported a U.S. role in a January survey.

"Our image suffers from this perception and makes diplomacy and democracy promotion more difficult," Djerejian said.

U.S. officials said they recognize the potential ramifications.

"This is certainly one of the toughest challenges we have faced in the last few years. . . . We knew the consequences were very broad. We recognized this was not just a border war between Hezbollah and Israel," Undersecretary of State R. Nicholas Burns said. "We know there are Arab complaints and anger about our role. But when it came down to the final analysis, the deal could not have been put together without us."

Lebanon suffered the most damage and death. More than 800 Lebanese civilians have died, and one-quarter of the country's population has been displaced. The nation's infrastructure, already rebuilt once after a vicious 15-year civil war, has been devastated. Electrical power plants, roads, bridges and thousands of housing units will require billions of dollars to be reconstructed.

Yet Siniora, who took over a fragile government only 13 months ago, has proved to be a strong and persuasive leader.

"It's been a remarkable performance," said Shibley Telhami of the Brookings Institution's Saban Center for Middle East Policy.

Siniora, who wept in talks with Arab leaders on Monday, gave an impassioned speech during the July 26 Rome conference that won support for his proposal on Lebanon's fate.

Hezbollah may gain more than any other party.

In tangible terms, the Shiite militia has lost several command posts and bunkers, financial distribution centers with funds in them, and as much as one-quarter of its front-line fighters, said Dennis Ross, a Middle East negotiator in the George H.W. Bush and Clinton administrations. With an expanded international force and a new arms embargo, secret attempts to replace hundreds of missiles from Iran and Syria will be far more difficult. And Hezbollah is supposed to dismantle the last private army in Lebanon under terms of the resolution.

But the movement is also now widely seen in the Arab world as having achieved its second victory against Israel -- after first forcing it to withdraw in 2000.

Although Nasrallah is a Shiite cleric, he has personally emerged from the Lebanon war as an epic "folk hero" in Arab and Islamic circles, said Paul Salem, director-designate of the new Carnegie Middle East Center in Beirut.

The Beirut Center survey showed about 87 percent of Lebanese support Hezbollah's retaliatory attacks on Israel. Yet the general consensus throughout the country is that Nasrallah grossly miscalculated the response to seizing the Israeli soldiers.

"Inside Lebanon, he is stronger in the sense that he fought a war and survived, but he also comes out weaker in the sense that his leadership that once led the Shiites to political victory but has now led them to ruin," Salem said.

Analysis: Pact Won't Improve U.S. Image (AP)

By Anne Gearan

AP, August 13, 2006

A U.S.-backed diplomatic pact to end more than a month of war between Israel and Islamic militants in Lebanon may stop the worst of the killing and retire the daily television images of burning buildings and suffocated children.

It will not do much to improve the image of America in the Arab world.

This war is widely viewed as a joint U.S.-Israeli venture that slaughtered innocents and wrecked homes, roads and businesses in a fragile democracy the Bush administration has said it supports.

President Bush on Saturday urged world leaders to turn the words of a U.N. cease-fire deal into action, even as Israel staged wide-ranging airstrikes across Lebanon and sent commandos into the Hezbollah heartland.

Airstrikes killed at least 19 people in Lebanon, including 15 in one village, while Hezbollah rockets wounded at least five people in Israel in the hours after the unanimous U.N. vote. Israel says it may fight another week despite the cease-fire deal.

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Hezbollah leader Sheik Hassan Nasrallah, who has become a folk hero across the Arab world for taking on Israel, agreed to the deal Saturday, but said the militants will continue fighting as long as Israeli troops remain in south Lebanon.

Lebanon's Cabinet voted unanimously to accept the plan despite reservations. Israel is to take it up Sunday.

The deal would stop the fighting, perhaps next week, and authorize deployment of 15,000 foreign troops to help the Lebanese army control the country's southern swath, along the Israeli border.

Israel would begin withdrawing the forces that have invaded Lebanon over the past five weeks "in parallel" with deployment of the peacekeeping force. Hezbollah is directed to stop all attacks, but Israeli forces could defend themselves so long as they are there.

The terms of the peace deal may only reinforce twin perceptions in the Arab world: The United States did too little too late to rein in Israel and end the fighting, and friendship with the United States is worth little because the United States will back Israel no matter what, foreign policy analysts said.

"The U.S. reputation as an honest broker has been eroding under this administration for some time. This just crystallized what the Arabs thought," said Jonathan Clarke, a former British diplomat now at the Cato Institute. He said the Arabs had grown to believe "the U.S. and Israel had become one country."

The United States backed Israel without public reservation from the first moments of the war, when Hezbollah militants crossed the Lebanon border and killed and captured Israeli soldiers on July 12.

Bush laid blame on the militants and their Syrian and Iranian backers in his statement welcoming the cease-fire blueprint.

"The loss of innocent life in both Lebanon and Israel has been a great tragedy," Bush said. "Hezbollah and its Iranian and Syrian sponsors have brought an unwanted war to the people of Lebanon and Israel, and millions have suffered as a result."

The Bush administration has set expansion of democracy and freedom in the Middle East as the signal call of a foreign policy that Arab, European and other governments still view with suspicion more than three years after the widely unpopular U.S.-led invasion of Iraq.

Although inspiring to some Arab reformers, the Bush policy was always seen as naive by many leaders in the region and elsewhere.

Secretary of State Condoleezza Rice was ridiculed in the Arab press when she talked about the war as the "birth pangs of a new Middle East" during a diplomatic trip to the region that outwardly accomplished little.

The Lebanon conflict has heightened anti-U.S. sentiment in the region, with frequent protests in moderate U.S. allies like Egypt, Jordan and Kuwait.

Saudi Arabia and other U.S. allies in the region say the bloodshed only fuels radicalism.

"We would like to return to the old Middle East, because we don't see anything in the new Middle East apart from more problems," Saudi Foreign Minister Saud al-Faisal remarked.

The war has undermined the Arab reformers and political moderates Washington has courted.

The democracy movements in Egypt and other countries were already struggling as their governments rolled back on promises of change.

"The Americans are shooting themselves in the foot," Abdel Moneim Said, head of Al-Ahram Center for Political and Strategic Studies, based in Cairo, said last week, before the U.N. deal. "The only beneficiaries of the ongoing conflict are the fundamentalists."

The United States pushed for the peace deal approved by the United Nations Security Council on Friday to stop fighting that threatened to topple Lebanon's tenuous democratic government.

The deal does not accomplish the disarmament of Hezbollah, the key goal that Bush and Rice said they sought.

The deal also does not guarantee that Lebanon can extend political control to the southern part of the country where the armed Hezbollah movement held greater power than the Beirut government.

Nor does the deal make Israel more likely to cooperate toward the wider Bush administration goal of peace with the Palestinians and a viable independent Palestinian state. Analysts said they see little prospect that Washington can help broker a real peace settlement for years to come.

"Condi talked about a new Middle East," said Aaron David Miller, a former adviser on the Middle East to both Republican and Democratic administrations. "There will be new Middle East, but it will be a nastier and messier one."

Hezbollah Resistance Likely To Remained Undimmed By Conflict (MCT)

By Shashank Bengali And Dion Nissenbaum

McClatchy Newspapers, August 13, 2006

BEIRUT, Lebanon - With the warring parties signaling support for a U.N. cease-fire plan, the month-long war in Lebanon appears likely to end with Israel's military campaign falling short of its goals and Hezbollah's cause strengthened.

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Israeli leaders are expected to formally accept the U.N. resolution on Sunday having achieved only their most modest prewar objectives, despite pounding Hezbollah bases throughout Lebanon with air strikes and, in recent days, a major ground operation.

Hezbollah may be military weakened, but by refusing to bend to the region's mightiest armed force, the Shiite Muslim militant group looks stronger in the eyes of its backers Iran and Syria. And it may be less likely to give up its weapons as Israel, the United States and many in Lebanon have urged.

"Resistance is a natural right for us," Hezbollah's leader Hassan Nasrallah said Saturday, accepting the U.N. resolution but vowing to continue fighting Israeli aggression.

For now, even as Israel dramatically ramps up its eleventh-hour ground operation, experts say the cease-fire represents a muddled conclusion that fails to resolve either side's major grievances despite the human toll. More than 1,000 Lebanese and 100 Israelis have died in the conflict, which began July 12 when Hezbollah guerrillas kidnapped two Israeli soldiers from a border post.

Israeli leaders called at the outset for the immediate and unconditional return of the two soldiers and spoke of destroying Hezbollah. Instead, as the fighting stretched on, Israel began to scale back its expectations.

It dropped its opposition to the creation of a new international peacekeeping force in southern Lebanon. Leaders stopped suggesting that they could destroy Hezbollah on the battlefield and instead spoke of "crippling" the militants. And Israel eventually acceded to weak assurances from the U.N. that Hezbollah wouldn't be able to secure new weapons from Syria and Iran.

"The expectations were too high," said Uri Dromi, a former Israeli government spokesman who now serves as director of international outreach for The Israel Democracy Institute. "All that talk about defeating Hezbollah was far-fetched from day one."

The winner, said Dromi, was Nasrallah. "He stood up against Israel, no question about it," he said. "And this, in a way, was a setback of the Israeli deterrence."

In the end, the agreement should ensure that one of Israel's main objectives - protecting its 40-mile northern border with Lebanon - is met. Under the deal, a beefed-up U.N. peacekeeping force is supposed to make sure Hezbollah is forced out of the bottom fifth of the country below the Litani River.

That should prevent Hezbollah from staging future cross-border raids and would put much of Israel out of range of the group's short-range Katyusha rockets.

Israel's biggest concession was over the fate of the two soldiers, whose release isn't required under the resolution. It's more likely they'll be released in a prisoner exchange with Lebanon.

"From day one, we didn't say this was a hostage crisis alone," said Mark Regev, a spokesman for Israel's Foreign Ministry. "This was a threat to our nation. We would like the hostages given back straightaway of course. Unfortunately that is not possible."

Because Israel always viewed the battle not just as a fight for the soldiers, but as a war against anti-Israeli forces in Syria and Iran, it wanted to send a decisive military message.

But Hezbollah displayed a resiliency that surprised Israelis, firing scores of rockets daily at northern Israel and putting up a stiff fight on the ground thanks to a web of tunnels and bunkers and a stockpile of automatic and anti-tank weapons.

Before the war, the Lebanese government had been in negotiations to get Hezbollah to give up its weapons. Hezbollah, which has representatives in the government, always resisted on the grounds that it was the only military force able to secure southern Lebanon - and its performance over the past four weeks backs that up.

"Military professionalism has been the exclusive property of the Israelis for the last 40 years, and that's why they were succeeding," said Jamil Mroue, editor of The Daily Star, an English-language newspaper in Lebanon.

"Now they (Hezbollah) are exhibiting some of those traits as an Arab army."

The U.N. resolution calls for Hezbollah to disarm, though it doesn't specify how. The U.N. force of up to 15,000 troops will monitor the cease-fire, but in a compromise with Lebanon it has no clear authority and little likely inclination to use its weapons - making it unlikely that it will face off against Hezbollah.

Another 15,000 Lebanese troops will soon be deployed to southern Lebanon, but the army is poorly equipped and is seen by Hezbollah as an inferior force.

The army is also 35 percent Shiite and includes many Hezbollah loyalists. Sending the army to disarm Hezbollah would be a recipe for civil war, experts say.

"I cannot conceive of them searching for Hezbollah arms or Hezbollah militants," said Amal Saad-Ghorayeb, an author and expert on Hezbollah.

"If the Lebanese government had any qualms about forcibly disarming Hezbollah, it's going to be much harder now."

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Making it even more difficult is the fact that one of Hezbollah's key demands, that Israel return to Lebanon a small piece of border territory called Shebaa Farms, is unresolved in the cease-fire plan. That was a concession to Israel and the United States.

Despite its battlefield success, Hezbollah's political position in Lebanon remains complicated. As the conflict dragged on and the damage mounted, cracks began to show in the country's fragile sectarian consensus. Many in the country's Christian, Druze and Sunni Muslim communities have quietly criticized Hezbollah for launching into this conflict unilaterally, and the massive cost of rebuilding the country is likely to put pressure on Nasrallah's group to give up arms.

"Certainly, Hezbollah is a very good army," said Atef Majdalani, a Christian member of the Lebanese parliament. "But you can't say they protected Lebanon. You saw that in the last month - the country is destroyed."

In Israel, the outcome is likely to afflict Olmert.

"Chutzpah has its limits," analyst Ari Shavit wrote Friday in the newspaper Haaretz. "You cannot lead an entire nation to war promising victory, produce humiliating defeat and remain in power."

Bengali reported from Beirut, Nissenbaum from Jerusalem.

Israel Seeks Hint Of Victory (NYT)

By Steven Erlanger

The New York Times, August 13, 2006

JERUSALEM, Aug. 12 — Israel's move to greatly increase its ground forces in Lebanon a day before it is expected to accept a cease-fire has two goals: to damage Hezbollah as much as possible and to conclude the conflict with something that could be called a victory for an Israeli government under domestic pressure.

Having begun the war by proclaiming that the aim was the destruction and disarmament of Hezbollah, Prime Minister Ehud Olmert will be able to claim only that Hezbollah is badly hurt and, with the help of international troops, effectively restrained — even without the robust new international force or disarming of the militia that Israel initially demanded.

In this last army push, which many here regard as too late to make a big difference, Mr. Olmert wants to ensure that the Iranian-backed militia and its stockpiles are at least cleared out of southern Lebanon.

The hope is that inhabitants of the north will be able to return home or emerge from bomb shelters without the daily fear of rocket fire.

The Israeli cabinet is scheduled to meet Sunday to discuss a United Nations Security Council resolution calling for a cease-fire. But the Israeli Army will be pressing forward at least until Monday, if not beyond, trying to destroy Hezbollah rockets and assets. That is a task that Israel does not believe the Lebanese Army, even accompanied by an expanded United Nations force, will dare to do.

Mr. Olmert and his defense minister, Amir Peretz, have been wounded by the perception that they mishandled the war and were overly reluctant to commit sizable ground forces when there was enough time to accomplish the government's stated goals. The life of the government is likely to have been shortened.

The debate in Israel has not been over the war's legitimacy — that is widely accepted. The attacks on the government have been over its handling of the assault.

In a familiar pattern of backbiting — the best indication that the war has not gone well — the army leadership is complaining that the politicians did not let the military do its job, and the politicians are complaining that the army promised that the task could be accomplished in a week or two and largely with air power.

As usual in Israel, the army is more popular than the politicians, and it is bound to win the argument. But the army's performance against Hezbollah will lead to considerable introspection and criticism about failures in strategic analysis, intelligence, training and preparedness, especially among the reserves.

There will also be sharp criticism of governmental preparedness, with the image of many thousands of poorer Israelis huddling for a month in decrepit bomb shelters with inadequate public services and supplies.

Mr. Olmert, who leads the centrist Kadima Party, is going to face a postwar onslaught from the right, in particular from Benjamin Netanyahu. Mr. Netanyahu, the Likud Party leader, favored a major military operation to destroy what he called "an Iranian army division" fighting in "a war conceived, organized, trained and equipped by Iran, with Iran's goal of destroying Israel and its fantasy ideology of building a once-glorious Muslim empire in which we are merely the first pit stop."

There is more of this talk to come, and from another rival on the right: Avigdor Lieberman, who is already very popular among the Russians who make up a large number of the Jewish Israelis living in the north, many of whom were too poor to seek shelter in southern towns.

Mr. Olmert's plan to extend the policy of unilateralism by removing up to 70,000 Israeli settlers from the West Bank, behind the separation barrier, also appears moribund. The rocket wars have made the barrier look flimsy, and one year after Ariel

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Sharon and Mr. Olmert pulled 9,000 Israeli settlers out of Gaza unilaterally, many onetime supporters of the plan say that critics like Mr. Netanyahu appear to have been correct — that the disengagement provided little security or stability.

The plan to hand over more territory in the West Bank to a Hamas-led Palestinian Authority that could use more sophisticated rockets to hit Tel Aviv is now being dismissed as folly by many in the center, not just on the right — an unexpected gift to the settler movement.

"A year after the withdrawal of Gaza, there is a huge 'I told you so' hanging in the air, and it's hard to argue with, when Qassams are still flying out of Gaza and nothing has moved forward," said Tom Segev, an Israeli historian. "Like Oslo, Gaza disengagement was a good idea, but it was managed very badly. But instead of criticizing the management, we criticize the thing itself."

Itamar Rabinovich, a former ambassador to Washington, said bluntly: "Two notions have died. First, unilateralism, and second, separation by the fence. Missiles dwarf the fence."

Israelis also fear there has been damage done to their relationship with the United States, where some may complain that the Israelis were given time to clobber Hezbollah and did not get the job done.

Mr. Rabinovich is more sanguine. "Part of the reckoning will be our reputation as a strategic partner, when we tell the Americans, 'Give us the tools and we'll do the job,' " he said. "Part of our self-image is of military miracle workers, and we didn't do that this time."

Still, he said, Lebanon reinforces Israel's view that the real danger in the region is Iran, Hezbollah's patron, and that the threat of a nuclear-armed Iran is aimed at Egypt, Saudi Arabia and Jordan too.

For Mr. Segev, the Lebanese war seems like a side show to Israel's main and persisting problem: the Palestinians. Israel still faces a crisis in Gaza, including the unknown fate of a soldier captured June 25, and unresolved disputes over the Hamas-led government.

"This war is a huge detour from the real problem, like an accident that shouldn't have happened," Mr. Segev said. "The Palestinian problem persists, and again the government looks to be bad managers."

Israel Encounters An Unexpectedly Different War (LAT)

By Tracy Wilkinson And Henry Chu, Times Staff Writers

The Los Angeles Times, August 13, 2006

The military is not only battling a well-armed foe but also grappling with its own shortfalls.

MISGAV AM, Israel — Whether Israel's war with Hezbollah ends this week or weeks from now, it has exposed serious deficiencies in the Jewish state's formidable fighting machine and the strategies that underpin it, unleashing repercussions that will shake the political establishment for a long time to come.

For a month, Israeli civilians here in the north have found themselves targeted by Hezbollah rockets that the mightiest army in the region could not stop; the image of desperate Israelis huddling in shelters for days on end is a haunting blow to a nation that prides itself on its strength and resolve.

Israeli commanders, after early vows to quickly wipe out Hezbollah, now acknowledge they may never be able to completely halt the rocket fire. One top military strategist spoke last week of redefining the word "victory."

"This may be the first war that Israel does not win," said military historian Michael Oren, a research fellow at the Shalem Center in Jerusalem.

From its independence in 1948 through the devastating Six-Day and Yom Kippur wars, Israel was accustomed to defeating the Arab armies that challenged it. But Hezbollah has presented Israel with a different enemy and a different war.

Neither the Israeli military's traditional skills as a modern armored force nor its ability to battle Palestinian militias has proved sufficient against the highly motivated, well-armed Hezbollah army.

Israel hopes its victory will come eventually in marshaling and sustaining international support for the isolation and containment of Hezbollah, and in establishing consensus that Iran and Syria must be held accountable for their patronage of the Shiite Muslim faction that has grown in Lebanon during the last quarter of a century.

Israel's military shortcomings, in the meantime, have proved acutely embarrassing.

The failure to make the desired progress on the battlefield can be attributed to several factors, including reluctant politicians, faulty intelligence, poorly trained and equipped reservists, terrain that is virtually impassable for heavy tanks, and rusty fighting tactics.

Ehud Olmert, the first elected prime minister who was never an important army commander, went into the offensive reluctant to incur Israeli casualties — a hesitation, his critics say, that proved instrumental in the failure to strike a decisive blow against Hezbollah.

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Public opinion has begun to turn against Olmert for his conduct of the war, and he will face new questioning today when he convenes his Cabinet to debate the United Nations resolution for ending the Lebanon conflict.

Already, the criticism among Israel's acerbic political commentators is unforgiving.

"You cannot lead an entire nation to war promising victory, produce humiliating defeat and remain in power," columnist Ari Shavit wrote in Friday's Haaretz newspaper. The day Hezbollah leader Sheik Hassan Nasrallah "comes out of his bunker and declares victory to the whole world, Olmert must not be in the prime minister's office."

Israel's reservists, the backbone of its army, have suffered huge casualties. Oren, the historian, said the reserves were "not up to combat snuff" and had to undergo quick refresher courses before they were sent into battle. Some family members complain the courses were not enough.

In past wars, the reserves counted on a large component of kibbutzim men — strapping, outdoorsy types. But a demographic and economic revolution in Israel in the last decade means that more and more reservists now being called up were sitting behind computers instead of working on farms.

Israeli military commanders acknowledge their surprise at the level of sophistication of Hezbollah's armament, notably its antitank missiles, capable of piercing armor. These have inflicted a large percentage of the Israeli deaths in this war.

Soldiers emerging from the battlefield have told stories of running out of food and water, a suggestion that resupply lines are weak or nonexistent. One Israeli journalist traveling with troops reported that several soldiers in his unit had to be evacuated because of dehydration.

And the soldiers describe an enemy that defied their expectations, one far more cunning and prepared than the Palestinian militants they have trained for and encountered in recent years.

"It's completely different," said 1st Sgt. Gil Hiram, 22, with the Golani Brigade's special forces. "We were kind of overwhelmed by how different it was. These were trained army men — these weren't some two-cent terrorists given an AK-47. They know how to do camouflage almost as good as us."

Hiram spoke from a hospital in Haifa where he was recovering from bullet wounds received in fighting in a Lebanese village just across the border. A day before he was ordered to Lebanon, he was in the Gaza Strip.

"You can take Lebanon in one day, as the U.S. took Iraq in one week. [But] once you're there, the [real] fighting begins," said Arik Dayan, 26, a paratroop company commander who was also recovering from wounds suffered in fighting in Lebanon. He was operating in Palestinian territory in the West Bank one day, only to be transferred abruptly to the Lebanon offensive.

Hezbollah had a "big advantage" because its fighters worked in small groups and were mixed with the regular population. "Once we got into the villages, they would send wave after wave of fighters," Dayan said.

The prosecution of this war also has laid bare divisions within the Israeli military hierarchy. Lt. Gen. Dan Halutz, the army's chief of staff, ordered that the commander of the offensive be replaced mid-campaign, a highly unusual and potentially demoralizing move.

Privately, some military officers complained that Halutz, a career air force commander, failed to understand the urgency of launching a wider ground campaign, favoring instead thousands of bombing sorties over Lebanon that devastated much of the country but did not silence Hezbollah.

These critics contend that Israel would have been more successful if it had deployed troops immediately along the Litani River, north of where most Hezbollah fighters were entrenched, and then worked to squeeze them from the north and south. Instead, Israeli forces largely concentrated on trying to control small villages just over the border, with limited results.

Only now have Israeli forces appeared to position themselves to apply a kind of pincer pressure, deploying hundreds of troops into southern Lebanon on Saturday. Halutz says it has taken the damage inflicted by constant air power to weaken Hezbollah to a point where it can be corralled on the ground.

Whenever this war ends, there will be finger-pointing aplenty over who is to blame for the mistakes. Maj. Gen. Udi Adam, the head of the northern command whom Halutz essentially demoted, suggested Saturday that he would have done things differently.

Asked in a television interview why the long-threatened massive ground attack was launched a month after the conflict began, Adam said: "This is not a question you should be asking me. The northern command was ready to expand the fighting two weeks ago."

Also coming in for criticism are civilian authorities who failed to evacuate threatened towns and are increasingly being accused of mishandling relief aid.

Haim Barbivai, the mayor of Kiryat Shemona, the largest city in this part of the north, acknowledged that numerous Israeli cities were unprepared for the humanitarian disaster that befell them, with families trapped in bomb shelters and most businesses shuttered.

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"We didn't know it would last so long," Barbivai said. "We thought it was going to end in minutes: the mighty Israeli army against Hezbollah. But when war starts, you never know where it will end."

Wilkinson reported from Misgav Am and Chu from Jerusalem.

Analysis: For Israel, An Imperfect Deal (AP)

By Karin Laub

AP, August 13, 2006

For Israel, the U.N. cease-fire deal is far from perfect. A U.N. force deploying in south Lebanon as part of the truce will have trouble keeping Hezbollah at bay for long or prevent the Iranian-supplied guerrillas from rearming, critics said, pointing to past failures of international peacekeepers.

The U.N. terms will buy temporary calm, but make the next war between Israel and Tehran's proxy army inevitable, former Israeli Foreign Minister Silvan Shalom and some military analysts warned.

"It begs the question, `What was it all for?'" Shalom said, reflecting a growing chorus of criticism.

Israel had little choice but to go along with the U.S.-backed compromise, after its vaunted army failed to subdue Hezbollah in more than a month of fighting. The guerrillas took heavy blows and suffered scores of casualties, but kept raining rockets on northern Israel throughout the war and clung to positions near Israel's border.

In a race against a looming cease-fire, Israeli troops moved deeper into Lebanon on Saturday to try to capture all territory south of the Litani River, the area that is to be free of Hezbollah. Helicopters ferried hundreds of soldiers into the war zone, in the biggest military airlift in 33 years.

Israeli officials explained that the troops were trying to pave the way for the deployment of 15,000 U.N. peacekeepers and 15,000 Lebanese forces between the border and the Litani. However, some said the last-minute push was of questionable military value and unnecessarily endangered soldiers.

At least seven soldiers were killed Saturday, the first day of the wider ground war, and an Israeli helicopter was shot down.

On paper, a combined force of 30,000 patrolling south Lebanon appeared an impressive achievement for Israel, which has long demanded that the Lebanese government take control of that area.

However, the Lebanese army — composed of up to 50 percent of Shiite Muslims, the same faith as Hezbollah's fighters — will at best have a symbolic role, and at worst be sympathetic to the guerrillas, said Shlomo Brom, a former Israeli military chief of planning.

If challenged by Hezbollah gunmen, the army would likely fold, Brom said. "That's why a multinational force is needed," he said.

However, international observers in the area have proven ineffective in the past. The 2,000 U.N. peacekeepers, known as UNIFIL, who have patrolled south Lebanon since 1978 are no match for Hezbollah, which built its state-within-a-state and acquired sophisticated weapons from Iran without interference.

The new beefed-up U.N. force was given a wider mandate, including permission to use "forceful means" if challenged by the guerrillas.

That wording is still vague, Israeli TV commentator Ehud Yaari said. "When you take into account the past record of UN forces ... it's hard to be hopeful," he said.

Alvaro de Soto, a U.N. special envoy to the Middle East, said much of the criticism of UNIFIL was unfair, since its mandate had been limited. Even so, he said the force repeatedly had defused minor confrontations.

The U.N. resolution's language on a weapons embargo also is problematic, analysts said. The truce deal bars the "sales or supply of arms and related material to Lebanon, except as authorized by its government" — of which Hezbollah is a member. An embargo also would be difficult to enforce on the ground, Yaari said.

Hezbollah leader Sheik Hassan Nasrallah said his guerrillas would abide by the cease-fire once Israeli forces leave, but he expressed reservations about the deal.

The Islamic militant group wants a release of Lebanese prisoners in Israel and a return of Chebaa Farms, a disputed border region held by Israel. If progress is not made on those provisions, the guerrillas may be less willing to cooperate with the forces in the south.

Defense analysts warned more fighting was likely in the future.

Iran can easily reactivate Hezbollah for its own political needs, particularly if it were to be attacked by the West over its nuclear weapons ambitions, Israeli counterterrorism expert Boaz Ganor said.

Shalom, of the right-wing Likud Party, agreed that another war is inevitable. "This was just the preview for the main movie," he said of the conflict that began July 12 when Hezbollah crossed the border and captured two Israeli soldiers.

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"They (Hezbollah) will now rebuild themselves. We could then see long-range missiles, perhaps with non-conventional warheads," warned Shalom.

Israeli leaders defended the deal against growing skepticism — and got a little help from U.S. Secretary of State Condoleezza Rice. The deal, she told Israel TV in a telephone interview, "really does enhance Israel's security."

Defense Minister Amir Peretz acknowledged that Israel would have preferred a NATO-led force, rather than U.N. troops, but emphasized the expanded size and mandate of the peacekeepers.

Vice Premier Shimon Peres said Israel couldn't expect to get everything it wanted. "If we opposed the U.N. resolution, the world would have turned against us," he cautioned.

France, Italy, Turkey Offer U.N. Troops (AP)

By Angela Doland

AP, August 13, 2006

France and Italy, along with predominantly Muslim Turkey and Malaysia, signaled willingness Saturday to send troops for a beefed-up U.N. peacekeeping force in southern Lebanon, but consultations are still needed to hammer out the force's makeup and mandate.

New Zealand and Ireland were among smaller nations saying they might contribute peacekeepers for the mission to bring calm after a month of fighting that has killed more than 800 people, displaced hundreds of thousands and caused widespread damage.

A day after the U.N. Security Council unanimously adopted a resolution seeking a "full cessation" of hostilities, governments worldwide urged Israel and Hezbollah to seize the opportunity. German Foreign Minister Frank-Walter Steinmeier called it a chance "that must not be wasted."

The resolution, drafted by France and the United States, authorizes 15,000 U.N. peacekeepers to help a similar number of Lebanese troops take control of southern Lebanon as Israeli forces withdraw from an area that is a longtime stronghold of the Islamic militants of Hezbollah.

Analysts said France would be well-suited to lead such a force, given its diplomatic success in acting as go-between in negotiations involving the United States and Lebanon.

As France had argued for, the resolution strengthens the existing U.N. force in southern Lebanon — UNIFIL, which now has 2,000 soldiers acting as observers and has been in place since 1978.

Washington has been concerned over UNIFIL's ineffectiveness in containing violence along the Israel-Lebanon frontier and it originally pressed for the deployment of a new international force separate from UNIFIL.

The strengthened U.N. force is to monitor a cease-fire, ensure humanitarian aid reaches civilians and back up the Lebanese army in asserting government control in the south, where Hezbollah has been virtually autonomous.

The resolution authorizes UNIFIL to use "all necessary action" to make sure "its area of operations is not utilized for hostile activities of any kind." Its troops could use force to ensure the movement of aid workers and protect civilians in imminent danger.

Further discussions are needed to pin down exactly when and under what conditions UNIFIL can use firepower. And the Security Council said UNIFIL's mandate setting out its roles might be "enhanced" in a later resolution.

French President Jacques Chirac said his country will "play a role in putting the new resolution into place, particularly in regards to the new UNIFIL."

France — which already participates in UNIFIL along with China, Ghana, India, Ireland, Italy, Poland and Ukraine — will determine how many more peacekeepers to send after evaluating the force's mandate, Chirac said.

His country is seen as a likely leader of the U.N. operation.

By leading a peacekeeping force with a large European presence, France could strengthen its own role in the Middle East, analysts say.

That could, in turn, benefit the European Union, and ensure France a greater role in carving out the bloc's foreign policy, said Barah Mikail of the Institute of International and Strategic Relations in Paris.

Given France's relations with Washington and its historic ties with the Arab world, "France seems the best-placed to lead this force," Mikhail said.

Italian Premier Romano Prodi and his foreign minister, Massimo D'Alema, confirmed Italy's willingness to take part. They said Italy will be involved in talks "in the next few days to determine the composition, articulation and mandate" of the force.

Predominantly Muslim nations also expressed willingness to provide peacekeepers.

Turkish Foreign Minister Abdullah Gul said his government would look "very favorably" toward sending peacekeepers, but only after a full cease-fire.

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In Malaysia, Deputy Prime Minister Najib Razak said his country was preparing about 1,000 soldiers to take part in the mission once fighting stops.

Razak also said two of Malaysia's Muslim neighbors, Indonesia and Brunei, were prepared to participate, although there was no official comment from those governments.

Shebaa Farms Occupies A Pivotal Spot In Mideast Conflict (MCT)

By Matt Schofield

McClatchy Newspapers, August 13, 2006

Any lasting Israeli-Hezbollah cease fire will have to address the fraught question of who owns 14 abandoned orchards, pastures and mini-farms on the Syrian-Lebanese border with Israel known as Shebaa Farms.

Israel captured the 10 square-mile strip of sand and dust-tinted scrub brush from Syria during the Six Day War in 1967.

When Israel pulled its troops from southern Lebanon in 2000, it left some in Shebaa Farms on the theory that Hezbollah no longer had an excuse to attack them as occupying forces because Shebaa Farms belonged to Syria.

Israel proved wrong about Hezbollah, which has attacked the area more than 30 times since 2000 - and killed seven Israeli troops - 2000 on grounds that Shebaa Farms belongs to Lebanon.

And Syria agrees with Hezbollah.

While even Israelis say Shebaa Farms' strategic value is minimal, no one in the region is giving away any bargaining chips these days.

Rally Near White House Protests Violence In Mideast (NYT)

By Robert Pear

The New York Times, August 13, 2006

WASHINGTON, Aug. 12 — Thousands of people rallied near the White House on Saturday to protest what they described as Israeli aggression in Lebanon and the United States' unwavering support for Israel.

The diverse crowd included many Arab-Americans and Muslims, college students and families, as well as veterans of prior demonstrations against the war in Iraq.

"We want to know why our tax money is going to support war crimes,'' said Mounzer Sleiman, vice chairman of the National Council of Arab-Americans, one of more than 15 speakers who addressed the protesters gathered in Lafayette Park, across from the White House, under a cloudless sky.

The crowd erupted periodically in chants, "Israel out of Lebanon now" and "Free, free Palestine.''

Dr. Khalil A. Katato of West Bloomfield, Mich., an oncologist who came to Washington by bus with his wife and five children, said, "We are protesting U.S. support of Israeli aggression on the Palestinian and Lebanese people.''

His wife, Daad Katato, said she made the trip to protest the war in Iraq, and to show sympathy for children killed or injured during Israel's military operations in Lebanon and the Gaza Strip.

The criticism of Israel at Saturday's rally contrasted with the sentiment in Congress, where support for Israel is overwhelming and bipartisan. By a vote of 410 to 8, the House last month expressed "strong support'' for Israel and condemned Hezbollah and Hamas for armed attacks on Israeli territory. The Senate approved a similar resolution by voice vote.

President Bush was at his ranch in Crawford, Tex., winding up a 10-day vacation. He was due back at the White House on Sunday.

At the rally on Saturday, the prevailing sentiments were expressed in signs held aloft by marchers: "Occupation is a crime — Iraq, Lebanon, Palestine." "Stop Israeli terrorism." "No justice, no peace.''

Brian Becker, national coordinator of a coalition called Act Now to Stop War and End Racism, a sponsor of the rally, asserted that President Bush had given Israel a green light to crush Hezbollah in Lebanon, then "sent cluster bombs to the Israeli Defense Forces to kill Lebanese children.'' Israel has asked the Bush administration to speed delivery of rockets armed with cluster munitions, which could be used to strike Hezbollah missile sites in Lebanon, and a senior American official said this week that the request was likely to be approved.

Several speakers at the rally criticized Mr. Bush for mentioning the religious background of those arrested this week in a plot to blow up airplanes flying from Britain to the United States. Mr. Bush said the plot showed that "this nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation.''

Mahdi Bray, executive director of the Muslim American Society Freedom Foundation, said Mr. Bush owed Muslims an apology. "There is no Islamic fascism,'' Mr. Bray said. "There is no doctrine of fascism in Islam.''

Esam Omesh, president of the Muslim American Society, said, "We all stand united against the violence and the killing in the holy land.''

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Ramsey Clark, the former attorney general, drew cheers when he said, “We have a solemn obligation to impeach President Bush.’’ Mr. Clark, who has served on the defense team for Saddam Hussein, the former president of Iraq, also advocated the impeachment of Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld.

Two students from George Mason University in Fairfax, Va. — Ali Khan, 28, a Pakistani-American, and his wife, Afnan Khan, 22, who was born in the United States to Iraqi parents — were less strident. They said they were protesting the death of civilians, especially Lebanese children.

“They are all innocent,’’ Mr. Khan said.

Lebanon Supporters Converge At White House (WP)

By Petula Dvorak And Robert Samuels

The Washington Post, August 13, 2006

Families, Activists Travel to Demand Cease-Fire, Protest Actions of U.S. and Israel

Thousands of people came from across town, across the river or across the country to circle the White House yesterday in a passionate demonstration supporting Lebanon, the country at the center of the fighting between Israel and Hezbollah.

Hundreds of red-white-and-green Lebanese flags bearing the country's emblematic cedar tree waved beneath Lafayette Square's canopy of elms as demonstrators demanded a cease-fire, many of them mourning their war-ravaged homeland.

"There are a lot of kids, a lot of women dying, and the amazing thing is no one is doing anything about it," said Hassan Alaouie, 42, who traveled with his wife and two children from Dearborn, Mich., to attend the rally. "This is the least we can do." Alaouie, who works for a medical billing company, came to the United States from a border village in Lebanon 20 years ago, but much of his family is still there. His brother lost his home in Beirut to an Israeli missile, and his parents had to flee to a safe house in the north.

By Washington standards, yesterday's event did not equal protests that swelled with hundreds of thousands of participants. Organizers estimated "tens of thousands," but law enforcement officials, who no longer make official crowd counts, estimated the crowd at less than 10,000.

The rally was held on the day that Hezbollah and the Lebanese government accepted with reservations a cease-fire declared by the United Nations to end the month-long conflict. The Israeli cabinet is to vote on the cease-fire today.

The primary organizer was the ANSWER coalition, a left-wing group that has sponsored numerous antiwar rallies that often attract socialists and anarchists. The National Council of Arab Americans and the Muslim American Society Freedom Foundation also were sponsors.

Most of the people at the White House yesterday were Muslim families and students, who took breaks in the shade to feed children or bow toward Mecca for noon prayers.

"We came with seven buses from Ohio. We drove all night," said Julia Shearson, director of the Ohio chapter of the Council on American-Islamic Relations, in Cleveland.

Shearson, a convert to Islam, said she brought her 5-year-old daughter, Dalal Alaai, because she fears for her future. "We're very frightened of the escalation in this conflict," Shearson said.

For about two hours before the march, thousands of protesters gathered near the stage in Lafayette Square. Cedars were painted on faces and T-shirts; hair was dyed in the colors of the Lebanese flag and hundreds of Palestinian flags and banners were waved.

Speakers decried the actions of Israel and the United States, which they described as an occupation, and proclaimed solidarity with the civilians caught in the crossfire of the conflicts in the Middle East.

The crowd grew most agitated when speakers denounced President Bush's references to Islam.

"Mr. Bush: Stop calling Islam 'Islamic fascism,' " said Esam Omesh, president of the Muslim American Society, prompting a massive roar from the crowd. He said there is no such thing, "just as there is no such thing as Christian fascism."

By early afternoon, the march wound its way around the White House. As the marchers turned onto 15th Street NW, they encountered about two dozen counter-protesters.

"There is no other God but Jesus!" shouted one of the counter-protesters. He held a megaphone in one hand, a Bible in the other.

The crowd shouted back: "Rah, rah, Hezbollah!" and "Long live Hezbollah!"

Syed Hussain, 19, of Columbia carried a neon green sign that read: "Hezbollah is not a terrorist organization."

"They're just defending themselves," Hussain said. "I hope this rally helps to show people that, so when they see us shouting 'Hezbollah,' they know what it means."

Jerry Scheer, 46, watched with his hands on his hips.

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"I've never seen anything like this. I'm from Kansas," said Scheer, of Wichita, who expressed his displeasure with the rally. "But this is the only country in the world that would allow them to do this."

Staff writers Sandhya Somashekhar and Martin Weil contributed to this report.

Hundreds March In L.A. To Protest Lebanon And Iraq Wars (LAT)

By Ted Rohrlich

The Los Angeles Times, August 13, 2006

Some participants are former Lebanese angered by the Israeli invastion.

Omar Abdallah, a 38-year-old North Hollywood convenience store owner who emigrated from Lebanon as a young man, was one of more than a thousand people who marched through downtown Los Angeles on Saturday to protest Israel's bombing of his native land, its treatment of Palestinians and the U.S. war in Iraq.

Abdallah, who marched up Broadway and through the Civic Center holding a Lebanese flag, said he was drawn to the event because he is "against all war" and, in the case of Israel's war against Hezbollah, he has had family members in harm's way.

He said he spoke by telephone Saturday with a sibling who said Israeli warplanes had just bombed the town of Baalbek in the Bekaa Valley, where his brother and sister live. Other family members have fled, he said, leaving almost all of their possessions behind. The Associated Press reported that the Israeli target in Baalbek on Saturday was the headquarters of a Hezbollah charity organization.

The Los Angeles march — organized by a group called Act Now to Stop War & End Racism, the National Council of Arab Americans and the Muslim American Society Freedom Foundation — took place as a United Nations-brokered cease-fire was being accepted by Lebanon and Hezbollah. Similar marches took place in San Francisco and Washington, D.C.

Many of the local marchers, including organizer Ahmed Azam, president of the Muslim American Society's Los Angeles chapter, were skeptical that a cease-fire would lead to lasting peace.

"I'm not optimistic," said Azam, who teaches at DeVry University in Long Beach.

Many ethnicities and age groups were represented in the peaceful protest.

Toni Arenstein, 56, a nurse, said she marched because "I am a Jewish woman and I stand in full solidarity with the Lebanese and Palestinian resistance, and also I am outraged at the billions of dollars … the U.S. government is spending to fund the Israeli war machine when people here are suffering."

The marchers appeared united in disdain for President Bush. Some carried printed signs with his photograph and the label "warmonger."

Simone Missirian, 35, of L.A. wore a sandwich board purporting to show Bush's "policy checklist." It began: "Save Embryos. Kill Muslims and Arabs."

But Houda Itani, a 19-year-old American of Lebanese descent, said she came out of disgust for political leaders in general who make war but "don't realize" that most Muslims and Jews just want to live in peace.

Mideast Rallies Held In Washington, S.F. (AP)

By Natasha T. Metzler, Associated Press Writer

AP, August 13, 2006

Thousands of people gathered across from the White House on Saturday, even though the president was out of town, to condemn U.S. and Israeli policies in the Middle East.

Speakers in Lafayette Park energized the mostly Muslim crowd with chants and speeches condemning Israeli involvement in Lebanon and the Palestinian territories, U.S. support for Israel and U.S. involvement in Iraq.

"Occupation is a crime," the crowd chanted, equating the situations in the three areas. But they also called for peace and justice for all.

"We all stand united against the violence and the killing in the holy land," said Esam Omesh, president of the Muslim American Society, a co-sponsor of the demonstration, along with the American-Arab Anti Discrimination Committee and the National Council of Arab Americans.

"There is no difference between Muslim life, Christian life or Jewish life," said Omesh.

In San Francisco, about 2,000 people marched in support of Lebanese and Palestinians and against the Israel military action.

"The occupiers are being seen as the victims, and I'm really ashamed of what is going on in the Middle East," said Alicia Jrapko, a member of the A.N.S.W.E.R. Coalition, which organized the rally.

"End the occupation now!" one demonstrator's sign read, a call for Israel to leave historically Palestinian lands.

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Several hundred counter-demonstrators gathered to show their support of Israel, waving American and Israeli flags. "Hezbollah out of Lebanon!" a protester's sign said.

Former Attorney General Ramsey Clark drew cheers from the Washington crowd when he called for President Bush's impeachment.

"We've made more enemies during the presidency of George Bush than in the rest of our history combined," Clark said.

Rahat Husain, 24, of Columbia, Md., said he did not have much hope that the Bush administration would change its policies because of the demonstration, but said it could raise Americans' awareness and create compassion for Lebanese citizens.

Hassan Rida, 26, traveled from Farmington Hills, Mich., with his 15-year-old cousin, Hassan Mokbel, who was vacationing in southern Lebanon when the current crisis started and had to escape through Syria. He and friends Nehme Mhanna, 24, and Mona Alaouie, 24, from Dearborn, Mich., said they wanted to show support for the Lebanese and educate Americans about the situation.

"There's always two sides of the story," Rida said.

Habib Ghanim, 55, of Silver Spring, Md., said he voted for Bush, but would probably vote democratic in the next election, because he is disappointed and wants to "stop the fighting on all sides."

The family friendly crowd was filled with Muslims, but also contained many non-Muslims, including a handful of orthodox Jews. Yeshaye Rosenverg, 23, traveled form Monsey, N.Y., to "show the support for the Lebanese and Palestine people and to make clear that it's not a Jewish fight between Arabs and Jews."

A law enforcement official on the scene estimated that there were about 5,000 people attending the rally and subsequent march through the streets of Washington, which was sponsored by the ANSWER Coalition, the Muslim American Society Freedom Foundation and the National Council of Arab Americans.

Fleeing Lebanese Christians See Town Forever Changed (WP)

By Anthony Shadid

The Washington Post, August 13, 2006

HASBAYA, Lebanon, Aug. 12

Israeli troops entered Marjayoun at 3:30 a.m. Thursday. They had first seized Burj al-Molouk. Next was Qleia. The last, along a road stretching from the border, was the capital of the province, a faded, once-prosperous town that unfurls up a hill overlooking a valley carpeted in olive trees and the imposing, wizened peaks of Mount Hermon, known here as Jebel al-Sheikh.

"They came with the tanks, of course," said Fouad Hamra, the town's mayor.

Residents said the 400 or so families in the town of Marjayoun stayed indoors, some too fearful to look out their windows to the street. Even a loud voice might draw notice, they said. The Israeli presence was ghostly -- some heard voices, a few saw the soldiers themselves, most knew of their presence by word of mouth, news broadcasts and the sound of fighting that went on outside their doors.

"People didn't dare leave their homes," said Hikmat Farha, a 53-year-old resident now staying in a Beirut suburb.

Nearly everyone has now departed the Christian town, where houses of cream stone and red-tiled roofs sit tucked in a southern corner of Lebanon, perched unfortunately along the Israeli border. Some left in the early days of the month-long war, when Israeli forces laid siege to Khiam, a Shiite Muslim town across the valley, where fighting still raged Saturday. Most, like Hamra, left Friday in a harrowing convoy of hundreds of cars that plied a moonlit road and was attacked by Israeli aircraft. Six people were killed and more than 30 wounded.

Now its exiled inhabitants await what many Lebanese fear is the start of a smoldering, undecided war, brokered by a U.N. resolution that might bring a respite rather than peace.

"It's tough for people not to be able to go home," Farha said.

The destruction of the front-line village of Bint Jbeil is far more harrowing, swaths of it pulverized into unrecognizable rubble. The siege of the seaside port of Tyre is more menacing, its thousands of people running short on food, water and gasoline after an Israeli order that any car traveling on any road risks attack. But the experience of Marjayoun is an example, writ in the footnotes of a war, of the sometimes ignored sentiments of conflict: the pain of loss, of uncertainty, of not knowing when homes will become theirs again.

"I wish I knew," Hamra said. "I wish they'd leave now."

The start of Marjayoun's occupation was quiet, but clashes soon erupted. What started them is a matter of dispute. Ever since Israeli forces left Marjayoun and the rest of southern Lebanon in 2000, Hezbollah and its Shiite Muslim militia maintained a discreet presence. There were no retributions. There was no armed presence inside Marjayoun and other villages that belonged to Lebanon's other sects: Druze, Christian and Sunni Muslim. Some residents said it was not Hezbollah that fired on the Israeli

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troops in Marjayoun, but operatives of a secular, leftist party whose posters still adorn the sides of buildings and telephone poles across the region.

Whatever the cause, Israeli forces fired in Marjayoun. Samir Razzouk's busy shop in the newly renovated town square was destroyed, along with its lottery machine that drew customers and its shelves stuffed to the ceiling with decade-old oddities that gave him a reputation as a pack rat. The house of Suheil Abu Mrad near the town's lone mosque was damaged. So was the house of Karim Jabarra, who provided electricity from a generator when the city's power grid flickered and floundered, as it often did.

The number varied of other houses damaged -- 10, 20, perhaps more. And in a town where houses represent families, and families represent centuries of history, residents said a part of Marjayoun was lost, too.

Water was scarce, an irony for a town whose name means "field of springs" in Arabic. "They had springs outside their homes, and they couldn't reach them," Farha said. Generators began giving out as gasoline ran short. And people decided to leave.

"Everybody will say: 'Why did they leave? How did they leave?' " Farha said. He called the question easy in hindsight. "Looking at the war with your eyeglasses on is easy," he said. "But when you're in the middle of it, it's much more difficult."

Farsan Kfouri said his family of 35, along with others, gathered at 8:30 a.m. Friday on the town's main street. They waited for permission through the day, as Israeli shells crashed down on Khiam and the outskirts of Marjayoun. There were negotiations and rumors about Israeli permission, and the convoy of hundreds of cars finally set off at 4 p.m., passing several miles in two hours along a dirt road with white smoke furling skyward sometimes 500 yards away. Short on gas, some cars were abandoned on the road.

"The cars were bumper to bumper, and the people were terrified," he said.

By nightfall, the convoy had split into small groups, making their way through the Bekaa Valley. At times, the road was lit by a full moon, tinted yellow, illuminating the nearby mountains. As they left the valley at about 9 p.m., near the town of Kefraya, known in Lebanon for the wine of its vineyards, some in the convoy saw flashes of light and heard blasts. Chaos ensued. People got out of the cars; the air filled with screams and cries. Others shouted for the drivers to turn off their car lights. Minutes later, a Lebanese soldier ordered them to turn the lights back on. Cars careened in every direction, trying to retreat. On her way out, Ronitte Daher, the correspondent for an-Nahar newspaper, who was riding with her sister, said she saw the body of a man she knew, Elie Salama, a baker in Marjayoun.

"We thought we'd go out of this region, and we'd be safe, but it was the opposite," she said.

The residents of Marjayoun were told the convoy had permission, but the Israeli military said that although a request was made for safe transit, it was never granted. It said it had mistaken the cars for Hezbollah guerrillas transporting arms.

"The clearance was not clearance enough," Hamra said bitterly.

With his family, Kfouri made it back to Rashaya and stayed with a family. He eventually made it to Beirut 24 hours later.

"Even if there was Hezbollah, they shouldn't have gone ahead and hit innocent civilians," he said.

In all, at least six people died -- two from Marjayoun, one from Deir Mimis, another civilian, a soldier and a Red Cross volunteer. Rumors swirled through the community of Marjayoun: who was hurt, who was killed. Some heard friends were dead who later turned out to be alive. Word spread slowly, since much of the convoy stayed put, the drivers too fearful to go any farther.

"It's so useless," said Nimr Musallam, who left Marjayoun during a lull in fighting two weeks ago. "War is ugly."

The war in southern Lebanon is infused with a Shiite Muslim narrative, both past and present. Memories run deep of the 18-year Israeli occupation over mostly Shiite villages. Often heard in today's conflict is the idea that nothing can be gained without sacrifice, that the Shiite community has already proved its steadfastness by battling the Israelis for more than a month.

There is a sense, too, that the war is not yet over. Hasan Nasrallah, the leader of Hezbollah, vowed Saturday that while his group would accept a cease-fire, fighting would persist as long as Israeli troops were on Lebanese land.

"It is our natural right to confront them, fight them and defend our land, our homes and ourselves," he said.

Marjayoun residents expected to escape the brunt of the fighting. It is a Christian town and, during the occupation, it served as the headquarters of Israel's allied militia. The Israelis themselves were not necessarily popular, but the money their presence brought to the town provided a livelihood far better than today, as jobs are scarce and many of its young depart for Beirut or emigrate abroad. Occupation, though, draws on universal notions, as does exile; foremost, perhaps, is the uncertainty of when it will end.

"It's like you're deprived of your home," Musallam said. "It's your dignity, your identity, everything that concerns you."

He thought for a moment. "They could stay for a week, they could stay for a year. I don't know. Really."

As Farha left Marjayoun, his most distinct memory was the empty streets, framed by the olive groves that bend like a bow across the hillsides, interspersed with the grapevines climbing terraces, their ripening red fruit hanging over patios. A crater is

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carved into one road out of Marjayoun, as it hugs a hill of crumbling terraces and worn stones revealed by time. Five rocks, spaced a yard apart, block another road, impassable but by foot. The one path is a sand trail that arches over a deserted quarry.

Farha left his clothes, his three-month-old dog Max and pretty much all his belongings in a house he had painstakingly remodeled. And he thought back to more distant stories: 1948 and the war that led to Israel's creation. Palestinians in such towns as Haifa, Acre and Jaffa, and villages along the coast, were told to leave their homes for a few days until the war ended. They never returned.

"That is how people left," he said. "They left everything and the next day, in a few days, they thought they would be back."

Marjayoun will never be the same, he said. It could be rebuilt, but its terrain will likely remain scarred -- an intricate quilt of Lebanon's diversity. He wondered what would happen to the devastated Shiite villages of Dibin and Blatt next door, and Khiam across the valley. Or the more distant Sunni towns such as Kfar Shouba, Kafr Hammam and Shebaa, many of their residents having fled.

"When you see only Marjayoun around you, you become sad," he said.

Hamra, the mayor, thought back to history, too. He had never left Marjayoun. In the 1967 war, he said, he stood on his balcony, watching residents leave. He did the same in 1982, when Israeli troops invaded Lebanon. And the same in 2000, when they left.

"I was always watching the people," he said. "This time, what happened was a disaster, and I decided to leave."

He paused, thinking ahead. "I'll go back to Marjayoun. Myself, I'll go back." He stopped again. "If they allow me."

Before Attack, Confusion Over Clearance For Convoy (NYT)

By Sabrina Tavernise

The New York Times, August 13, 2006

HASBAYA, Lebanon, Aug. 12 — The cars set off down the narrow mountain road a few hours before sunset. They were trying to leave villages the Israeli Army occupied two days before, moving with what they thought was permission to pass.

But then the missiles came. Shortly after nightfall, Israeli aircraft fired into the convoy, containing more than a thousand Lebanese villagers. The military said in a statement that it had received a request for the convoy to move, but had denied it. It said it had suspected that cars in the area contained Hezbollah guerrillas carrying weapons, and only later discovered that the cars were part of the refugee convoy.

Six people were killed and more than 30 were wounded, according to witnesses and Red Cross officials. Among the dead were a Lebanese soldier, a baker, a Red Cross worker and the wife of a mayor of one of the villages.

What followed was a scene of panic under a large yellow moon. Drivers switched off their headlights, afraid of being shot, and frantically began turning around on the narrow road, which runs between two mountains near the winemaking village of Kefraya. An ambulance worker driving with the convoy was killed trying to get to the wounded, and it was an hour before nearby emergency workers could get in to pick up the bodies.

“We saw the light and the sound of the bomb,” said Ronitte Daher, a newspaper reporter from the village of Qlayah, who was traveling in the convoy with her sister. “I got out of the car and heard voices of people crying and shouting.”

She did not know what to do, and switched off her lights. Someone shouted to get out of the car and run for cover. Other cars were driving in reverse. She turned her car around.

“When I was turning, I saw a dead body,” she said. “I know that man. I saw his children crying and shouting, ‘Please help us! Please help us!’ ”

Israeli planes have been striking Lebanese civilians since the beginning of the war, hitting a truckload of fleeing farmers, a Lebanese photographer and a village during a funeral. Even so, Friday’s strike still came as a shock: the convoy was more than 500 cars long and included a town mayor, an entire Lebanese Army unit and its own ambulance.

The Israeli military said it had banned the movement of cars south of the Litani River, though the convoy was hit well north of it.

Crowding may have been part of the problem. The villagers had been waiting in Merj ’Uyun, a few miles south of here, since early Friday. Many had not been out of their houses since the Israelis came late last week, and they were desperate to leave.

Finally, around 4 p.m., they piled behind each other in a long bumper-to-bumper line and began moving out. The road was a mess, torn with large craters, and it took more than two hours to move several miles, according to the mayor of Merj ’Uyun , Fuad Hamra, who was in the convoy.

As soon as the cars were hit, all within about three minutes of one another, drivers farther back began hearing about it on their cellphones and many simply stopped in the dark. Some cars parked in areas that looked safe. Others, like Ms. Daher, drove

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to Jib Janine, a nearby town. Shortly after the attack, clumps of cars were idling in two parking lots south of Jib Jenine. People stood outside in the bright moonlight.

Ms. Daher stayed in the home of a family she had never met. They gave her water.

"I saw some people," she said. "I asked it's safe here? They said, yes, come."

Ms. Daher, a reporter for Nahar Newspaper, one of Lebanon's main newspapers, said that she tried to take photographs of the soldiers from the window of her house on Thursday, but that soldiers shot at the house when they saw her.

"They asked people not to look out the windows," she said, speaking by telephone from Beirut, where she finally arrived Saturday afternoon.

She described a frozen town, in which Israeli soldiers and Lebanese civilians were terrified of one another.

"They are afraid of any movement in the houses, so we tried to keep calm," she said. Israelis, according to Mr. Hamra and other residents, had destroyed some houses in the villages they occupied late last week, and residents did not feel safe inside their homes.

"They bombed some houses," she said. "We don't know why."

Residents were similarly baffled about the convoy. The Israelis have warned several days ago that they would strike anyone driving south of the Litani River, and reiterated that warning the statement they released Saturday about the mistaken strike. But the convoy was hit far north of the river, after the convoy had passed out of active fighting.

"Something went wrong," Mr. Hamra said by telephone from Beirut. "We were promised that we would have the clearance from Israelis and the road would be cleared. Neither happened."

"Probably the clearance wasn't cleared enough."

In Mideast, It's Condi's Fight Now (WP)

By James Mann

The Washington Post, August 13, 2006

Secretary of State Condoleezza Rice now faces the biggest crisis of her career. America's role in the Middle East is in danger of falling apart -- and it is her job to put it back together. As she sifts through the damage wrought by the month-long conflict in Lebanon and witnesses the intensifying violence in Iraq, her political future and vision of U.S. foreign policy as a transforming force in the Middle East hang in the balance. This, like none other, is Rice's moment.

Nothing she has done quite prepares her for this role. Throughout nearly a decade in government, Rice has combined many talents -- a striking public persona, political savvy, a knack for the bureaucratic infighting inherent in U.S. foreign policy, and the ability to avoid blame when things go awry. (Americans unhappy with the war in Iraq have largely given her a free pass, focusing their anger on President Bush, Vice President Cheney and Defense Secretary Donald H. Rumsfeld, even though Rice has been involved in many key decisions.) Today, those talents will not suffice. Rice's chances of lasting success in the Middle East rest upon different skills: hard diplomacy, the shrewdness to craft a long-term strategy and the flexibility to make compromises that square with her proclaimed ideals. Rice has adapted before, from young pianist to academic Sovietologist, from Condi the bureaucratic straddler to Condi the Bush foreign-policy apostle. But this challenge is tougher than the others she has faced. Right now, the Middle East is Condi's war -- and so far, she isn't winning.

Friday night's U.N. resolution calling for an end to hostilities between Israel and Lebanon -- which Rice hammered out together with U.S. allies -- is a critical breakthrough, but only the first step in an arduous effort to stabilize the region. After the war broke out, Rice traveled to the region and met repeatedly with some of its leaders, though not those in Iran or Syria. At the outset, she stumbled badly in her rhetoric: When she argued that the war represented the "birth pangs of a new Middle East," she provided ready fodder for ridicule and anti-American diatribes throughout the region. It was not the time or place to take on the mantle of the apostle.

If Rice fails and the turmoil in the Middle East worsens, the adulatory coverage of her tenure at the State Department will dry up. For the first two years, the public perceptions of Rice -- the boots! the dresses! the snooze on the floor of the plane! -- concentrated more on her personality than on her modest diplomatic record. So far as secretary, Rice has worked hard, with some success, to improve relations with European governments and to ease the hard-edged unilateralism that typified Bush's first term. But she has failed to produce far-reaching diplomatic breakthroughs on more urgent problems, such as North Korea's nuclear program.

Her two immediate predecessors should provide cautionary tales: Both Madeleine K. Albright and Colin L. Powell received similar celebrity treatment in their early days at State, yet both ended their tenures there amid considerably less excitement than when they started.

Of course, Rice enjoys the one asset that these two predecessors lacked: a close working relationship with the president of the United States. Indeed, her ascent to the top of the Bush foreign-policy team was underscored less than three months ago,

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when Bush agreed, at Rice's urging, to offer Iran direct talks over its nuclear program. That action reversed more than two decades of U.S. policy; it also aroused outraged protests from neoconservatives such as Richard Perle, who in these pages accused the administration of "an ignominious retreat."

Rice's rise within the foreign-policy elite was based in part on her ability to smooth over battles with people such as Perle, or to avoid the battles altogether. In terms of policy and philosophy, the Early Condi was a straddler. In her first big job, as a National Security Council specialist on the Soviet Union and Eastern Europe under President George H.W. Bush, the administration was divided over how to deal with Soviet President Mikhail Gorbachev. Did he truly represent significant change? How much support should Washington lend him? Rice avoided closely identifying with either the hawks or the doves in these intra-administration debates. (More than a decade later, when I was conducting book interviews about these events, I found that members of both factions still believed Rice had been on their side.)

Rice's talent for bridging differences within the Republican camp was part of her appeal to George W. Bush when he first ran for president. Since the 1970s, the Republicans have been beset by divisions over foreign policy. On one side are the realists, the wing of the party symbolized by former secretary of state Henry A. Kissinger and former national security adviser (and Rice mentor) Brent Scowcroft; they emphasize balance-of-power diplomacy. On the other are the conservatives and neoconservatives, the wing symbolized by President Ronald Reagan; they put a premium on values, such as political freedom, in foreign policy. These disputes had weakened the party and helped contribute to the defeat of two Republican presidents: Gerald R. Ford and, more important, George H.W. Bush, who was never able to win the support and enthusiasm of Reagan Republicans.

Rice's mission for the current president was to make sure it didn't happen again. She courted neoconservatives, suggesting that the differences within the party were more imagined than genuine. During the 2000 campaign, in which Rice served as Bush's principal foreign-policy adviser, he gave speeches calling for "realism in the service of ideals." Later, when the Bush administration drafted its first National Security Strategy in 2002, under Rice's direction, the document called for "a balance of power that favors human freedom." In each case, these careful formulations combine one nod to the Kissinger wing of the party (realism, balance of power) and one to the Reagan wing (ideals, human freedom).

As Bush's first-term national security adviser, Rice kept her distance from the bureaucratic combatants in this battle: the State Department vs. the Pentagon, Cheney and Rumsfeld vs. Powell. Younger and less experienced than these top-level players, she failed to bring the internal discipline to the foreign-policy apparatus of the Bush administration that Scowcroft, her old boss, had brought to the administration of the president's father.

But in Bush's second term, Early Condi the straddler has given way to New Condi the apostle. Today, she has emerged as the public spokeswoman for an interconnected set of ideas that make up the underlying justification for Bush's foreign policy: first, that the Sept. 11, 2001, attacks transformed international relations; second, that, as a result, many of the old assumptions about U.S. foreign policy should be thrown out; third, that the Bush foreign-policy team faces a task comparable to that of the Truman administration at the start of the Cold War, to develop an entirely new doctrine for this new era; and finally, that U.S. policy should be devoted to transforming the Middle East and bringing democracy to the region, a job that will take a generation.

Rice's new views, no doubt sincere, have again served Bush's political interests. Bush has now staked his presidency on the notion of an unending battle against terrorism. The speeches and news conferences of the New Condi provide the justifications and the historical analogies he needs to make his case. In Bush's second term, he doesn't need to fret so much about intra-Republican splits between neocons and realists. (How much can Richard Perle hurt him these days, really?) Rather, he must worry about a further erosion -- or even a collapse -- of public support for his policies.

The problem is that the notions of epochal change that Rice has put forward are exceedingly difficult to apply in the current chaos in the Middle East. Take a typical news conference in Britain last spring. Asked about U.S. policy in the region, Rice replied: "I would say probably the most important thing that we've done is to declare . . . that the 60 years of trying to buy stability at the expense of democracy in the region is now gone."

That was certainly forthright and cogent. But at the moment, Rice and the Bush administration would be thrilled to restore mere stability to the region. To do so, they probably will need the help of undemocratic governments such as those of Egypt and Saudi Arabia, the regimes to which Rice's gibe about "stability at the expense of democracy" was directed. They may even require the assent, at least tacit, of Iran and Syria. One way or another, once the Middle East goes up in flames, as parts of it have now, diplomacy there usually involves doing some business with nasty people. Unfortunately, the past 60 years of history can't be discarded; they are all too relevant.

Much of the commentary about Rice has jumped too far into the future, ignoring the perils and challenges that remain for the final years of the Bush administration. Pundits love to speculate about Rice as a potential candidate for national office, perhaps as a Republican vice presidential nominee. These breezy predictions overlook the many risks inherent in her current predicament.

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Rice is no longer merely the conciliator of Republican disputes, or the national security adviser who reconciles differences within the bureaucracy, or the charismatic new face at the State Department. Now, she is in charge of U.S. diplomacy at a time of great upheaval -- and she will be held responsible for its failures. The latest violence in the Middle East is a reminder that if things really fall apart, so will her own political prospects and the ambitious ideas she has worked so hard to advance.

jmann12@jhu.edu

James Mann is author in residence at Johns Hopkins University's School of Advanced International Studies and author of "Rise of the Vulcans:

The History of Bush's War Cabinet" (Viking).

A Conversation With Hamad Bin Jasim Al-Thani (WP)

By Lally Weymouth

The Washington Post, August 13, 2006

Last week, as soon as it looked as though a joint U.S.-French resolution that would halt hostilities in Lebanon might pass the U.N. Security Council, the Arab League sent emissaries to work on changing the original draft. The head of the Arab delegation, Hamad Bin Jasi m al-Thani, foreign minister of Qatar, spoke with Newsweek-Washington Post's Lally Weymouth.

What are the Arab League's reservations about the Security Council's draft resolution?

We would like it to be a workable resolution. In Lebanon, Hezbollah and the Shia are around 40 percent of the population. So . . . if the Lebanese government went to enforce it, they would have problems and we might see a civil war again.

So, if Lebanese Prime Minister [Fouad] Siniora tried to enforce U.N. Resolution 1559 [requiring disarmament] on Hezbollah, there would be civil war?

Everything could happen in Lebanon. I don't think it's the right thing to let the government of Lebanon start by taking Hezbollah's weapons. It has to be done, but is now the right moment? I don't think so.

Does the Lebanese army have the power to disarm Hezbollah?

Hezbollah is in the parliament and in the government. The government of Lebanon did a good thing by announcing that they are ready to send its army to the border -- 15,000 troops.... Why do they have to take on Hezbollah? They have to take the place of Hezbollah, and Hezbollah has to become a normal political party.

Isn't the Arab League insisting that Israeli troops withdraw before Lebanese troops are deployed to the border?

This is part of a technicality that is delaying things, but I think there are solutions coming.

If you insist the Israelis withdraw, won't you leave a vacuum for Hezbollah to fill?

We say if the Israelis withdraw, they have to give [the land] to the United Nations force, which will deliver it to the Lebanese forces.

But the Israelis hate the U.N. forces.

It shouldn't be hated by anybody. It should be the fairness guy with the blue hat, trying to bring peace.

But there have been many violations of the Lebanese border with UNIFIL forces standing right there.

If we enforce the UNIFIL with the right weapons and the right structure, it could work. [The Lebanese government] objects to any forces other than UNIFIL.

Is Hezbollah really a Lebanese party or is it a proxy of Iran?

It is a Lebanese party, but maybe they have a good relationship with Iran.

How can you ensure that Hezbollah will not operate as a state within a state?

In the Middle East, there is a frustration with United States policy. For that reason, you have a lot of enemies. And your friends are afraid to say they are your friends . . . because the majority sides with anyone carrying out acts against Israel or America.

Moderate Arab regimes are afraid to say they are America's friends because . . .

They will not be popular in our region. My country is an ally of the United States. We need more consultation with the United States. The U.S. needs a more balanced policy between their obligations to the Israelis and to their other friends in the region. Otherwise, we will have more militants and more hate. . . .

We should have a normal relationship with Israel -- we should exchange ambassadors and they should give the land back to the Palestinians. Otherwise, within 20 or 50 years, the Israelis might not have the same kind of people to reach peace with [in the Arab world]. Remember, 50 years ago, the Arabs wanted to throw Israel into the sea. Now they have accepted to live with Israel. Maybe the mood will change and there will be another war.

If the Arab League delays this resolution, won't you bring on a massive ground invasion from Israel into Lebanon?

[If there is a] big land war in Lebanon, nobody will win. Five weeks ago, the Israelis said they needed two weeks to finish the job. This will be worse.

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Another Iraq, you mean?

Exactly.

Has this war made [Hezbollah leader Hasan] Nasrallah such a hero in the streets that the moderate regimes are afraid?

After this war, we will see who is the winner and the loser. Remember, in the first meeting of the Arab League in Cairo, there was a different mood among some Arab countries. They were outspoken [against Hezbollah]. But they changed because of pressure from the street. The street is not with us.

What do you think about the Lebanese government trying to claim [the disputed territory of] Shebaa Farms?

That's part of the game. Right now, from what we hear, Shebaa could be given to the U.N. for a while and then the U.N. after a border demarcation would give it to Lebanon.

So Hezbollah kidnaps soldiers and gets Shebaa Farms as a reward?

This is why starting the war was a mistake.

Your country is close to Iran. Do you see their hand in this war?

I see no evidence of this.

The statements that President [Mahmoud] Ahmadinejad makes about Israel are quite provocative.

I don't agree with what he says.

He calls for Israel to be wiped off the face of the earth.

That's not acceptable. But why? We are leaving this wound open for 50 years with no solution.

No other Islamic leader makes such statements.

But maybe in 10 years they will.

You seem to think this is a big turning point, a major crisis.

Yes. Maybe [the next generation of Arab leaders] will once again say they want to throw the Israelis in the sea. So why not take advantage of reasonable people and cut a deal?

Why have relations between Qatar and the U.S. cooled in the last two years in spite of the fact that the U.S. uses your country as a base for Iraq?

I don't know exactly why. . . . The U.S. is under pressure from other Arab countries who don't like our policy of instituting democracy and sustaining a relationship with both the United States and Israel. Your government has a short memory.

Reportedly, you warned against the war in Iraq?

We thought that in Iraq -- to go and to stay in the cities -- was a big mistake.

What's your assessment of Iraq today?

It's a mess and not curable soon.

Dispatch From The 'New' Mideast (WP)

By Rhonda Roumani

The Washington Post, August 13, 2006

DAMASCUS, Syria

Lubna is a thoroughly secular Muslim. She likes watching B movies on satellite channels and seeking out the latest reality shows sweeping the United States. She spends much of her time in Damascus coffeehouses, writing sitcoms that appear on Arabic television stations. Her latest series was about love -- 30 episodes, 30 plotlines.

The 25-year-old is the daughter of a former political prisoner who spent 15 years incarcerated in Syria, so she has an insider's sense of the cost of political involvement in her country. And she has studiously shunned politics herself. When she found her mother tuned to al-Jazeera the other day, watching the gruesome images from an Israeli attack on the southern Lebanese town of Qana that killed mostly women and children, she grabbed the remote and switched the channel to her favorite show -- "Oprah."

Lubna, in short, embodies "the new Middle East" of Condoleezza Rice's dreams. Except she isn't sure that she wants any part of it.

"Our generation could have been different," she told me with exasperation recently, clutching a Diet Pepsi in one hand and a mentholated cigarette in the other. We had taken refuge from the Damascus heat in an air-conditioned room at a friend's art gallery. "We really could have made peace. But now," she shook her head, "it's over. That possibility is gone."

And, she says, it's the United States's fault, because it didn't demand an immediate cease-fire in Lebanon. As the estimated death toll there rises to nearly 1,000, she and other secular Syrians of the art-gallery-and-democracy crowd are turning their sympathies toward the Islamic militant movement Hezbollah.

It's not a natural alliance. Even though most of the Syrian population has sided overwhelmingly with Hezbollah -- cars draped in the movement's flags roll through the streets of Damascus, and posters of Syrian President Bashar al-Assad flanked

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by Hezbollah leader Hasan Nasrallah and Iranian President Mahmoud Ahmadinejad adorn minibuses and storefronts -- Syria remains, in name at least, a secular country. Women in tank tops walk along the street next to women wearing hijab, and the mosque shares a corner with the neighborhood pub. But over the past year, the Syrian regime has forged closer ties with Islamic groups both inside and outside the country. And that has increased secular Syrians' wariness of the rising religious conservatism around them.

But they're just as wary of the United States's failing democracy experiment in Iraq. The sectarian violence tearing that country apart is a potent vision of what they could one day face themselves. And so they feel forced into a corner, made to choose between a U.S. plan for a "new Middle East" that seems to show little respect for Arab lives and Arab ways and an Islamic-led resistance that could eventually turn against them at home.

And they are reluctantly choosing. "The issue of Hezbollah and the war is no longer rational," one Syrian opposition figure told me. "It is emotional."

In an apartment on the outskirts of Damascus, a group of twentysomethings recently played a game of 20 questions over beers and arak , a strong Mediterranean liquor. A young woman asked: "If you could live anywhere in the world, where would it be?"

It's a frustrating question for many of these young people -- a Syrian passport doesn't get you very far these days. Amre, 29, is a writer. He blurts out his answer: "I have to live in New York before I die."

Another person answers Barcelona. A third longs to return to his hometown of Aleppo.

As the game winds down, they start joking about what they would do if the war spread into Syria. A month ago, many would have said something different. But tonight most hardly hesitate before saying they would have no choice but to support Hezbollah.

When one young man disagrees, worrying about the consequences of siding with an Islamic movement, Amre, a Heineken in hand, accuses him of being an "American." Amre may dream of living in New York, but he knows this is the worst insult you can level at someone in the Arab world these days.

The host's mother says she's against Hezbollah, but has a lot of respect for Nasrallah. "He's a kind of Che Guevara," she says.

Many in the group nod.

"Before what happened, I was against Hasan Nasrallah," Amre says. "But in war, I was forced to choose. Now, I have to join Nasrallah's team.

"I'm against the new maps the United States is creating in the region," he adds, and pauses. Then he shakes his head. "But I'm really lost."

rhondaroumani@yahoo.com

Rhonda Roumani is a freelance journalist in Damascus.

A Month Of War (WP)

The Washington Post, August 13, 2006

And now, at least a chance for peace

BY HOLDING firm on key points in United Nations negotiations, the Bush administration has given diplomacy at least a chance to work in Lebanon. The cease-fire resolution approved unanimously by the Security Council on Friday emphasizes the need not only to end the violence but also "to address urgently the causes that have given rise to the current crisis." The chief cause was Hezbollah, a radical Islamist force that has maintained a sophisticated army beyond the control of Lebanon's government. The resolution adopted on a 15-to-0 vote, if implemented faithfully by all sides, would significantly reduce Hezbollah's ability to cause trouble.

As always in the Middle East, however, it would be risky to bet on a smooth implementation, as events yesterday demonstrated. Israel, while planning to vote today on accepting the terms of the resolution, expanded its ground force in southern Lebanon and continued its airstrikes. Hezbollah's leader, while saying he accepted the resolution, vowed to continue attacking Israeli forces in Lebanon.

This war started when Hezbollah kidnapped two Israeli soldiers and killed others on the Israeli side of the border. It could have occurred on that side only, because Israel had long since withdrawn all its troops from Lebanon. Israel responded with air and ground attacks that on the whole were justified but painful in their effect on civilians, hundreds of whom were killed and hundreds of thousands of whom have been displaced. Hezbollah in turn retaliated by firing thousands of missiles into Israel with the deliberate goal of killing and wounding civilians.

Now the United Nations has called for the Lebanese armed forces to deploy to southern Lebanon and -- because they are woefully weak -- for an international force of 15,000 troops to join them. The resolution doesn't explicitly authorize the force to

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disarm Hezbollah but it does authorize it "to take all necessary action" to ensure that southern Lebanon can no longer be used as a base for attacks against Israel. Importantly, U.S. diplomats resisted demands that Israel withdraw immediately, which would have created a vacuum that Hezbollah would quickly have filled. Instead, Israel will withdraw as the Lebanese and international forces arrive, which could take several weeks. In the meantime Israel should accept and honor the spirit of the resolution, ceasing air attacks in Beirut, freezing its new ground offensive and responding only to direct provocations.

Secretary General Kofi Annan deplored how long it took for the Security Council to act, but it may be that the damage inflicted on Hezbollah during a month of fighting is what led it to accept the terms of the resolution. Alternatively, the militia may calculate that it can accept and ignore the terms -- that no Lebanese army or international force will dare prevent its rearmament and its return to the Israeli border. If so, it will be up to Lebanon's government, the United Nations and the European nations expected to supply troops to prove the militia wrong.

A Chance For Peace In Lebanon (LAT)

The Los Angeles Times, August 13, 2006

Security Council crafts a good plan for a lasting cease-fire.

THE RESOLUTION UNANIMOUSLY APPROVED FRIDAY by the U.N. Security Council calling for a "full cessation of hostilities" in Lebanon comes too late for the more than 1,000 people killed in the last four weeks. But its adoption — with the expected consent of Israel and Lebanon — is still a major achievement. If implemented successfully, it not only would prevent further loss of innocent life, but would address what President Bush called the "root cause" of this unexpected and unexpectedly bloody conflict: Hezbollah's creation of its own state within Lebanon.

Hezbollah, a Shiite movement nurtured by Iran, proved that it could act with impunity when it crossed the Israeli-Lebanese border in July and abducted two Israeli soldiers. But it wasn't until Israel retaliated that the world learned the extent to which Hezbollah had established itself as a military force.

What Israel is promised by the Security Council resolution is peace on its northern border, secured by the Lebanese army and what Secretary of State Condoleezza Rice calls a "robust" international force of about 15,000 troops. Technically, this new force would be an augmentation of the 2,000-member United Nations Interim Force in Lebanon, an anemic contingent long held in contempt by Israel. Although the Lebanese army would be responsible for disarming Hezbollah, the new U.N. force is intended to be muscular enough to discourage Hezbollah from subverting the Security Council agreement.

Although Israeli Prime Minister Ehud Olmert will recommend that his Cabinet accept the resolution today, he made it clear even as it was being fashioned that Israeli forces were poised for a ground operation in Lebanon if diplomacy failed. Obviously, Israel will never deprive itself of the option of military action if it believes diplomacy will not protect its citizens. But it is better for Israel, its neighbors and the world if Israel's security can be guaranteed in other ways.

After seeming to hold back when it looked as if Israel could subdue Hezbollah in short order, Bush last week joined those calling for an end to the violence. He then matched those words with energetic diplomacy that focused on the United Nations (not Bush's preferred foreign policy arena) and actively engaged France (not his favorite European ally), a nation with historic ties to Lebanon. The result is a resolution that, while not failure-proof, is a serious effort to defuse a conflict that had become a humanitarian catastrophe.

Although the people of Israel and Lebanon will be the principal beneficiaries of an end to this war, the U.S. will also benefit. As pro-Hezbollah sentiment in Iraq made clear, continued violence in Lebanon would further demonize Israel and the United States in that country, with its large Shiite population, and complicate U.S. relations with other Arab nations as well. Far from advancing the campaign against what Bush calls "Islamic fascism," a prolonged war, with possible Syrian and Iranian involvement, would have thrown that effort into confusion. In serving the cause of peace, the United States has served its own interests as well.

Iranian Dissident Urges Caution (LAT)

By Teresa Watanabe

The Los Angeles Times, August 13, 2006

A critic of the Islamic regime says U.S. intervention would lead to more oppression. Some in 'Irangeles' question his motives.

For six long years, Akbar Ganji wasted away in an Iranian jail, suffering torture and solitary confinement for promoting democracy and criticizing leaders of the Islamic Republic of Iran. An 80-day hunger strike badly weakened him.

President Bush hailed his valiance and called for his release, authorizing $75 million in funding this year to support Iran's democratic opposition.

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But Ganji, a former member of the Revolutionary Guards who is now regarded as one of Iran's leading journalists and dissidents, has come to California to deliver what may seem a counterintuitive message: Leave Iran alone.

In interviews, talks with scholars and an appearance last week at a celebrity-studded gathering sponsored by actor Sean Penn and producer Mike Medavoy, Ganji pressed his view that U.S. military intervention and funding of dissidents would only give the Iranian regime an excuse for further crackdowns. Already, he said, the regime is trying to marginalize the opposition as "foreign agents" and has dramatically increased censorship and other oppressive measures.

The most promising path to democracy in the Middle East, he said, is to resolve the Israeli-Palestinian conflict and eliminate the poverty, desperation and despotic governments that he said have allowed extremism to flourish.

"We have to change the regime through our own challenges and struggles," said Ganji, 46, a short, slight man who was released from prison five months ago. "The U.S. cannot do it for us."

He added, however, that Americans can help their cause by promoting greater contacts with Iran through technological, cultural and educational exchanges.

Now a worldwide symbol of free speech and human rights, Ganji has won several press freedom awards. He declined a White House invitation to meet with President Bush, saying the timing wasn't right, but is set for audiences with Pope Benedict XVI and other global figures later in the tour. At the celebrity gathering last week, Penn — who traveled to Iran last year to observe its national elections — touted Ganji for "the courage and will to speak for people who didn't have a voice."

But in Los Angeles, where the largest population of Iranians outside Iran resides, Ganji is not universally embraced. The community here, known as "Irangeles," includes some of the nation's most vocal advocates of aggressive steps to topple the Islamic regime.

Some of them still view Ganji with suspicion for his early involvement with the Ayatollah Ruhollah Khomeini's Revolutionary Guards and question his reformist credentials.

Roozbeh Farahanipour, head of the Westwood-based MPG Party, or Iranians for a Secular Republic, questioned how a political prisoner could manage to issue writings from jail — and after release, obtain a visa and embark on a global tour. Other critics accuse him of cooperating with the Islamic regime's persecution of dissidents in the revolution's early years.

"We are trying to show the international community that he is a fake figure trying to keep this regime safe," Farahanipour said.

Ganji himself adamantly denies ever committing any human rights abuses. He said he was a member of the Revolutionary Guards for only a few years, initially supporting the revolution for the same reason millions of other Iranians did: as a populist uprising against the oppressive regime of the late Shah Mohammed Reza Pahlavi. He also supported the Iranian regime during its eight-year war against Iraq as a sign of patriotism, he said.

"I'm proud of my past and I can defend it morally," Ganji said. Such questions were also put to Ganji at a UCLA meeting last week among mostly Iranian scholars and intellectuals, according to Hossein Hedjazi, a popular talk show host and program director for KIRN-AM (670), known as Radio Iran. Hedjazi said he concluded that there was no evidence to back up the suspicions, and he appealed to Iranian Americans to refrain from fighting with each other.

"We have been entangled in conspiracy theories for decades, even centuries, in Iran and we've suffered for it," Hedjazi said, adding that Ganji was "very honest and reasonable" with a far better grasp of Iran's current reality than expatriate opposition groups, which he said are out of touch with the homeland.

At the celebrity gathering in Beverly Hills, Ganji received both admiring support for his resistance to the Iranian regime and hard questions about his views on Israel. Ganji spoke through a translator before about 75 people, including actors Warren Beatty, Annette Bening, Brad Pitt, Jake Gyllenhaal and Mark Ruffalo.

Ganji affirmed Israel's right to statehood, condemned suicide bombings and castigated Iranian President Mahmoud Ahmadinejad's vow to destroy the Jewish state. But he also called for nuclear disarmament of the entire region, a just solution to the Israeli-Palestinian problem and resistance to Islamic, Christian and Jewish fundamentalism, which he said is stoking the regional conflicts.

That drew objections from Haim Saban, a media mogul and Egypt-born Jew who argued that Islamic fundamentalists who kill people with suicide bombings are not morally equivalent to Christian and Jewish extremists, who do not. He also said that Israel needed a nuclear deterrent because it was vastly outnumbered and surrounded by hostile Arabs.

But Ganji, never losing his composure or smile, told Saban that fair play required either everyone to have weapons or no one, and that disarmament was the best choice. "We are all the same and equal," he said.

Ganji does not dwell on details of his life, telling friends that he plans to write an autobiography. A Tehran native, Ganji said only that he became disillusioned with the Islamic regime when he began to see it was no less despotic than the shah's, featuring "executions, violence, injustice."

"We had intended to create a paradise and rather we created a hell," he said.

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Ganji's first public criticism of the Islamic regime came in a 1987 article asserting that it was headed toward fascism; he was jailed for six months for it. In the late 1990s, he wrote a series of articles alleging that high government officials were involved in the systematic killing of writers and intellectuals.

He was arrested again in 2000, following his participation in a pro-reform conference in Berlin. He was eventually accused of damaging national security and "spreading propaganda," and given a six-year prison sentence. During his hunger strike, he lost more than 40 pounds and nearly died, according to published statements by his wife.

Nayereh Tohidi, a Cal State Northridge professor of women's studies, said Ganji has distinguished himself with his straight talk and willingness to critique not only the government but also Islamic and Iranian traditions themselves in his advocacy of nonviolent regime change, a secular democratic republic, church-state separation and full civil rights for women and minorities. Last week, for instance, he delivered a speech at UC Berkeley on Iran's "gender apartheid."

"I fear for his safety," Tohidi said, adding that she and others are urging him to delay his return to Tehran as long as possible.

Ganji himself shrugs off any worries about what awaits him back home.

"This is the price we have to pay to defend freedom and democracy," he said, "and I'm ready to do it."

Paper Is Upbeat On Castro's Condition (WP/AP)

By Anita Snow, Associated Press

The Washington Post, August 13, 2006

HAVANA, Aug. 12 -- Fidel Castro is sitting up, walking and even working a bit on the eve of his 80th birthday, Cuba's official Communist Party newspaper said Saturday, two weeks after intestinal surgery forced the Cuban leader to step aside as president.

The article in the Granma newspaper -- though brief -- was the most detailed statement Cuba's government has issued since Castro announced July 31 that he was temporarily ceding his powers to his younger brother RaÃºl, No. 2 in the government.

Fidel Castro said his condition during his recovery would be treated as a "state secret," so as not to give any advantage to his enemies in the United States.

"Firm Like a Caguairan," the Granma headline read, comparing Castro to a hardwood tropical tree native to eastern Cuba.

"A friend tells us that just a few hours ago, upon visiting the Comandante who was briefly dispatching some business, he witnessed some good news that he enthusiastically summed up in one sentence: 'The Caguairan has risen,' " the paper said in a three-paragraph report.

"He said that he could appreciate how the Chief of the Revolution, after receiving a little physical therapy, took some steps in his room and then, seated in a chair, conversed animatedly," the report said, without identifying the friend.

Culture Minister Abel Prieto said Saturday that he was convinced that with or without Castro, Cuba will "continue to be a survivor of the sinking ship of socialism in the 20th century. It will be a reference for socialism in the 21st century."

Meanwhile, Venezuelan President Hugo ChÃ¡vez announced plans to visit his close friend and political ally in Havana.

"I'll take him a nice gift, a good cake, and we'll be celebrating the 80 years of this great figure of America and our history," ChÃ¡vez said at a news conference in Venezuela after declaring his candidacy for reelection in December.

Conjecture Fills The Information Vacuum In Cuba (LAT)

By Carol J. Williams

The Los Angeles Times, August 13, 2006

Observers analyze every bit of news to glean what Castro's interim power transfer might mean for a nation defined by one man for nearly 50 years.

MIAMI — Why hasn't Raul Castro been seen in public since he became acting president of Cuba?

Would Vice President Carlos Lage Davila, a reputed Gorbachev-style reformer in the Havana hierarchy, have traveled to Bolivia if Fidel Castro was on his deathbed?

Was National Assembly President Ricardo Alarcon trying to signal that the bearded revolutionary was going to retire when he noted that Fidel would have to lighten his workload after his recovery?

Kremlinology has come to the tropics. Rumor-mongering and reading of tea leaves have filled the void in the absence of any solid information about who's really calling the shots in Cuba two weeks after Fidel Castro delegated leadership duties to his 75-year-old brother and underwent surgery for intestinal bleeding.

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Cuba-watchers, cultural figures and politicians throughout North and South America have been left to scrutinize tiny scraps of news and commentary coming out of Havana to try to glean what they might signify for the future of a country that for nearly 48 years has been defined by one man.

State-run media in Cuba have said little about the illness, treatment or recuperation of Fidel Castro, who deemed his health a "state secret" a day after undergoing an abdominal operation July 31.

Authorities in Havana have yet to grant foreign media access to the island, and even the handful of Western journalists based there have been relying heavily on outside academics for analysis of the purportedly temporary power transfer.

Some in the Cuban research field even wonder if the ill-explained power shift isn't a dry run of Castro's succession plans to see whether anyone in the leadership ranks tries to exploit uncertainty or whether security revisions are needed to prevent public unrest or foreign interference.

"Nothing happens in Cuba by coincidence," said Paolo Spadoni, a University of Florida professor who studies the Cuban economy. Spadoni wonders whether the transfer of power during Castro's surgery was the Cuban leader's attempt "to test the strength of the island's communist system and its future while he is still alive," rather than a move forced by illness.

Most Cuba-watchers agree that no one outside the Castro brothers' inner circle has any clear picture of what power-brokering or jockeying for position might be going on in the hermetically sealed corridors of the Cuban leadership.

No one on the outside even knows what ails Castro, what kind of surgery he had, where he is convalescing or how his recovery is proceeding.

Venezuelan President Hugo Chavez added fuel to the speculative fire Thursday when he said he'd received a letter from Castro in which he learned that his friend and political soul mate was "fighting a great battle" for his life. Cuban officials who have commented on Castro's condition have tended to suggest he is out of danger. Chavez planned to visit Castro today on his 80th birthday.

Anthony Maingot, a sociology professor at Florida International University, said the reports of from intestinal bleeding "could mean anything."

"It could be one of five different things. We don't know what it is. Trying to follow this day to day is an exercise in futility."

Prospects for Castro's recovery and resumption of governing powers are equally unclear.

Alarcon, a former United Nations ambassador through whom Castro often addresses the outside world, sent analysts into a tizzy of interpretation when he said Castro was recuperating well but would have to slow down and delegate more of the workload after his recovery.

"We need him to be in good health and working," the parliamentary chief said in a radio interview. "Part of that implies … abandoning the day-to-day work to which he was so accustomed for many years."

That kind of gradual retreat from micromanagement would lead to the most stable scenario for Cubans coming to grips with a post-Castro era, said Philip Peters, a veteran Cuba analyst and vice president of the Lexington Institute think tank in Virginia.

"In an extended transition, there wouldn't be a single moment when suddenly Castro's absence is felt or suddenly successors have assumed total responsibility for running Cuban government affairs," Peters said. "There wouldn't be a single moment when people outside perceive Cuba to be vulnerable."

When Cuban writer Roberto Fernandez Retamar declared at a Havana news conference that the country had already undergone a "successful transition," some analysts speculated that the elder Castro was all but out of the picture.

"Mid-level Communist Party officials in Cuba are saying Fidel Castro will never resume all of his activities," said Brian Latell, a former CIA Cuba analyst and author of "After Fidel." "The Fidel Castro era is over."

Susan Kaufman Purcell, director of the University of Miami's Center for Hemispheric Policy and a former State Department official, acknowledged that analysts had no way of knowing whether a transition was underway — or if Cubans even wanted one.

"We don't know to what degree anyone in Cuba is going to be expressing demands" for change of the communist system in place for nearly half a century, she said.

Two weeks into the cloudy power transfer, Raul Castro's absence from the public eye has raised eyebrows among analysts, but they note that Cubans are accustomed to long spates without seeing their leaders.

Fidel Castro's lifelong monopoly of the spotlight might be discouraging his brother from taking the stage now, said Javier Corrales, a political science professor at Amherst College in Massachusetts.

He said he suspected Fidel Castro might be planning a triumphant public comeback, perhaps at the Sept. 11 opening of a Non-Aligned Movement summit in Havana.

Analysts say Lage, whom they expect to be named prime minister or Communist Party leader if Castro dies or passes on those titles, wouldn't have gone to Bolivia during the first week of El Maximo Lider's illness if there were credible fears Castro might die.

Analyst Peters is starting to believe the "dry run" theory.

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"Did you ever wish you could attend your own funeral to see what people say and do when you're gone?" he asked in a paper posted Friday on the Lexington Institute website.

Since Castro stunned the world by relinquishing the reins for the first time in his tenure, Peters wrote, "he has witnessed a dress rehearsal for his own death, a matter of no small importance for the security of the Cuban revolution."

Castro's Deal With The Soviet Devil (LAT)

By Edward Gonzalez, Edward Gonzalez Is A Professor Emeritus At Ucla And An Adjunct Political Scientist At The Rand Corp.

The Los Angeles Times, August 13, 2006

Communist money and military might fed his ego and sank his nation.

WHEN FIDEL Castro passes from the scene, will he be remembered as he portrays himself — a selfless revolutionary leader who struggled against imperialism and for the good of his people? Or will he be seen as an all-powerful, egocentric charismatic leader who used his unrestrained authority to advance his grandiose ambitions to the detriment of his people?

The hundreds of thousands who have fled Castro's Cuba over the last 47 years have already voted. But clearly some portion of the island's 11.2 million people still fervently support "Fidel," though how many remains guesswork because Cubans don't have the freedom to speak negatively about their lider maximo. Leftist and populist leaders in Latin America lionize Castro for having defied the Americans, but they are too realistic to adopt the Cuban model for their own countries.

Despite some notable benefits, such as the nation's acclaimed free public health system, Cubans have paid dearly for Castro's years in power. They have endured a highly repressive totalitarian state, all the while putting up with a command economy marked by food rationing, chronic shortages of essential consumer goods, dilapidated housing, aging public works and uneven growth.

Then, in 1991, Cuba suffered a terrible blow when its economic and military patron, the Soviet Union, imploded. Its economy plummeted by more than 33%; the nation's standard of living will not return to its 1989 level for years.

Hitching his country's fate to the Soviet Union was Castro's most consequential mistake. The conventional wisdom is that the Eisenhower administration "pushed" Castro and his young regime into the hands of the Soviets because of its hostile reaction to the Cuban revolution. But this is not borne out by the historical record.

The Eisenhower administration sought to reach some kind of accommodation with Havana between April 1959 and January 1960, only to be shunned time and again by Castro. The conciliatory U.S. approach ended when Soviet First Deputy Premier Anastas Mikoyan arrived in Cuba in early February 1960 for a 10-day visit

The 1997 book "One Hell of a Gamble," by Aleksandr Fursenko and Timothy Natfali, offers a behind-the-scenes explanation. The book draws heavily on Soviet intelligence archives and communiques from Moscow's man in Havana, Aleksandr Aleksiev. It shows that beginning in October 1959, Castro, his brother, Raul, and Ernesto "Che" Guevara conspired with Aleksiev to radicalize the revolution, heighten Cuban anti-American sentiment and exacerbate the rising tensions with Washington. All this was done to justify Cuba's realignment with Moscow, which commenced with Mikoyan's visit.

What prompted Castro's premeditated turn to Moscow? Clearly, his was a preemptive, calculated move that sought to guarantee the long-term survival of his revolution in anticipation of U.S. economic sanctions and possible armed aggression. But this explanation begs the more basic question of whether Castro was a crypto-communist who early on was bent on creating a socialist revolution and joining the Soviet bloc.

The answer comes from Carlos Rafael Rodriguez, a member of the Cuban Communist Party's political bureau who spoke to me in his private office at party headquarters in Havana late at night on Aug. 14, 1967. Rodriguez volunteered that Castro had been neither a communist nor a socialist when he came to power in 1959, and added that "even today, Fidel is not a communist."

This was a startling, heretical assertion. In 1961, Castro had claimed that he was a "Marxist-Leninist," and earlier in 1967, he had proclaimed that Cuba had started down the path of building "genuine communism."

What Rodriguez was hinting at was that Castro was really a fidelista — a radical revolutionary who sought maximum political power through permanent struggle with his enemies, but who lacked a well-formed ideology.

Cuba's charismatic leader was overflowing with narcissism and hubris. His ambition to do battle with the hated United States would make him Latin America's greatest leader since Simon Bolivar, achieving eternal glory for himself.

Soviet economic and military backing enabled Castro to bask in the limelight on the world stage. It extended Cuba's influence not only throughout Latin America but to Africa and other Third World arenas.

In sacrificing his country to advance his grandiose ambitions, however, Castro dealt a grievous blow to Cuban society. He has left the island exhausted, disillusioned, divided and with little hope of a better future — at least as long as he remains on the scene.

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Portrait Of The Maximum Leader As A Young Man (NYT)

By Ann Louise Bardach Op-ed

The New York Times, August 13, 2006

Santa Barbara, Calif.

FIDEL CASTRO appears to have cheated death (yet again) and will celebrate his 80th birthday today. Although he has decreed that his birthday celebration will take place on Dec. 2 (the 50th anniversary of his return to Cuba from exile), he in fact came into the world, weighing 12 pounds, on Aug. 13, 1926, at 2 a.m. at his family's estate at Birán.

In 1952, when Fulgencio Batista seized power through a military coup, Fidel Castro declined an invitation to join the regime from Rafael Díaz-Balart, a brother of his wife, Mirta, and a minister in the new government. He had far grander ambitions.

On July 26, 1953, Mr. Castro and his younger brother Raúl declared war against Batista with an audacious assault on the Moncada military garrison in Santiago de Cuba. The attack was a disaster, with more than 60 men killed, but it made Fidel Castro a household name. He reveled in his ensuing trial — declaring famously that "history will absolve me" — and was sentenced to 15 years at the Isle of Pines prison. (He served less than two.)

Castro was productive and prolific in prison, reading ceaselessly and writing hundreds of letters. Twenty-one of those letters were published in Cuba in 1959 in a volume edited by his friend and frequent correspondent, Luis Conte Agüero. (Mr. Conte Agüero broke with Castro soon after and fled to Miami in 1960.)

The book will be published in the United States in English next year for the first time as "The Prison Letters of Fidel Castro." The excerpts below, translated by Mr. Conte Agüero's son Efraim Conte, are striking in that they reveal both the idealistic young revolutionary of 1953 and the pitiless dictator he would become over the following half-century.

* * *

The Prisoner

Dec. 12, 1953

To Luis Conte Agüero:

I am going to ask you a favor. Write a Manifesto to the people in accordance with the content of this letter. Sign it in my name and take it to Mirta. She will try to have it published. . . .

It is decided we shall not have Christmas — not to even drink water on that day as a sign of mourning. Make it known, because I believe that in this way the objective will be more noble and human. There is no point for prisoners like us to aspire to the joys of Christmas. …

Luis, we still have strength to die and fists to fight. Receive, from all of us, a strong embrace. …

The Propagandist

Even behind bars, Fidel Castro never lost faith in his cause or in his ability to exact revenge on his enemies. In this letter to Melba Hernandez, one of two women who took part in the Moncada raid, he depicts himself as the heir to the great Cuban nationalist José Martí.

April 17, 1954

To Melba Hernandez:

First, we cannot for a minute abandon propaganda, for it is the soul of our struggle. Ours must have its own style and match our circumstances. …

Second, we must coordinate the work between our people here and those abroad. To this end, arrange a trip to Mexico as soon as possible. . . . We have to consider with extreme care any project of cooperation with others, lest they simply try to use our name. "To know how to wait," Martí said, "is the great secret of success."

Third, maintain a deceptively soft touch and smile with everyone. Follow the same strategy that we followed during the trial; defend our points of view without raising resentments. There will be enough time later to squash all the cockroaches together. Do not lose heart over anything or anyone; after all, we did not do so during the most difficult moments.

One last counsel: beware of envy. When someone has glory and prestige as you do, the mediocre easily find motives or pretexts to be suspicious. Accept help from anyone, but remember, trust no one. The Strategist

June 19, 1954

To Luis Conte Agüero:

Here I spend my life reading and exercising self-control. I truly feel better when I do not read the newspapers; the politicking and submissiveness I see everywhere produces in me fits of rage.

If anyone's patience has been put to the test it is mine; there are times when I spend whole hours fighting the desire to explode, declaring myself on hunger strike, and not tasting a bite until I am taken out of this cell or killed, which would not be the least improbable. I am convinced that what they want at all costs is to provoke me, and I ignore their intentions. …

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Luis, I think we must organize as soon as possible a firm, systematic and growing campaign against this outrageous situation of mine. . . . This is psychologically the most favorable moment due to a series of events. … The Minister of Governance has behaved just as he is, a perfect pansy; he has acquiesced to all the whims of the military and given himself over to shameless enrichment. …

Remember Cato, who always ended his speeches asking for the destruction of Carthage.

The Aggrieved Husband

With her spouse incarcerated, Mirta secretly accepted a modest stipend from her brother Rafael, the deputy interior minister, through his office. When the arrangement became public, Fidel Castro refused to believe it, insisting that Ramón Hermida, the interior minister, was trying to blacken his name.

July 17, 1954

To Luis Conte Agüero:

This is a machination against me: the basest, most cowardly, most indecent, the vilest and intolerable. Mirta is too level-headed to have ever allowed herself to be seduced by her family, agreeing to appear in the Government employee roster, no matter how hard her economic situation. I am sure she has been miserably slandered. …

Only an effeminate like Hermida at the lowest degree of sexual degeneration would resort to these methods, of such inconceivable indecency and unmanliness. Now I have no doubt that the statement attributed to me about being well-treated was his doing.

I do not want to become a murderer when I leave prison. Has a political prisoner no honor? Ought a political prisoner be offended in this way? May not a prisoner challenge someone to a duel when he leaves prison? Must he graze on the bile of infamy in the impotence and despair of confinement? I am ready to challenge my own brother-in-law to a duel at any time. It is the prestige of my wife and my honor as a revolutionary that is at stake.

The Warrior

Furious at discovering that Mirta had actually received help from her family and thus besmirched his honor, Mr. Castro sues for divorce and micromanages a scorched earth campaign for sole custody of his son, Fidelito, in this letter to his halfsister, Lidia.

November 29, 1954

To Lidia Castro Argota:

It makes me very happy what you tell me about the divorce; above all that it will be done strictly following my instructions. About the boy, I remain unchanged in my point of view, and at the first opportunity, immediately after the filing, will press the court to require his return to Cuba to attend school, consistent with my thinking. …

I resist even the thought of my son sleeping for one night under the same roof that shelters my most despicable enemies and receive on his innocent cheeks the kisses of those miserable Judases. I have endured their aggressions with the same strength I will use to demand reparations from them; I have suffered the unjustifiable and unforgivable absence of my son with the same resolve with which I shall rescue him at any cost. They know it, or at least they should know it! I presume they know that to rob me of that boy they will have to kill me — and even then. I lose my head when I think of these things.

The Politician In 1954, with public opinion overwhelmingly against the Batista regime, a groundswell arose for an amnesty for political prisoners. The United States even pressured Batista to adopt an amnesty, but Fidel Castro was only interested in one on his terms.

March 1955

To Luis Conte Agüero:

I am not in the least interested in swaying the regime to enact that amnesty; this is not at all my concern; what I am interested in is demonstrating the falsehood of its positions, the insincerity of its words, the base and cowardly maneuver that they are carrying out against men who are in prison for opposing it. They have said that they are generous because they feel strong, in fact they are vengeful because they feel weak. …

There will be Amnesty when there is peace. With what morale can men who have spent the last three years proclaiming that they carried out the coup to bring peace to the Republic make such proposals? So there is no peace, so the coup did not bring peace. …

“The best proof that there is no dictatorship is that there are no political prisoners,” they said for many months; today prison and exile are overflowing, therefore they cannot say that we live under a democratic constitutional regime.

Fidel Fatigue (LAT)

By Jorge G. Castañeda, Jorge G. Castañeda Is A Former Foreign Minister Of Mexico And A Professor Of Politics And Latin Amer

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The Los Angeles Times, August 13, 2006

Long live the revolution? That's the last thing Latin America needs.

FIDEL CASTRO TURNS 80 today, and his era has come to an end. The biological denouement in Havana is not yet discernible — Is he dead? Will he recover? — but he has relinquished power, temporarily to his brother, Raul, but also permanently through the admission of his own mortality.

Obsessed as he has always been with history and his role in it, Castro has meticulously orchestrated his succession. So painstakingly have the steps been laid out that some observers speculate that the brouhaha over his illness is a dress rehearsal, not the real thing. Still, his best-laid plans will probably go astray.

He may write his epitaph, but not his biography. He may control Cuba's archives, but not everybody else's. He hopes his revolution will last forever, but he undoubtedly knows it will not. He may try to ensure that his legacy at home and abroad remains intact, but because his persona and influence are inseparable, it will not.

That means that the absolute, binding link that has prevailed in Latin America since 1959 — between Castro and the idea of revolution — is consigned to history.

The belief in a transformative revolution has been Castro's most important influence on the left throughout Latin America. He placed revolution — socialist, nationalist, anti-imperialist, whatever — front and center on the left's agenda.

Before Fidel, Raul and Che entered Havana in January 1959, the left was populist or Marxist, but in any case moderate; it had abdicated revolutionary ambitions. After 1959, everything changed, and the Latin American left was sundered by endless debates and tensions between its reformist, social democratic, peaceful components and its revolutionary, radical, often violent members. Even today, when such divisions seem quaint and anachronistic in most of the world, in Latin America they are present and central.

Evo Morales in Bolivia and Hugo Chavez in Venezuela see themselves — as do their followers — as revolutionaries seeking to overhaul the economic and social order that was bequeathed to them by voters. Michelle Bachelet in Chile and Luiz Inacio Lula da Silva in Brazil view themselves, their goals and their strategies as eminently reformist, maintaining the status quo but with significantly less inequality and poverty. (That the moderates spring from a hard-line past, and the radicals from a distinctly populist one, is just one more paradox in the history of the Latin American left.)

With Castro's fading, the hemisphere's revolutionary school loses its inspirational leader. No possible successor — neither Raul at home nor Chavez abroad — could ever dream of replacing him in this context. In addition, Cuba's transition inevitably will cast light on the true record of Castro's regime — its failures, its deceptions and disappointments, its complicities and crimes, and its presumed accomplishments in education and public health. And because that record will be largely negative, continuing to be a revolutionary will be impossible. One needs a revolution to look up to, after all.

Historians can argue whether injecting the idea of revolution into the Latin American left was a good or bad idea half a century ago. But today, it would seem that putting an end to the revolutionary chapter in the left's history can only make it stronger, more modern and competitive; in short, more democratic.

Latin America needs effective social democrats like Ricardo Lagos, (Chile's former, immensely successful president) and Uruguay's President Tabare Vazquez. The end of revolution will make it easier for them to lead.

The best case in point is Mexico. It boasts perhaps the most pro-Cuban and revolutionary chapter of the Latin American left, much to its own detriment. In the dispute over the July 2 presidential election, many of Andres Manuel Lopez Obrador's followers openly proclaim their revolutionary vocation and fervor. At Lopez Obrador's rallies, one of the most prominent slogans is: "If there is no solution, there will be a revolution." The party of the left, the Democratic Revolution Party, is not demanding a recount or a new election. It is, increasingly, calling for revolution, for a total makeover of Mexico's admittedly flawed and unjust society.

Fidel's temporarily handing power over to Raul will not change anything overnight, but the transformation of the Mexican left — of the Latin American left — into an effective progressive movement cannot happen until it lays the idea of revolution to rest.

And that cannot occur until revolution's midwife, Castro, fades away in the Cuban keys.

Is Hugo Chavez Cuba's Kingmaker? (LAT)

By Daniel P. Erikson, Daniel P. Erikson Is Senior Associate For U.s. Policy At The Inter-american Dialogue. He Is Co-edito

The Los Angeles Times, August 13, 2006

Once, the U.S. thought Venezuela's president was Castro's creation. Now Chavez holds the key to Cuba's future.

JUST DAYS before Fidel Castro's ailing health grabbed world headlines, the Cuban leader was Venezuelan President Hugo Chavez's surprise guest at a South American summit in Argentina. The two leaders traveled to the boyhood home of Ernesto "Che" Guevara, the revolutionary icon. Chavez appeared moved by the visit. "For me," he said, "it is truly an honor to be

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here, walking through history." But Chavez has already joined Che where it counts most — on billboards in Havana, where the Cuban government lauds its heroes.

Chavez is indeed a hero in Cuba, especially to its longtime leader. Over the last seven years, he has become Castro's key economic benefactor and political partner. That relationship has stirred concern among U.S. policymakers that Chavez might meddle in the post-Castro transition.

There's no question that he has sufficient leverage in Cuba to potentially influence the choice of the island's next leader — and his blessing will certainly be crucial to the next Cuban government's success or failure. Whether he will wield his influence is unknown, and Cuba, of course, is a sovereign nation. But Washington's worry that he will clearly reverses the conventional wisdom of only a few years ago, when the Venezuelan leader was seen as a creation of Castro.

The sources of Chavez's potential leverage in Cuba's transition are multiple. The most important is the "oil for services" pact that he and Castro signed in October 2000 and that continues to expand.

Cuba receives more than 90,000 barrels of Venezuela crude a day at favorable rates of financing in exchange for deploying an estimated 20,000 doctors in Venezuela. Although the presence of Cuban doctors has deepened Chavez's support among his country's poor, the arrangement has yielded extraordinary benefits for Castro as well. Over the last six years, oil prices have more than tripled, from $20 to about $76 a barrel. Not only has Cuba avoided oil sticker shock, it has received a modest windfall. In 2005, bilateral trade between the two countries reached $2.5 billion, including $1.8 billion in Venezuelan oil sales to Cuba on deferred financing plans — and nonpayment by Cuba is the norm.

Cuba and Venezuela's deep security and intelligence cooperation in recent years also contributes to Chavez's influence in Cuba. Chavez has embraced Cuban military doctrine, which includes the development of a 2-million-member Venezuelan reservist force to counter the perceived threat of U.S. aggression. New laws give Cuban officials wide latitude to conduct security activities in Venezuela, and Venezuelan military personnel have cultivated strong relationships with their Cuban counterparts. In the future, the specter of Venezuelan military intervention in Cuba — even if farfetched — further diminishes the already-negligible enthusiasm U.S. military officials have for a Cuban adventure.

Aside from billboards, the Cuban state media covers Chavez as if he were a member of Castro's Cabinet. Cuban and Venezuelan flags often appear together at official ceremonies on the island, and the thousands of Venezuelans visiting Cuba for medical treatment or ideological training underscore the bond between the two leaders. Chavez's elder brother, Adan, who until this month was Venezuelan ambassador to Havana, skipped many of the diplomatic functions other foreign embassies depend on for communicating with the Cuban government because he already had direct access to the highest levels of power.

During a visit to Caracas last fall, Carlos Lage Davila, Cuba's vice president and a potential successor to Castro, raised eyebrows when he declared that "we have two presidents: Fidel and Chavez." Hyperbole, yes. But he undoubtedly wanted to communicate his government's gratitude for continued Venezuelan support.

Finally, in addition to more than one-third of Cuba's doctors, Venezuela is host to thousands of Cuban educators, sports trainers and security personnel. These individuals make up a significant percentage of the well-trained human capital that represents the crown jewel of Cuba's socialist revolution. When Castro dies, Chavez will have to decide how to deal with these Cubans in Venezuela. If he sends them home, there may be no jobs for them, which could be socially destabilizing.

Washington has few tools to counter Chavez in Cuba. In a recent report on the island, the Bush administration concluded that "the current regime in Havana is working with like-minded governments, particularly Venezuela, to build a network of political and financial support designed to forestall any external pressure to change." After Castro's surgery was made public, the administration quickly ruled out any dialogue with the new Cuban government, instead continuing the sanctions policy that has left Washington without any effective leverage in Cuban affairs.

Still, Washington's anxiety about Venezuela's influence in a post-Castro Cuba illustrates how completely Chavez occupies center stage in U.S. policy toward Latin America. Over the last several years, the U.S. has elevated Chavez's stature from that of a strictly Venezuelan political phenomenon to one of a continental menace whose maneuverings are responsible — correctly or not — for every development that goes against Washington's interests. He, not Castro, is the presumed hemispheric boogeyman behind Latin America's burgeoning left-wing movements.

Castro's template for Latin American leadership has captivated the Venezuelan leader since his earliest days in power. Chavez has learned from Castro how to build a virtually indestructible power base at home while winning friends and admirers around the world.

Most important, Castro has demonstrated that crossing swords with the United States can be a good career move. If the U.S. detects his hand in the selection of Cuba's next leader, Chavez may be betting that roiling the U.S. will benefit him as well.

Bill Gates's Charity Races To Spend Buffett Billions (NYT)

By Stephanie Strom

DOJ_NMG_0047668

The New York Times, August 13, 2006

Although it has long been the largest grant-making foundation in the nation, the Bill and Melinda Gates Foundation is facing an unparalleled challenge: how to give away more money — and do it much faster — than it ever has before.

Largely lost in the June announcement of Warren E. Buffett's gift of $31 billion to the foundation were its terms. Mr. Buffet will make the contribution in annual increments. For tax reasons, starting in 2009, the foundation must give away every nickel that he contributed in the previous year.

At the current price of the Berkshire Hathaway stock Mr. Buffett will be donating, the foundation will have to distribute $3 billion annually, or a little more than twice what it distributed last year.

"It's like having a second child," said Dr. Helene D. Gayle, who left the foundation this year to become president of CARE USA, the international relief group. "It's not just twice the amount of work; rather, things change in vastly different ways."

In the next two years, the foundation plans to double its staff to about 600 people to handle the additional money, said Cheryl Scott, the foundation's new chief operating officer, and it is building a new headquarters complex in Seattle. "We're very thankful for the two years he gave us to ramp up," Ms. Scott said. "I think he understands that you don't just turn this kind of thing on and off."

"I've been a manager for close to 30 years, and this is a well-run organization," Ms. Scott added, "but if you put that kind of a load on the current process we have, it's not going to carry it through."

The foundation has said it intends to continue to focus its philanthropy on education and global health while adding a new area, global development, to help the poor in third world countries. Before Mr. Buffett's donation, the Gates Foundation had assets of almost $30 billion.

Dr. Gayle said the foundation's way of doing business had evolved from its early days, when it believed in giving out a few large grants, rather than many small grants, to avoid building a huge staff and becoming a big institution. Now, she said, it has a more formal, structured process. Increasingly, it creates horse races among potential recipients through requests for proposals, more like a business, Dr. Gayle said.

"That takes time and is very hard to do piece by piece, project by project when you're trying to get that much money out the door," Dr. Gayle said. "In addition to the traditional approach of requests for proposals for specific projects, they may need to look at ways of giving out money over longer terms and turning to institutions that have the capacity to spend large resources."

Externally, the immensity of the amount the foundation will have to give away each year is reviving debate about its size and influence.

"One out of every 10 foundation dollars spent is going to have the Gates name on it, and that gives it influence that is impossible to calculate," said Rick Cohen, executive director of the National Committee for Responsive Philanthropy, a research group.

"And as currently structured, just four people are deciding how to spend all that money," Mr. Cohen said, referring to Mr. and Mrs. Gates; William Gates Sr., Mr. Gates's father; and Patty Stonesifer, the foundation's co-chairwoman and president.

Mr. Cohen and others said the large amount of money also allowed governments and other donors an excuse not to spend their money.

In its 2007 budget proposal, for example, the Bush administration eliminated a $93.5 million program to underwrite the development of smaller schools, specifically citing the increase in support for those schools from "nonfederal funds" from the Gates Foundation and the Carnegie Corporation.

Then there is the issue of accountability. Foundations by and large police themselves because of the paucity of federal and state resources devoted to oversight of the nonprofit sector.

The Gates Foundation goes further than most in revealing its warts. Its Web site acknowledges various missteps and challenges, be they unexpected complications in starting its AIDS-related program in Botswana or problems with its efforts to develop small schools. Its new headquarters will have a visitors' center, a first for a major foundation.

"There is skepticism about whether a foundation can be a responsible and effective steward of this kind of money," Ms. Scott said. "For us, it's a question of teeing up the issue squarely, because it is a real one, and telling the story as fully and openly as we can. We do not want to be a black box."

Others say the critics' concerns are overblown because influence can be achieved with even small amounts of money.

"It doesn't take billions of dollars to influence public policy," said James Allen Smith, a philanthropic historian at Georgetown University. "It can be done with tens of millions or even a strategically placed few hundred thousand."

Dr. Smith said that although the Gates Foundation grants were typically many times the amount of an average foundation's, its donations paled in comparison with spending by government-financed organizations like the National Institutes of Health, which has an annual budget of $29 billion.

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Foundation officials make the same point. "It's still, in absolute terms, a small amount of money, given the problems we're working on," said Raj Shah, who oversees the foundation's new financial services for the poor and efforts to improve agricultural productivity. Mr. Shah said the foundation's primary focus was on some 550 million households in the world that survive on less than $2 a day.

Mr. Shah's responsibilities include a new global development program. It is concerned with making financial and agricultural advances, and water and sanitation improvements for the poor. In Malawi, the foundation has underwritten the purchase of thumbprint readers used in establishing savings accounts for the rural poor.

The new endeavors, which grew out of a 16-month review aimed at determining how to expand the foundation's operations in ways that complement its work on global health issues, give it new opportunities to spend its money.

Dr. Gayle said the foundation's work had been evolving in the past year to include broader goals. In reproductive health, for example, it has been moving beyond grants supporting the delivery of services to broader goals like reducing maternal mortality, increasing access to contraception and providing education to girls.

The foundation had begun working toward an expansion more than a year before the Buffett gift was announced. The Gateses have long said they intend to give much of their fortune, pegged at $51 billion by Forbes magazine, to the foundation, and Mr. Gates is ceding day-to-day control of Microsoft to devote himself to foundation work.

Grandmothers From Africa Rally For AIDS Orphans (NYT)

By Lawrence K. Altman

The New York Times, August 13, 2006

TORONTO, Aug. 12 — After burying their children, they must take care of the children of their children.

They are the "AIDS grannies" of Africa: women like Matilda Mwenda, 51, of Zambia, who has lost two of her seven children to AIDS, leaving five orphaned grandchildren in her care, along with two nieces who were orphaned when her sister died of AIDS.

Or Priscilla Mwanza, 49, also of Zambia, a widow who is herself infected with H.I.V. She cares for three grandchildren orphaned by AIDS in addition to her own surviving children, 16 and 3, a niece and her aging mother.

Or Alicia Mdaka, 66, from Cape Town, who has seen four of her eight children die — two from AIDS, two from stabbings. Now, along with her four surviving children, she cares for seven grandchildren and five great-grandchildren.

The three women are among about 100 African grandmothers who flew here for a four-day gathering that ends Sunday with a march to the opening of the 16th International AIDS Conference. The gathering, which brought the African women together with about 200 Canadian grandmothers (very few of them dealing with AIDS in their immediate families), is believed to be the first large one dedicated to helping grandmothers cope with the AIDS pandemic.

"We did not know we had this potential until we formed a support group to learn and share," Ms. Mdaka said.

At first, she said, "I was so angry, feeling guilt, asking how can I live." But then uniting with other grandmothers in the same situation "made things easier for me." The pandemic has created an estimated 12 million orphans in Africa, with the number expected to grow to 18 million by 2010. The burden of care has fallen on grandmothers, whose extended families often exceed a dozen children.

Although 40 percent to 60 percent of orphans in some African countries live in households headed by grandmothers, these women have received little financial or other support.

"Governments haven't the faintest idea what to do," said Stephen Lewis, a former Canadian ambassador to the United Nations who is Secretary General Kofi Annan's representative to Africa for AIDS.

"The policies for orphans, more often than not, are a grab bag of frantic interventions, where faith-based and community-based groups try desperately to cope with the numbers, but rarely have either the capacity or the resources," he said.

His nonprofit Stephen Lewis Foundation (stephenlewisfoundation.org) sponsored the gathering here. As the foundation prepared for the gathering, it learned that a small number of Canadian grandmothers had established connections with grandmothers in Africa, particularly a group called the Go Go Grannies in Alexandria Township near Johannesburg.

"A burgeoning population of parentless children, adolescents and rootless youth is simply overwhelming for every state," Mr. Lewis said in the lectures he delivered at the University of Toronto last year.

His foundation pays for 142 projects in Africa. Many work with grandmothers to help them form and expand support networks for dealing with the problems of raising AIDS orphans.

The projects also try to develop sustained income-generating projects to pay for orphans' food, school fees and school uniforms, and for coffins to allow for dignified burials of family members.

The African grandmothers came here from 11 countries. They attended workshops on topics like counseling to help them understand and support children coping with the loss of their parents; helping orphans deal with depression, frustration and

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stress; building resilience in children and grandmothers; and counseling about the "put-down syndrome," which the orphans experience when they are constantly told they are inferior or lazy.

Among other things, the women were told to be careful to avoid infection when cleaning the bleeding wounds of children who may be H.I.V. positive.

Ms. Mdaka counsels children about bereavement and advises teachers that when the orphans are moody they may be thinking about the loss of their parents. She also advises other grandparents on how to prepare wills and how to develop skills in sewing and knitting to make money for services they share.

Cherry Matimuna, 53, is a nurse who has adopted four children orphaned by a niece and a nephew who died of AIDS in Zambia. She said she would be resting if there were no AIDS epidemic. Instead, she has come out of retirement to help care for 61 additional AIDS orphans in Kadwe, the same town where Ms. Mwenda and Ms. Mwanza live.

"We're fighting to create another strong generation," Ms. Matimuna said.

Twenty-five years after AIDS was first detected, no master plan exists to deal with its orphans.

"What the world fails to recognize is that these children don't become orphans when their parents die, they become orphans while their parents are dying," said Mr. Lewis, the United Nations representative.

In the absence of a grandmother or other relative to care for AIDS orphans, the oldest child becomes the head of the household and looks after the siblings.

"Many orphans play, beg for food and sleep on the streets," Ms. Matimuna said. Some go naked for lack of clothes. As the orphans grow up, some commit crimes. Some become prostitutes, get pregnant and are infected with H.I.V.

The transfer of love, knowledge and values from one generation to the other is gone, and with it goes the confidence, security and sense of place that children normally take for granted, Mr. Lewis said.

So he has concluded that "we must collectively carve out a social security scheme for grandmothers, which will permit them to survive themselves, and secure food, clothing and shelter for their orphan grandchildren."

Many African grandmothers, he went on, have "made that heart-wrenching trek to the graveyard, many more than once, and yet they speak with a spunk and resilience that is positively supernatural."

The Canadian and African grandmothers come from vastly different backgrounds but have a common purpose — to learn how to help African grandmothers raise the millions of AIDS orphans.

Mary Anna Beer, 62, a retired teacher from Newmarket, Ontario, became interested in AIDS in the late 1980's, when friends died of it, and says she began to understand the plight of African grandmothers in six trips to eight countries since 1993. She said she had helped a committee raise nearly $900,000 for the Lewis Foundation and publish a manual advising other groups to raise awareness of AIDS in Africa. (The manual is online at york4stephenlewis.ca.)

Mr. Lewis's daughter, Ilana Landsberg-Lewis, who runs the foundation, said the gathering had three goals. One was to spread awareness about the plight of the African grandmothers. A second was to get the grandmothers to show the world what they needed, what their agenda was and what response they wanted. A third was to raise money for them.

African grandmothers have always worked hard, farming and preparing meals, nursing the sick and caring for children while parents were working.

But in the AIDS pandemic, many overlook the fact that the grandmothers need help to cope with the added suffering from their losses.

Ms. Matimuna said that as the breadwinner she felt responsible for rearing the orphans in her family; paying for their school fees, uniforms and books; and keeping them from living on the streets.

The orphans call her Mommy, Ms. Matimuna said, and generally cope well, though occasionally the oldest asks if her parents will return. "It's natural to think about that, and I tell them the truth."

Iran Insists On Nuclear Right, Threatens To Quit IAEA (AFP)

AFP, August 13, 2006

Iran repeated its refusal to suspend uranium enrichment activities as called for in a UN resolution, threatening instead to withdraw from the International Atomic Energy Agency.

"Iran doesn't accept suspending its uranium enrichment," the official IRNA agency quoted parliamentary speaker Gholam-Ali Hadad-Adel as telling parliament.

"If the result of our being part of international organisations and the IAEA is to be deprived of our absolute right (in nuclear matters), there is no reason for us to continue to be part of such organisations," he said.

The UN Security Council has given Iran until August 31 to halt enrichment and reprocessing activities or face possible sanctions.

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The resolution was pushed through after Iran ignored a previous non-binding deadline and failed to respond to an international offer of incentives in exchange for a moratorium on nuclear fuel work.

Iran has repeatedly insisted its nuclear programme is for civil purposes only despite Western concerns that it may be cover for an attempt to develop the bomb.

The Islamic republic is due on August 22 to reply to a package of incentives offered by the big powers and aimed at suspending uranium enrichment.

But the head of Iran's supreme national security council and chief nuclear negotiator, Ali Larijani, said on August 6 that Iran would not suspend uranium enrichment.

Asked about Iran's reply on August 22, foreign ministry spokesman Hamid Reza Asefi said on Sunday that, "the date does not have any significance. What is important is the climate and the conditions for a dialogue."

"We do not trust Europeans any more," he said, referring to the so-called EU-3 of Britain, France and Germany that have been leading negotiations on Iran's controversial nuclear programme.

"Unfortunately, the Europeans changed their path," he added, referring to the adoption of the United Nations Security Council's ultimatum.

"Iran will choose another path," other that of cooperation, if the Europeans, "continue their own path," he said, without elaborating.

After more than two year of nuclear negotiation with the European troika, Iran started uranium conversion -- a prerequisite for uranium enrichment -- thus breaking the talks.

Mexican Seeks 4 Percent Of Votes Tossed (AP)

By Mark Stevenson

AP, August 13, 2006

Mexico's leftist presidential candidate wants votes from nearly 5,000 polling places thrown out, a top aide said Saturday, amid signs that a partial recount won't change enough results to swing the election his way.

"Annulling (the results) from these polling places would change the balance of the election, and would mean that Andres Manuel Lopez Obrador would be the winner," said Claudia Sheinbaum, the leftist candidate's top campaign aide.

She said the request will be filed soon to the Federal Electoral Tribunal, which is overseeing the partial recount and must resolve all challenges to the July 2 elections by month's end.

Parties involved in the recount say elections officials have found extra ballots in some ballot boxes, and in other cases have failed to account for all blank ballots distributed to polling places. Sheinbaum said this suggests "a concerted operation" to fix the election for conservative Felipe Calderon, who led by less than 1 percent in the official but still uncertified vote count.

"These criminals thought it was going to be easy — 'we took his victory away and he's going to cross his arms and do nothing,'" Lopez Obrador said Saturday in Chiapas, where he was campaigning for a fellow party member. "Well, no, I'm not going to just wait with my arms crossed."

The polling places to be challenged by Lopez Obrador's Democratic Revolution Party were mainly ones where Calderon got more votes, and would represent almost 4 percent of Mexico's voting places, a figure that could rise if more alleged irregularities are found in the partial recount, which is set to conclude Sunday.

Lopez Obrador has said he doesn't want the entire election thrown out, but Sheinbaum said the tribunal might choose to do that, or to order a complete recount of all 41 million votes cast, rather than the current recount of 9 percent of ballot boxes with evident problems.

Some experts have suggested the so-called "missing ballots" might be due to people who kept voting sheets, rather than using them to vote, and said "extra" ballots might have been transferred from nearby polling places. Sheinbaum said neither explanation could account for such widespread problems.

The tribunal hasn't released any official results from the partial recount, but local media reported that variations of only a few thousand votes have been found, far short of what Lopez Obrador would need to overcome a 244,000 vote deficit.

Also, in a Mexican twist on the "hanging chad" dispute that marked the 2000 U.S. elections, the electoral tribunal said it will have judges individually examine questionable ballots that emerge from the partial recount.

Sheinbaum said thousands of ballots could fall into the questionable category.

Mexico's voting system is not computerized — voters use crayons to make an "x" on a paper ballot in a square corresponding to a candidate, unlike the punch cards that sometimes left incomplete perforations, or "hanging chads," during Florida's 2000 president election recount.

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But some ballots apparently have marks that run over more than one square, or no visible marking; such ballots would be reviewed by justices to see whether there was a clear intention in favor of one candidate, or whether they will be considered null or voided.

The protest camps set up in much of downtown Mexico City continued in full swing Saturday. Lopez Obrador's supporters also have briefly taken over highway toll booths, allowing motorists to pass through without paying, a tactic they repeated Saturday on highways in the central state of Puebla, the southern state of Guerrero and the northern state of Nuevo Leon.

New Attacks By A Heavily Armed Gang Rattle Brazil And Set Off Political Wrangling (NYT)

By Larry Rohter

The New York Times, August 13, 2006

SÃO PAULO, Brazil, Aug. 12 — The powerful criminal group whose street battles with the police paralyzed this metropolis three months ago has begun a new series of attacks, mocking government efforts to reduce its influence, alarming citizens and igniting a partisan political dispute.

The new offensive, which began this week, has killed far fewer people than the more than 180 left dead in May. But the number and variety of targets chosen is larger: more than 200 sites in a score of cities and towns, including government offices, banks and police and bus stations.

The criminal group that has claimed responsibility for many of the attacks, First Capital Command (P.C.C. are its initials in Portuguese), is a prison-based network that in the past has used such shows of strength as a bargaining chip to demand better conditions for its estimated 10,000 members behind bars.

"A new fact in these attacks are the cities in the interior" that have been chosen as targets, said Col. Elizeu Teixeira Borges, commander of the São Paulo military police. "They've even attacked a church, which makes no sense."

The city of São Paulo is the largest in South America, with more than 10 million people in the city itself and another 10 million in the metropolitan area. With more than 40 million inhabitants, the state of the same name is more populous than California and accounts for nearly one-quarter of Brazil's total population and about 40 percent of its economy.

The new attacks, which were preceded by a shorter wave of raids last month, have caused consternation. The gang has consistently shown itself to have more firepower than the police, including grenades, mortars and other weapons legally available only to the armed forces, which has contributed to a sense of helplessness among residents.

"We're always hearing about Hezbollah in Lebanon and Al Qaeda in Iraq, and it all seems so very far away," said Nelson Kimura, a university student here. "But we have also an alien organism in our body politic, one that the state here, as there, seems unable to control."

With Brazil's presidential election less than two months away, the gang's guerrilla-style attacks have quickly become a campaign issue. President Luiz Inácio Lula da Silva of the left-wing Workers' Party, who promised vastly improved public security as a candidate four years ago, is seeking a second term. His main opponent is Geraldo Alckmin of the center-left Brazilian Social Democratic Party, who was governor of the state of São Paulo until election laws forced him to step down.

On Friday, Mr. da Silva took part in a ceremony at a military base in the suburbs here and renewed an offer of federal help — in the form of as many as 10,000 army troops — made this week by his minister of justice.

"Society must defeat these bandits," he said. "We cannot be threatened or defeated by banditry."

But Mr. Alckmin's supporters and many political analysts have interpreted the offer of troops as aimed at weakening his candidacy.

If the state government were to accept the army presence, the message to voters around the country would be that "the crisis in São Paulo's security can't be resolved without Brasília's help," O Estado de São Paulo, the state's most important newspaper, concluded on Wednesday. "Lula would gain by showing that the state government has not been able to control the P.C.C. and would benefit by linking a sense of security among the populace to the army."

At an impromptu news conference here late Thursday, Cláudio Lembo, who became governor of São Paulo when Mr. Alckmin resigned, said the presence of the army would constitute "inappropriate interference" in his state's affairs. "This interference has not occurred because they know it would not be requested or accepted," he said, adding, in reference to the troops, "We don't need them here at this moment."

According to Brazilian press reports, the armed forces themselves are wary of such duty. Mr. da Silva has already dispatched troops to Rio de Janeiro on a limited, temporary basis to fight drug gangs there, with mixed results at best: a 35-year-old schoolteacher was shot dead at a military roadblock and some military weapons ended up in the hands of drug lords who are said to have followers infiltrated among soldiers.

On Friday, Mr. da Silva was accompanied by his ministers of justice and defense, and, in what seemed to be an effort to show that the military stands behind his plan, the commander of the Brazilian Army, Gen. Francisco de Albuquerque, and the

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officer in charge of the regional garrison here. In his remarks at the military base, the president referred to the rift between the state and federal governments in his address at the police academy, saying, "People are recognizing that the gravity of the situation demands that we be comrades so that a solution can be found."

Violence appeared to be tapering off at week's end, but the authorities remain worried about new outbreaks. Sunday is Father's Day in Brazil, and an estimated 13,000 prisoners, including many affiliated with the First Capital Command, are entitled to a weekend furlough.

Security officials had sought to deny the furloughs, but a judge here ruled this week that such an action would be illegal. The police said they now planned to cancel all days off for officers and to "monitor" furloughed gang members, but Mr. Lembo also issued an appeal to the gang and its leaders to act with "good sense."

"We are preserving their dignity and integrity," he said, noting that the police had not killed any jailed or paroled gang members during the latest outburst of violence. "Now I hope there will be reciprocity on their part."

Hazing Trial Bares Dark Side Of Russia's Military (NYT)

By Steven Lee Myers

The New York Times, August 13, 2006

CHELYABINSK, Russia, Aug. 7 — It is becoming clear now what happened New Year's Day in the barracks of the Chelyabinsk Tank Academy, when the Russian military's singular means of enforcing discipline claimed its most famous victim.

The details are trickling out in a windowless courtroom here in a trial that has illustrated the darkest aspects of Russian military service and exposed the commanders' refusal to address them, despite public pledges to the contrary.

A sergeant, possibly drunk, meted out punishment to a younger soldier, Pvt. Andrei S. Sychyov, who, like him, was a draftee. Rousted from bed at 3 a.m., Private Sychyov was forced to squat for three and a half hours. When he complained, as the pain worsened, the sergeant stomped on his ankle twice.

The episode might have ended there, an unremarkable instance of an abusive system of discipline known as dedovshchina, or the rule of the grandfathers. But Private Sychyov suffered injuries that resulted in infection, then in the amputation of his legs and genitals and finally in a public scandal.

Private Sychyov's fate forced initially dismissive leaders, including the minister of defense, Sergei B. Ivanov, to respond to the furor. They vowed to punish those responsible and to crack down on such abuse.

The trial, however, has cast doubt on the military's prosecution and showed how deeply rooted dedovshchina (pronounced de-DOV-she-na) remains in Russia's barracks, still largely filled with conscripts despite overwhelming opposition to the draft.

The prosecution's case against the sergeant, who is charged only with exceeding his authority, appears to be faltering.

One witness who testified against the sergeant recanted and stopped appearing in court. Others have reversed statements to investigators that they had seen or heard what happened. Witnesses revealed in court that an army general had told three soldiers not to testify at the trial, though they defied him and testified anyway.

Private Sychyov's mother, Galina, said she had received repeated offers from an unknown official with free access to the grounds of a military hospital to drop the case in exchange for an apartment and $100,000. The official stopped, said her daughter, Marina A. Muffert, only after the family complained publicly.

Spokesmen for the Ministry of Defense and the military prosecutor declined to discuss the accusations of bribery and the general's attempt to pressure witnesses, though the new military prosecutor, Sergei N. Fridinsky, has vowed to investigate.

The chief military prosecutor, Aleksandr N. Savenkov, had called it the most "cynical and audacious crime" he had seen in his career, but he was replaced last month in a shake-up of the Prosecutor General's Office. His successor boasted on Aug. 4 that incidents of dedovshchina had declined, contradicting statistics provided the same day by his boss, the new prosecutor general, Yuri Y. Chaika.

Ms. Muffert, who attends the trial every day, traveling from her home in Yekaterinburg, 120 miles north of here, said the military was deliberately undermining the prosecution, even as senior leaders cited the trial as evidence that they were serious about punishing abuse.

"I would like to believe there will be justice," she said during a break on Monday, "but I have less hope each day."

The case of Private Sychyov has shaken the Russian military like no other scandal since the sinking of the nuclear submarine Kursk in 2000, when 118 on board died after a torpedo exploded during an exercise and commanders lied about the cause and the rescue effort.

The furor stemmed in part from the gruesome nature of his injuries, but also because the case confirmed a widespread fear about the dangers of military service — not from combat, but from the military's own method of discipline.

Dedovshchina is often translated as hazing, evoking a ritualized indoctrination, but it has evolved into more. It is a system of rank and discipline where older conscripts exert unquestioned authority over newer ones. The system has become so

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formalized that there are four levels that each draftee passes through. Those once subservient later become masters over those who follow.

By the military's own count, disputed as conservative, 16 soldiers were killed by dedovshchina last year, while an additional 276 committed suicide. Critics say that the suicides, as well as deaths listed as crimes or accidents, reflect cases of dedovshchina that commanders disguised to avoid attention.

On Aug. 4, Mr. Chaika announced that there had been 3,500 reports of abuse already this year, compared with 2,798 in 2005, a figure that could reflect a rise in the reporting of cases, as Mr. Ivanov has urged commanders to do. Already this year, dedovshchina has killed 17 soldiers, Mr. Chaika reported, compared with 36 soldiers who have died in combat in Chechnya this year.

Mr. Ivanov, who also is a deputy prime minister and is considered a potential successor to President Vladimir V. Putin, played down Private Sychyov's case at first. "I think nothing serious happened," he said more than three weeks after the incident. "Otherwise, I would have certainly known about it."

He later called the case an "outrageous occurrence" and vowed to prosecute those involved. At the same time, he said it should not be "a reason for baseless accusations against the entire army, and against generals and admirals in particular." And he blamed larger factors beyond the military's control, including high rates of crime and violence throughout society. "In our country," he told the lower house of Parliament in February, "dedovshchina begins in kindergarten."

In an extensive study of dedovshchina, Human Rights Watch reported in 2004 that the system was now badly abused, eroding military preparedness and killing dozens each year, while leaving thousands with "serious — and often permanent — damage to their physical and mental health."

Here in Chelyabinsk, three soldiers are on trial, though only one, Junior Sgt. Aleksandr V. Sivyakov, is directly charged with the abuse of Private Sychyov. The others face charges of hazing other conscripts. At the time of the incident, Sergeant Sivyakov had served for a year, while Private Sychyov had been in the army for only six months.

News media reports have described what happened New Year's Eve as a wanton, drunken assault involving several soldiers. They have erroneously included reports of torture and rape.

In fact, according to testimony, including Private Sychyov's accounts, the details are more banal, though the results no less grievous.

The battalion had a New Year's Eve party in the barracks. When it was over, Sergeant Sivyakov became upset over the poor job soldiers did in cleaning up the mess left behind. For reasons not yet clear, he decided to punish the private.

"The sergeant said I was a bad soldier," Private Sychyov said, according to testimony read by the lead prosecutor. (He remains in a military hospital in Moscow, too ill to testify in person, according to the prosecutors. The panel of three judges refused defense requests that he appear or that the trial be moved temporarily to Moscow.)

"Sivyakov," the private continued, "said he would teach me to follow orders."

His punishment was to squat on the balls of his feet, a position that soon became excruciating.

Private Sychyov said he had no previous trouble with the sergeant, who just that night had advanced to the next level in the dedovshchina ranks, his lawyer said. Private Sychyov said he smelled alcohol on the sergeant's breath.

Private Sychyov, then 18, had been eager to serve in the military, his sister said, unusual in a country in which about 90 percent of the men manage to avoid their nominally mandatory two years of service. "His father served," she added. "His grandfather served. All the men in our family served. It was not even a question."

When the punishment ended, Private Sychyov testified, he could not stand immediately. He sat for 5 to 15 minutes, but then returned to bed. When he woke again later that day, his leg hurt. By Jan. 3 he was bedridden.

Because no one was at the base clinic, given the holidays, when much of Russia shuts down, he did not seek medical attention until Jan. 4. An initial examination diagnosed thrombophlebitis, a swelling caused by a blood clot.

By Jan. 6, as his condition had worsened, he was transferred to a civilian hospital in Chelyabinsk, where doctors found that gangrene had spread through his lower extremities and began amputating them the next day. His mother learned of his condition only after the first amputation.

Sergeant Sivyakov, who sits in a cage during his trial, occasionally exchanging whispered remarks with his mother in the gallery, has pleaded not guilty. His lawyers have tried to challenge much of the evidence presented by the prosecution, so far without much success.

One of his lawyers, Yelena V. Ustinova, said in an interview that prosecutors were pressuring soldiers to testify against the sergeant, who has not yet testified in his own defense, and said he was being turned into a scapegoat.

The sergeant's lawyers argue that he did nothing to injure Private Sychyov and that the soldier's injuries may have stemmed from a pre-existing medical condition. [On Friday, a military doctor testified for the defense that the private might have suffered a blood infection for several months before New Year's Day.]

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Pvt. Sergei N. Gorlov, one of the three soldiers told not to testify against the sergeant, took the stand Monday and explained how he had awakened at 5 a.m. and saw the sergeant with a squatting Private Sychyov. He also testified that he heard the private scream at least twice. Defense lawyers challenged discrepancies in his account and quizzed him on how he could have identified Sergeant Sivyakov positively in the darkened barracks.

Despite the outrage over the case, the ministry appears to have shown little interest in rooting out dedovshchina itself, only those abuses that come to light. Critics argue that only an end to conscription and the creation of a professional army, with a trained corps of noncommissioned officers, will end the reliance on dedovshchina for discipline in the ranks.

Even Private Gorlov expressed mixed feelings about the practice during a break in the trial. “I don’t think it will ever go away,” he said.

Pvt. Oleg S. Makarin, another of the soldiers urged not to testify, said the system still had its place in Russia’s military.

“There are pluses and minuses to dedovshchina,” he said outside the courthouse. “It is easier to run an army if the older soldiers are looking after the younger soldiers.” He paused, nervously, before leaving to smoke. “You have to know the limits.”

The Man Who Exposed The Soviets' Viral Terror (LAT)

By Judith Miller, Judith Miller, A Former New York Times Reporter, Is A Coauthor Of "Germs: Biological Weapons And Ame

The Los Angeles Times, August 13, 2006

Lev Sandakhchiev raised the barbed wire on a deadly Cold War secret and saved the world from bioweapon horror.

A MAJOR CHAPTER in biological warfare quietly closed in June with the death of Lev S. Sandakhchiev, an extraordinary 70-year-old Russian scientist who until last year had led the former Soviet Union's most terrifying center of viral research. Located in remote Siberia, the State Research Center of Virology and Biotechnology, informally known as Vector — worthy of James Bond — had throughout the Cold War been turning the world's most hideous diseases into weapons. A secret research facility, Vector had long been the target of American intelligence efforts and, as it turned out, justified anxiety.

For decades, the U.S. could only speculate about the lab's frightful accomplishments. Then Sandakhchiev made a courageous decision. A compact, wiry, chain-smoking scientist, he grasped after the Soviet Union's collapse that the survival of his lab and its scientists depended on abandoning his life's long work in bioweapons and opening up to the West.

In 1993, he astonished Russian and American scientists at an international meeting by shouting the Russian equivalent of "Let's cut the crap" when some of his colleagues denied that Moscow had long violated the anti-germ warfare treaty it had been among the first to sign. In 1999, Sandakhchiev further outraged some of his colleagues by permitting an American journalist to tour Vector and write about what was done there and his hopes for peaceful cooperation with American scientists. The implications of what I saw have haunted me ever since.

Behind barbed wire, Vector sprawled over 100 buildings and included warrens of animal pens, massive labs designed to contain smallpox, anthrax and plague germs, and even its own cemetery, in which a scientist who had accidentally injected himself with Marburg virus had been buried in a zinc-lined grave. Vector had been experimenting with viruses such as Marburg and Ebola, nature's own weapons of mass destruction, to which there were no antidotes.

The scale was breathtaking. The virus that causes smallpox had been mankind's greatest scourge. Microscopic quantities could kill millions. Yet Vector had secretly produced tons.

Now a Vector spin-off makes cosmetics. The lab also remains one of two World Health Organization-designated repositories of the smallpox virus; the U.S. Centers for Disease Control and Prevention in Atlanta is the other. And Vector is seeking WHO designation as a global center for combating avian flu.

Sandakhchiev's scientific glasnost allowed him to preserve his institute and stop his scientists from being recruited by Iran and other germ weapon-hunting states and terrorist groups. But he couldn't have done it without a visionary, underappreciated American program. Created in 1991 by Sam Nunn, the former Democratic senator from Georgia, and Sen. Richard Lugar, Republican of Indiana, the Cooperative Threat Reduction program in 1998 provided an emergency $1-million grant — chump change by government standards — to underwrite Sandakhchiev's outreach to the West.

As a result, Vector was able to spurn Iran's offers, and the United States was finally able to confirm defector reports and understand other key aspects of the Soviet Union's clandestine germ empire, which at its peak in the late 1980s employed about 60,000 scientists and technicians in secret facilities throughout the land.

In the end, Sandakhchiev's biggest contribution may have been his example, which helped persuade many other Soviet scientists to abandon secrecy and turn their expertise in chemical and biological warfare to peaceful pursuits.

Needless to say, some nationalistic hard-liners in Russia resisted scientific exchanges and Vector's growing ties to the West. For their part, some U.S. officials suspected that military work was continuing at Vector and elsewhere. Such fears were

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largely but not totally allayed, at least at Vector, by 2000, when audits of its grants showed that the dollars Washington had invested there — $30 million at last count — had been spent as Congress intended.

In the battle against germ weapons, as in medicine itself, an ounce of prevention is worth a pound of cure. For about $500 million a year — about the cost of two days of the Iraq war — the Nunn-Lugar threat-reduction programs have helped deny nuclear, chemical and deadly biological materials and expertise to hostile states and terrorists.

Despite this record, the program has often struggled for funding, particularly its biological work. In the year after 9/11 and the anthrax-letter attacks, Nunn-Lugar funding actually dipped. The U.S. is spending lots of money to stop the spread of deadly pathogens, but not enough in Russia, which only 15 years ago had the world's most advanced bioweapons program. Spending just $50 million to $70 million more over five years would help Russia consolidate and safeguard its pathogens in about a dozen new repositories, benefiting both nations' biosecurity.

Both the Pentagon and the State Department sent wreaths to Sandakhchiev's funeral. Appropriately so. Sandakhchiev may well have taken some terrible secrets to his grave. But it's hard to overestimate his contribution to demonstrating that archenemies of 50 years can cooperate to battle disease, rather than spread it for military gain.

A far more meaningful tribute to him would be increased spending to stop the proliferation of the world's deadliest germs and other sources of unconventional weapons.

Talking To Evil (NYT)

By Nicholas D. Kristof column

The New York Times, August 13, 2006

If there's one thing about North Korea that is widely known, it's that there's no point in negotiating with it. After all, President Bill Clinton reached a landmark nuclear deal with North Korea and it then cheated and secretly produced nuclear weapons on the side, rendering that agreement no more than worthless paper.

Alas, that one "fact" is wrong. And since the perception that negotiation failed is so widespread — and shapes our unwillingness to negotiate with Iran and Syria, central players in today's Middle East crisis — it's worth setting the record straight.

Vice President Dick Cheney's approach — often paraphrased as, "we don't negotiate with evil; we defeat it" — has hobbled foreign policy over the last six years. It let North Korea outmaneuver us and made progress in the Middle East impossible.

Last month, President Bush led an international gnashing of teeth about North Korea's missile test. But at the end of the day, despite a U.N. resolution that was a significant achievement for the administration, North Korea is continuing its missile development and plutonium production.

Mr. Clinton and Mr. Bush offer us a nice test case of alternative approaches to dealing with rogue regimes — engagement and deal-making in the case of Mr. Clinton, and confrontation and isolation in the case of Mr. Bush. So let's look at how well each approach worked.

North Korea began obtaining plutonium under President Ronald Reagan and the first President Bush, and that rogue behavior led at the beginning of Mr. Clinton's presidency to frenzied negotiations that culminated in the Agreed Framework of 1994.

That was the deal in which North Korea would get oil and nuclear reactors in exchange for freezing and eventually dismantling its nuclear weapons program. Republicans were furious, noting correctly that North Korea was in effect blackmailing us by making us pay to stop its outrageous behavior. Moreover, North Korea soon began to cheat: it secretly tried to develop an alternative route to nuclear weapons using enriched uranium.

Mr. Bush, seeing the Agreed Framework as the mollycoddling of tyrants, backed out of it in 2002.

Alas, this approach worked even worse: North Korea revived its plutonium program and converted old fuel rods into enough plutonium for a half-dozen weapons. And North Korea is now adding enough plutonium for about one weapon a year.

So here's the score card: Mr. Clinton's negotiated approach prevented North Korea from making a single ounce of plutonium during his eight years in office (no one seriously asserts the opposite). In contrast, North Korea will have obtained enough plutonium for about 10 weapons on Mr. Bush's watch.

What about North Korea's cheating? That didn't involve plutonium but efforts to purchase equipment to enrich uranium and make weapons by a separate path. And that effort apparently never got off the ground; the intelligence community is pretty sure that North Korea hasn't made any uranium bombs under either Mr. Clinton or Mr. Bush.

So, zero new nuclear weapons under Mr. Clinton, and enough plutonium for 10 weapons under Mr. Bush: that's a fair indication of which approach works better.

Instead of negotiating directly with evil regimes, Mr. Bush has used a strategy of persuading proxies to help: China in the case of North Korea, and friendly Arab states in the case of Syria. That has failed because those proxies don't share our strategies and don't have much influence.

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Relying on the Chinese doesn't work, for example, because the North Koreans and the Chinese privately can't stand each other. I'm told that after the missile tests, the Chinese government requested an urgent meeting to transmit a message to Kim Jong Il — then the Chinese seethed because the North Koreans made them wait three days before even listening to the message.

There simply is no substitute for engaging directly, even with brutal regimes, as President Richard Nixon did so successfully with Mao's China. And Mr. Bush has dealt repeatedly with one odious regime: Sudan's. Mr. Bush hasn't been able to stop the genocide in Darfur, but he did end the war between northern and southern Sudan, a conflict that had cost two million lives over 20 years. That was a triumph for Mr. Bush, and it came through relentless negotiations.

So with the Middle East in crisis, let's hope that Mr. Bush will try direct negotiations with Syria and even Iran. Negotiations may not be pretty, but the evidence shows that they work far better than tooth-gnashing.

The Culture Of Nations (NYT)

By David Brooks column

The New York Times, August 13, 2006

Diplomats in New York rack up a lot of unpaid parking tickets, but not all rack them up at the same rates. According to the economists Raymond Fisman and Edward Miguel, diplomats from countries that rank high on the Transparency International corruption index pile up huge numbers of unpaid tickets, whereas diplomats from countries that rank low on the index barely get any at all.

Between 1997 and 2002, the U.N. Mission of Kuwait picked up 246 parking violations per diplomat. Diplomats from Egypt, Chad, Sudan, Mozambique, Pakistan, Ethiopia and Syria also committed huge numbers of violations. Meanwhile, not a single parking violation by a Swedish diplomat was recorded. Nor were there any by diplomats from Denmark, Japan, Israel, Norway or Canada.

The reason there are such wide variations in ticket rates is that human beings are not merely products of economics. The diplomats paid no cost for parking illegally, thanks to diplomatic immunity. But human beings are also shaped by cultural and moral norms. If you're Swedish and you have a chance to pull up in front of a fire hydrant, you still don't do it. You're Swedish. That's who you are.

Walter Lippmann got to the crux of the matter in a speech 65 years ago. People don't become happy by satisfying their desires, he said. They become happy by living within a belief system that restrains and gives coherence to their desires:

"Above all the other necessities of human nature, above the satisfaction of any other need, above hunger, love, pleasure, fame — even life itself — what a man most needs is the conviction that he is contained within the discipline of an ordered existence."

People need the coherence their culture provides and value it even more than easy parking.

For several decades a veteran foreign aid worker, Lawrence E. Harrison, has contemplated the power of culture in shaping behavior. He's concluded that cultural differences mostly explain why some nations develop quickly while others do not.

All cultures have value because they provide coherence, but some cultures foster development while others retard it. Some cultures check corruption, while others permit it. Some cultures focus on the future, while others focus on the past. Some cultures encourage the belief that individuals can control their own destinies, while others encourage fatalism.

In a new book, "The Central Liberal Truth," Harrison takes up the question that is at the center of politics today: Can we self-consciously change cultures so they encourage development and modernization? Harrison is writing about poverty, but this is incidentally a book about the war on terror, and whether it is possible to change culture in the Middle East and the ghettos of Muslim Europe.

On the one hand, Harrison is an optimist. He has taken his title from one of Daniel Patrick Moynihan's greatest observations: "The central conservative truth is that it is culture, not politics, that determines the success of a society. The central liberal truth is that politics can change a culture and save it from itself."

But when Harrison turns to how politics can change culture, you find he is a man who has been made aware of the limitations on what we can know and achieve. Harrison and a team of global academics studied cultural transformations in Ireland, China, Latin America and elsewhere. They concluded that cultural change can't be imposed from the outside, except in rare circumstances. It has to be led by people who recognize and accept responsibility for their own culture's problems and selectively reinterpret their own traditions to encourage modernization.

Harrison observes that gigantic investments in education, and especially in improving female literacy, usually precede transformations. Chile was highly literate in the 19th century, and in 1905, 90 percent of Japanese children were in school. These investments laid the groundwork for takeoffs that were decades away.

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Harrison points to many other factors — leaders who encourage economic liberalization, movements that restrict the power of the clerics — but the main impressions he leaves are that cultural change is measured in centuries, not decades, and that cultures are separated from one another by veils of complexity and difference.

If Harrison is right, it is no wonder that young Muslim men in Britain might decide to renounce freedom and prosperity for midair martyrdom. They are driven by a deep cultural need for meaning. But it is also foolish to think we can address the root causes of their toxic desires. We'll just have to fight the symptoms of a disease we can neither cure nor understand.

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TO: **THE ATTORNEY GENERAL AND SENIOR STAFF**

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TODAY'S EDITION

Terrorism News:

Terror Plot Probe Under Way In U.S. (AP) ... 4
Police Eye Money Trail In Airliner Plot (AP) ... 5
Terror Roundup Widens (WT) ... 6
Analysis Of Thwarted Bomb Plot Continues As Air Travel Resumes (MCT) ... 7
UK Maintains Threat Level As BoE Freezes Assets (FT) ... 8
Highest Alert Is Maintained; Air Traffic Begins To Rebound (WP) ... 9
Whose Issue Is Terrorism? (WP) ... 10
Democrats Go On Offense In Latest Terror Case (LAT) ... 11
Cheney Accused Of Politicizing Terrorism (AP) ... 13
Plot Adds Fuel To Congress Spat On Immigration (WSJ) ... 14
Pakistan's Arrests Leave U.S. Uneasy (LAT) ... 15
Airliner Plot Had Support In Pakistan, Officials Say (WP) ... 16
Pakistan Stays A Terrorism Source (WSJ) ... 17
Pakistan's Help In Averting A Terror Attack Is A Double-Edged Sword (NYT) ... 18
Pakistan Nabs 17 In Airplane Terror Plot (AP) ... 20
Foiled Plot Shows Al-Qaeda Still A Force To Be Reckoned With (AFP) ... 21
Suspect Held In Pakistan Is Said To Have Ties To Qaeda (NYT) ... 22
Pakistan 'key' To Bomb Plot (FT) ... 24
Global Hunt Nets More Suspects (LAT) ... 25
Al Qaeda Or Not? U.S., U.K. Differ On Its Likely Role (WSJ) ... 26
Bomb Plot's Initial Suspects Are British Muslims (WT/AP) ... 28
Shock Reverberates Among Acquaintances Of The Young Suspects (NYT) ... 29
Suspects Recalled As 'Just Normal Guys' (WP) ... 30
The Accused Terror Probe Eyes Pakistani Links Of British Suspects (WSJ) ... 32
23 Arrests Preceded By Quiet English Lives (LAT) ... 34
Hawks In Congress, Not Tony Blair, May Benefit From Foiled Threat (WSJ) ... 35
What Not To Take From Britain's Success (WP) ... 36
Judge Won't Delay Terrorism Funding Trial Over Bomb Plot (CHIT) ... 37
Government Rests In Ex-CIA Worker's Case (AP) ... 37
Italy Arrests 40 In Security Crackdown (AP-Y) ... 38
U.S. Embassy In New Delhi Warns Americans Of Bomb Threat On Eve Of Independence Holiday (NYT) ... 38
US Warns Of Possible Al-Qaeda Plot In India (FT) ... 39
U.S. Embassy Warns Of Attacks In India (AP) ... 39

Homeland Response:

It's Still Safe To Fly, Says DHS Chief (WT) ... 40
Focused On 9/11, U.S. Is Seen To Lag On New Threats (NYT) 41
Explosives-detection Systems Used In War On Terror Have Weaknesses (MCT) ... 42
Liquid Explosives In Foiled U.K. Plot Expose Gaps In Security (BLOOM) ... 43
No Simple Solution For Luggage Checks (LAT) ... 45
Five Years On, US Little Prepared To Combat Terrorism (AFP) 47
Technology Aims At Liquid Bombs (WT/AP) ... 48
Explosive-Detection Systems Approach A New Era (WSJ) ... 48
'A Much Greater Challenge' (NWSK) ... 49
Bush Staff Wanted Bomb-detect Cash Moved (AP) ... 50
Aircraft-Security Focus Swings To People (WSJ) ... 51
Prescreening Draws Interest As Lines Grow At Terminals (NYT)52
Carriers Report Shorter Lines, Fewer Flight Cancellations (WSJ) ... 53
Passengers Adjust To New Minimalism In Carry-On Items (NYT) ... 54
Rules Of Travel Game Change, And Passengers Adjust (WP) . 55
Passengers Move Faster At Airports (WT) ... 56
After Day Of Chaos, D.C. Airports At Ease (WP) ... 57
Executives Rethink Life On The Road (NYT) ... 58
Groaning Belts And Empty Bins At LAX (LAT) ... 59
California Vintners Scramble To Deal With Carry-On Ban (LAT)61
Nervous Investors Send Airline Stocks Into Major Tailspin (WP)62
Airline Stocks Take A Hit On New Fears (LAT) ... 63
All Terrorism All The Time: Fear Becomes Reality Show (NYT) 64
The Liquid Bomb Threat (NYT) ... 64
U.S. To Roll Out Electronic Passports (AP) ... 65
Searches Of Bags In Subway Upheld (WP/AP) ... 66
Terror Cell Phone Bust (WNEM) ... 66
More Cell Phone Arrests (WBOY) ... 67
Workers, Filmgoers Evacuated After Suspicious Parcel Found (WP) ... 67
Louisiana's Contract With America (NYT) ... 68

Ashcroft Finds Private-Sector Niche (WP) 68
Ashcroft's Roster (WP) 70

War News:

Pace Won't Rule Out Troop Reductions (AP) 70
U.S. Forces Detain 60 At Iraq Funeral (AJC/AP) 71
A Summer Of Discontent In Iraq (LAT) 72
Granite City Soldier Killed In Helicopter Crash In Iraq (MERCN/AP) 73
Seattle Soldier Killed In Iraq (AP) 74
101st Airborne Unit Returns To Home Fort (WT/AP) 74
U.S. Ambassador Says Iran Is Inciting Attacks (NYT) 74
Clerics Lament Sectarian Deaths (LAT) 76
An Audit Sharply Criticizes Iraq's Bookkeeping (NYT) 77
Freed Iraqi Hostage Tells His Harrowing Tale (LAT) 77
4 Die In Attacks By Insurgents In Afghanistan (NYT) 79
Soldier Says He Would Still Reveal Abu Ghraib Crimes (AP) 80
Imam's Death Puts A Region On Edge (LAT) 80
Learning From Hezbollah (WP) 82
Guilty Of Fighting A War (NYT) 83
Clues From The Past (WT) 83

Corporate Scandals:

CEC Reports Stock Options Investigation (DMN) 84
Ex-Grand Juror Pleads Guilty In Leak On Bristol-Myers Case (WSJ) 85

Criminal Law:

Suspect Pleads Guilty In Abramoff Scandal (WT/AP) 85
Feds Gotti Case Again As Judge Revives 2 Racketeering Counts (NYDN) 86
U.S. Bets Are Off For Web Firm (PHI) 86
Gadsden Officials Will Plead Guilty (BN) 87
Kenner Man Gets Jail Term In Fraud (NOTP) 87
A.C. Man Pleads Guilty In $1.2M. Fraud (ACP) 88
Frederiksen Gets 14 Years For Porn Charges (WCFC) 88
Investigators Sought Former Head Start Chief's Prosecution (NJ) 89
BR Man, 32, Accused Of Disaster Fraud (BRADV) 91
Judge Says Governor Can't Be Tried In Office (NYT/AP) 91
Ruling Postpones Trial Of Kentucky Governor (WP) 91

Civil Law:

Judge Dismisses Lawsuit Over Budget Bill (AP) 92
Court Dismisses Public Citizen's Budget-typo Suit (HILL) 92
Personal Items Of Unabomber Will Be Sold (NYT) 93
Navy Halts Sunken Ship Project (DULNT) 94
Your Life As An Open Book (NYT) 95

Civil Rights:

Jail Report Conflicts With 2 Beatings (BSH) 97
Indians Fight Redskins Name (WP) 98
A Spa Day That Was Anything But Relaxing (WP) 99
Judge Voids Md. Laws For Early Voting (WP) 100
Judge Nixes Early Voting (WT) 102

Antitrust:

Pair Of Antitrust Suits Target Biomet (DOW) 103
2 Antitrust Suits Filed Against Biomet (AP-YBIZ) 103
Broadbandits (WSJ) 104

Environment:

BP's Woes Spark A New Debate Over Arctic Oil Drilling (MCT) 105
BP Faces Fresh Probe Over Alaska Field (FT) 106
Oil Field To Stay Partially On Line (WT) 107
Hunting Pinholes In The Pipeline (WP) 107
Pressure's On For A Pipeline Fix (LAT) 109
BP's Alaska Woes Are No Surprise For One Gadfly (WSJ) 110
Oil Prices Rise On Market Re-evaluation (AP) 112
Feeding The Habit (WP) 113
Size Of Channel Islands No-Fishing Zones May Double (LAT) 113
Midwest Drought Does Little Harm To Corn, Soybeans (WSJ) 115
Auto Industry And E.P.A. Agree On Program To Recycle Mercury (NYT) 115
A Pact On Mercury In Scrap Yards (WP) 116
Murals In Federal Building Spark Debate Over Censorship (MCT) 117

FBI/DEA/ATF/USMS:

Staff And Wire Reports (PTR) 118
Pittsburgh-area Native Appointed Head Of Local FBI Office (SCCD) 121
Crawford Trial Hears Testimony From Agents (EPTIMES) 121
Drug-Terror Connection Disputed (WP) 122
Last Hunters Brooke Arson Defendant Pleads Guilty (WP) 123
Authorities Issue Bomb Warning (SSJ) 123

Congress-Administration:

Two Judges Named To Appeals Court (TOPCJ) 125
Oklahoman Is Sworn In As Federal Appeals Court Judge (TULSAW) 125
Increasingly, Bush Escapes The Media Pack (WP) 126
GOP Big Spenders Have Lunch With Bush (AP) 127
Bush Reads Camus's 'The Stranger' On Ranch Vacation (AFP) 128
Bush Approval Sinks To 33%, Matching Low, Poll Shows (Update1) (BLOOM) 128
Poll: Bush May Be Hurting Republicans (BOS/AP) 128
Bush To Meet With Top Advisers (AP) 129
VA Secretary Says Manhattan, Brooklyn Hospitals Won't Be Closed (AP) 130
VA Secretary: Manhattan, Brooklyn Hospitals Won't Be Closed (AP) 130
Two City Veterans Hospitals Among Those To Stay Open (NYT) 131
Fewer Children Lacking Health Insurance In U.S. (WT) 131
Norman Podhoretz Unrepentant Neocon (WSJ) 132

Other News:

Rate Worries Sap Stocks Strong Retail Sales Put Fed Back In Play; 'A Holding Pattern' (WSJ) 134

DOJ_NMG_0047682

U.S. Stock, Bonds Drop On Retail Sales Report; Dollar Gains (BLOOM) ... 135
Retail Data Suggest Steady Spending (WSJ) ... 136
U.S. Economy: Retail Sales Jump, Challenging Bernanke (Update5) (BLOOM) ... 137
US Retail Sales Climb Strongly In July (FT) ... 138
Retail Numbers Indicate Rebound In 3rd Quarter (WSJ) ... 139
Lookahead: Calm In The Storm (WSJ) ... 139
The Long View: Darwinian Truth Lies Behind The Struggle To Make Investment Headway (FT) ... 141
Fighting Inflation And Housing Bubbles (LAT) ... 142
Home Price Gains Keep Shrinking (LAT) ... 143
Litigation (WSJ) ... 144
Boomtown Redux: Job Market Heats Up In Silicon Valley (WSJ) 144
What Are The Lieberman Foes For? (NYT) ... 146
Man In The News: Ned Lamont (FT) ... 147
'Ready For Change' George (NWSK) ... 149
The Spoils Of Victimhood (NYT) ... 149
Connecticut Feels Strain Of A Rematch At The Polls (NYT) ... 150
A Boost For Lamont As Democratic Leaders Shift Support (WP) 152
Lamont Aide To Apologize For Comment (AP) ... 153
Lamont Daughter's Vote Disqualified (AP) ... 153
Texas Mayor Files For Delay's Seat (AP) ... 153
12 File To Oppose Rep. Jefferson (WP) ... 154
La. Congressman Will Face 12 Challengers (AP) ... 155
Republican Ehrlich Highlights Ties To Democratic Pr. George's Executive (WP) ... 155
Sheehan Treated For Dehydration In Texas (AP) ... 156
Reaganomics At 25 (WSJ) ... 157
High-Tech Smear Tactics (NYT) ... 158
U.N. Council Backs Measure To Halt War In Lebanon (NYT) ... 158
Peace Resolution For Lebanon Unanimously Approved At U.N. (WP) ... 160
UN Approves Lebanon Ceasefire Resolution (FT) ... 162
Resolution Aims For Long-term Solution To Lebanon (FT) ... 162
Deal Is Struck To End Israel-Hezbollah Fighting (WSJ) ... 163
U.N. Security Council Approves Cease-fire Plan (MCT) ... 164
Security Council Approves Israel-Hezbollah Measure (LAT) ... 166
Bush 'believes Conflict Is A US-Iran Proxy War' (FT) ... 168
Olmert Thanks Bush For U.N. Resolution (AP) ... 168
One Month Later In Lebanon (NYT) ... 169
Israeli Leader Recommends Acceptance Of U.N. Resolution (NYT) ... 170
Israel May Expand Ground Combat (WP) ... 171
Poll Shows Olmert Losing Supporters Over Lebanon (WT) ... 173
The Arms Deal Israel Wishes It Had Made (TIME) ... 173
Israel Expands Lebanon Ground Offensive (WT/AP) ... 175
Israeli Drone Strike On Convoy Kills 7 (AP-Y) ... 175
Police Vigilant Of Protest Over Lebanon War (WT) ... 176
Israel's Wounded Describe Surprisingly Fierce, Well-Organized And Elusive Enemy (NYT) ... 177
Longtime Hezbollah Member Provides Glimpse Into Group (MCT) ... 178
Human Rights Council Condemns Israel (WT/AP) ... 179
Soldier Was Determined To Fight For Israel (LAT) ... 179
At Temporary Haven, Tales Of Refugee Woe (WP) ... 181
Lebanese Speak Out On The Web (WT) ... 183
Churches Mum On Israeli Offensive (WT/AP) ... 183
Talking Over The Din Of War (WP) ... 184
Huge Oil Spill Off Lebanon Threatens To Ravage Life In The Sea (MCT) ... 185
Paulson Urges More Renminbi Flexibility (FT) ... 186
Seoul Grapples With Timing Of Troop Transfer (FT) ... 187
S. Koreans Rally In Support Of Alliance (WP/AP) ... 187
Cubans Urged To Stay On The Island (WT) ... 188
U.S. To Relax Immigration Rules For Cubans (AP) ... 188
Protesters In Mexico Release 4 Hostages (AP) ... 189
Health (WSJ) ... 190
In One Country, AIDS On The Rampage . . . (NYT) ... 190
. . . And In Another, AIDS In Retreat (NYT) ... 191

DOJ_NMG_0047683

TERRORISM NEWS:

Terror Plot Probe Under Way In U.S. (AP)

By Lara Jakes Jordan

AP, August 12, 2006

Federal investigators are pursuing leads in the United States related to the foiled plot to blow up flights from Britain but so far have found no evidence of terrorist activity, Bush administration officials said Friday.

Homeland Security Secretary Michael Chertoff, meanwhile, said he would adjust new flight restrictions to try to make air travel for passengers "as simple and as easy as possible, as quickly as possible."

U.S. counterterrorism officials stressed that there was no reason for Americans to believe plotters or others connected with the terror scenario were in the country. Still, the FBI has so far assigned an estimated 200 investigators to track down potential links.

"We operate on the assumption that we don't have everybody," White House homeland security adviser Frances Fragos Townsend said in an interview with The Associated Press. "I never, and I don't think anybody else in this business ever assumes when you take a case down that you've gotten everybody."

"I think it's pretty clear that in this case, we don't have everybody," she added.

In the two weeks before authorities cracked the case, leading to 41 arrests in Pakistan and Britain, the FBI asked for legal permission in a significant number of cases to obtain records, conduct searches or surveillance in the United States. So far, the increased scrutiny has not turned up terror-related evidence, according to a federal law enforcement source.

The arrests led the Bush administration to put the U.S. on its highest threat alert for flights headed to the United States from Britain. Additionally, all other flights were raised to the second-highest alert level.

Two other U.S. counterterrorism officials, speaking on condition of anonymity because of the sensitivity of the investigation, said the British suspects placed calls to several cities in the United States before their arrests. At least some of the calls were placed to people in New York, Washington, Chicago and Detroit, one official said. The suspects are all British citizens, mostly men in the 20s and 30s of Pakistani descent.

The FBI is expecting the arrests and searches of homes and computers in England to generate another round of leads on possible U.S. ties. But there have been no arrests in the United States in connection with the plot, officials said.

Dozens of Muslim and Arab people in the United States reported being questioned by law enforcement officials over the last several weeks, community leaders said. But they believed the scrutiny was related to the conflict between Israel and Lebanon — and not to the British-based plot.

"We were all looking one way," said James Zogby, president of the American Arab Institute, who said he personally was told of only a handful of recent complaints. "But if something else was happening, we weren't focused on it."

Authorities on both sides of the Atlantic fear there still could be dozens of people loose who participated in the plot — even if only tangentially, like by supplying chemicals or funding. Lawmakers also continued to be briefed on details.

Rep. Pete Hoekstra, R-Mich., chairman of the House Intelligence Committee, interrupted an annual bike tour in his district to return to Washington and meet with U.S. officials. Rep. Rob Simmons, R-Conn., who also was briefed Friday, said he believed the Patriot Act and other laws that permit domestic surveillance of terror suspects were critical to capturing the suspects.

Rep. Peter King, chairman of the House Homeland Security Committee, said he was assured during several intelligence briefings that "there's absolutely no evidence" of plotters in the country.

"They're not looking at anybody in the U.S.," said King, R-N.Y.

Chertoff, seeking to ease travel concerns at Washington's Reagan National Airport, also sought to assure Americans that there is no evidence of plotters in the United States. But he cited the possibility of other terrorists or sympathizers, saying, "So I'm not prepared to let my guard down."

The Transportation Security Administration has barred many common carry-on items such as water bottles and toiletries since the plot was unraveled. Chertoff provided no details but said officials would focus on the threat involved — some common chemicals, which combined can form a deadly explosives.

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Officials will study "how we can calibrate our systems to take account of these developments, and then, with that in mind, try to ultimately come back to a regime of security that will give the maximum amount of freedom to the travelers," he said.

Police Eye Money Trail In Airliner Plot (AP)

By Jennifer Quinn And Paul Haven

AP, August 12, 2006

Investigators on three continents worked to fill in the full, frightening picture Friday of a plot to blow U.S. jetliners out of the Atlantic skies, tracking the money trail and seizing more alleged conspirators in the teeming towns of eastern Pakistan.

One arrested there, a Briton named Rashid Rauf, is believed to have been the operational planner and to have connections with al-Qaida in Afghanistan, Pakistani and U.S. officials said.

British and Pakistani authorities have arrested as many as 41 people in the two countries in connection with the alleged suicidal plan, broken up by British police this week, to detonate disguised liquid explosives aboard as many as 10 planes bound from Britain to the United States.

"The terrorists intended a second Sept. 11," said Frances Fragos Townsend, White House homeland security adviser.

New information underlined how close they were to mounting attacks.

After the first arrests in Pakistan some days ago, word went from Pakistan to the London plotters to move ahead quickly, a message intercepted by an intelligence agency, a U.S. official disclosed on condition of anonymity. That prompted British police to move in on the conspirators, long under watch.

British Home Secretary John Reid told reporters officials were confident the main suspects in the plot were in custody. But authorities "would go where any further evidence takes us," he said.

"I think it's pretty clear that in this case, we don't have everybody," Townsend told The Associated Press in Washington.

The British government released the names of 19 of the 24 arrested in Britain — many apparently British Muslims of Pakistani ancestry — and froze their assets. One of the 24 detainees later was freed.

The record of financial transactions, along with telephone and computer records, may help investigators trace more people in the alleged plot.

"Think of it as a river — you look upstream to find the source, and downstream to find out where the money is going," said Cliff Knuckey, former chief money laundering investigator for Scotland Yard.

American authorities were looking for any U.S. links in the conspiracy. Hundreds of FBI agents checked possible leads the past few weeks, including what two U.S. counterterrorism officials said, on condition of anonymity, were calls the British suspects placed to several U.S. cities.

But the U.S. homeland security secretary said Friday nothing significant had emerged. "Currently, we do not have evidence that there was, as part of this plot, any plan to initiate activity inside the United States or that the plotting was done in the United States," Michael Chertoff said.

Britain kept its threat assessment level at "critical," indicative of an imminent attack. Extraordinary security measures continued at British airports, although the backlog of passengers eased from Thursday's chaotic conditions, when hundreds of flights were canceled.

At Heathrow, Europe's busiest airport, around 70 percent of flights operated Friday, but many people turned around and headed home after an announcement that a raft of flights had been canceled, including British Airways services to San Francisco and Los Angeles.

At U.S. airports, airlines were recruiting more baggage handlers as U.S. travelers — facing new rules banning almost all liquids from carry-on luggage — adapted by checking bags they normally would have carried aboard. American passengers faced a second level of security checks starting Friday, with random bag searches at boarding gates.

The alleged terrorists were planning to assemble their bombs aboard the aircraft, apparently with a peroxide-based solution disguised as beverages or other harmless-seeming items, and using such electronic equipment as a disposable camera or a music player as a detonator, two U.S. law enforcement officials told The Associated Press.

A U.S. intelligence official said they planned to deploy a couple of attackers per plane, and the two dozen plotters didn't all know one another — a typical security measure in terror groups.

London's Evening Standard reported the plotters apparently chose next Wednesday as a target date, since they had tickets for a United Airlines flight that day, as well as ones for this Friday, apparently a test-run to see whether they could smuggle chemicals aboard in soft-drink containers.

The paper didn't report the flight's destination, but United has flights from Heathrow to New York, Washington, Chicago, Los Angeles, San Diego, San Francisco and Seattle.

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The British say their inquiry began months ago — prompted by a tip from within the British Muslim community after the bloody July 7, 2005, terror bombings of the London transit system, The Washington Post reported.

There were signs preparations stepped up recently. One of the houses raided by British police this week had been bought last month by two men in an all-cash deal, in a neighborhood of $300,000 houses, neighbors reported.

Pakistani officials said British information led to the first arrests in Pakistan about a week ago, of two British nationals, including Rauf, called a "key person" by the Pakistani Foreign Ministry.

Pakistan's interior minister, Aftab Khan Sherpao, said Rauf has ties with al-Qaida and was apprehended in the Afghanistan-Pakistan border area. The Foreign Ministry in Islamabad spoke of "indications" of a link between Rauf and al-Qaida in Afghanistan.

On an unspecified date, Pakistani authorities also arrested five Pakistanis as alleged `facilitators" for the Britons in the major cities of Lahore and Karachi. An intelligence official in Islamabad said 10 other Pakistanis had been arrested Friday in the district of Bhawalpur, about 300 miles south of Islamabad near the Indian border.

Pakistan is both a key U.S.-British ally in the antiterror campaign, and a hotbed of Islamic radicalism and likely hiding place for al-Qaida leader Osama bin Laden.

"I am 120 percent convinced there's a link" with al-Qaida, Louis Caprioli, a former top French counterintelligence official, said of the trans-Atlantic bombing plot. "Was it al-Qaida who contacted them, or vice versa? Only the investigation will be able to tell."

Scotland Yard didn't identify the lone detainee released Friday from among 24 arrested in London, the town of High Wycombe 35 miles west of London, and the central city of Birmingham.

The 19 identified ranged in age from 17 to 35, had Muslim names and appeared to be of Pakistani descent, although many were born and all reared in Britain.

One not on the list of 19 names was believed to be a young woman in her 20s with a 6-month-old baby. At least three people among the suspects were converts to Islam. It was unclear how the alleged plotters met, or who the ringleader was, although suspicion fell on the only one identified who is over 30 — Shamin Mohammed Uddin, 35, of east London.

A teenage neighbor of suspect Assad Sarwar, 26, who lived with his parents in High Wycombe, said Sarwar had become increasingly strident after the London transit bombings, in which four suicide bombers killed 52 other people. "He started talking about terrorism and acting like it's OK to blow up people," said Nawaz Chaudhry, 17.

At least one "martyrdom" tape, the type left by suicide bombers, was found in the British raids, a U.S. law enforcement official said.

Under Britain's toughened antiterrorism laws, suspects can be held for up to 28 days without charge. On Friday, detention orders for 22 suspects were extended through Wednesday. The 23rd suspect, still in custody, will have a detention extension hearing Monday.

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Associated Press writers Jill Lawless and Matt Moore in London, Katie Fretland in High Wycombe, England, Rob Harris in Birmingham, England, William J. Kole in Vienna and Sadaqat Jan in Islamabad contributed to this report.

Terror Roundup Widens (WT)

By Al Webb

The Washington Times, August 12, 2006

LONDON -- Arrests of young Muslims in a terrorist plot to blow up U.S.-bound passenger jets soared yesterday, with Pakistan and Italy rounding up dozens of suspects. Britain froze bank accounts of 19 of 24 persons arrested a day earlier.

Pakistan said it was holding Rashid Rauf, a 35-year-old Briton with links to al Qaeda, whom it identified as operations manager of plans to destroy up to 10 planes crossing the Atlantic at the height of tourist season.

Links to Italy were less clear, where police raided Internet cafes, money-transfer offices and long-distance phone call centers catering to Muslims and arrested 40 persons.

The arrests in Rome, Milan, Venice, Florence, Naples and other cities were "part of an extraordinary operation that followed the British anti-terrorist operation," the Interior Ministry said.

British police said they hoped financial, telephone and other records would provide evidence leading to others involved in the suicide scheme, which if successful could have produced a death toll higher than September 11, 2001.

"Think of it as a river -- you look upstream to find the source, and downstream to find out where the money is going," Cliff Knuckey, former chief money laundering investigator for Scotland Yard, told the Associated Press.

The FBI, meanwhile, searched for links to militants in the United States.

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"Currently, we do not have evidence that there was, as part of this plot, any plan to initiate activity inside the United States or that the plotting was done in the United States," Department of Homeland Security Secretary Michael Chertoff said.

Though an investigation had been under way for months, Pakistani officials said British information prompted the first arrests in Pakistan about a week ago of two British nationals, including Rauf.

Pakistani Interior Minister Aftab Khan Sherpao said Rauf has ties to al Qaeda and was apprehended in the Afghanistan-Pakistan border area.

On an unspecified date, Pakistani authorities also arrested five Pakistanis as "facilitators" in Lahore and Karachi.

An intelligence official in Islamabad told the Associated Press that 10 other Pakistanis had been arrested yesterday in the district of Bhawalpur, about 300 miles south of Islamabad near the Indian border.

Pakistan is both a key U.S.-British ally in the anti-terror campaign, and a hotbed of Islamic radicalism. It's border area with Afghanistan is the likely hiding place for al Qaeda leader Osama bin Laden.

One of the 24 suspects held in Britain was released yesterday. There was no word on reports in U.S. newspapers that at least five suspects remained at large.

The Bank of England named and froze the assets of 19 of the suspects. All were identified as British Muslims between the ages of 17 and 35.

"Financial institutions and other persons are requested to check whether they maintain any accounts or otherwise hold any funds, other financial assets, economic benefits and economic resources for the individuals named and, if so, they should freeze the accounts or other funds and report their findings," the bank said.

The move was ordered by Prime Minister Tony Blair's treasury secretary, Chancellor of the Exchequer Gordon Brown.

Britain remained on its highest security alert, "critical," which was ordered before dawn Thursday, although the chaos at airports began to ease as airlines and passengers began adapting to new rules.

The strictures include a ban on drinks, cosmetics and anything in a liquid, semiliquid or crystal state that could be used to conceal explosives.

Electronic devices such as laptop computers and cell phones that could be used to detonate bombs were also banned from British airline cabins.

The disruption at airports was expected to continue for another 48 hours, airport officials said.

•This article is based in part on wire service reports.

Analysis Of Thwarted Bomb Plot Continues As Air Travel Resumes (MCT)

By Ron Hutcheson And Matthew Schofield

McClatchy Newspapers, August 12, 2006

LONDON - The international investigation into an alleged airline-bombing plot increasingly targeted possible al-Qaida links Friday as U.S. officials downplayed the danger to travelers.

"We don't have any evidence that there's an actual threat or cell here in the United States," White House counterterrorism adviser Fran Townsend said. Townsend made the rounds of the morning talk shows to assure airline passengers that it was safe to fly.

Operations at the nation's airports improved after chaos and long lines Thursday as travelers adjusted to the new ban on carry-on liquids, gels and similar items. Many heeded government urgings to pare down their carry-on luggage and arrived at airports well ahead of their scheduled departures.

Investigators probing the alleged conspiracy to blow up as many as 10 transatlantic aircraft increasingly focused on possible connections to the al-Qaida terrorist network. Pakistani officials announced that they'd arrested a British citizen, Rashid Rauf, and other unidentified people suspected of al-Qaida ties.

A statement issued by Pakistan's Ministry of Foreign Affairs calls Rauf a key figure in the alleged bombing conspiracy. He's thought to be related to Tayib Rauf, one of 23 suspects in British custody.

"This plot has all the hallmarks of al-Qaida," Townsend said. "There's a lot to suggest to us that this is an al-Qaida attack. We just need a little more time to put together those links."

The Bank of England froze the accounts of 19 of the British suspects, as details on their backgrounds emerged in British news accounts. One man who'd been arrested in Thursday's roundup was released Friday.

Most of the suspects were born or raised in Britain. Some are of Pakistani descent. Several came from middle-class families. One was a biomedical student, another a young father, another a promising soccer player.

Amin Tariq, 23, reportedly worked as a security agent at London's Heathrow Airport. At least three of the suspects had converted to Islam, and two of the converts had dropped their British names for Arabic ones.

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The suspects' homes in east London, High Wycombe and Birmingham were searched throughout the day. Police also seized the hard drives from computers at a Reading Internet cafe.

British intelligence and law enforcement agencies have long tapped the phones and other communications of terrorism suspects, and in some cases kept them under surveillance.

Relatives and friends of the suspects declared their innocence Friday and said British police had made a mistake.

Officials on both sides of the Atlantic remained tight-lipped about the details of the alleged plot and the lengthy investigation that led to Thursday's arrests. Townsend said it wasn't clear whether the alleged plotters planned to blow up planes over the Atlantic or wait until they were flying over major American cities, with the hope of more casualties on the ground.

"I understand the concern that this could have been over U.S. cities, but we're going to need more time to understand the full dimensions of the plot," she said.

British Home Secretary John Reid said the investigation was "still very much an ongoing operation."

"We will go where any further evidence takes us," he said in London. "We will apprehend anyone else who appears to be linked or connected to this."

Although U.S. and British officials expressed confidence in the new airport security measures, they also warned about the possibility of copycats or spin-off operations.

"There are other people out there who are terrorists and terrorist sympathizers," Homeland Security Secretary Michael Chertoff said during a visit to Ronald Reagan Washington National Airport. "We want to make sure there are no copycats, no one who is inspired by this."

Townsend suggested that airline passengers get used to the inconvenience of heightened security procedures.

"There are going to be delays at airports. There's going to be inconvenience," she said. "Over time, we'll be able to get more efficient and quicker about it to reduce those inconveniences. But make no mistake: We have to take these precautions."

UK Maintains Threat Level As BoE Freezes Assets (FT)

By Bob Sherwood, Roger Blitz And Demetri Sevastopulo

Financial Times, August 12, 2006

John Reid on Friday said the threat level following Thursday's terror alert would remain at critical - the highest level - as investigations continued.

The UK home secretary said he would convene a meeting of the National Aviation Security Committee, bringing together the aviation industry and government, to plot the way forward for airport security. He added that he hoped to meet his European Union counterparts in the coming days given the "international nature" of such plots.

On the threat level Mr Reid insisted that the government was right to "err on the side of caution" and on whether the police had managed to arrest all the key players he cautioned "There is no 100 per cent certainty in these things".

The Bank of England said earlier on Friday in a statement it had frozen the accounts and UK financial assets of 19 of the 24 suspects in a terrorist plot to blow up as many as six US-bound aircraft in mid-flight.

The plot would have caused "mass murder on an unimaginable scale", according to police and security services.

British police are expected on Friday to request permission to hold the suspects for up to 28 days without charge, under new anti-terrorism powers that came into force last month.

The UK was put on the highest possible terror alert early on Thursday after anti-terrorist police arrested 24 people suspected of planning to smuggle liquid explosives in carry-on baggage onto flights operated by at least three US airlines. The US also raised its threat warning for commercial flights from the UK to the US to "red" - the first time it had ever invoked its highest alert level.

The plan would have caused casualties on a scale to rival the September 11 terrorist attacks. John Reid, UK home secretary, said the "loss of life of civilians would have been on an unprecedented scale".

On Thursday more than 600 inbound and outbound flights were cancelled at Heathrow Airport which handles most transatlantic flights. Over 100,000 people were affected. Huge queues of passengers formed at British airports as the government imposed hand luggage restrictions and extra security checks.

Passengers still faced the possibility of severe delays with tough new security measures in place. BAA, the airports operator, said further delays were "inevitable" on Friday, British Airways said they expected most of their short-haul services to operate from Heathrow but cancelled six services to the US.

After an unprecedented surveillance operation led by MI5, the security service, in close co-operation with US authorities, British police moved to disrupt the alleged suicide bomb plot, which could have been launched in the next few days.

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Mr Reid said the "main players" had been rounded up but police were still searching for suspects on Thursday night. ABC News quoted US sources as saying five bombers were still being sought in the UK.

Most of the suspects were arrested in greater London. Other arrests were made in Birmingham and High Wycombe. US officials suggested most suspects were British-born of Pakistani Muslim origins.

The Pakistan government said its intelligence forces had helped their British counterparts uncover the plot, and had arrested some suspects.

US officials said the planned attacks were "suggestive" of al-Qaeda and targeted Continental, American and United flights into as many as five US cities, including New York, Washington and one in California. George W. Bush, US president, said the foiled plot was "a stark reminder that this nation is at war with Islamic fascists who will use any means to destroy those who love freedom, to hurt our nation".

The president thanked Tony Blair, the UK premier, and the British government for "busting this plot".

Michael Chertoff, the US secretary of homeland security, said the alleged terrorists intended to take liquid chemical explosives on to flights disguised as drinks.

Security officials believe the intention was to mix volatile liquids and assemble bombs in flight after a number of terrorists carried components on board.

Stringent security precautions were immediately put in place at airports on both sides of the Atlantic amid concerns that carry-on baggage scanners would not detect the explosives.

Restrictions are likely to remain in place for some time, prohibiting passengers from carrying laptop computers, mobile phones, music players, books, magazines and drinks on to aircraft. The US also banned liquids such as hair gels.

On Friday, Douglas Alexander, the UK's transport secretary, said that those measures would remain in place "only as long as the situation demands".

Mr Chertoff said the UK operation had "significantly disrupted this major threat" but he added that authorities could not assume the threat had been "completely thwarted". He added: "They had accumulated and assembled the capabilities that they needed and they were in the final stages of planning before execution."

Mr Reid said UK authorities believed the "major players" were all in custody but that the UK would remain on "critical" alert. Paul Stephenson, deputy commissioner of London's Metropolitan police, said: "This was intended to be mass murder on an unimaginable scale."

Downing Street said the anti-terror operation had been undertaken "with the full support" of Mr Blair, who is on holiday in the Caribbean and who had been "in constant contact".

Share any travel and other experiences related to the current anti-terror operation by emailing comments@ft.com. Click here to take part in our related online travel forum.

Highest Alert Is Maintained; Air Traffic Begins To Rebound (WP)

By John Ward Anderson And Ellen Knickmeyer, Washington Post Foreign Service

The Washington Post, August 12, 2006

LONDON, Aug. 11 -- With heavily armed patrols and painstaking screening at airports, Britain maintained its highest-level terrorism alert Friday, a day after the disclosure of an alleged plot to bomb U.S.-bound airliners. Air traffic moved more smoothly, though carriers continued to cancel some flights.

"We always err on the side of caution," said Home Secretary John Reid, explaining the continuing security measures. "There's never 100 percent certainty with these things."

The Bank of England on Friday froze the assets of 19 of the 24 suspects picked up in connection with the alleged plot and released their names and ages, which ranged from 17 to 35, with most being in their twenties. All of those identified had Muslim names.

British police reported that they had freed without charge one of those arrested, but did not name the person or explain the release.

Investigators disclosed few new findings, but intelligence officials cited mounting evidence that the alleged conspirators were receiving financial and logistical support from people in Pakistan, where officials said seven people have been arrested in connection with the alleged plot. Officials in Washington and London publicly praised the Pakistani government's cooperation in the probe.

Airports in the Washington area, meanwhile, functioned normally for the most part on Friday, though security workers continued to enforce tightened screening rules that prohibited passengers from carrying almost any liquids or gels aboard flights. Travelers adjusted by packing those items in checked baggage or leaving them behind.

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British transportation and airline officials said flight delays continued in Britain, especially at London's Heathrow Airport, Europe's busiest. A British Airways spokesman said that about 120 of the airline's 700 daily departures and arrivals there were canceled, compared with 652 cancellations on Thursday.

Most of British Airway's Friday cancellations were short-haul trips within Europe, a company spokesman said. He said 12 long-haul flights between the United States and Britain were canceled -- six between London and New York, and two each between London and Washington, San Francisco and Los Angeles.

Two popular low-cost carriers, Ryanair and easyJet, also reported numerous cancellations.

"Heathrow is slowly but surely returning to normal," said Tony Douglas, managing director of the British Airports Authority. He advised passengers to arrive early at their terminals without any carry-on luggage, to put small carry-on items such as medicines, travel documents and eyeglasses inside clear plastic bags, and to expect delays.

Airport officials said they distributed about 1,000 floor mattresses for passengers who slept at the airport's four terminals Thursday night.

At Heathrow's ticket counters, parents pulled dolls, stuffed bears, juice and snacks out of the hands of wailing children to comply with new security measures imposed Thursday, which go beyond the new U.S. rules in sharply limiting items that passengers can carry on board.

The British rules limit travelers to wallets, keys, medicine and a few other essential items, which must be carried in see-through plastic bags. Parents can carry a small amount of baby milk or food, diapers and baby wipes.

At the Royal Jordanian airline ticket counter, when a mother gently extricated an electronic game from her toddler's grasp, the reaction was instantaneous: The child threw his head back and wailed, then tried to scale the ticket counter to reclaim it from a checked-in bag, and finally resorted to pounding his mother's thighs with his fists.

Mehment Balamur, a resident of Nottingham, England, bound for Turkey, checked his bags before realizing that his 5-year-old's toys and snacks were prohibited. Out went a plastic car, juice and Pringles. "We had to throw them in the bin," said Balamur, who also was traveling with his son's 5-year-old friend. "They screamed."

At a security checkpoint, hundreds upon hundreds of passengers waited single file in a line that stretched the length of the departure hall.

"No! No way!" gasped traveler Gultane Boyraz, her jaw dropping, when she finally took a place at the end of the line. "Oh, my goodness!"

Other British airports -- including those in Manchester, Birmingham and Liverpool -- reported near-normal service. Elsewhere in Europe, most major carriers said they had resumed regular schedules in and out of Britain.

In Italy, authorities reported arresting about 40 people during a security crackdown prompted by the news from Britain. None was accused of terrorism-related offenses, however. The charges were immigration violations and property offenses, a police statement said.

Whose Issue Is Terrorism? (WP)

By Jim Vandehei

The Washington Post, August 12, 2006

The Parties Maneuver for Advantage on National Security

The aggressive Democratic response to this week's foiled terrorist plot reflects a widely shared view among party strategists that intensified attacks against President Bush represent the best chance to offset what historically has been a clear Republican advantage whenever national security issues become more prominent, Democratic officials said yesterday.

Less than three months before midterm congressional elections, many Democrats are trying to simultaneously express skepticism about Bush's Iraq war policy and project a message of resolve and strength against terrorism.

This was a feat that Democratic presidential nominee John F. Kerry did not accomplish in 2004. Democratic strategists said the combative rhetoric of the past 48 hours -- with party leaders saying that the Iraq war has left the country less prepared to meet the type of threats represented by the London plotters -- reflects lessons learned from studying the Massachusetts senator's defeat.

More than a dozen Democrats, for instance, criticized the GOP yesterday for refusing to implement all of the recommendations put forth by the bipartisan Sept. 11 commission. At the same time, Democratic leaders in Washington moved on several fronts to accuse Republicans of exploiting terrorism fears for political gain -- and to warn that Democrats will respond to weak-on-security attacks of the sort launched by Vice President Cheney on Wednesday.

In a conference call with reporters yesterday, Democratic Senatorial Campaign Committee Chairman Charles E. Schumer (N.Y.) said terrorism no longer works as a GOP issue. "If they are going to throw political bombs on the issue, we are going to

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answer loud and clear," Schumer said. Senate Minority Leader Harry M. Reid (D-Nev.), in the same call, said Bush's policies on North Korea and the Middle East have made the United States less secure.

After Sept. 11, 2001, and again in the run-up to the Iraq war in 2003, most Democrats calculated that the safest political ground was next to Bush, supporting his policies. Even after many Democrats had turned sour on the war, in December 2003 most elected officials struck a bipartisan note in hailing the capture of deposed Iraqi leader Saddam Hussein. But many Democrats have concluded that that strategy on national security offered little protection and merely helped Republicans reinforce their reputation as the stronger party in meeting foreign threats. This view was bolstered in 2004, when many Democrats thought Kerry waited too long as his personal credibility and national security credentials alike were challenged by the attacks of the group Swift Boat Veterans for Truth.

Democratic campaign aide Phil Singer, who helped organize the Schumer-Reid attack, said: "In the past, Democrats have not responded vigorously when attacked on security. . . . We will not let them Swift Boat us again."

Party strategists also concluded that voters want clarity, which has been elusive for Democrats. Democrats remain divided on many terrorism-related issues, but the twin calls for a new approach in Iraq and the implementation of the Sept. 11 panel's recommendations represent efforts to find common ground.

The politics of terrorism, however, remain uncertain this fall. The latest Washington Post-ABC News polls indicated that terrorism had dropped lower on the list of voters' concerns heading into the final three months of the campaign, trumped by such issues as gas prices and Iraq. Few candidates were talking about terrorism as a major part of their campaign plan before the London plot, other than to tout support for stronger homeland security measures, which virtually every lawmaker backs. Schumer twice cited the Washington Post-ABC poll -- which showed Democrats with an edge when people were asked which party they trusted to handle terrorism issues -- as evidence the political tide has turned.

Still, some Democrats are worried. For starters, as one strategist noted, many high-profile Democrats are seen as doves. Guests planned for tomorrow's morning political shows include Connecticut Democratic Senate candidate Ned Lamont, who vaulted from obscurity on an antiwar message; Sen. Russell Feingold (D-Wis.), the first senator to call for the United States to pull out of Iraq; and Democratic National Committee Chairman Howard Dean, an outspoken critic of the Iraq war since the early days of the 2004 presidential campaign.

Other Democrats said the bigger problem may be that Republicans are more skilled in using terrorism for political gain. Earlier this year, Karl Rove, Bush's top political adviser, telegraphed that national security issues would be the foundation of the 2006 GOP strategy. The past week showed how Republicans intend to execute the Rove plan.

The Republican National Committee circulated a memo last weekend saying no issue motivates conservative voters more than terrorism. It also stated that nothing generates "more negative feelings" among these voters than mentioning Democratic positions on fighting terrorism. At the same time, RNC officials were polishing fundraising appeals that, using the name of former New York mayor Rudolph W. Giuliani and appealing to patriotism, asked for as much as $500 per person.

"Based on what we have seen, our base is very energized on this issue," said Brian Jones, an RNC spokesman.

Instantly upon Lamont's victory over incumbent Joseph I. Lieberman, a defender of the war, they began invoking the outcome of the Lamont-Lieberman primary to paint Democrats as defeatists and weak. The next day, Bush, Cheney and other administration officials were aware of the soon-to-be-thwarted plot in Britain.

Once the plot was revealed Thursday, Republicans pounced. National Republican Congressional Committee Chairman Tom Reynolds said last night that "national Democrats are stone-cold guilty of engaging in a reckless and irresponsible pattern of neglect for the security of citizens." In a memo sent moments later, GOP candidates were told that "in the days to come, you should move to question your opponent's commitment to the defeat of terror."

Also yesterday, drawing a clear link between Iraq and terrorism, Bush condemned the deadly bombing in Najaf. "The terrorists in Iraq have again proven that they are enemies of all humanity," Bush said. Bush has not commented on most previous terrorist strikes in Iraq. Taken together, the week's events seemed designed to highlight the continued threat to the United States and to question the Democratic commitment to defending the country, said a top GOP strategist who would speak only anonymously about internal planning.

The strategist, who is involved in GOP efforts to capitalize on the issue of national security, said one of the big challenges in the months ahead will be "making sure the terrorism issue sticks to Iraq." With some GOP candidates distancing themselves from Bush's Iraq policy, the strategist said, it has been difficult marrying the issues of terrorism and Iraq. This is disturbing to top GOP officials because support for the war is low, and dropping, and Iraq is a bigger issue in many of the campaigns than the less-defined effort against terrorism, the strategist said.

Democrats Go On Offense In Latest Terror Case (LAT)

By Peter Wallsten, Times Staff Writer

The Los Angeles Times, August 12, 2006

Looking to the past for lessons, they respond fast and sharply, saying Bush 'mismanagement' fed the threat and the GOP is playing politics.

CRAWFORD, Texas — Two years after President Bush won reelection having painted his opponent as soft on terrorists and weak on national security, Democrats have seized on the latest alleged terrorism plot in hopes of turning the political tables on the White House.

Their aggressive stance was evident hours after British authorities announced they had disrupted a plot to blow up airplanes: Leading Democrats blamed the terrorism threat on "mismanagement" by the Bush administration and charged that the Iraq war had become a "rallying cry" for the enemy.

On Friday, Democrats continued with a series of sharp statements accusing the White House of exploiting the case for political gain.

Party strategists said they had steered clear of such loaded language in similarly sensitive cases out of fear of stirring up voters on an issue that, since 2001, has largely helped Republicans. But Democrats said they were determined now to maintain their criticism through the November elections, citing public anxiety over the Iraq war and other foreign policy challenges that might, for the first time in three election cycles, lessen the GOP advantage.

The new strategy, spearheaded largely by the Senate Democratic leadership, is a direct response to surveys showing that Republicans hold only a marginal lead over Democrats when voters are asked whom they trust to keep the country safer.

But Republicans believe episodes like the alleged British terrorism plot play to their favor.

"If the Republican Party thinks that this is going to be a good political issue for them, they're mistaken," said Sen. Charles E. Schumer (D-N.Y.), chairman of the committee that sets Democratic strategy for Senate campaigns. "We are going to answer them immediately."

Schumer's committee issued a blistering memo Friday that, among other things, said Vice President Dick Cheney knew of the alleged terrorism plot when he conducted a rare conference call with reporters Wednesday in which he suggested that "Al Qaeda types" would be emboldened by this week's Connecticut Democratic primary victory by political newcomer Ned Lamont, an opponent of the Iraq war seeking a Senate seat.

The White House said Friday that Cheney was aware of a plot when he made his call but did not know the timing of the impending British arrests.

Senate Minority Leader Harry Reid (D-Nev.) called it "disgraceful" that Cheney used such rhetoric while knowing what was about to transpire in Britain.

"There are simply no boundaries for these people," Reid said in an e-mail to supporters and activists.

"In their minds, our national security and their continued hold on power are one and the same. And they will stop at nothing to keep it that way."

Reid's note went on to say he'd had it with the Republicans' "cruel joke" on the politics of terrorism.

"During the 2002 and 2004 elections, Republicans tried to sow fear in the American public by claiming that they were the only ones who could keep America safe," Reid wrote. "This from the same crowd that has driven Iraq to the brink of disaster, left Osama bin Laden on the loose to attack again, and continues to ignore our security needs at home. Ask any foreign policy pro, and they'll tell you we're less safe now than we were five years ago — and that the Bush crowd is largely responsible."

And Schumer criticized a Republican National Committee fundraising appeal from former New York Mayor Rudolph W. Giuliani that, coming the same day that the alleged plot dominated the news, declared: "In the middle of a war on terror, we need to remain focused on furthering Republican ideas more than ever before."

The GOP committee called the e-mail a mistake and halted it before it was sent to all recipients.

Democratic strategists said Friday that their party's reaction to the British case reflected a doctrine that had been taking hold over the last few months, starting with some Senate and House races in battleground states.

One example came in Ohio. When Republican Sen. Mike DeWine, following the GOP script, accused his challenger, U.S. Rep. Sherrod Brown (D-Ohio), of being soft on crime, Brown struck back almost immediately with piercing rhetoric. A television ad by the state Democratic Party accused DeWine of "failing us" as a member of the Senate Intelligence Committee when it came to claims that Iraq possessed weapons of mass destruction.

"That's not protecting Ohio," an announcer said.

In some ways, the aggressive response this week reflected Democrats' concern that Lamont's win in Connecticut over Sen. Joe Lieberman, an Iraq war supporter, was giving the White House an easy way to paint Democrats as weak on national

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defense. That comes as Democrats have been unable to craft a unified message on Iraq, with some calling for a fast drawdown of troops and others taking a more cautious approach.

But Democrats said the strategy also marked an acknowledgment that they might have been too passive in the 2002 and 2004 election campaigns, handing the high ground on security to Bush and the Republicans.

When a tape of Bin Laden was released days before the 2004 presidential election, advisors to Massachusetts Sen. John F. Kerry, the Democratic nominee, were divided over how to handle it. Some said Kerry should emphasize how the tape reflected the failure by Bush to capture the Al Qaeda leader, whereas others feared that only Bush would benefit from a reminder that the country was unsafe.

One former Kerry advisor, speaking on condition of anonymity in order to talk candidly, said there had been an ongoing battle over "how much to engage on Iraq and foreign affairs."

"The dominant viewpoint was that whatever level there was on foreign affairs, we were better off if the focus was on domestic issues," the former advisor said.

Another former Kerry campaign aide, now a Senate Democratic strategist, said that in past years there was a "certain amount of reticence or concern about politicizing these issues."

If Democrats succeed in eliminating the GOP's edge on national security issues, it would mark a major turnabout in the conventional wisdom of modern politics — so much so that Republican strategists believe the Democrats are miscalculating.

One senior administration official told reporters on Air Force One this week that the White House would be happy to have this year's elections decided on national security and the Iraq war — particularly if the GOP could use antiwar Democrats to portray Democrats as supporting a "defeatist" mentality.

Asked about the appropriateness of focusing on the war during a political campaign, the administration official said: "Are you saying if the Democrats talk about the war, we shouldn't? … We'll talk about the war, and we will talk about the consequences of the policies advocated by the Democrats."

White House officials, speaking Friday as Bush's working vacation in Texas neared its end, predicted that debates in Congress over terrorism-related issues such as domestic wiretapping would play to the GOP's advantage. And Bush will continue to use the bully pulpit to discuss terrorism, with a national security meeting planned for next week in Washington.

Cheney Accused Of Politicizing Terrorism (AP)

By Liz Sidoti

AP, August 12, 2006

Senate Democratic leaders on Friday accused Vice President Dick Cheney of playing politics with terrorism and contended that voters won't buy Republican arguments that the GOP is stronger on national security.

"They've run this play one too many times," Senate Minority Leader Harry Reid, D-Nev., said in a conference call with reporters. "The American people simply do not recognize any validity in what they're saying."

Republicans, in turn, accused Democrats of political posturing.

"It sounds to me like Senator Reid is trying to accuse us of politicizing while he, himself, is politicizing the issue," said White House press secretary Tony Snow. "The comments that this administration has been making, including me, have been aimed at simply trying to get people to think seriously about, How do you achieve the goal of winning the war on terror? When you're in a war, the goal should not be how to get out. It should be how to win and then to get out."

Some Republicans suggested that Democratic rule could endanger the country.

"National Democrats are stone-cold guilty of engaging in a reckless and irresponsible pattern of neglect for the security of our citizens," said Rep. Tom Reynolds, R-N.Y., the chairman of the House Republicans' campaign committee.

Democrats sought to put Republicans on the defensive on what historically has been a GOP strength — national security. The heated rhetoric came a day after the disclosure of a thwarted plot to blow up flights from Britain to the United States. Within hours of that news, each party accused the other of doing too little to deter the threat of attack.

Sen. Charles Schumer, D-N.Y., accused Cheney and Senate Republicans of politicizing the issue.

"They shouldn't. We should all be uniting and be together at this point," said Schumer, the head of the Senate Democrats' campaign committee. "But if they're going to throw the political bombs on this issue, we are going to answer them loud and clear, and we believe we have the political high ground."

In a written statement, Reynolds said Democrats were sounding a "defeatist, surrender message" and catering to the party's liberal base "that prefers a flag that is lily-white to a flag that is red, white, and blue."

The nation's safety looms large as an issue in the midterm elections less than three months before the Nov. 7 contest. Both Republicans and Democrats are maneuvering for the political advantage.

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On Wednesday, Cheney gave his assessment of anti-war challenger Ned Lamont's Democratic primary win over Connecticut Sen. Joe Lieberman, an Iraq war supporter.

The vice president suggested that Lamont's victory might encourage "the al-Qaida types" who want to "break the will of the American people in terms of our ability to stay in the fight and complete the task."

He portrayed the Democratic Party as preferring that the United States "retreat behind our oceans and not be actively engaged in this conflict and be safe here at home."

Snow said Cheney did not know when he made the call that British authorities were in the process of arresting the alleged plotters of the airplane bombing attacks. Snow said Cheney had been briefed on the plot, but the briefings did not indicate that action was imminent.

"The comments that were made after the Connecticut primary were in response to the Connecticut primary, and they were not in anticipation of a British action," said Snow, who also suggested Wednesday that the Lamont victory showed Democrats have the wrong position on the war on terror. "I can say that with absolute assurance not only with regard to me, but also the vice president."

Reid took issue with the vice president's comments, saying, "This situation isn't going well and anyone that suggests that the people of Connecticut are somehow supporting terrorists, I don't think that's credible and that's what Cheney suggested."

Democrats also criticized the RNC for e-mailing a fundraising appeal mentioning the war on terror hours after British authorities disclosed they had disrupted the plot.

The RNC blamed a low-level staffer for distributing the fundraising appeal, which the party said had been scheduled for release before news of the plot broke. The RNC said it stopped distributing the e-mail when it learned of the error.

Snow said it's unclear if Democrats and Republicans can come together and agree on the best policies to fight the war on terror.

"I don't know, in today's congressional climate whether we can do this," Snow said.

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Associated Press writer Nedra Pickler contributed to this report from Crawford, Texas.

Plot Adds Fuel To Congress Spat On Immigration (WSJ)

By Sarah Lueck

The Wall Street Journal, August 12, 2006

WASHINGTON -- The London terror plot is already having an impact on Congress's contentious effort to overhaul the nation's immigration system, with House Republicans saying it strengthens their call for beefing up border security before permitting any increases in legal immigration.

Many House Republicans taking the security-first position have shown little interest in Senate-backed proposals to set up guest-worker programs and steps for illegal immigrants already in the U.S. to become citizens. Proponents of the Senate bill, however, have said those elements are crucial improvements that must be included in an immigration overhaul. Progress toward a compromise that would marry bills passed by the House and Senate largely stalled in recent months, though key lawmakers have said they want to return to the negotiations when they get back to Washington next month.

But a deal will be hard to reach this fall, with November elections looming and House Republicans saying the foiled terrorist attack on airliners would bolster their position on immigration. "It's just going to reinforce the House position, which is that we have to first of all shut down the borders and get control of the problem of illegal immigration," said Rep. Curt Weldon (R., Pa.,), vice chairman of the House Homeland Security Committee. Only then should guest-worker programs be entertained, he said.

The foiled plot is "a pointed and potent reminder that security literally begins at our doorstep, at our borders and points of entry," said Arizona Republican Rep. J.D. Hayworth, who called the Senate approach "wrong-headed."

Supporters of the Senate bill said the airline plot made comprehensive immigration legislation even more urgent because it would not only increase border security but also bring illegal immigrants out of hiding. The London plot "amplifies the need for doing something," said Rep. Howard Berman (D., Calif.), who has worked on immigration legislation. "There is no serious number of Democrats and no one in the Senate that doesn't think our present situation is a serious weakness in our national security." But dozens of hearings being held this summer by House Republicans to air their criticisms of the Senate bill amounted to a "circus" and stall tactic, Mr. Berman said.

How the immigration issue plays in the midterm elections remains to be seen. Many House Republicans said their position reflects calls from constituents to secure the border and that conservative voters are energized by tough talk on immigration. It already has cropped up in some Republican primary contests, such as the Sept. 12 primary for the open seat left by retiring Rep.

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Jim Kolbe of Arizona, where Randy Graf is taking a harder line approach in an effort to beat Steve Huffman, who has gotten support from business.

Write to Sarah Lueck at sarah.lueck@wsj.com9

Pakistan's Arrests Leave U.S. Uneasy (LAT)

By Paul Richter

The Los Angeles Times, August 12, 2006

Detentions in the alleged British plot provide a reminder that a key Asian ally is home to many of America's foes in the war on terrorism.

WASHINGTON — The trail of evidence in the British terrorism investigation is leading to an uncomfortable question for the Bush administration: Is Pakistan — and not Iraq, Afghanistan or some other country — the central front in the war on terrorism?

The alleged conspiracy described by British and American authorities serves as a reminder that one of the administration's leading allies in the region is also host to some of its worst enemies. It also is igniting a debate on whether the administration's effort to support Pakistani President Pervez Musharraf has done enough to stem Islamic radicalism in a country whose citizens are among the most strongly anti-American in the world.

"This shows the need for more attention and more cooperation," said Hassan Abbas, a terrorism expert who is a former Pakistani security official. "But it also says that some of the skepticism about Musharraf and his intelligence [agencies] and law enforcement is well-founded."

Pakistan announced Friday that it had detained several suspects this week, including a British national considered an important figure in the alleged British plot. U.S. and British investigators say that some of the 24 people arrested in Britain, most of them British citizens of Pakistani descent, may have had ties to radical fundamentalist groups in Pakistan. Similarly, the bombers who attacked the London transit system last year had ties to Pakistani groups.

Although Musharraf has helped the Bush administration fight some terrorist organizations in his country, he has done little to halt others or bring to justice the government officials who support them. Yet the administration, already pressing Musharraf for help on a number of fronts, fears that pushing the weak leader of an unstable, nuclear-armed government too far could make matters worse.

President Bush, who has called Musharraf a "man of courage," has given the Pakistani leader billions of dollars in aid, offered crucial political support and approved the sale of such advanced weapons as F-16 fighter jets.

In return, U.S. officials have been given many investigative leads on terrorism suspects, including members of Al Qaeda. Americans also have received help on the Pakistani-Afghan border and pledges to halt nuclear proliferation activities.

Khalid Shaikh Mohammed, the mastermind of the Sept. 11 attacks; Ramzi Binalshibh, who managed the attack; and Abu Zubeida, Al Qaeda's onetime operations director, were all captured in Pakistan.

"They've put their blood and treasure on the line in the war on terrorism," a State Department official said Friday, referring to the Pakistani government. "They're a partner."

U.S. and British authorities have strongly praised the Pakistani authorities, who arrested as many as 17 suspects, for their help in the alleged plot.

But Musharraf has balked at other U.S. requests, denying access, for example, to Pakistani scientist Abdul Qadeer Khan, who as the father of his nation's nuclear weapons program was a key figure in the spread of nuclear know-how around the world.

And even as Musharraf has gone after terrorist groups that he believes pose a threat to his government, he has resisted efforts to crack down on other organizations that he believes serve Pakistan's interests against rival India, or have substantial domestic support. He has not been seen as energetic in helping U.S. forces find Taliban fighters in border regions, and has refused to go after groups that support the insurgency in the disputed, Indian-controlled portion of Kashmir.

Although some of these groups may appear distinct from the Al Qaeda terrorist network, many share a web of contacts and are part of a broader terrorist infrastructure in the country, Abbas said.

Musharraf "tries to differentiate between the two kinds of groups, but you can't," he said.

"Some of these members of organizations that focus on Kashmir were at some stage part of Al Qaeda," Abbas said. "These people are still at large, and they're getting support from sympathetic government officials. And there lies the problem."

Congress has generally supported the administration's approach to Pakistan and Musharraf, but some U.S. lawmakers contend that tough moves are needed now more than ever.

Others contend that Pakistan needs to bring about fundamental internal change to make its society less hostile to the United States and the rest of the West.

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James Dobbins, a former Bush administration envoy to Afghanistan, said that although the highest American priority has been Iraq, Pakistan should get more attention.

"Clearly, Pakistan is the central front in the war on terrorism," said Dobbins, who heads the Rand Corp.'s national security program. "It should be the highest American priority to help Pakistan move toward a more modern and tolerant society."

Dobbins said the administration was correct in worrying that too much pressure on the Pakistani government would be a mistake.

"It's not so much that the administration officials are dupes or don't understand the country," he said. "It's that they don't see any feasible way to increase pressure on Musharraf without provoking unanticipated and highly counterproductive consequences."

He predicted that while the discovery of the alleged plot in Britain "might put some strain on the relationship, it could also lead to a greater focus on how things can be improved."

The administration is hindered by the fact that it needs Pakistan's help in so many ways, said Stephen P. Cohen, a Brookings Institution expert on South Asia. "The Pakistanis, frankly, control the agenda."

Airliner Plot Had Support In Pakistan, Officials Say (WP)

By Dafna Linzer, Washington Post Staff Writer

The Washington Post, August 12, 2006

Sponsors Described as Giving Financial, Logistical Assistance

U.S. and European officials described Pakistan yesterday as the hub of a plot to down transatlantic flights, saying the young British men allegedly behind the planned attacks drew financial and logistical support from sponsors operating in Karachi and Lahore.

At least 17 suspects in British custody for the aviation plot have family ties to Pakistan, and several had traveled there in recent months to seek instructions and confer with unknown conspirators, intelligence officials said yesterday, discussing several elements of the investigation on the condition of anonymity.

Pakistan's government, portraying itself as a reliable ally against terrorism, said it had made at least seven arrests connected to the plot but insisted that the conspiracy was centered in neighboring Afghanistan. Two of the men in custody there were British citizens.

Officials emphasized that they were not certain the alleged conspiracy had been entirely broken up. "There is serious concern about potential operatives still out there plotting," a senior U.S. administration official said. "There are people we are still concerned about and people we want arrested and questions we need answered."

One U.S. law enforcement official said British authorities and the FBI were investigating whether some of the suspects attended training camps in Pakistan. "The Pakistan connection is the big focus now," said one intelligence source. "Everything is coming out of there."

Investigators say the conspirators hoped to down as many as 10 U.S.-bound flights by sneaking liquid-based explosives aboard and detonating them in flight. British police arrested 24 people, and airline security officials on both sides of the Atlantic imposed new passenger screening regulations that snarled air traffic on Thursday. Some delays continued yesterday, but in places normal flow resumed.

Among those arrested in Pakistan was Rashid Rauf, a British citizen who was detained along the country's border with Afghanistan. His brother, Tayib, was among the people arrested in Britain. A statement from Pakistan's Foreign Ministry described Rashid Rauf as a central figure in the plot and said he had an "Afghanistan-based al-Qaeda connection."

Five Pakistani citizens were arrested in separate raids in Lahore and Karachi. Pakistani Foreign Minister Khurshid Mahmud Kasuri said in an interview with CNN that the suspects "had been monitored for quite some time" before they were detained.

U.S. and British investigators were also looking into the potential role of a Pakistani identified as Matiur Rehman. Several intelligence officials said Rehman is not a member of al-Qaeda but may have some link to Osama bin Laden's group. "His possible role in the plot is being looked at," one official said yesterday. "People are interested in it, but it is not resolved."

Pakistani authorities were also investigating the financial transactions of a Muslim charity made through at least a dozen bank branches in Karachi and the Pakistani city of Peshawar.

U.S. intelligence analysts say they believe that the principal remaining leadership of al-Qaeda is hiding in Pakistan. Despite increased cooperation between the Islamabad government and Western powers since the attacks of Sept. 11, 2001, they say, the number of extremists inside the country may be on the rise and elements of Pakistan's intelligence services remain sympathetic to their cause.

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On Friday, the British government portrayed Pakistan's cooperation as vital in undoing the alleged bombing conspiracy, but some U.S. officials said that five years after the Sept. 11 attacks, they are far from countering, or even understanding, the level of threat emanating from Pakistan's lawless regions and bustling cities.

Two intelligence sources suggested that Pakistan had replaced Afghanistan as a center for terrorist activities and expressed frustration with the attempts of Pakistan's president, Gen. Pervez Musharraf, to exert control over huge swaths of territory.

The senior administration official did not play down the problem but insisted that the situation is better today than it was five years ago. "Prior to 9/11, the whole region was a safe haven," the official said. "You see attempts from Pakistan to affect this, but it's still part of a long-term element of our battle against terrorism." Pakistani officials say the country's efforts are sincere and pursued at major cost in lives and money.

In the days before the alleged airliner bombing plot was exposed, more than 200 FBI agents followed up leads inside the United States looking for potential connections to British and Pakistani suspects. The investigation was so large, officials said, that it brought a significant surge in warrants for searches and surveillance from the Foreign Intelligence Surveillance Court, the secret panel that oversees most clandestine surveillance.

One official estimated that scores of secret U.S. warrants were dedicated solely to the London plot. The government usually averages a few dozen a week for all counterintelligence investigations, according to federal statistics.

The purpose of the recent warrants included monitoring telephone calls that some of the London suspects made to the United States, two sources said.

At the Justice Department, prosecutors have debated and identified possible criminal charges that could be filed against those arrested, because they were targeting U.S.-bound flights. One official said they would defer to British prosecutors in the case, but wanted backup options in case their London counterparts encountered problems.

U.S. authorities were still unsure about how the plot may have tied into al-Qaeda.

Homeland Security Secretary Michael Chertoff said Friday that the case bore the "hallmarks of an al Qaeda-type plot," because of its similarity to an abortive 1990s plan directed by Khalid Sheik Mohammed, a senior al-Qaeda operative now in U.S. custody, to blow up 11 airliners over the Pacific Ocean.

"We do not have evidence that there was, as part of this plot, any plan to initiate activity inside the United States or that the plotting was done in the United States," Chertoff told reporters at Reagan National Airport.

Researcher Julie Tate and staff writers Dan Eggen and Spencer S. Hsu contributed to this report.

Pakistan Stays A Terrorism Source (WSJ)

By Jay Solomon

The Wall Street Journal, August 12, 2006

Extremist Islamic Groups Rooted in Kashmir Dispute Join Attacks Against West

Five years after the U.S. began counterterrorism operations inside Pakistan, the country remains a principal center for terrorist training globally, say intelligence and counterterrorism officials in the U.S., Central Asia and Middle East.

Over the past year alone, the U.S., Lebanon, Afghanistan and the United Kingdom have arrested suspected militants who either had trained in Pakistan, or were preparing to do so -- most recently in what British authorities said was a London-based plot they interrupted that would have attacked U.S.-bound airliners.

British officials have categorized 24 suspects they arrested Thursday as "homegrown" terrorists radicalized while living inside the U.K. But there is evidence the suspects had ties to Pakistan, and some had traveled there recently. A U.S. official said some of the conceptualizing for the plot had occurred in Pakistan.

Pakistan is a nexus for extremist Islamic groups, many of which grew out of militant groups active in Kashmir, a disputed Himalayan region Pakistan and India have fought over since 1947. "If you're in southeast London, who is your first point of contact if you want to get into terrorism? ... You make contact with Kashmiri groups," said Hussain Haqani, a Boston University expert on Pakistan who has advised three Pakistani prime ministers.

Pakistan's role as a terrorist breeding ground is a legacy of both tensions with its neighbor and rival, India, and of the distortions that the Cold War between the U.S. and Soviet Union forced on the region. In recent years, groups that emerged from those conflicts appeared to blur with al Qaeda and assume its mission of attacking the West. They also have helped to fracture Pakistan, an autocracy that Pakistan's president, Gen. Pervez Musharraf, attempts to rule without a popular mandate.

Pakistan's troubles mirror in many ways the role Lebanon has played in destabilizing the Middle East in recent months. In both countries, pro-Western governments have been undercut by militants largely operating outside their direct control. In Pakistan's case, the main forces are the Taliban, the Islamists who once ruled Afghanistan, and al Qaeda; in Lebanon's, it is

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Hezbollah. In both countries, as well, elements in the security services have sympathized, if not cooperated, with these extremist groups.

Mr. Haqani and other Pakistan experts also say they believe elements of the country's intelligence service keep in contact with militant groups. Those links came under scrutiny in the wake of the Sept. 11, 2001, attacks in the U.S. The Bush administration showered Pakistan with aid and military hardware, including recently approved F-16 fighter jets, in exchange for Gen. Musharraf's tolerance of U.S. military activities in Afghanistan and help in arresting al Qaeda operatives in his country.

But despite Islamabad's arrest of more than 600 militants over the past five years, Pakistan keeps producing extremists.

Last month, the Federal Bureau of Investigation announced that it broke up a seven-nation al Qaeda cell that was plotting to bomb underground subway stations and other infrastructure inside the U.S. Among the masterminds of the plot, said the FBI and Lebanese government, was a 31-year-old Beirut-based economics teacher, Assem Hammoud, who was detained in Lebanon with detailed maps of U.S. infrastructure. Lebanese officials say Mr. Hammoud was communicating with operatives ranging from Syria to Iran via the Internet and was set to fly to Pakistan for munitions training.

"We arrested him two days before he was supposed to begin" in Pakistan, said the chief of Lebanon's police forces, Major Gen. Achraf Rifi, in an interview. "He was then to move to Canada" to begin executing the plot, he said.

Another alleged terrorist plot involving the Internet and multiple countries also was tied directly to training camps in Pakistan, say counterterrorism officials in the U.S. and the U.K. In June, Canadian authorities arrested a cell of alleged Islamist militants in Toronto after monitoring the Internet traffic they posted through a London-based Web-site operator. The Toronto arrests were tied to a global investigation that also involved suspected militants operating in Bosnia, Denmark, the U.K. and Atlanta.

As the investigation broadened, U.K. police arrested two ethnic-Pakistani men in Manchester airport on terrorism-related charges in June. One of the men, 21-year-old Abed Khan, was charged with threatening to use explosives and poisons as part of a terrorist plot. An official working on the investigation said Mr. Khan had been trained in Pakistan's tribal areas. "More and more we're seeing people going to Pakistan for munitions training," said the official. "The camps that were in Afghanistan have moved to Pakistan."

Members of President Hamid Karzai's government in Afghanistan also assert that militants operating inside their country are trained in Pakistan. They apparently draw inspiration from another theater of violence: Their attacks have grown increasingly lethal, as Pakistan-based militants employ many of the same suicide attacks that are common in Iraq. They also have been developing the same improvised-explosive devices that Sunni militants have been using against U.S. military targets in Iraq.

"Pakistan needs to do a lot more to combat the activities of the Taliban" and other groups, said Afghanistan's ambassador to Washington, Tayeb Jawad, in an interview last month. "Pakistan is also a victim of this...I hope the generals of Pakistan realize this."

Pakistani officials, in turn, say it is Afghanistan that remains the terrorist breeding ground. Mahmud Ali Durrani, Pakistan's ambassador to the U.S., told reporters Friday that he thought that the London terrorist plot had roots in al Qaeda affiliates in Afghanistan. "There are no training camps in Pakistan for jihad," he said.

The continuing links to terrorism in Pakistan draw sharp criticism from many counterterrorism officials and South Asia experts. Gen. Musharraf has constantly stressed that his government has done more than any other country to combat al Qaeda, and cites the numbers of arrests and the fierce battles waged by Pakistani troops against militants in the tribal areas. He also has described how difficult it is for Islamabad to fully control some border areas, which have traditionally been autonomously run under tribal law.

Gen. Musharraf himself has been the victim of two assassination attempts since 2003. In both cases, elements of Pakistan's armed force conspired with militant Islamist groups, say Pakistani officials.

Still, many counterterrorism officials say Islamabad's failings against terrorism stem from its continuing attempt to differentiate between al Qaeda and the Kashmir-focused groups it has trained to fight against India for decades.

Letting these groups flourish inside Pakistan, say counterterrorism officials, has served as a magnet for self-starting militants from Europe and the Middle East that continue to seek out training. The Lashkar-e-Taiba, a Kashmiri group, often trains these aspiring terrorists themselves, or puts them directly in contact with al Qaeda. This is seen as the process that brought some of the July 7, 2005, London bombers in contact with al Qaeda militants last year.

--Shahid Shah contributed to this article.

Write to Jay Solomon at jay.solomon@wsj.com9

Pakistan's Help In Averting A Terror Attack Is A Double-Edged Sword (NYT)

By Somini Sengupta, Scott Shane And David Rohde

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The New York Times, August 12, 2006

This article was reported and written by Somini Sengupta, Scott Shane and David Rohde.

LAHORE, Pakistan, Aug. 11 — Just over a year ago, after the deadly terrorist attack on London's transportation system, all eyes fell on Pakistan, when it was revealed that two of the four suspects had come here and made contact with known militant Islamist outfits.

This week, after British authorities foiled what they say was a far more spectacular terrorist scheme, all eyes fell on Pakistan once more. Except this time, Britain heralded Islamabad's help in nabbing the would-be attackers.

But for Pakistan, success of this kind is a double-edged word. It allows Pakistan's president, Gen. Pervez Musharraf, to exhibit the country's importance as a front-line ally in the global war against terror. But it is also a tacit acknowledgment of what a nexus Pakistan remains for would-be terrorists from halfway across the world.

It is not the first time that Pakistan has proved to be fertile soil for the cultivation of terrorist activity. Indeed, this week's London case is the sixth major terrorist attack, either consummated or attempted over the last three years, to be linked to Pakistan in some fashion.

And it has again raised the question of whether Pakistan is doing enough to rein in terrorist groups operating on its soil. It may not be fair to blame Pakistan for a plot in which most of those arrested were born in the Britain, said Christine Fair, of the United States Institute of Peace, a nonpartisan, federally financed policy group in Washington. "But Pakistan remains a place where you can find the ideology of terrorism and get the training to carry it out, and that's a huge problem," she said.

Pakistan has long used extremist Islamist groups as tools to expert pressure on its neighbors, India and Afghanistan, and that strategy has come with a high price, said Stephen P. Cohen of the Brookings Institution.

"Pakistan is reaping the results of longtime support for Islamist groups, including some involved in terrorism," Mr. Cohen said. Much for that reason, for the Bush administration Pakistan remains a crucial but sometimes disappointing partner in the campaign against terrorism.

General Musharraf's vocal support for American counterterrorist efforts has not always been matched by action. But the administration is reluctant to do anything that might add to the pressure on the Pakistani president, leader of an impoverished nuclear-armed nation of some 280 million people.

Another tender point is Pakistan's ambivalence about the international nuclear proliferation network operated for many years by A. Q. Khan, the father of the country's nuclear weapons program, who was pardoned by General Musharraf but officially remains under house arrest.

Still, Pakistani officials say they have been reliable allies against terrorism. It is impossible, they say, to keep tabs on everyone operating in difficult terrain in a country twice the size of California. "So there are maybe 1,000, 2,000, 3,000, or 500 people like this — we don't know," said a senior Pakistani official, who spoke on condition of anonymity because he was not authorized to speak publicly. "Whenever we get information like that, we do get hold of them."

Western experts acknowledge that General Musharraf, who has narrowly escaped assassination several times, must tread carefully in his efforts against terrorism. "His standing has eroded, and he can't be seen as the poodle of the United States," said Marvin G. Weinbaum, a longtime South Asia hand in the State Department South, who is now at the Middle East Institute.

One of the key points of contention is the degree to which Pakistani and foreign militants, including the leaders of Al Qaeda, Osama bin Laden and his deputy, Ayman al-Zawahiri, continue to find sanctuary in the mountainous tribal areas that run along the border with Afghanistan.

Western diplomats and military officials in Afghanistan say the Taliban also use the region as a rear base for its insurgency in Afghanistan. "The Taliban go to Pakistan for resupply, with their wounded, they have good crossborder communications, that is established intelligence," a Western diplomat in Kabul said, asking not to be named for fear of upsetting Pakistan.

Pakistani officials point out that they have deployed 80,000 troops in the border regions since 2003, but have encountered bitter resistance among traditionally independent tribes there, losing as many as 600 soldiers in the fighting.

A close aide to General Musharraf in fact confirmed that the government had been forced to ease up on its military activity in the tribal areas this year, saying the effort had failed. "In the tribal areas we have had to change our strategy," said the official, who spoke on condition of anonymity because he was not authorized to speak to the news media. "Our strategy of bombardment and using military action didn't work."

After last year's London attacks, Britain and the United States, among Pakistan's most stalwart allies, pressed General Musharraf to rein in extremist groups operating in those areas and elsewhere on its soil. While the arrests this week clearly showed some Pakistani cooperation, they also seemed to indicate that terrorist training camps remain active. The Pakistani government was swift to describe its latest efforts in nabbing the would-be plotters as a testament to Pakistan's "commitment" to fighting terrorism.

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"These coordinated arrests underscore the very important role that has been played by Pakistan in breaking this international terrorist network," the Ministry of Foreign Affairs said in a statement last Friday. In a second statement, it said that Prime Minister Tony Blair of Britain had called General Musharraf to thank his government for its "valuable help."

The Pakistani connection is a recurrent theme in recent terrorist plots, said Mr. Cohen of the Brookings Institution, with plotters in the West "receiving their spiritual guidance, their funding and sometimes their instructions from Pakistan."

Until his arrest in March 2003, Khalid Shaikh Mohammed, Al Qaeda's chief of operations, hid in Pakistan and maintained contact with terror cells stretching from north Africa to Indonesia. Just before an April 2002 truck bombing of a Tunisian synagogue killed 21 people, one of the plotters called Mr. Mohammed to alert him to the attack.

In July 2003, Muhammad Naeem Noor Khan, a 25-year-old Pakistani computer technician for Al Qaeda was arrested in Pakistan in another joint operation with Britain.

Pakistani authorities said they found a computerized archive of surveillance information on the International Monetary Fund and World Bank in Washington, the Citigroup tower in Manhattan, the New York Stock Exchange and the Prudential Building in Newark.

In August 2003, Thai police also found a link to Pakistan when they arrested Riduan Isamuddin, an Indonesian better known as Hambali, accused of masterminding the 2002 Bali nightclub attack that killed more than 200 people and other bombings.

Intelligence officials said he was carrying a large amount of cash he had received from confederates in Pakistan.

In March 2004, American officials arrested a Pakistani-American named Mohammed Junaid Babar, who admitted to smuggling money, night-vision goggles, sleeping bags and other military equipment to a militant training camp in the South Waziristan. The equipment was to be used against American forces in Afghanistan.

In March 2004, British police arrested eight British-born ethnic Pakistanis and a naturalized Briton born in Algeria whom they said had obtained 1,300 pounds of fertilizer that they planned to use to blow up pubs, trains and restaurants in Britain.

Pakistani officials said Zeeshan Siddique, a Briton of Pakistani descent arrested in Pakistan last year, told interrogators that he had spent time in Pakistan with two of the seven men now on trial for the 2004 bomb plot, and discussed ideas for attacking Britain's electricity and communications systems.

In April 2005, 11 Pakistanis were indicted in Spain on charges of raising money and recruiting for terrorist cells in Pakistan loyal to Al Qaeda and of conspiring to commit terrorist acts. Investigators discovered a videotape of some of the country's tallest buildings as well as extremist propaganda materials.

According to a British parliamentary report, two of the four suicide bombers who carried out the July 2005 attacks on London's subway system underwent terrorist training in Pakistan and likely had some contact with Qaeda figures there.

Mr. Weinbaum, of the Middle East Institute, said this pattern reflected an unresolved outcome of the American-led war in Afghanistan. Four years after the toppling of the Taliban, Qaeda and Taliban continue to use neighboring Pakistan as a de facto base.

"Most of the substantial Al Qaeda figures went to the teeming cities of Pakistan, particularly Karachi," Mr. Weinbaum said. "They formed cells there and those cells have links to mosques in Britain and elsewhere."

Pakistan Nabs 17 In Airplane Terror Plot (AP)

By Matthew Pennington, Associated Press Writer

AP, August 12, 2006

Pakistani intelligence agents have arrested as many as 17 people, some of them British nationals and at least one with alleged ties to al-Qaida, in the plot to blow up jetliners flying from Britain to the United States.

Britain hailed Pakistan's help in thwarting the planned attack, but the arrests on Pakistani soil showed that despite its successes against al-Qaida, the country remains a fertile ground for Islamic militancy.

British authorities arrested 24 people Thursday in what they said was a scheme to bring down as many as 10 jetliners in a nearly simultaneous strike. The suspects were believed to be mainly British Muslims, at least some of Pakistani ancestry.

The Foreign Ministry said that acting on information received from Britain, Pakistan had made arrests that triggered the arrests in Britain. It named British national Rashid Rauf as a "key person" who had been nabbed in Pakistan.

Interior Minister Aftab Khan Sherpao alleged that Rauf has ties with the al-Qaida terror network.

"We arrested him from the border area and on his disclosure we shared the information with British authorities, which led to further arrests in Britain," the interior minister told The Associated Press.

Foreign Minister Khursheed Kasuri, in an interview with CNN, confirmed the arrests of seven suspects in Pakistan, including Britons. He said the suspects "had been monitored for quite some time" before they were arrested.

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Another senior government official said they included two Britons of Pakistani origin who were arrested about a week ago, and five Pakistanis detained in the eastern city of Lahore and the southern city of Karachi. The Pakistanis were arrested on suspicion that they served as the Britons' local facilitators, the official said.

An official at the British High Commission in Islamabad said he could not confirm the arrests of any Britons in Pakistan.

A Pakistani intelligence official said 10 Pakistanis were arrested Friday in Bhawalpur district, 300 miles southwest of Islamabad, in connection with the terror plot. A second intelligence official confirmed there were arrests in Bhawalpur, but did not know how many. The officials spoke on condition of anonymity because of the secretive nature of their jobs.

A Foreign Ministry statement said the arrests in Pakistan underscored "the very important role that has been played by Pakistan in breaking this international terrorist network." It said there were "indications of an Afghanistan-based al-Qaida connection," but offered no details or supporting evidence.

Pakistan, a key ally of Britain and the U.S. in the war on terrorism, has been long been regarded as a center of Islamic militancy, much of it linked to events in Afghanistan. Since the Sept. 11 attacks on the United State, Pakistan has captured hundreds of al-Qaida fighters and arrested key figures in Osama bin Laden's terror network.

Talat Masood, a former Pakistani general, said the developments show that officials are cooperating in the war on terror, but also send another message.

"It has pluses and minuses. The minuses are that it shows many active terrorists have links with Pakistan and people are visiting Pakistan for this purpose," Masood said.

Three of the four suicide attackers in the deadly July 7, 2005, bombings on the London transport system were British Muslims of Pakistani origin and had visited Pakistan before the attacks.

One bomber visited a seminary run by a hard-line Islamic group, but officials in Islamabad say none of the bombers received militant training or support during their visits.

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Associated Press writers Munir Ahmad, Sadaqat Jan in Islamabad and Zarar Khan in Karachi contributed to this report.

Foiled Plot Shows Al-Qaeda Still A Force To Be Reckoned With (AFP)

By Jim Mannion

AFP, August 12, 2006

A foiled plot to bomb US-bound airliners over the Atlantic shows Al-Qaeda remains a force to be reckoned with five years after it shocked the world by flying airliners into the World Trade Center and Pentagon, US officials say.

US and British intelligence are looking for hard evidence that Al-Qaeda directed the latest plot, the most serious since September 11, 2001, and there is still some doubt about the role it may have played, US officials said.

But senior administration officials said the plot to blow up as many as 10 airliners over the Atlantic almost simultaneously bears the unmistakable imprint of an Al-Qaeda spectacular.

"Certainly in terms of the complexity, the sophistication, the international dimension, and the number of people involved, this plot has the hallmarks of an Al-Qaeda-type plot," said Homeland Security Secretary Michael Chertoff.

If so, it suggests Al-Qaeda has managed to recover from the blow it suffered in the years after the September 11 attacks, and could be making a comeback.

Several suspects arrested in Pakistan have links to Al-Qaeda, according to Pakistani officials, which if proven would imply Al-Qaeda is forging operational relationships with "homegrown" Islamic extremists in Britain.

"Who are they? Are they Al-Qaeda members? Are they affiliates? That's part of the investigation that has yet to come out," said a US official, who asked not to be identified. "Maybe that's ultimately going to be the link to Al-Qaeda itself."

The official said the US intelligence community has believed all along that Al-Qaeda "had the capability to plan and to execute a big operation and not just aspire."

Just a few months ago, though, administration officials were playing down Osama bin Laden' Al-Qaeda network as a badly battered force that was trying to appear relevant.

"Yes, we are dealing with a figure who has been able to hide, but he's on the run," Secretary of State Condoleezza Rice said in February of bin Laden.

"His organization has been significantly weakened because of the international effort against Al-Qaeda in places like Pakistan and Saudi Arabia."

US and Afghan forces scattered it from its stronghold in Afghanistan by December 2001 and uprooted a network of training camps that had turned out thousands of Islamic militants with skills to wage a global jihad, or holy war.

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Three quarters of Al-Qaeda's top leaders were killed or captured in the years that followed, according to US officials, including the mastermind of the attacks on New York and Washington, Khalid Sheikh Mohammad.

Bin Laden and Al-Qaeda number two Zayman al-Zawahiri eluded escape but were believed to be holed up in a remote mountainous region of northwest Pakistan, hamstrung by the threat of capture.

Many analysts questioned whether bin Laden was even alive because such long periods went by with no word from him.

When bin Laden and Zawahiri did reemerge it was through fitful audiotaped messages, often weeks behind the events of the day.

Abu Musab al-Zarqawi, an Al-Qaeda leader in Iraq, paid obeisance to bin Laden but appeared to ignore advice on tactics.

In one captured missive, Zawahiri complained about attacks on mosques and other tactics but ended with a request for money from Zarqawi.

Analysts said Al-Qaeda still exerted influence over Islamic militant movements, but the movement was becoming more decentralized with local leaders acting on their own initiative.

In Britain and Spain, "homegrown" movements of Islamic extremists were blamed for major attacks on transportation systems in Madrid and London.

Al-Qaeda remained at the top of the US intelligence community's list of US threats to the United States, but top officials portrayed it as on the wane.

"They still plot against our homeland and bin Laden and Zawahiri are still alive -- his deputy -- but they have suffered a lot of losses in their high command," US intelligence chief John Negroponte said in April 2006.

"And if anything, I think that, rather than directing many different operations around the world, I think they are more in the mode of serving as an inspiration for some of these terroristically inclined groups elsewhere," he said.

Suspect Held In Pakistan Is Said To Have Ties To Qaeda (NYT)

By Alan Cowell, Dexter Filkins And Mark Mazzetti

The New York Times, August 12, 2006

This article was reported and written by Alan Cowell, Dexter Filkins and Mark Mazzetti.

LONDON, Aug. 11 — Pakistani officials said Friday that they had arrested a British-born associate of Al Qaeda who appears to have been a crucial player in what authorities said was a plot to blow up as many as 10 passenger jets bound for the United States.

The suspect, identified as Rashid Rauf, was arrested Wednesday in the eastern city of Bahawalpur, the officials said, just hours before the authorities began a series of raids across Britain to break up the plot they say was rapidly unfolding here.

According to a former Pakistani official close to the intelligence services there, the information leading to the arrest of Mr. Rauf came from a mole planted by the British police who had been monitoring the plot inside the United Kingdom. With Mr. Rauf safely in hand, British authorities on Thursday swept up 24 suspects who they say were planning to carry liquid explosives onto passenger airliners and detonate them as the planes flew to the United States.

American and Pakistani officials said they decided to arrest the 24 suspects, in part because they were concerned that word of Mr. Rauf's arrest could send the British plotters underground. The officials described Mr. Rauf, who is of Pakistani descent, as a hardened Islamic militant who had been acting as a liaison for Al Qaeda in its relations with the plotters in the United Kingdom.

"There is definitely an Al Qaeda connection to this," Mahmud Ali Durrani, Pakistan's ambassador to the United States, said.

In another interview, Aftab Ahmad Khan Sherpao, the Pakistani interior minister, called Mr. Rauf a "key Al Qaeda operative."

American officials in Washington concurred that Mr. Rauf was believed to be a principal facilitator in the plot to blow up the airliners and that he was affiliated with Al Qaeda.

British officials, however, declined to discuss Friday a welter of news reports suggesting that the attack had been imminent, with airplanes exploding in midair over American cities from Los Angeles to New York. One British security official said reports that the attack was scheduled for next Wednesday were "rubbish."

According to an American official and the former Pakistani official, the authorities in Pakistan were still searching for at least one other suspect thought to be involved in the plot to blow up the airliners. Both spoke on the condition of anonymity.

Neighbors in Birmingham said Mr. Rauf was the brother of Tayib Rauf, one of the 24 arrested in the dragnet Thursday. An American official confirmed that they are brothers.

A Pakistani official in the United Kingdom and a Western intelligence official said Mr. Rauf is also wanted on murder charges in the United Kingdom. The details of those murders were not known.

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The British police said late Friday they had released one of the 24 suspects in the case. They did not identify that person.

British authorities, who have been searching the suspects' homes, have discovered a videotape from one of the suspects in which he explains his involvement in the attack and predicts his eventual death. No other details about the tape were available. Two of the British nationals who carried out suicide attacks on British subways last July, Mohammad Siddique Khan and Shehzad Tanweer, made videotapes before the bombings, each proclaiming his support for a militant brand of Islam.

If it proves fruitful, the arrest of Mr. Rauf would be the first indication of a link between Al Qaeda and the plot to blow up the airliners, which British and American officials say could have killed thousands of people. A Pakistani official, speaking on the condition of anonymity, said the Pakistani government had also picked up one other British-born man in connection with the plot, as well as at least five Pakistanis. The other British man could not be identified.

Still, the exact nature of Mr. Rauf's role in the plot was not immediately clear. American officials said that at least 2 of the 24 arrested Thursday had traveled to Pakistan in the weeks leading up to the planned attack. It was unclear Friday whether those two suspects met with Mr. Rauf while they traveled to Pakistan, or what they did while they were there.

According to Pakistani officials, Mr. Rauf is affiliated with Jaish-e-Mohammed, the militant Islamic group that is closely linked to Al Qaeda and that is battling Indian rule in the mountainous region of Kashmir. The group has been officially labeled a terrorist group by the United States government and is believed to be responsible for the kidnapping and murder of the Wall Street Journal reporter Daniel Pearl. Its precursor organization, Harkat ul-Mujahedeen, trained in Al Qaeda camps in Afghanistan.

American and Pakistani officials believe Mr. Rauf had trained in Al Qaeda camps in the late 1990s or later, when that group and other militant organizations operated freely in Afghanistan.

Pakistani and American officials said they had received another early warning of the plot in Britain from a Pakistani man picked up crossing the Afghan border five weeks ago. According to the former Pakistani official, the man told authorities there of a plot in Britain involving the destruction of several commercial airlines.

A senior American law enforcement official said that the British disruption of the plot to down airliners began with the follow-up investigation after last summer's suicide attacks on the London subways, which killed 52 people, including the 4 bombers.

"MI-5 tracked everyone involved in the London attacks," the official said. "Their past movements, phone calls and e-mails, everything. It was comprehensive in much the same way that the F.B.I. conducted the post 9/11 investigation."

The probe led authorities to the suspects in the current plot and allowed them to insert an undercover officer, the official said.

A British security official said that law enforcement officials started to monitor the group in December 2005.

The 23 suspects still detained in Britain were drawn mostly from the country's large population of Muslims of Pakistani descent. Their ages ranged from 17 to 35, with many from the immigrant neighborhoods in Walthamstow in east London; High Wycombe, west of the capital; and Birmingham, in the Midlands.

At least three of the men were converts to Islam, according to neighbors. One of them, Don Stewart-Whyte, 21, traded a comfortable life in High Wycombe for an austere devotion to Islam under the name of Abdul Waheed.

New details emerged Friday about the plot, which British officials said could have killed more people than the nearly 3,000 slain in the terrorist attacks on Sept. 11, 2001.

A British security official said the suspects had been planning to use an explosive called TATP, to be detonated by an electrical charge like a cellphone. The official, who spoke on condition of anonymity, said authorities believed the suspects were planning to blow up as many as 10 planes.

Also Friday, British authorities said they had frozen the financial assets belonging to 19 of the 24 suspects, whom they identified publicly for the first time.

Britain, meanwhile, remained on its highest level of terrorist alert, known as "critical," while travelers at the nation's airports continued to face delays and stringent security patrols. On Wednesday, after the conspiracy was made known, thousands of travelers were stranded as hundreds of flights were grounded.

On Friday, things began to move again. British Airways said that 70 percent of its short-haul flights were operating and most of its trans-Atlantic flights had been restored. Passengers were still barred from taking carry-on bags onto planes, reflecting the suspicion that the plotters had planned to use explosives hidden in soft drink bottles or other containers.

Explosives experts said detonators could have been hidden in MP3 players or the flashes of disposable cameras.

Ever since the security alert, passengers in Britain have been barred from carrying any hand baggage, electrical equipment or liquids onto planes. They may carry only personal items such as wallets and medication in transparent plastic bags.

There were suggestions Friday that the plot uncovered in Britain may have been planned to reach to other countries. Maleeha Lodi, Pakistan's ambassador to Britain, said in an interview that the network uncovered in Pakistan had "wider international dimensions."

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Coming 13 months after the July 7, 2005, London bombings, the disclosure of the new conspiracy convulsed Muslim groups gathered in mosques and Islamic bookstores, prompting some to protest that their religion was being stigmatized. Others complained that no evidence had been produced to support the official reasons for the arrests.

"Those arrested are innocent until proven guilty," said Mohammed Shoyaib Nergat, the imam of a mosque in Walthamstow, where many of the detainees prayed.

Mohammad Khaliel, spokesman for a prayer group in High Wycombe, where several men had been arrested, insisted that Islamic leaders in the town "have been putting the broad moderate message of Islam."

He said those arrested "came across as diligent, hard-working pious people who would pick the litter off the street and put it in the bin."

Pakistan 'key' To Bomb Plot (FT)

By Bob Sherwood In London And Farhan Bokhari In Islamabad

Financial Times, August 12, 2006

The arrest in Pakistan of up to three British men allegedly caught meeting local militants was on Friday night being heralded as the key breakthrough that helped foil a suspected terrorist plot to blow up US-bound aircraft, according to Pakistani intelligence officials.

One of those arrested, Rashid Rauf, was named by Pakistan's interior minister as a "key person". Aftab Khan Sherpao told AP Mr Rauf had ties with al-Qaeda and added: "We arrested him from the border area and on his disclosure we shared the information with British authorities which led to further arrests in Britain." It was unclear on Friday night whether he was related to Tayib Rauf, one of those arrested in Birmingham in Wednesday night's UK raids.

The link with Pakistan echoes the visits there of two of the men responsible for planting the bombs on London's public transport system in July 2005. The UK-Pakistan intelligence sharing illustrates greater collaboration between the countries in the wake of the London attacks.

Britain remained on the highest possible security alert level on Friday in the wake of the alleged conspiracy to smuggle liquid explosives on to up to nine US aircraft at British airports.

Anti-terrorist police and the security services began the mammoth task of gathering evidence of the plot, interrogating 24 people arrested in raids on Wednesday night and searching homes and business premises connected with the suspects. At least one pre-recorded "martyrdom" tape was found during the raids.

The Bank of England froze the assets of 19 of the suspects, whom it named. All were British Muslim men, believed to be of Pakistani origin, aged 17-35.

Delays and severe carry-on luggage restrictions continued to hamper air travel in and out of the UK but airport operators said flights were gradually returning to normal.

Passengers were told that purchases from duty-free shops could be carried on to aircraft in a move which, for the duration of the hand-baggage ban, holds the prospect of a financial boost for the departure lounge operators. BAA, the airports operator, confirmed the rules after a second day of falling sales as passengers shunned duty-free shops in the wake of restrictions imposed to improve security.

John Reid, UK home secretary, said the high security level would remain because it was right to "err on the side of caution" and he was "grateful" for the help of the international community, in particular Pakistan, in disrupting the plot.

UK intelligence assessments suggested that the plotters may have planned attacks in two or three waves, attacking as many as nine aircraft in total, though that assessment could change as more details were uncovered.

The decision to make the arrests came amid signs that some of those involved were planning a "dry run", possibly as early as Friday, while unconfirmed reports suggested that the alleged terrorists had planned to strike next Wednesday.

US officials said some of the suspects had travelled to Pakistan and that a British undercover agent had infiltrated the group.

Pakistani officials said they intensified their monitoring of suspects arriving from the UK at the start of the school summer holidays, a period when large numbers of Pakistani expatriates return home for family visits.

Pakistan's role in helping foil the attack could help reduce international pressure on Pervez Musharraf, Pakistan's president and army chief, frequently criticised, particularly in India, for stalling in his crackdown on Islamist extremists.

Frances Townsend, President George W. Bush's homeland security adviser, said authorities were investigating whether the plotters had links in the United States.

Additional reporting by Stephen Fidler

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Global Hunt Nets More Suspects (LAT)

By Paul Watson, Josh Meyer And Sebastian Rotella

The Los Angeles Times, August 12, 2006

A Link to Al Qaeda Surfaces Among Alleged Terror Plotters Held in Pakistan

KARACHI, Pakistan — The contours of an alleged plot to blow up airplanes over the Atlantic Ocean grew wider Friday when Pakistani authorities said that they had arrested at least nine people in the case and that one of them had admitted meeting with the reputed head of Al Qaeda's operations in Pakistan.

The link to Matiur Rehman, Pakistan's most-wanted terrorism suspect, was the strongest indication yet that Al Qaeda may have been involved in the alleged plot, although some intelligence analysts caution that any ties may be informal.

The arrests underscore Pakistan's central — and conflicting — role in the fight against terrorism, both as an ally of the United States and Britain and as a seedbed of violent Islamic fundamentalism.

"The Pakistan connection appears to be falling into place," a senior U.S. intelligence official said, speaking on condition of anonymity. He added that any link to the Al Qaeda terrorist network "appears to be more clearly apparent today."

His assessment was not shared by all, however. Another senior U.S. official cautioned against reading too much into the Al Qaeda link.

British authorities arrested 24 people Thursday, most of them Britons of Pakistani descent, saying the move had foiled a plot to smuggle materials to make liquid explosives aboard as many as 10 U.S.-bound airliners and detonate the mixtures in flight.

Italian officials also announced arrests they said were prompted by the alleged plot.

The case has caused a sharp escalation in security measures at airports in the U.S. and Britain, leading to long delays. Airports in both countries had largely adjusted by Friday, with passengers checking more bags and carrying less luggage aboard.

One of the men arrested was released Friday without being charged, and police applied for judicial permission to keep 22 of the others in custody until Wednesday, and one until Monday.

Nineteen suspects have been identified by the Bank of England, which froze their assets. A British anti-terrorism official, speaking on condition of anonymity, said the 19 were likely to remain in custody but that some of the others might be released in coming days.

It was unclear whether other suspects were being sought.

Police believe the alleged plotters planned to conceal the liquids in sports drink containers and bring them aboard in carry-on luggage or in their hands, the British official said.

Authorities think they have the would-be bomb makers in custody, he said.

The official also confirmed news reports that one of the suspects worked at London's Heathrow Airport. But his job did not appear to be vital to the development of the plot, the official said.

Pakistani authorities said the crucial break in the case came in recent days when they arrested Rashid Rauf, one of two British citizens of Pakistani origin who were taken into custody about the same time.

Rauf was described as a close relative of Tayib Rauf, 22, of Birmingham, England, who was among the men arrested in Britain on Thursday.

British press reports described the two as brothers, but that could not be confirmed.

During questioning in Pakistan, Rashid Rauf revealed details of the alleged plot, said the Pakistani officials, who spoke on condition of anonymity.

They said the information was immediately shared with British security services. Rauf remains in custody in Pakistan, the sources said.

Pakistan's press attache in Washington, M. Akram Shaheedi, said Rauf was arrested on or around Wednesday as a result of a tip from British authorities. He described him as the key person among those held in Pakistan.

Shaheedi also said that the case clearly involved operatives outside Pakistan and Britain.

"There are indications of Afghanistan-based Al Qaeda connections," Shaheedi said. "The case has wider international dimensions."

U.S. intelligence and law enforcement officials spent Friday working with counterparts in Britain and Pakistan to unravel details of the alleged plot and search for any additional suspects.

Frances Fragos Townsend, the White House advisor on domestic security, confirmed in televised interviews that the FBI was pursuing leads in the U.S., but said there was no indication of any plotting on American soil.

A senior U.S. law enforcement official, speaking on condition of anonymity, said authorities had no indication that there were suspects in the United States, but added that the investigation was ongoing.

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"Once you arrest 24 people," he said, "everything associated with that — all the searches and seizures, the interviews and interrogations — provide you with a wealth of information you didn't have before."

In another indication of the global nature of the investigation, Italy's Interior Ministry announced the arrests of 40 people.

A crackdown at "Islamic gathering spots," including telephone call centers, money-transfer businesses and Internet cafes, was carried out in 14 cities Wednesday and Thursday, the ministry said in a statement. Most of the people taken into custody were arrested for residency regulation violations.

In Britain, searches of the suspects' homes continued Friday and "are likely to take some time," given the number of locations, a Scotland Yard spokesman said.

The areas where the arrests occurred remained under surveillance, cordoned off from public access and guarded by police. Television reports described officers emerging from houses carrying computers, videos, DVDs and other evidence in bulging black garbage bags.

In Pakistan, officials said Rauf had been under surveillance for six months, his phone calls and Internet communications monitored.

The anti-terrorism official in Britain said Rauf was known to have been in touch with the suspects arrested there.

He described Rauf as a significant figure but not necessarily the alleged plot's leader.

"There was a lot of traffic of communications between him and the people here," the official said in London. "But I wouldn't say that he was the mastermind."

Rauf admitted under interrogation that he had met with Matiur Rehman, a senior Interior Ministry official said in Islamabad, Pakistan's capital.

The official described Rehman as Al Qaeda's new operations chief in Pakistan, since the arrests of the network's previous local leaders.

The Pakistani group is believed to be a subsidiary of the umbrella network run by Osama bin Laden and Ayman Zawahiri, both of whom are thought to be hiding in Pakistan's rural western region.

Rehman is ranked No. 1 among 166 people in a "red book" of suspected terrorists compiled by Pakistani intelligence agencies that was made available to The Times.

He is wanted in connection with a 2003 assassination attempt against Pakistani President Gen. Pervez Musharraf, and one in 2004 against Prime Minister Shaukat Aziz. Pakistan has offered a $1.7-million reward for his capture.

Still, one U.S. counter-terrorism official cautioned that there might be little significance to Rauf's apparent meeting with Rehman.

"It isn't clear what that individual's significance is or his connection, if any, to the plot," the official said. "I'd lean toward not overstating his position."

Pakistan's interior secretary, Syed Kamal Shah, who oversees law enforcement agencies in Pakistan, said Rauf was arrested in Punjab province, a hotbed of militant activity.

He added that Rauf, who holds dual British and Pakistani citizenship, was born and raised in London, where he has a home.

"Right now, I can only say that he was a very important man in the plot," Shah said.

In addition to the two Britons arrested earlier in the week, Pakistani officials said they arrested seven people Friday, three of them at the Islamabad airport and four in a village south of the capital.

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Watson reported from Karachi, Meyer from Washington and Rotella from Ferrol, Spain. Times staff writers Mitchell Landsberg in Los Angeles and Janet Stobart in London and special correspondents Mubashir Zaidi in Islamabad and Shamim ur-Rahman in Karachi contributed to this report.

Al Qaeda Or Not? U.S., U.K. Differ On Its Likely Role (WSJ)

By Robert Block

The Wall Street Journal, August 12, 2006

Gap Reveals Basic Questions About the Group's Strength And Its Possible Evolution

WASHINGTON -- As details of the London airliner plots emerge, counterterrorism experts are reconsidering what they once thought they knew about al Qaeda.

While they had believed that the terror network was on the ropes, they are starting to think it simply has changed shape and grown more complex.

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Even senior U.S. law-enforcement officials say they aren't sure what form al Qaeda takes these days, or what its precise relationship is with a network of sympathetic and cooperative jihadist groups. That helps explain the gap between American and British descriptions of the bomb plot that was disrupted this week. U.S. officials have said they saw signs of an al Qaeda link, and British officials have pointedly declined to finger al Qaeda.

As that suggests, there isn't agreement on what exactly constitutes an al Qaeda operation these days. In this case, U.S. officials say they think the plan to blow up multiple airliners in flight came from jihadists in Pakistan, and that the execution then was carried out in Britain. Pakistan, in the words of one senior U.S. official, was the home of "the big brain" behind the operation.

But while Islamist groups in Pakistan clearly are sympathetic with al Qaeda, the relationships between them and al Qaeda's leaders are mysterious, leading to different conclusions about the meaning of such a link.

"Huge gaps remain in our understanding of the group's mindset, decision-making processes, organizational dynamics as well as command and control relationships," says Bruce Hoffman, a counterterrorism expert at the Rand Corporation think-tank.

Pakistani officials said Friday that the plot to bomb flights from Britain to the U.S. with liquid explosives had a link to al Qaeda through a British citizen of Pakistani ancestry who has been arrested in Pakistan. They said that indicated the conspiracy had a broad international dimension.

British officials, however, distanced themselves from such assertions. The Bank of England froze the assets of 19 people early Friday, and a spokesman for the United Kingdom Treasury said investigators are under pressure to reach a speedy conclusion on the issue of al Qaeda involvement but so far are unable to do so. "It is too early to reach a conclusion," the spokesman said.

A determination of al Qaeda involvement would simplify the freezing of assets world-wide because it would allow Britain to freeze assets under a United Nations resolution designating al Qaeda supporters, the spokesman said. If neither al Qaeda nor Afghanistan's former Taliban rulers are found to be involved, the spokesman added, the funds would be frozen only in the U.K. or, with a European Union resolution, in Europe. "We would like to move quickly with the most far-reaching measure, but right now we can't," said the spokesman.

Some allies speculate that American officials would like to show links to al Qaeda because it could help the Bush administration's political message about the importance of fighting the war on terror. However, blaming al Qaeda also could undermine the administration's argument that it is waging a war over in Iraq and Afghanistan partly in order to avoid having to fight the terrorists in America and Western Europe someday. The idea of an explicit link to al Qaeda also underscores the U.S. failure so far to crush the organization, nearly five years after the Sept. 11 terrorist attack.

The divergent views of al Qaeda's possible involvement, as well as a host of leaks about the British takedown operation, led British officials to call their American counterparts on Thursday night insisting that U.S. officials refrain from saying anything more about the plot and linking it to al Qaeda, according to a British diplomat.

Whether al Qaeda had any involvement in the plot or not, the links to Pakistan and the sophistication of the scheme worry counterterrorism officials, because they illustrate how little is known about how some of these groups operate. "After this is all done, I am sure we are going to be going back and re-examining what we mean by al Qaeda and al Qaeda-linked terrorism," says a senior British counterterrorism official close to the London investigation.

Madrid Train Bombing

An official of the Federal Bureau of Investigation says, "We are clearly going to have to rethink some of our assumptions. This one certainly appears to hark back to more structure and more planning and more expertise than we thought they could muster."

Assumptions about al Qaeda first changed in the aftermath of the March 2004 bombings in Madrid, in which an Islamist group said to be "inspired" by al Qaeda, rather than a formal part of the organization, was blamed for the attack. This gave rise to new thinking among counterterrorism experts that al Qaeda franchises and wannabes had taken over as the main threat.

Last summer's bombings of London's mass-transit system by British-born Muslims only furthered the idea that so-called homegrown terrorists were responsible. Marc Sageman, an expert on jihadist groups, defines such homegrown terrorists as self-selecting, self-radicalizing, self-directing individuals or groups of people who try to launch attacks without any outside direction. "You don't need al Qaeda anymore to be a member of al Qaeda. You can go on the Internet, meet other people and make your own terrorism," Dr. Sageman says.

But months after the 2005 London bus bombing, the theory got turned on its head when it emerged that two of the London terrorists had traveled to Pakistan to meet al Qaeda bomb makers and to record suicide farewell videos.

Dr. Hoffman of Rand Corp. says he understands why prominent analysts might have arrived at the conclusion that al Qaeda, as a military organization, was moribund. The feeling was that it had lost so much of its leadership that it was incapable of

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doing anything but inspire others. But Dr. Hoffman believes the notion was based on a fundamental misunderstanding of how the group operates.

"We are talking about a nimble, flexible and resilient entity," he says. "There has never been an either/or with al Qaeda. It has always functioned from the top down and at the same time has encouraged free-lance activity and franchises to operate on their own. This is what makes them so resilient."

'Decapitation Strategy'

The U.S. approach to destroying al Qaeda has primarily used a "kill or capture" strategy to try to eliminate the group's leaders. The thinking has been that the experience, charisma and organizational skills of the top men would be difficult or impossible to replace. But this "decapitation strategy" appears to be failing against the organization -- especially as it grows into a social movement that links like-minded groups feeding off anti-American sentiment to attract new recruits and sources of funding.

U.S. and British intelligence officials now are concentrating on finding ways to undermine al Qaeda by disrupting the means by which new terrorists are recruited and imbued with violent zealotry. "Islamic radicalization is something that is a subject of significant interest and study within the intelligence community," says Charles E. Allen, intelligence chief of the Homeland Security Department.

But preventing radicalization in democracies isn't easy. Police agencies instead believe the only way to detect and disrupt al Qaeda is by watching for the petty crimes that terrorists often commit, such as theft and document fraud, to be able to plan a major attack.

-- David Crawford contributed to this article.

Write to Robert Block at bobby.block@wsj.com13

Bomb Plot's Initial Suspects Are British Muslims (WT/AP)

By Jill Lawless

The Washington Times/AP, August 12, 2006

LONDON -- One was an athletic teenager who had grown into a devout young man, another a soccer-loving convert to Islam. The youngest was 17, the oldest 35. Many were born in Britain and all were reared here.

As police held about two dozen young British Muslims accused of plotting devastating airline bombings, both the authorities and their neighbors sought yesterday to understand how ordinary communities apparently spawned a terrifying plot.

Police have not identified suspects, but 19 names were made public yesterday by the Treasury after the government froze their bank accounts.

They have names of Muslim origin, many of them common in Pakistan. At least 14 of them live in London, four in leafy High Wycombe, 30 miles away, and two in the central city of Birmingham.

It is not clear how the men met or who the ringleader is, although suspicion falls on the only one identified who is over 30 -- Shamin Mohammed Uddin, 35, of East London.

At least nine of the suspects lived in Walthamstow, a typically polyglot London neighborhood of modest brick houses and small apartment blocks, halal butchers, pubs and fast-food restaurants. It is an ethnically mixed community with a smattering of affluent professionals and a large Muslim population served by several mosques.

"Walthamstow's a happy, chilled-out community," said resident Hajra Mir. "We weren't expecting this."

That sense of shock was repeated across the neighborhood. Residents said it is a friendly, quiet area where people respect their neighbors. Several of the suspects had lived there for many years and attended local schools.

But several men from the neighborhood have been linked to the Saviour Sect -- an offshoot of a disbanded radical Islamist group, al-Muhajiroun, which was based in nearby Tottenham and gained notoriety for praising the September 11 hijackers.

A Walthamstow leader of the sect, Abdul Muhid, has been charged with soliciting murder during an angry protest earlier this year over the prophet Muhammad cartoons published in a Danish newspaper. He had previously been arrested for calling for the killing of British troops while proselytizing at a Walthamstow market.

Last fall, a rally planned by the group at a community center was banned by local officials after organizers distributed leaflets portraying an Islamic fighter holding a rocket launcher outside the prime minister's Downing Street residence.

Local Muslim leaders say the area's major mosques are vigilant about keeping radicals away. But several of the suspects appeared to fit the pattern of radicalization seen in the bombers who attacked the London transit system: young men born in Britain, reared in moderate homes, but drawn to militant Islam.

Suspect Assad Sarwar, 26, lived with his parents in a run-down house in High Wycombe.

Neighbor Nawaz Chaudhry, 17, said Mr. Sarwar had become increasingly strident after the July 7, 2005, transit system bombings that killed 52 persons.

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"He started talking about terrorism and acting like it's OK to blow up people," Mr. Chaudhry said.

Waheed Zaman, 22, grew up in Walthamstow, across from the modern brick Masjid-e-Umer Mosque.

Neighbors remembered an athletic boy with plenty of non-Muslim friends who had grown increasingly devout in recent years, wearing traditional dress and growing a beard.

"As a kid, religion was never a problem for him," said a childhood friend who gave only his first name, Darren. "I'm a Christian and it was never a problem for him."

Residents said Mr. Zaman, a biochemistry student who headed the Islamic Society at London Metropolitan University, did community work, urging local youngsters to attend the mosque and stay away from drugs.

A few blocks away, Oliver Savant grew up with his English mother and Iranian father. Neighbors recall a youth who loved soccer but had become increasingly isolated from his neighbors after he converted to Islam a few years ago, changing his name to Ibrahim.

"Oliver started putting on Muslim robes and growing his beard long a few years back," next-door neighbor Paul Kleinman, 66, told the Guardian newspaper.

He was one of at least three converts to Islam among the suspects. Neighbors identified one of the High Wycombe suspects as Don Stewart-Whyte, 21, a recent convert who had changed his name to Abdul Waheed.

Another High Wycombe suspect, Umar Islam, 28, had a West Indian background and changed his name from Brian Young when he converted two or three years ago.

"In my heart I don't think this boy is bad," said next-door neighbor Parkhash Dhanjal, 62. "He is a nice boy."

One of the transit system bombers, Jamaican-born Jermaine Lindsay, was a convert, as was Briton Richard Reid, who was convicted of trying to blow up a trans-Atlantic airliner in 2001 with explosives hidden in his shoes.

Shock Reverberates Among Acquaintances Of The Young Suspects (NYT)

By Ian Fisher

The New York Times, August 12, 2006

HIGH WYCOMBE, England, Aug. 11 — They are all young, including one who is just 17. Only one appears to be over 30. Most, maybe all, were born in Britain. All but one lived in two clusters, either in this ethnically mixed city or within walking distance of each other in East London.

And 3 of the 24 suspects arrested Thursday, in what the authorities have described as a plot to blow up airliners on trans-Atlantic routes, were converts to Islam.

“Born a Christian,” was the headline in The Sun, in its account of one of the suspects, Don Stewart-Whyte. He is the 19-year-old son of a late Tory politician who was said to have converted about six months ago.

For many Britons, this is one of the most unsettling aspects of the case. (Another British-born convert, Richard Reid, was charged in 2001 with trying to blow up a plane with bombs hidden in his shoes.)

But interviews with neighbors and acquaintances here, west of London, shed little light on how a change of religion might have turned to plans of mass murder.

“We were standing here and he came and said, ‘I converted to Islam and I’d like you to know that,’ ” said Sharib Bahatti, 49, a Pakistani immigrant. He lived down the street from Mr. Stewart-Whyte, who lived with his widowed mother and sister and used to earn money mowing neighbors’ lawns.

After his conversion, neighbors said, he grew a beard and a spell of late-night teenage carousing came to an end. Mr. Bahatti said that Mr. Stewart-Whyte had invited his son, in vain, to attend Friday prayers with him, but that there were no signs of unusual zeal.

“He never had a problem with anybody,” he said. “We never expected things like this.”

The British authorities have released little information about the 24 people arrested, other than to provide a list of 19 of them — with names, ages and addresses — whose finances have been frozen. One of the 24 was released Friday night, the authorities said, without disclosing details.

So, for the moment, basic questions remain unanswered, from what connected the suspects to the more frightening issue confronting this country: what might have motivated young Britons to undertake months of planning to kill thousands?

“If you truly believed in God, you wouldn’t go out and do that kind of thing,” said Lyneth Samuel, who lives across the street from Assad Sarwar, who sold used cars and was arrested here Thursday morning. “It’s all about peace, isn’t it?”

Her husband, Berton, 48, a logistics director, added: “I heard a phrase on TV the other day: ‘the enemy within.’ And to be honest, I feel exposed.”

A day after the arrests, interviews with neighbors and news media accounts provided the sketchiest of profiles.

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One of those arrested, Amin Tariq, 23, from Walthamstow, in London, reportedly worked as a security guard at Heathrow Airport, raising fears here that security there might have breached.

Many lived near each other either here or in London, but it is not even clear that they worshiped in a single mosque, though it does appear that some knew each other that way. One local resident said at least four of the suspects attended the same mosque on Queens Road in Walthamstow.

One of those was Ibrahim Savant, born Oliver Savant in 1980.

“My cousin, who went with Ibrahim to the same class, said that he converted, because one day he went to a priest and asked him some questions that he wanted to be answered,” Hamza Ghafoor, 20, a Walthamstow resident and friend of Mr. Savant. “But the priest couldn’t give him any plausible answers,” Mr. Ghafoor added. “And so some of his friends told him to go to the mosque and ask the imam there. And he liked the way, how the imam answered him the questions. He was 18 years old when he converted.”

Several newspapers reported that Mr. Savant’s pregnant wife had been taken from their house in handcuffs, although she was not among the 19 whose names were disclosed.

On the other side of High Wycombe, once rolling farmland, now a city of more than 150,000 that is a 45-minute drive northwest of London, there were similar questions about Brian Young, 28, who is the son of a West Indian family. He had converted and changed his name to Umar Islam.

“He just said it was a good religion that doesn’t do anything wrong,” said Fasil Mahmood, 19, a night watchman who said he saw Mr. Islam at Friday Prayer at a mosque here.

Like Mr. Bahatti, Mr. Mahmood said there seemed nothing fanatical about Mr. Islam.

“I was shocked,” he said.

In one interview after another, neighbors — Muslim and not — said they, too, could not imagine how young men they knew could be guilty of the crimes they were arrested for.

“The people that belong to this mosque, it is not possible they would do these crimes,” said Safdar Hussein, imam of the Jamis Masjid mosque in Birmingham. Tayib Rauf, who was one of the suspects, and his brother Rashid Rauf, who was arrested in Pakistan and said to be an Al Qaeda operative, reportedly attended prayers there.

If the Rauf brothers are guilty, “that’s an embarrassment to the community,” he said. “Everyone would be against those people.”

Suspects Recalled As 'Just Normal Guys' (WP)

By Joshua Partlow And John Ward Anderson, Washington Post Staff Writers

The Washington Post, August 12, 2006

Neighbors Voice Skepticism About Investigation, Friends' Alleged Role in Plot

LONDON, Aug. 11 -- They were lunchtime companions, worshipers kneeling on the same mosque floor, friends praying to the same God. One was the medical student cramming for exams at the next table. Another was the sprinting player jostling for the ball down the soccer field.

And so to some friends and acquaintances -- those who gathered outside the mosques of northeast London and in the quiet suburbs to the west of the city -- the possibility that the young British Muslims also might be involved in an audacious plot to explode airplanes over the Atlantic Ocean was almost impossible to reconcile or believe.

"They're just normal guys, they're probably being painted as hateful monsters, but they were just normal guys," Louis Melvin, 26, said Friday as he stood near the Masjid-E-Umer mosque in the Walthamstow neighborhood of London with other young men who said they were friends with some of the suspects. "If they were plotting this for the last year, they wouldn't have been able to spend all that time talking to me about trivial things like soccer," Melvin said.

Although the identities of all the accused have yet to be disclosed, the Bank of England on Friday froze the assets of 19 of the 24 suspects arrested the day before, in the process releasing their names and ages to the public. All 19 had Muslim names, most were in their twenties -- they ranged in age from 17 to 35 -- and 13 of them lived in London, according to the list.

The bank's actions came at the order of British Chancellor Gordon Brown, citing concern over financing terrorists. But Muslim leaders in Britain condemned the release of the names, saying that it was unusual for suspects to be identified before they were formally charged and that it could impede a fair trial.

"There is a perception that this is a trial by media," said Jahangir Mohammed, director of the Center for Muslim Affairs, an independent research organization based in Manchester. "The general feeling is that people believe this has been concocted and it is very timely" as a diversion from the war between Israel and the Hezbollah militia in Lebanon.

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Several Muslims said they condemned any terrorist plot but were skeptical about the police investigation and evidence that tied so many seemingly normal, middle-class Muslims to the alleged plot.

Police "need to be careful" about linking terrorism to the Muslim community "as a whole" and "demonizing the community," Khalid Sofi, a senior member of the Muslim Council of Britain, told the BBC. He said that British police made sweeping arrests of Muslims based on ethnic and religious profiling and used unwarranted stop-and-search procedures, and that most of the Muslims were released without being charged.

British Home Secretary John Reid said that it was a "normal procedure" to release the names of those whose bank accounts were frozen and that knowing their identities is "part of the obligation of ensuring that people cannot deal with such individuals in the transfer of assets."

British police on Friday released one of the suspects, who was not identified, without charging him.

"Of those we have arrested, some will be released without charge -- that is the nature of an investigation. Some will interpret that as meaning the evidence is not there, but there is a good reason for us to have acted as we have," said Rob Beckley, a senior police officer who heads community and counterterrorism programs for the Association of Chief Police Officers.

He said he had heard the suggestion among some Muslims that this was a "smoke screen" to knock the war in the Middle East off front pages. "Frankly, any idea that this was manipulated is nonsense," he said.

Several of the suspects lived in Walthamstow, a working-class northeast London neighborhood that is home to many Pakistanis, African Muslims and Polish immigrants. Residents live in brick homes and townhouses, along streets spotted with pubs, market stalls and fast-food restaurants.

For the Friday afternoon prayer service, dozens of Muslim men came to the Darul Uloom Qadria Jilania mosque in the area, around the corner from where police stood sentry outside the home of one of the suspects. The worshipers, some wearing white dishdashas , the traditional Muslim robe, and others wearing blue jeans and backward baseball caps, knelt to pray on a white sheet spread out on the sidewalk in front of the mosque.

After the prayers, several young men denounced the United States, Israel and the British police for what one man called a "war on Islam." Some of the men accused the police of fabricating the terrorist plot and wrongfully arresting their friends.

Such raids and arrests strike a particularly sensitive nerve in England. Police raided a home in Forest Gate, east London, in June and arrested two brothers, shooting one of them, mistakenly thinking the men possessed a chemical bomb. Both men were released without charge.

"This plot never existed!" Abid Aslam, 28, shouted about the most recent arrests to the gathering television cameras.

"It's absolute propaganda, it's all about the Jews and oil," said another man.

The men began chanting, "God is great. God is great."

Ishtiaq Hussain, 25, who grew up in the neighborhood, said he was friends with two of the suspects, Ibrahim Savant and Waheed Zaman. Savant, 25, is a soccer-loving half-British, half-Iranian Muslim convert formerly named Oliver, Hussain said. Zaman, 22, took biochemistry classes and led prayer groups at London Metropolitan University, where he was friends with a diverse group of people, Hussain said.

"He's humble, he's got a big heart. He would never hurt a fly. I mean, he's a nice geezer, he's not an extremist," Hussain said of Zaman. "If evidence does come out that they were plotting something, it would be very hard to digest. Very, very hard."

In the same neighborhood, another crowd gathered along Queens Road outside Zaman's home, in a two-story building next door to the New Stylish Hair Dresser and across the street from the Masjid-E-Umer mosque.

If Zaman was a fanatic about anything, it was the Liverpool soccer team, which he followed in an online fantasy soccer league, said his friends. "The last time I saw him was two days ago. We got together to watch 'Star Wars' together," said one of his friends, who declined to give his name.

"You can't condemn someone with no proof. They are innocent until proven guilty," said another of Zaman's friends.

The British press reported Friday that two of the suspects were white men who recently had converted to Islam. The Guardian newspaper said another suspect worked at London Heathrow Airport, and other news outlets reported that at least one suspect taken into custody was a pregnant woman. British police refused to confirm the reports.

At least four of the suspects lived to the west of the city in a suburb called High Wycombe, according to the Bank of England list. One of the suspects, Assad Sarwar, was a Pakistani man who lived in a two-story brick duplex along Walton Drive with his brother and the rest of his family, neighbors said. Some neighbors, watching from across the street as police in hazard suits walked in and out of the house, said they were befuddled and dismayed by the situation.

John Arnold, 28, who knew the Sarwars, echoed the sentiments of several others trying to understand the arrests: "They were just normal kids."

Staff writer Anushka Asthana in Washington contributed to this report.

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The Accused Terror Probe Eyes Pakistani Links Of British Suspects (WSJ)

By Chip Cummins And Carrick Mollenkamp In London, Alistair Macdonald In High Wycombe, England And Zahid Hussain In Islamabad

The Wall Street Journal, August 12, 2006

Alleged Muslim Plotters Didn't Appear Radical; Middle-Class Homeowners An 'Angry Young' Generation

On Wednesday, Pakistani authorities arrested Rashid Rauf, a young Briton wanted on charges that he murdered his uncle in 2002. Soon thereafter, British police 4,000 miles away moved in to break up a terrorist cell they say was planning to blow up several airliners midflight.

One of those rounded up in the raids was Mr. Rauf's brother, Tayib, 22 years old, who lives in Birmingham, an industrial city 130 miles north of London.

The links between the two men could prove crucial to investigators as they piece together a plot they say could have rivaled the Sept. 11 attacks in scale. British police acted swiftly for fear that word of Rashid Rauf's arrest would cause the other suspects, who had been under surveillance for months, to scatter. The connection between the Rauf brothers highlights the close ties between Pakistan and the United Kingdom, especially within families.

Pakistani authorities claim Rashid, who fled Birmingham for Pakistan a few years ago, had received training in explosives at al Qaeda camps along the Afghan-Pakistani border and had organized al Qaeda funding for the terror-plot suspects in Britain. "He was the main link with al Qaeda," said a senior Pakistani official Friday. Pakistani police arrested on Wednesday two others whom they suspect are accomplices, and numerous others in recent days. Tayib Rauf was the main coordinator of the plot in Britain, Pakistani authorities claim.

British and other European intelligence agents say they are still searching for al Qaeda links to the 24 suspects rounded up in the U.K. early Thursday morning and to those arrested in Pakistan.

The Rauf family connection may help to explain how the suspects, mostly second- and third-generation Pakistanis leading middle-class lives in Britain, concocted such a sophisticated plot, which authorities say bears the hallmarks, if not yet the guiding hand, of al Qaeda.

The plotters planned to smuggle liquid bombs in hand luggage onto several planes and explode them simultaneously, investigators say. Suspects in Britain can be held under antiterrorism laws for up to 28 days. One of the 24 rounded up early Thursday was released by police Friday without charge.

Among the suspects are two sets of brothers, a cabdriver and a recent convert to Islam who a neighbor says had been bullied by South Asians in the community. Two are women, one in her 20s with a six-month-old baby, says Imtiaz Qadir of the Waltham Forest Islamic Association, a large mosque in east London, where many of the suspects lived. (Read suspects' names9)

They range in age from 17 to 35, and they hail from three different communities with sizable Muslim populations. Most lived in Walthamstow in east London, some lived in High Wycombe, a commuter town outside London, and a few, including Tayib Rauf, lived in Birmingham.

Many of them wore Western clothes and showed few, if any, signs of sympathizing with violent radical Islam, according to those who know them. The mosques some attended were home to imams who preached tolerant Islam, they say, though at least two returned from Pakistan with wives who then dressed in traditional Muslim clothing.

Many young Britons of Pakistani descent feel disenfranchised in their native country. The parents of many moved here in the 1960s, when Britain opened its immigration gates to people in former colonies in order to fill a labor shortage. Although they strove to assimilate, their children and grandchildren often felt alienated and were less willing to do so. With Muslims in hotspots such as Iraq and the Middle East perceived by them to be under attack, the young people, especially the men, are easy targets for radicalization. Trips to Pakistan to study or visit family are common.

"The cumulative effect of Islamophobia, both internationally and nationally, linked to social exclusion, has created a generation of angry young people who are vulnerable to exploitation," said Tarique Ghaffur, assistant commissioner at Scotland Yard, in an address Monday. "The simplistic anti-Western messages of extremist organizations can be attractive to such vulnerable young people."

On Thursday afternoon, police raided Haji Telecom, an Internet cafe in Walthamstow, taking away 27 hard drives and two disks left by customers. Ismael Ahmed, the manager, sat Friday with one other employee in the empty cafe, amid rows of disconnected keyboards and monitors. "Whatever they need for security, that's OK with me," he said.

Paid $378,000 for House

Many of the suspects weren't hard-up or without prospects. In March 2004, Tayib Rauf paid $189,000 in cash for a home in Birmingham, according to property records. Two months later, another suspect, Khuram Shazad Ali, paid $378,000 for a house

in High Wycombe, records show. He was 24 at the time. The home had previously been owned by his father, a neighbor said. Three weeks after that, the Ali family bought another house a few doors down the street for $359,000. Mr. Ali's assets have been frozen by British authorities, the Bank of England said Friday. Police raided all the homes this week and are still guarding them.

Some of the suspects appeared less radical than others around them, says people who knew them. In High Wycombe, Mr. Ali wore Western clothes like his father, while his older brother dressed in traditional Muslim robes, neighbors say. Mr. Ali and his brother played cricket together and sold luxury cars from one of the two homes they owned on the street.

In a telephone interview Friday, one neighbor, David Tighe, said he was looking out his window at one of the Ali houses and could see police removing what looked like marijuana plants, sunlamps and reflectors. He said people often came and went from the house day and night. A police spokeswoman declined to comment on whether any plants or drug-related equipment had been removed from the house. No one at either Ali home could be reached.

Waseem Kayani, 29, also lived in High Wycombe. He drags his foot when he walks due to a disability, says Christine Styles, who has lived on his street all her life. About a year ago, he went away to get married, neighbors believed to Pakistan, and returned with a wife who wears a full burka with a face covering.

Don Stewart-Whyte, 21, another High Wycombe resident, was born in Britain and converted to Islam as recently as six months ago. One neighbor recalls him complaining about getting bullied at school. "I was surprised when Don became a convert," says this neighbor. "He'd had trouble with the Asian community before. He'd been beaten up by them." Mr. Stewart-Whyte recently grew a goatee and sometimes wore a Muslim headdress, neighbors say. He began greeting people using the Muslim greeting, "Assalamu Alaikum," or "Peace be with you."

One neighbor says Mr. Stewart-Whyte's mother is a physical-education teacher at Pipers Corner in High Wycombe and is currently on holiday in Scotland. Prior to converting, Mr. Stewart-Whyte was "a bit rebellious," says this neighbor, who says she is a friend of his mother's. She and others say he is very personable. Mr. Stewart-Whyte had told people that converting was a positive thing and that he'd been happy since he did. "His mother liked the change," this neighbor says.

Mr. Stewart-Whyte's father worked for the British Conservative Party until his death several years ago from cancer. As a youth, Mr. Stewart-Whyte made money washing cars and mowing lawns for neighbors. He had also worked for a while at Currys, a local electrical store, said Shauib Bhatti, another neighbor.

London's Evening Standard newspaper reported that Mr. Stewart-Whyte is a half-brother of Heather Stewart-Whyte, who has modeled for Victoria's Secret. Ms. Stewart-Whyte's agent said she couldn't be reached for comment.

Reputation for Moderation

Shaukat Warraich, a local teacher and Muslim community leader in High Wycombe, says the town's mosque, where Mr. Stewart-Whyte went when he decided to convert, has a reputation for moderation. "The imam there is known as a moderate man. He has never expressed extreme views," he says. "This is a very small, sleepy English town."

Another recent convert among the suspects is Oliver Savant, 25. His friends say he converted to Islam about five years ago while living in Walthamstow in east London, and changed his name to Ibrahim. He was known as "Ib."

Mr. Savant and his brother worked at a lighting and sound-stage company called Positive Fokus Ltd., which handles festivals and other events. Mr. Savant was a bookkeeper at the company, according to U.K. corporate records. One person at Positive Fokus says Mr. Savant had handled some paperwork for the company and had worked just 10 hours in the past two years.

Mr. Savant lived just a few blocks from suspects Waheed Zaman, 22, and Usman Saddique, 24, who grew up together and attended the same high school. Mr. Saddique's mother still works at the school as a teacher's aide, say neighbors. Both young men's fathers worked in nearby factories before retiring and are in poor health, neighbors said.

Mr. Saddique worked recently as a pizza-delivery man, and spent a period at a religious school in London, neighbors say. He would wear both Western dress and more traditional garb.

Mr. Zaman seemed the more religious of the two, neighbors said, dressing in traditional robes and wearing a beard. His older sister is a doctor and he was interested in following in her footsteps. He would often speak openly about his Muslim faith and would try to get neighbors to accompany him to the mosque, says Raja Akhtar, a cabdriver who lives around the corner from Mr. Zaman's residence and knows him.

Mr. Zaman wasn't pushy or obviously radicalized, Mr. Akhtar says. "They would offer to carry my wife's shopping," Mr Akhtar says. "They were inviting people to go to different mosques, trying to show them and inviting them to pray."

Asim Tariq, a worker at Heathrow airport, also lived nearby. Last year, he traveled for the first time to Pakistan to get married and bring his bride back to Britain, neighbors say. The couple has a two-week-old baby.

-- Cassell Bryan-Low, Aaron O. Patrick, Deborah Ball, and Jason Singer in London contributed to this article.

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Write to Chip Cummins at chip.cummins@wsj.com14, Carrick Mollenkamp at carrick.mollenkamp@wsj.com15 and Alistair MacDonald at alistair.macdonald@wsj.com16

23 Arrests Preceded By Quiet English Lives (LAT)

By Alissa J. Rubin

The Los Angeles Times, August 12, 2006

Neighbors of most of the suspects describe them as unremarkable, if a little overtly religious.

HIGH WYCOMBE, England — They were middle-class university students and avid cricket players; one was studying biomedical sciences, another worked at Heathrow Airport, a third was a bookkeeper and a fourth drove a taxi.

They lived in tidy neighborhoods where Urdu and English mix, along with polo shirts and shalwar kameez, loose-fitting tunic and pants popular in South Asia. Where people cheer for the British soccer team after praying at the local mosque on Fridays. Many of the suspects have wives and small children. They went to work in the morning and came home for dinner in the evening.

Until Thursday, the 23 suspects in custody in Britain in the alleged airline bombing plot were largely unnoticed by their neighbors who, to a person, described them as living quiet, unremarkable lives.

The only noticeable feature, some said, was that in the last few months several had become more overtly devout, growing beards, wearing long robes and inviting others to the mosque. The change was especially marked in the two converts to Islam who had British parents.

There are differences within the group, aged 17 to 35, with some less educated, but more are of middle-class backgrounds, apparently assimilated into British society, than the men involved in last summer's suicide attacks on the London transit system that killed 52 people. But similar to that group, many of the suspects appeared to have become radicalized in Britain and had traveled to Pakistan, where they may have been directed toward violent activity through training or intellectual and spiritual instruction.

In all three communities where arrests were made — East London, High Wycombe and Birmingham — there are close ties to Pakistan. Merchants do a steady business in 20-pound sacks of basmati rice and immigrants know the price of a round-trip ticket to Karachi, and even airline schedules, by heart.

"It's quite common to go back and forth here, everyone does," said Ali Raza, 31, a taxi driver who was chatting with three Pakistani friends Friday afternoon across the street from the home of Ali Sarwar, one of those detained. "The travel office is right around the corner."

An example of the ties are Tayib and Rashid Rauf, British nationals and close relatives arrested in the case, one in Pakistan and one in Britain.

Of the 19 suspects whose assets were frozen by the Bank of England, 14 live in East London and four in High Wycombe. The 19th lives in Birmingham. Four others were also in custody Friday night in connection with the case.

In High Wycombe, the spartan two-story brick house at 36 Walton Drive looks exactly like its neighbors. And on a street where nearly every third house is home to Pakistanis, the occupants, two brothers of Pakistani background and their families, went about their business largely unnoticed. That changed dramatically early Thursday when, with helicopters hovering, police swooped in and grabbed Assad Sarwar, 26, who lived there with his wife and brother.

Sarwar and his brother attended the local school and were enthusiastic cricket players, said Ali Lone, 28, a former classmate who is a management consultant.

A neighbor who called herself Mrs. Ali, 25, a homemaker from Lahore, Pakistan, has lived down the street for two years. She said the only notable feature of the family was Sarwar's wife. "The lady wears a burka, everything covered in black, except her eyes. It struck me."

A few blocks away on Hepplewhite Close is the home of Don Stewart-Whyte, a 21-year old recent convert to Islam, who lives there with his wife and mother. The block is well-groomed, with tall trees and flower plantings, and with immigrant and white British families. Several people expressed disbelief that Stewart-Whyte would be involved in terrorism.

Lone, who also grew up with Stewart-Whyte, described him as an exceptionally bright boy who was accepted to Dr. Challoner's Grammar School, passing an entrance exam. However, he dropped out, Lone said.

Another longtime neighbor, Shauib Bahatti, who emigrated from Rawalpindi in Pakistan more than 20 years ago, said Stewart-Whyte had been a normal boy, an avid soccer player, who drank a little and smoked a little, "just like other boys." He said Stewart-Whyte had recently converted and sometimes stopped by "to invite me to come with him to mosque."

Most neighbors could not recall whether Stewart-Whyte had held a steady job recently and local news reports said he had worked at several places, including a local chain restaurant.

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Two neighbors said they believed he may have attended an informal mosque a few blocks away affiliated with Wahhabis, an extreme group of Sunni Muslims. At that site Friday evening, a bearded man in shalwar kameez refused to answer questions, saying there was no imam working there and the center was only a school — despite a sign on the door saying, "Check with the imam or a representative before leaving any brochures or pamphlets."

On the eastern edge of London, in the town of Walthamstow, one of the suspects detained is the son of an architect and an accountant. Oliver Savant adopted Islam, the name Ibrahim and Muslim-style dress about four or five years ago, neighbor Hazel Kleinman said.

"He lived next door and I've known him since he was born," she said. "We were very shocked."

Neighbors said Savant's mother was British and his father was of Iranian origin. "He was the younger of two brothers, the other older brother was a high flier in the City," doing well in London's financial district.

Walthamstow has long rows of small terraced houses. Once Cockney and Afro-Caribbean, it has become largely Muslim in the last two decades, neighbors said. On Queens Road, shops include an Asian food store, three jewelers as well as the New Stylish Hairdresser and Shahzad's Fashion Garments.

On one side of Queens Road is the Masjid-e-Umer, the mosque where several of the suspects are believed to have prayed. No one from the mosque wanted to talk to the media until they had spoken to the building's trustees. On the other side of the road is house number 104, with white lace drapes on the windows, pebbled stucco on the outer walls, and two policemen at the door.

It is the home of Waheed Zaman, 21, a biomedical student at London Metropolitan University, who is one of the educated members of the group. He was also an Islamic activist at the university and was reported to have spoken at rallies and written for the student magazine.

Zaman's friend Nasser Fazal, 23, said, "I spoke to Waheed about the 11 September attacks a few times. He was convinced it was all a Jewish conspiracy."

In Britain, the investigation suggests that some of the suspects are involved in student organizations with ties to the Muslim Brotherhood, a worldwide Islamist group. Despite the rise of radicalism among Muslim students on campuses across the country, the Brotherhood-aligned groups are considered less militant than Hizb ut-Tahrir or the now-dissolved Al Muhajiroun, organizations that influenced British-Pakistani militants, including two young men who committed a suicide attack in Tel Aviv in 2003.

Several suspects in the alleged airline bombing plot belonged to the Federation of Student Islamic Societies, an umbrella group of youth organizations, British anti-terrorism officials said.

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Times staff writers Janet Stobart in London and Sebastian Rotella in Ferrol, Spain, and special correspondent Vanora McWalters in London contributed to this report.

Hawks In Congress, Not Tony Blair, May Benefit From Foiled Threat (WSJ)

By Marc Champion And Jason Singer

The Wall Street Journal, August 12, 2006

Helped by fresh evidence of the terrorist threat, some hawkish American politicians may get a bounce in the polls from the bust-up of the alleged plot to blow up flights bound from Britain to the U.S. But across the Atlantic, British Prime Minister Tony Blair looks unlikely to benefit.

The key difference, according to political analysts: the foiled terror plot made public Thursday is another in a series of incidents in which the suspects are home-grown members of Britain's sizable Muslim community. These incidents have fueled the widespread belief in Britain that Mr. Blair's support for the war in Iraq and close association with President Bush -- both deeply unpopular with British Muslims -- are making the country more susceptible to terrorist attack.

On Friday, the opinion columns and letters pages of British newspapers were filled with accusations that Mr. Blair's policies have helped to radicalize young British Muslims, even as they praised the security services for foiling the alleged plot. One article cited a classified government report, leaked last year, which pointed to the Iraq war as a key factor in radicalizing young men among Britain's roughly 1.76 million Muslims.

"The fact that we have had 7/7 [the London bombings on July 7 last year] and now this, if the plot is proved to be what the police are saying, would suggest that we have a very serious problem in our Islamic community," said Patrick Dunleavy, professor of government at the London School of Economics, in an interview. "It beggars belief that the emergence of an apparently deep-rooted problem with extremists in the U.K. is unrelated to the presence of British troops in Iraq."

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British leaders can typically expect to enjoy a boost in popularity as the country rallies around in response to any attack, and the country's security services and Home Secretary John Reid have been raking in praise for their performance, which police say averted "mass murder." Mr. Blair is on vacation in Barbados, making it harder for him to gain personally.

Before Thursday, Mr. Blair had been under pressure from more than 100 British lawmakers to recall parliament from summer recess to debate the prime minister's support for U.S. policy in Lebanon and his refusal to call for an immediate cease-fire. Mr. Blair's approval rating last month was its lowest ever, with just 23% of Britons saying they were satisfied with the job he is doing, according to a regular poll by Ipsos Mori.

Past experience suggests that any gains for Mr. Blair from his handling of the terror threat would be small and disappear quickly. Last year, after home-grown British terrorists bombed London subway trains and a bus, Mr. Blair took close control of the response and won praise for his leadership. But three weeks after the bombing, the Ipsos Mori monthly opinion poll showed public satisfaction with Mr. Blair declining.

Skepticism about Mr. Blair's role in the war on terror is especially strong among British Muslims. Murad Qureshi, a member of London's local legislature, said that religious leaders in Walthamstow, a section of London where some of the terror suspects were arrested Thursday, told him " 'let's see the evidence,' " before they would believe police claims of a terror plot. "It's a fair point," said Mr. Qureshi.

A highly publicized raid in the East London community Forrest Gate in June resulted in one Muslim suspect being accidentally shot by a police officer. Both men arrested in the raid were later released without charge. Other raids have also ended without charges, leading many Muslims to believe they are being groundlessly targeted.

Sami Ullah said that as he and his father closed their Islamic book shop, Darussalam, on Walthamstow's busy High Street before midday prayers yesterday Friday, a group of young men shouted anti-Muslim expletives toward the store. Mr. Ullah also played back for a reporter an expletive-filled message left earlier in the day on the store's answering machine, telling him to "go to hell."

A survey of 1,000 Muslim Britons conducted for Channel 4 television earlier this year found 45% believed the Sept. 11, 2001 attacks on the U.S. were a U.S.-Israeli conspiracy, while 20% thought they weren't and the rest were undecided. Fewer than half said they thought of Britain as "my country," and 30% said they wanted to live under Islamic law.

Write to Marc Champion at marc.champion@wsj.com9 and Jason Singer at jason.singer@wsj.com10

What Not To Take From Britain's Success (WP)

By Juliette N. Kayyem

The Washington Post, August 12, 2006

While many Americans may have an inferiority complex about things British -- the refinement, the style and, of course, those accents -- it would be a mistake to carry it over to the area of counterterrorism.

This week, soon after authorities in London announced the arrests of a group of people allegedly plotting to bomb a number of airliners, commentators and experts were marveling at how the British disrupted the attack and asking whether we needed to be more like them, with their less restrictive surveillance laws, a domestic intelligence agency, almost no rules against watching and tracking Muslims in mosques or community centers, and no First Amendment. But those would be the very lessons we ought not to learn from this week's events.

First, Britain has been the target of three serious homegrown attacks, either successful or attempted, since Sept. 11, 2001 -- and all since the Iraq war began. The suspects are all from immigrant families, all young men who appear to have felt no allegiance to their nation or the freedoms they enjoyed. Their alienation was so complete that they sought to kill their own countrymen.

Second, the disruption this week of the bomb plot occurred because of very good human intelligence: a person's infiltrating the terrorist cell, convincing the plotters that he was part of their plan, and then turning on them when they started to get serious. Finally, there was nothing in airline or airport security that stopped the plot, despite the frenzy of security activity at airports throughout the world since Sept. 11. These facts suggest helpful lessons that might get lost in the flurry of the U.S. administration's "we are still under threat" attitude.

No one doubts that we are under attack, but this week's developments should motivate us to assess our priorities, including what we are doing right. Though there is considerable fascination with electronic surveillance -- through the domestic eavesdropping program -- this practice is helpful only as a complement to real and serious human intelligence efforts by our agents. The Bush administration has spent a lot of money and time promoting the National Security Agency's surveillance program -- a program that is legally suspect and has not been clearly effective in targeting real and credible threats. Unfortunately, human intelligence has gotten short shrift from the administration.

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And while it is understandable to clamp down at the airports, this should be seen as a short-term reaction and not as part of any real counterterrorism effort. No terrorist attack has ever been stopped at an airport; even would-be "shoe-bomber" Richard Reid got on his plane, and only the heroic actions of flight attendants and passengers stopped him.

Finally, getting tougher on communities of interest -- including pronouncements that authorities will start profiling or focusing on minority populations -- is exactly what we ought not to emulate about Britain. The most serious homegrown attack on U.S. soil was by Oklahoma City bomber Timothy McVeigh.

Immigrant groups feel themselves part of America, and our success is that we have made them feel that they have a role in the nation's destiny. Tougher surveillance, profiling or efforts that risk alienation might give us a sense that we are doing something, but the long-term legacy of such efforts could well prove self-destructive. Investing in those communities and asking for their assistance in the fight against terrorism is a smarter strategy.

There is much to learn from the British: their reticence about disclosing details, their clear expertise in human intelligence, their non-hysterical reaction to very real threats. But how we deal with our immigrant and domestic populations is certainly not one of them.

The writer, a lecturer in public policy at Harvard University's Kennedy School of Government, is the co-author of "Protecting Liberty in an Age of Terror." She was a member of the National Commission on Terrorism.

Judge Won't Delay Terrorism Funding Trial Over Bomb Plot (CHIT)

Tribune Staff Report

Chicago Tribune, August 12, 2006

Despite reports of a thwarted terror plot in London and war raging in the Middle East, the trial of two men accused of funding Palestinian extremists can continue as scheduled, a federal judge ruled Friday.

U.S. District Judge Amy St. Eve told attorneys for Muhammad Salah and Abdelhaleem Ashqar that she won't postpone an October trial based on news the defense argues could prejudice jurors.

"I don't think anyone in this room can predict when things will settle down" in the Middle East, St. Eve said.

Prosecutors argued against postponing the trial, calling terrorism a part of the times and fighting in the Middle East a "millennial" conflict.

St. Eve did request that defense attorneys give her more information about difficulties they said they face preparing for trial because of fighting in the West Bank and Gaza Strip.

Salah, of Bridgeview, and Ashqar, of Virginia, are accused of funneling money to Hamas, which the U.S. has labeled a terrorist organization.

St. Eve also gave her strongest indication Friday that she plans to perform criminal background checks on prospective jurors.

Ever since the trial of former Gov. George Ryan was nearly scuttled by jurors who misrepresented past run-ins with the law, St. Eve has said she favors performing such checks.

"The goal in this is not to end up where they ended up in the Ryan trial," she said.

In that trial, two jurors were removed during deliberations. The jury was then required to begin deliberations again with two alternates. In April, they found Ryan guilty of fraud.

Government Rests In Ex-CIA Worker's Case (AP)

By Estes Thompson

AP, August 12, 2006

A medical examiner testifying in the assault trial of a former CIA contractor said Friday that an Afghan detainee the defendant interrogated probably died from a beating, but a defense expert said there's too little information to know the cause of death.

David Passaro, a former Special Forces medic working in Afghanistan as a CIA contractor, is accused of beating Abdul Wali during a 2003 interrogation about rocket attacks on a remote base housing U.S. and Afghan troops. Defense attorneys have said Passaro never hit Wali.

Dr. Reinhard Motte, a medical examiner from Fort Lauderdale, Fla., testified that Wali probably died from injuries sustained during a beating described by soldiers who witnessed the interrogation. Several Army paratroopers testified this week they saw Passaro hit Wali repeatedly with a metal flashlight and kick him in the groin.

"If I were to write a death certificate on Abdul Wali, I would write blunt force abdominal and pelvic injuries," Motte said.

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But after the prosecution rested Friday, a medical examiner called by Passaro's attorneys said he could not determine the cause of death based on 12 photos of Wali's body and descriptions of his treatment.

"I feel that would be insufficient information to make such a ruling," Navy Cmdr. Craig Mallak said, adding that some of the bruises and abrasions shown in the photographs could have come from attempts to revive him.

An autopsy was never conducted. CIA investigator Fred Klare testified Friday that Wali's father wouldn't even tell the Americans where in Afghanistan his son was buried.

Another prosecution expert, Dr. Anthony Meyer, said Wali's most serious injuries "would be the two described kicks to the perineum, the area between the thighs, and the hit to the abdomen with the flashlight."

Meyer, the chief of surgery at the University of North Carolina hospitals, said during cross-examination that he couldn't give an exact opinion about what led to Wali's death. Upon further questioning by prosecutors, he said Wali "most likely died from sepsis infection or blood loss progressively over the course of two days."

Passaro, 40, of Lillington, is charged with four assault counts and could be sentenced to up to 40 years in prison if convicted. He is not charged with Wali's death.

Passaro is the first American civilian charged with mistreating a detainee during the wars in Iraq and Afghanistan. He is standing trial in his home state under a provision of the USA Patriot Act allowing charges against U.S. citizens for crimes committed on land or facilities designated for use by the U.S. government.

The trial is set to resume on Tuesday.

Italy Arrests 40 In Security Crackdown (AP-Y)

By Frances D'emilio, Associated Press Writer

AP, August 12, 2006

Police raided Internet cafes, money-transfer offices and long-distance phone call centers catering to Muslims and arrested 40 people in a crackdown linked to Britain's announcement it had thwarted an alleged terror plot, authorities said Friday.

The arrests in Rome, Milan, Venice, Florence, Naples and other cities on Thursday and Friday were "part of an extraordinary operation that followed the British anti-terrorist operation," the Interior Ministry said in a statement.

More than 4,100 people were stopped for identification checks, the ministry said.

Twenty-eight people were arrested for violating rules on residence permits and 12 were arrested for property crimes, the statement said, without giving details. The raids resulted in 114 expulsion orders.

A year ago, a similar security sweep in Italy at money transfer centers, Muslim butcher shops and similar places resulted in 141 arrests. Those raids came a few weeks after the London subway attacks.

On Friday, police also searched 15 homes occupied mostly by Pakistanis in several Italian cities as part of a Belgian police probe into suspected financing of terrorism, the ministry said.

That operation captured documents and led to three expulsion orders of foreigners who had irregular residence papers.

Italian authorities said Belgian police are investigating a group of Pakistanis suspected of financing Lashkar-e-Tayyaba, a Pakistan-based terrorist group believed to have ties to al-Qaida.

The latest raids targeting Muslims in Italy triggered the ire of a spokeswoman for the Islamic Anti-Defamation League in Italy.

"More than 4,000 people were stopped and humiliated to allow police to arrest 12 chicken thieves and 28 clandestine" migrants, the Italian news agency Apcom quoted spokeswoman Dacia Valent as saying.

U.S. Embassy In New Delhi Warns Americans Of Bomb Threat On Eve Of Independence Holiday (NYT)

By Amelia Gentleman, International Herald Tribune

The New York Times, August 12, 2006

NEW DELHI, Aug. 11 — The United States Embassy here warned Americans on Friday that foreign terrorists, possibly linked to Al Qaeda, were planning a series of bomb attacks in India's major cities in the days leading up to the nation's Independence Day next Tuesday.

In a strongly worded e-mail warning, the embassy urged American citizens living and working in India to "maintain a low profile, and be especially alert and attentive to their surroundings" in the days ahead of the holiday, which celebrates independence from British colonial rule.

"Likely targets include major airports, key central Indian government offices and major gathering places such as hotels and markets," the alert added.

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The information was gathered by United States intelligence agencies and was passed on to the Indian government.

Some Indian officials, however, were dismissive of the warning, and Home Secretary V. K. Duggal indicated that the alert was routine. "It is normal for missions to issue advisories when they have any information," he said at a news conference. "It's a very innocuous advisory."

Officials at several other embassies, including the British and German, said they knew nothing of the threat.

Although similar warnings have been issued to Americans in the past, this alert was unusually specific in its details on the possible timing of the threatened attack. The mention of a possible Qaeda link was also new.

During investigations into last month's attacks on rush-hour trains in Mumbai, Indian officials have focused their inquiries on the Pakistan-based militant group Lashkar-e-Taiba, which is thought to have links to Al Qaeda but specifically targets Indian rule in the disputed Kashmir territory.

Some security analysts have speculated that India's growing relationship with the United States, sealed earlier this year with President Bush's friendly visit to New Delhi, makes it a more obvious target for Al Qaeda's attentions.

Security in Indian cities is always tightened ahead of Independence Day celebrations, when separatist movements often stage attacks, and recent events have made big holidays particularly tense for the nation's security forces.

Twice in the past 10 months, terrorists have conducted major attacks on Indian cities in the period leading up to holidays. In New Delhi in October, bombs tore through markets crowded with shoppers preparing for Diwali, the Hindu festival of lights. In March, the holy city of Varanasi was targeted days before the Hindu spring festival of Holi.

Anand Sharma, an official in the Foreign Ministry, said precautions had been taken before the United States warning. "Our intelligence agencies are already on alert," he said. "We are aware that there is a threat, as India has been a target for militants."

Authorities tightened security at the Taj Mahal on Friday, after a separate review found that security there was insufficient to thwart a terrorist attack, the Press Trust of India reported.

US Warns Of Possible Al-Qaeda Plot In India (FT)

By Jo Johnson In New Delhi

Financial Times, August 12, 2006

The US embassy in Delhi on Friday warned of a possible al-Qaeda plot to launch a wave of attacks in Mumbai and Delhi on or around India's Independence Day, which falls next Tuesday.

In an e-mail to US nationals in India, the US embassy in New Delhi said likely targets of the group included airports, central Indian government offices, and major gathering places such as hotels and markets.

It urged American citizens to maintain a low profile in the days leading up to India's Independence Day on August 15 and requested them to "be especially alert and attentive to their surroundings during this period."

"The Embassy has learned that foreign terrorists, possibly including members of Al-Qaida, allegedly intend to carry out a series of bombing attacks in or around New Delhi and Mumbai in the days leading up to Independence Day," the email said.

Anand Sharma, a minister of state for foreign affairs, said the US had provided the government no separate information relating to its e-mailed warning, which came a month after 207 commuters were killed in a series of bomb blasts on Mumbai trains.

"We have not received any formal communication from the US authorities," Mr Sharma said. "Our security and intelligence agencies are fully prepared to meet any threat. We are aware that India is a target of terrorist groups."

India's senior most home ministry official, Vinod Kumar Duggal, played down the US alert. "It is normal for missions to issue advisories when they have any information. It's a very innocuous advisory... to their own staff."

U.S. Embassy Warns Of Attacks In India (AP)

By Matthew Rosenberg, Associated Press Writer

AP, August 12, 2006

Foreign militants, possibly from al-Qaida, may be planning to bomb New Delhi and Bombay, the U.S. Embassy warned Friday, raising fears that Osama bin Laden's network may be targeting India for its rising economic power and links to the United States.

An e-mail sent to Americans registered with the embassy said New Delhi, the capital, and Bombay, the country's financial and entertainment hub, were targeted for attacks around India's Independence Day celebrations Tuesday.

The embassy warning said the "likely targets include major airports, key central Indian government offices, and major gathering places such as hotels and markets."

It urged Americans to maintain a low profile and be alert until Wednesday.

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The warning prompted India to step up already tight security ahead of Independence Day, a time when militants from the country's regional separatist movements — from Islamic militants in Kashmir to tribal guerrillas in the northeast — often launch attacks.

On the approach road to New Delhi's international airport, guards with assault rifles stopped cars, buses and trucks, checking IDs and searching some vehicles.

Some Indian officials sought to play down the threat.

Home Secretary D.K. Duggal struck a defensive note, calling the warning "innocuous" and an internal U.S. Embassy matter.

On Thursday, British police said they had thwarted a terrorist plan to blow up U.S.-bound jetliners. The embassy warning did not appear linked to that plot.

News of the embassy warning briefly prompted a 1 percent drop in the benchmark index of the Bombay Stock Exchange, the 30-share Sensex. It recovered later.

India's emergence as a global economic power appears to have increased its attractiveness as a target for Islamic militant groups, more than a dozen of which are already battling New Delhi's rule over two-thirds of Kashmir, a predominantly Muslim region split between India and Pakistan.

While some of those groups are believed to have ties to al-Qaida, the terror network has not in recent memory targeted India itself.

Some experts said India could now be a target because of its economic success and growing ties to the U.S.

"It's a serious message from these people that we should look out if we're going to align ourselves with the Americans," said retired Indian Gen. Ashok Mehta.

In the past year, India has suffered bombings in New Delhi, in the Hindu holy city of Varanasi and in Bombay. Authorities say a Pakistani militant group, Lashkar-e-Tayyaba, appears to have been involved in all those attacks. Lashkar is widely believed to have ties to al-Qaida.

HOMELAND RESPONSE:

It's Still Safe To Fly, Says DHS Chief (WT)

By Audrey Hudson

The Washington Times, August 12, 2006

U.S. officials yesterday said it is safe to fly, even as the British government imposed new rules banning IPods, computers and most carry-on baggage on all flights from the United Kingdom.

Department of Homeland Security Secretary Michael Chertoff said there is no evidence linking the foiled terror plot in England to "any plan to initiate activity inside the United States," and that his department is looking at ways to "reduce any additional inconvenience."

Domestic air travelers can still carry on electronic devices and bags, but are barred from bringing any liquids, such as beverages or lotions, under rules that began after British authorities on Thursday arrested 24 Muslims suspected of planning to blow up airliners with liquid explosives.

Any changes to the security procedures would not be "earth shattering," Mr. Chertoff said at a press conference yesterday at Ronald Reagan Washington National Airport. "We're going to move to try to make this as simple and as easy as possible, as quickly as possible."

Security officials say they expect the no-liquid rule in the United States to be relaxed within days rather than weeks, depending on when all suspects involved in the plot to blow up 10 airplanes traveling from Britain to the United States are arrested.

"People ought to feel safe about traveling because of all the precautions we're taking," said Frances Fragos Townsend, President Bush's homeland security adviser.

The Transportation Security Administration's liquid ban is designed to prevent terrorists from smuggling aboard items that can be transformed into explosives. It does allow baby formula, which must be presented for inspection at the checkpoint, prescription medicines that match the passenger's name and essential nonprescription medicines.

Other rules vary from airline to airline and destination.

In addition to liquids, the British ban on carry-on baggage and electronic equipment applies to all outbound flights but not all inbound ones. British Airways bans carry-on baggage from the United States to the United Kingdom, but U.S. airlines do not.

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"If your destination is the UK, you fly by American rules, but if you're connecting to another flight in the UK you have to fly by UK rules," a Homeland Security official said.

However, Continental Airlines is not accepting carry-on luggage. It is lifting its fees to check a third bag for free.

The arrests led the Bush administration to put the United States on its highest threat alert for flights headed to the United States from the United Kingdom. Additionally, all other flights were raised to the second-highest alert level.

Because the airlines were unable to educate the public in time about the changes, passengers were forced to remove liquid items from carry-on luggage before boarding flights.

One airport official said expensive cosmetics and bottles of wine and whiskey were confiscated by screeners and gate agents.

"It broke my heart," the official said after watching one couple dispose of six bottles of Johnny Walker Black Label scotch.

Federal air marshals are also subject to the searches and struggled to maintain their undercover status, hoping the gate agents would not notice they were carrying handcuffs, leg cuffs, extra ammunition magazines, a baton and other items essential to protecting aircraft from terrorists.

• This story is based in part on wire service reports.

Focused On 9/11, U.S. Is Seen To Lag On New Threats (NYT)

By Eric Lipton And Matthew L. Wald

The New York Times, August 12, 2006

WASHINGTON, Aug. 11 — The Department of Homeland Security has taken significant steps since the Sept. 11 terrorist attacks to make it much harder to turn a plane into a flying weapon. But a nearly obsessive focus on the previous attacks may have prevented the federal government from combating new threats effectively, terrorism experts and former agency officials say.

The arrests overseas this week of people accused of planning to use an explosive that would be undetectable at airports illustrates the significant security gaps, they said.

While the department has hardened cockpit doors and set up screening for guns and knives, it has done far too little to protect against plastic and liquid explosives, bombs in air cargo and shoulder-fired missiles, the experts say.

The nation is still at risk from the same “failure of imagination” cited by the 9/11 commission as having contributed to the success of the 2001 attack, several argued.

“They are reactive, not proactive,” said Randall J. Larsen, a retired colonel in the Air Force who is chairman of the military strategy department at the National War College in Washington.

Robert M. Blitzer, who served 26 years in the Federal Bureau of Investigation, including as head of its counterterrorism unit, said the federal government had a serious problem because its personnel today turned over far too quickly.

Mr. Blitzer, now an analyst at ICF International, in Fairfax, Va., said: “They don’t have enough continuity and knowledge to know what they’re up against. Stability is a big thing for identifying trends. It’s not easy to do. Sometimes all you have is just snippets of information.”

Justin P. Oberman, a former senior policy official at the Transportation Security Administration, said the problem was not lack of imagination but limited money available to invest in the technologies needed.

“Too much is weighted toward looking for knives and guns on people coming through the checkpoint and screening every checked bag,” Mr. Oberman, who left the agency last year, said.

Homeland Security Secretary Michael Chertoff, in a news conference Friday, said the department was trying to stay ahead of terrorists.

“We’ve spent about three-quarters of a billion dollars in research on emerging types of technologies in explosives,” Mr. Chertoff said. “And we are constantly monitoring the world for developments that occur in the field of improvised explosive devices, precisely so we can start to work on countermeasures.”

But even at senior levels of the department, there is recognition that this criticism is somewhat fair. “D.H.S. has to be nimble in a way most government agencies don’t, and that has to be baked into our very DNA,” said Michael Jackson, the deputy secretary, in an interview. “I am impatient. I don’t think we have gotten as far as we need to go. We can do more, and we can do better. And we must.”

The vulnerabilities are clear. A failed plot in 1995, incubated in the Philippines, to bomb 12 United States commercial jets flying out of Asia, centered on the use of triacetone triperoxide, or TATP, a liquid explosive that may also have been the weapon of choice of the plotters in England. The Department of Homeland Security has evaluated technology that it says will search an individual bottle for liquid explosives, but it cannot search all the bottles in a suitcase. It also cannot reliably detect chemicals that are not explosive but become so when mixed.

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The department is still evaluating technologies for foiling shoulder-fired missiles, a favored tool of rebel groups against military aircraft. One blinds missiles with an infrared laser; another option would be a ground-based antimissile system near airports.

The Transporation Security Administration has the technology to inspect small objects shipped as air cargo, but does not have the capacity to do so uniformly.

Given the long list of possible threats, and the limited budget to buy equipment to defend against them, it is essential not just to look for threats, Mr. Larsen said, but also to evaluate each one.

Mr. Oberman, the former security agency official, said that part of the problem was the mandates imposed on the agency by Congress — like hiring government employees to do checkpoint screening and inspecting every checked bag instead of focusing the inspections on those considered the highest risk. This results in inspection programs that are so costly there is little money available to research into new threats.

When James Loy took over the security agency in 2002, he created a special unit assigned to think like terrorists. “It was all part of staying on the edge,” he said.

But Mr. Loy, who became Homeland Security’s deputy, was in charge of the security agency when it took money that had been set aside for explosive detection research and put it into the hiring of baggage and checkpoint screeners, so that the agency could comply with the mandates.

“What doesn’t exist yet is a risk management process,” said Penrose C. Albright, a former assistant secretary for science and technology at the Department of Homeland Security. “In the absence of coherent analysis, there’s no way to prevent the system from getting whipsawed. So it’s not surprising that we end up spending a lot of money fighting the last war and not addressing more modern threats.”

Mr. Jackson, the deputy secretary, and Kip Hawley, the current security agency administrator, said they recognized that Homeland Security must constantly adjust its game plan.

The security agency, for example, last year lifted the ban on small knives and scissors, after Mr. Hawley said the department determined that the hardening of cockpit doors and the presence of more air marshals on flights reduced the threat. The time airport screeners had taken up looking for these small items can be spent looking for other threats, like explosives.

The agency is working on a passenger screening machine that can create an X-ray-like image to look for hidden weapons or plastic or liquid explosives. The agency also has “Red Teams” that invent challenges to test the agency’s response.

Mr. Hawley, in an interview Friday, said that airports were the last line of defense in a system in which the first was intelligence, which had worked well this week. Part of being prepared, he said, was what the department did on Wednesday and Thursday, reacting swiftly to intelligence, and literally overnight instituting major changes in screening protocols at all 765 checkpoints nationwide.

But Mr. Jackson, who took over as deputy secretary in 2005, said it was clear that Homeland Security must move more aggressively and quickly to search for new ways to detect explosives.

As a result, he said, he is preparing to announce a restructuring of the department’s Science and Technology division that will sharpen its focus on the most urgent threats, like liquid explosives, that war games might identify.

Explosives-detection Systems Used In War On Terror Have Weaknesses (MCT)

By Robert S. Boyd

McClatchy Newspapers, August 12, 2006

WASHINGTON - Government and private researchers have developed a wide variety of technologies to detect explosives used by terrorists. But the systems are imperfect and can't guarantee that deadly devices won't slip through.

The drastic step of banning liquids from airline carry-on baggage after the exposure of the alleged London-based bomb plot provides vivid evidence of the weaknesses of existing detection methods.

The systems in use or being developed include more powerful X-ray and laser screeners, chemical "sniffers" that sense molecules given off by explosives, and machines that use extremely high frequency radiation or subatomic particles to identify suspicious substances.

Even state-of-the-art systems suffer from false positives - detecting nonexistent explosives - or false negatives, which miss real threats. They can be fooled by background clutter or strong odors, such as garlic and mint. They're subject to human error. What works well in a laboratory may fail miserably in the field.

"All systems have weaknesses," said John Parmeter, a bomb-detector expert at Sandia National Laboratories in Albuquerque, N.M.

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One of the most reliable systems remains the sensitive nose of a dog that's trained to react to certain chemicals. However, dogs require special handling and tire easily. So a decade ago, the Defense Advanced Research Projects Agency at the Pentagon launched a "Dog's Nose" program to support research into devices that could equal or surpass a dog's abilities.

One such effort, the MicroHound sniffer, which Sandia developed, is a 12-pound box that pulls in air and traps chemical particles on a filter, where they can be analyzed.

Washington police used a similar hand-held device - the Fido Explosives Detector, from ICX/Nomadics, of Stillwater, Okla. - to protect visitors to the National Mall on July Fourth.

A system being deployed at many airports is the "puffer machine," a walk-through portal that squirts gentle puffs of air at passengers. The air rises and carries microscopic particles from clothing or skin to an overhead collection plate. Then an Ion Mobility Spectrometer device zaps the particles with a electric current, driving them toward a detector. Some particles travel faster than others, and their relative speed tells operators whether an explosive element is present.

GE Security, of Bradenton, Fla., sells an EntryScan IMS system that it claims can detect vapors from one of the most difficult-to-uncover explosives: the hydrogen peroxide-based liquid that suicide bombers favor and that was used in the London subway bombings in July 2005.

Implant Sciences Corp., of Wakefield, Mass., uses ion technology in a hand-held explosives detector it calls Quantum Sniffer. The 40-pound device is held close to an object to identify its contents. Machines have been sold to China and Europe as well as to the U.S. government.

A process called Nuclear Quadrupole Resonance scans people or objects with low-frequency radio waves to identify the molecular structure of a suspect substance. The waves produce an echo that gives a unique signal for each chemical element.

A suspicious target also can be bombarded with subatomic particles called neutrons. When a neutron strikes an atom, it gives off a distinctive gamma ray, a stream of high-energy radiation that identifies the atom.

HiEnergy Technologies, of Irvine, Calif., is developing such a neutron-gamma ray detector for the Army. It could identity a bomb hidden in the trunk of a car or an improvised explosive device along a highway in Iraq.

Terahertz imaging, a more powerful form of the X-ray screening that's standard at airport terminals, is being developed for the Defense Advanced Research Projects Agency by the New Jersey Institute of Technology, in Newark.

Terahertz is very high frequency radiation - trillions of cycles per second - that penetrates clothing, shoes, backpacks and suitcases to spot explosives and other chemical agents. It can't see through metal, however.

A far-out device, sometimes dubbed an "artificial nose," is being developed at the Oak Ridge National Laboratory in Tennessee. It uses an array of miniature springboards, called cantilevers, to measure the weight of a bunch of molecules. Different sets of molecules bend the cantilever in an identifiable pattern, which a computer matches against a database of known explosives.

Liquid Explosives In Foiled U.K. Plot Expose Gaps In Security (BLOOM)

By Charles Goldsmith

Bloomberg, August 12, 2006

Aug. 11 (Bloomberg) -- When U.K. police thwarted a plot to blow up airliners bound for the U.S., they exposed a weakness in aviation security and created a new focus in the war on terror: liquid explosives.

The plotters may have planned to bring liquids onto aircraft and mix them in-flight to create explosive devices, U.S. Homeland Security Secretary Michael Chertoff said yesterday at a press conference in Washington. Passengers on U.S. airlines were immediately barred from taking any liquids or gooey substances, including toothpaste and shampoo, on board.

The ban underscores how the threat to airplane security has moved beyond metal and guns to hidden chemical explosives, including ignitable liquids and vapors. The U.K. government said the plot could have been deadlier than the Sept. 11 attacks on New York and Washington, after which worldwide air traffic dropped by as much as a third.

``We've had detection machines in place in many airports, but they're not always effective because they don't pick up very innocuous-looking substances that are homemade," says Andy Oppenheimer, editor of Jane's Nuclear, Biological and Chemical Defence, a publication based in Coulsdon, England. ``There isn't a foolproof method."

Nitroglycerin, which he says is one of the candidates for substances involved in the U.K. plot, can be made to look like ``an ordinary drink," Oppenheimer says.

U.K. authorities arrested 24 people after learning that the suspected terrorists might do a test run in the next couple of days and carry out their plan soon thereafter, said a U.S. intelligence official who declined to be identified.

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The U.S. and U.K. raised their terror alerts to the highest level as London's Heathrow, Europe's busiest airport, canceled incoming flights. BAA Plc, Heathrow's operator, said yesterday that the airport would be working normally today, with most airlines resuming operations.

`Highest Priorities'

``Explosive-detection research is among the highest of our priorities, including liquids," Chertoff's deputy, Michael Jackson, said yesterday on a conference call with reporters. Researchers are studying several new devices that might identify liquid explosives, he said.

``There is nothing currently that's suitable for mass deployment, but there are some promising technologies we've been looking at," Jackson said.

The plotters were figuring out which airlines to target when they were arrested, with their focus on carriers that have ``direct, non-stop flights between the U.S. and the U.K.," Jackson said.

Larry Johnson, a former Central Intelligence Agency analyst, says the U.S. Transportation Security Administration should be doing more to detect liquid explosives.

Binary Bombs

``This technology has been out there for 60 years," Johnson says. Liquids often are used in so-called binary bombs where two substances are mixed together and then ignited by a blasting cap or other type of detonator, he says.

Chertoff said on Cable News Network that people shouldn't think none of the detection equipment being used at U.S. airports could help in detecting liquid explosives.

``I would not make that assumption," he said.

Simply banning liquids, as was done for a time in Tokyo in the 1990s, won't address the threat, says Doug Laird, an aviation-security consultant in Washington who worked for the U.S. Secret Service for 20 years.

Laird called for three responses: Giving all screeners at airport checkpoints so-called CAT scanners that generate three-dimensional pictures, not just two-dimensional X-ray machines; deploying equipment capable of detecting explosives hidden in bottles; and using body scans to find liquids hidden inside someone's pocket.

Easily Hidden

``The public doesn't want body scans because they feel it's an invasion of privacy," Laird says. ``But the problem is you can easily hide those liquids on your person."

Gerry Leone, the former U.S. prosecutor who handled the case against ``shoe bomber" Richard Reid in Boston, says passengers need to consider allowing screeners to gather more information about people flying, as El Al Israel Airlines does.

``What we need is a combination of detection systems that will pick up those things that are most prevalent and cause us the most risk, combined with a more human, personal screening," he says.

Security companies have been developing new screening devices that can identify non-metallic materials that might be used in explosives.

``The traditional approach in airports has been to screen baggage for explosives, with passenger screening limited to metal detection and physical search," according to the Web site of Smiths Group Plc, a London-based aerospace-electronics maker. ``The increased threat from suicide bombers using non-metallic devices has exposed a loophole in many existing security systems."

Analyzing Vapors

Smiths' detection division sells a machine called Sentinel II, which uses airflow to dislodge particles from the clothing and skin of airline passengers as they pass through the machine, providing samples to be analyzed for traces of explosives, chemicals and drugs, the company's Web site says.

It competes with General Electric Co.'s EntryScan portal, which is designed to detect traces of explosives. The machine is meant to be used in conjunction with the company's Itemiser desktop unit, thousands of which are in use in the U.S., that detects explosives on objects through the use of a swab, says Steve Hill, a spokesman for GE's Homeland Security business.

GE's InVision division makes explosives-detection machines for checked baggage and uses computed tomography to scan for densities of objects, Hill says.

`No Silver Bullet'

``No one of them is a silver bullet," Hill says. ``It's supposed to be a multi-layered system."

Security checkpoints at more than 30 U.S. airports, including Dulles International in Washington, John F. Kennedy in New York and Logan International in Boston, have been equipped with the latest explosives-detection equipment from GE and Smiths Group, the Transportation Security Administration said in an Aug. 7 statement.

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Each device costs about $160,000, the TSA said in the statement, which announced that the agency had deployed two such machines at Chicago's Midway International Airport.

Smiths Group on Aug. 1 said it had received a contract from the British government. The first two portals will be deployed at Heathrow and Manchester airports, it said.

The company had no comment beyond the information on its Web site, said Rachel Lankester, a spokeswoman.

`In Its Infancy'

The technology to detect traces of chemical explosives in the air is ``still in its infancy'' and is ``not foolproof,'' says Garry Hindle, head of terrorism and international homeland security at London's Royal United Services Institute.

``That's due to the nature of terrorism itself,'' he says. ``Once they're aware that people are onto it, they move to new things.''

NBC News reported in March that undercover federal investigators, acting at the request of Congress, were able to carry materials needed to make a homemade bomb through security at all 21 airports tested. Laura Kopelson, a spokeswoman for Congress's Government Accountability Office, confirmed to Bloomberg News the existence of a classified report that concluded ``there were vulnerabilities.''

New York-based TraceGuard Technologies Inc. has developed a machine called CarrySafe that can detect chemicals used in explosives on or in carry-on luggage without opening the bags, says Chairman and Chief Executive Officer Ehud Ganani. It's also working on a machine that would check for explosives in laptop computers and cameras without damaging them, he says.

Israeli Plan

Ganani, who was reached by phone, is the former CEO of Israel Military Industries Ltd., a state-owned defense contractor.

So far, no CarrySafe units have been deployed. TraceGuard is building nine machines, one for Israel's Ben Gurion Airport and the others for border crossings in Israel, Ganani says. The first devices will be tested in December, he says.

``We can detect plastic explosives down to a level of 150 micrograms, not just on the person who is carrying the explosive but for anyone who was in the vicinity when it was put together,'' he says.

Successful detection of bomb-making materials is a combination of methodology, technology and training, Ganani says.

``Unless they were made in a sterile environment, there's no such thing as a super-clean improvised explosive device,'' he says. ``They're all contaminated in some way and can be detected.''

No Simple Solution For Luggage Checks (LAT)

By Nicole Gaouette And Richard B. Schmitt, Times Staff Writers

The Los Angeles Times, August 12, 2006

Technology for finding chemicals is too complex for airports, and further limiting baggage won't fly with travelers.

WASHINGTON — With no effective mechanisms in U.S. airports to detect liquid explosives, federal security officials are confronting a difficult choice: Wait for a technological breakthrough, or permanently impose limits on passenger luggage that would be unpopular among travelers and airlines.

The threat of liquid explosives — underscored by the disruption of a suspected terrorist plot in Britain on Thursday — has been known to security agencies for more than 10 years and exposes the vulnerability of U.S. aviation security systems today.

Because of bureaucratic conflicts and other security priorities, no technology has emerged to detect possible liquid explosives in the screening process at airports.

Some are now questioning whether airline passengers should be forced to cut back permanently on the amount of luggage they can carry onto flights to allow easier searches by hand. That issue, which is likely to be debated in the months ahead, is the latest test of travel convenience versus security in the post-Sept. 11 world.

"What needs to be done is pretty simple: You can't have carry-on bags, and you can't be in the terminal unless you're going to fly," said Joseph J. Trento, coauthor of "Unsafe at Any Altitude," an upcoming book on aviation security.

A major hurdle in imposing such rules is resistance from passengers and the financially strapped airlines, which are loath to lose more business, Trento and other experts say.

"There's a tension between the security preference, which would be smaller [carry-on] bags, and the traveling public and airlines," said U.S. Navy Rear Adm. Cathal L. Flynn, a former associate administrator of civil aviation security for the Federal Aviation Administration. "The debate goes back years."

It is more difficult to detect objects in larger bags, which also take longer to search, and Flynn said permanent limits on carry-on luggage should be considered.

But he warned that those steps could put more pressure on other parts of the system.

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Limiting carry-ons means "more bags going into the checked-baggage screening, and that is, in some instances at peak loads, already at the point of being overwhelmed," he said.

Higher costs and the need for more manpower also complicate the hunt for elusive materials, such as the components of a liquid bomb, said Scott D. Bates, a lecturer at the National Defense University.

Security officials could start inspecting bags by hand instead of screening them, but the ensuing delays would require redesigning terminals and adding extra aviation security personnel — now capped by Congress at a maximum of 45,000 nationwide.

Aside from tightening restrictions on travelers, there are technological security options, but they have been slow in coming.

Although there are machines that can detect liquid explosives — the Department of Homeland Security reportedly has tested several — they are not used at U.S. airports.

Machines that can detect traces of explosive materials are in 33 airports nationwide but are only used when a passenger has been selected for secondary screening.

Bureaucratic red tape within Homeland Security and the administration's funding priorities are often cited by critics as reasons for the lack of progress on developing better detection systems or getting them into use.

In 2003, the Transportation Security Administration redirected more than half of the $110 million it had allocated for research and development to pay for screeners, according to Cathleen A. Berrick, the Homeland Security and Justice director at the Government Accountability Office.

In August 2005, a reorganization by Homeland Security Secretary Michael Chertoff moved oversight of TSA research projects from the aviation agency to his department's Science and Technology Directorate, which had been widely criticized for its lack of direction and productivity.

"They have all sorts of mandates and money to find and deploy the very best technology available," said Michael Greenberger, director of the Center for Health and Homeland Security at the University of Maryland in Baltimore. Yet, "it is a completely opaque and seemingly inert part of the department."

Homeland Security spokesman Russ Knocke said that in announcing the department's reorganization, Chertoff "made very clear we were going to drive our organization and policies by risk, and TSA is no different."

"Not long ago, TSA made the decision to allow small scissors on airplanes," Knocke said. "That allowed screeners to focus on looking for items of truly significant consequences like explosives, including liquids, and equipment like the detonators needed for that equipment."

Knocke noted that the department had invested $732 million this year on aviation-explosives detection.

One factor in the slow response to security concerns has been the TSA's relative youth, some observers say. The aviation security agency was formed two months after the attacks of Sept. 11, 2001, and immediately faced a series of sweeping mandates from Congress that left little time for research.

Berrick, the GAO director, said that only in the last year had the aviation agency been able to branch out and begin addressing a wider range of threats.

One project initiated last fall involves training dogs to detect TATP — the peroxide-based explosive thought to be part of the suspected airline plot in Britain — said Jimmie C. Oxley, a chemistry professor and explosives expert at the University of Rhode Island, which provides training aids to the agency.

The FBI has also been working with the aviation agency on peroxide detection for canines, said Ann Todd, spokeswoman for the FBI laboratory in Quantico, Va.

Some experts say that a reliance on technology or even canine screening is somewhat misguided.

"There's no way to remove all the risk, and as Americans we don't like to hear that," said Bates, the National Defense University instructor.

"We like to think technology can solve anything, but it's really good old-fashioned intelligence that will make the difference."

*

(INFOBOX BELOW)

Detecting explosives

The explosive that the suspected terrorists might have used was triacetone triperoxide. Detection technology exists, but it is complicated and time-consuming and is currently not used in airports.

Testing liquids

A button releases a liquid into a testing container. . .

. . .where it fuses with the substance so it can be analyzed.

The liquid then changes color to indicate if the substance is explosive.

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Single-use peroxide detectors cost approx. $20 each.

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Enhanced X-ray screeners

X-ray detectors compare the density of screened objects to a database of known explosives, including peroxide-based liquids.

Mass density examples (kgm)

Nitroglycerin: 1,600

TNT: 1,700

Black powder: 1,800

C4: 1,640

Ground nuts: 1,400

Nylon: 1,140

Silk/wool cloth: 200

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Sources: Technion Research Institute; Guardian Technologies; National Materials Advisory Board; Associated Press

Five Years On, US Little Prepared To Combat Terrorism (AFP)

By P. Parameswaran

AFP, August 12, 2006

Despite the swift disruption of an alleged plot to blow up US-bound airliners, the United States remains little prepared to combat terrorism five years after the deadly September 11 attacks.

As Americans heaved a sigh of relief a day after Britain busted, with help from Washington, an astonishing terror plan to blow up planes in mid air, analysts ask whether the United States has an effective strategy to keep the country safe.

There may have been no terrorist strikes on the United States since the 9/11 mayhem but "we're still squarely in the terrorists' cross-hairs," warned Peter Brookes, a former senior Pentagon official.

He said disruption of the plot "demonstrates once again that we have two enemies in the 'War on Terror': terrorists and our own complacency."

While actionable intelligence -- the first line of defense against terrorism -- has been good, the United States needs new security procedures, education and technologies that can detect and prevent "copycat" terrorist attacks, especially overseas, said Brookes, the author of "A Devil's Triangle: Terrorism, WMD and Rogue States."

A range of threats loom across the United States from "catastrophic terror," said Michael O'Hanlon, a security analyst at the Brookings Institution.

"There are various risks in our skyscrapers and chemical industry and a number of areas. In some of the cases, we are not doing enough yet to mitigate the danger," he said.

"I'm not suggesting we can eliminate it but I think if the standard is to contain and minimize the risk of catastrophic terror, that is the right standard," he said.

O'Hanlon said that while the debate should continue to focus on "these areas of ongoing vulnerability, the fact that we haven't had a terrorism attack in five years would seem to suggest that we have made at least some progress."

But a report just a day before the disclosure of the alleged suicide bomb plot in London Thursday suggested that after five years, the US fight against terrorism often seems like a chaotic work in progress.

The counterterrorism infrastructure that resulted following the September 11 attacks has become so immense and unwieldy that many have trouble understanding how it works or how much safer it has made the country, The Washington Post reported in a extensively researched report.

It showed that institutions historically charged with protecting the nation had produced a new generation of bureaucratic offspring, many with seemingly overlapping missions.

A blueprint for information-sharing among US entities has been slow to get off the ground amid competition for turf among intelligence and security agencies.

Deadlines for priorities have been missed.

The report cited for example repeated delays by the Department of Homeland Security in supplying a Congressionally mandated list of the nation's critical infrastructure.

"It's as if we're at 2002 and not 2006 in terms of where we are," Zoe Lofgren, the Democratic lawmaker from California and a member of the House of Representatives Homeland Security Committee was quoted saying.

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But US President George W. Bush is reportedly studying a new national counter-terrorism blueprint which for the first time sets government-wide goals and assigns responsibility for achieving them to specific departments and agencies.

The document, according to the Washington Post, designates lead and subordinate agencies to carry out more than 500 counterterrorism tasks, among them vanquishing Al-Qaeda, protecting the homeland, wooing allies, training experts in other languages and cultures, and understanding and influencing the Islamic psyche.

"I think the short term homeland security agenda in the United States has been pursued moderately effectively but the long term effort to challenge Al-Qaeda and its ideology and its underlying causes has not made very much progress," O'Hanlon said.

"And the Iraq war has probably unbalanced and made things worse," he said.

Technology Aims At Liquid Bombs (WT/AP)

The Washington Times/AP, August 12, 2006

BOSTON (AP) -- While the process isn't perfect, scanning machines do exist to detect liquid explosives like the ones purportedly at the heart of the terrorist plot broken up this week.

But don't expect the machines to be rushed into airports soon. Cost and logistical issues present challenges for these devices.

Consider work that's been done at Rapiscan Systems, part of OSI Systems Inc.

Rapiscan is developing four kinds of devices -- some based on technologies more than 10 years old -- that can detect liquid or gel-based explosives. Two that would work on carry-on bags already have been tested by the Transportation Security Administration (TSA) and "could be deployed this afternoon," said Peter Kant, the company's vice president for government affairs.

But none is being used in the United States. Some are in place overseas, though Mr. Kant said those aren't in airports.

One big reason is that it is not easy to integrate the explosive-detecting machines, some of which can cost $250,000, into existing security checkpoints. Because each briefcase, purse or other carry-on bag has to be put in a special drawer for analysis, using the detectors could significantly bog down passenger screening.

Security analyst Brian Ruttenbur of Morgan Keegan Co. also points out that the technology still produces a relatively high number of false alarms.

For those reasons -- and because there still has not been a successful attack using liquid explosives -- Mr. Ruttenbur thinks the TSA won't be pressed to overhaul the current screening regimen.

That would mean a continued reliance on systems not designed to stop liquid explosives. Metal detectors figure to remain the primary method, with the main secondary screening coming from "puffer" technology that blows air on people and sniffs the particles that emerge for suspicious materials.

For a machine to detect explosives in liquid or solid form, it bombards an object with energy -- such as radio waves or neutrons -- and in seconds measures the reaction, a response that differs depending on the material's chemical properties. Software in the machine is programmed to alert screeners if it detects chemical signatures known to match those of dangerous materials.

A key question, though, is whether this kind of detection system can realistically block terrorists from bringing seemingly innocuous liquids past security and combining them later to deadly effect.

Certainly, some common ingredients in liquid explosives can be programmed into the detector. But Mr. Kant, at Rapiscan, said he would not discuss the vulnerabilities of that approach.

"Whether it detects the components of explosives and which ones, there's no way I'm putting that in print," he said.

Sean Moore, vice president of sales at a rival maker of explosives-detection systems, HiEnergy Technologies Inc., said future screening machines could be linked so that they might let a person through with one kind of liquid -- but stop another traveler carrying another type of liquid that reacts explosively with what the previous person was carrying.

Explosive-Detection Systems Approach A New Era (WSJ)

By Jonathan Karp

The Wall Street Journal, August 12, 2006

Companies have developed technologies from air-puffer machines to neutron blasters that go beyond traditional X-rays to scan passengers and luggage for explosives, but lack of government funding, civil-rights concerns and cost issues have slowed their rollout in the U.S.

British airport authorities, meanwhile, have been more aggressive in adopting some of the newest equipment.

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In the months after the Sept. 11, 2001, attacks in the U.S., aviation-safety spending in the U.S. focused on mainly on checked baggage. The foiled plan by terrorists to use common items to bring down several planes over the Atlantic Ocean has added a new urgency toward detecting other ways that explosives might be brought aboard airplanes, particularly in liquid form.

From blue-chip firms such as General Electric Co. to over-the-counter start-ups, companies are working to solve the problem, and investors are betting fresh spending will come as better explosive detection becomes a higher priority.

In the hours after British authorities announced that they had broken up the alleged plot to sneak explosives aboard U.S.-bound flights, investors drove up the share price of one company, American Science & Engineering Inc. by nearly 26% on the Nasdaq Stock Market. Its shares rose 36 cents to $45.99 on Friday. The company hasn't yet won U.S. Transportation Security Administration approval for its enhanced X-ray machines.

The Billerica, Mass., company's machines combine traditional X-rays with "reflective" X-rays, which detect low-atomic-weight organic materials like those typically used in explosives.

While the technology is promising, privacy concerns have delayed the purchase of these reflective X-ray machines because they penetrate clothing but not skin, raising concern about passengers' privacy. Both American Science and Rapiscan Systems, a unit of OSI Systems Inc., say they have built in safeguards to prevent showing the body.

"Now, it can see anything on the body, but not in the body," says Peter Kant, vice president of government affairs at Rapiscan. Rapiscan's technology is in use at London's Heathrow airport.

A number of companies including Rapiscan are working to field equipment that can examine solids and liquids inside baggage for evidence of explosives. Rapiscan has received Pentagon funding to develop a technology to perform an instant atomic analysis of objects inside baggage.

Rival GE, based in Fairfield, Conn., makes technology used by crime labs to detect explosives in liquids. GE has another liquid-explosive-detection technology called LiquiScan, which uses magnetic resonance imaging to examine bottles of liquid on a conveyor belt.

L-3 Communications Holdings Inc. makes a full range of screening machines: from million-dollar CT-scanners for checked baggage to people screeners.

---- Kathryn Kranhold contributed to this article

Write to Jonathan Karp at jonathan.karp@wsj.com9

‘A Much Greater Challenge’ (NWSK)

By Jennifer Barrett

NWSK – Air Security, August 12, 2006

An aviation security expert talks about what still needs to be done to improve airport security.

Aug. 11, 2006 - Over the past five years, airline passengers have faced the regular indignity of taking off their shoes at the security checkpoint and learned to leave nail clippers and scissors at home. But after British authorities announced Thursday that they’d stopped an apparent plot to bomb trans-Atlantic flights using liquid explosives, the list of banned on-board items suddenly included seemingly innocuous items such as shampoo, toothpaste and hair gel. British officials said the alleged plotters planned to board as many as 10 aircraft with several different liquids in carry-on bags that could be combined to make a deadly explosive.

Liquid explosives are not a new concept for terrorists. More than a decade ago, Ramzi Ahmed Yousef—best-known for masterminding the 1993 World Trade Center bombing—reportedly used a liquid concoction to create a bomb that went off on a 1994 Philippines Airlines flight, killing one. Yet at least one security expert says even the ramped-up measures now in place at most U.S. airports would not likely have detected the bomb-making materials if they were carefully concealed. NEWSWEEK’s Jennifer Barrett spoke with aviation security expert Douglas Laird, president of the consulting firm Laird & Associates and a former Secret Service agent and longtime security director for Northwest Airlines, about how airport security falls short and what should be done to improve it now. Excerpts:

NEWSWEEK: Had the U.K. plot not been foiled before the alleged terrorists got to the airport, do you think they would have made it on board?

Douglas Laird: Oh sure. I doubt that what they were carrying on their person or on their carried luggage would have aroused suspicion.

Courtesy Laird & Associates

Douglas LairdWhy?

The screeners had no reason to suspect these items, though their demeanor or appearance could have attracted a response.

What sort of liquid ingredients could be used to create an explosion on board?

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By combining various components, you can end up with a concoction that is explosive. Ramzi Ahmed Yousef used nitroglycerine [in the bombing on the 1994 Philippine Airlines flight]. It's very powerful, but very unstable. So people could end up blowing themselves up before they even got on board. He was able to stabilize it, though, so that didn't happen. The explosives that [the alleged terrorists in this plot] were planning to make by mixing various items on an airplane I don't think would have the devastating power of nitroglycerine. There'd be a minimal chance of an explosion but a good chance of a fire. So it wouldn't [necessarily] blow a hole in the side of the airplane and the plane falls apart. But if you're halfway over the Atlantic, you do not want a fire onboard.

Bush Staff Wanted Bomb-detect Cash Moved (AP)

By John Solomon

AP, August 12, 2006

While the British terror suspects were hatching their plot, the Bush administration was quietly seeking permission to divert $6 million that was supposed to be spent this year developing new homeland explosives detection technology.

Congressional leaders rejected the idea, the latest in a series of steps by the Homeland Security Department that has left lawmakers and some of the department's own experts questioning the commitment to create better anti-terror technologies.

Homeland Security's research arm, called the Sciences & Technology Directorate, is a "rudderless ship without a clear way to get back on course," Republican and Democratic senators on the Appropriations Committee declared recently.

"The committee is extremely disappointed with the manner in which S&T is being managed within the Department of Homeland Security," the panel wrote June 29 in a bipartisan report accompanying the agency's 2007 budget.

Rep. Martin Sabo, D-Minn., who joined Republicans to block the administration's recent diversion of explosives detection money, said research and development is crucial to thwarting future attacks and there is bipartisan agreement that Homeland Security has fallen short.

"They clearly have been given lots of resources that they haven't been using," Sabo said.

Homeland Security said Friday its research arm has just gotten a new leader, former Navy research chief Rear Adm. Jay Cohen, and there is strong optimism for developing new detection technologies in the future.

"I don't have any criticisms of anyone," said Kip Hawley, the assistant secretary for transportation security. "I have great hope for the future. There is tremendous intensity on this issue among the senior management of this department to make this area a strength."

Lawmakers and recently retired Homeland Security officials say they are concerned the department's research and development effort is bogged down by bureaucracy, lack of strategic planning and failure to use money wisely.

The department failed to spend $200 million in research and development money from past years, forcing lawmakers to rescind the money this summer.

The administration also was slow to start testing a new liquid explosives detector that the Japanese government provided to the United States earlier this year.

The British plot to blow up as many as 10 American airlines on trans-Atlantic flights was to involve liquid explosives.

Hawley said Homeland Security now is going to test the detector in six American airports. "It is very promising technology and we are extremely interested in it to help us operationally in the next several years," he said.

Japan has been using the liquid explosive detectors in its Narita International Airport in Tokyo and demonstrated the technology to U.S. officials at a conference in January, the Japanese Embassy in Washington said.

Homeland Security is spending a total of $732 million this year on various explosives deterrents and has tested several commercial liquid explosive detectors over the past few years but hasn't been satisfied enough with the results to deploy them.

Hawley said current liquid detectors that can scan only individual containers aren't suitable for wide deployment because they would bring security check lines to a crawl.

For more than four years, officials inside Homeland Security also have debated whether to deploy smaller trace explosive detectors — already in most American airports — to foreign airports to help stop any bomb chemicals or devices from making it onto U.S.-destined flights.

A 2002 Homeland report recommended "immediate deployment" of the trace units to key European airports, highlighting their low cost, $40,000 per unit, and their detection capabilities. The report said one such unit was able, 25 days later, to detect explosives residue inside the airplane where convicted shoe bomber Richard Reid was foiled in his attack in December 2001.

A 2005 report to Congress similarly urged that the trace detectors be used more aggressively, and strongly warned the continuing failure to distribute such detectors to foreign airports "may be an invitation to terrorist to ply their trade, using techniques that they have already used on a number of occasions."

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Tony Fainberg, who formerly oversaw Homeland Security's explosive and radiation detection research with the national labs, said he strongly urged deployment of the detectors overseas but was rebuffed.

"It is not that expensive," said Fainberg, who retired recently. "There was no resistance from any country that I was aware of, and yet we didn't deploy it."

Fainberg said research efforts were often frustrated inside Homeland Security by "bureaucratic games," a lack of strategic goals and months-long delays in distributing money Congress had already approved.

"There has not been a focused and coherent strategic plan for defining what we need ... and then matching the research and development plans to that overall strategy," he said.

Rep. Peter DeFazio of Oregon, a senior Democrat on the Homeland Security Committee, said he urged the administration three years ago to buy electron scanners, like the ones used at London's airport to detect plastics that might be hidden beneath passenger clothes.

"It's been an ongoing frustration about their resistance to purchase off-the-shelf, state-of-the-art equipment that can meet these threats," he said.

The administration's most recent budget request also mystified lawmakers. It asked to take $6 million from Homeland S&T's 2006 budget that was supposed to be used to develop explosives detection technology and instead divert it to cover a budget shortfall in the Federal Protective Service, which provides security around government buildings.

Sens. Judd Gregg, R-N.H., and Robert Byrd, D-W.Va., the top two lawmakers for Senate homeland appropriations, rejected the idea shortly after it arrived late last month, Senate leadership officials said.

Their House counterparts, Reps. Hal Rogers, R-Ky., and Sabo, likewise rejected the request in recent days, Appropriations Committee spokeswoman Kirsten Brost said. Homeland said Friday it won't divert the money.

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Associated Press writer Leslie Miller contributed to this story.

Aircraft-Security Focus Swings To People (WSJ)

By Laura Meckler And Daniel Michaels

The Wall Street Journal, August 12, 2006

Spotting Dangerous Individuals Gains Supporters, but Remains Beset With Problems

Security officials trying to protect America's airliners face a twin battle: stopping bad stuff and stopping bad people.

Most of the focus has traditionally been on stopping bad stuff, and that is a big challenge. Distinguishing good water bottles from deadly ones will never be easy.

So increasingly, security experts think the nation needs to focus more on stopping bad people. Much of the work to stop potential terrorists must occur before they ever walk into an airport, aviation experts say. "By the time you get to the security checkpoint, chances are you've lost the battle," said Douglas Laird, an aviation consultant who once headed security for Northwest Airlines.

TERROR PLOT

• U.S., U.K. Differ on al Qaeda Role1

• Suspects Include Middle-Class Homeowners2

• Pakistan Stays a Terrorism Source3

INDUSTRY IMPACT

• Carriers Report Fewer Cancellations4

• Detection Systems Approach a New Era5

• Cabin Q&A: New rules for passengers6

POLTICAL IMPACT

• Plot Adds Fuel to Immigration Spat7

• Foiled Threat Unlikely to Benefit Blair8

But U.S. programs aimed at identifying threatening people have been mired in controversies and setbacks including privacy protections, technology troubles and old-fashioned management fumbles.

Secure Flight, the Homeland Security program that is supposed to check passengers against a comprehensive terrorist watch list, is the most troubled. The program has been in development for three years and is nowhere close to being put into practice. On the flip side is the Registered Traveler program to identify the good guys through advanced background checks and speed their trip through security so that screeners can focus on lesser-known travelers. But it, too, has been delayed and derided in some circles as a waste of resources.

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A third initiative, behavior recognition, tries to identify suspicious people at the airport. But the idea languished for years amid concerns about racial profiling. In recent months, the Transportation Security Administration made progress, developing a screening system it believes can avoid those minefields. The program is still at just a handful of airports.

To be sure, no matter how good these techniques get, they are meant to complement physical screenings. After discovery of the plot to mix bombs with liquid explosives, the TSA has barred passengers from carrying on most liquids and gels. Homeland Security Secretary Michael Chertoff said Friday that the policy would be modified, but he didn't specify how.

Now that the ban on liquids is in place and the threat has been publicized, relaxing it will be tricky. Several experts say they will not be surprised if it sticks. "I'm quite confident it will lead to a permanent ban on liquids," said Clark Kent Ervin, former inspector general for the Department of Homeland Security who is now at the Aspen Institute. "This is apparently as close to 9/11 as we've come since and I think we're going to see some permanent changes, and we should."

Other incidents have led to lasting changes in security. After Richard Reid tried to light a bomb in his shoe on a flight bound for Miami in 2001, the TSA required that travelers remove their shoes for screening.

Relaxing the rules is tough. A ban after Sept. 11, 2001, on all kinds of sharp objects was scaled back late last year so that screeners could focus on bigger threats, like explosives, but flight attendants and others fiercely protested the change.

Some worry that a permanent ban on liquids could keep passengers away. "It took almost four years before people understood a cuticle scissor is not a weapon," said Capt. Duane Woerth, president of the Air Line Pilots Association. "Until we have a system that tries to get bad people instead of bad things we haven't advanced."

Meantime, the effort to improve screening of the travelers moves slowly. Under the system in place since before the 2001 attacks, airlines check passenger names against terror watch lists. The new system would have government take over this screening, but its first effort was abandoned in 2004 amid controversy over plans to use commercial databases to look for indications that someone posed a threat.

Secure Flight was the next effort. Though it was more modest, considerable concerns persisted over the protection of data and how passengers wrongly flagged could seek redress. Congress banned the TSA from implementing the program until privacy issues were addressed, and the Government Accountability Office issued some harsh reports.

The problems were multiple, said Cathleen Berrick, director of the GAO's Homeland Security and Justice program. TSA never figured out how the program would operate, what data would be needed about passengers from airlines or how to protect privacy. "TSA was trying to squeeze a two to three year program into six months," she said. "They were rushing."

As a result, earlier this year, the agency put the program on hold and went back to the beginning. Ms. Berrick is now more optimistic.

Still, problems persist. Last year, the Justice Department's inspector general raised concerns about the completeness and accuracy of data in a key terrorist database. And even if it works perfectly, Secure Flight can't guard against identity theft. "It won't protect against stealing someone's identity or creating a false identity," Ms. Berrick said.

Some aren't persuaded it will ever be effective. "It's obviously unmanageable and results in a huge number of false positives that distract security personnel from finding the true terrorists," said Gregory T. Nojeim, an expert on the program at the American Civil Liberties Union.

Bad people can, theoretically, be identified once they are at the airport. By assessing a person's body language and travel details, screeners can make a quick judgment on the threat level.

The TSA has a program in place in a few airports to do that now. Called Spot, or Screening Passengers by Observation Technique, it involves specially trained security officers scrutinizing people in security lines and elsewhere in the airport.

Write to Laura Meckler at laura.meckler@wsj.com9 and Daniel Michaels at daniel.michaels@wsj.com10

Prescreening Draws Interest As Lines Grow At Terminals (NYT)

By Abby Goodnough

The New York Times, August 12, 2006

MIAMI, Aug. 11 — The security lines at Orlando International Airport in Florida on Friday provided an unusual glimpse of the future in these increasingly terrorism-conscious times.

As a member of the nation's only express security program, Carolyn Adams, a frequent flier, whisked through a special lane at the checkpoint. Ms. Adams, a prosecutor traveling to Atlanta, had only to approach a kiosk akin to an A.T.M., insert a small plastic card, place her fingers on a touchpad and wait for her identity to be verified before passing through the metal detector.

She is among 29,000 people who pay $80 a year to be "registered travelers" in the program, which is currently only at Orlando. The Transportation Security Administration says it will extend to as many as 20 other airports by the end of the year.

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"It makes it quicker," said Ms. Adams, who flies about once a month and approaches security checkpoints through an entrance just for members.

With new restrictions imposed on Thursday making airport security lines much slower and longer in many cities, frequent travelers are more eager than ever for the program to grow, officials said. The private company that operates Orlando's program, Verified Identity Pass Inc., said that it had the security agency's permission to expand to Indianapolis, Cincinnati and San Jose, Calif., in the coming months, and that many others were eager to join.

"You're not going to see masses signing up," said Cindy Rosenthal, a company spokeswoman, "but there is clear interest in business travelers using this."

The program requires people to provide fingerprints or an iris scan upon enrollment, and to submit to a background check conducted by the security agency and the Department of Homeland Security. When applicants are approved, their biometric data is placed on a plastic card; at the airport, their iris scan or fingerprints are matched against the card.

The system is not perfect, and has its detractors. Members must still have their carry-on luggage scanned by X-ray machines, which makes some airports question whether the extra effort is worth the expense and trouble. A few airports have turned down the system because officials fear that it will make regular security lines longer by reserving lanes for registered travelers.

"If anything, it will cause backups in other lines," said Mike Boyd, the president of an aviation consulting firm in Evergreen, Colo. "I think it will die under its own weight."

The federal government paid for five other airports — in Los Angeles, Minneapolis, Boston, Houston and Washington — to try out the program last year with a total of 10,000 enrollees. After the trials were evaluated, the program was approved, and a number of airports are in the process of applying.

But Orlando, Florida's busiest airport, was eager to participate even after it was not chosen for the experiment, so it hired Verified Identity Pass to set up the program under the name Clear.

Chuck Carothers of Jackson, Tenn., who is not a program member and was plodding through Orlando's security line, said he thought the concept was not necessarily a deterrent.

"People interested in terrorism obviously could purchase something like this," he said, "and find a way around it."

Howard Simon, executive director of the American Civil Liberties Union of Florida, agreed, saying background checks were not fail-safe. "It presumes that we have a complete and accurate database that consists of every terrorist," Mr. Simon said. "When you're dealing with the lives of several hundred people on a flight, that's a presumption that makes me rather insecure."

Carriers Report Shorter Lines, Fewer Flight Cancellations (WSJ)

By Evan Perez

The Wall Street Journal, August 12, 2006

The new reality of increased security regulations will hit U.S. travelers next week.

Airlines plan to start charging again for changing tickets and checking extra bags, fees that had been waived since Thursday to help passengers caught off guard in the wake of an alleged disrupted terror plot targeting airliners. But passengers traveling to and from Britain still will benefit from the waivers because of the more stringent U.K. requirements.

A day after British and U.S. authorities announced the increased travel restrictions, airport queues were shorter and airlines reported only a trickle of cancellations. Travelers appeared to heed warnings to arrive for flights as much as three hours early and to remove certain banned items from carry-on luggage. On Friday, there still were significant delays and flight cancellations at London's Heathrow Airport and other British airports. In particular, travelers on flights to and from the U.S. endured hours-long delays because of security concerns.

TERROR PLOT

• U.S., U.K. Differ on al Qaeda Role1
• Suspects Include Middle-Class Homeowners2
• Pakistan Stays a Terrorism Source3

INDUSTRY IMPACT

• Detection Systems Approach a New Era4
• Aircraft-Security Focus Swings to People5
• Cabin Q&A: New rules for passengers6

POLTICAL IMPACT

• Plot Adds Fuel to Immigration Spat7
• Foiled Threat Unlikely to Benefit Blair8

In the U.S., Homeland Security officials banned from carry-on luggage most liquids and gels, including such common items as beverages, toothpaste and hair products. British authorities required passengers on U.S.-bound flights to check their carry-on baggage, including electronics, allowing travelers to board only with small personal belongings such as wallets and small purses.

U.S. airline officials said it still was too early to determine whether the alleged plot to bomb airliners heading from Britain to the U.S. would have a prolonged effect on consumer demand for air travel. The airline industry, which is only now completing its recovery from the prolonged slump brought on in part by the Sept. 11, 2001, terror attacks, is hoping travelers prove as resilient as they have after other recent scares.

In Washington, Homeland Security Secretary Michael Chertoff said his department was looking to adjust some of the restrictions to "somewhat reduce any additional inconvenience" but declined to say what the policies might be.

Betsy Talton, a spokeswoman for Delta Air Lines, said the airline had called increased airport staffing to help passengers navigate the new complications. Delta was among several airlines also stocking more water and coffee on flights because passengers no longer can bring their own.

Tim Wagner, spokesman for AMR Corp.'s American Airlines, said "Very few people are canceling or changing their plans." On Thursday, the day British authorities announced arrests related to the alleged plot, passenger cancellations were only in the hundreds at the airline, which carries 200,000 passengers daily. Most of those cancellations were for people traveling to or from the U.K., Mr. Wagner said. He added that the airline was provisioning meals for working flight attendants, an extra cost.

At Hartsfield-Jackson Atlanta International Airport, some passengers still were hesitant about the new rules. The Johnson family from Cambridge, England, stuffed their wallets, credit cards and keys into the four plastic Ziplock bags handed to them by British Airways officials Friday afternoon. The Johnson family, who had taken their holiday in Atlanta, was told, as were other British Airways passengers traveling from Atlanta to London, that carry-on items were prohibited. Sonia Johnson, a 31-year-old teacher from Cambridge, England, said the family arrived at the airport thinking there was only a ban on liquid items.

"We're going to follow British rules," said Mrs. Johnson, fastening the top of her plastic bag shut. "I'd rather be safe."

Ms. Johnson, who has been battling a painful ear infection, was more worried about the ban on nonprescription medications on British Airways. She wouldn't be able to take her over-the-counter aspirin during the nine-hour journey to Gatwick Airport in England. "It's going to be a long flight," she said.

Airline stocks continued their slide, in part because oil prices were surging again. AMR shares fell $1.46, or 7.2%, to $18.83 in 4 p.m. composite trading on the New York Stock Exchange, while UAL Corp. declined $1.19, or 5.1%, to $22.33 in Nasdaq trading. Continental Airlines dropped $1.70, or 7.1%, to $22.16.

---- Melanie Trottman and Stephanie Chen contributed to this article.

Write to Evan Perez at evan.perez@wsj.com9

Passengers Adjust To New Minimalism In Carry-On Items (NYT)

By Kirk Johnson

The New York Times, August 12, 2006

DENVER, Aug. 11 — Most travelers went to the nation's airports on Friday battened down and prepared. They had packed their bags differently, arrived early and strategized about things that they had given little thought to before. Like drinking water. To chug or not to chug? To stop for a coffee before the security checkpoint or wait it out and hope there would be time to buy and sip before boarding?

Mike and Barb Roberts, of Norwalk, Ohio, exemplified the new model of the airport traveler as planner extraordinaire. They were flying out of Logan International Airport in Boston, bound for Cleveland.

"All that's in our carry-on is mainly reading material and clothes," said Mr. Roberts, who had been with his wife in Boston this week celebrating their 25th anniversary. "Things like aftershave and contact lens solution we left out."

"We got up early to make sure we put certain things in the correct bags," he added. "All the liquid things, we had to make sure we checked those."

That accomplished, they got to the airport four hours before the flight.

Some security lines were long, as airport security workers screened and examined carry-on luggage for liquids, gels, creams and other newly prohibited items. But most airports reported generally smoother, faster operations on Friday than on Thursday, when the global air travel system was thrown into turmoil by the news of a disrupted plot to bring down airliners flying from Britain to the United States using explosive liquids.

Flight delays on Friday were mainly caused by the ordinary headaches of weather and summer volume, according to the Federal Aviation Administration.

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The real ripple of the day, travelers and airport officials said, was the collective impact of thousands of individual decisions by travelers adjusting their lives and modifying their behavior to conform to the new security regimen.

At Sky Harbor International Airport in Phoenix, for example, many more people than usual showed up Friday morning wanting to check luggage and so perhaps avoid the new issues and delays of carry-on travel. That created lines of 30 minutes at the ticket counter of some airlines even before the wait for security screening, an airport spokeswoman said.

Karen Kobzik, a nurse who was flying home to New Hampshire out of Los Angeles International Airport, was one of the new carry-on minimalists.

“I didn’t want to deal with it. I wasn’t sure what I could bring and couldn’t bring, so I just decided I wouldn’t do it,” said Ms. Kobzik, 51, clutching only a stack of periodicals and a small purse as she waited on a curb with her husband and son to check their bags.

There were a few people who had heard no news of security changes or terrorist plots and arrived at airports startled by the altered terrain.

“We haven’t heard,” said Joerg Zwicker, who was trying to get home to Germany with his family from Denver International Airport. Mr. Zwicker, 41, said he, his wife, Carmen, and their son, Martin, 16, had been traveling around the country in a rented car for the last few weeks and had not kept up with the news. They arrived at the airport with five bottles of water that they were trying to drain before getting into the security line.

Other people, especially business travelers who often use airports as office adjuncts anyway, said they were already thinking of ways to use the new airport waiting time to best advantage.

Jennifer Beach, 35, a human resources consultant from Minneapolis, said that she arrived at O’Hare International Airport in Chicago earlier than usual and that from now on she would probably bring even more work to the airport to do while she waited.

“I’m going to jump on a conference call in about 14 minutes,” Ms. Beach said.

Rules Of Travel Game Change, And Passengers Adjust (WP)

By Annys Shin, Kim Hart And Amy Joyce, Washington Post Staff Writers

The Washington Post, August 12, 2006

New Bans Increase Delays, Discomfort

Caroline Miller packed anything that might not pass muster with security into nine separate plastic baggies. Charlene Bennett let out a cheer after waiting 45 minutes for her suitcase. Dan Baum plans to overnight himself an extra suit and underwear before he leaves town again.

The rules for traveling have changed once again, and airline passengers were quickly adapting yesterday.

Major domestic and international carriers reported an increase in the number of travelers checking luggage, as passengers complied with the new ban on carrying beverages, shampoo, lotions, gels and other liquid substances aboard airplanes.

Before arriving at Dulles International Airport yesterday for a flight to Paris, Miller, 26, wasn't sure what she had to check, so she packed cosmetics and electronics into a series of plastic bags, allowing her to stuff anything into her suitcase at the check-in counter that airline officials declared a no-go.

Her system helped her avoid the fate of her sister, Kathleen, and her mother, Nancy, who had to forfeit deodorant, lip balm and lipstick at the security checkpoint.

"I'm going to be really pale when I get there," Nancy Miller said.

Most airlines have temporarily waived fees, typically $50 to $80, for checking a third bag. A couple of airlines, including American and Frontier, even encouraged passengers to check all of their bags to ease congestion at checkpoints.

Airline officials said they would wait to hear from authorities about whether the new security measures are to become permanent before changing checked-baggage polices by increasing the number of bags allowed or raising weight limits.

"We'll see how things develop over the next couple of days," said Virgin Atlantic Airways spokeswoman Brooke Lawer.

The increase in checked luggage, however, did not prompt any of the airlines to increase the number of baggage handlers.

Except for flights out of Britain, most international and domestic carriers said, the higher volume of checked luggage did not contribute to delays yesterday.

However, some airlines said passengers should expect longer waits in the baggage claim area. "With more bags, it takes longer for your bag to get there. There will be more people crowding around the carousels," Frontier Airlines spokesman Joe Hodas said.

Travelers passing through Dulles yesterday waited up to an hour to retrieve bags.

"The airport was actually really quiet," said Betty Beyene, 26, who was waiting by an idle carousel at Dulles after flying in from New York. "This is the worst part of the day so far."

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There may be another side effect of a more crowded cargo hull: more damage. A stroller belonging to Cynthia Manzo, who flew into Dulles from San Francisco, was a victim of the cargo hull crunch. Its case broken, the stroller arrived at baggage claim in four pieces.

Airlines said at this point, they have not had any increase in damage reports.

The new security measures may also make delays harder to tolerate. Chukwunonso Umezeoke, 33, was dismayed to learn she was facing a 12-hour layover in Paris en route to Nigeria, just one leg of a 32-hour journey.

"I had to give up my cologne, my deodorant and my hand cream. What am I going to do . . . until I get my stuff back?" she wondered.

Margit Pindstofte of Copenhagen, who had been vacationing in the United States, said she and her two daughters sat on the Dallas-Fort Worth airport runway for 4o minutes with no water, then went another 30 minutes before a beverage cart came around.

Some travelers have already begun thinking about what to do if the security measures become permanent.

Consulting firm Booz Allen Hamilton Inc. yesterday began scrambling to find hard covers for laptops in case they had to be checked on flights leaving Britain, said Ray Thomas, senior managing director for the business assurance office.

Given some recent high-profile thefts of laptops with sensitive information, Booz Allen employees are being walked through a process to make sure security sign-ons are in place and that hard drives are encrypted.

Currently, laptops, cellphones and other personal electronics are allowed, except on flights from Britain.

"We'll wait a bit until we see how TSA is going to come down on this," Thomas said, referring to the federal Transportation Security Administration. "Certainly if it winds up leaning more toward checking laptops, we'll really revisit our policies around laptop security and the types of baggage laptops can be checked in."

Baum, who travels at least a week every month as chief executive of DBC Public Relations Experts in Georgetown, isn't taking any chances. Before he leaves for his next business trip, he said he plans to FedEx an extra suit, underwear and other supplies he needs to "hit the ground running." He doesn't see it as an inconvenience. Whatever TSA says, "I'll be all for that," he said. "My number one priority is to land in one piece."

Staff writer Keith L. Alexander contributed to this report.

Passengers Move Faster At Airports (WT)

By Gary Emerling, The Washington Times

The Washington Times, August 12, 2006

Security lines at the region's three major airports moved briskly yesterday as travelers learned more about the type of personal items being banned on commercial flights.

"I saw the news this morning and they were interviewing women at [Washington Dulles International Airport] who were crying because they had to throw away their Chanel makeup," said Christine Cassidy of Columbia, Md., as she waited to go through security at Baltimore-Washington International Thurgood Marshall Airport yesterday. "I said, 'That's not going to be me.' "

Lines at security checkpoints stretched throughout airport terminals across the country Thursday after federal officials banned passengers from carrying items such as beverages, liquids, gels and toothpaste in their carry-on luggage.

The new precautions were prompted by the arrest of 24 persons by British officials in connection with a plot to blow up as many as 10 planes headed to the United States.

Ticket holders getting ready to board flights Thursday discarded toiletries, drinks and expensive items like perfume and cosmetics in designated trash bins, filling them to the brim.

"We understand this is an imposition, an inconvenience," Department of Homeland Security Secretary Michael Chertoff said yesterday at a press conference at Ronald Reagan Washington National Airport. But "certainly the people I've talked to today walking around the airport seem to be appreciative of the [efforts] we're taking."

DHS also elevated the country's threat level to "high" for all commercial flights within or destined for the United States, and to "severe" for commercial flights originating in Britain and bound for the United States.

Airport officials said security lines smoothed out yesterday because most passengers had heard about the ban through press reports, agency and airline announcements or other sources.

"From our perspective, it looks like the lines have returned to what they would normally look like on a typical travel day," said Rob Yingling, a spokesman for the Metropolitan Washington Airports Authority, which operates Reagan and Dulles airports.

Transportation Security Administration officials said the agency yesterday operated at the same staffing levels as it did last week. Agents conducted random gate inspections, and passengers on flights bound for the United Kingdom also were checked at their flight gates before boarding.

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Still, Mr. Chertoff said the flow of security lines yesterday was "generally positive," and that officials would announce some changes to the carry-on baggage policy in the near future.

At BWI's Concourse D yesterday, the security line still stretched around walls and down hallways, but moved swiftly.

"At this point, operations are near normal," BWI spokesman Jonathan Dean said, noting that airline employees also were performing visual checks at boarding gates to make sure passengers did not board planes with any liquids.

"[But] we are certainly encouraging customers to allow enough time for the check-in and the security processes. Customers shouldn't try to cheat the 90-minute guideline for domestic flights," he said.

Miss Cassidy, 30, said she placed her purse in her checked baggage and arrived for her flight to Atlanta 90 minutes early to make sure she avoided problems.

"This is my luck that this happened the day before I'm supposed to travel," she said. "But I'm just glad they caught the guys."

Nick Barton, another passenger in the BWI line, said he arrived two hours early for his flight to Tampa, Fla., and that the new ban on cosmetic-type items didn't really affect him as much as others.

"I usually don't travel with those kinds of things anyway," said Nick, 16.

Meanwhile, D.C. officials continued to implement extra security precautions in the city because of the foiled threat.

Metropolitan Police Chief Charles H. Ramsey said the department would remain on high alert for now, and that the 12-hour tours of duty for special counterterrorism units probably will end in the next day or two.

The department also has activated its Joint Operations Command Center and network of 19 closed-circuit television cameras downtown, although officials said the measures are merely a precaution.

"I don't think you ever take for granted that there aren't more types of plots that could be out there," Chief Ramsey said.

After Day Of Chaos, D.C. Airports At Ease (WP)

By Fredrick Kunkle And Jamie Stockwell, Washington Post Staff Writers

The Washington Post, August 12, 2006

Most Passengers Arrive Early and Prepared With Liquids Packed Safely Away

Washington area airports returned to a state of calm yesterday -- or what passes for calm during the busy summer travel season -- after a day of widespread disruptions caused by the breakup of a terror plot in London.

At the region's three major airports yesterday, passengers came early and prepared. Most had made sure that bottled water, toothpaste, shampoo and other liquids were left at home or packed in checked luggage to comply with new prohibitions on carry-on items.

They also found relatively empty concourses and short waits at security checkpoints, unlike the chaos, long lines and two-hour delays that hampered air travelers Thursday. At Reagan National Airport, for example, passengers were clearing security checkpoints yesterday in 10 minutes or less.

"I'm surprised how normal everything seems," said John Jackson, 50, who was killing time with a cup of coffee and three paperbacks.

Jackson, who was headed to a nephew's wedding in Atlanta, said he woke at 3:45 a.m., left his home in Accokeek with plenty of time and arrived at National about 5:15 a.m. He then learned that his flight had been delayed, and suddenly he had eight hours to spare.

"Oh, well," he said. "I like to read, and I don't get the chance to do it too often."

The security changes came yesterday after London police said they had interrupted a terrorist plot to blow up several U.S.-bound jets with bombs made of innocuous-looking liquids. Police said terrorists planned to smuggle the liquids onto the planes, mix them in-flight and detonate them with electrical devices. In response, officials hastily banned liquid and gel carry-on items, such as lotion, deodorant and perfume.

Karen Wright, 44, who flew into National on Thursday for a day of meetings and expected to depart that night, was less resigned to the delays. She had to spend the night in a hotel when her flight home to Boston was canceled. She said she was frustrated and eager to go home.

"I think everybody knows it's an unfortunate situation, what happened in London, but the airports can't seem to react quickly," Wright said. "It seems they were taken by surprise that you could create bombs with liquid, and that's scary. Our response is always a beat behind. And it makes you think every time you have to travel, 'Do I really have to go?' "

Airport and security officials passed out fliers about carry-on restrictions and made periodic announcements reminding people that the Department of Homeland Security had raised the nation's threat level for the aviation sector to orange for commercial aviation in or destined for the United States.

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But the mood of urgency and alarm, along with the huge crowds, that was found at the airport a day earlier had dissipated. Airport businesses were mostly empty, and restaurants had few patrons.

About 5 a.m. at Dulles International Airport, when the heaviest wave of travelers began arriving, it took at most 40 minutes for travelers to reach security checkpoints. By 8 a.m., the wait took only a few minutes and as few as 30 people trickled through the roped-off checkpoint maze.

Julie Ashey, 52, who was waiting at Dulles for a flight to Cancun, Mexico, with her husband and four children, said she had second thoughts about traveling. But Ashey laid aside her worries, opting to go forward with a surprise vacation to celebrate her husband Phil's 50th birthday and their 25th wedding anniversary.

"We're going on the thinking that it's a great thing that they caught them, and it's probably a little safer than it was last week or next week," Ashey said.

At Baltimore-Washington International Thurgood Marshall Airport, check-in lines at Southwest Airlines and AirTran Airways counters for domestic flights were longer than those for international carriers -- a sign that things were getting back to normal.

And although most travelers knew about the ban on liquids, some found themselves throwing out toiletries or chugging their beverages before entering security checkpoints.

"Traveling is always an adventure," said Kris van Riper of Chevy Chase, who was heading to Albany, N.Y., with her husband, 2-year-old Finn and 11-month-old Cory.

"I simply packed formula for the baby with no water. I'll get it on the plane," she said. "And Finn loves juice. . . . I'll get the juice on the plane, too."

Staff writer Shearon Roberts contributed to this report.

Executives Rethink Life On The Road (NYT)

By Jane L. Levere And Nick Bunkley

The New York Times, August 12, 2006

Time is money for business travelers, and a lot of them were doing new math yesterday as they contemplated what tighter security measures and longer lines would mean for their lives.

Terry Taylor, who flies about 100,000 miles a year selling tools and diagnostic equipment for the automotive industry, said he was going to cut back on air travel.

“I’ll start to make a phone call instead,” he said, after arriving home in Detroit on a Northwest Airlines flight from Seattle yesterday afternoon.

As a salesman, Mr. Taylor said, “I’m a firm believer that it pays to get in front of the customer.” Indeed, one maxim of business travel is that “you can’t fax a handshake.”

But Mr. Taylor said he believed that customers would understand why he might want to conduct some business over the phone rather than in person and not hold it against him.

“It’s becoming too inconvenient to travel,” he added.

Edward Napoleon, who works in computer security in Cleveland, said his new rule of thumb for trips was that if he could drive to a business meeting in five hours or less, he would stick to the road rather than fly. “You spend three hours just getting into the airport,” he said.

For all their gritted teeth, business travelers could take some comfort in signs that travel was starting to return to normal yesterday. Most domestic airlines were able to get 75 to 80 percent of their flights departing on time yesterday, according to Flight Stats.

But most international airline flights departing from Heathrow and Gatwick Airports in Britain and Kennedy in New York were still experiencing severe delays. At British Airways, only a fifth of flights were departing on time worldwide, according to Flights Stats.

Many travel agents who specialize in serving business executives said they heard from very few business travelers who wanted to cancel flights.

“I think sophisticated travelers are kind of inured to this kind of situation,” said Paul Metselaar, chief executive of Ovation Travel Group in New York. “Post 9/11, it’s a whole different mentality.”

The airlines themselves said that very few customers were calling to cancel trips.

“Generally, the operation is remarkably normal today — with the exception of London,” said Tim Smith, a spokesman for American Airlines.

But broad measures of what was “normal” do not quite capture the new realities of flying for some business travelers.

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The need to get to the airport earlier means more waiting time. For some, that means the airport is becoming their new office away from the office.

Jennifer Beach, 35, a human resources consultant from Minneapolis, said she arrived at O'Hare International in Chicago earlier than usual yesterday and was going to make the most of it by working during the downtime.

She said from she would probably start bringing more work to the airport. She may even schedule more business calls. "I'm going to jump on a conference call in about 14 minutes," Ms. Beach said.

William Moros, a technology consultant from Wilton, Conn., who travels once a week for business, arrived two hours early at O'Hare instead of the usual one hour. "It does impact my schedule, but as long as I have my computer with me, I can work here," said Mr. Moros, who was heading to White Plains. "So it's not a big deal."

Some travelers out of Britain probably wish they could say that.

John Wiggin, a management consultant based in Denver who flew to Newark yesterday from Gatwick, said he could not bring his laptop with him on board his flight. Nor was he able to take books, pencils or pads on board. "It was the 1800's," said Mr. Wiggin, who travels about 150 days a year. "It's certainly going to change how we travel. It's a severe, severe hit to our productivity."

Business travelers between Britain and the United States will of course find themselves without some of their favorite devices, like Palm Pilots and BlackBerrys, during their flights. They will have to pack them in their checked baggage, and not have access to them for many unproductive minutes, if not hours, before, after and during their trips.

The tighter restrictions irritated travelers in Europe. During an interview at Charles de Gaulle International Airport, serving Paris, Alexandre, a self-employed tax adviser who declined to give his last name, said the whole package of security measures and resulting delays was "making me lose time and money, and it is starting to get a bit much."

Business travelers are not just having to get to the airport earlier. They are also hanging around longer after their flight to wait for checked baggage — baggage that they used to simply carry on with them.

James Whitney, a consultant at a corporate-turnaround firm in Birmingham, Mich., carried his luggage onto his flight to Chicago earlier this week. But to avoid throwing out all of his newly prohibited toiletry items, he checked the suitcase for the hourlong flight back.

Long after the plane landed, Mr. Whitney was still standing in the baggage claim instead of driving home. "This is 45 minutes added to four hours of travel time," he said. "It's extremely inconvenient."

Others found a creative solution to avoid checking their bags. Tera Chowanec, 23, an analyst for a pension consulting firm in Philadelphia, said a colleague at a training program she attended in Chicago sent her makeup, shampoo and lotion home via FedEx so she could take her bag on board. Some people canceled their flights to Detroit and drove home instead, she said.

Since many businesspeople have to fly for their jobs, the difficulties of travel may affect some career choices. That, at least, is a prediction from Ken Plunkett, a New York-based salesman.

"It's going to continue to get worse and people will rethink their careers," he said. "I've heard people saying that there's so much stress involved in getting from Point A to Point B that maybe they'll take on a different career where they don't have to travel."

Groaning Belts And Empty Bins At LAX (LAT)

By Jennifer Oldham And Amanda Covarrubias, Times Staff Writers

The Los Angeles Times, August 12, 2006

With new security rules in place, the airport sees a big increase in checked baggage and less jostling for space aboard planes.

Southern California travelers adapted quickly to stringent new security rules Friday, with Los Angeles International Airport recording a 40% increase in checked luggage and officials noticing much less jostling for space aboard planes.

The requirements banned passengers from packing nearly all liquids — including water, cosmetics and lotions — in their carry-on luggage, prompting many simply to check everything to avoid the hassle.

But the dramatic behavior shift at LAX and other Southland airports caused new worries as well as problems that tried travelers' patience.

The increase in the amount of checked baggage raised concerns that at peak hours, more passengers would have to wait in lines at LAX. Security experts have repeatedly warned that long lines are vulnerable to possible terrorist attacks. LAX is the state's No. 1 terrorist target and was at the center of a foiled bomb plot in 1999.

Unlike other airports, space-constrained LAX was forced to install truck-size machines that scan checked luggage for explosives in terminal lobbies. As a result, passengers are required to wait with their bags until the bags pass through the

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machines. At other Southland airports, including Bob Hope and John Wayne, the machines are installed in baggage systems, out of passengers' way.

Additional checked luggage strained LAX's 1960s-era baggage system to its limits. Three miles of aging belts that crisscross the lower levels of the airport's nine terminals struggled to carry the extra load, leading to delays getting bags onto aircraft and baggage carousels.

"I just want to get my stuff. I don't want to be waiting here anymore," said Annemari Kerr, a Chicago homemaker who was visiting a friend in Los Angeles. She waited more than 40 minutes to retrieve her bag at the United Airlines terminal.

Flights were already running close to 100% full during the busiest summer travel season in five years, prompting carriers to worry whether they could fit extra baggage into crowded cargo holds. Many airlines brought in extra workers to load and unload additional bags on the tarmac and to stand by in case baggage belts at ticket counters broke down. LAX already handles more checked baggage than any other airport in the country.

Airport security officials also scrambled to provide enough workers to keep up with the increase in checked baggage.

"This is an extraordinary strain on our staffing," said Larry Fetters, the federal security director at LAX for the Transportation Security Administration, which manages the country's security screeners. The TSA canceled days off for screeners and required them to work 12-hour shifts.

In addition, about 200 National Guard troops arrived at LAX on Friday to help implement the measures. Officials have said the restrictions probably are temporary but have not said when they might be lifted.

Some city leaders questioned Friday whether federal security officials had enough screeners at LAX to cope with the demands of the new requirements during the busy summer season.

"I can't call the TSA to task for how they have handled things in the last 48 hours," said Los Angeles City Councilman Jack Weiss, who has repeatedly expressed concern about the security risks of long lines at LAX. "But I can hold them to account for failing to staff up to proper levels this summer."

The city's airport agency plans to start building a $390-million baggage system underneath the terminals at LAX early next year. It will include 53 explosive-detection machines and will create up to 40% more space for passengers to circulate in terminal lobbies, said Paul Haney, deputy executive director of airports and security for the agency.

Airport and airline officials were left to marvel Friday at the sudden change in the way passengers dealt with their luggage. Instead of trying to cram all they could into carry-on cases, they checked most of their items to avoid the searches required under the new rules.

"There are acres of space in overhead bins today," said Len Sloper, a consultant to the airport agency, after an impromptu survey Friday of flight attendant managers at LAX.

In a sign of the shift, trash bins set aside for newly banned items were nearly empty Friday, with the odd lip balm or bottle of water cropping up here and there.

Airlines reported few delays at LAX, except on flights bound for London. Passengers heading to Britain endured lengthy waits as carriers again required them to carry only essential items such as wallets and eyeglasses in clear pouches and check everything else.

"I shoved everything in my bag and gave it away," said Clarice Atakhanian of Los Angeles, who was traveling through Heathrow on her way to Vienna for a vacation.

"I just hope they have a good movie tonight," she said.

Atakhanian waited 2 1/2 hours to check her luggage at the Tom Bradley International Terminal, only to find that her 3:30 p.m. flight had been delayed four hours.

Some minimalists carried nothing as they approached a second screening at the gate area. In Terminal 4, Santa Barbara resident Thomas Kennedy carried only a few work papers in his jacket pocket as he boarded a flight to New York for a vacation.

"I like to have a carry-on with me, but because of these new rules, I just decided to check it all in," he said, adding that his girlfriend had a book for him in her purse in case he got bored.

Southern California's smaller airports also reported an increase in checked bags, with Long Beach seeing a 20% jump. At Bob Hope Airport in Burbank, officials said they increased staffing to make sure luggage was distributed evenly so conveyor belts wouldn't jam. Ticket lines at John Wayne Airport were noticeably longer because of more travelers checking bags, a spokeswoman said.

Companies that ship luggage ahead for travelers reported a boom in business Friday, saying inquiries increased 80% after Thursday's arrest of two dozen people suspected of plotting to blow up U.S.-bound jetliners with liquid explosives. Such services are fairly new and typically appeal to frequent, more affluent travelers, who sign up online.

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"I don't need my bag from the moment I'm done packing it until the moment I get to the hotel, so why am I dragging it to the airport, standing around to check it in and then waiting for it when I get off the plane?" said Zeke Adkins, co-founder of Boston-based Luggage Forward, explaining why air travelers use his service. About 40% of the 2-year-old company's shipments originate or end up in California, he said.

Security experts said Friday that the federal government should consider keeping the new restrictions in place until officials figure out how to screen passengers for volatile liquids. The changes also prompted some to call for tightening overall restrictions on carry-on luggage.

"We're wedded to these large carry-on bags that go into the overhead packed with all of these things," said David M. Stone, former head of the TSA. "At some point that's going to be an unacceptable risk."

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Times staff writer Erika Hayasaki contributed to this report.

California Vintners Scramble To Deal With Carry-On Ban (LAT)

By Jerry Hirsch, Times Staff Writer

The Los Angeles Times, August 12, 2006

Tourists who buy wine at tasting rooms can no longer take it aboard their planes. Shipping can be problematic because of various laws.

New security measures banning liquids from airplane carry-on luggage have some California vintners seeing red.

Passengers jamming multi-bottle wine carriers into overhead bins and under seats were a common sight on flights departing from San Francisco, Oakland and Sacramento airports until Thursday's ban — sparked by the British authorities' foiling of an alleged plot to blow up jetliners.

Since then, unwitting oenophiles have been chugging prized vintages or dumping full bottles of wine into bins with lipstick, sunscreen and other banned liquids.

Each year, hundreds of thousands of cases of wine travel across the country as carry-on luggage, a small but important part of California's $16.5-billion wine industry.

"More than half of our tasting room sales are to people who plan to carry the wine onto the plane," said Michaela Baltasar, spokeswoman for Clos Du Val Wine Co. in the Stag's Leap district of Napa Valley. "Hardly anybody ever checks it."

They are people such as Linda Ulrich, a congressional aide from Vienna, Va., who was tasting the offerings at St. Supery Vineyard and Winery in Napa Valley when she learned about the ban Thursday.

"I was going to take a few bottles back because the wine is so much cheaper here," she said.

Ulrich said several wineries balked at shipping any purchases to her home because of Virginia's restrictions on direct sales to consumers. She plans to return home from her Napa Valley vacation empty-handed.

Ulrich is typical of the tourists who wend their way through the tasting rooms of California's wineries — from Calistoga to Temecula.

On Friday, Clos Du Val began selling 12-bottle foam packing containers to its tasting room customers at cost, $10. Smaller containers are $5. The boxes are sturdy enough to travel as checked baggage, Baltasar said.

California's largest wineries, which rely on a vast distribution network to get their vintages onto store shelves and restaurant menus, won't be affected by the ban, said Joe Hart, who owns Hart Winery and is president of the Temecula Valley Winegrowers Assn.

"This could have a significant impact for the small wineries" that depend on tasting room sales for their profits, he said.

Hart sells about 80% of the 5,000 cases he produces annually directly to consumers, and "a lot of that is tourism-based," he said.

His winery provides customers with a six-pack bottle holder that works well as carry-on luggage.

"This is a whole new issue for us," he said.

Hart said he hoped that regulators would take another look at the rule "when things settle down a bit."

The ban on moving wine in carry-on luggage caught consumers and the industry completely unprepared, said Barbara Insel, managing director of MKF Research, a wine industry consulting firm in St. Helena.

"This is going to slow down sales while people figure out what to do. In the very short term, there will be a lot of wine stuck in airports," Insel said.

"I saw people getting into the car at the Embassy Suites in Napa this morning, and they all had three-packs of wine from various places, and they were clearly on their way to the airport," she said. "I don't think they had thought about what they were going to do with the wine. You couldn't check it in those packages."

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Tourists who find themselves with wine they can't take on board will either have to buy packing materials and check the bottles or do a lot of preflight partying.

Stopping off at a shipping company service on the way to the airport won't help. UPS and FedEx won't knowingly accept wine shipments from consumers out of fear of violating one of the many regulations that govern the transport of alcoholic beverages.

"If we find out shipment is a box of wine, we will just hold it wherever we discover the fact," UPS spokesman Steve Holmes said. "It might be in the middle of Kansas. You would have a couple of days to retrieve it or else we are going to dump it."

Fallout from the ban also is killing wine sales at airport gift and duty-free shops and wine bars.

Business at Greg Fong's Wine Wisdom shop at San Francisco International Airport has fallen "into a holding pattern," he said.

Fong hosts special winery tastings at the airport wine bar and shop and sells travelers thousands of bottles annually. He canceled a visit from the winemakers at Napa's Silver Oak Winery on Friday because no one was buying wine at the airport.

"Most of our sales are to departing passengers," Fong said.

While they wait to see if the ban becomes permanent, some in the wine industry are looking for a silver lining.

"We are telling customers that as long as they have to buy a shipping box and are going to check their wine, they might as well purchase more," said Baltasar of Clos Du Val. "They can get a 12-bottle box here and buy some of our wine and then a bottle at each of the other wineries they visit in Napa."

Nervous Investors Send Airline Stocks Into Major Tailspin (WP)

By Paul Blustein And Keith L. Alexander, Washington Post Staff Writers

The Washington Post, August 12, 2006

Airline shares plummeted yesterday on worries that travelers may begin canceling trips en masse to avoid flying at a time when they fear that heightened security screening will cause major inconvenience.

Although several airline companies reported that their operations were generally returning to normal, and that they were seeing no unusual number of cancellations, jittery investors weren't assuaged.

AMR Corp., the parent company of American Airlines, dropped 7.2 percent; Continental Airlines Inc. fell 7.1 percent; US Airways Group declined 8.2 percent; and UAL Corp., the parent of United Airlines, lost 5.1 percent. Airlines that don't fly across the Atlantic Ocean were also down, mostly by smaller percentages. The broader market was off only slightly, with the Dow Jones industrial average dropping 36.34 points, or 0.33 percent, to close at 11,088.03.

The selloff in the airline sector, which just reported its first profitable quarter in six years, contrasted with the market's reaction Thursday, when news broke that authorities had foiled a suspected plot by British citizens of Pakistani descent to blow up a number of planes over the Atlantic. Most airline shares recovered Thursday after an initial slide to post modest losses, as investors surmised that the episode would not have a lasting impact on the companies' bottom lines.

Yesterday, however, as word continued to spread about additional security measures being imposed at airports, market participants were evidently fretting more about the implications for the psychology of the traveling public. The possibility of large numbers of cancellations was the biggest factor weighing on airline shares, according to analyst Ray Neidl of Calyon Securities Inc., who added that rising oil prices were also a big concern.

"Everyone is sitting on pins and needles to see what happens with bookings," Neidl said.

Kevin Fahey is the sort of passenger that gives airline stockholders nightmares. "I would like to cancel my plans to travel until at least this latest lunacy is over," said Fahey, the director of vaccine safety surveillance and assessment for America's Health Insurance Plans, a group based in the District. "I'm trying to find a way to avoid having to fly to Atlanta next month. It's bad enough in normal circumstances, but for now I'd like to replace our face-to-face meeting with a conference call."

In an e-mail, he added: "Flying stinks . . . I wish the business world would stop expecting everyone to do it."

According to the airlines, such people are rarities -- or at least, they haven't acted on their frustrations yet.

"We've had no cancellations related to the terrorist threat in the U.K.," said Phil Gee, a spokesman for US Airways. Asked whether some people might be canceling flights because of security hassles, he said, "It will take a day or two for the dust to settle on that. Trend-wise, there is no significant change" in the number of cancellations.

Tim Wagner, an American Airlines spokesman, said his company had also had "no cancellations because of the security screening." Besides the usual weather and mechanical problems, "our delays haven't been that significant except at London-Heathrow, where it's been an hour or an hour and a half late getting out of the gate, and sometimes a couple of [more] hours waiting on the taxiways."

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Even at London's smaller airport, Gatwick, "delays have been around 20 minutes or so," Wagner added. "It's been a fairly normal day, considering."

Airline representatives at Dulles International Airport said they had seen no noticeable rise in cancellations yesterday. Several passengers said they had not seriously considered changing their plans. Kathy Bailey, a Washington lawyer who was flying to Beijing, said, "I would never cancel my flight because of something like this."

Staff writer Kim Hart contributed to this report.

Airline Stocks Take A Hit On New Fears (LAT)

By Martin Zimmerman And Kimi Yoshino

The Los Angeles Times, August 12, 2006

Higher costs for oil and increased security worry investors on Wall Street. Travelers, meanwhile, appear to be adjusting to new safety procedures.

After showing resilience in the immediate aftermath of the alleged London bomb plot, airline stocks took a drubbing Friday as investors worried about higher costs from increased airport security and rising oil prices.

Meanwhile, travel agents, hotels and air carriers said travelers seemed to be adjusting to new security measures and reported only scattered booking cancellations.

Some cautioned, however, that it could be a week or more before they know whether travel to Britain — or air travel in general — would be seriously hurt by the latest terrorism scare.

"We will probably be better informed next week when we have data to measure the impact," said Brad Garner, vice president of Smith Travel Research in Hendersonville, Tenn. "But from what we're hearing, seeing and reading, it's business as usual."

The Air Transport Assn., the airline industry's trade group, said the air travel system was "functioning smoothly" the day after news of the suspected bomb plot and the resulting change in security procedures caused flight cancellations and delays.

The ride was bumpier on Wall Street, where airline stocks had held up surprisingly well Thursday.

Shares of AMR Corp., parent of American Airlines, dropped $1.46, or 7.2%, to $18.83 after closing unchanged the day before; UAL Corp., parent of United Airlines, fell $1.19, or 5.1%, to $22.33; and Continental Airlines Inc. lost $1.70, or 7.1%, to $22.16. British Airways, which suffered the worst flight disruptions Thursday and the biggest stock decline, slipped $1.15, or 1.6%, to $69.33.

Some analysts said investors were reacting to a small rebound in oil prices and the possible effects on jet fuel costs. Crude climbed 35 cents to $74.35 after plunging 3% the day before.

In addition, airlines are approaching the post-Labor Day travel season, typically one of their slowest periods of the year.

But there was still concern that the new security measures — especially the ban on carry-on liquids and follow-up checks at the boarding gate — would discourage business travelers by adding even more time to trips.

"The airlines could lose some of their valuable business travelers if the hassle factor gets so bad that they put off trips in favor of videoconferencing," said James Corridore, an airline analyst at Standard & Poor's Corp.

One beneficiary of that could be private jet charter services, which are seeing a pickup in demand since the latest terror scare. Guardian Air Services, a charter operator at Ontario International Airport, said it booked trips for five new corporate clients in the last two days — as many new customers as the company usually lands in a month.

"The straw that broke the camel's back for them was no liquids on the plane and double screening," said Louis Desmond, a spokesman for the charter carrier. It's not an alternative for everyone. Chartering a small Guardian jet from Ontario to Dallas for as many as six people costs $10,000 round trip.

Ron Archer, vice president of Montrose-based Archer Travel Group, downplayed the effect of the measures on business travelers.

"The hassle factor for frequent long-haul business travelers is already at 8 or 9," he said. "All you're doing is pushing it up incrementally to 9.5."

Susan Tanzman, president of Martin's Travel & Tours in West Los Angeles, said the airlines might lose some short-haul leisure business to places such as Las Vegas as travelers weigh the additional time they will have to spend at the airport against the time it takes to drive and the cost of gasoline.

Whether international travel — another key source of airline profit — holds up remains to be seen. An unscientific online poll by Tripadvisor.com asked: "In light of the most recent terrorist threat, would you avoid traveling between the U.S. and the U.K. over the next two months?" Of 1,200 respondents, 47% answered yes, TripAdvisor spokesman Brooke N. Ferencsik said.

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Hotel chains, meanwhile, reported some cancellations but said they also were booking rooms for stranded travelers or those extending trips until the airports return to normal.

Some hotels were handing out free toiletries, including makeup and contact lens solution, Garner of Smith Travel Research said.

Texas-based Omni Hotels said it would provide complimentary skin-care products, cosmetics, toothpaste and other toiletries to its customers.

"We just want to help relieve some of the stress that they're going through," spokeswoman Christine Connelly said.

All Terrorism All The Time: Fear Becomes Reality Show (NYT)

By Alessandra Stanley

The New York Times, August 12, 2006

By yesterday the morning shows were back to consumer tips — only the advice was about packing for red alerts, not campgrounds and water parks. An expert on "Today" instructed Ann Curry on how to "be a minimalist." On CBS, Harry Smith performed a cheery show-and-tell about the risks of carrying aboard lip gloss, conditioner and, most of all, nail polish remover.

Even "The Insider," the syndicated gossip show, found its own way to the foiled terrorist plot: on Thursday night's edition, it reported on celebrities — Kim Cattrall and Kevin Spacey — who were delayed at Heathrow.

The averted bombings — an extensive attack that may have been timed to coincide with the anniversary of Sept. 11 — does not answer the question of whether the public is safer now than it was five years ago. European and American security forces are more vigilant, but terrorists have also grown more virulent.

What the close call did show is how far terrorism has metastasized on television. It's a fact of life at airports and on news programs, but even entertainment shows feel compelled — or entitled — to weigh in. Islamic terrorism is woven into the fabric of prime-time thrillers like "24" and "The Unit," but it also surfaces on police shows and legal dramas. The first season of the Showtime series "Sleeper Cell," about an undercover agent who infiltrates a cell of Muslim conspirators in Los Angeles, eerily presaged the London plot — including terrorists who are Westerners who converted to Islam.

Through magnification and repetition, cable news does two opposite things at once: it stokes fear and inures viewers to danger. CNN chose a relatively prosaic rubric for its report, "Security Alert," while Fox News chose the more vivid title "Terror in the Sky." (MSNBC went for the wordier "Target America: Terror in the Sky.") All the cable news programs used music and graphics to hype any new development as a "breaking news" bulletin so important it would seem to merit interruptions by the Emergency Alert System. ("If this had been an actual emergency, you would have been instructed where to tune in your area for news and official information.")

Yet the fact that the United States raised the security alert level to a limited red for the first time was relayed quite calmly. Yellow alerts have come and gone over the past few years, and this terrorist attack, however elaborate and deadly, was safely defused before the public knew of it. Homeland Security Secretary Michael Chertoff made appearances on almost every news program imaginable to reassure the public that this was just a precaution to match Britain's security rating, but also, perhaps, to take the victory lap that the British officials who broke up the plot were too busy to make.

Comedians felt safe enough to joke about it. On Comedy Central, Stephen Colbert said he had elevated his show's security level to brown. ("Somebody spilled coffee on the chart.")

CNN and others kept repeating the rules of the liquid ban (no to baby oil, yes to baby formula) long after travelers had caught on and airport delays had abated — mostly because the piles of discarded shampoos and after-shave provided a way to illustrate a story that fortunately had few vivid images. By late afternoon yesterday, even CNN was making light of the restrictions on lotions and creams, showing a lively montage of passengers tossing out toiletries. (A woman who threw away an $80 tube of foundation winced and said, "That hurt.")

Television labeled the changes "the new normal," a catchphrase that by yesterday had spread throughout the spectrum, from the "NBC Nightly News" to Tucker Carlson debating, on his MSNBC show, "Tucker," whether the administration was right to secretly beef up surveillance measures.

These kinds of precautions are not new, and they certainly are not normal. It's the coverage that has normalized.

The Liquid Bomb Threat (NYT)

The New York Times, August 12, 2006

The most frightening thing about the foiled plot to use liquid explosives to blow up airplanes over the Atlantic is that both the government and the aviation industry have been aware of the liquid bomb threat for years but have done little to prepare for it. What saved everyone was apparently superb intelligence work by the British, who apprehended the terrorists before they could

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carry out their scheme. It is unlikely that any of the scanning machines or screening personnel deployed at airports would have detected the potentially destructive materials before they could be carried aboard.

The plot apparently called for the terrorists to carry explosive ingredients disguised as beverages, and detonators made from common electronic devices like cellphones or music players. One theory is that they planned to use chemicals that are innocuous when carried separately but could be combined into an explosive mixture on board.

Unfortunately, the aviation security system is virtually defenseless against such an attack. The X-ray machines and metal detectors at airports can't identify liquid explosives. Officials have been fretting over this weakness off and on but have done little to develop and deploy technologies to block the threat. The government has been slow to buy so-called puffer machines that blow air on passengers to look for traces of explosive materials, and it has severely cut its budget for research on new detection methods. A few promising technologies are in the wings, but none seem ready to be rolled out quickly.

It is distressing that, after all the billions of dollars spent on bolstering aviation security, such gaping holes remain. Yet no matter what technologies are deployed, there is always a good chance that future terrorists will find a way to evade detection.

That makes us wonder if aviation authorities may have inadvertently hit on the wisest approach in their stopgap response to this latest plot. The Transportation Security Administration banned virtually all liquids and gels from carry-on luggage. That includes beverages, shampoos, toothpaste and other common items — everything but baby formula and medicines, and those have to be inspected.

Some passengers have complained about the inconvenience, and many more might complain if they were not allowed to keep their iPods, cellphones or laptops with them. But forcing passengers to check most of their items and bring very little aboard with them might be the surest and cheapest route to greater security.

U.S. To Roll Out Electronic Passports (AP)

By Dan Caterinicchia

AP, August 12, 2006

Despite ongoing privacy concerns and legal disputes involving companies bidding on the project, the U.S. State Department plans to begin issuing smart chip-embedded passports to Americans as planned Monday.

Not even the foiled terror plot that heightened security checks at airports nationwide threatens to delay the rollout, the agency said. Any hitches in getting the technology to work properly could add even longer waits to travelers already facing lengthy security lines at airports.

The new U.S. passports will include a chip that contains all the data contained in the paper version — name, birthdate, gender, for example — and can be read by electronic scanners at equipped airports. The State Department says they will speed up going through customs and help enhance border security.

Privacy groups continue to raise concerns about the security of the electronic information and a German computer security expert earlier this month demonstrated in Las Vegas how personal information stored on the documents could be copied and transferred to another device.

But electronic cloning does not constitute a threat because the information on the chips, including the photograph, is encrypted and cannot be changed, according to the Smart Card Alliance, a New Jersey-based not-for-profit made up of government agencies and industry players.

"It's no different than someone stealing your passport and trying to use it," Randy Vanderhoof, executive director of the alliance, said in a statement. "No one else can use it because your photo is on the chip and they're not you."

Yet the ability to clone the information on the chips may not be the sole threat, privacy advocates argue. A major concern is that hackers could pick up the electronic signal when the passport is being scanned, said Sherwin Siy, staff counsel at the Washington-based Electronic Privacy Information Center, a leading privacy group.

"Many of the advantages the industry is touting are eliminated by security concerns," Siy said.

After testing the passports in a pilot project over the past year, the government insists they're safe.

Numerous companies competed the last two years to provide the technology. One winner was San Jose-based Infineon Technologies North America Corp., a subsidiary of Germany's Infineon AG. Another was French firm Gemalto, which earlier this month announced that it had received its first production order from the Government Printing Office. It is producing the passports for the State Department, using the Infineon technology.

Another company, On Track Innovations Ltd., was notified July 31 that it had been eliminated from consideration and is appealing the decision, a spokeswoman for the Fort Lee, N.J. company said this week. On Track previously had been eliminated but appealed that decision in the U.S. Court of Federal Claims in Washington, D.C., which found in favor of the company and ordered it be reinstated.

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Infineon has been approved for production-quantity orders but hasn't received any because of the unresolved legal dispute, said Veronica Meter, a spokeswoman for the Government Printing Office. The rollout that begins Monday will use technology built up during the pilot project.

Neville Pattinson, director of technology and government affairs for Gemalto in Austin, Texas, would not discuss financial terms of the contract. He acknowledged the economic potential is massive, noting that the State Department issued 10 million passports in 2005 and expects that to increase to 13 million this year.

Citizens who get new passports can expect to pay a lot more. New ones issued under this program will cost $97, which includes a $12 security surcharge added last year. Not all new passports will contain the technology until it's fully rolled out — a process expected to take a year. Existing passports without the electronic chips will remain valid until their normal expiration date.

American Depository Shares of Infineon fell 12 cents to $10.65 Friday on the New York Stock Exchange.

Searches Of Bags In Subway Upheld (WP/AP)

By Larry Neumeister

The Washington Post/AP, August 12, 2006

NEW YORK, Aug. 11 -- A federal appeals court said Friday that random bag searches on New York subways are constitutional, agreeing with a lower court that the police tactic is an effective and minimally invasive way to help protect a prime terrorism target.

The U.S. Court of Appeals for the 2nd Circuit rejected a challenge to the searches by the New York Civil Liberties Union, saying U.S. District Judge Richard M. Berman properly concluded in December that the program was "reasonably effective."

Searches on the nation's largest subway system began after the deadly terrorist bombings in London's subways in July 2005. The NYCLU sued, arguing that they were an unprecedented intrusion on privacy that terrorists could easily evade.

The appeals court agreed with Berman that preventing a terrorist attack on the subway was important enough to subject subway riders to random searches.

The three-judge panel also noted that police have thwarted plans for New York subway attacks at least twice in the past nine years, including a bomb plot in 1997 in Brooklyn and a 2004 plot to bomb the Herald Square subway station in Manhattan. It was "unsurprising and undisputed that terrorists view it as a prime target," the court said in its opinion, written by Judge Chester J. Straub.

City officials noted that the ruling came a day after British officials announced they had stopped a plot to bomb several planes headed for the United States, underlining the importance of counterterrorism efforts.

"Common sense prevailed," Police Commissioner Ray Kelly said. "Once again, and at a fitting moment, the court upheld the constitutionality of the bag inspection program, one of our key strategies for deterring a subway attack."

Christopher Dunn, the NYCLU's associate legal director, said the group is considering an appeal. "Because this program authorizes police searches of all subway riders without any suspicion of wrongdoing, we continue to believe it raises fundamental constitutional questions," he said.

The appeals court said that expert testimony established that terrorists seek predictable and vulnerable targets and that the subway search program "generates uncertainty that frustrates that goal, which, in turn, deters an attack."

New York's subway system of 26 interconnected train lines carries 4.7 million passengers on a typical weekday.

Terror Cell Phone Bust (WNEM)

WNEM-TV, August 12, 2006

(TV5) -- The three suspects are now facing two counts each of Homeland Security Terrorism charges. All three suspects are due to be arraigned August 12th.

Around 1:00am August 11th the three men purchased cell phones from the Wal-Mart store on M-81 near the corner of M-24 in Caro. Wal-Mart places a limit on the number of cell phones that can be purchased at once, that number is three. The three men allegedly bought 80 by purchasing them three at time so that an alert wouldn't be triggered by the cash register. They also paid cash.

An alert clerk grew suspicious and called Tuscola County central dispatch. The Caro Police Department sent a unit and stopped the rented van on M-81 just east of Caro. The suspects were headed towards Bad Axe on M-81 where there is another Super Wal-Mart.

The three men are described as being of Palestinian descent but live in Texas. Police say the three, ages 19, 22, and 23 appear to be naturalized citizens.

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One man was driving while the other two were in the back opening the phone packages with box cutters throwing the phones in one box, batteries in another and the packaging and phone charger in another container. The suspects had 1000 other cell phones in the van. There was also a bag of receipts showing that someone was in Wisconsin the day before.

The phones were Nokia TracFones selling for $20 at Wal-Mart. For your twenty dollars you receive a phone charger and 40 minutes of airtime. The phones do not have to be registered with a name. Also discovered was a laptop with store addresses and store logos.

Tim Nausler with the Michigan State Police bomb squad says this has all the tell tale signs of using cell phones to detonate bombs. He says you need two phones to detonate a bomb one to be with the explosive and the other to make the call to that phone. In some instances he says you can detonate with one phone using the alarm clock function.

The TracFones are a nationwide prepaid wireless phone service and are even offered with international long distance. These phones according to www.tracfone.com don't even have coverage in the Thumb area where they were purchased.

The men have been "cooperative, upfront, not hiding" anything according to police. They also told officers they get stopped frequently and say they buy the phones for $20 and sell them elsewhere for $38. They sell them without the packaging or charger.

The Caro Police Department, the FBI and the Homeland Security Terrorism Taskforce are involved in the case.

More Cell Phone Arrests (WBOY)

WBOY, August 12, 2006

Last week, the Grafton police pulled over 24-year-old Hashem Sayed for a routine traffic stop. But what they found in his car was far from routine. Patrolman Daniel Laymon recalls the scene, "There were multiple cell phones, roughly 150 to 200 cell phones from multiple retailers," he said.

Buying that many pre-paid phones is not a crime, but the police say it is unusual.

Less than a week later, the authorities in Marietta, Ohio, arrested 20-year-old Osma Sabhi Abulhassan and 20-year-old Ali Houssaiky. Washington County Sheriffs deputies seized several pre-paid cell phones and thousands of dollars in cash. Because of the incidents, Grafton police believe the events are connected.

"The department feels that there are a lot of similar circumstances and there are a lot of similarities between the activity there and the activity experienced here," said Patrolman Laymon.

The activity seems to be more than just a coincidence. All three men are from Dearborn, Michigan and all three gave similar reasons for buying the phones. Sayed said he was buying them to ship to California to sell for a profit. But Washington County's sheriff says that may not be the whole truth. "They are digital for detonating car bombs and they have a particular digital frequency and that's what they're using them for," said Sheriff Larry Mincks.

Mincks says the men also had instructions on how to obtain private flights and airplane passenger information.

"It also had some information concerning airport security and check points."

He says the two men apprehended in Ohio are linked to another man who is being investigated for possible terrorism. Now, police across the state have a warning for residents.

"Not that it's a crime," said Grafton Police Chief, Robert Beltner. "But we can check into it to make sure nothing illegal is going to take place with those phones."

Workers, Filmgoers Evacuated After Suspicious Parcel Found (WP)

By Michael Alison Chandler And Martin Weil

The Washington Post, August 12, 2006

A Capitol Hill street was closed, Library of Congress workers were evacuated and a film screening was delayed yesterday after a suspicious package was found near one of the library buildings.

Capitol Police resolved the matter with a technique that allowed them to "disrupt" the package safely, said Sgt. Kimberly Schneider, a spokeswoman for the force.

It was not clear who left the item, which included a tomato can with wiring attached, Schneider said. D.C. Police Chief Charles H. Ramsey has said he expects suspicious package alerts to be more frequent in the immediate aftermath of Thursday's disclosure of a terrorist bomb plot in Britain.

The package was spotted shortly before 6 p.m. near the loading dock on the C Street SE side of the Madison Building, one of three in the library complex.

Library spokesman Charles Stanhope said staff members working late left the building along with filmgoers arriving early for a screening of Paddy Chayefsky's "The Goddess" at the Mary Pickford Theater. Reading rooms had closed at 5 p.m., he said.

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The 100 block of C Street SE was closed until about 8 p.m. One resident of the block said she was not surprised by the response.

"We're all on tenterhooks," she said.

Louisiana's Contract With America (NYT)

By John Neely Kennedy

The New York Times, August 12, 2006

Baton Rouge, La.

AMERICAN taxpayers have been generous to Louisiana in the aftermath of Hurricanes Katrina and Rita. Congress has appropriated tens of billions of dollars for us through emergency aid, community block grants and tax breaks. This will help repair and rebuild homes, apartments, businesses, roads, universities, hospitals and levees. It will be used to give tens of thousands of Louisianans their futures back. We are grateful.

We owe it to Congress, and to ourselves, to be good stewards of this largess, particularly in case we ever need more. For moral as well as practical reasons, Louisiana must have zero tolerance for the waste or theft of this money, or even the appearance of waste or theft.

Louisiana's spicy, colorful politics have saddled our state with a reputation for tolerating lax ethical standards in government. Perception often lags behind reality, and I can say from experience that the vast majority of public officials in Louisiana are much better than our reputation holds us to be. Now we have a chance to prove it.

Our legislature needs to pass a law prohibiting all public officials, their immediate families and companies of which they own 5 percent or more from receiving any contracts for rebuilding areas damaged by the storms.

Louisiana law currently requires public officials and their relatives to report such involvement in disaster recovery contracts to our Ethics Commission. Since that law was approved last November, officials and their relatives have disclosed their connections to more than 200 contracts awarded for jobs like debris removal and supplying products to FEMA.

Disclosure is not enough. I am not suggesting that these 200 contracts and others like them are improper. Rather, there is an appearance of impropriety to some reasonable people. Only prohibiting the issuance of such contracts altogether will send the message that the people of Louisiana will not tolerate corruption or cronyism, or any hint of them.

Appearances count. If people lose faith in their government, the result is the same whether or not the loss of confidence is justified.

No doubt such a law would be unfair to some of our public officials. But it would be no more unfair than the Louisiana law that prohibits me, as the state treasurer, from winning the state lottery. That law exists for one reason: to protect the lottery's integrity, which would be seriously undermined by the appearance of impropriety if the state treasurer won a $50 million jackpot.

Plato wrote that "good people do not need laws to tell them to act responsibly, while bad people will find a way around the laws." Maybe so. But barring public officials and their relatives from receiving reconstruction contracts isn't just a good way to make fraud and corruption more difficult to carry out. It's also the best way to show that Louisiana is serious about its future and its reputation.

Ashcroft Finds Private-Sector Niche (WP)

By Ellen Nakashima

The Washington Post, August 12, 2006

Ex-Attorney General Helps Firms Get Homeland Security Deals

Former U.S. attorney general John D. Ashcroft, whose tenure saw the creation of a burgeoning homeland security industry, has emerged as the highest-ranking former Bush administration official to lobby for and invest in companies in that field.

Nearly two years after he left the Justice Department for a glass-and-marble office tower six blocks away, Ashcroft is building a lucrative consulting company helping security and other firms find business with federal agencies. Federal spending on homeland security is expected to reach nearly $60 billion in fiscal 2007, according to the Office of Management and Budget.

"It's a continuation of the aspiration I have that our nation have access to the best possible resources to fight terror, whether domestic or international," Ashcroft, founder of the Ashcroft Group LLC, said during a phone interview from his 150-acre cattle farm in rural Missouri, where he was spending a working vacation.

During his tenure, Ashcroft championed expanded federal powers to conduct surveillance in counterterrorism investigations. Now, he said, he wants the intelligence and law enforcement agencies to be aided by the tech world's "best of breed."

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In all, Ashcroft's firm has 30 clients, many of which make products or technology aimed at homeland security, and about a third of which the firm has not disclosed, to protect client confidentiality. The firm also has equity stakes in eight client companies, a trend the company plans to continue as it gradually turns its focus toward venture capital.

Privacy experts and civil libertarians, who battled Ashcroft's policies to enlarge surveillance powers, warned that the types of businesses promoted by the former attorney general and other lobbyists are fast becoming a de facto branch of the government, beyond traditional oversight. They question whether the security offered by these firms, some of which specialize in analysis of government and private data, is balanced by adequate protection for civil liberties.

In an era of unprecedented collection and sharing of data between the government and the private sector, "we need checks and balances to match that paradigm shift," said Peter Swire, who served as a privacy counselor for the Clinton administration and now teaches law at Ohio State University.

Ashcroft's client list includes Nanodetex Corp. in New Mexico, which offers technology that can detect airborne pathogens such as anthrax or liquid explosives such as the type authorities say a group of terror suspects planned to use to blow up passenger jets between Britain and the United States. Another is Exegy Inc., a Missouri firm that does high-speed data mining.

Innova Holdings Inc. makes software that can remotely command robots and drones, or unmanned vehicles, the sort that police borders or fly above the mountains and valleys of Pakistan and Afghanistan searching for al-Qaeda cells. The company, which signed with Ashcroft's firm last week, has developed a technology for robots that will undertake a NASA repair mission to the Hubble Space Telescope.

Still another client is Dulles Research LLC, a small Northern Virginia firm that claims its technology can detect illicit networks like the group of men who went on to hijack four planes on Sept. 11, 2001. The firm says its technology detects the threat of terrorist behavior by analyzing people's actions -- not their identities, an effort to safeguard individuals' privacy.

"What network-analysis technology does is not look at the individual, but rather at the gravity and weight of relationships between people who appear to be doing something harmful to our interests or in opposition to the law," said Drew Eginton, Dulles Research's founder and chief executive.

For instance, he said, out of a data set that includes transactions of 20 million people with one another, "What you're looking for are the seven people who are doing something normal people don't do, simultaneously buying tickets to the same town with money orders, or sequentially visiting the same place one month apart using airline tickets that were paid with cash, or switching cellphones and every 60 days placing a 10-second voice mail to a person who went to that individual's school in Malaysia. We're looking for these very shadowy and unusual interactions that, based on a prior statistical case, predict the likelihood of trouble."

Behavioral pattern analysis has a good track record in the world of credit card fraud, where "millions" of transactions can be analyzed to extract patterns of illicit behavior, said Jim Dempsey, policy director of the Center for Democracy and Technology.

The problem with detecting terrorist patterns of behavior is that there are not millions of terrorist transactions that can be analyzed on which to base a reliable model, he said.

What is the recourse, Dempsey asked, for people who are wrongly identified and targeted?

But Eginton said the point of using statistical analysis is to avoid the "false positive."

"We do not have a mature and complete mathematical understanding of what these people and networks will do," he said. "But we do have an understanding."

Another Ashcroft client is ChoicePoint Inc., a data marketer that gathers public records and sells access to them. Though the company already had a contract with the Justice Department dating to 1998, last year it signed on with Ashcroft's firm to help it connect with "the right people within the agencies who could match up our capabilities with their needs," said James Lee, ChoicePoint's chief marketing officer.

When it comes to privacy, Ashcroft, a 54-year-old Republican and former U.S. senator and Missouri governor, said there are "real reasons" why the government should not be in the business of warehousing information. "The private sector does a better job of maintaining and developing information," he said. Another reason, he said, is Americans "don't want government to have access to any more information than necessary."

The Ashcroft Group complies with federal disclosure rules, Ashcroft said. It has disclosed the identities of 17 companies and two trade groups that it represents before Congress or the executive branch. The other clients, for which the firm does not do government work, are covered by non-disclosure agreements.

The firm reported receiving $1.4 million in lobbying fees in the past six months. But that is a small fraction of its earnings. It offers strategic consulting and is set to launch a service to help companies prevent and clean up data breaches.

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These days, Ashcroft, whose forthcoming book discusses his experience as attorney general, is relaxed and energized. "Ninety percent" of the people who approach him, he said, thank him for his service. "I think that people have the sense," he said, "that regardless of whether they agree with me or not, they knew that I was doing what I thought I ought to do."

Staff researchers Richard Drezen and Robert Lyford contributed to this report.

Ashcroft's Roster (WP)

The Washington Post, August 12, 2006

Here are the companies and trade groups that the Ashcroft Group has disclosed that it represents before Congress or the executive branch:

Â· American Institute of Certified Public Accountants
Â· Oracle Corp.
Â· ChoicePoint Inc.
Â· Israel Aircraft Industries International Inc.
Â· LTU Technologies Inc.
Â· TrafficLand Inc.
Â· Exegy Inc.
Â· Alanco Technologies Inc.
Â· eBay Inc.
Â· AT&T Inc.
Â· DSNR Ltd.
Â· DRS Technologies Inc.
Â· General Dynamics Corp.
Â· Verisign Inc.
Â· Innova Holdings Inc.
Â· Mittal Steel Co.
Â· Dulles Research Group
Â· Nanodetex Corp.
Â· Council on State Taxation

SOURCE: Senate Office of Public Records Web site

WAR NEWS:

Pace Won't Rule Out Troop Reductions (AP)

By Robert Burns

AP, August 12, 2006

America's top general said Saturday he would not rule out U.S. troop reductions in Iraq this year, even though troop levels were just increased in response to rising sectarian violence.

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said in an interview aboard his plane on an overnight flight from Washington that the attitudes of rival Iraqi religious groups would be the ultimate decider of Iraq's fate as a nation — regardless of the size of the U.S. military force, which now numbers about 133,000.

Pace stopped short of predicting that conditions would improve enough to allow a U.S. troop reduction before year's end, but he said he would be consulting with top commanders this weekend on the outlook for a turnaround in the sectarian violence and the need for U.S. troops.

"It's important to always have troop levels on the table" as a subject for discussion, he said. "We thought as recently as a month or so ago that we were going to be able to come down" in the numbers. "What changed was the increase in sectarian violence," he added.

Nonetheless, Pace said it was possible that the sect-on-sect violence could be tamped down quickly. "Their leaders simply could decide to stop it" by telling their people to stop killing each other, he said.

"There is still the potential to reduce the number of troops," he said, although he would not say how soon he thought this could happen. Earlier this year U.S. officials were hoping to reduce troop levels to 100,000 or less by December, with more significant cuts following in 2007.

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Pace was scheduled to meet with Gen. George Casey, the top U.S. commander in Iraq who won approval by Defense Secretary Donald H. Rumsfeld last month to extend the yearlong deployment of the 172nd Stryker Brigade for up to four months in order to add more U.S. firepower in Baghdad. That move dashed immediate hopes for an overall troop reduction and triggered talk among Democrats of the Bush administration breaking faith with the troops.

Pace said he intended to meet with commanders and soldiers of the Alaska-based 172nd to thank them for accepting the burden of an extended Iraq tour.

The Joint Chiefs chairman, on only his second trip to Iraq this year, also said that Pentagon officials are beginning to think about who might replace Casey, who has been the top commander in Iraq since July 2004. Pace said Casey would stay for about another six months.

"Certainly you start thinking now" about who should succeed Casey, Pace said. He offered no names but praised Casey's performance.

"He will not be easily replaced," Pace said.

Asked about the several recent cases of alleged criminal misconduct by U.S. troops, such as the Marines accused of killing 24 Iraqi civilians, including unarmed women and children, in the town of Haditha, Pace said he was troubled by even the possibility that the allegations will be proven in court.

"We should not accept anything other than zero" cases of criminal abuse, he said, dismissing suggestions that there inevitably are going to be cases of misbehavior in a large group such as the U.S. military.

"We should not allow ourselves to do math" to explain away misconduct, he said.

Pace also was meeting Saturday with Lt. Gen. Martin Dempsey, who is in charge of the U.S. effort to train the Iraqi security forces. Pace said the Iraqi forces now number about 277,000 and are on track to reach the final goal of 325,000 by the end of December.

U.S. Forces Detain 60 At Iraq Funeral (AJC/AP)

By Vijay Joshi

The Atlanta Journal-Constitution/AP, August 12, 2006

BAGHDAD, Iraq — U.S. forces raided a funeral gathering and detained 60 men suspected of links with an al-Qaida cell blamed for a spate of car bomb attacks in Baghdad, the U.S. command said Saturday.

Despite the rise in Iraq's sectarian violence, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said he would not rule out U.S. troop reductions this year. Pace, who arrived in Baghdad on Saturday, said he would consult with top commanders on the outlook for a turnaround in the violence and the need for U.S. troops.

The arrests in Baghdad were the first major roundup of suspected insurgents since U.S. reinforcements started streaming into the capital last week as part of a new crackdown on violence.

A statement by the U.S. military said the arrests were made Friday in Arab Jabour, a southern neighborhood of Baghdad and a stronghold of Sunni insurgents.

The 60 detained men are believed to be associated with a senior Iraqi al-Qaida leader in a cell that "specializes in bomb making," the statement said.

"The group has been reported to be planning and conducting training for future attacks," it said. "Multiple forms of credible intelligence led the assault force to the location, later determined to be a funeral gathering, where the suspects were detained."

Women and children were separated from the men and the arrests were made without incident, the statement said without giving any details.

In the southern city of Basra, a bomb exploded Saturday at a shop selling CDs featuring sermons and interviews of radical Shiite cleric Muqtada al-Sadr. Two people were killed and four were wounded, police said.

Baghdad and the Sunni-dominated Anbar province west of the capital are centers of the insurgency, which uses bombings, suicide attacks, mortar barrages and armed assaults by gunmen.

Attention has focused on Baghdad due to a rise in Sunni-Shiite bloodshed, which U.S. officials describe as the greatest danger facing Iraq's new government of national unity. Between 1,000 and 1,500 people have been killed every month in the Baghdad area since January.

U.S. commanders are rushing nearly 12,000 American and Iraqi troops into the capital. The military has not said how many reinforcements have arrived in Baghdad, but some soldiers of the Army's 172nd Stryker Brigade have been seen on the city's streets.

The mounting violence prompted the United States to increase its troop levels in Iraq. Pace said "there is still the potential to reduce the number of troops" this year, though he would not say how soon he thought this could happen.

"We thought as recently as a month or so ago that we were going to be able to come down" in the numbers, he said in an interview aboard his plane on an overnight flight from Washington. "What changed was the increase in sectarian violence."

Much of the violence is blamed on al-Sadr's Mahdi Army, which launched two uprisings against U.S. forces in November 2004, resulting in heavy fighting.

In an interview with the New York Times published Saturday, the U.S. ambassador to Iraq, Zalmay Khalilzad, said Iran was instigating Shiite militias to step up attacks on U.S. forces in retaliation for the Israeli assault on Hezbollah in Lebanon. The Shiite Hezbollah is backed by Iran.

Iran's prodding has led to a surge in mortar and rocket attacks on the fortified Green Zone, the compound that houses the main components of the Iraqi government and the U.S. Embassy, Khalilzad was quoted as saying.

The Shiite guerrillas behind the attacks are members of splinter groups of the Mahdi Army, he said. The newspaper quoted unnamed officials of the Sadr Organization as saying that rogue elements of the Mahdi Army are not under their control and carry out attacks without guidance from al-Sadr.

"Iran is seeking to put more pressure, encourage more pressure on the coalition from the forces that they are allied with here," Khalilzad was quoted as saying.

U.S. Embassy officials were not immediately available to confirm Khalilzad's comments.

The extent of Iranian involvement here has long been the subject of debate within the U.S. military and civilian establishment. Privately, some senior U.S. officials are skeptical that the Iranian government is doing more than providing money to select Shiite groups. Others insist the Iranians are providing weapons and training to some Shiite factions.

The increase in attacks on the Green Zone also followed a coalition crackdown on Mahdi Army elements in Basra, Mahmoudiya, Musayyib and Baghdad.

A Summer Of Discontent In Iraq (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, August 12, 2006

Attacks on Ramadi's government center are down. But rising with the heat are boredom and complaints among Marines posted there.

RAMADI, Iraq — At Post 3, when the hours on watch seem to stretch on and the heat gets overwhelming, Lance Cpl. David Hill picks up a walkie-talkie and starts speaking in his best over-the-top local radio announcer voice.

"Good afternoon, all gov center and IP posts. This is WKIL coming to you from the rooftops of Ramadi," Hill intones to his small audience of fellow Marines.

"Hope you are all enjoying yourselves out there. It is about 120 degrees, and the heat has climbed from suicidal to insane."

As the summer wears on in Iraq, the attacks on Ramadi's government center are subsiding. But rising in their place are the heat, the boredom and the complaints — about the sandbags Marines must carry, about the Ramadi mission, about the war.

Marines often brag that their mission is to kill people and break their toys. But for the Marines of Kilo Company, stuck on the roof of Ramadi's government center and Iraqi police headquarters, simply killing insurgents doesn't feel like progress.

And so the frustration rises with the mercury for these troops, most on their second deployment to Iraq and their second summer in Al Anbar province's scorching desert.

Elsewhere in Ramadi, U.S. troops talk with residents in an attempt to win their trust and improve their sense of security. But around the government center, there has been no talking and lots of shooting for many months.

Insurgents have regularly attacked the government center, trying to prevent the provincial government from functioning. Kilo Company has fortified the posts on the roof, manned around-the-clock by Marines charged with returning gunfire and killing assailants who fire rockets and plant roadside bombs.

Kilo's commander, Andrew Del Gaudio, a 30-year-old from the Bronx, says the Marines are making a difference.

"We are killing people," he says, referring to insurgents.

Attacks on the government center have decreased because slain insurgents have not been replaced, he says.

"There are not nearly as many fighters now," Del Gaudio says. "Is that a form of progress? I don't know. Does it allow the governor to meet with his people? Does it allow the Iraqi army time to grow stronger? Yes. Therefore, it is worthwhile."

It would be nice, he says, for Kilo to be able to win the trust of Iraqis, but that is impossible in the neighborhoods around the government center, where the fighting remains fierce and most residents have fled.

"It is still a red zone, and it has to be dealt with accordingly," Del Gaudio says. "You can't give a soccer ball to a guy with an AK-47 who wants to kill you."

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The Marines on the roof say they hope Del Gaudio is right about the progress. But their frustration is clear. Few say they intend to reenlist.

"I hope I am out before the next war comes," says Lance Cpl. Brodey Vann, a 20-year-old from Pinellas Park, Fla.

"No matter what we do, there are insurgents everywhere," Vann says. "I don't think we are making any progress."

For hours each day, the troops stare at the abandoned buildings that surround the government center. All of the structures have been pockmarked with bullet holes. A few are starting to collapse. The Marines have given many of the crumbling buildings names — "Ghost Hotel" or "Swiss Cheese."

Some Marines count the hours they have stared into the bleak landscape — more than 720. Some try to estimate the hours remaining before they return home.

For others, every day is Groundhog Day. Like the Bill Murray movie, the days here endlessly repeat themselves.

"You know it's not the same day," says Pfc. Brian Terry, a 21-year-old from High Point, N.C., assigned to Kilo's 2nd Platoon. "But it feels like the same day."

Last year the Marines here, part of the 3rd Battalion, 8th Regiment, were stationed in Fallouja and charged with helping rebuild the area after the November 2004 assault.

Terry's partner on post, Lance Cpl. Jerod Zimmerman, a 21-year-old from Charlotte, N.C., misses the reconstruction work and the friendly interaction with residents. Here in Ramadi, he sits on the roof waiting to shoot people who shoot at him.

"Out there, it was easier to see you were helping people," he says. "And you miss that. Well, I miss that. I won't speak for the entire Marine Corps. It is a lot easier to understand why you are there if you are able to see immediate results. Out here, it's different. It's harder to see the influence you have."

The feelings are similar in the 4th Platoon, standing watch on the other shift. At Post 4, the heat is stifling. There is no breeze. The only relief comes from a fan. Lance Cpl. Jay Reed, 21, of Syracuse, N.Y., stares out at the buildings, his eyes never leaving the landscape.

"Last year was a different mission, geared toward building their city and helping the people," Reed says. "So you could see more progress, I guess. This year, this building is our mission, making sure nothing happens to this building…. I am sure someone in this city has seen improvement, but not from this building."

Reed wears some of his bitterness scrawled on his Kevlar helmet: "Suicide = Solution."

"The Kevlar says it all," he declares.

For Marines, the work at the government center rarely ends. There are multiple long shifts at the guard posts. And when they are off the roof, there are night foot patrols, construction work, cleanup duty and assignments tearing down old outposts and building new ones.

Worst of all is sandbag duty. The troops groan whenever they spot the sandbag truck arrive and dump another load that has to be carried to the roof.

They struggle to find some mental escape. For Reed and his partner, Lance Cpl. Ryan Gianoulis, 23, of Beechwood, N.J., the shift on the roof begins with complaints. When that is over, they talk about how long it is until they go home. Then they talk about women and getting married.

"Then about the last two hours I sing songs," Reed says. "Little duets."

Reed and Gianoulis have renditions of "Jingle Bells," the Eagles' "Take It Easy" and Bon Jovi's "Livin' on a Prayer." But their favorite must be "Jackson." Gianoulis sings the Johnny Cash part. Reed channels June Carter Cash.

"We got married in a fever, hotter than a pepper sprout," Reed croons. "We've been talking about Jackson, ever since the fire went out."

Late in the shift, the music at Post 3 is often interrupted by Hill's WKIL "broadcast."

Most days, after Hill, a 23-year-old from Tampa, finishes his commentary on the threat level at downtown Ramadi's various OPs, or outposts, he throws in a few "sponsorships," each colored by frustration with the insurgents who attack the Marines or the unending work schedule.

One recent evening, he closed his broadcast this way:

"This message brought to you by 'Death' — coming to an OP near you soon."

Granite City Soldier Killed In Helicopter Crash In Iraq (MERCN/AP)

The San Jose Mercury News/AP, August 12, 2006

GRANITE CITY, Ill. - A Metro East serviceman was one of two soldiers killed this week when their helicopter crashed in Iraq, the U.S. Department of Defense said Friday.

DOJ_NMG_0047753

Sgts. Steven P. Mennemeyer, 26, of Granite City and Jeffery S. Brown, 25, of Trinity Center, Calif. were killed Tuesday when their UH-60 Blackhawk helicopter crashed into a lake near Rubtbah, Iraq, west of Baghdad, the defense department said in a statement.

Both were assigned to the 82nd Medical Company (Air Ambulance), Fort Riley, Kan.

Four others service members, two from the Army and two from the Navy, were injured in the crash during a routine flight in Anbar province. The military has said the crash was not a result of hostile fire.

Seattle Soldier Killed In Iraq (AP)

AP, August 12, 2006

A soldier from Seattle died in Iraq, The Department of Defense said Friday.

Staff Sgt. Tracy L. Melvin, 31, died after he was injured Sunday by a roadside bomb that detonated near his HMMWV during combat operations in Ar Ramadi, Iraq.

Melvin was assigned to the Army's 2nd Battalion, 6th Infantry Regiment, 1st Armored Division, Baumholder, Germany.

Further details were not available.

101st Airborne Unit Returns To Home Fort (WT/AP)

The Washington Times/AP, August 12, 2006

FORT CAMPBELL, Ky. (AP) -- Nearly 450 soldiers from the 101st Airborne Division returned home from Iraq yesterday and more flights into Fort Campbell are expected soon, base officials said.

The arrivals bring the total number who have returned since the first homeward-bound flights early last month to about 1,000. Up to four flights, each with about 200 soldiers, are expected next week at the sprawling Army base that straddles the Tennessee-Kentucky state line.

"We're getting to the point where the main body of the units are prepared to come in," Fort Campbell spokeswoman Cathy Gramling said. "Every time we welcome soldiers home, it's important and it's a great time to be at Fort Campbell."

Most of the nearly 20,000 soldiers in the division should be back from Iraq by the end of November, Miss Gramling said.

Vickie Kane and her husband traveled from Arkansas to greet their son, 23-year-old Spc. Adam Kane. They were joined by their three other children and daughter-in-law, Amanda Kane.

"Of course we're proud. They've served so honorably. We're relieved. It's been a long year for everybody. We know it's been hard for them to be away from home," Vickie Kane said.

The family drove in a van and a truck that had painted on the side in bold red, white and blue letters: "We Love You Adam" and "We Love 101st Airborne."

The 101st Airborne is finishing up its second yearlong deployment to Iraq. The first came at the start of the war, then troops returned for about a year before the second deployment in October.

Fort Campbell has had 166 soldiers die in the Iraq war since 2003. More than 150 of those were from the 101st Airborne.

The troops are returning as four soldiers with the division's 3rd Brigade in Tikrit, Iraq, face murder charges in the deaths of Iraqi detainees near Samarra.

U.S. Ambassador Says Iran Is Inciting Attacks (NYT)

By Edward Wong

The New York Times, August 12, 2006

BAGHDAD, Iraq, Aug. 11 — Iran is pressing Shiite militias here to step up attacks against the American-led forces in retaliation for the Israeli assault on Lebanon, the American ambassador to Iraq said Friday. Iran may foment even more violence as it faces off with the United States and United Nations over its nuclear program in the coming weeks, he added.

The Iranian incitement has led to a surge in mortar and rocket attacks on the fortified Green Zone, said the ambassador, Zalmay Khalilzad.

The four-square-mile Green Zone, protected by layers of concrete blast walls and concertina wire on the west bank of the Tigris River here, encloses baroque palaces built by Saddam Hussein that now house the seat of the Iraqi government and the American Embassy.

The Shiite guerrillas behind the recent attacks are members of splinter groups of the Mahdi Army, the powerful militia created by the radical Shiite cleric Moktada al-Sadr, Mr. Khalilzad said.

The splinter groups have ties to Iran, which is governed by Shiite Persians, and to Hezbollah, the Iranian-backed Shiite Arab militia in Lebanon that has been battling Israel for a month, the ambassador added.

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There is evidence that Iran is pushing for more attacks, he said, without offering any specifics. But he acknowledged that there was no proof that Iran was directing any particular operations by militias here.

"Iran is seeking to put more pressure, encourage more pressure on the coalition from the forces that they are allied with here, and the same is maybe true of Hezbollah," Mr. Khalilzad said in an interview Friday in his home inside the Green Zone.

His remarks are the first public statements by a senior Bush administration official directly linking violence in Iraq to American support of Israel's military campaign in Lebanon, and to growing pressure by the United States over Iran's nuclear program. Until now, American officials have not publicly drawn a direct connection between Shiite militant groups here and Hezbollah in Lebanon.

Mr. Khalilzad's comments also reinforce the observations of some analysts that the rise of the majority Shiites in Iraq, long oppressed by Sunni Arab rulers, is fueling the creation of a "Shiite crescent" across the Middle East, with groups in Iraq, Iran and Lebanon working together against common enemies, whether they be the United States, Israel or Sunni Arab nations.

Despite the recent attacks by the splinter groups, Mr. Khalilzad insisted that the most powerful Shiite leaders in Iraq had not yet pushed for more violence against the Americans, even though Iran would like them to. That includes Mr. Sadr, he said.

"Generally the Shia leadership here have behaved more as Iraqi patriots and have not reacted in the way that perhaps the Iranians and Hezbollah might want them to," Mr. Khalilzad said.

Iran and Hezbollah want the Iraqi Shiite leaders "to behave by mobilizing against the coalition or taking actions against the coalition," he added.

In their public addresses, the top Shiite leaders in Iraq have forcefully condemned the Israeli assault on Lebanon, much more so than senior officials in Sunni Arab countries. Denunciations have come from Grand Ayatollah Ali al-Sistani, the most revered Shiite cleric here, from Prime Minister Nuri Kamal al-Maliki and from Parliament, which called the Israeli airstrikes "criminal aggression."

When Mr. Maliki visited Washington last month, Congressional leaders pressed him to denounce Hezbollah as a terrorist group, but he dodged the request.

The mercurial Mr. Sadr has come closest of the Shiite leaders in hinting that Iraqis might take up arms in support of Hezbollah. He said in late July that Iraqis would not "sit by with folded hands" while Lebanon burned, and on Aug. 4 he summoned up to 100,000 followers to an anti-Israeli and anti-American rally in Baghdad.

Most of those who showed up were angry young men, many swathed in white cloths symbolizing funeral shrouds and some toting Kalashnikov rifles.

On Friday a senior cleric in Mr. Sadr's movement, Sheik Asad al-Nasiri, told worshipers at Mr. Sadr's main mosque in Kufa that "the Zionist entity's power has been broken and has been weakened in the battle." He asserted that "the resistance has given the best examples of bravery and sacrifice."

Sympathy with Hezbollah is not limited to the radical fringe. As images of the destruction in Lebanon continue flickering across the Arab television networks, many ordinary Iraqis say they would join what they call a holy war against American-backed Israel.

Mr. Khalilzad said Iran could stoke more violence among the Shiite militias as the end of the month draws nearer. That is expected to be a time of high tension between Iran and the United States, because a United Nations Security Council resolution gives Iran until Aug. 31 to suspend its uranium enrichment activities or face the threat of economic and diplomatic sanctions. Iran's president, Mahmoud Ahmadinejad, has insisted that Iran will pursue its nuclear program.

Mr. Khalilzad said, "The concern that we have is that Iran and Hezbollah would use those contacts that they have with groups and the situation here, use those to cause more difficulties or cause difficulties for the coalition."

If the United Nations adopts another resolution against Iran after the Aug. 31 deadline, he said, that "could increase the pressure on Iran," and "Iran could respond to it by further pressing its supporters or people that it has ties with, or people that it controls, to increase the pressure on the coalition, not only in Iraq but elsewhere as well."

Some military analysts cast the Israel-Hezbollah war as a proxy struggle between the United States and Iran, and prominent conservatives in Washington have called for American military action against Iran.

William Kristol, editor of The Weekly Standard, said on Fox News last month that the Bush administration had been "coddling" Iran and that the war in Lebanon and Israel represented "a great opportunity to begin resuming the offensive against" militant Islamists.

Here in Iraq, the Iranian-backed Mahdi Army rose up twice against the Americans in 2004, and American and British forces have stepped up operations recently against elements of it, raiding hideouts and engaging in pitched battles in the Sadr City neighborhood of Baghdad and in the area around Basra, the southern port city.

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On Monday, American forces called in an air attack during a raid in Sadr City. Prime Minister Maliki, who depends on Mr. Sadr for political support against rival Shiites, denounced the raid, saying he had never approved it and that the Americans had used “excessive force.”

American military officials have given few details about ties between Shiite militias here and Iran or Hezbollah, except to say they believe that Iran has given technology for lethal shaped-charge explosives to Iraqi militias. Iran may have passed on the technology via Hezbollah, some officials have said.

Western security advisers confirmed Friday that there had been a recent spate of mortar and rocket attacks on the Green Zone, known to some as the International Zone. It is unclear whether anyone was wounded or killed by the strikes. A spokesman for the American military, Lt. Col. Barry Johnson, declined to give details.

“We aren’t interested in discussing attacks on the International Zone, their effectiveness or who may be responsible,” he said in an e-mail message.

Leaders in the Sadr Organization say parts of the Mahdi Army are not under their control. Those rogue elements, they say, carry out attacks without guidance from Mr. Sadr or his top commanders.

Clerics Lament Sectarian Deaths (LAT)

By Jeffrey Fleishman

The Los Angeles Times, August 12, 2006

Sunni and Shiite imams in Iraq call for an end to killings. They criticize officials and U.S. forces.

BAGHDAD — A day after a suicide bomber killed 35 people near a revered Shiite Muslim shrine, clerics across Iraq on Friday called for an end to the sectarian killing that one imam described as "waking every day to the view of blood."

The bombing near the Imam Ali Mosque in Najaf on Thursday ignited fresh sectarian passions that lingered over sermons in Shiite and Sunni mosques. Some Muslim clerics wondered whether Iraq had slipped too far, becoming a nation where the sounds of weeping mothers and praying imams were lost in the din of kidnappings, explosions and slaughter.

"We lost all our feelings. We are saying goodbye to our sons every day," Khaled Hassnawi, a Sunni imam, said in his sermon at the Abdul Qadir Gilani Mosque in Baghdad. "Wherever you go, you see the blood of Muslims being shed. When will this time pass? When will those playing with this fate be satisfied?"

Speaking at the largest Shiite mosque in Baghdad, Imam Sayed Nayil Musawi said: "These adversities that you are seeing every day is like training for us. God is testing our patience…. The incident in Najaf — who was killed? Poor people in the market. More than 30 were martyred. Najaf's sacredness was violated by this attack."

But even on a day of prayer, violence continued across the country. The bodies of six blindfolded men bearing signs of torture were found around the capital. An Iraqi police convoy hit a roadside bomb near the northern city of Kirkuk, killing two policemen and injuring three.

Gunmen in southern Iraq ransacked two offices belonging to President Jalal Talabani's political party, the Patriotic Union of Kurdistan, or PUK. The attacks in the cities of Kut and Karbala followed a PUK newspaper story charging that a top Shiite cleric, Ayatollah Mohammed Yaqoubi, had inflamed sectarian tension between Shiites and Sunni Kurds in Kirkuk. One security guard was injured.

The U.S. military announced that the bodies of two servicemen were recovered from the wreckage of their helicopter, which crashed Tuesday in the Sunni insurgent stronghold of Al Anbar province. The military said the crash was not the result of hostile fire.

Prime Minister Nouri Maliki's government has blamed the Najaf bombing on attempts by Sunni insurgents and Saddam Hussein loyalists to prevent reconciliation between Shiites and Sunnis. The government in recent weeks has been unable to stem sectarian killings, even as U.S. and Iraqi soldiers have stepped up raids in Baghdad and other cities to shut down militias and death squads.

Many Shiite leaders have lost faith in the Iraqi army and police and are calling for more reliance on neighborhood defense committees and militias — including anti-U.S. cleric Muqtada Sadr's Al Mahdi army. In several sermons Friday, Sunni and Shiite imams criticized the Iraqi government and the American forces.

In a statement released by his office, Sadr said that if government officials did not swiftly end the U.S. occupation, he would "disavow them until Judgment Day."

Musawi said: "When the government is able to protect the country and its people, then we will have no need for the militias. The government is not able to protect its own officials; that is why they are staying in the Green Zone. They should let us protect ourselves."

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Imam Mohammed Ahmad Fallouji told his Sunni followers at the Raqeeb Mosque in Fallouja: "These sectarian acts bring nothing to the country but disaster and bloodshed. Such acts serve but the American and foreign plans that aim to render Iraq into a weak and divided country suffering from hostilities. Things will continue to deteriorate as long as the occupier exists on our land."

*

Special correspondents in Baghdad, Fallouja, Najaf and Kirkuk contributed to this report.

An Audit Sharply Criticizes Iraq's Bookkeeping (NYT)

By James Glanz

The New York Times, August 12, 2006

BAGHDAD, Iraq, Aug. 11 — An audit by the international accounting firm Ernst & Young portrays Iraq as a country that cannot keep its books straight, where elementary accounting errors of up to a billion dollars are routine and where no one can say how much of the country's oil revenues end up in government coffers.

An auditing board sponsored by the United Nations, which had hired Ernst & Young to carry out the work, posted a summary of the findings on its Web site late Thursday. The audit focused on the nearly $22 billion that Iraq generated in 2005 from oil revenues, which form the basis for virtually the entire national economy.

But in a country in need of every dollar it can generate to restore a crumbling infrastructure, pay government salaries and train its security forces, the auditors found enormous sums simply deposited in the wrong government account or counted differently by various official agencies. The actual oil exports could not be determined accurately because Iraq still does not have modern equipment for measuring what its pipelines pour into tankers.

The panel, the International Advisory and Monitoring Board of the Development Fund for Iraq, was created by the United Nations to supervise an account dominated by Iraqi oil revenues but also including interest payments and money seized from Saddam Hussein's government.

Referring to the tracking of money from the development fund, sometimes called the D.F.I., the board said in statement that "overall control systems are ineffective," and that the government's financial institution suffered from a "lack of written policies and procedures" and "staff who are not properly trained to deal with the nature and complexity of D.F.I. transactions."

Those transactions are largely overseen by the Central Bank of Iraq and the Ministry of Finance. Late Friday, the Muslim Sabbath, a spokesman for the ministry, said that he had no specific knowledge of the findings. An e-mail message to Sinan Alshabibi, the governor of the Central Bank, was not returned.

But Assim Jihad, a spokesman for the Ministry of Oil, raised the possibility that some of the discrepancies could go beyond simple accounting errors and instead be related to the official corruption that many investigators have found to be endemic in Iraq.

"Any amount that has been spent illegally by any side will be followed up and reviewed by Iraqi institutions," he said, "and it will be brought back."

When asked about the audit, Elizabeth Colton, a spokeswoman for the United States Embassy in Iraq, said in a written statement: "The embassy is working to support the government of Iraq's continuing efforts to strengthen its financial institutions and controls."

The audit found that in 2005, Iraq made nearly $22 billion by exporting 509,588,308 barrels of oil at an average price of $43 a barrel.

But even those basic figures were in dispute, the audit found. Files at the State Oil Marketing Organization, which oversees oil exports, indicated 845,534 fewer barrels exported than recorded by production companies in Basra, where the oil goes out to tankers in the Persian Gulf. The organization's contracting and bidding procedures were also in disarray, the audit found.

Once the exports generated revenues, the money was improperly accounted for again and again, the audit found. In one case, $211 million was deposited straight into the government marketing group's accounts rather than the approved United Nations account for all Iraqi oil revenues.

In another instance, over $1 billion in oil money ended up in an accounting netherworld at the Central Bank because payments to various Iraqi ministries were not recorded when they were made. Other instances of accounting errors involving hundreds of millions of dollars appeared to be common.

The findings echoed those of an earlier audit of the 2004 oil revenues, indicating that few reforms had been made in the interim. "The audit reports continue to be critical of the financial and accounting control systems in place," the board said.

Freed Iraqi Hostage Tells His Harrowing Tale (LAT)

DOJ_NMG_0047757

By Louise Roug, Times Staff Writer

The Los Angeles Times, August 12, 2006

A businessman from La Crescenta says he was bound and beaten by his captors. He credits his wife for paying ransom and saving his life.

BAGHDAD — They called him "the big fish" and blindfolded him with his own tie.

Raad Ommar, a 59-year-old businessman from La Crescenta, was in his upscale Baghdad office writing e-mails when his guard came running in. Downstairs, said the agitated guard, men in military uniforms were hauling away Ommar's clients and employees.

Moments later, Ommar, too, was crammed into the backseat of an unmarked sport utility vehicle, his hands cuffed and his tie tight across his eyes.

He was delivered to a building teeming with prisoners, and his captors wrapped his face with duct tape, from forehead to the bridge of his nose, Ommar said.

His suit was drenched with sweat in the hot, humid room, he recalled. He had difficulty breathing and his heart was racing.

And he was beaten repeatedly with a paddle.

Three and a half years earlier, Ommar had arrived in Baghdad full of hope. After decades in America, he had returned to the country of his birth with dreams of making a difference.

Ommar had left Baghdad in the early days of the Baath Party rule, after two sinister episodes. Once, he recalled, he and several friends were beaten by the secret police without provocation. Another time, he saw bodies hung from telephone poles at a downtown Baghdad square. There was no explanation of who the victims were or who had done it, Ommar said. "I was really spooked."

Moving to America in 1969, he lived first in Kansas City and later headed west, starting a family and finally settling in La Crescenta. He worked in marketing and sales for large electronics firms before starting his own company. When the U.S.-led coalition invaded Iraq in March 2003, he was overjoyed, returning home to Baghdad in April and forming the Iraqi American Chamber of Commerce. The small-business owners organization was unaffiliated with the American government and akin to a local chamber of commerce in the States.

Thousands of Iraqis joined during the heady days after the fall of Saddam Hussein's regime, he said. Before long, Ommar had moved his office from the upscale Mansour neighborhood in western Baghdad to even grander surroundings on Arasat, the Baghdad equivalent of Fifth Avenue. Near the Japanese Embassy, he built his dream office of glass and marble.

The divorced Ommar also fell in love with an Iraqi woman named May. They were married in 2005 and lived in an apartment above the chamber's headquarters.

On July 31 shortly after 1 p.m., the men in military uniforms toting M-16 machine guns raided a cellphone company next door. After people in Ommar's office questioned the kidnappers, he and seven other men from his office were seized too. All told, the gunmen, who Ommar believes were members of Iraqi security forces, abducted 26 Iraqis that afternoon, having them kneel with guns to their temples on Arasat Street before whisking them away.

"Those guys who came and picked me up were not rogue guys," he said. "They had the equipment and the cars."

Interior Ministry officials reached by phone did not comment on the allegations.

Some prisoners appeared to be criminals or insurgents, but others, including Ommar and his co-workers, were held for ransom.

"It was a very busy place, almost like a factory," Ommar said. "They were not confused about what they were supposed to do," he said, referring to the guards.

The hostages included foreigners. One man kept asking for water in Spanish. Next to him, two men lay slumped on the floor. Ommar asked them how long they had been kept in the prison. Since the 15th, they told him.

"I realized they had lost all sense of time," he said.

Other prisoners were clearly suspected insurgents.

"It was almost a fait accompli that they were going to get rid of them," Ommar said. The guards would ask the suspected rebels to stick their tongues out and then hit them with an iron bar under the chin, among other things, he said.

At one point, the guards shaved the heads of eight prisoners in "some sort of ritual," Ommar said. "I heard people talking about 'the farm' and that 'the tractor was ready.' "

He speculated the men were about to be executed and buried in a mass grave in a rural part of Baghdad.

"They also said, 'The judge will decide,' " Ommar said. American intelligence officials believe that Shiite militias have extrajudicial religious courts, presided over by clerics.

Ommar, himself a Shiite, believes his guards were young men from the Shiite slum of Sadr City.

"They were all very brutal," he said. "It reminded me of the days of Saddam."

The guards had begun referring to him as "the big fish."

Using his cellphone, they called his pregnant wife, demanding $500,000 for Ommar and the seven others from his office.

"I was so afraid because I'm pregnant and I wanted him to see his baby but I never, never, never showed the kidnappers that I was afraid," May recalled this week.

Realizing the guards were Shiites, Ommar had played up the fact that he comes from a prominent Shiite family. When he told the kidnappers that his wife's family was descended from the prophet Muhammad, they began to address her with the honorific alwiya.

" 'I respect you like my sister,' " May said she was told by the main negotiator.

She notified Ommar's brother, mother and daughter, Nadia Burris, 27, of San Diego. May also contacted the U.S. Embassy in Baghdad for help. Hostage negotiators from the FBI told her to stall the kidnappers by only offering small increments of money.

Embassy officials confirmed they had assisted the family but would not provide details.

The strategy backfired, May said. The captors became angry when she said she could not raise the money they asked for.

"I stopped listening to the American advice and dealt with it, using the Iraqi mentality," she said.

May began emptying bank accounts and selling her jewelry. On the third day, Ommar told her: "I don't think I can last. Get it done now."

The change of tone scared May. "I realized Raad was really in deep trouble," she said.

She managed to pull together $320,000, and the kidnappers agreed to release Ommar on the condition she deliver the money.

On Aug. 5, five days after Ommar was abducted, kidnappers directed May to place the money in a bag on the front seat of a car with the motor running near Palestine Street.

"They seemed to be very organized," May said.

At the prison, where Ommar was told that May was going to deliver the ransom, "it felt like Russian roulette," he said.

Two hours later, he was taken by SUV to an alleyway in a residential neighborhood and tossed out of the car.

"Your wife really loves you," the driver said before ejecting him. He also advised Ommar to leave Iraq.

A few days later, May secured the release of six of the seven others by paying an additional $50,000. One employee is still missing.

"She really saved my life," Ommar said. "She's an incredible negotiator."

Although his organization will continue in new and more fortified offices, it will be run by his employees. Ommar and his wife are moving to Kurdistan, a semiautonomous region in northern Iraq, he said, sitting in a hotel room among the debris of an uprooted life — scattered clothes and files from his office. A year ago, Ommar married May in this hotel.

Now, living in this area of Iraq has become untenable, he said. Nothing is what it seems. There are "mirage checkpoints" throughout the city, he said, adding that members of the government's security forces double as criminals and killers.

"What are you supposed to do when someone gets kidnapped?" he asked. Whom do you call?

"The whole situation right now, more than any other time, there is a lot of mystery to it," he said, adding darkly, "I expect this thing is going to get worse."

4 Die In Attacks By Insurgents In Afghanistan (NYT)

By Carlotta Gall

The New York Times, August 12, 2006

KABUL, Afghanistan, Aug. 11 — Three American soldiers and a Canadian were killed Friday in two separate attacks, as operations continued against the Taliban and other militants, military officials said.

The three Americans were killed in an attack by insurgents in the far northeast part of Afghanistan, where troops of the United States-led coalition have moved to establish a stronger presence along the mountainous border area adjoining Pakistan. Two other Americans were wounded.

American forces in the northeast have encountered fierce resistance since moving into Nuristan Province to establish permanent bases for the first time.

“The soldiers became engaged with Taliban extremists while conducting operations in the Waygal district of Nuristan Province,” a military statement said.

It continued: “The soldiers killed and wounded today fought against extremists who oppose the rights of women, murder the innocent and harbor terrorists as they did during the Taliban regime. Our soldiers sacrificed their lives to prevent such tyranny from returning to Afghanistan.”

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The other attack, a suicide bombing that took the life of a Canadian soldier serving with the NATO force now in southern Afghanistan, happened in the Kandahar Province, where suicide bombers have staged many of their attacks in the last 10 months. A white Toyota exploded as it drove toward a NATO convoy headed from the border town of Spinbaldak to Kandahar, said a statement from the NATO International Security Assistance Force.

Some 400 foreign soldiers have died in Afghanistan since the American-led invasion in 2001 to topple the Taliban government. The dead include 270 Americans.

Soldier Says He Would Still Reveal Abu Ghraib Crimes (AP)

By Richard Pyle

AP, August 12, 2006

NEW YORK - The soldier who triggered the Abu Ghraib prisoner abuse scandal by sending incriminating photos to military investigators says he feared deadly retaliation by other GIs and was shocked when Defense Secretary Donald Rumsfeld mentioned his name at a Senate hearing.

Within days, Joe Darby was spirited out of Iraq at his request. But his family was besieged by news media, and close relatives called him a traitor. Ultimately, he was forced to move away from his hometown in Maryland.

``I had the choice between what I knew was morally right and my loyalty to other soldiers. I couldn't have it both ways," the 27-year-old military policeman said in the just-released September issue of Gentleman's Quarterly.

In an interview with The Associated Press on Wednesday, Darby said that if presented with the same circumstances at Abu Ghraib today, he would do the same thing. ``It was a hard decision to make when I made it, but it had to be done," he said.

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Darby also said he later learned that Rumsfeld was not the first to identify him, and he did not see ``anything intentional or malicious" on the Pentagon chief's part.

Iraqi detainees at Abu Ghraib were brutalized and sexually humiliated by military police and intelligence agents in the fall of 2003. Photos of the abuse - the same ones that Darby provided to investigators - stirred global condemnation of U.S. military practices in Iraq.

At least 11 U.S. soldiers have been convicted in the scandal.

In the as-told-to GQ article by Wil Hylton, Darby said he never expected the Abu Ghraib story to ``explode the way it did."

``The day we arrived ... we saw like 15 prisoners sitting in their cells in women's underwear," and MPs explained they were being punished for firing mortars at the compound, he said. ``After we took over, it just basically escalated."

Former Brig. Gen. Janet Karpinski, who commanded the jail housing hundreds of known criminals and suspected terrorists, was there only when dignitaries visited, Darby said. ``Other than that, she had no idea what was going on," he said.

Karpinski was demoted to colonel last May. The Army cleared four other generals of wrongdoing, while 17 other officers drew lesser penalties after a broader inquiry into abuses in Iraq and Afghani- stan.

Darby said he discovered the abuse photos inadvertently in January 2004 while flipping through other pictures on a CD that Graner had given him. ``To this day, I'm not sure why he gave me that CD," he said.

At first amused by the photos, Darby finally decided ``it just didn't sit right with me," and sent the CD to the Army's Criminal Investigation Division. Although he did so anonymously, CID agents quickly pinpointed him as the source.

Darby is scheduled to leave the Army and the Reserves, after eight years of duty, on Aug. 31. He no longer lives in his hometown of Cumberland, Md., where ``a lot of people up there view me as a traitor. Even some of my family members think I'm a traitor."

He said he has returned home only twice, for a wedding and his mother's funeral.

``I'm not welcome there. People there don't look at the fact that I knew right from wrong," he said. ``They look at the fact that I put an Iraqi before an American."

Imam's Death Puts A Region On Edge (LAT)

By David Holley

The Los Angeles Times, August 12, 2006

Authorities say cleric was killed in a shootout between Kyrgyz forces and Islamic militants. His supporters deny he had ties to extremists.

MOSCOW — The killing of a well-known religious leader by security forces this month in Kyrgyzstan has increased tensions in Central Asia's densely populated Fergana Valley, which is caught in a spiral of worsening conflict between radical Islamists and authorities.

Mohammed Rafik Kamalov, the popular imam of a mosque in the town of Korasuv, died Aug. 6, reportedly in a shootout between police and the two passengers of his car, who were also killed. Kyrgyzstan authorities allege that the two men were Islamic militants planning terrorist attacks.

In the initial official account of events, Kamalov, a self-proclaimed opponent of violence, was secretly working with Islamic fighters. But many of his supporters asserted that security forces had killed an innocent man.

Authorities then backtracked, saying they did not rule out the possibility that Kamalov had been a hostage.

None of the versions bode well for peace in the Fergana Valley, a fertile region divided between southwestern Kyrgyzstan, eastern Uzbekistan and northern Tajikistan that has an explosive mixture of faith, poverty and anger. The valley, with a population of about 12 million, has long been viewed as the heartland of radical Islam in Central Asia.

On Friday, several thousand people turned out for a protest in Korasuv, demanding that the terrorism accusations against Kamalov be dropped and that he be declared a martyr, the Russian news agency Interfax reported.

"Some of his family members do not believe that Mr. Kamalov was in the same car as terrorists," Alisher Khamidov, an analyst with the Fergana Research Group, an informal organization of scholars and researchers, said in a telephone interview from Osh, one of the valley's major cities. "They say he went to a wedding party and was coming back with some guests, not terrorists…. The security people who killed Kamalov haven't presented credible evidence that he belonged to the extremist organizations they claim."

The Kyrgyz National Security Service, in a statement reported by Interfax, said that Kamalov was driving a car carrying two militants with the Islamic Movement of Uzbekistan, a guerrilla organization that seeks to establish an Islamic state in Central Asia. It has been blamed for a string of attacks in Uzbekistan since the late 1990s.

The statement said the two slain militants were citizens of Tajikistan suspected of attacking checkpoints on the Kyrgyzstan-Tajikistan border in May.

Korasuv is on the KyrgyzUzbek border, and Kamalov, an ethnic Uzbek, had a large following of worshipers from Uzbekistan who simply crossed a narrow river marking the frontier to attend Friday services.

In interviews conducted at his home and mosque in Korasuv a few days before his death, Kamalov, 53, said it was his duty to encourage people to follow Islamic law.

"You are now able to judge a man by how often he prays in a day," he said.

The imam sharply criticized Uzbekistan President Islam Karimov, a former communist who runs the country as a strictly secular state. He has been accused by human rights groups of political and religious repression.

Korasuv is about 30 miles east of Andijon, a city in Uzbekistan that was the scene of a violent crackdown on an anti-government uprising in May last year.

That incident began when armed men staged a violent prison break that freed local business leaders who were on trial on charges of Islamic extremism. People gathered in the city's central square to support the freed prisoners and to voice anger with the government. Subsequently, police and soldiers fired on crowds of both armed and unarmed protesters. The government placed the death toll at 173, although human rights activists and others say hundreds more were killed.

In the interviews, Kamalov drew parallels between Uzbekistan's suppression of non-official religious activities and the actions of the United States in Iraq, of Israel in Lebanon and of Russia in its fight against Muslim separatists in Chechnya. He expressed support for those who would like to oust the Uzbek president, but said he believed "the Karimov government will not disappear in my lifetime."

Khamidov, the analyst, said that anger over Kamalov's death and a security crackdown targeting suspected Islamic militants "is galvanizing the population." Critics have long warned that attempts to control an Islam resurgence through repression of its more radical adherents risk triggering a backlash.

Authorities in many postSoviet states have particularly targeted Hizb ut-Tahrir, or Party of Liberation, an international organization that mixes fundamentalist beliefs with the call for an Islamic state throughout Central Asia and eventually the entire Muslim world. The party professes an adherence to nonviolence, but authorities allege that it has links to militants.

"Mr. Kamalov has long been considered by the security services as an imam who permitted members of the radical underground Hizb ut-Tahrir to worship at his mosque, and they believed he was a member of Hizb ut-Tahrir," Khamidov said. "But Kamalov has been known by people here as an imam with liberal views. He openly clashed with Hizb ut-Tahrir."

For years, Kamalov had openly defended the right of Hizb ut-Tahrir members to attend services at his mosque, insisting that it should be open to any Muslim, while criticizing the group's ideology. Hizb ut-Tahrir issued a statement from its London office describing Kamalov's death as an "extrajudicial assassination."

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In the interviews, Kamalov said his Al-Sarakhsi mosque was the frequent target of surveillance by Uzbekistan's security service and cited a recent attempt to make video recordings with a secret camera. He alleged that Uzbekistan maintained a list of people attending his services, with the aim of imprisoning or fining them.

"It is not just religious persecution, but political," he said.

Alexei Malashenko, a Central Asia expert at the Carnegie Moscow Center, said that though the situation in the Fergana Valley was "rather explosive," radical groups were unlikely to achieve the goal of turning the valley into the core of an Islamic state.

"I don't believe it's possible, because they are too weak to do it," he said. "But they are strong enough to organize some kind of revolt."

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A special correspondent in Korasuv contributed to this report.

Learning From Hezbollah (WP)

By Brian E. Humphreys

The Washington Post, August 12, 2006

From my first day in Iraq as a young infantry officer, I was struck by the huge perceptual gulf that separated us from the Iraqis. My first mission was to escort a civil affairs team assigned to supervise the rebuilding of a local school. After tea, smiles and handshakes, we departed and were promptly struck by a roadside bomb. Our modest efforts to close the perceptual gulf, exemplified in our smile-and-wave tactics and civil affairs missions, seemed to my mind well-intentioned but inadequate.

At a deeper level, the motives of the local populace remained largely invisible to us, as people smiled one minute and attempted to blow us up the next. We knew little or nothing about their grievances and aspirations, or where the political fault lines ran in the cluster of small cities in the Sunni Triangle we were tasked with pacifying.

We experienced many periodic spasms of violence that seemed to come out of nowhere before disappearing again. Of course they came from somewhere, but it was a somewhere we didn't understand. In a battalion of more than 800 men, we had one four-man team assigned to interact directly with the local population, and even this team was frequently sidetracked to deal with routine translation duties or interrogations.

Perhaps understandably for a conventional military force trained to focus on the enemy, our primary intelligence focus was on the insurgents. Much less attention was paid to the larger part of the population. Although we were a visible and sometimes forceful presence, I'm not sure we were a truly influential one.

Now, watching the latest news dispatches from Lebanon, I find myself comparing our efforts to introduce a new order in Iraq with Hezbollah's success as an effective practitioner of the art of militarized grass-roots politics. Frankly, it's not a favorable comparison -- for us. Hezbollah's organizational resilience in the face of an all-out conventional assault shows the degree to which it has seamlessly combined the strategic objectives of its sponsors with a localized political and military program.

Using the grass-roots approach, Hezbollah has been able to convert the ignored and dispossessed Shiite underclass of southern Lebanon into a powerful lever in regional politics. It understands that the basic need in any human conflict, whether or not it involves physical violence, is to take care of one's political base before striking out at the opponent.

As many informed observers have pointed out, Hezbollah has engrafted itself to the aims and aspirations of the Lebanese Shiite community so completely that Israel cannot destroy it without also destroying the community, with all the attendant political and moral costs. It is the willingness of women, children and old men to support Hezbollah and its political program at the risk of their lives that gives the organization power far beyond its military means.

Whatever the objective truth of Hezbollah's motives, its many supporters in southern Lebanon believe fervently that it is their organization, not an Iranian surrogate. Few if any American units in Iraq have achieved anything close to this level of success in winning the support of the local population. (Of more concern is the fact that few Iraqi security units or political leaders appear to have done so, either.) Commanders have come and gone, elections have been held, Iraqi soldiers trained, all manner of strategies for dealing with the insurgency attempted -- but with only limited and localized successes. Hezbollah's success among civilians in Lebanon, which is only reinforced by a ruthless pummeling from a reviled enemy, contrasts sharply with the continued fragility of the much more modest U.S. gains in Iraq, achieved at a much higher price.

The lessons should be clear. To engage in insurgency or counterinsurgency -- fancy terms for grass-roots politics by other means -- one must be willing and, most of all, able to work in the underbelly of local politics, as Hezbollah has done in Lebanon. It is the politics of getting people jobs, picking up trash and getting relatives out of jail. Engaging in this politics has the potential to do much more than merely ingratiate an armed force with a local population. It gives that force a mental map of local pressure points and the knowledge of how to press them -- benignly or otherwise -- to get desired results.

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Some may say that this is just standard insurgency-counterinsurgency doctrine. True, but one has to ask why Hezbollah has been able to pull it off in Lebanon, while young Americans continue to endure a host of nasty surprises in Iraq.

The writer served in Iraq as a Marine infantry officer in 2004.

Guilty Of Fighting A War (NYT)

By Timothy William Waters

The New York Times, August 12, 2006

SGT. TERRY LISK of Fox Lake, Ill., died fighting in Ramadi, Iraq, on June 26, killed by a 120-millimeter mortar. The combat has been intense, and whoever killed Sergeant Lisk may already be dead. But if not, what should happen to him? The Bush administration knows: It wants him prosecuted.

But killing American soldiers in Iraq is an act of war, not a crime, and the United States is wrong to oppose amnesty for the insurgents there. Iraq's prime minister, Nuri Kamal al-Maliki, visited Washington recently to discuss his reconciliation plan, which includes an amnesty, but the United States insists that it must exclude insurgents fighting American forces. This may sound like patriotic support for our troops, but it harms Iraq's hopes for peace.

Republicans and Democrats alike argue that amnesty encourages attacks on Americans, leaves crimes unpunished and dishonors those who died liberating Iraq. But these objections mistake the nature of amnesty, the incentives it creates and the costs we impose by opposing it.

Without amnesty, undefeated insurgents have no incentive to stop fighting, knowing that peace means prison. And amnesties work best when they are comprehensive. They can exclude dangerous hard-liners like Al Qaeda, but every exception creates a constituency against reconciliation, and if sizable forces are excluded, fighting will continue.

Amnesty may not stop violence, but it won't increase it. Insurgents are already killing as many Americans as they can. Suicide bombers don't care about immunity from prosecution.

Nor does amnesty mean impunity; when combatants commit war crimes, they can be punished, just like the former American soldier Stephen D. Green will be if he is found guilty of raping and murdering a 14-year-old Iraqi and killing her family. Insurgents who torture Americans should not receive amnesty, but that's no reason to lump all Iraqis together. We wouldn't want all our warriors measured by Abu Ghraib.

Indeed, what is most misguided about the United States' demand is that rather than singling out real terrorists, it criminalizes the one group that resembles a normal fighting force: insurgents fighting Americans. There is an organized insurgency in Iraq. We're at war, and so are they. When our soldiers kill in combat, they are not committing a crime. The same logic should apply to Iraqis.

By criminalizing its opponents, the Bush administration maintains the fiction that we're fighting an inchoate horde of death-worshiping dead-enders. This reinforces a kind of doublethink: we're fighting a war — except when we aren't. Criminal defendants' rights are curtailed because we're at war, but overseas we're not fighting warriors but criminals. We're at war and we take prisoners, but we don't have any prisoners of war; the Geneva Conventions protect us, but not them.

Either we're at war or we aren't. If we are, then it is exceptional hubris to imagine we can fight without the enemy fighting back. It is doubly arrogant to act as if this is our war alone. It's Iraq's war and Iraqis' suffering. How can we insist on an all-but-American amnesty?

It is right for us to remember our fallen warriors. But remembrance does not require vengeance, and sacrifice is measured not only in lives, but also in forbearance. No American wants to see American troops killed. But every American, including our political leaders, should have the courage to say that if amnesty for their killers helps bring peace to Iraq, it is a sacrifice worth making.

In the righteousness of our fear and the arrogance of our power, we have gotten so many things so tragically wrong in this war. Let's not get the first, slim chance at peace wrong, too.

Sergeant Lisk and thousands of others have died fighting for a cause our country undertook, even though we could not agree among ourselves on what it was. We honor them when we bring peace to the country where they died. That is the cause now.

Clues From The Past (WT)

By John Campbell

The Washington Times, August 12, 2006

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The latest developments in the Middle East are a clear reminder that we must appreciate the ongoing Global War on Terror for what it really is: our fourth world war. We should use the lessons from the prior world wars to ensure we win the current one. Now, in case I lost you a second ago, and you are still trying to figure out when World War III occurred, let me explain.

As your history books will tell you, the First World War was the struggle that broke up the old order of monarchies and empires that were based in Europe. Fascism rose from the ashes of those empires, and World War II soon followed. In the wake of fascism's defeat in World War II, communism sprang up in the vast Soviet Union and its satellites in Europe and around the world.

Along with communism's spread came a conflict with the democratic west, which I and some others would argue was World War III. Admittedly, the casualties were only a fraction of the tens of millions killed in the prior two world wars, but there were armed military conflicts on almost every continent in the world. Americans served from Korea to Vietnam to Beirut in what we commonly call the Cold War. But that name falls short of adequately describing the global nature of this war and its eventual result of eliminating communism from all but a few nations.

In World War IV, we now fight Islamic extremism instead of empires, fascism or communism. And there should be no doubt that this is a worldwide conflict. Terrorists have bombed New York, Washington, London, Spain, Japan, Indonesia, Russia, India, Israel, Egypt and other areas. The recent attacks on Israel and the Israeli response are just the latest clashes in this ongoing conflict between the civilized world and barbaric terrorists.

There is no dispute that this conflict is between two distinct sides and it clearly involves much of the world. The question now is whether the nations that choose to ally themselves with the civilized world will learn from the lessons of prior world wars. It is naïve to assume that al Qaeda, Hezbollah and their ilk will give up because the international community asks them to. Militarism, fascism and communism certainly didn't. If we are to extinguish this ideology of hate and the terrorism it breeds, it will require united leadership in the world and the same commitment to victory required for the defeat of communism and fascism.

World War III taught us how to win while minimizing bloodshed by being strong and resolute and not letting weakness prevail or the enemy to expand its power and influence. In World War IV, we cannot predict or control who will be attacked or when it will occur. But what can be controlled is how the civilized world chooses responds to acts of terror.

The Israelis have chosen. They will fight and destroy an enemy that is determined to destroy them. Jews around the world have seen this kind of hatred and bigotry before, and they know what can spring from it if it is allowed to prosper.

When nations relent in the face of aggression, the terrorists grow stronger in boldness and influence, and the states that support these terrorists are not deterred. If the civilized world does not stand and fight with a collective resolve to eliminate this form of evil, we will find ourselves facing an enemy with greater international influence, better financing, and an unrelenting commitment to bloodshed.

In each of the world wars, the enemy and the tactics used to defeat them have differed. What doesn't change is the need to stand up to those who perpetuate evil on the world. Ronald Reagan said, "Freedom is never more than one generation away from extinction. We didn't pass it to our children in the bloodstream. It must be fought for, protected, and handed on for them to do the same, or one day we will spend our sunset years telling our children and our children's children what it was once like in the United States where men were free."

Today, Israel is showing the same commitment to fighting for and protecting the freedom that Reagan, Churchill and the other greats of the 20th century did. Other world leaders should watch and learn.

John Campbell is a Republican member of the U.S. House of Representatives from California.

CORPORATE SCANDALS:

CEC Reports Stock Options Investigation (DMN)

By Karen Robinson-jacobs, The Dallas Morning News

The Dallas Morning News, August 12, 2006

Chuck E. Cheese parent says 10-Q filing with SEC will be delayed

The Securities and Exchange Commission has added CEC Entertainment Inc. to the growing list of companies it's investigating over stock option practices.

The Irving-based parent of the Chuck E. Cheese's restaurant chain disclosed the informal inquiry in a regulatory filing after the market closed Friday.

The company also noted that it does not expect to file its second-quarter financial report on time, because of an internal review of how it grants stock options. The report, for the period ended July 2, was due Friday.

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A CEC spokesman was not available for comment.

CEC said in late July that its audit committee, aided by outside counsel, was looking into the company's stock option practices. It said the move was prompted by media reports of stock option reviews at other companies.

At least 65 public companies, including Dallas-based Affiliated Computer Services Inc. and Irving-based Michaels Stores Inc., have disclosed that their options practices are under investigation by the SEC, the Justice Department, or both, according to The Wall Street Journal.

Apple Computer Inc. also said Friday that it will delay reporting its financial results because of a stock option investigation.

On June 29, Apple said an internal investigation discovered "irregularities related to the issuance of certain stock option grants made by the company between 1997 and 2001."

At issue in many of the investigations is a practice known as backdating, in which stock options are issued retroactively to coincide with low points in a company's share price – a move that can boost profits for options recipients when they sell the shares at higher market prices. Backdating options can be legal, as long as the practice is properly disclosed to shareholders and approved by the company's board, experts say.

CEC said the SEC notified it of the informal inquiry "subsequent to the company informing the SEC of the audit committee's review," according to a news release that was included with the filing.

The company said it intends to file the proper quarterly report, known as Form 10-Q, "as soon as is practical after its audit committee's review ... is complete, but does not anticipate that it will be able to file within the five-day extension period" provided for under SEC rules.

CEC shares rose 1 cent Friday to $29.07.

The Associated Press contributed to this report.

Ex-Grand Juror Pleads Guilty In Leak On Bristol-Myers Case (WSJ)

By Chad Bray, Dow Jones

The Wall Street Journal, August 12, 2006

NEW YORK -- A New Jersey mail carrier pleaded guilty to criminal charges that he leaked details of a grand-jury probe last year into accounting fraud at Bristol-Myers Squibb Co. to members of an alleged insider-trading ring.

At a hearing Friday in federal court in Manhattan, Jason Smith, 30 years old, of Jersey City, N.J., pleaded guilty to conspiracy to commit securities fraud, insider trading and federal criminal contempt in connection with the grand-jury leak.

"Jason is very happy to have this stage of the proceeding behind him," Frank Handelman, Mr. Smith's lawyer, said afterward. "He's a very young man and he knows he made a very unfortunate mistake." Mr. Smith didn't speak with reporters afterward.

Sentencing is set for Nov. 30. The insider-trading charge carries a maximum of 20 years in prison, but the estimated range under federal-sentencing guidelines is 30 months to 37 months in prison.

Prosecutors alleged that Mr. Smith, leaked information last year about the Bristol-Myers probe, while serving as a grand juror in New Jersey, to Eugene Plotkin and David Pajcin, two former Goldman Sachs Group Inc. employees accused of orchestrating several insider-trading schemes that netted more than $6 million in illicit profit.

The government said Messrs. Plotkin and Pajcin traded and tipped others to trade on Bristol-Myers shares after receiving tips from Mr. Smith. Mr. Pajcin, who is cooperating with the government, and Mr. Plotkin also are facing criminal charges in the matter.

Prosecutors claim Mr. Pajcin sold short Bristol-Myers stock based on information from Mr. Smith that a "high-ranking executive" at Bristol-Myers might be indicted in 2005. When Mr. Smith later learned that company official wasn't going to be indicted, he informed Mr. Pajcin. They made no profit as a result of Mr. Pajcin's trading in Bristol-Myers, prosecutors said.

Write to Chad Bray at chad.bray@dowjones.com1

CRIMINAL LAW:

Suspect Pleads Guilty In Abramoff Scandal (WT/AP)

The Washington Times/AP, August 12, 2006

A former Department of the Interior employee pleaded guilty yesterday to a misdemeanor charge for failing to report gifts he received from ex-lobbyist Jack Abramoff.

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Roger Stillwell told a federal magistrate that he had received hundreds of dollars worth of football and concert tickets from Abramoff, who at the time was lobbying for the Commonwealth of the Northern Mariana Islands.

Mr. Stillwell was with the Interior Department's insular affairs office, which handles issues involving the island government.

Documents filed as part of Mr. Stillwell's plea do not indicate whether he is providing authorities with evidence against others who might be involved in the case.

Mr. Stillwell received four tickets to a Washington Redskins game in December 2003 valued at $316 but with an actual cost of $2,147, prosecutors said. He also accepted two tickets to a 2003 Simon and Garfunkel concert worth $166, prosecutors said.

Neither prosecutors nor defense attorneys would say whether Mr. Stillwell provided Abramoff anything in return for the gifts.

"He recognizes that his decision on how to treat gifts from Mr. Abramoff was inexcusable. For that he has deep remorse," defense attorney Justin P. Murphy said.

He said Mr. Stillwell had been friends with Abramoff and his family for many years before he took the job at the Interior Department.

U.S. Magistrate Alan Kay set sentencing for Oct. 26. Mr. Stillwell faces up to a year in prison.

So far, the Abramoff probe has resulted in guilty pleas by two ex-aides to former House Majority Leader Tom DeLay, Texas Republican; a former chief of staff to Rep. Bob Ney, Ohio Republican; and Abramoff.

Feds Gotti Case Again As Judge Revives 2 Racketeering Counts (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 12, 2006

Just when the Feds thought their case against John A. (Junior) Gotti was falling apart at the seams, Manhattan Federal Judge Shira Scheindlin stitched it back together yesterday.

Scheindlin reinstated two racketeering counts she had knocked out of the case on Monday - viewed then as a stunning blow to prosecutors, who were weighing whether to drop the case altogether and seek a new indictment.

Scheindlin said she changed her mind after a Thursday hearing attended by higher-ups in the Manhattan U.S. attorney's office.

Federal prosecutors have tangled with Scheindlin before, unsuccessfully attempting to get her tossed off a terrorism case last year because they claimed her rulings favored a defendant.

At Thursday's hearing, Assistant U.S. Attorney Victor Hou challenged Scheindlin's dismissal of two racketeering counts and a money-laundering count.

"I have confidence that my ruling is accurate as to the money-laundering count," Scheindlin said yesterday. "I do not feel as confident in [racketeering] counts 3 and4."

Prosecutors added the three new counts to a May indictment to counter Gotti's claims that he had withdrawn from the mob life he inherited from his father, the Dapper Don John Gotti.

The strategy helped Gotti score two mistrials after jurors deadlocked on racketeering conspiracy charges.

Scheindlin stuck by her ruling that a 1999 plea agreement from a separate case - where Gotti turned over $1 million in money he admitted came from the mob - showed he wasn't trying to hide his assets.

But Scheindlin said she erred in suggesting prosecutors would have to show Gotti tried to conceal his interest in two holding companies - JAG Brokerage and 216-02 Hempstead Corp. - that he used to buy property to prove the racketeering charges.

Scheindlin said she'll listen to the prosecution's case and then decide whether to dismiss the charges.

"I don't think it's appropriate to bar it without hearing it," Scheindlin said.

Jury selection begins Monday.

U.S. Bets Are Off For Web Firm (PHI)

By Suzette Parmley

The Philadelphia Inquirer, August 12, 2006

BetOnSports P.L.C., the embattled London-based Internet gambling company that has been charged with fraud and racketeering by U.S. prosecutors, announced yesterday that it has shut down its services for gamblers in the United States.

On Thursday, the company told its employees that it was shutting down its Costa Rican and Antiguan offices, where it accepted wagers from tens of thousands of customers in the United States, its primary market.

The shutdown will result in the elimination of about 800 jobs, the company said in a statement.

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The case against BetOnSports is being watched closely by the $12 billion online gambling industry because it represents the first time that the U.S. Department of Justice is proceeding against a gambling entity that operates exclusively outside the United States.

"That has been the safety net for most operators... that as long as they stayed outside the U.S. and kept their activities outside the U.S., they were relatively safe," said Linda Goldstein, a partner at Manatt, Phelps & Phillips L.L.P., of Los Angeles, who specializes in Internet gambling law. "This is certainly going to have a chilling effect on any operator of an offshore site."

The case is a test of the reach of the U.S. government as it tries to clamp down on online gambling. "It's an extraordinarily broad exercise of jurisdiction by the Department of Justice," Goldstein said.

The company's Web site, www.BetOnSports. com, has not been operational since July 19, following the arrest in Texas of its chief executive officer, David Carruthers, who faces 22 counts of fraud, racketeering and conspiracy. He is in jail awaiting terms of his bail.

BetOnSports' shares were suspended on the London Stock Exchange the same day of Carruthers' arrest. The company has pledged to refund the deposits of U.S.-based customers, which accounted for about three-quarters of the $48.3 million in deposits taken in during its first quarter.

Under a 1961 antiracketeering law, known as the Wire Act, it is illegal for American gambling companies to establish online-gambling sites, because the law pertains to phone line use. But it is perfectly legal for U.S.-based customers to place wagers at any of the 2,500 gambling Web sites.

That situation led to a recent move by the Justice Department to prosecute offshore gambling sites that it says are skirting the Wire Act by setting up their Internet servers and credit-card operations in places such as Britain, the Caribbean and Costa Rica. Many of these companies are mining the United States for customers, particularly those under 21, the department said.

Lawmakers in Washington were also turning up the heat. Last month, a measure passed the House by 317 to 93 that would cut off the flow of money to Internet gambling sites from credit card companies and banks.

The bill now goes before the Senate for consideration.

Sebastian Sinclair, a gaming analyst with Christiansen Capital Advisors L.L.C., which tracks the industry, said shares of online gambling sites have taken a hit since Carruthers' arrest and the action in Congress.

"This will put a crimp in it for a while," he said. "How much it will impact the industry will depend on how quickly and how efficiently these companies can respond to another roadblock thrown their way."

Gadsden Officials Will Plead Guilty (BN)

By Val Walton, News Staff Writer

The Birmingham News (AL), August 12, 2006

Records show trio will admit conspiracy role in quest to gain support for development

Two Gadsden City Council members and a businessman are to plead guilty Thursday to a conspiracy charge involving allegations of illegal support for a multimillion-dollar development near the Coosa River.

Councilmen Jimmy L. Armstrong and Fred Huff and consultant Larry T. Thompson will enter guilty pleas before U.S. District Judge L. Scott Coogler, federal court records show.

Justice Department prosecutors charged the three men August 3rd with participating in a conspiracy to get council members to support a project known as Lafferty's Landing, a shopping project valued at $9 million.

Attorneys for the men declined comment. Prosecutors said the investigation continues.

Armstrong and Huff are accused of accepting money in exchange for voting to award an additional $750,000 in tax incentives. Thompson, along with an unnamed person, is accused of giving cash to City Council members with the intent to influence or reward them for support.

The Gadsden City Council considered and voted on two issues, zoning variance and additional tax incentives, related to the proposal from August 2005 to February. Both issues were approved.

E-mail: vwalton@bhamnews.com

Kenner Man Gets Jail Term In Fraud (NOTP)

By Mary Swerczek, Kenner Bureau

New Orleans Times-Picayune, August 12, 2006

He improperly got thousands in rebates

A Kenner man was sentenced this week to 30 months in federal prison for defrauding Johnson & Johnson of more than $700,000 in improper rebates.

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Gerald Tauzier, 59, also was ordered Tuesday to pay $676,006 in restitution, in addition to the $101,000 he has already paid, according to the U.S. attorney's office in Newark, N.J., which handled the case.

He is free on $100,000 bond pending his surrender, which has yet to be worked out with the federal Bureau of Prisons, according to Tauzier and a news release from the U.S. attorney's office in New Jersey. Reached at his Elmwood office Friday, Tauzier said he doesn't know where he will do time.

Tauzier said that in 2003 he had scheduled a meeting with Johnson & Johnson to settle the rebate matter, but the company canceled the meeting.

"I tried to resolve the issue with them," Tauzier said, adding that instead the company "let the Justice Department do their legal work. That's not the way to do business."

A Johnson & Johnson official could not be reached for comment Friday.

Tauzier owns Lee Medical International in Elmwood, which buys health care products from companies such as Johnson & Johnson and distributes them to hospitals, clinics and doctor's offices.

He pleaded guilty to one count of wire fraud on Feb. 3 before U.S. District Judge Joseph E. Irenas of New Jersey, admitting that he had his company file reports containing false information with Johnson & Johnson, which is based in New Brunswick, N.J., according to the news release.

The false sales reports happened between January 2001 and December 2003.

Johnson & Johnson provided various rebates based on the end user of its products, a system prosecutors said Tauzier exploited. For example, in July 2002, Lee Medical claimed that it sold vascular access devices to Morehouse General Hospital in Bastrop when it had not.

As a result of all the false information he provided Johnson & Johnson, Tauzier received $777,006 in rebates from the company.

The FBI's New Jersey office investigated the matter.

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Mary Swerczek can be reached at mswerczek@timespicayune.com or (504) 467-1726.

A.C. Man Pleads Guilty In $1.2M. Fraud (ACP)

By Michael Clark, Staff Writer

Atlantic City (NJ) Press, August 12, 2006

TRENTON -- An Atlantic City man pleaded guilty in U.S. District Court on Friday to executing a scheme to defraud Wachovia Bank of more than $1.2 million, authorities said.

Daniel Cassese Jr. admitted to using fraudulent information during the loan application process for personal equity lines of credit on several occasions in 2003.

Cassese, 48, said he submitted two loan applications on Feb. 10, 2003, to obtain personal equity lines of credit worth $495,000 and $395,000, which were secured by residences in Hoboken and Neptune. The applications contained false information, including a phony Social Security number for his father, claims of annual earnings of more than $200,000 when he was actually unemployed and a fake tax return, according to the Justice Department.

After Wachovia approved both applications, Cassese withdrew $190,000 from the $495,000 account and $105,000 from the other, authorities said.

Cassese used the same false information again on April 8, 2003, when he applied for another line of credit worth $290,000, from which, after Wachovia approval, he withdrew another $190,000, authorities said.

Cassese also pleaded guilty to obtaining an approved $25,000 unsecured loan that relied upon the same information in June 3, 2003. On that same day, the funds were deposited and withdrawn from Cassese's account at Wachovia.

Cassese, who is free on $200,000 bond, will face a maximum penalty of 30 years in prison and a fine of as much as $1 million.

Frederiksen Gets 14 Years For Porn Charges (WCFC)

By Jeff Reinitz, Courier Staff Writer

Waterloo-Cedar Falls (IA) Courier, August 12, 2006

CEDAR RAPIDS --- His hands in cuffs and his next 14 years tied up in prison, Casey Frederiksen managed a brief smile as he glanced at family members at the back of the courtroom Thursday afternoon.

The 27-year-old Floyd man then looked down and disappeared as federal marshals led him out of the room so he could begin serving his sentence.

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Frederiksen --- who had been looking after Evelyn Miller, the 5-year-old daughter of his former girlfriend, in July 2005 when the girl disappeared and later turned up dead --- receive the maximum sentence of 14 years in prison after he pleaded guilty to possession and receiving or attempting to receive child pornography. He had faced between 11 and 14 years.

U.S. District Court Judge Linda Reade said she opted to hand down the maximum punishment because of the sheer number of pornographic images --- there were about 1,650, some depicting young girls having sex with adult men --- found on his computer, because he attempted of conceal the hard drive when police investigated Evelyn's disappearance and because of a 1992 incident where he sexually abused a 6-year-old girl.

Public Defender Jane Kelly had asked for a sentence on the low end of the scale, noting Frederiksen was only 13 when the 1992 incident happened and saying his family members have noticed he was maturing.

"Casey Frederiksen has acknowledged his behavior," Kelly said.

Evidence presented during Thursday's sentencing included letters from Frederiksen's mother and a sister and a 13-minute pornographic video that was apparently recovered from his computer.

Frederiksen told the court he was getting help for his problems.

"All I can say is I done wrong and I'm sorry for it," he said.

Assistant U.S. Attorney Sean Berry said Frederiksen's history shows that he was sexually interested in young girls in 1992 and continues to be sexually interested in them.

After the proceedings, Joe Hoffmann, Frederiksen's brother-in-law, read a prepared statement from the family saying the punishment was fair.

"We are relieved to now have closure to this situation," he said. "We're encouraged that Casey has taken responsibility for his actions. While we can in no way understand or justify his behavior, we do love him and will continue to support him in every way we can."

Reade recommended that Frederiksen get mental health treatment while he is incarcerated. She also recommended he take part in the U.S. Bureau of Prison's sex offender treatment program at the Federal Correctional Complex in Butner, N.C.

After that, she recommended he be placed in a federal prison close to his family ties in Northeast Iowa.

Frederiksen will have to serve 10 years of supervised release after his prison time, during which time he will have to abstain from alcohol and pornography and will be prohibited from having contact with children or visiting places where children congregate unless approved by authorities.

Frederiksen waived his right to appeal his sentence under an agreement with the prosecution.

No one has been arrested in Evelyn's death, and U.S. Attorney Charles Larson deflected questions about any ties the porn case might have to the slaying.

He said he couldn't speculate on any connection, but said the government is stepping up its efforts to fight child pornography in an initiative dubbed Project Safe Childhood.

"The justice department views all of those cases very seriously," Larson said.

In other developments, the court postponed a hearing for Dan Slick of Charles City.

Slick had been on pretrial release on charges that he lied to federal investigators looking into Evelyn's disappearance and death. He since missed court dates and was arrested Wednesday.

A hearing for Slick is tentatively scheduled for today.

Contact Jeff Reinitz at (319) 291-1578 or jeff.reinitz@wcfcourier.com.

Investigators Sought Former Head Start Chief's Prosecution (NJ)

By Brian Friel, National Journal

National Journal, August 12, 2006

Federal investigators sought the prosecution of a former Bush administration official on allegations that she misused federal Head Start grant money, but the Justice Department declined prosecution, according to records obtained by National Journal through the Freedom of Information Act.

In a previously unreleased report, investigators said they had found evidence that Windy Hill, chief of Head Start at the Health and Human Services Department from January 2002 to May 2005, had improperly pocketed thousands of dollars when she was head of a local Head Start program in Texas. The report was provided to Hill's boss, Wade Horn, head of the Administration for Children and Families, for administrative action on April 1, 2005, nearly two months before Hill resigned on May 27.

Investigators with the HHS inspector general's office found evidence that Hill, as executive director of a Head Start agency in Bastrop, Texas, was reimbursed $2,400 for college classes in which she did not enroll, received bonuses worth thousands of

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dollars more than officially permitted, was improperly paid thousands of dollars for unused vacation time, cut checks to herself without supporting documentation, awarded contracts on a noncompetitive basis to family members and employed children younger than the legal working age of 14.

The U.S. attorney's office in Austin, Texas, and the District Attorney's office in Bastrop declined prosecution "due to a lack of resources and not meeting the minimum guidelines established by these offices," HHS investigators reported in the released records. That could mean the attorneys decided the case was not clear-cut enough or the dollar amounts involved not high enough to justify full-fledged prosecution.

The Justice Department is reviewing 11 pages of records related to the case for potential public release. The government has taken no further legal action against Hill.

During the investigation by the inspector general's office, Hill denied wrongdoing. She said in written responses included in the released documents that her actions, including the payout of vacation time, the bonuses and her hiring and contracting decisions, were approved by the local Head Start program's board of directors and complied with the program's policies. Hill's attorney, Derek Van Gilder, said on Thursday that Hill had not yet seen the inspector general report, but would review it over the weekend.

Sarah Greene, president of the National Head Start Association, said an initial reading of the inspector general report seemed to confirm the association's view that Hill had committed wrongdoing as executive director of the Bastrop program.

The association raised allegations of wrongdoing in April 2004, leading to the inspector general investigation. Horn, Hill's former boss, declined to comment through a spokeswoman. "ACF cannot comment on the report because it's a personnel issue," agency officials said in a statement.

It is not uncommon for the Justice Department to decline prosecution following inspector general investigations. In the six-months following Hill's resignation, the HHS inspector general's office presented 780 cases to prosecutors, but they pressed charges against only 350 people and organizations. "It's a resource issue," said Peter Henning, a law professor at Wayne State University in Detroit. "They can't cover everything."

Hill participated in the Head Start program in Bastrop as a child and later enrolled her own child in the program before becoming leader of Cen-Tex Family Services, a nonprofit that oversaw nine Head Start centers for preschoolers in central Texas. Hill was involved in a statewide Head Start coordinating group with Susan Landry, a University of Texas child development specialist who has worked with First Lady Laura Bush on reading initiatives.

When Hill moved to Washington to oversee the $6.8 billion-a-year Head Start program's 1,500 grantees serving 900,000 students, Horn praised her for "a lifetime of involvement and commitment to the principles of the Head Start program."

But investigators found evidence that Hill had improperly claimed thousands of dollars in bonuses, vacation time and education reimbursement during the previous year, some of it after she had accepted the position in Washington. Investigators said Hill failed to inform the local program's board of directors that she had taken the new job as she sought a bonus and reimbursements in January 2002. Hill said she had told board members the previous month that she was leaving.

In the midst of her departure the local board of directors was thrown into turmoil, with some directors - including Hill's sister - splitting off from other members, creating a situation in which two competing boards claimed control of the program. Eventually, the board without Hill's sister won control through court action. Mary Garcia-Todd, the program's current executive director, said Hill is not associated with the program today.

During her tenure in Washington, Hill clashed with the National Head Start Association, a group that lobbies on behalf of the program's grantees, over the Bush administration's plans to turn over more control to state governments. That plan was scuttled in Congress amidst a Head Start reauthorization effort that is still stalled after more than three years of debate. The association and Hill also clashed when she criticized several local Head Start programs for financial improprieties.

In April 2004, Greene, the association president, called for Hill's resignation after learning through a previous Freedom of Information Act request about some of the allegations that were later corroborated by the inspector general's office. "This is an obvious double standard under which HHS elected to hush up the truth about Windy Hill's egregious program violations," Greene said at the time. "Then they turned around and made her the point person in their attack on Head Start grantees."

Rep. George Miller, D-Calif., ranking member of the House Education and the Workforce Committee, joined in Greene's calls for further investigation.

Hill said she would welcome a review of her actions, and inspector general agents opened their investigation in June 2004. They officially concluded it in June 2005. On May 31, 2005, Horn sent a memorandum to Deputy Inspector General Michael Little, thanking him for the investigative report. The rest of the text of the memorandum was withheld by HHS under the Freedom of Information Act on the grounds that it contained "staff advice, opinions and recommendations."

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Four days before sending the memo, Horn issued a statement announcing Hill's resignation, calling her a "caring and devoted person who has always been interested in the well-being of children."

BR Man, 32, Accused Of Disaster Fraud (BRADV)

Advocate Staff Report

Baton Rouge Advocate, August 12, 2006

A Baton Rouge man was arrested late last month and charged in a two-count indictment for FEMA fraud. The February indictment was sealed until his arrest.

Derrick W. Deamer, 32, was arrested July 26 for allegedly making false and fraudulent claims for disaster assistance benefits and for making false and fraudulent statements to the Federal Emergency Management Agency.

According to the indictment, in September Deamer applied for disaster assistance after Hurricane Katrina claiming an address in Harvey as his primary residence.

If convicted, Deamer could be sentenced to five years in prison and a $250,000 fine per count.

In September, U.S. Attorney General Alberto Gonzales created the Hurricane Katrina Fraud Task Force to deter, investigate and prosecute disaster-related federal crimes such as charity fraud, identity theft, procurement fraud and insurance fraud.

The task force includes members from the FBI, the Federal Trade Commission, the Postal Inspector's Office and the Executive Office for U.S. Attorneys.

Including Deamer, 65 defendants have been charged in the Baton Rouge based Middle District of Louisiana with violations related to Katrina relief funds, according the U.S. Attorney's Office.

Deamer has entered plea of not guilty.

Story originally published in The Advocate

Judge Says Governor Can't Be Tried In Office (NYT/AP)

The New York Times/AP, August 12, 2006

FRANKFORT, Ky., Aug. 11 (AP) — A judge ruled Friday that Gov. Ernie Fletcher, who is embroiled in a hiring scandal, is protected by executive immunity and cannot be prosecuted while in office.

Mr. Fletcher, Kentucky's first Republican governor in three decades, was indicted in May on charges that his administration rewarded political supporters with protected state jobs. He has accused the state's attorney general, Greg D. Stumbo, a Democrat, of conducting a politically motivated investigation.

The judge, David E. Melcher, essentially stayed the case until Mr. Fletcher's term expires, or unless he is removed through impeachment by the Legislature. He did not dismiss the case, though, as Mr. Fletcher's lawyers had requested.

Vicki Glass, spokeswoman for the attorney general's office, said prosecutors were pleased that the motion to dismiss was denied.

Mr. Fletcher said in a written statement Friday that he was pleased with the ruling.

He has said he will seek re-election in 2007, and the ruling was considered pivotal to his campaign.

Ruling Postpones Trial Of Kentucky Governor (WP)

By Theo Emery

The Washington Post, August 12, 2006

Kentucky Gov. Ernie Fletcher (R), who was indicted earlier this year for alleged patronage hiring, cannot be prosecuted while in office, a judge ruled yesterday.

Judge David E. Melcher rejected Fletcher's request to throw out the charges but ruled that the governor has immunity from prosecution as long as he remains in office.

Fletcher, the state's first Republican governor since 1971, has denied the charges and said the case is politically motivated. The governor filed a lengthy motion last month invoking his immunity and asking that the charges be dismissed.

The ruling on that motion effectively halts the case for as long as Fletcher remains governor, but he can go on trial after he leaves office. His term ends next year. The trial had been scheduled for Nov. 8.

The office of Attorney General Gregory D. Stumbo, a Democrat, released a statement expressing satisfaction that Melcher allowed the charges to stand.

"Governor Fletcher's criminal trial will be delayed until he is either impeached or out of office," the statement said. "The Court's ruling affirms the principle that no person is above the law."

The governor's office also praised the decision in a statement.

"We are pleased with today's ruling because Kentuckians are weary of this sad ordeal. Now, we can all turn our full attention to the children, families and communities of this great Commonwealth," the statement said.

Donald Gross, a professor of political science at the University of Kentucky, said Fletcher is in "real trouble." The governor is perceived as having broken his campaign pledge to clean up government corruption, Gross said, and prominent Republicans in the state have begun to distance themselves.

"The real difficulty is that this whole cloud of scandal will continue to hang over his administration over and over again," Gross said.

Fletcher was indicted in May on charges of criminal conspiracy, official misconduct and violating a prohibition against political discrimination, stemming from a program called the Governor's Personnel Initiative.

According to the indictment, the initiative violated state hiring laws by putting political appointees in each Cabinet branch of the state government who would ensure that handpicked applicants got hired. Fletcher supporters would allegedly recruit candidates for open positions and guide them through the hiring process.

The indictment also said an initiative member known as the "vetting guy" was tasked to create a "hit list" of state workers "targetted for adverse employment actions based on political affiliations or opinions."

Fourteen other people, including three Fletcher staffers and three top Cabinet officials, were also indicted in connection with the alleged patronage scheme last year, but Fletcher granted pardons to anyone associated with the investigation. He did not extend the pardon to himself. Nine administration members later resigned at Fletcher's request.

Fletcher also successfully argued to Melcher last month that the attorney general should not be personally involved in the case because of the possibility that he will run for governor. A spokeswoman for Stumbo said he has no plans to run.

Melcher, who sits in Harrison County Family Court, ruled on the motion from the bench but was expected to issue a written ruling by next Friday. He was appointed to oversee the case to avoid any conflict of interest for the original judge.

CIVIL LAW:

Judge Dismisses Lawsuit Over Budget Bill (AP)

AP, August 12, 2006

A federal judge Friday threw out a private group's effort to block a $39 billion deficit-reduction bill that was passed in different versions by the House and Senate.

The lawsuit by Public Citizen argued that because the two chambers passed slightly different bills, the version signed by President Bush on Feb. 8 was unconstitutional.

U.S. District Judge John D. Bates disagreed, citing an 1892 Supreme Court ruling that says the signatures of Senate and House leaders are enough to affirm a bill's legitimacy.

The lawsuit was one of four filed across the country challenging the law over a clerical error that listed different rental periods for medical equipment that would be covered by Medicare.

The Senate voted to authorize 13 months but a clerk erroneously wrote 36 months into the bill before sending it to the House, where it was passed with the longer rental period.

By the time the bill arrived on Bush's desk, the number had been changed back to 13 months. Recognizing the problem, the Senate passed a resolution hours after Bush signed the bill stating that the final bill reflected "the true intention of Congress."

The White House considers the matter settled, but House Democrats have said there was a "fundamental constitutional problem" in the bill's passage.

Adina Rosenbaum, an attorney for Public Citizen, said the group still believes the bill was never actually enacted into law and plans to appeal the ruling.

Three other cases, including one filed by Rep. John Conyers, D-Mich, are pending.

Court Dismisses Public Citizen's Budget-typo Suit (HILL)

By Jeffrey Young

The Hill, August 12, 2006

Yet another federal judge has rejected a legal challenge to the constitutionality of the Deficit Reduction Act, dealing the third such blow to opponents' efforts to overturn the law.

Judge John Bates of the U.S. District Court for the District of Columbia today granted the Department of Justice's motion to dismiss a lawsuit brought by Public Citizen in March.

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Public Citizen expects to file an appeal, lead attorney Adina Rosenbaum said shortly after Bates issued his decision. The U.S. Court of Appeals for the District of Columbia would be next in line to review it.

"We are disappointed in the decision, which allows a blatant violation of the Constitution to go unaddressed. … We plan to appeal, and hope that the Court of Appeals will address the constitutional violation at issue here," Rosenbaum said later in a written statement.

Public Citizen, echoing charges made by House Democrats, argued that the bicameral clause of the Constitution was violated when a clerical error lead the House to pass a slightly different version of the $39 billion budget-reconciliation bill, know as the Deficit Reduction Act (DRA), in February.

But like other federal judges have done in two recent rulings, Bates determined that a 114-year-old Supreme Court precedent precluded him from deciding on the constitutional question.

The government has maintained in all six legal challenges against the DRA that the 1892 ruling in Marshall Field v. Clark constrains the judicial branch from questioning the validity of any act of Congress that has been certified by the officers of the House and Senate. In this case, the Supreme Court created what is known as the "enrolled bill rule," which describes these certifications from Congress as "complete and unimpeachable."

House Speaker Dennis Hastert (R-Ill.) and Senate President Pro Tempore Ted Stevens (R-Alaska) made such a certification before transmitting the bill to President Bush, who signed it on Feb. 8.

In contrast to the relatively brief decisions by federal judges in New York and California, Bates's decision includes a more detailed dissection of his rationale for dismissing the case, as well as a discussion of his misgivings about the implications of courts being enjoined from questioning the conduct of Congress.

"Two other district courts have summarily dismissed challenges to the DRA relying on Marshall Field, finding no need to reexamine the meaning of that seminal authority," Bates wrote.

"However, in this Court's view, the questions raised by the plaintiff regarding the meaning of Marshall Field and its continuing vitality more than 100 years after its issuance require a more complete reexamination of the arguments presented by the parties," Bates continued.

"The application of principles dating back more than a century, and infrequently applied by federal courts recently, gives one a moment's pause," Bates acknowledges.

Nevertheless, the judge concludes that the enrolled bill rule continues to be binding despite Public Citizen's contentions that subsequent Supreme Court decisions have modified the Marshall Field standard.

"In the absence of an express overruling of the case by the Supreme Court, this Court is constrained to conclude that the rule remains in full effect today," Bates asserts.

Despite accepting the government's arguments about the force of Marshall Field on this case, Bates expresses some concern about the implications of not permitting the judicial branch to right potential wrongs committed by the legislative branch.

"The Court does not dismiss plaintiff's claim without some reservations, however," Bates wrote, but "the upshot is that, although in some respects outdated, there is no compelling reason to conclude that throughout the passage of time Marhsall Field has turned into an anomaly that should have no applicability today."

Two other DRA-related cases have gotten additional attention from the courts in recent days.

Today, the plaintiff in a lawsuit filed in an Alabama federal court announced his intention to seek depositions from Hastert, Stevens and Bush.

Plaintiff James Zeigler and the Justice Department jointly filed a report to Judge Bert Milling today summarizing the results of a conference call held yesterday to develop a schedule for consideration of the case. The government opposes Zeigler's plan to depose the lawmakers and the president, contending that the court's lack of authority under Marshall Field makes gathering additional evidence irrelevant.

On Wednesday, Judge Richard Berman of the U.S. District Court of the Southern District of New York made his final move to close a case brought against the DRA by OneSimpleLoan, a student-loan consolidation company.

Berman dismissed one count of the plaintiff's suit in June but ruled this week that the company also does not have standing to sue. Berman's action simplifies the plaintiff's pending appeal with the Second Circuit Court of Appeals, according to lead attorney John Witmeyer of Ford, Marrin, Esposito, Witmeyer and Gleser.

Also on Wednesday, Judge Nancy Edmunds of the U.S. District Court for the Eastern District of Michigan scheduled an Oct. 25 hearing in a DRA lawsuit filed by House Judiciary Committee ranking Democrat John Conyers (Mich.) and 10 colleagues.

Personal Items Of Unabomber Will Be Sold (NYT)

By Jesse Mckinley

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The New York Times, August 12, 2006

SAN FRANCISCO, Aug. 11 — It is a collection of items both mundane and mysterious: tweezers, a pocket knife, a handmade tool.

Such were the personal items seized from the remote Montana shack of Theodore J. Kaczynski, known as the Unabomber, that will be sold soon under order of a federal judge in an effort to pay off a $15 million restitution order.

In 1998, Mr. Kaczynski, 64, pleaded guilty to a series of mail bombings from 1978 to 1995 that killed 3 people and injured 28 others, some seriously.

Among the more intriguing items to be sold are original writings of Mr. Kaczynski that were seized by the government when he was captured in 1996. A former mathematics professor who developed a hatred for the modern world, Mr. Kaczynski wrote a 35,000-word antitechnology manifesto that was published, at government request, in The Washington Post seven months before his capture in 1996. (The New York Times jointly financed the publication of the tract.)

The order, issued on Thursday by Judge Garland E. Burrell Jr. of Federal District Court, comes after a protracted legal skirmish between the government and Mr. Kaczynski, who is in a maximum security prison in Florence, Colo. Mr. Kaczynski had long argued that his property should be returned to him, while the government wanted it held.

Last month, the government proposed an online auction of the personal items, with the proceeds going toward the restitution. Judge Burrell approved that plan on Thursday, despite some objections from Mr. Kaczynski.

A lawyer for Mr. Kaczynski could not be reached for comment.

In addition to the original manuscripts, the auction list includes some telling items, including three typewriters, two face masks and dozens of tools. There is also a blue zippered sweatshirt and blue hood for sale, two elements that were part of the famous artist's sketch of the Unabomber, printed on "most wanted" posters for years.

Some items have a personal connection: two checkbooks in his name, a briefcase containing his degrees from the University of Michigan and a homemade calendar.

"He was living in pretty dire straits," said Quin Denvir, Mr. Kaczynski's former lawyer. "It was a pretty primitive way of life, so his belongings are limited."

And then there are the books, an impressive library of history, philosophy and science, including several handbooks on advanced chemistry that suggest somewhat sinister interests. Mr. Kaczynski's taste in fiction and drama seems less developed, though copies of "Of Mice and Men," "1984" and "The Merchant of Venice" will also be for sale.

Antonio C. Amador, the United States marshal for the Eastern District of California, said his office would be responsible for finding an online auctioneer. "We don't have the staff or personnel to sit on the court steps and auction stuff off," Mr. Amador said. "I don't want a bunch of deputies out there running it like a carnival."

One item not among those being auctioned is Mr. Kaczynski's cabin, which was taken from its remote Montana location to an Air Force base east of Sacramento before his trial began.

Mr. Denvir said it may not be worth much as is. "He had no electricity, no water, no TV," Mr. Denvir said. "And no VCR."

Navy Halts Sunken Ship Project (DULNT)

By Mark Stodghill

The Duluth News Tribune, August 12, 2006

St. Louis County Undersheriff Dave Phillips' efforts to photograph the inside of the sunken heavy cruiser USS Houston for its survivors association have been halted by the U.S. Navy before he could get his remote-controlled underwater camera into the ship.

Barbara Voulgaris of the Underwater Archaeology branch of the Naval Historical Center in Washington, D.C., said her office and the U.S. Justice Department were forwarded Monday's News Tribune story reporting Phillips' trip to Indonesia to film the inside of the ship, which was sunk by the Japanese during World War II.

Voulgaris wanted to know how to reach Phillips.

"We've got some concerns because it's not legal for him (or his camera) to go inside the wreck or to take things off of it," Voulgaris said. She said Phillips also wouldn't be allowed to send his camera into the ship because it had the potential to disturb the site.

"As soon as they disturb it without the permission of the Navy -- that's where the problem is," she said.

Phillips used vacation time and planned to photograph the inside of the ship from Thursday through Wednesday. He joined a team headed by Jerry Ranger, a lieutenant with the Santa Rosa County Sheriff's Office in Florida and the son of a USS Houston surviving prisoner of war.

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Ranger was awakened by the News Tribune at 2 a.m. Saturday on Indonesian time, 12 hours ahead of Duluth, aboard a 40-foot boat he and Phillips were sleeping on near the sunken ship. He didn't want to wake Phillips.

Ranger had earlier received a phone call from Voulgaris.

"The USS Houston group is very behind this dive and they are upset and very concerned," Ranger said. "They want us to continue on with their wishes of entering the ship, not to loot but to photograph the deterioration of a World War II vessel that their organization survived."

However, because of Voulgaris' call, Ranger said the planned exploration of the ship's interior is in limbo.

Voulgaris referred to Title XIV of the National Defense Authorization Act signed by President Bush in 2004.

The Naval Historical Center said the purpose of Title XIV, generally referred to as the Sunken Military Craft act, is to protect sunken military vessels and aircraft and the remains of their crews from unauthorized disturbance.

The USS Houston went down on March 1, 1942, in the Sunda Straits off Java. Of 1,008 crew members, only 368 survived.

Phillips was contacted by the USS Houston Survivors Association because of his experience using a remotely operated vehicle camera during his duties with the sheriff's office and its volunteer rescue squad.

Val Poss, executive director of the USS Houston Survivors Association and the daughter of another USS Houston survivor, said Friday that the planned exploration of the ship's interior has been halted because of the Navy's intervention.

"Originally, I was incredulous," Poss said by telephone from her home in Pflugerville, Texas. "I can understand their position of not wanting strangers to go in. However, these men have a personal interest. They are doing it for the survivors and for the history of the ship."

Poss said that several times over the years her association has tried to find someone in the Department of the Navy that "could assist us with stopping the looting of the ship." She said private divers have taken guns, brass fittings and other items for themselves, some of which have wound up being sold in Jakarta.

"The U.S. embassy in Jakarta advised us more than a half-dozen years ago that the ship was in international waters and that there was nothing that could be done," Poss said.

Now all her group wants is to be able to photograph the inside of the ship before it falls apart.

"Why after 64 years are we doing this? We are doing this for the memory to continue," Poss said, her voice cracking. "Excuse me, I get emotional. These young boys died for our freedoms. Our fathers spent 3 years in hell (POW camps) to come home. We owe it to them to keep the history of this sacred ship alive and to share those pictures, not only with the survivors, but if our government would allow it, the world."

Poss was working the phones Friday. She had calls into Washington, D.C., Duluth and to the boat Phillips and Ranger are on.

She couldn't reach Voulgaris, but said someone else in the Naval Historical Center office told her it would take 90 days to get the proper permit from the Navy to explore the ship.

"I explained to her that we had people at the site and it was costing them $1,000 a day, and they didn't have 90 days to wait, and asked if we could expedite this," Poss said. "I was advised that it still takes 90 days."

Voulgaris told the News Tribune that she didn't want to "look like the big, bad government coming down with the hammer." But because of the existing law, the men exploring the USS Houston faced the possibility of being arrested if they disturbed anything in the ship or tried to enter the U.S. with any artifacts from the ship, she said.

"We just found out about it (the exploration) yesterday," Voulgaris said. "Unfortunately, we can't just give them carte blanche permission to do whatever they want on the wreck. We told Jerry Ranger you can dive on the wreck, you can take pictures of it (from outside), but please don't disturb it without permission from the U.S. government."

Your Life As An Open Book (NYT)

By Tom Zeller Jr.

The New York Times, August 12, 2006

Privacy advocates and search industry watchers have long warned that the vast and valuable stores of data collected by search engine companies could be vulnerable to thieves, rogue employees, mishaps or even government subpoenas.

Four major search companies were served with government subpoenas for their search data last year, and now once again, privacy advocates can say, “We told you so.”

AOL’s misstep last week in briefly posting some 19 million Internet search queries made by more than 600,000 of its unwitting customers has reminded many Americans that their private searches — for solutions to debt or bunions or loneliness — are not entirely their own.

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So, as one privacy group has asserted, is AOL's blunder likely to be the search industry's "Data Valdez," like the 1989 Exxon oil spill that became the rallying cry for the environmental movement?

Maybe. But in an era when powerful commercial and legal forces ally in favor of holding on to data, and where the surrender of one's digital soul happens almost imperceptibly, change is not likely to come swiftly.

Most of the major search engines like Google, Yahoo and MSN collect and store information on what terms are searched, when they were queried and what computer and browser was used. And to the extent that the information can be used to match historic search behavior emanating from a specific computer, it is a hot commodity.

As it stands now, little with regard to search queries is private. No laws clearly place search requests off-limits to advertisers, law enforcement agencies or academic researchers, beyond the terms that companies set themselves.

"This is a discussion that we as a society need to have," said Kevin Bankston, a lawyer with the Electronic Frontier Foundation, a rights organization based in San Francisco.

Mr. Bankston's group, which is spearheading a class-action lawsuit against AT&T for sharing consumer phone records with the National Security Agency, issued an alert this week calling the AOL incident a "Data Valdez," asserting that it may be in violation of the Electronic Communications and Privacy Act, which regulates some forms of online communications.

"I am very skeptical of any claims that the monetary worth of this information to these companies is worth the privacy trade-off to millions of people," Mr. Bankston said.

That is not to say that marketers are not keenly interested in being able to push ads to a particular computer based on the types of searches coming from that address over time. For users who register as members with some search engines, including Yahoo, this is already happening — although consumers are unlikely to realize it.

Which is why privacy advocates question whether such advertising models are appropriate in the first place.

"In many contexts, consumers already have the expectation that information about their cultural consumption will not be sold," said Chris Jay Hoofnagle, a senior researcher at Boalt Hall School of Law at the University of California, Berkeley. "They understand that the library items that they check out, the specific television shows that they watch, the videos that they rent are protected information."

Indeed, legislation like the Cable TV Privacy Act of 1984 and the Video Privacy Protection Act of 1988 were tailored to keep the specific choices consumers make in their daily diet of cultural ephemera off limits.

There are exceptions: video "genre preferences," for instance, may be disclosed for marketing purposes.

And of course, such fare as magazine subscription lists and club membership information are bought and sold for marketing purposes all the time.

But how to characterize a search engine's vast catalog, not of what an individual bought, rented or subscribed to, but merely what he or she was curious about — perhaps only for a moment in time — for reasons that are impossible to know?

That's one thing that the culture and the law need to address fully, Mr. Hoofnagle suggested. And simply relying on the terms of service posted by Internet companies to sort things out, he said, is not enough.

"The problem with the consent model is that users don't read the terms and it's hard to comprehend what the effect of storing the data over time will be," Mr. Hoofnagle said. "And there's a corresponding promise that the company will protect the data," he added, "and sometimes, obviously, those promises are broken."

Indeed, AOL's publication of user search data comes in a social context that is newly sensitive about data leaks.

"Part of this conversation should be about the responsibility of companies to maintain data securely," said Mr. Hoofnagle, who was among several privacy advocates who were critical of ChoicePoint, the large commercial data broker, in the months before the disclosure in February last year that criminals had foiled its screening protocols and gained access to consumer information.

"The longer companies hold onto information, the greater the risk," Mr. Hoofnagle said.

The ChoicePoint debacle, in fact, was a watershed moment for data security law, at least at the state level, with at least 30 states enacting some form of breach-notification legislation requiring businesses to notify consumers if their information is compromised.

Numerous bills have been proposed in Congress as well, but pitched battles between privacy advocates, who seek comprehensive data protections for consumers, and the financial industry, which wants to limit any onerous legislation and pre-empt tougher state laws, have stalled progress.

It is not surprising, then, that a bill by Representative Edward J. Markey, Democrat of Massachusetts, that seeks to force Web sites, including search engines, to purge old data, has not moved since its introduction in February.

"Corporate negligence with consumers' personal information shouldn't be tolerated by average Americans, the financial markets, or the federal government," Representative Markey said in an e-mail message.

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The bill was inspired by the Justice Department's subpoenas for search data held by MSN, Yahoo, AOL and Google this year — a move aimed at bolstering the government's efforts to uphold an online child pornography law. Google was alone in resisting the subpoena in federal court, which mostly sided with the company, granting the government access only to information on Web site addresses returned in Google searches, rather than search terms entered by users.

And yet the vast data troves held by search engines and Internet companies of all stripes continue to present an irresistible investigatory target, particularly in an era of terrorist plots like the one that seriously disrupted British airports, and much of the rest of global aviation this week.

In December, the European Parliament passed sweeping data retention rules aimed at the telecommunications and Internet industries, requiring that fixed-line and cellphone records, e-mail and Internet logs be stored for up to two years. The measure was lauded by law enforcement groups but decried by privacy advocates and even industry, which would have to find space — and money — to store it all.

Congress, too, has toyed with the idea of drafting data retention legislation, and Attorney General Alberto R. Gonzales has signaled on numerous occasions that he would like to see that happen.

Speaking at the Search Engine Strategies 2006 Conference and Expo in San Jose, Calif., on Wednesday, Google's chief executive, Eric E. Schmidt, suggested that government interest in the sort of information Google archives remains a chief concern for his company.

"I've always worried that the query stream was a fertile ground for governments to randomly snoop on people," he said.

In a public forum with Danny Sullivan, the editor of Search Engine Watch, an online news blog, and the San Jose event's organizer, Mr. Schmidt was asked about the AOL incident. "It's obviously a terrible thing, and the data as released was obviously not anonymized enough," Mr. Schmidt said.

Mr. Schmidt also said his company, which stores every query its visitors make, deploys numerous safeguards to protect and keep that data anonymous, and that he was confident that "this sort of thing would not happen with Google — although," he added, "you can never say never."

That might be the battle cry of privacy advocates, who wonder why any company that doesn't have to, and that wants to maintain the faith of its customers, would bother to hang onto so much data.

"This AOL breach is just a tiny drop in the giant pool of information that these companies have collected," Mr. Bankston said. "The sensitivity of this data cannot be overemphasized."

A similar sentiment was at the heart of an e-mail message sent to employees by AOL's own chief executive, Jonathan F. Miller, on Wednesday.

"We work so hard to protect this kind of information, and yet it was made public without review by our privacy experts, undermining years of industry leadership in a single act," Mr. Miller wrote. "The reaction has been a powerful reminder of how quickly a company such as AOL can forfeit the good will we have worked for years to engender."

CIVIL RIGHTS:

Jail Report Conflicts With 2 Beatings (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, August 12, 2006

GULFPORT - Claims that a Harrison County jailer beat and tortured an inmate who suffered serious injuries Jan. 7 after several hours in a restraint chair conflict with a report the jail submitted to the U.S. Justice Department.

The report is part of a quarterly package the jail is required to submit under a 1995 federal court order to improve conditions and guarantee inmates' rights at the Harrison County jail. The jail security report for January lists seven assault incidents between inmates but none between an inmate and an officer.

The conflicting claims come from a notice of claim involving injuries Kasey Dion Alves allegedly suffered at the jail Jan. 7 as well as a wrongful-death lawsuit involving the fatal beating of inmate Jessie Lee Williams Jr. on Feb. 4.

The Williams lawsuit, a federal civil-rights complaint, alleges a pattern of abuse at the jail before Williams' beating. The lawsuit refers to several prior incidents of alleged abuse and says "the most sadistic" incident was the one Jan. 7.

According to the Williams lawsuit, jail officials were warned after the Jan. 7 incident that if a certain jailer wasn't stopped, someone was going to die in the jail. Estate attorneys claimed, on the basis of conversations with Alves' counsel and others, that jailer Ryan Teel, who has since resigned, is the corrections officer involved in both incidents.

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Teel has not been arrested or charged in either incident. However, a former co-worker, Regina Rhodes, pleaded guilty to two felony counts in federal court Monday. She admitted she assaulted Williams under color of law, violating his civil rights, and that she withheld information by falsifying a report and lying to state and federal investigators. She faces up to 13 years in prison; her sentencing is set for Oct. 16.

In the Alves incident, attorney Woodrow W. Pringle III provided county officials with details of what he believes happened to Alves and doctor's statements that say Alves suffered acute kidney failure and nerve damage "as a direct result of the excessive force from being strapped in the chair at the Harrison County jail."

According to Pringle's allegations and those of Williams' attorneys, Alves peeked inside a holding cell for women near the booking room and was struck several times by Teel and left in a restraint chair for seven or eight hours.

The Williams lawsuit claims while Alves was in the restraint chair, Teel wrapped a sheet around Alves' head tightly enough to show his facial features and poured water through an opening in the sheet, causing Alves pain and terror.

Alves, 33, was taken to jail after his arrest on misdemeanors, including public drunk.

Williams, 40, was taken to jail after his arrest on misdemeanors also including public drunk.

In a jail security report for February, Teel and Williams are listed as being involved in an inmate-on-inmate assault. Two jailers who also are defendants in the civil lawsuit, and accused of participating in the beating or failing to stop it, are listed in a separate column of the report denoting an inmate-officer assault.

The report does list one incident involving a restraint chair, but the Williams attorneys said the alleged discrepancies, in part, prompted them to file a motion in federal court Thursday. The motion asks U.S. District Judge Walter J. Gex III, who signed the 1995 order, to hold a review on whether a fraudulent report was submitted by the jail, and if it was, that the jail be placed under oversight of someone other than Sheriff George H. Payne Jr. and his department.

According to John Whitfield, co-counsel for the Williams estate, the questionable security reports "are misleading at best, and fraudulent at worst."

Cy Faneca, the sheriff's attorney, said he cannot comment on the reports but he said details of both incidents have been provided to the Justice Department. It is not uncommon, Faneca said, for the sheriff to forward information he receives after a report has been submitted.

x

The consent judgment

Since 1995, the Harrison County jail has operated under a consent judgment that requires it to make improvements and provide detailed reports to the U.S. Department of Justice.

U.S. District Judge Walter J. Gex III signed the order Jan. 12, 1995, two years after U.S. Attorney General Janet Reno filed a lawsuit condemning a variety of problems, including security and supervision, staffing and training, medical and mental health-care for inmates and inmate access to law books and legal materials.

The complaint alleged conditions at the jail violated the constitutional and legal rights of inmates. Named as defendants were Sheriff Joe Price, jail warden Rick Gaston and the five Harrison County supervisors.

Price, sheriff for 10 years, left office at the end of 1999 after losing the Republican party primary to Payne. Payne ran unopposed in the general election.

Gaston now holds the rank of captain and is jail security director and booking supervisor.

Terms of the consent judgment require that the defendants and their employees, agencies and successors provide strict compliance with recommendations. The judgment gives the federal government unrestricted access to all records and recordings, jail staff and facilities.

The order requires the county to pay for improvements to bring the jail into compliance. It also stipulates that the federal government can end its oversight of the jail once the jail has maintained compliance with all terms and objectives for a year more.

Part of the requirement is submitting quarterly reports to the Justice Department to show how the jail is run and what happens in the jail on a month-to-month basis.

Indians Fight Redskins Name (WP)

By Eric M. Weiss, Washington Post Staff Writer

The Washington Post, August 12, 2006

A group of Native Americans filed a new legal challenge yesterday to trademarks for the name and logo of the Washington Redskins, saying the team's name is a racial slur that should be changed.

DOJ_NMG_0047778

A petition filed at the U.S. Patent and Trademark Office by six Native Americans represents a second chance for Indians to challenge the football franchise's name. The team prevailed in an earlier fight when a U.S. District Court judge ruled that the plaintiffs waited too long under trademark law to object. This time, the complaint was filed with a new set of plaintiffs.

In the petition, the six Native American activists say that the football franchise's name breaks a 1946 federal law prohibiting the government from registering a trademark that disparages any race, religion or other group.

"The term 'redskin' was and is a pejorative, derogatory, denigrating, offensive, scandalous, contemptuous, disreputable, disparaging and racist designation for a Native American person," the complaint says.

Jillian Pappan, 19, of Sioux City, Iowa, one of the six challengers, equated the name Redskin with the "N-word." "You're not going to call me a redskin, and they shouldn't be allowed to have that as a copyright," she said.

Washington Redskins spokesman Patrick Wixted said the team was aware of yesterday's filing.

Robert L. Raskopf, the lawyer representing the team in the case, said today, "We're confident that we will prevail on the merits."

"The highest court that considered it on the merits, the claim that the name disparages Native Americans, found no evidence of that. I don't think it's going to matter who brings the claim," Raskopf said. "The bottom line is there is no evidence to support that claim."

The emotional issue has a long and winding legal trail dating back 14 years. In a similar petition filed in 1992, activists argued that the team's name and feather-wearing Indian mascot trivialized Indian victims of genocide and those forced off their land by settlers and U.S. soldiers. In 1999, the Trademark Trial and Appeal Board agreed and ruled that the team had no right to trademark its name.

But Pro-Football Inc., the corporation that owns the Redskins, appealed the trademark panel's decision in U.S. District Court. Although acknowledging "difficult relations" between Anglo Americans and Native Americans, attorneys argued that the beloved hometown team has changed the connotation so the team's name is now "powerfully positive."

In 2003, U.S. District Judge Colleen Kollar-Kotelly ruled in the team's favor and threw out the patent panel's decision to cancel six highly lucrative Redskins trademarks. She did not address whether the name was insulting but concluded that the activists waited too long to challenge the trademarks, which were first granted in 1967.

Last year, the U.S. Court of Appeals for the District of Columbia sent the case back to District Court without ruling on the substance of whether the name was derogatory. That case is still pending.

Philip Mause, a lawyer with the firm Drinker Biddle, which is representing the Native American activists, said the challengers in the new case are 19 to 24 years old. Among them are Shquanebin Lone-Bentley, 19, of Alexandria and Phillip Gover, 23, of Charlottesville.

Their youth should counter the legal question of whether they waited too long to sue, because they were not born when the first trademark was granted, Mause said. He said the new filing would force the courts to rule on the underlying issue of whether the Redskins name is disparaging enough for the team to lose its trademark protection.

"It will allow this to be resolved on its merits," Mause said.

Suzan Shown Harjo, a Native American activist and one of the original 1992 challengers, said she was "proud that the native young people have stepped forward to take on this despicable, disparaging name."

She said she attended a Redskins game in 1974 with her husband but had to leave after fellow spectators pulled their hair and mocked them for being "real redskins."

"They were touching us," she said. "It was really such a bizarre thing that we had to leave."

Harjo said that more than 2,000 Native American references in team names and mascots have been changed since 1970. Stanford University in California changed its sports teams from the Indians to the Cardinal. St. John's University in New York switched from the Redmen to the Red Storm. In Ohio, Miami University's Redskins became the Redhawks.

But 900 teams continue to use Indian references, such as the Cleveland Indians, the Kansas City Chiefs and the Atlanta Braves, Harjo said.

The Washington Redskins were originally based in Boston and called the Braves. The owner changed the name to the Redskins in 1933, and the team moved to Washington in 1937.

A Spa Day That Was Anything But Relaxing (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, August 12, 2006

Reinstated Suit Alleges Racial Bias in Va.

DOJ_NMG_0047779

Seandria Denny wanted to do something special for Mother's Day. So she treated her mom to a full package at the Elizabeth Arden Red Door Salon and Spa in Vienna -- manicure, massage, hairstyling, the works.

During her mother's visit to the upscale spa in 2002, Denny showed up and tried to add a hair coloring. It was then, she said, that a receptionist uttered the words that turned a day of pampering into a protracted legal battle.

"We have a problem," the receptionist and then the manager allegedly told Denny. "We don't do black people's hair."

Outraged, Denny told the salon to send her mother home. She said the salon tried to style Jean Denny's hair anyway but did a shoddy job. "Her hair looked like her finger was in a socket," she said. "They just blew-dry it out and sent her out the door."

Denny and her mother sued Elizabeth Arden for racial discrimination in U.S. District Court in Alexandria. A federal judge dismissed the case. But the U.S. Court of Appeals for the 4th Circuit reinstated the suit this week and sent it back to Alexandria for trial, ruling that "there can be no doubt that plaintiffs have presented not only strong but direct evidence of the salon's intent to discriminate."

"It is hard to imagine plainer evidence of purposeful discrimination than when services are denied expressly because the purchaser is African-American," Judge J. Harvie Wilkinson III wrote for a three-judge panel. "It is, of course, entirely possible that the trier of fact may ultimately see this matter Elizabeth Arden's way. The record before us, however, at least draws into serious question the neutral and non-racial explanations for whatever happened here."

In court papers, Elizabeth Arden accused the Dennys of trying to make a "federal case" out of what was merely the salon's inability to schedule the coloring that day. A lawyer for the company, Stephanie Quincy, said it "unequivocally denies that we have discriminated based on race." She said the 4th Circuit ruling "does not indicate that there was discrimination. It merely says plaintiffs have alleged discrimination, not that they have proven a case."

What, if anything, the receptionist told Seandria Denny that day remains in dispute. Elizabeth Arden denies the statement was made.

Carla Cooley, who was the general manager for Elizabeth Arden salons in 2002, said in court papers that some of her stylists had little experience doing black women's hair.

"We didn't have a lot of African American guests requesting hair services at Elizabeth Arden," Cooley said in a 2004 deposition. "I'm going to be honest with you on that. It didn't come up very often. Most of our African American guests really have a salon they go to and they love, and they wouldn't even think of trying somewhere else." Cooley's statements are not a part of the salon's defense, and the salon maintains that scheduling is the sole reason Denny's request was not accommodated.

Seandria Denny, 31, of Vienna chose Elizabeth Arden because "I wanted to give my mother a full day of pampering. She's old, she has raised nine kids and she still works hard."

Denny paid $295 for a "Miracle Morning" package that included a facial and lunch. Her mother redeemed the gift on May 26, 2002. Denny said she decided to surprise her mother and add the coloring to make her mother's black hair "a little lighter."

Denny said the manager tried to explain to her that "doing black people's hair requires a technician who is trained for it."

"I said, 'What do you mean, you don't do black people's hair?' The salon was full of people, and it was very embarrassing," Denny said. "I guess they think that doing a black person's hair is different from a Caucasian person's hair, but there is no difference. Every woman uses a curling iron."

NeCole Cumberlander, vice president of the Professional Beauty Association, a trade group, said blacks tend to have drier hair texture. In decades past, she said, "it probably was true that you needed specific types of tools in order to do textured hair or African American hair."

That is no longer true, she said. "The tools are pretty universal now, and any product line will have a line that is designed for a drier texture of hair," said Cumberlander, who owns a salon and cosmetology school in Cleveland. "There should have been at least one person on staff who could have done this woman's hair, especially at a salon of that caliber."

Shaken by the confrontation, Denny and her mother filed suit in May 2004. U.S. District Judge Claude M. Hilton dismissed the suit in January 2005, ruling that the Dennys had not provided sufficient evidence of discrimination and that "the fact that Plaintiff was displeased with her hair style certainly cannot be said to be regarded as atrocious."

The 4th Circuit upheld Hilton on several grounds but reinstated the suit under a law that forbids racial discrimination in the making and enforcing of contracts. Judge Paul V. Niemeyer sided with Wilkinson. Judge Robert B. King dissented on parts of the decision but agreed to send the case back to Alexandria for trial.

Staff writer Tom Jackman contributed to this report.

Judge Voids Md. Laws For Early Voting (WP)

By Matthew Mosk

The Washington Post, August 12, 2006

DOJ_NMG_0047780

Decision, a Blow to Democrats, Is Stayed Pending an Appeal

An Anne Arundel County judge invalidated Maryland's early voting laws yesterday in an opinion that could substantially alter the political tactics used by campaign teams across the state this fall.

Circuit Court Judge Ronald Silkworth ruled that it would be illegal for Maryland elections officials to open polling stations during the week before Election Day because the state constitution strictly sets the timing of elections. The 2005 and 2006 laws also improperly permitted voters to cast ballots outside their precincts, he wrote.

"This court finds that the General Assembly exceeded its constitutional authority in enacting the early voting statutes," wrote Silkworth, a Democratic appointee whose ruling favors Republicans in one of the State House's most partisan disputes.

Silkworth agreed to stay the decision until the case could be heard on appeal by the state's highest court, probably before the Sept. 12 primary. State election officials said they will continue to prepare for voting to start as early as Sept. 5.

Should it hold up on appeal, the decision would most directly benefit Gov. Robert L. Ehrlich Jr. (R). He has vigorously fought the early voting proposals from their inception, first in the legislature with his veto and then with a failed petition drive orchestrated by his reelection campaign.

The governor has described the plan as an invitation to voter fraud; Democrats have likened his efforts to stop it as tantamount to voter suppression.

Ehrlich learned of the decision during a lunch with Washington Post reporters and editors and appeared genuinely pleased and surprised. "Wow!" he exclaimed, eyes wide. "Are you serious? Wow!"

"They were real bad bills," he continued. "They were just ridiculous. Absolutely stupid. Stupid partisanship."

A key reason Ehrlich has fought so hard to derail the early voting provisions -- and Democrats have pushed so hard to enact them -- is that they are believed to give an edge to Democratic Party candidates in Maryland.

It's a matter of numbers: Early voting increases turnout. Democrats have a nearly 2 to 1 edge on voter rolls, so that means more votes for Democrats.

Democrats, however, have described the bill as something more akin to a voter rights act, because expanding the polling period provides more opportunities for working-class voters who might not have time to vote on Election Day.

"Sheet metal workers and crane operators and people who have to leave the house at 5 in the morning to get to their jobs at the Pentagon, they're the ones who are helped by this," Senate President Thomas V. Mike Miller Jr. (D-Calvert) said earlier this year.

Democrats planned to capitalize with elaborate efforts to prod voters to the polls. They view turnout, especially among African American voters, as crucial to their bid to unseat Ehrlich in the Nov. 7 election. The decision could force them to revise those plans.

Miller said he was baffled by the court ruling, because 35 states, including 10 whose constitutions define Election Day as Maryland's does, have permitted some form of early voting. The U.S. Supreme Court has upheld similar provisions.

But Silkworth wrote that what has occurred in other states or in federal court is not relevant to the Maryland case. He wrote that he felt compelled to adhere to a basic guiding principle: "not to depart from the plain language" of the constitution.

Dan Friedman, an expert on the Maryland constitution who teaches at the University of Maryland Law School, said there is considerable room for disagreement on the subject on appeal.

"I think there is some flexibility in the constitution," Friedman said, noting, for instance, that although the constitution decrees that the election will be held on a specific day in November, the polls need not open at 12:01 a.m. and remain open until midnight.

"The Court of Appeals has said the constitution isn't meant to be a straitjacket," he said.

Republican lawmakers said they had warned Democrats that in their view, passing early voting laws would require amending the constitution, much as the legislature did when it allowed for absentee voting.

"We told them, 'If you want to do this, do it right,' " said House Minority Whip Anthony J. O'Donnell (Calvert).

Earlier this year, just before the vote on one of the provisions, Republicans became so incensed that they staged a rare walkout in the Senate, marching up the marble staircase in the State House and into the governor's reception room. Ehrlich applauded them for walking out and declared that four years of "monopoly frustration has come to a head."

Yesterday, Ehrlich gave a similar assessment, saying he might have supported the concept of extending voting hours, or even opening polls for "two or three days."

But he said he was appalled by the Democrats' bill, which spelled out 21 addresses where polls must be open from 7 a.m. to 8 p.m. during the week leading up to Election Day and also enhanced the power of the state elections administrator, a Democratic appointee, to oversee actions of local election officials appointed by Republicans.

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The court ruling -- as did the one striking down a law requiring Wal-Mart to provide health benefits to its workers -- helps him convey his message that the legislature has "overreached," he said.

"This is what they always do," Ehrlich said. "They always overreach."

Democrats, however, said they viewed the lawsuit that brought about yesterday's ruling as the latest in a series of crass attempts by Ehrlich to tamp down turnout in the election, in which he will face Baltimore Mayor Martin O'Malley (D).

Maryland Democratic Party Chairman Terry Lierman was quick to note that the case was filed by Marirose Joan Capozzi, a Republican State Central Committee member and campaign organizer for Lt. Gov. Michael S. Steele, who is running for U.S. Senate.

"She is backed by Republicans and Governor Bob Ehrlich in this effort to suppress the vote for partisan political reasons," Lierman said in a statement.

Rep. Steny H. Hoyer (D-Md.) said he, too, "strongly disagrees" with the ruling.

"Marylanders should see the lawsuit that resulted in today's ruling for exactly what it is: an effort spearheaded by supporters of Governor Ehrlich and Lieutenant Governor Steele to make it difficult for voters to exercise the franchise," he said.

State Elections Administrator Linda Lamone said she will proceed with plans for early voting pending the high court ruling. It will be far easier, she said, to scrap the early voting effort at the last minute than to try to resurrect it at the last minute if the decision is overturned.

Staff writer Daniel de Vise contributed to this report.

Judge Nixes Early Voting (WT)

By S.a. Miller

The Washington Times, August 12, 2006

An Anne Arundel County Circuit Court judge yesterday overturned the General Assembly's recently enacted early-voting law, saying the state constitution allows only one day of voting.

"This court finds that the General Assembly exceeded its constitutional authority in enacting the early voting statutes," Judge Ronald A. Silkworth said in the ruling.

The finding resulted in flurry of responses yesterday.

The Maryland Attorney General's Office immediately appealed the ruling in the Court of Appeals, the state's highest court.

Judge Silkworth had ordered a stop to preparations for early voting in elections this fall, but stayed the order pending the appeals court's decision.

Linda H. Lamone, administrator of the State Board of Elections, said she will prepare for early voting in anticipation of a successful appeal. "If the Court of Appeals agrees with the circuit court judge, we will simply not implement it," she said.

The law, which the Democratic-controlled General Assembly passed this year over the veto of Gov. Robert L. Erhlich Jr., would allow in-person balloting at specific polling places during the week before the Sept. 12 primary and Nov. 7 general election.

The law also was illegal because it allowed voters to cast ballots outside their home election district, Judge Silkworth ruled.

"The court finds that the constitution entitles qualified voters to cast their votes only in the 'ward or election district in which he resides,'" he said. "This language is not permissive, but mandatory."

The ruling was viewed as a victory by Mr. Ehrlich, a Republican seeking re-election. He said the measure would have increased opportunity for voter fraud.

The court "rejected the Maryland General Assembly's approach to early voting as flawed, irresponsible and an overreach of the Maryland Constitution," he said.

Maryland Democratic Party Chairman Terry Lierman said the lawsuit was a Republican attempt to suppress voter turnout. He pointed out the lead plaintiff in the case was Queen Anne's County resident Marirose J. Capozzi, a member of the county's Republican Central Committee.

"Early voting is about one thing -- expanding voting rights through safe, secure and convenient voting," Mr. Lierman said. "While Governor Ehrlich obviously wants to make voting more difficult for selfish political reasons, the Maryland General Assembly overrode his vetoes and by overwhelming margins voted to solidify and expand voting rights."

Mr. Ehrlich has argued that early voting and other new voting laws -- including expanded use of absentee and provisional ballots -- were intended to give Democratic candidates an advantage in Maryland, where there are roughly twice as many registered Democrats as Republicans.

"The sanctity of Maryland elections must not be eroded for the sake of one party's political advantage," Mr. Ehrlich said. "Nonetheless, I remain supportive of the concept of early voting and look forward to working with Maryland lawmakers next year to craft a sensible and nonpartisan approach ... to ensure that Maryland conducts fair, accessible and accurate elections."

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The early-voting law is the third law passed this year over Mr. Ehrlich's veto that has been struck down by the courts.

Maryland courts overturned a law that would have forced Wal-Mart Stores Inc. to pay a minimum amount of employee health benefits and a law that would have fired the governor-appointed Public Service Commission, which regulates utilities.

House Majority Leader Kumar P. Barve said the ruling yesterday was a temporary setback for a law that would ultimately make voting more convenient.

"The court overturns legislative intent all the time," said Mr. Barve, Montgomery County Democrat. "I don't regard that as repudiation of anything. When we come back next year, we will just have to clarify the law."

The state's electoral process has been a frequent point of contention between Mr. Ehrlich and lawmakers, beginning with legislature's intervention in 2003 to save the job of Miss Lamone, the state's longtime top election official under Democratic administrations.

The governor also clashed with the legislature in his failed push to require a paper record of votes cast on the state's new touch-screen voting machines.

A petition drive backed by Mr. Ehrlich to block early voting also failed when Miss Lamone in June invalidated scores of signatures.

Sen. Ulysses S. Currie, Prince George's County Democrat, said the ruling undermined the legislature's attempt to expand voting rights. He compared early voting to the 25-year extension of the federal Voting Rights Act, which protects minority voting rights and was recently signed into law by President Bush.

"We are not only giving people the right to vote but the ability to vote," he said. "The ruling is not a setback for the General Assembly. It is a setback for the people."

ANTITRUST:

Pair Of Antitrust Suits Target Biomet (DOW)

Dow Jones Newswires

Dow Jones, August 12, 2006

Filing suggests it faces more litigation related to federal subpoena

Warsaw-based Biomet said Friday that two lawsuits were filed against it for alleged violations of antitrust law -- and the orthopedic products maker could be served with more complaints.

The lawsuits, seeking class-action status, are related to a Justice Department subpoena delivered in June to the company and three other orthopedics companies for possible antitrust violations, Biomet said in its annual report filed with the Securities and Exchange Commission.

The Justice Department requested Biomet documents from Jan. 1, 2001, to the present, according to the annual report for the fiscal year ended May 31.

The two lawsuits were filed by companies and individuals, said Greg Sasso, Biomet's senior vice president of corporate development and communications. Sasso said he didn't know where the suits were filed.

The filing didn't indicate what damages the complainants seek.

Biomet is aware that other lawsuits have been filed but not served on the company, the annual report said. Those complaints also name other orthopedics companies as defendants, it said.

"The company intends to vigorously defend this matter, and believes that it has meritorious defenses to the claims being asserted," Biomet said in its SEC-filed report.

Besides Biomet, the Justice Department in June subpoenaed DePuy, a subsidiary of Johnson & Johnson; Stryker Corp.; and Zimmer Holdings.

Biomet shares closed Friday at $33.23, down 3 cents.

2 Antitrust Suits Filed Against Biomet (AP-YBIZ)

AP, August 12, 2006

Biomet: 2 Antitrust Suits Filed Against Company

WASHINGTON (AP) -- Biomet Inc. said Friday that two lawsuits were filed against it for alleged violations of antitrust law -- and the orthopedic products maker could be served with more complaints.

DOJ_NMG_0047783

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Broadbandits (WSJ)

By Thomas W. Hazlett

The Wall Street Journal, August 12, 2006

We should be celebrating an anniversary this month: One year ago, in August, the Federal Communications Commission voted to deregulate residential broadband services. Never heard of it? Well, I'm not proposing a parade; but this victory for freer markets undermines the current proposal to re-regulate the Internet via "net neutrality."

First, the broadband situation. Under the "open access" mandate, the federal government used to be the ultimate arbiter of what telephone companies could charge independent broadband providers to use their own physical infrastructure, such as wires and cables and other network components. But reformers argued that depriving the telcos of the power to set prices and cut customized business deals meant they could not attract the investment they needed for critical but very costly improvements to these networks.

The deregulation debate was acrimonious: Critics complained that, left to market forces, households would be handcuffed and gouged by telcos pushing their own broadband services, excluding competitors and restricting access to Web content. After the vote was taken, FCC Commissioner Michael Copps challenged his colleagues: "I hope next year the commission will put its money where its mouth is to see if the assumptions yield the results. And if it doesn't, I hope it will admit that and take appropriate action. I'll be keeping tabs."

The results are in: DSL packages are cheaper, performance speeds are faster, and the number of subscribers is growing more quickly than under open access rules. According to Leichtman Research, for the nine months following deregulation (fourth-quarter results aren't posted), the number of households with DSL increased by 4.6 million -- some 31% above the previous period's growth. Meanwhile, the DSL competitors -- cable modem services -- have added 3.8 million subscribers.

The DSL experience provides a vital piece of evidence for resolving today's equally acrimonious debate over "network neutrality" (aka net neutrality). Though somewhat hazy in theory, net neutrality would likely involve the government prohibiting DSL or other broadband companies from charging content providers such as Google or Yahoo for reaching individual Internet users. It might also prohibit them from providing better service for its own bundled applications -- say, voice over Internet telephone service.

Net neutrality is another flavor of open access. Proponents understand this. The New Republic editorializes that net neutrality is needed precisely because "last August, George W. Bush's Federal Communications Commission (FCC) exempted telcos that provide Internet connections from [open-access] restrictions, dealing a blow to both entrepreneurship and political discourse." The argument is logical, but omits empirical evidence of regulatory effectiveness.

Here is the background. From the earliest days of broadband service, controversy raged over whether the physical networks used to transport data should be allowed to control content. Thus open access rules, which forced telcos to allow broadband company rivals to use their networks at regulated rates. Cable TV systems, meanwhile, also provided Internet connections via cable modems, but without any obligation to share their facilities. If an independent Internet Service Provider (ISP) like Covad or Earthlink wanted to connect customers via Comcast's lines, they could negotiate a deal but had no legal club -- as they did under open access.

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There was a vigorous campaign to mandate open access on cable similar to DSL; regulators under both Presidents Clinton and Bush refused. The inevitable litigation ensued; but the Supreme Court set the matter to rest in FCC v. Brand X (2005). Its 6-3 decision upheld the FCC's classification of cable broadband as an "information service," placing it beyond the scope of common carrier regulation.

For a number of years, therefore, DSL service was subject to open access while cable was not. Unsurprisingly, DSL providers were blown away early in the race for market share. By the end of 2002, cable-modem subscribers numbered 11 million and DSL just 6.1 million, according to Leichtman Research.

Then DSL began its deregulatory trek. The first critical reform was a surprise FCC decision in February 2003 to end "line sharing" rules. This dramatically raised the prices which ISPs would have to pay to use phone company facilities to provide retail DSL service, dealing a severe blow to companies like Covad. Echoing conventional wisdom, the New York Times news story forecast a consumer defeat: "High-Speed Service May Cost More."

It hasn't. Average DSL rates, according to Kagan Research, dropped from $39.51 per month in 2002 to $34.72 in 2003. Telcos also expanded the scope, capacity and quality of advanced networks, even improving its endemic customer relations problems.

Consumers responded. DSL, holding just 35% market share in 2002, pulled even with cable among new subscribers in 2004. Leichtman Research reports that "DSL providers have added more broadband subscribers than cable providers in each of the last six quarters," and that overall, "the first quarter of 2006 was the best ever for both DSL and cable broadband providers." Unleashed from open access, DSL is attracting customers like never before -- and the overall growth of broadband subscribers (DSL and cable) is notably higher.

In September 2004 the FCC also eliminated network-sharing obligations for phone companies' fiber optic facilities, and deregulation appears to have triggered more investment. In the first quarter of 2006, about 100,000 of Verizon's 541,000 new "DSL" households actually received lightning fast fiber data connections. The bottom line: Since DSL began to shed its access obligations, users have flocked to the service. By the first quarter of 2006, DSL's subscribership has increased some 60% above its pre-2003 growth trend under access mandates.

Commissioner Copps was spot on in recommending a market test for deregulation of Internet access. If policy makers heed the results, they will reject the U-turn to Internet regulation via net neutrality.

Mr. Hazlett is professor of law and economics at George Mason University, and a former chief economist of the FCC.

ENVIRONMENT:

BP's Woes Spark A New Debate Over Arctic Oil Drilling (MCT)

By Kevin G. Hall

McClatchy Newspapers, August 12, 2006

WASHINGTON - Proponents of drilling in the Arctic National Wildlife Refuge are seizing on this week's shutdown of oil giant BP's Alaska drilling operations to renew their push in Congress to expand petroleum exploration and production.

Domestic drilling will be on the agenda when Congress returns in September. Negotiators in the House of Representatives and the Senate will begin trying to narrow their differences on two bills that call for expanded drilling on the U.S. Outer Continental Shelf.

Neither of these bills has provisions for drilling in ANWR, but Rep. Richard Pombo, R-Calif., the chairman of the House Resources Committee, is expected to hold hearings on the American-Made Energy Freedom Act. The bipartisan House bill proposes to open 1.5 million coastal acres of the 19 million-acre refuge to limited drilling.

The U.S. Geological Survey thinks there's a 50 percent chance that 10.3 billion barrels of oil lie below those 1.5 million acres. More than 15 billion barrels already have been pumped out of nearby Prudhoe Bay.

Opponents of opening ANWR argue against putting at risk a fragile ecosystem that's home to migratory birds, native bears and large caribou populations. They often point to the Exxon Valdez, an oil tanker that struck a reef outside Alaska's Prince William Sound in 1989. The spill of millions of gallons of oil contaminated coastlines and killed scores of wild animals.

Proponents of opening at least part of ANWR argue that it offers a reliable source of oil that would help cushion shocks from accidents or political turmoil.

Pombo and other advocates of opening the refuge argue that if drilling there had been authorized a decade ago, there'd be a supply cushion that could have prevented the $2-per-barrel spike in world oil prices this week after BP announced that it was shutting down its Prudhoe Bay field to repair corroded pipelines.

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Experts agree that if there'd been more U.S. production at ANWR, the global oil supply wouldn't be as tight as it is today. The Paris-based International Energy Agency said Friday that spare oil-production capacity across the globe was dangerously tight at about 3 million barrels per day (mbd).

"It is oil without political risks," said Peter Beutel, who heads the energy consultancy Cameron Hanover in New Canaan, Conn.

Some experts, however, say that while Alaska's North Slope may be a more dependable source of oil than, say, Iran, Iraq, Saudi Arabia, Nigeria or Venezuela, developing it would only add to a coming oil glut. The Pulitzer Prize-winning oil historian Daniel Yergin, for one, thinks that a giant global oil cushion is just around the corner.

The high price of oil, they argue, has sparked investment in lots of traditional and nontraditional sources of oil. These include drilling deeper for oil under the ocean floor, boiling oil from sands in Canada's province of Alberta, drilling off the coasts of Brazil and West Africa, and a bevy of new projects in former Soviet republics and the Caspian Sea basin.

In a June 2005 private report, the Cambridge Energy Research Associates, which Yergin runs, concluded that oil supplies may exceed demand by 7.5 mbd by 2010. This week, Yergin upped his projections for new oil projects coming online.

"Based upon our field-by-field examination of current activity and of 360 new projects that are either under way or very likely, we see capacity growing from its current 89 mbd to 110 mbd by 2015, a 25 percent increase," Yergin wrote in The Wall Street Journal's opinion pages on Aug. 9.

Those new sources could result in overproduction and lower prices within three to five years, said Yergin, who said the projected increases "would go a long way to meeting the growing demand from China, India and other motorizing countries."

Environmentalists argue that BP's problems should encourage a search for alternative sources of energy rather than more oil.

"We think the latest problem ... should spur members of Congress to talk about how we can get away from fossil fuels," said Athan Manuel, the director of lands programs for the Sierra Club in Washington.

Pombo's bill, co-authored by California Democratic Rep. Dennis Cardoza, seeks to win over reluctant Democrats by creating a special Energy Investment Fund. Royalties, lease payments and corporate taxes collected from opening ANWR could be used to pay for the development of alternative fuels such as ethanol.

According to projections from the nonpartisan Congressional Research Service, opening 1.5 million acres of ANWR could bring the federal treasury - or a trust fund, should one be established - as much as $112 billion in royalties, lease payments and corporate taxes.

Environmentalists find it perverse to propose oil drilling in Alaska as a way to raise money for alternative fuels.

BP Faces Fresh Probe Over Alaska Field (FT)

By Stephanie Kirchgaessner In Washington And Rebecca Bream In London

Financial Times, August 12, 2006

BP is facing a congressional probe in Washington over whether its decision to shut down production at its Prudhoe Bay field was a “market strategy” designed to manipulate the oil market.

In a scathing letter sent to Lord Browne, BP chief executive, on Friday, Joe Barton, the powerful chairman of the House energy committee, suggests the Alaska shutdown could be part of a wider strategy by BP to influence the market, particularly in light of recent allegations by US regulators that the company engaged in illegal trading in the propane gas market. The company has denied those allegations.

Mr Barton this week said he would hold a September 7 hearing to examine BP’s management of severe corrosion in its oil transit lines. In his letter, Mr Barton says evidence of BP’s “chronic neglect” of the pipeline, and the subsequent damage that the shutdown has imposed on American consumers and the US economy is “not excusable”.

Although Mr Barton, a Texan who is seen traditionally as a staunch defender of the oil industry, has not indicated whether he will call on Lord Browne to testify, the seriousness of the shutdown at a time when Congress wants to be seen as responsive to high petrol prices means that either the BP chief or another senior BP executive will probably have to face Mr Barton’s wrath personally.

The lawmaker is understood to be incensed particularly by the shutdown because staff at the energy committee received reassurances from BP just a few months ago that a March oil spill, the result of a corroded pipeline, was “an anomaly”.

“Following on the heels of the BP refinery disaster that killed 15 people in Texas City in 2005, and the oil spill . . . this latest incident once again calls into question BP’s commitment to safety, reliability, and the responsible stewardship of America’s energy resources,” Mr Barton said.

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BP said it would assist the committee in its inquiry. The letter represents the latest sign that pressure is growing on the company in the US capital.

Apart from Mr Barton's committee, BP is under investigation by the Department of Justice, Department of Transportation and the Environmental Protection Agency. The probes and heightened criticism by lawmakers fly in the face of attempts by BP to craft carefully its image in the US as a responsible and eco-friendly oil company, in contrast to US oil giants.

Separately, BP said it would make a decision later in the day on whether to close the western portion of the Prudhoe Bay field after the transportation department found it was not necessary.

Oil Field To Stay Partially On Line (WT)

By From Combined Dispatches

The Washington Times, August 12, 2006

ANCHORAGE, Alaska -- BP PLC said yesterday it would keep one side of the nation's largest oil field open as it replaces 16 miles of pipeline, averting a total shutdown that could have put a larger crimp in the nation's oil supply.

The decision will allow BP to keep funneling up to 200,000 barrels of oil and natural gas from Prudhoe Bay. BP, which operates the oil field, previously had said it would have to shut down the field after revealing leaks and severe corrosion on the eastern side of the pipeline nearly a week ago.

BP said it decided to continue supplying oil out of the western side of the field after reviewing 1,400 ultrasound inspections on five miles of the pipeline, and discussing the matter with federal and state regulators.

BP said it will monitor the pipeline round-the-clock and use infrared cameras from the sky and the ground to detect small leaks. It will run a high-tech "smart pig" device through the line by November to search for weaknesses in pipe walls.

Two vehicles equipped with equipment to clear up any spills and carrying observers with infrared leak detection kits will patrol the line 24 hours a day, while engineers will visually inspect the line 10 times a day, BP said.

"The results have been encouraging and have increased our confidence in the operational integrity of this pipeline," BP America Chairman and President Bob Malone said in a statement yesterday.

"With greatly enhanced surveillance and response capability, I am confident we can continue to safely operate the line," he said.

The company said it is currently producing about 150,000 barrels of oil and natural gas per day from the western side of the field, but hoped to soon reach about 200,000 barrels a day.

The natural gas accounts for between 11,000 and 12,000 barrels of the total. Before the discovery of the leaks, BP was pumping as much as 400,000 barrels out of the entire field daily.

Steve Marshall, the president of BP Exploration Alaska, thanked state and federal personnel "for giving this effort their complete and undivided attention."

BP also said it was looking at ways to restore some production from the eastern side of the field, subject to approval by federal regulators. The company is hoping to complete installation of the new 16 miles of pipeline by early next year.

The shutdown has raised fresh questions about BP's safety record in the United States, after a major oil spill in the same region of Alaska in March and a huge blast at its Texas City refinery last year that killed 15 workers.

The company was forced to deny reported claims by a whistleblower that it had ignored corrosion problems at the Alaskan pipeline for years. But some have accused BP of acting with excessive zeal now.

Alaska Gov. Frank Murkowski, noting his state is losing about $6.4 million in daily revenues because of the shutdown, had queried the need to cease all operations from Prudhoe Bay.

Hunting Pinholes In The Pipeline (WP)

By Steven Mufson

The Washington Post, August 12, 2006

Along 22 Miles, Small Leaks Mean Big Problems for BP

DEADHORSE, Alaska

Where workers had stripped away the insulation on a section of pipeline, John White squatted in the soggy soil with headphones as an ultrasound device he had attached at the 9,992-foot mark sent signals to computers on a truck that was idling nearby.

"This pipe looks really good," said White, as he moved the device down another foot or so. Over one and a half days, White had been able to test segments of the 22 miles of pipeline that link Prudhoe Bay, the biggest oil field in the United States, with the rest of the world.

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Not all of it looked so good. A few miles away, workers were skimming oil off the surface of the tundra where a leak discovered Sunday spilled 15 barrels over an area about 2,600 square feet. An acrid smell filled the air, and the black gooey ground contrasted sharply with the surrounding tundra, which during this time of year is brown and marshy, with white flowers known as tundra cotton grass.

This is where workers with the BP PLC oil company found a small leak Sunday through multiple holes, one of 16 places in its easternmost transit pipeline where the company had discovered severe corrosion after running a diagnostic device known as a "smart pig" through the line. In two places the steel was so thin, less than seven-hundredths of an inch thick, that it felt soft to the touch. Since Sunday, BP has found four more pinhole leaks in the eastern line. Another 197 barrels of oil had spilled into containment tanks by Thursday, said Amanda Stark, the on-scene coordinator for the Alaska Department of Environmental Conservation, as she watched over the cleanup.

The discovery of the leaks there, a straight elevated piece of pipe within view of the company's operating base, prompted BP to announce that it would close down all of Prudhoe Bay's 400,000 barrels per day of production and replace 16 of the 22 miles of transit pipelines.

This week, BP has been scrambling to determine if it can keep some Prudhoe Bay oil flowing through its western transit line while it makes the repairs. That will depend on what is found by workers like White, who was flown to the site Monday. BP officials said they hoped to decide early next week. An order issued by the Transportation Department's Pipeline and Hazardous Materials Safety Administration gave BP the option of keeping open the western line, which previously carried half of Prudhoe Bay's output and is now running at 120,000 barrels a day.

Keeping some of the oil flowing would be desirable: With oil prices at about $75 per barrel, BP and its partners Conoco Phillips and Exxon Mobil Corp. are losing a lot of money. BP has had to buy 4.5 million barrels of crude oil in spot markets to cover its refinery needs. The production loss has also rattled anxious oil markets, bringing attention to BP's maintenance lapse.

Political pressures are building, too. The state of Alaska could lose $6.2 million a day, or more than 80 percent of its revenue. Standing here Thursday in a parking lot with metal warehouses, telephone lines and dusty dirt roads in the background, Gov. Frank H. Murkowski (R), who is generally an ally of the oil industry, called the site "the best oil field in the world." But the governor, who is fighting an uphill bid for reelection and who has suspended state hiring, added, "We're going to hold BP accountable." In Washington, House Energy and Commerce Committee Chairman Joe Barton (R-Tex.) released a letter to BP chief executive John Browne saying, "this latest incident once again calls into question BP's commitment to safety, reliability, and responsible stewardship of America's energy resources."

Whether BP will feel confident in keeping even part of its western transit line open is uncertain. It cannot get equipment needed to run a smart pig through the line until late November.

Until Sunday, BP had told regulators that using exterior ultrasonic devices to examine the spots where corrosion was most likely to occur -- dips and dead legs -- was a good enough method of assuring the pipeline's integrity. But the broader smart pig results it received a week ago on its eastern line "shattered that confidence," said Kemp Copeland, BP's Greater Prudhoe Bay field manager. "In hindsight, we weren't looking in the right spots."

Some engineering experts said that the corrosion in the Prudhoe Bay field should prompt industry to check pipelines elsewhere. "Here was systemic corrosion that wasn't caught by some of the best experts in the world, and this isn't Joe's oil company," said Lois Epstein, senior engineer with Cook Inletkeeper, an Anchorage nonprofit group that monitors the oil industry. "What does this say about pipelines in other parts of the world?"

Environmental sensitivities have played a key role here ever since oil was discovered in Prudhoe Bay on Dec. 26, 1967. For hundreds of miles, the faintly green and brown tundra, soggy during the summer, stretches out along the treeless coast, dotted with small lakes and ponds. Until the oil industry arrived, the main inhabitants here were caribou and polar bears. After the oil shock of 1973, development moved ahead and oil was flowing through the Trans-Alaska Pipeline System (TAPS) by 1977. Ever since, Prudhoe Bay has been a centerpiece of U.S. production. It has produced 11.7 billion barrels of oil and it probably has another 2 billion left, BP says.

Now regulators and environmentalists are asking whether BP has been negligent about maintenance of the 30-year-old transit pipelines that snake their way through the flat landscape, connecting the gathering lines from the wells to the bigger TAPS line. Some petroleum engineers say that while BP says it has been "surprised" by the extent of corrosion it has discovered since a leak was found on March 2 this year, it should have come as no surprise.

Corrosion is a constant problem for oil pipelines. The combination of oil, gas, carbon dioxide and water can form carbonic acid that eats away steel pipe. In a field like Prudhoe Bay, corrosion is more likely because BP is pumping water from the Beaufort Sea into the wells to help push out the oil as pressure in the aging field declines. Now the wells are producing 1.3 million barrels per day of water, along with 400,000 barrels of oil.

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BP had planned to spend $72 million this year to fight corrosion in Prudhoe Bay, up 80 percent from 2001. Copeland said, however, that the "vast majority" of the funds are spent on the 1,500 miles of smaller infield lines that carry oil from the well to processing plants. "That's where we expect to have the highest chance of corrosion," he said. Occasional leaks have occurred in those smaller lines, he said. The transit lines were thought to be lower risk because the oil passes first through processing plants to remove virtually all water and sediments.

But that is not enough to keep the lines clean. The eastern Prudhoe Bay transit line had collected so much sediment by 1992 that Atlantic Richfield Co., which was then operating the line, could not get a maintenance pig through to clean out the pipe. Even though BP bought Arco in 1999, it never ran a smart pig through to clean or collect data. This week, three of the pigs stood on a flatbed pickup truck, looking like overgrown bullets between knee and waist high. They had bright yellow plastic heads and bases and either steel brushes or magnetic sensors in between. True to their name, the pigs chew up sludge and the brushes make squealing noises as they work their way through the line.

It remains a mystery why BP did not run a pig through the pipelines. Even though the buildup of sludge was an obstacle, BP has cleared out the eastern line enough in just two weeks to run a smart pig through it. All company officials like Copeland could say as they stood looking out over the web of steel was that they wish they had.

In addition to the suspended output, strong world demand for steel has driven up the cost of pipe. And replacing large portions of the pipeline would take months. Prudhoe Bay on the Beaufort Sea lies 250 miles north of the Arctic Circle. The new pipe will be smaller because Prudhoe Bay production is declining. Deadhorse is more a collection of steel huts and warehouses than a town, more like northern New Jersey's industrial zone than the frontier. It's where people come to work hard enough to leave. Few tourists visit; there are vacancies at the Arctic Caribou Inn.

Just outside the BP operating base, a pickup truck that had been partly crushed in a collision is perched on a platform. In front of it is a sign that reads: "A moment of distraction can lead to an accident." In the case of the BP pipelines, it took many moments, but the result was the same.

Pressure's On For A Pipeline Fix (LAT)

By Sam Howe Verhovek

The Los Angeles Times, August 12, 2006

Jittery markets, oily tundra, Alaskan angst -- and one BP crew chief is trying to clear it all up.

DEADHORSE, Alaska — Hard by the Beaufort Sea, in 30-degree wind chill and surrounded by an otherworldly tableau of bright orange natural gas flares, caribou herds and wisps of arctic fog, Kemp Copeland wants everyone to know that he's working as fast as he can.

As field operations manager at BP Exploration Alaska's massive oil complex here, 250 miles north of the Arctic Circle on the northern edge of Alaska, the 45-year-old Texas native oversees repairs to a pipeline delivery system that was abruptly hobbled this week by the discovery of severe "microbiological corrosion" in parts of the pipeline complex.

The near-shutdown in oil deliveries from Prudhoe Bay caused a sudden spike in oil prices on jittery world markets and has prompted virtual chaos in Alaska's state government, 89% of which is funded by oil revenues from North Slope fields. On Friday, a beleaguered BP announced that while repairs are underway, it would continue production of oil from the western side of the Prudhoe Bay field.

The problem with the pipeline has become a factor in the state's raucous political scene, where some recent polls have suggested that Republican Gov. Frank H. Murkowski, who ordered a blanket hiring freeze in state government on Wednesday, is running third in a three-candidate GOP primary scheduled for Aug. 22.

While Murkowski and other Alaskans — as well as oil traders across the globe — wait for word on how long the repairs will take, Copeland cautions that he has no easy answers.

"We are looking at every available option, including bypass options," said Copeland.

"However, our number one priority is safety," added Copeland, a wiry, balding man whose Ross Perot twang mixes with a Jack Webb "just the facts, ma'am" delivery.

Critics say the corrosion problem is only the tip of a potential iceberg as the pipeline system nears its 30th birthday next year.

Industry officials sharply dispute that view, arguing that they carry out a rigorous inspection system for an 800-mile line that has delivered 14 billion barrels to the southern Alaska terminus at Valdez, while leaking less than the equivalent of one teaspoon in a swimming pool.

Copeland said about 200 BP employees were involved in responding to the spill and in emergency spot inspections for many of the 1,500 miles of pipeline that snake through the

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Prudhoe Bay complex.

Those lines constitute a feeder system to the Trans-Alaska Pipeline, which is managed by a separate consortium and was not the source of the recent spill or one in March that also spurred criticism of BP's Alaska operations.

Copeland and other BP officials here describe the problem as the result of an unusual buildup of bacteria in one of the smaller feeder lines; bacteria generally are flushed through the system and don't accumulate.

The bacteria left a corrosive waste, causing the leak, said company officials, who added that they did not fully understand what caused the buildup.

About 15 barrels spilled, said Amanda Stark of the Alaska Department of Environmental Conservation. Workers in white chemical suits used vacuums and a rope-line absorption system as they cleaned the dark stain that had spread across about 6,000 square feet of tundra.

The spill, detected on Sunday, is considered relatively minor, but the potential for corrosion problems elsewhere caused BP to shut down operations throughout much of the complex, triggering the price spike Monday. (The price per barrel actually fell slightly for the week.)

BP officials said it could take weeks and perhaps months to replace the line and bring Prudhoe Bay back to full operations — and that is assuming that inspectors do not find similar problems elsewhere.

The company said Friday that it hoped to install 16 miles of new pipe by early next year. "We think we have a very robust maintenance and inspection program," Copeland said. "Clearly we have a gap in our program, and going forward we will make changes."

Environmentalists disputed that view.

"The oil industry has been asking us to trust them to protect Alaska's fragile arctic environment, but they have not yet earned that trust," said Peter Rafle, a spokesman for the Wilderness Society.

Murkowski promised that he would "hold BP accountable" for the millions of dollars in uncollected revenue that is plaguing the state budget.

But he also sought to downplay the long-term problems posed by the shutdown, telling reporters here Thursday after touring the complex, "You know, a lot of people have already concluded that we've had a catastrophe, and we haven't."

In addition to the immediate problems posed by the shutdown, Murkowski is facing other issues that could plague his reelection bid.

Many voters say they are perturbed by his actions after he was elected four years ago, vacating the U.S. Senate seat he held for 22 years. Soon after his inauguration he appointed his daughter, Lisa, then a state representative, to replace him in the Senate.

The governor faces a complex battle over possible changes in state tax laws designed to spur construction of a natural gas pipeline from Prudhoe Bay to Canada.

He is also the target of many Alaskans' frustration over the state's inability to gain federal approval for drilling in the Arctic National Wildlife Refuge, east of here.

Polls show a majority of Alaskans support the bid by President Bush and many Republican senators to open the refuge to drilling, but the bid has been blocked by largely Democratic opposition, reflecting the wishes of many Americans to see the wilderness protected.

Among those working Friday to fix the pipeline leak, Jason Gauf, 36, of Spokane, Wash., and Steve Ketchum, 33, of Longview, Texas, were out on the tundra with the operator of a giant crane placing a protective sleeve around the faulty pipe.

The pay for workers here includes a lot of overtime, allowing some to make $100,000 or more annually for enduring the often-brutal conditions. Temperatures routinely dip to 20 degrees below during a winter when the sun doesn't rise at all for six weeks on either side of the winter solstice, Dec. 21. Conversely, it doesn't set during much of the summer. Slightly more oil is produced during the winter months because the turbines operate more efficiently in colder weather.

Like many of the 4,000 Prudhoe Bay employees, Ketchum works a two-week-on, two-week-off schedule, sleeping at the large company barracks after his work shifts.

And on his off-weeks, he knows exactly what he's going to be doing: "I'm off to Texas."

BP's Alaska Woes Are No Surprise For One Gadfly (WSJ)

By Jim Carlton

The Wall Street Journal, August 12, 2006

Charles Hamel , a Conduit For Issues Raised by Workers, Had Alerted EPA of Problems

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ALEXANDRIA, Va. -- When the giant oil company BP PLC announced a week ago it would shut down its massive Prudhoe Bay oilfield in Alaska because of corrosion problems, the news surprised many. It surprised the energy markets, which sent oil prices up $2 a barrel. It surprised Wall Street, which pushed BP shares down.

But it didn't surprise Charles Hamel.

Long before the closure of Prudhoe Bay, America's largest oil field, 76-year-old Mr. Hamel had sounded the alarm. As one of the oil industry's pre-eminent gadflies, Mr. Hamel last year provided information on Prudhoe Bay's corrosion problems to the Environmental Protection Agency, prompting a criminal investigation. Mr. Hamel also spurred a Department of Transportation investigation into complaints that some safety valves weren't working at the field last March.

One indicator of the impact of the Prudhoe Bay closure: It was enough to knock BP off the pedestal as Europe's largest oil company. That spot is now held by Royal Dutch Shell PLC, after BP's stock-price declines erased a big chunk of BP's market value over the past week or so.

"Chuck Hamel has provided important leads to Congress over the years, and he has served as a trusted outlet for many concerned workers," says U.S. Rep. John Dingell, a Michigan Democrat who has long looked at Alaskan oil issues.

For almost 20 years, Mr. Hamel, close family friend of actress Sissy Spacek and also a great-grandfather, has served as the spokesman for a network of disgruntled workers in the Alaskan oil fields. Operating from a three-bedroom home overlooking the Potomac River in suburban Washington, D.C., the former oil broker is a conduit for worker complaints from 5,000 miles away. In particular, he has focused on safety issues at Prudhoe Bay -- which provides 8% of U.S. crude-oil production -- and the 800-mile Trans-Alaska Pipeline.

Mr. Hamel has used his proximity to the Washington power corridor to instigate numerous government investigations into oil workers' complaints. All told, investigations prompted by Mr. Hamel have forced BP and Alyeska Pipeline Service Co., which operates the Alaska pipeline on behalf of BP and other companies, to undergo safety-related improvements estimated at more than $1 billion, government officials say.

Mr. Hamel has also gotten Alaskan state agencies, long criticized by oil workers for not scrutinizing the industry enough, to ramp up their oversight. "I kept getting calls from workers telling me about the problems up there," Mr. Hamel says. "They didn't have any other place to go, so I felt responsible for them."

But Mr. Hamel's actions have sometimes raised the ire of federal officials, regulators and others. Some federal officials gripe that Mr. Hamel creates a ruckus on issues that are far from calamitous. The officials and some regulators add that he also sometimes won't provide specifics on where alleged problems are located, making it tougher for companies and agencies to quickly respond.

Mr. Hamel is persona non grata with the oil industry. John Browne, BP's chief executive officer, for one, declines to answer questions on what he thinks of Mr. Hamel. "It would be so good if everyone used the process we have to tell us what's wrong," Lord Browne said in an interview while visiting Prudhoe Bay last week.

Mr. Hamel's relationship with the industry wasn't always bitter. Born and raised in Watertown, Conn., the Korean War veteran once favored oil exploration in the Arctic. In the 1960s, Mr. Hamel worked as a broker in the ocean-shipping business, connecting foreign buyers with U.S. sellers of commodities like grain. He also brokered shipments of Alaskan crude oil to the lower 48 states, a job that earned him fees as high as $100,000 a month.

In 1979, Mr. Hamel met his future nemesis, Mr. Browne, at a BP office in Cleveland. Mr. Hamel says he asked Lord Browne, who was then a lower-level BP executive, to reduce the Alaskan crude shipping fees for a client Mr. Hamel felt was being overcharged. Mr. Browne and another oil executive declined, he says. Lord Browne says he remembers meeting Mr. Hamel, but declined to elaborate further.

Mr. Hamel's relations with the oil industry soured in the 1980s. Around 1975, he had acquired an interest in a field at Prudhoe Bay, but later sold out to Exxon Mobil Corp., which hit a gusher at the field in 1989. Mr. Hamel accused Exxon of neglecting to tell him about how large the oil deposits were, a charge Exxon denied.

His industry relationships worsened in 1979 when a supertanker he had brokered took shipments of Alaskan oil laced with water. Mr. Hamel accused Alyeska of intentionally allowing the oil to be diluted with water; Alyeska denied the assertion. The incident triggered a years-long legal dispute over the origins of the tainted oil involving the tanker owner, the oil buyer and pipeline operator Alyeska. Mr. Hamel says the high-profile case -- which was never resolved -- forced him out of the tanker business.

During that time oil workers started calling him, Mr. Hamel says, with stories of safety problems along the pipeline, such as leaking valves or unsafe electrical gear. Mr. Hamel pressed state and federal officials to investigate. Alyeska responded by hiring a private security firm, Wackenhut Corp., to ferret out Mr. Hamel's sources.

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In 1992, Mr. Hamel filed suit against Alyeska and Wackenhut over the spying; the parties later settled for an undisclosed amount. Alyeska also apologized in full-page newspaper ads. A congressional hearing was called to examine the spying case.

That hearing cemented Mr. Hamel's status among disaffected worked after he refused repeated attempts by industry lawyers to disclose the names of his sources. "What he did was turn the light on, up where, before, any oil company was allowed to operate in the dark," says Rob Brian, a former operator at Prudhoe Bay who used to be one of Mr. Hamel's sources of information.

Since the late 1990s, Mr. Hamel has worked full-time on oil-worker complaints. That pro bono work has cost him financially, friends say. Mr. Hamel has spent so much money on phone bills, travel and other expenses related to the work that he has exhausted much of his savings, says Stan Stephens, a tour-boat captain in Valdez, Alaska, and close friend of Mr. Hamel's. "He told me once he didn't have enough money to go out to dinner," says Mr. Stephens, who worked with Mr. Hamel on oil issues related to the port of Valdez. "At least now he's finally getting the credit he deserves."

Ms. Spacek, who says she views Mr. Hamel like an uncle, adds: "Honest, loyal, trustworthy and courageous, Chuck has time and again put himself in great personal jeopardy defending his ideals and the ideals of those who are unable to speak out for themselves."

Mr. Hamel says he doesn't consult for energy companies and lives mostly on loans and Social Security income. He once was a millionaire, he says, but filed for bankruptcy after he lost his tanker business and the Prudhoe Bay lease. But "when these [oil workers] come to you, how can you say no?" he says. "You can't."

Write to Jim Carlton at jim.carlton@wsj.com1

Oil Prices Rise On Market Re-evaluation (AP)

By Madlen Read

AP, August 12, 2006

Crude-oil prices rose slightly Friday after dropping more than $2 a barrel a day earlier, as markets re-evaluated how the thwarted trans-Atlantic airplane attacks might dampen jet fuel demand and consumer confidence.

It capped a week of huge price swings in the energy markets. The announcement late Sunday that BP would lose production out of its Alaskan pipeline caused prices to soar, and Thursday's news of the foiled terrorist plot cause them to tumble back.

Cameron Hanover analyst Peter Beutel characterized Friday's oil markets as "exhausted, and applying bandages: there was a lot of money made and lost this week."

Markets on Friday also took note of the monthly report from the International Energy Agency, which cut its global oil demand growth estimate amid shrinking demand in developed industrialized nations.

Light, sweet crude for September delivery rose 35 cents to settle at $74.35 Friday on the New York Mercantile Exchange — below last Friday's settlement of $74.76 a barrel, despite soaring above $77 earlier this week.

September Brent crude on the ICE Futures exchange climbed 35 cents to settle at $75.63.

Thursday's price drop of more than 3 percent to the lowest settlement price since July 28 came after British authorities said they had stopped a terrorist plot to blow up several aircraft in flight between Britain and the United States.

Lawrence Eagles, head of the IEA's oil industry and markets division, told Dow Jones Newswires that the demand outlook hadn't factored in the potential impact of the airline terror plot.

"It's far too early to make a definitive call on this," Eagles said. It will be important to gauge the psychological impact, he said, and "if it does cause a reduction in air travel, it'll impact" jet fuel, "which is the tightest part of the product spectrum."

After the plot was revealed, markets expected a drop in air traffic volume, and consequently less demand for fuel.

"Undoubtedly this knee-jerk reaction was overdone and many traders are taking the opportunity to re-establish long positions as focus returns to the Prudhoe Bay outage," said Paul Harris, head of energy and emissions at Bank of Ireland Global Markets.

Gasoline futures rose 7 cents to settle at $2.0643 a gallon after closing Thursday at their lowest price since finishing at $1.9766 on April 7.

Heating oil futures rose 1.56 cents to settle Friday at $2.0406 a gallon, while natural gas futures fell 26 cents to $7.269 per 1,000 cubic feet.

BP announced late Thursday that it will try to keep part of its North Slope production running while replacing corroded pipes that have caused two spills this year.

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But federal regulators ordered the company to conduct more rigorous inspections to continue operations, and BP must pass a series of tests before restarting pipes it shut down. BP plans to decide next week on whether to maintain flows from the western part of the field.

The IEA said net crude oil losses following BP's problems at Prudhoe Bay will be lower than expected, and that Saudi Arabia and industry-held stocks could offset these.

"For the time being, the market can cope with current outages," the IEA said in its report. "While Prudhoe Bay represents a significant outage, there are potential offsets, from Saudi Arabia, the U.S. (Strategic Petroleum Reserve) and above-trend refiner stocks."

Output from the BP-led field represents around 8 percent of U.S. domestic production.

The average U.S. retail price for a gallon of unleaded, regular gasoline slipped marginally Friday to $3.032, according to AAA, after hovering around $3.036 since BP announced the Alaska pipeline would need to be repaired.

However, retail gasoline prices in California, Oregon and Washington — the main recipients of Alaskan oil — continue to climb about a cent a day, and retail diesel prices in Oregon and Washington are at new records.

The IEA trimmed world demand growth to 1.19 million barrels a day. Its estimate for outright demand this year and next was little changed at 84.78 million barrels a day and 86.38 million barrels per day, respectively.

Prices continue to be supported by supply disruptions in Nigeria because of civil unrest, the standoff between the United Nations and Iran over the nuclear program of OPEC's No. 2 oil producer, and fighting in the Middle East between Israel and Hezbollah.

Going into next week, traders will also be watching weather patterns in the Caribbean for potential hurricanes that could strike Gulf coast refineries, as well as signals for where fuel demand is headed.

On Wednesday, before the news of the attempted terrorist attack, the U.S. government had reported that gasoline demand was higher than it was at this time last year despite climbing pump prices, and that inventories of distillates — which include heating oil and diesel fuel — had fallen below year-ago levels.

Feeding The Habit (WP)

The Washington Post, August 12, 2006

Weak oversight and corporate negligence led to an oil leak in Alaska.

President Bush declared in January that America is addicted to oil. So what happens when an addict loses his stash? The United States came close to finding out this week as BP PLC slashed production from the country's largest oil field, at Prudhoe Bay, Alaska. The pipeline that carried crude from the eastern side of the oil field was leaking, and the company discovered heavy corrosion along large portions of the line. For a while, it looked as though BP would stop pumping all 400,000 barrels a day that it used to get from the area. Oil prices spiked to $77 a barrel on the news, and commentators claimed that this was the harbinger of a 1970s-style oil recession.

Now that the initial shock of the closure has worn off, the situation doesn't look quite so bad. Prudhoe Bay is still producing about 140,000 barrels daily, and that number could soon be as high as 185,000 if the pipeline that serves the western side of the bay remains open. The price of oil is also down after talk of opening the country's strategic oil reserve and following Thursday's terrorist scare, which may cool airline demand for jet fuel. Energy Secretary Samuel W. Bodman assured consumers Tuesday that America will be able to meet its oil demand with new imports from Mexico, Ecuador and Colombia.

Still, the fact that the pipeline leak didn't precipitate a major national energy crisis shouldn't let BP off the hook. The pipeline had not been thoroughly inspected since 1992. In 2004 a BP survey of employees and contractors at Prudhoe Bay provided a warning to executives that the company was not adequately maintaining the pipeline. In television advertisements, BP trumpets its commitment to preserving the environment and its support for renewable energy. But BP is, first and foremost, an oil company. Maintaining the flow of crude from the fields it operates should take priority over self-congratulatory ad campaigns.

The weakness of government regulations for oil pipelines is also alarming. Because BP's leaky tube was a "low-pressure" pipe, it is exempt from federal upkeep rules, which require regular and extensive integrity checks of other types of pipelines. The Transportation Department will soon propose rule changes that will remove the oversight exemption for pipes in sensitive areas. Whatever new rules the Bush administration decides to adopt, Congress should consider writing specific language into the Pipeline Safety Act, which is up for reapproval after summer recess, requiring tough regulatory standards for low-pressure pipelines. Otherwise America might not get its oil fix -- a strategic necessity until the country can undergo withdrawal.

Size Of Channel Islands No-Fishing Zones May Double (LAT)

By Gary Polakovic, Times Staff Writer

DOJ_NMG_0047793

The Los Angeles Times, August 12, 2006

Under a plan unveiled by federal officials, about 20% of the waters around five islands off Ventura and Santa Barbara counties would be closed to fishing.

Moving to ban fishing fleets from some of California's richest waters, federal authorities unveiled a plan Friday that would double the size of no-fishing zones around the Channel Islands to protect marine life and restore a depleted ocean.

The proposal marks a major expansion of an existing network of marine protected areas and a recognition that closing large tracts of ocean to commercial and recreational fishermen may be necessary to help fish populations rebound.

Under the plan, about 20% of the waters surrounding five islands off Ventura and Santa Barbara counties would be closed to harvest. It doubles existing no-fishing zones to 309 square miles and sets aside an additional 12 square miles as a marine conservation area where fishing is sharply restricted.

The reserves, under federal jurisdiction, would be established in deep water to complement the shallower refuges California created around the islands three years ago. The strategy ensures protection for a variety of species — including lobsters, rockfish, abalone and other creatures — that inhabit reefs, mudflats, kelp forests, sea grass beds and sandy bottoms.

"When you close areas, the data is clear that the fish and lobster are bigger and more abundant, there's a wider variety of species and kelp is richer," said Channel Islands National Marine Sanctuary Supt. Chris Mobley. "We hope these closures … produce more fish and larvae that spread beyond the closure areas and provide more sustainable and better fishing opportunities."

Details of the plan are contained in a draft environmental impact statement the National Oceanic and Atmospheric Administration released Friday. While the proposal has long been expected, the document identifies specific locations for the marine reserves and invites public comment on the proposal over the next 60 days. The changes won't take effect until after public hearings Sept. 26 in Ventura and Sept. 28 in Santa Barbara, and the approval of a final environmental document.

The announcement comes just days before the state Fish and Game Commission meets to consider a separate plan to establish 26 marine reserves spanning 208 square miles — nearly half of which would exclude all types of fishing — along the Central Coast. The commission is scheduled to discuss that proposal, part of the state's Marine Life Protection Act Initiative, at a meeting Tuesday in Monterey.

Increasingly, scientists, environmentalists and elected officials are turning to marine closures as a method of last resort to save fisheries. Such strategies have idled New England fishing fleets and resulted in the emergency closure of 4,000 square miles of the Pacific from the Palos Verdes Peninsula to the Mexican border to protect cow cod.

The United Nations' Food and Agriculture Organization estimates that about one-third of the planet's fisheries are significantly overfished.

A scientific paper published in the journal Nature in 2003 by a pair of Canadian researchers showed that 90% of all the big fish in the ocean — including tuna, halibut, swordfish, marlin and shark — were gone. Scientists say that new technologies enable fleets to fish deeper, farther from shore and on rocky bottoms, leaving few places for fish to hide.

"Our coastlines are under increasing stress," said Jane Lubchenco, zoology professor at Oregon State University. "The interest in no-take marine reserves is growing out of increased realization that our oceans are in trouble and that we need to be thinking differently than we have in the past about how to protect the valuable resources that are there."

The federal plan unveiled this week completes an ocean management plan for the northern Channel Islands that began seven years ago. It is a distinct approach because, unlike many existing laws and regulations that protect specific fish species, it designates habitat for protection.

"We're trying to protect whole oceanic zones and ecosystems, and the reserves recognize the interdependence of the marine ecosystem," said Gary Davis, chief marine scientist for the National Park Service.

The changes affect nine areas extending as far as six miles from the shores of San Miguel, Santa Rosa, Santa Cruz, Anacapa and Santa Barbara islands, which make up Channel Islands National Park. The waters are part of an existing national marine sanctuary and are rich in biological diversity because cold-water and warm-water currents mix in the area and upwelling from the deep ocean pumps nutrients near the surface. Blue whales, squid, yellowtail, sea urchins, barracuda, white sea bass, halibut and rockfish ply those waters.

Mobley said 100 fish species and 20 invertebrate species are targeted for harvest around the Channel Islands, and populations of many species show wide variability or declines while some, such as white abalone, are near extinction. He said the proposal to expand marine reserves to include deep water will have a minimal effect on fishermen because they do most of their work in shallow water and some of those sites are already protected.

Jim Marshall of Carpinteria, who dives for sea urchins from his boat Nada Mas, said that while many fishermen question the need for closing down so much of the ocean, anglers have come to accept the changes.

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"It's pretty much a done deal," he said. "Everybody is over the shock. It probably won't affect fishermen very much."

But he said that marine reserves remain an unproven tool. Clearly, fish will be safe inside the preserves, but Marshall questions whether they will produce sufficient offspring to repopulate depleted areas outside the refuges.

"It's sort of intuitive that you'll get bigger fish in a reserve, but it's not clear you'll get a benefit outside the reserves," he said. "It's all conjecture because no one really knows."

Joel Greenberg, chairman of the Southern California chapter of the Recreational Fishing Alliance, said he's skeptical marine closures will work and wants to see more assurance that government agencies will monitor conditions at the reserves to see if they indeed lead to improved fisheries. The alliance represents 80,000 members nationwide, including anglers, sportfishing fleets and tackle manufacturers.

"I am highly skeptical about the effectiveness of marine reserves, but not unwilling to look at it and try some to see if they do what they're purported to do," Greenberg said.

Scientists and government officials say that marine reserves offer promise but acknowledge that they need more study. They say closing a portion of the California coast to fishing will provide areas where they can examine how marine life and the ocean environment respond absent human influence, and that should provide lessons that can help to better manage the rest of the ocean and its fisheries.

"Marine reserves are not a panacea," Oregon State's Lubchenco said. "They will not address all the problems. But they need to be implemented and coupled with more enlightened management outside the reserves."

Midwest Drought Does Little Harm To Corn, Soybeans (WSJ)

By Scott Kilman

The Wall Street Journal, August 12, 2006

The hottest July since the 1936 Dust Bowl did little harm to the nation's two biggest crops -- Midwest-grown corn and soybeans -- but that is doing little to cool food inflation.

The drought, which engulfs the Great Plains from Texas to North Dakota, as well as parts of the Deep South, is continuing to shrink the harvest potential there of durum wheat, cotton, peanuts and sorghum. Yet major farm states such as Illinois, Indiana and Ohio are largely unscathed.

Based on the government's first field surveys of the growing season, which were conducted around Aug. 1, the U.S. Department of Agriculture said corn farmers have the potential to produce 10.98 billion bushels, which would be the third-largest on record and up 2.2% from the government's month-old forecast. The earlier forecast was based on interviews with farmers.

The government's corn forecast, which was much bigger than expected by grain traders, took a lot of air out of a corn-price rally that has been fueled in recent months by weather worries amid the ethanol industry's exploding appetite for the crop. In trading at the Chicago Board of Trade Friday the corn futures contract for December delivery sank 14 cents a bushel to settle at $2.4175 a bushel.

The USDA said it expects soybean farmers to produce 2.93 billion bushels, a figure that would also be the third-largest on record despite slipping 2.7% from the government's month-old forecast.

Still, the prospect for bumper harvests of corn and soybeans -- which are ubiquitous ingredients for the food industry -- isn't doing much to ease an inflationary tide on supermarket shelves. Food companies are trying to pass along to consumers their higher costs of everything from wheat and beef to packaging and fuel.

Michael Swanson, an agricultural economist at banking giant Wells Fargo & Co., said Friday he expects food prices to climb 3.7% this year, which would be the sharpest increase felt by U.S. consumers since 1990. Food prices climbed 2.4% last year.

While most grain farmers east of the Mississippi River are expecting big crops, farmers in Great Plains states are seeing dire conditions. In Mitchell, S.D., for example, the surrounding cornfields are in such poor condition that townspeople have decided they can't stage the annual redecoration of the exterior of their famous Corn Palace -- an arena and tourist attraction that features murals made from kernels of Indian corn. The last time the town didn't redecorate at least part of the building with newly harvested corn was during World War II.

The USDA said Texas farmers will probably abandon 2.2 million acres of cotton, while other growers are using record amounts of irrigated water in hopes of saving their crops. The U.S. durum-wheat harvest is expected to fall 46% from last year, due both to dry weather and fewer acres being planted.

Write to Scott Kilman at scott.kilman@wsj.com1

Auto Industry And E.P.A. Agree On Program To Recycle Mercury (NYT)

DOJ_NMG_0047795

By Michael Janofsky

The New York Times, August 12, 2006

WASHINGTON, Aug. 11 — The Environmental Protection Agency said Friday that a new program paid for by industry groups would help capture up to seven tons of mercury emissions a year from old and out-of-use vehicles.

The mercury is primarily found in light switches in cars and trucks built before 2003. Until now, it has been ignored as old vehicles are dismantled, shredded, melted or crushed.

Agency officials estimated that 67.5 million switches were in use and available for recovery from vehicles on the road.

The program evolved from two years of negotiations between the agency, automakers, metal scrappers, vehicle shredders and environmental groups, including the Environmental Defense and the Ecology Center. That made the effort a relatively rare collaboration between industry and advocacy groups.

“This is a big step in erasing this source of mercury pollution,” Steven L. Johnson, the agency administrator, said in an interview. “To see all these groups agree on an issue is a great example of opposing sides of the table coming together to solve an environmental problem.”

Mercury is one of the most toxic air pollutants, and vehicle parts have been the fourth biggest source of it, after coal-fired power plants, industrial boilers and gold mining, according to the agency.

In terms of salvageable mercury, California leads among the states, with 11.6 tons of mercury in vehicles on the road, followed by Texas with 5.8 tons and Florida with 5.6 tons.

Recently enacted federal regulations have aimed at reducing emissions from industrial plants, but the recapture of mercury from vehicles has largely been left to state governments, with just a handful, working with automakers, taking action.

The new program, to be phased in over the next 12 months, seeks to provide all states with a unified approach, Mr. Johnson said.

Companies that dismantle or shred older cars and trucks will remove mercury from light switches, as well as brakes, before crushing the vehicles into scrap.

Automakers will be responsible and pay for much of the process. Along with steelmakers, the automakers will develop incentives for companies that remove the mercury before scrapping.

Automakers formed the End of Life Vehicle Solutions Corporation in September to manage the program.

Mr. Johnson predicted that the program would remove 75 tons of mercury over the next 15 years.

A Pact On Mercury In Scrap Yards (WP)

By Juliet Eilperin

The Washington Post, August 12, 2006

Industries Agree to Remove the Toxic Metal From Junk Cars

The administration has brokered a pact with the steel and auto industries to remove millions of mercury-containing light switches from vehicles before they are scrapped.

Although foreign automakers stopped using mercury in their cars' lighting systems in 1993 and domestic manufacturers did the same in 2002, about 67.5 million switches are still used in older cars and trucks. The toxic metal -- which is released into the air when recyclers flatten and shred old automobiles and melt them for their steel -- can cause neurological and developmental problems in infants and small children.

The program will reduce the country's annual mercury pollution by at least 5 percent over the next 15 years, Environmental Protection Agency Administrator Stephen L. Johnson said in an interview yesterday. Under the pact announced yesterday, the steel and auto industries will pay $2 million each to recover 4 million switches over the next three years.

"President Bush and our partners have taken a big step to erase this source of mercury pollution," Johnson said, adding that he is "very confident" the program will ultimately remove the country's remaining mercury-containing switches. "It's a pollution-prevention approach."

While U.S. automakers initially resisted paying for the effort -- Johnson called the two-year negotiation over the program "difficult" -- other industries involved in the recycling of as many as 12 million autos a year backed the program.

Mark Reiter, vice president of governmental affairs for the Institute of Scrap Recycling Industries, said his trade association's 1,400 members felt strongly about reducing their industry's impact on its surroundings.

"They didn't want to make an environmental problem," Reiter said. "Because mercury is pernicious to kids, people felt very emotional about this. People did not want another Superfund."

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Environmental advocacy groups, including the Michigan-based Ecology Center and New York-based Environmental Defense, have lobbied state and federal officials to address the problem of mercury switches for five years. Over the past three decades U.S. automakers have installed more than 200 million mercury switches, containing nearly 250 tons of mercury.

Ten states -- Arkansas, Illinois, Iowa, Maine, Massachusetts, New Jersey, North Carolina, Rhode Island, South Carolina and Utah -- have adopted programs to remove the switches, which are about the size of a pencil eraser.

"Recovering mercury switches from old cars will remove up to 75 tons of highly toxic mercury from our air and water," said Environmental Defense President Fred Krupp. "Look what can be done where there is the will to achieve real progress, and a cooperative approach."

The program will provide participants with a financial incentive to remove the switches, Johnson said, but if it fails to meet its objective federal officials can always regulate mercury emissions from the steel mill furnaces that melt used vehicles.

"We still have that tool in our toolbox," he said.

Murals In Federal Building Spark Debate Over Censorship (MCT)

By David Goldstein

McClatchy Newspapers, August 12, 2006

WASHINGTON - A quarrel over public art and political correctness has been simmering for a decade inside - of all places - the Environmental Protection Agency.

In a bureaucracy better known for fights over the survival of some rare toad or vanishing plant, several 1930s murals of the Old West have become a flash point in a debate over negative stereotypes and artistic censorship.

The mural that's sparking the most debate depicts Indians brutally scalping and murdering white settlers. All the women are naked, including one who's on all fours as a male Indian stands behind her, seizing her hair.

Called "Dangers of the Mail," the 1937 mural was painted by Frank Mechau, a prominent Western artist.

Critics also have singled out several other murals, including two by Wichita, Kan., artist Ward Lockwood, as either historically inaccurate or promoting offensive stereotypes. They want them removed.

"It's the basic stereotype of native people as being violent savages," said Richard Regan, a former EPA employee who was among the murals' early opponents. "It reinforces the stereotype for people who may not know that much about native culture."

Regan and others said the art wasn't appropriate for the workplace.

"When you have very few Native American employees, it makes people less sensitive to it," said Washington lawyer Judith Lee, who's part Choctaw and represented EPA employees in talks over the murals.

Supporters contend that just because art makes people uncomfortable isn't reason enough to censor it.

"As a person who believes in art without censorship from the right or left, I don't feel they should take it down," said Kay Wisnia, the art curator for Western history at the Denver Public Library, which held a show of Mechau's work last year. "It's part of the heritage of the country."

For now, screens block the EPA's Mechau mural and partially obscure a few others. The search for a permanent solution has been slowed by the fact that the General Services Administration is the EPA building's landlord, and the GSA is hamstrung by rules that govern changes to historic buildings such as the EPA's headquarters.

The GSA accepted public comments about the controversy last fall and created a Web site, www.gsa.gov/arielriosmurals, with links to some of the murals. It will convene a panel of experts in October to consider whether to leave them up with better educational explanations, move them to a museum or find other alternatives.

"We have to balance respect for historic art and respect for sensitivity to art that depicts people in a bad light," said a GSA spokesman, who declined to be identified because of agency policy. "It's not easy to find a solution."

Native American employees of the EPA have been upset about the murals ever since the agency relocated to the capital's Federal Triangle area along Pennsylvania Avenue in 1996.

Built in the 1930s, the building used to house the Postal Service. The offending murals were among 25 that were commissioned as part of a New Deal art program that became part of the Works Progress Administration, which provided jobs to the unemployed during the Depression.

Most are about delivering the mail and are not controversial, with a Norman Rockwell-like innocence. One features heroic-looking workers laden with bulging sacks of mail in a train yard. Another offers an almost whimsical - and subtly political - look inside a general store as townsfolk buy supplies, read the newspaper ("Farmers Organize," the headline says) and collect their mail.

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Tension between public art and shifting public attitudes is nothing new. Time magazine published a photo of "Dangers of the Mail" when it was hung in 1937, and the Colorado Indian commissioner called it a "breach of history" and "the craziest thing I ever saw."

In 1941, a WPA mural called "Negro River Music" hanging in a St. Joseph, Mo., post office caused a stir when local African-Americans complained. One pastor said it portrayed their race as "a lazy people with no other thoughts than singing, dancing and clowning." But the mural never came down.

In recent years, political pressures caused the Smithsonian Institution to drop a planned exhibit about America's dropping of the atomic bomb on two Japanese cities in 1945. And former Attorney General John Ashcroft demanded that the exposed breast on a statue be covered during his news conferences.

"This notion of controversy, we have to be careful not to make it look like it's the public that is reacting to something," said Alison Hilton, the chair of the art, music and theater department at Georgetown University. "Sometime it's some small component that is reacting, or some element of the government."

Mike Mechau, the son of the painter behind "Dangers of the Mail," put it more succinctly. In a letter to the GSA, he wrote, "removal of historic public art on grounds of political correctness will set a very bad precedent."

FBI/DEA/ATF/USMS:

Staff And Wire Reports (PTR)

Pittsburgh Tribune-Review, August 12, 2006

Brig. Gen. Mark Kimmitt, deputy director for plans and strategy for U.S. Central Command and former deputy director for Coalition Operations in Iraq, is the featured speaker at the 78th Division Veterans Association's memorial service starting at 9 a.m. Aug. 19 in the ballroom of the Hilton Pittsburgh, 600 Commonwealth Place, Downtown. The public is invited.

The World War II group's national convention begins at noon Wednesday at the Hilton.

Beechview

Middle school plans multicultural fair

South Hills Middle School will sponsor a multicultural fair from 1 to 4 p.m. Aug. 26 on grounds of the school, 595 Crane Ave., Beechview.

The fair will feature booths from a wide variety of nationalities with displays, music, food and activities of interest to people of all ages.

The fair is designed to celebrate and educate the community about the diverse cultures that will be represented in the school this year as a result of the realignment of the school district. For more information, call 412-572-8130.

Hampton schools

School board names new superintendent

The Hampton school board has hired John Hoover, assistant superintendent of the Peters Township School District, as superintendent.

The board voted 5-4 this week to hire Hoover, with board members Gail Litwiler, Harold Sarver, Jon Ritz and Larry Vasko voting in the minority, district spokeswoman Pat Forest said.

Vasko has said he, Litwiler, Sarver and Ritz supported promoting Hampton's assistant superintendent, Cheryl Griffith, to the superintendent's job.

Hoover's salary still is being negotiated, Forest said. He is scheduled to start his job with Hampton on Aug. 28, she said.

Hoover also has served as an administrator in the Quaker Valley School District. He has a doctorate from the University of Pittsburgh. He succeeds Lawrence Korchnak, who did not seek a renewal of his contract and left the district June 30, Forest said.

Allegheny County

Volunteers sought to aid needy children

Volunteers are being sought to serve as court-appointed special advocates for abused or neglected children in Allegheny County.

An informational meeting about the program, applications and fall training will take place at 6 p.m. Wednesday at the Court Appointed Special Advocate office in Suite 902 of the Manor Building, 564 Forbes Ave., Downtown.

Interested individuals will received extensive training.

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The program's mission is to ensure that every child has a safe, supportive and permanent home by providing volunteer advocacy for the best interests of abused and neglected children within the child welfare system. To RSVP call 412-594-3606 or complete a Web form at www.pgh-casa.org.

Blair County

Mexico may aid suspect in death

The Mexican government wants the trial of an illegal immigrant accused of fatally shooting three men last year in Blair County put on hold until the state Supreme Court rules if that nation has a role in the case.

The high court agreed this week to hear an appeal of Blair County Judge Hiram Carpenter's refusal to let the Mexican government intervene in the case of Miguel Padilla.

An American lawyer representing Mexico appealed Carpenter's ruling and said Mexico wants to ensure Padilla's rights are being protected.

Padilla, 26, of Gallitzin, faces the death penalty if convicted of first-degree murder in the Aug. 28 shootings of club owner Alfred Mignogna, 61; bouncer Fred Rickabaugh Sr., 58, and patron Stephen Heiss, 28, outside the United Veterans Association Club in Altoona.

Regent Square

2 kinds of bass seen in stream in Frick Park

Two game fish species, which had not been seen in Nine Mile Run in generations, are migrating into the stream, according to the Nine Mile Run Watershed Association.

The sighting of striped and small-mouth bass is a sign of recovery for the stream, which has been plagued by sewage and industrial pollution for much since the early 20th century, said Marijke Hecht, executive director of the Nine Mile Run Watershed Association. A survey in 1990 found no fish in Nine Mile Run.

A $7.7 million restoration of the stream was completed in June and will be dedicated at 10:30 a.m. Thursday in the lower portion of Frick Park, off of the Lancaster Avenue entrance in Regent Square, Hecht said.

Pittsburgh

Local man promoted by FBI director

Pittsburgh-area native Ray Morrow has been appointed to the top post of the FBI's Pittsburgh field office, agency officials said Friday.

Morrow now is the special agent in charge of the administrative division in the New York City field office. He is a graduate of Pennsylvania State University and a longtime holder of Pittsburgh Steelers season tickets. FBI Director Robert Mueller made the appointment last week.

Morrow is expected to take over as Pittsburgh's special agent in charge in October or November, FBI spokesman Jeff Killeen said. He replaces M. Chris Briese, who went to the FBI's headquarters as a deputy assistant director in the bureau's counter-terrorism branch.

Highland Park

McKees Rocks man held in burglaries

A McKees Rocks man was arrested Friday and charged in connection with burglaries at a dozen homes in the past month in the Highland Park and Morningside neighborhoods, police said.

Steven McQuillan, 27, was arrested after Pittsburgh police burglary detectives Mike Pilyih, Greg Schanck and John Mihalcin accused him of casing houses in Highland Park around noon yesterday, Pilyih said. The detectives were conducting surveillance in Highland Park as part of the investigation of the burglaries.

McQuillan already was wanted on an arrest warrant for a burglary charge from Crafton, Pilyih said.

Pilyih said McQuillan is charged in connection with 10 burglaries in Highland Park and two in Morningside that have taken place since mid-July. Thousands of dollars worth of items have been stolen, he said.

Armstrong County

DEP planning mosquito spraying

The state Department of Environmental Protection will conduct spraying Monday in Bethel, Armstrong County, to control adult mosquitoes. Surveillance has detected high numbers of mosquitoes that potentially can carry the West Nile virus.

Weather permitting, the treatment will take place near the intersection of Clay Pool Hill and Creek Valley roads. It will target floodwater mosquito species that are active during the day.

Ultra-low-volume sprayers will disperse very fine aerosol droplets that stay aloft and kill mosquitoes on contact.

Elk County

Light bulb plant marks 100 years

DOJ_NMG_0047799

The oldest light bulb plant in the country turned 100 years old Friday.

A celebration took place at the Osram Sylvania plant in St. Marys. The plant makes about 2 million bulbs a day.

The plant employs about 400 workers who staff three shifts around the clock. Because the plant has been open so long, many of its workers had parents or grandparents who worked there, spokeswoman Kathy Brannigan said.

Cambria County

Family given time to clean up mess

Five adult siblings who lived in a Cambria County home that officials say is piled with animal waste, trash and other debris have gotten a court order that lets them delay cleaning up the mess.

Officials were alerted to the home in May when they removed more than 40 dogs from the Portage township residence.

In July, township officials got a court order forcing the Parks siblings to clean up the filth within two months -- but the family appealed to Superior Court and, until that appeal is heard, Cambria County Judge Thomas Swope ruled Thursday that the order to clean up the house, or raze it if cleanup is impossible, is stayed. Portage Township officials will be allowed to set rat traps and take other measures to rid the property of rodents, the judge ruled.

Nobody is allowed to live in the home currently because it doesn't have a working sewage system. It was not immediately clear where the Parks family is staying.

Ross

Fair will benefit Marine's family

A volunteer fair for the Fallen Marine Memorial Run will be conducted from 5:30 p.m. to 8:30 p.m. Monday at the Ross municipal building, 1000 Ross Municipal Drive.

Volunteers are needed for the two-day event, which includes a concert with the Drake Bell Band and guest Josh Peck at 4:30 p.m. Aug. 26 at Ross Township Community Park and a motorcycle run and concert on Aug. 27. The motorcycle run starts at Spirit Harley-Davidson in Shaler and ends at the park. Volunteers are needed to assist with food preparation, registration, concessions, trash collection, traffic control and staging.

The run benefits the family of Marine Sgt. Sean H. Miles, who was killed in action in Iraq in January. For information or to volunteer, visit www.fallenmarinememorialrun.com, contact Annamarie Lang at wyant2718@comcast.net or call 412-853-0629.

Armstrong County

Driver, 19, dies in Route 85 wreck

A 19-year-old Kittanning man was killed early Friday when the vehicle he was driving struck an embankment and a utility pole before overturning, Armstrong County Coroner Robert T. Bower said.

Jordan Andrew Bowser, who was not wearing a seat belt, was thrown from the vehicle at 1 a.m. along Route 85, four miles east of Rural Valley, Bower said.

Washington County

Woman dies in crash on Turnpike

A Washington County woman was killed and two other people injured in a two-car crash Friday along the Pennsylvania Turnpike in Bedford County.

Elizabeth C. Gaido, 85, of Washington, died in the accident, which occurred at 12:14 a.m. between Bedford and Breezewood. Lois Gaido and her husband, Samuel L. Gaido, both 60, of Houston, Washington County, were listed in stable condition at the Altoona Regional Health System facility in Blair County.

State police said the collision occurred when Lois Gaido, who was driving, was in the process of passing a car. Gaido was attempting to pull back into the right lane when she struck the front of the car she just passed, troopers said. Her car then went up an embankment and rolled over several times.

Butler County

Child hurt on farm

A toddler was injured Friday in an accident involving a piece of machinery on a farm in Butler County, emergency officials said.

The accident occurred at 8:40 p.m. on the farm along Caldwell Drive in Jefferson Township near Saxonburg. No other details were available late last night.

Armstrong County

East Liberty man arrested in chase

An East Liberty man is accused of leading police on an early-morning chase in Armstrong County that injured an officer and damaged a police car.

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Jonathan George Jackson, 30, whose last known address was North St. Clair Street, is being held in the state prison at Greensburg for violating probation. He also is accused of trying to run down Apollo police Chief Paul Breznican during the chase at 1 a.m. July 23, and having 1.35 ounces of cocaine in 28 small bags apparently ready to sell individually. Jackson faces numerous drug charges, multiple counts of aggravated assault and numerous traffic violations, police said. A district judge in Leechburg formally charged Jackson Friday.

Pittsburgh-area Native Appointed Head Of Local FBI Office (SCCD)

The State College Centre Daily, August 12, 2006

PITTSBURGH - The Federal Bureau of Investigation has appointed Pittsburgh-area native Ray Morrow to head its local field office.

Morrow, currently the special agent in charge of the administrative division at the FBI's New York City field office, will take up the same role in Pittsburgh starting in October or November, FBI Special Agent Jeff Killeen said Friday.

FBI Director Robert Mueller appointed Morrow, a graduate of Penn State University, to the post last week.

Morrow will succeed M. Chris Briese, who was scheduled to move to Washington this month to become a deputy assistant director in the bureau's counterterrorism branch.

Crawford Trial Hears Testimony From Agents (EPTIMES)

By Louie Gilot, El Paso Times

El Paso Times, August 12, 2006

The Juárez women's murders, allegations of drug cartel ties and a failed lie-detector test were part of testimony Friday in the trial of former El Paso FBI office chief Hardrick Crawford.

Crawford made efforts to investigate alleged ties between his friend Jose Maria Guardia, the owner of the Juárez racetrack, and Mexican drug cartels, but did not break off their friendship even as doubts were piling up, witnesses testified.

Crawford, who retired in late 2003, is accused in U.S. District Court of making false statements to investigators looking into his friendship with Guardia in 2002 and 2003. Crawford pleaded not guilty. The trial was to continue at 8:45 a.m. today.

FBI agents said their former boss, Crawford, was concerned about the allegations against his friend and arranged for him to take a polygraph test. Guardia failed, said Jose Villela, an FBI agent specializing in drug-trafficking intelligence.

The technician who administered the test said Guardia "had not only failed it but, in her words, had bombed it," Villela said.

El Paso FBI staffers and agents also testified they didn't know that Crawford's wife worked at Guardia's racetrack.

In 2003, two FBI informants told agents worrisome things about Guardia, which were passed on to Crawford. After one report, "Mr. Crawford said that at that time he was going to distance himself from Mr. Guardia," Villela said.

But less than a month later, Crawford went on a trip to Las Vegas' posh Four Seasons hotel, during which prosecutors said Guardia paid for the hotel rooms and spent more than $8,000 on Celine Dion tickets.

On cross-examination, Crawford's lawyer Mary Stillinger questioned the credibility of the FBI informants, saying that at least one of them was close to a political enemy of Guardia's and spoke of things that allegedly occurred years before and involved people who were either dead or no longer in Juárez.

Stillinger also pointed out that the FBI agents testifying, who specialize in Mexican drug networks, hadn't heard of Guardia before 2002.

FBI agent Hector Camarillo testified that according to an informant, drug traffickers were among

Advertisement

the people surprised by the Crawford-Guardia friendship.

Camarillo said that on Sept. 14, 2002, cartel members were watching a boxing match telecast at the Juárez racetrack and were "surprised to see the (special agent in charge) with Guardia due to the fact that Mr. Guardia was a money launderer for the cartel."

"The source felt that Guardia was trying to compromise (Crawford) or that (Crawford) was just naive about Guardia's activities," Camarillo said. "Guardia notified the media that (Crawford) would be at the racetrack. Guardia is making sure he is observed with (Crawford)."

Camarillo said he reported the information to his superior, who passed it on to Crawford.

"My concern was the safety of the É (Special Agent in Charge Crawford). People from the cartel were watching him. We didn't want him kidnapped or murdered," he said.

"Did you worry he might be naive about who he was dealing with?" Stillinger asked the witness.

"Sometimes, yes," Camarillo said.

In addition, Crawford's comments to the news media criticizing investigations into the unsolved killings of women in Juárez rankled not only Mexican law enforcement agencies but also FBI superiors and the U.S. embassy in Mexico City.

FBI agent Sal Hernandez, the legal attaché working for the U.S. ambassador in Mexico, testified that because of published comments by Crawford, he had to mend fences with the Mexican attorney general's office, known as the PGR. Eventually, Crawford's superiors banned him from Mexico.

Stillinger argued that Crawford had a right to speak out on crime issues on the El Paso-Juárez border.

Hernandez responded, "That's not the FBI's role to criticize foreign governments."

Louie Gilot may be reached at lgilot@elpasotimes.com, 546-6131.

El Paso Times reporter Daniel Borunda contributed to this report.

Drug-Terror Connection Disputed (WP)

By Kari Lydersen

The Washington Post, August 12, 2006

DEA Defends Traveling Exhibit as Critics Draw Parallels to Prohibition Era

A photograph of President Bush waving a flag after the Sept. 11 attacks is juxtaposed against a black-and-white image of an African American mother smoking crack cocaine in bed next to her baby. Larger-than-life portraits of Osama bin Laden and Pablo Escobar line the walls. The central message of a traveling Drug Enforcement Administration exhibit unveiled at Chicago's Museum of Science and Industry yesterday is that terrorism and drugs are inextricably linked.

But advocates of legalization who are leafleting outside the exhibit say the DEA is leaving out an important part of the story. Critics agree that drug trafficking provides a potentially lucrative revenue stream for terrorist organizations. But they say the profit is actually fueled by the government's war on drugs, which creates a situation akin to prohibition of alcohol.

"If we taxed and regulated drugs, terrorists wouldn't have drugs as a source of profit," said Tom Angell of the nonprofit Students for Sensible Drug Policy, which focuses on restoring financial aid for college students with drug convictions.

"With the connection to Prohibition in Chicago we should know better," said Pete Guither, a professor of theater management at Illinois State University and founder of the blog DrugWarRant.com.

DEA spokesman Steve Robertson responded: "We're a law enforcement agency -- we enforce the laws as they are written. Congress makes the laws. People say if we didn't have [drug] laws there wouldn't be a problem, but there was a problem before and that's why laws were established."

Jeanne Barr, a history teacher at a private Chicago high school, plans to distribute fliers and bring her students to study the exhibit, titled "Target America: Opening Eyes to the Damage Drugs Cause."

"We'll look for possible omissions and oversimplifications," she said. "They don't pin any blame on the prohibition of drugs. But from my understanding of history, the major source of the black market is prohibition. I don't think there's any difference between alcohol prohibition and what we're looking at today."

Critics of the DEA exhibit also question its linking of drugs to al-Qaeda. Another Web site with which Guither is affiliated, http://www.deatargetsamerica.com/ , quotes the Sept. 11 commission report as finding that "there is no reliable evidence that Bin Ladin was involved in or made his money through drug trafficking."

The 2001 attacks are clearly the centerpiece of the exhibit, with a display of rubble and artifacts from Ground Zero under a banner reading "Traffickers, Terrorists and You."

"For al-Qaeda it's hard" to prove a link, said DEA public affairs chief Garrison Courtney. "I don't think we're saying 9/11 was caused by drug financing. But we're saying there is a link between drugs and terror, and September 11 is a poignant example of terrorism. Terrorists don't hold bake sales to raise money."

The exhibit includes a list of organizations designated as terrorist by the State Department, with the explanation that "nearly 50 percent" of them get funds through drug trafficking. There is a replica of a heroin-processing lab in Afghanistan and references to heroin production funding the Taliban.

But it does not mention that the Taliban publicly opposed heroin production, though federal prosecutors allege that Baz Mohammed, a recently convicted Afghan drug kingpin, had ties to al-Qaeda; that the United Nations Office on Drugs and Crime reported in 2003 that production of opium poppies in Afghanistan rose dramatically after the Taliban was overthrown; or that a top U.S. anti-drug official recently acknowledged allies' doubts about the effectiveness of poppy eradication in Afghanistan, where poor farmers have few options on crops.

"The Taliban said they had a moratorium on the production of opium poppies, but they were taxing the farmers who were doing it anyway," said DEA agent David Lorino, who was in Afghanistan.

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The exhibit says the 2004 Madrid train bombing involved a hashish-for-explosives swap, and that in 2002 federal agents foiled two plans to trade heroin and hashish for Stinger antiaircraft missiles that suspects planned to sell to al-Qaeda and a Colombian paramilitary organization. The exhibit features Colombian and Peruvian guerrilla forces financed by cocaine.

The exhibit opened in Dallas on Sept. 11, 2003, and has been shown in New York, Omaha and Detroit. It was brought to Chicago at the request of Mayor Richard M. Daley (D), who blamed drugs for "80 percent of the crime factor in our city" in his remarks when the exhibit opened.

The Chicago component of the exhibit highlights terror caused by local gangs involved with drugs. DEA spokesman Robertson also took a broader view of terrorism and drugs.

"Terrorists' goal is to tear down current societies and governments and offer something else," he said. "Drug abuse degrades societies from within because of the effect on society, on users and on health services. Drug trafficking is a way to degrade societies, which helps terrorists in their goal."

Last Hunters Brooke Arson Defendant Pleads Guilty (WP)

By Ruben Castaneda, Washington Post Staff Writer

The Washington Post, August 12, 2006

2004 Fires Damaged Race Relations

The last defendant in a highly publicized arson case that strained race relations in Southern Maryland admitted his guilt in federal court yesterday.

The guilty plea by Roy T. McCann, 23, means that all five men who were charged in the arson fires that devastated the Hunters Brooke subdivision in Charles County in December 2004 have been convicted. One was convicted by a federal jury in Baltimore; the rest pleaded guilty.

McCann, of Waldorf, pleaded guilty yesterday to one count of conspiracy to commit arson in U.S. District Court in Greenbelt.

McCann also pleaded guilty to one count of conspiracy to distribute ecstasy.

U.S. District Judge Roger W. Titus scheduled McCann's sentencing for Nov. 8. McCann faces a maximum sentence of 20 years in prison, with a mandatory minimum of five years, federal prosecutors said. McCann also faces a possible sentence of 20 years in prison on the ecstasy charge and an additional fine of up to $1 million, authorities said.

In a statement, Maryland U.S. Attorney Rod J. Rosenstein said: "The harm suffered by the victims of this horrible tragedy cannot be erased. We hope that this guilty plea will give them some comfort, as all of the criminals charged in connection with the Hunters Brooke arson have now been convicted."

McCann's attorney, Joshua R. Treem, declined to comment.

The fires, set early Dec. 6, 2004, destroyed 12 new, unoccupied houses and damaged 15 others, causing an estimated $3.2 million in damage, authorities said.

Many of the owners of the new houses are black, and the five men who set the fires are white. None of the five was charged with a hate crime.

According to a statement of facts that was part of McCann's plea agreement, he joined the others in splashing flammable materials in the entranceways of the houses they targeted. They set the fires using flares, matches, lighters and propane torches, according to the statement.

In December, Titus addressed the racial overtones of the case when he sentenced Patrick S. Walsh, 21, a former amusement park worker who was identified by federal prosecutors as the ringleader of the band of arsonists. Titus said the fires caused "incalculable damage" to race relations in the community.

Walsh, who was convicted by a federal jury in Baltimore, was sentenced to nearly 20 years in prison.

Two of Walsh's co-conspirators have also received prison sentences.

Aaron L. Speed, 22, a former security guard at Hunters Brooke who admitted that he helped the arsonists gain access to the subdivision, pleaded guilty to one count of conspiracy to commit arson and was sentenced to more than eight years in prison.

Jeremy D. Parady, 22, also pleaded guilty to one count of conspiracy to commit arson; he was sentenced to seven years and three months in prison.

Michael M. Everhart, 21, pleaded guilty in June to one count of conspiracy to commit arson. He is scheduled to be sentenced Sept. 8.

Authorities Issue Bomb Warning (SSJ)

By DENNIS THOMPSON And ALAN GUSTAFSON, Statesman Journal

DOJ_NMG_0047803

Salem (OR) Statesman-Journal, August 12, 2006

Police don't have any suspects, think four devices were attached to cars

Police now think that four pipe bombs located across the Salem area Thursday all had been attached to cars and are warning everyone to inspect their vehicles before driving.

"If you leave your car for any length of time, take a second and glance underneath it," Salem police Lt. Bill Kohlmeyer said. "I'm not one to cry wolf. I want to make sure folks understand this is potentially very serious."

Investigators also are looking for two cars that might have odd wires hanging from them because they think that two bombs found on the ground Thursday fell off moving vehicles to which they were strapped.

"It's entirely possible that there are two cars out there with wires hanging off that shouldn't be there, drivers that are victims and don't even know they are victims," Kohlmeyer said.

Investigators from the FBI and the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives are working with local law enforcement officials on the Salem case.

"Usually, pipe bombs are thrown or placed in a fixed location, and it is fairly uncommon to find them attached to a vehicle. It's very disconcerting. That's why we're giving it full attention," said Special Agent Julianne Marshall, a spokeswoman for the ATF in Seattle.

Police are not sure how the bombs were meant to be triggered or why they failed to explode, Kohlmeyer said.

Kohlmeyer said that two of the bombs Thursday were found attached to SUVs driven by Salem residents.

Because the four pipe bombs were built in a similar manner, police think that all of them were made by the same suspect or suspects, he said. Police don't know what connection the potential victims might share, save that they are all thought to live in Salem.

No reports of additional bombs surfaced Friday. Police urged Salem-area residents to remain vigilant anyway.

"The four pipe bombs found thus far were actual devices and quite capable of inflicting serious injury or death," read a press release issued by Salem police. "Also, these devices did not take very long for the bomber to put in place under the cars."

The first bomb found Thursday was attached to an SUV in the Salem Hospital parking lot. A female visitor yanked at wires attached to her side mirror, Kohlmeyer said, and the bomb fell to the ground and rolled out from under her car.

The other attached bomb was found Thursday night in the parking lot of the TYCO Electronics plant in Dallas, tied to the SUV of an employee from Salem.

"We suspect the device at TYCO was placed on the car here in the Salem area," Kohlmeyer said.

The other two bombs were found on the ground in traffic areas: the parking lot of the Roth's grocery store on Lancaster Drive NE and in the 6100 block of Woodside Drive SE in South Salem.

Becky Clawson, who lives on Woodside Drive, was horrified that someone was tying bombs to cars but relieved that the one found in her neighborhood had fallen from a moving vehicle.

"At least I feel like maybe our neighborhood wasn't targeted," Clawson said. "But this is Salem, Oregon. Who knew these things happen here? It's very eye-opening."

Her neighbor, Lee Morgan, said the police's theory that the Woodside Drive bomb had been attached to a car made things a little clearer.

"That makes more sense because I couldn't figure out why it was in the middle of the street," said Morgan, who was painting a truck in his garage.

State offices sent e-mails Friday informing employees about the ongoing situation and warning them to examine their cars closely.

Lori Deitz took the advice and bent down to look under her minivan, parked in one of the state's surface lots off Marion Street NE.

"The e-mail was just enough to make you aware, just to be cautious," said Deitz, a Salem resident who was headed home from her job at the state Department of Employment.

Officials declined to release photographs of the bombs Friday, citing "investigative reasons." They also declined to reveal any specifics about the ingredients used in constructing the bombs.

"I don't think we want to make any types of statements about the devices right now because that might be relevant toward finding who did it and also towards prosecution," Marshall said.

Investigators spent Friday searching for evidence on the two cars found with bombs attached and interviewing the drivers. They also were analyzing the disabled pipe bombs and reviewing security tapes from cameras at the hospital and grocery story parking lots.

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Salem police and the ATF are the lead agencies, with support from the FBI, Oregon State Police, Marion County Sheriff's Office and Dallas Police Department.

Colene Domenech, the supervisor of the ATF's arson and explosives office in Portland, was in Salem on Friday to assist with the investigation.

"They actually have several cases going on, but they've got the supervisor out on the Salem one," Marshall said, referring to the federal bureau's Portland-based investigators. "We are taking this very seriously."

She said authorities wanted to alert Salem-area residents but not provoke alarm.

"We don't want to be alarmist, but if people do notice any type of suspicious device, we would ask them not to touch it and call 911. I'd say a level of alertness would be appropriate."

dmthomps@StatesmanJournal.com or (503) 399-6719 agustafs@StatesmanJournal.com or (503) 399-6709

CONGRESS-ADMINISTRATION:

Two Judges Named To Appeals Court (TOPCJ)

By Robert Boczkiewicz, Special to The Capital-Journal

Topeka (KS) Capital-Journal, August 12, 2006

DENVER -- The federal appeals court that serves Kansas gained two judges on Thursday, Jerome Holmes, of Oklahoma City, and Neil Gorsuch, of Denver.

Both men, appointed by President Bush, come to the 10th U.S. Circuit Court of Appeals with conservative legal and public policy credentials.

Holmes is the court's first black judge. He is a former federal prosecutor in Oklahoma City and more recently has been in private law practice there.

Gorsuch, a Colorado native, has spent his career in Washington, D.C., in private practice and a year ago became principal deputy to the associate U.S. attorney general, the third-ranking Justice Department official.

The court has two judges from Kansas, Chief Judge Deanell Tacha and Judge Mary Beck Briscoe, both of Lawrence.

The court has judges in each of the six states the court serves: Kansas, Colorado, Oklahoma, New Mexico, Wyoming and Utah.

Holmes, 44, took the oath of office in Oklahoma City, where he will have his chambers. Gorsuch, 38, took his oath in Denver, where he will have his chambers.

A court official said both new judges plan to take part in cases the next time oral arguments are held in Denver, which will be the last week in September.

Robert Boczkiewicz covers the 10th U.S. Circuit Court of Appeals in Denver. He can be reached at REB1den@aol.com.

Oklahoman Is Sworn In As Federal Appeals Court Judge (TULSAW)

Tulsa World, August 12, 2006

DENVER -- Jerome Holmes of Oklahoma City was sworn in Thursday as a judge on the 10th U.S. Circuit Court of Appeals, which serves Oklahoma.

Holmes, 44, took the oath of office in Oklahoma City, where he will have his chambers.

Neil Gorsuch, 38, of Denver also took his oath as a judge on the Denver-based court.

Both men, appointed by President Bush, come to the court with conservative legal and public-policy credentials.

Holmes, the first black person to be appointed to the 10th Circuit court, is a former federal prosecutor in Oklahoma City and most recently has been in private law practice there.

The addition of Holmes and Gorsuch brings the court to full strength -- 12 full-time judges -- for the first time since October, when Judge Stephanie Seymour of Tulsa took senior status, meaning she no longer works full time.

The Denver-based court has judges in each of the six states it serves: Oklahoma, Kansas, New Mexico, Colorado, Wyoming and Utah.

Holmes took the oath from Senior Judge William Holloway Jr., a 10th Circuit judge in Oklahoma City, during a private ceremony in Holloway's courthouse chambers.

Holloway said about 20 friends of Holmes' attended, as did Judge Robert Henry of Oklahoma City, the appeals court's other judge from Oklahoma, and Judge Arlene Johnson of the Oklahoma Court of Criminal Appeals.

Holloway said he has "great respect and affection" for Holmes, who was Holloway's law clerk in 1990-91.

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A court official said both new judges plan to take part in cases the next time the court hears oral arguments, the last week in September.

In addition to Seymour, the court has eight other senior, part-time judges.

Gorsuch fills a vacancy created in January when Judge David Ebel of Denver took senior status.

Gorsuch, a Colorado native, has spent his legal career in Washington, D.C., in private law practice and a year ago became principal deputy to the associate U.S. attorney general, the third-ranking official at the Justice Department.

Increasingly, Bush Escapes The Media Pack (WP)

By Peter Baker, Washington Post Staff Writer

The Washington Post, August 12, 2006

Press Cuts Converge With Closed Events

GREEN BAY, Wis. -- On one of the scariest days yet in the five-year battle with terrorists, President Bush prepared to make a speech to reassure the American people. But the White House press corps was 1,000 miles away in Texas.

Bush had left his ranch vacation and jetted north for a scheduled closed-door fundraiser. No press plane accompanied him. And so when news broke that Britain had broken up a major terrorist plot, the only ones there to convey the president's reaction were a handful of local reporters and a few pool journalists who ride in the back of Air Force One.

The idea that Bush could travel across the country without a full contingent of reporters, especially in the middle of a war, highlights a major cultural shift in the presidency and the news media. In the four decades since the assassination of John F. Kennedy, presidents traditionally have taken journalists with them wherever they traveled on the theory that when it comes to the most powerful leader on the planet, anything can happen at any time.

But increasingly in recent months, Bush has left town without a chartered press plane, often to receptions where he talks to donors chipping in hundreds of thousands of dollars with no cameras or tapes to record his words for the public. Barred from such events, most news organizations will not pay to travel with him. And so a White House policy inclined to secrecy has combined with escalating costs for the strapped news media to let Bush fly under the radar in a way his predecessors could not.

"A lot of it is a reflection of the times," said C-SPAN's Steve Scully, president of the White House Correspondents' Association. "The whole thing is changing."

For veterans of past administrations, the changes are striking. "When the president moved it was a big deal, and I can't even remember an occasion when we didn't take a charter," said Ed Rollins, who was Ronald Reagan's White House political director.

"Go back 20 or 25 years and say we're at war and the president is traveling around the country and there are only, what, three people with him?" asked Joe Lockhart, who was Bill Clinton's White House press secretary. "That would have been unthinkable."

In some ways, it may not seem to make much difference. Like presidents before him, Bush still always travels with a small media pool that includes wire services, television cameras and a single newspaper reporter who files a report to others left behind. The advent of instant video feeds, cable television, the Internet, e-mail and transcripts of the president's every public word has made it possible to cover Bush without being anywhere near him.

Yet fewer eyeballs on a president means less scrutiny, in the view of some media and government watchdog groups. Fewer reporters, they say, means fewer questions and fewer versions of what happens available to the public. News accounts written from a different time zone invariably miss context and texture. And in closing the doors of some fundraisers, the White House has reversed a policy adopted under Clinton after fundraising scandals raised questions about what donors are seeking when they hobnob with presidents.

Patrice McDermott, director of OpenTheGovernment.org, a coalition formed three years ago that includes groups such as the American Library Association, Common Cause, the League of Women Voters and the Society of Professional Journalists, called the changing pattern of coverage "quite disturbing" and part of a "rising tide of secrecy" in Washington.

"It's another way of closing off responsibility and accountability and shutting themselves off from public view," she said. "I think the public would prefer that somebody be in the room who is not there for their own interests to be served."

White House spokesman Tony Snow said there is nothing insidious about closing fundraisers in private homes and noted that news organizations choose whether to pay for a plane follow the president. "It's really all about money," he said. "It used to be that media organizations had more dough."

Given the changes in communication technology, he added, "I think presidents are more widely available than at any point in American history." And he said he makes a point of finding ways for at least some reporters to see Bush when there are major developments. "If there is big news, we make sure the president's available," Snow said.

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The cost of covering the president has risen dramatically at a time when the news media, anxious about economic pressures, are aggressively cutting costs. For a one-day trip to St. Louis, for instance, the White House billed The Washington Post $3,317. To go to Yuma, Ariz., for a day, the bill came to $3,795. A two-day trip to Europe cost $8,283, not counting hotel charges.

And so even for trips where there is a press plane, sometimes only a handful of journalists are on board. Newspapers that used to travel regularly, including USA Today, the Wall Street Journal, the Chicago Tribune and others, now do so more sporadically. The Boston Globe no longer even has a White House correspondent, focusing on breaking exclusive stories rather than writing about the president's everyday activities.

"It's not like we're ignoring it completely," said Joe Williams, the Globe's deputy Washington bureau chief. "But the lineup we're using right now gives us flexibility to attack a broader range of stories than we would if we had a designated White House correspondent."

Bush is not the only one to find ways of escaping much public notice as he flies around the country. Vice President Cheney manages to leave Washington for days, and sometimes weeks, at a time without public announcement. Few in the capital even knew he was in Texas in February, for instance, until he accidentally shot a companion while hunting quail. And he has been in Jackson, Wyo., since July 29 without any national news media mentioning it.

The Jackson Hole News & Guide found out Cheney was there only because it spotted his plane and the radar dish that serves an anti-missile battery that protects his house when he's in town. "In the past, they've been kind of weird about it," said Thomas Dewell, the paper's co-editor. "They'd say, 'His airplane's here and the missile base is here, but we can't tell you if he's here.' " This time, he said, Cheney's office confirmed his presence when asked.

Cheney aides said they announce his movements only when he makes public appearances but will provide his whereabouts if reporters call to ask. The vice president, who has already headlined 81 fundraisers in this election cycle, plans to return to Washington on Sunday before heading out to events in Arizona, New Mexico, Montana and Idaho next week, his office said.

Clinton agreed to stop holding closed fundraisers in response to criticism of his campaign finance tactics. When a fundraiser was held in a private home, the White House permitted a single print reporter into the room to record the scene and the president's words for the rest of the pack. The Bush White House changed that, leaving fundraisers open if located in hotels or public spaces but closing them in private homes. "The thought was having the presence of reporters would disrupt the intimacy of the events," said Ari Fleischer, who was then White House press secretary.

Lanny J. Davis, who was White House special counsel during the Clinton fundraising scandals, expressed surprise that the change has not generated more criticism. "I marvel at their ability to get away with it," he said. "I have to grudgingly admit to some envy. I admire their chutzpah."

Bush has traveled out of the Washington area at least seven times this year without a press plane, including four times in the past month to closed Republican fundraisers -- in Milwaukee, in Cleveland, in Charleston, W.Va., and on Thursday here to Green Bay to raise $500,000 for House candidate John Gard. He also headlined a fundraiser in Texas yesterday that was closed to the media. That may serve the interests of candidates who want the money Bush can raise but don't want a public embrace with a president suffering low approval ratings.

Scully said he may raise the issue of closed fundraisers with Snow. "As we move into the fall campaign, if this happens more often, we're going to put pressure on Tony and others to open these events," Scully said. "He is the president. He is traveling at government expense. . . . We should be in there to hear what he has to say."

In the past, major media organizations felt it was important to be near the president even if they were kept out of the room, a "body watch" mentality sparked by the Kennedy assassination and reinforced over the years by any number of unexpected crises, including the attacks of Sept. 11, 2001.

"There's going to be a time when something's going to happen and the major national media's not going to be there," Lockhart said. "They're going to have to rely on technology. Will this have a major impact on our democracy? Smarter people than me will have to answer that."

GOP Big Spenders Have Lunch With Bush (AP)

AP, August 12, 2006

The Republican Party's big spenders were rewarded with a barbecue lunch with President Bush on Friday at a $750,000 fundraiser at a ranch neighboring the president's Texas home.

The fundraiser was closed to the public and the press, but the Republican National Committee reported that the attendees included 350 people who have each raised at least $15,000 for the party this cycle.

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The lunch was at Stan and Kathy Hickey's Broken Spoke Ranch, a 478-acre spread next to the president's home where Bush is spending 10 days on vacation from the White House. Bush addressed to group after an introduction by RNC Chairman Ken Mehlman.

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Bush Reads Camus's 'The Stranger' On Ranch Vacation (AFP)

AFP, August 12, 2006

US President George W. Bush quoted French existential writer Albert Camus to European leaders a year and a half ago, and now he's read one of his most famous works: "The Stranger."

White House spokesman Tony Snow said Friday that Bush, here on his Texas ranch enjoying a 10-day vacation from Washington, had made quick work of the Algerian-born writer's 1946 novel -- in English.

The US president, often spoofed as an intellectual lightweight, quoted Camus in a February 21, 2005 speech in Brussels praising the US-Europe alliance and urging other nations to help Washington spread democracy in the world.

"We know there are many obstacles, and we know the road is long. Albert Camus said that 'freedom is a long-distance race.' We're in that race for the duration," Bush said in those remarks.

Bush Approval Sinks To 33%, Matching Low, Poll Shows (Update1) (BLOOM)

By Brendan Murray

Bloomberg, August 12, 2006

Aug. 11 (Bloomberg) -- President George W. Bush's job- approval rating declined to 33 percent, matching a record low, according to an Associated Press-Ipsos poll that signaled public discontent with the economy and the Iraq war.

The survey of 1,001 adults was taken Aug. 7-9, before yesterday's announcement by British authorities that they had foiled a suspected terrorist plot to blow up planes bound for the U.S. In the past, imminent threats of attacks on the U.S. have helped underpin Bush's public support.

Bush's job approval rating was 36 percent in July and 33 percent in May, according to the AP poll, which has an error margin of plus or minus 3 percentage points. Seventy-one percent of respondents in the current survey said Bush was leading the country in the wrong direction, up from 67 percent last month.

Public approval of Bush's leadership on the economy fell to 37 percent, a record, and 33 percent of Americans approved of his handling of the Iraq war, also a record low. On Bush's foreign policy in general, 40 percent said they approved of his administration's diplomacy overseas and in the war against terror, down from 44 percent a month earlier, the survey showed.

A study of terror warnings and their impact on poll numbers during 2001-2004, conducted by sociologist Robb Willer of Cornell University in Ithaca, New York, found that such warnings produced an average 2.75-point increase in Bush's approval rating.

An increasing number of registered voters in the AP survey said their votes in the Nov. 7 midterm elections will be cast in part as a show of opposition to Bush. Twenty-nine percent of the registered voters said they'll punish Republicans in the election because of Bush's policies, up from 20 percent in July.

Democrats need a net gain of 15 seats to take control of the House of Representatives and a net pickup of six seats to capture the Senate.

Poll: Bush May Be Hurting Republicans (BOS/AP)

By Donna Cassata, Associated Press Writer

The Boston Globe, August 12, 2006

WASHINGTON --Republicans determined to win in November are up against a troublesome trend -- growing opposition to President Bush.

An Associated Press-Ipsos poll conducted this week found the president's approval rating has dropped to 33 percent, matching his low in May. His handling of nearly every issue, from the Iraq war to foreign policy, contributed to the president's decline around the nation, even in the Republican-friendly South.

More sobering for the GOP are the number of voters who backed Bush in 2004 who are ready to vote Democratic in the fall's congressional elections -- 19 percent. These one-time Bush voters are more likely to be female, self-described moderates, low- to middle-income and from the Northeast and Midwest.

Two years after giving the Republican president another term, more than half of these voters -- 57 percent -- disapprove of the job Bush is doing.

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"The numbers ... are similar to what I'm hearing out in the streets," said Democrat Ed Perlmutter, a primary winner Tuesday in a competitive House race in Colorado. "I talked to so many people and they've had enough and want to see a change."

Democrats need to gain 15 seats in the House to seize control after a dozen years of Republican rule, and the party is optimistic about its chances amid diminishing support for Bush and the GOP-led Congress.

Republicans argue that elections will be decided in the 435 districts and the 33 Senate races based on local issues with the power of incumbency looming large.

"This election will be less about a political climate that is challenging for both parties, and instead about the actual candidates and how their policies impact voters on the local level," said Tracey Schmitt, a Republican National Committee spokeswoman.

But fewer than 100 days before the Nov. 7 election, the AP-Ipsos poll suggested the midterms are clearly turning into a national referendum on Bush.

The number of voters who say their congressional vote this fall will be in part to express opposition to the president jumped from 20 percent last month to 29 percent, driven by double-digit increases among males, minorities, moderate and conservative Democrats and Northeasterners.

"I don't feel like the war was the answer," said Paula Lohler, 54, an independent from Worcester, Mass., who is inclined to vote her opposition to Bush. "It seems like it's going on and on and on and nothing's being done."

That attitude propelled anti-war challenger Ned Lamont to Tuesday's Democratic primary win over Connecticut Sen. Joe Lieberman, a stalwart supporter of Bush on the war.

"I think it's going to be similar to what we saw in 1994 and the tremendous dissatisfaction with Democrats," said Dick Harpootlian, the former chairman of the South Carolina Democratic Party. "Republicans are going to feel the wrath, feel the pain of being associated with President Bush."

In the South, Bush's approval ratings dropped from 43 percent last month to 34 percent as the GOP advantage with Southern women disappeared.

House Republican candidates looking to oust incumbent Democrats seized on the silver lining of the AP-Ipsos poll. Many of the 1,001 adults and 871 registered voters surveyed Aug. 7-9 said they've had enough with the status quo. Only 26 percent of adults said the country was on the right track, and just 29 percent approved of the job Congress is doing.

"It's a good year to be running against an incumbent," said Republican David McSweeney, an investment banker looking to unseat first-term Democratic Rep. Melissa Bean in the Chicago suburbs.

"Approval ratings for Congress are below where the president is," said Jeff Lamberti, a Republican taking on five-term Iowa Rep. Leonard Boswell. "It's a real opportunity for a challenger."

On the generic question of whether voters would back the Democrat or Republican, 55 percent of registered voters chose the Democrat and 37 percent chose the Republican, a slight increase for Democrats from last month.

"I'm not too happy with Bush at the moment," said dental lab employee Chrissie Clement, 36, of Poynette, Wis. "I think he could do more for this country. We need to get somebody new in there and get a different party in charge."

Charles Taylor, 56, who works on newspaper presses and lives near Roanoke, Va., said, "I would like to see Republicans keep control of Congress. I vote Republican to support the president."

Republican consultant Kevin Spillane said August polls typically have been filled with bad news for Bush and the GOP, but they eventually turn it around in November. Still, he said, "The bottom line from the numbers is no Republican incumbent should be caught unprepared for November."

The poll had a margin of error of plus or minus 3 percentage points for adults and 3.5 percentage points for registered voters.

Bush To Meet With Top Advisers (AP)

By Nedra Pickler

AP, August 12, 2006

President Bush plans a series of meetings next week with his top advisers to discuss his agenda and priorities, the White House announced Friday.

Bush usually summons his advisers to his Texas ranch each summer for a day of discussions about administration policies. But the president cut back his time in Texas this summer amid conflict abroad and political tensions at home, so the meetings are being held around the Washington area instead.

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Monday, Bush planned to travel to the Pentagon to meet with Defense Secretary Donald Rumsfeld and other top military advisers and then have lunch with what the White House described as experts on Iraq, although a list of attendees was not released. Then he was to head to the State Department to meet with Secretary of State Condoleezza Rice.

Tuesday, Bush was heading to the National Counterterrorism Center in McLean, Va., for a briefing and lunch with his homeland security and counterterrorism teams. The long-scheduled meeting is not a reaction to the recently discovered plot to blow up flights between Britain and the United States, but the investigation will no doubt be part of their discussion.

Bush's meeting with economic advisers was scheduled for Friday at the Camp David presidential retreat in Maryland.

The president was breaking from the adviser meetings midweek. On Wednesday, he was to travel to York, Pa., to talk about the economy and raise money for Republican gubernatorial candidate Lynn Swann. Thursday, he planned to sign major pension legislation designed to assure American workers that the pensions they have been promised will be there when they retire.

VA Secretary Says Manhattan, Brooklyn Hospitals Won't Be Closed (AP)

AP, August 12, 2006

NEW YORK (AP) _ The Secretary of Veterans Affairs said Friday that two veterans' hospitals in Manhattan and Brooklyn will not be closed or consolidated, ending years of speculation about the fate of the facilities.

Secretary Jim Nicholson announced on Mayor Michael Bloomberg's weekly radio show that the department has decided to keep both hospitals, which were examined as part of a nationwide restructuring plan. He also said a third facility in Queens will be updated.

"What we are going to do is keep them open because of the excellence that they are providing," Nicholson said. "They compliment each other, these facilities."

Nicholson said the Manhattan hospital is known for its neurology and cardiac treatments, and Brooklyn's has excellent cancer treatment and women's health programs.

The department was ordered by Congress to look at VA hospitals throughout the country to see how the system could be slimmed down.

On behalf of New York City's more than 312,000 veterans, Bloomberg and members of New York's congressional delegation had been campaigning to save the hospitals. There was much concern that both could be closed or combined into one, forcing veterans to travel further for treatment.

"I just am so thrilled. I think he's done the right thing," Bloomberg said.

Staten Island Republican Rep. Vito Fossella, whose district includes part of Brooklyn, said the announcement was a "win-win" for everyone.

"It is wonderful to hear our hard work has paid off," Fossella said.

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Two City Veterans Hospitals Among Those To Stay Open (NYT)

By Winnie Hu

The New York Times, August 12, 2006

Two veterans hospitals, in Manhattan and Brooklyn, will remain open after a three-year campaign by city officials and representatives in Congress to save them from being closed or consolidated as part of a nationwide restructuring plan.

R. James Nicholson, the secretary of veterans affairs, said yesterday that a decision about the hospitals in Kips Bay and Bay Ridge was reached after intensive review and analysis of what would be best for the city's 312,000 veterans. He announced the decision yesterday on Mayor Michael R. Bloomberg's weekly radio program on WABC-AM.

"So what we're going to do is keep them open because of the excellence that they're providing," Mr. Nicholson said. "They complement each other, these facilities."

In addition, he said, a third facility, a veterans' medical center in St. Albans, Queens, would be modernized.

The decision was hailed as a victory by Mr. Bloomberg and members of the New York Congressional delegation who have lobbied the Department of Veterans Affairs, which runs hundreds of hospitals across the country, to keep open the two in Manhattan and Brooklyn. The mayor said that he had testified at hearings, written letters and pressed the issue with federal officials.

"Three different boroughs, V.A. facilities," Mr. Bloomberg said. "And they're going to stay and expand and keep doing what we want them to do: provide great care for people that live in this city, in this case for those who served this country."

In discussing the decision, Mr. Nicholson praised the quality of care provided by the hospitals. He said the Manhattan hospital was known for its cardiac and neurosurgical care, and the Brooklyn hospital for its cancer treatments and women's health programs. The Queens center, he said, specialized in geriatric care.

"We can justify each of them," he said. "And they're thusly going to keep each of them operating."

Representative Carolyn B. Maloney, a Manhattan Democrat who has fought for the hospitals, pointed out that the Manhattan hospital had a widely used prosthetics lab, which was needed now more than ever by veterans returning from Iraq and Afghanistan with war injuries.

She added that another advantage of the Manhattan hospital, at East 23rd Street and First Avenue, is its accessibility and convenience for many veterans who walk or take the subway or buses.

"It has been a three-year battle," Ms. Maloney said. "And it has been very stressful for the veterans who look to the hospitals for their care and the hospitals' staff."

Fewer Children Lacking Health Insurance In U.S. (WT)

By Joyce Howard Price

The Washington Times, August 12, 2006

In the nine years since Congress approved the government-funded State Children's Health Insurance Program (SCHIP) the percentage of U.S. children without health insurance has dropped 20 percent, even though the total number of uninsured Americans is rising, a new report shows.

The State of Kids' Coverage report by the Robert Wood Johnson Foundation (RWJF) revealed that the number of uninsured children has declined by 2 million since SCHIP's creation and the recent expansion of Medicaid coverage.

"The decline in the number of uninsured kids is a rare piece of good news for our nation's health care system," said Dr. Risa Lavizzo-Mourey, president and chief executive officer of RWJF, the nation's largest philanthropy devoted exclusively to improving Americans' health and health care.

The intent of SCHIP has been "to provide health insurance coverage when a family's income is too high for Medicaid but not high enough for them to afford individual coverage," Elaine Arkin, an RWJF spokeswoman, said yesterday.

Households that qualify for SCHIP typically have one parent employed outside the home. A family of four earning up to $40,000 would qualify, Ms. Arkin said in a telephone interview.

The program's goal of encouraging states to add more children to their public health programs appears to have worked. At least 5 million youngsters ages 17 and under have been enrolled in public health programs such as SCHIP and Medicaid in the past nine years.

In contrast, during this same time period, there has been an increase of nearly 5 million in the total number of Americans without medical insurance, the analysis found. And while the enrollment of children in government-funded health insurance

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programs has grown by 31 percent since SCHIP started, the proportion of youngsters with private health insurance has fallen by 5 percent.

The RWJF report was prepared by analysts at the State Health Access Data Assistance Center at the University of Minnesota, using data from the Census Bureau and the National Center for Health Statistics.

Maryland and Alaska were the top two states in terms of increasing their percentages of children enrolled in public health insurance programs. Both saw 139 percent jumps.

Arkansas had a 60 percent drop in uninsured children, the largest decline of any state.

Ms. Arkin said SCHIP was authorized for 10 years, and reauthorization will be coming up next year. While this report shows the program's benefits, she said she recognizes that on occasion the program "has been a struggle for states," even though the legislation that created it allowed each state to design its own program.

The federal government contributed $4 billion annually to SCHIP in fiscal 2004 and 2005. It will provide $5 billion in the upcoming fiscal year.

Norman Podhoretz Unrepentant Neocon (WSJ)

By Joseph Rago

The Wall Street Journal, August 12, 2006

EAST HAMPTON, N.Y. -- If Waterloo was won on the playing fields of Eton, then Iraq was lost -- according, at least, to the conspiracy-minded -- on the pages of Commentary magazine and the other house organs of the neoconservative movement. Better yet, blame America's post-9/11 foreign policy on Leo Strauss, Albert Wohlstetter and Allan Bloom, regularly disinterred as the neocon godfathers.

Yet however much one loathes lending credence to talk of a neocon conspiracy -- call it Cabal Theory -- it does possess a certain element of truth. That is, the Iraq intervention found its genesis not only in the immediate crises of the prewar period, but also in a way of thinking about foreign policy that matured over several decades. In other words, "Ideas shape events. They are the moving force in history," notes Norman Podhoretz, editor in chief of Commentary for the 35 years ending in 1995, and a founding father and adventurer in the world of neoconservatism.

Neoconservatism is hard to pin down as discrete political theory; Mr. Podhoretz suggests even that is too strong a term, preferring "tendency." In any case, as a practical matter, it denotes the mentality of those who moved from somewhere on the political left to somewhere on the right, primarily during the late '70s. It had "two ruling passions," according to Mr. Podhoretz. On the one hand, the neocons were repulsed by the countercultural '60s radicalism that came to dominate the American liberal establishment. On the other, they argued for a more assertive, muscular foreign policy (at the time in response to Soviet expansionism).

It is the latter that consumes Mr. Podhoretz during this late period in his disputatious career. Here at his bucolic summer home, he makes an easy, serene figure; but any outward tranquility is very much at odds with the intensity of his moral and intellectual universe.

He is careful, certainly, to distance himself from policy making. Washington "might as well be the surface of the moon." Rather, he says, "I'm always trying to look at the world in some larger frame." That, today, means "telling the story of what has happened since Sept. 11 with some intellectual distance, to place it as a world-historical development."

The scale and the suddenness of that day, as Mr. Podhoretz sees it, swept away the assumptions of the era that preceded it, both the soft internationalism and the balance-of-power calculations that by turns governed the way America conducted itself in the world. Here was a generational, existential confrontation with militant Islamist antimodernism, international in character and analogous to World War III (known otherwise as the Cold War). The "war on terror," he argues, ought to be rightly understood as "World War IV," demanding a new set of policies and ideas that will allow the U.S. to cope under drastically altered conditions.

The point of his voluminous WWIV essays (currently being expanded into a book) is to limn the ways in which George Bush has done precisely that. "The military face of the strategy is pre-emption and the political face is democratization," he says. "The stakes are nothing less than the survival of Western civilization, to the extent that Western civilization still exists, because half of it seems to be committing suicide." * * *

With the crisis in the Middle East deteriorating, alarmingly fraught, Mr. Podhoretz's WWIV theory assumes further urgency.

On the violence running over the Levant, he is forthright: "I think of it as another battle or field or front in World War IV -- the third front that's been opened: Afghanistan, Iraq and now this." With Hezbollah acting as a proxy for Iran, and Israel standing in for the U.S., "what you have here is Iran testing the resolve, the capability, of the enemy, in this case being the entire West -- though few seem to understand this, or if they do understand it they want to deal with it with the usual appeasement."

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Does the president understand? Grant that there are no easy answers: Hasn't the administration, on the more intractable questions of Syria and Iran, shown by and large the same weakening of resolve? Mr. Podhoretz winces. The question seems to set his teeth on edge. "There are people who ask George Bush to do everything at once," he declares, "instead of picking his shots and moving at a politically viable pace. It's nice as an intellectual exercise, but what is the point of demanding things that no democratic political leader, not even George Bush, could conceivably do at this time? To my mind it's a kind of right-wing utopianism."

Right-wing utopianism -- now there is machismo. It is, of course, the very charge most often leveled against the neocons: that they thought (to put it rudely) they could go parading through Arabia and reorder it as a liberal democracy; instead of flowers and sweets they were met with IEDs and sectarian death squads. And this notion has picked up currency of late -- particularly among those who consider themselves conservatives without the qualifying prefix.

Mr. Podhoretz is having none of it. "I always knew they didn't like this policy, the Bush doctrine," he says, speaking of increasingly vocal antagonists like George Will and William F. Buckley. "They had doubts about it going in, and not just because it violates in their view conservative principles but, you know, it's hubris, it's Wilsonianism, it goes beyond the limits of power, it's nation-building, and so on. But for reasons of solidarity or because they were not willing to join with the left or the far reaches of the Buchananite right, they were careful, they voiced their doubts only through hints or veiled asides. So when they came, so to speak, out of the antiwar closet, I certainly was not all that surprised.

"They've declared defeat, basically," he continues. "What can I say? I think they're wrong. I think Iraq has gone not badly but well, is not a disaster or a crime or a delusion, but what's more is a noble, necessary effort."

Mr. Podhoretz attributes the troubles of reconstruction as much to our own irresolution as to what he calls "the recalcitrance and obduracy of the region." "The only reason in my opinion that we're having as much trouble as we're having in Iraq is that we're not getting intelligence. You cannot fight a revanchist insurgency and certainly not one that uses terrorist tactics without good intelligence . . . and you can only get that kind of intelligence by squeezing it out of prisoners. That's all there is to it."

Both domestic opposition and the international community, unhappily, are "defining torture down. The things they're calling 'torture' now have never been and have no business being considered torture." He keeps on: "It is an effort to disarm us that's succeeding to a frightening extent. No, it's worse than that. They're trying to make it impossible to fight terrorism. . . . Every weapon that's been developed to protect us from terrorism, and the Iraqis from internal terrorism, is under assault."

Mr. Podhoretz loops back to the allegations that the administration has botched the execution of its Middle East policy. "I get impatient and even angry with this relentless carrying on in the face of setbacks," he says. "Now suddenly even a lot of my neoconservative friends have either lost heart and deserted the cause or devoted themselves mostly to bitching about this and that and the other thing and everything else. Most of these criticisms or attacks have been so unfair as to be completely unreasonable. . . .

"If you stipulate that everything people allege was a mistake in Iraq, even If you stipulate that they all were actually mistakes rather than judgment calls about which reasonable men could differ and could have had worse consequences if they'd gone the other way -- even If you stipulate that all the critics are right, these 'mistakes' are chump change compared to the mistakes that were made during World War II by great leaders like Churchill and Roosevelt, and the lives that were squandered, thousands and thousands of lives uselessly squandered. . . .

"But even with these mistakes," he continues, "this country was indispensable in defeating the two great totalitarian threats of the 20th century. It was this despised bourgeois civilization that turned out to be the one bulwark against those monstrous enemies of humanity. I feel the same way today about Islamofascism."

Mr. Podhoretz is not dismissive of the costs the U.S. has incurred, quite; but better, he argues, to endure these convulsions than the previous arrangements. "We've paid an extraordinarily small price by any reasonable historical standard for a huge accomplishment," he says. "It's unseemly to be constantly whining." * * *

The political odyssey of Norman Podhoretz began in the mid-1950s, when he made his mark as a literary critic and heir apparent of the leftward "New York intellectuals"; veered sharply toward radicalism in the early '60s; and ultimately rejected the ascendant hard left for what we now recognize as neoconservatism. "The issue was America," he says. "I was repelled, almost nauseated, by the rise of anti-Americanism on the left. The hatred of this country seemed to me not only wrong, it was disgusting. . . . Everything the left was saying about America was wrong -- everything -- and wrong by 180 degrees." He likens it to "staging a black mass, with the cross inverted and Christ hanging by his feet."

"There was a heavy price to be paid for my acts of apostasy," he says. Still: He retains an acute sense of longing for the intellectual community in which he grew up, a world -- irretrievably lost -- with no real equivalent today. It was a world that cared immensely about the life of the mind, and "even though practically everything it held dear was wrong, the fact is that it was

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exhilarating -- you had all these brilliant people who were interested in understanding what historical forces were at work in the world and how they were playing out."

It was perhaps that spirit, more than anything else, that Mr. Podhoretz and his cadre sowed in the conservative mind. The neoconservatives were not simply "new conservatives," swallowed whole by an established system and along for the ride, Jonahs in the belly of a whale; but, more exactly, they deepened and broadened the nature of conservatism by emphasizing larger questions and long views, all seriously considered. The neoconservative enterprise is still in motion, and -- like the war on terror, like World War IV, like whatever else one wants to call the present danger -- it is not done yet.

"It continues," Mr. Podhoretz says. "It never ends." During the Belle Époque of the Clinton years, things seemed to have sufficiently mended for him to turn his attention to literature again; Sept. 11, as he tells it, drew him back into the arena, inexorably, as if carried by the tide. "I'm getting old. I am old," he sighs. "But I'm still at it, and I'll continue." He adds with a laugh: "I especially get a new surge of intellectual energy whenever my own side, as it has been lately, starts to infuriate me."

Mr. Rago is an assistant editorial features editor at The Wall Street Journal.

OTHER NEWS:

Rate Worries Sap Stocks Strong Retail Sales Put Fed Back In Play; 'A Holding Pattern' (WSJ)

By Scott Patterson

The Wall Street Journal, August 12, 2006

Investors who proved resilient in the face of new concerns about terrorism this week were sent scurrying Friday by a better-known bogeyman: the Federal Reserve.

A report showing retailers sold more goods than expected in July boosted the odds the Fed may increase rates again later this year. Nail-biting over rates, as well as trepidation ahead of some key inflation data due next week, helped send the Dow Jones Industrial Average down 36.34 points to 11088.03 Friday on light volume, hurt by Alcoa and Caterpillar, which fell about 2% each amid concerns about a slowing economy.

The blue-chip average fell 152 points, or 1.4%, this week, breaking a three-week run of higher returns and declining every day of the week except Thursday, when investors shook off concerns about a terrorist plot to blow up airplanes flying from the United Kingdom to the U.S.

The Standard & Poor's 500-stock index fell 5.07 Friday to 1266.74, leaving it down 13 points, or 1%, for the week, also ending a three-week string of gains. The Nasdaq Composite Index lost 14.03 to 2057.71, off 27 points, or 1.3%, this week, the tech-heavy index's second straight week of losses.

Wall Street remains split between concerns about a slowing economy and fears that strong economic data will force the Fed to keep nudging rates higher, analysts said. "The market is trying to decide what's more important, whether facing another rate increase is a death knell to the market, or whether the economy slowing to below-trend growth is a death knell," said Marc Pado, U.S. market strategist at Cantor Fitzgerald.

Earlier in the week, policy makers did not raise rates at one of their eight yearly meetings for the first time in more than two years, leaving their target overnight lending rate at 5.25%. In the statement that accompanied the rate decision, though, central bankers warned that "inflationary risks remain" and could outweigh concerns about a weakening economy and rapidly cooling housing market.

Concerns about those risks were back on the table Friday after a Commerce Department report showed retail sales in July1 rose by a seasonally adjusted 1.4% -- the biggest increase since January and well beyond expectations for a 0.9% rise. Strong sales could keep the economy chugging along at a hotter pace than previously thought, potentially driving prices higher.

Odds the Fed will tighten again rose after the sales report. Fed-funds futures contracts changing hands on the Chicago Board of Trade priced in a 37% chance that policy makers will boost their target rate by another quarter-point to 5.5% at the Sept. 20 meeting, up from about 25% late Thursday.

Jitters about the ongoing conflict between Hezbollah and Israel also weighed on stocks, and analysts said investors were extra-cautious ahead of some important inflation data to be released next week. The government will issue wholesale-inflation figures for July on Tuesday and its consumer-inflation report on Wednesday, data that will impact the Fed's next decision.

"I don't think the market will do much on a Friday in August ahead of those inflation numbers," said Owen Fitzpatrick, managing director of Deutsche Bank Private Wealth Management. "We're kind of in a holding pattern."

MARKET WRAP

• European Regional Indexes Rise Slightly2

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• Asian Regional Indexes Close Mixed3

• Terror Plot Fails to Rattle Stocks4

Light, sweet crude-oil prices gained 35 cents to $74.35 a barrel on the New York Mercantile Exchange Friday, a day after tumbling 3% amid expectations that a thwarted terrorist plot in the U.K. could cut into jet-fuel demand.

While the July sales data jumped, a downward revision to June sales allayed worries that overly strong spending could overheat the economy somewhat. Economists said they don't expect the strong July results to significantly alter the overall trend of weakening spending.

Brian Bethune, U.S. economist at Global Insight, wrote in a note to clients that while underlying fundamentals support solid spending, "the persistence of high gasoline prices, coupled with a weak housing market and bruised consumer sentiment, will restrain growth" in the second half of the year.

The combination of a slowing economy, percolating inflation and higher interest rates is raising concerns that the economy may slide into a recession next year. A July survey of economists5 by WSJ.com showed expectations for a recession in the next 12 months rose to 26%, up from 20% in June.

A Labor Department report that July import prices rose 0.9%, largely due to rising energy prices and slightly below forecast for a 1% increase, had little impact on rate expectations. The government also reported that business inventories rose 0.8% in June, higher than the 0.6% rate expected, reflecting weak spending on cars and other products.

In major market action:

Stocks fell.6On the New York Stock Exchange, 1,146 stocks advanced and 2,165 declined on volume of 2 billion shares.

Bonds slid.7The 10-year note fell 11/32, or $3.44 for every $1,000 invested, to yield 4.975% Friday, and the 30-year note fell 16/32 to yield 5.101%.

The dollar rose.8The euro was at $1.2726 from $1.2792 late Thursday, while the dollar was at 116.29 yen from 115.29 yen.

U.S. Stock, Bonds Drop On Retail Sales Report; Dollar Gains (BLOOM)

By Hilary Johnson

Bloomberg, August 12, 2006

Aug. 11 (Bloomberg) -- U.S. stocks fell, ending their first losing week in a month, after a surge in retail sales suggested the Federal Reserve will resume raising interest rates.

Alcoa Inc., the world's largest aluminum maker, had the Dow Jones Industrial Average's biggest loss as the prospect of higher rates hurt companies most affected by a slower economy. Semiconductor stocks tumbled after an earnings forecast from Analog Devices Inc., a maker of chips used in products from mobile phones to cars, fell short of analysts' estimates.

Retail sales rose 1.4 percent last month, the fastest pace since January, a government report said. The data indicated the economy may not be decelerating as much as the Fed expected when it held rates steady this week after two years of increases.

``The market's focused on the growth slowdown, but there's a risk that if inflation picks up, you're going to be worried about the Fed tightening more,'' said Alec Young, an equity market strategist at Standard & Poor's in New York.

The Dow slid 36.34, or 0.3 percent, to 11,088.03. The Standard & Poor's 500 Index lost 5.07, or 0.4 percent, to 1266.74.

The Nasdaq Composite Index slipped 14.03, or 0.7 percent, to 2057.71, led by Juniper Networks Inc., the second-largest maker of gear that directs Internet traffic, and Nvidia Corp., the No. 3 manufacturer of computer-graphics chips. The companies delayed earnings reports because of stock-option investigations.

Treasuries Decline

U.S. Treasury 10-year notes posted their first weekly loss since June after the retail sales report spurred speculation the Federal Reserve may increase borrowing costs again this year.

Yields on benchmark 10-year notes rose to the highest in six days after the release of the July report, pushing the weekly gain to 7 basis points. They had traded near a four-month low since the Fed paused Aug. 8 following 17 straight interest-rate increases.

Ten-year note yields rose about 4 basis points, or 0.04 percentage point, to 4.97 percent at 3:37 p.m. in New York, according to bond broker Cantor Fitzgerald LP. The yield was 4.87 percent on Aug. 4, the lowest since April. The price of the 4 7/8 percent security due August 2016 fell 9/32, or $2.81 per $1,000 face amount, to 99 9/32. Yields rise as prices decrease.

The Fed left the target for the overnight lending rate between banks unchanged at 5.25 percent on Aug. 8, the highest since March 2001. Interest-rate futures show traders see a 27 percent likelihood the Fed will lift the interest rates to 5.5 percent at its meeting on Sept. 20, and a 74 percent chance they will raise them by the end of the year.

Dollar Strengthens

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The dollar reached a two-week high against the yen and the euro after the government report showed U.S. retail sales increased last month by more than economists forecast.

The statistics helped the dollar by bolstering speculation the Federal Reserve will lift interest rates again. The central bank this week left its target overnight lending rate unchanged at 5.25 percent, ending a run of 17 straight increases since June 2004.

The U.S. currency climbed to 116.28 yen at 3:50 p.m. in New York, from 115.25 late yesterday. It reached 116.44 after the retail sales report, the highest since July 26. It advanced to $1.2731 per euro from $1.2794, for a 1.1 percent gain this week, and reached $1.2717, the strongest since July 28.

The yen is 1.6 percent lower this week, its biggest weekly drop against the dollar in a month, after a report showed Japan's economic cooled last quarter by more than expected.

Oil Gains

Crude oil rose on speculation that terrorist threats won't slow the economy or curb air travel as much as expected yesterday, when a plot to bomb aircraft heading for the U.S. was discovered.

British Airways Plc, Europe's third-largest airline, said it plans to operate on a ``near-normal'' schedule today. Air travel on both sides of the Atlantic Ocean was disrupted after U.K. authorities arrested 24 men they said were planning to blow up planes. In the three months after the Sept. 11 assault, oil fell 35 percent.

Crude oil for September delivery rose 35 cents, or 0.5 percent, to close at $74.35 a barrel on the New York Mercantile Exchange. Prices fell 0.5 percent this week and are up 13 percent from a year ago.

Retail Data Suggest Steady Spending (WSJ)

By Greg Ip

The Wall Street Journal, August 12, 2006

Surprising 1.4% Sales Rise Casts Doubt on Slowdown And Extended Pause by Fed

The nation's retail sales grew much more than expected last month, casting doubt on whether consumer spending has slowed and the Federal Reserve has reached the end of its rate increases.

Retail sales in July grew 1.4% from June, after falling a revised 0.4% in June from May, the Commerce Department said. Excluding a big jump at auto dealers, sales rose 1%. Further excluding gasoline stations, whose sales figures were boosted by higher gasoline prices, the increase was 0.7%. Nonetheless, the July figures were stronger than economists expected.

WALL STREET JOURNAL VIDEO

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WSJ's Dave Kansas discusses2 the retail data, the housing market and the likelihood of a recession. • Plus, Treasury Secretary Henry Paulson discusses3 financial-instrument innovation, the U.S.-China economic relationship and the recent retail data.

"Amid all the talk that consumers are tapped out given high energy prices and a cooling in the housing sector, the July sales results are an encouraging development," Stephen Stanley, chief economist at RBS Greenwich Capital, said in a note to clients. "We think that consumer spending will re-accelerate...A flattening out of energy prices since May should allow the consumer to do better."

But Marc Lévesque, chief fixed-income strategist for North America at TD Securities, called the July gain a "temporary bounce" following a weak June. The loss of purchasing power to high energy prices, soft job growth, the "evaporating" boost from high home prices and depleted saving will keep spending "lackluster" for the rest of the year, he predicted.

At its policy meeting Tuesday, the Fed held interest rates steady for the first time in two years, saying a moderation in growth should hold inflation down. In the wake of Friday's retail-sales report, however, futures markets boosted the probability that the Fed would raise short-term rates from 5.25% at its Sept. 20 meeting. The market put the odds at 38%, up from 27% Thursday.

Retail sales of autos and parts increased 3.1% last month as auto makers seeking to clear away 2006 models offered aggressive incentives to entice customers.

Sales at building-material stores grew 1.8% after falling 4.4% over the previous three months. Those sales are considered an indicator of renovation activity and are sensitive to homeowners' ability to borrow against the value of their homes. July's rebound suggests home-equity remains a source of spending power.

Clothing-store sales rose 0.7%, Internet and mail-order outlets boosted sales 2.1% and electronics sales rose 1.9% in July. Sporting goods, hobby and bookstore sales fell.

Separately, the Labor Department said import prices increased 0.9% last month from June, but excluding fuel prices, they fell 0.1%.

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In another report, the Commerce Department said business inventories rose 0.8% in June from May. Business sales rose 0.2%, and, as a result, inventories increased to the equivalent of 1.26 months' sales from 1.25.

Economists generally expect the government's estimate of the nation's second-quarter economic growth to be revised upward to about 3% from the preliminary estimate of 2.5% released in late July.

---- Jeff Bater contributed to this article.

Write to Greg Ip at greg.ip@wsj.com9

U.S. Economy: Retail Sales Jump, Challenging Bernanke (Update5) (BLOOM)

By Courtney Schlisserman

Bloomberg, August 12, 2006

Aug. 11 (Bloomberg) -- Retail sales in the U.S. rose the most in six months in July, led by purchases of electronics and cars, suggesting the economy may not be slowing as much as the Federal Reserve anticipates.

The 1.4 percent jump, which exceeded forecasts, followed a 0.4 percent drop in June, the Commerce Department said today in Washington. A separate report from the Labor Department said the price of imported goods climbed 0.9 percent last month, after no change in June.

The report may make it harder for Fed Chairman Ben S. Bernanke to indefinitely forgo raising interest rates after suspending a two-year tightening campaign this week. Consumer spending accounts for 70 percent of the economy, and the central bank is counting on slowing growth to damp inflation.

``It's a little too early for the Fed to have declared victory," said Stephen Stanley, chief economist at RBS Greenwich Capital in Greenwich, Connecticut, and the only analyst in a Bloomberg News survey to accurately forecast the gain in sales.

``This gets us off to a good start for the third quarter," said Stanley, a former Fed economist. ``We view this as a pretty important number. It could be pivotal."

Stocks fell on concern the Fed's decision to keep its benchmark lending rate at 5.25 percent doesn't mark the end of its cycle of rate increases. The Standard & Poor's 500 Index lost 5.07, or 0.40 percent, to 1266.74 at 4:05 p.m. in New York.

The yield on the Treasury's 4 7/8 note maturing August 2016 rose to 4.965 percent, from 4.933 percent yesterday.

`More Resilient'

Economists expect third-quarter growth of 2.8 percent, according to a Bloomberg survey taken from July 28 to Aug. 10 and released today. Consumer spending probably will rise at a 2.9 percent pace from the second quarter's 2.5 percent rate.

``The consumer is always more resilient than you expect," said Stephen Gallagher, chief U.S. economist at Societe Generale SA in New York. ``Instead of the economy continuing to slow, we're seeing a little bit of firming, which may cause the Fed to raise rates later this year."

Today's numbers are the first of two retail sales reports the Fed will see before its next meeting on Sept. 20, making forecasts based on these figures tentative, economists said. For the Fed to continue to keep rates steady, policy makers will need to see evidence confirming the economy is moderating enough to tame inflation. The Labor Department will publish the July consumer price report next week.

`Positive Feedback'

Retailers including Kohl's Corp. have said sales in recent months have exceeded expectations. Kohl's, a low-price department-store company, raised its profit forecast for the year yesterday after sales last quarter beat estimates.

``We're driving in new customers who are giving us very positive feedback, and we're continuing to take market share," Kohl's Chief Executive Officer Lawrence Montgomery said on a conference call yesterday.

The jump in retail sales may come as a relief to businesses whose inventories piled up a month earlier. Stockpiles rose 0.8 percent in June following a 1.1 percent gain the prior month, the Commerce Department also reported today. The increase in stockpiles, if not soon reversed by stronger demand, poses a risk that orders to factories and production may cool.

Excluding Autos

Sales excluding auto dealers increased a larger-than- expected 1 percent last month after a 0.1 percent rise in June. The July gain was double the 0.5 percent increase forecast by economists, after an initially reported 0.3 percent rise the month before.

June sales at all retailers were revised down from a previously reported 0.1 percent drop. Estimates for July purchases ranged from a drop of 0.1 percent to an increase of 1.5 percent.

Sales at automobile dealerships and parts stores rose 3.1 percent last month after falling 2.5 percent in June. Automakers used incentives to boost vehicle sales to an annual rate of 17.2 million in July, up from a 16.3 million pace in June, according to industry reports.

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Filling station sales increased 2.5 percent in July after a 0.8 percent rise as higher gasoline prices helped boost receipts. The price of regular-grade gasoline at the pump averaged $2.98 a gallon in July, up from $2.88 a month earlier, according to Energy Department statistics.

Even with the larger-than-expected gain in July sales, the challenges of higher fuel costs and a slowdown in the housing market may keep spending from accelerating much through yearend. Gasoline prices have pushed higher, exceeding $3 a gallon in the last three weeks. Weakness in the housing market is also slowing refinancing, a source of cash homeowners have relied on for several years to boost spending.

Wagoner's Concerns

``The impact directly on oil prices is a concern for us and probably as big is the impact on the psychology of consumers," Rick Wagoner, chief executive officer of General Motors Corp., said in an interview yesterday in Traverse City, Michigan.

Stores selling building materials and garden supplies showed a 1.8 percent increase in sales last month, after a 1.5 percent drop in June.

Excluding autos, gasoline and building materials, the retail group the government uses to calculate gross domestic product figures for consumer spending, sales rose 0.6 percent in July, following a 0.3 percent increase in June. The government uses data from other sources to calculate the contribution from the three categories excluded.

Sales of electronics and appliances jumped 1.9 percent, the most since January, after a 0.2 percent rise the month before.

Purchases at non-store retailers, which include online and catalog sales, increased 2.1 percent in July after falling 0.4 percent the month before. Sales at general merchandise stores rose 0.3 percent after a 0.2 percent gain.

Hot Weather

Shoppers snapped up more summer clothing, air conditioners and fans as temperatures increased. Last month was the second- warmest July in 112 years, according to the Commerce Department's National Climatic Data Center.

Sales at stores open at least a year rose 3.5 percent, the International Council of Shopping Centers said. Results at retailers exceeded forecasts. J.C. Penney Co., the third-largest U.S. department-store company, said yesterday that second-quarter sales at stores open at least a year rose 6.6 percent, the largest quarterly increase in two years. Comparable store sales should grow in the low single digits in the third and fourth quarters, the company said.

Inflation Risk

While higher wages would support consumer spending, it also poses a risk to inflation if companies pass on their higher costs to consumers in the form of price increases, economists said.

``We clearly see inflation flying higher," said Joseph Brusuelas, chief U.S. economist at IDEAglobal in New York. ``If consumers don't back off, it means that growth's not moderating along the lines exactly that the Fed has forecast, and maybe the third quarter isn't going to be as weak as we all think."

The Fed this week kept its benchmark overnight bank lending rate at 5.25 percent, the first time in more than two years it hasn't raised rates. Policy makers also left room for further rate moves, saying inflation has been ``elevated" and remains a risk.

The economy expanded at a 2.5 percent annual rate in the second quarter, less than half the pace of the first three months of the year, the Commerce Department said on July 28.

US Retail Sales Climb Strongly In July (FT)

By Jennifer Hughes In New York

Financial Times, August 12, 2006

Strong retail sales data eased concerns about the US consumer on Friday as shoppers appeared undeterred by high petrol costs and used malls to escape the summer heat.

A report from the Commerce Department showed sales jumped 1.4 per cent in July, well above the 0.9 per cent expected by economists. Excluding auto sales, which are volatile and were known to be strong last month, sales rose 1 per cent, also better than expected.

It was the best month since January, when sales had risen by 3 per cent.

Although known for their volatility, the data were a sharp turnaround from June, when sales excluding autos rose just 0.1 per cent. Data such as the June report and weak second-quarter growth numbers had triggered concerns US consumer spending was finally slowing down.

Gross domestic product grew by an annualised 2.5 per cent in the three months to June - less than had been expected. Consumer activity accounts for about two thirds of gross domestic product.

Car-related sales were extremely strong owing to aggressive discounting from manufacturers. Sales rose 3.1 per cent last month after falling 2.5 per cent in June.

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High energy costs played their part, with petrol station sales rising 2.5 per cent. Excluding those figures, sales at all other retailers rose 1.3 per cent.

Heat may well have played an important role, boosting demand for summer clothing and garden items. The report showed demand at building material and gardening stores rose 1.8 per cent and by 0.7 per cent for clothes.

Retail Numbers Indicate Rebound In 3rd Quarter (WSJ)

The Wall Street Journal, August 12, 2006

Sales at the nation's retailers rose 1.4% in July1, the most in six months and better than economists expected. Higher gas prices boosted sales, but increases were also seen across many other categories. Consumer spending accounts for about two-thirds of all U.S. economic activity, so the strong numbers have implications for economic growth projections and the Federal Reserve's interest-rate policy. Earlier this week, the Fed held rates steady after 17 straight quarter-point increases. Here's what economists are saying about the retail numbers. * * *

Consumer spending is off to a fast start at the beginning of the third quarter. Overall retail sales in July are already 4.9% annualized above its second-quarter level, core retail spending is 5.5% above its second-quarter level, and core retail sales less gasoline sales are 4.0% over their second-quarter level. Based on this data, it appears that real consumer spending will accelerating in the third quarter, helping to offset the weakness in housing. -- Steven A. Wood, Insight Economics * * *

Although stronger than expected, the July retail-sales data do not seriously challenge the view that the consumer is losing momentum. They do, however, indicate a slightly more sedate pace of deceleration than we had expected. But as the housing market downturn accelerates in [the second half] so too should the slowdown in consumer spending. --Richard Iley, BNP Paribas * * *

Basically, it was shop till you drop time. [Consumers] bought just about everything from everybody. Sales of vehicles, electronics, appliances, building and garden supplies, furniture, health care products, clothing, food and of course, gasoline, were up solidly. … The FOMC is banking on a significant economic slowdown to curb the inflationary pressures and this report doesn't tell them they have gotten it. -- Joel L. Naroff, Naroff Economic Advisors * * *

The implication of today's release is that growth in spending is tracking at a decent pace into the third quarter and there are no signs that the economy is decelerating further. – Goldman Sachs U.S. Economics Research * * *

The strength in July retail sales was quite broad-based, with almost every category posting a noticeable gain. In particular, discretionary hardline stores -- furniture, electronics and appliances, and building materials -- all posted strong advances. Amid all the talk that consumers are tapped out given high energy prices and a cooling in the housing sector, the July sales results are an encouraging development. -- Stephen Stanley, RBS Greenwich Capital * * *

The strength in July sales was surprisingly broad based. The expected elevation in the auto dealer and gas station categories was accompanied by unanticipated gains in discretionary components such as home electronics (+1.9%), hardware (+1.8%), apparel (+0.7%) and restaurants (+0.6%). At least a portion of the elevation in the home electronics category during July was likely attributable to sales of air conditioners and fans as an unusually severe heat wave baked much of the nation. -- David Greenlaw and Ted Wieseman, Morgan Stanley * * *

Consumer spending is off to a brisk start in the third quarter. Given these data on retail sales excluding autos, building materials, and gasoline, along with unit auto sales from manufacturers, consumer spending has started the quarter on pace for a gain around 4%. We believe that this report is consistent with our forecast for close to 3½% real GDP growth in the third quarter. – Bear Stearns Economics

--Compiled by Tim Hanrahan2

Lookahead: Calm In The Storm (WSJ)

By Chris Bain

The Wall Street Journal, August 12, 2006

Current market conditions will give you pause. In a week full of high-profile news events, including an oil spike, the first Federal Reserve inaction in years and an apparent foiled terrorist attack, stocks stayed relatively calm. So we look to next week, which may provide new clues to an economic puzzle and give markets a clearer sense of direction. What Happened

THE WEEK'S TALLY

*Last week's closing yield

Is anyone paying attention? After weeks of big swings in the market, in which triple-digit moves in the Dow Jones Industrial Average seemed to become commonplace, stocks kept relatively cool despite a week of havoc-wreaking potential.

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Monday saw crude oil spike 3%, to within pennies of a nominal record high, on news that a BP-operated oil field in Alaska, the biggest in the U.S., would be shut down1, threatening corporate profits and consumers' wallets. Tuesday, the Federal Reserve fulfilled expectations by holding the target2 on the federal-funds rate at 5.25%, but a policy maker's dissent raised the possibility more increases were coming soon. On Thursday, markets showed impressive resilience, rising3 after arrests were made in an alleged terrorist plot4 to attack trans-Atlantic flights.

But the biggest move by the broad-based S&P 500 came on Wednesday, when there was no earth-shattering news; the index fell 5.53 points, or 0.43%. The Dow industrials also made their biggest move5 on Wednesday, sliding 97.41 points, or 0.87%. A plausible explanation is that, by Wednesday, the market had enough time to stew about what really worries it: inflation and the economy. And it may have good reason to worry; the latest Wall Street Journal survey of economists revealed forecasts6 of slowing economic growth and rising inflation -- a quandary for the Fed and a bad sign for stocks. What's Next

That sets the stage for next week, when investors will zero in Wednesday on the Labor Department's consumer price index for July, a key inflation gauge and an early indicator of whether the Fed made the right move by leaving rates steady. Some market participants aren't so sure; Friday's retail-sales figures, which came in above forecasts, raised expectations that Tuesday's Fed inaction may not mean an end to rate increases. Federal-funds futures on the Chicago Board of Trade priced in a 36% chance the Fed would raise its target rate to 5.5% at its Sept. 20 policy meeting, up from 25% late Thursday.

Economists, on average, expect core CPI, which excludes food and energy prices, to rise 0.3%. A higher figure could be trouble for stocks. But even if the number hits the mark, it would still confirm an uptick in inflation, possibly raising questions about the Fed's pause.

"The inflation numbers by themselves are going to frighten investors," said Ken Tower, chief market strategist at Cybertrader, a unit of Charles Schwab, who doesn't see any one major catalyst for a stock rally next week -- though he says a combination of things could spark a move higher.

Wednesday's Commerce Department report on housing starts could play a role. Economists expect starts, which decreased 5.3% in June to a seasonally adjusted 1.850 million-unit annual rate, to fall by a little more than 2% in July. If starts are worse than expected, "that should help the Fed's case" that the economy is slowing down enough to justify their rate-hiking pause, Mr. Tower said. That, combined with lower-than-expected consumer prices in July, could throw the market some red meat.

Gordon Fowler, chief investment officer at Glenmede Trust, said stocks also need to get good news from the Labor Department's wholesale-price report, due Tuesday. "We need some good news there for a rally," he says. Good news in this case would mean some number lower than the 0.4% gain (0.3% excluding food and energy) economists expect.

"The market is in a show-me state," Mr. Fowler said, willing enough to believe Fed Chairman Ben Bernanke when he says inflation is moderating, but needing confirmation. "If we really had a cessation of inflation, this market would be doing really well."

Other Economic News

There are several smaller economic reports on tap next week, but only a handful with the potential to move markets. On Wednesday, the Fed releases its figures for industrial production in July. Economists expect another strong month of output from the nation's factories, utilities and mines, and they expect capacity utilization -- the percentage of production capacity in use -- to rise to 82.7% from 82.4% in June. A high number could be a sign of inflationary pressures in the economy.

Regional manufacturing numbers will come on Tuesday and Thursday, from the New York and Philadelphia Feds, respectively.

And the University of Michigan releases on Friday its preliminary reading of consumer sentiment for August. Economists expect sentiment to ebb a bit, possibly a harbinger of weaker consumer spending -- though consumers have been known to keep shopping no matter how badly they feel.

• See a complete economic calendar7 for the week.

Earnings, Other Corporate Events

The second-quarter earnings season is nearly over, but there are still a few big names due to report next week. Wal-Mart and Home Depot are both scheduled to give results on Tuesday. Investors will keep a close eye on Wal-Mart, the world's biggest retailer, for signs of strength or weakness in consumer spending. Similarly, the numbers and comments of Home Depot, the biggest U.S. home-improvement retailer, will be parsed for signals about the strength or weakness of the housing market.

A lesser retailing name, Gap, is scheduled to report on Thursday. Analysts and investors will look for any signs the struggling retailer is finally turning a corner.

Two technology bellwethers, seemingly moving in opposite directions, report earnings next week. Hewlett-Packard, still enjoying an extended honeymoon with CEO Mark Hurd, releases results Wednesday after the closing bell. It is widely expected to report a surge in profit, during a quarter in which it surged to second place in the global PC market.

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No. 1 PC maker Dell, on the other hand, is expected to report a difficult quarter; late last month it warned its profit would be far below Wall Street forecasts. Its results are due late Thursday.

• See a complete earnings calendar for the week.8

H.J. Heinz hosts is annual shareholder meeting Wednesday morning in Pittsburgh. Nelson Peltz's hedge fund The Trian Group, the ketchup maker's second-largest investor, has vowed to fight for board seats at the meeting.

A verdict in the second federal trial involving Merck's painkiller Vioxx could come next week.

France's Sanofi-Aventis and Bristol-Myers Squibb, joint marketers of the blood thinner Plavix, are expected to seek an injunction against sales of Apotex's generic version next week.

A bankruptcy-court hearing on auto-parts maker Delphi's request for the right to reject its labor contracts is scheduled to resume on Thursday. The hearing was delayed to allow time for negotiations. Any move by Delphi to cancel its contracts could result in a strike that could cripple its biggest customer and former parent, General Motors.

Speaking of labor strife, Northwest Airlines flight attendants planned work stoppages next week, but they are reconsidering in light of the foiled terrorist plot in the U.K.

Nutritional-supplement retailer GNC plans to file its delayed IPO next week. GNC had planned to raise about $400 million, but may have to sharply cut its offering price, according to financial-news site theFlyonthewall.

Marathon Acquisition, a "blank-check" company formed to buy other as-yet-unnamed companies, plans to raise about $300 million in an IPO. And business-services provider InnerWorkings plans a $95 million issue. Politics, Policy and Speeches

The calendar is light next week for Fed speakers. Dallas Fed President Richard Fisher -- a nonvoting member of the Fed's policy committee, famous for his June 2005 comment that the Fed was then in the "eighth inning" if its tightening campaign, which has lasted at least another year -- is scheduled to speak at a real-estate conference in Dallas Wednesday afternoon and a community luncheon in Shreveport, La., Thursday afternoon. Governor Randall Kroszner, who does have a policy vote, is scheduled to speak at a banking conference in San Francisco Thursday night.

President Bush's vacation at his Crawford, Texas, ranch ends this weekend, and he is due back at the White House on Sunday. Congress is on vacation for the rest of the month.

Terrorism fears will remain in the spotlight next week. The European Union plans to host an aviation-security meeting in Brussels on a yet-to-be-determined date next week to talk about airline security in wake of the foiled terror plot.

The U.S. embassy in India has warned that al Qaeda could attack in New Delhi and Mumbai during India's Independence Day celebrations next week.

And the Colorado Passport Agency is scheduled to start issuing e-passports, embedded with a computer chip containing personal information of the passport holder, on Monday. The State Department plans to roll out the controversial passports throughout the rest of the U.S. in coming months. Under the Radar

The global trend toward higher interest rates is likely to continue next week in the Nordic countries. Norway's central bank, Norges Bank, is expected to raise its target lending rate by a quarter percentage point, despite a recent inflation reading that was more benign than expected. Iceland, meanwhile, is trying to put out a more-active inflationary fire, and its central bank, the Sedlabanki, is expected to raise its target rate by a half or three-quarters of a percentage point. Until earlier this year, Iceland had been the beneficiary of a flood of foreign investment, stoking an economic boom and driving prices higher. But worries about the country's imbalances and the first hints of Japan's shifting interest-rate policy caused investors to flee in February, and Iceland's currency and stock market cratered. Some observers warned the tiny country's troubles may have been the first harbinger of broader pain to come in the global economy and financial markets.

--Mark Gongloff

The Long View: Darwinian Truth Lies Behind The Struggle To Make Investment Headway (FT)

By Phillip Coggan

Financial Times, August 12, 2006

Why is investing so difficult? That thought must have struck all those who bought a technology fund in 1999-2000, have seen their endowment policies deliver less than expected, or who struggle to get a decent retirement income from their savings.

Even professionals struggle. Most fund managers fail to outperform the market index. Those that are perceived to fail can be sacked as quickly as a Premier League football manager.

The most obvious problem is the sheer amount of information that needs to be analysed. When deciding to buy a particular share, investors need to assess the probity of the management, the appeal of the group's products, the threat from competitors in the sector, and the economic conditions before even beginning to calculate the correct value of the shares, using a host of

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different measures. Not only do they need to understand conditions now, but predict how they will develop over the next five years or so.

Even a very well-informed investor can struggle. That is because predicting financial markets is not like predicting the weather – an area where, over the years, short-term forecasting has improved because of better collection of data and sophisticated computer models.

The weather does not change because of our forecasts. But a stock market is made up of humans interacting; their perceptions (and the way they act upon them) change the conditions.

Julien Garran, head of asset allocation at Legal & General, has a nice perspective on the issue. He describes how hedge fund managers in the past three years have all learnt to use the carry trade – borrowing low-yielding assets and investing the proceeds in higher-yielding/returning assets. This, he says, was a Darwinian process; a manager who did not invest that way did not survive.

Herein lies a big part of the problem. Mammals have millions of years to adapt to their local environment. Natural selection slowly, but inexorably, means that those animals most suited will survive.

For an investor, however, the conditions are changing all the time. They do not have the luxury of decades to adapt to one type of regime. In the late 1990s, it was all about owning technology stocks. In the early years of this decade, the right strategy was to own bonds, not equities; over the past couple of years, it has paid to buy emerging markets and commodities. In May, conditions seemed to change again, but was that a blip or the sign of another climate to which investors have to adapt?

Nassim Taleb described the process well in his book Fooled by Randomness. He talked about how traders can follow a particular strategy that makes a profit year after year only to blow up spectacularly in year five or six, losing all that has been gained. By that time, the trader will have banked big bonuses. When his strategy goes wrong, all he loses is his job.

Some of these strategies may involve taking high risks. For example, writing (selling) options can earn a steady level of premium income month after month; most options are never exercised. At heart, the carry trade may be similar; one earns extra income from owning higher-yielding currencies. But that extra yield is a compensation for the risk of devaluation and depreciation. And all the gains can be wiped out if devaluations occur. Mr Taleb describes this as “picking nickels up in front of a steamroller”.

The Darwinian process short-circuits this. Investors adapt to survive market circumstances in the short term in a way that may damage their long-term survival chances.

Would you rather hire a manager who outperforms for four years out of seven, or for three years? Clearly, the former. But if the better long-term investor underperforms in the first three years, he will probably be fired. However, if the less skilful investor achieves his outperformance in the first three years, he will probably not be fired until year seven. To be successful in the long term, you probably have to be lucky in the short term.

This is one of the great problems for investors choosing fund managers: how to distinguish luck from skill. Statisticians suggest it may need more than a decade to tell the two apart. But investors have finite time horizons. If they back the wrong fund manager, by the time they discover their mistake, irreparable damage may have been done.

Another problem is inherent in the system. Over our lifetimes, we have seen countless products improve – televisions, computers and so on. But however well fund managers innovate, some must underperform the index.

Arguably, the service provided by fund managers has deteriorated over the decades. The turnover of the average US mutual fund has risen from about 20 per cent to more than 100 per cent over the past 50 years. This generates extra costs without improving the market return. Those costs fall on the end investors.

In the UK, annual fees have edged up; 1 per cent was the standard 15-20 years ago, now it is 1.5 per cent. This has occurred when inflation has fallen, meaning that higher fees will take a bigger bite out of lower nominal returns.

I wish there were some easy answers for investors. But all they can do, in the face of these difficulties, is focus on what they are able to control; keep a wary eye on costs, diversify their portfolio by asset class and save as much as they possibly can. The rest may be down to luck.

phillip.coggan@ft.com

Fighting Inflation And Housing Bubbles (LAT)

The Los Angeles Times, August 12, 2006

The Fed eases rate increases just as the housing market slows down.

THE FEDERAL RESERVE'S EFFORTS to control inflation and promote economic growth are a bit like a diet or exercise program. It takes awhile to see the results rippling through the economy.

Still, there is one large group of Americans who've been stung almost every month by the Fed's steady ratcheting of interest rates: homeowners with adjustable-rate mortgages or home-equity loans.

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When the Fed increases short-term rates by a quarter point, as it did 17 consecutive times from June 2004 to June 2006, the monthly payment on an ARM climbs too — not necessarily in lock step, but enough to make a difference. As a result, home buyers who took out a one-year ARM in mid-2004 pay interest rates that are 40% higher today than in their first month.

This is one reason the Federal Reserve may be more preoccupied these days than it ever has been with housing prices. Real estate has always been an important slice of the U.S. economy, and housing costs are a major factor in the Fed's favorite inflation gauge, the Consumer Price Index. But the linkage between real estate and other aspects of the economy, especially consumer spending, has never been more direct or immediate. Hence the Fed's concern about a possible bursting of the bubble — if there is indeed a bubble — or the potential repercussions for the rest of the economy from a mere flattening of the market.

For a decade, the combination of low interest rates and rising home values created a "wealth effect," with homeowners ramping up spending based on the real or expected equity in their homes. The spending boosted economic growth, although it also added to inflationary pressure.

The Fed has limited influence over this dynamic, other than to push up the cost of adjustable-rate mortgages. Often, housing markets have risen or fallen with the local economy, independent of the Fed's actions on short-term rates.

On Tuesday, the Fed finally took a breather in its rate-hike efforts, leaving the target for short-term rates at 5.25%. Although core inflation rates are higher than Fed Chairman Ben S. Bernanke would like, the economy isn't growing as fast as before — in part because the housing market has gradually cooled.

More evidence of a housing slowdown arrived in the days after the Fed's announcement, including reports of prices flattening in San Diego and Los Angeles. The bubble may not be popping, but the steam may be seeping out of it, which would make Bernanke happy. So long, that is, as a flat real estate market doesn't trigger a recession throughout the economy.

Home Price Gains Keep Shrinking (LAT)

By Annette Haddad

The Los Angeles Times, August 12, 2006

L.A. County's median rises 6.6%, the smallest advance in six years, to $520,000. Volume sinks.

Los Angeles County's home prices in July rose at their slowest pace in six years while San Diego County's continued to fall, more evidence that the Southland's real estate market is slumping, data released Friday show.

Buyers are not rushing into deals, with sales in Los Angeles County plunging 25% versus year-earlier volumes — the eighth consecutive month of declines, according to La Jolla-based research firm DataQuick Information Systems.

The latest data are likely to intensify the debate over whether widespread predictions of a "soft landing" — in which home prices level off and avoid sharp declines — might be too optimistic. This week, lender Countrywide Financial Corp. and luxury home builder Toll Bros. Inc. said demand nationwide for mortgages and new homes fell more than expected this summer.

"The market isn't exactly falling off a cliff but it is slowing more rapidly than we've seen in a long time," DataQuick analyst Andrew LePage said.

Ever-slowing price appreciation, triggered largely by rising mortgage rates and shrinking affordability, is becoming more routine. The median price of all Los Angeles County houses and condominiums that closed escrow in July reached a record $520,000, up 6.6% from a year earlier but virtually flat compared with June's median of $517,000.

The year-over-year gain was the lowest since a 3.7% rise in July 2000. During the peak of the real estate boom in 2004, prices typically rose more than 20% over year-earlier levels.

San Diego County, once one of the nation's hottest markets, fared even worse. Its median price in July fell to $487,000 last month, down 1.8% compared with July 2005, while sales dropped nearly 30%, DataQuick said. The county, which first experienced the housing boom with double-digit price gains six years ago, became one of the first major markets in the nation to suffer a year-over-year decline when its median price fell in June.

Even the most bullish housing analysts and real estate agents now say other Southland counties could eventually post year-over-year price declines, just as they did in the market slump of the early 1990s. DataQuick will report price and sales data for other Southland counties next week.

"Everyone's always said a 'soft landing' could include minor price declines," LePage said.

Within Los Angeles County, there are at least a dozen ZIP Codes where prices have started to falter year over year, according to DataQuick. The biggest drop was in Torrance, where the median price of existing single-family houses fell 7.4% to $560,000 in the May 1-July 31 period, DataQuick said.

Also showing depreciation were Agoura Hills, where the median fell 4.1% to $820,000, and Manhattan Beach, where it dipped 3.3% to $1.45 million.

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However, the declines are hardly widespread. Existing homes in the majority of Los Angeles County's neighborhoods continued to gain value in the second quarter, close to half at double-digit rates, particularly in more affordable areas where home values are below the county median.

Nonetheless, a growing stockpile of homes for sale is putting pressure on sellers to cut their asking prices, giving buyers the upper hand in sales negotiations.

That's becoming evident even in downtown Los Angeles, which has been one of the hottest local markets thanks to a boom in new condominiums and lofts.

"Downtown has gone into a state of paralysis because prices are starting to come down," said Stephen May, a veteran real estate broker who specializes in the area. The dearth of demand and rising supply prompted May to advise one client seeking to sell her condo unit to list it at just $10,000 more than what she paid a year ago.

Today, there are seven condo units for sale for every one sold. Last year, the ratio was 1 to 1, May said. "It's glut city," he said.

According to the latest figures from DataQuick, home sales in both Los Angeles and San Diego counties dropped 21% from June to July — the biggest monthly change since the summer of 2000.

Sales have been declining each month in San Diego for more than a year, and for the last eight months in Los Angeles. During the most recent real estate downturn in the 1990s, sales declines preceded price declines by more than a year.

Experts say the rise in mortgage rates over the last year has taken a toll.

"We are kidding ourselves that mortgage rates are not the problem," John Burns, an Irvine building industry consultant, wrote in a note to clients this week. He pointed out that the monthly payment on a $300,000 loan is 15% higher today than in August 2005.

Litigation (WSJ)

By Heather Won Tesoriero

The Wall Street Journal, August 12, 2006

Vioxx Caseload About to Become Clearer

A verdict in the second federal Vioxx trial could come down next week as the massive litigation, encompassing nearly 14,200 lawsuits so far against Merck & Co., nears two major milestones: First comes the one-year anniversary of the first Vioxx verdict; then comes the expiration in most states of the two-year statute of limitations for people to file suits claiming the painkiller caused their heart attack or stroke.

A year after getting hit with a $253.4 million judgment by a Texas state-court jury, Merck holds a narrow 5-3 lead in the trial tally. Plaintiffs, some of whom have recovered fully from the medical setbacks they blame on Vioxx, have found it tougher than they expected to win jurors' sympathy. Merck's stock is up by a third in the past year, and is now higher than it was when the company yanked Vioxx off the market just over two years ago.

But plaintiffs' lawyers maintain that even if they win just two or three of every 10 cases, the damage awards and litigation costs would be high enough to pressure the Whitehouse Station, N.J., company to consider settling the remaining cases.

The pace and intensity of trials is set to accelerate, with as many as eight due to start before year's end. Once the statute of limitations passes, Merck and the plaintiffs' attorneys will get a more accurate picture of the number of cases and their relative merits, which could help lay the groundwork for settlement discussions.

The two sides have battled over which cases to try first, because each is attempting to establish a pattern that will strengthen their position in settlement talks that are sure to come. One critical test is the current trial in New Orleans federal court. Gerald Barnett, a 62-year-old former agent with the Federal Bureau of Investigation, alleges that the Vioxx he took for 33 months contributed to his September 2002 heart attack.

Christopher Seeger, a central figure among the plaintiffs' attorneys, says the Barnett case is the first time the lawyers have been able to bring one of their top choices to trial. But Mr. Barnett could face some high hurdles, particularly concerning his current health and lifestyle. Merck has argued that Mr. Barnett suffered a mild heart attack and continues to lead an active life that involves going to the gym and "shag" dancing to boogie-woogie tunes.

Boomtown Redux: Job Market Heats Up In Silicon Valley (WSJ)

By Pui-wing Tam

The Wall Street Journal, August 12, 2006

Start-Ups, Small Firms Are Especially Keen to Hire; Mr. Boos Eats His Words

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SAN FRANCISCO -- Four months ago, Jamie Odell packed two suitcases and left behind his wife and three kids in Potomac Falls, Va. Narayan Raja loaded up a truck with his belongings last year and left Warwick, R.I. Marty Boos sold his 3,700-square-foot home in Eden Prairie, Minn., to make a new start.

All three had the same destination: Silicon Valley. After suffering an exodus during the dot-com bust, the region is once again a land of opportunity.

Mr. Odell was lured by stock options and a bigger title at a start-up company called Sling Media Inc. "I know it's a risk," says the 40-year-old marketer, "but this area is the hot space to be in now." His new employer sells a box that relays programming from a living-room television set to any computer with high-speed Internet service.

The nation's technology capital lost 185,000 jobs, or one in five, between 2001 and 2005. This year, state economists expect a net inflow of people into the area for the first time in six years.

Just as noteworthy as the comeback is the source of all the new jobs. For the most part, it isn't giants such as Cisco Systems Inc., Sun Microsystems Inc. and Intel Corp. They're adjusting to slower growth rates and in some cases continuing to shed workers. The biggest demand comes from thousands of small and midsize companies and start-ups such as Sling Media, suggesting that Silicon Valley's entrepreneurial ferment survived the bust just fine. Companies are typically looking for experienced workers who are well-versed in hot technologies.

"We're trying to hire a lot, all at once," says Rick Osterloh, vice president of marketing at Good Technology Inc. "But there's an inventory issue. There's just not a lot of people available here." The Santa Clara company, which specializes in wireless-email software, hired Mr. Boos, the former Minnesotan, as its chief information officer. Head count has more than doubled to 450 people in the past two years.

Dice.com1, a technology-jobs Web site, listed 89,476 open tech jobs nationwide as of late June, up from 24,671 in 2003. Companies usually aren't looking for basic programmers or assembly-line workers. Most moved that work out of the region years ago, often to places like India. More often, they seek skilled workers who can create and market innovative products.

"People keep saying Silicon Valley is dead, and it's never true," says Sean Randolph, president of the Bay Area Economic Forum, a San Francisco-based group that studies the region's economy. "There's an immense infrastructure for research and development here," he says, that helps push Silicon Valley continually up the skills curve.

One of its big draws is money. Average annual pay for the region's tech workers rose to $70,000 last year from around $64,000 in 2003, according to Joint Venture Silicon Valley, a nonprofit business group. Executive positions typically command six-figure packages. While stock options have come under fire amid cases of improper dating of grants, many tech companies, especially start-ups, are still doling them out heavily. That offers employees the chance to cash in big if their company goes public and its stock price rises.

Mr. Boos, 43 years old, seemed like an unlikely candidate to leave Minnesota. He was making six figures as chief information officer of a Minneapolis company, Digital River Inc., and owned a four-bedroom home on a golf course. In 1999, he told USA Today he never wanted to move. "I've had numerous offers outside the Minneapolis area, but the cost of housing in [Silicon] Valley is outrageous," the newspaper quoted him as saying.

But in February 2005, fed up with Minnesota winters, Mr. Boos called two recruiters. He told them he wanted a job at a California start-up that was heading toward an initial public offering, which would offer him a chance to get rich. Mr. Boos quickly landed an interview with Good Technology, a fast-growing company that competes with BlackBerry maker Research in Motion Ltd.

By April 2005, Mr. Boos was close to an offer from Good Technology. At the same time, he was in discussions for the job of chief information officer at Los Angeles-based MySpace, a social-networking Web site aimed at teenagers that has since been acquired by News Corp. With the competing offer looming, Mr. Boos, asked for -- and got -- a sizable chunk of stock options in Good Technology. He also received a salary matching that of his previous job. (He declined to reveal numbers.)

Mr. Boos paid nearly $1.4 million for a Silicon Valley home, according to public records, three times what he got for his Minnesota home last year. His wife, Rhonda, who had worked for Sun Microsystems in Minnesota for 17 years, transferred to Sun's Silicon Valley headquarters from Minneapolis and received a 15% increase in total compensation.

"I came here for the future equity," says Mr. Boos. "The ante to get into this game is very high, but so is the potential return."

Many of the new migrants have highly specialized skills. Mr. Raja moved from Rhode Island to chip maker Linear Technology Corp. in Milpitas, Calif., as a design engineer. The native of India holds an electrical-engineering degree from Lehigh University in Bethlehem, Pa., and worked for nine years at a chip company in East Greenwich, R.I., specializing in analog chips that regulate power consumption.

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As a design engineer of such chips, which are used in devices like digital music players and digital cameras, Mr. Raja is responsible for creating the tiny integrated circuits from concept through finished product. Because of the complexity of these chips, which can also be used to manage voltage and sense temperature, their design is sometimes described as a "black art."

In March 2005, Mr. Raja decided to take his skills to California and got in touch with a recruiter. "There seemed to be more opportunities in Silicon Valley," the 33-year-old says. His fiancée, now his wife, also liked the idea of moving to California.

Mr. Raja quickly landed a job interview with Linear, one of the bigger and more profitable analog-chip companies. Tick Houk, a Linear engineer who spotted Mr. Raja's résumé, says that while there were no open positions, it was clear Mr. Raja was a strong candidate. "Executives always ask us if we can find people locally, but we have to look all over all the time," says Mr. Houk. "Senior managers are hard to come by."

Linear has been on a hiring binge of late. The company plans to increase its head count by roughly 15% this fiscal year from around 3,700 employees currently. The fastest growth in hiring has been in engineering and design, rather than in chip manufacturing.

Within 24 hours of the interview, Mr. Raja got an oral offer from Linear, which created a position for him. He moved to San Jose a month later. His total compensation at Linear, with a five-figure annual salary plus profit sharing, is 25% more than he earned in Rhode Island, he says. He has created one chip for Linear and is working on a second.

The cost of living in Silicon Valley remains sky-high. In June, the median cost of a home in San Mateo County hit $940,000, four times the national median of $231,500, according to the California Association of Realtors.

That caused some hesitation for Mr. Odell, who was a director of product marketing in Virginia for the instant-messaging business of Time Warner Inc.'s America Online unit. A friend mentioned the job at Sling Media, and Mr. Odell was intrigued by the San Mateo, Calif., start-up company's product connecting TV sets and computers. Its business was promising enough to attract $46.4 million in funding in January from media giants Liberty Media Corp. and EchoStar Communications Corp.

Soon after the friend's introduction, Mr. Odell, who also knew one of Sling's founders, got an offer from the company. It included a six-figure salary, a signing bonus to cover relocation costs, and stock options, which could translate into a big payout if Sling is sold or goes public. That sounded attractive to Mr. Odell, who had worked at AOL for six years but had worthless stock options because Time Warner's share price dropped 80% during his time there.

His wife, Kathleen, was concerned about the move. The couple had left Silicon Valley in the 1990s to be close to their families in the Washington, D.C., area. Their three kids -- a 7-year-old son and 5-year-old twins -- were settled there, and they owned a 3,300-square-foot, five-bedroom home on a cul-de-sac, purchased for around $400,000 six years ago.

Mrs. Odell, a stay-at-home mom, says she worried about moving the family and paying for housing. "It's a big risk," she says. "I was in denial. For a few weeks, I didn't think Jamie would really do this." In February, she and Mr. Odell flew to Silicon Valley and realized they would have to pay more than $1 million for what they considered a passable house. "It's scary that you can pay so much and get so little," says Mrs. Odell, who is also 40.

Still, they took the plunge. Mr. Odell decided to live out of a suitcase until his family could sell the Virginia house. They planned to move everyone out by early July and to get the kids into a good public school in the Bay Area.

Little has gone according to plan. Amid a slowdown in the Washington-area housing market, the Odells had their home on the market for three months and had to settle in mid-July for $150,000 less than their original asking price, which they decline to give. They're still looking for a Bay Area home and plan to rent for the time being. The move was pushed back to later this month and the Odells, with their living situation unsettled, plan to send the kids to private school at least for the first year.

Mr. Odell calls the move stressful. "Being without family has been tough, and working at a start-up, the hours are crazy," he says. Sling co-founder Jason Krikorian says he has taken Mr. Odell out to sing karaoke and given him a Starbucks card. "When I have an individual who's uprooting to join us, I think a lot about" what the person has to go through, Mr. Krikorian says.

At work, Mr. Odell has no complaints. He likes the increased responsibility and pace. He has even gotten his own taste of Silicon Valley's hiring difficulties: He has some five open slots to fill in his group.

"We really want experienced people, but we're finding it tough to find those," says Mr. Odell. While he hasn't looked outside the area for candidates, he says he ultimately might relocate the "right person for the job."

Write to Pui-Wing Tam at pui-wing.tam@wsj.com2

What Are The Lieberman Foes For? (NYT)

By Matt Bai

The New York Times, August 12, 2006

Note: This article will appear in the August 20 issue of the magazine.

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A few days before Joe Lieberman, who was very nearly vice president of the United States, was effectively vanquished from his party by Ned Lamont, an affable cable executive who once played a minor role in governing the town of Greenwich, Conn., I happened to talk with Jeffrey Bell. A political consultant who is as cordial a man as you will find in Washington, Bell isn't as famous as some of his fellow Republicans, but he owns a storied place in the history of the conservative movement. A young aide to Ronald Reagan during his 1976 insurgency, Bell went on to challenge a sitting Republican senator, Clifford Case of New Jersey, in 1978. He stunned the political world by winning that race. And though he lost handily to the basketball legend Bill Bradley in the general election, just two years later Reagan ascended to the White House. If anyone was in a position, then, to assess the significance of the Connecticut rebellion, it was Bell, whose small but noteworthy victory over his party's confused establishment presaged a historic political realignment. "It's tempting for us to underrate Dailykos and Moveon.org," Bell told me, referring to the Web pioneers who launched Lamont's improbable campaign. "It's easy for us to say these guys are nuts. But the truth is, they're on the rise, and I think they're very impressive."

There are, in fact, some compelling parallels between this moment in Democratic politics and the one that saw the ideological cleansing of the Republican ranks three decades ago. In "Reagan's Revolution," an inside account of Reagan's failed 1976 campaign, Craig Shirley notes that aides to President Gerald Ford warned that they were "in real danger of being outorganized by a small number of highly motivated right-wing nuts." Those so-called nuts, meanwhile, waged war on the then widely held belief that "if they were to succeed, Republicans had to be 'pragmatic,' they had to 'broaden the base' and they had to 'compromise.' Otherwise, they would always be in the minority." The very same things might be written now, substituting the words "left" and "Democratic" for "right" and "Republican." And like those bygone Republican leaders, establishment Democrats exhibit a surprisingly shallow understanding of the uprising that now threatens to engulf them.

In the aftermath of the primary, Democrats settled on the idea that Lieberman fell because of his support for the Iraq war. This was technically true, in the same way that a 95-year-old man might technically be said to die from pneumonia; there were, to say the least, underlying causes. The war was a galvanizing issue, but Lieberman's loss was just the first major victory for a larger grass-roots movement. While that movement is identified with young, online activists, it is populated largely by exasperated and ideologically disappointed baby boomers. These are the liberals who quietly seethed as Bill Clinton worked with Republicans to reform welfare and pass free-trade agreements. After the "stolen" election of 2000 and the subsequent loss of House and Senate seats in 2004, these Democrats felt duped. If triangulation wasn't a winning strategy, they asked, why were they ever asked to tolerate it in the first place? The Web gave them a place to share their frustrations, and Howard Dean gave them an icon.

Iraq has energized these older lapsed liberals; for a generation that got into politics marching against Vietnam, an antiwar movement is comfortable space. But it was the yearning for a more confrontational brand of opposition on all fronts, for something resembling the black-and-white moral choices of the 1960's, that more broadly animated Lamont's insurgency. Connecticut's primary showdown (which now appears to be headed for a sequel in November) marked an emphatic repudiation not just of the war but also of Clinton's "third way" governing philosophy - a philosophy not unlike the Republican ethos of "compromise" and "pragmatism" that so infuriated Reagan conservatives.

If history were to repeat itself, this outpouring of new liberal passion would portend trouble for the party's establishment candidates in 2008 (especially one possible candidate whose last name happens to be Clinton). But there is at least one crucial difference between insurgents of the 1970's and today. When Bell ran for the Senate in 1978, he was so obsessed with his plan to slash taxes that he went to the extraordinary length of bringing in Arthur Laffer, the renowned conservative economist, to draw his famous Laffer Curve at a news conference in Trenton. By contrast, Lamont's signature proposal as a primary candidate - and the only one anyone cared to hear, really - seemed to be the hard-to-dispute notion that he is not, in fact, Joe Lieberman. He offered platitudes about universal health care and good jobs and about bringing the troops home but nothing that might define him as anything other than what he is: an acceptable alternative.

Leaders of the Netroots, as the Internet activists have been named, will tell you that big ideas are way overrated in American politics - that you first have to master the business of getting elected before you can worry about how to govern. (Most powerful Democrats in Washington now believe this too.) But even with legions of outraged conservatives at his back, Reagan would not have taken over his party in 1980 - let alone the White House - had he not articulated an affirmative and bold argument against his party's status quo, vowing to devolve the federal government and roll back détente with the Soviets. Passion and fury started the revolution, but it took a leader with larger vision to finish the job.

Man In The News: Ned Lamont (FT)

By Holly Yeager

Financial Times, August 12, 2006

DOJ_NMG_0047827

As Ned Lamont stepped out of his car on Tuesday for the last stop of his upstart campaign for the US Senate, he still had the wide-eyed look of a man who could not quite believe that all the fuss was about him.

Hands on his hips, he nodded and smiled as a supporter, her fluffy dog tucked under her arm, reported that he had won the absentee ballots in the West Hartford, Connecticut, precinct. He moved to shake hands with some poll workers, but was reminded that he could not get too close to the voting station.

Standing near Jesse Jackson, the civil rights activist who had joined him for part of the afternoon, Mr Lamont hesitated when asked what he had learnt during his campaign to unseat Joseph Lieberman, the three-term -senator and former vice-presidential candidate, in the Democratic primary. "Ask me tomorrow," he said, before inviting everyone within earshot to join him at an election night party for free beer.

A few hours later, as it became clear that Mr Lamont would be declared the winner, Lanny Davis, a former White House counsel and longtime friend of Mr Lieberman, said Mr Lamont had run a good anti-war campaign. But with Mr Lieberman planning to run as an independent in the November election to hold on to his seat, Mr Davis said voters needed to know more than where he stood on Iraq. "Who is Ned Lamont?"

Liberal activists, energised by his victory, know what they think. "Ned Lamont is a blueprint for the kind of leadership that can lead Democrats to victory in November," said Eli Pariser, executive director of MoveOn.org Political Action. Mr Lamont rallied the grassroots and tapped the "netroots", he said, and led a "revolt by voters who are tired of the status quo".

For Republicans, though, Mr Lamont is the archetype of the pacifist Democrat, a theme the party hopes to exploit in November's midterm elections. Ken Mehlman, Republican National Committee chairman, said Mr Lamont's campaign was based on "retreating from the terrorists in Iraq" and that his win reflected "an unfortunate embrace of isolationism, defeatism and a 'blame America first' attitude".

The Lieberman camp has tried to portray Mr Lamont as an extremist and an opportunist, willing to use millions of his own money to ride a growing anti-war sentiment to Washington. Mr Lieberman's allies in groups such as the Democratic Leadership Council, the centrist group, say a rejection of politicians such as him would be dangerous for the party, arguing that it needs to broaden its appeal to moderates, not narrow its focus to -traditional liberals, if Democrats are to recapture the White House.

Mr Lamont, 52, was a tireless and confident campaigner. "I think we're doing very well, because we're standing up and being bold and clear about where we stand," he said. "We're fighting for universal healthcare, we're fighting for clean energy, dealing with global warming in a serious way, dealing with the deficit in a serious way and getting our troops home from Iraq."

With the intense national spotlight that has fallen on him since Tuesday, it is hard to recall that just three months ago this wealthy cable television executive and political novice appeared a long-shot to unseat Mr Lieberman. His great-grandfather, Thomas W. Lamont, was financier John Pierpont Morgan's partner and confidante (a Harvard lib-rary is named for him). His great-uncle was Corliss Lamont, legendary socialist and director of the American Civil Liberties Union.

After graduating from Harvard, Mr Lamont worked on a Vermont newspaper, then went to the Yale School of Management. He worked for a cable television company and then founded his own, Lamont Digital Systems, which installs cable in university buildings. His fortune, worth somewhere between $90m and $300m, according to documents he filed with the Federal Election Commission, comes from his family, his own business and his wife, Ann, managing partner at Oak Investment Partners, a venture capital firm.

Mr Lieberman attempted to paint Mr Lamont as a wealthy dilettante from a ritzy suburb, with a campaign advertisement that said: "Meet Ned Lamont. He's a Greenwich millionaire." Mr Lamont – whose previous political experience was as a town councillor in Greenwich for two years and as a fundraiser for national Democrats such as John Kerry and Howard Dean – put $4m of his own money into the race. But he gave up his membership of an exclusive country club, traded his luxury convertible for a hybrid and voters did not seem to mind his money.

On the campaign trail, there were few signs of his blue-blood roots. Voters appreciated what Mr Jackson called his "freshness", his ability to talk about the issues of the day in an open and accessible way. He complained about the role of lobbyists and talked about his volunteer work, teaching entrepreneurship to high school students in urban Bridgeport. Leftwing bloggers drew attention to his cause and wealthy liberals – including George Soros and Barbra Streisand – sent him cheques.

But it was his opposition to the war in Iraq – and Mr Lieberman's dogged support for it – that made Mr Lamont enter the race. That is what seems to have mattered most to voters. A CBS News/New York Times poll found that 43 per cent of those who voted for Mr Lamont in Tuesday's primary said his opposition to the war was their main reason for backing him. Nearly half said their vote for Mr Lamont was really a vote against Mr Lieberman. While Mr Lamont calls the war "the defining issue", he has tried to assure Connecticut voters – and Democrats across the country – that he is not a single-issue candidate. "There are a lot of other issues out there as well."

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Mr Lamont has tried to brush aside suggestions that he has become a leader of liberal forces trying to flex their muscles within the Democratic party, preferring to focus on his own state. Many prominent Democrats who had backed Mr Lieberman have rushed to endorse Mr Lamont. Hillary Clinton's political action committee said it would send a $5,000 cheque and she hinted that she might campaign for him.

Some have also pressed Mr Lieberman to abandon his independent bid. But he has resisted so far and will surely use the next stage of the campaign to paint Mr Lamont as dangerous to the party and the country – and to underscore the trade-off Connecticut voters would be making, between an experienced politician with long years of service to the state and an untested newcomer.

But for Mr Lamont's supporters, his newness is a plus. "He's not a politician. He comes with no political baggage," said one Democratic operative.

'Ready For Change' George (NWSK)

NWSK – Clift – Hillary/Anti-War, August 12, 2006

McGovern shares his views on the anti-war movement, the Lieberman defeat and why Hillary Clinton needs to be gutsier.

Aug. 11, 2006 - It's been more than 30 years since George McGovern ran for president on an anti-war platform against Richard Nixon. The Vietnam War was raging and there were anti-war demonstrations in the streets, yet Nixon easily won reelection by branding McGovern as the candidate of the fringe left. The 84-year-old former senator from South Dakota, who served in World War II as a bomber pilot, spoke with NEWSWEEK's Eleanor Clift by phone from Montana about what it's like to hear his name invoked after this week's Democratic Senate primary in Connecticut as a cautionary tale about what can happen to candidates who get labeled weak on national security. Excerpts:

NEWSWEEK: How do you feel about your name being mentioned after Ned Lamont defeated [pro-war] Senator Joe Lieberman in this week's Democratic primary in Connecticut?

McGovern: I feel great about it. I do a lot of speaking and I've known for a long time that the anti-war feeling has been building dramatically across the country. I run into it every place I've gone. That's the number one issue. Everything else is secondary. People feel they've been misled, that the administration has not been honest and there's a huge credibility problem as well as a foolish war. It's very similar to the situation in Vietnam that opened the way for me to win in a field of 17 candidates so many years ago.

Michael Gallacher / The Missoulian-AP

George McGovernSeventeen candidates?

Yes, 17, some of them dropped out—the others we defeated in primaries and caucuses.

What do you think about Lamont's opposition to the Iraq War?

I think we're going to have to wind up that operation [in Iraq.] Bush is very stubborn about it, but I think they've lost control on that issue. I don't know this man Lamont, but I think he handled it just right [on his war views.] They used to say about me that single-issue candidates can't win, and there is some truth to that. But I never thought of myself as a single-issue candidate—and it's better to have a single issue than no issue, which is one of the problems with the Democrats, who with some notable exceptions, are too timid and reluctant to stand up. Maybe this [Lamont's win] will put a little spine in the backs of Democrats.

The Republicans are saying Lamont's win means the Democrats are anti-war and weak on national security.

They've done that for 50 years—saying Democrats are soft on communism. Now they're saying Democrats aren't tough enough on terrorism. That argument is beginning to wear thin. In the time we've been in Iraq, the insurgents have gotten stronger and we've weakened our standing in the world. I used to say we were never more isolated than in the deepest jungles of Vietnam; now I add the Arabian Desert to that. People think we've lost our judgment. The American people feel that way. If Democrats stand up on the war and on other things, they'll find the country is ready for change. The tax issue, it's so unfair, and the whole matter of leadership. People want somebody who is direct and honest.... Nixon used to say people don't vote on faith; they vote on fear. For 50 years, [Republicans] used the fear of communism to beat Democrats and liberals and to discourage any kind of dissent. I hope we don't have 50 years of terrorism for [the GOP] to do the same thing.

The Spoils Of Victimhood (NYT)

By Thomas Frank

The New York Times, August 12, 2006

"President Bush operates in Washington like the head of a small occupying army of insurgents," the pundit Fred Barnes writes in his recent book, "Rebel-in-Chief." "He's an alien in the realm of the governing class, given a green card by voters."

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Let's see: These insurgents today control all three branches of government; they are underwritten by the biggest of businesses; they are backed by a robust social movement with chapters across the radio dial. The insurgency spreads before its talented young recruits all the appurtenances of power — a view from the upper stories of the Heritage Foundation, a few years at a conquered government agency where expertise is not an issue, then a quick transition to K Street, to a chateau in Rehoboth and a suite at the Ritz. For the truly rebellious, princely tribute waits to be extracted from a long queue of defense contractors, sweatshop owners and Indian casinos eager to remain in the good graces of the party of values.

What a splendid little enterprise American conservatism has turned out to be.

How does this work? How does the right keep its adherents in a lather against government bureaucrats and Washington know-it-alls when conservatives are the only bureaucrats and know-it-alls who matter anymore?

Part of the answer is that, after their crushing defeat in the 1930's, conservatives rebuilt their movement by adopting a purely negative stance against liberalism. They were so completely excluded from power, they believed, that in 1955 William F. Buckley Jr. famously depicted them "Standing athwart history, yelling Stop." Writing in the middle of the Reagan years, the journalist Sidney Blumenthal gaped at the persistence of this "adversarial" mind-set long after the liberals had been routed. "Even when conservatives are in power they refuse to adopt the psychology of an establishment," he marveled.

Here we are, 20 years later, and to hear conservatives tell it, every election is still a referendum on the monster liberalism, which continues to loom like a colossus over the land. Even Tom DeLay — the erstwhile "hammer" — becomes a martyr when addressing the faithful. "The national media has taken my own re-election as their own personal jihad," he moaned in a speech at the Conservative Political Action Conference in February. "So we're fighting the fight of ages."

That conservatives continue, as Rick Perlstein writes, to "soak in [their] marginalization" four decades after the election of the last liberal president puts this victimology beyond implausible. It is more on the order of a foundational myth, like the divine right of kings, a fiction that everyone involved must accept as fact.

A century ago, it was conservative stalwarts, not liberal reformers, who were the natural party of government. And they were forthright about what they stood for as well as what they were against: They were for rule by a better class of people, for a Hamiltonian state in which business was unified with government. And conservatism is still for those things, tacitly at least. Just look at the résumés of the folks the president has appointed to the Departments of Labor, Agriculture and the Interior. Or scan one of the graphs that economists use to chart the distribution of wealth over the last hundred years. The more egalitarian society we grew up in is gone, snuffed out by the party of tradition in favor of an even rosier past that lies on the far side of the 1930's.

These ought to be easy things to deplore. They ought to arouse precisely the kind of simmering fury that millions of Americans feel toward lewd halftime shows and checkout clerks who don't say "Merry Christmas." But we have difficulty holding conservatives accountable for them, so potent is their brand image as angry outsiders. What conservatives do, as everyone knows, is protest government, protest modernity; to hold them responsible for government or for modernity is to bring on cognitive dissonance.

Or, rather, it might bring on cognitive dissonance. We don't know because puncturing conservatism's marginalization fantasy hasn't really been tried. If liberals are ever to recover, this will have to change. Against the tired myth of the "liberal elite" they must offer a competing and convincing theory of how Washington works, and for whom.

Connecticut Feels Strain Of A Rematch At The Polls (NYT)

By Nicholas Confessore And Avi Salzman

The New York Times, August 12, 2006

Peter Gray wrestled long and hard over how to vote in Tuesday's Democratic primary in Connecticut before deciding to go with Senator Joseph I. Lieberman over his challenger, Ned Lamont. And he is not exactly looking forward to doing it all over again.

"I'm very conflicted," said Mr. Gray, 32, of Stamford. "I feel like he turned his back on the party, but I don't like a brand-new senator who doesn't have power."

But like most of the Lieberman supporters interviewed during the past two days, Mr. Gray said he would probably stick with Mr. Lieberman in the general election on Nov. 7, when the senator will be on his own ballot line as he tries to keep his seat.

"Joe's still the man for the job," Mr. Gray said. "He's used his power to do a lot of positive things."

After Mr. Lieberman's primary loss, many prominent Democrats switched their support to Mr. Lamont and called for the party to unite behind him. But that unity may be a more elusive goal at the grass-roots level. Only a handful of those Lieberman supporters interviewed said they would switch to Mr. Lamont, signaling the difficulties he may have attracting Connecticut's moderate voters in a general election.

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Second acts are uncommon in politics, and they rarely arrive after so short an intermission. Those interviewed — in a town square in Waterbury, amid the rush of commuters in Stamford, and in the suburban malls near Hartford — described their deliberations as uncommonly hard and highly personal.

Most of the nearly three dozen Lieberman supporters interviewed said that they opposed the war in Iraq but were unwilling to vote against the senator based on a single issue. Many praised his experience and his record on jobs and education. Others said Mr. Lieberman's decision to run as an independent squared easily with his past willingness to part ways with his party when his beliefs required it.

"I think some people's views are going to change," said Shirley Salvatore, 61, a receptionist from Bristol who is active in Democratic politics. "But mine will not."

Mr. Lieberman, she said, has "done a lot of good for the state."

Some even said they had flirted with supporting Mr. Lamont after the primary, but decided to back Mr. Lieberman after the news on Thursday that British authorities had foiled a terrorist plot to detonate homemade bombs on planes crossing the Atlantic.

"I'm going to vote for Lieberman," said Judi VanStone, an administrative assistant from Waterbury who switched her party affiliation to Democrat before the primary. "Especially after today."

According to a survey of Democratic primary voters leaving polling places on Tuesday in Connecticut, conducted by The New York Times and CBS News, 39 percent said Mr. Lieberman should run as an independent in November.

But there are still nearly three months for Mr. Lamont to make his case to Lieberman supporters. Tom Swan, Mr. Lamont's campaign manager, said that overwhelming support from local Democratic officials and heightened efforts to introduce Mr. Lamont to voters would be "instrumental in bringing the vast majority of Democrats home in November."

Mr. Swan added, "The more it becomes apparent to how much of Lieberman's campaign is based on Lieberman and staying the course, versus the change that residents of Connecticut need, we'll be bringing them home."

The interviews with Lieberman backers revealed a range of responses on the issue of whether it was appropriate for Mr. Lieberman to set aside his loss in the primary and run again, this time on his own ballot line called Connecticut for Lieberman.

Only a minority said they were angry at Mr. Lieberman for doing so, suggesting that those who were most offended by his action had decided not to vote for him the first time around.

Michael Perbost, a scientist from Bethany, said that while he voted for the senator in the primary: "If you decide to go into it, and you lose, you're the loser. I will probably vote for the other guy, because he's the Democrat."

Mr. Lieberman has tried to finesse the issue by describing himself as an "independent Democrat" and saying he would caucus with Democrats if re-elected. Mr. Lieberman's campaign said yesterday that it was accepting offers from Mayor Michael R. Bloomberg, former Mayor Edward I. Koch, and Bob Kerrey, the New School University president and a former Nebraska senator, to campaign with him.

As for party unity, many Democratic voters in Connecticut who supported Mr. Lieberman in the primary said that it mattered little to them. Others said that they leaned toward Mr. Lieberman not in spite of his willingness to go it alone, but because of it.

"I appreciate that someone votes with their conscience," said Susan Corwin, a Stamford resident. She said she respected Mr. Lieberman's decision to run as an independent and likened it to his occasional departures from Democratic orthodoxy.

"I think it's gotten so difficult in Washington, D.C., because of polarization," she said. "That's why it's important to find the middle ground, and that's why I'm probably going to vote for Lieberman."

Though the primary was widely viewed as a referendum on the Iraq war, it is not yet clear how salient that issue will be in the general election. Several of those interviewed said they had not yet decided how they would vote in November, and said they would re-evaluate both Mr. Lieberman and Mr. Lamont between now and November. The Republican candidate in the race, Alan Schlesinger, is far behind both the Lamont and Lieberman campaigns in fund-raising, and is having trouble attracting endorsements within his own party.

Carl Rosa, 49, the executive director of a nonprofit, said he voted for Mr. Lieberman despite his support for the Iraq war, after "considering his overall record, and not just the issue that has polarized everyone."

But in November, Mr. Rosa said that he will vote on issues besides the war, including education and jobs. "The cost of doing business in Connecticut is too high," he said. "I want to hear how they are going to bring more companies here."

And in a preview, perhaps, of how Mr. Lamont will fare among unaffiliated and Republican voters, those who described themselves as conservative Democrats — a rare breed in Connecticut — said they would support Mr. Lieberman enthusiastically.

"We didn't cast ballots for anyone else," said Richard Pescatore, who stood with his wife, Lili, in a mall food court in Waterbury. Though a registered Democrat for four decades, Mr. Pescatore said he voted to re-elect President Bush in 2004 and would definitely support Mr. Lieberman in November.

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Like others, Mr. Pescatore said appeals for party unity mattered little to him. “Lamont was saying Lieberman was undermining the Democratic agenda,” he said. “I don’t know what the Democratic agenda is.”

A Boost For Lamont As Democratic Leaders Shift Support (WP)

By Shailagh Murray

The Washington Post, August 12, 2006

Round 2 Opens In Bitter Contest With Lieberman

Democratic Senate nominee Ned Lamont will launch a general election bid in Connecticut next week with an expanded campaign operation of Washington-based reinforcements, in preparation for a bitter brawl with Sen. Joseph I. Lieberman over the Iraq war and national security.

Lamont's upset of the three-term senator and former Democratic vice presidential nominee, who is now running to keep his seat as an independent, has forced a hasty reordering of political alliances, as prominent Democratic leaders and organizations shift their support to Lamont. The political novice is seeking help from party veterans in fundraising and communications, and in answering Lieberman's increasingly aggressive war defense.

Lamont and Lieberman face considerable obstacles as they head into the general election. For Lieberman, there are practical questions such as: How does he raise money and turn out voters, now that the Democratic establishment is in Lamont's corner? For Lamont, a key challenge is one of perceptions: Can he convey that he is more than just a single-issue candidate and broaden his appeal beyond the liberal antiwar voters who helped him win the primary?

Lieberman fired the first shot of the campaign's second phase Thursday morning. Hours after British authorities announced they had broken up a transatlantic airline bombing plot, the senator asserted to reporters that Lamont's antiwar stance increased the risk of such attacks. If the United States withdraws from Iraq, as Lamont and other Democrats advocate, "it will be taken as a tremendous victory by the same people who wanted to blow up these planes in this plot hatched in England," Lieberman said outside a Waterbury pizzeria.

Democratic leaders in Washington blanched at Lieberman's comments, which echoed Republican talking points. Lamont didn't directly respond to Lieberman's personal attack, releasing a statement on the alleged bomb plot that reiterated his call for U.S. troops to leave Iraq. "We need to change course, and that means standing up to this administration and fighting for our security in a rational, serious way," Lamont said.

After a brief post-primary break, Lamont is scheduled to appear on two national talk shows Sunday and will hit the campaign trail in Connecticut on Monday morning. In the weeks to come, he is expected to be joined by numerous prominent Democrats, including 2004 vice presidential nominee John Edwards, who is scheduled to campaign with Lamont on Thursday.

Also next week, the state's powerful labor unions will begin considering their next moves. The state AFL-CIO, which provided crucial turnout support to Lieberman on primary day, will hold an initial meeting to consider backing a general election candidate or staying neutral. The local Service Employees International Union, which endorsed Lamont in early August, is expected to stick with the nominee.

Both candidates are sprinting to raise money. Lamont spent about $4 million of his own on the primary -- more than he intended to, said his campaign manager, Tom Swan. Although the official tallies are incomplete, Lieberman was outspending Lamont through late July.

Despite gaining national attention, Lamont's campaign was run by a small group of dedicated state operatives and retained a grass-roots flavor through the primary. That basic approach will remain unchanged, Swan said, but as the campaign moves to a new scale, it will also look for help from outside sources, including party leaders and committees, and traditional Democratic donors such as trial lawyers.

"We're working on a variety of potential things that weren't available to us before," Swan said.

Political observers say three factors are likely to determine the race's outcome. One is Lieberman's ability to hold on to the mostly low-income, socially conservative Democratic voters who supported him in the primary. Second is which candidate prevails with unaffiliated voters, who constitute the state's largest voting bloc. Third is how many Republicans Lieberman draws -- which depends on whether the state GOP sticks with its current candidate, former state representative Alan Schlesinger, or finds a stronger replacement.

Lieberman's appearance in Waterbury on Thursday was aimed at the first and third groups. The senator was joined at the lunch-hour event by the town's Democratic mayor, Michael J. Jarjura, who led a turnout effort that delivered one of Lieberman's largest victory margins. Lieberman called Waterbury's mainly working-class residents "my kind of people -- lots of faith, lots of values."

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But his tough talk on terrorism was directed at voters like Vincent Siefert, a civil engineer, father of four and solid Republican. Siefert said he agreed with the senator's hard line on Iraq: "I think we have to finish what we started." And he said of Lieberman, "He's not perfect, but he's done all right for us."

The most difficult group to pin down is the unaffiliated voters, who shift between Republican and Democratic candidates, usually following national trends.

Polls show that over the course of this year, Lieberman has lost ground with the group, mainly over his war position. According to a July Quinnipiac University poll, more than two-thirds of unaffiliated voters in Connecticut believe that the war is wrong and want U.S. troops withdrawn.

"That's a potentially large group that could begin pulling away from Lieberman," said Scott L. McLean, who chairs Quinnipiac's department of political science. "They seem to go where the center is, and in Connecticut that's antiwar. My guess is they'll break to Lamont before this is over."

Lamont also intends to promote his support for expanded health coverage, alternative energy technologies and universal preschool education to capture both Democrats and independents.

Three Democratic House challengers are trying to unseat GOP incumbents by appealing to the same groups. Chris Murphy, who is running against Republican Rep. Nancy L. Johnson in the Hartford area, said that while he once feared that Lamont's candidacy would distract from his own race, he now views it as an ideal complement. "I've come 180 degrees," Murphy said.

Lamont Aide To Apologize For Comment (AP)

AP, August 12, 2006

Democrat Ned Lamont's campaign manager said he would apologize to the mayor of Waterbury for describing the city that backed his opponent, Sen. Joe Lieberman, as a place "where the forces of slime meet the forces of evil."

Tom Swan said the comment made Tuesday, after the city voted heavily for Lieberman in the Democratic Senate primary, was in the context of a broader discussion of state politics in which former Mayor Philip A. Giordano was the "slime" and former Gov. John G. Rowland was the "evil."

Giordano is serving a prison sentence on federal child sex charges and Rowland, a Waterbury native, was forced to resign in 2004 and served a federal prison term for corruption.

Swan said that his statement was not meant to be reflective of the city and that he would send an apology Friday to Mayor Michael J. Jarjura.

Jarjura became aware of Swan's comments Thursday when the Lieberman campaign sent his chief of staff an Internet link to a Connecticut political news site where the comment appeared. Lieberman, who lost the primary and is now running for re-election as an independent, made Waterbury his first post-primary campaign stop on Thursday.

Lamont campaign spokeswoman Liz Dupont-Diehl said Swan will not be reprimanded or fired.

"This is a misunderstanding that we'll certainly seek to resolve," she said. "What Tom was talking about was not any current elected officials and certainly not the people of Waterbury."

Lamont Daughter's Vote Disqualified (AP)

AP, August 12, 2006

One vote that Senate candidate Ned Lamont knew he could count on in his Democratic primary victory has been disqualified — his daughter's.

Town election officials rejected Emily Lamont's vote in Tuesday's primary battle between her father and Sen. Joe Lieberman after the Democratic registrar of voters determined she had been ineligible to cast it because she wasn't a registered Democrat.

"Her vote was rejected because she is not enrolled in a party," said Sharon Vecchiolla, Democratic registrar in Greenwich.

Only registered Democrats were eligible to vote in Tuesday's primary.

Emily Lamont, 19, had registered in January 2005 as an unaffiliated voter. She would have had to change that affiliation by noon Monday to qualify to vote in the primary. She was allowed to cast a provisional ballot, but it was not counted after Vecchiolla determined she was ineligible.

Lieberman, a three-term Senator, lost by 10,000 votes to Ned Lamont, a millionaire businessman who ran on an anti-war platform and accused the incumbent of being too close to President Bush. Top state and national Democrats have thrown their support Lamont in the November general election, even though Lieberman is still running for re-election as an independent.

Texas Mayor Files For Delay's Seat (AP)

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By April Castro

AP, August 12, 2006

Sugar Land's Republican mayor on Friday became the first person to file as a write-in candidate on the ballot for former House Majority Leader Tom DeLay, who resigned from Congress in June amid allegations of money laundering.

DeLay tried to render himself ineligible for the race by moving to Virginia so that another Republican could replace him on the ballot for the suburban Houston seat.

But a federal appeals court ruled last week that DeLay, who won the March Republican primary election, is still eligible and must remain on the Nov. 7 ballot, leaving state Republicans to organize behind a write-in candidate.

Sugar Land Mayor David Wallace filed his application Friday. Houston City Councilwoman Shelley Sekula-Gibbs has said she would run for the seat only if the GOP said it would backed her.

A spokeswoman for the state GOP, Gretchen Essell, said party leaders had not determined which candidate they would support in the race.

The Democratic candidate on the ballot will be former U.S. Rep. Nick Lampson.

DeLay stepped down as majority leader last year after he was indicted in Texas on money laundering charges alleging he helped funnel illegal corporate money to legislative campaigns in 2002. He gave up his effort to reclaim the leadership job amid questions about his associations with convicted ex-lobbyist Jack Abramoff and pressure from party colleagues.

DeLay denies all allegations of wrongdoing and has labeled the Texas charges a political witch hunt.

12 File To Oppose Rep. Jefferson (WP)

By Allan Lengel

The Washington Post, August 12, 2006

Under the glare of an FBI investigation, a politically vulnerable Rep. William J. Jefferson (D-La.) will face a dozen challengers in his bid for reelection, including some well-known Louisiana names.

When the 5 p.m. filing deadline for the November election passed yesterday, eight Democrats, three Republicans and one Libertarian had filed to run against the eight-term incumbent, a sharp contrast to two years ago, when he faced one challenger.

The candidates include state Sen. Derrick Shepherd (D), state Rep. Karen Carter (D) and former state representative and New Orleans City Council member Troy Carter (D).

"We can no longer afford to be laughed at anymore," said Troy Carter, 42, who is not related to Karen Carter. "One has to agree with the level of pressure on him, it's a distraction. It's difficult to be focused."

For more than 16 months, Jefferson, 59, has been the target of an FBI investigation. Two business associates, Brett Pfeffer and Vernon L. Jackson, have pleaded guilty to bribing the New Orleans lawmaker. Jackson said he gave Jefferson hundreds of thousands of dollars in exchange for using his congressional position to promote cable television and Internet ventures in Nigeria, Ghana and Cameroon.

Jefferson has denied any wrongdoing, and he has not been indicted. House Democrats expelled him in June from the Ways and Means Committee after considering the accusations, which included the FBI's discovery of $90,000 of alleged bribe money in Jefferson's freezer.

Under Louisiana election law, all the candidates will appear on the Nov. 7 ballot. If no one gets more than 50 percent of the vote, the two top vote-getters will appear in a runoff election Dec. 9.

With New Orleans still reeling from the effects of Hurricane Katrina, many candidates said this week that they plan to focus on the city's recovery and Jefferson's performance.

"I plan on running on the issues, the needs of the people," said Shepherd, 37. "I think he owes everybody an explanation about the investigation, but that's for him to decide."

Added Democratic candidate M.V. "Vinny" Mendoza, 47, a real estate investor and organic farmer: "I don't bank on the problems of other people. This past year, he has not done anything for the people who hurt."

Political analysts say Jefferson could benefit from the large field of challengers if his voter base remains relatively strong, leaving the other candidates to divvy up the vote in the Democratic congressional district.

"It wouldn't be easy to beat him as long as he wasn't indicted," said Edward Renwick, a Loyola University political scientist. "He'd put up a tough fight even if he is indicted."

Melanie Roussell, Jefferson's press secretary, said yesterday that her boss still has a loyal base and does not see himself as vulnerable.

"Of course the candidates say he is, and he believes they're wrong," she said. "He's had the most productive year in his 16 years in Congress."

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Political observers say the FBI probe will remain an issue.

"The investigation will play a key role," said Brian Brox, a political science professor at Tulane University, pointing out that Jefferson has a "good amount of support."

"It's not a sure thing he'll get defeated," Brox said, adding that Jefferson's chances would quickly diminish if he is indicted before the election.

Voter Al Smith, owner of the Uptown Recycling in New Orleans, may be proof of that.

"If he would get indicted," said the longtime Jefferson supporter, "that would be a big reason to start considering another representative."

La. Congressman Will Face 12 Challengers (AP)

By Melinda Deslatte

AP, August 12, 2006

U.S. Rep. William Jefferson, whose Washington office was raided by the FBI amid a federal bribery investigation, will face a dozen challengers in the November election.

The official sign-up period for Louisiana's Nov. 7 congressional election ended Friday. In Louisiana, there are no earlier party primaries; if no candidate gets more than 50 percent of the vote on Election Day, the top two go to a December runoff.

Although some are lesser-knowns, a few challengers carry significant name recognition, political ties and fundraising potential that could lead the eight-term Democrat into his first hard-fought race in years.

Several candidates said the New Orleans-based district needs someone focused on hurricane recovery, rather than a federal investigation that has embroiled Jefferson. Jefferson framed his opponents as opportunists who won't succeed in unseating him.

"I'm not going to be making any bets on how it turns out. This'll have a question mark right down to the end," said Elliott Stonecipher, a Louisiana-based demographic and political analyst.

Jefferson was accused of using his position to promote the sale of telecommunications equipment and services offered by iGate, a Louisville-based firm that sought contracts with African nations, and of soliciting bribes in return. The FBI said it found $90,000 stashed in a freezer in his home. Two men have been convicted as part of the scandal.

A federal appeals court temporarily delayed the bribery investigation while Jefferson challenges the legality of the unprecedented FBI raid on his Capitol Hill office.

Jefferson has not been charged with a crime and has denied wrongdoing, but was stripped of his seat on the powerful Ways and Means Committee because of the investigation.

Challengers include state Rep. Karen Carter, state Sen. Derrick Shepherd, former New Orleans City Council member Troy Carter and Regina Bartholomew, a lawyer who has worked for the city's school board and the U.S. Department of Labor.

Republican Ehrlich Highlights Ties To Democratic Pr. George's Executive (WP)

By Ann E. Marimow

The Washington Post, August 12, 2006

After getting trounced in the Washington suburbs in 2002, Maryland Gov. Robert L. Ehrlich Jr. said yesterday that he is well positioned to gain ground there in his reelection bid in part because of his warm relationship with Prince George's County Executive Jack B. Johnson.

Four years ago, "I didn't like him. He didn't like me," the Republican said of Johnson (D) at a lunch meeting with Washington Post editors and reporters at the governor's mansion in Annapolis. Since then, the bipartisan relationship has blossomed into something "really terrific."

In the past month, the two have played golf and worked to woo the NAACP to consider moving its headquarters from Baltimore to the Prince George's National Harbor development.

Ehrlich said he does not expect the executive to endorse him in a general election match with Baltimore Mayor Martin O'Malley (D). But he suggested that Johnson has been helpful in more subtle ways, such as his public praise of the governor for buoying the troubled Prince George's Hospital Center.

He drew a parallel between Johnson and former governor William Donald Schaefer, a Democrat with a soft spot for Ehrlich.

"He's made pronouncements, kind of similar to Schaefer really, that 'I support the Democratic ticket, but if you're asking me about this administration, this is what they've done,' " the governor said.

Johnson's campaign was less effusive about the relationship that Ehrlich described. State Democratic Party officials called the governor's election projections "wishful thinking."

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"They've got a pretty good working relationship because that's what you have to do when you're in office," said Johnson's campaign manager, Eileen Thomas. When it comes time to campaign, she said, "he's going to go with the ticket. He is not Schaefer."

O'Malley and his running mate, Prince George's Del. Anthony G. Brown, attended the start of Johnson's reelection campaign last month, and Johnson endorsed O'Malley there.

Derek Walker, executive director of the state Democratic Party, said Johnson "knows how to bridge the partisan divide to get things done for Prince George's County, but that doesn't mean that he isn't going to be working overtime to make sure that Martin O'Malley is elected this November."

In 2002, Ehrlich lost in Prince George's to Democrat Kathleen Kennedy Townsend by 105,000 votes. In the majority black county, Ehrlich drew fewer votes than did Republican Ellen R. Sauerbrey in 1994 and 1998 even though his running mate was Michael S. Steele, a black resident of Prince George's.

This year, Ehrlich said, his efforts to promote development at the National Harbor in Oxon Hill and Konterra in Laurel, both large mixed-use projects, would play well in the county. He also said he opened the county's first state office of economic development.

In Montgomery County, Ehrlich received 38 percent of the vote in 2002 -- a share he said yesterday that he hopes to raise to 40 percent.

In a new statewide poll, Ehrlich and O'Malley each received support from 41 percent of respondents. The poll of 500 registered voters contacted Aug. 1 and 2 found that 15 percent of those surveyed were undecided in the governor's race. It had a margin of error of plus or minus 4.3 percentage points.

The poll comes as Ehrlich, who has been trailing the mayor in most statewide polls, has begun an aggressive advertising campaign in the Baltimore television market.

Aides to O'Malley said the poll, conducted for the MD & DC Credit Union Association, was done by the same company Ehrlich uses for his internal surveys, Public Opinion Strategies.

Ehrlich also underscored his support for two mass transit projects deemed important to the Washington area. His administration is "interested" in federal legislation to provide $1.5 billion over 10 years to improve the Metro system. The bill, which passed the House of Representatives last month, would provide the money contingent on a match from the District, Maryland and Virginia. Ehrlich said it is premature to identify a way to pay for the project, but "we believe we can locate the funding."

Ehrlich said the proposed 14-mile transit line from Bethesda to New Carrollton, known officially as the Bi-County Transitway, "is going to happen." The question being studied is whether it will consist of rapid bus or light-rail service, known as the Purple Line.

"You may actually have a mix. I just don't know," he said. "We're moving ahead."

Staff writer Rosalind S. Helderman contributed to this report.

Sheehan Treated For Dehydration In Texas (AP)

By Angela K. Brown

AP, August 12, 2006

Anti-war demonstrator Cindy Sheehan was hospitalized Friday evening for dehydration and exhaustion after fasting for more than a month and protesting earlier this week in 100-degree weather, friends and relatives said.

Sheehan was listed in stable condition at Providence Health Center in Waco. Brenda Mauk, a nursing supervisor, declined to release additional information.

Sheehan, 49, was hospitalized after friends picked her up Friday afternoon at the Dallas-Fort Worth International Airport, where she arrived after spending several days in Seattle at the Veterans for Peace convention, said friend Tiffany Burns.

Sheehan, who has been on a liquid diet as part of the nationwide "Troops Home Fast" hunger strike, had been treated and released from a Seattle emergency room Thursday night. On doctors orders, she ate for the first time in about 37 days, Burns said.

Sheehan also underwent additional tests for uterine bleeding, her sister Dede Miller said.

Sheehan was to spend Friday night in the Waco hospital but planned to attend some war protest activities Saturday at the 5-acre lot she bought last month in Crawford, President Bush's adopted hometown, about 20 miles from Waco.

Sheehan kicked off her summer war protest Sunday, the one-year anniversary of her first anti-war demonstration in Crawford that attracted more than 10,000 people over 26 days.

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"She's in good spirits, but she's sad she can't be at Camp Casey," Burns told The Associated Press, referring to the campsite named for her soldier son Casey who was killed in Iraq in 2004.

Reaganomics At 25 (WSJ)

The Wall Street Journal, August 12, 2006

Twenty-five years ago this weekend, Ronald Reagan signed the Economic Recovery Tax Act. The bill cut personal income tax rates by 25% across the board, indexed tax brackets for inflation and reduced the corporate income tax rate. The anniversary is worth commemorating as a seminal moment that continues to influence policy for the better in the U.S., and around the globe.

The achievement of Reaganomics can only be fully understood by recalling the miserable state of affairs a quarter-century ago. Newsweek summarized the national mood when it wrote in 1981 that Reagan "inherits the most dangerous economic crisis since Franklin Roosevelt took office 48 years ago."

That was no exaggeration. The economy was enduring a cycle of rising inflation with growing levels of unemployment. Remember 20% mortgage interest rates? Terms like "stagflation" and "misery index" entered the popular vocabulary, and declinists of various kinds were in the saddle. The perception of American economic weakness encouraged the Soviet empire to ever bolder adventures, as reflected by Soviet tanks in Kabul and Communists on the march in Nicaragua and Africa.

The reigning Keynesian policy consensus had no answer for this predicament, and so a new group of economic ideas came to the fore. Actually, they were old, classical economic ideas that were rediscovered via the likes of Milton Friedman and the Chicago School, Arthur Laffer, Robert Mundell, and such policy activists in Washington as Norman Ture and Jack Kemp, among others. These humble columns under our late editor, Robert Bartley, led the parade.

For every policy goal, you need a policy lever, Mr. Mundell likes to say. Monetary restraint was needed to break inflation, while cuts in marginal tax rates would restore the incentives to save and invest. With Paul Volcker at the Federal Reserve and Reagan at the White House, those two levers became the essence of the "supply-side" policy mix.

The results have been better than even some of its supporters hoped. The Dow Jones Industrial Average first broke 1,000 in 1972, but a decade later it was barely above 800 -- one of the worst and most enduring bear markets in history. In the 25 years since Reaganomics, however, the Dow has climbed to about 11,000, accounting for an increase in national wealth on the order of $25 trillion. To match that increase in percentage terms, the Dow would have to rise to some 150,000 in the next quarter century. American living standards have risen steadily, and U.S. businesses have created entire industries that didn't exist a generation ago.

Obviously, the economic policy path from 1981 to the present day has not been a straight line. The biggest detour occurred from 1990 through 1994, when George H. W. Bush and Bill Clinton forgot the Gipper's lesson and raised marginal income-tax rates; they suffered for it in the elections of 1992 and 1994. The arrival of the Gingrich Republicans in Congress stopped this slow-motion repeal of Reaganomics, however, and even helped to extend it at the margin with a cut in the capital-gains tax rate to 20% in 1997.

Adherents of Rubinomics -- after Clinton Treasury Secretary Robert Rubin -- are still not converts, arguing that tax increases are virtuous if they reduce the deficit. We've addressed that argument many times and will again. But even the Rubinites haven't dared to repeal indexing for inflation (which pushed taxpayers via "bracket creep" into ever-higher tax rates), and even the most ardent liberals don't propose to return to the top pre-Reagan income tax rate of 70%. They also now understand that, at some point along the Laffer Curve, high rates begin to yield less tax revenue. The bipartisan consensus in favor of sound money has also held.

Thus today, the top marginal personal and corporate tax rates are 35%, compared with 70% and 48% in 1981. In the late 1970s the tax on dividends was 70% and the capital gains rate was 50%; now they're both 15%. These reductions have increased the rate of return on capital, and hence some $3 trillion more was invested by foreigners in the U.S. between 1981 and 2005 than was invested by Americans abroad. One result: 40 million new jobs, more than the rest of the industrialized world combined.

The rest of the world, meanwhile, has followed the Gipper down the tax-cut curve. Daniel Mitchell of the Heritage Foundation finds that the average personal income tax rate in the industrialized world is now 43%, versus 67% in 1980. The average top corporate tax rate has fallen to 29% from 48%. This decline in global tax rates has been the economic counterpart to the fall of the Berlin Wall. Most of Eastern Europe has adopted flat tax rates of 25% or lower, and the Russians now have a flat income tax of 13%. In Old Europe, Ireland's corporate and personal income tax rate cuts have helped generate the swiftest economic growth in the EU.

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Not bad for a President dismissed as a dreamy former actor. In his 1989 farewell address, Reagan said that "People say that I was a great communicator. It would be more accurate to say that I communicated great ideas." He was right, and a remarkable global prosperity has followed in his wake. The challenge for current and future political leaders is not to forget it.

High-Tech Smear Tactics (NYT)

The New York Times, August 12, 2006

Connecticut has turned out to be the epicenter of national election-year politics. Besides its big Senate race, the state has three Republican members of Congress who are targets of the Democrats. Unfortunately, it has also become the focus for some of this year's nastiest campaign tactics.

For months, thousands of residents have gotten telephone calls with recorded messages filled with half-truths or outright lies regarding the records of the Republican House members — Christopher Shays, Nancy Johnson and, to a lesser degree, Rob Simmons. Political advocacy groups, some with obscure origins, are generating the automatic calls.

These "robo calls" don't merely question the voting records of the lawmakers. They combine untruths and innuendo — like one call that falsely accused Mr. Shays of voting to reduce money for security on railroads, and implying that he was soft on terrorism. Another said Ms. Johnson was allied with "religious extremists" in opposing stem cell research, when she has voted for such research.

The content of the calls is bad but is made worse by the obscurity of the callers. Some of these groups may have been created just to carry out election-year dirty tricks. To top it all off, by virtue of the groups' tax-exempt status, all Americans are helping to underwrite these deplorable activities.

The entities behind the calls are registered as nonpartisan voter education groups. Because of a gaping hole in the campaign finance laws, they are not even required to publicly list their donors.

Instead of urging voters to throw out the local incumbent, the robo calls skirt the laws by simply telling listeners to call Congressman X and tell him to stop doing something terrible. It's an old dodge. The sponsors of the calls should be treated as groups organized to help elect or defeat candidates, and should be subject to more public scrutiny and regulation.

The Democratic candidates should denounce such tactics. Their party didn't invent robo calls; Republicans used them previously. But the calls coarsen political discourse and need to be discouraged as strongly as possible.

U.N. Council Backs Measure To Halt War In Lebanon (NYT)

By Warren Hoge And Steven Erlanger

The New York Times, August 12, 2006

UNITED NATIONS, Aug. 11 — The Security Council agreed unanimously on Friday on a measure calling for a full cessation of hostilities in Lebanon, deploying 30,000 Lebanese and United Nations forces in southern Lebanon and calling upon Israel to withdraw its forces "in parallel."

After rejecting earlier versions, Prime Minister Ehud Olmert of Israel accepted the resolution. But, under a deal an Israeli official said was approved by the United States, Mr. Olmert will wait until Sunday to obtain his cabinet's approval. Until then, he will expand his monthlong military campaign against the Hezbollah militia and its rocket arsenal.

Mr. Olmert's decision to accept the draft and yet continue with a stepped-up military offensive capped an evening of diplomatic brinksmanship and political gamesmanship that may help him deflect criticism of his handling of the war, castigated as tentative by the opposition and some in his own party.

Secretary General Kofi Annan said he would be in touch with the Lebanese and Israeli governments this weekend to determine when the full cessation of hostilities would take effect.

Mr. Olmert called President Bush to thank him for his help in "safeguarding Israel's interests in the Security Council," an Israeli official said. Fred Jones, spokesman of the National Security Council, said it was the leaders' first conversation since the conflict started on July 12.

The Security Council resolution, drafted by France and the United States, expands the existing 2,000-member United Nations peacekeeping force, known as Unifil, to 15,000 and dispatches it into southern Lebanon to assist a 15,000-member Lebanese force that Fouad Siniora, Lebanon's prime minister, has pledged to send there.

In addition, the resolution gives Unifil, a peace-monitoring force that has long been criticized as ineffective and lacking resources, greatly enhanced authority, equipment, responsibilities and scope of operation.

The resolution calls for a ban on all sales or other supply of arms to Lebanon, except as authorized by its government. Israel has interpreted this as preventing Hezbollah from being resupplied with weapons by Syria and Iran.

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The measure also calls for the disarmament of all armed groups in Lebanon, a reference to Hezbollah, but it does not specify how this should be done. The language of the resolution calls for an immediate cessation of "all attacks" by Hezbollah but only of "all offensive military operations" by Israel.

The resolution does not define "offensive military action," but both American and Israeli officials said that Israel would be able to address threats to citizens in Israel and its armed forces in Lebanon, and that it could respond to attacks from Hezbollah. If faced with an imminent threat, a senior American official said, "then yes, Israel can respond." Nonetheless, she added, "We expect a large-scale reduction in violence, and we'd expect the large-scale bombing to stop."

More columns of Israeli ground forces, supported by armor, started moving into southern Lebanon Friday evening, while forces already inside, in a strip about five miles from the border, prepared to move forward to the Litani River and beyond.

Most of Hezbollah's thousands of rockets are short-range Katyushas. Pushing Hezbollah beyond the Litani would take most of Israel's cities out of range, and would make it easier for an international force to take up positions in the south, Israeli officials argued.

The Israeli Foreign Ministry spokesman, Mark Regev, said Mr. Olmert ordered the army "to act against Hezbollah strongholds in southern Lebanon from which the Israeli population continues to be bombarded by endless volleys of rockets and missiles."

On Friday, more than 120 Hezbollah rockets landed in northern Israel, where most residents have either evacuated or remain in shelters, and seven people were wounded. One Israeli soldier was killed.

The United Nations resolution extends Unifil's mandate by a year and empowers it to take action "to insure that its area of operations is not utilized for hostile activities of any kind" and "to resist attempts by forceful means to prevent if from discharging its duties."

It also urges countries to contribute troops to the beefed-up Unifil, and diplomats said that France, Australia, Italy and Turkey were among those expected to do so. Mr. Bush has said that the United States will offer no troops but that it could contribute logistical assistance.

The zone for the new joint force extends from the border of Israel and Lebanon — the so-called blue line — to the Litani River, roughly 15 miles to the north. That zone would be declared free of all "armed personnel, assets and weapons other than those of the government of Lebanon and Unifil."

Israel and the United States had been insisting on the most robust international force possible out of concern that Hezbollah would take advantage of any truce to move back into southern Lebanon, the area it has controlled for years and uses to send rockets into Israel.

Earlier drafts of the French-American resolution had specified that the force be created under Chapter VII of the United Nations Charter, which calls for enforcement by military means.

Lebanon protested that decision, and Jean-Marc de la Sablière, the French ambassador, and John R. Bolton, the American ambassador, redrafted the resolution Thursday night to eliminate references to Chapter VII and replace them with the language of the less coercive Chapter VI.

The phased withdrawal and deployment approach was also a compromise to meet earlier Lebanese complaints that would have permitted the Israeli military to remain in southern Lebanon.

A senior State Department official speaking at a briefing under a condition of anonymity said the revised text had "all the characteristics of a Chapter VII resolution. It walks like, talks like and acts like a Chapter VII resolution."

The language change will not be popular with Israel and its supporters, but the American official said the force "will be able to defend itself and has a very strong mandate which you would see in a Chapter VII resolution."

Secretary of State Condoleezza Rice, who was at the United Nations on Friday, received assurances from Tzipi Livni, Israel's foreign minister, that Israel would support the accord, according to the senior State Department official. Ms. Rice spoke to Ms. Livni three times Friday and once to Mr. Olmert, the official said.

The Americans had resisted earlier calls for cease-fires, arguing that one without political guarantees would simply return Lebanon to the situation it was in, allowing Hezbollah to resume attacks on Israel.

A senior administration official in Crawford, Tex., where Mr. Bush is on vacation, said that it increasingly seemed that Israel would not be able to achieve a military victory, a realization that led the Americans to get behind a cease-fire.

The Lebanese are also likely to be unhappy with the resolution's failure to order Israel to relinquish control of Shebaa Farms, an area of the border that it seized in 1967 and that, while declared to be part of Syria by the United Nations, is claimed by Lebanon.

The resolution simply asks the secretary general to develop ideas on how to solve the dispute and report back on his findings in 30 days.

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The resolution does not order the return of abducted Israeli soldiers, an original reason Israel cited for going to war, nor does it meet Hezbollah requests for release of prisoners held by Israel. The measure says it is "mindful of the sensitivity of the issue of prisoners and encouraging of the efforts aimed at urgently settling the issue of the Lebanese prisoners detained in Israel."

It was unclear how the resolution would be greeted by the Israeli public.

Maj. Dan Itin, a reservist who is a tank company commander, fought in Lebanon in 1993 and 1994. He runs a currency exchange business near Netanya. "I'm happy with any U.N. resolution that will bring quiet to Israel," he said before it was passed. "I would prefer to go home. But if that doesn't happen, then we'll have to go in and do it. We want to finish the job. We don't want to come back in two years. I don't want my kids living with rockets for years to come."

Opinion polls, taken before details of the proposed Security Council resolution emerged, showed eroding public support in Israel for Mr. Olmert, a career politician who did not have significant military command experience. In a poll taken for the newspaper Haaretz, 30 percent of respondents said that Israel was not winning the war and 43 percent said there was no winner or loser. Only 20 percent thought Israel was winning.

The poll was conducted on Wednesday among 570 Israelis.

Another poll taken for Yediot Aharonot among 500 Israelis, with a margin of error of 4.5 percentage points, showed that 64 percent of Israelis — including 71 percent of Jewish Israelis — believed the army should go deeper into Lebanon. Only 37 percent — including 40 percent of Jewish Israelis — believe the war would end with Hezbollah removed from the border.

In Merj 'Uyun, a large Christian town about five miles north of the Israeli border, the small garrison of 350 Lebanese soldiers and police evacuated the town under the protection of the United Nations after the Israeli army occupied the town. The Lebanese soldiers left without their weapons. The convoy was followed by hundreds of cars packed with the remaining inhabitants of Marjayun and a neighboring town who had been trapped by the Israeli advance.

"We are refugees now," said Fuad Hamra, the mayor of Merj 'Uyun. "Even the joint security forces are leaving. Marjayun is now empty."

Later, after their United Nations escort left, the convoy was struck by Israeli aircraft, news agencies reported, killing 4 and wounding 16.

Mr. Annan said he welcomed the resolution but regretted how long it had taken to be adopted.

"I am profoundly disappointed that the Council did not reach this point much, much earlier," he said. "I am convinced that my disappointment and sense of frustration are shared by hundreds of millions of people around the world."

Peace Resolution For Lebanon Unanimously Approved At U.N. (WP)

By Colum Lynch And Robin Wright, Washington Post Staff Writers

The Washington Post, August 12, 2006

Council Calls for Israeli Withdrawal, International Force

UNITED NATIONS, Aug. 11 -- The U.N. Security Council unanimously approved a resolution Friday that calls for a halt to the fighting between Israel and Hezbollah and authorizes the deployment of 15,000 foreign troops to help the Lebanese army take control of southern Lebanon.

The resolution calls on Israel to begin withdrawing all its forces from Lebanon "in parallel" with the deployment of U.N. peacekeepers and 15,000 additional Lebanese troops. It gives the international force the mandate to use firepower but no explicit role in disarming Hezbollah, leaving the fate of the Lebanese militia to a future political settlement.

Israel and Lebanon agreed to accept the terms of the U.N. cease-fire, according to U.S. and U.N. diplomats. Israeli Prime Minister Ehud Olmert will ask his cabinet to approve the resolution when it meets Sunday, according to Israeli officials. The Lebanese cabinet is scheduled to vote on it Saturday.

Secretary of State Condoleezza Rice said the cease-fire will not go into effect immediately. She said U.N. Secretary General Kofi Annan will consult with Israel and Lebanon in the coming days to set a date for the cessation of hostilities.

"No one can expect an immediate end to all acts of violence," Rice said. She cautioned that "the conditions of a lasting peace must be nurtured over time."

The resolution provides the first significant hope for a gradual reduction in the violence -- and potentially an end to the month-long conflict, which has killed more than 800 Lebanese and 122 Israelis. Fighting continued Friday, with Israeli warplanes strafing cars and trucks evacuating people from the town of Marjayoun, killing at least four people, and with Hezbollah firing 124 rockets into Israel but causing no casualties.

Annan said the United Nations' failure to act sooner has "badly shaken the world's faith" in the body. "I would be remiss if I did not tell you how profoundly disappointed I am that the council did not reach this point much, much earlier," he said.

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The United Nations will hold talks on the expanded peacekeeping force Saturday to determine the type of forces to be used and which countries will contribute.

The force will have to be deployed faster than any previous U.N. force, according to diplomatic sources familiar with past operations. Although its size has been determined, its structure and the types of units needed have not. An enormous amount of work will have to be done quickly to get even the initial units to Beirut and then to southern Lebanon.

French Foreign Minister Philippe Douste-Blazy said France, which already has U.N. troops in Lebanon, will consult with other European powers about "the possibility of providing additional support."

France's ambassador to the United Nations, Jean-Marc de La Sabliere, said foreign troops could be sent to the region quickly. "I think it can be very swift," he said.

U.S. officials said there are several possible flash points -- including a misstep during the delicate military transition -- that could potentially thwart the United Nations' efforts to bring about a durable peace.

"The Lebanese government has fully endorsed the resolution," said a senior State Department official. "It remains to be seen: Will Hezbollah behave as a Lebanese entity and assume a place in the political process or continue to be a proxy for foreign governments?"

But U.S. officials said they believe that at least some members of Hezbollah have endorsed the ideas in the proposal because Lebanese Prime Minister Fouad Siniora won unanimous cabinet support -- including from two Hezbollah ministers -- for the deployment of an expanded U.N. force.

In a compromise that straddles the demands of Israel and Lebanon, the U.N. resolution will allow the U.N. force to take "all necessary action" in areas where it is deployed to ensure that those areas are "not utilized for hostile activities of any kind," and "to resist attempts by forceful means to prevent it from discharging its duties." U.N. troops are also authorized to use force to protect civilians and ensure the flow of humanitarian assistance.

The U.N. peacekeepers would be authorized through Aug. 31, 2007, to monitor the area stretching from Israel's U.N.-demarcated border with Lebanon to the Litani River. The foreign forces would beef up the U.N. Interim Force in Lebanon, which has been in place since 1978.

On prisoners, the resolution again addresses the demands of both Israel and Lebanon. It calls for the causes of the current conflict to be addressed "urgently," including the "unconditional release" of the two Israeli soldiers whose seizure on July 12 triggered the hostilities. In the next paragraph, the Security Council says it will be "mindful" of the issue of Lebanese prisoners detained in Israel and calls for "urgently settling" it.

The resolution, based on a U.S.-French draft, also calls for an international embargo on military equipment destined for Lebanon but not going to the Lebanese army.

The resolution requests that Annan develop proposals to solve the issue of Shebaa Farms, a small area abutting Lebanon and Syria that was captured by Israel in the 1967 war. The area had been the primary battleground between Hezbollah and Israel since Israel ended its 22-year occupation in 2000.

The measure urges Annan to present his proposal to the Security Council within 30 days. The proposal will leave out some concerns on both sides and will take days, perhaps even weeks, to complete. "Israel will not get everything it sought in this resolution, but neither will Lebanon," British Foreign Secretary Margaret Beckett said on CNN.

The resolution addresses an Israeli concern by calling for the creation of a muscular force that will move into Hezbollah's stronghold in southern Lebanon. But in a concession to Lebanon, it does not invoke a provision of the U.N. Charter, Chapter 7, that has traditionally been used for approving the United Nations' most aggressive peacekeeping operations.

The resolution outlines a vague role for U.N. peacekeepers in addressing a key Israeli and U.S. concern: the supply of weapons to Hezbollah from Syria and Iran. It says only that U.N. troops will "support" Lebanese efforts to prevent arms-smuggling into southern Lebanon.

The United States and France dismissed Lebanese demands for an immediate cease-fire that would prohibit Israel from carrying out even defensive military actions. Instead, the resolution requires Hezbollah to immediately cease all attacks, while calling on Israel to immediately cease only its "offensive military operations."

Israel will have the right to respond militarily if it faces an imminent threat, a senior U.S. official said, adding that the United States expects "a dramatic reduction in large-scale violence. We're talking about a defensive response to Hezbollah and not to move any further north -- to stop where they are and the large-scale bombing to stop."

The resolution calls on Israel and Lebanon to embrace a set of political commitments that could help lead to a permanent cease-fire, including security agreements to prevent the resumption of hostilities, the disarmament of all Lebanese militias and an arms embargo.

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Annan is expected to intensify international diplomatic efforts to broker a political settlement between Israel and Lebanon. Qatar's foreign minister, Hamad Bin Jasim al-Thani, who represented the Arab world on the council, complained that the resolution "lacks balance" and fails to adequately address "Israeli aggression." But he said he backed it "in order to stop the bloodshed of innocents and to spare Lebanon and the region more horrors of destruction."

In their first conversation since hostilities erupted, Olmert called President Bush on Friday afternoon to express his thanks for the U.S. role in brokering a resolution. "Prime Minister Olmert thanked President Bush for the work he had done on the draft U.N. resolution on the Lebanon crisis," National Security Council spokesman Frederick Jones said. "The president expressed his view that the crisis was provoked by Hezbollah with the support of Iran and Syria and that we need to ensure that the reach of the Lebanese government extends throughout the country."

Rice pledged that the United States will increase its humanitarian aid to Lebanon to $50 million, up from $30 million, and called on other nations to be generous in providing relief and reconstruction aid.

Wright reported from Washington. Staff writer Michael Fletcher in Crawford, Tex., contributed to this report.

UN Approves Lebanon Ceasefire Resolution (FT)

By Jonathan Birchall At The United Nations

Financial Times, August 12, 2006

The United Nations unanimously adopted on Friday night a resolution calling for an immediate cessation of hostilities between Israel and Hizbollah. A 15,000-strong international force will be sent to southern Lebanon in a bid to end the fighting there and bring about the withdrawal of Israeli troops.

Condoleezza Rice, US secretary of state, told the security council the resolution would “help to open a path to lasting peace for Lebanon and Israel”.

“Since the conflict began, we have sought an immediate end to the fighting. But we have also insisted that a durable ceasefire requires a decisive change from the status quo that produced this war,” she said. “With this resolution, a new stronger Lebanon can emerge, with the world’s help.”

The new plan gives a central role to the Lebanese army in securing southern Lebanon as Israeli forces pull back, reflecting objections by Lebanon and its Arab allies to earlier UN peace proposals that called for an international force to move in alone.

The Lebanese army, with support from the UN, will be required to neutralise any potential threat from Hizbollah by ensuring that there are no forces or weapons except those under its command in a zone 13 miles from Israel’s northern border.

The resolution also gives the UN force – to be led by France – the right to use force if necessary to ensure that the areas under its control are not used for hostile activities, and to take action to protect civilians “from imminent attack” – which would give it the authority to move against Hizbollah missile launches.

The international troops will be under the command of the small existing UN presence in Lebanon, UNIFIL.

“Though it bears the same name, this is not the same force,” Ms Rice said, adding that the Lebanese army and the UN would work together to “ensure that no armed groups like Hizbollah can threaten stability”.

Kofi Annan, UN secretary general, told the UN security council it was “absolutely vital that the fighting now stop”.

He added that the inability to act sooner had shaken the world’s confidence in the security council.

Resolution Aims For Long-term Solution To Lebanon (FT)

By Jonathan Birchall At The United Nations

Financial Times, August 12, 2006

The United Nations Security Council on Friday finally delivered a ceasefire plan for southern Lebanon that it hopes will end five weeks of conflict and establish at least the groundwork for a lasting peace on Israel’s northern border.

“This resolution will not only take care of the immediate situation . . . but also of the long-term situation. Because this cannot happen again,” said France’s UN ambassador Jean-Marc de la Sablière, who hammered out the details of the resolution with John Bolton of the US.

At the heart of the agreement lies the deployment to southern Lebanon of an international force of up to 15,000 troops, expected to be led by France, with units from Italy and other European nations.

After Lebanese objections to a first resolution last Saturday, these troops will be assigned to UNIFIL – the existing UN peace monitoring operation in Lebanon that was created in 1978.

But the new force will operate under a stronger mandate than the old 2,000-strong UNIFIL, given the authority “to take all necessary action . . . to ensure that its area of operations is not utilised for hostile activities of any kind”, and “to protect civilians under imminent threat of physical violence”.

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The UN force is also tasked with supporting the Lebanese army in that there are no weapons or forces in a zone to the south of the Litani River – which runs 13 miles from the Israeli border – that are not controlled by the Lebanese army.

"The intention is not to leave a vacuum, not to leave that space where you could end up back at the status quo . . . because that's not the basis for a sustainable peace," said Margaret Beckett, the UK foreign secretary.

Lebanon's concerns over proposals for an international force were also addressed by presenting the troops as playing a supporting role to the Lebanese army, with which it will simultaneously deploy as the Israeli army pulls back.

Diplomats at the UN said the agreement was unlikely to satisfy completely all sides in the conflict, but that it addressed the main concerns and was therefore expected to win support on the ground.

"They may not be totally satisfied about the resolution . . . but we hope they will co-operate," said Mr de la Sablière of Israel and Lebanon. The fate of the agreement will also depend on the response of Hizbollah – which receives support from Syria and Iran – and on the ability of the Lebanese army to establish authority over the border areas now occupied by Israeli troops.

The resolution left in an earlier clause objected to by Lebanon which calls for an "immediate cessation" of all Hizbollah attacks but seeks only the end of "offensive military operations" by Israel.

Emyr Jones Parry, the UK ambassador at the UN, said the hope was "that we've created enough conditionality, enough of a process, and enough security will be established, that Hizbollah will neither want nor be able" to disrupt the process.

"The first few days are going to be very challenging. Because if they do attack, it opens up a whole can of worms," he said.

Reports from Israel suggested that the Israeli army would continue its offensive operations until the cabinet meets to consider the UN resolution tomorrow.

Ehud Olmert, the Israeli prime minister, is under political pressure over his handling of the war, from critics who believe Israel should not have embarked on a war for which it was unprepared, and from others who believe it should not settle for an unsatis- factory diplomatic outcome.

If the fighting does stop, a second UN resolution on a permanent ceasefire would follow within a month, tackling a range of issues including the release of two Israeli soldiers held by Hizbollah.

¦An Israeli drone fired missiles last night into a convoy of refugees fleeing the southern Lebanese town of Marjayoun, killing at least six people, AP reports from Beirut. Israel said it was investigating the incident.

Additional reporting by Harvey Morris in Jerusalem

Deal Is Struck To End Israel-Hezbollah Fighting (WSJ)

By Guy Chazan, Marc Champion And Karby Leggett

The Wall Street Journal, August 12, 2006

Parties Signal Acceptance, but Enforcing Peace May Be Beyond U.N. Troops' Ability

Israel and Lebanon signaled they would agree to terms of a United Nations resolution to halt the war between Israel and Hezbollah, offering the best hope yet of a break in the monthlong hostilities. France and the U.S., which brokered the deal, brought a draft resolution to the 15-member United Nations Security Council, which unanimously adopted it Friday night.

But the resolution by no means guarantees a long-term solution; for one thing, it papers over a dispute about what kind of international force should patrol southern Lebanon and when Israeli troops should withdraw.

Israeli Prime Minister Ehud Olmert has accepted the deal and informed the U.S., Israeli officials said Friday. Israeli defense officials said it appeared their army's expanded ground campaign would be halted as a result.

"We have heard from the government of Lebanon that they also believe that this is a resolution that can serve their interests," U.S. Secretary of State Condoleezza Rice told CNN. "I believe you will see both governments accept this."

Even if all the parties sign off on the deal, though, the onus for keeping the peace will rest with a small and ill-equipped U.N. force long criticized as inept -- and occasionally shot at from both sides of the Israel-Lebanon border. It is far from clear that such troops could enforce what many expect to be one of the U.N.'s toughest missions, and one whose success or failure will have huge implications for security not just in Israel and Lebanon but the entire region.

Israel has long voiced frustration with inaction by U.N. troops currently stationed there in the face of Hezbollah provocations. Mr. Olmert described them in a recent interview as "useless and helpless," and said any new contingent must be made up "of real soldiers, not of pensioners who have come to spend leisurely months in south Lebanon."

Under the draft resolution, 15,000 U.N. peacekeepers would be sent to southern Lebanon. It calls on Israel "as that deployment begins, to withdraw all of its forces from Southern Lebanon in parallel." Peacekeepers from the U.N.'s Interim Force in Lebanon -- Unifil -- would be there to "monitor" a cease-fire and help Lebanese government troops take control of the area.

The measure also calls for the return of two Israeli soldiers captured last month by Hezbollah in a cross-border raid, and gives U.N. Secretary General Kofi Annan 30 days to devise a solution to the disputed Shebaa Farms territory that is controlled by

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Israel, claimed by Lebanon and legally owned by Syria. A decision on whether the mandate of the current Unifil force should be changed to let it use greater force has been deferred to a second resolution.

The last point has emerged as a major bone of contention in discussions at the U.N.: Lebanon wants the force to continue as a relatively toothless observer mission, while Israel wants it to be robust enough to disarm Hezbollah. That may prove to be one of the biggest hurdles facing the French-U.S. plan on the ground.

The ferocity of the fighting over the past month shows that any attempt to forcibly defang Hezbollah's militia could trigger a fierce response. Resistance to any and all forms of outside oppression, including foreign occupation of Muslim lands, lies at the core of the Shiite Muslim group's identity.

If the organization comes to view Unifil as an attempt by Western nations to occupy Lebanon by proxy, some analysts in Beirut fear it could strike the U.N. force itself, echoing the attacks that killed 241 U.S. servicemen and 58 French paratroopers in Lebanon in 1983. Such strikes, some say, are almost inevitable if Unifil is given broader powers.

"If they go in as peace enforcers rather than peacekeepers then they're looking for trouble," said Micheal Mac Diarmada, a former sergeant in the Irish army who served in Unifil in the 1980s and 1990s. "It'll turn into another version of Iraq."

Indeed, opposition to posting a new foreign force in the south appears to be gaining momentum in Lebanon.

Unifil's history shows the challenges it will face in the future. The force was set up in 1978 after an earlier Israeli incursion into Lebanon, with a mission to confirm the withdrawal of Israeli forces, restore peace and help Lebanon's government re-establish its authority over the south.

But Israel complained that Unifil failed to deal with Palestinian groups that were using the area as a staging ground for attacks on Israel. It reinvaded in 1982 and created its own security zone, which it occupied for 18 years.

After Israel's withdrawal in 2000, Unifil moved south and deployed along Lebanon's border with Israel. But most of the Lebanese government troops that were supposed to accompany them never came. Instead, Hezbollah quickly established de facto control of the region. With their limited mandate, U.N. observers could only stand by as Israel and Hezbollah repeatedly traded blows.

Israeli officials have accused the 2,000-strong Unifil force of standing by when three Israeli soldiers were captured by Hezbollah in October 2000, not far from a U.N. outpost. They also have more mundane grievances, such as a claim that Unifil did nothing to stop Hezbollah from tying a string to the electronic border fence and repeatedly pulling it, setting off an alarm, which necessitated almost daily Israeli patrols.

Yet some feel the Israeli criticism of the U.N. mission is disingenuous. Timur Goksel, a former political adviser to Unifil, defends the idea of using Unifil as the basis for the new force, despite Israeli objections. "It carried out a very important communications role between Israel and Hezbollah and prevented a lot of flare-ups," he says.

Write to Guy Chazan at guy.chazan@wsj.com6, Marc Champion at marc.champion@wsj.com7 and Karby Leggett at karby.leggett@wsj.com8

U.N. Security Council Approves Cease-fire Plan (MCT)

By Dion Nissenbaum And Warren P. Strobel

McClatchy Newspapers, August 12, 2006

UNITED NATIONS - The United Nations Security Council late Friday unanimously approved a compromise plan to end a month of fighting between Israel and Hezbollah, but acknowledged that it was only a tentative first step to a lasting cease-fire.

Although the cease-fire plan fell short of pleasing Israel and Lebanon, both countries reluctantly embraced the deal as the best way to bring a halt to a conflict that has claimed 1,100 lives.

U.N. Secretary-General Kofi Annan is expected to announce in the coming days a precise time when hostilities are supposed to stop. It could be more than a day at the earliest before the shooting is supposed to end.

The Israeli military is expected to press ahead with a new ground offensive in southern Lebanon until the government meets on Sunday to officially embrace the U.N. proposal. Lebanon's government was expected to vote Saturday.

That delay is likely to lead to a dangerous last-minute escalation that could jeopardize the tenuous cease-fire agreement.

Under the proposal, Hezbollah is supposed to halt its rocket attacks on Israel, while Israel is supposed to stop offensive military operations in southern Lebanon.

Secretary of State Condoleezza Rice, addressing the Security Council, acknowledged that all fighting might not end right away.

"No one can expect an immediate end to all acts of violence," Rice said.

Others chided world powers for not acting sooner to stop the fighting, which has primarily killed civilians on both sides.

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Annan said he was "profoundly disappointed" at the month-long delay and said his view was shared "by hundreds of millions of people around the world."

After major violence by Hezbollah and Israel stops, the United Nations will dispatch an expanded 15,000-person peacekeeping force in southern Lebanon to work alongside an equal number of soldiers from the weak Lebanese army.

That force is supposed to step in - "in parallel" as the resolution puts it - as Israeli soldiers pull out.

A senior State Department official said that the United States expects Israel would stop any forward movement of its ground troops into southern Lebanon and halt large-scale bombing operations.

But the official, who spoke anonymously under State Department ground rules, said Israel would still be able to "defend in place" and deal with imminent threats or respond to Hezbollah attacks.

In a significant loss for Israel, the agreement doesn't explicitly spell out how or when Hezbollah will be disarmed. And it doesn't clearly lay out a way to prevent Hezbollah from rearming, another key Israeli demand.

The senior State Department official said that disarming Hezbollah would be the responsibility, eventually, of Lebanon's armed forces.

One of the biggest last-minute sticking points centered on the power the new peacekeeping force would have to prevent Hezbollah from rebuilding once Israel leaves.

Israel had been pressing for establishment of the force under Chapter VII of the Charter of the United Nations, which would have given the soldiers more power to fight Hezbollah. But negotiators acceded to Lebanese demands that the force be deployed under a more traditional peacekeeping model.

In a compromise, the resolution authorizes the U.N. force to "resist attempts by forceful means" to prevent it from carrying out its duties. It also allows U.N. peacekeepers "to take all necessary means" to ensure more fighting doesn't break out in southern Lebanon.

Lebanon also didn't get everything it wanted. Lebanese Prime Minister Fuad Saniora had demanded Israel's immediate withdrawal and the resolution of a land dispute involving territory called Shebaa Farms.

But Mohamed Shatah, a senior adviser to Saniora, said the resolution addressed most of Lebanon's demands.

The crisis began July 12 when Hezbollah captured two Israeli soldiers and killed eight others in a cross-border raid. Israel responded by launching thousands of airstrikes that crippled Lebanon, killed more than 1,000 people, most of them civilians, and created a growing humanitarian crisis.

As Israel hit Lebanon, Hezbollah fired more than 3,500 rockets into northern Israel, killing 40 civilians and forcing residents across much of the region to live in bomb shelters for weeks.

Over the past four weeks, Hezbollah has surprised the Israeli military with its advanced weapons and tactics. Hezbollah has killed 84 Israeli soldiers in fierce battles across Lebanon.

Another key component of the cease-fire resolution is the return of the two captured Israeli soldiers.

The apparent diplomatic breakthrough came on a dramatic day as the deal appeared close to crumbling before an agreement was finalized. As foreign ministers were meeting at the United Nations, Israeli Prime Minister Ehud Olmert declared the proposal unacceptable and ordered his military to expand efforts to cripple Hezbollah.

Within hours, tanks and soldiers began moving deeper into Lebanon to battle Hezbollah.

After receiving the final draft, however, Olmert agreed to accept the compromise and urge his Cabinet to embrace it on Sunday, after the Jewish Sabbath ends.

In the meantime, though, the Israeli military is expected to press ahead in an effort to do as much as it can to cripple Hezbollah before the cease-fire takes hold. At the same time, Hezbollah is likely to respond in kind by firing hundreds more rockets into northern Israel until its soldiers pull back.

Amal Saad-Ghorayeb, a Lebanese expert on Hezbollah, said the cease-fire resolution represented "a major victory" for the militant group because it forces Israel to withdraw its troops while not ensuring that Hezbollah has to give up its weapons.

Having fought the region's strongest military effectively, Hezbollah has gained legitimacy, Saad-Ghorayeb said.

"After this, Hezbollah is going to be very hard pressed to give up its arms," she said.

On Friday night, a U.N.-led convoy leaving the besieged Lebanese town of Marjayoun was hit by an Israeli airstrike. Five civilians were killed and at least 17 others were injured, including an undisclosed number of Lebanese soldiers, according to Lebanon's acting minister of the interior, Ahmed Fatfat.

The U.N. arranged the convoy to evacuate 350 Lebanese soldiers from Marjayoun, a hilltop village where Israeli troops and Hezbollah fighters fought on Thursday. The convoy left Marjayoun with Israeli permission, Fatfat said, but became delayed as it was joined by some 3,000 residents in hundreds of vehicles.

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"The convoy was too long and they didn't respect the timing" agreed to by Israel, the Lebanese minister said. "But I think Israel had the choice to bomb it, and it was to send a political message in the last moments of this war."

Israel's decision to expand the ground war came on a day when Olmert came under widespread criticism for his handling of the crisis.

Military leaders, political opponents, prominent newspaper analysts and the Israeli public all voiced dissatisfaction with Olmert, with some suggesting that he had bungled the military campaign.

McClatchy correspondent Shashank Bengali contributed to this report from Beirut, Lebanon; Nissenbaum reported from Jerusalem.

Security Council Approves Israel-Hezbollah Measure (LAT)

By Maggie Farley And Henry Chu

The Los Angeles Times, August 12, 2006

U.N. resolution calls for halting all attacks and would clear the way for 15,000 peacekeepers.

UNITED NATIONS — The Security Council on Friday unanimously called for an "immediate cessation to hostilities" between Israel and Hezbollah, paving the way for a cease-fire and the deployment of 15,000 U.N. peacekeeping troops in Lebanon.

But before the vote, columns of Israeli tanks and troops rumbled across the border into Lebanon, Israeli airstrikes killed at least 23 people and Hezbollah rockets rained onto northern Israel.

In Jerusalem, Israeli officials signaled that they were satisfied with the U.N. resolution but would continue an expanded ground offensive until the Cabinet's expected approval of the measure Sunday. Prime Minister Ehud Olmert ordered the expansion just hours before the U.N. convened.

Lebanon's government will accept the resolution at a meeting today, a Lebanese diplomat said. But the ambiguous terms of the measure that allowed all parties to sign onto it after 11 days of intense negotiations led critics to warn that the truce could easily fall apart.

Hezbollah's response to the resolution also could be a problem. Because Israel would be allowed to remain in Hezbollah-controlled territory in southern Lebanon until U.N. and other forces arrived, some analysts predicted small skirmishes despite the truce.

The resolution also calls for the "unconditional release" of the two Israeli soldiers whose seizure July 12 by Hezbollah sparked the fighting. It encourages the return of Lebanese prisoners detained in Israel, but is careful not to link or equate them to the two Israelis.

The resolution further calls for the disarming of all remaining militias in Lebanon, meaning Hezbollah, and sets up a hostility-free zone between the Israeli-Lebanese border and Lebanon's Litani River.

It calls for "the immediate cessation by Hezbollah of all attacks and the immediate cessation by Israel of all offensive military operations." Though Israel would be allowed to defend its position until as many as 15,000 U.N. and 15,000 Lebanese troops arrived, it would be required to freeze its incursion. Israel would pull out simultaneously with their arrival.

The U.N. today will hold a preliminary meeting of nations that might provide troops to augment the U.N. peacekeeping force of 2,000 already in southern Lebanon. France is expected to lead the force and no U.S. contingent is planned.

The resolution would allow the bolstered U.N. troops to use force to defend themselves and guarantee the area is not a base for "hostile activities of any kind." That measure reflects a key compromise addressing Israel's demands for a force strong enough to contain Hezbollah, and Lebanon's desire to not have an aggressive foreign force on its soil.

It mandates an arms embargo that the expanded U.N. force would help enforce.

U.N. Secretary-General Kofi Annan is asked to develop proposals to solve the Shebaa Farms issue within 30 days. The area is occupied by Israel and claimed by Lebanon, but the U.N. considers it part of Syria.

Annan welcomed the truce, but said he was "profoundly disappointed" that the council did not act earlier.

He noted that "more children than fighters have been killed in this conflict."

Olmert's expansion of the ground operation in southern Lebanon came in response to an earlier draft of the resolution that called for a 10-day gap between an Israeli withdrawal and the deployment of the Lebanese and U.N. forces.

The military operation added urgency to the negotiations and gave Israel more ground to hold until the withdrawal begins. It also was meant to send Syria and Iran, key sponsors of Hezbollah, a message that the militant group's adventurism would carry a heavy price, an Israeli diplomat said.

Witnesses reported that an Israeli drone fired on a convoy of vehicles carrying thousands of civilians and soldiers from the Israeli-captured town of Marjayoun. Wire services reported that seven people were killed.

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Wire reports said that Israeli warplanes struck electricity transformers in coastal Tyre, plunging the city into darkness.

In all, 23 people were reported killed Friday in Lebanon, 11 of them in an early-morning air raid on a key bridge linking Lebanon and Syria. The strike squeezed access to one remaining road connecting the two countries, making delivery of humanitarian aid more difficult. Israel says Hezbollah uses the roads to transport weapons.

"This was an attempt to close the only route open all the way to the northern border," said Lebanese Transportation Minister Mohammed Safadi.

The road was still passable, winding past shuttered gas stations and empty resorts, with detours necessary around three destroyed bridges. But with every truck a potential target for Israeli planes hunting weapons shipments, traffic was light.

In the southern part of the capital, a Hezbollah stronghold, Israeli warplanes struck 11 high-rises Friday morning.

In southern Lebanon, Israel continued in fits and starts its offensive to secure strategic towns and villages as a platform for the broadened incursion. Three crippled Israeli tanks could be seen in a valley between the Israeli town of Metulla and the southern hills of Lebanon.

In the village of Khiam, about 300 Israeli infantrymen backed by 20 tanks battled Hezbollah fighters. The Israelis lost six of the tanks, a military source said.

One Israeli soldier was killed Friday and more than a dozen wounded, a military spokeswoman said.

This morning, hundreds of Israeli infantry troops were streaming into Lebanon from Misgav Am and were engaged in intense fighting seven miles north of the border. Heavy artillery was used before the march.

Swarms of Katyusha rockets slammed into northern Israel, sending residents scurrying for shelter. The coastal city of Haifa, which Hezbollah leader Sheik Hassan Nasrallah warned would come under increased fire, was hit several times, causing some injuries but no deaths.

Thousands of rockets have hit Israel in more than four weeks of fighting, the heaviest bombardment the Jewish state has suffered since its founding 58 years ago.

The failure to stem those attacks, the rising number of military casualties and the struggle to retain control of towns and villages captured from surprisingly well-armed and organized fighters have sparked growing public criticism in Israel.

A poll published Friday showed declining approval for the way Olmert and his "security Cabinet" have handled the war and a growing belief that Israel is not winning.

The mounting criticism helped precipitate the security Cabinet's decision Wednesday to authorize the deeper thrust into Lebanese territory that Olmert ordered Friday.

But the chances of purging Hezbollah fighters from a wide swath of southern Lebanon are slim if, as expected, the government approves the truce and halts the broadened offensive after just two days.

Military analysts say that sweeping north to the Litani River could take just a few days, but clearing the region of Hezbollah guerrillas could take four weeks or more.

"I have the feeling … that the resistance will be weaker [as troops advance north] because the best troops of Hezbollah, which is not a large organization, are now in south Lebanon," said Shlomo Brom, formerly head of strategic planning for the Israeli military and now an analyst at Tel Aviv University's Jaffee Center for Strategic Studies.

But even reaching the Litani would not eliminate the threat of continued rocket attacks, he said.

At the U.N., Secretary of State Condoleezza Rice cast the vote for the United States, which was the lead sponsor of the resolution along with France.

She said the U.S. would give $50 million to help Lebanon rebuild and urged Hezbollah's backers to leave the fledgling democracy alone.

"Today we call upon every state, especially Iran and Syria, to respect the sovereignty of the Lebanese government and the will of the international community," Rice told the council.

Lebanon's acting foreign minister, Tarek Mitri, criticized the agreement but said Lebanon would implement its part in good faith.

"A cease-fire that retains for one side the right not to cease fire is not a cease-fire" he said.

Israel's ambassador to the U.N., Dan Gillerman, said he hoped that the measure would open a new chapter of peace but told the Security Council that the resolution alone "will do nothing."

"Unless the tools set out in this resolution are used, with resolve and decisiveness, we will be back at this table — if not in a week, then in a month or a year, facing an even greater tragedy."

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Times staff writers Farley reported from the United Nations and Chu from Jerusalem. Staff writers Bruce Wallace in Beirut, Tracy Wilkinson in Kiryat Shemona, Israel, Damon Winter in Misgav Am, Israel, and special correspondent Maha al-Azar in Beirut contributed to this report.

Bush 'believes Conflict Is A US-Iran Proxy War' (FT)

By Edward Luce In Washington

Financial Times, August 12, 2006

Washington's foreign policy elite is engaged in a bitter tussle between "neoconservatives" and "realists" seeking to influence George W. Bush's stance on the Israel-Lebanon crisis. The neocons increasingly have the upper hand.

Former and current administration officials say that George W. Bush feels more strongly and is more engaged in support of Israel's military assault on Hizbollah than on any other question. They say Mr Bush feels passionately that the US should support Israel in what he sees as the frontline in the global battle between democracy and terrorism.

Over the past four weeks, Mr Bush's language has toughened from talking about the "war on terror" to stronger terminology in which he refers to the war against "Islamic fascists" and "Islamofascism" – terms long in currency among neoconservatives.

In response to a question about Hizbollah at his ranch in Crawford this week, Mr Bush said: "As young democracies flourish, terrorists try to stop their progress . . . They try to spread their jihadist message – a message I call, it's totalitarian in nature, Islamic radicalism, Islamic fascism – they try to spread it as well by taking the attack to those who love freedom."

Observers say Mr Bush is motivated by two instincts in guiding America's diplomatic approach.

The first is the president's visceral instinct to support Israel against its enemies, which he sees in terms of democracy versus totalitarianism. "People should not underestimate just how strongly the president feels in support of Israel and in his anger towards Iran and Syria [because of their sponsorship of Hizbollah]," said Reuel Marc Gerecht, a former senior official at the Central Intelligence Agency and now at the conservative American Enterprise Institute in Washington.

The second is Mr Bush's belief that the fighting between Israel and Hizbollah is a proxy war between the US and Iran's theocratic regime, which Washington sees as the most serious threat to stability in the region and beyond. US officials say they have intercepted communications between Tehran and Hizbollah that show Iran continues to supply arms to the Lebanese group.

Although Washington has not released evidence that Iran instructed Hizbollah to cross the "blue line" into Israel last month – when it captured two Israeli soldiers and killed eight others in ensuing clashes that sparked the current crisis – officials insist the Shia movement was doing Tehran's bidding.

They say it is no coincidence the Hizbollah raid occurred the day after Tehran effectively turned down Washington's conditional offer of talks over its alleged nuclear weapons programme.

Motivated by this larger picture, the president believes the US and Israel cannot afford to compromise in their demands that Hizbollah eventually be disarmed. "We get clear indications the Bush administration sees this crisis in black and white terms," said a senior European diplomat who is closely involved in the UN negotiations. "There is a widespread view that US diplomacy is a prisoner of its own starkly moral framework."

Meanwhile, Washington's increasingly marginalised foreign policy "realists" claim – without substantiation – that Condoleezza Rice, the secretary of state, was overruled by Mr Bush last month when she argued for an earlier ceasefire by Israel.

Backed by ex-colleagues of former president George H.W. Bush, such as Brent Scowcroft and Lawrence Eagleburger, they argue the US should talk to Syria – which also backs Hizbollah – to help defuse the crisis.

Mr Bush dismissed that advice this week. "Syria knows what we think," he said. "They know exactly what our position is." Republican critics of Mr Bush say he is risking a broader war because of his refusal to consider talking to unfriendly regimes.

"There was no suggestion Mr Bush wanted to know what Syria thinks," said John Hulsman, a foreign policy analyst who left the conservative Heritage foundation last month. "This administration continues to believe talking is a sign of weakness. In spite of Iraq, the neocons are still in charge."

Olmert Thanks Bush For U.N. Resolution (AP)

By Nedra Pickler

AP, August 12, 2006

Israeli Prime Minister Ehud Olmert thanked President Bush on Friday for his work on a resolution to stop violence between Israel and Hezbollah, the White House said. It was the first direct talks between the two leaders since the fighting began.

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The eight-minute phone call with Bush at his ranch in Texas was initiated by Olmert, said Frederick Jones, spokesman for the National Security Council at the White House.

Olmert endorsed a Mideast cease-fire plan that the United States and France proposed Friday at the United Nations.

"Prime Minister Olmert thanked President Bush for the work he had done on the draft U.N. resolution on the Lebanon crisis," Jones said. "The president expressed his view that the crisis was provoked by Hezbollah with the support of Iran and Syria and that we need to ensure that the reach of the Lebanese government extends throughout the country."

The agreement, which was unanimously adopted by the U.N. Security Council, calls for putting 30,000 Lebanese and U.N. troops along the Israel-Lebanon border, where Hezbollah militants have been fighting against Israel. It falls short of some of Israel's demands, including a strong mandate for the U.N. forces to take on Hezbollah guerrillas.

But Israel has been unable to defeat Hezbollah and was concerned about growing Israeli casualties, as well as international condemnation, if the war continued. The fighting has killed more than 800 people, destroyed Lebanon's infrastructure and inflamed tensions across the Middle East.

Bush has staunchly backed Israel in the fighting and the U.S. has been arguing Israel's interests during the U.N. negotiations. Olmert spoke repeatedly to Secretary of State Condoleezza Rice during the last four weeks but never directly to Bush until Friday.

Rice predicted that both governments would accept the agreement.

"We have heard from the government of Lebanon that they also believe that this is a resolution that can serve their interests," Rice said in an interview with CNN. "In fact, the interests of both the Israelis and the Lebanese now is to end the large-scale violence and to begin to lay a foundation for peace."

The White House had predicted that a previous draft it was pushing would come to a vote earlier in the week, but negotiators were forced to make changes to address objections from Lebanon and other Arab states.

"A lot of times diplomacy is a bit like a taffy pull, in that you think you may have something that seems to be right on the verge of being completed, and it just gets extended a bit," White House spokesman Tony Snow said. "As the president has pointed out, diplomacy can be a little bit messy and unpredictable."

One Month Later In Lebanon (NYT)

The New York Times, August 12, 2006

It took unconscionably long — almost a month — for the United Nations Security Council to produce a formula to end the fighting in Lebanon. While the diplomats dithered, hundreds of Lebanese and Israelis died, one-third of Lebanon's population was uprooted, and new layers of anger and fear were sown on both sides of the border.

The resolution that the Council finally passed last night will have to be put into effect as quickly and thoroughly as possible, and must lead to a lasting political solution that can avoid future conflicts. That will require more than just an immediate halt to hostilities by both sides and an early withdrawal of Israeli troops from Lebanon. It will also require the dispatch of an international military force with sufficient authority and firepower to guarantee that there can be no repeat of the Hezbollah provocations that set off this destructive conflict.

The Council's resolution represents a compromise between the United States and France, and standing behind them, Israel and Lebanon. Washington wanted Israeli withdrawals linked to a political settlement and a strong new international force. France wanted Israeli withdrawal to come first.

They finally agreed to combine elements of both approaches, with some of the language on Israeli withdrawals left elliptical and some of the language on the international force left implicit. These locutions must not be allowed to unravel the consensus that more than a mere cease-fire is needed.

As hard as it will be to seal the border against Hezbollah infiltrations into Israel, that will not be enough. Hezbollah has rockets that can be fired from deep inside Lebanon at targets deep inside Israel. These must be stopped as well, ideally by the full disarmament of Hezbollah that the Security Council first called for in 2004.

As a political movement, Hezbollah will always be a significant force in Shiite south Lebanon and in the Lebanese Parliament. But it cannot remain an armed state within a state.

This ugly, unnecessary war had many losers and no real winners. Hezbollah will boast that it stood up to four weeks of Israeli firepower. But it cannot disguise the cost that all of Lebanon has paid. Israel incurred civilian and military losses and inflamed Islamic and world opinion without succeeding in destroying Hezbollah or its rocket arsenal.

Washington, which rightly stood by Israel but wrongly refused to call for a cease-fire or engage in meaningful diplomacy with Syria, also paid a price that could further complicate problems in Iraq and Afghanistan. A rapid and effective follow-through on yesterday's resolution could make up for some of these losses. Anything less will only compound the damage already done.

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Israeli Leader Recommends Acceptance Of U.N. Resolution (NYT)

By Steven Erlanger

The New York Times, August 12, 2006

JERUSALEM, Saturday, Aug. 12 — Israeli Prime Minister Ehud Olmert agreed early on Saturday to recommend that his government accept a revised United Nations Security Council resolution that should bring an end to the month-long war with Hezbollah and Lebanon, senior Israeli officials said.

But the government will not meet until Sunday, and until that time, the Israeli military will be pressing forward farther into southern Lebanon to destroy Hezbollah strongholds and rocket stockpiles in southern Lebanon, the officials said.

The decision by Mr. Olmert and key officials to accept the draft and yet continue with the expanded military offensive capped a bizarre evening of diplomatic brinksmanship and political gamesmanship.

The delay in any cease-fire until Sunday, to allow the Israeli military more time to reach key goals against Hezbollah, came with the approval of the United States, an Israeli official said. The expanded Israeli offensive may also help Mr. Olmert deflect sharp political criticism of his handling of the war, which has been castigated as tentative by the opposition and some in his own party.

Mr. Olmert telephoned President Bush just after midnight here to thank him for his help in "safeguarding Israel's interests in the Security Council," another Israeli official said.

The new draft has stronger language about the mandate of a beefed-up Unifil force that will accompany the Lebanese Army to patrol southern Lebanon and prevent Hezbollah from rearming there, the official said.

Even more important, the official said, the new draft clarifies that the multinational force will patrol Lebanon's airports, seaports and land crossings to ensure that Hezbollah is not easily resupplied with weapons by Syria and Iran.

Mr. Olmert's order to the army to expand the offensive came late Friday afternoon, as officials at the United Nations said they were reaching an agreement on a cease-fire resolution and foreign ministers were gathering there for a vote.

Israeli officials said then that Mr. Olmert objected to the resolution because it did not provide the robust international force Israel is demanding to patrol the border with Israel and, crucially, Lebanon's border with Syria, in order to prevent the resupply of Hezbollah with rockets and antitank missiles after the war ends.

A senior Israeli official said that the Security Council was failing to ensure the disarmament of Hezbollah and was simply proposing an expanded Unifil, the current and ineffective monitoring force in Lebanon, without putting it under a new mandate that would allow troops to make peace and confront Hezbollah.

Lebanon had backtracked Friday on several points contained in a draft approved Thursday night, the official said.

The Israeli move was clearly designed to try to change the equation at the United Nations and sharply increase pressure on the diplomats for a resolution closer to an original American-French draft that was rejected by Lebanon, Hezbollah and the Arab League.Mr. Olmert and Defense Minister Amir Peretz of the Labor Party have been sharply criticized in the Israeli media in the last few days for their handling of the month-long war, with grumbling inside the government, leaks of dissent from the army and a front-page column Friday in the liberal daily Haaretz calling on Mr. Olmert to resign.

"You cannot lead an entire nation to war promising victory, produce humiliating defeat and remain in power," wrote columnist Ari Shavit.

The column stung, an aide to Mr. Olmert said, but a reasonable diplomatic conclusion to the war seemed to him the best option. But he decided that the Security Council was backtracking on its own previous commitments to disarm Hezbollah and prevent its rearming from Syria and Iran, the aide said.

More columns of Israeli ground forces, supported by armor, started moving into southern Lebanon Friday evening, while forces already inside, in a strip about five miles from the border, prepared to move forward to the Litani River, some 15 miles from the border, and beyond.

Most of Hezbollah's thousands of rockets are short-range Katyushas. Pushing Hezbollah beyond the Litani would take most of Israel's cities out of range, and would make it easier for an international force to take up positions in the south, Israeli officials argued.

The Foreign Ministry spokesman, Mark Regev, said the Mr. Olmert ordered the army "to act against Hezbollah strongholds in South Lebanon from which the Israeli population continues to be bombarded by endless volleys of rockets and missiles."

More than 120 Hezbollah rockets landed Friday in northern Israel, where most residents have either evacuated or remain in shelters, and seven people were wounded. One Israeli soldier was killed.

Israeli television showed Israeli tank forces preparing to carry out the orders, which were approved by the security cabinet in a six-hour meeting on Wednesday, to expand the offensive up to the Litani River. But it was left to Mr. Olmert and Mr. Peretz to decide when or whether to order the army to carry out the plan.

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Maj. Dan Itin, a reservist who is a tank company commander, fought in Lebanon in 1993-94. He now runs a currency exchange business near Netanya and has two children. "I'm happy with any U.N. resolution that will bring quiet to Israel,'' he said. "I would prefer to go home. But if that doesn't happen, then we'll have to go in and do it. We want to finish the job. We don't want to come back in two years. I don't want my kids living with rockets for years to come.''

Opinion polls, taken before details of the proposed Security Council resolution emerged, showed eroding public support in Israel for Mr. Olmert, a career politician who did not have significant military command experience. In a poll taken for Haaretz, 30 percent of respondents said that Israel is not winning the war and 43 percent said there was no winner or loser. Only 20 percent thought Israel was winning the war.

The poll was conducted on Wednesday among 570 Israelis.

Another poll taken for Yediot Aharonot among 500 Israels, with a margin of sampling error of 4.5 percentage points, showed that 64 percent of Israelis — and 71 percent of Jewish Israelis — believe that the army should go deeper into Lebanon. Only 37 percent — 40 percent of Jewish Israelis — believe the war win end with Hezbollah removed from the border.

In fighting earlier Friday, Israeli planes bombed targets throughout Lebanon as foreign ministers gathered at the United Nations.

With eyes on New York, Israel tried to keep up the pressure on Lebanon to agree to a robust multinational force, blasting Hezbollah positions around Marjayoun to the south and again hitting a key bridge to Syria in the north, killing 12 people.

Israel accuses Syria of continuing to try to resupply Hezbollah with rockets, antitank missiles and ammunition.

In Marjayoun, a large Christian town about 5 miles north of the

Israeli border, the small garrison of 350 Lebanese soldiers and police

evacuated the town under the protection of the United Nations after the Israeli army occupied the town. The Lebanese soldiers left without their weapons.

The convoy was followed by hundreds of cars packed with the last remaining

inhabitants of Marjayoun and a small neighboring town who were

trapped by the Israeli advance.

"We are refugees now," said Fuad Hamra, the mayor of Marjayoun. "Even the joint security forces are leaving. Marjayoun is now empty."

Later, after their United Nations escort left them, the convoy was struck by Israeli aircraft, wire agencies reported, killing four people and wounding 16.

Israel May Expand Ground Combat (WP)

By Molly Moore And Edward Cody, Washington Post Foreign Service

The Washington Post, August 12, 2006

Premier's Directive Could Be Rescinded After Cabinet Action on U.N. Resolution

JERUSALEM, Aug. 11 -- Israeli Prime Minister Ehud Olmert on Friday authorized the military to expand its ground operations against Hezbollah in southern Lebanon, but will ask his cabinet Sunday to accept a U.N. Security Council resolution for ending the fighting, according to government officials.

Olmert's decision to increase ground combat came as Israeli public criticism of both the government and the military leadership escalated, with a new poll showing that only 20 percent of Israelis surveyed believe they are winning the war and one of the nation's most prominent newspapers declaring in a front-page headline: "Olmert must go."

Government officials said Olmert told the military to begin preparations for accelerated ground operations at about 5 p.m. Friday after seeing a draft of the U.N. resolution that he said he could not accept.

"What really triggered this decision was that apparently the Lebanese government -- under the pressure of Hezbollah -- managed to change the draft of the U.N. resolution in the afternoon," said Avi Pazner, a senior Israeli government spokesman.

But Olmert did not reverse the orders to the military after agreeing to a revised draft circulated later in the evening, according to a senior Israeli official.

"Right now the military has the green light," the official said.

Israeli government officials said the directive could be rescinded Sunday, depending on the cabinet action. It is unlikely the military could escalate ground combat operations significantly before Sunday because of the time required to move troops into new positions in the hilly terrain of southern Lebanon, where Hezbollah fighters are putting up fierce resistance.

In Lebanon, Israeli warplanes Friday evening strafed a column of cars and trucks evacuating people out of the southern town of Marjayoun, killing four people and wounding more than 23, according to George Kettaneh, head of the emergency rescue unit of the Lebanese Red Cross. The Associated Press reported seven deaths in the attack.

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Before they were hit, a group of about 350 soldiers and Lebanese police from the Marjayoun barracks had begun a carefully orchestrated evacuation early Friday with peacekeepers of the United Nations Interim Force in Lebanon, known as UNIFIL, according to international relief workers and Gen. Adnan Daoud, who accompanied the convoy from Marjayoun. He said Interior Minister Ahmed Fatfat had insisted that civilians wishing to evacuate be allowed to accompany the convoy.

"When the shelling began, contacts were made with UNIFIL to put an end to the intense strafing," said Kettaneh of the Red Cross.

"We don't know of anything that was attacked there. We're still checking," an Israeli military spokeswoman said Friday night.

Israeli troops engaged in gun battles across a thin strip of territory along the Lebanese border where they have been fighting for weeks.

Hezbollah fired 124 rockets into Israel, slightly injuring five people. The number of rockets landing in Israel has steadily declined from more than 200 a day earlier in the week.

A half-dozen booms echoed across Beirut at dawn, then sporadically again during the early part of the day as Israeli warplanes hit the southern Beirut suburbs where Hezbollah leaders once had offices and homes, along with many of their Shiite supporters. The area has been mostly vacated of its residents, however, because of repeated bombings over the past month.

Several booms sounded as C. David Welch, the assistant secretary of state for Near Eastern affairs, was in Lebanon's Ottoman-era government headquarters conferring with Prime Minister Fouad Siniora and other officials about the U.N. Security Council proposal to end the fighting.

Israeli jets also bombed north of the capital, taking out a bridge in the Akkar region and hitting roads near a border crossing into Syria at Abudiyeh. Lebanese media reported that 12 persons were killed and that the crossing was closed.

The bombings were part of a campaign to close down Hezbollah's resupply operations, preventing munitions and other supplies from reaching fighters in the south. Syria has been the principal conduit for weapons and other equipment allegedly supplied to Hezbollah by Iran.

The southern ground battles again centered on Marjayoun, a Christian town occupied without resistance by Israeli forces Thursday. Israeli forces attacked surrounding Hezbollah guerrillas with artillery and airstrikes along roads between Marjayoun and Khiam, a Shiite-inhabited town where Hezbollah fighters remain entrenched. Hezbollah's al-Manar television said a number of Israeli soldiers were killed and wounded in the clashes when an advancing 60-ton Merkava tank was destroyed.

An Israeli military spokeswoman said she could not confirm the reports of soldier deaths.

Hezbollah said its militia sank an Israeli naval vessel off Tyre in southern Lebanon, identifying it as a Super Dvora patrol boat. The 12 crew members were killed or wounded, the Shiite Muslim movement said. It was the third time Hezbollah has reported hitting an Israeli warship with guided missiles. The Israeli military, which denied that any of its ships was struck Friday, has said only one was hit, shortly after the war began July 12.

Meanwhile, the unity evident in Israeli society and government in the early days of the conflict appears to have shattered.

"If Olmert runs away now from the war he initiated, he will not be able to remain prime minister for even one more day," the daily newspaper Haaretz said in a front-page analysis. "You cannot lead an entire nation to war promising victory, produce humiliating defeat and remain in power. You cannot bury 120 Israelis in cemeteries, keep a million Israelis in shelters for a month and then say, 'Oops, I made a mistake.' "

In a poll published by Haaretz, 20 percent of the respondents said they believed that if the war ended now, Israel would be the winner. Thirty percent said Israel is losing the war, and 43 percent said there were no winners or losers.

Although surveys by different polling groups cannot be compared precisely, a poll last week by TNS/Teleseker for the Maariv daily newspaper found that nearly 55 percent of those asked believed Israel was winning and 38 percent said neither side was winning.

The majority of respondents in all polls favor expanding military operations and fault the government and the military for not taking more forceful ground action earlier in the war.

Military generals reportedly had been chafing that Olmert had not allowed them to expand military operations in southern Lebanon -- two days after the security cabinet gave him the authority to do so.

Soldiers who have been waiting for days for orders to move inside Lebanon are losing their edge, according to many officers.

Israeli television Channel 2 reported Friday night that several of the country's most senior military officials wrote a letter to the chief of staff, Lt. Gen. Dan Halutz, complaining that war plans were in chaos and did not conform to the combat training soldiers and officers have been receiving.

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Israeli newspapers are filled with reports of soldiers complaining about food, water and equipment shortages in southern Lebanon. The military was having so much trouble moving supplies over the rough terrain that it experimented with using llamas as pack animals. The experiment failed when an entire train of llamas sat down on the job, forcing the military unit to abort an expedition, according to several news reports.

The Israeli military has allowed few journalists to accompany troops into southern Lebanon. Nahum Barnea, one of the country's leading political commentators, has been reporting the misfortunes of a unit he accompanied into southern Lebanon.

"The battle between the IDF and Hezbollah is reminiscent of the famous Tom and Jerry cartoons by Hanna-Barbera," Barnea wrote, using the abbreviation for Israel Defense Forces. "Tom is a strong, ambitious cat. Jerry is a weak but clever mouse. Jerry teases Tom. Tom fights back. In every conflict between them, Jerry wins."

"There is no sense investing in a lost cause," Barnea continued. "Adding more ground forces to those already stuck in Lebanon will not bring about the hoped-for turnabout in the Lebanese gamble. With American support, Israel still has a chance of getting out of this war with decent accomplishments. Take what they're offering you, Ehud Olmert. Take it and run."

Cody reported from Beirut. Correspondent Nora Boustany in Beirut contributed to this report.

Poll Shows Olmert Losing Supporters Over Lebanon (WT)

By Joshua Mitnick

The Washington Times, August 12, 2006

TEL AVIV -- After a month of silence by Israel's dovish left wing, growing criticism of war in Lebanon was highlighted by a plunge in support for Prime Minister Ehud Olmert in a poll published yesterday.

The survey sponsored by Ha'aretz newspaper showed that 48 percent of Israelis were satisfied with Mr. Olmert's performance, compared with more than 75 percent shortly after the war erupted July 12.

Ha'aretz also published a front-page column under the headline: "Olmert must go."

With no military background, Mr. Olmert has also been criticized from the right as underqualified to lead Israel at a time of war.

Members of the hard-line Likud party have said that they would work to topple the government.

Prominent Israeli doves demonstrated outside of the defense ministry yesterday to protest the Security Cabinet's green light to widen the army's ground offensive against Hezbollah and to advocate a cease-fire.

But with the left-leaning Labor Party in the government and its dovish leader Amir Peretz overseeing the war effort as defense minister, big anti-war protests remain unlikely.

"People like me wanted to protest, but others said, '[Israel] needs to fight back,'" said Mossi Raz, a former secretary-general of Peace Now.

"As long as the Labor Party is in the government, we won't see big protests, but I don't understand how the Labor can be at peace with itself."

Few Israelis could argue against the nation's right to respond militarily to the July 12 kidnapping of two soldiers in a Hezbollah cross-border attack.

However, as the fighting enters its fifth week, the Cabinet decision this week to push Hezbollah north of the Litani River has emboldened doves to begin openly questioning the army's ability to rout the Islamist militia. They warn of spiraling casualties.

"It's unthinkable even to the left that we would just sit and turn the other cheek," said Yael Dayan, a former Labor Party parliament member, referring to her initial support for the war.

"But [the government] is talking about acts of war that won't be successful, and won't be totally destructive to the Hezbollah," she said.

The criticism comes amid general dissatisfaction among Israelis about how the war in Lebanon is proceeding. The public is impatient for an outright military victory against Hezbollah and a silencing of Katyusha rocket attacks against cities and towns in northern Israel.

In a Tel Aviv University survey last week, about 79 percent of Israelis said they favor continuing the fighting.

The Arms Deal Israel Wishes It Had Made (TIME)

By Tim Mcgirk

Time, August 12, 2006

If the country's military hadn't rejected a U.S. offer to supply it with "bunker buster" bombs four years ago, it might not be having as tough a time against Hizballah - or being criticized for its handling of the war

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In 2002, the Pentagon offered to supply Israel with "bunker-buster" bombs, capable of punching deep into the enemy's underground defenses. Israel's air force chief at the time, Lt. Gen. Dan Halutz, — who, as Chief of Staff, is currently commanding Israel's air, sea and land strikes in Lebanon — rejected Washington's offer, claiming that Israel had its own superb weapons. But with the "bunker-busters", says a senior Tel Aviv intelligence source, Israel could have knocked out most of Hizballah's rocket-launchers and possibly brought the war to an early close.

Instead, as the war drags into a fifth week, Hizballah is still pounding Israel's northern cities with over 150 rockets a day. Though Israeli intelligence determined early on exactly where most of those rockets were being fired from — launchers hidden in 38 underground bunkers, burrowed 6 yards down on rocky hilltops across southern Lebanon — Halutz's vaunted Israeli-made "air fuel" bombs have failed to destroy them. So last month, a top intelligence source told TIME, Israel put in an urgent request for precision-guided, 5,000 lb "bunker-buster" bombs. The Bush Administration complied, but it will take several weeks for the bombs to be fitted onto Israeli jets; Israel has also requested an urgent delivery of short-range rockets armed with cluster bombs from the U.S., according to the New York Times. But by the time any of this advanced arsenal arrives, a United Nations cease-fire will probably be imposed banning Israeli air strikes. "If we'd had the bunker-busters in the first few days," laments this senior intelligence officer, "We'd be in an entirely different situation today against Hizballah."

Today's 'situation' is not one that agrees with most Israelis. Promised a swift, knock-out punch against Hizballah's Islamic militiamen, Israelis are now being told that in order to neutralize Hizballah — forget about destroying them — they must brace for a bloody ground attack in Lebanon that could cost hundreds of soldiers' lives. Increasingly, Israelis are asking: how could a militia force of only 4,000 fighters withstand a prolonged beating by the mightiest army in the Middle East — and still keep pelting Israeli cities with rockets?

If a U.N.-sponsored cease-fire goes into effect — and diplomats suggested Friday that they were close to a truce deal backed by a 15,000 strong international force — the after-shock of the Lebanon war is expected to shake-up the top echelons of the Israeli military, and it may even threaten Prime Minister Ehud Olmert's coalition government. Israelis overwhelmingly supported Olmert's initial decision to strike hard against Hizballah. But the latest opinion polls by Yediot Ahronot newspaper show a drop in the public's confidence with Olmert, his war cabinet and with the generals.

That confidence nose-dived earlier this week after Olmert and his ministers began quarrelling furiously over the course of the war. A once decisive prime minister was looking dithery. A major ground offensive was twice postponed by Olmert, though there were reports Friday that Olmert had finally decided to go forward with the operation. The Israeli press reported scalding rows between Olmert and his foreign minister — who pressed for a diplomatic solution when Olmert was pondering an all-out attack — and between Olmert and the defense minister and his army generals, who wanted to land a major blow against Hizballah on Thursday when the prime minister was stricken with doubts over such a risky move. At the same time Halutz sidelined his northern commander, responsible for the day-to-day running of the ground war. Ma'ariv newspaper columnist Ben Caspit fumed: " This campaign was conducted negligently, hesitantly, indecisively. When we needed to attack, we waited. When we should have waited, we attacked. "

As Chief of Staff, Haltuz may end up taking most of the blame. A no-nonsense fighter pilot who was the favorite of former Prime Minister Ariel Sharon — to the extent that some insiders say Sharon was grooming Halutz, not Olmert, to replace him some day as prime minister — Halutz, 58, at first impressed Israelis with his Top Gun swagger and aviator glasses. Once asked how it felt to drop a bomb on people, he replied: " I feel a light bump to the plane as a result of the bomb's release. A second later and it's gone, and that's all. That is what I feel. "

Waving aside the offer of American-made "bunker-busters" is only one example of Halutz's famous hubris. In a remark that will surely haunt him during the inevitable rash of post-war inquiries, Halutz said on July 14th, "In this day and age, with all the technology we have, there is no reason to start sending ground troops in." A month later, he was ready to order in thousands of troops as the only way to defeat Hizballlah. Granted, Haltuz made the comment after his air force managed to destroy most of Hizballah's arsenal of long-range missiles, capable of reaching Tel Aviv, in the opening salvos of the conflict. Back then, it seemed only a matter of days, or hours, before an Israeli smart-bomb would find its way to the lair of Hizballah chief Hassan Nasrallah. That possibility now seems a longshot.

With tanks revving their engines and over 20,000 troops already inside Lebanon, Olmert has had good reason to be cautious about an expanded ground invasion. As of Friday, the war has cost 124 Israeli lives, 84 of them soldiers. The 1982 Lebanon war bogged Israeli forces down in Lebanon for 18 years and was a disaster. Olmert was told that a major thrust 14 miles north to the Litani river and beyond, as envisioned by Halutz and the other generals, could drag on for another six weeks and leave hundreds of Israeli soldiers dead. Worst of all, the generals told Olmert that they could only guarantee taking out "70%" of Hizballah's rocket capacity. A cease-fire suddenly started looking good. On Thursday Olmert had decided to wait several days

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for a U.N. resolution, despite his generals' urgings to roll the tanks, but a day later he seemed to have changed his mind once again.

Once the cease-fire starts, both sides will surely claim victory. Nasrallah will declare himself a new champion of the Arab world for having survived the Israeli onslaught and terrorized 1.5 million Israelis with his blindly flung rockets. (In Palestine's West Bank, recordings of his speeches and ballads of Hizballah warriors are hot sellers.) The Israelis can argue they pushed back Hizballah from the border, killed hundreds of their fighters and replaced enemy militiamen along the border with regular Lebanese army troops and tough international forces. Israel may even be able to exchange its own Lebanese and Palestinian prisoners for two captive Israeli soldiers.(A third soldier was kidnapped by Palestinians militants Hamas, and a senior Hamas official told TIME that his release will depend on what Hizballah decides to do with its two Israeli hostages.) But many Israelis are worried that if they stop fighting now, they will have lost a weapon far more valuable than any "bunker-buster" — the Israeli army's aura of invincibility. And for that loss in this Lebanese war, more than any other casualty, Olmert and his top generals may pay dearly. - With reporting by Jamil Hamad/Nablus and Aaron J. Klein/Jerusalem

Israel Expands Lebanon Ground Offensive (WT/AP)

By Karin Laub

The Washington Times/'AP, August 12, 2006

JERUSALEM -- Israel began an expanded ground offensive in southern Lebanon today after expressing dissatisfaction over an emerging cease-fire deal, government officials said.

Prime Minister Ehud Olmert and Defense Minister Amir Peretz decided to expand the offensive after meeting for four hours. Mr. Peretz instructed the military to begin the offensive, officials said.

Mr. Olmert's spokesman, Asaf Shariv, said the expanded incursion had already begun. An emerging cease-fire deal being worked out by the U.N. Security Council fails to meet Israel's basic requirements, such as stationing robust international combat troops in southern Lebanon once Israel withdraws, Mr. Shariv said.

"Yesterday we were very optimistic, but [the Security Council] took the wrong turn," he said.

The government is implementing Wednesday's Cabinet decision granting the army permission to carry out a massive ground offensive "to deal with the Hezbollah positions in south Lebanon, from which barrages of missiles continue to be launched against the Israeli civilian population," said Foreign Ministry spokesman Mark Regev.

Mr. Regev added, however, that Israel was still open to a negotiated solution as the Security Council prepared to vote on the proposed cease-fire deal.

"Our action does not exclude a diplomatic option. On the contrary, we are following developments in New York closely. But so far, diplomacy has not produced concrete results, and it is incumbent upon the government to defend its citizens," he said.

He said he could not comment on the time frame or scale of the offensive.

Secretary of State Condoleezza Rice telephoned Mr. Olmert to ask him if there was any room left for diplomacy to solve the Mideast crisis, according to an individual close to the government with direct knowledge of the conversation.

The telephone call came shortly after Israel announced it would carry out a massive ground offensive in southern Lebanon because of its dissatisfaction with the emerging cease-fire deal.

Mr. Olmert has indicated he would be willing to call off the offensive if Israel's basic demands are met, said the individual, who spoke on the condition of anonymity because of the sensitivity of the private conversation.

It was not immediately clear whether the Israeli threat was meant to pressure the council, which was close to a vote on a cease-fire resolution, or whether Israel is determined to send troops deeper into Lebanon. Israel is upset about apparent last-minute changes in the text, which would seem to weaken the mandate of a multinational force, defense officials said.

Israeli Foreign Minister Tzipi Livni spoke to Miss Rice and told her Israel won't accept any cease-fire deal, Israel TV's Channel One reported.

The Israeli Security Cabinet had approved a wider ground offensive up to Lebanon's Litani River, about 18 miles north of the Israeli-Lebanese border. The decision had been suspended for a few days to allow for the diplomatic effort.

Israeli Drone Strike On Convoy Kills 7 (AP-Y)

By Joseph Panossian, Associated Press Writer

AP, August 12, 2006

An Israeli drone fired at a convoy of refugees fleeing southern Lebanon on Friday night, killing at least seven people and wounding 22, an Associated Press photographer said. The Israeli military said it was investigating the incident.

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Early Saturday, Israeli warplanes struck several targets in north and south Lebanon, hours after the U.N. Security Council adopted a resolution calling for an end to the war.

Security officials said warplanes destroyed a power station in the southern port city of Sidon. There was no immediate word on casualties. Local media also reported airstrikes in Akkar province, 60 miles north of Beirut, and in Tyre.

The attack on the convoy was the most dramatic on a day of fighting Friday that saw Israeli airstrikes pound south Beirut and border crossings to Syria, killing at least 15 others as ground fighting picked up intensity in the south of the country. An Israeli soldier was killed in fighting in southern Lebanon, the army said.

Hezbollah on Friday sent another barrage of more than 150 rockets toward northern Israel. Rescue workers said eight people in the port of Haifa were wounded by shrapnel.

The ongoing clashes have killed more than 800 people — including at least 741 Lebanese and 123 Israelis.

Lutfallah Daher, the photographer, was with the convoy when it was hit near the Bekaa Valley town of Chtaura, about 30 miles north of the Litani River. Israel has said it would attack any vehicle on roads south of the Litani, assuming it was carrying Hezbollah weapons or fighters.

The photographer said that when the convoy left the Israeli-occupied town of Marjayoun in southern Lebanon, it was made up of more than 600 civilian vehicles in addition to vehicles carrying 350 Lebanese soldiers and police. A few vehicles had left the convoy before it was hit, the photographer said.

Daher lives in Marjayoun and was fleeing with his wife in one car. His mother, brother, sister-in-law and their child were in another car. None was harmed.

Two armored U.N. peacekeeping vehicles were to have accompanied the convoy, Daher said, but were not present when Israeli forces in Marjayoun gave the convoy permission to head north. Israeli tanks and infantry took control of Marjayoun on Thursday.

Israel's military said no convoys had been coordinated with the army.

The region around Marjayoun, a mainly Christian town, was hit by Israeli warplanes and artillery during and after the Israeli advance.

In other developments Friday:

• Polls indicated that the Israeli government is losing domestic support for its conduct of the conflict against Hezbollah, and doubt is growing among Israelis that they are winning the war. One survey, by the independent Dahaf Institute, said Olmert's personal approval rating dropped from 73 percent to 66 percent.

• The U.N.'s World Food Program said civilians cut off by fighting in south Lebanon find themselves in increasingly desperate conditions as the region remains inaccessible to aid agencies.

• U.N. humanitarian chief Jan Egeland said the anger on all sides in the Middle East is the greatest he has seen in two decades of trying to help the troubled region make peace.

Police Vigilant Of Protest Over Lebanon War (WT)

By Michael Hunsberger

The Washington Times, August 12, 2006

The Metropolitan Police Department says it will likely send officers from its special operations division to a rally today that organizers say is a protest of U.S. involvement in the war in Lebanon.

Demonstrators are scheduled to meet at noon in Lafayette Park, in front of the White House, for a 90-minute rally, then walk to Capitol Hill, according to the Act Now to Stop War & End Racism Coalition (ANSWER) and other event organizers.

U.S. Park Police officials said organizers have a permit, but they could not say whether it was for the thousands that organizers are expecting.

"If we planned according to how many people that groups say they will have, we would have the city shut down half of the time," said Sgt. Kimberly Schneider, a U.S. Capitol Police spokeswoman. "So we don't do that."

D.C. police officials have no plans to close streets along the march route but said they could have rolling closures as protesters move toward the Capitol.

Organizers said protesters will walk along Pennsylvania Avenue Northwest to 15th Street Northwest, then to Constitution Avenue Northwest. They will return on 17th Street Northwest.

D.C. police officials also said they would assign more officers if the event becomes bigger than expected and that the 19 surveillance cameras along the Mall and other downtown locations have been activated.

Officer Junis Fletcher, a spokesman for the D.C. police, said the cameras were activated because of the heightened terror threat and he assumed they will be on for the protest.

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Organizers said protesters will come on buses from such places as Chicago, Michigan and New York and that similar demonstrations will take place in Los Angeles and San Francisco.

Israel's Wounded Describe Surprisingly Fierce, Well-Organized And Elusive Enemy (NYT)

By Greg Myre

The New York Times, August 12, 2006

HAIFA, Israel, Aug. 10 — For an Israeli tank gunner, Sgt. Or Bar-On, the war in Lebanon lasted all of 90 minutes. The wounds will last a lifetime.

Sergeant Bar-On's Merkava tank was sent about a mile across the Israeli border to rescue soldiers in a military bulldozer hit by Hezbollah fire in the Lebanese town of Marun al Ras on July 20. But before his crew reached the stricken bulldozer, a rocket pierced the tank's armored skin, shredding both his lower legs. They were subsequently amputated just below the knees.

"I was gushing blood, and I felt pain like I've never felt before," Sergeant Bar-On said. He screamed for help and crawled out the back of the tank.

Dragged to safety by fellow soldiers, the sergeant was delivered by helicopter to the Rambam Health Care Campus in Haifa, about 20 miles south of the border. He arrived with extreme blood loss. "I wanted to pass out, but I knew if I did, I would die," he said.

There are dozens of wounded soldiers here in northern Israel's main hospital, and all seem to have stories of unexpectedly fierce ground battles with Hezbollah. They describe Hezbollah as heavily armed, well organized and maddeningly elusive. The fighters, well concealed in bunkers and tunnels, emerge to fire automatic rifles, rocket-propelled grenades and antitank rockets, they say, and then quickly disappear again.

In Israel's 1982 invasion of Lebanon — which led to the birth of Hezbollah — Israeli troops stormed north and reached the outskirts of the capital, Beirut, within two weeks. The goal this time is limited to driving Hezbollah out of rocket range, yet it has proven far more difficult.

After a month of fighting, some 10,000 Israeli soldiers are still waging daily firefights in towns and villages that are five miles or less from the border. In fact, the fighting has sometimes been visible from the Israeli side of the frontier.

Of the more than 80 Israeli soldiers killed in the fighting, 45 have died in the past week as the ground campaign has intensified.

Now that the Israeli government has approved an expanded offensive, the recovering soldiers say they remain confident Israel can drive Hezbollah back from the border, but acknowledge it will involve tough fighting that could last weeks, in contrast to the swift and decisive victory many of them expected when the fighting began.

Capt. Hanoch Daub, 26, explained the difficulties of fighting an enemy who lives among the civilian population and dresses like them.

On Tuesday, Captain Daub, a company commander in the tank corps, faced a nightmarish mission. Two Israeli soldiers were badly wounded and had taken cover in a house in a valley in the center of Bint Jbail, a Hezbollah stronghold that has been the scene of heavy fighting for more than two weeks.

The wounded needed to be moved out urgently. Captain Daub guided his tank into the town center in broad daylight, knowing in advance that his tank would be fully exposed to a furious Hezbollah assault.

"We were under constant fire," Captain Daub said. "They never stopped hitting us." The tank reached the two wounded soldiers and delivered them to safety. But as Captain Daub tried to rejoin his company on the outskirts of town, his tank was blasted again, and his face, neck and leg were peppered with shrapnel.

"Hezbollah is everywhere, but they are very hard to find," he said. "They work in small units or two or three men. They wear civilian clothes. You don't see them. You just see their fire."

On Wednesday, his eyes were still red from the searing heat of the attack. Two of three other soldiers in the tank were also wounded, including the gunner, Vladimir Noboychiko, who dozed in the next bed.

Hezbollah has nicknamed Bint Jbail the "capital of resistance," a title dating to the fighting in the 1980's and 90's. When Israeli ground troops entered southern Lebanon in the current campaign, the town was one of the first targets, and fighting was first reported on July 23. Captain Daub said that as of Tuesday, Hezbollah was still attacking Israeli armored vehicles on hilltops at either end of the town, and the valley in between was even more treacherous.

"No place there is safe," he said.

Captain Daub has fought the Palestinians in the West Bank and the Gaza Strip in recent years, and like other Israeli soldiers, he said there was no comparison to the combat in Lebanon.

"You can tell Hezbollah has been trained in guerrilla fighting by a real army," he said.

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In the six years since Israel pulled out of southern Lebanon, the Israeli military has warned that Hezbollah was building fortifications and stockpiling weapons. Yet even the Israeli soldiers said they had not anticipated the full-scale battle that has erupted.

Just a few days ago, Staff Sgt. Nir Yousef, 21, was preparing to complete his three years of mandatory military service. He had already turned in his rifle and his bullet-proof vest in advance of his discharge, which was set for last Monday.

But when his combat engineering unit was ordered into Lebanon, he volunteered to stay. On Saturday, the unit entered Lebanon to clear a road to the village of Debel.

As soldiers entered homes in the village, they found hundreds of explosives and weapons. On Monday morning, Sergeant Yousef fired a rocket-propelled grenade at the door of a heavily barricaded house the troops planned to enter.

He hit the door, but it was so well reinforced it did not open, and instead sprayed bits of burning metal back at him, puncturing his abdomen in six places.

"Hezbollah spent six years preparing for us," Sergeant Yousef said. "We took precautions. We came at night, but they were ready to fight."

As the soldiers recuperated in their beds, the thumping of incoming helicopters was audible outside, as more wounded came in from the battlefields of Lebanon.

With wounds still raw, the soldiers at the hospital are already contemplating their future.

Captain Daub said he hoped the doctors would clear him to return to the command of his company as soon as next week.

Sergeant Yousef, who is facing six months of recovery, according to his doctors, expressed regret that he will not be returning to his unit.

And Sergeant Bar-On strummed his guitar in bed, saying the loss of his lower legs would not keep him from performing in his heavy metal band, Vendetta.

Longtime Hezbollah Member Provides Glimpse Into Group (MCT)

By Leila Fadel

McClatchy Newspapers, August 12, 2006

SIDON, Lebanon - Abu Ali sold food and dairy products wholesale in southern Lebanon a little over a month ago. Now he only works for what he calls the resistance, heading Hezbollah on the outskirts of the southern port city of Sidon.

A tall man with a rugged tanned face, Abu Ali sleeps every night in a different place and never uses a cell phone to contact his men. Instead, he carries a two-way radio and whispers in code. At night, his men, about 25 of them, patrol the streets searching for spies. When things turn suspicious, they pull out their weapons and call Abu Ali to investigate the suspects.

As long as Israel is in Lebanon and continues to attack Lebanese land, Hezbollah will fight, Abu Ali said in an interview on a balcony in Sidon. He spoke at a time when diplomats at the United Nations were scrambling to negotiate a cease-fire resolution that might stop the war.

Abu Ali said he was confident that Hezbollah, which provoked the latest conflict by kidnapping two Israeli soldiers and firing rockets into Israel, could fight for a long time. The militia has been preparing for battle for six years, since Israel pulled out of southern Lebanon in 2000. Rocket launchers were put in place. Supplies were stored.

Israel's bombing of Lebanon's bridges, roads and apartment buildings in the past month hasn't destroyed Hezbollah's arsenal, he said.

Although Hezbollah is a militant Shiite Muslim group, its fighters come from across Lebanon, and some are of different creeds, including Christian. But most are Shiites and southerners who know the ins and outs of the land.

"From the moment I was born, I was Shiite and I was raised Shiite," Abu Ali said. "The Shiites in Lebanon are in danger. ... We have no problem with the Americans except through the Israelis."

Many people are ready to fight, he added. Guerrilla fighters in the south number in the thousands, he claimed, and those ready to help them are in the tens of thousands.

As for the Israel Defense Forces: "How long can they last here?" Abu Ali asked.

Abu Ali is his nickname, meaning the father of Ali, the name of his oldest son. Some nights he returns home to his four children and wife, prays at about 4:30 a.m. and then sleeps for two or three hours before his day begins. Other nights he can't be with them for his safety and theirs.

"I'm not throwing myself to death," Abu Ali said. "But there is no fear when you die for the right cause."

He was a Hezbollah guerrilla fighter in the south for 17 years until Israel withdrew from southern Lebanon. He's among the men who were celebrated in what was seen as a national victory in 2000. Now, at 42, he's taken on new responsibilities. Most of Hezbollah's guerrilla fighters are between 18 and 35 years old, he said.

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"The politics hasn't done anything," Abu Ali said, sipping a small cup of strong Arabic coffee and dragging on a cigarette. "They (Israelis) are here. ... I'm upset for the people. The Israelis can't leave the people to live in peace."

He said he became a guerrilla fighter after watching Israel invade, take land and bomb villages. He dropped out of college and asked to fight. This is not terrorism, he said. This is resistance.

"I saw this life we lived in the south," he said. "This is our land. They (the Israelis) came to it. We did not come to them."

He went through rigorous training both inside and outside Lebanon.

During the conversation he was interrupted by his English-speaking wife, who offered soda and coffee. His daughter, in a green sleeveless top and pants, wandered in to say hello to his guests.

During the day, he helps the displaced get food, supplies and a place to stay. At night, he keeps the neighborhoods here on the outskirts of Sidon safe, he said.

Sidon is a mostly Sunni city. It's the hometown of a well-known Sunni, former Prime Minister Rafik Hariri, who was assassinated last year. Even so, Shiite Hezbollah is also here.

Abu Ali's men move stealthily through the city, masking themselves in the dark of night, ready to surprise suspected Israeli spies who may be sending signals to Israeli aircraft.

With four children under the age of 14, Abu Ali worries about their safety in this time of death and destruction. He has in mind a secret place for them to go. But Sidon will always have Abu Ali protecting it, he said.

"I'm a soldier," he said. "Across the entire world what Israel is doing is forbidden."

Human Rights Council Condemns Israel (WT/AP)

By Eliane Engeler

The Washington Times/AP, August 12, 2006

GENEVA -- The U.N. Human Rights Council yesterday condemned Israel for "massive bombardment of Lebanese civilian populations" and other "systematic" human rights violations, and decided to send a commission to investigate.

European countries, Japan and Canada voted against the resolution, primarily because it lacked balance in failing to name the Hezbollah militia.

The United States, which is an observer, has no vote on the 47-member council.

Israeli Ambassador Itzhak Levanon said the discussions were one-sided, referring only to civilian losses in Lebanon while ignoring the deadly Hezbollah missile attacks on northern Israel.

"It is painful and regrettable that the council made a distinction between the sufferings, the blood and the deaths, and this failure will forever be written in the annals of that body," he said.

The council voted 27-11 to pass the resolution, which was proposed by the 57-country Organization of the Islamic Conference (OIC).

Among those voting for the resolution were China, Russia, India, Cuba, Brazil, Argentina, Mexico, Peru, Ecuador, Uruguay, Zambia and South Africa. Guatemala and seven other countries abstained.

Although the OIC refused to insert "Hezbollah" in the text, it amended its wording to make an indirect reference to the Lebanese militia, urging "all concerned parties to respect the rules of international humanitarian law [and] to refrain from violence against the civilian population."

Louise Arbour, the U.N. high commissioner for human rights, told the council it was obligated to consider violations by both sides.

"Israeli attacks affecting civilians continue unabated," she said. "Also unrelenting is Hezbollah's indiscriminate shelling of densely populated centers in northern Israel which has brought death and destruction.

"There have also been repeated allegations of Hezbollah's systematic use of civilians as human shields," she said.

It was the second time the new council has singled out Israel in emergency sessions this summer.

In a meeting July 6, the body voted 29-11 to deplore Israel's military operations in the West Bank and Gaza Strip. It has no powers to punish countries beyond public condemnation.

The resolution said an inquiry commission should go immediately "to investigate the systematic targeting and killings of civilians by Israel in Lebanon; to examine the types of weapons used by Israel and their conformity with the international law; to assess the extent and deadly impact of Israeli attacks on human life, property, critical infrastructure and the environment."

The OIC, which gathered enough signatures to require yesterday's meeting in Geneva, kept its focus only on Israel.

Soldier Was Determined To Fight For Israel (LAT)

By Stephen Braun And Laura King

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The Los Angeles Times, August 12, 2006

`Mikey' Levin grew up in Pennsylvania. Instead of going to college, he moved to the place he wanted to settle in, and where he'd be buried.

NEWTOWN, Pa. — With a killer smile and irrepressible will, Michael Levin always seemed to get what he wanted.

A rambunctious Jewish kid from suburban Philadelphia, he yearned for a life in Israel and, improbably, a paratrooper's wings. His parents wanted him to attend college, but his mind was made up.

Barely out of high school, Levin settled in Israel, struggled to learn Hebrew and set about winning a coveted assignment in the Israel Defense Forces. His commanders told him he was too thin to make it as a paratrooper. But the young man everyone called "Mikey" would not be deterred. He bulked up, became a crack sharpshooter and made the cut.

So when his grieving parents had to choose between burying their only son in Israel's national military cemetery or bringing him home to the rolling landscape of Bucks County, they granted Mikey his final wish.

Mortally wounded during a firefight with Hezbollah guerrillas in southern Lebanon this month, Levin, 22, was buried on an Israeli hillside.

His death so moved Israel's armed forces that IDF sound trucks drove the streets of Jerusalem before Levin's military funeral, urging residents to honor "a holy man." And his passion for Israel has stirred young Zionists and Jewish congregations across the U.S., personalizing a conflict that has at times seemed remote and politically muddied.

"Michael's story of sacrifice has captured the minds of people all over the country," said his father, Mark. "My son was a hero in every sense of the word."

Life-size portraits of the soldier and fragrant flowers filled a Newtown synagogue this week as more than 1,500 people crowded inside during a raging thunderstorm.

Clustered at the front were Levin's family and friends, dozens of whom had come by bus from Camp Ramah, a Jewish overnight camp where Levin had kindled his determination to move to Israel. Sitting behind them were hundreds of mourners, many of them young Zionists, who had never met the paratrooper but had come from across the East Coast to pay their respects and honor a kindred spirit.

"Michael did what we all wish we could do," said Ari Goldner, 23, who drove from New York City with two friends for the memorial service. "He died a hero fighting for the land he loved."

According to his father and a brief account by the IDF, Michael Levin had been sent with his paratroop unit the morning of Aug. 1 to take a house occupied by Hezbollah fighters in the village of Aita Shaab. During fighting that left two other Israeli soldiers dead, Levin was killed when an anti-tank artillery round exploded as he searched the building.

Like so many fallen soldiers and storied leaders, Levin was buried at the Israeli national cemetery at Mt. Herzl, a rocky outcrop on Jerusalem's outskirts. Hundreds attended the ceremony, milling beneath pine trees around Levin's family and his simple wooden coffin. Wearing dress uniforms and maroon berets, fellow paratroopers quietly laid their service wings on his grave.

"From the beginning, I was struck by his incredible motivation," said Levin's IDF commander, Noa Pheterson, 21. "He was a very special person."

The Levins had known that about Mikey almost from his birth. "From the very beginning," Mark Levin said, he and his wife, Harriet, "knew that Michael would leave his mark on the world."

It started with the Levins' garage door. Obsessed with ice hockey, Mikey riddled it with dents as he practiced slap shots day after day.

"No matter how much he was told to stop, he kept doing it," said Rich Waloff, a neighbor and close family friend. "He was just full of energy about everything he did."

The Levins are Conservative Jews who raised their son, his twin sister, Dara, and his older sister, Alisa, to keep kosher. They attended services at Tifereth Israel, a growing congregation in nearby Bensalem — one of many exurbs in the verdant stretch between Philadelphia and Trenton, N.J.

During his teenage years, Mikey showed up for class at Council Rock High School wearing a yarmulke and Israeli-made Naot sandals. He endured anti-Semitic cracks from classmates and even complaints from his father, who wondered aloud how his son could wear the open-toed sandals while sitting in frigid temperatures at Philadelphia Eagles games.

By his senior year, Mikey had come to a critical decision: He wanted to move to Israel and join the army.

The Levins understood their son's love for Israel. During eight summers at Camp Ramah, he had been taught Hebrew by Israelis and told bedtime stories about their land and its history.

But his desire to become a soldier seemed to come from another place. According to several close friends and Rabbi Jeffery Schnitzer, who heads Congregation Tifereth Israel, Levin grew curious about Israel's military lore during a high school tour

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of the country in April 2001. On a visit to Mt. Herzl, Levin was transfixed by the stone-walled gravesite of Yonatan Netanyahu. The brother of former Prime Minister Benjamin Netanyahu, "Yoni" Netanyahu was a decorated Israeli soldier killed in 1976 while leading the rescue of hostages at Entebbe Airport in Uganda.

Dani Miller, one of Levin's closest friends, witnessed the transformation. "It was love at first sight," Miller said. "When you're 16 and you hear about a guy who died in this heroic way, your imagination runs wild."

Even though the Levins knew their son was intent on settling in Israel, they were equally determined that he get a college education. Mark Levin took his son on college tours and threatened to withhold his passport. But his son was adamant. Says Rabbi Schnitzer, "I told Mark that he could cut off his son's legs, but he'd still get there."

Soon after high school graduation, Michael Levin showed up alone in Israel and plunged into his new life. At Kibbutz Yavneh, near the city of Ashdod, he began studying Hebrew and applied to the IDF for a slot in a paratroop unit. Dava Heksher, his language teacher, was struck by his military obsession. "He was always talking about the army," she recalled.

Even after he was accepted as a recruit, Levin — at 5 feet, 6 inches and 118 pounds — was a longshot to become an elite paratrooper. During training jumps, he drifted perilously off course because he was too scrawny. So trainers attached weights to his parachute — a practice he continued throughout his stint in the IDF. Levin began pumping iron and filled out, although his gun belt still drooped below his hips.

Pheterson met Levin in August 2004, when he entered a three-month basic training program for recent immigrants. And she was the one who told him that he had been accepted into the paratroopers, presenting him with a piece of cardboard cut into the shape of a parachute and inscribed with the force's motto: "Follow me to the paratroopers!"

"He was so excited," Pheterson said. "He had a big smile."

The two stayed in touch after Levin joined his unit. His only complaint was that he wanted to do more. "He used to call me and say they were doing nothing but guard duty," she said. " 'I want to do the real thing,' he would tell me. 'I want to fight.' "

But when Israeli forces rolled into Lebanon in late July, Levin was back in Bucks County on home leave. He had shown up at his parents' door hiding inside a giant UPS box — a prank he cooked up with Alisa. As the situation in the Middle East deteriorated, Levin grew antsy. He called his unit and was told to return for combat.

He said his good-byes to his parents at Kennedy International Airport in New York, in his usual wisecracking manner. But then he grew somber. "He said: 'Don't worry about me, I'm doing what I want to do,' " his father recalled. "He said, 'If God should decide to call me home, I'm fine with that. If something happens to me, please bury me at Mt. Herzl.' "

The day before Levin went on his final mission, he spent a few hours with his friend Dani Miller in the northern Israeli town of Tiberias, near the Golan Heights. Under a punishing sun, they reminisced about life back in the States, careful not to talk about the hazards of war.

"Mike was never scared," Miller said. "He knew … that he could be killed at any minute. But he didn't dwell on it." When his commander informed him that he had only 10 minutes before they returned to Lebanon, Levin escorted his friend to the bus. "We hugged, and I told him to be careful."

The next morning, according to Mark Levin, his son's unit was in a fierce gun battle with Hezbollah fighters hiding in a group of houses in Aita Shaab. When a commander ordered a group of paratroopers to storm one of the houses, they hesitated.

"The officer said to Michael, 'You take the lead,' " Mark Levin said. "He sprayed enough cover fire for the soldiers to get into position."

Levin, Schnitzer said, "died before he hit the ground."

His grieving parents thought briefly about bringing his body home. But they knew what he wanted. They quickly arranged for his burial at Mt. Herzl. And in his memory, they laid plans to start up the Michael Levin Memorial Fund to provide social support for "lone soldiers," foreign-born Zionists — like their son — who have moved to Israel to fight for their adopted homeland.

Burying their son at Mt. Herzl "was the most important decision of our lives," Mark Levin said.

"It brought us a lot of closure. And it was the last thing we could do for Michael."

One final time, he had his way.

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Braun reported from Newtown and King from Jerusalem. Times researcher Batsheva Sobelman in Jerusalem contributed to this report.

At Temporary Haven, Tales Of Refugee Woe (WP)

By Nora Boustany, Washington Post Foreign Service

The Washington Post, August 12, 2006

'There Was Destruction All Around Us'

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JAZZIN, Lebanon, Aug. 11 -- Mustafa Bitar had a dangerous job, sweeping the terraced orchards and rolling hills of southern Lebanon for land mines left behind during previous wars. His mission was to save lives.

But four weeks ago, Bitar had to save his own family. As the warfare between Israeli troops and Hezbollah fighters moved close to the town of Habboush where he lives, Bitar gathered up his family and fled to Jazzin, 10 miles northeast. Each time a plane approached, the screams of his 6-year-old son, Ali, were just too much to bear, he said.

"Every time he hears a plane humming in the sky, he starts sobbing and howling. War just came. The Habboush bridge was hit a few yards from us, and I had to save my family," Bitar said, cradling his 11-month-old daughter, Israa, in his arms. Ali clung to his father's leg as jets in the distance droned noisily.

Bitar and hundreds of other refugees waited in the blazing sun for a box of canned food being handed out by Mercy Corps, an international relief organization that had endured a circuitous route from Beirut, through a mountain area populated by Druze, to Jazzin.

"You could say my life has regressed," Bitar said quietly, his unshaven face gaunt as he described his work with the Mines Advisory Group, a humanitarian organization based in Britain.

More than 11,000 refugees have arrived in Jazzin and surrounding towns since the crisis began. As they huddled in municipal buildings, monasteries and schools, tempers flared and passions hardened as discussions about a U.N. draft resolution dragged on and the Israeli ground offensive pushed farther north.

On Friday, Israeli shelling in the area hit a convoy evacuating members of the U.N. Interim Force in Lebanon and Lebanese soldiers in the western Bekaa Valley, killing at least four people. A day earlier, two men were killed and nine people were wounded in Israeli airstrikes in the nearby market town of Nabatiyeh.

Nabil Ghoulosh, 45, a father of six who fled the village of Jbaa, tensely fingered his orange worry beads as he leaned against a car near a Mercy Corps truck. "I had a job, a home and now we are being humiliated as we line up for handouts," he said.

Three Mercy Corps trucks carrying eight tons of food for residents in Nabatiyeh and nearby villages were re-routed to Jazzin on Friday after the only road into Nabatiyeh from Jazzin was hit Thursday and Friday as Israeli troops and tanks moved forward and clashes flared in the hills.

Men, women and children swarmed the courtyard of the Maria Aziz Technical School as workers unloaded food from one of the trucks. Clusters of people -- strangers until this week -- shared classrooms inside the building, their living space separated by sheets held up with laundry clips.

Hassan Najdi, 18, walked three days through vineyards and peach orchards from Srifa to reach Sidon, then caught a bus to Jazzin. "We saw death with our eyes," said Najdi, who made it to safety with his younger brother, two sisters and parents. "There was destruction all around us, and some 20 bodies along the way."

Najdi described how villagers, including his younger siblings, had piled into trucks to flee. "Our house is uninhabitable. It did not receive a direct hit but its walls are cracked. There was no room for me in the pickup truck so I came through the fields. There was so much dust, sand and rocks flying around, I could barely see."

His brother, Ali, 12, said he was playing football when the rockets first hit a school in Srifa. "I left with everyone and my goat Lulu. There were too many villagers and not enough room on the trucks and some people had to walk," he said. "I did not want to leave without Lulu. She was my favorite."

"All I want is to be able to go back to my village and live with the people I know and like around me and not spend my life sleeping under some olive tree. And I don't want Siniora to cry," Hassan Najdi said, referring to Lebanese Prime Minister Fouad Siniora, who wept Monday during an address as he spoke about children killed in the fighting.

Fighting raged Friday on the outskirts of Marjayoun, 10 miles north of the Israeli border. International relief workers and the mayor of Nabatiyeh, Mustapha Badreddine, said Lebanese police and army personnel there were being evacuated by U.N. soldiers to Nabatiyeh and to the Druze and Christian township of Hasbaya. The International Committee of the Red Cross sent an advance team and a bus to help evacuate residents in Marjayoun.

Afif Salameh, 40, a barber, and Imad Daaher, 65, were killed Thursday when bombs and rocket fragments from a fight between Hezbollah fighters and Israeli soldiers in the nearby hills of Kfar Roummane rained down on Nabatiyeh.

Last Monday, Mercy Corps was forced to unload supplies in Sidon after the road to Nabatiyeh was destroyed. Mercy Corps had advised the Israel Defense Forces of its planned route but did not wait for approval, according to Cassandra Nelson, a spokeswoman for the organization.

The group set up a warehouse Friday in Jazzin as a first step toward helping sustain the people who had fled the fighting.

Glass and surgical equipment was shattered at the Popular Rescue Hospital in Nabatiyeh, said Badreddine, the town's mayor. In a telephone interview, he said he was able to leave his home only five times in the past 10 days. At least 7,000

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residents remained there, he said. "These are old people who cannot go too far anyway and who don't have the means to leave," he added.

Two truck drivers braved aerial shelling on the road from Nabatiyeh through Sidon and then east to Jazzin to ferry badly needed supplies. "Whoever stayed has no way of leaving," said one of the drivers, Mohammed Mahdi, 46, a retired army officer recruited by the government-linked Higher Relief Agency.

As he left Nabatiyeh, the road was bombed from the air, forcing him to stop, he said upon arriving in Jazzin. "There were fires on the left, fires on the right in the fields," he said. "The first thing they struck in Nabatiyeh were the warehouses, the commercial shops and the fuel tanks and gas stations."

"They are running out of luck," Richard Jacquot, a French Mercy Corps official, said about the increasingly isolated residents of Nabatiyeh and the refugees.

"There is no worse situation to be in for a people than to be waiting for death," said Gloria Shweiri, 47, a Mercy Corps worker from Beirut.

Lebanese Speak Out On The Web (WT)

By Adoree Kim

The Washington Times, August 12, 2006

Web logs, or "blogs," have become popular with computer-savvy Lebanese looking to express their anger and grief over the monthlong war between Hezbollah and Israel.

The blogs range from furious rants against Israel and the United States to sentimental pessimism for their war-battered nation, which only recently held elections that were hailed as a model for emerging democracies in the Arab world.

One Web site, "Electronic Lebanon," features a blog entry titled: "War is becoming a way of life," written by artist Zena el-Khalil from Beirut.

"Blogging is a means of survival," Mrs. el-Khalil, 30, told The Washington Times by telephone yesterday.

"It is my way of letting my friends and other people abroad know more about my situation here. ... I am able to say things that politicians and reporters cannot talk about," she said.

Mrs. el-Khalil began writing e-mails to her friends and family the first night of Israeli air strikes.

She soon realized that communicating by blogging would be easier because there was an electricity shortage and she would only have to be online for a few minutes to post her updates.

"They say that history is written by the winners. In this war, there are no winners, but we can at least know that we did our best to document it so that the world does not forget," Mrs. el-Khalil said.

Other blogs engage in political exhortations, such as urging Lebanese nationalists to take action.

"We stress and add the urgent need TO ACT," writes Moussa Bashir from Beirut on his blog called UrShalim.

A blogger who calls himself Zadigvoltaire accuses Israel and the United States of indifference over the July 30 bombing in Qana, in which 28 civilians died, including 16 children.

"Poor Israel, Poor Israelis. ... They can make a mistake and kill tens of children and apologize and the U.S. quickly forgives them. ... Lebanese children are Hezbollah supporters that should die for the new and democratic Middle East that George Bush has promised the world," Zadigvoltaire wrote sarcastically in his "Beirut Notes" blog.

The same writer is just as furious at Hezbollah and its leader, Sheik Hassan Nasrallah, for starting the war.

"Get out of Lebanon Hassan and take your ideology of death and hate with you," Zadigvoltaire wrote. "Go to heaven and let us live in the pro-American hell in peace and prosperity like many other places in the Middle East and Asia."

Not all Lebanese bloggers write of doom.

"I have never seen so much unity in Lebanon as I've seen in this war. ... People are actually SMILING at each other at supermarkets and on intersections, and opening their houses for complete strangers," wrote another blogger, who calls himself Fadi.

Churches Mum On Israeli Offensive (WT/AP)

The Washington Times/AP, August 12, 2006

ASSOCIATED PRESS

In the flurry of pro and con statements from American Christians regarding Israel's strikes on Hezbollah guerrillas, one major religious group has remained notably quiet -- evangelicals.

The most influential organizations in the movement, usually vocal backers of the Jewish state, have made no formal comment on the war in Lebanon despite pleas from Israelis that they do so.

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Among those who have taken no official stand are the National Association of Evangelicals, which represents thousands of local churches and ministries, the 16.2 million-member Southern Baptist Convention and James Dobson's Focus on the Family.

The Rev. Ted Haggard, president of the evangelical association, insists the inaction is not a criticism of Israel, but reflects a new caution about the risks for Christians living in Muslim countries. After the September 11 attacks, American evangelicals came out strongly against terrorists, with some calling Islam a violent religion. That created a backlash overseas.

Mr. Haggard said Israeli Embassy officials called him several times a day during the first two weeks of the conflict, which erupted last month, asking for a public expression of support. He declined.

"Our silence is not a rejection of Israel or even a hesitation about Israel. Our silence is to try to protect people," said Mr. Haggard, pastor of New Life Church in Colorado Springs.

"There's a rapidly growing evangelical population in virtually every Islamic country. Much of it is underground in the countries that are more radicalized, and many of the Christians survive based on their neighbors just ignoring the fact that they don't go to mosque."

Asked for comment, Richard Land, head of the public policy arm of the Southern Baptist Convention, said only that, "Southern Baptists overwhelmingly support Israel's right to live at peace with her neighbors within secure borders and they pray for the peace of Jerusalem to prevail in the Middle East."

Paul Hetrick, a spokesman for Focus on the Family, said yesterday that his organization was "contemplating issuing a statement."

The three groups have far greater impact on public policy than do Christian Zionists, a minority among conservative Christians who back Israel unequivocally because they see its existence as part of biblical prophesy.

Many evangelicals have individually expressed support for Israel. Evangelist Pat Robertson was in Jerusalem this week, where he joined hands with Israeli Prime Minister Ehud Olmert to pray for victory in Lebanon.

However, Mr. Robertson's support among American evangelicals is waning and other conservative Christians have quietly expressed concern about the hundreds of Lebanese civilians killed.

While Israel is the biblical homeland, Lebanon also holds a special place in the Christian community.

About 36 percent of its population is Christian, composed mostly of Orthodox Christians and Roman Catholics, according to the World Christian Database at Gordon Conwell-Theological Seminary. And Christians across the spectrum of belief have long-standing missionary ties there, setting up hospitals, schools and other ministries.

The Web site of Christianity Today, a top evangelical magazine, has drawn comments from Lebanese Christians pleading with evangelicals to do more to end the violence.

"I think there is a little concern about being too closely identified with Israel on the part of some evangelicals," said Corwin Smidt, a political scientist at Calvin College in Grand Rapids, Mich., who studies evangelicals. "I think there is some uneasiness."

Talking Over The Din Of War (WP)

By Omar Sacirbey, Religion News Service

The Washington Post, August 12, 2006

U.S. Jews, Muslims Strive to Maintain Interfaith Dialogue

Rabbi Stephen Julius Stein received a phone call last month that he's not sure he would have received a few years ago. A Syrian American friend called to say how sorry he was about the violent conflict now roiling the Middle East.

Not sorry for any particular group, "he was sorry for it all," said Stein, a rabbi at Wilshire Boulevard Temple in Los Angeles. "And I'm sorry for it all, and that's where our common ground is."

Such an encounter might have been hard to imagine during earlier periods of violence in the Middle East. But an unprecedented swell of interfaith activities followed the terrorist attacks of Sept. 11, 2001, and American Muslims and Jews have found common ground as religious minorities with shared theological and social values.

Agreement on Middle East politics has remained elusive. Muslim-Jewish relations in the United States have been challenged by Israel's bombing and ground operations in Lebanon after Hezbollah abducted two Israeli soldiers and later launched hundreds of missiles over the border. Members of both groups are deeply connected to the region through family and religious bonds.

"It always makes it more difficult. And given our attachment to that part of the world, it puts a strain on things," said Malik Khan, president of the Islamic Center of Boston in Wayland, Mass. Khan's center has carried on an interfaith partnership with Temple Shir Tikva, a congregation a few mailboxes down the road. "But our effort is to build bridges and strengthen those bonds."

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Rachel Havrelock, a Jewish studies professor at the University of Illinois at Chicago, said he worries that the Jewish and Muslim student group she helped start in November might not be able to survive the turmoil in Lebanon and Israel.

Some of the group's members are Lebanese or Israeli and are in their home countries now.

"Whenever they come back, we'll have to find a way to talk with each other," Havrelock said. "I think there's going to be a lot of anger and emotion."

Although the number of Jewish-Muslim groups in America is elusive, it is clear that they can be found across the country, from San Diego to Boston and from Milwaukee to San Antonio.

A survey sponsored by the University of Minnesota's Center for Restorative Justice and Peacemaking found that most of the groups it identified were one to five years old. The survey, conducted in 2003, also found that groups usually met once or twice a month and ranged in size from five to 20 people, although some had 100-person mailing lists.

When the Islamic Masumeen Center in Hopkinton, Mass., and the American Jewish Committee launched their dialogue in 2003, "there was extreme skepticism in both communities," said Mahmud Jafri, president of the center. How to build trust and whether certain issues could be discussed were also concerns, he said. "Thus, the first year or two was spent tiptoeing through the tulips to make sure we really had a bona fide dialogue partner."

Now, the group has more than 80 members from several congregations in suburban Boston, and it meets formally four times a year and informally much more often. Jewish and Muslim members said that the time has been well spent and that they have established basic agreements, beginning with the idea that no conflict can be solved by violence.

"I'm clear that the understanding of our Muslim partners of Israel is much deeper than it was ever before," said Suzi Schuller, associate director of the Boston chapter of the American Jewish Committee, which initiated the dialogue with the Islamic center. The committee, like a few other Jewish groups, arranged trips for American Muslims to Israel, and both sides say the trips have improved Muslim understanding of Jewish concerns about Israel.

Jews and Muslims in the United States have also found common ground as Americans. "Why should I let [Israeli-Arab] fighting come between me and other Americans?" asked Abdul Rauf Campos-Marquetti, who belongs to Albuquerque's Islamic Center of New Mexico.

The mosque's "peace walks" with nearby Temple Nahalat Shalom have led to more activities, such as concerts, interfaith prayers and dinners. Campos-Marquetti and other Muslim and Jewish activists stressed that the two faiths are as close to each other as Judaism and Christianity.

In some communities, Muslim-Jewish relations have become close enough that they can talk about Middle Eastern politics, even passionately but without losing their tempers, said several interfaith leaders. "We have fierce discussions," Jafri said. "You do see people being passionate about their issues, and you do see people taking a stand." As long as people "agree to disagree" and keep an "environment which is simple," the passion is all right.

"Times like now, things can become a little tense. But the relationships we have developed are pretty solid," Campos-Marquetti said. "And when you develop a warm friendship, that supersedes those things." But, he added, newer interfaith dialogues that his mosque has started with two other, more conservative Jewish congregations might be too fragile to withstand debates about Middle Eastern politics.

Huge Oil Spill Off Lebanon Threatens To Ravage Life In The Sea (MCT)

By Hannah Allam

McClatchy Newspapers, August 12, 2006

BEIRUT, Lebanon - A massive oil spill off the coast of Lebanon is choking marine life, polluting the air as it evaporates and threatening to produce a long-lasting ecological disaster if Israel doesn't allow cleanup crews into the sea soon, environmental officials here warned Friday.

Between 10,000 and 15,000 tons of heavy fuel oil poured into the Mediterranean Sea after Israeli jets bombed a power plant south of Beirut in mid-July, during the first days of the war between Israel and Hezbollah militants. A month later, Israel's maritime blockade is still in place, making Lebanese coastal waters far too dangerous for specialized teams to get to work on the spill, environmental officials and activists say.

While international attention is focused on the human casualties of Israel's month-long bombing campaign, the Lebanese government also is pleading for help to save its pristine beaches and fragile underwater life.

"The turtles are hit, the dolphins are hit, the urchins are hit, the corals are hit," said Yacoub Saffar, Lebanon's environment minister. "We are facing a major ecosystem failure."

The spill already has reached Syrian waters north of Lebanon, and the governments of Cyprus, Turkey and Greece are on alert as strong tides spread what experts are calling the worst spill ever in the Mediterranean and a disaster comparable to the

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Exxon Valdez spill in Alaska in 1989. The United Nations, the European Union and Greenpeace International have dispatched experts to assess the damage, but no real cleanup can occur until the waters are safe again for boats.

Cleanup efforts are expected to take more than a year and cost more than $150 million.

The crisis began on July 13, when Israeli air strikes targeted fuel storage tanks at the Jieh power plant, about 19 miles south of Beirut. Another strike at the same site came two days later. The tanks caught fire and burned for weeks, as thousands of tons of industrial fuel oil washed into the Mediterranean. The early bombing campaign against Lebanese infrastructure was so intense, Saffar said, that the government was unable to conduct a comprehensive study of the damage. He added that it was only on Aug. 2, nearly three weeks after the last strike, that the Israelis provided aerial photos of the damage.

Satellite photos show the spill as a series of oily blobs darkening the aqua waters just half a mile from Lebanon's coast. The spill runs 93 miles long and more than 8 miles wide at some points, and it is contained in a small sea rather than an ocean.

"This is like a spoonful of sugar in a cup of tea. If you dump it in a bathtub, it's different," Saffar said. "And the Exxon Valdez treatment started 72 hours after the spill. We are 25 days late."

The damage already is visible at several beach resorts, where inky waves have washed oil-covered fish and birds ashore. The fuel's most volatile elements are the first to evaporate, which sends toxins into the air in and around Beirut, experts said. A greasy, gray film has shown up on cars near the coast, and the government warns that it's just a matter of time before the pollution causes headaches and nausea among Lebanese fishermen and coastal residents. The government has advised all Lebanese to stop eating seafood until the scope of the pollution is determined.

"All along the bay, it's just a strip of oil. The white sands have become black beaches," said Zeina Alhajj, who's studying the disaster for Greenpeace International. "The water is full of oil and debris and dead fish. We saw crabs full of oil, struggling, fighting."

Paulson Urges More Renminbi Flexibility (FT)

By Krishna Guha In Washington

Financial Times, August 12, 2006

Hank Paulson, US treasury secretary, on Friday pressed China to allow greater appreciation of the renminbi, urging Beijing to see this as means to deal with its own economic challenges.

In a television interview with CNBC in Chicago, Mr Paulson said: “One thing clearly Chinese leaders have to be very careful about is making sure they don't have an economy that overheats.”

He added: “When you’re talking about imbalances in China, there’s no doubt that in the short term they need to show much more flexibility on renminbi.”

The new treasury secretary, a China expert, distinguished this from the “longer term” objective of a renminbi “traded in a competitive open marketplace”. Mr Paulson said that in order to reach that goal, “we need their financial system to be open, and open to competition”. He noted that in the long run, “China needs to make the transition from an export-driven economy to one that consumes more”.

Mr Paulson stressed the importance of the US-China economic relationship and urged Beijing to improve enforecement of intellectual property rights, arguing that this was “also in China’s best interest”.

“They are not going to be able to move from being a low-cost manufacturer to moving up the value-added chain until they have an enforcement regime that protects intellectual property,” he said.

On US growth, Mr Paulson said "we appear to be making a transition…to a more sustainable level of growth."

Mr Paulson’s remarks come as the US is paying close attention to hints that China might be preparing to permit greater currency appreciation. The People’s Bank of China said in its second quarter monetary policy report this week that “appropriate use” should be made of the exchange rate as a means to achieve “overall balance.” China has also permitted slightly greater daily volatility in the renminbi. A US official said the signals were “clearly positive” but cautioned that the US has been disappointed on similar occasions in the past.

“The PBoC always says good things, but they are not autonomus,” the official said. “What we need to see at the end of the day is not signals and soothing words, but greater flexibility in the currency.”

But the US does think there is a growing recognition in China of the fact that exchange rate appreciation could play a helpful role in cooling and rebalance its economy. With Senators Chuck Schumer and Lindsey Graham promising to put their bill threatening punitive tariffs on Chinese goods to a vote by September 30, and Mr Paulson expected to visit China in September or October, any further appreciation could be timely.

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Some analysts see the outline of a potential informal deal, by which China would give Mr Paulson some currency appreciation, in return for Mr Paulson the US debate on China to span a more comprehensive range of issues, including financial sector reform and intellectual property rights.

Seoul Grapples With Timing Of Troop Transfer (FT)

By Song Jung-a In Seoul

Financial Times, August 12, 2006

South Korea is facing growing controversy over the proposed transfer of wartime command of its troops from the US, after President Roh Moo-hyun said this week that the time had come for South Korea to defend itself.

The issue is divisive in South Korea with the ruling party and young people supporting the government proposal to take back wartime control by 2012, while the opposition party and conservative groups attack it due to security concerns.

Thousands of protesters, including former defence ministers and war veterans, held a rally in Seoul on Friday to protest the proposal. They urged the government to halt talks with Washington, saying the "premature" move would undermine Seoul's alliance with its long-time ally and weaken deterrence against North Korea, with whom it is still technically at war.

"They should stop discussing the issue of taking back operational command and disbanding the Korea-US joint forces command at a time when the Korea-US alliance should be strengthened in the wake of North Korea's missile crisis," the war veterans group said in a statement.

South Korea has been in talks with the US since last year to take back wartime command, but the issue came under the spotlight this week after Mr Roh said South Korea was ready to take over wartime control immediately.

"The time has come for South Korea to defend itself," Mr Roh told Yonhap News on Wednesday. "We have the capability. There will be no problem with national security. South Korea's defence capabilities have been much underestimated while North Korea's military threats have been overestimated."

Mr Roh, who was elected on a wave of anti-American sentiment and has vowed to act more independently of the US, is determined to take over wartime command as he views it as "the key to self-reliant national defence, which is the flower of a sovereign nation".

Although he said South Korea's military power was strong enough to take over wartime control "even now", he expected the move to take place in 2010 or 2011, when the relocation of the US forces in South Korea is completed.

South Korea ceded its military command to US-led UN forces during the 1950-53 Korean War. It took back peacetime control in 1994.

US officials support the South Korean proposal. The two sides aim to prepare a roadmap for the plan by October, when their defence chiefs meet in Washington for annual talks. The US, which currently has about 30,000 troops in South Korea, plans to reduce the number to 25,000 by 2008, as part of the global redeployment of its troops.

Sun Joun-young, professor at Kyungnam Univerisity, said: "Some may say the alliance has become weaker but the transfer of wartime control does not change bilateral relations fundamentally. And it does not mean that the US won't support us when war breaks out."

S. Koreans Rally In Support Of Alliance (WP/AP)

By Jin Man Lee, Associated Press

The Washington Post, August 12, 2006

Plan Would Alter U.S. Military Role

SEOUL, Aug. 11 -- Thousands of South Koreans, including former defense ministers wearing their old military uniforms, rallied Friday in Seoul demanding that the president halt moves to retake wartime command of the country's military from the United States.

"Stop the plot to destroy the Korea-U.S. alliance!" protesters chanted during a rally in front of the city's central train station.

Over their heads flew balloons strung with placards bearing the images of the South Korean and U.S. flags side-by-side.

Police said about 5,000 people, many of them elderly veterans, turned out for the demonstration, which underlined the worsening divide in South Korean society over the government's push for the return of wartime command.

South Korea transferred control of its forces in 1950 to a U.S.-led U.N. command that helped the country repel invading communists from North Korea during the 1950-53 Korean War. Although peacetime control of the military was given to the South in 1994, the United States would take control of the South's military if war broke out on the Korean Peninsula.

South Korea and the United States have been in talks on the issue since the government in Seoul formally proposed taking over the command last year.

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The two sides are expected to draw a road map for the proposed transfer when their defense chiefs hold annual talks in October in Washington.

The issue has recently become a hot topic in security-sensitive South Korea -- which faces the communist North across the world's most heavily fortified border -- as critics stepped up their campaign against the government's move.

Among those speaking publicly against the plan have been many of the country's former defense ministers, who argue that the command transfer is premature and would unravel the country's alliance with Washington and undercut deterrence against North Korea.

"I oppose taking over the operational command. It's premature," Lee Sang Hoon, defense minister from 1988 to 1990, said at Friday's rally.

President Roh Moo Hyun rejected the criticism this week, saying that the South's military is strong enough to take over the command anytime and that leaving it with the United States is a slight to national sovereignty. His blunt rebuff further fueled the debate.

Cubans Urged To Stay On The Island (WT)

By Stephen Dinan

The Washington Times, August 12, 2006

The Bush administration yesterday announced a change in immigration policy toward Cuba designed to punish the current oppressive regime and to encourage Cubans to stay and work for democracy rather than migrate en masse to the United States.

One change will open up more slots for Cubans looking to unite with family members already in the United States, but reduce those given by discretionary lottery. The new policy would also punish those who attempt illegal immigration by establishing a list of Cubans interdicted at sea and making them ineligible for the new benefit.

"We urge the Cuban people to stay on the island, so that they may work for their freedom and a democratic society," said Department of Homeland Security Deputy Secretary Michael Jackson, who said a mass exodus from the island nation could cost lives at sea.

Also under the new policy, the State Department will keep a list of Cubans "in certain positions of authority in the Cuban government or known to have been engaged in persecution of others," and they will be banned from immigrating to the United States.

That change comes a week after President Bush said his administration would "take note of Cuban leaders who try to obstruct progress toward freedom."

Cuban leader Fidel Castro has not been seen in public since July 26. Five days later he temporarily handed power to his younger brother, Raul, while he recovers from stomach surgery.

U.S. officials from Mr. Bush on down have said they are in the dark about Mr. Castro's state of health.

Yesterday, the State Department predicted Cuba's communist government may renew its efforts to assert control and assure the successful transition from the elder Castro to his brother, but the plan won't succeed in the end.

"While we might be at a moment of great change, we might also be at a moment of actually the regime hardening as it attempts to assert its control," Assistant Secretary of State Thomas A. Shannon Jr. told reporters. "Ultimately, there is no political figure inside of Cuba who matches Fidel Castro.

"When a rotor comes off a helicopter, it crashes. When a supreme leader disappears from an authoritarian regime, the authoritarian regime flounders."

Under yesterday's new immigration rules, the total number of annual visas, refugees and parolees under the Special Cuban Migration Program will remain at about 21,600 per year. But 7,500 of the 12,500 lottery slots will be used to reduce the backlog in family-reunification claims.

In addition the Bush administration is seeking to pinch Cuba's medical system, a source of international prestige for the communist regime. Under new rules, medical personnel assigned by Cuba to study or work in a third country will be allowed to enter the United States instead.

Mr. Castro has sent thousands of doctors to Venezuela, for example, in exchange for Venezuelan oil.

• This article is based in part on wire service reports.

U.S. To Relax Immigration Rules For Cubans (AP)

By Lara Jakes Jordan

AP, August 12, 2006

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The Bush administration said Friday it will relax immigration rules for a limited number of Cubans, focusing largely on reuniting families who have relatives in the United States.

The policy shift comes nearly two weeks after Cuban leader Fidel Castro's surprise handoff of power, to his brother, Raul, for health reasons. It aims, in part, to pressure his regime into giving Cubans official permission to head to the U.S. through safe and legal travels.

The administration sought to discourage a mass migration from Cuba through dangerous waters, warning that those who try to sneak into the country face having their visa applications canceled or rejected.

The new rules were first reported by The Associated Press earlier this week.

"We urge the Cuban people to stay on the island, so that they may work for their freedom and a democratic society," Homeland Security Deputy Secretary Michael P. Jackson said. "We discourage anyone from risking their life in the open seas in order to travel to the United States."

But, he said, "if a Cuban chooses to reunite with their family in the United States, we support a safe, legal and orderly migration."

The Homeland Security Department oversees U.S. immigration policy.

The new rules are being considered three months before elections in which Florida's governorship and at least one House seat in Florida are considered to be in play. Many Cuban immigrants live in the state.

The new policy seeks to:

_Reunite families by allowing U.S. residents to apply for expedited parole — legal entry into the country — for close relatives in Cuba. This would speed the immigration process for an estimated 10,000 Cubans who are waiting for U.S. visas to join families in the United States. The Cuban government, however, would have to agree to issue exit visas for people headed to the United States.

_Discourage human smuggling operations from picking up Cubans at sea by allowing U.S.-based relatives to get information on their whereabouts. Currently, federal authorities are not supposed to release specific information about migrants who are picked up at sea.

_Give Cuban doctors who have gone to other nations — and their families — more access to immigrating to the U.S. after undergoing background security checks. According to the documents, the Cuban government sends medical professionals to developing nations "as a foreign policy tool." The administration also is considering expanding this benefit to other professions.

_Refuse U.S. entry to Cubans, or deporting those who are already in the country, who are found to have committed human-rights abuses on behalf of the Castro government.

In another immigration policy shift, the Homeland Security and State departments pushed back — but only by a week — an end-of-the-year deadline for requiring passports or other tamperproof documents from travelers entering the United States through airports and from boats.

Proposed Friday, the new regulations would take effect Jan. 8, 2007, giving people time to adjust after the travel-heavy holiday season. After that date, all airline and maritime travelers — including American citizens — will need passports or a small number of other secure documents to get in the country.

The current deadline is Jan. 1, 2007, and the new rule would be approved by this fall.

By Jan. 1, 2008, all travelers entering the U.S. — by air, sea and land — must meet the documents requirements. Congress is considering delaying that deadline for 17 months as the U.S. and Canadian governments grapple with ensuring fast traffic flow across their shared border.

Protesters In Mexico Release 4 Hostages (AP)

By Rebecca Romero

AP, August 12, 2006

Protesters held four people hostage for hours Friday, charging they were linked to a fatal shooting of a demonstrator during protests that have have besieged Oaxaca since June.

The Federal Agency of Intelligence said protesters later released the hostages to its agents at a local television station that had been seized by the protesters.

The protesters want the four charged in the death of Jose Jimenez, 50, who was killed late Thursday during an Oaxaca People's Assembly march calling for the resignation of Gov. Ulises Ruiz.

The leftist OPA, which has accused the governor of using force to repress dissent and rigging the 2004 election to win office, alleged Ruiz was behind the shooting. The governor denied the allegations and condemned the violence.

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Tensions in Oaxaca have been on the rise since June, when state police attacked a demonstration of striking teachers occupying the historic central plaza and demanding a wage increase.

Since then, thousands of teachers, unionists and leftists have camped out in the plaza, spray-painting buildings with revolutionary slogans, smashing hotel windows and erecting makeshift barricades. Most businesses remain closed.

Meanwhile, authorities arrested Erangelio Mendoza Gonzalez, a top teachers' union leader thought to be the driving force behind the demonstrations.

Protest organizer Enrique Rueda Pacheco said Gonzalez was being held on federal charges of blocking public access and taking over city buses. Federal authorities confirmed the arrest but did not provide details.

The U.S. Embassy warned U.S. citizens to steer clear of the protests, citing the possibility of further violence in the city popular with tourists for its cobbled streets, markets and cuisine.

On Wednesday, gunmen killed three people, including a 12-year-old boy, on a road about 150 miles from Oaxaca. The three had been heading to protests in the city, but police said they did not know if the attack was linked to the demonstrations.

Health (WSJ)

By Marilyn Chase

The Wall Street Journal, August 12, 2006

AIDS Battle Turns Toward Prevention

The annual AIDS confab starting Sunday in Toronto is unlikely to live up to the ambitious theme selected by its organizers: "Time to Deliver."

There will be plenty of sizzle: Singer Alicia Keys will rock the house for the 24,000 scientists and activists on hand, and Bill Clinton and Bill Gates will make a joint plea for world leaders to work toward ending the epidemic and delivering AIDS drugs to those among the 40 million HIV-infected people world-wide who need them. But there is little evidence that goal is within reach, even in the 13,000 papers on HIV/AIDS due to be released in conjunction with the conference.

Money for treatment remains chronically short, a much-discussed vaccine remains a dream, and more than four million new infections a year suggest the wily virus will continue to outpace the global response for some time. That is, barring a prevention breakthrough.

A critical mass of prevention studies is finally gaining momentum, with a range of pills, gels, vaginal rings and other strategies now in field tests. Studies to be presented in Toronto may suggest whether new medical interventions can supplement behavior change and safer sex which, like a diet, are subject to whims of human will power. U.S. funding agencies continue to emphasize abstinence and fidelity as ideals in HIV-prevention programs that also include condoms. But public-health advocates note that women trapped in the sex industry and children hooked on 10-cent heroin in Southeast Asia's Golden Triangle may be unable to choose a healthful lifestyle.

So that leaves people hungry for news of pills and devices. Prevention-pill research -- known as PREP for "pre-exposure prophylaxis" -- is one major focus of hope. Researchers are now testing Gilead Sciences Inc.'s AIDS treatment Viread (tenofovir) and a related combination pill, Truvada, in a new role as potential preventive drugs to protect people at high risk of contracting HIV. Activists await data from a test in Ghana on whether the pill is safe for healthy people and, later on, whether it actually works to keep such people from being infected.

For those already infected with HIV, everyone wants a new drug. Millions of underserved patients are seeking medicines, and the Group of Eight leading nations has endorsed the distant goal of universal access. New patients seek simpler and more-tolerable regimens. Longtime patients with mutated and drug-resistant HIV are employing "salvage regimens" until arrival of potent new products like integrase inhibitors from Merck & Co. and others, and CCR5 blockers from Pfizer Inc. and others. New drugs will offer doctors a chance to concoct fresh, potent antiviral cocktails to beat the beast of HIV back into submission ... until HIV learns to mutate anew.

Toronto attendees may hear discussions on vaccine-research strategy but won't hear too much in the way of scientific breakthroughs on a vaccine, the other main area of hope, which will be the focus of a separate conference later this month in Amsterdam.

In One Country, AIDS On The Rampage . . . (NYT)

By Alan Brody

The New York Times, August 12, 2006

Florence, Italy

DOJ_NMG_0047870

AT the International AIDS Conference, which begins tomorrow in Toronto, there are bound to be various commemorations of the discovery of AIDS 25 years ago — if one can ever commemorate something so horrific.

When I arrived in Swaziland in 1999, no one even wanted to call AIDS by its name. "Silwane," people whispered, using a siSwati word for a fearsome animal, "Silwane got him." Others said it was witchcraft.

In some measure, it was the failure of Swaziland to recognize the disease that gave it the world's highest prevalence of H.I.V. More than 17,000 people in this tiny kingdom nestled in the hills of southern Africa have been dying each year of AIDS, in a population of about one million. At last count in 2004, 56 percent of pregnant women ages 25 to 29 had H.I.V.

The ascent was swift. H.I.V. prevalence among pregnant women was less than 4 percent in 1992, when the takeoff began, 16 percent in 1994, 26 percent two years after that, and upward ever since. H.I.V. bides its time, leaving young women looking beautiful and men feeling lusty for years before it wears down their immune systems and the debilitating infections of AIDS appear.

That has meant plenty of opportunity for those with H.I.V. to spread the virus unknowingly, and sometimes knowingly. Policies imported from the West haven't helped to encourage widespread testing.

An "AIDS-unique" approach insists on counseling patients on their right not to be tested (thoroughly frightening them in the process); the focus on confidentiality is such that if patients are positive, not even their spouses are told. Not surprisingly, the ignorance and stigma that grew up around AIDS in the West made its leap to Africa.

Deaths on a large scale began here only in 2000. Suddenly the obituary pages of the national newspapers began to rival the sports pages in length, and the young as well as the old found their friends there. Funeral homes and coffin makers began their macabre ascendancy as this developing nation's foremost growth industry. A wave followed not just of orphans, but also of children impoverished because AIDS killed the breadwinners of extended families. Today more than 150,000 of these orphans and vulnerable children exist on the margins of survival there.

Society struggles to hold together in the face of all that. Evangelists, local and international, interpret hell-fire, promise salvation and pass the hat. Youths convinced that they are already infected act out with a violence and bravado that speaks of no tomorrow. Spouses accuse each other of bringing AIDS into the relationship, arguments punctuated all too often by violence or suicide.

This does not mean that gloom prevails everywhere. A radio soap opera and call-in show, "There Is Still Hope," tells amusing, lurid and tragic tales of H.I.V.'s inexorable march through a fictional village, creating a new understanding of how unprotected sex, multiple partners, rape, incest and intact foreskins have played their part in the nation's encounter with the virus. "If we had known all this 15 years ago," a caller says, "we would have acted differently."

Many communities have started to create refuges for the orphans and at-risk children they now call bantfwana bemamungo, "children of the community." At these places, situated close to their often troubled and sometimes empty homesteads, children can get guidance, health care and a daily meal.

Just before I left Swaziland, I visited a district called Mahlangatsha, which in the last year established 41 such sites. At ceremonies organized by the district chief, I sat for more than three hours among 300 of these children reciting poems, dancing and singing hymns.

As I looked at these young people drawing strength from one another, I was reminded that Africa cries for its dead and dying, but it will survive. This continent's energy and creativity and spirit of ubuntu, or humanity, are still alive, embers just waiting to burst into flame again.

. . . And In Another, AIDS In Retreat (NYT)

By Chris Beyrer And Voravit Suwanvanichkij

The New York Times, August 12, 2006

Twenty-five years into the H.I.V. pandemic, there remain few developing countries that have had success in controlling the virus. Thailand is one of them.

In the late 1980's, Thailand experienced the first H.I.V. epidemic in Asia, and one of the most severe. By 1991, 10.4 percent of military conscripts from northern Thailand were infected by the virus, the highest level ever reported among a general population of young men outside Africa.

It became clear early on that the commercial sex industry — illegal but popular among Thai men — was at the core of the virus's explosive spread. The Thai response was the 100 Percent Condom Campaign.

As part of the campaign, public health officials aggressively focused on bars, brothels, nightclubs and massage parlors for condom education, promotion and distribution. Sex workers were likewise offered counseling, testing and treatment. The openness of sex venues there and health officials' access to the women in them made this a relatively simple intervention.

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Venues that did not agree to require condom use were shut down. Signs appeared over bar doors saying, “No condom, no sex, no refund!” And the government put resources behind the effort, distributing some 60 million free condoms a year.

A wider national effort was also under way. Condoms appeared in village shops and urban supermarkets, and frank H.I.V. education was introduced in schools, hospitals, workplaces, the military and the mass media. Thais worked hard to reduce fear and stigma and to support those living with H.I.V.

This national mobilization was classically Thai — funny, nonthreatening and sex-positive. When we briefed the Thai surgeon general on an H.I.V. prevention program for soldiers, he said, “Please be sure the program maintains sexual pleasure, otherwise the men won’t like it and won’t use it.”

It worked. By 2001, fewer than 1 percent of army recruits were H.I.V. positive, infection rates had fallen among pregnant women, and several million infections had been averted.

The 100 Percent Condom Campaign proves that H.I.V. prevention efforts can succeed by focusing on at-risk populations, providing tangible services and making healthy behavior, like condom use, social norms. Cambodia, the Dominican Republic and other countries have successfully adopted the Thai model.

It’s troubling then that the United States now requires all foreign and domestic recipients of H.I.V. and AIDS funding to pledge to oppose prostitution. After all, the “100 Percent Condom Campaign” and similar efforts have been shown to decrease the spread of the epidemic through sexual intercourse; the pledge policy can make no such claim.

Quite the opposite: the policy may even limit outreach and access to sex workers, and make condom distribution more difficult. This is why Brazil rejected some $40 million in AIDS funding from the United States last year rather than take the pledge.

This is not the time for us to turn away from any approach that’s proven to slow the spread of H.I.V., and yet the Bush administration lets its moral concerns trump the evidence. Even in Thailand, the government has refused to expand successful prevention services to include gay men and injecting drug users, leading to rising infection rates among these groups.

Still, we cannot ignore the lessons learned during the 100 Percent Condom Campaign. H.I.V. policy should be driven by only what’s been shown to work, and prevention services have to reach those most at risk, whether or not we condone their behavior.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, AUGUST 12, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Terror Plot Probe Under Way In U.S. (AP) ... 4
Police Eye Money Trail In Airliner Plot (AP) ... 5
Terror Roundup Widens (WT) ... 6
Analysis Of Thwarted Bomb Plot Continues As Air Travel Resumes (MCT) ... 7
UK Maintains Threat Level As BoE Freezes Assets (FT) ... 8
Highest Alert Is Maintained; Air Traffic Begins To Rebound (WP) 9
Whose Issue Is Terrorism? (WP) ... 10
Democrats Go On Offense In Latest Terror Case (LAT) ... 11
Cheney Accused Of Politicizing Terrorism (AP) ... 13
Plot Adds Fuel To Congress Spat On Immigration (WSJ) ... 14
Pakistan's Arrests Leave U.S. Uneasy (LAT) ... 14
Airliner Plot Had Support In Pakistan, Officials Say (WP) ... 16
Pakistan Stays A Terrorism Source (WSJ) ... 17
Pakistan's Help In Averting A Terror Attack Is A Double-Edged Sword (NYT) ... 18
Pakistan Nabs 17 In Airplane Terror Plot (AP) ... 20
Foiled Plot Shows Al-Qaeda Still A Force To Be Reckoned With (AFP) ... 21
Suspect Held In Pakistan Is Said To Have Ties To Qaeda (NYT)22
Pakistan 'key' To Bomb Plot (FT) ... 23
Global Hunt Nets More Suspects (LAT) ... 24
Al Qaeda Or Not? U.S., U.K. Differ On Its Likely Role (WSJ) ... 26
Bomb Plot's Initial Suspects Are British Muslims (WT/AP) ... 28
Shock Reverberates Among Acquaintances Of The Young Suspects (NYT) ... 29
Suspects Recalled As 'Just Normal Guys' (WP) ... 30
The Accused Terror Probe Eyes Pakistani Links Of British Suspects (WSJ) ... 31
23 Arrests Preceded By Quiet English Lives (LAT) ... 33
Hawks In Congress, Not Tony Blair, May Benefit From Foiled Threat (WSJ) ... 35
What Not To Take From Britain's Success (WP) ... 36
Judge Won't Delay Terrorism Funding Trial Over Bomb Plot (CHIT) ... 36
Government Rests In Ex-CIA Worker's Case (AP) ... 37
Italy Arrests 40 In Security Crackdown (AP-Y) ... 37
U.S. Embassy In New Delhi Warns Americans Of Bomb Threat On Eve Of Independence Holiday (NYT) ... 38
US Warns Of Possible Al-Qaeda Plot In India (FT) ... 38
U.S. Embassy Warns Of Attacks In India (AP) ... 39

Homeland Response:

It's Still Safe To Fly, Says DHS Chief (WT) ... 40
Focused On 9/11, U.S. Is Seen To Lag On New Threats (NYT) 40
Explosives-detection Systems Used In War On Terror Have Weaknesses (MCT) ... 42
Liquid Explosives In Foiled U.K. Plot Expose Gaps In Security (BLOOM) ... 43
No Simple Solution For Luggage Checks (LAT) ... 45
Five Years On, US Little Prepared To Combat Terrorism (AFP) 46
Technology Aims At Liquid Bombs (WT/AP) ... 47
Explosive-Detection Systems Approach A New Era (WSJ) ... 48
'A Much Greater Challenge' (NWSK) ... 48
Bush Staff Wanted Bomb-detect Cash Moved (AP) ... 49
Aircraft-Security Focus Swings To People (WSJ) ... 50
Prescreening Draws Interest As Lines Grow At Terminals (NYT)52
Carriers Report Shorter Lines, Fewer Flight Cancellations (WSJ)52
Passengers Adjust To New Minimalism In Carry-On Items (NYT)54
Rules Of Travel Game Change, And Passengers Adjust (WP) .. 54
Passengers Move Faster At Airports (WT) ... 55
After Day Of Chaos, D.C. Airports At Ease (WP) ... 56
Executives Rethink Life On The Road (NYT) ... 57
Groaning Belts And Empty Bins At LAX (LAT) ... 59
California Vintners Scramble To Deal With Carry-On Ban (LAT) 60
Nervous Investors Send Airline Stocks Into Major Tailspin (WP) 61
Airline Stocks Take A Hit On New Fears (LAT) ... 62
All Terrorism All The Time: Fear Becomes Reality Show (NYT). 63
The Liquid Bomb Threat (NYT) ... 64
U.S. To Roll Out Electronic Passports (AP) ... 64
Searches Of Bags In Subway Upheld (WP/AP) ... 65
Terror Cell Phone Bust (WNEM) ... 66
More Cell Phone Arrests (WBOY) ... 66
Workers, Filmgoers Evacuated After Suspicious Parcel Found (WP) ... 66
Louisiana's Contract With America (NYT) ... 67
Ashcroft Finds Private-Sector Niche (WP) ... 67
Ashcroft's Roster (WP) ... 69

War News:

Pace Won't Rule Out Troop Reductions (AP) ... 69
U.S. Forces Detain 60 At Iraq Funeral (AJC/AP) ... 70

A Summer Of Discontent In Iraq (LAT) ... 71
Granite City Soldier Killed In Helicopter Crash In Iraq (MERCN/AP) ... 73
Seattle Soldier Killed In Iraq (AP) ... 73
101st Airborne Unit Returns To Home Fort (WT/AP) ... 73
U.S. Ambassador Says Iran Is Inciting Attacks (NYT) ... 73
Clerics Lament Sectarian Deaths (LAT) ... 75
An Audit Sharply Criticizes Iraq's Bookkeeping (NYT) ... 76
Freed Iraqi Hostage Tells His Harrowing Tale (LAT) ... 77
4 Die In Attacks By Insurgents In Afghanistan (NYT) ... 78
Soldier Says He Would Still Reveal Abu Ghraib Crimes (AP) ... 79
Imam's Death Puts A Region On Edge (LAT) ... 79
Learning From Hezbollah (WP) ... 81
Guilty Of Fighting A War (NYT) ... 82
Clues From The Past (WT) ... 82

Corporate Scandals:

CEC Reports Stock Options Investigation (DMN) ... 83
Ex-Grand Juror Pleads Guilty In Leak On Bristol-Myers Case (WSJ) ... 84

Criminal Law:

Suspect Pleads Guilty In Abramoff Scandal (WT/AP) ... 84
Feds Gotti Case Again As Judge Revives 2 Racketeering Counts (NYDN) ... 85
U.S. Bets Are Off For Web Firm (PHI) ... 85
Gadsden Officials Will Plead Guilty (BN) ... 86
Kenner Man Gets Jail Term In Fraud (NOTP) ... 86
A.C. Man Pleads Guilty In $1.2M. Fraud (ACP) ... 87
Frederiksen Gets 14 Years For Porn Charges (WCFC) ... 87
Investigators Sought Former Head Start Chief's Prosecution (NJ) ... 88
BR Man, 32, Accused Of Disaster Fraud (BRADV) ... 89
Judge Says Governor Can't Be Tried In Office (NYT/AP) ... 90
Ruling Postpones Trial Of Kentucky Governor (WP) ... 90

Civil Law:

Judge Dismisses Lawsuit Over Budget Bill (AP) ... 91
Court Dismisses Public Citizen's Budget-typo Suit (HILL) ... 91
Personal Items Of Unabomber Will Be Sold (NYT) ... 92
Navy Halts Sunken Ship Project (DULNT) ... 93
Your Life As An Open Book (NYT) ... 94

Civil Rights:

Jail Report Conflicts With 2 Beatings (BSH) ... 96
Indians Fight Redskins Name (WP) ... 97
A Spa Day That Was Anything But Relaxing (WP) ... 98
Judge Voids Md. Laws For Early Voting (WP) ... 99
Judge Nixes Early Voting (WT) ... 101

Antitrust:

Pair Of Antitrust Suits Target Biomet (DOW) ... 102
2 Antitrust Suits Filed Against Biomet (AP-YBIZ) ... 102
Broadbandits (WSJ) ... 103

Environment:

BP's Woes Spark A New Debate Over Arctic Oil Drilling (MCT) 104
BP Faces Fresh Probe Over Alaska Field (FT) ... 105
Oil Field To Stay Partially On Line (WT) ... 105
Hunting Pinholes In The Pipeline (WP) ... 106
Pressure's On For A Pipeline Fix (LAT) ... 108
BP's Alaska Woes Are No Surprise For One Gadfly (WSJ) ... 109
Oil Prices Rise On Market Re-evaluation (AP) ... 110
Feeding The Habit (WP) ... 111
Size Of Channel Islands No-Fishing Zones May Double (LAT) 112
Midwest Drought Does Little Harm To Corn, Soybeans (WSJ). 113
Auto Industry And E.P.A. Agree On Program To Recycle Mercury (NYT) ... 114
A Pact On Mercury In Scrap Yards (WP) ... 114
Murals In Federal Building Spark Debate Over Censorship (MCT) ... 115

FBI/DEA/ATF/USMS:

Staff And Wire Reports (PTR) ... 116
Pittsburgh-area Native Appointed Head Of Local FBI Office (SCCD) ... 119
Crawford Trial Hears Testimony From Agents (EPTIMES) ... 119
Drug-Terror Connection Disputed (WP) ... 120
Last Hunters Brooke Arson Defendant Pleads Guilty (WP) ... 121
Authorities Issue Bomb Warning (SSJ) ... 122

Congress-Administration:

Two Judges Named To Appeals Court (TOPCJ) ... 123
Oklahoman Is Sworn In As Federal Appeals Court Judge (TULSAW) ... 123
Increasingly, Bush Escapes The Media Pack (WP) ... 124
GOP Big Spenders Have Lunch With Bush (AP) ... 125
Bush Reads Camus's 'The Stranger' On Ranch Vacation (AFP) 126
Bush Approval Sinks To 33%, Matching Low, Poll Shows (Update1) (BLOOM) ... 126
Poll: Bush May Be Hurting Republicans (BOS/AP) ... 126
Bush To Meet With Top Advisers (AP) ... 127
VA Secretary Says Manhattan, Brooklyn Hospitals Won't Be Closed (AP) ... 128
VA Secretary: Manhattan, Brooklyn Hospitals Won't Be Closed (AP) ... 128
Two City Veterans Hospitals Among Those To Stay Open (NYT) 129
Fewer Children Lacking Health Insurance In U.S. (WT) ... 129
Norman Podhoretz Unrepentant Neocon (WSJ) ... 130

Other News:

Rate Worries Sap Stocks Strong Retail Sales Put Fed Back In Play; 'A Holding Pattern' (WSJ) ... 132
U.S. Stock, Bonds Drop On Retail Sales Report; Dollar Gains (BLOOM) ... 133
Retail Data Suggest Steady Spending (WSJ) ... 134
U.S. Economy: Retail Sales Jump, Challenging Bernanke (Update5) (BLOOM) ... 135
US Retail Sales Climb Strongly In July (FT) ... 136
Retail Numbers Indicate Rebound In 3rd Quarter (WSJ) ... 136
Lookahead: Calm In The Storm (WSJ) ... 137
The Long View: Darwinian Truth Lies Behind The Struggle To Make Investment Headway (FT) ... 139

DOJ_NMG_0047874

Fighting Inflation And Housing Bubbles (LAT) 140
Home Price Gains Keep Shrinking (LAT) 141
Litigation (WSJ) 142
Boomtown Redux: Job Market Heats Up In Silicon Valley (WSJ) 142
What Are The Lieberman Foes For? (NYT) 144
Man In The News: Ned Lamont (FT) 145
'Ready For Change' George (NWSK) 146
The Spoils Of Victimhood (NYT) 147
Connecticut Feels Strain Of A Rematch At The Polls (NYT) 148
A Boost For Lamont As Democratic Leaders Shift Support (WP) 149
Lamont Aide To Apologize For Comment (AP) 151
Lamont Daughter's Vote Disqualified (AP) 151
Texas Mayor Files For Delay's Seat (AP) 151
12 File To Oppose Rep. Jefferson (WP) 152
La. Congressman Will Face 12 Challengers (AP) 152
Republican Ehrlich Highlights Ties To Democratic Pr. George's Executive (WP) 153
Sheehan Treated For Dehydration In Texas (AP) 154
Reaganomics At 25 (WSJ) 154
High-Tech Smear Tactics (NYT) 155
U.N. Council Backs Measure To Halt War In Lebanon (NYT) 156
Peace Resolution For Lebanon Unanimously Approved At U.N. (WP) 158
UN Approves Lebanon Ceasefire Resolution (FT) 159
Resolution Aims For Long-term Solution To Lebanon (FT) 160
Deal Is Struck To End Israel-Hezbollah Fighting (WSJ) 161
U.N. Security Council Approves Cease-fire Plan (MCT) 162
Security Council Approves Israel-Hezbollah Measure (LAT) 163
Bush 'believes Conflict Is A US-Iran Proxy War' (FT) 165
Olmert Thanks Bush For U.N. Resolution (AP) 166
One Month Later In Lebanon (NYT) 166
Israeli Leader Recommends Acceptance Of U.N. Resolution (NYT) 167
Israel May Expand Ground Combat (WP) 169
Poll Shows Olmert Losing Supporters Over Lebanon (WT) 170
The Arms Deal Israel Wishes It Had Made (TIME) 171
Israel Expands Lebanon Ground Offensive (WT/AP) 172
Israeli Drone Strike On Convoy Kills 7 (AP-Y) 173
Police Vigilant Of Protest Over Lebanon War (WT) 173
Israel's Wounded Describe Surprisingly Fierce, Well-Organized And Elusive Enemy (NYT) 174
Longtime Hezbollah Member Provides Glimpse Into Group (MCT) 175
Human Rights Council Condemns Israel (WT/AP) 176
Soldier Was Determined To Fight For Israel (LAT) 177
At Temporary Haven, Tales Of Refugee Woe (WP) 179
Lebanese Speak Out On The Web (WT) 180
Churches Mum On Israeli Offensive (WT/AP) 181
Talking Over The Din Of War (WP) 181
Huge Oil Spill Off Lebanon Threatens To Ravage Life In The Sea (MCT) 182
Paulson Urges More Renminbi Flexibility (FT) 183
Seoul Grapples With Timing Of Troop Transfer (FT) 184
S. Koreans Rally In Support Of Alliance (WP/AP) 184
Cubans Urged To Stay On The Island (WT) 185
U.S. To Relax Immigration Rules For Cubans (AP) 186
Protesters In Mexico Release 4 Hostages (AP) 186
Health (WSJ) 187
In One Country, AIDS On The Rampage . . . (NYT) 188
. . . And In Another, AIDS In Retreat (NYT) 188

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TERRORISM NEWS:

Terror Plot Probe Under Way In U.S. (AP)

By Lara Jakes Jordan

AP, August 12, 2006

Federal investigators are pursuing leads in the United States related to the foiled plot to blow up flights from Britain but so far have found no evidence of terrorist activity, Bush administration officials said Friday.

Homeland Security Secretary Michael Chertoff, meanwhile, said he would adjust new flight restrictions to try to make air travel for passengers "as simple and as easy as possible, as quickly as possible."

U.S. counterterrorism officials stressed that there was no reason for Americans to believe plotters or others connected with the terror scenario were in the country. Still, the FBI has so far assigned an estimated 200 investigators to track down potential links.

"We operate on the assumption that we don't have everybody," White House homeland security adviser Frances Fragos Townsend said in an interview with The Associated Press. "I never, and I don't think anybody else in this business ever assumes when you take a case down that you've gotten everybody."

"I think it's pretty clear that in this case, we don't have everybody," she added.

In the two weeks before authorities cracked the case, leading to 41 arrests in Pakistan and Britain, the FBI asked for legal permission in a significant number of cases to obtain records, conduct searches or surveillance in the United States. So far, the increased scrutiny has not turned up terror-related evidence, according to a federal law enforcement source.

The arrests led the Bush administration to put the U.S. on its highest threat alert for flights headed to the United States from Britain. Additionally, all other flights were raised to the second-highest alert level.

Two other U.S. counterterrorism officials, speaking on condition of anonymity because of the sensitivity of the investigation, said the British suspects placed calls to several cities in the United States before their arrests. At least some of the calls were placed to people in New York, Washington, Chicago and Detroit, one official said. The suspects are all British citizens, mostly men in the 20s and 30s of Pakistani descent.

The FBI is expecting the arrests and searches of homes and computers in England to generate another round of leads on possible U.S. ties. But there have been no arrests in the United States in connection with the plot, officials said.

Dozens of Muslim and Arab people in the United States reported being questioned by law enforcement officials over the last several weeks, community leaders said. But they believed the scrutiny was related to the conflict between Israel and Lebanon — and not to the British-based plot.

"We were all looking one way," said James Zogby, president of the American Arab Institute, who said he personally was told of only a handful of recent complaints. "But if something else was happening, we weren't focused on it."

Authorities on both sides of the Atlantic fear there still could be dozens of people loose who participated in the plot — even if only tangentially, like by supplying chemicals or funding. Lawmakers also continued to be briefed on details.

Rep. Pete Hoekstra, R-Mich., chairman of the House Intelligence Committee, interrupted an annual bike tour in his district to return to Washington and meet with U.S. officials. Rep. Rob Simmons, R-Conn., who also was briefed Friday, said he believed the Patriot Act and other laws that permit domestic surveillance of terror suspects were critical to capturing the suspects.

Rep. Peter King, chairman of the House Homeland Security Committee, said he was assured during several intelligence briefings that "there's absolutely no evidence" of plotters in the country.

"They're not looking at anybody in the U.S.," said King, R-N.Y.

Chertoff, seeking to ease travel concerns at Washington's Reagan National Airport, also sought to assure Americans that there is no evidence of plotters in the United States. But he cited the possibility of other terrorists or sympathizers, saying, "So I'm not prepared to let my guard down."

The Transportation Security Administration has barred many common carry-on items such as water bottles and toiletries since the plot was unraveled. Chertoff provided no details but said officials would focus on the threat involved — some common chemicals, which combined can form a deadly explosives.

Officials will study "how we can calibrate our systems to take account of these developments, and then, with that in mind, try to ultimately come back to a regime of security that will give the maximum amount of freedom to the travelers," he said.

DOJ_NMG_0047876

Police Eye Money Trail In Airliner Plot (AP)

By Jennifer Quinn And Paul Haven

AP, August 12, 2006

Investigators on three continents worked to fill in the full, frightening picture Friday of a plot to blow U.S. jetliners out of the Atlantic skies, tracking the money trail and seizing more alleged conspirators in the teeming towns of eastern Pakistan.

One arrested there, a Briton named Rashid Rauf, is believed to have been the operational planner and to have connections with al-Qaida in Afghanistan, Pakistani and U.S. officials said.

British and Pakistani authorities have arrested as many as 41 people in the two countries in connection with the alleged suicidal plan, broken up by British police this week, to detonate disguised liquid explosives aboard as many as 10 planes bound from Britain to the United States.

"The terrorists intended a second Sept. 11," said Frances Fragos Townsend, White House homeland security adviser.

New information underlined how close they were to mounting attacks.

After the first arrests in Pakistan some days ago, word went from Pakistan to the London plotters to move ahead quickly, a message intercepted by an intelligence agency, a U.S. official disclosed on condition of anonymity. That prompted British police to move in on the conspirators, long under watch.

British Home Secretary John Reid told reporters officials were confident the main suspects in the plot were in custody. But authorities "would go where any further evidence takes us," he said.

"I think it's pretty clear that in this case, we don't have everybody," Townsend told The Associated Press in Washington.

The British government released the names of 19 of the 24 arrested in Britain — many apparently British Muslims of Pakistani ancestry — and froze their assets. One of the 24 detainees later was freed.

The record of financial transactions, along with telephone and computer records, may help investigators trace more people in the alleged plot.

"Think of it as a river — you look upstream to find the source, and downstream to find out where the money is going," said Cliff Knuckey, former chief money laundering investigator for Scotland Yard.

American authorities were looking for any U.S. links in the conspiracy. Hundreds of FBI agents checked possible leads the past few weeks, including what two U.S. counterterrorism officials said, on condition of anonymity, were calls the British suspects placed to several U.S. cities.

But the U.S. homeland security secretary said Friday nothing significant had emerged. "Currently, we do not have evidence that there was, as part of this plot, any plan to initiate activity inside the United States or that the plotting was done in the United States," Michael Chertoff said.

Britain kept its threat assessment level at "critical," indicative of an imminent attack. Extraordinary security measures continued at British airports, although the backlog of passengers eased from Thursday's chaotic conditions, when hundreds of flights were canceled.

At Heathrow, Europe's busiest airport, around 70 percent of flights operated Friday, but many people turned around and headed home after an announcement that a raft of flights had been canceled, including British Airways services to San Francisco and Los Angeles.

At U.S. airports, airlines were recruiting more baggage handlers as U.S. travelers — facing new rules banning almost all liquids from carry-on luggage — adapted by checking bags they normally would have carried aboard. American passengers faced a second level of security checks starting Friday, with random bag searches at boarding gates.

The alleged terrorists were planning to assemble their bombs aboard the aircraft, apparently with a peroxide-based solution disguised as beverages or other harmless-seeming items, and using such electronic equipment as a disposable camera or a music player as a detonator, two U.S. law enforcement officials told The Associated Press.

A U.S. intelligence official said they planned to deploy a couple of attackers per plane, and the two dozen plotters didn't all know one another — a typical security measure in terror groups.

London's Evening Standard reported the plotters apparently chose next Wednesday as a target date, since they had tickets for a United Airlines flight that day, as well as ones for this Friday, apparently a test-run to see whether they could smuggle chemicals aboard in soft-drink containers.

The paper didn't report the flight's destination, but United has flights from Heathrow to New York, Washington, Chicago, Los Angeles, San Diego, San Francisco and Seattle.

The British say their inquiry began months ago — prompted by a tip from within the British Muslim community after the bloody July 7, 2005, terror bombings of the London transit system, The Washington Post reported.

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There were signs preparations stepped up recently. One of the houses raided by British police this week had been bought last month by two men in an all-cash deal, in a neighborhood of $300,000 houses, neighbors reported.

Pakistani officials said British information led to the first arrests in Pakistan about a week ago, of two British nationals, including Rauf, called a "key person" by the Pakistani Foreign Ministry.

Pakistan's interior minister, Aftab Khan Sherpao, said Rauf has ties with al-Qaida and was apprehended in the Afghanistan-Pakistan border area. The Foreign Ministry in Islamabad spoke of "indications" of a link between Rauf and al-Qaida in Afghanistan.

On an unspecified date, Pakistani authorities also arrested five Pakistanis as alleged `facilitators" for the Britons in the major cities of Lahore and Karachi. An intelligence official in Islamabad said 10 other Pakistanis had been arrested Friday in the district of Bhawalpur, about 300 miles south of Islamabad near the Indian border.

Pakistan is both a key U.S.-British ally in the antiterror campaign, and a hotbed of Islamic radicalism and likely hiding place for al-Qaida leader Osama bin Laden.

"I am 120 percent convinced there's a link" with al-Qaida, Louis Caprioli, a former top French counterintelligence official, said of the trans-Atlantic bombing plot. "Was it al-Qaida who contacted them, or vice versa? Only the investigation will be able to tell."

Scotland Yard didn't identify the lone detainee released Friday from among 24 arrested in London, the town of High Wycombe 35 miles west of London, and the central city of Birmingham.

The 19 identified ranged in age from 17 to 35, had Muslim names and appeared to be of Pakistani descent, although many were born and all reared in Britain.

One not on the list of 19 names was believed to be a young woman in her 20s with a 6-month-old baby. At least three people among the suspects were converts to Islam. It was unclear how the alleged plotters met, or who the ringleader was, although suspicion fell on the only one identified who is over 30 — Shamin Mohammed Uddin, 35, of east London.

A teenage neighbor of suspect Assad Sarwar, 26, who lived with his parents in High Wycombe, said Sarwar had become increasingly strident after the London transit bombings, in which four suicide bombers killed 52 other people. "He started talking about terrorism and acting like it's OK to blow up people," said Nawaz Chaudhry, 17.

At least one "martyrdom" tape, the type left by suicide bombers, was found in the British raids, a U.S. law enforcement official said.

Under Britain's toughened antiterrorism laws, suspects can be held for up to 28 days without charge. On Friday, detention orders for 22 suspects were extended through Wednesday. The 23rd suspect, still in custody, will have a detention extension hearing Monday.

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Associated Press writers Jill Lawless and Matt Moore in London, Katie Fretland in High Wycombe, England, Rob Harris in Birmingham, England, William J. Kole in Vienna and Sadaqat Jan in Islamabad contributed to this report.

Terror Roundup Widens (WT)

By Al Webb

The Washington Times, August 12, 2006

LONDON -- Arrests of young Muslims in a terrorist plot to blow up U.S.-bound passenger jets soared yesterday, with Pakistan and Italy rounding up dozens of suspects. Britain froze bank accounts of 19 of 24 persons arrested a day earlier.

Pakistan said it was holding Rashid Rauf, a 35-year-old Briton with links to al Qaeda, whom it identified as operations manager of plans to destroy up to 10 planes crossing the Atlantic at the height of tourist season.

Links to Italy were less clear, where police raided Internet cafes, money-transfer offices and long-distance phone call centers catering to Muslims and arrested 40 persons.

The arrests in Rome, Milan, Venice, Florence, Naples and other cities were "part of an extraordinary operation that followed the British anti-terrorist operation," the Interior Ministry said.

British police said they hoped financial, telephone and other records would provide evidence leading to others involved in the suicide scheme, which if successful could have produced a death toll higher than September 11, 2001.

"Think of it as a river -- you look upstream to find the source, and downstream to find out where the money is going," Cliff Knuckey, former chief money laundering investigator for Scotland Yard, told the Associated Press.

The FBI, meanwhile, searched for links to militants in the United States.

"Currently, we do not have evidence that there was, as part of this plot, any plan to initiate activity inside the United States or that the plotting was done in the United States," Department of Homeland Security Secretary Michael Chertoff said.

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Though an investigation had been under way for months, Pakistani officials said British information prompted the first arrests in Pakistan about a week ago of two British nationals, including Rauf.

Pakistani Interior Minister Aftab Khan Sherpao said Rauf has ties to al Qaeda and was apprehended in the Afghanistan-Pakistan border area.

On an unspecified date, Pakistani authorities also arrested five Pakistanis as "facilitators" in Lahore and Karachi.

An intelligence official in Islamabad told the Associated Press that 10 other Pakistanis had been arrested yesterday in the district of Bhawalpur, about 300 miles south of Islamabad near the Indian border.

Pakistan is both a key U.S.-British ally in the anti-terror campaign, and a hotbed of Islamic radicalism. It's border area with Afghanistan is the likely hiding place for al Qaeda leader Osama bin Laden.

One of the 24 suspects held in Britain was released yesterday. There was no word on reports in U.S. newspapers that at least five suspects remained at large.

The Bank of England named and froze the assets of 19 of the suspects. All were identified as British Muslims between the ages of 17 and 35.

"Financial institutions and other persons are requested to check whether they maintain any accounts or otherwise hold any funds, other financial assets, economic benefits and economic resources for the individuals named and, if so, they should freeze the accounts or other funds and report their findings," the bank said.

The move was ordered by Prime Minister Tony Blair's treasury secretary, Chancellor of the Exchequer Gordon Brown.

Britain remained on its highest security alert, "critical," which was ordered before dawn Thursday, although the chaos at airports began to ease as airlines and passengers began adapting to new rules.

The strictures include a ban on drinks, cosmetics and anything in a liquid, semiliquid or crystal state that could be used to conceal explosives.

Electronic devices such as laptop computers and cell phones that could be used to detonate bombs were also banned from British airline cabins.

The disruption at airports was expected to continue for another 48 hours, airport officials said.

·This article is based in part on wire service reports.

Analysis Of Thwarted Bomb Plot Continues As Air Travel Resumes (MCT)

By Ron Hutcheson And Matthew Schofield

McClatchy Newspapers, August 12, 2006

LONDON - The international investigation into an alleged airline-bombing plot increasingly targeted possible al-Qaida links Friday as U.S. officials downplayed the danger to travelers.

"We don't have any evidence that there's an actual threat or cell here in the United States," White House counterterrorism adviser Fran Townsend said. Townsend made the rounds of the morning talk shows to assure airline passengers that it was safe to fly.

Operations at the nation's airports improved after chaos and long lines Thursday as travelers adjusted to the new ban on carry-on liquids, gels and similar items. Many heeded government urgings to pare down their carry-on luggage and arrived at airports well ahead of their scheduled departures.

Investigators probing the alleged conspiracy to blow up as many as 10 transatlantic aircraft increasingly focused on possible connections to the al-Qaida terrorist network. Pakistani officials announced that they'd arrested a British citizen, Rashid Rauf, and other unidentified people suspected of al-Qaida ties.

A statement issued by Pakistan's Ministry of Foreign Affairs calls Rauf a key figure in the alleged bombing conspiracy. He's thought to be related to Tayib Rauf, one of 23 suspects in British custody.

"This plot has all the hallmarks of al-Qaida," Townsend said. "There's a lot to suggest to us that this is an al-Qaida attack. We just need a little more time to put together those links."

The Bank of England froze the accounts of 19 of the British suspects, as details on their backgrounds emerged in British news accounts. One man who'd been arrested in Thursday's roundup was released Friday.

Most of the suspects were born or raised in Britain. Some are of Pakistani descent. Several came from middle-class families. One was a biomedical student, another a young father, another a promising soccer player.

Amin Tariq, 23, reportedly worked as a security agent at London's Heathrow Airport. At least three of the suspects had converted to Islam, and two of the converts had dropped their British names for Arabic ones.

The suspects' homes in east London, High Wycombe and Birmingham were searched throughout the day. Police also seized the hard drives from computers at a Reading Internet cafe.

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British intelligence and law enforcement agencies have long tapped the phones and other communications of terrorism suspects, and in some cases kept them under surveillance.

Relatives and friends of the suspects declared their innocence Friday and said British police had made a mistake.

Officials on both sides of the Atlantic remained tight-lipped about the details of the alleged plot and the lengthy investigation that led to Thursday's arrests. Townsend said it wasn't clear whether the alleged plotters planned to blow up planes over the Atlantic or wait until they were flying over major American cities, with the hope of more casualties on the ground.

"I understand the concern that this could have been over U.S. cities, but we're going to need more time to understand the full dimensions of the plot," she said.

British Home Secretary John Reid said the investigation was "still very much an ongoing operation."

"We will go where any further evidence takes us," he said in London. "We will apprehend anyone else who appears to be linked or connected to this."

Although U.S. and British officials expressed confidence in the new airport security measures, they also warned about the possibility of copycats or spin-off operations.

"There are other people out there who are terrorists and terrorist sympathizers," Homeland Security Secretary Michael Chertoff said during a visit to Ronald Reagan Washington National Airport. "We want to make sure there are no copycats, no one who is inspired by this."

Townsend suggested that airline passengers get used to the inconvenience of heightened security procedures.

"There are going to be delays at airports. There's going to be inconvenience," she said. "Over time, we'll be able to get more efficient and quicker about it to reduce those inconveniences. But make no mistake: We have to take these precautions."

UK Maintains Threat Level As BoE Freezes Assets (FT)

By Bob Sherwood, Roger Blitz And Demetri Sevastopulo

Financial Times, August 12, 2006

John Reid on Friday said the threat level following Thursday's terror alert would remain at critical - the highest level - as investigations continued.

The UK home secretary said he would convene a meeting of the National Aviation Security Committee, bringing together the aviation industry and government, to plot the way forward for airport security. He added that he hoped to meet his European Union counterparts in the coming days given the "international nature" of such plots.

On the threat level Mr Reid insisted that the government was right to "err on the side of caution" and on whether the police had managed to arrest all the key players he cautioned "There is no 100 per cent certainty in these things".

The Bank of England said earlier on Friday in a statement it had frozen the accounts and UK financial assets of 19 of the 24 suspects in a terrorist plot to blow up as many as six US-bound aircraft in mid-flight.

The plot would have caused "mass murder on an unimaginable scale", according to police and security services.

British police are expected on Friday to request permission to hold the suspects for up to 28 days without charge, under new anti-terrorism powers that came into force last month.

The UK was put on the highest possible terror alert early on Thursday after anti-terrorist police arrested 24 people suspected of planning to smuggle liquid explosives in carry-on baggage onto flights operated by at least three US airlines. The US also raised its threat warning for commercial flights from the UK to the US to "red" - the first time it had ever invoked its highest alert level.

The plan would have caused casualties on a scale to rival the September 11 terrorist attacks. John Reid, UK home secretary, said the "loss of life of civilians would have been on an unprecedented scale".

On Thursday more than 600 inbound and outbound flights were cancelled at Heathrow Airport which handles most transatlantic flights. Over 100,000 people were affected. Huge queues of passengers formed at British airports as the government imposed hand luggage restrictions and extra security checks.

Passengers still faced the possibility of severe delays with tough new security measures in place. BAA, the airports operator, said further delays were "inevitable" on Friday, British Airways said they expected most of their short-haul services to operate from Heathrow but cancelled six services to the US.

After an unprecedented surveillance operation led by MI5, the security service, in close co-operation with US authorities, British police moved to disrupt the alleged suicide bomb plot, which could have been launched in the next few days.

Mr Reid said the "main players" had been rounded up but police were still searching for suspects on Thursday night. ABC News quoted US sources as saying five bombers were still being sought in the UK.

Most of the suspects were arrested in greater London. Other arrests were made in Birmingham and High Wycombe. US officials suggested most suspects were British-born of Pakistani Muslim origins.

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The Pakistan government said its intelligence forces had helped their British counterparts uncover the plot, and had arrested some suspects.

US officials said the planned attacks were "suggestive" of al-Qaeda and targeted Continental, American and United flights into as many as five US cities, including New York, Washington and one in California. George W. Bush, US president, said the foiled plot was ''a stark reminder that this nation is at war with Islamic fascists who will use any means to destroy those who love freedom, to hurt our nation".

The president thanked Tony Blair, the UK premier, and the British government for "busting this plot".

Michael Chertoff, the US secretary of homeland security, said the alleged terrorists intended to take liquid chemical explosives on to flights disguised as drinks.

Security officials believe the intention was to mix volatile liquids and assemble bombs in flight after a number of terrorists carried components on board.

Stringent security precautions were immediately put in place at airports on both sides of the Atlantic amid concerns that carry-on baggage scanners would not detect the explosives.

Restrictions are likely to remain in place for some time, prohibiting passengers from carrying laptop computers, mobile phones, music players, books, magazines and drinks on to aircraft. The US also banned liquids such as hair gels.

On Friday, Douglas Alexander, the UK's transport secretary, said that those measures would remain in place "only as long as the situation demands".

Mr Chertoff said the UK operation had "significantly disrupted this major threat" but he added that authorities could not assume the threat had been "completely thwarted". He added: "They had accumulated and assembled the capabilities that they needed and they were in the final stages of planning before execution."

Mr Reid said UK authorities believed the "major players" were all in custody but that the UK would remain on "critical" alert. Paul Stephenson, deputy commissioner of London's Metropolitan police, said: "This was intended to be mass murder on an unimaginable scale."

Downing Street said the anti-terror operation had been undertaken "with the full support" of Mr Blair, who is on holiday in the Caribbean and who had been "in constant contact".

Share any travel and other experiences related to the current anti-terror operation by emailing comments@ft.com. Click here to take part in our related online travel forum.

Highest Alert Is Maintained; Air Traffic Begins To Rebound (WP)

By John Ward Anderson And Ellen Knickmeyer, Washington Post Foreign Service

The Washington Post, August 12, 2006

LONDON, Aug. 11 -- With heavily armed patrols and painstaking screening at airports, Britain maintained its highest-level terrorism alert Friday, a day after the disclosure of an alleged plot to bomb U.S.-bound airliners. Air traffic moved more smoothly, though carriers continued to cancel some flights.

"We always err on the side of caution," said Home Secretary John Reid, explaining the continuing security measures. "There's never 100 percent certainty with these things."

The Bank of England on Friday froze the assets of 19 of the 24 suspects picked up in connection with the alleged plot and released their names and ages, which ranged from 17 to 35, with most being in their twenties. All of those identified had Muslim names.

British police reported that they had freed without charge one of those arrested, but did not name the person or explain the release.

Investigators disclosed few new findings, but intelligence officials cited mounting evidence that the alleged conspirators were receiving financial and logistical support from people in Pakistan, where officials said seven people have been arrested in connection with the alleged plot. Officials in Washington and London publicly praised the Pakistani government's cooperation in the probe.

Airports in the Washington area, meanwhile, functioned normally for the most part on Friday, though security workers continued to enforce tightened screening rules that prohibited passengers from carrying almost any liquids or gels aboard flights. Travelers adjusted by packing those items in checked baggage or leaving them behind.

British transportation and airline officials said flight delays continued in Britain, especially at London's Heathrow Airport, Europe's busiest. A British Airways spokesman said that about 120 of the airline's 700 daily departures and arrivals there were canceled, compared with 652 cancellations on Thursday.

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Most of British Airway's Friday cancellations were short-haul trips within Europe, a company spokesman said. He said 12 long-haul flights between the United States and Britain were canceled -- six between London and New York, and two each between London and Washington, San Francisco and Los Angeles.

Two popular low-cost carriers, Ryanair and easyJet, also reported numerous cancellations.

"Heathrow is slowly but surely returning to normal," said Tony Douglas, managing director of the British Airports Authority. He advised passengers to arrive early at their terminals without any carry-on luggage, to put small carry-on items such as medicines, travel documents and eyeglasses inside clear plastic bags, and to expect delays.

Airport officials said they distributed about 1,000 floor mattresses for passengers who slept at the airport's four terminals Thursday night.

At Heathrow's ticket counters, parents pulled dolls, stuffed bears, juice and snacks out of the hands of wailing children to comply with new security measures imposed Thursday, which go beyond the new U.S. rules in sharply limiting items that passengers can carry on board.

The British rules limit travelers to wallets, keys, medicine and a few other essential items, which must be carried in see-through plastic bags. Parents can carry a small amount of baby milk or food, diapers and baby wipes.

At the Royal Jordanian airline ticket counter, when a mother gently extricated an electronic game from her toddler's grasp, the reaction was instantaneous: The child threw his head back and wailed, then tried to scale the ticket counter to reclaim it from a checked-in bag, and finally resorted to pounding his mother's thighs with his fists.

Mehment Balamur, a resident of Nottingham, England, bound for Turkey, checked his bags before realizing that his 5-year-old's toys and snacks were prohibited. Out went a plastic car, juice and Pringles. "We had to throw them in the bin," said Balamur, who also was traveling with his son's 5-year-old friend. "They screamed."

At a security checkpoint, hundreds upon hundreds of passengers waited single file in a line that stretched the length of the departure hall.

"No! No way!" gasped traveler Gultane Boyraz, her jaw dropping, when she finally took a place at the end of the line. "Oh, my goodness!"

Other British airports -- including those in Manchester, Birmingham and Liverpool -- reported near-normal service. Elsewhere in Europe, most major carriers said they had resumed regular schedules in and out of Britain.

In Italy, authorities reported arresting about 40 people during a security crackdown prompted by the news from Britain. None was accused of terrorism-related offenses, however. The charges were immigration violations and property offenses, a police statement said.

Whose Issue Is Terrorism? (WP)

By Jim Vandehei

The Washington Post, August 12, 2006

The Parties Maneuver for Advantage on National Security

The aggressive Democratic response to this week's foiled terrorist plot reflects a widely shared view among party strategists that intensified attacks against President Bush represent the best chance to offset what historically has been a clear Republican advantage whenever national security issues become more prominent, Democratic officials said yesterday.

Less than three months before midterm congressional elections, many Democrats are trying to simultaneously express skepticism about Bush's Iraq war policy and project a message of resolve and strength against terrorism.

This was a feat that Democratic presidential nominee John F. Kerry did not accomplish in 2004. Democratic strategists said the combative rhetoric of the past 48 hours -- with party leaders saying that the Iraq war has left the country less prepared to meet the type of threats represented by the London plotters -- reflects lessons learned from studying the Massachusetts senator's defeat.

More than a dozen Democrats, for instance, criticized the GOP yesterday for refusing to implement all of the recommendations put forth by the bipartisan Sept. 11 commission. At the same time, Democratic leaders in Washington moved on several fronts to accuse Republicans of exploiting terrorism fears for political gain -- and to warn that Democrats will respond to weak-on-security attacks of the sort launched by Vice President Cheney on Wednesday.

In a conference call with reporters yesterday, Democratic Senatorial Campaign Committee Chairman Charles E. Schumer (N.Y.) said terrorism no longer works as a GOP issue. "If they are going to throw political bombs on the issue, we are going to answer loud and clear," Schumer said. Senate Minority Leader Harry M. Reid (D-Nev.), in the same call, said Bush's policies on North Korea and the Middle East have made the United States less secure.

After Sept. 11, 2001, and again in the run-up to the Iraq war in 2003, most Democrats calculated that the safest political ground was next to Bush, supporting his policies. Even after many Democrats had turned sour on the war, in December 2003

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most elected officials struck a bipartisan note in hailing the capture of deposed Iraqi leader Saddam Hussein. But many Democrats have concluded that that strategy on national security offered little protection and merely helped Republicans reinforce their reputation as the stronger party in meeting foreign threats. This view was bolstered in 2004, when many Democrats thought Kerry waited too long as his personal credibility and national security credentials alike were challenged by the attacks of the group Swift Boat Veterans for Truth.

Democratic campaign aide Phil Singer, who helped organize the Schumer-Reid attack, said: "In the past, Democrats have not responded vigorously when attacked on security. . . . We will not let them Swift Boat us again."

Party strategists also concluded that voters want clarity, which has been elusive for Democrats. Democrats remain divided on many terrorism-related issues, but the twin calls for a new approach in Iraq and the implementation of the Sept. 11 panel's recommendations represent efforts to find common ground.

The politics of terrorism, however, remain uncertain this fall. The latest Washington Post-ABC News polls indicated that terrorism had dropped lower on the list of voters' concerns heading into the final three months of the campaign, trumped by such issues as gas prices and Iraq. Few candidates were talking about terrorism as a major part of their campaign plan before the London plot, other than to tout support for stronger homeland security measures, which virtually every lawmaker backs. Schumer twice cited the Washington Post-ABC poll -- which showed Democrats with an edge when people were asked which party they trusted to handle terrorism issues -- as evidence the political tide has turned.

Still, some Democrats are worried. For starters, as one strategist noted, many high-profile Democrats are seen as doves. Guests planned for tomorrow's morning political shows include Connecticut Democratic Senate candidate Ned Lamont, who vaulted from obscurity on an antiwar message; Sen. Russell Feingold (D-Wis.), the first senator to call for the United States to pull out of Iraq; and Democratic National Committee Chairman Howard Dean, an outspoken critic of the Iraq war since the early days of the 2004 presidential campaign.

Other Democrats said the bigger problem may be that Republicans are more skilled in using terrorism for political gain. Earlier this year, Karl Rove, Bush's top political adviser, telegraphed that national security issues would be the foundation of the 2006 GOP strategy. The past week showed how Republicans intend to execute the Rove plan.

The Republican National Committee circulated a memo last weekend saying no issue motivates conservative voters more than terrorism. It also stated that nothing generates "more negative feelings" among these voters than mentioning Democratic positions on fighting terrorism. At the same time, RNC officials were polishing fundraising appeals that, using the name of former New York mayor Rudolph W. Giuliani and appealing to patriotism, asked for as much as $500 per person.

"Based on what we have seen, our base is very energized on this issue," said Brian Jones, an RNC spokesman.

Instantly upon Lamont's victory over incumbent Joseph I. Lieberman, a defender of the war, they began invoking the outcome of the Lamont-Lieberman primary to paint Democrats as defeatists and weak. The next day, Bush, Cheney and other administration officials were aware of the soon-to-be-thwarted plot in Britain.

Once the plot was revealed Thursday, Republicans pounced. National Republican Congressional Committee Chairman Tom Reynolds said last night that "national Democrats are stone-cold guilty of engaging in a reckless and irresponsible pattern of neglect for the security of citizens." In a memo sent moments later, GOP candidates were told that "in the days to come, you should move to question your opponent's commitment to the defeat of terror."

Also yesterday, drawing a clear link between Iraq and terrorism, Bush condemned the deadly bombing in Najaf. "The terrorists in Iraq have again proven that they are enemies of all humanity," Bush said. Bush has not commented on most previous terrorist strikes in Iraq. Taken together, the week's events seemed designed to highlight the continued threat to the United States and to question the Democratic commitment to defending the country, said a top GOP strategist who would speak only anonymously about internal planning.

The strategist, who is involved in GOP efforts to capitalize on the issue of national security, said one of the big challenges in the months ahead will be "making sure the terrorism issue sticks to Iraq." With some GOP candidates distancing themselves from Bush's Iraq policy, the strategist said, it has been difficult marrying the issues of terrorism and Iraq. This is disturbing to top GOP officials because support for the war is low, and dropping, and Iraq is a bigger issue in many of the campaigns than the less-defined effort against terrorism, the strategist said.

Democrats Go On Offense In Latest Terror Case (LAT)

By Peter Wallsten, Times Staff Writer

The Los Angeles Times, August 12, 2006

Looking to the past for lessons, they respond fast and sharply, saying Bush 'mismanagement' fed the threat and the GOP is playing politics.

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CRAWFORD, Texas — Two years after President Bush won reelection having painted his opponent as soft on terrorists and weak on national security, Democrats have seized on the latest alleged terrorism plot in hopes of turning the political tables on the White House.

Their aggressive stance was evident hours after British authorities announced they had disrupted a plot to blow up airplanes: Leading Democrats blamed the terrorism threat on "mismanagement" by the Bush administration and charged that the Iraq war had become a "rallying cry" for the enemy.

On Friday, Democrats continued with a series of sharp statements accusing the White House of exploiting the case for political gain.

Party strategists said they had steered clear of such loaded language in similarly sensitive cases out of fear of stirring up voters on an issue that, since 2001, has largely helped Republicans. But Democrats said they were determined now to maintain their criticism through the November elections, citing public anxiety over the Iraq war and other foreign policy challenges that might, for the first time in three election cycles, lessen the GOP advantage.

The new strategy, spearheaded largely by the Senate Democratic leadership, is a direct response to surveys showing that Republicans hold only a marginal lead over Democrats when voters are asked whom they trust to keep the country safer.

But Republicans believe episodes like the alleged British terrorism plot play to their favor.

"If the Republican Party thinks that this is going to be a good political issue for them, they're mistaken," said Sen. Charles E. Schumer (D-N.Y.), chairman of the committee that sets Democratic strategy for Senate campaigns. "We are going to answer them immediately."

Schumer's committee issued a blistering memo Friday that, among other things, said Vice President Dick Cheney knew of the alleged terrorism plot when he conducted a rare conference call with reporters Wednesday in which he suggested that "Al Qaeda types" would be emboldened by this week's Connecticut Democratic primary victory by political newcomer Ned Lamont, an opponent of the Iraq war seeking a Senate seat.

The White House said Friday that Cheney was aware of a plot when he made his call but did not know the timing of the impending British arrests.

Senate Minority Leader Harry Reid (D-Nev.) called it "disgraceful" that Cheney used such rhetoric while knowing what was about to transpire in Britain.

"There are simply no boundaries for these people," Reid said in an e-mail to supporters and activists.

"In their minds, our national security and their continued hold on power are one and the same. And they will stop at nothing to keep it that way."

Reid's note went on to say he'd had it with the Republicans' "cruel joke" on the politics of terrorism.

"During the 2002 and 2004 elections, Republicans tried to sow fear in the American public by claiming that they were the only ones who could keep America safe," Reid wrote. "This from the same crowd that has driven Iraq to the brink of disaster, left Osama bin Laden on the loose to attack again, and continues to ignore our security needs at home. Ask any foreign policy pro, and they'll tell you we're less safe now than we were five years ago — and that the Bush crowd is largely responsible."

And Schumer criticized a Republican National Committee fundraising appeal from former New York Mayor Rudolph W. Giuliani that, coming the same day that the alleged plot dominated the news, declared: "In the middle of a war on terror, we need to remain focused on furthering Republican ideas more than ever before."

The GOP committee called the e-mail a mistake and halted it before it was sent to all recipients.

Democratic strategists said Friday that their party's reaction to the British case reflected a doctrine that had been taking hold over the last few months, starting with some Senate and House races in battleground states.

One example came in Ohio. When Republican Sen. Mike DeWine, following the GOP script, accused his challenger, U.S. Rep. Sherrod Brown (D-Ohio), of being soft on crime, Brown struck back almost immediately with piercing rhetoric. A television ad by the state Democratic Party accused DeWine of "failing us" as a member of the Senate Intelligence Committee when it came to claims that Iraq possessed weapons of mass destruction.

"That's not protecting Ohio," an announcer said.

In some ways, the aggressive response this week reflected Democrats' concern that Lamont's win in Connecticut over Sen. Joe Lieberman, an Iraq war supporter, was giving the White House an easy way to paint Democrats as weak on national defense. That comes as Democrats have been unable to craft a unified message on Iraq, with some calling for a fast drawdown of troops and others taking a more cautious approach.

But Democrats said the strategy also marked an acknowledgment that they might have been too passive in the 2002 and 2004 election campaigns, handing the high ground on security to Bush and the Republicans.

When a tape of Bin Laden was released days before the 2004 presidential election, advisors to Massachusetts Sen. John F. Kerry, the Democratic nominee, were divided over how to handle it. Some said Kerry should emphasize how the tape reflected

the failure by Bush to capture the Al Qaeda leader, whereas others feared that only Bush would benefit from a reminder that the country was unsafe.

One former Kerry advisor, speaking on condition of anonymity in order to talk candidly, said there had been an ongoing battle over "how much to engage on Iraq and foreign affairs."

"The dominant viewpoint was that whatever level there was on foreign affairs, we were better off if the focus was on domestic issues," the former advisor said.

Another former Kerry campaign aide, now a Senate Democratic strategist, said that in past years there was a "certain amount of reticence or concern about politicizing these issues."

If Democrats succeed in eliminating the GOP's edge on national security issues, it would mark a major turnabout in the conventional wisdom of modern politics — so much so that Republican strategists believe the Democrats are miscalculating.

One senior administration official told reporters on Air Force One this week that the White House would be happy to have this year's elections decided on national security and the Iraq war — particularly if the GOP could use antiwar Democrats to portray Democrats as supporting a "defeatist" mentality.

Asked about the appropriateness of focusing on the war during a political campaign, the administration official said: "Are you saying if the Democrats talk about the war, we shouldn't? … We'll talk about the war, and we will talk about the consequences of the policies advocated by the Democrats."

White House officials, speaking Friday as Bush's working vacation in Texas neared its end, predicted that debates in Congress over terrorism-related issues such as domestic wiretapping would play to the GOP's advantage. And Bush will continue to use the bully pulpit to discuss terrorism, with a national security meeting planned for next week in Washington.

Cheney Accused Of Politicizing Terrorism (AP)

By Liz Sidoti

AP, August 12, 2006

Senate Democratic leaders on Friday accused Vice President Dick Cheney of playing politics with terrorism and contended that voters won't buy Republican arguments that the GOP is stronger on national security.

"They've run this play one too many times," Senate Minority Leader Harry Reid, D-Nev., said in a conference call with reporters. "The American people simply do not recognize any validity in what they're saying."

Republicans, in turn, accused Democrats of political posturing.

"It sounds to me like Senator Reid is trying to accuse us of politicizing while he, himself, is politicizing the issue," said White House press secretary Tony Snow. "The comments that this administration has been making, including me, have been aimed at simply trying to get people to think seriously about, How do you achieve the goal of winning the war on terror? When you're in a war, the goal should not be how to get out. It should be how to win and then to get out."

Some Republicans suggested that Democratic rule could endanger the country.

"National Democrats are stone-cold guilty of engaging in a reckless and irresponsible pattern of neglect for the security of our citizens," said Rep. Tom Reynolds, R-N.Y., the chairman of the House Republicans' campaign committee.

Democrats sought to put Republicans on the defensive on what historically has been a GOP strength — national security. The heated rhetoric came a day after the disclosure of a thwarted plot to blow up flights from Britain to the United States. Within hours of that news, each party accused the other of doing too little to deter the threat of attack.

Sen. Charles Schumer, D-N.Y., accused Cheney and Senate Republicans of politicizing the issue.

"They shouldn't. We should all be uniting and be together at this point," said Schumer, the head of the Senate Democrats' campaign committee. "But if they're going to throw the political bombs on this issue, we are going to answer them loud and clear, and we believe we have the political high ground."

In a written statement, Reynolds said Democrats were sounding a "defeatist, surrender message" and catering to the party's liberal base "that prefers a flag that is lily-white to a flag that is red, white, and blue."

The nation's safety looms large as an issue in the midterm elections less than three months before the Nov. 7 contest. Both Republicans and Democrats are maneuvering for the political advantage.

On Wednesday, Cheney gave his assessment of anti-war challenger Ned Lamont's Democratic primary win over Connecticut Sen. Joe Lieberman, an Iraq war supporter.

The vice president suggested that Lamont's victory might encourage "the al-Qaida types" who want to "break the will of the American people in terms of our ability to stay in the fight and complete the task."

He portrayed the Democratic Party as preferring that the United States "retreat behind our oceans and not be actively engaged in this conflict and be safe here at home."

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Snow said Cheney did not know when he made the call that British authorities were in the process of arresting the alleged plotters of the airplane bombing attacks. Snow said Cheney had been briefed on the plot, but the briefings did not indicate that action was imminent.

"The comments that were made after the Connecticut primary were in response to the Connecticut primary, and they were not in anticipation of a British action," said Snow, who also suggested Wednesday that the Lamont victory showed Democrats have the wrong position on the war on terror. "I can say that with absolute assurance not only with regard to me, but also the vice president."

Reid took issue with the vice president's comments, saying, "This situation isn't going well and anyone that suggests that the people of Connecticut are somehow supporting terrorists, I don't think that's credible and that's what Cheney suggested."

Democrats also criticized the RNC for e-mailing a fundraising appeal mentioning the war on terror hours after British authorities disclosed they had disrupted the plot.

The RNC blamed a low-level staffer for distributing the fundraising appeal, which the party said had been scheduled for release before news of the plot broke. The RNC said it stopped distributing the e-mail when it learned of the error.

Snow said it's unclear if Democrats and Republicans can come together and agree on the best policies to fight the war on terror.

"I don't know, in today's congressional climate whether we can do this," Snow said.

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Associated Press writer Nedra Pickler contributed to this report from Crawford, Texas.

Plot Adds Fuel To Congress Spat On Immigration (WSJ)

By Sarah Lueck

The Wall Street Journal, August 12, 2006

WASHINGTON -- The London terror plot is already having an impact on Congress's contentious effort to overhaul the nation's immigration system, with House Republicans saying it strengthens their call for beefing up border security before permitting any increases in legal immigration.

Many House Republicans taking the security-first position have shown little interest in Senate-backed proposals to set up guest-worker programs and steps for illegal immigrants already in the U.S. to become citizens. Proponents of the Senate bill, however, have said those elements are crucial improvements that must be included in an immigration overhaul. Progress toward a compromise that would marry bills passed by the House and Senate largely stalled in recent months, though key lawmakers have said they want to return to the negotiations when they get back to Washington next month.

But a deal will be hard to reach this fall, with November elections looming and House Republicans saying the foiled terrorist attack on airliners would bolster their position on immigration. "It's just going to reinforce the House position, which is that we have to first of all shut down the borders and get control of the problem of illegal immigration," said Rep. Curt Weldon (R., Pa.,), vice chairman of the House Homeland Security Committee. Only then should guest-worker programs be entertained, he said.

The foiled plot is "a pointed and potent reminder that security literally begins at our doorstep, at our borders and points of entry," said Arizona Republican Rep. J.D. Hayworth, who called the Senate approach "wrong-headed."

Supporters of the Senate bill said the airline plot made comprehensive immigration legislation even more urgent because it would not only increase border security but also bring illegal immigrants out of hiding. The London plot "amplifies the need for doing something," said Rep. Howard Berman (D., Calif.), who has worked on immigration legislation. "There is no serious number of Democrats and no one in the Senate that doesn't think our present situation is a serious weakness in our national security." But dozens of hearings being held this summer by House Republicans to air their criticisms of the Senate bill amounted to a "circus" and stall tactic, Mr. Berman said.

How the immigration issue plays in the midterm elections remains to be seen. Many House Republicans said their position reflects calls from constituents to secure the border and that conservative voters are energized by tough talk on immigration. It already has cropped up in some Republican primary contests, such as the Sept. 12 primary for the open seat left by retiring Rep. Jim Kolbe of Arizona, where Randy Graf is taking a harder line approach in an effort to beat Steve Huffman, who has gotten support from business.

Write to Sarah Lueck at sarah.lueck@wsj.com9

Pakistan's Arrests Leave U.S. Uneasy (LAT)

By Paul Richter

The Los Angeles Times, August 12, 2006

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Detentions in the alleged British plot provide a reminder that a key Asian ally is home to many of America's foes in the war on terrorism.

WASHINGTON — The trail of evidence in the British terrorism investigation is leading to an uncomfortable question for the Bush administration: Is Pakistan — and not Iraq, Afghanistan or some other country — the central front in the war on terrorism?

The alleged conspiracy described by British and American authorities serves as a reminder that one of the administration's leading allies in the region is also host to some of its worst enemies. It also is igniting a debate on whether the administration's effort to support Pakistani President Pervez Musharraf has done enough to stem Islamic radicalism in a country whose citizens are among the most strongly anti-American in the world.

"This shows the need for more attention and more cooperation," said Hassan Abbas, a terrorism expert who is a former Pakistani security official. "But it also says that some of the skepticism about Musharraf and his intelligence [agencies] and law enforcement is well-founded."

Pakistan announced Friday that it had detained several suspects this week, including a British national considered an important figure in the alleged British plot. U.S. and British investigators say that some of the 24 people arrested in Britain, most of them British citizens of Pakistani descent, may have had ties to radical fundamentalist groups in Pakistan. Similarly, the bombers who attacked the London transit system last year had ties to Pakistani groups.

Although Musharraf has helped the Bush administration fight some terrorist organizations in his country, he has done little to halt others or bring to justice the government officials who support them. Yet the administration, already pressing Musharraf for help on a number of fronts, fears that pushing the weak leader of an unstable, nuclear-armed government too far could make matters worse.

President Bush, who has called Musharraf a "man of courage," has given the Pakistani leader billions of dollars in aid, offered crucial political support and approved the sale of such advanced weapons as F-16 fighter jets.

In return, U.S. officials have been given many investigative leads on terrorism suspects, including members of Al Qaeda. Americans also have received help on the Pakistani-Afghan border and pledges to halt nuclear proliferation activities.

Khalid Shaikh Mohammed, the mastermind of the Sept. 11 attacks; Ramzi Binalshibh, who managed the attack; and Abu Zubeida, Al Qaeda's onetime operations director, were all captured in Pakistan.

"They've put their blood and treasure on the line in the war on terrorism," a State Department official said Friday, referring to the Pakistani government. "They're a partner."

U.S. and British authorities have strongly praised the Pakistani authorities, who arrested as many as 17 suspects, for their help in the alleged plot.

But Musharraf has balked at other U.S. requests, denying access, for example, to Pakistani scientist Abdul Qadeer Khan, who as the father of his nation's nuclear weapons program was a key figure in the spread of nuclear know-how around the world.

And even as Musharraf has gone after terrorist groups that he believes pose a threat to his government, he has resisted efforts to crack down on other organizations that he believes serve Pakistan's interests against rival India, or have substantial domestic support. He has not been seen as energetic in helping U.S. forces find Taliban fighters in border regions, and has refused to go after groups that support the insurgency in the disputed, Indian-controlled portion of Kashmir.

Although some of these groups may appear distinct from the Al Qaeda terrorist network, many share a web of contacts and are part of a broader terrorist infrastructure in the country, Abbas said.

Musharraf "tries to differentiate between the two kinds of groups, but you can't," he said.

"Some of these members of organizations that focus on Kashmir were at some stage part of Al Qaeda," Abbas said. "These people are still at large, and they're getting support from sympathetic government officials. And there lies the problem."

Congress has generally supported the administration's approach to Pakistan and Musharraf, but some U.S. lawmakers contend that tough moves are needed now more than ever.

Others contend that Pakistan needs to bring about fundamental internal change to make its society less hostile to the United States and the rest of the West.

James Dobbins, a former Bush administration envoy to Afghanistan, said that although the highest American priority has been Iraq, Pakistan should get more attention.

"Clearly, Pakistan is the central front in the war on terrorism," said Dobbins, who heads the Rand Corp.'s national security program. "It should be the highest American priority to help Pakistan move toward a more modern and tolerant society."

Dobbins said the administration was correct in worrying that too much pressure on the Pakistani government would be a mistake.

"It's not so much that the administration officials are dupes or don't understand the country," he said. "It's that they don't see any feasible way to increase pressure on Musharraf without provoking unanticipated and highly counterproductive consequences."

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He predicted that while the discovery of the alleged plot in Britain "might put some strain on the relationship, it could also lead to a greater focus on how things can be improved."

The administration is hindered by the fact that it needs Pakistan's help in so many ways, said Stephen P. Cohen, a Brookings Institution expert on South Asia. "The Pakistanis, frankly, control the agenda."

Airliner Plot Had Support In Pakistan, Officials Say (WP)

By Dafna Linzer, Washington Post Staff Writer

The Washington Post, August 12, 2006

Sponsors Described as Giving Financial, Logistical Assistance

U.S. and European officials described Pakistan yesterday as the hub of a plot to down transatlantic flights, saying the young British men allegedly behind the planned attacks drew financial and logistical support from sponsors operating in Karachi and Lahore.

At least 17 suspects in British custody for the aviation plot have family ties to Pakistan, and several had traveled there in recent months to seek instructions and confer with unknown conspirators, intelligence officials said yesterday, discussing several elements of the investigation on the condition of anonymity.

Pakistan's government, portraying itself as a reliable ally against terrorism, said it had made at least seven arrests connected to the plot but insisted that the conspiracy was centered in neighboring Afghanistan. Two of the men in custody there were British citizens.

Officials emphasized that they were not certain the alleged conspiracy had been entirely broken up. "There is serious concern about potential operatives still out there plotting," a senior U.S. administration official said. "There are people we are still concerned about and people we want arrested and questions we need answered."

One U.S. law enforcement official said British authorities and the FBI were investigating whether some of the suspects attended training camps in Pakistan. "The Pakistan connection is the big focus now," said one intelligence source. "Everything is coming out of there."

Investigators say the conspirators hoped to down as many as 10 U.S.-bound flights by sneaking liquid-based explosives aboard and detonating them in flight. British police arrested 24 people, and airline security officials on both sides of the Atlantic imposed new passenger screening regulations that snarled air traffic on Thursday. Some delays continued yesterday, but in places normal flow resumed.

Among those arrested in Pakistan was Rashid Rauf, a British citizen who was detained along the country's border with Afghanistan. His brother, Tayib, was among the people arrested in Britain. A statement from Pakistan's Foreign Ministry described Rashid Rauf as a central figure in the plot and said he had an "Afghanistan-based al-Qaeda connection."

Five Pakistani citizens were arrested in separate raids in Lahore and Karachi. Pakistani Foreign Minister Khurshid Mahmud Kasuri said in an interview with CNN that the suspects "had been monitored for quite some time" before they were detained.

U.S. and British investigators were also looking into the potential role of a Pakistani identified as Matiur Rehman. Several intelligence officials said Rehman is not a member of al-Qaeda but may have some link to Osama bin Laden's group. "His possible role in the plot is being looked at," one official said yesterday. "People are interested in it, but it is not resolved."

Pakistani authorities were also investigating the financial transactions of a Muslim charity made through at least a dozen bank branches in Karachi and the Pakistani city of Peshawar.

U.S. intelligence analysts say they believe that the principal remaining leadership of al-Qaeda is hiding in Pakistan. Despite increased cooperation between the Islamabad government and Western powers since the attacks of Sept. 11, 2001, they say, the number of extremists inside the country may be on the rise and elements of Pakistan's intelligence services remain sympathetic to their cause.

On Friday, the British government portrayed Pakistan's cooperation as vital in undoing the alleged bombing conspiracy, but some U.S. officials said that five years after the Sept. 11 attacks, they are far from countering, or even understanding, the level of threat emanating from Pakistan's lawless regions and bustling cities.

Two intelligence sources suggested that Pakistan had replaced Afghanistan as a center for terrorist activities and expressed frustration with the attempts of Pakistan's president, Gen. Pervez Musharraf, to exert control over huge swaths of territory.

The senior administration official did not play down the problem but insisted that the situation is better today than it was five years ago. "Prior to 9/11, the whole region was a safe haven," the official said. "You see attempts from Pakistan to affect this, but it's still part of a long-term element of our battle against terrorism." Pakistani officials say the country's efforts are sincere and pursued at major cost in lives and money.

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In the days before the alleged airliner bombing plot was exposed, more than 200 FBI agents followed up leads inside the United States looking for potential connections to British and Pakistani suspects. The investigation was so large, officials said, that it brought a significant surge in warrants for searches and surveillance from the Foreign Intelligence Surveillance Court, the secret panel that oversees most clandestine surveillance.

One official estimated that scores of secret U.S. warrants were dedicated solely to the London plot. The government usually averages a few dozen a week for all counterintelligence investigations, according to federal statistics.

The purpose of the recent warrants included monitoring telephone calls that some of the London suspects made to the United States, two sources said.

At the Justice Department, prosecutors have debated and identified possible criminal charges that could be filed against those arrested, because they were targeting U.S.-bound flights. One official said they would defer to British prosecutors in the case, but wanted backup options in case their London counterparts encountered problems.

U.S. authorities were still unsure about how the plot may have tied into al-Qaeda.

Homeland Security Secretary Michael Chertoff said Friday that the case bore the "hallmarks of an al Qaeda-type plot," because of its similarity to an abortive 1990s plan directed by Khalid Sheik Mohammed, a senior al-Qaeda operative now in U.S. custody, to blow up 11 airliners over the Pacific Ocean.

"We do not have evidence that there was, as part of this plot, any plan to initiate activity inside the United States or that the plotting was done in the United States," Chertoff told reporters at Reagan National Airport.

Researcher Julie Tate and staff writers Dan Eggen and Spencer S. Hsu contributed to this report.

Pakistan Stays A Terrorism Source (WSJ)

By Jay Solomon

The Wall Street Journal, August 12, 2006

Extremist Islamic Groups Rooted in Kashmir Dispute Join Attacks Against West

Five years after the U.S. began counterterrorism operations inside Pakistan, the country remains a principal center for terrorist training globally, say intelligence and counterterrorism officials in the U.S., Central Asia and Middle East.

Over the past year alone, the U.S., Lebanon, Afghanistan and the United Kingdom have arrested suspected militants who either had trained in Pakistan, or were preparing to do so -- most recently in what British authorities said was a London-based plot they interrupted that would have attacked U.S.-bound airliners.

British officials have categorized 24 suspects they arrested Thursday as "homegrown" terrorists radicalized while living inside the U.K. But there is evidence the suspects had ties to Pakistan, and some had traveled there recently. A U.S. official said some of the conceptualizing for the plot had occurred in Pakistan.

Pakistan is a nexus for extremist Islamic groups, many of which grew out of militant groups active in Kashmir, a disputed Himalayan region Pakistan and India have fought over since 1947. "If you're in southeast London, who is your first point of contact if you want to get into terrorism? ... You make contact with Kashmiri groups," said Hussain Haqani, a Boston University expert on Pakistan who has advised three Pakistani prime ministers.

Pakistan's role as a terrorist breeding ground is a legacy of both tensions with its neighbor and rival, India, and of the distortions that the Cold War between the U.S. and Soviet Union forced on the region. In recent years, groups that emerged from those conflicts appeared to blur with al Qaeda and assume its mission of attacking the West. They also have helped to fracture Pakistan, an autocracy that Pakistan's president, Gen. Pervez Musharraf, attempts to rule without a popular mandate.

Pakistan's troubles mirror in many ways the role Lebanon has played in destabilizing the Middle East in recent months. In both countries, pro-Western governments have been undercut by militants largely operating outside their direct control. In Pakistan's case, the main forces are the Taliban, the Islamists who once ruled Afghanistan, and al Qaeda; in Lebanon's, it is Hezbollah. In both countries, as well, elements in the security services have sympathized, if not cooperated, with these extremist groups.

Mr. Haqani and other Pakistan experts also say they believe elements of the country's intelligence service keep in contact with militant groups. Those links came under scrutiny in the wake of the Sept. 11, 2001, attacks in the U.S. The Bush administration showered Pakistan with aid and military hardware, including recently approved F-16 fighter jets, in exchange for Gen. Musharraf's tolerance of U.S. military activities in Afghanistan and help in arresting al Qaeda operatives in his country.

But despite Islamabad's arrest of more than 600 militants over the past five years, Pakistan keeps producing extremists.

Last month, the Federal Bureau of Investigation announced that it broke up a seven-nation al Qaeda cell that was plotting to bomb underground subway stations and other infrastructure inside the U.S. Among the masterminds of the plot, said the FBI and Lebanese government, was a 31-year-old Beirut-based economics teacher, Assem Hammoud, who was detained in

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Lebanon with detailed maps of U.S. infrastructure. Lebanese officials say Mr. Hammoud was communicating with operatives ranging from Syria to Iran via the Internet and was set to fly to Pakistan for munitions training.

"We arrested him two days before he was supposed to begin" in Pakistan, said the chief of Lebanon's police forces, Major Gen. Achraf Rifi, in an interview. "He was then to move to Canada" to begin executing the plot, he said.

Another alleged terrorist plot involving the Internet and multiple countries also was tied directly to training camps in Pakistan, say counterterrorism officials in the U.S. and the U.K. In June, Canadian authorities arrested a cell of alleged Islamist militants in Toronto after monitoring the Internet traffic they posted through a London-based Web-site operator. The Toronto arrests were tied to a global investigation that also involved suspected militants operating in Bosnia, Denmark, the U.K. and Atlanta.

As the investigation broadened, U.K. police arrested two ethnic-Pakistani men in Manchester airport on terrorism-related charges in June. One of the men, 21-year-old Abed Khan, was charged with threatening to use explosives and poisons as part of a terrorist plot. An official working on the investigation said Mr. Khan had been trained in Pakistan's tribal areas. "More and more we're seeing people going to Pakistan for munitions training," said the official. "The camps that were in Afghanistan have moved to Pakistan."

Members of President Hamid Karzai's government in Afghanistan also assert that militants operating inside their country are trained in Pakistan. They apparently draw inspiration from another theater of violence: Their attacks have grown increasingly lethal, as Pakistan-based militants employ many of the same suicide attacks that are common in Iraq. They also have been developing the same improvised-explosive devices that Sunni militants have been using against U.S. military targets in Iraq.

"Pakistan needs to do a lot more to combat the activities of the Taliban" and other groups, said Afghanistan's ambassador to Washington, Tayeb Jawad, in an interview last month. "Pakistan is also a victim of this...I hope the generals of Pakistan realize this."

Pakistani officials, in turn, say it is Afghanistan that remains the terrorist breeding ground. Mahmud Ali Durrani, Pakistan's ambassador to the U.S., told reporters Friday that he thought that the London terrorist plot had roots in al Qaeda affiliates in Afghanistan. "There are no training camps in Pakistan for jihad," he said.

The continuing links to terrorism in Pakistan draw sharp criticism from many counterterrorism officials and South Asia experts. Gen. Musharraf has constantly stressed that his government has done more than any other country to combat al Qaeda, and cites the numbers of arrests and the fierce battles waged by Pakistani troops against militants in the tribal areas. He also has described how difficult it is for Islamabad to fully control some border areas, which have traditionally been autonomously run under tribal law.

Gen. Musharraf himself has been the victim of two assassination attempts since 2003. In both cases, elements of Pakistan's armed force conspired with militant Islamist groups, say Pakistani officials.

Still, many counterterrorism officials say Islamabad's failings against terrorism stem from its continuing attempt to differentiate between al Qaeda and the Kashmir-focused groups it has trained to fight against India for decades.

Letting these groups flourish inside Pakistan, say counterterrorism officials, has served as a magnet for self-starting militants from Europe and the Middle East that continue to seek out training. The Lashkar-e-Taiba, a Kashmiri group, often trains these aspiring terrorists themselves, or puts them directly in contact with al Qaeda. This is seen as the process that brought some of the July 7, 2005, London bombers in contact with al Qaeda militants last year.

--Shahid Shah contributed to this article.

Write to Jay Solomon at jay.solomon@wsj.com9

Pakistan's Help In Averting A Terror Attack Is A Double-Edged Sword (NYT)

By Somini Sengupta, Scott Shane And David Rohde

The New York Times, August 12, 2006

This article was reported and written by Somini Sengupta, Scott Shane and David Rohde.

LAHORE, Pakistan, Aug. 11 — Just over a year ago, after the deadly terrorist attack on London's transportation system, all eyes fell on Pakistan, when it was revealed that two of the four suspects had come here and made contact with known militant Islamist outfits.

This week, after British authorities foiled what they say was a far more spectacular terrorist scheme, all eyes fell on Pakistan once more. Except this time, Britain heralded Islamabad's help in nabbing the would-be attackers.

But for Pakistan, success of this kind is a double-edged word. It allows Pakistan's president, Gen. Pervez Musharraf, to exhibit the country's importance as a front-line ally in the global war against terror. But it is also a tacit acknowledgment of what a nexus Pakistan remains for would-be terrorists from halfway across the world.

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It is not the first time that Pakistan has proved to be fertile soil for the cultivation of terrorist activity. Indeed, this week's London case is the sixth major terrorist attack, either consummated or attempted over the last three years, to be linked to Pakistan in some fashion.

And it has again raised the question of whether Pakistan is doing enough to rein in terrorist groups operating on its soil. It may not be fair to blame Pakistan for a plot in which most of those arrested were born in the Britain, said Christine Fair, of the United States Institute of Peace, a nonpartisan, federally financed policy group in Washington. "But Pakistan remains a place where you can find the ideology of terrorism and get the training to carry it out, and that's a huge problem," she said.

Pakistan has long used extremist Islamist groups as tools to expert pressure on its neighbors, India and Afghanistan, and that strategy has come with a high price, said Stephen P. Cohen of the Brookings Institution.

"Pakistan is reaping the results of longtime support for Islamist groups, including some involved in terrorism," Mr. Cohen said. Much for that reason, for the Bush administration Pakistan remains a crucial but sometimes disappointing partner in the campaign against terrorism.

General Musharraf's vocal support for American counterterrorist efforts has not always been matched by action. But the administration is reluctant to do anything that might add to the pressure on the Pakistani president, leader of an impoverished nuclear-armed nation of some 280 million people.

Another tender point is Pakistan's ambivalence about the international nuclear proliferation network operated for many years by A. Q. Khan, the father of the country's nuclear weapons program, who was pardoned by General Musharraf but officially remains under house arrest.

Still, Pakistani officials say they have been reliable allies against terrorism. It is impossible, they say, to keep tabs on everyone operating in difficult terrain in a country twice the size of California. "So there are maybe 1,000, 2,000, 3,000, or 500 people like this — we don't know," said a senior Pakistani official, who spoke on condition of anonymity because he was not authorized to speak publicly. "Whenever we get information like that, we do get hold of them."

Western experts acknowledge that General Musharraf, who has narrowly escaped assassination several times, must tread carefully in his efforts against terrorism. "His standing has eroded, and he can't be seen as the poodle of the United States," said Marvin G. Weinbaum, a longtime South Asia hand in the State Department South, who is now at the Middle East Institute.

One of the key points of contention is the degree to which Pakistani and foreign militants, including the leaders of Al Qaeda, Osama bin Laden and his deputy, Ayman al-Zawahiri, continue to find sanctuary in the mountainous tribal areas that run along the border with Afghanistan.

Western diplomats and military officials in Afghanistan say the Taliban also use the region as a rear base for its insurgency in Afghanistan. "The Taliban go to Pakistan for resupply, with their wounded, they have good crossborder communications, that is established intelligence," a Western diplomat in Kabul said, asking not to be named for fear of upsetting Pakistan.

Pakistani officials point out that they have deployed 80,000 troops in the border regions since 2003, but have encountered bitter resistance among traditionally independent tribes there, losing as many as 600 soldiers in the fighting.

A close aide to General Musharraf in fact confirmed that the government had been forced to ease up on its military activity in the tribal areas this year, saying the effort had failed. "In the tribal areas we have had to change our strategy," said the official, who spoke on condition of anonymity because he was not authorized to speak to the news media. "Our strategy of bombardment and using military action didn't work."

After last year's London attacks, Britain and the United States, among Pakistan's most stalwart allies, pressed General Musharraf to rein in extremist groups operating in those areas and elsewhere on its soil. While the arrests this week clearly showed some Pakistani cooperation, they also seemed to indicate that terrorist training camps remain active. The Pakistani government was swift to describe its latest efforts in nabbing the would-be plotters as a testament to Pakistan's "commitment" to fighting terrorism.

"These coordinated arrests underscore the very important role that has been played by Pakistan in breaking this international terrorist network," the Ministry of Foreign Affairs said in a statement last Friday. In a second statement, it said that Prime Minister Tony Blair of Britain had called General Musharraf to thank his government for its "valuable help."

The Pakistani connection is a recurrent theme in recent terrorist plots, said Mr. Cohen of the Brookings Institution, with plotters in the West "receiving their spiritual guidance, their funding and sometimes their instructions from Pakistan."

Until his arrest in March 2003, Khalid Shaikh Mohammed, Al Qaeda's chief of operations, hid in Pakistan and maintained contact with terror cells stretching from north Africa to Indonesia. Just before an April 2002 truck bombing of a Tunisian synagogue killed 21 people, one of the plotters called Mr. Mohammed to alert him to the attack.

In July 2003, Muhammad Naeem Noor Khan, a 25-year-old Pakistani computer technician for Al Qaeda was arrested in Pakistan in another joint operation with Britain.

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Pakistani authorities said they found a computerized archive of surveillance information on the International Monetary Fund and World Bank in Washington, the Citigroup tower in Manhattan, the New York Stock Exchange and the Prudential Building in Newark.

In August 2003, Thai police also found a link to Pakistan when they arrested Riduan Isamuddin, an Indonesian better known as Hambali, accused of masterminding the 2002 Bali nightclub attack that killed more than 200 people and other bombings.

Intelligence officials said he was carrying a large amount of cash he had received from confederates in Pakistan.

In March 2004, American officials arrested a Pakistani-American named Mohammed Junaid Babar, who admitted to smuggling money, night-vision goggles, sleeping bags and other military equipment to a militant training camp in the South Waziristan. The equipment was to be used against American forces in Afghanistan.

In March 2004, British police arrested eight British-born ethnic Pakistanis and a naturalized Briton born in Algeria whom they said had obtained 1,300 pounds of fertilizer that they planned to use to blow up pubs, trains and restaurants in Britain.

Pakistani officials said Zeeshan Siddique, a Briton of Pakistani descent arrested in Pakistan last year, told interrogators that he had spent time in Pakistan with two of the seven men now on trial for the 2004 bomb plot, and discussed ideas for attacking Britain's electricity and communications systems.

In April 2005, 11 Pakistanis were indicted in Spain on charges of raising money and recruiting for terrorist cells in Pakistan loyal to Al Qaeda and of conspiring to commit terrorist acts. Investigators discovered a videotape of some of the country's tallest buildings as well as extremist propaganda materials.

According to a British parliamentary report, two of the four suicide bombers who carried out the July 2005 attacks on London's subway system underwent terrorist training in Pakistan and likely had some contact with Qaeda figures there.

Mr. Weinbaum, of the Middle East Institute, said this pattern reflected an unresolved outcome of the American-led war in Afghanistan. Four years after the toppling of the Taliban, Qaeda and Taliban continue to use neighboring Pakistan as a de facto base.

"Most of the substantial Al Qaeda figures went to the teeming cities of Pakistan, particularly Karachi," Mr. Weinbaum said. "They formed cells there and those cells have links to mosques in Britain and elsewhere."

Pakistan Nabs 17 In Airplane Terror Plot (AP)

By Matthew Pennington, Associated Press Writer

AP, August 12, 2006

Pakistani intelligence agents have arrested as many as 17 people, some of them British nationals and at least one with alleged ties to al-Qaida, in the plot to blow up jetliners flying from Britain to the United States.

Britain hailed Pakistan's help in thwarting the planned attack, but the arrests on Pakistani soil showed that despite its successes against al-Qaida, the country remains a fertile ground for Islamic militancy.

British authorities arrested 24 people Thursday in what they said was a scheme to bring down as many as 10 jetliners in a nearly simultaneous strike. The suspects were believed to be mainly British Muslims, at least some of Pakistani ancestry.

The Foreign Ministry said that acting on information received from Britain, Pakistan had made arrests that triggered the arrests in Britain. It named British national Rashid Rauf as a "key person" who had been nabbed in Pakistan.

Interior Minister Aftab Khan Sherpao alleged that Rauf has ties with the al-Qaida terror network.

"We arrested him from the border area and on his disclosure we shared the information with British authorities, which led to further arrests in Britain," the interior minister told The Associated Press.

Foreign Minister Khursheed Kasuri, in an interview with CNN, confirmed the arrests of seven suspects in Pakistan, including Britons. He said the suspects "had been monitored for quite some time" before they were arrested.

Another senior government official said they included two Britons of Pakistani origin who were arrested about a week ago, and five Pakistanis detained in the eastern city of Lahore and the southern city of Karachi. The Pakistanis were arrested on suspicion that they served as the Britons' local facilitators, the official said.

An official at the British High Commission in Islamabad said he could not confirm the arrests of any Britons in Pakistan.

A Pakistani intelligence official said 10 Pakistanis were arrested Friday in Bhawalpur district, 300 miles southwest of Islamabad, in connection with the terror plot. A second intelligence official confirmed there were arrests in Bhawalpur, but did not know how many. The officials spoke on condition of anonymity because of the secretive nature of their jobs.

A Foreign Ministry statement said the arrests in Pakistan underscored "the very important role that has been played by Pakistan in breaking this international terrorist network." It said there were "indications of an Afghanistan-based al-Qaida connection," but offered no details or supporting evidence.

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Pakistan, a key ally of Britain and the U.S. in the war on terrorism, has been long been regarded as a center of Islamic militancy, much of it linked to events in Afghanistan. Since the Sept. 11 attacks on the United State, Pakistan has captured hundreds of al-Qaida fighters and arrested key figures in Osama bin Laden's terror network.

Talat Masood, a former Pakistani general, said the developments show that officials are cooperating in the war on terror, but also send another message.

"It has pluses and minuses. The minuses are that it shows many active terrorists have links with Pakistan and people are visiting Pakistan for this purpose," Masood said.

Three of the four suicide attackers in the deadly July 7, 2005, bombings on the London transport system were British Muslims of Pakistani origin and had visited Pakistan before the attacks.

One bomber visited a seminary run by a hard-line Islamic group, but officials in Islamabad say none of the bombers received militant training or support during their visits.

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Associated Press writers Munir Ahmad, Sadaqat Jan in Islamabad and Zarar Khan in Karachi contributed to this report.

Foiled Plot Shows Al-Qaeda Still A Force To Be Reckoned With (AFP)

By Jim Mannion

AFP, August 12, 2006

A foiled plot to bomb US-bound airliners over the Atlantic shows Al-Qaeda remains a force to be reckoned with five years after it shocked the world by flying airliners into the World Trade Center and Pentagon, US officials say.

US and British intelligence are looking for hard evidence that Al-Qaeda directed the latest plot, the most serious since September 11, 2001, and there is still some doubt about the role it may have played, US officials said.

But senior administration officials said the plot to blow up as many as 10 airliners over the Atlantic almost simultaneously bears the unmistakable imprint of an Al-Qaeda spectacular.

"Certainly in terms of the complexity, the sophistication, the international dimension, and the number of people involved, this plot has the hallmarks of an Al-Qaeda-type plot," said Homeland Security Secretary Michael Chertoff.

If so, it suggests Al-Qaeda has managed to recover from the blow it suffered in the years after the September 11 attacks, and could be making a comeback.

Several suspects arrested in Pakistan have links to Al-Qaeda, according to Pakistani officials, which if proven would imply Al-Qaeda is forging operational relationships with "homegrown" Islamic extremists in Britain.

"Who are they? Are they Al-Qaeda members? Are they affiliates? That's part of the investigation that has yet to come out," said a US official, who asked not to be identified. "Maybe that's ultimately going to be the link to Al-Qaeda itself."

The official said the US intelligence community has believed all along that Al-Qaeda "had the capability to plan and to execute a big operation and not just aspire."

Just a few months ago, though, administration officials were playing down Osama bin Laden' Al-Qaeda network as a badly battered force that was trying to appear relevant.

"Yes, we are dealing with a figure who has been able to hide, but he's on the run," Secretary of State Condoleezza Rice said in February of bin Laden.

"His organization has been significantly weakened because of the international effort against Al-Qaeda in places like Pakistan and Saudi Arabia."

US and Afghan forces scattered it from its stronghold in Afghanistan by December 2001 and uprooted a network of training camps that had turned out thousands of Islamic militants with skills to wage a global jihad, or holy war.

Three quarters of Al-Qaeda's top leaders were killed or captured in the years that followed, according to US officials, including the mastermind of the attacks on New York and Washington, Khalid Sheikh Mohammad.

Bin Laden and Al-Qaeda number two Zayman al-Zawahiri eluded escape but were believed to be holed up in a remote mountainous region of northwest Pakistan, hamstrung by the threat of capture.

Many analysts questioned whether bin Laden was even alive because such long periods went by with no word from him.

When bin Laden and Zawahiri did reemerge it was through fitful audiotaped messages, often weeks behind the events of the day.

Abu Musab al-Zarqawi, an Al-Qaeda leader in Iraq, paid obeisance to bin Laden but appeared to ignore advice on tactics.

In one captured missive, Zawahiri complained about attacks on mosques and other tactics but ended with a request for money from Zarqawi.

Analysts said Al-Qaeda still exerted influence over Islamic militant movements, but the movement was becoming more decentralized with local leaders acting on their own initiative.

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In Britain and Spain, "homegrown" movements of Islamic extremists were blamed for major attacks on transportation systems in Madrid and London.

Al-Qaeda remained at the top of the US intelligence community's list of US threats to the United States, but top officials portrayed it as on the wane.

"They still plot against our homeland and bin Laden and Zawahiri are still alive -- his deputy -- but they have suffered a lot of losses in their high command," US intelligence chief John Negroponte said in April 2006.

"And if anything, I think that, rather than directing many different operations around the world, I think they are more in the mode of serving as an inspiration for some of these terroristically inclined groups elsewhere," he said.

Suspect Held In Pakistan Is Said To Have Ties To Qaeda (NYT)

By Alan Cowell, Dexter Filkins And Mark Mazzetti

The New York Times, August 12, 2006

This article was reported and written by Alan Cowell, Dexter Filkins and Mark Mazzetti.

LONDON, Aug. 11 — Pakistani officials said Friday that they had arrested a British-born associate of Al Qaeda who appears to have been a crucial player in what authorities said was a plot to blow up as many as 10 passenger jets bound for the United States.

The suspect, identified as Rashid Rauf, was arrested Wednesday in the eastern city of Bahawalpur, the officials said, just hours before the authorities began a series of raids across Britain to break up the plot they say was rapidly unfolding here.

According to a former Pakistani official close to the intelligence services there, the information leading to the arrest of Mr. Rauf came from a mole planted by the British police who had been monitoring the plot inside the United Kingdom. With Mr. Rauf safely in hand, British authorities on Thursday swept up 24 suspects who they say were planning to carry liquid explosives onto passenger airliners and detonate them as the planes flew to the United States.

American and Pakistani officials said they decided to arrest the 24 suspects, in part because they were concerned that word of Mr. Rauf's arrest could send the British plotters underground. The officials described Mr. Rauf, who is of Pakistani descent, as a hardened Islamic militant who had been acting as a liaison for Al Qaeda in its relations with the plotters in the United Kingdom.

"There is definitely an Al Qaeda connection to this," Mahmud Ali Durrani, Pakistan's ambassador to the United States, said.

In another interview, Aftab Ahmad Khan Sherpao, the Pakistani interior minister, called Mr. Rauf a "key Al Qaeda operative."

American officials in Washington concurred that Mr. Rauf was believed to be a principal facilitator in the plot to blow up the airliners and that he was affiliated with Al Qaeda.

British officials, however, declined to discuss Friday a welter of news reports suggesting that the attack had been imminent, with airplanes exploding in midair over American cities from Los Angeles to New York. One British security official said reports that the attack was scheduled for next Wednesday were "rubbish."

According to an American official and the former Pakistani official, the authorities in Pakistan were still searching for at least one other suspect thought to be involved in the plot to blow up the airliners. Both spoke on the condition of anonymity.

Neighbors in Birmingham said Mr. Rauf was the brother of Tayib Rauf, one of the 24 arrested in the dragnet Thursday. An American official confirmed that they are brothers.

A Pakistani official in the United Kingdom and a Western intelligence official said Mr. Rauf is also wanted on murder charges in the United Kingdom. The details of those murders were not known.

The British police said late Friday they had released one of the 24 suspects in the case. They did not identify that person.

British authorities, who have been searching the suspects' homes, have discovered a videotape from one of the suspects in which he explains his involvement in the attack and predicts his eventual death. No other details about the tape were available. Two of the British nationals who carried out suicide attacks on British subways last July, Mohammad Siddique Khan and Shehzad Tanweer, made videotapes before the bombings, each proclaiming his support for a militant brand of Islam.

If it proves fruitful, the arrest of Mr. Rauf would be the first indication of a link between Al Qaeda and the plot to blow up the airliners, which British and American officials say could have killed thousands of people. A Pakistani official, speaking on the condition of anonymity, said the Pakistani government had also picked up one other British-born man in connection with the plot, as well as at least five Pakistanis. The other British man could not be identified.

Still, the exact nature of Mr. Rauf's role in the plot was not immediately clear. American officials said that at least 2 of the 24 arrested Thursday had traveled to Pakistan in the weeks leading up to the planned attack. It was unclear Friday whether those two suspects met with Mr. Rauf while they traveled to Pakistan, or what they did while they were there.

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According to Pakistani officials, Mr. Rauf is affiliated with Jaish-e-Mohammed, the militant Islamic group that is closely linked to Al Qaeda and that is battling Indian rule in the mountainous region of Kashmir. The group has been officially labeled a terrorist group by the United States government and is believed to be responsible for the kidnapping and murder of the Wall Street Journal reporter Daniel Pearl. Its precursor organization, Harkat ul-Mujahedeen, trained in Al Qaeda camps in Afghanistan.

American and Pakistani officials believe Mr. Rauf had trained in Al Qaeda camps in the late 1990s or later, when that group and other militant organizations operated freely in Afghanistan.

Pakistani and American officials said they had received another early warning of the plot in Britain from a Pakistani man picked up crossing the Afghan border five weeks ago. According to the former Pakistani official, the man told authorities there of a plot in Britain involving the destruction of several commercial airlines.

A senior American law enforcement official said that the British disruption of the plot to down airliners began with the follow-up investigation after last summer's suicide attacks on the London subways, which killed 52 people, including the 4 bombers.

"MI-5 tracked everyone involved in the London attacks," the official said. "Their past movements, phone calls and e-mails, everything. It was comprehensive in much the same way that the F.B.I. conducted the post 9/11 investigation."

The probe led authorities to the suspects in the current plot and allowed them to insert an undercover officer, the official said.

A British security official said that law enforcement officials started to monitor the group in December 2005.

The 23 suspects still detained in Britain were drawn mostly from the country's large population of Muslims of Pakistani descent. Their ages ranged from 17 to 35, with many from the immigrant neighborhoods in Walthamstow in east London; High Wycombe, west of the capital; and Birmingham, in the Midlands.

At least three of the men were converts to Islam, according to neighbors. One of them, Don Stewart-Whyte, 21, traded a comfortable life in High Wycombe for an austere devotion to Islam under the name of Abdul Waheed.

New details emerged Friday about the plot, which British officials said could have killed more people than the nearly 3,000 slain in the terrorist attacks on Sept. 11, 2001.

A British security official said the suspects had been planning to use an explosive called TATP, to be detonated by an electrical charge like a cellphone. The official, who spoke on condition of anonymity, said authorities believed the suspects were planning to blow up as many as 10 planes.

Also Friday, British authorities said they had frozen the financial assets belonging to 19 of the 24 suspects, whom they identified publicly for the first time.

Britain, meanwhile, remained on its highest level of terrorist alert, known as "critical," while travelers at the nation's airports continued to face delays and stringent security patrols. On Wednesday, after the conspiracy was made known, thousands of travelers were stranded as hundreds of flights were grounded.

On Friday, things began to move again. British Airways said that 70 percent of its short-haul flights were operating and most of its trans-Atlantic flights had been restored. Passengers were still barred from taking carry-on bags onto planes, reflecting the suspicion that the plotters had planned to use explosives hidden in soft drink bottles or other containers.

Explosives experts said detonators could have been hidden in MP3 players or the flashes of disposable cameras.

Ever since the security alert, passengers in Britain have been barred from carrying any hand baggage, electrical equipment or liquids onto planes. They may carry only personal items such as wallets and medication in transparent plastic bags.

There were suggestions Friday that the plot uncovered in Britain may have been planned to reach to other countries. Maleeha Lodi, Pakistan's ambassador to Britain, said in an interview that the network uncovered in Pakistan had "wider international dimensions."

Coming 13 months after the July 7, 2005, London bombings, the disclosure of the new conspiracy convulsed Muslim groups gathered in mosques and Islamic bookstores, prompting some to protest that their religion was being stigmatized. Others complained that no evidence had been produced to support the official reasons for the arrests.

"Those arrested are innocent until proven guilty," said Mohammed Shoyaib Nergat, the imam of a mosque in Walthamstow, where many of the detainees prayed.

Mohammad Khaliel, spokesman for a prayer group in High Wycombe, where several men had been arrested, insisted that Islamic leaders in the town "have been putting the broad moderate message of Islam."

He said those arrested "came across as diligent, hard-working pious people who would pick the litter off the street and put it in the bin."

Pakistan 'key' To Bomb Plot (FT)

By Bob Sherwood In London And Farhan Bokhari In Islamabad

DOJ_NMG_0047895

Financial Times, August 12, 2006

The arrest in Pakistan of up to three British men allegedly caught meeting local militants was on Friday night being heralded as the key breakthrough that helped foil a suspected terrorist plot to blow up US-bound aircraft, according to Pakistani intelligence officials.

One of those arrested, Rashid Rauf, was named by Pakistan's interior minister as a "key person". Aftab Khan Sherpao told AP Mr Rauf had ties with al-Qaeda and added: "We arrested him from the border area and on his disclosure we shared the information with British authorities which led to further arrests in Britain." It was unclear on Friday night whether he was related to Tayib Rauf, one of those arrested in Birmingham in Wednesday night's UK raids.

The link with Pakistan echoes the visits there of two of the men responsible for planting the bombs on London's public transport system in July 2005. The UK-Pakistan intelligence sharing illustrates greater collaboration between the countries in the wake of the London attacks.

Britain remained on the highest possible security alert level on Friday in the wake of the alleged conspiracy to smuggle liquid explosives on to up to nine US aircraft at British airports.

Anti-terrorist police and the security services began the mammoth task of gathering evidence of the plot, interrogating 24 people arrested in raids on Wednesday night and searching homes and business premises connected with the suspects. At least one pre-recorded "martyrdom" tape was found during the raids.

The Bank of England froze the assets of 19 of the suspects, whom it named. All were British Muslim men, believed to be of Pakistani origin, aged 17-35.

Delays and severe carry-on luggage restrictions continued to hamper air travel in and out of the UK but airport operators said flights were gradually returning to normal.

Passengers were told that purchases from duty-free shops could be carried on to aircraft in a move which, for the duration of the hand-baggage ban, holds the prospect of a financial boost for the departure lounge operators. BAA, the airports operator, confirmed the rules after a second day of falling sales as passengers shunned duty-free shops in the wake of restrictions imposed to improve security.

John Reid, UK home secretary, said the high security level would remain because it was right to "err on the side of caution" and he was "grateful" for the help of the international community, in particular Pakistan, in disrupting the plot.

UK intelligence assessments suggested that the plotters may have planned attacks in two or three waves, attacking as many as nine aircraft in total, though that assessment could change as more details were uncovered.

The decision to make the arrests came amid signs that some of those involved were planning a "dry run", possibly as early as Friday, while unconfirmed reports suggested that the alleged terrorists had planned to strike next Wednesday.

US officials said some of the suspects had travelled to Pakistan and that a British undercover agent had infiltrated the group.

Pakistani officials said they intensified their monitoring of suspects arriving from the UK at the start of the school summer holidays, a period when large numbers of Pakistani expatriates return home for family visits.

Pakistan's role in helping foil the attack could help reduce international pressure on Pervez Musharraf, Pakistan's president and army chief, frequently criticised, particularly in India, for stalling in his crackdown on Islamist extremists.

Frances Townsend, President George W. Bush's homeland security adviser, said authorities were investigating whether the plotters had links in the United States.

Additional reporting by Stephen Fidler

Global Hunt Nets More Suspects (LAT)

By Paul Watson, Josh Meyer And Sebastian Rotella

The Los Angeles Times, August 12, 2006

A Link to Al Qaeda Surfaces Among Alleged Terror Plotters Held in Pakistan

KARACHI, Pakistan — The contours of an alleged plot to blow up airplanes over the Atlantic Ocean grew wider Friday when Pakistani authorities said that they had arrested at least nine people in the case and that one of them had admitted meeting with the reputed head of Al Qaeda's operations in Pakistan.

The link to Matiur Rehman, Pakistan's most-wanted terrorism suspect, was the strongest indication yet that Al Qaeda may have been involved in the alleged plot, although some intelligence analysts caution that any ties may be informal.

The arrests underscore Pakistan's central — and conflicting — role in the fight against terrorism, both as an ally of the United States and Britain and as a seedbed of violent Islamic fundamentalism.

"The Pakistan connection appears to be falling into place," a senior U.S. intelligence official said, speaking on condition of anonymity. He added that any link to the Al Qaeda terrorist network "appears to be more clearly apparent today."

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His assessment was not shared by all, however. Another senior U.S. official cautioned against reading too much into the Al Qaeda link.

British authorities arrested 24 people Thursday, most of them Britons of Pakistani descent, saying the move had foiled a plot to smuggle materials to make liquid explosives aboard as many as 10 U.S.-bound airliners and detonate the mixtures in flight.

Italian officials also announced arrests they said were prompted by the alleged plot.

The case has caused a sharp escalation in security measures at airports in the U.S. and Britain, leading to long delays. Airports in both countries had largely adjusted by Friday, with passengers checking more bags and carrying less luggage aboard.

One of the men arrested was released Friday without being charged, and police applied for judicial permission to keep 22 of the others in custody until Wednesday, and one until Monday.

Nineteen suspects have been identified by the Bank of England, which froze their assets. A British anti-terrorism official, speaking on condition of anonymity, said the 19 were likely to remain in custody but that some of the others might be released in coming days.

It was unclear whether other suspects were being sought.

Police believe the alleged plotters planned to conceal the liquids in sports drink containers and bring them aboard in carry-on luggage or in their hands, the British official said.

Authorities think they have the would-be bomb makers in custody, he said.

The official also confirmed news reports that one of the suspects worked at London's Heathrow Airport. But his job did not appear to be vital to the development of the plot, the official said.

Pakistani authorities said the crucial break in the case came in recent days when they arrested Rashid Rauf, one of two British citizens of Pakistani origin who were taken into custody about the same time.

Rauf was described as a close relative of Tayib Rauf, 22, of Birmingham, England, who was among the men arrested in Britain on Thursday.

British press reports described the two as brothers, but that could not be confirmed.

During questioning in Pakistan, Rashid Rauf revealed details of the alleged plot, said the Pakistani officials, who spoke on condition of anonymity.

They said the information was immediately shared with British security services. Rauf remains in custody in Pakistan, the sources said.

Pakistan's press attache in Washington, M. Akram Shaheedi, said Rauf was arrested on or around Wednesday as a result of a tip from British authorities. He described him as the key person among those held in Pakistan.

Shaheedi also said that the case clearly involved operatives outside Pakistan and Britain.

"There are indications of Afghanistan-based Al Qaeda connections," Shaheedi said. "The case has wider international dimensions."

U.S. intelligence and law enforcement officials spent Friday working with counterparts in Britain and Pakistan to unravel details of the alleged plot and search for any additional suspects.

Frances Fragos Townsend, the White House advisor on domestic security, confirmed in televised interviews that the FBI was pursuing leads in the U.S., but said there was no indication of any plotting on American soil.

A senior U.S. law enforcement official, speaking on condition of anonymity, said authorities had no indication that there were suspects in the United States, but added that the investigation was ongoing.

"Once you arrest 24 people," he said, "everything associated with that — all the searches and seizures, the interviews and interrogations — provide you with a wealth of information you didn't have before."

In another indication of the global nature of the investigation, Italy's Interior Ministry announced the arrests of 40 people.

A crackdown at "Islamic gathering spots," including telephone call centers, money-transfer businesses and Internet cafes, was carried out in 14 cities Wednesday and Thursday, the ministry said in a statement. Most of the people taken into custody were arrested for residency regulation violations.

In Britain, searches of the suspects' homes continued Friday and "are likely to take some time," given the number of locations, a Scotland Yard spokesman said.

The areas where the arrests occurred remained under surveillance, cordoned off from public access and guarded by police. Television reports described officers emerging from houses carrying computers, videos, DVDs and other evidence in bulging black garbage bags.

In Pakistan, officials said Rauf had been under surveillance for six months, his phone calls and Internet communications monitored.

The anti-terrorism official in Britain said Rauf was known to have been in touch with the suspects arrested there.

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He described Rauf as a significant figure but not necessarily the alleged plot's leader.

"There was a lot of traffic of communications between him and the people here," the official said in London. "But I wouldn't say that he was the mastermind."

Rauf admitted under interrogation that he had met with Matiur Rehman, a senior Interior Ministry official said in Islamabad, Pakistan's capital.

The official described Rehman as Al Qaeda's new operations chief in Pakistan, since the arrests of the network's previous local leaders.

The Pakistani group is believed to be a subsidiary of the umbrella network run by Osama bin Laden and Ayman Zawahiri, both of whom are thought to be hiding in Pakistan's rural western region.

Rehman is ranked No. 1 among 166 people in a "red book" of suspected terrorists compiled by Pakistani intelligence agencies that was made available to The Times.

He is wanted in connection with a 2003 assassination attempt against Pakistani President Gen. Pervez Musharraf, and one in 2004 against Prime Minister Shaukat Aziz. Pakistan has offered a $1.7-million reward for his capture.

Still, one U.S. counter-terrorism official cautioned that there might be little significance to Rauf's apparent meeting with Rehman.

"It isn't clear what that individual's significance is or his connection, if any, to the plot," the official said. "I'd lean toward not overstating his position."

Pakistan's interior secretary, Syed Kamal Shah, who oversees law enforcement agencies in Pakistan, said Rauf was arrested in Punjab province, a hotbed of militant activity.

He added that Rauf, who holds dual British and Pakistani citizenship, was born and raised in London, where he has a home.

"Right now, I can only say that he was a very important man in the plot," Shah said.

In addition to the two Britons arrested earlier in the week, Pakistani officials said they arrested seven people Friday, three of them at the Islamabad airport and four in a village south of the capital.

*

Watson reported from Karachi, Meyer from Washington and Rotella from Ferrol, Spain. Times staff writers Mitchell Landsberg in Los Angeles and Janet Stobart in London and special correspondents Mubashir Zaidi in Islamabad and Shamim ur-Rahman in Karachi contributed to this report.

Al Qaeda Or Not? U.S., U.K. Differ On Its Likely Role (WSJ)

By Robert Block

The Wall Street Journal, August 12, 2006

Gap Reveals Basic Questions About the Group's Strength And Its Possible Evolution

WASHINGTON -- As details of the London airliner plots emerge, counterterrorism experts are reconsidering what they once thought they knew about al Qaeda.

While they had believed that the terror network was on the ropes, they are starting to think it simply has changed shape and grown more complex.

Even senior U.S. law-enforcement officials say they aren't sure what form al Qaeda takes these days, or what its precise relationship is with a network of sympathetic and cooperative jihadist groups. That helps explain the gap between American and British descriptions of the bomb plot that was disrupted this week. U.S. officials have said they saw signs of an al Qaeda link, and British officials have pointedly declined to finger al Qaeda.

As that suggests, there isn't agreement on what exactly constitutes an al Qaeda operation these days. In this case, U.S. officials say they think the plan to blow up multiple airliners in flight came from jihadists in Pakistan, and that the execution then was carried out in Britain. Pakistan, in the words of one senior U.S. official, was the home of "the big brain" behind the operation.

But while Islamist groups in Pakistan clearly are sympathetic with al Qaeda, the relationships between them and al Qaeda's leaders are mysterious, leading to different conclusions about the meaning of such a link.

"Huge gaps remain in our understanding of the group's mindset, decision-making processes, organizational dynamics as well as command and control relationships," says Bruce Hoffman, a counterterrorism expert at the Rand Corporation think-tank.

Pakistani officials said Friday that the plot to bomb flights from Britain to the U.S. with liquid explosives had a link to al Qaeda through a British citizen of Pakistani ancestry who has been arrested in Pakistan. They said that indicated the conspiracy had a broad international dimension.

British officials, however, distanced themselves from such assertions. The Bank of England froze the assets of 19 people early Friday, and a spokesman for the United Kingdom Treasury said investigators are under pressure to reach a speedy

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conclusion on the issue of al Qaeda involvement but so far are unable to do so. "It is too early to reach a conclusion," the spokesman said.

A determination of al Qaeda involvement would simplify the freezing of assets world-wide because it would allow Britain to freeze assets under a United Nations resolution designating al Qaeda supporters, the spokesman said. If neither al Qaeda nor Afghanistan's former Taliban rulers are found to be involved, the spokesman added, the funds would be frozen only in the U.K. or, with a European Union resolution, in Europe. "We would like to move quickly with the most far-reaching measure, but right now we can't," said the spokesman.

Some allies speculate that American officials would like to show links to al Qaeda because it could help the Bush administration's political message about the importance of fighting the war on terror. However, blaming al Qaeda also could undermine the administration's argument that it is waging a war over in Iraq and Afghanistan partly in order to avoid having to fight the terrorists in America and Western Europe someday. The idea of an explicit link to al Qaeda also underscores the U.S. failure so far to crush the organization, nearly five years after the Sept. 11 terrorist attack.

The divergent views of al Qaeda's possible involvement, as well as a host of leaks about the British takedown operation, led British officials to call their American counterparts on Thursday night insisting that U.S. officials refrain from saying anything more about the plot and linking it to al Qaeda, according to a British diplomat.

Whether al Qaeda had any involvement in the plot or not, the links to Pakistan and the sophistication of the scheme worry counterterrorism officials, because they illustrate how little is known about how some of these groups operate. "After this is all done, I am sure we are going to be going back and re-examining what we mean by al Qaeda and al Qaeda-linked terrorism," says a senior British counterterrorism official close to the London investigation.

Madrid Train Bombing

An official of the Federal Bureau of Investigation says, "We are clearly going to have to rethink some of our assumptions. This one certainly appears to hark back to more structure and more planning and more expertise than we thought they could muster."

Assumptions about al Qaeda first changed in the aftermath of the March 2004 bombings in Madrid, in which an Islamist group said to be "inspired" by al Qaeda, rather than a formal part of the organization, was blamed for the attack. This gave rise to new thinking among counterterrorism experts that al Qaeda franchises and wannabes had taken over as the main threat.

Last summer's bombings of London's mass-transit system by British-born Muslims only furthered the idea that so-called homegrown terrorists were responsible. Marc Sageman, an expert on jihadist groups, defines such homegrown terrorists as self-selecting, self-radicalizing, self-directing individuals or groups of people who try to launch attacks without any outside direction. "You don't need al Qaeda anymore to be a member of al Qaeda. You can go on the Internet, meet other people and make your own terrorism," Dr. Sageman says.

But months after the 2005 London bus bombing, the theory got turned on its head when it emerged that two of the London terrorists had traveled to Pakistan to meet al Qaeda bomb makers and to record suicide farewell videos.

Dr. Hoffman of Rand Corp. says he understands why prominent analysts might have arrived at the conclusion that al Qaeda, as a military organization, was moribund. The feeling was that it had lost so much of its leadership that it was incapable of doing anything but inspire others. But Dr. Hoffman believes the notion was based on a fundamental misunderstanding of how the group operates.

"We are talking about a nimble, flexible and resilient entity," he says. "There has never been an either/or with al Qaeda. It has always functioned from the top down and at the same time has encouraged free-lance activity and franchises to operate on their own. This is what makes them so resilient."

'Decapitation Strategy'

The U.S. approach to destroying al Qaeda has primarily used a "kill or capture" strategy to try to eliminate the group's leaders. The thinking has been that the experience, charisma and organizational skills of the top men would be difficult or impossible to replace. But this "decapitation strategy" appears to be failing against the organization -- especially as it grows into a social movement that links like-minded groups feeding off anti-American sentiment to attract new recruits and sources of funding.

U.S. and British intelligence officials now are concentrating on finding ways to undermine al Qaeda by disrupting the means by which new terrorists are recruited and imbued with violent zealotry. "Islamic radicalization is something that is a subject of significant interest and study within the intelligence community," says Charles E. Allen, intelligence chief of the Homeland Security Department.

But preventing radicalization in democracies isn't easy. Police agencies instead believe the only way to detect and disrupt al Qaeda is by watching for the petty crimes that terrorists often commit, such as theft and document fraud, to be able to plan a major attack.

-- David Crawford contributed to this article.

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Write to Robert Block at bobby.block@wsj.com13

Bomb Plot's Initial Suspects Are British Muslims (WT/AP)

By Jill Lawless

The Washington Times/AP, August 12, 2006

LONDON -- One was an athletic teenager who had grown into a devout young man, another a soccer-loving convert to Islam. The youngest was 17, the oldest 35. Many were born in Britain and all were reared here.

As police held about two dozen young British Muslims accused of plotting devastating airline bombings, both the authorities and their neighbors sought yesterday to understand how ordinary communities apparently spawned a terrifying plot.

Police have not identified suspects, but 19 names were made public yesterday by the Treasury after the government froze their bank accounts.

They have names of Muslim origin, many of them common in Pakistan. At least 14 of them live in London, four in leafy High Wycombe, 30 miles away, and two in the central city of Birmingham.

It is not clear how the men met or who the ringleader is, although suspicion falls on the only one identified who is over 30 -- Shamin Mohammed Uddin, 35, of East London.

At least nine of the suspects lived in Walthamstow, a typically polyglot London neighborhood of modest brick houses and small apartment blocks, halal butchers, pubs and fast-food restaurants. It is an ethnically mixed community with a smattering of affluent professionals and a large Muslim population served by several mosques.

"Walthamstow's a happy, chilled-out community," said resident Hajra Mir. "We weren't expecting this."

That sense of shock was repeated across the neighborhood. Residents said it is a friendly, quiet area where people respect their neighbors. Several of the suspects had lived there for many years and attended local schools.

But several men from the neighborhood have been linked to the Saviour Sect -- an offshoot of a disbanded radical Islamist group, al-Muhajiroun, which was based in nearby Tottenham and gained notoriety for praising the September 11 hijackers.

A Walthamstow leader of the sect, Abdul Muhid, has been charged with soliciting murder during an angry protest earlier this year over the prophet Muhammad cartoons published in a Danish newspaper. He had previously been arrested for calling for the killing of British troops while proselytizing at a Walthamstow market.

Last fall, a rally planned by the group at a community center was banned by local officials after organizers distributed leaflets portraying an Islamic fighter holding a rocket launcher outside the prime minister's Downing Street residence.

Local Muslim leaders say the area's major mosques are vigilant about keeping radicals away. But several of the suspects appeared to fit the pattern of radicalization seen in the bombers who attacked the London transit system: young men born in Britain, reared in moderate homes, but drawn to militant Islam.

Suspect Assad Sarwar, 26, lived with his parents in a run-down house in High Wycombe.

Neighbor Nawaz Chaudhry, 17, said Mr. Sarwar had become increasingly strident after the July 7, 2005, transit system bombings that killed 52 persons.

"He started talking about terrorism and acting like it's OK to blow up people," Mr. Chaudhry said.

Waheed Zaman, 22, grew up in Walthamstow, across from the modern brick Masjid-e-Umer Mosque.

Neighbors remembered an athletic boy with plenty of non-Muslim friends who had grown increasingly devout in recent years, wearing traditional dress and growing a beard.

"As a kid, religion was never a problem for him," said a childhood friend who gave only his first name, Darren. "I'm a Christian and it was never a problem for him."

Residents said Mr. Zaman, a biochemistry student who headed the Islamic Society at London Metropolitan University, did community work, urging local youngsters to attend the mosque and stay away from drugs.

A few blocks away, Oliver Savant grew up with his English mother and Iranian father. Neighbors recall a youth who loved soccer but had become increasingly isolated from his neighbors after he converted to Islam a few years ago, changing his name to Ibrahim.

"Oliver started putting on Muslim robes and growing his beard long a few years back," next-door neighbor Paul Kleinman, 66, told the Guardian newspaper.

He was one of at least three converts to Islam among the suspects. Neighbors identified one of the High Wycombe suspects as Don Stewart-Whyte, 21, a recent convert who had changed his name to Abdul Waheed.

Another High Wycombe suspect, Umar Islam, 28, had a West Indian background and changed his name from Brian Young when he converted two or three years ago.

"In my heart I don't think this boy is bad," said next-door neighbor Parkhash Dhanjal, 62. "He is a nice boy."

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One of the transit system bombers, Jamaican-born Jermaine Lindsay, was a convert, as was Briton Richard Reid, who was convicted of trying to blow up a trans-Atlantic airliner in 2001 with explosives hidden in his shoes.

Shock Reverberates Among Acquaintances Of The Young Suspects (NYT)

By Ian Fisher

The New York Times, August 12, 2006

HIGH WYCOMBE, England, Aug. 11 — They are all young, including one who is just 17. Only one appears to be over 30. Most, maybe all, were born in Britain. All but one lived in two clusters, either in this ethnically mixed city or within walking distance of each other in East London.

And 3 of the 24 suspects arrested Thursday, in what the authorities have described as a plot to blow up airliners on trans-Atlantic routes, were converts to Islam.

"Born a Christian," was the headline in The Sun, in its account of one of the suspects, Don Stewart-Whyte. He is the 19-year-old son of a late Tory politician who was said to have converted about six months ago.

For many Britons, this is one of the most unsettling aspects of the case. (Another British-born convert, Richard Reid, was charged in 2001 with trying to blow up a plane with bombs hidden in his shoes.)

But interviews with neighbors and acquaintances here, west of London, shed little light on how a change of religion might have turned to plans of mass murder.

"We were standing here and he came and said, 'I converted to Islam and I'd like you to know that,' " said Sharib Bahatti, 49, a Pakistani immigrant. He lived down the street from Mr. Stewart-Whyte, who lived with his widowed mother and sister and used to earn money mowing neighbors' lawns.

After his conversion, neighbors said, he grew a beard and a spell of late-night teenage carousing came to an end. Mr. Bahatti said that Mr. Stewart-Whyte had invited his son, in vain, to attend Friday prayers with him, but that there were no signs of unusual zeal.

"He never had a problem with anybody," he said. "We never expected things like this."

The British authorities have released little information about the 24 people arrested, other than to provide a list of 19 of them — with names, ages and addresses — whose finances have been frozen. One of the 24 was released Friday night, the authorities said, without disclosing details.

So, for the moment, basic questions remain unanswered, from what connected the suspects to the more frightening issue confronting this country: what might have motivated young Britons to undertake months of planning to kill thousands?

"If you truly believed in God, you wouldn't go out and do that kind of thing," said Lyneth Samuel, who lives across the street from Assad Sarwar, who sold used cars and was arrested here Thursday morning. "It's all about peace, isn't it?"

Her husband, Berton, 48, a logistics director, added: "I heard a phrase on TV the other day: 'the enemy within.' And to be honest, I feel exposed."

A day after the arrests, interviews with neighbors and news media accounts provided the sketchiest of profiles.

One of those arrested, Amin Tariq, 23, from Walthamstow, in London, reportedly worked as a security guard at Heathrow Airport, raising fears here that security there might have breached.

Many lived near each other either here or in London, but it is not even clear that they worshiped in a single mosque, though it does appear that some knew each other that way. One local resident said at least four of the suspects attended the same mosque on Queens Road in Walthamstow.

One of those was Ibrahim Savant, born Oliver Savant in 1980.

"My cousin, who went with Ibrahim to the same class, said that he converted, because one day he went to a priest and asked him some questions that he wanted to be answered," Hamza Ghafoor, 20, a Walthamstow resident and friend of Mr. Savant. "But the priest couldn't give him any plausible answers," Mr. Ghafoor added. "And so some of his friends told him to go to the mosque and ask the imam there. And he liked the way, how the imam answered him the questions. He was 18 years old when he converted."

Several newspapers reported that Mr. Savant's pregnant wife had been taken from their house in handcuffs, although she was not among the 19 whose names were disclosed.

On the other side of High Wycombe, once rolling farmland, now a city of more than 150,000 that is a 45-minute drive northwest of London, there were similar questions about Brian Young, 28, who is the son of a West Indian family. He had converted and changed his name to Umar Islam.

"He just said it was a good religion that doesn't do anything wrong," said Fasil Mahmood, 19, a night watchman who said he saw Mr. Islam at Friday Prayer at a mosque here.

Like Mr. Bahatti, Mr. Mahmood said there seemed nothing fanatical about Mr. Islam.

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"I was shocked," he said.

In one interview after another, neighbors — Muslim and not — said they, too, could not imagine how young men they knew could be guilty of the crimes they were arrested for.

"The people that belong to this mosque, it is not possible they would do these crimes," said Safdar Hussein, imam of the Jamis Masjid mosque in Birmingham. Tayib Rauf, who was one of the suspects, and his brother Rashid Rauf, who was arrested in Pakistan and said to be an Al Qaeda operative, reportedly attended prayers there.

If the Rauf brothers are guilty, "that's an embarrassment to the community," he said. "Everyone would be against those people."

Suspects Recalled As 'Just Normal Guys' (WP)

By Joshua Partlow And John Ward Anderson, Washington Post Staff Writers

The Washington Post, August 12, 2006

Neighbors Voice Skepticism About Investigation, Friends' Alleged Role in Plot

LONDON, Aug. 11 -- They were lunchtime companions, worshipers kneeling on the same mosque floor, friends praying to the same God. One was the medical student cramming for exams at the next table. Another was the sprinting player jostling for the ball down the soccer field.

And so to some friends and acquaintances -- those who gathered outside the mosques of northeast London and in the quiet suburbs to the west of the city -- the possibility that the young British Muslims also might be involved in an audacious plot to explode airplanes over the Atlantic Ocean was almost impossible to reconcile or believe.

"They're just normal guys, they're probably being painted as hateful monsters, but they were just normal guys," Louis Melvin, 26, said Friday as he stood near the Masjid-E-Umer mosque in the Walthamstow neighborhood of London with other young men who said they were friends with some of the suspects. "If they were plotting this for the last year, they wouldn't have been able to spend all that time talking to me about trivial things like soccer," Melvin said.

Although the identities of all the accused have yet to be disclosed, the Bank of England on Friday froze the assets of 19 of the 24 suspects arrested the day before, in the process releasing their names and ages to the public. All 19 had Muslim names, most were in their twenties -- they ranged in age from 17 to 35 -- and 13 of them lived in London, according to the list.

The bank's actions came at the order of British Chancellor Gordon Brown, citing concern over financing terrorists. But Muslim leaders in Britain condemned the release of the names, saying that it was unusual for suspects to be identified before they were formally charged and that it could impede a fair trial.

"There is a perception that this is a trial by media," said Jahangir Mohammed, director of the Center for Muslim Affairs, an independent research organization based in Manchester. "The general feeling is that people believe this has been concocted and it is very timely" as a diversion from the war between Israel and the Hezbollah militia in Lebanon.

Several Muslims said they condemned any terrorist plot but were skeptical about the police investigation and evidence that tied so many seemingly normal, middle-class Muslims to the alleged plot.

Police "need to be careful" about linking terrorism to the Muslim community "as a whole" and "demonizing the community," Khalid Sofi, a senior member of the Muslim Council of Britain, told the BBC. He said that British police made sweeping arrests of Muslims based on ethnic and religious profiling and used unwarranted stop-and-search procedures, and that most of the Muslims were released without being charged.

British Home Secretary John Reid said that it was a "normal procedure" to release the names of those whose bank accounts were frozen and that knowing their identities is "part of the obligation of ensuring that people cannot deal with such individuals in the transfer of assets."

British police on Friday released one of the suspects, who was not identified, without charging him.

"Of those we have arrested, some will be released without charge -- that is the nature of an investigation. Some will interpret that as meaning the evidence is not there, but there is a good reason for us to have acted as we have," said Rob Beckley, a senior police officer who heads community and counterterrorism programs for the Association of Chief Police Officers.

He said he had heard the suggestion among some Muslims that this was a "smoke screen" to knock the war in the Middle East off front pages. "Frankly, any idea that this was manipulated is nonsense," he said.

Several of the suspects lived in Walthamstow, a working-class northeast London neighborhood that is home to many Pakistanis, African Muslims and Polish immigrants. Residents live in brick homes and townhouses, along streets spotted with pubs, market stalls and fast-food restaurants.

For the Friday afternoon prayer service, dozens of Muslim men came to the Darul Uloom Qadria Jilania mosque in the area, around the corner from where police stood sentry outside the home of one of the suspects. The worshipers, some wearing

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white dishdashas , the traditional Muslim robe, and others wearing blue jeans and backward baseball caps, knelt to pray on a white sheet spread out on the sidewalk in front of the mosque.

After the prayers, several young men denounced the United States, Israel and the British police for what one man called a "war on Islam." Some of the men accused the police of fabricating the terrorist plot and wrongfully arresting their friends.

Such raids and arrests strike a particularly sensitive nerve in England. Police raided a home in Forest Gate, east London, in June and arrested two brothers, shooting one of them, mistakenly thinking the men possessed a chemical bomb. Both men were released without charge.

"This plot never existed!" Abid Aslam, 28, shouted about the most recent arrests to the gathering television cameras.

"It's absolute propaganda, it's all about the Jews and oil," said another man.

The men began chanting, "God is great. God is great."

Ishtiaq Hussain, 25, who grew up in the neighborhood, said he was friends with two of the suspects, Ibrahim Savant and Waheed Zaman. Savant, 25, is a soccer-loving half-British, half-Iranian Muslim convert formerly named Oliver, Hussain said. Zaman, 22, took biochemistry classes and led prayer groups at London Metropolitan University, where he was friends with a diverse group of people, Hussain said.

"He's humble, he's got a big heart. He would never hurt a fly. I mean, he's a nice geezer, he's not an extremist," Hussain said of Zaman. "If evidence does come out that they were plotting something, it would be very hard to digest. Very, very hard."

In the same neighborhood, another crowd gathered along Queens Road outside Zaman's home, in a two-story building next door to the New Stylish Hair Dresser and across the street from the Masjid-E-Umer mosque.

If Zaman was a fanatic about anything, it was the Liverpool soccer team, which he followed in an online fantasy soccer league, said his friends. "The last time I saw him was two days ago. We got together to watch 'Star Wars' together," said one of his friends, who declined to give his name.

"You can't condemn someone with no proof. They are innocent until proven guilty," said another of Zaman's friends.

The British press reported Friday that two of the suspects were white men who recently had converted to Islam. The Guardian newspaper said another suspect worked at London Heathrow Airport, and other news outlets reported that at least one suspect taken into custody was a pregnant woman. British police refused to confirm the reports.

At least four of the suspects lived to the west of the city in a suburb called High Wycombe, according to the Bank of England list. One of the suspects, Assad Sarwar, was a Pakistani man who lived in a two-story brick duplex along Walton Drive with his brother and the rest of his family, neighbors said. Some neighbors, watching from across the street as police in hazard suits walked in and out of the house, said they were befuddled and dismayed by the situation.

John Arnold, 28, who knew the Sarwars, echoed the sentiments of several others trying to understand the arrests: "They were just normal kids."

Staff writer Anushka Asthana in Washington contributed to this report.

The Accused Terror Probe Eyes Pakistani Links Of British Suspects (WSJ)

By Chip Cummins And Carrick Mollenkamp In London, Alistair Macdonald In High Wycombe, England And Zahid Hussain In Islamabad

The Wall Street Journal, August 12, 2006

Alleged Muslim Plotters Didn't Appear Radical; Middle-Class Homeowners An 'Angry Young' Generation

On Wednesday, Pakistani authorities arrested Rashid Rauf, a young Briton wanted on charges that he murdered his uncle in 2002. Soon thereafter, British police 4,000 miles away moved in to break up a terrorist cell they say was planning to blow up several airliners midflight.

One of those rounded up in the raids was Mr. Rauf's brother, Tayib, 22 years old, who lives in Birmingham, an industrial city 130 miles north of London.

The links between the two men could prove crucial to investigators as they piece together a plot they say could have rivaled the Sept. 11 attacks in scale. British police acted swiftly for fear that word of Rashid Rauf's arrest would cause the other suspects, who had been under surveillance for months, to scatter. The connection between the Rauf brothers highlights the close ties between Pakistan and the United Kingdom, especially within families.

Pakistani authorities claim Rashid, who fled Birmingham for Pakistan a few years ago, had received training in explosives at al Qaeda camps along the Afghan-Pakistani border and had organized al Qaeda funding for the terror-plot suspects in Britain. "He was the main link with al Qaeda," said a senior Pakistani official Friday. Pakistani police arrested on Wednesday two others whom they suspect are accomplices, and numerous others in recent days. Tayib Rauf was the main coordinator of the plot in Britain, Pakistani authorities claim.

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British and other European intelligence agents say they are still searching for al Qaeda links to the 24 suspects rounded up in the U.K. early Thursday morning and to those arrested in Pakistan.

The Rauf family connection may help to explain how the suspects, mostly second- and third-generation Pakistanis leading middle-class lives in Britain, concocted such a sophisticated plot, which authorities say bears the hallmarks, if not yet the guiding hand, of al Qaeda.

The plotters planned to smuggle liquid bombs in hand luggage onto several planes and explode them simultaneously, investigators say. Suspects in Britain can be held under antiterrorism laws for up to 28 days. One of the 24 rounded up early Thursday was released by police Friday without charge.

Among the suspects are two sets of brothers, a cabdriver and a recent convert to Islam who a neighbor says had been bullied by South Asians in the community. Two are women, one in her 20s with a six-month-old baby, says Imtiaz Qadir of the Waltham Forest Islamic Association, a large mosque in east London, where many of the suspects lived. (Read suspects' names9)

They range in age from 17 to 35, and they hail from three different communities with sizable Muslim populations. Most lived in Walthamstow in east London, some lived in High Wycombe, a commuter town outside London, and a few, including Tayib Rauf, lived in Birmingham.

Many of them wore Western clothes and showed few, if any, signs of sympathizing with violent radical Islam, according to those who know them. The mosques some attended were home to imams who preached tolerant Islam, they say, though at least two returned from Pakistan with wives who then dressed in traditional Muslim clothing.

Many young Britons of Pakistani descent feel disenfranchised in their native country. The parents of many moved here in the 1960s, when Britain opened its immigration gates to people in former colonies in order to fill a labor shortage. Although they strove to assimilate, their children and grandchildren often felt alienated and were less willing to do so. With Muslims in hotspots such as Iraq and the Middle East perceived by them to be under attack, the young people, especially the men, are easy targets for radicalization. Trips to Pakistan to study or visit family are common.

"The cumulative effect of Islamophobia, both internationally and nationally, linked to social exclusion, has created a generation of angry young people who are vulnerable to exploitation," said Tarique Ghaffur, assistant commissioner at Scotland Yard, in an address Monday. "The simplistic anti-Western messages of extremist organizations can be attractive to such vulnerable young people."

On Thursday afternoon, police raided Haji Telecom, an Internet cafe in Walthamstow, taking away 27 hard drives and two disks left by customers. Ismael Ahmed, the manager, sat Friday with one other employee in the empty cafe, amid rows of disconnected keyboards and monitors. "Whatever they need for security, that's OK with me," he said.

Paid $378,000 for House

Many of the suspects weren't hard-up or without prospects. In March 2004, Tayib Rauf paid $189,000 in cash for a home in Birmingham, according to property records. Two months later, another suspect, Khuram Shazad Ali, paid $378,000 for a house in High Wycombe, records show. He was 24 at the time. The home had previously been owned by his father, a neighbor said. Three weeks after that, the Ali family bought another house a few doors down the street for $359,000. Mr. Ali's assets have been frozen by British authorities, the Bank of England said Friday. Police raided all the homes this week and are still guarding them.

Some of the suspects appeared less radical than others around them, says people who knew them. In High Wycombe, Mr. Ali wore Western clothes like his father, while his older brother dressed in traditional Muslim robes, neighbors say. Mr. Ali and his brother played cricket together and sold luxury cars from one of the two homes they owned on the street.

In a telephone interview Friday, one neighbor, David Tighe, said he was looking out his window at one of the Ali houses and could see police removing what looked like marijuana plants, sunlamps and reflectors. He said people often came and went from the house day and night. A police spokeswoman declined to comment on whether any plants or drug-related equipment had been removed from the house. No one at either Ali home could be reached.

Waseem Kayani, 29, also lived in High Wycombe. He drags his foot when he walks due to a disability, says Christine Styles, who has lived on his street all her life. About a year ago, he went away to get married, neighbors believed to Pakistan, and returned with a wife who wears a full burka with a face covering.

Don Stewart-Whyte, 21, another High Wycombe resident, was born in Britain and converted to Islam as recently as six months ago. One neighbor recalls him complaining about getting bullied at school. "I was surprised when Don became a convert," says this neighbor. "He'd had trouble with the Asian community before. He'd been beaten up by them." Mr. Stewart-Whyte recently grew a goatee and sometimes wore a Muslim headdress, neighbors say. He began greeting people using the Muslim greeting, "Assalamu Alaikum," or "Peace be with you."

One neighbor says Mr. Stewart-Whyte's mother is a physical-education teacher at Pipers Corner in High Wycombe and is currently on holiday in Scotland. Prior to converting, Mr. Stewart-Whyte was "a bit rebellious," says this neighbor, who says she

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is a friend of his mother's. She and others say he is very personable. Mr. Stewart-Whyte had told people that converting was a positive thing and that he'd been happy since he did. "His mother liked the change," this neighbor says.

Mr. Stewart-Whyte's father worked for the British Conservative Party until his death several years ago from cancer. As a youth, Mr. Stewart-Whyte made money washing cars and mowing lawns for neighbors. He had also worked for a while at Currys, a local electrical store, said Shauib Bhatti, another neighbor.

London's Evening Standard newspaper reported that Mr. Stewart-Whyte is a half-brother of Heather Stewart-Whyte, who has modeled for Victoria's Secret. Ms. Stewart-Whyte's agent said she couldn't be reached for comment.

Reputation for Moderation

Shaukat Warraich, a local teacher and Muslim community leader in High Wycombe, says the town's mosque, where Mr. Stewart-Whyte went when he decided to convert, has a reputation for moderation. "The imam there is known as a moderate man. He has never expressed extreme views," he says. "This is a very small, sleepy English town."

Another recent convert among the suspects is Oliver Savant, 25. His friends say he converted to Islam about five years ago while living in Walthamstow in east London, and changed his name to Ibrahim. He was known as "Ib."

Mr. Savant and his brother worked at a lighting and sound-stage company called Positive Fokus Ltd., which handles festivals and other events. Mr. Savant was a bookkeeper at the company, according to U.K. corporate records. One person at Positive Fokus says Mr. Savant had handled some paperwork for the company and had worked just 10 hours in the past two years.

Mr. Savant lived just a few blocks from suspects Waheed Zaman, 22, and Usman Saddique, 24, who grew up together and attended the same high school. Mr. Saddique's mother still works at the school as a teacher's aide, say neighbors. Both young men's fathers worked in nearby factories before retiring and are in poor health, neighbors said.

Mr. Saddique worked recently as a pizza-delivery man, and spent a period at a religious school in London, neighbors say. He would wear both Western dress and more traditional garb.

Mr. Zaman seemed the more religious of the two, neighbors said, dressing in traditional robes and wearing a beard. His older sister is a doctor and he was interested in following in her footsteps. He would often speak openly about his Muslim faith and would try to get neighbors to accompany him to the mosque, says Raja Akhtar, a cabdriver who lives around the corner from Mr. Zaman's residence and knows him.

Mr. Zaman wasn't pushy or obviously radicalized, Mr. Akhtar says. "They would offer to carry my wife's shopping," Mr Akhtar says. "They were inviting people to go to different mosques, trying to show them and inviting them to pray."

Asim Tariq, a worker at Heathrow airport, also lived nearby. Last year, he traveled for the first time to Pakistan to get married and bring his bride back to Britain, neighbors say. The couple has a two-week-old baby.

-- Cassell Bryan-Low, Aaron O. Patrick, Deborah Ball, and Jason Singer in London contributed to this article.

Write to Chip Cummins at chip.cummins@wsj.com14, Carrick Mollenkamp at carrick.mollenkamp@wsj.com15 and Alistair MacDonald at alistair.macdonald@wsj.com16

23 Arrests Preceded By Quiet English Lives (LAT)

By Alissa J. Rubin

The Los Angeles Times, August 12, 2006

Neighbors of most of the suspects describe them as unremarkable, if a little overtly religious.

HIGH WYCOMBE, England — They were middle-class university students and avid cricket players; one was studying biomedical sciences, another worked at Heathrow Airport, a third was a bookkeeper and a fourth drove a taxi.

They lived in tidy neighborhoods where Urdu and English mix, along with polo shirts and shalwar kameez, loose-fitting tunic and pants popular in South Asia. Where people cheer for the British soccer team after praying at the local mosque on Fridays. Many of the suspects have wives and small children. They went to work in the morning and came home for dinner in the evening.

Until Thursday, the 23 suspects in custody in Britain in the alleged airline bombing plot were largely unnoticed by their neighbors who, to a person, described them as living quiet, unremarkable lives.

The only noticeable feature, some said, was that in the last few months several had become more overtly devout, growing beards, wearing long robes and inviting others to the mosque. The change was especially marked in the two converts to Islam who had British parents.

There are differences within the group, aged 17 to 35, with some less educated, but more are of middle-class backgrounds, apparently assimilated into British society, than the men involved in last summer's suicide attacks on the London transit system that killed 52 people. But similar to that group, many of the suspects appeared to have become radicalized in

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Britain and had traveled to Pakistan, where they may have been directed toward violent activity through training or intellectual and spiritual instruction.

In all three communities where arrests were made — East London, High Wycombe and Birmingham — there are close ties to Pakistan. Merchants do a steady business in 20-pound sacks of basmati rice and immigrants know the price of a round-trip ticket to Karachi, and even airline schedules, by heart.

"It's quite common to go back and forth here, everyone does," said Ali Raza, 31, a taxi driver who was chatting with three Pakistani friends Friday afternoon across the street from the home of Ali Sarwar, one of those detained. "The travel office is right around the corner."

An example of the ties are Tayib and Rashid Rauf, British nationals and close relatives arrested in the case, one in Pakistan and one in Britain.

Of the 19 suspects whose assets were frozen by the Bank of England, 14 live in East London and four in High Wycombe. The 19th lives in Birmingham. Four others were also in custody Friday night in connection with the case.

In High Wycombe, the spartan two-story brick house at 36 Walton Drive looks exactly like its neighbors. And on a street where nearly every third house is home to Pakistanis, the occupants, two brothers of Pakistani background and their families, went about their business largely unnoticed. That changed dramatically early Thursday when, with helicopters hovering, police swooped in and grabbed Assad Sarwar, 26, who lived there with his wife and brother.

Sarwar and his brother attended the local school and were enthusiastic cricket players, said Ali Lone, 28, a former classmate who is a management consultant.

A neighbor who called herself Mrs. Ali, 25, a homemaker from Lahore, Pakistan, has lived down the street for two years. She said the only notable feature of the family was Sarwar's wife. "The lady wears a burka, everything covered in black, except her eyes. It struck me."

A few blocks away on Hepplewhite Close is the home of Don Stewart-Whyte, a 21-year old recent convert to Islam, who lives there with his wife and mother. The block is well-groomed, with tall trees and flower plantings, and with immigrant and white British families. Several people expressed disbelief that Stewart-Whyte would be involved in terrorism.

Lone, who also grew up with Stewart-Whyte, described him as an exceptionally bright boy who was accepted to Dr. Challoner's Grammar School, passing an entrance exam. However, he dropped out, Lone said.

Another longtime neighbor, Shauib Bahatti, who emigrated from Rawalpindi in Pakistan more than 20 years ago, said Stewart-Whyte had been a normal boy, an avid soccer player, who drank a little and smoked a little, "just like other boys." He said Stewart-Whyte had recently converted and sometimes stopped by "to invite me to come with him to mosque."

Most neighbors could not recall whether Stewart-Whyte had held a steady job recently and local news reports said he had worked at several places, including a local chain restaurant.

Two neighbors said they believed he may have attended an informal mosque a few blocks away affiliated with Wahhabis, an extreme group of Sunni Muslims. At that site Friday evening, a bearded man in shalwar kameez refused to answer questions, saying there was no imam working there and the center was only a school — despite a sign on the door saying, "Check with the imam or a representative before leaving any brochures or pamphlets."

On the eastern edge of London, in the town of Walthamstow, one of the suspects detained is the son of an architect and an accountant. Oliver Savant adopted Islam, the name Ibrahim and Muslim-style dress about four or five years ago, neighbor Hazel Kleinman said.

"He lived next door and I've known him since he was born," she said. "We were very shocked."

Neighbors said Savant's mother was British and his father was of Iranian origin. "He was the younger of two brothers, the other older brother was a high flier in the City," doing well in London's financial district.

Walthamstow has long rows of small terraced houses. Once Cockney and Afro-Caribbean, it has become largely Muslim in the last two decades, neighbors said. On Queens Road, shops include an Asian food store, three jewelers as well as the New Stylish Hairdresser and Shahzad's Fashion Garments.

On one side of Queens Road is the Masjid-e-Umer, the mosque where several of the suspects are believed to have prayed. No one from the mosque wanted to talk to the media until they had spoken to the building's trustees. On the other side of the road is house number 104, with white lace drapes on the windows, pebbled stucco on the outer walls, and two policemen at the door.

It is the home of Waheed Zaman, 21, a biomedical student at London Metropolitan University, who is one of the educated members of the group. He was also an Islamic activist at the university and was reported to have spoken at rallies and written for the student magazine.

Zaman's friend Nasser Fazal, 23, said, "I spoke to Waheed about the 11 September attacks a few times. He was convinced it was all a Jewish conspiracy."

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In Britain, the investigation suggests that some of the suspects are involved in student organizations with ties to the Muslim Brotherhood, a worldwide Islamist group. Despite the rise of radicalism among Muslim students on campuses across the country, the Brotherhood-aligned groups are considered less militant than Hizb ut-Tahrir or the now-dissolved Al Muhajiroun, organizations that influenced British-Pakistani militants, including two young men who committed a suicide attack in Tel Aviv in 2003.

Several suspects in the alleged airline bombing plot belonged to the Federation of Student Islamic Societies, an umbrella group of youth organizations, British anti-terrorism officials said.

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Times staff writers Janet Stobart in London and Sebastian Rotella in Ferrol, Spain, and special correspondent Vanora McWalters in London contributed to this report.

Hawks In Congress, Not Tony Blair, May Benefit From Foiled Threat (WSJ)

By Marc Champion And Jason Singer

The Wall Street Journal, August 12, 2006

Helped by fresh evidence of the terrorist threat, some hawkish American politicians may get a bounce in the polls from the bust-up of the alleged plot to blow up flights bound from Britain to the U.S. But across the Atlantic, British Prime Minister Tony Blair looks unlikely to benefit.

The key difference, according to political analysts: the foiled terror plot made public Thursday is another in a series of incidents in which the suspects are home-grown members of Britain's sizable Muslim community. These incidents have fueled the widespread belief in Britain that Mr. Blair's support for the war in Iraq and close association with President Bush -- both deeply unpopular with British Muslims -- are making the country more susceptible to terrorist attack.

On Friday, the opinion columns and letters pages of British newspapers were filled with accusations that Mr. Blair's policies have helped to radicalize young British Muslims, even as they praised the security services for foiling the alleged plot. One article cited a classified government report, leaked last year, which pointed to the Iraq war as a key factor in radicalizing young men among Britain's roughly 1.76 million Muslims.

"The fact that we have had 7/7 [the London bombings on July 7 last year] and now this, if the plot is proved to be what the police are saying, would suggest that we have a very serious problem in our Islamic community," said Patrick Dunleavy, professor of government at the London School of Economics, in an interview. "It beggars belief that the emergence of an apparently deep-rooted problem with extremists in the U.K. is unrelated to the presence of British troops in Iraq."

British leaders can typically expect to enjoy a boost in popularity as the country rallies around in response to any attack, and the country's security services and Home Secretary John Reid have been raking in praise for their performance, which police say averted "mass murder." Mr. Blair is on vacation in Barbados, making it harder for him to gain personally.

Before Thursday, Mr. Blair had been under pressure from more than 100 British lawmakers to recall parliament from summer recess to debate the prime minister's support for U.S. policy in Lebanon and his refusal to call for an immediate cease-fire. Mr. Blair's approval rating last month was its lowest ever, with just 23% of Britons saying they were satisfied with the job he is doing, according to a regular poll by Ipsos Mori.

Past experience suggests that any gains for Mr. Blair from his handling of the terror threat would be small and disappear quickly. Last year, after home-grown British terrorists bombed London subway trains and a bus, Mr. Blair took close control of the response and won praise for his leadership. But three weeks after the bombing, the Ipsos Mori monthly opinion poll showed public satisfaction with Mr. Blair declining.

Skepticism about Mr. Blair's role in the war on terror is especially strong among British Muslims. Murad Qureshi, a member of London's local legislature, said that religious leaders in Walthamstow, a section of London where some of the terror suspects were arrested Thursday, told him " 'let's see the evidence,' " before they would believe police claims of a terror plot. "It's a fair point," said Mr. Qureshi.

A highly publicized raid in the East London community Forrest Gate in June resulted in one Muslim suspect being accidentally shot by a police officer. Both men arrested in the raid were later released without charge. Other raids have also ended without charges, leading many Muslims to believe they are being groundlessly targeted.

Sami Ullah said that as he and his father closed their Islamic book shop, Darussalam, on Walthamstow's busy High Street before midday prayers yesterday Friday, a group of young men shouted anti-Muslim expletives toward the store. Mr. Ullah also played back for a reporter an expletive-filled message left earlier in the day on the store's answering machine, telling him to "go to hell."

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A survey of 1,000 Muslim Britons conducted for Channel 4 television earlier this year found 45% believed the Sept. 11, 2001 attacks on the U.S. were a U.S.-Israeli conspiracy, while 20% thought they weren't and the rest were undecided. Fewer than half said they thought of Britain as "my country," and 30% said they wanted to live under Islamic law.

Write to Marc Champion at marc.champion@wsj.com9 and Jason Singer at jason.singer@wsj.com10

What Not To Take From Britain's Success (WP)

By Juliette N. Kayyem

The Washington Post, August 12, 2006

While many Americans may have an inferiority complex about things British -- the refinement, the style and, of course, those accents -- it would be a mistake to carry it over to the area of counterterrorism.

This week, soon after authorities in London announced the arrests of a group of people allegedly plotting to bomb a number of airliners, commentators and experts were marveling at how the British disrupted the attack and asking whether we needed to be more like them, with their less restrictive surveillance laws, a domestic intelligence agency, almost no rules against watching and tracking Muslims in mosques or community centers, and no First Amendment. But those would be the very lessons we ought not to learn from this week's events.

First, Britain has been the target of three serious homegrown attacks, either successful or attempted, since Sept. 11, 2001 -- and all since the Iraq war began. The suspects are all from immigrant families, all young men who appear to have felt no allegiance to their nation or the freedoms they enjoyed. Their alienation was so complete that they sought to kill their own countrymen.

Second, the disruption this week of the bomb plot occurred because of very good human intelligence: a person's infiltrating the terrorist cell, convincing the plotters that he was part of their plan, and then turning on them when they started to get serious. Finally, there was nothing in airline or airport security that stopped the plot, despite the frenzy of security activity at airports throughout the world since Sept. 11. These facts suggest helpful lessons that might get lost in the flurry of the U.S. administration's "we are still under threat" attitude.

No one doubts that we are under attack, but this week's developments should motivate us to assess our priorities, including what we are doing right. Though there is considerable fascination with electronic surveillance -- through the domestic eavesdropping program -- this practice is helpful only as a complement to real and serious human intelligence efforts by our agents. The Bush administration has spent a lot of money and time promoting the National Security Agency's surveillance program -- a program that is legally suspect and has not been clearly effective in targeting real and credible threats. Unfortunately, human intelligence has gotten short shrift from the administration.

And while it is understandable to clamp down at the airports, this should be seen as a short-term reaction and not as part of any real counterterrorism effort. No terrorist attack has ever been stopped at an airport; even would-be "shoe-bomber" Richard Reid got on his plane, and only the heroic actions of flight attendants and passengers stopped him.

Finally, getting tougher on communities of interest -- including pronouncements that authorities will start profiling or focusing on minority populations -- is exactly what we ought not to emulate about Britain. The most serious homegrown attack on U.S. soil was by Oklahoma City bomber Timothy McVeigh.

Immigrant groups feel themselves part of America, and our success is that we have made them feel that they have a role in the nation's destiny. Tougher surveillance, profiling or efforts that risk alienation might give us a sense that we are doing something, but the long-term legacy of such efforts could well prove self-destructive. Investing in those communities and asking for their assistance in the fight against terrorism is a smarter strategy.

There is much to learn from the British: their reticence about disclosing details, their clear expertise in human intelligence, their non-hysterical reaction to very real threats. But how we deal with our immigrant and domestic populations is certainly not one of them.

The writer, a lecturer in public policy at Harvard University's Kennedy School of Government, is the co-author of "Protecting Liberty in an Age of Terror." She was a member of the National Commission on Terrorism.

Judge Won't Delay Terrorism Funding Trial Over Bomb Plot (CHIT)

Tribune Staff Report

Chicago Tribune, August 12, 2006

Despite reports of a thwarted terror plot in London and war raging in the Middle East, the trial of two men accused of funding Palestinian extremists can continue as scheduled, a federal judge ruled Friday.

U.S. District Judge Amy St. Eve told attorneys for Muhammad Salah and Abdelhaleem Ashqar that she won't postpone an October trial based on news the defense argues could prejudice jurors.

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"I don't think anyone in this room can predict when things will settle down" in the Middle East, St. Eve said.

Prosecutors argued against postponing the trial, calling terrorism a part of the times and fighting in the Middle East a "millennial" conflict.

St. Eve did request that defense attorneys give her more information about difficulties they said they face preparing for trial because of fighting in the West Bank and Gaza Strip.

Salah, of Bridgeview, and Ashqar, of Virginia, are accused of funneling money to Hamas, which the U.S. has labeled a terrorist organization.

St. Eve also gave her strongest indication Friday that she plans to perform criminal background checks on prospective jurors.

Ever since the trial of former Gov. George Ryan was nearly scuttled by jurors who misrepresented past run-ins with the law, St. Eve has said she favors performing such checks.

"The goal in this is not to end up where they ended up in the Ryan trial," she said.

In that trial, two jurors were removed during deliberations. The jury was then required to begin deliberations again with two alternates. In April, they found Ryan guilty of fraud.

Government Rests In Ex-CIA Worker's Case (AP)

By Estes Thompson

AP, August 12, 2006

A medical examiner testifying in the assault trial of a former CIA contractor said Friday that an Afghan detainee the defendant interrogated probably died from a beating, but a defense expert said there's too little information to know the cause of death.

David Passaro, a former Special Forces medic working in Afghanistan as a CIA contractor, is accused of beating Abdul Wali during a 2003 interrogation about rocket attacks on a remote base housing U.S. and Afghan troops. Defense attorneys have said Passaro never hit Wali.

Dr. Reinhard Motte, a medical examiner from Fort Lauderdale, Fla., testified that Wali probably died from injuries sustained during a beating described by soldiers who witnessed the interrogation. Several Army paratroopers testified this week they saw Passaro hit Wali repeatedly with a metal flashlight and kick him in the groin.

"If I were to write a death certificate on Abdul Wali, I would write blunt force abdominal and pelvic injuries," Motte said.

But after the prosecution rested Friday, a medical examiner called by Passaro's attorneys said he could not determine the cause of death based on 12 photos of Wali's body and descriptions of his treatment.

"I feel that would be insufficient information to make such a ruling," Navy Cmdr. Craig Mallak said, adding that some of the bruises and abrasions shown in the photographs could have come from attempts to revive him.

An autopsy was never conducted. CIA investigator Fred Klare testified Friday that Wali's father wouldn't even tell the Americans where in Afghanistan his son was buried.

Another prosecution expert, Dr. Anthony Meyer, said Wali's most serious injuries "would be the two described kicks to the perineum, the area between the thighs, and the hit to the abdomen with the flashlight."

Meyer, the chief of surgery at the University of North Carolina hospitals, said during cross-examination that he couldn't give an exact opinion about what led to Wali's death. Upon further questioning by prosecutors, he said Wali "most likely died from sepsis infection or blood loss progressively over the course of two days."

Passaro, 40, of Lillington, is charged with four assault counts and could be sentenced to up to 40 years in prison if convicted. He is not charged with Wali's death.

Passaro is the first American civilian charged with mistreating a detainee during the wars in Iraq and Afghanistan. He is standing trial in his home state under a provision of the USA Patriot Act allowing charges against U.S. citizens for crimes committed on land or facilities designated for use by the U.S. government.

The trial is set to resume on Tuesday.

Italy Arrests 40 In Security Crackdown (AP-Y)

By Frances D'emilio, Associated Press Writer

AP, August 12, 2006

Police raided Internet cafes, money-transfer offices and long-distance phone call centers catering to Muslims and arrested 40 people in a crackdown linked to Britain's announcement it had thwarted an alleged terror plot, authorities said Friday.

The arrests in Rome, Milan, Venice, Florence, Naples and other cities on Thursday and Friday were "part of an extraordinary operation that followed the British anti-terrorist operation," the Interior Ministry said in a statement.

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More than 4,100 people were stopped for identification checks, the ministry said.

Twenty-eight people were arrested for violating rules on residence permits and 12 were arrested for property crimes, the statement said, without giving details. The raids resulted in 114 expulsion orders.

A year ago, a similar security sweep in Italy at money transfer centers, Muslim butcher shops and similar places resulted in 141 arrests. Those raids came a few weeks after the London subway attacks.

On Friday, police also searched 15 homes occupied mostly by Pakistanis in several Italian cities as part of a Belgian police probe into suspected financing of terrorism, the ministry said.

That operation captured documents and led to three expulsion orders of foreigners who had irregular residence papers.

Italian authorities said Belgian police are investigating a group of Pakistanis suspected of financing Lashkar-e-Tayyaba, a Pakistan-based terrorist group believed to have ties to al-Qaida.

The latest raids targeting Muslims in Italy triggered the ire of a spokeswoman for the Islamic Anti-Defamation League in Italy.

"More than 4,000 people were stopped and humiliated to allow police to arrest 12 chicken thieves and 28 clandestine" migrants, the Italian news agency Apcom quoted spokeswoman Dacia Valent as saying.

U.S. Embassy In New Delhi Warns Americans Of Bomb Threat On Eve Of Independence Holiday (NYT)

By Amelia Gentleman, International Herald Tribune

The New York Times, August 12, 2006

NEW DELHI, Aug. 11 — The United States Embassy here warned Americans on Friday that foreign terrorists, possibly linked to Al Qaeda, were planning a series of bomb attacks in India's major cities in the days leading up to the nation's Independence Day next Tuesday.

In a strongly worded e-mail warning, the embassy urged American citizens living and working in India to "maintain a low profile, and be especially alert and attentive to their surroundings" in the days ahead of the holiday, which celebrates independence from British colonial rule.

"Likely targets include major airports, key central Indian government offices and major gathering places such as hotels and markets," the alert added.

The information was gathered by United States intelligence agencies and was passed on to the Indian government.

Some Indian officials, however, were dismissive of the warning, and Home Secretary V. K. Duggal indicated that the alert was routine. "It is normal for missions to issue advisories when they have any information," he said at a news conference. "It's a very innocuous advisory."

Officials at several other embassies, including the British and German, said they knew nothing of the threat.

Although similar warnings have been issued to Americans in the past, this alert was unusually specific in its details on the possible timing of the threatened attack. The mention of a possible Qaeda link was also new.

During investigations into last month's attacks on rush-hour trains in Mumbai, Indian officials have focused their inquiries on the Pakistan-based militant group Lashkar-e-Taiba, which is thought to have links to Al Qaeda but specifically targets Indian rule in the disputed Kashmir territory.

Some security analysts have speculated that India's growing relationship with the United States, sealed earlier this year with President Bush's friendly visit to New Delhi, makes it a more obvious target for Al Qaeda's attentions.

Security in Indian cities is always tightened ahead of Independence Day celebrations, when separatist movements often stage attacks, and recent events have made big holidays particularly tense for the nation's security forces.

Twice in the past 10 months, terrorists have conducted major attacks on Indian cities in the period leading up to holidays. In New Delhi in October, bombs tore through markets crowded with shoppers preparing for Diwali, the Hindu festival of lights. In March, the holy city of Varanasi was targeted days before the Hindu spring festival of Holi.

Anand Sharma, an official in the Foreign Ministry, said precautions had been taken before the United States warning. "Our intelligence agencies are already on alert," he said. "We are aware that there is a threat, as India has been a target for militants."

Authorities tightened security at the Taj Mahal on Friday, after a separate review found that security there was insufficient to thwart a terrorist attack, the Press Trust of India reported.

US Warns Of Possible Al-Qaeda Plot In India (FT)

By Jo Johnson In New Delhi

Financial Times, August 12, 2006

DOJ_NMG_0047910

The US embassy in Delhi on Friday warned of a possible al-Qaeda plot to launch a wave of attacks in Mumbai and Delhi on or around India's Independence Day, which falls next Tuesday.

In an e-mail to US nationals in India, the US embassy in New Delhi said likely targets of the group included airports, central Indian government offices, and major gathering places such as hotels and markets.

It urged American citizens to maintain a low profile in the days leading up to India's Independence Day on August 15 and requested them to "be especially alert and attentive to their surroundings during this period."

"The Embassy has learned that foreign terrorists, possibly including members of Al-Qaida, allegedly intend to carry out a series of bombing attacks in or around New Delhi and Mumbai in the days leading up to Independence Day," the email said.

Anand Sharma, a minister of state for foreign affairs, said the US had provided the government no separate information relating to its e-mailed warning, which came a month after 207 commuters were killed in a series of bomb blasts on Mumbai trains.

"We have not received any formal communication from the US authorities," Mr Sharma said. "Our security and intelligence agencies are fully prepared to meet any threat. We are aware that India is a target of terrorist groups."

India's senior most home ministry official, Vinod Kumar Duggal, played down the US alert. "It is normal for missions to issue advisories when they have any information. It's a very innocuous advisory... to their own staff."

U.S. Embassy Warns Of Attacks In India (AP)

By Matthew Rosenberg, Associated Press Writer

AP, August 12, 2006

Foreign militants, possibly from al-Qaida, may be planning to bomb New Delhi and Bombay, the U.S. Embassy warned Friday, raising fears that Osama bin Laden's network may be targeting India for its rising economic power and links to the United States.

An e-mail sent to Americans registered with the embassy said New Delhi, the capital, and Bombay, the country's financial and entertainment hub, were targeted for attacks around India's Independence Day celebrations Tuesday.

The embassy warning said the "likely targets include major airports, key central Indian government offices, and major gathering places such as hotels and markets."

It urged Americans to maintain a low profile and be alert until Wednesday.

The warning prompted India to step up already tight security ahead of Independence Day, a time when militants from the country's regional separatist movements — from Islamic militants in Kashmir to tribal guerrillas in the northeast — often launch attacks.

On the approach road to New Delhi's international airport, guards with assault rifles stopped cars, buses and trucks, checking IDs and searching some vehicles.

Some Indian officials sought to play down the threat.

Home Secretary D.K. Duggal struck a defensive note, calling the warning "innocuous" and an internal U.S. Embassy matter.

On Thursday, British police said they had thwarted a terrorist plan to blow up U.S.-bound jetliners. The embassy warning did not appear linked to that plot.

News of the embassy warning briefly prompted a 1 percent drop in the benchmark index of the Bombay Stock Exchange, the 30-share Sensex. It recovered later.

India's emergence as a global economic power appears to have increased its attractiveness as a target for Islamic militant groups, more than a dozen of which are already battling New Delhi's rule over two-thirds of Kashmir, a predominantly Muslim region split between India and Pakistan.

While some of those groups are believed to have ties to al-Qaida, the terror network has not in recent memory targeted India itself.

Some experts said India could now be a target because of its economic success and growing ties to the U.S.

"It's a serious message from these people that we should look out if we're going to align ourselves with the Americans," said retired Indian Gen. Ashok Mehta.

In the past year, India has suffered bombings in New Delhi, in the Hindu holy city of Varanasi and in Bombay. Authorities say a Pakistani militant group, Lashkar-e-Tayyaba, appears to have been involved in all those attacks. Lashkar is widely believed to have ties to al-Qaida.

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HOMELAND RESPONSE:

It's Still Safe To Fly, Says DHS Chief (WT)

By Audrey Hudson

The Washington Times, August 12, 2006

U.S. officials yesterday said it is safe to fly, even as the British government imposed new rules banning IPods, computers and most carry-on baggage on all flights from the United Kingdom.

Department of Homeland Security Secretary Michael Chertoff said there is no evidence linking the foiled terror plot in England to "any plan to initiate activity inside the United States," and that his department is looking at ways to "reduce any additional inconvenience."

Domestic air travelers can still carry on electronic devices and bags, but are barred from bringing any liquids, such as beverages or lotions, under rules that began after British authorities on Thursday arrested 24 Muslims suspected of planning to blow up airliners with liquid explosives.

Any changes to the security procedures would not be "earth shattering," Mr. Chertoff said at a press conference yesterday at Ronald Reagan Washington National Airport. "We're going to move to try to make this as simple and as easy as possible, as quickly as possible."

Security officials say they expect the no-liquid rule in the United States to be relaxed within days rather than weeks, depending on when all suspects involved in the plot to blow up 10 airplanes traveling from Britain to the United States are arrested.

"People ought to feel safe about traveling because of all the precautions we're taking," said Frances Fragos Townsend, President Bush's homeland security adviser.

The Transportation Security Administration's liquid ban is designed to prevent terrorists from smuggling aboard items that can be transformed into explosives. It does allow baby formula, which must be presented for inspection at the checkpoint, prescription medicines that match the passenger's name and essential nonprescription medicines.

Other rules vary from airline to airline and destination.

In addition to liquids, the British ban on carry-on baggage and electronic equipment applies to all outbound flights but not all inbound ones. British Airways bans carry-on baggage from the United States to the United Kingdom, but U.S. airlines do not.

"If your destination is the UK, you fly by American rules, but if you're connecting to another flight in the UK you have to fly by UK rules," a Homeland Security official said.

However, Continental Airlines is not accepting carry-on luggage. It is lifting its fees to check a third bag for free.

The arrests led the Bush administration to put the United States on its highest threat alert for flights headed to the United States from the United Kingdom. Additionally, all other flights were raised to the second-highest alert level.

Because the airlines were unable to educate the public in time about the changes, passengers were forced to remove liquid items from carry-on luggage before boarding flights.

One airport official said expensive cosmetics and bottles of wine and whiskey were confiscated by screeners and gate agents.

"It broke my heart," the official said after watching one couple dispose of six bottles of Johnny Walker Black Label scotch.

Federal air marshals are also subject to the searches and struggled to maintain their undercover status, hoping the gate agents would not notice they were carrying handcuffs, leg cuffs, extra ammunition magazines, a baton and other items essential to protecting aircraft from terrorists.

· This story is based in part on wire service reports.

Focused On 9/11, U.S. Is Seen To Lag On New Threats (NYT)

By Eric Lipton And Matthew L. Wald

The New York Times, August 12, 2006

WASHINGTON, Aug. 11 — The Department of Homeland Security has taken significant steps since the Sept. 11 terrorist attacks to make it much harder to turn a plane into a flying weapon. But a nearly obsessive focus on the previous attacks may have prevented the federal government from combating new threats effectively, terrorism experts and former agency officials say.

The arrests overseas this week of people accused of planning to use an explosive that would be undetectable at airports illustrates the significant security gaps, they said.

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While the department has hardened cockpit doors and set up screening for guns and knives, it has done far too little to protect against plastic and liquid explosives, bombs in air cargo and shoulder-fired missiles, the experts say.

The nation is still at risk from the same "failure of imagination" cited by the 9/11 commission as having contributed to the success of the 2001 attack, several argued.

"They are reactive, not proactive," said Randall J. Larsen, a retired colonel in the Air Force who is chairman of the military strategy department at the National War College in Washington.

Robert M. Blitzer, who served 26 years in the Federal Bureau of Investigation, including as head of its counterterrorism unit, said the federal government had a serious problem because its personnel today turned over far too quickly.

Mr. Blitzer, now an analyst at ICF International, in Fairfax, Va., said: "They don't have enough continuity and knowledge to know what they're up against. Stability is a big thing for identifying trends. It's not easy to do. Sometimes all you have is just snippets of information."

Justin P. Oberman, a former senior policy official at the Transportation Security Administration, said the problem was not lack of imagination but limited money available to invest in the technologies needed.

"Too much is weighted toward looking for knives and guns on people coming through the checkpoint and screening every checked bag," Mr. Oberman, who left the agency last year, said.

Homeland Security Secretary Michael Chertoff, in a news conference Friday, said the department was trying to stay ahead of terrorists.

"We've spent about three-quarters of a billion dollars in research on emerging types of technologies in explosives," Mr. Chertoff said. "And we are constantly monitoring the world for developments that occur in the field of improvised explosive devices, precisely so we can start to work on countermeasures."

But even at senior levels of the department, there is recognition that this criticism is somewhat fair. "D.H.S. has to be nimble in a way most government agencies don't, and that has to be baked into our very DNA," said Michael Jackson, the deputy secretary, in an interview. "I am impatient. I don't think we have gotten as far as we need to go. We can do more, and we can do better. And we must."

The vulnerabilities are clear. A failed plot in 1995, incubated in the Philippines, to bomb 12 United States commercial jets flying out of Asia, centered on the use of triacetone triperoxide, or TATP, a liquid explosive that may also have been the weapon of choice of the plotters in England. The Department of Homeland Security has evaluated technology that it says will search an individual bottle for liquid explosives, but it cannot search all the bottles in a suitcase. It also cannot reliably detect chemicals that are not explosive but become so when mixed.

The department is still evaluating technologies for foiling shoulder-fired missiles, a favored tool of rebel groups against military aircraft. One blinds missiles with an infrared laser; another option would be a ground-based antimissile system near airports.

The Transporation Security Administration has the technology to inspect small objects shipped as air cargo, but does not have the capacity to do so uniformly.

Given the long list of possible threats, and the limited budget to buy equipment to defend against them, it is essential not just to look for threats, Mr. Larsen said, but also to evaluate each one.

Mr. Oberman, the former security agency official, said that part of the problem was the mandates imposed on the agency by Congress — like hiring government employees to do checkpoint screening and inspecting every checked bag instead of focusing the inspections on those considered the highest risk. This results in inspection programs that are so costly there is little money available to research into new threats.

When James Loy took over the security agency in 2002, he created a special unit assigned to think like terrorists. "It was all part of staying on the edge," he said.

But Mr. Loy, who became Homeland Security's deputy, was in charge of the security agency when it took money that had been set aside for explosive detection research and put it into the hiring of baggage and checkpoint screeners, so that the agency could comply with the mandates.

"What doesn't exist yet is a risk management process," said Penrose C. Albright, a former assistant secretary for science and technology at the Department of Homeland Security. "In the absence of coherent analysis, there's no way to prevent the system from getting whipsawed. So it's not surprising that we end up spending a lot of money fighting the last war and not addressing more modern threats."

Mr. Jackson, the deputy secretary, and Kip Hawley, the current security agency administrator, said they recognized that Homeland Security must constantly adjust its game plan.

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The security agency, for example, last year lifted the ban on small knives and scissors, after Mr. Hawley said the department determined that the hardening of cockpit doors and the presence of more air marshals on flights reduced the threat. The time airport screeners had taken up looking for these small items can be spent looking for other threats, like explosives.

The agency is working on a passenger screening machine that can create an X-ray-like image to look for hidden weapons or plastic or liquid explosives. The agency also has "Red Teams" that invent challenges to test the agency's response.

Mr. Hawley, in an interview Friday, said that airports were the last line of defense in a system in which the first was intelligence, which had worked well this week. Part of being prepared, he said, was what the department did on Wednesday and Thursday, reacting swiftly to intelligence, and literally overnight instituting major changes in screening protocols at all 765 checkpoints nationwide.

But Mr. Jackson, who took over as deputy secretary in 2005, said it was clear that Homeland Security must move more aggressively and quickly to search for new ways to detect explosives.

As a result, he said, he is preparing to announce a restructuring of the department's Science and Technology division that will sharpen its focus on the most urgent threats, like liquid explosives, that war games might identify.

Explosives-detection Systems Used In War On Terror Have Weaknesses (MCT)

By Robert S. Boyd

McClatchy Newspapers, August 12, 2006

WASHINGTON - Government and private researchers have developed a wide variety of technologies to detect explosives used by terrorists. But the systems are imperfect and can't guarantee that deadly devices won't slip through.

The drastic step of banning liquids from airline carry-on baggage after the exposure of the alleged London-based bomb plot provides vivid evidence of the weaknesses of existing detection methods.

The systems in use or being developed include more powerful X-ray and laser screeners, chemical "sniffers" that sense molecules given off by explosives, and machines that use extremely high frequency radiation or subatomic particles to identify suspicious substances.

Even state-of-the-art systems suffer from false positives - detecting nonexistent explosives - or false negatives, which miss real threats. They can be fooled by background clutter or strong odors, such as garlic and mint. They're subject to human error. What works well in a laboratory may fail miserably in the field.

"All systems have weaknesses," said John Parmeter, a bomb-detector expert at Sandia National Laboratories in Albuquerque, N.M.

One of the most reliable systems remains the sensitive nose of a dog that's trained to react to certain chemicals. However, dogs require special handling and tire easily. So a decade ago, the Defense Advanced Research Projects Agency at the Pentagon launched a "Dog's Nose" program to support research into devices that could equal or surpass a dog's abilities.

One such effort, the MicroHound sniffer, which Sandia developed, is a 12-pound box that pulls in air and traps chemical particles on a filter, where they can be analyzed.

Washington police used a similar hand-held device - the Fido Explosives Detector, from ICX/Nomadics, of Stillwater, Okla. - to protect visitors to the National Mall on July Fourth.

A system being deployed at many airports is the "puffer machine," a walk-through portal that squirts gentle puffs of air at passengers. The air rises and carries microscopic particles from clothing or skin to an overhead collection plate. Then an Ion Mobility Spectrometer device zaps the particles with a electric current, driving them toward a detector. Some particles travel faster than others, and their relative speed tells operators whether an explosive element is present.

GE Security, of Bradenton, Fla., sells an EntryScan IMS system that it claims can detect vapors from one of the most difficult-to-uncover explosives: the hydrogen peroxide-based liquid that suicide bombers favor and that was used in the London subway bombings in July 2005.

Implant Sciences Corp., of Wakefield, Mass., uses ion technology in a hand-held explosives detector it calls Quantum Sniffer. The 40-pound device is held close to an object to identify its contents. Machines have been sold to China and Europe as well as to the U.S. government.

A process called Nuclear Quadrupole Resonance scans people or objects with low-frequency radio waves to identify the molecular structure of a suspect substance. The waves produce an echo that gives a unique signal for each chemical element.

A suspicious target also can be bombarded with subatomic particles called neutrons. When a neutron strikes an atom, it gives off a distinctive gamma ray, a stream of high-energy radiation that identifies the atom.

HiEnergy Technologies, of Irvine, Calif., is developing such a neutron-gamma ray detector for the Army. It could identity a bomb hidden in the trunk of a car or an improvised explosive device along a highway in Iraq.

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Terahertz imaging, a more powerful form of the X-ray screening that's standard at airport terminals, is being developed for the Defense Advanced Research Projects Agency by the New Jersey Institute of Technology, in Newark.

Terahertz is very high frequency radiation - trillions of cycles per second - that penetrates clothing, shoes, backpacks and suitcases to spot explosives and other chemical agents. It can't see through metal, however.

A far-out device, sometimes dubbed an "artificial nose," is being developed at the Oak Ridge National Laboratory in Tennessee. It uses an array of miniature springboards, called cantilevers, to measure the weight of a bunch of molecules. Different sets of molecules bend the cantilever in an identifiable pattern, which a computer matches against a database of known explosives.

Liquid Explosives In Foiled U.K. Plot Expose Gaps In Security (BLOOM)

By Charles Goldsmith

Bloomberg, August 12, 2006

Aug. 11 (Bloomberg) -- When U.K. police thwarted a plot to blow up airliners bound for the U.S., they exposed a weakness in aviation security and created a new focus in the war on terror: liquid explosives.

The plotters may have planned to bring liquids onto aircraft and mix them in-flight to create explosive devices, U.S. Homeland Security Secretary Michael Chertoff said yesterday at a press conference in Washington. Passengers on U.S. airlines were immediately barred from taking any liquids or gooey substances, including toothpaste and shampoo, on board.

The ban underscores how the threat to airplane security has moved beyond metal and guns to hidden chemical explosives, including ignitable liquids and vapors. The U.K. government said the plot could have been deadlier than the Sept. 11 attacks on New York and Washington, after which worldwide air traffic dropped by as much as a third.

``We've had detection machines in place in many airports, but they're not always effective because they don't pick up very innocuous-looking substances that are homemade," says Andy Oppenheimer, editor of Jane's Nuclear, Biological and Chemical Defence, a publication based in Coulsdon, England. ``There isn't a foolproof method."

Nitroglycerin, which he says is one of the candidates for substances involved in the U.K. plot, can be made to look like ``an ordinary drink," Oppenheimer says.

U.K. authorities arrested 24 people after learning that the suspected terrorists might do a test run in the next couple of days and carry out their plan soon thereafter, said a U.S. intelligence official who declined to be identified.

The U.S. and U.K. raised their terror alerts to the highest level as London's Heathrow, Europe's busiest airport, canceled incoming flights. BAA Plc, Heathrow's operator, said yesterday that the airport would be working normally today, with most airlines resuming operations.

`Highest Priorities'

``Explosive-detection research is among the highest of our priorities, including liquids," Chertoff's deputy, Michael Jackson, said yesterday on a conference call with reporters. Researchers are studying several new devices that might identify liquid explosives, he said.

``There is nothing currently that's suitable for mass deployment, but there are some promising technologies we've been looking at," Jackson said.

The plotters were figuring out which airlines to target when they were arrested, with their focus on carriers that have ``direct, non-stop flights between the U.S. and the U.K.," Jackson said.

Larry Johnson, a former Central Intelligence Agency analyst, says the U.S. Transportation Security Administration should be doing more to detect liquid explosives.

Binary Bombs

``This technology has been out there for 60 years," Johnson says. Liquids often are used in so-called binary bombs where two substances are mixed together and then ignited by a blasting cap or other type of detonator, he says.

Chertoff said on Cable News Network that people shouldn't think none of the detection equipment being used at U.S. airports could help in detecting liquid explosives.

``I would not make that assumption," he said.

Simply banning liquids, as was done for a time in Tokyo in the 1990s, won't address the threat, says Doug Laird, an aviation-security consultant in Washington who worked for the U.S. Secret Service for 20 years.

Laird called for three responses: Giving all screeners at airport checkpoints so-called CAT scanners that generate three-dimensional pictures, not just two-dimensional X-ray machines; deploying equipment capable of detecting explosives hidden in bottles; and using body scans to find liquids hidden inside someone's pocket.

Easily Hidden

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``The public doesn't want body scans because they feel it's an invasion of privacy," Laird says. ``But the problem is you can easily hide those liquids on your person."

Gerry Leone, the former U.S. prosecutor who handled the case against ``shoe bomber" Richard Reid in Boston, says passengers need to consider allowing screeners to gather more information about people flying, as El Al Israel Airlines does.

``What we need is a combination of detection systems that will pick up those things that are most prevalent and cause us the most risk, combined with a more human, personal screening," he says.

Security companies have been developing new screening devices that can identify non-metallic materials that might be used in explosives.

``The traditional approach in airports has been to screen baggage for explosives, with passenger screening limited to metal detection and physical search," according to the Web site of Smiths Group Plc, a London-based aerospace-electronics maker. ``The increased threat from suicide bombers using non-metallic devices has exposed a loophole in many existing security systems."

Analyzing Vapors

Smiths' detection division sells a machine called Sentinel II, which uses airflow to dislodge particles from the clothing and skin of airline passengers as they pass through the machine, providing samples to be analyzed for traces of explosives, chemicals and drugs, the company's Web site says.

It competes with General Electric Co.'s EntryScan portal, which is designed to detect traces of explosives. The machine is meant to be used in conjunction with the company's Itemiser desktop unit, thousands of which are in use in the U.S., that detects explosives on objects through the use of a swab, says Steve Hill, a spokesman for GE's Homeland Security business.

GE's InVision division makes explosives-detection machines for checked baggage and uses computed tomography to scan for densities of objects, Hill says.

`No Silver Bullet'

``No one of them is a silver bullet," Hill says. ``It's supposed to be a multi-layered system."

Security checkpoints at more than 30 U.S. airports, including Dulles International in Washington, John F. Kennedy in New York and Logan International in Boston, have been equipped with the latest explosives-detection equipment from GE and Smiths Group, the Transportation Security Administration said in an Aug. 7 statement.

Each device costs about $160,000, the TSA said in the statement, which announced that the agency had deployed two such machines at Chicago's Midway International Airport.

Smiths Group on Aug. 1 said it had received a contract from the British government. The first two portals will be deployed at Heathrow and Manchester airports, it said.

The company had no comment beyond the information on its Web site, said Rachel Lankester, a spokeswoman.

`In Its Infancy'

The technology to detect traces of chemical explosives in the air is ``still in its infancy" and is ``not foolproof," says Garry Hindle, head of terrorism and international homeland security at London's Royal United Services Institute.

``That's due to the nature of terrorism itself," he says. ``Once they're aware that people are onto it, they move to new things."

NBC News reported in March that undercover federal investigators, acting at the request of Congress, were able to carry materials needed to make a homemade bomb through security at all 21 airports tested. Laura Kopelson, a spokeswoman for Congress's Government Accountability Office, confirmed to Bloomberg News the existence of a classified report that concluded ``there were vulnerabilities."

New York-based TraceGuard Technologies Inc. has developed a machine called CarrySafe that can detect chemicals used in explosives on or in carry-on luggage without opening the bags, says Chairman and Chief Executive Officer Ehud Ganani. It's also working on a machine that would check for explosives in laptop computers and cameras without damaging them, he says.

Israeli Plan

Ganani, who was reached by phone, is the former CEO of Israel Military Industries Ltd., a state-owned defense contractor.

So far, no CarrySafe units have been deployed. TraceGuard is building nine machines, one for Israel's Ben Gurion Airport and the others for border crossings in Israel, Ganani says. The first devices will be tested in December, he says.

``We can detect plastic explosives down to a level of 150 micrograms, not just on the person who is carrying the explosive but for anyone who was in the vicinity when it was put together," he says.

Successful detection of bomb-making materials is a combination of methodology, technology and training, Ganani says.

``Unless they were made in a sterile environment, there's no such thing as a super-clean improvised explosive device," he says. ``They're all contaminated in some way and can be detected."

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No Simple Solution For Luggage Checks (LAT)

By Nicole Gaouette And Richard B. Schmitt, Times Staff Writers

The Los Angeles Times, August 12, 2006

Technology for finding chemicals is too complex for airports, and further limiting baggage won't fly with travelers.

WASHINGTON — With no effective mechanisms in U.S. airports to detect liquid explosives, federal security officials are confronting a difficult choice: Wait for a technological breakthrough, or permanently impose limits on passenger luggage that would be unpopular among travelers and airlines.

The threat of liquid explosives — underscored by the disruption of a suspected terrorist plot in Britain on Thursday — has been known to security agencies for more than 10 years and exposes the vulnerability of U.S. aviation security systems today.

Because of bureaucratic conflicts and other security priorities, no technology has emerged to detect possible liquid explosives in the screening process at airports.

Some are now questioning whether airline passengers should be forced to cut back permanently on the amount of luggage they can carry onto flights to allow easier searches by hand. That issue, which is likely to be debated in the months ahead, is the latest test of travel convenience versus security in the post-Sept. 11 world.

"What needs to be done is pretty simple: You can't have carry-on bags, and you can't be in the terminal unless you're going to fly," said Joseph J. Trento, coauthor of "Unsafe at Any Altitude," an upcoming book on aviation security.

A major hurdle in imposing such rules is resistance from passengers and the financially strapped airlines, which are loath to lose more business, Trento and other experts say.

"There's a tension between the security preference, which would be smaller [carry-on] bags, and the traveling public and airlines," said U.S. Navy Rear Adm. Cathal L. Flynn, a former associate administrator of civil aviation security for the Federal Aviation Administration. "The debate goes back years."

It is more difficult to detect objects in larger bags, which also take longer to search, and Flynn said permanent limits on carry-on luggage should be considered.

But he warned that those steps could put more pressure on other parts of the system.

Limiting carry-ons means "more bags going into the checked-baggage screening, and that is, in some instances at peak loads, already at the point of being overwhelmed," he said.

Higher costs and the need for more manpower also complicate the hunt for elusive materials, such as the components of a liquid bomb, said Scott D. Bates, a lecturer at the National Defense University.

Security officials could start inspecting bags by hand instead of screening them, but the ensuing delays would require redesigning terminals and adding extra aviation security personnel — now capped by Congress at a maximum of 45,000 nationwide.

Aside from tightening restrictions on travelers, there are technological security options, but they have been slow in coming.

Although there are machines that can detect liquid explosives — the Department of Homeland Security reportedly has tested several — they are not used at U.S. airports.

Machines that can detect traces of explosive materials are in 33 airports nationwide but are only used when a passenger has been selected for secondary screening.

Bureaucratic red tape within Homeland Security and the administration's funding priorities are often cited by critics as reasons for the lack of progress on developing better detection systems or getting them into use.

In 2003, the Transportation Security Administration redirected more than half of the $110 million it had allocated for research and development to pay for screeners, according to Cathleen A. Berrick, the Homeland Security and Justice director at the Government Accountability Office.

In August 2005, a reorganization by Homeland Security Secretary Michael Chertoff moved oversight of TSA research projects from the aviation agency to his department's Science and Technology Directorate, which had been widely criticized for its lack of direction and productivity.

"They have all sorts of mandates and money to find and deploy the very best technology available," said Michael Greenberger, director of the Center for Health and Homeland Security at the University of Maryland in Baltimore. Yet, "it is a completely opaque and seemingly inert part of the department."

Homeland Security spokesman Russ Knocke said that in announcing the department's reorganization, Chertoff "made very clear we were going to drive our organization and policies by risk, and TSA is no different."

"Not long ago, TSA made the decision to allow small scissors on airplanes," Knocke said. "That allowed screeners to focus on looking for items of truly significant consequences like explosives, including liquids, and equipment like the detonators needed for that equipment."

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Knocke noted that the department had invested $732 million this year on aviation-explosives detection.

One factor in the slow response to security concerns has been the TSA's relative youth, some observers say. The aviation security agency was formed two months after the attacks of Sept. 11, 2001, and immediately faced a series of sweeping mandates from Congress that left little time for research.

Berrick, the GAO director, said that only in the last year had the aviation agency been able to branch out and begin addressing a wider range of threats.

One project initiated last fall involves training dogs to detect TATP — the peroxide-based explosive thought to be part of the suspected airline plot in Britain — said Jimmie C. Oxley, a chemistry professor and explosives expert at the University of Rhode Island, which provides training aids to the agency.

The FBI has also been working with the aviation agency on peroxide detection for canines, said Ann Todd, spokeswoman for the FBI laboratory in Quantico, Va.

Some experts say that a reliance on technology or even canine screening is somewhat misguided.

"There's no way to remove all the risk, and as Americans we don't like to hear that," said Bates, the National Defense University instructor.

"We like to think technology can solve anything, but it's really good old-fashioned intelligence that will make the difference."

*

(INFOBOX BELOW)

Detecting explosives

The explosive that the suspected terrorists might have used was triacetone triperoxide. Detection technology exists, but it is complicated and time-consuming and is currently not used in airports.

Testing liquids

A button releases a liquid into a testing container. . .

. . .where it fuses with the substance so it can be analyzed.

The liquid then changes color to indicate if the substance is explosive.

Single-use peroxide detectors cost approx. $20 each.

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Enhanced X-ray screeners

X-ray detectors compare the density of screened objects to a database of known explosives, including peroxide-based liquids.

Mass density examples (kgm)

Nitroglycerin: 1,600

TNT: 1,700

Black powder: 1,800

C4: 1,640

Ground nuts: 1,400

Nylon: 1,140

Silk/wool cloth: 200

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Sources: Technion Research Institute; Guardian Technologies; National Materials Advisory Board; Associated Press

Five Years On, US Little Prepared To Combat Terrorism (AFP)

By P. Parameswaran

AFP, August 12, 2006

Despite the swift disruption of an alleged plot to blow up US-bound airliners, the United States remains little prepared to combat terrorism five years after the deadly September 11 attacks.

As Americans heaved a sigh of relief a day after Britain busted, with help from Washington, an astonishing terror plan to blow up planes in mid air, analysts ask whether the United States has an effective strategy to keep the country safe.

There may have been no terrorist strikes on the United States since the 9/11 mayhem but "we're still squarely in the terrorists' cross-hairs," warned Peter Brookes, a former senior Pentagon official.

He said disruption of the plot "demonstrates once again that we have two enemies in the 'War on Terror': terrorists and our own complacency."

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While actionable intelligence -- the first line of defense against terrorism -- has been good, the United States needs new security procedures, education and technologies that can detect and prevent "copycat" terrorist attacks, especially overseas, said Brookes, the author of "A Devil's Triangle: Terrorism, WMD and Rogue States."

A range of threats loom across the United States from "catastrophic terror," said Michael O'Hanlon, a security analyst at the Brookings Institution.

"There are various risks in our skyscrapers and chemical industry and a number of areas. In some of the cases, we are not doing enough yet to mitigate the danger," he said.

"I'm not suggesting we can eliminate it but I think if the standard is to contain and minimize the risk of catastrophic terror, that is the right standard," he said.

O'Hanlon said that while the debate should continue to focus on "these areas of ongoing vulnerability, the fact that we haven't had a terrorism attack in five years would seem to suggest that we have made at least some progress."

But a report just a day before the disclosure of the alleged suicide bomb plot in London Thursday suggested that after five years, the US fight against terrorism often seems like a chaotic work in progress.

The counterterrorism infrastructure that resulted following the September 11 attacks has become so immense and unwieldy that many have trouble understanding how it works or how much safer it has made the country, The Washington Post reported in a extensively researched report.

It showed that institutions historically charged with protecting the nation had produced a new generation of bureaucratic offspring, many with seemingly overlapping missions.

A blueprint for information-sharing among US entities has been slow to get off the ground amid competition for turf among intelligence and security agencies.

Deadlines for priorities have been missed.

The report cited for example repeated delays by the Department of Homeland Security in supplying a Congressionally mandated list of the nation's critical infrastructure.

"It's as if we're at 2002 and not 2006 in terms of where we are," Zoe Lofgren, the Democratic lawmaker from California and a member of the House of Representatives Homeland Security Committee was quoted saying.

But US President George W. Bush is reportedly studying a new national counter-terrorism blueprint which for the first time sets government-wide goals and assigns responsibility for achieving them to specific departments and agencies.

The document, according to the Washington Post, designates lead and subordinate agencies to carry out more than 500 counterterrorism tasks, among them vanquishing Al-Qaeda, protecting the homeland, wooing allies, training experts in other languages and cultures, and understanding and influencing the Islamic psyche.

"I think the short term homeland security agenda in the United States has been pursued moderately effectively but the long term effort to challenge Al-Qaeda and its ideology and its underlying causes has not made very much progress," O'Hanlon said.

"And the Iraq war has probably unbalanced and made things worse," he said.

Technology Aims At Liquid Bombs (WT/AP)

The Washington Times/AP, August 12, 2006

BOSTON (AP) -- While the process isn't perfect, scanning machines do exist to detect liquid explosives like the ones purportedly at the heart of the terrorist plot broken up this week.

But don't expect the machines to be rushed into airports soon. Cost and logistical issues present challenges for these devices.

Consider work that's been done at Rapiscan Systems, part of OSI Systems Inc.

Rapiscan is developing four kinds of devices -- some based on technologies more than 10 years old -- that can detect liquid or gel-based explosives. Two that would work on carry-on bags already have been tested by the Transportation Security Administration (TSA) and "could be deployed this afternoon," said Peter Kant, the company's vice president for government affairs.

But none is being used in the United States. Some are in place overseas, though Mr. Kant said those aren't in airports.

One big reason is that it is not easy to integrate the explosive-detecting machines, some of which can cost $250,000, into existing security checkpoints. Because each briefcase, purse or other carry-on bag has to be put in a special drawer for analysis, using the detectors could significantly bog down passenger screening.

Security analyst Brian Ruttenbur of Morgan Keegan Co. also points out that the technology still produces a relatively high number of false alarms.

For those reasons -- and because there still has not been a successful attack using liquid explosives -- Mr. Ruttenbur thinks the TSA won't be pressed to overhaul the current screening regimen.

That would mean a continued reliance on systems not designed to stop liquid explosives. Metal detectors figure to remain the primary method, with the main secondary screening coming from "puffer" technology that blows air on people and sniffs the particles that emerge for suspicious materials.

For a machine to detect explosives in liquid or solid form, it bombards an object with energy -- such as radio waves or neutrons -- and in seconds measures the reaction, a response that differs depending on the material's chemical properties. Software in the machine is programmed to alert screeners if it detects chemical signatures known to match those of dangerous materials.

A key question, though, is whether this kind of detection system can realistically block terrorists from bringing seemingly innocuous liquids past security and combining them later to deadly effect.

Certainly, some common ingredients in liquid explosives can be programmed into the detector. But Mr. Kant, at Rapiscan, said he would not discuss the vulnerabilities of that approach.

"Whether it detects the components of explosives and which ones, there's no way I'm putting that in print," he said.

Sean Moore, vice president of sales at a rival maker of explosives-detection systems, HiEnergy Technologies Inc., said future screening machines could be linked so that they might let a person through with one kind of liquid -- but stop another traveler carrying another type of liquid that reacts explosively with what the previous person was carrying.

Explosive-Detection Systems Approach A New Era (WSJ)

By Jonathan Karp

The Wall Street Journal, August 12, 2006

Companies have developed technologies from air-puffer machines to neutron blasters that go beyond traditional X-rays to scan passengers and luggage for explosives, but lack of government funding, civil-rights concerns and cost issues have slowed their rollout in the U.S.

British airport authorities, meanwhile, have been more aggressive in adopting some of the newest equipment.

In the months after the Sept. 11, 2001, attacks in the U.S., aviation-safety spending in the U.S. focused on mainly on checked baggage. The foiled plan by terrorists to use common items to bring down several planes over the Atlantic Ocean has added a new urgency toward detecting other ways that explosives might be brought aboard airplanes, particularly in liquid form.

From blue-chip firms such as General Electric Co. to over-the-counter start-ups, companies are working to solve the problem, and investors are betting fresh spending will come as better explosive detection becomes a higher priority.

In the hours after British authorities announced that they had broken up the alleged plot to sneak explosives aboard U.S.-bound flights, investors drove up the share price of one company, American Science & Engineering Inc. by nearly 26% on the Nasdaq Stock Market. Its shares rose 36 cents to $45.99 on Friday. The company hasn't yet won U.S. Transportation Security Administration approval for its enhanced X-ray machines.

The Billerica, Mass., company's machines combine traditional X-rays with "reflective" X-rays, which detect low-atomic-weight organic materials like those typically used in explosives.

While the technology is promising, privacy concerns have delayed the purchase of these reflective X-ray machines because they penetrate clothing but not skin, raising concern about passengers' privacy. Both American Science and Rapiscan Systems, a unit of OSI Systems Inc., say they have built in safeguards to prevent showing the body.

"Now, it can see anything on the body, but not in the body," says Peter Kant, vice president of government affairs at Rapiscan. Rapiscan's technology is in use at London's Heathrow airport.

A number of companies including Rapiscan are working to field equipment that can examine solids and liquids inside baggage for evidence of explosives. Rapiscan has received Pentagon funding to develop a technology to perform an instant atomic analysis of objects inside baggage.

Rival GE, based in Fairfield, Conn., makes technology used by crime labs to detect explosives in liquids. GE has another liquid-explosive-detection technology called LiquiScan, which uses magnetic resonance imaging to examine bottles of liquid on a conveyor belt.

L-3 Communications Holdings Inc. makes a full range of screening machines: from million-dollar CT-scanners for checked baggage to people screeners.

---- Kathryn Kranhold contributed to this article

Write to Jonathan Karp at jonathan.karp@wsj.com9

'A Much Greater Challenge' (NWSK)

By Jennifer Barrett

NWSK – Air Security, August 12, 2006

An aviation security expert talks about what still needs to be done to improve airport security.

Aug. 11, 2006 - Over the past five years, airline passengers have faced the regular indignity of taking off their shoes at the security checkpoint and learned to leave nail clippers and scissors at home. But after British authorities announced Thursday that they'd stopped an apparent plot to bomb trans-Atlantic flights using liquid explosives, the list of banned on-board items suddenly included seemingly innocuous items such as shampoo, toothpaste and hair gel. British officials said the alleged plotters planned to board as many as 10 aircraft with several different liquids in carry-on bags that could be combined to make a deadly explosive.

Liquid explosives are not a new concept for terrorists. More than a decade ago, Ramzi Ahmed Yousef—best-known for masterminding the 1993 World Trade Center bombing—reportedly used a liquid concoction to create a bomb that went off on a 1994 Philippines Airlines flight, killing one. Yet at least one security expert says even the ramped-up measures now in place at most U.S. airports would not likely have detected the bomb-making materials if they were carefully concealed. NEWSWEEK's Jennifer Barrett spoke with aviation security expert Douglas Laird, president of the consulting firm Laird & Associates and a former Secret Service agent and longtime security director for Northwest Airlines, about how airport security falls short and what should be done to improve it now. Excerpts:

NEWSWEEK: Had the U.K. plot not been foiled before the alleged terrorists got to the airport, do you think they would have made it on board?

Douglas Laird: Oh sure. I doubt that what they were carrying on their person or on their carried luggage would have aroused suspicion.

Courtesy Laird & Associates

Douglas LairdWhy?

The screeners had no reason to suspect these items, though their demeanor or appearance could have attracted a response.

What sort of liquid ingredients could be used to create an explosion on board?

By combining various components, you can end up with a concoction that is explosive. Ramzi Ahmed Yousef used nitroglycerine [in the bombing on the 1994 Philippine Airlines flight]. It's very powerful, but very unstable. So people could end up blowing themselves up before they even got on board. He was able to stabilize it, though, so that didn't happen. The explosives that [the alleged terrorists in this plot] were planning to make by mixing various items on an airplane I don't think would have the devastating power of nitroglycerine. There'd be a minimal chance of an explosion but a good chance of a fire. So it wouldn't [necessarily] blow a hole in the side of the airplane and the plane falls apart. But if you're halfway over the Atlantic, you do not want a fire onboard.

Bush Staff Wanted Bomb-detect Cash Moved (AP)

By John Solomon

AP, August 12, 2006

While the British terror suspects were hatching their plot, the Bush administration was quietly seeking permission to divert $6 million that was supposed to be spent this year developing new homeland explosives detection technology.

Congressional leaders rejected the idea, the latest in a series of steps by the Homeland Security Department that has left lawmakers and some of the department's own experts questioning the commitment to create better anti-terror technologies.

Homeland Security's research arm, called the Sciences & Technology Directorate, is a "rudderless ship without a clear way to get back on course," Republican and Democratic senators on the Appropriations Committee declared recently.

"The committee is extremely disappointed with the manner in which S&T is being managed within the Department of Homeland Security," the panel wrote June 29 in a bipartisan report accompanying the agency's 2007 budget.

Rep. Martin Sabo, D-Minn., who joined Republicans to block the administration's recent diversion of explosives detection money, said research and development is crucial to thwarting future attacks and there is bipartisan agreement that Homeland Security has fallen short.

"They clearly have been given lots of resources that they haven't been using," Sabo said.

Homeland Security said Friday its research arm has just gotten a new leader, former Navy research chief Rear Adm. Jay Cohen, and there is strong optimism for developing new detection technologies in the future.

"I don't have any criticisms of anyone," said Kip Hawley, the assistant secretary for transportation security. "I have great hope for the future. There is tremendous intensity on this issue among the senior management of this department to make this area a strength."

Lawmakers and recently retired Homeland Security officials say they are concerned the department's research and development effort is bogged down by bureaucracy, lack of strategic planning and failure to use money wisely.

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The department failed to spend $200 million in research and development money from past years, forcing lawmakers to rescind the money this summer.

The administration also was slow to start testing a new liquid explosives detector that the Japanese government provided to the United States earlier this year.

The British plot to blow up as many as 10 American airlines on trans-Atlantic flights was to involve liquid explosives.

Hawley said Homeland Security now is going to test the detector in six American airports. "It is very promising technology and we are extremely interested in it to help us operationally in the next several years," he said.

Japan has been using the liquid explosive detectors in its Narita International Airport in Tokyo and demonstrated the technology to U.S. officials at a conference in January, the Japanese Embassy in Washington said.

Homeland Security is spending a total of $732 million this year on various explosives deterrents and has tested several commercial liquid explosive detectors over the past few years but hasn't been satisfied enough with the results to deploy them.

Hawley said current liquid detectors that can scan only individual containers aren't suitable for wide deployment because they would bring security check lines to a crawl.

For more than four years, officials inside Homeland Security also have debated whether to deploy smaller trace explosive detectors — already in most American airports — to foreign airports to help stop any bomb chemicals or devices from making it onto U.S.-destined flights.

A 2002 Homeland report recommended "immediate deployment" of the trace units to key European airports, highlighting their low cost, $40,000 per unit, and their detection capabilities. The report said one such unit was able, 25 days later, to detect explosives residue inside the airplane where convicted shoe bomber Richard Reid was foiled in his attack in December 2001.

A 2005 report to Congress similarly urged that the trace detectors be used more aggressively, and strongly warned the continuing failure to distribute such detectors to foreign airports "may be an invitation to terrorist to ply their trade, using techniques that they have already used on a number of occasions."

Tony Fainberg, who formerly oversaw Homeland Security's explosive and radiation detection research with the national labs, said he strongly urged deployment of the detectors overseas but was rebuffed.

"It is not that expensive," said Fainberg, who retired recently. "There was no resistance from any country that I was aware of, and yet we didn't deploy it."

Fainberg said research efforts were often frustrated inside Homeland Security by "bureaucratic games," a lack of strategic goals and months-long delays in distributing money Congress had already approved.

"There has not been a focused and coherent strategic plan for defining what we need ... and then matching the research and development plans to that overall strategy," he said.

Rep. Peter DeFazio of Oregon, a senior Democrat on the Homeland Security Committee, said he urged the administration three years ago to buy electron scanners, like the ones used at London's airport to detect plastics that might be hidden beneath passenger clothes.

"It's been an ongoing frustration about their resistance to purchase off-the-shelf, state-of-the-art equipment that can meet these threats," he said.

The administration's most recent budget request also mystified lawmakers. It asked to take $6 million from Homeland S&T's 2006 budget that was supposed to be used to develop explosives detection technology and instead divert it to cover a budget shortfall in the Federal Protective Service, which provides security around government buildings.

Sens. Judd Gregg, R-N.H., and Robert Byrd, D-W.Va., the top two lawmakers for Senate homeland appropriations, rejected the idea shortly after it arrived late last month, Senate leadership officials said.

Their House counterparts, Reps. Hal Rogers, R-Ky., and Sabo, likewise rejected the request in recent days, Appropriations Committee spokeswoman Kirsten Brost said. Homeland said Friday it won't divert the money.

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Associated Press writer Leslie Miller contributed to this story.

Aircraft-Security Focus Swings To People (WSJ)

By Laura Meckler And Daniel Michaels

The Wall Street Journal, August 12, 2006

Spotting Dangerous Individuals Gains Supporters, but Remains Beset With Problems

Security officials trying to protect America's airliners face a twin battle: stopping bad stuff and stopping bad people.

Most of the focus has traditionally been on stopping bad stuff, and that is a big challenge. Distinguishing good water bottles from deadly ones will never be easy.

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So increasingly, security experts think the nation needs to focus more on stopping bad people. Much of the work to stop potential terrorists must occur before they ever walk into an airport, aviation experts say. "By the time you get to the security checkpoint, chances are you've lost the battle," said Douglas Laird, an aviation consultant who once headed security for Northwest Airlines.

TERROR PLOT

· U.S., U.K. Differ on al Qaeda Role1

· Suspects Include Middle-Class Homeowners2

· Pakistan Stays a Terrorism Source3

INDUSTRY IMPACT

· Carriers Report Fewer Cancellations4

· Detection Systems Approach a New Era5

· Cabin Q&A: New rules for passengers6

POLTICAL IMPACT

· Plot Adds Fuel to Immigration Spat7

· Foiled Threat Unlikely to Benefit Blair8

But U.S. programs aimed at identifying threatening people have been mired in controversies and setbacks including privacy protections, technology troubles and old-fashioned management fumbles.

Secure Flight, the Homeland Security program that is supposed to check passengers against a comprehensive terrorist watch list, is the most troubled. The program has been in development for three years and is nowhere close to being put into practice. On the flip side is the Registered Traveler program to identify the good guys through advanced background checks and speed their trip through security so that screeners can focus on lesser-known travelers. But it, too, has been delayed and derided in some circles as a waste of resources.

A third initiative, behavior recognition, tries to identify suspicious people at the airport. But the idea languished for years amid concerns about racial profiling. In recent months, the Transportation Security Administration made progress, developing a screening system it believes can avoid those minefields. The program is still at just a handful of airports.

To be sure, no matter how good these techniques get, they are meant to complement physical screenings. After discovery of the plot to mix bombs with liquid explosives, the TSA has barred passengers from carrying on most liquids and gels. Homeland Security Secretary Michael Chertoff said Friday that the policy would be modified, but he didn't specify how.

Now that the ban on liquids is in place and the threat has been publicized, relaxing it will be tricky. Several experts say they will not be surprised if it sticks. "I'm quite confident it will lead to a permanent ban on liquids," said Clark Kent Ervin, former inspector general for the Department of Homeland Security who is now at the Aspen Institute. "This is apparently as close to 9/11 as we've come since and I think we're going to see some permanent changes, and we should."

Other incidents have led to lasting changes in security. After Richard Reid tried to light a bomb in his shoe on a flight bound for Miami in 2001, the TSA required that travelers remove their shoes for screening.

Relaxing the rules is tough. A ban after Sept. 11, 2001, on all kinds of sharp objects was scaled back late last year so that screeners could focus on bigger threats, like explosives, but flight attendants and others fiercely protested the change.

Some worry that a permanent ban on liquids could keep passengers away. "It took almost four years before people understood a cuticle scissor is not a weapon," said Capt. Duane Woerth, president of the Air Line Pilots Association. "Until we have a system that tries to get bad people instead of bad things we haven't advanced."

Meantime, the effort to improve screening of the travelers moves slowly. Under the system in place since before the 2001 attacks, airlines check passenger names against terror watch lists. The new system would have government take over this screening, but its first effort was abandoned in 2004 amid controversy over plans to use commercial databases to look for indications that someone posed a threat.

Secure Flight was the next effort. Though it was more modest, considerable concerns persisted over the protection of data and how passengers wrongly flagged could seek redress. Congress banned the TSA from implementing the program until privacy issues were addressed, and the Government Accountability Office issued some harsh reports.

The problems were multiple, said Cathleen Berrick, director of the GAO's Homeland Security and Justice program. TSA never figured out how the program would operate, what data would be needed about passengers from airlines or how to protect privacy. "TSA was trying to squeeze a two to three year program into six months," she said. "They were rushing."

As a result, earlier this year, the agency put the program on hold and went back to the beginning. Ms. Berrick is now more optimistic.

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Still, problems persist. Last year, the Justice Department's inspector general raised concerns about the completeness and accuracy of data in a key terrorist database. And even if it works perfectly, Secure Flight can't guard against identity theft. "It won't protect against stealing someone's identity or creating a false identity," Ms. Berrick said.

Some aren't persuaded it will ever be effective. "It's obviously unmanageable and results in a huge number of false positives that distract security personnel from finding the true terrorists," said Gregory T. Nojeim, an expert on the program at the American Civil Liberties Union.

Bad people can, theoretically, be identified once they are at the airport. By assessing a person's body language and travel details, screeners can make a quick judgment on the threat level.

The TSA has a program in place in a few airports to do that now. Called Spot, or Screening Passengers by Observation Technique, it involves specially trained security officers scrutinizing people in security lines and elsewhere in the airport.

Write to Laura Meckler at laura.meckler@wsj.com9 and Daniel Michaels at daniel.michaels@wsj.com10

Prescreening Draws Interest As Lines Grow At Terminals (NYT)

By Abby Goodnough

The New York Times, August 12, 2006

MIAMI, Aug. 11 — The security lines at Orlando International Airport in Florida on Friday provided an unusual glimpse of the future in these increasingly terrorism-conscious times.

As a member of the nation's only express security program, Carolyn Adams, a frequent flier, whisked through a special lane at the checkpoint. Ms. Adams, a prosecutor traveling to Atlanta, had only to approach a kiosk akin to an A.T.M., insert a small plastic card, place her fingers on a touchpad and wait for her identity to be verified before passing through the metal detector.

She is among 29,000 people who pay $80 a year to be "registered travelers" in the program, which is currently only at Orlando. The Transportation Security Administration says it will extend to as many as 20 other airports by the end of the year.

"It makes it quicker," said Ms. Adams, who flies about once a month and approaches security checkpoints through an entrance just for members.

With new restrictions imposed on Thursday making airport security lines much slower and longer in many cities, frequent travelers are more eager than ever for the program to grow, officials said. The private company that operates Orlando's program, Verified Identity Pass Inc., said that it had the security agency's permission to expand to Indianapolis, Cincinnati and San Jose, Calif., in the coming months, and that many others were eager to join.

"You're not going to see masses signing up," said Cindy Rosenthal, a company spokeswoman, "but there is clear interest in business travelers using this."

The program requires people to provide fingerprints or an iris scan upon enrollment, and to submit to a background check conducted by the security agency and the Department of Homeland Security. When applicants are approved, their biometric data is placed on a plastic card; at the airport, their iris scan or fingerprints are matched against the card.

The system is not perfect, and has its detractors. Members must still have their carry-on luggage scanned by X-ray machines, which makes some airports question whether the extra effort is worth the expense and trouble. A few airports have turned down the system because officials fear that it will make regular security lines longer by reserving lanes for registered travelers.

"If anything, it will cause backups in other lines," said Mike Boyd, the president of an aviation consulting firm in Evergreen, Colo. "I think it will die under its own weight."

The federal government paid for five other airports — in Los Angeles, Minneapolis, Boston, Houston and Washington — to try out the program last year with a total of 10,000 enrollees. After the trials were evaluated, the program was approved, and a number of airports are in the process of applying.

But Orlando, Florida's busiest airport, was eager to participate even after it was not chosen for the experiment, so it hired Verified Identity Pass to set up the program under the name Clear.

Chuck Carothers of Jackson, Tenn., who is not a program member and was plodding through Orlando's security line, said he thought the concept was not necessarily a deterrent.

"People interested in terrorism obviously could purchase something like this," he said, "and find a way around it."

Howard Simon, executive director of the American Civil Liberties Union of Florida, agreed, saying background checks were not fail-safe. "It presumes that we have a complete and accurate database that consists of every terrorist," Mr. Simon said. "When you're dealing with the lives of several hundred people on a flight, that's a presumption that makes me rather insecure."

Carriers Report Shorter Lines, Fewer Flight Cancellations (WSJ)

By Evan Perez

The Wall Street Journal, August 12, 2006

The new reality of increased security regulations will hit U.S. travelers next week.

Airlines plan to start charging again for changing tickets and checking extra bags, fees that had been waived since Thursday to help passengers caught off guard in the wake of an alleged disrupted terror plot targeting airliners. But passengers traveling to and from Britain still will benefit from the waivers because of the more stringent U.K. requirements.

A day after British and U.S. authorities announced the increased travel restrictions, airport queues were shorter and airlines reported only a trickle of cancellations. Travelers appeared to heed warnings to arrive for flights as much as three hours early and to remove certain banned items from carry-on luggage. On Friday, there still were significant delays and flight cancellations at London's Heathrow Airport and other British airports. In particular, travelers on flights to and from the U.S. endured hours-long delays because of security concerns.

TERROR PLOT

· U.S., U.K. Differ on al Qaeda Role1

· Suspects Include Middle-Class Homeowners2

· Pakistan Stays a Terrorism Source3

INDUSTRY IMPACT

· Detection Systems Approach a New Era4

· Aircraft-Security Focus Swings to People5

· Cabin Q&A: New rules for passengers6

POLTICAL IMPACT

· Plot Adds Fuel to Immigration Spat7

· Foiled Threat Unlikely to Benefit Blair8

In the U.S., Homeland Security officials banned from carry-on luggage most liquids and gels, including such common items as beverages, toothpaste and hair products. British authorities required passengers on U.S.-bound flights to check their carry-on baggage, including electronics, allowing travelers to board only with small personal belongings such as wallets and small purses.

U.S. airline officials said it still was too early to determine whether the alleged plot to bomb airliners heading from Britain to the U.S. would have a prolonged effect on consumer demand for air travel. The airline industry, which is only now completing its recovery from the prolonged slump brought on in part by the Sept. 11, 2001, terror attacks, is hoping travelers prove as resilient as they have after other recent scares.

In Washington, Homeland Security Secretary Michael Chertoff said his department was looking to adjust some of the restrictions to "somewhat reduce any additional inconvenience" but declined to say what the policies might be.

Betsy Talton, a spokeswoman for Delta Air Lines, said the airline had called increased airport staffing to help passengers navigate the new complications. Delta was among several airlines also stocking more water and coffee on flights because passengers no longer can bring their own.

Tim Wagner, spokesman for AMR Corp.'s American Airlines, said "Very few people are canceling or changing their plans." On Thursday, the day British authorities announced arrests related to the alleged plot, passenger cancellations were only in the hundreds at the airline, which carries 200,000 passengers daily. Most of those cancellations were for people traveling to or from the U.K., Mr. Wagner said. He added that the airline was provisioning meals for working flight attendants, an extra cost.

At Hartsfield-Jackson Atlanta International Airport, some passengers still were hesitant about the new rules. The Johnson family from Cambridge, England, stuffed their wallets, credit cards and keys into the four plastic Ziplock bags handed to them by British Airways officials Friday afternoon. The Johnson family, who had taken their holiday in Atlanta, was told, as were other British Airways passengers traveling from Atlanta to London, that carry-on items were prohibited. Sonia Johnson, a 31-year-old teacher from Cambridge, England, said the family arrived at the airport thinking there was only a ban on liquid items.

"We're going to follow British rules," said Mrs. Johnson, fastening the top of her plastic bag shut. "I'd rather be safe."

Ms. Johnson, who has been battling a painful ear infection, was more worried about the ban on nonprescription medications on British Airways. She wouldn't be able to take her over-the-counter aspirin during the nine-hour journey to Gatwick Airport in England. "It's going to be a long flight," she said.

Airline stocks continued their slide, in part because oil prices were surging again. AMR shares fell $1.46, or 7.2%, to $18.83 in 4 p.m. composite trading on the New York Stock Exchange, while UAL Corp. declined $1.19, or 5.1%, to $22.33 in Nasdaq trading. Continental Airlines dropped $1.70, or 7.1%, to $22.16.

---- Melanie Trottman and Stephanie Chen contributed to this article.

Write to Evan Perez at evan.perez@wsj.com9

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Passengers Adjust To New Minimalism In Carry-On Items (NYT)

By Kirk Johnson

The New York Times, August 12, 2006

DENVER, Aug. 11 — Most travelers went to the nation's airports on Friday battened down and prepared. They had packed their bags differently, arrived early and strategized about things that they had given little thought to before. Like drinking water. To chug or not to chug? To stop for a coffee before the security checkpoint or wait it out and hope there would be time to buy and sip before boarding?

Mike and Barb Roberts, of Norwalk, Ohio, exemplified the new model of the airport traveler as planner extraordinaire. They were flying out of Logan International Airport in Boston, bound for Cleveland.

"All that's in our carry-on is mainly reading material and clothes," said Mr. Roberts, who had been with his wife in Boston this week celebrating their 25th anniversary. "Things like aftershave and contact lens solution we left out."

"We got up early to make sure we put certain things in the correct bags," he added. "All the liquid things, we had to make sure we checked those."

That accomplished, they got to the airport four hours before the flight.

Some security lines were long, as airport security workers screened and examined carry-on luggage for liquids, gels, creams and other newly prohibited items. But most airports reported generally smoother, faster operations on Friday than on Thursday, when the global air travel system was thrown into turmoil by the news of a disrupted plot to bring down airliners flying from Britain to the United States using explosive liquids.

Flight delays on Friday were mainly caused by the ordinary headaches of weather and summer volume, according to the Federal Aviation Administration.

The real ripple of the day, travelers and airport officials said, was the collective impact of thousands of individual decisions by travelers adjusting their lives and modifying their behavior to conform to the new security regimen.

At Sky Harbor International Airport in Phoenix, for example, many more people than usual showed up Friday morning wanting to check luggage and so perhaps avoid the new issues and delays of carry-on travel. That created lines of 30 minutes at the ticket counter of some airlines even before the wait for security screening, an airport spokeswoman said.

Karen Kobzik, a nurse who was flying home to New Hampshire out of Los Angeles International Airport, was one of the new carry-on minimalists.

"I didn't want to deal with it. I wasn't sure what I could bring and couldn't bring, so I just decided I wouldn't do it," said Ms. Kobzik, 51, clutching only a stack of periodicals and a small purse as she waited on a curb with her husband and son to check their bags.

There were a few people who had heard no news of security changes or terrorist plots and arrived at airports startled by the altered terrain.

"We haven't heard," said Joerg Zwicker, who was trying to get home to Germany with his family from Denver International Airport. Mr. Zwicker, 41, said he, his wife, Carmen, and their son, Martin, 16, had been traveling around the country in a rented car for the last few weeks and had not kept up with the news. They arrived at the airport with five bottles of water that they were trying to drain before getting into the security line.

Other people, especially business travelers who often use airports as office adjuncts anyway, said they were already thinking of ways to use the new airport waiting time to best advantage.

Jennifer Beach, 35, a human resources consultant from Minneapolis, said that she arrived at O'Hare International Airport in Chicago earlier than usual and that from now on she would probably bring even more work to the airport to do while she waited.

"I'm going to jump on a conference call in about 14 minutes," Ms. Beach said.

Rules Of Travel Game Change, And Passengers Adjust (WP)

By Annys Shin, Kim Hart And Amy Joyce, Washington Post Staff Writers

The Washington Post, August 12, 2006

New Bans Increase Delays, Discomfort

Caroline Miller packed anything that might not pass muster with security into nine separate plastic baggies. Charlene Bennett let out a cheer after waiting 45 minutes for her suitcase. Dan Baum plans to overnight himself an extra suit and underwear before he leaves town again.

The rules for traveling have changed once again, and airline passengers were quickly adapting yesterday.

Major domestic and international carriers reported an increase in the number of travelers checking luggage, as passengers complied with the new ban on carrying beverages, shampoo, lotions, gels and other liquid substances aboard airplanes.

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Before arriving at Dulles International Airport yesterday for a flight to Paris, Miller, 26, wasn't sure what she had to check, so she packed cosmetics and electronics into a series of plastic bags, allowing her to stuff anything into her suitcase at the check-in counter that airline officials declared a no-go.

Her system helped her avoid the fate of her sister, Kathleen, and her mother, Nancy, who had to forfeit deodorant, lip balm and lipstick at the security checkpoint.

"I'm going to be really pale when I get there," Nancy Miller said.

Most airlines have temporarily waived fees, typically $50 to $80, for checking a third bag. A couple of airlines, including American and Frontier, even encouraged passengers to check all of their bags to ease congestion at checkpoints.

Airline officials said they would wait to hear from authorities about whether the new security measures are to become permanent before changing checked-baggage polices by increasing the number of bags allowed or raising weight limits.

"We'll see how things develop over the next couple of days," said Virgin Atlantic Airways spokeswoman Brooke Lawer.

The increase in checked luggage, however, did not prompt any of the airlines to increase the number of baggage handlers.

Except for flights out of Britain, most international and domestic carriers said, the higher volume of checked luggage did not contribute to delays yesterday.

However, some airlines said passengers should expect longer waits in the baggage claim area. "With more bags, it takes longer for your bag to get there. There will be more people crowding around the carousels," Frontier Airlines spokesman Joe Hodas said.

Travelers passing through Dulles yesterday waited up to an hour to retrieve bags.

"The airport was actually really quiet," said Betty Beyene, 26, who was waiting by an idle carousel at Dulles after flying in from New York. "This is the worst part of the day so far."

There may be another side effect of a more crowded cargo hull: more damage. A stroller belonging to Cynthia Manzo, who flew into Dulles from San Francisco, was a victim of the cargo hull crunch. Its case broken, the stroller arrived at baggage claim in four pieces.

Airlines said at this point, they have not had any increase in damage reports.

The new security measures may also make delays harder to tolerate. Chukwunonso Umezeoke, 33, was dismayed to learn she was facing a 12-hour layover in Paris en route to Nigeria, just one leg of a 32-hour journey.

"I had to give up my cologne, my deodorant and my hand cream. What am I going to do . . . until I get my stuff back?" she wondered.

Margit Pindstofte of Copenhagen, who had been vacationing in the United States, said she and her two daughters sat on the Dallas-Fort Worth airport runway for 4o minutes with no water, then went another 30 minutes before a beverage cart came around.

Some travelers have already begun thinking about what to do if the security measures become permanent.

Consulting firm Booz Allen Hamilton Inc. yesterday began scrambling to find hard covers for laptops in case they had to be checked on flights leaving Britain, said Ray Thomas, senior managing director for the business assurance office.

Given some recent high-profile thefts of laptops with sensitive information, Booz Allen employees are being walked through a process to make sure security sign-ons are in place and that hard drives are encrypted.

Currently, laptops, cellphones and other personal electronics are allowed, except on flights from Britain.

"We'll wait a bit until we see how TSA is going to come down on this," Thomas said, referring to the federal Transportation Security Administration. "Certainly if it winds up leaning more toward checking laptops, we'll really revisit our policies around laptop security and the types of baggage laptops can be checked in."

Baum, who travels at least a week every month as chief executive of DBC Public Relations Experts in Georgetown, isn't taking any chances. Before he leaves for his next business trip, he said he plans to FedEx an extra suit, underwear and other supplies he needs to "hit the ground running." He doesn't see it as an inconvenience. Whatever TSA says, "I'll be all for that," he said. "My number one priority is to land in one piece."

Staff writer Keith L. Alexander contributed to this report.

Passengers Move Faster At Airports (WT)

By Gary Emerling, The Washington Times

The Washington Times, August 12, 2006

Security lines at the region's three major airports moved briskly yesterday as travelers learned more about the type of personal items being banned on commercial flights.

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"I saw the news this morning and they were interviewing women at [Washington Dulles International Airport] who were crying because they had to throw away their Chanel makeup," said Christine Cassidy of Columbia, Md., as she waited to go through security at Baltimore-Washington International Thurgood Marshall Airport yesterday. "I said, 'That's not going to be me.' "

Lines at security checkpoints stretched throughout airport terminals across the country Thursday after federal officials banned passengers from carrying items such as beverages, liquids, gels and toothpaste in their carry-on luggage.

The new precautions were prompted by the arrest of 24 persons by British officials in connection with a plot to blow up as many as 10 planes headed to the United States.

Ticket holders getting ready to board flights Thursday discarded toiletries, drinks and expensive items like perfume and cosmetics in designated trash bins, filling them to the brim.

"We understand this is an imposition, an inconvenience," Department of Homeland Security Secretary Michael Chertoff said yesterday at a press conference at Ronald Reagan Washington National Airport. But "certainly the people I've talked to today walking around the airport seem to be appreciative of the [efforts] we're taking."

DHS also elevated the country's threat level to "high" for all commercial flights within or destined for the United States, and to "severe" for commercial flights originating in Britain and bound for the United States.

Airport officials said security lines smoothed out yesterday because most passengers had heard about the ban through press reports, agency and airline announcements or other sources.

"From our perspective, it looks like the lines have returned to what they would normally look like on a typical travel day," said Rob Yingling, a spokesman for the Metropolitan Washington Airports Authority, which operates Reagan and Dulles airports.

Transportation Security Administration officials said the agency yesterday operated at the same staffing levels as it did last week. Agents conducted random gate inspections, and passengers on flights bound for the United Kingdom also were checked at their flight gates before boarding.

Still, Mr. Chertoff said the flow of security lines yesterday was "generally positive," and that officials would announce some changes to the carry-on baggage policy in the near future.

At BWI's Concourse D yesterday, the security line still stretched around walls and down hallways, but moved swiftly.

"At this point, operations are near normal," BWI spokesman Jonathan Dean said, noting that airline employees also were performing visual checks at boarding gates to make sure passengers did not board planes with any liquids.

"[But] we are certainly encouraging customers to allow enough time for the check-in and the security processes. Customers shouldn't try to cheat the 90-minute guideline for domestic flights," he said.

Miss Cassidy, 30, said she placed her purse in her checked baggage and arrived for her flight to Atlanta 90 minutes early to make sure she avoided problems.

"This is my luck that this happened the day before I'm supposed to travel," she said. "But I'm just glad they caught the guys."

Nick Barton, another passenger in the BWI line, said he arrived two hours early for his flight to Tampa, Fla., and that the new ban on cosmetic-type items didn't really affect him as much as others.

"I usually don't travel with those kinds of things anyway," said Nick, 16.

Meanwhile, D.C. officials continued to implement extra security precautions in the city because of the foiled threat.

Metropolitan Police Chief Charles H. Ramsey said the department would remain on high alert for now, and that the 12-hour tours of duty for special counterterrorism units probably will end in the next day or two.

The department also has activated its Joint Operations Command Center and network of 19 closed-circuit television cameras downtown, although officials said the measures are merely a precaution.

"I don't think you ever take for granted that there aren't more types of plots that could be out there," Chief Ramsey said.

After Day Of Chaos, D.C. Airports At Ease (WP)

By Fredrick Kunkle And Jamie Stockwell, Washington Post Staff Writers

The Washington Post, August 12, 2006

Most Passengers Arrive Early and Prepared With Liquids Packed Safely Away

Washington area airports returned to a state of calm yesterday -- or what passes for calm during the busy summer travel season -- after a day of widespread disruptions caused by the breakup of a terror plot in London.

At the region's three major airports yesterday, passengers came early and prepared. Most had made sure that bottled water, toothpaste, shampoo and other liquids were left at home or packed in checked luggage to comply with new prohibitions on carry-on items.

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They also found relatively empty concourses and short waits at security checkpoints, unlike the chaos, long lines and two-hour delays that hampered air travelers Thursday. At Reagan National Airport, for example, passengers were clearing security checkpoints yesterday in 10 minutes or less.

"I'm surprised how normal everything seems," said John Jackson, 50, who was killing time with a cup of coffee and three paperbacks.

Jackson, who was headed to a nephew's wedding in Atlanta, said he woke at 3:45 a.m., left his home in Accokeek with plenty of time and arrived at National about 5:15 a.m. He then learned that his flight had been delayed, and suddenly he had eight hours to spare.

"Oh, well," he said. "I like to read, and I don't get the chance to do it too often."

The security changes came yesterday after London police said they had interrupted a terrorist plot to blow up several U.S.-bound jets with bombs made of innocuous-looking liquids. Police said terrorists planned to smuggle the liquids onto the planes, mix them in-flight and detonate them with electrical devices. In response, officials hastily banned liquid and gel carry-on items, such as lotion, deodorant and perfume.

Karen Wright, 44, who flew into National on Thursday for a day of meetings and expected to depart that night, was less resigned to the delays. She had to spend the night in a hotel when her flight home to Boston was canceled. She said she was frustrated and eager to go home.

"I think everybody knows it's an unfortunate situation, what happened in London, but the airports can't seem to react quickly," Wright said. "It seems they were taken by surprise that you could create bombs with liquid, and that's scary. Our response is always a beat behind. And it makes you think every time you have to travel, 'Do I really have to go?' "

Airport and security officials passed out fliers about carry-on restrictions and made periodic announcements reminding people that the Department of Homeland Security had raised the nation's threat level for the aviation sector to orange for commercial aviation in or destined for the United States.

But the mood of urgency and alarm, along with the huge crowds, that was found at the airport a day earlier had dissipated. Airport businesses were mostly empty, and restaurants had few patrons.

About 5 a.m. at Dulles International Airport, when the heaviest wave of travelers began arriving, it took at most 40 minutes for travelers to reach security checkpoints. By 8 a.m., the wait took only a few minutes and as few as 30 people trickled through the roped-off checkpoint maze.

Julie Ashey, 52, who was waiting at Dulles for a flight to Cancun, Mexico, with her husband and four children, said she had second thoughts about traveling. But Ashey laid aside her worries, opting to go forward with a surprise vacation to celebrate her husband Phil's 50th birthday and their 25th wedding anniversary.

"We're going on the thinking that it's a great thing that they caught them, and it's probably a little safer than it was last week or next week," Ashey said.

At Baltimore-Washington International Thurgood Marshall Airport, check-in lines at Southwest Airlines and AirTran Airways counters for domestic flights were longer than those for international carriers -- a sign that things were getting back to normal.

And although most travelers knew about the ban on liquids, some found themselves throwing out toiletries or chugging their beverages before entering security checkpoints.

"Traveling is always an adventure," said Kris van Riper of Chevy Chase, who was heading to Albany, N.Y., with her husband, 2-year-old Finn and 11-month-old Cory.

"I simply packed formula for the baby with no water. I'll get it on the plane," she said. "And Finn loves juice. . . . I'll get the juice on the plane, too."

Staff writer Shearon Roberts contributed to this report.

Executives Rethink Life On The Road (NYT)

By Jane L. Levere And Nick Bunkley

The New York Times, August 12, 2006

Time is money for business travelers, and a lot of them were doing new math yesterday as they contemplated what tighter security measures and longer lines would mean for their lives.

Terry Taylor, who flies about 100,000 miles a year selling tools and diagnostic equipment for the automotive industry, said he was going to cut back on air travel.

“I’ll start to make a phone call instead,” he said, after arriving home in Detroit on a Northwest Airlines flight from Seattle yesterday afternoon.

As a salesman, Mr. Taylor said, “I’m a firm believer that it pays to get in front of the customer.” Indeed, one maxim of business travel is that “you can’t fax a handshake.”

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But Mr. Taylor said he believed that customers would understand why he might want to conduct some business over the phone rather than in person and not hold it against him.

"It's becoming too inconvenient to travel," he added.

Edward Napoleon, who works in computer security in Cleveland, said his new rule of thumb for trips was that if he could drive to a business meeting in five hours or less, he would stick to the road rather than fly. "You spend three hours just getting into the airport," he said.

For all their gritted teeth, business travelers could take some comfort in signs that travel was starting to return to normal yesterday. Most domestic airlines were able to get 75 to 80 percent of their flights departing on time yesterday, according to Flight Stats.

But most international airline flights departing from Heathrow and Gatwick Airports in Britain and Kennedy in New York were still experiencing severe delays. At British Airways, only a fifth of flights were departing on time worldwide, according to Flights Stats.

Many travel agents who specialize in serving business executives said they heard from very few business travelers who wanted to cancel flights.

"I think sophisticated travelers are kind of inured to this kind of situation," said Paul Metselaar, chief executive of Ovation Travel Group in New York. "Post 9/11, it's a whole different mentality."

The airlines themselves said that very few customers were calling to cancel trips.

"Generally, the operation is remarkably normal today — with the exception of London," said Tim Smith, a spokesman for American Airlines.

But broad measures of what was "normal" do not quite capture the new realities of flying for some business travelers.

The need to get to the airport earlier means more waiting time. For some, that means the airport is becoming their new office away from the office.

Jennifer Beach, 35, a human resources consultant from Minneapolis, said she arrived at O'Hare International in Chicago earlier than usual yesterday and was going to make the most of it by working during the downtime.

She said from she would probably start bringing more work to the airport. She may even schedule more business calls. "I'm going to jump on a conference call in about 14 minutes," Ms. Beach said.

William Moros, a technology consultant from Wilton, Conn., who travels once a week for business, arrived two hours early at O'Hare instead of the usual one hour. "It does impact my schedule, but as long as I have my computer with me, I can work here," said Mr. Moros, who was heading to White Plains. "So it's not a big deal."

Some travelers out of Britain probably wish they could say that.

John Wiggin, a management consultant based in Denver who flew to Newark yesterday from Gatwick, said he could not bring his laptop with him on board his flight. Nor was he able to take books, pencils or pads on board. "It was the 1800's," said Mr. Wiggin, who travels about 150 days a year. "It's certainly going to change how we travel. It's a severe, severe hit to our productivity."

Business travelers between Britain and the United States will of course find themselves without some of their favorite devices, like Palm Pilots and BlackBerrys, during their flights. They will have to pack them in their checked baggage, and not have access to them for many unproductive minutes, if not hours, before, after and during their trips.

The tighter restrictions irritated travelers in Europe. During an interview at Charles de Gaulle International Airport, serving Paris, Alexandre, a self-employed tax adviser who declined to give his last name, said the whole package of security measures and resulting delays was "making me lose time and money, and it is starting to get a bit much."

Business travelers are not just having to get to the airport earlier. They are also hanging around longer after their flight to wait for checked baggage — baggage that they used to simply carry on with them.

James Whitney, a consultant at a corporate-turnaround firm in Birmingham, Mich., carried his luggage onto his flight to Chicago earlier this week. But to avoid throwing out all of his newly prohibited toiletry items, he checked the suitcase for the hourlong flight back.

Long after the plane landed, Mr. Whitney was still standing in the baggage claim instead of driving home. "This is 45 minutes added to four hours of travel time," he said. "It's extremely inconvenient."

Others found a creative solution to avoid checking their bags. Tera Chowanec, 23, an analyst for a pension consulting firm in Philadelphia, said a colleague at a training program she attended in Chicago sent her makeup, shampoo and lotion home via FedEx so she could take her bag on board. Some people canceled their flights to Detroit and drove home instead, she said.

Since many businesspeople have to fly for their jobs, the difficulties of travel may affect some career choices. That, at least, is a prediction from Ken Plunkett, a New York-based salesman.

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"It's going to continue to get worse and people will rethink their careers," he said. "I've heard people saying that there's so much stress involved in getting from Point A to Point B that maybe they'll take on a different career where they don't have to travel."

Groaning Belts And Empty Bins At LAX (LAT)

By Jennifer Oldham And Amanda Covarrubias, Times Staff Writers

The Los Angeles Times, August 12, 2006

With new security rules in place, the airport sees a big increase in checked baggage and less jostling for space aboard planes.

Southern California travelers adapted quickly to stringent new security rules Friday, with Los Angeles International Airport recording a 40% increase in checked luggage and officials noticing much less jostling for space aboard planes.

The requirements banned passengers from packing nearly all liquids — including water, cosmetics and lotions — in their carry-on luggage, prompting many simply to check everything to avoid the hassle.

But the dramatic behavior shift at LAX and other Southland airports caused new worries as well as problems that tried travelers' patience.

The increase in the amount of checked baggage raised concerns that at peak hours, more passengers would have to wait in lines at LAX. Security experts have repeatedly warned that long lines are vulnerable to possible terrorist attacks. LAX is the state's No. 1 terrorist target and was at the center of a foiled bomb plot in 1999.

Unlike other airports, space-constrained LAX was forced to install truck-size machines that scan checked luggage for explosives in terminal lobbies. As a result, passengers are required to wait with their bags until the bags pass through the machines. At other Southland airports, including Bob Hope and John Wayne, the machines are installed in baggage systems, out of passengers' way.

Additional checked luggage strained LAX's 1960s-era baggage system to its limits. Three miles of aging belts that crisscross the lower levels of the airport's nine terminals struggled to carry the extra load, leading to delays getting bags onto aircraft and baggage carousels.

"I just want to get my stuff. I don't want to be waiting here anymore," said Annemari Kerr, a Chicago homemaker who was visiting a friend in Los Angeles. She waited more than 40 minutes to retrieve her bag at the United Airlines terminal.

Flights were already running close to 100% full during the busiest summer travel season in five years, prompting carriers to worry whether they could fit extra baggage into crowded cargo holds. Many airlines brought in extra workers to load and unload additional bags on the tarmac and to stand by in case baggage belts at ticket counters broke down. LAX already handles more checked baggage than any other airport in the country.

Airport security officials also scrambled to provide enough workers to keep up with the increase in checked baggage.

"This is an extraordinary strain on our staffing," said Larry Fetters, the federal security director at LAX for the Transportation Security Administration, which manages the country's security screeners. The TSA canceled days off for screeners and required them to work 12-hour shifts.

In addition, about 200 National Guard troops arrived at LAX on Friday to help implement the measures. Officials have said the restrictions probably are temporary but have not said when they might be lifted.

Some city leaders questioned Friday whether federal security officials had enough screeners at LAX to cope with the demands of the new requirements during the busy summer season.

"I can't call the TSA to task for how they have handled things in the last 48 hours," said Los Angeles City Councilman Jack Weiss, who has repeatedly expressed concern about the security risks of long lines at LAX. "But I can hold them to account for failing to staff up to proper levels this summer."

The city's airport agency plans to start building a $390-million baggage system underneath the terminals at LAX early next year. It will include 53 explosive-detection machines and will create up to 40% more space for passengers to circulate in terminal lobbies, said Paul Haney, deputy executive director of airports and security for the agency.

Airport and airline officials were left to marvel Friday at the sudden change in the way passengers dealt with their luggage. Instead of trying to cram all they could into carry-on cases, they checked most of their items to avoid the searches required under the new rules.

"There are acres of space in overhead bins today," said Len Sloper, a consultant to the airport agency, after an impromptu survey Friday of flight attendant managers at LAX.

In a sign of the shift, trash bins set aside for newly banned items were nearly empty Friday, with the odd lip balm or bottle of water cropping up here and there.

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Airlines reported few delays at LAX, except on flights bound for London. Passengers heading to Britain endured lengthy waits as carriers again required them to carry only essential items such as wallets and eyeglasses in clear pouches and check everything else.

"I shoved everything in my bag and gave it away," said Clarice Atakhanian of Los Angeles, who was traveling through Heathrow on her way to Vienna for a vacation.

"I just hope they have a good movie tonight," she said.

Atakhanian waited 2 1/2 hours to check her luggage at the Tom Bradley International Terminal, only to find that her 3:30 p.m. flight had been delayed four hours.

Some minimalists carried nothing as they approached a second screening at the gate area. In Terminal 4, Santa Barbara resident Thomas Kennedy carried only a few work papers in his jacket pocket as he boarded a flight to New York for a vacation.

"I like to have a carry-on with me, but because of these new rules, I just decided to check it all in," he said, adding that his girlfriend had a book for him in her purse in case he got bored.

Southern California's smaller airports also reported an increase in checked bags, with Long Beach seeing a 20% jump. At Bob Hope Airport in Burbank, officials said they increased staffing to make sure luggage was distributed evenly so conveyor belts wouldn't jam. Ticket lines at John Wayne Airport were noticeably longer because of more travelers checking bags, a spokeswoman said.

Companies that ship luggage ahead for travelers reported a boom in business Friday, saying inquiries increased 80% after Thursday's arrest of two dozen people suspected of plotting to blow up U.S.-bound jetliners with liquid explosives. Such services are fairly new and typically appeal to frequent, more affluent travelers, who sign up online.

"I don't need my bag from the moment I'm done packing it until the moment I get to the hotel, so why am I dragging it to the airport, standing around to check it in and then waiting for it when I get off the plane?" said Zeke Adkins, co-founder of Boston-based Luggage Forward, explaining why air travelers use his service. About 40% of the 2-year-old company's shipments originate or end up in California, he said.

Security experts said Friday that the federal government should consider keeping the new restrictions in place until officials figure out how to screen passengers for volatile liquids. The changes also prompted some to call for tightening overall restrictions on carry-on luggage.

"We're wedded to these large carry-on bags that go into the overhead packed with all of these things," said David M. Stone, former head of the TSA. "At some point that's going to be an unacceptable risk."

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Times staff writer Erika Hayasaki contributed to this report.

California Vintners Scramble To Deal With Carry-On Ban (LAT)

By Jerry Hirsch, Times Staff Writer

The Los Angeles Times, August 12, 2006

Tourists who buy wine at tasting rooms can no longer take it aboard their planes. Shipping can be problematic because of various laws.

New security measures banning liquids from airplane carry-on luggage have some California vintners seeing red.

Passengers jamming multi-bottle wine carriers into overhead bins and under seats were a common sight on flights departing from San Francisco, Oakland and Sacramento airports until Thursday's ban — sparked by the British authorities' foiling of an alleged plot to blow up jetliners.

Since then, unwitting oenophiles have been chugging prized vintages or dumping full bottles of wine into bins with lipstick, sunscreen and other banned liquids.

Each year, hundreds of thousands of cases of wine travel across the country as carry-on luggage, a small but important part of California's $16.5-billion wine industry.

"More than half of our tasting room sales are to people who plan to carry the wine onto the plane," said Michaela Baltasar, spokeswoman for Clos Du Val Wine Co. in the Stag's Leap district of Napa Valley. "Hardly anybody ever checks it."

They are people such as Linda Ulrich, a congressional aide from Vienna, Va., who was tasting the offerings at St. Supery Vineyard and Winery in Napa Valley when she learned about the ban Thursday.

"I was going to take a few bottles back because the wine is so much cheaper here," she said.

Ulrich said several wineries balked at shipping any purchases to her home because of Virginia's restrictions on direct sales to consumers. She plans to return home from her Napa Valley vacation empty-handed.

Ulrich is typical of the tourists who wend their way through the tasting rooms of California's wineries — from Calistoga to Temecula.

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On Friday, Clos Du Val began selling 12-bottle foam packing containers to its tasting room customers at cost, $10. Smaller containers are $5. The boxes are sturdy enough to travel as checked baggage, Baltasar said.

California's largest wineries, which rely on a vast distribution network to get their vintages onto store shelves and restaurant menus, won't be affected by the ban, said Joe Hart, who owns Hart Winery and is president of the Temecula Valley Winegrowers Assn.

"This could have a significant impact for the small wineries" that depend on tasting room sales for their profits, he said.

Hart sells about 80% of the 5,000 cases he produces annually directly to consumers, and "a lot of that is tourism-based," he said.

His winery provides customers with a six-pack bottle holder that works well as carry-on luggage.

"This is a whole new issue for us," he said.

Hart said he hoped that regulators would take another look at the rule "when things settle down a bit."

The ban on moving wine in carry-on luggage caught consumers and the industry completely unprepared, said Barbara Insel, managing director of MKF Research, a wine industry consulting firm in St. Helena.

"This is going to slow down sales while people figure out what to do. In the very short term, there will be a lot of wine stuck in airports," Insel said.

"I saw people getting into the car at the Embassy Suites in Napa this morning, and they all had three-packs of wine from various places, and they were clearly on their way to the airport," she said. "I don't think they had thought about what they were going to do with the wine. You couldn't check it in those packages."

Tourists who find themselves with wine they can't take on board will either have to buy packing materials and check the bottles or do a lot of preflight partying.

Stopping off at a shipping company service on the way to the airport won't help. UPS and FedEx won't knowingly accept wine shipments from consumers out of fear of violating one of the many regulations that govern the transport of alcoholic beverages.

"If we find out shipment is a box of wine, we will just hold it wherever we discover the fact," UPS spokesman Steve Holmes said. "It might be in the middle of Kansas. You would have a couple of days to retrieve it or else we are going to dump it."

Fallout from the ban also is killing wine sales at airport gift and duty-free shops and wine bars.

Business at Greg Fong's Wine Wisdom shop at San Francisco International Airport has fallen "into a holding pattern," he said.

Fong hosts special winery tastings at the airport wine bar and shop and sells travelers thousands of bottles annually. He canceled a visit from the winemakers at Napa's Silver Oak Winery on Friday because no one was buying wine at the airport.

"Most of our sales are to departing passengers," Fong said.

While they wait to see if the ban becomes permanent, some in the wine industry are looking for a silver lining.

"We are telling customers that as long as they have to buy a shipping box and are going to check their wine, they might as well purchase more," said Baltasar of Clos Du Val. "They can get a 12-bottle box here and buy some of our wine and then a bottle at each of the other wineries they visit in Napa."

Nervous Investors Send Airline Stocks Into Major Tailspin (WP)

By Paul Blustein And Keith L. Alexander, Washington Post Staff Writers

The Washington Post, August 12, 2006

Airline shares plummeted yesterday on worries that travelers may begin canceling trips en masse to avoid flying at a time when they fear that heightened security screening will cause major inconvenience.

Although several airline companies reported that their operations were generally returning to normal, and that they were seeing no unusual number of cancellations, jittery investors weren't assuaged.

AMR Corp., the parent company of American Airlines, dropped 7.2 percent; Continental Airlines Inc. fell 7.1 percent; US Airways Group declined 8.2 percent; and UAL Corp., the parent of United Airlines, lost 5.1 percent. Airlines that don't fly across the Atlantic Ocean were also down, mostly by smaller percentages. The broader market was off only slightly, with the Dow Jones industrial average dropping 36.34 points, or 0.33 percent, to close at 11,088.03.

The selloff in the airline sector, which just reported its first profitable quarter in six years, contrasted with the market's reaction Thursday, when news broke that authorities had foiled a suspected plot by British citizens of Pakistani descent to blow up a number of planes over the Atlantic. Most airline shares recovered Thursday after an initial slide to post modest losses, as investors surmised that the episode would not have a lasting impact on the companies' bottom lines.

Yesterday, however, as word continued to spread about additional security measures being imposed at airports, market participants were evidently fretting more about the implications for the psychology of the traveling public. The possibility of large

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numbers of cancellations was the biggest factor weighing on airline shares, according to analyst Ray Neidl of Calyon Securities Inc., who added that rising oil prices were also a big concern.

"Everyone is sitting on pins and needles to see what happens with bookings," Neidl said.

Kevin Fahey is the sort of passenger that gives airline stockholders nightmares. "I would like to cancel my plans to travel until at least this latest lunacy is over," said Fahey, the director of vaccine safety surveillance and assessment for America's Health Insurance Plans, a group based in the District. "I'm trying to find a way to avoid having to fly to Atlanta next month. It's bad enough in normal circumstances, but for now I'd like to replace our face-to-face meeting with a conference call."

In an e-mail, he added: "Flying stinks . . . I wish the business world would stop expecting everyone to do it."

According to the airlines, such people are rarities -- or at least, they haven't acted on their frustrations yet.

"We've had no cancellations related to the terrorist threat in the U.K.," said Phil Gee, a spokesman for US Airways. Asked whether some people might be canceling flights because of security hassles, he said, "It will take a day or two for the dust to settle on that. Trend-wise, there is no significant change" in the number of cancellations.

Tim Wagner, an American Airlines spokesman, said his company had also had "no cancellations because of the security screening." Besides the usual weather and mechanical problems, "our delays haven't been that significant except at London-Heathrow, where it's been an hour or an hour and a half late getting out of the gate, and sometimes a couple of [more] hours waiting on the taxiways."

Even at London's smaller airport, Gatwick, "delays have been around 20 minutes or so," Wagner added. "It's been a fairly normal day, considering."

Airline representatives at Dulles International Airport said they had seen no noticeable rise in cancellations yesterday. Several passengers said they had not seriously considered changing their plans. Kathy Bailey, a Washington lawyer who was flying to Beijing, said, "I would never cancel my flight because of something like this."

Staff writer Kim Hart contributed to this report.

Airline Stocks Take A Hit On New Fears (LAT)

By Martin Zimmerman And Kimi Yoshino

The Los Angeles Times, August 12, 2006

Higher costs for oil and increased security worry investors on Wall Street. Travelers, meanwhile, appear to be adjusting to new safety procedures.

After showing resilience in the immediate aftermath of the alleged London bomb plot, airline stocks took a drubbing Friday as investors worried about higher costs from increased airport security and rising oil prices.

Meanwhile, travel agents, hotels and air carriers said travelers seemed to be adjusting to new security measures and reported only scattered booking cancellations.

Some cautioned, however, that it could be a week or more before they know whether travel to Britain — or air travel in general — would be seriously hurt by the latest terrorism scare.

"We will probably be better informed next week when we have data to measure the impact," said Brad Garner, vice president of Smith Travel Research in Hendersonville, Tenn. "But from what we're hearing, seeing and reading, it's business as usual."

The Air Transport Assn., the airline industry's trade group, said the air travel system was "functioning smoothly" the day after news of the suspected bomb plot and the resulting change in security procedures caused flight cancellations and delays.

The ride was bumpier on Wall Street, where airline stocks had held up surprisingly well Thursday.

Shares of AMR Corp., parent of American Airlines, dropped $1.46, or 7.2%, to $18.83 after closing unchanged the day before; UAL Corp., parent of United Airlines, fell $1.19, or 5.1%, to $22.33; and Continental Airlines Inc. lost $1.70, or 7.1%, to $22.16. British Airways, which suffered the worst flight disruptions Thursday and the biggest stock decline, slipped $1.15, or 1.6%, to $69.33.

Some analysts said investors were reacting to a small rebound in oil prices and the possible effects on jet fuel costs. Crude climbed 35 cents to $74.35 after plunging 3% the day before.

In addition, airlines are approaching the post-Labor Day travel season, typically one of their slowest periods of the year.

But there was still concern that the new security measures — especially the ban on carry-on liquids and follow-up checks at the boarding gate — would discourage business travelers by adding even more time to trips.

"The airlines could lose some of their valuable business travelers if the hassle factor gets so bad that they put off trips in favor of videoconferencing," said James Corridore, an airline analyst at Standard & Poor's Corp.

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One beneficiary of that could be private jet charter services, which are seeing a pickup in demand since the latest terror scare. Guardian Air Services, a charter operator at Ontario International Airport, said it booked trips for five new corporate clients in the last two days — as many new customers as the company usually lands in a month.

"The straw that broke the camel's back for them was no liquids on the plane and double screening," said Louis Desmond, a spokesman for the charter carrier. It's not an alternative for everyone. Chartering a small Guardian jet from Ontario to Dallas for as many as six people costs $10,000 round trip.

Ron Archer, vice president of Montrose-based Archer Travel Group, downplayed the effect of the measures on business travelers.

"The hassle factor for frequent long-haul business travelers is already at 8 or 9," he said. "All you're doing is pushing it up incrementally to 9.5."

Susan Tanzman, president of Martin's Travel & Tours in West Los Angeles, said the airlines might lose some short-haul leisure business to places such as Las Vegas as travelers weigh the additional time they will have to spend at the airport against the time it takes to drive and the cost of gasoline.

Whether international travel — another key source of airline profit — holds up remains to be seen. An unscientific online poll by Tripadvisor.com asked: "In light of the most recent terrorist threat, would you avoid traveling between the U.S. and the U.K. over the next two months?" Of 1,200 respondents, 47% answered yes, TripAdvisor spokesman Brooke N. Ferencsik said.

Hotel chains, meanwhile, reported some cancellations but said they also were booking rooms for stranded travelers or those extending trips until the airports return to normal.

Some hotels were handing out free toiletries, including makeup and contact lens solution, Garner of Smith Travel Research said.

Texas-based Omni Hotels said it would provide complimentary skin-care products, cosmetics, toothpaste and other toiletries to its customers.

"We just want to help relieve some of the stress that they're going through," spokeswoman Christine Connelly said.

All Terrorism All The Time: Fear Becomes Reality Show (NYT)

By Alessandra Stanley

The New York Times, August 12, 2006

By yesterday the morning shows were back to consumer tips — only the advice was about packing for red alerts, not campgrounds and water parks. An expert on "Today" instructed Ann Curry on how to "be a minimalist." On CBS, Harry Smith performed a cheery show-and-tell about the risks of carrying aboard lip gloss, conditioner and, most of all, nail polish remover.

Even "The Insider," the syndicated gossip show, found its own way to the foiled terrorist plot: on Thursday night's edition, it reported on celebrities — Kim Cattrall and Kevin Spacey — who were delayed at Heathrow.

The averted bombings — an extensive attack that may have been timed to coincide with the anniversary of Sept. 11 — does not answer the question of whether the public is safer now than it was five years ago. European and American security forces are more vigilant, but terrorists have also grown more virulent.

What the close call did show is how far terrorism has metastasized on television. It's a fact of life at airports and on news programs, but even entertainment shows feel compelled — or entitled — to weigh in. Islamic terrorism is woven into the fabric of prime-time thrillers like "24" and "The Unit," but it also surfaces on police shows and legal dramas. The first season of the Showtime series "Sleeper Cell," about an undercover agent who infiltrates a cell of Muslim conspirators in Los Angeles, eerily presaged the London plot — including terrorists who are Westerners who converted to Islam.

Through magnification and repetition, cable news does two opposite things at once: it stokes fear and inures viewers to danger. CNN chose a relatively prosaic rubric for its report, "Security Alert," while Fox News chose the more vivid title "Terror in the Sky." (MSNBC went for the wordier "Target America: Terror in the Sky.") All the cable news programs used music and graphics to hype any new development as a "breaking news" bulletin so important it would seem to merit interruptions by the Emergency Alert System. ("If this had been an actual emergency, you would have been instructed where to tune in your area for news and official information.")

Yet the fact that the United States raised the security alert level to a limited red for the first time was relayed quite calmly. Yellow alerts have come and gone over the past few years, and this terrorist attack, however elaborate and deadly, was safely defused before the public knew of it. Homeland Security Secretary Michael Chertoff made appearances on almost every news program imaginable to reassure the public that this was just a precaution to match Britain's security rating, but also, perhaps, to take the victory lap that the British officials who broke up the plot were too busy to make.

Comedians felt safe enough to joke about it. On Comedy Central, Stephen Colbert said he had elevated his show's security level to brown. ("Somebody spilled coffee on the chart.")

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CNN and others kept repeating the rules of the liquid ban (no to baby oil, yes to baby formula) long after travelers had caught on and airport delays had abated — mostly because the piles of discarded shampoos and after-shave provided a way to illustrate a story that fortunately had few vivid images. By late afternoon yesterday, even CNN was making light of the restrictions on lotions and creams, showing a lively montage of passengers tossing out toiletries. (A woman who threw away an $80 tube of foundation winced and said, "That hurt.")

Television labeled the changes "the new normal," a catchphrase that by yesterday had spread throughout the spectrum, from the "NBC Nightly News" to Tucker Carlson debating, on his MSNBC show, "Tucker," whether the administration was right to secretly beef up surveillance measures.

These kinds of precautions are not new, and they certainly are not normal. It's the coverage that has normalized.

The Liquid Bomb Threat (NYT)

The New York Times, August 12, 2006

The most frightening thing about the foiled plot to use liquid explosives to blow up airplanes over the Atlantic is that both the government and the aviation industry have been aware of the liquid bomb threat for years but have done little to prepare for it. What saved everyone was apparently superb intelligence work by the British, who apprehended the terrorists before they could carry out their scheme. It is unlikely that any of the scanning machines or screening personnel deployed at airports would have detected the potentially destructive materials before they could be carried aboard.

The plot apparently called for the terrorists to carry explosive ingredients disguised as beverages, and detonators made from common electronic devices like cellphones or music players. One theory is that they planned to use chemicals that are innocuous when carried separately but could be combined into an explosive mixture on board.

Unfortunately, the aviation security system is virtually defenseless against such an attack. The X-ray machines and metal detectors at airports can't identify liquid explosives. Officials have been fretting over this weakness off and on but have done little to develop and deploy technologies to block the threat. The government has been slow to buy so-called puffer machines that blow air on passengers to look for traces of explosive materials, and it has severely cut its budget for research on new detection methods. A few promising technologies are in the wings, but none seem ready to be rolled out quickly.

It is distressing that, after all the billions of dollars spent on bolstering aviation security, such gaping holes remain. Yet no matter what technologies are deployed, there is always a good chance that future terrorists will find a way to evade detection.

That makes us wonder if aviation authorities may have inadvertently hit on the wisest approach in their stopgap response to this latest plot. The Transportation Security Administration banned virtually all liquids and gels from carry-on luggage. That includes beverages, shampoos, toothpaste and other common items — everything but baby formula and medicines, and those have to be inspected.

Some passengers have complained about the inconvenience, and many more might complain if they were not allowed to keep their iPods, cellphones or laptops with them. But forcing passengers to check most of their items and bring very little aboard with them might be the surest and cheapest route to greater security.

U.S. To Roll Out Electronic Passports (AP)

By Dan Caterinicchia

AP, August 12, 2006

Despite ongoing privacy concerns and legal disputes involving companies bidding on the project, the U.S. State Department plans to begin issuing smart chip-embedded passports to Americans as planned Monday.

Not even the foiled terror plot that heightened security checks at airports nationwide threatens to delay the rollout, the agency said. Any hitches in getting the technology to work properly could add even longer waits to travelers already facing lengthy security lines at airports.

The new U.S. passports will include a chip that contains all the data contained in the paper version — name, birthdate, gender, for example — and can be read by electronic scanners at equipped airports. The State Department says they will speed up going through customs and help enhance border security.

Privacy groups continue to raise concerns about the security of the electronic information and a German computer security expert earlier this month demonstrated in Las Vegas how personal information stored on the documents could be copied and transferred to another device.

But electronic cloning does not constitute a threat because the information on the chips, including the photograph, is encrypted and cannot be changed, according to the Smart Card Alliance, a New Jersey-based not-for-profit made up of government agencies and industry players.

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"It's no different than someone stealing your passport and trying to use it," Randy Vanderhoof, executive director of the alliance, said in a statement. "No one else can use it because your photo is on the chip and they're not you."

Yet the ability to clone the information on the chips may not be the sole threat, privacy advocates argue. A major concern is that hackers could pick up the electronic signal when the passport is being scanned, said Sherwin Siy, staff counsel at the Washington-based Electronic Privacy Information Center, a leading privacy group.

"Many of the advantages the industry is touting are eliminated by security concerns," Siy said.

After testing the passports in a pilot project over the past year, the government insists they're safe.

Numerous companies competed the last two years to provide the technology. One winner was San Jose-based Infineon Technologies North America Corp., a subsidiary of Germany's Infineon AG. Another was French firm Gemalto, which earlier this month announced that it had received its first production order from the Government Printing Office. It is producing the passports for the State Department, using the Infineon technology.

Another company, On Track Innovations Ltd., was notified July 31 that it had been eliminated from consideration and is appealing the decision, a spokeswoman for the Fort Lee, N.J. company said this week. On Track previously had been eliminated but appealed that decision in the U.S. Court of Federal Claims in Washington, D.C., which found in favor of the company and ordered it be reinstated.

Infineon has been approved for production-quantity orders but hasn't received any because of the unresolved legal dispute, said Veronica Meter, a spokeswoman for the Government Printing Office. The rollout that begins Monday will use technology built up during the pilot project.

Neville Pattinson, director of technology and government affairs for Gemalto in Austin, Texas, would not discuss financial terms of the contract. He acknowledged the economic potential is massive, noting that the State Department issued 10 million passports in 2005 and expects that to increase to 13 million this year.

Citizens who get new passports can expect to pay a lot more. New ones issued under this program will cost $97, which includes a $12 security surcharge added last year. Not all new passports will contain the technology until it's fully rolled out — a process expected to take a year. Existing passports without the electronic chips will remain valid until their normal expiration date.

American Depository Shares of Infineon fell 12 cents to $10.65 Friday on the New York Stock Exchange.

Searches Of Bags In Subway Upheld (WP/AP)

By Larry Neumeister

The Washington Post/AP, August 12, 2006

NEW YORK, Aug. 11 -- A federal appeals court said Friday that random bag searches on New York subways are constitutional, agreeing with a lower court that the police tactic is an effective and minimally invasive way to help protect a prime terrorism target.

The U.S. Court of Appeals for the 2nd Circuit rejected a challenge to the searches by the New York Civil Liberties Union, saying U.S. District Judge Richard M. Berman properly concluded in December that the program was "reasonably effective."

Searches on the nation's largest subway system began after the deadly terrorist bombings in London's subways in July 2005. The NYCLU sued, arguing that they were an unprecedented intrusion on privacy that terrorists could easily evade.

The appeals court agreed with Berman that preventing a terrorist attack on the subway was important enough to subject subway riders to random searches.

The three-judge panel also noted that police have thwarted plans for New York subway attacks at least twice in the past nine years, including a bomb plot in 1997 in Brooklyn and a 2004 plot to bomb the Herald Square subway station in Manhattan. It was "unsurprising and undisputed that terrorists view it as a prime target," the court said in its opinion, written by Judge Chester J. Straub.

City officials noted that the ruling came a day after British officials announced they had stopped a plot to bomb several planes headed for the United States, underlining the importance of counterterrorism efforts.

"Common sense prevailed," Police Commissioner Ray Kelly said. "Once again, and at a fitting moment, the court upheld the constitutionality of the bag inspection program, one of our key strategies for deterring a subway attack."

Christopher Dunn, the NYCLU's associate legal director, said the group is considering an appeal. "Because this program authorizes police searches of all subway riders without any suspicion of wrongdoing, we continue to believe it raises fundamental constitutional questions," he said.

The appeals court said that expert testimony established that terrorists seek predictable and vulnerable targets and that the subway search program "generates uncertainty that frustrates that goal, which, in turn, deters an attack."

New York's subway system of 26 interconnected train lines carries 4.7 million passengers on a typical weekday.

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Terror Cell Phone Bust (WNEM)

WNEM-TV, August 12, 2006

(TV5) -- The three suspects are now facing two counts each of Homeland Security Terrorism charges. All three suspects are due to be arraigned August 12th.

Around 1:00am August 11th the three men purchased cell phones from the Wal-Mart store on M-81 near the corner of M-24 in Caro. Wal-Mart places a limit on the number of cell phones that can be purchased at once, that number is three. The three men allegedly bought 80 by purchasing them three at time so that an alert wouldn't be triggered by the cash register. They also paid cash.

An alert clerk grew suspicious and called Tuscola County central dispatch. The Caro Police Department sent a unit and stopped the rented van on M-81 just east of Caro. The suspects were headed towards Bad Axe on M-81 where there is another Super Wal-Mart.

The three men are described as being of Palestinian descent but live in Texas. Police say the three, ages 19, 22, and 23 appear to be naturalized citizens.

One man was driving while the other two were in the back opening the phone packages with box cutters throwing the phones in one box, batteries in another and the packaging and phone charger in another container. The suspects had 1000 other cell phones in the van. There was also a bag of receipts showing that someone was in Wisconsin the day before.

The phones were Nokia TracFones selling for $20 at Wal-Mart. For your twenty dollars you receive a phone charger and 40 minutes of airtime. The phones do not have to be registered with a name. Also discovered was a laptop with store addresses and store logos.

Tim Nausler with the Michigan State Police bomb squad says this has all the tell tale signs of using cell phones to detonate bombs. He says you need two phones to detonate a bomb one to be with the explosive and the other to make the call to that phone. In some instances he says you can detonate with one phone using the alarm clock function.

The TracFones are a nationwide prepaid wireless phone service and are even offered with international long distance. These phones according to www.tracfone.com don't even have coverage in the Thumb area where they were purchased.

The men have been "cooperative, upfront, not hiding" anything according to police. They also told officers they get stopped frequently and say they buy the phones for $20 and sell them elsewhere for $38. They sell them without the packaging or charger.

The Caro Police Department, the FBI and the Homeland Security Terrorism Taskforce are involved in the case.

More Cell Phone Arrests (WBOY)

WBOY, August 12, 2006

Last week, the Grafton police pulled over 24-year-old Hashem Sayed for a routine traffic stop. But what they found in his car was far from routine. Patrolman Daniel Laymon recalls the scene, "There were multiple cell phones, roughly 150 to 200 cell phones from multiple retailers," he said.

Buying that many pre-paid phones is not a crime, but the police say it is unusual.

Less than a week later, the authorities in Marietta, Ohio, arrested 20-year-old Osma Sabhi Abulhassan and 20-year-old Ali Houssaiky. Washington County Sheriffs deputies seized several pre-paid cell phones and thousands of dollars in cash. Because of the incidents, Grafton police believe the events are connected.

"The department feels that there are a lot of similar circumstances and there are a lot of similarities between the activity there and the activity experienced here," said Patrolman Laymon.

The activity seems to be more than just a coincidence. All three men are from Dearborn, Michigan and all three gave similar reasons for buying the phones. Sayed said he was buying them to ship to California to sell for a profit. But Washington County's sheriff says that may not be the whole truth. "They are digital for detonating car bombs and they have a particular digital frequency and that's what they're using them for," said Sheriff Larry Mincks.

Mincks says the men also had instructions on how to obtain private flights and airplane passenger information.

"It also had some information concerning airport security and check points."

He says the two men apprehended in Ohio are linked to another man who is being investigated for possible terrorism. Now, police across the state have a warning for residents.

"Not that it's a crime," said Grafton Police Chief, Robert Beltner. "But we can check into it to make sure nothing illegal is going to take place with those phones."

Workers, Filmgoers Evacuated After Suspicious Parcel Found (WP)

By Michael Alison Chandler And Martin Weil

The Washington Post, August 12, 2006

A Capitol Hill street was closed, Library of Congress workers were evacuated and a film screening was delayed yesterday after a suspicious package was found near one of the library buildings.

Capitol Police resolved the matter with a technique that allowed them to "disrupt" the package safely, said Sgt. Kimberly Schneider, a spokeswoman for the force.

It was not clear who left the item, which included a tomato can with wiring attached, Schneider said. D.C. Police Chief Charles H. Ramsey has said he expects suspicious package alerts to be more frequent in the immediate aftermath of Thursday's disclosure of a terrorist bomb plot in Britain.

The package was spotted shortly before 6 p.m. near the loading dock on the C Street SE side of the Madison Building, one of three in the library complex.

Library spokesman Charles Stanhope said staff members working late left the building along with filmgoers arriving early for a screening of Paddy Chayefsky's "The Goddess" at the Mary Pickford Theater. Reading rooms had closed at 5 p.m., he said.

The 100 block of C Street SE was closed until about 8 p.m. One resident of the block said she was not surprised by the response.

"We're all on tenterhooks," she said.

Louisiana's Contract With America (NYT)

By John Neely Kennedy

The New York Times, August 12, 2006

Baton Rouge, La.

AMERICAN taxpayers have been generous to Louisiana in the aftermath of Hurricanes Katrina and Rita. Congress has appropriated tens of billions of dollars for us through emergency aid, community block grants and tax breaks. This will help repair and rebuild homes, apartments, businesses, roads, universities, hospitals and levees. It will be used to give tens of thousands of Louisianans their futures back. We are grateful.

We owe it to Congress, and to ourselves, to be good stewards of this largess, particularly in case we ever need more. For moral as well as practical reasons, Louisiana must have zero tolerance for the waste or theft of this money, or even the appearance of waste or theft.

Louisiana's spicy, colorful politics have saddled our state with a reputation for tolerating lax ethical standards in government. Perception often lags behind reality, and I can say from experience that the vast majority of public officials in Louisiana are much better than our reputation holds us to be. Now we have a chance to prove it.

Our legislature needs to pass a law prohibiting all public officials, their immediate families and companies of which they own 5 percent or more from receiving any contracts for rebuilding areas damaged by the storms.

Louisiana law currently requires public officials and their relatives to report such involvement in disaster recovery contracts to our Ethics Commission. Since that law was approved last November, officials and their relatives have disclosed their connections to more than 200 contracts awarded for jobs like debris removal and supplying products to FEMA.

Disclosure is not enough. I am not suggesting that these 200 contracts and others like them are improper. Rather, there is an appearance of impropriety to some reasonable people. Only prohibiting the issuance of such contracts altogether will send the message that the people of Louisiana will not tolerate corruption or cronyism, or any hint of them.

Appearances count. If people lose faith in their government, the result is the same whether or not the loss of confidence is justified.

No doubt such a law would be unfair to some of our public officials. But it would be no more unfair than the Louisiana law that prohibits me, as the state treasurer, from winning the state lottery. That law exists for one reason: to protect the lottery's integrity, which would be seriously undermined by the appearance of impropriety if the state treasurer won a $50 million jackpot.

Plato wrote that "good people do not need laws to tell them to act responsibly, while bad people will find a way around the laws." Maybe so. But barring public officials and their relatives from receiving reconstruction contracts isn't just a good way to make fraud and corruption more difficult to carry out. It's also the best way to show that Louisiana is serious about its future and its reputation.

Ashcroft Finds Private-Sector Niche (WP)

By Ellen Nakashima

The Washington Post, August 12, 2006

Ex-Attorney General Helps Firms Get Homeland Security Deals

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Former U.S. attorney general John D. Ashcroft, whose tenure saw the creation of a burgeoning homeland security industry, has emerged as the highest-ranking former Bush administration official to lobby for and invest in companies in that field.

Nearly two years after he left the Justice Department for a glass-and-marble office tower six blocks away, Ashcroft is building a lucrative consulting company helping security and other firms find business with federal agencies. Federal spending on homeland security is expected to reach nearly $60 billion in fiscal 2007, according to the Office of Management and Budget.

"It's a continuation of the aspiration I have that our nation have access to the best possible resources to fight terror, whether domestic or international," Ashcroft, founder of the Ashcroft Group LLC, said during a phone interview from his 150-acre cattle farm in rural Missouri, where he was spending a working vacation.

During his tenure, Ashcroft championed expanded federal powers to conduct surveillance in counterterrorism investigations. Now, he said, he wants the intelligence and law enforcement agencies to be aided by the tech world's "best of breed."

In all, Ashcroft's firm has 30 clients, many of which make products or technology aimed at homeland security, and about a third of which the firm has not disclosed, to protect client confidentiality. The firm also has equity stakes in eight client companies, a trend the company plans to continue as it gradually turns its focus toward venture capital.

Privacy experts and civil libertarians, who battled Ashcroft's policies to enlarge surveillance powers, warned that the types of businesses promoted by the former attorney general and other lobbyists are fast becoming a de facto branch of the government, beyond traditional oversight. They question whether the security offered by these firms, some of which specialize in analysis of government and private data, is balanced by adequate protection for civil liberties.

In an era of unprecedented collection and sharing of data between the government and the private sector, "we need checks and balances to match that paradigm shift," said Peter Swire, who served as a privacy counselor for the Clinton administration and now teaches law at Ohio State University.

Ashcroft's client list includes Nanodetex Corp. in New Mexico, which offers technology that can detect airborne pathogens such as anthrax or liquid explosives such as the type authorities say a group of terror suspects planned to use to blow up passenger jets between Britain and the United States. Another is Exegy Inc., a Missouri firm that does high-speed data mining.

Innova Holdings Inc. makes software that can remotely command robots and drones, or unmanned vehicles, the sort that police borders or fly above the mountains and valleys of Pakistan and Afghanistan searching for al-Qaeda cells. The company, which signed with Ashcroft's firm last week, has developed a technology for robots that will undertake a NASA repair mission to the Hubble Space Telescope.

Still another client is Dulles Research LLC, a small Northern Virginia firm that claims its technology can detect illicit networks like the group of men who went on to hijack four planes on Sept. 11, 2001. The firm says its technology detects the threat of terrorist behavior by analyzing people's actions -- not their identities, an effort to safeguard individuals' privacy.

"What network-analysis technology does is not look at the individual, but rather at the gravity and weight of relationships between people who appear to be doing something harmful to our interests or in opposition to the law," said Drew Eginton, Dulles Research's founder and chief executive.

For instance, he said, out of a data set that includes transactions of 20 million people with one another, "What you're looking for are the seven people who are doing something normal people don't do, simultaneously buying tickets to the same town with money orders, or sequentially visiting the same place one month apart using airline tickets that were paid with cash, or switching cellphones and every 60 days placing a 10-second voice mail to a person who went to that individual's school in Malaysia. We're looking for these very shadowy and unusual interactions that, based on a prior statistical case, predict the likelihood of trouble."

Behavioral pattern analysis has a good track record in the world of credit card fraud, where "millions" of transactions can be analyzed to extract patterns of illicit behavior, said Jim Dempsey, policy director of the Center for Democracy and Technology.

The problem with detecting terrorist patterns of behavior is that there are not millions of terrorist transactions that can be analyzed on which to base a reliable model, he said.

What is the recourse, Dempsey asked, for people who are wrongly identified and targeted?

But Eginton said the point of using statistical analysis is to avoid the "false positive."

"We do not have a mature and complete mathematical understanding of what these people and networks will do," he said. "But we do have an understanding."

Another Ashcroft client is ChoicePoint Inc., a data marketer that gathers public records and sells access to them. Though the company already had a contract with the Justice Department dating to 1998, last year it signed on with Ashcroft's firm to help it connect with "the right people within the agencies who could match up our capabilities with their needs," said James Lee, ChoicePoint's chief marketing officer.

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When it comes to privacy, Ashcroft, a 54-year-old Republican and former U.S. senator and Missouri governor, said there are "real reasons" why the government should not be in the business of warehousing information. "The private sector does a better job of maintaining and developing information," he said. Another reason, he said, is Americans "don't want government to have access to any more information than necessary."

The Ashcroft Group complies with federal disclosure rules, Ashcroft said. It has disclosed the identities of 17 companies and two trade groups that it represents before Congress or the executive branch. The other clients, for which the firm does not do government work, are covered by non-disclosure agreements.

The firm reported receiving $1.4 million in lobbying fees in the past six months. But that is a small fraction of its earnings. It offers strategic consulting and is set to launch a service to help companies prevent and clean up data breaches.

These days, Ashcroft, whose forthcoming book discusses his experience as attorney general, is relaxed and energized. "Ninety percent" of the people who approach him, he said, thank him for his service. "I think that people have the sense," he said, "that regardless of whether they agree with me or not, they knew that I was doing what I thought I ought to do."

Staff researchers Richard Drezen and Robert Lyford contributed to this report.

Ashcroft's Roster (WP)

The Washington Post, August 12, 2006

Here are the companies and trade groups that the Ashcroft Group has disclosed that it represents before Congress or the executive branch:

Â· American Institute of Certified Public Accountants
Â· Oracle Corp.
Â· ChoicePoint Inc.
Â· Israel Aircraft Industries International Inc.
Â· LTU Technologies Inc.
Â· TrafficLand Inc.
Â· Exegy Inc.
Â· Alanco Technologies Inc.
Â· eBay Inc.
Â· AT&T Inc.
Â· DSNR Ltd.
Â· DRS Technologies Inc.
Â· General Dynamics Corp.
Â· Verisign Inc.
Â· Innova Holdings Inc.
Â· Mittal Steel Co.
Â· Dulles Research Group
Â· Nanodetex Corp.
Â· Council on State Taxation

SOURCE: Senate Office of Public Records Web site

WAR NEWS:

Pace Won't Rule Out Troop Reductions (AP)

By Robert Burns

AP, August 12, 2006

America's top general said Saturday he would not rule out U.S. troop reductions in Iraq this year, even though troop levels were just increased in response to rising sectarian violence.

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said in an interview aboard his plane on an overnight flight from Washington that the attitudes of rival Iraqi religious groups would be the ultimate decider of Iraq's fate as a nation — regardless of the size of the U.S. military force, which now numbers about 133,000.

Pace stopped short of predicting that conditions would improve enough to allow a U.S. troop reduction before year's end, but he said he would be consulting with top commanders this weekend on the outlook for a turnaround in the sectarian violence and the need for U.S. troops.

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"It's important to always have troop levels on the table" as a subject for discussion, he said. "We thought as recently as a month or so ago that we were going to be able to come down" in the numbers. "What changed was the increase in sectarian violence," he added.

Nonetheless, Pace said it was possible that the sect-on-sect violence could be tamped down quickly. "Their leaders simply could decide to stop it" by telling their people to stop killing each other, he said.

"There is still the potential to reduce the number of troops," he said, although he would not say how soon he thought this could happen. Earlier this year U.S. officials were hoping to reduce troop levels to 100,000 or less by December, with more significant cuts following in 2007.

Pace was scheduled to meet with Gen. George Casey, the top U.S. commander in Iraq who won approval by Defense Secretary Donald H. Rumsfeld last month to extend the yearlong deployment of the 172nd Stryker Brigade for up to four months in order to add more U.S. firepower in Baghdad. That move dashed immediate hopes for an overall troop reduction and triggered talk among Democrats of the Bush administration breaking faith with the troops.

Pace said he intended to meet with commanders and soldiers of the Alaska-based 172nd to thank them for accepting the burden of an extended Iraq tour.

The Joint Chiefs chairman, on only his second trip to Iraq this year, also said that Pentagon officials are beginning to think about who might replace Casey, who has been the top commander in Iraq since July 2004. Pace said Casey would stay for about another six months.

"Certainly you start thinking now" about who should succeed Casey, Pace said. He offered no names but praised Casey's performance.

"He will not be easily replaced," Pace said.

Asked about the several recent cases of alleged criminal misconduct by U.S. troops, such as the Marines accused of killing 24 Iraqi civilians, including unarmed women and children, in the town of Haditha, Pace said he was troubled by even the possibility that the allegations will be proven in court.

"We should not accept anything other than zero" cases of criminal abuse, he said, dismissing suggestions that there inevitably are going to be cases of misbehavior in a large group such as the U.S. military.

"We should not allow ourselves to do math" to explain away misconduct, he said.

Pace also was meeting Saturday with Lt. Gen. Martin Dempsey, who is in charge of the U.S. effort to train the Iraqi security forces. Pace said the Iraqi forces now number about 277,000 and are on track to reach the final goal of 325,000 by the end of December.

U.S. Forces Detain 60 At Iraq Funeral (AJC/AP)

By Vijay Joshi

The Atlanta Journal-Constitution/AP, August 12, 2006

BAGHDAD, Iraq — U.S. forces raided a funeral gathering and detained 60 men suspected of links with an al-Qaida cell blamed for a spate of car bomb attacks in Baghdad, the U.S. command said Saturday.

Despite the rise in Iraq's sectarian violence, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said he would not rule out U.S. troop reductions this year. Pace, who arrived in Baghdad on Saturday, said he would consult with top commanders on the outlook for a turnaround in the violence and the need for U.S. troops.

The arrests in Baghdad were the first major roundup of suspected insurgents since U.S. reinforcements started streaming into the capital last week as part of a new crackdown on violence.

A statement by the U.S. military said the arrests were made Friday in Arab Jabour, a southern neighborhood of Baghdad and a stronghold of Sunni insurgents.

The 60 detained men are believed to be associated with a senior Iraqi al-Qaida leader in a cell that "specializes in bomb making," the statement said.

"The group has been reported to be planning and conducting training for future attacks," it said. "Multiple forms of credible intelligence led the assault force to the location, later determined to be a funeral gathering, where the suspects were detained."

Women and children were separated from the men and the arrests were made without incident, the statement said without giving any details.

In the southern city of Basra, a bomb exploded Saturday at a shop selling CDs featuring sermons and interviews of radical Shiite cleric Muqtada al-Sadr. Two people were killed and four were wounded, police said.

Baghdad and the Sunni-dominated Anbar province west of the capital are centers of the insurgency, which uses bombings, suicide attacks, mortar barrages and armed assaults by gunmen.

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Attention has focused on Baghdad due to a rise in Sunni-Shiite bloodshed, which U.S. officials describe as the greatest danger facing Iraq's new government of national unity. Between 1,000 and 1,500 people have been killed every month in the Baghdad area since January.

U.S. commanders are rushing nearly 12,000 American and Iraqi troops into the capital. The military has not said how many reinforcements have arrived in Baghdad, but some soldiers of the Army's 172nd Stryker Brigade have been seen on the city's streets.

The mounting violence prompted the United States to increase its troop levels in Iraq. Pace said "there is still the potential to reduce the number of troops" this year, though he would not say how soon he thought this could happen.

"We thought as recently as a month or so ago that we were going to be able to come down" in the numbers, he said in an interview aboard his plane on an overnight flight from Washington. "What changed was the increase in sectarian violence."

Much of the violence is blamed on al-Sadr's Mahdi Army, which launched two uprisings against U.S. forces in November 2004, resulting in heavy fighting.

In an interview with the New York Times published Saturday, the U.S. ambassador to Iraq, Zalmay Khalilzad, said Iran was instigating Shiite militias to step up attacks on U.S. forces in retaliation for the Israeli assault on Hezbollah in Lebanon. The Shiite Hezbollah is backed by Iran.

Iran's prodding has led to a surge in mortar and rocket attacks on the fortified Green Zone, the compound that houses the main components of the Iraqi government and the U.S. Embassy, Khalilzad was quoted as saying.

The Shiite guerrillas behind the attacks are members of splinter groups of the Mahdi Army, he said. The newspaper quoted unnamed officials of the Sadr Organization as saying that rogue elements of the Mahdi Army are not under their control and carry out attacks without guidance from al-Sadr.

"Iran is seeking to put more pressure, encourage more pressure on the coalition from the forces that they are allied with here," Khalilzad was quoted as saying.

U.S. Embassy officials were not immediately available to confirm Khalilzad's comments.

The extent of Iranian involvement here has long been the subject of debate within the U.S. military and civilian establishment. Privately, some senior U.S. officials are skeptical that the Iranian government is doing more than providing money to select Shiite groups. Others insist the Iranians are providing weapons and training to some Shiite factions.

The increase in attacks on the Green Zone also followed a coalition crackdown on Mahdi Army elements in Basra, Mahmoudiya, Musayyib and Baghdad.

A Summer Of Discontent In Iraq (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, August 12, 2006

Attacks on Ramadi's government center are down. But rising with the heat are boredom and complaints among Marines posted there.

RAMADI, Iraq — At Post 3, when the hours on watch seem to stretch on and the heat gets overwhelming, Lance Cpl. David Hill picks up a walkie-talkie and starts speaking in his best over-the-top local radio announcer voice.

"Good afternoon, all gov center and IP posts. This is WKIL coming to you from the rooftops of Ramadi," Hill intones to his small audience of fellow Marines.

"Hope you are all enjoying yourselves out there. It is about 120 degrees, and the heat has climbed from suicidal to insane."

As the summer wears on in Iraq, the attacks on Ramadi's government center are subsiding. But rising in their place are the heat, the boredom and the complaints — about the sandbags Marines must carry, about the Ramadi mission, about the war.

Marines often brag that their mission is to kill people and break their toys. But for the Marines of Kilo Company, stuck on the roof of Ramadi's government center and Iraqi police headquarters, simply killing insurgents doesn't feel like progress.

And so the frustration rises with the mercury for these troops, most on their second deployment to Iraq and their second summer in Al Anbar province's scorching desert.

Elsewhere in Ramadi, U.S. troops talk with residents in an attempt to win their trust and improve their sense of security. But around the government center, there has been no talking and lots of shooting for many months.

Insurgents have regularly attacked the government center, trying to prevent the provincial government from functioning. Kilo Company has fortified the posts on the roof, manned around-the-clock by Marines charged with returning gunfire and killing assailants who fire rockets and plant roadside bombs.

Kilo's commander, Andrew Del Gaudio, a 30-year-old from the Bronx, says the Marines are making a difference.

"We are killing people," he says, referring to insurgents.

Attacks on the government center have decreased because slain insurgents have not been replaced, he says.

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"There are not nearly as many fighters now," Del Gaudio says. "Is that a form of progress? I don't know. Does it allow the governor to meet with his people? Does it allow the Iraqi army time to grow stronger? Yes. Therefore, it is worthwhile."

It would be nice, he says, for Kilo to be able to win the trust of Iraqis, but that is impossible in the neighborhoods around the government center, where the fighting remains fierce and most residents have fled.

"It is still a red zone, and it has to be dealt with accordingly," Del Gaudio says. "You can't give a soccer ball to a guy with an AK-47 who wants to kill you."

The Marines on the roof say they hope Del Gaudio is right about the progress. But their frustration is clear. Few say they intend to reenlist.

"I hope I am out before the next war comes," says Lance Cpl. Brodey Vann, a 20-year-old from Pinellas Park, Fla.

"No matter what we do, there are insurgents everywhere," Vann says. "I don't think we are making any progress."

For hours each day, the troops stare at the abandoned buildings that surround the government center. All of the structures have been pockmarked with bullet holes. A few are starting to collapse. The Marines have given many of the crumbling buildings names — "Ghost Hotel" or "Swiss Cheese."

Some Marines count the hours they have stared into the bleak landscape — more than 720. Some try to estimate the hours remaining before they return home.

For others, every day is Groundhog Day. Like the Bill Murray movie, the days here endlessly repeat themselves.

"You know it's not the same day," says Pfc. Brian Terry, a 21-year-old from High Point, N.C., assigned to Kilo's 2nd Platoon. "But it feels like the same day."

Last year the Marines here, part of the 3rd Battalion, 8th Regiment, were stationed in Fallouja and charged with helping rebuild the area after the November 2004 assault.

Terry's partner on post, Lance Cpl. Jerod Zimmerman, a 21-year-old from Charlotte, N.C., misses the reconstruction work and the friendly interaction with residents. Here in Ramadi, he sits on the roof waiting to shoot people who shoot at him.

"Out there, it was easier to see you were helping people," he says. "And you miss that. Well, I miss that. I won't speak for the entire Marine Corps. It is a lot easier to understand why you are there if you are able to see immediate results. Out here, it's different. It's harder to see the influence you have."

The feelings are similar in the 4th Platoon, standing watch on the other shift. At Post 4, the heat is stifling. There is no breeze. The only relief comes from a fan. Lance Cpl. Jay Reed, 21, of Syracuse, N.Y., stares out at the buildings, his eyes never leaving the landscape.

"Last year was a different mission, geared toward building their city and helping the people," Reed says. "So you could see more progress, I guess. This year, this building is our mission, making sure nothing happens to this building…. I am sure someone in this city has seen improvement, but not from this building."

Reed wears some of his bitterness scrawled on his Kevlar helmet: "Suicide = Solution."

"The Kevlar says it all," he declares.

For Marines, the work at the government center rarely ends. There are multiple long shifts at the guard posts. And when they are off the roof, there are night foot patrols, construction work, cleanup duty and assignments tearing down old outposts and building new ones.

Worst of all is sandbag duty. The troops groan whenever they spot the sandbag truck arrive and dump another load that has to be carried to the roof.

They struggle to find some mental escape. For Reed and his partner, Lance Cpl. Ryan Gianoulis, 23, of Beechwood, N.J., the shift on the roof begins with complaints. When that is over, they talk about how long it is until they go home. Then they talk about women and getting married.

"Then about the last two hours I sing songs," Reed says. "Little duets."

Reed and Gianoulis have renditions of "Jingle Bells," the Eagles' "Take It Easy" and Bon Jovi's "Livin' on a Prayer." But their favorite must be "Jackson." Gianoulis sings the Johnny Cash part. Reed channels June Carter Cash.

"We got married in a fever, hotter than a pepper sprout," Reed croons. "We've been talking about Jackson, ever since the fire went out."

Late in the shift, the music at Post 3 is often interrupted by Hill's WKIL "broadcast."

Most days, after Hill, a 23-year-old from Tampa, finishes his commentary on the threat level at downtown Ramadi's various OPs, or outposts, he throws in a few "sponsorships," each colored by frustration with the insurgents who attack the Marines or the unending work schedule.

One recent evening, he closed his broadcast this way:

"This message brought to you by 'Death' — coming to an OP near you soon."

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Granite City Soldier Killed In Helicopter Crash In Iraq (MERCN/AP)

The San Jose Mercury News/AP, August 12, 2006

GRANITE CITY, Ill. - A Metro East serviceman was one of two soldiers killed this week when their helicopter crashed in Iraq, the U.S. Department of Defense said Friday.

Sgts. Steven P. Mennemeyer, 26, of Granite City and Jeffery S. Brown, 25, of Trinity Center, Calif. were killed Tuesday when their UH-60 Blackhawk helicopter crashed into a lake near Rubtbah, Iraq, west of Baghdad, the defense department said in a statement.

Both were assigned to the 82nd Medical Company (Air Ambulance), Fort Riley, Kan.

Four others service members, two from the Army and two from the Navy, were injured in the crash during a routine flight in Anbar province. The military has said the crash was not a result of hostile fire.

Seattle Soldier Killed In Iraq (AP)

AP, August 12, 2006

A soldier from Seattle died in Iraq, The Department of Defense said Friday.

Staff Sgt. Tracy L. Melvin, 31, died after he was injured Sunday by a roadside bomb that detonated near his HMMWV during combat operations in Ar Ramadi, Iraq.

Melvin was assigned to the Army's 2nd Battalion, 6th Infantry Regiment, 1st Armored Division, Baumholder, Germany.

Further details were not available.

101st Airborne Unit Returns To Home Fort (WT/AP)

The Washington Times/AP, August 12, 2006

FORT CAMPBELL, Ky. (AP) -- Nearly 450 soldiers from the 101st Airborne Division returned home from Iraq yesterday and more flights into Fort Campbell are expected soon, base officials said.

The arrivals bring the total number who have returned since the first homeward-bound flights early last month to about 1,000. Up to four flights, each with about 200 soldiers, are expected next week at the sprawling Army base that straddles the Tennessee-Kentucky state line.

"We're getting to the point where the main body of the units are prepared to come in," Fort Campbell spokeswoman Cathy Gramling said. "Every time we welcome soldiers home, it's important and it's a great time to be at Fort Campbell."

Most of the nearly 20,000 soldiers in the division should be back from Iraq by the end of November, Miss Gramling said.

Vickie Kane and her husband traveled from Arkansas to greet their son, 23-year-old Spc. Adam Kane. They were joined by their three other children and daughter-in-law, Amanda Kane.

"Of course we're proud. They've served so honorably. We're relieved. It's been a long year for everybody. We know it's been hard for them to be away from home," Vickie Kane said.

The family drove in a van and a truck that had painted on the side in bold red, white and blue letters: "We Love You Adam" and "We Love 101st Airborne."

The 101st Airborne is finishing up its second yearlong deployment to Iraq. The first came at the start of the war, then troops returned for about a year before the second deployment in October.

Fort Campbell has had 166 soldiers die in the Iraq war since 2003. More than 150 of those were from the 101st Airborne.

The troops are returning as four soldiers with the division's 3rd Brigade in Tikrit, Iraq, face murder charges in the deaths of Iraqi detainees near Samarra.

U.S. Ambassador Says Iran Is Inciting Attacks (NYT)

By Edward Wong

The New York Times, August 12, 2006

BAGHDAD, Iraq, Aug. 11 — Iran is pressing Shiite militias here to step up attacks against the American-led forces in retaliation for the Israeli assault on Lebanon, the American ambassador to Iraq said Friday. Iran may foment even more violence as it faces off with the United States and United Nations over its nuclear program in the coming weeks, he added.

The Iranian incitement has led to a surge in mortar and rocket attacks on the fortified Green Zone, said the ambassador, Zalmay Khalilzad.

The four-square-mile Green Zone, protected by layers of concrete blast walls and concertina wire on the west bank of the Tigris River here, encloses baroque palaces built by Saddam Hussein that now house the seat of the Iraqi government and the American Embassy.

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The Shiite guerrillas behind the recent attacks are members of splinter groups of the Mahdi Army, the powerful militia created by the radical Shiite cleric Moktada al-Sadr, Mr. Khalilzad said.

The splinter groups have ties to Iran, which is governed by Shiite Persians, and to Hezbollah, the Iranian-backed Shiite Arab militia in Lebanon that has been battling Israel for a month, the ambassador added.

There is evidence that Iran is pushing for more attacks, he said, without offering any specifics. But he acknowledged that there was no proof that Iran was directing any particular operations by militias here.

"Iran is seeking to put more pressure, encourage more pressure on the coalition from the forces that they are allied with here, and the same is maybe true of Hezbollah," Mr. Khalilzad said in an interview Friday in his home inside the Green Zone.

His remarks are the first public statements by a senior Bush administration official directly linking violence in Iraq to American support of Israel's military campaign in Lebanon, and to growing pressure by the United States over Iran's nuclear program. Until now, American officials have not publicly drawn a direct connection between Shiite militant groups here and Hezbollah in Lebanon.

Mr. Khalilzad's comments also reinforce the observations of some analysts that the rise of the majority Shiites in Iraq, long oppressed by Sunni Arab rulers, is fueling the creation of a "Shiite crescent" across the Middle East, with groups in Iraq, Iran and Lebanon working together against common enemies, whether they be the United States, Israel or Sunni Arab nations.

Despite the recent attacks by the splinter groups, Mr. Khalilzad insisted that the most powerful Shiite leaders in Iraq had not yet pushed for more violence against the Americans, even though Iran would like them to. That includes Mr. Sadr, he said.

"Generally the Shia leadership here have behaved more as Iraqi patriots and have not reacted in the way that perhaps the Iranians and Hezbollah might want them to," Mr. Khalilzad said.

Iran and Hezbollah want the Iraqi Shiite leaders "to behave by mobilizing against the coalition or taking actions against the coalition," he added.

In their public addresses, the top Shiite leaders in Iraq have forcefully condemned the Israeli assault on Lebanon, much more so than senior officials in Sunni Arab countries. Denunciations have come from Grand Ayatollah Ali al-Sistani, the most revered Shiite cleric here, from Prime Minister Nuri Kamal al-Maliki and from Parliament, which called the Israeli airstrikes "criminal aggression."

When Mr. Maliki visited Washington last month, Congressional leaders pressed him to denounce Hezbollah as a terrorist group, but he dodged the request.

The mercurial Mr. Sadr has come closest of the Shiite leaders in hinting that Iraqis might take up arms in support of Hezbollah. He said in late July that Iraqis would not "sit by with folded hands" while Lebanon burned, and on Aug. 4 he summoned up to 100,000 followers to an anti-Israeli and anti-American rally in Baghdad.

Most of those who showed up were angry young men, many swathed in white cloths symbolizing funeral shrouds and some toting Kalashnikov rifles.

On Friday a senior cleric in Mr. Sadr's movement, Sheik Asad al-Nasiri, told worshipers at Mr. Sadr's main mosque in Kufa that "the Zionist entity's power has been broken and has been weakened in the battle." He asserted that "the resistance has given the best examples of bravery and sacrifice."

Sympathy with Hezbollah is not limited to the radical fringe. As images of the destruction in Lebanon continue flickering across the Arab television networks, many ordinary Iraqis say they would join what they call a holy war against American-backed Israel.

Mr. Khalilzad said Iran could stoke more violence among the Shiite militias as the end of the month draws nearer. That is expected to be a time of high tension between Iran and the United States, because a United Nations Security Council resolution gives Iran until Aug. 31 to suspend its uranium enrichment activities or face the threat of economic and diplomatic sanctions. Iran's president, Mahmoud Ahmadinejad, has insisted that Iran will pursue its nuclear program.

Mr. Khalilzad said, "The concern that we have is that Iran and Hezbollah would use those contacts that they have with groups and the situation here, use those to cause more difficulties or cause difficulties for the coalition."

If the United Nations adopts another resolution against Iran after the Aug. 31 deadline, he said, that "could increase the pressure on Iran," and "Iran could respond to it by further pressing its supporters or people that it has ties with, or people that it controls, to increase the pressure on the coalition, not only in Iraq but elsewhere as well."

Some military analysts cast the Israel-Hezbollah war as a proxy struggle between the United States and Iran, and prominent conservatives in Washington have called for American military action against Iran.

William Kristol, editor of The Weekly Standard, said on Fox News last month that the Bush administration had been "coddling" Iran and that the war in Lebanon and Israel represented "a great opportunity to begin resuming the offensive against" militant Islamists.

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Here in Iraq, the Iranian-backed Mahdi Army rose up twice against the Americans in 2004, and American and British forces have stepped up operations recently against elements of it, raiding hideouts and engaging in pitched battles in the Sadr City neighborhood of Baghdad and in the area around Basra, the southern port city.

On Monday, American forces called in an air attack during a raid in Sadr City. Prime Minister Maliki, who depends on Mr. Sadr for political support against rival Shiites, denounced the raid, saying he had never approved it and that the Americans had used "excessive force."

American military officials have given few details about ties between Shiite militias here and Iran or Hezbollah, except to say they believe that Iran has given technology for lethal shaped-charge explosives to Iraqi militias. Iran may have passed on the technology via Hezbollah, some officials have said.

Western security advisers confirmed Friday that there had been a recent spate of mortar and rocket attacks on the Green Zone, known to some as the International Zone. It is unclear whether anyone was wounded or killed by the strikes. A spokesman for the American military, Lt. Col. Barry Johnson, declined to give details.

"We aren't interested in discussing attacks on the International Zone, their effectiveness or who may be responsible," he said in an e-mail message.

Leaders in the Sadr Organization say parts of the Mahdi Army are not under their control. Those rogue elements, they say, carry out attacks without guidance from Mr. Sadr or his top commanders.

Clerics Lament Sectarian Deaths (LAT)

By Jeffrey Fleishman

The Los Angeles Times, August 12, 2006

Sunni and Shiite imams in Iraq call for an end to killings. They criticize officials and U.S. forces.

BAGHDAD — A day after a suicide bomber killed 35 people near a revered Shiite Muslim shrine, clerics across Iraq on Friday called for an end to the sectarian killing that one imam described as "waking every day to the view of blood."

The bombing near the Imam Ali Mosque in Najaf on Thursday ignited fresh sectarian passions that lingered over sermons in Shiite and Sunni mosques. Some Muslim clerics wondered whether Iraq had slipped too far, becoming a nation where the sounds of weeping mothers and praying imams were lost in the din of kidnappings, explosions and slaughter.

"We lost all our feelings. We are saying goodbye to our sons every day," Khaled Hassnawi, a Sunni imam, said in his sermon at the Abdul Qadir Gilani Mosque in Baghdad. "Wherever you go, you see the blood of Muslims being shed. When will this time pass? When will those playing with this fate be satisfied?"

Speaking at the largest Shiite mosque in Baghdad, Imam Sayed Nayil Musawi said: "These adversities that you are seeing every day is like training for us. God is testing our patience…. The incident in Najaf — who was killed? Poor people in the market. More than 30 were martyred. Najaf's sacredness was violated by this attack."

But even on a day of prayer, violence continued across the country. The bodies of six blindfolded men bearing signs of torture were found around the capital. An Iraqi police convoy hit a roadside bomb near the northern city of Kirkuk, killing two policemen and injuring three.

Gunmen in southern Iraq ransacked two offices belonging to President Jalal Talabani's political party, the Patriotic Union of Kurdistan, or PUK. The attacks in the cities of Kut and Karbala followed a PUK newspaper story charging that a top Shiite cleric, Ayatollah Mohammed Yaqoubi, had inflamed sectarian tension between Shiites and Sunni Kurds in Kirkuk. One security guard was injured.

The U.S. military announced that the bodies of two servicemen were recovered from the wreckage of their helicopter, which crashed Tuesday in the Sunni insurgent stronghold of Al Anbar province. The military said the crash was not the result of hostile fire.

Prime Minister Nouri Maliki's government has blamed the Najaf bombing on attempts by Sunni insurgents and Saddam Hussein loyalists to prevent reconciliation between Shiites and Sunnis. The government in recent weeks has been unable to stem sectarian killings, even as U.S. and Iraqi soldiers have stepped up raids in Baghdad and other cities to shut down militias and death squads.

Many Shiite leaders have lost faith in the Iraqi army and police and are calling for more reliance on neighborhood defense committees and militias — including anti-U.S. cleric Muqtada Sadr's Al Mahdi army. In several sermons Friday, Sunni and Shiite imams criticized the Iraqi government and the American forces.

In a statement released by his office, Sadr said that if government officials did not swiftly end the U.S. occupation, he would "disavow them until Judgment Day."

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Musawi said: "When the government is able to protect the country and its people, then we will have no need for the militias. The government is not able to protect its own officials; that is why they are staying in the Green Zone. They should let us protect ourselves."

Imam Mohammed Ahmad Fallouji told his Sunni followers at the Raqeeb Mosque in Fallouja: "These sectarian acts bring nothing to the country but disaster and bloodshed. Such acts serve but the American and foreign plans that aim to render Iraq into a weak and divided country suffering from hostilities. Things will continue to deteriorate as long as the occupier exists on our land."

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Special correspondents in Baghdad, Fallouja, Najaf and Kirkuk contributed to this report.

An Audit Sharply Criticizes Iraq's Bookkeeping (NYT)

By James Glanz

The New York Times, August 12, 2006

BAGHDAD, Iraq, Aug. 11 — An audit by the international accounting firm Ernst & Young portrays Iraq as a country that cannot keep its books straight, where elementary accounting errors of up to a billion dollars are routine and where no one can say how much of the country's oil revenues end up in government coffers.

An auditing board sponsored by the United Nations, which had hired Ernst & Young to carry out the work, posted a summary of the findings on its Web site late Thursday. The audit focused on the nearly $22 billion that Iraq generated in 2005 from oil revenues, which form the basis for virtually the entire national economy.

But in a country in need of every dollar it can generate to restore a crumbling infrastructure, pay government salaries and train its security forces, the auditors found enormous sums simply deposited in the wrong government account or counted differently by various official agencies. The actual oil exports could not be determined accurately because Iraq still does not have modern equipment for measuring what its pipelines pour into tankers.

The panel, the International Advisory and Monitoring Board of the Development Fund for Iraq, was created by the United Nations to supervise an account dominated by Iraqi oil revenues but also including interest payments and money seized from Saddam Hussein's government.

Referring to the tracking of money from the development fund, sometimes called the D.F.I., the board said in statement that "overall control systems are ineffective," and that the government's financial institution suffered from a "lack of written policies and procedures" and "staff who are not properly trained to deal with the nature and complexity of D.F.I. transactions."

Those transactions are largely overseen by the Central Bank of Iraq and the Ministry of Finance. Late Friday, the Muslim Sabbath, a spokesman for the ministry, said that he had no specific knowledge of the findings. An e-mail message to Sinan Alshabibi, the governor of the Central Bank, was not returned.

But Assim Jihad, a spokesman for the Ministry of Oil, raised the possibility that some of the discrepancies could go beyond simple accounting errors and instead be related to the official corruption that many investigators have found to be endemic in Iraq.

"Any amount that has been spent illegally by any side will be followed up and reviewed by Iraqi institutions," he said, "and it will be brought back."

When asked about the audit, Elizabeth Colton, a spokeswoman for the United States Embassy in Iraq, said in a written statement: "The embassy is working to support the government of Iraq's continuing efforts to strengthen its financial institutions and controls."

The audit found that in 2005, Iraq made nearly $22 billion by exporting 509,588,308 barrels of oil at an average price of $43 a barrel.

But even those basic figures were in dispute, the audit found. Files at the State Oil Marketing Organization, which oversees oil exports, indicated 845,534 fewer barrels exported than recorded by production companies in Basra, where the oil goes out to tankers in the Persian Gulf. The organization's contracting and bidding procedures were also in disarray, the audit found.

Once the exports generated revenues, the money was improperly accounted for again and again, the audit found. In one case, $211 million was deposited straight into the government marketing group's accounts rather than the approved United Nations account for all Iraqi oil revenues.

In another instance, over $1 billion in oil money ended up in an accounting netherworld at the Central Bank because payments to various Iraqi ministries were not recorded when they were made. Other instances of accounting errors involving hundreds of millions of dollars appeared to be common.

The findings echoed those of an earlier audit of the 2004 oil revenues, indicating that few reforms had been made in the interim. "The audit reports continue to be critical of the financial and accounting control systems in place," the board said.

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Freed Iraqi Hostage Tells His Harrowing Tale (LAT)

By Louise Roug, Times Staff Writer

The Los Angeles Times, August 12, 2006

A businessman from La Crescenta says he was bound and beaten by his captors. He credits his wife for paying ransom and saving his life.

BAGHDAD — They called him "the big fish" and blindfolded him with his own tie.

Raad Ommar, a 59-year-old businessman from La Crescenta, was in his upscale Baghdad office writing e-mails when his guard came running in. Downstairs, said the agitated guard, men in military uniforms were hauling away Ommar's clients and employees.

Moments later, Ommar, too, was crammed into the backseat of an unmarked sport utility vehicle, his hands cuffed and his tie tight across his eyes.

He was delivered to a building teeming with prisoners, and his captors wrapped his face with duct tape, from forehead to the bridge of his nose, Ommar said.

His suit was drenched with sweat in the hot, humid room, he recalled. He had difficulty breathing and his heart was racing.

And he was beaten repeatedly with a paddle.

Three and a half years earlier, Ommar had arrived in Baghdad full of hope. After decades in America, he had returned to the country of his birth with dreams of making a difference.

Ommar had left Baghdad in the early days of the Baath Party rule, after two sinister episodes. Once, he recalled, he and several friends were beaten by the secret police without provocation. Another time, he saw bodies hung from telephone poles at a downtown Baghdad square. There was no explanation of who the victims were or who had done it, Ommar said. "I was really spooked."

Moving to America in 1969, he lived first in Kansas City and later headed west, starting a family and finally settling in La Crescenta. He worked in marketing and sales for large electronics firms before starting his own company. When the U.S.-led coalition invaded Iraq in March 2003, he was overjoyed, returning home to Baghdad in April and forming the Iraqi American Chamber of Commerce. The small-business owners organization was unaffiliated with the American government and akin to a local chamber of commerce in the States.

Thousands of Iraqis joined during the heady days after the fall of Saddam Hussein's regime, he said. Before long, Ommar had moved his office from the upscale Mansour neighborhood in western Baghdad to even grander surroundings on Arasat, the Baghdad equivalent of Fifth Avenue. Near the Japanese Embassy, he built his dream office of glass and marble.

The divorced Ommar also fell in love with an Iraqi woman named May. They were married in 2005 and lived in an apartment above the chamber's headquarters.

On July 31 shortly after 1 p.m., the men in military uniforms toting M-16 machine guns raided a cellphone company next door. After people in Ommar's office questioned the kidnappers, he and seven other men from his office were seized too. All told, the gunmen, who Ommar believes were members of Iraqi security forces, abducted 26 Iraqis that afternoon, having them kneel with guns to their temples on Arasat Street before whisking them away.

"Those guys who came and picked me up were not rogue guys," he said. "They had the equipment and the cars."

Interior Ministry officials reached by phone did not comment on the allegations.

Some prisoners appeared to be criminals or insurgents, but others, including Ommar and his co-workers, were held for ransom.

"It was a very busy place, almost like a factory," Ommar said. "They were not confused about what they were supposed to do," he said, referring to the guards.

The hostages included foreigners. One man kept asking for water in Spanish. Next to him, two men lay slumped on the floor. Ommar asked them how long they had been kept in the prison. Since the 15th, they told him.

"I realized they had lost all sense of time," he said.

Other prisoners were clearly suspected insurgents.

"It was almost a fait accompli that they were going to get rid of them," Ommar said. The guards would ask the suspected rebels to stick their tongues out and then hit them with an iron bar under the chin, among other things, he said.

At one point, the guards shaved the heads of eight prisoners in "some sort of ritual," Ommar said. "I heard people talking about 'the farm' and that 'the tractor was ready.' "

He speculated the men were about to be executed and buried in a mass grave in a rural part of Baghdad.

"They also said, 'The judge will decide,' " Ommar said. American intelligence officials believe that Shiite militias have extrajudicial religious courts, presided over by clerics.

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Ommar, himself a Shiite, believes his guards were young men from the Shiite slum of Sadr City.

"They were all very brutal," he said. "It reminded me of the days of Saddam."

The guards had begun referring to him as "the big fish."

Using his cellphone, they called his pregnant wife, demanding $500,000 for Ommar and the seven others from his office.

"I was so afraid because I'm pregnant and I wanted him to see his baby but I never, never, never showed the kidnappers that I was afraid," May recalled this week.

Realizing the guards were Shiites, Ommar had played up the fact that he comes from a prominent Shiite family. When he told the kidnappers that his wife's family was descended from the prophet Muhammad, they began to address her with the honorific alwiya.

" 'I respect you like my sister,' " May said she was told by the main negotiator.

She notified Ommar's brother, mother and daughter, Nadia Burris, 27, of San Diego. May also contacted the U.S. Embassy in Baghdad for help. Hostage negotiators from the FBI told her to stall the kidnappers by only offering small increments of money.

Embassy officials confirmed they had assisted the family but would not provide details.

The strategy backfired, May said. The captors became angry when she said she could not raise the money they asked for.

"I stopped listening to the American advice and dealt with it, using the Iraqi mentality," she said.

May began emptying bank accounts and selling her jewelry. On the third day, Ommar told her: "I don't think I can last. Get it done now."

The change of tone scared May. "I realized Raad was really in deep trouble," she said.

She managed to pull together $320,000, and the kidnappers agreed to release Ommar on the condition she deliver the money.

On Aug. 5, five days after Ommar was abducted, kidnappers directed May to place the money in a bag on the front seat of a car with the motor running near Palestine Street.

"They seemed to be very organized," May said.

At the prison, where Ommar was told that May was going to deliver the ransom, "it felt like Russian roulette," he said.

Two hours later, he was taken by SUV to an alleyway in a residential neighborhood and tossed out of the car.

"Your wife really loves you," the driver said before ejecting him. He also advised Ommar to leave Iraq.

A few days later, May secured the release of six of the seven others by paying an additional $50,000. One employee is still missing.

"She really saved my life," Ommar said. "She's an incredible negotiator."

Although his organization will continue in new and more fortified offices, it will be run by his employees. Ommar and his wife are moving to Kurdistan, a semiautonomous region in northern Iraq, he said, sitting in a hotel room among the debris of an uprooted life — scattered clothes and files from his office. A year ago, Ommar married May in this hotel.

Now, living in this area of Iraq has become untenable, he said. Nothing is what it seems. There are "mirage checkpoints" throughout the city, he said, adding that members of the government's security forces double as criminals and killers.

"What are you supposed to do when someone gets kidnapped?" he asked. Whom do you call?

"The whole situation right now, more than any other time, there is a lot of mystery to it," he said, adding darkly, "I expect this thing is going to get worse."

4 Die In Attacks By Insurgents In Afghanistan (NYT)

By Carlotta Gall

The New York Times, August 12, 2006

KABUL, Afghanistan, Aug. 11 — Three American soldiers and a Canadian were killed Friday in two separate attacks, as operations continued against the Taliban and other militants, military officials said.

The three Americans were killed in an attack by insurgents in the far northeast part of Afghanistan, where troops of the United States-led coalition have moved to establish a stronger presence along the mountainous border area adjoining Pakistan. Two other Americans were wounded.

American forces in the northeast have encountered fierce resistance since moving into Nuristan Province to establish permanent bases for the first time.

“The soldiers became engaged with Taliban extremists while conducting operations in the Waygal district of Nuristan Province,” a military statement said.

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It continued: “The soldiers killed and wounded today fought against extremists who oppose the rights of women, murder the innocent and harbor terrorists as they did during the Taliban regime. Our soldiers sacrificed their lives to prevent such tyranny from returning to Afghanistan.”

The other attack, a suicide bombing that took the life of a Canadian soldier serving with the NATO force now in southern Afghanistan, happened in the Kandahar Province, where suicide bombers have staged many of their attacks in the last 10 months. A white Toyota exploded as it drove toward a NATO convoy headed from the border town of Spinbaldak to Kandahar, said a statement from the NATO International Security Assistance Force.

Some 400 foreign soldiers have died in Afghanistan since the American-led invasion in 2001 to topple the Taliban government. The dead include 270 Americans.

Soldier Says He Would Still Reveal Abu Ghraib Crimes (AP)

By Richard Pyle

AP, August 12, 2006

NEW YORK - The soldier who triggered the Abu Ghraib prisoner abuse scandal by sending incriminating photos to military investigators says he feared deadly retaliation by other GIs and was shocked when Defense Secretary Donald Rumsfeld mentioned his name at a Senate hearing.

Within days, Joe Darby was spirited out of Iraq at his request. But his family was besieged by news media, and close relatives called him a traitor. Ultimately, he was forced to move away from his hometown in Maryland.

``I had the choice between what I knew was morally right and my loyalty to other soldiers. I couldn't have it both ways,'' the 27-year-old military policeman said in the just-released September issue of Gentleman's Quarterly.

In an interview with The Associated Press on Wednesday, Darby said that if presented with the same circumstances at Abu Ghraib today, he would do the same thing. ``It was a hard decision to make when I made it, but it had to be done,'' he said.

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Darby also said he later learned that Rumsfeld was not the first to identify him, and he did not see ``anything intentional or malicious'' on the Pentagon chief's part.

Iraqi detainees at Abu Ghraib were brutalized and sexually humiliated by military police and intelligence agents in the fall of 2003. Photos of the abuse - the same ones that Darby provided to investigators - stirred global condemnation of U.S. military practices in Iraq.

At least 11 U.S. soldiers have been convicted in the scandal.

In the as-told-to GQ article by Wil Hylton, Darby said he never expected the Abu Ghraib story to ``explode the way it did.''

``The day we arrived ... we saw like 15 prisoners sitting in their cells in women's underwear,'' and MPs explained they were being punished for firing mortars at the compound, he said. ``After we took over, it just basically escalated.''

Former Brig. Gen. Janet Karpinski, who commanded the jail housing hundreds of known criminals and suspected terrorists, was there only when dignitaries visited, Darby said. ``Other than that, she had no idea what was going on,'' he said.

Karpinski was demoted to colonel last May. The Army cleared four other generals of wrongdoing, while 17 other officers drew lesser penalties after a broader inquiry into abuses in Iraq and Afghani- stan.

Darby said he discovered the abuse photos inadvertently in January 2004 while flipping through other pictures on a CD that Graner had given him. ``To this day, I'm not sure why he gave me that CD,'' he said.

At first amused by the photos, Darby finally decided ``it just didn't sit right with me,'' and sent the CD to the Army's Criminal Investigation Division. Although he did so anonymously, CID agents quickly pinpointed him as the source.

Darby is scheduled to leave the Army and the Reserves, after eight years of duty, on Aug. 31. He no longer lives in his hometown of Cumberland, Md., where ``a lot of people up there view me as a traitor. Even some of my family members think I'm a traitor.''

He said he has returned home only twice, for a wedding and his mother's funeral.

``I'm not welcome there. People there don't look at the fact that I knew right from wrong,'' he said. ``They look at the fact that I put an Iraqi before an American.''

Imam's Death Puts A Region On Edge (LAT)

By David Holley

The Los Angeles Times, August 12, 2006

Authorities say cleric was killed in a shootout between Kyrgyz forces and Islamic militants. His supporters deny he had ties to extremists.

MOSCOW — The killing of a well-known religious leader by security forces this month in Kyrgyzstan has increased tensions in Central Asia's densely populated Fergana Valley, which is caught in a spiral of worsening conflict between radical Islamists and authorities.

Mohammed Rafik Kamalov, the popular imam of a mosque in the town of Korasuv, died Aug. 6, reportedly in a shootout between police and the two passengers of his car, who were also killed. Kyrgyzstan authorities allege that the two men were Islamic militants planning terrorist attacks.

In the initial official account of events, Kamalov, a self-proclaimed opponent of violence, was secretly working with Islamic fighters. But many of his supporters asserted that security forces had killed an innocent man.

Authorities then backtracked, saying they did not rule out the possibility that Kamalov had been a hostage.

None of the versions bode well for peace in the Fergana Valley, a fertile region divided between southwestern Kyrgyzstan, eastern Uzbekistan and northern Tajikistan that has an explosive mixture of faith, poverty and anger. The valley, with a population of about 12 million, has long been viewed as the heartland of radical Islam in Central Asia.

On Friday, several thousand people turned out for a protest in Korasuv, demanding that the terrorism accusations against Kamalov be dropped and that he be declared a martyr, the Russian news agency Interfax reported.

"Some of his family members do not believe that Mr. Kamalov was in the same car as terrorists," Alisher Khamidov, an analyst with the Fergana Research Group, an informal organization of scholars and researchers, said in a telephone interview from Osh, one of the valley's major cities. "They say he went to a wedding party and was coming back with some guests, not terrorists…. The security people who killed Kamalov haven't presented credible evidence that he belonged to the extremist organizations they claim."

The Kyrgyz National Security Service, in a statement reported by Interfax, said that Kamalov was driving a car carrying two militants with the Islamic Movement of Uzbekistan, a guerrilla organization that seeks to establish an Islamic state in Central Asia. It has been blamed for a string of attacks in Uzbekistan since the late 1990s.

The statement said the two slain militants were citizens of Tajikistan suspected of attacking checkpoints on the Kyrgyzstan-Tajikistan border in May.

Korasuv is on the KyrgyzUzbek border, and Kamalov, an ethnic Uzbek, had a large following of worshipers from Uzbekistan who simply crossed a narrow river marking the frontier to attend Friday services.

In interviews conducted at his home and mosque in Korasuv a few days before his death, Kamalov, 53, said it was his duty to encourage people to follow Islamic law.

"You are now able to judge a man by how often he prays in a day," he said.

The imam sharply criticized Uzbekistan President Islam Karimov, a former communist who runs the country as a strictly secular state. He has been accused by human rights groups of political and religious repression.

Korasuv is about 30 miles east of Andijon, a city in Uzbekistan that was the scene of a violent crackdown on an anti-government uprising in May last year.

That incident began when armed men staged a violent prison break that freed local business leaders who were on trial on charges of Islamic extremism. People gathered in the city's central square to support the freed prisoners and to voice anger with the government. Subsequently, police and soldiers fired on crowds of both armed and unarmed protesters. The government placed the death toll at 173, although human rights activists and others say hundreds more were killed.

In the interviews, Kamalov drew parallels between Uzbekistan's suppression of non-official religious activities and the actions of the United States in Iraq, of Israel in Lebanon and of Russia in its fight against Muslim separatists in Chechnya. He expressed support for those who would like to oust the Uzbek president, but said he believed "the Karimov government will not disappear in my lifetime."

Khamidov, the analyst, said that anger over Kamalov's death and a security crackdown targeting suspected Islamic militants "is galvanizing the population." Critics have long warned that attempts to control an Islam resurgence through repression of its more radical adherents risk triggering a backlash.

Authorities in many postSoviet states have particularly targeted Hizb ut-Tahrir, or Party of Liberation, an international organization that mixes fundamentalist beliefs with the call for an Islamic state throughout Central Asia and eventually the entire Muslim world. The party professes an adherence to nonviolence, but authorities allege that it has links to militants.

"Mr. Kamalov has long been considered by the security services as an imam who permitted members of the radical underground Hizb ut-Tahrir to worship at his mosque, and they believed he was a member of Hizb ut-Tahrir," Khamidov said. "But Kamalov has been known by people here as an imam with liberal views. He openly clashed with Hizb ut-Tahrir."

For years, Kamalov had openly defended the right of Hizb ut-Tahrir members to attend services at his mosque, insisting that it should be open to any Muslim, while criticizing the group's ideology. Hizb ut-Tahrir issued a statement from its London office describing Kamalov's death as an "extrajudicial assassination."

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In the interviews, Kamalov said his Al-Sarakhsi mosque was the frequent target of surveillance by Uzbekistan's security service and cited a recent attempt to make video recordings with a secret camera. He alleged that Uzbekistan maintained a list of people attending his services, with the aim of imprisoning or fining them.

"It is not just religious persecution, but political," he said.

Alexei Malashenko, a Central Asia expert at the Carnegie Moscow Center, said that though the situation in the Fergana Valley was "rather explosive," radical groups were unlikely to achieve the goal of turning the valley into the core of an Islamic state.

"I don't believe it's possible, because they are too weak to do it," he said. "But they are strong enough to organize some kind of revolt."

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A special correspondent in Korasuv contributed to this report.

Learning From Hezbollah (WP)

By Brian E. Humphreys

The Washington Post, August 12, 2006

From my first day in Iraq as a young infantry officer, I was struck by the huge perceptual gulf that separated us from the Iraqis. My first mission was to escort a civil affairs team assigned to supervise the rebuilding of a local school. After tea, smiles and handshakes, we departed and were promptly struck by a roadside bomb. Our modest efforts to close the perceptual gulf, exemplified in our smile-and-wave tactics and civil affairs missions, seemed to my mind well-intentioned but inadequate.

At a deeper level, the motives of the local populace remained largely invisible to us, as people smiled one minute and attempted to blow us up the next. We knew little or nothing about their grievances and aspirations, or where the political fault lines ran in the cluster of small cities in the Sunni Triangle we were tasked with pacifying.

We experienced many periodic spasms of violence that seemed to come out of nowhere before disappearing again. Of course they came from somewhere, but it was a somewhere we didn't understand. In a battalion of more than 800 men, we had one four-man team assigned to interact directly with the local population, and even this team was frequently sidetracked to deal with routine translation duties or interrogations.

Perhaps understandably for a conventional military force trained to focus on the enemy, our primary intelligence focus was on the insurgents. Much less attention was paid to the larger part of the population. Although we were a visible and sometimes forceful presence, I'm not sure we were a truly influential one.

Now, watching the latest news dispatches from Lebanon, I find myself comparing our efforts to introduce a new order in Iraq with Hezbollah's success as an effective practitioner of the art of militarized grass-roots politics. Frankly, it's not a favorable comparison -- for us. Hezbollah's organizational resilience in the face of an all-out conventional assault shows the degree to which it has seamlessly combined the strategic objectives of its sponsors with a localized political and military program.

Using the grass-roots approach, Hezbollah has been able to convert the ignored and dispossessed Shiite underclass of southern Lebanon into a powerful lever in regional politics. It understands that the basic need in any human conflict, whether or not it involves physical violence, is to take care of one's political base before striking out at the opponent.

As many informed observers have pointed out, Hezbollah has engrafted itself to the aims and aspirations of the Lebanese Shiite community so completely that Israel cannot destroy it without also destroying the community, with all the attendant political and moral costs. It is the willingness of women, children and old men to support Hezbollah and its political program at the risk of their lives that gives the organization power far beyond its military means.

Whatever the objective truth of Hezbollah's motives, its many supporters in southern Lebanon believe fervently that it is their organization, not an Iranian surrogate. Few if any American units in Iraq have achieved anything close to this level of success in winning the support of the local population. (Of more concern is the fact that few Iraqi security units or political leaders appear to have done so, either.) Commanders have come and gone, elections have been held, Iraqi soldiers trained, all manner of strategies for dealing with the insurgency attempted -- but with only limited and localized successes. Hezbollah's success among civilians in Lebanon, which is only reinforced by a ruthless pummeling from a reviled enemy, contrasts sharply with the continued fragility of the much more modest U.S. gains in Iraq, achieved at a much higher price.

The lessons should be clear. To engage in insurgency or counterinsurgency -- fancy terms for grass-roots politics by other means -- one must be willing and, most of all, able to work in the underbelly of local politics, as Hezbollah has done in Lebanon. It is the politics of getting people jobs, picking up trash and getting relatives out of jail. Engaging in this politics has the potential to do much more than merely ingratiate an armed force with a local population. It gives that force a mental map of local pressure points and the knowledge of how to press them -- benignly or otherwise -- to get desired results.

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Some may say that this is just standard insurgency-counterinsurgency doctrine. True, but one has to ask why Hezbollah has been able to pull it off in Lebanon, while young Americans continue to endure a host of nasty surprises in Iraq.

The writer served in Iraq as a Marine infantry officer in 2004.

Guilty Of Fighting A War (NYT)

By Timothy William Waters

The New York Times, August 12, 2006

SGT. TERRY LISK of Fox Lake, Ill., died fighting in Ramadi, Iraq, on June 26, killed by a 120-millimeter mortar. The combat has been intense, and whoever killed Sergeant Lisk may already be dead. But if not, what should happen to him? The Bush administration knows: It wants him prosecuted.

But killing American soldiers in Iraq is an act of war, not a crime, and the United States is wrong to oppose amnesty for the insurgents there. Iraq's prime minister, Nuri Kamal al-Maliki, visited Washington recently to discuss his reconciliation plan, which includes an amnesty, but the United States insists that it must exclude insurgents fighting American forces. This may sound like patriotic support for our troops, but it harms Iraq's hopes for peace.

Republicans and Democrats alike argue that amnesty encourages attacks on Americans, leaves crimes unpunished and dishonors those who died liberating Iraq. But these objections mistake the nature of amnesty, the incentives it creates and the costs we impose by opposing it.

Without amnesty, undefeated insurgents have no incentive to stop fighting, knowing that peace means prison. And amnesties work best when they are comprehensive. They can exclude dangerous hard-liners like Al Qaeda, but every exception creates a constituency against reconciliation, and if sizable forces are excluded, fighting will continue.

Amnesty may not stop violence, but it won't increase it. Insurgents are already killing as many Americans as they can. Suicide bombers don't care about immunity from prosecution.

Nor does amnesty mean impunity; when combatants commit war crimes, they can be punished, just like the former American soldier Stephen D. Green will be if he is found guilty of raping and murdering a 14-year-old Iraqi and killing her family. Insurgents who torture Americans should not receive amnesty, but that's no reason to lump all Iraqis together. We wouldn't want all our warriors measured by Abu Ghraib.

Indeed, what is most misguided about the United States' demand is that rather than singling out real terrorists, it criminalizes the one group that resembles a normal fighting force: insurgents fighting Americans. There is an organized insurgency in Iraq. We're at war, and so are they. When our soldiers kill in combat, they are not committing a crime. The same logic should apply to Iraqis.

By criminalizing its opponents, the Bush administration maintains the fiction that we're fighting an inchoate horde of death-worshiping dead-enders. This reinforces a kind of doublethink: we're fighting a war — except when we aren't. Criminal defendants' rights are curtailed because we're at war, but overseas we're not fighting warriors but criminals. We're at war and we take prisoners, but we don't have any prisoners of war; the Geneva Conventions protect us, but not them.

Either we're at war or we aren't. If we are, then it is exceptional hubris to imagine we can fight without the enemy fighting back. It is doubly arrogant to act as if this is our war alone. It's Iraq's war and Iraqis' suffering. How can we insist on an all-but-American amnesty?

It is right for us to remember our fallen warriors. But remembrance does not require vengeance, and sacrifice is measured not only in lives, but also in forbearance. No American wants to see American troops killed. But every American, including our political leaders, should have the courage to say that if amnesty for their killers helps bring peace to Iraq, it is a sacrifice worth making.

In the righteousness of our fear and the arrogance of our power, we have gotten so many things so tragically wrong in this war. Let's not get the first, slim chance at peace wrong, too.

Sergeant Lisk and thousands of others have died fighting for a cause our country undertook, even though we could not agree among ourselves on what it was. We honor them when we bring peace to the country where they died. That is the cause now.

Clues From The Past (WT)

By John Campbell

The Washington Times, August 12, 2006

The latest developments in the Middle East are a clear reminder that we must appreciate the ongoing Global War on Terror for what it really is: our fourth world war. We should use the lessons from the prior world wars to ensure we win the current one. Now, in case I lost you a second ago, and you are still trying to figure out when World War III occurred, let me explain.

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As your history books will tell you, the First World War was the struggle that broke up the old order of monarchies and empires that were based in Europe. Fascism rose from the ashes of those empires, and World War II soon followed. In the wake of fascism's defeat in World War II, communism sprang up in the vast Soviet Union and its satellites in Europe and around the world.

Along with communism's spread came a conflict with the democratic west, which I and some others would argue was World War III. Admittedly, the casualties were only a fraction of the tens of millions killed in the prior two world wars, but there were armed military conflicts on almost every continent in the world. Americans served from Korea to Vietnam to Beirut in what we commonly call the Cold War. But that name falls short of adequately describing the global nature of this war and its eventual result of eliminating communism from all but a few nations.

In World War IV, we now fight Islamic extremism instead of empires, fascism or communism. And there should be no doubt that this is a worldwide conflict. Terrorists have bombed New York, Washington, London, Spain, Japan, Indonesia, Russia, India, Israel, Egypt and other areas. The recent attacks on Israel and the Israeli response are just the latest clashes in this ongoing conflict between the civilized world and barbaric terrorists.

There is no dispute that this conflict is between two distinct sides and it clearly involves much of the world. The question now is whether the nations that choose to ally themselves with the civilized world will learn from the lessons of prior world wars. It is naïve to assume that al Qaeda, Hezbollah and their ilk will give up because the international community asks them to. Militarism, fascism and communism certainly didn't. If we are to extinguish this ideology of hate and the terrorism it breeds, it will require united leadership in the world and the same commitment to victory required for the defeat of communism and fascism.

World War III taught us how to win while minimizing bloodshed by being strong and resolute and not letting weakness prevail or the enemy to expand its power and influence. In World War IV, we cannot predict or control who will be attacked or when it will occur. But what can be controlled is how the civilized world chooses responds to acts of terror.

The Israelis have chosen. They will fight and destroy an enemy that is determined to destroy them. Jews around the world have seen this kind of hatred and bigotry before, and they know what can spring from it if it is allowed to prosper.

When nations relent in the face of aggression, the terrorists grow stronger in boldness and influence, and the states that support these terrorists are not deterred. If the civilized world does not stand and fight with a collective resolve to eliminate this form of evil, we will find ourselves facing an enemy with greater international influence, better financing, and an unrelenting commitment to bloodshed.

In each of the world wars, the enemy and the tactics used to defeat them have differed. What doesn't change is the need to stand up to those who perpetuate evil on the world. Ronald Reagan said, "Freedom is never more than one generation away from extinction. We didn't pass it to our children in the bloodstream. It must be fought for, protected, and handed on for them to do the same, or one day we will spend our sunset years telling our children and our children's children what it was once like in the United States where men were free."

Today, Israel is showing the same commitment to fighting for and protecting the freedom that Reagan, Churchill and the other greats of the 20th century did. Other world leaders should watch and learn.

John Campbell is a Republican member of the U.S. House of Representatives from California.

CORPORATE SCANDALS:

CEC Reports Stock Options Investigation (DMN)

By Karen Robinson-jacobs, The Dallas Morning News

The Dallas Morning News, August 12, 2006

Chuck E. Cheese parent says 10-Q filing with SEC will be delayed

The Securities and Exchange Commission has added CEC Entertainment Inc. to the growing list of companies it's investigating over stock option practices.

The Irving-based parent of the Chuck E. Cheese's restaurant chain disclosed the informal inquiry in a regulatory filing after the market closed Friday.

The company also noted that it does not expect to file its second-quarter financial report on time, because of an internal review of how it grants stock options. The report, for the period ended July 2, was due Friday.

A CEC spokesman was not available for comment.

CEC said in late July that its audit committee, aided by outside counsel, was looking into the company's stock option practices. It said the move was prompted by media reports of stock option reviews at other companies.

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At least 65 public companies, including Dallas-based Affiliated Computer Services Inc. and Irving-based Michaels Stores Inc., have disclosed that their options practices are under investigation by the SEC, the Justice Department, or both, according to The Wall Street Journal.

Apple Computer Inc. also said Friday that it will delay reporting its financial results because of a stock option investigation.

On June 29, Apple said an internal investigation discovered "irregularities related to the issuance of certain stock option grants made by the company between 1997 and 2001."

At issue in many of the investigations is a practice known as backdating, in which stock options are issued retroactively to coincide with low points in a company's share price – a move that can boost profits for options recipients when they sell the shares at higher market prices. Backdating options can be legal, as long as the practice is properly disclosed to shareholders and approved by the company's board, experts say.

CEC said the SEC notified it of the informal inquiry "subsequent to the company informing the SEC of the audit committee's review," according to a news release that was included with the filing.

The company said it intends to file the proper quarterly report, known as Form 10-Q, "as soon as is practical after its audit committee's review ... is complete, but does not anticipate that it will be able to file within the five-day extension period" provided for under SEC rules.

CEC shares rose 1 cent Friday to $29.07.

The Associated Press contributed to this report.

Ex-Grand Juror Pleads Guilty In Leak On Bristol-Myers Case (WSJ)

By Chad Bray, Dow Jones

The Wall Street Journal, August 12, 2006

NEW YORK -- A New Jersey mail carrier pleaded guilty to criminal charges that he leaked details of a grand-jury probe last year into accounting fraud at Bristol-Myers Squibb Co. to members of an alleged insider-trading ring.

At a hearing Friday in federal court in Manhattan, Jason Smith, 30 years old, of Jersey City, N.J., pleaded guilty to conspiracy to commit securities fraud, insider trading and federal criminal contempt in connection with the grand-jury leak.

"Jason is very happy to have this stage of the proceeding behind him," Frank Handelman, Mr. Smith's lawyer, said afterward. "He's a very young man and he knows he made a very unfortunate mistake." Mr. Smith didn't speak with reporters afterward.

Sentencing is set for Nov. 30. The insider-trading charge carries a maximum of 20 years in prison, but the estimated range under federal-sentencing guidelines is 30 months to 37 months in prison.

Prosecutors alleged that Mr. Smith, leaked information last year about the Bristol-Myers probe, while serving as a grand juror in New Jersey, to Eugene Plotkin and David Pajcin, two former Goldman Sachs Group Inc. employees accused of orchestrating several insider-trading schemes that netted more than $6 million in illicit profit.

The government said Messrs. Plotkin and Pajcin traded and tipped others to trade on Bristol-Myers shares after receiving tips from Mr. Smith. Mr. Pajcin, who is cooperating with the government, and Mr. Plotkin also are facing criminal charges in the matter.

Prosecutors claim Mr. Pajcin sold short Bristol-Myers stock based on information from Mr. Smith that a "high-ranking executive" at Bristol-Myers might be indicted in 2005. When Mr. Smith later learned that company official wasn't going to be indicted, he informed Mr. Pajcin. They made no profit as a result of Mr. Pajcin's trading in Bristol-Myers, prosecutors said.

Write to Chad Bray at chad.bray@dowjones.com1

CRIMINAL LAW:

Suspect Pleads Guilty In Abramoff Scandal (WT/AP)

The Washington Times/AP, August 12, 2006

A former Department of the Interior employee pleaded guilty yesterday to a misdemeanor charge for failing to report gifts he received from ex-lobbyist Jack Abramoff.

Roger Stillwell told a federal magistrate that he had received hundreds of dollars worth of football and concert tickets from Abramoff, who at the time was lobbying for the Commonwealth of the Northern Mariana Islands.

Mr. Stillwell was with the Interior Department's insular affairs office, which handles issues involving the island government.

Documents filed as part of Mr. Stillwell's plea do not indicate whether he is providing authorities with evidence against others who might be involved in the case.

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Mr. Stillwell received four tickets to a Washington Redskins game in December 2003 valued at $316 but with an actual cost of $2,147, prosecutors said. He also accepted two tickets to a 2003 Simon and Garfunkel concert worth $166, prosecutors said.

Neither prosecutors nor defense attorneys would say whether Mr. Stillwell provided Abramoff anything in return for the gifts.

"He recognizes that his decision on how to treat gifts from Mr. Abramoff was inexcusable. For that he has deep remorse," defense attorney Justin P. Murphy said.

He said Mr. Stillwell had been friends with Abramoff and his family for many years before he took the job at the Interior Department.

U.S. Magistrate Alan Kay set sentencing for Oct. 26. Mr. Stillwell faces up to a year in prison.

So far, the Abramoff probe has resulted in guilty pleas by two ex-aides to former House Majority Leader Tom DeLay, Texas Republican; a former chief of staff to Rep. Bob Ney, Ohio Republican; and Abramoff.

Feds Gotti Case Again As Judge Revives 2 Racketeering Counts (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 12, 2006

Just when the Feds thought their case against John A. (Junior) Gotti was falling apart at the seams, Manhattan Federal Judge Shira Scheindlin stitched it back together yesterday.

Scheindlin reinstated two racketeering counts she had knocked out of the case on Monday - viewed then as a stunning blow to prosecutors, who were weighing whether to drop the case altogether and seek a new indictment.

Scheindlin said she changed her mind after a Thursday hearing attended by higher-ups in the Manhattan U.S. attorney's office.

Federal prosecutors have tangled with Scheindlin before, unsuccessfully attempting to get her tossed off a terrorism case last year because they claimed her rulings favored a defendant.

At Thursday's hearing, Assistant U.S. Attorney Victor Hou challenged Scheindlin's dismissal of two racketeering counts and a money-laundering count.

"I have confidence that my ruling is accurate as to the money-laundering count," Scheindlin said yesterday. "I do not feel as confident in [racketeering] counts 3 and4."

Prosecutors added the three new counts to a May indictment to counter Gotti's claims that he had withdrawn from the mob life he inherited from his father, the Dapper Don John Gotti.

The strategy helped Gotti score two mistrials after jurors deadlocked on racketeering conspiracy charges.

Scheindlin stuck by her ruling that a 1999 plea agreement from a separate case - where Gotti turned over $1 million in money he admitted came from the mob - showed he wasn't trying to hide his assets.

But Scheindlin said she erred in suggesting prosecutors would have to show Gotti tried to conceal his interest in two holding companies - JAG Brokerage and 216-02 Hempstead Corp. - that he used to buy property to prove the racketeering charges.

Scheindlin said she'll listen to the prosecution's case and then decide whether to dismiss the charges.

"I don't think it's appropriate to bar it without hearing it," Scheindlin said.

Jury selection begins Monday.

U.S. Bets Are Off For Web Firm (PHI)

By Suzette Parmley

The Philadelphia Inquirer, August 12, 2006

BetOnSports P.L.C., the embattled London-based Internet gambling company that has been charged with fraud and racketeering by U.S. prosecutors, announced yesterday that it has shut down its services for gamblers in the United States.

On Thursday, the company told its employees that it was shutting down its Costa Rican and Antiguan offices, where it accepted wagers from tens of thousands of customers in the United States, its primary market.

The shutdown will result in the elimination of about 800 jobs, the company said in a statement.

The case against BetOnSports is being watched closely by the $12 billion online gambling industry because it represents the first time that the U.S. Department of Justice is proceeding against a gambling entity that operates exclusively outside the United States.

"That has been the safety net for most operators... that as long as they stayed outside the U.S. and kept their activities outside the U.S., they were relatively safe," said Linda Goldstein, a partner at Manatt, Phelps & Phillips L.L.P., of Los Angeles, who specializes in Internet gambling law. "This is certainly going to have a chilling effect on any operator of an offshore site."

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The case is a test of the reach of the U.S. government as it tries to clamp down on online gambling. "It's an extraordinarily broad exercise of jurisdiction by the Department of Justice," Goldstein said.

The company's Web site, www.BetOnSports. com, has not been operational since July 19, following the arrest in Texas of its chief executive officer, David Carruthers, who faces 22 counts of fraud, racketeering and conspiracy. He is in jail awaiting terms of his bail.

BetOnSports' shares were suspended on the London Stock Exchange the same day of Carruthers' arrest. The company has pledged to refund the deposits of U.S.-based customers, which accounted for about three-quarters of the $48.3 million in deposits taken in during its first quarter.

Under a 1961 antiracketeering law, known as the Wire Act, it is illegal for American gambling companies to establish online-gambling sites, because the law pertains to phone line use. But it is perfectly legal for U.S.-based customers to place wagers at any of the 2,500 gambling Web sites.

That situation led to a recent move by the Justice Department to prosecute offshore gambling sites that it says are skirting the Wire Act by setting up their Internet servers and credit-card operations in places such as Britain, the Caribbean and Costa Rica. Many of these companies are mining the United States for customers, particularly those under 21, the department said.

Lawmakers in Washington were also turning up the heat. Last month, a measure passed the House by 317 to 93 that would cut off the flow of money to Internet gambling sites from credit card companies and banks.

The bill now goes before the Senate for consideration.

Sebastian Sinclair, a gaming analyst with Christiansen Capital Advisors L.L.C., which tracks the industry, said shares of online gambling sites have taken a hit since Carruthers' arrest and the action in Congress.

"This will put a crimp in it for a while," he said. "How much it will impact the industry will depend on how quickly and how efficiently these companies can respond to another roadblock thrown their way."

Gadsden Officials Will Plead Guilty (BN)

By Val Walton, News Staff Writer

The Birmingham News (AL), August 12, 2006

Records show trio will admit conspiracy role in quest to gain support for development

Two Gadsden City Council members and a businessman are to plead guilty Thursday to a conspiracy charge involving allegations of illegal support for a multimillion-dollar development near the Coosa River.

Councilmen Jimmy L. Armstrong and Fred Huff and consultant Larry T. Thompson will enter guilty pleas before U.S. District Judge L. Scott Coogler, federal court records show.

Justice Department prosecutors charged the three men August 3rd with participating in a conspiracy to get council members to support a project known as Lafferty's Landing, a shopping project valued at $9 million.

Attorneys for the men declined comment. Prosecutors said the investigation continues.

Armstrong and Huff are accused of accepting money in exchange for voting to award an additional $750,000 in tax incentives. Thompson, along with an unnamed person, is accused of giving cash to City Council members with the intent to influence or reward them for support.

The Gadsden City Council considered and voted on two issues, zoning variance and additional tax incentives, related to the proposal from August 2005 to February. Both issues were approved.

E-mail: vwalton@bhamnews.com

Kenner Man Gets Jail Term In Fraud (NOTP)

By Mary Swerczek, Kenner Bureau

New Orleans Times-Picayune, August 12, 2006

He improperly got thousands in rebates

A Kenner man was sentenced this week to 30 months in federal prison for defrauding Johnson & Johnson of more than $700,000 in improper rebates.

Gerald Tauzier, 59, also was ordered Tuesday to pay $676,006 in restitution, in addition to the $101,000 he has already paid, according to the U.S. attorney's office in Newark, N.J., which handled the case.

He is free on $100,000 bond pending his surrender, which has yet to be worked out with the federal Bureau of Prisons, according to Tauzier and a news release from the U.S. attorney's office in New Jersey. Reached at his Elmwood office Friday, Tauzier said he doesn't know where he will do time.

Tauzier said that in 2003 he had scheduled a meeting with Johnson & Johnson to settle the rebate matter, but the company canceled the meeting.

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"I tried to resolve the issue with them," Tauzier said, adding that instead the company "let the Justice Department do their legal work. That's not the way to do business."

A Johnson & Johnson official could not be reached for comment Friday.

Tauzier owns Lee Medical International in Elmwood, which buys health care products from companies such as Johnson & Johnson and distributes them to hospitals, clinics and doctor's offices.

He pleaded guilty to one count of wire fraud on Feb. 3 before U.S. District Judge Joseph E. Irenas of New Jersey, admitting that he had his company file reports containing false information with Johnson & Johnson, which is based in New Brunswick, N.J., according to the news release.

The false sales reports happened between January 2001 and December 2003.

Johnson & Johnson provided various rebates based on the end user of its products, a system prosecutors said Tauzier exploited. For example, in July 2002, Lee Medical claimed that it sold vascular access devices to Morehouse General Hospital in Bastrop when it had not.

As a result of all the false information he provided Johnson & Johnson, Tauzier received $777,006 in rebates from the company.

The FBI's New Jersey office investigated the matter.

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Mary Swerczek can be reached at mswerczek@timespicayune.com or (504) 467-1726.

A.C. Man Pleads Guilty In $1.2M. Fraud (ACP)

By Michael Clark, Staff Writer

Atlantic City (NJ) Press, August 12, 2006

TRENTON -- An Atlantic City man pleaded guilty in U.S. District Court on Friday to executing a scheme to defraud Wachovia Bank of more than $1.2 million, authorities said.

Daniel Cassese Jr. admitted to using fraudulent information during the loan application process for personal equity lines of credit on several occasions in 2003.

Cassese, 48, said he submitted two loan applications on Feb. 10, 2003, to obtain personal equity lines of credit worth $495,000 and $395,000, which were secured by residences in Hoboken and Neptune. The applications contained false information, including a phony Social Security number for his father, claims of annual earnings of more than $200,000 when he was actually unemployed and a fake tax return, according to the Justice Department.

After Wachovia approved both applications, Cassese withdrew $190,000 from the $495,000 account and $105,000 from the other, authorities said.

Cassese used the same false information again on April 8, 2003, when he applied for another line of credit worth $290,000, from which, after Wachovia approval, he withdrew another $190,000, authorities said.

Cassese also pleaded guilty to obtaining an approved $25,000 unsecured loan that relied upon the same information in June 3, 2003. On that same day, the funds were deposited and withdrawn from Cassese's account at Wachovia.

Cassese, who is free on $200,000 bond, will face a maximum penalty of 30 years in prison and a fine of as much as $1 million.

Frederiksen Gets 14 Years For Porn Charges (WCFC)

By Jeff Reinitz, Courier Staff Writer

Waterloo-Cedar Falls (IA) Courier, August 12, 2006

CEDAR RAPIDS --- His hands in cuffs and his next 14 years tied up in prison, Casey Frederiksen managed a brief smile as he glanced at family members at the back of the courtroom Thursday afternoon.

The 27-year-old Floyd man then looked down and disappeared as federal marshals led him out of the room so he could begin serving his sentence.

Frederiksen --- who had been looking after Evelyn Miller, the 5-year-old daughter of his former girlfriend, in July 2005 when the girl disappeared and later turned up dead --- receive the maximum sentence of 14 years in prison after he pleaded guilty to possession and receiving or attempting to receive child pornography. He had faced between 11 and 14 years.

U.S. District Court Judge Linda Reade said she opted to hand down the maximum punishment because of the sheer number of pornographic images --- there were about 1,650, some depicting young girls having sex with adult men --- found on his computer, because he attempted of conceal the hard drive when police investigated Evelyn's disappearance and because of a 1992 incident where he sexually abused a 6-year-old girl.

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Public Defender Jane Kelly had asked for a sentence on the low end of the scale, noting Frederiksen was only 13 when the 1992 incident happened and saying his family members have noticed he was maturing.

"Casey Frederiksen has acknowledged his behavior," Kelly said.

Evidence presented during Thursday's sentencing included letters from Frederiksen's mother and a sister and a 13-minute pornographic video that was apparently recovered from his computer.

Frederiksen told the court he was getting help for his problems.

"All I can say is I done wrong and I'm sorry for it," he said.

Assistant U.S. Attorney Sean Berry said Frederiksen's history shows that he was sexually interested in young girls in 1992 and continues to be sexually interested in them.

After the proceedings, Joe Hoffmann, Frederiksen's brother-in-law, read a prepared statement from the family saying the punishment was fair.

"We are relieved to now have closure to this situation," he said. "We're encouraged that Casey has taken responsibility for his actions. While we can in no way understand or justify his behavior, we do love him and will continue to support him in every way we can."

Reade recommended that Frederiksen get mental health treatment while he is incarcerated. She also recommended he take part in the U.S. Bureau of Prison's sex offender treatment program at the Federal Correctional Complex in Butner, N.C.

After that, she recommended he be placed in a federal prison close to his family ties in Northeast Iowa.

Frederiksen will have to serve 10 years of supervised release after his prison time, during which time he will have to abstain from alcohol and pornography and will be prohibited from having contact with children or visiting places where children congregate unless approved by authorities.

Frederiksen waived his right to appeal his sentence under an agreement with the prosecution.

No one has been arrested in Evelyn's death, and U.S. Attorney Charles Larson deflected questions about any ties the porn case might have to the slaying.

He said he couldn't speculate on any connection, but said the government is stepping up its efforts to fight child pornography in an initiative dubbed Project Safe Childhood.

"The justice department views all of those cases very seriously," Larson said.

In other developments, the court postponed a hearing for Dan Slick of Charles City.

Slick had been on pretrial release on charges that he lied to federal investigators looking into Evelyn's disappearance and death. He since missed court dates and was arrested Wednesday.

A hearing for Slick is tentatively scheduled for today.

Contact Jeff Reinitz at (319) 291-1578 or jeff.reinitz@wcfcourier.com.

Investigators Sought Former Head Start Chief's Prosecution (NJ)

By Brian Friel, National Journal

National Journal, August 12, 2006

Federal investigators sought the prosecution of a former Bush administration official on allegations that she misused federal Head Start grant money, but the Justice Department declined prosecution, according to records obtained by National Journal through the Freedom of Information Act.

In a previously unreleased report, investigators said they had found evidence that Windy Hill, chief of Head Start at the Health and Human Services Department from January 2002 to May 2005, had improperly pocketed thousands of dollars when she was head of a local Head Start program in Texas. The report was provided to Hill's boss, Wade Horn, head of the Administration for Children and Families, for administrative action on April 1, 2005, nearly two months before Hill resigned on May 27.

Investigators with the HHS inspector general's office found evidence that Hill, as executive director of a Head Start agency in Bastrop, Texas, was reimbursed $2,400 for college classes in which she did not enroll, received bonuses worth thousands of dollars more than officially permitted, was improperly paid thousands of dollars for unused vacation time, cut checks to herself without supporting documentation, awarded contracts on a noncompetitive basis to family members and employed children younger than the legal working age of 14.

The U.S. attorney's office in Austin, Texas, and the District Attorney's office in Bastrop declined prosecution "due to a lack of resources and not meeting the minimum guidelines established by these offices," HHS investigators reported in the released records. That could mean the attorneys decided the case was not clear-cut enough or the dollar amounts involved not high enough to justify full-fledged prosecution.

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The Justice Department is reviewing 11 pages of records related to the case for potential public release. The government has taken no further legal action against Hill.

During the investigation by the inspector general's office, Hill denied wrongdoing. She said in written responses included in the released documents that her actions, including the payout of vacation time, the bonuses and her hiring and contracting decisions, were approved by the local Head Start program's board of directors and complied with the program's policies. Hill's attorney, Derek Van Gilder, said on Thursday that Hill had not yet seen the inspector general report, but would review it over the weekend.

Sarah Greene, president of the National Head Start Association, said an initial reading of the inspector general report seemed to confirm the association's view that Hill had committed wrongdoing as executive director of the Bastrop program.

The association raised allegations of wrongdoing in April 2004, leading to the inspector general investigation. Horn, Hill's former boss, declined to comment through a spokeswoman. "ACF cannot comment on the report because it's a personnel issue," agency officials said in a statement.

It is not uncommon for the Justice Department to decline prosecution following inspector general investigations. In the six-months following Hill's resignation, the HHS inspector general's office presented 780 cases to prosecutors, but they pressed charges against only 350 people and organizations. "It's a resource issue," said Peter Henning, a law professor at Wayne State University in Detroit. "They can't cover everything."

Hill participated in the Head Start program in Bastrop as a child and later enrolled her own child in the program before becoming leader of Cen-Tex Family Services, a nonprofit that oversaw nine Head Start centers for preschoolers in central Texas. Hill was involved in a statewide Head Start coordinating group with Susan Landry, a University of Texas child development specialist who has worked with First Lady Laura Bush on reading initiatives.

When Hill moved to Washington to oversee the $6.8 billion-a-year Head Start program's 1,500 grantees serving 900,000 students, Horn praised her for "a lifetime of involvement and commitment to the principles of the Head Start program."

But investigators found evidence that Hill had improperly claimed thousands of dollars in bonuses, vacation time and education reimbursement during the previous year, some of it after she had accepted the position in Washington. Investigators said Hill failed to inform the local program's board of directors that she had taken the new job as she sought a bonus and reimbursements in January 2002. Hill said she had told board members the previous month that she was leaving.

In the midst of her departure the local board of directors was thrown into turmoil, with some directors - including Hill's sister - splitting off from other members, creating a situation in which two competing boards claimed control of the program. Eventually, the board without Hill's sister won control through court action. Mary Garcia-Todd, the program's current executive director, said Hill is not associated with the program today.

During her tenure in Washington, Hill clashed with the National Head Start Association, a group that lobbies on behalf of the program's grantees, over the Bush administration's plans to turn over more control to state governments. That plan was scuttled in Congress amidst a Head Start reauthorization effort that is still stalled after more than three years of debate. The association and Hill also clashed when she criticized several local Head Start programs for financial improprieties.

In April 2004, Greene, the association president, called for Hill's resignation after learning through a previous Freedom of Information Act request about some of the allegations that were later corroborated by the inspector general's office. "This is an obvious double standard under which HHS elected to hush up the truth about Windy Hill's egregious program violations," Greene said at the time. "Then they turned around and made her the point person in their attack on Head Start grantees."

Rep. George Miller, D-Calif., ranking member of the House Education and the Workforce Committee, joined in Greene's calls for further investigation.

Hill said she would welcome a review of her actions, and inspector general agents opened their investigation in June 2004. They officially concluded it in June 2005. On May 31, 2005, Horn sent a memorandum to Deputy Inspector General Michael Little, thanking him for the investigative report. The rest of the text of the memorandum was withheld by HHS under the Freedom of Information Act on the grounds that it contained "staff advice, opinions and recommendations."

Four days before sending the memo, Horn issued a statement announcing Hill's resignation, calling her a "caring and devoted person who has always been interested in the well-being of children."

BR Man, 32, Accused Of Disaster Fraud (BRADV)

Advocate Staff Report

Baton Rouge Advocate, August 12, 2006

A Baton Rouge man was arrested late last month and charged in a two-count indictment for FEMA fraud. The February indictment was sealed until his arrest.

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Derrick W. Deamer, 32, was arrested July 26 for allegedly making false and fraudulent claims for disaster assistance benefits and for making false and fraudulent statements to the Federal Emergency Management Agency.

According to the indictment, in September Deamer applied for disaster assistance after Hurricane Katrina claiming an address in Harvey as his primary residence.

If convicted, Deamer could be sentenced to five years in prison and a $250,000 fine per count.

In September, U.S. Attorney General Alberto Gonzales created the Hurricane Katrina Fraud Task Force to deter, investigate and prosecute disaster-related federal crimes such as charity fraud, identity theft, procurement fraud and insurance fraud.

The task force includes members from the FBI, the Federal Trade Commission, the Postal Inspector's Office and the Executive Office for U.S. Attorneys.

Including Deamer, 65 defendants have been charged in the Baton Rouge based Middle District of Louisiana with violations related to Katrina relief funds, according the U.S. Attorney's Office.

Deamer has entered plea of not guilty.

Story originally published in The Advocate

Judge Says Governor Can't Be Tried In Office (NYT/AP)

The New York Times/AP, August 12, 2006

FRANKFORT, Ky., Aug. 11 (AP) — A judge ruled Friday that Gov. Ernie Fletcher, who is embroiled in a hiring scandal, is protected by executive immunity and cannot be prosecuted while in office.

Mr. Fletcher, Kentucky's first Republican governor in three decades, was indicted in May on charges that his administration rewarded political supporters with protected state jobs. He has accused the state's attorney general, Greg D. Stumbo, a Democrat, of conducting a politically motivated investigation.

The judge, David E. Melcher, essentially stayed the case until Mr. Fletcher's term expires, or unless he is removed through impeachment by the Legislature. He did not dismiss the case, though, as Mr. Fletcher's lawyers had requested.

Vicki Glass, spokeswoman for the attorney general's office, said prosecutors were pleased that the motion to dismiss was denied.

Mr. Fletcher said in a written statement Friday that he was pleased with the ruling.

He has said he will seek re-election in 2007, and the ruling was considered pivotal to his campaign.

Ruling Postpones Trial Of Kentucky Governor (WP)

By Theo Emery

The Washington Post, August 12, 2006

Kentucky Gov. Ernie Fletcher (R), who was indicted earlier this year for alleged patronage hiring, cannot be prosecuted while in office, a judge ruled yesterday.

Judge David E. Melcher rejected Fletcher's request to throw out the charges but ruled that the governor has immunity from prosecution as long as he remains in office.

Fletcher, the state's first Republican governor since 1971, has denied the charges and said the case is politically motivated. The governor filed a lengthy motion last month invoking his immunity and asking that the charges be dismissed.

The ruling on that motion effectively halts the case for as long as Fletcher remains governor, but he can go on trial after he leaves office. His term ends next year. The trial had been scheduled for Nov. 8.

The office of Attorney General Gregory D. Stumbo, a Democrat, released a statement expressing satisfaction that Melcher allowed the charges to stand.

"Governor Fletcher's criminal trial will be delayed until he is either impeached or out of office," the statement said. "The Court's ruling affirms the principle that no person is above the law."

The governor's office also praised the decision in a statement.

"We are pleased with today's ruling because Kentuckians are weary of this sad ordeal. Now, we can all turn our full attention to the children, families and communities of this great Commonwealth," the statement said.

Donald Gross, a professor of political science at the University of Kentucky, said Fletcher is in "real trouble." The governor is perceived as having broken his campaign pledge to clean up government corruption, Gross said, and prominent Republicans in the state have begun to distance themselves.

"The real difficulty is that this whole cloud of scandal will continue to hang over his administration over and over again," Gross said.

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Fletcher was indicted in May on charges of criminal conspiracy, official misconduct and violating a prohibition against political discrimination, stemming from a program called the Governor's Personnel Initiative.

According to the indictment, the initiative violated state hiring laws by putting political appointees in each Cabinet branch of the state government who would ensure that handpicked applicants got hired. Fletcher supporters would allegedly recruit candidates for open positions and guide them through the hiring process.

The indictment also said an initiative member known as the "vetting guy" was tasked to create a "hit list" of state workers "targetted for adverse employment actions based on political affiliations or opinions."

Fourteen other people, including three Fletcher staffers and three top Cabinet officials, were also indicted in connection with the alleged patronage scheme last year, but Fletcher granted pardons to anyone associated with the investigation. He did not extend the pardon to himself. Nine administration members later resigned at Fletcher's request.

Fletcher also successfully argued to Melcher last month that the attorney general should not be personally involved in the case because of the possibility that he will run for governor. A spokeswoman for Stumbo said he has no plans to run.

Melcher, who sits in Harrison County Family Court, ruled on the motion from the bench but was expected to issue a written ruling by next Friday. He was appointed to oversee the case to avoid any conflict of interest for the original judge.

CIVIL LAW:

Judge Dismisses Lawsuit Over Budget Bill (AP)

AP, August 12, 2006

A federal judge Friday threw out a private group's effort to block a $39 billion deficit-reduction bill that was passed in different versions by the House and Senate.

The lawsuit by Public Citizen argued that because the two chambers passed slightly different bills, the version signed by President Bush on Feb. 8 was unconstitutional.

U.S. District Judge John D. Bates disagreed, citing an 1892 Supreme Court ruling that says the signatures of Senate and House leaders are enough to affirm a bill's legitimacy.

The lawsuit was one of four filed across the country challenging the law over a clerical error that listed different rental periods for medical equipment that would be covered by Medicare.

The Senate voted to authorize 13 months but a clerk erroneously wrote 36 months into the bill before sending it to the House, where it was passed with the longer rental period.

By the time the bill arrived on Bush's desk, the number had been changed back to 13 months. Recognizing the problem, the Senate passed a resolution hours after Bush signed the bill stating that the final bill reflected "the true intention of Congress."

The White House considers the matter settled, but House Democrats have said there was a "fundamental constitutional problem" in the bill's passage.

Adina Rosenbaum, an attorney for Public Citizen, said the group still believes the bill was never actually enacted into law and plans to appeal the ruling.

Three other cases, including one filed by Rep. John Conyers, D-Mich, are pending.

Court Dismisses Public Citizen's Budget-typo Suit (HILL)

By Jeffrey Young

The Hill, August 12, 2006

Yet another federal judge has rejected a legal challenge to the constitutionality of the Deficit Reduction Act, dealing the third such blow to opponents' efforts to overturn the law.

Judge John Bates of the U.S. District Court for the District of Columbia today granted the Department of Justice's motion to dismiss a lawsuit brought by Public Citizen in March.

Public Citizen expects to file an appeal, lead attorney Adina Rosenbaum said shortly after Bates issued his decision. The U.S. Court of Appeals for the District of Columbia would be next in line to review it.

"We are disappointed in the decision, which allows a blatant violation of the Constitution to go unaddressed. … We plan to appeal, and hope that the Court of Appeals will address the constitutional violation at issue here," Rosenbaum said later in a written statement.

Public Citizen, echoing charges made by House Democrats, argued that the bicameral clause of the Constitution was violated when a clerical error lead the House to pass a slightly different version of the $39 billion budget-reconciliation bill, know as the Deficit Reduction Act (DRA), in February.

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But like other federal judges have done in two recent rulings, Bates determined that a 114-year-old Supreme Court precedent precluded him from deciding on the constitutional question.

The government has maintained in all six legal challenges against the DRA that the 1892 ruling in Marshall Field v. Clark constrains the judicial branch from questioning the validity of any act of Congress that has been certified by the officers of the House and Senate. In this case, the Supreme Court created what is known as the "enrolled bill rule," which describes these certifications from Congress as "complete and unimpeachable."

House Speaker Dennis Hastert (R-Ill.) and Senate President Pro Tempore Ted Stevens (R-Alaska) made such a certification before transmitting the bill to President Bush, who signed it on Feb. 8.

In contrast to the relatively brief decisions by federal judges in New York and California, Bates's decision includes a more detailed dissection of his rationale for dismissing the case, as well as a discussion of his misgivings about the implications of courts being enjoined from questioning the conduct of Congress.

"Two other district courts have summarily dismissed challenges to the DRA relying on Marshall Field, finding no need to reexamine the meaning of that seminal authority," Bates wrote.

"However, in this Court's view, the questions raised by the plaintiff regarding the meaning of Marshall Field and its continuing vitality more than 100 years after its issuance require a more complete reexamination of the arguments presented by the parties," Bates continued.

"The application of principles dating back more than a century, and infrequently applied by federal courts recently, gives one a moment's pause," Bates acknowledges.

Nevertheless, the judge concludes that the enrolled bill rule continues to be binding despite Public Citizen's contentions that subsequent Supreme Court decisions have modified the Marshall Field standard.

"In the absence of an express overruling of the case by the Supreme Court, this Court is constrained to conclude that the rule remains in full effect today," Bates asserts.

Despite accepting the government's arguments about the force of Marshall Field on this case, Bates expresses some concern about the implications of not permitting the judicial branch to right potential wrongs committed by the legislative branch.

"The Court does not dismiss plaintiff's claim without some reservations, however," Bates wrote, but "the upshot is that, although in some respects outdated, there is no compelling reason to conclude that throughout the passage of time Marhsall Field has turned into an anomaly that should have no applicability today."

Two other DRA-related cases have gotten additional attention from the courts in recent days.

Today, the plaintiff in a lawsuit filed in an Alabama federal court announced his intention to seek depositions from Hastert, Stevens and Bush.

Plaintiff James Zeigler and the Justice Department jointly filed a report to Judge Bert Milling today summarizing the results of a conference call held yesterday to develop a schedule for consideration of the case. The government opposes Zeigler's plan to depose the lawmakers and the president, contending that the court's lack of authority under Marshall Field makes gathering additional evidence irrelevant.

On Wednesday, Judge Richard Berman of the U.S. District Court of the Southern District of New York made his final move to close a case brought against the DRA by OneSimpleLoan, a student-loan consolidation company.

Berman dismissed one count of the plaintiff's suit in June but ruled this week that the company also does not have standing to sue. Berman's action simplifies the plaintiff's pending appeal with the Second Circuit Court of Appeals, according to lead attorney John Witmeyer of Ford, Marrin, Esposito, Witmeyer and Gleser.

Also on Wednesday, Judge Nancy Edmunds of the U.S. District Court for the Eastern District of Michigan scheduled an Oct. 25 hearing in a DRA lawsuit filed by House Judiciary Committee ranking Democrat John Conyers (Mich.) and 10 colleagues.

Personal Items Of Unabomber Will Be Sold (NYT)

By Jesse Mckinley

The New York Times, August 12, 2006

SAN FRANCISCO, Aug. 11 — It is a collection of items both mundane and mysterious: tweezers, a pocket knife, a handmade tool.

Such were the personal items seized from the remote Montana shack of Theodore J. Kaczynski, known as the Unabomber, that will be sold soon under order of a federal judge in an effort to pay off a $15 million restitution order.

In 1998, Mr. Kaczynski, 64, pleaded guilty to a series of mail bombings from 1978 to 1995 that killed 3 people and injured 28 others, some seriously.

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Among the more intriguing items to be sold are original writings of Mr. Kaczynski that were seized by the government when he was captured in 1996. A former mathematics professor who developed a hatred for the modern world, Mr. Kaczynski wrote a 35,000-word antitechnology manifesto that was published, at government request, in The Washington Post seven months before his capture in 1996. (The New York Times jointly financed the publication of the tract.)

The order, issued on Thursday by Judge Garland E. Burrell Jr. of Federal District Court, comes after a protracted legal skirmish between the government and Mr. Kaczynski, who is in a maximum security prison in Florence, Colo. Mr. Kaczynski had long argued that his property should be returned to him, while the government wanted it held.

Last month, the government proposed an online auction of the personal items, with the proceeds going toward the restitution. Judge Burrell approved that plan on Thursday, despite some objections from Mr. Kaczynski.

A lawyer for Mr. Kaczynski could not be reached for comment.

In addition to the original manuscripts, the auction list includes some telling items, including three typewriters, two face masks and dozens of tools. There is also a blue zippered sweatshirt and blue hood for sale, two elements that were part of the famous artist's sketch of the Unabomber, printed on "most wanted" posters for years.

Some items have a personal connection: two checkbooks in his name, a briefcase containing his degrees from the University of Michigan and a homemade calendar.

"He was living in pretty dire straits," said Quin Denvir, Mr. Kaczynski's former lawyer. "It was a pretty primitive way of life, so his belongings are limited."

And then there are the books, an impressive library of history, philosophy and science, including several handbooks on advanced chemistry that suggest somewhat sinister interests. Mr. Kaczynski's taste in fiction and drama seems less developed, though copies of "Of Mice and Men," "1984" and "The Merchant of Venice" will also be for sale.

Antonio C. Amador, the United States marshal for the Eastern District of California, said his office would be responsible for finding an online auctioneer. "We don't have the staff or personnel to sit on the court steps and auction stuff off," Mr. Amador said. "I don't want a bunch of deputies out there running it like a carnival."

One item not among those being auctioned is Mr. Kaczynski's cabin, which was taken from its remote Montana location to an Air Force base east of Sacramento before his trial began.

Mr. Denvir said it may not be worth much as is. "He had no electricity, no water, no TV," Mr. Denvir said. "And no VCR."

Navy Halts Sunken Ship Project (DULNT)

By Mark Stodghill

The Duluth News Tribune, August 12, 2006

St. Louis County Undersheriff Dave Phillips' efforts to photograph the inside of the sunken heavy cruiser USS Houston for its survivors association have been halted by the U.S. Navy before he could get his remote-controlled underwater camera into the ship.

Barbara Voulgaris of the Underwater Archaeology branch of the Naval Historical Center in Washington, D.C., said her office and the U.S. Justice Department were forwarded Monday's News Tribune story reporting Phillips' trip to Indonesia to film the inside of the ship, which was sunk by the Japanese during World War II.

Voulgaris wanted to know how to reach Phillips.

"We've got some concerns because it's not legal for him (or his camera) to go inside the wreck or to take things off of it," Voulgaris said. She said Phillips also wouldn't be allowed to send his camera into the ship because it had the potential to disturb the site.

"As soon as they disturb it without the permission of the Navy -- that's where the problem is," she said.

Phillips used vacation time and planned to photograph the inside of the ship from Thursday through Wednesday. He joined a team headed by Jerry Ranger, a lieutenant with the Santa Rosa County Sheriff's Office in Florida and the son of a USS Houston surviving prisoner of war.

Ranger was awakened by the News Tribune at 2 a.m. Saturday on Indonesian time, 12 hours ahead of Duluth, aboard a 40-foot boat he and Phillips were sleeping on near the sunken ship. He didn't want to wake Phillips.

Ranger had earlier received a phone call from Voulgaris.

"The USS Houston group is very behind this dive and they are upset and very concerned," Ranger said. "They want us to continue on with their wishes of entering the ship, not to loot but to photograph the deterioration of a World War II vessel that their organization survived."

However, because of Voulgaris' call, Ranger said the planned exploration of the ship's interior is in limbo.

Voulgaris referred to Title XIV of the National Defense Authorization Act signed by President Bush in 2004.

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The Naval Historical Center said the purpose of Title XIV, generally referred to as the Sunken Military Craft act, is to protect sunken military vessels and aircraft and the remains of their crews from unauthorized disturbance.

The USS Houston went down on March 1, 1942, in the Sunda Straits off Java. Of 1,008 crew members, only 368 survived.

Phillips was contacted by the USS Houston Survivors Association because of his experience using a remotely operated vehicle camera during his duties with the sheriff's office and its volunteer rescue squad.

Val Poss, executive director of the USS Houston Survivors Association and the daughter of another USS Houston survivor, said Friday that the planned exploration of the ship's interior has been halted because of the Navy's intervention.

"Originally, I was incredulous," Poss said by telephone from her home in Pflugerville, Texas. "I can understand their position of not wanting strangers to go in. However, these men have a personal interest. They are doing it for the survivors and for the history of the ship."

Poss said that several times over the years her association has tried to find someone in the Department of the Navy that "could assist us with stopping the looting of the ship." She said private divers have taken guns, brass fittings and other items for themselves, some of which have wound up being sold in Jakarta.

"The U.S. embassy in Jakarta advised us more than a half-dozen years ago that the ship was in international waters and that there was nothing that could be done," Poss said.

Now all her group wants is to be able to photograph the inside of the ship before it falls apart.

"Why after 64 years are we doing this? We are doing this for the memory to continue," Poss said, her voice cracking. "Excuse me, I get emotional. These young boys died for our freedoms. Our fathers spent 3 years in hell (POW camps) to come home. We owe it to them to keep the history of this sacred ship alive and to share those pictures, not only with the survivors, but if our government would allow it, the world."

Poss was working the phones Friday. She had calls into Washington, D.C., Duluth and to the boat Phillips and Ranger are on.

She couldn't reach Voulgaris, but said someone else in the Naval Historical Center office told her it would take 90 days to get the proper permit from the Navy to explore the ship.

"I explained to her that we had people at the site and it was costing them $1,000 a day, and they didn't have 90 days to wait, and asked if we could expedite this," Poss said. "I was advised that it still takes 90 days."

Voulgaris told the News Tribune that she didn't want to "look like the big, bad government coming down with the hammer." But because of the existing law, the men exploring the USS Houston faced the possibility of being arrested if they disturbed anything in the ship or tried to enter the U.S. with any artifacts from the ship, she said.

"We just found out about it (the exploration) yesterday," Voulgaris said. "Unfortunately, we can't just give them carte blanche permission to do whatever they want on the wreck. We told Jerry Ranger you can dive on the wreck, you can take pictures of it (from outside), but please don't disturb it without permission from the U.S. government."

Your Life As An Open Book (NYT)

By Tom Zeller Jr.

The New York Times, August 12, 2006

Privacy advocates and search industry watchers have long warned that the vast and valuable stores of data collected by search engine companies could be vulnerable to thieves, rogue employees, mishaps or even government subpoenas.

Four major search companies were served with government subpoenas for their search data last year, and now once again, privacy advocates can say, “We told you so.”

AOL’s misstep last week in briefly posting some 19 million Internet search queries made by more than 600,000 of its unwitting customers has reminded many Americans that their private searches — for solutions to debt or bunions or loneliness — are not entirely their own.

So, as one privacy group has asserted, is AOL’s blunder likely to be the search industry’s “Data Valdez,” like the 1989 Exxon oil spill that became the rallying cry for the environmental movement?

Maybe. But in an era when powerful commercial and legal forces ally in favor of holding on to data, and where the surrender of one’s digital soul happens almost imperceptibly, change is not likely to come swiftly.

Most of the major search engines like Google, Yahoo and MSN collect and store information on what terms are searched, when they were queried and what computer and browser was used. And to the extent that the information can be used to match historic search behavior emanating from a specific computer, it is a hot commodity.

As it stands now, little with regard to search queries is private. No laws clearly place search requests off-limits to advertisers, law enforcement agencies or academic researchers, beyond the terms that companies set themselves.

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"This is a discussion that we as a society need to have," said Kevin Bankston, a lawyer with the Electronic Frontier Foundation, a rights organization based in San Francisco.

Mr. Bankston's group, which is spearheading a class-action lawsuit against AT&T for sharing consumer phone records with the National Security Agency, issued an alert this week calling the AOL incident a "Data Valdez," asserting that it may be in violation of the Electronic Communications and Privacy Act, which regulates some forms of online communications.

"I am very skeptical of any claims that the monetary worth of this information to these companies is worth the privacy trade-off to millions of people," Mr. Bankston said.

That is not to say that marketers are not keenly interested in being able to push ads to a particular computer based on the types of searches coming from that address over time. For users who register as members with some search engines, including Yahoo, this is already happening — although consumers are unlikely to realize it.

Which is why privacy advocates question whether such advertising models are appropriate in the first place.

"In many contexts, consumers already have the expectation that information about their cultural consumption will not be sold," said Chris Jay Hoofnagle, a senior researcher at Boalt Hall School of Law at the University of California, Berkeley. "They understand that the library items that they check out, the specific television shows that they watch, the videos that they rent are protected information."

Indeed, legislation like the Cable TV Privacy Act of 1984 and the Video Privacy Protection Act of 1988 were tailored to keep the specific choices consumers make in their daily diet of cultural ephemera off limits.

There are exceptions: video "genre preferences," for instance, may be disclosed for marketing purposes.

And of course, such fare as magazine subscription lists and club membership information are bought and sold for marketing purposes all the time.

But how to characterize a search engine's vast catalog, not of what an individual bought, rented or subscribed to, but merely what he or she was curious about — perhaps only for a moment in time — for reasons that are impossible to know?

That's one thing that the culture and the law need to address fully, Mr. Hoofnagle suggested. And simply relying on the terms of service posted by Internet companies to sort things out, he said, is not enough.

"The problem with the consent model is that users don't read the terms and it's hard to comprehend what the effect of storing the data over time will be," Mr. Hoofnagle said. "And there's a corresponding promise that the company will protect the data," he added, "and sometimes, obviously, those promises are broken."

Indeed, AOL's publication of user search data comes in a social context that is newly sensitive about data leaks.

"Part of this conversation should be about the responsibility of companies to maintain data securely," said Mr. Hoofnagle, who was among several privacy advocates who were critical of ChoicePoint, the large commercial data broker, in the months before the disclosure in February last year that criminals had foiled its screening protocols and gained access to consumer information.

"The longer companies hold onto information, the greater the risk," Mr. Hoofnagle said.

The ChoicePoint debacle, in fact, was a watershed moment for data security law, at least at the state level, with at least 30 states enacting some form of breach-notification legislation requiring businesses to notify consumers if their information is compromised.

Numerous bills have been proposed in Congress as well, but pitched battles between privacy advocates, who seek comprehensive data protections for consumers, and the financial industry, which wants to limit any onerous legislation and pre-empt tougher state laws, have stalled progress.

It is not surprising, then, that a bill by Representative Edward J. Markey, Democrat of Massachusetts, that seeks to force Web sites, including search engines, to purge old data, has not moved since its introduction in February.

"Corporate negligence with consumers' personal information shouldn't be tolerated by average Americans, the financial markets, or the federal government," Representative Markey said in an e-mail message.

The bill was inspired by the Justice Department's subpoenas for search data held by MSN, Yahoo, AOL and Google this year — a move aimed at bolstering the government's efforts to uphold an online child pornography law. Google was alone in resisting the subpoena in federal court, which mostly sided with the company, granting the government access only to information on Web site addresses returned in Google searches, rather than search terms entered by users.

And yet the vast data troves held by search engines and Internet companies of all stripes continue to present an irresistible investigatory target, particularly in an era of terrorist plots like the one that seriously disrupted British airports, and much of the rest of global aviation this week.

In December, the European Parliament passed sweeping data retention rules aimed at the telecommunications and Internet industries, requiring that fixed-line and cellphone records, e-mail and Internet logs be stored for up to two years. The

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measure was lauded by law enforcement groups but decried by privacy advocates and even industry, which would have to find space — and money — to store it all.

Congress, too, has toyed with the idea of drafting data retention legislation, and Attorney General Alberto R. Gonzales has signaled on numerous occasions that he would like to see that happen.

Speaking at the Search Engine Strategies 2006 Conference and Expo in San Jose, Calif., on Wednesday, Google's chief executive, Eric E. Schmidt, suggested that government interest in the sort of information Google archives remains a chief concern for his company.

"I've always worried that the query stream was a fertile ground for governments to randomly snoop on people," he said.

In a public forum with Danny Sullivan, the editor of Search Engine Watch, an online news blog, and the San Jose event's organizer, Mr. Schmidt was asked about the AOL incident. "It's obviously a terrible thing, and the data as released was obviously not anonymized enough," Mr. Schmidt said.

Mr. Schmidt also said his company, which stores every query its visitors make, deploys numerous safeguards to protect and keep that data anonymous, and that he was confident that "this sort of thing would not happen with Google — although," he added, "you can never say never."

That might be the battle cry of privacy advocates, who wonder why any company that doesn't have to, and that wants to maintain the faith of its customers, would bother to hang onto so much data.

"This AOL breach is just a tiny drop in the giant pool of information that these companies have collected," Mr. Bankston said. "The sensitivity of this data cannot be overemphasized."

A similar sentiment was at the heart of an e-mail message sent to employees by AOL's own chief executive, Jonathan F. Miller, on Wednesday.

"We work so hard to protect this kind of information, and yet it was made public without review by our privacy experts, undermining years of industry leadership in a single act," Mr. Miller wrote. "The reaction has been a powerful reminder of how quickly a company such as AOL can forfeit the good will we have worked for years to engender."

CIVIL RIGHTS:

Jail Report Conflicts With 2 Beatings (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, August 12, 2006

GULFPORT - Claims that a Harrison County jailer beat and tortured an inmate who suffered serious injuries Jan. 7 after several hours in a restraint chair conflict with a report the jail submitted to the U.S. Justice Department.

The report is part of a quarterly package the jail is required to submit under a 1995 federal court order to improve conditions and guarantee inmates' rights at the Harrison County jail. The jail security report for January lists seven assault incidents between inmates but none between an inmate and an officer.

The conflicting claims come from a notice of claim involving injuries Kasey Dion Alves allegedly suffered at the jail Jan. 7 as well as a wrongful-death lawsuit involving the fatal beating of inmate Jessie Lee Williams Jr. on Feb. 4.

The Williams lawsuit, a federal civil-rights complaint, alleges a pattern of abuse at the jail before Williams' beating. The lawsuit refers to several prior incidents of alleged abuse and says "the most sadistic" incident was the one Jan. 7.

According to the Williams lawsuit, jail officials were warned after the Jan. 7 incident that if a certain jailer wasn't stopped, someone was going to die in the jail. Estate attorneys claimed, on the basis of conversations with Alves' counsel and others, that jailer Ryan Teel, who has since resigned, is the corrections officer involved in both incidents.

Teel has not been arrested or charged in either incident. However, a former co-worker, Regina Rhodes, pleaded guilty to two felony counts in federal court Monday. She admitted she assaulted Williams under color of law, violating his civil rights, and that she withheld information by falsifying a report and lying to state and federal investigators. She faces up to 13 years in prison; her sentencing is set for Oct. 16.

In the Alves incident, attorney Woodrow W. Pringle III provided county officials with details of what he believes happened to Alves and doctor's statements that say Alves suffered acute kidney failure and nerve damage "as a direct result of the excessive force from being strapped in the chair at the Harrison County jail."

According to Pringle's allegations and those of Williams' attorneys, Alves peeked inside a holding cell for women near the booking room and was struck several times by Teel and left in a restraint chair for seven or eight hours.

The Williams lawsuit claims while Alves was in the restraint chair, Teel wrapped a sheet around Alves' head tightly enough to show his facial features and poured water through an opening in the sheet, causing Alves pain and terror.

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Alves, 33, was taken to jail after his arrest on misdemeanors, including public drunk.

Williams, 40, was taken to jail after his arrest on misdemeanors also including public drunk.

In a jail security report for February, Teel and Williams are listed as being involved in an inmate-on-inmate assault. Two jailers who also are defendants in the civil lawsuit, and accused of participating in the beating or failing to stop it, are listed in a separate column of the report denoting an inmate-officer assault.

The report does list one incident involving a restraint chair, but the Williams attorneys said the alleged discrepancies, in part, prompted them to file a motion in federal court Thursday. The motion asks U.S. District Judge Walter J. Gex III, who signed the 1995 order, to hold a review on whether a fraudulent report was submitted by the jail, and if it was, that the jail be placed under oversight of someone other than Sheriff George H. Payne Jr. and his department.

According to John Whitfield, co-counsel for the Williams estate, the questionable security reports "are misleading at best, and fraudulent at worst."

Cy Faneca, the sheriff's attorney, said he cannot comment on the reports but he said details of both incidents have been provided to the Justice Department. It is not uncommon, Faneca said, for the sheriff to forward information he receives after a report has been submitted.

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The consent judgment

Since 1995, the Harrison County jail has operated under a consent judgment that requires it to make improvements and provide detailed reports to the U.S. Department of Justice.

U.S. District Judge Walter J. Gex III signed the order Jan. 12, 1995, two years after U.S. Attorney General Janet Reno filed a lawsuit condemning a variety of problems, including security and supervision, staffing and training, medical and mental health-care for inmates and inmate access to law books and legal materials.

The complaint alleged conditions at the jail violated the constitutional and legal rights of inmates. Named as defendants were Sheriff Joe Price, jail warden Rick Gaston and the five Harrison County supervisors.

Price, sheriff for 10 years, left office at the end of 1999 after losing the Republican party primary to Payne. Payne ran unopposed in the general election.

Gaston now holds the rank of captain and is jail security director and booking supervisor.

Terms of the consent judgment require that the defendants and their employees, agencies and successors provide strict compliance with recommendations. The judgment gives the federal government unrestricted access to all records and recordings, jail staff and facilities.

The order requires the county to pay for improvements to bring the jail into compliance. It also stipulates that the federal government can end its oversight of the jail once the jail has maintained compliance with all terms and objectives for a year more.

Part of the requirement is submitting quarterly reports to the Justice Department to show how the jail is run and what happens in the jail on a month-to-month basis.

Indians Fight Redskins Name (WP)

By Eric M. Weiss, Washington Post Staff Writer

The Washington Post, August 12, 2006

A group of Native Americans filed a new legal challenge yesterday to trademarks for the name and logo of the Washington Redskins, saying the team's name is a racial slur that should be changed.

A petition filed at the U.S. Patent and Trademark Office by six Native Americans represents a second chance for Indians to challenge the football franchise's name. The team prevailed in an earlier fight when a U.S. District Court judge ruled that the plaintiffs waited too long under trademark law to object. This time, the complaint was filed with a new set of plaintiffs.

In the petition, the six Native American activists say that the football franchise's name breaks a 1946 federal law prohibiting the government from registering a trademark that disparages any race, religion or other group.

"The term 'redskin' was and is a pejorative, derogatory, denigrating, offensive, scandalous, contemptuous, disreputable, disparaging and racist designation for a Native American person," the complaint says.

Jillian Pappan, 19, of Sioux City, Iowa, one of the six challengers, equated the name Redskin with the "N-word." "You're not going to call me a redskin, and they shouldn't be allowed to have that as a copyright," she said.

Washington Redskins spokesman Patrick Wixted said the team was aware of yesterday's filing.

Robert L. Raskopf, the lawyer representing the team in the case, said today, "We're confident that we will prevail on the merits."

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"The highest court that considered it on the merits, the claim that the name disparages Native Americans, found no evidence of that. I don't think it's going to matter who brings the claim," Raskopf said. "The bottom line is there is no evidence to support that claim."

The emotional issue has a long and winding legal trail dating back 14 years. In a similar petition filed in 1992, activists argued that the team's name and feather-wearing Indian mascot trivialized Indian victims of genocide and those forced off their land by settlers and U.S. soldiers. In 1999, the Trademark Trial and Appeal Board agreed and ruled that the team had no right to trademark its name.

But Pro-Football Inc., the corporation that owns the Redskins, appealed the trademark panel's decision in U.S. District Court. Although acknowledging "difficult relations" between Anglo Americans and Native Americans, attorneys argued that the beloved hometown team has changed the connotation so the team's name is now "powerfully positive."

In 2003, U.S. District Judge Colleen Kollar-Kotelly ruled in the team's favor and threw out the patent panel's decision to cancel six highly lucrative Redskins trademarks. She did not address whether the name was insulting but concluded that the activists waited too long to challenge the trademarks, which were first granted in 1967.

Last year, the U.S. Court of Appeals for the District of Columbia sent the case back to District Court without ruling on the substance of whether the name was derogatory. That case is still pending.

Philip Mause, a lawyer with the firm Drinker Biddle, which is representing the Native American activists, said the challengers in the new case are 19 to 24 years old. Among them are Shquanebin Lone-Bentley, 19, of Alexandria and Phillip Gover, 23, of Charlottesville.

Their youth should counter the legal question of whether they waited too long to sue, because they were not born when the first trademark was granted, Mause said. He said the new filing would force the courts to rule on the underlying issue of whether the Redskins name is disparaging enough for the team to lose its trademark protection.

"It will allow this to be resolved on its merits," Mause said.

Suzan Shown Harjo, a Native American activist and one of the original 1992 challengers, said she was "proud that the native young people have stepped forward to take on this despicable, disparaging name."

She said she attended a Redskins game in 1974 with her husband but had to leave after fellow spectators pulled their hair and mocked them for being "real redskins."

"They were touching us," she said. "It was really such a bizarre thing that we had to leave."

Harjo said that more than 2,000 Native American references in team names and mascots have been changed since 1970. Stanford University in California changed its sports teams from the Indians to the Cardinal. St. John's University in New York switched from the Redmen to the Red Storm. In Ohio, Miami University's Redskins became the Redhawks.

But 900 teams continue to use Indian references, such as the Cleveland Indians, the Kansas City Chiefs and the Atlanta Braves, Harjo said.

The Washington Redskins were originally based in Boston and called the Braves. The owner changed the name to the Redskins in 1933, and the team moved to Washington in 1937.

A Spa Day That Was Anything But Relaxing (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, August 12, 2006

Reinstated Suit Alleges Racial Bias in Va.

Seandria Denny wanted to do something special for Mother's Day. So she treated her mom to a full package at the Elizabeth Arden Red Door Salon and Spa in Vienna -- manicure, massage, hairstyling, the works.

During her mother's visit to the upscale spa in 2002, Denny showed up and tried to add a hair coloring. It was then, she said, that a receptionist uttered the words that turned a day of pampering into a protracted legal battle.

"We have a problem," the receptionist and then the manager allegedly told Denny. "We don't do black people's hair."

Outraged, Denny told the salon to send her mother home. She said the salon tried to style Jean Denny's hair anyway but did a shoddy job. "Her hair looked like her finger was in a socket," she said. "They just blew-dry it out and sent her out the door."

Denny and her mother sued Elizabeth Arden for racial discrimination in U.S. District Court in Alexandria. A federal judge dismissed the case. But the U.S. Court of Appeals for the 4th Circuit reinstated the suit this week and sent it back to Alexandria for trial, ruling that "there can be no doubt that plaintiffs have presented not only strong but direct evidence of the salon's intent to discriminate."

"It is hard to imagine plainer evidence of purposeful discrimination than when services are denied expressly because the purchaser is African-American," Judge J. Harvie Wilkinson III wrote for a three-judge panel. "It is, of course, entirely possible that

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the trier of fact may ultimately see this matter Elizabeth Arden's way. The record before us, however, at least draws into serious question the neutral and non-racial explanations for whatever happened here."

In court papers, Elizabeth Arden accused the Dennys of trying to make a "federal case" out of what was merely the salon's inability to schedule the coloring that day. A lawyer for the company, Stephanie Quincy, said it "unequivocally denies that we have discriminated based on race." She said the 4th Circuit ruling "does not indicate that there was discrimination. It merely says plaintiffs have alleged discrimination, not that they have proven a case."

What, if anything, the receptionist told Seandria Denny that day remains in dispute. Elizabeth Arden denies the statement was made.

Carla Cooley, who was the general manager for Elizabeth Arden salons in 2002, said in court papers that some of her stylists had little experience doing black women's hair.

"We didn't have a lot of African American guests requesting hair services at Elizabeth Arden," Cooley said in a 2004 deposition. "I'm going to be honest with you on that. It didn't come up very often. Most of our African American guests really have a salon they go to and they love, and they wouldn't even think of trying somewhere else." Cooley's statements are not a part of the salon's defense, and the salon maintains that scheduling is the sole reason Denny's request was not accommodated.

Seandria Denny, 31, of Vienna chose Elizabeth Arden because "I wanted to give my mother a full day of pampering. She's old, she has raised nine kids and she still works hard."

Denny paid $295 for a "Miracle Morning" package that included a facial and lunch. Her mother redeemed the gift on May 26, 2002. Denny said she decided to surprise her mother and add the coloring to make her mother's black hair "a little lighter."

Denny said the manager tried to explain to her that "doing black people's hair requires a technician who is trained for it."

"I said, 'What do you mean, you don't do black people's hair?' The salon was full of people, and it was very embarrassing," Denny said. "I guess they think that doing a black person's hair is different from a Caucasian person's hair, but there is no difference. Every woman uses a curling iron."

NeCole Cumberlander, vice president of the Professional Beauty Association, a trade group, said blacks tend to have drier hair texture. In decades past, she said, "it probably was true that you needed specific types of tools in order to do textured hair or African American hair."

That is no longer true, she said. "The tools are pretty universal now, and any product line will have a line that is designed for a drier texture of hair," said Cumberlander, who owns a salon and cosmetology school in Cleveland. "There should have been at least one person on staff who could have done this woman's hair, especially at a salon of that caliber."

Shaken by the confrontation, Denny and her mother filed suit in May 2004. U.S. District Judge Claude M. Hilton dismissed the suit in January 2005, ruling that the Dennys had not provided sufficient evidence of discrimination and that "the fact that Plaintiff was displeased with her hair style certainly cannot be said to be regarded as atrocious."

The 4th Circuit upheld Hilton on several grounds but reinstated the suit under a law that forbids racial discrimination in the making and enforcing of contracts. Judge Paul V. Niemeyer sided with Wilkinson. Judge Robert B. King dissented on parts of the decision but agreed to send the case back to Alexandria for trial.

Staff writer Tom Jackman contributed to this report.

Judge Voids Md. Laws For Early Voting (WP)

By Matthew Mosk

The Washington Post, August 12, 2006

Decision, a Blow to Democrats, Is Stayed Pending an Appeal

An Anne Arundel County judge invalidated Maryland's early voting laws yesterday in an opinion that could substantially alter the political tactics used by campaign teams across the state this fall.

Circuit Court Judge Ronald Silkworth ruled that it would be illegal for Maryland elections officials to open polling stations during the week before Election Day because the state constitution strictly sets the timing of elections. The 2005 and 2006 laws also improperly permitted voters to cast ballots outside their precincts, he wrote.

"This court finds that the General Assembly exceeded its constitutional authority in enacting the early voting statutes," wrote Silkworth, a Democratic appointee whose ruling favors Republicans in one of the State House's most partisan disputes.

Silkworth agreed to stay the decision until the case could be heard on appeal by the state's highest court, probably before the Sept. 12 primary. State election officials said they will continue to prepare for voting to start as early as Sept. 5.

Should it hold up on appeal, the decision would most directly benefit Gov. Robert L. Ehrlich Jr. (R). He has vigorously fought the early voting proposals from their inception, first in the legislature with his veto and then with a failed petition drive orchestrated by his reelection campaign.

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The governor has described the plan as an invitation to voter fraud; Democrats have likened his efforts to stop it as tantamount to voter suppression.

Ehrlich learned of the decision during a lunch with Washington Post reporters and editors and appeared genuinely pleased and surprised. "Wow!" he exclaimed, eyes wide. "Are you serious? Wow!"

"They were real bad bills," he continued. "They were just ridiculous. Absolutely stupid. Stupid partisanship."

A key reason Ehrlich has fought so hard to derail the early voting provisions -- and Democrats have pushed so hard to enact them -- is that they are believed to give an edge to Democratic Party candidates in Maryland.

It's a matter of numbers: Early voting increases turnout. Democrats have a nearly 2 to 1 edge on voter rolls, so that means more votes for Democrats.

Democrats, however, have described the bill as something more akin to a voter rights act, because expanding the polling period provides more opportunities for working-class voters who might not have time to vote on Election Day.

"Sheet metal workers and crane operators and people who have to leave the house at 5 in the morning to get to their jobs at the Pentagon, they're the ones who are helped by this," Senate President Thomas V. Mike Miller Jr. (D-Calvert) said earlier this year.

Democrats planned to capitalize with elaborate efforts to prod voters to the polls. They view turnout, especially among African American voters, as crucial to their bid to unseat Ehrlich in the Nov. 7 election. The decision could force them to revise those plans.

Miller said he was baffled by the court ruling, because 35 states, including 10 whose constitutions define Election Day as Maryland's does, have permitted some form of early voting. The U.S. Supreme Court has upheld similar provisions.

But Silkworth wrote that what has occurred in other states or in federal court is not relevant to the Maryland case. He wrote that he felt compelled to adhere to a basic guiding principle: "not to depart from the plain language" of the constitution.

Dan Friedman, an expert on the Maryland constitution who teaches at the University of Maryland Law School, said there is considerable room for disagreement on the subject on appeal.

"I think there is some flexibility in the constitution," Friedman said, noting, for instance, that although the constitution decrees that the election will be held on a specific day in November, the polls need not open at 12:01 a.m. and remain open until midnight.

"The Court of Appeals has said the constitution isn't meant to be a straitjacket," he said.

Republican lawmakers said they had warned Democrats that in their view, passing early voting laws would require amending the constitution, much as the legislature did when it allowed for absentee voting.

"We told them, 'If you want to do this, do it right,' " said House Minority Whip Anthony J. O'Donnell (Calvert).

Earlier this year, just before the vote on one of the provisions, Republicans became so incensed that they staged a rare walkout in the Senate, marching up the marble staircase in the State House and into the governor's reception room. Ehrlich applauded them for walking out and declared that four years of "monopoly frustration has come to a head."

Yesterday, Ehrlich gave a similar assessment, saying he might have supported the concept of extending voting hours, or even opening polls for "two or three days."

But he said he was appalled by the Democrats' bill, which spelled out 21 addresses where polls must be open from 7 a.m. to 8 p.m. during the week leading up to Election Day and also enhanced the power of the state elections administrator, a Democratic appointee, to oversee actions of local election officials appointed by Republicans.

The court ruling -- as did the one striking down a law requiring Wal-Mart to provide health benefits to its workers -- helps him convey his message that the legislature has "overreached," he said.

"This is what they always do," Ehrlich said. "They always overreach."

Democrats, however, said they viewed the lawsuit that brought about yesterday's ruling as the latest in a series of crass attempts by Ehrlich to tamp down turnout in the election, in which he will face Baltimore Mayor Martin O'Malley (D).

Maryland Democratic Party Chairman Terry Lierman was quick to note that the case was filed by Marirose Joan Capozzi, a Republican State Central Committee member and campaign organizer for Lt. Gov. Michael S. Steele, who is running for U.S. Senate.

"She is backed by Republicans and Governor Bob Ehrlich in this effort to suppress the vote for partisan political reasons," Lierman said in a statement.

Rep. Steny H. Hoyer (D-Md.) said he, too, "strongly disagrees" with the ruling.

"Marylanders should see the lawsuit that resulted in today's ruling for exactly what it is: an effort spearheaded by supporters of Governor Ehrlich and Lieutenant Governor Steele to make it difficult for voters to exercise the franchise," he said.

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State Elections Administrator Linda Lamone said she will proceed with plans for early voting pending the high court ruling. It will be far easier, she said, to scrap the early voting effort at the last minute than to try to resurrect it at the last minute if the decision is overturned.

Staff writer Daniel de Vise contributed to this report.

Judge Nixes Early Voting (WT)

By S.a. Miller

The Washington Times, August 12, 2006

An Anne Arundel County Circuit Court judge yesterday overturned the General Assembly's recently enacted early-voting law, saying the state constitution allows only one day of voting.

"This court finds that the General Assembly exceeded its constitutional authority in enacting the early voting statutes," Judge Ronald A. Silkworth said in the ruling.

The finding resulted in flurry of responses yesterday.

The Maryland Attorney General's Office immediately appealed the ruling in the Court of Appeals, the state's highest court.

Judge Silkworth had ordered a stop to preparations for early voting in elections this fall, but stayed the order pending the appeals court's decision.

Linda H. Lamone, administrator of the State Board of Elections, said she will prepare for early voting in anticipation of a successful appeal. "If the Court of Appeals agrees with the circuit court judge, we will simply not implement it," she said.

The law, which the Democratic-controlled General Assembly passed this year over the veto of Gov. Robert L. Erhlich Jr., would allow in-person balloting at specific polling places during the week before the Sept. 12 primary and Nov. 7 general election.

The law also was illegal because it allowed voters to cast ballots outside their home election district, Judge Silkworth ruled.

"The court finds that the constitution entitles qualified voters to cast their votes only in the 'ward or election district in which he resides,'" he said. "This language is not permissive, but mandatory."

The ruling was viewed as a victory by Mr. Ehrlich, a Republican seeking re-election. He said the measure would have increased opportunity for voter fraud.

The court "rejected the Maryland General Assembly's approach to early voting as flawed, irresponsible and an overreach of the Maryland Constitution," he said.

Maryland Democratic Party Chairman Terry Lierman said the lawsuit was a Republican attempt to suppress voter turnout. He pointed out the lead plaintiff in the case was Queen Anne's County resident Marirose J. Capozzi, a member of the county's Republican Central Committee.

"Early voting is about one thing -- expanding voting rights through safe, secure and convenient voting," Mr. Lierman said. "While Governor Ehrlich obviously wants to make voting more difficult for selfish political reasons, the Maryland General Assembly overrode his vetoes and by overwhelming margins voted to solidify and expand voting rights."

Mr. Ehrlich has argued that early voting and other new voting laws -- including expanded use of absentee and provisional ballots -- were intended to give Democratic candidates an advantage in Maryland, where there are roughly twice as many registered Democrats as Republicans.

"The sanctity of Maryland elections must not be eroded for the sake of one party's political advantage," Mr. Ehrlich said. "Nonetheless, I remain supportive of the concept of early voting and look forward to working with Maryland lawmakers next year to craft a sensible and nonpartisan approach ... to ensure that Maryland conducts fair, accessible and accurate elections."

The early-voting law is the third law passed this year over Mr. Ehrlich's veto that has been struck down by the courts.

Maryland courts overturned a law that would have forced Wal-Mart Stores Inc. to pay a minimum amount of employee health benefits and a law that would have fired the governor-appointed Public Service Commission, which regulates utilities.

House Majority Leader Kumar P. Barve said the ruling yesterday was a temporary setback for a law that would ultimately make voting more convenient.

"The court overturns legislative intent all the time," said Mr. Barve, Montgomery County Democrat. "I don't regard that as repudiation of anything. When we come back next year, we will just have to clarify the law."

The state's electoral process has been a frequent point of contention between Mr. Ehrlich and lawmakers, beginning with legislature's intervention in 2003 to save the job of Miss Lamone, the state's longtime top election official under Democratic administrations.

The governor also clashed with the legislature in his failed push to require a paper record of votes cast on the state's new touch-screen voting machines.

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A petition drive backed by Mr. Ehrlich to block early voting also failed when Miss Lamone in June invalidated scores of signatures.

Sen. Ulysses S. Currie, Prince George's County Democrat, said the ruling undermined the legislature's attempt to expand voting rights. He compared early voting to the 25-year extension of the federal Voting Rights Act, which protects minority voting rights and was recently signed into law by President Bush.

"We are not only giving people the right to vote but the ability to vote," he said. "The ruling is not a setback for the General Assembly. It is a setback for the people."

ANTITRUST:

Pair Of Antitrust Suits Target Biomet (DOW)

Dow Jones Newswires

Dow Jones, August 12, 2006

Filing suggests it faces more litigation related to federal subpoena

Warsaw-based Biomet said Friday that two lawsuits were filed against it for alleged violations of antitrust law -- and the orthopedic products maker could be served with more complaints.

The lawsuits, seeking class-action status, are related to a Justice Department subpoena delivered in June to the company and three other orthopedics companies for possible antitrust violations, Biomet said in its annual report filed with the Securities and Exchange Commission.

The Justice Department requested Biomet documents from Jan. 1, 2001, to the present, according to the annual report for the fiscal year ended May 31.

The two lawsuits were filed by companies and individuals, said Greg Sasso, Biomet's senior vice president of corporate development and communications. Sasso said he didn't know where the suits were filed.

The filing didn't indicate what damages the complainants seek.

Biomet is aware that other lawsuits have been filed but not served on the company, the annual report said. Those complaints also name other orthopedics companies as defendants, it said.

"The company intends to vigorously defend this matter, and believes that it has meritorious defenses to the claims being asserted," Biomet said in its SEC-filed report.

Besides Biomet, the Justice Department in June subpoenaed DePuy, a subsidiary of Johnson & Johnson; Stryker Corp.; and Zimmer Holdings.

Biomet shares closed Friday at $33.23, down 3 cents.

2 Antitrust Suits Filed Against Biomet (AP-YBIZ)

AP, August 12, 2006

Biomet: 2 Antitrust Suits Filed Against Company

WASHINGTON (AP) -- Biomet Inc. said Friday that two lawsuits were filed against it for alleged violations of antitrust law -- and the orthopedic products maker could be served with more complaints.

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DOJ_NMG_0047974

Broadbandits (WSJ)

By Thomas W. Hazlett

The Wall Street Journal, August 12, 2006

We should be celebrating an anniversary this month: One year ago, in August, the Federal Communications Commission voted to deregulate residential broadband services. Never heard of it? Well, I'm not proposing a parade; but this victory for freer markets undermines the current proposal to re-regulate the Internet via "net neutrality."

First, the broadband situation. Under the "open access" mandate, the federal government used to be the ultimate arbiter of what telephone companies could charge independent broadband providers to use their own physical infrastructure, such as wires and cables and other network components. But reformers argued that depriving the telcos of the power to set prices and cut customized business deals meant they could not attract the investment they needed for critical but very costly improvements to these networks.

The deregulation debate was acrimonious: Critics complained that, left to market forces, households would be handcuffed and gouged by telcos pushing their own broadband services, excluding competitors and restricting access to Web content. After the vote was taken, FCC Commissioner Michael Copps challenged his colleagues: "I hope next year the commission will put its money where its mouth is to see if the assumptions yield the results. And if it doesn't, I hope it will admit that and take appropriate action. I'll be keeping tabs."

The results are in: DSL packages are cheaper, performance speeds are faster, and the number of subscribers is growing more quickly than under open access rules. According to Leichtman Research, for the nine months following deregulation (fourth-quarter results aren't posted), the number of households with DSL increased by 4.6 million -- some 31% above the previous period's growth. Meanwhile, the DSL competitors -- cable modem services -- have added 3.8 million subscribers.

The DSL experience provides a vital piece of evidence for resolving today's equally acrimonious debate over "network neutrality" (aka net neutrality). Though somewhat hazy in theory, net neutrality would likely involve the government prohibiting DSL or other broadband companies from charging content providers such as Google or Yahoo for reaching individual Internet users. It might also prohibit them from providing better service for its own bundled applications -- say, voice over Internet telephone service.

Net neutrality is another flavor of open access. Proponents understand this. The New Republic editorializes that net neutrality is needed precisely because "last August, George W. Bush's Federal Communications Commission (FCC) exempted telcos that provide Internet connections from [open-access] restrictions, dealing a blow to both entrepreneurship and political discourse." The argument is logical, but omits empirical evidence of regulatory effectiveness.

Here is the background. From the earliest days of broadband service, controversy raged over whether the physical networks used to transport data should be allowed to control content. Thus open access rules, which forced telcos to allow broadband company rivals to use their networks at regulated rates. Cable TV systems, meanwhile, also provided Internet connections via cable modems, but without any obligation to share their facilities. If an independent Internet Service Provider (ISP) like Covad or Earthlink wanted to connect customers via Comcast's lines, they could negotiate a deal but had no legal club -- as they did under open access.

There was a vigorous campaign to mandate open access on cable similar to DSL; regulators under both Presidents Clinton and Bush refused. The inevitable litigation ensued; but the Supreme Court set the matter to rest in FCC v. Brand X (2005). Its 6-3 decision upheld the FCC's classification of cable broadband as an "information service," placing it beyond the scope of common carrier regulation.

For a number of years, therefore, DSL service was subject to open access while cable was not. Unsurprisingly, DSL providers were blown away early in the race for market share. By the end of 2002, cable-modem subscribers numbered 11 million and DSL just 6.1 million, according to Leichtman Research.

Then DSL began its deregulatory trek. The first critical reform was a surprise FCC decision in February 2003 to end "line sharing" rules. This dramatically raised the prices which ISPs would have to pay to use phone company facilities to provide retail DSL service, dealing a severe blow to companies like Covad. Echoing conventional wisdom, the New York Times news story forecast a consumer defeat: "High-Speed Service May Cost More."

It hasn't. Average DSL rates, according to Kagan Research, dropped from $39.51 per month in 2002 to $34.72 in 2003. Telcos also expanded the scope, capacity and quality of advanced networks, even improving its endemic customer relations problems.

Consumers responded. DSL, holding just 35% market share in 2002, pulled even with cable among new subscribers in 2004. Leichtman Research reports that "DSL providers have added more broadband subscribers than cable providers in each of the last six quarters," and that overall, "the first quarter of 2006 was the best ever for both DSL and cable broadband providers."

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Unleashed from open access, DSL is attracting customers like never before -- and the overall growth of broadband subscribers (DSL and cable) is notably higher.

In September 2004 the FCC also eliminated network-sharing obligations for phone companies' fiber optic facilities, and deregulation appears to have triggered more investment. In the first quarter of 2006, about 100,000 of Verizon's 541,000 new "DSL" households actually received lightning fast fiber data connections. The bottom line: Since DSL began to shed its access obligations, users have flocked to the service. By the first quarter of 2006, DSL's subscribership has increased some 60% above its pre-2003 growth trend under access mandates.

Commissioner Copps was spot on in recommending a market test for deregulation of Internet access. If policy makers heed the results, they will reject the U-turn to Internet regulation via net neutrality.

Mr. Hazlett is professor of law and economics at George Mason University, and a former chief economist of the FCC.

ENVIRONMENT:

BP's Woes Spark A New Debate Over Arctic Oil Drilling (MCT)

By Kevin G. Hall

McClatchy Newspapers, August 12, 2006

WASHINGTON - Proponents of drilling in the Arctic National Wildlife Refuge are seizing on this week's shutdown of oil giant BP's Alaska drilling operations to renew their push in Congress to expand petroleum exploration and production.

Domestic drilling will be on the agenda when Congress returns in September. Negotiators in the House of Representatives and the Senate will begin trying to narrow their differences on two bills that call for expanded drilling on the U.S. Outer Continental Shelf.

Neither of these bills has provisions for drilling in ANWR, but Rep. Richard Pombo, R-Calif., the chairman of the House Resources Committee, is expected to hold hearings on the American-Made Energy Freedom Act. The bipartisan House bill proposes to open 1.5 million coastal acres of the 19 million-acre refuge to limited drilling.

The U.S. Geological Survey thinks there's a 50 percent chance that 10.3 billion barrels of oil lie below those 1.5 million acres. More than 15 billion barrels already have been pumped out of nearby Prudhoe Bay.

Opponents of opening ANWR argue against putting at risk a fragile ecosystem that's home to migratory birds, native bears and large caribou populations. They often point to the Exxon Valdez, an oil tanker that struck a reef outside Alaska's Prince William Sound in 1989. The spill of millions of gallons of oil contaminated coastlines and killed scores of wild animals.

Proponents of opening at least part of ANWR argue that it offers a reliable source of oil that would help cushion shocks from accidents or political turmoil.

Pombo and other advocates of opening the refuge argue that if drilling there had been authorized a decade ago, there'd be a supply cushion that could have prevented the $2-per-barrel spike in world oil prices this week after BP announced that it was shutting down its Prudhoe Bay field to repair corroded pipelines.

Experts agree that if there'd been more U.S. production at ANWR, the global oil supply wouldn't be as tight as it is today. The Paris-based International Energy Agency said Friday that spare oil-production capacity across the globe was dangerously tight at about 3 million barrels per day (mbd).

"It is oil without political risks," said Peter Beutel, who heads the energy consultancy Cameron Hanover in New Canaan, Conn.

Some experts, however, say that while Alaska's North Slope may be a more dependable source of oil than, say, Iran, Iraq, Saudi Arabia, Nigeria or Venezuela, developing it would only add to a coming oil glut. The Pulitzer Prize-winning oil historian Daniel Yergin, for one, thinks that a giant global oil cushion is just around the corner.

The high price of oil, they argue, has sparked investment in lots of traditional and nontraditional sources of oil. These include drilling deeper for oil under the ocean floor, boiling oil from sands in Canada's province of Alberta, drilling off the coasts of Brazil and West Africa, and a bevy of new projects in former Soviet republics and the Caspian Sea basin.

In a June 2005 private report, the Cambridge Energy Research Associates, which Yergin runs, concluded that oil supplies may exceed demand by 7.5 mbd by 2010. This week, Yergin upped his projections for new oil projects coming online.

"Based upon our field-by-field examination of current activity and of 360 new projects that are either under way or very likely, we see capacity growing from its current 89 mbd to 110 mbd by 2015, a 25 percent increase," Yergin wrote in The Wall Street Journal's opinion pages on Aug. 9.

Those new sources could result in overproduction and lower prices within three to five years, said Yergin, who said the projected increases "would go a long way to meeting the growing demand from China, India and other motorizing countries."

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Environmentalists argue that BP's problems should encourage a search for alternative sources of energy rather than more oil.

"We think the latest problem ... should spur members of Congress to talk about how we can get away from fossil fuels," said Athan Manuel, the director of lands programs for the Sierra Club in Washington.

Pombo's bill, co-authored by California Democratic Rep. Dennis Cardoza, seeks to win over reluctant Democrats by creating a special Energy Investment Fund. Royalties, lease payments and corporate taxes collected from opening ANWR could be used to pay for the development of alternative fuels such as ethanol.

According to projections from the nonpartisan Congressional Research Service, opening 1.5 million acres of ANWR could bring the federal treasury - or a trust fund, should one be established - as much as $112 billion in royalties, lease payments and corporate taxes.

Environmentalists find it perverse to propose oil drilling in Alaska as a way to raise money for alternative fuels.

BP Faces Fresh Probe Over Alaska Field (FT)

By Stephanie Kirchgaessner In Washington And Rebecca Bream In London

Financial Times, August 12, 2006

BP is facing a congressional probe in Washington over whether its decision to shut down production at its Prudhoe Bay field was a “market strategy” designed to manipulate the oil market.

In a scathing letter sent to Lord Browne, BP chief executive, on Friday, Joe Barton, the powerful chairman of the House energy committee, suggests the Alaska shutdown could be part of a wider strategy by BP to influence the market, particularly in light of recent allegations by US regulators that the company engaged in illegal trading in the propane gas market. The company has denied those allegations.

Mr Barton this week said he would hold a September 7 hearing to examine BP’s management of severe corrosion in its oil transit lines. In his letter, Mr Barton says evidence of BP’s “chronic neglect” of the pipeline, and the subsequent damage that the shutdown has imposed on American consumers and the US economy is “not excusable”.

Although Mr Barton, a Texan who is seen traditionally as a staunch defender of the oil industry, has not indicated whether he will call on Lord Browne to testify, the seriousness of the shutdown at a time when Congress wants to be seen as responsive to high petrol prices means that either the BP chief or another senior BP executive will probably have to face Mr Barton’s wrath personally.

The lawmaker is understood to be incensed particularly by the shutdown because staff at the energy committee received reassurances from BP just a few months ago that a March oil spill, the result of a corroded pipeline, was “an anomaly”.

“Following on the heels of the BP refinery disaster that killed 15 people in Texas City in 2005, and the oil spill . . . this latest incident once again calls into question BP’s commitment to safety, reliability, and the responsible stewardship of America’s energy resources,” Mr Barton said.

BP said it would assist the committee in its inquiry. The letter represents the latest sign that pressure is growing on the company in the US capital.

Apart from Mr Barton’s committee, BP is under investigation by the Department of Justice, Department of Transportation and the Environmental Protection Agency. The probes and heightened criticism by lawmakers fly in the face of attempts by BP to craft carefully its image in the US as a responsible and eco-friendly oil company, in contrast to US oil giants.

Separately, BP said it would make a decision later in the day on whether to close the western portion of the Prudhoe Bay field after the transportation department found it was not necessary.

Oil Field To Stay Partially On Line (WT)

By From Combined Dispatches

The Washington Times, August 12, 2006

ANCHORAGE, Alaska -- BP PLC said yesterday it would keep one side of the nation's largest oil field open as it replaces 16 miles of pipeline, averting a total shutdown that could have put a larger crimp in the nation's oil supply.

The decision will allow BP to keep funneling up to 200,000 barrels of oil and natural gas from Prudhoe Bay. BP, which operates the oil field, previously had said it would have to shut down the field after revealing leaks and severe corrosion on the eastern side of the pipeline nearly a week ago.

BP said it decided to continue supplying oil out of the western side of the field after reviewing 1,400 ultrasound inspections on five miles of the pipeline, and discussing the matter with federal and state regulators.

BP said it will monitor the pipeline round-the-clock and use infrared cameras from the sky and the ground to detect small leaks. It will run a high-tech "smart pig" device through the line by November to search for weaknesses in pipe walls.

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Two vehicles equipped with equipment to clear up any spills and carrying observers with infrared leak detection kits will patrol the line 24 hours a day, while engineers will visually inspect the line 10 times a day, BP said.

"The results have been encouraging and have increased our confidence in the operational integrity of this pipeline," BP America Chairman and President Bob Malone said in a statement yesterday.

"With greatly enhanced surveillance and response capability, I am confident we can continue to safely operate the line," he said.

The company said it is currently producing about 150,000 barrels of oil and natural gas per day from the western side of the field, but hoped to soon reach about 200,000 barrels a day.

The natural gas accounts for between 11,000 and 12,000 barrels of the total. Before the discovery of the leaks, BP was pumping as much as 400,000 barrels out of the entire field daily.

Steve Marshall, the president of BP Exploration Alaska, thanked state and federal personnel "for giving this effort their complete and undivided attention."

BP also said it was looking at ways to restore some production from the eastern side of the field, subject to approval by federal regulators. The company is hoping to complete installation of the new 16 miles of pipeline by early next year.

The shutdown has raised fresh questions about BP's safety record in the United States, after a major oil spill in the same region of Alaska in March and a huge blast at its Texas City refinery last year that killed 15 workers.

The company was forced to deny reported claims by a whistleblower that it had ignored corrosion problems at the Alaskan pipeline for years. But some have accused BP of acting with excessive zeal now.

Alaska Gov. Frank Murkowski, noting his state is losing about $6.4 million in daily revenues because of the shutdown, had queried the need to cease all operations from Prudhoe Bay.

Hunting Pinholes In The Pipeline (WP)

By Steven Mufson

The Washington Post, August 12, 2006

Along 22 Miles, Small Leaks Mean Big Problems for BP

DEADHORSE, Alaska

Where workers had stripped away the insulation on a section of pipeline, John White squatted in the soggy soil with headphones as an ultrasound device he had attached at the 9,992-foot mark sent signals to computers on a truck that was idling nearby.

"This pipe looks really good," said White, as he moved the device down another foot or so. Over one and a half days, White had been able to test segments of the 22 miles of pipeline that link Prudhoe Bay, the biggest oil field in the United States, with the rest of the world.

Not all of it looked so good. A few miles away, workers were skimming oil off the surface of the tundra where a leak discovered Sunday spilled 15 barrels over an area about 2,600 square feet. An acrid smell filled the air, and the black gooey ground contrasted sharply with the surrounding tundra, which during this time of year is brown and marshy, with white flowers known as tundra cotton grass.

This is where workers with the BP PLC oil company found a small leak Sunday through multiple holes, one of 16 places in its easternmost transit pipeline where the company had discovered severe corrosion after running a diagnostic device known as a "smart pig" through the line. In two places the steel was so thin, less than seven-hundredths of an inch thick, that it felt soft to the touch. Since Sunday, BP has found four more pinhole leaks in the eastern line. Another 197 barrels of oil had spilled into containment tanks by Thursday, said Amanda Stark, the on-scene coordinator for the Alaska Department of Environmental Conservation, as she watched over the cleanup.

The discovery of the leaks there, a straight elevated piece of pipe within view of the company's operating base, prompted BP to announce that it would close down all of Prudhoe Bay's 400,000 barrels per day of production and replace 16 of the 22 miles of transit pipelines.

This week, BP has been scrambling to determine if it can keep some Prudhoe Bay oil flowing through its western transit line while it makes the repairs. That will depend on what is found by workers like White, who was flown to the site Monday. BP officials said they hoped to decide early next week. An order issued by the Transportation Department's Pipeline and Hazardous Materials Safety Administration gave BP the option of keeping open the western line, which previously carried half of Prudhoe Bay's output and is now running at 120,000 barrels a day.

Keeping some of the oil flowing would be desirable: With oil prices at about $75 per barrel, BP and its partners Conoco Phillips and Exxon Mobil Corp. are losing a lot of money. BP has had to buy 4.5 million barrels of crude oil in spot markets to cover its refinery needs. The production loss has also rattled anxious oil markets, bringing attention to BP's maintenance lapse.

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Political pressures are building, too. The state of Alaska could lose $6.2 million a day, or more than 80 percent of its revenue. Standing here Thursday in a parking lot with metal warehouses, telephone lines and dusty dirt roads in the background, Gov. Frank H. Murkowski (R), who is generally an ally of the oil industry, called the site "the best oil field in the world." But the governor, who is fighting an uphill bid for reelection and who has suspended state hiring, added, "We're going to hold BP accountable." In Washington, House Energy and Commerce Committee Chairman Joe Barton (R-Tex.) released a letter to BP chief executive John Browne saying, "this latest incident once again calls into question BP's commitment to safety, reliability, and responsible stewardship of America's energy resources."

Whether BP will feel confident in keeping even part of its western transit line open is uncertain. It cannot get equipment needed to run a smart pig through the line until late November.

Until Sunday, BP had told regulators that using exterior ultrasonic devices to examine the spots where corrosion was most likely to occur -- dips and dead legs -- was a good enough method of assuring the pipeline's integrity. But the broader smart pig results it received a week ago on its eastern line "shattered that confidence," said Kemp Copeland, BP's Greater Prudhoe Bay field manager. "In hindsight, we weren't looking in the right spots."

Some engineering experts said that the corrosion in the Prudhoe Bay field should prompt industry to check pipelines elsewhere. "Here was systemic corrosion that wasn't caught by some of the best experts in the world, and this isn't Joe's oil company," said Lois Epstein, senior engineer with Cook Inletkeeper, an Anchorage nonprofit group that monitors the oil industry. "What does this say about pipelines in other parts of the world?"

Environmental sensitivities have played a key role here ever since oil was discovered in Prudhoe Bay on Dec. 26, 1967. For hundreds of miles, the faintly green and brown tundra, soggy during the summer, stretches out along the treeless coast, dotted with small lakes and ponds. Until the oil industry arrived, the main inhabitants here were caribou and polar bears. After the oil shock of 1973, development moved ahead and oil was flowing through the Trans-Alaska Pipeline System (TAPS) by 1977. Ever since, Prudhoe Bay has been a centerpiece of U.S. production. It has produced 11.7 billion barrels of oil and it probably has another 2 billion left, BP says.

Now regulators and environmentalists are asking whether BP has been negligent about maintenance of the 30-year-old transit pipelines that snake their way through the flat landscape, connecting the gathering lines from the wells to the bigger TAPS line. Some petroleum engineers say that while BP says it has been "surprised" by the extent of corrosion it has discovered since a leak was found on March 2 this year, it should have come as no surprise.

Corrosion is a constant problem for oil pipelines. The combination of oil, gas, carbon dioxide and water can form carbonic acid that eats away steel pipe. In a field like Prudhoe Bay, corrosion is more likely because BP is pumping water from the Beaufort Sea into the wells to help push out the oil as pressure in the aging field declines. Now the wells are producing 1.3 million barrels per day of water, along with 400,000 barrels of oil.

BP had planned to spend $72 million this year to fight corrosion in Prudhoe Bay, up 80 percent from 2001. Copeland said, however, that the "vast majority" of the funds are spent on the 1,500 miles of smaller infield lines that carry oil from the well to processing plants. "That's where we expect to have the highest chance of corrosion," he said. Occasional leaks have occurred in those smaller lines, he said. The transit lines were thought to be lower risk because the oil passes first through processing plants to remove virtually all water and sediments.

But that is not enough to keep the lines clean. The eastern Prudhoe Bay transit line had collected so much sediment by 1992 that Atlantic Richfield Co., which was then operating the line, could not get a maintenance pig through to clean out the pipe. Even though BP bought Arco in 1999, it never ran a smart pig through to clean or collect data. This week, three of the pigs stood on a flatbed pickup truck, looking like overgrown bullets between knee and waist high. They had bright yellow plastic heads and bases and either steel brushes or magnetic sensors in between. True to their name, the pigs chew up sludge and the brushes make squealing noises as they work their way through the line.

It remains a mystery why BP did not run a pig through the pipelines. Even though the buildup of sludge was an obstacle, BP has cleared out the eastern line enough in just two weeks to run a smart pig through it. All company officials like Copeland could say as they stood looking out over the web of steel was that they wish they had.

In addition to the suspended output, strong world demand for steel has driven up the cost of pipe. And replacing large portions of the pipeline would take months. Prudhoe Bay on the Beaufort Sea lies 250 miles north of the Arctic Circle. The new pipe will be smaller because Prudhoe Bay production is declining. Deadhorse is more a collection of steel huts and warehouses than a town, more like northern New Jersey's industrial zone than the frontier. It's where people come to work hard enough to leave. Few tourists visit; there are vacancies at the Arctic Caribou Inn.

Just outside the BP operating base, a pickup truck that had been partly crushed in a collision is perched on a platform. In front of it is a sign that reads: "A moment of distraction can lead to an accident." In the case of the BP pipelines, it took many moments, but the result was the same.

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Pressure's On For A Pipeline Fix (LAT)

By Sam Howe Verhovek

The Los Angeles Times, August 12, 2006

Jittery markets, oily tundra, Alaskan angst -- and one BP crew chief is trying to clear it all up.

DEADHORSE, Alaska — Hard by the Beaufort Sea, in 30-degree wind chill and surrounded by an otherworldly tableau of bright orange natural gas flares, caribou herds and wisps of arctic fog, Kemp Copeland wants everyone to know that he's working as fast as he can.

As field operations manager at BP Exploration Alaska's massive oil complex here, 250 miles north of the Arctic Circle on the northern edge of Alaska, the 45-year-old Texas native oversees repairs to a pipeline delivery system that was abruptly hobbled this week by the discovery of severe "microbiological corrosion" in parts of the pipeline complex.

The near-shutdown in oil deliveries from Prudhoe Bay caused a sudden spike in oil prices on jittery world markets and has prompted virtual chaos in Alaska's state government, 89% of which is funded by oil revenues from North Slope fields. On Friday, a beleaguered BP announced that while repairs are underway, it would continue production of oil from the western side of the Prudhoe Bay field.

The problem with the pipeline has become a factor in the state's raucous political scene, where some recent polls have suggested that Republican Gov. Frank H. Murkowski, who ordered a blanket hiring freeze in state government on Wednesday, is running third in a three-candidate GOP primary scheduled for Aug. 22.

While Murkowski and other Alaskans — as well as oil traders across the globe — wait for word on how long the repairs will take, Copeland cautions that he has no easy answers.

"We are looking at every available option, including bypass options," said Copeland.

"However, our number one priority is safety," added Copeland, a wiry, balding man whose Ross Perot twang mixes with a Jack Webb "just the facts, ma'am" delivery.

Critics say the corrosion problem is only the tip of a potential iceberg as the pipeline system nears its 30th birthday next year.

Industry officials sharply dispute that view, arguing that they carry out a rigorous inspection system for an 800-mile line that has delivered 14 billion barrels to the southern Alaska terminus at Valdez, while leaking less than the equivalent of one teaspoon in a swimming pool.

Copeland said about 200 BP employees were involved in responding to the spill and in emergency spot inspections for many of the 1,500 miles of pipeline that snake through the

Prudhoe Bay complex.

Those lines constitute a feeder system to the Trans-Alaska Pipeline, which is managed by a separate consortium and was not the source of the recent spill or one in March that also spurred criticism of BP's Alaska operations.

Copeland and other BP officials here describe the problem as the result of an unusual buildup of bacteria in one of the smaller feeder lines; bacteria generally are flushed through the system and don't accumulate.

The bacteria left a corrosive waste, causing the leak, said company officials, who added that they did not fully understand what caused the buildup.

About 15 barrels spilled, said Amanda Stark of the Alaska Department of Environmental Conservation. Workers in white chemical suits used vacuums and a rope-line absorption system as they cleaned the dark stain that had spread across about 6,000 square feet of tundra.

The spill, detected on Sunday, is considered relatively minor, but the potential for corrosion problems elsewhere caused BP to shut down operations throughout much of the complex, triggering the price spike Monday. (The price per barrel actually fell slightly for the week.)

BP officials said it could take weeks and perhaps months to replace the line and bring Prudhoe Bay back to full operations — and that is assuming that inspectors do not find similar problems elsewhere.

The company said Friday that it hoped to install 16 miles of new pipe by early next year. "We think we have a very robust maintenance and inspection program," Copeland said. "Clearly we have a gap in our program, and going forward we will make changes."

Environmentalists disputed that view.

"The oil industry has been asking us to trust them to protect Alaska's fragile arctic environment, but they have not yet earned that trust," said Peter Rafle, a spokesman for the Wilderness Society.

Murkowski promised that he would "hold BP accountable" for the millions of dollars in uncollected revenue that is plaguing the state budget.

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But he also sought to downplay the long-term problems posed by the shutdown, telling reporters here Thursday after touring the complex, "You know, a lot of people have already concluded that we've had a catastrophe, and we haven't."

In addition to the immediate problems posed by the shutdown, Murkowski is facing other issues that could plague his reelection bid.

Many voters say they are perturbed by his actions after he was elected four years ago, vacating the U.S. Senate seat he held for 22 years. Soon after his inauguration he appointed his daughter, Lisa, then a state representative, to replace him in the Senate.

The governor faces a complex battle over possible changes in state tax laws designed to spur construction of a natural gas pipeline from Prudhoe Bay to Canada.

He is also the target of many Alaskans' frustration over the state's inability to gain federal approval for drilling in the Arctic National Wildlife Refuge, east of here.

Polls show a majority of Alaskans support the bid by President Bush and many Republican senators to open the refuge to drilling, but the bid has been blocked by largely Democratic opposition, reflecting the wishes of many Americans to see the wilderness protected.

Among those working Friday to fix the pipeline leak, Jason Gauf, 36, of Spokane, Wash., and Steve Ketchum, 33, of Longview, Texas, were out on the tundra with the operator of a giant crane placing a protective sleeve around the faulty pipe.

The pay for workers here includes a lot of overtime, allowing some to make $100,000 or more annually for enduring the often-brutal conditions. Temperatures routinely dip to 20 degrees below during a winter when the sun doesn't rise at all for six weeks on either side of the winter solstice, Dec. 21. Conversely, it doesn't set during much of the summer. Slightly more oil is produced during the winter months because the turbines operate more efficiently in colder weather.

Like many of the 4,000 Prudhoe Bay employees, Ketchum works a two-week-on, two-week-off schedule, sleeping at the large company barracks after his work shifts.

And on his off-weeks, he knows exactly what he's going to be doing: "I'm off to Texas."

BP's Alaska Woes Are No Surprise For One Gadfly (WSJ)

By Jim Carlton

The Wall Street Journal, August 12, 2006

Charles Hamel , a Conduit For Issues Raised by Workers, Had Alerted EPA of Problems

ALEXANDRIA, Va. -- When the giant oil company BP PLC announced a week ago it would shut down its massive Prudhoe Bay oilfield in Alaska because of corrosion problems, the news surprised many. It surprised the energy markets, which sent oil prices up $2 a barrel. It surprised Wall Street, which pushed BP shares down.

But it didn't surprise Charles Hamel.

Long before the closure of Prudhoe Bay, America's largest oil field, 76-year-old Mr. Hamel had sounded the alarm. As one of the oil industry's pre-eminent gadflies, Mr. Hamel last year provided information on Prudhoe Bay's corrosion problems to the Environmental Protection Agency, prompting a criminal investigation. Mr. Hamel also spurred a Department of Transportation investigation into complaints that some safety valves weren't working at the field last March.

One indicator of the impact of the Prudhoe Bay closure: It was enough to knock BP off the pedestal as Europe's largest oil company. That spot is now held by Royal Dutch Shell PLC, after BP's stock-price declines erased a big chunk of BP's market value over the past week or so.

"Chuck Hamel has provided important leads to Congress over the years, and he has served as a trusted outlet for many concerned workers," says U.S. Rep. John Dingell, a Michigan Democrat who has long looked at Alaskan oil issues.

For almost 20 years, Mr. Hamel, close family friend of actress Sissy Spacek and also a great-grandfather, has served as the spokesman for a network of disgruntled workers in the Alaskan oil fields. Operating from a three-bedroom home overlooking the Potomac River in suburban Washington, D.C., the former oil broker is a conduit for worker complaints from 5,000 miles away. In particular, he has focused on safety issues at Prudhoe Bay -- which provides 8% of U.S. crude-oil production -- and the 800-mile Trans-Alaska Pipeline.

Mr. Hamel has used his proximity to the Washington power corridor to instigate numerous government investigations into oil workers' complaints. All told, investigations prompted by Mr. Hamel have forced BP and Alyeska Pipeline Service Co., which operates the Alaska pipeline on behalf of BP and other companies, to undergo safety-related improvements estimated at more than $1 billion, government officials say.

Mr. Hamel has also gotten Alaskan state agencies, long criticized by oil workers for not scrutinizing the industry enough, to ramp up their oversight. "I kept getting calls from workers telling me about the problems up there," Mr. Hamel says. "They didn't have any other place to go, so I felt responsible for them."

But Mr. Hamel's actions have sometimes raised the ire of federal officials, regulators and others. Some federal officials gripe that Mr. Hamel creates a ruckus on issues that are far from calamitous. The officials and some regulators add that he also sometimes won't provide specifics on where alleged problems are located, making it tougher for companies and agencies to quickly respond.

Mr. Hamel is persona non grata with the oil industry. John Browne, BP's chief executive officer, for one, declines to answer questions on what he thinks of Mr. Hamel. "It would be so good if everyone used the process we have to tell us what's wrong," Lord Browne said in an interview while visiting Prudhoe Bay last week.

Mr. Hamel's relationship with the industry wasn't always bitter. Born and raised in Watertown, Conn., the Korean War veteran once favored oil exploration in the Arctic. In the 1960s, Mr. Hamel worked as a broker in the ocean-shipping business, connecting foreign buyers with U.S. sellers of commodities like grain. He also brokered shipments of Alaskan crude oil to the lower 48 states, a job that earned him fees as high as $100,000 a month.

In 1979, Mr. Hamel met his future nemesis, Mr. Browne, at a BP office in Cleveland. Mr. Hamel says he asked Lord Browne, who was then a lower-level BP executive, to reduce the Alaskan crude shipping fees for a client Mr. Hamel felt was being overcharged. Mr. Browne and another oil executive declined, he says. Lord Browne says he remembers meeting Mr. Hamel, but declined to elaborate further.

Mr. Hamel's relations with the oil industry soured in the 1980s. Around 1975, he had acquired an interest in a field at Prudhoe Bay, but later sold out to Exxon Mobil Corp., which hit a gusher at the field in 1989. Mr. Hamel accused Exxon of neglecting to tell him about how large the oil deposits were, a charge Exxon denied.

His industry relationships worsened in 1979 when a supertanker he had brokered took shipments of Alaskan oil laced with water. Mr. Hamel accused Alyeska of intentionally allowing the oil to be diluted with water; Alyeska denied the assertion. The incident triggered a years-long legal dispute over the origins of the tainted oil involving the tanker owner, the oil buyer and pipeline operator Alyeska. Mr. Hamel says the high-profile case -- which was never resolved -- forced him out of the tanker business.

During that time oil workers started calling him, Mr. Hamel says, with stories of safety problems along the pipeline, such as leaking valves or unsafe electrical gear. Mr. Hamel pressed state and federal officials to investigate. Alyeska responded by hiring a private security firm, Wackenhut Corp., to ferret out Mr. Hamel's sources.

In 1992, Mr. Hamel filed suit against Alyeska and Wackenhut over the spying; the parties later settled for an undisclosed amount. Alyeska also apologized in full-page newspaper ads. A congressional hearing was called to examine the spying case.

That hearing cemented Mr. Hamel's status among disaffected worked after he refused repeated attempts by industry lawyers to disclose the names of his sources. "What he did was turn the light on, up where, before, any oil company was allowed to operate in the dark," says Rob Brian, a former operator at Prudhoe Bay who used to be one of Mr. Hamel's sources of information.

Since the late 1990s, Mr. Hamel has worked full-time on oil-worker complaints. That pro bono work has cost him financially, friends say. Mr. Hamel has spent so much money on phone bills, travel and other expenses related to the work that he has exhausted much of his savings, says Stan Stephens, a tour-boat captain in Valdez, Alaska, and close friend of Mr. Hamel's. "He told me once he didn't have enough money to go out to dinner," says Mr. Stephens, who worked with Mr. Hamel on oil issues related to the port of Valdez. "At least now he's finally getting the credit he deserves."

Ms. Spacek, who says she views Mr. Hamel like an uncle, adds: "Honest, loyal, trustworthy and courageous, Chuck has time and again put himself in great personal jeopardy defending his ideals and the ideals of those who are unable to speak out for themselves."

Mr. Hamel says he doesn't consult for energy companies and lives mostly on loans and Social Security income. He once was a millionaire, he says, but filed for bankruptcy after he lost his tanker business and the Prudhoe Bay lease. But "when these [oil workers] come to you, how can you say no?" he says. "You can't."

Write to Jim Carlton at jim.carlton@wsj.com1

Oil Prices Rise On Market Re-evaluation (AP)

By Madlen Read

AP, August 12, 2006

Crude-oil prices rose slightly Friday after dropping more than $2 a barrel a day earlier, as markets re-evaluated how the thwarted trans-Atlantic airplane attacks might dampen jet fuel demand and consumer confidence.

It capped a week of huge price swings in the energy markets. The announcement late Sunday that BP would lose production out of its Alaskan pipeline caused prices to soar, and Thursday's news of the foiled terrorist plot cause them to tumble back.

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Cameron Hanover analyst Peter Beutel characterized Friday's oil markets as "exhausted, and applying bandages: there was a lot of money made and lost this week."

Markets on Friday also took note of the monthly report from the International Energy Agency, which cut its global oil demand growth estimate amid shrinking demand in developed industrialized nations.

Light, sweet crude for September delivery rose 35 cents to settle at $74.35 Friday on the New York Mercantile Exchange — below last Friday's settlement of $74.76 a barrel, despite soaring above $77 earlier this week.

September Brent crude on the ICE Futures exchange climbed 35 cents to settle at $75.63.

Thursday's price drop of more than 3 percent to the lowest settlement price since July 28 came after British authorities said they had stopped a terrorist plot to blow up several aircraft in flight between Britain and the United States.

Lawrence Eagles, head of the IEA's oil industry and markets division, told Dow Jones Newswires that the demand outlook hadn't factored in the potential impact of the airline terror plot.

"It's far too early to make a definitive call on this," Eagles said. It will be important to gauge the psychological impact, he said, and "if it does cause a reduction in air travel, it'll impact" jet fuel, "which is the tightest part of the product spectrum."

After the plot was revealed, markets expected a drop in air traffic volume, and consequently less demand for fuel.

"Undoubtedly this knee-jerk reaction was overdone and many traders are taking the opportunity to re-establish long positions as focus returns to the Prudhoe Bay outage," said Paul Harris, head of energy and emissions at Bank of Ireland Global Markets.

Gasoline futures rose 7 cents to settle at $2.0643 a gallon after closing Thursday at their lowest price since finishing at $1.9766 on April 7.

Heating oil futures rose 1.56 cents to settle Friday at $2.0406 a gallon, while natural gas futures fell 26 cents to $7.269 per 1,000 cubic feet.

BP announced late Thursday that it will try to keep part of its North Slope production running while replacing corroded pipes that have caused two spills this year.

But federal regulators ordered the company to conduct more rigorous inspections to continue operations, and BP must pass a series of tests before restarting pipes it shut down. BP plans to decide next week on whether to maintain flows from the western part of the field.

The IEA said net crude oil losses following BP's problems at Prudhoe Bay will be lower than expected, and that Saudi Arabia and industry-held stocks could offset these.

"For the time being, the market can cope with current outages," the IEA said in its report. "While Prudhoe Bay represents a significant outage, there are potential offsets, from Saudi Arabia, the U.S. (Strategic Petroleum Reserve) and above-trend refiner stocks."

Output from the BP-led field represents around 8 percent of U.S. domestic production.

The average U.S. retail price for a gallon of unleaded, regular gasoline slipped marginally Friday to $3.032, according to AAA, after hovering around $3.036 since BP announced the Alaska pipeline would need to be repaired.

However, retail gasoline prices in California, Oregon and Washington — the main recipients of Alaskan oil — continue to climb about a cent a day, and retail diesel prices in Oregon and Washington are at new records.

The IEA trimmed world demand growth to 1.19 million barrels a day. Its estimate for outright demand this year and next was little changed at 84.78 million barrels a day and 86.38 million barrels per day, respectively.

Prices continue to be supported by supply disruptions in Nigeria because of civil unrest, the standoff between the United Nations and Iran over the nuclear program of OPEC's No. 2 oil producer, and fighting in the Middle East between Israel and Hezbollah.

Going into next week, traders will also be watching weather patterns in the Caribbean for potential hurricanes that could strike Gulf coast refineries, as well as signals for where fuel demand is headed.

On Wednesday, before the news of the attempted terrorist attack, the U.S. government had reported that gasoline demand was higher than it was at this time last year despite climbing pump prices, and that inventories of distillates — which include heating oil and diesel fuel — had fallen below year-ago levels.

Feeding The Habit (WP)

The Washington Post, August 12, 2006

Weak oversight and corporate negligence led to an oil leak in Alaska.

President Bush declared in January that America is addicted to oil. So what happens when an addict loses his stash? The United States came close to finding out this week as BP PLC slashed production from the country's largest oil field, at Prudhoe Bay, Alaska. The pipeline that carried crude from the eastern side of the oil field was leaking, and the company discovered heavy

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corrosion along large portions of the line. For a while, it looked as though BP would stop pumping all 400,000 barrels a day that it used to get from the area. Oil prices spiked to $77 a barrel on the news, and commentators claimed that this was the harbinger of a 1970s-style oil recession.

Now that the initial shock of the closure has worn off, the situation doesn't look quite so bad. Prudhoe Bay is still producing about 140,000 barrels daily, and that number could soon be as high as 185,000 if the pipeline that serves the western side of the bay remains open. The price of oil is also down after talk of opening the country's strategic oil reserve and following Thursday's terrorist scare, which may cool airline demand for jet fuel. Energy Secretary Samuel W. Bodman assured consumers Tuesday that America will be able to meet its oil demand with new imports from Mexico, Ecuador and Colombia.

Still, the fact that the pipeline leak didn't precipitate a major national energy crisis shouldn't let BP off the hook. The pipeline had not been thoroughly inspected since 1992. In 2004 a BP survey of employees and contractors at Prudhoe Bay provided a warning to executives that the company was not adequately maintaining the pipeline. In television advertisements, BP trumpets its commitment to preserving the environment and its support for renewable energy. But BP is, first and foremost, an oil company. Maintaining the flow of crude from the fields it operates should take priority over self-congratulatory ad campaigns.

The weakness of government regulations for oil pipelines is also alarming. Because BP's leaky tube was a "low-pressure" pipe, it is exempt from federal upkeep rules, which require regular and extensive integrity checks of other types of pipelines. The Transportation Department will soon propose rule changes that will remove the oversight exemption for pipes in sensitive areas. Whatever new rules the Bush administration decides to adopt, Congress should consider writing specific language into the Pipeline Safety Act, which is up for reapproval after summer recess, requiring tough regulatory standards for low-pressure pipelines. Otherwise America might not get its oil fix -- a strategic necessity until the country can undergo withdrawal.

Size Of Channel Islands No-Fishing Zones May Double (LAT)

By Gary Polakovic, Times Staff Writer

The Los Angeles Times, August 12, 2006

Under a plan unveiled by federal officials, about 20% of the waters around five islands off Ventura and Santa Barbara counties would be closed to fishing.

Moving to ban fishing fleets from some of California's richest waters, federal authorities unveiled a plan Friday that would double the size of no-fishing zones around the Channel Islands to protect marine life and restore a depleted ocean.

The proposal marks a major expansion of an existing network of marine protected areas and a recognition that closing large tracts of ocean to commercial and recreational fishermen may be necessary to help fish populations rebound.

Under the plan, about 20% of the waters surrounding five islands off Ventura and Santa Barbara counties would be closed to harvest. It doubles existing no-fishing zones to 309 square miles and sets aside an additional 12 square miles as a marine conservation area where fishing is sharply restricted.

The reserves, under federal jurisdiction, would be established in deep water to complement the shallower refuges California created around the islands three years ago. The strategy ensures protection for a variety of species — including lobsters, rockfish, abalone and other creatures — that inhabit reefs, mudflats, kelp forests, sea grass beds and sandy bottoms.

"When you close areas, the data is clear that the fish and lobster are bigger and more abundant, there's a wider variety of species and kelp is richer," said Channel Islands National Marine Sanctuary Supt. Chris Mobley. "We hope these closures … produce more fish and larvae that spread beyond the closure areas and provide more sustainable and better fishing opportunities."

Details of the plan are contained in a draft environmental impact statement the National Oceanic and Atmospheric Administration released Friday. While the proposal has long been expected, the document identifies specific locations for the marine reserves and invites public comment on the proposal over the next 60 days. The changes won't take effect until after public hearings Sept. 26 in Ventura and Sept. 28 in Santa Barbara, and the approval of a final environmental document.

The announcement comes just days before the state Fish and Game Commission meets to consider a separate plan to establish 26 marine reserves spanning 208 square miles — nearly half of which would exclude all types of fishing — along the Central Coast. The commission is scheduled to discuss that proposal, part of the state's Marine Life Protection Act Initiative, at a meeting Tuesday in Monterey.

Increasingly, scientists, environmentalists and elected officials are turning to marine closures as a method of last resort to save fisheries. Such strategies have idled New England fishing fleets and resulted in the emergency closure of 4,000 square miles of the Pacific from the Palos Verdes Peninsula to the Mexican border to protect cow cod.

The United Nations' Food and Agriculture Organization estimates that about one-third of the planet's fisheries are significantly overfished.

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A scientific paper published in the journal Nature in 2003 by a pair of Canadian researchers showed that 90% of all the big fish in the ocean — including tuna, halibut, swordfish, marlin and shark — were gone. Scientists say that new technologies enable fleets to fish deeper, farther from shore and on rocky bottoms, leaving few places for fish to hide.

"Our coastlines are under increasing stress," said Jane Lubchenco, zoology professor at Oregon State University. "The interest in no-take marine reserves is growing out of increased realization that our oceans are in trouble and that we need to be thinking differently than we have in the past about how to protect the valuable resources that are there."

The federal plan unveiled this week completes an ocean management plan for the northern Channel Islands that began seven years ago. It is a distinct approach because, unlike many existing laws and regulations that protect specific fish species, it designates habitat for protection.

"We're trying to protect whole oceanic zones and ecosystems, and the reserves recognize the interdependence of the marine ecosystem," said Gary Davis, chief marine scientist for the National Park Service.

The changes affect nine areas extending as far as six miles from the shores of San Miguel, Santa Rosa, Santa Cruz, Anacapa and Santa Barbara islands, which make up Channel Islands National Park. The waters are part of an existing national marine sanctuary and are rich in biological diversity because cold-water and warm-water currents mix in the area and upwelling from the deep ocean pumps nutrients near the surface. Blue whales, squid, yellowtail, sea urchins, barracuda, white sea bass, halibut and rockfish ply those waters.

Mobley said 100 fish species and 20 invertebrate species are targeted for harvest around the Channel Islands, and populations of many species show wide variability or declines while some, such as white abalone, are near extinction. He said the proposal to expand marine reserves to include deep water will have a minimal effect on fishermen because they do most of their work in shallow water and some of those sites are already protected.

Jim Marshall of Carpinteria, who dives for sea urchins from his boat Nada Mas, said that while many fishermen question the need for closing down so much of the ocean, anglers have come to accept the changes.

"It's pretty much a done deal," he said. "Everybody is over the shock. It probably won't affect fishermen very much."

But he said that marine reserves remain an unproven tool. Clearly, fish will be safe inside the preserves, but Marshall questions whether they will produce sufficient offspring to repopulate depleted areas outside the refuges.

"It's sort of intuitive that you'll get bigger fish in a reserve, but it's not clear you'll get a benefit outside the reserves," he said. "It's all conjecture because no one really knows."

Joel Greenberg, chairman of the Southern California chapter of the Recreational Fishing Alliance, said he's skeptical marine closures will work and wants to see more assurance that government agencies will monitor conditions at the reserves to see if they indeed lead to improved fisheries. The alliance represents 80,000 members nationwide, including anglers, sportfishing fleets and tackle manufacturers.

"I am highly skeptical about the effectiveness of marine reserves, but not unwilling to look at it and try some to see if they do what they're purported to do," Greenberg said.

Scientists and government officials say that marine reserves offer promise but acknowledge that they need more study. They say closing a portion of the California coast to fishing will provide areas where they can examine how marine life and the ocean environment respond absent human influence, and that should provide lessons that can help to better manage the rest of the ocean and its fisheries.

"Marine reserves are not a panacea," Oregon State's Lubchenco said. "They will not address all the problems. But they need to be implemented and coupled with more enlightened management outside the reserves."

Midwest Drought Does Little Harm To Corn, Soybeans (WSJ)

By Scott Kilman

The Wall Street Journal, August 12, 2006

The hottest July since the 1936 Dust Bowl did little harm to the nation's two biggest crops -- Midwest-grown corn and soybeans -- but that is doing little to cool food inflation.

The drought, which engulfs the Great Plains from Texas to North Dakota, as well as parts of the Deep South, is continuing to shrink the harvest potential there of durum wheat, cotton, peanuts and sorghum. Yet major farm states such as Illinois, Indiana and Ohio are largely unscathed.

Based on the government's first field surveys of the growing season, which were conducted around Aug. 1, the U.S. Department of Agriculture said corn farmers have the potential to produce 10.98 billion bushels, which would be the third-largest on record and up 2.2% from the government's month-old forecast. The earlier forecast was based on interviews with farmers.

The government's corn forecast, which was much bigger than expected by grain traders, took a lot of air out of a corn-price rally that has been fueled in recent months by weather worries amid the ethanol industry's exploding appetite for the crop. In

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trading at the Chicago Board of Trade Friday the corn futures contract for December delivery sank 14 cents a bushel to settle at $2.4175 a bushel.

The USDA said it expects soybean farmers to produce 2.93 billion bushels, a figure that would also be the third-largest on record despite slipping 2.7% from the government's month-old forecast.

Still, the prospect for bumper harvests of corn and soybeans -- which are ubiquitous ingredients for the food industry -- isn't doing much to ease an inflationary tide on supermarket shelves. Food companies are trying to pass along to consumers their higher costs of everything from wheat and beef to packaging and fuel.

Michael Swanson, an agricultural economist at banking giant Wells Fargo & Co., said Friday he expects food prices to climb 3.7% this year, which would be the sharpest increase felt by U.S. consumers since 1990. Food prices climbed 2.4% last year.

While most grain farmers east of the Mississippi River are expecting big crops, farmers in Great Plains states are seeing dire conditions. In Mitchell, S.D., for example, the surrounding cornfields are in such poor condition that townspeople have decided they can't stage the annual redecoration of the exterior of their famous Corn Palace -- an arena and tourist attraction that features murals made from kernels of Indian corn. The last time the town didn't redecorate at least part of the building with newly harvested corn was during World War II.

The USDA said Texas farmers will probably abandon 2.2 million acres of cotton, while other growers are using record amounts of irrigated water in hopes of saving their crops. The U.S. durum-wheat harvest is expected to fall 46% from last year, due both to dry weather and fewer acres being planted.

Write to Scott Kilman at scott.kilman@wsj.com1

Auto Industry And E.P.A. Agree On Program To Recycle Mercury (NYT)

By Michael Janofsky

The New York Times, August 12, 2006

WASHINGTON, Aug. 11 — The Environmental Protection Agency said Friday that a new program paid for by industry groups would help capture up to seven tons of mercury emissions a year from old and out-of-use vehicles.

The mercury is primarily found in light switches in cars and trucks built before 2003. Until now, it has been ignored as old vehicles are dismantled, shredded, melted or crushed.

Agency officials estimated that 67.5 million switches were in use and available for recovery from vehicles on the road.

The program evolved from two years of negotiations between the agency, automakers, metal scrappers, vehicle shredders and environmental groups, including the Environmental Defense and the Ecology Center. That made the effort a relatively rare collaboration between industry and advocacy groups.

“This is a big step in erasing this source of mercury pollution,” Steven L. Johnson, the agency administrator, said in an interview. “To see all these groups agree on an issue is a great example of opposing sides of the table coming together to solve an environmental problem.”

Mercury is one of the most toxic air pollutants, and vehicle parts have been the fourth biggest source of it, after coal-fired power plants, industrial boilers and gold mining, according to the agency.

In terms of salvageable mercury, California leads among the states, with 11.6 tons of mercury in vehicles on the road, followed by Texas with 5.8 tons and Florida with 5.6 tons.

Recently enacted federal regulations have aimed at reducing emissions from industrial plants, but the recapture of mercury from vehicles has largely been left to state governments, with just a handful, working with automakers, taking action.

The new program, to be phased in over the next 12 months, seeks to provide all states with a unified approach, Mr. Johnson said.

Companies that dismantle or shred older cars and trucks will remove mercury from light switches, as well as brakes, before crushing the vehicles into scrap.

Automakers will be responsible and pay for much of the process. Along with steelmakers, the automakers will develop incentives for companies that remove the mercury before scrapping.

Automakers formed the End of Life Vehicle Solutions Corporation in September to manage the program.

Mr. Johnson predicted that the program would remove 75 tons of mercury over the next 15 years.

A Pact On Mercury In Scrap Yards (WP)

By Juliet Eilperin

The Washington Post, August 12, 2006

Industries Agree to Remove the Toxic Metal From Junk Cars

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The administration has brokered a pact with the steel and auto industries to remove millions of mercury-containing light switches from vehicles before they are scrapped.

Although foreign automakers stopped using mercury in their cars' lighting systems in 1993 and domestic manufacturers did the same in 2002, about 67.5 million switches are still used in older cars and trucks. The toxic metal -- which is released into the air when recyclers flatten and shred old automobiles and melt them for their steel -- can cause neurological and developmental problems in infants and small children.

The program will reduce the country's annual mercury pollution by at least 5 percent over the next 15 years, Environmental Protection Agency Administrator Stephen L. Johnson said in an interview yesterday. Under the pact announced yesterday, the steel and auto industries will pay $2 million each to recover 4 million switches over the next three years.

"President Bush and our partners have taken a big step to erase this source of mercury pollution," Johnson said, adding that he is "very confident" the program will ultimately remove the country's remaining mercury-containing switches. "It's a pollution-prevention approach."

While U.S. automakers initially resisted paying for the effort -- Johnson called the two-year negotiation over the program "difficult" -- other industries involved in the recycling of as many as 12 million autos a year backed the program.

Mark Reiter, vice president of governmental affairs for the Institute of Scrap Recycling Industries, said his trade association's 1,400 members felt strongly about reducing their industry's impact on its surroundings.

"They didn't want to make an environmental problem," Reiter said. "Because mercury is pernicious to kids, people felt very emotional about this. People did not want another Superfund."

Environmental advocacy groups, including the Michigan-based Ecology Center and New York-based Environmental Defense, have lobbied state and federal officials to address the problem of mercury switches for five years. Over the past three decades U.S. automakers have installed more than 200 million mercury switches, containing nearly 250 tons of mercury.

Ten states -- Arkansas, Illinois, Iowa, Maine, Massachusetts, New Jersey, North Carolina, Rhode Island, South Carolina and Utah -- have adopted programs to remove the switches, which are about the size of a pencil eraser.

"Recovering mercury switches from old cars will remove up to 75 tons of highly toxic mercury from our air and water," said Environmental Defense President Fred Krupp. "Look what can be done where there is the will to achieve real progress, and a cooperative approach."

The program will provide participants with a financial incentive to remove the switches, Johnson said, but if it fails to meet its objective federal officials can always regulate mercury emissions from the steel mill furnaces that melt used vehicles.

"We still have that tool in our toolbox," he said.

Murals In Federal Building Spark Debate Over Censorship (MCT)

By David Goldstein

McClatchy Newspapers, August 12, 2006

WASHINGTON - A quarrel over public art and political correctness has been simmering for a decade inside - of all places - the Environmental Protection Agency.

In a bureaucracy better known for fights over the survival of some rare toad or vanishing plant, several 1930s murals of the Old West have become a flash point in a debate over negative stereotypes and artistic censorship.

The mural that's sparking the most debate depicts Indians brutally scalping and murdering white settlers. All the women are naked, including one who's on all fours as a male Indian stands behind her, seizing her hair.

Called "Dangers of the Mail," the 1937 mural was painted by Frank Mechau, a prominent Western artist.

Critics also have singled out several other murals, including two by Wichita, Kan., artist Ward Lockwood, as either historically inaccurate or promoting offensive stereotypes. They want them removed.

"It's the basic stereotype of native people as being violent savages," said Richard Regan, a former EPA employee who was among the murals' early opponents. "It reinforces the stereotype for people who may not know that much about native culture."

Regan and others said the art wasn't appropriate for the workplace.

"When you have very few Native American employees, it makes people less sensitive to it," said Washington lawyer Judith Lee, who's part Choctaw and represented EPA employees in talks over the murals.

Supporters contend that just because art makes people uncomfortable isn't reason enough to censor it.

"As a person who believes in art without censorship from the right or left, I don't feel they should take it down," said Kay Wisnia, the art curator for Western history at the Denver Public Library, which held a show of Mechau's work last year. "It's part of the heritage of the country."

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For now, screens block the EPA's Mechau mural and partially obscure a few others. The search for a permanent solution has been slowed by the fact that the General Services Administration is the EPA building's landlord, and the GSA is hamstrung by rules that govern changes to historic buildings such as the EPA's headquarters.

The GSA accepted public comments about the controversy last fall and created a Web site, www.gsa.gov/arielriosmurals, with links to some of the murals. It will convene a panel of experts in October to consider whether to leave them up with better educational explanations, move them to a museum or find other alternatives.

"We have to balance respect for historic art and respect for sensitivity to art that depicts people in a bad light," said a GSA spokesman, who declined to be identified because of agency policy. "It's not easy to find a solution."

Native American employees of the EPA have been upset about the murals ever since the agency relocated to the capital's Federal Triangle area along Pennsylvania Avenue in 1996.

Built in the 1930s, the building used to house the Postal Service. The offending murals were among 25 that were commissioned as part of a New Deal art program that became part of the Works Progress Administration, which provided jobs to the unemployed during the Depression.

Most are about delivering the mail and are not controversial, with a Norman Rockwell-like innocence. One features heroic-looking workers laden with bulging sacks of mail in a train yard. Another offers an almost whimsical - and subtly political - look inside a general store as townsfolk buy supplies, read the newspaper ("Farmers Organize," the headline says) and collect their mail.

Tension between public art and shifting public attitudes is nothing new. Time magazine published a photo of "Dangers of the Mail" when it was hung in 1937, and the Colorado Indian commissioner called it a "breach of history" and "the craziest thing I ever saw."

In 1941, a WPA mural called "Negro River Music" hanging in a St. Joseph, Mo., post office caused a stir when local African-Americans complained. One pastor said it portrayed their race as "a lazy people with no other thoughts than singing, dancing and clowning." But the mural never came down.

In recent years, political pressures caused the Smithsonian Institution to drop a planned exhibit about America's dropping of the atomic bomb on two Japanese cities in 1945. And former Attorney General John Ashcroft demanded that the exposed breast on a statue be covered during his news conferences.

"This notion of controversy, we have to be careful not to make it look like it's the public that is reacting to something," said Alison Hilton, the chair of the art, music and theater department at Georgetown University. "Sometime it's some small component that is reacting, or some element of the government."

Mike Mechau, the son of the painter behind "Dangers of the Mail," put it more succinctly. In a letter to the GSA, he wrote, "removal of historic public art on grounds of political correctness will set a very bad precedent."

FBI/DEA/ATF/USMS:

Staff And Wire Reports (PTR)

Pittsburgh Tribune-Review, August 12, 2006

Brig. Gen. Mark Kimmitt, deputy director for plans and strategy for U.S. Central Command and former deputy director for Coalition Operations in Iraq, is the featured speaker at the 78th Division Veterans Association's memorial service starting at 9 a.m. Aug. 19 in the ballroom of the Hilton Pittsburgh, 600 Commonwealth Place, Downtown. The public is invited.

The World War II group's national convention begins at noon Wednesday at the Hilton.

Beechview

Middle school plans multicultural fair

South Hills Middle School will sponsor a multicultural fair from 1 to 4 p.m. Aug. 26 on grounds of the school, 595 Crane Ave., Beechview.

The fair will feature booths from a wide variety of nationalities with displays, music, food and activities of interest to people of all ages.

The fair is designed to celebrate and educate the community about the diverse cultures that will be represented in the school this year as a result of the realignment of the school district. For more information, call 412-572-8130.

Hampton schools

School board names new superintendent

The Hampton school board has hired John Hoover, assistant superintendent of the Peters Township School District, as superintendent.

The board voted 5-4 this week to hire Hoover, with board members Gail Litwiler, Harold Sarver, Jon Ritz and Larry Vasko voting in the minority, district spokeswoman Pat Forest said.

Vasko has said he, Litwiler, Sarver and Ritz supported promoting Hampton's assistant superintendent, Cheryl Griffith, to the superintendent's job.

Hoover's salary still is being negotiated, Forest said. He is scheduled to start his job with Hampton on Aug. 28, she said.

Hoover also has served as an administrator in the Quaker Valley School District. He has a doctorate from the University of Pittsburgh. He succeeds Lawrence Korchnak, who did not seek a renewal of his contract and left the district June 30, Forest said.

Allegheny County

Volunteers sought to aid needy children

Volunteers are being sought to serve as court-appointed special advocates for abused or neglected children in Allegheny County.

An informational meeting about the program, applications and fall training will take place at 6 p.m. Wednesday at the Court Appointed Special Advocate office in Suite 902 of the Manor Building, 564 Forbes Ave., Downtown.

Interested individuals will received extensive training.

The program's mission is to ensure that every child has a safe, supportive and permanent home by providing volunteer advocacy for the best interests of abused and neglected children within the child welfare system. To RSVP call 412-594-3606 or complete a Web form at www.pgh-casa.org.

Blair County

Mexico may aid suspect in death

The Mexican government wants the trial of an illegal immigrant accused of fatally shooting three men last year in Blair County put on hold until the state Supreme Court rules if that nation has a role in the case.

The high court agreed this week to hear an appeal of Blair County Judge Hiram Carpenter's refusal to let the Mexican government intervene in the case of Miguel Padilla.

An American lawyer representing Mexico appealed Carpenter's ruling and said Mexico wants to ensure Padilla's rights are being protected.

Padilla, 26, of Gallitzin, faces the death penalty if convicted of first-degree murder in the Aug. 28 shootings of club owner Alfred Mignogna, 61; bouncer Fred Rickabaugh Sr., 58, and patron Stephen Heiss, 28, outside the United Veterans Association Club in Altoona.

Regent Square

2 kinds of bass seen in stream in Frick Park

Two game fish species, which had not been seen in Nine Mile Run in generations, are migrating into the stream, according to the Nine Mile Run Watershed Association.

The sighting of striped and small-mouth bass is a sign of recovery for the stream, which has been plagued by sewage and industrial pollution for much since the early 20th century, said Marijke Hecht, executive director of the Nine Mile Run Watershed Association. A survey in 1990 found no fish in Nine Mile Run.

A $7.7 million restoration of the stream was completed in June and will be dedicated at 10:30 a.m. Thursday in the lower portion of Frick Park, off of the Lancaster Avenue entrance in Regent Square, Hecht said.

Pittsburgh

Local man promoted by FBI director

Pittsburgh-area native Ray Morrow has been appointed to the top post of the FBI's Pittsburgh field office, agency officials said Friday.

Morrow now is the special agent in charge of the administrative division in the New York City field office. He is a graduate of Pennsylvania State University and a longtime holder of Pittsburgh Steelers season tickets. FBI Director Robert Mueller made the appointment last week.

Morrow is expected to take over as Pittsburgh's special agent in charge in October or November, FBI spokesman Jeff Killeen said. He replaces M. Chris Briese, who went to the FBI's headquarters as a deputy assistant director in the bureau's counter-terrorism branch.

Highland Park

McKees Rocks man held in burglaries

A McKees Rocks man was arrested Friday and charged in connection with burglaries at a dozen homes in the past month in the Highland Park and Morningside neighborhoods, police said.

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Steven McQuillan, 27, was arrested after Pittsburgh police burglary detectives Mike Pilyih, Greg Schanck and John Mihalcin accused him of casing houses in Highland Park around noon yesterday, Pilyih said. The detectives were conducting surveillance in Highland Park as part of the investigation of the burglaries.

McQuillan already was wanted on an arrest warrant for a burglary charge from Crafton, Pilyih said.

Pilyih said McQuillan is charged in connection with 10 burglaries in Highland Park and two in Morningside that have taken place since mid-July. Thousands of dollars worth of items have been stolen, he said.

Armstrong County

DEP planning mosquito spraying

The state Department of Environmental Protection will conduct spraying Monday in Bethel, Armstrong County, to control adult mosquitoes. Surveillance has detected high numbers of mosquitoes that potentially can carry the West Nile virus.

Weather permitting, the treatment will take place near the intersection of Clay Pool Hill and Creek Valley roads. It will target floodwater mosquito species that are active during the day.

Ultra-low-volume sprayers will disperse very fine aerosol droplets that stay aloft and kill mosquitoes on contact.

Elk County

Light bulb plant marks 100 years

The oldest light bulb plant in the country turned 100 years old Friday.

A celebration took place at the Osram Sylvania plant in St. Marys. The plant makes about 2 million bulbs a day.

The plant employs about 400 workers who staff three shifts around the clock. Because the plant has been open so long, many of its workers had parents or grandparents who worked there, spokeswoman Kathy Brannigan said.

Cambria County

Family given time to clean up mess

Five adult siblings who lived in a Cambria County home that officials say is piled with animal waste, trash and other debris have gotten a court order that lets them delay cleaning up the mess.

Officials were alerted to the home in May when they removed more than 40 dogs from the Portage township residence.

In July, township officials got a court order forcing the Parks siblings to clean up the filth within two months -- but the family appealed to Superior Court and, until that appeal is heard, Cambria County Judge Thomas Swope ruled Thursday that the order to clean up the house, or raze it if cleanup is impossible, is stayed. Portage Township officials will be allowed to set rat traps and take other measures to rid the property of rodents, the judge ruled.

Nobody is allowed to live in the home currently because it doesn't have a working sewage system. It was not immediately clear where the Parks family is staying.

Ross

Fair will benefit Marine's family

A volunteer fair for the Fallen Marine Memorial Run will be conducted from 5:30 p.m. to 8:30 p.m. Monday at the Ross municipal building, 1000 Ross Municipal Drive.

Volunteers are needed for the two-day event, which includes a concert with the Drake Bell Band and guest Josh Peck at 4:30 p.m. Aug. 26 at Ross Township Community Park and a motorcycle run and concert on Aug. 27. The motorcycle run starts at Spirit Harley-Davidson in Shaler and ends at the park. Volunteers are needed to assist with food preparation, registration, concessions, trash collection, traffic control and staging.

The run benefits the family of Marine Sgt. Sean H. Miles, who was killed in action in Iraq in January. For information or to volunteer, visit www.fallenmarinememorialrun.com, contact Annamarie Lang at wyant2718@comcast.net or call 412-853-0629.

Armstrong County

Driver, 19, dies in Route 85 wreck

A 19-year-old Kittanning man was killed early Friday when the vehicle he was driving struck an embankment and a utility pole before overturning, Armstrong County Coroner Robert T. Bower said.

Jordan Andrew Bowser, who was not wearing a seat belt, was thrown from the vehicle at 1 a.m. along Route 85, four miles east of Rural Valley, Bower said.

Washington County

Woman dies in crash on Turnpike

A Washington County woman was killed and two other people injured in a two-car crash Friday along the Pennsylvania Turnpike in Bedford County.

Elizabeth C. Gaido, 85, of Washington, died in the accident, which occurred at 12:14 a.m. between Bedford and Breezewood. Lois Gaido and her husband, Samuel L. Gaido, both 60, of Houston, Washington County, were listed in stable condition at the Altoona Regional Health System facility in Blair County.

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State police said the collision occurred when Lois Gaido, who was driving, was in the process of passing a car. Gaido was attempting to pull back into the right lane when she struck the front of the car she just passed, troopers said. Her car then went up an embankment and rolled over several times.

Butler County

Child hurt on farm

A toddler was injured Friday in an accident involving a piece of machinery on a farm in Butler County, emergency officials said.

The accident occurred at 8:40 p.m. on the farm along Caldwell Drive in Jefferson Township near Saxonburg. No other details were available late last night.

Armstrong County

East Liberty man arrested in chase

An East Liberty man is accused of leading police on an early-morning chase in Armstrong County that injured an officer and damaged a police car.

Jonathan George Jackson, 30, whose last known address was North St. Clair Street, is being held in the state prison at Greensburg for violating probation. He also is accused of trying to run down Apollo police Chief Paul Breznican during the chase at 1 a.m. July 23, and having 1.35 ounces of cocaine in 28 small bags apparently ready to sell individually. Jackson faces numerous drug charges, multiple counts of aggravated assault and numerous traffic violations, police said. A district judge in Leechburg formally charged Jackson Friday.

Pittsburgh-area Native Appointed Head Of Local FBI Office (SCCD)

The State College Centre Daily, August 12, 2006

PITTSBURGH - The Federal Bureau of Investigation has appointed Pittsburgh-area native Ray Morrow to head its local field office.

Morrow, currently the special agent in charge of the administrative division at the FBI's New York City field office, will take up the same role in Pittsburgh starting in October or November, FBI Special Agent Jeff Killeen said Friday.

FBI Director Robert Mueller appointed Morrow, a graduate of Penn State University, to the post last week.

Morrow will succeed M. Chris Briese, who was scheduled to move to Washington this month to become a deputy assistant director in the bureau's counterterrorism branch.

Crawford Trial Hears Testimony From Agents (EPTIMES)

By Louie Gilot, El Paso Times

El Paso Times, August 12, 2006

The Juárez women's murders, allegations of drug cartel ties and a failed lie-detector test were part of testimony Friday in the trial of former El Paso FBI office chief Hardrick Crawford.

Crawford made efforts to investigate alleged ties between his friend Jose Maria Guardia, the owner of the Juárez racetrack, and Mexican drug cartels, but did not break off their friendship even as doubts were piling up, witnesses testified.

Crawford, who retired in late 2003, is accused in U.S. District Court of making false statements to investigators looking into his friendship with Guardia in 2002 and 2003. Crawford pleaded not guilty. The trial was to continue at 8:45 a.m. today.

FBI agents said their former boss, Crawford, was concerned about the allegations against his friend and arranged for him to take a polygraph test. Guardia failed, said Jose Villela, an FBI agent specializing in drug-trafficking intelligence.

The technician who administered the test said Guardia "had not only failed it but, in her words, had bombed it," Villela said.

El Paso FBI staffers and agents also testified they didn't know that Crawford's wife worked at Guardia's racetrack.

In 2003, two FBI informants told agents worrisome things about Guardia, which were passed on to Crawford. After one report, "Mr. Crawford said that at that time he was going to distance himself from Mr. Guardia," Villela said.

But less than a month later, Crawford went on a trip to Las Vegas' posh Four Seasons hotel, during which prosecutors said Guardia paid for the hotel rooms and spent more than $8,000 on Celine Dion tickets.

On cross-examination, Crawford's lawyer Mary Stillinger questioned the credibility of the FBI informants, saying that at least one of them was close to a political enemy of Guardia's and spoke of things that allegedly occurred years before and involved people who were either dead or no longer in Juárez.

Stillinger also pointed out that the FBI agents testifying, who specialize in Mexican drug networks, hadn't heard of Guardia before 2002.

FBI agent Hector Camarillo testified that according to an informant, drug traffickers were among

Advertisement

the people surprised by the Crawford-Guardia friendship.

Camarillo said that on Sept. 14, 2002, cartel members were watching a boxing match telecast at the Juárez racetrack and were "surprised to see the (special agent in charge) with Guardia due to the fact that Mr. Guardia was a money launderer for the cartel."

"The source felt that Guardia was trying to compromise (Crawford) or that (Crawford) was just naive about Guardia's activities," Camarillo said. "Guardia notified the media that (Crawford) would be at the racetrack. Guardia is making sure he is observed with (Crawford)."

Camarillo said he reported the information to his superior, who passed it on to Crawford.

"My concern was the safety of the É (Special Agent in Charge Crawford). People from the cartel were watching him. We didn't want him kidnapped or murdered," he said.

"Did you worry he might be naive about who he was dealing with?" Stillinger asked the witness.

"Sometimes, yes," Camarillo said.

In addition, Crawford's comments to the news media criticizing investigations into the unsolved killings of women in Juárez rankled not only Mexican law enforcement agencies but also FBI superiors and the U.S. embassy in Mexico City.

FBI agent Sal Hernandez, the legal attaché working for the U.S. ambassador in Mexico, testified that because of published comments by Crawford, he had to mend fences with the Mexican attorney general's office, known as the PGR. Eventually, Crawford's superiors banned him from Mexico.

Stillinger argued that Crawford had a right to speak out on crime issues on the El Paso-Juárez border.

Hernandez responded, "That's not the FBI's role to criticize foreign governments."

Louie Gilot may be reached at lgilot@elpasotimes.com, 546-6131.

El Paso Times reporter Daniel Borunda contributed to this report.

Drug-Terror Connection Disputed (WP)

By Kari Lydersen

The Washington Post, August 12, 2006

DEA Defends Traveling Exhibit as Critics Draw Parallels to Prohibition Era

A photograph of President Bush waving a flag after the Sept. 11 attacks is juxtaposed against a black-and-white image of an African American mother smoking crack cocaine in bed next to her baby. Larger-than-life portraits of Osama bin Laden and Pablo Escobar line the walls. The central message of a traveling Drug Enforcement Administration exhibit unveiled at Chicago's Museum of Science and Industry yesterday is that terrorism and drugs are inextricably linked.

But advocates of legalization who are leafleting outside the exhibit say the DEA is leaving out an important part of the story. Critics agree that drug trafficking provides a potentially lucrative revenue stream for terrorist organizations. But they say the profit is actually fueled by the government's war on drugs, which creates a situation akin to prohibition of alcohol.

"If we taxed and regulated drugs, terrorists wouldn't have drugs as a source of profit," said Tom Angell of the nonprofit Students for Sensible Drug Policy, which focuses on restoring financial aid for college students with drug convictions.

"With the connection to Prohibition in Chicago we should know better," said Pete Guither, a professor of theater management at Illinois State University and founder of the blog DrugWarRant.com.

DEA spokesman Steve Robertson responded: "We're a law enforcement agency -- we enforce the laws as they are written. Congress makes the laws. People say if we didn't have [drug] laws there wouldn't be a problem, but there was a problem before and that's why laws were established."

Jeanne Barr, a history teacher at a private Chicago high school, plans to distribute fliers and bring her students to study the exhibit, titled "Target America: Opening Eyes to the Damage Drugs Cause."

"We'll look for possible omissions and oversimplifications," she said. "They don't pin any blame on the prohibition of drugs. But from my understanding of history, the major source of the black market is prohibition. I don't think there's any difference between alcohol prohibition and what we're looking at today."

Critics of the DEA exhibit also question its linking of drugs to al-Qaeda. Another Web site with which Guither is affiliated, http://www.deatargetsamerica.com/ , quotes the Sept. 11 commission report as finding that "there is no reliable evidence that Bin Ladin was involved in or made his money through drug trafficking."

The 2001 attacks are clearly the centerpiece of the exhibit, with a display of rubble and artifacts from Ground Zero under a banner reading "Traffickers, Terrorists and You."

"For al-Qaeda it's hard" to prove a link, said DEA public affairs chief Garrison Courtney. "I don't think we're saying 9/11 was caused by drug financing. But we're saying there is a link between drugs and terror, and September 11 is a poignant example of terrorism. Terrorists don't hold bake sales to raise money."

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The exhibit includes a list of organizations designated as terrorist by the State Department, with the explanation that "nearly 50 percent" of them get funds through drug trafficking. There is a replica of a heroin-processing lab in Afghanistan and references to heroin production funding the Taliban.

But it does not mention that the Taliban publicly opposed heroin production, though federal prosecutors allege that Baz Mohammed, a recently convicted Afghan drug kingpin, had ties to al-Qaeda; that the United Nations Office on Drugs and Crime reported in 2003 that production of opium poppies in Afghanistan rose dramatically after the Taliban was overthrown; or that a top U.S. anti-drug official recently acknowledged allies' doubts about the effectiveness of poppy eradication in Afghanistan, where poor farmers have few options on crops.

"The Taliban said they had a moratorium on the production of opium poppies, but they were taxing the farmers who were doing it anyway," said DEA agent David Lorino, who was in Afghanistan.

The exhibit says the 2004 Madrid train bombing involved a hashish-for-explosives swap, and that in 2002 federal agents foiled two plans to trade heroin and hashish for Stinger antiaircraft missiles that suspects planned to sell to al-Qaeda and a Colombian paramilitary organization. The exhibit features Colombian and Peruvian guerrilla forces financed by cocaine.

The exhibit opened in Dallas on Sept. 11, 2003, and has been shown in New York, Omaha and Detroit. It was brought to Chicago at the request of Mayor Richard M. Daley (D), who blamed drugs for "80 percent of the crime factor in our city" in his remarks when the exhibit opened.

The Chicago component of the exhibit highlights terror caused by local gangs involved with drugs. DEA spokesman Robertson also took a broader view of terrorism and drugs.

"Terrorists' goal is to tear down current societies and governments and offer something else," he said. "Drug abuse degrades societies from within because of the effect on society, on users and on health services. Drug trafficking is a way to degrade societies, which helps terrorists in their goal."

Last Hunters Brooke Arson Defendant Pleads Guilty (WP)

By Ruben Castaneda, Washington Post Staff Writer

The Washington Post, August 12, 2006

2004 Fires Damaged Race Relations

The last defendant in a highly publicized arson case that strained race relations in Southern Maryland admitted his guilt in federal court yesterday.

The guilty plea by Roy T. McCann, 23, means that all five men who were charged in the arson fires that devastated the Hunters Brooke subdivision in Charles County in December 2004 have been convicted. One was convicted by a federal jury in Baltimore; the rest pleaded guilty.

McCann, of Waldorf, pleaded guilty yesterday to one count of conspiracy to commit arson in U.S. District Court in Greenbelt.

McCann also pleaded guilty to one count of conspiracy to distribute ecstasy.

U.S. District Judge Roger W. Titus scheduled McCann's sentencing for Nov. 8. McCann faces a maximum sentence of 20 years in prison, with a mandatory minimum of five years, federal prosecutors said. McCann also faces a possible sentence of 20 years in prison on the ecstasy charge and an additional fine of up to $1 million, authorities said.

In a statement, Maryland U.S. Attorney Rod J. Rosenstein said: "The harm suffered by the victims of this horrible tragedy cannot be erased. We hope that this guilty plea will give them some comfort, as all of the criminals charged in connection with the Hunters Brooke arson have now been convicted."

McCann's attorney, Joshua R. Treem, declined to comment.

The fires, set early Dec. 6, 2004, destroyed 12 new, unoccupied houses and damaged 15 others, causing an estimated $3.2 million in damage, authorities said.

Many of the owners of the new houses are black, and the five men who set the fires are white. None of the five was charged with a hate crime.

According to a statement of facts that was part of McCann's plea agreement, he joined the others in splashing flammable materials in the entranceways of the houses they targeted. They set the fires using flares, matches, lighters and propane torches, according to the statement.

In December, Titus addressed the racial overtones of the case when he sentenced Patrick S. Walsh, 21, a former amusement park worker who was identified by federal prosecutors as the ringleader of the band of arsonists. Titus said the fires caused "incalculable damage" to race relations in the community.

Walsh, who was convicted by a federal jury in Baltimore, was sentenced to nearly 20 years in prison.

Two of Walsh's co-conspirators have also received prison sentences.

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Aaron L. Speed, 22, a former security guard at Hunters Brooke who admitted that he helped the arsonists gain access to the subdivision, pleaded guilty to one count of conspiracy to commit arson and was sentenced to more than eight years in prison.

Jeremy D. Parady, 22, also pleaded guilty to one count of conspiracy to commit arson; he was sentenced to seven years and three months in prison.

Michael M. Everhart, 21, pleaded guilty in June to one count of conspiracy to commit arson. He is scheduled to be sentenced Sept. 8.

Authorities Issue Bomb Warning (SSJ)

By DENNIS THOMPSON And ALAN GUSTAFSON, Statesman Journal

Salem (OR) Statesman-Journal, August 12, 2006

Police don't have any suspects, think four devices were attached to cars

Police now think that four pipe bombs located across the Salem area Thursday all had been attached to cars and are warning everyone to inspect their vehicles before driving.

"If you leave your car for any length of time, take a second and glance underneath it," Salem police Lt. Bill Kohlmeyer said. "I'm not one to cry wolf. I want to make sure folks understand this is potentially very serious."

Investigators also are looking for two cars that might have odd wires hanging from them because they think that two bombs found on the ground Thursday fell off moving vehicles to which they were strapped.

"It's entirely possible that there are two cars out there with wires hanging off that shouldn't be there, drivers that are victims and don't even know they are victims," Kohlmeyer said.

Investigators from the FBI and the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives are working with local law enforcement officials on the Salem case.

"Usually, pipe bombs are thrown or placed in a fixed location, and it is fairly uncommon to find them attached to a vehicle. It's very disconcerting. That's why we're giving it full attention," said Special Agent Julianne Marshall, a spokeswoman for the ATF in Seattle.

Police are not sure how the bombs were meant to be triggered or why they failed to explode, Kohlmeyer said.

Kohlmeyer said that two of the bombs Thursday were found attached to SUVs driven by Salem residents.

Because the four pipe bombs were built in a similar manner, police think that all of them were made by the same suspect or suspects, he said. Police don't know what connection the potential victims might share, save that they are all thought to live in Salem.

No reports of additional bombs surfaced Friday. Police urged Salem-area residents to remain vigilant anyway.

"The four pipe bombs found thus far were actual devices and quite capable of inflicting serious injury or death," read a press release issued by Salem police. "Also, these devices did not take very long for the bomber to put in place under the cars."

The first bomb found Thursday was attached to an SUV in the Salem Hospital parking lot. A female visitor yanked at wires attached to her side mirror, Kohlmeyer said, and the bomb fell to the ground and rolled out from under her car.

The other attached bomb was found Thursday night in the parking lot of the TYCO Electronics plant in Dallas, tied to the SUV of an employee from Salem.

"We suspect the device at TYCO was placed on the car here in the Salem area," Kohlmeyer said.

The other two bombs were found on the ground in traffic areas: the parking lot of the Roth's grocery store on Lancaster Drive NE and in the 6100 block of Woodside Drive SE in South Salem.

Becky Clawson, who lives on Woodside Drive, was horrified that someone was tying bombs to cars but relieved that the one found in her neighborhood had fallen from a moving vehicle.

"At least I feel like maybe our neighborhood wasn't targeted," Clawson said. "But this is Salem, Oregon. Who knew these things happen here? It's very eye-opening."

Her neighbor, Lee Morgan, said the police's theory that the Woodside Drive bomb had been attached to a car made things a little clearer.

"That makes more sense because I couldn't figure out why it was in the middle of the street," said Morgan, who was painting a truck in his garage.

State offices sent e-mails Friday informing employees about the ongoing situation and warning them to examine their cars closely.

Lori Deitz took the advice and bent down to look under her minivan, parked in one of the state's surface lots off Marion Street NE.

"The e-mail was just enough to make you aware, just to be cautious," said Deitz, a Salem resident who was headed home from her job at the state Department of Employment.

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Officials declined to release photographs of the bombs Friday, citing "investigative reasons." They also declined to reveal any specifics about the ingredients used in constructing the bombs.

"I don't think we want to make any types of statements about the devices right now because that might be relevant toward finding who did it and also towards prosecution," Marshall said.

Investigators spent Friday searching for evidence on the two cars found with bombs attached and interviewing the drivers. They also were analyzing the disabled pipe bombs and reviewing security tapes from cameras at the hospital and grocery story parking lots.

Salem police and the ATF are the lead agencies, with support from the FBI, Oregon State Police, Marion County Sheriff's Office and Dallas Police Department.

Colene Domenech, the supervisor of the ATF's arson and explosives office in Portland, was in Salem on Friday to assist with the investigation.

"They actually have several cases going on, but they've got the supervisor out on the Salem one," Marshall said, referring to the federal bureau's Portland-based investigators. "We are taking this very seriously."

She said authorities wanted to alert Salem-area residents but not provoke alarm.

"We don't want to be alarmist, but if people do notice any type of suspicious device, we would ask them not to touch it and call 911. I'd say a level of alertness would be appropriate."

dmthomps@StatesmanJournal.com or (503) 399-6719 agustafs@StatesmanJournal.com or (503) 399-6709

CONGRESS-ADMINISTRATION:

Two Judges Named To Appeals Court (TOPCJ)

By Robert Boczkiewicz, Special to The Capital-Journal

Topeka (KS) Capital-Journal, August 12, 2006

DENVER -- The federal appeals court that serves Kansas gained two judges on Thursday, Jerome Holmes, of Oklahoma City, and Neil Gorsuch, of Denver.

Both men, appointed by President Bush, come to the 10th U.S. Circuit Court of Appeals with conservative legal and public policy credentials.

Holmes is the court's first black judge. He is a former federal prosecutor in Oklahoma City and more recently has been in private law practice there.

Gorsuch, a Colorado native, has spent his career in Washington, D.C., in private practice and a year ago became principal deputy to the associate U.S. attorney general, the third-ranking Justice Department official.

The court has two judges from Kansas, Chief Judge Deanell Tacha and Judge Mary Beck Briscoe, both of Lawrence.

The court has judges in each of the six states the court serves: Kansas, Colorado, Oklahoma, New Mexico, Wyoming and Utah.

Holmes, 44, took the oath of office in Oklahoma City, where he will have his chambers. Gorsuch, 38, took his oath in Denver, where he will have his chambers.

A court official said both new judges plan to take part in cases the next time oral arguments are held in Denver, which will be the last week in September.

Robert Boczkiewicz covers the 10th U.S. Circuit Court of Appeals in Denver. He can be reached at REB1den@aol.com.

Oklahoman Is Sworn In As Federal Appeals Court Judge (TULSAW)

Tulsa World, August 12, 2006

DENVER -- Jerome Holmes of Oklahoma City was sworn in Thursday as a judge on the 10th U.S. Circuit Court of Appeals, which serves Oklahoma.

Holmes, 44, took the oath of office in Oklahoma City, where he will have his chambers.

Neil Gorsuch, 38, of Denver also took his oath as a judge on the Denver-based court.

Both men, appointed by President Bush, come to the court with conservative legal and public-policy credentials.

Holmes, the first black person to be appointed to the 10th Circuit court, is a former federal prosecutor in Oklahoma City and most recently has been in private law practice there.

The addition of Holmes and Gorsuch brings the court to full strength -- 12 full-time judges -- for the first time since October, when Judge Stephanie Seymour of Tulsa took senior status, meaning she no longer works full time.

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The Denver-based court has judges in each of the six states it serves: Oklahoma, Kansas, New Mexico, Colorado, Wyoming and Utah.

Holmes took the oath from Senior Judge William Holloway Jr., a 10th Circuit judge in Oklahoma City, during a private ceremony in Holloway's courthouse chambers.

Holloway said about 20 friends of Holmes' attended, as did Judge Robert Henry of Oklahoma City, the appeals court's other judge from Oklahoma, and Judge Arlene Johnson of the Oklahoma Court of Criminal Appeals.

Holloway said he has "great respect and affection" for Holmes, who was Holloway's law clerk in 1990-91.

A court official said both new judges plan to take part in cases the next time the court hears oral arguments, the last week in September.

In addition to Seymour, the court has eight other senior, part-time judges.

Gorsuch fills a vacancy created in January when Judge David Ebel of Denver took senior status.

Gorsuch, a Colorado native, has spent his legal career in Washington, D.C., in private law practice and a year ago became principal deputy to the associate U.S. attorney general, the third-ranking official at the Justice Department.

Increasingly, Bush Escapes The Media Pack (WP)

By Peter Baker, Washington Post Staff Writer

The Washington Post, August 12, 2006

Press Cuts Converge With Closed Events

GREEN BAY, Wis. -- On one of the scariest days yet in the five-year battle with terrorists, President Bush prepared to make a speech to reassure the American people. But the White House press corps was 1,000 miles away in Texas.

Bush had left his ranch vacation and jetted north for a scheduled closed-door fundraiser. No press plane accompanied him. And so when news broke that Britain had broken up a major terrorist plot, the only ones there to convey the president's reaction were a handful of local reporters and a few pool journalists who ride in the back of Air Force One.

The idea that Bush could travel across the country without a full contingent of reporters, especially in the middle of a war, highlights a major cultural shift in the presidency and the news media. In the four decades since the assassination of John F. Kennedy, presidents traditionally have taken journalists with them wherever they traveled on the theory that when it comes to the most powerful leader on the planet, anything can happen at any time.

But increasingly in recent months, Bush has left town without a chartered press plane, often to receptions where he talks to donors chipping in hundreds of thousands of dollars with no cameras or tapes to record his words for the public. Barred from such events, most news organizations will not pay to travel with him. And so a White House policy inclined to secrecy has combined with escalating costs for the strapped news media to let Bush fly under the radar in a way his predecessors could not.

"A lot of it is a reflection of the times," said C-SPAN's Steve Scully, president of the White House Correspondents' Association. "The whole thing is changing."

For veterans of past administrations, the changes are striking. "When the president moved it was a big deal, and I can't even remember an occasion when we didn't take a charter," said Ed Rollins, who was Ronald Reagan's White House political director.

"Go back 20 or 25 years and say we're at war and the president is traveling around the country and there are only, what, three people with him?" asked Joe Lockhart, who was Bill Clinton's White House press secretary. "That would have been unthinkable."

In some ways, it may not seem to make much difference. Like presidents before him, Bush still always travels with a small media pool that includes wire services, television cameras and a single newspaper reporter who files a report to others left behind. The advent of instant video feeds, cable television, the Internet, e-mail and transcripts of the president's every public word has made it possible to cover Bush without being anywhere near him.

Yet fewer eyeballs on a president means less scrutiny, in the view of some media and government watchdog groups. Fewer reporters, they say, means fewer questions and fewer versions of what happens available to the public. News accounts written from a different time zone invariably miss context and texture. And in closing the doors of some fundraisers, the White House has reversed a policy adopted under Clinton after fundraising scandals raised questions about what donors are seeking when they hobnob with presidents.

Patrice McDermott, director of OpenTheGovernment.org, a coalition formed three years ago that includes groups such as the American Library Association, Common Cause, the League of Women Voters and the Society of Professional Journalists, called the changing pattern of coverage "quite disturbing" and part of a "rising tide of secrecy" in Washington.

"It's another way of closing off responsibility and accountability and shutting themselves off from public view," she said. "I think the public would prefer that somebody be in the room who is not there for their own interests to be served."

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White House spokesman Tony Snow said there is nothing insidious about closing fundraisers in private homes and noted that news organizations choose whether to pay for a plane follow the president. "It's really all about money," he said. "It used to be that media organizations had more dough."

Given the changes in communication technology, he added, "I think presidents are more widely available than at any point in American history." And he said he makes a point of finding ways for at least some reporters to see Bush when there are major developments. "If there is big news, we make sure the president's available," Snow said.

The cost of covering the president has risen dramatically at a time when the news media, anxious about economic pressures, are aggressively cutting costs. For a one-day trip to St. Louis, for instance, the White House billed The Washington Post $3,317. To go to Yuma, Ariz., for a day, the bill came to $3,795. A two-day trip to Europe cost $8,283, not counting hotel charges.

And so even for trips where there is a press plane, sometimes only a handful of journalists are on board. Newspapers that used to travel regularly, including USA Today, the Wall Street Journal, the Chicago Tribune and others, now do so more sporadically. The Boston Globe no longer even has a White House correspondent, focusing on breaking exclusive stories rather than writing about the president's everyday activities.

"It's not like we're ignoring it completely," said Joe Williams, the Globe's deputy Washington bureau chief. "But the lineup we're using right now gives us flexibility to attack a broader range of stories than we would if we had a designated White House correspondent."

Bush is not the only one to find ways of escaping much public notice as he flies around the country. Vice President Cheney manages to leave Washington for days, and sometimes weeks, at a time without public announcement. Few in the capital even knew he was in Texas in February, for instance, until he accidentally shot a companion while hunting quail. And he has been in Jackson, Wyo., since July 29 without any national news media mentioning it.

The Jackson Hole News & Guide found out Cheney was there only because it spotted his plane and the radar dish that serves an anti-missile battery that protects his house when he's in town. "In the past, they've been kind of weird about it," said Thomas Dewell, the paper's co-editor. "They'd say, 'His airplane's here and the missile base is here, but we can't tell you if he's here.' " This time, he said, Cheney's office confirmed his presence when asked.

Cheney aides said they announce his movements only when he makes public appearances but will provide his whereabouts if reporters call to ask. The vice president, who has already headlined 81 fundraisers in this election cycle, plans to return to Washington on Sunday before heading out to events in Arizona, New Mexico, Montana and Idaho next week, his office said.

Clinton agreed to stop holding closed fundraisers in response to criticism of his campaign finance tactics. When a fundraiser was held in a private home, the White House permitted a single print reporter into the room to record the scene and the president's words for the rest of the pack. The Bush White House changed that, leaving fundraisers open if located in hotels or public spaces but closing them in private homes. "The thought was having the presence of reporters would disrupt the intimacy of the events," said Ari Fleischer, who was then White House press secretary.

Lanny J. Davis, who was White House special counsel during the Clinton fundraising scandals, expressed surprise that the change has not generated more criticism. "I marvel at their ability to get away with it," he said. "I have to grudgingly admit to some envy. I admire their chutzpah."

Bush has traveled out of the Washington area at least seven times this year without a press plane, including four times in the past month to closed Republican fundraisers -- in Milwaukee, in Cleveland, in Charleston, W.Va., and on Thursday here to Green Bay to raise $500,000 for House candidate John Gard. He also headlined a fundraiser in Texas yesterday that was closed to the media. That may serve the interests of candidates who want the money Bush can raise but don't want a public embrace with a president suffering low approval ratings.

Scully said he may raise the issue of closed fundraisers with Snow. "As we move into the fall campaign, if this happens more often, we're going to put pressure on Tony and others to open these events," Scully said. "He is the president. He is traveling at government expense. . . . We should be in there to hear what he has to say."

In the past, major media organizations felt it was important to be near the president even if they were kept out of the room, a "body watch" mentality sparked by the Kennedy assassination and reinforced over the years by any number of unexpected crises, including the attacks of Sept. 11, 2001.

"There's going to be a time when something's going to happen and the major national media's not going to be there," Lockhart said. "They're going to have to rely on technology. Will this have a major impact on our democracy? Smarter people than me will have to answer that."

GOP Big Spenders Have Lunch With Bush (AP)

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AP, August 12, 2006

The Republican Party's big spenders were rewarded with a barbecue lunch with President Bush on Friday at a $750,000 fundraiser at a ranch neighboring the president's Texas home.

The fundraiser was closed to the public and the press, but the Republican National Committee reported that the attendees included 350 people who have each raised at least $15,000 for the party this cycle.

The lunch was at Stan and Kathy Hickey's Broken Spoke Ranch, a 478-acre spread next to the president's home where Bush is spending 10 days on vacation from the White House. Bush addressed to group after an introduction by RNC Chairman Ken Mehlman.

Bush Reads Camus's 'The Stranger' On Ranch Vacation (AFP)

AFP, August 12, 2006

US President George W. Bush quoted French existential writer Albert Camus to European leaders a year and a half ago, and now he's read one of his most famous works: "The Stranger."

White House spokesman Tony Snow said Friday that Bush, here on his Texas ranch enjoying a 10-day vacation from Washington, had made quick work of the Algerian-born writer's 1946 novel -- in English.

The US president, often spoofed as an intellectual lightweight, quoted Camus in a February 21, 2005 speech in Brussels praising the US-Europe alliance and urging other nations to help Washington spread democracy in the world.

"We know there are many obstacles, and we know the road is long. Albert Camus said that 'freedom is a long-distance race.' We're in that race for the duration," Bush said in those remarks.

Bush Approval Sinks To 33%, Matching Low, Poll Shows (Update1) (BLOOM)

By Brendan Murray

Bloomberg, August 12, 2006

Aug. 11 (Bloomberg) -- President George W. Bush's job- approval rating declined to 33 percent, matching a record low, according to an Associated Press-Ipsos poll that signaled public discontent with the economy and the Iraq war.

The survey of 1,001 adults was taken Aug. 7-9, before yesterday's announcement by British authorities that they had foiled a suspected terrorist plot to blow up planes bound for the U.S. In the past, imminent threats of attacks on the U.S. have helped underpin Bush's public support.

Bush's job approval rating was 36 percent in July and 33 percent in May, according to the AP poll, which has an error margin of plus or minus 3 percentage points. Seventy-one percent of respondents in the current survey said Bush was leading the country in the wrong direction, up from 67 percent last month.

Public approval of Bush's leadership on the economy fell to 37 percent, a record, and 33 percent of Americans approved of his handling of the Iraq war, also a record low. On Bush's foreign policy in general, 40 percent said they approved of his administration's diplomacy overseas and in the war against terror, down from 44 percent a month earlier, the survey showed.

A study of terror warnings and their impact on poll numbers during 2001-2004, conducted by sociologist Robb Willer of Cornell University in Ithaca, New York, found that such warnings produced an average 2.75-point increase in Bush's approval rating.

An increasing number of registered voters in the AP survey said their votes in the Nov. 7 midterm elections will be cast in part as a show of opposition to Bush. Twenty-nine percent of the registered voters said they'll punish Republicans in the election because of Bush's policies, up from 20 percent in July.

Democrats need a net gain of 15 seats to take control of the House of Representatives and a net pickup of six seats to capture the Senate.

Poll: Bush May Be Hurting Republicans (BOS/AP)

By Donna Cassata, Associated Press Writer

The Boston Globe, August 12, 2006

WASHINGTON --Republicans determined to win in November are up against a troublesome trend -- growing opposition to President Bush.

An Associated Press-Ipsos poll conducted this week found the president's approval rating has dropped to 33 percent, matching his low in May. His handling of nearly every issue, from the Iraq war to foreign policy, contributed to the president's decline around the nation, even in the Republican-friendly South.

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More sobering for the GOP are the number of voters who backed Bush in 2004 who are ready to vote Democratic in the fall's congressional elections -- 19 percent. These one-time Bush voters are more likely to be female, self-described moderates, low- to middle-income and from the Northeast and Midwest.

Two years after giving the Republican president another term, more than half of these voters -- 57 percent -- disapprove of the job Bush is doing.

"The numbers ... are similar to what I'm hearing out in the streets," said Democrat Ed Perlmutter, a primary winner Tuesday in a competitive House race in Colorado. "I talked to so many people and they've had enough and want to see a change."

Democrats need to gain 15 seats in the House to seize control after a dozen years of Republican rule, and the party is optimistic about its chances amid diminishing support for Bush and the GOP-led Congress.

Republicans argue that elections will be decided in the 435 districts and the 33 Senate races based on local issues with the power of incumbency looming large.

"This election will be less about a political climate that is challenging for both parties, and instead about the actual candidates and how their policies impact voters on the local level," said Tracey Schmitt, a Republican National Committee spokeswoman.

But fewer than 100 days before the Nov. 7 election, the AP-Ipsos poll suggested the midterms are clearly turning into a national referendum on Bush.

The number of voters who say their congressional vote this fall will be in part to express opposition to the president jumped from 20 percent last month to 29 percent, driven by double-digit increases among males, minorities, moderate and conservative Democrats and Northeasterners.

"I don't feel like the war was the answer," said Paula Lohler, 54, an independent from Worcester, Mass., who is inclined to vote her opposition to Bush. "It seems like it's going on and on and on and nothing's being done."

That attitude propelled anti-war challenger Ned Lamont to Tuesday's Democratic primary win over Connecticut Sen. Joe Lieberman, a stalwart supporter of Bush on the war.

"I think it's going to be similar to what we saw in 1994 and the tremendous dissatisfaction with Democrats," said Dick Harpootlian, the former chairman of the South Carolina Democratic Party. "Republicans are going to feel the wrath, feel the pain of being associated with President Bush."

In the South, Bush's approval ratings dropped from 43 percent last month to 34 percent as the GOP advantage with Southern women disappeared.

House Republican candidates looking to oust incumbent Democrats seized on the silver lining of the AP-Ipsos poll. Many of the 1,001 adults and 871 registered voters surveyed Aug. 7-9 said they've had enough with the status quo. Only 26 percent of adults said the country was on the right track, and just 29 percent approved of the job Congress is doing.

"It's a good year to be running against an incumbent," said Republican David McSweeney, an investment banker looking to unseat first-term Democratic Rep. Melissa Bean in the Chicago suburbs.

"Approval ratings for Congress are below where the president is," said Jeff Lamberti, a Republican taking on five-term Iowa Rep. Leonard Boswell. "It's a real opportunity for a challenger."

On the generic question of whether voters would back the Democrat or Republican, 55 percent of registered voters chose the Democrat and 37 percent chose the Republican, a slight increase for Democrats from last month.

"I'm not too happy with Bush at the moment," said dental lab employee Chrissie Clement, 36, of Poynette, Wis. "I think he could do more for this country. We need to get somebody new in there and get a different party in charge."

Charles Taylor, 56, who works on newspaper presses and lives near Roanoke, Va., said, "I would like to see Republicans keep control of Congress. I vote Republican to support the president."

Republican consultant Kevin Spillane said August polls typically have been filled with bad news for Bush and the GOP, but they eventually turn it around in November. Still, he said, "The bottom line from the numbers is no Republican incumbent should be caught unprepared for November."

The poll had a margin of error of plus or minus 3 percentage points for adults and 3.5 percentage points for registered voters.

Bush To Meet With Top Advisers (AP)

By Nedra Pickler

AP, August 12, 2006

President Bush plans a series of meetings next week with his top advisers to discuss his agenda and priorities, the White House announced Friday.

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Bush usually summons his advisers to his Texas ranch each summer for a day of discussions about administration policies. But the president cut back his time in Texas this summer amid conflict abroad and political tensions at home, so the meetings are being held around the Washington area instead.

Monday, Bush planned to travel to the Pentagon to meet with Defense Secretary Donald Rumsfeld and other top military advisers and then have lunch with what the White House described as experts on Iraq, although a list of attendees was not released. Then he was to head to the State Department to meet with Secretary of State Condoleezza Rice.

Tuesday, Bush was heading to the National Counterterrorism Center in McLean, Va., for a briefing and lunch with his homeland security and counterterrorism teams. The long-scheduled meeting is not a reaction to the recently discovered plot to blow up flights between Britain and the United States, but the investigation will no doubt be part of their discussion.

Bush's meeting with economic advisers was scheduled for Friday at the Camp David presidential retreat in Maryland.

The president was breaking from the adviser meetings midweek. On Wednesday, he was to travel to York, Pa., to talk about the economy and raise money for Republican gubernatorial candidate Lynn Swann. Thursday, he planned to sign major pension legislation designed to assure American workers that the pensions they have been promised will be there when they retire.

VA Secretary Says Manhattan, Brooklyn Hospitals Won't Be Closed (AP)

AP, August 12, 2006

NEW YORK (AP) _ The Secretary of Veterans Affairs said Friday that two veterans' hospitals in Manhattan and Brooklyn will not be closed or consolidated, ending years of speculation about the fate of the facilities.

Secretary Jim Nicholson announced on Mayor Michael Bloomberg's weekly radio show that the department has decided to keep both hospitals, which were examined as part of a nationwide restructuring plan. He also said a third facility in Queens will be updated.

"What we are going to do is keep them open because of the excellence that they are providing," Nicholson said. "They compliment each other, these facilities."

Nicholson said the Manhattan hospital is known for its neurology and cardiac treatments, and Brooklyn's has excellent cancer treatment and women's health programs.

The department was ordered by Congress to look at VA hospitals throughout the country to see how the system could be slimmed down.

On behalf of New York City's more than 312,000 veterans, Bloomberg and members of New York's congressional delegation had been campaigning to save the hospitals. There was much concern that both could be closed or combined into one, forcing veterans to travel further for treatment.

"I just am so thrilled. I think he's done the right thing," Bloomberg said.

Staten Island Republican Rep. Vito Fossella, whose district includes part of Brooklyn, said the announcement was a "win-win" for everyone.

"It is wonderful to hear our hard work has paid off," Fossella said.

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Two City Veterans Hospitals Among Those To Stay Open (NYT)

By Winnie Hu

The New York Times, August 12, 2006

Two veterans hospitals, in Manhattan and Brooklyn, will remain open after a three-year campaign by city officials and representatives in Congress to save them from being closed or consolidated as part of a nationwide restructuring plan.

R. James Nicholson, the secretary of veterans affairs, said yesterday that a decision about the hospitals in Kips Bay and Bay Ridge was reached after intensive review and analysis of what would be best for the city's 312,000 veterans. He announced the decision yesterday on Mayor Michael R. Bloomberg's weekly radio program on WABC-AM.

"So what we're going to do is keep them open because of the excellence that they're providing," Mr. Nicholson said. "They complement each other, these facilities."

In addition, he said, a third facility, a veterans' medical center in St. Albans, Queens, would be modernized.

The decision was hailed as a victory by Mr. Bloomberg and members of the New York Congressional delegation who have lobbied the Department of Veterans Affairs, which runs hundreds of hospitals across the country, to keep open the two in Manhattan and Brooklyn. The mayor said that he had testified at hearings, written letters and pressed the issue with federal officials.

"Three different boroughs, V.A. facilities," Mr. Bloomberg said. "And they're going to stay and expand and keep doing what we want them to do: provide great care for people that live in this city, in this case for those who served this country."

In discussing the decision, Mr. Nicholson praised the quality of care provided by the hospitals. He said the Manhattan hospital was known for its cardiac and neurosurgical care, and the Brooklyn hospital for its cancer treatments and women's health programs. The Queens center, he said, specialized in geriatric care.

"We can justify each of them," he said. "And they're thusly going to keep each of them operating."

Representative Carolyn B. Maloney, a Manhattan Democrat who has fought for the hospitals, pointed out that the Manhattan hospital had a widely used prosthetics lab, which was needed now more than ever by veterans returning from Iraq and Afghanistan with war injuries.

She added that another advantage of the Manhattan hospital, at East 23rd Street and First Avenue, is its accessibility and convenience for many veterans who walk or take the subway or buses.

"It has been a three-year battle," Ms. Maloney said. "And it has been very stressful for the veterans who look to the hospitals for their care and the hospitals' staff."

Fewer Children Lacking Health Insurance In U.S. (WT)

By Joyce Howard Price

The Washington Times, August 12, 2006

In the nine years since Congress approved the government-funded State Children's Health Insurance Program (SCHIP) the percentage of U.S. children without health insurance has dropped 20 percent, even though the total number of uninsured Americans is rising, a new report shows.

The State of Kids' Coverage report by the Robert Wood Johnson Foundation (RWJF) revealed that the number of uninsured children has declined by 2 million since SCHIP's creation and the recent expansion of Medicaid coverage.

"The decline in the number of uninsured kids is a rare piece of good news for our nation's health care system," said Dr. Risa Lavizzo-Mourey, president and chief executive officer of RWJF, the nation's largest philanthropy devoted exclusively to improving Americans' health and health care.

The intent of SCHIP has been "to provide health insurance coverage when a family's income is too high for Medicaid but not high enough for them to afford individual coverage," Elaine Arkin, an RWJF spokeswoman, said yesterday.

Households that qualify for SCHIP typically have one parent employed outside the home. A family of four earning up to $40,000 would qualify, Ms. Arkin said in a telephone interview.

The program's goal of encouraging states to add more children to their public health programs appears to have worked. At least 5 million youngsters ages 17 and under have been enrolled in public health programs such as SCHIP and Medicaid in the past nine years.

In contrast, during this same time period, there has been an increase of nearly 5 million in the total number of Americans without medical insurance, the analysis found. And while the enrollment of children in government-funded health insurance

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programs has grown by 31 percent since SCHIP started, the proportion of youngsters with private health insurance has fallen by 5 percent.

The RWJF report was prepared by analysts at the State Health Access Data Assistance Center at the University of Minnesota, using data from the Census Bureau and the National Center for Health Statistics.

Maryland and Alaska were the top two states in terms of increasing their percentages of children enrolled in public health insurance programs. Both saw 139 percent jumps.

Arkansas had a 60 percent drop in uninsured children, the largest decline of any state.

Ms. Arkin said SCHIP was authorized for 10 years, and reauthorization will be coming up next year. While this report shows the program's benefits, she said she recognizes that on occasion the program "has been a struggle for states," even though the legislation that created it allowed each state to design its own program.

The federal government contributed $4 billion annually to SCHIP in fiscal 2004 and 2005. It will provide $5 billion in the upcoming fiscal year.

Norman Podhoretz Unrepentant Neocon (WSJ)

By Joseph Rago

The Wall Street Journal, August 12, 2006

EAST HAMPTON, N.Y. -- If Waterloo was won on the playing fields of Eton, then Iraq was lost -- according, at least, to the conspiracy-minded -- on the pages of Commentary magazine and the other house organs of the neoconservative movement. Better yet, blame America's post-9/11 foreign policy on Leo Strauss, Albert Wohlstetter and Allan Bloom, regularly disinterred as the neocon godfathers.

Yet however much one loathes lending credence to talk of a neocon conspiracy -- call it Cabal Theory -- it does possess a certain element of truth. That is, the Iraq intervention found its genesis not only in the immediate crises of the prewar period, but also in a way of thinking about foreign policy that matured over several decades. In other words, "Ideas shape events. They are the moving force in history," notes Norman Podhoretz, editor in chief of Commentary for the 35 years ending in 1995, and a founding father and adventurer in the world of neoconservatism.

Neoconservatism is hard to pin down as discrete political theory; Mr. Podhoretz suggests even that is too strong a term, preferring "tendency." In any case, as a practical matter, it denotes the mentality of those who moved from somewhere on the political left to somewhere on the right, primarily during the late '70s. It had "two ruling passions," according to Mr. Podhoretz. On the one hand, the neocons were repulsed by the countercultural '60s radicalism that came to dominate the American liberal establishment. On the other, they argued for a more assertive, muscular foreign policy (at the time in response to Soviet expansionism).

It is the latter that consumes Mr. Podhoretz during this late period in his disputatious career. Here at his bucolic summer home, he makes an easy, serene figure; but any outward tranquility is very much at odds with the intensity of his moral and intellectual universe.

He is careful, certainly, to distance himself from policy making. Washington "might as well be the surface of the moon." Rather, he says, "I'm always trying to look at the world in some larger frame." That, today, means "telling the story of what has happened since Sept. 11 with some intellectual distance, to place it as a world-historical development."

The scale and the suddenness of that day, as Mr. Podhoretz sees it, swept away the assumptions of the era that preceded it, both the soft internationalism and the balance-of-power calculations that by turns governed the way America conducted itself in the world. Here was a generational, existential confrontation with militant Islamist antimodernism, international in character and analogous to World War III (known otherwise as the Cold War). The "war on terror," he argues, ought to be rightly understood as "World War IV," demanding a new set of policies and ideas that will allow the U.S. to cope under drastically altered conditions.

The point of his voluminous WWIV essays (currently being expanded into a book) is to limn the ways in which George Bush has done precisely that. "The military face of the strategy is pre-emption and the political face is democratization," he says. "The stakes are nothing less than the survival of Western civilization, to the extent that Western civilization still exists, because half of it seems to be committing suicide." * * *

With the crisis in the Middle East deteriorating, alarmingly fraught, Mr. Podhoretz's WWIV theory assumes further urgency.

On the violence running over the Levant, he is forthright: "I think of it as another battle or field or front in World War IV -- the third front that's been opened: Afghanistan, Iraq and now this." With Hezbollah acting as a proxy for Iran, and Israel standing in for the U.S., "what you have here is Iran testing the resolve, the capability, of the enemy, in this case being the entire West -- though few seem to understand this, or if they do understand it they want to deal with it with the usual appeasement."

Does the president understand? Grant that there are no easy answers: Hasn't the administration, on the more intractable questions of Syria and Iran, shown by and large the same weakening of resolve? Mr. Podhoretz winces. The question seems to

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set his teeth on edge. "There are people who ask George Bush to do everything at once," he declares, "instead of picking his shots and moving at a politically viable pace. It's nice as an intellectual exercise, but what is the point of demanding things that no democratic political leader, not even George Bush, could conceivably do at this time? To my mind it's a kind of right-wing utopianism."

Right-wing utopianism -- now there is machismo. It is, of course, the very charge most often leveled against the neocons: that they thought (to put it rudely) they could go parading through Arabia and reorder it as a liberal democracy; instead of flowers and sweets they were met with IEDs and sectarian death squads. And this notion has picked up currency of late -- particularly among those who consider themselves conservatives without the qualifying prefix.

Mr. Podhoretz is having none of it. "I always knew they didn't like this policy, the Bush doctrine," he says, speaking of increasingly vocal antagonists like George Will and William F. Buckley. "They had doubts about it going in, and not just because it violates in their view conservative principles but, you know, it's hubris, it's Wilsonianism, it goes beyond the limits of power, it's nation-building, and so on. But for reasons of solidarity or because they were not willing to join with the left or the far reaches of the Buchananite right, they were careful, they voiced their doubts only through hints or veiled asides. So when they came, so to speak, out of the antiwar closet, I certainly was not all that surprised.

"They've declared defeat, basically," he continues. "What can I say? I think they're wrong. I think Iraq has gone not badly but well, is not a disaster or a crime or a delusion, but what's more is a noble, necessary effort."

Mr. Podhoretz attributes the troubles of reconstruction as much to our own irresolution as to what he calls "the recalcitrance and obduracy of the region." "The only reason in my opinion that we're having as much trouble as we're having in Iraq is that we're not getting intelligence. You cannot fight a revanchist insurgency and certainly not one that uses terrorist tactics without good intelligence . . . and you can only get that kind of intelligence by squeezing it out of prisoners. That's all there is to it."

Both domestic opposition and the international community, unhappily, are "defining torture down. The things they're calling 'torture' now have never been and have no business being considered torture." He keeps on: "It is an effort to disarm us that's succeeding to a frightening extent. No, it's worse than that. They're trying to make it impossible to fight terrorism. . . . Every weapon that's been developed to protect us from terrorism, and the Iraqis from internal terrorism, is under assault."

Mr. Podhoretz loops back to the allegations that the administration has botched the execution of its Middle East policy. "I get impatient and even angry with this relentless carrying on in the face of setbacks," he says. "Now suddenly even a lot of my neoconservative friends have either lost heart and deserted the cause or devoted themselves mostly to bitching about this and that and the other thing and everything else. Most of these criticisms or attacks have been so unfair as to be completely unreasonable. . . .

"If you stipulate that everything people allege was a mistake in Iraq, even If you stipulate that they all were actually mistakes rather than judgment calls about which reasonable men could differ and could have had worse consequences if they'd gone the other way -- even If you stipulate that all the critics are right, these 'mistakes' are chump change compared to the mistakes that were made during World War II by great leaders like Churchill and Roosevelt, and the lives that were squandered, thousands and thousands of lives uselessly squandered. . . .

"But even with these mistakes," he continues, "this country was indispensable in defeating the two great totalitarian threats of the 20th century. It was this despised bourgeois civilization that turned out to be the one bulwark against those monstrous enemies of humanity. I feel the same way today about Islamofascism."

Mr. Podhoretz is not dismissive of the costs the U.S. has incurred, quite; but better, he argues, to endure these convulsions than the previous arrangements. "We've paid an extraordinarily small price by any reasonable historical standard for a huge accomplishment," he says. "It's unseemly to be constantly whining." * * *

The political odyssey of Norman Podhoretz began in the mid-1950s, when he made his mark as a literary critic and heir apparent of the leftward "New York intellectuals"; veered sharply toward radicalism in the early '60s; and ultimately rejected the ascendant hard left for what we now recognize as neoconservatism. "The issue was America," he says. "I was repelled, almost nauseated, by the rise of anti-Americanism on the left. The hatred of this country seemed to me not only wrong, it was disgusting. . . . Everything the left was saying about America was wrong -- everything -- and wrong by 180 degrees." He likens it to "staging a black mass, with the cross inverted and Christ hanging by his feet."

"There was a heavy price to be paid for my acts of apostasy," he says. Still: He retains an acute sense of longing for the intellectual community in which he grew up, a world -- irretrievably lost -- with no real equivalent today. It was a world that cared immensely about the life of the mind, and "even though practically everything it held dear was wrong, the fact is that it was exhilarating -- you had all these brilliant people who were interested in understanding what historical forces were at work in the world and how they were playing out."

It was perhaps that spirit, more than anything else, that Mr. Podhoretz and his cadre sowed in the conservative mind. The neoconservatives were not simply "new conservatives," swallowed whole by an established system and along for the ride,

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Jonahs in the belly of a whale; but, more exactly, they deepened and broadened the nature of conservatism by emphasizing larger questions and long views, all seriously considered. The neoconservative enterprise is still in motion, and -- like the war on terror, like World War IV, like whatever else one wants to call the present danger -- it is not done yet.

"It continues," Mr. Podhoretz says. "It never ends." During the Belle Époque of the Clinton years, things seemed to have sufficiently mended for him to turn his attention to literature again; Sept. 11, as he tells it, drew him back into the arena, inexorably, as if carried by the tide. "I'm getting old. I am old," he sighs. "But I'm still at it, and I'll continue." He adds with a laugh: "I especially get a new surge of intellectual energy whenever my own side, as it has been lately, starts to infuriate me."

Mr. Rago is an assistant editorial features editor at The Wall Street Journal.

OTHER NEWS:

Rate Worries Sap Stocks Strong Retail Sales Put Fed Back In Play; 'A Holding Pattern' (WSJ)

By Scott Patterson

The Wall Street Journal, August 12, 2006

Investors who proved resilient in the face of new concerns about terrorism this week were sent scurrying Friday by a better-known bogeyman: the Federal Reserve.

A report showing retailers sold more goods than expected in July boosted the odds the Fed may increase rates again later this year. Nail-biting over rates, as well as trepidation ahead of some key inflation data due next week, helped send the Dow Jones Industrial Average down 36.34 points to 11088.03 Friday on light volume, hurt by Alcoa and Caterpillar, which fell about 2% each amid concerns about a slowing economy.

The blue-chip average fell 152 points, or 1.4%, this week, breaking a three-week run of higher returns and declining every day of the week except Thursday, when investors shook off concerns about a terrorist plot to blow up airplanes flying from the United Kingdom to the U.S.

The Standard & Poor's 500-stock index fell 5.07 Friday to 1266.74, leaving it down 13 points, or 1%, for the week, also ending a three-week string of gains. The Nasdaq Composite Index lost 14.03 to 2057.71, off 27 points, or 1.3%, this week, the tech-heavy index's second straight week of losses.

Wall Street remains split between concerns about a slowing economy and fears that strong economic data will force the Fed to keep nudging rates higher, analysts said. "The market is trying to decide what's more important, whether facing another rate increase is a death knell to the market, or whether the economy slowing to below-trend growth is a death knell," said Marc Pado, U.S. market strategist at Cantor Fitzgerald.

Earlier in the week, policy makers did not raise rates at one of their eight yearly meetings for the first time in more than two years, leaving their target overnight lending rate at 5.25%. In the statement that accompanied the rate decision, though, central bankers warned that "inflationary risks remain" and could outweigh concerns about a weakening economy and rapidly cooling housing market.

Concerns about those risks were back on the table Friday after a Commerce Department report showed retail sales in July1 rose by a seasonally adjusted 1.4% -- the biggest increase since January and well beyond expectations for a 0.9% rise. Strong sales could keep the economy chugging along at a hotter pace than previously thought, potentially driving prices higher.

Odds the Fed will tighten again rose after the sales report. Fed-funds futures contracts changing hands on the Chicago Board of Trade priced in a 37% chance that policy makers will boost their target rate by another quarter-point to 5.5% at the Sept. 20 meeting, up from about 25% late Thursday.

Jitters about the ongoing conflict between Hezbollah and Israel also weighed on stocks, and analysts said investors were extra-cautious ahead of some important inflation data to be released next week. The government will issue wholesale-inflation figures for July on Tuesday and its consumer-inflation report on Wednesday, data that will impact the Fed's next decision.

"I don't think the market will do much on a Friday in August ahead of those inflation numbers," said Owen Fitzpatrick, managing director of Deutsche Bank Private Wealth Management. "We're kind of in a holding pattern."

MARKET WRAP

· European Regional Indexes Rise Slightly2

· Asian Regional Indexes Close Mixed3

· Terror Plot Fails to Rattle Stocks4

Light, sweet crude-oil prices gained 35 cents to $74.35 a barrel on the New York Mercantile Exchange Friday, a day after tumbling 3% amid expectations that a thwarted terrorist plot in the U.K. could cut into jet-fuel demand.

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While the July sales data jumped, a downward revision to June sales allayed worries that overly strong spending could overheat the economy somewhat. Economists said they don't expect the strong July results to significantly alter the overall trend of weakening spending.

Brian Bethune, U.S. economist at Global Insight, wrote in a note to clients that while underlying fundamentals support solid spending, "the persistence of high gasoline prices, coupled with a weak housing market and bruised consumer sentiment, will restrain growth" in the second half of the year.

The combination of a slowing economy, percolating inflation and higher interest rates is raising concerns that the economy may slide into a recession next year. A July survey of economists5 by WSJ.com showed expectations for a recession in the next 12 months rose to 26%, up from 20% in June.

A Labor Department report that July import prices rose 0.9%, largely due to rising energy prices and slightly below forecast for a 1% increase, had little impact on rate expectations. The government also reported that business inventories rose 0.8% in June, higher than the 0.6% rate expected, reflecting weak spending on cars and other products.

In major market action:

Stocks fell.6On the New York Stock Exchange, 1,146 stocks advanced and 2,165 declined on volume of 2 billion shares.

Bonds slid.7The 10-year note fell 11/32, or $3.44 for every $1,000 invested, to yield 4.975% Friday, and the 30-year note fell 16/32 to yield 5.101%.

The dollar rose.8The euro was at $1.2726 from $1.2792 late Thursday, while the dollar was at 116.29 yen from 115.29 yen.

U.S. Stock, Bonds Drop On Retail Sales Report; Dollar Gains (BLOOM)

By Hilary Johnson

Bloomberg, August 12, 2006

Aug. 11 (Bloomberg) -- U.S. stocks fell, ending their first losing week in a month, after a surge in retail sales suggested the Federal Reserve will resume raising interest rates.

Alcoa Inc., the world's largest aluminum maker, had the Dow Jones Industrial Average's biggest loss as the prospect of higher rates hurt companies most affected by a slower economy. Semiconductor stocks tumbled after an earnings forecast from Analog Devices Inc., a maker of chips used in products from mobile phones to cars, fell short of analysts' estimates.

Retail sales rose 1.4 percent last month, the fastest pace since January, a government report said. The data indicated the economy may not be decelerating as much as the Fed expected when it held rates steady this week after two years of increases.

``The market's focused on the growth slowdown, but there's a risk that if inflation picks up, you're going to be worried about the Fed tightening more," said Alec Young, an equity market strategist at Standard & Poor's in New York.

The Dow slid 36.34, or 0.3 percent, to 11,088.03. The Standard & Poor's 500 Index lost 5.07, or 0.4 percent, to 1266.74.

The Nasdaq Composite Index slipped 14.03, or 0.7 percent, to 2057.71, led by Juniper Networks Inc., the second-largest maker of gear that directs Internet traffic, and Nvidia Corp., the No. 3 manufacturer of computer-graphics chips. The companies delayed earnings reports because of stock-option investigations.

Treasuries Decline

U.S. Treasury 10-year notes posted their first weekly loss since June after the retail sales report spurred speculation the Federal Reserve may increase borrowing costs again this year.

Yields on benchmark 10-year notes rose to the highest in six days after the release of the July report, pushing the weekly gain to 7 basis points. They had traded near a four-month low since the Fed paused Aug. 8 following 17 straight interest-rate increases.

Ten-year note yields rose about 4 basis points, or 0.04 percentage point, to 4.97 percent at 3:37 p.m. in New York, according to bond broker Cantor Fitzgerald LP. The yield was 4.87 percent on Aug. 4, the lowest since April. The price of the 4 7/8 percent security due August 2016 fell 9/32, or $2.81 per $1,000 face amount, to 99 9/32. Yields rise as prices decrease.

The Fed left the target for the overnight lending rate between banks unchanged at 5.25 percent on Aug. 8, the highest since March 2001. Interest-rate futures show traders see a 27 percent likelihood the Fed will lift the interest rates to 5.5 percent at its meeting on Sept. 20, and a 74 percent chance they will raise them by the end of the year.

Dollar Strengthens

The dollar reached a two-week high against the yen and the euro after the government report showed U.S. retail sales increased last month by more than economists forecast.

The statistics helped the dollar by bolstering speculation the Federal Reserve will lift interest rates again. The central bank this week left its target overnight lending rate unchanged at 5.25 percent, ending a run of 17 straight increases since June 2004.

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The U.S. currency climbed to 116.28 yen at 3:50 p.m. in New York, from 115.25 late yesterday. It reached 116.44 after the retail sales report, the highest since July 26. It advanced to $1.2731 per euro from $1.2794, for a 1.1 percent gain this week, and reached $1.2717, the strongest since July 28.

The yen is 1.6 percent lower this week, its biggest weekly drop against the dollar in a month, after a report showed Japan's economic cooled last quarter by more than expected.

Oil Gains

Crude oil rose on speculation that terrorist threats won't slow the economy or curb air travel as much as expected yesterday, when a plot to bomb aircraft heading for the U.S. was discovered.

British Airways Plc, Europe's third-largest airline, said it plans to operate on a ``near-normal'' schedule today. Air travel on both sides of the Atlantic Ocean was disrupted after U.K. authorities arrested 24 men they said were planning to blow up planes. In the three months after the Sept. 11 assault, oil fell 35 percent.

Crude oil for September delivery rose 35 cents, or 0.5 percent, to close at $74.35 a barrel on the New York Mercantile Exchange. Prices fell 0.5 percent this week and are up 13 percent from a year ago.

Retail Data Suggest Steady Spending (WSJ)

By Greg Ip

The Wall Street Journal, August 12, 2006

Surprising 1.4% Sales Rise Casts Doubt on Slowdown And Extended Pause by Fed

The nation's retail sales grew much more than expected last month, casting doubt on whether consumer spending has slowed and the Federal Reserve has reached the end of its rate increases.

Retail sales in July grew 1.4% from June, after falling a revised 0.4% in June from May, the Commerce Department said. Excluding a big jump at auto dealers, sales rose 1%. Further excluding gasoline stations, whose sales figures were boosted by higher gasoline prices, the increase was 0.7%. Nonetheless, the July figures were stronger than economists expected.

WALL STREET JOURNAL VIDEO

1

WSJ's Dave Kansas discusses2 the retail data, the housing market and the likelihood of a recession. · Plus, Treasury Secretary Henry Paulson discusses3 financial-instrument innovation, the U.S.-China economic relationship and the recent retail data.

"Amid all the talk that consumers are tapped out given high energy prices and a cooling in the housing sector, the July sales results are an encouraging development," Stephen Stanley, chief economist at RBS Greenwich Capital, said in a note to clients. "We think that consumer spending will re-accelerate...A flattening out of energy prices since May should allow the consumer to do better."

But Marc Lévesque, chief fixed-income strategist for North America at TD Securities, called the July gain a "temporary bounce" following a weak June. The loss of purchasing power to high energy prices, soft job growth, the "evaporating" boost from high home prices and depleted saving will keep spending "lackluster" for the rest of the year, he predicted.

At its policy meeting Tuesday, the Fed held interest rates steady for the first time in two years, saying a moderation in growth should hold inflation down. In the wake of Friday's retail-sales report, however, futures markets boosted the probability that the Fed would raise short-term rates from 5.25% at its Sept. 20 meeting. The market put the odds at 38%, up from 27% Thursday.

Retail sales of autos and parts increased 3.1% last month as auto makers seeking to clear away 2006 models offered aggressive incentives to entice customers.

Sales at building-material stores grew 1.8% after falling 4.4% over the previous three months. Those sales are considered an indicator of renovation activity and are sensitive to homeowners' ability to borrow against the value of their homes. July's rebound suggests home-equity remains a source of spending power.

Clothing-store sales rose 0.7%, Internet and mail-order outlets boosted sales 2.1% and electronics sales rose 1.9% in July. Sporting goods, hobby and bookstore sales fell.

Separately, the Labor Department said import prices increased 0.9% last month from June, but excluding fuel prices, they fell 0.1%.

In another report, the Commerce Department said business inventories rose 0.8% in June from May. Business sales rose 0.2%, and, as a result, inventories increased to the equivalent of 1.26 months' sales from 1.25.

Economists generally expect the government's estimate of the nation's second-quarter economic growth to be revised upward to about 3% from the preliminary estimate of 2.5% released in late July.

---- Jeff Bater contributed to this article.

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Write to Greg Ip at greg.ip@wsj.com9

U.S. Economy: Retail Sales Jump, Challenging Bernanke (Update5) (BLOOM)

By Courtney Schlisserman

Bloomberg, August 12, 2006

Aug. 11 (Bloomberg) -- Retail sales in the U.S. rose the most in six months in July, led by purchases of electronics and cars, suggesting the economy may not be slowing as much as the Federal Reserve anticipates.

The 1.4 percent jump, which exceeded forecasts, followed a 0.4 percent drop in June, the Commerce Department said today in Washington. A separate report from the Labor Department said the price of imported goods climbed 0.9 percent last month, after no change in June.

The report may make it harder for Fed Chairman Ben S. Bernanke to indefinitely forgo raising interest rates after suspending a two-year tightening campaign this week. Consumer spending accounts for 70 percent of the economy, and the central bank is counting on slowing growth to damp inflation.

``It's a little too early for the Fed to have declared victory," said Stephen Stanley, chief economist at RBS Greenwich Capital in Greenwich, Connecticut, and the only analyst in a Bloomberg News survey to accurately forecast the gain in sales.

``This gets us off to a good start for the third quarter," said Stanley, a former Fed economist. ``We view this as a pretty important number. It could be pivotal."

Stocks fell on concern the Fed's decision to keep its benchmark lending rate at 5.25 percent doesn't mark the end of its cycle of rate increases. The Standard & Poor's 500 Index lost 5.07, or 0.40 percent, to 1266.74 at 4:05 p.m. in New York.

The yield on the Treasury's 4 7/8 note maturing August 2016 rose to 4.965 percent, from 4.933 percent yesterday.

`More Resilient'

Economists expect third-quarter growth of 2.8 percent, according to a Bloomberg survey taken from July 28 to Aug. 10 and released today. Consumer spending probably will rise at a 2.9 percent pace from the second quarter's 2.5 percent rate.

``The consumer is always more resilient than you expect," said Stephen Gallagher, chief U.S. economist at Societe Generale SA in New York. ``Instead of the economy continuing to slow, we're seeing a little bit of firming, which may cause the Fed to raise rates later this year."

Today's numbers are the first of two retail sales reports the Fed will see before its next meeting on Sept. 20, making forecasts based on these figures tentative, economists said. For the Fed to continue to keep rates steady, policy makers will need to see evidence confirming the economy is moderating enough to tame inflation. The Labor Department will publish the July consumer price report next week.

`Positive Feedback'

Retailers including Kohl's Corp. have said sales in recent months have exceeded expectations. Kohl's, a low-price department-store company, raised its profit forecast for the year yesterday after sales last quarter beat estimates.

``We're driving in new customers who are giving us very positive feedback, and we're continuing to take market share," Kohl's Chief Executive Officer Lawrence Montgomery said on a conference call yesterday.

The jump in retail sales may come as a relief to businesses whose inventories piled up a month earlier. Stockpiles rose 0.8 percent in June following a 1.1 percent gain the prior month, the Commerce Department also reported today. The increase in stockpiles, if not soon reversed by stronger demand, poses a risk that orders to factories and production may cool.

Excluding Autos

Sales excluding auto dealers increased a larger-than- expected 1 percent last month after a 0.1 percent rise in June. The July gain was double the 0.5 percent increase forecast by economists, after an initially reported 0.3 percent rise the month before.

June sales at all retailers were revised down from a previously reported 0.1 percent drop. Estimates for July purchases ranged from a drop of 0.1 percent to an increase of 1.5 percent.

Sales at automobile dealerships and parts stores rose 3.1 percent last month after falling 2.5 percent in June. Automakers used incentives to boost vehicle sales to an annual rate of 17.2 million in July, up from a 16.3 million pace in June, according to industry reports.

Filling station sales increased 2.5 percent in July after a 0.8 percent rise as higher gasoline prices helped boost receipts. The price of regular-grade gasoline at the pump averaged $2.98 a gallon in July, up from $2.88 a month earlier, according to Energy Department statistics.

Even with the larger-than-expected gain in July sales, the challenges of higher fuel costs and a slowdown in the housing market may keep spending from accelerating much through yearend. Gasoline prices have pushed higher, exceeding $3 a

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gallon in the last three weeks. Weakness in the housing market is also slowing refinancing, a source of cash homeowners have relied on for several years to boost spending.

Wagoner's Concerns

``The impact directly on oil prices is a concern for us and probably as big is the impact on the psychology of consumers,'' Rick Wagoner, chief executive officer of General Motors Corp., said in an interview yesterday in Traverse City, Michigan.

Stores selling building materials and garden supplies showed a 1.8 percent increase in sales last month, after a 1.5 percent drop in June.

Excluding autos, gasoline and building materials, the retail group the government uses to calculate gross domestic product figures for consumer spending, sales rose 0.6 percent in July, following a 0.3 percent increase in June. The government uses data from other sources to calculate the contribution from the three categories excluded.

Sales of electronics and appliances jumped 1.9 percent, the most since January, after a 0.2 percent rise the month before.

Purchases at non-store retailers, which include online and catalog sales, increased 2.1 percent in July after falling 0.4 percent the month before. Sales at general merchandise stores rose 0.3 percent after a 0.2 percent gain.

Hot Weather

Shoppers snapped up more summer clothing, air conditioners and fans as temperatures increased. Last month was the second- warmest July in 112 years, according to the Commerce Department's National Climatic Data Center.

Sales at stores open at least a year rose 3.5 percent, the International Council of Shopping Centers said. Results at retailers exceeded forecasts. J.C. Penney Co., the third-largest U.S. department-store company, said yesterday that second-quarter sales at stores open at least a year rose 6.6 percent, the largest quarterly increase in two years. Comparable store sales should grow in the low single digits in the third and fourth quarters, the company said.

Inflation Risk

While higher wages would support consumer spending, it also poses a risk to inflation if companies pass on their higher costs to consumers in the form of price increases, economists said.

``We clearly see inflation flying higher,'' said Joseph Brusuelas, chief U.S. economist at IDEAglobal in New York. ``If consumers don't back off, it means that growth's not moderating along the lines exactly that the Fed has forecast, and maybe the third quarter isn't going to be as weak as we all think.''

The Fed this week kept its benchmark overnight bank lending rate at 5.25 percent, the first time in more than two years it hasn't raised rates. Policy makers also left room for further rate moves, saying inflation has been ``elevated'' and remains a risk.

The economy expanded at a 2.5 percent annual rate in the second quarter, less than half the pace of the first three months of the year, the Commerce Department said on July 28.

US Retail Sales Climb Strongly In July (FT)

By Jennifer Hughes In New York

Financial Times, August 12, 2006

Strong retail sales data eased concerns about the US consumer on Friday as shoppers appeared undeterred by high petrol costs and used malls to escape the summer heat.

A report from the Commerce Department showed sales jumped 1.4 per cent in July, well above the 0.9 per cent expected by economists. Excluding auto sales, which are volatile and were known to be strong last month, sales rose 1 per cent, also better than expected.

It was the best month since January, when sales had risen by 3 per cent.

Although known for their volatility, the data were a sharp turnaround from June, when sales excluding autos rose just 0.1 per cent. Data such as the June report and weak second-quarter growth numbers had triggered concerns US consumer spending was finally slowing down.

Gross domestic product grew by an annualised 2.5 per cent in the three months to June - less than had been expected. Consumer activity accounts for about two thirds of gross domestic product.

Car-related sales were extremely strong owing to aggressive discounting from manufacturers. Sales rose 3.1 per cent last month after falling 2.5 per cent in June.

High energy costs played their part, with petrol station sales rising 2.5 per cent. Excluding those figures, sales at all other retailers rose 1.3 per cent.

Heat may well have played an important role, boosting demand for summer clothing and garden items. The report showed demand at building material and gardening stores rose 1.8 per cent and by 0.7 per cent for clothes.

Retail Numbers Indicate Rebound In 3rd Quarter (WSJ)

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The Wall Street Journal, August 12, 2006

Sales at the nation's retailers rose 1.4% in July1, the most in six months and better than economists expected. Higher gas prices boosted sales, but increases were also seen across many other categories. Consumer spending accounts for about two-thirds of all U.S. economic activity, so the strong numbers have implications for economic growth projections and the Federal Reserve's interest-rate policy. Earlier this week, the Fed held rates steady after 17 straight quarter-point increases. Here's what economists are saying about the retail numbers. * * *

Consumer spending is off to a fast start at the beginning of the third quarter. Overall retail sales in July are already 4.9% annualized above its second-quarter level, core retail spending is 5.5% above its second-quarter level, and core retail sales less gasoline sales are 4.0% over their second-quarter level. Based on this data, it appears that real consumer spending will accelerating in the third quarter, helping to offset the weakness in housing. -- Steven A. Wood, Insight Economics * * *

Although stronger than expected, the July retail-sales data do not seriously challenge the view that the consumer is losing momentum. They do, however, indicate a slightly more sedate pace of deceleration than we had expected. But as the housing market downturn accelerates in [the second half] so too should the slowdown in consumer spending. --Richard Iley, BNP Paribas * * *

Basically, it was shop till you drop time. [Consumers] bought just about everything from everybody. Sales of vehicles, electronics, appliances, building and garden supplies, furniture, health care products, clothing, food and of course, gasoline, were up solidly. … The FOMC is banking on a significant economic slowdown to curb the inflationary pressures and this report doesn't tell them they have gotten it. -- Joel L. Naroff, Naroff Economic Advisors * * *

The implication of today's release is that growth in spending is tracking at a decent pace into the third quarter and there are no signs that the economy is decelerating further. – Goldman Sachs U.S. Economics Research * * *

The strength in July retail sales was quite broad-based, with almost every category posting a noticeable gain. In particular, discretionary hardline stores -- furniture, electronics and appliances, and building materials -- all posted strong advances. Amid all the talk that consumers are tapped out given high energy prices and a cooling in the housing sector, the July sales results are an encouraging development. -- Stephen Stanley, RBS Greenwich Capital * * *

The strength in July sales was surprisingly broad based. The expected elevation in the auto dealer and gas station categories was accompanied by unanticipated gains in discretionary components such as home electronics (+1.9%), hardware (+1.8%), apparel (+0.7%) and restaurants (+0.6%). At least a portion of the elevation in the home electronics category during July was likely attributable to sales of air conditioners and fans as an unusually severe heat wave baked much of the nation. -- David Greenlaw and Ted Wieseman, Morgan Stanley * * *

Consumer spending is off to a brisk start in the third quarter. Given these data on retail sales excluding autos, building materials, and gasoline, along with unit auto sales from manufacturers, consumer spending has started the quarter on pace for a gain around 4%. We believe that this report is consistent with our forecast for close to 3½% real GDP growth in the third quarter. – Bear Stearns Economics

--Compiled by Tim Hanrahan2

Lookahead: Calm In The Storm (WSJ)

By Chris Bain

The Wall Street Journal, August 12, 2006

Current market conditions will give you pause. In a week full of high-profile news events, including an oil spike, the first Federal Reserve inaction in years and an apparent foiled terrorist attack, stocks stayed relatively calm. So we look to next week, which may provide new clues to an economic puzzle and give markets a clearer sense of direction. What Happened

THE WEEK'S TALLY

*Last week's closing yield

Is anyone paying attention? After weeks of big swings in the market, in which triple-digit moves in the Dow Jones Industrial Average seemed to become commonplace, stocks kept relatively cool despite a week of havoc-wreaking potential.

Monday saw crude oil spike 3%, to within pennies of a nominal record high, on news that a BP-operated oil field in Alaska, the biggest in the U.S., would be shut down1, threatening corporate profits and consumers' wallets. Tuesday, the Federal Reserve fulfilled expectations by holding the target2 on the federal-funds rate at 5.25%, but a policy maker's dissent raised the possibility more increases were coming soon. On Thursday, markets showed impressive resilience, rising3 after arrests were made in an alleged terrorist plot4 to attack trans-Atlantic flights.

But the biggest move by the broad-based S&P 500 came on Wednesday, when there was no earth-shattering news; the index fell 5.53 points, or 0.43%. The Dow industrials also made their biggest move5 on Wednesday, sliding 97.41 points, or 0.87%. A plausible explanation is that, by Wednesday, the market had enough time to stew about what really worries it: inflation

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and the economy. And it may have good reason to worry; the latest Wall Street Journal survey of economists revealed forecasts6 of slowing economic growth and rising inflation -- a quandary for the Fed and a bad sign for stocks. What's Next

That sets the stage for next week, when investors will zero in Wednesday on the Labor Department's consumer price index for July, a key inflation gauge and an early indicator of whether the Fed made the right move by leaving rates steady. Some market participants aren't so sure; Friday's retail-sales figures, which came in above forecasts, raised expectations that Tuesday's Fed inaction may not mean an end to rate increases. Federal-funds futures on the Chicago Board of Trade priced in a 36% chance the Fed would raise its target rate to 5.5% at its Sept. 20 policy meeting, up from 25% late Thursday.

Economists, on average, expect core CPI, which excludes food and energy prices, to rise 0.3%. A higher figure could be trouble for stocks. But even if the number hits the mark, it would still confirm an uptick in inflation, possibly raising questions about the Fed's pause.

"The inflation numbers by themselves are going to frighten investors," said Ken Tower, chief market strategist at Cybertrader, a unit of Charles Schwab, who doesn't see any one major catalyst for a stock rally next week -- though he says a combination of things could spark a move higher.

Wednesday's Commerce Department report on housing starts could play a role. Economists expect starts, which decreased 5.3% in June to a seasonally adjusted 1.850 million-unit annual rate, to fall by a little more than 2% in July. If starts are worse than expected, "that should help the Fed's case" that the economy is slowing down enough to justify their rate-hiking pause, Mr. Tower said. That, combined with lower-than-expected consumer prices in July, could throw the market some red meat.

Gordon Fowler, chief investment officer at Glenmede Trust, said stocks also need to get good news from the Labor Department's wholesale-price report, due Tuesday. "We need some good news there for a rally," he says. Good news in this case would mean some number lower than the 0.4% gain (0.3% excluding food and energy) economists expect.

"The market is in a show-me state," Mr. Fowler said, willing enough to believe Fed Chairman Ben Bernanke when he says inflation is moderating, but needing confirmation. "If we really had a cessation of inflation, this market would be doing really well."

Other Economic News

There are several smaller economic reports on tap next week, but only a handful with the potential to move markets. On Wednesday, the Fed releases its figures for industrial production in July. Economists expect another strong month of output from the nation's factories, utilities and mines, and they expect capacity utilization -- the percentage of production capacity in use -- to rise to 82.7% from 82.4% in June. A high number could be a sign of inflationary pressures in the economy.

Regional manufacturing numbers will come on Tuesday and Thursday, from the New York and Philadelphia Feds, respectively.

And the University of Michigan releases on Friday its preliminary reading of consumer sentiment for August. Economists expect sentiment to ebb a bit, possibly a harbinger of weaker consumer spending -- though consumers have been known to keep shopping no matter how badly they feel.

· See a complete economic calendar7 for the week.

Earnings, Other Corporate Events

The second-quarter earnings season is nearly over, but there are still a few big names due to report next week. Wal-Mart and Home Depot are both scheduled to give results on Tuesday. Investors will keep a close eye on Wal-Mart, the world's biggest retailer, for signs of strength or weakness in consumer spending. Similarly, the numbers and comments of Home Depot, the biggest U.S. home-improvement retailer, will be parsed for signals about the strength or weakness of the housing market.

A lesser retailing name, Gap, is scheduled to report on Thursday. Analysts and investors will look for any signs the struggling retailer is finally turning a corner.

Two technology bellwethers, seemingly moving in opposite directions, report earnings next week. Hewlett-Packard, still enjoying an extended honeymoon with CEO Mark Hurd, releases results Wednesday after the closing bell. It is widely expected to report a surge in profit, during a quarter in which it surged to second place in the global PC market.

No. 1 PC maker Dell, on the other hand, is expected to report a difficult quarter; late last month it warned its profit would be far below Wall Street forecasts. Its results are due late Thursday.

· See a complete earnings calendar for the week.8

H.J. Heinz hosts is annual shareholder meeting Wednesday morning in Pittsburgh. Nelson Peltz's hedge fund The Trian Group, the ketchup maker's second-largest investor, has vowed to fight for board seats at the meeting.

A verdict in the second federal trial involving Merck's painkiller Vioxx could come next week.

France's Sanofi-Aventis and Bristol-Myers Squibb, joint marketers of the blood thinner Plavix, are expected to seek an injunction against sales of Apotex's generic version next week.

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A bankruptcy-court hearing on auto-parts maker Delphi's request for the right to reject its labor contracts is scheduled to resume on Thursday. The hearing was delayed to allow time for negotiations. Any move by Delphi to cancel its contracts could result in a strike that could cripple its biggest customer and former parent, General Motors.

Speaking of labor strife, Northwest Airlines flight attendants planned work stoppages next week, but they are reconsidering in light of the foiled terrorist plot in the U.K.

Nutritional-supplement retailer GNC plans to file its delayed IPO next week. GNC had planned to raise about $400 million, but may have to sharply cut its offering price, according to financial-news site theFlyonthewall.

Marathon Acquisition, a "blank-check" company formed to buy other as-yet-unnamed companies, plans to raise about $300 million in an IPO. And business-services provider InnerWorkings plans a $95 million issue. Politics, Policy and Speeches

The calendar is light next week for Fed speakers. Dallas Fed President Richard Fisher -- a nonvoting member of the Fed's policy committee, famous for his June 2005 comment that the Fed was then in the "eighth inning" if its tightening campaign, which has lasted at least another year -- is scheduled to speak at a real-estate conference in Dallas Wednesday afternoon and a community luncheon in Shreveport, La., Thursday afternoon. Governor Randall Kroszner, who does have a policy vote, is scheduled to speak at a banking conference in San Francisco Thursday night.

President Bush's vacation at his Crawford, Texas, ranch ends this weekend, and he is due back at the White House on Sunday. Congress is on vacation for the rest of the month.

Terrorism fears will remain in the spotlight next week. The European Union plans to host an aviation-security meeting in Brussels on a yet-to-be-determined date next week to talk about airline security in wake of the foiled terror plot.

The U.S. embassy in India has warned that al Qaeda could attack in New Delhi and Mumbai during India's Independence Day celebrations next week.

And the Colorado Passport Agency is scheduled to start issuing e-passports, embedded with a computer chip containing personal information of the passport holder, on Monday. The State Department plans to roll out the controversial passports throughout the rest of the U.S. in coming months. Under the Radar

The global trend toward higher interest rates is likely to continue next week in the Nordic countries. Norway's central bank, Norges Bank, is expected to raise its target lending rate by a quarter percentage point, despite a recent inflation reading that was more benign than expected. Iceland, meanwhile, is trying to put out a more-active inflationary fire, and its central bank, the Sedlabanki, is expected to raise its target rate by a half or three-quarters of a percentage point. Until earlier this year, Iceland had been the beneficiary of a flood of foreign investment, stoking an economic boom and driving prices higher. But worries about the country's imbalances and the first hints of Japan's shifting interest-rate policy caused investors to flee in February, and Iceland's currency and stock market cratered. Some observers warned the tiny country's troubles may have been the first harbinger of broader pain to come in the global economy and financial markets.

--Mark Gongloff

The Long View: Darwinian Truth Lies Behind The Struggle To Make Investment Headway (FT)

By Phillip Coggan

Financial Times, August 12, 2006

Why is investing so difficult? That thought must have struck all those who bought a technology fund in 1999-2000, have seen their endowment policies deliver less than expected, or who struggle to get a decent retirement income from their savings.

Even professionals struggle. Most fund managers fail to outperform the market index. Those that are perceived to fail can be sacked as quickly as a Premier League football manager.

The most obvious problem is the sheer amount of information that needs to be analysed. When deciding to buy a particular share, investors need to assess the probity of the management, the appeal of the group's products, the threat from competitors in the sector, and the economic conditions before even beginning to calculate the correct value of the shares, using a host of different measures. Not only do they need to understand conditions now, but predict how they will develop over the next five years or so.

Even a very well-informed investor can struggle. That is because predicting financial markets is not like predicting the weather – an area where, over the years, short-term forecasting has improved because of better collection of data and sophisticated computer models.

The weather does not change because of our forecasts. But a stock market is made up of humans interacting; their perceptions (and the way they act upon them) change the conditions.

Julien Garran, head of asset allocation at Legal & General, has a nice perspective on the issue. He describes how hedge fund managers in the past three years have all learnt to use the carry trade – borrowing low-yielding assets and investing the

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proceeds in higher-yielding/returning assets. This, he says, was a Darwinian process; a manager who did not invest that way did not survive.

Herein lies a big part of the problem. Mammals have millions of years to adapt to their local environment. Natural selection slowly, but inexorably, means that those animals most suited will survive.

For an investor, however, the conditions are changing all the time. They do not have the luxury of decades to adapt to one type of regime. In the late 1990s, it was all about owning technology stocks. In the early years of this decade, the right strategy was to own bonds, not equities; over the past couple of years, it has paid to buy emerging markets and commodities. In May, conditions seemed to change again, but was that a blip or the sign of another climate to which investors have to adapt?

Nassim Taleb described the process well in his book Fooled by Randomness. He talked about how traders can follow a particular strategy that makes a profit year after year only to blow up spectacularly in year five or six, losing all that has been gained. By that time, the trader will have banked big bonuses. When his strategy goes wrong, all he loses is his job.

Some of these strategies may involve taking high risks. For example, writing (selling) options can earn a steady level of premium income month after month; most options are never exercised. At heart, the carry trade may be similar; one earns extra income from owning higher-yielding currencies. But that extra yield is a compensation for the risk of devaluation and depreciation. And all the gains can be wiped out if devaluations occur. Mr Taleb describes this as “picking nickels up in front of a steamroller”.

The Darwinian process short-circuits this. Investors adapt to survive market circumstances in the short term in a way that may damage their long-term survival chances.

Would you rather hire a manager who outperforms for four years out of seven, or for three years? Clearly, the former. But if the better long-term investor underperforms in the first three years, he will probably be fired. However, if the less skilful investor achieves his outperformance in the first three years, he will probably not be fired until year seven. To be successful in the long term, you probably have to be lucky in the short term.

This is one of the great problems for investors choosing fund managers: how to distinguish luck from skill. Statisticians suggest it may need more than a decade to tell the two apart. But investors have finite time horizons. If they back the wrong fund manager, by the time they discover their mistake, irreparable damage may have been done.

Another problem is inherent in the system. Over our lifetimes, we have seen countless products improve – televisions, computers and so on. But however well fund managers innovate, some must underperform the index.

Arguably, the service provided by fund managers has deteriorated over the decades. The turnover of the average US mutual fund has risen from about 20 per cent to more than 100 per cent over the past 50 years. This generates extra costs without improving the market return. Those costs fall on the end investors.

In the UK, annual fees have edged up; 1 per cent was the standard 15-20 years ago, now it is 1.5 per cent. This has occurred when inflation has fallen, meaning that higher fees will take a bigger bite out of lower nominal returns.

I wish there were some easy answers for investors. But all they can do, in the face of these difficulties, is focus on what they are able to control; keep a wary eye on costs, diversify their portfolio by asset class and save as much as they possibly can. The rest may be down to luck.

phillip.coggan@ft.com

Fighting Inflation And Housing Bubbles (LAT)

The Los Angeles Times, August 12, 2006

The Fed eases rate increases just as the housing market slows down.

THE FEDERAL RESERVE'S EFFORTS to control inflation and promote economic growth are a bit like a diet or exercise program. It takes awhile to see the results rippling through the economy.

Still, there is one large group of Americans who've been stung almost every month by the Fed's steady ratcheting of interest rates: homeowners with adjustable-rate mortgages or home-equity loans.

When the Fed increases short-term rates by a quarter point, as it did 17 consecutive times from June 2004 to June 2006, the monthly payment on an ARM climbs too — not necessarily in lock step, but enough to make a difference. As a result, home buyers who took out a one-year ARM in mid-2004 pay interest rates that are 40% higher today than in their first month.

This is one reason the Federal Reserve may be more preoccupied these days than it ever has been with housing prices. Real estate has always been an important slice of the U.S. economy, and housing costs are a major factor in the Fed's favorite inflation gauge, the Consumer Price Index. But the linkage between real estate and other aspects of the economy, especially consumer spending, has never been more direct or immediate. Hence the Fed's concern about a possible bursting of the bubble — if there is indeed a bubble — or the potential repercussions for the rest of the economy from a mere flattening of the market.

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For a decade, the combination of low interest rates and rising home values created a "wealth effect," with homeowners ramping up spending based on the real or expected equity in their homes. The spending boosted economic growth, although it also added to inflationary pressure.

The Fed has limited influence over this dynamic, other than to push up the cost of adjustable-rate mortgages. Often, housing markets have risen or fallen with the local economy, independent of the Fed's actions on short-term rates.

On Tuesday, the Fed finally took a breather in its rate-hike efforts, leaving the target for short-term rates at 5.25%. Although core inflation rates are higher than Fed Chairman Ben S. Bernanke would like, the economy isn't growing as fast as before — in part because the housing market has gradually cooled.

More evidence of a housing slowdown arrived in the days after the Fed's announcement, including reports of prices flattening in San Diego and Los Angeles. The bubble may not be popping, but the steam may be seeping out of it, which would make Bernanke happy. So long, that is, as a flat real estate market doesn't trigger a recession throughout the economy.

Home Price Gains Keep Shrinking (LAT)

By Annette Haddad

The Los Angeles Times, August 12, 2006

L.A. County's median rises 6.6%, the smallest advance in six years, to $520,000. Volume sinks.

Los Angeles County's home prices in July rose at their slowest pace in six years while San Diego County's continued to fall, more evidence that the Southland's real estate market is slumping, data released Friday show.

Buyers are not rushing into deals, with sales in Los Angeles County plunging 25% versus year-earlier volumes — the eighth consecutive month of declines, according to La Jolla-based research firm DataQuick Information Systems.

The latest data are likely to intensify the debate over whether widespread predictions of a "soft landing" — in which home prices level off and avoid sharp declines — might be too optimistic. This week, lender Countrywide Financial Corp. and luxury home builder Toll Bros. Inc. said demand nationwide for mortgages and new homes fell more than expected this summer.

"The market isn't exactly falling off a cliff but it is slowing more rapidly than we've seen in a long time," DataQuick analyst Andrew LePage said.

Ever-slowing price appreciation, triggered largely by rising mortgage rates and shrinking affordability, is becoming more routine. The median price of all Los Angeles County houses and condominiums that closed escrow in July reached a record $520,000, up 6.6% from a year earlier but virtually flat compared with June's median of $517,000.

The year-over-year gain was the lowest since a 3.7% rise in July 2000. During the peak of the real estate boom in 2004, prices typically rose more than 20% over year-earlier levels.

San Diego County, once one of the nation's hottest markets, fared even worse. Its median price in July fell to $487,000 last month, down 1.8% compared with July 2005, while sales dropped nearly 30%, DataQuick said. The county, which first experienced the housing boom with double-digit price gains six years ago, became one of the first major markets in the nation to suffer a year-over-year decline when its median price fell in June.

Even the most bullish housing analysts and real estate agents now say other Southland counties could eventually post year-over-year price declines, just as they did in the market slump of the early 1990s. DataQuick will report price and sales data for other Southland counties next week.

"Everyone's always said a 'soft landing' could include minor price declines," LePage said.

Within Los Angeles County, there are at least a dozen ZIP Codes where prices have started to falter year over year, according to DataQuick. The biggest drop was in Torrance, where the median price of existing single-family houses fell 7.4% to $560,000 in the May 1-July 31 period, DataQuick said.

Also showing depreciation were Agoura Hills, where the median fell 4.1% to $820,000, and Manhattan Beach, where it dipped 3.3% to $1.45 million.

However, the declines are hardly widespread. Existing homes in the majority of Los Angeles County's neighborhoods continued to gain value in the second quarter, close to half at double-digit rates, particularly in more affordable areas where home values are below the county median.

Nonetheless, a growing stockpile of homes for sale is putting pressure on sellers to cut their asking prices, giving buyers the upper hand in sales negotiations.

That's becoming evident even in downtown Los Angeles, which has been one of the hottest local markets thanks to a boom in new condominiums and lofts.

"Downtown has gone into a state of paralysis because prices are starting to come down," said Stephen May, a veteran real estate broker who specializes in the area. The dearth of demand and rising supply prompted May to advise one client seeking to sell her condo unit to list it at just $10,000 more than what she paid a year ago.

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Today, there are seven condo units for sale for every one sold. Last year, the ratio was 1 to 1, May said. "It's glut city," he said.

According to the latest figures from DataQuick, home sales in both Los Angeles and San Diego counties dropped 21% from June to July — the biggest monthly change since the summer of 2000.

Sales have been declining each month in San Diego for more than a year, and for the last eight months in Los Angeles. During the most recent real estate downturn in the 1990s, sales declines preceded price declines by more than a year.

Experts say the rise in mortgage rates over the last year has taken a toll.

"We are kidding ourselves that mortgage rates are not the problem," John Burns, an Irvine building industry consultant, wrote in a note to clients this week. He pointed out that the monthly payment on a $300,000 loan is 15% higher today than in August 2005.

Litigation (WSJ)

By Heather Won Tesoriero

The Wall Street Journal, August 12, 2006

Vioxx Caseload About to Become Clearer

A verdict in the second federal Vioxx trial could come down next week as the massive litigation, encompassing nearly 14,200 lawsuits so far against Merck & Co., nears two major milestones: First comes the one-year anniversary of the first Vioxx verdict; then comes the expiration in most states of the two-year statute of limitations for people to file suits claiming the painkiller caused their heart attack or stroke.

A year after getting hit with a $253.4 million judgment by a Texas state-court jury, Merck holds a narrow 5-3 lead in the trial tally. Plaintiffs, some of whom have recovered fully from the medical setbacks they blame on Vioxx, have found it tougher than they expected to win jurors' sympathy. Merck's stock is up by a third in the past year, and is now higher than it was when the company yanked Vioxx off the market just over two years ago.

But plaintiffs' lawyers maintain that even if they win just two or three of every 10 cases, the damage awards and litigation costs would be high enough to pressure the Whitehouse Station, N.J., company to consider settling the remaining cases.

The pace and intensity of trials is set to accelerate, with as many as eight due to start before year's end. Once the statute of limitations passes, Merck and the plaintiffs' attorneys will get a more accurate picture of the number of cases and their relative merits, which could help lay the groundwork for settlement discussions.

The two sides have battled over which cases to try first, because each is attempting to establish a pattern that will strengthen their position in settlement talks that are sure to come. One critical test is the current trial in New Orleans federal court. Gerald Barnett, a 62-year-old former agent with the Federal Bureau of Investigation, alleges that the Vioxx he took for 33 months contributed to his September 2002 heart attack.

Christopher Seeger, a central figure among the plaintiffs' attorneys, says the Barnett case is the first time the lawyers have been able to bring one of their top choices to trial. But Mr. Barnett could face some high hurdles, particularly concerning his current health and lifestyle. Merck has argued that Mr. Barnett suffered a mild heart attack and continues to lead an active life that involves going to the gym and "shag" dancing to boogie-woogie tunes.

Boomtown Redux: Job Market Heats Up In Silicon Valley (WSJ)

By Pui-wing Tam

The Wall Street Journal, August 12, 2006

Start-Ups, Small Firms Are Especially Keen to Hire; Mr. Boos Eats His Words

SAN FRANCISCO -- Four months ago, Jamie Odell packed two suitcases and left behind his wife and three kids in Potomac Falls, Va. Narayan Raja loaded up a truck with his belongings last year and left Warwick, R.I. Marty Boos sold his 3,700-square-foot home in Eden Prairie, Minn., to make a new start.

All three had the same destination: Silicon Valley. After suffering an exodus during the dot-com bust, the region is once again a land of opportunity.

Mr. Odell was lured by stock options and a bigger title at a start-up company called Sling Media Inc. "I know it's a risk," says the 40-year-old marketer, "but this area is the hot space to be in now." His new employer sells a box that relays programming from a living-room television set to any computer with high-speed Internet service.

The nation's technology capital lost 185,000 jobs, or one in five, between 2001 and 2005. This year, state economists expect a net inflow of people into the area for the first time in six years.

Just as noteworthy as the comeback is the source of all the new jobs. For the most part, it isn't giants such as Cisco Systems Inc., Sun Microsystems Inc. and Intel Corp. They're adjusting to slower growth rates and in some cases continuing to

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shed workers. The biggest demand comes from thousands of small and midsize companies and start-ups such as Sling Media, suggesting that Silicon Valley's entrepreneurial ferment survived the bust just fine. Companies are typically looking for experienced workers who are well-versed in hot technologies.

"We're trying to hire a lot, all at once," says Rick Osterloh, vice president of marketing at Good Technology Inc. "But there's an inventory issue. There's just not a lot of people available here." The Santa Clara company, which specializes in wireless-email software, hired Mr. Boos, the former Minnesotan, as its chief information officer. Head count has more than doubled to 450 people in the past two years.

Dice.com1, a technology-jobs Web site, listed 89,476 open tech jobs nationwide as of late June, up from 24,671 in 2003. Companies usually aren't looking for basic programmers or assembly-line workers. Most moved that work out of the region years ago, often to places like India. More often, they seek skilled workers who can create and market innovative products.

"People keep saying Silicon Valley is dead, and it's never true," says Sean Randolph, president of the Bay Area Economic Forum, a San Francisco-based group that studies the region's economy. "There's an immense infrastructure for research and development here," he says, that helps push Silicon Valley continually up the skills curve.

One of its big draws is money. Average annual pay for the region's tech workers rose to $70,000 last year from around $64,000 in 2003, according to Joint Venture Silicon Valley, a nonprofit business group. Executive positions typically command six-figure packages. While stock options have come under fire amid cases of improper dating of grants, many tech companies, especially start-ups, are still doling them out heavily. That offers employees the chance to cash in big if their company goes public and its stock price rises.

Mr. Boos, 43 years old, seemed like an unlikely candidate to leave Minnesota. He was making six figures as chief information officer of a Minneapolis company, Digital River Inc., and owned a four-bedroom home on a golf course. In 1999, he told USA Today he never wanted to move. "I've had numerous offers outside the Minneapolis area, but the cost of housing in [Silicon] Valley is outrageous," the newspaper quoted him as saying.

But in February 2005, fed up with Minnesota winters, Mr. Boos called two recruiters. He told them he wanted a job at a California start-up that was heading toward an initial public offering, which would offer him a chance to get rich. Mr. Boos quickly landed an interview with Good Technology, a fast-growing company that competes with BlackBerry maker Research in Motion Ltd.

By April 2005, Mr. Boos was close to an offer from Good Technology. At the same time, he was in discussions for the job of chief information officer at Los Angeles-based MySpace, a social-networking Web site aimed at teenagers that has since been acquired by News Corp. With the competing offer looming, Mr. Boos, asked for -- and got -- a sizable chunk of stock options in Good Technology. He also received a salary matching that of his previous job. (He declined to reveal numbers.)

Mr. Boos paid nearly $1.4 million for a Silicon Valley home, according to public records, three times what he got for his Minnesota home last year. His wife, Rhonda, who had worked for Sun Microsystems in Minnesota for 17 years, transferred to Sun's Silicon Valley headquarters from Minneapolis and received a 15% increase in total compensation.

"I came here for the future equity," says Mr. Boos. "The ante to get into this game is very high, but so is the potential return."

Many of the new migrants have highly specialized skills. Mr. Raja moved from Rhode Island to chip maker Linear Technology Corp. in Milpitas, Calif., as a design engineer. The native of India holds an electrical-engineering degree from Lehigh University in Bethlehem, Pa., and worked for nine years at a chip company in East Greenwich, R.I., specializing in analog chips that regulate power consumption.

As a design engineer of such chips, which are used in devices like digital music players and digital cameras, Mr. Raja is responsible for creating the tiny integrated circuits from concept through finished product. Because of the complexity of these chips, which can also be used to manage voltage and sense temperature, their design is sometimes described as a "black art."

In March 2005, Mr. Raja decided to take his skills to California and got in touch with a recruiter. "There seemed to be more opportunities in Silicon Valley," the 33-year-old says. His fiancée, now his wife, also liked the idea of moving to California.

Mr. Raja quickly landed a job interview with Linear, one of the bigger and more profitable analog-chip companies. Tick Houk, a Linear engineer who spotted Mr. Raja's résumé, says that while there were no open positions, it was clear Mr. Raja was a strong candidate. "Executives always ask us if we can find people locally, but we have to look all over all the time," says Mr. Houk. "Senior managers are hard to come by."

Linear has been on a hiring binge of late. The company plans to increase its head count by roughly 15% this fiscal year from around 3,700 employees currently. The fastest growth in hiring has been in engineering and design, rather than in chip manufacturing.

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Within 24 hours of the interview, Mr. Raja got an oral offer from Linear, which created a position for him. He moved to San Jose a month later. His total compensation at Linear, with a five-figure annual salary plus profit sharing, is 25% more than he earned in Rhode Island, he says. He has created one chip for Linear and is working on a second.

The cost of living in Silicon Valley remains sky-high. In June, the median cost of a home in San Mateo County hit $940,000, four times the national median of $231,500, according to the California Association of Realtors.

That caused some hesitation for Mr. Odell, who was a director of product marketing in Virginia for the instant-messaging business of Time Warner Inc.'s America Online unit. A friend mentioned the job at Sling Media, and Mr. Odell was intrigued by the San Mateo, Calif., start-up company's product connecting TV sets and computers. Its business was promising enough to attract $46.4 million in funding in January from media giants Liberty Media Corp. and EchoStar Communications Corp.

Soon after the friend's introduction, Mr. Odell, who also knew one of Sling's founders, got an offer from the company. It included a six-figure salary, a signing bonus to cover relocation costs, and stock options, which could translate into a big payout if Sling is sold or goes public. That sounded attractive to Mr. Odell, who had worked at AOL for six years but had worthless stock options because Time Warner's share price dropped 80% during his time there.

His wife, Kathleen, was concerned about the move. The couple had left Silicon Valley in the 1990s to be close to their families in the Washington, D.C., area. Their three kids -- a 7-year-old son and 5-year-old twins -- were settled there, and they owned a 3,300-square-foot, five-bedroom home on a cul-de-sac, purchased for around $400,000 six years ago.

Mrs. Odell, a stay-at-home mom, says she worried about moving the family and paying for housing. "It's a big risk," she says. "I was in denial. For a few weeks, I didn't think Jamie would really do this." In February, she and Mr. Odell flew to Silicon Valley and realized they would have to pay more than $1 million for what they considered a passable house. "It's scary that you can pay so much and get so little," says Mrs. Odell, who is also 40.

Still, they took the plunge. Mr. Odell decided to live out of a suitcase until his family could sell the Virginia house. They planned to move everyone out by early July and to get the kids into a good public school in the Bay Area.

Little has gone according to plan. Amid a slowdown in the Washington-area housing market, the Odells had their home on the market for three months and had to settle in mid-July for $150,000 less than their original asking price, which they decline to give. They're still looking for a Bay Area home and plan to rent for the time being. The move was pushed back to later this month and the Odells, with their living situation unsettled, plan to send the kids to private school at least for the first year.

Mr. Odell calls the move stressful. "Being without family has been tough, and working at a start-up, the hours are crazy," he says. Sling co-founder Jason Krikorian says he has taken Mr. Odell out to sing karaoke and given him a Starbucks card. "When I have an individual who's uprooting to join us, I think a lot about" what the person has to go through, Mr. Krikorian says.

At work, Mr. Odell has no complaints. He likes the increased responsibility and pace. He has even gotten his own taste of Silicon Valley's hiring difficulties: He has some five open slots to fill in his group.

"We really want experienced people, but we're finding it tough to find those," says Mr. Odell. While he hasn't looked outside the area for candidates, he says he ultimately might relocate the "right person for the job."

Write to Pui-Wing Tam at pui-wing.tam@wsj.com2

What Are The Lieberman Foes For? (NYT)

By Matt Bai

The New York Times, August 12, 2006

Note: This article will appear in the August 20 issue of the magazine.

A few days before Joe Lieberman, who was very nearly vice president of the United States, was effectively vanquished from his party by Ned Lamont, an affable cable executive who once played a minor role in governing the town of Greenwich, Conn., I happened to talk with Jeffrey Bell. A political consultant who is as cordial a man as you will find in Washington, Bell isn't as famous as some of his fellow Republicans, but he owns a storied place in the history of the conservative movement. A young aide to Ronald Reagan during his 1976 insurgency, Bell went on to challenge a sitting Republican senator, Clifford Case of New Jersey, in 1978. He stunned the political world by winning that race. And though he lost handily to the basketball legend Bill Bradley in the general election, just two years later Reagan ascended to the White House. If anyone was in a position, then, to assess the significance of the Connecticut rebellion, it was Bell, whose small but noteworthy victory over his party's confused establishment presaged a historic political realignment. "It's tempting for us to underrate Dailykos and Moveon.org," Bell told me, referring to the Web pioneers who launched Lamont's improbable campaign. "It's easy for us to say these guys are nuts. But the truth is, they're on the rise, and I think they're very impressive."

There are, in fact, some compelling parallels between this moment in Democratic politics and the one that saw the ideological cleansing of the Republican ranks three decades ago. In "Reagan's Revolution," an inside account of Reagan's failed 1976 campaign, Craig Shirley notes that aides to President Gerald Ford warned that they were "in real danger of being

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outorganized by a small number of highly motivated right-wing nuts." Those so-called nuts, meanwhile, waged war on the then widely held belief that "if they were to succeed, Republicans had to be 'pragmatic,' they had to 'broaden the base' and they had to 'compromise.' Otherwise, they would always be in the minority." The very same things might be written now, substituting the words "left" and "Democratic" for "right" and "Republican." And like those bygone Republican leaders, establishment Democrats exhibit a surprisingly shallow understanding of the uprising that now threatens to engulf them.

In the aftermath of the primary, Democrats settled on the idea that Lieberman fell because of his support for the Iraq war. This was technically true, in the same way that a 95-year-old man might technically be said to die from pneumonia; there were, to say the least, underlying causes. The war was a galvanizing issue, but Lieberman's loss was just the first major victory for a larger grass-roots movement. While that movement is identified with young, online activists, it is populated largely by exasperated and ideologically disappointed baby boomers. These are the liberals who quietly seethed as Bill Clinton worked with Republicans to reform welfare and pass free-trade agreements. After the "stolen" election of 2000 and the subsequent loss of House and Senate seats in 2004, these Democrats felt duped. If triangulation wasn't a winning strategy, they asked, why were they ever asked to tolerate it in the first place? The Web gave them a place to share their frustrations, and Howard Dean gave them an icon.

Iraq has energized these older lapsed liberals; for a generation that got into politics marching against Vietnam, an antiwar movement is comfortable space. But it was the yearning for a more confrontational brand of opposition on all fronts, for something resembling the black-and-white moral choices of the 1960's, that more broadly animated Lamont's insurgency. Connecticut's primary showdown (which now appears to be headed for a sequel in November) marked an emphatic repudiation not just of the war but also of Clinton's "third way" governing philosophy - a philosophy not unlike the Republican ethos of "compromise" and "pragmatism" that so infuriated Reagan conservatives.

If history were to repeat itself, this outpouring of new liberal passion would portend trouble for the party's establishment candidates in 2008 (especially one possible candidate whose last name happens to be Clinton). But there is at least one crucial difference between insurgents of the 1970's and today. When Bell ran for the Senate in 1978, he was so obsessed with his plan to slash taxes that he went to the extraordinary length of bringing in Arthur Laffer, the renowned conservative economist, to draw his famous Laffer Curve at a news conference in Trenton. By contrast, Lamont's signature proposal as a primary candidate - and the only one anyone cared to hear, really - seemed to be the hard-to-dispute notion that he is not, in fact, Joe Lieberman. He offered platitudes about universal health care and good jobs and about bringing the troops home but nothing that might define him as anything other than what he is: an acceptable alternative.

Leaders of the Netroots, as the Internet activists have been named, will tell you that big ideas are way overrated in American politics - that you first have to master the business of getting elected before you can worry about how to govern. (Most powerful Democrats in Washington now believe this too.) But even with legions of outraged conservatives at his back, Reagan would not have taken over his party in 1980 - let alone the White House - had he not articulated an affirmative and bold argument against his party's status quo, vowing to devolve the federal government and roll back détente with the Soviets. Passion and fury started the revolution, but it took a leader with larger vision to finish the job.

Man In The News: Ned Lamont (FT)

By Holly Yeager

Financial Times, August 12, 2006

As Ned Lamont stepped out of his car on Tuesday for the last stop of his upstart campaign for the US Senate, he still had the wide-eyed look of a man who could not quite believe that all the fuss was about him.

Hands on his hips, he nodded and smiled as a supporter, her fluffy dog tucked under her arm, reported that he had won the absentee ballots in the West Hartford, Connecticut, precinct. He moved to shake hands with some poll workers, but was reminded that he could not get too close to the voting station.

Standing near Jesse Jackson, the civil rights activist who had joined him for part of the afternoon, Mr Lamont hesitated when asked what he had learnt during his campaign to unseat Joseph Lieberman, the three-term -senator and former vice-presidential candidate, in the Democratic primary. “Ask me tomorrow,” he said, before inviting everyone within earshot to join him at an election night party for free beer.

A few hours later, as it became clear that Mr Lamont would be declared the winner, Lanny Davis, a former White House counsel and longtime friend of Mr Lieberman, said Mr Lamont had run a good anti-war campaign. But with Mr Lieberman planning to run as an independent in the November election to hold on to his seat, Mr Davis said voters needed to know more than where he stood on Iraq. “Who is Ned Lamont?”

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Liberal activists, energised by his victory, know what they think. "Ned Lamont is a blueprint for the kind of leadership that can lead Democrats to victory in November," said Eli Pariser, executive director of MoveOn.org Political Action. Mr Lamont rallied the grassroots and tapped the "netroots", he said, and led a "revolt by voters who are tired of the status quo".

For Republicans, though, Mr Lamont is the archetype of the pacifist Democrat, a theme the party hopes to exploit in November's midterm elections. Ken Mehlman, Republican National Committee chairman, said Mr Lamont's campaign was based on "retreating from the terrorists in Iraq" and that his win reflected "an unfortunate embrace of isolationism, defeatism and a 'blame America first' attitude".

The Lieberman camp has tried to portray Mr Lamont as an extremist and an opportunist, willing to use millions of his own money to ride a growing anti-war sentiment to Washington. Mr Lieberman's allies in groups such as the Democratic Leadership Council, the centrist group, say a rejection of politicians such as him would be dangerous for the party, arguing that it needs to broaden its appeal to moderates, not narrow its focus to -traditional liberals, if Democrats are to recapture the White House.

Mr Lamont, 52, was a tireless and confident campaigner. "I think we're doing very well, because we're standing up and being bold and clear about where we stand," he said. "We're fighting for universal healthcare, we're fighting for clean energy, dealing with global warming in a serious way, dealing with the deficit in a serious way and getting our troops home from Iraq."

With the intense national spotlight that has fallen on him since Tuesday, it is hard to recall that just three months ago this wealthy cable television executive and political novice appeared a long-shot to unseat Mr Lieberman. His great-grandfather, Thomas W. Lamont, was financier John Pierpont Morgan's partner and confidante (a Harvard lib-rary is named for him). His great-uncle was Corliss Lamont, legendary socialist and director of the American Civil Liberties Union.

After graduating from Harvard, Mr Lamont worked on a Vermont newspaper, then went to the Yale School of Management. He worked for a cable television company and then founded his own, Lamont Digital Systems, which installs cable in university buildings. His fortune, worth somewhere between $90m and $300m, according to documents he filed with the Federal Election Commission, comes from his family, his own business and his wife, Ann, managing partner at Oak Investment Partners, a venture capital firm.

Mr Lieberman attempted to paint Mr Lamont as a wealthy dilettante from a ritzy suburb, with a campaign advertisement that said: "Meet Ned Lamont. He's a Greenwich millionaire." Mr Lamont – whose previous political experience was as a town councillor in Greenwich for two years and as a fundraiser for national Democrats such as John Kerry and Howard Dean – put $4m of his own money into the race. But he gave up his membership of an exclusive country club, traded his luxury convertible for a hybrid and voters did not seem to mind his money.

On the campaign trail, there were few signs of his blue-blood roots. Voters appreciated what Mr Jackson called his "freshness", his ability to talk about the issues of the day in an open and accessible way. He complained about the role of lobbyists and talked about his volunteer work, teaching entrepreneurship to high school students in urban Bridgeport. Leftwing bloggers drew attention to his cause and wealthy liberals – including George Soros and Barbra Streisand – sent him cheques.

But it was his opposition to the war in Iraq – and Mr Lieberman's dogged support for it – that made Mr Lamont enter the race. That is what seems to have mattered most to voters. A CBS News/New York Times poll found that 43 per cent of those who voted for Mr Lamont in Tuesday's primary said his opposition to the war was their main reason for backing him. Nearly half said their vote for Mr Lamont was really a vote against Mr Lieberman. While Mr Lamont calls the war "the defining issue", he has tried to assure Connecticut voters – and Democrats across the country – that he is not a single-issue candidate. "There are a lot of other issues out there as well."

Mr Lamont has tried to brush aside suggestions that he has become a leader of liberal forces trying to flex their muscles within the Democratic party, preferring to focus on his own state. Many prominent Democrats who had backed Mr Lieberman have rushed to endorse Mr Lamont. Hillary Clinton's political action committee said it would send a $5,000 cheque and she hinted that she might campaign for him.

Some have also pressed Mr Lieberman to abandon his independent bid. But he has resisted so far and will surely use the next stage of the campaign to paint Mr Lamont as dangerous to the party and the country – and to underscore the trade-off Connecticut voters would be making, between an experienced politician with long years of service to the state and an untested newcomer.

But for Mr Lamont's supporters, his newness is a plus. "He's not a politician. He comes with no political baggage," said one Democratic operative.

'Ready For Change' George (NWSK)

NWSK – Clift – Hillary/Anti-War, August 12, 2006

McGovern shares his views on the anti-war movement, the Lieberman defeat and why Hillary Clinton needs to be gutsier.

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Aug. 11, 2006 - It's been more than 30 years since George McGovern ran for president on an anti-war platform against Richard Nixon. The Vietnam War was raging and there were anti-war demonstrations in the streets, yet Nixon easily won reelection by branding McGovern as the candidate of the fringe left. The 84-year-old former senator from South Dakota, who served in World War II as a bomber pilot, spoke with NEWSWEEK's Eleanor Clift by phone from Montana about what it's like to hear his name invoked after this week's Democratic Senate primary in Connecticut as a cautionary tale about what can happen to candidates who get labeled weak on national security. Excerpts:

NEWSWEEK: How do you feel about your name being mentioned after Ned Lamont defeated [pro-war] Senator Joe Lieberman in this week's Democratic primary in Connecticut?

McGovern: I feel great about it. I do a lot of speaking and I've known for a long time that the anti-war feeling has been building dramatically across the country. I run into it every place I've gone. That's the number one issue. Everything else is secondary. People feel they've been misled, that the administration has not been honest and there's a huge credibility problem as well as a foolish war. It's very similar to the situation in Vietnam that opened the way for me to win in a field of 17 candidates so many years ago.

Michael Gallacher / The Missoulian-AP

George McGovernSeventeen candidates?

Yes, 17, some of them dropped out—the others we defeated in primaries and caucuses.

What do you think about Lamont's opposition to the Iraq War?

I think we're going to have to wind up that operation [in Iraq.] Bush is very stubborn about it, but I think they've lost control on that issue. I don't know this man Lamont, but I think he handled it just right [on his war views.] They used to say about me that single-issue candidates can't win, and there is some truth to that. But I never thought of myself as a single-issue candidate—and it's better to have a single issue than no issue, which is one of the problems with the Democrats, who with some notable exceptions, are too timid and reluctant to stand up. Maybe this [Lamont's win] will put a little spine in the backs of Democrats.

The Republicans are saying Lamont's win means the Democrats are anti-war and weak on national security.

They've done that for 50 years—saying Democrats are soft on communism. Now they're saying Democrats aren't tough enough on terrorism. That argument is beginning to wear thin. In the time we've been in Iraq, the insurgents have gotten stronger and we've weakened our standing in the world. I used to say we were never more isolated than in the deepest jungles of Vietnam; now I add the Arabian Desert to that. People think we've lost our judgment. The American people feel that way. If Democrats stand up on the war and on other things, they'll find the country is ready for change. The tax issue, it's so unfair, and the whole matter of leadership. People want somebody who is direct and honest.... Nixon used to say people don't vote on faith; they vote on fear. For 50 years, [Republicans] used the fear of communism to beat Democrats and liberals and to discourage any kind of dissent. I hope we don't have 50 years of terrorism for [the GOP] to do the same thing.

The Spoils Of Victimhood (NYT)

By Thomas Frank

The New York Times, August 12, 2006

"President Bush operates in Washington like the head of a small occupying army of insurgents," the pundit Fred Barnes writes in his recent book, "Rebel-in-Chief." "He's an alien in the realm of the governing class, given a green card by voters."

Let's see: These insurgents today control all three branches of government; they are underwritten by the biggest of businesses; they are backed by a robust social movement with chapters across the radio dial. The insurgency spreads before its talented young recruits all the appurtenances of power — a view from the upper stories of the Heritage Foundation, a few years at a conquered government agency where expertise is not an issue, then a quick transition to K Street, to a chateau in Rehoboth and a suite at the Ritz. For the truly rebellious, princely tribute waits to be extracted from a long queue of defense contractors, sweatshop owners and Indian casinos eager to remain in the good graces of the party of values.

What a splendid little enterprise American conservatism has turned out to be.

How does this work? How does the right keep its adherents in a lather against government bureaucrats and Washington know-it-alls when conservatives are the only bureaucrats and know-it-alls who matter anymore?

Part of the answer is that, after their crushing defeat in the 1930's, conservatives rebuilt their movement by adopting a purely negative stance against liberalism. They were so completely excluded from power, they believed, that in 1955 William F. Buckley Jr. famously depicted them "Standing athwart history, yelling Stop." Writing in the middle of the Reagan years, the journalist Sidney Blumenthal gaped at the persistence of this "adversarial" mind-set long after the liberals had been routed. "Even when conservatives are in power they refuse to adopt the psychology of an establishment," he marveled.

Here we are, 20 years later, and to hear conservatives tell it, every election is still a referendum on the monster liberalism, which continues to loom like a colossus over the land. Even Tom DeLay — the erstwhile "hammer" — becomes a martyr when

addressing the faithful. "The national media has taken my own re-election as their own personal jihad," he moaned in a speech at the Conservative Political Action Conference in February. "So we're fighting the fight of ages."

That conservatives continue, as Rick Perlstein writes, to "soak in [their] marginalization" four decades after the election of the last liberal president puts this victimology beyond implausible. It is more on the order of a foundational myth, like the divine right of kings, a fiction that everyone involved must accept as fact.

A century ago, it was conservative stalwarts, not liberal reformers, who were the natural party of government. And they were forthright about what they stood for as well as what they were against: They were for rule by a better class of people, for a Hamiltonian state in which business was unified with government. And conservatism is still for those things, tacitly at least. Just look at the résumés of the folks the president has appointed to the Departments of Labor, Agriculture and the Interior. Or scan one of the graphs that economists use to chart the distribution of wealth over the last hundred years. The more egalitarian society we grew up in is gone, snuffed out by the party of tradition in favor of an even rosier past that lies on the far side of the 1930's.

These ought to be easy things to deplore. They ought to arouse precisely the kind of simmering fury that millions of Americans feel toward lewd halftime shows and checkout clerks who don't say "Merry Christmas." But we have difficulty holding conservatives accountable for them, so potent is their brand image as angry outsiders. What conservatives do, as everyone knows, is protest government, protest modernity; to hold them responsible for government or for modernity is to bring on cognitive dissonance.

Or, rather, it might bring on cognitive dissonance. We don't know because puncturing conservatism's marginalization fantasy hasn't really been tried. If liberals are ever to recover, this will have to change. Against the tired myth of the "liberal elite" they must offer a competing and convincing theory of how Washington works, and for whom.

Connecticut Feels Strain Of A Rematch At The Polls (NYT)

By Nicholas Confessore And Avi Salzman

The New York Times, August 12, 2006

Peter Gray wrestled long and hard over how to vote in Tuesday's Democratic primary in Connecticut before deciding to go with Senator Joseph I. Lieberman over his challenger, Ned Lamont. And he is not exactly looking forward to doing it all over again.

"I'm very conflicted," said Mr. Gray, 32, of Stamford. "I feel like he turned his back on the party, but I don't like a brand-new senator who doesn't have power."

But like most of the Lieberman supporters interviewed during the past two days, Mr. Gray said he would probably stick with Mr. Lieberman in the general election on Nov. 7, when the senator will be on his own ballot line as he tries to keep his seat.

"Joe's still the man for the job," Mr. Gray said. "He's used his power to do a lot of positive things."

After Mr. Lieberman's primary loss, many prominent Democrats switched their support to Mr. Lamont and called for the party to unite behind him. But that unity may be a more elusive goal at the grass-roots level. Only a handful of those Lieberman supporters interviewed said they would switch to Mr. Lamont, signaling the difficulties he may have attracting Connecticut's moderate voters in a general election.

Second acts are uncommon in politics, and they rarely arrive after so short an intermission. Those interviewed — in a town square in Waterbury, amid the rush of commuters in Stamford, and in the suburban malls near Hartford — described their deliberations as uncommonly hard and highly personal.

Most of the nearly three dozen Lieberman supporters interviewed said that they opposed the war in Iraq but were unwilling to vote against the senator based on a single issue. Many praised his experience and his record on jobs and education. Others said Mr. Lieberman's decision to run as an independent squared easily with his past willingness to part ways with his party when his beliefs required it.

"I think some people's views are going to change," said Shirley Salvatore, 61, a receptionist from Bristol who is active in Democratic politics. "But mine will not."

Mr. Lieberman, she said, has "done a lot of good for the state."

Some even said they had flirted with supporting Mr. Lamont after the primary, but decided to back Mr. Lieberman after the news on Thursday that British authorities had foiled a terrorist plot to detonate homemade bombs on planes crossing the Atlantic.

"I'm going to vote for Lieberman," said Judi VanStone, an administrative assistant from Waterbury who switched her party affiliation to Democrat before the primary. "Especially after today."

According to a survey of Democratic primary voters leaving polling places on Tuesday in Connecticut, conducted by The New York Times and CBS News, 39 percent said Mr. Lieberman should run as an independent in November.

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But there are still nearly three months for Mr. Lamont to make his case to Lieberman supporters. Tom Swan, Mr. Lamont's campaign manager, said that overwhelming support from local Democratic officials and heightened efforts to introduce Mr. Lamont to voters would be "instrumental in bringing the vast majority of Democrats home in November."

Mr. Swan added, "The more it becomes apparent to how much of Lieberman's campaign is based on Lieberman and staying the course, versus the change that residents of Connecticut need, we'll be bringing them home."

The interviews with Lieberman backers revealed a range of responses on the issue of whether it was appropriate for Mr. Lieberman to set aside his loss in the primary and run again, this time on his own ballot line called Connecticut for Lieberman.

Only a minority said they were angry at Mr. Lieberman for doing so, suggesting that those who were most offended by his action had decided not to vote for him the first time around.

Michael Perbost, a scientist from Bethany, said that while he voted for the senator in the primary: "If you decide to go into it, and you lose, you're the loser. I will probably vote for the other guy, because he's the Democrat."

Mr. Lieberman has tried to finesse the issue by describing himself as an "independent Democrat" and saying he would caucus with Democrats if re-elected. Mr. Lieberman's campaign said yesterday that it was accepting offers from Mayor Michael R. Bloomberg, former Mayor Edward I. Koch, and Bob Kerrey, the New School University president and a former Nebraska senator, to campaign with him.

As for party unity, many Democratic voters in Connecticut who supported Mr. Lieberman in the primary said that it mattered little to them. Others said that they leaned toward Mr. Lieberman not in spite of his willingness to go it alone, but because of it.

"I appreciate that someone votes with their conscience," said Susan Corwin, a Stamford resident. She said she respected Mr. Lieberman's decision to run as an independent and likened it to his occasional departures from Democratic orthodoxy.

"I think it's gotten so difficult in Washington, D.C., because of polarization," she said. "That's why it's important to find the middle ground, and that's why I'm probably going to vote for Lieberman."

Though the primary was widely viewed as a referendum on the Iraq war, it is not yet clear how salient that issue will be in the general election. Several of those interviewed said they had not yet decided how they would vote in November, and said they would re-evaluate both Mr. Lieberman and Mr. Lamont between now and November. The Republican candidate in the race, Alan Schlesinger, is far behind both the Lamont and Lieberman campaigns in fund-raising, and is having trouble attracting endorsements within his own party.

Carl Rosa, 49, the executive director of a nonprofit, said he voted for Mr. Lieberman despite his support for the Iraq war, after "considering his overall record, and not just the issue that has polarized everyone."

But in November, Mr. Rosa said that he will vote on issues besides the war, including education and jobs. "The cost of doing business in Connecticut is too high," he said. "I want to hear how they are going to bring more companies here."

And in a preview, perhaps, of how Mr. Lamont will fare among unaffiliated and Republican voters, those who described themselves as conservative Democrats — a rare breed in Connecticut — said they would support Mr. Lieberman enthusiastically.

"We didn't cast ballots for anyone else," said Richard Pescatore, who stood with his wife, Lili, in a mall food court in Waterbury. Though a registered Democrat for four decades, Mr. Pescatore said he voted to re-elect President Bush in 2004 and would definitely support Mr. Lieberman in November.

Like others, Mr. Pescatore said appeals for party unity mattered little to him. "Lamont was saying Lieberman was undermining the Democratic agenda," he said. "I don't know what the Democratic agenda is."

A Boost For Lamont As Democratic Leaders Shift Support (WP)

By Shailagh Murray

The Washington Post, August 12, 2006

Round 2 Opens In Bitter Contest With Lieberman

Democratic Senate nominee Ned Lamont will launch a general election bid in Connecticut next week with an expanded campaign operation of Washington-based reinforcements, in preparation for a bitter brawl with Sen. Joseph I. Lieberman over the Iraq war and national security.

Lamont's upset of the three-term senator and former Democratic vice presidential nominee, who is now running to keep his seat as an independent, has forced a hasty reordering of political alliances, as prominent Democratic leaders and organizations shift their support to Lamont. The political novice is seeking help from party veterans in fundraising and communications, and in answering Lieberman's increasingly aggressive war defense.

Lamont and Lieberman face considerable obstacles as they head into the general election. For Lieberman, there are practical questions such as: How does he raise money and turn out voters, now that the Democratic establishment is in Lamont's

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corner? For Lamont, a key challenge is one of perceptions: Can he convey that he is more than just a single-issue candidate and broaden his appeal beyond the liberal antiwar voters who helped him win the primary?

Lieberman fired the first shot of the campaign's second phase Thursday morning. Hours after British authorities announced they had broken up a transatlantic airline bombing plot, the senator asserted to reporters that Lamont's antiwar stance increased the risk of such attacks. If the United States withdraws from Iraq, as Lamont and other Democrats advocate, "it will be taken as a tremendous victory by the same people who wanted to blow up these planes in this plot hatched in England," Lieberman said outside a Waterbury pizzeria.

Democratic leaders in Washington blanched at Lieberman's comments, which echoed Republican talking points. Lamont didn't directly respond to Lieberman's personal attack, releasing a statement on the alleged bomb plot that reiterated his call for U.S. troops to leave Iraq. "We need to change course, and that means standing up to this administration and fighting for our security in a rational, serious way," Lamont said.

After a brief post-primary break, Lamont is scheduled to appear on two national talk shows Sunday and will hit the campaign trail in Connecticut on Monday morning. In the weeks to come, he is expected to be joined by numerous prominent Democrats, including 2004 vice presidential nominee John Edwards, who is scheduled to campaign with Lamont on Thursday.

Also next week, the state's powerful labor unions will begin considering their next moves. The state AFL-CIO, which provided crucial turnout support to Lieberman on primary day, will hold an initial meeting to consider backing a general election candidate or staying neutral. The local Service Employees International Union, which endorsed Lamont in early August, is expected to stick with the nominee.

Both candidates are sprinting to raise money. Lamont spent about $4 million of his own on the primary -- more than he intended to, said his campaign manager, Tom Swan. Although the official tallies are incomplete, Lieberman was outspending Lamont through late July.

Despite gaining national attention, Lamont's campaign was run by a small group of dedicated state operatives and retained a grass-roots flavor through the primary. That basic approach will remain unchanged, Swan said, but as the campaign moves to a new scale, it will also look for help from outside sources, including party leaders and committees, and traditional Democratic donors such as trial lawyers.

"We're working on a variety of potential things that weren't available to us before," Swan said.

Political observers say three factors are likely to determine the race's outcome. One is Lieberman's ability to hold on to the mostly low-income, socially conservative Democratic voters who supported him in the primary. Second is which candidate prevails with unaffiliated voters, who constitute the state's largest voting bloc. Third is how many Republicans Lieberman draws -- which depends on whether the state GOP sticks with its current candidate, former state representative Alan Schlesinger, or finds a stronger replacement.

Lieberman's appearance in Waterbury on Thursday was aimed at the first and third groups. The senator was joined at the lunch-hour event by the town's Democratic mayor, Michael J. Jarjura, who led a turnout effort that delivered one of Lieberman's largest victory margins. Lieberman called Waterbury's mainly working-class residents "my kind of people -- lots of faith, lots of values."

But his tough talk on terrorism was directed at voters like Vincent Siefert, a civil engineer, father of four and solid Republican. Siefert said he agreed with the senator's hard line on Iraq: "I think we have to finish what we started." And he said of Lieberman, "He's not perfect, but he's done all right for us."

The most difficult group to pin down is the unaffiliated voters, who shift between Republican and Democratic candidates, usually following national trends.

Polls show that over the course of this year, Lieberman has lost ground with the group, mainly over his war position. According to a July Quinnipiac University poll, more than two-thirds of unaffiliated voters in Connecticut believe that the war is wrong and want U.S. troops withdrawn.

"That's a potentially large group that could begin pulling away from Lieberman," said Scott L. McLean, who chairs Quinnipiac's department of political science. "They seem to go where the center is, and in Connecticut that's antiwar. My guess is they'll break to Lamont before this is over."

Lamont also intends to promote his support for expanded health coverage, alternative energy technologies and universal preschool education to capture both Democrats and independents.

Three Democratic House challengers are trying to unseat GOP incumbents by appealing to the same groups. Chris Murphy, who is running against Republican Rep. Nancy L. Johnson in the Hartford area, said that while he once feared that Lamont's candidacy would distract from his own race, he now views it as an ideal complement. "I've come 180 degrees," Murphy said.

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Lamont Aide To Apologize For Comment (AP)

AP, August 12, 2006

Democrat Ned Lamont's campaign manager said he would apologize to the mayor of Waterbury for describing the city that backed his opponent, Sen. Joe Lieberman, as a place "where the forces of slime meet the forces of evil."

Tom Swan said the comment made Tuesday, after the city voted heavily for Lieberman in the Democratic Senate primary, was in the context of a broader discussion of state politics in which former Mayor Philip A. Giordano was the "slime" and former Gov. John G. Rowland was the "evil."

Giordano is serving a prison sentence on federal child sex charges and Rowland, a Waterbury native, was forced to resign in 2004 and served a federal prison term for corruption.

Swan said that his statement was not meant to be reflective of the city and that he would send an apology Friday to Mayor Michael J. Jarjura.

Jarjura became aware of Swan's comments Thursday when the Lieberman campaign sent his chief of staff an Internet link to a Connecticut political news site where the comment appeared. Lieberman, who lost the primary and is now running for re-election as an independent, made Waterbury his first post-primary campaign stop on Thursday.

Lamont campaign spokeswoman Liz Dupont-Diehl said Swan will not be reprimanded or fired.

"This is a misunderstanding that we'll certainly seek to resolve," she said. "What Tom was talking about was not any current elected officials and certainly not the people of Waterbury."

Lamont Daughter's Vote Disqualified (AP)

AP, August 12, 2006

One vote that Senate candidate Ned Lamont knew he could count on in his Democratic primary victory has been disqualified — his daughter's.

Town election officials rejected Emily Lamont's vote in Tuesday's primary battle between her father and Sen. Joe Lieberman after the Democratic registrar of voters determined she had been ineligible to cast it because she wasn't a registered Democrat.

"Her vote was rejected because she is not enrolled in a party," said Sharon Vecchiolla, Democratic registrar in Greenwich.

Only registered Democrats were eligible to vote in Tuesday's primary.

Emily Lamont, 19, had registered in January 2005 as an unaffiliated voter. She would have had to change that affiliation by noon Monday to qualify to vote in the primary. She was allowed to cast a provisional ballot, but it was not counted after Vecchiolla determined she was ineligible.

Lieberman, a three-term Senator, lost by 10,000 votes to Ned Lamont, a millionaire businessman who ran on an anti-war platform and accused the incumbent of being too close to President Bush. Top state and national Democrats have thrown their support Lamont in the November general election, even though Lieberman is still running for re-election as an independent.

Texas Mayor Files For Delay's Seat (AP)

By April Castro

AP, August 12, 2006

Sugar Land's Republican mayor on Friday became the first person to file as a write-in candidate on the ballot for former House Majority Leader Tom DeLay, who resigned from Congress in June amid allegations of money laundering.

DeLay tried to render himself ineligible for the race by moving to Virginia so that another Republican could replace him on the ballot for the suburban Houston seat.

But a federal appeals court ruled last week that DeLay, who won the March Republican primary election, is still eligible and must remain on the Nov. 7 ballot, leaving state Republicans to organize behind a write-in candidate.

Sugar Land Mayor David Wallace filed his application Friday. Houston City Councilwoman Shelley Sekula-Gibbs has said she would run for the seat only if the GOP said it would backed her.

A spokeswoman for the state GOP, Gretchen Essell, said party leaders had not determined which candidate they would support in the race.

The Democratic candidate on the ballot will be former U.S. Rep. Nick Lampson.

DeLay stepped down as majority leader last year after he was indicted in Texas on money laundering charges alleging he helped funnel illegal corporate money to legislative campaigns in 2002. He gave up his effort to reclaim the leadership job amid questions about his associations with convicted ex-lobbyist Jack Abramoff and pressure from party colleagues.

DeLay denies all allegations of wrongdoing and has labeled the Texas charges a political witch hunt.

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12 File To Oppose Rep. Jefferson (WP)

By Allan Lengel

The Washington Post, August 12, 2006

Under the glare of an FBI investigation, a politically vulnerable Rep. William J. Jefferson (D-La.) will face a dozen challengers in his bid for reelection, including some well-known Louisiana names.

When the 5 p.m. filing deadline for the November election passed yesterday, eight Democrats, three Republicans and one Libertarian had filed to run against the eight-term incumbent, a sharp contrast to two years ago, when he faced one challenger.

The candidates include state Sen. Derrick Shepherd (D), state Rep. Karen Carter (D) and former state representative and New Orleans City Council member Troy Carter (D).

"We can no longer afford to be laughed at anymore," said Troy Carter, 42, who is not related to Karen Carter. "One has to agree with the level of pressure on him, it's a distraction. It's difficult to be focused."

For more than 16 months, Jefferson, 59, has been the target of an FBI investigation. Two business associates, Brett Pfeffer and Vernon L. Jackson, have pleaded guilty to bribing the New Orleans lawmaker. Jackson said he gave Jefferson hundreds of thousands of dollars in exchange for using his congressional position to promote cable television and Internet ventures in Nigeria, Ghana and Cameroon.

Jefferson has denied any wrongdoing, and he has not been indicted. House Democrats expelled him in June from the Ways and Means Committee after considering the accusations, which included the FBI's discovery of $90,000 of alleged bribe money in Jefferson's freezer.

Under Louisiana election law, all the candidates will appear on the Nov. 7 ballot. If no one gets more than 50 percent of the vote, the two top vote-getters will appear in a runoff election Dec. 9.

With New Orleans still reeling from the effects of Hurricane Katrina, many candidates said this week that they plan to focus on the city's recovery and Jefferson's performance.

"I plan on running on the issues, the needs of the people," said Shepherd, 37. "I think he owes everybody an explanation about the investigation, but that's for him to decide."

Added Democratic candidate M.V. "Vinny" Mendoza, 47, a real estate investor and organic farmer: "I don't bank on the problems of other people. This past year, he has not done anything for the people who hurt."

Political analysts say Jefferson could benefit from the large field of challengers if his voter base remains relatively strong, leaving the other candidates to divvy up the vote in the Democratic congressional district.

"It wouldn't be easy to beat him as long as he wasn't indicted," said Edward Renwick, a Loyola University political scientist. "He'd put up a tough fight even if he is indicted."

Melanie Roussell, Jefferson's press secretary, said yesterday that her boss still has a loyal base and does not see himself as vulnerable.

"Of course the candidates say he is, and he believes they're wrong," she said. "He's had the most productive year in his 16 years in Congress."

Political observers say the FBI probe will remain an issue.

"The investigation will play a key role," said Brian Brox, a political science professor at Tulane University, pointing out that Jefferson has a "good amount of support."

"It's not a sure thing he'll get defeated," Brox said, adding that Jefferson's chances would quickly diminish if he is indicted before the election.

Voter Al Smith, owner of the Uptown Recycling in New Orleans, may be proof of that.

"If he would get indicted," said the longtime Jefferson supporter, "that would be a big reason to start considering another representative."

La. Congressman Will Face 12 Challengers (AP)

By Melinda Deslatte

AP, August 12, 2006

U.S. Rep. William Jefferson, whose Washington office was raided by the FBI amid a federal bribery investigation, will face a dozen challengers in the November election.

The official sign-up period for Louisiana's Nov. 7 congressional election ended Friday. In Louisiana, there are no earlier party primaries; if no candidate gets more than 50 percent of the vote on Election Day, the top two go to a December runoff.

Although some are lesser-knowns, a few challengers carry significant name recognition, political ties and fundraising potential that could lead the eight-term Democrat into his first hard-fought race in years.

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Several candidates said the New Orleans-based district needs someone focused on hurricane recovery, rather than a federal investigation that has embroiled Jefferson. Jefferson framed his opponents as opportunists who won't succeed in unseating him.

"I'm not going to be making any bets on how it turns out. This'll have a question mark right down to the end," said Elliott Stonecipher, a Louisiana-based demographic and political analyst.

Jefferson was accused of using his position to promote the sale of telecommunications equipment and services offered by iGate, a Louisville-based firm that sought contracts with African nations, and of soliciting bribes in return. The FBI said it found $90,000 stashed in a freezer in his home. Two men have been convicted as part of the scandal.

A federal appeals court temporarily delayed the bribery investigation while Jefferson challenges the legality of the unprecedented FBI raid on his Capitol Hill office.

Jefferson has not been charged with a crime and has denied wrongdoing, but was stripped of his seat on the powerful Ways and Means Committee because of the investigation.

Challengers include state Rep. Karen Carter, state Sen. Derrick Shepherd, former New Orleans City Council member Troy Carter and Regina Bartholomew, a lawyer who has worked for the city's school board and the U.S. Department of Labor.

Republican Ehrlich Highlights Ties To Democratic Pr. George's Executive (WP)

By Ann E. Marimow

The Washington Post, August 12, 2006

After getting trounced in the Washington suburbs in 2002, Maryland Gov. Robert L. Ehrlich Jr. said yesterday that he is well positioned to gain ground there in his reelection bid in part because of his warm relationship with Prince George's County Executive Jack B. Johnson.

Four years ago, "I didn't like him. He didn't like me," the Republican said of Johnson (D) at a lunch meeting with Washington Post editors and reporters at the governor's mansion in Annapolis. Since then, the bipartisan relationship has blossomed into something "really terrific."

In the past month, the two have played golf and worked to woo the NAACP to consider moving its headquarters from Baltimore to the Prince George's National Harbor development.

Ehrlich said he does not expect the executive to endorse him in a general election match with Baltimore Mayor Martin O'Malley (D). But he suggested that Johnson has been helpful in more subtle ways, such as his public praise of the governor for buoying the troubled Prince George's Hospital Center.

He drew a parallel between Johnson and former governor William Donald Schaefer, a Democrat with a soft spot for Ehrlich.

"He's made pronouncements, kind of similar to Schaefer really, that 'I support the Democratic ticket, but if you're asking me about this administration, this is what they've done,' " the governor said.

Johnson's campaign was less effusive about the relationship that Ehrlich described. State Democratic Party officials called the governor's election projections "wishful thinking."

"They've got a pretty good working relationship because that's what you have to do when you're in office," said Johnson's campaign manager, Eileen Thomas. When it comes time to campaign, she said, "he's going to go with the ticket. He is not Schaefer."

O'Malley and his running mate, Prince George's Del. Anthony G. Brown, attended the start of Johnson's reelection campaign last month, and Johnson endorsed O'Malley there.

Derek Walker, executive director of the state Democratic Party, said Johnson "knows how to bridge the partisan divide to get things done for Prince George's County, but that doesn't mean that he isn't going to be working overtime to make sure that Martin O'Malley is elected this November."

In 2002, Ehrlich lost in Prince George's to Democrat Kathleen Kennedy Townsend by 105,000 votes. In the majority black county, Ehrlich drew fewer votes than did Republican Ellen R. Sauerbrey in 1994 and 1998 even though his running mate was Michael S. Steele, a black resident of Prince George's.

This year, Ehrlich said, his efforts to promote development at the National Harbor in Oxon Hill and Konterra in Laurel, both large mixed-use projects, would play well in the county. He also said he opened the county's first state office of economic development.

In Montgomery County, Ehrlich received 38 percent of the vote in 2002 -- a share he said yesterday that he hopes to raise to 40 percent.

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In a new statewide poll, Ehrlich and O'Malley each received support from 41 percent of respondents. The poll of 500 registered voters contacted Aug. 1 and 2 found that 15 percent of those surveyed were undecided in the governor's race. It had a margin of error of plus or minus 4.3 percentage points.

The poll comes as Ehrlich, who has been trailing the mayor in most statewide polls, has begun an aggressive advertising campaign in the Baltimore television market.

Aides to O'Malley said the poll, conducted for the MD & DC Credit Union Association, was done by the same company Ehrlich uses for his internal surveys, Public Opinion Strategies.

Ehrlich also underscored his support for two mass transit projects deemed important to the Washington area. His administration is "interested" in federal legislation to provide $1.5 billion over 10 years to improve the Metro system. The bill, which passed the House of Representatives last month, would provide the money contingent on a match from the District, Maryland and Virginia. Ehrlich said it is premature to identify a way to pay for the project, but "we believe we can locate the funding."

Ehrlich said the proposed 14-mile transit line from Bethesda to New Carrollton, known officially as the Bi-County Transitway, "is going to happen." The question being studied is whether it will consist of rapid bus or light-rail service, known as the Purple Line.

"You may actually have a mix. I just don't know," he said. "We're moving ahead."

Staff writer Rosalind S. Helderman contributed to this report.

Sheehan Treated For Dehydration In Texas (AP)

By Angela K. Brown

AP, August 12, 2006

Anti-war demonstrator Cindy Sheehan was hospitalized Friday evening for dehydration and exhaustion after fasting for more than a month and protesting earlier this week in 100-degree weather, friends and relatives said.

Sheehan was listed in stable condition at Providence Health Center in Waco. Brenda Mauk, a nursing supervisor, declined to release additional information.

Sheehan, 49, was hospitalized after friends picked her up Friday afternoon at the Dallas-Fort Worth International Airport, where she arrived after spending several days in Seattle at the Veterans for Peace convention, said friend Tiffany Burns.

Sheehan, who has been on a liquid diet as part of the nationwide "Troops Home Fast" hunger strike, had been treated and released from a Seattle emergency room Thursday night. On doctors orders, she ate for the first time in about 37 days, Burns said.

Sheehan also underwent additional tests for uterine bleeding, her sister Dede Miller said.

Sheehan was to spend Friday night in the Waco hospital but planned to attend some war protest activities Saturday at the 5-acre lot she bought last month in Crawford, President Bush's adopted hometown, about 20 miles from Waco.

Sheehan kicked off her summer war protest Sunday, the one-year anniversary of her first anti-war demonstration in Crawford that attracted more than 10,000 people over 26 days.

"She's in good spirits, but she's sad she can't be at Camp Casey," Burns told The Associated Press, referring to the campsite named for her soldier son Casey who was killed in Iraq in 2004.

Reaganomics At 25 (WSJ)

The Wall Street Journal, August 12, 2006

Twenty-five years ago this weekend, Ronald Reagan signed the Economic Recovery Tax Act. The bill cut personal income tax rates by 25% across the board, indexed tax brackets for inflation and reduced the corporate income tax rate. The anniversary is worth commemorating as a seminal moment that continues to influence policy for the better in the U.S., and around the globe.

The achievement of Reaganomics can only be fully understood by recalling the miserable state of affairs a quarter-century ago. Newsweek summarized the national mood when it wrote in 1981 that Reagan "inherits the most dangerous economic crisis since Franklin Roosevelt took office 48 years ago."

That was no exaggeration. The economy was enduring a cycle of rising inflation with growing levels of unemployment. Remember 20% mortgage interest rates? Terms like "stagflation" and "misery index" entered the popular vocabulary, and declinists of various kinds were in the saddle. The perception of American economic weakness encouraged the Soviet empire to ever bolder adventures, as reflected by Soviet tanks in Kabul and Communists on the march in Nicaragua and Africa.

The reigning Keynesian policy consensus had no answer for this predicament, and so a new group of economic ideas came to the fore. Actually, they were old, classical economic ideas that were rediscovered via the likes of Milton Friedman and

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the Chicago School, Arthur Laffer, Robert Mundell, and such policy activists in Washington as Norman Ture and Jack Kemp, among others. These humble columns under our late editor, Robert Bartley, led the parade.

For every policy goal, you need a policy lever, Mr. Mundell likes to say. Monetary restraint was needed to break inflation, while cuts in marginal tax rates would restore the incentives to save and invest. With Paul Volcker at the Federal Reserve and Reagan at the White House, those two levers became the essence of the "supply-side" policy mix.

The results have been better than even some of its supporters hoped. The Dow Jones Industrial Average first broke 1,000 in 1972, but a decade later it was barely above 800 -- one of the worst and most enduring bear markets in history. In the 25 years since Reaganomics, however, the Dow has climbed to about 11,000, accounting for an increase in national wealth on the order of $25 trillion. To match that increase in percentage terms, the Dow would have to rise to some 150,000 in the next quarter century. American living standards have risen steadily, and U.S. businesses have created entire industries that didn't exist a generation ago.

Obviously, the economic policy path from 1981 to the present day has not been a straight line. The biggest detour occurred from 1990 through 1994, when George H. W. Bush and Bill Clinton forgot the Gipper's lesson and raised marginal income-tax rates; they suffered for it in the elections of 1992 and 1994. The arrival of the Gingrich Republicans in Congress stopped this slow-motion repeal of Reaganomics, however, and even helped to extend it at the margin with a cut in the capital-gains tax rate to 20% in 1997.

Adherents of Rubinomics -- after Clinton Treasury Secretary Robert Rubin -- are still not converts, arguing that tax increases are virtuous if they reduce the deficit. We've addressed that argument many times and will again. But even the Rubinites haven't dared to repeal indexing for inflation (which pushed taxpayers via "bracket creep" into ever-higher tax rates), and even the most ardent liberals don't propose to return to the top pre-Reagan income tax rate of 70%. They also now understand that, at some point along the Laffer Curve, high rates begin to yield less tax revenue. The bipartisan consensus in favor of sound money has also held.

Thus today, the top marginal personal and corporate tax rates are 35%, compared with 70% and 48% in 1981. In the late 1970s the tax on dividends was 70% and the capital gains rate was 50%; now they're both 15%. These reductions have increased the rate of return on capital, and hence some $3 trillion more was invested by foreigners in the U.S. between 1981 and 2005 than was invested by Americans abroad. One result: 40 million new jobs, more than the rest of the industrialized world combined.

The rest of the world, meanwhile, has followed the Gipper down the tax-cut curve. Daniel Mitchell of the Heritage Foundation finds that the average personal income tax rate in the industrialized world is now 43%, versus 67% in 1980. The average top corporate tax rate has fallen to 29% from 48%. This decline in global tax rates has been the economic counterpart to the fall of the Berlin Wall. Most of Eastern Europe has adopted flat tax rates of 25% or lower, and the Russians now have a flat income tax of 13%. In Old Europe, Ireland's corporate and personal income tax rate cuts have helped generate the swiftest economic growth in the EU.

Not bad for a President dismissed as a dreamy former actor. In his 1989 farewell address, Reagan said that "People say that I was a great communicator. It would be more accurate to say that I communicated great ideas." He was right, and a remarkable global prosperity has followed in his wake. The challenge for current and future political leaders is not to forget it.

High-Tech Smear Tactics (NYT)

The New York Times, August 12, 2006

Connecticut has turned out to be the epicenter of national election-year politics. Besides its big Senate race, the state has three Republican members of Congress who are targets of the Democrats. Unfortunately, it has also become the focus for some of this year's nastiest campaign tactics.

For months, thousands of residents have gotten telephone calls with recorded messages filled with half-truths or outright lies regarding the records of the Republican House members — Christopher Shays, Nancy Johnson and, to a lesser degree, Rob Simmons. Political advocacy groups, some with obscure origins, are generating the automatic calls.

These "robo calls" don't merely question the voting records of the lawmakers. They combine untruths and innuendo — like one call that falsely accused Mr. Shays of voting to reduce money for security on railroads, and implying that he was soft on terrorism. Another said Ms. Johnson was allied with "religious extremists" in opposing stem cell research, when she has voted for such research.

The content of the calls is bad but is made worse by the obscurity of the callers. Some of these groups may have been created just to carry out election-year dirty tricks. To top it all off, by virtue of the groups' tax-exempt status, all Americans are helping to underwrite these deplorable activities.

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The entities behind the calls are registered as nonpartisan voter education groups. Because of a gaping hole in the campaign finance laws, they are not even required to publicly list their donors.

Instead of urging voters to throw out the local incumbent, the robo calls skirt the laws by simply telling listeners to call Congressman X and tell him to stop doing something terrible. It's an old dodge. The sponsors of the calls should be treated as groups organized to help elect or defeat candidates, and should be subject to more public scrutiny and regulation.

The Democratic candidates should denounce such tactics. Their party didn't invent robo calls; Republicans used them previously. But the calls coarsen political discourse and need to be discouraged as strongly as possible.

U.N. Council Backs Measure To Halt War In Lebanon (NYT)

By Warren Hoge And Steven Erlanger

The New York Times, August 12, 2006

UNITED NATIONS, Aug. 11 — The Security Council agreed unanimously on Friday on a measure calling for a full cessation of hostilities in Lebanon, deploying 30,000 Lebanese and United Nations forces in southern Lebanon and calling upon Israel to withdraw its forces "in parallel."

After rejecting earlier versions, Prime Minister Ehud Olmert of Israel accepted the resolution. But, under a deal an Israeli official said was approved by the United States, Mr. Olmert will wait until Sunday to obtain his cabinet's approval. Until then, he will expand his monthlong military campaign against the Hezbollah militia and its rocket arsenal.

Mr. Olmert's decision to accept the draft and yet continue with a stepped-up military offensive capped an evening of diplomatic brinksmanship and political gamesmanship that may help him deflect criticism of his handling of the war, castigated as tentative by the opposition and some in his own party.

Secretary General Kofi Annan said he would be in touch with the Lebanese and Israeli governments this weekend to determine when the full cessation of hostilities would take effect.

Mr. Olmert called President Bush to thank him for his help in "safeguarding Israel's interests in the Security Council," an Israeli official said. Fred Jones, spokesman of the National Security Council, said it was the leaders' first conversation since the conflict started on July 12.

The Security Council resolution, drafted by France and the United States, expands the existing 2,000-member United Nations peacekeeping force, known as Unifil, to 15,000 and dispatches it into southern Lebanon to assist a 15,000-member Lebanese force that Fouad Siniora, Lebanon's prime minister, has pledged to send there.

In addition, the resolution gives Unifil, a peace-monitoring force that has long been criticized as ineffective and lacking resources, greatly enhanced authority, equipment, responsibilities and scope of operation.

The resolution calls for a ban on all sales or other supply of arms to Lebanon, except as authorized by its government. Israel has interpreted this as preventing Hezbollah from being resupplied with weapons by Syria and Iran.

The measure also calls for the disarmament of all armed groups in Lebanon, a reference to Hezbollah, but it does not specify how this should be done. The language of the resolution calls for an immediate cessation of "all attacks" by Hezbollah but only of "all offensive military operations" by Israel.

The resolution does not define "offensive military action," but both American and Israeli officials said that Israel would be able to address threats to citizens in Israel and its armed forces in Lebanon, and that it could respond to attacks from Hezbollah. If faced with an imminent threat, a senior American official said, "then yes, Israel can respond." Nonetheless, she added, "We expect a large-scale reduction in violence, and we'd expect the large-scale bombing to stop."

More columns of Israeli ground forces, supported by armor, started moving into southern Lebanon Friday evening, while forces already inside, in a strip about five miles from the border, prepared to move forward to the Litani River and beyond.

Most of Hezbollah's thousands of rockets are short-range Katyushas. Pushing Hezbollah beyond the Litani would take most of Israel's cities out of range, and would make it easier for an international force to take up positions in the south, Israeli officials argued.

The Israeli Foreign Ministry spokesman, Mark Regev, said Mr. Olmert ordered the army "to act against Hezbollah strongholds in southern Lebanon from which the Israeli population continues to be bombarded by endless volleys of rockets and missiles."

On Friday, more than 120 Hezbollah rockets landed in northern Israel, where most residents have either evacuated or remain in shelters, and seven people were wounded. One Israeli soldier was killed.

The United Nations resolution extends Unifil's mandate by a year and empowers it to take action "to insure that its area of operations is not utilized for hostile activities of any kind" and "to resist attempts by forceful means to prevent if from discharging its duties."

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It also urges countries to contribute troops to the beefed-up Unifil, and diplomats said that France, Australia, Italy and Turkey were among those expected to do so. Mr. Bush has said that the United States will offer no troops but that it could contribute logistical assistance.

The zone for the new joint force extends from the border of Israel and Lebanon — the so-called blue line — to the Litani River, roughly 15 miles to the north. That zone would be declared free of all "armed personnel, assets and weapons other than those of the government of Lebanon and Unifil."

Israel and the United States had been insisting on the most robust international force possible out of concern that Hezbollah would take advantage of any truce to move back into southern Lebanon, the area it has controlled for years and uses to send rockets into Israel.

Earlier drafts of the French-American resolution had specified that the force be created under Chapter VII of the United Nations Charter, which calls for enforcement by military means.

Lebanon protested that decision, and Jean-Marc de la Sablière, the French ambassador, and John R. Bolton, the American ambassador, redrafted the resolution Thursday night to eliminate references to Chapter VII and replace them with the language of the less coercive Chapter VI.

The phased withdrawal and deployment approach was also a compromise to meet earlier Lebanese complaints that would have permitted the Israeli military to remain in southern Lebanon.

A senior State Department official speaking at a briefing under a condition of anonymity said the revised text had "all the characteristics of a Chapter VII resolution. It walks like, talks like and acts like a Chapter VII resolution."

The language change will not be popular with Israel and its supporters, but the American official said the force "will be able to defend itself and has a very strong mandate which you would see in a Chapter VII resolution."

Secretary of State Condoleezza Rice, who was at the United Nations on Friday, received assurances from Tzipi Livni, Israel's foreign minister, that Israel would support the accord, according to the senior State Department official. Ms. Rice spoke to Ms. Livni three times Friday and once to Mr. Olmert, the official said.

The Americans had resisted earlier calls for cease-fires, arguing that one without political guarantees would simply return Lebanon to the situation it was in, allowing Hezbollah to resume attacks on Israel.

A senior administration official in Crawford, Tex., where Mr. Bush is on vacation, said that it increasingly seemed that Israel would not be able to achieve a military victory, a realization that led the Americans to get behind a cease-fire.

The Lebanese are also likely to be unhappy with the resolution's failure to order Israel to relinquish control of Shebaa Farms, an area of the border that it seized in 1967 and that, while declared to be part of Syria by the United Nations, is claimed by Lebanon.

The resolution simply asks the secretary general to develop ideas on how to solve the dispute and report back on his findings in 30 days.

The resolution does not order the return of abducted Israeli soldiers, an original reason Israel cited for going to war, nor does it meet Hezbollah requests for release of prisoners held by Israel. The measure says it is "mindful of the sensitivity of the issue of prisoners and encouraging of the efforts aimed at urgently settling the issue of the Lebanese prisoners detained in Israel."

It was unclear how the resolution would be greeted by the Israeli public.

Maj. Dan Itin, a reservist who is a tank company commander, fought in Lebanon in 1993 and 1994. He runs a currency exchange business near Netanya. "I'm happy with any U.N. resolution that will bring quiet to Israel," he said before it was passed. "I would prefer to go home. But if that doesn't happen, then we'll have to go in and do it. We want to finish the job. We don't want to come back in two years. I don't want my kids living with rockets for years to come."

Opinion polls, taken before details of the proposed Security Council resolution emerged, showed eroding public support in Israel for Mr. Olmert, a career politician who did not have significant military command experience. In a poll taken for the newspaper Haaretz, 30 percent of respondents said that Israel was not winning the war and 43 percent said there was no winner or loser. Only 20 percent thought Israel was winning.

The poll was conducted on Wednesday among 570 Israelis.

Another poll taken for Yediot Aharonot among 500 Israelis, with a margin of error of 4.5 percentage points, showed that 64 percent of Israelis — including 71 percent of Jewish Israelis — believed the army should go deeper into Lebanon. Only 37 percent — including 40 percent of Jewish Israelis — believe the war would end with Hezbollah removed from the border.

In Merj 'Uyun, a large Christian town about five miles north of the Israeli border, the small garrison of 350 Lebanese soldiers and police evacuated the town under the protection of the United Nations after the Israeli army occupied the town. The Lebanese soldiers left without their weapons. The convoy was followed by hundreds of cars packed with the remaining inhabitants of Marjayun and a neighboring town who had been trapped by the Israeli advance.

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"We are refugees now," said Fuad Hamra, the mayor of Merj 'Uyun. "Even the joint security forces are leaving. Marjayun is now empty."

Later, after their United Nations escort left, the convoy was struck by Israeli aircraft, news agencies reported, killing 4 and wounding 16.

Mr. Annan said he welcomed the resolution but regretted how long it had taken to be adopted.

"I am profoundly disappointed that the Council did not reach this point much, much earlier," he said. "I am convinced that my disappointment and sense of frustration are shared by hundreds of millions of people around the world."

Peace Resolution For Lebanon Unanimously Approved At U.N. (WP)

By Colum Lynch And Robin Wright, Washington Post Staff Writers

The Washington Post, August 12, 2006

Council Calls for Israeli Withdrawal, International Force

UNITED NATIONS, Aug. 11 -- The U.N. Security Council unanimously approved a resolution Friday that calls for a halt to the fighting between Israel and Hezbollah and authorizes the deployment of 15,000 foreign troops to help the Lebanese army take control of southern Lebanon.

The resolution calls on Israel to begin withdrawing all its forces from Lebanon "in parallel" with the deployment of U.N. peacekeepers and 15,000 additional Lebanese troops. It gives the international force the mandate to use firepower but no explicit role in disarming Hezbollah, leaving the fate of the Lebanese militia to a future political settlement.

Israel and Lebanon agreed to accept the terms of the U.N. cease-fire, according to U.S. and U.N. diplomats. Israeli Prime Minister Ehud Olmert will ask his cabinet to approve the resolution when it meets Sunday, according to Israeli officials. The Lebanese cabinet is scheduled to vote on it Saturday.

Secretary of State Condoleezza Rice said the cease-fire will not go into effect immediately. She said U.N. Secretary General Kofi Annan will consult with Israel and Lebanon in the coming days to set a date for the cessation of hostilities.

"No one can expect an immediate end to all acts of violence," Rice said. She cautioned that "the conditions of a lasting peace must be nurtured over time."

The resolution provides the first significant hope for a gradual reduction in the violence -- and potentially an end to the month-long conflict, which has killed more than 800 Lebanese and 122 Israelis. Fighting continued Friday, with Israeli warplanes strafing cars and trucks evacuating people from the town of Marjayoun, killing at least four people, and with Hezbollah firing 124 rockets into Israel but causing no casualties.

Annan said the United Nations' failure to act sooner has "badly shaken the world's faith" in the body. "I would be remiss if I did not tell you how profoundly disappointed I am that the council did not reach this point much, much earlier," he said.

The United Nations will hold talks on the expanded peacekeeping force Saturday to determine the type of forces to be used and which countries will contribute.

The force will have to be deployed faster than any previous U.N. force, according to diplomatic sources familiar with past operations. Although its size has been determined, its structure and the types of units needed have not. An enormous amount of work will have to be done quickly to get even the initial units to Beirut and then to southern Lebanon.

French Foreign Minister Philippe Douste-Blazy said France, which already has U.N. troops in Lebanon, will consult with other European powers about "the possibility of providing additional support."

France's ambassador to the United Nations, Jean-Marc de La Sabliere, said foreign troops could be sent to the region quickly. "I think it can be very swift," he said.

U.S. officials said there are several possible flash points -- including a misstep during the delicate military transition -- that could potentially thwart the United Nations' efforts to bring about a durable peace.

"The Lebanese government has fully endorsed the resolution," said a senior State Department official. "It remains to be seen: Will Hezbollah behave as a Lebanese entity and assume a place in the political process or continue to be a proxy for foreign governments?"

But U.S. officials said they believe that at least some members of Hezbollah have endorsed the ideas in the proposal because Lebanese Prime Minister Fouad Siniora won unanimous cabinet support -- including from two Hezbollah ministers -- for the deployment of an expanded U.N. force.

In a compromise that straddles the demands of Israel and Lebanon, the U.N. resolution will allow the U.N. force to take "all necessary action" in areas where it is deployed to ensure that those areas are "not utilized for hostile activities of any kind," and "to resist attempts by forceful means to prevent it from discharging its duties." U.N. troops are also authorized to use force to protect civilians and ensure the flow of humanitarian assistance.

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The U.N. peacekeepers would be authorized through Aug. 31, 2007, to monitor the area stretching from Israel's U.N.-demarcated border with Lebanon to the Litani River. The foreign forces would beef up the U.N. Interim Force in Lebanon, which has been in place since 1978.

On prisoners, the resolution again addresses the demands of both Israel and Lebanon. It calls for the causes of the current conflict to be addressed "urgently," including the "unconditional release" of the two Israeli soldiers whose seizure on July 12 triggered the hostilities. In the next paragraph, the Security Council says it will be "mindful" of the issue of Lebanese prisoners detained in Israel and calls for "urgently settling" it.

The resolution, based on a U.S.-French draft, also calls for an international embargo on military equipment destined for Lebanon but not going to the Lebanese army.

The resolution requests that Annan develop proposals to solve the issue of Shebaa Farms, a small area abutting Lebanon and Syria that was captured by Israel in the 1967 war. The area had been the primary battleground between Hezbollah and Israel since Israel ended its 22-year occupation in 2000.

The measure urges Annan to present his proposal to the Security Council within 30 days. The proposal will leave out some concerns on both sides and will take days, perhaps even weeks, to complete. "Israel will not get everything it sought in this resolution, but neither will Lebanon," British Foreign Secretary Margaret Beckett said on CNN.

The resolution addresses an Israeli concern by calling for the creation of a muscular force that will move into Hezbollah's stronghold in southern Lebanon. But in a concession to Lebanon, it does not invoke a provision of the U.N. Charter, Chapter 7, that has traditionally been used for approving the United Nations' most aggressive peacekeeping operations.

The resolution outlines a vague role for U.N. peacekeepers in addressing a key Israeli and U.S. concern: the supply of weapons to Hezbollah from Syria and Iran. It says only that U.N. troops will "support" Lebanese efforts to prevent arms-smuggling into southern Lebanon.

The United States and France dismissed Lebanese demands for an immediate cease-fire that would prohibit Israel from carrying out even defensive military actions. Instead, the resolution requires Hezbollah to immediately cease all attacks, while calling on Israel to immediately cease only its "offensive military operations."

Israel will have the right to respond militarily if it faces an imminent threat, a senior U.S. official said, adding that the United States expects "a dramatic reduction in large-scale violence. We're talking about a defensive response to Hezbollah and not to move any further north -- to stop where they are and the large-scale bombing to stop."

The resolution calls on Israel and Lebanon to embrace a set of political commitments that could help lead to a permanent cease-fire, including security agreements to prevent the resumption of hostilities, the disarmament of all Lebanese militias and an arms embargo.

Annan is expected to intensify international diplomatic efforts to broker a political settlement between Israel and Lebanon. Qatar's foreign minister, Hamad Bin Jasim al-Thani, who represented the Arab world on the council, complained that the resolution "lacks balance" and fails to adequately address "Israeli aggression." But he said he backed it "in order to stop the bloodshed of innocents and to spare Lebanon and the region more horrors of destruction."

In their first conversation since hostilities erupted, Olmert called President Bush on Friday afternoon to express his thanks for the U.S. role in brokering a resolution. "Prime Minister Olmert thanked President Bush for the work he had done on the draft U.N. resolution on the Lebanon crisis," National Security Council spokesman Frederick Jones said. "The president expressed his view that the crisis was provoked by Hezbollah with the support of Iran and Syria and that we need to ensure that the reach of the Lebanese government extends throughout the country."

Rice pledged that the United States will increase its humanitarian aid to Lebanon to $50 million, up from $30 million, and called on other nations to be generous in providing relief and reconstruction aid.

Wright reported from Washington. Staff writer Michael Fletcher in Crawford, Tex., contributed to this report.

UN Approves Lebanon Ceasefire Resolution (FT)

By Jonathan Birchall At The United Nations

Financial Times, August 12, 2006

The United Nations unanimously adopted on Friday night a resolution calling for an immediate cessation of hostilities between Israel and Hizbollah. A 15,000-strong international force will be sent to southern Lebanon in a bid to end the fighting there and bring about the withdrawal of Israeli troops.

Condoleezza Rice, US secretary of state, told the security council the resolution would “help to open a path to lasting peace for Lebanon and Israel”.

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"Since the conflict began, we have sought an immediate end to the fighting. But we have also insisted that a durable ceasefire requires a decisive change from the status quo that produced this war," she said. "With this resolution, a new stronger Lebanon can emerge, with the world's help."

The new plan gives a central role to the Lebanese army in securing southern Lebanon as Israeli forces pull back, reflecting objections by Lebanon and its Arab allies to earlier UN peace proposals that called for an international force to move in alone.

The Lebanese army, with support from the UN, will be required to neutralise any potential threat from Hizbollah by ensuring that there are no forces or weapons except those under its command in a zone 13 miles from Israel's northern border.

The resolution also gives the UN force – to be led by France – the right to use force if necessary to ensure that the areas under its control are not used for hostile activities, and to take action to protect civilians "from imminent attack" – which would give it the authority to move against Hizbollah missile launches.

The international troops will be under the command of the small existing UN presence in Lebanon, UNIFIL.

"Though it bears the same name, this is not the same force," Ms Rice said, adding that the Lebanese army and the UN would work together to "ensure that no armed groups like Hizbollah can threaten stability".

Kofi Annan, UN secretary general, told the UN security council it was "absolutely vital that the fighting now stop".

He added that the inability to act sooner had shaken the world's confidence in the security council.

Resolution Aims For Long-term Solution To Lebanon (FT)

By Jonathan Birchall At The United Nations

Financial Times, August 12, 2006

The United Nations Security Council on Friday finally delivered a ceasefire plan for southern Lebanon that it hopes will end five weeks of conflict and establish at least the groundwork for a lasting peace on Israel's northern border.

"This resolution will not only take care of the immediate situation . . . but also of the long-term situation. Because this cannot happen again," said France's UN ambassador Jean-Marc de la Sablière, who hammered out the details of the resolution with John Bolton of the US.

At the heart of the agreement lies the deployment to southern Lebanon of an international force of up to 15,000 troops, expected to be led by France, with units from Italy and other European nations.

After Lebanese objections to a first resolution last Saturday, these troops will be assigned to UNIFIL – the existing UN peace monitoring operation in Lebanon that was created in 1978.

But the new force will operate under a stronger mandate than the old 2,000-strong UNIFIL, given the authority "to take all necessary action . . . to ensure that its area of operations is not utilised for hostile activities of any kind", and "to protect civilians under imminent threat of physical violence".

The UN force is also tasked with supporting the Lebanese army in that there are no weapons or forces in a zone to the south of the Litani River – which runs 13 miles from the Israeli border – that are not controlled by the Lebanese army.

"The intention is not to leave a vacuum, not to leave that space where you could end up back at the status quo . . . because that's not the basis for a sustainable peace," said Margaret Beckett, the UK foreign secretary.

Lebanon's concerns over proposals for an international force were also addressed by presenting the troops as playing a supporting role to the Lebanese army, with which it will simultaneously deploy as the Israeli army pulls back.

Diplomats at the UN said the agreement was unlikely to satisfy completely all sides in the conflict, but that it addressed the main concerns and was therefore expected to win support on the ground.

"They may not be totally satisfied about the resolution . . . but we hope they will co-operate," said Mr de la Sablière of Israel and Lebanon. The fate of the agreement will also depend on the response of Hizbollah – which receives support from Syria and Iran – and on the ability of the Lebanese army to establish authority over the border areas now occupied by Israeli troops.

The resolution left in an earlier clause objected to by Lebanon which calls for an "immediate cessation" of all Hizbollah attacks but seeks only the end of "offensive military operations" by Israel.

Emyr Jones Parry, the UK ambassador at the UN, said the hope was "that we've created enough conditionality, enough of a process, and enough security will be established, that Hizbollah will neither want nor be able" to disrupt the process.

"The first few days are going to be very challenging. Because if they do attack, it opens up a whole can of worms," he said.

Reports from Israel suggested that the Israeli army would continue its offensive operations until the cabinet meets to consider the UN resolution tomorrow.

Ehud Olmert, the Israeli prime minister, is under political pressure over his handling of the war, from critics who believe Israel should not have embarked on a war for which it was unprepared, and from others who believe it should not settle for an unsatis- factory diplomatic outcome.

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If the fighting does stop, a second UN resolution on a permanent ceasefire would follow within a month, tackling a range of issues including the release of two Israeli soldiers held by Hizbollah.

¦An Israeli drone fired missiles last night into a convoy of refugees fleeing the southern Lebanese town of Marjayoun, killing at least six people, AP reports from Beirut. Israel said it was investigating the incident.

Additional reporting by Harvey Morris in Jerusalem

Deal Is Struck To End Israel-Hezbollah Fighting (WSJ)

By Guy Chazan, Marc Champion And Karby Leggett

The Wall Street Journal, August 12, 2006

Parties Signal Acceptance, but Enforcing Peace May Be Beyond U.N. Troops' Ability

Israel and Lebanon signaled they would agree to terms of a United Nations resolution to halt the war between Israel and Hezbollah, offering the best hope yet of a break in the monthlong hostilities. France and the U.S., which brokered the deal, brought a draft resolution to the 15-member United Nations Security Council, which unanimously adopted it Friday night.

But the resolution by no means guarantees a long-term solution; for one thing, it papers over a dispute about what kind of international force should patrol southern Lebanon and when Israeli troops should withdraw.

Israeli Prime Minister Ehud Olmert has accepted the deal and informed the U.S., Israeli officials said Friday. Israeli defense officials said it appeared their army's expanded ground campaign would be halted as a result.

"We have heard from the government of Lebanon that they also believe that this is a resolution that can serve their interests," U.S. Secretary of State Condoleezza Rice told CNN. "I believe you will see both governments accept this."

Even if all the parties sign off on the deal, though, the onus for keeping the peace will rest with a small and ill-equipped U.N. force long criticized as inept -- and occasionally shot at from both sides of the Israel-Lebanon border. It is far from clear that such troops could enforce what many expect to be one of the U.N.'s toughest missions, and one whose success or failure will have huge implications for security not just in Israel and Lebanon but the entire region.

Israel has long voiced frustration with inaction by U.N. troops currently stationed there in the face of Hezbollah provocations. Mr. Olmert described them in a recent interview as "useless and helpless," and said any new contingent must be made up "of real soldiers, not of pensioners who have come to spend leisurely months in south Lebanon."

Under the draft resolution, 15,000 U.N. peacekeepers would be sent to southern Lebanon. It calls on Israel "as that deployment begins, to withdraw all of its forces from Southern Lebanon in parallel." Peacekeepers from the U.N.'s Interim Force in Lebanon -- Unifil -- would be there to "monitor" a cease-fire and help Lebanese government troops take control of the area.

The measure also calls for the return of two Israeli soldiers captured last month by Hezbollah in a cross-border raid, and gives U.N. Secretary General Kofi Annan 30 days to devise a solution to the disputed Shebaa Farms territory that is controlled by Israel, claimed by Lebanon and legally owned by Syria. A decision on whether the mandate of the current Unifil force should be changed to let it use greater force has been deferred to a second resolution.

The last point has emerged as a major bone of contention in discussions at the U.N.: Lebanon wants the force to continue as a relatively toothless observer mission, while Israel wants it to be robust enough to disarm Hezbollah. That may prove to be one of the biggest hurdles facing the French-U.S. plan on the ground.

The ferocity of the fighting over the past month shows that any attempt to forcibly defang Hezbollah's militia could trigger a fierce response. Resistance to any and all forms of outside oppression, including foreign occupation of Muslim lands, lies at the core of the Shiite Muslim group's identity.

If the organization comes to view Unifil as an attempt by Western nations to occupy Lebanon by proxy, some analysts in Beirut fear it could strike the U.N. force itself, echoing the attacks that killed 241 U.S. servicemen and 58 French paratroopers in Lebanon in 1983. Such strikes, some say, are almost inevitable if Unifil is given broader powers.

"If they go in as peace enforcers rather than peacekeepers then they're looking for trouble," said Micheal Mac Diarmada, a former sergeant in the Irish army who served in Unifil in the 1980s and 1990s. "It'll turn into another version of Iraq."

Indeed, opposition to posting a new foreign force in the south appears to be gaining momentum in Lebanon.

Unifil's history shows the challenges it will face in the future. The force was set up in 1978 after an earlier Israeli incursion into Lebanon, with a mission to confirm the withdrawal of Israeli forces, restore peace and help Lebanon's government re-establish its authority over the south.

But Israel complained that Unifil failed to deal with Palestinian groups that were using the area as a staging ground for attacks on Israel. It reinvaded in 1982 and created its own security zone, which it occupied for 18 years.

After Israel's withdrawal in 2000, Unifil moved south and deployed along Lebanon's border with Israel. But most of the Lebanese government troops that were supposed to accompany them never came. Instead, Hezbollah quickly established de

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facto control of the region. With their limited mandate, U.N. observers could only stand by as Israel and Hezbollah repeatedly traded blows.

Israeli officials have accused the 2,000-strong Unifil force of standing by when three Israeli soldiers were captured by Hezbollah in October 2000, not far from a U.N. outpost. They also have more mundane grievances, such as a claim that Unifil did nothing to stop Hezbollah from tying a string to the electronic border fence and repeatedly pulling it, setting off an alarm, which necessitated almost daily Israeli patrols.

Yet some feel the Israeli criticism of the U.N. mission is disingenuous. Timur Goksel, a former political adviser to Unifil, defends the idea of using Unifil as the basis for the new force, despite Israeli objections. "It carried out a very important communications role between Israel and Hezbollah and prevented a lot of flare-ups," he says.

Write to Guy Chazan at guy.chazan@wsj.com6, Marc Champion at marc.champion@wsj.com7 and Karby Leggett at karby.leggett@wsj.com8

U.N. Security Council Approves Cease-fire Plan (MCT)

By Dion Nissenbaum And Warren P. Strobel

McClatchy Newspapers, August 12, 2006

UNITED NATIONS - The United Nations Security Council late Friday unanimously approved a compromise plan to end a month of fighting between Israel and Hezbollah, but acknowledged that it was only a tentative first step to a lasting cease-fire.

Although the cease-fire plan fell short of pleasing Israel and Lebanon, both countries reluctantly embraced the deal as the best way to bring a halt to a conflict that has claimed 1,100 lives.

U.N. Secretary-General Kofi Annan is expected to announce in the coming days a precise time when hostilities are supposed to stop. It could be more than a day at the earliest before the shooting is supposed to end.

The Israeli military is expected to press ahead with a new ground offensive in southern Lebanon until the government meets on Sunday to officially embrace the U.N. proposal. Lebanon's government was expected to vote Saturday.

That delay is likely to lead to a dangerous last-minute escalation that could jeopardize the tenuous cease-fire agreement.

Under the proposal, Hezbollah is supposed to halt its rocket attacks on Israel, while Israel is supposed to stop offensive military operations in southern Lebanon.

Secretary of State Condoleezza Rice, addressing the Security Council, acknowledged that all fighting might not end right away.

"No one can expect an immediate end to all acts of violence," Rice said.

Others chided world powers for not acting sooner to stop the fighting, which has primarily killed civilians on both sides.

Annan said he was "profoundly disappointed" at the month-long delay and said his view was shared "by hundreds of millions of people around the world."

After major violence by Hezbollah and Israel stops, the United Nations will dispatch an expanded 15,000-person peacekeeping force in southern Lebanon to work alongside an equal number of soldiers from the weak Lebanese army.

That force is supposed to step in - "in parallel" as the resolution puts it - as Israeli soldiers pull out.

A senior State Department official said that the United States expects Israel would stop any forward movement of its ground troops into southern Lebanon and halt large-scale bombing operations.

But the official, who spoke anonymously under State Department ground rules, said Israel would still be able to "defend in place" and deal with imminent threats or respond to Hezbollah attacks.

In a significant loss for Israel, the agreement doesn't explicitly spell out how or when Hezbollah will be disarmed. And it doesn't clearly lay out a way to prevent Hezbollah from rearming, another key Israeli demand.

The senior State Department official said that disarming Hezbollah would be the responsibility, eventually, of Lebanon's armed forces.

One of the biggest last-minute sticking points centered on the power the new peacekeeping force would have to prevent Hezbollah from rebuilding once Israel leaves.

Israel had been pressing for establishment of the force under Chapter VII of the Charter of the United Nations, which would have given the soldiers more power to fight Hezbollah. But negotiators acceded to Lebanese demands that the force be deployed under a more traditional peacekeeping model.

In a compromise, the resolution authorizes the U.N. force to "resist attempts by forceful means" to prevent it from carrying out its duties. It also allows U.N. peacekeepers "to take all necessary means" to ensure more fighting doesn't break out in southern Lebanon.

Lebanon also didn't get everything it wanted. Lebanese Prime Minister Fuad Saniora had demanded Israel's immediate withdrawal and the resolution of a land dispute involving territory called Shebaa Farms.

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But Mohamed Shatah, a senior adviser to Saniora, said the resolution addressed most of Lebanon's demands.

The crisis began July 12 when Hezbollah captured two Israeli soldiers and killed eight others in a cross-border raid. Israel responded by launching thousands of airstrikes that crippled Lebanon, killed more than 1,000 people, most of them civilians, and created a growing humanitarian crisis.

As Israel hit Lebanon, Hezbollah fired more than 3,500 rockets into northern Israel, killing 40 civilians and forcing residents across much of the region to live in bomb shelters for weeks.

Over the past four weeks, Hezbollah has surprised the Israeli military with its advanced weapons and tactics. Hezbollah has killed 84 Israeli soldiers in fierce battles across Lebanon.

Another key component of the cease-fire resolution is the return of the two captured Israeli soldiers.

The apparent diplomatic breakthrough came on a dramatic day as the deal appeared close to crumbling before an agreement was finalized. As foreign ministers were meeting at the United Nations, Israeli Prime Minister Ehud Olmert declared the proposal unacceptable and ordered his military to expand efforts to cripple Hezbollah.

Within hours, tanks and soldiers began moving deeper into Lebanon to battle Hezbollah.

After receiving the final draft, however, Olmert agreed to accept the compromise and urge his Cabinet to embrace it on Sunday, after the Jewish Sabbath ends.

In the meantime, though, the Israeli military is expected to press ahead in an effort to do as much as it can to cripple Hezbollah before the cease-fire takes hold. At the same time, Hezbollah is likely to respond in kind by firing hundreds more rockets into northern Israel until its soldiers pull back.

Amal Saad-Ghorayeb, a Lebanese expert on Hezbollah, said the cease-fire resolution represented "a major victory" for the militant group because it forces Israel to withdraw its troops while not ensuring that Hezbollah has to give up its weapons.

Having fought the region's strongest military effectively, Hezbollah has gained legitimacy, Saad-Ghorayeb said.

"After this, Hezbollah is going to be very hard pressed to give up its arms," she said.

On Friday night, a U.N.-led convoy leaving the besieged Lebanese town of Marjayoun was hit by an Israeli airstrike. Five civilians were killed and at least 17 others were injured, including an undisclosed number of Lebanese soldiers, according to Lebanon's acting minister of the interior, Ahmed Fatfat.

The U.N. arranged the convoy to evacuate 350 Lebanese soldiers from Marjayoun, a hilltop village where Israeli troops and Hezbollah fighters fought on Thursday. The convoy left Marjayoun with Israeli permission, Fatfat said, but became delayed as it was joined by some 3,000 residents in hundreds of vehicles.

"The convoy was too long and they didn't respect the timing" agreed to by Israel, the Lebanese minister said. "But I think Israel had the choice to bomb it, and it was to send a political message in the last moments of this war."

Israel's decision to expand the ground war came on a day when Olmert came under widespread criticism for his handling of the crisis.

Military leaders, political opponents, prominent newspaper analysts and the Israeli public all voiced dissatisfaction with Olmert, with some suggesting that he had bungled the military campaign.

McClatchy correspondent Shashank Bengali contributed to this report from Beirut, Lebanon; Nissenbaum reported from Jerusalem.

Security Council Approves Israel-Hezbollah Measure (LAT)

By Maggie Farley And Henry Chu

The Los Angeles Times, August 12, 2006

U.N. resolution calls for halting all attacks and would clear the way for 15,000 peacekeepers.

UNITED NATIONS — The Security Council on Friday unanimously called for an "immediate cessation to hostilities" between Israel and Hezbollah, paving the way for a cease-fire and the deployment of 15,000 U.N. peacekeeping troops in Lebanon.

But before the vote, columns of Israeli tanks and troops rumbled across the border into Lebanon, Israeli airstrikes killed at least 23 people and Hezbollah rockets rained onto northern Israel.

In Jerusalem, Israeli officials signaled that they were satisfied with the U.N. resolution but would continue an expanded ground offensive until the Cabinet's expected approval of the measure Sunday. Prime Minister Ehud Olmert ordered the expansion just hours before the U.N. convened.

Lebanon's government will accept the resolution at a meeting today, a Lebanese diplomat said. But the ambiguous terms of the measure that allowed all parties to sign onto it after 11 days of intense negotiations led critics to warn that the truce could easily fall apart.

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Hezbollah's response to the resolution also could be a problem. Because Israel would be allowed to remain in Hezbollah-controlled territory in southern Lebanon until U.N. and other forces arrived, some analysts predicted small skirmishes despite the truce.

The resolution also calls for the "unconditional release" of the two Israeli soldiers whose seizure July 12 by Hezbollah sparked the fighting. It encourages the return of Lebanese prisoners detained in Israel, but is careful not to link or equate them to the two Israelis.

The resolution further calls for the disarming of all remaining militias in Lebanon, meaning Hezbollah, and sets up a hostility-free zone between the Israeli-Lebanese border and Lebanon's Litani River.

It calls for "the immediate cessation by Hezbollah of all attacks and the immediate cessation by Israel of all offensive military operations." Though Israel would be allowed to defend its position until as many as 15,000 U.N. and 15,000 Lebanese troops arrived, it would be required to freeze its incursion. Israel would pull out simultaneously with their arrival.

The U.N. today will hold a preliminary meeting of nations that might provide troops to augment the U.N. peacekeeping force of 2,000 already in southern Lebanon. France is expected to lead the force and no U.S. contingent is planned.

The resolution would allow the bolstered U.N. troops to use force to defend themselves and guarantee the area is not a base for "hostile activities of any kind." That measure reflects a key compromise addressing Israel's demands for a force strong enough to contain Hezbollah, and Lebanon's desire to not have an aggressive foreign force on its soil.

It mandates an arms embargo that the expanded U.N. force would help enforce.

U.N. Secretary-General Kofi Annan is asked to develop proposals to solve the Shebaa Farms issue within 30 days. The area is occupied by Israel and claimed by Lebanon, but the U.N. considers it part of Syria.

Annan welcomed the truce, but said he was "profoundly disappointed" that the council did not act earlier.

He noted that "more children than fighters have been killed in this conflict."

Olmert's expansion of the ground operation in southern Lebanon came in response to an earlier draft of the resolution that called for a 10-day gap between an Israeli withdrawal and the deployment of the Lebanese and U.N. forces.

The military operation added urgency to the negotiations and gave Israel more ground to hold until the withdrawal begins. It also was meant to send Syria and Iran, key sponsors of Hezbollah, a message that the militant group's adventurism would carry a heavy price, an Israeli diplomat said.

Witnesses reported that an Israeli drone fired on a convoy of vehicles carrying thousands of civilians and soldiers from the Israeli-captured town of Marjayoun. Wire services reported that seven people were killed.

Wire reports said that Israeli warplanes struck electricity transformers in coastal Tyre, plunging the city into darkness.

In all, 23 people were reported killed Friday in Lebanon, 11 of them in an early-morning air raid on a key bridge linking Lebanon and Syria. The strike squeezed access to one remaining road connecting the two countries, making delivery of humanitarian aid more difficult. Israel says Hezbollah uses the roads to transport weapons.

"This was an attempt to close the only route open all the way to the northern border," said Lebanese Transportation Minister Mohammed Safadi.

The road was still passable, winding past shuttered gas stations and empty resorts, with detours necessary around three destroyed bridges. But with every truck a potential target for Israeli planes hunting weapons shipments, traffic was light.

In the southern part of the capital, a Hezbollah stronghold, Israeli warplanes struck 11 high-rises Friday morning.

In southern Lebanon, Israel continued in fits and starts its offensive to secure strategic towns and villages as a platform for the broadened incursion. Three crippled Israeli tanks could be seen in a valley between the Israeli town of Metulla and the southern hills of Lebanon.

In the village of Khiam, about 300 Israeli infantrymen backed by 20 tanks battled Hezbollah fighters. The Israelis lost six of the tanks, a military source said.

One Israeli soldier was killed Friday and more than a dozen wounded, a military spokeswoman said.

This morning, hundreds of Israeli infantry troops were streaming into Lebanon from Misgav Am and were engaged in intense fighting seven miles north of the border. Heavy artillery was used before the march.

Swarms of Katyusha rockets slammed into northern Israel, sending residents scurrying for shelter. The coastal city of Haifa, which Hezbollah leader Sheik Hassan Nasrallah warned would come under increased fire, was hit several times, causing some injuries but no deaths.

Thousands of rockets have hit Israel in more than four weeks of fighting, the heaviest bombardment the Jewish state has suffered since its founding 58 years ago.

The failure to stem those attacks, the rising number of military casualties and the struggle to retain control of towns and villages captured from surprisingly well-armed and organized fighters have sparked growing public criticism in Israel.

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A poll published Friday showed declining approval for the way Olmert and his "security Cabinet" have handled the war and a growing belief that Israel is not winning.

The mounting criticism helped precipitate the security Cabinet's decision Wednesday to authorize the deeper thrust into Lebanese territory that Olmert ordered Friday.

But the chances of purging Hezbollah fighters from a wide swath of southern Lebanon are slim if, as expected, the government approves the truce and halts the broadened offensive after just two days.

Military analysts say that sweeping north to the Litani River could take just a few days, but clearing the region of Hezbollah guerrillas could take four weeks or more.

"I have the feeling … that the resistance will be weaker [as troops advance north] because the best troops of Hezbollah, which is not a large organization, are now in south Lebanon," said Shlomo Brom, formerly head of strategic planning for the Israeli military and now an analyst at Tel Aviv University's Jaffee Center for Strategic Studies.

But even reaching the Litani would not eliminate the threat of continued rocket attacks, he said.

At the U.N., Secretary of State Condoleezza Rice cast the vote for the United States, which was the lead sponsor of the resolution along with France.

She said the U.S. would give $50 million to help Lebanon rebuild and urged Hezbollah's backers to leave the fledgling democracy alone.

"Today we call upon every state, especially Iran and Syria, to respect the sovereignty of the Lebanese government and the will of the international community," Rice told the council.

Lebanon's acting foreign minister, Tarek Mitri, criticized the agreement but said Lebanon would implement its part in good faith.

"A cease-fire that retains for one side the right not to cease fire is not a cease-fire" he said.

Israel's ambassador to the U.N., Dan Gillerman, said he hoped that the measure would open a new chapter of peace but told the Security Council that the resolution alone "will do nothing."

"Unless the tools set out in this resolution are used, with resolve and decisiveness, we will be back at this table — if not in a week, then in a month or a year, facing an even greater tragedy."

*

Times staff writers Farley reported from the United Nations and Chu from Jerusalem. Staff writers Bruce Wallace in Beirut, Tracy Wilkinson in Kiryat Shemona, Israel, Damon Winter in Misgav Am, Israel, and special correspondent Maha al-Azar in Beirut contributed to this report.

Bush 'believes Conflict Is A US-Iran Proxy War' (FT)

By Edward Luce In Washington

Financial Times, August 12, 2006

Washington's foreign policy elite is engaged in a bitter tussle between "neoconservatives" and "realists" seeking to influence George W. Bush's stance on the Israel-Lebanon crisis. The neocons increasingly have the upper hand.

Former and current administration officials say that George W. Bush feels more strongly and is more engaged in support of Israel's military assault on Hizbollah than on any other question. They say Mr Bush feels passionately that the US should support Israel in what he sees as the frontline in the global battle between democracy and terrorism.

Over the past four weeks, Mr Bush's language has toughened from talking about the "war on terror" to stronger terminology in which he refers to the war against "Islamic fascists" and "Islamofascism" – terms long in currency among neoconservatives.

In response to a question about Hizbollah at his ranch in Crawford this week, Mr Bush said: "As young democracies flourish, terrorists try to stop their progress . . . They try to spread their jihadist message – a message I call, it's totalitarian in nature, Islamic radicalism, Islamic fascism – they try to spread it as well by taking the attack to those who love freedom."

Observers say Mr Bush is motivated by two instincts in guiding America's diplomatic approach.

The first is the president's visceral instinct to support Israel against its enemies, which he sees in terms of democracy versus totalitarianism. "People should not underestimate just how strongly the president feels in support of Israel and in his anger towards Iran and Syria [because of their sponsorship of Hizbollah]," said Reuel Marc Gerecht, a former senior official at the Central Intelligence Agency and now at the conservative American Enterprise Institute in Washington.

The second is Mr Bush's belief that the fighting between Israel and Hizbollah is a proxy war between the US and Iran's theocratic regime, which Washington sees as the most serious threat to stability in the region and beyond. US officials say they have intercepted communications between Tehran and Hizbollah that show Iran continues to supply arms to the Lebanese group.

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Although Washington has not released evidence that Iran instructed Hizbollah to cross the "blue line" into Israel last month – when it captured two Israeli soldiers and killed eight others in ensuing clashes that sparked the current crisis – officials insist the Shia movement was doing Tehran's bidding.

They say it is no coincidence the Hizbollah raid occurred the day after Tehran effectively turned down Washington's conditional offer of talks over its alleged nuclear weapons programme.

Motivated by this larger picture, the president believes the US and Israel cannot afford to compromise in their demands that Hizbollah eventually be disarmed. "We get clear indications the Bush administration sees this crisis in black and white terms," said a senior European diplomat who is closely involved in the UN negotiations. "There is a widespread view that US diplomacy is a prisoner of its own starkly moral framework."

Meanwhile, Washington's increasingly marginalised foreign policy "realists" claim – without substantiation – that Condoleezza Rice, the secretary of state, was overruled by Mr Bush last month when she argued for an earlier ceasefire by Israel.

Backed by ex-colleagues of former president George H.W. Bush, such as Brent Scowcroft and Lawrence Eagleburger, they argue the US should talk to Syria – which also backs Hizbollah – to help defuse the crisis.

Mr Bush dismissed that advice this week. "Syria knows what we think," he said. "They know exactly what our position is." Republican critics of Mr Bush say he is risking a broader war because of his refusal to consider talking to unfriendly regimes.

"There was no suggestion Mr Bush wanted to know what Syria thinks," said John Hulsman, a foreign policy analyst who left the conservative Heritage foundation last month. "This administration continues to believe talking is a sign of weakness. In spite of Iraq, the neocons are still in charge."

Olmert Thanks Bush For U.N. Resolution (AP)

By Nedra Pickler

AP, August 12, 2006

Israeli Prime Minister Ehud Olmert thanked President Bush on Friday for his work on a resolution to stop violence between Israel and Hezbollah, the White House said. It was the first direct talks between the two leaders since the fighting began.

The eight-minute phone call with Bush at his ranch in Texas was initiated by Olmert, said Frederick Jones, spokesman for the National Security Council at the White House.

Olmert endorsed a Mideast cease-fire plan that the United States and France proposed Friday at the United Nations.

"Prime Minister Olmert thanked President Bush for the work he had done on the draft U.N. resolution on the Lebanon crisis," Jones said. "The president expressed his view that the crisis was provoked by Hezbollah with the support of Iran and Syria and that we need to ensure that the reach of the Lebanese government extends throughout the country."

The agreement, which was unanimously adopted by the U.N. Security Council, calls for putting 30,000 Lebanese and U.N. troops along the Israel-Lebanon border, where Hezbollah militants have been fighting against Israel. It falls short of some of Israel's demands, including a strong mandate for the U.N. forces to take on Hezbollah guerrillas.

But Israel has been unable to defeat Hezbollah and was concerned about growing Israeli casualties, as well as international condemnation, if the war continued. The fighting has killed more than 800 people, destroyed Lebanon's infrastructure and inflamed tensions across the Middle East.

Bush has staunchly backed Israel in the fighting and the U.S. has been arguing Israel's interests during the U.N. negotiations. Olmert spoke repeatedly to Secretary of State Condoleezza Rice during the last four weeks but never directly to Bush until Friday.

Rice predicted that both governments would accept the agreement.

"We have heard from the government of Lebanon that they also believe that this is a resolution that can serve their interests," Rice said in an interview with CNN. "In fact, the interests of both the Israelis and the Lebanese now is to end the large-scale violence and to begin to lay a foundation for peace."

The White House had predicted that a previous draft it was pushing would come to a vote earlier in the week, but negotiators were forced to make changes to address objections from Lebanon and other Arab states.

"A lot of times diplomacy is a bit like a taffy pull, in that you think you may have something that seems to be right on the verge of being completed, and it just gets extended a bit," White House spokesman Tony Snow said. "As the president has pointed out, diplomacy can be a little bit messy and unpredictable."

One Month Later In Lebanon (NYT)

The New York Times, August 12, 2006

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It took unconscionably long — almost a month — for the United Nations Security Council to produce a formula to end the fighting in Lebanon. While the diplomats dithered, hundreds of Lebanese and Israelis died, one-third of Lebanon's population was uprooted, and new layers of anger and fear were sown on both sides of the border.

The resolution that the Council finally passed last night will have to be put into effect as quickly and thoroughly as possible, and must lead to a lasting political solution that can avoid future conflicts. That will require more than just an immediate halt to hostilities by both sides and an early withdrawal of Israeli troops from Lebanon. It will also require the dispatch of an international military force with sufficient authority and firepower to guarantee that there can be no repeat of the Hezbollah provocations that set off this destructive conflict.

The Council's resolution represents a compromise between the United States and France, and standing behind them, Israel and Lebanon. Washington wanted Israeli withdrawals linked to a political settlement and a strong new international force. France wanted Israeli withdrawal to come first.

They finally agreed to combine elements of both approaches, with some of the language on Israeli withdrawals left elliptical and some of the language on the international force left implicit. These locutions must not be allowed to unravel the consensus that more than a mere cease-fire is needed.

As hard as it will be to seal the border against Hezbollah infiltrations into Israel, that will not be enough. Hezbollah has rockets that can be fired from deep inside Lebanon at targets deep inside Israel. These must be stopped as well, ideally by the full disarmament of Hezbollah that the Security Council first called for in 2004.

As a political movement, Hezbollah will always be a significant force in Shiite south Lebanon and in the Lebanese Parliament. But it cannot remain an armed state within a state.

This ugly, unnecessary war had many losers and no real winners. Hezbollah will boast that it stood up to four weeks of Israeli firepower. But it cannot disguise the cost that all of Lebanon has paid. Israel incurred civilian and military losses and inflamed Islamic and world opinion without succeeding in destroying Hezbollah or its rocket arsenal.

Washington, which rightly stood by Israel but wrongly refused to call for a cease-fire or engage in meaningful diplomacy with Syria, also paid a price that could further complicate problems in Iraq and Afghanistan. A rapid and effective follow-through on yesterday's resolution could make up for some of these losses. Anything less will only compound the damage already done.

Israeli Leader Recommends Acceptance Of U.N. Resolution (NYT)

By Steven Erlanger

The New York Times, August 12, 2006

JERUSALEM, Saturday, Aug. 12 — Israeli Prime Minister Ehud Olmert agreed early on Saturday to recommend that his government accept a revised United Nations Security Council resolution that should bring an end to the month-long war with Hezbollah and Lebanon, senior Israeli officials said.

But the government will not meet until Sunday, and until that time, the Israeli military will be pressing forward farther into southern Lebanon to destroy Hezbollah strongholds and rocket stockpiles in southern Lebanon, the officials said.

The decision by Mr. Olmert and key officials to accept the draft and yet continue with the expanded military offensive capped a bizarre evening of diplomatic brinksmanship and political gamesmanship.

The delay in any cease-fire until Sunday, to allow the Israeli military more time to reach key goals against Hezbollah, came with the approval of the United States, an Israeli official said. The expanded Israeli offensive may also help Mr. Olmert deflect sharp political criticism of his handling of the war, which has been castigated as tentative by the opposition and some in his own party.

Mr. Olmert telephoned President Bush just after midnight here to thank him for his help in "safeguarding Israel's interests in the Security Council,'' another Israeli official said.

The new draft has stronger language about the mandate of a beefed-up Unifil force that will accompany the Lebanese Army to patrol southern Lebanon and prevent Hezbollah from rearming there, the official said.

Even more important, the official said, the new draft clarifies that the multinational force will patrol Lebanon's airports, seaports and land crossings to ensure that Hezbollah is not easily resupplied with weapons by Syria and Iran.

Mr. Olmert's order to the army to expand the offensive came late Friday afternoon, as officials at the United Nations said they were reaching an agreement on a cease-fire resolution and foreign ministers were gathering there for a vote.

Israeli officials said then that Mr. Olmert objected to the resolution because it did not provide the robust international force Israel is demanding to patrol the border with Israel and, crucially, Lebanon's border with Syria, in order to prevent the resupply of Hezbollah with rockets and antitank missiles after the war ends.

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A senior Israeli official said that the Security Council was failing to ensure the disarmament of Hezbollah and was simply proposing an expanded Unifil, the current and ineffective monitoring force in Lebanon, without putting it under a new mandate that would allow troops to make peace and confront Hezbollah.

Lebanon had backtracked Friday on several points contained in a draft approved Thursday night, the official said.

The Israeli move was clearly designed to try to change the equation at the United Nations and sharply increase pressure on the diplomats for a resolution closer to an original American-French draft that was rejected by Lebanon, Hezbollah and the Arab League.Mr. Olmert and Defense Minister Amir Peretz of the Labor Party have been sharply criticized in the Israeli media in the last few days for their handling of the month-long war, with grumbling inside the government, leaks of dissent from the army and a front-page column Friday in the liberal daily Haaretz calling on Mr. Olmert to resign.

"You cannot lead an entire nation to war promising victory, produce humiliating defeat and remain in power,'' wrote columnist Ari Shavit.

The column stung, an aide to Mr. Olmert said, but a reasonable diplomatic conclusion to the war seemed to him the best option. But he decided that the Security Council was backtracking on its own previous commitments to disarm Hezbollah and prevent its rearming from Syria and Iran, the aide said.

More columns of Israeli ground forces, supported by armor, started moving into southern Lebanon Friday evening, while forces already inside, in a strip about five miles from the border, prepared to move forward to the Litani River, some 15 miles from the border, and beyond.

Most of Hezbollah's thousands of rockets are short-range Katyushas. Pushing Hezbollah beyond the Litani would take most of Israel's cities out of range, and would make it easier for an international force to take up positions in the south, Israeli officials argued.

The Foreign Ministry spokesman, Mark Regev, said the Mr. Olmert ordered the army "to act against Hezbollah strongholds in South Lebanon from which the Israeli population continues to be bombarded by endless volleys of rockets and missiles.''

More than 120 Hezbollah rockets landed Friday in northern Israel, where most residents have either evacuated or remain in shelters, and seven people were wounded. One Israeli soldier was killed.

Israeli television showed Israeli tank forces preparing to carry out the orders, which were approved by the security cabinet in a six-hour meeting on Wednesday, to expand the offensive up to the Litani River. But it was left to Mr. Olmert and Mr. Peretz to decide when or whether to order the army to carry out the plan.

Maj. Dan Itin, a reservist who is a tank company commander, fought in Lebanon in 1993-94. He now runs a currency exchange business near Netanya and has two children. "I'm happy with any U.N. resolution that will bring quiet to Israel,'' he said. "I would prefer to go home. But if that doesn't happen, then we'll have to go in and do it. We want to finish the job. We don't want to come back in two years. I don't want my kids living with rockets for years to come.''

Opinion polls, taken before details of the proposed Security Council resolution emerged, showed eroding public support in Israel for Mr. Olmert, a career politician who did not have significant military command experience. In a poll taken for Haaretz, 30 percent of respondents said that Israel is not winning the war and 43 percent said there was no winner or loser. Only 20 percent thought Israel was winning the war.

The poll was conducted on Wednesday among 570 Israelis.

Another poll taken for Yediot Aharonot among 500 Israels, with a margin of sampling error of 4.5 percentage points, showed that 64 percent of Israelis — and 71 percent of Jewish Israelis — believe that the army should go deeper into Lebanon. Only 37 percent — 40 percent of Jewish Israelis — believe the war win end with Hezbollah removed from the border.

In fighting earlier Friday, Israeli planes bombed targets throughout Lebanon as foreign ministers gathered at the United Nations.

With eyes on New York, Israel tried to keep up the pressure on Lebanon to agree to a robust multinational force, blasting Hezbollah positions around Marjayoun to the south and again hitting a key bridge to Syria in the north, killing 12 people.

Israel accuses Syria of continuing to try to resupply Hezbollah with rockets, antitank missiles and ammunition.

In Marjayoun, a large Christian town about 5 miles north of the

Israeli border, the small garrison of 350 Lebanese soldiers and police

evacuated the town under the protection of the United Nations after the Israeli army occupied the town. The Lebanese soldiers left without their weapons.

The convoy was followed by hundreds of cars packed with the last remaining

inhabitants of Marjayoun and a small neighboring town who were

trapped by the Israeli advance.

"We are refugees now," said Fuad Hamra, the mayor of Marjayoun. "Even the joint security forces are leaving. Marjayoun is now empty."

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Later, after their United Nations escort left them, the convoy was struck by Israeli aircraft, wire agencies reported, killing four people and wounding 16.

Israel May Expand Ground Combat (WP)

By Molly Moore And Edward Cody, Washington Post Foreign Service

The Washington Post, August 12, 2006

Premier's Directive Could Be Rescinded After Cabinet Action on U.N. Resolution

JERUSALEM, Aug. 11 -- Israeli Prime Minister Ehud Olmert on Friday authorized the military to expand its ground operations against Hezbollah in southern Lebanon, but will ask his cabinet Sunday to accept a U.N. Security Council resolution for ending the fighting, according to government officials.

Olmert's decision to increase ground combat came as Israeli public criticism of both the government and the military leadership escalated, with a new poll showing that only 20 percent of Israelis surveyed believe they are winning the war and one of the nation's most prominent newspapers declaring in a front-page headline: "Olmert must go."

Government officials said Olmert told the military to begin preparations for accelerated ground operations at about 5 p.m. Friday after seeing a draft of the U.N. resolution that he said he could not accept.

"What really triggered this decision was that apparently the Lebanese government -- under the pressure of Hezbollah -- managed to change the draft of the U.N. resolution in the afternoon," said Avi Pazner, a senior Israeli government spokesman.

But Olmert did not reverse the orders to the military after agreeing to a revised draft circulated later in the evening, according to a senior Israeli official.

"Right now the military has the green light," the official said.

Israeli government officials said the directive could be rescinded Sunday, depending on the cabinet action. It is unlikely the military could escalate ground combat operations significantly before Sunday because of the time required to move troops into new positions in the hilly terrain of southern Lebanon, where Hezbollah fighters are putting up fierce resistance.

In Lebanon, Israeli warplanes Friday evening strafed a column of cars and trucks evacuating people out of the southern town of Marjayoun, killing four people and wounding more than 23, according to George Kettaneh, head of the emergency rescue unit of the Lebanese Red Cross. The Associated Press reported seven deaths in the attack.

Before they were hit, a group of about 350 soldiers and Lebanese police from the Marjayoun barracks had begun a carefully orchestrated evacuation early Friday with peacekeepers of the United Nations Interim Force in Lebanon, known as UNIFIL, according to international relief workers and Gen. Adnan Daoud, who accompanied the convoy from Marjayoun. He said Interior Minister Ahmed Fatfat had insisted that civilians wishing to evacuate be allowed to accompany the convoy.

"When the shelling began, contacts were made with UNIFIL to put an end to the intense strafing," said Kettaneh of the Red Cross.

"We don't know of anything that was attacked there. We're still checking," an Israeli military spokeswoman said Friday night.

Israeli troops engaged in gun battles across a thin strip of territory along the Lebanese border where they have been fighting for weeks.

Hezbollah fired 124 rockets into Israel, slightly injuring five people. The number of rockets landing in Israel has steadily declined from more than 200 a day earlier in the week.

A half-dozen booms echoed across Beirut at dawn, then sporadically again during the early part of the day as Israeli warplanes hit the southern Beirut suburbs where Hezbollah leaders once had offices and homes, along with many of their Shiite supporters. The area has been mostly vacated of its residents, however, because of repeated bombings over the past month.

Several booms sounded as C. David Welch, the assistant secretary of state for Near Eastern affairs, was in Lebanon's Ottoman-era government headquarters conferring with Prime Minister Fouad Siniora and other officials about the U.N. Security Council proposal to end the fighting.

Israeli jets also bombed north of the capital, taking out a bridge in the Akkar region and hitting roads near a border crossing into Syria at Abudiyeh. Lebanese media reported that 12 persons were killed and that the crossing was closed.

The bombings were part of a campaign to close down Hezbollah's resupply operations, preventing munitions and other supplies from reaching fighters in the south. Syria has been the principal conduit for weapons and other equipment allegedly supplied to Hezbollah by Iran.

The southern ground battles again centered on Marjayoun, a Christian town occupied without resistance by Israeli forces Thursday. Israeli forces attacked surrounding Hezbollah guerrillas with artillery and airstrikes along roads between Marjayoun and Khiam, a Shiite-inhabited town where Hezbollah fighters remain entrenched. Hezbollah's al-Manar television said a number of Israeli soldiers were killed and wounded in the clashes when an advancing 60-ton Merkava tank was destroyed.

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An Israeli military spokeswoman said she could not confirm the reports of soldier deaths.

Hezbollah said its militia sank an Israeli naval vessel off Tyre in southern Lebanon, identifying it as a Super Dvora patrol boat. The 12 crew members were killed or wounded, the Shiite Muslim movement said. It was the third time Hezbollah has reported hitting an Israeli warship with guided missiles. The Israeli military, which denied that any of its ships was struck Friday, has said only one was hit, shortly after the war began July 12.

Meanwhile, the unity evident in Israeli society and government in the early days of the conflict appears to have shattered.

"If Olmert runs away now from the war he initiated, he will not be able to remain prime minister for even one more day," the daily newspaper Haaretz said in a front-page analysis. "You cannot lead an entire nation to war promising victory, produce humiliating defeat and remain in power. You cannot bury 120 Israelis in cemeteries, keep a million Israelis in shelters for a month and then say, 'Oops, I made a mistake.' "

In a poll published by Haaretz, 20 percent of the respondents said they believed that if the war ended now, Israel would be the winner. Thirty percent said Israel is losing the war, and 43 percent said there were no winners or losers.

Although surveys by different polling groups cannot be compared precisely, a poll last week by TNS/Teleseker for the Maariv daily newspaper found that nearly 55 percent of those asked believed Israel was winning and 38 percent said neither side was winning.

The majority of respondents in all polls favor expanding military operations and fault the government and the military for not taking more forceful ground action earlier in the war.

Military generals reportedly had been chafing that Olmert had not allowed them to expand military operations in southern Lebanon -- two days after the security cabinet gave him the authority to do so.

Soldiers who have been waiting for days for orders to move inside Lebanon are losing their edge, according to many officers.

Israeli television Channel 2 reported Friday night that several of the country's most senior military officials wrote a letter to the chief of staff, Lt. Gen. Dan Halutz, complaining that war plans were in chaos and did not conform to the combat training soldiers and officers have been receiving.

Israeli newspapers are filled with reports of soldiers complaining about food, water and equipment shortages in southern Lebanon. The military was having so much trouble moving supplies over the rough terrain that it experimented with using llamas as pack animals. The experiment failed when an entire train of llamas sat down on the job, forcing the military unit to abort an expedition, according to several news reports.

The Israeli military has allowed few journalists to accompany troops into southern Lebanon. Nahum Barnea, one of the country's leading political commentators, has been reporting the misfortunes of a unit he accompanied into southern Lebanon.

"The battle between the IDF and Hezbollah is reminiscent of the famous Tom and Jerry cartoons by Hanna-Barbera," Barnea wrote, using the abbreviation for Israel Defense Forces. "Tom is a strong, ambitious cat. Jerry is a weak but clever mouse. Jerry teases Tom. Tom fights back. In every conflict between them, Jerry wins."

"There is no sense investing in a lost cause," Barnea continued. "Adding more ground forces to those already stuck in Lebanon will not bring about the hoped-for turnabout in the Lebanese gamble. With American support, Israel still has a chance of getting out of this war with decent accomplishments. Take what they're offering you, Ehud Olmert. Take it and run."

Cody reported from Beirut. Correspondent Nora Boustany in Beirut contributed to this report.

Poll Shows Olmert Losing Supporters Over Lebanon (WT)

By Joshua Mitnick

The Washington Times, August 12, 2006

TEL AVIV -- After a month of silence by Israel's dovish left wing, growing criticism of war in Lebanon was highlighted by a plunge in support for Prime Minister Ehud Olmert in a poll published yesterday.

The survey sponsored by Ha'aretz newspaper showed that 48 percent of Israelis were satisfied with Mr. Olmert's performance, compared with more than 75 percent shortly after the war erupted July 12.

Ha'aretz also published a front-page column under the headline: "Olmert must go."

With no military background, Mr. Olmert has also been criticized from the right as underqualified to lead Israel at a time of war.

Members of the hard-line Likud party have said that they would work to topple the government.

Prominent Israeli doves demonstrated outside of the defense ministry yesterday to protest the Security Cabinet's green light to widen the army's ground offensive against Hezbollah and to advocate a cease-fire.

But with the left-leaning Labor Party in the government and its dovish leader Amir Peretz overseeing the war effort as defense minister, big anti-war protests remain unlikely.

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"People like me wanted to protest, but others said, '[Israel] needs to fight back,'" said Mossi Raz, a former secretary-general of Peace Now.

"As long as the Labor Party is in the government, we won't see big protests, but I don't understand how the Labor can be at peace with itself."

Few Israelis could argue against the nation's right to respond militarily to the July 12 kidnapping of two soldiers in a Hezbollah cross-border attack.

However, as the fighting enters its fifth week, the Cabinet decision this week to push Hezbollah north of the Litani River has emboldened doves to begin openly questioning the army's ability to rout the Islamist militia. They warn of spiraling casualties.

"It's unthinkable even to the left that we would just sit and turn the other cheek," said Yael Dayan, a former Labor Party parliament member, referring to her initial support for the war.

"But [the government] is talking about acts of war that won't be successful, and won't be totally destructive to the Hezbollah," she said.

The criticism comes amid general dissatisfaction among Israelis about how the war in Lebanon is proceeding. The public is impatient for an outright military victory against Hezbollah and a silencing of Katyusha rocket attacks against cities and towns in northern Israel.

In a Tel Aviv University survey last week, about 79 percent of Israelis said they favor continuing the fighting.

The Arms Deal Israel Wishes It Had Made (TIME)

By Tim Mcgirk

Time, August 12, 2006

If the country's military hadn't rejected a U.S. offer to supply it with "bunker buster" bombs four years ago, it might not be having as tough a time against Hizballah - or being criticized for its handling of the war

In 2002, the Pentagon offered to supply Israel with "bunker-buster" bombs, capable of punching deep into the enemy's underground defenses. Israel's air force chief at the time, Lt. Gen. Dan Halutz, — who, as Chief of Staff, is currently commanding Israel's air, sea and land strikes in Lebanon — rejected Washington's offer, claiming that Israel had its own superb weapons. But with the "bunker-busters", says a senior Tel Aviv intelligence source, Israel could have knocked out most of Hizballah's rocket-launchers and possibly brought the war to an early close.

Instead, as the war drags into a fifth week, Hizballah is still pounding Israel's northern cities with over 150 rockets a day. Though Israeli intelligence determined early on exactly where most of those rockets were being fired from — launchers hidden in 38 underground bunkers, burrowed 6 yards down on rocky hilltops across southern Lebanon — Halutz's vaunted Israeli-made "air fuel" bombs have failed to destroy them. So last month, a top intelligence source told TIME, Israel put in an urgent request for precision-guided, 5,000 lb "bunker-buster" bombs. The Bush Administration complied, but it will take several weeks for the bombs to be fitted onto Israeli jets; Israel has also requested an urgent delivery of short-range rockets armed with cluster bombs from the U.S., according to the New York Times. But by the time any of this advanced arsenal arrives, a United Nations cease-fire will probably be imposed banning Israeli air strikes. "If we'd had the bunker-busters in the first few days," laments this senior intelligence officer, "We'd be in an entirely different situation today against Hizballah."

Today's 'situation' is not one that agrees with most Israelis. Promised a swift, knock-out punch against Hizballah's Islamic militiamen, Israelis are now being told that in order to neutralize Hizballah — forget about destroying them — they must brace for a bloody ground attack in Lebanon that could cost hundreds of soldiers' lives. Increasingly, Israelis are asking: how could a militia force of only 4,000 fighters withstand a prolonged beating by the mightiest army in the Middle East — and still keep pelting Israeli cities with rockets?

If a U.N.-sponsored cease-fire goes into effect — and diplomats suggested Friday that they were close to a truce deal backed by a 15,000 strong international force — the after-shock of the Lebanon war is expected to shake-up the top echelons of the Israeli military, and it may even threaten Prime Minister Ehud Olmert's coalition government. Israelis overwhelmingly supported Olmert's initial decision to strike hard against Hizballah. But the latest opinion polls by Yediot Ahronot newspaper show a drop in the public's confidence with Olmert, his war cabinet and with the generals.

That confidence nose-dived earlier this week after Olmert and his ministers began quarrelling furiously over the course of the war. A once decisive prime minister was looking dithery. A major ground offensive was twice postponed by Olmert, though there were reports Friday that Olmert had finally decided to go forward with the operation. The Israeli press reported scalding rows between Olmert and his foreign minister — who pressed for a diplomatic solution when Olmert was pondering an all-out attack — and between Olmert and the defense minister and his army generals, who wanted to land a major blow against Hizballah on Thursday when the prime minister was stricken with doubts over such a risky move. At the same time Halutz sidelined his northern commander, responsible for the day-to-day running of the ground war. Ma'ariv newspaper columnist Ben

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Caspit fumed: " This campaign was conducted negligently, hesitantly, indecisively. When we needed to attack, we waited. When we should have waited, we attacked. "

As Chief of Staff, Haltuz may end up taking most of the blame. A no-nonsense fighter pilot who was the favorite of former Prime Minister Ariel Sharon — to the extent that some insiders say Sharon was grooming Halutz, not Olmert, to replace him some day as prime minister — Halutz, 58, at first impressed Israelis with his Top Gun swagger and aviator glasses. Once asked how it felt to drop a bomb on people, he replied: " I feel a light bump to the plane as a result of the bomb's release. A second later and it's gone, and that's all. That is what I feel. "

Waving aside the offer of American-made "bunker-busters" is only one example of Halutz's famous hubris. In a remark that will surely haunt him during the inevitable rash of post-war inquiries, Halutz said on July 14th, "In this day and age, with all the technology we have, there is no reason to start sending ground troops in." A month later, he was ready to order in thousands of troops as the only way to defeat Hizballlah. Granted, Haltuz made the comment after his air force managed to destroy most of Hizballah's arsenal of long-range missiles, capable of reaching Tel Aviv, in the opening salvos of the conflict. Back then, it seemed only a matter of days, or hours, before an Israeli smart-bomb would find its way to the lair of Hizballah chief Hassan Nasrallah. That possibility now seems a longshot.

With tanks revving their engines and over 20,000 troops already inside Lebanon, Olmert has had good reason to be cautious about an expanded ground invasion. As of Friday, the war has cost 124 Israeli lives, 84 of them soldiers. The 1982 Lebanon war bogged Israeli forces down in Lebanon for 18 years and was a disaster. Olmert was told that a major thrust 14 miles north to the Litani river and beyond, as envisioned by Halutz and the other generals, could drag on for another six weeks and leave hundreds of Israeli soldiers dead. Worst of all, the generals told Olmert that they could only guarantee taking out "70%" of Hizballah's rocket capacity. A cease-fire suddenly started looking good. On Thursday Olmert had decided to wait several days for a U.N. resolution, despite his generals' urgings to roll the tanks, but a day later he seemed to have changed his mind once again.

Once the cease-fire starts, both sides will surely claim victory. Nasrallah will declare himself a new champion of the Arab world for having survived the Israeli onslaught and terrorized 1.5 million Israelis with his blindly flung rockets. (In Palestine's West Bank, recordings of his speeches and ballads of Hizballah warriors are hot sellers.) The Israelis can argue they pushed back Hizballah from the border, killed hundreds of their fighters and replaced enemy militiamen along the border with regular Lebanese army troops and tough international forces. Israel may even be able to exchange its own Lebanese and Palestinian prisoners for two captive Israeli soldiers.(A third soldier was kidnapped by Palestinians militants Hamas, and a senior Hamas official told TIME that his release will depend on what Hizballah decides to do with its two Israeli hostages.) But many Israelis are worried that if they stop fighting now, they will have lost a weapon far more valuable than any "bunker-buster" — the Israeli army's aura of invincibility. And for that loss in this Lebanese war, more than any other casualty, Olmert and his top generals may pay dearly. - With reporting by Jamil Hamad/Nablus and Aaron J. Klein/Jerusalem

Israel Expands Lebanon Ground Offensive (WT/AP)

By Karin Laub

The Washington Times/'AP, August 12, 2006

JERUSALEM -- Israel began an expanded ground offensive in southern Lebanon today after expressing dissatisfaction over an emerging cease-fire deal, government officials said.

Prime Minister Ehud Olmert and Defense Minister Amir Peretz decided to expand the offensive after meeting for four hours. Mr. Peretz instructed the military to begin the offensive, officials said.

Mr. Olmert's spokesman, Asaf Shariv, said the expanded incursion had already begun. An emerging cease-fire deal being worked out by the U.N. Security Council fails to meet Israel's basic requirements, such as stationing robust international combat troops in southern Lebanon once Israel withdraws, Mr. Shariv said.

"Yesterday we were very optimistic, but [the Security Council] took the wrong turn," he said.

The government is implementing Wednesday's Cabinet decision granting the army permission to carry out a massive ground offensive "to deal with the Hezbollah positions in south Lebanon, from which barrages of missiles continue to be launched against the Israeli civilian population," said Foreign Ministry spokesman Mark Regev.

Mr. Regev added, however, that Israel was still open to a negotiated solution as the Security Council prepared to vote on the proposed cease-fire deal.

"Our action does not exclude a diplomatic option. On the contrary, we are following developments in New York closely. But so far, diplomacy has not produced concrete results, and it is incumbent upon the government to defend its citizens," he said.

He said he could not comment on the time frame or scale of the offensive.

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Secretary of State Condoleezza Rice telephoned Mr. Olmert to ask him if there was any room left for diplomacy to solve the Mideast crisis, according to an individual close to the government with direct knowledge of the conversation.

The telephone call came shortly after Israel announced it would carry out a massive ground offensive in southern Lebanon because of its dissatisfaction with the emerging cease-fire deal.

Mr. Olmert has indicated he would be willing to call off the offensive if Israel's basic demands are met, said the individual, who spoke on the condition of anonymity because of the sensitivity of the private conversation.

It was not immediately clear whether the Israeli threat was meant to pressure the council, which was close to a vote on a cease-fire resolution, or whether Israel is determined to send troops deeper into Lebanon. Israel is upset about apparent last-minute changes in the text, which would seem to weaken the mandate of a multinational force, defense officials said.

Israeli Foreign Minister Tzipi Livni spoke to Miss Rice and told her Israel won't accept any cease-fire deal, Israel TV's Channel One reported.

The Israeli Security Cabinet had approved a wider ground offensive up to Lebanon's Litani River, about 18 miles north of the Israeli-Lebanese border. The decision had been suspended for a few days to allow for the diplomatic effort.

Israeli Drone Strike On Convoy Kills 7 (AP-Y)

By Joseph Panossian, Associated Press Writer

AP, August 12, 2006

An Israeli drone fired at a convoy of refugees fleeing southern Lebanon on Friday night, killing at least seven people and wounding 22, an Associated Press photographer said. The Israeli military said it was investigating the incident.

Early Saturday, Israeli warplanes struck several targets in north and south Lebanon, hours after the U.N. Security Council adopted a resolution calling for an end to the war.

Security officials said warplanes destroyed a power station in the southern port city of Sidon. There was no immediate word on casualties. Local media also reported airstrikes in Akkar province, 60 miles north of Beirut, and in Tyre.

The attack on the convoy was the most dramatic on a day of fighting Friday that saw Israeli airstrikes pound south Beirut and border crossings to Syria, killing at least 15 others as ground fighting picked up intensity in the south of the country. An Israeli soldier was killed in fighting in southern Lebanon, the army said.

Hezbollah on Friday sent another barrage of more than 150 rockets toward northern Israel. Rescue workers said eight people in the port of Haifa were wounded by shrapnel.

The ongoing clashes have killed more than 800 people — including at least 741 Lebanese and 123 Israelis.

Lutfallah Daher, the photographer, was with the convoy when it was hit near the Bekaa Valley town of Chtaura, about 30 miles north of the Litani River. Israel has said it would attack any vehicle on roads south of the Litani, assuming it was carrying Hezbollah weapons or fighters.

The photographer said that when the convoy left the Israeli-occupied town of Marjayoun in southern Lebanon, it was made up of more than 600 civilian vehicles in addition to vehicles carrying 350 Lebanese soldiers and police. A few vehicles had left the convoy before it was hit, the photographer said.

Daher lives in Marjayoun and was fleeing with his wife in one car. His mother, brother, sister-in-law and their child were in another car. None was harmed.

Two armored U.N. peacekeeping vehicles were to have accompanied the convoy, Daher said, but were not present when Israeli forces in Marjayoun gave the convoy permission to head north. Israeli tanks and infantry took control of Marjayoun on Thursday.

Israel's military said no convoys had been coordinated with the army.

The region around Marjayoun, a mainly Christian town, was hit by Israeli warplanes and artillery during and after the Israeli advance.

In other developments Friday:

· Polls indicated that the Israeli government is losing domestic support for its conduct of the conflict against Hezbollah, and doubt is growing among Israelis that they are winning the war. One survey, by the independent Dahaf Institute, said Olmert's personal approval rating dropped from 73 percent to 66 percent.

· The U.N.'s World Food Program said civilians cut off by fighting in south Lebanon find themselves in increasingly desperate conditions as the region remains inaccessible to aid agencies.

· U.N. humanitarian chief Jan Egeland said the anger on all sides in the Middle East is the greatest he has seen in two decades of trying to help the troubled region make peace.

Police Vigilant Of Protest Over Lebanon War (WT)

DOJ_NMG_0048045

By Michael Hunsberger

The Washington Times, August 12, 2006

The Metropolitan Police Department says it will likely send officers from its special operations division to a rally today that organizers say is a protest of U.S. involvement in the war in Lebanon.

Demonstrators are scheduled to meet at noon in Lafayette Park, in front of the White House, for a 90-minute rally, then walk to Capitol Hill, according to the Act Now to Stop War & End Racism Coalition (ANSWER) and other event organizers.

U.S. Park Police officials said organizers have a permit, but they could not say whether it was for the thousands that organizers are expecting.

"If we planned according to how many people that groups say they will have, we would have the city shut down half of the time," said Sgt. Kimberly Schneider, a U.S. Capitol Police spokeswoman. "So we don't do that."

D.C. police officials have no plans to close streets along the march route but said they could have rolling closures as protesters move toward the Capitol.

Organizers said protesters will walk along Pennsylvania Avenue Northwest to 15th Street Northwest, then to Constitution Avenue Northwest. They will return on 17th Street Northwest.

D.C. police officials also said they would assign more officers if the event becomes bigger than expected and that the 19 surveillance cameras along the Mall and other downtown locations have been activated.

Officer Junis Fletcher, a spokesman for the D.C. police, said the cameras were activated because of the heightened terror threat and he assumed they will be on for the protest.

Organizers said protesters will come on buses from such places as Chicago, Michigan and New York and that similar demonstrations will take place in Los Angeles and San Francisco.

Israel's Wounded Describe Surprisingly Fierce, Well-Organized And Elusive Enemy (NYT)

By Greg Myre

The New York Times, August 12, 2006

HAIFA, Israel, Aug. 10 — For an Israeli tank gunner, Sgt. Or Bar-On, the war in Lebanon lasted all of 90 minutes. The wounds will last a lifetime.

Sergeant Bar-On's Merkava tank was sent about a mile across the Israeli border to rescue soldiers in a military bulldozer hit by Hezbollah fire in the Lebanese town of Marun al Ras on July 20. But before his crew reached the stricken bulldozer, a rocket pierced the tank's armored skin, shredding both his lower legs. They were subsequently amputated just below the knees.

"I was gushing blood, and I felt pain like I've never felt before," Sergeant Bar-On said. He screamed for help and crawled out the back of the tank.

Dragged to safety by fellow soldiers, the sergeant was delivered by helicopter to the Rambam Health Care Campus in Haifa, about 20 miles south of the border. He arrived with extreme blood loss. "I wanted to pass out, but I knew if I did, I would die," he said.

There are dozens of wounded soldiers here in northern Israel's main hospital, and all seem to have stories of unexpectedly fierce ground battles with Hezbollah. They describe Hezbollah as heavily armed, well organized and maddeningly elusive. The fighters, well concealed in bunkers and tunnels, emerge to fire automatic rifles, rocket-propelled grenades and antitank rockets, they say, and then quickly disappear again.

In Israel's 1982 invasion of Lebanon — which led to the birth of Hezbollah — Israeli troops stormed north and reached the outskirts of the capital, Beirut, within two weeks. The goal this time is limited to driving Hezbollah out of rocket range, yet it has proven far more difficult.

After a month of fighting, some 10,000 Israeli soldiers are still waging daily firefights in towns and villages that are five miles or less from the border. In fact, the fighting has sometimes been visible from the Israeli side of the frontier.

Of the more than 80 Israeli soldiers killed in the fighting, 45 have died in the past week as the ground campaign has intensified.

Now that the Israeli government has approved an expanded offensive, the recovering soldiers say they remain confident Israel can drive Hezbollah back from the border, but acknowledge it will involve tough fighting that could last weeks, in contrast to the swift and decisive victory many of them expected when the fighting began.

Capt. Hanoch Daub, 26, explained the difficulties of fighting an enemy who lives among the civilian population and dresses like them.

On Tuesday, Captain Daub, a company commander in the tank corps, faced a nightmarish mission. Two Israeli soldiers were badly wounded and had taken cover in a house in a valley in the center of Bint Jbail, a Hezbollah stronghold that has been the scene of heavy fighting for more than two weeks.

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The wounded needed to be moved out urgently. Captain Daub guided his tank into the town center in broad daylight, knowing in advance that his tank would be fully exposed to a furious Hezbollah assault.

"We were under constant fire," Captain Daub said. "They never stopped hitting us." The tank reached the two wounded soldiers and delivered them to safety. But as Captain Daub tried to rejoin his company on the outskirts of town, his tank was blasted again, and his face, neck and leg were peppered with shrapnel.

"Hezbollah is everywhere, but they are very hard to find," he said. "They work in small units or two or three men. They wear civilian clothes. You don't see them. You just see their fire."

On Wednesday, his eyes were still red from the searing heat of the attack. Two of three other soldiers in the tank were also wounded, including the gunner, Vladimir Noboychiko, who dozed in the next bed.

Hezbollah has nicknamed Bint Jbail the "capital of resistance," a title dating to the fighting in the 1980's and 90's. When Israeli ground troops entered southern Lebanon in the current campaign, the town was one of the first targets, and fighting was first reported on July 23. Captain Daub said that as of Tuesday, Hezbollah was still attacking Israeli armored vehicles on hilltops at either end of the town, and the valley in between was even more treacherous.

"No place there is safe," he said.

Captain Daub has fought the Palestinians in the West Bank and the Gaza Strip in recent years, and like other Israeli soldiers, he said there was no comparison to the combat in Lebanon.

"You can tell Hezbollah has been trained in guerrilla fighting by a real army," he said.

In the six years since Israel pulled out of southern Lebanon, the Israeli military has warned that Hezbollah was building fortifications and stockpiling weapons. Yet even the Israeli soldiers said they had not anticipated the full-scale battle that has erupted.

Just a few days ago, Staff Sgt. Nir Yousef, 21, was preparing to complete his three years of mandatory military service. He had already turned in his rifle and his bullet-proof vest in advance of his discharge, which was set for last Monday.

But when his combat engineering unit was ordered into Lebanon, he volunteered to stay. On Saturday, the unit entered Lebanon to clear a road to the village of Debel.

As soldiers entered homes in the village, they found hundreds of explosives and weapons. On Monday morning, Sergeant Yousef fired a rocket-propelled grenade at the door of a heavily barricaded house the troops planned to enter.

He hit the door, but it was so well reinforced it did not open, and instead sprayed bits of burning metal back at him, puncturing his abdomen in six places.

"Hezbollah spent six years preparing for us," Sergeant Yousef said. "We took precautions. We came at night, but they were ready to fight."

As the soldiers recuperated in their beds, the thumping of incoming helicopters was audible outside, as more wounded came in from the battlefields of Lebanon.

With wounds still raw, the soldiers at the hospital are already contemplating their future.

Captain Daub said he hoped the doctors would clear him to return to the command of his company as soon as next week.

Sergeant Yousef, who is facing six months of recovery, according to his doctors, expressed regret that he will not be returning to his unit.

And Sergeant Bar-On strummed his guitar in bed, saying the loss of his lower legs would not keep him from performing in his heavy metal band, Vendetta.

Longtime Hezbollah Member Provides Glimpse Into Group (MCT)

By Leila Fadel

McClatchy Newspapers, August 12, 2006

SIDON, Lebanon - Abu Ali sold food and dairy products wholesale in southern Lebanon a little over a month ago. Now he only works for what he calls the resistance, heading Hezbollah on the outskirts of the southern port city of Sidon.

A tall man with a rugged tanned face, Abu Ali sleeps every night in a different place and never uses a cell phone to contact his men. Instead, he carries a two-way radio and whispers in code. At night, his men, about 25 of them, patrol the streets searching for spies. When things turn suspicious, they pull out their weapons and call Abu Ali to investigate the suspects.

As long as Israel is in Lebanon and continues to attack Lebanese land, Hezbollah will fight, Abu Ali said in an interview on a balcony in Sidon. He spoke at a time when diplomats at the United Nations were scrambling to negotiate a cease-fire resolution that might stop the war.

Abu Ali said he was confident that Hezbollah, which provoked the latest conflict by kidnapping two Israeli soldiers and firing rockets into Israel, could fight for a long time. The militia has been preparing for battle for six years, since Israel pulled out of southern Lebanon in 2000. Rocket launchers were put in place. Supplies were stored.

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Israel's bombing of Lebanon's bridges, roads and apartment buildings in the past month hasn't destroyed Hezbollah's arsenal, he said.

Although Hezbollah is a militant Shiite Muslim group, its fighters come from across Lebanon, and some are of different creeds, including Christian. But most are Shiites and southerners who know the ins and outs of the land.

"From the moment I was born, I was Shiite and I was raised Shiite," Abu Ali said. "The Shiites in Lebanon are in danger. ... We have no problem with the Americans except through the Israelis."

Many people are ready to fight, he added. Guerrilla fighters in the south number in the thousands, he claimed, and those ready to help them are in the tens of thousands.

As for the Israel Defense Forces: "How long can they last here?" Abu Ali asked.

Abu Ali is his nickname, meaning the father of Ali, the name of his oldest son. Some nights he returns home to his four children and wife, prays at about 4:30 a.m. and then sleeps for two or three hours before his day begins. Other nights he can't be with them for his safety and theirs.

"I'm not throwing myself to death," Abu Ali said. "But there is no fear when you die for the right cause."

He was a Hezbollah guerrilla fighter in the south for 17 years until Israel withdrew from southern Lebanon. He's among the men who were celebrated in what was seen as a national victory in 2000. Now, at 42, he's taken on new responsibilities. Most of Hezbollah's guerrilla fighters are between 18 and 35 years old, he said.

"The politics hasn't done anything," Abu Ali said, sipping a small cup of strong Arabic coffee and dragging on a cigarette. "They (Israelis) are here. ... I'm upset for the people. The Israelis can't leave the people to live in peace."

He said he became a guerrilla fighter after watching Israel invade, take land and bomb villages. He dropped out of college and asked to fight. This is not terrorism, he said. This is resistance.

"I saw this life we lived in the south," he said. "This is our land. They (the Israelis) came to it. We did not come to them."

He went through rigorous training both inside and outside Lebanon.

During the conversation he was interrupted by his English-speaking wife, who offered soda and coffee. His daughter, in a green sleeveless top and pants, wandered in to say hello to his guests.

During the day, he helps the displaced get food, supplies and a place to stay. At night, he keeps the neighborhoods here on the outskirts of Sidon safe, he said.

Sidon is a mostly Sunni city. It's the hometown of a well-known Sunni, former Prime Minister Rafik Hariri, who was assassinated last year. Even so, Shiite Hezbollah is also here.

Abu Ali's men move stealthily through the city, masking themselves in the dark of night, ready to surprise suspected Israeli spies who may be sending signals to Israeli aircraft.

With four children under the age of 14, Abu Ali worries about their safety in this time of death and destruction. He has in mind a secret place for them to go. But Sidon will always have Abu Ali protecting it, he said.

"I'm a soldier," he said. "Across the entire world what Israel is doing is forbidden."

Human Rights Council Condemns Israel (WT/AP)

By Eliane Engeler

The Washington Times/AP, August 12, 2006

GENEVA -- The U.N. Human Rights Council yesterday condemned Israel for "massive bombardment of Lebanese civilian populations" and other "systematic" human rights violations, and decided to send a commission to investigate.

European countries, Japan and Canada voted against the resolution, primarily because it lacked balance in failing to name the Hezbollah militia.

The United States, which is an observer, has no vote on the 47-member council.

Israeli Ambassador Itzhak Levanon said the discussions were one-sided, referring only to civilian losses in Lebanon while ignoring the deadly Hezbollah missile attacks on northern Israel.

"It is painful and regrettable that the council made a distinction between the sufferings, the blood and the deaths, and this failure will forever be written in the annals of that body," he said.

The council voted 27-11 to pass the resolution, which was proposed by the 57-country Organization of the Islamic Conference (OIC).

Among those voting for the resolution were China, Russia, India, Cuba, Brazil, Argentina, Mexico, Peru, Ecuador, Uruguay, Zambia and South Africa. Guatemala and seven other countries abstained.

Although the OIC refused to insert "Hezbollah" in the text, it amended its wording to make an indirect reference to the Lebanese militia, urging "all concerned parties to respect the rules of international humanitarian law [and] to refrain from violence against the civilian population."

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Louise Arbour, the U.N. high commissioner for human rights, told the council it was obligated to consider violations by both sides.

"Israeli attacks affecting civilians continue unabated," she said. "Also unrelenting is Hezbollah's indiscriminate shelling of densely populated centers in northern Israel which has brought death and destruction.

"There have also been repeated allegations of Hezbollah's systematic use of civilians as human shields," she said.

It was the second time the new council has singled out Israel in emergency sessions this summer.

In a meeting July 6, the body voted 29-11 to deplore Israel's military operations in the West Bank and Gaza Strip. It has no powers to punish countries beyond public condemnation.

The resolution said an inquiry commission should go immediately "to investigate the systematic targeting and killings of civilians by Israel in Lebanon; to examine the types of weapons used by Israel and their conformity with the international law; to assess the extent and deadly impact of Israeli attacks on human life, property, critical infrastructure and the environment."

The OIC, which gathered enough signatures to require yesterday's meeting in Geneva, kept its focus only on Israel.

Soldier Was Determined To Fight For Israel (LAT)

By Stephen Braun And Laura King

The Los Angeles Times, August 12, 2006

`Mikey' Levin grew up in Pennsylvania. Instead of going to college, he moved to the place he wanted to settle in, and where he'd be buried.

NEWTOWN, Pa. — With a killer smile and irrepressible will, Michael Levin always seemed to get what he wanted.

A rambunctious Jewish kid from suburban Philadelphia, he yearned for a life in Israel and, improbably, a paratrooper's wings. His parents wanted him to attend college, but his mind was made up.

Barely out of high school, Levin settled in Israel, struggled to learn Hebrew and set about winning a coveted assignment in the Israel Defense Forces. His commanders told him he was too thin to make it as a paratrooper. But the young man everyone called "Mikey" would not be deterred. He bulked up, became a crack sharpshooter and made the cut.

So when his grieving parents had to choose between burying their only son in Israel's national military cemetery or bringing him home to the rolling landscape of Bucks County, they granted Mikey his final wish.

Mortally wounded during a firefight with Hezbollah guerrillas in southern Lebanon this month, Levin, 22, was buried on an Israeli hillside.

His death so moved Israel's armed forces that IDF sound trucks drove the streets of Jerusalem before Levin's military funeral, urging residents to honor "a holy man." And his passion for Israel has stirred young Zionists and Jewish congregations across the U.S., personalizing a conflict that has at times seemed remote and politically muddied.

"Michael's story of sacrifice has captured the minds of people all over the country," said his father, Mark. "My son was a hero in every sense of the word."

Life-size portraits of the soldier and fragrant flowers filled a Newtown synagogue this week as more than 1,500 people crowded inside during a raging thunderstorm.

Clustered at the front were Levin's family and friends, dozens of whom had come by bus from Camp Ramah, a Jewish overnight camp where Levin had kindled his determination to move to Israel. Sitting behind them were hundreds of mourners, many of them young Zionists, who had never met the paratrooper but had come from across the East Coast to pay their respects and honor a kindred spirit.

"Michael did what we all wish we could do," said Ari Goldner, 23, who drove from New York City with two friends for the memorial service. "He died a hero fighting for the land he loved."

According to his father and a brief account by the IDF, Michael Levin had been sent with his paratroop unit the morning of Aug. 1 to take a house occupied by Hezbollah fighters in the village of Aita Shaab. During fighting that left two other Israeli soldiers dead, Levin was killed when an anti-tank artillery round exploded as he searched the building.

Like so many fallen soldiers and storied leaders, Levin was buried at the Israeli national cemetery at Mt. Herzl, a rocky outcrop on Jerusalem's outskirts. Hundreds attended the ceremony, milling beneath pine trees around Levin's family and his simple wooden coffin. Wearing dress uniforms and maroon berets, fellow paratroopers quietly laid their service wings on his grave.

"From the beginning, I was struck by his incredible motivation," said Levin's IDF commander, Noa Pheterson, 21. "He was a very special person."

The Levins had known that about Mikey almost from his birth. "From the very beginning," Mark Levin said, he and his wife, Harriet, "knew that Michael would leave his mark on the world."

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It started with the Levins' garage door. Obsessed with ice hockey, Mikey riddled it with dents as he practiced slap shots day after day.

"No matter how much he was told to stop, he kept doing it," said Rich Waloff, a neighbor and close family friend. "He was just full of energy about everything he did."

The Levins are Conservative Jews who raised their son, his twin sister, Dara, and his older sister, Alisa, to keep kosher. They attended services at Tifereth Israel, a growing congregation in nearby Bensalem — one of many exurbs in the verdant stretch between Philadelphia and Trenton, N.J.

During his teenage years, Mikey showed up for class at Council Rock High School wearing a yarmulke and Israeli-made Naot sandals. He endured anti-Semitic cracks from classmates and even complaints from his father, who wondered aloud how his son could wear the open-toed sandals while sitting in frigid temperatures at Philadelphia Eagles games.

By his senior year, Mikey had come to a critical decision: He wanted to move to Israel and join the army.

The Levins understood their son's love for Israel. During eight summers at Camp Ramah, he had been taught Hebrew by Israelis and told bedtime stories about their land and its history.

But his desire to become a soldier seemed to come from another place. According to several close friends and Rabbi Jeffery Schnitzer, who heads Congregation Tifereth Israel, Levin grew curious about Israel's military lore during a high school tour of the country in April 2001. On a visit to Mt. Herzl, Levin was transfixed by the stone-walled gravesite of Yonatan Netanyahu. The brother of former Prime Minister Benjamin Netanyahu, "Yoni" Netanyahu was a decorated Israeli soldier killed in 1976 while leading the rescue of hostages at Entebbe Airport in Uganda.

Dani Miller, one of Levin's closest friends, witnessed the transformation. "It was love at first sight," Miller said. "When you're 16 and you hear about a guy who died in this heroic way, your imagination runs wild."

Even though the Levins knew their son was intent on settling in Israel, they were equally determined that he get a college education. Mark Levin took his son on college tours and threatened to withhold his passport. But his son was adamant. Says Rabbi Schnitzer, "I told Mark that he could cut off his son's legs, but he'd still get there."

Soon after high school graduation, Michael Levin showed up alone in Israel and plunged into his new life. At Kibbutz Yavneh, near the city of Ashdod, he began studying Hebrew and applied to the IDF for a slot in a paratroop unit. Dava Heksher, his language teacher, was struck by his military obsession. "He was always talking about the army," she recalled.

Even after he was accepted as a recruit, Levin — at 5 feet, 6 inches and 118 pounds — was a longshot to become an elite paratrooper. During training jumps, he drifted perilously off course because he was too scrawny. So trainers attached weights to his parachute — a practice he continued throughout his stint in the IDF. Levin began pumping iron and filled out, although his gun belt still drooped below his hips.

Pheterson met Levin in August 2004, when he entered a three-month basic training program for recent immigrants. And she was the one who told him that he had been accepted into the paratroopers, presenting him with a piece of cardboard cut into the shape of a parachute and inscribed with the force's motto: "Follow me to the paratroopers!"

"He was so excited," Pheterson said. "He had a big smile."

The two stayed in touch after Levin joined his unit. His only complaint was that he wanted to do more. "He used to call me and say they were doing nothing but guard duty," she said. " 'I want to do the real thing,' he would tell me. 'I want to fight.' "

But when Israeli forces rolled into Lebanon in late July, Levin was back in Bucks County on home leave. He had shown up at his parents' door hiding inside a giant UPS box — a prank he cooked up with Alisa. As the situation in the Middle East deteriorated, Levin grew antsy. He called his unit and was told to return for combat.

He said his good-byes to his parents at Kennedy International Airport in New York, in his usual wisecracking manner. But then he grew somber. "He said: 'Don't worry about me, I'm doing what I want to do,' " his father recalled. "He said, 'If God should decide to call me home, I'm fine with that. If something happens to me, please bury me at Mt. Herzl.' "

The day before Levin went on his final mission, he spent a few hours with his friend Dani Miller in the northern Israeli town of Tiberias, near the Golan Heights. Under a punishing sun, they reminisced about life back in the States, careful not to talk about the hazards of war.

"Mike was never scared," Miller said. "He knew … that he could be killed at any minute. But he didn't dwell on it." When his commander informed him that he had only 10 minutes before they returned to Lebanon, Levin escorted his friend to the bus. "We hugged, and I told him to be careful."

The next morning, according to Mark Levin, his son's unit was in a fierce gun battle with Hezbollah fighters hiding in a group of houses in Aita Shaab. When a commander ordered a group of paratroopers to storm one of the houses, they hesitated.

"The officer said to Michael, 'You take the lead,' " Mark Levin said. "He sprayed enough cover fire for the soldiers to get into position."

Levin, Schnitzer said, "died before he hit the ground."

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His grieving parents thought briefly about bringing his body home. But they knew what he wanted. They quickly arranged for his burial at Mt. Herzl. And in his memory, they laid plans to start up the Michael Levin Memorial Fund to provide social support for "lone soldiers," foreign-born Zionists — like their son — who have moved to Israel to fight for their adopted homeland.

Burying their son at Mt. Herzl "was the most important decision of our lives," Mark Levin said.

"It brought us a lot of closure. And it was the last thing we could do for Michael."

One final time, he had his way.

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Braun reported from Newtown and King from Jerusalem. Times researcher Batsheva Sobelman in Jerusalem contributed to this report.

At Temporary Haven, Tales Of Refugee Woe (WP)

By Nora Boustany, Washington Post Foreign Service

The Washington Post, August 12, 2006

'There Was Destruction All Around Us'

JAZZIN, Lebanon, Aug. 11 -- Mustafa Bitar had a dangerous job, sweeping the terraced orchards and rolling hills of southern Lebanon for land mines left behind during previous wars. His mission was to save lives.

But four weeks ago, Bitar had to save his own family. As the warfare between Israeli troops and Hezbollah fighters moved close to the town of Habboush where he lives, Bitar gathered up his family and fled to Jazzin, 10 miles northeast. Each time a plane approached, the screams of his 6-year-old son, Ali, were just too much to bear, he said.

"Every time he hears a plane humming in the sky, he starts sobbing and howling. War just came. The Habboush bridge was hit a few yards from us, and I had to save my family," Bitar said, cradling his 11-month-old daughter, Israa, in his arms. Ali clung to his father's leg as jets in the distance droned noisily.

Bitar and hundreds of other refugees waited in the blazing sun for a box of canned food being handed out by Mercy Corps, an international relief organization that had endured a circuitous route from Beirut, through a mountain area populated by Druze, to Jazzin.

"You could say my life has regressed," Bitar said quietly, his unshaven face gaunt as he described his work with the Mines Advisory Group, a humanitarian organization based in Britain.

More than 11,000 refugees have arrived in Jazzin and surrounding towns since the crisis began. As they huddled in municipal buildings, monasteries and schools, tempers flared and passions hardened as discussions about a U.N. draft resolution dragged on and the Israeli ground offensive pushed farther north.

On Friday, Israeli shelling in the area hit a convoy evacuating members of the U.N. Interim Force in Lebanon and Lebanese soldiers in the western Bekaa Valley, killing at least four people. A day earlier, two men were killed and nine people were wounded in Israeli airstrikes in the nearby market town of Nabatiyeh.

Nabil Ghoulosh, 45, a father of six who fled the village of Jbaa, tensely fingered his orange worry beads as he leaned against a car near a Mercy Corps truck. "I had a job, a home and now we are being humiliated as we line up for handouts," he said.

Three Mercy Corps trucks carrying eight tons of food for residents in Nabatiyeh and nearby villages were re-routed to Jazzin on Friday after the only road into Nabatiyeh from Jazzin was hit Thursday and Friday as Israeli troops and tanks moved forward and clashes flared in the hills.

Men, women and children swarmed the courtyard of the Maria Aziz Technical School as workers unloaded food from one of the trucks. Clusters of people -- strangers until this week -- shared classrooms inside the building, their living space separated by sheets held up with laundry clips.

Hassan Najdi, 18, walked three days through vineyards and peach orchards from Srifa to reach Sidon, then caught a bus to Jazzin. "We saw death with our eyes," said Najdi, who made it to safety with his younger brother, two sisters and parents. "There was destruction all around us, and some 20 bodies along the way."

Najdi described how villagers, including his younger siblings, had piled into trucks to flee. "Our house is uninhabitable. It did not receive a direct hit but its walls are cracked. There was no room for me in the pickup truck so I came through the fields. There was so much dust, sand and rocks flying around, I could barely see."

His brother, Ali, 12, said he was playing football when the rockets first hit a school in Srifa. "I left with everyone and my goat Lulu. There were too many villagers and not enough room on the trucks and some people had to walk," he said. "I did not want to leave without Lulu. She was my favorite."

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"All I want is to be able to go back to my village and live with the people I know and like around me and not spend my life sleeping under some olive tree. And I don't want Siniora to cry," Hassan Najdi said, referring to Lebanese Prime Minister Fouad Siniora, who wept Monday during an address as he spoke about children killed in the fighting.

Fighting raged Friday on the outskirts of Marjayoun, 10 miles north of the Israeli border. International relief workers and the mayor of Nabatiyeh, Mustapha Badreddine, said Lebanese police and army personnel there were being evacuated by U.N. soldiers to Nabatiyeh and to the Druze and Christian township of Hasbaya. The International Committee of the Red Cross sent an advance team and a bus to help evacuate residents in Marjayoun.

Afif Salameh, 40, a barber, and Imad Daaher, 65, were killed Thursday when bombs and rocket fragments from a fight between Hezbollah fighters and Israeli soldiers in the nearby hills of Kfar Roummane rained down on Nabatiyeh.

Last Monday, Mercy Corps was forced to unload supplies in Sidon after the road to Nabatiyeh was destroyed. Mercy Corps had advised the Israel Defense Forces of its planned route but did not wait for approval, according to Cassandra Nelson, a spokeswoman for the organization.

The group set up a warehouse Friday in Jazzin as a first step toward helping sustain the people who had fled the fighting.

Glass and surgical equipment was shattered at the Popular Rescue Hospital in Nabatiyeh, said Badreddine, the town's mayor. In a telephone interview, he said he was able to leave his home only five times in the past 10 days. At least 7,000 residents remained there, he said. "These are old people who cannot go too far anyway and who don't have the means to leave," he added.

Two truck drivers braved aerial shelling on the road from Nabatiyeh through Sidon and then east to Jazzin to ferry badly needed supplies. "Whoever stayed has no way of leaving," said one of the drivers, Mohammed Mahdi, 46, a retired army officer recruited by the government-linked Higher Relief Agency.

As he left Nabatiyeh, the road was bombed from the air, forcing him to stop, he said upon arriving in Jazzin. "There were fires on the left, fires on the right in the fields," he said. "The first thing they struck in Nabatiyeh were the warehouses, the commercial shops and the fuel tanks and gas stations."

"They are running out of luck," Richard Jacquot, a French Mercy Corps official, said about the increasingly isolated residents of Nabatiyeh and the refugees.

"There is no worse situation to be in for a people than to be waiting for death," said Gloria Shweiri, 47, a Mercy Corps worker from Beirut.

Lebanese Speak Out On The Web (WT)

By Adoree Kim

The Washington Times, August 12, 2006

Web logs, or "blogs," have become popular with computer-savvy Lebanese looking to express their anger and grief over the monthlong war between Hezbollah and Israel.

The blogs range from furious rants against Israel and the United States to sentimental pessimism for their war-battered nation, which only recently held elections that were hailed as a model for emerging democracies in the Arab world.

One Web site, "Electronic Lebanon," features a blog entry titled: "War is becoming a way of life," written by artist Zena el-Khalil from Beirut.

"Blogging is a means of survival," Mrs. el-Khalil, 30, told The Washington Times by telephone yesterday.

"It is my way of letting my friends and other people abroad know more about my situation here. ... I am able to say things that politicians and reporters cannot talk about," she said.

Mrs. el-Khalil began writing e-mails to her friends and family the first night of Israeli air strikes.

She soon realized that communicating by blogging would be easier because there was an electricity shortage and she would only have to be online for a few minutes to post her updates.

"They say that history is written by the winners. In this war, there are no winners, but we can at least know that we did our best to document it so that the world does not forget," Mrs. el-Khalil said.

Other blogs engage in political exhortations, such as urging Lebanese nationalists to take action.

"We stress and add the urgent need TO ACT," writes Moussa Bashir from Beirut on his blog called UrShalim.

A blogger who calls himself Zadigvoltaire accuses Israel and the United States of indifference over the July 30 bombing in Qana, in which 28 civilians died, including 16 children.

"Poor Israel, Poor Israelis. ... They can make a mistake and kill tens of children and apologize and the U.S. quickly forgives them. ... Lebanese children are Hezbollah supporters that should die for the new and democratic Middle East that George Bush has promised the world," Zadigvoltaire wrote sarcastically in his "Beirut Notes" blog.

The same writer is just as furious at Hezbollah and its leader, Sheik Hassan Nasrallah, for starting the war.

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"Get out of Lebanon Hassan and take your ideology of death and hate with you," Zadigvoltaire wrote. "Go to heaven and let us live in the pro-American hell in peace and prosperity like many other places in the Middle East and Asia."

Not all Lebanese bloggers write of doom.

"I have never seen so much unity in Lebanon as I've seen in this war. ... People are actually SMILING at each other at supermarkets and on intersections, and opening their houses for complete strangers," wrote another blogger, who calls himself Fadi.

Churches Mum On Israeli Offensive (WT/AP)

The Washington Times/AP, August 12, 2006

ASSOCIATED PRESS

In the flurry of pro and con statements from American Christians regarding Israel's strikes on Hezbollah guerrillas, one major religious group has remained notably quiet -- evangelicals.

The most influential organizations in the movement, usually vocal backers of the Jewish state, have made no formal comment on the war in Lebanon despite pleas from Israelis that they do so.

Among those who have taken no official stand are the National Association of Evangelicals, which represents thousands of local churches and ministries, the 16.2 million-member Southern Baptist Convention and James Dobson's Focus on the Family.

The Rev. Ted Haggard, president of the evangelical association, insists the inaction is not a criticism of Israel, but reflects a new caution about the risks for Christians living in Muslim countries. After the September 11 attacks, American evangelicals came out strongly against terrorists, with some calling Islam a violent religion. That created a backlash overseas.

Mr. Haggard said Israeli Embassy officials called him several times a day during the first two weeks of the conflict, which erupted last month, asking for a public expression of support. He declined.

"Our silence is not a rejection of Israel or even a hesitation about Israel. Our silence is to try to protect people," said Mr. Haggard, pastor of New Life Church in Colorado Springs.

"There's a rapidly growing evangelical population in virtually every Islamic country. Much of it is underground in the countries that are more radicalized, and many of the Christians survive based on their neighbors just ignoring the fact that they don't go to mosque."

Asked for comment, Richard Land, head of the public policy arm of the Southern Baptist Convention, said only that, "Southern Baptists overwhelmingly support Israel's right to live at peace with her neighbors within secure borders and they pray for the peace of Jerusalem to prevail in the Middle East."

Paul Hetrick, a spokesman for Focus on the Family, said yesterday that his organization was "contemplating issuing a statement."

The three groups have far greater impact on public policy than do Christian Zionists, a minority among conservative Christians who back Israel unequivocally because they see its existence as part of biblical prophesy.

Many evangelicals have individually expressed support for Israel. Evangelist Pat Robertson was in Jerusalem this week, where he joined hands with Israeli Prime Minister Ehud Olmert to pray for victory in Lebanon.

However, Mr. Robertson's support among American evangelicals is waning and other conservative Christians have quietly expressed concern about the hundreds of Lebanese civilians killed.

While Israel is the biblical homeland, Lebanon also holds a special place in the Christian community.

About 36 percent of its population is Christian, composed mostly of Orthodox Christians and Roman Catholics, according to the World Christian Database at Gordon Conwell-Theological Seminary. And Christians across the spectrum of belief have long-standing missionary ties there, setting up hospitals, schools and other ministries.

The Web site of Christianity Today, a top evangelical magazine, has drawn comments from Lebanese Christians pleading with evangelicals to do more to end the violence.

"I think there is a little concern about being too closely identified with Israel on the part of some evangelicals," said Corwin Smidt, a political scientist at Calvin College in Grand Rapids, Mich., who studies evangelicals. "I think there is some uneasiness."

Talking Over The Din Of War (WP)

By Omar Sacirbey, Religion News Service

The Washington Post, August 12, 2006

U.S. Jews, Muslims Strive to Maintain Interfaith Dialogue

Rabbi Stephen Julius Stein received a phone call last month that he's not sure he would have received a few years ago. A Syrian American friend called to say how sorry he was about the violent conflict now roiling the Middle East.

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Not sorry for any particular group, "he was sorry for it all," said Stein, a rabbi at Wilshire Boulevard Temple in Los Angeles. "And I'm sorry for it all, and that's where our common ground is."

Such an encounter might have been hard to imagine during earlier periods of violence in the Middle East. But an unprecedented swell of interfaith activities followed the terrorist attacks of Sept. 11, 2001, and American Muslims and Jews have found common ground as religious minorities with shared theological and social values.

Agreement on Middle East politics has remained elusive. Muslim-Jewish relations in the United States have been challenged by Israel's bombing and ground operations in Lebanon after Hezbollah abducted two Israeli soldiers and later launched hundreds of missiles over the border. Members of both groups are deeply connected to the region through family and religious bonds.

"It always makes it more difficult. And given our attachment to that part of the world, it puts a strain on things," said Malik Khan, president of the Islamic Center of Boston in Wayland, Mass. Khan's center has carried on an interfaith partnership with Temple Shir Tikva, a congregation a few mailboxes down the road. "But our effort is to build bridges and strengthen those bonds."

Rachel Havrelock, a Jewish studies professor at the University of Illinois at Chicago, said he worries that the Jewish and Muslim student group she helped start in November might not be able to survive the turmoil in Lebanon and Israel.

Some of the group's members are Lebanese or Israeli and are in their home countries now.

"Whenever they come back, we'll have to find a way to talk with each other," Havrelock said. "I think there's going to be a lot of anger and emotion."

Although the number of Jewish-Muslim groups in America is elusive, it is clear that they can be found across the country, from San Diego to Boston and from Milwaukee to San Antonio.

A survey sponsored by the University of Minnesota's Center for Restorative Justice and Peacemaking found that most of the groups it identified were one to five years old. The survey, conducted in 2003, also found that groups usually met once or twice a month and ranged in size from five to 20 people, although some had 100-person mailing lists.

When the Islamic Masumeen Center in Hopkinton, Mass., and the American Jewish Committee launched their dialogue in 2003, "there was extreme skepticism in both communities," said Mahmud Jafri, president of the center. How to build trust and whether certain issues could be discussed were also concerns, he said. "Thus, the first year or two was spent tiptoeing through the tulips to make sure we really had a bona fide dialogue partner."

Now, the group has more than 80 members from several congregations in suburban Boston, and it meets formally four times a year and informally much more often. Jewish and Muslim members said that the time has been well spent and that they have established basic agreements, beginning with the idea that no conflict can be solved by violence.

"I'm clear that the understanding of our Muslim partners of Israel is much deeper than it was ever before," said Suzi Schuller, associate director of the Boston chapter of the American Jewish Committee, which initiated the dialogue with the Islamic center. The committee, like a few other Jewish groups, arranged trips for American Muslims to Israel, and both sides say the trips have improved Muslim understanding of Jewish concerns about Israel.

Jews and Muslims in the United States have also found common ground as Americans. "Why should I let [Israeli-Arab] fighting come between me and other Americans?" asked Abdul Rauf Campos-Marquetti, who belongs to Albuquerque's Islamic Center of New Mexico.

The mosque's "peace walks" with nearby Temple Nahalat Shalom have led to more activities, such as concerts, interfaith prayers and dinners. Campos-Marquetti and other Muslim and Jewish activists stressed that the two faiths are as close to each other as Judaism and Christianity.

In some communities, Muslim-Jewish relations have become close enough that they can talk about Middle Eastern politics, even passionately but without losing their tempers, said several interfaith leaders. "We have fierce discussions," Jafri said. "You do see people being passionate about their issues, and you do see people taking a stand." As long as people "agree to disagree" and keep an "environment which is simple," the passion is all right.

"Times like now, things can become a little tense. But the relationships we have developed are pretty solid," Campos-Marquetti said. "And when you develop a warm friendship, that supersedes those things." But, he added, newer interfaith dialogues that his mosque has started with two other, more conservative Jewish congregations might be too fragile to withstand debates about Middle Eastern politics.

Huge Oil Spill Off Lebanon Threatens To Ravage Life In The Sea (MCT)

By Hannah Allam

McClatchy Newspapers, August 12, 2006

DOJ_NMG_0048054

BEIRUT, Lebanon - A massive oil spill off the coast of Lebanon is choking marine life, polluting the air as it evaporates and threatening to produce a long-lasting ecological disaster if Israel doesn't allow cleanup crews into the sea soon, environmental officials here warned Friday.

Between 10,000 and 15,000 tons of heavy fuel oil poured into the Mediterranean Sea after Israeli jets bombed a power plant south of Beirut in mid-July, during the first days of the war between Israel and Hezbollah militants. A month later, Israel's maritime blockade is still in place, making Lebanese coastal waters far too dangerous for specialized teams to get to work on the spill, environmental officials and activists say.

While international attention is focused on the human casualties of Israel's month-long bombing campaign, the Lebanese government also is pleading for help to save its pristine beaches and fragile underwater life.

"The turtles are hit, the dolphins are hit, the urchins are hit, the corals are hit," said Yacoub Saffar, Lebanon's environment minister. "We are facing a major ecosystem failure."

The spill already has reached Syrian waters north of Lebanon, and the governments of Cyprus, Turkey and Greece are on alert as strong tides spread what experts are calling the worst spill ever in the Mediterranean and a disaster comparable to the Exxon Valdez spill in Alaska in 1989. The United Nations, the European Union and Greenpeace International have dispatched experts to assess the damage, but no real cleanup can occur until the waters are safe again for boats.

Cleanup efforts are expected to take more than a year and cost more than $150 million.

The crisis began on July 13, when Israeli air strikes targeted fuel storage tanks at the Jieh power plant, about 19 miles south of Beirut. Another strike at the same site came two days later. The tanks caught fire and burned for weeks, as thousands of tons of industrial fuel oil washed into the Mediterranean. The early bombing campaign against Lebanese infrastructure was so intense, Saffar said, that the government was unable to conduct a comprehensive study of the damage. He added that it was only on Aug. 2, nearly three weeks after the last strike, that the Israelis provided aerial photos of the damage.

Satellite photos show the spill as a series of oily blobs darkening the aqua waters just half a mile from Lebanon's coast. The spill runs 93 miles long and more than 8 miles wide at some points, and it is contained in a small sea rather than an ocean.

"This is like a spoonful of sugar in a cup of tea. If you dump it in a bathtub, it's different," Saffar said. "And the Exxon Valdez treatment started 72 hours after the spill. We are 25 days late."

The damage already is visible at several beach resorts, where inky waves have washed oil-covered fish and birds ashore. The fuel's most volatile elements are the first to evaporate, which sends toxins into the air in and around Beirut, experts said. A greasy, gray film has shown up on cars near the coast, and the government warns that it's just a matter of time before the pollution causes headaches and nausea among Lebanese fishermen and coastal residents. The government has advised all Lebanese to stop eating seafood until the scope of the pollution is determined.

"All along the bay, it's just a strip of oil. The white sands have become black beaches," said Zeina Alhajj, who's studying the disaster for Greenpeace International. "The water is full of oil and debris and dead fish. We saw crabs full of oil, struggling, fighting."

Paulson Urges More Renminbi Flexibility (FT)

By Krishna Guha In Washington

Financial Times, August 12, 2006

Hank Paulson, US treasury secretary, on Friday pressed China to allow greater appreciation of the renminbi, urging Beijing to see this as means to deal with its own economic challenges.

In a television interview with CNBC in Chicago, Mr Paulson said: “One thing clearly Chinese leaders have to be very careful about is making sure they don't have an economy that overheats.”

He added: “When you’re talking about imbalances in China, there’s no doubt that in the short term they need to show much more flexibility on renminbi.”

The new treasury secretary, a China expert, distinguished this from the “longer term” objective of a renminbi “traded in a competitive open marketplace”. Mr Paulson said that in order to reach that goal, “we need their financial system to be open, and open to competition”. He noted that in the long run, “China needs to make the transition from an export-driven economy to one that consumes more”.

Mr Paulson stressed the importance of the US-China economic relationship and urged Beijing to improve enforecement of intellectual property rights, arguing that this was “also in China’s best interest”.

“They are not going to be able to move from being a low-cost manufacturer to moving up the value-added chain until they have an enforcement regime that protects intellectual property,” he said.

On US growth, Mr Paulson said "we appear to be making a transition…to a more sustainable level of growth."

DOJ_NMG_0048055

Mr Paulson's remarks come as the US is paying close attention to hints that China might be preparing to permit greater currency appreciation. The People's Bank of China said in its second quarter monetary policy report this week that "appropriate use" should be made of the exchange rate as a means to achieve "overall balance." China has also permitted slightly greater daily volatility in the renminbi. A US official said the signals were "clearly positive" but cautioned that the US has been disappointed on similar occasions in the past.

"The PBoC always says good things, but they are not autonomus," the official said. "What we need to see at the end of the day is not signals and soothing words, but greater flexibility in the currency."

But the US does think there is a growing recognition in China of the fact that exchange rate appreciation could play a helpful role in cooling and rebalance its economy. With Senators Chuck Schumer and Lindsey Graham promising to put their bill threatening punitive tariffs on Chinese goods to a vote by September 30, and Mr Paulson expected to visit China in September or October, any further appreciation could be timely.

Some analysts see the outline of a potential informal deal, by which China would give Mr Paulson some currency appreciation, in return for Mr Paulson the US debate on China to span a more comprehensive range of issues, including financial sector reform and intellectual property rights.

Seoul Grapples With Timing Of Troop Transfer (FT)

By Song Jung-a In Seoul

Financial Times, August 12, 2006

South Korea is facing growing controversy over the proposed transfer of wartime command of its troops from the US, after President Roh Moo-hyun said this week that the time had come for South Korea to defend itself.

The issue is divisive in South Korea with the ruling party and young people supporting the government proposal to take back wartime control by 2012, while the opposition party and conservative groups attack it due to security concerns.

Thousands of protesters, including former defence ministers and war veterans, held a rally in Seoul on Friday to protest the proposal. They urged the government to halt talks with Washington, saying the "premature" move would undermine Seoul's alliance with its long-time ally and weaken deterrence against North Korea, with whom it is still technically at war.

"They should stop discussing the issue of taking back operational command and disbanding the Korea-US joint forces command at a time when the Korea-US alliance should be strengthened in the wake of North Korea's missile crisis," the war veterans group said in a statement.

South Korea has been in talks with the US since last year to take back wartime command, but the issue came under the spotlight this week after Mr Roh said South Korea was ready to take over wartime control immediately.

"The time has come for South Korea to defend itself," Mr Roh told Yonhap News on Wednesday. "We have the capability. There will be no problem with national security. South Korea's defence capabilities have been much underestimated while North Korea's military threats have been overestimated."

Mr Roh, who was elected on a wave of anti-American sentiment and has vowed to act more independently of the US, is determined to take over wartime command as he views it as "the key to self-reliant national defence, which is the flower of a sovereign nation".

Although he said South Korea's military power was strong enough to take over wartime control "even now", he expected the move to take place in 2010 or 2011, when the relocation of the US forces in South Korea is completed.

South Korea ceded its military command to US-led UN forces during the 1950-53 Korean War. It took back peacetime control in 1994.

US officials support the South Korean proposal. The two sides aim to prepare a roadmap for the plan by October, when their defence chiefs meet in Washington for annual talks. The US, which currently has about 30,000 troops in South Korea, plans to reduce the number to 25,000 by 2008, as part of the global redeployment of its troops.

Sun Joun-young, professor at Kyungnam Univerisity, said: "Some may say the alliance has become weaker but the transfer of wartime control does not change bilateral relations fundamentally. And it does not mean that the US won't support us when war breaks out."

S. Koreans Rally In Support Of Alliance (WP/AP)

By Jin Man Lee, Associated Press

The Washington Post, August 12, 2006

Plan Would Alter U.S. Military Role

DOJ_NMG_0048056

SEOUL, Aug. 11 -- Thousands of South Koreans, including former defense ministers wearing their old military uniforms, rallied Friday in Seoul demanding that the president halt moves to retake wartime command of the country's military from the United States.

"Stop the plot to destroy the Korea-U.S. alliance!" protesters chanted during a rally in front of the city's central train station.

Over their heads flew balloons strung with placards bearing the images of the South Korean and U.S. flags side-by-side.

Police said about 5,000 people, many of them elderly veterans, turned out for the demonstration, which underlined the worsening divide in South Korean society over the government's push for the return of wartime command.

South Korea transferred control of its forces in 1950 to a U.S.-led U.N. command that helped the country repel invading communists from North Korea during the 1950-53 Korean War. Although peacetime control of the military was given to the South in 1994, the United States would take control of the South's military if war broke out on the Korean Peninsula.

South Korea and the United States have been in talks on the issue since the government in Seoul formally proposed taking over the command last year.

The two sides are expected to draw a road map for the proposed transfer when their defense chiefs hold annual talks in October in Washington.

The issue has recently become a hot topic in security-sensitive South Korea -- which faces the communist North across the world's most heavily fortified border -- as critics stepped up their campaign against the government's move.

Among those speaking publicly against the plan have been many of the country's former defense ministers, who argue that the command transfer is premature and would unravel the country's alliance with Washington and undercut deterrence against North Korea.

"I oppose taking over the operational command. It's premature," Lee Sang Hoon, defense minister from 1988 to 1990, said at Friday's rally.

President Roh Moo Hyun rejected the criticism this week, saying that the South's military is strong enough to take over the command anytime and that leaving it with the United States is a slight to national sovereignty. His blunt rebuff further fueled the debate.

Cubans Urged To Stay On The Island (WT)

By Stephen Dinan

The Washington Times, August 12, 2006

The Bush administration yesterday announced a change in immigration policy toward Cuba designed to punish the current oppressive regime and to encourage Cubans to stay and work for democracy rather than migrate en masse to the United States.

One change will open up more slots for Cubans looking to unite with family members already in the United States, but reduce those given by discretionary lottery. The new policy would also punish those who attempt illegal immigration by establishing a list of Cubans interdicted at sea and making them ineligible for the new benefit.

"We urge the Cuban people to stay on the island, so that they may work for their freedom and a democratic society," said Department of Homeland Security Deputy Secretary Michael Jackson, who said a mass exodus from the island nation could cost lives at sea.

Also under the new policy, the State Department will keep a list of Cubans "in certain positions of authority in the Cuban government or known to have been engaged in persecution of others," and they will be banned from immigrating to the United States.

That change comes a week after President Bush said his administration would "take note of Cuban leaders who try to obstruct progress toward freedom."

Cuban leader Fidel Castro has not been seen in public since July 26. Five days later he temporarily handed power to his younger brother, Raul, while he recovers from stomach surgery.

U.S. officials from Mr. Bush on down have said they are in the dark about Mr. Castro's state of health.

Yesterday, the State Department predicted Cuba's communist government may renew its efforts to assert control and assure the successful transition from the elder Castro to his brother, but the plan won't succeed in the end.

"While we might be at a moment of great change, we might also be at a moment of actually the regime hardening as it attempts to assert its control," Assistant Secretary of State Thomas A. Shannon Jr. told reporters. "Ultimately, there is no political figure inside of Cuba who matches Fidel Castro.

"When a rotor comes off a helicopter, it crashes. When a supreme leader disappears from an authoritarian regime, the authoritarian regime flounders."

DOJ_NMG_0048057

Under yesterday's new immigration rules, the total number of annual visas, refugees and parolees under the Special Cuban Migration Program will remain at about 21,600 per year. But 7,500 of the 12,500 lottery slots will be used to reduce the backlog in family-reunification claims.

In addition the Bush administration is seeking to pinch Cuba's medical system, a source of international prestige for the communist regime. Under new rules, medical personnel assigned by Cuba to study or work in a third country will be allowed to enter the United States instead.

Mr. Castro has sent thousands of doctors to Venezuela, for example, in exchange for Venezuelan oil.

· This article is based in part on wire service reports.

U.S. To Relax Immigration Rules For Cubans (AP)

By Lara Jakes Jordan

AP, August 12, 2006

The Bush administration said Friday it will relax immigration rules for a limited number of Cubans, focusing largely on reuniting families who have relatives in the United States.

The policy shift comes nearly two weeks after Cuban leader Fidel Castro's surprise handoff of power, to his brother, Raul, for health reasons. It aims, in part, to pressure his regime into giving Cubans official permission to head to the U.S. through safe and legal travels.

The administration sought to discourage a mass migration from Cuba through dangerous waters, warning that those who try to sneak into the country face having their visa applications canceled or rejected.

The new rules were first reported by The Associated Press earlier this week.

"We urge the Cuban people to stay on the island, so that they may work for their freedom and a democratic society," Homeland Security Deputy Secretary Michael P. Jackson said. "We discourage anyone from risking their life in the open seas in order to travel to the United States."

But, he said, "if a Cuban chooses to reunite with their family in the United States, we support a safe, legal and orderly migration."

The Homeland Security Department oversees U.S. immigration policy.

The new rules are being considered three months before elections in which Florida's governorship and at least one House seat in Florida are considered to be in play. Many Cuban immigrants live in the state.

The new policy seeks to:

_Reunite families by allowing U.S. residents to apply for expedited parole — legal entry into the country — for close relatives in Cuba. This would speed the immigration process for an estimated 10,000 Cubans who are waiting for U.S. visas to join families in the United States. The Cuban government, however, would have to agree to issue exit visas for people headed to the United States.

_Discourage human smuggling operations from picking up Cubans at sea by allowing U.S.-based relatives to get information on their whereabouts. Currently, federal authorities are not supposed to release specific information about migrants who are picked up at sea.

_Give Cuban doctors who have gone to other nations — and their families — more access to immigrating to the U.S. after undergoing background security checks. According to the documents, the Cuban government sends medical professionals to developing nations "as a foreign policy tool." The administration also is considering expanding this benefit to other professions.

_Refuse U.S. entry to Cubans, or deporting those who are already in the country, who are found to have committed human-rights abuses on behalf of the Castro government.

In another immigration policy shift, the Homeland Security and State departments pushed back — but only by a week — an end-of-the-year deadline for requiring passports or other tamperproof documents from travelers entering the United States through airports and from boats.

Proposed Friday, the new regulations would take effect Jan. 8, 2007, giving people time to adjust after the travel-heavy holiday season. After that date, all airline and maritime travelers — including American citizens — will need passports or a small number of other secure documents to get in the country.

The current deadline is Jan. 1, 2007, and the new rule would be approved by this fall.

By Jan. 1, 2008, all travelers entering the U.S. — by air, sea and land — must meet the documents requirements. Congress is considering delaying that deadline for 17 months as the U.S. and Canadian governments grapple with ensuring fast traffic flow across their shared border.

Protesters In Mexico Release 4 Hostages (AP)

DOJ_NMG_0048058

By Rebecca Romero
AP, August 12, 2006

Protesters held four people hostage for hours Friday, charging they were linked to a fatal shooting of a demonstrator during protests that have have besieged Oaxaca since June.

The Federal Agency of Intelligence said protesters later released the hostages to its agents at a local television station that had been seized by the protesters.

The protesters want the four charged in the death of Jose Jimenez, 50, who was killed late Thursday during an Oaxaca People's Assembly march calling for the resignation of Gov. Ulises Ruiz.

The leftist OPA, which has accused the governor of using force to repress dissent and rigging the 2004 election to win office, alleged Ruiz was behind the shooting. The governor denied the allegations and condemned the violence.

Tensions in Oaxaca have been on the rise since June, when state police attacked a demonstration of striking teachers occupying the historic central plaza and demanding a wage increase.

Since then, thousands of teachers, unionists and leftists have camped out in the plaza, spray-painting buildings with revolutionary slogans, smashing hotel windows and erecting makeshift barricades. Most businesses remain closed.

Meanwhile, authorities arrested Erangelio Mendoza Gonzalez, a top teachers' union leader thought to be the driving force behind the demonstrations.

Protest organizer Enrique Rueda Pacheco said Gonzalez was being held on federal charges of blocking public access and taking over city buses. Federal authorities confirmed the arrest but did not provide details.

The U.S. Embassy warned U.S. citizens to steer clear of the protests, citing the possibility of further violence in the city popular with tourists for its cobbled streets, markets and cuisine.

On Wednesday, gunmen killed three people, including a 12-year-old boy, on a road about 150 miles from Oaxaca. The three had been heading to protests in the city, but police said they did not know if the attack was linked to the demonstrations.

Health (WSJ)

By Marilyn Chase
The Wall Street Journal, August 12, 2006

AIDS Battle Turns Toward Prevention

The annual AIDS confab starting Sunday in Toronto is unlikely to live up to the ambitious theme selected by its organizers: "Time to Deliver."

There will be plenty of sizzle: Singer Alicia Keys will rock the house for the 24,000 scientists and activists on hand, and Bill Clinton and Bill Gates will make a joint plea for world leaders to work toward ending the epidemic and delivering AIDS drugs to those among the 40 million HIV-infected people world-wide who need them. But there is little evidence that goal is within reach, even in the 13,000 papers on HIV/AIDS due to be released in conjunction with the conference.

Money for treatment remains chronically short, a much-discussed vaccine remains a dream, and more than four million new infections a year suggest the wily virus will continue to outpace the global response for some time. That is, barring a prevention breakthrough.

A critical mass of prevention studies is finally gaining momentum, with a range of pills, gels, vaginal rings and other strategies now in field tests. Studies to be presented in Toronto may suggest whether new medical interventions can supplement behavior change and safer sex which, like a diet, are subject to whims of human will power. U.S. funding agencies continue to emphasize abstinence and fidelity as ideals in HIV-prevention programs that also include condoms. But public-health advocates note that women trapped in the sex industry and children hooked on 10-cent heroin in Southeast Asia's Golden Triangle may be unable to choose a healthful lifestyle.

So that leaves people hungry for news of pills and devices. Prevention-pill research -- known as PREP for "pre-exposure prophylaxis" -- is one major focus of hope. Researchers are now testing Gilead Sciences Inc.'s AIDS treatment Viread (tenofovir) and a related combination pill, Truvada, in a new role as potential preventive drugs to protect people at high risk of contracting HIV. Activists await data from a test in Ghana on whether the pill is safe for healthy people and, later on, whether it actually works to keep such people from being infected.

For those already infected with HIV, everyone wants a new drug. Millions of underserved patients are seeking medicines, and the Group of Eight leading nations has endorsed the distant goal of universal access. New patients seek simpler and more-tolerable regimens. Longtime patients with mutated and drug-resistant HIV are employing "salvage regimens" until arrival of potent new products like integrase inhibitors from Merck & Co. and others, and CCR5 blockers from Pfizer Inc. and others. New drugs will offer doctors a chance to concoct fresh, potent antiviral cocktails to beat the beast of HIV back into submission ... until HIV learns to mutate anew.

DOJ_NMG_0048059

Toronto attendees may hear discussions on vaccine-research strategy but won't hear too much in the way of scientific breakthroughs on a vaccine, the other main area of hope, which will be the focus of a separate conference later this month in Amsterdam.

In One Country, AIDS On The Rampage . . . (NYT)

By Alan Brody

The New York Times, August 12, 2006

Florence, Italy

AT the International AIDS Conference, which begins tomorrow in Toronto, there are bound to be various commemorations of the discovery of AIDS 25 years ago — if one can ever commemorate something so horrific.

When I arrived in Swaziland in 1999, no one even wanted to call AIDS by its name. "Silwane," people whispered, using a siSwati word for a fearsome animal, "Silwane got him." Others said it was witchcraft.

In some measure, it was the failure of Swaziland to recognize the disease that gave it the world's highest prevalence of H.I.V. More than 17,000 people in this tiny kingdom nestled in the hills of southern Africa have been dying each year of AIDS, in a population of about one million. At last count in 2004, 56 percent of pregnant women ages 25 to 29 had H.I.V.

The ascent was swift. H.I.V. prevalence among pregnant women was less than 4 percent in 1992, when the takeoff began, 16 percent in 1994, 26 percent two years after that, and upward ever since. H.I.V. bides its time, leaving young women looking beautiful and men feeling lusty for years before it wears down their immune systems and the debilitating infections of AIDS appear.

That has meant plenty of opportunity for those with H.I.V. to spread the virus unknowingly, and sometimes knowingly. Policies imported from the West haven't helped to encourage widespread testing.

An "AIDS-unique" approach insists on counseling patients on their right not to be tested (thoroughly frightening them in the process); the focus on confidentiality is such that if patients are positive, not even their spouses are told. Not surprisingly, the ignorance and stigma that grew up around AIDS in the West made its leap to Africa.

Deaths on a large scale began here only in 2000. Suddenly the obituary pages of the national newspapers began to rival the sports pages in length, and the young as well as the old found their friends there. Funeral homes and coffin makers began their macabre ascendancy as this developing nation's foremost growth industry. A wave followed not just of orphans, but also of children impoverished because AIDS killed the breadwinners of extended families. Today more than 150,000 of these orphans and vulnerable children exist on the margins of survival there.

Society struggles to hold together in the face of all that. Evangelists, local and international, interpret hell-fire, promise salvation and pass the hat. Youths convinced that they are already infected act out with a violence and bravado that speaks of no tomorrow. Spouses accuse each other of bringing AIDS into the relationship, arguments punctuated all too often by violence or suicide.

This does not mean that gloom prevails everywhere. A radio soap opera and call-in show, "There Is Still Hope," tells amusing, lurid and tragic tales of H.I.V.'s inexorable march through a fictional village, creating a new understanding of how unprotected sex, multiple partners, rape, incest and intact foreskins have played their part in the nation's encounter with the virus. "If we had known all this 15 years ago," a caller says, "we would have acted differently."

Many communities have started to create refuges for the orphans and at-risk children they now call bantfwana bemamungo, "children of the community." At these places, situated close to their often troubled and sometimes empty homesteads, children can get guidance, health care and a daily meal.

Just before I left Swaziland, I visited a district called Mahlangatsha, which in the last year established 41 such sites. At ceremonies organized by the district chief, I sat for more than three hours among 300 of these children reciting poems, dancing and singing hymns.

As I looked at these young people drawing strength from one another, I was reminded that Africa cries for its dead and dying, but it will survive. This continent's energy and creativity and spirit of ubuntu, or humanity, are still alive, embers just waiting to burst into flame again.

. . . And In Another, AIDS In Retreat (NYT)

By Chris Beyrer And Voravit Suwanvanichkij

The New York Times, August 12, 2006

Twenty-five years into the H.I.V. pandemic, there remain few developing countries that have had success in controlling the virus. Thailand is one of them.

DOJ_NMG_0048060

In the late 1980's, Thailand experienced the first H.I.V. epidemic in Asia, and one of the most severe. By 1991, 10.4 percent of military conscripts from northern Thailand were infected by the virus, the highest level ever reported among a general population of young men outside Africa.

It became clear early on that the commercial sex industry — illegal but popular among Thai men — was at the core of the virus's explosive spread. The Thai response was the 100 Percent Condom Campaign.

As part of the campaign, public health officials aggressively focused on bars, brothels, nightclubs and massage parlors for condom education, promotion and distribution. Sex workers were likewise offered counseling, testing and treatment. The openness of sex venues there and health officials' access to the women in them made this a relatively simple intervention.

Venues that did not agree to require condom use were shut down. Signs appeared over bar doors saying, "No condom, no sex, no refund!" And the government put resources behind the effort, distributing some 60 million free condoms a year.

A wider national effort was also under way. Condoms appeared in village shops and urban supermarkets, and frank H.I.V. education was introduced in schools, hospitals, workplaces, the military and the mass media. Thais worked hard to reduce fear and stigma and to support those living with H.I.V.

This national mobilization was classically Thai — funny, nonthreatening and sex-positive. When we briefed the Thai surgeon general on an H.I.V. prevention program for soldiers, he said, "Please be sure the program maintains sexual pleasure, otherwise the men won't like it and won't use it."

It worked. By 2001, fewer than 1 percent of army recruits were H.I.V. positive, infection rates had fallen among pregnant women, and several million infections had been averted.

The 100 Percent Condom Campaign proves that H.I.V. prevention efforts can succeed by focusing on at-risk populations, providing tangible services and making healthy behavior, like condom use, social norms. Cambodia, the Dominican Republic and other countries have successfully adopted the Thai model.

It's troubling then that the United States now requires all foreign and domestic recipients of H.I.V. and AIDS funding to pledge to oppose prostitution. After all, the "100 Percent Condom Campaign" and similar efforts have been shown to decrease the spread of the epidemic through sexual intercourse; the pledge policy can make no such claim.

Quite the opposite: the policy may even limit outreach and access to sex workers, and make condom distribution more difficult. This is why Brazil rejected some $40 million in AIDS funding from the United States last year rather than take the pledge.

This is not the time for us to turn away from any approach that's proven to slow the spread of H.I.V., and yet the Bush administration lets its moral concerns trump the evidence. Even in Thailand, the government has refused to expand successful prevention services to include gay men and injecting drug users, leading to rising infection rates among these groups.

Still, we cannot ignore the lessons learned during the 100 Percent Condom Campaign. H.I.V. policy should be driven by only what's been shown to work, and prevention services have to reach those most at risk, whether or not we condone their behavior.

DOJ_NMG_0048061

Williamson, Angela

From: Williamson, Angela
Sent: Monday, August 14, 2006 10:12 AM
To: Williamson, Angela
Subject: The Daily Update: 8/14/06

<http://www.whitehouse.gov/>
AUGUST 14, 2006

This morning, the President will meet with Secretary of Defense Rumsfeld and a Defense Policy and Programs Team at the Pentagon, followed by a lunch with experts on Iraq. President Bush will then meet with Secretary of State Rice and a Foreign Policy Team at the State Department. He will conclude this meeting with a statement.

9:20 am:
EDT THE PRESIDENT meets with the Secretary of Defense and Defense Policy and Programs Team
The Pentagon | Arlington, Virginia

11:50 am:
EDT THE PRESIDENT attends Lunch with Experts on Iraq
The Pentagon | Arlington, Virginia

1:20 pm:
EDT THE PRESIDENT meets with the Secretary of State and Foreign Policy Team
The State Department | Washington, DC

3:30 pm:
EDT THE PRESIDENT makes a Statement
The State Department | Washington, DC

Middle East Cease-Fire Goes Into Effect. "Israel halted its offensive against Hezbollah guerrillas as a U.N.-imposed cease-fire went into effect Monday after a month of warfare that killed more than 900 people, devastated much of south Lebanon and forced hundreds of thousands of Israelis into bomb shelters. ... The cease-fire was passed by the U.N. Security Council on Friday and approved by the Israeli and Lebanese governments. Hezbollah leader Hassan Nasrallah also signaled his acceptance.
<http://news.yahoo.com/s/ap/20060814/ap_on_re_mi_ea/lebanon_israel_1075&printer=1;_ylt=AtsxGUIL19ENYKBlpxz2Jy0UewgF;_ylu=X3oDMTA3MXN1bHE0BHNlYwN0bWE> ... Prime Minister Ehud Olmert said the cease-fire agreement would ensure that 'Hezbollah won't continue to exist as a state within a state.' In addition to authorizing the beefed-up international force in southern Lebanon, the Security Council resolution calls for the Lebanese government to be the only armed force in the country, meaning Hezbollah would have to be disarmed." (Ravi Nessman, "Israel-Lebanon Cease-Fire Goes Into Effect," The Associated Press, 8/14/06)

Homeland Security Department Receives Praise For Response To Airline Terror Plot. "Last week, the department confronted a second major test, the arrests in Britain of 24 men suspected of plotting to blow up airliners bound for the United States.

In this case, the initial reviews of Mr. Chertoff's performance have been largely positive. The Homeland Security Department responded quickly to impose new security measures on the fear that some plotters might still be at large. ... 'Until this threat, the department had fallen short of the promise that its creation held,' Senator Susan Collins, Republican of Maine and chairwoman of the Homeland Security and Governmental Affairs Committee, said in an interview on Sunday. 'This time we saw a crisp, confident and competent response, and Secretary Chertoff was clearly front and center.' <http://www.nytimes.com/2006/08/14/washington/14chertoff.html?_r=1&oref=slogin> " (Eric Lipton, "Homeland Security Department Gets Better Grades In 2nd Major Test," The New York Times, 8/14/06)

Homeland Security Secretary Michael Chertoff Says "Weapons Of The Modern War Against Terror" Are Essential To American Security. SECRETARY CHERTOFF: "[T]he kinds of techniques you're talking about, surveillance of communications, tracking the flow of money and transactions, that is - those are the weapons of the modern war against terror, and any time we face an enemy as formidable as the enemy we faced this past week we cannot afford to leave those weapons on the table. ... Now, we've done a lot in our legal system in the last few years to move in the direction of that kind of efficiency, that was with the Patriot Act, with information-sharing, which was a huge piece of this and some of the other measures we've taken, but we ought to constantly review our legal rules to make sure they're helping us not hindering us." (ABC's "This Week," 8/13/06)

Secretary Chertoff Says TSA Screeners Will Replace Contractors At Airports. "Homeland Security Secretary Michael Chertoff said Sunday that he intended to replace contractors who inspect passenger identification at airport checkpoints with staff members from the Transportation Security Administration <http://www.nytimes.com/2006/08/14/washington/14rules.html?_r=1&oref=slogin&pagewanted=print> , a move that would be one of the biggest expansions of the agency's tasks since it was set up in the aftermath of the 2001 terrorist attacks. ... But the switch would free up enough screeners to do the identity checks and behavior analyses of passengers waiting to go through security." (Eric Lipton and Christine Hauser, "Screeners To Be Changed At U.S. Airports," The New York Times, 8/14/06)

Secretary Chertoff Discusses Recent Improvements In Airport Security Measures. SECRETARY CHERTOFF: "Actually, George, let me tell you some of the things we've done in the last year to address these very issues. We actually started to put less emphasis on the nail clippers and the nail scissors last fall and we retrained 38,000 screeners specifically to look for modern detonation-type equipment that might be concealed in baggage. We've now got a rule that any time you put checked baggage ... or cargo that you want to send in a passenger plane if you go up to the airline, that goes through the regular baggage screening. We're increasing the amount of screening even of the trusted shippers. We're doing a whole lot of things precisely to address that including running pilot programs since early this year looking at new liquid explosive detection technology." (ABC's "This Week," 8/13/06)

Former Bush Advisor Michael Gerson Says America Must Respond With Resolve To Threats In War On Terror. "Some commentators say that America is too exhausted to confront this threat. But presidential decisions on national security are not primarily made by the divination of public sentiments; they are made by the determination of national interests. <http://www.msnbc.msn.com/id/14322936/> And the low blood-sugar level of pundits counts not at all. Here the choice is not easy, but it is simple: can America (and other nations) accept a nuclear Iran? ... A second point: the promotion of democracy in the Middle East is messy,

difficult, but no one has a better idea. There is no question that democratic societies are more likely to respect human rights, less susceptible to ideological extremism, more respectful of neighboring countries, more easily trusted with nuclear technology." (Michael Gerson, "The View From The Top," Newsweek, 8/14/06)

Secretary Of Education Spellings Says Opportunity Scholarships Will Give All Students The Chance Of A High Quality Education. "President Bush's proposed America's Opportunity Scholarships for Kids would help low-income families whose schools have failed to meet state academic standards for five or more years. Parents could use the scholarship money to transfer their children to a higher-performing public, charter, or private school or enroll them in an intensive tutoring program. ... Scholarship programs do not replace these efforts but complement them. Students trapped for six years in a school that fails to meet standards shouldn't have to wait another day <http://www.usatoday.com/news/opinion/editorials/2006-08-13-oppose-education_x.htm> . The Opportunity Scholarships program is one way to ensure they don't." (Sec. Margaret Spellings, Op-Ed, "Opportunity For All Children," USA Today, 8/17/06)

The Wall Street Journal Says Increase In Retail Sales Indicates Solid Start To Third Quarter. "But there went the spenders again in July, with the federal government announcing on Friday that retail sales climbed 1.4% for the month, well above the consensus forecast of 0.8%. Strong sales for building materials, furniture, and electronics and appliances led the way. Take out auto sales, and the increase was still a healthy 1%. ... The current economic expansion is one of the strangest on record, in that it has been stronger and has persisted longer than most economists have predicted <http://online.wsj.com/article/SB115550958570034595.html?mod=opinion_main_review_and_outlooks> ." (Editorial, "Sales Force," The Wall Street Journal, 8/14/06)

Administration Announces New Cuban Immigration Policy. "The Bush administration's new immigration rules announced Friday were designed in part to balance the conflicting concerns. <http://online.wsj.com/article/SB115551571442834721.html?mod=world_news_whats_news> The main change would allow thousands of Cubans with close relatives in the U.S. to come to America almost immediately and gain permanent resident status, rather than wait as long as 12 years for family reunification. ... Yet the Department of Homeland Security, in its announcement, also discouraged Cubans from attempting the 90-mile crossing to the U.S. on their own, warning that they face losing their right to a family-reunification visa if they try." (John D. Mckinnon and Evan Pérez, "Bush Seeks Balance on Cuban Migration," The Wall Street Journal, 8/14/06)

General Peter Pace Visits Troops In Iraq. "On his first visit to Fallujah as chairman of the Joint Chiefs of Staff, Marine Gen. Peter Pace stood before 1,300 troops - mostly Marines - and assured them that the American public supports them <http://www.washingtonpost.com/wp-dyn/content/article/2006/08/13/AR2006081300272_pf.html> . And he predicted that Americans would continue to support the war. 'I think sometimes when you are out here at the tip of the spear, you wonder what's going on back in the United States and do you all still have the support of your fellow citizens,' Pace said. 'The answer is, yes, you do.'" (Robert Burns, "General Hears Marines' Concerns In Iraq," The Associated Press, 8/13/06)

President's Radio Address
<http://www.whitehouse.gov/news/releases/2006/08/20060812.html>

* In Focus: Homeland Security <http://www.whitehouse.gov/infocus/homeland/>

President Welcomes U.N. Security Council Resolution to Bring Lasting Peace to Middle East <http://www.whitehouse.gov/news/releases/2006/08/20060812-1.html>

* In Focus: The Road Map to Peace
<http://www.whitehouse.gov/infocus/mideast/>

President Condemns Terrorist Attack in Najaf
<http://www.whitehouse.gov/news/releases/2006/08/20060811.html>

Press Gaggle by Tony Snow
<http://www.whitehouse.gov/news/releases/2006/08/20060811-1.html>

USDOJ- Office of Public Affairs

From: USDOJ- Office of Public Affairs
Sent: Monday, August 14, 2006 10:28 AM
To: USDOJ- Office of Public Affairs
Subject: Sunday Show Transcripts
Attachments: SUNDAY SHOW TRANSCRIPTS 8.13.doc

Attached, please find transcripts from the Sunday Morning talk shows on August 13, 2006.

SUNDAY SHOW TRANSCRIPTS
8/13/06

NBC – MEET THE PRESS

MR. DAVID GREGORY: Our issues this Sunday: the threat of terror. Nearly five years after the September 11 attacks, a chilling new plot: terrorists planning to blow up airplanes bound for the U.S.

(Videotape):

SEC'Y MICHAEL CHERTOFF: This plot appears to have been well-planned and well-advanced with a significant number of operatives.

(End videotape)

MR. GREGORY: Their plan thwarted, dozens were arrested, but the investigation continues. Was this an al-Qaeda operation? With us, the secretary of homeland security, Michael Chertoff.

Then, the lingering questions in this age of terror: How vulnerable are we? And has enough been done since 9/11 to improve our nation's security? Our guests in an exclusive interview: chair and vice chair of the 9/11 Commission and authors of the new book, "Without Precedent: The Inside Story of the 9/11 Commission," Tom Kean and Lee Hamilton.

And six years ago he was the Democratic Party's nominee for vice president, but on Tuesday the three-term senator and supporter of the Iraq war, Joe Lieberman, was soundly defeated in his Democratic Senate primary by anti-war political newcomer, Ned Lamont. Should Lieberman continue his Independent bid for re-election, and what does his loss mean for both political parties in the upcoming midterm elections? We'll ask Howard Dean, chairman of the Democratic National Committee, and Ken Mehlman, chairman of the Republican National Committee.

But first, the secretary of homeland security, Michael Chertoff.

Mr. Secretary, welcome.

SEC'Y CHERTOFF: Good to be here.

MR. GREGORY: The big question this morning: Has this plot indeed been thwarted? Your counterpart in Great Britain, John Reid, spoke to the BBC just this morning on this topic. This is what he had to say:

(Videotape, this morning):

MR. JOHN REID: We think we have the main suspects in this particular plot. I have to be honest and say that, on the basis of what we know, there could be others out there, perhaps people we

don't know, perhaps people who are involved in other plots. So the threat of a terrorist attack in the United Kingdom is still very substantial.

(End videotape)

MR. GREGORY: "Very substantial." Is the threat of terror "very substantial" in the United States as well?

SEC'Y CHERTOFF: Well, the priority for us at this point is reviewing all the evidence and information to see if there's any indication of plotting in the U.S. or an attempt to initiate an attack in the U.S. We haven't at this point seen anything coming out of the British investigation that points to that, but that is the number one priority we have in terms of our continual review.

MR. GREGORY: Was there contact made between any of those who were arrested and persons in the United States at any point?

SEC'Y CHERTOFF: We are in the process of reviewing a huge volume of information about all kinds of transactions and communications, and there may be some contact, but thus far we've not found anything that's meaningful in the sense of suggesting plotting or operational actavity—activity in the U.S. itself.

MR. GREGORY: Some two dozen arrests thus far. Do you believe the plot has been thwarted?

SEC'Y CHERTOFF: I've been talking to Home Secretary Reid every day, sometimes several times a day, and I agree with him. I think the likelihood is the main elements of the plot have been scooped up. We don't know, however, if there's some lines that lead into pockets that have not yet been arrested. We also have to be mindful of other groups that may think they have an opportunity to exploit our focus on this plot in order to carry out their own plots.

MR. GREGORY: Let's talk about the, the threat terror level that, of course, has been raised in this country. We'll put it up on our screen for our viewers to see. It remains at the highest level, severe risk of terrorist attacks for all flights coming from the United Kingdom, more than 100 a day into this country. How long will that last?

SEC'Y CHERTOFF: I think that's going to be very closely coordinated with the British government. They obviously have measures they've put in place on their side. We have to be synchronized with them, and so I would not anticipate our doing anything different from what they're doing.

MR. GREGORY: But there's some confusion about this for a lot of Americans when they see this, that there's a severe risk of a terrorist attack from these flights. Why not just prohibit those flights from coming to the U.S. until you're satisfied?

SEC'Y CHERTOFF: Well, the reason we are able to keep the flights running is precisely because we've put measures into effect, working with the British government, that keeps those flights safe.

Let me assure you David, and the American public, the number one priority here by a country mile is protecting travelers and American citizens. On the other hand, when we can put measures in place that keep us safe, we ought to do that and keep the trans-Atlantic routes open.

MR. GREGORY: It's at the second-highest level of terrorist attack for those flights coming from other parts of the world. Is it safe to fly, in your view?

SEC'Y CHERTOFF: Absolutely. And the reason it's safe is because we've put in a comprehensive series of measures. Some of them are visible, some of them are less visible. But when you add them up together, they create not just one line of defense, they create multiple lines of defense, and that's what assures airline security.

MR. GREGORY: There has been an arrest of a man named Rashid Rauf in Pakistan. Is he the ringleader, and are you satisfied that you have the top levels of this operation?

SEC'Y CHERTOFF: I don't think we're prepared to say he's the ringleader or prepared to say we've got all of the scope of this investigation. Clearly this is transnational and involves activity operationally in Britain but links to other parts of the world. And we've only been a couple of days since we've had the takedown. We have a lot of material to go through. So until we've completely got our arms around this, we're going to assume that we have to keep looking to flesh out this scheme.

MR. GREGORY: Do you think this is al-Qaeda?

SEC'Y CHERTOFF: It has the hallmarks or the earmarks of an al-Qaeda plot in the sense of the scope, the transnational reach, the fact that it is very similar to a 1994 plot that Khalid Shaikh Mohammed had intended to carry out in the Pacific. But I—again, I don't want to definitively conclude it's al-Qaeda until we've had some opportunity to look at all of the facts.

MR. GREGORY: Given those hallmarks, what does it say to you about the operational capacity of al-Qaeda at this juncture? Is it centralized, or is it decentralized in a way that it, it doesn't have to order attacks from, from a central location?

SEC'Y CHERTOFF: Well, I think it is moderately decentralized. But I have to say, David, it actually always was decentralized, that there's always been a tendency to look at al-Qaeda as almost a hierarchal organization. But it's always been a network with a core of people who pledge a loyalty to bin Laden, but then other circles that bin Laden may support or fund, but that actually do their own independent targeting.

MR. GREGORY: But this level of coordination and sophistication, doesn't it belie the notion that al-Qaeda has been significantly degraded?

SEC'Y CHERTOFF: I actually think not, because it's been five years since they've been capable of putting together something of this sort, assuming this is an al-Qaeda plot. So what that tells us is we actually have done a lot to degrade them. We've destroyed their training camps, we've

killed a lot of their leaders, we've captured a lot of their leaders, we've gathered a lot of intelligence. But they are still out there. They're trying to adapt their tactics, and they're a very constant presence.

MR. GREGORY: I mentioned Pakistan, a big area of investigative focus in Pakistan now. It's where Osama bin Laden and other top leaders are thought to be hiding out. Is this becoming the new Afghanistan in terms of an area to train and to plot?

SEC'Y CHERTOFF: I think it's certainly much harder for them to operate in Pakistan than it was under the Taliban in Afghanistan. But one of the things we do all over the world is look at pockets or areas in countries where we essentially have kind of a wild west, because we're concerned that those may be areas where al-Qaeda will take root and start to be able to conduct some of its activities.

MR. GREGORY: Do you—are you completely confident that the Pakistani intelligence service is intent on bringing members of al-Qaeda to justice?

SEC'Y CHERTOFF: Pakistan has been very cooperative with us. I think we've generally been pleased. Obviously we're always urging our allies to do everything they can to protect not only ourselves, but to protect the whole world.

MR. GREGORY: It is, of course, your job, a major part of your job, to understand how al-Qaeda thinks. This is what the vice president had to say this week with regard to that, after Senator Lieberman's primary defeat. This is how Newsweek reported it: "Vice president, Dick Cheney, darkly warned that the Connecticut primary victory of antiwar candidate Ned Lamont over Sen. Joseph Lieberman would only encourage 'Al Qaeda types.' Interviewed by NEWSWEEK, former Homeland Security Secretary Tom Ridge bridled at his former colleague's remark: 'That may be the way the vice president sees it,' he said, 'but I don't see it that way, and I don't think most Americans see it that way.'" What's your view of how al-Qaeda interprets our domestic politics?

SEC'Y CHERTOFF: Well, first of all, I stay out of domestic politics. What I do think is important is that we be very clear in our message to the world—and this has to be true on a bipartisan basis—that we are steadfast and resolute in the war against terror. I think if we suggest any weakness, that does encourage them to believe they can carry out their missions.

But I want to emphasize this, David. The targets here are all Americans. They, they do not distinguish between Republicans and Democrats. So we are all in this together, and this has to be a unified effort across the board.

MR. GREGORY: Let me ask you about our coordination with British authorities.

What worked here?

SEC'Y CHERTOFF: Well, what worked is deep relationships, trust, the fact that we did not have leaks prior to the takedown. You know, that's one of the critical lessons out of this whole thing. The British trusted us with very sensitive information, and they were able to do it because they were confident we weren't going to leak. That's why leaks are so pernicious. Not only do they actually reveal secrets, but they undercut the basis of trust which is the foundation of our whole international effort.

MR. GREGORY: The liquid explosives that have been detailed as part of this plot, was this a cocktail that had been seen before, learned about before?

SEC'Y CHERTOFF: We've actually been focused on this for quite some time, the notion of mixing benign ingredients together. But what seems to have been new here was the degree of sophistication about how these would be disguised as ordinary travel items. And I think that's what we're analyzing and adjusting for, to make sure that we're keeping pace with the way the enemy adapts.

MR. GREGORY: But had you given thought before to not allowing liquid on flights?

SEC'Y CHERTOFF: I, I—we've actually thought about it. We've done a lot with the screening, and with the training the screeners to teach them how to identify new types of detonation devices. And, in fact, over the last year, as we pulled back from some of the emphasis on keeping nail clippers off the airlines, we focused on training precisely for this kind of new generation of explosives.

MR. GREGORY: But there has been a question of priorities. This is how The New York Times reported it last Friday with regard to liquid explosives:

"Cathleen Berrick, director of the Government Accountability Office's homeland security and justice division, told a Senate committee in February 2005 that the Transportation Security Administration, part of the Department of Homeland Security, redirected more than half of the $110 million it had for research and development in 2003 to pay for personnel costs of screeners, delaying research in areas including detecting liquid explosives. It has continued to redirect some research and development money, she said. 'They've identified it as a vulnerability, they knew it was there, and they'd taken some steps to address it,' Mrs. Berrick said." Why hasn't this been a larger priority before now?

SEC'Y CHERTOFF: It actually has been. But one of the things I think you need—people need to understand is training the screeners is an important part of this effort. It's not all about technology. It's about knowing what to look for in terms of the configuration of things that might be a detonator. It's behavior pattern recognition, which we've, this past year, started to train people how to do.

You know, what the Israelis do is they don't focus on technology, necessarily. They have people asking questions and looking at behavior in order to identify terrorists. And those are the tactics that we, in the last year, have now started to roll out in our own procedures.

MR. GREGORY: But are you confident that the United States government is ahead of the terrorists, actually thinking of the technologies and, and the kind of tools they might use?

SEC'Y CHERTOFF: Absolutely. You know, I've had a number of discussions with Kip Hawley, the head of TSA, on precisely this issue over the last year. How do we move to the next generation? How do we start to turn away from worrying about the nail clippers, which is an issue we've dealt with, to deal with next generation of explosives and other kinds of devices? And so we are continuously training, evaluating. We actually have groups that put themselves in the mind of the terrorists and try to figure out how they would carry out attacks if they were terrorists. All of this is an approach that we're taking to stay ahead of where the terrorists are.

MR. GREGORY: But you talk about screening being a priority. The 9/11 Commission issued recommendations in December of 2005. It gave some pretty poor grades on this front. When it came to transportation security: airline passenger pre-screening, an F; airline passenger explosive screening, a C; checked bag and cargo screening, a D. As we've learned this week, these are vital areas. What grade would you give yourself?

SEC'Y CHERTOFF: We've done a lot over the last year to address precisely these issues. We—we're doing a lot more screening of cargo that goes into the holds of passenger jets. We've done a lot more training. We've got pilot projects under way over the last several months looking precisely at liquid explosives. And with respect to passenger screening, we're pushing to get more information that would make us better at it.

But we do have a challenge here. There are some people who push back against this, who say we shouldn't get more information about passengers. And I think that that's precisely the kind of debate we need to have. If we can't get a reasonable amount of information on people who are getting on airplanes, and if we can't get it in a timely fashion, we are tying our hands against what is still a very serious threat.

MR. GREGORY: Final point. These restrictions on carry-on lugwage—luggage, rather—no liquid, no gel, no, no liquid of any kind. How long do you think that will remain in place?

SEC'Y CHERTOFF: I think we're going to make some refinements that will be announced today—not major refinements, but some things that should make it easier.

MR. GREGORY: Such as?

SEC'Y CHERTOFF: I'm going to let TSA roll that out clearly and not try to anticipate it here, but what we—I, I can't tell you is exactly when we're going to make major changes. We have to make sure we've analyzed the device, we've analyzed the plan. And the most important thing is safety first. We're going to keep the airlines as safe as they've been. We're going to protect the American people.

MR. GREGORY: But, as of today, some of those restrictions will be lifted.

SEC'Y CHERTOFF: There'll be some very minor changes. I don't want to overstate it. They may tweak it a little bit, and we're going to let them roll that out clearly today at midday.

MR. GREGORY: Secretary Chertoff, thank you very much.

SEC'Y CHERTOFF: Good to be here.

MR. GREGORY: Coming next, lessons learned from 9/11. Are we doing enough to keep Americans safe? The chair and vice chair of the 9/11 Commission speak out for the first time since last week's terror plot was uncovered. Tom Kean and Lee Hamilton up next on MEET THE PRESS.

(Announcements)

MR. GREGORY: An exclusive interview with the chair and co-chair of the 9/11 Commission, Tom Kean and Lee Hamilton, after this brief station break.

(Announcements)

MR. GREGORY: Welcome both. Let me show you the cover of this week's Newsweek magazine. The banner headline: "Terror Now: A Plot Against Airlines, Bin Laden At Large, Iraq in Flames. Five Years After 9/11, Are We Any Safer?"

Governor Kean, are we?

MR. THOMAS KEAN: I think we're safer, but we're not safe. There's still a number of things we should be doing that we're not doing, and this should be a wake-up call. I mean this should, this just should re-focus us on the whole thing.

MR. GREGORY: This—the events of this week?

MR. KEAN: That's right.

MR. GREGORY: Chairman Hamilton, do you agree with that?

MR. LEE HAMILTON: Oh, yes. We've taken all kinds of measures in the last five years to better protect ourselves. And I think some of those have been effective—not all of them, perhaps. And there are a lot of things, as the secretary mentioned a moment ago, that are still under way. But I'm still nervous about it. I think we are not as safe as we should be five years after the event.

MR. GREGORY: A plot like—has been uncovered this week. Is this precisely the kind of scenario you were most afraid of?

MR. HAMILTON: It's precisely the kind of thing that we have talked about again and again since 9/11--highly sophisticated, very agile, very flexible, very smart people who hate the United

States for a variety of different reasons, who are patient, who are looking at all of our weaknesses and vulnerabilities. And we have said again and again that we simply must handle this with a much greater sense of urgency than we have in the past.

MR. GREGORY: Governor Kean, are you surprised that we have not hit—been hit again since 9/11?

MR. KEAN: Well, I'm not surprised we haven't been hit, but I'm surprised that these people have taken so long, because they were—they want to kill as many Americans as possible. And that's their whole scenario, that's what they want to do, but they take time to do it, as this plot was planned for a long period of time.

MR. GREGORY: What does this say—if it is, in fact, al-Qaeda—about its operational strength at this point?

MR. HAMILTON: I think it says that they're still out there, they're still plotting.

MR. GREGORY: Mm-hmm.

MR. HAMILTON: Their intent is very clear, as Tom has expressed, capabilities less clear, but there isn't any doubt that they're coming at us, and...

MR. GREGORY: And, and it's interesting to note that, in terms of this plot, while that relationship is still being investigated, this is a scenario that was included in the 9/11 report indicating that "A [1996] study reportedly conducted by [bin Laden deputy Mohammed] Atef ... concluded that traditional terrorist hijacking operations did not fit the needs of al-Qaeda, because such hijackings were used to negotiate the release of prisoners rather than to inflict mass casualties. The study is said to have considered the feasibility of hijacking planes and blowing them up in flight. ... Such a study, if it actually existed, yields significant insight into the thinking of al-Qaeda's leaders: ... they considered the bombing of commercial flights in midair ... a promising means to inflict massive casualties." This sounds like al-Qaeda.

MR. KEAN: Well, it does sound like al-Qaeda. And, and this is Ramzi Yousef. I mean, he tried to do it in the first—excuse me—in the, in the Philippines when he tried to blow up—in the Bojinka plot...

MR. GREGORY: Mm-hmm.

MR. KEAN: ...12 airlines using, again, liquids combined. This is al-Qaeda trying to do something that they've done once before, and this time trying to do it successfully.

MR. GREGORY: And Congressman Hamilton, let me ask you about al-Qaeda's existence and where it may exist, particularly in Pakistan. A lot of investigative focus there, as I mentioned, with Secretary Chertoff. Is this becoming an area that is allowing al-Qaeda to flourish?

MR. HAMILTON: Well, of course. I think it's quite likely that Osama bin Laden is in Pakistan. We have a very different kind of relationship with Pakistan. They are doing some things to help us and probably not enough to help us. I, I think al-Qaeda is much more decentralized than perhaps many people think, and I think what's really happening here is the radicalization of the Muslim world. And it's not Osama bin Laden and his cohorts pulling the strings with regard to subway bombings in Madrid and London and now this plot on the airlines, but rather it's a highly decentralized operation. They prey upon these Muslims who are without jobs, who are angry at the West for all kinds of reasons, who don't like our way of life. And we have to understand, I believe, that if you're really going to make the American people safe, it's not just a question of taking different procedures on airplanes, it is dealing with the fundamental problem of the radicalization of Muslims in the world today.

MR. GREGORY: Governor Kean, has that radicalization gotten worse since the 9/11 attacks, and why?

MR. KEAN: I think it has, because I think there are a whole bunch of things happening in the world which has tended to make Muslims dislike the United States more than they even did before. After 9/11, there was world sympathy that came to us. Since then, the war in Iraq, our support for, for Israel, which is constant, a number of things that have happened have sort of—and, and plus, which, as, as Lee said, these people are not getting any better off. I mean, these people still don't have jobs, they're still poor, they still don't have any future, they don't have any hope. And if you have no hope then the culture of death, which is really what bin Laden is talking about, and the culture of life, which we're talking about, death is sometimes the way.

MR. GREGORY: Governor Kean, you bring up the subject of Iraq, which has been a major foreign policy thrust since the 9/11 attacks. You were on the program a couple of years ago speaking with Tim Russert on this very subject, and he asked you whether and how the war in Iraq played into this global war on terror. This is what you had to say about it at the time.

(Videotape, July 25, 2004):

MR. TIM RUSSERT: Do you see the war in Iraq as a distraction from the war on terrorism or as a legitimate front of the war on terrorism?

MR. KEAN: My personal view is if—you know, and it's a gamble in Iraq. If Iraq works out the way the Bush administration and others hopes it will it could transform the Middle East. If it doesn't, it could be a source of continuing problems and irritation and a home for future terrorists.

(End videotape)

MR. GREGORY: Governor Kean, let me start with you. What are your thoughts now?

MR. KEAN: They're not much different. I mean, we still—we still are trying very, very hard in Iraq to create a democracy in the center of the Middle East and a democracy that, if it works, will transform the Middle East. But increasingly, as people have said, it looks more and more like a

civil war and more and more dangerous, and if it develops in that direction we could have a much more serious situation.

MR. GREGORY: Is it a gamble that's not paying off?

MR. HAMILTON: I think there isn't any doubt that it's a breeding ground for terrorism today. However, I also think the conflict in Iraq is changing, and that it is becoming more and more now a conflict among the various sects there, the insurgents.

So Iraq continues to evolve. But does it feed terrorism, does American policy towards Iraq motivate a lot of these radicalized Muslims? I think there's not much doubt about that, it does. But it's only one thing. What Tom said with regard to the disaffection that so many people have with American foreign policy is true. That doesn't make American foreign policy wrong, it just means that it has a lot of consequences to it that keep flowing. If you kill hundreds and hundreds of people in Lebanon, that has consequences. And the consequences are that you radicalize further a lot of people. You have to deal with that and your policy as best you can by doing the kind of things that Tom suggested, reaching out to the Muslim world.

MR. GREGORY: Let me talk about security policy here at home in areas of vulnerability. I, I raised this point with Secretary Chertoff about the report card that the commission issued with a lot of C's, D's and F's. And you spoke about that in 2005, that these failures, in your view, were shocking, that the government was distracted.

Governor Kean, what are the major blind spots now and have new ones been exposed by the plot unearthed this week?

MR. KEAN: Well, for instance, when you and I go to the airport there still is not a unified watch list. There should be. We should know everybody who's getting on that plane, and/or if any agency has any problems with them, they shouldn't be allowed to get on the plane. We still don't have enough of what's called puffer machines in the airports that detect traces of explosives. We still haven't got the proper technology for screening baggage. Now some of that is simply dollars. I mean, Congress simply has not given the agency the dollars to put those tings into effect. But those are major steps that should be taken at the airports, and until they're done we're not as safe as we should be.

MR. HAMILTON: It's an amazing thing, five years after this event that we're still straggling with the whole question of developing detection devices for all kinds of explosives. Five years after this event. And the president—or not the president, the secretary a moment ago spoke about pilot programs. Pilot programs, five years after the event. I'm not sure that's anybody's fault particularly, but the urgency of developing these detection machines for all kinds of ways they can do harm to passengers has been very slow.

MR. GREGORY: And isn't it a fact that had this plot actually gone off, there would have been a lot of questions about why authorities hadn't anticipated liquid explosives being used, given the 1994 plot, given Richard Reid. Why haven't liquids been banned before?

MR. HAMILTON: Yeah. Well, we tend to fight the last war, don't we? I mean, we've been very much focused, for example, on land transportation because of London and Madrid. Now, all of a sudden, we switch back to air transportation as the target. The fact of the matter is, this is one of the great problems in counterterrorism efforts, and that is you have to judge—make judgments about priorities, you have to make hard choices about what kind of devices are most likely to be used, what devices have to be—you have to develop detection for, and what kind of targets are likely to be hit. All of this demands tough, hard choices by policymakers. Clearly, they're reluctant to make those choices. I think they're now beginning to make them. But it's been a process that has been terribly slow.

MR. GREGORY: Governor Kean, what has to be done for policymakers, counterterror specialists, to get ahead—both technologically and imaginatively—of the terrorists?

MR. KEAN: This has to be a priority. It's not right now. It's a priority, but not a top priority. They're talking about other things because we're fighting two wars. We're doing a number of other things. But you've got to make that a priority.

MR. GREGORY: Can you do both? Can you fight two wars, or do you have to be focused singularly on, on the war on terror?

MR. KEAN: If you don't make the defense of the American people your top priority, you're not doing your job.

MR. GREGORY: Is Iraq a distraction in this, in this sense?

MR. HAMILTON: It's, it's, it's part of the total picture. It's not just two wars we're fighting, we're fighting three wars, Afghanistan, Iraq, and the war on terror.

MR. GREGORY: But are the resources—the priority of Iraq—is that a distraction from some of these other measures that we're focused on?

MR. HAMILTON: If you, if you pour billions and billions of dollars into Iraq, as we're now doing, and if you put most of your military effort there, it is clearly a priority for the administration and for the country at this point in time. When you do that, it means you do less things in other areas. We cannot do it all. We don't have the resources, we don't have the manpower.

So the priorities that you establish automatically reject other options.

MR. GREGORY: But Governor Kean, in your view, then, is the war in Iraq part of the war on terror or is it a distraction from the priorities you're outlining?

MR. KEAN: Well, it's part of the war on terror in the sense that, if we fail, Iraq will become another sanctuary for terrorists. There's not much question about that. If Iraq goes into chaos, that's the kind of situation that bin Laden and al-Qaeda like. So we've got to stop that from

happening. So in that sense, it's a part of a worldwide view where we've got to get a hold of these areas that are ungoverned where terrorists work.

MR. GREGORY: But you're sensitive on this point. The direction question is, do you think it's a distraction from meeting the priorities that you've outlined?

MR. KEAN: Any time you're spending a tremendous amount of money in one area, Lee is right, it distracts from another. But we think that the number one priority has got to be the defense of the American people, and that's this war on terror in the United States. We're not protecting our own people in this country. The government is not doing its job.

MR. GREGORY: Fighting the war in Iraq is not protecting the people of the United States, in your view?

MR. HAMILTON: I think it's possible to do both.

MR. KEAN: Yeah.

MR. HAMILTON: It's—we certainly have it if we focus our energy and resources enough. But our priority is homeland security. And we do not think that there has been sufficient urgency, priority, resources, people put into the protection of the people here at home.

MR. GREGORY: Let me ask you about your book, "Without Precedent: The Inside Story of the 9/11 Commission." There is a powerful new documentary that's coming out. It will air on Court TV on August 21. Talks about how the commission was set up and the experience of the families pushing for information. Here's a clip from that documentary that expresses one of the main frustrations. Watch.

(Videotape, "On Native Soil," Courtesy Court TV):

MS. MARY FETCHET: A lot of the hearings, we heard people that had, clearly, had done their own investigation within their, their agencies. And then when they're asked a specific question, said they'd have to get back to the commission.

DR. CONDOLEEZZA RICE: I will have to get back to you on that.

MS. JANE GARVEY: I'd like to double-check it before I say it, I say it here.

MR. ROBERT MUELLER: That occurred before I, I began my tenure. What I know about it is, is after the fact.

MS. FETCHET: They were not willing to publicly disclose anything that, you know, might hold them accountable.

MS. KAREN WAIZER: I have to say I think the, the families and the survivors who testified were more upfront than a lot of the other people from government positions who came in and testified.

(End videotape)

MR. GREGORY: Governor Kean, was that your thought as well?

MR. KEAN: In part, certainly. I mean, this people—of course, we had five or six hours of private testimony, and a lot of people said things outside of the public hearings which they felt they could not, for security reasons or some other reason, say in public. So we got a lot of information that was not in the public hearings that is in our report. But, you know, they—people, people, when they testify publicly, try to protect themselves and their agencies, there's no question about that.

MR. GREGORY: Congressman Hamilton, you, you, you write in the book that there is this fine line between investigating and criticizing, and it was particularly sensitive dealing with New York and questioning Mayor Giuliani. This is what you write in the book, speaking about Mayor Giuliani: "It proved difficult, if not impossible, to raise hard questions about 9/11 in New York without it being perceived as criticism of the individual police and firefighters or of Mayor Giuliani. ... The questioning of Mayor Giuliani was a low point," you write, "in terms of the commission's questioning of witnesses at our public hearings. We did not ask tough questions, nor did we get all of the information we needed to put on the public record."

We should point out that, that Mayor Giuliani's spokesman was quoted last week saying that this was news to them, that he thought he gave you all, all kinds of cooperation. Why was it a low point?

MR. HAMILTON: It was a very difficult hearing in New York, and the point you make in that excerpt is key. This event had such a traumatic effect on the nation, but particularly on New York. Any criticism, or any questioning of officials—police and fire—immediately brought a reaction, "You're criticizing the heroes." There is the tendency here, and in the comments Tom made a moment ago, impresses me, and that is government is not very good at looking back, at examining what went wrong. We were trying to find out what went wrong, even though we acknowledge the extraordinary heroism of the moment.

MR. GREGORY: Governor Kean...

MR. HAMILTON: With, with Mayor Giuliani, we simply let him off a little too easy. The bottom line, however, is that in the private testimony or conversations with the mayor, we really got the information we needed. In the public hearing, because of that environment that you've described, and I've commented on, I think we were a little easy on the mayor.

MR. GREGORY: What's the consequence of that, do you think, toward the overall findings?

MR. KEAN: This was not a criticism of Mayor Giuliani. It was a criticism of ourselves.

MR. HAMILTON: Yeah.

MR. KEAN: He gave us everything we asked him. We just, we just went a little easier in the public hearings perhaps than we should have, because of the emotion of the moment, but we got all the information. Information's in the report, we didn't lose anything as far as the public went.

MR. GREGORY: Just a few seconds left. Governor Kean, I'll give you the last word. What is the, the lasting legacy of the 9/11 Commission?

MR. KEAN: That you can, you can do things in a bipartisan manner in this town, and you can solve problems and bring policy forward without the kind of bickering that goes on again and again in so many issues. I think that was an example the commission set, that I hope Washington is still paying attention to.

MR. GREGORY: Are you confident that it can prevent another attack, your work?

MR. HAMILTON: No, no. Not confident. I think another attack will come. But I think the lesson is that the system works, but it takes an awful lot of work to make the system work.

MR. GREGORY: Governor Kean, Congressman Hamilton, thanks to both of you.

Coming next, how will the war in Iraq and our national security affect the political landscape in the midterm elections? The chairmen of both political parties, Democrat Howard Dean and Republican Ken Mehlman, are next.

(Announcements)

MR. GREGORY: And we are back. DNC chair Howard Dean joins us this morning from Vermont.

Chairman Dean, good morning.

MR. HOWARD DEAN: David, thanks for having me on.

MR. GREGORY: Chairman Dean, are you able to hear me OK?

MR. DEAN: I can hear you fine, can you...

MR. GREGORY: OK, fine. Welcome, welcome to MEET THE PRESS. Let me...

MR. DEAN: Thanks for having me on.

MR. GREGORY: Let me ask you about the big political news of the week, that of course related to Senator Joe Lieberman. Six years ago he was the vice presidential choice for your party. What happened?

MR. DEAN: I think he embraced George Bush's policies, and the American people are tired of George Bush's policies. They want a new direction in this country, and, and the voters have spoken.

MR. GREGORY: Should he get out of the race now?

MR. DEAN: I think so. Look, I know how hard this is for Joe, and he's a good, good person. But the truth is I, I lost one of these races, and I got right behind my party's nominee, and I think that's what you have to do if you want to help the country. The way to help this country is to limit Republican power. They have failed in, in the budget, they've failed in Iraq, they've failed at—with Katrina. I just got back from North Dakota; there's not—more than a war on terror going on in this country, there's a war on the middle class going on. There—you know, those folks need help, and we need help domestically. We need a change in this country. We need a new direction, and I think Ned Lamont will give us that new direction.

MR. GREGORY: Senator Lieberman led the charge against the new face of the party after his defeat, saying, in effect, it had been taken over by the liberal wing. This is what he had to say the day after his defeat on NBC's "Today" show.

(Videotape, Wednesday):

SEN. JOE LIEBERMAN: I am committed to this campaign, to a different kind of politics, to bringing the Democratic Party back from Ned Lamont, Maxine Waters, to the mainstream.

(End videotape)

MR. GREGORY: "Back from the extreme." Has the Democratic Party that, that you represent been taken over by the extreme?

MR. DEAN: You know, I think that was an unfortunate statement that Joe made.

That's exactly the same line that Ken Mehlman and, and Dick Cheney are using. The truth is, Ned Lamont is a moderate. Ned Lamont earned his own living. He made a lot of money—and good for him—in, in this American system. He wants a balanced budget, he wants a sane defense policy, he wants health care for all Americans. That is what the Democratic Party believes in. The truth is, most Democrat—most people in this country, let alone Democrats, most Americans, by a large majority, agree with Led—Ned Lamont and not George Bush and, and Joe Lieberman.

MR. GREGORY: On the issue of the war, is the Democratic Party welcome to differing views about the war?

MR. DEAN: Sure we are. I think we very much are. You don't see some of the other senators who were supportive of the war. This is simply—the problem that Joe had was he embraced the president. This is a president who's been bad for America. You should see what's going on in

North Dakota—farmers who've not had any drought relief, people losing their health care. There's a—the president's paying no attention to the middle class. Kids want to go to college; they can't do it now because the president's cut their Pell grants. There's a lot of problems in this country that are not being addressed, and Ned Lamont will address those questions.

MR. GREGORY: But, Chairman Dean...

MR. DEAN: And the Democratic Party will address those questions.

MR. GREGORY: ...you say that there's room for other views on the war in Iraq. Senator Lieberman, supportive of the war, didn't believe in a—in a date certain for troops. Is that view welcome within the party?

MR. DEAN: Sure. There are many other—many candidates running who don't believe in a—in a deadline for the troops. The Democratic Party itself is on record saying that we ought to bring our troops home, but we're not committing to bring our troops home immediately. I don't know of any—or very few Democrats that want to do that. But we believe, along with the majority of the American people, that this war was a mistake and that—and that it's, it's a complete lack of leadership for the president of the United States to say, "Well, we're going to leave this to the next president." That is not leadership. This guy got us into this mess; he needs to get us out of this mess.

MR. GREGORY: As you well know, there's...

MR. DEAN: And we—and we will do it if he can't.

MR. GREGORY: As you well know, there's a number of, of Democrats, potential nominees, candidates in 2008, who have, in effect, recanted their support of the war, saying it was a mistake. A notable potential candidate who has not done that, of course, is Senator Hillary Clinton. She has not supported a date certain for withdrawal, nor has she said that her vote of support was a mistake. Does she need to recant that support in order to be the Democratic nominee, in your view?

MR. DEAN: Look, first of all, I don't comment on 2008, I have to be the referee. Second of all, there's plenty of room for differing points of view on how to defend America.

The problem is, the president has failed to defend America. Since he has been in office, the number of nuclear weapons in North Korea has quadrupled, Iran has moved closer to nuclear weapons, Osama bin Laden has set up shop in Pakistan five years after the fact. I think one of the 9/11 chairs just said it very well: If your top priority isn't defending the American homeland, then you're not doing your job. And I think President Bush is not doing his job on defense or domestically.

MR. GREGORY: Let me ask you about something Senator Lieberman also said in the wake of the UK bombing plot. This is how it was reported in The Washington Post on Friday: "Campaigning in Connecticut, Senator Joseph Lieberman ... said the antiwar views of primary

winner Ned Lamont would be 'taken as a tremendous victory by the same people who wanted to blow up these planes in this plot hatched in England.'" Your, your reaction?

MR. DEAN: I think that's—I think that's outrageous. I mean, that's the same—again, the same thing Dick Cheney, who's been widely discredited by most Americans as essentially a propaganda machine, has said. It's ridiculous. That is saying to the Connecticut voters that you don't care about American security and saying to the Connecticut voters that they like al-Qaeda. That is a ridiculous thing. The Republicans hope, once again, to win an election based on fear. They—you know, fear-mongering, whining and complaining and name-calling is not going to lead America.

We need a new direction in America, we need a new direction to defend America, and we need a new direction to make the homeland safe, not just in terms of safety from terrorists, but safe for the middle class again. We have seen a decline in the middle class. We need a strong middle class to make America strong again, and with Democratic leadership we'll have that middle class strong again, with the ability to go to college, with the ability to count on your pension, with the ability to have decent health care.

MR. GREGORY: You talk about defending America. What is the Democratic Party's prescription for fighting and winning the war on terror?

MR. DEAN: Well, first of all, if you want to fight and win on the war on terror, the fact is Iraq is a distraction. Iraq never had anything to do with the war on terror and that's just a fact and that's what the 9/11 Commission said. So it's not enough to listen to the right-wing folks that claim that we're fighting the terrorists off the shore so they don't come on the shore. That is hooey. The people who fought the terrorism best in the last couple of weeks have been the British, who uncovered this plot. We need to upgrade our airport security and we've tried to do that in the Democratic Party, and our additions to the budget in Homeland Security have been turned down by the Republican majority. We need a real tough fight on terror, but we need to be tough and smart, not just talk tough.

MR. GREGORY: You heard the 9/11 co-chairmen. Does the Democratic Party believe—do you believe that a push for democratic reform in the Middle East is vital to winning the war on terror?

MR. DEAN: Yes, but I think the way that the president went about pushing for democratic reform was incredibly foolish. It blew up in his face and now Americans are paying the price for that. We needed a much different strategy. The truth was, we were controlling Saddam Hussein's air space, he had no air force, he had little army. Saddam Hussein was a pain in the neck and a bad person, but the fact is there are a lot of pains in the neck and bad people in this world. And what we should have been concentrating on is getting rid of the Taliban once and for all in Afghanistan who are now making a resurgence, making sure that Iraq—Iran does not have nuclear weapons. That we cannot afford to have—to allow. And to make sure that North Korea is disarmed. Those ought to be the major priorities, because if nuclear weapons get in the hands of terrorists we have a much more serious problem than Saddam ever posed to the United States or to the region.

MR. GREGORY: Governor Howard Dean, thank you very much for your views.

MR. DEAN: Thanks very much for having me on, David.

MR. GREGORY: We are now joined by Ken Mehlman, the chairman of the RNC.

Welcome back to MEET THE PRESS.

MR. KEN MEHLMAN: Thank you. Thanks for having me on.

MR. GREGORY: You've heard Chairman Dean.

MR. MEHLMAN: I have.

MR. GREGORY: Your response.

MR. MEHLMAN: Well, I think that Chairman Dean gets it wrong in terms of defending America. The fact is it's not the right-wing extremists, as he said, who talks about Iraq being central to the war on terror, it's the enemy. If you listen to what Osama bin Laden says, if you listen to what Mr. Zawahiri says, they both say their goal is to drive America out of Iraq the way we were driven out of Vietnam and to use that as a base to launch further attacks. They've said what their goal is if there's a failed state sitting in between Syria and Iran.

The second point that I disagree with, that he said, he said, "We want to be strong." Then why has his party voted against the Patriot Act, against the surveillance programs, similar to the kind of programs that were used in London to deal with the threat? Why has his program—why has his party been against missile defense? When issue after issue after issue, whether it's not giving the terrorists a victory in Iraq—whether it's the tools we need at home to figure out what the terrorists are doing, to make sure we're successful—on every one of these issues, unfortunately, the party of Pelosi and the party of Dean and the party of Harry Reid has followed what Nancy Pelosi said less than a year after 9/11, which is she doesn't think America is really at war.

MR. GREGORY: It is very clear that this is going to be topic A in the midterm election. This is what another prominent Democrat, the vice chair of the Senate Intelligence Committee, Jay Rockefeller, had to say about the legacy of the Bush years, particularly the war in Iraq. He said the following: "I fear many of our policies over the past five years have done more to inflame extremism than to diminish it. I believe the war in Iraq has diverted resources and undercut the Bush Administration's ability to protect our people against a terrorist attack." A view echoed in terms of money spent in the Iraq war by the 9/11 Commission's co-chairman.

MR. MEHLMAN: I would say, with all due respect to Mr. Rockefeller, tell that to the families of the 241 people who were killed in 1983 by Hezbollah, the people that were in the East African Embassies that were bombed in the 1990s. The fact is, for a generation terrorists have made war on America. From the 1972 Olympic Games in Munich to Mogadishu to Beirut to the East

African bombings, to the USS Cole. What changed was that after September 11, this president recognized in fact we're at war. And the fundamental question Americans are going to have to answer is, "Do you believe we're at war?" And if you believe we're at war, then it's important to use every tool possible to win the war on terror, not to weaken coordination between law enforcement—the Democrats did by trying to kill the Patriot Act—not reducing our ability to interrogate the enemy, as they've done, and not oppose efforts to surveil the enemy, which is exactly what, if you look at the reports from London, the British officials were able to do to stop the attack.

MR. GREGORY: The president has said he's running on a record, as are Republicans in this fall campaign.

MR. MEHLMAN: Mm-hmm.

MR. GREGORY: Here is part of the Bush record on national security. Five years after 9/11, bin Laden is still on the loose. Iran and North Korea, part of that "axis of evil," have only increased their weapons capacity. In Iraq, we were told we'd be greeted as liberators, now our generals say we're on the brink of civil war, 2600 U.S. troops have been killed, and anti-American sentiment, as, as the 9/11 Commission co-chair said, higher today than it was before 9/11. Is that really a record of success?

MR. MEHLMAN: Well, I think a couple of things, David. First of all, let's remember, they both made this point, as did Mr. Chertoff, we face a movement, not a country. It's harder to beat a movement. When you face a country, if you bomb the barracks where the general is, then you've eliminated command and control. It's much harder to fight an enemy when its ability, say, to create an IED can be developed on a Web site. So it's a different kind of war.

But every one of the points you mentioned—North Korea successfully tested six missiles. The people want to vote for Democratic leaders who have been against missile defense. You mentioned Iran, Harry Reid said we should take the use of force off the table. How are we going to be able to negotiate and prevent Iran from having a nuclear weapon—which Chairman Dean is right, is a terrible thing if it happens—if they don't think force is a possibility? How are we going to be safer as these movements go forward if we can't interrogate them in an aggressive and effective way, if we can't surveil them and figure out what they're doing, and if there's not good coordination? And finally, think about this: We know that 9/11 taught us how dangerous it was when you had a failed state in Afghanistan. Imagine a failed state on the second-largest oil reserves in the world. That's what would happen if we cut and run in Iraq, which, unfortunately—which is what the Democratic Party has now made their orthodoxy.

MR. GREGORY: Let me ask you about the race in Connecticut, Senator Lieberman.

MR. MEHLMAN: Yeah.

MR. GREGORY: This is what you had to say after his defeat: "Joe Lieberman believed in a strong national defense. And for that, he was purged from his party." Safe to say that you believe and have respect in Senator Lieberman's views on national security matters?

MR. MEHLMAN: Well, look, in most issues, I disagree with Joe Lieberman. The fact is...

MR. GREGORY: But on national security, you think he has credibility?

MR. MEHLMAN: On national security, I think he was part of the Harry Truman/JFK tradition, which unfortunately apparently isn't welcome to the Democratic Party.

MR. GREGORY: This is something that he also said last Sunday during a campaign speech. "The fact is"—this is Senator Lieberman speaking—"I have openly and clearly disagreed with and criticized the president for, among other things: not winning the support of our allies in the run-up to the war; not having a plan to win the peace; not putting enough troops on the ground; putting an American in charge of the Iraqi oil supply. And I said that if I were president, I would ask Secretary Rumsfeld to resign." Given your respect for the credibility of his views, do you acknowledge that he's right on these points?

MR. MEHLMAN: Look, the fact is that our mission in the war in Iraq is critical. We agree on that; we agree it's wrong to cut and run. But look, we're not coming in and saying "Stay the course." The choice in this election is not between "Stay the course" and "Cut and run," it's between "Win by adapting" and "Cut and run."

Let me tell you what we're doing. The fact is, before the successful Iraqi elections, the number of troops went up from 137,000 to 167,000. That's adapting to win. Recently, the increased troops in Baghdad, adapting to win. We changed how the training of Iraqi forces occurred to involve more Iraqis.

That's adapting to win.

MR. GREGORY: Right.

MR. MEHLMAN: We've involved the international community more, the EU, the U.N.

MR. GREGORY: Right. But do you acknowledge these faults that he's outlined?

MR. MEHLMAN: I've—I acknowledge that when you're facing any war, the enemy is smart, the enemy thinks, and particularly in this kind of war, it requires you to adapt to win. We're going to adapt to win, and what you heard from Chairman Dean and when you hear from the Democratic leaders, if they had their way, "It's too tough, we'll cut and run," that's not the answer.

MR. GREGORY: Let me ask you about the Republican candidate in Connecticut, Alan Schlesinger. You've been going around the country...

MR. MEHLMAN: Yeah.

MR. GREGORY: ...and been very clear...

MR. MEHLMAN: Yeah.

MR. GREGORY: ...and forceful for your support of Republican candidates. Are you endorsing Alan Schlesinger to be the next senator from Connecticut?

MR. MEHLMAN: There's nothing more important to me, as you know, than electing Republicans. It's what I spend my life doing; it's my passion. The way I do it...

MR. GREGORY: So, yes?

MR. MEHLMAN: The way I do it is to work with our leadership in the states, and what my leadership in the state has said to me is, "You ought to stay out of this one. You ought to focus on the House races and focus on the governors' races."

MR. GREGORY: Why endorse candidates all over the country but not do it here?

MR. MEHLMAN: Again, I do it based on the leadership in the state.

MR. GREGORY: Do you want Senator Lieberman to win, to, to expose the Democratic Party as divided and weak?

MR. MEHLMAN: I'm following—I'm following the advice—I'm following the advice of my leadership, which is I'm focusing on making sure that Chris Shays and that Nancy Johnson, and that Rob Simmons is re-elected, and that Governor Rell is re-elected.

MR. GREGORY: Do you support Senator Lieberman as senator?

MR. MEHLMAN: I do not.

MR. GREGORY: You do not?

MR. MEHLMAN: I, I, I think it is up to the people of Connecticut. I'm certainly not endorsing Joe Lieberman who, while I agree with him on some issues, I disagree with him on most issues.

MR. GREGORY: Beyond Connecticut, there are new, troubling signs for the Republican Party. There's a new AP-Ipsos poll. This is the reporting on it. Put it up on screen for our viewers and you. "An Associated Press-Ipsos poll conducted this week found the president's approval rating has dropped to 33 percent, matching his low in May. His handling of nearly every issue, from the Iraq war to foreign policy, contributed to the president's decline around the nation, even in the Republican-friendly South.

"More sobering for the Republicans are the number of voters who backed Bush in 2004 who are ready to vote Democratic in November's congressional elections - 19 percent."

And here's a look at a generic congressional match-up from that same poll. Fifty-five percent supports Democrats taking over Congress, 37 percent Republican. Is the party in trouble?

MR. MEHLMAN: David, there's no question we're in a tough political environment. We're in the sixth year of a president's term, we know that. We're in the middle of a tough war. But the focus now is going to be who's on the ballot? What are the choices? And I don't believe Americans, in the middle of a tough war, as they see these plots, want to weaken the tools and surrender the tools that are critical to keeping Americans safe. I don't think they want to weaken how we interrogate potential terrorists. I don't think they want to weaken the surveillance. I don't think they want to kill the Patriot Act, and I certainly don't want to think that they give the enemy the kind of victory that the 9/11 Commission had said they would have if we cut and run from Iraq.

MR. GREGORY: We're going to have to leave it there. Ken Mehlman, thank you for your views.

MR. MEHLMAN: Thanks a lot. Thank you.

MR. GREGORY: And we'll be right back.

(Announcements)

MR. GREGORY: One final note this morning. Our viewers should know that the new TSA guidelines for airport security that Secretary Chertoff announced here this morning will be posted later today on the TSA Web site—that's [www.tsa.gov], I should say. And for more information on today's guests and topics, logon to the viewer resources page of our Web site, mtp.msnbc.com.

That's all for today. We'll be back next week. If it's Sunday, it's MEET THE PRESS.

ABC – THIS WEEK

STEPHANOPOULOS: Five years after 9/11, are we winning or losing the war on terror? What are the lessons of the London plot? And how will the politics of war play come November?

Questions this week for our headliners, the Secretary of Homeland Security Michael Chertoff, Democratic Senator Russ Feingold, and Republican John McCain.

George Will, Martha Raddatz and Robert Reich debate the week's politics on our roundtable.

Plus -- Jon Secada on Cuba after Castro.

(BEGIN VIDEO CLIP)

SECADA: My dream for Cuba is for the Cuban people to realize and see and live and experience real freedom.

(END VIDEO CLIP)

STEPHANOPOULOS: And as always, The Sunday Funnies.

(BEGIN VIDEO CLIP)

JAY LENO, HOST, TONIGHT SHOW: So let's see, President Bush is on a 10-day vacation, Congress is on a month-long vacation, and Joe Lieberman is on a permanent vacation.

(END VIDEO CLIP)

STEPHANOPOULOS: Good morning, everyone. As the fighting continues today in the Middle East, the Israeli cabinet has formally approved the U.N. cease-fire plan, set to take effect tomorrow. We're going to analyze the cease-fire and whether it can hold later in the program. But we begin this morning with the fallout from that foiled plot to explode up to 10 jets flying from Britain to America and the man leading the U.S. government response, Homeland Security Secretary Michael Chertoff. Welcome back to This Week.

CHERTOFF: Good to be here, George.

STEPHANOPOULOS: Let me just begin with some yes/no questions. Do you have any evidence yet that the plot was active in the United States or had links to the United States?

CHERTOFF: Not at this point, but that is the number one thing we are looking at, literally every hour.

STEPHANOPOULOS: Is the plot dead?

CHERTOFF: The British, I think, have indicated they believe they've got the main plotters, but they've also cautioned everybody that the investigation is continuing, and they're going to -- they don't want to make a definitive statement until they really have canvassed all of the leads they're following.

STEPHANOPOULOS: But they're still in code red, aren't they, which suggests an imminent threat?

CHERTOFF: It suggests a real uncertainty about whether they have fully plumbed the scope of the plot, and whether they've wrapped everybody up. And they also have to be concerned about copycats, other groups that may think they have the opportunity to carry out a plot because they believe the government is distracted or otherwise engaged.

STEPHANOPOULOS: The London Sunday Times reported this morning that one of the people apprehended is described as the leader of Al Qaida in Britain. Is that true?

CHERTOFF: I want to honor the British legal system's requirement that we not comment on their pending case, because the last thing I want to do is interfere with their prosecution. So I'll have to let the British disclose what they can when they can.

STEPHANOPOULOS: Well, you know, you've said the plot is suggestive of Al Qaida, and I guess I want to figure out what that means exactly. I think when you hear Al Qaida, you imagine Osama bin Laden or Ayman al-Zawahiri giving an order and it being carried out. Is that what's happening today?

CHERTOFF: Well, first of all, I think that's actually a little bit of a misunderstanding. I think even traditionally, Al Qaida has not always carried out its plots with that kind of centralized control. But if you look at this plot, it has the hallmarks of an Al Qaida-type plot -- very sophisticated. The idea of multiple terrorist attacks at the same time. Of course, it's reminiscent of the 1994 Bojinka plot, which was multiple airlines that they wanted to explode, and that was Khalid Shaikh Mohammed, who was the mastermind of 9/11. So when you put those pieces together, it is certainly of the scope and scale that is comparable to the worst that Al Qaida has done.

STEPHANOPOULOS: But we're dealing with franchises now than any kind of a top-down, corporate hierarchical structure. CHERTOFF: Well, you know, Al Qaida has always been a network, George. It's been some central core Al Qaida, but there have also been affiliated groups that Al Qaida funded and trained, but that operated more on a network relationship than in a strict hierarchical relationship.

STEPHANOPOULOS: You know, I was struck by something reported in Time magazine this morning. It was reported that you told Congressman Peter King, very seldom do things get to me. This got to me. What was it about this plot in particular that hit you so hard?

CHERTOFF: This really reminded me of 9/11, but it was as if we had an opportunity to stop 9/11 before it actually was carried out. And, of course, I still carry around the emotional impact of 9/11, as do most Americans, and I remember how much we had wished back then that we could have done on September 10th what we needed to do to frustrate the plot. So in that sense, this resonated with me, and I think it's indicative of the fact that we still are at war, we still have to make sure we don't let our guard down, and that the enemy still wants to carry out spectacular plots...

STEPHANOPOULOS: You say we're at war, but the key, from what I've read, in this successful investigation so far was strong surveillance, real great human intelligence.

CHERTOFF: Right.

STEPHANOPOULOS: More good police action. And the question I have is, there have been two programs here in the United States that have created a lot of controversy: The warrantless wiretapping program and also the so-called SWIFT program, which tracks financial transfers around the globe. Were either of those programs helpful in this case?

CHERTOFF: Well, I'm not going to talk about specific classified programs, but I can tell you this, the kind of techniques you're talking about, surveillance of communications, tracking the flow of money and transactions, that is -- those are the weapons of the modern war against terror.

And any time we face an enemy as formidable as the enemy we faced this past week, we cannot afford to leave those weapons on the table. We've got to use all those weapons because they are fast-moving, and our only defense is to intercept them using all of these kinds of techniques.

STEPHANOPOULOS: Although we have learned there was actually an increase in the applications to the Foreign Intelligence Surveillance Court, which would suggest that the warrantless wiretaps weren't used.

CHERTOFF: Well, again, I'm not going to talk about classified programs or specific issues. What I have to say again and again, though, is what helped the British in this case is the ability to be nimble, to be fast, to be flexible, to operate based on fast-moving information. We have to make sure our legal system allows us to do that. It's not like the 20th century where you had time to get warrants and you had a lot of time...

STEPHANOPOULOS: Are you suggesting if we had the looser rules that the Brits have, including being able to arrest people for up to 28 days, we would be safer here at home?

CHERTOFF: I'm suggesting that these rules helped the British in terms of their ability to prevent plots rather than responding after a plot occurs. Now, we've done a lot in our legal system to move in the direction of that kind of efficiency. That was with the Patriot Act, with information-sharing, which was a huge piece of this, and some of the other measures we've taken. But we ought to constantly review our legal rules to make sure they're helping us, not hindering us.

STEPHANOPOULOS: So, do you need new authority?

CHERTOFF: Again, I mean, I don't think there's any specific authority I would suggest we need now, but I certainly think preserving the maximum flexibility in surveillance of transactions and communications is going to continue to be a critical element if we're going to prevent these attacks.

STEPHANOPOULOS: This plot also revealed continuing vulnerabilities. And you're aware that the 9-11 commissioners, their final report card gave some failing grades in this area. They said in improving airline passenger prescreening, an F for the Department of Homeland Security, improving airline screening checkpoints to detect explosives, a C, checked bag and cargo screening, a D.

And coming out of this, we really have seen that we're still vulnerable to liquid explosives, and most pieces of cargo or baggage that go into the cargo holds are not checked.

CHERTOFF: Actually, George, let me tell you some of the things we've done in the last year to address these very issues. We actually started to put less emphasis on the nail clippers and the

nail scissors last fall, and we retrained 38, 000 screeners specifically to look for modern detonation-type equipment that might be concealed in baggage.

We've now got a rule that any time you put checked baggage or cargo that you want to send in a passenger plane if you go up to the airline, that goes through the regular baggage screening. We're increasing the amount of screening even of the trusted shippers. We're doing a whole lot of things precisely to address that, including running pilot programs since early this year looking at new liquid explosive detection technology.

STEPHANOPOULOS: You've suggested that there's going to be some adjustments in the carry-on screening. I wonder, one, what are those adjustments and, two, are we considering to going to what the Brits have done and banning all carry-on baggage.

CHERTOFF: Actually, later today, TSA will be announcing some minor refinements in the restrictions, actually easing them in certain respects based on our experience of risk...

STEPHANOPOULOS: Like what?

CHERTOFF: I think I'm going to let them do it, because this has to be done very clearly and precisely. On the other hand, I do not see us moving to a total ban on hand baggage at this point. We think that with the measures we have regarding liquids, with the training we've given the screeners and with the tools we have, we're capable of protecting the airlines without the measure that would so inconvenience people of preventing them from bringing anything on the plane.

STEPHANOPOULOS: Finally, you described this fight against Islamic terror as a war. And there's been a lot of debate over the connection between that war and the war in Iraq.

A lot of the administration critics say it's draining resources, Iraq is, from the overall war on terror, creating new recruits. The president says it's an essential front in the war on terror. How specifically does the presence of U.S. troops in Iraq make your job easier at home?

CHERTOFF: Well, it makes it easier because any time we take to the war to the enemy overseas, we kill them, we capture them or we distract them from taking efforts against us. You know, killing Zarqawi, for example, was a major step forward in security, not just in Iraq but all over the world. And for those who somehow say we've provoked these attacks, in 1994, when Khalid Shaikh Mohammed wanted to blow up 11 airliners or 12 airliners, it was years before Iraq. The fact of the matter is...

STEPHANOPOULOS: But the number of recruits has gone up, and the violence in Iraq has increased since Zarqawi was killed.

CHERTOFF: George, you had recruiting because of Chechnya. You had recruiting because of Somalia. I mean, the fact of the matter is, we do not provoke terrorists. At the same time, we cannot appease terrorists. Our best weapon against terror is persistence, steadfastness and taking the war to the enemy. And that's what we're going to continue to do.

STEPHANOPOULOS: Mr. Secretary, thank you very much.

CHERTOFF: Good to be here.

STEPHANOPOULOS: Senators Russ Feingold and John McCain are next.

STEPHANOPOULOS: And we are back now with Senator Russ Feingold. He joins us from Madison, Wisconsin. Good morning, Senator.

FEINGOLD: Good morning, George.

STEPHANOPOULOS: Well, you heard Secretary Chertoff there. He says that the war in Iraq is making his job easier, making it easier for him to protect the homeland. What is your response?

FEINGOLD: Well, that can't be true. I heard him say that somehow Iraq distracts the terrorists. You know, it's just the other way around. It's distracted us. It's sapped us of our resources.

I think Osama bin Laden and all his lieutenants and sympathizers are absolutely thrilled that we continue to stay in Iraq for an indefinite period of time, as they conduct these operations and get others to conduct operations all the way from Indonesia to Turkey to Madrid to London. We are playing into their hands by having an indefinite commitment in Iraq. It has made us weaker. It's time to recognize that and focus on the kind of thing that was uncovered this week.

And I want to congratulate the British and those who helped them on that success. That's what we should have been focusing on all along.

STEPHANOPOULOS: You congratulate the British. I assume you're also congratulating the United States?

FEINGOLD: Of course. I don't want to talk about exactly who was involved or reveal anything that's confidential. I -- to the extent the United States was involved, of course, I'm delighted with that success, and the Pakistanis and the others. But I'm not in a position to discuss the specifics. The British lead role on this, of course, is public.

STEPHANOPOULOS: You also heard Secretary Chertoff make the point that the intensive surveillance tools that the Brits had and the United States had, the maximum flexibility that he believes both the Brits and the United States have has really been a key, that these are key tools in the war on terror. He mentioned the PATRIOT Act. You were the first senator -- only senator to vote against the original PATRIOT Act. You've been a strong critic of the warrantless wiretapping program. Does this success suggest, though, that those more flexible rules may be necessary?

FEINGOLD: Well, notice what the secretary said. He said that we want to respect the British legal system. That's all I ask, that we respect the American legal system.

I support wiretapping of terrorists. I have absolutely no problem with that. I just think it should be done within the law. And as the secretary acknowledged, we have updated some aspects of that, and I don't oppose those updates. I just want the White House to stop making up their own laws. And I'm on the Intelligence Committee, the Foreign Relations Committee and the Judiciary Committee, and I've spent countless hours working with my colleagues and administrative officials saying, yes, we want to get these guys, we want to wiretap them, and we want to stop them, but we should do it within the laws of the United States. Because I think the British did what they did under the laws of England.

STEPHANOPOULOS: As you said, you're on the Intelligence Committee. Do you have any evidence that the warrantless wiretapping program was used here?

FEINGOLD: Well, I certainly wouldn't be able to talk about it, but I have seen absolutely nothing to indicate that there's any need to do anything beyond the Foreign Intelligence Surveillance Act. Everything that we want to do, we can do within the act. Senator Feinstein and I -- of California -- we're on both the Intelligence and Judiciary Committees.

We have been read into this NSA program. And both of us have concluded that what this White House needs to do and wants to do can be done within current law.

If they want to propose changes, I'm open to it, but not making up your own laws. You know, the White House has been too obsessed with expanding executive power and not sufficiently focused on these kinds of issues of the terrorist threat around the world. They should be more focused on the threat, not trying to expand executive power.

STEPHANOPOULOS: As you know, there was also big political news this week. Senator Lieberman lost his primary to Ned Lamont up in Connecticut. Ned Lamont and you share the same position on Iraq, both calling for American troops to be out by next July.

I want to show you Senator Lieberman's response, though, to the foiled London plot and get your response. Here it is.

(BEGIN VIDEO CLIP)

LIEBERMAN: If we just pick up, as Ned Lamont wants us to do, and get out by a date certain, it will be taken as a tremendous victory by the same people who wanted to blow up these planes in this plot hatched in England. And it will strengthen them and they will strike us again.

(END VIDEO CLIP)

STEPHANOPOULOS: Senator Lieberman thinks that your approach will strengthen the terrorists, that it's a victory for terrorists. What's your response?

FEINGOLD: Well, I like Joe Lieberman. But support Ned Lamont because Joe is showing, with that regrettable statement, that he doesn't get it. He doesn't get it.

The fact is that we were attacked on 9/11 by Al Qaida and its affiliates and its sympathizers, not by Saddam Hussein. And unfortunately, Senator Lieberman has supported the Bush administration's disastrous strategic approach of getting us stuck in Iraq instead of focusing on those who attacked us.

I mean, look at the places that have been attacked, India, Morocco, Turkey, Afghanistan, Indonesia, Somalia, Spain, Great Britain -- what does this have to do with Iraq? And Senator Lieberman is stuck on that point. Ned Lamont and I believe that we should refocus on those who attacked us on 9/11 and not simply try to cover our tracks because this was such a very poor decision in terms of the overall battle against the terrorists who attacked us.

STEPHANOPOULOS: Do you think Senator Lieberman should get out of the race?

FEINGOLD: Well, you know, I think that's his own decision. It would be better for the Democratic Party. I think it would be better for the people of Connecticut.

It would be better for the country if he did it, not because he hasn't been a good senator, not because he isn't a good man, but this is a critical time.

And we have to change course. We have to focus on those that attacked us on 9/11 and get away from this very mistaken policy in Iraq. So it would be helpful if he would do it. But obviously, Joe will have to make that decision for himself.

STEPHANOPOULOS: Your leader, Harry Reid, in the Senate, has said that Senator Lieberman will continue to maintain his committee assignments as a Democrat for the remainder of this Congress.

Why should someone who's running as an independent be allowed to be a Democrat on a committee?

FEINGOLD: Well, frankly, I don't have any problem with that. Joe was elected as a Democrat for this six-year term. He's still finishing out that term.

He's a distinguished member of those committees. And to me, it would be overdoing it to try to remove him from that point.

The election will be held in November. And those changes, if Ned Lamont wins, as I hope, can be made at that time.

STEPHANOPOULOS: You're also looking forward to the elections in 2008. And I want to go to something you said about our next guest, Senator John McCain.

You were talking to Playboy magazine earlier this year. I see that smile on your face.

And this is what you said about McCain. You said, It may be that the Republicans will have such a desire to win again that they would actually accept a straight shooter. The general public would support him, and he would win easily.

FEINGOLD: Now, here's what I don't get. You're against the war in Iraq. You believe that the country agrees with you. John McCain wants more troops in Iraq, yet you think he would win a general election easily.

How do you square all that?

FEINGOLD: Well, I'm going to retract every good thing I've ever said about John McCain right now. I've done way too much.

(LAUGHTER)

No, I love John McCain. He's a great guy. The fact is we do disagree on Iraq. But I think that, on the overall fight against terrorism, and that that's the number one priority, there's a lot of agreement.

John and I have been to Baghdad together twice and talked about this at length. So obviously, I'm going to be supporting a Democrat for president of the United States. But I have a very high regard for John McCain.

And this is just an area of disagreement. We agree tremendously on reform and worked together well. And I'm proud to serve with him in the Senate.

STEPHANOPOULOS: But do you still think he would win easily, even if you were the Democratic candidate?

FEINGOLD: Oh, I think he'd beat me. But, you know, in terms of overall, I think John would be a very strong candidate. But let's see what happens.

STEPHANOPOULOS: Senator Feingold, thanks very much.

And now we're going to go from Madison to Phoenix to Senator John McCain, with a big smile on his face.

He retracts every good thing he ever said about you, Senator McCain.

(LAUGHTER)

MCCAIN: Russ and I have worked together on many issues for many years. We've had spirited and respectful debate on the issue of Iraq and a number of other issues because, Russ, as is Joe Lieberman, are liberal Democrats.

But I appreciate the tenor of our debate.

And I'm not embarrassed to say that both Russ and Joe Lieberman are friends of mine. And I appreciate that.

STEPHANOPOULOS: You just called Senator Lieberman a liberal Democrat. He also agrees with you on the war in Iraq. Are you going to endorse him in his Senate race?

MCCAIN: Joe Lieberman?

STEPHANOPOULOS: Yes.

MCCAIN: You mean?

STEPHANOPOULOS: Yes.

MCCAIN: Look, Joe Lieberman, I believe, has worked in a bipartisan fashion on many issues, including his position as ranking member with Senator Susan Collins on the Homeland Security Committee, where they've worked closely with Secretary Chertoff and the administration. Joe and I have disagreements on a number of issues because I'm a conservative Republican and he's a liberal Democrat. But it's been a pleasure for me to work with Joe on creation of 9-11 Commission, on the armed services committee together, on many issues, and Joe Lieberman puts America first and his party second...

STEPHANOPOULOS: That was a mini filibuster there, Senator.

MCCAIN: ... and I appreciate it.

STEPHANOPOULOS: Are you endorsing him or not?

MCCAIN: I don't think it's appropriate for me to endorse or not endorse Joe Lieberman because he is running as an independent Democrat, but that's up to the people of Connecticut. I will continue to support the Republican nominee.

STEPHANOPOULOS: So you are going to support the Republican nominee, Arthur Schlesinger, Mr. Schlesinger?

MCCAIN: Yes, yes.

STEPHANOPOULOS: I'm surprised at that, frankly, because you have worked with Senator Lieberman so much. Two Republican Senate candidates in both Washington and Minnesota have reached out and are endorsing Senator Lieberman. Why not you? MCCAIN: I'm a Republican. I'm a conservative Republican. I wish Joe well in everything that he does. I support nominees of my party.

STEPHANOPOULOS: The day after that election, Vice President Cheney gave an interview to some reporters that caught a lot of people's attention. He said that the Democrats' rejection of Senator Lieberman shows a pre-9/11 mindset that will also encourage Al Qaida types.

And I want to show you what former Homeland Security Secretary Tom Ridge, appointed by President Bush, told Newsweek magazine about that this morning. He says, That may be the way the vice president sees it, but I don't see it that way, and I don't think most Americans see it that way. Who do you agree with, Vice President Cheney or former Secretary Ridge?

MCCAIN: On the issue of whether Joe Lieberman's defeat was in support of, something that helps...

STEPHANOPOULOS: Encouraged Al Qaida types.

MCCAIN: I think that we all are responsible for positions that we take on issues. Mr. Lamont wants an immediate withdrawal, as I understand it. Positions we take have consequences in politics and in public life. I strongly disagree with that. I do believe that that's the objective of Al Qaida, to get us out of Iraq.

I've been a strong critic of the tactics and the strategy that has caused us to be in the difficulties that we're in in Iraq today, but I still believe we have to win, and we must win. And if we do, I believe that it will be a significant victory for terrorism and Al Qaida.

STEPHANOPOULOS: Let me talk a little bit more about Iraq. And I want to show something, an exchange you and I had back in February when I asked you about the fighting between Shiites and Sunnis in Iraq.

(BEGIN VIDEO CLIP)

STEPHANOPOULOS: What should the role of U.S. forces be if Sunnis and Shiites start to fight each other? Is it right for Americans to sacrifice their lives to keep those communities apart?

MCCAIN; No, but the United States can continue to try to build the military and the police and law enforcement to a degree that they could keep them apart. I don't think we could intervene in that kind of violence.

(END VIDEO CLIP)

STEPHANOPOULOS: Yet at the Senate armed services committee hearing last week, when you were questioning General Abizaid and others, you pointed out that we were sending troops into Baghdad to clearly intervene in sectarian violence. So aren't we doing now exactly what you said we shouldn't do?

MCCAIN: I think we're trying to restore some order in Baghdad. I think it's going to be extremely difficult. I think 7,000 troops in a city of 6 million people is -- and they're employing the old search and destroy tactic rather than the hold and clear, which has been successful, which

is directly related to lack of sufficient troops, not only there, but sufficient size of our Army and Marine Corps, which has put a terrific strain on the military.

I still believe that as I said to you back in February, the key is the training and equipping and capabilities of the Iraqi military and police. And the Iraqi military, we're doing a better job, and there's improvements there. And the Iraqi police we're still at ground zero, but we are paying a very heavy price for the mistakes and failures that have been made from the beginning in this conflict, but we still...

STEPHANOPOULOS: But part of the reason we're in Baghdad is because the people there don't trust the military. They think they're taking sides in the conflict, and I just hope -- I want to try to nail down some criteria here. When does sectarian violence that we have to stop become civil war that we shouldn't be involved in?

MCCAIN: Well, as General Abizaid and General Pace said, we are approaching that, and it's going to be a near thing.

It's extremely difficult. And the situation is very, very hard to resolve, and it's going to be to a large degree on the ability of the Iraqi military and police. We are assisting them now. Still the Iraqi military are in the lead, but it's very, very difficult. I do not understate it, George.

STEPHANOPOULOS: But when General Abizaid and General Pace say it's civil war, we go?

MCCAIN: I don't know. We have to make decisions then as to what we need to do. I think that they are not there yet, and they emphasized that at the end of the hearing. But then we will have to make a decision if that happens. I continue to believe that we can and must prevail. And I believe the consequences of failure are catastrophic and that catastrophic -- that catastrophe will not be confined to Iraq.

STEPHANOPOULOS: Ambassador Khalilzad said late in the week that he sees more evidence that Iran is manipulating some of the militias in Iraq. And I want to show you something that President Ahmadinejad said in Iran in an interview to Mike Wallace this week and get your response.

(BEGIN VIDEO CLIP)

PRES. MAHMOUD AHMADINEJAD, IRAN (THROUGH TRANSLATOR): The problem that President Bush has that in his mind he wants to solve everything with bombs. The time of the bomb is in the past. It's behind us. Today is the era of thoughts, dialogue and cultural exchanges.

(END VIDEO CLIP)

STEPHANOPOULOS: The era of thoughts, dialogue and cultural exchanges. One way to read it it is an invitation perhaps to direct talks with the United States. Should President Bush accept?

MCCAIN: Well, as soon as the president of Iran renounces their -- two things. One is their dedication to the extinction of the state of Israel, and the other, if it's not going to be decided with bombs, then stop your pursuit of the acquisition of nuclear weapons.

Yes, Iran plays a major role in, particularly in southern Iraq, and it is mischievous. It is Iran that is supporting Hezbollah and Hamas. And the phase of this conflict when -- and I'd like to express my appreciation for the role of the French in Lebanon -- will be just a phase because the real conflict is between Iran and Israel. And Iran is dedicated to the extinction of the state of Israel using Hezbollah in this particular phase of this conflict.

But I'd be happy to discuss with the president of Iran or anyone else peace and culture as soon as they abandon their violation of treaties which -- in their pursuit of nuclear weapons and their renunciation of their desire to extinguish the state of Israel from the map.

STEPHANOPOULOS: But no direct talks now then?

MCCAIN: I don't -- look, there's plenty -- you know, we always talk about direct talks. There's plenty of ways in this world of communications to communicate with people, to communicate with Syria, to communicate with others.

But sometimes you lend prestige and legitimacy to positions which are untenable, such as their dedication to the extinction of a freely democratically elected government and country. And you lend credence to those positions when you engage in direct talks when you can achieve just as much, frankly, through communication. The Iranians know where we stand, and unfortunately for them, we know where they stand.

STEPHANOPOULOS: Senator McCain, thank you very much.

MCCAIN: Thank you.

STEPHANOPOULOS: The roundtable is next with George Will, Martha Raddatz and Robert Reich. And later, the Sunday Funnies.

(BEGIN VIDEO CLIP)

JON STEWART, HOST, THE DAILY SHOW : What do you make of Lieberman's decision to press forward in this race as an independent?

SAMANTHA BEE: Well, Jon, he's no quitter. In fact, sources in his campaign tell me if he loses again in November, he'll start his own Senate.

(COMMERCIAL BREAK)

(ROUNDTABLE)

(COMMERCIAL BREAK)

STEPHANOPOULOS: Our voice this week, Jon Secada.

(BEGIN VIDEOTAPE)

STEPHANOPOULOS: The Grammy Award winner was a boy when his family fled Cuba. And he's been back, just once, to Guantanamo. But he dreams of singing in a free Cuba, which is his message for Fidel Castro, who turns 80 today.

SECADA: If I were to tell Castro anything right now, on his birthday, it's to reflect, try to look at his conscience and allow Cuba to change. I think it's time for Cuba and for Cubans to really have the freedom to decide and choose what they want.

I remember, when I left Cuba -- I remember, kind of, seeing my family, you know, just saying good-bye. Even though, as a little kid, I understood that I might not come back, going to Guantanamo, kind of, just -- I guess it summed up all those things that deal with the fact I was going back to Cuba, thinking I would never go back.

I hope that very, very soon, I can go back, and that I'm able also to take my parents back, my father in particular, because he went through a lot to get out, and be able to sing in a free Cuba.

And I would sing -- my God -- everything. The day Castro dies, I think Cubans should -- and I would think that Cubans would want to evolve, look at the history of what has happened, turn the page, allow changes, careful changes, of course, but changes that I think the island deserves and needs.

Cuba needs help. If the world takes a good look in there, I think that they would see that it's time for Cuba to change.

(END VIDEOTAPE)

STEPHANOPOULOS: This morning, Cuba's official newspaper published the first photos of Castro since he ceded power two weeks ago, along with a note from Castro saying, I am very happy.

(SUNDAY FUNNIES)

STEPHANOPOULOS: That's our show for today. Tune in to World News Tonight for the start of an ABC News exclusive series with Jill Carroll, the Christian Science Monitor reporter who was kidnapped in Iraq. It then continues across ABC News and the Christian Science Monitor, beginning with csmonitor.com tonight.

Thanks for sharing part of your Sunday with us. We'll see you next week.

FOX – NEWS SUNDAY

CHRIS WALLACE, HOST: I'm Chris Wallace. Israel and Lebanon agree to a cease-fire, but intense fighting continues. The latest next on "Fox News Sunday".

A plot to commit mass murder on transatlantic flights is foiled, but who was behind it, and can we stop other terrorists? We'll ask the secretary of homeland security, Michael Chertoff, and Pete Hoekstra, chairman of the House Intelligence Committee.

An election shocker in Connecticut -- Joe Lieberman loses the Democratic Senate primary. We'll have the first Sunday interview with the winner, anti-war candidate Ned Lamont.

Plus, both parties look for a political advantage from the failed terror plot. Will it work with voters? We'll ask our panel, Charles Krauthammer, Elizabeth Shogren, Bill Kristol and Juan Williams.

And our Power Player of the Week helps put back together the bodies and spirits of wounded American soldiers, all right now on "Fox News Sunday".

And good morning again from Fox News in Washington. In the Middle East today, diplomacy and war are proceeding on separate tracks. For the latest we turn to Fox News chief Jerusalem correspondent Jennifer Griffin.

Jennifer?

JENNIFER GRIFFIN, FOX NEWS CORRESPONDENT: Chris, the Israeli cabinet has just approved the U.N. Security Council Resolution 1701. The cease- fire is expected to begin 16 hours from now. The cabinet voted 24-0 with one abstention, that of former defense minister Shaul Mufaz.

Cabinet ministers wanted to know why Israel launched a massive invasion of Lebanon just two days before a cease-fire was scheduled, tripling the number of troops in Lebanon since Saturday, why such an invasion didn't take place earlier.

Just before Lebanon's cabinet adopted the resolution unanimously on Saturday, Hezbollah leader Hassan Nasrallah declared victory. He accepted the agreement but added as long as there are Israeli troops on Lebanese soil, his fighters would shoot at them, meaning this cease-fire, Chris, is likely to include skirmishes between Hezbollah and Israeli forces south of the Litani River until the new U.N. force arrives to accompany Lebanon -- the Lebanese army's deployment.

We're just getting, Chris, an air raid siren about to start. It could mean Katyushas coming in, so I'll wrap up. But Foreign Minister Tzipi Livni just spoke. She said that she is calling on the Lebanese army to deploy immediately, and she said that the Israeli troops will not withdraw until the Lebanese army and the new U.N. force, which is not expected to arrive for another one to two weeks, deploy to the south along the border.

Chris?

WALLACE: Jennifer Griffin reporting live from the Israel-Lebanon border.

Jennifer, thanks for that, and take cover.

Also this morning, the first photos of Cuban leader Fidel Castro since his illness two weeks ago. Today is his 80th birthday. And Castro promised to fight for his health.

For more on the other major story of the week, the terrorist plot to blow up transatlantic flights, we're joined now by the secretary of homeland security, Michael Chertoff.

And welcome back to "Fox News Sunday".

MICHAEL CHERTOFF, HOMELAND SECURITY SECRETARY: Good to be here.

WALLACE: Britain's home secretary said today that it's highly likely that there will be another attempt at a terrorist attack and that there, in fact, may be more plotters still out there. What can you tell us?

CHERTOFF: I think that explains why the British and we have continued to maintain the alert level at red in Britain and orange in the rest of the United States.

Obviously, they believe they've picked up the main players, but it's a plot that's international in scope. We haven't fully analyzed the evidence. And therefore, we're still concerned there may be some plotters who are out there.

And we also have to be concerned about other groups that may seize the opportunity to carry out attacks because they think we are distracted with this plot.

WALLACE: In fact, do you know that there are other plotters still at large?

CHERTOFF: We don't know there are specific individuals that are high up on the list of plotters that are out there, but we also don't know what we don't know. And we know in general that there are other groups and pockets around the world that want to do us a lot of harm.

WALLACE: The Pakistanis arrested a key player in this operation, Rashid Rauf, who has close ties to Al Qaida. The Pakistani ambassador to the U.S. says there is definitely an Al Qaida connection to this.

After looking over all the information over the last few days, Mr. Secretary, what was Al Qaida's role?

CHERTOFF: Well, first of all, let's distinguish between whether there was a command and control relationship, something that was specifically approved at the higher levels of Al Qaida, or whether we're dealing with a looser network that is related to Al Qaida.

I think we're still in the process of forming a definitive conclusion partly because, as I say, there's a huge amount of evidence to be gone through, but certainly this plot bears the earmarks or the hallmarks of an Al Qaida-type plot in sophistication, global reach, and really the nature of the plot itself, which is multiple terrorist attacks at the same time.

WALLACE: Still no signs of any involvement, any presence here in the U.S.

CHERTOFF: Chris, this is our number one priority. We are literally, minute by minute, reviewing the evidence as it comes over to see if there's any sign of plotting or operational activity in the U.S. by these plotters. We have not seen that at this point. But that's going to be something we'll be watching literally hour by hour.

WALLACE: British laws give their authorities more latitude to pursue these terror plots than we have here in the U.S. It's easier for them to get search warrants. They can go further than we can on arrests and detention. They have MI-5 devoted exclusively to domestic surveillance.

In fact, do the Brits have more weapons to fight the war on terror than we do?

CHERTOFF: In some respects, they do. They have an easier time getting electronic surveillance and they also can detain people up to, I think, 28 days without charging them, and those are very useful tools when you're trying to intercept an ongoing and very dynamic plot when you may not have collected all the evidence.

I do have to say they have actually a little bit more of a challenge when it comes to bringing the cases in court because there are legal restrictions on their using evidence that we do not have. So in that respect, we have a little bit of advantage when we actually prosecute the case.

WALLACE: Is there anything that they have that you'd like to get and, in fact, are going to call for?

CHERTOFF: Well, I think certainly making sure that we have the ability to be as nimble as possible with our surveillance is very important. And frankly, their ability to hold people for a period of time gives them a tremendous advantage.

Now, there are some legal restrictions here under the Constitution that they don't have, but their nimbleness and their flexibility are important tools we want to have here as well.

WALLACE: So you'd like to see some changes in our laws?

CHERTOFF: I think we should always review the law to see whether there are some things that would help us intercept these plots more readily.

WALLACE: Speaking of the laws, it's been widely reported that U.S. officials went to the FISA court, the Foreign Intelligence Surveillance Court, to get warrants for some surveillance done in this country. Was that because there was concern that doing it without warrants would be illegal?

CHERTOFF: Well, first of all, I was not involved in the process of whether warrants are obtained or not, and I'm not going to talk about specific techniques.

I think one of the challenges we face now is there's been so much churn in the legal environment that we want to make sure that we're clearly on the right side of the law. But that, again, underscores the importance of our ability to do electronic surveillance and other kinds of techniques in a very fast and efficient way.

And we've got to have a legal system that lets us do that so that we can prevent things from happening rather than punishing people or reacting after the fact.

WALLACE: Let's talk about your department. There has been criticism that DHS -- and this is criticism since the plot was exposed -- that DHS is too focused on fighting the last war, that you're too focused on preventing another 9/11 with box cutters when, in fact, you should be worried about new threats.

For instance, we have known since the Bojinka plot was exposed in the Philippines in 1995 that Al Qaida was trying to use liquid explosives, yet, Mr. Secretary, as we sit here today, 10 years later, your department still does not have the capability to detect liquid explosives on carry-ons.

CHERTOFF: Actually, Chris, let me set the record straight on that. First of all, last fall, when we announced that we were going to cut back on some of the restrictions involving nail clippers, we made exactly the point you've made now. And this is, of course, months ago.

We said we felt we had gotten the cockpit security to the point we didn't need to worry so much about 9/11 plots, and we were going to put our resources and our training into explosives. We've run six pilots on liquid explosive detection.

We have retrained 38,000 screeners in up-to-date techniques for spotting detonators and modern types of explosive devices. So in fact, we have done the very thing you're suggesting.

WALLACE: But wait. But as we sit here today, if these plotters had come through with bottles of clear liquid in their carry-on, you couldn't have detected that.

CHERTOFF: It's actually unclear whether we would have or not. But of course, until we can ascertain that our techniques allow us to spot this kind of plot, we want to make sure we're safe rather than sorry.

The challenge here, Chris, has been this. It's not that we can't detect the chemicals. It's that the chemicals are very common, and there would be a lot of false positives. And a regime that required us to open every bottle would make it intolerable to get on line and wait to get on an airplane.

What we have to do is build a system that is efficient as well as one that's capable of detecting.

WALLACE: The Government Accountability Office says that in 2003 DHS redirected more than half of its $110 million in research funds to pay for more screeners.

And as a result, in 2005, GAO said this, and let's put it up on the screen. "TSA delayed development of a device to detect weapons, liquid explosives and flammables in containers found in carry-on baggage or passengers' effects."

Then this June, after DHS considered taking another $6 million away from technology, the Senate Appropriations Committee called your research arm -- and again, let's put this up on the screen -- "a rudderless ship without a clear way to get back on course."

Mr. Secretary, aren't those serious problems?

CHERTOFF: Well, let me make this point. You can't look at the screening of bags for explosives as merely a technology issue. Technology is certainly one solution, but you know, human ingenuity is a huge part of this, and that's exactly why retraining and hiring screeners is important.

Look what the Israelis do. The Israelis do not rely only on technology. They have people who are trained in pattern recognition, who ask very probing questions. That is exactly what we've done over the last year, Chris. We have reprogrammed our training to focus on pattern recognition and giving screeners the tools to look at the most modern detonating devices.

So it's wrong to look at technology as the only solution. It's part of a system of solutions.

WALLACE: Finally, and we've got about a minute left, let's do a lightning round -- quick questions, quick answers -- on some security issues that are going to affect a lot of people. Would you ever consider banning all carry-on luggage for safety?

CHERTOFF: Unlikely at this point.

WALLACE: Why?

CHERTOFF: Because I think that we can do the job with our screening, screening training and our technology without banning all carry-on luggage. And we don't want to inconvenience unnecessarily.

WALLACE: How soon will you lift the code red on all flights from the U.K. to this country?

CHERTOFF: I think that's going to be something that's going to very largely depend on where the British investigation is.

WALLACE: Finally, all Muslims aren't terrorists, but all these terrorists are Muslims. Why not, even if it's not politically correct -- why not engage in security profiling instead of wasting time taking my 85- year-old mother -- who's not 85; I don't want her to get mad at me -- but taking my mother out of screening and checking her?

CHERTOFF: Well, we're not against using common sense. And obviously, screening 85-year-old grandmothers probably isn't very sensible.

WALLACE: But it happens all the time.

CHERTOFF: But I will tell you that the terrorists themselves focus on using people who do not look like our ordinary conception of terrorists precisely in order to get around our security.

So if we become too focused on a particular profile, we're likely to be dropping our guard precisely where the terrorists are going to be acting next.

WALLACE: Mr. Secretary, we're going to have to leave it there. Thank you so much for coming in today.

CHERTOFF: Good to be on, Chris.

WALLACE: For more on the terror plot, we turn now to the chairman of the House Intelligence Committee, Pete Hoekstra, who joins us from Grand Rapids, Michigan.

Mr. Chairman, I know that you got a full briefing from intelligence officials on Friday. Do you think that Al Qaida was involved? And what do you know about this question of whether members of this plot are still at large?

REP. PETE HOEKSTRA (R), MICHIGAN: Well, I think it's very clear, as Secretary Chertoff talked about, this has all the hallmarks of Al Qaida being involved in the process -- the types of attacks that were planned, the scope of the attacks.

Remember, this was an attack that was going to be as big, if not bigger, than 9/11, over 3,000 Americans potentially dying on a single day within a few hours of each other. This has all the hallmarks of, at minimum, an Al Qaida-inspired type of attack.

WALLACE: And are some of the members of this plot still at large?

HOEKSTRA: I think we need to look at the principle here, Chris. This is a war. There may be some members of this specific plot who are still at large, but we also need to recognize that there are probably other plotters and other plans ongoing as to how they can attack the U.S. in the homeland or our interests abroad.

WALLACE: Mr. Chairman, there are a lot of questions about Pakistan, which did a good job in arresting some of the key plotters, but on the other hand, time after time turns out to be headquarters for maybe some would say Ground Zero for a number of these terrorists.

Is President Musharraf doing everything he can to roll up the terrorist networks inside his country?

HOEKSTRA: I think the principle here is this is a global effort. We need to fight this on a global basis. President Musharraf, I think, has done a number of things that have been very, very helpful in this war on terror.

We obviously see that one of the other places that we need to focus on is Great Britain and Europe, where there are a tremendous number of radical Islamists who have participated in these types of plots. But they've also been found in Canada. They've also been found in Australia.

We need to fight and engage this battle on a global basis and build the alliances that will enable us to be successful.

WALLACE: Let's pick up on that, because as you well know, Chairman Hoekstra, President Bush says that the central front in the war on terror is Iraq.

Doesn't this plot show that, in fact, Al Qaida has many more direct ways to attack us, and to attack us here in our homeland, than in Iraq and Afghanistan?

HOEKSTRA: Well, I think that what you see here is it is a global war. This is a real war. It is fought on a global basis. The techniques that we need to employ are offense, not defense.

We need to reach down into these terrorist organizations and get them at the planning stage, which is exactly what happened in this case. We need to tip our hats to the intelligence community. This was a tremendous success last week.

The tools that we've put in place, the strategies that we've put in place worked. I told the intelligence folks this on Friday. They said thank you.

Now we need to go back to work because this is an ongoing effort. Yes, we were successful this week, but the threats are still very, very real and very significant.

WALLACE: Let's talk about this question of international cooperation. I know that a number of other countries have concerns about the ability of our government, of our intelligence community, to keep secrets, to keep these things from not appearing on the front pages of the New York Times. Was that an issue in this investigation?

HOEKSTRA: I think it, again, is an ongoing issue. It raised its head here again because what happened here in the U.K. -- it moved from foreign intelligence, which is how we're treating it -- in the U.K., this is now a law enforcement issue.

The British have to take these folks that they've arrested, put them into the legal process and now prosecute the case successfully. And as information comes out through the U.S., leaks, the problem is it may jeopardize their ability to prosecute some of these individuals.

Leaks are absolutely devastating our ability to build these international connections that we need in this global war.

WALLACE: Let's discuss the issue that I brought up and discussed with Secretary Chertoff. Are the British better equipped than we are to fight the war on terror, legally better equipped? And would you like to see changes in some of the U.S. antiterror laws?

HOEKSTRA: I think what we need to do is we need to take a look at this specific plot, take a look at the tools that were used that allowed us to effectively stop that plot and see if we need to implement some of those in the United States.

What I'm more worried about, Chris, is we have people here in the United States who want to take away some of these tools that we've developed.

Our strategy for excellence in this war on terror, our ability to stop financing, our ability to link foreign intelligence with domestic law enforcement, and our ability to do the kind of surveillance and get the speed that we need to get within the decision-making cycle of the terrorist groups -- there's folks that in the United States want to get rid of some of the tools that we have developed over the last five years.

When we start talking about change, those are the changes that I'm most nervous about.

WALLACE: Well, we've got less than a minute left, and I want to ask you about that, because in this particular case, according to reports, authorities, U.S. authorities, went to the FISA court and got warrants to carry out surveillance.

Doesn't that, in fact, show that you don't need some of these programs the president started after 9/11, like warrantless wiretaps?

HOEKSTRA: I don't think it shows that necessarily at all. I'm not going to talk about specifically what tools were used in this case. We do know that we need speed.

The other thing we know we need, Chris -- we need to get back to bipartisanship. You know, a threat on this scale shows that this is a real war. This is a real threat. No one should use this event or this war for political advantage.

WALLACE: Congressman Hoekstra, we're going to have to leave it there. Thank you so much for sharing your Sunday with us.

HOEKSTRA: Thanks, Chris.

WALLACE: Up next, he's the Democrat's man of the hour, the new Senate nominee from Connecticut, Ned Lamont. You'll meet him when we come back.

WALLACE: When the political dust settled late Tuesday in Connecticut, Joe Lieberman was out as the Democrat Senate nominee and our next guest was in. With us now for his first live Sunday talk show interview ever is Ned Lamont.

Mr. Lamont, welcome to "Fox News Sunday" and congratulations on your victory this week.

NED LAMONT, CANDIDATE FOR U.S. SENATE (D-CT): Thank you, Chris. Delighted to be here.

WALLACE: After the primary this week, Vice President Cheney said that your victory as an antiwar candidate encourages the Al Qaida types. And Joe Lieberman picked up on that same theme after word of a terror plot in England. Let's take a look.

(BEGIN VIDEO CLIP)

U.S. SENATOR JOSEPH LIEBERMAN (D-CT): If we just pick up as Ned Lamont wants us to do and get out by a date certain, it will be taken as a tremendous victory by the same people who wanted to blow up these planes and this plot hatched in England.

(END VIDEO CLIP)

WALLACE: Mr. Lamont, does your victory show that at least some Americans are weakening in their will to fight the war on terror?

LAMONT: No, I think on the contrary. What this election showed is that a lot of people in Connecticut think that the invasion of Iraq has nothing to do with our war on terror. It's been a terrible distraction.

Here you are talking about the failed terrorist plot today. It originated in Pakistan, goes through London, and here we have 132,000 of our bravest troops stuck in the middle of a civil war in Iraq.

I think it was that disconnect that a lot of people focused on in Connecticut.

WALLACE: When Vice President Cheney said that your victory encourages the Al Qaida types, did you find that offensive?

LAMONT: Yeah, I did find that offensive. I find that terribly harsh and wrong. Look, what's going to -- what we ought to be doing is fighting the war on terror in a serious way. I think we've gotten a little bit complacent, to tell you the truth. Maybe we've had a wake-up call in the last couple of days.

We ought to be focused on homeland security. We ought to be focused on our ports, on our airports and public transportation, a lot of which you were talking about here today.

We also are much stronger when we work in concert with our allies, when we have shared intelligence. And I think that we've taken our eye off the ball there a little bit, and I think it's time to focus.

WALLACE: Let's talk, though, about some of the weapons that President Bush authorized after 9/11 to fight the war on terror.

You say that the NSA warrantless wiretaps are illegal. You've called for President Bush to be censured because he allegedly broke the law. You also have been very critical of the Patriot Act.

Now that we've had word of the terror plots -- and we know as we've been discussing today that Britain already has a lot of laws, legal tools that we don't -- would you really take away some of the weapons we have now to fight terror?

LAMONT: No, it's not a question of taking away any laws. It's a question of having a president of the United States who follows the law. And if he wants to change some of the laws, if he thinks the FISA rulings were too slow and he needed some help, go back to Congress and change the laws, but don't do it unilaterally.

What I objected to was the fact that we had a president and some of his team that thought they were above the law, and then they said we'll fix the laws after the fact. I thought that was wrong.

WALLACE: You've also been critical of the Patriot Act. Are there some elements of that that you wish had not been passed?

LAMONT: Look, when it comes to the Patriot Act, again, I think it ought to be tightly drawn to respect our civil liberties but also give the American intelligence community all the tools they need to fight the war on terror. And I think it's a careful balance we have to have there.

WALLACE: Is there any specific measure in the Patriot Act that's in there now that you would like to see taken out?

LAMONT: Well, certainly, there's been an awful lot of talk about going after librarians and seeing what books that, you know, Chris Wallace's kids are taking out and not taking out. That seemed to be casting a net a little too wide, that jeopardizes some of our liberties, sure.

WALLACE: Of course, your big issue is your opposition to the war in Iraq, and you've pointed it out again today. You think that it's a distraction from the war on terror.

Last week you were asked the following, and let's put it up on the screen, what would you do right now if you were in the Senate about Iraq? Your answer, "I would have supported, you know, the Kerry-Feingold amendment which calls for pulling out all U.S. troops out of Iraq by next July.

Mr. Lamont, what do you think happens to Iraqis who trusted us to protect them from the insurgents? What do you think happens with all the sectarian violence if we pull all of our troops out in less than a year?

LAMONT: Look what's happening now. We've been there three years. We've gone from greeted as liberators to just a few dead- enders, to some sectarian violence, to civil war. You know, unlike Senator Lieberman, unlike President Bush, I think we've got to look at the facts on the ground.

Things are getting worse, and our very visible front-line presence is making the situation worse in many ways. So let's be clear with the Maliki government. Let's say we have no permanent intentions upon your military bases. We're going to not be here on a permanent basis. It's not unconditional. We're going to start bringing our troops home, and we ought to have them home within a year.

I think that's reasonable, gives them time, their 200,000 troops to step up. But it's a basic message. I mean, President Bush says we'll stand down as soon as the Iraqis stand up. I turn that on its head. I think the Iraqis won't stand up until we stand down.

So let's negotiate a phased withdrawal. Chris, we'll be there. We'll be there for humanitarian support. We'll be there for reconstruction. But now's the time to get the very American face off of this perceived occupation.

WALLACE: But the prime minister, al-Maliki, was here just recently and said we need U.S. troops to continue to be there. What if you're wrong, Mr. Lamont, Senator Lamont? What if you're wrong? You vote for this, to get them out, and there's a blood bath?

LAMONT: There is a blood bath. What if it keeps getting worse? What if it gets even worse? No, I don't think I want to have 132,000 troops back in the middle of a civil war. I think only the Iraqis will be able to solve this for themselves.

We'll be there for support. We've got our troops in Kuwait. We have our maritime presence. We'll make sure that Iran and others don't come in to create any mischief. But I think the big difference between the president and I, the senator and I, is I think it's now time for the Iraqis to step up and take control of their own destiny.

WALLACE: So under all circumstances, all troops out by next July.

LAMONT: I don't know about all circumstances whatever. But right now I think our policy ought to be let's be clear with the Maliki government. We're going to have our troops out within a year. We'll be there for reconstruction, training, everything else in the background. But yes, I think let's set the record straight.

WALLACE: This week you even linked the war in Iraq to what's going on in Israel. Take a look at this, if you will.

LAMONT: Sure.

WALLACE: This is what you had to say. "Hezbollah has been emboldened. They're attacking Israel. I think you can just look around the Middle East right now and you can see just the many factors of how this invasion of Iraq was a disaster."

Mr. Lamont, here's a brief history of Hezbollah, and let's put it up. In 1983, they bombed the U.S. embassy and the Marine barracks, killing 258 Americans.

In 1996, they helped the Iranians blow up the Khobar Towers in Saudi Arabia, killing 19 servicemen.

They have been at war with Israel for a quarter century. Can you really blame Hezbollah on the war in Iraq?

LAMONT: I'd say the war in Iraq has emboldened Iran. An emboldened Iran doesn't have its historical enemy, Iraq, right there, makes Israel more vulnerable. Iran, Syria, Hezbollah -- there is a nexus there.

Yes, I think we've destabilized the Middle East and we've done nothing for Israel's security because of this.

WALLACE: And you think that this Hezbollah attack -- you can link it to the fact that we're in Iraq?

LAMONT: Well, what I said was our invasion of Iraq has done nothing for Israel's security and has emboldened Iran. Absolutely.

WALLACE: Let's do a lightning round, because for a lot of people this is the first time that they have ever met and heard Ned Lamont. So let's do a series of quick questions and quick answers to get a sense of who you are and what you stand for.

You're for immigration reform. Would you include a path to legalized citizenship?

LAMONT: I'd certainly include a path to legal status. Look, I teach classes at a high school in Bridgeport, and I can tell you an awful lot of these kids just weren't fortunate enough to be born in this country. They're not going to jump ahead of anybody in line.

They're going to earn their way to a legal status. But we're not going to ship 11 million people home.

WALLACE: You're for energy independence. Let's talk about some of the components of that. Drilling in ANWR?

LAMONT: I oppose that. I just think it's a false choice. That's going to buy us a few months, six months. Doesn't get the job done.

WALLACE: Wind turbines in Nantucket sound?

LAMONT: Look, I don't think it's for the federal government to pick and choose which of these renewable energy sources is going to be the winner, which is going to be the loser.

I can tell you at $75 a barrel, a lot of these things are economical right now. And I think the free market's going to go there. And I think the federal government ought to have a crash course when it comes to real research in terms of making progress.

WALLACE: Is there any issue that you can identify right now where you break with liberal democrats?

LAMONT: I'm a strong fiscal conservative. I think we've got to live within our bounds. I don't know whether that breaks with liberal Democrats or not, but I can tell you there's nothing conservative about this administration -- you know, $9 trillion in debt.

You know, we're borrowing from our kids. We're mortgaging their future instead of investing in their future. I feel strong about that. I'm a business guy. That's what we believe.

WALLACE: Let's talk a little politics as well. There's a new poll out today, the first since the primary, and let's put it on the screen. It shows Lieberman at 46 percent, you at 41 percent, and the Republican candidate, Alan Schlesinger, at 6 percent.

Given those numbers, would you agree that Joe Lieberman is a legitimate candidate and not a spoiler in this race?

LAMONT: Well, look, I don't spend too much time on polls. As you may know, I started out as less than an asterisk about six months ago, and here we are virtually in a dead heat with a three-term incumbent.

Look, I played by the rules of the primary. The primary said I'm going to endorse the winner of this primary, we're going to go forward united. You know, Senator Lieberman had a different choice. He said I'm going to start up my own party and jump-start this again.

Is he playing the role of a spoiler? I wouldn't go that far. But I would say I wish he'd reconsider what he wants to do. I think it's important that we have a unified front going forward.

WALLACE: The fact is you think he's going to drop out because he doesn't have enough money, correct?

LAMONT: No, I can't read Senator Lieberman's mind, obviously, and I have no idea what he's going to do. I can tell you there are an awful lot of people asking him to reconsider.

WALLACE: Do you think that Joe Lieberman is a true independent candidate or do you think that he now, in effect, is the candidate for the Republicans in the White House?

LAMONT: I know he's getting an awful lot of Republican support. You know, you mentioned Vice President Cheney's attack. That was, you know, mimicked by Senator Lieberman soon thereafter. So I do sense there's a little bit of coordination going on there.

But I'll take him at his word. He says he's going to run as an independent.

WALLACE: Mr. Lamont, we're going to have to leave it there. We want to thank you so much for coming by this morning, and we'll see you along the campaign trail.

LAMONT: Nice to see you, Chris. Thanks.

WALLACE: Coming up, our Sunday panel on the other big story of the week, the U.N. cease-fire resolution for the Middle East. Will it really put an end to the fighting? We'll be right back.

CONDOLEEZZA RICE, SECRETARY OF STATE: With the passage of this resolution, the international community has helped to open a path to lasting peace between Lebanon and Israel that will end the suffering and the violence of this past month.

(END VIDEO CLIP)

WALLACE: That was Secretary of State Condoleezza Rice speaking on Friday to the U.N. Security Council.

It's panel time now, and we welcome a newcomer, Elizabeth Shogren of National Public Radio.

Thanks for joining the group today.

ELIZABETH SHOGREN, NPR: Nice to be here.

WALLACE: And here as well, Fox News contributors nationally syndicated columnist Charles Krauthammer, Bill Kristol of The Weekly Standard, and Juan Williams, also for National Public Radio.

Well, as we reported earlier, all sides are signing on to the cease- fire resolution, but at the same time -- and it was quite dramatic to hear Jennifer Griffin with the air raid sirens -- the fighting continues.

Bill, what's going on?

BILL KRISTOL, WEEKLY STANDARD: I guess it will continue for another 24 hours and then be reduced. I don't think it will stop entirely. You know, Hezbollah is saying they've won and, of course, they would say that anyway.

But in this case, I'm afraid the truth is that a terrorist group launched an attack across an international border a month ago, and though they have paid some price in their own -- in having a lot of stuff destroyed, basically they have not been decisively defeated.

And their state sponsors of terror, Syria and Iran, have paid no price at all. They're not mentioned in the U.N. resolution that we signed off on Friday night.

WALLACE: So, Juan, a victory for the bad guys?

JUAN WILLIAMS, NPR: Well, I don't understand how you can have a victory when you see the condition of Lebanon -- I mean, the place has been torn apart -- unless you're saying that really what Hezbollah is after is simply making a show of their hatred of Israel and serving as a surrogate for Iran.

In that case, I guess they come out of this not unscathed, but certainly surviving, and that's all they needed in order to generate tremendous support from those who opposed Israel throughout the Arab world and carry around signs of Nasrallah and make him some sort of folk hero.

But I think the larger story here is this week what happened between the U.S. and Israel, and the U.S. for the first time saying, you know, Israel did not take advantage militarily of the 30-day period that was given them to degrade Hezbollah strength and questioning exactly -- not only Olmert but questioning Israeli policy.

Was it in the best interest of Israel to do what has happened here? Israel looks weakened after this incident.

WALLACE: Charles, before we look back, let's look forward. You've got this U.N. resolution which calls for 15,000 Lebanese soldiers, also a U.N. force of 15,000 international soldiers to go into southern Lebanon and, as they do, Israel to withdraw.

Do you see the elements here, the foundation, for a lasting cease-fire or not?

CHARLES KRAUTHAMMER, SYNDICATED COLUMNIST: No. No one knows exactly what the U.N. and the French and the others are going to do. The mandate is not as robust as intended. It's not a Chapter 7, which is U.N. language for having the real enforcement mandate.

Our history with U.N. forces in Lebanon is completely hopeless. They have done nothing in the past. Look, if you compare what's happened to what Israel had hoped and declared, and what the prime minister had boasted would happen -- unconditional release of the soldier, the destruction of Hezbollah, or at least a disarmament -- it's a failure.

The only good thing that you can say is you compare to what Israel was at the beginning, that the real defeat was in 2000 when Israel left Lebanon, got nothing in return, and Hezbollah entrenched itself on the border with watch towers, bunkers, all these forces. That probably is not going to return.

You'll probably have at least a mile or two where you're not going to have Hezbollah armed and dangerous, able to shoot rifles into Israel. And probably there'll be some disarmament up to the Litani. But Hezbollah is there, and it will resume the war at its timing and Iran's timing in the future.

WALLACE: Elizabeth, are you as bleak as your colleagues here on the panel?

SHOGREN: Well, I think that it's -- I'm afraid I don't think that this cease-fire is going to stop hostilities between the two sides. I think that what we've seen happen -- and even as late as this week, you heard the top Bush administration officials saying that it's going to take time before peace takes hold.

The troops will have to come in and then we'll still see what happens. I don't know. If I were a peacekeeper right now, I don't think I'd want to go in between the Israeli forces and Hezbollah, because I don't think it's going to be peaceful.

Even the way the peace agreement is -- the cease-fire agreement is laid out, Israel doesn't have to lay down whatever it calls its defensive operations, and I think Israel has a pretty broad definition of what defensive operations means.

WALLACE: Bill, let's look back now over the past month of fighting. As you look at Israel and Hezbollah, Iran and the U.S., who are the winners and who are the losers?

KRISTOL: Well, I'm afraid Iran is probably the winner. I mean, they unquestionably signed off on Hezbollah starting this. It was a distraction from the alleged -- well, not the alleged -- the Security Council move-in on Iran's nuclear program, which no one's talked about now for a month.

And as I say, Iran has paid no price, zero price, for clear state sponsorship of a terrorist group attacking across an international border. I think the Olmert government initially will be the loser, and I'd be surprised if it survives.

There's a huge amount of criticism of his performance as prime minister from both left and right in Israel. And they have a parliamentary system, and I wouldn't be surprised to see a new cabinet there pretty soon.

WILLIAMS: So what you get is Benjamin Netanyahu and the right wing in Israel, I guess, would gain, although I was saying to you earlier, in some ways, it sounds incredible coming out of my mouth, but you wish Sharon was around, because I don't think Sharon would have gone into this trap in terms of the prisoner being captured and then trying to get some kind of extended stay into Lebanon.

I think he would have dealt with it more deftly. And instead, what we see is, I think, Israel walked into this thing, and it has not been -- obviously, air strikes proved ineffective.

So you know, coming out of it, you'd have to say that Olmert is being attacked and the military is being attacked, and Israel's sense of invincibility, strong militarily, strong intelligence, has been undermined.

That's not good for the Israel. It's not good for the Middle East, not good for the U.S.

WALLACE: You've got the situation, Charles, where first of all you had the air campaign, which was ineffective, then a belated ground offensive, then the acceptance of the cease-fire resolution, which, as you point out, doesn't give Israel all the protection it needs.

How much trouble is the government of Ehud Olmert in?

KRAUTHAMMER: I think he falls soon. Remember, the party he leads is not really a party. It was cobbled together as a party of Sharon, and Sharon is gone. It doesn't have any history. It's basically a committee of people who are not colleagues, who haven't shared ideologies.

The minister of defense is a former union organizer. Livni, the foreign minister, is untested. I think it falls apart and we will resume the old politics of left and right, the center having had a catastrophe.

WILLIAMS: Now, Charles...

WALLACE: Wait, let's let Elizabeth in.

You get the last word here.

SHOGREN: Well, I think it's interesting because you have seen him scrambling in the last couple of days trying to say that there's something that he's brought out of this confrontation.

Is it that, in fact, the peacekeepers are going to be able to go in and change the situation so Hezbollah isn't as armed anymore? You see him scrambling and reaching for those things. And I think it shows that he's in a desperate situation.

WALLACE: All right. We do have to take a break here.

But coming up, the plot to blow up transatlantic flights -- what does it mean for the war on terror? And does it change the political landscape for the November elections? Our panel tackles that in a moment.

WALLACE: On this day in 2004, Hurricane Charley struck Florida. The Category 4 storm, packing 150-mile-per-hour winds, killed 29 people and did more than $15 billion in property damage.

Stay tuned for more from our panel and our Power Player of the Week.

(BEGIN VIDEO CLIP)

PAUL STEPHENSON, DEP. COMMISSIONER, SCOTLAND YARD: You cannot stress too highly the severity that this plot represented. Put simply, this was intended to be mass murder on an unimaginable scale.

(END VIDEO CLIP)

WALLACE: That was the deputy police commissioner from Scotland Yard after British authorities broke up the plot to bomb planes flying from the U.K. to this country.

And we're back now with Charles, Elizabeth, Bill and Juan.

Well, obviously, foiling this plot was a huge victory, but, Bill, does it tell us anything we didn't know about the state of our enemy and how we need to go about fighting them?

KRISTOL: Well, it tells us that Al Qaida is alive and hopefully not too well, but alive enough to plan a major plot, alive in Pakistan, and alive, unfortunately, in some of the Muslim areas around London and in Great Britain. And that's worrisome, obviously, for the future.

The good news is the British intelligence seems to have been on top of it. We seem to have cooperated with them ably. We managed not to leak the story, which is awfully good.

Mike Chertoff told me before the show that on Sunday he came in a week ago Sunday to prepare for the homeland security, you know, special meeting, cabinet meeting, cabinet-level meeting, and he typed up his notes for the meeting on his own classified computer because they didn't want to let any of the assistants even know.

No one except at the very highest level knew. And it's important to do that, because if foreign intelligence agencies are going to cooperate with us, they need to be confident that we're not going to leak.

And I give the Bush administration a lot of credit for managing to prevent the leaks.

WALLACE: For keeping a secret? Boy, that's...

KRISTOL: Well, but look. Look, it hasn't been so easy in the past.

WALLACE: No, I understand.

KRISTOL: And I think the leaks have done damage in the past.

WALLACE: Juan?

WILLIAMS: Well, I think that -- you know, give all credit to homeland security in this case. I think that they did an effective job.

You know, the larger problem, I think, here is, you know, you start to get into the back and forth, the political back-biting that attends this, and now you see Democrats and Republicans all over each other, and Vice President Cheney saying that something like a Ned Lamont victory is good for the Al Qaida types.

I mean, why do we need that? Why isn't there a Bush administration that can understand that Democrats and Republicans are all against terrorists in this country?

WALLACE: Let me talk about that and explore it with you, Charles, because we did see this political firefight this week. Republicans say hey, this shows we can keep you safe and Democrats can't. Democrats say that Iraq is a huge distraction from the war on terror.

Who's got the better political side of that argument?

KRAUTHAMMER: Well, it depends how the election is framed in November. If the frame is the war in Iraq, the Democrats are going to win. If the frame is the war on terror, the president's going to win.

And in the last presidential election, the president succeeded in having the second frame, having it as a larger issue. Of course, Iraq was not as much of a drain in '04 as it is today. But I think it is -- that's going to be the tug-of-war.

The hard part for the president is to turn a non-event, the fact that we have not had a second attack, into a political plus. It's the absence of an event. It's a tremendous achievement. But it's not with you daily, and it fades with memory.

Look, we're approaching the fifth anniversary of 9/11 as a kind of a nostalgic historical retrospective with the movies and all of this stuff. And now we see that it's alive and well. So in that sense, it helps the Republicans in reminding us the war is still on, but will that last until November? I don't know.

WALLACE: Well, that's exactly right, Elizabeth, I mean, because chances are although this is big news now, it will be forgotten by November. We know Iraq will be in the news in November.

SHOGREN: That's true. And I think that the kind of things that we hear the president say, that we hear the Bush administration say, that we heard Cheney say this week -- they're starting to sound a little old to Americans, saying that somehow that Democrats aren't tough on terrorism, or Democrats -- and using Democrats and tying the war together with this.

I don't think that this is going to be as effective next time as it was in the last election. I think people are sick of hearing it. And I think just the polls -- the poll numbers showing that Americans don't want more -- don't want the war in Iraq anymore is going to influence things more.

WALLACE: Bill, after the events of this week -- and I know you're not going to like this question, but can you argue that the working class neighborhoods in Britain are a bigger threat to the United States than what happens in Baghdad?

KRISTOL: No. Look, there are lots of threats. It is a global war. The Bush administration, I think, is deeply correct about this. And what you do on one front affects what happens on the other front.

Cheney's statement is indisputably correct. It doesn't mean that Ned Lamont likes Al Qaida or wants Al Qaida to win. But the notion that a retreat in Iraq would not embolden terrorists elsewhere in the Middle East and terror recruiters in the suburbs of London is ludicrous. Of course it would.

Now, if you want to say we should get out of Iraq anyway because we can't win, and this is the price we have to pay, fine. But it's just factually true that our pulling out of Iraq will be bad for us in the global war on terror.

WILLIAMS: Well, you know, here's what I think. And when you were talking about Al Qaida earlier and you said well, they're able to manage this operation, I think you have to redefine Al Qaida.

It's not the Al Qaida that attacked us five years ago. This is an Al Qaida that has cells, that's created sort of a movement in getting these kids, alienated kids, in the London suburbs with roots in Pakistan and going to Pakistan and get some support, then putting on this event.

This is not something that's led by Osama bin Laden. And you know, it's amazing we still haven't captured him. But it's not led by bin Laden.

And it's based on human intelligence, people infiltrating that and ten going after it. So when it comes to Iraq -- you don't have terrorists in Iraq. That's sectarian violence. That's civil war. So why would they be bolstered if we decided that we want a different approach in Iraq?

KRAUTHAMMER: Look, we have jihadists all over the place. It is a global war. There are jihadists in Iraq. There are jihadists in Pakistan, and one church. That's the Sunni church of Al Qaida. There's a second church. It's the Shiite church in Tehran. That's a second war.

It's just like in the Soviet era. You had China and Russia and their own acolytes and clients. And now we have a two-headed monster here. And we saw the second head, Iran, active on the front in Lebanon. Of course, Syria and Hamas -- that's one axis. The other is Al Qaida.

It's all one war against us of different shades, but it is jihad against America and the west and Israel as the front line, and it's all linked. Yes, it's not as if all of them speak with each other, and in some way Iran and Al Qaida are rivals. But the threat and the objective is the same.

WALLACE: All right. We're going to have to leave it there. Thank you, panel. That's it for today. See you next week.

Time now for some mail about one of our panelists. Edward Gray of Missouri -- you're going to love this -- wrote, "Would someone at Fox please buy Bill Kristol his own bag of plastic army

men and send him to the basement to watch the History Channel? More troops appears to be his stock answer to all situations."

And Pat Wadsworth of California had this advice for Bill, "As I am old enough to be his mother, I feel comfortable informing him he is not the fount of all wisdom and suggest he take a humble pill once in a while."

KRISTOL: Can I say one thing?

WALLACE: Yes.

KRISTOL: We need more troops.

(LAUGHTER)

WALLACE: The boy didn't play with soldiers when he was a kid.

Anyway, we all need humble pills. Be sure to let us know your thoughts by e-mailing us at fns@foxnews.com. Up next, our Power Player of the Week.

WALLACE: When an American soldier is severely wounded in combat and comes back home for rehabilitation, there's a good chance he or she will come under the care of our Power Player of the Week.

(BEGIN VIDEOTAPE)

LT. COL. BARBARA SPRINGER, CHIEF OF PHYSICAL THERAPY, WALTER REED: We can see people get back on their feet and get back to doing things that they want to do in their lives.

WALLACE: Lieutenant Colonel Barbara Springer is the chief of the physical therapy service at Walter Reed Army Medical Center. Every day she and her staff of 50 take soldiers whose bodies have been shattered in Iraq and Afghanistan and help them put their lives back together.

How much of the therapy you provide is physical and how much of it is psychological?

SPRINGER: They definitely go hand in hand, and when they see their progression, that helps them out psychologically as well.

WALLACE: Springer's team is treating some 750 soldiers wounded in combat, including more than 100 amputees. In the past, many would have died, but because of Kevlar vests and better medical care in the field, while their limbs are lost, their lives are saved.

It's a hard question to ask, but is that a good thing or a bad thing?

SPRINGER: It's a good thing. The ones that I see that are coming back to us that are injured, and severely injured, too -- their spirits are so high, they're glad to be alive, and they want to continue on with their lives.

WALLACE: The thing that strikes me is I see a lot of smiles. It seems -- it doesn't seem like a downer.

SPRINGER: Oh, no, it's not. This is a happy place.

WALLACE: Spend time in what Springer calls the big room and there's no room for self-pity.

(BEGIN VIDEO CLIP)

SPRINGER: Come on, quit sleeping. Get going. You need more weight than that, too.

(END VIDEO CLIP)

WALLACE: She says when soldiers first come here, many wonder what their lives will be.

So how do you get them up and going?

SPRINGER: We just tell them they're going to get up and go.

WALLACE: Springer says they treat their patients as warrior athletes, pushing them within days to strengthen their core muscles, within weeks to work with prosthetic limbs. They also practice sports medicine, getting them to play games that rehabilitate their bodies.

Is there anything that you say as a physical therapist that's too much, wait a minute?

SPRINGER: I used to say that. I don't say that anymore.

WALLACE: Because whenever you think there's a limit...

SPRINGER: Yep, absolutely.

WALLACE: It's interesting to see. I mean, here you are the chief of physical therapy, but it still gets to you, doesn't it?

SPRINGER: Yes.

WALLACE: Why?

SPRINGER: Every time we think that somebody's reached a limit, they go further.

WALLACE: Some of these soldiers run in marathons. One in five amputees is cleared to stay on active duty. A handful have gone back to Iraq.

SPRINGER: These men and women deserve the very best. They have given up so much to defend this country, so I give thanks for America, for doing that, and I give thanks to these service members.

(END VIDEOTAPE)

WALLACE: Walter Reed Army Medical Center began construction this month on a new $10 million amputee training center. It's scheduled to open in October of '07.

And that's it for today. Have a great week, and we'll see you next "Fox News Sunday".

CBS – FACE THE NATION

PELLEY: Welcome to the broadcast. Bob Schieffer is off this morning. There are a few bits of late-breaking news this morning.

The Israeli parliament has approved the U.N. resolution calling for a cease-fire in Lebanon to begin tomorrow morning.

At least 24 Israeli soldiers were killed on Saturday, the worst single-day death toll for Israel.

Despite the vote, Israeli warships continue to shell Beirut. Twenty explosions have been reported this morning.

And for the first time since his surgery, there are photographs out of Cuban leader Fidel Castro, published in a Communist Youth newspaper. It's his birthday today. And he says he's getting better.

Now, this morning, with the latest on the terror investigation, Michael Chertoff, secretary of Homeland Security.

PELLEY: Mr. Secretary, thank you for being with us on Face the Nation.

CHERTOFF: Good to be here, Scott.

PELLEY: Your counterpart in Britain, John Reid, the British Home Secretary said, quote, The threat didn't end with these arrests this week.

Are there suspects still at large?

CHERTOFF: I've been talking to John Reid every day, sometimes several times a day. And I think he's right.

They believe they have picked up the main players. They are not completely sure they've got everybody because they've got to analyze a lot of evidence that they have collected.

Additionally, I think we have to be concerned about other groups that may seek to exploit the opportunity to do their own activities or their own operations because they believe we are distracted.

And the message here is we are not distracted. We're continuing to monitor all across the board.

PELLEY: But in terms of this week's plot, suspects still at large, or do you know?

CHERTOFF: I think we believe we have the main suspects -- the British have got the main suspects. But we are not prepared to completely close the book on this until we have run all of the threads to ground.

PELLEY: Any suspects in the United States?

CHERTOFF: That's our number one priority, is what is the link with the U.S.?

And as we speak right now, we have not found any indication of active planning in the U.S. or plans to conduct operations within the U.S.

But as new information comes in, literally every hour, that is going to be the main thing we are looking at.

PELLEY: Nothing so far?

CHERTOFF: Nothing so far.

PELLEY: The British had this group under surveillance for months. Why did they strike on Wednesday?

What was the trigger?

CHERTOFF: I think what happened is there was an intensification of the planning. There was a collection of the material, the bomb- making material.

And it looked like the plot was accelerating and becoming more focused.

And you always have a judgment about -- do you let it go on and get more information or do you make sure that you catch it in time?

They made the judgment. We agreed. We were completely synchronized on this. And they went forward with the arrests.

PELLEY: A Pakistani official told the Associated Press that, when the Britain Rashid Rauf was arrested in Pakistan, there was a panicked phone call from Pakistan to London that essentially said, go ahead. Start the attack.

Did that happen?

CHERTOFF: Well, I don't want to get into specific operational issues or things that are part of the British case which, of course, they have to keep confidential.

But what I will say is we were literally monitoring, in real- time, continually, what the status of the investigation was, what the status of the plot was, and at the point at which we felt it prudent to move in, everybody agreed. It was time to go.

PELLEY: But was there evidence the plot had been fast-forwarded, if you will, with these arrests?

CHERTOFF: Well, I think over the week leading up to the actual arrests, and particularly the days before, we saw an acceleration of the operatives in terms of their focusing on the planning, collecting the material and getting ready to go.

And there were a number of those things and some other items that led to the final decision.

PELLEY: Has the U.S. seen the bomb device?

CHERTOFF: We have experts that are over there in Britain, working with the British to look at the design and look at the plan that was in effect to assemble the devices.

Their principle concerns how can we reverse-engineer this design to make sure we are taking account of it in our own countermeasures.

The detonator's perhaps the hardest part. How sophisticated?

CHERTOFF: Well, I think what was particularly sophisticated about this was the concept. The concept was to take a series of chemicals that are very common and, therefore, would be very difficult to detect because of the number of false positives, and then assemble them and mix them, perhaps on the plane itself, with a detonator that might be something in a battery or something of that sort. So, again, it was the design that was really sophisticated because it took account of the very common nature of a lot of these items in everyday life.

PELLEY: Design would have worked?

CHERTOFF: I'm not convinced the design would have worked or would have actually resulted in bringing down airliners, but I can tell you, our number one priority is to protect the American people. We are not going to experiment on a real airplane. What I can tell you is, we are always looking at these devices and testing them in a classified manner to see what is the point at which they really pose a threat to the airliners.

PELLEY: Was the plan to crash the planes over the sea or over U.S. cities?

CHERTOFF: I think that, you know, there's been a lot of speculation. I don't think we actually know the answer to that. What seems clear is it was multiple detonations in the air at around the same time. Whether they would have waited to get to American cities or not I think is more debatable.

But no matter what, it would have been a horrendous result comparable in scale to September 11th.

PELLEY: Is it safe to fly this morning? What would the Chertoff family do?

CHERTOFF: We would fly, and it is safe to fly. And it's safe to fly particularly because of the measures we have put into place. That's why we put these measures in place. The things you see and, to be honest, the things you don't see are part of a network of defense measures that we have that are designed to make sure that we continue to have a safe and secure air transit system. And that's what we do have. PELLEY: Mr. Secretary, you and I get a taxicab here in Washington, go down to Union Station, board a train for New York City and never go through any security of any kind. Are you willing to commit on this broadcast this morning to providing rail passengers with the same security that air passengers have?

CHERTOFF: We are continuing to increase the security for rail passengers. Now, it's obvious we can't do for rail passengers or subway passengers at the Metro what we do at the airlines, namely, make them wait in line, not bring bottles on to the train or subway, so we have to configure an architecture that works with that system.

What have we done? We've got more dog teams and more detection teams. We're funding video cameras, which worked very well in London. We are experimenting with the kinds of devices that would allow us to detect explosives at a distance, but not make people pass through portals.

So, with things we're doing now and things we're researching, we are constantly elevating the level at rail.

PELLEY: But the last two major successful terrorist attacks were trains in London and trains in Madrid. There's no protection on trains in the United States. Will you commit to giving rail passengers the same protection that the airlines have?

CHERTOFF: We are going to give them the same level of protection but it's going to come in a different way. It's not going to be a matter of putting people on long lines to go through fixed portals, because that would destroy the system.

But increased sensor equipment, increased use of dog teams, increased use of video cameras, increased use of devices that allow us to detect explosives at a distance based on what's going on in the flow of traffic.

Those are the kinds of things that will raise the level of rail but recognize it's a different architecture than what you have in the airlines.

PELLEY: Was this Al Qaida?

CHERTOFF: Certainly had some of the hallmarks of an Al Qaida- type plot if you look at sophistication, the reach, the scope, the number of people involved and the fact that it's very reminiscent of a plot that we had in the early '90s. I don't think we can conclusively determine that it was directed from the central core of Al Qaida or whether it was part of a network.

But in terms of the seriousness of the plot, it ranks with the most serious plots we've seen traditionally coming out of Al Qaida.

PELLEY: How long will we have these current security measures in place at the airports?

CHERTOFF: We anticipate making some very minor adjustments today, which TSA will announce in a very clear fashion. But I think in terms of the restrictions on liquid and the major elements of this, that's going to have to be in place until we've determined whether there are some adjustments in protocol we can make based on the research we're doing in London now about the nature of this plot.

PELLEY: Secretary Chertoff, there's a lot to know, but we're going to have to leave it there. Thank you so much for being with us.

CHERTOFF: Good to see you, Scott.

PELLEY: Joining us now from Los Angeles, Representative Jane Harman, the ranking Democrat on the House Select Committee on Intelligence. And with us here, Senator Pat Roberts, chairman of the Senate Intelligence Committee. Thank you both very much for joining us.

ROBERTS: OK, thank you, Scott.

PELLEY: Senator, let me start with you. Is there any chance that Osama bin Laden directed this plot?

ROBERTS: Well, there's always a chance. But I think this probably was one of these things that was inspired by him as opposed to guided by him. And this gets into the real problem that we face today.

I was over in Great Britain about three weeks ago, and met with our counterparts on the intelligence side. And they were very worried about the second generation situation there with the Pakistanis, 400,000 of them in London, 2 million in Great Britain.

And a lot of problems there.

And I might add that we have the same kind of challenge here. We have what we call homegrown cells. They are largely cells that are supportive in regards to financing here in this country. And that takes a different kind of intelligence. You really have to concentrate on your local law enforcement officers. Not that the rest of our intelligence tools and our toolbox aren't helping, but I doubt seriously if this was guided by Osama. I think it was inspired by him.

TELLEY: Representative Harman, if this wasn't guided by Osama bin Laden, isn't that a much worse thing for this country?

HARMAN: You bet. The threats against us are much more dangerous, much more diffuse instead of just top-down management of Al Qaida. Now, we have loosely affiliated cells around the world, and let's not forget that Hezbollah, which we have just seen and which is very capable in southern Lebanon, is also another international terrorist organization, which has attacked in the 1990s in Buenos Aires and is capable, we believe, of attacking elsewhere around the world.

So these copycat cells, as Pat says, are homegrown, embedded. Most of the people arrested here were British citizens. Most had never been to Pakistan, although there was a Pakistani link.

So in order to get this right, we need the best intelligence we can field. And in this case, this is a huge intelligence victory. It's a combination of human intelligence that tipped off the Britons first, and then it was technical intelligence, listening to phone calls and so forth. I don't want to go into the details, but then it was a lot of patience monitoring these folks to see what they were up to. And hopefully, hopefully, we will find the rest of them, and this will just be an isolated plot and it will have been resolved.

But there is the possibility that there are more plots afoot around the world and more cells in the United States, and we have to continue to be vigilant here.

TELLEY: Senator Roberts, the Bush administration says that we are safer than we were five years ago, but it doesn't necessarily feel that way.

ROBERTS: Doesn't feel that way because you have 31 terrorist organizations, by latest account, that could be doing things like this. But let's give the intelligence community some credit. I think if we were having this interview several years ago, you would have never thought that we would have worked with the Pakistanis, with the British and with ourselves, and kept the whole situation from being leaked, and then let the Brits really lead the way, and give the Pakistanis real credit. They stepped up to this and stepped up in the right way. And we had better information access, better cooperation, and we foiled the plot. That's what we have to do in the future.

So I think a lot of attaboys or a lot of pats on the back are due the intelligence community during the time when we have received a lot of criticism and during a time where there have been a lot of leaks with a lot of wrong information about our intelligence tools in the toolbox, and yet we were able to deter -- or first detect, then deter, then stop this attack. I am very proud of our intelligence people. They work 24-7 hours a day. They deserve a lot of credit.

TELLEY: Representative Harman, let me ask you this, does Al Qaida even exist anymore in the way it did on 9/11?

HARMAN: Well, Al Qaida has been substantially degraded at the top, but as we have learned, it's a multi-headed hydra, and it grows new heads. And with these copycat cells who are inspired by Al Qaida, not necessarily directed by Al Qaida, the world is dangerous -- and more dangerous.

And let me answer the question you asked Pat Roberts, if I might. I think the world is more dangerous than it was five years ago. I think the nature of the threats against us has changed. I think Iraq is much more dangerous, and unfortunately, is a recruiting ground and a training ground for terror around the world, and that's extremely destabilizing.

But, also, as we have just seen in Israel and Lebanon and Gaza and elsewhere, there are terrorist organizations other than Al Qaida which are armed and trained and effective because Syria and Iran and other places in the world and North Korea are more dangerous.

TELLEY: Senator Roberts, the fact that we haven't been attacked in this country in five years, is it because we are that lucky or because we're that good?

ROBERTS: Well, probably both, but we are much better prepared, we have much better information, access, the passage of the PATRIOT Act. We are going through a challenge in the Congress in regards to, as I say, some of the intelligence tools in our toolbox.

By the way, the British have better tools. If you want to get a warrant, all you have to do is call up a minister in regards to Great Britain. I am not advocating that in the United States with the FISA court or anything else, but it seems to me that they have taken actions that will really speed that along.

No, I think it's no accident that we have been safe for five a half years, and we are working a lot better, more especially in the intelligence community.

One thing that I think that is lacking here that really is a problem, and that is our national resolve.

Here we are in a campaign year. And I understand that there are a lot of different views on the war. I understand that. And I'm not trying to cast aspersions on anybody's intent.

But my goodness, if we can't get national unity and take politics out of this in terms of an attack like this, I don't know what's going to happen to us.

Words have consequences, not only to the intended audience but also to a fragile government in Iraq and our troops and our allies, who say, if you can't keep a secret -- and if the United States is so partisan and all this egregious talk, can't we take politics out of this, at least to a certain extent, with national security?

Otherwise, we're not unified. Otherwise, we won't have the resolve to get this thing done.

PELLEY: Senator Roberts, Representative Harman, there's a lot to talk about, but we'll have to leave it there. Thank you so much for being with us.

HARMAN: Thank you.

PELLEY: Thank you, Scott.

(COMMERCIAL BREAK)

PELLEY: With us now, Ned Lamont, the Democratic nominee in the Connecticut Senate race.

Thank you for becoming with us.

LAMONT: Scott, delighted to be here.

PELLEY: On Tuesday, it looked like a pretty good idea to run against the war in a Democrat primary. Then Wednesday, the plot came up that was revealed of the potential bombing of airliners into the United States.

I wonder, with so much difference between Tuesday and Wednesday, are you a man whose time has come and gone?

LAMONT: No, on the contrary. I don't think our invasion of Iraq has done anything when it comes to the real war on terror.

I mean, here we are talking about Saddam Hussein, but look what happened. It was a terrorist cell coming out of Pakistan, going through London, threatening the United States of America, five years later.

You know, if nothing else, I think our country has gotten a little bit complacent when it comes to the war on terror right now. And maybe this is a wakeup call.

Maybe we'll take into account the 9/11 Commission recommendations when it comes to homeland security, be it the ports, public transportation, airports, nuclear facilities.

I think this is the time for America to be vigilant.

PELLEY: I should mention that we invited Senator Lieberman to be on the broadcast. Even though you defeated him in the Democrat primary, he has decided to run as an independent in the general election.

But Senator Lieberman is attending the wedding of his daughter this weekend. And it's undoubtedly a more pleasant thing to do than be on Face the Nation.

LAMONT: Well, congratulations to the senator and his wife.

PELLEY: When should the troops come out?

You have said that it might be as early as next July, less than a year from now. What would that mean?

LAMONT: Well, first of all, we've been there for 3 1/2 years. By the end of this year, we'll have been there longer than we were involved in World War II.

And let's face it. Our very front-line military presence, having 132,000 troops stuck in the middle of this bloody civil war, is not making the situation better.

I'd say the situation's getting worse. And it's getting worse consistently.

So now is the time for a change of strategy. That's the big difference between me and the senator and the president, by that token. I think it's time to change strategy.

I think it is time for us to start bringing our troops home. And it's time for us to tell the Iraqis, it's your country and only you will be able to solve this.

We'll be there in the background. We'll be there for political support and humanitarian support and reconstruction. We're going to take this very American face off the occupation. That's our best hope for success in Iraq

PELLEY: Isn't that a recipe for chaos?

LAMONT: We have chaos. Look at what's going on over the last couple years -- you know, 3,000 dead last month alone. I don't think you can just keep doing what we're doing. That's a recipe for disaster.

And that's why I really believe that, if we get back, pull back from the front lines, that's when the Iraqis will step up. I have confidence they will.

PELLEY: Let me read something to you that Senator Lieberman said about you.

Quote, If we just pick up like Ned Lamont wants us to do and get out of Iraq by a date certain, it will be taken as a tremendous victory by the same people who wanted to blow up these planes.

LAMONT: I'm afraid us being bogged down in that civil war is being taken by a victory by some of those people. That's why it's so important that we change course, and that's why it's so important we get our eye back on the ball when it comes to working with our allies, shared intelligence, like, you know, Pat Roberts was just saying. You know, dealing with the war on terror in a serious way.

I think the war in Iraq has been a terrible distraction from taking care of the people's business.

PELLEY: President Bush says we're safer today than on 9/11, and frankly, there have been no attacks, successful attacks in the United States since then. A number of attacks have been foiled. Is he wrong?

LAMONT: I think he's wrong. You know, I think that's a false sense of security again, you know, the fact we haven't been attacked since 9/11. You know, Bill Clinton could have said that after the first, you know, attack on the World Trade Center.

The idea that we're going to fight them there so we don't have to fight them here, the number of terrorist attacks around the country, looking at London, looking at Madrid, looking around the world, is on the rise. And that's why this is no time for us to lower our guard.

PELLEY: Our CBS News polling in your race showed that among Democrats in Connecticut, more than 80 percent said the war was important to them in their vote. Now, that's one state and just the Democrat party. The question is: Do you think an anti-war candidate can win the presidency in 2008?

LAMONT: It's not a question of being an anti-war candidate. It's a question of, is our country making the right decisions that allow us to prevail going forward? And I'd argue that we're not. I'd say we're making a lot of bad decisions. So I go around the state of Connecticut. People ask me about $9 trillion in debt, what type of a country we are. We should be investing in our kids and investing in our future.

Instead, we're mortgaging our kids' future. That's wrong. People talk to me about 63 lobbyists for every single Congressman in Washington, D.C. That number has doubled in the last five years alone. Who's really taking care of the people's business down there? We know who the lobbyists taking care of.

PELLEY: A poll taken as recently as July showed you losing a three-way race with Senator Lieberman in the race as an independent a fairly large margin. Have you seen any polling since then that suggests you have a chance?

LAMONT: Well, two things. I've seen polling that says it's very tight going into a three-way race. But more importantly, Scott, do I care? I mean, when I got into this race, I wasn't even an asterisk, as everybody knows. I really believed that this country was headed in the wrong direction. It was time for somebody to challenge the Bush administration and put forward a positive, constructive alternative to what they're doing.

Starting with the war on terror and looking at the war in Iraq, looking at the investments we should be making in this country. We're going to do just fine in November, and I am not going to worry about polls along the way.

PELLEY: Senator Lieberman has said he would vote with the Democratic caucus if he was elected as an independent. What difference would it make if you were elected instead?

LAMONT: Because I am going to stand up and represent real change in Washington, D.C., represent how we're doing business down there. Look, I'm a guy that started up a business from scratch. I bring a different background to Washington. We've got an awful lot of career politicians down there.

I'll give you one example. We have a health care system in this country I think is broken. I think it's broken not only because we have 47 million people with absolutely no health insurance, but as a small business guy, I can tell you, it's the high costs that are beginning to crush entrepreneurship. And more and more working families are becoming bankrupted.

You know, for 18 years, our government's done very little when it comes to dealing with the health care crisis in this country. I think as a businessperson I can talk to Republicans and Democrats, labor and management, and deal with an issue like that in a serious way.

PELLEY: Running as an anti-war candidate in Connecticut in the Democrat primary, again a very small slice of the national pie, what lessons should the Democratic Party take from your victory when looking at the nation as a whole?

LAMONT: Well, a couple of things. I can't talk about the Democratic Party as a whole. I've been a guy that's been traveling around the state of Connecticut. The land of steady habits, as they call us, and they voted for a change. And I really think that it's time for political leaders to stand up and be bold.

Talk to the American people. They know we've got to make some real changes. We're more dependent upon foreign capital. We're more dependent upon foreign oil. Let's make the real choices that will help our security and invest in our future, so our kids have better opportunity, and be clear.

PELLEY: What would you do differently than the Bush administration in the war on terror, not the war on Iraq, but the war on terror? What would the difference be?

LAMONT: Look, we're always going to have the strongest military on the face of this earth, Scott, but I think we're a stronger country, and we're more secure. We work in concert with our allies, we stay true to our values and we treat the rest of the world with respect.

I think we've lost some of that right now. It was Abe Ribicoff, our senator from Connecticut, who some years ago said the United States is most influential and most helpful when we have credibility and respect throughout the Middle East region and throughout the world. I think we've lost a lot of that, and it's time for us to regain it.

PELLEY: Senator Lieberman, like a lot of Democrats, voted to authorize the war, and there are people who believe that that's one reason he lost the race to you. Do you believe other Democrats should disavow their votes to authorize the war? Just quickly.

LAMONT: No. I think that was three and a half years ago. They looked at the intelligence being presented to them, and there were some Democrats, a lot of them that supported that. Three and a half years later, many of them have the courage to say, the facts were wrong. Look at what's going on on the ground. It's time to change.

Thank you very much for being with us. We will leave it there. And we will be back in a moment.

(COMMERCIAL BREAK)

PELLEY: Bob Schieffer will be back next week. Thanks for being with us on Face the Nation.

CNN – LATE EDITION

WOLF BLITZER, HOST: It's 11:00 a.m. in Washington, 8:00 a.m. in Los Angeles, 6:00 p.m. here in Jerusalem and in Beirut, 7:00 p.m. in Baghdad. Wherever you're watching from around the world, thanks very much for joining us for our special "Late Edition: Crisis in the Middle East."

We'll speak with the Israeli security cabinet minister, Isaac Herzog in just a few minutes. First, though, let's go to Melissa Long at the CNN Center in Atlanta for a quick check of what's in the news right now. Melissa?

(NEWSBREAK)

BLITZER: Thanks very much, Melissa.

We'll be speaking with Michael Chertoff later this hour. Although a cease-fire is expected to go into effect in about 14 hours, both Israel and Hezbollah are launching some fierce parting shots right now.

And there may be a new wrinkle for Lebanon regarding the cease- fire. Let's go, first, to Beirut and our bureau chief, Brent Sadler, for all the latest developments. Brent, what is going on?

BRENT SADLER, CNN CORRESPONDENT: Thanks, Wolf. A serious complication emerging from inside the Lebanese capital.

Yesterday, the two Hezbollah members of the government here made it clear to some started ministers that Hezbollah wanted to keep its weapons south of the Litani River -- in other words, that zone that is supposed to be demilitarized under the cessation of the hostilities plan thrashed out at the U.N.

Now, there was supposed to have been, Wolf, a cabinet session to discuss implementation, on this side of the border, at the top of the last hour. But that has now been postponed, and, we understand, postponed for up to 48 hours.

So we have a situation now, Wolf, whereby, when the cessation of hostilities comes into effect, 8:00 a.m. local time, Monday morning, whereas the government has unanimously, including Hezbollah, of course, agreed to the plan, Hezbollah's position, militarily, is not to implement it.

It really is a growing problem here. And that's why the cabinet session has been postponed and why cabinet ministers, now, are at the prime ministry, just across the road from where we are, trying to reach a solution to this growing problem. Wolf?

BLITZER: So the bottom line, Brent, is that Hezbollah may not necessarily be willing to go along with this call by the United Nations Security Council to fully disarm south of the Litani river -- that's about 20 to 30 kilometers north of Israel.

Is that what you're hearing?

SADLER: It means, very simply, that, south of Litani, in the southern area where all the fight is going on, Hezbollah is, in effect, making it impossible politically for the Lebanese army to deploy.

The government is saying yes, but Hezbollah, a very important part of that government, though there are only two members -- that armed militia saying, we want to keep our weapons.

How can the Lebanese government, say ministers here, enact that resolution when Hezbollah is basically tying their hands behind their back? Wolf?

BLITZER: A potentially significant snag there. Thank you very much, Brent Sadler. We're going to be getting back to you in Beirut.

Joining us here in Jerusalem now is the Israeli security cabinet member, Isaac Herzog. He's just come from that cabinet meeting where the cease-fire resolution approved by the Security council was approved.

Minister Herzog, thanks very much for coming in.

ISAAC HERZOG, ISRAELI CABINET MINISTER: Thank you, Wolf.

BLITZER: Let me just get your quick reaction to this news coming in from Brent Sadler, our Beirut bureau chief, that the Hezbollah forces below the Litani river may not be willing to give up their weapons, give up their rockets.

And as a result the Lebanese army may not be willing to go in, because they say this may be an intolerable situation if they go in and the Hezbollah remains armed.

What is your understanding?

You've been briefed fully of what Hezbollah has to do south of the Litani river.

HERZOG: If what you described would really happen, that would mean that Israel will be fully backed and our case will be clear to the whole world, that there is nobody to do business with.

Now, we'll wait and see what happens tomorrow morning, whether the Lebanese are capable of adhering to the cease-fire, as was agreed by the United Nations Security Council, or are they puppets of Hezbollah? We'll wait and see the development. If they will violate the resolution, it will be very sad and Israel will keep operating in order to (inaudible) their infrastructure in those areas.

BLITZER: At this elevated level that you've been operating over the past 48 hours?

HERZOG: We are operating in order to arrange for a swifter and a smoother entry for the international force that will come in to the area, according to the Security Council resolution, a force which we, of course, we give a lot of credit to, to stabilize the area and to combat any insurgents or Hezbollah people in the area.

So, of course, the proof of the pudding, as you know, is in the eating. And we'll wait to see the outcome.

BLITZER: If the cease-fire, which is supposed to go into effect 8:00 a.m. local time, 1:00 a.m. Eastern time, back in the United States -- if there are no more rockets coming into northern Israel, if the Katyushas -- about 200 or so landed today -- if that stops, does that mean Israel will stop its military actions?

HERZOG: Israel has decided -- the government of Israel has decided, almost unanimously, this afternoon, Israel time, to adopt the U.N. Security Council Resolution 1701 and to adhere to it.

So the arrangement is a cease-fire, 7:00 am tomorrow morning. This is our full intention, full and unequivocal intention.

BLITZER: There is a report in an Israeli newspaper today that Syria is continuing to send military equipment, rockets into Lebanon for Hezbollah, even right now.

Is that the intelligence you have?

HERZOG: That's pretty unbelievable. But the Syrians have been supplying armaments and missiles and launchers and whatnot to the Hezbollah throughout this period by all sorts of smuggling alleys and roads and highways.

That's why we've taken steps in order, of course, to stop these convoys, through all sorts of means. But it's something for the world community to account for.

Now, the U.N. Security Council resolution sets an immediate embargo on supplying any weapons of this nature to the Hezbollah or to any other illegal force in Lebanon.

And now Syria is fully exposed to a U.N. embargo. And it's something I expect the secretary general of the U.N. to be very forceful and very effective on. That's his duty.

BLITZER: If you have evidence that weapons are still coming into Hezbollah after 8:00 a.m. local time tomorrow morning, is that a violation of the cease-fire?

And will Israel then resume its military action?

HERZOG: The embargo takes place, already, backdated to Friday. The embargo is immediate. And I hope that the U.N. presence and the U.N. Security Council, as well as the secretary-general, will take full responsibility on the situation.

And the international force is due to be deployed in all those passages to make sure that it won't happen.

BLITZER: There's other reports here in Israel that you, your forces, IDF forces, have killed members of the Iranian Revolutionary Guard fighting with Hezbollah in Lebanon. Is that true?

HERZOG: We have information hinting to that effect. I prefer to leave it to our military. But I do know that there is some truth in this.

BLITZER: So, what does that mean if Iranian forces are working with Hezbollah in Lebanon?

HERZOG: That means that the security council resolution calls for their immediate removal from the area as well. But what it means in the larger scope of the things is that, in fact, we are confronting the hatred and the game that Iran is spreading around the world, the double game, the hatred, the fear, the danger that it spread throughout the world into liberal democracies, and that we are at the forefront of this battle, clearly.

BLITZER: The reaction here in Israel has been disappointing from your government's perspective. A Haaretz poll that came out asked the Israeli public who was winning this war. Forty-four percent saw no winner. Thirty percent said Israel was losing. Only 20 percent said Israel was winning this war.

What do you say right now? It's 33 days. Hezbollah is still launching 200 rockets against northern Israel. Today, you have not crushed Hezbollah yet.

HERZOG: I say that we've hit Hezbollah in a major way. The Hezbollah suffered major setbacks. We've achieved a lot. We've achieved tremendously a lot, bearing in mind that we are dealing with one of the most sophisticated, well-armed armies in the world. A terrorist organization, which has no boundaries, no red lines, no limitations.

And we are hitting it big time. And we are succeeding. And the poll that you are dealing with was taken last Wednesday. And it bears in mind a national mood that came about because of the casualties and the bombardment of northern Israel. But when you look at the broader picture,

we've achieved a lot in the international community, we've achieved a lot in the security council and we've achieved a lot on the ground.

BLITZER: You haven't...

HERZOG: And in the last few days, we've achieved even greater achievements as well.

BLITZER: Do you have any reason to believe those two captured Israeli soldiers are going to be back in Israel anytime soon?

HERZOG: We will do whatever we can, and today, we are fully backed by the international leadership, which is fully mobilized towards the release, the immediate release of these abducted soldiers without preconditions.

BLITZER: But will you be...

HERZOG: This is the resolution of the security council.

BLITZER: Will you be willing to return to Lebanon, to Hezbollah those Hezbollah troops that you've captured over the past 33 days?

HERZOG: The security council resolution says immediate release without precondition. I think this is the rule. And I leave all the rest to the backroom ideas that are raised in the international community in order to bring back these soldiers safe and sound back to Israel.

BLITZER: And if there's no -- if they're not back?

HERZOG: We will operate -- you know that the Israeli soldiers are always -- we're working hard to save them and to release them. This is one of our main objectives. We care for every human being and for every soldier as much as we can.

BLITZER: It sounds like the pitfalls in this cease-fire that's supposed to go into effect in less than 14 hours are enormous, and this war may simply continue.

HERZOG: But I must say that I beg to differ. I believe that there is a strong will by all parties concerned to maintain a cease- fire and to have a new Lebanon and a new situation in Lebanon. There are radical forces that would like to derail the region into the abyss, that would like to throw us into further bloodshed.

If we will need to fight, we will fight. We have no problem fighting. But I do hope, I sincerely hope, that the parties concerned, as well as the government of Lebanon, which includes Hezbollah people, will be committed to their word. Of course, the proof will be seen tomorrow.

BLITZER: Isaac Herzog, a member of Israel's cabinet, just coming from that cabinet meeting. Thanks for coming in.

HERZOG: Thank you very much.

BLITZER: And coming up at the top of the hour, we'll get a different perspective. My conversation with Lebanon's special U.N. envoy, Nouhad Mahmoud, about the prospects for restoring peace to his country. But up next, the former Israeli prime minister, Ehud Barak, weighs in on the cease-fire deal. We'll get his perspective.

Then, the foiled terror plot against U.S.-bound passenger jets. We'll talk with the U.S. homeland security secretary, Michael Chertoff, about whether more plotters may still be at large. Our special "Late Edition," live from Jerusalem, continues right after this.

BLITZER: Our web question of the week asks this: Are you less likely to fly after the latest terror threat? You can cast your vote. Go to cnn.com/lateedition. We'll have the results at the end of this program.

Straight ahead, the former prime minister of Israel, Ehud Barak, on Israel's next moves once the cease-fire begins. You're watching a special "Late Edition: Crisis in the Middle East."

BLITZER: Welcome back to our special "Late Edition: Crisis in the Middle East." And joining us here in Jerusalem with his assessment of Israel's next moves, the country's former prime minister, Ehud Barak. Prime Minister, thanks very much for coming in.

You were chief of staff, you were prime minister six years ago when you ordered the complete withdrawal of Israeli forces from south Lebanon. It looks to a lot of Israelis -- and I've been here for the past week -- that this campaign, 33 days going, from Israel's perspective, has not necessarily been a huge success.

EHUD BARAK, FORMER ISRAELI PRIME MINISTER: Yeah, it -- we inflicted major blows on the Hezbollah, but we also suffered certain blows. But we are fighting, and I believe that both governments got the most they could get from the present situation in this cease-fire resolution.

BLITZER: So even though you're not a member of this government, you think it's a good idea for Israel to accept this U.N. Security Council cease-fire?

BARAK: I don't think that Israel had any choice but to accept it after we did not launch a major operation during the first month. We cannot launch it after the U.N. Security Council resolution is ordered.

BLITZER: It looks like it was launched two days ago. They tripled the force, in effect, from 10,000 Israeli forces on the ground to roughly 30,000 right now. But what you're saying, this was too little too late?

BARAK: But I think that it's too early to debrief the whole operation, but basically where we are, and now it's time to do whatever we can to destroy even more of the Hezbollah infrastructure within the next 12 or 13 hours and then see what happens next.

BLITZER: What do you think will happen? You know Hezbollah. You fought against them for a long time. The past six years, they clearly built up an impressive military capability. What do you think they will do?

BARAK: First challenge will be what happens immediately after cease-fire, even if you assume that we'll stop air raids and they will stop shooting Katyushas, what happens is you ask if some trucks will come from Syria with new launchers and new rockets.

BLITZER: What happens?

BARAK: If we attack them, some might argue that it's not defensive. You are resuming your air attacks...

BLITZER: Because the U.N. Security Council resolution says Israel must stop all offensive military operations.

BARAK: Right. If we don't, it will end up with just an opportunity for Hezbollah to regroup. Now, assume that within the area we control now in Lebanon south of the Litani, and the site explosive will hit one of our tanks. Is it an offensive attack? Who are we going to be -- who are we going to shoot at? So, it will be not fully quiet. That's the major risk until the international force will come.

BLITZER: Here is what Hassan Nasrallah said yesterday, the leader of Hezbollah. He said, "As long as there is Israeli military movement, Israeli field aggression and Israeli soldiers occupying our land, it is our natural right to confront them, fight them and defend our land, our homes and ourselves."

BARAK: So, I expect a certain kind of friction and skirmishes will continue, even when exchange of shooting and air raids will stop. But that can easily deteriorate. And now, within a few days, refugees will begin to come...

BLITZER: Return to their homes.

BARAK: ... back south. Yeah. Civilian. But the Hezbollah can decide on a moment, split of a second, to change to civilian. Probably some Hezbollah will come with them. You cannot fully control it. And even when the U.N. Security Council ordered force will come, the kind of enforcement for UNIFIL, I don't really see them going to fight against Hezbollah.

So there is still a real test for the ability of the international community to impose upon Lebanon to comply, and the jury is still out about where it all leads.

BLITZER: The question is, a, will Hezbollah cooperate with the Lebanese army, and with this beefed up UNIFIL, United Nations Interim Force in Lebanon, 15,000 U.N. troops, supposedly 15,000 Lebanese army troops, 30,000 troops in the southern part of Lebanon, are they going to be able to get the job done to make sure that your people in the northern part of Israel, effectively, don't come under any threats from Katyusha rockets again?

BARAK: Once the U.N. force is fully deployed to the border with Israel, I believe that it will take some time before Hezbollah will dare to operate once again. But the whole process, until they come and during the deployment, is going to be very sensitive, and it's not yet clear how it's going to end. We might end up with resumption of full-scale or half-scale hostilities between us and the Hezbollah, not just in a few months or years to come, but even in a few days or weeks.

BLITZER: Let me get your political analysis of what's happening here in Israel right now with the prime minister, Ehud Olmert. You were the prime minister. You know politics in Israel. You're not only a former chief of staff and a former foreign minister. Ari Shavit, he's a columnist that writes for the newspaper Haaretz, wrote this. He said, "If Olmert runs away now from the war he initiated, he will not be able to remain prime minister for even one more day. You cannot lead an entire nation to war, promising victory, produce humiliating defeat and remain in power."

How politically vulnerable is Ehud Olmert, the prime minister, right now?

BARAK: I happen to be a good friend of Ehud Olmert. And I hope, wish and pray that he will be successful and remain in power. I believe it is highly capable person, probably made some mistake along the way, as any new prime minister without direct military experience might have done in that situation. I hope that we should give him the opportunity, and I hope we will.

BLITZER: Let me read to you what Fouad Siniora, the prime minister of Lebanon, wrote in The Washington Post this past week: "Israel seems to think that its attacks will sow discord among the Lebanese. This will never happen. The people's will to resist grows ever stronger with each village demolished and each massacre committed."

If the goal of the Israeli government was to try to divide the Christians and Sunni Muslims in Lebanon, the government, from Hezbollah, that looks like it failed.

BARAK: You know, I cannot pretend that all the objectives that were set by our government at the beginning for releasing the abducted soldiers to the dismantling or disarming of Hezbollah have materialized. But the Hezbollah suffered a major blow. And we get what we can get out of it.

And it's clear to me that somehow in the Lebanon, in the long term, when the dust settles, if we are out of Lebanon and the international force deployed, that time will come for the Lebanese to write the check to themselves, namely to decide whether they are ready to comply with U.N. Security Council resolutions, the new one, 1701, and the previous ones, 45 and 1559.

I believe it's a major issue for the whole of the world. We are dealing with a much wider screen, both from North Korea, the launching of the missiles, to the ayatollahs in Iran with their nuclear proliferation, to the world terror won by Sunnites in al Qaida.

We're in a big struggle. This is one corner where the international political will can impose upon Hezbollah to put an end to it and to follow U.N. Security Council resolutions. If we cannot be

successful here, we will fail in other places as well. BLITZER: Ehud Barak, the former prime minister of Israel. General, thanks very much for coming in.

BARAK: Thank you.

BLITZER: How safe are you in the aftermath of the alleged airline terror plot? We'll hear from the U.S. homeland security secretary, Michael Chertoff.

But first, we'll have a quick check of what's in the news right now, including an update on the condition of the Cuban president, Fidel Castro. Stay with our special "Late Edition." We're live from Jerusalem, crisis in the Middle East.

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer, reporting from Jerusalem.

Word of the foiled plot prompted immediate changes in U.S. airline security measures. That was the plot involving U.S.-bound planes from London.

Just a short while ago, I spoke with the U.S. Homeland Security secretary, Michael Chertoff.

(BEGIN VIDEOTAPE)

BLITZER: Mr. Secretary, thanks very much for joining us.

Here's a key issue on the agenda right now: Is there any evidence that you've collected so far that would indicate that any of the alleged plotters, terror plotters in the United Kingdom have had contacts or associations with anyone in the United States?

MICHAEL CHERTOFF, HOMELAND SECURITY SECRETARY: Wolf, that's the number one issue we're focused upon. We are following all the leads, all the information collected by the British. We are sifting through to see what contacts, if any, these plotters had with Americans.

Right now, I can still tell you that the current evidence does not show any plotting occurring inside the United States or any plan to conduct operations within the United States. But that is the issue we will be continuing to monitor, minute by minute, as we go forward.

BLITZER: Because, as you know, there was some suggestion, in reviewing phone calls, logs of phone calls, records of phone calls, that some of these alleged plotters did have -- did make phone calls to the United States.

What, if anything, can you tell us about that?

CHERTOFF: As I said, we monitor that kind of information very carefully. And when we do get phone contacts -- and as you know, there are direct and indirect phone contacts all the time that crop up in these investigations -- the FBI goes out immediately to determine whether there is anything about that contact that raises any kind of a suggestion of a problem.

We particularly deal, of course, with the era of mobile phones, where people can trade phones or trade SIM cards. And that adds an additional layer of complexity.

But I can still tell you that, as of now -- and of course it's subject to change -- we do not see any plotting inside the United States or any indication of operational activity by these plotters inside the United States.

BLITZER: The other day, you and your colleagues suggested that this plot, this alleged plot had the hallmarks of Al Qaida.

Are you increasingly convinced now that this was a very sophisticated, Al Qaida-oriented plot?

CHERTOFF: Well, there is no doubt it was sophisticated. And we have at least about a couple dozen people in custody in Britain. There are people in custody in Pakistan, so it's plainly a transnational plot.

Whether it is an Al Qaida plot, in the sense that it was directed and approved at the highest levels of the organization, is an issue that I think we have to hold judgment on until we're reviewed all the facts and all the evidence.

BLITZER: Have you seen the so-called martyrdom tapes, the videotapes that some of these alleged plotters made, suggesting they were ready to commit suicide to undertake this mission?

CHERTOFF: Well, as you know, it's a common practice for suicide bombers to prepare these martyrdom tapes, which are basically their message to the world. We saw a little bit of that after the London bombing. We saw one of the bombers had a martyrdom tape that was aired by one of the networks.

In this case, though, I want to not comment specifically on evidence that may turn up in the British courts because there are very strict court rules, as you know, in Britain. And I don't want to imperil the British prosecutions.

BLITZER: John Reid, the British home secretary, said this on television in England today.

He said, "I have to be honest and say, on the basis of what we know, there could be others out there ... so the threat of a terrorist attack in the U.K. is still very substantial."

Is it the working assumption of the U.S. government, as well, that other terror plotters, other cells remain at large?

CHERTOFF: I've been in literally daily, and sometimes several times a day, contact with Home Secretary Reid. And we completely agree with his assessment.

As he's indicated earlier, the British believe they've picked up the main actors. But first of all, there are some threads that have to be run down. And second, we always face that issue of elements of the plot we may not fully have investigated and be completely aware about. So the

watch word here, Wolf, has to be "better safe than sorry." And that explains why we're continuing to operate at elevated alert levels, so we can take precautions against anything that we might run across that hasn't yet turned up.

BLITZER: Let me read to you from an editorial in the Saturday's New York Times.

It said this: "The most frightening thing about the foiled plot to use liquid explosives to blow up airplanes over the Atlantic is that both the government and the aviation industry have been aware of the liquid bomb threat for years, but have done little to prepare for it."

I wonder if you'd want to respond to that charge.

CHERTOFF: I think it reflects, Wolf, a lack of understanding of what we are doing.

In fact, last year and earlier this year, when we suspended the rule that used to prevent you from bringing nail clippers on airplanes, we explained to the public that we did that because we were retraining our screeners to be focused on explosives, that we thought we had minimized the risk of hijackings, and we now needed to work on cutting-edge explosive threats.

And that's why we trained 38,000 screeners in modern techniques for spotting detonators. That's why we've run pilot projects that are particularly focused on liquid explosives. And that's why we've invested heavily in research on different models of explosive detection.

But you know, here I do need to make one point. The difficulty is not only can we detect the explosive; the difficulty is, what do we do with explosives made out of very common chemicals, chemicals that almost everybody has almost everybody has with them in their dry cleaning or their cosmetics.

Because we don't want a system that has so many false positives that we have hours and hours waiting on line at the airport because we have to open every bottle and every cosmetics case.

So the challenge here is not just technology, but it's finding a technology that will fit with our system and not create delays and impediments for the air traveler.

BLITZER: I guess the criticism from the New York Times and from other quarters is, simply put, that if you knew for years -- and there have been other attempts to go ahead and blow up planes using liquid explosives -- if you knew for years that this was a serious potential problem, why did it take this foiled plot to stop American travelers from bringing liquids on planes?

CHERTOFF: It was the sophisticated nature of the disguised bombs, I think, that caused us to take the step of making sure that we could protect American travelers by stopping liquids from coming on the plane, at least for a period of time.

In the past, when we've looked at and analyzed these kinds of bombs, they've been in a form that our screeners are capable of recognizing. We've particularly focused on the detonators.

In this case, without getting too specific about the details, it appeared to us, at least initially, that the disguise method might be so sophisticated that we might need to change the training for the screeners and take some additional measures.

So what we need to do now, Wolf, because protection of the public is the paramount value here, is analyze the design of these devices, reverse-engineer them, see what are the characteristics that we can focus on in terms of any adjustments in our training and screening, and then move forward, based on that knowledge, to fine-tune the screening system we have in place.

BLITZER: There is a new investigative piece out that the Associated Press has put out.

Let me read to you a couple of paragraphs from it. "As the British terror plot was unfolding, the Bush administration quietly tried to take away $6 million that was supposed to be spent this year developing new explosives detection technology. Lawmakers and recently retired Homeland Security officials say they are concerned the department's research and development effort is bogged down by bureaucracy, lack of strategic planning and failure to use money wisely. The department failed to spend $200 million in research and development money from past years, forcing lawmakers to rescind the money this summer."

Is all that true?

CHERTOFF: It's not accurate. And let me unpack each of those elements. First of all, we have spent, in fiscal year '06, which is this year, a little under $800 million on detection research and deployment, and that's over and apart from the amount of money we've spent specifically training screeners on explosive detection.

And that's an important part, the human element. It's not only technology.

We have $44 million in research this year. We have a comparable amount next year.

There had been some discussion before this plot was discovered about moving a very small amount of that money to plug a budget shortfall in the security measures around federal buildings, but we rejected that before this plot was actually discovered. So it was not something that was reversed because of the plot.

As far as the $200 million is concerned, again, the entire research budget, and science and technology budget for the department, which covers all kinds of things, does involve hundreds of millions of dollars. We have tried not to simply shovel it out the door at every new technology or every new idea. And so we have not spent all the money.

But it doesn't mean that the money has lapsed or that it won't be spent. What it does mean is that we want to do precisely what those observers have said. We want to be strategic. We want to make sure that our research is driven by real-world, practical considerations.

And what we want to do most of all is make sure we're spending the money on things that will help the American people and protect the American people and not merely to fund corporations and vendors who want to sell their new devices.

So we've got a brand new head of science and technology. The former head of the Navy's research program just got sworn in literally four or five days ago. And we're going to be continuing to move aggressively but prudently in spending the taxpayers' money on security.

BLITZER: Michael Chertoff, the secretary of Homeland Security, thanks for spending some time with us here on "Late Edition."

CHERTOFF: Wolf, good luck.

(END VIDEOTAPE)

BLITZER: And throughout the day on Monday, this programming note, CNN is going to show you where America is most vulnerable to terrorist attacks.

No matter what time you tune in, you'll get some specific and essential insight on where the threats are and what you can do to stay safe. "Target: USA," all day Monday, only here on CNN.

I want to show you some pictures we're getting in from Haifa, only moments ago, Katyusha rockets landing in the center of Israel's third largest city.

Once again, this on a day some 200 rockets have already landed in northern Israel, only hours before a cease-fire is supposed to go into effect. These are pictures coming in from Haifa.

Just ahead, more on the crisis in the Middle East. Also, Iran and its role in fomenting sectarian violence in Iraq. Stay tuned. Our interview with the U.S. ambassador in Baghdad, Zalmay Khalilzad. He's standing by live. He'll be joining us. Stay with us.

BLITZER: Only moments ago, Hezbollah rockets landed in Haifa, along Israel's Mediterranean coast, Israel's third largest city, its main port area.

These are pictures that are just coming in to CNN. No word yet on casualties. This, on a day that some 200 rockets, already, have landed in northern Israel. We'll keep watching these pictures as they come in from Haifa.

Welcome back to our special "Late Edition: Crisis in the Middle East." I'm Wolf Blitzer, reporting from Jerusalem.

While much of the world's attention is on this conflict between Israel and Hezbollah, there's been no let-up in the very dangerous, deadly situation unfolding right now in Iraq.

And there are deep concerns right now that Iran could have a major hand in some of the unrest in Iraq. Joining us now from Baghdad is the United States ambassador to Iraq, Zalmay Khalilzad.

Mr. Ambassador, welcome back. How deeply concerned are you that Iran may be, may be playing a role in fomenting sectarian violence inside Iraq?

ZALMAY KHALILZAD, U.S. AMBASSADOR TO IRAQ: Well, we are very concerned. Iran is playing a role in the sectarian violence that is taking place here. It is providing arms, training and money and other support to groups involved in sectarian violence, including militias that have death squads associated with them. So, yes, we are concerned, Wolf.

BLITZER: Is it getting worse, the Iranian involvement? Because we know that a lot of Iraqi leaders, the Iraqi Shia leaders in particular over the years, have had pretty close relations with the government in Tehran.

KHALILZAD: Well, the Shia leadership, generally, has taken a patriotic stand with regard to the current crisis, although they've had good relations in Iran when they were in the opposition. And those relations continue, but Iran is also working with some of the commanders that work for these leaders and some of the leaders of death squads directly without the knowledge of their party leaders.

And the concern that we have is not only with regard to the activities so far, but also that as the situation with regard to the Iranian nuclear issue gets focused on that they might escalate the pressure against the Iraqi government and against the coalition.

BLITZER: There has been some suggestion, and I don't know if you share it, that this war that's been going on now for 33 days between the Israelis and Hezbollah in south Lebanon, some suggestion that the Iranians, who support Hezbollah, as you well know, are exploiting it to try to undermine the United States further in Iraq. Do you see any evidence to back that up?

KHALILZAD: Well, I think that what has happened in Lebanon and between Lebanon and Israel and Hezbollah is having an impact on the region. Of course, in Iraq as well. The Iraqis, in general, have felt sympathetic to the Lebanese because of the destruction that has taken place, but they have not escalated the pressure on us so far, although there are indications that the Iranians would have liked them to do so.

But I believe that Iran is seeking to increase its ability to impact us here, and that the nuclear issue might be the issue that will trigger increased Iranian pressure against the coalition and against those who are working with the coalition to build this new Iraq.

BLITZER: And as we speak, Mr. Ambassador, we're showing our viewers some live pictures from Haifa, Israel where more Katyusha rockets have only moments ago landed in the center of the city, Israel's third largest city. Let me read to you, Mr. Ambassador, what a foreign ministry spokesman in Tehran said regarding some of your recent comments. He said this. He said: "What should an ambassador say when he and his country are facing failure after failure on a daily basis? It is natural that he tries to accuse others for this failure by again and again repeating such baseless charges."

They're denying flatly that they are playing any role in trying to foment sectarian strife in Iraq.

KHALILZAD: There is ample evidence, evidence that we have, evidence that some of the Iraqi government officials have as well, that Iran, while seeking and speaking as if it wants to have good relations with Iraq and government-to-government level on the one side, they do. But at the same time, there is no question that they are providing arms, that they are providing money, that they are providing training directly or through Hezbollah to groups here, including death squads, including giving the names of people to some of the death squads that they would like to see eliminated in Iraq, and that they are putting themselves in a position by bringing new systems, new rockets, new motors. That would give their friends the ability to do more harm to the Iraqi government and to the coalition.

BLITZER: The new Newsweek poll that has come out asks, is the United States making progress or losing ground in Iraq? Thirty-one percent said the U.S. is making progress. Fifty-eight percent thought the U.S. was losing ground. Eleven percent said they don't know. Is the situation in Iraq right now -- you're a blunt man, Mr. Ambassador. Is it getting close, potentially, to a civil war?

KHALILZAD: Well, sectarian violence has become the principal problem here. Of course, terrorism also continues. And Baghdad and the area around it is where 90 percent of the violence is taking place. The government and its coalition support has got a new plan that's implementing for security in Baghdad.

Together, we have brought some 13,000 more forces here. We're moving district to district to increase security. And, in recent days, the trend has been more positive, but we will have to wait and see whether this trend will continue. I believe that the sectarian violence is serious.

I believe Iraqis have overcome difficult challenges before in terms of the formation of the national government, the constitution, and they can overcome this as well. But the potential for things getting more difficult is there as well, not only because of the Iraqi factors, as I mentioned before, because of the external factors, particularly Iran.

BLITZER: Mr. Ambassador, good luck to you. Thank you very much for joining us. Be careful in Baghdad. Thanks for joining us on "Late Edition." And there's much more ahead on our special "Late Edition." We're live from Jerusalem. We're watching the crisis in the Middle East. Hezbollah rockets have just landed in Haifa. Once again, some 200 rockets landing in northern Israel already today, only hours before a cease-fire is scheduled to go into effect.

Meanwhile, some 30,000 Israeli troops are pounding Hezbollah targets in Lebanon as well right now. If there's going to be a cease- fire, doesn't look like it's about to take place any time soon.

We're going to take a quick break. When we come back, we'll speak with Lebanon's special U.N. envoy, Nahoud Mahmoud, on his government's plans for dealing with this new U.N. Security Council resolution and Hezbollah. "Late Edition" continues right at the top of the hour.

BLITZER: Welcome back to our special "Late Edition."

I want to go right to Haifa right now, where the sirens are once again being heard, suggesting that Katyusha rockets may be coming into Haifa right away.

Fionnuala Sweeney has just returned to her location. I know, Fionnuala, you were there on the scene only moments ago. Some Katyusha rockets landed in Haifa, causing some damage there.

We're not exactly sure what, but update our viewers on what you know and what you can see.

FIONNUALA SWEENEY, CNN CORRESPONDENT: Well, Wolf, I can tell you it's been a pretty busy half hour here in Haifa. In fact, it's been quite busy all day -- air raid sirens going off intermittently. But within the last few minutes, they are going off pretty much back to back.

And there has been some direct hits on the city behind us. The very latest information we have is that at least two people have been seriously injured.

But overall, in northern Israel, some 232 rockets have fallen so far. That has to be one of the highest counts yet since this conflict began.

Forty, we know, fell inside cities. And I can tell you now, Haifa, a few minutes ago was filled with smoke, black smoke behind us, here. And every few minutes, the air raid sirens go off.

We had been expecting this, more or less, throughout the day because the air raid sirens had been going off quite a lot. And it was only a matter of time because we saw rockets hitting the sea and then maybe another air raid siren would come and we would see rockets hitting, maybe, again in the sea.

So we knew it had been building up to something. But it really has peaked in the last half hour or so. And, as I say, various direct hits on the city. And the latest we have -- but remember; it's only happened in the last few minutes -- is that at least two people have been critically injured. Wolf?

BLITZER: That black smoke that we saw coming up over the skyline of Haifa, suggesting, perhaps, those Katyusha rockets may have hit, perhaps, some gasoline or some oil depots or whatever.

How big of an area do you think that black smoke covered?

SWEENEY: Actually, the smoke is quite contained, relatively contained, where it makes a direct hit. It doesn't necessarily mean, Wolf, that it's hit a petrol station or gasoline station.

It could have just hit a house. This is fairly routine practice here, once we see a rocket hit, you see black smoke rising from various buildings and then, of course, the wind carries it throughout the city.

But essentially, it allows you, the density of the smoke, allows you to pinpoint very easily where there has been a direct hit.

And there have been several in the city in the last half hour or so. And then the smoke dissipates. Usually there's silence, of course, when these air raid sirens finish, because people have taken cover.

And then, always, always within a matter of minutes, the air is punctuated with the sound of ambulance sirens and fire engines, as the medical services try to go to the various locations which have been hit.

Remember, last Sunday, it was also a number of direct hits on the city. At least three people were killed and more than 100 injured. But that was only in one barrage.

And we have witnessed several barrages here, particularly in the last 30 minutes or so. And so I suspect that there will be a casualty toll from this. At least, we now already know at least two people, seriously injured, but I suspect that could rise. Wolf?

BLITZER: Fionnuala, we're going to be getting back to you. Fionnuala Sweeney in Haifa for us. We're watching the story unfold.

Only less than 13 hours before a cease-fire is supposed to go into effect, Israel continuing to pound Hezbollah targets in Lebanon and we see Hezbollah pounding Israeli targets in northern Israel, including the city of Haifa.

We're going to speak shortly with the Lebanese special U.N. envoy, Nahoud Mahmoud. That's coming up.

But first, I want to briefly go to Tehran, Iran. Our Aneesh Raman is in Iran right now, speaking with top Iranian officials.

Aneesh, we've heard serious allegations, including in the last few minutes, from the U.S. ambassador to Iraq, Zalmay Khalilzad, that Iran, right now, meddling dangerously in Iraqi affairs, trying to foment sectarian violence and attacks against U.S. targets in Iraq.

What's been the reaction from Iranian officials?

ANEESH RAMAN, CNN CORRESPONDENT: Wolf, earlier today, I conducted an exclusive interview with Dr. Ali Larijani, the chairman of the Supreme National Security Council.

I asked him about the charges being made by Zalmay Khalilzad. He denied them outright. He said Iran is not meddling with the Shia militias and Shia groups there to destabilize Iraq.

He, as well, had strong words for Khalilzad, alleging that Khalilzad had a meeting, not long ago, with Sunni insurgents, telling them to aim their guns away from the U.S. and aim their weapons toward Iran.

I asked him, of course, about the continual allegations from the U.S. and Israel that Iran continues to arm Hezbollah. He denied those outright, saying Hezbollah's weaponry is very basic, easily obtained elsewhere.

He denied, as well, any contact during this war, direct or otherwise, between Iran and Hezbollah.

How this is playing into the broader picture -- Larijani is also the country's chief nuclear negotiator -- they say that they are not yet ready to suspend their nuclear enrichment.

They see no deal that makes it worth it. And they reiterated that a victory for Hezbollah will be seen as a victory for the Muslim world, including Iran.

And you get these sense they are still desperate to be engaged with by the United States. Wolf?

BLITZER: Aneesh, we're going to be checking back with you. Aneesh, doing some exclusive reporting for us in Tehran, in Iran. Aneesh Raman, thank you very much.

Whenever the fighting does end here in the Middle East, Lebanon faces major challenges, not only rebuilding devastated areas but also maintaining political stability.

Joining us from New York is the country's special envoy to the United Nations, Nahoud Mahmoud.

Mr. Ambassador, thanks very much for coming in.

Is it your sense, 13 hours away from this cease-fire, given the very, very lively action, shall we say, that the Israeli military is conducting now in Lebanon, that Hezbollah is conducting in northern Israel that there is a chance this cease-fire really will stop the guns from being fired?
NAHOUD MAHMOUD, LEBANON'S ENVOY TO U.N.: Well, we hope so. But I don't understand why do we need this grand finale for this bloody campaign of one month?

I mean, what they think they will achieve in 24 hours or 48 hours, which they couldn't achieve in one month -- so that's not very helpful, anyway.

BLITZER: So, are you referring to the Israeli military action, which has clearly intensified on the ground and in the air over the past 48 hours, but you're also -- I wonder -- are you also including Hezbollah's escalated military activity, as well?

MAHMOUD: Well, it's always a return to the Israeli escalation, yes.

BLITZER: I missed what you said. Explain what you mean.

MAHMOUD: It was always -- the escalation from our side was always a return for the escalation from the Israeli side.

BLITZER: Well, but Hezbollah, in this particular conflict, 33 days or so ago, Hezbollah started it. Is that right?

MAHMOUD: They just started it. And the Israelis took the rest.

BLITZER: What is your understanding what the Lebanese army, 15,000 troops, together with as many as 15,000 United Nations troops going into south Lebanon -- what is your understanding what they will do to disarm Hezbollah forces below the Litani river?

MAHMOUD: Well, they have the political backing of the whole government. And they are not going to use force to disarm Hezbollah. Hezbollah will just leave the area, as armed elements, as I understand it. And the Lebanese army will take over the whole region, along with the United Nations forces.

BLITZER: You really believe, Mr. Ambassador, that Hezbollah voluntarily is going to give up what it's spent 20 years, if not longer, building up in south Lebanon underground bunkers, command and control facilities, very sophisticated rocket capability, and simply leave this area and disarm?

MAHMOUD: Well, in Lebanon it happened before. If you remember in 1990 we had much larger militias in Lebanon, and they were much more equipped than Hezbollah now, and along with the national dialogue, national consensus, we reached the disarmament of all of them voluntarily, and that happened before and can happen again.

BLITZER: We heard one of the Israeli cabinet ministers in the first hour here on "Late Edition," Isaac Herzog, make a serious allegation that Syria even right now continuing to send weaponry into Lebanon for Hezbollah. He says this is a violation of the United Nations Security Council resolution. What do you know about this charge? MAHMOUD: We don't know anything about that, and the Israeli always have their allegations without any proof. We don't see where the proof of that.

BLITZER: If Syria is doing that, if Syria is doing that, Mr. Ambassador, is that a violation of the Security Council resolution?

MAHMOUD: I suppose so, but the Israeli are not letting any truck move in all Lebanon. I don't know how they are going to do it.

BLITZER: What about the Iranian role with Hezbollah right now? What can you tell our viewers that you believe Iran is doing to encourage or, I don't know, maybe discourage Hezbollah right now? The allegations, of course, from the U.S. and Israel and other sources is that Iran created this whole mess by encouraging Hezbollah to kidnap and kill those Israeli soldiers.

MAHMOUD: Well, this scenario we don't know about it, but now it is the moment of truth for everyone, and we'll see who will abide by the Security Council resolutions and who will not. So we have this week is very crucial, and we hope that things will go the way we like it to go.

BLITZER: Here's what President Bush said this past week. He said, "Syria and Iran sponsor and promote Hezbollah activities, all aimed at creating chaos, all aimed at using terror to stop the advance of democracies." You want to respond specifically to President Bush?

MAHMOUD: Well, our democracy actually get the biggest hit from Israel. It's not from anyone else. The same as the Palestinian democracy, so these two democracies in the Middle East got hit by Israel mainly.

BLITZER: The pictures we're getting in, I want to show our viewers some live pictures as we speak, Mr. Ambassador. These are coming in from Haifa right now. These pictures from northern Israel. Katyusha rockets once again coming in -- excuse me, these are pictures coming in from Beirut right now.

Even as we saw a few moments ago live pictures from Haifa, where Hezbollah rockets coming in. These are live pictures that we're seeing from Beirut right now. Israel in these final hours before a cease-fire, clearly trying to go after various Hezbollah targets, as well. Is there a chance, Mr. Ambassador, that this whole issue of the prisoners, the two Israeli prisoners being returned to Israel, is there a chance given the current environment that that's going to happen?

MAHMOUD: That will happen through negotiation. That could have happened through negotiation from the very first day, but the Israeli choose the escalation and choose to have this war against Lebanon to destroy the whole country and to kill more than thousand people and to have also some effect from their side, so that was their choice.

BLITZER: What is your understanding of what Lebanon, your government, must do as far as these two Israeli prisoners are concerned? I'll read to you what Secretary of State Condoleezza Rice said on Friday in New York.

She said, "There is a sensitive issue about Lebanese prisoners. But I want to be very clear. There isn't a linkage here, and there's no prisoner exchange that is even envisioned in this resolution." What is your understanding of the whole prisoner issue based on 1701, the new U.N. Security Council resolution?

MAHMOUD: Well, we hope that both issues will be addressed. If it's in parallel or simultaneously, that's not the issue. The issue is that we get our detainees and Israeli get their prisoners back, and I hope that the Lebanese government will be instrumental in that.

BLITZER: This may sound like a very, very optimistic question, Mr. Ambassador, maybe quixotic, maybe overly, overly hopeful. But is there a chance that out of this current crisis, this war that has now lasted 33 days, taken so many lives, destroyed so much property, that Israel and Lebanon, the governments of Israel and Lebanon might be able to sit down, work out their remaining dispute, territorial dispute involving the tiny area called Shebaa Farms and work out a peace treaty along the lines that Israel has done with Egypt and with Jordan?

MAHMOUD: Well, it's too early for that, and the Security Council resolution set some procedure to solve the Shebaa Farm. And we hope that we'll get back Shebaa Farm after the delineation of the borders.

But about having a peace treaty with Israel, that will be in the near -- in the future, and that depends from how the solution of the whole problem of the Middle East will go, because the others also have their problem and Lebanon will be, I think, the last state to sign a peace treaty with Israel. Regarding all the complication in the area, in the region.

BLITZER: All right. Mr. Ambassador, Nouhad Mahmoud, he's the special Lebanese enjoy to the United Nations, joining us from New York, Mr. Ambassador, thank you very much for spending some time with us here on "Late Edition."

We're watching breaking news unfold in two cities along the Mediterranean, in Haifa where Katyusha rockets have landed in the city's center as well as in Beirut where Israeli air strikes are continuing to pound what Israel says are Hezbollah targets. This is new video coming in to CNN right now from Beirut. We're going to go to Beirut and speak with our Brent Sadler. That's coming up.

Also, the other story we're following, do tighter security measures mean safer skies for you? Senators Chuck Hagel and Jack Reed, they're standing by to assess the terror threat, the crisis in the Middle East and the war in Iraq.

And then, a new cease-fire plan calls for a beefed-up United Nations security force. But will that be sufficient to keep the peace? We'll get special insights from the former NATO supreme allied commander, General George Joulwan. "Late Edition" continues right after this.

BLITZER: Breaking news happening here in the Middle East. These are live pictures you're seeing from Beirut, the Lebanese capital, where only moments ago, Israel resumed airstrikes, pounding what Israel says are Hezbollah targets in Lebanon, in Beirut right now.

Earlier, a few minutes earlier, in fact, Hezbollah rockets landing in the city center of Haifa earlier today. Some 200 Hezbollah rockets landing in Haifa. A tale of two cities, Haifa and Beirut, only hours before a cease-fire scheduled to go into effect. We're following all of the latest developments in the crisis in the Middle East.

Let's go up to Beirut. Brent Sadler, our bureau chief, is standing by with more. What do we know, Brent?

SADLER: Just a few minutes ago, Wolf, the city shook to the sound of more explosions, this the second time today, the second wave of strikes against the southern suburbs of the Lebanese capital. We're not sure if it's long-range naval gunfire, or air strikes, or a combination of both. But I can certainly tell you that the two waves of strikes today have been the heaviest attacks we've seen since the start of the war 33 days ago against the southern suburbs of Beirut. So you had continuing rocket fire, as we've seen over the past few minutes, particularly serious around Haifa. This may well be retaliatory fire for those strikes against civilian population areas of

Haifa. These strikes, again, hitting as we can see from these pictures, smoke slowly drifting across the capital after these two strikes.

Now, that has been going on, Wolf, at the same time as there was expectation just a couple of hours ago that the Lebanese cabinet here would once and for all make absolutely clear that the cabinet, including Hezbollah, would go along with an implementation plan to put the Lebanese army into the south, as per the conditions of that Security Council resolution.

Now, that cabinet meeting was postponed at the last minute, because there is still a hitch that Hezbollah has with deploying the Lebanese army and Hezbollah laying down its weapons. Hezbollah insisting it will keep its weapons in the south, and that would mean in effect the Lebanese government would have its hands tied if it decided to send the army down there. So a big problem here politically right now, Wolf.

BLITZER: And only hours before the cease-fire goes into effect, some major parting shots, literally, between Israel and Hezbollah. We're going to watch all of this very, very closely.

Brent, thank you very much. We'll check back with you shortly.

Coming up, we're going to continue our special coverage of the crisis in the Middle East. Two top U.S. senators standing by to weigh in. We'll be right back.

BLITZER: Welcome back to our special "Late Edition: Crisis in the Middle East." I'm Wolf Blitzer, reporting live from Jerusalem.

With us now to discuss this war that's going on now, day 33, also here to discuss airline terror and other issues, two key United States senators. In Washington, Chuck Hagel, Republican of Nebraska. He serves on the Foreign Relations and the Select Intelligence Committees, as well as in his home state of Rhode Island, Democrat Jack Reed. He is a member of the Armed Services Committee. Senator, thanks very much for coming in.

Senator Hagel, what do you make of this cease-fire that's about to supposedly go into effect in less than 13 hours? You've been calling for a cease-fire for weeks now. It's taken 33 days. What do you think?

SEN. CHUCK HAGEL (R), NEBRASKA: Well, I'm glad we have one, Wolf, but now we must get it implemented and not squander the moment and squander the opportunity. We need to stop the slaughter and the bloodshed, and get this up on a more comprehensive, higher plane, put into a system here some strategic planning in a comprehensive way that includes everyone in the Middle East. Obviously, the United Nations is part of this.

There's a lot of work to be done, but the United States must now be engaged in a very sustained way. We cannot afford any more crisis diplomacy. We've got to be at this now daily to make it work. There is some opportunity here, Wolf.

BLITZER: Senator, I think I may have just lost the last part of your answer over there, but let me bring in Senator Reed and see if he wants to weigh in on this, as well.

Senator Reed, do you have complaints about the way the president, the secretary of state have handled this crisis in the Middle East?

SEN. JACK REED (D), RHODE ISLAND: Well, one of the problems is that there was no real strong diplomatic presence involvement by the president and the secretary of state prior to this crisis, so in many respects they were trying to put something together on the run from scratch. That slowed down this effort, and I think it has prolonged this long, long battle that's been going on.

I think this cease-fire is a very important step, but I think it'll really translate onto the ground as just a cessation of the aerial bombardment by Israel, and I hope the rocket bombardment by Hezbollah. But until we get a multinational force on the ground, I think we can still expect episodes of violence.

And then we have to -- and I agree with Chuck -- transfer or translate quickly from this cease-fire to a long-term commitment to build up Lebanon so that it can be an effective counter to Hezbollah and be an effective partner for stability in the region with Israel.

BLITZER: I know you've been critical, Senator Hagel, of some of the policies of the Bush administration, in the crisis in the Middle East, as far as Iraq is concerned. But is this, as some critics are suggesting, too little too late, as far as the U.S. diplomacy has been concerned?

HAGEL: Well, I think sustained U.S. diplomatic efforts has been missing in the Middle East, specifically focused on the Israeli/Palestinian issue. I have believed for a long time -- I have been told this by leaders in the Middle East, by both Arab and Israeli leaders -- that the core issue in the Middle East is the Israeli/Palestinian issue. And I don't believe you will find stability, peace, opportunity, prosperity ever in the Middle East until there is an awareness and some confidence that we are moving toward the resolution that seemingly everyone agrees with, and that is a two-state solution, but a process must be put in place to do that. And that is going to take sustained engagement, Wolf, and there's where the United States really, truly is indispensable.

We can't impose peace. We can't make it rain. We can't do it all, but without American leadership bringing a consensus of purpose together and a focus, because we are trusted generally by both sides, then we will fail. And this will widen into a much deeper and more dangerous situation if we don't get control now, and that's why this cease-fire is so critical that we not squander this opportunity now to build on this.

BLITZER: Senator Reed, the president sees this war between Israel and Hezbollah, what's happening in Iraq, as part of a much bigger war on terror that the United States faces around the world. He said this on Thursday, I'll read it to you. He says, "This nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation." Do you agree with the president as far as the bigger picture is concerned?

REED: I think the president makes a significant mistake when he conflates the war in Iraq particularly with the global war on terror. What we saw this week with this airplane incident was an example of distributed cells across the globe, young Islamic radicals. They are being, I think in some respects, motivated by what they see going on in the Middle East, but they are not part of any type of struggle within Iraq.

That is becoming a sectarian civil war. There are many forces at work here, but I think the president oversimplifies the challenges we face. We have a terrorist challenge which is very distributed in European capitals. This terror plot against the airlines emanated apparently from Pakistan and Great Britain. And then we have a separate battle in Iraq. That's a battle the president chose, which has very tangential relations to this war on terror.

And then we have the issues in the Middle East that have been there long before 9/11. That's the struggle between Israel and the Palestinian Authority and the constant effort to build up a stable Lebanon, which goes back many, many decades. So I think the president tends to oversimplify these things, and frankly, I think his strategy as a result has been flawed.

BLITZER: We're going to take a quick break, but I want Senator Hagel to respond to that. Senator Hagel.

HAGEL: Well, I think Jack hits the high points there. It goes back to what I have said for a long time, Wolf. Until we come at this from a comprehensive framework of peace in the Middle East, understanding it is a regional issue. We should go back, for example, to King Abdullah of Saudi Arabia's 2002 Beirut declaration. Come at this from a wide lens angle of understanding.

Yes, there is a terrorist component, but it's bigger than that, it's wider than that, it's deeper than that. And to try to simplify it into, well, Iraq is the most key action going on in the world today for America's interests because of terrorism, I don't think that that's quite accurate.

Terrorism is part of this, of course, but it is so much bigger and wider, and we are going to have to enlist, not unlike what we did after World War II, the world community in a focused consensus effort to deal with these issues. There will be no winning any kind of a war on terrorism or any other challenge of the 21st century unless we do that.

BLITZER: Senators, stand by. I want to continue this question, the questioning, but we have to take a quick break. We're going to have much more coming up with senators Hagel and Reed after a quick check of what's in the news right now. We're also watching the breaking news out of Haifa and Beirut, where there have been more explosions, more Katyusha rockets coming into Haifa tonight and more Israeli air strikes in Beirut. We'll be right back.

(NEWSBREAK)

BLITZER: Welcome back. We're showing you some live pictures from Beirut, where only moments ago, Israeli warplanes once again hit what they say are Hezbollah targets in various parts of the Lebanese capital. These are pictures coming in from Beirut right now.

Earlier, we saw Hezbollah rockets land in Haifa, only a little bit down the coast, the Mediterranean coast, clearly only hours before a cease-fire is supposed to go into effect. Both Hezbollah and Israel making major military moves designed to inflict as much damage as possible on the other side.

Welcome back to our special "Late Edition: Crisis in the Middle East." We're talking with two key U.S. senators, Republican Chuck Hagel of Nebraska and Democrat Jack Reed of Rhode Island.

Senator Reed, let me read to you from what Harry Reid, the Democratic leader in the Senate, said this week. He said, "Ask any foreign policy pro, and they'll tell you we're less safe now than we were five years ago -- and that the Bush crowd is largely responsible."

Do you agree with your leader?

REED: The five years that have passed since 9/11 have made us, obviously, more aware of the terror threat. But we haven't taken all the steps we need to take to truly protect America.

And that's not just the conclusion of Harry Reid or anyone else. The 9/11 Commission gave the administration very low remarks on investment to protect America, in terms of our air transport system, our port security system, and a host of other means.

We've got to do a lot better. This plot, uncovered this week, shows how adaptive, how innovative, how cunning our adversaries are. And so we have to continue to be on our guard and continually to invest more and more into homeland security.

That has not been done by the administration. I think, frankly, they've been so occupied with Iraq, that we've spent so much there, billions and billions of dollars a month, that the focus and the resources for doing all we can for homeland protection has been diverted.

BLITZER: Senator Hagel, as you know, Senator Lieberman, the Democrat from Connecticut, lost the Democratic primary this week, some say, in part -- at least in large measure -- because of his strong support for the Bush administration's policies in Iraq.

What's the major political lesson you think politicians should learn from Lieberman's defeat?

HAGEL: Wolf, I don't know what lessons we can learn or draw from that election.

I would respond this way, in going back to the questions you asked Senator Reed.

I think, first of all, the American people wants all of us, leadership in both parties, including the president, to stay above this fray and quit using terrorism and our national security interest as a political edge issue for both parties. I think it's irresponsible. America deserves better than that. And I would admonish both parties, Republicans and Democrats, to stop it.

First, we're Americans, and then we're Democrats or Republicans.

Second, what lessons can be drawn out of the Lieberman defeat? I don't know. I'm not one, Wolf, who believes you can take every election and isolate some political lesson there.

I think it's far more complicated, just like the Middle East. Joe Lieberman believes in things. He voted certain ways. He said things. And I think that's to his credit, quite frankly.

I'm occasionally out of step with my party, too. Does that mean I'm a bad Republican or ought to be thrown out of office? That's up to the good people of Nebraska to decide that. But come on, let's get this above the nonsense and get it out of the political sewer that the American people are sick of. And let's focus on the security of this country first, as our responsibilities as elected officials.

That's why I think the poll numbers show, Wolf, the Congress held in such disregard, as is the president.

Our poll numbers, in the Congress, are lower than the president's. And I think it is a direct result of the American people feeling that we all have failed them. And in many ways, we have.

BLITZER: Senator Hagel and Senator Reed, we have to leave it right there. Thanks to both of you for joining us on our special "Late Edition." I appreciate it very much.

Up next, the former NATO supreme allied commander, retired U.S. Army General George Joulwan, on the future of U.N. troops in Lebanon. Stay with us. We'll be right back.

BLITZER: Welcome back. There are currently 2,000 United Nations troops stationed along the Israeli-Lebanese border. The new U.N. Security Council resolution calls for beefing up that presence to as many as 15,000 U.N. troops, in addition to 15,000 Lebanese soldiers expected to go south, in the southern part of the country.

Joining us now from Washington is the former NATO supreme allied commander, retired U.S. army general, George Joulwan.

What do you make, General Joulwan, of this plan for peacekeeping, peacemaking if you want to call it, that that the United Nations Security Council has come up with?

GEORGE JOULWAN, FORMER NATO SUPREME ALLIED COMMANDER: Well, I think, Wolf, the key here is the devil is in the details. We don't know all the details yet, but what seems to be emerging is this 15,000-man force built around UNIFIL, that's currently a U.N. force in southern Lebanon.

I'm concerned in three areas: one, that it may be a Chapter 6, which is traditional peacekeeping. And I would urge that it would be a Chapter 7, which is peace enforcement.

Secondly, I'm not sure the clarity of the mission here, of what this force has to do.

And third, I would urge that this is a great opportunity to really have a disarmed, demobilized militia, the Hezbollah, out of southern Lebanon and the Lebanese armed forces, with international backing, regaining Lebanese sovereignty over that territory.

BLITZER: Here's how the secretary of state, Condoleezza Rice phrased it on Friday. She said, "This force has a big mandate. It has a robust mandate .. but it has never been the expectation that this force is going to disarm Hezbollah. That will have to be done by the Lebanese.

The Lebanese army doesn't want to disarm Hezbollah, either. They want Hezbollah to disarm themselves. It looks like, unless Hezbollah wants to cooperate, no one is ready to try to disarm Hezbollah, with the exception of the Israelis. And they're supposed to stop fighting in a few hours.

JOULWAN: We have to learn from the past. As you recall, when we went into Bosnia, part of the requirement that NATO had was to disarm the warring factions and demobilize them. And we did that in six months.

I think you have a six-month window here to get it right. And that ought to be this army demobilizing the Hezbollah -- they've become a political and social force, not a military force -- that's the Lebanese armed forces.

And the United States, and particularly the international community, needs to provide the wherewithal for that to happen. If we don't do it, Wolf, we'll be revisiting this again in five or 10 years.

BLITZER: There's a lot of second-guessing going on here in Israel, General, as to the military strategy, over these 33 days, conducted by the Israeli military, backed by the political leadership, relying initially on air power and then going in with heavy ground forces, only, really, in the last few days.

What do you make of this military strategy, from your perspective as an analyst?

JOULWAN: That happens in a democracy, Wolf, as you know. And Israel is a democracy. And you're going to have that. I think there was some hesitation.

What is of more concern to me is this is being perceived as a victory for Hezbollah, not only by the Arab countries, but also by many inside of Israel.

That is very dangerous. That's why what happens in southern Lebanon is extremely important to our vital interests, the U.S. vital interest in the region. And I would say that's more vital than Iraq is. What happens in Israel and in Lebanon is more vital than what's happening in Iraq.

BLITZER: General Joulwan, as usual, thanks very much. We always love having you here on "Late Edition." Up next, was the Bush administration involved in Israel's military campaign against Hezbollah? Startling allegations coming from The New Yorker's Seymour Hersh. He's standing by. He'll join us next.

BLITZER: Welcome back to our special "Late Edition: Crisis in the Middle East." Did the Bush administration see the Israel- Hezbollah conflict as an opening for a U.S. strike against Iran? Joining us now from Washington is the Pulitzer Prize-winning journalist and The New Yorker magazine staff writer, Seymour Hersh. He's got a major article on this subject that is just coming out.

Spectacular suggestions, allegations being made by you, Sy Hersh, allegations now being formally denied by the White House, the Pentagon, the State Department. But let me read to you from your article: "According to a Middle East expert with knowledge of the current thinking of both the Israeli and the U.S. governments, Israel had devised a plan for attacking Hezbollah -- and shared it with Bush administration officials well before the July 12th kidnappings" of those two Israeli soldiers.

Tell our viewers what you say you've learned because, as you know, the denials are coming in fast and furious.

SEYMOUR HERSH, "NEW YORKER" MAGAZINE: Well, one thing there's no question about, that this was known what Israel was going to do, it's attack on Hezbollah, the basically using air, primarily, was known to this White House. And I will tell you also to the State Department. They both had different reasons, the State Department and White House, for wanting Israel to do it, encouraging them to do it, supporting them.

Our Air Force worked very closely with the Israeli air force for months before this, not necessarily with a deadline knowing when it would happen. It was always going to be whenever there was an incident they would take advantage of an incident. The word I used was fortunate timing. When the Hezbollah grabbed some of the Israeli soldiers in early July, that was then a pretext -- I think that's the only word -- for a major offensive that had been in the works a long time.

The State Department always viewed what Israel was going to do, Condi Rice and her colleagues, as a way to stabilize -- going after Hezbollah would stabilize the Lebanese government and give them a chance under 1559 to take control. The White House, I write in this article, talking about specifically about Cheney's office, sort of center for the neocons, their view was different. Israel's attack on Hezbollah was going to be sort of a model, prototype, that is, a lot of air against a dug-in underground facility. Everything in southern Lebanon that Hezbollah had was underground.

For them it was going to be a test run for the bombing and the attack they really want to do, probably next year if they can. I'm not saying they've decided, but they want to go after Iran, and Iran, of course, the Persians have been dug in since, what, the 11th century so we know it's a tough call.

BLITZER: Because they're saying that these Sy Hersh conspiratorial theories so far-fetched they're rejecting them out of hand, especially this notion that what the Israelis have done now in Lebanon against Hezbollah is a prelude, a test run, if you will, for what the U.S. hopes to do

against Iranian targets in Iran. And I want you to explain the nature of your sources, if you can -- I know you have confidential sources -- how good these sources are that are making this spectacular accusation.

HERSH: You know, when I did Abu Ghraib, the same kind of stuff was thrown at me, that I'm fantasizing, I'm a fantasizer, and I'll just put, you know -- I'm not writing from some off the wall weekly. The New Yorker is very solid. The editors of The New Yorker, my editor Dave Remnick and others know who my sources are. In many cases, they've talked to my sources. This is one of the procedures that The New Yorker -- very close fact-checking.

It's not about they're denying what I'm saying. It's about what these people have said to me. These are people inside, very much inside who are very concerned about the policy. And something else that was in the story is this, is that this White House will find a way to view what happened with the Israelis against Hezbollah as a victory. And they'll find a way to see it as a positive for any planning that is going on towards Iran.

I'm not saying Iran's a done deal. What I'm saying is, the idee fixe about Iran is almost as it was about in the first couple years after 9/11 in the White House as about Iraq. These guys, the president, Cheney and others, want to go. It's very much on their minds.

The nuclear weapons, whether they're there or not, have existential for this White House. This president does not want to leave the White House with that problem unsolved, and so, therefore, encouraging and abetting the Israelis to go after Hezbollah, after all, you cannot attack Iran as long as Hezbollah has missiles.

You have to get rid of those missiles, a potential deterrent, before you can go after Iran. That's the way they looked at it in the White House. I think it was something that really should be examined by a Congressional committee. It's sort of time to decide whether we're a democracy or not. This president's doing an awful lot of foreign policy without sharing it with the rest of us.

BLITZER: Because what they're criticizing your sourcing, they're saying you're speaking to former government officials, former intelligence officers, consultants to the U.S. government. The sourcing doesn't seem to include any current officials who are intimately involved with this type of planning.

HERSH: Well, it does. I mean, there are current officials talking to me, and if you read the sourcing carefully you'll see there are people, Middle East experts, you know, whether it's in or out of the government. The bottom line is, it's not a question -- you know, you and I have known each other a long time. Long of tooth we both are.

I would not write something, and I understand this is going to be all over the Middle East. It is already as far as I hear. And I understand the implications of the story. All of us do. And nobody is suggesting that Israel wouldn't have done what it did without the Americans. They didn't -- Israel didn't need the White House to go after Hezbollah, but it's the idea that they got tremendous amount of support from this White House.

That's the idea that -- why do you think this president has spent four and a half weeks doing nothing to get an immediate cease-fire, putting no pressure on the Israelis? It's all part of what they view as sort of a plan for what they want to do next. And it's not conspiratorial. It's simply the way...

BLITZER: Sy Hersh. Sy Hersh writing in The New Yorker magazine. And appreciated coming in Sy. Always appreciate speaking with you. Thanks very much.

HERSH: Great to be here.

BLITZER: And to our viewers, that's it for our "Late Edition" this Sunday, August 13. Please be sure to join us again next Sunday and every Sunday at 11 a.m. Eastern. I'm also in "The Situation Room" Monday through Friday, back from Jerusalem tomorrow. Until then, thanks very much for watching. I'm Wolf Blitzer reporting.

Up next, right after a quick check of the news, "This Week at War" with John Roberts.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Gonzales Says Heightened Security Measures May Be Permanent 3
UK Lowers Terror Threat Level As Investigators Focus On Fund Transfers 5
US Officials, California Islamic Leaders Urge Public To Respect Muslims' Civil Rights 6
Militant Cuban Exile Seeks Freedom 6
Albania Accepts Guantanamo Uighur Detainees 7
Soros Questions Premises Of War On Terror "Metaphor." 7

Homeland Response:

Alert Leads To Criticism Of DHS Procedures 7
FBI Says Cell Phone Suspects No Threat To Michigan Bridge 8
ICE Apprehends Final Two Missing Egyptian Students 10
Toy Prompts Evacuation Of Alaska Airlines Flight In Los Angeles 10
FBI, TSA Investigating Theft Of Guns From O'Hare Checked Baggage 10
NYTimes Decries Dissolution Of Lower Manhattan Development Corporation 10
Governors Resist Relinquishing Guard Authority During Disasters 10
FEMA Gulf Coast Trailer Home Locks Vulnerable 11
Utility Wants To Transfer New Orleans Assets To City 11
Travel Industry Official Calls For Relaxing Deadline For New Border ID Law 11

War News:

US, Iraqi Troops In Baghdad Seek To Avoid Clash With Sadr Militia 11
US, Iraqis Differ On Cause Of Fatal Baghdad Explosion 12
US Tries To Curb Rogue Iraqi Police 12
Just-Returned Stryker Troops Sent Back To Iraq 12
43-Year-Old US Soldier Killed In Ramadi 12
Haditha Probe Said To Undermine Marines' Confidence 13
Iraqi Shiites, Kurds Unite To Back Ouster Of Sunni Speaker 13
Few Baghdad Residents Patronize Movie Theatres 13
Carroll Continues To Tell Her Story 13
Afghanis Resent Pakistani Refuge For Insurgents 14
Polio Incidence Rises In Southern Afghanistan 14

Corporate Scandals:

US Says Skilling Liable For Lay's Share 14
Nasdaq Puts Monster.com On Noncompliance List After Delayed Statement 15
HealthSouth Considers Divestiture In Wake Of Declining Revenues 15
WSJournal Says DOJ Overreaching On Corporate Scandal Prosecutions 15

Criminal Law:

Trial Opens For Man Charged With Killing North Dakota Student 15
New Hampshire GOP Aide Disputes FBI Report Of Phone-Jamming Interview 16
Former Socom Official Sentenced To 15 Months In Prison For Contract Fraud 16
FBI Arrests Mississippi Alderman On Bank Fraud, Witness Tampering Charges 16
FBI, Dallas School Officials Investigating Possible Employee Credit Card Fraud 16
Jury Selection Begins For Third Gotti Trial 17
Judge Rejects Mafia Cop's Bid For Release Over Health Issues 17
Tennessee County Commissioner To Resign Before Corruption Trial 17
Illinois Man Sentenced To 30 Years For Child Pornography 17
New York Man Admits Threatening To Kill Federal Judge 17

Judge Orders Voice Samples For Three Charged In Coke Secrets Case ... 17
Teen Bank Robbers Raise FBI Concern About Possible Trend ... 18
Georgia Gang Members Sentenced To Collective 40 Years In Prison ... 18
Actress Involved In Bogus DHS TV Show Sentenced To Probation ... 18
Police Release Profile Of Indiana Sniper ... 18
Hinckley Asks For Four-Day Visits ... 19
Virginia Man Pleads Not Guilty To Richmond Killings ... 19
WPost Criticizes Decision On Disclosure Of Defense Information In AIPAC Case ... 19

Civil Law:

Iranian Brothers Sue DOJ, FBI Over Post-9/11 Detention ... 19
Internet Privacy Group Files Complaint Against AOL Over Search Information Release ... 20

Civil Rights:

Bush Signs Bill Transferring Memorial Cross To Federal Government ... 20
Recruiter Misconduct Cited By GAO ... 20
Judges Dismiss GOP Lawsuit Against Colorado Remap Imposed by Court ... 21
Death Of Baltimore Teen Sparks Debate Over Police Use Of Force ... 21
IG Probes Deletions In Reports On DC Group Home Deaths 21
Lawsuit Reinstated In Los Angeles Over Handcuffing Of Boy 22
Lack Of Voting Standards Said To Suggest Relevance Of Florida Recount Case ... 22

Antitrust:

Bristol-Myers, Sanofi-Aventis Seek To Block Generic Plavix Sales ... 22
Biomet, Zimmer Named In Antitrust Suits ... 22
NovaGold Urges Shareholders To Reject Takeover Bid By Barrick ... 23

Environment:

BP Considers Alternative Pipeline Routes For Eastern Prudhoe Bay Field ... 23
Federal Judge Refuses To Stop Sale Of Oil And Gas Leases 23
Nevada Water Battle Heating Up ... 23
Bird Flu Discovered In Two Swans In Michigan ... 24
Maryland Bans Swimming At Sandy Point Park ... 24

FBI/DEA/ATF/USMS:

West Virginia FBI Agent Resigns As Part Of Prostitution Case Plea Agreement ... 24
Western Pennsylvania Native Named Pittsburgh SAC ... 24
Reporting Continues On Three Killings In California Linked To Drug-Smuggling Feud ... 25
Marijuana Eradicated In Fields Linked To California Gang ... 25
Seattle Somalis Remain Upset By Khat Busts ... 25
Report: Tennessee Detective Fails Lie Detector Test In Drug-Theft Case ... 25
Nevada "Medical Marijuana" User Pleads Guilty To Possession ... 25
Sprinter Protests Doping Violation, Refuses To Join Britain's Relay Team After Victory ... 26
ATF Revokes Licenses Of Two California Gun Stores ... 26

Immigration:

Census Data Shows Dispersal Of New Immigrants Across US ... 26
Minuteman Still Not Disclosing Financial Information ... 26

Tax:

IRS Alleges Comtrol CEO Owes $1.6 Million In Taxes ... 27

Congress-Administration:

Officials Race To Allocate Iraq Rebuilding Funds Before They Expire ... 27
Bush Signs Vocational Education Bill ... 27
SCOTUS Could Settle Presidential Signing Statement Dispute ... 27
Chief Justice Names Former DOJ Official As Top Aide ... 28
Bush's Vacation Timing Criticized ... 28
Legal Services Corporation Enjoy Many Luxuries ... 28
Coburn On "Collision Course" With Byrd Over Earmarks ... 29
Department of Transportation Reports Data Security Breach 29
VA Announces Encryption Effort ... 29
White House Press Corps Moves To Temporary Quarters ... 29
Over Half Of Federal Employees Have Not Calculated Retirement Needs ... 29
Buchwald Jokes That Bush Was Tricked Into Stem Cell Veto 30
Welfare Reform Said To Have Hidden Cycle Of Dependency 30
NYTimes Criticizes GOP Efforts To Revive Stalled Bush Judicial Nominees ... 30
WSJournal Criticizes Federal Workers Compensation ... 30
WPost Urges Expedited Federal Investigation In DC Charter School Case ... 30

DOJ_NMG_0048167

Other News:

Banks Report Mortgage Demand Weakening 31
Democrats Hope To Challenge Bush, GOP On Terrorism ... 31
Evangelical Groups Preparing Major Registration Drive 31
First Lady Appears At Roskam Fundraiser 32
White House Declines To Endorse GOP Candidate In Connecticut Senate Race 32
Cheney To Campaign With Burns In Montana 33
Allen Comment To Opponent's Volunteer Causes Uproar 33
Reid Returns Seven-Year-Old Contribution With Accrued Interest 33
Ney Formally Withdraws From Reelection Race 33
Fitzpatrick Criticizes Bush's "Stay-The-Course" Approach In Iraq 33
Richardson Sees Foreign Policy As Asset For '08 Run 34
Democrats Seen As Handicapped By Lack Of Organization . 34
Republican "Corruption" Said To Resemble That Of Late 19th Century 34
Maryland Senate Candidates' House Tenures Could Shape Future Course 34
600 Arrive In US From Muslim Countries As Part Of Student Exchange 35
Bush Says Israel Defeated Hezbollah 35
Both Sides In Lebanon Conflict Seen As Preparing To Renew Fighting 37
Fox News' Centanni, Cameraman Kidnapped In Gaza 39
Sharon's Condition Worsening 39
Hersh Says Bush Wants Option To Bomb Iranian Nuclear Facilities 39
Fox Backs Mexican Election Process, Results 41
Koizumi Visits Yasukuni Shrine On Surrender Anniversary 41
Anti-AIDS "ABC" Program Gets "Mixed Report Card." 41
Syrian Finds Authorities Receptive To Giant Quran Project ... 42
Robinson Says Castro "True Believer" In Communist System 42
Ad Executive Works To Enhance US Image Overseas 42
Douthat Analyzes State Of Foreign Policy Thinking 43
Conservationist Suggests Market Principles To Save China's Wild Tigers 43

The Big Picture:

Headlines From Today's Front Pages 43

Washington's Schedule:

Today's Events In Washington 44

TERRORISM NEWS:

Gonzales Says Heightened Security Measures May Be Permanent. The AP (8/15, Babwin) reports, "Attorney General Alberto Gonzales warned Monday that security measures such as the ban on carrying liquids and gels onto commercial planes may be permanent if officials can't figure how to screen the kinds of materials terrorists in Britain allegedly plotted to use to blow up U.S.-bound planes." The AP continues, "Gonzales said if security officials have the ability to screen for such materials, then 'perhaps we can go back to the way it was before Aug. 10,' when British authorities uncovered the alleged plan that included attacks on up to 10 jetliners. … But, he said, 'If we don't have the tools to appropriately screen, to ensure the safety of the flying public then there may be permanent changes. It's too early to tell.' … Today, the X-ray machines used at airports do not detect for explosives." The AP adds, "Gonzales, who was in Chicago speaking to a disabled veterans group, would not discuss in detail the investigation, but said that before the British arrests were made, more than 200 FBI agents were following tips about possible activities in the U.S. … 'There's no evidence of an ongoing plot here in this country,' he said. … In discussing the differences between British and U.S. legal systems, Gonzales said it is possible that the American legal system might want to adopt the British law that allows officials to hold suspected terrorists for 28 days before charging them. In the United States, suspects must be charged a lot sooner, typically within 48 hours, though suspects deemed as 'enemy combatants' have been held far longer. … 'That may be something we might want to look at,' he said. 'But again, is it consistent with our Constitution? We have to look at that.' … Later, a Department of Justice official stressed that Gonzales' comments should not be interpreted to mean that such a change in the law is imminent and, in fact, such a review has not begun. … 'The only thing the attorney general has committed to is a review to evaluate and compare the United Kingdom's counterterrorism laws to those in the United States. Any changes to our existing terrorism laws would only be considered after extensive review and discussion to ensure

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such a change would be necessary, appropriate and constitutional,' said a Justice Department official in Washington who is familiar with the pending review. He declined to be identified by name because the review has not started."

CNN's The Situation Room (8/14, Meserve) reports, "The British bust of the alleged plot to blast airliners out of the skies is spurring the US government to do a side-by-side comparison of US and British counter-terror tools, officials say. One senior Justice Department official says the Attorney General 'is not ruling anything or ruling anything out.'" Fox News' Special Report (8/14, Cameron) said Gonzales "said no evidence has surfaced in the US of an imminent plot or attack."

DOJ To Study Britain's Terror Laws. The New York Times (8/15, Lichtblau) reports, "Attorney General Alberto R. Gonzales on Monday ordered a side-by-side review of American and British counterterrorism laws as a first step toward determining whether further changes in American law are warranted." The Times continues, "The plot to blow up airliners bound from Britain to the United States has highlighted differences in legal policies between the two allies, with American officials suggesting that their British counterparts have greater flexibility to prevent attacks. … Newly revised British counterterrorism laws, for instance, allow the authorities to hold a suspect for 28 days without charges, where American law generally requires that a suspect held in the civilian court system be charged or released within 48 hours." The Times adds, "Homeland Security Secretary Michael Chertoff said in appearances on the Sunday morning news programs that he thought bringing American laws more closely into line with Britain's, particularly regarding the detention of terror suspects without charges, could help deter threats at home." The Times notes, "After the attorney general's comments, the Justice Department said he was directing officials there, including those in the Office of Legal Policy and the Office of Legal Counsel, to study the issue by comparing the two countries' laws. … 'The attorney general has committed to a review to evaluate and compare the terrorism laws in the United Kingdom with those in the United States,' said Brian Roehrkasse, a department spokesman. 'Any changes to our existing terrorism laws would only be considered after extensive review and discussion to ensure that such a change would be necessary, appropriate and constitutional.'" USA Today (8/15, 2A, Soriano, Stinson, 2.27M) quotes DOJ spokesman Brian Roehrkasse, formerly of DHS, saying, "Changes would be considered only after extensive review and discussion to ensure such a change would be appropriate." USA Today also notes that the DOH review comes following Chertoff's Sunday comments.

DOJ Impatient Over Delay Of Wainstein Nomination. The Legal Times (8/14, McLure) reports, "Reports that the British government had thwarted a planned attack on trans-Atlantic flights last week sent U.S. officials scrambling to tighten domestic security. But one Justice Department official left out of the mix was Kenneth Wainstein, the nominee to head the DOJ's planned National Security Division." The Times continues, "The new division would unite the Criminal Division's counterterrorism and counterintelligence sections with the independent Office of Intelligence Policy and Review. … Earlier this year, Congress provided statutory authorization for the new division, but its creation has been blocked by Sen. Carl Levin (D-Mich.), who has placed a hold on Wainstein's nomination. Levin's obstruction doesn't appear to be based on any question about Wainstein's credentials; rather it stems from the senator's long-running quarrel with the Defense Department over access to FBI documents concerning abusive interrogation techniques used at the U.S. prison in Guantánamo Bay, Cuba. … A spokesman for Levin says a request for seven documents relevant to Wainstein's nomination has been 'outstanding for over a month.'" The Times adds, "The Justice Department is running out of patience. 'He is single-handedly preventing the National Security Division from being implemented,' says DOJ spokeswoman Tasia Scolinos. 'It is unfair for him to exercise oversight over [the Defense Department] by holding up DOJ nominations.'" The Times notes, "If he is confirmed, one of the first issues Wainstein, currently U.S. attorney for the District of Columbia, will have to tackle is a lengthy backlog for processing Foreign Intelligence Surveillance Act wiretap warrants. A Justice official and an FBI official say last week's terror threats generated a huge spike in the number of FISA applications from the FBI."

FBI Said To Have Pressed Pakistan Arrest To Force UK's Hand. US News & World Report (8/14, Ragavan) reports on its Web site, "Left to their own devices, British police might have waited longer before making the arrests in order to obtain more evidence, U.S. and British law enforcement sources said. … U.S. law enforcement sources say the bureau pressured Pakistan to make their move" to

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arrest a key suspect, "forcing the British to scramble. A senior FBI official, however, denied any pressure was placed on either the British or the Pakistanis. 'It was entirely their call,' he said. He said the FBI worked collaboratively with the British to chase down hundreds of leads in the United States -- but no connections were found. Senior FBI officials also were taking note of the growing difficulty that the British faced in keepings tabs on the suspects," and "'It was getting more and more unwieldy,' asserts one FBI official. … But some in the British Metropolitan Police's anti-terrorist branch fear that investigators may pay a price for pulling the plug too early. 'I've got a feeling that if we let it run for 10 more days, we would have got a lot more concrete evidence' says one official."

More Commentary. In an op-ed in the Washington Post (8/15, A13), Richard A. Posner, a judge on the 7th Circuit Court of Appeals, writes, "What lessons can we draw from the recent foiled plot to bring down U.S.-bound airliners with liquid bombs? … The first concerns the shrewdness of al-Qaeda and its affiliates in continuing to focus their destructive efforts on civil aviation. … The concern with air safety, coupled with the fact that protection against terrorist attacks on aviation can be strengthened only at great cost in convenience to travelers, makes the recently foiled plot merely a partial failure for the terrorists." Posner continues, "The plot has also revealed the indispensability of good counterterrorism intelligence. A defense against terrorists, as against other enemies of the nation, must be multilayered to have a reasonable chance of being effective. One of the outer defenses is intelligence, designed to detect plots in advance so that they can be thwarted. One of the inner defenses is preventing an attack at the last minute, as by airport screening for weapons. … The inner defense would have failed in the recent episode because the equipment for scanning hand luggage does not detect liquid explosives. … Fortunately, the outer defense succeeded. … Intelligence succeeded in part because of the work of MI5, England's domestic intelligence agency. We do not have a counterpart to MI5. This is a serious gap in our defenses. Primary responsibility for national security intelligence has been given to the FBI. The bureau is a criminal investigation agency. Its orientation is toward arrest and prosecution rather than toward the patient gathering of intelligence with a view to understanding and penetrating a terrorist network." Posner concludes, "Because we have not been attacked since 2001, we are (or were until last week) beginning to feel safe. We were ostriches. … Muslim extremists are bent on attacking the United States, not just their own societies. We cannot afford to assume that we are safe. Perhaps we will now abandon that comfortable assumption."

UK Lowers Terror Threat Level As Investigators Focus On Fund Transfers. All three broadcast networks aired detailed reports on the aftermath of the revelation of the UK airliner bomb threat, but the story was no longer in the lead. ABC World News Tonight (8/14, story 3, 2:30, Gibson, 8.78M) did a wrap-around on "several developments in the alleged plot," including the UK's decision to lower its "terror threat level a notch allowing air travelers to carry some items on board again." Meanwhile, "investigators are looking into the possibility that some of the money used to help finance the plot may have come from funds raised by British charities for earthquake relief in Pakistan."

The CBS Evening News (8/14, story 4, 2:25, MacVicar, 7.66M) focused on the possible use of humanitarian aid as well, reporting that the trail "will likely lead to more arrests in the failed plot to blow up ten jumbo jets, a trail that begins in the rubble of last year's earthquake in Pakistan and bears the fingerprints of al Qaeda. Moved by the plight of the victims, mosques and charities raised millions of dollars. Much of it was spent legitimately but for months, as suspected liquid bomb plotters were under surveillance, terror financing investigators in Britain and Pakistan watched them make suspicious bank transfers." Also on the CBS Evening News (8/14, story 5, 0:25, 7.66M), correspondent Jim Stewart said President Bush "was briefed this afternoon by some of his top counterterrorism people and told they are actively looking for a direct link between this plot and al Qaeda leaders Osama bin Laden and Ayman al-Zawahiri. Analysts here are satisfied however is what they call connectivity between the London men and al Qaeda's operatives."

The Washington Post (8/15, A10, Partlow, Khan, 748K) is alone among major newspapers in focusing on the charity funds transfer, saying that UK officials said a "large portion of the money sent from Britain" to an earthquake relief charity "was siphoned off and ultimately used to prepare for the attacks. The officials said that about 5 million British pounds, or $10 million, was transferred to Pakistan, but that less than half was used for relief operations after the earthquake last October."

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Fox News (8/14, 10:05 a.m.) reported, "Investigators on three continents are searching for anyone involved in what could have been the deadliest attack since 9/11 as US Homeland Security chief Michael Chertoff said the threat of attack is still very real." The Los Angeles Times (8/15, Rotella, 918K) reports investigators are focusing on "one potentially significant lead, officials said: suspected links between the alleged airline plot and the suicide bombings" in London in July 2005. Police are investigating whether several suspects "crossed paths with two of the London transit system bombers in Pakistan, where the pair are believed to have met and trained with Al Qaeda figures."

NBC Nightly News (8/14, story 4, 3;10, Brown, 9.87M) focused instead on the continued "delays and confusion at the airport." NBC (Myers) added that in the UK, "the threat was lowered from critical to severe but the country remains on edge. Confusion reigned today at Heathrow Airport, even as security measures eased a bit with the lowering of the threat level." British Home Secretary John Reid: "This means that the terrorist attack is still highly likely, but the intelligence assessment suggests that such an attack is no longer imminent." Myers: "Intelligence sources say the investigation has turned up new evidence that has changed some thinking about the plot but not the overall assessment. … The plot was to blow up nine planes bound for the US as they crossed the Atlantic. Actual flights and dates had not yet been chosen. A British official tells NBC News it's now believed there was to be only one suicide bomber per plane, instead of two as previously believed."

The New York Times (8/15, Cowell, 1.21M) also reports both the UK and UK "lowered threat assessment levels" as the British police "continued to hunt for clues in the reported plot." While the UK came down from "critical" to "severe," the US "went back to a uniform stance of 'code orange' for all domestic and international flights while maintaining a ban on liquids and gels in carry-on luggage." The AP (8/15, Barr) also reports on the UK's threat level reduction. But the Financial Times (8/15, Adams) reports the UK plans to make "tough new restrictions" at airports permanent, "changing the face of business travel for months and even years to come." The Washington Times (8/15, Webb, 88K) emphasizes the continued concern about an attack in its headline: "Terror Alert Downgraded, But Attack Still 'Likely.'"

Author Says Moderate UK Muslims Have Responsibility To Challenge Fundamentalists. In a Wall Street Journal (8/15, A12, 2.03M) op-ed, British author Farrukh Dhondy writes, "Islam is here to stay, and nothing but an assertion by the various other traditions of Islam which have come to Britain from the Indian subcontinent…will work. … It is only by ideologically challenging the fundamentalism that has taken virulent hold of the enclosed communities and their offshoots that Islam can learn to live in the West. Muslim has to tame Muslim."

US Officials, California Islamic Leaders Urge Public To Respect Muslims' Civil Rights. The Los Angeles Times (8/15, Clark, 918K) reports that in the wake of the UK plot, "Muslim leaders and law enforcement officials in Southern California urged the public Monday not to demonize the Islamic community. At a news conference Monday at the Islamic Center of Southern California in Los Angeles, the leaders and officials said Muslims worldwide have helped authorities fight terror." Muslim Public Affairs Council Executive Director Salam Al-Marayati and UK Consul General Bob Pierce "were joined by representatives of the Los Angeles County Sheriff's Department, the FBI and the U.S. Department of Homeland Security, who emphasized the need to protect the civil rights of Muslims and the value of working with them." The Times adds, "Muslim leaders expressed concern that their community would face a backlash in the aftermath of the latest alleged terror plot and as the five-year anniversary of the Sept. 11 attacks approaches."

Militant Cuban Exile Seeks Freedom. The Miami Herald (8/15, Chardy) reports, "The U.S. government revealed Monday that it has asked six countries, including Mexico and Canada, to take Cuban exile militant Luis Posada Carriles -- but they all refused." The Herald continues, "The disclosure came during a two-hour hearing in El Paso federal court, just blocks from the Mexican border, in which an elegantly-attired Posada, in a cream-colored suit, asked U.S. Magistrate Norbert Garney to free him from immigration detention. Posada, 78, has been in the custody of U.S. Immigration and Customs Enforcement in an El Paso detention facility since immigration officers detained him in Miami-Dade County May 17, 2005." The Herald adds, "Venezuela and Cuba accuse Posada of terrorism, including the bombing of a passenger jet in 1976 that killed 73 people. Posada has long denied involvement. … Monday was the first time the U.S. government has publicly disclosed the number and names of foreign countries it has approached in an effort

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to remove Posada from the United States. An El Paso immigration judge last year prohibited Posada's deportation to Cuba or Venezuela but ordered his expulsion to any other country willing to take him. Besides Canada and Mexico, the other countries listed in Garney's court were Honduras, Costa Rica, Guatemala and El Salvador. … Eduardo Soto, Posada's lead attorney, told Garney that the government's disclosure -- made by an ICE officer called as a witness -- proves the United States cannot deport Posada and thus, he should be released. Failure to do so, Soto added, would amount to a violation of the 2001 U.S. Supreme Court's decision against indefinite detention of foreign nationals who cannot be deported." The Herald notes, "Ethan Kanter, a Justice Department attorney, who represented the U.S. government at the hearing, asked Garney to deny Posada's request for release because efforts to expel him are continuing and because the high court's 2001 ruling allowed for the indefinite detention of detainees deemed a 'danger to the community.' An ICE letter to Posada in March said he continued to 'present a danger to the community' and 'a risk to the national security of the United States.'"

Albania Accepts Guantanamo Uighur Detainees. The New York Times (8/15, Lewis, 1.21M) reports that on May 5 five ethnic Uighur detainees were flown from Gitmo to Albania. Their flight "involved intense behind-the-scenes diplomatic activity in Washington; Ottawa; Tirana, Albania; Beijing; and elsewhere. It also held implications for a United States Appeals Court, the North Atlantic Treaty Organization and the relations of several European countries with China. And it underlined the Bush administration's difficulties in reducing the population at Guantánamo as international calls for it to be closed increased." Although the men are now free, "the transfer to Albania meant exchanging a military prison camp on the southeastern tip of Cuba for a bleak and unpromising future in one of Europe's poorest countries where no one spoke their language." A State Department official said that Albania, eager to please the US and join NATO, was the only one of "more than 100 countries" to accept the former detainees. In doing so, it incurred "a confrontation with China, which had been its patron during Albania's split from the Soviet Union in the Cold War."

Soros Questions Premises Of War On Terror "Metaphor." In the Wall Street Journal (8/15, 2.03M), George Soros writes, "The war on terror is a false metaphor that has led to counterproductive and self-defeating policies. Five years after 9/11, a misleading figure of speech applied literally has unleashed a real war fought on several fronts -- Iraq, Gaza, Lebanon, Afghanistan, Somalia -- a war that has killed thousands of innocent civilians and enraged millions around the world. Yet al Qaeda has not been subdued." The war on terror "cannot be won" because it rests on four self-defeating factors: (i) war creates "innocent victims," (ii) terrorism "is an abstraction" that under President Bush keeps the US from "differentiating between very different [groups]," (iii) the war emphasizes military deeds when most "territorial conflicts require political solutions," and (iv) the war "drives a wedge between 'us' and 'them,'" turning the US into "perpetrators in the process."

HOMELAND RESPONSE:

Alert Leads To Criticism Of DHS Procedures. NBC Nightly News (8/14, story 5, 2:40, Brown, 9.87M) also ran an "In Depth" report on "the British terror plot and the fallout here at home. The sudden change in air security rules imposed last week in response to the plot has raised new questions for the Department of Homeland Security: Why aren't systems for detecting liquid explosives already deployed? And why isn't more being done to profile passengers looking for suspicious behavior?" NBC (P. Williams) said, "Members of the 9/11 Commission say the government has done too little to stay a step ahead of the threat." Lee Hamilton, Former 9/11 Commission Co-Chair: "It's appalling to us that five years after 9/11, you do not have detection devices for all kinds of explosives." Williams: "And they say the government has been slow to install machines that sniff passengers for traces of explosives, now at only 36 airports. In response, Homeland Security says it has spent $800 million this year alone to develop bomb detectors and that 38,000 screeners have been trained to spot potential explosives, including liquids."

DHS Seeks Greater Sharing Of Passenger Data. The New York Times (8/15, Lipton, Shane, 1.21M) reports DHS officials, noting that the "24 terror suspects arrested in England last week could have boarded planes bound for the United States without undergoing an American government background check or obtaining a visa," are calling for earlier and more detailed sharing of passenger data. But so far, DHS "has tried but failed to win broad approval for rules that

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would require airlines to share passenger information before flights depart" for the US instead of within the first 15 minutes after takeoff.

Most Air Cargo Still Goes Unchecked. The Wall Street Journal (8/15, B1, Pasztor, 2.03M) examines how most air cargo still goes unchecked, "despite years of concern from critics who see it as an obvious weak link in the nation's aviation-security net." About "one quarter of all U.S. air cargo is transported by U.S. passenger planes," and "based on the best current estimates, between 10% and 15% of the more than six billion pounds of cargo that flies that way each year ends up actually inspected."

CNN (8/14, 2:07 p.m.) reported, "Cargo containers that contain the stuff we use every day. Stuff from other countries that Americans couldn't do without. A potential opportunity for terrorists. Here's the facts: At least 10 million cargo containers enter US ports every year, and since 9/11, the government has taken steps to prevent containers from being used as a terrorist weapon. A dirty nuclear or chemical or biological weapon inside a container could kill thousands, maybe hundreds of thousands of Americans." The Bush Administration "says it's invested $9 billion in port security since 9/11," and DHS "says that by October, radiation monitors will screen about 70% of incoming containers. It's also carrying out background checks on some 400,000 port workers in the US." But Chertoff "dismisses Democratic calls for the inspection of all containers before they leave foreign ports as impractical."

Travelers Learn To Cope With Stricter Rules. There are several newspaper reports this morning dealing with how travelers are coping with the new stricter security rules, and the CBS Evening News (8/14, story 6, Schieffer, 7.66M) also aired a related story on how airline traffic is "slowly getting back to normal," but "for the passengers, of course, there is a whole new level of stress." CBS ran a clip of Chertoff saying, "I think in terms of the restrictions on liquid and the major elements of this, that's going to have to be in place until we've determined whether there are some adjustments in protocol we can make based on the research we're doing in London now about the nature of this plot."

USA Today (8/15, Bly, 2.27M) profiles the shift in frequent travelers' carry-on mentality on its front page. The Washington Post (8/15, HE1, Huget, 748K) writes that in the Washington area, travelers are reporting "more annoyance than anxiety." The New York Times (8/15, Higgins, 1.21M) "Practical Traveler" column details "What Can Be Carried On," and USA Today (8/15, 2.27M) runs a similar feature on "What You Need To Know About The New TSA Rules." The New York Times (8/15, 1.21M) runs several letters to the editor on "Air Travel: The New Facts Of Life" from readers across the US, and the New York Times (8/15, Wakin, 1.21M) also runs a feature on how "Tighter Security Is Jeopardizing Orchestra Tours."

Meanwhile, the Wall Street Journal (8/15, Trottman, Warren, Meckler, 2.03M) reports on its front page that "a baggage handling system already groaning under a surge in checked luggage is likely to remain a choke point."

Tierney Says TSA Should Focus On Travelers, Not Luggage. In his New York Times (8/15, 1.21M) column, John Tierney examines an experiment carried out at Dulles International Airport in 2003, when screeners "stopped worrying about pen knives, shoes and laptops," and "observed a passenger as he entered the airport, checked luggage and stood in line at the security checkpoint. The screeners were looking for unusual behavior like sweating, rigid posture, clenched fists. A screener would engage a passenger in conversation and ask questions he wouldn't have been trained to expect, like whether he'd seen a Redskins game the night before even though the Redskins hadn't played." Tierney says TSA "should be looking for new ways to identify dangerous passengers, but it's too busy following Congress's mandates to search everyone's bags."

FBI Says Cell Phone Suspects No Threat To Michigan Bridge. In a widely-distributed story, the AP (8/15) reports, "The FBI said Monday it had no information to indicate that the three Texas men arrested with about 1,000 cell phones in their van had any direct connection to known terrorist groups. … Local authorities didn't say what they believed the men intended to do with the phones, most of which were prepaid TracFones, but Caro's police chief noted that cell phones can be untraceable and used as detonators." The AP notes, "William Kowalski, assistant special agent in charge of the FBI's Detroit field office, said authorities believe concern about the bridge was connected to images of the Mackinac Bridge found on a digital camera belonging to the men. Kowalski said there was nothing illegal about buying cell phones in bulk, but that profits from that kind of activity can be suspicious." The Washington Times (8/15, Seper, 88K) also reports on the FBI announcement, drawing heavily on the AP story and including the comments from Kowalski.

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The Detroit News (8/15, Egan) reports "Daniel Roberts, the special agent in charge of the FBI's Detroit office, issued a statement that said 'there is no information to indicate that the individuals arrested have any direct nexus to terrorism.'" Michigan prosecutor Mark E. Reene "was studying the FBI statement, an official in his office said, but had not responded to it by late Monday." The Detroit Free Press (8/15, Swickard, Warikoo, Christoff, 346K) also notes Roberts said in a statement, "There is no information to indicate that the individuals arrested had any nexus to terrorism," and the Free Press adds, "Arab-Americans, Muslims and defense attorneys welcomed the dropping of charges, but some feared the men's reputations have been unfairly tarnished. … 'It was a knee-jerk reaction that these young men could be terrorists simply because of their religion and ethnicity,' said Dawud Walid, head of the Michigan branch of the Council on American-Islamic Relations."

The Washington Post (8/15, A14, 748K) runs a truncated version of the Free Press story, under the headline "Mich. Officials Hold 3 On Terror Charges Despite FBI View, but the Post does not include the quote from Roberts. WJRT-TV Flint (8/14, Piechowski, Johnson, Asher, Abraham) also reports on the FBI conclusion that the men were not plotting a terror attack.

Suspects Well-Known To Texas Cell Phone Merchants. The Houston Chronicle (8/15, A1, Korosec, 535K) reports that the three men -- Adham Othman, Louai Othman and Maruan Muhareb – "are well-known to cell phone wholesale and retail shops here, where managers said Monday they are part of a brisk trade in buying phones from Wal-Mart and other discount stores and reselling them to smaller shops." Dallas cell phone store manager Sean Mobh "said the group has come in 'three or four' times in the last three months and he made one purchase of about 100 phones. They would usually sell prepaid TracFones, like the kind they were found with in Michigan, because Wal-Mart's discounts on them are so deep that they can make a nice resale profit. 'One trip and that's about $6,000 each minus gas and expenses,' he said."

Ohio Prosecutors Drop Terrorism Charges Against Cell Phone Suspects. In a story distributed by McClatchy, the Detroit Free Press (8/15, Warikoo, 346K) reports, "Prosecutors in Ohio dropped terrorism charges Monday against two 20-year-old Dearborn men who were arrested last week after buying hundreds of cell phones. Washington County Prosecutor James Schneider said that there was not enough evidence to prosecute Osama Abulhassan and Ali Houssaiky. But Schneider said his office will continue to prosecute them on a misdemeanor charge of lying to police," and "the investigation into the men, and possible ties to suspicious activity, will continue, he said." In its widely-distributed story focusing on the Michigan case, the AP (8/15) also that Ohio prosecutors dropped the terrorism charges, noting, "The FBI is reviewing the Ohio case and staying in touch with local authorities. No federal charges are pending, said special agent Mike Brooks of the FBI."

Arizona Police Investigating Report Of Bulk Cell Phone Purchase. The Arizona Daily Star (8/15, Huicochea, 123K) reports, "Tucson Police Department officials are investigating a report that two men purchased an abnormal number of pre-paid cell phones" at the Tucson Wal-Mart on Saturday by two men "who appeared to be of Middle Eastern descent." The Star notes, " The incident comes after several similar reports across the country, although authorities have not found any links between the incidents, or any terrorism ties to any of them, as was originally suspected." Tucson Police Sgt. Mark Robinson said that "the department's special investigations division is investigating the incident," and "Tucson police have notified the FBI of the report, he said." KVOA-TV Tucson (8/14) also reports on the investigation, noting that the FBI had been notified.

Resellers Cutting Into Cellular Operators' Bottom Line. The Wall Street Journal (8/15, B1, Sharma, Chon, 2.03M) notes the Michigan arrests and reports, "Wireless carriers are struggling to combat a growing number of opportunistic middlemen who purchase handsets in large numbers at discounted rates and resell them for a significant profit, often overseas in countries like Mexico and China. Cellular operators…sell prepaid phones below their costs on the assumption they'll make their money when users pay for service," but "middlemen are taking advantage by purchasing the phones from one carrier at a discount, and repurposing them to be used elsewhere. The problem is becoming more acute as the prepaid phones business grows as a percentage of the wireless carriers' overall business." The Journal notes, "TracFone says it is losing millions of dollars through reselling schemes," and is among the carriers which has filed lawsuits to stop the resellers. Meanwhile, Cingular Wireless "says it limits the number of purchases a customer can make to three to prevent such reselling schemes."

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ICE Apprehends Final Two Missing Egyptian Students. The Washington Times (8/15, Seper, 88K) reports, "The arrest Sunday in Richmond of two Egyptian students in the country on visas brought to an end a massive nationwide search for them and nine other Egyptian students who failed to show up for scheduled academic programs at Montana State University." ICE agents arrested Mohamed Saleh Ahmed Maray and Mohamed Ibrahim Fouaad El Shenawy "at an apartment building in Richmond shortly before 9 p.m." The Times notes, "Preliminary investigation by ICE and FBI agents has not identified any credible or imminent threat posed by any of the 11 Egyptians." The Richmond Times-Dispatch (8/14, Bowes) also reported on the arrests, as did the AP (8/14) in a widely-distributed story. Both also noted that authorities had found no links between the students and terrorism.

Toy Prompts Evacuation Of Alaska Airlines Flight In Los Angeles. In a widely-distributed story, the AP (8/15) reports, "An Alaska Airlines jet arriving from Mexico was evacuated Monday because no one claimed a 'suspicious item' later determined to be a toy transmitter spotted by a crew member, officials said. Authorities using bomb-sniffing dogs found no explosives inside the plane's cargo hold or the transmitter, which was similar to a remote control for a toy car or plane, authorities said. The FBI and other agencies were investigating, though there was no immediate threat, said bureau spokeswoman Laura Eimiller." The AP notes, "The passengers were held at a remote gate and interviewed by law enforcement," and "the last passenger was released at 3 p.m., Eimiller said."

FBI, TSA Investigating Theft Of Guns From O'Hare Checked Baggage. The Chicago Tribune (8/15, Hilkevitch, 623K) reports, "The recent theft of guns from checked baggage at O'Hare International Airport points to a serious weakness in aviation security that will be difficult to pinpoint because thousands of employees ranging from pilots to airline caterers carry clearances allowing them to walk onto airplanes. The guns stolen from the bags — all involving passengers departing O'Hare on United Airlines — probably are being taken out of the airport and sold or used in crimes, federal and local authorities said Monday in response to a Tribune report on the disappearing weapons. But they acknowledged that it is not known who took the firearms, how they got them or where the weapons ended up." The Tribune notes that the thefts are being investigated by the FBI, TSA and the Chicago Police Department," but "law enforcement and security officials declined to say whether their investigation…was pointing to United employees, security agency personnel or others as the perpetrators."

WLS-TV Chicago (8/14, Thomas) reports, "The issue of what happens to guns in checked baggage has so concerned Chicago's Fraternal Order of Police the union has issued an advisory to its members to be wary of United Airlines." WLS "was told that earlier this year the F.B.I. conducted interviews at terminal one at O'Hare as part of its investigation. So far, there have not been any arrests." However, WBBM-TV Chicago (8/14, McCall) notes in its story on the thefts, "The FBI says they are not a part of this investigation because they do not believe this is a part of any organized crime ring or anything related to terrorism."

NYTimes Decries Dissolution Of Lower Manhattan Development Corporation. The New York Times (8/15, 1.21M) editorializes, "Shortly after Sept. 11, 2001, New York state and city officials established the Lower Manhattan Development Corporation to do what everyone knew would be a thankless job — finding a master plan for the still-smoking World Trade Center site. The group had to deal with all the competing groups and their powerful emotions and their powerful interests. And it had to move forward -- publicly -- to start rebuilding. Now, with construction crews finally starting to work, those officials are ready to dismantle the corporation. And that raises the disturbing question of who's in charge." The corporation "has been a force for some of the better and most public planning at Ground Zero. When it disappears, who watches over the master plan to make certain the site works harmoniously? And even more important, where does the public go for a voice in the rebuilding?"

Governors Resist Relinquishing Guard Authority During Disasters. Picking up a story reported on the previous day by the Washington Post , the New York Times (8/15, Steinhauer, 1.21M) reports, "In an unusual act of bipartisan and regional unanimity, 51 governors have joined to voice their strong opposition to legislation to let the president federalize National Guard troops in a disaster without local authorities' consent." The Times reports that currently the president's power to federalize Guardsmen "does not extend to natural or man-

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made disasters. The bill in Congress would extend the president's power to such disasters." Their letter to Congressional leaders last week "was conceived in large part by Gov. Mike Huckabee of Arkansas, a Republican." DOD spokesman Bryan Whitman is quoted as saying, "No one is attempting to wrest control of the National Guard. What this section is aimed at doing is providing the president with increased authority, discretionary authority to call upon the dedicated reserves to help citizens at a time of disasters."

FEMA Gulf Coast Trailer Home Locks Vulnerable. The New York Times/AP (8/15, Press) reports FEMA has found that "the same keys can open many of the 118,000 trailer homes being used by Gulf Coast hurricane victims, and will replace locks on an undetermined number as a result." The problem results from the "limited number of lock types that locksmiths provide to trailer manufacturers for building mobile homes, and the limited number of key patterns that were cut for each type." The New Orleans Times-Picayune (8/15, Varney) quotes FEMA spokesman Pat Philbin saying, "We're aggressively stepping out to minimize the risk."

Utility Wants To Transfer New Orleans Assets To City. The Wall Street Journal (8/15, Smith, 2.03M) reports, "The perplexing issue of how to pay for expensive repairs to [New Orleans'] damaged electric system is forcing city leaders and officials at utility Entergy Corp. into strange new roles." The company "says the best way to bring its New Orleans unit out of bankruptcy-law protection is by handing ownership of utility assets over to the city. The investor-owned utility argues such a move would enable the tiny unit to qualify for federal disaster-relief funds and regain solid financial footing, avoiding rate increases that threaten to more than double electricity rates in New Orleans." However, some civic leaders "are pushing back. One city-council member, Shelley Midura, says she has no intention of allowing Entergy to saddle the city with a partly rebuilt system and then 'drop the keys on the table and say, 'We're out of here.' The dispute marks a turnabout from years past, when New Orleans officials agitated to create a municipally owned utility on several occasions -- efforts that were opposed by Entergy."

Travel Industry Official Calls For Relaxing Deadline For New Border ID Law. In a USA Today op-ed (8/15), Roger Dow, president and CEO of the Travel Industry Association of America, says, "Congress passed the Western Hemisphere Travel Initiative (WHTI), requiring all persons entering the USA from Canada, Mexico and the Caribbean to have a passport or alternate secure travel document. These new requirements for air and sea travel are expected to take effect Jan. 8, 2007, and at land borders on Jan. 1, 2008." But as "these deadlines approach with no clear, final plan for implementation by the departments of State and Homeland Security, we believe that Congress should maintain the current system and grant a reasonable extension that allows sufficient time to launch an effective public education campaign for the new WHTI requirements. That would secure our nation's borders without creating a nightmare for travelers."

USA Today Says New ID Requirements Should Be Implemented. In an editorial, USA Today (8/15, 2.27M) says, "Efforts to tighten the borders, recommended by the bipartisan 9/11 Commission, have run into an endless push for delay by the tourism industry and its congressional allies." The "new system, already delayed once for travelers from the Caribbean, is now supposed to go into use in January for all Western Hemisphere travelers at airports and seaports, and a year later at land borders." When the Senate "votes to admit into the country anyone who can gin up a fake ID, it's a sure signal priorities that seemed so clear five years ago have begun to fade."

WAR NEWS:

US, Iraqi Troops In Baghdad Seek To Avoid Clash With Sadr Militia. USA Today (8/15, Michaels, 2.27M) reports, "The growing strength of the Mahdi Army, the violent Shiite militia loyal to radical cleric Muqtada al-Sadr, is raising concerns that an ongoing U.S.-Iraqi offensive could trigger a clash with the group." As a result, "U.S. and Iraqi officials have been careful to say the Baghdad offensive is designed to go after sectarian death squads and militias of all stripes, partly to avoid singling out the Mahdi Army, which clashed with U.S. forces two years ago." Pundit Andrew Krepinevich observes that troops have to secure Sadr City in order to secure Baghdad, while Brig. Gen. Dana Pittard holds out hope that Moqtada al-Sadr "is trying to calm his followers."

Iraqis Said To Fear Baghdad-Washington Misunderstanding Of Security Challenges. McClatchy (8/15, Lasseter) reports, "As security conditions continue to

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deteriorate in Iraq, many Iraqi politicians are challenging the optimistic forecasts of governments in Baghdad and Washington, with some worrying that the rosy views are preventing the creation of effective strategies against the escalating violence. Their worst fear, one that some American soldiers share, is that top officials don't really understand what's happening." McClatchy says that fear may "be supported by statistics that show Iraq's violence has increased steadily during the past three years." Kurdish and Shiite members of parliament said "that top American officials spend most of their time in the heavily guarded Green Zone in Baghdad and at large military bases across the country, and don't know what's happening in the neighborhoods and provinces beyond." Meanwhile, McClatchy says, "American officials and Iraqi officials appointed by them continue to orchestrate ceremonies, news conferences and speeches that suggest that things are getting better."

US, Iraqis Differ On Cause Of Fatal Baghdad Explosion. The AP (8/15, Abdul-Zahra) reports, "A deadly series of explosions in a Shiite neighborhood of Baghdad triggered a new battle Monday — between the U.S. military and the Iraqis over what caused the blasts. The number of casualties also was in dispute." While the US military said the blast was "a gas line explosion that…triggered secondary blasts," Iraqi police and Prime Minister Nouri al-Malik "said the neighborhood was hit by car bombs and a rocket barrage, which the Interior Ministry said was unleashed from a Sunni neighborhood that U.S. troops have targeted in their security crackdown." The AP says it is "impossible to determine who was right. The Iraqis may have spoken too quickly to score public relations points by blaming government opponents. And the Americans have long been reluctant to acknowledge that sectarian hatred threaten to plunge the country into all-out civil war. Each side insisted its interpretation of Sunday's events was correct." In addition, "a Sunni extremist group claimed responsibility for the blasts, saying in an Internet statement that it blew up two car bombs and fired 120 mm mortar shells to punish Shiites for 'killing unarmed Sunnis' and cooperating with the Americans."

US Tries To Curb Rogue Iraqi Police. The Los Angeles Times (8/15, Moore, 918K) reports, "U.S. military officials unveiled a plan Monday to combat chronic problems with renegade Iraqi security forces by creating Iraqi-led inspection boards and standardized uniforms. The boards will conduct battalion-level reviews of police leadership and accountability, said Army Maj. Gen. Joseph Peterson, the top U.S. police trainer in Iraq."

Just-Returned Stryker Troops Sent Back To Iraq. The AP (8/14, Baldor) reports, "About 300 Alaska-based soldiers sent home from Iraq just before their unit's deployment was extended last month must now go back, the Army said Monday, setting up a wrenching departure for troops and families who thought their service there was finished." The troops are all from the 172nd Stryker Brigade. Army experts will help the troops sort through "plans torn apart by the decision to return them to Iraq." Officials "said they recalled just one other time during the three-year-long Iraq war when the Pentagon so quickly recalled soldiers who had served a year on the battlefront and gotten home." About 40 sites carried this story. AFP (8/14) also reports this story.

3rd ID Readies For Possible 3rd Tour. The AP (8/14, Bynum) reports, "The 1st Brigade Combat Team of 4,000 Fort Stewart soldiers is preparing for a possible third combat tour in Iraq. The brigade is part of the Army's 3rd Infantry Division, which helped lead the charge to Baghdad during the 2003 invasion. The Pentagon last month placed the Fort Stewart brigade on standby as it added about 21,000 Army soldiers and Marines to its 2006-2008 rotation schedule for Iraq." Turnover among the enlisted men "means that roughly 60 percent of their soldiers have never faced combat." The AP describes the troops' training, which includes drills in a mock village. About 7 sites carried this story.

43-Year-Old US Soldier Killed In Ramadi. The AP (8/14) reports that First Sergeant Aaron Jagger of Hillsdale, Michigan, was one of "three Army members killed during a roadside bombing in Ramadi last Wednesday." The brief article mentions his age in the first sentence and later notes that he graduated from high school in 1980.

Ramadi Marines Make Quick Life-Or-Death Decisions. The Los Angeles Times (8/15, Barnes, 918K) reports in a sympathetic 1,640-word article on the decisions that young Marines make daily on whether to shoot suspicious individuals, who may be innocent. The Times writes, "The wrong choice could mean a guerrilla gets a chance to lay a roadside bomb that kills more Americans or Iraqi civilians. Or it could mean an innocent Iraqi dies at the hands of Americans and a whole neighborhood turns against U.S. forces, setting back the war effort and putting more

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insurgents on the street." It concentrates on a "20-year-old Marine from Birmingham, Ala.," who had the choice and ultimately shot his target but never found out whether the man was an insurgent.

Haditha Probe Said To Undermine Marines' Confidence. The AP (8/14, Castaneda) reports that allegations of murder by Marines in Haditha "have prompted reactions ranging from shame and anger to disbelief within the Marine Corps." Marines "say they're being prematurely judged. Others grasp for plausible explanations behind the alleged slaughter." The AP stresses the Marines' "intense" pride, observing, "Marines don't see themselves as common grunts. Most Marines join their service knowing that America heavily relies on them in ground wars. To some, they are the modern day version of Roman legionnaires, reflected in a famous saying that claims Marines 'guard heaven's gates.'" About 70 sites carried this story.

Kline Apologizes To Marines. The Washington Post (8/15, White, 748K) reports that Rep. John Kline (R-MN) "apologized yesterday to the Marines under investigation in the killings of two dozen civilians in Haditha, Iraq, last November, saying that statements he made about the case were taken out of context and that he did not mean to imply the Marines were guilty of wrongdoing." Kline made the apology "as part of an agreement" with the lawyers of Marine Staff Sgt. Frank Wuterich, who has accused both Kline and Rep. John Murtha of damaging his reputation.

Iraqi Shiites, Kurds Unite To Back Ouster Of Sunni Speaker. The AP (8/15, Abdul-Zahra) reports, "Shiite and Kurdish parties are organizing a bid to oust" Speaker of the Iraqi Parliament Mahmoud al-Mashhadani, a Sunni, "whose comments about the insurgency and regional self-rule have angered and embarrassed key political groups." A rejected of al-Mashhadani "would be the first major shake-up in the government of national unity that took office last May. However, it is likely that al-Mashhadani would be replaced by another Sunni Arab if the move against him succeeds." The AP notes, "Since taking office in May, al-Mashhadani has spoken out against regional self-rule, strongly supported by Shiites and Kurds but opposed by many Sunni Arabs." Prime Minister Ayad Allawi's political alliance is said to oppose him 'because he "is disrespectful.'" The New York Times (8/15, Wong, 1.21M) adds al-Mashhadani "said Monday that he was considering stepping down because of bitter enmity from Kurdish and Shiite political blocs, revealing the first major crack in Iraq's fragile unity government since it was formed nearly three months ago." The Times says his "strong stand against regional autonomy has angered" key leaders including Abdul-Aziz al-Hakim.

Few Baghdad Residents Patronize Movie Theatres. The Washington Post (8/15, A9, Partlow, 748K) reports, "In the capital of this warring country, where days beat to the percussion of bombings and gunfire and nights are spent locked down under a citywide curfew, Baghdad's remaining moviegoers are all lonely souls. The showing at the cavernous Semiramis cinema, with its 1,800 red velvet seats and two balconies, attracted just 11 people, each of them sitting by themselves." The Post says most of Baghdad's "once-popular movie theaters have shut down for lack of business. Those that remain open save money by replaying the same films. As with art and music and theater in Baghdad, going to movies is a cultural luxury losing out to the daily killing." Because "owners can no longer afford to import the latest films," theatres show "about 60 old films over and over again." The Post adds, "Iraq's film industry has languished for years, first under the censorship of President Saddam Hussein, then under the post-Persian Gulf War international embargo that prohibited the importation of moviemaking equipment. The three-year-old war and escalating sectarian violence have taken care of the rest."

Carroll Continues To Tell Her Story. In the Christian Science Monitor (8/15, 58K), former hostage Jill Carroll writes that on her first day of captivity, "US and Iraqi soldiers had raided the Um al-Qura Mosque ...Much later, I learned that the raid was prompted by a tip from an Iraqi civilian about my location. It was the closest US forces would come to rescuing me over the next three months." Her captors fluctuated between giving her "small luxuries" and making "bitter accusations" about her being a spy or Jew. They also boasted about once "sharing with a meal" with unwitting US soldiers during her captivity.

ABC World News Tonight (8/14, story 6, 2:45, Gibson, 8.78M) reported, "For 82 days early this year, Jill Carroll ... was held captive by insurgents. Deadlines were set for her execution. She herself expected to be killed." Carroll [about the family-based nature of insurgent operations]: "That little boy is going to be on the street the next day, looking for a patrol to come by and then giving the signal for someone to

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set off an IED. The whole family is an operation. What are you going to do? Arrest all of them? Kill all of them? The kids?" Gibson: "Again and again her captors told her they would release her. ... after 82 days, one of her kidnappers told her release was indeed at hand." ... When release did come, some were surprised Jill Carroll did not seem overjoyed, ecstatic, triumphant." Carroll: "If someone is punching you in the face for an hour and then they stop, are you like, 'whoo-hoo, yeah?' No, you're not."

Afghanis Resent Pakistani Refuge For Insurgents. The New York Times (8/15, Gall, 1.21M) reports from Paktika province in Afghanistan, "While the terrorist scare in London last week provided a fresh reminder to the United States and its allies of the threat from militant groups that have made Pakistan their home, the soldiers here did not need reminding. ... Most of the insurgents filter across the border repeatedly from Pakistan, military commanders here said." The issue "has created tensions between Afghanistan's president, Hamid Karzai, and Pervez Musharraf, the leader of Pakistan, who accuse each other of not doing more to contain militants in the region." The Times follows Lt. Gen. Karl Eikenberry on a trip to Sharana, in which he "pushed the mixed strategy that has been the hallmark of his two years in command in Afghanistan: encouraging American and Afghan soldiers who are doing the fighting and training, while urging Afghan government officials to do a better job in serving their people."

US Said To Find Pakistan "Troubling" Ally In War On Terror. The Wall Street Journal (8/15, Shah, 2.03M) reports Pakistan's "cooperation in foiling last week's terror plot shows the benefits to the US of good relations with its South Asian ally. But the case of Safdar Sarki shows that such ties also have complications." Sarki, "a Pakistan-born American citizen, disappeared in Karachi in February, two days before he planned to fly home to El Campo, Texas." Sarki has been a long-time "advocate for Sindhis, the indigenous residents of a southeastern province of Pakistan, who claim they have suffered political and economic discrimination since the 1947 creation of India and Pakistan." The "disappearances of Mr. Sarki and others are an aspect of Islamabad's human-rights record that the Bush administration has termed troubling."

Pakistani Official Says Terrorism Hurts National Security. The Financial Times (8/15, Bokhari) reports Pakistani Prime Minister Shaukat Aziz yesterday "warned that terrorism threatened to undermine the country and jeopardise its security interests as it works to reverse the legacy of militancy." Aziz's remarks, "in a keynote speech marking independence day, appeared to underline the anxieties of officials in Islamabad that Pakistan will suffer from the fact that suspects arrested in connection with the investigation into an alleged attempt to blow up airliners departing from London's Heathrow airport had links to the country." The Times adds Pakistan "detained at least seven suspected members of the plot, including a British national named Rashid Rauf, who it says had links to al-Qaeda fighters hiding in Afghanistan." Diplomats "warned that the arrest of the suspects in Pakistan was a reminder of how the country still needed to cut itself loose from ties to terrorist groups."

Polio Incidence Rises In Southern Afghanistan. The New York Times (8/15, Wafa, 1.21M) reports, "The number of polio cases in Afghanistan has increased substantially in recent months, health officials said Monday. They attributed the rise to growing violence in the south that has hampered vaccination. Health officials said they had identified at least 25 cases of polio so far this year, compared with 9 in all of 2005; a 26th case is suspected." Taliban violence has included 30 attacks on health workers in 2005 and 2006, according to an Afghan official.

CORPORATE SCANDALS:

US Says Skilling Liable For Lay's Share. The New York Times (8/15, Barrionuevo) reports, "Federal prosecutors say Jeffrey K. Skilling, the former Enron chief executive, is liable not only for his own ill-gotten gains but also for those of the late Kenneth L. Lay." The Times continues, "In a court filing on Friday in Houston, the government said Mr. Skilling, 52, was liable for the criminal 'proceeds attributable to all co-conspirators, indicted or unindicted,' including Mr. Lay." The Times adds, "Sean Berkowitz, the director of the Justice Department's Enron Task Force, wrote in the filing that the government had shown a conservative approach by not going after Mr. Skilling for additional forfeiture from the other conspirators. … The government made a request on Friday that Judge Simeon T. Lake III of Federal District Court in Houston enter a $182.8 million judgment against Mr. Skilling, who was convicted in May on 18 counts of fraud and conspiracy and one count of insider trading. Enron, the former energy-trading giant, collapsed into bankruptcy in

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December 2001." The Times notes, "Legal experts who did not participate in the case agreed that a fellow conspirator could be held liable in a fraud case for the gains earned from the same conspiracy. But some lawyers called the government's request for a money judgment against Mr. Skilling controversial because it was based on racketeering statutes, which were not part of the Enron case against him and Mr. Lay."

Nasdaq Puts Monster.com On Noncompliance List After Delayed Statement. The AP (8/15) reports, "Monster Worldwide Inc., parent company of jobs site Monster.com, said Monday it was put on notice by the Nasdaq that it was not in compliance with the exchange's listing requirements because of a delay in filing second-quarter financial results." The AP continues, "Monster said it expected the action and that an ongoing internal review into past stock options grants practices is the reason for the delay. The company said it would file its 10-Q quarterly statement with the Securities and Exchange Commission when the investigation is complete." The AP adds, "Monster is also under investigation by the SEC and the Justice Department for its accounting methods in reporting the timing of stock options grants."

HealthSouth Considers Divestiture In Wake Of Declining Revenues. The AP (8/15, Reeves) reports, "HealthSouth Corp. said Monday it may shed its hallmark rehabilitation business and other segments to focus on post-acute care as it reported declining revenues from a year ago but lower losses." The AP continues, "HealthSouth, which started as an outpatient rehabilitation chain and diversified through a growth period that ended in a huge accounting fraud, said it is considering divesting its outpatient rehabilitation division, its surgery centers and diagnostic division. … The proceeds would be used to pay off debt, and HealthSouth would be left to focus on its inpatient side, which accounted for about 58 percent of its profits for the last quarter." The AP adds, "Second-quarter revenue fell 4 percent to $787.5 million from $818.3 million last year. … The company reported a loss of $51.7 million, or 13 cents per share, from $62.4 million, or 16 cents per share, a year ago. Results for the latest quarter included preferred dividends of $9.2 million. … The Birmingham-based HealthSouth is struggling to overcome both changes in government reimbursement rules and the lingering effects of a long-running, $2.7 billion accounting fraud."

WSJournal Says DOJ Overreaching On Corporate Scandal Prosecutions. The Wall Street Journal (8/15, 2.03M) says in an editorial, "The Enron scandal has produced numerous convictions, most of them deserved and a suitable warning to other executives who might want to cook their corporate books. But prosecutors have also made a mistake or two themselves, and now they've been embarrassed with a defeat on appeal that deserves more public attention." Earlier this month, "the Fifth Circuit Court of Appeals overturned the convictions of several Merrill Lynch executives accused of helping Enron inflate its earnings. The case is notable as the only one in which the government had criminally charged Enron's alleged enablers from outside banks or brokerages. If prosecutors hoped to send a message, they have: To wit, beware of prosecutors bearing overbroad legal theories."

CRIMINAL LAW:

Trial Opens For Man Charged With Killing North Dakota Student. The Minneapolis Star Tribune (8/15, Haga) reports from Fargo, ND, "Alfonso Rodriguez Jr. tied Dru Sjodin's arms behind her back, sexually assaulted her, 'stabbed her and sliced her throat, leaving Dru to die in a ditch in the rural countryside,' a prosecuting attorney told jurors Monday." The Tribune continues, "In his opening statement in the first capital punishment trial in North Dakota in a century, Assistant U.S. Attorney Keith Reisenauer said that Sjodin's body was nude 'from the waist down' when it was found outside Crookston, Minn., five months after the 22-year-old college student from Pequot Lakes, Minn., was abducted on Nov. 22, 2003, from a mall parking lot in Grand Forks, N.D." The Tribune adds, "Defense attorney Robert Hoy addressed the court's jurisdiction in his opening statement. … He said that federal prosecutors, 'in their zeal to become involved in an already highly publicized case,' have brought 'the wrong charge in the wrong court.' … Prosecutors won't be able to prove beyond a reasonable doubt 'when Dru Sjodin died, nor will anyone tell you where she was when she died,' he said, and jurors must acquit Rodriguez of the federal charge of kidnapping leading to death if they have a reasonable doubt that she died after she was taken across the state line."

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The St. Paul Pioneer-Press (8/15, Prather) reports, "Reisenauer also said Rodriguez' story about his whereabouts during the day of Sjodin's disappearance didn't add up. He had told investigators that he attended a movie that wasn't showing in Grand Forks." The Pioneer-Press adds that Hoy said "that the Ramsey County Medical Examiner concluded there were three possible causes of Sjodin's death. … One was asphyxiation; a second was slashes to Sjodin's throat, and a third possible cause was exposure to the elements. … Hoy said that if Rodriguez suffocated Sjodin in the Grand Forks parking lot where she was believed to have been abducted, then the federal kidnapping charge for taking the victim across state lines is wrong. The case should be before a state court, and neither North Dakota nor Minnesota has the death penalty."

The Washington Post/AP (8/15, Kolpack) reports, "Prosecutors have said they plan to seek the death penalty if Rodriguez is convicted, making it the first capital punishment case in North Dakota in more than a century." The AP notes that "Hoy, in his brief opening statement, did not say Rodriguez is innocent. But he argued that the case should be in state court, not federal court, and that Sjodin died near the Grand Forks parking lot where she disappeared and not in Minnesota."

New Hampshire GOP Aide Disputes FBI Report Of Phone-Jamming Interview. The Manchester Union-Leader (8/15, Distaso) reports, "A former state Republican Party staffer disputes an FBI report that he may have known about an election day 2002 Republican phone-jamming scheme before it occurred. Kevin Blier said an FBI report quoted by the New Hampshire Union Leader is incorrect. He said former state party executive director Charles McGee told him about the phone jam on election night, after the scheme had been put into operation and then halted about 90 minutes later, not before, as the report stated." The Union-Leader adds, "Blier said while it is possible that McGee may have been mistaken in what he told the FBI, 'I believe the FBI made a mistake in how they reported it. The FBI never interviewed me,' said Blier."

Former Socom Official Sentenced To 15 Months In Prison For Contract Fraud. The St. Petersburg Times (8/15, Weimar) reports, "Tom Spellissy must serve 15 months in prison for a conspiracy involving government contracts at Special Operations Command, a federal judge ruled Monday. U.S. District Judge James Whittemore, who last month threw out the bulk of the case against Spellissy, appeared to struggle with the decision," mentioning "Spellissy's sterling character and 29-year military career. Whittemore also noted Spellissy's wife was recently diagnosed with ovarian cancer and he has two young children. But in the end, Whittemore said he had no choice but to sentence Spellissy to prison." The Tampa Tribune (8/15, Lardner) adds that Whittemore said at the sentencing, "The characteristics of this defendant are extraordinary. he public is not in need of protection from Tom Spellissy." The AP (8/15) notes Spellissy, "a 1979 West Point graduate, must also spend two years under supervised release and pay a $4,000 fine for conspiracy to defraud the United States," and "his company, Strategic Defense International, was fined $125,000."

FBI Arrests Mississippi Alderman On Bank Fraud, Witness Tampering Charges. The AP (8/15) reports, "Moss Point (MS) Alderman Alfred Bodden is set to make an initial court appearance Tuesday after being arrested on a 13-count federal indictment that includes bank fraud, the FBI says. Bodden was being held late Monday at the Harrison County Jail, hours after being arrested without incident at his home, said FBI spokeswoman Deborah Madden." The AP notes, "Bodden, until recently, owned a car dealership called Al Bodden's Super Center, Madden said. … The indictment also included a charge of tampering with a witness, the FBI said."

FBI, Dallas School Officials Investigating Possible Employee Credit Card Fraud. The AP (8/15, Glick) reports, "The FBI and the Dallas school district are investigating whether district employees abused official credit cards by spending taxpayer dollars on questionable purchases such as an iPod and a subscription to an online dating service. The investigations…come at a time when many teachers in the struggling school system have complained about having to pay out of pocket for paper, printer cartridges and field trips." The AP adds, "Officials say they hope to flush out corrupt employees, recoup lost money and restore taxpayers' faith in a district with a history of scandal. … The Dallas Morning News examined records from the last 2 1/2 years and found the spending on the cards averaged $20 million a year."

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Jury Selection Begins For Third Gotti Trial. The AP (Neumeister) reports, "Jury selection began Monday in the third racketeering trial in a year of John 'Junior' Gotti, who said he was thrilled at the birth of his sixth child over the weekend." Prosecutors "again will try to prove Gotti ordered two 1992 attacks on Guardian Angels founder Curtis Sliwa," while Gotti continues to deny ordering the attack." The AP notes US District Judge Shira Scheindlin dismissed the first potential juror "after she confessed she had heard Gotti was in the mob and said, 'I don't want to know him.' … Another woman was dismissed after she said she was biased because she believed her cousin was killed by the mob." The New York Daily News (8/15, Zambito, 729K) also reports on the proceedings, but focuses on Gotti's comments about his new son.

Judge Rejects Mafia Cop's Bid For Release Over Health Issues. The New York Post (8/15, Haberman, 608K) reports, "Mob cop Louis Eppolito is having a tough time keeping his cool in prison. The ex-NYPD detective, who is overweight and has a bad heart, took another shot yesterday at getting out of his prison cell…after the last heat wave knocked him out cold. But a judge said fat chance." The Post notes, "The prison is air conditioned."

Tennessee County Commissioner To Resign Before Corruption Trial. The Memphis Commercial Appeal (8/15, Erskine, 172K) reports, "When Michael Hooks Sr. goes to trial next week for his alleged role in the Tennessee Waltz scandal, he'll no longer be a Shelby County Commissioner. Hooks announced he's resigning from his elected post -- Monday at 12:01 a.m. -- the morning his trial is set to begin." The Commercial Appeal adds, "Hooks was charged a year ago with taking $24,200 in bribes to use his influence to obtain a county government contract for a bogus FBI company. The Tennessee Waltz public-corruption investigation has resulted in the indictments of 12 current or former public officials or their aides. Hooks Sr.'s son, former city school board member Michael Hooks Jr., is among those charged."

Illinois Man Sentenced To 30 Years For Child Pornography. The Bloomington (IL) Pantograph (8/15, Seastedt) reports, "A 58-year-old Lincoln man was sentenced Monday to serve 30 years in federal prison for making and possessing child pornography." The Pantograph continues, "Howard D. Pinkley was sentenced Monday after pleading guilty on Jan. 30 to producing and possessing child pornography. … He was charged after law enforcement agents were notified in November 2005 of pornographic photos of an unidentified child that were developed at a Wal-Mart processing facility in Crawfordsville, Ind." The Pantograph adds, "Pinkley admitted that from November 2003 through November 10, 2004, he enticed a minor to engage in sexually explicit conduct to produce child pornography, and that he possessed books, videotapes, computer images and other materials containing child pornography. … Rodger A. Heaton, U.S. attorney for the Central District of Illinois, said: 'The Department of Justice has made protection of children one of its highest priorities through the Project Safe Childhood initiative. Today's 30-year sentence is a testament to our unwavering commitment to punish and remove child predators from society for as long as the law allows.'"

New York Man Admits Threatening To Kill Federal Judge. The New York Law Journal (8/15, Perrotta) reports, "A Queens man admitted Friday that he threatened to kill a federal judge and use a bomb to blow up the federal courthouse in Brooklyn." The Journal continues, "The defendant, Wazir Khan, 20, has been held since his arrest in April 2005, less than a month after Eastern District Judge Raymond Dearie received several threats via letter and telephone." The Journal adds, "Khan pleaded to knowingly and willfully making a threat, via a phone, to harm a federal judge and destroy a building, in violation of 18 U.S.C. §844(e) and 3551. … He faces between 57 and 71 months in prison, according to the calculations of federal prosecutors, and a fine of up to $250,000. … Magistrate Judge Steven M. Gold, who took Khan's plea, scheduled sentencing for October before Judge I. Leo Glasser."

Judge Orders Voice Samples For Three Charged In Coke Secrets Case. The AP (8/15, Weber) reports, "A judge on Monday ordered three people charged in the theft of trade secrets from The Coca-Cola Co. to turn over voice samples to allow the government to try to match them to recorded telephone conversations that are part of the investigation." The AP continues, "Defense lawyers for the defendants did not object to the prosecution request during a brief hearing in federal court in Atlanta. … U.S. Magistrate Judge Gerrilyn G. Brill said arrangements will be made for former Coke secretary Joya Williams and co-

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defendants Ibrahim Dimson and Edmund Duhaney to provide the voice samples. The three were not in court for the hearing." The AP adds, "Also Monday, a prosecutor indicated that statements the three defendants made to investigators after their July 5 arrest will be used against them at trial. Defense lawyers are seeking to suppress the statements. No trial date has been set. … Williams, Dimson and Duhaney were indicted July 11 on a federal conspiracy charge that accuses them of stealing new product samples and confidential documents from Coke and trying to sell them to Purchase, New York-based PepsiCo Inc. The three have pleaded not guilty. … The government says it has numerous digital recordings of conversations between the defendants. In the majority of the telephone calls recorded, the speakers do not identify themselves by their true and full name, which is why the government says it needs samples of the suspects' voices for comparison."

Teen Bank Robbers Raise FBI Concern About Possible Trend. USA Today (8/15, 3A, Coolidge, 2.27M) reports that with teens responsible for recent bank robberies in Ohio, Indiana and Tennesse, "the FBI is not ready to say there is a national pattern of teens robbing banks, but it is watching. 'We're looking to see if it's isolated or if it's an emerging trend,' said Jennifer Leonard, a supervisor in Washington, D.C., in the FBI's violent crimes unit." USA notes, "The FBI recently sent a memo to bank robbery coordinators alerting them to reports of teen robbers. … Harry Trombitas, an FBI coordinator in Cincinnati, said he couldn't remember a female teen being involved in an Ohio bank robbery. 'I've been in the bureau 23 years, this is very unusual,' he said."

Georgia Gang Members Sentenced To Collective 40 Years In Prison. The Gainesville (GA) Times (8/12, Stewart) reported, "The sentencing of members of a Gainesville gang Friday in federal court set a precedent in the war against gang violence in Northeast Georgia, prosecutors and law enforcement officials said. A total of more than 40 years in prison was handed out to former members of the criminal street gang KES or 'Killing Every Spot' by U.S. District Judge Richard W. Story. … The investigation of KES and subsequent convictions Friday are believed to be the first time a single gang was targeted and dismantled by authorities, Hall County Sheriff Steve Cronic said." The Times noted, "The identified leader of KES, 25-year-old David Ramirez, and his brother, Juan Ramirez, 28, both of Gainesville, received the bulk of prison time after accepting plea agreements."

The Atlanta Journal-Constitution (8/13, Nurse, 399K) reported, "The arrests in 2004 were the result of a multi-agency investigation by Gainesville Police-Hall County Sheriff Gang Task Force agents, the FBI and U.S. Immigration and Customs Enforcement. The prison sentences, all followed by three years of supervised release, were: David Ramirez: 11 years, three months; Alvarado-Castillo: five years, three months; Cruz: two years, nine months; Ortiz-Penado: four years, nine months; Juan Ramirez: 12 years, nine months; and Chavez-Olivarez: four years, three months." The AP (8/13) also reported on the sentencings.

Actress Involved In Bogus DHS TV Show Sentenced To Probation. The Los Angeles Times (8/15, Krikorian, Hanley, 918K) reports Alison Ann Heruth, "a Hollywood actress involved in a bogus television show about the U.S. Department of Homeland Security was sentenced Monday to five years' probation and 2,500 hours of community service and ordered to pay $3.4 million in restitution." US District Judge Manuel L. Real "imposed the sentence" on Heruth "after the 41-year-old mother of four and her attorney implored the judge not to send her to federal prison." Last September, "federal agents arrested the mastermind of that fraud, Hollywood producer Joseph Medawar, on charges that he had defrauded at least 70 investors," and "a joint investigation by the FBI and Internal Revenue Service concluded that the millions taken from investors financed a lavish lifestyle for Medawar and Heruth, with money spent on luxury cars, shopping sprees, $40,000-a-month rent on a Beverly Hills mansion and other extravagances."

Police Release Profile Of Indiana Sniper. The New York Times (8/15, Ferkenhoff) reports from Chicago, "The sheriff leading the investigation into a series of what appear to be sniper assaults in northwest Indiana said Monday that the authorities thought the attacker was young, worked with at least one partner, used a low-caliber weapon and was motivated by a wish to 'control' rather than to kill. … 'I think it's someone who is mentally unstable and who is looking for some notoriety,' said the sheriff, Roy Dominguez of Lake County, which covers the northwestern corner of the state, where at least 10 attacks on motorists have occurred since late July. … 'The attacks have occurred between dawn

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and dusk, and we think he wants to see it,' Sheriff Dominguez said after a news conference in which his department offered a $10,000 reward for information leading to the arrest and conviction of the sniper. 'We think that's what he's trying to do — have control and watch as people lose control or take evasive action.'" The Times notes, "The reward comes one week after a task force was formed with the local police and state and federal agencies, the F.B.I. among them, to hunt for suspects and sift through more than 100 leads that have been phoned into a 24-hour hot line."

Hinckley Asks For Four-Day Visits. The Washington Times (8/15, Mcelhatton) reports, "Attorneys for John W. Hinckley Jr. are asking a federal judge to allow the would-be presidential assassin to stay at his parents' house four nights at a time pending a move to expand his freedoms from a D.C. psychiatric hospital, court records show." The Times continues, "Hinckley, 51, who tried to kill President Reagan in 1981, was permitted to go on seven overnight trips to his parents' house in Williamsburg after a judge's ruling in December. … He has one trip left but is barred from taking any more releases from St. Elizabeths Hospital without a court order." The Times adds, "The U.S. attorney's office last week objected to the move, saying there isn't enough information available for government analysts to evaluate how Hinckley is faring on the overnight stays. … 'The government recognizes, as it has in the past, that Mr. and Mrs. Hinckley have been a model of dedication to a child stricken with mental illness,' Assistant U.S. Attorney Thomas E. Zeno said in a memo to U.S. District Judge Paul L. Friedman last week. … 'However, there are many issues regarding Mr. Hinckley's return to live with his parents which must be addressed,' the memo states. … For instance, federal prosecutors said in court documents that they need to subpoena Hinckley's medical records but note that they can't get access until a court hearing is scheduled. … In addition, prosecutors said, psychiatrist John J. Lee, who agreed to meet with Hinckley during the overnight stays in Williamsburg, is 'untested as a reporter of information about Mr. Hinckley.'"

Virginia Man Pleads Not Guilty To Richmond Killings. The Washington Times/AP (8/15, Gelineau) reports, "A man linked to a New Year's week killing spree pleaded not guilty yesterday to five counts of capital murder." The AP continues, "Ricky Jovan Gray, 29, is charged with the New Year's Day killings of local musician Bryan Harvey, 49; his wife, Kathryn, 39; and their daughters Stella, 9, and Ruby, 4. … The Harveys were discovered in the basement of their burning home, bound in duct tape, beaten and their throats cut." The AP adds, "Jurors in Gray's trial were being selected yesterday from a pool of 25. … Questioned in panels of three, the prospects were asked whether they would impose life in prison over the death penalty and whether seeing 'gory' or 'graphic' evidence would prejudice their decision." The AP notes, "Less than one week after the Harvey slayings, another Richmond family was found dead in their home. … Gray's nephew, Ray Joseph Dandridge, also 29, was charged with capital murder in the Jan. 6 killings of Percyell Tucker, 55; his wife, Mary Baskerville-Tucker, 47; and her daughter, Ashley Baskerville, 21. … Like the Harveys, they were found in their home -- bound and their throats cut. … Dandridge is scheduled to go on trial Sept. 18."

WPost Criticizes Decision On Disclosure Of Defense Information In AIPAC Case. The Washington Post (8/15, A12, 748K) says in an editorial that the US "has never had an Official Secrets Act -- a statute forbidding private citizens from disclosing and discussing information the government wants to keep quiet. Last week it got one. The change didn't come from Congress but from a federal judge in Virginia. At the urging of the Bush administration, Judge T.S. Ellis discovered it in an old and vague law that prohibits disclosure of information related to the national defense. Judge Ellis's dangerous decision comes in the case of two former executives of the American Israel Public Affairs Committee (AIPAC) -- Steven J. Rosen and Keith Weissman -- who are accused of conduct that skirts the legal line between legitimate advocacy and illicit espionage. The decision has far-reaching implications; if it stands, it will greatly augment governmental authority to compel Americans to keep quiet about what they know."

CIVIL LAW:

Iranian Brothers Sue DOJ, FBI Over Post-9/11 Detention. In a widely-distributed story, the AP (8/15, Deutsch) reports, "Four Iranian brothers who were detained for more than three years after the 2001 terrorist attacks filed a lawsuit Monday in federal court, claiming they were held on false pretenses during an FBI investigation." Paul Hoffman – the lawyer representing Mohammed, Mostafa, Mohsen and Mojtaba Mirmehdi – said that "the only

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reason for the brothers' detention was that they took part in rallies protesting the current Iranian regime. The lawsuit named former Attorney General John Ashcroft, FBI Director Robert Mueller and other federal officials as defendants." Hoffman noted that the Mirmehdis "were alleged then to have ties to the Mujahedin-e Khalq…that was deemed a terrorist organization by the State Department. 'But none of the brothers was a member or supporter of the MEK, as government officials knew when the brothers were detained,' Hoffman said."

The Los Angeles Times (8/15, Reza, 918K) also notes Ashcroft and Mueller are named in the lawsuit and adds, "The 49-page complaint says the government, through FBI Agent Christopher Castillo, took punitive action against the brothers…because of their refusal to work as informants. … According to the lawsuit, the brothers could have been released on bond as early as Dec. 10, 2001, were it not for Castillo's 'false and misleading testimony' during a hearing in which he portrayed the brothers as security threats. The suit says the FBI agent was the government's only witness."

Internet Privacy Group Files Complaint Against AOL Over Search Information Release. The Washington Post (8/15, D4, Nakashima) reports, "The Electronic Frontier Foundation filed a complaint yesterday asking the Federal Trade Commission to investigate AOL and require strengthening of its privacy protections after the Dulles-based firm recently released 20 million search records of 658,000 AOL users." The Post continues, "In its complaint, the San Francisco-based advocacy group contended that the data release violated AOL's privacy policy and the Federal Trade Commission Act's bar on deceptive or unfair trade practices." The Post adds, "An AOL spokesman said the breach was a violation of internal policy forbidding disclosure of sensitive information but not of the company's privacy policy. 'AOL did not provide any personally identifiable information to a third party,' spokesman Andrew Weinstein said, referring to the privacy policy. … AOL apologized last week for what it called a 'screw-up.' It has removed the data from the Web site, but the data set, intended for academic research purposes, has been copied and circulated. … 'Search terms can expose the most intimate details of a person's life -- private information about your family problems, your medical history, your financial situation, your political and religious beliefs, your sexual preferences and more,' said Marcia Hofmann, a staff attorney with the Electronic Frontier Foundation."

CIVIL RIGHTS:

Bush Signs Bill Transferring Memorial Cross To Federal Government. The New York Times (8/15, Archibold, 1.21M) reports, "President Bush on Monday signed a law transferring a 29-foot-tall Latin cross high on a hill in San Diego to the federal government, stepping into a long-running dispute over the separation of church and state." Bush, "in the latest unusual action designed to save the Mount Soledad cross, in the La Jolla district, sided firmly with cross supporters who acknowledge that it is the pre-eminent symbol of Christianity but contend that it forms part of a secular war memorial." The legislation "uses eminent domain to transfer the memorial land, which includes the cross and six concentric walls holding nearly 2,000 plaques honoring war veterans, from city ownership to the federal government. The private group that built the cross, the Mount Soledad Memorial Association, will continue to maintain it."

The Washington Times (8/15, Duin, 88K) says "the signing rendered moot two lawsuits seeking to remove the Mount Soledad Cross, a fixture on the city's skyline since its installation on Easter 1954, as a Korean War memorial." The Justice Department "will head up efforts to retain the Mount Soledad Cross and the surrounding 170 acres as a military war memorial." Reps. Duncan Hunter, Brian P. Bilbray and Darrell Issa, "the San Diego-area Republicans who co-authored the legislation in June, attended the bill signing."

The Washington Post (8/15, A2, 748K) says "proponents of the new law believe the change in ownership could help insulate the cross from legal challenges because federal law is more flexible about religious displays on federal property than the California Constitution is about city land." The Los Angeles Times (8/15, Perry, 918K) also reports the story.

Recruiter Misconduct Cited By GAO. The AP (8/14, Flaherty) reports, "Military recruiters have increasingly resorted to overly aggressive tactics and even criminal activity to attract young troops to the battlefield, congressional investigators say." The recruiters allegedly are motivated by "grueling combat conditions in Iraq, a decent commercial job market and tough monthly recruiting goals." The GAO reported that "substantiated cases of wrongdoing jumped by more than a third, from about 400 cases in 2004 to almost

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630 in 2005. Meanwhile, criminal cases - such as sexual harassment or falsifying medical records - more than doubled in those years, jumping from 30 incidents to 70." The Army reported "more than half" the recruiting crimes committed in 2005. About 90 sites carried this story.

AFP (8/14) also reports this story, saying that the Army's "improved recruiting performance has come only after big increases in signing bonuses and moves to broaden the pool of those eligible by admitting more lower-scoring candidates and raising the maximum age from 35 to 42."

The Washington Post (8/15, White, 748K) reports that the increase "may reflect growing pressure to meet wartime recruiting goals." The GAO reported "that about 20 percent of active-duty recruiters believe that irregularities -- such as coercion, concealing information that would disqualify a candidate and falsifying documents, among others -- occur frequently. A majority of recruiters also reported dissatisfaction with their jobs." The likelihood of being sent to war and the strong civilian economy have both made the recruiting effort more difficult.

Gay Discharges From Military Rose In 2005. Picking up on a story broken the previous day by the AP, the New York Times (8/15, Files, 1.21M) reports, "The Defense Department discharged 726 service members last year for being gay, up about 10 percent from 2004, figures released by a gay rights group show." It breaks down the total by service branches: "The Army, by far the largest branch of the military, discharged more gay personnel last year than the other branches with 386, the figures show, followed by the Navy with 177, the Air Force with 88 and the Marines, the smallest force, with 75." Secretary Rumsfeld has said the DOD "will not revisit the policy," according to the Times. It quotes a spokesman for the gay rights group, who said "some service members have used the policy to escape their military obligations as morale has dipped and multiple overseas deployments have caused strain ... The legal group has also seen an increase in the malicious use of the Internet and e-mail to disclose the sexual orientation of service members."

A long Fox News/AP (8/14) article describes the policy and also reports the statistical revelations, which resulted from an FOIA request filed by the Servicemembers Legal Defense Network. The AP quotes the organization's executive director and a female physician who was discharged under the policy. The latter article was carried by more than 70 sites.

Judges Dismiss GOP Lawsuit Against Colorado Remap Imposed by Court. The AP (8/15, Sarche) reports, "A panel of federal judges has delivered a blow to Colorado Republicans and dismissed the last lawsuit filed over congressional boundaries imposed by a state court." … The federal lawsuit had asked judges to reinstate the district lines drafted by the Republican-controlled Legislature."

Death Of Baltimore Teen Sparks Debate Over Police Use Of Force. The Baltimore Sun (8/15, Dolan) reports, "The weekend death of a 14-year-old boy by a Baltimore police officer is reviving a controversial issue for the department: When is the right time to use deadly force to stop aggressive suspects?" The Sun continues, "As investigators probe the fatal shooting of Kevin Cooper inside his home on Saturday morning, his family's lawyer challenges the officer's account, saying that the boy's behavior did not warrant such a violent reaction. … But experts who train officers cautioned that these kinds of volatile domestic situations require split-second decisions by officers worried about the safety of bystanders as well as their own." The Sun adds, "Options like blinding Mace, disabling batons and Taser stun guns can be employed effectively to force many suspects into compliance. … Still, according to several former police commanders and authorities in tactical procedures, the public should not be lulled into thinking that every suspect can and should be subdued by those less-than-lethal methods."

IG Probes Deletions In Reports On DC Group Home Deaths. The Washington Post (8/15, B05, Barker) reports, "The D.C. inspector general has begun an investigation to determine who altered reports on the deaths of mentally retarded residents in group homes to delete damaging information before the documents were turned over to court and other oversight officials." The Post continues, "Austin A. Andersen, the deputy inspector general, confirmed yesterday that the Medicaid Fraud Control Unit of the inspector general's office has assigned auditors to look into the deletions in the death reports, including who made them and under whose instructions. … Andersen declined to comment further except to say that the probe, requested by D.C. Council member Adrian M. Fenty (D-Ward 4), will be done as quickly as possible." The Post adds, "The death reports are done by an independent contractor, then given to

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the city's Incident Management and Investigations Unit for review before being distributed to the court, the mental retardation agency and others. Sawyer said previously that the deletions occurred before late October 2005, when that unit was shifted to her agency. … The deletions were discovered by Elizabeth Jones, the court monitor in the lawsuit. This summer, Jones checked a sampling of 19 cases and found significant deletions in eight. … They included information that described serious case-management failings, delays in obtaining consent for medical procedures, concerns about health care and problems getting information needed to complete the death investigations, as well as recommendations designed to avert harm to residents in city-contracted group homes."

Lawsuit Reinstated In Los Angeles Over Handcuffing Of Boy. Metropolitan News-Enterprise (8/14) reports a Los Angeles man "who was 11 years old when a team of officers allegedly pointed guns at and handcuffed him while seeking to arrest his father can sue for violation of his constitutional rights," according to a Ninth U.S. Circuit Court of Appeals ruling. U.S. District Judge Ronald S.W. Lew "ruled two years ago that the agents, from the IRS, Drug Enforcement Administration, and Los Angeles Police Department, did not use excessive force or unreasonably detain Ephraim Tekle. … The Ninth Circuit panel disagreed, saying no reasonable officer would have believed that the Constitution allowed him to act in the manner Tekle alleges."

Lack Of Voting Standards Said To Suggest Relevance Of Florida Recount Case. In a New York Times editorial observer column (8/15), Adam Cohen says, "At a law school Supreme Court conference that I attended last fall, there was a panel on 'The Rehnquist Court.' No one mentioned Bush v. Gore, the most historic case of William Rehnquist's time as chief justice, and during the Q. and A. no one asked about it." The ruling that "handed the presidency to George W. Bush is disappearing down the legal world's version of the memory hole, the slot where, in George Orwell's '1984,' government workers disposed of politically inconvenient records." But the "heart of Bush v. Gore's analysis was its holding that the recount was unacceptable because the standards for vote counting varied from county to county." If this "equal protection principle is taken seriously, if it was not just a pretext to put a preferred candidate in the White House, it should mean that states cannot provide some voters better voting machines, shorter lines, or more lenient standards for when their provisional ballots get counted — precisely the system that exists across the country right now."

ANTITRUST:

Bristol-Myers, Sanofi-Aventis Seek To Block Generic Plavix Sales. The AP (8/15, Agovino) reports, "Bristol-Myers Squibb Co. and Sanofi-Aventis SA said Monday they filed an injunction against Apotex Corp. to stop the Canadian drug maker from selling a less expensive, generic version of the blood thinner Plavix and force it to recall product already sold." The AP continues, "The companies also said they have begun discounting Plavix to stem the loss of the drug's market share." The AP adds, "A hearing on the motion is set for Friday in the U.S. District Court for the Southern District of New York, where the injunction was filed and a patent case on Plavix is pending. … In the filing, the two brand-name makers said there are four reasons the injunction should be issued, including the likelihood they will prevail in the pending patent case and that Apotex's launch last week is causing them irreparable harm." The AP notes, "Apotex launched the drug last Tuesday after a settlement agreement to end the years-old patent litigation fell apart. The generic drug costs around $124 for 30 tablets, compared with about $148 for the Bristol-Myers branded version. … Bristol-Myers and Sanofi-Aventis allege that Apotex has aggressively flooded the market with generic Plavix, selling customers several months supply. The companies said that since Apotex's launch has been so large, any injunction that doesn't include a provision for a recall would fail to provide them meaningful financial relief because they'd still be competing with the generic drug left in the market."

Biomet, Zimmer Named In Antitrust Suits. The Fort Wayne Journal Gazette (8/15, Schroeder) reports, "Warsaw-based orthopedic companies are being sued for alleged violations of antitrust law that are at the heart of an ongoing investigation by the U.S. Department of Justice." The Gazette continues, "Biomet Inc. said Friday in its annual report filed with the Securities and Exchange Commission that it has received two complaints in class action lawsuits and is aware of other lawsuits that have been filed against but not served on the company. The company said that the complaints also named various other companies in the orthopedics industry." The Gazette adds, "Earlier this month,

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Zimmer Holdings Inc. made a similar disclosure in a quarterly report filed with the SEC. The company said it and other major orthopedic manufacturers had been named as defendants in six class action lawsuits for alleged violations of antitrust laws as of July 27. … Both Zimmer and Biomet said the lawsuits were without merit and said they planned to mount a vigorous defense."

NovaGold Urges Shareholders To Reject Takeover Bid By Barrick. The Wall Street Journal (8/15, Moritsugu) reports, "NovaGold Resources Inc. said it is recommending shareholders reject a $1.53 billion unsolicited takeover offer from Barrick Gold Corp. because it "significantly undervalues" NovaGold's mineral projects and expansion potential." The Journal continues, "The Vancouver, British Columbia, mining company said it has started legal action against Barrick, alleging misuse of confidential information with respect to the companies' competing bids for Pioneer Metals Corp., of Vancouver." The Journal adds, "Two weeks ago, Barrick offered $14.50 a share for NovaGold's shares. NovaGold said it was disappointed with the offer and urged shareholders to hold off. … NovaGold hasn't produced any metals, but holds two undeveloped assets that are attractive to Barrick: a substantial stake in Alaska's Donlin Creek gold prospect, and 100% of British Columbia's Galore Creek copper and gold discovery. … NovaGold, which announced its offer for Pioneer Metals June 14, said it provided nonpublic information about its Galore Creek project to Barrick June 16. Barrick made an offer July 24 for Pioneer Metals that topped the offer made by NovaGold."

ENVIRONMENT:

BP Considers Alternative Pipeline Routes For Eastern Prudhoe Bay Field. The Wall Street Journal (8/15, Biers, 2.03M) reports BP is "considering alternative pipeline routes from the closed portion of the [Prudhoe Bay oil field], a move that might allow production to resume by October. The eastern portion of the field...accounts for about half of the field's production, which totals 400,000 barrels a day." The Journal says, "Reopening the eastern half of the field sooner than the January 2007 date projected by some observers would further reassure markets, especially on the U.S. West Coast." BP "could boost output from the eastern half of the hobbled field by tying some of the eastern Prudhoe production into the nearby Endicott pipeline, which it operates."

Federal Judge Refuses To Stop Sale Of Oil And Gas Leases. The AP (8/15, McGill) reports, "A federal judge dealt Gov. Kathleen Blanco a defeat Monday in her campaign to force the government to give Louisiana a bigger share of royalties from offshore oil and gas drilling." The AP continues, "U.S. District Judge Kurt D. Engelhardt turned down Blanco's request to block Wednesday's sale of federal natural gas and oil leases in the western Gulf of Mexico. Blanco has not said whether she would appeal." The AP adds, "Blanco has threatened to block such sales until the state is given more royalties to help it recover from Hurricane Katrina. She filed a lawsuit claiming the federal government has not done enough to protect Louisiana's wetlands from damage from drilling. .. . Engelhardt said the state will have a strong case when the dispute goes to trial in November, but allowing the sale to go on would not harm the state. … 'The court's decision today will allow MMS (Minerals Management Service) to continue its plans for producing additional energy supplies for the nation,' said Johnnie Burton, director of the federal agency that will conduct the sale, in a statement." The AP notes, "The state now receives less than 2 percent of royalties from oil and natural gas produced in the Gulf. Blanco and Louisiana's congressional delegation are demanding more. … Both the Senate and House have passed bills that would give Louisiana and other Gulf states more 37.5 percent under the Senate bill, 50 percent to 75 percent under the House bill. The differences in the legislation still need to be worked out."

Nevada Water Battle Heating Up. The Washington Post (8/15, A3, Geis) reports, "Las Vegas is a parched desert city in a four-year drought, with new residents pouring in at a rate of at least 5,000 per month. So water officials plan to tap a great system of aquifers that form underground lakes in a swath across Nevada, some of them hundreds of miles away. … But the water is not free for the taking. On top of the aquifers are ranches and small towns, where a small, tenacious group of rural residents are fighting hard to keep Las Vegas from sucking them dry. … 'It's a question of values,' said Dean Baker, a rancher with 2,000 head of cattle in White Pine County. 'Will society accept drying up this environment to feed Las Vegas's money appetite?'" The Post continues, "The battle is the latest in a

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long series of skirmishes between Western cities and rural areas over limited supplies of water and how it should be allocated. Typically, cities win. Coastal California, Phoenix and Salt Lake City all rely on distant groundwater supplies. … Such transfers of water from rural to urban areas 'have not yet occurred in Nevada,' said Hal Rothman, a professor of history at the University of Nevada at Las Vegas. 'But they are beginning here.'" The Post notes, "The Colorado River provides 90 percent of Las Vegas's water, but the city lives on a diet, an allocation of water it was awarded decades ago, when Las Vegas was a whistle-stop. So the Southern Nevada Water Authority wants the water that lies underground to the north. … To carry the water to the households of Las Vegas, engineers propose a $2 billion hydra-headed pipeline stretching 250 miles. The water authority has already started buying ranch property in the county to access the water underneath. Water authority officials say there is enough water underground statewide to provide for the ranchers, plus cover about two-thirds of Las Vegas's annual water needs. … On Sept. 11, the Nevada state engineer will hold a hearing and then make a decision about how much water Southern Nevada can take. Legally, all the water under Nevada is a state resource, and the engineer must determine its best use."

Bird Flu Discovered In Two Swans In Michigan. NBC Nightly News (8/14, story 7, 0:10, Brown, 9.87M) reported, "There was a bit of alarm about possible bird flu in this country today. Federal health officials said they found H5N1 virus in two swans as part of the routine bird flu surveillance in southeastern Michigan but they said the virus is not the form that can be deadly for birds and there is no threat to human health."

The AP (8/15) quotes White House spokesman Tony Snow as saying US officials "believe it is a strain of low pathogenicity, similar to strains that have been seen before in North America." The Washington Times/AP (8/15, A1, Neergaard) reports on its front page that preliminary testing has "ruled out the highly pathogenic version" of the virus. Despite the lack of human risk, federal officials said they were announcing the apparent discovery as "a sign of openness about the $29 million effort to check for signs that H5N1 is posing a renewed threat to US birds."

The Wall Street Journal (8/15, A2, Zhang, 2.03M) says government scientists are conducting "a confirmatory test to clarify whether one or more strains of the virus are present, the specific subtype, as well as whether it's high or low pathogenic." The tests are expected to be completed in two weeks. The New York Times (8/15, McNeil, 1.21M) and USA Today (8/15, D11, Manning, 2.27M) also report on the discovery.

Maryland Bans Swimming At Sandy Point Park. The Washington Times (8/15, Dodd) reports, "Maryland health officials have banned swimming at Sandy Point State Park in Annapolis because of an outbreak of a bacteria that could cause skin infections or stomach illnesses." The Times continues, "There have been no reported cases of illnesses caused by the bacteria, known as Enterococcus, officials said. … Nonetheless, health officials warned that anyone who has swum recently at the park should monitor their open cuts and stomach health. … 'Overall, [Chesapeake Bay] water has had lower bacterial levels than in past years,' said Richard A. Eskin, director of technical and regulatory services for the Maryland Department of the Environment. 'This is a localized problem.'" The Times adds, "This is the second time this season that health officials have banned swimming at Sandy Point because of high levels of the Enterococcus bacteria, which is found in the fecal matter of warm-blooded animals. … A similar ban was enforced late last month; the current ban went into effect Sunday."

FBI/DEA/ATF/USMS:

West Virginia FBI Agent Resigns As Part Of Prostitution Case Plea Agreement. WBOY-TV Clarksburg (8/14, Schubert) reports FBI Special Agent Sterling Pace "was charged with two counts of soliciting a prostitute and two counts of obstructing justice. His trial began Monday morning. But after the state's first witness testified, the prosecution and defense worked out a deal, and the state filed a mistrial. According to the agreement, as long as Pace resigns from the FBI, and pays court costs, prosecutors won't bring charges up against him. … Pace resigned his position on Monday afternoon."

Western Pennsylvania Native Named Pittsburgh SAC. The Pittsburgh Post-Gazette (8/15, Ward, 241K) reports, "A Western Pennsylvania native has been appointed by the FBI to be special agent in charge of the local office. Ray Morrow, who currently is special agent in

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charge of the administrative division of the FBI's New York office, is not expected to begin his new job until at least October, said Agent Jeff Killeen, a spokesman for the Pittsburgh office. … He became a special agent with the FBI in 1987 with the Louisville, Ky., office. Following that, Agent Morrow worked undercover in a police corruption investigation that led to the convictions of 30 Cleveland police officers." The Post-Gazette notes that Morrow "will replace M. Chris Briese, who has already left for Washington, D.C., where he now serves as deputy assistant director in the bureau's counterterrorism branch."

Reporting Continues On Three Killings In California Linked To Drug-Smuggling Feud. The San Francisco Chronicle (8/14) reports, "A 2002 triple slaying in a Union City home has been linked to a feud between two top Bay Area drug traffickers. The disclosure came amid the arrests of five people last week and searches of homes in Oakland, Danville, Hillsborough, San Mateo and Burlingame. Beginning in 2000, the five suspects smuggled large quantities of ecstasy into the United States, hiding the illegal party drug in high-end imported pianos, BMW transmissions and leather sofas, authorities said."

Marijuana Eradicated In Fields Linked To California Gang. The Sacramento Bee (8/14) reports at least "40 heavily armed law enforcement officers raided two marijuana gardens blooming within a few miles of some of El Dorado County's most expensive homes. Investigators linked the marijuana patches to one of Southern California's toughest criminal gangs. No one was arrested, but when the dust had settled, about 2,000 plants...were seized." Monday's eradication effort "was another local shot in the annual statewide war against what some say is California's biggest cash crop." The Bee notes the DEA's involvement in the eradication.

According to the AP (8/14), police officers "raided two large El Dorado County marijuana fields early Monday, using helicopters to find and seize 6,000 drug plants. … Gordon Taylor, special agent in charge for the U.S. Drug Enforcement Agency's Eastern Division of California, said the raid was the culmination of an investigation that began with a citizen's tip in May."

Seattle Somalis Remain Upset By Khat Busts. The Seattle Times (8/15, Hurst, 217K) reports, "For the area's growing Somali community, a recent federal bust of an alleged khat-smuggling ring didn't just lock up 14 fathers, brothers and husbands. It also broke a trust in the U.S. government that had helped some 15,000 expatriates flee war-torn Somalia for Seattle. Community leaders talk about it at the Somali Community Services community center" and some resident "say they're afraid to pick up the phone or answer the door for fear another law-enforcement agency might be getting ready to target their community." The Times notes, "Law-enforcement officials have been unapologetic about the raids. Seattle police Lt. John Koutsky, along with two FBI agents, met with community leaders earlier this month" and "said closing the cultural divide and regaining the Somali community's trust are key to keeping the neighborhoods safe. Mark Meinecke, one of the FBI agents, agreed. He explained that the khat bust was less about the drug itself and more about preventing funds used to buy khat from ending up in terrorists' hands."

Report: Tennessee Detective Fails Lie Detector Test In Drug-Theft Case. Nashville's Tennessean (8/14) reports a Metro undercover vice detective "failed a lie detector test in October after telling federal agents that he did not know in advance that he was helping another vice detective steal a kilo of cocaine from a drug dealer, federal prosecutors said in recent court filings. Detective Charles Williams, 38, is awaiting trial on federal charges stemming from the April 2003 incident. … Local and federal authorities have refused to discuss details of the case. But a previous court filing contained a written statement from Williams, in which the officer claimed he was duped by fellow detective Ernest Cecil into faking an arrest to facilitate the drug rip-off."

Nevada "Medical Marijuana" User Pleads Guilty To Possession. On its Web site, Court TV (8/14) reports the trial of a "medical marijuana" user "went up in smoke Monday when the defendant suddenly decided to plead guilty. After an 11th -hour plea deal, Pierre Werner admitted intentionally breaking the law and pleaded guilty to one felony charge of possession of a controlled substance with intent to sell. … Werner went on to admit that he knowingly possessed more medical marijuana than allowed by law and that he sold pot for money. … Werner's doctor testified last week that Werner qualifies for [a medical marijuana] license because he suffers from 'severe nausea'

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which he contends stems from his bipolar disorder and schizophrenia."

Sprinter Protests Doping Violation, Refuses To Join Britain's Relay Team After Victory. The Financial Times (8/15) reports Darren Campbell "has urged Dwain Chambers to expose the people who introduced him to performance-enhancing drugs. On Sunday, the veteran sprinter refused to join Chambers and the rest of Great Britain's 4x100m relay team after winning gold in the European Athletics Championships in Gothenburg, saying it was 'inappropriate.' Campbell was unhappy at the inclusion of Chambers in the team following the completion of his two-year ban for doping. The British relay team that included Campbell were stripped of their 2002 European gold six weeks ago following Chambers' admission that he was using the steroid THG as far back as those championships."

ATF Revokes Licenses Of Two California Gun Stores. The Modesto Bee (8/15, Meer) reports, "Two Merced (CA) gun store owners are losing their licenses to sell firearms after the federal Bureau of Alcohol, Tobacco and Firearms determined there were problems with paperwork required for gun sales." The Bee continues, "One store, Gunrunners, will remain open under a new name and ownership. The other, Stone's Gun Shop, closed last week." The Bee adds, "Nina Delgadillo, a spokeswoman for the ATF's San Francisco office, said both stores had repeated paperwork violations that led to the loss of the owners' licenses. … Gunrunners owner Gerry Mitchell said the problem was over paperwork customers fill out when they buy guns. .. . On two visits, he said, ATF officials determined that customers filled out paperwork incorrectly. Examples included a customer who filled in the wrong county where he lived, or a customer who filled in the country he lived in rather than a county."

IMMIGRATION:

Census Data Shows Dispersal Of New Immigrants Across US. USA Today (8/15, El Nasser, 2.27M) reports, "Mexicans with little education and limited English skills are leading a wave of newly arrived immigrants who are increasingly fanning out from traditional gateway states, Census data released today indicate. The dispersal of new immigrants to parts of the Southeast and Midwest that are unaccustomed to foreign-born populations in large numbers may be fueling national concerns about illegal immigration, some population analysts say."

The New York Times (8/15, Lyman, 1.21M) reports, "The number of immigrants living in American households rose 16 percent over the last five years, fueled largely by recent arrivals from Mexico, according to fresh data released by the Census Bureau." The Times adds, "By far the largest numbers of immigrants continue to live in the six states that have traditionally attracted them: California, New York, Texas, Florida, New Jersey and Illinois." Immigrants also "continue to flow into a handful of states in the Southeast, like Georgia and North Carolina, a trend that was discerned in the 2000 census." But "it is in the less-expected immigrant destinations that demographers find the most of interest in the new data. Indiana saw a 34 percent increase in the number of immigrants; South Dakota saw a 44 percent rise; Delaware 32 percent; Missouri 31 percent; Colorado 28 percent; and New Hampshire 26 percent."

Meanwhile, the Washington Post (8/15, A1, Layton, Keating, 748K) reports "the Washington metropolitan region is home to more than 1 million immigrants, solidifying its position as a gateway to America, according to census figures released today. Last year, one in five people in metropolitan Washington were immigrants, compared with one in six in 2000. And the immigrants who have flocked here are better educated than elsewhere." Washington "is now among eight metropolitan areas with immigrant populations of 1 million or more: New York, Los Angeles, Miami, Chicago, San Francisco, Houston, Washington and Dallas, according to William H. Frey, a demographer at the Brookings Institution." The region's immigrant population "has more than doubled since 1990."

The Washington Times/AP (8/15) reports "the survey, which cost $170 million last year, has limitations. For example, only people living in households were surveyed." That "excludes the 3 percent of people who live in nursing homes, hospitals, college dormitories, military barracks, prisons and other dwellings known as group quarters." Also, "the numbers for Gulf Coast states do not reflect the effects of Hurricanes Katrina and Rita, which scattered hundreds of thousands of people last year."

Minuteman Still Not Disclosing Financial Information. The Washington Times (8/15, Seper, 88K) reports under the headline, "Border Group's Finances A

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Secret," that the "Texas firm that manages hundreds of thousands of dollars in donations to the Minuteman Civil Defense Corps says it has not been authorized to divulge a detailed accounting of the funds, despite assurances by the MCDC's top official that it would do so." Maureen E. Otis, president of American Caging Inc. in Stafford, Texas, "an agency hired to collect, deposit and disburse donations to the civilian border-patrol group -- told The Washington Times that neither MCDC President Chris Simcox nor the group's board of directors had given her permission to 'disclose any numbers.'" Simcox, who "has been criticized by current and former MCDC members for a lack of leadership and financial accountability, had referred The Times to Mrs. Otis, saying she could 'tell you everything' to clear up the concerns."

TAX:

IRS Alleges Comtrol CEO Owes $1.6 Million In Taxes. The Minneapolis Star Tribune (8/15, Furst) reports, "In the past two weeks, the millionaire CEO of a Maple Grove computer products company has been working overtime to keep himself from the clutches of federal authorities." The Tribune continues, "Robert B. Beale, who the IRS says owes $1.6 million in federal taxes plus interest and penalties, has written to President Bush and U.S. Attorney General Alberto Gonzales requesting that charges against him be dismissed. If convicted, he faces up to 30 years in prison. … 'He fundamentally believes, and has stuck to his belief since this case started, that the federal income tax is illegal,' said Bradford Beale, his son and vice president of Comtrol Corp., the firm that his father founded." The Tribune adds, "Robert Beale's problems multiplied Monday. … U.S. District Judge Ann Montgomery ordered that a warrant be issued for Beale's arrest after he failed to show for the first day of his trial at the U.S. Courthouse in Minneapolis. … The elder Beale allegedly drew $5.7 million in income from Comtrol between 2000 and 2004, and paid no state or federal taxes, court records say. In a trial brief filed last week, Assistant U.S. Attorney Timothy Rank wrote that Beale 'engaged in a concerted effort with others at Comtrol to conceal and disguise the source, location and amount of Beale's income.'"

CONGRESS-ADMINISTRATION:

Officials Race To Allocate Iraq Rebuilding Funds Before They Expire. The Financial Times (8/15, Kirchgaessner) reports, "US officials are racing to allocate $1.17bn in Iraq reconstruction funds by September 30 to prevent the funds from expiring and being diverted back to the US Treasury. The 'use it or lose it' scenario, which compels US authorities to disperse what remains of the $18.4bn…Iraq relief and reconstruction fund by the end of the fiscal year, is ringing alarm bells in some quarters of Congress, where the US-led reconstruction effort has come under scrutiny from Democrats and Republicans alike."

Bush Signs Vocational Education Bill. The AP (8/15) reports, "The White House announced Monday that President Bush has signed the Perkins Act, the first major update of the nation's vocational education law since 1998." Bush "signed the law after Congress overwhelmingly rejected his attempts to scrap it." The law "steers $1.3 billion a year into career-based courses in high schools and community colleges. The legislation extends the vocational programs through 2012."

SCOTUS Could Settle Presidential Signing Statement Dispute. The Legal Times (8/15, Mauro) reports, "It was an otherwise routine oral argument before the Supreme Court in April. … Justices were debating the meaning of the Individuals with Disabilities Education Act, with Justices Stephen Breyer and Antonin Scalia jousting, as usual, over the significance of the legislative history of the statute. The lawyer arguing the case, Arlington Central School District v. Murphy, might as well have sat down while the justices talked among themselves. … Suddenly, Scalia piped up with a question. 'What about the president? When he signed it, did he indicate an interpretation?'" The Times continues, "It was a startling inquiry, especially coming from a justice who fervently insists that he cares only about the words of a statute, not the spin that legislators — and presidents, presumably — put on those words. … But it was a sure sign that the statements presidents issue when they sign bills into law, long ignored as the rough equivalent of White House press releases, are receiving renewed attention in all sectors of Washington." The Times adds, "Controversy over President George W. Bush's frequent and aggressive use of the statements to signal that he might not enforce bills he signed

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has gained momentum rapidly over recent months and could careen toward the Supreme Court itself — with an uncertain fate. .. Bush has issued signing statements questioning more than 800 provisions of laws he signed, according to the American Bar Association. That's more than all previous presidents combined. Often couched in language about his supervisory powers over the executive branch and foreign affairs, Bush has questioned laws ranging from the ban on torturing detainees to provisions establishing affirmative action programs to a ban on the use of American military forces in Colombia." The Times notes, "A milestone in the dispute came Aug. 8, in Honolulu, of all places, at the annual convention of the ABA — an organization that is typically capable of studying an issue to death over months and years. … But criticism of the ABA action has come from an unexpected quarter: Clinton-era Justice Department officials, including former acting Solicitor General Walter Dellinger III, who say the ABA incorrectly focused on signing statements — which they view as useful — rather than on Bush's actions expanding executive power."

Chief Justice Names Former DOJ Official As Top Aide. The Legal Times (8/15, Mauro) reports, "Chief Justice John Roberts Jr. on Monday named Jeffrey Minear, a 20-year veteran of the solicitor general's office, to be his administrative assistant, a position akin to chief of staff." The Times continues, "Minear, who has argued 56 cases before the high court, will succeed Sally Rider, who served as administrative assistant to Roberts' predecessor, the late William Rehnquist. Rider is leaving in September to head a constitutional studies center named after Rehnquist at the University of Arizona College of Law. … Roberts and Minear, 51, are longtime friends and former colleagues, serving together in the solicitor general's office during the first Bush administration and, more recently, in the Microsoft antitrust appellate litigation, in 2001. Both worked on the Microsoft case, Minear representing the federal government, and Roberts, then in private practice, representing a coalition of states."

The San Diego Union-Tribune/AP (8/15, Apuzzo) reports, "In his new job, Minear will serve as Roberts' chief of staff, helping run the court and monitor judicial issues. He will assist the chief justice on such issues such as court reform but he won't help craft court opinions. … 'I have worked with (and against) Jeff over nearly two decades and during that time I have seen firsthand his strong commitment to the Supreme Court as an institution and his respect for its role in our system of government,' Roberts said in a prepared statement. … Minear will start work Sept. 11."

Bush's Vacation Timing Criticized. The White House Bulletin/US News (8/14) reported, "Predictably, President Bush is taking his lumps for staying at his Texas ranch last week despite the crisis on the Middle East. Bush returned to Washington yesterday after 10 days at the 1,600-acre spread, prompting criticism even from inside his party that he seemed disengaged." A prominent Republican and informal White House adviser said, "He should not have been in Crawford with the world on fire." The Bulletin adds that for their part, "White House officials point out that Bush cut his vacation much shorter than last summer, when he spent five weeks in Crawford and was derided for being out of touch when Hurricane Katrina devastated New Orleans and much of the Gulf Coast. This year, Bush aides say he was actually working much of the time while he was at his ranch. And the officials say Bush will have a very heavy schedule of activities this week, to demonstrate his hands-on approach to governing." Bush's schedule "includes strategy sessions on the Iraq war today, discussions on homeland security tomorrow, and a meeting and press conference with his economic advisers at Camp David Friday. But Bush is sure to revive the criticism later this month when he plans to spend a few days at his father's retreat in Kennebunkport, Maine and return to his ranch for a few days around Labor Day."

Legal Services Corporation Enjoy Many Luxuries. The AP (8/15, Margasak) reports, "The federal program that provides legal help to poor Americans turns away half of its applicants for lack of resources. But that hasn't stopped its executives from lavishing expensive meals, chauffeur-driven cars and foreign trips on themselves." Agency "documents obtained by The Associated Press detail the luxuries that executives of the Legal Services Corp. have given themselves with federal money -- from $14 'Death by Chocolate' desserts to $400 chauffeured rides to locations within cab distance of their offices." The "government-funded corporation also has a spacious headquarters in Washington's tony Georgetown district -- with views of the Potomac River and a rent significantly higher than other tenants in the same building. And board members wrote themselves a policy that doubled the amount they could claim for meals compared with their staff."

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Coburn On "Collision Course" With Byrd Over Earmarks. The Christian Science Monitor (8/15, Chaddock, 58K) reports Sens. Robert Byrd and Tom Coburn "are on a collision course over what could be the only reform item in play in the 109th Congress: earmarks." Coburn "didn't get the memo about freshmen senators not getting between a senior senator and his earmarks. Coburn has held 43 oversight hearings on earmarks, which he calls the 'gateway drug to spending addiction.'" Coburn's "amendment to the FY 2007 Defense Appropriations bill mandating an analysis of the total cost and effectiveness of defense earmarks for the goals of the Department of Defense (DOD) passed the Senate 96 to 1, with Senator Byrd the lone dissenter." But it is "not clear that any of these amendments would survive a conference with the House." Other senators "have hurled jeremiads on earmarks, but no one in at least 25 years, until Coburn, has done battle with a colleague over them."

The Christian Science Monitor (8/15, Chaddock, 58K) reports that since 1985, Sen. Robert Byrd (D) of West Virginia "has directed $250 million in earmarks to upgrade the Allegany Ballistics Laboratory (ABL) here in his state's eastern panhandle - $26 million this year alone. For the Senate's "'king of pork,' it's a drop in the bucket. After 47 years on the Senate's powerful Appropriations Committee, Byrd has mastered congressional earmarks - add-ons to spending bills for projects back home. Since 1991, he has steered $3 billion in earmarks to West Virginia, according to Citizens Against Government Waste." The vast sums "show Byrd's effort to boost the Mountain State's economy. But they also obscure the sometimes tense synergy between Congress and the Pentagon over the merits of military earmarks." Not "all pork is equal -- and not all earmarks are bad, say analysts close to the process. The key questions with any defense earmark are whether the Pentagon really wants it and, if so, why it isn't included in the Pentagon budget. Also: What doesn't get done in order to pay for it?"

Department of Transportation Reports Data Security Breach. The Washington Post (8/15, A11, Lee, 748K) reports, "The inspector general's office at the Department of Transportation disclosed yesterday the theft of another laptop from one of its agents in Florida, the second such report in less than a week. Barbara L. Barnet, the special agent in charge of the Miami office, discovered in April that her laptop had been stolen from a locked room during an agency-sponsored anti-fraud conference in Orlando, acting Deputy Inspector General Theodore P. Alves said yesterday." Alves said that there "is no indication yet that the computer contained sensitive personal information."

VA Announces Encryption Effort. The AP (8/14) reports, "Following a series of embarrassing data security breaches, the Department of Veterans Affairs on Monday announced it would upgrade all the agency's computers with a new encryption technology to be first installed on the agency's laptops within a month. … The encryption follows the award of a $3.7 million contract to Syracuse, N.Y.-based SMS Inc. The VA will be using GuardianEdge and Trust Digital products. The agency said final testing of the software is under way with actual encryption set to begin Aug. 18." VA Secretary Jim Nicholson: "A system-wide encryption program will be a tremendous step forward in improving the safety and security of sensitive veteran information."

Nicholson Seen On Vacation With Perot, Mariani. In his "Inside the Beltway" column in the Washington Times (8/14, 88K), John McCaslin notes that VA Secretary James Nicholson "enjoyed some vacation time together" with H. Ross Perot and "America's leading wine importer John F. Mariani Jr." in Bermuda "in recent days."

White House Press Corps Moves To Temporary Quarters. The AP (8/15, Hunt) reports, "The White House press corps took up residence Monday outside the iron-gated presidential compound for the first time in more than 100 years to make way for repairs on their well-worn quarters. For the next nine months or so, reporters will cover President Bush from offices on two floors of the White House conference center alongside Lafayette Park, across Pennsylvania Avenue from the West Wing."

Dana Milbank, in the Washington Post (8/15, A2, 748K), writes press secretary Tony Snow "remarked after he crossed Pennsylvania Avenue, passed the balky metal detector and climbed to the third-floor" briefing room, "Isn't this cozy?" Fox News, adds Milbank, "scored a front-row seat and got to ask the second question, and the backdrop curtains had lightened a shade to a royal blue. And Snow, pitying the outcast reporters, offered to linger for five minutes after the session for 'anybody who wants a piece of me.'"

Over Half Of Federal Employees Have Not Calculated Retirement Needs. The Washington Post (8/15, D4, Barr, 748K) reports, "Twenty-seven percent of federal employees reported savings of $150,000 or more in a

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'retirement readiness' survey sponsored by the Office of Personnel Management." The survey "divided federal employees into two salary groups (those earning more than $50,000 annually and those earning less) and into three career stages (early, mid and late). Not surprisingly, the data showed that accumulated savings increased as pay increased and that federal employees who identified themselves as mid-career and late-career workers had saved the most." But the OPM survey "also found that fewer than half of the respondents had calculated how much they need to save for a comfortable retirement and that almost four in 10 said they were not confident in their ability to make investment decisions."

Buchwald Jokes That Bush Was Tricked Into Stem Cell Veto. In a Washington Post (8/15, C2, 748K) column headlined, "How Bush Came to Hate Cellphones," Art Buchwald offers a mock narrative of how a fictitious antiabortion lobbyist tricked President Bush into vetoing the stem cell funding bill by making him believe that it was a cellphone funding bill. The lobbyist persuades Bush that cellphones cause a number of social ills, such as unwanted pregnancies and ear infections. He continues, "'Mr. President, you will have the support of the antiabortion people, the evangelicals and the religious right. They are all against cellphones.' 'Will I be accused of pandering to the Christian lobby?' The lobbyist said, 'You've been pandering to them all along, so why not now?' … The lobbyist's cellphone began to ring. He said to the person calling, 'A piece of cake.'"

Welfare Reform Said To Have Hidden Cycle Of Dependency. In a New York Times op-ed (8/15), Douglas J. Besharov, a resident scholar at the American Enterprise Institute and a professor at the University of Maryland School of Public Policy, says, "Even as a strong supporter of welfare reform, I find it difficult to muster unqualified enthusiasm for the law and how it has been carried out." The "twin realities — decreased caseloads and little sign of serious additional hardship — are why both Republicans and Democrats think welfare reform has been a success. But the results are more mixed. Caseloads fell, yet they did so seemingly regardless of what actions the states took." The "consensus among academic researchers is that it took more than welfare reform to end welfare as we knew it. If one looks at all the studies, the most reasonable conclusion is that although welfare reform was an important factor in caseload reduction — accounting for 25 percent to 35 percent of the decline — the strong economy was probably more important (35 percent to 45 percent)." Welfare reform "reduced welfare dependency, but not as much as suggested by the political rhetoric, and a great deal of dependency is now diffused and hidden within larger social welfare programs. As a result, public and political concern about dependency has largely disappeared."

NYTimes Criticizes GOP Efforts To Revive Stalled Bush Judicial Nominees. The New York Times (8/15, 1.21M) says in an editorial that the "latest judicial nominee" the Senate Republicans "have dug in their heels to defend is a far-right lawyer who received a unanimous 'not qualified' rating from the American Bar Association. The Bush administration should withdraw his nomination and four others that are in limbo, and replace them with nominees who do not appeal exclusively to the most extreme wing of the Republican Party." Michael Wallace, "a former lawyer for Senator Trent Lott, the Mississippi Republican, has been nominated to the United States Court of Appeals for the Fifth Circuit, based in New Orleans. Mr. Wallace has a long record of insensitivity to civil rights."

WSJournal Criticizes Federal Workers Compensation. The Wall Street Journal (8/15, 2.03M) says in an editorial, "The closest thing to a lifetime sinecure in America is a federal government job, and now it turns out that it's also a very lucrative way to make a living. New data from the U.S. Bureau of Economic Analysis confirm that the average federal civilian worker earns $106,579 a year in total compensation, or twice the $53,289 in wages and benefits for the typical private worker."

WPost Urges Expedited Federal Investigation In DC Charter School Case. The Washington Post (8/15, A12, 748K) writes in an editorial, "It's Been More than two months since the FBI raided the workplace and home of Brenda L. Belton, the D.C. Board of Education's executive director of charter schools" And "the federal investigation is expected to take several months more." The Post calls that "an awfully long time" and says the investigation "should be conducted with a sense of urgency." That is because "with the school board presidency up for

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grabs in November, citizens need to know how well -- or poorly -- the D.C. Board of Education has exercised its responsibility for overseeing charter schools."

OTHER NEWS:

Banks Report Mortgage Demand Weakening. The Wall Street Journal/Dow Jones Newswires (8/15) reports, "With the once red-hot housing sector cooling, domestic US banks reported weaker demand for mortgage loans in recent months, while demand for consumer loans also slowed, according to a Federal Reserve study released Monday." The Fed survey "shows a net fraction of about 60% of domestic lenders reported weaker demand for mortgages to purchase homes, 'a significantly larger net fraction than in the April survey.' At the same time, a net fraction of about 40% of domestic banks experienced weaker consumer loan demand, a figure that is "somewhat larger" than the previous survey." The I Fed survey, "conducted in July, included responses from 56 domestic banks, as well as from 17 foreign banks operating in the US."

Stocks Show Small Gains. The CBS Evening News (8/14, story 12, , Schieffer, 7.66M) reported. "On Wall Street, stock prices closed today with a small gain. [The Dow was up 9.85 to close at 11,097.87]. [Nasdaq was up 11.33 to close at 2,069.04]." USA Today/AP (8/15, Martinez) reports the Standard & Poor's 500 index added 1.47 points to 1268.21.

NBC Nightly News (8/14, story 9, , Brown, 9.87M) reported, "It was a wild ride on Wall Street today. The blue chips were up early on and then gave just about all of it back." The Wall Street Journal (8/15, McKay, 2.03M) says "at its midday peak, the Dow Jones Industrial Average had risen nearly 115 points. But most of those gains disappeared."

Democrats Hope To Challenge Bush, GOP On Terrorism. The New York Times (8/15, Hulse, 1.21M) reports that after "being outmaneuvered in the politics of national security in the last two elections, Democrats say they are determined not to cede the issue this year and are working to cast President Bush as having diminished the nation's safety." House Minority Leader Nancy Pelosi said, "They are not Swift boating us on security." The Times adds, "Seeking to counter White House efforts to turn the reported terrorist plot in Britain to Republican advantage, Democrats are using the arrests of the suspects to try to show Americans how the war in Iraq has fueled Islamic radicalism and distracted Mr. Bush and the Republican Congress from shoring up security at home. They say they intend to drive that message home as the nation observes the coming anniversaries of Hurricane Katrina and the Sept. 11 attacks." A "video Monday on the Web site of the Democratic Senatorial Campaign Committee showed footage of Osama bin Laden, referred to an increase in terror attacks, highlighted illegal immigration and pointed out the nuclear aspirations of Iran and North Korea." The ad concludes, "Feel safer? Vote for change." The Times adds Republicans "said they believed that the Democratic efforts would fizzle and that voters would ultimately choose to trust Republicans on the issue of security. And Mr. Bush, in remarks at the State Department on Monday, disputed the notion that his policies had contributed to a more dangerous world."

LATimes Criticizes Republicans For "Politicizing" War On Terror. The Los Angeles Times (8/15, 918K) says in an editorial, "The Bush Administration is a past master at playing politics with terrorism, portraying critics of its various antiterrorism initiatives as naive or even accusing them, in the words of former Atty. Gen. John Ashcroft, of giving 'ammunition to America's enemies.'" Republican National Committee Chairman Ken Mehlman "obviously was interested less in opening a discussion of comparative antiterror strategies than in pushing the idea that what Republicans call the 'Democrat Party' is really the 'Defeatocrat Party.' That may be election-year politics as usual, but it's unseemly, especially when the stakes in terms of national security and civil liberties are so high. You might even be tempted to call it a pre 9/11 mind-set."

Evangelical Groups Preparing Major Registration Drive. The Los Angeles Times (8/15, Wallsten, 918K) reports, "As discontent with the Republican Party threatens to dampen the turnout of conservative voters in November, evangelical leaders are launching a massive registration drive designed to reach religious voters in battleground states." The program, "coordinated by the Colorado-based group Focus on the Family and its influential founder, James C. Dobson, would use a variety of methods -- including information inserted in church publications and booths placed outside worship services -- to recruit millions of new voters in 2006 and beyond." The effort "builds on the aggressive courtship of evangelical voters in 2004 by President Bush's reelection campaign, even as the Internal

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Revenue Service has announced renewed scrutiny of nonprofit organizations, including churches, that engage in political activities." The program, "announced in an e-mail to activists last week, is seeking county and church coordinators in the targeted states of Maryland, Montana, Tennessee, Michigan, Ohio, Pennsylvania, New Jersey and Minnesota."

First Lady Appears At Roskam Fundraiser. The Chicago Tribune (8/15, Biemer, Pearson, 623K) reports, "Seizing on the issues of homeland security and the threat of terrorism, First Lady Laura Bush said Monday that Republican Peter Roskam would serve in Congress as a 'champion' of the military if he defeats his Democratic rival, disabled Iraq war veteran Tammy Duckworth." Appearing at a fundraising luncheon that "raised about $225,000 for Roskam's candidacy in the west suburban 6th Congressional District," Laura Bush also "recited a litany of the GOP candidate's accomplishments in serving in the Illinois Senate. 'Peter will bring to Washington the principles of efficiency and accountability that have defined his time in the state Senate, ensuring that Illinois tax dollars are spent responsibly,' she said during her 11-minute talk at the Medinah Banquets hall." The Tribune adds, "Though the president remains a very effective fundraiser, Laura Bush has become a frequently requested headliner on the money-generating circuit. Her visit Monday marked the opening of a three-day swing of campaigning to raise cash for Republican congressional candidates in Kentucky, Ohio and West Virginia as well as for the Republican National Committee."

Laura Bush's Campaigning Raises Concerns. The White House Bulletin/US News (8/14) reported, "Laura Bush is jumping back into the political fray, big time. … Republican strategists say Mrs. Bush is one of the most popular public figures in the country, far outdistancing her polarizing husband in mass appeal. One reason is that she seems so nonpartisan. The concern among White House insiders is that Mrs. Bush might tarnish her above-the-battle image if she continues to campaign for GOP candidates. The insiders want her to keep up her political efforts but to avoid directly criticizing Democratic candidates and instead be as positive as possible in praising the Republicans."

White House Declines To Endorse GOP Candidate In Connecticut Senate Race. The AP (8/15, Miga) reports, "President Bush isn't exactly eager to lend his support to the Republican nominee in Connecticut's tumultuous Senate race." The White House "was circumspect on Monday when asked whether Bush would support Republican Alan Schlesinger in the three-way fall contest that includes Democratic nominee Ned Lamont and three-term incumbent Sen. Joe Lieberman." White House spokesman Tony Snow said yesterday, "The president supports the democratic process in the state of Connecticut and wishes them a successful election in November." The AP adds, "Bush routinely backs Republican candidates in races all across the country." Snow was asked whether Bush "was balking at supporting Schlesinger because he liked Lieberman -- or wanted to stay out of the contest because Schlesinger was trailing badly in the polls. 'There may be a whole host of reasons the president -- I'm just not going to play,' Snow replied." He "suggested the Connecticut race was unique."

The New York Times (8/15, Stowe, Medina, 1.21M) titles its report "White House Ducks Question On Connecticut Race," and notes "several important Republicans, including Ken Mehlman, the chairman of the Republican National Committee, have yet to publicly support Mr. Schlesinger, who trails in recent polls to both Mr. Lieberman, who is staying in the race as an independent, and Ned Lamont, the Democratic nominee." Lamont's campaign "has used the relative Republican silence as a way to attack Mr. Lieberman for being too close to President Bush. 'It's been very clear since Election Day that a top priority for Dick Cheney, Karl Rove and George Bush is that Joe Lieberman is re-elected,' said Tom Swan, Mr. Lamont's campaign manager." Lieberman, in a statement, said, "I certainly have not sought and will not seek President Bush's support."

Wickham Calls Lieberman "Anti-Democrat Democrat," "Fifth Columnist." DeWayne Wickham writes in a USA Today column (8/15), titled "Lieberman's 'Mainstream' Isn't Democratic At All," that Lieberman "is not the party's savior. He's its nightmare. Lieberman is an anti-Democrat Democrat -- a fifth columnist who has chosen to flout the will of Connecticut's primary voters by filing papers to compete as an independent in the general election."

WSJournal Says "Secret" Behind Lamont Win Is Millionaire Funding Loophole. The Wall Street Journal (8/15, 2.03M) editorializes, "Credit for Ned Lamont's primary victory over Joe Lieberman has fairly gone to the 'netroots' and above all to passions aroused by the Iraq War. But his really secret weapon is one that his fellow liberals prefer not to mention out loud: Mr. Lamont could finance his own

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campaign." As "a mega-millionaire," Lamont "was able to exploit the campaign-finance loophole that allows rich folk to spend on their own campaigns. And given his narrow four-point victory, he needed every dime. … It wasn't always this way for antiwar candidates. In 1968, before liberals tried to purge money from politics, Eugene McCarthy was able to finance his antiwar campaign against LBJ with huge donations from Stewart Mott and Jack Dreyfus. Nowadays you can still be antiwar and run for office -- but you'd also better be rich."

Cheney To Campaign With Burns In Montana. The Washington Times (8/15, McCaslin, 88K) reports in its "Inside the Beltway" column that, "We're told Vice President Dick Cheney will be campaigning in Montana tomorrow, where three-term Sen. Conrad Burns has a tough challenger in Democrat Jon Tester, an organic farmer and state senator." Burns has "found it extremely difficult to cut his 'guilt by association' ties to former Washington lobbyist Jack Abramoff, even though he gave back approximately $150,000 in donations he received from the disgraced lobbyist and his associates."

Allen Comment To Opponent's Volunteer Causes Uproar. The AP (8/15,O'Dell) reports, "A volunteer of Indian descent working for Democrat James Webb's US Senate campaign said Monday he felt insulted when Sen. George Allen called him a name that sounded like 'Macaca' during a rally in western Virginia." S.R. Sidarth "spent last week following Allen's 'listening tour' and filming the appearances for the Webb campaign, which distributed a video clip of Friday's appearance to reporters. 'This fellow over here with the yellow shirt -- Macaca or whatever his name is -- he's with my opponent,' Allen said. 'He's following us around everywhere.'" Macaca "is a term associated with a species of monkeys." Allen campaign spokesman Dick Wadhams said, "This is not something we knew." Wadhams added the name "was a variation of 'Mohawk,' the nickname he said Allen campaign staffers gave Sidarth because he had a Mohawk haircut. Whether the University of Virginia senior's haircut -- closely cropped around the temples and above the ears, but otherwise full -- qualifies as a Mohawk is open to interpretation."

The Washington Post (8/15, A1, Craig, Shear, 748K), in a front-page story, reports Allen "apologized Monday for what his opponent's campaign said were demeaning and insensitive comments." The Post also reports, "Depending on how it is spelled, the word macaca could mean either a monkey that inhabits the Eastern Hemisphere or a town in South Africa. In some European cultures, macaca is also considered a racial slur against African immigrants, according to several Web sites that track ethnic slurs." Reached Monday evening, Allen "said that the word had no derogatory meaning for him and that he was sorry. 'I would never want to demean him as an individual. I do apologize if he's offended by that. That was no way the point.'"

The Washington Post (8/15, A12, 748K), in an editorial titled "George Allen's America," says that Allen, "who as a young man had a fondness for Confederate flags and later staunchly opposed a state holiday in honor of the Rev. Martin Luther King Jr., has surely learned too much about racial sensitivities in public life to misspeak so offensively." The Post adds that "by mocking Mr. Sidarth, Sen. George F. Allen demeaned only himself."

Reid Returns Seven-Year-Old Contribution With Accrued Interest. The AP (8/15, Werner) reports, "A seven-year-old political donation has proven costly for the Senate's most senior Democrat. Sen. Harry Reid, D-Nev., last year refunded a $3,000 check he got in 1999 from a Texas friend, Ben Barnes, after a public interest group revealed it was improper. Now he's paid Barnes more than $1,600 in interest, according to recent filings with the Secretary of the Senate." The filings "were disclosed Monday by PoliticalMoneyLine, which tracks campaign spending." Barnes, "a lobbyist and former Texas lieutenant governor, made the donation in question to a legal defense fund Reid had established to cover costs of his 1998 Senate race recount, which he won by 428 votes over Republican John Ensign."

Ney Formally Withdraws From Reelection Race. The AP (8/15, Hammer) reports, "Rep. Bob Ney formally requested Monday that his name be removed from the November election ballot, ensuring that a special primary election will be held to replace the embattled Republican." His letter "officially notifying election officials ends speculation about whether he would wait until after Aug. 19, when party leaders would have been able to appoint a replacement."

Fitzpatrick Criticizes Bush's "Stay-The-Course" Approach In Iraq. The Philadelphia

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Inquirer (8/15, Schiavo, 399K) reports that PA8 Rep. Michael Fitzpatrick (R), "who once firmly backed President Bush's handling of the Iraq war is now calling the president's stay-the-course approach 'extreme.'" Fitzpatrick "told constituents in a mailing last weekend that he wanted an alternative to the 'unacceptable extremes of 'Stay the course' on one side and the 'cut and run' approach on the other.'" Fitzpatrick, in his bid for reelection, is facing Patrick Murphy (D), "an Iraq war veteran who has been vocal in his opposition of the war and has called for the withdrawal of most troops by the end of next year. … In the mailing, Fitzpatrick was careful to note he is 'deeply grateful' for the service of American troops. What has changed is his alliance with the president on the handling of the war. 'Mike Fitzpatrick to President Bush: 'America needs a better, smarter plan in Iraq.'' reads the mailing. The front page of the mailing says, 'Congressman Fitzpatrick says NO to both extremes: No to President Bush's 'stay the course' strategy…and no to Patrick Murphy's 'cut and run' approach.'"

Richardson Sees Foreign Policy As Asset For '08 Run. Fox News' Special Report (8/14, Garrett) reported New Mexico Gov. Bill Richardson is "running for re-election and quietly plotting an `08 a White House bid." Richardson was shown saying, "I've been a good governor. And I plan my constituents respect the fact that having been a good governor, if other opportunities come up, that they'll give me that chance. But I've been very honest with my constituents in saying that going beyond this re- election is a possibility." Fox News adds Richardson is "as coy as he is calculating. And New Mexico, voters better get used to seeing Richardson in New Hampshire and other early primary and caucus states." Richardson has "conducted on and off negotiations with North Korea since 1994," and he "considers his foreign policy experience a strength, he calls President Bush's refusal to negotiate directly with North Korea, Iran, and Syria a failure."

Democrats Seen As Handicapped By Lack Of Organization. In his Washington Post column (8/15, A13), E.J. Dionne says, "Talk to Democrats at every level about the strong position the party is in for this fall's elections and the conversation inevitably ends with a variation of: 'Yeah, if we don't blow it.' Karl Rove's greatest victory is how much he has spooked Democrats about themselves. This, in turn, leads to a problem among political elites and, especially, fundraisers: While Republicans believe in their party and in the cause of building its organization from bottom to top, Democratic sympathizers tend to focus on favorite causes and favorite candidates, notably in presidential years." This dynamic has fueled "the polemics over the past few months between Howard Dean, the Democratic National Committee chairman, and Rep. Rahm Emanuel, the leader of the party's campaign committee for this fall's House elections." Republicans – "from President Bush on down -- have long dismissed the fashionable claptrap about political parties becoming meaningless. If Democrats are to shed their self-image problem and create a durable majority, they, too, will have to learn to operate as a party."

Republican "Corruption" Said To Resemble That Of Late 19th Century. In a New York Times op-ed (8/15), author Thomas Frank says, "By now, even the most dedicated 'values voter' is aware that an orgy of plunder and predation grinds merrily on in the capital, yet if polls are to be believed, the Democrats can persuade almost nobody to switch their vote on that basis. That's because, while they have many nice slogans on the subject, Democrats offer no larger theory of corruption, no way to help voters understand what is essentially Republican about the pillage currently being visited on our national government." Frank adds Democrats should "turn their eyes to the conservatives' beloved 19th century, an era that is relevant again in all sorts of startling ways." These "are not tales of individual venality, separate one from the other. They are expressions of the age. The issue is not merely corruption; it is what old Will Bryan would have called plutocracy."

Maryland Senate Candidates' House Tenures Could Shape Future Course. The Washington Post (8/15, A1, Anderson, 748K) reports, "Two Baltimore Democrats joined the House of Representatives on the same day in 1987. For nine years together in Congress, they usually voted the same liberal line. Both rose to prominence and influence." But "Benjamin L. Cardin and Kweisi Mfume carved sharply distinct profiles from the moment they arrived on Capitol Hill. The former became a bipartisan dealmaker on a powerful committee with oversight of tax, trade and health-care law. The latter took on urban housing and economic issues and became a major voice in Congress for black Americans." Mfume" left soon after the 1995 Republican takeover to become president of the NAACP. Cardin expanded his reach on the Ways and Means

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Committee and ranks fourth among its Democrats." The Post adds, "The many contrasts in their House careers suggest that the front-runners for their party's nomination in the race to succeed retiring Sen. Paul S. Sarbanes (D-Md.) would make different senators in style and substance." Cardin "said in an interview at his Baltimore County campaign office that he is 'very quietly' preparing a bid for the Senate Finance Committee." Mfume's "legislative niche is not as clearly defined as Cardin's. But he names three Senate committee assignments that would appeal to him: Foreign Relations; Banking, Housing and Urban Affairs; and Health, Education, Labor and Pensions."

600 Arrive In US From Muslim Countries As Part Of Student Exchange. The Washington Post (8/15, B3, Bahrampour, 748K) reports "a group of about 600 students from predominantly Muslim countries" arrived in Washington, D.C. last week as part of the Youth Exchange and Study Program and "this week they are dispersing across the United States to the host families with whom they will live for nine months." The program "started in 2003 as a way to improve relations between the United States and Arab and Muslim countries." The students "are selected based on grades, English aptitude and leadership skills."

Bush Says Israel Defeated Hezbollah. The AP (8/15, Riechmann) reports President Bush said yesterday that "Israel defeated Hezbollah's guerrillas in the monthlong Mideast war and that the Islamic militants were to blame for the deaths of hundreds of Lebanese civilians." Bush "admonished Iran and Syria for backing Hezbollah, which captured two Israeli soldiers on July 12 igniting the conflict. Both sides claimed victory Monday, hours after a UN-brokered cease-fire took effect, while Bush said Israel prevailed."

The President's words generated extensive coverage, both print and TV. The Washington Post (8/15, A8, Fletcher, 748K), in a report typical of much of the coverage, says Bush cast "the fighting that killed hundreds of Lebanese and Israeli civilians as part of a wider struggle 'between freedom and terrorism.'" CNN's The Situation Room (8/14, Malveaux) reports the President is "trying to convince the American people that despite the violence in Afghanistan, Iraq, Iran, and Lebanon…he has a plan, ultimately this plan to bring democracy and freedom to the Middle East, that this is something that is worth supporting." Bush was shown saying, "The fundamental question for this country is, do we understand the stakes and the challenge, and are we willing to support reformers and young democracies? And are we willing to confront terror and those who sponsor them? And this Administration is willing to do so."

Another theme of Bush's words was picked by Fox News' Special Report (8/14, Baer), which reported that asked about "allegations that the US purposely delayed diplomatic efforts to give Israel additional time to attack Hezbollah, the President bristled, saying the delay was simply to try to get a long-term solution." The Washington Times (8/15, Curl, 88K) reports Bush "said the UN resolution that calls for a cessation of violence was worth the wait." He also "said Israel retains the right to self-defense, notwithstanding the resolution." And the Los Angeles Times (8/15, Neuman, Wallsten, 918K) notes that "in a not-so-subtle chiding of the United Nations, Bush said that 'none of this would have happened' if a previous resolution, 1559, 'had been fully implemented.'" But "he said the new UN cease-fire resolution was 'an important step forward that will help bring an end to the violence.'"

Bush's comments were picked up by all three networks last night. On ABC World News Tonight (8/14, story 2, 2:50, Gibson, 8.78M), Bush was shown saying, "Hezbollah suffered a defeat in this crisis. Hezbollah of course has a fantastic propaganda machine and their claiming victories, but how can you claim victory when at one time you were a state within a state, safe within southern Lebanon and now you are going to be replaced by a Lebanese army and international force?" The CBS Evening News (8/14, story 2, 1:25, Plante, 7.66M) reported Bush "connected the conflict between Israel and Hezbollah to the wider war on terror and he brushed aside Hezbollah's claim of victory." CBS went on to show the same Bush clip, and added the President "was on the offensive today defending Israel and also defending his own Administration from the charge that the US had not intervened soon enough at the UN, giving Israel a green light to go after Hezbollah at the cost of further civilian bloodshed in Lebanon." Bush also "broadened his concern, blaming Iran and Syria for supporting Hezbollah and warning of an Iran armed with weapons of mass destruction." Bush, added CBS, "kept his distance from the Israel during the month-long conflict to avoid charges of American interference. Privately they hoped here that Israel would wipe out Hezbollah or strike a heavy blow. When that didn't happen quickly, they got nervous. Now they simply hope that Israel has done enough to neutralize Hezbollah at least in the short term."

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NBC Nightly News (8/14, story 3, 2:20, Brown, 9.87M) reported, "Bush today left no doubt about who he blames for the war." Bush also "responded to political attacks from critics who claim the US war in Iraq and the push for democracy in the region have made the Middle East more dangerous." The President was shown saying, "History's clear. But the freedom agenda did not create their terrorists or the -- or their ideology -- but the freedom agenda will help defeat them both."

The AP (8/15, Schweid) says that the State Department, echoing Bush's words, said Monday the ceasefire in Lebanon, "if fully implemented, would be a strategic setback for Iran and Syria because it would strengthen democracy in Lebanon and stabilize the border with Israel."

Meanwhile, both Israelis and Hezbollah leaders claimed victory. The Financial Times (8/15, Devi, Khalaf) reports Sayyed Hassan Nasrallah, head of the Hezbollah, "told supporters in a televised address that Lebanon had achieved a 'strategic and historic victory' in a type of war in which big Arab armies had been defeated." Ehud Olmert, Israeli prime minister, also "tried to put a positive gloss on Israel's offensive, despite its failure to deal a decisive blow to Hizbollah. He said the region's strategic balance had shifted and most Hizbollah weapons had been destroyed."

Olmert, however, also admitted mistakes in the conduct of the war. The Washington Post (8/15, A7, Moore, 748K) reports Olmert yesterday "acknowledged mistakes in the war against Hezbollah as the Israeli government confronted widespread criticism and political recriminations over the conflict." Defense Minister Amir Peretz "announced he would 'conduct a deep and wide investigation on all that occurred before the war erupted and through its duration.' The statements came as Binyamin Netanyahu, an opposition leader and former prime minister, described a 'national soul-searching' over risks 'threatening our very existence.'" The Post adds Olmert "and other political and military leaders have been criticized in the news media and by political analysts as Israelis attempt to grapple with the perception that their military, the most advanced in the Middle East, has been losing a war to guerrilla fighters." The "anguish, disappointment and confusion are widespread among soldiers who believe their leadership sent them to war unprepared, among residents of northern Israel who say their government abandoned its most vulnerable citizens, and among a public that believes its prime minister has left them open to future attack by agreeing to a cease-fire many think is not permanent."

The New York Times (8/15, Tavernise, 1.21M), reporting on Hezbollah's reaction to the ceasefire, says "when the thunder of the bombs stopped in this southern Lebanese town on Monday morning, the fighters emerged from shrapnel-spattered buildings, moving with the confidence of men who felt they had won. Sometimes they bragged. 'It was a small group, but we defeated America and Israel, both of them,' said a man driving a beat-up BMW and holding a walkie-talkie who identified himself as Abu Haidar." The Washington Post (8/15, A1, Shadid, 748K) runs a similar story, titled "Hezbollah Fighters Emerge From The Rubble."

Meanwhile, the Washington Times (8/15, Schattner, 88K) says "Israeli reservists resting yesterday after a foray into Lebanon made no secret of their joy to be back -- or of their frustration at the outcome of the war."

War's Outcome Seen As Victory For Hezbollah. A number of commentators and news analysis last night and this morning suggested Hezbollah has been strengthened by the war. On CNN's The Situation Room (8/14, Blitzer), former Defense Secretary Bill Cohen said, "Hezbollah is going to claim victory in the sense that they're still standing. Israel by contrast can claim some measure of success, but if this peace accord holds as such with a fuse and becomes a permanent peace accord, then driving Hezbollah back away from the Israeli border in southern Lebanon, and providing a security zone for them, they can claim victory as well. Right now I think the momentum or the spin zone is being won, that war is being won so far by Hezbollah, simply because they stood up to Israel and weren't militarily defeated."

On MSNBC's Hardball (8/14, Matthews), NBC reported Richard Engel said, "Both Washington and Israel…are saying that it was a victory, that Hezbollah will no longer be the sovereign state within a state here in south Lebanon. I can tell you today, when we were crisscrossing the south, we saw dozens of Hezbollah people, very much in charge. These were both humanitarian workers from Hezbollah, fighters."

On Fox News' Special Report roundtable (8/14, Angle), columnist Charles Krauthammer said, "Israel didn't win, and in this kind of psychological warfare, a tie goes to the terrorist. This is a psychological success for Hezbollah."

On Fox News' Special Report roundtable (8/14, Angle), Washington Post reporter Jeff Birnbaum said, "I think Israel did do quite a bit to reduce the armaments of Hezbollah and to clean out the immediate border of Northern Israel. … But I

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do agree that because Hezbollah was not defeated, it was a victory for them."

NBC Nightly News (8/14, story 2, 2:20, Fletcher, 9.87M) said it was "Israel's longest war since 1948, and the least successful. And it may not even be over."

The Los Angeles Times (8/15, Stack, 918K) reports this morning, "Israel meant to break Hezbollah with its month-long offensive, but instead the militant organization is strengthened politically in Lebanon, analysts said." The group "has a fresh boost of popularity, at least for now, and an renewed sense that it is entitled to keep its own armed militia outside the control of the Lebanese army, they say."

UN Resolution Called "Considerable Scaling Back" Of White House Aspirations. In an analysis piece, the Los Angeles Times (8/15, Wallsten, 918K) says the results of the conflict "thus far" are "likely to be disappointing to Bush policy officials, particularly hard-liners, analysts said. Several called the UN resolution a 'considerable scaling back' of the administration's aspirations." White House Press Secretary Tony Snow "deflected questions about whether the US had hoped that Hezbollah terrorists would be defeated, saying only that 'disarmament is something that will be the responsibility of the sovereign government of Lebanon, with the assistance of international forces. … But it is not something that's going to happen overnight.'" Secretary of State Rice "was less firm: When an Israeli radio interviewer asked over the weekend if Hezbollah would still be able to operate, she said only that the Lebanese government 'has an obligation to start the disarmament of Hezbollah.'" The Times adds, "That cautionary language contrasted sharply with earlier messages, delivered when some in the administration thought the Israeli military would cripple Hezbollah before agreeing to a cease-fire. On July 28, Bush predicted confidently that the conflict could be turned into a "moment of opportunity" to tackle root causes of terrorism and stabilize a young democracy in Lebanon."

In a similar report, the New York Times (8/15, Kifner, 1.21M) reports "the critical question of what, exactly, would happen to Hezbollah's vast stores of rockets, some of them long range, remained a mystery and could derail the cease-fire." The Post adds, "In delicate political maneuvering here, Hezbollah appears to be balking at the Lebanese government's agreement to the United Nations Security Council resolution calling for the Lebanese Army, in conjunction with an international force, to be the only legitimate armed force in southern Lebanon."

"Administration Official" Says Hezbollah Could Win PR Battle With Rebuilding Process. The New York Times (8/15, Rutenberg, 1.21M) reports Bush and his Administration "sought to portray the cease-fire deal that was established under a United Nations Security Council resolution as an affirmation of American foreign policy. … Even as they expressed optimism, White House officials said nonetheless that only time would tell whether the cease-fire would hold and whether Hezbollah would ultimately be disarmed." One "Administration official…candidly" admitted "that Hezbollah would build public support in southern Lebanon by flooding the area with rebuilding money, as it has vowed to do."

Cohen Says Rice's "Birth Pangs" Analogy For Lebanon Conflict Is Inappropriate. In his Washington Post column (8/15, A13), Richard Cohen says, "The 'birth pangs' are over. This was the term used by Secretary of State Condoleezza Rice to describe the war between Israel (supported by the United States) and Hezbollah (supported by Iran). If she is right, let us see what has come out: a defeat for the good guys, a victory for the bad guys (the 'Islamic fascists' of President Bush's formulation) and some clear lessons. This has been a very hard birth."

Both Sides In Lebanon Conflict Seen As Preparing To Renew Fighting. McClatchy (8/15, Bengali, Nissenbaum) reports, "Tens of thousands of displaced Lebanese ventured back to their war-battered homes Monday as Israel and Hezbollah observed the first day of a nervous truce. Plans for a multinational peacekeeping force slowly moved forward." There were "celebrations in the streets of Beirut and joyful reunions of families in southern Lebanon to mark what many prayed was the end of a monthlong conflict that had forced 1 million Lebanese -- one-quarter of the country -- to flee their homes." The Washington Times (8/15, Pisik, 88K) says "officials in Beirut said the Lebanese army would begin moving troops south to the Litani River before the end of the week, the first step in deploying a combined Lebanese and international force as a buffer between Hezbollah and Israel." But USA Today (8/15, For, 2.27M) notes "the truce was marred by skirmishes early Monday between Israeli soldiers and members of the Shiite militia in southern Lebanon. Israel's Defense Ministry reported killing six Hezbollah fighters in four encounters."

The AP (8/15, Gannon) reports, "With no clear cease-fire line, any village or hilltop in southern Lebanon is a

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potential flash point that could bring down the truce between Israeli troops and Hezbollah fighters. Small skirmishes already erupted Monday." Israel "said its soldiers fired at armed guerrillas approaching their positions, killing six." There were "no major firefights, however. And no Hezbollah rockets fell on northern Israel and no Israeli bombs hit Lebanon." The AP adds, "Any Hezbollah rocket attack on Israel would likely spark heavy Israeli retaliation, and an Israeli airstrike would likely draw a response from the guerrillas, especially if it killed civilians."

ABC World News Tonight (8/14, 2:30, lead story, 3:00, Gibson, 8.78M) called the ceasefire "fragile," as did the CBS Evening News (8/14, lead story, 2:50, Schieffer, 7.66M), which added, "The situation is seen as tenuous at best. One Israeli commentator said this was merely the beginning of the countdown to the next war." NBC Nightly News (8/14, 3:00, lead story, Williams, 9.87M), meanwhile, reported on the "uncertain quiet," and also described the ceasefire as "fragile." Lebanese troops, added NBC, "are expected to deploy to south Lebanon in the next few days. But it's still unclear if they're willing to take any action to reign in Hezbollah."

The Los Angeles Times (8/15, Wilkinson, Wallace, 918K) referred to an "uneasy truce," and says "civilians, politicians and fighters -- Lebanese and Israelis alike -- expressed hope tempered by considerable pessimism that the UN-brokered cease-fire might mark an end to violence." McClatchy (8/15, Bengali, Nissenbaum) says the ceasefire rests "on shaky ground," and the Wall Street Journal (8/15, Chazan, King, 2.03M), in a story titled "Israel, Hezbollah Remain Prepared To Resume Fighting Despite Truce," reports, "Even as the cease-fire between Israel and Hezbollah appeared to be largely holding, leaders on both sides seemed to be preparing for the next round of fighting." Hezbollah's Sheikh Hassan Nasrallah publicly "dismissed calls to disarm the group -- a key United Nations demand -- saying it had proved it was the only force capable of defending Lebanon from a future Israeli offensive." Israeli Prime Minister Ehud Olmert "told his parliament Israel would have to learn the lessons of this war and 'do better' next time, while promising to continue to pursue Hezbollah's leaders." The Journal says that, throughout the region, "there are fears that a future round of fighting is almost inevitable. Israeli officials, specifically, worry that the next war may be fought in conditions less favorable to them, against a foe equipped with more-sophisticated weaponry -- even, in the worst-case scenario, one possibly backed by a nuclear-enabled Iran."

The New York Times (8/15, Erlanger, 1.21M) runs a report that casts doubt on the ceasefire's durability, headlined "First The Truce, Then The Test Of How Long It Can Last," while the Christian Science Monitor (8/15, Prusher, 58K) says "many Israelis on border see a lull -- not peace."

Hezbollah Fires Rockets Into Southern Lebanon Tuesday Morning. The AP (8/15) reports, "Israel's military said Hezbollah guerrillas fired at least 10 Katyusha rockets into southern Lebanon early Tuesday. None hit inside Israel and no injuries were reported." The rocket explosions "reported by Israel came hours after the start of a U.N. cease-fire in Lebanon. The military said it has not responded to the rockets, which were fired over a two-hour period."

UN Trying To Assemble Peacekeeping Force. The New York Times (8/15, Hoge, 1.21M) reports the United Nations "took up the task on Monday of creating in record time a strong force to patrol southern Lebanon. Such a force was called for in the Security Council resolution that has halted the fighting between Israel and the Hezbollah militia." Secretary General Kofi Annan "pursued the subject in telephone conversations with Javier Solana, the European Union's foreign policy chief, and officials in France, which is expected to be the lead nation in the force, according to Mr. Annan's spokesman, Stéphane Dujarric." Dujarric "said two senior French military officers were coming to New York to help peacekeeping officials plan the force, to consist of 15,000 soldiers, an expansion of Unifil, the United Nations force in Lebanon, which now has 2,000."

Germany's Steinmeier On Mission To Damascus Today. The Financial Times (8/15, Williamson) reports German Foreign Minister Frank-Walter Steinmeier "will on Tuesday try to persuade Syria to support the new United Nations ceasefire resolution as part of ongoing efforts by Berlin to urge Damascus to help resolve the regional crisis." Steinmeier "will indicate to the Syrian leadership that it could expect incentives from European Union countries if it agreed to play a 'constructive role' in the Israel-Lebanon crisis." The Times adds, "Visits to Damascus by western government ministers have been rare during the month-long crisis but Mr. Steinmeier has targeted Syria as a key player in securing peace in the region. He is due to meet Bashar al-Assad, Syrian president, and Walid al-Mu'allim, foreign minister."

Eagleburger Says He Expects Syria To "Cheat" On Ceasefire Agreement. On Fox News' Your World With Neil

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Cavuto (8/14, Cavuto), former Secretary of State Lawrence Eagleburger said, "I have some really serious doubts about the ability of this peacekeeping force to really keep the peace, unless, for the first time virtually in the history of the United Nations, they are told that they may shoot when they are in trouble." Eagleburger added he didn't think Hezbollah "really intends to follow…this peace process for very long." He added the "test of whether this thing is going to work or not, first of all, is going to be, do we see that they have -- we have cut off assistance coming through Syria? If we mean that, and if we get it done, Hezbollah, over time, withers on the vine, because, if they can't get any more assistance from the Iranians through those channels, they are going to in trouble. But the question is going to be whether they do that, whether we are tough enough to force others to come with us to make sure that the Syrians don't cheat on this agreement. And I think they will cheat. And I think it will be fairly soon that they do it, because Hezbollah can't get along without those supplies."

Will Says Instability Is Outcome Of "Unrealist" Mideast Policy. In his Washington Post column (8/15, A13), George Will says, "Five weeks have passed since the kidnapping of two Israeli soldiers provoked Israel to launch its most unsatisfactory military operation in 58 years. What problem has been solved, or even ameliorated?" The "'new Middle East,' the 'birth pangs' of which we supposedly are witnessing, reflects the region's oldest tradition, the tribalism that preceded nations. The faux and disintegrating nation of Iraq, from which the middle class, the hope of stability, is fleeing, has experienced in these five weeks many more violent deaths than have occurred in Lebanon and Israel." Foreign policy "'realists' considered Middle East stability the goal. The realists' critics, who regard realism as reprehensibly unambitious, considered stability the problem. That problem has been solved."

Despite Hardships Of War, Lebanese Keep Grim Sense Of Humor. The Washington Post (8/15, C1, Boustany, 748K) reports, "Barely a week into a war that sent the hopes of many Lebanese tumbling down with their bridges, buildings and roads, stunned civilians trapped in the crossfire started trading self-deprecating gags about their situation." As "one joke has it, residents fleeing the Shiite suburbs of Beirut were flashing the victory sign -- to indicate that only two buildings were still left standing." That jest was "followed by excited speculation that real estate values in the poor neighborhood of Ain al-Rummaneh, a crowded cluster of aging buildings overlooking the southern suburbs, had shot up by 50 percent. Why? It now has a sea view." People "are petrified of honoring their dental appointments out of fear they may have bridgework done, goes another favorite."

Fox News' Centanni, Cameraman Kidnapped In Gaza. The AP (8/15, Hadid) reports, "Masked Palestinian gunmen ambushed a car carrying a Fox News crew in Gaza City on Monday and kidnapped two journalists." An "anonymous" Fox employee "said reporter Steve Centanni, a U.S. citizen, and a cameraman from New Zealand were kidnapped." The kidnapping took place adjacent to the security services headquarters building. "Major militant groups in Gaza denied any connection to the incident; there was no immediate word of any demands made. Security officials put police on alert across Gaza and set up roadblocks to find the gunmen and free the reporters, Interior Ministry spokesman Khaled Abu Hilal said." The Los Angeles Times (8/15, Gold, 918K), among other sources, also reports the story.

Sharon's Condition Worsening. The AP (8/15) reports, "Ariel Sharon's condition has deteriorated, the hospital where the ailing former Israeli prime minister is being treated announced Monday. A spokeswoman wouldn't say whether Sharon's life was in danger, but said doctors were treating him with broad-spectrum antibiotics and steroids." The AP adds, "A new scan showed a deterioration in his brain function, his urine output has decreased significantly and a chest scan showed that he has a new infection in his lungs, according to Anat Dolev, spokeswoman for the Chaim Sheba Medical Center."

Hersh Says Bush Wants Option To Bomb Iranian Nuclear Facilities. In the New Yorker (8/21), Seymour Hersh reports the Bush Administration "was closely involved in the planning of Israel's retaliatory attacks. President Bush and Vice President Dick Cheney were convinced, current and former intelligence and diplomatic officials told me, that an successful Israeli air force campaign against Hezbollah's heavily fortified underground missile and command and control complexes in Lebanon could ease Israel's security concerns and also serve as a prelude to a potential American preemptive attack to destroy Iran's nuclear installations, some of which are also buried deep underground."

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On MSNBC's Hardball (8/14, Matthews), anchor Chris Matthews interviewed Hersh, who discussed his New Yorker story. Asked if President Bush "wants to bomb Iran before he leaves" office, Hersh said, "Absolutely. No, I should say this. I believe that he does not want to leave his office with Iran still posing a threat. I believe he sees a nuclear arm, Iran as an existential threat to his policies, the policies of Israel, the whole notion he has of making the Middle East, turning it into a democracy, which he still holds onto." Hersh cast doubt on Bush's veracity, saying, "I don't know what he believes. He said today Hezbollah lost the war. I mean, I don't know. Is the moon made of green cheese? I don't know what he believes." Hersh added the caveat to his story is that "nobody's made a decision on Iran. They want the option." But while Air Force strategic planners believe the plan would work, Hersh said, "but nobody else does in the military. They think it would be insane."

On MSNBC's Hardball (8/14, Matthews), NBC foreign affairs correspondent Andrea Mitchell said, "The State Department, of course, denies that and the Pentagon has vigorously denied this article today that they had any advance warning. But there's no question that diplomatically everyone believes that there was a green light." Mitchell added, "I have to tell you that when Ehud Olmert was here and visited extensively with the Vice President and his team and also, of course, with the President, I got the distinct impression from Israeli sources that they had discussed the possibility of taking out nuclear plants." Asked if she thought the US was not "planning, actively, to attack Iran right now," Mitchell said, "If Iran is resupplying Hezbollah in violation of the UN resolution, I wouldn't rule anything out."

On MSNBC's Hardball (8/14, Matthews), Democratic political strategist Robert Shrum said, "I think it [attacking Iran is] a crazy idea. I think the President will leave the presidency in disgrace if he does that."

On MSNBC's Hardball (8/14, Matthews), conservative Pat Buchanan said, "Take a look at Bush's eyes. I believe he, as Seymour Hersh said, he generally does not want to leave office without smashing the nuclear facilities in Iran because he believes that is the greatest impediment to his democracy project. He's a democratic fundamentalist. I think he believes it's a great threat to this country." Buchanan added, "The missing link here is the President doesn't have the authority to attack Iran. That's an act of war. You've to get the Congress of the United States" to authorize it.

Pentagon Claims Iran Backing Iraqi Shiite Militants. The Washington Post (8/15, A9, Raghavan, 748K) reports, "Through proxies, Iran is giving weapons, bomb technology and training to Shiite Muslim militias in Iraq, U.S. military officials said Monday." The claims, made by Major General William Caldwell, "echo previous warnings about Iranian support for Shiite militias in Iraq," and "have resurfaced as tensions grow on two fronts -- between the United States and Iran over Iran's support of the Lebanese Shiite militia Hezbollah, and between the United States and [Moqtada al-] Sadr's Mahdi Army, which is emerging as the major Shiite threat to U.S. efforts to stabilize the capital." The Post notes Ambassador Zalmay Khalilzad "told The Washington Post in March that Iranian agents in Iraq train and arm Shiite militias such as [Sadr's] Mahdi Army." The "Shiite theocratic government" in Tehran, "which has long-standing ties to Iraq's Shiite political and religious leaders, has repeatedly denied that it foments instability in Iraq and instead has blamed the United States."

NYTimes Says Iranian Human Rights Should Be US Priority. In an editorial today, the New York Times (8/15, 1.21M) says Tehran "is trying to silence its most prominent human-rights activist, and, by extension, all of the Iranians who speak for fundamental rights." Iranian authorities have "threatened" Nobel laureate Shirin Ebadi "with arrest unless she closes the Center for Protecting Human Rights in Tehran." Ebadi and her allies "have represented Iran's leading dissident, Akbar Ganji." Many "prominent Iranians are languishing in prison," and the EU "recently expressed alarm at the deterioration of human rights in Iran, as have Human Rights Watch and other nongovernmental organizations. The United States and Europe need to engage with Iran. But they also need to make clear that Tehran's poor treatment of its citizens as well as its nuclear ambitions are unacceptable."

Stephens Questions Ahmadinejad. In his "Global View" column in today's Wall Street Journal (8/15, 2.03M), Brett Stephens asks Iranian President Mahmoud Ahmadinejad a series of questions about Tehran's openness to political dissent and its treatment of political opponents. "Let's talk a bit about your government's relationship to Iranian political dissidents. A few weeks ago, Ayatollah Ahmad Jannati, a member of the Guardian Council who is reportedly close to your boss, Ayatollah Ali Khamenei, warned in his Friday sermon that Iran will execute en masse all dissidents if the UN Security Council votes to sanction Iran for your refusal

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to suspend uranium enrichment. The sermon was broadcast on Iranian state radio. Does Ayatollah Jannati speak for you, Mr. President?" Turning to Ahmadinejad's past, Stephens asks, "Numerous Iranian sources allege that in the 1980s you worked as an interrogator and executioner in Evin Prison in Tehran. They say you earned the nickname Tir Khalas Zan, or 'The Terminator,' for your methods there. You are also suspected of involvement in the assassination of Abdurrahman Qassemlou, a leader of Iran's Kurdish minority, in Vienna in 1989. Do you deny these charges, too?" Stephens also asks if Ahmadinejad will turn over to US authorities Ahmed Ibrahim al-Mughassil and Abdel Hussein Mohamed al-Nasser, who have been indicted in US federal court for planning the 1996 attack on the Khobar Towers in Dhahran, Saudi Arabia.

Fox Backs Mexican Election Process, Results. The New York Times (8/15, McKinley, Thompson, 1.21M) reports Mexican President Vicente Fox "for the first time defended the vote that narrowly favored his party's candidate as clean and fair, rejecting allegations of widespread irregularities." On television Sunday, Fox said the vote had been "watched by the media. There were observers. The entire world was watching the electoral process. There is nothing hidden." He "predicted in the interview that Mexico's electoral institutions, which he described as 'the most modern, well-structured, efficient electoral systems in the world,' would bring the crisis to a peaceful end." The Times notes, "A partial recount ordered by a special electoral tribunal has yet to be made public, but on Monday, [Felipe] Calderón, who has stayed out of the limelight in recent weeks, expressed confidence that the results would confirm his victory."

Koizumi Visits Yasukuni Shrine On Surrender Anniversary. The Financial Times (8/15, Pilling) reports outgoing Japanese Prime Minister "on Tuesday morning fulfilled his five-year-old pledge to visit Yasukuni Shrine on the anniversary of the end of the second world war. "Wearing tails, [he] arrived by limousine at 7:40am, by which time several thousand people had gathered, mainly to show their support. Unlike last year, when he came in a business suit, his visit bore the trappings of an official prime ministerial visit." The Times notes "critics say" the move "defies the constitutional requirement for a separation of church and state. The gesture also drew immediate strong criticism from China and South Korea." Koizumi "defended his visit, saying he had come to pray for peace. He criticised China and South Korea for meddling in Japan's internal affairs and for refusing to hold summit meetings because of his annual visits to the shrine."

The Wall Street Journal (8/15, Moffett, 2.03M) adds Koizumi "prayed at the Yasukuni war shrine in perhaps the last of the stubborn gestures that have defined his leadership. His presence -- in a formal morning suit in the drizzle this morning in Tokyo -- drew protest from China, which is Japan's biggest trading partner." The Journal says "the precedent set by Mr. Koizumi leaves a problem for his successor at a time when China's growth is altering power relations in the region. Japanese leaders, increasingly concerned about their nation's status and security, appear to feel the need to show they are unfazed by Chinese demands."

Anti-AIDS "ABC" Program Gets "Mixed Report Card." The Washington Post (8/15, A4, Brown, 748K) reports, "'ABC,' the AIDS-prevention strategy widely promulgated both [in Canada] and abroad, got a distinctly mixed report card as African countries reported their experiences to delegates at the 16th International AIDS Conference here." While abstinence "appears to be well understood by young people," and monogamy "is less clear to many," the "usefulness of condoms -- C -- varies widely, with some African teenagers aware that they protect against HIV infection most of the time, while others have heard mostly about their rare failures. More important, the evidence that ABC is changing behavior is quite spotty, with condom use appearing to be the most acceptable of the three forms of advice." The Post says ABC "is a centerpiece of the Bush administration's $15 billion, five-year plan to fight AIDS in 15 target countries, most of them in Africa." That plan "stipulates that one-third of the money spent on preventing sexual transmission of the virus must go for 'abstinence until marriage' messages. Architects of the plan say this recognizes the usefulness of a strategy, devised by Africans, that has allowed a few countries, such as Uganda, to reduce the prevalence of AIDS infection. Critics say the Bush plan's version of ABC focuses too much on the abstinence component while reserving advice about condom use only for high-risk people, such as prostitutes, truckers and migrant laborers."

"Double Bill" Argues For Sea Change In AIDS Thinking. The New York Times (8/15, Altman, 1.21M)

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reports President Clinton "said Monday that while heads of state could help break down the stigma of AIDS around the world, many more leaders were needed to change people's thinking." He told the 16th International Conference on AIDS "that the leaders don't necessarily have to be the reigning head of government if you have a critical mass' and 'the government does not undermine you with counterproductive policies.'" Clinton and Microsoft founder Bill Gates "answered questions for more than an hour" in front of 6,000 people, while "hundreds more among the 24,000 conference participants sat in overflow rooms or could not get into the hall. They had all skipped scientific presentations to listen to what was dubbed the Double Bill, a session that dominated the day's events." The Times says Clinton and Gates "have become the newest popular faces of the campaign as they have traveled the globe, often together, to learn more. Both men praised the Bush administration's program, Pepfar, the President's Emergency Plan for AIDS Relief, a five-year, $15 billion program that serves 16 countries, 13 of them in Africa."

Syrian Finds Authorities Receptive To Giant Quran Project. On its front page today, the Wall Street Journal (8/15, Shishkin, 2.03M) details one man's effort to construct 120 six-foot high pages of Quran for public display. "During prayers in his neighborhood mosque, Moktaz Obeyeed used to elbow his way through the big, crowded hall to pick up a small copy of the Quran. How great would it be, he thought one day, if you could just lift your eyes and read the holy book from anywhere in the mosque, without bothering other worshippers? He had a vision of giant pages of the Quran covering the walls." Obeyeed "has sunk all his savings into bringing his dream of a huge Quran to life. He's deferred buying a new house despite his wife's pleas, and tapped an international network of 58 calligraphers to handwrite 120 pages of the holy book -- each page measuring six-feet, eight inches high and three-feet, four inches wide." He "hopes he can find money and patience for the next phase of his plan: transferring the calligraphy from paper onto 120 sheets of metal, which would then be attached to a central spine like flower petals and encased in a massive glass box. A computer-controlled motor would turn the pages, each weighing 88 pounds, while voice software could recite the Quranic verses in no fewer than 14 languages." The Journal says Obeyeed's project "is unfolding at a time when Syria is going through an Islamic revival unprecedented in its recent history." Damascus' change in policy "has led Syrian authorities to welcome Mr. Obeyeed's idea."

Robinson Says Castro "True Believer" In Communist System. In his column in today's Washington Post (8/15, A13, 748K), Eugene Robinson says a recent statement by Cuban President Fidel Castro "suggests that Castro believes his era is at an end," and "his birthday message to the Cuban people left even less room for doubt." Robinson says that, "even if Castro survives this crisis, it is hard to imagine he could ever reclaim the unquestioned dominion he has exercised over Cuba for the past 47 years as leader, micromanager, theorist of revolution and ultimate authority on everything. As long as he remains alive, though, it is hard to imagine anyone, even his brother, taking Cuba in a new direction. All the hopes and fears invested in the advent of a post-Fidel era may have to be deferred." He says he doesn't "think Castro" has even a "shadow of a doubt" about shaping Cuba into a communist state. "I think he may be the last of the true believers." Considering why Cuba did not embark on a Chinese-style economic liberalization program, Robinson says, "It finally dawned on me that Fidel Castro likes Cuba the way it is, a glorious shambles with myriad inefficiencies and problems."

Ad Executive Works To Enhance US Image Overseas. The Washington Post (8/15, A11, 748K) interviews Keith Reinhard, chairman emeritus of DDB Worldwide Communications Group Inc. and founder of Business for Diplomatic Action. Reinhard "knows when a brand is in trouble. Even before the war in Iraq bred new resentment of the United States abroad, the country had developed an image problem, says Reinhard." He claims that "surveys taken in 17 countries in 2002 showed that people think that global U.S. businesses are exploitative, that Hollywood promotes messages that conflict with local cultural and religious values, and that Americans are materialistic, arrogant, loud and uninterested in other cultures. That is not just bad for the United States, Reinhard says, it is bad for business." Asked why he started his non-profit, which "enlists the help of U.S. corporations in bolstering the country's image abroad," Reinhard said, "It seemed to me that you could attach, either directly or indirectly, all of these negative perceptions to business expansion. And that if that were the case, then why not mobilize the business community to start to address some of these perceptions? Now some of

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these root causes still remain. At the moment, the disagreement with U.S. policy would be a primary root cause. But, still, all of these other things can be addressed by U.S. business." Asked if he thinks the Bush Administration is "succeeding" in changing foreign perceptions of the United States, he said, "Not yet. I think this is a long, long-term problem."

Douthat Analyzes State Of Foreign Policy Thinking. In an op-ed in today's Wall Street Journal (8/15, 2.03M), Atlantic Monthly associate editor Ross Douthat says "traditional categories" of foreign policy thinking "are in a state of collapse. On issue after issue, the Republicans and Democrats are divided against themselves, and every pundit seems determined to play George Kennan and found an intellectual party of one." Douthat says delineating one's perspective comes down to "what year you think it is." This "new alignment creates odd bedfellows and unexpected fissures," but, Douthat believes, provides a better understanding of current events and US politics in 2008 and beyond.

Conservationist Suggests Market Principles To Save China's Wild Tigers. In an op-ed in today's New York Times (8/15, 1.21M), Liberty Institute director Barun Mitra supports efforts by Beijing to preserve China's wild tiger population using free-market economic incentives. "China joined the international effort to protect the tiger in 1993. But today there is a growing recognition among many Chinese officials that a policy of prohibition and trade restrictions has not benefited the tiger as much as it has helped poachers and smugglers of tigers and tiger parts." Mitra explains that "only a relative handful of tigers — probably a few dozen — can be found in China's forests," but, "like forests, animals are renewable resources. If you think of tigers as products, it becomes clear that demand provides opportunity, rather than posing a threat." Mitra continues, "In pragmatic terms, this is an extremely valuable animal. Given the growing popularity of traditional Chinese medicines, which make use of everything from tiger claws (to treat insomnia) to tiger fat (leprosy and rheumatism), and the prices this kind of harvesting can bring (as much as $20 for claws, and $20,000 for a skin), the tiger can in effect pay for its own survival." Mitra suggests that "this crisis presents an opportunity to help [the wild tiger] buy its way out of the extinction it now faces."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Uneasy Mideast Truce Holds."
"School Debate Tests The Truth."
"Disney Lands A New Sea Crew."
"A Suspect Iraqi: Do You Fire?"
"4th Glitch In A Month Has LAX Blaming FAA."
"A Defiant Hezbollah Rises From The Rubble."
"Conservatives Put Faith In Church Voter Drives."

USA Today:

"Both Sides Celebrate Mideast Truce."
"Veteran Travelers Find It Hard To Carry On."
"Census: Newest arrivals Fan out."

New York Times:

"Fragile Cease-Fire Allows Thousands To Return Home."
"First The Truce, Then The Test Of How Long It Can Last."
"Dell Will Recall Batteries In PC's."
"New Data Shows Immigrants' Growth And Reach."
"Advertisers Trace Paths Users Leave On Internet."
"When Elevators Fail, City's Enforcement Falters."
"Tighter Security Is Jeopardizing Orchestra Tours."

Washington Post:

"Immigrants Top One Million In Region."
"Records In House Define Md. Democrats."
"Allen Quip Provokes Outrage, Apology."
"Hezbollah Fighters Emerge From The Rubble."
"Fire Hazard Causes Dell To Recall Laptop Batteries."

Washington Times:

"Weary Lebanese Flocking Home."
"Border Group's Finances A Secret."
"Delays Subside At Airports."
"Women Named CEO Of Pepsi Cola."
"Mutombo To Open Hospital In Congo."
"Superman Tops Supremes."

Detroit Free Press:

"A Torrent Of Rage And remorse."
"Ford looks To Cut back Dealership Numbers."
"A Michigan Snapshot."
"Terror Charges Tied To Phones Are Crumbling."

DOJ_NMG_0048208

Atlanta Journal-Constitution:
"Immigrants Transform Gwinnett."
"Two Sides Cite gains In Tense Mideast."
"First Days, Fresh Start."
"Classics: Swing Music For Your Moods."

Houston Chronicle:
"This School Bus Ride End With A New Beginning."
"Fragile Peace Begins To Take Hold."
"Numbers Back Up Ethnic, Age Trends."
"First-Day Jitters In A Sea Of New Faces, Old Pals."
"Dell Recalls 4.1 Million Batteries For Fire Risk."
"Texas Senators' Roles Defy Junior, Senior Ranks."
"Moon Landing Tapes Missing."

Story Lineup From Last Night's Network News:
ABC: Middle East Cease-Fire; Who Won Mideast Conflict?; Terror Plot Unfolded; Fighting AIDS; Castro's Health; Carroll Speaks Out; Dell Computer Recall; Police Beat Gas Prices; NASA's Lost Footage; Golf Changing Lives.
CBS: Mideast Cease-Fire; Bush-Cease-Fire; Gaza Fighting; Terror Plot Unfolded; Terrorist al Qaeda Connection; Airplane Security; Castro's Health; New Anti Smoking Drug; Dell Computer Recall; Babaro Recovery; Oil Prices; Stock Market; Bear Sanctuary Threatened.
NBC: Mideast Cease-Fire Lebanon; Mideast Cease-Fire Israel; Bush Cease-Fire; Terror Plot Unfolded; Terror Threat; Dell Computer Recall; Bird Flue IN US; Castro's Health; Stock Market; High Gas Prices Alternatives.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a National Security Council and Homeland Security Council briefing, National Counterterrorism Center, McLean; meets with the Counterterrorism Team.,National Counterterrorism Center, McLean; attends lunch with the counterterrorism and homeland security teams, National Counterterrorism Center, McLean; meets with the Homeland Security team, National Counterterrorism Center, McLean.

VICE PRESIDENT CHENEY — Speaks at a luncheon for Arizona Victory 2006, Arizona Biltmore Resort and Spa, Phoenix; speaks at a reception for New Mexico Victory 2006, Private residence, Roswell, NM.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: ISSA-LEBANON _ 10:30 a.m. Rep. Darrell Issa, R-Calif., holds a press briefing about the Israeli/Hezbollah conflict after returning from Lebanon on an official trip August 10-11. Location: National Press Club, Lisagor Room.

INDONESIA-MUSLIMS-TERROR _ 3 p.m. Indonesian Ambassador to the U.S. Sudjadnan Parnohadiningrat speaks on ``The Role of the World's Largest Muslim in the Global War on Terrorism, and its Policies toward North Korea and Iran." Location: National Press Club, 14th and F Sts. NW.

DEAN-IRON WORKERS _ 3:30 p.m. Democratic National Chairman Howard Dean addresses the Iron Workers International 41st Annual Convention. Location: Washington Hilton, 1919 Connecticut Ave. NW.

9/11-IRONWORKERS _ 6 p.m. Screening of the documentary ``Metal of Honor," describing the stories of ironworkers who picked through the rubble of the World Trade Center following the 9/11 tragedy. Location: AMC Georgetown 14, 3111 K St. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, AUGUST 15, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Gonzales Says Heightened Security Measures May Be Permanent ... 3
UK Lowers Terror Threat Level As Investigators Focus On Fund Transfers ... 4
US Officials, California Islamic Leaders Urge Public To Respect Muslims' Civil Rights ... 5
Militant Cuban Exile Seeks Freedom ... 5
Albania Accepts Guantanamo Uighur Detainees ... 6
Soros Questions Premises Of War On Terror "Metaphor." ... 6

Homeland Response:

Alert Leads To Criticism Of DHS Procedures ... 6
FBI Says Cell Phone Suspects No Threat To Michigan Bridge ... 7
ICE Apprehends Final Two Missing Egyptian Students ... 8
Toy Prompts Evacuation Of Alaska Airlines Flight In Los Angeles ... 8
FBI, TSA Investigating Theft Of Guns From O'Hare Checked Baggage ... 8
NYTimes Decries Dissolution Of Lower Manhattan Development Corporation ... 9
Governors Resist Relinquishing Guard Authority During Disasters ... 9
FEMA Gulf Coast Trailer Home Locks Vulnerable ... 9
Utility Wants To Transfer New Orleans Assets To City ... 9
Travel Industry Official Calls For Relaxing Deadline For New Border ID Law ... 9

War News:

US, Iraqi Troops In Baghdad Seek To Avoid Clash With Sadr Militia ... 10
US, Iraqis Differ On Cause Of Fatal Baghdad Explosion ... 10
US Tries To Curb Rogue Iraqi Police ... 10
Just-Returned Stryker Troops Sent Back To Iraq ... 10
43-Year-Old US Soldier Killed In Ramadi ... 11
Haditha Probe Said To Undermine Marines' Confidence ... 11
Iraqi Shiites, Kurds Unite To Back Ouster Of Sunni Speaker ... 11
Few Baghdad Residents Patronize Movie Theatres ... 11
Carroll Continues To Tell Her Story ... 12
Afghanis Resent Pakistani Refuge For Insurgents ... 12
Polio Incidence Rises In Southern Afghanistan ... 12

Corporate Scandals:

US Says Skilling Liable For Lay's Share ... 12
Nasdaq Puts Monster.com On Noncompliance List After Delayed Statement ... 13
HealthSouth Considers Divestiture In Wake Of Declining Revenues ... 13
WSJournal Says DOJ Overreaching On Corporate Scandal Prosecutions ... 13

Criminal Law:

Trial Opens For Man Charged With Killing North Dakota Student 13
New Hampshire GOP Aide Disputes FBI Report Of Phone-Jamming Interview ... 14
Former Socom Official Sentenced To 15 Months In Prison For Contract Fraud ... 14
FBI Arrests Mississippi Alderman On Bank Fraud, Witness Tampering Charges ... 14
FBI, Dallas School Officials Investigating Possible Employee Credit Card Fraud ... 14
Jury Selection Begins For Third Gotti Trial ... 14
Judge Rejects Mafia Cop's Bid For Release Over Health Issues 15
Tennessee County Commissioner To Resign Before Corruption Trial ... 15
Illinois Man Sentenced To 30 Years For Child Pornography ... 15
New York Man Admits Threatening To Kill Federal Judge ... 15
Judge Orders Voice Samples For Three Charged In Coke Secrets Case ... 15
Teen Bank Robbers Raise FBI Concern About Possible Trend ... 15
Georgia Gang Members Sentenced To Collective 40 Years In Prison ... 16
Actress Involved In Bogus DHS TV Show Sentenced To Probation ... 16
Police Release Profile Of Indiana Sniper ... 16
Hinckley Asks For Four-Day Visits ... 16
Virginia Man Pleads Not Guilty To Richmond Killings ... 17
WPost Criticizes Decision On Disclosure Of Defense Information In AIPAC Case ... 17

Civil Law:

Iranian Brothers Sue DOJ, FBI Over Post-9/11 Detention ... 17
Internet Privacy Group Files Complaint Against AOL Over Search Information Release ... 17

Civil Rights:
Bush Signs Bill Transferring Memorial Cross To Federal Government ... 18
Recruiter Misconduct Cited By GAO ... 18
Judges Dismiss GOP Lawsuit Against Colorado Remap Imposed by Court ... 18
Death Of Baltimore Teen Sparks Debate Over Police Use Of Force ... 18
IG Probes Deletions In Reports On DC Group Home Deaths ... 19
Lawsuit Reinstated In Los Angeles Over Handcuffing Of Boy ... 19
Lack Of Voting Standards Said To Suggest Relevance Of Florida Recount Case ... 19

Antitrust:
Bristol-Myers, Sanofi-Aventis Seek To Block Generic Plavix Sales ... 19
Biomet, Zimmer Named In Antitrust Suits ... 20
NovaGold Urges Shareholders To Reject Takeover Bid By Barrick ... 20

Environment:
BP Considers Alternative Pipeline Routes For Eastern Prudhoe Bay Field ... 20
Federal Judge Refuses To Stop Sale Of Oil And Gas Leases ... 20
Nevada Water Battle Heating Up ... 20
Bird Flu Discovered In Two Swans In Michigan ... 21
Maryland Bans Swimming At Sandy Point Park ... 21

FBI/DEA/ATF/USMS:
West Virginia FBI Agent Resigns As Part Of Prostitution Case Plea Agreement ... 21
Western Pennsylvania Native Named Pittsburgh SAC ... 21
Reporting Continues On Three Killings In California Linked To Drug-Smuggling Feud ... 22
Marijuana Eradicated In Fields Linked To California Gang ... 22
Seattle Somalis Remain Upset By Khat Busts ... 22
Report: Tennessee Detective Fails Lie Detector Test In Drug-Theft Case ... 22
Nevada "Medical Marijuana" User Pleads Guilty To Possession 22
Sprinter Protests Doping Violation, Refuses To Join Britain's Relay Team After Victory ... 22
ATF Revokes Licenses Of Two California Gun Stores ... 23

Immigration:
Census Data Shows Dispersal Of New Immigrants Across US .. 23
Minuteman Still Not Disclosing Financial Information ... 23

Tax:
IRS Alleges Comtrol CEO Owes $1.6 Million In Taxes ... 23

Congress-Administration:
Officials Race To Allocate Iraq Rebuilding Funds Before They Expire ... 24
Bush Signs Vocational Education Bill ... 24
SCOTUS Could Settle Presidential Signing Statement Dispute . 24
Chief Justice Names Former DOJ Official As Top Aide ... 24
Bush's Vacation Timing Criticized ... 25
Legal Services Corporation Enjoy Many Luxuries ... 25
Coburn On "Collision Course" With Byrd Over Earmarks ... 25
Department of Transportation Reports Data Security Breach ... 25
VA Announces Encryption Effort ... 25
White House Press Corps Moves To Temporary Quarters ... 26
Over Half Of Federal Employees Have Not Calculated Retirement Needs ... 26
Buchwald Jokes That Bush Was Tricked Into Stem Cell Veto ... 26
Welfare Reform Said To Have Hidden Cycle Of Dependency ... 26
NYTimes Criticizes GOP Efforts To Revive Stalled Bush Judicial Nominees ... 26
WSJournal Criticizes Federal Workers Compensation ... 27
WPost Urges Expedited Federal Investigation In DC Charter School Case ... 27

Other News:
Banks Report Mortgage Demand Weakening ... 27
Democrats Hope To Challenge Bush, GOP On Terrorism ... 27
Evangelical Groups Preparing Major Registration Drive ... 27
First Lady Appears At Roskam Fundraiser ... 28
White House Declines To Endorse GOP Candidate In Connecticut Senate Race ... 28
Cheney To Campaign With Burns In Montana ... 29
Allen Comment To Opponent's Volunteer Causes Uproar ... 29
Reid Returns Seven-Year-Old Contribution With Accrued Interest ... 29
Ney Formally Withdraws From Reelection Race ... 29
Fitzpatrick Criticizes Bush's "Stay-The-Course" Approach In Iraq29
Richardson Sees Foreign Policy As Asset For '08 Run ... 30
Democrats Seen As Handicapped By Lack Of Organization ... 30
Republican "Corruption" Said To Resemble That Of Late 19th Century ... 30
Maryland Senate Candidates' House Tenures Could Shape Future Course ... 30
600 Arrive In US From Muslim Countries As Part Of Student Exchange ... 30
Bush Says Israel Defeated Hezbollah ... 30
Both Sides In Lebanon Conflict Seen As Preparing To Renew Fighting ... 33
Fox News' Centanni, Cameraman Kidnapped In Gaza ... 34
Sharon's Condition Worsening ... 34
Hersh Says Bush Wants Option To Bomb Iranian Nuclear Facilities ... 34
Fox Backs Mexican Election Process, Results ... 36
Koizumi Visits Yasukuni Shrine On Surrender Anniversary ... 36
Anti-AIDS "ABC" Program Gets "Mixed Report Card." ... 36
Syrian Finds Authorities Receptive To Giant Quran Project ... 36
Robinson Says Castro "True Believer" In Communist System ... 37
Ad Executive Works To Enhance US Image Overseas ... 37
Douthat Analyzes State Of Foreign Policy Thinking ... 37
Conservationist Suggests Market Principles To Save China's Wild Tigers ... 37

The Big Picture:
Headlines From Today's Front Pages ... 38

DOJ_NMG_0048211

Washington's Schedule:
Today's Events In Washington 38

TERRORISM NEWS:

Gonzales Says Heightened Security Measures May Be Permanent. The AP (8/15, Babwin) reports, "Attorney General Alberto Gonzales warned Monday that security measures such as the ban on carrying liquids and gels onto commercial planes may be permanent if officials can't figure how to screen the kinds of materials terrorists in Britain allegedly plotted to use to blow up U.S.-bound planes." The AP continues, "Gonzales said if security officials have the ability to screen for such materials, then 'perhaps we can go back to the way it was before Aug. 10,' when British authorities uncovered the alleged plan that included attacks on up to 10 jetliners. … But, he said, 'If we don't have the tools to appropriately screen, to ensure the safety of the flying public then there may be permanent changes. It's too early to tell.' … Today, the X-ray machines used at airports do not detect for explosives." The AP adds, "Gonzales, who was in Chicago speaking to a disabled veterans group, would not discuss in detail the investigation, but said that before the British arrests were made, more than 200 FBI agents were following tips about possible activities in the U.S. … 'There's no evidence of an ongoing plot here in this country,' he said. … In discussing the differences between British and U.S. legal systems, Gonzales said it is possible that the American legal system might want to adopt the British law that allows officials to hold suspected terrorists for 28 days before charging them. In the United States, suspects must be charged a lot sooner, typically within 48 hours, though suspects deemed as 'enemy combatants' have been held far longer. … 'That may be something we might want to look at,' he said. 'But again, is it consistent with our Constitution? We have to look at that.' … Later, a Department of Justice official stressed that Gonzales' comments should not be interpreted to mean that such a change in the law is imminent and, in fact, such a review has not begun. … 'The only thing the attorney general has committed to is a review to evaluate and compare the United Kingdom's counterterrorism laws to those in the United States. Any changes to our existing terrorism laws would only be considered after extensive review and discussion to ensure such a change would be necessary, appropriate and constitutional,' said a Justice Department official in Washington who is familiar with the pending review. He declined to be identified by name because the review has not started."

CNN's The Situation Room (8/14, Meserve) reports, "The British bust of the alleged plot to blast airliners out of the skies is spurring the US government to do a side-by-side comparison of US and British counter-terror tools, officials say. One senior Justice Department official says the Attorney General 'is not ruling anything or ruling anything out.'" Fox News' Special Report (8/14, Cameron) said Gonzales "said no evidence has surfaced in the US of an imminent plot or attack."

DOJ To Study Britain's Terror Laws. The New York Times (8/15, Lichtblau) reports, "Attorney General Alberto R. Gonzales on Monday ordered a side-by-side review of American and British counterterrorism laws as a first step toward determining whether further changes in American law are warranted." The Times continues, "The plot to blow up airliners bound from Britain to the United States has highlighted differences in legal policies between the two allies, with American officials suggesting that their British counterparts have greater flexibility to prevent attacks. … Newly revised British counterterrorism laws, for instance, allow the authorities to hold a suspect for 28 days without charges, where American law generally requires that a suspect held in the civilian court system be charged or released within 48 hours." The Times adds, "Homeland Security Secretary Michael Chertoff said in appearances on the Sunday morning news programs that he thought bringing American laws more closely into line with Britain's, particularly regarding the detention of terror suspects without charges, could help deter threats at home." The Times notes, "After the attorney general's comments, the Justice Department said he was directing officials there, including those in the Office of Legal Policy and the Office of Legal Counsel, to study the issue by comparing the two countries' laws. … 'The attorney general has committed to a review to evaluate and compare the terrorism laws in the United Kingdom with those in the United States,' said Brian Roehrkasse, a department spokesman. 'Any changes to our existing terrorism laws would only be considered after extensive review and discussion to ensure that such a change would be necessary, appropriate and constitutional.'" USA Today (8/15, 2A, Soriano, Stinson, 2.27M) quotes DOJ spokesman Brian Roehrkasse, formerly of DHS, saying, "Changes would be considered only after extensive review and discussion to ensure such a change would be appropriate." USA Today also notes that the DOH review comes following Chertoff's Sunday comments.

DOJ Impatient Over Delay Of Wainstein Nomination. The Legal Times (8/14, McLure) reports, "Reports that the British government had thwarted a planned attack on trans-Atlantic flights last week sent U.S. officials scrambling to tighten domestic security. But one Justice Department official

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left out of the mix was Kenneth Wainstein, the nominee to head the DOJ's planned National Security Division." The Times continues, "The new division would unite the Criminal Division's counterterrorism and counterintelligence sections with the independent Office of Intelligence Policy and Review. … Earlier this year, Congress provided statutory authorization for the new division, but its creation has been blocked by Sen. Carl Levin (D-Mich.), who has placed a hold on Wainstein's nomination. Levin's obstruction doesn't appear to be based on any question about Wainstein's credentials; rather it stems from the senator's long-running quarrel with the Defense Department over access to FBI documents concerning abusive interrogation techniques used at the U.S. prison in Guantánamo Bay, Cuba. … A spokesman for Levin says a request for seven documents relevant to Wainstein's nomination has been 'outstanding for over a month.'" The Times adds, "The Justice Department is running out of patience. 'He is single-handedly preventing the National Security Division from being implemented,' says DOJ spokeswoman Tasia Scolinos. 'It is unfair for him to exercise oversight over [the Defense Department] by holding up DOJ nominations.'" The Times notes, "If he is confirmed, one of the first issues Wainstein, currently U.S. attorney for the District of Columbia, will have to tackle is a lengthy backlog for processing Foreign Intelligence Surveillance Act wiretap warrants. A Justice official and an FBI official say last week's terror threats generated a huge spike in the number of FISA applications from the FBI."

FBI Said To Have Pressed Pakistan Arrest To Force UK's Hand. US News & World Report (8/14, Ragavan) reports on its Web site, "Left to their own devices, British police might have waited longer before making the arrests in order to obtain more evidence, U.S. and British law enforcement sources said. … U.S. law enforcement sources say the bureau pressured Pakistan to make their move" to arrest a key suspect, "forcing the British to scramble. A senior FBI official, however, denied any pressure was placed on either the British or the Pakistanis. 'It was entirely their call,' he said. He said the FBI worked collaboratively with the British to chase down hundreds of leads in the United States -- but no connections were found. Senior FBI officials also were taking note of the growing difficulty that the British faced in keepings tabs on the suspects," and "'It was getting more and more unwieldy,' asserts one FBI official. … But some in the British Metropolitan Police's anti-terrorist branch fear that investigators may pay a price for pulling the plug too early. 'I've got a feeling that if we let it run for 10 more days, we would have got a lot more concrete evidence' says one official."

More Commentary. In an op-ed in the Washington Post (8/15, A13), Richard A. Posner, a judge on the 7th Circuit Court of Appeals, writes, "What lessons can we draw from the recent foiled plot to bring down U.S.-bound airliners with liquid bombs? … The first concerns the shrewdness of al-Qaeda and its affiliates in continuing to focus their destructive efforts on civil aviation. … The concern with air safety, coupled with the fact that protection against terrorist attacks on aviation can be strengthened only at great cost in convenience to travelers, makes the recently foiled plot merely a partial failure for the terrorists." Posner continues, "The plot has also revealed the indispensability of good counterterrorism intelligence. A defense against terrorists, as against other enemies of the nation, must be multilayered to have a reasonable chance of being effective. One of the outer defenses is intelligence, designed to detect plots in advance so that they can be thwarted. One of the inner defenses is preventing an attack at the last minute, as by airport screening for weapons. … The inner defense would have failed in the recent episode because the equipment for scanning hand luggage does not detect liquid explosives. … Fortunately, the outer defense succeeded. … Intelligence succeeded in part because of the work of MI5, England's domestic intelligence agency. We do not have a counterpart to MI5. This is a serious gap in our defenses. Primary responsibility for national security intelligence has been given to the FBI. The bureau is a criminal investigation agency. Its orientation is toward arrest and prosecution rather than toward the patient gathering of intelligence with a view to understanding and penetrating a terrorist network." Posner concludes, "Because we have not been attacked since 2001, we are (or were until last week) beginning to feel safe. We were ostriches. … Muslim extremists are bent on attacking the United States, not just their own societies. We cannot afford to assume that we are safe. Perhaps we will now abandon that comfortable assumption."

UK Lowers Terror Threat Level As Investigators Focus On Fund Transfers. All three broadcast networks aired detailed reports on the aftermath of the revelation of the UK airliner bomb threat, but the story was no longer in the lead. ABC World News Tonight (8/14, story 3, 2:30, Gibson, 8.78M) did a wrap-around on "several developments in the alleged plot," including the UK's decision to lower its "terror threat level a notch allowing air travelers to carry some items on board again." Meanwhile, "investigators are looking into the possibility that some of the money used to help finance the plot may have come from funds raised by British charities for earthquake relief in Pakistan."

The CBS Evening News (8/14, story 4, 2:25, MacVicar, 7.66M) focused on the possible use of humanitarian aid as well, reporting that the trail "will likely lead to more arrests in the failed plot to blow up ten jumbo jets, a trail that begins in the rubble of last year's earthquake in Pakistan and bears the fingerprints of al Qaeda. Moved by the plight of the victims, mosques and charities raised millions of dollars. Much of it

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was spent legitimately but for months, as suspected liquid bomb plotters were under surveillance, terror financing investigators in Britain and Pakistan watched them make suspicious bank transfers." Also on the CBS Evening News (8/14, story 5, 0:25, 7.66M), correspondent Jim Stewart said President Bush "was briefed this afternoon by some of his top counterterrorism people and told they are actively looking for a direct link between this plot and al Qaeda leaders Osama bin Laden and Ayman al-Zawahiri. Analysts here are satisfied however is what they call connectivity between the London men and al Qaeda's operatives."

The Washington Post (8/15, A10, Partlow, Khan, 748K) is alone among major newspapers in focusing on the charity funds transfer, saying that UK officials said a "large portion of the money sent from Britain" to an earthquake relief charity "was siphoned off and ultimately used to prepare for the attacks. The officials said that about 5 million British pounds, or $10 million, was transferred to Pakistan, but that less than half was used for relief operations after the earthquake last October."

Fox News (8/14, 10:05 a.m.) reported, "Investigators on three continents are searching for anyone involved in what could have been the deadliest attack since 9/11 as US Homeland Security chief Michael Chertoff said the threat of attack is still very real." The Los Angeles Times (8/15, Rotella, 918K) reports investigators are focusing on "one potentially significant lead, officials said: suspected links between the alleged airline plot and the suicide bombings" in London in July 2005. Police are investigating whether several suspects "crossed paths with two of the London transit system bombers in Pakistan, where the pair are believed to have met and trained with Al Qaeda figures."

NBC Nightly News (8/14, story 4, 3;10, Brown, 9.87M) focused instead on the continued "delays and confusion at the airport." NBC (Myers) added that in the UK, "the threat was lowered from critical to severe but the country remains on edge. Confusion reigned today at Heathrow Airport, even as security measures eased a bit with the lowering of the threat level." British Home Secretary John Reid: "This means that the terrorist attack is still highly likely, but the intelligence assessment suggests that such an attack is no longer imminent." Myers: "Intelligence sources say the investigation has turned up new evidence that has changed some thinking about the plot but not the overall assessment. … The plot was to blow up nine planes bound for the US as they crossed the Atlantic. Actual flights and dates had not yet been chosen. A British official tells NBC News it's now believed there was to be only one suicide bomber per plane, instead of two as previously believed."

The New York Times (8/15, Cowell, 1.21M) also reports both the UK and UK "lowered threat assessment levels" as the British police "continued to hunt for clues in the reported plot." While the UK came down from "critical" to "severe," the US "went back to a uniform stance of 'code orange' for all domestic and international flights while maintaining a ban on liquids and gels in carry-on luggage." The AP (8/15, Barr) also reports on the UK's threat level reduction. But the Financial Times (8/15, Adams) reports the UK plans to make "tough new restrictions" at airports permanent, "changing the face of business travel for months and even years to come." The Washington Times (8/15, Webb, 88K) emphasizes the continued concern about an attack in its headline: "Terror Alert Downgraded, But Attack Still 'Likely.'"

Author Says Moderate UK Muslims Have Responsibility To Challenge Fundamentalists. In a Wall Street Journal (8/15, A12, 2.03M) op-ed, British author Farrukh Dhondy writes, "Islam is here to stay, and nothing but an assertion by the various other traditions of Islam which have come to Britain from the Indian subcontinent…will work. … It is only by ideologically challenging the fundamentalism that has taken virulent hold of the enclosed communities and their offshoots that Islam can learn to live in the West. Muslim has to tame Muslim."

US Officials, California Islamic Leaders Urge Public To Respect Muslims' Civil Rights. The Los Angeles Times (8/15, Clark, 918K) reports that in the wake of the UK plot, "Muslim leaders and law enforcement officials in Southern California urged the public Monday not to demonize the Islamic community. At a news conference Monday at the Islamic Center of Southern California in Los Angeles, the leaders and officials said Muslims worldwide have helped authorities fight terror." Muslim Public Affairs Council Executive Director Salam Al-Marayati and UK Consul General Bob Pierce "were joined by representatives of the Los Angeles County Sheriff's Department, the FBI and the U.S. Department of Homeland Security, who emphasized the need to protect the civil rights of Muslims and the value of working with them." The Times adds, "Muslim leaders expressed concern that their community would face a backlash in the aftermath of the latest alleged terror plot and as the five-year anniversary of the Sept. 11 attacks approaches."

Militant Cuban Exile Seeks Freedom. The Miami Herald (8/15, Chardy) reports, "The U.S. government revealed Monday that it has asked six countries, including Mexico and Canada, to take Cuban exile militant Luis Posada Carriles -- but they all refused." The Herald continues, "The disclosure came during a two-hour hearing in El Paso federal court, just blocks from the Mexican border, in which an elegantly-attired Posada, in a cream-colored suit, asked U.S. Magistrate Norbert Garney to free him from immigration detention. Posada, 78, has been in the custody of U.S. Immigration and Customs Enforcement in an El Paso detention facility since immigration officers detained him in

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Miami-Dade County May 17, 2005." The Herald adds, "Venezuela and Cuba accuse Posada of terrorism, including the bombing of a passenger jet in 1976 that killed 73 people. Posada has long denied involvement. … Monday was the first time the U.S. government has publicly disclosed the number and names of foreign countries it has approached in an effort to remove Posada from the United States. An El Paso immigration judge last year prohibited Posada's deportation to Cuba or Venezuela but ordered his expulsion to any other country willing to take him. Besides Canada and Mexico, the other countries listed in Garney's court were Honduras, Costa Rica, Guatemala and El Salvador. … Eduardo Soto, Posada's lead attorney, told Garney that the government's disclosure -- made by an ICE officer called as a witness -- proves the United States cannot deport Posada and thus, he should be released. Failure to do so, Soto added, would amount to a violation of the 2001 U.S. Supreme Court's decision against indefinite detention of foreign nationals who cannot be deported." The Herald notes, "Ethan Kanter, a Justice Department attorney, who represented the U.S. government at the hearing, asked Garney to deny Posada's request for release because efforts to expel him are continuing and because the high court's 2001 ruling allowed for the indefinite detention of detainees deemed a 'danger to the community.' An ICE letter to Posada in March said he continued to 'present a danger to the community' and 'a risk to the national security of the United States.'"

Albania Accepts Guantanamo Uighur Detainees. The New York Times (8/15, Lewis, 1.21M) reports that on May 5 five ethnic Uighur detainees were flown from Gitmo to Albania. Their flight "involved intense behind-the-scenes diplomatic activity in Washington; Ottawa; Tirana, Albania; Beijing; and elsewhere. It also held implications for a United States Appeals Court, the North Atlantic Treaty Organization and the relations of several European countries with China. And it underlined the Bush administration's difficulties in reducing the population at Guantánamo as international calls for it to be closed increased." Although the men are now free, "the transfer to Albania meant exchanging a military prison camp on the southeastern tip of Cuba for a bleak and unpromising future in one of Europe's poorest countries where no one spoke their language." A State Department official said that Albania, eager to please the US and join NATO, was the only one of "more than 100 countries" to accept the former detainees. In doing so, it incurred "a confrontation with China, which had been its patron during Albania's split from the Soviet Union in the Cold War."

Soros Questions Premises Of War On Terror "Metaphor." In the Wall Street Journal (8/15, 2.03M), George Soros writes, "The war on terror is a false metaphor that has led to counterproductive and self-defeating policies. Five years after 9/11, a misleading figure of speech applied literally has unleashed a real war fought on several fronts -- Iraq, Gaza, Lebanon, Afghanistan, Somalia -- a war that has killed thousands of innocent civilians and enraged millions around the world. Yet al Qaeda has not been subdued." The war on terror "cannot be won" because it rests on four self-defeating factors: (i) war creates "innocent victims," (ii) terrorism "is an abstraction" that under President Bush keeps the US from "differentiating between very different [groups]," (iii) the war emphasizes military deeds when most "territorial conflicts require political solutions," and (iv) the war "drives a wedge between 'us' and 'them,'" turning the US into "perpetrators in the process."

HOMELAND RESPONSE:

Alert Leads To Criticism Of DHS Procedures. NBC Nightly News (8/14, story 5, 2:40, Brown, 9.87M) also ran an "In Depth" report on "the British terror plot and the fallout here at home. The sudden change in air security rules imposed last week in response to the plot has raised new questions for the Department of Homeland Security: Why aren't systems for detecting liquid explosives already deployed? And why isn't more being done to profile passengers looking for suspicious behavior?" NBC (P. Williams) said, "Members of the 9/11 Commission say the government has done too little to stay a step ahead of the threat." Lee Hamilton, Former 9/11 Commission Co-Chair: "It's appalling to us that five years after 9/11, you do not have detection devices for all kinds of explosives." Williams: "And they say the government has been slow to install machines that sniff passengers for traces of explosives, now at only 36 airports. In response, Homeland Security says it has spent $800 million this year alone to develop bomb detectors and that 38,000 screeners have been trained to spot potential explosives, including liquids."

DHS Seeks Greater Sharing Of Passenger Data. The New York Times (8/15, Lipton, Shane, 1.21M) reports DHS officials, noting that the "24 terror suspects arrested in England last week could have boarded planes bound for the United States without undergoing an American government background check or obtaining a visa," are calling for earlier and more detailed sharing of passenger data. But so far, DHS "has tried but failed to win broad approval for rules that would require airlines to share passenger information before flights depart" for the US instead of within the first 15 minutes after takeoff.

Most Air Cargo Still Goes Unchecked. The Wall Street Journal (8/15, B1, Pasztor, 2.03M) examines how most air cargo still goes unchecked, "despite years of concern from

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critics who see it as an obvious weak link in the nation's aviation-security net." About "one quarter of all U.S. air cargo is transported by U.S. passenger planes," and "based on the best current estimates, between 10% and 15% of the more than six billion pounds of cargo that flies that way each year ends up actually inspected."

CNN (8/14, 2:07 p.m.) reported, "Cargo containers that contain the stuff we use every day. Stuff from other countries that Americans couldn't do without. A potential opportunity for terrorists. Here's the facts: At least 10 million cargo containers enter US ports every year, and since 9/11, the government has taken steps to prevent containers from being used as a terrorist weapon. A dirty nuclear or chemical or biological weapon inside a container could kill thousands, maybe hundreds of thousands of Americans." The Bush Administration "says it's invested $9 billion in port security since 9/11," and DHS "says that by October, radiation monitors will screen about 70% of incoming containers. It's also carrying out background checks on some 400,000 port workers in the US." But Chertoff "dismisses Democratic calls for the inspection of all containers before they leave foreign ports as impractical."

Travelers Learn To Cope With Stricter Rules. There are several newspaper reports this morning dealing with how travelers are coping with the new stricter security rules, and the CBS Evening News (8/14, story 6, Schieffer, 7.66M) also aired a related story on how airline traffic is "slowly getting back to normal," but "for the passengers, of course, there is a whole new level of stress." CBS ran a clip of Chertoff saying, "I think in terms of the restrictions on liquid and the major elements of this, that's going to have to be in place until we've determined whether there are some adjustments in protocol we can make based on the research we're doing in London now about the nature of this plot."

USA Today (8/15, Bly, 2.27M) profiles the shift in frequent travelers' carry-on mentality on its front page. The Washington Post (8/15, HE1, Huget, 748K) writes that in the Washington area, travelers are reporting "more annoyance than anxiety." The New York Times (8/15, Higgins, 1.21M) "Practical Traveler" column details "What Can Be Carried On," and USA Today (8/15, 2.27M) runs a similar feature on "What You Need To Know About The New TSA Rules." The New York Times (8/15, 1.21M) runs several letters to the editor on "Air Travel: The New Facts Of Life" from readers across the US, and the New York Times (8/15, Wakin, 1.21M) also runs a feature on how "Tighter Security Is Jeopardizing Orchestra Tours."

Meanwhile, the Wall Street Journal (8/15, Trottman, Warren, Meckler, 2.03M) reports on its front page that "a baggage handling system already groaning under a surge in checked luggage is likely to remain a choke point."

Tierney Says TSA Should Focus On Travelers, Not Luggage. In his New York Times (8/15, 1.21M) column, John Tierney examines an experiment carried out at Dulles International Airport in 2003, when screeners "stopped worrying about pen knives, shoes and laptops," and "observed a passenger as he entered the airport, checked luggage and stood in line at the security checkpoint. The screeners were looking for unusual behavior like sweating, rigid posture, clenched fists. A screener would engage a passenger in conversation and ask questions he wouldn't have been trained to expect, like whether he'd seen a Redskins game the night before even though the Redskins hadn't played." Tierney says TSA "should be looking for new ways to identify dangerous passengers, but it's too busy following Congress's mandates to search everyone's bags."

FBI Says Cell Phone Suspects No Threat To Michigan Bridge. In a widely-distributed story, the AP (8/15) reports, "The FBI said Monday it had no information to indicate that the three Texas men arrested with about 1,000 cell phones in their van had any direct connection to known terrorist groups. … Local authorities didn't say what they believed the men intended to do with the phones, most of which were prepaid TracFones, but Caro's police chief noted that cell phones can be untraceable and used as detonators." The AP notes, "William Kowalski, assistant special agent in charge of the FBI's Detroit field office, said authorities believe concern about the bridge was connected to images of the Mackinac Bridge found on a digital camera belonging to the men. Kowalski said there was nothing illegal about buying cell phones in bulk, but that profits from that kind of activity can be suspicious." The Washington Times (8/15, Seper, 88K) also reports on the FBI announcement, drawing heavily on the AP story and including the comments from Kowalski.

The Detroit News (8/15, Egan) reports "Daniel Roberts, the special agent in charge of the FBI's Detroit office, issued a statement that said 'there is no information to indicate that the individuals arrested have any direct nexus to terrorism.'" Michigan prosecutor Mark E. Reene "was studying the FBI statement, an official in his office said, but had not responded to it by late Monday." The Detroit Free Press (8/15, Swickard, Warikoo, Christoff, 346K) also notes Roberts said in a statement, "There is no information to indicate that the individuals arrested had any nexus to terrorism," and the Free Press adds, "Arab-Americans, Muslims and defense attorneys welcomed the dropping of charges, but some feared the men's reputations have been unfairly tarnished. … 'It was a knee-jerk reaction that these young men could be terrorists simply because of their religion and ethnicity,' said Dawud Walid, head of the Michigan branch of the Council on American-Islamic Relations."

The Washington Post (8/15, A14, 748K) runs a truncated version of the Free Press story, under the headline "Mich. Officials Hold 3 On Terror Charges Despite FBI View,

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but the Post does not include the quote from Roberts. WJRT-TV Flint (8/14, Piechowski, Johnson, Asher, Abraham) also reports on the FBI conclusion that the men were not plotting a terror attack.

Suspects Well-Known To Texas Cell Phone Merchants. The Houston Chronicle (8/15, A1, Korosec, 535K) reports that the three men -- Adham Othman, Louai Othman and Maruan Muhareb – "are well-known to cell phone wholesale and retail shops here, where managers said Monday they are part of a brisk trade in buying phones from Wal-Mart and other discount stores and reselling them to smaller shops." Dallas cell phone store manager Sean Mobh "said the group has come in 'three or four' times in the last three months and he made one purchase of about 100 phones. They would usually sell prepaid TracFones, like the kind they were found with in Michigan, because Wal-Mart's discounts on them are so deep that they can make a nice resale profit. 'One trip and that's about $6,000 each minus gas and expenses,' he said."

Ohio Prosecutors Drop Terrorism Charges Against Cell Phone Suspects. In a story distributed by McClatchy, the Detroit Free Press (8/15, Warikoo, 346K) reports, "Prosecutors in Ohio dropped terrorism charges Monday against two 20-year-old Dearborn men who were arrested last week after buying hundreds of cell phones. Washington County Prosecutor James Schneider said that there was not enough evidence to prosecute Osama Abulhassan and Ali Houssaiky. But Schneider said his office will continue to prosecute them on a misdemeanor charge of lying to police," and "the investigation into the men, and possible ties to suspicious activity, will continue, he said." In its widely-distributed story focusing on the Michigan case, the AP (8/15) also that Ohio prosecutors dropped the terrorism charges, noting, "The FBI is reviewing the Ohio case and staying in touch with local authorities. No federal charges are pending, said special agent Mike Brooks of the FBI."

Arizona Police Investigating Report Of Bulk Cell Phone Purchase. The Arizona Daily Star (8/15, Huicochea, 123K) reports, "Tucson Police Department officials are investigating a report that two men purchased an abnormal number of pre-paid cell phones" at the Tucson Wal-Mart on Saturday by two men "who appeared to be of Middle Eastern descent." The Star notes, " The incident comes after several similar reports across the country, although authorities have not found any links between the incidents, or any terrorism ties to any of them, as was originally suspected." Tucson Police Sgt. Mark Robinson said that "the department's special investigations division is investigating the incident," and "Tucson police have notified the FBI of the report, he said." KVOA-TV Tucson (8/14) also reports on the investigation, noting that the FBI had been notified.

Resellers Cutting Into Cellular Operators' Bottom Line. The Wall Street Journal (8/15, B1, Sharma, Chon, 2.03M) notes the Michigan arrests and reports, "Wireless carriers are struggling to combat a growing number of opportunistic middlemen who purchase handsets in large numbers at discounted rates and resell them for a significant profit, often overseas in countries like Mexico and China. Cellular operators…sell prepaid phones below their costs on the assumption they'll make their money when users pay for service," but "middlemen are taking advantage by purchasing the phones from one carrier at a discount, and repurposing them to be used elsewhere. The problem is becoming more acute as the prepaid phones business grows as a percentage of the wireless carriers' overall business." The Journal notes, "TracFone says it is losing millions of dollars through reselling schemes," and is among the carriers which has filed lawsuits to stop the resellers. Meanwhile, Cingular Wireless "says it limits the number of purchases a customer can make to three to prevent such reselling schemes."

ICE Apprehends Final Two Missing Egyptian Students. The Washington Times (8/15, Seper, 88K) reports, "The arrest Sunday in Richmond of two Egyptian students in the country on visas brought to an end a massive nationwide search for them and nine other Egyptian students who failed to show up for scheduled academic programs at Montana State University." ICE agents arrested Mohamed Saleh Ahmed Maray and Mohamed Ibrahim Fouaad El Shenawy "at an apartment building in Richmond shortly before 9 p.m." The Times notes, "Preliminary investigation by ICE and FBI agents has not identified any credible or imminent threat posed by any of the 11 Egyptians." The Richmond Times-Dispatch (8/14, Bowes) also reported on the arrests, as did the AP (8/14) in a widely-distributed story. Both also noted that authorities had found no links between the students and terrorism.

Toy Prompts Evacuation Of Alaska Airlines Flight In Los Angeles. In a widely-distributed story, the AP (8/15) reports, "An Alaska Airlines jet arriving from Mexico was evacuated Monday because no one claimed a 'suspicious item' later determined to be a toy transmitter spotted by a crew member, officials said. Authorities using bomb-sniffing dogs found no explosives inside the plane's cargo hold or the transmitter, which was similar to a remote control for a toy car or plane, authorities said. The FBI and other agencies were investigating, though there was no immediate threat, said bureau spokeswoman Laura Eimiller." The AP notes, "The passengers were held at a remote gate and interviewed by law enforcement," and "the last passenger was released at 3 p.m., Eimiller said."

FBI, TSA Investigating Theft Of Guns From O'Hare Checked Baggage. The Chicago Tribune

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(8/15, Hilkevitch, 623K) reports, "The recent theft of guns from checked baggage at O'Hare International Airport points to a serious weakness in aviation security that will be difficult to pinpoint because thousands of employees ranging from pilots to airline caterers carry clearances allowing them to walk onto airplanes. The guns stolen from the bags — all involving passengers departing O'Hare on United Airlines — probably are being taken out of the airport and sold or used in crimes, federal and local authorities said Monday in response to a Tribune report on the disappearing weapons. But they acknowledged that it is not known who took the firearms, how they got them or where the weapons ended up." The Tribune notes that the thefts are being investigated by the FBI, TSA and the Chicago Police Department," but "law enforcement and security officials declined to say whether their investigation…was pointing to United employees, security agency personnel or others as the perpetrators."

WLS-TV Chicago (8/14, Thomas) reports, "The issue of what happens to guns in checked baggage has so concerned Chicago's Fraternal Order of Police the union has issued an advisory to its members to be wary of United Airlines." WLS "was told that earlier this year the F.B.I. conducted interviews at terminal one at O'Hare as part of its investigation. So far, there have not been any arrests." However, WBBM-TV Chicago (8/14, McCall) notes in its story on the thefts, "The FBI says they are not a part of this investigation because they do not believe this is a part of any organized crime ring or anything related to terrorism."

NYTimes Decries Dissolution Of Lower Manhattan Development Corporation. The New York Times (8/15, 1.21M) editorializes, "Shortly after Sept. 11, 2001, New York state and city officials established the Lower Manhattan Development Corporation to do what everyone knew would be a thankless job — finding a master plan for the still-smoking World Trade Center site. The group had to deal with all the competing groups and their powerful emotions and their powerful interests. And it had to move forward -- publicly -- to start rebuilding. Now, with construction crews finally starting to work, those officials are ready to dismantle the corporation. And that raises the disturbing question of who's in charge." The corporation "has been a force for some of the better and most public planning at Ground Zero. When it disappears, who watches over the master plan to make certain the site works harmoniously? And even more important, where does the public go for a voice in the rebuilding?"

Governors Resist Relinquishing Guard Authority During Disasters. Picking up a story reported on the previous day by the Washington Post , the New York Times (8/15, Steinhauer, 1.21M) reports, "In an unusual act of bipartisan and regional unanimity, 51 governors have joined to voice their strong opposition to legislation to let the president federalize National Guard troops in a disaster without local authorities' consent." The Times reports that currently the president's power to federalize Guardsmen "does not extend to natural or man-made disasters. The bill in Congress would extend the president's power to such disasters." Their letter to Congressional leaders last week "was conceived in large part by Gov. Mike Huckabee of Arkansas, a Republican." DOD spokesman Bryan Whitman is quoted as saying, "No one is attempting to wrest control of the National Guard. What this section is aimed at doing is providing the president with increased authority, discretionary authority to call upon the dedicated reserves to help citizens at a time of disasters."

FEMA Gulf Coast Trailer Home Locks Vulnerable. The New York Times/AP (8/15, Press) reports FEMA has found that "the same keys can open many of the 118,000 trailer homes being used by Gulf Coast hurricane victims, and will replace locks on an undetermined number as a result." The problem results from the "limited number of lock types that locksmiths provide to trailer manufacturers for building mobile homes, and the limited number of key patterns that were cut for each type." The New Orleans Times-Picayune (8/15, Varney) quotes FEMA spokesman Pat Philbin saying, "We're aggressively stepping out to minimize the risk."

Utility Wants To Transfer New Orleans Assets To City. The Wall Street Journal (8/15, Smith, 2.03M) reports, "The perplexing issue of how to pay for expensive repairs to [New Orleans'] damaged electric system is forcing city leaders and officials at utility Entergy Corp. into strange new roles." The company "says the best way to bring its New Orleans unit out of bankruptcy-law protection is by handing ownership of utility assets over to the city. The investor-owned utility argues such a move would enable the tiny unit to qualify for federal disaster-relief funds and regain solid financial footing, avoiding rate increases that threaten to more than double electricity rates in New Orleans." However, some civic leaders "are pushing back. One city-council member, Shelley Midura, says she has no intention of allowing Entergy to saddle the city with a partly rebuilt system and then 'drop the keys on the table and say, 'We're out of here.' The dispute marks a turnabout from years past, when New Orleans officials agitated to create a municipally owned utility on several occasions -- efforts that were opposed by Entergy."

Travel Industry Official Calls For Relaxing Deadline For New Border ID Law. In a USA Today

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op-ed (8/15), Roger Dow, president and CEO of the Travel Industry Association of America, says, "Congress passed the Western Hemisphere Travel Initiative (WHTI), requiring all persons entering the USA from Canada, Mexico and the Caribbean to have a passport or alternate secure travel document. These new requirements for air and sea travel are expected to take effect Jan. 8, 2007, and at land borders on Jan. 1, 2008." But as "these deadlines approach with no clear, final plan for implementation by the departments of State and Homeland Security, we believe that Congress should maintain the current system and grant a reasonable extension that allows sufficient time to launch an effective public education campaign for the new WHTI requirements. That would secure our nation's borders without creating a nightmare for travelers."

USA Today Says New ID Requirements Should Be Implemented. In an editorial, USA Today (8/15, 2.27M) says, "Efforts to tighten the borders, recommended by the bipartisan 9/11 Commission, have run into an endless push for delay by the tourism industry and its congressional allies." The "new system, already delayed once for travelers from the Caribbean, is now supposed to go into use in January for all Western Hemisphere travelers at airports and seaports, and a year later at land borders." When the Senate "votes to admit into the country anyone who can gin up a fake ID, it's a sure signal priorities that seemed so clear five years ago have begun to fade."

WAR NEWS:

US, Iraqi Troops In Baghdad Seek To Avoid Clash With Sadr Militia. USA Today (8/15, Michaels, 2.27M) reports, "The growing strength of the Mahdi Army, the violent Shiite militia loyal to radical cleric Muqtada al-Sadr, is raising concerns that an ongoing U.S.-Iraqi offensive could trigger a clash with the group." As a result, "U.S. and Iraqi officials have been careful to say the Baghdad offensive is designed to go after sectarian death squads and militias of all stripes, partly to avoid singling out the Mahdi Army, which clashed with U.S. forces two years ago." Pundit Andrew Krepinevich observes that troops have to secure Sadr City in order to secure Baghdad, while Brig. Gen. Dana Pittard holds out hope that Moqtada al-Sadr "is trying to calm his followers."

Iraqis Said To Fear Baghdad-Washington Misunderstanding Of Security Challenges. McClatchy (8/15, Lasseter) reports, "As security conditions continue to deteriorate in Iraq, many Iraqi politicians are challenging the optimistic forecasts of governments in Baghdad and Washington, with some worrying that the rosy views are preventing the creation of effective strategies against the escalating violence. Their worst fear, one that some American soldiers share, is that top officials don't really understand what's happening." McClatchy says that fear may "be supported by statistics that show Iraq's violence has increased steadily during the past three years." Kurdish and Shiite members of parliament said "that top American officials spend most of their time in the heavily guarded Green Zone in Baghdad and at large military bases across the country, and don't know what's happening in the neighborhoods and provinces beyond." Meanwhile, McClatchy says, "American officials and Iraqi officials appointed by them continue to orchestrate ceremonies, news conferences and speeches that suggest that things are getting better."

US, Iraqis Differ On Cause Of Fatal Baghdad Explosion. The AP (8/15, Abdul-Zahra) reports, "A deadly series of explosions in a Shiite neighborhood of Baghdad triggered a new battle Monday — between the U.S. military and the Iraqis over what caused the blasts. The number of casualties also was in dispute." While the US military said the blast was "a gas line explosion that…triggered secondary blasts," Iraqi police and Prime Minister Nouri al-Malik "said the neighborhood was hit by car bombs and a rocket barrage, which the Interior Ministry said was unleashed from a Sunni neighborhood that U.S. troops have targeted in their security crackdown." The AP says it is "impossible to determine who was right. The Iraqis may have spoken too quickly to score public relations points by blaming government opponents. And the Americans have long been reluctant to acknowledge that sectarian hatred threaten to plunge the country into all-out civil war. Each side insisted its interpretation of Sunday's events was correct." In addition, "a Sunni extremist group claimed responsibility for the blasts, saying in an Internet statement that it blew up two car bombs and fired 120 mm mortar shells to punish Shiites for 'killing unarmed Sunnis' and cooperating with the Americans."

US Tries To Curb Rogue Iraqi Police. The Los Angeles Times (8/15, Moore, 918K) reports, "U.S. military officials unveiled a plan Monday to combat chronic problems with renegade Iraqi security forces by creating Iraqi-led inspection boards and standardized uniforms. The boards will conduct battalion-level reviews of police leadership and accountability, said Army Maj. Gen. Joseph Peterson, the top U.S. police trainer in Iraq."

Just-Returned Stryker Troops Sent Back To Iraq. The AP (8/14, Baldor) reports, "About 300 Alaska-based soldiers sent home from Iraq just before their unit's deployment was extended last month must now go back, the Army said Monday, setting up a wrenching departure for troops and families who thought their service there was finished." The troops are all from the 172nd Stryker Brigade. Army experts will help the troops sort through "plans torn

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apart by the decision to return them to Iraq." Officials "said they recalled just one other time during the three-year-long Iraq war when the Pentagon so quickly recalled soldiers who had served a year on the battlefront and gotten home." About 40 sites carried this story. AFP (8/14) also reports this story.

3rd ID Readies For Possible 3rd Tour. The AP (8/14, Bynum) reports, "The 1st Brigade Combat Team of 4,000 Fort Stewart soldiers is preparing for a possible third combat tour in Iraq. The brigade is part of the Army's 3rd Infantry Division, which helped lead the charge to Baghdad during the 2003 invasion. The Pentagon last month placed the Fort Stewart brigade on standby as it added about 21,000 Army soldiers and Marines to its 2006-2008 rotation schedule for Iraq." Turnover among the enlisted men "means that roughly 60 percent of their soldiers have never faced combat." The AP describes the troops' training, which includes drills in a mock village. About 7 sites carried this story.

43-Year-Old US Soldier Killed In Ramadi. The AP (8/14) reports that First Sergeant Aaron Jagger of Hillsdale, Michigan, was one of "three Army members killed during a roadside bombing in Ramadi last Wednesday." The brief article mentions his age in the first sentence and later notes that he graduated from high school in 1980.

Ramadi Marines Make Quick Life-Or-Death Decisions. The Los Angeles Times (8/15, Barnes, 918K) reports in a sympathetic 1,640-word article on the decisions that young Marines make daily on whether to shoot suspicious individuals, who may be innocent. The Times writes, "The wrong choice could mean a guerrilla gets a chance to lay a roadside bomb that kills more Americans or Iraqi civilians. Or it could mean an innocent Iraqi dies at the hands of Americans and a whole neighborhood turns against U.S. forces, setting back the war effort and putting more insurgents on the street." It concentrates on a "20-year-old Marine from Birmingham, Ala.," who had the choice and ultimately shot his target but never found out whether the man was an insurgent.

Haditha Probe Said To Undermine Marines' Confidence. The AP (8/14, Castaneda) reports that allegations of murder by Marines in Haditha "have prompted reactions ranging from shame and anger to disbelief within the Marine Corps." Marines "say they're being prematurely judged. Others grasp for plausible explanations behind the alleged slaughter." The AP stresses the Marines' "intense" pride, observing, "Marines don't see themselves as common grunts. Most Marines join their service knowing that America heavily relies on them in ground wars. To some, they are the modern day version of Roman legionnaires, reflected in a famous saying that claims Marines 'guard heaven's gates.'" About 70 sites carried this story.

Kline Apologizes To Marines. The Washington Post (8/15, White, 748K) reports that Rep. John Kline (R-MN) "apologized yesterday to the Marines under investigation in the killings of two dozen civilians in Haditha, Iraq, last November, saying that statements he made about the case were taken out of context and that he did not mean to imply the Marines were guilty of wrongdoing." Kline made the apology "as part of an agreement" with the lawyers of Marine Staff Sgt. Frank Wuterich, who has accused both Kline and Rep. John Murtha of damaging his reputation.

Iraqi Shiites, Kurds Unite To Back Ouster Of Sunni Speaker. The AP (8/15, Abdul-Zahra) reports, "Shiite and Kurdish parties are organizing a bid to oust" Speaker of the Iraqi Parliament Mahmoud al-Mashhadani, a Sunni, "whose comments about the insurgency and regional self-rule have angered and embarrassed key political groups." A rejected of al-Mashhadani "would be the first major shake-up in the government of national unity that took office last May. However, it is likely that al-Mashhadani would be replaced by another Sunni Arab if the move against him succeeds." The AP notes, "Since taking office in May, al-Mashhadani has spoken out against regional self-rule, strongly supported by Shiites and Kurds but opposed by many Sunni Arabs." Prime Minister Ayad Allawi's political alliance is said to oppose him 'because he "is disrespectful.'" The New York Times (8/15, Wong, 1.21M) adds al-Mashhadani "said Monday that he was considering stepping down because of bitter enmity from Kurdish and Shiite political blocs, revealing the first major crack in Iraq's fragile unity government since it was formed nearly three months ago." The Times says his "strong stand against regional autonomy has angered" key leaders including Abdul-Aziz al-Hakim.

Few Baghdad Residents Patronize Movie Theatres. The Washington Post (8/15, A9, Partlow, 748K) reports, "In the capital of this warring country, where days beat to the percussion of bombings and gunfire and nights are spent locked down under a citywide curfew, Baghdad's remaining moviegoers are all lonely souls. The showing at the cavernous Semiramis cinema, with its 1,800 red velvet seats and two balconies, attracted just 11 people, each of them sitting by themselves." The Post says most of Baghdad's "once-popular movie theaters have shut down for lack of business. Those that remain open save money by replaying the same films. As with art and music and theater in Baghdad, going to movies is a cultural luxury losing out to the daily killing." Because "owners can no longer afford to import the latest films," theatres show "about 60 old films over and over again." The Post adds, "Iraq's film industry has languished for years, first under the censorship of President

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Saddam Hussein, then under the post-Persian Gulf War international embargo that prohibited the importation of moviemaking equipment. The three-year-old war and escalating sectarian violence have taken care of the rest."

Carroll Continues To Tell Her Story. In the Christian Science Monitor (8/15, 58K), former hostage Jill Carroll writes that on her first day of captivity, "US and Iraqi soldiers had raided the Um al-Qura Mosque ...Much later, I learned that the raid was prompted by a tip from an Iraqi civilian about my location. It was the closest US forces would come to rescuing me over the next three months." Her captors fluctuated between giving her "small luxuries" and making "bitter accusations" about her being a spy or Jew. They also boasted about once "sharing with a meal" with unwitting US soldiers during her captivity.

ABC World News Tonight (8/14, story 6, 2:45, Gibson, 8.78M) reported, "For 82 days early this year, Jill Carroll ... was held captive by insurgents. Deadlines were set for her execution. She herself expected to be killed." Carroll [about the family-based nature of insurgent operations]: "That little boy is going to be on the street the next day, looking for a patrol to come by and then giving the signal for someone to set off an IED. The whole family is an operation. What are you going to do? Arrest all of them? Kill all of them? The kids?" Gibson: "Again and again her captors told her they would release her. ... after 82 days, one of her kidnappers told her release was indeed at hand." ... When release did come, some were surprised Jill Carroll did not seem overjoyed, ecstatic, triumphant." Carroll: "If someone is punching you in the face for an hour and then they stop, are you like, 'whoo-hoo, yeah?' No, you're not."

Afghanis Resent Pakistani Refuge For Insurgents. The New York Times (8/15, Gall, 1.21M) reports from Paktika province in Afghanistan, "While the terrorist scare in London last week provided a fresh reminder to the United States and its allies of the threat from militant groups that have made Pakistan their home, the soldiers here did not need reminding. ... Most of the insurgents filter across the border repeatedly from Pakistan, military commanders here said." The issue "has created tensions between Afghanistan's president, Hamid Karzai, and Pervez Musharraf, the leader of Pakistan, who accuse each other of not doing more to contain militants in the region." The Times follows Lt. Gen. Karl Eikenberry on a trip to Sharana, in which he "pushed the mixed strategy that has been the hallmark of his two years in command in Afghanistan: encouraging American and Afghan soldiers who are doing the fighting and training, while urging Afghan government officials to do a better job in serving their people."

US Said To Find Pakistan "Troubling" Ally In War On Terror. The Wall Street Journal (8/15, Shah, 2.03M) reports Pakistan's "cooperation in foiling last week's terror plot shows the benefits to the US of good relations with its South Asian ally. But the case of Safdar Sarki shows that such ties also have complications." Sarki, "a Pakistan-born American citizen, disappeared in Karachi in February, two days before he planned to fly home to El Campo, Texas." Sarki has been a long-time "advocate for Sindhis, the indigenous residents of a southeastern province of Pakistan, who claim they have suffered political and economic discrimination since the 1947 creation of India and Pakistan." The "disappearances of Mr. Sarki and others are an aspect of Islamabad's human-rights record that the Bush administration has termed troubling."

Pakistani Official Says Terrorism Hurts National Security. The Financial Times (8/15, Bokhari) reports Pakistani Prime Minister Shaukat Aziz yesterday "warned that terrorism threatened to undermine the country and jeopardise its security interests as it works to reverse the legacy of militancy." Aziz's remarks, "in a keynote speech marking independence day, appeared to underline the anxieties of officials in Islamabad that Pakistan will suffer from the fact that suspects arrested in connection with the investigation into an alleged attempt to blow up airliners departing from London's Heathrow airport had links to the country." The Times adds Pakistan "detained at least seven suspected members of the plot, including a British national named Rashid Rauf, who it says had links to al-Qaeda fighters hiding in Afghanistan." Diplomats "warned that the arrest of the suspects in Pakistan was a reminder of how the country still needed to cut itself loose from ties to terrorist groups."

Polio Incidence Rises In Southern Afghanistan. The New York Times (8/15, Wafa, 1.21M) reports, "The number of polio cases in Afghanistan has increased substantially in recent months, health officials said Monday. They attributed the rise to growing violence in the south that has hampered vaccination. Health officials said they had identified at least 25 cases of polio so far this year, compared with 9 in all of 2005; a 26th case is suspected." Taliban violence has included 30 attacks on health workers in 2005 and 2006, according to an Afghan official.

CORPORATE SCANDALS:

US Says Skilling Liable For Lay's Share. The New York Times (8/15, Barrionuevo) reports, "Federal prosecutors say Jeffrey K. Skilling, the former Enron chief executive, is liable not only for his own ill-gotten gains but also for those of the late Kenneth L. Lay." The Times continues, "In a court filing on Friday in Houston, the government said Mr. Skilling, 52, was liable for the criminal 'proceeds attributable to all co-conspirators, indicted or unindicted,' including Mr. Lay." The Times adds, "Sean

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Berkowitz, the director of the Justice Department's Enron Task Force, wrote in the filing that the government had shown a conservative approach by not going after Mr. Skilling for additional forfeiture from the other conspirators. … The government made a request on Friday that Judge Simeon T. Lake III of Federal District Court in Houston enter a $182.8 million judgment against Mr. Skilling, who was convicted in May on 18 counts of fraud and conspiracy and one count of insider trading. Enron, the former energy-trading giant, collapsed into bankruptcy in December 2001." The Times notes, "Legal experts who did not participate in the case agreed that a fellow conspirator could be held liable in a fraud case for the gains earned from the same conspiracy. But some lawyers called the government's request for a money judgment against Mr. Skilling controversial because it was based on racketeering statutes, which were not part of the Enron case against him and Mr. Lay."

Nasdaq Puts Monster.com On Noncompliance List After Delayed Statement. The AP (8/15) reports, "Monster Worldwide Inc., parent company of jobs site Monster.com, said Monday it was put on notice by the Nasdaq that it was not in compliance with the exchange's listing requirements because of a delay in filing second-quarter financial results." The AP continues, "Monster said it expected the action and that an ongoing internal review into past stock options grants practices is the reason for the delay. The company said it would file its 10-Q quarterly statement with the Securities and Exchange Commission when the investigation is complete." The AP adds, "Monster is also under investigation by the SEC and the Justice Department for its accounting methods in reporting the timing of stock options grants."

HealthSouth Considers Divestiture In Wake Of Declining Revenues. The AP (8/15, Reeves) reports, "HealthSouth Corp. said Monday it may shed its hallmark rehabilitation business and other segments to focus on post-acute care as it reported declining revenues from a year ago but lower losses." The AP continues, "HealthSouth, which started as an outpatient rehabilitation chain and diversified through a growth period that ended in a huge accounting fraud, said it is considering divesting its outpatient rehabilitation division, its surgery centers and diagnostic division. … The proceeds would be used to pay off debt, and HealthSouth would be left to focus on its inpatient side, which accounted for about 58 percent of its profits for the last quarter." The AP adds, "Second-quarter revenue fell 4 percent to $787.5 million from $818.3 million last year. … The company reported a loss of $51.7 million, or 13 cents per share, from $62.4 million, or 16 cents per share, a year ago. Results for the latest quarter included preferred dividends of $9.2 million. … The Birmingham-based HealthSouth is struggling to overcome both changes in government reimbursement rules and the lingering effects of a long-running, $2.7 billion accounting fraud."

WSJournal Says DOJ Overreaching On Corporate Scandal Prosecutions. The Wall Street Journal (8/15, 2.03M) says in an editorial, "The Enron scandal has produced numerous convictions, most of them deserved and a suitable warning to other executives who might want to cook their corporate books. But prosecutors have also made a mistake or two themselves, and now they've been embarrassed with a defeat on appeal that deserves more public attention." Earlier this month, "the Fifth Circuit Court of Appeals overturned the convictions of several Merrill Lynch executives accused of helping Enron inflate its earnings. The case is notable as the only one in which the government had criminally charged Enron's alleged enablers from outside banks or brokerages. If prosecutors hoped to send a message, they have: To wit, beware of prosecutors bearing overbroad legal theories."

CRIMINAL LAW:

Trial Opens For Man Charged With Killing North Dakota Student. The Minneapolis Star Tribune (8/15, Haga) reports from Fargo, ND, "Alfonso Rodriguez Jr. tied Dru Sjodin's arms behind her back, sexually assaulted her, 'stabbed her and sliced her throat, leaving Dru to die in a ditch in the rural countryside,' a prosecuting attorney told jurors Monday." The Tribune continues, "In his opening statement in the first capital punishment trial in North Dakota in a century, Assistant U.S. Attorney Keith Reisenauer said that Sjodin's body was nude 'from the waist down' when it was found outside Crookston, Minn., five months after the 22-year-old college student from Pequot Lakes, Minn., was abducted on Nov. 22, 2003, from a mall parking lot in Grand Forks, N.D." The Tribune adds, "Defense attorney Robert Hoy addressed the court's jurisdiction in his opening statement. … He said that federal prosecutors, 'in their zeal to become involved in an already highly publicized case,' have brought 'the wrong charge in the wrong court.' … Prosecutors won't be able to prove beyond a reasonable doubt 'when Dru Sjodin died, nor will anyone tell you where she was when she died,' he said, and jurors must acquit Rodriguez of the federal charge of kidnapping leading to death if they have a reasonable doubt that she died after she was taken across the state line."

The St. Paul Pioneer-Press (8/15, Prather) reports, "Reisenauer also said Rodriguez' story about his whereabouts during the day of Sjodin's disappearance didn't add up. He had told investigators that he attended a movie

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that wasn't showing in Grand Forks." The Pioneer-Press adds that Hoy said "that the Ramsey County Medical Examiner concluded there were three possible causes of Sjodin's death. … One was asphyxiation; a second was slashes to Sjodin's throat, and a third possible cause was exposure to the elements. .. . Hoy said that if Rodriguez suffocated Sjodin in the Grand Forks parking lot where she was believed to have been abducted, then the federal kidnapping charge for taking the victim across state lines is wrong. The case should be before a state court, and neither North Dakota nor Minnesota has the death penalty."

The Washington Post/AP (8/15, Kolpack) reports, "Prosecutors have said they plan to seek the death penalty if Rodriguez is convicted, making it the first capital punishment case in North Dakota in more than a century." The AP notes that "Hoy, in his brief opening statement, did not say Rodriguez is innocent. But he argued that the case should be in state court, not federal court, and that Sjodin died near the Grand Forks parking lot where she disappeared and not in Minnesota."

New Hampshire GOP Aide Disputes FBI Report Of Phone-Jamming Interview. The Manchester Union-Leader (8/15, Distaso) reports, "A former state Republican Party staffer disputes an FBI report that he may have known about an election day 2002 Republican phone-jamming scheme before it occurred. Kevin Blier said an FBI report quoted by the New Hampshire Union Leader is incorrect. He said former state party executive director Charles McGee told him about the phone jam on election night, after the scheme had been put into operation and then halted about 90 minutes later, not before, as the report stated." The Union-Leader adds, "Blier said while it is possible that McGee may have been mistaken in what he told the FBI, 'I believe the FBI made a mistake in how they reported it. The FBI never interviewed me,' said Blier."

Former Socom Official Sentenced To 15 Months In Prison For Contract Fraud. The St. Petersburg Times (8/15, Weimar) reports, "Tom Spellissy must serve 15 months in prison for a conspiracy involving government contracts at Special Operations Command, a federal judge ruled Monday. U.S. District Judge James Whittemore, who last month threw out the bulk of the case against Spellissy, appeared to struggle with the decision," mentioning "Spellissy's sterling character and 29-year military career. Whittemore also noted Spellissy's wife was recently diagnosed with ovarian cancer and he has two young children. But in the end, Whittemore said he had no choice but to sentence Spellissy to prison." The Tampa Tribune (8/15, Lardner) adds that Whittemore said at the sentencing, "The characteristics of this defendant are extraordinary. he public is not in need of protection from Tom Spellissy." The AP (8/15) notes Spellissy, "a 1979 West Point graduate, must also spend two years under supervised release and pay a $4,000 fine for conspiracy to defraud the United States," and "his company, Strategic Defense International, was fined $125,000."

FBI Arrests Mississippi Alderman On Bank Fraud, Witness Tampering Charges. The AP (8/15) reports, "Moss Point (MS) Alderman Alfred Bodden is set to make an initial court appearance Tuesday after being arrested on a 13-count federal indictment that includes bank fraud, the FBI says. Bodden was being held late Monday at the Harrison County Jail, hours after being arrested without incident at his home, said FBI spokeswoman Deborah Madden." The AP notes, "Bodden, until recently, owned a car dealership called Al Bodden's Super Center, Madden said. … The indictment also included a charge of tampering with a witness, the FBI said."

FBI, Dallas School Officials Investigating Possible Employee Credit Card Fraud. The AP (8/15, Glick) reports, "The FBI and the Dallas school district are investigating whether district employees abused official credit cards by spending taxpayer dollars on questionable purchases such as an iPod and a subscription to an online dating service. The investigations…come at a time when many teachers in the struggling school system have complained about having to pay out of pocket for paper, printer cartridges and field trips." The AP adds, "Officials say they hope to flush out corrupt employees, recoup lost money and restore taxpayers' faith in a district with a history of scandal. … The Dallas Morning News examined records from the last 2 1/2 years and found the spending on the cards averaged $20 million a year."

Jury Selection Begins For Third Gotti Trial. The AP (Neumeister) reports, "Jury selection began Monday in the third racketeering trial in a year of John 'Junior' Gotti, who said he was thrilled at the birth of his sixth child over the weekend." Prosecutors "again will try to prove Gotti ordered two 1992 attacks on Guardian Angels founder Curtis Sliwa," while Gotti continues to deny ordering the attack." The AP notes US District Judge Shira Scheindlin dismissed the first potential juror "after she confessed she had heard Gotti was in the mob and said, 'I don't want to know him.' … Another woman was dismissed after she said she was biased because she believed her cousin was killed by the mob." The New York Daily News (8/15, Zambito, 729K) also reports on the proceedings, but focuses on Gotti's comments about his new son.

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Judge Rejects Mafia Cop's Bid For Release Over Health Issues. The New York Post (8/15, Haberman, 608K) reports, "Mob cop Louis Eppolito is having a tough time keeping his cool in prison. The ex-NYPD detective, who is overweight and has a bad heart, took another shot yesterday at getting out of his prison cell…after the last heat wave knocked him out cold. But a judge said fat chance." The Post notes, "The prison is air conditioned."

Tennessee County Commissioner To Resign Before Corruption Trial. The Memphis Commercial Appeal (8/15, Erskine, 172K) reports, "When Michael Hooks Sr. goes to trial next week for his alleged role in the Tennessee Waltz scandal, he'll no longer be a Shelby County Commissioner. Hooks announced he's resigning from his elected post -- Monday at 12:01 a.m. -- the morning his trial is set to begin." The Commercial Appeal adds, "Hooks was charged a year ago with taking $24,200 in bribes to use his influence to obtain a county government contract for a bogus FBI company. The Tennessee Waltz public-corruption investigation has resulted in the indictments of 12 current or former public officials or their aides. Hooks Sr.'s son, former city school board member Michael Hooks Jr., is among those charged."

Illinois Man Sentenced To 30 Years For Child Pornography. The Bloomington (IL) Pantograph (8/15, Seastedt) reports, "A 58-year-old Lincoln man was sentenced Monday to serve 30 years in federal prison for making and possessing child pornography." The Pantograph continues, "Howard D. Pinkley was sentenced Monday after pleading guilty on Jan. 30 to producing and possessing child pornography. … He was charged after law enforcement agents were notified in November 2005 of pornographic photos of an unidentified child that were developed at a Wal-Mart processing facility in Crawfordsville, Ind." The Pantograph adds, "Pinkley admitted that from November 2003 through November 10, 2004, he enticed a minor to engage in sexually explicit conduct to produce child pornography, and that he possessed books, videotapes, computer images and other materials containing child pornography. … Rodger A. Heaton, U.S. attorney for the Central District of Illinois, said: 'The Department of Justice has made protection of children one of its highest priorities through the Project Safe Childhood initiative. Today's 30-year sentence is a testament to our unwavering commitment to punish and remove child predators from society for as long as the law allows.'"

New York Man Admits Threatening To Kill Federal Judge. The New York Law Journal (8/15, Perrotta) reports, "A Queens man admitted Friday that he threatened to kill a federal judge and use a bomb to blow up the federal courthouse in Brooklyn." The Journal continues, "The defendant, Wazir Khan, 20, has been held since his arrest in April 2005, less than a month after Eastern District Judge Raymond Dearie received several threats via letter and telephone." The Journal adds, "Khan pleaded to knowingly and willfully making a threat, via a phone, to harm a federal judge and destroy a building, in violation of 18 U.S.C. §844(e) and 3551. … He faces between 57 and 71 months in prison, according to the calculations of federal prosecutors, and a fine of up to $250,000. … Magistrate Judge Steven M. Gold, who took Khan's plea, scheduled sentencing for October before Judge I. Leo Glasser."

Judge Orders Voice Samples For Three Charged In Coke Secrets Case. The AP (8/15, Weber) reports, "A judge on Monday ordered three people charged in the theft of trade secrets from The Coca-Cola Co. to turn over voice samples to allow the government to try to match them to recorded telephone conversations that are part of the investigation." The AP continues, "Defense lawyers for the defendants did not object to the prosecution request during a brief hearing in federal court in Atlanta. … U.S. Magistrate Judge Gerrilyn G. Brill said arrangements will be made for former Coke secretary Joya Williams and co-defendants Ibrahim Dimson and Edmund Duhaney to provide the voice samples. The three were not in court for the hearing." The AP adds, "Also Monday, a prosecutor indicated that statements the three defendants made to investigators after their July 5 arrest will be used against them at trial. Defense lawyers are seeking to suppress the statements. No trial date has been set. … Williams, Dimson and Duhaney were indicted July 11 on a federal conspiracy charge that accuses them of stealing new product samples and confidential documents from Coke and trying to sell them to Purchase, New York-based PepsiCo Inc. The three have pleaded not guilty. … The government says it has numerous digital recordings of conversations between the defendants. In the majority of the telephone calls recorded, the speakers do not identify themselves by their true and full name, which is why the government says it needs samples of the suspects' voices for comparison."

Teen Bank Robbers Raise FBI Concern About Possible Trend. USA Today (8/15, 3A, Coolidge, 2.27M) reports that with teens responsible for recent bank robberies in Ohio, Indiana and Tennesse, "the FBI is not ready to say there is a national pattern of teens robbing banks, but it is watching. 'We're looking to see if it's isolated or if it's an emerging trend,' said Jennifer Leonard, a supervisor in Washington, D.C., in the FBI's violent crimes unit." USA notes, "The FBI recently sent a memo to bank robbery

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coordinators alerting them to reports of teen robbers. … Harry Trombitas, an FBI coordinator in Cincinnati, said he couldn't remember a female teen being involved in an Ohio bank robbery. 'I've been in the bureau 23 years, this is very unusual,' he said."

Georgia Gang Members Sentenced To Collective 40 Years In Prison. The Gainesville (GA) Times (8/12, Stewart) reported, "The sentencing of members of a Gainesville gang Friday in federal court set a precedent in the war against gang violence in Northeast Georgia, prosecutors and law enforcement officials said. A total of more than 40 years in prison was handed out to former members of the criminal street gang KES or 'Killing Every Spot' by U.S. District Judge Richard W. Story. … The investigation of KES and subsequent convictions Friday are believed to be the first time a single gang was targeted and dismantled by authorities, Hall County Sheriff Steve Cronic said." The Times noted, "The identified leader of KES, 25-year-old David Ramirez, and his brother, Juan Ramirez, 28, both of Gainesville, received the bulk of prison time after accepting plea agreements."

The Atlanta Journal-Constitution (8/13, Nurse, 399K) reported, "The arrests in 2004 were the result of a multi-agency investigation by Gainesville Police-Hall County Sheriff Gang Task Force agents, the FBI and U.S. Immigration and Customs Enforcement. The prison sentences, all followed by three years of supervised release, were: David Ramirez: 11 years, three months; Alvarado-Castillo: five years, three months; Cruz: two years, nine months; Ortiz-Penado: four years, nine months; Juan Ramirez: 12 years, nine months; and Chavez-Olivarez: four years, three months." The AP (8/13) also reported on the sentencings.

Actress Involved In Bogus DHS TV Show Sentenced To Probation. The Los Angeles Times (8/15, Krikorian, Hanley, 918K) reports Alison Ann Heruth, "a Hollywood actress involved in a bogus television show about the U.S. Department of Homeland Security was sentenced Monday to five years' probation and 2,500 hours of community service and ordered to pay $3.4 million in restitution." US District Judge Manuel L. Real "imposed the sentence" on Heruth "after the 41-year-old mother of four and her attorney implored the judge not to send her to federal prison." Last September, "federal agents arrested the mastermind of that fraud, Hollywood producer Joseph Medawar, on charges that he had defrauded at least 70 investors," and "a joint investigation by the FBI and Internal Revenue Service concluded that the millions taken from investors financed a lavish lifestyle for Medawar and Heruth, with money spent on luxury cars, shopping sprees, $40,000-a-month rent on a Beverly Hills mansion and other extravagances."

Police Release Profile Of Indiana Sniper. The New York Times (8/15, Ferkenhoff) reports from Chicago, "The sheriff leading the investigation into a series of what appear to be sniper assaults in northwest Indiana said Monday that the authorities thought the attacker was young, worked with at least one partner, used a low-caliber weapon and was motivated by a wish to 'control' rather than to kill. … 'I think it's someone who is mentally unstable and who is looking for some notoriety,' said the sheriff, Roy Dominguez of Lake County, which covers the northwestern corner of the state, where at least 10 attacks on motorists have occurred since late July. … 'The attacks have occurred between dawn and dusk, and we think he wants to see it,' Sheriff Dominguez said after a news conference in which his department offered a $10,000 reward for information leading to the arrest and conviction of the sniper. 'We think that's what he's trying to do — have control and watch as people lose control or take evasive action.'" The Times notes, "The reward comes one week after a task force was formed with the local police and state and federal agencies, the F.B.I. among them, to hunt for suspects and sift through more than 100 leads that have been phoned into a 24-hour hot line."

Hinckley Asks For Four-Day Visits. The Washington Times (8/15, Mcelhatton) reports, "Attorneys for John W. Hinckley Jr. are asking a federal judge to allow the would-be presidential assassin to stay at his parents' house four nights at a time pending a move to expand his freedoms from a D.C. psychiatric hospital, court records show." The Times continues, "Hinckley, 51, who tried to kill President Reagan in 1981, was permitted to go on seven overnight trips to his parents' house in Williamsburg after a judge's ruling in December. … He has one trip left but is barred from taking any more releases from St. Elizabeths Hospital without a court order." The Times adds, "The U.S. attorney's office last week objected to the move, saying there isn't enough information available for government analysts to evaluate how Hinckley is faring on the overnight stays. … 'The government recognizes, as it has in the past, that Mr. and Mrs. Hinckley have been a model of dedication to a child stricken with mental illness,' Assistant U.S. Attorney Thomas E. Zeno said in a memo to U.S. District Judge Paul L. Friedman last week. … 'However, there are many issues regarding Mr. Hinckley's return to live with his parents which must be addressed,' the memo states. … For instance, federal prosecutors said in court documents that they need to subpoena Hinckley's medical records but note that they can't get access until a court hearing is scheduled. … In addition, prosecutors said, psychiatrist John J. Lee, who agreed to meet with Hinckley during the overnight stays in

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Williamsburg, is 'untested as a reporter of information about Mr. Hinckley.'"

Virginia Man Pleads Not Guilty To Richmond Killings. The Washington Times/AP (8/15, Gelineau) reports, "A man linked to a New Year's week killing spree pleaded not guilty yesterday to five counts of capital murder." The AP continues, "Ricky Jovan Gray, 29, is charged with the New Year's Day killings of local musician Bryan Harvey, 49; his wife, Kathryn, 39; and their daughters Stella, 9, and Ruby, 4. … The Harveys were discovered in the basement of their burning home, bound in duct tape, beaten and their throats cut." The AP adds, "Jurors in Gray's trial were being selected yesterday from a pool of 25. … Questioned in panels of three, the prospects were asked whether they would impose life in prison over the death penalty and whether seeing 'gory' or 'graphic' evidence would prejudice their decision." The AP notes, "Less than one week after the Harvey slayings, another Richmond family was found dead in their home. … Gray's nephew, Ray Joseph Dandridge, also 29, was charged with capital murder in the Jan. 6 killings of Percyell Tucker, 55; his wife, Mary Baskerville-Tucker, 47; and her daughter, Ashley Baskerville, 21. … Like the Harveys, they were found in their home -- bound and their throats cut. … Dandridge is scheduled to go on trial Sept. 18."

WPost Criticizes Decision On Disclosure Of Defense Information In AIPAC Case. The Washington Post (8/15, A12, 748K) says in an editorial that the US "has never had an Official Secrets Act -- a statute forbidding private citizens from disclosing and discussing information the government wants to keep quiet. Last week it got one. The change didn't come from Congress but from a federal judge in Virginia. At the urging of the Bush administration, Judge T.S. Ellis discovered it in an old and vague law that prohibits disclosure of information related to the national defense. Judge Ellis's dangerous decision comes in the case of two former executives of the American Israel Public Affairs Committee (AIPAC) -- Steven J. Rosen and Keith Weissman -- who are accused of conduct that skirts the legal line between legitimate advocacy and illicit espionage. The decision has far-reaching implications; if it stands, it will greatly augment governmental authority to compel Americans to keep quiet about what they know."

CIVIL LAW:

Iranian Brothers Sue DOJ, FBI Over Post-9/11 Detention. In a widely-distributed story, the AP (8/15, Deutsch) reports, "Four Iranian brothers who were detained for more than three years after the 2001 terrorist attacks filed a lawsuit Monday in federal court, claiming they were held on false pretenses during an FBI investigation." Paul Hoffman – the lawyer representing Mohammed, Mostafa, Mohsen and Mojtaba Mirmehdi – said that "the only reason for the brothers' detention was that they took part in rallies protesting the current Iranian regime. The lawsuit named former Attorney General John Ashcroft, FBI Director Robert Mueller and other federal officials as defendants." Hoffman noted that the Mirmehdis "were alleged then to have ties to the Mujahedin-e Khalq…that was deemed a terrorist organization by the State Department. 'But none of the brothers was a member or supporter of the MEK, as government officials knew when the brothers were detained,' Hoffman said."

The Los Angeles Times (8/15, Reza, 918K) also notes Ashcroft and Mueller are named in the lawsuit and adds, "The 49-page complaint says the government, through FBI Agent Christopher Castillo, took punitive action against the brothers…because of their refusal to work as informants. … According to the lawsuit, the brothers could have been released on bond as early as Dec. 10, 2001, were it not for Castillo's 'false and misleading testimony' during a hearing in which he portrayed the brothers as security threats. The suit says the FBI agent was the government's only witness."

Internet Privacy Group Files Complaint Against AOL Over Search Information Release. The Washington Post (8/15, D4, Nakashima) reports, "The Electronic Frontier Foundation filed a complaint yesterday asking the Federal Trade Commission to investigate AOL and require strengthening of its privacy protections after the Dulles-based firm recently released 20 million search records of 658,000 AOL users." The Post continues, "In its complaint, the San Francisco-based advocacy group contended that the data release violated AOL's privacy policy and the Federal Trade Commission Act's bar on deceptive or unfair trade practices." The Post adds, "An AOL spokesman said the breach was a violation of internal policy forbidding disclosure of sensitive information but not of the company's privacy policy. 'AOL did not provide any personally identifiable information to a third party,' spokesman Andrew Weinstein said, referring to the privacy policy. … AOL apologized last week for what it called a 'screw-up.' It has removed the data from the Web site, but the data set, intended for academic research purposes, has been copied and circulated. … 'Search terms can expose the most intimate details of a person's life -- private information about your family problems, your medical history, your financial situation, your political and religious beliefs, your sexual preferences and more,' said Marcia Hofmann, a staff attorney with the Electronic Frontier Foundation."

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CIVIL RIGHTS:

Bush Signs Bill Transferring Memorial Cross To Federal Government. The New York Times (8/15, Archibold, 1.21M) reports, "President Bush on Monday signed a law transferring a 29-foot-tall Latin cross high on a hill in San Diego to the federal government, stepping into a long-running dispute over the separation of church and state." Bush, "in the latest unusual action designed to save the Mount Soledad cross, in the La Jolla district, sided firmly with cross supporters who acknowledge that it is the pre-eminent symbol of Christianity but contend that it forms part of a secular war memorial." The legislation "uses eminent domain to transfer the memorial land, which includes the cross and six concentric walls holding nearly 2,000 plaques honoring war veterans, from city ownership to the federal government. The private group that built the cross, the Mount Soledad Memorial Association, will continue to maintain it."

The Washington Times (8/15, Duin, 88K) says "the signing rendered moot two lawsuits seeking to remove the Mount Soledad Cross, a fixture on the city's skyline since its installation on Easter 1954, as a Korean War memorial." The Justice Department "will head up efforts to retain the Mount Soledad Cross and the surrounding 170 acres as a military war memorial." Reps. Duncan Hunter, Brian P. Bilbray and Darrell Issa, "the San Diego-area Republicans who co-authored the legislation in June, attended the bill signing."

The Washington Post (8/15, A2, 748K) says "proponents of the new law believe the change in ownership could help insulate the cross from legal challenges because federal law is more flexible about religious displays on federal property than the California Constitution is about city land." The Los Angeles Times (8/15, Perry, 918K) also reports the story.

Recruiter Misconduct Cited By GAO. The AP (8/14, Flaherty) reports, "Military recruiters have increasingly resorted to overly aggressive tactics and even criminal activity to attract young troops to the battlefield, congressional investigators say." The recruiters allegedly are motivated by "grueling combat conditions in Iraq, a decent commercial job market and tough monthly recruiting goals." The GAO reported that "substantiated cases of wrongdoing jumped by more than a third, from about 400 cases in 2004 to almost 630 in 2005. Meanwhile, criminal cases - such as sexual harassment or falsifying medical records - more than doubled in those years, jumping from 30 incidents to 70." The Army reported "more than half" the recruiting crimes committed in 2005. About 90 sites carried this story.

AFP (8/14) also reports this story, saying that the Army's "improved recruiting performance has come only after big increases in signing bonuses and moves to broaden the pool of those eligible by admitting more lower-scoring candidates and raising the maximum age from 35 to 42."

The Washington Post (8/15, White, 748K) reports that the increase "may reflect growing pressure to meet wartime recruiting goals." The GAO reported "that about 20 percent of active-duty recruiters believe that irregularities -- such as coercion, concealing information that would disqualify a candidate and falsifying documents, among others -- occur frequently. A majority of recruiters also reported dissatisfaction with their jobs." The likelihood of being sent to war and the strong civilian economy have both made the recruiting effort more difficult.

Gay Discharges From Military Rose In 2005. Picking up on a story broken the previous day by the AP, the New York Times (8/15, Files, 1.21M) reports, "The Defense Department discharged 726 service members last year for being gay, up about 10 percent from 2004, figures released by a gay rights group show." It breaks down the total by service branches: "The Army, by far the largest branch of the military, discharged more gay personnel last year than the other branches with 386, the figures show, followed by the Navy with 177, the Air Force with 88 and the Marines, the smallest force, with 75." Secretary Rumsfeld has said the DOD "will not revisit the policy," according to the Times. It quotes a spokesman for the gay rights group, who said "some service members have used the policy to escape their military obligations as morale has dipped and multiple overseas deployments have caused strain ... The legal group has also seen an increase in the malicious use of the Internet and e-mail to disclose the sexual orientation of service members."

A long Fox News/AP (8/14) article describes the policy and also reports the statistical revelations, which resulted from an FOIA request filed by the Servicemembers Legal Defense Network. The AP quotes the organization's executive director and a female physician who was discharged under the policy. The latter article was carried by more than 70 sites.

Judges Dismiss GOP Lawsuit Against Colorado Remap Imposed by Court. The AP (8/15, Sarche) reports, "A panel of federal judges has delivered a blow to Colorado Republicans and dismissed the last lawsuit filed over congressional boundaries imposed by a state court." … The federal lawsuit had asked judges to reinstate the district lines drafted by the Republican-controlled Legislature."

Death Of Baltimore Teen Sparks Debate Over Police Use Of Force. The Baltimore Sun (8/15, Dolan) reports, "The weekend death of a 14-year-old boy by a

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Baltimore police officer is reviving a controversial issue for the department: When is the right time to use deadly force to stop aggressive suspects?" The Sun continues, "As investigators probe the fatal shooting of Kevin Cooper inside his home on Saturday morning, his family's lawyer challenges the officer's account, saying that the boy's behavior did not warrant such a violent reaction. … But experts who train officers cautioned that these kinds of volatile domestic situations require split-second decisions by officers worried about the safety of bystanders as well as their own." The Sun adds, "Options like blinding Mace, disabling batons and Taser stun guns can be employed effectively to force many suspects into compliance. … Still, according to several former police commanders and authorities in tactical procedures, the public should not be lulled into thinking that every suspect can and should be subdued by those less-than-lethal methods."

IG Probes Deletions In Reports On DC Group Home Deaths. The Washington Post (8/15, B05, Barker) reports, "The D.C. inspector general has begun an investigation to determine who altered reports on the deaths of mentally retarded residents in group homes to delete damaging information before the documents were turned over to court and other oversight officials." The Post continues, "Austin A. Andersen, the deputy inspector general, confirmed yesterday that the Medicaid Fraud Control Unit of the inspector general's office has assigned auditors to look into the deletions in the death reports, including who made them and under whose instructions. … Andersen declined to comment further except to say that the probe, requested by D.C. Council member Adrian M. Fenty (D-Ward 4), will be done as quickly as possible." The Post adds, "The death reports are done by an independent contractor, then given to the city's Incident Management and Investigations Unit for review before being distributed to the court, the mental retardation agency and others. Sawyer said previously that the deletions occurred before late October 2005, when that unit was shifted to her agency. … The deletions were discovered by Elizabeth Jones, the court monitor in the lawsuit. This summer, Jones checked a sampling of 19 cases and found significant deletions in eight. … They included information that described serious case-management failings, delays in obtaining consent for medical procedures, concerns about health care and problems getting information needed to complete the death investigations, as well as recommendations designed to avert harm to residents in city-contracted group homes."

Lawsuit Reinstated In Los Angeles Over Handcuffing Of Boy. Metropolitan News-Enterprise (8/14) reports a Los Angeles man "who was 11 years old when a team of officers allegedly pointed guns at and handcuffed him while seeking to arrest his father can sue for violation of his constitutional rights," according to a Ninth U.S. Circuit Court of Appeals ruling. U.S. District Judge Ronald S.W. Lew "ruled two years ago that the agents, from the IRS, Drug Enforcement Administration, and Los Angeles Police Department, did not use excessive force or unreasonably detain Ephraim Tekle. … The Ninth Circuit panel disagreed, saying no reasonable officer would have believed that the Constitution allowed him to act in the manner Tekle alleges."

Lack Of Voting Standards Said To Suggest Relevance Of Florida Recount Case. In a New York Times editorial observer column (8/15), Adam Cohen says, "At a law school Supreme Court conference that I attended last fall, there was a panel on 'The Rehnquist Court.' No one mentioned Bush v. Gore, the most historic case of William Rehnquist's time as chief justice, and during the Q. and A. no one asked about it." The ruling that "handed the presidency to George W. Bush is disappearing down the legal world's version of the memory hole, the slot where, in George Orwell's '1984,' government workers disposed of politically inconvenient records." But the "heart of Bush v. Gore's analysis was its holding that the recount was unacceptable because the standards for vote counting varied from county to county." If this "equal protection principle is taken seriously, if it was not just a pretext to put a preferred candidate in the White House, it should mean that states cannot provide some voters better voting machines, shorter lines, or more lenient standards for when their provisional ballots get counted — precisely the system that exists across the country right now."

ANTITRUST:

Bristol-Myers, Sanofi-Aventis Seek To Block Generic Plavix Sales. The AP (8/15, Agovino) reports, "Bristol-Myers Squibb Co. and Sanofi-Aventis SA said Monday they filed an injunction against Apotex Corp. to stop the Canadian drug maker from selling a less expensive, generic version of the blood thinner Plavix and force it to recall product already sold." The AP continues, "The companies also said they have begun discounting Plavix to stem the loss of the drug's market share." The AP adds, "A hearing on the motion is set for Friday in the U.S. District Court for the Southern District of New York, where the injunction was filed and a patent case on Plavix is pending. … In the filing, the two brand-name makers said there are four reasons the injunction should be issued, including the likelihood they will prevail in the pending patent case and that Apotex's launch last week is causing them irreparable harm." The AP notes, "Apotex launched the drug last Tuesday after a settlement agreement to end the years-old patent litigation

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fell apart. The generic drug costs around $124 for 30 tablets, compared with about $148 for the Bristol-Myers branded version. … Bristol-Myers and Sanofi-Aventis allege that Apotex has aggressively flooded the market with generic Plavix, selling customers several months supply. The companies said that since Apotex's launch has been so large, any injunction that doesn't include a provision for a recall would fail to provide them meaningful financial relief because they'd still be competing with the generic drug left in the market."

Biomet, Zimmer Named In Antitrust Suits. The Fort Wayne Journal Gazette (8/15, Schroeder) reports, "Warsaw-based orthopedic companies are being sued for alleged violations of antitrust law that are at the heart of an ongoing investigation by the U.S. Department of Justice." The Gazette continues, "Biomet Inc. said Friday in its annual report filed with the Securities and Exchange Commission that it has received two complaints in class action lawsuits and is aware of other lawsuits that have been filed against but not served on the company. The company said that the complaints also named various other companies in the orthopedics industry." The Gazette adds, "Earlier this month, Zimmer Holdings Inc. made a similar disclosure in a quarterly report filed with the SEC. The company said it and other major orthopedic manufacturers had been named as defendants in six class action lawsuits for alleged violations of antitrust laws as of July 27. … Both Zimmer and Biomet said the lawsuits were without merit and said they planned to mount a vigorous defense."

NovaGold Urges Shareholders To Reject Takeover Bid By Barrick. The Wall Street Journal (8/15, Moritsugu) reports, "NovaGold Resources Inc. said it is recommending shareholders reject a $1.53 billion unsolicited takeover offer from Barrick Gold Corp. because it "significantly undervalues" NovaGold's mineral projects and expansion potential." The Journal continues, "The Vancouver, British Columbia, mining company said it has started legal action against Barrick, alleging misuse of confidential information with respect to the companies' competing bids for Pioneer Metals Corp., of Vancouver." The Journal adds, "Two weeks ago, Barrick offered $14.50 a share for NovaGold's shares. NovaGold said it was disappointed with the offer and urged shareholders to hold off. … NovaGold hasn't produced any metals, but holds two undeveloped assets that are attractive to Barrick: a substantial stake in Alaska's Donlin Creek gold prospect, and 100% of British Columbia's Galore Creek copper and gold discovery. … NovaGold, which announced its offer for Pioneer Metals June 14, said it provided nonpublic information about its Galore Creek project to Barrick June 16. Barrick made an offer July 24 for Pioneer Metals that topped the offer made by NovaGold."

ENVIRONMENT:

BP Considers Alternative Pipeline Routes For Eastern Prudhoe Bay Field. The Wall Street Journal (8/15, Biers, 2.03M) reports BP is "considering alternative pipeline routes from the closed portion of the [Prudhoe Bay oil field], a move that might allow production to resume by October. The eastern portion of the field...accounts for about half of the field's production, which totals 400,000 barrels a day." The Journal says, "Reopening the eastern half of the field sooner than the January 2007 date projected by some observers would further reassure markets, especially on the U.S. West Coast." BP "could boost output from the eastern half of the hobbled field by tying some of the eastern Prudhoe production into the nearby Endicott pipeline, which it operates."

Federal Judge Refuses To Stop Sale Of Oil And Gas Leases. The AP (8/15, McGill) reports, "A federal judge dealt Gov. Kathleen Blanco a defeat Monday in her campaign to force the government to give Louisiana a bigger share of royalties from offshore oil and gas drilling." The AP continues, "U.S. District Judge Kurt D. Engelhardt turned down Blanco's request to block Wednesday's sale of federal natural gas and oil leases in the western Gulf of Mexico. Blanco has not said whether she would appeal." The AP adds, "Blanco has threatened to block such sales until the state is given more royalties to help it recover from Hurricane Katrina. She filed a lawsuit claiming the federal government has not done enough to protect Louisiana's wetlands from damage from drilling. .. . Engelhardt said the state will have a strong case when the dispute goes to trial in November, but allowing the sale to go on would not harm the state. … 'The court's decision today will allow MMS (Minerals Management Service) to continue its plans for producing additional energy supplies for the nation,' said Johnnie Burton, director of the federal agency that will conduct the sale, in a statement." The AP notes, "The state now receives less than 2 percent of royalties from oil and natural gas produced in the Gulf. Blanco and Louisiana's congressional delegation are demanding more. … Both the Senate and House have passed bills that would give Louisiana and other Gulf states more 37.5 percent under the Senate bill, 50 percent to 75 percent under the House bill. The differences in the legislation still need to be worked out."

Nevada Water Battle Heating Up. The Washington Post (8/15, A3, Geis) reports, "Las Vegas is a parched desert city in a four-year drought, with new residents pouring in at a rate of at least 5,000 per month. So water officials plan to tap a great system of aquifers that form underground lakes in a

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swath across Nevada, some of them hundreds of miles away. … But the water is not free for the taking. On top of the aquifers are ranches and small towns, where a small, tenacious group of rural residents are fighting hard to keep Las Vegas from sucking them dry. … 'It's a question of values,' said Dean Baker, a rancher with 2,000 head of cattle in White Pine County. 'Will society accept drying up this environment to feed Las Vegas's money appetite?'" The Post continues, "The battle is the latest in a long series of skirmishes between Western cities and rural areas over limited supplies of water and how it should be allocated. Typically, cities win. Coastal California, Phoenix and Salt Lake City all rely on distant groundwater supplies. … Such transfers of water from rural to urban areas 'have not yet occurred in Nevada,' said Hal Rothman, a professor of history at the University of Nevada at Las Vegas. 'But they are beginning here.'" The Post notes, "The Colorado River provides 90 percent of Las Vegas's water, but the city lives on a diet, an allocation of water it was awarded decades ago, when Las Vegas was a whistle-stop. So the Southern Nevada Water Authority wants the water that lies underground to the north. … To carry the water to the households of Las Vegas, engineers propose a $2 billion hydra-headed pipeline stretching 250 miles. The water authority has already started buying ranch property in the county to access the water underneath. Water authority officials say there is enough water underground statewide to provide for the ranchers, plus cover about two-thirds of Las Vegas's annual water needs. … On Sept. 11, the Nevada state engineer will hold a hearing and then make a decision about how much water Southern Nevada can take. Legally, all the water under Nevada is a state resource, and the engineer must determine its best use."

Bird Flu Discovered In Two Swans In Michigan. NBC Nightly News (8/14, story 7, 0:10, Brown, 9.87M) reported, "There was a bit of alarm about possible bird flu in this country today. Federal health officials said they found H5N1 virus in two swans as part of the routine bird flu surveillance in southeastern Michigan but they said the virus is not the form that can be deadly for birds and there is no threat to human health."

The AP (8/15) quotes White House spokesman Tony Snow as saying US officials "believe it is a strain of low pathogenicity, similar to strains that have been seen before in North America." The Washington Times/AP (8/15, A1, Neergaard) reports on its front page that preliminary testing has "ruled out the highly pathogenic version" of the virus. Despite the lack of human risk, federal officials said they were announcing the apparent discovery as "a sign of openness about the $29 million effort to check for signs that H5N1 is posing a renewed threat to US birds."

The Wall Street Journal (8/15, A2, Zhang, 2.03M) says government scientists are conducting "a confirmatory test to clarify whether one or more strains of the virus are present, the specific subtype, as well as whether it's high or low pathogenic." The tests are expected to be completed in two weeks. The New York Times (8/15, McNeil, 1.21M) and USA Today (8/15, D11, Manning, 2.27M) also report on the discovery.

Maryland Bans Swimming At Sandy Point Park. The Washington Times (8/15, Dodd) reports, "Maryland health officials have banned swimming at Sandy Point State Park in Annapolis because of an outbreak of a bacteria that could cause skin infections or stomach illnesses." The Times continues, "There have been no reported cases of illnesses caused by the bacteria, known as Enterococcus, officials said. … Nonetheless, health officials warned that anyone who has swum recently at the park should monitor their open cuts and stomach health. … 'Overall, [Chesapeake Bay] water has had lower bacterial levels than in past years,' said Richard A. Eskin, director of technical and regulatory services for the Maryland Department of the Environment. 'This is a localized problem.'" The Times adds, "This is the second time this season that health officials have banned swimming at Sandy Point because of high levels of the Enterococcus bacteria, which is found in the fecal matter of warm-blooded animals. … A similar ban was enforced late last month; the current ban went into effect Sunday."

FBI/DEA/ATF/USMS:

West Virginia FBI Agent Resigns As Part Of Prostitution Case Plea Agreement. WBOY-TV Clarksburg (8/14, Schubert) reports FBI Special Agent Sterling Pace "was charged with two counts of soliciting a prostitute and two counts of obstructing justice. His trial began Monday morning. But after the state's first witness testified, the prosecution and defense worked out a deal, and the state filed a mistrial. According to the agreement, as long as Pace resigns from the FBI, and pays court costs, prosecutors won't bring charges up against him. … Pace resigned his position on Monday afternoon."

Western Pennsylvania Native Named Pittsburgh SAC. The Pittsburgh Post-Gazette (8/15, Ward, 241K) reports, "A Western Pennsylvania native has been appointed by the FBI to be special agent in charge of the local office. Ray Morrow, who currently is special agent in charge of the administrative division of the FBI's New York office, is not expected to begin his new job until at least October, said Agent Jeff Killeen, a spokesman for the Pittsburgh office. … He became a special agent with the FBI

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in 1987 with the Louisville, Ky., office. Following that, Agent Morrow worked undercover in a police corruption investigation that led to the convictions of 30 Cleveland police officers." The Post-Gazette notes that Morrow "will replace M. Chris Briese, who has already left for Washington, D.C., where he now serves as deputy assistant director in the bureau's counterterrorism branch."

Reporting Continues On Three Killings In California Linked To Drug-Smuggling Feud. The San Francisco Chronicle (8/14) reports, "A 2002 triple slaying in a Union City home has been linked to a feud between two top Bay Area drug traffickers. The disclosure came amid the arrests of five people last week and searches of homes in Oakland, Danville, Hillsborough, San Mateo and Burlingame. Beginning in 2000, the five suspects smuggled large quantities of ecstasy into the United States, hiding the illegal party drug in high-end imported pianos, BMW transmissions and leather sofas, authorities said."

Marijuana Eradicated In Fields Linked To California Gang. The Sacramento Bee (8/14) reports at least "40 heavily armed law enforcement officers raided two marijuana gardens blooming within a few miles of some of El Dorado County's most expensive homes. Investigators linked the marijuana patches to one of Southern California's toughest criminal gangs. No one was arrested, but when the dust had settled, about 2,000 plants...were seized." Monday's eradication effort "was another local shot in the annual statewide war against what some say is California's biggest cash crop." The Bee notes the DEA's involvement in the eradication.

According to the AP (8/14), police officers "raided two large El Dorado County marijuana fields early Monday, using helicopters to find and seize 6,000 drug plants. … Gordon Taylor, special agent in charge for the U.S. Drug Enforcement Agency's Eastern Division of California, said the raid was the culmination of an investigation that began with a citizen's tip in May."

Seattle Somalis Remain Upset By Khat Busts. The Seattle Times (8/15, Hurst, 217K) reports, "For the area's growing Somali community, a recent federal bust of an alleged khat-smuggling ring didn't just lock up 14 fathers, brothers and husbands. It also broke a trust in the U.S. government that had helped some 15,000 expatriates flee war-torn Somalia for Seattle. Community leaders talk about it at the Somali Community Services community center" and some resident "say they're afraid to pick up the phone or answer the door for fear another law-enforcement agency might be getting ready to target their community." The Times notes, "Law-enforcement officials have been unapologetic about the raids. Seattle police Lt. John Koutsky, along with two FBI agents, met with community leaders earlier this month" and "said closing the cultural divide and regaining the Somali community's trust are key to keeping the neighborhoods safe. Mark Meinecke, one of the FBI agents, agreed. He explained that the khat bust was less about the drug itself and more about preventing funds used to buy khat from ending up in terrorists' hands."

Report: Tennessee Detective Fails Lie Detector Test In Drug-Theft Case. Nashville's Tennessean (8/14) reports a Metro undercover vice detective "failed a lie detector test in October after telling federal agents that he did not know in advance that he was helping another vice detective steal a kilo of cocaine from a drug dealer, federal prosecutors said in recent court filings. Detective Charles Williams, 38, is awaiting trial on federal charges stemming from the April 2003 incident. … Local and federal authorities have refused to discuss details of the case. But a previous court filing contained a written statement from Williams, in which the officer claimed he was duped by fellow detective Ernest Cecil into faking an arrest to facilitate the drug rip-off."

Nevada "Medical Marijuana" User Pleads Guilty To Possession. On its Web site, Court TV (8/14) reports the trial of a "medical marijuana" user "went up in smoke Monday when the defendant suddenly decided to plead guilty. After an 11th -hour plea deal, Pierre Werner admitted intentionally breaking the law and pleaded guilty to one felony charge of possession of a controlled substance with intent to sell. … Werner went on to admit that he knowingly possessed more medical marijuana than allowed by law and that he sold pot for money. … Werner's doctor testified last week that Werner qualifies for [a medical marijuana] license because he suffers from 'severe nausea' which he contends stems from his bipolar disorder and schizophrenia."

Sprinter Protests Doping Violation, Refuses To Join Britain's Relay Team After Victory. The Financial Times (8/15) reports Darren Campbell "has urged Dwain Chambers to expose the people who introduced him to performance-enhancing drugs. On Sunday, the veteran sprinter refused to join Chambers and the rest of Great Britain's 4x100m relay team after winning gold in the European Athletics Championships in Gothenburg, saying it was 'inappropriate.' Campbell was unhappy at the inclusion of Chambers in the team following the completion of his two-year ban for doping. The British relay team that included Campbell were stripped of their 2002 European gold six weeks ago following Chambers' admission that he was using the steroid THG as far back as those championships."

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ATF Revokes Licenses Of Two California Gun Stores. The Modesto Bee (8/15, Meer) reports, "Two Merced (CA) gun store owners are losing their licenses to sell firearms after the federal Bureau of Alcohol, Tobacco and Firearms determined there were problems with paperwork required for gun sales." The Bee continues, "One store, Gunrunners, will remain open under a new name and ownership. The other, Stone's Gun Shop, closed last week." The Bee adds, "Nina Delgadillo, a spokeswoman for the ATF's San Francisco office, said both stores had repeated paperwork violations that led to the loss of the owners' licenses. … Gunrunners owner Gerry Mitchell said the problem was over paperwork customers fill out when they buy guns. .. . On two visits, he said, ATF officials determined that customers filled out paperwork incorrectly. Examples included a customer who filled in the wrong county where he lived, or a customer who filled in the country he lived in rather than a county."

IMMIGRATION:

Census Data Shows Dispersal Of New Immigrants Across US. USA Today (8/15, El Nasser, 2.27M) reports, "Mexicans with little education and limited English skills are leading a wave of newly arrived immigrants who are increasingly fanning out from traditional gateway states, Census data released today indicate. The dispersal of new immigrants to parts of the Southeast and Midwest that are unaccustomed to foreign-born populations in large numbers may be fueling national concerns about illegal immigration, some population analysts say."

The New York Times (8/15, Lyman, 1.21M) reports, "The number of immigrants living in American households rose 16 percent over the last five years, fueled largely by recent arrivals from Mexico, according to fresh data released by the Census Bureau." The Times adds, "By far the largest numbers of immigrants continue to live in the six states that have traditionally attracted them: California, New York, Texas, Florida, New Jersey and Illinois." Immigrants also "continue to flow into a handful of states in the Southeast, like Georgia and North Carolina, a trend that was discerned in the 2000 census." But "it is in the less-expected immigrant destinations that demographers find the most of interest in the new data. Indiana saw a 34 percent increase in the number of immigrants; South Dakota saw a 44 percent rise; Delaware 32 percent; Missouri 31 percent; Colorado 28 percent; and New Hampshire 26 percent."

Meanwhile, the Washington Post (8/15, A1, Layton, Keating, 748K) reports "the Washington metropolitan region is home to more than 1 million immigrants, solidifying its position as a gateway to America, according to census figures released today. Last year, one in five people in metropolitan Washington were immigrants, compared with one in six in 2000. And the immigrants who have flocked here are better educated than elsewhere." Washington "is now among eight metropolitan areas with immigrant populations of 1 million or more: New York, Los Angeles, Miami, Chicago, San Francisco, Houston, Washington and Dallas, according to William H. Frey, a demographer at the Brookings Institution." The region's immigrant population "has more than doubled since 1990."

The Washington Times/AP (8/15) reports "the survey, which cost $170 million last year, has limitations. For example, only people living in households were surveyed." That "excludes the 3 percent of people who live in nursing homes, hospitals, college dormitories, military barracks, prisons and other dwellings known as group quarters." Also, "the numbers for Gulf Coast states do not reflect the effects of Hurricanes Katrina and Rita, which scattered hundreds of thousands of people last year."

Minuteman Still Not Disclosing Financial Information. The Washington Times (8/15, Seper, 88K) reports under the headline, "Border Group's Finances A Secret," that the "Texas firm that manages hundreds of thousands of dollars in donations to the Minuteman Civil Defense Corps says it has not been authorized to divulge a detailed accounting of the funds, despite assurances by the MCDC's top official that it would do so." Maureen E. Otis, president of American Caging Inc. in Stafford, Texas, "an agency hired to collect, deposit and disburse donations to the civilian border-patrol group -- told The Washington Times that neither MCDC President Chris Simcox nor the group's board of directors had given her permission to 'disclose any numbers.'" Simcox, who "has been criticized by current and former MCDC members for a lack of leadership and financial accountability, had referred The Times to Mrs. Otis, saying she could 'tell you everything' to clear up the concerns."

TAX:

IRS Alleges Comtrol CEO Owes $1.6 Million In Taxes. The Minneapolis Star Tribune (8/15, Furst) reports, "In the past two weeks, the millionaire CEO of a Maple Grove computer products company has been working overtime to keep himself from the clutches of federal authorities." The Tribune continues, "Robert B. Beale, who the IRS says owes $1.6 million in federal taxes plus interest and penalties, has written to President Bush and U.S. Attorney General Alberto Gonzales requesting that charges against him be dismissed. If convicted, he faces up to 30 years in prison. … 'He fundamentally believes, and has stuck to his belief since this case started, that the federal income tax is illegal,' said

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Bradford Beale, his son and vice president of Comtrol Corp., the firm that his father founded." The Tribune adds, "Robert Beale's problems multiplied Monday. … U.S. District Judge Ann Montgomery ordered that a warrant be issued for Beale's arrest after he failed to show for the first day of his trial at the U.S. Courthouse in Minneapolis. … The elder Beale allegedly drew $5.7 million in income from Comtrol between 2000 and 2004, and paid no state or federal taxes, court records say. In a trial brief filed last week, Assistant U.S. Attorney Timothy Rank wrote that Beale 'engaged in a concerted effort with others at Comtrol to conceal and disguise the source, location and amount of Beale's income.'"

CONGRESS-ADMINISTRATION:

Officials Race To Allocate Iraq Rebuilding Funds Before They Expire. The Financial Times (8/15, Kirchgaessner) reports, "US officials are racing to allocate $1.17bn in Iraq reconstruction funds by September 30 to prevent the funds from expiring and being diverted back to the US Treasury. The 'use it or lose it' scenario, which compels US authorities to disperse what remains of the $18.4bn…Iraq relief and reconstruction fund by the end of the fiscal year, is ringing alarm bells in some quarters of Congress, where the US-led reconstruction effort has come under scrutiny from Democrats and Republicans alike."

Bush Signs Vocational Education Bill. The AP (8/15) reports, "The White House announced Monday that President Bush has signed the Perkins Act, the first major update of the nation's vocational education law since 1998." Bush "signed the law after Congress overwhelmingly rejected his attempts to scrap it." The law "steers $1.3 billion a year into career-based courses in high schools and community colleges. The legislation extends the vocational programs through 2012."

SCOTUS Could Settle Presidential Signing Statement Dispute. The Legal Times (8/15, Mauro) reports, "It was an otherwise routine oral argument before the Supreme Court in April. … Justices were debating the meaning of the Individuals with Disabilities Education Act, with Justices Stephen Breyer and Antonin Scalia jousting, as usual, over the significance of the legislative history of the statute. The lawyer arguing the case, Arlington Central School District v. Murphy, might as well have sat down while the justices talked among themselves. … Suddenly, Scalia piped up with a question. 'What about the president? When he signed it, did he indicate an interpretation?'" The Times continues, "It was a startling inquiry, especially coming from a justice who fervently insists that he cares only about the words of a statute, not the spin that legislators — and presidents, presumably — put on those words. … But it was a sure sign that the statements presidents issue when they sign bills into law, long ignored as the rough equivalent of White House press releases, are receiving renewed attention in all sectors of Washington." The Times adds, "Controversy over President George W. Bush's frequent and aggressive use of the statements to signal that he might not enforce bills he signed has gained momentum rapidly over recent months and could careen toward the Supreme Court itself — with an uncertain fate. .. Bush has issued signing statements questioning more than 800 provisions of laws he signed, according to the American Bar Association. That's more than all previous presidents combined. Often couched in language about his supervisory powers over the executive branch and foreign affairs, Bush has questioned laws ranging from the ban on torturing detainees to provisions establishing affirmative action programs to a ban on the use of American military forces in Colombia." The Times notes, "A milestone in the dispute came Aug. 8, in Honolulu, of all places, at the annual convention of the ABA — an organization that is typically capable of studying an issue to death over months and years. … But criticism of the ABA action has come from an unexpected quarter: Clinton-era Justice Department officials, including former acting Solicitor General Walter Dellinger III, who say the ABA incorrectly focused on signing statements — which they view as useful — rather than on Bush's actions expanding executive power."

Chief Justice Names Former DOJ Official As Top Aide. The Legal Times (8/15, Mauro) reports, "Chief Justice John Roberts Jr. on Monday named Jeffrey Minear, a 20-year veteran of the solicitor general's office, to be his administrative assistant, a position akin to chief of staff." The Times continues, "Minear, who has argued 56 cases before the high court, will succeed Sally Rider, who served as administrative assistant to Roberts' predecessor, the late William Rehnquist. Rider is leaving in September to head a constitutional studies center named after Rehnquist at the University of Arizona College of Law. … Roberts and Minear, 51, are longtime friends and former colleagues, serving together in the solicitor general's office during the first Bush administration and, more recently, in the Microsoft antitrust appellate litigation, in 2001. Both worked on the Microsoft case, Minear representing the federal government, and Roberts, then in private practice, representing a coalition of states."

The San Diego Union-Tribune/AP (8/15, Apuzzo) reports, "In his new job, Minear will serve as Roberts' chief of staff, helping run the court and monitor judicial issues. He will assist the chief justice on such issues such as court reform but he won't help craft court opinions. … 'I have worked with (and against) Jeff over nearly two decades and during that

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time I have seen firsthand his strong commitment to the Supreme Court as an institution and his respect for its role in our system of government,' Roberts said in a prepared statement. … Minear will start work Sept. 11."

Bush's Vacation Timing Criticized. The White House Bulletin/US News (8/14) reported, "Predictably, President Bush is taking his lumps for staying at his Texas ranch last week despite the crisis on the Middle East. Bush returned to Washington yesterday after 10 days at the 1,600-acre spread, prompting criticism even from inside his party that he seemed disengaged." A prominent Republican and informal White House adviser said, "He should not have been in Crawford with the world on fire." The Bulletin adds that for their part, "White House officials point out that Bush cut his vacation much shorter than last summer, when he spent five weeks in Crawford and was derided for being out of touch when Hurricane Katrina devastated New Orleans and much of the Gulf Coast. This year, Bush aides say he was actually working much of the time while he was at his ranch. And the officials say Bush will have a very heavy schedule of activities this week, to demonstrate his hands-on approach to governing." Bush's schedule "includes strategy sessions on the Iraq war today, discussions on homeland security tomorrow, and a meeting and press conference with his economic advisers at Camp David Friday. But Bush is sure to revive the criticism later this month when he plans to spend a few days at his father's retreat in Kennebunkport, Maine and return to his ranch for a few days around Labor Day."

Legal Services Corporation Enjoy Many Luxuries. The AP (8/15, Margasak) reports, "The federal program that provides legal help to poor Americans turns away half of its applicants for lack of resources. But that hasn't stopped its executives from lavishing expensive meals, chauffeur-driven cars and foreign trips on themselves." Agency "documents obtained by The Associated Press detail the luxuries that executives of the Legal Services Corp. have given themselves with federal money -- from $14 'Death by Chocolate' desserts to $400 chauffeured rides to locations within cab distance of their offices." The "government-funded corporation also has a spacious headquarters in Washington's tony Georgetown district -- with views of the Potomac River and a rent significantly higher than other tenants in the same building. And board members wrote themselves a policy that doubled the amount they could claim for meals compared with their staff."

Coburn On "Collision Course" With Byrd Over Earmarks. The Christian Science Monitor (8/15, Chaddock, 58K) reports Sens. Robert Byrd and Tom Coburn "are on a collision course over what could be the only reform item in play in the 109th Congress: earmarks." Coburn "didn't get the memo about freshmen senators not getting between a senior senator and his earmarks. Coburn has held 43 oversight hearings on earmarks, which he calls the 'gateway drug to spending addiction.'" Coburn's "amendment to the FY 2007 Defense Appropriations bill mandating an analysis of the total cost and effectiveness of defense earmarks for the goals of the Department of Defense (DOD) passed the Senate 96 to 1, with Senator Byrd the lone dissenter." But it is "not clear that any of these amendments would survive a conference with the House." Other senators "have hurled jeremiads on earmarks, but no one in at least 25 years, until Coburn, has done battle with a colleague over them."

The Christian Science Monitor (8/15, Chaddock, 58K) reports that since 1985, Sen. Robert Byrd (D) of West Virginia "has directed $250 million in earmarks to upgrade the Allegany Ballistics Laboratory (ABL) here in his state's eastern panhandle - $26 million this year alone. For the Senate's "'king of pork,' it's a drop in the bucket. After 47 years on the Senate's powerful Appropriations Committee, Byrd has mastered congressional earmarks - add-ons to spending bills for projects back home. Since 1991, he has steered $3 billion in earmarks to West Virginia, according to Citizens Against Government Waste." The vast sums "show Byrd's effort to boost the Mountain State's economy. But they also obscure the sometimes tense synergy between Congress and the Pentagon over the merits of military earmarks." Not "all pork is equal -- and not all earmarks are bad, say analysts close to the process. The key questions with any defense earmark are whether the Pentagon really wants it and, if so, why it isn't included in the Pentagon budget. Also: What doesn't get done in order to pay for it?"

Department of Transportation Reports Data Security Breach. The Washington Post (8/15, A11, Lee, 748K) reports, "The inspector general's office at the Department of Transportation disclosed yesterday the theft of another laptop from one of its agents in Florida, the second such report in less than a week. Barbara L. Barnet, the special agent in charge of the Miami office, discovered in April that her laptop had been stolen from a locked room during an agency-sponsored anti-fraud conference in Orlando, acting Deputy Inspector General Theodore P. Alves said yesterday." Alves said that there "is no indication yet that the computer contained sensitive personal information."

VA Announces Encryption Effort. The AP (8/14) reports, "Following a series of embarrassing data security breaches, the Department of Veterans Affairs on Monday announced it would upgrade all the agency's computers with a new encryption technology to be first installed on the agency's laptops within a month. … The encryption follows the award of a $3.7 million contract to Syracuse, N.Y.-based SMS Inc. The VA will be using GuardianEdge and Trust

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Digital products. The agency said final testing of the software is under way with actual encryption set to begin Aug. 18." VA Secretary Jim Nicholson: "A system-wide encryption program will be a tremendous step forward in improving the safety and security of sensitive veteran information."

Nicholson Seen On Vacation With Perot, Mariani. In his "Inside the Beltway" column in the Washington Times (8/14, 88K), John McCaslin notes that VA Secretary James Nicholson "enjoyed some vacation time together" with H. Ross Perot and "America's leading wine importer John F. Mariani Jr." in Bermuda "in recent days."

White House Press Corps Moves To Temporary Quarters. The AP (8/15, Hunt) reports, "The White House press corps took up residence Monday outside the iron-gated presidential compound for the first time in more than 100 years to make way for repairs on their well-worn quarters. For the next nine months or so, reporters will cover President Bush from offices on two floors of the White House conference center alongside Lafayette Park, across Pennsylvania Avenue from the West Wing."

Dana Milbank, in the Washington Post (8/15, A2, 748K), writes press secretary Tony Snow "remarked after he crossed Pennsylvania Avenue, passed the balky metal detector and climbed to the third-floor" briefing room, "Isn't this cozy?" Fox News, adds Milbank, "scored a front-row seat and got to ask the second question, and the backdrop curtains had lightened a shade to a royal blue. And Snow, pitying the outcast reporters, offered to linger for five minutes after the session for 'anybody who wants a piece of me.'"

Over Half Of Federal Employees Have Not Calculated Retirement Needs. The Washington Post (8/15, D4, Barr, 748K) reports, "Twenty-seven percent of federal employees reported savings of $150,000 or more in a 'retirement readiness' survey sponsored by the Office of Personnel Management." The survey "divided federal employees into two salary groups (those earning more than $50,000 annually and those earning less) and into three career stages (early, mid and late). Not surprisingly, the data showed that accumulated savings increased as pay increased and that federal employees who identified themselves as mid-career and late-career workers had saved the most." But the OPM survey "also found that fewer than half of the respondents had calculated how much they need to save for a comfortable retirement and that almost four in 10 said they were not confident in their ability to make investment decisions."

Buchwald Jokes That Bush Was Tricked Into Stem Cell Veto. In a Washington Post (8/15, C2, 748K) column headlined, "How Bush Came to Hate Cellphones," Art Buchwald offers a mock narrative of how a fictitious antiabortion lobbyist tricked President Bush into vetoing the stem cell funding bill by making him believe that it was a cellphone funding bill. The lobbyist persuades Bush that cellphones cause a number of social ills, such as unwanted pregnancies and ear infections. He continues, "'Mr. President, you will have the support of the antiabortion people, the evangelicals and the religious right. They are all against cellphones.' 'Will I be accused of pandering to the Christian lobby?' The lobbyist said, 'You've been pandering to them all along, so why not now?' … The lobbyist's cellphone began to ring. He said to the person calling, 'A piece of cake.'"

Welfare Reform Said To Have Hidden Cycle Of Dependency. In a New York Times op-ed (8/15), Douglas J. Besharov, a resident scholar at the American Enterprise Institute and a professor at the University of Maryland School of Public Policy, says, "Even as a strong supporter of welfare reform, I find it difficult to muster unqualified enthusiasm for the law and how it has been carried out." The "twin realities — decreased caseloads and little sign of serious additional hardship — are why both Republicans and Democrats think welfare reform has been a success. But the results are more mixed. Caseloads fell, yet they did so seemingly regardless of what actions the states took." The "consensus among academic researchers is that it took more than welfare reform to end welfare as we knew it. If one looks at all the studies, the most reasonable conclusion is that although welfare reform was an important factor in caseload reduction — accounting for 25 percent to 35 percent of the decline — the strong economy was probably more important (35 percent to 45 percent)." Welfare reform "reduced welfare dependency, but not as much as suggested by the political rhetoric, and a great deal of dependency is now diffused and hidden within larger social welfare programs. As a result, public and political concern about dependency has largely disappeared."

NYTimes Criticizes GOP Efforts To Revive Stalled Bush Judicial Nominees. The New York Times (8/15, 1.21M) says in an editorial that the "latest judicial nominee" the Senate Republicans "have dug in their heels to defend is a far-right lawyer who received a unanimous 'not qualified' rating from the American Bar Association. The Bush administration should withdraw his nomination and four others that are in limbo, and replace them with nominees who do not appeal exclusively to the most extreme wing of the Republican Party." Michael Wallace, "a former lawyer for Senator Trent Lott, the Mississippi Republican, has been nominated to the United States Court of Appeals for the Fifth Circuit, based in New Orleans. Mr. Wallace has a long record of insensitivity to civil rights."

DOJ_NMG_0048235

WSJournal Criticizes Federal Workers Compensation. The Wall Street Journal (8/15, 2.03M) says in an editorial, "The closest thing to a lifetime sinecure in America is a federal government job, and now it turns out that it's also a very lucrative way to make a living. New data from the U.S. Bureau of Economic Analysis confirm that the average federal civilian worker earns $106,579 a year in total compensation, or twice the $53,289 in wages and benefits for the typical private worker."

WPost Urges Expedited Federal Investigation In DC Charter School Case. The Washington Post (8/15, A12, 748K) writes in an editorial, "It's Been More than two months since the FBI raided the workplace and home of Brenda L. Belton, the D.C. Board of Education's executive director of charter schools" And "the federal investigation is expected to take several months more." The Post calls that "an awfully long time" and says the investigation "should be conducted with a sense of urgency." That is because "with the school board presidency up for grabs in November, citizens need to know how well -- or poorly -- the D.C. Board of Education has exercised its responsibility for overseeing charter schools."

OTHER NEWS:

Banks Report Mortgage Demand Weakening. The Wall Street Journal/Dow Jones Newswires (8/15) reports, "With the once red-hot housing sector cooling, domestic US banks reported weaker demand for mortgage loans in recent months, while demand for consumer loans also slowed, according to a Federal Reserve study released Monday." The Fed survey "shows a net fraction of about 60% of domestic lenders reported weaker demand for mortgages to purchase homes, 'a significantly larger net fraction than in the April survey.' At the same time, a net fraction of about 40% of domestic banks experienced weaker consumer loan demand, a figure that is "somewhat larger" than the previous survey." The l Fed survey, "conducted in July, included responses from 56 domestic banks, as well as from 17 foreign banks operating in the US."

Stocks Show Small Gains. The CBS Evening News (8/14, story 12, , Schieffer, 7.66M) reported. "On Wall Street, stock prices closed today with a small gain. [The Dow was up 9.85 to close at 11,097.87]. [Nasdaq was up 11.33 to close at 2,069.04]." USA Today/AP (8/15, Martinez) reports the Standard & Poor's 500 index added 1.47 points to 1268.21.

NBC Nightly News (8/14, story 9, , Brown, 9.87M) reported, "It was a wild ride on Wall Street today. The blue chips were up early on and then gave just about all of it back." The Wall Street Journal (8/15, McKay, 2.03M) says "at its midday peak, the Dow Jones Industrial Average had risen nearly 115 points. But most of those gains disappeared."

Democrats Hope To Challenge Bush, GOP On Terrorism. The New York Times (8/15, Hulse, 1.21M) reports that after "being outmaneuvered in the politics of national security in the last two elections, Democrats say they are determined not to cede the issue this year and are working to cast President Bush as having diminished the nation's safety." House Minority Leader Nancy Pelosi said, "They are not Swift boating us on security." The Times adds, "Seeking to counter White House efforts to turn the reported terrorist plot in Britain to Republican advantage, Democrats are using the arrests of the suspects to try to show Americans how the war in Iraq has fueled Islamic radicalism and distracted Mr. Bush and the Republican Congress from shoring up security at home. They say they intend to drive that message home as the nation observes the coming anniversaries of Hurricane Katrina and the Sept. 11 attacks." A "video Monday on the Web site of the Democratic Senatorial Campaign Committee showed footage of Osama bin Laden, referred to an increase in terror attacks, highlighted illegal immigration and pointed out the nuclear aspirations of Iran and North Korea." The ad concludes, "Feel safer? Vote for change." The Times adds Republicans "said they believed that the Democratic efforts would fizzle and that voters would ultimately choose to trust Republicans on the issue of security. And Mr. Bush, in remarks at the State Department on Monday, disputed the notion that his policies had contributed to a more dangerous world."

LATimes Criticizes Republicans For "Politicizing" War On Terror. The Los Angeles Times (8/15, 918K) says in an editorial, "The Bush Administration is a past master at playing politics with terrorism, portraying critics of its various antiterrorism initiatives as naive or even accusing them, in the words of former Atty. Gen. John Ashcroft, of giving 'ammunition to America's enemies.'" Republican National Committee Chairman Ken Mehlman "obviously was interested less in opening a discussion of comparative antiterror strategies than in pushing the idea that what Republicans call the 'Democrat Party' is really the 'Defeatocrat Party.' That may be election-year politics as usual, but it's unseemly, especially when the stakes in terms of national security and civil liberties are so high. You might even be tempted to call it a pre 9/11 mind-set."

Evangelical Groups Preparing Major Registration Drive. The Los Angeles Times (8/15, Wallsten, 918K) reports, "As discontent with the Republican Party threatens to dampen the turnout of conservative voters in November, evangelical leaders are launching a massive

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registration drive designed to reach religious voters in battleground states." The program, "coordinated by the Colorado-based group Focus on the Family and its influential founder, James C. Dobson, would use a variety of methods -- including information inserted in church publications and booths placed outside worship services -- to recruit millions of new voters in 2006 and beyond." The effort "builds on the aggressive courtship of evangelical voters in 2004 by President Bush's reelection campaign, even as the Internal Revenue Service has announced renewed scrutiny of nonprofit organizations, including churches, that engage in political activities." The program, "announced in an e-mail to activists last week, is seeking county and church coordinators in the targeted states of Maryland, Montana, Tennessee, Michigan, Ohio, Pennsylvania, New Jersey and Minnesota."

First Lady Appears At Roskam Fundraiser. The Chicago Tribune (8/15, Biemer, Pearson, 623K) reports, "Seizing on the issues of homeland security and the threat of terrorism, First Lady Laura Bush said Monday that Republican Peter Roskam would serve in Congress as a 'champion' of the military if he defeats his Democratic rival, disabled Iraq war veteran Tammy Duckworth." Appearing at a fundraising luncheon that "raised about $225,000 for Roskam's candidacy in the west suburban 6th Congressional District," Laura Bush also "recited a litany of the GOP candidate's accomplishments in serving in the Illinois Senate. 'Peter will bring to Washington the principles of efficiency and accountability that have defined his time in the state Senate, ensuring that Illinois tax dollars are spent responsibly,' she said during her 11-minute talk at the Medinah Banquets hall." The Tribune adds, "Though the president remains a very effective fundraiser, Laura Bush has become a frequently requested headliner on the money-generating circuit. Her visit Monday marked the opening of a three-day swing of campaigning to raise cash for Republican congressional candidates in Kentucky, Ohio and West Virginia as well as for the Republican National Committee."

Laura Bush's Campaigning Raises Concerns. The White House Bulletin/US News (8/14) reported, "Laura Bush is jumping back into the political fray, big time. … Republican strategists say Mrs. Bush is one of the most popular public figures in the country, far outdistancing her polarizing husband in mass appeal. One reason is that she seems so nonpartisan. The concern among White House insiders is that Mrs. Bush might tarnish her above-the-battle image if she continues to campaign for GOP candidates. The insiders want her to keep up her political efforts but to avoid directly criticizing Democratic candidates and instead be as positive as possible in praising the Republicans."

White House Declines To Endorse GOP Candidate In Connecticut Senate Race. The AP (8/15, Miga) reports, "President Bush isn't exactly eager to lend his support to the Republican nominee in Connecticut's tumultuous Senate race." The White House "was circumspect on Monday when asked whether Bush would support Republican Alan Schlesinger in the three-way fall contest that includes Democratic nominee Ned Lamont and three-term incumbent Sen. Joe Lieberman." White House spokesman Tony Snow said yesterday, "The president supports the democratic process in the state of Connecticut and wishes them a successful election in November." The AP adds, "Bush routinely backs Republican candidates in races all across the country." Snow was asked whether Bush "was balking at supporting Schlesinger because he liked Lieberman -- or wanted to stay out of the contest because Schlesinger was trailing badly in the polls. 'There may be a whole host of reasons the president -- I'm just not going to play,' Snow replied." He "suggested the Connecticut race was unique."

The New York Times (8/15, Stowe, Medina, 1.21M) titles its report "White House Ducks Question On Connecticut Race," and notes "several important Republicans, including Ken Mehlman, the chairman of the Republican National Committee, have yet to publicly support Mr. Schlesinger, who trails in recent polls to both Mr. Lieberman, who is staying in the race as an independent, and Ned Lamont, the Democratic nominee." Lamont's campaign "has used the relative Republican silence as a way to attack Mr. Lieberman for being too close to President Bush. 'It's been very clear since Election Day that a top priority for Dick Cheney, Karl Rove and George Bush is that Joe Lieberman is re-elected,' said Tom Swan, Mr. Lamont's campaign manager." Lieberman, in a statement, said, "I certainly have not sought and will not seek President Bush's support."

Wickham Calls Lieberman "Anti-Democrat Democrat," "Fifth Columnist." DeWayne Wickham writes in a USA Today column (8/15), titled "Lieberman's 'Mainstream' Isn't Democratic At All," that Lieberman "is not the party's savior. He's its nightmare. Lieberman is an anti-Democrat Democrat -- a fifth columnist who has chosen to flout the will of Connecticut's primary voters by filing papers to compete as an independent in the general election."

WSJournal Says "Secret" Behind Lamont Win Is Millionaire Funding Loophole. The Wall Street Journal (8/15, 2.03M) editorializes, "Credit for Ned Lamont's primary victory over Joe Lieberman has fairly gone to the 'netroots' and above all to passions aroused by the Iraq War. But his really secret weapon is one that his fellow liberals prefer not to mention out loud: Mr. Lamont could finance his own campaign." As "a mega-millionaire," Lamont "was able to exploit the campaign-finance loophole that allows rich folk to spend on their own campaigns. And given his narrow four-point victory, he needed every dime. … It wasn't always this way for antiwar candidates. In 1968, before liberals tried to

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purge money from politics, Eugene McCarthy was able to finance his antiwar campaign against LBJ with huge donations from Stewart Mott and Jack Dreyfus. Nowadays you can still be antiwar and run for office -- but you'd also better be rich."

Cheney To Campaign With Burns In Montana. The Washington Times (8/15, McCaslin, 88K) reports in its "Inside the Beltway" column that, "We're told Vice President Dick Cheney will be campaigning in Montana tomorrow, where three-term Sen. Conrad Burns has a tough challenger in Democrat Jon Tester, an organic farmer and state senator." Burns has "found it extremely difficult to cut his 'guilt by association' ties to former Washington lobbyist Jack Abramoff, even though he gave back approximately $150,000 in donations he received from the disgraced lobbyist and his associates."

Allen Comment To Opponent's Volunteer Causes Uproar. The AP (8/15,O'Dell) reports, "A volunteer of Indian descent working for Democrat James Webb's US Senate campaign said Monday he felt insulted when Sen. George Allen called him a name that sounded like 'Macaca' during a rally in western Virginia." S.R. Sidarth "spent last week following Allen's 'listening tour' and filming the appearances for the Webb campaign, which distributed a video clip of Friday's appearance to reporters. 'This fellow over here with the yellow shirt -- Macaca or whatever his name is -- he's with my opponent,' Allen said. 'He's following us around everywhere.'" Macaca "is a term associated with a species of monkeys." Allen campaign spokesman Dick Wadhams said, "This is not something we knew." Wadhams added the name "was a variation of 'Mohawk,' the nickname he said Allen campaign staffers gave Sidarth because he had a Mohawk haircut. Whether the University of Virginia senior's haircut -- closely cropped around the temples and above the ears, but otherwise full -- qualifies as a Mohawk is open to interpretation."

The Washington Post (8/15, A1, Craig, Shear, 748K), in a front-page story, reports Allen "apologized Monday for what his opponent's campaign said were demeaning and insensitive comments." The Post also reports, "Depending on how it is spelled, the word macaca could mean either a monkey that inhabits the Eastern Hemisphere or a town in South Africa. In some European cultures, macaca is also considered a racial slur against African immigrants, according to several Web sites that track ethnic slurs." Reached Monday evening, Allen "said that the word had no derogatory meaning for him and that he was sorry. 'I would never want to demean him as an individual. I do apologize if he's offended by that. That was no way the point.'"

The Washington Post (8/15, A12, 748K), in an editorial titled "George Allen's America," says that Allen, "who as a young man had a fondness for Confederate flags and later staunchly opposed a state holiday in honor of the Rev. Martin Luther King Jr., has surely learned too much about racial sensitivities in public life to misspeak so offensively." The Post adds that "by mocking Mr. Sidarth, Sen. George F. Allen demeaned only himself."

Reid Returns Seven-Year-Old Contribution With Accrued Interest. The AP (8/15, Werner) reports, "A seven-year-old political donation has proven costly for the Senate's most senior Democrat. Sen. Harry Reid, D-Nev., last year refunded a $3,000 check he got in 1999 from a Texas friend, Ben Barnes, after a public interest group revealed it was improper. Now he's paid Barnes more than $1,600 in interest, according to recent filings with the Secretary of the Senate." The filings "were disclosed Monday by PoliticalMoneyLine, which tracks campaign spending." Barnes, "a lobbyist and former Texas lieutenant governor, made the donation in question to a legal defense fund Reid had established to cover costs of his 1998 Senate race recount, which he won by 428 votes over Republican John Ensign."

Ney Formally Withdraws From Reelection Race. The AP (8/15, Hammer) reports, "Rep. Bob Ney formally requested Monday that his name be removed from the November election ballot, ensuring that a special primary election will be held to replace the embattled Republican." His letter "officially notifying election officials ends speculation about whether he would wait until after Aug. 19, when party leaders would have been able to appoint a replacement."

Fitzpatrick Criticizes Bush's "Stay-The-Course" Approach In Iraq. The Philadelphia Inquirer (8/15, Schiavo, 399K) reports that PA8 Rep. Michael Fitzpatrick (R), "who once firmly backed President Bush's handling of the Iraq war is now calling the president's stay-the-course approach 'extreme.'" Fitzpatrick "told constituents in a mailing last weekend that he wanted an alternative to the 'unacceptable extremes of 'Stay the course' on one side and the 'cut and run' approach on the other.'" Fitzpatrick, in his bid for reelection, is facing Patrick Murphy (D), "an Iraq war veteran who has been vocal in his opposition of the war and has called for the withdrawal of most troops by the end of next year. … In the mailing, Fitzpatrick was careful to note he is 'deeply grateful' for the service of American troops. What has changed is his alliance with the president on the handling of the war. 'Mike Fitzpatrick to President Bush: 'America needs a better, smarter plan in Iraq.'' reads the mailing. The front page of the mailing says, 'Congressman Fitzpatrick says NO to both extremes: No to President Bush's 'stay the course' strategy…and no to Patrick Murphy's 'cut and run' approach.'"

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Richardson Sees Foreign Policy As Asset For '08 Run. Fox News' Special Report (8/14, Garrett) reported New Mexico Gov. Bill Richardson is "running for re-election and quietly plotting an `08 a White House bid." Richardson was shown saying, "I've been a good governor. And I plan my constituents respect the fact that having been a good governor, if other opportunities come up, that they'll give me that chance. But I've been very honest with my constituents in saying that going beyond this re- election is a possibility." Fox News adds Richardson is "as coy as he is calculating. And New Mexico, voters better get used to seeing Richardson in New Hampshire and other early primary and caucus states." Richardson has "conducted on and off negotiations with North Korea since 1994," and he "considers his foreign policy experience a strength, he calls President Bush's refusal to negotiate directly with North Korea, Iran, and Syria a failure."

Democrats Seen As Handicapped By Lack Of Organization. In his Washington Post column (8/15, A13), E.J. Dionne says, "Talk to Democrats at every level about the strong position the party is in for this fall's elections and the conversation inevitably ends with a variation of: 'Yeah, if we don't blow it.' Karl Rove's greatest victory is how much he has spooked Democrats about themselves. This, in turn, leads to a problem among political elites and, especially, fundraisers: While Republicans believe in their party and in the cause of building its organization from bottom to top, Democratic sympathizers tend to focus on favorite causes and favorite candidates, notably in presidential years." This dynamic has fueled "the polemics over the past few months between Howard Dean, the Democratic National Committee chairman, and Rep. Rahm Emanuel, the leader of the party's campaign committee for this fall's House elections." Republicans – "from President Bush on down -- have long dismissed the fashionable claptrap about political parties becoming meaningless. If Democrats are to shed their self-image problem and create a durable majority, they, too, will have to learn to operate as a party."

Republican "Corruption" Said To Resemble That Of Late 19th Century. In a New York Times op-ed (8/15), author Thomas Frank says, "By now, even the most dedicated 'values voter' is aware that an orgy of plunder and predation grinds merrily on in the capital, yet if polls are to be believed, the Democrats can persuade almost nobody to switch their vote on that basis. That's because, while they have many nice slogans on the subject, Democrats offer no larger theory of corruption, no way to help voters understand what is essentially Republican about the pillage currently being visited on our national government." Frank adds Democrats should "turn their eyes to the conservatives' beloved 19th century, an era that is relevant again in all sorts of startling ways." These "are not tales of individual venality, separate one from the other. They are expressions of the age. The issue is not merely corruption; it is what old Will Bryan would have called plutocracy."

Maryland Senate Candidates' House Tenures Could Shape Future Course. The Washington Post (8/15, A1, Anderson, 748K) reports, "Two Baltimore Democrats joined the House of Representatives on the same day in 1987. For nine years together in Congress, they usually voted the same liberal line. Both rose to prominence and influence." But "Benjamin L. Cardin and Kweisi Mfume carved sharply distinct profiles from the moment they arrived on Capitol Hill. The former became a bipartisan dealmaker on a powerful committee with oversight of tax, trade and health-care law. The latter took on urban housing and economic issues and became a major voice in Congress for black Americans." Mfume" left soon after the 1995 Republican takeover to become president of the NAACP. Cardin expanded his reach on the Ways and Means Committee and ranks fourth among its Democrats." The Post adds, "The many contrasts in their House careers suggest that the front-runners for their party's nomination in the race to succeed retiring Sen. Paul S. Sarbanes (D-Md.) would make different senators in style and substance." Cardin "said in an interview at his Baltimore County campaign office that he is 'very quietly' preparing a bid for the Senate Finance Committee." Mfume's "legislative niche is not as clearly defined as Cardin's. But he names three Senate committee assignments that would appeal to him: Foreign Relations; Banking, Housing and Urban Affairs; and Health, Education, Labor and Pensions."

600 Arrive In US From Muslim Countries As Part Of Student Exchange. The Washington Post (8/15, B3, Bahrampour, 748K) reports "a group of about 600 students from predominantly Muslim countries" arrived in Washington, D.C. last week as part of the Youth Exchange and Study Program and "this week they are dispersing across the United States to the host families with whom they will live for nine months." The program "started in 2003 as a way to improve relations between the United States and Arab and Muslim countries." The students "are selected based on grades, English aptitude and leadership skills."

Bush Says Israel Defeated Hezbollah. The AP (8/15, Riechmann) reports President Bush said yesterday that "Israel defeated Hezbollah's guerrillas in the monthlong Mideast war and that the Islamic militants were to blame for the deaths of hundreds of Lebanese civilians." Bush "admonished Iran and Syria for backing Hezbollah, which captured two Israeli soldiers on July 12 igniting the conflict.

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Both sides claimed victory Monday, hours after a UN-brokered cease-fire took effect, while Bush said Israel prevailed."

The President's words generated extensive coverage, both print and TV. The Washington Post (8/15, A8, Fletcher, 748K), in a report typical of much of the coverage, says Bush cast "the fighting that killed hundreds of Lebanese and Israeli civilians as part of a wider struggle 'between freedom and terrorism.'" CNN's The Situation Room (8/14, Malveaux) reports the President is "trying to convince the American people that despite the violence in Afghanistan, Iraq, Iran, and Lebanon…he has a plan, ultimately this plan to bring democracy and freedom to the Middle East, that this is something that is worth supporting." Bush was shown saying, "The fundamental question for this country is, do we understand the stakes and the challenge, and are we willing to support reformers and young democracies? And are we willing to confront terror and those who sponsor them? And this Administration is willing to do so."

Another theme of Bush's words was picked by Fox News' Special Report (8/14, Baer), which reported that asked about "allegations that the US purposely delayed diplomatic efforts to give Israel additional time to attack Hezbollah, the President bristled, saying the delay was simply to try to get a long-term solution." The Washington Times (8/15, Curl, 88K) reports Bush "said the UN resolution that calls for a cessation of violence was worth the wait." He also "said Israel retains the right to self-defense, notwithstanding the resolution." And the Los Angeles Times (8/15, Neuman, Wallsten, 918K) notes that "in a not-so-subtle chiding of the United Nations, Bush said that 'none of this would have happened' if a previous resolution, 1559, 'had been fully implemented.'" But "he said the new UN cease-fire resolution was 'an important step forward that will help bring an end to the violence.'"

Bush's comments were picked up by all three networks last night. On ABC World News Tonight (8/14, story 2, 2:50, Gibson, 8.78M), Bush was shown saying, "Hezbollah suffered a defeat in this crisis. Hezbollah of course has a fantastic propaganda machine and their claiming victories, but how can you claim victory when at one time you were a state within a state, safe within southern Lebanon and now you are going to be replaced by a Lebanese army and international force?" The CBS Evening News (8/14, story 2, 1:25, Plante, 7.66M) reported Bush "connected the conflict between Israel and Hezbollah to the wider war on terror and he brushed aside Hezbollah's claim of victory." CBS went on to show the same Bush clip, and added the President "was on the offensive today defending Israel and also defending his own Administration from the charge that the US had not intervened soon enough at the UN, giving Israel a green light to go after Hezbollah at the cost of further civilian bloodshed in Lebanon." Bush also "broadened his concern, blaming Iran and Syria for supporting Hezbollah and warning of an Iran armed with weapons of mass destruction." Bush, added CBS, "kept his distance from the Israel during the month-long conflict to avoid charges of American interference. Privately they hoped here that Israel would wipe out Hezbollah or strike a heavy blow. When that didn't happen quickly, they got nervous. Now they simply hope that Israel has done enough to neutralize Hezbollah at least in the short term."

NBC Nightly News (8/14, story 3, 2:20, Brown, 9.87M) reported, "Bush today left no doubt about who he blames for the war." Bush also "responded to political attacks from critics who claim the US war in Iraq and the push for democracy in the region have made the Middle East more dangerous." The President was shown saying, "History's clear. But the freedom agenda did not create their terrorists or the -- or their ideology -- but the freedom agenda will help defeat them both."

The AP (8/15, Schweid) says that the State Department, echoing Bush's words, said Monday the ceasefire in Lebanon, "if fully implemented, would be a strategic setback for Iran and Syria because it would strengthen democracy in Lebanon and stabilize the border with Israel."

Meanwhile, both Israelis and Hezbollah leaders claimed victory. The Financial Times (8/15, Devi, Khalaf) reports Sayyed Hassan Nasrallah, head of the Hezbollah, "told supporters in a televised address that Lebanon had achieved a 'strategic and historic victory' in a type of war in which big Arab armies had been defeated." Ehud Olmert, Israeli prime minister, also "tried to put a positive gloss on Israel's offensive, despite its failure to deal a decisive blow to Hizbollah. He said the region's strategic balance had shifted and most Hizbollah weapons had been destroyed."

Olmert, however, also admitted mistakes in the conduct of the war. The Washington Post (8/15, A7, Moore, 748K) reports Olmert yesterday "acknowledged mistakes in the war against Hezbollah as the Israeli government confronted widespread criticism and political recriminations over the conflict." Defense Minister Amir Peretz "announced he would 'conduct a deep and wide investigation on all that occurred before the war erupted and through its duration.' The statements came as Binyamin Netanyahu, an opposition leader and former prime minister, described a 'national soul-searching' over risks 'threatening our very existence.'" The Post adds Olmert "and other political and military leaders have been criticized in the news media and by political analysts as Israelis attempt to grapple with the perception that their military, the most advanced in the Middle East, has been losing a war to guerrilla fighters." The "anguish, disappointment and confusion are widespread among soldiers who believe their leadership sent them to war unprepared, among residents of northern Israel who say their government abandoned its most vulnerable citizens, and among a public that believes its prime minister has left them

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open to future attack by agreeing to a cease-fire many think is not permanent."

The New York Times (8/15, Tavernise, 1.21M), reporting on Hezbollah's reaction to the ceasefire, says "when the thunder of the bombs stopped in this southern Lebanese town on Monday morning, the fighters emerged from shrapnel-spattered buildings, moving with the confidence of men who felt they had won. Sometimes they bragged. 'It was a small group, but we defeated America and Israel, both of them,' said a man driving a beat-up BMW and holding a walkie-talkie who identified himself as Abu Haidar." The Washington Post (8/15, A1, Shadid, 748K) runs a similar story, titled "Hezbollah Fighters Emerge From The Rubble."

Meanwhile, the Washington Times (8/15, Schattner, 88K) says "Israeli reservists resting yesterday after a foray into Lebanon made no secret of their joy to be back -- or of their frustration at the outcome of the war."

War's Outcome Seen As Victory For Hezbollah. A number of commentators and news analysis last night and this morning suggested Hezbollah has been strengthened by the war. On CNN's The Situation Room (8/14, Blitzer), former Defense Secretary Bill Cohen said, "Hezbollah is going to claim victory in the sense that they're still standing. Israel by contrast can claim some measure of success, but if this peace accord holds as such with a fuse and becomes a permanent peace accord, then driving Hezbollah back away from the Israeli border in southern Lebanon, and providing a security zone for them, they can claim victory as well. Right now I think the momentum or the spin zone is being won, that war is being won so far by Hezbollah, simply because they stood up to Israel and weren't militarily defeated."

On MSNBC's Hardball (8/14, Matthews), NBC reported Richard Engel said, "Both Washington and Israel…are saying that it was a victory, that Hezbollah will no longer be the sovereign state within a state here in south Lebanon. I can tell you today, when we were crisscrossing the south, we saw dozens of Hezbollah people, very much in charge. These were both humanitarian workers from Hezbollah, fighters."

On Fox News' Special Report roundtable (8/14, Angle), columnist Charles Krauthammer said, "Israel didn't win, and in this kind of psychological warfare, a tie goes to the terrorist. This is a psychological success for Hezbollah."

On Fox News' Special Report roundtable (8/14, Angle), Washington Post reporter Jeff Birnbaum said, "I think Israel did do quite a bit to reduce the armaments of Hezbollah and to clean out the immediate border of Northern Israel. … But I do agree that because Hezbollah was not defeated, it was a victory for them."

NBC Nightly News (8/14, story 2, 2:20, Fletcher, 9.87M) said it was "Israel's longest war since 1948, and the least successful. And it may not even be over."

The Los Angeles Times (8/15, Stack, 918K) reports this morning, "Israel meant to break Hezbollah with its month-long offensive, but instead the militant organization is strengthened politically in Lebanon, analysts said." The group "has a fresh boost of popularity, at least for now, and an renewed sense that it is entitled to keep its own armed militia outside the control of the Lebanese army, they say."

UN Resolution Called "Considerable Scaling Back" Of White House Aspirations. In an analysis piece, the Los Angeles Times (8/15, Wallsten, 918K) says the results of the conflict "thus far" are "likely to be disappointing to Bush policy officials, particularly hard-liners, analysts said. Several called the UN resolution a 'considerable scaling back' of the administration's aspirations." White House Press Secretary Tony Snow "deflected questions about whether the US had hoped that Hezbollah terrorists would be defeated, saying only that 'disarmament is something that will be the responsibility of the sovereign government of Lebanon, with the assistance of international forces. … But it is not something that's going to happen overnight.'" Secretary of State Rice "was less firm: When an Israeli radio interviewer asked over the weekend if Hezbollah would still be able to operate, she said only that the Lebanese government 'has an obligation to start the disarmament of Hezbollah.'" The Times adds, "That cautionary language contrasted sharply with earlier messages, delivered when some in the administration thought the Israeli military would cripple Hezbollah before agreeing to a cease-fire. On July 28, Bush predicted confidently that the conflict could be turned into a "moment of opportunity" to tackle root causes of terrorism and stabilize a young democracy in Lebanon."

In a similar report, the New York Times (8/15, Kifner, 1.21M) reports "the critical question of what, exactly, would happen to Hezbollah's vast stores of rockets, some of them long range, remained a mystery and could derail the cease-fire." The Post adds, "In delicate political maneuvering here, Hezbollah appears to be balking at the Lebanese government's agreement to the United Nations Security Council resolution calling for the Lebanese Army, in conjunction with an international force, to be the only legitimate armed force in southern Lebanon."

"Administration Official" Says Hezbollah Could Win PR Battle With Rebuilding Process. The New York Times (8/15, Rutenberg, 1.21M) reports Bush and his Administration "sought to portray the cease-fire deal that was established under a United Nations Security Council resolution as an affirmation of American foreign policy. … Even as they expressed optimism, White House officials said nonetheless that only time would tell whether the cease-fire would hold and whether Hezbollah would ultimately be disarmed." One "Administration official…candidly" admitted "that Hezbollah would build public support in southern Lebanon by flooding the area with rebuilding money, as it has vowed to do."

Cohen Says Rice's "Birth Pangs" Analogy For Lebanon Conflict Is Inappropriate. In his Washington Post

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column (8/15, A13), Richard Cohen says, "The 'birth pangs' are over. This was the term used by Secretary of State Condoleezza Rice to describe the war between Israel (supported by the United States) and Hezbollah (supported by Iran). If she is right, let us see what has come out: a defeat for the good guys, a victory for the bad guys (the 'Islamic fascists' of President Bush's formulation) and some clear lessons. This has been a very hard birth."

Both Sides In Lebanon Conflict Seen As Preparing To Renew Fighting. McClatchy (8/15, Bengali, Nissenbaum) reports, "Tens of thousands of displaced Lebanese ventured back to their war-battered homes Monday as Israel and Hezbollah observed the first day of a nervous truce. Plans for a multinational peacekeeping force slowly moved forward." There were "celebrations in the streets of Beirut and joyful reunions of families in southern Lebanon to mark what many prayed was the end of a monthlong conflict that had forced 1 million Lebanese -- one-quarter of the country -- to flee their homes." The Washington Times (8/15, Pisik, 88K) says "officials in Beirut said the Lebanese army would begin moving troops south to the Litani River before the end of the week, the first step in deploying a combined Lebanese and international force as a buffer between Hezbollah and Israel." But USA Today (8/15, For, 2.27M) notes "the truce was marred by skirmishes early Monday between Israeli soldiers and members of the Shiite militia in southern Lebanon. Israel's Defense Ministry reported killing six Hezbollah fighters in four encounters."

The AP (8/15, Gannon) reports, "With no clear cease-fire line, any village or hilltop in southern Lebanon is a potential flash point that could bring down the truce between Israeli troops and Hezbollah fighters. Small skirmishes already erupted Monday." Israel "said its soldiers fired at armed guerrillas approaching their positions, killing six." There were "no major firefights, however. And no Hezbollah rockets fell on northern Israel and no Israeli bombs hit Lebanon." The AP adds, "Any Hezbollah rocket attack on Israel would likely spark heavy Israeli retaliation, and an Israeli airstrike would likely draw a response from the guerrillas, especially if it killed civilians."

ABC World News Tonight (8/14, 2:30, lead story, 3:00, Gibson, 8.78M) called the ceasefire "fragile," as did the CBS Evening News (8/14, lead story, 2:50, Schieffer, 7.66M), which added, "The situation is seen as tenuous at best. One Israeli commentator said this was merely the beginning of the countdown to the next war." NBC Nightly News (8/14, 3:00, lead story, Williams, 9.87M), meanwhile, reported on the "uncertain quiet," and also described the ceasefire as "fragile." Lebanese troops, added NBC, "are expected to deploy to south Lebanon in the next few days. But it's still unclear if they're willing to take any action to reign in Hezbollah."

The Los Angeles Times (8/15, Wilkinson, Wallace, 918K) referred to an "uneasy truce," and says "civilians, politicians and fighters -- Lebanese and Israelis alike -- expressed hope tempered by considerable pessimism that the UN-brokered cease-fire might mark an end to violence." McClatchy (8/15, Bengali, Nissenbaum) says the ceasefire rests "on shaky ground," and the Wall Street Journal (8/15, Chazan, King, 2.03M), in a story titled "Israel, Hezbollah Remain Prepared To Resume Fighting Despite Truce," reports, "Even as the cease-fire between Israel and Hezbollah appeared to be largely holding, leaders on both sides seemed to be preparing for the next round of fighting." Hezbollah's Sheikh Hassan Nasrallah publicly "dismissed calls to disarm the group -- a key United Nations demand -- saying it had proved it was the only force capable of defending Lebanon from a future Israeli offensive." Israeli Prime Minister Ehud Olmert "told his parliament Israel would have to learn the lessons of this war and 'do better' next time, while promising to continue to pursue Hezbollah's leaders." The Journal says that, throughout the region, "there are fears that a future round of fighting is almost inevitable. Israeli officials, specifically, worry that the next war may be fought in conditions less favorable to them, against a foe equipped with more-sophisticated weaponry -- even, in the worst-case scenario, one possibly backed by a nuclear-enabled Iran."

The New York Times (8/15, Erlanger, 1.21M) runs a report that casts doubt on the ceasefire's durability, headlined "First The Truce, Then The Test Of How Long It Can Last," while the Christian Science Monitor (8/15, Prusher, 58K) says "many Israelis on border see a lull -- not peace."

Hezbollah Fires Rockets Into Southern Lebanon Tuesday Morning. The AP (8/15) reports, "Israel's military said Hezbollah guerrillas fired at least 10 Katyusha rockets into southern Lebanon early Tuesday. None hit inside Israel and no injuries were reported." The rocket explosions "reported by Israel came hours after the start of a U.N. cease-fire in Lebanon. The military said it has not responded to the rockets, which were fired over a two-hour period."

UN Trying To Assemble Peacekeeping Force. The New York Times (8/15, Hoge, 1.21M) reports the United Nations "took up the task on Monday of creating in record time a strong force to patrol southern Lebanon. Such a force was called for in the Security Council resolution that has halted the fighting between Israel and the Hezbollah militia." Secretary General Kofi Annan "pursued the subject in telephone conversations with Javier Solana, the European Union's foreign policy chief, and officials in France, which is expected to be the lead nation in the force, according to Mr. Annan's spokesman, Stéphane Dujarric." Dujarric "said two senior French military officers were coming to New York to help peacekeeping officials plan the force, to consist of

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15,000 soldiers, an expansion of Unifil, the United Nations force in Lebanon, which now has 2,000."

Germany's Steinmeier On Mission To Damascus Today. The Financial Times (8/15, Williamson) reports German Foreign Minister Frank-Walter Steinmeier "will on Tuesday try to persuade Syria to support the new United Nations ceasefire resolution as part of ongoing efforts by Berlin to urge Damascus to help resolve the regional crisis." Steinmeier "will indicate to the Syrian leadership that it could expect incentives from European Union countries if it agreed to play a 'constructive role' in the Israel-Lebanon crisis." The Times adds, "Visits to Damascus by western government ministers have been rare during the month-long crisis but Mr. Steinmeier has targeted Syria as a key player in securing peace in the region. He is due to meet Bashar al-Assad, Syrian president, and Walid al-Mu'allim, foreign minister."

Eagleburger Says He Expects Syria To "Cheat" On Ceasefire Agreement. On Fox News' Your World With Neil Cavuto (8/14, Cavuto), former Secretary of State Lawrence Eagleburger said, "I have some really serious doubts about the ability of this peacekeeping force to really keep the peace, unless, for the first time virtually in the history of the United Nations, they are told that they may shoot when they are in trouble." Eagleburger added he didn't think Hezbollah "really intends to follow…this peace process for very long." He added the "test of whether this thing is going to work or not, first of all, is going to be, do we see that they have -- we have cut off assistance coming through Syria? If we mean that, and if we get it done, Hezbollah, over time, withers on the vine, because, if they can't get any more assistance from the Iranians through those channels, they are going to in trouble. But the question is going to be whether they do that, whether we are tough enough to force others to come with us to make sure that the Syrians don't cheat on this agreement. And I think they will cheat. And I think it will be fairly soon that they do it, because Hezbollah can't get along without those supplies."

Will Says Instability Is Outcome Of "Unrealist" Mideast Policy. In his Washington Post column (8/15, A13), George Will says, "Five weeks have passed since the kidnapping of two Israeli soldiers provoked Israel to launch its most unsatisfactory military operation in 58 years. What problem has been solved, or even ameliorated?" The "'new Middle East,' the 'birth pangs' of which we supposedly are witnessing, reflects the region's oldest tradition, the tribalism that preceded nations. The faux and disintegrating nation of Iraq, from which the middle class, the hope of stability, is fleeing, has experienced in these five weeks many more violent deaths than have occurred in Lebanon and Israel." Foreign policy "'realists' considered Middle East stability the goal. The realists' critics, who regard realism as reprehensibly unambitious, considered stability the problem. That problem has been solved."

Despite Hardships Of War, Lebanese Keep Grim Sense Of Humor. The Washington Post (8/15, C1, Boustany, 748K) reports, "Barely a week into a war that sent the hopes of many Lebanese tumbling down with their bridges, buildings and roads, stunned civilians trapped in the crossfire started trading self-deprecating gags about their situation." As "one joke has it, residents fleeing the Shiite suburbs of Beirut were flashing the victory sign -- to indicate that only two buildings were still left standing." That jest was "followed by excited speculation that real estate values in the poor neighborhood of Ain al-Rummaneh, a crowded cluster of aging buildings overlooking the southern suburbs, had shot up by 50 percent. Why? It now has a sea view." People "are petrified of honoring their dental appointments out of fear they may have bridgework done, goes another favorite."

Fox News' Centanni, Cameraman Kidnapped In Gaza. The AP (8/15, Hadid) reports, "Masked Palestinian gunmen ambushed a car carrying a Fox News crew in Gaza City on Monday and kidnapped two journalists." An "anonymous" Fox employee "said reporter Steve Centanni, a U.S. citizen, and a cameraman from New Zealand were kidnapped." The kidnapping took place adjacent to the security services headquarters building. "Major militant groups in Gaza denied any connection to the incident; there was no immediate word of any demands made. Security officials put police on alert across Gaza and set up roadblocks to find the gunmen and free the reporters, Interior Ministry spokesman Khaled Abu Hilal said." The Los Angeles Times (8/15, Gold, 918K), among other sources, also reports the story.

Sharon's Condition Worsening. The AP (8/15) reports, "Ariel Sharon's condition has deteriorated, the hospital where the ailing former Israeli prime minister is being treated announced Monday. A spokeswoman wouldn't say whether Sharon's life was in danger, but said doctors were treating him with broad-spectrum antibiotics and steroids." The AP adds, "A new scan showed a deterioration in his brain function, his urine output has decreased significantly and a chest scan showed that he has a new infection in his lungs, according to Anat Dolev, spokeswoman for the Chaim Sheba Medical Center."

Hersh Says Bush Wants Option To Bomb Iranian Nuclear Facilities. In the New Yorker (8/21), Seymour Hersh reports the Bush Administration "was closely involved in the planning of Israel's retaliatory attacks. President Bush and Vice President Dick Cheney were convinced, current and former intelligence and diplomatic officials told me, that an successful Israeli air force campaign against Hezbollah's heavily fortified underground missile and command and control complexes in Lebanon could ease

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Israel's security concerns and also serve as a prelude to a potential American preemptive attack to destroy Iran's nuclear installations, some of which are also buried deep underground."

On MSNBC's Hardball (8/14, Matthews), anchor Chris Matthews interviewed Hersh, who discussed his New Yorker story. Asked if President Bush "wants to bomb Iran before he leaves" office, Hersh said, "Absolutely. No, I should say this. I believe that he does not want to leave his office with Iran still posing a threat. I believe he sees a nuclear arm, Iran as an existential threat to his policies, the policies of Israel, the whole notion he has of making the Middle East, turning it into a democracy, which he still holds onto." Hersh cast doubt on Bush's veracity, saying, "I don't know what he believes. He said today Hezbollah lost the war. I mean, I don't know. Is the moon made of green cheese? I don't know what he believes." Hersh added the caveat to his story is that "nobody's made a decision on Iran. They want the option." But while Air Force strategic planners believe the plan would work, Hersh said, "but nobody else does in the military. They think it would be insane."

On MSNBC's Hardball (8/14, Matthews), NBC foreign affairs correspondent Andrea Mitchell said, "The State Department, of course, denies that and the Pentagon has vigorously denied this article today that they had any advance warning. But there's no question that diplomatically everyone believes that there was a green light." Mitchell added, "I have to tell you that when Ehud Olmert was here and visited extensively with the Vice President and his team and also, of course, with the President, I got the distinct impression from Israeli sources that they had discussed the possibility of taking out nuclear plants." Asked if she thought the US was not "planning, actively, to attack Iran right now," Mitchell said, "If Iran is resupplying Hezbollah in violation of the UN resolution, I wouldn't rule anything out."

On MSNBC's Hardball (8/14, Matthews), Democratic political strategist Robert Shrum said, "I think it [attacking Iran is] a crazy idea. I think the President will leave the presidency in disgrace if he does that."

On MSNBC's Hardball (8/14, Matthews), conservative Pat Buchanan said, "Take a look at Bush's eyes. I believe he, as Seymour Hersh said, he generally does not want to leave office without smashing the nuclear facilities in Iran because he believes that is the greatest impediment to his democracy project. He's a democratic fundamentalist. I think he believes it's a great threat to this country." Buchanan added, "The missing link here is the President doesn't have the authority to attack Iran. That's an act of war. You've to get the Congress of the United States" to authorize it.

Pentagon Claims Iran Backing Iraqi Shiite Militants. The Washington Post (8/15, A9, Raghavan, 748K) reports, "Through proxies, Iran is giving weapons, bomb technology and training to Shiite Muslim militias in Iraq, U.S. military officials said Monday." The claims, made by Major General William Caldwell, "echo previous warnings about Iranian support for Shiite militias in Iraq," and "have resurfaced as tensions grow on two fronts -- between the United States and Iran over Iran's support of the Lebanese Shiite militia Hezbollah, and between the United States and [Moqtada al-] Sadr's Mahdi Army, which is emerging as the major Shiite threat to U.S. efforts to stabilize the capital." The Post notes Ambassador Zalmay Khalilzad "told The Washington Post in March that Iranian agents in Iraq train and arm Shiite militias such as [Sadr's] Mahdi Army." The "Shiite theocratic government" in Tehran, "which has long-standing ties to Iraq's Shiite political and religious leaders, has repeatedly denied that it foments instability in Iraq and instead has blamed the United States."

NYTimes Says Iranian Human Rights Should Be US Priority. In an editorial today, the New York Times (8/15, 1.21M) says Tehran "is trying to silence its most prominent human-rights activist, and, by extension, all of the Iranians who speak for fundamental rights." Iranian authorities have "threatened" Nobel laureate Shirin Ebadi "with arrest unless she closes the Center for Protecting Human Rights in Tehran." Ebadi and her allies "have represented Iran's leading dissident, Akbar Ganji." Many "prominent Iranians are languishing in prison," and the EU "recently expressed alarm at the deterioration of human rights in Iran, as have Human Rights Watch and other nongovernmental organizations. The United States and Europe need to engage with Iran. But they also need to make clear that Tehran's poor treatment of its citizens as well as its nuclear ambitions are unacceptable."

Stephens Questions Ahmadinejad. In his "Global View" column in today's Wall Street Journal (8/15, 2.03M), Brett Stephens asks Iranian President Mahmoud Ahmadinejad a series of questions about Tehran's openness to political dissent and its treatment of political opponents. "Let's talk a bit about your government's relationship to Iranian political dissidents. A few weeks ago, Ayatollah Ahmad Jannati, a member of the Guardian Council who is reportedly close to your boss, Ayatollah Ali Khamenei, warned in his Friday sermon that Iran will execute en masse all dissidents if the UN Security Council votes to sanction Iran for your refusal to suspend uranium enrichment. The sermon was broadcast on Iranian state radio. Does Ayatollah Jannati speak for you, Mr. President?" Turning to Ahmadinejad's past, Stephens asks, "Numerous Iranian sources allege that in the 1980s you worked as an interrogator and executioner in Evin Prison in Tehran. They say you earned the nickname Tir Khalas Zan, or 'The Terminator,' for your methods there. You are also suspected of involvement in the assassination of Abdurrahman Qassemlou, a leader of Iran's Kurdish minority, in Vienna in 1989. Do you deny these charges, too?" Stephens also asks if Ahmadinejad will turn over to US

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authorities Ahmed Ibrahim al-Mughassil and Abdel Hussein Mohamed al-Nasser, who have been indicted in US federal court for planning the 1996 attack on the Khobar Towers in Dhahran, Saudi Arabia.

Fox Backs Mexican Election Process, Results. The New York Times (8/15, McKinley, Thompson, 1.21M) reports Mexican President Vicente Fox "for the first time defended the vote that narrowly favored his party's candidate as clean and fair, rejecting allegations of widespread irregularities." On television Sunday, Fox said the vote had been "watched by the media. There were observers. The entire world was watching the electoral process. There is nothing hidden." He "predicted in the interview that Mexico's electoral institutions, which he described as 'the most modern, well-structured, efficient electoral systems in the world,' would bring the crisis to a peaceful end." The Times notes, "A partial recount ordered by a special electoral tribunal has yet to be made public, but on Monday, [Felipe] Calderón, who has stayed out of the limelight in recent weeks, expressed confidence that the results would confirm his victory."

Koizumi Visits Yasukuni Shrine On Surrender Anniversary. The Financial Times (8/15, Pilling) reports outgoing Japanese Prime Minister "on Tuesday morning fulfilled his five-year-old pledge to visit Yasukuni Shrine on the anniversary of the end of the second world war. "Wearing tails, [he] arrived by limousine at 7:40am, by which time several thousand people had gathered, mainly to show their support. Unlike last year, when he came in a business suit, his visit bore the trappings of an official prime ministerial visit." The Times notes "critics say" the move "defies the constitutional requirement for a separation of church and state. The gesture also drew immediate strong criticism from China and South Korea." Koizumi "defended his visit, saying he had come to pray for peace. He criticised China and South Korea for meddling in Japan's internal affairs and for refusing to hold summit meetings because of his annual visits to the shrine."

The Wall Street Journal (8/15, Moffett, 2.03M) adds Koizumi "prayed at the Yasukuni war shrine in perhaps the last of the stubborn gestures that have defined his leadership. His presence -- in a formal morning suit in the drizzle this morning in Tokyo -- drew protest from China, which is Japan's biggest trading partner." The Journal says "the precedent set by Mr. Koizumi leaves a problem for his successor at a time when China's growth is altering power relations in the region. Japanese leaders, increasingly concerned about their nation's status and security, appear to feel the need to show they are unfazed by Chinese demands."

Anti-AIDS "ABC" Program Gets "Mixed Report Card." The Washington Post (8/15, A4, Brown, 748K) reports, "'ABC,' the AIDS-prevention strategy widely promulgated both [in Canada] and abroad, got a distinctly mixed report card as African countries reported their experiences to delegates at the 16th International AIDS Conference here." While abstinence "appears to be well understood by young people," and monogamy "is less clear to many," the "usefulness of condoms -- C -- varies widely, with some African teenagers aware that they protect against HIV infection most of the time, while others have heard mostly about their rare failures. More important, the evidence that ABC is changing behavior is quite spotty, with condom use appearing to be the most acceptable of the three forms of advice." The Post says ABC "is a centerpiece of the Bush administration's $15 billion, five-year plan to fight AIDS in 15 target countries, most of them in Africa." That plan "stipulates that one-third of the money spent on preventing sexual transmission of the virus must go for 'abstinence until marriage' messages. Architects of the plan say this recognizes the usefulness of a strategy, devised by Africans, that has allowed a few countries, such as Uganda, to reduce the prevalence of AIDS infection. Critics say the Bush plan's version of ABC focuses too much on the abstinence component while reserving advice about condom use only for high-risk people, such as prostitutes, truckers and migrant laborers."

"Double Bill" Argues For Sea Change In AIDS Thinking. The New York Times (8/15, Altman, 1.21M) reports President Clinton "said Monday that while heads of state could help break down the stigma of AIDS around the world, many more leaders were needed to change people's thinking." He told the 16th International Conference on AIDS "that the leaders don't necessarily have to be the reigning head of government if you have a critical mass' and 'the government does not undermine you with counterproductive policies.'" Clinton and Microsoft founder Bill Gates "answered questions for more than an hour" in front of 6,000 people, while "hundreds more among the 24,000 conference participants sat in overflow rooms or could not get into the hall. They had all skipped scientific presentations to listen to what was dubbed the Double Bill, a session that dominated the day's events." The Times says Clinton and Gates "have become the newest popular faces of the campaign as they have traveled the globe, often together, to learn more. Both men praised the Bush administration's program, Pepfar, the President's Emergency Plan for AIDS Relief, a five-year, $15 billion program that serves 16 countries, 13 of them in Africa."

Syrian Finds Authorities Receptive To Giant Quran Project. On its front page today, the Wall Street Journal (8/15, Shishkin, 2.03M) details one man's effort to

DOJ_NMG_0048245

construct 120 six-foot high pages of Quran for public display. "During prayers in his neighborhood mosque, Moktaz Obeyeed used to elbow his way through the big, crowded hall to pick up a small copy of the Quran. How great would it be, he thought one day, if you could just lift your eyes and read the holy book from anywhere in the mosque, without bothering other worshippers? He had a vision of giant pages of the Quran covering the walls." Obeyeed "has sunk all his savings into bringing his dream of a huge Quran to life. He's deferred buying a new house despite his wife's pleas, and tapped an international network of 58 calligraphers to handwrite 120 pages of the holy book -- each page measuring six-feet, eight inches high and three-feet, four inches wide." He "hopes he can find money and patience for the next phase of his plan: transferring the calligraphy from paper onto 120 sheets of metal, which would then be attached to a central spine like flower petals and encased in a massive glass box. A computer-controlled motor would turn the pages, each weighing 88 pounds, while voice software could recite the Quranic verses in no fewer than 14 languages." The Journal says Obeyeed's project "is unfolding at a time when Syria is going through an Islamic revival unprecedented in its recent history." Damascus' change in policy "has led Syrian authorities to welcome Mr. Obeyeed's idea."

Robinson Says Castro "True Believer" In Communist System. In his column in today's Washington Post (8/15, A13, 748K), Eugene Robinson says a recent statement by Cuban President Fidel Castro "suggests that Castro believes his era is at an end," and "his birthday message to the Cuban people left even less room for doubt." Robinson says that, "even if Castro survives this crisis, it is hard to imagine he could ever reclaim the unquestioned dominion he has exercised over Cuba for the past 47 years as leader, micromanager, theorist of revolution and ultimate authority on everything. As long as he remains alive, though, it is hard to imagine anyone, even his brother, taking Cuba in a new direction. All the hopes and fears invested in the advent of a post-Fidel era may have to be deferred." He says he doesn't "think Castro" has even a "shadow of a doubt" about shaping Cuba into a communist state. "I think he may be the last of the true believers." Considering why Cuba did not embark on a Chinese-style economic liberalization program, Robinson says, "It finally dawned on me that Fidel Castro likes Cuba the way it is, a glorious shambles with myriad inefficiencies and problems."

Ad Executive Works To Enhance US Image Overseas. The Washington Post (8/15, A11, 748K) interviews Keith Reinhard, chairman emeritus of DDB Worldwide Communications Group Inc. and founder of Business for Diplomatic Action. Reinhard "knows when a brand is in trouble. Even before the war in Iraq bred new resentment of the United States abroad, the country had developed an image problem, says Reinhard." He claims that "surveys taken in 17 countries in 2002 showed that people think that global U.S. businesses are exploitative, that Hollywood promotes messages that conflict with local cultural and religious values, and that Americans are materialistic, arrogant, loud and uninterested in other cultures. That is not just bad for the United States, Reinhard says, it is bad for business." Asked why he started his non-profit, which "enlists the help of U.S. corporations in bolstering the country's image abroad," Reinhard said, "It seemed to me that you could attach, either directly or indirectly, all of these negative perceptions to business expansion. And that if that were the case, then why not mobilize the business community to start to address some of these perceptions? Now some of these root causes still remain. At the moment, the disagreement with U.S. policy would be a primary root cause. But, still, all of these other things can be addressed by U.S. business." Asked if he thinks the Bush Administration is "succeeding" in changing foreign perceptions of the United States, he said, "Not yet. I think this is a long, long-term problem."

Douthat Analyzes State Of Foreign Policy Thinking. In an op-ed in today's Wall Street Journal (8/15, 2.03M), Atlantic Monthly associate editor Ross Douthat says "traditional categories" of foreign policy thinking "are in a state of collapse. On issue after issue, the Republicans and Democrats are divided against themselves, and every pundit seems determined to play George Kennan and found an intellectual party of one." Douthat says delineating one's perspective comes down to "what year you think it is." This "new alignment creates odd bedfellows and unexpected fissures," but, Douthat believes, provides a better understanding of current events and US politics in 2008 and beyond.

Conservationist Suggests Market Principles To Save China's Wild Tigers. In an op-ed in today's New York Times (8/15, 1.21M), Liberty Institute director Barun Mitra supports efforts by Beijing to preserve China's wild tiger population using free-market economic incentives. "China joined the international effort to protect the tiger in 1993. But today there is a growing recognition among many Chinese officials that a policy of prohibition and trade restrictions has not benefited the tiger as much as it has helped poachers and smugglers of tigers and tiger parts." Mitra explains that "only a relative handful of tigers — probably a few dozen — can be found in China's forests," but, "like forests, animals are renewable resources. If you think of tigers as products, it becomes clear that demand provides opportunity, rather than

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posing a threat." Mitra continues, "In pragmatic terms, this is an extremely valuable animal. Given the growing popularity of traditional Chinese medicines, which make use of everything from tiger claws (to treat insomnia) to tiger fat (leprosy and rheumatism), and the prices this kind of harvesting can bring (as much as $20 for claws, and $20,000 for a skin), the tiger can in effect pay for its own survival." Mitra suggests that "this crisis presents an opportunity to help [the wild tiger] buy its way out of the extinction it now faces."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Uneasy Mideast Truce Holds."
"School Debate Tests The Truth."
"Disney Lands A New Sea Crew."
"A Suspect Iraqi: Do You Fire?"
"4th Glitch In A Month Has LAX Blaming FAA."
"A Defiant Hezbollah Rises From The Rubble."
"Conservatives Put Faith In Church Voter Drives."

USA Today:
"Both Sides Celebrate Mideast Truce."
"Veteran Travelers Find It Hard To Carry On."
"Census: Newest arrivals Fan out."

New York Times:
"Fragile Cease-Fire Allows Thousands To Return Home."
"First The Truce, Then The Test Of How Long It Can Last."
"Dell Will Recall Batteries In PC's."
"New Data Shows Immigrants' Growth And Reach."
"Advertisers Trace Paths Users Leave On Internet."
"When Elevators Fail, City's Enforcement Falters."
"Tighter Security Is Jeopardizing Orchestra Tours."

Washington Post:
"Immigrants Top One Million In Region."
"Records In House Define Md. Democrats."
"Allen Quip Provokes Outrage, Apology."
"Hezbollah Fighters Emerge From The Rubble."
"Fire Hazard Causes Dell To Recall Laptop Batteries."

Washington Times:
"Weary Lebanese Flocking Home."
"Border Group's Finances A Secret."
"Delays Subside At Airports."
"Women Named CEO Of Pepsi Cola."
"Mutombo To Open Hospital In Congo."
"Superman Tops Supremes."

Detroit Free Press:
"A Torrent Of Rage And remorse."
"Ford looks To Cut back Dealership Numbers."
"A Michigan Snapshot."
"Terror Charges Tied To Phones Are Crumbling."

Atlanta Journal-Constitution:
"Immigrants Transform Gwinnett."
"Two Sides Cite gains In Tense Mideast."
"First Days, Fresh Start."
"Classics: Swing Music For Your Moods."

Houston Chronicle:
"This School Bus Ride End With A New Beginning."
"Fragile Peace Begins To Take Hold."
"Numbers Back Up Ethnic, Age Trends."
"First-Day Jitters In A Sea Of New Faces, Old Pals."
"Dell Recalls 4.1 Million Batteries For Fire Risk."
"Texas Senators' Roles Defy Junior, Senior Ranks."
"Moon Landing Tapes Missing."

Story Lineup From Last Night's Network News:
ABC: Middle East Cease-Fire; Who Won Mideast Conflict?; Terror Plot Unfolded; Fighting AIDS; Castro's Health; Carroll Speaks Out; Dell Computer Recall; Police Beat Gas Prices; NASA's Lost Footage; Golf Changing Lives.
CBS: Mideast Cease-Fire; Bush-Cease-Fire; Gaza Fighting; Terror Plot Unfolded; Terrorist al Qaeda Connection; Airplane Security; Castro's Health; New Anti Smoking Drug; Dell Computer Recall; Babaro Recovery; Oil Prices; Stock Market; Bear Sanctuary Threatened.
NBC: Mideast Cease-Fire Lebanon; Mideast Cease-Fire Israel; Bush Cease-Fire; Terror Plot Unfolded; Terror Threat; Dell Computer Recall; Bird Flue IN US; Castro's Health; Stock Market; High Gas Prices Alternatives.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a National Security Council and Homeland Security Council briefing, National Counterterrorism Center, McLean; meets with the Counterterrorism Team.,National Counterterrorism Center, McLean; attends lunch with the counterterrorism and homeland security teams, National Counterterrorism Center, McLean; meets with the Homeland Security team, National Counterterrorism Center, McLean.

VICE PRESIDENT CHENEY — Speaks at a luncheon for Arizona Victory 2006, Arizona Biltmore Resort and Spa, Phoenix; speaks at a reception for New Mexico Victory 2006, Private residence, Roswell, NM.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: ISSA-LEBANON _ 10:30 a.m. Rep. Darrell Issa, R-Calif., holds a press briefing about the Israeli/Hezbollah

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conflict after returning from Lebanon on an official trip August 10-11. Location: National Press Club, Lisagor Room.

INDONESIA-MUSLIMS-TERROR _ 3 p.m. Indonesian Ambassador to the U.S. Sudjadnan Parnohadiningrat speaks on ``The Role of the World's Largest Muslim in the Global War on Terrorism, and its Policies toward North Korea and Iran." Location: National Press Club, 14th and F Sts. NW.

DEAN-IRON WORKERS _ 3:30 p.m. Democratic National Chairman Howard Dean addresses the Iron Workers International 41st Annual Convention. Location: Washington Hilton, 1919 Connecticut Ave. NW.

9/11-IRONWORKERS _ 6 p.m. Screening of the documentary ``Metal of Honor," describing the stories of ironworkers who picked through the rubble of the World Trade Center following the 9/11 tragedy. Location: AMC Georgetown 14, 3111 K St. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

AG Warns Heightened Security Measures May Be Permanent (AP) 4
The Situation Room (CNN) 5
In Wake Of Plot, Justice Dept. Will Study Britain's Terror Laws (NYT) 16
Britain Eases Travel Rules After Terror Alert Lowered (USAT) 17
Thwarted Plot Adds To DOJ's Impatience (LAW) 18
British Sift Through Potential Plane-bomb Materials (USNEWS) 18
We Need Our Own MI5 (WP) 19
Charity Funds Said To Provide Clues To Alleged Terrorist Plot (WP) 20
Britain Looks For Links To Transit Blasts (LAT) 22
Threat Alert Level Lowered For Airports (NYT) 23
Britain's Threat Level Drops To 'Severe' (AP) 25
UK To Make New Security Rules Permanent (FT) 26
Terror Alert Downgraded, But Attack Still 'Likely' (WT) 27
East Enders (WSJ) 28
L.A. Area Muslims Urge Public To Not Demonize Them (LAT) 29
Cuban Exile Militant Asks Federal Judge To Free Him (MH) 30
5 Men Leave Guantánamo For A Bleak, Uncertain Future (NYT) 31
A Self-Defeating War (WSJ) 33

Homeland Response:

U.S. Officials Say Plot Shows Need For More Sharing Of Passenger Data (NYT) 33
Air Cargo Still Largely Unchecked (WSJ) 35
Veteran Travelers Find It Hard To Carry On (USAT) 37
Fear Takes Flight (WP) 39
What Can Be Carried On? (NYT) 39
What You Need To Know About The New TSA Rules (USAT) 41
Air Travel: The New Facts Of Life (7 Letters) (NYT) 44
Tighter Security Is Jeopardizing Orchestra Tours (NYT) 46
New Regulations Further Strain Airlines' Creaky Baggage Systems (WSJ) 47
Come Wait With Me (NYT) 49
FBI: No Terror Groups In Cell Phone Case (AP) 50
FBI Finds No Terrorist Link To 3 With Supply Of Phones (WT) 51
FBI: No Links To Terrorism In Caro Cell Phone Case (DEN) 52
Terror Cases Tied To Phones Are Crumbling (MCT) 52
Mich. Officials Hold 3 On Terror Charges Despite FBI View (WP/DFPress) 54
FBI: There's No Imminent Terrorist Threat To Michigan (WJRT-TV) 54
3 Dallas-area Suspects Known To Resell Phones (HC) 55
Terrorism Charges Dropped In Ohio Cell Phone Case (FREEP) 56
TPD Investigates 'abnormal' Number Of Cell Phones Purchased By Two Men (AZDS) 56
Tucson Police Say Cellphone Purchases Were Suspicious, But Not Criminal (kVOA-TV) 57
Easy To Resell, Prepaid Phones Rankle Carriers (WSJ) 58
Last 2 Egyptian Students Found (WT) 59
2 Egyptian No-shows Located Here (RTD) 60
All Missing Egyptian Students In Custody (KCS) 60
Toy Remote Control Triggers Airliner Evacuation At LA Airport (AP) 61
Stolen Guns Highlight Security Problems (CHIT) 61
Concerns About Missing Guns At O'Hare (WLS-TV) 62
Weapons Stolen From Checked Bags At O'Hare (CBS2CHI) 63
A Public Rebuilding Downtown (NYT) 64
Governors Resist Shifting Authority Over Guard (NYT) 64

Trailer Homes' Locks Found Vulnerable (AP) 65
FEMA Has Key Concern With Its Trailers (NOTP) 65
New Orleans Power Play Spurs Role Reversal (WSJ)..... 67
New ID Just Isn't Ready (USAT) 68
Five Years After 9/11, Plan To Tighten Borders Hits Roadblock (USAT)..... 69

War News:

U.S.-Iraqi Offensive Tries To Steer Clear Of Shiite Militia (USAT)..... 69
Rosy Assessments On Iraq `not Related To Reality,' Some Say (MCT) 70
U.S., Iraqis At Odds Over Blasts' Cause (AP) 72
U.S. Offers Plan To Curb Rogue Iraqi Police Forces (LAT)... 73
Just-returned Troops Sent Back To Iraq (AP) 75
300 US Troops Going Back To Iraq After Brief Reprieve (AFP)..... 76
3rd Infantry Troops Ready For Possible Third Tour In Iraq (AP)..... 76
43-year-old Army Veteran From Hillsdale Killed In Iraq (AP) .. 77
A Suspect Iraqi: Do You Fire? (LAT)..... 77
Haditha Probe Leaves Marines Wondering (AP) 80
Lawmaker Apologizes To Marines For Remarks (WP) 81
Sunni Speaker Faces Ouster Attempt (AP) 82
Speaker Of Iraqi Parliament May Step Down (NYT) 82
Baghdad's Cinemas Falling Casualty To War (WP) 84
Hostage: The Jill Carroll Story - Part 2 (CSM)..... 85
In Afghanistan, Lamenting Refuge For Militants Across Border (NYT)..... 88
Case Shows Terror-War Complications (WSJ) 89
Terrorism 'undermining Pakistan' (FT)..... 90
Polio Cases Rise In Afghan South (NYT) 91

Corporate Scandals:

U.S. Wants Ex-Enron Chief To Pay Lay's Share, Too (NYT).. 91
Nasdaq Says Monster Not In Compliance (AP) 92
HealthSouth Mulls Divesting Divisions (FINDLAW/AP)..... 93
Enron Overkill (WSJ)..... 93

Criminal Law:

Rodriguez Trial Opens With Grim Details (MINNST)..... 94
Dru Sjodin's Death Described As Suspect's Trial Opens In North Dakota (STPPP)..... 96
Trial Begins In Slaying Of N.D. Student (WP/AP) 97
Ex-GOP State Staffer Challenges FBI Report (MANUL) 98
Former SOCom Colonel Gets 15 Months (SPT) 98
Former SOCOM Official Gets 15-Month Prison Term (TAMPTRIB) 99
Retired Army Officer Sentenced In Military Contractor Bribery Case (AP) 99
Moss Point Alderman Arrested On 13-count Federal Indictment (BSH) 100
FBI, District Probe School Credit Card Use (FWST)..... 100
Jury Selection Begins In 3rd Gotti Trial (WP/AP)..... 101
Gotti Goes Gaga Over His Brand New Junior (NYDN) 102
HEAT'S ON MOB COP (NYPOST)..... 102
Hooks Says He'll Quit Commission (MCA)..... 103
Lincoln Man Gets 30 Years For Child Porn (BLOOMPAN) .. 103
Man Admits Threatening To Murder Federal Judge (LAW) . 104
Judge Orders Voice Samples Of Three Charged In Coke Secrets Case (FINDLAW/AP) 104
Bank Heists Linked To Teens Catch FBI's Eye (USAT) 105
Local Gang Members Are Off To Prison (GAINT)..... 106
Gainesville Gang Members Get Prison Terms (AJC)..... 107
Six Gainsville Gang Members Sent To Prison (MACT) 108
Actress In Homeland Security Show Scam Must Pay (LAT). 108
Sheriff Offers Profile Of Sniper Active In Northwest Indiana (NYT)..... 109
Hinckley Seeks Four-day Visits (WT)..... 110
Man Pleads Not Guilty In Richmond Killings (WT/AP)..... 111
Espionage Lite (WP) 112

Civil Law:

Iranian Brothers Sue Over Long Detention (NSDY/AP) 113
Freed Former Terror Suspects Sue U.S. Officials (LAT) 113
Internet Privacy Group Files Complaint Against AOL (WP) ... 114

Civil Rights:

Bush Signs Law To Save War Memorial Cross (NYT) 115
Bush Saves Cross By Eminent Domain (WT) 116
Federal Government Takes Control Of A Huge Cross (WP) 116
President Signs Bill To Save San Diego Cross (LAT)..... 117
Misconduct By Military Recruiters Cited (SEAPI/AP) 118
US Military Recruiting Irregularities Rose Last Year (AFP) ... 119
Violations By Military Recruiters Up Sharply (WP)..... 120
Military's Discharges For Being Gay Rose In '05 (NYT)..... 120
Missouri Army Base Leads 'Don't Ask Don't Tell' Dismissal Rate (AP) 121
Colorado Redistricting Lawsuit Dismissed (AP-Y)..... 122
Shooting Puts Focus On Police Decisions (BSUN) 123
Inspector General Probes Deletions In Reports On Group Home Deaths (WP) 124
Ninth Circuit Reinstates Suit Over Handcuffing Of 11-Year-Old (MNE)..... 125

DOJ_NMG_0048251

Has Bush V. Gore Become The Case That Must Not Be Named? (NYT) 127

Antitrust:

Bristol-Myers, Sanofi-Aventis Try To Block Sales Of Generic Plavix (AP) 128
Warsaw Orthopedics Companies Named In Antitrust Suits (FWJD) 129
NovaGold Urges Shareholders To Reject Barrick's Takeover Bid (WSJ) 129

Environment:

BP Considers Alternative Routes For Moving Oil From Prudhoe Bay (WSJ) 130
In A Defeat For Louisiana Governor, Federal Judge Refuses To Stop Oil And Gas Lease Sale (AP) 130
Northern Nevadans Don't Want To Gamble With Their Water (WP) 131
White House: Lesser Bird Flu May Be Here (AP) 132
Wild Swans May Have Form Of Bird Flu (WT/AP) 133
Bird-Flu Viruses Are Discovered In Two Wild Swans In Michigan (WSJ) 134
2 Michigan Swans Seem Infected With Nonlethal Avian Flu Strain (NYT) 134
Two Wild Swans Have Virus, But Not The Virus (USAT) 135
Bacteria Cited In Sandy Point Swimming Ban (WT) 136

FBI/DEA/ATF/USMS:

State Dismisses Charges Against Local FBI Agent (WBOY-TV) 136
W. Pa. Native Appointed Chief FBI Agent Here (PPG) 137
2002 Triple Slaying Linked To Feud Over Ecstasy Trafficking (SFC) 137
El Dorado's Raided Marijuana Fields Linked To Criminal Gang (SACBEE) 138
Massive Pot Farm Bust In El Dorado County (AP) 139
14 Arrests Upset Local Somalis (SEATIMES) 139
Cop Failed Polygraph, Feds Say Prosecutors: Metro Detective OK'd Lie Test Over Drug Theft (TENN) 141
'Medical Marijuana' User Drops Defense And Pleads Guilty (COURTTV) 142
Campbell Explains Relay Protest (FT) 143
Feds Revoking Licenses Of Two Merced Gun Stores (MODBEE) 144

Immigration:

Census: Newest Arrivals Fan Out (USAT) 145
New Data Shows Immigrants' Growth And Reach (NYT) 146
Area Immigrants Top 1 Million (WP) 148
Immigration Spreads Diversity Across Country (WT/AP) 149
Border Group's Finances A Secret (WT) 150

Tax:

IRS: Maple Grove CEO Owes $1.6 Million In Taxes (MINNST) 151

Congress-Administration:

Alarm In Congress Over Race To Allocate Cash (FT) 153
Bush Signs Vocational Education Bill (AP) 154
Could Supreme Court Settle Presidential Signing Scrap? (LAW) 154
Former Colleague In SG's Office Becomes Chief Justice's Administrative Assistant (LAW) 156
Chief Justice Taps Justice Department Veteran As Top Aide (SDUT/AP) 157
Luxury Spending Found In Legal Program (AP-Y) 158
Senator Coburn: Tough Critic Of Pork (CSM) 160
Welcome To Byrd Country (CSM) 161
Transportation Dept. Reveals 2nd Laptop Theft In Fla. Office (WP) 163
Veterans Affairs Upgrades Data Security (AP-Y) 163
Inside The Beltway (WT) 164
Press Corps Moves Outside White House (AP-Y) 164
A Growing Separation Of Press And State (WP) 165
Survey Shows Half Have Not Calculated Retirement Needs (WP) 166
How Bush Came To Hate Cellphones (WP) 167
End Welfare Lite As We Know It (NYT) 168
Help Wanted: Qualified Judges (NYT) 169
Welcome To Club Fed (WSJ) 169
Probe Quickly (WP) 170

Other News:

Banks Report Weak Mortgage Demand DOW JONES NEWSWIRES (WSJ) 171
Market's Rally Proves Unsustainable (USAT/AP) 172
Shares Get Lift From Cease-Fire, Drop In Oil Price (WSJ) 172
Democrats See Security As Key Issue For Fall (NYT) 173
Pre-election Terrorizing (LAT) 174
Conservatives Put Faith In Church Voter Drives (LAT) 175
First Lady Laura Bush Appears At Chicago-area Fundraiser (CHIT) 176
White House Vague On Conn. Senate Race (AP-Y) 177
White House Ducks Question On Connecticut Race (NYT) 178
Lieberman's 'Mainstream' Isn't Democratic At All (USAT) 179
Lamont's Secret Weapon (WSJ) 180

DOJ_NMG_0048252

Inside The Beltway (WT) 180
Webb Campaign Criticizes Allen Remarks Aimed At Volunteer (AP) 181
Allen Quip Provokes Outrage, Apology (WP) 182
George Allen's America (WP) 183
Reid Pays Interest On Improper Donation (AP-Y) 184
Rep. Ney Formally Withdraws From Ballot (AP-Y) 185
Fitzpatrick Now Rejects Bush's Strategy In Iraq (PHI) 185
A Gap In Their Armor (WP) 186
A Distant Mirror (NYT) 187
Records In House Define Md. Democrats (WP) 188
Improving Relations, Whoop By Whoop (WP) 190
Bush Says Israel Defeated Hezbollah (AP-Y) 191
Hezbollah The Loser In Battle, Bush Says (WP) 192
Hezbollah Was Defeated, Bush Says (WT) 193
Bush Declares Hezbollah Defeated (LAT) 194
U.S. Touts Mideast Cease-fire Prospects (AP-Y) 195
Lebanese Go Home As Fragile Truce Holds (FT) 195
Olmert Accepts Blame For Operation's 'Failings' (WP) 196
Hezbollah Fighters Limp Out Into The Light, Yet Manage A Bit Of A Swagger (NYT) 197
Hezbollah Fighters Emerge From The Rubble (WP) 199
Reservists Unhappy With War's Outcome (WT) 202
A Defiant Hezbollah Rises From The Rubble (LAT) 202
Deal Reflects Shift In Bush's Expectations (LAT) 204
Fragile Cease-Fire Allows Thousands To Return Home (NYT) 206
Bush Defends U.S. Handling Of Lebanese Conflict, Asserting That Hezbollah Is The Loser (NYT) 208
'Birth Pangs' Of What? (WP) 209
Lebanese Refugees Head Home As Fragile Cease-fire Holds (MCT) 210
Weary Lebanese Flocking Home (WT) 212
Both Sides Celebrate Mideast Truce (USAT) 213
Mideast Peace Vulnerable To Provocations (AP) 213
Uneasy Mideast Truce Holds (LAT) 214
Israel, Hezbollah Remain Prepared To Resume Fighting Despite Truce (WSJ) 216
First The Truce, Then The Test Of How Long It Can Last (NYT) 218
Many Israelis On Border See A Lull - Not Peace (CSM) 219
10 Katyusha Rockets Explode In Lebanon (AP) 220
The U.N. Puts A Rush Order For A Force Of 15,000 (NYT) ..220
German Peace Overture To Syria (FT) 221
The Triumph Of Unrealism (WP) 222
So, Three Guerrillas Walk Into A Bar . . . (WP) 223
2 Fox News Reporters Kidnapped In Gaza (AP) 224
Two Fox News Staffers Kidnapped In Gaza (LAT) 224
Hospital Says Sharon's Condition Worse (AP-Y) 225
Iran Said To Support Shiite Militias In Iraq (WP) 225
Who's Afraid Of Shirin Ebadi? (NYT) 226
Questions For Ahmadinejad (That Mike Wallace Didn't Ask) (WSJ) 227
Mexico's President Defends Vote Tally Electing His Ally (NYT) 228
Japan PM Fulfils Pledge To Visit War Shrine (FT) 229
Japan's Koizumi Again Irks China With Shrine Visit (WSJ) 230
Africa Gives 'ABC' Mixed Grades (WP) 230
A Familiar Pair Urge Greater Attention For AIDS (NYT) 232
A Very Big Project Calls On Artists Across Middle East (WSJ)233
Dictator Without A Doubt (WP) 235
New Image For America Begins At Home (WP) 236
What Year Is It? 1938? 1972? Or 1914? (WSJ) 237
Sell The Tiger To Save It (NYT) 238

TERRORISM NEWS:

AG Warns Heightened Security Measures May Be Permanent (AP)

By Don Babwin, Associated Press Writer

AP, August 15, 2006

CHICAGO (AP) Attorney General Alberto Gonzales warned Monday that security measures such as the ban on carrying liquids and gels onto commercial planes may be permanent if officials can't figure how to screen the kinds of materials terrorists in Britain allegedly plotted to use to blow up U.S.-bound planes.

Gonzales said if security officials have the ability to screen for such materials, then ``perhaps we can go back to the way it was before Aug. 10," when British authorities uncovered the alleged plan that included attacks on up to 10 jetliners.

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But, he said, ``If we don't have the tools to appropriately screen, to ensure the safety of the flying public then there may be permanent changes. It's too early to tell."

Today, the X-ray machines used at airports do not detect for explosives.

Gonzales, who was in Chicago speaking to a disabled veterans group, would not discuss in detail the investigation, but said that before the British arrests were made, more than 200 FBI agents were following tips about possible activities in the U.S.

``There's no evidence of an ongoing plot here in this country," he said.

In discussing the differences between British and U.S. legal systems, Gonzales said it is possible that the American legal system might want to adopt the British law that allows officials to hold suspected terrorists for 28 days before charging them. In the United States, suspects must be charged a lot sooner, typically within 48 hours, though suspects deemed as ``enemy combatants" have been held far longer.

``That may be something we might want to look at," he said. ``But again, is it consistent with our Constitution? We have to look at that."

Later, a Department of Justice official stressed that Gonzales' comments should not be interpreted to mean that such a change in the law is imminent and, in fact, such a review has not begun.

``The only thing the attorney general has committed to is a review to evaluate and compare the United Kingdom's counterterrorism laws to those in the United States. Any changes to our existing terrorism laws would only be considered after extensive review and discussion to ensure such a change would be necessary, appropriate and constitutional," said a Justice Department official in Washington who is familiar with the pending review. He declined to be identified by name because the review has not started.

Gonzales also said government officials are continuing to evaluate the evidence that British authorities uncovered in the plot that led to the arrest of 24 suspects, and raised the possibility that suspects may face charges outside Great Britain.

``We are evaluating the evidence and will be evaluating the evidence as it is uncovered because we will have to make our own decisions on whether or not prosecutions make sense here in our country," he said.

Gonzales also disputed the suggestion that British authorities are more willing to let plots play out longer than U.S. authorities, who seem more willing to interrupt plots as soon as they believe they have enough evidence to prosecute.

``I think in every case the law enforcement official has to make a difficult decision about when to take down a potential group, a potential cell," he said. ``You have to weigh the possibility that the plot will mature, and people will get hurt, against the possibility that you begin too early and you're not able to successfully prosecute people engaged in criminal wrongdoing."

Associated Press Writer Michael J. Sniffen in Washington contributed to this report.

The Situation Room (CNN)

CNN.com, August 14, 2006

Along Israel-Lebanon Border, Cease-Fire Has Brought Peace; In Lebanon, Tens of Thousands Heading Home; Bush Administration Says Cease-Fire Means Diplomacy Is The Winner; Side-By-Side Comparison of U.S. and British Counter-Terror Tools; Grave Concerns About Potential of Terrorists Getting Into U.S. from Canada by Water; Iran Continues to Deny That It's Arming Hezbollah

Aired August 14, 2006 - 16:59 ET

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WOLF BLITZER, CNN ANCHOR: And to our viewers, you're in THE SITUATION ROOM, where new pictures and information are arriving all the time.

Standing by, CNN reporters across the United States and around the world to bring you today's top stories.

Happening now, it's midnight here in the Middle East. The bombs and the rockets have stopped falling, a cease-fire is holding so far. But is there a winner in the war between Israel and Hezbollah? Both sides now claiming victory in what's becoming a war of words.

It's 12:30 a.m. in Tehran, Iran. Is Hezbollah already being re- supplied with rockets? The U.S. has words of warning for Iran.

We're inside Iran with a report you will see only here on CNN.

And it's 5:00 p.m. in Washington, stepping up security after an alleged transatlantic plot. Should American authorities borrow a tough counterterrorism tool from Britain? Would the American people accept it?

I'm Wolf Blitzer in Jerusalem. You're in THE SITUATION ROOM.

For more than a month, explosions echoed in Lebanon and northern Israel. Now the cease-fire brings an eerie silence, except for the verbal shots fired by both sides. Israel's prime minister, Ehud Olmert, says Hezbollah has suffered a major blow. Hezbollah's leader, Hassan Nasrallah, declares a strategic and historic victory and says the time is not right to talk about disarming.

Thousands of civilians, meanwhile, are streaming back into southern Lebanon, where towns and villages are devastated by Israeli bombing. Israelis are emerging from their shelters, but many are in no return -- no rush to return to their battered northern homes, mindful of a government warning the rockets could still fall again.

And an Israeli icon and a symbol of an earlier war in Lebanon that went very wrong. Hospital officials say the former prime minister, Ariel Sharon, has taken a turn for the worse following a massive stroke suffered in January.

With the smoke clearing, both sides now assessing the damage and facing an uncertain future.

CNN's Jim Clancy is in Beirut.

Suzanne Malveaux is standing by at the White House.

But let's begin our coverage this hour with our Chris Lawrence. He's joining us live from northern Israel -- Chris.

CHRIS LAWRENCE, CNN CORRESPONDENT: Wolf, here along the border, the cease-fire has brought peace, but not necessarily peace of mind. This is one of the many Israeli tanks that have crossed back over into Israel, but Israel is still keeping thousands of its troops in southern Lebanon right now, and the commanders on the ground are calling it a fragile truce.

That was proven earlier today when Israeli soldiers shot five Hezbollah guerrillas in southern Lebanon who they say were threatening the Israeli soldiers. One of those Hezbollah fighters was killed. Many of the commanders here that we spoke with say it is a situation like this that could spiral out of the control, which is why they want the multinational peacekeepers to get on the ground and take their place as soon as possible, but we're hearing that might not happen until late this week, possibly early next.

Now, again, there are other scenes around this part of northern Israel as well. In places like Haifa, life is starting to come back to the town.

It was almost deserted for the last month, but now we're seeing people coming back, reopening their businesses. Families are also starting to return to their homes as well.

We spoke with one family who evacuated a month ago out of Kiryat Shmona. Since then, more than 240 rockets have hit the town. They came back on the first day of the cease-fire, but that doesn't mean they necessarily feel safe. The mother told me she feels that she's very, very skeptical about the truce, she doesn't know if Hezbollah will honor it, and she is worried that this peace may not last.

She also, interestingly, said that she thought that because this war dragged on so long, she felt in her mind that because Hezbollah held out that in some ways it has strengthened its leader, Hassan Nasrallah, in the eyes of the Islamic world. And when I asked her, she felt that Hassan Nasrallah was the one who ultimately might come out the winner in this war -- Wolf.

BLITZER: Chris Lawrence in northern Israel.

Thank you.

In Lebanon, meanwhile, tens of thousands of people are heading home to the devastated southern part of the country, while Hezbollah's leader is claiming a major victory.

CNN's Jim Clancy joining us once again. He's live in Beirut -- Jim. JIM CLANCY, CNN INTERNATIONAL CORRESPONDENT: Wolf, we did have celebrations and fireworks, a declaration of victory. A lot of people on the long road home, and it is a long road to make this cease-fire work.

Let's look at the celebrations first.

Hassan Nasrallah declared victory, and Hezbollah set off fireworks in the southern suburbs that were visible all over the capital city of Lebanon. And then hundreds of people on motorcycles or in cars also joined in the celebration. They went around the city honking their horns, shouting, "Hezbollah, Hezbollah, Nasrallah, Nasrallah!"

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For his part, Hassan Nasrallah has not yet come out of hiding. But it's never too early to celebrate. He did just that when he declared victory on television. He also talked about a very delicate issue, disarming, and here he really went on the counterattack against critics and his own government, in the Lebanese government, as well as at the U.N.

Here's what he had to say.

(BEGIN VIDEO CLIP)

HASSAN NASRALLAH, HEZBOLLAH LEADER (through translator): Who come today dare to say that we ask Hezbollah to disarm and give up his weapons to the government of these great ones with them, the land of Shebaa Farms, with the owners of these farms to go back to it? They come asking us this, and they have with them the prisoners in Israeli jails. Did they come bringing with them real guarantees to protect Lebanon?

(END VIDEO CLIP)

CLANCY: The point is, Hassan Nasrallah and his party did agree that they would abide by the resolution, 1701. Now he seems to be backtracking, saying his forces will not disarm south of the Litani.

It's kind of confusing, because there's the national issue of disarmament for Hezbollah, which is separate, and 1701 which states that as the U.N. peacekeepers and as the Lebanese army goes in, then Hezbollah has to pull back to the Litani River, from the very far south in the country.

Meantime, in that south today, it was nothing but a traffic jam, Wolf. When you looked at the situation, people trying to get home by the tens of thousands. They were in cars and traffic jams, over bombed-out roads and bridges.

It was an awful scene for some people, but they were still happy to be going back and checking up on what they owned. They're hoping they can put the pieces back together again.

Still some risk there, those Israel warning when they go south of the Litani River, they are exposing themselves to the possibility that they could come into contact, into conflict zones that could still erupt at any time. So far today, things seem to be holding pretty quiet.

Back to you -- Wolf.

BLITZER: There was, Jim, a meeting involves United Nations officials along the border, Lebanese officials, Israeli officials. What was that all about?

CLANCY: That was all about the mechanics of how the deployment would go ahead. And as I understand it now, the United Nations was talking separately with Israeli generals and then separately again with the Lebanese officers that are to command that force, and trying to work out some of the details and logistics of all of this.

A very, very delicate operation. And what all sides need to know, including the Lebanese army, they want to know, will Hezbollah be disarmed in the south of Lebanon? It is still a deal-breaker if Israel says it won't pull out of south Lebanon.

BLITZER: Jim Clancy reporting for us from Beirut.

Thank you.

The Bush administration says the cease-fire means that diplomacy is the winner in Lebanon, and it says a successful cease-fire will mean a setback for Iran and Syria.

Let's go live to our White House correspondent, Suzanne Malveaux -- Suzanne.

SUZANNE MALVEAUX, CNN WHITE HOUSE CORRESPONDENT: Well, Wolf, President Bush, of course, has been huddling with his security -- his national security team, the defense team all morning and into this afternoon, but the bottom line is, President Bush really is in the same position that we're all in here, and that is to wait and see whether or not this cease-fire really holds, wait and see whether or not the Lebanese government really is going to be able to ultimately disarm Hezbollah, so that bolstered U.N. force is going to be able to give it the kind of support it needs.

So, what is President Bush doing now? Essentially, he is trying to convince the American people that despite the violence in Afghanistan, Iraq, Iran, and Lebanon, that he has a plan, ultimately this plan to bring democracy and freedom to the Middle East, that this is something that is worth supporting.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: There are terrorists who kill innocent people to stop the advance of liberty. And that's the challenge of the 21st century. And the fundamental question for this country is, do we understand

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the stakes and the challenge, and are we willing to support reformers and young democracies? And are we willing to confront terror and those who sponsor them? And this administration is willing to do so.

(END VIDEO CLIP)

MALVEAUX: So, ultimately, Wolf, what we heard is President Bush saying the lesson of last week is that this war on terror is fully engaged, and he is using the foiled attacks of last week, as well as really coming together, this cease-fire, to illustrate a couple things. First, that he believes that there's still a threat against Americans, and secondly, that he is justifying the war on terror, trying to get Americans not to lose support here in the broad scheme of things, the broad goal, his theme, but also, of course, in the weeks to come as those midterm elections approach -- Wolf.

BLITZER: Suzanne Malveaux reporting for us.

Thank you, Suzanne.

Let's check in with Jack Cafferty once again. He's in New York -- Jack.

JACK CAFFERTY, CNN ANCHOR: Wolf, one of the best investigative reporters in our business says the Bush administration was knee deep in the planning of Israel's attacks on Hezbollah before they ever happened. Seymour Hersh writes in this week's "New Yorker" magazine that Israel had a plan for attacking Hezbollah and shared it with administration officials before the July 12th kidnappings of the Israeli soldiers.

Hersh suggests it's all part of a long-term plan to target Iran. He writes, "The president and vice president were convinced that a successful Israeli attack on Hezbollah could be a precursor to a potential U.S. attack on Iran's nuclear facilities."

The White House, as you might expect, denied the report. President Bush called it patently untrue. White House Press Secretary Tony Snow said Hersh's piece, "abounds in fictions."

I've followed Mr. Hersh's career for a lot of years. I'm not sure I would bet against him.

Here's the question: What does it mean if the U.S. was involved in the planning of Israel's attacks on Hezbollah?

E-mail your thoughts to CaffertyFile@CNN.com or go to CNN.com/CaffertyFile.

A lot of people thought Sy Hersh was crazy when he reported there was prisoner abuse going on at Abu Ghraib.

Remember, Wolf?

BLITZER: I certainly do. He was on "LATE EDITION" yesterday. We had a lengthy discussion on the very subject.

Jack, thank you very much for that. And if our viewers would like a sneak preview of Jack's questions, plus an early read on the day's political news and what's ahead here on THE SITUATION ROOM, you can sign up for our daily e-mail alert. Just go to CNN.com/situationroom.

Up ahead, pressing problems and multiple threats. Today we're looking at some urgent situations that the U.S. must confront, including the Iranian connection. Is Iran sending weapons to Hezbollah, possibly to Iraq?

Our Aneesh Raman will have the story.

Also, when British police officers nab terror suspects, they can hold them without charges for up to 28 days. But why can't the U.S. do that?

Jeanne Meserve will answer that in our series, "Target: USA."

And Canada is playing a prominently significant role in the war against terror.

Zain Verjee is in Toronto right now looking at that country's efforts in the war on terror and the dealings with its own Muslim communities.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: It's the first day of a cease-fire here between Israel and Hezbollah in Lebanon. So far, no Hezbollah rockets on this day have come into Israel. No Israeli air strikes into southern Lebanon, or elsewhere in that country, including Beirut.

We're monitoring this -- what some are calling this eerie silence emanating in this war that has continued for, what, 33, 34 days. Much more on this story coming up.

The other important story we're following, the war on terror.

In Britain, things are getting back to normal, yet the threat of terror remains. Britain lowered its terror threat level from critical to severe, where it was before the revelation of that alleged plot to blow up airplanes bound for the United States. British officials

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say that although the terror level was moved down a notch, it does not mean the terrorists are not hungry for another attack. The British home secretary, John Reid, says a severe threat level means there is still a high possibility that terrorists could attempt a strike.

Meantime, just a short while ago, President Bush talked about the ongoing threat of terror, saying al Qaeda and others are bet on doing Americans harm. But how easy or difficult might that be? Where is America most vulnerable to terrorist attacks?

Today in a series called "Target: USA," CNN is pondering that question, and the answers are chilling. Let's begin with our homeland security correspondent, Jeanne Meserve -- Jeanne.

JEANNE MESERVE, CNN HOMELAND SECURITY CORRESPONDENT: Wolf, homeland security isn't just about protecting things. It is about preventing attacks.

The British have some investigative powers currently unavailable to U.S. law enforcement, but the U.S. is now taking another look.

(BEGIN VIDEOTAPE)

MESERVE (voice-over): The British bust of the alleged plot to blast airliners out of the skies is spurring the U.S. government to do a side-by-side comparison of U.S. and British counter-terror tools, officials say. One senior Justice Department official says the attorney general "... is not ruling anything or ruling anything out."

One significant legal weapon available to the British, their ability to detain suspects for up to 28 days without charges.

ALBERTO GONZALES, U.S. ATTORNEY GENERAL: That may be something that we might want to look at, but, again, is it consistent with our Constitution? We have to look at that.

MESERVE: U.S. law enforcement must bring charges within 48 hours of detaining a suspect. A former FBI official says sometimes more time would be useful.

PAT D'AMURO, CNN SECURITY ANALYST: To be able to detain those individuals a little bit longer to conduct some interviews would be something that could be looked at in this country, something that would be helpful to law enforcement authorities.

MESERVE: But the idea of extending the amount of time suspects can be held without charges makes civil libertarians bristle.

LISA GRAVES, ACLU: Just a blanket authority to hold anyone, to round people up at will without any evidence that they've done anything wrong is a step in the wrong direction.

MESERVE: Few people inside our outside government believe the U.S. would or could following the British model.

The Patriot Act, passed in the aftermath of the 9/11 attacks, expanded U.S. law enforcement's powers, making it easier, for instance, to conduct wiretaps. But some say it is essential to adopt some of Britain's other terror tools.

DAVID RIVKIN, REAGAN JUSTICE DEPT.: More surveillance, particularly in areas that really do not implicate constitutionally- protected expectation of privacy, A. B, more data mining and ability to really combine information from different databases and disciplines. And C, and I know it's a dirty word in some circles, a more rational attitude towards profiling.

(END VIDEOTAPE)

MESERVE: Though Congress did expand law enforcement's powers after 9/11, it is unclear how it would received any such requests to do so now. This, after all, is an election year -- Wolf.

BLITZER: Jeanne, thank you.

Meanwhile, a new poll gauges the public mood regarding terrorism. The CBS News poll taken after the terror arrests in Britain shows that 17 percent of Americans now cite terrorism as the most important problem facing the country. That's up from seven percent in July.

The CBS poll also asked Americans how they felt about President Bush's current handling of terrorism. Fifty-one percent say they approve. That number unchanged from the president's terror approval rating back in July.

Coming up, America's neighbor to the north is facing some of the same problems as the U.S. faces in the war on terror. Our Zain Verjee is in Toronto. She'll join us live with more.

And how easy would it be for a determined terrorist to walk a bomb or explosive into the United States by walking, walking through the open U.S.-Canadian border?

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Mary Snow is following that.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: We'll have much more on the crisis here in the Middle East coming up, but let's check some other important news happening right now.

Betty Nguyen joining us from the CNN Center.

Hi, Betty.

BETTY NGUYEN, CNN ANCHOR: Hi there, Wolf.

There is no date yet for the reopening of the eastern half of the nation's largest oilfield. British Petroleum closed it down last week for a fix of the pipeline corrosion problems. Well, it accounts for about 200,000 barrels of oil a day. And the western half of the oilfield is still operating, but analysts caution even a partial shutdown could cause supply disruption.

We'll keep our eyes on that.

In the meantime, as many as 110,000 FEMA trailers housing hurricane evacuees in the Gulf Coast may have to get new locks, of all things. FEMA says it's discovered that many of the trailers can be opened with the same key. There have been no reports of break-ins, but FEMA workers will put on additional locks and increase security at the trailers just as a precaution. Well, a garbage truck driver was injured after his vehicle collided with a vintage steam train carrying tourists. Take a look at the video here.

No one aboard the S16 (ph) train was reported hurt in today's accident in Connecticut. A train official says the truck driver may have tried to beat the train across the track.

You know you should never do that.

And listen to this, Wolf. A Florida newborn will have a big story to tell about her birthday.

Police say the baby's mom was driving to the hospital to give birth when a contraction caused her to lose control of the car. It slid off the road into a canal. The woman gave birth by herself in the mangled vehicle. Can you believe that?

A sheriff's deputy spotted the car and took mother and daughter to the hospital. Both are doing just fine.

What a precious baby. Hey, you can't stop baby when she's ready to come.

BLITZER: A lovely baby, indeed. Thank you -- thank you very much for that, Betty.

We'll be getting back to you.

Coming up, Iran. The Iranian regime in Tehran has made it clear it hates Israel and the United States, but is Iran helping to arm enemies of both countries? Is Iran sending weapons to Hezbollah and possibly to insurgents in Iraq?

Also, might the Iranian president's new blog have anything to say about that? We're going to tell you what it says and some things it does not say.

Stay with us. Much more coming up.

(COMMERCIAL BREAK)

BLITZER: Welcome back to THE SITUATION ROOM. I'm Wolf Blitzer reporting today from Jerusalem.

The United States hopes to close down every hole that could give terrorists an open opportunity. We want to talk more about a very important question we've been exploring. How vulnerable is America to terrorist attacks?

Today, in a series called "Target: USA," CNN is pondering that question, and the answers simply are chilling.

We have three reports.

Tom Foreman is standing by in Washington. Mary Snow is in New York.

Let's begin with CNN's Zain Verjee. She's joining us now from Toronto with more on how Canada is battling homegrown terror -- Zain.

ZAIN VERJEE, CNN ANCHOR: Wolf, there are fears and questions about homegrown terrorism here in Canada. We are in Toronto t find out just how serious it is.

(BEGIN VIDEOTAPE)

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VERJEE (voice-over): Music and maze, tourists and tailors, a popular stroll on one of the liveliest streets in Toronto. It's one of the most multicultural cities in the world, where tolerance is practiced and preached. But the colorful and delicate fabric that weaves together this unique city is being tested after an alleged homegrown terror plot was exposed.

UNIDENTIFIED MALE: We have got terrorism from the foothills of Tora Bora come down to the doorsteps of Toronto.

VERJEE: Seventeen Canadian men arrested this summer, accused of plans to behead the prime minister, attack the parliament, and blow up buildings. But some terror experts in Canada say the threat is exaggerated.

ERIC MARGOLIS, TERRORISM EXPERT: I think these are a bunch of kids, little, young Muslim would-be Rambos, who were adolescents shooting off their mouths. But I don't think this was in any way construed as a hotbed of terrorism.

VERJEE: But Canada has had its close calls. Just seven years ago, Canadian intelligence helped foil a plot to blow up Los Angeles airport. U.S. Customs arrested millennium bomber Ahmed Ressam as he crossed the Canadian border into Washington State. And just last November, the head of Canadian intelligence warns a terror strike is now probable.

So, is Canada a fertile ground for recruiting terrorists? Muslim leaders say images from Iraq, Afghanistan, Lebanon and Gaza fuel frustration and anger. For a few, that anger can turn into violence.

UNIDENTIFIED MALE: The predator imams who are trying to pick on young men use the plight of the Muslims to recruit them for their own political goals.

VERJEE: Not all Muslims here recognize that a serious problem is brewing in their own backyard, but at least one man offers this suggestion.

ALNOOR SAYANI, OWNER, LAHORE TIKKA HOUSE: Mr. Bush bring us Osama bin Laden, and we want to kick his ass too.

(END VIDEOTAPE)

VERJEE: Wolf, most people we spoke to here in the Muslim community say that they believe that the alleged plot is essentially an isolated case, and that homegrown terrorism is not really a widespread phenomenon here in Canada -- Wolf.

WOLF BLITZER, CNN ANCHOR: Zain, thank you. Zain Verjee reporting from Toronto.

How easy would it be for a terrorist to smuggle in explosives across the Canadian/U.S. border? Our Mary Snow is in New York, she's been watching this story -- Mary.

MARY SNOW, CNN CORRESPONDENT: Well Wolf, thousands of miles of that border is made up of water, and earlier this month a Coast Guard commanding officer told a congressional panel he had grave concerns about the potential of terrorists getting into the U.S. from Canada by water.

(BEGIN VIDEOTAPE)

SNOW (voice-over): On the water separating the U.S. and Canada, the Coast Guard checks under bridges for suspicious packages and checks even small leisure boats.

VOICE OF CHRIS ROMOSZ, U.S. COAST GUARD, BUFFALO SECTOR: If they pull into a port over here or one of these docks or just drop somebody off or meet another boat and that boat goes ashore, those are things we're looking for.

SNOW: This boat turns out to be an ordinary leisure boat. The challenge is, what do you look for?

ROMOSZ: There's not really a fit mold for a terrorist.

SNOW: During our trip with the Coast Guard in May, they told us that there is no fit mold for crossing these waterways. They've caught illegals making their way across swimming, some on rafts, but the waters can be treacherous in parts. But with so many small boats on the water and hundreds of miles to patrol, it's virtually impossible to physically seal this border.

(on camera): One of the big concerns about border security here outside of western New York is just how close the Canadian border is. Canada is right here behind us, and here on the Niagara river, there's less than a mile between Canada and the United States.

LT. CHRIS SWEENEY, U.S. COAST GUARD, BUFFALO SECTOR: Right we have Toronto, which is a huge city in Canada and a lot of people can fly into Toronto from overseas a little easier than you can go through JFK or La Guardia.

SNOW: Canadian officials say their security is strong and the Coast Guard boasts of its good relations with their Canadian counterparts. Still it worries them that the vast space of two thousand plus miles of water along the border could be an entryway for terrorists.

(END VIDEOTAPE) SNOW: And to give you an idea of how vast their job is, the Coast Guard estimates there are six million registered recreational vessels along the waterway between the U.S. and Canada -- Wolf.

BLITZER: Mary, thank you very much.

Let's get some more now on this very important story regarding terror threats in the United States. Tom Foreman is in Washington, he's got some additional perspective. Tom?

TOM FOREMAN, CNN CORRESPONDENT: Wolf, Mary's story points out a big problem here, the vastness of the United States and all the targets that are offered. Just look at Chicago. These are all the railways in Chicago alone. The metro railways, the El in Chicago, that's a whole other system of potential targets there. You have the waterfront offering targets out here, you have great big national landmarks like the Sears tower that people pay attention to.

Beyond that, you have sporting venues all over, targets which haven't been hit, but security analysts are worried about that. Besides that, you have airports, not only the big ones, but the smaller ones where planes might be taken. And then beyond that, shopping malls and centers. Look at that. That's Chicago alone.

This is one of the greatest challenges in looking at target America. All the targets that are out there. Look at this, we're talking about a nation where we have 6,000 power-generating stations in this country, transmitting power over a half million miles of bulk transmission lines. This is a huge difference.

We have 12,000 miles of coast, Mary mentioned a little bit over there. 141,000 miles of railroad lines across the country. 11 major seaports, there are more than 5,000 airports in this country alone that have paved runways. There are 47,000 shopping centers in the country, attracting, get this, nearly 200 million Americans every month. That's why this is such a big issue.

And if you talk about cyber attacks, another area we're worried about, almost 200 million internet users in this country. When we talk about target America, you can see Wolf the real problem is there are just so, so many targets, many industry analysts say you simply can't protect all of this. What you can do is try to develop intelligence that will stop the assaults before they reach any of these targets, not unlike what just happened in London -- Wolf.

BLITZER: Such a chilling, chilling thought. Thank you very much, Tom Foreman for that.

And remember to our viewers, stay tuned to CNN day and night for the most reliable news about your security.

Let's check in with Lou Dobbs to see what he's got on tap at the top of the hour, Lou?

LOU DOBBS, CNN ANCHOR: Wolf thank you very much. Coming right up, we'll be reporting on the war in Iraq, a war that on average is killing two of our troops each day, 100 Iraqis each and every today. President Bush today strongly defending his conduct of this war. We'll have reports from the White House, Baghdad and the Pentagon.

Also Hezbollah claiming victory in the war with Israel, Israel says the conflict will continue for the foreseeable future despite the cease-fire.

We'll be going live to Lebanon and Israel for the very latest reports and the acting Lebanese ambassador to the United Nations joins us here tonight.

And we continue our exclusive reports on the Justice Department's decision to prosecute two border patrol agents while giving immunity to a Mexican drug smuggler. What is our government thinking about? We'll have that special report. We hope you'll be with us at the top of the hour right here on CNN. Wolf, back to you in Jerusalem.

BLITZER: Thank you, Lou. And still to come, will Iran help Hezbollah rearm? Warnings from Washington, a response from Tehran. We're inside Iran, that's coming up.

And in our 7:00 p.m. eastern hour, with the latest security scare, what can you bring aboard an airliner? CNN's Jeanne Moos has a carry-on quiz for you. Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Welcome back. Iran is closely watching events in Lebanon. But how closely is Iran involved in Lebanon? And how much might it be helping Hezbollah right now? Our Aneesh Raman is the only U.S. television network reporter in Iran right now, and you can see his reports only on CNN -- Aneesh.

ANEESH RAMAN, CNN CORRESPONDENT: Wolf, in Iran, continued denial that the country is arming Hezbollah.

(BEGIN VIDEOTAPE)

RAMAN (voice-over): For every Hezbollah rocket fired on northern Israel comes an allegation that it came from Iran, and now the head of the country's supreme national security council, in an exclusive interview with CNN, responds.

Is Iran at all arming Hezbollah?

TRANSLATION OF ALI LARIJANI, IRANIAN NATIONAL SECURITY COUNCIL: Hezbollah does not need Iranian weapons. You can find anything on the market. The type of weapons Hezbollah uses are not that hard to find. And by the way, the Americans haven't admitted that they're supplying Israel with weapons.

RAMAN: It seems the Iranian strategy, for every question about their actions, comes a response that challenges the United States. When asked about comments made by the U.S. ambassador to Iraq, Zalmay Khalilzad, that Iran is festering civil unrest there, Larijani said it was the opposite. LARIJANI: Yes, they want civil war. This is not an analysis. We have information. The same ambassador you just mentioned had a meeting not long ago with terrorist groups inside Iraq. He asked for three things - one, to aim their guns away from the U.S. forces, two, to aim their guns at the Iraqi Shias, and three, to aim their weapons at Iran.

RAMAN: A startling accusation he says came from Sunni insurgents. Interesting because Iran is a Shia nation. In Iran, there is no doubt this day that Hezbollah won the war, that Iran is now in a stronger regional position, and they feel the U.S. must respect that.

LARIJANI: I think the Americans are wise enough not to entangle themselves with Iran. They're still struggling in Iraq. What did they gain in Lebanon? Can anyone claim that Israel has won in Lebanon. Why should the U.S. act unwisely? We're prepared for all eventualities.

RAMAN: Including the August 31st deadline set by the United Nations for Iran to suspend its uranium enrichment. Larijani says there are no plans to do that, leaving Iran on a collision course with the west.

(END VIDEOTAPE)

RAMAN: Iran sees itself as, A, if not the rising power in the region and the main voice that can challenge the United States -- Wolf.

BLITZER: Aneesh, thank you very much.

The bombs and the rockets have stopped falling here in the Middle East, but is there a clear winner in the war between Israel and Hezbollah? Joining us now from Washington, our world affairs analyst, the former defense secretary William Cohen, he's a key member of our CNN Security Council and chairman and CEO of the Cohen Group back in Washington. Is there a clear winner in this 34-day-old war, Mr. Secretary?

WILLIAM COHEN, FORMER DEFENSE SECRETARY: Well Wolf it's clear that we're in the spin zone right now, that each side will try to spin the story, so to speak, in a way that presents them as having benefited most from this conflict. As far as Hezbollah is concerned, it reminds me of the Jake Lamata story that was played by Robert DeNiro where he said, "You may have knocked me down, but you didn't knock me out."

So Hezbollah is going to claim victory in the sense that they're still standing. Israel by contrast can claim some measure of success, but if this peace accord holds as such with a fuse and becomes a permanent peace accord, then driving Hezbollah back away from the Israeli border in southern Lebanon, and providing a security zone for them, they can claim victory as well.

Right now I think the momentum or the spin zone is being won, that war is being won so far by Hezbollah, simply because they stood up to Israel and weren't militarily defeated. Something interesting and ironic about what has taken place, namely -- I'm sorry, go ahead, Wolf.

BLITZER: No, I was going to say President Bush earlier today insists that Hezbollah was defeated in this war, and he specifically blamed Hezbollah backed by Syria and Iran for starting the war. I want you to listen to what the president of Iran, Mahmoud Ahmadinejad told "CBS News"' Mike Wallace about the Bush administration. Listen to this.

(BEGIN VIDEO CLIP)

MAHMOUD AHMADINEJAD, IRAN PRESIDENT: Please give him this message, sir -- those who refuse to accept an invitation to good will not have a good ending or fate.

(END VIDEO CLIP)

BLITZER: That sounds like a serious threat from a country, the U.S. and the Europeans and others accuse of trying to build a nuclear bomb. How serious would you take that kind of threat from Iran?

COHEN: I think any threat that comes from Iran has to be taken seriously, but in order to counter that, I think the United Nations really has to belly up to its responsibility, so to speak. You recall that it was in June that the U.N. said to Iran that it must not pursue its nuclear weapons objectives, or else face the possibility of sanctions and perhaps even more.

At that time, you and I had the discussion that were they trying to slow-roll it by saying we can't respond, we're going to study this until the end of August. And it appears that they have been studying it until the end of August and now saying we don't have any intention of responding, period. If the U.N. allows that to stand then for all practical purposes, the U.N. has lost any authority, moral or otherwise, in terms of imposing resolutions on given countries.

So I think it's a real challenge here that the U.N. has to measure up to. That means including China, Russia, as well as the other members of the security council. This is a very serious issue as far as Iran pursuing a nuclear weapons program.

BLITZER: Is the U.N. up to policing, monitoring, disarming if you will, Hezbollah in the southern part of Lebanon under this expanded, beefed-up United Nations military presence?

COHEN: Well as we all know, the U.N. doesn't have a military force. It depends upon the contributing nations. I would expect that there will be NATO members and others who will be willing to commit troops and have very substantial rules of engagement that if a conflict breaks out, if they become targets, they will respond very seriously to any kind of provocation. That would have to be the situation.

That means those countries who have contributed armed forces to the NATO organization, and to others, including Indonesia, Malaysia, other countries who are now volunteering to send troops to the region. I think that if you have a substantial force backed up by very robust rules of engagement, they can in fact produce a cease-fire that will be lasting, that will benefit both Lebanon and Israel.

BLITZER: William Cohen, the former secretary of defense, thank you very much for joining us.

And one more note on Iran. The country strictly controls expression and access to the internet. And yet the Iranian President Mahmoud Ahmadinejad appears to be taking a rather unusual step, launching, get this, his own web blog. Our internet reporter Jacki Schechner has details. Jacki?

JACKI SCHECHNER, CNN INTERNET REPORTER: Wolf, the president already had his own Web site in Farsi and English but now he has launched a separate blog in four languages -- Farsi, English, Arabic, and French. And while it's not very fancy, it does have some interesting features.

For example, on the left hand side there is a poll that asks if you think that the U.S. and Israel intended to trigger another world war by attacking Lebanon. With more than 30,000 votes in, 58 percent say no. There's only one entry so far, it is titled "autobiography." It runs more than 2,000 words and it is very hostile to the west in general, and the United States in particular. He calls the USA the great Satan USA like the Ayatollah Khomeini did.

Also on the site, there is an opportunity for you to comment, there's one in Farsi translated congratulating the president on his new site. But we tried to put in our own comments in English, and they just went off into the void. We couldn't find them any where online.

We spoke to two organizations today that track press freedoms around the world, and while neither one of them condemn the blog, they did condemn Iran for cracking down on free speech online, saying that Iran is known for torturing, threatening, detaining, arresting bloggers and journalists, those are their words. And Wolf, we just wanted to let you know that we can't confirm that the president actually wrote these words himself, but he does promise future entries, and we're going to keep an eye on the site and see what shows up.

BLITZER: I assume he has some speech writers on his staff as well. Thanks very much, Jacki for that.

Up ahead, the latest photos of Cuba's Fidel Castro. And a get well visitor, our internet team standing by to bring that to you.

And can new uniforms, yes uniforms, keep Iraqi insurgents from posing as Iraqi police? What the U.S. is doing about that. Stay with us.

(COMMERCIAL BREAK)

BLITZER: Take a look at some of the hot shots coming in from our friends over at the Associated Press, pictures likely to be in your hometown newspapers tomorrow. First Nantucket, Rhode Island, a World War II veteran is joined by the mayor and U.S. Representative Patrick Kennedy at a ceremony honoring "Victory over Japan Day."

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Near Tyre, Lebanon, a woman cleans a mirror after returning to her home following the cease-fire with Israel.

South of Baghdad, Iraqi soldiers march during a transfer ceremony.

And in Toronto, the former President Bill Clinton listens to Microsoft Chairman Bill Gates speak at the 16th annual World Aids Conference. Some of the today's hot shots, pictures often worth 1,000 words.

Let's check in once again with CNN's Betty Nguyen, she's joining us with a closer look at some other important stories making news. Betty?

NGUYEN: High their Wolf. The U.S. military is unveiling a new tool aimed at foiling insurgents in Iraq who pose as police officers to carry out deadly attacks and kidnappings. It's unveiling a new Iraqi police uniform. Take a look. Officials say it has a special pattern that is very difficult to copy. Now the uniform should be available in October. The U.S. military also plans to change the markings on Iraqi police cars.

The U.S. military and Iraq's government, while they disagree about what caused a series of deadly explosions in a Baghdad Shiite neighborhood, dozens of people died when the blast turned a building into rubble yesterday. Iraq's prime minister blames car bombs or rocket attacks from a nearby Sunni neighborhood, but the U.S. military says a gas line explosion may have triggered the blast.

And a possible strain of bird flu has turned up in wild swans in Michigan, but federal health officials say initial tests show it is not the lethal H5N1 strain that's killed more than 100 people in Asia. Final test results are expected in about two weeks.

Former cross dressing pop star Boy George, take a look, had on a different kind of uniform today, shall we say. He put on an orange vest and a broom to sweep New York City streets. He's doing five days of court-ordered community service for falsely reporting a break-in at his apartment. As you can see, so many reporters swarmed him, police moved Boy George to a gated sanitation parking lot for the afternoon. Very interesting. There you go, Wolf.

BLITZER: All right, thank you, Betty. Betty Nguyen reporting.

Will a visit from one of Fidel Castro's key allies speed the Cuban leader's recovery? Venezuelan President Hugo Chavez made a trip to Cuba over the weekend to visit his bedridden friend. Now the pictures are showing up in Cuba's state-run newspaper. Our internet reporter Abbi Tatton standing by with details. Abbi?

ABBI TATTON, CNN INTERNET REPORTER: Wolf, we're now seeing two sets of photos of the Cuban president appearing online, the most recent uploaded to the state run newspaper, Granma, and they show a bedridden Castro being visited by his friend and close ally there Hugo Chavez over the weekend on the occasion of Castro's 80th birthday. The caption reading unforgettable afternoon between brothers. And if you look around this photo gallery, you'll see that Castro's own brother is feature there, there is Raul.

Himself the subject of some speculation over the last couple of weeks, because he hadn't been seen in public. Now these pictures come a day after other photos were put online of the communist publication Rebel Youth, showing Castro clad in Adidas there. Now CNN cannot independently verify the authenticity of any of these photos. In this one here, Castro is shown holding a recent newspaper, as if to say, look here, I'm still alive -- Wolf.

BLITZER: Abbi, thank you very much. Coming up, Jack Cafferty, "The Cafferty File." His question, "Was the U.S. in on the planning of Israel's campaign against Hezbollah?" Jack Cafferty wondering about the implications of that. Stay with us.

(COMMERCIAL BREAK)

BLITZER: Let's check in with Jack Cafferty, he's in New York -- Jack.

CAFFERTY: Wolf, Seymour Hersh writes in "The New Yorker" this week that Israel came up with its plans for attacking Hezbollah and shared them with the Bush administration before the July 12th kidnapping of the Israeli soldiers. The White House is strongly denying the report. The question we asked is, "What does it mean if the United States was involved in the planning of Israel's attacks on Hezbollah?"

We heard from Mike in New York, "It means hopefully the United States has learned from Israel's mistakes and will be able to do a better job when they finally take out Iran."

Michael in Cleveland, Ohio, "It means the administration's following through on its promise to congress, the U.S. public and the world to seek out and destroy terrorist groups and those who harbor and support them."

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Dave in Vancouver, "An invincible army takes on guerrilla fighters in a foreign land, gets bogged down, apologizes repeatedly for tragic civilian deaths, claims victory and then stays there any way. Does anybody actually believe the U.S. didn't have a hand in this?"

Mike in Rhinelander, Wisconsin, "It means the U.S. took twenty some years to do what Reagan was afraid to do when our Marines were killed in Lebanon in 1983."

Kevin in Fort Walton Beach, "I wouldn't care if the U.S. helped Israel in their war; Iran and Syria are helping Hezbollah, so what's the difference? We need to help any country that wants to rid this world of these morons. I really pray the civilized world can snuff these groups out before our children's generation has to deal with them too."

Nick writes from Houston, Texas, "It means the Bush administration is just as incompetent planning other country's military operations as they are planning ours." That's harsh.

And if you didn't see your e-mail here, we invite you to go to CNN.com/CaffertyFile, you can read more of them online. I got one from a guy who said, "Welcome back form vacation, I have a very difficult time thinking of you enjoying yourself." Not sure what to make of that, Wolf?

BLITZER: I hope you did enjoy yourself. You know, it's interesting, staying here and watching the recriminations begin in Israel as a result of this 34-day-old war reminds me to a certain degree of the recriminations we heard in the United States as far as the Iraq war is concerned. Briefly, what do you think, Jack?

CAFFERTY: Well I don't know. But I hear rumor changes may be coming in the Israeli government as a result of all this. So it's going to be interesting to watch.

BLITZER: All right Jack, we'll continue this in an hour. Let's go to Lou in New York, Lou?

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In Wake Of Plot, Justice Dept. Will Study Britain's Terror Laws (NYT)

By Eric Lichtblau

The New York Times, August 15, 2006

WASHINGTON, Aug. 14 — Attorney General Alberto R. Gonzales on Monday ordered a side-by-side review of American and British counterterrorism laws as a first step toward determining whether further changes in American law are warranted.

The plot to blow up airliners bound from Britain to the United States has highlighted differences in legal policies between the two allies, with American officials suggesting that their British counterparts have greater flexibility to prevent attacks.

Newly revised British counterterrorism laws, for instance, allow the authorities to hold a suspect for 28 days without charges, where American law generally requires that a suspect held in the civilian court system be charged or released within 48 hours.

Homeland Security Secretary Michael Chertoff said in appearances on the Sunday morning news programs that he thought bringing American laws more closely into line with Britain's, particularly regarding the detention of terror suspects without charges, could help deter threats at home.

"I think certainly making sure that we have the ability to be as nimble as possible with our surveillance, it's very important," Mr. Chertoff said on "Fox News Sunday."

"And frankly," Mr. Chertoff added, "their ability to hold people for a period of time gives them a tremendous advantage."

Mr. Gonzales echoed those remarks Monday in an appearance before a veterans group in Chicago. Asked about Britain's 28-day policy, he said, "That may be something we want to look at," according to an account by The Associated Press. But he also said: "Is it consistent with our Constitution? We have to look at that."

After the attorney general's comments, the Justice Department said he was directing officials there, including those in the Office of Legal Policy and the Office of Legal Counsel, to study the issue by comparing the two countries' laws.

"The attorney general has committed to a review to evaluate and compare the terrorism laws in the United Kingdom with those in the United States," said Brian Roehrkasse, a department spokesman. "Any changes to our existing terrorism laws would

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only be considered after extensive review and discussion to ensure that such a change would be necessary, appropriate and constitutional."

The review, for which department officials set no timetable, could set the stage for another fierce debate in Congress over the extent of the executive branch's antiterrorism powers.

The Federal Bureau of Investigation, meanwhile, is continuing to review evidence seized in the British investigation of the airliner terrorism plot, American law enforcement officials said. But so far, they said, no links to any Americans have surfaced.

In the days leading up to the announcement last week that Britain had foiled such a plot, the F.B.I. deployed several hundred agents to run down any American connections, and the Justice Department sought double or triple the usual rate of court-approved wiretaps to monitor the communications of American suspects, the officials said.

But a senior law enforcement official, speaking on condition of anonymity because the investigation is continuing, said Monday that "we're satisfied at the moment that there's no direct connection" between the British plot and anyone inside the United States.

Several episodes within the United States in recent days stirred speculation in the news media about a possible terrorism link. They included the search for 11 Egyptian students who had failed to report for an academic program in Montana and the arrest of three Texas men found in Michigan with about 1,000 cellphones in their van.

All the Egyptian students have now been arrested on immigration charges, but law enforcement officials said Monday that they were confident that neither the Egyptian students nor the Michigan cellphone suspects had any ties to terrorism.

Britain Eases Travel Rules After Terror Alert Lowered (USAT)

By César G. Soriano And Jeffrey Stinson

USA Today, August 15, 2006

LONDON — Beginning today, passengers flying from Heathrow, Gatwick and Stansted airports to all destinations will be allowed to carry one item of baggage onto aircraft, Britain's Department of Transport chief said.

Air travel restrictions that had banned most carry-on baggage were eased after the nation's terrorism alert level was downgraded one notch from "critical" to "severe" Sunday.

In Washington, the Justice Department plans to evaluate British anti-terrorism laws to determine whether those provisions could aid investigations in the USA. "Changes would be considered only after extensive review and discussion to ensure such a change would be appropriate," Justice spokesman Brian Roehrkasse said Monday.

The Justice review comes after Homeland Security Secretary Michael Chertoff said British laws provide flexibility to conduct electronic surveillance of possible suspects as well as provisions for detaining them for longer periods.

The carry-on ban in Britain was enacted Thursday after an alleged plot to blow up U.S.-bound passenger jets was uncovered. Under the eased restrictions, the carry-on item may be no larger than 17.7 by 13.7 by 6.2 inches — about the size of a laptop computer bag. Smaller items, such as purses, must fit within that bag.

"The smaller baggage size will make it easier for security staff to search your bags and make it more difficult for terrorists to hide something dangerous," Douglas Alexander, Britain's transport secretary, said at a news conference Monday.

Laptop computers, iPods, cellphones and other electronic devices are again permitted in carry-on baggage. The only liquids permitted are milk and formula for babies and essential medication such as insulin. Solid lipstick also is allowed. Most other cosmetics are banned.

Passengers flying from Britain to the USA will be subjected to more stringent restrictions, including a secondary screening at the gate. U.S.-bound travelers will not be allowed to purchase duty-free liquor or other liquids.

To help speed security screening, passengers are urged not to carry containers that could hold liquids, such as bottles, thermoses or flasks. Liquids were banned because authorities suspect terrorists planned to smuggle bombmaking equipment onto aircraft in drink bottles.

Britain's Joint Terrorism Analysis Center reduced the country's threat level to severe, the second-highest level.

"I want to stress that the change in the threat level does not mean that the threat has gone away," British Home Secretary John Reid said.

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Flight delays and cancellations continued Monday, but there were signs of improvement.

At Heathrow Airport, Europe's busiest, 68 flights out of a total of 1,280, or about 5%, were canceled Monday. That was down from 30% Sunday.

British Airways canceled 39 European flights and five long-haul flights Monday.

"British Airways is seeing some improvement to the airport's operation and continues to work with the British Airport Authority," the airline said in a statement on its website.

American Airlines' morning flights from London to Boston and New York, which had been canceled Sunday, took off Monday as scheduled.

Three afternoon flights to Los Angeles, Boston and New York were canceled Monday. "The present difficulties at our airports may continue for some time," Alexander, the transport secretary, said.

The air travel woes have been a boon for Eurostar. The high-speed train network from London to Paris and Brussels has seen a 27% increase in travelers since the tougher airport security restrictions were imposed.

Thwarted Plot Adds To DOJ's Impatience (LAW)

By Jason McLure, Legal Times

Legal Times, August 14, 2006

Reports that the British government had thwarted a planned attack on trans-Atlantic flights last week sent U.S. officials scrambling to tighten domestic security. But one Justice Department official left out of the mix was Kenneth Wainstein, the nominee to head the DOJ's planned National Security Division.

The new division would unite the Criminal Division's counterterrorism and counterintelligence sections with the independent Office of Intelligence Policy and Review.

Earlier this year, Congress provided statutory authorization for the new division, but its creation has been blocked by Sen. Carl Levin (D-Mich.), who has placed a hold on Wainstein's nomination. Levin's obstruction doesn't appear to be based on any question about Wainstein's credentials; rather it stems from the senator's long-running quarrel with the Defense Department over access to FBI documents concerning abusive interrogation techniques used at the U.S. prison in Guantánamo Bay, Cuba.

A spokesman for Levin says a request for seven documents relevant to Wainstein's nomination has been "outstanding for over a month."

The Justice Department is running out of patience. "He is single-handedly preventing the National Security Division from being implemented," says DOJ spokeswoman Tasia Scolinos. "It is unfair for him to exercise oversight over [the Defense Department] by holding up DOJ nominations."

If he is confirmed, one of the first issues Wainstein, currently U.S. attorney for the District of Columbia, will have to tackle is a lengthy backlog for processing Foreign Intelligence Surveillance Act wiretap warrants. A Justice official and an FBI official say last week's terror threats generated a huge spike in the number of FISA applications from the FBI.

Though details of the backlog remain classified, Attorney General Alberto Gonzales has acknowledged the problem, and Sen. Mike DeWine (R-Ohio) has repeatedly expressed frustration that, five years after Sept. 11, the Justice Department can't seem to process FISA applications from the FBI in a timely manner.

Jason McLure can be contacted at jmclure@alm.com.

British Sift Through Potential Plane-bomb Materials (USNEWS)

U.S. News and World Report, August 15, 2006

British forensic experts are slowly sifting through materials that could potentially have been used as precursor chemicals to make explosives – the materials were found in the homes of suspects arrested last week in the alleged plot to blow up at least 10 planes headed from the United Kingdom to the United States.

But the experts are not saying yet whether any of these materials could have been combined to make liquid explosives potent enough to blow the planes out of the skies. Among the materials discovered: flashlight bulbs, AA batteries, hydrogen peroxide and containers for the solution, disposable cameras, and half liter bottles of Dutch commercial food additives, law enforcement sources tell U.S. News.

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Left to their own devices, British police might have waited longer before making the arrests in order to obtain more evidence, U.S. and British law enforcement sources said. The British arrests took place only because Pakistan – at the urging of the FBI – made a key arrest that the British feared could have a domino effect and tip off the London suspects, several of whom had made trips to and from Pakistan for fundraising, training, and recruiting.

U.S. law enforcement sources say the bureau pressured Pakistan to make their move, forcing the British to scramble. A senior FBI official, however, denied any pressure was placed on either the British or the Pakistanis. "It was entirely their call," he said. He said the FBI worked collaboratively with the British to chase down hundreds of leads in the United States -- but no connections were found. Senior FBI officials also were taking note of the growing difficulty that the British faced in keeping s tabs on the suspects, because there were so many suspects and the operation was sucking up considerable police manpower.

"It was getting more and more unwieldy," asserts one FBI official. Towards the middle of last week, according to U.S sources, British police could not be sure they knew where all the suspects were, and some were starting to purchase potential precursor chemicals and shopping for airline tickets, according to a knowledgeable official.

But some in the British Metropolitan Police's anti-terrorist branch fear that investigators may pay a price for pulling the plug too early. "I've got a feeling that if we let it run for 10 more days, we would have got a lot more concrete evidence" says one official.

"We would have liked an easier job bringing terrorists to court," this official says. "They are very bad lads, and it would have been nice to have a sealed case. We have a saying here, 'shutting the door when the horse has bolted.' Well, the bloody horse has long gone on this one."

The real fear, among British and U.S. law enforcement, is that terror plotters are constantly watching the news and learning better and better how to hide their tracks. After the July 7, 2005, bombings on the London subways that killed 52 people, police found a veritable bomb factory inside 18 Alexander Grove, the ground-floor flat that three of the four bombers rented next to the Leeds Grand Mosque.

"They were so inept at covering their trail, they didn't even watch CSI: Miami, for God's sakes," the British official says. The concern this time around is that these alleged London plane-bomb suspects may have concealed their supplies. "These guys had thought about getting caught."

"It's a danger for us to underestimate their flexibility," says one U.S. law enforcement source. "They are very fluid. They are learning from past mistakes."

We Need Our Own MI5 (WP)

By Richard A. Posner

The Washington Post, August 15, 2006

What lessons can we draw from the recent foiled plot to bring down U.S.-bound airliners with liquid bombs?

The first concerns the shrewdness of al-Qaeda and its affiliates in continuing to focus their destructive efforts on civil aviation. Death in a plane crash is one of the "dreaded" forms of death that psychologists remind us arouse far more fear than others that are much more probable. The concern with air safety, coupled with the fact that protection against terrorist attacks on aviation can be strengthened only at great cost in convenience to travelers, makes the recently foiled plot merely a partial failure for the terrorists. The episode is going to make air travel significantly more costly. The additional costs are no less real for being largely nonpecuniary (fear, and loss of time -- which, ironically, will result in some substitution of less safe forms of travel, namely automobile travel).

The plot has also revealed the indispensability of good counterterrorism intelligence. A defense against terrorists, as against other enemies of the nation, must be multilayered to have a reasonable chance of being effective. One of the outer defenses is intelligence, designed to detect plots in advance so that they can be thwarted. One of the inner defenses is preventing an attack at the last minute, as by airport screening for weapons.

The inner defense would have failed in the recent episode because the equipment for scanning hand luggage does not detect liquid explosives. (The liquid-bomb threat had been known since a similar al-Qaeda plot was foiled in 1995, but virtually nothing had been done to counter it.) Fortunately, the outer defense succeeded.

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Intelligence succeeded in part because of the work of MI5, England's domestic intelligence agency. We do not have a counterpart to MI5. This is a serious gap in our defenses. Primary responsibility for national security intelligence has been given to the FBI. The bureau is a criminal investigation agency. Its orientation is toward arrest and prosecution rather than toward the patient gathering of intelligence with a view to understanding and penetrating a terrorist network.

The bureau's tendency, consistent with its culture of arrest and prosecution, is to continue an investigation into a terrorist plot just long enough to obtain enough evidence to arrest and prosecute a respectable number of plotters. The British tend to wait and watch longer so that they can learn more before moving against plotters.

The FBI's approach means that small fry are easily caught but that any big shots who might have been associated with them quickly scatter. The arrests and prosecutions warn terrorists concerning the methods and information of the FBI. Bureaucratic risk aversion also plays a part; prompt arrests ensure that members of the group won't escape the FBI's grasp and commit terrorist attacks. But without some risk-taking, the prospect of defeating terrorism is slight.

MI5, in contrast to the FBI (and to Scotland Yard's Special Branch, with which MI5 works), has no arrest powers and no responsibilities for criminal investigation, and it has none of the institutional hang-ups that go with such responsibilities. Had the British authorities proceeded in the FBI way -- rather than continuing the investigation until virtually the last minute, which enabled them to roll up (with Pakistan's help) more than 40 plotters -- most of the conspirators might still be at large, and the exact nature and danger of the plot might not have been discovered. We need our own MI5, not to supplant but to supplement the FBI.

A New York Times article Sunday on British methods says the British could wait until the last minute because they can detain suspects for up to 28 days without giving them a judicial hearing, while we in the United States can do so for only 48 hours. That is not correct. Normally, it is true, an arrested person in this country is entitled to a probable-cause hearing within 48 hours. But the rule is waived in extraordinary circumstances. The government may have a compelling justification for holding a suspected terrorist incommunicado for more than 48 hours, namely, to avoid tipping off his accomplices that the government has seized him and may be getting information from him that can be used to make further arrests.

But to the extent that our laws do handicap us in fighting terrorism, it is one more sign that we do not take the threat of terrorism seriously enough to be willing to reexamine a commitment to a rather extravagant conception of civil liberties that was formed in a different and safer era.

There is a silver lining in all this: not that the Heathrow plot was foiled, because, as I said, it was only a partial failure. The silver lining is that our close call may shake us out of our complacency. Because we have not been attacked since 2001, we are (or were until last week) beginning to feel safe. We were ostriches. An article in the current Atlantic Monthly proclaims victory over al-Qaeda, arguing that by depriving Osama bin Laden of his sanctuary in Afghanistan we defeated al-Qaeda, and the only danger now is that we will overreact to a diminished terrorist threat. Bin Laden was indeed deprived of his Afghanistan sanctuary, but he promptly found another one, in northwestern Pakistan. Though the plotters of the liquid-bomb attack are British citizens, the plot, in its scope and objective, has al-Qaeda written all over it.

The ostriches may retreat to the claim that "our" Muslims, unlike those in Britain and Canada, are fully integrated into American society and so pose no threat. And the percentage of American Muslims who are potential terrorists is indeed smaller than the corresponding percentages in either Britain or Canada. But there are many more American Muslims than there are British or Canadian ones, and we now know that British (and presumably Canadian) Muslim extremists are bent on attacking the United States, not just their own societies. We cannot afford to assume that we are safe. Perhaps we will now abandon that comfortable assumption.

The writer is a U.S. appeals court judge and author most recently of "Uncertain Shield: The U.S. Intelligence System in the Throes of Reform."

Charity Funds Said To Provide Clues To Alleged Terrorist Plot (WP)

By Joshua Partlow And Kamran Khan

The Washington Post, August 15, 2006

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LONDON, Aug. 14 -- The transfer of millions of dollars from Britain to a Pakistani charity working on earthquake relief last year helped investigators uncover the alleged plot to blow up airplanes bound for the United States, according to two senior Pakistani intelligence officials.

The officials, who spoke on the condition of anonymity because of the ongoing investigation, said that a large portion of the money sent from Britain to the charity was siphoned off and ultimately used to prepare for the attacks. The officials said that about 5 million British pounds, or $10 million, was transferred to Pakistan, but that less than half was used for relief operations after the earthquake last October, which killed tens of thousands of people.

"British intelligence smelled a foul play the moment the transfer was made in December last year," said one of the senior intelligence officials, who is directly involved in the investigation.

"The innocent Pakistani souls in Britain who contributed so generously for the victims of the earthquake didn't know that their money would actually be used for one of the biggest terrorist operations," the other Pakistani official said.

British police are holding 23 suspects, most of them London-based Muslim men in their twenties. Intelligence officials have said that at least 17 of the suspects have family ties to Pakistan.

A spokesman for Scotland Yard declined to comment on the money transfer.

The Pakistani officials did not identify the charity in question. The New York Times reported Monday that investigators are focusing on Jamaat-ud-Dawa, a Pakistani charity that is a front for Lashkar-i-Taiba, an Islamic militant group.

In 2002, Pakistan's president, Gen. Pervez Musharraf, banned Lashkar-i-Taiba, but the group renamed itself Jamaat-ud-Dawa as a way to evade sanctions, according to the State Department. Lashkar-i-Taiba is one of the largest and best-trained groups fighting Indian forces in the disputed Himalayan province of Kashmir. Lashkar-i-Taiba has been linked by U.S. authorities to al-Qaeda.

According to Michael Clarke, a terrorism specialist at King's College London, Jamaat-ud-Dawa played a considerable role in helping the residents of Pakistani-controlled Kashmir and northern Pakistan recover from the earthquake, which struck a region that is home to several camps and bases belonging to militant Kashmiri groups and other radical organizations linked to al-Qaeda.

The chaos after the quake allowed the Pakistani government to develop intelligence agents in the area, learn more about the scope of the groups and try to undermine their support, he said. The groups used the quake to transfer money in and out of the affected region in an attempt to increase their influence, Clarke said.

"Within a week, it was being said this actually is quite an opportunity for both the government and jihadis to reposition themselves in a lot of ways," Clarke said.

Jamaat-ud-Dawa "certainly does legitimate charity work, but there's a lot of suspicion that surrounds it because of where it operates," he said.

Paul Wilkinson, director of the Center for the Study of Terrorism and Political Violence at the University of St. Andrews in Scotland, said reports that Jamaat-ud-Dawa funded the suspects in the terrorism plot are "very, very credible."

The organization "is recognized as being an important source of funding," he said. "I think authorities feel that quite a bit of money has passed through their hands."

"We know charities are used for this kind of terrorist purpose very often," Wilkinson said.

A spokesman for Jamaat-ud-Dawa, Abdullah Muntazer, disputed reports that his group had funded suspects in the alleged plot in Britain and said, "We condemn every kind of terrorism." The organization is "totally based in Pakistan" and has no network or affiliations with Britain, he said. Jamaat-ud-Dawa operates charities, runs more than 100 schools and clinics, and has about 1,000 offices in Pakistan, Muntazer said.

"So the government of Pakistan is totally convinced and aware of our activities, and there is no investigation," he said.

Muntazer confirmed that Hafeez Muhammad Sayeed, an official with the organization, was recently placed under house arrest but said it did not have anything to do with the alleged London plot. Muntazer said the group has wanted to stage rallies in Pakistan but the government opposes the plan, which led to the arrest.

"This was a bone of contention, so the government put him under house arrest to keep him from holding the public gathering," he said.

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Also Monday, Muslim leaders met with Ruth Kelly, the British secretary of state for communities and local government. The Muslim Council of Britain called for a "reassessment" of British foreign policy, particularly in terms of Iraq and the conflict between Israel and Hezbollah, to see "whether they're working or not," according to the organization's spokesman, Inayat Bunglawala.

Many Muslims in Britain have contended that the country's Middle East policy has inflamed radicalism and has put civilians at risk of further terrorist attacks.

Khan reported from Karachi, Pakistan.

Britain Looks For Links To Transit Blasts (LAT)

By Sebastian Rotella

The Los Angeles Times, August 15, 2006

LONDON — The detectives who last week rounded up 23 suspects accused of conspiring to bomb U.S.-bound planes in midair knew their quarry well: They had been tracking their every move for months.

Despite all the evidence amassed through aggressive surveillance of the men's travel, phone calls and Internet communications, however, police still must answer key questions about the masterminds, international connections and potential ties to previous plots here, British officials said Monday.

Investigators have focused on one potentially significant lead, officials said: suspected links between the alleged airline plot and the suicide bombings on London subway trains and a bus that killed 52 people July 7, 2005.

Police are investigating whether several suspects crossed paths with two of the London transit system bombers in Pakistan, where the pair are believed to have met and trained with Al Qaeda figures, a British security official said.

"That's being investigated: if the actors were there at the same time and same place, or at a different time but in the same place," said the official, who asked to remain anonymous. "The question is, do people in the two groups go to Pakistan and meet the same people in the same network? Is there overlap in any sort of way: at the same madrasa, the same training camp?"

If the investigation confirms that figures from the two cases crossed paths in Pakistan, it could help fit the suspected plane bombing plot into a string of other cases in which Pakistani British radicals acquired expertise, inspiration or both from Islamic militant networks in their ancestral homeland.

That pattern recurred in the transit bombings, an aborted truck-bombing plot here in 2003, and a plan that allegedly targeted U.S. financial institutions. It also surfaced in the failed follow-up transit attacks two weeks after the July 7 blasts, in which four East African immigrants have been charged. Although that case was initially seen as a copycat attempt, the discovery that at least one of the July 21 suspects also traveled to Pakistan suggests at least an indirect link, officials say.

The investigation in the murky militant underworld of Pakistan, where as many as 17 suspects have been arrested in connection with the alleged airline plot, will help determine the extent to which the operation was the work of Al Qaeda or its allies there.

"One of the big questions is if this is an Al Qaeda attack or an Al Qaeda-inspired attack," the British security official said. "As has been said, it has the hallmarks of Al Qaeda: big, well planned, very bold."

Other aspects of the case are becoming clearer, officials said. Despite persistent reports that as many as five dangerous fugitives were at large and other networks might be preparing attacks, authorities believe that they have captured the major players: leaders, bomb-makers and aspiring suicide bombers.

That's why the government lowered the terrorism alert status from "severe" to "critical" Monday and eased restrictions on carry-on baggage at the nation's overwhelmed airports, officials said.

"The assessed intelligence is that the immediacy of the threat has gone away," the official said. "An attack is still highly likely, and it could happen without warning. But the intelligence is that it's not imminent."

Meanwhile, a theory is coming together about the group's plan to bring down as many as 10 airplanes over the mid-Atlantic. Investigators believe that the group planned to deploy two-man teams to smuggle liquid explosives aboard in containers of sports or health drinks, along with rudimentary ignition devices concealed in iPods or flash cameras, the official said.

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The use of a duo would make detection harder, by separating bomb materials, which would then be assembled on board the plane, probably in a bathroom, officials say.

"The most likely way would be teams of two," the official said. "That is the operating theory. Psychologically, it would also be easier to do in teams of two; they would support each other. That's how these cells actually work."

If the theory is correct, it could mean that as many as 20 suspects intended to die in the attacks. But the official cautioned that it had not been determined if the plan called for two-man teams for every plane, or whether all the would-be bombers had been recruited.

In fact, some intelligence analysts in the U.S. and Europe wonder whether the alleged operatives, who included a 21-year-old who converted to Islam only six months ago, had the expertise to pull off the ambitious attack under pressure.

In previous cases, the progress of plots by the homegrown militant cells in Britain depended on lead figures who went back and forth to Pakistan for training and direction.

Mohamed Sidique Khan, the lead figure in the transit bombings, went to Pakistan in 2003 and was there again sometime between November 2005 and February, accompanied the second time by accomplice Shahzad Tanweer. Officials believe it is likely the two met with Al Qaeda figures and that Khan trained at a militant camp in the Pakistani badlands, according to a report by the British government.

In the alleged airline plot, suspects including Rashid Rauf, a Birmingham businessman described as a key figure in the case, traveled several times to Pakistan, where his recent arrest led to the roundup of accused accomplices here.

Family acquaintances say the suspects went to Pakistan to participate in relief efforts for victims of October's devastating earthquake. Rauf's involvement in a quake relief charity has raised suspicions that donations have been siphoned off by militants, though officials remain cautious.

Rauf has acknowledged meeting with a leading Al Qaeda operative in Pakistan, according to Pakistani officials. But police have not determined whether the alleged plan was hatched by figures in Pakistan or by one or more of the suspects in custody.

The difficulty of identifying a mastermind and nailing down potential links among the transit and alleged airline plots lies in the fluid nature of Islamic networks. Connections among suspects may or may not be vital.

In 2003, for example, subway bomber Khan surfaced on the edges of an aborted plot in which suspects stockpiled explosives for a massive truck-bombing, but investigators did not keep him under surveillance because they saw him as a minor player.

The transit attacks blindsided Britain and raised concern about the reluctance of Muslim communities to report activity by radicals to authorities.

In contrast, informants in the community this time provided tips that helped police target the suspected plane bomb plotters last year and helped develop the wide-ranging investigation, officials said.

"At the very early stages, certain people in the community were very helpful," the official said. "It's the kind of information that helps you know what to look at."

Threat Alert Level Lowered For Airports (NYT)

By Alan Cowell

The New York Times, August 15, 2006

LONDON, Aug. 14 — With air travelers facing a fifth day of delays, cancellations and restrictions on carryon baggage, Britain and the United States lowered threat assessment levels on Monday as the British police continued to hunt for clues in the reported plot to blow up American airliners.

In Britain, the government sought to mold a political response to a nightmare vision evoked by officials of shadowy Islamic terrorists hatching dozens more conspiracies in mosques, bookstores and other meeting places.

Officials met with Islamic representatives to work out a strategy for what Ruth Kelly, the government's community secretary, called "a battle of hearts and minds to be won within the Muslim community to take on the terrorist and extremist elements that are sometimes found within it."

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British security officials met early Monday and announced that the nation's threat level was being lowered from "critical" — meaning an attack is imminent — to "severe," meaning an attack is "highly likely."

The United States, which had raised the level on flights from Britain to "code red," went back to a uniform stance of "code orange" for all domestic and international flights while maintaining a ban on liquids and gels in carry-on luggage. For the rest of the country the threat level remained at the next notch down, "code yellow."

The change at British airports meant that carry-on baggage was allowed, but with restrictions and not immediately at all airports.

The British Airports Authority, the operator of London Heathrow and other airports, said that as of Tuesday each passenger would be permitted a single item of carry-on luggage measuring no more than roughly 6 inches by 14 inches by 18 inches.

To the relief of business travelers, the new security regime will permit laptops and cellphones to be carried on board. But the airports authority insisted that liquids — except baby formula and certified prescription medications — would continue to be banned from cabins.

Parents are expected to taste baby formula before taking it onto a plane, authority officials said. Additionally, travelers heading for the United States will not be permitted to carry liquids like liquor and perfume bought in duty-free areas after check-in and security procedures.

British newspapers have reported that terrorists planned to use liquid explosives disguised as baby formula to detonate bombs on up to 10 America-bound airplanes.

With 23 suspects still being questioned under counterterrorism laws, the authorities declined to confirm those reports or others that said a married terrorist couple had planned to take a 6-month-old baby onto one of the airplanes to be attacked.

Police officials, speaking in return for anonymity under their own rules, said searches at some of the homes raided when the police scooped up suspects on Thursday had netted an unspecified amount of cash. But they denied reports that airline tickets had also been recovered.

The BBC reported that the police had found a handgun and a rifle at one of the addresses.

Last week's arrests were made in three main areas — east London; High Wycombe, west of London; and Birmingham. In High Wycombe, the police cordoned off a wooded area on Thursday and still seemed to be scouring it intensely on Monday.

The downgrading of the terror alert to severe "means that an attack is highly likely and indicates a continuing high level of threat to the U.K.," MI5, Britain's security service, said on its Web site.

The decision to lower the threat level puzzled some Britons, because only the day before, Home Secretary John Reid told the BBC that up to 24 more conspiracies were still being monitored and that the threat of an attack was substantial.

At an early morning news conference on Monday, Mr. Reid, Britain's highest-ranking law enforcement official, said, "It is still highly likely there will be a terrorist attack, an attempt to damage our people and our country."

"But the immediacy that was there last Wednesday, on the basis of intelligence assessments given to us, has now gone," he said. "The change in the threat level does not mean the threat has gone away." He denied that the level had been lowered for commercial reasons after airlines complained of huge losses from canceled flights.

Britain's threat assessments are made by the Joint Terrorism Analysis Center, a group made up of 11 agencies and government offices under the aegis of MI5.

In the United States, Michael Chertoff, the secretary of homeland security, said: "The security measures already taken have allowed us to address an imminent threat of attack for flights between the United Kingdom and the United States. This does not mean the threat is over."

At Heathrow, passengers faced more slowdowns in makeshift tents. "We got here hours ago," said Penny Robins, 45, an Australian who had been due to leave four days ago for Hong Kong with two teenage children after a vacation in Britain. "I had visions of drinking Champagne in the British Airways club, but instead we are out here in the cold.

"We will change our travel now because of this," she said.

Despite the tight security on Sunday, a British Airways flight to New York turned back to London after a cellphone was found on board, alarming passengers.

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Britain's Threat Level Drops To 'Severe' (AP)

By Robert Barr, Associated Press Writer

AP, August 15, 2006

Britain lowered its terrorist threat level a notch Monday, a relief for weary travelers who have endured days of chaos at the nation's main airports since security forces foiled an alleged plot to blow passenger planes out of the sky.

Attention focused on the role a radical Pakistani charity might have played in financing the terror scheme, allegedly with money that was meant to go to earthquake relief. Meanwhile, a court in London granted the government more time to interrogate the last of 23 people it is holding in connection with the plot.

The decision to drop the terror threat level to severe — where it was at before the jetliner scheme was scuppered — means passengers will be allowed a single, briefcase-sized bag aboard aircraft, and books, laptop computers and digital music players will also be permitted again.

Heathrow and other major London airports said they would not be able to implement all of the relaxed rules until Tuesday, but the scene at London airports was clearly improving during a drizzly, overcast Monday.

The British Airports Association said it was searching only half of passengers at Heathrow, greatly speeding up the flow. British Airways, the dominant carrier at the airport, canceled about one-fifth of its flights Monday, down from one-in-three that were canceled the day before.

A total of 68 flights had been canceled, or about 10 percent of the approximately 600 that take off daily from Europe's busiest airport.

"It's a lot better today," said Randeep Dahial, a 19-year-old security guard at Heathrow. He said that congestion had cleared noticeably although there were still crowds just inside the terminals.

Overnight, some travelers camped out at the airport's restaurants, sleeping at tables amid piles of luggage. One woman balanced her two children atop a luggage cart as she wheeled across the terminal.

Home Secretary John Reid cautioned that the easing of security measures and the lowering of the terror threat level did not mean that Britain was out of danger.

"I want to stress ... that the change in the threat level does not mean that the threat has gone away," he said at an early morning news conference. "There is still a very serious threat of an attack. The threat level is at severe, indicating the high likelihood of an attempted terrorist attack at some stage, and I urge the public to remain vigilant."

Despite the warning, citizens could be forgiven for being confused by the mixed messages.

Prime Minister Tony Blair has remained on vacation in Barbados throughout the ordeal, allowing himself to be photographed in a floral bathing suit, an image that provided welcome fodder for political satirists and cartoon artists. Deputy Prime Minister John Prescott, who is running Britain in Blair's absence, has made only the briefest of appearances on television.

London's anti-terrorist police pressed ahead with a search in a woodland area in High Wycombe, a neighborhood about 35 miles west of London where many of the arrests were made. The search will continue at least until Tuesday, a police official told The Associated Press. He spoke on condition of anonymity because he was not authorized to talk to the press.

Information about the terror plan was in short supply Monday. The government has yet to name all of the suspects or say where they are being held, and has not briefed reporters on their investigation since Thursday, allowing officials in the United States and Pakistan to take the lead on disclosures.

Pakistani authorities are holding 17 people — including a British citizen, Rashid Rauf, who they say has al-Qaida connections and was a key player in the plot. At least one of Rauf's brothers was arrested in Birmingham during a counterterrorism sweep there.

The British High Commission in Islamabad said Monday it has not received confirmation that Pakistan is holding any British citizens, despite a written request for information. Aidan Liddle, a spokesman for the High Commission, said the two countries are cooperating in the terror investigation.

British House of Lords member Nasir Ahmed said a member of the Muslim community told him that some of the people detained in the alleged plot went to Pakistan to assist with relief efforts after an earthquake killed nearly 80,000 people last year.

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"It may be that out of 22, there may be a number of them who have met someone from extremist groups in Pakistan or Kashmir," Ahmed said. "Some may have met them without knowing that they were meeting (extremists) because they were helping out in the aftermath of the earthquake."

The New York Times reported that money raised for victims of the earthquake was channeled to the plotters through the Pakistani-based charity Jamaat al-Dawat — a charge the charity denied.

The charity is not registered in Britain, but laws do not prevent British citizens from donating to or collecting for it.

Imran Gardezi, the spokesman for the Pakistani High Commission in London, said no special request for investigation of the charity had been made to Pakistan by the British government. A Pakistani intelligence official in Karachi told AP that American and British authorities had asked Pakistani agents to investigate transfers of large sums of money to five Islamic charities, but that the probe was not related to the jetliner plot.

UK To Make New Security Rules Permanent (FT)

By Christopher Adams

Financial Times, August 15, 2006

Tough new restrictions coming into force on Tuesday at Britain's busiest airports are set to become permanent, the Financial Times understands, changing the face of business travel for months and even years to come.

Ministers have told BAA, the airports operator, they do not envisage "fundamental" changes to a regime that will limit the tens of millions of passengers a year who use London's Heathrow – the world's busiest international airport – and other international hubs to one small cabin bag, half what they were able to take on board before last week's terror alert.

The Department for Transport said extra restrictions would be in place for flights from the UK to the US, which account for over 40 per cent of all air travel between Europe and America.

British police on Monday extended warrants for the detention of 23 people seized in last Thursday's anti-terrorist operation to Wednesday, as John Reid, the UK home secretary, said the terrorist threat had "not gone away" despite the downgrading on Monday of the terror threat from "critical" to "severe".

The downgrade came after the UK, having examined further intelligence gathered during the arrests, assessed there were no other people involved in the plot that constituted an immediate threat.

The UK also found no evidence that other unrelated groups had accelerated plans for "copycat" attacks, at least imminently, officials said.

Tony Douglas, chief executive of BAA, said on Monday he did not know for how long the new airport security rules would apply, although it is thought they could last indefinitely.

The airline BA said on Monday it was seriously considering seeking compensation from BAA for costs related to the disruption at Heathrow and Gatwick, London's second-biggest airport.

The airline is being forced to hire trucks and space in its own cargo aircraft to send baggage across Europe, after thousands of items were left at Heathrow airport rather than being flown to their destinations.

More than 500 pieces of luggage for Frankfurt failed to make it there on Sunday and were shipped out on Monday instead, and BA said many other European destinations had been affected.

Willie Walsh, BA's chief executive, complained publicly at the weekend about the hold-ups in security checks, which he blames on BAA not providing adequate staff cover. But BAA, which described the situation as "the biggest security crisis in aviation history in this country", said it was impossible to blame anybody.

The airports operator said the situation had increased the security burden by 400 per cent and pointed to the fact that Heathrow was already operating well beyond its capacity, even during normal operations.

BAA was scrambling to train staff to cope with the new security arrangements, which it said would be introduced at Heathrow and Gatwick.

Douglas Alexander, transport secretary, ruled out drafting in the armed forces to help BAA, partly on the grounds that they would have to be retrained. Officials said the operator had not requested assistance. <i/>

Reporting by Christopher Adams, Roger Blitz, Elizabeth Rigby and James Boxell in London and Richard Milne in Frankfurt

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Terror Alert Downgraded, But Attack Still 'Likely' (WT)

By Al Webb

The Washington Times, August 15, 2006

LONDON -- The government yesterday downgraded the terror alert triggered by a plot to bomb airliners in flight across the Atlantic from top-level "critical" to "severe," but warned there was still a serious threat of attack.

While insisting that police had arrested all the main suspects, Home Secretary John Reid said a terrorist strike remained "highly likely" and that "there may be other people out there who may be planning an attack" against Britain.

Anger mounted at Britain's crowded airports as long lines for security checks inched along, prompting pleas for the government to call in police and troops to ease the pressure.

Police and intelligence agents continued questioning 23 suspects arrested when authorities disclosed a terrorist plot involving the use of liquid explosives to blow up as many as 10 passenger jets flying between Britain and the United States. A 24th man was released shortly after his arrest.

Interrogation reportedly was focusing on links between the suspects, all British Muslims, and associates in Pakistan, where up to 17 others were thought to be in custody.

One of the 17 has been identified as British national Rashid Rauf, brother of Tayib Rauf, who was among those arrested in Britain.

Tayib Rauf is thought to have connections with a senior al Qaeda operative in Afghanistan. But the Home Office in London refused to say whether the government had formally requested Rashid Rauf's extradition.

Although Britain and Pakistan have no bilateral treaty, a special one-time request can be made under international practices, legal analysts told the Times newspaper in London.

The Associated Press reported that an Islamic charity in Pakistan was suspected of providing funds for the British plotters, but the charity, identified as Jamaat al-Dawat, denied it.

"This is a bogus story," spokesman Yahya Mujahid told the Times. "It has nothing to do with reality."

Police in London have been granted until tomorrow to question the suspects, although they can apply for further extensions, seven days at a time up to 28 days, after which they would have to charge or release them.

Britain's reduction of the terror threat level coincided with similar action in the United States, where the Department of Homeland Security downgraded the perceived threat for flights from Britain from Code Red to Code Orange.

Despite the downgrading, Mr. Reid said, "there is still a very serious threat of an attack. The threat level is at 'severe,' indicating the high likelihood of an attempted terrorist attack at some stage, and I urge the public to remain vigilant."

Many of Britain's airports -- including its largest, London's Heathrow -- remained clogged by chaos for a fifth day as passengers waited in lines that streamed out the doors to the sidewalks as painstaking new safety rituals -- in many cases involving body searches -- proceeded at a snail's pace.

Budget airline Ryanair, which runs scores of flights out of British airports every day, described the security measures as "heavy-handed" and called for police and army reservists to be summoned to speed up searches at airport security.

Michael O'Leary, Ryanair's chief executive, told Sky News Television, "If we, the industry, and the government don't work together to have sensible security ... we are going to hand these extremists a terrific PR success."

If terrorism is to be defeated and not allowed to disrupt normal aviation life, Mr. O'Leary said, "the British government must provide the additional security staffing -- either police or army reserve personnel -- immediately to prevent London's main airports from grinding to a halt over the coming days."

Some help was on the way, with Britain's Department for Transport announcing it was easing some of the security restrictions, including the ban on carrying luggage aboard departing planes.

Effective today, it said, each passenger will be allowed to carry on a single bag, but only if it measures no more than about 17 by 13 by 6 inches.

Electronic equipment such as laptop computers, mobile phones and IPods will be allowed on board, although each will have to be screened -- which still takes time. Still banned are all liquids, except for prescribed medicine and baby milk; the latter will be allowed only after an accompanying adult has tasted it.

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The prohibition against mobile phones was still in effect Sunday, when a British Airways flight from London to New York turned back after a ringing cell phone was discovered on board. The pilot of flight BA179 decided to return to London when none of the passengers would admit to owning the offending instrument.

East Enders (WSJ)

By Farrukh Dhondy

The Wall Street Journal, August 15, 2006

Ten miles down the road from where I live is High Wycombe. As I write, five streets around the "Asian neighborhood" of that ugly town have been cordoned off by police. A few houses have been evacuated near the one from which two men were arrested last week. Together with 22 from other parts of the country, they are suspected of conspiring to blow up 10 airliners and make their mark on earth and heaven as the cruelest terrorists since 9/11.

The others were picked up in Birmingham and the East End of London. I have lived and taught in schools -- and been a pamphleteer and political agitator -- in the East End. In the mid-1970s, I wrote for a radical magazine called Race Today. It sought to represent the voice (the one voice, as we thought) of new immigrants to Britain -- West Indians, Indians and Pakistanis -- whose political ambition then consisted largely of demanding their rights in British society.

I remember being part of a Race Today team dispatched to investigate the story of a man called Miah, who lived in a terraced council house (akin to project housing, only laid out horizontally) in a street in East London. We knocked on the only door that wasn't boarded up, and were greeted by Mr. Miah. His story was complicated. There were 12 men living in the one house, sleeping in shifts, as the racist stereotype accurately had it, six to a room. They had collectively "bought" this house, which reeked of stale curry and had no furniture. They worked in the East End's garment industry, and were all from Sylhet in East Pakistan (which later became Bangladesh). They had come to England to earn a desperate wage in the rag trade, which white workers, in this case earlier Jewish immigrants from Eastern Europe, had abandoned in the '50s and '60s for pastures new.

They had bought the terraced house, Mr. Miah said, on the recommendation of a fellow East Pakistani who worked as a volunteer on the local Community Relations Council. A pained Mr. Miah brandished a notice to quit the property issued by the Greater London Council, which claimed to -- and did, indeed -- own the house. The "ownership deed" was nothing of the sort: It declared that they had contributed several thousand pounds to some fake charity. But Mr. Miah and his friends couldn't read English.

Now, 30 years later, they and others of that migration still live in what has become a Bangladeshi enclosure in the London Borough of Tower Hamlets. Partly through our efforts, which extended to organizing them to get fair housing and social benefits, some of Mr. Miah's ilk entered local politics. Today, the Bangladeshis have a majority on the local council and, though they belong to different parties, vote as a bloc on "Islamic" issues. At the last election, Tower Hamlets voted out their sitting Labour MP, a woman of half-Jewish, half-Caribbean descent, and overwhelmingly voted in George Galloway, a Labour rebel who is virulently, and, according to some, treasonously, opposed to the Iraq war.

Tower Hamlets had, at the last count, 37 mosques within its six square miles -- more per square yard than Mecca. Though parts of the area have prospered because of its adjacency to the City of London, the community remains dedicatedly enclosed. The older citizens, even after 40 years in the U.K., don't speak English. The young, born here, speak East End cockney; in tiny but growing numbers, they have been encouraged by teachers and social workers of the British meritocracy to pass exams and go to university. For the rest, the central organizing and motivating force within family and community is Islam. The little ones can be seen going in their white caps and pajamas to supplementary madrassas to be inducted into the religion.

This pattern of petrification or progress is more or less repeated in the ruined mill-and- mosque towns of Lancashire, Yorkshire and the Midlands, where the Mirpuris of northern Pakistan came to work as laborers in the textile industry. In perhaps 50 towns, the enclosed communities of mill-workers formed their own inward-looking societies, each a Little Lahore. The community's one possible contact with the outside world was Britain's compulsory schooling, but this was subverted by a policy that favored neighborhood schools and resisted dispersal. This resulted in majority, sometimes 100%, Muslim school populations. Democracy and the power of bloc voting forced the adoption of "Islamic" demands: halal school meals, headcovers for girls, gender seclusion, the introduction of Urdu, Arabic and a "multicultural" curriculum. But tragedy struck these towns in the

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'80s when the textile industry went bankrupt and the Thatcher government refused to bolster it with subsidies or tariffs against competitive imports. Overnight, thousands were jobless.

Thatcherism allowed other manufacturing to go to the wall. Miners, as well as steel and auto workers, were also severely hit by unemployment. They expressed deep dissatisfaction but didn't produce the internal ferment and murderous ideology that has now taken thousands of young British Muslims to fundamentalism, to training camps in Pakistan and Afghanistan, to jihadi resolve, murder missions in Yemen, Israel and London, and to the conspiracy, yet to be legally tried, to blow up innocent travelers in the air.

On July 7, the first anniversary of the terror attack on the Underground, a terrorist organization placed on the Web a recording of the last testament of one of the suicide bombers. He claimed that his intention to murder was a reaction to Britain's involvement in the Iraq war and retaliation for British foreign policy in Afghanistan and Palestine. A survey of the Muslim community has uncovered that a third feel that mass murder of British civilians is justified because of Britain's participation in Iraq. This alienation is the most important political phenomenon in British politics today, yet no politician has stooped to try to understand it, preferring to mouth homilies about the "majority of Muslims being peace-loving." Opponents of the war crow about Tony Blair's foreign policy generating jihadis. Liberal opinion falls back on mantras about racism breeding alienation.

They ignore the fact that 9/11 preceded Iraq, and that other unemployed communities haven't resorted to mass murder. No, something else is happening. It is significant that 22 universities have been named as epicenters of jihadist recruitment. The leader of the latest terror attempt is alleged to be a biochemistry student. These educated young men have ventured the farthest from the enclosures of their communities: The well-fed bite the hand that feeds.

Frustration and aimlessness are the seeds of alienation. British identity gives them no goals. They turn, instead, to the disciplines that were instilled in them from birth. Al Qaeda's aim to dominate the world with a universal Shariah kingdom makes them part of an elite. Their stance is fundamentally ideological, and being the ideology of religion, with 72 virgins on offer in paradise, it is fundamentally illogical. Their basic Western education makes them aware that they may be challenged in their fantasies of faith by more enlightened arguments of other Islamic persuasions. Instead, their spokesmen and suicide notes refer to British policies and lend a veneer of logic, of cause and effect, to their murder. Yet no spending plans in poor areas, multicultural reform of education or antiterrorist detention laws, or, for that matter, withdrawal of Britain's armies from Iraq, will deal conclusively with this ideology of murder.

Islam is here to stay, and nothing but an assertion by the various other traditions of Islam which have come to Britain from the Indian subcontinent -- the tolerant Sufi and Barelvi strands, as opposed to Wahhabism and the Shiite-Iranian animus -- will work. The Mirpuris and Bangladeshis form voting blocs because of the origins of their settlement. They have so far manipulated the MPs dependent on their vote, who, for instance, dare not express pro-Indian views on Kashmir. They have become representatives of Mirpur at Westminster. Muslims of other, non-peasant, non-fundamentalist backgrounds live scattered over Britain and don't form voting blocs. Nevertheless, they must be encouraged to assert their willingness to live in a modern, democratic, secular society. It is only by ideologically challenging the fundamentalism that has taken virulent hold of the enclosed communities and their offshoots that Islam can learn to live in the West. Muslim has to tame Muslim.

Mr. Dhondy is the author, most recently, of "C.L.R. James: A Life" (Pantheon, 2002).

L.A. Area Muslims Urge Public To Not Demonize Them (LAT)

By Stephen Clark, Times Staff Writer

The Los Angeles Times, August 15, 2006

Only days after British authorities foiled an alleged plot to blow up airliners en route from Britain to the United States, Muslim leaders and law enforcement officials in Southern California urged the public Monday not to demonize the Islamic community.

At a news conference Monday at the Islamic Center of Southern California in Los Angeles, the leaders and officials said Muslims worldwide have helped authorities fight terror.

"We are playing the most critical role in America's national security because of our partnership with law enforcement," said Salam Al-Marayati, executive director of the Muslim Public Affairs Council.

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Bob Pierce, the British consul general, said the threat facing the United Kingdom comes from a "small minority."

"There is something of a battle going on for the hearts and minds of people in the Islamic community in the UK," he said.

Pierce and Al-Marayati were joined by representatives of the Los Angeles County Sheriff's Department, the FBI and the U.S. Department of Homeland Security, who emphasized the need to protect the civil rights of Muslims and the value of working with them.

"Muslim nations are working tirelessly in the fight against terror," said Sheriff Lee Baca, who earlier this year helped establish the Muslim-American Homeland Security Congress to consolidate, expand and publicize Muslims' efforts against terrorism. The group encourages religious leaders in Southern California to speak out against terrorism, has formed a youth council and reaches out to alienated Muslims. The organization has a nine-member executive board and its membership includes mosque members, students and civil rights advocates.

Muslim leaders expressed concern that their community would face a backlash in the aftermath of the latest alleged terror plot and as the five-year anniversary of the Sept. 11 attacks approaches.

"It is imperative to remember that we face a common enemy who does not discriminate based on religion, race or gender," said Ahmed Ali, president of the Council of Pakistani Public Affairs.

Also Monday, teenagers with pellet guns shot at the door of a mosque in La Mirada, deputies said. Pellet guns were also used to shoot out two windows at the mosque Thursday evening.

The Southern California office of the Council on American-Islamic Relations called on the FBI and the Sheriff's Department to investigate both incidents as possible hate crimes.

But deputies said that numerous vandalism acts have been committed in the area near the mosque recently and that there was no evidence that the mosque was singled out. The mosque is "just a part of the spree," Lt. Duane Harris said.

Cuban Exile Militant Asks Federal Judge To Free Him (MH)

By Alfonso Chardy

The Miami Herald, August 15, 2006

EL PASO, Texas - The U.S. government revealed Monday that it has asked six countries, including Mexico and Canada, to take Cuban exile militant Luis Posada Carriles -- but they all refused.

The disclosure came during a two-hour hearing in El Paso federal court, just blocks from the Mexican border, in which an elegantly-attired Posada, in a cream-colored suit, asked U.S. Magistrate Norbert Garney to free him from immigration detention. Posada, 78, has been in the custody of U.S. Immigration and Customs Enforcement in an El Paso detention facility since immigration officers detained him in Miami-Dade County May 17, 2005.

Venezuela and Cuba accuse Posada of terrorism, including the bombing of a passenger jet in 1976 that killed 73 people. Posada has long denied involvement.

Monday was the first time the U.S. government has publicly disclosed the number and names of foreign countries it has approached in an effort to remove Posada from the United States. An El Paso immigration judge last year prohibited Posada's deportation to Cuba or Venezuela but ordered his expulsion to any other country willing to take him. Besides Canada and Mexico, the other countries listed in Garney's court were Honduras, Costa Rica, Guatemala and El Salvador.

Eduardo Soto, Posada's lead attorney, told Garney that the government's disclosure -- made by an ICE officer called as a witness -- proves the United States cannot deport Posada and thus, he should be released. Failure to do so, Soto added, would amount to a violation of the 2001 U.S. Supreme Court's decision against indefinite detention of foreign nationals who cannot be deported.

Ethan Kanter, a Justice Department attorney, who represented the U.S. government at the hearing, asked Garney to deny Posada's request for release because efforts to expel him are continuing and because the high court's 2001 ruling allowed for the indefinite detention of detainees deemed a "danger to the community." An ICE letter to Posada in March said he continued to "present a danger to the community" and ``a risk to the national security of the United States."

Garney told Posada and his attorneys that he would issue his decision later. Felipe Millan, an El Paso attorney retained by Posada, said he expected Garney's ruling in the next few days.

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5 Men Leave Guantánamo For A Bleak, Uncertain Future (NYT)

By Neil A. Lewis

The New York Times, August 15, 2006

WASHINGTON, Aug. 14 — Early on May 5, five Asian men who had been detained at the prison camp in Guantánamo Bay, Cuba, for years as dangerous terrorists, boarded a military transport plane at the United States naval base there.

The men had just exchanged their prison garb for jeans, T-shirts and slip-on sneakers but were still in handcuffs as they boarded the plane, where they were shackled to bolts in the floor and surrounded by more than 20 armed soldiers. About 14 hours later, the plane landed in Albania, a poor Balkan nation eager to please Washington.

Interviews with lawyers and several officials in the United States and abroad showed that the flight, to a freedom of sorts for the five men, involved intense behind-the-scenes diplomatic activity in Washington; Ottawa; Tirana, Albania; Beijing; and elsewhere.

It also held implications for a United States Appeals Court, the North Atlantic Treaty Organization and the relations of several European countries with China. And it underlined the Bush administration's difficulties in reducing the population at Guantánamo as international calls for it to be closed increased.

The five men were Uighurs (pronounced WEE-gers) who had been captured in Afghanistan after the Sept. 11, 2001, attacks. They had traveled there from their homeland in the Xinjiang province of China, where the Uighur people, most of whom are Muslims, have fought a low-level insurgency against Beijing's rule for years.

For the five Uighurs, the transfer to Albania meant exchanging a military prison camp on the southeastern tip of Cuba for a bleak and unpromising future in one of Europe's poorest countries where no one spoke their language. One of them, Abu Bakker Qassim, said in an interview, "I would rather be in a society where I can be with some of my countrymen, but where we are is better than Guantánamo."

For the Bush administration, one of the immediate results of the transfer was an opportunity to sidestep yet another court challenge to its detention policies.

Shortly after the five men landed in Tirana, Albania's capital and largest city, and only minutes before the close of business in Washington on a Friday, the Justice Department filed a brief with a federal appeals court there. The brief asked the court to cancel a hearing the next Monday on the Uighurs' challenge to their continued detention in Guantánamo Bay. They had been held there for more than a year after the military's special tribunal system had determined they were not "enemy combatants," the ostensible reason for their imprisonment.

A federal judge had ruled that the Uighurs' continued detention at Guantánamo was illegal and disgraceful, but he said he could not order them admitted to the United States, as their lawyers had requested. The appeals court was considering that issue. The Bush administration has opposed allowing Guantánamo detainees into the United States.

Upon learning the Uighurs were no longer at Guantánamo, the appeals court canceled the hearing.

A senior State Department official said in an interview that more than 100 countries had been approached about accepting the Uighurs but that only Albania did. Even though they were innocent, the official said, the five Uighurs could not be repatriated to China because Beijing regarded them as terrorists, and the law prohibited sending prisoners to places where they might be persecuted.

The countries that declined, including Washington's best European allies, did not want to antagonize China, officials and analysts said.

The State Department official said the timing of their departure and the scheduled court argument was a coincidence. But a senior Justice Department official said there had been an intense push to avoid a situation in which the appeals court could order the Uighurs admitted into the United States. Both officials spoke on condition of anonymity because of the delicacy of diplomatic relations.

For Albania, the willingness to accept the Uighurs solidified that nation's standing with the United States and brought it a confrontation with China, which had been its patron during Albania's split from the Soviet Union in the Cold War.

On the weekend of the Uighurs' arrival in Tirana, the Chinese ambassador there protested to the Albanian prime minister, insisting they be returned to China. The ambassador repeated the demand on Monday.

But the following day, May 7, Vice President Dick Cheney publicly endorsed Albania's much-hoped-for bid to join NATO. Charles Gati, an authority on Eastern Europe and a professor of European studies at the Nitze School of Advanced International Studies of Johns Hopkins University, said that Albania had courted Washington in recent years.

"They're very eager to get into NATO, and to do this they have offered their services in a variety of ways," Professor Gati said. "This is clearly what happened here."

Albanian Prime Minister Sali Berisha, who was at Mr. Cheney's side when he announced United States support for Albania's NATO bid, along with the bids of Croatia and Macedonia, said in a statement later that week that he trusted Washington's assurances that the men were not terrorists and that he was proud to provide a humanitarian favor to Washington.

China remained unappeased and seemingly went beyond diplomatic pronouncements. In the first week of June, a Chinese delegation arrived unannounced at the barbed-wire-enclosed refugee camp on the outskirts of Tirana and demanded access to the Uighurs. Their intentions were unclear, but Albanian officials denied them entry.

Early this month, the Albanian government granted asylum to the Uighurs. The Albanian ambassador to Washington, Aleksander Sallabanda, said in a statement, "Our government is proud of its cooperation with the United States in the war on terror."

For the five Uighurs, the consequences of the move to Albania were more prosaic and dispiriting. At the time of their transfer, their lawyers had been making progress in negotiating with the Canadian government for them to settle there. Canada has a thriving Uighur community, largely in Toronto.

But that possibility stalled when they were sent to Albania, their lawyers said.

More than 100 prisoners at Guantánamo were initially found to be enemy combatants and then ruled eligible to be freed but were not because it was impracticable to return them to their home countries, and no other country would accept them.

That group includes a few other Uighur prisoners at Guantánamo who have not been transferred to Albania because, their lawyers say, they have no scheduled court argument that the administration hopes to avoid.

The freed Uighurs now spend most of their days in the refugee camp in a poor slum of Tirana, according to Sabin Willett, a lawyer in Boston who represents two of the men. Mr. Willett said he had learned of the transfer only after it happened, and he went to Tirana that Monday.

Michael Sternhell, a New York lawyer who represents the other three Uighurs, said the men "are still effectively behind bars." Mr. Sternhell says they have difficulty even traveling to the center of Tirana, and they use most of their monthly allowance of 40 Euros to call their families in China. The Albanian government provides room and meals at the center, for which it is reimbursed by the United States.

Although the Uighurs feel marooned in Albania, they are grateful to the government there. "Given that no other country is taking us, we're all right with this," said Mr. Qassim, a 37-year-old father of four who acts as the group's spokesman. Speaking by telephone from the refugee center through a translator retained by The New York Times, Mr. Qassim said that the problems had begun when he and several fellow Uighurs had left their home to find a place to study the Koran, a practice he said was forbidden in China.

They went to Pakistan and then to Jalalabad, Afghanistan, he said. After the Sept. 11 attacks, a group of 17 Uighurs returned to Pakistan, where local tribesmen welcomed them warmly. After a lamb feast, the villagers betrayed them. They were taken to a mosque ostensibly to worship, but instead, Mr. Qassim and his lawyers said, they were sold to United States forces.

According to the transcripts of tribunals held at Guantánamo, they were accused of engaging in guerrilla training, but officials would not tell them on what basis they had made the accusations because the information was classified. Mr. Qassim said the Uighurs had indeed learned to use rifles while in Jalalabad, but he said weapons training was common in Afghanistan, and he had never heard of Osama bin Laden or Al Qaeda.

Mr. Qassim and the four other men who would wind up in Albania were deemed not to have been enemy combatants. The 12 others in their group were classified as such.

"It's a mystery as to why we were released and the others are still languishing behind bars," he said. He said the United States had made a "mistake" in believing the Uighurs were radical Islamists opposed to the United States. Mr. Qassim said his people had always admired the United States and had hoped that one day America would rally to the Uighurs' cause for freedom.

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"We still believe the U.S. is a good country with good people," he said. "But the government has made a mistake and is still making it."

A Self-Defeating War (WSJ)

By George Soros

The Wall Street Journal, August 15, 2006

The war on terror is a false metaphor that has led to counterproductive and self-defeating policies. Five years after 9/11, a misleading figure of speech applied literally has unleashed a real war fought on several fronts -- Iraq, Gaza, Lebanon, Afghanistan, Somalia -- a war that has killed thousands of innocent civilians and enraged millions around the world. Yet al Qaeda has not been subdued; a plot that could have claimed more victims than 9/11 has just been foiled by the vigilance of British intelligence.

Unfortunately, the "war on terror" metaphor was uncritically accepted by the American public as the obvious response to 9/11. It is now widely admitted that the invasion of Iraq was a blunder. But the war on terror remains the frame into which American policy has to fit. Most Democratic politicians subscribe to it for fear of being tagged as weak on defense.

What makes the war on terror self-defeating?

• First, war by its very nature creates innocent victims. A war waged against terrorists is even more likely to claim innocent victims because terrorists tend to keep their whereabouts hidden. The deaths, injuries and humiliation of civilians generate rage and resentment among their families and communities that in turn serves to build support for terrorists.

• Second, terrorism is an abstraction. It lumps together all political movements that use terrorist tactics. Al Qaeda, Hamas, Hezbollah, the Sunni insurrection and the Mahdi army in Iraq are very different forces, but President Bush's global war on terror prevents us from differentiating between them and dealing with them accordingly. It inhibits much-needed negotiations with Iran and Syria because they are states that support terrorist groups.

• Third, the war on terror emphasizes military action while most territorial conflicts require political solutions. And, as the British have shown, al Qaeda is best dealt with by good intelligence. The war on terror increases the terrorist threat and makes the task of the intelligence agencies more difficult. Osama bin Laden and Ayman al-Zawahiri are still at large; we need to focus on finding them, and preventing attacks like the one foiled in England.

• Fourth, the war on terror drives a wedge between "us" and "them." We are innocent victims. They are perpetrators. But we fail to notice that we also become perpetrators in the process; the rest of the world, however, does notice. That is how such a wide gap has arisen between America and much of the world.

Taken together, these four factors ensure that the war on terror cannot be won. An endless war waged against an unseen enemy is doing great damage to our power and prestige abroad and to our open society at home. It has led to a dangerous extension of executive powers; it has tarnished our adherence to universal human rights; it has inhibited the critical process that is at the heart of an open society; and it has cost a lot of money. Most importantly, it has diverted attention from other urgent tasks that require American leadership, such as finishing the job we so correctly began in Afghanistan, addressing the looming global energy crisis, and dealing with nuclear proliferation.

With American influence at low ebb, the world is in danger of sliding into a vicious circle of escalating violence. We can escape it only if we Americans repudiate the war on terror as a false metaphor. If we persevere on the wrong course, the situation will continue to deteriorate. It is not our will that is being tested, but our understanding of reality. It is painful to admit that our current predicaments are brought about by our own misconceptions. However, not admitting it is bound to prove even more painful in the long run. The strength of an open society lies in its ability to recognize and correct its mistakes. This is the test that confronts us.

Mr. Soros, a financier, is author of "The Age of Fallibility: Consequences of the War on Terror" (Public Affairs, 2006).

HOMELAND RESPONSE:

U.S. Officials Say Plot Shows Need For More Sharing Of Passenger Data (NYT)

DOJ_NMG_0048282

By Eric Lipton And Scott Shane

The New York Times, August 15, 2006

WASHINGTON, August 14 — As British citizens, the 24 terror suspects arrested in England last week could have boarded planes bound for the United States without undergoing an American government background check or obtaining a visa, part of what federal officials say is a broader security gap that they are now trying to close.

Britain is among 27 countries whose citizens are not required to obtain visas before traveling to the United States, meaning that the American authorities do not have an opportunity to screen them in advance. Given this gap, the Department of Homeland Security has tried but failed to win broad approval for rules that would require airlines to share passenger information before flights depart for the United States.

Instead, under current rules, passenger data is sent in the first 15 minutes after a flight takes off. That system lets American authorities turn a flight away if a suspected terrorist is determined to be on board, but does not provide any margin of safety in the case of attempts to blow up a plane while in flight, as was alleged to have been the suspects' plan in the trans-Atlantic plot.

Since Thursday, the day the plot was disclosed, Homeland Security officials have required that passenger data be provided before planes leave Britain for the United States, part of a widening of temporary security measures.

But because of airline concerns about flight delays and the difficulties of squaring the access to information with European privacy laws, the department's efforts to permanently require advance information on all passengers of international flights are unresolved, industry and government officials said.

"It's absolutely essential for aviation security for the U.S. government to have that information and match it against our watch lists in advance of departure," said Jay Ahern, chief of field operations at Customs and Border Protection. Mr. Ahern said the department hoped new rules could take effect late this year or early next year. He said the rules proposed by the department would require information to be turned over an hour before takeoff, though information on anyone checking in late could be provided as little as 15 minutes before the flight.

About 87 million visitors to the United States each year arrive by air, according to government statistics. Travelers from most of the world must obtain visas before trying to enter the United States, requiring that they complete an application, provide a photograph and fingerprints, and submit to an interview.

But since 1988, the visa waiver program that now applies to citizens of Britain and 26 other countries, most of them in Europe, has left open what some members of Congress and counterterrorism experts now describe as an important vulnerability in American defenses, because so many suspected terrorists in recent years have been European Muslims.

In the plot last week, officials said, most of those arrested were British-born citizens of Pakistani descent and most, though not all, had obtained passports for foreign travel. They would have been prevented from traveling only because they were already under surveillance by British authorities.

Proposals after the Sept. 11 attacks to require visas for all foreign visitors were abandoned out of concerns that the demand would create an overwhelming bureaucratic workload, interfere with trade and tourism, and prompt Britain and other countries to impose the same requirement on Americans. Proposals pending in Congress would add Poland, South Korea and other countries to the waiver list.

Despite more than two years of negotiations, the department has been unable to reach an agreement with airlines to assure the delivery of passenger data before takeoff for all flights to the United States.

In an interview on Sunday, Michael Chertoff, the secretary of homeland security, said the vulnerabilities had existed too long. He said he hoped the British plot might persuade the airlines and European authorities to drop objections to his department's proposal.

"I sure hope this is a great wake-up call," Mr. Chertoff said.

Robert S. Leikin, who studies the security issues at the Nixon Center in Washington, said many suspected terrorists arrested in recent years were the children of Muslim immigrants to Europe. Their citizenship in nations with visa waivers makes improving the checks on air travelers critical, he said.

Government officials he has consulted on the threat "are pretty relaxed now about people coming from the Middle East because of the visa screening process," Mr. Leikin said. "What they're really concerned about is Europe."

In the aftermath of the Sept. 11 attacks, federal officials proposed that airlines turn over data for passengers taking international flights to the United States an hour before takeoff, so they could compare the names, dates of birth and passport numbers to a "no fly" watch list.

Airlines are required to check the list on their own as passengers arrive at the airport. But the data they have is less complete and current than what is available to the federal government.

The airlines objected to the one-hour rule, saying it would force delays because passengers are often added to the manifest within minutes of departure, particularly if they are transferring from another flight. The requirement, the airlines complained, could force them to leave planes sitting on the ground for an hour, or to turn away passengers with tight connections. So final action on the rule was delayed.

Separately, United States officials asked for access to a much more comprehensive collection of passenger data than the airlines maintain. This database includes credit-card numbers, itineraries, who paid for a ticket and names of parties who are traveling together. Authorities using this data, for example, could demand that someone traveling with a person on the no-fly list also be removed from the flight.

But European officials, citing privacy laws, have objected to sharing the data with American authorities, placing restrictions on how it can be used, such as prohibiting reviews of who else has used the same credit card to buy a ticket. After the European Union's highest court ruled in May that sharing that data was illegal, it ordered such sharing entirely cut off by October unless European and American authorities reach a new accord on its use.

Air Cargo Still Largely Unchecked (WSJ)

By Andy Pasztor

The Wall Street Journal, August 15, 2006

Last week's terror threat forced passengers to drop bottles of water and soda, tubes of toothpaste and hand lotion, and cans of hair spray and shaving cream into the trash before boarding jetliners. But unbeknownst to most passengers, airlines loaded aluminum containers filled with largely unchecked freight into the bellies of those same planes.

Despite years of concern from critics who see it as an obvious weak link in the nation's aviation-security net, little has been done to screen cargo because of daunting technical challenges and stiff industry resistance.

"It's one of the most disturbing issues out there," says Robert Francis, an aviation-safety consultant and former vice chairman of the National Transportation Safety Board.

Now, San Francisco International Airport has launched an innovative bomb-detection program that aims to make it the first U.S. airfield to screen virtually every cargo shipment -- regardless of size or content -- before it is loaded into an airliner.

San Francisco's effort will combine explosive-detection equipment that is now used to examine baggage with other screening devices, human inspectors and even packs of canine sniffers to upgrade cargo security. The project, directed by scientists from nearby Lawrence Livermore National Laboratory and other federal research organizations, was announced less than two months before the bomb plot was foiled last week in Great Britain.

Last week's revelations are bound to increase public concerns about potential air-cargo loopholes, just as the Sept. 11 terrorist attacks pushed the same issues into the spotlight five years earlier. About one quarter of all U.S. air cargo is transported by U.S. passenger planes. Based on the best current estimates, between 10% and 15% of the more than six billion pounds of cargo that flies that way each year ends up actually inspected. (Even less of the freight flown on cargo carriers is screened.) Instead, airlines and federal security officials largely rely on so-called trusted-shipper safeguards. These focus on the credentials of established freight-forwarders and companies who register with the government, rather than on the actual contents of individual shipments. Aside from some random screenings, inspections are reserved for cargo of unknown or suspicious origin.

The Transportation Security Administration hasn't yet certified any machines for cargo screening, and federal officials say none of today's nascent technologies were designed to handle high cargo volumes. Unlike examining individual packages, many cargo containers are capable of holding a mix of items from fruits to paper to machine parts, any one of which could contain a small amount of explosive material. Airlines have staunchly resisted widespread airport screening because of costs and potential

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delays caused by false alarms. U.S. carriers get about $4 billion in revenue annually from cargo carried along with passengers, and they worry that unreliable scanners could play havoc with schedules.

San Francisco's pioneering program hopes to demonstrate ways around that dilemma, largely through more-effective use of devices and tools that already are available. The goal is to screen 95% of cargo on passenger jets. Recommendations from the $30 million initiative -- which will later include a similar project in Cincinnati and one in Seattle to search cargo for stowaways -- are expected to be available by late 2007.

Doug Bauer, Livermore's program director for the project, says he aims to develop templates many other airports could follow to increase screening capacity depending on factors such as seasonal shifts in types of goods being shipped.

For airline pilot unions and Democratic U.S. Rep. Ed Markey of Massachusetts, an outspoken critic who previously called cargo security rules "a national scandal," such moves can't come fast enough. A year ago, Rep. Markey complained that the TSA was avoiding screening cargo on passenger jets "in any meaningful way."

Even though the work under way in San Francisco was prompted partly from criticism by Rep. Markey and a handful of other lawmakers, he says he is "still gravely concerned about gaping aviation-security loopholes."

In November 2005, the Government Accountability Office took the TSA to task for, among other things, allowing potentially dangerous cargo-security gaps to persist, failing to systematically collect data on past security breaches and having incomplete information about shippers.

The TSA continues to rely on a broad multilevel approach to cargo because "there is no silver-bullet technology out there," according to senior agency official Robert Jamison. By "looking at the people, the shipments and the supply chain" in tandem, Mr. Jamison says, "we've ramped up our focus on air cargo" in the past year or so," from mandating background checks for armies of air-cargo employees to 100% screening of all small packages left at airport counters.

The number of cargo inspectors, for example, has tripled to 300 nationwide and "we've drastically ramped up our canine patrols," Mr. Jamison says. The idea is "moving our assets around the airport" and conducting random inspections "to provide a level of unpredictability" to keep would-be terrorists off balance.

While a spokeswoman says the Air Transport Association, the airlines' trade group, favors the current approach and additional research into new technologies, "we feel that canine screening deserves far more support" from the TSA.

So far, Congress has largely gone along with that approach to cargo security on airliners, despite a growing bipartisan push for changes and demands that the TSA develop more-reliable technology and more-effective screening systems. "What do you think would happen to the airline industry," Rep. Norm Dicks, a Democrat from Washington State, asked rhetorically during a House hearing last month, "if a bomb in an uninspected cargo exploded, bringing down a passenger plane?"

Faced with lower volume and less industry opposition, other countries are honing new ways to inspect cargo. Israel and the Netherlands already screen much of the cargo placed aboard passenger planes with a combination of machines, inspectors and dogs, according to U.S. lawmakers and industry officials. And under European Union regulations, some freight forwarders have their own X-ray equipment as well as a legal obligation to vouch that inspections have been properly carried out.

Some in the industry see a potential gold mine if cargo inspections become more prevalent. L-3 Communications Holdings Inc., a major supplier of baggage-screening equipment, has told Congress it believes that with some modifications, current-generation equipment is capable of inspecting more than two-thirds of the cargo at issue.

While other makers of screening-equipment are skeptical of such claims, congressional pressure and heightened public recognition of the threat means "things clearly are progressing in that direction," according to Joe Reiss, marketing director of American Science & Engineering Inc., a Billerica, Mass., manufacturer of security equipment.

Even if it the technology becomes more feasible, however, "I'm not sure the [airline] industry will support it," says aviation-security consultant Rick Gordon of Civitas LLP in Washington.

Once the program takes off in San Francisco, which shipped roughly 500,000 tons of freight on both passenger and cargo flights last year, the aim is boosting the speed of the screening process at least sixfold. Simulations and computer models will be used to determine steps to further expand capacity, and how to spread those concepts to potentially hundreds of additional airports nationwide.

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Still, Mr. Gordon predicts a long and difficult battle for industry acceptance. Anybody who thinks "you're going to throw money at the problem and get 100% cargo screening in the next year or two," he says, "that's just foolish."

Veteran Travelers Find It Hard To Carry On (USAT)

By Laura Bly

USA Today, August 15, 2006

For frequent business travelers and footloose vacationers, the carry-on bag is more than luggage. It's a symbol, a mind-set, a way of life.

And since Thursday, when U.S. and British authorities clamped down on airport security after a suspected terrorist plot to blow up trans-Atlantic jets using liquid explosives was revealed, these unfettered fliers have been in a tailspin.

Dave Moya, an executive from Oldsmar, Fla., travels every week and hadn't checked a bag in 10 years — until Thursday. The U.S. ban on liquids in carry-ons imposed that day meant "I had the choice of throwing away cologne, hair gel, toothpaste, after-shave lotion, hand cream … shampoo." He bit the bullet, and instead of getting home 45 minutes after touchdown, he wound up spending 45 minutes in baggage claim.

Samantha Johnston, 44, a Portland, Ore., grad student and moderator on the popular FlyerTalk .com message board, says the latest — and constantly shifting — carry-on rules have sparked the biggest response since the chaotic aftermath of Sept. 11, 2001. Johnston is the type of traveler who will fly to Singapore for the weekend or to Munich for breakfast with a friend. (She has done both, with a single carry-on.)

No more.

"I've put up with public inspection for the underwire in my bra, and when I protested, being told to wear a bulky sweater and go braless in the future. I've been told I can't carry on a bottle of wine as a gift at one airport, only to find it's no problem at another. I've been civil with the multiple checks of my boarding pass not more than a few feet apart. I figured this all couldn't possibly last and flying would eventually return to normal," she says.

But now, with strict carry-on regulations that currently ban everything from hair spray to yogurt, "I've reached my tipping point. I've decided not to fly until the latest Draconian carry-on prohibitions are significantly rolled back. Security has finally reached the nether regions on the idiocy graph."

Or the confusion graph, anyway.

The Transportation Security Administration (TSA) loosened up carry-on rules Sunday by permitting up to 4 ounces of liquid non-prescription medicine such as saline solution and eye drops. But at the same time, its website still listed them as prohibited.

After Britain eased its terror threat level Monday from critical to severe, security officials there said that starting today, passengers could carry a single, briefcase-sized bag aboard and that books, laptop computers and iPods again would be allowed.

On Sunday, Canada tightened carry-on restrictions, adding aerosols and juice to the list of banned items put in place last week.

It's enough to make a frazzled flier take a drink — though not, perhaps, of duty-free booze.

Since the TSA ban on carry-on fluids applies to all flights entering or leaving the USA, duty-free sales have slumped from Singapore to the Cayman Islands. The Nuance Group, which runs duty-free shops in most Canadian airports, says sales are down almost 75%.

But TSA spokesman Christopher White said Monday that under revised TSA rules, travelers can still buy duty-free liquid items at the airport, as long as they are delivered to the plane and not carried aboard by passengers. One wrinkle: Travelers doing that, arriving at a U.S. airport from another country and taking a connecting flight, must clear customs, where newly purchased duty-free liquids have to be placed in checked luggage or left behind.

Meanwhile, in a Newsweek poll conducted last week, 54% of 1,001 U.S. respondents opposed banning all carry-on baggage on commercial flights, but 26% say they "definitely favor" such a move, and 18% say they would "probably favor" it.

Department of Homeland Security chief Michael Chertoff hit the TV talk-show circuit Sunday, saying he didn't expect greater restrictions: "We can do the job with screening, training and technology without banning all carry-ons."

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That's cold comfort to travelers such as Paul DaSilva, a Los Angeles engineer who flies more than 100,000 miles a year.

"I'll adjust temporarily by checking in my bag," says DaSilva, who did just that this weekend. But Sunday's "40-minute wait to get back my bag in Toronto was excessive, and needing to get to the airport an extra 30 minutes before to make sure I can get my bag checked in time will take its toll.

"It's a touchy subject to folks like myself, and I can guarantee a drop-off in travel if more restrictions are enforced," he says.

The airlines say they're checking more bags but don't yet have definitive numbers, says David Castelveter of the Air Transport Association. The TSA uses a number of different screening systems and doesn't have exact figures on any increase in bag volume.

Southwest beefed up staffing on the ramp to handle extra bags, but "things seemed to smooth out this week," says spokeswoman Beth Harbin. Joseph Tiberi of the International Association of Machinists — the union that represents baggage handlers at United, Northwest and US Airways — says workers are seeing slight increases in baggage since the initial flood Thursday and Friday. Some workers are being reassigned to airports to meet higher demand, but they're not being asked to work overtime, he says.

At American, the world's largest airline, spokesman Tim Smith says there was a short-lived surge in checked baggage last week but that the situation was "pretty much back to normal by Monday." At Chicago's Midway Airport, carriers have seen a 30% increase in checked bags, airport spokeswoman Wendy Abrams says.

Even before the recent spike in checked bags, many frequent fliers considered waiting at the baggage carousel a modern version of Dante's Inferno. Among their concerns: Though the numbers are better this year, Consumer Reports says passengers filed an average of 10,000 mishandled-luggage complaints a day against the larger U.S. airlines in 2005, the worst performance since 1990.

Rich Fiorenza, an expert on bag handling at SITA, a Switzerland-based technology and consulting company, says the hard data won't be available for at least a month. But after seeing unusually long lines at the baggage claim when he flew back to Atlanta from vacation over the weekend, he expects to see a rise in the rate of mishandled bags in August and September. That, he said, would be the expected result of airlines handling more checked bags compared with last year.

Amid the turmoil caused by the new restrictions, some carry-on devotees simply refuse to surrender their bags and are developing new strategies.

"I'm still not going to check any luggage," says Chris Kepler, business director of SAS Institute in Cary, N.C. "I've decided to contact the hotel ahead of time and ask them for toothpaste, deodorant, etc. So even if I have to pay for these items upon arrival, it's worth it to me to not have to check a bag."

On Thursday, Manhattan publicist Pamela Johnston refused to check her roll-aboard at the Burbank, Calif., airport. "I wanted to be mobile," she says. "I didn't want to check my bag. I knew the airports would be a mess."

So she took her toiletry bag filled with "a couple hundred dollars" of stuff and FedExed it home.

Others have greeted the new carry-on era with resigned acceptance. "It's hard to predict how all this will shake out, as so little of it is based on common sense. (But) it won't be long before the rules are relaxed," says Doug Dyment, who publishes OneBag.com, a website on the joys of traveling light. "Not that long ago they were destroying nail clippers, and there was never any rational reason for that."

Meanwhile, on road warrior Moya's flight Thursday, the "overhead (compartment) in first class was pretty much empty" save for briefcases and laptops. It's usually jammed, he says.

On her flight from New York's La Guardia to Minneapolis Monday morning, flight attendant Rene Foss noticed little change in the number of carry-ons. Which is a bad thing, from her perspective. "The carry-on baggage issue, aside from anything that happened last week, is so problematic. Any reduction in carry-on luggage is great. And I think my colleagues would agree."

Foss, author of Around the World in a Bad Mood, was clutching a Starbucks coffee and a carry-on with her makeup and toiletries stowed inside as she prepared to board a flight to Portland, Ore. Flight crews are exempt from the new TSA restrictions. "If you're on a five-day trip, you can't keep throwing out toothpaste at every stop. I think the TSA took pity on us," Foss says.

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"It's not a 'right' to fly and carry whatever you like," notes David Gregory, a Dallas-based travel coordinator and former airline employee, in one of nearly 200 posts in response to a recent item on USA TODAY.com's Today in the Sky blog about the threat to the carry-on culture.

"Just think how wonderfully blissful it would be not to have a single carry-on aboard a plane," Gregory adds.

"I say ban all carry-on luggage. It's about time! And if you are so important that you cannot be away from your computer for a day, do us all a favor and stay at your office."

Fear Takes Flight (WP)

By Jennifer Huget, Special To The Washington Post

The Washington Post, August 15, 2006

Experts Report More Annoyance Than Anxiety In the Wake of the Latest Terrorism Alerts

Washingtonians do not appear to be in a tailspin of fear over last week's revelation of an alleged terrorist threat aimed at airliners. One prominent District psychologist says he doesn't anticipate much trauma to result from the event.

Alan J. Lipman, a clinical psychologist and director of the Center for the Study of Violence, says it's too early for observable reactions. Even after the attacks of Sept. 11, 2001, he said, fears and worries took some time -- up to two weeks -- to develop to the point where people sought help from a therapist.

And the latest threat is unlikely to have nearly the same psychological impact. Most significantly, the alleged plan for in-flight explosions was thwarted and nobody was killed.

"People have a variety of reactions to an unsuccessful plot," Lipman says. "They feel relief, admiration for security in Great Britain and the U.S., and concerns about the appropriate degree of risk" they should feel.

As for the renewed awareness of the terrorist threat and the need for vigilance, the earlier events may prove protective.

"People have become a bit inured to this," Lipman says. Since Sept. 11, he says, people "may have taken precautions to protect themselves, but they've seen that they have survived and the people they love and care for have survived. That creates a certain sense of security."

To Lipman, the lack of frantic calls to his office is a sign that people are evaluating the available information and using it to establish the degree of caution they need to take.

This tempered response carries its own risk, Lipman notes: the potential for underestimating a true threat.

After all, the news on Thursday was full of genuinely fearsome facts and phrases: Officials said a plan to carry out "mass murder on an unimaginable scale" was "days away" from execution. After reporting the arrest of two dozen alleged conspirators, Homeland Security Secretary Michael Chertoff allowed that "we cannot be sure that the threat has been entirely eliminated or the plot completely thwarted."

Consequently, Lipman doesn't expect everyone to take this latest incident in stride. Those who had particular difficulty coping with Sept. 11 may well find their psychological struggles revived.

"One of the phenomena associated with post-traumatic stress disorder is that, when you've been traumatized by an overwhelming experience, the tendency is to have that reawakened by [less powerful] events that remind you of that experience," he says.

Robert R. Butterworth, a Los Angeles psychologist who specializes in trauma, said some people are experiencing "anticipatory anxiety" to heightened alerts and emerging details about the alleged conspiracy. But is this fear strong enough to influence behavior?

"We won't know for a few weeks, after the summer," he said. Then it will be clear how many people canceled vacation plans because of their fear of flying.

Meantime, Butterworth said, he's observing another emotional reaction: "Not just fear, but anger . . . It's almost like they are so mad because of the inconvenience." Â·

Staff writer January W. Payne contributed to this report.

What Can Be Carried On? (NYT)

By Michelle Higgins

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The New York Times, August 15, 2006

As air travel begins to return to normal — if long lines, canceled flights and confusion at airport security checkpoints can be considered normal (and, yes, sadly, they can) — airline passengers can only wonder what the long-term effect of last week's terror scare will be.

Will they really be prevented from bringing a bottle of water or a tube of toothpaste on board ever again? And just how draconian will the next wave of carry-on rules be?

Though no airlines have called for an all-out ban on carry-on bags, a few, including Northwest and Virgin Atlantic, are urging passengers to check all luggage as a way to expedite the security process instituted by the Transportation Security Administration last week.

So far, the agency has not said which changes will be temporary and which will be permanent. "They will be in place as long as we think they're necessary," said Carrie Harmon, a spokeswoman. And as airports and regulators struggle with how to examine efficiently the flood of cabin baggage that passengers want bring on board, security rules are expected to continue to shift.

Over the weekend, the agency slightly loosened its strict ban on liquids, lotions and gels in carry-on bags and began permitting four-ounce containers of nonprescription liquid medications like eye drops and saline solutions through security checkpoints and onto planes. And Monday, the British Department of Transport, which had barred all carry-on items except for personal essentials like passports and eyeglasses, said passengers would now be allowed one item of hand luggage, the equivalent of a small briefcase or handbag. Electronic equipment including cell phones, laptops, digital cameras and iPods would again be allowed on board. (Up-to-date information about United States carry-on rules is on the Transportation Security Administration's Web site at www.tsa.gov/travelers/airtravel/prohibited/new-items.shtm; British updates are on www.baa.com.)

Though no one is saying it outright, it seems clear that the ban on such things as bottled water or perfume — even if bought at an airport shop once you have gone through security — suggests a lack of faith in the effectiveness of the current screening process. After all, if you have been screened and cleared by the security guards after arriving at the airport, why are you not then permitted to buy a sealed bottle of water at one of the airport shops beyond the security station? (Homeland Security Secretary Michael Chertoff tacitly acknowledged a lack of full confidence in the screening when he announced on Sunday that he intended to replace contractors who inspect passenger identification documents at airport checkpoints with Transportation Security staff members.)

"There is not one silver bullet," said Carrie Harmon, an agency spokeswoman, who stressed that the administration was taking "a flexible, unpredictable multi-layered approach" to airport security. She added, "No one layer is 100 percent foolproof 100 percent of the time at all airports."

The Transportation Security Administration has begun permitting duty-free items if they are delivered directly onto the aircraft, though they will have to go into checked bags when changing planes from international to domestic flights.

How much the rules will be further loosened is unclear. After all, it took four years for Homeland Security to lift the post-9/11 ban on nail clippers and small scissors. Passengers might be allowed, for instance, to carry on small bottles of perfume or perhaps other substances that pose little security threat because of their size. Or secure beverages could be labeled as such.

Experts say an all-out ban on carry-on luggage is unlikely because it could cause a major backlash from the lucrative business-travel segment. "We will probably see calls from Congresspeople to bar all carry-ons, to ban all laptops and cell phones," said Michael J. Boyd, president of an aviation and security consulting firm in Evergreen, Colo. "If it happens, it will materially change the value of air travel for business people."

A ban on carry-on bags might ease the time it takes to get through security, with fewer items for screeners to check, and bring an end to the battle for overhead bin space, but it could also mean more lines at check-in.

Whatever the new security measures, airline advocates are urging rule makers to take passengers into account. "We recognize if the process becomes too inconvenient customers will just quit flying," said David A. Castelveter, a spokesman for the Air Transportation Association. "We saw that happen after 9/11 and we cannot allow that to happen again."

For now, to check or not to check is the question on many travelers' minds.

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Molly Lyons, 31, a literary agent in New York, is reluctantly checking everything except some books and her contact-lens case for a flight to Rome on Tuesday. "All my toiletries are going in the checked bag, which makes me nervous because I don't want to get to Italy and have my bags be lost," she said. "It's just not the way I want to kick off my vacation."

Some travelers are avoiding check-in altogether by shipping their luggage ahead of them. Karen Warner, a marketing consultant from Pacific Palisades, Calif., now pays Luggage Forward about $150 to ship her carry-on bag ahead on her frequent flights from Los Angeles to Boston. "It gives me lots of options when I get to the airport," she said. "If you don't have a bag it's a lot faster."

Another advantage, she said, is that unlike passengers with checked bags that must remain on the flight their luggage is booked for, if her flight is delayed or she arrives at the airport early she can stand by for another flight. Now, given the new security ban on liquids and gels on planes, Ms. Warner is considering a shipment of toiletries to Zurich for a European trip to avoid wasting valuable sightseeing time searching for contact lens solution.

A growing number of travel companies have partnered with Baggage Airline Guest Services in Orlando to allow travelers to print airline-boarding passes, and to check in and drop off their luggage for domestic flights at remote locations. The service is available aboard ships of various cruise lines, including Royal Caribbean, Celebrity and Norwegian, as well as at the Disney resorts and hotels in Orlando, Fla., and a growing number of convention centers throughout the United States. For $10 per person, travelers can check in and drop off their luggage for all the major airlines up to 24 hours in advance. Baggage is then transported directly to the departure airport and passengers do not have to deal with their luggage until they land at their final destination.

Since the new security rules began last week, "our checked baggage jumped by 30 to 40 percent," said Craig Mateer, chief executive of Baggage Airline Guest Services. "All the hotel chains we're working with to start the program are calling and saying let's speed this up."

Hotels are also stocking up on extra toothpaste and other toiletries and supplying them free to guests. In the Florida Keys, guests of Little Palm Island can call ahead and tell the resort what toiletries they want in the room. In New York, the Exchange Hotel is giving guests a $25 gift card to the Duane Reade drug store, and at the Lemon Tree Inn in Naples, Fla., and Hotel Caravelle in St. Croix, the Virgin Islands, there is an honor bar where guests can take just what they need from deodorant to toothpaste.

Others are taking advantage of the situation to promote themselves. Jurys Washington Hotel is offering a $299 Liquid Infusion Package that includes the usual toiletries with hydrating facial products, and a choice of sparkling or flat water presented in an ice bucket at check in. The following morning guests get a continental breakfast complete with a fresh fruit smoothie.

What You Need To Know About The New TSA Rules (USAT)

USA Today, August 15, 2006

Travelers face tighter security and longer lines because of new airport rules in the USA and UK after a plot to blow up airliners bound for the USA was uncovered. The travel staff at USA TODAY will continually update this Q&A with what you need to know before you fly.

Have a question not answered here? Drop us a line.

Q: What can't I pack in my carry-on bag?

A: The new rules ban almost all liquids, creams and gels from being carried aboard flights. Those items must be put in your checked bags. If you are in doubt about an item, pack it in a checked bag or leave it home. The list of prohibited items is continually updated here: www.tsa.gov/travelers/airtravel/prohibited/new-items.shtm.

Current exceptions include baby formula and breast milk; prescription medicine with a name that matches the passenger's ticket; up to 8 oz. of liquid or gel low blood sugar treatment and up to 4 oz. of non-prescription liquid medications — including such previously prohibited items as cough syrup, eye drops, contact lens solution and nasal spray.

Despite some rumors, there are no new restrictions on laptops, cellphones or other electronics on any flight originating in the USA.

Q: Are the rules different in the United Kingdom?

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A: Starting on Aug. 15 at 4:30 a.m. local time, passengers flying from Heathrow, Gatwick and Standard airports to all destinations will be allowed to have one carry-on, according to the Department of Transport. The carry-on ban has already been lifted at Stansted, Birmingham, Glasgow, Edinburgh, Aberdeen and Southampton.

However, the item must be no larger than 17.7 by 13.7 inches by 6.2 inches — about the size of a laptop computer bag. Other bags, such as purses, may be carried, but they must fit within that single item of cabin baggage.

Though electronic items are again permitted, the liquids ban continues. To speed screening, the Department of Transport is requesting that fliers refrain from carrying any items capable of containing liquids, such as bottles, flasks, tubes and cans.

On flights to the USA, passengers will be searched again at the gate before they board.

Q: Are there any exceptions to the new rules in the USA?

A: A few. You can still bring baby formula, breast milk or juice if you're traveling with a child; prescription drugs if your name is on the bottle; and insulin or other "essential" non-prescription medications. Screeners should not make you sample the liquids.

Q: Can I still bring medicine along if it's not in liquid form? What about bars of soap?

A: Yes, it is OK to put those in a carry-on bag.

Q: If I forget to remove liquids or gels from my bags before I get to the security checkpoint, what will happen?

A: Screeners will ask you to put them in a checked bag or give them to someone who isn't traveling. Otherwise they will be confiscated.

Q: Am I allowed to purchase toothpaste, drinks or other liquids after I get through security and then take them aboard the flight?

A: No. You are not allowed to carry aboard any liquid, no matter when or where you purchased it.

Q: Why can I put liquids and gels in a checked bag but not carry them aboard?

A: Transportation Security Administration spokeswoman Amy Von Walter said authorities are concerned that liquids could be one part of a bomb, not necessarily a fully assembled explosive. If those parts were in carry-on bags, someone could put the bomb together in flight; if they were in the cargo hold, the items couldn't be assembled.

Q: Besides the ban on liquids and gels, what else will be different about security?

A: The TSA said screeners will be checking passengers more thoroughly at checkpoints, including inspecting more bags by hand. All fliers will be required to remove their shoes and have them x-rayed with their carry-on bags. All passengers departing for the UK will be screened a second time at the gate, and random gate inspections will be conducted for all other flights.

Q: Will I have to wait longer in lines?

A: Most likely. Though lines have shortened since last week as travelers adapt to the new regulations, you should still leave extra time for check-in and security. Your best bet is to call your airline to get an accurate account of average wait times.

Q: How long will these new rules last?

A: That's not clear. Homeland Security Secretary Michael Chertoff said the rules would be "constantly evaluated and updated when circumstances warrant."

Q: Are other countries or airlines banning liquids in carry-on luggage?

A: Yes. Canada has banned gels and liquids from carry-on bags on all flights. The new restrictions also apply to all flights entering the USA and to flights from France to the UK, USA and Israel.

Q: Since I can only take a small carry-on from the UK, will I have to pay excess baggage fees to check larger carry-ons?

A: Though last week most airlines waived fees for excess baggage, policies now vary widely. American isn't waiving fees. Virgin, British Airways and United are waiving fees for additional checked baggage that could otherwise have been accommodated in the cabin. However, those policies are subject to change. It's best to call your airline before departure.

Q: Do airport screening machines pick up liquid explosives?

A: Most screening machines for checked bags aren't designed to pick up liquid explosives, says explosives expert Jimmie Oxley of the University of Rhode Island. But they could be adjusted to pick up many common ones.

Q: What if I have an airline ticket and I want to cancel?

A: Most European and U.S. airlines are letting travelers postpone or cancel flights over the next few days, waiving penalty fees for changes and easing restrictions on what otherwise would be unrefundable tickets.

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At American, those traveling within/between the USA, Puerto Rico and the U.S. Virgin Islands (tickets bought by Aug. 9) can change travel dates up until Sept. 1 or get a refund in the form of a travel voucher. Fliers going to, from or through the UK have similar options with a bit more flexibility.

United is allowing all passengers (including, but not limited to all UK flights) to make one change to their itineraries without any fees. The revised policies apply to people with tickets purchased on or before Aug. 10 for travel between Aug. 10 and Sept. 1. Only customers whose flights have already been canceled are eligible for a full refund.

Delta allowed a one-time ticket change without a fee for passengers scheduled to travel to, from or through Aberdeen or Edinburgh, Scotland, and London, Manchester, Newcastle and Southampton, England, but travelers had to rebook by Aug. 13.

Northwest will waive normal change fees for passengers holding tickets to, from or through the UK through Aug. 20. They can postpone travel for up to one year from the date their tickets were issued, as long as they rebook by Oct. 31, 2006.

For travel within the USA, Continental will no longer reschedule or reissue tickets without penalty. However, if you are scheduled to fly to or from the UK anytime through Sept. 1, you can choose to reschedule or reroute your flight without penalty. However, travel must be completed by the original validity dates listed on your ticket.

US Airways will allow passengers already ticketed on flights through Sept. 1, to London, Manchester or Glasgow to cancel, change or get refunds without penalty.

Southwest passengers holding reservations for travel through Aug. 14 can rebook for travel within 14 days or fly standby without paying any additional charge.

British Airways has been updating its policy twice a day. Only passengers due to fly to or from the UK today or tomorrow can rebook or get refunds without penalty. Passengers will have to check back each day for the latest.

Q: What are tour operators doing?

A: A spokesman for the 130-member U.S. Tour Operators Association said most companies were following the airlines' lead and allowing changes or cancellations to the United Kingdom without penalty but added that there have been no operator-imposed itinerary changes or tour cancellations. Though the tour company Globus had offered a $200-per-person cancellation fee for travelers who hadn't purchased insurance and wanted to cancel a trip to or through the UK, that policy has expired. Regular – and more expensive – cancellation fees now apply.

Q: If I have travel insurance, am I covered?

A: It depends. Most travel insurance policies will reimburse travelers for expenses they incur as a result of delayed or canceled flights, such as the cost of a hotel room at the airport.

"This would be the case for travelers flying in or out of Heathrow or other destinations impacted by this situation," says Dan McGinnity of the insurance company Travel Guard.

Still, most travel insurance policies won't reimburse the cost of upcoming trips that travelers cancel themselves because they're skittish. For example, if you're heading to London, and the plane is going, you can't get your money back if you choose not to board.

Some travel insurance policies do reimburse travelers for trips disrupted due to a terrorist incident, but such provisions haven't been triggered in this case, since the plot was foiled before it occurred.

One advantage for insurance holders: Many policies include around-the-clock emergency travel assistance that can be accessed worldwide for help in rebooking canceled flights, rerouting trips and making or changing hotel reservations. McGinnity says Travel Guard's call volume from policyholders spiked 70% on Thursday.

Q: How are the online travel agencies handling cancellations?

A: Priceline's cancellation policies "will be in lockstep with each individual airline," says spokesman Brian Ek. "If your airline ticket is eligible for a cancellation and you also bought a hotel room and/or rental car through us, we also will allow you to cancel the room or car."

Expedia is currently waiving cancellation fees, helping customers rebook and working with its travel partners to waive their fees.

Q: Do airlines plan to provide more water on flights?

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A: Yes and no. We checked with all the major airlines and several, such as Southwest, say they've already begun stocking planes with extra water in bottles and cans (in Southwest's case, it's in cans). But other airlines, such as the nation's biggest, American, say there's no need. "We always provision as if no one was bringing their own beverage on board," says American spokesman Tim Wagner (that said, Wagner says even American is adding a little extra water, soda and juice to international flights just in case). But really, don't panic, say airline spokespeople. United's Robin Urbanski Janikowski notes that passengers usually never come close to drinking all the beverages on the airline's flights. "We already have 50% to 75% more beverages (onboard) than what customers generally consume," she says. Bottom line: If you're thirsty, ask.

Q: Are hotels implementing any policies to help travelers?

A: As USA TODAY's Kitty Bean Yancey points out in Hotel Hotsheet, some hotels are stepping up to the plate: Many chains already supply free toothpaste, mouthwash and the like on request. Omni Hotels is adding such items as nail polish remover and contact lens solution for guests whose liquid essentials are confiscated at the airport or who choose not to pack them in checked luggage and spend extra time at the airport, and starting Sunday, Wyndham properties will add contact lens solution, hair gel and hairspray. Chains also are stocking up on gift-shop toiletry offerings. Marriott's Courtyard New York JFK Airport has just started offering complimentary contact lens solution, deodorant, etc., for arriving fliers, but this program is not chain-wide. "We're seeing how the (new restrictions) play out," says Marriott spokesman John Wolf. "It's too soon to say."

Q: Do any airlines plan to sell toiletries on board?

A: Word is Air Canada already is planning to sell toiletries to passengers on its planes (though, as of late Friday, an airline spokesperson hadn't responded to a request for details). And tiny, three-year-old Eos Airlines, which offers all-premium class service between New York and London, already has announced it'll provide passengers with complimentary saline solutions, contact lens holders, toothpaste, moisturizer and other banned items. But, for now, at least four of the seven major U.S. airlines — American, United, US Airways and Southwest — don't plan to follow (as of late Friday, Northwest, Continental and Delta hadn't responded to questions about the topic and others). Several of the airlines say they're waiting to see how the situation unfolds in coming days. "We don't yet know if the recent changes will stick or change," notes Southwest spokeswoman Beth Harbin.

Q: What about gel pens, which are increasingly common? Are they banned, too?

A: Airlines spokespeople say they're not on the TSA list. But don't be surprised if confusion reigns, at least for the first few days of the new rules. "It's probably hit or miss on that, and up to the TSA (inspectors at the airport) on a one-off basis," says USAirways' Philip Gee.

Q: What about medicines with gel, such as gelcap Tylenol?

A: Ditto above.

Q: Are cruise lines stepping up their security as well?

A: According to the International Council of Cruise Lines, the U.S. Coast Guard has not raised the security level for the maritime sector or changed the screening process for passengers at seaports. Among the measures already in place: 100% screening of all carry-on luggage and checked bags, intensified screening of passenger lists and passenger identification, restricted access to sensitive vessel or terminal areas, notice to the U.S. Department of Homeland Security before arrival into a U.S. port as well as the passenger and crew manifests submitted to federal agencies, a dedicated security officer and team on board every ship, and Coast Guard-established security zones around cruise ships.

Air Travel: The New Facts Of Life (7 Letters) (NYT)

The New York Times, August 15, 2006

To the Editor:

"The Liquid Bomb Threat" (editorial, Aug. 12) calls for a continuation of the recent ban on liquids in carry-on luggage but doesn't factor in a critical point: a large percentage of business travelers rely on being able to fly without checking bags.

I typically fly between 125,000 and 150,000 miles a year. Careful packing allows me to carry up to a week's clothing, including now-banned toiletries, in one regulation-sized carry-on bag.

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This arrangement is critical to allow me to make tight connections, avoid lost luggage, arrive groomed for professional meetings within an hour or two of my arrival, and most important, quickly shift my schedule en route when connecting flights are delayed.

Forcing all passengers to rely exclusively on checked luggage will deter far more business travelers than terrorists, and the airlines are sure to suffer major losses as a result.

T. J. Pempel

Berkeley, Calif., Aug. 13, 2006

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To the Editor:

It may be simplest just to ban carry-on luggage, but that means either trusting expensive and fragile things like cameras and laptops to the tender mercies of overworked baggage handlers or traveling without such items.

Who wants to go on holiday without a camera? How can one use the waiting time in the airport productively with no laptop? What if your baggage arrives a day late and you have absolutely nothing with you?

Can you function in the business meeting that is the reason for the trip with no notes, no computer, no anything?

Sorry, but carrying some things with you on the plane is not a luxury. If I can't keep my camera and my laptop and my business papers with me, I don't fly.

Ada M. Prill

Rochester, Aug. 12, 2006

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To the Editor:

It would be great if there were no carry-on luggage.

I am a photographer. I do not need my laptop, cameras and lenses in flight.

The problem is, if I do not carry them on, will I see them again?

The handling of baggage by the airlines is a joke. The chances are high that my equipment will be lost, stolen or sent to the end of the world.

It would help if the handling of baggage were improved.

James C. Romeo

New York, Aug. 12, 2006

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To the Editor:

Airline security should begin at the time the reservation is made. Sufficient information should be provided — for example, passport data, address and telephone number — so that screeners can check on a passenger before he arrives at airport security.

This should be required of everyone who makes a reservation up to two weeks before departure. Those making later reservations should be advised that they will be subject to a thorough security check at the airport.

El Al has been doing something similar for years, and it works. The first line of security must be before the passenger arrives at the airport. Once there, it is almost too late.

Robert L. Boyar

Woodmere, N.Y., Aug. 14, 2006

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To the Editor:

The simplest answer to eliminate carry-on bombs is to eliminate all carry-on luggage except for medicine and books.

It would also make getting on and off planes much easier and faster by reducing the wait to get through security and the wait to deplane as people struggle to get their bags out of the overhead compartments.

There is no reason for the airlines to wait for government regulations. Frankly, I would prefer to fly with a carrier that adopted a no carry-on luggage policy.

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Howard Ehrlichman
Huntington, N.Y., Aug. 12, 2006

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To the Editor:

"U.S. Transportation Security Agency Prohibits Carrying Liquids and Gels on Flights" (news article, Aug. 11) reports that a British Airways spokesman "said the airline had advised travelers to put books in checked luggage."

Fine. Take my iPod, my laptop, my food and drink, but leave me my worn copy of "War and Peace" on that long trans-Atlantic flight.

To ban reading material is to acquiesce to the very ignorance we are supposed to be fighting.

The few seconds it takes to leaf through a book to check and see that it is not a hiding place for explosives seems well worth the time and effort.

Unless, of course, it is the power of words and a literate populace that the government fears is dangerously subversive.

Wilhemina Condon
Seattle, Aug. 13, 2006

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To the Editor:

It's hard to believe that makeup is now considered a weapon of mass destruction, when it has notoriously been used as a weapon of mass deception.

Louisa B. Caucia
Montrose, Calif., Aug. 12, 2006

Tighter Security Is Jeopardizing Orchestra Tours (NYT)

By Daniel J. Wakin
The New York Times, August 15, 2006

Air travel for classical musicians has never been easy.

Those husky cellos need an extra ticket. Hey, security! Watch that priceless Stradivarius. Double-reed players? They have long given up on carrying aboard those valuable knives and shaping tools used to mold the cane that transforms their breath into lyrical sounds.

And now, with new concerns about carry-on baggage in the wake of Britain's reported terrorist plot, it has gotten tougher.

Strict regulations imposed last week forced the New York-based Orchestra of St. Luke's to cancel a long-awaited tour of Britain over the weekend and sent other ensembles with imminent trips, including the Philadelphia Orchestra, the Pittsburgh Symphony and the Minnesota Orchestra, scrambling to cope with the new rules.

"I'm heartbroken," Marianne C. Lockwood, the president and executive director of the St. Luke's orchestra, said yesterday. "I don't think I've been through 72 more anguished hours in my life." The orchestra was to have left last Thursday for concerts at the Edinburgh International Festival and the BBC Proms at the Royal Albert Hall in London, one of the major summer music festivals.

All travelers in Britain had to adapt to the ban on carry-on items, which was relaxed yesterday to allow one small carry-on. But not all travelers ply their trade with highly personal artifacts made of centuries-old wood, horsehair and precious metals that many musicians are loath to put in the hold.

Its rules are of course in flux. The United States Transportation Security Administration says on its Web site that musical instruments are generally allowed in the cabin in addition to a carry-on bag and a personal item, but it leaves size requirements and permission for the carry-on to the airlines. In addition, it promises that security personnel will handle instruments carefully.

That is of little comfort to musicians, particularly string players, who suffer constant anxiety over the threat of damage and fears that their instruments will arbitrarily not be allowed in the cabin, even though violins fit into most overhead bins.

The violin virtuoso and conductor Pinchas Zukerman said security officials had even asked him to remove the strings of his 1742 Guarneri del Gèsu. "I've had unbelievable discussions at certain airports," he said by telephone while waiting at the Atlanta

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airport for a flight with his wife, the cellist Amanda Forsyth. "They want to stick their hands in my instruments, and they say, 'It's my job.' "

Cellists have it the worst, Ms. Forsyth said. "We buy the seat with a cello, and they treat us like second-class criminals."

The new regulations have, for now, increased the complications.

The Bolshoi opera and ballet, which have been performing at the Royal Opera House in London, will send their orchestra's instruments back to Moscow by ferry and truck at the end of the week if the restrictions are not relaxed, said Faith Wilson, a spokeswoman for the Bolshoi's promoter at the house, Victor Hochhauser Presents. The Bolshoi orchestra's chief conductor, Alexander Vedernikov, had been quoted as saying that the musicians' contract requires them to keep their instruments with them.

"Clearly this is a very unusual situation," Ms. Wilson said. "I'm sure there are insurance issues, but I don't think anybody's ever had to cope with the security restrictions that we're up against."

The Minnesota Orchestra is due to leave on Sunday for a European tour that also includes stops in Edinburgh and at the Proms. Like many major orchestras, it packs its instruments in specially designed and padded crates.

The biggest ones, which hold harps and double basses, are six and a half feet high and four feet wide. About 20 players in the 95-member ensemble like to take their instruments or precious bows on board, but they will stow them this time around, said a spokeswoman, Gwen Pappas. The trunks are delivered straight to concert halls, so the instruments will not be immediately available for players who want to practice at their hotels.

The Philadelphia Orchestra plays the Proms in early September. Its trunks also have space for all the members' instruments, but it is working on backup plans for about a dozen musicians who are going on to other jobs or on vacation and not returning with the orchestra, said a spokeswoman, Katherine Blodgett.

Those concerts, coming later, give the orchestras time to prepare. And these are large, experienced touring groups that own the crates.

Not so the Orchestra of St. Luke's, a highly regarded ensemble that nevertheless tours infrequently and saw the trip as a boost for its image. It spent two years planning the trip and many months carefully polishing the programs, which were to have been broadcast in the United States.

The trip had special significance for the orchestra's principal conductor, Donald Runnicles, who is Scottish, and for its president, Ms. Lockwood, who was born in England.

Ms. Lockwood described three days of phone calls, fueled by takeout Chinese food, to find alternatives. The musicians had planned to carry their smaller instruments by hand.

Charter planes were too expensive: about $300,000, which would have doubled the cost of the tour. The orchestra scoured larger orchestras from Philadelphia to Boston to borrow trunks. All were in use. St. Luke's considered flying the musicians to Paris, having them take a train to London and having the instruments trucked in, but there would not have been time to make a Tuesday rehearsal.

Then someone from Edinburgh called Saturday to offer the loan of instruments.

In the end, none of the efforts mattered. British Airways canceled the flight that day at 5 p.m.

New Regulations Further Strain Airlines' Creaky Baggage Systems (WSJ)

By Melanie Trottman, Susan Warren And Laura Meckler

The Wall Street Journal, August 15, 2006

With federal officials saying there are no plans to lift a ban on carrying liquids onto airplanes, a baggage handling system already groaning under a surge in checked luggage is likely to remain a choke point.

Airlines and airports over the weekend scrambled to beef up a fractured and straining baggage-handling system struggling with sudden 10% to 40% increases prompted by the carry-on restrictions. While flight schedules returned to normal, baggage handlers were working overtime to alleviate waits of more than an hour at busy airport carousels. If the ban on liquids continues, industry experts see more flight delays, lost luggage and increased costs for airlines.

"If we don't have the tools to appropriately screen, to ensure the safety of the flying public then there may be permanent changes. It's too early to tell," U.S. Attorney General Alberto Gonzales said yesterday.

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U.S. airlines say there hasn't been a drop in bookings since British authorities last week foiled a terrorist plot involving liquid explosives. That plot prompted a ban on nearly all liquids and gels in carry-ons. The result, say airlines, has been a dramatic increase in checked luggage as travelers check more carry-on bags rather than leaving behind toiletries and cosmetics.

Airports and airlines have been slow to improve inefficient baggage-processing systems that rely heavily on manual labor because of the heavy investment required. Until now, the industry has largely kept up, though the strain has resulted in higher complaints. Mishandled baggage complaints rose to 6.04 for every 1,000 passengers last year, from 4.19 in 2003.

The Transportation Safety Administration is likely to face pressure to relax the bans. Airlines and consumer groups may push for more-advanced equipment at airport checkpoints -- something the TSA is working toward. But it takes millions of dollars to deploy new equipment widely, and even then, no piece of machinery currently available can detect liquid explosives. The TSA has budgeted $738 million this year for explosive detection.

"There is not a technology answer that can solve this problem in the immediate future," said Kip Hawley, assistant secretary for homeland security. In an interview, he urged patience with the new restrictions and said he had met with airlines yesterday to discuss the impacts on baggage handling. "We've got to let it run a little while to see how it settles down."

Relief may come from research the TSA is conducting on various explosives to determine how they might be spotted at a security checkpoint, and how much of an explosive is needed to cause serious damage to an airplane, Mr. Hawley said.

The TSA has barred passengers taking on board all liquids or gels, with a few exceptions. Those include solid lipstick, formula or breast milk when traveling with an infant, prescription medicines and up to four ounces of non-prescription liquid medications. Diabetics may carry up to eight ounces of liquid or gel. Banned items include toothpaste, hair-spray, and cologne. The TSA also mandated the removal of shoes at security checkpoints.

The surge in checked baggage is hitting some airports harder than others. Over the weekend, Alaska Airways saw a rush of checked bags, many of which arrived hours before their flights. The airline had trouble finding places to store them and brought in extra staff to handle the crush, said spokeswoman Amanda Tobin Bielawski.

Before Thursday, about 70% of McCarran International Airport passengers checked bags. Now, that number has risen to about 90%, estimated Samuel Ingalls, assistant director of aviation for the Las Vegas airport. "Typically it's more passengers than bags. Now we're seeing more bags checked than passengers."

Increases in checked bags also prompted US Airways to add staff, said Anthony Mulé, the airline's senior vice president of customer service. The airline has asked some handlers to work a sixth day with extended overtime hours. The airline has added about one-third more baggage runners for connecting-flight passengers since Thursday, Mr. Mulé said.

In the U.S., there is no standard system for handling bags, and the ability to absorb the increase varies widely. For now, airlines are staffing up to handle checked luggage even as they already are being stretched by record demand for air travel. Baggage-handling systems at some airports had been working at capacity before the latest terrorist scare, processing roughly 1.3 checked bags per customer industry-wide.

The impact of more checked luggage ripples throughout airport operations, from the ticket counter to the cargo hold. There were trade-offs for travelers. Some security lines moved faster because of fewer bags being carried on. But more bags were being searched, offsetting the time savings in some cases. Many bag-free travelers reported boarding planes in record time, and relished not having to battle for overhead bin space.

Once the TSA has put restrictions in place, it has been slow to relax them. Last year, it allowed small scissors and tools back into airplane cabins, reasoning a terrorist couldn't take down a plane with cuticle scissors or a screwdriver. It also figured time spent by screeners confiscating these items could better be used hunting for explosives.

Industry experts have been urging airlines to adopt more-efficient, centralized baggage-handling systems using shared "in-line" scanners and shared conveyor systems. Such systems can scan 450 to 500 bags an hour, compared to 150 to 250 for more common scanners that require manual loading and unloading.

Joseph Tiberi, a spokesman for the International Association of Machinists and Aerospace Workers, which represents unionized ramp workers at several big U.S. airlines, including United, Northwest and US Airways, said baggage handlers so far aren't complaining about extra work. The tighter security is having a somewhat different impact in Europe. Airport buildings and

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gates there generally are owned by airport authorities that allot space to airlines, and baggage-handling systems already are more centralized.

The congestion problems at U.K. airports over the past few days have been mainly at Heathrow, the world's busiest international airport. Most of the delays have involved passenger security screenings.

European airport operators haven't given figures on how much their checked-luggage traffic has increased over the past few days, but any increase is sure to weigh on the finances of U.K. airlines. Carriers, including British Airways, Ryanair and easyJet, have been encouraging passengers to bring more hand luggage and check less luggage as a way for the airlines to cut baggage-handling costs. Indeed, over the past year or so, passengers were regularly bringing on two or three pieces of hand luggage.

In the U.S., air travelers appeared to be coping well with change in travel habits, though some were finding the new bag-checking experience a little harrowing. It took Michael Wands, 54, more than an hour to track down the bag containing his insulin after he arrived in Dallas from Detroit yesterday. He finally discovered the bag had arrived on another plane in another terminal.

Come Wait With Me (NYT)

By John Tierney

The New York Times, August 15, 2006

Three years ago, officials at Dulles Airport conducted a little experiment to improve security on international flights. They wanted most passengers to spend less time in line at checkpoints.

Today, of course, this idea sounds terribly dangerous. Who can afford to worry about passengers' convenience? Let them wait for hours. Take away those Evians of mass destruction. Last weekend, even reading material became suspect — why would anyone on a six-hour flight need a book anyway? Stop making trouble and watch the movie!

The Dulles experiment was radical even in 2003, when airport screeners thought nothing of making passengers wait while they searched Grandma's purse for nail scissors. But a few experts wondered if there was a better use of everyone's time.

The screeners at Dulles stopped worrying about pen knives, shoes and laptops, allowing passengers to pass through more quickly. The speed of the line increased by nearly a third. The screening process required fewer workers, but they detected more problems because they worked smarter.

Instead of looking for things, they looked at people. Borrowing techniques from Israeli airports and the U.S. Customs Service, screeners observed a passenger as he entered the airport, checked luggage and stood in line at the security checkpoint.

The screeners were looking for unusual behavior like sweating, rigid posture, clenched fists. A screener would engage a passenger in conversation and ask questions he wouldn't have been trained to expect, like whether he'd seen a Redskins game the night before even though the Redskins hadn't played.

The screeners were looking for telltale body language of someone trying too hard to act natural. When they spotted it, they singled out that person for interrogation, a pat-down and a luggage search. The screeners caught no terrorists, but they consistently found people with something to hide, often a forged visa, a stolen airline ticket, drugs or other smuggled goods.

Scott McHugh, who oversaw the Dulles program for the Transportation Security Administration, is confident this type of screening would have flagged the Sept. 11 terrorists or the latest plotters in London. "If you look at the videos of 9/11 terrorists and the interviews with people who talked to them," he says, "they all exhibit symptoms of stress that would have been identified, like failure to make eye contact and failure to answer questions directly. They're not exactly sophisticated. They're under so much stress that anything out of the ordinary really throws them off their game."

McHugh, though, doesn't hold much hope for the current system. He's now in the private security industry after leaving the T.S.A. in frustration at its inertia. Although the agency has been introducing the innovations from the Dulles program to other airports, it still spends most of its time and money looking for things.

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"Airport security isn't much better than it was on September 10," McHugh says. "Terrorists will always come up with something new. As long as we keep looking for things from the last plot, we're inconveniencing 99.99 percent of the people with no real benefit."

It's not that the T.S.A.'s leaders don't see the problem. Kip Hawley, who took over the agency last year, is a smart manager who has been trying to change the agency's focus. He removed small scissors from the taboo list, and he has complained about all the time spent by screeners seizing cigarette lighters to comply with an order from Congress.

But he's making little headway because he has inherited an unworkable mess created by Congress after Sept. 11. It ignored the security model in Israel and much of Europe, where screening programs are run by airports under the guidance of a national agency. Instead, Congress ordered the T.S.A. to both supervise and run the screening programs itself.

The result has been a waste of billions of dollars on an unwieldy federal agency that's become known as Thousands Standing Around. The T.S.A. should be trying to anticipate new terrorist tactics, like the bomb plot uncovered in England, but it had to raid its research budget to pay for the screening program, as Eric Lipton and Matt Wald reported in The Times.

It should be looking for new ways to identify dangerous passengers, but it's too busy following Congress's mandates to search everyone's bags. Now screeners have even more stuff to look for as we all stand in line — well, almost all of us. Anyone serious about blowing up an airplane is off somewhere else working on something new.

FBI: No Terror Groups In Cell Phone Case (AP)

AP, August 14, 2006

CARO, Mich. - The FBI said Monday it had no information to indicate that the three Texas men arrested with about 1,000 cell phones in their van had any direct connection to known terrorist groups.

Also, a prosecutor in a separate Ohio case said he can't prove a terrorism link to two men arrested after buying large numbers of cell phones and will drop terrorism charges against them.

In the Michigan case, authorities had increased patrols on the 5-mile-long Mackinac Bridge after local prosecutors said investigators believed the men were targeting the span.

Local authorities didn't say what they believed the men intended to do with the phones, most of which were prepaid TracFones, but Caro's police chief noted that cell phones can be untraceable and used as detonators.

The FBI issued a news release Monday saying there is no imminent threat to the bridge linking Michigan's upper and lower peninsulas.

The release also said the FBI had no information indicating that the men, Palestinian-Americans living in Texas, had any direct links to any known terrorist groups or to the alleged plot to bomb trans-Atlantic jetliners that was announced in London last week.

William Kowalski, assistant special agent in charge of the FBI's Detroit field office, said authorities believe concern about the bridge was connected to images of the Mackinac Bridge found on a digital camera belonging to the men.

Kowalski said there was nothing illegal about buying cell phones in bulk, but that profits from that kind of activity can be suspicious.

Adham Abdelhamid Othman, 21, of Dallas, and Maruan Awad Muhareb, 18, and Louai Abdelhamied Othman, 23, both of Mesquite, Texas, were stopped by police Friday outside a Wal-Mart store in Caro, about 80 miles north of Detroit after employees became suspicious when they purchased about 80 cell phones.

Local prosecutors charged them with collecting or providing materials for terrorist acts and surveillance of a vulnerable target for terrorist purposes.

The men told a magistrate Saturday that they were buying the phones for resale.

Louai Othman's wife, Lina Odeh, told The Associated Press on Saturday that she thought her husband and relatives were targeted because of their Arab descent. She said the men's families come from Jerusalem.

Tuscola County Prosecutor Mark E. Reene said Monday that representatives of his office and Caro police had met with Sunday with officials from the FBI, the Department of Homeland Security and the U.S. attorney's office. He said all the agencies were working together on the investigation.

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Messages seeking further comment from Reene were not immediately returned.

In Ohio, prosecutor James Schneider said he didn't have enough evidence to present felony terrorism charges for Ali Houssaiky and Osama Abulhassan, both of Dearborn, Mich., to a grand jury.

The two men face a misdemeanor count of falsification accusing them of lying about why they bought the phones, Schneider said.

"We're grateful the Washington County Prosecutor's Office has been willing to keep an open mind and look at all the evidence and make their decisions based on the evidence," said William Swor, who is representing Houssaiky.

The FBI is reviewing the Ohio case and staying in touch with local authorities. No federal charges are pending, said special agent Mike Brooks of the FBI.

Authorities stopped the men on a traffic violation in Marietta, Ohio, on Aug. 8 and said they found airplane passenger lists and information on airport security checkpoints, along with $11,000 cash and 12 phones, in their car.

Abulhassan and Houssaiky admitted buying about 600 phones in recent months at stores in southeast Ohio and selling them to someone in Dearborn.

Defense attorneys said the government had no evidence the phones were being used illegally and the men planned to resell the phones simply to make money. They also said the airport and airplane information were old papers left in the car by a relative who worked at an airport.

FBI Finds No Terrorist Link To 3 With Supply Of Phones (WT)

By Jerry Seper

The Washington Times, August 15, 2006

The FBI yesterday said it had no information to link three Texas men to any known terrorist group after their arrest Friday in Michigan on state terrorism-related charges after they were found in possession of 1,000 untraceable cellular phones.

Tuscola County, Mich., authorities had suggested the men, all Palestinian-Americans, had been targeting the five-mile-long Mackinac Bridge, a vital transportation route that connects Michigan's Upper and Lower peninsulas, and charged them with collecting or providing materials for terrorist acts and with surveillance of a vulnerable target for terrorist purposes.

Prosecutor Mark E. Reene had described the "targeted issue in this case" as the Mackinac Bridge. Caro, Mich., Police Chief Ben Page, whose officers arrested the men after they purchased 80 prepaid wireless "TracFones" with cash at Wal-Mart, said the phones could have been used as detonators. Police were called when Wal-Mart employees became suspicious of the purchase.

Yesterday, Mr. Reene said his office and Caro police met Sunday with officials from the FBI, the Department of Homeland Security and the U.S. attorney's office, and that all the agencies were working together on the investigation. He did not elaborate.

William Kowalski, assistant special agent in charge of the FBI's Detroit field office, said authorities think concern about the bridge was connected to images of the Mackinac Bridge found on a digital camera belonging to the men. Mr. Kowalski said there was nothing illegal about buying cellular phones in bulk, but that profits from that kind of activity can be suspicious.

In a press release, the FBI said there was no imminent threat to the bridge and the bureau had no information tying the men to any known terrorist groups or to the plot to bomb trans-Atlantic jetliners that was foiled last week.

Meanwhile, the U.S. Coast Guard increased patrols near the Mackinac Bridge "to deter, detect and allow for a more timely response to any possible threats made to the bridge."

Louai Abdelhamied Othman, 23, of Mesquite, Texas, along with his brother Adham Abdelhamid Othman, 22, of Dallas, and their cousin Maruan Awad Muhareb, 19, also of Mesquite, were arraigned Saturday in Caro, about 80 miles north of Detroit. No pleas were entered and bond was set at $750,000 each. The men were being held in the Tuscola County Jail. A pretrial hearing has been set for Friday.

Police found about 1,000 cellular phones in the men's rented minivan, most of which were prepaid TracFones, which terrorists often use because they are not traceable. Chief Page said the cellular phone packages had been cut open and the batteries removed -- "which doesn't make much sense."

Two Dearborn, Mich., men were arrested last week with a carload of prepaid cellular phones in Ohio.

When authorities in Britain disrupted what they called a plot to bomb more than 10 airplanes in flight, they said cellular phones and liquid explosives can be used to cause explosions. In 2004, cellular phones were used to detonate bombs that terrorists planted in backpacks aboard trains in Madrid, killing 191.

Louai Abdelhamied Othman said during his arraignment that their arrest was not the first time they had been questioned, adding that "we've been checked by the FBI before. They even gave us their card and everything."

His wife, Lina Odeh, 20, told the Associated Press that the men were buying the phones to sell them in Dallas for a profit of about $5 each. She said the case was based on the fact that the men are of Middle Eastern descent and because of the pictures in her husband's camera.

"He just takes pictures of everything you see. It's not every day you see a bridge here in Mesquite," she said.

FBI: No Links To Terrorism In Caro Cell Phone Case (DEN)

Detroit News, August 15, 2006

FBI: No imminent threat to Mackinac Bridge

The credibility of an alleged terrorist plot targeting Michigan's landmark Mackinac Bridge was undermined today when the FBI said there is no evidence linking the arrested men with terrorism.

Tuscola County Prosecutor Mark E. Reene on Saturday charged three Texas men with supporting terrorism after their purchases of large quantities of cellular telephones aroused the suspicions of a Wal-Mart clerk in Caro, in Michigan's Thumb.

When stopped by police, Maruan Awad Muhareb, 18, Adham Abdelhamid Othman, 21, and Louai Abdelhamied Othman, 23, had about 1,000 cell phones and photographs of the Mackinac Bridge in their van, officials said.

Reene said Saturday he believed the men were targeting the bridge that links Michigan's Lower and Upper Peninsulas.

But today, Daniel Roberts, the special agent in charge of the FBI's Detroit office, issued a statement that said "there is no information to indicate that the individuals arrested have any direct nexus to terrorism."

Reene was studying the FBI statement, an official in his office said, but had not responded to it by late Monday.

Leaders of the Arab-American community and others said it is a common business practice to buy large quantities of cell phones and other items from big box stores and attempt to resell them for a profit.

The men remain in custody in Caro, awaiting their next scheduled court appearance Wednesday.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Terror Cases Tied To Phones Are Crumbling (MCT)

By Joe Swickard, Niraj Warikoo And Chris Christoff, Detroit Free Press

McClatchy Newspapers, August 15, 2006

DETROIT - Terror charges against two groups of Arab-Americans arrested with hundreds of prepaid cell phones teetered in Michigan and collapsed in Ohio on Monday as authorities said they lacked evidence that the men intended to use the phones for evil.

Ohio authorities dropped charges against two Dearborn, Mich., men arrested last week with hundreds of the disposable phones.

Meanwhile, Michigan officials kept three Texans locked up Monday evening even after Michigan state police and FBI officials said they were apparently wide-eyed tourists rather than would-be terrorists when they photographed the Mackinac Bridge.

The FBI, which questioned the Texans, who are of Palestinian heritage, for several hours over the weekend after their arrest, said Monday that "there is no imminent threat" to the iconic bridge linking Michigan's Upper and Lower peninsulas.

While local authorities in Michigan and Ohio feared the cell phones could be used in terrorism attacks - they've been used to detonate bombs in Europe, the Middle East and Asia - the men's relatives and friends said the men are innocent entrepreneurs buying cheap phones for marked-up resales. They were targeted, supporters said, because of their Arab heritage.

"I hope this is a good lesson for local police not to spread fear and paranoia," Imad Hamad, regional director of the American-Arab Anti-Discrimination Committee, said of the Michigan arrests. "I'm grateful that federal authorities provided such a clarification."

Osama Sobhi Abulhassan, 20, and Ali Houssaiky, 20 - a former star running back at Fordson High School in Dearborn - had been charged in Marietta, Ohio, with soliciting or providing for an act of terrorism, money laundering and a misdemeanor charge of lying to police.

But Monday afternoon, Prosecutor James Schneider said that there was not enough evidence to prosecute them.

Schneider said his office would continue to press the misdemeanor charge.

The men most likely will be released Tuesday after a court hearing, and will face a court date probably next month, Schneider said.

Schneider said the investigation would continue. There had been concerns that the men may have planned to target airplanes, he said.

The Ohio case started last Tuesday when Houssaiky and Abulhassan were pulled over for a minor traffic violation in Marietta, near the West Virginia border.

Moments earlier, a suspicious store clerk had called police after the pair bought a large number of cell phones.

Searching their vehicle, police said they found a private security guide for Royal Jordanian Airlines. But the family said the guide was there because Houssaiky's mother worked in the airline industry.

Federal investigators have been concerned about suspicious people buying large numbers of cell phones, which have been used in terrorist acts before, including the attacks in Madrid, Spain, in 2004.

The Michigan charges were still in place late Monday, even as other law enforcement officials discounted ties to terrorism.

"There is no information to indicate that the individuals arrested had any nexus to terrorism," Detroit FBI chief Daniel Roberts said in a prepared statement.

The Texans were arrested Friday after making bulk buys of the cell phones and were charged with terror-related felonies when investigators found pictures of the Mackinac Bridge, along with more than 1,000 phones, in their minivan.

The men - brothers Adham Othman, 21, of Dallas and Louai Othman, 23, of Mesquite, and their cousin Awad Muhareb, 18, of Mesquite - were stopped by police Friday outside a Wal-Mart store in Caro, Mich. They were charged with gathering material relating to terrorism and surveillance of a vulnerable target - apparently the bridge - felonies with a 20-year maximum penalty.

State Police Director Col. Peter Munoz said Monday that investigators determined that the three men were not plotting to blow up the Mackinac Bridge, or any other Michigan landmarks.

"They may have been involved in some other fraudulent activities, but there is no nexus to terrorism or a terrorist threat," Munoz said.

Munoz said that their photographs of the bridge were tourist photos and not the result of staking out the bridge as a target.

He said the men traveled to Michigan via Wisconsin and crossed the bridge from the Upper Peninsula. He said that like many tourists who see the Mackinac Bridge for the first time, they were impressed enough to take pictures.

"Contrary to what they say, not everything in Texas is the biggest," Munoz joked. "The photos did not support somebody conducting an attack of the bridge."

Eric Straus, chief of the U.S. Attorney's counterterror unit in Detroit said the Caro case will continue to be monitored.

Arab-Americans, Muslims and defense attorneys welcomed the dropping of charges, but some feared the men's reputations have been unfairly tarnished.

"We're grateful that the Washington County prosecutor's office viewed this with an open mind, and has been willing to reconsider its initial decision," said Bill Swor, an attorney for Houssaiky.

"It was a knee-jerk reaction that these young men could be terrorists simply because of their religion and ethnicity," said Dawud Walid, head of the Michigan branch of the Council on American-Islamic Relations. "But the damage has been done," to these men's reputations, he added.

"I would hope a small amount of effort be shown by government officials as well as the media to stress that these men are innocent."

But law-enforcement officials, who spoke on condition of anonymity because the Michigan cases are still active, said the arrests were understandable, even if the charges are dropped. Targets like the Mackinac Bridge can be chosen for their symbolic impact, even if they hold little strategic value, they said.

Mich. Officials Hold 3 On Terror Charges Despite FBI View (WP/DFPress)

By Detroit Free Press

The Washington Post, August 15, 2006

CARO, Mich., Aug. 14 -- Terrorism charges against two groups of Arab Americans arrested with hundreds of prepaid cell phones teetered in Michigan and collapsed in Ohio on Monday as authorities said they lacked evidence that the men intended to use the phones to commit criminal acts.

Ohio authorities dropped felony charges against two Dearborn, Mich., men arrested last week after they acknowledged buying about 600 phones in recent months.

Osama Sobhi Abulhassan and Ali Houssaiky had been charged in Marietta, Ohio, with soliciting or providing for an act of terrorism and with money laundering. But a county prosecutor said there was not enough evidence to go forward with those charges.

Washington County Prosecutor James Schneider said his office would continue to press a misdemeanor charge of lying to police.

Meanwhile, Michigan officials kept three Texans locked up even after Michigan state police and FBI officials said they were apparently wide-eyed tourists rather than would-be terrorists when they photographed the Mackinac Bridge.

The men -- brothers Adham Othman, 21, of Dallas and Louai Othman, 23, of Mesquite, and their cousin Awad Muhareb, 18, of Mesquite -- were stopped by police Friday outside a Wal-Mart store in Caro with about 1,000 cellphones in their van.

Local prosecutors charged them with collecting or providing materials for terrorist acts and surveillance of a vulnerable target for terrorist purposes.

The FBI questioned them for several hours after their arrest, then released a statement saying that "there is no imminent threat" to the bridge, which links Michigan's Upper and Lower peninsulas.

State Police Director Col. Peter Munoz said Monday that the men "may have been involved in some other fraudulent activities, but there is no nexus to terrorism or a terrorist threat."

Authorities in both states feared the cell phones could be used in terrorism attacks -- such phones were used in 2004 to detonate terrorist bombs in Madrid. But relatives and friends of the men called them innocent entrepreneurs buying cheap phones for marked-up resale. They were targeted, supporters said, because of their Arab heritage.

"I hope this is a good lesson for local police not to spread fear and paranoia," Imad Hamad, regional director of the American-Arab Anti Discrimination Committee, said of the Michigan arrests. "I'm grateful that federal authorities provided such a clarification."

FBI: There's No Imminent Terrorist Threat To Michigan (WJRT-TV)

WJRT-TV, August 15, 2006

3 men still being held in Tuscola County

TUSCOLA COUNTY (WJRT) - (08/14/06)--The FBI says there is no imminent terrorist threat to the Mackinac Bridge.

Three men are being held in Tuscola County on terror-related charges after they were stopped outside the Caro Wal-Mart where police found close to 1,000 cell phones.

This news was coming Monday afternoon from FBI Special Agent Daniel D. Roberts, who says there is no imminent threat to the Mackinac Bridge.

And furthermore there is no information to indicate the three men have, quote" "any direct nexus to terrorism."

The three men, all from the Dallas/Fort Worth area, were arrested Friday then formally charged Saturday in Tuscola County on two terror-related felony charges.

It all began when the men bought 80 cell phones at the Caro Wal-Mart store just before 2 a.m. Friday.

The men, all of whom are of Palenstinian decent, were pulled over. Police found nearly 1,000 prepaid cell phones in their rental van.

Over the weekend, Tuscola County Prosecutor Mark Reene said investigators believed the men were targeting the Mackinac Bridge.

Early Monday afternoon, Reene released a statement saying the three men would next appear in court Wednesday.

It is unclear what this latest statement by the FBI means regarding the two felony counts they face in Tuscola County.

The prosecutor was unavailable throughout Monday afternoon.

3 Dallas-area Suspects Known To Resell Phones (HC)

By Thomas Korosec

Houston Chronicle, August 15, 2006

In Michigan, FBI says nothing indicates men have terror links

DALLAS — The three Dallas-area men arrested in Michigan on state terrorism charges are well-known to cell phone wholesale and retail shops here, where managers said Monday they are part of a brisk trade in buying phones from Wal-Mart and other discount stores and reselling them to smaller shops.

In Michigan, meanwhile, the FBI said it has no information to indicate that the three Palestinian-Americans arrested with about 1,000 cell phones in their van on Friday had any connections to terrorism.

And, in an unrelated case, an Ohio prosecutor said he didn't have enough evidence to present felony terrorism charges against two Michigan men also arrested with a number of cell phones in their car.

In the Michigan case, the FBI said in a news release that there is no imminent threat to the 5-mile-long Mackinac Bridge, which has been the subject of increased patrols after local Michigan authorities said they believed the men were targeting the bridge. Images of the bridge were found on a digital camera belonging to the men, the FBI said.

Adham Othman, 21, his brother, Louai Othman, 23, and their cousin, Maruan Muhareb, 18, all from Mesquite, were stopped outside a Wal-Mart Store in Caro, about 80 miles north of Detroit in an agricultural region, after employees became suspicious over their purchase of 80 cell phones.

"For these guys, there is a lot of margin in these," said Sean Mobh, manager of Wireless Stop, a cell phone store on Harry Hines Boulevard in northwest Dallas. "There is a phone that they buy from Wal-Mart for 20 bucks and sell for $38."

Resale profitMobh said the group has come in "three or four" times in the last three months and he made one purchase of about 100 phones. They would usually sell prepaid TracFones, like the kind they were found with in Michigan, because Wal-Mart's discounts on them are so deep that they can make a nice resale profit.

"One trip and that's about $6,000 each minus gas and expenses," he said.

Mobh said the three men are among dozens of individuals in the competitive market of buying goods from Wal-Mart and other deep discounters and reselling them to other stores that mark them up and sell them retail or wholesale.

Mobh said he resells the phones in bulk in higher-priced markets such as New York or Los Angeles, or ships them abroad.

Wal-Marts in Dallas and other cities often are sold out of the most popular phones because of all the resellers about, so entrepreneurial types such as the Othman brothers and their cousin will travel long distances to find stores with inventory, several shopkeepers said.

"It looks like a case of these guys being in the wrong place at the wrong time," said Mobh.

Another manager, a Pakistani-American who declined to give his name, pointed to his dark skin and said, "It's this, too."

'Weren't up to anything'Across the street, at Wireless Way, a shop owner who did not want to be quoted by name said, "These guys are known up and down this street, all over here. I would swear to God and my children that they weren't up to anything."

He said he bought at least three shipments of phones, totaling perhaps 400, from the three men in the last several months.

Prepaid phones require no contract and are programmed with prepaid minutes, making them popular with people with no phone service and with immigrants who want to call home.

Because they are difficult to track, they are also popular with criminals and terrorists, law enforcement officials say.

Intentions not clearLocal authorities in Caro have not said what they believe the men intended to do with the phones and have declined to spell out what probable cause they have indicating the three were involved in terrorism.

Louai Othman told a magistrate judge after his arrest, "All we did is buy the phone to sell and make money."

The men are each being held on $750,000 bail and are charged with providing material support for terrorist acts and terrorism surveillance of a vulnerable target. A district court magistrate has set a pretrial hearing for Friday and examining hearing for Aug. 24.

Terrorism Charges Dropped In Ohio Cell Phone Case (FREEP)

By Niraj Warikoo, Free Press Staff Writer

Detroit Free Press, August 15, 2006

Prosecutors in Ohio dropped terrorism charges Monday against two 20-year-old Dearborn men who were arrested last week after buying hundreds of cell phones.

Washington County Prosecutor James Schneider said that there was not enough evidence to prosecute Osama Abulhassan and Ali Houssaiky. But Schneider said his office will continue to prosecute them on a misdemeanor charge of lying to police.

The men will most likely be released Tuesday after a court hearing, and will face a court date probably next month, Schneider said.

The misdemeanor charge "has nothing to do with terrorism,'' he said.

But the investigation into the men, and possible ties to suspicious activity, will continue, he said. Police in Ohio are working with local, state, and federal law enforcement officials in Ohio and Michigan on the case.

There has been concern that the men may have planned to target airplanes, he said.

But family members said that the men were targeted because of their background – both are the children of Muslim immigrants from Lebanon.

In a statement, the Washington County Prosecutor's office said:

"The State is currently in possession of sufficient evidence in support of probable cause on the felony charges, however, more information is needed to prove the charges beyond a reasonable doubt," read part of it.

The Washington County Sheriff's office "continues to be in contact with federal and other state law enforcement authorities, and information is being shared in furtherance of this investigation."

The case started on Tuesday when Houssaiky and Abulhassan -- star athletes at Fordson High School in Dearborn -- were pulled over for a minor traffic violation in Marietta, Ohio, near the West Virginia border.

Moments earlier, a suspicious store clerk had called police after they bought large numbers of cell phones.

Searching their vehicle, police said they found a private security guide for Royal Jordanian Airlines. But the family said the guide was only there because Houssaiky's mother worked in the airline industry.

The men were charged with soliciting or providing for an act of terrorism, money laundering in support of terrorism, and also with a misdemeanor charge of lying to police, said Susan Vessels, assistant prosecutor in the southeastern Ohio city of Marietta.

Police said they admitted to buying about 600 cell phones, most of them TracFones, which are often not traceable.

Federal investigators have been concerned about suspicious people buying large numbers of cell phones, which have been used in terrorist acts before, including the attacks in Madrid, Spain, in 2004.

But Arab Americans and their attorneys say the men were just trying to earn some money.

"These were young kids trying to earn ... money over the summer, and nothing more," said Bill Swor, co-attorney for Houssaiky

TPD Investigates 'abnormal' Number Of Cell Phones Purchased By Two Men (AZDS)

Arizona Daily Star, August 15, 2006

Tucson Police Department officials are investigating a report that two men purchased an abnormal number of pre-paid cell phones at a local store.

The incident comes after several similar reports across the country, although authorities have not found any links between the incidents, or any terrorism ties to any of them, as was originally suspected.

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Tucson Police received a report on Saturday about the two men, who appeared to be of Middle Eastern descent, purchasing the phones at Sam's Club, 4701 N. Stone Ave., earlier in the day.

The department's special investigations division is investigating the incident, which has been classified as suspicious activity, said Sgt. Mark Robinson, a police spokesman.

Tucson police have notified the FBI of the report, he said.

Police would not say how many phones were purchased locally, but said it as more than a person normally would purchase for personal use.

"Disposable cell phones are difficult to track and are often purchased for use in criminal activity, such as drug transactions and people smuggling," Robinson said.

He said no laws had been broken, but if the phones were purchased with the intent of breaking the law, the case would become a criminal investigation.

"At this point in time we do not know what their intent was," he said.

Meanwhile, the FBI on Monday said it had no indications that three Texas men arrested with about 1,000 cell phones in their van had any direct connection to known terrorist groups.

Also, a prosecutor in a separate Ohio case said he can't prove a terrorism link between two men arrested after buying large numbers of cell phones and won't proceed for now with terrorism charges against them.

In the Michigan case, authorities had increased patrols on the 5-mile-long Mackinac Bridge after local prosecutors said investigators believed the men were targeting the span.

Tucson Police Say Cellphone Purchases Were Suspicious, But Not Criminal (kVOA-TV)

KVOA-TV, August 15, 2006

Tucson Police are trying to track down two men of Middle Eastern descent who, reportedly, bought a number of cell phones within a 36-hour period over the weekend at a Tucson Sam's Club.

The incident comes on the heels of other similar incidents across the country.

The incidents have prompted terror investigations because, authorities say, those cell phones can be untraceable and used as detonators.

Tucson Police issued a news Release Tuesday afternoon regarding the incident that occurred three days ago.

Tucson Police were called to Tucson's Sam's Club on Friday just before noon on a 'suspicious activity" call.

Apparently, someone saw two men purchasing disposable cell phones.

TPD Sgt. Mark Robinson said, "It was two men of Middle Eastern descent buying a qantity of cell phones, more cell phones than one would think would use for personal use."

Employees at Sam's Club told News 4 that they saw Tucson Police show up at the business.

A spokeswoman for wWal-mart who also owns Sam's Club issued this statement.

"Wal-mart stores limit the sale of prepaid phones to three phones per transaction at Wal-Mart stores and Supercenters. At our Sam's Clubs (membership clubs), we limit the sale to five per transaction. This policy is a part of our agreement with manufacturers. We continue to assist law enforcement with ongoing investigations. We are not discussing the purchases or other details pertinent to the incident. Our goal is to assist law enforcement as they conduct an investigation. It simply would not assist the investigation for us to make any comments." Sharon Weber, a Wal-Mart spokesperson

Sgt. Robinson says the men didn't break any laws.

"We know that people use these phones for criminal activity such as dealing drugs or smuggling people into the United States. Those are a couple of uses tied to these phones. I believe nationally the FBI has tied these phones to terrorism."

However, Tucson Police say right now there's nothing to tie these men to criminal activity.

Sgt Robinson said, 'We don't know if these particular indviduals were involved in any kind of criminal activity at this time. That's why it's just a suspicious activity investigation. it's not a criminal investigation.'

The incident was turned over to the FBI.

Authorities encourage citizens to report any suspicious activity.

Easy To Resell, Prepaid Phones Rankle Carriers (WSJ)

By Amol Sharma And Gina Chon

The Wall Street Journal, August 15, 2006

Police in Caro, Mich., charged three men Saturday with supporting terrorism when they were arrested after buying cellphones in bulk at a local Wal-Mart.

But the men had an alternative explanation: They said they intended to resell the phones for a profit back in their home state of Texas.

The local investigation is ongoing and police haven't determined conclusively how the men intended to use the phones. Cellphones can be used for nefarious purposes, such as detonating explosives and enabling communications that are difficult for law enforcement to track. But there is also a thriving black market in the "prepaid" phones the suspects were buying, making their claims to authorities plausible. Wireless carriers are struggling to combat a growing number of opportunistic middlemen who purchase handsets in large numbers at discounted rates and resell them for a significant profit, often overseas in countries like Mexico and China.

Cellular operators, including large carriers like Cingular Wireless, Sprint Nextel Corp. and Deutsche Telekom AG's T-Mobile USA as well as small players such as TracFone Wireless Inc., sell prepaid phones below their costs on the assumption they'll make their money when users pay for service. But in many cases, the buyers never activate the devices or spend any significant amount of money, meaning the carriers take a loss.

Prepaid phones, popular with low-income consumers and those with poor credit, allow users to sign up for "pay-as-you-go" service where they are given a balance of airtime minutes, rather than paying monthly bills. Customers don't need to sign an annual contract, so they can easily cancel service without paying a fee. And they don't need to provide personal billing information, making them difficult for the carriers to track.

Middlemen are taking advantage by purchasing the phones from one carrier at a discount, and repurposing them to be used elsewhere. The problem is becoming more acute as the prepaid phones business grows as a percentage of the wireless carriers' overall business. Last year, the wireless industry saw $7.4 billion in prepaid phone sales, up 44% from 2004, and there were 26 million prepaid users, according to the market research firm Gartner. Some carriers, like Sprint, are increasingly relying on prepaid phone usage as they struggle to add traditional "post-pay" subscribers.

In the Michigan case, the three men bought $20 phones bearing the brand of America Movil SA's TracFone, a prepaid cellular company that serves about seven million customers. The men, who are from the Dallas area, said they were planning to take the phones to Texas and sell them to a wholesaler there for as much as $38.

TracFone says it is losing millions of dollars through reselling schemes. It filed a lawsuit in February in U.S. District Court in Miami to shut down two Florida companies accused of buying large quantities of cellphones at major retail stores with the intention of selling them. "Sales to these individuals cause extensive losses to TracFone, as these handsets are not used with TracFone service," Derek Hewitt, senior vice president of marketing for TracFone, said in a statement yesterday. (Using a different service requires hacking into the phone's software.)

NTL Inc.'s Virgin Mobile , an upstart carrier with about four million subscribers, has also taken legal action against entities engaged in "fraudulent activity of reselling of prepaid phones, and its efforts have helped to curtail the incidences," a spokeswoman wrote in an email. The company says resellers violate state and federal law by circumventing software on the handsets and exporting them overseas.

Besides lawsuits, the carriers are taking other steps to prevent abuse. Cingular Wireless, which is the nation's largest cellular carrier and provides prepaid service through its GoPhone brand, says it limits the number of purchases a customer can make to three to prevent such reselling schemes. "We want to make sure people aren't trying to game the system," said Mark Siegel, a spokesman for Cingular, which is a joint venture of AT&T Inc. and BellSouth Corp "We aren't going to do well if people buy the handset but never use the service."

The three men from Texas were arrested in Caro after police received a call from a Wal-Mart employee suspicious of the 80 cellphones the men purchased. Caro police also said they found photos of the Mackinac Bridge, which links the upper and

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lower peninsulas of Michigan, on a laptop computer found in the suspects' vehicle. Authorities believe the men might have been involved in a plot to attack the bridge.

Maruan Muhareb, 18 years old; Adham Othman, 21; and Louai Othman, 23, were arraigned on Saturday in Tuscola County District Court on terrorist-act charges of collecting or providing material support and surveillance of a vulnerable target, according to Tuscola County Prosecutor Mark Reene. The men are each being held on $750,000 bond.

Daniel Roberts, special agent in charge of the Federal Bureau of Investigation's Detroit office, has been in consultation with Caro police and other local authorities but said in a statement that "there is no imminent threat to the Mackinac Bridge." He also said there is no information that the Texas men have "any direct nexus to terrorism."

John Jackson, a wireless-industry analyst at the Yankee Group, said that while it is possible that terrorists could buy their phones in U.S. stores, it is more likely they would do so overseas.

The Michigan case follows a similar incident last week in Marietta, Ohio, where two men were arrested after buying about 600 cellphones. Osama Abdulhassan, 20, and Ali Houssaiky, 20, were charged with money laundering and solicitation in support of terrorism. Washington County Assistant Prosecutor Susan Vessels said police also found a Royal Jordanian Airline check-in manual and an accompanying passenger list. And authorities suspect profit from the resale of the cellphones would be used in support of terrorism.

The FBI was examining the evidence, but so far, both the Ohio and Michigan cases remain under local jurisdiction.

Rolf Baumgartel, an attorney for Ali Houssaiky, said his client's mother works for the Detroit Metropolitan Airport and the check-in manual belonged to her as part of her training material. Sobhi Abdulhassan, father of Osama Abdulhassan, said the two friends were only looking to make money during their summer break from their university studies. They were on their third trip of the summer to buy cellphones when they were arrested in Ohio, Mr. Abdulhassan said. They made about a $400 to $500 profit for each trip, which they split evenly between them, he said.

Write to Amol Sharma at amol.sharma@wsj.com1 and Gina Chon at gina.chon@wsj.com2

Last 2 Egyptian Students Found (WT)

By Jerry Seper

The Washington Times, August 15, 2006

The arrest Sunday in Richmond of two Egyptian students in the country on visas brought to an end a massive nationwide search for them and nine other Egyptian students who failed to show up for scheduled academic programs at Montana State University.

U.S. Immigration and Customs Enforcement (ICE) agents arrested Egyptian nationals Mohamed Saleh Ahmed Maray, 20, and Mohamed Ibrahim Fouaad El Shenawy, 17, at an apartment building in Richmond shortly before 9 p.m. They were among the group of 11 students who entered the U.S. at New York's John F. Kennedy International Airport last month and failed to show up in Montana.

The ICE agents were assisted in the arrests by officers from the Virginia State Police and the Richmond Police.

Federal agents and state and local police apprehended all 11 students who were the subject of an alert issued to law-enforcement agencies nationwide last week. All have been taken into custody on administrative immigration violations as out-of-status students.

Preliminary investigation by ICE and FBI agents has not identified any credible or imminent threat posed by any of the 11 Egyptians.

On Friday night, ICE agents in Des Moines, Iowa, arrested Ahmed Refaat Saad El Moghazi El Laket, 19; Mohamed Ibrahim El Sayed El Moghazy, 20; and Moustafa Wagdy Moustafa El Gafary, 18. The agents had tracked them from New York to San Francisco to Des Moines.

On Thursday, ICE agents arrested El Sayed Ahmed Elsayed Ibrahim, 20, and Alaa Abd El Fattah Ali El Bahnasawi, 20, in Dundalk, Md. Also on Thursday, the Chicago Police Department detained Ahmed Mohamed Mohamed Abou El Ela, 22, at O'Hare International Airport as he attempted to book a flight to Montana. He was turned over to ICE.

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On Wednesday, the Manville, N.J., Police Department detained Mohamed Ragab Mohamed Abd Alla, 22, and Ebrahim Mabrouk Moustafa Abdou, 22. Both were turned over to ICE. The same day, FBI and ICE agents arrested Eslam Ibrahim Mohamed El-Dessouki, 21, in Minneapolis.

More than 1,400 people have been arrested nationwide since the September 11 attacks by a special unit created to track down immigration and visa violators. Known as the Compliance Enforcement Unit (CEU), it investigates foreign students and non-immigrant or exchange visitors who violate their visa or immigration status and who may be threats to national security.

The CEU has several ICE databases at its disposal, including the Student and Exchange Visitor Information System, which monitors students and exchange visitors in the U.S.

2 Egyptian No-shows Located Here (RTD)

By Mark Bowes, TIMES-DISPATCH STAFF WRITER

Richmond Times-Dispatch, August 15, 2006

Chesterfield County police developed the information that led to the arrests of the last two Egyptian exchange students who failed to show up for their college program in Montana.

Mohamed Saleh Ahmed Maray, 20, and Mohamed Ibrahim Fouaad El Shenawy, 17, were arrested without incident Sunday afternoon in the Forest Ridge Apartment complex off Forest Hill Avenue in South Richmond, said Chesterfield police Capt. Karl Leonard.

The apartment complex is across Forest Hill Avenue from the Stratford Hills Shopping Center.

"They were just sitting outside," Leonard said. "I don't know how long they had been in the area, or what they were doing in the area. But that's where we found them."

The men were the last of 11 Egyptian exchange students to be apprehended. The students were to attend a monthslong program at Montana State University in Bozeman. A group of 17 students had arrived in New York on July 29. Six reported to Bozeman on time.

After Montana State repeatedly tried to contact the missing students, it notified federal Homeland Security officials and registered the Egyptians as no-shows in a system to track foreign students developed after the Sept. 11, 2001, terrorist attacks.

None of the students is considered a terrorism risk.

Leonard said Chesterfield police received information on Saturday that the last two missing students were believed to have been seen walking on Midlothian Turnpike (U.S. 60).

Police distributed pictures and information about the students to street officers, who contacted merchants along Route 60, "trying to see if anybody had seen them," Leonard said.

Then, about 2:30 p.m. Sunday, police received a call that gave investigators "a pretty good indication that the people [the caller] saw were in fact these students."

Police began to canvass areas where investigators thought they might be, Leonard said.

Officers then went to the South Richmond apartment complex and spotted the students outside. Chesterfield summoned Richmond police, and the students were taken into custody without incident.

Chesterfield authorities turned them over to U.S. Immigration and Customs Enforcement agents.

Last Wednesday, one of the 11 Egyptian students was arrested in Minneapolis and two were detained in Manville, N.J. On Thursday, two were arrested in Dundalk, Md., and one was arrested at O'Hare International Airport in Chicago. Three more were arrested Friday in Des Moines, Iowa.

For further developments, see TimesDispatch.com and tomorrow's Times-Dispatch.

Contact staff writer Mark Bowes at mbowes@timesdispath.com or (804) 649-6450.

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All Missing Egyptian Students In Custody (KCS)

The Kansas City Star, August 13, 2006

WASHINGTON - The last two of the 11 Egyptian exchange students who failed to show up at their college program were apprehended Sunday in Richmond, Va., customs officials said.

Immigration and Customs Enforcement agents arrested Mohamed Saleh Ahmed Maray, 20, and Mohamed Ibrahim Fouaad El Shenawy, 17, at an apartment building in Richmond on Sunday night. Virginia State Police and the Richmond Police helped locate the students.

Last Wednesday, one of the Egyptian students was arrested in Minneapolis and two were detained in Manville, N.J. On Thursday, two were arrested in Dundalk, Md., and one was arrested at O'Hare International Airport in Chicago. Three more were arrested Friday in Des Moines, Iowa.

The students were to attend a monthlong program at Montana State University in Bozeman, Mont. A group of 17 students arrived in New York on July 29. Six reported to Bozeman on time.

After Montana State repeatedly tried to contact the missing students, it notified Homeland Security Department officials and registered the Egyptians as no-shows in a system to track foreign students developed after the Sept. 11, 2001, terrorist attacks.

None of the students is considered a terrorism risk.

Toy Remote Control Triggers Airliner Evacuation At LA Airport (AP)

AP, August 15, 2006

LOS ANGELES -- An Alaska Airlines jet arriving from Mexico was evacuated Monday because no one claimed a "suspicious item" later determined to be a toy transmitter spotted by a crew member, officials said.

Authorities using bomb-sniffing dogs found no explosives inside the plane's cargo hold or the transmitter, which was similar to a remote control for a toy car or plane, authorities said.

The FBI and other agencies were investigating, though there was no immediate threat, said bureau spokeswoman Laura Eimiller.

Airport police were notified at 8:20 a.m. that there was a suspicious item aboard the flight, which originated in Guadalajara, Mexico, said Los Angeles International Airport spokeswoman Nancy Castles.

Authorities said the crew became alarmed when no one claimed the item.

"The flight attendant discovered an item and she said, 'Is this yours?' And all the passengers said, 'No,'" airport spokesman Harold Johnson said.

The plane landed just before 9 a.m. and taxied to a remote part of the airport.

Castles said all 125 passengers and crew members were taken to a terminal in buses. Transportation Security Administration officials searched passenger luggage and belongings by hand, the FBI said.

The passengers were held at a remote gate and interviewed by law enforcement, said Castles. The last passenger was released at 3 p.m., Eimiller said.

Stolen Guns Highlight Security Problems (CHIT)

By Jon Hilkevitch, Tribune Transportation Reporter

Chicago Tribune, August 15, 2006

The recent theft of guns from checked baggage at O'Hare International Airport points to a serious weakness in aviation security that will be difficult to pinpoint because thousands of employees ranging from pilots to airline caterers carry clearances allowing them to walk onto airplanes.

The guns stolen from the bags—all involving passengers departing O'Hare on United Airlines—probably are being taken out of the airport and sold or used in crimes, federal and local authorities said Monday in response to a Tribune report on the disappearing weapons.

But they acknowledged that it is not known who took the firearms, how they got them or where the weapons ended up.

As many as a dozen guns, some belonging to police officers and military personnel, disappeared from bags checked at the United terminal this year and in 2005, according to sources familiar with the investigation being conducted by the FBI, the Chicago Police Department and the Transportation Security Administration.

"It doesn't matter how many guns are involved. If it is one gun, it is a very serious matter," United spokeswoman Robin Urbanski said. She said the airline is conducting an internal investigation and cooperating with the law-enforcement agencies, but she declined to say what United is doing differently to safeguard air travelers.

Federal security authorities at O'Hare and city aviation officials dismissed the likelihood of a more serious problem involving the potential for terrorism, even while Homeland Security officials remain on high-alert after a reported plot to detonate explosives on U.S.-bound airliners was broken up in Britain last week.

"We remind all passengers that there is no risk to airport safety and security due to the reported thefts of firearms," said Wendy Abrams, spokeswoman for the Chicago Department of Aviation.

But the breach creates the risk that stolen guns could be smuggled onto airplanes for use in an attack, security experts said.

In addition, the apparent ease with which employees have opened checked baggage already screened for explosives raises concerns that a bomb could be planted inside the bags anywhere between the ticket counters and aircraft.

"The problem at the back doors of any airport is that with so many workers authorized to go behind the sterile security zone, any one of them could hide a gun or a bomb in an airplane lavatory," said John Mullins, a security manager for Robinson Aviation in Oklahoma City. Checked baggage that has been screened for explosives is considered "sterile" from a security standpoint, meaning no unauthorized personnel are allowed to touch it. Safeguards are required to protect against tampering for the entire time the bags pass through explosives-detection machines, travel on conveyor belts through baggage-sorting rooms in the bowels of the airport and finally are placed onto airplanes.

Even if the motive of workers stealing the guns at O'Hare is strictly to carry out a criminal act, the thieves are vulnerable to being blackmailed by individuals seeking to harm passengers or destroy aircraft, the experts said.

"If you have dishonest people, they are liable to do anything," said Michael Boyd, an aviation consultant based in Colorado. Federal security officials insisted Monday that the stolen guns do not represent a lapse in security that could endanger passengers because a multilayered security system is in place to regularly challenge employees about their activities and whereabouts at the airport. In addition, all employees undergo background and criminal history checks and fingerprinting.

"Once that employee is badged, they become a partner in security and are responsible for upholding the regulations," said Lara Uselding, a TSA spokeswoman.

About 53,000 employees—security screeners, airplane cleaners, mechanics, construction workers, deliverymen and many others—are approved to enter various "special identification areas" at O'Hare.

Where on the 7,800-acre airport an individual employee can go legally depends on whether he or she has a green identification badge, issued to most airport and airline employees; a red badge, given to vendors; or a blue badge, which allows senior managers to go virtually anywhere, officials said.

The TSA required all U.S. airports to conduct new background checks for all employees and issue new ID cards in the aftermath of the terrorist attacks on Sept. 11, 2001.

Law enforcement and security officials declined to say whether their investigation at O'Hare was pointing to United employees, security agency personnel or others as the perpetrators.

On average, 10 bags a day containing guns are checked at the United terminal at O'Hare, authorities said. The gun owners must fill out disclosure forms and meet other requirements to transport the weapons by air.

Security agency employees are aware of the presence of guns in checked bags when they see the objects on monitors during X-ray screening and explosives-detection procedures. Some bags require hand inspections to verify what the security employees see on the screening monitors.

Attendants at airline curbside check-in kiosks or airline ticket-counter agents are the first personnel that travelers transporting guns would notify about the weapons. But many other airline employees, from baggage-sorters to aircraft-ramp workers, also are responsible for working with baggage.

jhilkevitch@tribune.com

Concerns About Missing Guns At O'Hare (WLS-TV)

By Charles Thomas

WLS-TV, August 15, 2006

Guns missing from checked bags

August 14, 2006 - Many people are trying to adjust to the changes of what you can take in your carry-on bags when you fly. There are now questions about how secure the checked luggage is, and we're learning that several guns were stolen from checked bags months ago.

The issue of what happens to guns in checked baggage has so concerned Chicago's Fraternal Order of Police the union has issued an advisory to its members to be wary of United Airlines.

Since the first of the year, about a half dozen guns have disappeared from baggage checked and screened at United.

When a handgun is packed in a checked bag, the owner must alert the airline at the check-in counter. There is paperwork to be completed, and the unloaded weapon must be stored in a locked container separate from its ammunition.

From the counter, the bag moves immediately to one of the large nearby x-ray machines operated by the transportation security administration and when the screener presumably sees the weapon's image, the paperwork explains why it's in the bag and on what aircraft it will be carried.

A spokesperson says that's when the T.S.A.'s involvement ends. From that point, it's the responsibility of airline employees, all of whom have undergone criminal background checks, to get the armed bag onto the right aircraft.

"All employees with a badge in certain areas of the airport are again employees that have been vetted and have undergone criminal background checks as well as extensive criminal history checks. They are fingerprinted, and the T.S.A. has increased the criminal background checks for these individuals on an ongoing basis."

It is undetermined whether all the guns reported missing at O'Hare were stolen there or at their destination airports. In Chicago, the only people who would know a gun is packed in a particular piece of luggage would work either for the T.S.A. or for the airline that checked the bag.

Many baggage handlers hired by United said they are dissatisfied with their working conditions and pay. They are paid about $7 an hour and do not receive tips and complain they have not had a raise in years.

ABC7 News was told that earlier this year the F.B.I. conducted interviews at terminal one at O'Hare as part of its investigation. So far, there have not been any arrests.

One estimate from American Airlines is that checked baggage is up 30% since is advent of the new restrictions on carry-ons. So, a lot of people are concerned about what happens to their bags once they leave their sight. And not only guns but anything that might be in those bags that used to be carried on.

Weapons Stolen From Checked Bags At O'Hare (CBS2CHI)

CBS 2 Chicago, August 15, 2006

Tagged Bags of Police Officers Are Being Targeted

(CBS) CHICAGO Chicago police are warned to be careful with their guns at O'Hare Airport.

Several guns have been stolen out of checked luggage, including some belonging to officers.

As CBS 2's Katie McCall reports, the problem seems to be confined to United Airlines.

An aviation expert says the weapons were likely stolen by people who wanted to sell them on the street. But the idea that guns are being stolen from bags does not sit well with passengers.

Air passenger Dan Crowley says he has always worried about the safety of his belongings in his checked luggage.

"You hear stories about people who work behind the scenes at airports going through your bags," Crowley said.

Now it appears he had good reason to be concerned.

Last week, a Chicago police officer reported his weapon stolen from a bag checked here at O'Hare on a United Airlines flight. Police and the Transportation Security Administration (TSA) say the crime is one of multiple gun thefts this year – all of them involving checked baggage on United.

"It's been going on for months," said TSA spokesperson Laura Uselding. "I think since the beginning of the year and I don't know who initiated that."

Chicago Fraternal Order of Police Union President Mark Donahue is alerting officers to be aware of the risk of gun theft, even in what is supposed to be the secure side of the airport.

"My personal philosophy is that I don't take it with me," Donahue said about his service weapon.

Aviation expert John Hoff said airline and TSA employees have easy access to bags carrying weapons, bags that he says are specially tagged.

"They specially mark it and anybody with the knowledge of that marking --t hat works for the airline or TSA who is dishonest -- could then know what bags to rifle through to look for specific weapons," he said.

Hoff believes adding more cameras to behind-the-scenes areas may be the key to solving the crimes.

United would say only that the airline is cooperating with investigators.

The FBI says they are not a part of this investigation because they do not believe this is a part of any organized crime ring or anything related to terrorism.

A Public Rebuilding Downtown (NYT)

The New York Times (opinion), August 15, 2006

Shortly after Sept. 11, 2001, New York state and city officials established the Lower Manhattan Development Corporation to do what everyone knew would be a thankless job — finding a master plan for the still-smoking World Trade Center site. The group had to deal with all the competing groups and their powerful emotions and their powerful interests. And it had to move forward — publicly — to start rebuilding. Now, with construction crews finally starting to work, those officials are ready to dismantle the corporation. And that raises the disturbing question of who's in charge.

The corporation, a stellar group of downtown leaders, did not do everything we hoped for over these last five years. Not all of that was its fault. Gov. George Pataki, retreating in the face of a few very verbal critics, overruled the corporation's desi re to establish a museum to celebrate freedom.

But the corporation has been a force for some of the better and most public planning at Ground Zero. When it disappears, who watches over the master plan to make certain the site works harmoniously? And even more important, where does the public go for a voice in the rebuilding? The answer is to a private developer and also to City Hall and then to Albany, and after that a few government authorities and then a memorial foundation designed to operate like a private organization. It sounds like a recipe for secrecy when openness should be fundamental.

When the Lower Manhattan Development Corporation was formed, with John Whitehead as its leader, it took control of $2.8 billion. Most of that has been spent for development, the memorial and community projects. One extra large grant of $250 million goes to the World Trade Center Memorial Foundation. That is almost half of the cost of the memorial, and that much public money demands public accountability. The public should know about any change in the design or mission, and revisions must not be done quietly by a small group of insiders.

It is not clear yet what really replaces the Lower Manhattan Development Corporation. Eliot Spitzer, the leading candidate for governor, has applauded its disappearance and promised, if elected, to help put a new "structure in place that provides the skills, leadership and accountability we need." That sounds right. It also sounds a lot like the Lower Manhattan Development Corporation.

Governors Resist Shifting Authority Over Guard (NYT)

By Jennifer Steinhauer

The New York Times, August 15, 2006

LOS ANGELES, Aug. 14 — In an unusual act of bipartisan and regional unanimity, 51 governors have joined to voice their strong opposition to legislation to let the president federalize National Guard troops in a disaster without local authorities' consent.

In a letter to Congressional leaders last week, the governors detailed their argument that the measure, drawn up after Hurricane Katrina and tucked into a military authorization bill that the House recently passed, would undermine their authority and autonomy.

"This provision was drafted without consultation or input from governors," read the letter, conceived in large part by Gov. Mike Huckabee of Arkansas, a Republican, "and represents an unprecedented shift in authority from governors as Commanders and Chief of the Guard to the federal government.

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"We take very seriously our constitutional duty to protect our citizens and lead our guard. We are responsible for the safety and welfare of our citizens and are in the best position to coordinate all resources to prepare for, respond to and recover from disasters."

Many local officials, including Gov. Arnold Schwarzenegger of California, have been critical of what they describe as federal interference with their National Guard forces. That includes President Bush's order last spring that the Guard help shore up the Border Patrol as Washington works to hire 6,000 agents in an effort to increase border security.

Although the president already has the authority to call up any branch of the reserves into involuntary service in the case of a terrorist attack overseas or the use of unconventional weapons, that power does not extend to natural or man-made disasters.

The bill in Congress would extend the president's power to such disasters.

The administration has been criticized by some conservative lawmakers and policy experts as chipping away at states' rights. "I think it is apparent that it is a federalism issue when you have this sort of outcry from state governors across party lines," said Gene Healy, senior editor at the Cato Institute, a libertarian research group. "It is not clear anymore that federalism is a priority for the Republican Party except for rhetorically."

Mr. Healy cited the federal government's reach into education, marriage and crime, which he called "quintessential local issues."

A spokesman for the Pentagon, Bryan Whitman, said the governors from all the states and Puerto Rico simply did not understand the measure. Mr. Whitman described the bill as an effort to give more power to the federal government without eroding that of the states.

"No one is attempting to wrest control of the National Guard," he said, citing Hurricane Katrina as an event that led to the measure. "What this section is aimed at doing is providing the president with increased authority, discretionary authority to call upon the dedicated reserves to help citizens at a time of disasters."

A spokeswoman for Mr. Schwarzenegger, a Republican who has broken ranks with the administration over numerous policies, said a governor was better positioned than Washington to assess when the Guard was needed.

"The governor takes his role as commander and chief of the National Guard very seriously," the spokeswoman, Margita Thompson, said. "We have fires to respond to in light of the situation last week.

"With the terrorist threat, we need the help of the Guard again, and we are providing assistance to the federal government as a result of their inability to secure the border. This governor is not going to be supportive of anything that weakens his role."

Trailer Homes' Locks Found Vulnerable (AP)

By The Associated Press

AP, August 15, 2006

WASHINGTON, Aug. 14 (AP) — The Federal Emergency Management Agency has discovered that the same keys can open many of the 118,000 trailer homes being used by Gulf Coast hurricane victims, and will replace locks on an undetermined number as a result.

The problem stems from the limited number of lock types that locksmiths provide to trailer manufacturers for building mobile homes, and the limited number of key patterns that were cut for each type. Only three types are used, and a FEMA spokesman, John P. Philbin, said locksmiths had cut just 50 different patterns for the first kind. Another manufacturer, Mr. Philbin said, had 100 and 200 patterns for the second and third kinds.

Taken in all, the numbers increase the likelihood that a trailer can be opened by someone other than the occupant. Mr. Philbin said he did not know how many trailers had been distributed for each key pattern cut or how many locks would need to be replaced.

FEMA Has Key Concern With Its Trailers (NOTP)

By James Varney

New Orleans Times-Picayune, August 15, 2006

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What began as a problem with a single travel trailer has mushroomed into yet another trailer fiasco for the Federal Emergency Management Agency, and now the front door locks on as many as 118,000 of the temporary units might have to be changed.

What happened was FEMA learned the keys to one trailer can open as many as 50 others, a problem the agency attributed to the fact that only three companies manufacture the trailer locks in the United States. It didn't, however, learn of the issue through some crime spree, but through a report on potholes plaguing the Renaissance Park trailer lot, the biggest trailer park that FEMA operates in Louisiana with more than 570 units, authorities said.

Last Friday, Baton Rouge television station WAFB 9 was reporting a story on potholes at Renaissance Park when a resident boasted he could open other trailers with his key, backed up his claim with an on-camera demonstration -- and, voilà, another major headache erupted for the federal relief effort on the hurricane-shredded Gulf Coast.

FEMA officials said they have made changing the locks a priority.

"We're aggressively stepping out to minimize the risk," FEMA spokesman Pat Philbin said in Washington.

Locally, the issue could loom largest at locations where many trailers are clustered, even though those spots have 24-hour security, said Jim Stark, director of FEMA's Louisiana transition recovery office.

"Some of these sites are pretty big, and security can't be everywhere at once," Stark said.

Key quirk

FEMA bought some 13 different kinds of trailers to provide temporary housing in the storm-stricken areas, and to date has 76,000 installed and occupied in Louisiana, a number FEMA expects to grow given it has received about 92,000 applications for trailers, Stark said.

That concentration illuminated a quirk -- the shortage of lock manufacturers -- that wasn't clear in the past, when private residents bought trailers and had them scattered about the country, Stark noted.

FEMA crews are not expected to begin addressing the lock similarities in New Orleans until today, starting with the group sites and then moving on to individual units, agency spokesman Ronnie Simpson said.

When asked how many locks might be replaced, Simpson said, "all of them if we have to."

Monday afternoon in Mid-City, several trailer occupants said they had not been told about the development, although they were not unduly alarmed. Indeed, some said it was the publicizing of the issue that troubled them as much or more than the duplications themselves.

"When this gets out, it could be like Katrina herself blowing through, and a lot of people are going to find themselves coming up short," said Bruce Jacobs, 39, who is living in a Cleveland Avenue trailer with his three sons.

Add it to the list

Authorities said that, so far, there may have been isolated cases of travel trailer burglaries but not a rash of them.

"We're not aware of this as an issue," said Bambi Hall, a New Orleans Police Department spokeswoman. "But if FEMA knows something, we need to have them make us aware of it, too."

Nevertheless, Jacobs' concern is well-founded, according to Louisiana politicians of both parties who were quick to jump on the issue and the agency. Following a congressional briefing on the topic, Sen. Mary Landrieu, D-La. said she was encouraged by FEMA's rapid and proactive response to the problem but labeled it all too typical of the agency's track record.

"This development certainly adds to a long list of oversights lost in the dysfunctional bureaucracy of the agency," Landrieu said in a news release.

A statement from U.S. Rep. Bobby Jindal, R-Metairie, was less conciliatory toward FEMA, and accused the agency of knowing about the problem long before the televised report and doing nothing to solve it.

"This is a problem that should never have occurred, and I am disappointed that FEMA has failed once again to provide a safe environment for these residents," Jindal's news release reads.

Taking precautions

Meanwhile, there are steps that residents can take to make their trailers safer, according to Larry Preston Williams, an independent security consultant and former NOPD officer. These range from installing wireless intruder alarms to getting a dog

that barks. He allowed that the first item on his list, which can retail at prices north of $700, is probably too expensive for many people trying to rebuild their houses.

It's also unclear whether some of the suggestions, such as putting burglar bars inside some windows, were permissible under FEMA rules or advisable given considerations such as the need to escape during a fire. Stark sidestepped the matter Monday, while urging a calm approach by trailer occupants.

"I would advise against doing anything like that at this time," he said.

New Orleans Power Play Spurs Role Reversal (WSJ)

By Rebecca Smith

The Wall Street Journal, August 15, 2006

NEW ORLEANS -- The perplexing issue of how to pay for expensive repairs to this city's damaged electric system is forcing city leaders and officials at utility Entergy Corp. into strange new roles. At issue: Entergy wants to hand over its assets in New Orleans to the city.

The brewing fight is an example of the extreme steps utilities can be forced to take as they look for ways to pay for damages from last year's hurricanes -- as well as prepare for the next big one -- in a time of customer apprehension over how this will affect their electricity bills.

Nearly a year after Hurricane Katrina flooded the city, Entergy says the best way to bring its New Orleans unit out of bankruptcy-law protection is by handing ownership of utility assets over to the city. The investor-owned utility argues such a move would enable the tiny unit to qualify for federal disaster-relief funds and regain solid financial footing, avoiding rate increases that threaten to more than double electricity rates in New Orleans.

Increased demand for gas in China2 has helped propel oil prices since 2001, but oil-price inflation has also been fueled by demand in the U.S.

Some civic leaders, overwhelmed by the immensity of the rebuilding effort yet ahead, are pushing back. One city-council member, Shelley Midura, says she has no intention of allowing Entergy to saddle the city with a partly rebuilt system and then "drop the keys on the table and say, 'We're out of here.' "

The dispute marks a turnabout from years past, when New Orleans officials agitated to create a municipally owned utility on several occasions -- efforts that were opposed by Entergy.

Entergy isn't the only utility seeking to shift the burden to customers after last year's devastating hurricanes, though it is the only one forced into this rather desperate posture. In the past, utilities set up ratepayer-funded reserves to cover the costs of occasional storms. Repeated poundings in 2004 and 2005 wiped out those reserves at Entergy and other Gulf Coast utilities and left them with big deficits.

Following last year's storms, several states passed measures that will permit utilities to issue bonds to reimburse themselves for storm expenditures, spreading the cost over many years. Residences and businesses will be on the hook to repay the bonds through monthly bill surcharges.

Florida Power & Light Co., of Juno Beach, Fla., had a $345 million reserve fund in early 2004 that was drained by storm costs that year. By the end of the 2005 storm season, it was deeply in the red and sought $1.7 billion of relief from its customers, including $650 million in new reserves. State regulators cut that amount to $1.13 billion, partly by slashing the proposed reserve fund to about $200 million. That increases the chance that the utility, a unit of FPL Group Inc., will go back to regulators for more funds if hurricanes strike again. So far, 2006 has been calm, but officials warn there still are more than 100 days to go in the hurricane season.

Southern Co., of Atlanta, suffered damage to four of its five utilities last year and also may issue bonds to get reimbursed for repair costs, according to a company spokeswoman.

The bond option isn't available to a company in bankruptcy, and Entergy Chief Executive J. Wayne Leonard says city officials don't appreciate the bind his utility is in. The company says rebuilding would lead to New Orleans's rates more than doubling, both because of storm costs and because at least 150,000 people who fled still haven't returned to the city, leaving remaining bill payers a greater share of the burden.

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The utility is trying to get federal development money to offset the difference between the $600 million to $700 million it expects to spend on storm repairs and the much smaller amount it expects to receive in insurance proceeds. The best way to be assured those public monies is by becoming a city-owned utility, Mr. Leonard says.

Entergy wants the city to own the system of power lines and substations but sign a contract with Entergy so that its workers will continue to furnish the utility with electricity and make repairs. Mr. Leonard says the city could set service-quality standards to ensure reliable service -- something that has been criticized since the storm, since, even now, there are frequent local power outages.

"We'll put it in a contract," he says, adding that he believes rates might even fall 10% to 15% if the city owned the system, because of lower financing options available to customer-owned utilities such as exist in Los Angeles, Seattle and Austin, Texas.

Entergy, which also owns utilities in Louisiana, Texas, Arkansas and Mississippi, received only 7% of its revenue and 4% of its earnings from its New Orleans unit in 2004, before Katrina struck. Last year, the company reported net income of $898 million on revenue of $10.11 billion.

Two other options are to have the New Orleans unit absorbed into the bigger Entergy Louisiana unit, or simply liquidate it. But those options are politically infeasible. There is a lot of resistance to foisting New Orleans's problems on other parts of the state, some say. "Things are different in New Orleans than anywhere else in the state, and people are tired of it," says Jay Blossman, a member of the Louisiana Public Service Commission whose district includes parts of the city.

The city is already having trouble providing drinking water, picking up garbage and accomplishing other seemingly basic municipal tasks. Thousands of abandoned vehicles still rest on public land and weed-filled lots. Only 35% of the city's housing units are occupied, according to a recent city estimate, and thousands of homes will likely be razed eventually.

"People say, are you kidding? They can't run the services they've got now," says Karen Wimpelberg, executive director of Alliance for Affordable Energy, a New Orleans-based group.

The utility is meeting with city officials, business leaders, politicians and others to get its viewpoint across. It has until December to file a reorganization plan, exclusively, with the federal bankruptcy court, and it is hoping to hammer out a consensus by then.

New ID Just Isn't Ready (USAT)

USA Today, August 15, 2006

The Bush administration's outstanding job in securing airports after last week's foiled terrorist plot demonstrates the importance of communicating clear information to the public and having a system in place that works. Ironically, the government has failed to follow this model for a drastic change at the nation's borders, expected to take effect this winter. The government's confusing messages and lack of a public education campaign have led the travel industry to seek a modest extension in the deadlines for this program. The change, regardless of when it happens, will affect millions of Americans and our North American neighbors.

Since 9/11, our government has taken important steps to secure our borders against those who would do us harm. As part of that effort, Congress passed the Western Hemisphere Travel Initiative (WHTI), requiring all persons entering the USA from Canada, Mexico and the Caribbean to have a passport or alternate secure travel document. These new requirements for air and sea travel are expected to take effect Jan. 8, 2007, and at land borders on Jan. 1, 2008.

As these deadlines approach with no clear, final plan for implementation by the departments of State and Homeland Security, we believe that Congress should maintain the current system and grant a reasonable extension that allows sufficient time to launch an effective public education campaign for the new WHTI requirements. That would secure our nation's borders without creating a nightmare for travelers.

Under the new law, U.S. travelers taking a Caribbean cruise or a weekend trip to Mexico will have to obtain passports, at a cost of more than $400 for an American family of four. Only 23% of U.S. citizens currently have this document. The impact on our neighbors will also be significant. Hundreds of thousands of Canadians visit the USA every day.

Getting this new plan right from the start is critically important diplomatically and economically, especially at a time when the U.S. image around the world is in decline.

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We must devise a process that fairly and efficiently allows legitimate business and leisure travelers to come here. The way to do that is by modeling the efforts of the past week to keep America moving — through communicating clear expectations to travelers and giving them time to prepare for having a safe and pleasant trip.

Roger Dow is president and CEO of the Travel Industry Association of America.

Five Years After 9/11, Plan To Tighten Borders Hits Roadblock (USAT)

USA Today, August 15, 2006

Less than three months ago, two undercover agents drove their rental car from Canada to a U.S. border checkpoint. They told the inspector they were Americans, flashed a couple of counterfeit driver's licenses, then breezed into the USA.

This wasn't unusual. Nine times this year, agents sought entrance at different sites on the nation's southern and northern borders with counterfeit documents. And nine times they succeeded, according to a report this month by the Government Accountability Office (GAO), Congress' investigative arm. Twice, the agents weren't even asked for ID. "That's fine," an inspector in Texas told them. "You can go."

Five years after 9/11 and just days after the British uncovered a terrorist plot to blow U.S. jetliners out of the skies, the porous borders exposed by the tests are anything but fine. Efforts to tighten the borders, recommended by the bipartisan 9/11 Commission, have run into an endless push for delay by the tourism industry and its congressional allies.

Current law does not require U.S. citizens entering from Mexico, Canada or the Caribbean to present a passport. They need only satisfy inspectors — if asked — that they are citizens, using any of hundreds of documents, from state-issued driver's licenses to birth or baptismal certificates.

So many documents are allowed that it is nearly impossible for agents to tell the genuine from the fake. Just ask any under-21 college student how hard it is to get a fake ID. Driver's licenses, which do not attest to citizenship, are easily obtainable, as 11 of the Sept. 11 terrorists proved.

The system is ripe for exploitation by criminals or terrorists. Recognizing the danger, the 9/11 panel recommended a tighter system. Congress followed through in 2004, passing a measure requiring citizens to carry passports or an alternative secure document that U.S. officials would designate.

The new system, already delayed once for travelers from the Caribbean, is now supposed to go into use in January for all Western Hemisphere travelers at airports and seaports, and a year later at land borders.

But critics are seeking to dilute the mandate or delay it. The travel industry, border towns and states that depend on tourism argue the requirements will be inconvenient and expensive. Led by Sens. Ted Stevens, R-Alaska, and Patrick Leahy, D-Vt., the Senate voted last month to push the deadlines back as far as June 2009, nearly five years after the law was passed.

At a time when the House and Senate have passed separate measures to tighten the nation's borders — including building at least 370 miles of triple-layered fencing along the Mexican border to protect against illegal immigration — Stevens and Leahy essentially are arguing that the nation's front doors should be left wide open, with no requirement for a secure entry document.

This is convenient for constituents in the border states that the senators represent, but as national policy it makes no sense.

When the Senate votes to admit into the country anyone who can gin up a fake ID, it's a sure signal priorities that seemed so clear five years ago have begun to fade.

WAR NEWS:

U.S.-Iraqi Offensive Tries To Steer Clear Of Shiite Militia (USAT)

By Jim Michaels

USA Today, August 15, 2006

BAGHDAD — The growing strength of the Mahdi Army, the violent Shiite militia loyal to radical cleric Muqtada al-Sadr, is raising concerns that an ongoing U.S.-Iraqi offensive could trigger a clash with the group.

U.S. and Iraqi officials have been careful to say the Baghdad offensive is designed to go after sectarian death squads and militias of all stripes, partly to avoid singling out the Mahdi Army, which clashed with U.S. forces two years ago.

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"If they feel like they're being threatened, then they'll fight," said Brig. Gen. Dana Pittard, commander of the Iraqi Assistance Group, which advises Iraqi security forces. "We certainly hope that cooler heads prevail."

The U.S. military says there are 6,000 to 10,000 Mahdi Army militiamen in Iraq's capital. And they are well-armed, said Col. Talib Abdul Razzaq, commander of an Iraqi battalion in Baghdad.

The buildup of Iraqi and U.S. forces in Baghdad, however, could provoke the militia. "To secure Baghdad, the government is going to have to secure Sadr City, which is the center of gravity of al-Sadr's political strength," said Andrew Krepinevich, a counterinsurgency expert at the Center for Strategic and Budgetary Assessments.

Sadr City is a sprawling Shiite slum in Baghdad. After the fall of Saddam Hussein's regime in 2003, it was named in honor of Muqtada's father, Mohammed Sadeq al-Sadr.

Iraq's Defense Ministry said negotiations are preferable to an armed clash with the Mahdi Army. "The Mahdi Army has leaders, and we are negotiating with them," Defense Ministry spokesman Mohammed al-Askari said. "The negotiations are going very well."

Pittard said some of the violence may be the work of rogue elements out of al-Sadr's control. "What we're hearing is Muqtada al-Sadr is trying to calm his followers," he said.

More than 10,000 U.S. and Iraqi troops are moving into the capital to reinforce about 52,000 Iraqi and U.S. troops already here. The offensive is designed to free Iraq's largest city and government seat from the grip of death squads and sectarian violence. More than 80% of the attacks in Iraq are in Baghdad, according to the U.S. military.

The offensive is planned in stages and is designed to avoid an all-out attack. In the first phase, launched July 9, Iraqi security forces positioned checkpoints throughout the city. In the second phase, launched last week, Iraqi forces supported by U.S. troops began isolating and clearing parts of the city block by block. Iraqi security forces will remain to provide security once areas are cleared. When areas are stable, the government will bring economic assistance into blighted neighborhoods.

Iraqi and U.S. forces have begun clearing some sections of Baghdad. Iraqi and U.S. troops are arresting anyone found with more than one weapon in a home. A mosque can have five weapons for protection, said Brig. Gen. David Halverson, deputy commanding general of the U.S. division in Baghdad.

The offensive is aimed at anyone involved in murders, kidnappings and assassinations. "We're not asking them what union card they're carrying," Halverson said. "We're just arresting them."

The Mahdi Army staged a revolt against the U.S.-led occupation in April 2004. The uprising — centered in Najaf, a Shiite holy city south of Baghdad, and Sadr City — was put down within months by U.S. forces, which inflicted heavy casualties on the militia.

Today, al-Sadr's political organization is part of the Shiite-led Iraqi government, which complicates the government's response. Al-Sadr's political organization has 30 seats in Parliament and controls several ministries. Iraq's government "is beholden to the Sadrists" because they helped bring Prime Minister Nouri al-Maliki to power, said Joost Hiltermann of the International Crisis Group, a Brussels-based organization that works to prevent conflict.

Al-Maliki criticized a raid by U.S. and Iraqi forces in Sadr City earlier this month, saying the operation was heavy-handed. A larger clash with the Mahdi Army could test the resolve of Iraq's new government.

"It could derail the political process," Hiltermann said.

The militias grew in strength after the bombing of a Shiite mosque in February in Samarra, which touched off a wave of violence. Militias provide protection in some neighborhoods.

Falah al-Nakib, a former Interior minister who is a parliament member, said many of the militias are disparate gangs hiding behind religious or political names, but with little coordination.

"We don't have a civil war," al-Nakib said. "What we have is a gangsters' war."

Rosy Assessments On Iraq `not Related To Reality,' Some Say (MCT)

By Tom Lasseter

McClatchy Newspapers, August 15, 2006

DOJ_NMG_0048319

TIKRIT, Iraq - As security conditions continue to deteriorate in Iraq, many Iraqi politicians are challenging the optimistic forecasts of governments in Baghdad and Washington, with some worrying that the rosy views are preventing the creation of effective strategies against the escalating violence.

Their worst fear, one that some American soldiers share, is that top officials don't really understand what's happening. Those concerns seem to be supported by statistics that show Iraq's violence has increased steadily during the past three years.

"The American policy has failed both in terms of politics and security, but the big problem is that they will not confess or admit that," said Mahmoud Othman, a Kurdish member of parliament. "They are telling the American public that the situation in Iraq will be improved, they want to encourage positive public opinion (in the U.S.), but the Iraqi citizens are seeing something different. They know the real situation."

Othman charges that top American officials spend most of their time in the heavily guarded Green Zone in Baghdad and at large military bases across the country, and don't know what's happening in the neighborhoods and provinces beyond.

Shiite Muslim parliament member Jalaladin al Saghir had a similar view.

"All the American policies have failed because the American analysis of the situation is wrong; it is not related to reality," Saghir said. "The slaughtered Iraqi man on the street conveys the best explanation" for what's happening in Iraq.

Some U.S. soldiers in Iraq reluctantly agree.

"As an intelligence officer ... I have had the chance to move around Baghdad on mounted and dismounted patrols and see the city and violence from the ground," wrote one American military officer in Iraq. "I think that the greatest problem that we deal (besides the insurgents and militia) with is that our leadership has no real comprehension of the ground truth. I wish that I could offer a solution, but I can't. When I have briefed General Officers, I have given them my perspective and assessment of the situation. Many have been surprised at what I have to say, but I suspect that in the end nothing will or has changed."

McClatchy is withholding the officer's name to protect him from possible retaliation by his superiors or political appointees in the Pentagon for communicating with the news media without authorization.

American officials and Iraqi officials appointed by them continue to orchestrate ceremonies, news conferences and speeches that suggest that things are getting better.

In Tikrit last week, Gen. George W. Casey Jr. walked across the marble floor of a palace, smiling and shaking hands. It was a good day for Iraq, he said.

The Iraqi army's 4th Division was taking the lead in securing three provinces, and senior Iraqi and U.S. officials had gathered for a celebration marked by dancing soldiers and passionate speeches.

Iraq's national security adviser, Mowaffak al Rubaie, walked to the lectern and, his voice rising with emotion, said to a cheering crowd of Iraqi and American officials: "My dear friends, I will tell you something, the only way to end terrorism - there is no other way - is that we stand together."

The commander of the 4th Division, Lt. Gen. Abdul Aziz Abdel-Rahman, told the crowd that Iraq was heading toward safety and democracy.

In the week that followed, at least 110 Iraqis died in a series of bombings and shootings, and at least eight U.S. soldiers and Marines were killed. The Iraqi death toll probably was much higher, since many Iraqis are killed by death squads and their bodies are undiscovered, buried or dumped in rivers.

Another 47 Iraqis were killed and 100 wounded Sunday in what Iraqi officials said was a barrage of rockets and car bombs; U.S. officials disputed those accounts, saying the casualties were due to a gas explosion.

Nationwide statistics during the past three years suggest that American efforts to secure Iraq aren't succeeding. While various military operations have at times improved security in parts of the country, the bloodshed has mounted with each U.S.-declared step of progress, according to figures that the Brookings Institution research center compiled from news and government reports.

When L. Paul Bremer, then the top U.S. representative in Iraq, appointed an Iraqi Governing Council in July 2003, insurgent attacks averaged 16 daily. When Saddam Hussein was captured that December, the average was 19. When Bremer signed the hand-over of sovereignty in June 2004, it was 45 attacks daily. When Iraq held its elections for a transitional government in

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January 2005, it was 61. When Iraqis voted last December for a permanent government, it was 75. When U.S. forces killed terrorist mastermind Abu Musab al Zarqawi in June, it was up to 90.

Attacks have increased in lethality as well as number: There was one multiple-fatality bombing in July 2003. Last month, there were at least 51.

And while the number of U.S. troops killed by hostile fire has declined this year, the number of Iraqis killed has soared.

In January, the month after Iraq's widely heralded national elections for a permanent government, at least 710 civilians were killed, according to a report by the United Nations that cited Iraqi Ministry of Health figures. (The report made it clear that the actual number for January was much higher.) Five months later, 3,149 Iraqis were killed in June.

Casey acknowledged in an interview with ABC News last week that things were "very difficult right now." But the remainder of his response made no reference to the trend line of expanding violence.

"Now, what's gone on over the last two years?" he said. "There's been great progress over the last two years, and you've been here enough where you've seen the situation ebb and flow just like it is now. We're ebbing right now. And we're going to come out of it just like we have in the other places."

Top U.S. military officials often point to the Iraqi security forces as the way forward. In June 2004, there was just one Iraqi army battalion. Today, there are 10 divisions.

But recent interviews with American soldiers in and around Baghdad suggest that some Iraqi security forces are contributing to the problem.

Last month, gunmen marauded through a Sunni Muslim neighborhood in western Baghdad, dragging people from their homes and cars and shooting them. Iraqi police said that more than 40 were killed.

To get into the neighborhood, the gunmen had to drive through Iraqi police and army checkpoints, said American 1st Lt. Brian Johnson of the 4th Infantry Division, who leads a platoon on the western edge of Baghdad.

"Those gunmen drove up in five or six trucks full of (Shiite) Mahdi militiamen with AK-47 bandoleers across their chests and they drove through IP (Iraqi police) and IA (Iraqi army) checkpoints," said Johnson, 24, who's from Houston. "The IAs and the IPs are in the Mahdi militia's pocket ... an IP will come off the checkpoint and a Mahdi militia guy will put on his uniform, man the checkpoint and start pulling people from their cars."

Joost Hiltermann, the Middle East project director at the nonprofit International Crisis Group, which has released a series of reports about Iraq, said there'd been too much emphasis on scoring political points in the United States.

"One of the key problems all along of the U.S. approach to nation-building in Iraq has been that it was ... not (guided) by the situation on the ground. This is how certain benchmarks were set, and then celebrated when achieved, without any regard for developments taking place that undermined these very successes," Hiltermann said. "This was always more about generating an American success story at home than about doing the right thing in Iraq."

U.S., Iraqis At Odds Over Blasts' Cause (AP)

By Qassim Abdul-Zahra, Associated Press Writer

AP, August 15, 2006

A deadly series of explosions in a Shiite neighborhood of Baghdad triggered a new battle Monday — between the U.S. military and the Iraqis over what caused the blasts. The number of casualties also was in dispute.

A U.S. military spokesman blamed the Sunday evening explosions in Zafraniyah on a gas line explosion that he said triggered secondary blasts and devastated the working class district on the southeastern edge of the city.

But Iraqi police and Prime Minister Nouri al-Maliki said the neighborhood was hit by car bombs and a rocket barrage, which the Interior Ministry said was unleashed from a Sunni neighborhood that U.S. troops have targeted in their security crackdown.

"The terrorists planned this ugly crime so that it would inflict maximum harm on innocent civilians, and this is proof of their deep-rooted hatred for Iraq and their attempt to incite sectarianism," al-Maliki said.

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It was impossible to determine who was right. The Iraqis may have spoken too quickly to score public relations points by blaming government opponents. And the Americans have long been reluctant to acknowledge that sectarian hatred threaten to plunge the country into all-out civil war.

Each side insisted its interpretation of Sunday's events was correct.

U.S. ordnance teams went to Zafraniyah and found "no evidence" of anything other than a "significant gas explosion," U.S. military spokesman Maj. Gen. William Caldwell said.

"If in fact there had been a hole in the ground, there would be some residue from a Katyusha rocket if one had been fired there," he told reporters, adding that American experts are "fairly good" at determining the cause of an explosion.

Interior Ministry spokesman Col. Saddoun Abu al-Ula said Iraqi experts had examined the area and concluded the explosions were caused by car bombs and rockets fired from the mostly Sunni neighborhood of Dora — evidence that sectarian violence shows no sign of abating despite an additional 12,000 U.S. and Iraqi troops soldiers rushed to the capital.

"From the extent of the damage and some of the remains, it is clear that the explosions were caused by bombs and rockets," Abu al-Ula said. "What the Americans are saying is not correct. Maybe they are trying not to shoulder responsibility because the rockets were fired from Dora where there is heavy U.S. deployment."

Adding to the uncertainty, a Sunni extremist group claimed responsibility for the blasts, saying in an Internet statement that it blew up two car bombs and fired 120 mm mortar shells to punish Shiites for "killing unarmed Sunnis" and cooperating with the Americans.

The group, the al-Sahaba Soldiers, had claimed it carried out a complex attack last month against another Shiite district of Baghdad using car bombs, rockets and mortars.

While the Iraqis agreed that the blasts were due to an attack, they didn't agree on how many people were killed or injured.

Defense Ministry spokesman Mohammed Askari said 27 people died and 100 were wounded. The prime minister's office put the death toll at 47, while a member of the Baghdad city council, Nashaat al-Hassani told state television that 76 people were killed.

Casualty tolls in major attacks often vary, with individual government departments providing different figures — although the gap in the Zafraniyah figures was wider than usual. It is usually impossible to explain the discrepancies.

While the powerbrokers bickered over the details, the people of Zafraniyah cleaned up the rubble, buried their dead and tried to come to terms with their loss. Cars drove through the rubble-littered streets with wooden caskets of the dead strapped to their roofs.

Huge slabs of concrete that once were ceilings in an apartment building lay atop each other in a heap at one spot. A pedestrian bridge, ripped off its mooring, crushed a car underneath.

A wide hole in the roof of a house exposed steel reinforcement rods bent inward. The blackened wreckage of an overturned car lay nearby.

A middle-aged man in a bloodstained dishdasha, the traditional Arab robe, wandered aimlessly, hitting his face with his hands in grief. Residents said his six children were crushed to death when his house collapsed.

"This is terrorism against the whole nation," said Ali al-Sayedi, a municipal council member.

At least 13 other people were killed Monday in shootings and bombings across Iraq, including three metal workers shot by gunmen in the northern city of Mosul.

Associated Press writers Qais al-Bashir, Sinan Salaheddin, Qassim Abdul-Zahra, Rawya Rageh and Vijay Joshi in Baghdad contributed to this report.

U.S. Offers Plan To Curb Rogue Iraqi Police Forces (LAT)

By Solomon Moore

The Los Angeles Times, August 15, 2006

BAGHDAD — U.S. military officials unveiled a plan Monday to combat chronic problems with renegade Iraqi security forces by creating Iraqi-led inspection boards and standardized uniforms.

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The boards will conduct battalion-level reviews of police leadership and accountability, said Army Maj. Gen. Joseph Peterson, the top U.S. police trainer in Iraq. Battalions will be judged on how well they can track weapons and vehicles — a response to the widespread use of equipment for criminal activities.

U.S. officials hope distinctive uniforms and standardized vehicle markings will make it harder for police to break the law and for criminals to impersonate police, Peterson said.

The plan is an acknowledgment by the U.S. military that neither it nor the Iraqi Interior Ministry has confidence in or control of Iraq's police forces, which have been accused of operating death squads and kidnapping rings.

"It appears that there are some individuals who have joined the ranks of the Ministry of Interior forces [who] still have allegiances and are in fact working with their militias," Peterson said.

But he acknowledged that the plan would not apply to some security forces, including the 140,000-member Facilities Protection Service, which posts armed guards at government buildings. Those officers wear uniforms and drive vehicles similar to Interior Ministry forces but are unaccountable to police, the army or the U.S. military.

Peterson also said that as many as half of Fallouja's 1,700-member police force had failed to report to work this month after a reported threat by insurgents to kill anyone who showed up for duty. Some reports indicated that all but 100 of the officers had failed to report for work.

Peterson discounted reports of intimidation, saying that the officers had stayed home to protest an Iraqi judge's early release of insurgents this week, but that the officers had since returned to their jobs.

Meanwhile, U.S. military and Iraqi accounts of explosions Sunday in Baghdad's Zafaraniya neighborhood differed.

Interior Ministry officials Monday stood by reports that Sunni Arab insurgents were to blame for blasts that killed an estimated 58 people, injured 148 and destroyed three buildings and 23 cars in a predominantly Shiite Muslim area.

But U.S. military spokesman Army Maj. Gen. William B. Caldwell IV said the blasts were caused by "an internal gas explosion that set off a series of other explosions." He said there was no evidence of insurgent involvement.

Caldwell reiterated recent claims by Zalmay Khalilzad, the U.S. ambassador to Iraq, that Iranian agitators were playing a divisive role in Iraq.

"We do in fact have evidence that weapons, munitions that postdate the time period in which Saddam [Hussein] was removed from power have been found here in Iraq that were of Iranian origin," Caldwell said. "We do know that Shiite extremist groups have received training through some sort of third element associated with Iran. We do know that weapons have been provided and [improvised explosive device] technology has been made available to these extremist elements."

Caldwell stopped short of accusing the Iranian government of direct involvement in attacks against Iraqi or U.S. forces.

In Ramadi, where Marines are working to secure a large area, Iraqis said they saw a roadside bomb destroy a U.S. Humvee. Four U.S. soldiers died in a firefight that followed, the residents said. The U.S. military would not confirm the report.

In the northern oil hub of Kirkuk, gunmen killed Sheik Badr Hashim Hajim, a Sunni Arab tribal chief, authorities said. Mohammed Khalil, a Sunni Arab member of the Kirkuk governorate council, said the targeting of tribal sheiks had increased. This month, Abdul Razaq Niama, a Sunni Arab politician, was assassinated.

Sunni Arabs are a minority in the predominantly Kurdish city, which has significant Turkmen and Shiite populations. Both Hajim and Niama migrated to Kirkuk under a Hussein-era program aimed at ridding the city of Kurds. Since 2003, Kurdish refugees have moved back in droves.

In Baqubah, 35 miles northeast of Baghdad, a roadside bomb killed two motorists and injured three others. In Baghdad, two separate car bombs killed three Iraqis.

Police in Zubair, a Sunni suburb of the Shiite southern port city of Basra, said they had broken up a human trafficking ring. Police said they arrested six men and three women who had been smuggling impoverished women to the Iranian city of Abadan.

"The women were sold there," a police officer said. "Most of the women being smuggled are from very poor families or were having family problems. The gang members tempted them with money and then they smuggled them."

Also in Basra, demonstrators protested persistent electricity blackouts in triple-digit temperatures. The protesters burned tires and clashed with police. Residents said ambulance sirens could be heard throughout the city.

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Just-returned Troops Sent Back To Iraq (AP)

By Lolita C. Baldor

AP, August 15, 2006

WASHINGTON - About 300 Alaska-based soldiers sent home from Iraq just before their unit's deployment was extended last month must now go back, the Army said Monday, setting up a wrenching departure for troops and families who thought their service there was finished.

The soldiers - all from the 172nd Stryker Brigade - are among the close to 380 troops who had gotten home to Fort Wainwright and to Fort Richardson when Defense Secretary Donald H. Rumsfeld ordered the unit to serve four more months. The remaining 80 will not have to return to Iraq.

Army officials sent a team of personnel and pay experts to Alaska to help sort out all of the soldiers' vacations, school enrollments and other plans torn apart by the decision to return them to Iraq. The unit is now being stationed in Baghdad, one of the most violent parts of the country.

Maj. Gen. Charles Jacoby, commander of U.S. Army Alaska, said 301 soldiers will be returning to Iraq, and most are either infantry troops or cavalry scouts needed for the Baghdad mission.

"From a military standpoint, it makes all the sense in the world," said Jacoby, speaking to Pentagon reporters from Alaska, where he was surrounded by a few soldiers and family members affected by the decision. "The brigade needs these soldiers back."

Mary Cheney - no relation to the vice president - was sitting nearby and said she wasn't happy when she learned her husband, Staff Sgt. Anthony Cheney, would be in Iraq for another four months. But she said she knew when she married him that things like this could happen.

"I would never question his dedication to his career," said Cheney, who had a baby just a few weeks ago and has three other children. "His heart is with his family, but his mind and his dedication" are with his extended family of fellow soldiers.

The bulk of the 172nd Brigade was still in Iraq when Rumsfeld extended their deployment as part of a plan to quell the escalating violence in Baghdad. Overall, the brigade has about 3,900 troops.

Another 300 soldiers from the unit had left Iraq and gotten to Kuwait, and were about to board flights home when they were called back.

Before Monday's announcement, the troops who had already returned home to Alaska had been told that decisions on their fates would be made on a case-by-case basis.

Army officials said they recalled just one other time during the three-year-long Iraq war when the Pentagon so quickly recalled soldiers who had served a year on the battlefront and gotten home.

Other units have had their deployments extended anywhere from a week or two to a few months.

The 300 soldiers recalled from Alaska on Monday got to spend between three and five weeks at home, and will head back to Iraq in the next week or so. Most of the brigade is expected to leave Iraq by the end of the year, although Army spokesman Paul Boyce said Monday there are no assurances the unit's stay will not be extended again.

A second extension, however, would be very rare.

For some, the return to Iraq may mean they will miss the holidays or much-anticipated vacations. For others, it means rescheduling military or civilian college classes, or postponing long-planned moves out of state or to different Army units.

Soldiers who serve more than 365 days on the warfront will receive $1,000 more per month - $800 for incentive pay and $200 for additional hazardous duty pay.

Last week eight Army officials went to Alaska to meet with the soldiers and their families to work out scheduling conflicts and other problems brought on by the sudden change. Hotlines also have been set up to assist family members.

About 50 of the approximately 80 soldiers who do not have to return to Iraq were the advance team that headed back to Alaska early to prepare for the unit's return. They will stay in Alaska and plan for the unit's eventual return late this year.

The other 30 or so included soldiers who were not sent back for a variety of reasons, including medical conditions, school requirements or emergency leave.

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Sectarian violence has rocked Baghdad, bringing it to what some believe is the brink of civil war. In response, U.S. and Iraqi military leaders have shifted thousands of troops into Baghdad, targeting four critical regions wracked by attacks between Sunni insurgents and Shiite extremists.

The new offensive has driven the number of U.S. troops in Iraq up to 135,000 - reversing a trend of declining personnel levels that had begun earlier this year. And, the increased level dampens hopes of a significant withdrawal of U.S. troops by the end of the year, just as members of Congress returned to their home districts to voters growing increasingly weary of the war.

Rumsfeld must approve any deployment that is longer than a year on the ground in Iraq.

ON THE NET

Defense Department: http://www.defenselink.mil

U.S. Army Alaska Command: http://www.usarak.army.mil/main/

300 US Troops Going Back To Iraq After Brief Reprieve (AFP)

AFP, August 15, 2006

Some 300 US troops are being sent back to Iraq from Alaska to rejoin an army brigade whose tour of duty was extended by four months to quell sectarian violence in Baghdad, army officials said.

The 172nd Stryker Brigade was in the midst of returning to its home base at Fort Wainwright, Alaska July 27 when US Defense Secretary Donald Rumsfeld decided to keep them in Iraq for another 120 days.

Army officials said about 300 of the 380 troops who had already returned to Alaska have been notified that they will be going back to Iraq in the next couple of weeks.

The army decided that the company-size group were needed back in Iraq "to maintain unity cohesiveness," said Paul Boyce, an army spokesman.

Another 300 troops who were in Kuwait when the extension was announced are already back in Iraq, he said.

General George Casey, the US commander in Iraq, has moved the brigade to Baghdad to help quell a surge in sectarian violence that has raised fears of a full-blown civil war.

The move dashed hopes for a reduction in the US force in Iraq this year, and has boosted its size slightly to about 133,000 troops.

Boyce said the 172nd is now due to return to the United States by the end of the year, with most members of the brigade redeploying between the Thanksgiving and Christmas holidays.

He said army leaders were briefing family members on the decision.

3rd Infantry Troops Ready For Possible Third Tour In Iraq (AP)

By Russ Bynum

AP, August 15, 2006

FORT STEWART, Ga. - Playing the role of a bomb maker hiding from U.S. troops during a training exercise, Army Cpl. Patrick Brown wears an Arab headdress that an interpreter gave him when he deployed to the war just last year.

Eight months after he returned home, Brown is helping train new soldiers to the 5th Squadron, 7th Cavalry Regiment to be ready to return to Iraq as early as the end of November.

"The time's going by way too fast," Brown, 34, of Clearwater, Fla., said Friday during a break in a mock town square of cinderblock buildings used for role-playing scenarios. "It's been kind of a roller coaster with the emotions."

The 1st Brigade Combat Team of 4,000 Fort Stewart soldiers is preparing for a possible third combat tour in Iraq. The brigade is part of the Army's 3rd Infantry Division, which helped lead the charge to Baghdad during the 2003 invasion.

The Pentagon last month placed the Fort Stewart brigade on standby as it added about 21,000 Army soldiers and Marines to its 2006-2008 rotation schedule for Iraq. Though the brigade has not received deployment orders, Maj. Gen. Rick Lynch, the 3rd Infantry commander, said his 1st Brigade Troops must be combat-ready by late November.

Working to meet the deadline under an accelerated training schedule, soldiers in the 5-7 Cavalry are running drills designed to mimic real combat scenarios as closely as possible.

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On Friday, troops in 30-man platoons rolled into the mock village in search of a man suspected of making bombs for insurgents. Soldiers playing Iraqi villagers swarmed their vehicles seeking food, medicines and favors. Some of the troops immediately raised their weapons.

The village mayor wasn't too inclined to help soldiers locate their suspected bomb-maker after having a rifle in his face.

"What I told these guys was if you're going to make a mistake, you need to make it right now," said Lt. Col. Clifford Wheeler, the squadron commander. "The reality hasn't hit them yet. Until you're looking at a couple of dead guys, it really doesn't hit you."

Though Wheeler, his squadron officers and many of their noncommissioned officers are Iraq veterans, they say turnover within the enlisted ranks means that roughly 60 percent of their soldiers have never faced combat.

Those who have served in Iraq already are trying to give the new troops a reality check. As six soldiers dismount their armored vehicles to scout for roadside bombs ahead of their convoy, a loud bang and cloud of smoke erupt to their left. Cmd. Sgt. Maj. William Transue rushes forward, telling four of the troops they're wounded. The two others are dead.

"Hey, don't be playing, sergeant!" Transue yells as soldiers scramble to help their wounded. "This isn't a joke. You just got killed! I take this (expletive) seriously!"

Transue, 41, of Point Pleasant, N.J., has already served two combat tours in Iraq. Though he's had some close calls with roadside bombs, he said he doesn't mind the thought of going back.

"Why would someone want to go over there again? Because this is what we got in the Army to do," he said. "Each time you go back over there, you see improvements."

Though the 3rd Infantry used all four of its combat brigades during its past two deployments, only the 1st Brigade has been tapped for a possible deployment so far. That's because the Army has reorganized its fighting forces into mix-and-match brigades capable of deploying individually and plugging into various Army commands.

Without knowing for certain when, or even if, they'll return to Iraq, soldiers of the 1st Brigade say the best they can do is make the most of their time at home with their families.

"I thought we might get a year back, but it looks like it may not be that way," said Capt. Matthew Marston, 28, of Sanford, Maine. "I'll be happy if we get Thanksgiving."

43-year-old Army Veteran From Hillsdale Killed In Iraq (AP)

AP, August 15, 2006

HILLSDALE, Mich. The U-S Department of Defense says a 43-year-old soldier from southern Michigan has died while fighting in Iraq.First Sergeant Aaron Jagger of Hillsdale was one of three Army members killed during a roadside bombing in Ramadi last Wednesday.All three were stationed in Friedberg, Germany.Jagger was in his second tour of duty of the war in Iraq.He also served in Kuwait during Operation Desert Storm and in Bosnia.Jagger is survived by his wife and five daughters.The 1980 graduate of Camden High School joined the military not long after receiving his diploma.Jagger is to be buried in Michigan.

A Suspect Iraqi: Do You Fire? (LAT)

By Julian E. Barnes

The Los Angeles Times, August 15, 2006

RAMADI, Iraq — Pfc. Phillip Busenlehner still thinks about his choice. Unbidden, in quiet moments, it creeps into his head.

The 20-year-old Marine from Birmingham, Ala., was standing guard at a combat outpost in central Ramadi when he saw a man 400 yards away.

ADVERTISEMENT"He was popping around the corner, back and forth, back and forth," Busenlehner remembered. "He was observing the post. But that far back, how much could he really be observing?"

Was he trying to figure out if it was safe to move? Or was he plotting an attack? Hand near the trigger, Busenlehner faced the most difficult choice a soldier or Marine must make in a war: to kill, or not?

With insurgents hiding among ordinary Iraqis, that decision often must be made in a split second. The wrong choice could mean a guerrilla gets a chance to lay a roadside bomb that kills more Americans or Iraqi civilians. Or it could mean an innocent Iraqi dies at the hands of Americans and a whole neighborhood turns against U.S. forces, setting back the war effort and putting more insurgents on the street.

Busenlehner, one year into his four-year stint with the Marines, radioed his squad leader. He got permission to shoot. Now, the choice was his.

In another part of the city, near one of the most dangerous intersections in Ramadi — the military calls it "Firecracker" — two squads of Marines gathered in an Iraqi family's living room. The neighborhood had seen some spectacular firefights between insurgents and Americans. It was also a prime area for improvised explosive devices, or IEDs, the roadside bombs that have proved deadly to U.S. troops in Iraq.

The platoon had been visiting families in the area, knocking on doors, trying to collect information and build goodwill, the first step toward trying to take the region back from insurgent domination.

The conversation wound down, but the Marines remained, waiting for other military units to move through the area. The Iraqi homeowner began flipping channels on his television. He settled on an English-language movie with Arabic subtitles. Lt. Ryan Hub, the platoon leader, turned toward the television and groaned. The TV was showing American soldiers pinned down as they were attacked by waves of men with AK-47s and rocket-propelled grenades.

" 'Black Hawk Down,' " said Hub, 25, originally from Calhoun County, S.C. "It's not a good sign, man."

Moments later, Marines on top of the house sent down an urgent message: They had spotted, a few blocks away, two men on another roof that overlooked the Firecracker intersection.

Hub ran upstairs. The Marines' night-vision equipment gave them a clear view of the men. They could be IED triggermen. But the night was hot and many homes in the neighborhood had no power. Families without fuel for their generators stayed cool any way they could. Some chose to sleep on their roofs.

Hub faced a choice.

"It's a difficult decision," Hub said, as his Marines kept watch on the two men. "More than likely if they were to do anything, they would trigger an IED. But there is no way we could confirm that from here. We can't just shoot these two people. And that is one of the problems of urban war."

A poster has been hung at each of the Marine outposts around Ramadi. Titled "Roadmap to Success," the poster outlines the tenets of the fight in Iraq, as the Marine Corps sees them.

"The Iraqi people are not our enemy, but our enemy hides amongst them," the fifth tenet reads.

Below that line, the poster lists two corollaries.

"You have to look at these people as if they are trying to kill you, but you can't treat them that way," one says.

"Be polite, be professional, have a plan to kill everyone you meet," the other says.

Marines in Ramadi sometimes joke that they wish they were fighting in World War II — the Germans at least wore uniforms. Here troops have to look for more subtle clues.

"You can tell a good person from a bad person," said Lance Cpl. Michael Nichols, a 21-year-old member of Kilo Company from Martinsville, Va. "If they are innocent they will cross the alleyway and not look at us."

The toughest calls are the peekers. In Ramadi, soldiers and Marines will see Iraqis peek from behind a building. Are they nervous because they're afraid they could be shot mistakenly? Or are they up to no good? If a Marine waits too long before deciding, the next time the man peeks out from behind the building a rocket may be flying at his guard post.

"This is a thinking-man's job," said Nichols' partner, Lance Cpl. Robert Dean, a 21-year-old from Elkton, Va.

Nichols agreed. "There is no set rule," he said. "You have to have common sense. This place revolves around common sense."

In Ramadi and across Iraq, young men, most of them barely of legal drinking age, are being asked to make what seems to be an impossible decision. The Marines' leaders do not downplay the difficulty. But Capt. Mark Liston, the weapons company commander for the 3rd Battalion, 8th Marine Regiment, said the Marines under him had learned to observe closely and assess quickly.

"The 20-year-old Marine will always amaze you with his ability to put everything in context," Liston said. "It revolves around the bright young man being able to make a decision and accept risk."

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The precise guidelines about when to pull the trigger vary across Ramadi, depending on how violent the area is — and depending on which military unit controls the territory.

In downtown Ramadi, where there are few residents and a great deal of insurgent activity, what constitutes hostile intent is different from that in the residential areas where U.S. forces are trying to make people feel safer. It also depends on what the company commander sets as his unit's mission. Some are trying to kill insurgents. Others are trying to make residents feel more secure.

Around the Firecracker intersection, Lima Company was trying to win over the residents, so Hub's platoon had to tread carefully.

From where Hub was standing, there was no way to tell if the two men on the other rooftop had hostile intentions. So Hub and his platoon made a plan to move quickly and silently through the streets to try to catch the pair.

The Marines ran toward the house, but when they were less than 200 feet away a dog began to bark. We are given away, Hub thought to himself.

Moments later the platoon burst into the home. Two men were sleeping in the living room. The Marines raced upstairs to the roof. No one was there.

There were no blankets or pillows. No evidence anyone was sleeping. A break in the wall around the rooftop would allow easy access to adjoining buildings. There were escape routes and places to get a good view of vehicles driving through the Firecracker intersection.

Cpl. Thomas Wolabaugh, 22, one of the platoon's squad leaders, developed a theory. There was a four-man team. On the adjoining roof, out of view of the first house the Marines were at, one or two people lay down watching the intersection. On the other roof were the two people spotted by the platoon. Those men were the security element, listening for dogs barking and looking for approaching troops, Wolabaugh said.

Hub nodded. The theory seemed right. But it was only theory. Hub was convinced the men were insurgents. He was also convinced he did the right thing by not having his Marines pull the trigger.

"You are so close," Hub said. "You have everything but the concrete evidence. It is very frustrating."

Each day hundreds of such choices are made in Ramadi. Thousands are made in Iraq.

So what choice did Pfc. Busenlehner make when he saw the man looking at the guard post?

"We had two people standing on post," Busenlehner recalled. "He fired the first time and I fired the second time. Both shots hit. And yes, we got him."

Busenlehner's description was almost clinical, as if he was trying to distance himself from the memory.

"After you get the OK, you try to stop thinking of them as a person and start thinking of them as a target," Busenlehner said. "It makes it easier."

The more experienced members of Busenlehner's company say once the choice is made, Marines have to think that way.

"It is a fundamentally dehumanizing act," said Gunnery Sgt. Preston Lambert, a 38-year-old from Maryvale, Ariz. "And at that moment you pull the trigger, you can't look at the target as a person or you won't do it."

Once the man is killed, Marines are trained not to think about it, to shove it into a corner of their minds. Lambert called it compartmentalizing.

Busenlehner never found out whether the man he shot was an insurgent. Officers in Ramadi think retrieving the bodies of people killed from the outposts is not worth risking the lives of Marines.

As the sun began to set over another, quieter guard post in Ramadi, Busenlehner scanned his section of the city. The ethos of the Corps say Marines do not discuss these life-or-death decisions, except perhaps to joke about them. But with the choices it is impossible not to talk about them, not to think about them.

"You really don't try to think about it," Busenlehner said. "But sometimes it does pop into your head and the moment plays out over and over again."

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There was little emotion in his voice, as if indulging his feelings would be dangerous. But the story flowed out of him easily, as if he had been waiting a long time to talk.

Haditha Probe Leaves Marines Wondering (AP)

By Antonio Castaneda

AP, August 15, 2006

A young Marine wonders if his superiors will support him if he shoots at perceived threats. An officer worries that civilians look at his Marines with more suspicion. The proud colonel acknowledges that his Corps has lost stature in the public's eyes.

Allegations that Marines deliberately killed 24 civilians — including women and children — last November in this rebellious city have prompted reactions ranging from shame and anger to disbelief within the Marine Corps.

In this intensely proud service, some say they're being prematurely judged. Others grasp for plausible explanations behind the alleged slaughter.

A Pentagon official said this month that evidence collected in the Nov. 19, 2005 killings supports accusations that U.S. Marines deliberately shot the civilians, including unarmed women and children.

The commander of the 1st Marine Expeditionary Force must eventually endorse the investigation's findings before charges are formally pressed.

Marines don't see themselves as common grunts. Most Marines join their service knowing that America heavily relies on them in ground wars. To some, they are the modern day version of Roman legionnaires, reflected in a famous saying that claims Marines "guard heaven's gates."

If the Haditha allegations are true, it would call into question what Marines consider their strengths: Discipline in the ranks and holding the high moral ground in wartime.

Marines are alleged to have covered up the Haditha killings for weeks. Moreover, the nature of the incident was not discovered internally: The investigation was launched only after Time magazine questioned U.S. commanders about the civilian deaths.

Senior Marine commanders insist the investigation will not damage the Corps irrevocably.

"We're going to come out of this just fine," said Lt. Gen. James Amos, the outgoing commander of the 2nd Marine Expeditionary Force. "I don't know what the investigation is going to say. The truth will come out and the Marine Corps is going to do the right thing. The American people will know the truth."

But on the front lines of the war, grunts and field commanders say the allegations have further complicated a difficult task. About 20,000 Marines are thinly spread out over violent Anbar province, a North Carolina-size area with over a million Sunni Arabs at the forefront of the insurgency.

Cpl. Luis Perez, 22, of Lusby, Md., who is stationed in Ramadi, said the case "kind of makes you want someone higher up to be there to make sure you're completely in the right" when instinct says to fire.

Perez said insurgents in Ramadi had been increasingly firing from mosques to try to "lure us into doing something that we don't want to do."

Commanders in the field have echoed an array of challenges stemming from the Haditha case. Arab television networks have regularly covered the investigation's progress.

"The Iraqi people are going to perceive that everybody does business this way, and that's not the case," said Capt. Andrew Del Gaudio, 30, a New Yorker who leads a company of Marines in Ramadi. "We inherently have a responsibility to apply our craft with humanity ... and to apply a proportionate amount of force to a threat."

Many grunts in the field privately complain that outsiders unfamiliar with the pressures of a counterinsurgency war unfairly condemn the accused men. Some expressed anger at what they considered political attacks directed at the Marines — instead of against policy-makers in Washington.

"Institutionally, it's sad because we've been prejudged by many. Many who have qualms against the (Bush) administration use this," said Col. Juan Ayala, a 26-year veteran of the Marine Corps who now trains the Iraqi army. "You see an institution that you really love taking slaps ... but if guys are guilty of disobeying the law of armed conflict, they should face justice."

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U.S. commanders were concerned enough by the investigation's initial findings to order U.S. troops in Iraq to undergo refresher training in "core values," including how to treat Iraq civilians.

"The core values training that we just completed is one of those things that I think we need to do from time to time again just to make sure we understand the complexity of the environment that we are in, and how our training fits, how our values fit into a different culture," said Maj. Gen. Richard C. Zilmer, the top Marine commander in Iraq.

Other changes have been implemented as a result of the investigation. After a Marine spokesman repeatedly defended the accused Marines — reportedly going as far as to accuse a Time magazine reporter of believing al-Qaida propaganda — official statements now undergo greater scrutiny before they are released.

Some Marines privately speculated that the troops under investigation probably unleashed their anger on civilians who likely knew who planted the bomb that killed a young lance corporal, triggering the bloodletting. In most parts of Iraq, civilians stay silent after insurgent attacks, either out of fear or sympathy for militants.

"We are not tasked with doing something simple," said Del Gaudio — just as a suicide car bomb exploded down the street from his base, shattering windows and wounding four soldiers. A few minutes later Del Gaudio continued.

"I've told my Marines since Day One: I will always stand beside any decision they make. ... Anytime they shoot someone I want them to have a clear conscience," he said. "It is too dangerous to foster that type of (second-guessing) environment. It's inherently a relationship of trust with me and my Marines. I trust that we have trained them the right way."

Since the accused battalion in Haditha was on its third tour in Iraq in three years, some have blamed repeated deployments for sparking the killings. Seven Marines and a sailor from another battalion also on its third Iraq tour are accused of unjustifiably killing a man in the western town of Hamdania. Both battalions took part in the storming of Fallujah in Nov. 2004.

But some have pointed out that the senior officer accused of overseeing the alleged killings in Haditha was only in the third month of his first tour in Iraq. Some commanders contend that multiple deployments were likely not a factor in such incidents.

"These guys enlisted after 9/11. And to a man I'd say they wanted to go to war," said Lt. Col. Patrick Looney, who commanded Marines from the 3rd Battalion, 5th Regiment charged in the Hamdania killing. "They knew they were going to war."

Lawmaker Apologizes To Marines For Remarks (WP)

By Josh White

The Washington Post, August 15, 2006

A Republican congressman apologized yesterday to the Marines under investigation in the killings of two dozen civilians in Haditha, Iraq, last November, saying that statements he made about the case were taken out of context and that he did not mean to imply the Marines were guilty of wrongdoing.

Rep. John Kline (R-Minn.) issued the apology as part of an agreement with lawyers for Marine Staff Sgt. Frank D. Wuterich, who alleged that Kline had damaged Wuterich's reputation.

Wuterich, through his lawyers, has denied any wrongdoing in the Haditha case. None of the Marines involved has been charged.

Wuterich took the unusual step earlier this month of filing a federal lawsuit against Rep. John P. Murtha (D-Pa.), alleging that statements Murtha made about the Haditha deaths were libelous. Murtha said after the lawsuit was filed that he did not mean to prejudge Wuterich, but the representative has not responded to a settlement offer that seeks a similar public apology, according to Wuterich's attorneys, Mark S. Zaid and Neal A. Puckett. The lawyers set last Friday as a deadline for Murtha's response.

Wuterich had threatened to sue Kline as well. But Zaid said yesterday that Kline responded to a settlement request within an hour of its arrival Aug. 4. Kline wrote that news outlets used incomplete statements that gave the false impression that he had concluded the Marines broke the law.

"I am, of course, very concerned regarding any allegations surrounding misconduct by U.S. troops in Iraq," Kline wrote in his statement. "Such allegations must be taken seriously, but we should never rush to judgment before all the facts are known and the military criminal justice process is completed."

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Kline, a member of the House Armed Services Committee, said he was briefed on Haditha by Marine Brig. Gen. John F. Kelly, the legislative assistant to the Marine commandant. At the time of the briefings, the official investigations were not complete, and Kline emphasized that "conclusions have not been reached."

"As a retired Colonel in the U.S. Marines, I am especially proud of the sacrifices our men and women make day in and day out, especially in combat situations," Kline wrote. "And as a Marine officer, I would never want to publicly insinuate, implicitly or explicitly, that I have prejudged what took place that day on the battlefield or afterwards."

Sunni Speaker Faces Ouster Attempt (AP)

By Qassim Abdul-Zahra, Associated Press Writer

AP, August 15, 2006

Shiite and Kurdish parties are organizing a bid to oust the Sunni parliament speaker whose comments about the insurgency and regional self-rule have angered and embarrassed key political groups.

The ouster of Mahmoud al-Mashhadani, which could be done by a vote when the parliament returns from its summer recess Sept. 1, would be the first major shake-up in the government of national unity that took office last May.

However, it is likely that al-Mashhadani would be replaced by another Sunni Arab if the move against him succeeds.

Shiite and Kurdish parties already have informed al-Mashhadani's Iraqi Accordance Front that they want him replaced, Kurdish politician Mahmoud Othman said.

"The parliament and the major alliances have the right to request a change," Othman said. "The Accordance Front should nominate someone else. There's been an agreement about that."

Key politicians from the Shiite United Iraqi Alliance confirmed Othman's comments, but they spoke on condition of anonymity because they did not want the move to be seen as Shiite-inspired.

Since taking office in May, al-Mashhadani has spoken out against regional self-rule, strongly supported by Shiites and Kurds but opposed by many Sunni Arabs.

He told reporters last month that if the government refused to grant amnesty to Sunni insurgents who killed Americans, "we should punish the American soldiers who killed an Iraqi who fought against occupation."

"In my point of view, the person who killed Americans in defense of his country, in other countries, they would build a statue for him," al-Mashhadani added.

He also told reporters that "the Jews" were financing acts of violence in Iraq in order to discredit Islamic religious parties that control parliament and the government.

"Some people say, `We saw you beheading, kidnappings and killing. In the end we even started kidnapping women who are our honor,'" al-Mashhadani said. "These acts are not the work of Iraqis. I am sure that he who does this is a Jew and the son of a Jew."

Wael Abdul Latif, spokesman for the secular bloc of former Prime Minister Ayad Allawi, said his group also opposed al-Mashhadani because he "is disrespectful."

"His presence does not help the security situation in Iraq," Abdul Latif said. "He wants to dismiss the will of the people, which has been expressed by the Iraqis through their support to federalism in the constitution."

Salim Abdullah, a member of al-Mashhadani's alliance, said he was aware of displeasure with the speaker and indicated his group would not mount a major fight to retain him in the post.

"The Iraqi street wants stability. I do not support change, but I cannot support him staying if that's going to have a negative effect," he said. "We respect the choices of other alliances, and we are reviewing alternatives."

Speaker Of Iraqi Parliament May Step Down (NYT)

By Edward Wong

The New York Times, August 15, 2006

BAGHDAD, Iraq, Aug. 14 — The speaker of Parliament said Monday that he was considering stepping down because of bitter enmity from Kurdish and Shiite political blocs, revealing the first major crack in Iraq's fragile unity government since it was formed nearly three months ago.

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The speaker, Mahmoud al-Mashhadani, is the third-ranking official in Iraq and a conservative Sunni Arab. Shiite and Kurdish legislators have banded together to try to push him out, mainly because he is considered too radical.

Since taking office in late May, Mr. Mashhadani has publicly praised the Sunni insurgency, called the Americans "butchers" and denounced the idea of carving up Iraq into autonomous regions, which the Kurds and some Shiites support.

"Maybe now is the best time for me to withdraw," Mr. Mashhadani said in a telephone interview. "My hand won't be stained as they want it to be stained."

The replacement of Mr. Mashhadani would represent the first upheaval in the new Shiite-led government since it was installed on May 20. In the weeks since, Iraqis have been growing more and more disillusioned with their leaders as sectarian violence has soared and basic services like electricity and water continue to lag. The executive offices and the 275-seat Parliament are split mostly among the major Shiite, Sunni Arab and Kurdish political blocs.

An American military spokesman, Maj. Gen. William B. Caldwell IV, told reporters on Monday that some Shiite militias were receiving weapons from individuals or groups in Iran and undergoing training there.

It is unclear, however, whether the Iranian government is directly involved, he said at a news conference. "We do know that weapons have been provided and I.E.D. technology been made available to these extremist elements," General Caldwell said, using the military's abbreviation for improvised explosive devices, or homemade bombs.

Separately, General Caldwell said 57 Iraqis in southern Baghdad were killed Sunday in a gas main explosion and not by bombs, mortars or rockets, as Iraqi security officials had previously reported. He said an American explosives team came to that conclusion after examining the site on Monday.

The American ambassador, Zalmay Khalilzad, said Friday in an interview at his home that Iran had been encouraging Shiite militias to attack the American-led forces in retaliation for American backing of Israel's military campaign against Hezbollah in Lebanon. Iran, governed by Shiites, supports Hezbollah, the Lebanese Shiite militia.

The Iraqi Parliament's bylaws provide that the speaker can be replaced if an absolute majority of the members — 138 — approve of the ouster. The Parliament is in recess for August, but a Kurdish legislator, Mahmoud Othman, said a special session might be called to vote on Mr. Mashhadani.

The move to replace Mr. Mashhadani could infuriate some Sunni Arabs in the government. But several legislators said in interviews that the main Sunni Arab bloc, the Iraqi Consensus Front, would be allowed to retain the speaker position, provided it found an acceptable replacement. Mr. Mashhadani said he would stay in Parliament even if forced to step down as speaker.

One member of the bloc, Salim Abdullah, said some Sunni legislators were open to nominating another speaker. "This is the time when we need someone to be more active and more acceptable to the political blocs," he said.

Mr. Othman, the Kurdish legislator, said many Kurdish and Shiite politicians believe Mr. Mashhadani's proclamations had been "extreme" and "might endanger the situation."

During talks over the new government in spring, Mr. Mashhadani was not the first candidate for speaker presented by the Iraqi Consensus Front. The bloc's top candidate, Tariq al-Hashemi, now a vice president, was rejected by the Shiites as being too sectarian. Another Sunni leader, Adnan al-Dulaimi, was also shut out.

Mr. Mashhadani's strong stand against regional autonomy has angered Abdul-Aziz al-Hakim, one of the most powerful Shiite leaders, Mr. Othman said. The Sunni Arabs, who make up a fifth of the population, are generally wary of autonomy because they suspect that the Kurds and the Shiites will hoard oil wealth in their regions. The majority Sunni provinces in Iraq have little oil compared to the Kurdish north or Shiite south.

Mr. Mashhadani has also infuriated American officials. Many took note of a speech he gave July 22 in which he said, "The U.S. occupation is the work of butchers."

That same day, Mr. Mashhadani defended guerrillas who attack Americans, "I personally think whoever kills an American soldier in defense of his country would have a statue built for him in that country."

Days later, when Prime Minister Nuri Kamal al-Maliki visited Washington, Congressional leaders pressed him to chastise or remove Mr. Mashhadani. Ambassador Khalilzad met with Mr. Mashhadani in the ambassador's home last Friday.

At his afternoon news conference in Baghdad, General Caldwell, the military spokesman, said Shiite militias here had received training through a "third element" associated with Iran, but declined to give details.

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He added: “We do believe that some Shiite elements have been in Iran, receiving training. But the degree to which this is known and endorsed by the government of Iran is uncertain.” The general also said Monday that the military had “made no direct connection with anything involving” Hezbollah yet.

Mr. Khalilzad said in his interview last Friday that mortar and rocket attacks on the fortified Green Zone have surged recently because of Iranian encouragement of the militias, which are splinter groups of the Mahdi Army. He also said Iran could foment more violence as it faces off with the United States and United Nations over its nuclear weapons program at the end of August.

Four Australian soldiers were wounded Monday morning by a rocket attack inside the Green Zone, military officials said.

Sectarian violence continued in Baghdad on Monday. Two car bombs killed at least two people and wounded four others. Another car bomb killed one person and wounded three.

In Kirkuk, gunmen assassinated Sheik Badr Hashim al-Uboudi, a member of a leading Shiite political party. The sheik had spoken out against Kurdish attempts to annex Kirkuk to the autonomous region of Iraqi Kurdistan.

Baghdad's Cinemas Falling Casualty To War (WP)

By Joshua Partlow

The Washington Post, August 15, 2006

BAGHDAD -- He was the libidinous modeling agent afraid of commitment. She was the tango teacher searching for love. But all their heartache was forgotten in the final scene, as he reached for her hand and asked, "Shall we dance?" while the camera slowly pulled away over their festive Egyptian wedding.

"No, no, wasn't very good," Thiah Isan said dismissively, as the lights came on in Baghdad's largest movie theater after the recent matinee showing of "The Ladder and the Snake," an Egyptian film. "It's a story about love -- some boyfriend, meets a girl, she wants to get married, he doesn't."

"I am always lonely," he added.

In the capital of this warring country, where days beat to the percussion of bombings and gunfire and nights are spent locked down under a citywide curfew, Baghdad's remaining moviegoers are all lonely souls. The showing at the cavernous Semiramis cinema, with its 1,800 red velvet seats and two balconies, attracted just 11 people, each of them sitting by themselves.

"People like me are starting to feel ashamed of coming over here. Because of the violent situation, they think you are a carefree person if you go to the cinema in such conditions," said Ali Hussein, 49, a cosmetics wholesaler unemployed since his office burned down six months ago. "But some people feel more secure here than in the cafes and restaurants, which are being blown up."

Most of the city's once-popular movie theaters have shut down for lack of business. Those that remain open save money by replaying the same films. As with art and music and theater in Baghdad, going to movies is a cultural luxury losing out to the daily killing.

"There are more stories worthy to become movies in Iraq than there is oil in this country," said Ziad Turkey, the cinematographer of "Underexposure," Iraq's first post-invasion feature-length film. "But we don't have an audience. All that we have, the movie houses, are merely buildings. They are not theaters."

At Semiramis, in central Baghdad, moviegoers used to line up off of Sadoun Street to watch one of seven daily films, said an employee who feared to give his name. Now, in addition to the Egyptian movie, there are three choices: Jackie Chan's "Thunderbolt," Jet Li's "Hero" and Wes Craven's Baghdad-appropriate effort "Scream." All were released before the U.S.-led invasion in 2003. The owners can no longer afford to import the latest films.

So the Semiramis shows about 60 old films over and over again. Once open until midnight, it now closes at 2:30 p.m. Only three of its 10 employees still have jobs.

"Now, no one is in the mood even to watch a movie on TV because your mind is busy and tired," said the employee. "In a month or two from now, we will definitely be closed. What else can we do? By the end of the year, there will not be one cinema left in all of Iraq."

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Iraq's film industry has languished for years, first under the censorship of President Saddam Hussein, then under the post-Persian Gulf War international embargo that prohibited the importation of moviemaking equipment. The three-year-old war and escalating sectarian violence have taken care of the rest.

"We are aimless, hopeless. Nobody cares about artistic activity. The most important thing is the foolish religious activity, and the activity of killing," said Qasim Sabti, a painter and the owner of the Dialogue Gallery in northern Baghdad, one of the few remaining gathering places for artists, actors and writers. "There is only black now. No colors. Nobody believes in the future."

When actor Basher Al Majed, 44, signed on to the cast of "Ahlaam" to play a haunted former Iraqi soldier who wanders the halls of a Baghdad psychiatric ward and the city's bombed-out streets, he realized he would be risking his life.

"I personally did not sign a contract with the director to be the actor of the movie as much as I signed my own death certificate," he said.

While filming one scene, U.S. helicopters swarmed overhead. Fearing an attack, the crew waived white clothes and wrote on the ground in large letters in English: "We are a film crew," Majed said. Three months into the filming in 2004, the crew was captured by gunmen in Baghdad. The audio technician was shot in the leg, Majed said. The crew spent a week in captivity before being turned over to American soldiers at Baghdad International Airport and was eventually released.

"Ahlaam" was developed in Beirut, edited in London, and has been shown at several film festivals, though never in Iraq. At the Brooklyn International Film Festival this year, Majed won best actor, an accolade he learned about only after looking on the Internet, because he couldn't leave Iraq to attend the festival.

Majed, who spent 12 years as a political prisoner under Hussein, is now a student at Baghdad's College of Fine Arts. He said he has been reading over another Iraqi script but doesn't know if it's possible to film in Baghdad.

"The idea of carrying a cinematographic camera in the flaming streets of Baghdad is considered suicide," he said.

The desolate recreational landscape that Iraqis find themselves navigating affects all artistic endeavors. For many residents, the violence and nightly curfew mean that staying home watching satellite television programs is the safest option. While Hussein fostered an intellectually repressive atmosphere, his government also paid artists salaries to help produce their work, a benefit that has disappeared.

Artist Qasim Sabti, 53, has not held an exhibition at his gallery for more than a year and resorts to selling his work over the Internet to customers outside Iraq.

"There is an Arab proverb: 'Standing water decays fast,' " he said. "And we've started to decay -- the artists have started to live in a very narrow space."

Sabti spoke in the tree-shaded courtyard of his gallery, as other artists drank lemon tea at white plastic tables under slowly twirling ceiling fans. His gallery's proximity to the Turkish Embassy is his only protection, he said.

"We need a special dialogue, a special message, to tell the others what happened here," he said. "By art, by culture, by sport, not by killing. We are not Bedouins in the desert, we are not guards of oil, we are the people of the two rivers."

At another table sat Karim Wasfi, director of the Iraqi National Symphony Orchestra and the son of one of Iraq's most famous movie stars. His orchestra has endured similar hardships: destroyed concert houses, canceled performances, musicians regularly missing rehearsals. But he remains hopeful, and even plans to start a weekly concert series.

"I hate to use arts and culture for a tool, but it is a tool, you know, considering the situation right now. And I want to use that to give a chance, give hope, and somehow participate in the cultivation of refinement of the society," said Wasfi, a cellist educated at the Indiana University School of Music. "People are hungry for it, they are in real need, they are eager to be part of this process. Even by only attending, by participating, by being an audience, by coming and listening to music."

"I know my cello will not probably stop car bombs," he went on. "But I will still think the sound of the cello, and the sound of the orchestra, and the civilized sound of music, could be, should be, stronger than the sound of the car bomb."

Hostage: The Jill Carroll Story - Part 2 (CSM)

By Jill Carroll And Peter Grier

Christian Science Monitor, August 15, 2006

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When Jill Carroll was nearly 4 years old, her family held a picnic at Kensington Park, a beach and lake recreation area outside Detroit. At one point, her mother, Mary Beth Carroll, realized that Jill had disappeared.

Mary Beth turned around and saw a strange man walking away, his arms extended as if he were a fork lift. His cargo was Jill, who was lying on her back, screaming and punching.

When Mary Beth caught up to him, the man said he thought the little girl was lost. Only later, after the shock had worn off, did she realize he might have been trying to abduct her daughter.

At least she fought, her mother thought.

Mary Beth Carroll took some comfort from this memory after her daughter was seized in Baghdad. Jill would be terrified, Mary Beth believed. But she would not cower.

Mary Beth, a retired high school teacher, lives in Evanston, Ill. On the morning of Jan. 7, she was in Minneapolis visiting her parents.

Her cellphone rang at 5:30 a.m., rousing her from sleep. A woman from the State Department was on the line. She was sympathetic but direct. "Steel yourself, Mrs. Carroll," she said. "Your daughter has been abducted and her translator killed."

Mary Beth called Jill's twin sister, Katie, and other family members, then quickly showered and dressed.

An hour or so later, Marshall Ingwerson, managing editor of the Monitor, reached her. Calmly, Mary Beth told him that Jill could think on her feet and was probably smarter (with an IQ of 140) than her kidnappers.

Mr. Ingwerson thought Jill's mother was incredibly strong and was trying to comfort him. But she was really trying to comfort herself.

The first day, she thought she'd never sleep again. But she was so on edge that her body became exhausted. Jim Carroll, Jill's father who lives in North Carolina, experienced the same phenomenon. The whole ordeal was grueling, but even on the worst days, sleep came quickly for most of the family.

- P.G.

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I spent my first full day of captivity sitting in a plastic chair in the second-floor bedroom of a house in Baghdad, while the sound of gunfire echoed around me.

I kept thinking, it's just Baghdad, that's the way it is. But the shooting, which had begun the night before, went on all day. Some of it was close.

Around dusk Abu Rasha, the No. 2 in charge and owner of the house, came into the room. He looked exhausted.

"I'm very, very tired, all day I'm fighting with the soldiers," he said. Then he made a ggggg-ggg sound, in imitation of an automatic weapon.

He sat down on the bed and sighed.

"They're right here. They're very near," he said. "Why, Jill? Why are the soldiers here? Why are the soldiers so near here?"

The question was an accusation.

I realized he thought I was somehow telling the US military where I was. For my own safety, I needed to make him see I was very upset by that idea.

"I don't know! I don't know!" I said, my voice rising.

"You don't have a mobile phone?" he said. "Maybe in your hair?"

I ripped off my head scarf and shook my hair loose. This was completely inappropriate behavior that would normally have deeply offended a Muslim man as apparently devout as he, but I was desperate.

His hands went through my hair, checking my scalp for whatever he imagined I might have hidden there. Finally, he was satisfied. He left the room.

I collapsed into the plastic chair and started to cry, silently, afraid he would be angry if he heard me.

But suddenly he returned. He rushed over, grabbed my hand, and knelt next to me.

"I'm so sorry. No, Jill, don't cry. I'm so, so, so sorry," he said, emphatically. "No, no, I'm sorry, I'm sorry. I'm your brother."

He was overwrought. Why should he care if I was upset? He'd kidnapped me, after all.

I knew I had just learned something important, something that might help me get through whatever was to come.

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The next day I was told that US and Iraqi soldiers had raided the Um al-Qura Mosque - just a mile from Adnan al-Dulaimi's office.

Much later, I learned that the raid was prompted by a tip from an Iraqi civilian about my location. It was the closest US forces would come to rescuing me over the next three months.

• • •

In the first minutes of my kidnapping the insurgents, who had seized me and killed Alan, seemed shocked at their success. They didn't appear to have a plan for what to do next.

But in the days that followed, a pattern developed that held throughout my captivity.

I was moved often. They provided me meals that Iraqis would think fit for guests, as well as small luxuries such as expensive toiletries.

Yet I was a prisoner. My captors would unexpectedly explode with bitter accusations that I was a spy, or Jewish, or hiding a homing device. They'd boast about their exploits fighting - and once sharing a meal - with American soldiers while I was in captivity.

In response, my mood would veer wildly. One moment I'd be sure they were going to kill me. The next I'd think they were going to let me go, that it was only a matter of time.

Overall, I just wanted it to be over with, whatever "it" was going to be. I remember being in a hurry to get done with it from the moment it began.

• • •

That first day, they were spooked by how close the soldiers had come to finding me. Abu Rasha said they had to move to the house of Abu Ali, his "brother." I thought he meant his real brother. Later, I realized this was just a reference to a fellow mujahideen.

Abu Rasha packed my stuff for me, but forgot to put in the toothpaste and shampoo they'd given me the night before. I thought, maybe there's a reason he didn't put them in - desperately overanalyzing everything. I asked about them, and he put them in the bag.

Abu Rasha removed my glasses (I'd found the missing lens in the car) and put two black scarves over my head and face so I wouldn't be able to see where they were taking me. Hanging onto his arm, I stumbled blindly out of the house and into a car, trying to suck fresh air through the suffocating layers of black polyester.

After a short drive we switched cars, and I cowered, motionless in the strange, new back seat. Soon I realized that there were children next to me, and men in the front seat.

A cassette blared a recitation of the Koran and every few minutes the nervous men would mutter "Allahu Akbar, Allahu Akbar," as we drove through the darkness.

Then one of them said in Arabic, "What are you? What are you?"

A tiny voice next to me replied, "I'm a mujahid," a holy warrior.

It was a boy - I'd learn that his name was Ismael, and he was 5 years old. Just a child, already indoctrinated.

After some 20 minutes, the car stopped and a woman's gloved hand grasped mine, guiding me out of the car and into a house. My heart was racing; the adrenaline hadn't stopped in 24 hours. Barely a day had passed and I was a broken, quivering, fearful shell.

She lifted the scarves. In a rush of air and light I saw her face, smiling and welcoming in a sitting room lined with cushions. Abu Rasha entered, and the woman flipped down a black scarf on her head, covering all but her eyes.

"This is Um Ali and this is Abu Ali," Abu Rasha told me, smiling. Um is Arabic for mother, Abu is father. But all my captors' names were fake, as each adopted a nom de guerre in my presence.

I looked to the left to a rotund man with a stubbly salt-and-pepper beard and grandfatherly eyes. He was smiling, too, and looked friendly.

"Do you know Abu Ali?" said Abu Rasha. "Do you know him from yesterday?"

"No," I said.

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I looked at him again - and then I did know who he was. He was the man that held the gun on Adnan, my driver, during my abduction - the fat guy with the beard.

"Oh no," I thought to myself. This was not OK.

In Afghanistan, Lamenting Refuge For Militants Across Border (NYT)

By Carlotta Gall

The New York Times, August 15, 2006

SHARANA, Afghanistan, Aug. 11 — In the memorial garden at the American military base in this dusty provincial town, the names of four Afghans — a soldier, two policemen and an intelligence officer — were recently added to the list of American soldiers who have died here since 2002.

The names are a sign that Afghan government forces are now bearing more of the burden for security in this eastern province, Paktika.

But they are also an indicator of how, in the nearly five years since Al Qaeda and the Taliban were chased from Afghanistan, the groups have continued operating from bases just across the border in Pakistan.

While the terrorist scare in London last week provided a fresh reminder to the United States and its allies of the threat from militant groups that have made Pakistan their home, the soldiers here did not need reminding. That threat has been constant, and it has largely frustrated American efforts to rebuild the country and bring peace and stability.

In Paktika itself, there are a few remote places where the Taliban have a foothold. Most of the insurgents filter across the border repeatedly from Pakistan, military commanders here said.

[On Sunday, five soldiers of the Afghan National Army were killed and six wounded in fierce fighting on Paktika's border, the United States-led coalition reported. The clash, with a group of up to 20 insurgents occurred at Bormol, a frequent crossing point for insurgents.]

"The enemy is fighting hard, and we have to fight harder," the commander of the American-led coalition forces in Afghanistan, Lt. Gen. Karl Eikenberry, told a unit of Afghan National Army soldiers on Friday as he toured their new, half-built barracks here.

"Since the fall of the Taliban, things have got better, but they are still hard," he added. "In the next 10 years things will get better, but things will still be hard."

Military and government officials in Afghanistan say they are resigned to the fact that establishing security and defeating the insurgency is going to take years, partly because the insurgents continue to enjoy a refuge in Pakistan's turbulent tribal areas. Pakistani government efforts to combat them have largely failed.

"There is deep concern about the cross-border insurgency among Afghans and the international community," said Samina Ahmed, the director of the International Crisis Group in Pakistan, an independent policy analysis group.

For their part, Afghans see that they still have much left to do, such as setting up and improving government administration in the rural areas and furthering reconstruction and security. But they also want to see more pressure on Pakistan, Ms. Ahmed said.

The issue has created tensions between Afghanistan's president, Hamid Karzai, and Pervez Musharraf, the leader of Pakistan, who accuse each other of not doing more to contain militants in the region.

General Eikenberry would not comment on the cross-border problems because of the political nature of the issue.

During a day visit by helicopter to Sharana, the provincial capital, he pushed the mixed strategy that has been the hallmark of his two years in command in Afghanistan: encouraging American and Afghan soldiers who are doing the fighting and training, while urging Afghan government officials to do a better job in serving their people.

As much the politician as the military commander, he brought a group of Afghan ministers and communications officials with him. He shook hands and chatted with shopkeepers in the bazaar and spoke at the opening of a new government communications department.

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"Now there is a cellphone service, you should ask the ministers here for their telephone numbers so that you can call them directly," he told assembled elders during a visit to Sharana, the provincial capital. "But make sure you get the correct telephone numbers."

"In four years the amount of change here is extraordinary," he told them. He promised continued American commitment to bringing security and development to the province, which is one of the most impoverished in Afghanistan.

In an interview afterward, he conceded that one of Paktika Province's 22 districts still remained outside government control, and that Taliban insurgents had the run of remote mountain areas where the rugged terrain and lack of roads have made it virtually impossible for the government to establish a presence.

"Where there are no roads, and no current funding, that is exactly the area where the Taliban is," he said.

The provincial governor, Muhammad Akram Khapalwak, 35, in the job for only five months, said that two months ago things were far more perilous. American military units had been diverted to Helmand, new Afghan army units were rotating in and the police were still weak.

"We suffered a lot of problems two months ago," he told General Eikenberry in a meeting. "Now we are stronger. We are able to attack the Taliban."

There are other provinces in the south where the government's hold remains precarious, General Eikenberry conceded.

Taliban insurgents have swarmed in large numbers into neighboring Ghazni, which lies just three hours from the capital, Kabul, and in the provinces of Helmand, Kandahar and Uruzgan, where newly arrived NATO forces have taken casualties from a stronger-than-expected insurgent force.

"In those hard-to-get-to areas, we need a security presence and then good governance," General Eikenberry said. The money, men and time needed to bring just this one province to order are significant, he said.

"But ask me, 'Is the government of Afghanistan winning?' I'd say 'Yeah, there is steady progress.' "

Case Shows Terror-War Complications (WSJ)

By Shahid Shah

The Wall Street Journal, August 15, 2006

Pakistan's cooperation in foiling last week's terror plot shows the benefits to the U.S. of good relations with its South Asian ally. But the case of Safdar Sarki shows that such ties also have complications.

Mr. Sarki, a Pakistan-born American citizen, disappeared in Karachi in February, two days before he planned to fly home to El Campo, Texas. For years, Mr. Sarki had been an advocate for Sindhis, the indigenous residents of a southeastern province of Pakistan, who claim they have suffered political and economic discrimination since the 1947 creation of India and Pakistan.

Mr. Sarki, 42 years old, is one of hundreds of political activists who have gone missing in Pakistan over the past decade. The Human Rights Commission of Pakistan, a nongovernmental organization that tracks human-rights issues, says 57 political activists have "disappeared" in the past two years, including prominent figures such as Asif Baladi, a young scholar, and Nawaz Zaunr, a journalist and poet. When asked about the claim of such "disappearances," the spokesman for Pakistan's embassy in Washington said authorities in Pakistan are investigating the cases but have no information on them.

Mr. Sarki's case is different largely because it has drawn the attention of the State Department and some members of Congress. It illustrates a strain that persists as President Bush works to strengthen America's relationship with Pakistan.

Mr. Bush is advocating the spread of democracy around the world, and Pakistan's president, Gen. Pervez Musharraf, who seized power in a coup, is an example of the kind of leader Mr. Bush has criticized. The disappearances of Mr. Sarki and others are an aspect of Islamabad's human-rights record that the Bush administration has termed troubling.

The State Department earlier this year issued a report stating that Gen. Musharraf's "human-rights record was poor, and serious problems remained." The document listed practices such as "arbitrary arrest, and lengthy pretrial detention," as well as "extrajudicial killings, torture, and rape." At the time, Pakistan's foreign ministry rejected the claims and said the report was "unwarranted" and lacked objectivity.

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But while Washington periodically highlights such practices, it has tried to balance them -- especially since Sept. 11, 2001 -- against the need for cooperation from Gen. Musharraf in monitoring and battling terrorists, many of whom, as last week's events in the United Kingdom showed, continue to operate in Pakistan.

The U.S. government hasn't made a big issue about the disappearance of a U.S. citizen, but it isn't ignoring the case. Through the spring and summer, the Sarki family has enlisted help on Capitol Hill and at the State Department. Rep. Sheila Jackson Lee, a Texas Democrat and co-chairman of the Congressional Pakistan Caucus, has taken up Mr. Sarki's case, meeting with Pakistan's Ambassador Mahmud Ali Durrani in Washington while her staff has contacted authorities in Pakistan. So far, little information has turned up.

During Mr. Sarki's most recent trip to Pakistan, he had resumed his activism on behalf of Sindhis, with activities including organizing peaceful demonstrations.

His friends and family say they believe Mr. Sarki was abducted by Pakistani law-enforcement officials in response to his protests against the government.

The spokesman for Pakistan's embassy in Washington says Mr. Sarki wasn't abducted by Pakistan authorities and isn't in the custody of the Pakistani government or agencies. The spokesman said authorities are trying to track down what happened and where Mr. Sarki might be.

Mr. Sarki's family and friends say they have little hope of finding the motel owner alive, especially since he was fleeing authorities when he first left Pakistan in 1992. He was charged with crimes in Pakistan twice, though the charges were dismissed. In one case, his vehicle had been used in a 1984 attack on the mayor of Hyderabad in Sindh province. In another, his Karachi apartment was used in a 1990 kidnapping.

A State Department spokesman said recently that U.S. officials have contacted Pakistani authorities for help in locating Mr. Sarki. Officials at the U.S. Consulate in Karachi contacted the local police, while officials from the U.S. Embassy in Islamabad talked to Pakistani authorities in the capital. "We have been in touch with [Pakistani authorities] at numerous times," one U.S. official said. Their response thus far: They don't know what happened to Mr. Sarki.

On the day he was abducted, Mr. Sarki had arranged a meeting at his sister's apartment, where he had been staying about six months, according to Muneer Sarki, a relative who was serving as his driver. Muneer Sarki told family members that before Safdar Sarki's visitor arrived, he left to buy groceries, and when he returned, six vehicles, including two police vehicles, were on the street in front of the apartment. Muneer Sarki says he saw "agency people" beating Mr. Sarki and his guest -- a man whom neither family members nor eyewitnesses recognized.

In a court appearance this spring in Karachi, authorities denied any involvement. That left the prosecutor in the Sarki disappearance case with little to pursue, especially because both the defense ministry and home ministry submitted statements to the court saying they had no knowledge of Safdar Sarki's disappearance.

Terrorism 'undermining Pakistan' (FT)

By Farhan Bokhari

Financial Times, August 15, 2006

Shaukat Aziz, Pakistan's prime minister, on Monday warned that terrorism threatened to undermine the country and jeopardise its security interests as it works to reverse the legacy of militancy.

His remarks, in a keynote speech marking independence day, appeared to underline the anxieties of officials in Islamabad that Pakistan will suffer from the fact that suspects arrested in connection with the investigation into an alleged attempt to blow up airliners departing from London's Heathrow airport had links to the country.

Pakistan detained at least seven suspected members of the plot, including a British national named Rashid Rauf, who it says had links to al-Qaeda fighters hiding in Afghanistan.

Islamabad has been praised by the UK and the US for its efforts in helping thwart what could have been the worst terrorist attack ever.

But diplomats warned that the arrest of the suspects in Pakistan was a reminder of how the country still needed to cut itself loose from ties to terrorist groups.

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"Today the world is engulfed by terrorism. Pakistan is fighting this challenge along with the world community. It is a threat for Pakistan's development and stability," said Mr Aziz.

"We took certain steps to tackle these challenges and got fruitful results," he said in an apparent reference to Pakistan's support for the US-led "war on terror".

Western diplomats said UK-Pakistan joint investigations were continuing over the Heathrow plot and there might be further revelations and more arrests in either of the two countries. So far, Pakistan has only confirmed Mr Rauf's arrest among UK citizens in its custody, but officials say one or two more British nationals may also be in custody. Between seven and 10 Pakistanis are said to be in custody as well.

Pakistani officials on Monday said Mr Rauf's role was central to the plot and his visit to Pakistan might have been to oversee the supply of key information from an al-Qaeda cell based in southern Afghanistan to UK-based accomplices, such as the technical details of the use of explosives use.

Opinion, however, remains divided over the extent to which he was able to successfully deliver information from his sources in Afghanistan to contacts in the UK, including those planning to carry out the attacks.

"The extent to which information actually flowed to the UK end and how much of that was actually used remains an important subject for investigators," said a senior Pakistani official.

"There was enough information found on Rashid Rauf to prompt his arrest and the detentions of others, but the bit by bit account of where we all stood last Thursday and how far these people had progressed, is under investigation."

In a related development, Pakistani officials said they had compiled details of land routes some of the suspects planned to take on their journey to the southern Afghanistan city of Kandahar to meet members of the al-Qaeda cell.

During the planned visits, the suspects intended to go over details of the use of explosives, officials said.

Without revealing the stage at which the arrests took place, the senior Pakistani official said: "These people had not crossed the border yet but their intentions were known to us. They were caught in time before they could enter Afghanistan."

Polio Cases Rise In Afghan South (NYT)

By Abdul Waheed Wafa

The New York Times, August 15, 2006

KABUL, Afghanistan, Aug. 14 — The number of polio cases in Afghanistan has increased substantially in recent months, health officials said Monday. They attributed the rise to growing violence in the south that has hampered vaccination.

Health officials said they had identified at least 25 cases of polio so far this year, compared with 9 in all of 2005; a 26th case is suspected.

Dr. Abdullah Fahim, an adviser to the health minister, said inoculation campaigns across the country since 1995 had brought the annual number of cases into the single digits. The inoculations were conducted during the wars of the 1990's and under the Taliban government, which was ousted in late 2001. Officials had seen the reduction as a sign that polio might be eliminated in Afghanistan.

The new cases have been concentrated in five southern provinces where heavy fighting between insurgents and Afghan and international forces has prevented twice-yearly vaccination programs. The insurgents have threatened and killed health officials, making movement extremely difficult.

"We are really concerned as we face polio cases again in five provinces," said Dr. Shukrullah Wahidi, director of the polio eradication program at the Ministry of Health. "We had made great achievements since the year 2000, as we had 120 cases at that time.'' Vaccination coverage was 97 percent in 2005, but dropped to 90 percent in 2006, he said.

There have been 30 attacks on health workers in 2005 and 2006, Dr. Fahim said.

CORPORATE SCANDALS:

U.S. Wants Ex-Enron Chief To Pay Lay's Share, Too (NYT)

By Alexei Barrionuevo

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The New York Times, August 15, 2006

Federal prosecutors say Jeffrey K. Skilling, the former Enron chief executive, is liable not only for his own ill-gotten gains but also for those of the late Kenneth L. Lay.

In a court filing on Friday in Houston, the government said Mr. Skilling, 52, was liable for the criminal "proceeds attributable to all co-conspirators, indicted or unindicted," including Mr. Lay.

Sean Berkowitz, the director of the Justice Department's Enron Task Force, wrote in the filing that the government had shown a conservative approach by not going after Mr. Skilling for additional forfeiture from the other conspirators.

The government made a request on Friday that Judge Simeon T. Lake III of Federal District Court in Houston enter a $182.8 million judgment against Mr. Skilling, who was convicted in May on 18 counts of fraud and conspiracy and one count of insider trading. Enron, the former energy-trading giant, collapsed into bankruptcy in December 2001.

Legal experts who did not participate in the case agreed that a fellow conspirator could be held liable in a fraud case for the gains earned from the same conspiracy. But some lawyers called the government's request for a money judgment against Mr. Skilling controversial because it was based on racketeering statutes, which were not part of the Enron case against him and Mr. Lay.

"The government is clearly mixing apples and oranges to get to a desired result, which is to punish the defense for strenuously arguing Skilling's case," Joel Androphy, a Houston lawyer specializing in white-collar cases, said.

At issue is the disposal of Mr. Skilling's remaining assets, which are far outweighed by his legal liabilities.

"This is a battle not between Skilling and the government," Mr. Androphy said, "but between the government and Skilling's lawyers as to who has first right to his assets in the United States."

In June, prosecutors first issued their request for a money judgment against the two former chief executives, asking for $139.3 million from Mr. Skilling and $43.5 million from Mr. Lay. Less than a week after the request, on July 5, Mr. Lay died of heart problems while in Colorado. He was 64. He had been scheduled to be sentenced along with Mr. Skilling in October. Both men were expected to receive sentences of at least 15 years in federal prison.

While Mr. Lay's death essentially vacated the guilty verdicts against him, prosecutors say it did nothing to eliminate the criminal proceeds he had generated, as established in the 56-day trial.

Mr. Lay testified that he had been essentially wiped out financially when Enron's stock became worthless. He was struggling to pay his lawyers and faced tens of millions of dollars in civil liability.

Now the government is looking to the deeper pockets of Mr. Skilling. Prosecutors say Mr. Skilling has $55 million in assets, most of it tied up in municipal bonds that are frozen under a government seizure order. Mr. Skilling has argued that much of that money is owed to his lawyers.

In a court filing last month, the Los Angeles law firm that represented Mr. Skilling, O'Melveny & Myers, said that it was still owed more than $30 million in legal fees. Mr. Skilling initially paid the firm $23 million before the trial began in late January.

"They are overreaching, as the string of reversals from the appellate courts confirms," Daniel Petrocelli, Mr. Skilling's lead lawyer at trial, said in an e-mail message, referring to recent decisions to overturn some verdicts in other Enron-related cases.

Before the government could go after Mr. Skilling for Mr. Lay's portion of the criminal proceeds, Judge Lake would have to agree to issue a money judgment. That is already proving controversial in Houston legal circles, since the Federal Court of Appeals for the Fifth Circuit, in New Orleans, has yet to address money judgments in nonracketeering cases.

Mr. Androphy said he thought Judge Lake would issue a money judgment of some kind and leave it to the appeals courts to determine the law in this area.

Whatever the outcome, Mr. Skilling is "paying the price for electing to go to trial and be convicted, rather than cutting some kind of deal with the government," said Robert Mintz, a criminal defense lawyer and a former federal prosecutor. "In these fraud cases, if you don't win an outright acquittal, the government has all kinds of tools at its disposal to go after you and your money."

Nasdaq Says Monster Not In Compliance (AP)

AP, August 15, 2006

Monster's Delayed Quarterly Statement Puts Company on Nasdaq Non-Compliance List

NEW YORK (AP) -- Monster Worldwide Inc., parent company of jobs site Monster.com, said Monday it was put on notice by the Nasdaq that it was not in compliance with the exchange's listing requirements because of a delay in filing second-quarter financial results.

Monster said it expected the action and that an ongoing internal review into past stock options grants practices is the reason for the delay. The company said it would file its 10-Q quarterly statement with the Securities and Exchange Commission when the investigation is complete.

Monster is also under investigation by the SEC and the Justice Department for its accounting methods in reporting the timing of stock options grants.

The company said it will request a hearing to review the Nasdaq listing issue. Monster shares will continue to trade on the Nasdaq pending the outcome of the hearing.

Shares of Monster closed up 65 cents at $38.79.

HealthSouth Mulls Divesting Divisions (FINDLAW/AP)

By Jay Reeves, Associated Press Writer

AP, August 15, 2006

(AP) - BIRMINGHAM, Ala.-HealthSouth Corp. said Monday it may shed its hallmark rehabilitation business and other segments to focus on post-acute care as it reported declining revenues from a year ago but lower losses.

HealthSouth, which started as an outpatient rehabilitation chain and diversified through a growth period that ended in a huge accounting fraud, said it is considering divesting its outpatient rehabilitation division, its surgery centers and diagnostic division.

The proceeds would be used to pay off debt, and HealthSouth would be left to focus on its inpatient side, which accounted for about 58 percent of its profits for the last quarter.

Second-quarter revenue fell 4 percent to $787.5 million from $818.3 million last year.

The company reported a loss of $51.7 million, or 13 cents per share, from $62.4 million, or 16 cents per share, a year ago. Results for the latest quarter included preferred dividends of $9.2 million.

Analysts surveyed by Thomson Financial expected break-even per share on revenue of $792.2 million.

The company said the improvement resulted from cost controls.

Chief executive Jay Grinney said HealthSouth is considered alternatives including a spinoff or sale of its underperforming divisions. He said HealthSouth will become a "pure play" post-acute company.

"With the aging of our nation's population and the highly fragmented nature of the $125 billion post-acute market, we recognize there are significant growth and consolidation opportunities in the post-acute sector," Grinney said in a statement.

HealthSouth has hired Goldman, Sachs & Co. to assist with the possible divestment, which is expected to take about a year.

Also, the company said it will resubmit to be listed on the New York Stock Exchange, and announced a one-for-five reverse stock split. The company has about 398.2 million outstanding shares that would consolidate into 80 million shares.

The Birmingham-based HealthSouth is struggling to overcome both changes in government reimbursement rules and the lingering effects of a long-running, $2.7 billion accounting fraud.

The report was only the second earnings statement since the company became embroiled in scandal in 2003.

Fifteen former executives pleaded guilty to falsifying financial records, and a 16th was convicted by a jury. HealthSouth founder and longtime CEO Richard Scrushy was ousted, but jurors acquitted him last year on all charges.

Scrushy was subsequently convicted in a government bribery scheme linked to his time at HealthSouth.

Enron Overkill (WSJ)

The Wall Street Journal, August 15, 2006

The Enron scandal has produced numerous convictions, most of them deserved and a suitable warning to other executives who might want to cook their corporate books. But prosecutors have also made a mistake or two themselves, and now they've been embarrassed with a defeat on appeal that deserves more public attention.

Earlier this month, the Fifth Circuit Court of Appeals overturned the convictions of several Merrill Lynch executives accused of helping Enron inflate its earnings. The case is notable as the only one in which the government had criminally charged Enron's alleged enablers from outside banks or brokerages.

If prosecutors hoped to send a message, they have: To wit, beware of prosecutors bearing overbroad legal theories. At the end of 1999, Merrill Lynch bought an interest in three energy-producing barges from Enron, allowing the energy firm to meet its end-of-year earnings targets. An Enron partnership repurchased the barges from Merrill six months later. Prosecutors claimed that the sale was a sham, that Enron had guaranteed Merrill it would repurchase the barges, and that its only purpose was to allow Enron to artificially lift earnings.

The name for this sort of dealing is securities fraud, assuming prosecutors could prove it. That would have been no easy task, however, since the barge deal netted Enron only a penny or so in extra earnings and a jury might not have found this sum "material." So instead the zealous and creative feds charged the Merrill executives with something else: the deprivation of "honest services."

If this sounds vague, welcome to a debate that has raged among prosecutors, courts and Congress for decades. Sometime last century, prosecutors decided that traditional mail and wire fraud statutes -- already some of the broadest laws on the books -- were too limited. So they began arguing that these statutes also implied a right to expect "honest services" from public servants and employees.

Courts accepted this interpretation until the Supreme Court stopped it in its 1987 McNally decision, noting that the term "honest services" appeared nowhere in the U.S. Code. Congress quickly wrote another "honest services" statute, however, and prosecutors have been using it with fervor ever since.

The problem is that no one is really sure what the phrase means. As a candid Justice Department spokesman put it earlier this year, "Prosecutors can take differing views on what a person's honest services should be. There is prosecutorial discretion." That's great for prosecutors, who can employ the statute to fit virtually any business practice. But it's not so great for business folks who find themselves caught in high-profile scandals in which prosecutors want a scalp. "Honest services" is a catch-all statute that can catch just about anyone.

All of which has led to great confusion in the law, as each appellate circuit has marked out its own definitions. In the Merrill case, the Fifth Circuit chose a narrow reading, finding that the four Merrill executives had in fact provided honest services in Enron's interest. More important, said the court, none of the four had done the barge deal with an eye toward personal gain that would have robbed Enron or its shareholders. The four are now free, albeit after having spent about a year in prison on what now looks like a wrongful charge.

In his concurring opinion, Judge Harold DeMoss slammed Congress for putting the courts in this spot. Because the honest services statute was "undeniably vague and ambiguous," he wrote, "our court, and our sister circuits end up doing precisely what most would say we lack the constitutional power to do, that is, define what constitutes criminal conduct on an ex post facto and ad hoc basis." Judge DeMoss added that the statute is so vague as to be unconstitutional, and that at the very least Congress had a duty to provide the "requisite 'minimal guidelines to govern law enforcement.'" The Judge must be an optimist.

In 1925, Judge Learned Hand called the "conspiracy" charge the "darling of the modern prosecutor's nursery," given how often it was employed. Judging by the growing frequency of "honest service" charges, prosecutors have found a new darling. They have been employed against former Illinois Governor George Ryan, former Connecticut Governor John Rowland, former Congressman Duke Cunningham and lobbyist Jack Abramoff, among others. Some of these defendants were convicted of other charges, but Justice pulled out the "honest services" statute just in case. With Congress unlikely to admit its mistake and define the statute any more precisely, the Supreme Court may have to weigh in again.

Justice's Enron Task Force has a good record overall, bringing solid fraud cases and winning some 30 convictions. In the Merrill case, however, it stretched the law to send a political message -- and has now received a well deserved rebuke.

CRIMINAL LAW:

Rodriguez Trial Opens With Grim Details (MINNST)

By Chuck Haga, Star Tribune

Minneapolis Star Tribune, August 15, 2006

With a jury finally seated, prosecutors and defense attorneys gave their opening statements in the death-penalty trial of the man accused of brutally killing Dru Sjodin.

FARGO, N.D. - Alfonso Rodriguez Jr. tied Dru Sjodin's arms behind her back, sexually assaulted her, "stabbed her and sliced her throat, leaving Dru to die in a ditch in the rural countryside," a prosecuting attorney told jurors Monday.

In his opening statement in the first capital punishment trial in North Dakota in a century, Assistant U.S. Attorney Keith Reisenauer said that Sjodin's body was nude "from the waist down" when it was found outside Crookston, Minn., five months after the 22-year-old college student from Pequot Lakes, Minn., was abducted on Nov. 22, 2003, from a mall parking lot in Grand Forks, N.D.

Defense attorney Robert Hoy addressed the court's jurisdiction in his opening statement.

He said that federal prosecutors, "in their zeal to become involved in an already highly publicized case," have brought "the wrong charge in the wrong court."

Prosecutors won't be able to prove beyond a reasonable doubt "when Dru Sjodin died, nor will anyone tell you where she was when she died," he said, and jurors must acquit Rodriguez of the federal charge of kidnapping leading to death if they have a reasonable doubt that she died after she was taken across the state line.

Also, the medical examiner who performed the autopsy the day after Sjodin's body was found was "unable to determine the precise cause of death," Hoy said. It is unclear whether she died from asphyxiation from a plastic bag placed over her head and tied with a rope, the stabbing or slashing wounds, or exposure to subfreezing temperatures.

Acquitting Rodriguez would not necessarily set him free, Hoy said, but would "allow the state authorities ... to shoulder their responsibilities."

If tried and convicted on state murder charges, Rodriguez would not face death. Neither North Dakota nor Minnesota has the death penalty.

A jury of 12 plus four alternates -- eight men and eight women -- was sworn in at the start of Monday's proceedings, then given instructions by U.S. District Judge Ralph Erickson.

Rodriguez, 53, has pleaded not guilty. The trial is expected to take five or six weeks.

After the opening statements, the government called its first five witnesses, including Sjodin's college roommate at the University of North Dakota and a Canadian Air Force pilot who was the roommate's boyfriend in November 2003.

The government's case

Reisenauer said that investigators at the Minnesota Bureau of Criminal Apprehension lab in St. Paul searched Rodriguez's vehicle and found traces of blood on the back window, back seat and seat belts, and DNA tests showed a match with Sjodin.

A separate FBI lab analysis of DNA obtained from a hair found on the coat Sjodin was wearing matched Rodriguez's DNA, he said.

The BCA lab also analyzed fibers taken from Rodriguez's car, boots and gloves and found matches to the pink cotton shirt Sjodin was wearing. Wool fibers from her coat were found in Rodriguez's car. Red and fuchsia acrylic fibers from a blanket seized at Rodriguez's home were found inside Rodriguez's car and on Sjodin's pants, which were discovered later some distance from her body.

Reisenauer also previewed testimony about a knife recovered from Rodriguez's car and a matching knife sheath found near Sjodin's car. He said that Sjodin had cuts or bruises on her neck, arms and face, and "slash wounds to the front of her neck caused by a knife drawn across the neck." There also was a knife wound on her right side.

No eyewitness account

Part of the government's case will rest on circumstantial evidence, "certain facts presented to you in a way that you can piece together a puzzle," Reisenauer said. "You're not going to have an eyewitness account of Mr. Rodriguez kidnapping Dru Sjodin. You're not going to have a videotape. That doesn't exist."

But jurors will hear testimony, he said, that puts Rodriguez near the Columbia Mall at the time Sjodin left after working at the mall's Victoria's Secret store and shopping at another store. They will hear how his alibi failed to check out.

The government will show how these two lives fatally intersected, Reisenauer said, when she was interrupted during a cell phone conversation with her boyfriend, Chris Lang, at 5:04 p.m. "As the call ended, something happened abruptly," Reisenauer said. Lang will testify that Sjodin said "something to the effect of 'OK, OK' and the call ended."

Lang, in Minneapolis, tried about eight times to call Sjodin back. At 7:42 p.m., Reisenauer said, Lang's phone rang. He heard no voices, only scratching sounds, static and beeps.

The call came from Sjodin's phone, which was found near her body, Reisenauer said.

He said Sjodin's roommate called police after she learned that Sjodin had not reported for a 9 p.m. shift at the El Roco Lounge in Grand Forks. Police found her car in the mall lot.

Three days after Sjodin disappeared, Reisenauer said, one of her shoes was found beneath a highway bridge outside Crookston. The other shoe was found near her body, he said.

Sjodin's roommate, Margaret (Meg) Murphy Flategraff, testified Monday that she was able to identify the shoe because "I had been borrowing those shoes from her the previous two weeks."

Flategraff and Danielle Mark -- another friend and sorority sister of Sjodin who testified Monday about steps they took in the first hours of Sjodin's disappearance -- did not look at Rodriguez as they left the courtroom, but each smiled at Sjodin's mother, Linda Walker.

"We gave hugs, said 'Goodbye, see you tomorrow,' " Mark said, testifying about her last conversation with Sjodin, the night before she disappeared.

Sjodin's father, Allan, and other family members also watched Monday's proceedings, as did Rodriguez's mother, Dolores, and his sister, Ileanna Noyes.

Julian White, of Moosejaw, Saskatchewan, who was working in aviation at UND after graduating there and was dating Sjodin's roommate, testified that he talked with Sjodin by phone from Toronto the morning of her disappearance, then returned to Grand Forks that evening. When concern for her grew that night, he drove routes he believed Sjodin would have taken, looking for her car.

"It's part of all of us," White said later outside the courtroom, trying to explain why Sjodin remains such a presence in friends' lives. "She was a bubbly, happy girl," he said. "Everyone loved her."

Federal prosecutors said at the time of Rodriguez's indictment in May 2004 that the crime was premeditated, involved "torture and serious physical abuse," and that Rodriguez "held [Sjodin] for purposes of sexually assaulting her" before killing her "in an especially cruel, heinous and depraved" manner.

Those and other "special findings," spelled out in testimony, will be offered as aggravating factors warranting a penalty of death if he is convicted.

Erickson issued a gag order in June covering all parties, and he sealed many of the 500-plus documents filed by attorneys. He said Monday he will unseal most of the documents now that the jury is sworn, except crime scene and autopsy photographs.

The defense tried earlier but failed to get the government's DNA evidence thrown out. Defense attorneys also tried twice to get the trial moved because of intense community passion about the case. Erickson denied both motions.

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Dru Sjodin's Death Described As Suspect's Trial Opens In North Dakota (STPPP)

By Shannon Prather

The St. Paul Pioneer-Press, August 15, 2006

FARGO, N.D. - The defense attorney for Alfonso Rodriguez all but conceded today that his client probably did cause the death of University of North Dakota student Dru Sjodin nearly three years ago, but that prosecutors can't say how or where she died.

The long-awaited trial for Rodriguez, a convicted level three sex offender, began with opening statements today in U.S. District Court in Fargo. Rodriguez, 53, is facing a federal charge of kidnapping resulting in the death of Sjodin, the 22-year-old university student whose body was found in April 2004 in a ditch near Crookston, Minn.

In his opening statement, Assistant U.S. Attorney Keith Reisenauer said Sjodin was stabbed, bound, and her throat was slashed before she was left to die in a ditch. He said DNA and fibers link Rodriguez to Sjodin's death, but acknowledged there are no witnesses to the kidnapping.

Reisenauer also said Rodriguez' story about his whereabouts during the day of Sjodin's disappearance didn't add up. He had told investigators that he attended a movie that wasn't showing in Grand Forks.

Robert Hoy, the West Fargo attorney representing Rodriguez, said in his opening statements that the Ramsey County Medical Examiner concluded there were three possible causes of Sjodin's death.

One was asphyxiation; a second was slashes to Sjodin's throat, and a third possible cause was exposure to the elements.

Sjodin's body was found with her arms tied behind her, naked from the waist down, and appeared to have a stab wound to her abdomen. The medical examiner also found what appeared to be plastic bag residue around her neck.

Hoy said that if Rodriguez suffocated Sjodin in the Grand Forks parking lot where she was believed to have been abducted, then the federal kidnapping charge for taking the victim across state lines is wrong. The case should be before a state court, and neither North Dakota nor Minnesota has the death penalty.

But in the U.S. attorney's attempt to sidestep state laws, Hoy said the prosecution brought "the wrong charge in the wrong court."

Acquittal would not mean Rodriguez would walk free, Hoy said. It would mean his client would be charged in state court.

Family members for both Sjodin and Rodriguez were in Judge Ralph Erickson's courtroom for the start of the trail. They had been at the court for most of the past three week's for jury selection as well.

While the case is being prosecuted in North Dakota, where Sjodin disappeared, both she and the suspect in her death are from across the Red River of the North in Minnesota. Sjodin was from Pequot Lakes, Minn., and Rodriguez is from Crookston.

Lee Egerstrom can be reached at legerstrom@pioneerpress.com or 651-228-5437.

Trial Begins In Slaying Of N.D. Student (WP/AP)

By Dave Kolpack, The Associated Press

The Washington Post, August 15, 2006

FARGO, N.D. -- A convicted sex offender accused of killing a college student after abducting her from a shopping center went on trial Monday in North Dakota's first death penalty case in more than 100 years.

Alfonso Rodriguez Jr. is charged with kidnapping resulting in the death of 22-year-old University of North Dakota student Dru Sjodin, who disappeared from a Grand Forks mall parking lot in November 2003. He has pleaded not guilty.

A federal prosecutor told jurors in opening statements that Rodriguez stabbed Sjodin, slit her throat and left her to die in a ditch. The defense countered that the case should not be in federal court.

Sjodin's body was found in April 2004, in a ravine near Crookston, Minn., where Rodriguez, 53, was living with his mother.

Prosecutors have said they plan to seek the death penalty if Rodriguez is convicted, making it the first capital punishment case in North Dakota in more than a century. Neither North Dakota nor Minnesota has a state death penalty.

In an indictment, prosecutors have said Rodriguez held Sjodin "for the purpose of sexually assaulting her."

Sjodin died of suffocation, the wound to her neck, or possibly from exposure to the weather, said Assistant U.S. Attorney Keith Reisenauer. He said blood in Rodriguez's car matched Sjodin's DNA, and hair on her coat matched Rodriguez's DNA.

Defense attorney Robert Hoy, in his brief opening statement, did not say Rodriguez is innocent. But he argued that the case should be in state court, not federal court, and that Sjodin died near the Grand Forks parking lot where she disappeared and not in Minnesota.

"Despite all you've heard about this case, it's the wrong charge in the wrong court," Hoy said. Prosecutors, he said, cannot prove "when she died, where she died, or the precise cause of her death."

It took several weeks for a jury to be selected. U.S. District Judge Ralph Erickson warned jurors not to discuss the case outside the courtroom.

In the three years since Sjodin's kidnapping, both Minnesota and North Dakota have made major changes in the way they handle sexual predators, keeping more of them locked up longer and supervising them more closely after they get out.

Ex-GOP State Staffer Challenges FBI Report (MANUL)

By John Distaso, Senior Political Reporter

Manchester Union-Leader, August 15, 2006

A former state Republican Party staffer disputes an FBI report that he may have known about an election day 2002 Republican phone-jamming scheme before it occurred.

Kevin Blier said an FBI report quoted by the New Hampshire Union Leader is incorrect. He said former state party executive director Charles McGee told him about the phone jam on election night, after the scheme had been put into operation and then halted about 90 minutes later "" not before, as the report stated.

The FBI report on its agent's December 2003 interview with McGee was filed in Hillsborough County Superior Court earlier this month in the state Democratic Party's civil suit against the state Republican Party over the phone-jamming incident.

Several FBI interviews were included as an appendices to a motion by state Democratic Party attorney Paul Twomey asking a judge to unseal documents related to an internal state Republican Party probe of the phone jam.

According to the FBI report on its interview with McGee on Dec. 12, 2003, McGee said that after he came up with the idea of blocking Democratic get-out-the-vote lines, "he may have talked with confidants," including Blier, "and (McGee) said he wondered if this was something he could make happen."

In a second passage, the FBI reports, "McGee believes he told" Blier and other staffers "about the idea" before election day.

Blier said yesterday that after reading the Union Leader's initial report on the filing last Friday, he became concerned.

"The inference that I knew about the phone-jamming ahead of time is dead wrong," said Blier, who was the party's paid Rockingham County staff coordinator in 2002. "I deeply resent the insinuation. I knew about it on election night. I knew about it after it had occurred."

Blier said while it is possible that McGee may have been mistaken in what he told the FBI, "I believe the FBI made a mistake in how they reported it.

"The FBI never interviewed me," said Blier. "I know that a lot of people were interviewed or testified, but I was never interviewed or never testified. I knew about it on election night, when Chuck (McGee) told me what had happened."

Blier said state Democratic Party chair Kathy Sullivan, by having court motions filed, "is just trying to get as much mileage as possible from this. Chuck has been remorseful and has apologized and served time in federal prison. There are some people who need to just let this thing go.

"This has been blown way out of proportion," Blier said.

"It's nothing more than a high school prank gone bad. Nobody was denied their right to vote. What other excuse will Kathy Sullivan make for her losses on election day 2002?"

But Sullivan said yesterday that McGee's FBI report shows that phone jam "goes from being the work of one rogue employee to having a number of people with prior knowledge."

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Former SOCom Colonel Gets 15 Months (SPT)

By Carrie Weimar

St. Petersburg Times, August 15, 2006

TAMPA -- Tom Spellissy must serve 15 months in prison for a conspiracy involving government contracts at Special Operations Command, a federal judge ruled Monday.

U.S. District Judge James Whittemore, who last month threw out the bulk of the case against Spellissy, appeared to struggle with the decision. He weighed his options for more than an hour and frequently noted Spellissy's sterling character and 29-year military career.

Whittemore also noted Spellissy's wife was recently diagnosed with ovarian cancer and he has two young children.

But in the end, Whittemore said he had no choice but to sentence Spellissy to prison.

"Probation is simply not appropriate for this kind of offense."

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Spellissy was accused by prosecutors last year of paying $4,500 in bribes to William Burke, a private contractor at SOCom, which has its headquarters at MacDill Air Force Base.

A jury found Spellissy guilty of one count of conspiracy, two counts of bribery and two counts of wire fraud.

In July, Whittemore dismissed the charges of bribery and ordered a new trial on the wire fraud charges.

Spellissy faced a maximum penalty of two years in prison for the conspiracy charge.

At the urging of his lawyer, Pat Doherty, Spellissy will not have to begin his prison sentence until an appeal is completed.

Former SOCOM Official Gets 15-Month Prison Term (TAMPTRIB)

By Richard Lardner, The Tampa Tribune

Tampa Tribune, August 15, 2006

A former U.S. Special Operations Command official was sentenced Monday to 15 months in prison and fined $125,000 for his role in a conspiracy scheme.

Tom Spellissy, a retired Army colonel who once headed one of SOCOMâ€™s most important offices, remains free pending an appeal.

The punishment was imposed by U.S. District Judge James Whittemore, who could have sent Spellissy to jail for two years based upon the sentencing guidelines prepared for the case.

Whittemore cited Spellissyâ€™s 25-year military career and service to community as key factors in the decision to impose a lighter sentence.

â€œThe characteristics of this defendant are extraordinary,â€ Whittemore said. â€œThe public is not in need of protection from Tom Spellissy.â€•

Before Whittemore ruled, Spellissy addressed the court. He said he did nothing wrong and the governmentâ€™s case against him was based on a series of â€œlies.â€•

â€œOne day Iâ€™m an unsung hero and the next Iâ€™m a criminal,â€ Spellissy said. â€œTheyâ€™ve killed me.â€

Retired Army Officer Sentenced In Military Contractor Bribery Case (AP)

AP, August 15, 2006

TAMPA, Fla. -- A retired U.S. Army colonel and military contractor was sentenced to 15 months in prison Monday for his role in what prosecutors described as a bribery conspiracy at Special Operations Command.

Tom Spellissy, a 1979 West Point graduate, must also spend two years under supervised release and pay a $4,000 fine for conspiracy to defraud the United States, a federal judge said. His company, Strategic Defense International, was fined $125,000.

"One day I'm an unsung hero and the next I'm a criminal," Spellissy said after the sentencing, according to the Tampa Tribune. "They've killed me."

Ken McGraw, a spokesman for Special Operations Command at MacDill Air Force Base in Tampa, said in an e-mail that it would not be appropriate to comment on the court proceedings.

"An internal review determined USSOCOM is in full compliance with all Department of Defense and Federal acquisition directives and guidelines," McGraw wrote. "SOCOM began a review of the contacts that fell under Mr. Spellissy's purview months ago and we are continuing that review based upon additional information provided by the U.S. Attorney's Office."

Last month, U.S. District Judge James Whittemore threw out a jury's conviction of 49-year-old Spellissy on bribery and wire fraud charges, noting in his ruling that "a serious miscarriage of justice may have occurred in this case."

Prosecutors are appealing the decision.

Whittemore imposed a lighter sentence because of Spellissy's military service.

"The characteristics of this defendant are extraordinary," Whittemore said. "The public is not in need of protection from Tom Spellissy."

Spellissy was indicted by a federal grand jury in November on charges of bribery, conspiracy and wire fraud. In late 2004 and early 2005, prosecutors said Spellissy paid $4,500 to William E. Burke, 49, of Odessa, Fla., a contractor who used his position at the command to favor Spellissy's clients, prosecutors said.

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Burke pleaded guilty to bribery in a plea deal in October. He agreed to cooperate with federal investigators and identify associates in the scheme. But in testimony at Spellissy's trial, Burke insisted he and Spellissy did nothing illegal.

Moss Point Alderman Arrested On 13-count Federal Indictment (BSH)

Biloxi Sun Herald, August 15, 2006

JACKSON, Miss. - Moss Point Alderman Alfred Bodden is set to make an initial court appearance Tuesday after being arrested on a 13-count federal indictment that includes bank fraud, the FBI says.

Bodden was being held late Monday at the Harrison County Jail, hours after being arrested without incident at his home, said FBI spokeswoman Deborah Madden. The arrest took place about 3:45 p.m.

A man who answered the telephone at Bodden's home Monday night would not comment on the arrest and would not identify himself.

Bodden, until recently, owned a car dealership called Al Bodden's Super Center, Madden said.

Bodden is set to appear at 10 a.m. before Chief U.S. Magistrate John M. Roper in Gulfport.

The indictment also included a charge of tampering with a witness, the FBI said.

FBI, District Probe School Credit Card Use (FWST)

By Julia Glick

The Fort Worth Star-Telegram, August 15, 2006

DALLAS - The FBI and the Dallas school district are investigating whether district employees abused official credit cards by spending taxpayer dollars on questionable purchases such as an iPod and a subscription to an online dating service.

The investigations began after reports about the spending by The Dallas Morning News, and they come at a time when many teachers in the struggling school system have complained about having to pay out of pocket for paper, printer cartridges and field trips.

The nation's 13th-largest district has discontinued its credit card program and hired two former federal prosecutors to look into misuse of the cards intended for the purchase of school supplies and equipment.

The newspaper estimated $6 million spent over the past few years on dubious purchases that break purchasing contracts and violate state procurement laws.

Officials say they hope to flush out corrupt employees, recoup lost money and restore taxpayers' faith in a district with a history of scandal.

"We want a wholesale change of culture," said school board trustee Edwin Flores.

Dallas isn't alone in problems with the cards, known as procurement cards or P-cards. Scandals have surfaced from Oregon to New Jersey when districts and local governments use the cards, which are easy to use but often hard to monitor.

"It isn't some lone guy with a green eyeshade anymore who decides where the money goes," said Michael Johnston, a political science professor at Colgate University and an expert in political corruption. "Instead, it is each person with a card in a restaurant or a store deciding whether to spend taxpayer money."

The Dallas district began its credit-card program in 1999 to streamline and cut costs. It eventually grew to about 1,200 cards in a district with about 20,000 employees and more than 160,000 students.

The Dallas Morning News examined records from the last 2 1/2 years and found the spending on the cards averaged $20 million a year.

A tiny supervisory staff paid out the stacks of charges, averaging $1.5 million each month. They seldom questioned expenses or asked for receipts from stores including Target, Best Buy, Wal-Mart, Bath and Body Works, The Sharper Image and even a military base supply store, the investigation found.

One teacher justified his purchase of a $399 iPod on Christmas Eve, saying he bought it to reward his best-behaved student. But then students behaved so poorly that he kept the iPod, bringing it to class for study breaks, he told the newspaper.

After the newspaper's reports, Superintendent Michael Hinojosa ended the program, suspended three employees and launched an investigation, promising the results would be turned over to law enforcement. Soon after, the FBI - already investigating corruption in the district - subpoenaed documents on the credit cards.

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"Dr. Hinojosa has been very clear that there are no sacred cows," said Madeleine Johnson, one of two former federal prosecutors hired July 18 by the district. "This investigation is going to be done of anybody and everybody who might have been involved."

The district has declined to comment on specifics in the case, saying it doesn't discuss ongoing investigations.

The district has been hit by scandal before. Dallas has gone through eight superintendents in less than 10 years. In 1998, former Superintendent Yvonne Gonzalez was imprisoned for embezzling school funds to buy bedroom furniture.

"Teachers are outraged and angry that a few people have once again given the district a bad name," said Aimee Bolender, president of the Dallas Alliance/AFT teacher's union. "They are also irritated because most people had been properly using the procurement cards, and now it is going to be unnecessarily convoluted and difficult to get supplies for the classroom."

Hinojosa took over in April 2005, and four new trustees have joined the nine-member school board since.

Flores, elected trustee in May 2005, said trustees knew nothing about the credit card abuse but that the investigation is a great opportunity to clean house.

"Instead of having to root people out little by little, these people have just handed themselves to us on a platter, saying, 'Here we are, come get us,'" Flores said.

Outside expert and fraud investigator Randall Wilson, a partner and national director for RGL Forensic Accountants and Consultants, said such credit card abuse is common. Employees steal for a variety of reasons and often believe they won't get caught, he said.

Cards and cell phone present challenges to monitor, because instead of asking permission beforehand, workers are empowered to spend money and explain it later, if at all.

"It makes the accounting easier, facilitates transactions and it reduces paperwork, but there is always those out there who are going to take advantage," Wilson said. "It takes a lot of effort, a good control system and it takes a whole new mind-set to prevent fraud."

Jury Selection Begins In 3rd Gotti Trial (WP/AP)

By Larry Neumeister, The Associated Press

The Washington Post, August 15, 2006

NEW YORK -- Jury selection began Monday in the third racketeering trial in a year of John "Junior" Gotti, who said he was thrilled at the birth of his sixth child over the weekend.

Gotti, 42, speaking to reporters outside court, said his fourth son, Joseph John Gotti, weighed in at 9 pounds and was 22 inches long. He said it was the first time he had witnessed a birth.

During the trial in U.S. District Court in Manhattan, prosecutors again will try to prove Gotti ordered two 1992 attacks on Guardian Angels founder Curtis Sliwa.

Gotti has said he did not order a baseball bat attack and a shooting of Sliwa, a radio talk show host, and cannot be held responsible for extortions and other crimes the government claims occurred while he led the Gambino crime family in the 1990s.

Sliwa was targeted in retaliation for on-air attacks against Gotti's father, John Gotti, prosecutors say. He has recovered from severe injuries and resumed his criticism of the Gotti family.

Defense lawyers have argued Gotti quit the mob before pleading guilty in 1999 to other racketeering charges, and two juries have deadlocked on the latest charges against him.

The government has added new charges alleging Gotti has continued to benefit from money earned illegally by collecting rents on properties. A witness tampering charge also has been added.

Prospective jurors answered questions from Judge Shira Scheindlin meant to ensure they could be objective regardless of what they might have heard about the Gottis.

The first potential juror was dismissed after she confessed she had heard Gotti was in the mob and said, "I don't want to know him."

"The guy seems scary," she said.

Another woman was dismissed after she said she was biased because she believed her cousin was killed by the mob.

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Opening statements could occur as early as Thursday. If convicted, Gotti could face up to 30 years in prison. His father died in 2002 in prison, where he was serving a life sentence for racketeering.

Gotti Goes Gaga Over His Brand New Junior (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 15, 2006

John A. (Junior) Gotti was thinking more about his newest bambino yesterday than the latest trial over his Gambino lifestyle.

As potential jurors were being selected to hear his upcoming racketeering conspiracy case, the 42-year-old mob scion was focused on his 9-pound, 22-inch-long son.

"That's all I could think about all day," said a beaming Gotti during a break from the Manhattan Federal Court proceedings.

Joseph John Gotti arrived early Saturday morning with his father present to witness the delivery.

Gotti said he didn't know he was going to have a son because his wife, Kim, hinted it was going to be a girl - even picking the name Giovanna to fuel the ruse.

"It was a surprise to me," Gotti said. "I got ambushed ... I didn't want to know. I'm old school."

The baby takes the first name of Kim Gotti's father and is the couple's sixth child, and fourth son.

"I'm thrilled," Junior Gotti said.

Mother and son remained in an undisclosed hospital yesterday, but Gotti said they should soon be headed to the family's $1.3 million Oyster Bay Cove, L.I., home.

As Gotti looked forward to changing diapers, a pool of 17 would-be jurors were selected for his upcoming trial - his third after jurors deadlocked in two previous courtroom battles.

Among the charges Gotti faces is that he ordered a hit on Curtis Sliwa, a radio host and Guardian Angels' founder.

Among the jurors making the first cut were a convicted drug dealer, a pharmaceutical executive who ignored a judge's order to avoid news stories about the case, and a woman who got noticed for not being too smart.

"She didn't strike me as too, too bright," Manhattan Federal Judge Shira Scheindlin said.

But the judge seemed impressed with the pharmaceutical chief who defied her order to avoid stories about the upcoming trial.

"Curiosity got the better of me," said the juror, who confessed he had read articles about the case after Scheindlin issued her news blackout order last week.

Gotti's attorneys wanted the man excused, but Scheindlin allowed him to stay.

"He was a very smart, thoughtful guy," Scheindlin said. "This guy was right on top of the case."

The judge hopes to have a pool of 40 potential jurors, which will be whittled down to a panel of 16, including four alternates.

HEAT'S ON MOB COP (NYPOST)

By Zach Haberman

The New York Post, August 15, 2006

EXCLUSIVE

Mob cop Louis Eppolito is having a tough time keeping his cool in prison.

The ex-NYPD detective, who is overweight and has a bad heart, took another shot yesterday at getting out of his prison cell in a Brooklyn lock-up that he shares with former partner Stephen Caracappa after the last heat wave knocked him out cold.

But a judge said fat chance.

"During the recent hot weather, Mr. Eppolito fainted in his cell, hitting his hip on the toilet and his head on the concrete floor," his lawyer, Joseph Bondy, wrote Brooklyn federal Judge Jack Weinstein. "He was unconscious several seconds."

Bondy asked Weinstein to reconsider granting Eppolito bail so he can be properly treated and mentally prepared for his appeal.

The prison is air conditioned.

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Eppolito, 58, and Caracappa, 64, were convicted in April of being paid Mafia moles and hit men, but Weinstein overturned the verdict on a technicality and ordered the pair to be retried on less serious charges of selling drugs in Las Vegas.

Despite nixing the conviction, Weinstein said the evidence presented at their trial strongly implied the pair helped commit a slew of gangland rubouts, and he refused to free them on bail.

Bondy wants his client sprung from the Metropolitan Detention Center and given house arrest.

But Weinstein said fuhgeddaboutit.

The judge sent Bondy a fax within minutes of receiving his letter stating that he will not hear any arguments on bail.

zach.haberman@nypost.com

Hooks Says He'll Quit Commission (MCA)

By Michael Erskine

Memphis Commercial Appeal, August 15, 2006

Doesn't want trial to cloud last days of term

When Michael Hooks Sr. goes to trial next week for his alleged role in the Tennessee Waltz scandal, he'll no longer be a Shelby County Commissioner.

Hooks announced he's resigning from his elected post -- Monday at 12:01 a.m. -- the morning his trial is set to begin.

Hooks' term would have officially ended Aug. 31, along with those of seven other commissioners who are not returning to the body.

Hooks was charged a year ago with taking $24,200 in bribes to use his influence to obtain a county government contract for a bogus FBI company.

The Tennessee Waltz public-corruption investigation has resulted in the indictments of 12 current or former public officials or their aides. Hooks Sr.'s son, former city school board member Michael Hooks Jr., is among those charged.

Hooks Sr. made his announcement Monday at the tail end of the commission meeting, saying it would be his last.

Hooks said he doesn't want publicity from his upcoming criminal trial to be a distraction when the other outgoing commissioners celebrate their last day on the job at the Aug. 28 session.

"It should be a day of joy. It should be a day where you pass along accolades. It shouldn't be clouded by me being in the middle of a trial," Hooks said.

Hooks asked for no tributes from his fellow commissioners and slipped out the back door at the end of the meeting. He refused to answer questions from a reporter as he entered his car.

Hooks' longtime commission colleague and friend Walter Bailey said after the meeting he thought Hooks exercised "good discretion" by resigning early.

"He was trying to spare us the embarrassment of his process tainting us or being a cloud over the commission," Bailey said.

"And I think that was the honorable thing for him to do."

Lincoln Man Gets 30 Years For Child Porn (BLOOMPAN)

By Connie Seastedt

Bloomington (IL) Pantograph, August 15, 2006

SPRINGFIELD -- A 58-year-old Lincoln man was sentenced Monday to serve 30 years in federal prison for making and possessing child pornography.

Howard D. Pinkley was sentenced Monday after pleading guilty on Jan. 30 to producing and possessing child pornography.

He was charged after law enforcement agents were notified in November 2005 of pornographic photos of an unidentified child that were developed at a Wal-Mart processing facility in Crawfordsville, Ind.

Pinkley admitted that from November 2003 through November 10, 2004, he enticed a minor to engage in sexually explicit conduct to produce child pornography, and that he possessed books, videotapes, computer images and other materials containing child pornography.

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Rodger A. Heaton, U.S. attorney for the Central District of Illinois, said: "The Department of Justice has made protection of children one of its highest priorities through the Project Safe Childhood initiative. Todayâ€™s 30-year sentence is a testament to our unwavering commitment to punish and remove child predators from society for as long as the law allows."

U.S. District Judge Jeanne E. Scott scheduled a hearing on Sept. 18 to determine final restitution to be paid by Pinkley to victims of the offenses.

Following Mondayâ€™s hearing, Pinkley was remanded to the custody of the U.S. Marshals Service.

Man Admits Threatening To Murder Federal Judge (LAW)

By Tom Perrotta, New York Law Journal

New York Law Journal, August 15, 2006

A Queens man admitted Friday that he threatened to kill a federal judge and use a bomb to blow up the federal courthouse in Brooklyn.

The defendant, Wazir Khan, 20, has been held since his arrest in April 2005, less than a month after Eastern District Judge Raymond Dearie received several threats via letter and telephone.

Khan pleaded to knowingly and willfully making a threat, via a phone, to harm a federal judge and destroy a building, in violation of 18 U.S.C. §844(e) and 3551.

He faces between 57 and 71 months in prison, according to the calculations of federal prosecutors, and a fine of up to $250,000.

Magistrate Judge Steven M. Gold, who took Khan's plea, scheduled sentencing for October before Judge I. Leo Glasser.

Khan, a U.S. citizen, sent anonymous letters and made several phone calls to the chambers of Judge Dearie, beginning in late March 2005. He said the judge would be killed "just like Atlanta" -- a reference to the 2005 shooting death of a state court judge by a man on trial for rape -- and that he had smuggled a gun into the courthouse and placed a bomb on the sixth floor, the former home of Dearie's courtroom.

The threats alarmed judges and Eastern District staff. Security was increased and federal marshals placed a metal detector outside the door to Judge Dearie's courtroom.

Though Khan has never said why he threatened the judge, his attorney, Vincent F. Siccardi, on Friday acknowledged that Khan was upset over the prosecution of his mother for credit card fraud.

The woman, Bibi Asgar, pleaded guilty before Judge Dearie the Monday before Khan was arrested (the judge later recused himself from her case). She has yet to be sentenced and is awaiting a psychiatric examination. Asgar has one other son, a 3-year-old who has a disability, said Siccardi, who does not represent the mother.

On Friday, Khan spoke little but firmly, at times battling a cough that he said was caused by asthma. His grandmother watched as he listened to Magistrate Judge Gold accept his plea.

Khan told Gold that he was standing outside his home in Queens when he made at least one of the calls.

"I bought a phone and called the courthouse to intimidate Judge Dearie," he said.

Assistant U.S. Attorney Colleen Kavanagh said Khan also called the 911 emergency operator.

Khan made no attempt to carry out his threats, nor was there any indication he was capable of carrying them out.

Gold told Khan that he could face up to 10 years in prison under federal law, no matter what prosecutors had suggested he should receive according to the sentencing guidelines.

Siccardi, speaking outside the courthouse, said Khan would argue that his guideline sentence, as interpreted by the government, was high. He said he also would ask for a downward departure.

Judge Orders Voice Samples Of Three Charged In Coke Secrets Case (FINDLAW/AP)

By Harry R. Weber, Ap Business Writer

AP, August 15, 2006

(AP) - ATLANTA-A judge on Monday ordered three people charged in the theft of trade secrets from The Coca-Cola Co. to turn over voice samples to allow the government to try to match them to recorded telephone conversations that are part of the investigation.

Defense lawyers for the defendants did not object to the prosecution request during a brief hearing in federal court in Atlanta.

U.S. Magistrate Judge Gerrilyn G. Brill said arrangements will be made for former Coke secretary Joya Williams and co-defendants Ibrahim Dimson and Edmund Duhaney to provide the voice samples. The three were not in court for the hearing.

Also Monday, a prosecutor indicated that statements the three defendants made to investigators after their July 5 arrest will be used against them at trial. Defense lawyers are seeking to suppress the statements. No trial date has been set.

Williams, Dimson and Duhaney were indicted July 11 on a federal conspiracy charge that accuses them of stealing new product samples and confidential documents from Coke and trying to sell them to Purchase, New York-based PepsiCo Inc. The three have pleaded not guilty.

The government says it has numerous digital recordings of conversations between the defendants. In the majority of the telephone calls recorded, the speakers do not identify themselves by their true and full name, which is why the government says it needs samples of the suspects' voices for comparison.

The alleged crime was foiled after Pepsi turned over to Coca-Cola a May letter Pepsi had received from a man the FBI later identified as Dimson, offering to sell Coke trade secrets to "the highest bidder," the indictment says.

The prosecution says a box containing two undisclosed Coca-Cola product samples and other confidential company documents were found in Duhaney's home during a search on July 5, the day all three were arrested and the same day a $1.5 million (â,¬1.2 million) transaction was to occur.

Coke has declined to say what product or products the samples relate to.

Williams, who has since been fired as an administrative assistant for Coke's global brand director at its Atlanta headquarters, allegedly took the information from the company and gave it to Dimson and Duhaney.

Williams' lawyer, Janice Singer, filed a motion Friday asking a federal judge to suppress evidence seized from her client's Norcross, Georgia, home, alleging that FBI agents provided insufficient probable cause in obtaining a warrant to search the home.

An inventory of items seized from the home July 5 shows agents removed Coca-Cola and Fanta documents and Coca-Cola memos and e-mail. Agents also removed a $1,291 (â,¬1,015) check made payable to a "Javier F. Sanchez." The name of Williams' former boss at Coke is Javier Sanchez Lamelas. It's not clear if the two are one and the same, and Coke officials and a spokesman for the U.S. Attorney's Office have declined to say.

On the Net:

The Coca-Cola Co.: http://www.coca-cola.com

Bank Heists Linked To Teens Catch FBI's Eye (USAT)

By Sharon Coolidge

USA Today, August 15, 2006

CINCINNATI — A Lima, Ohio, bank robber might have escaped if not for one major clue left in the getaway car: her book bag.

The 15-year-old girl is one of the youngest bank robbers in the country. Teenagers, especially teenage girls, demanding money from bank tellers remain rare, but are not unheard of.

A 17-year-old Bloomington, Ind., girl is accused in a July 8 bank robbery, and a 17-year-old Nashville boy was arrested in March and charged with robbing a bank. The FBI is not ready to say there is a national pattern of teens robbing banks, but it is watching.

“We're looking to see if it's isolated or if it's an emerging trend,” said Jennifer Leonard, a supervisor in Washington, D.C., in the FBI's violent crimes unit. “We asked each field office to look at this.”

The FBI recently sent a memo to bank robbery coordinators alerting them to reports of teen robbers. The agency has no recent statistics broken down by age.

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Harry Trombitas, an FBI coordinator in Cincinnati, said he couldn't remember a female teen being involved in an Ohio bank robbery. “I've been in the bureau 23 years, this is very unusual,” he said.

When the Lima teen is sentenced Aug. 28 for aggravated robbery, she won't be headed to a juvenile prison. A Hamilton County magistrate decided Monday that she will get mental health care. USA TODAY does not usually identify minors charged with crimes.

The Feb. 22 robbery of the Top Mark Federal Credit Union seemed like a typical heist. Bank employees reported that two masked men walked in at 10 a.m., one with a gun, demanding money. Authorities now realize one of those men was actually a teenage girl. Books inside a backpack in the suspects' car led investigators to the girl, a high school freshman. The girl told them about the bank robbery.

The teen, the adult who entered the bank with her, and their adult driver headed to Chicago with their $5,000 booty, and spent it on drugs and shopping, Lima Detective Kent Miller said.

Local Gang Members Are Off To Prison (GAINT)

Gainesville (GA) Times, August 15, 2006

The sentencing of members of a Gainesville gang Friday in federal court set a precedent in the war against gang violence in Northeast Georgia, prosecutors and law enforcement officials said.

A total of more than 40 years in prison was handed out to former members of the criminal street gang KES or "Killing Every Spot" by U.S. District Judge Richard W. Story.

"The KES gang was a menace to Gainesville and the entire Hall County area," U.S. Attorney David E. Nahmias said. "We are proud to have worked with city, county and federal investigators to dismantle the gang and take its key members off the streets."

The investigation of KES and subsequent convictions Friday are believed to be the first time a single gang was targeted and dismantled by authorities, Hall County Sheriff Steve Cronic said.

"This investigation took out most of the structure of KES," Cronic said. "One day, they had a heavy presence in Hall County and were one of our most troubling gangs at the time. The next day, we didn't have them here."

Five defendants pleaded guilty and were convicted in March on charges of violating the federal Racketeer Influenced and Corrupt Organizations statute, commonly called RICO. The complex law has gained notoriety recently for use in the prosecution of gang-related crimes.

The identified leader of KES, 25-year-old David Ramirez, and his brother, Juan Ramirez, 28, both of Gainesville, received the bulk of prison time after accepting plea agreements.

Juan Ramirez, who also was charged for discharging a firearm in the commission of a violent felony, received 12 years and nine months in federal prison. David Ramirez was sentenced to 11 years and three months.

Carlos Alvarado-Castillo, 22, of Gainesville was sentenced to five years and three months; Adam Cruz, 24, of Gainesville received two years and nine months; and Rene Antonio Ortiz-Penado, 22, of Gainesville was sentenced to four years and nine months.

A sixth codefendant, Ignacio Chavez-Olivarez, 42, of Gainesville was sentenced to four years and three months in prison after pleading guilty to possession of methamphetamine with intent to distribute. He was not charged with violation of the RICO statute.

Those convicted could face deportation upon their release from prison, Story said. All six men will serve about 90 percent of their sentence in federal prison, Cronic said.

Each of the men charged faced a maximum sentence of 20 years in prison, but prosecutors took several of the defendants' ages into account when agreeing to a plea deal, Assistant U.S. Attorney H. Allen Moye said.

"One of the reasons the government agreed to what some would see as a fairly lenient (sentencing) is that, hopefully, these offenders will grow out of these acts of youth," Moye said. "They were kids at the time these crimes were committed. We want to make the point that this was a test run. Other gangs need to take note."

Michael Trost, David Ramirez's Atlanta-based attorney, spoke on behalf of his client prior to sentencing Friday.

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"He has said he fully accepts responsibility for what he did," Trost told Story. "He was 17 at the time of this offense and was not as mature and as wise as he is now."

The government dismissed charges against a seventh defendant. An eighth, Ruben Bernal Cuevas, is a fugitive and is believed to be in Mexico, officials with the U.S. Attorney's Office for the Northern District of Georgia have said.

During the three-year investigation by the Gainesville-Hall County Gang Task Force, agents seized several weapons believed to be used in violent altercations by KES gang members. The task force is comprised of Gainesville Police officers, Hall County Sheriff's deputies, and agents with the Federal Bureau of Investigation and Immigration and Customs Enforcement.

"This makes it clear that there are federal gang task forces and an aggressive U.S. attorney going after gangs," said Joe Amerling, a Gainesville-Hall County Gang Task Force member.

KES was formed in late 1998 by individuals who had been associated with the gang BSV. Remaining members of BSV formed a rival gang, SUR-13, and became engaged in territory warfare with KES and often defaced areas of the community with graffiti, authorities said.

The two groups also fought each other either with fists or guns while threatening the safety of several neighborhoods between 2000 and 2003, authorities have said.

Family members and friends of the six men filled the federal courtroom Friday as federal agents marched the defendants in and out in handcuffs. Several of those in attendance cried as the the men left the courtroom to await a date to report to federal prison.

Story addressed the family members who came in support.

"I know it's difficult to see your loved ones taken out to face prison," he said as a translator spoke to those seated. "Their crimes caused a great deal of damage and they need to be punished. But family means a great deal to their success."

The majority of those sentenced Friday expressed remorse for their involvement in gang activity. Alvarado-Castillo told the court, "I apologize for the crime I commit, to the community and to my family."

Story asked most of the men he sentenced to serve as role models to young Hispanics and others who become involved in similar situations.

"There's still a lot you can accomplish in your life," Story told one of the defendants.

Gainesville Gang Members Get Prison Terms (AJC)

The Atlanta Journal-Constitution, August 15, 2006

Six gang members from Gainesville were sentenced to federal prison Friday after being convicted on racketeering charges in March.

The gang members were part of the violent, drug-dealing street gang called Killing Every Spot or KES, which is thought to have attempted nine murders over the past six years, authorities said.

As recently as 2004, authorities had identified about 13 gangs in Hall County with about 300 members.

Sheriff Steve Cronic said the KES gang was one of the more troublesome.

"They were showing up on the radar way too often," Cronic said. "Their crimes were becoming progressively more serious. We're hoping this sends the other gangs a message."

David Ramirez, 24; Carlos Alvarado-Castillo; 22, Adam Cruz, 24; Juan Ramirez, 28; and Rene Antonio Ortiz-Penado, 22, were considered among the leaders of the gang. In addition to the racketeering convictions, Juan Ramirez was sentenced for discharging a firearm in the commission of a felony, and Ignacio Chavez-Olivarez, 42, was sentenced for possession of methamphetamine with intent to distribute.

They were sentenced by U.S. District Court Judge Richard W. Story.

"The KES gang was a menace to Gainesville and the entire Hall County area," said U.S. Attorney David E. Nahmias in a prepared statement.

"We are proud to have worked with city, county and federal investigators to dismantle the gang and take its key members off the streets," he said.

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David Ramirez was identified as the leader of the gang, which was formed in 1998 when it allied with the larger 18th Street gang against other gangs, according to the Department of Justice.

The arrests in 2004 were the result of a multi-agency investigation by Gainesville Police-Hall County Sheriff Gang Task Force agents, the FBI and U.S. Immigration and Customs Enforcement.

The prison sentences, all followed by three years of supervised release, were:

David Ramirez: 11 years, three months; Alvarado-Castillo: five years, three months; Cruz: two years, nine months; Ortiz-Penado: four years, nine months; Juan Ramirez: 12 years, nine months; and Chavez-

Olivarez: four years, three months.

Six Gainsville Gang Members Sent To Prison (MACT)

The Macon Telegraph, August 15, 2006

GAINESVILLE, Ga. - Six members of northeast Georgia gang have been sentenced to prison in a case that authorities say dismantled the organization.

The six, sentenced Friday by U.S. District Judge Richard W. Story, were members of the street gang KES or "Killing Every Spot." Authorities said the gang sold cocaine and attempted murders in northeast Georgia for the past six years.

Five defendants pleaded guilty and were convicted in March on charges of violating the federal Racketeer Influenced and Corrupt Organizations statute, commonly called RICO.

David Ramirez, 25, and his brother, Juan Ramirez, 28, both of Gainesville, received the stiffest sentences after accepting plea agreements.

Juan Ramirez, also charged with discharging a firearm in the commission of a violent felony, received 12 years and nine months in federal prison. David Ramirez was sentenced to 11 years and three months.

Carlos Alvarado-Castillo, 22, of Gainesville was sentenced to five years and three months; Adam Cruz, 24, of Gainesville received two years and nine months; and Rene Antonio Ortiz-Penado, 22, of Gainesville was sentenced to four years and nine months.

A co-defendant, Ignacio Chavez-Olivarez, 42, of Gainesville was sentenced to four years and three months in prison after pleading guilty to possession of methamphetamine with intent to distribute. He was not charged with violation of the RICO statute.

"This investigation took out most of the structure of KES," Hall County Sheriff Steve Cronic said.

Those convicted could face deportation after serving their prison time, Story said. All six men will serve about 90 percent of their sentences in federal prison, Cronic said.

U.S. Attorney David E. Nahmias said the investigation served "to dismantle the gang and take its key members off the streets."

Actress In Homeland Security Show Scam Must Pay (LAT)

By Greg Krikorian And Christine Hanley, Times Staff Writers

The Los Angeles Times, August 15, 2006

She owes $3.4 million in restitution to investors in the bogus TV series but will serve no time in prison.

A Hollywood actress involved in a bogus television show about the U.S. Department of Homeland Security was sentenced Monday to five years' probation and 2,500 hours of community service and ordered to pay $3.4 million in restitution.

U.S. District Judge Manuel L. Real imposed the sentence on Alison Ann Heruth after the 41-year-old mother of four and her attorney implored the judge not to send her to federal prison.

Under federal sentencing guidelines, Heruth faced up to 27 months in federal prison for her admitted role in defrauding investors out of millions of dollars over a two-year period.

Specifically, the purported star of the show pleaded guilty in April to lying to federal agents when she said she did not know the project was part of an investment scam.

Last September, federal agents arrested the mastermind of that fraud, Hollywood producer Joseph Medawar, on charges that he had defrauded at least 70 investors. A subsequent federal grand jury indictment alleged that Medawar had told the

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investors that his production company was putting together a TV show about the Homeland Security Department and had unprecedented cooperation from the White House and other federal officials.

But a joint investigation by the FBI and Internal Revenue Service concluded that the millions taken from investors financed a lavish lifestyle for Medawar and Heruth, with money spent on luxury cars, shopping sprees, $40,000-a-month rent on a Beverly Hills mansion and other extravagances.

Medawar was also accused of using money laundered through the scheme to pay Rep. Dana Rohrabacher (R-Huntington Beach) $23,000 for an option on a 30-year-old screenplay he'd written. Records and interviews show Rohrabacher was among the Republican politicians and policymakers who offered strong support for the supposed TV series. The congressman has said he thought the show would bring positive attention to the nation's homeland security efforts and denied that he provided Medawar any special attention in return for the producer's purchasing his script or contributing to his political campaign.

Medawar, who has been involved in several movies, pleaded guilty in May to conspiracy to commit mail fraud and income tax evasion. Under his plea agreement, he faces a maximum of 10 years in federal prison as well as restitution to investors and up to $9 million in fines.

After the hearing, Heruth maintained her innocence, saying she was just an actress who never solicited money for the series. She said she always believed Medawar planned to follow through with his idea. If she had not believed him, she added, she would never have gone to Washington to discuss homeland security with officials or to the Middle East to conduct interviews in Israeli prisons — all in the name of research for the show.

Heruth said she felt pressured by her court-appointed lawyer to take the plea bargain rather than go to trial because he convinced her there was not enough time or resources to prepare an adequate defense.

Outside the courtroom, she showed The Times a string of e-mails between her and her attorney, Thomas T. Nishi, telling him she did not want to sign the agreement and hoped to get the trial date postponed. Nishi, she said, told her the judge declined to grant an extension.

Asked whether she would be able to repay the money, Heruth said, "I have plans for what I need to do from this point on."

Nishi did not return a call for comment.

Last month, Jeffrey Rosenberg, former chief financial officer of Medawar's company, was sentenced to 10 months in federal prison after pleading guilty, like Heruth, to lying to agents about his knowledge of the fraud.

Federal prosecutors declined to comment Monday on why Rosenberg was sentenced to prison but Heruth was not. In both cases, prosecutors had recommended a sentence of probation.

Sheriff Offers Profile Of Sniper Active In Northwest Indiana (NYT)

By Eric Ferkenhoff

The New York Times, August 15, 2006

CHICAGO, Aug. 14 — The sheriff leading the investigation into a series of what appear to be sniper assaults in northwest Indiana said Monday that the authorities thought the attacker was young, worked with at least one partner, used a low-caliber weapon and was motivated by a wish to “control” rather than to kill.

“I think it’s someone who is mentally unstable and who is looking for some notoriety,” said the sheriff, Roy Dominguez of Lake County, which covers the northwestern corner of the state, where at least 10 attacks on motorists have occurred since late July.

‘‘The attacks have occurred between dawn and dusk, and we think he wants to see it,’’ Sheriff Dominguez said after a news conference in which his department offered a $10,000 reward for information leading to the arrest and conviction of the sniper. ‘‘We think that’s what he’s trying to do — have control and watch as people lose control or take evasive action.”

The reward comes one week after a task force was formed with the local police and state and federal agencies, the F.B.I. among them, to hunt for suspects and sift through more than 100 leads that have been phoned into a 24-hour hot line.

Investigators think the sniper used a low-caliber rifle, a pellet gun or even a sling shot to attack motorists along a state highway near the cities of Gary, Hammond, East Chicago and Whiting.

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All but one of the attacks, which date from July 25 to last Wednesday, have occurred along an eight-to-nine-mile stretch of the highway, also known as Cline Avenue, a busy commuter route that carries up to 10,000 motorists daily.

"I think it suffices to say that this is not a high-powered rifle being used," Mr. Dominguez said, noting that while windows had been smashed or pierced, no one had been seriously injured or killed and no shell casings had been found.

"Given the type of damage that can be done by smashing out a window,'' of which a lower-powered weapon is capable, the sheriff said, "it could cause a driver to swerve.''

The police did find a possible "sniper's nest,'' including a foot rest and cushions near the site of one shooting, Mr. Dominguez said, but he and other investigators said they suspected that the sniper might "be mobile" during some attacks — driving alongside a victim's vehicle, firing off a pellet, bullet or rock, and then getting off the highway at the nearest exit.

If that is the case, it would suggest that the attacker had at least one accomplice.

"Maybe we're looking at someone who wants control,'' Mr. Dominguez said, "or is getting their thrills by watching people take evasive action as they do this."

Of the 119 tips phoned in since last week, the sheriff said, about 35 have proved credible enough to run down. Of those, about half have been dismissed, he said, adding that nearly every serious tip — some of which were quite detailed — described or named a "young adult."

"We have identified some people of interest, we're calling them, but no one who rises to level of suspect," Mr. Dominguez said.

Mr. Dominguez and Mark Becker, a supervisory agent in the F.B.I.'s Merrillville, Ind., office, have said the attacker may be a copycat, noting that the spate of shootings started about the time an arrest was made in a deadly sniper shooting farther south, along Interstate 65 near Seymour, about 65 miles south of Indianapolis.

About the same time as the Seymour attack, a nonfatal shooting occurred on Interstate 69 near Muncie, about 60 miles northeast of Indianapolis.

A 17-year old from Gaston, Zachariah Blanton, was arrested and charged with murder in the July shooting near Seymour, which killed a truck passenger and occurred two days before the attacks in northwest Indiana began.

Hinckley Seeks Four-day Visits (WT)

By Jim Mcelhatton

The Washington Times, August 15, 2006

Attorneys for John W. Hinckley Jr. are asking a federal judge to allow the would-be presidential assassin to stay at his parents' house four nights at a time pending a move to expand his freedoms from a D.C. psychiatric hospital, court records show.

Hinckley, 51, who tried to kill President Reagan in 1981, was permitted to go on seven overnight trips to his parents' house in Williamsburg after a judge's ruling in December.

He has one trip left but is barred from taking any more releases from St. Elizabeths Hospital without a court order.

The U.S. attorney's office last week objected to the move, saying there isn't enough information available for government analysts to evaluate how Hinckley is faring on the overnight stays.

"The government recognizes, as it has in the past, that Mr. and Mrs. Hinckley have been a model of dedication to a child stricken with mental illness," Assistant U.S. Attorney Thomas E. Zeno said in a memo to U.S. District Judge Paul L. Friedman last week.

"However, there are many issues regarding Mr. Hinckley's return to live with his parents which must be addressed," the memo states.

For instance, federal prosecutors said in court documents that they need to subpoena Hinckley's medical records but note that they can't get access until a court hearing is scheduled.

In addition, prosecutors said, psychiatrist John J. Lee, who agreed to meet with Hinckley during the overnight stays in Williamsburg, is "untested as a reporter of information about Mr. Hinckley."

Hinckley's attorneys were unavailable for comment yesterday.

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In a memo filed Thursday, the attorneys called the government's objection "wholly without merit," saying the overnight stays have been therapeutic for their client.

Hinckley's overnight trips to Williamsburg provide the most freedom he has had since he was found not guilty by reason of insanity in 1982 in the shooting of Mr. Reagan, press secretary James Brady, Secret Service agent Timothy McCarthy and Metropolitan Police Officer Thomas Delahanty.

He said he shot the president to impress actress Jodie Foster, whom he did not know.

In recent years, Hinckley gradually has won increasing freedoms from St. Elizabeths, including short trips with his parents, such as a 2005 outing to the National Air and Space Museum, and unsupervised overnight stays in Williamsburg.

He has expressed a desire for finding a girlfriend on his trips to Williamsburg, but said it would be difficult.

"I can tell when a man or a woman is interested in me for my notoriety, and I don't want a woman who is interested in me for that," Hinckley said, according to a clinical assessment dated July 20, 2005, included in court filings.

Judge Friedman noted in his ruling in December that the goal of Hinckley's treatment is "reintegration into society, whether that takes place in his parents' community or elsewhere."

Hinckley's attorneys and the U.S. Attorney's Office held a telephone conference call with Judge Friedman to discuss the dispute Friday.

Executive Assistant U.S. Attorney Monty Wilkinson yesterday said government attorneys have no comment beyond what is in court pleadings.

He said Judge Friedman did not say during Friday's conference call when he will decide whether to permit Hinckley more overnight stays.

A hearing on expanding Hinckley's conditions of release has been scheduled for Nov. 6.

Mr. Wilkinson said government attorneys will not know what kind of loosened restrictions Hinckley's attorneys will seek until next month.

Hinckley's attorneys have said that the overnight trips have been a success.

"Mr. Hinckley has complied fully with all of the conditions of release, and not a single negative occurrence has been reported in connection with any of the trips," Adam Proujansky, said in a memo to Judge Friedman.

Mr. Proujansky also questioned the concerns from prosecutors about the reliability of information about Hinckley's overnight stays.

"There is nothing in the record to suggest that the hospital staff, Dr. Lee or Mr. Hinckley's parents have not been completely truthful in their reporting of Mr. Hinckley's behavior."

Man Pleads Not Guilty In Richmond Killings (WT/AP)

By Kristen Gelineau

The Washington Times, August 15, 2006

RICHMOND -- A man linked to a New Year's week killing spree pleaded not guilty yesterday to five counts of capital murder.

Ricky Jovan Gray, 29, is charged with the New Year's Day killings of local musician Bryan Harvey, 49; his wife, Kathryn, 39; and their daughters Stella, 9, and Ruby, 4.

The Harveys were discovered in the basement of their burning home, bound in duct tape, beaten and their throats cut.

Jurors in Gray's trial were being selected yesterday from a pool of 25.

Questioned in panels of three, the prospects were asked whether they would impose life in prison over the death penalty and whether seeing "gory" or "graphic" evidence would prejudice their decision.

Less than one week after the Harvey slayings, another Richmond family was found dead in their home.

Gray's nephew, Ray Joseph Dandridge, also 29, was charged with capital murder in the Jan. 6 killings of Percyell Tucker, 55; his wife, Mary Baskerville-Tucker, 47; and her daughter, Ashley Baskerville, 21.

Like the Harveys, they were found in their home -- bound and their throats cut.

Dandridge is scheduled to go on trial Sept. 18.

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The Arlington men were captured Jan. 7 at the home of Dandridge's father in Philadelphia. Prosecutors intend to seek the death penalty for both.

Police initially said nothing appeared to have been stolen from the Harvey home, but they later said robbery may have been the motive. The Baskerville-Tucker home was ransacked.

Gray is charged with five violations of the capital murder statute: killing more than one person in a three-year period, killing more than one person as part of the same act, killing someone in commission of a robbery or attempted robbery, and two counts of killing a child younger than 14 by someone at least 21 years old.

The ex-convicts also are considered suspects in a string of bloody crimes that began in November.

They have been charged in the slashing assault and robbery of an Arlington man on New Year's Eve and are suspects in the Nov. 5 killing of Gray's 35-year-old wife, Treva Terrell Gray, who was found asphyxiated near woods in Washington, Pa., about 20 miles south of Pittsburgh.

The pair also has been charged in Chesterfield County with a Jan. 3 home-invasion robbery.

Mr. Harvey was a guitarist and singer for the critically acclaimed duo House of Freaks, which released five albums on three labels from 1987 to 1995.

Mrs. Harvey was the half sister of actor Steven Culp, who played Rex Van De Kamp on "Desperate Housewives." She co-owned World of Mirth, a quirky toy and novelty store in Richmond.

Prosecutors said yesterday that witnesses at the trial may include Mr. Culp.

Espionage Lite (WP)

The Washington Post, August 15, 2006

THE UNITED STATES has never had an Official Secrets Act -- a statute forbidding private citizens from disclosing and discussing information the government wants to keep quiet. Last week it got one. The change didn't come from Congress but from a federal judge in Virginia. At the urging of the Bush administration, Judge T.S. Ellis discovered it in an old and vague law that prohibits disclosure of information related to the national defense.

Judge Ellis's dangerous decision comes in the case of two former executives of the American Israel Public Affairs Committee (AIPAC) -- Steven J. Rosen and Keith Weissman -- who are accused of conduct that skirts the legal line between legitimate advocacy and illicit espionage. The decision has far-reaching implications; if it stands, it will greatly augment governmental authority to compel Americans to keep quiet about what they know.

The government alleges that Mr. Rosen and Mr. Weissman conspired with a Pentagon employee to receive sensitive information from him and then give it to people not entitled to receive it -- including Israeli government officials, a reporter for The Post and colleagues at AIPAC. Prosecutors have not accused them of spying, a charge the alleged facts do not comfortably support. Instead, it has moved under a related provision of law that prevents people in possession of national defense information from disclosing it to others.

This law, murky in its scope since Congress passed its predecessor statute during World War I, would, on its face, ban anyone from giving sensitive information, itself not defined, to any other person. Judge Ellis conceded that it can't reach as far as its plain meaning would seem to indicate; the First Amendment surely limits the government's authority to prosecute people for gathering and reporting information.

Yet he then refused to throw out the case against Mr. Rosen and Mr. Weissman, ruling that national security sometimes trumps First Amendment rights and that the statute -- even as applied in this situation -- is consequently "a reasonable, and therefore constitutional exercise of [congressional] power."

One doesn't have to condone the alleged behavior of Mr. Rosen and Mr. Weissman to question this interpretation. It is certainly appropriate for the law to demand that government employees and contractors protect the secrets the government entrusts to them (the Pentagon employee in this case already has pleaded guilty). It is also clearly within the government's power to prosecute spies, whether or not they work for the government. But neither Mr. Rosen nor Mr. Weissman was a government employee during the period in question, and the government has not been able to muster a case against either for spying. If they can go to prison nonetheless for "espionage lite" -- that is, for obtaining, discussing and sharing sensitive information in the

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course of advocacy and lobbying -- then the government has effectively criminalized discussions among everyday citizens that reveal governmental secrets.

That's not the American tradition -- for which reason the government until now had never wielded this statute in this way. If it's really a crime to disclose or receive information you never swore to protect, whistle-blowers who bring secrets to Congress could be imprisoned for it. So could newspaper reporters who reveal classified information.

Judge Ellis was clearly uncomfortable with the implications of his decision. He acknowledged that "even the most casual observer" would want "Congress to engage in a thorough review and revision of these provisions" to strike a better balance between security and free speech. If his decision is not overturned, that will surely be necessary.

CIVIL LAW:

Iranian Brothers Sue Over Long Detention (NSDY/AP)

By Linda Deutsch, Ap Special Correspondent

Long Island Newsday, August 15, 2006

LOS ANGELES -- Four Iranian brothers who were detained for more than three years after the 2001 terrorist attacks filed a lawsuit Monday in federal court, claiming they were held on false pretenses during an FBI investigation.

The brothers' attorney said they "were detained longer than virtually all of the post-Sept. 11 detainees caught up in the sweeps of non-citizens." The four were released from custody in March 2005.

Attorney Paul Hoffman said the only reason for the brothers' detention was that they took part in rallies protesting the current Iranian regime.

The lawsuit named former Attorney General John Ashcroft, FBI Director Robert Mueller and other federal officials as defendants.

Thom Mrozek, a spokesman for the U.S. attorney's office, declined to comment because authorities had not seen the complaint.

The lawsuit alleges that the brothers were held in inhumane conditions, were denied basic medical care and were "subjected to vicious attacks by guards and other inmates."

Hoffman said the brothers -- Mohammed, Mostafa, Mohsen and Mojtaba Mirmehdi -- were detained in October 2001 because their names were on a list of people who attended a rally in Denver protesting the Iranian regime. They were alleged then to have ties to the Mujahedin-e Khalq, a group also known as MEK that was deemed a terrorist organization by the State Department.

"But none of the brothers was a member or supporter of the MEK, as government officials knew when the brothers were detained," Hoffman said.

The government tried to deport at least two of the brothers, but Hoffman said that was barred by a court finding that they would be tortured or killed if they returned to Iran, the country they fled after being imprisoned there for political protests. Two of them were denied applications for asylum in the United States and two other applications are still pending, Hoffman said.

Since their release last year, the brothers have returned to their real estate business in the San Fernando Valley, he said.

Freed Former Terror Suspects Sue U.S. Officials (LAT)

By H.g. Reza, Times Staff Writer

The Los Angeles Times, August 15, 2006

Iranian brothers from the Valley say their three-plus years behind bars was punishment for not becoming informants.

Four Iranian brothers jailed more than three years as security threats and accused of supporting terrorists sued former Atty. Gen. John Ashcroft, FBI Director Robert Mueller III and other officials Monday, charging that the government held them illegally as punishment for refusing to work as informants.

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The suit, filed in U.S. District Court in Los Angeles, is the latest salvo in a drawn-out legal battle between the Mirmehdi brothers and the federal government, which accused them of having ties to a terrorist organization but charged them with violating immigration law and has failed in attempts to deport them to Iran. The brothers were released in 2005.

The 49-page complaint says the government, through FBI Agent Christopher Castillo, took punitive action against the brothers — Mohsen, Mohammad, Mojtaba and Mostafa — because of their refusal to work as informants. Castillo, a defendant in the suit, relied on informants who falsely identified the brothers as associates of the Mujahedin Khalq, or MEK, according to the lawsuit. The MEK is an Iranian opposition group that has been on the State Department's list of terrorist organizations since 1997 but has dozens of supporters in Congress.

"Castillo persisted for years in his efforts to force their cooperation through continued punitive detention, even after admitting that a crucial informant had been 'just speculating' when he described the Mirmehdis as associates of the MEK," the lawsuit stated. "Castillo approached the Mirmehdis on no less than five occasions to demand their cooperation in exchange for freedom."

The brothers admit attending demonstrations in the United States sponsored by the MEK against the Iranian government, but they deny being members or associates.

Mohsen Mirmehdi said the lawsuit, which asks for attorney fees and unspecified damages, is intended to hold government officials accountable.

"Here we have the rule of law. If an average citizen is accountable for what he does, so are government officials," Mirmehdi said in an interview. "They accused us of something we weren't a part of. They ruined our reputations and our business."

The brothers live in the San Fernando Valley, where three of them work as real estate agents.

Thom Mrozek, spokesman for the U.S. attorney's office in Los Angeles, declined to comment Monday because his office had not seen the lawsuit. FBI spokeswoman Laura Eimiller in Los Angeles also declined to comment.

The brothers were arrested Oct. 2, 2001, and freed March 16, 2005, after a lengthy appeals process. They were among dozens of Muslims detained after the Sept. 11, 2001, attacks as terror suspects or for immigration law violations.

According to the lawsuit, the brothers could have been released on bond as early as Dec. 10, 2001, were it not for Castillo's "false and misleading testimony" during a hearing in which he portrayed the brothers as security threats. The suit says the FBI agent was the government's only witness.

The lawsuit also presents a long list of alleged mistreatment of the brothers while in U.S. custody, including being locked up for up to 23 hours per day, being strip-searched after every visit with their attorneys and illegal monitoring of their phone calls with attorneys.

Throughout their legal battle, the Mirmehdis refused to compromise with U.S. officials, even when it came to getting their freedom. They rejected the government's first attempt to release them in February 2005, because they did not like the conditions governing their freedom.

The government later amended the conditions, but the Mirmehdis refused to sign the new documents. Finally, officials at the Terminal Island immigration detention facility forced them to leave without signing the documents.

An immigration appeals board ruled that the Mirmehdis have no ties to terrorism but upheld their deportations. It is not clear where they could be deported to, because immigration judges barred their deportation to Iran, where they could be tortured for anti-government activities. It is also unlikely that a third country will accept them because the U.S. government has accused them of terrorism.

Internet Privacy Group Files Complaint Against AOL (WP)

By Ellen Nakashima

The Washington Post, August 15, 2006

The Electronic Frontier Foundation filed a complaint yesterday asking the Federal Trade Commission to investigate AOL and require strengthening of its privacy protections after the Dulles-based firm recently released 20 million search records of 658,000 AOL users.

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In its complaint, the San Francisco-based advocacy group contended that the data release violated AOL's privacy policy and the Federal Trade Commission Act's bar on deceptive or unfair trade practices.

An AOL spokesman said the breach was a violation of internal policy forbidding disclosure of sensitive information but not of the company's privacy policy. "AOL did not provide any personally identifiable information to a third party," spokesman Andrew Weinstein said, referring to the privacy policy.

AOL apologized last week for what it called a "screw-up." It has removed the data from the Web site, but the data set, intended for academic research purposes, has been copied and circulated.

"Search terms can expose the most intimate details of a person's life -- private information about your family problems, your medical history, your financial situation, your political and religious beliefs, your sexual preferences and more," said Marcia Hofmann, a staff attorney with the Electronic Frontier Foundation.

The foundation submitted a confidential document to the FTC and AOL, listing 10 to 15 examples of searches that included information that could potentially identify a person, Hofmann said.

CIVIL RIGHTS:

Bush Signs Law To Save War Memorial Cross (NYT)

By Randal C. Archibold

The New York Times, August 15, 2006

LOS ANGELES, Aug. 14 — President Bush on Monday signed a law transferring a 29-foot-tall Latin cross high on a hill in San Diego to the federal government, stepping into a long-running dispute over the separation of church and state.

Mr. Bush, in the latest unusual action designed to save the Mount Soledad cross, in the La Jolla district, sided firmly with cross supporters who acknowledge that it is the pre-eminent symbol of Christianity but contend that it forms part of a secular war memorial.

An atheist, Philip K. Paulson, has fought the cross, built in 1954, for 17 years in federal and state courts. Mr. Paulson says the memorial was built only after he protested the cross and filed suit, and is a ruse to cover its intent to promote Christianity.

The legislation that Mr. Bush signed uses eminent domain to transfer the memorial land, which includes the cross and six concentric walls holding nearly 2,000 plaques honoring war veterans, from city ownership to the federal government. The private group that built the cross, the Mount Soledad Memorial Association, will continue to maintain it.

Mr. Bush signed the bill in the Oval Office with cross supporters, including the three Republican members of Congress from the San Diego area who pushed for it, a White House spokeswoman said.

Mayor Jerry Sanders, a Republican, praised the move in an interview as a “great thing for us” because “the memorial is a fabric of San Diego.”

The transfer hardly resolves the dispute and instead may open another long legal chapter. Mr. Paulson and another man, Steve Trunk, have already filed papers in Federal District Court in San Diego to challenge the transfer and the presence of the cross on federal land as unconstitutional.

“It’s election-year politics,” said James E. McElroy, a lawyer for the men. Mr. McElroy said he had researched about 10 federal cases in which judges had ruled that Latin crosses could not stand on public property. “This is nothing new under the sun, and it is a waste of taxpayer money,” he said.

Judges in state and federal courts have ruled that the cross violates the California Constitution, but it has stayed in place while appeals have played out. There are signs that the United States Supreme Court, which has previously rejected hearing the case, may now be interested.

In July, Justice Anthony M. Kennedy granted a stay of a federal court order that would have compelled the city to remove the cross by the beginning of this month, saying further arguments in the case should go forward.

“Congress’s evident desire to preserve the memorial,” Justice Kennedy wrote, “makes it substantially more likely that four justices will agree to review the case in the event the Court of Appeals affirms the district court’s order” to remove the cross.

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He also noted that voters last November approved a ballot measure compelling the city to transfer the cross to the federal government, but a state judge ruled the measure unconstitutional. A state appellate court is reviewing that ruling.

Bush Saves Cross By Eminent Domain (WT)

By Julia Duin

The Washington Times, August 15, 2006

President Bush signed a bill yesterday transferring ownership by eminent domain of a 29-foot cross overlooking San Diego from the city to the federal government.

The signing rendered moot two lawsuits seeking to remove the Mount Soledad Cross, a fixture on the city's skyline since its installation on Easter 1954, as a Korean War memorial.

The Justice Department will head up efforts to retain the Mount Soledad Cross and the surrounding 170 acres as a military war memorial.

"This is an attempted end run on the U.S. Constitution," said Fred Edwords, director of communications for the American Humanist Association. "That the federal government would intervene in a purely local church-state dispute is an example of election-year politics at its worst."

Richard Thompson, president of the Thomas More Law Center, a law firm in Ann Arbor, Mich., that fought on behalf of the monument, called the Oval Office signing "a line in the sand."

"It's the culmination of a 17-year battle that the atheists backed by the American Civil Liberties Union have been fighting," he said, referring to a lawsuit filed against the city by atheist Philip Paulson.

Mr. Paulson, a Vietnam veteran, says the monument discriminates against non-Christian veterans.

Ordered in 1991 by U.S. District Court Judge Gordon Thompson Jr. to remove the cross, the city tried for years to offload the memorial. Last year, 76 percent of San Diego voters approved Proposition A, which would have allowed the cross to be donated to the federal government.

However, Superior Court Judge Patricia Yim Cowett invalidated the election, saying the proposition violated the state constitution by preferring a religious symbol. Her ruling was appealed to California's 4th District Court of Appeal.

On May 3, Judge Thompson ordered the city to move the cross by Aug. 1 or be fined $5,000 a day.

Supreme Court Justice Anthony M. Kennedy blocked that order on July 3 and indicated in a four-page opinion that at least four justices -- the minimum required -- would hear the case if it reached their level.

Meanwhile, Congress had drafted a bill to transfer the cross to the federal government, rendering the lawsuits moot. The House passed the bill by a 349-74 vote on July 19 and the Senate approved it unanimously Aug. 1.

Reps. Duncan Hunter, Brian P. Bilbray and Darrell Issa, the San Diego-area Republicans who co-authored the legislation in June, attended the bill signing.

The Department of Defense, which will oversee the monument, must reimburse the city for the property, a move criticized by the Rev. Barry W. Lynn, executive director of Americans United for Separation of Church and State.

"The president and Congress have no business intervening in this way in an ongoing legal proceeding," he said. "Today's action is an unwarranted, heavy-handed maneuver that undercuts the separation of church and state and the integrity of the judicial system."

Federal Government Takes Control Of A Huge Cross (WP)

The Washington Post, August 15, 2006

A gigantic cross in San Diego that has been the focus of a 17-year court battle became the property of the federal government yesterday with President Bush's signature.

Supporters hope the legislation enabling the federal government to purchase the Mount Soledad Veterans Memorial -- featuring a 29-foot cross -- from the city of San Diego will protect it permanently. A series of court decisions have deemed the cross unconstitutional because it stands on public property.

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"Just because something may have a religious connotation doesn't mean you destroy it and tear it down," said Rep. Brian P. Bilbray (R-Calif.), after an Oval Office signing ceremony attended by other cross supporters and Republican House members who sponsored the bill.

But the legal fight that began in 1989 when an atheist veteran sued San Diego over the cross is not over. Philip Paulson's attorney, Jim McElroy, said he filed papers in federal court in San Diego last week to void the transfer and declare it unconstitutional.

"I don't think anybody really thinks the cross is going to remain on Mount Soledad. It's been 17 years of litigation, and every court, every judge who's ever looked at it has ruled it's unconstitutional," McElroy said.

Paulson, who fought in the Vietnam War, contends that the cross, dedicated in 1954 in honor of Korean War veterans, excludes veterans who are not Christian.

Proponents of the new law believe the change in ownership could help insulate the cross from legal challenges because federal law is more flexible about religious displays on federal property than the California Constitution is about city land.

President Signs Bill To Save San Diego Cross (LAT)

By Tony Perry, Times Staff Writer

The Los Angeles Times, August 15, 2006

The legislation labels the icon on public land a federal war memorial, an effort to make it harder for foes to force its removal.

SAN DIEGO — President Bush on Monday signed a bill designed to save the cross atop Mt. Soledad here from being removed, but both sides in the 17-year court battle predicted more politicking and litigating before the fate of the cross is finally decided.

Bush signed a bill sponsored by Rep. Duncan Hunter (R-El Cajon) that designates the 43-foot cross and the city land beneath it as a federal war memorial under control of the Department of Defense.

A federal judge in May declared the cross a violation of the constitutional separation of church and state and ordered it removed by Aug. 2. That order was stayed last month by the U.S. Supreme Court until other legal issues can be resolved.

Cross proponents believe that shifting ownership of the land to the federal government will invalidate the judge's ruling and make it more difficult for opponents to prevail because the U.S. Constitution is more flexible about religious icons on federal property than the state Constitution is about city land.

"We've gone from a sure victory for the opponents to what is now a long shot for them," said Hunter soon after the closed Oval Office ceremony in which Bush signed the bill.

"The U.S. Constitution stands between the opponents and victory," said Hunter, chairman of the House Armed Services Committee. "This is a great day for veterans."

But San Diego attorney James McElroy, who has represented an atheist Vietnam veteran in the long fight to have the cross removed, said the shift in ownership will not matter. McElroy said several decisions in other cases involving crosses on federal land support his position.

"The cross on Mt. Soledad shows a preference for Christian veterans over non-Christian veterans who have fought and died for their country, and that's wrong," McElroy said.

Anticipating that Bush would sign the bill, McElroy filed a request with federal court in San Diego last week to declare that switching ownership does not change a previous ruling that the presence of the cross on public land is unconstitutional under the state Constitution.

The order to remove the cross was made in May by U.S. District Judge Gordon Thompson, but adding a new defendant — the federal government — means the case will have to be assigned to a different judge, McElroy said. U.S. District Judge Barry Ted Moskowitz said he will hold a hearing next month and issue a ruling within weeks.

The cross, erected in 1954 as a memorial to military personnel killed in Korea and the two world wars, has long enjoyed enormous popular support in this military community. Voters have twice endorsed measures to keep the cross, visible from Interstate 5, atop what is one of the most prominent hilltops in San Diego.

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Rep. Brian Bilbray (R-Carlsbad) said he fears that forcing the removal of the cross could lead to court-ordered removals of crosses at other locations, including veterans cemeteries. "What's next?" Bilbray said. "Remove the crosses at Arlington or Normandy?"

McElroy said the "Arlington argument" misses the point that courts have made: The size and location of a cross are significant in deciding whether it violates the constitutional separation of church and state. At Arlington, he noted, some graves are marked by stars of David.

"At Mt. Soledad, the cross is all that people see from a distance," he said, noting that the war memorial plaques at the base of the cross can't be seen from Interstate 5.

Although weary of the court fight — and the legal bills that have run into the hundreds of thousands of dollars — city officials have retained their support for legislators and private groups trying to find a way to keep the cross from being removed.

Mayor Jerry Sanders, at a news conference at the foot of the cross Monday afternoon, restated his view that the cross has become integral to the social fabric of San Diego. Sanders said he was glad the federal government would "take the lead in preserving the integrity of the memorial."

Under the bill, the federal government will negotiate a price for the land beneath the cross. If an agreement cannot be reached, the government will use its power of condemnation. Responsibility for the maintenance of the cross will stay with the Mt. Soledad Memorial Assn., a private group.

The cross fight has made for some odd political pairings. Two Democratic representatives, Bob Filner of Chula Vista and Susan Davis of San Diego, voted against Hunter's bill; but California's two U.S. senators, Dianne Feinstein and Barbara Boxer — also Democrats — supported it.

Gov. Arnold Schwarzenegger said Bush's action is "a great signal to our veterans that we will not forget the sacrifices that they made during the time of conflict."

City officials have tried various strategies to keep the cross atop Mt. Soledad. A measure to have the land sold to a private group was struck down when the courts decided the sale was rigged to exclude groups that might want to remove the cross. Before the Hunter legislation, the City Council had rejected the idea of selling the property to the federal government.

"This is their last chance," McElroy said of the Hunter bill. "We're moving closer to finality."

Misconduct By Military Recruiters Cited (SEAPI/AP)

By Anne Plummer Flaherty

Seattle Post-Intelligencer/AP, August 15, 2006

WASHINGTON -- Military recruiters have increasingly resorted to overly aggressive tactics and even criminal activity to attract young troops to the battlefield, congressional investigators say.

Grueling combat conditions in Iraq, a decent commercial job market and tough monthly recruiting goals have made recruiters' jobs more difficult, the Government Accountability Office said Monday. This has probably prompted more recruiters to resort to strong-arm tactics, including harassment or criminal means such as falsifying documents, to satisfy demands, GAO states.

The report was done at the behest of lawmakers who were concerned that not enough was being done to curb aggressive recruitment practices.

"Even one incident of recruiter wrongdoing can erode public confidence in the recruiting process," the GAO warned.

According to service data provided to the GAO, substantiated cases of wrongdoing jumped by more than a third, from about 400 cases in 2004 to almost 630 in 2005. Meanwhile, criminal cases - such as sexual harassment or falsifying medical records - more than doubled in those years, jumping from 30 incidents to 70.

There are some 22,000 personnel working for the military's recruiting program, which cost more than $1.5 billion this year. On staff are some 14,000 "frontline" recruiters who must enlist two applicants per month.

"Given the large numbers of service members DOD must recruit every year, there is ample opportunity for recruiter irregularities to occur," the report said, using the acronym for the Department of Defense.

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More than half the recruiting crimes reported in 2005 were by the Army, which is bearing the brunt of the war in Iraq. The Army announced last week it was on track to meet this year's recruiting goal of 80,000 applicants, pulling itself up from a severe shortfall last year.

GAO warned that reports of recruiter misconduct are likely too low because the services do not track such cases and many incidents likely go unreported. The Defense Department, GAO found, is not "in a sound position to assure the general public that it knows the full extent to which recruiter irregularities are occurring."

In a letter to the GAO included in the report, the Defense Department said it agreed the services must establish an internal system to track reports of recruiter wrongdoing.

"We certainly agree with the GAO statement that even one incident of recruiter wrongdoing can erode public confidence in DOD's recruiting process," wrote Michael Dominguez, principal deputy to the under secretary of defense for personnel and readiness. "We also take this issue very seriously and believe that the oversight framework recommended by GAO will adequately address the issue."

GAO previously has suggested that the military link incentives for recruiters more closely to an applicant's ability to complete basic training, rather than to their willingness to sign up. This would help ensure that recruiters solicit more applicants who meet military standards, GAO contends.

According to GAO, the Pentagon concurred with that previous recommendation as well but has not mandated that the services implement it.

Democrats on Monday seized on the report as evidence Pentagon leadership was failing to oversee one of the military's most important personnel programs.

"America deserves better than a 'don't ask, don't tell' policy for military recruiting violations," said Rep. Pete Stark, D-Calif.

In a statement provided to The Associated Press, Dominguez said military recruiters have earned America's respect and that incidents of misconduct represent a small fraction of recruiting personnel.

"We will continue our robust oversight to ensure the level of integrity for this recruiting enterprise meets the high standard expected and deserved by the people of this country," Dominguez said.

US Military Recruiting Irregularities Rose Last Year (AFP)

AFP, August 15, 2006

Irregularities by US military recruiters rose by 50 percent last year as the war in Iraq made it more difficult to find volunteers for military duty, a government audit said.

The Government Accountability Office (GAO) said irregularities are probably more widespread than official statistics show because of spotty oversight by the Defense Department.

But while the military services likely underestimated the true number of violations, they still reported increases in all categories of recruiter irregularities from the 2004 to the 2005 fiscal years, the GAO said.

"Allegations and service-identified incidents of recruiter wrongdoing increased from almost 4,400 to about 6,600 cases," the report said.

"Substantiated irregularities increased from just over 400 to almost 630 cases; and criminal violations more than doubled from just over 30 to almost 70 cases," it said.

The number of criminal violations reported by the army doubled during the period from 19 to 38, according to the report.

The GAO did not detail the types of irregularities that are being reported.

Of all the services, the army annually recruits the most new personnel each year, and has had the most trouble meeting its recruitment goals.

Last year, it fell 8.3 percent short of its goal of signing 80,000 new recruits.

Army officials have said the service is on track to meet the same goal this year.

The improved recruiting performance has come only after big increases in signing bonuses and moves to broaden the pool of those eligible by admitting more lower-scoring candidates and raising the maximum age from 35 to 42.

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The GAO report cited an internal Defense Department survey in 2005 in which two thirds of military recruiters said the war in Iraq had made it difficult for them to achieve their goals.

The survey also found that over half of military recruiters, and two thirds of army recruiters, said they were dissatisfied with their jobs, which may have contributed to the increase in irregularities.

Violations By Military Recruiters Up Sharply (WP)

By Josh White

The Washington Post, August 15, 2006

Numbers Rose From 2004 to 2005 With Pressure to Meet Goals, GAO Finds

The number of alleged and substantiated violations by U.S. military recruiters increased by more than 50 percent in one year, a rise that may reflect growing pressure to meet wartime recruiting goals, according to a Government Accountability Office report released yesterday.

Allegations of wrongdoing by military recruitment personnel rose from 4,400 cases in fiscal 2004 to 6,600 cases in fiscal 2005, with substantiated cases increasing from 400 to almost 630, according to the report. The number of cases found to be criminal violations more than doubled, from 33 to 68.

The increase in violations was noted despite a significant decline in the number of people who joined the military. The number of new recruits fell from 250,000 in fiscal 2004 to 215,000 in fiscal 2005, even as recruiting efforts were significantly boosted, according to the GAO report.

The report noted that part of the increase in violations could be due to the Air Force's improved ability to track wrongdoing. But GAO officials concluded that because the Defense Department does not have an appropriate method of tracking violations across all the services, the total is likely to be higher.

"The department . . . is not in a sound position to assure Congress and the general public that it knows the full extent to which recruiter irregularities are occurring," the report says.

Citing internal Defense Department data, the GAO found that about 20 percent of active-duty recruiters believe that irregularities -- such as coercion, concealing information that would disqualify a candidate and falsifying documents, among others -- occur frequently. A majority of recruiters also reported dissatisfaction with their jobs.

The data indicate that irregularities increase around the time of monthly quota deadlines, according to the report.

The recruiting effort has become more difficult, especially for the Army, because new recruits know that they are likely to be deployed in support of the wars in Iraq and Afghanistan. Army officials have said that parents, coaches and advisers -- the "influencers" of recruits -- are less likely to recommend that young men and women join the military because of the wars. The low unemployment rate also means that young people have other options.

To avoid missing its annual goal, as it did last year, the Army deployed more recruiters and increased signing incentives this year, meeting its elevated monthly goals through last month.

Responding to the report, Defense officials wrote that they believe there needs to be a more centralized way of tracking recruitment violations to better assess how to prevent them.

"We certainly agree with the GAO statement that even one incident of recruiter wrongdoing can erode public confidence in DoD's recruiting process," Michael L. Dominguez, principal deputy undersecretary of defense for personnel and readiness, wrote in a letter dated July 24.

Reps. Victor F. Snyder (D-Ark.) and Fortney "Pete" Stark (D-Calif.), who released the report, said yesterday in a joint statement that the Defense Department needs to develop a better way of monitoring violations.

Military's Discharges For Being Gay Rose In '05 (NYT)

By John Files

The New York Times, August 15, 2006

WASHINGTON, Aug. 14 — The Defense Department discharged 726 service members last year for being gay, up about 10 percent from 2004, figures released by a gay rights group show.

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The group, the Servicemembers Legal Defense Network, obtained the information through a Freedom of Information Act request. A spokeswoman for the Defense Department, Lt. Col. Ellen Krenke, confirmed that it had released the information.

On Monday, the legal group released a breakdown of discharges by installation. A sharp increase occurred at Fort Campbell, Ky., where in 1999 a soldier was bludgeoned to death in his barracks by fellow soldiers who thought he was homosexual. In 2004, 19 service members from the base were discharged, a number that climbed to 49 last year.

Fort Sill, Okla., had 27 dismissals last year, up from 8 in 2004. Fort Leonard Wood, Mo., had 60 dismissals, up from 40 in 2004, and the Marine base at Parris Island, S.C., discharged 22, up from 12.

The Army, by far the largest branch of the military, discharged more gay personnel last year than the other branches with 386, the figures show, followed by the Navy with 177, the Air Force with 88 and the Marines, the smallest force, with 75.

The overall number of men and women dismissed because they were found to be gay or because they disclosed their sexuality fell in the three years from 2002 to 2004. From Sept. 11, 2001, through last year, the discharge rate dropped 40 percent.

The total of such discharges in 2004 was 653. That compares with 770 in 2003, 885 in 2002 and 1,227 in 2001.

Under a policy introduced by the Clinton administration known as “don’t ask, don’t tell,” the military cannot inquire into service members’ sex lives unless there is evidence of homosexual conduct.

Those who volunteer the information have to be discharged. More than 11,000 members have been discharged for that reason, the legal group said.

In a review by the Government Accountability Office, an investigative arm of Congress, the Pentagon said last year that more service members had been discharged for drug offenses, pregnancy and weight problems than for being gay.

Colonel Krenke said: “The Department of Defense policy on homosexual conduct in the military implements a federal law enacted in 1993 following extensive hearings and debate. The law would need to be changed to affect the department’s policy.”

The military has argued that allowing openly gay troops would disrupt unit cohesion and undermine the services’ missions. Defense Secretary Donald H. Rumsfeld has said that the Bush administration will not revisit the policy.

Representative Martin T. Meehan of Massachusetts, the ranking Democrat on the House Armed Services Subcommittee on Terrorism, Unconventional Threats and Capabilities, introduced a bill last year to repeal the policy on gay service members.

In an interview on Monday, Mr. Meehan pointed to “the seamless integration of openly gay service members into the militaries of many of our closest allies, namely the United Kingdom, Australia and Israel.” His bill has 118 supporters, including 5 Republicans.

A spokesman for the legal group, Steve Ralls, said it had detected no increased effort to oust members under the policy last year. Mr. Ralls said that some bases reporting increases in discharges had few, if any, reports of unchecked harassment. It often boils down to the tolerance of individual commanders, he said.

“In the end,” Mr. Ralls said, “we just don’t know what exactly led to these dismissals.”

Some service members have used the policy to escape their military obligations as morale has dipped and multiple overseas deployments have caused strain, Mr. Ralls added.

The legal group has also seen an increase in the malicious use of the Internet and e-mail to disclose the sexual orientation of service members, Mr. Ralls said. Sites like MySpace.com are routinely visited by service members and military officials, and service members who identify themselves as gay or lesbian on the Internet risk expulsion.

In one case, the orientation of a gay sergeant was disclosed to his superiors by anonymous e-mail messages. The sergeant was honorably discharged this year from the Army.

Missouri Army Base Leads 'Don't Ask Don't Tell' Dismissal Rate (AP)

Fox News/AP, August 15, 2006

WASHINGTON — An Army base in Missouri used the "don't ask, don't tell" policy to kick out more soldiers than any other military installation last year, followed by an Army base on the Kentucky-Tennessee border and a naval base in Virginia.

Sixty people were dismissed last year from Fort Leonard Wood, Mo., according to Defense Department documents shared with The Associated Press by the Servicemembers Legal Defense Network. That was up from 40 discharges under the policy from the training facility in 2004.

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The advocacy group, which advises military personnel on the gay policy, obtained the information through a Freedom of Information Act request. Pentagon spokeswoman Lt. Col. Ellen Krenke confirmed that the Defense Department provided the information to the advocacy group.

The second-highest number of discharges were at Fort Campbell, a sprawling Army base on the Kentucky-Tennessee line. But the 49 people dismissed there, up from 19 in 2004, also represented the single-biggest increase in discharges anywhere.

It was at Fort Campbell where a soldier, Pfc. Barry Winchell, was bludgeoned to death in 1999 by a fellow soldier who believed Winchell was gay. Gay discharges from the base went up sharply on the heels of that murder but later subsided.

"The numbers at Fort Campbell remain disturbing because of the history there," said C. Dixon Osburn, executive director of Servicemembers Legal Defense Network. "The discharge numbers had gone significantly down. This seems to be a rebound. It's not clear why."

A spokeswoman for the base declined to comment on the statistics.

The Pentagon has said there were 726 military members discharged under the policy last year — up 11 percent from the year before — but did not publicly release base-specific information.

The data provided to the legal advocacy group showed the Norfolk, Va., naval base had the third highest number of gay dismissals in 2005, with 35 people leaving under the policy. The Fort Benning Army base in Georgia was next with 31 discharges.

The Pentagon policy, which went into effect in 1994 following passage of congressional legislation, prohibits the military from inquiring about the sex lives of service members but requires those who openly acknowledge being gay to be discharged.

Neither the White House nor the Pentagon has given any indication of dropping their long-standing support for the policy.

Krenke, the Pentagon spokeswoman, said it is the Defense Department's view that congressional action would be needed to change the policy.

A bill to repeal the policy and allow gays to serve openly has been introduced in the House, but no such measure has been introduced in the Senate.

Dr. Elizabeth Recupero, an internist and pediatrician discharged under the policy last year, said she is confident it will eventually be repealed.

"It's going to be overturned because people are needed, and it's not going to matter who they're sleeping with," she said. "We're in a situation of high alert and war."

Recupero was discharged last year after an investigation that lasted about five years. She was to be stationed at Fort Drum, N.Y., after doing her medical training but never served there, having been put on leave during the inquiry.

Recupero says she regrets the way things turned out. "I'm an honorable person," she said. "I made a commitment to fulfill my duty, and I never got to do that, and I kind of feel lousy about this."

Colorado Redistricting Lawsuit Dismissed (AP-Y)

By Jon Sarche, Associated Press Writer

AP, August 15, 2006

A panel of federal judges has delivered a blow to Colorado Republicans and dismissed the last lawsuit filed over congressional boundaries imposed by a state court.

The ruling, handed down Friday, means district lines drawn by a Denver judge remain in effect.

The dispute dates to the 2000 census, which showed Colorado's population grew enough to earn the state a seventh seat in the U.S. House. The Legislature, then split between Republicans and Democrats, failed to agree on new boundaries in time for the 2002 elections, prompting a Denver judge to map the districts.

By 2003, Republicans had gained control of the Legislature and adopted a new redistricting map to replace the court-imposed map.

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When Democrats challenged the GOP-favored map, the Colorado Supreme Court ruled that the Legislature gets only one chance a decade to redistrict and lawmakers missed that chance when they failed to agree on a plan in 2002. Justices threw out the 2003 map and restored the state court's map.

The federal lawsuit had asked judges to reinstate the district lines drafted by the Republican-controlled Legislature.

The lawsuit argued that the court-imposed map violates the constitutional right of citizens to vote for congressional candidates in districts created by the Legislature.

In dismissing the lawsuit on Friday, the federal judges asserted that the case has already been decided by Colorado's Supreme Court.

Brett Lilly, the attorney for the plaintiffs in the federal suit, said Monday the judge's redistricting map and the state Supreme Court ruling violated the U.S. Constitution, which says redistricting must be handled by the Legislature. Lilly also objected to the state justices' conclusion that the Colorado Constitution prohibits mid-decade redistricting.

Lilly said he plans to appeal the ruling to the U.S. Supreme Court.

Shooting Puts Focus On Police Decisions (BSUN)

By Matthew Dolan

The Baltimore Sun, August 15, 2006

The weekend death of a 14-year-old boy by a Baltimore police officer is reviving a controversial issue for the department: When is the right time to use deadly force to stop aggressive suspects?

As investigators probe the fatal shooting of Kevin Cooper inside his home on Saturday morning, his family's lawyer challenges the officer's account, saying that the boy's behavior did not warrant such a violent reaction.

But experts who train officers cautioned that these kinds of volatile domestic situations require split-second decisions by officers worried about the safety of bystanders as well as their own.

Options like blinding Mace, disabling batons and Taser stun guns can be employed effectively to force many suspects into compliance.

Still, according to several former police commanders and authorities in tactical procedures, the public should not be lulled into thinking that every suspect can and should be subdued by those less-than-lethal methods.

"Anybody could easily say that the officer should have backed away, but was the individual in such a dangerous state that he was he going to hurt his mother?" said retired Maj. Gary D'Addario, a former Baltimore homicide shift commander. "Were other people going to be injured? Could he hold his mother hostage?"

Police have said the Kevin Cooper had no juvenile arrest record, but did have disciplinary issues in the classroom.

Homicide investigators have learned that Kevin attended the New Foundations school in Baltimore for two years, said police department spokesman Matt Jablow. The school educates emotionally disturbed children in elementary through high school grades. About 30 students attend the Franklin Street school in Mount Vernon.

A former teacher said last night that Kevin was expelled from the school after he threw a desk at a male teacher and injured him. The former teacher also gave that account to Baltimore homicide investigators, which The Sun independently corroborated.

Monday, the boy's family referred all calls to its lawyer, A. Dwight Pettit, who did not return several messages. School officials could not be reached for comment.

Baltimore police defended the shooting as justified, saying the boy had hit the officer and threatened him with a jagged broken broom handle. At the time of the shooting, the officer was alone with the family, which may have been a critical factor, according to experts who declined to comment directly on the case.

"There are many factors involved. But sometimes calling for back up or having more officers at the scene can help end a situation without using lethal force," said Charles Joe Key, a private consultant for the city and former Baltimore police lieutenant who helped write the department's guidelines for using force.

According to the official police account, Officer Roderick Mitter, 26, came to the boy's home with another officer. Once the situation calmed down, Mitter stayed to take information for a report when Kevin "became very agitated," according to police. <

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ßkern2 Department officials said the boy attacked Mitter with a broom handle. As Cooper's mother attempted to step between the two, the officer used Mace on the boy several times, to no avail, police said.

It was the second fatal shooting by a city officer in a little more than a week.

Police said the boy's mother called them to her Southwest Baltimore home on Saturday morning and reported that she needed help because her son was assaulting her.

Kevin hit Mitter over the head with the broom handle, breaking it in two, according to police. Mitter drew his gun. When Cooper moved toward him with a jagged piece of the handle, Mitter shot the boy in the shoulder.

The youth later died at St. Agnes Hospital.

Pettit, the family lawyer, offered a different story: Kevin never struck the officer, who provoked the boy, sprayed him with Mace and shot him.

Key said that Mace is effective in disabling about 80 percent of its victims.

"But stopping people does not mean that they are totally incapacitated," said the retired commander, who has analyzed more than 500 police-involved shootings in Baltimore. "There is still the potential for violence."

A broken broom handle, he said, could be considered an impact weapon. In those cases, an officer could have also used a baton against an unruly suspect if the pepper spray failed, according to Key.

"But what an officer does not want to do is engage in a duel," he warned.

Again, Key cautioned against rushing to judgment, saying that the level of force used by police is case-specific.

"The standard is whether an objectively reasonable officer would have used the same level of force under the circumstances," Key said.

Another non-lethal option is a Taser gun, but most Baltimore officers do not have them. The controversial stun weapons have been criticized by some for causing fatalities. Others have said that they are not effective enough to use in most situations with suspects.

Jablow said the city police department has no current plans to outfit its patrol officers with Tasers. Today, only patrol supervisors in each of the city's police districts have the weapons.

Other less-than-lethal weapons include the so-called bean-bag shotgun, but those weapons are not standard issue for an officer on the beat.

After a spate of officer-related shootings involving Anne Arundel County police, a county patrol officer used a bean-bag shotgun last month to disarm a suspect they described as violent and suicidal.

So far this year, the city has not experienced an increase in police shootings.

Baltimore officers shot 11 people this year, the same number for the same period in 2005. This year, four people died from the shootings; three died during the same period last year.

Lt. Mark Howe, the department's academy commander, said Monday that each new recruit spends hours learning about and practicing arrest and control techniques.

While some experts said that knowing the suspect is a child can help officers diffuse an explosive scene, Howe and others also warned that child suspects may not always act their age.

"We don't train them to differentiate between children and adults because a young person can hurt you just as fast. It all depends on the situation," the commander said.

Officers also receive training from mental health professionals about dealing with suspects who may suffer from emotional or psychiatric problems, according to Howe.

"We bring in experts to put officers through role playing," he said. "We concentrate on how to deescalate the situation."

Paul M. Blair Jr., president of the Fraternal Order of Police union, said that those alarmed by the death of a teenager in his own home should remember that domestic police calls are often the most dangerous for officers.

"A lot of these incidents happen within split seconds. You don't have time to say, 'Hold on a minute while I get my bean-bag shotgun out of the car."

Inspector General Probes Deletions In Reports On Group Home Deaths (WP)

By Karlyn Barker, Washington Post Staff Writer

The Washington Post, August 15, 2006

The D.C. inspector general has begun an investigation to determine who altered reports on the deaths of mentally retarded residents in group homes to delete damaging information before the documents were turned over to court and other oversight officials.

Austin A. Andersen, the deputy inspector general, confirmed yesterday that the Medicaid Fraud Control Unit of the inspector general's office has assigned auditors to look into the deletions in the death reports, including who made them and under whose instructions.

Andersen declined to comment further except to say that the probe, requested by D.C. Council member Adrian M. Fenty (D-Ward 4), will be done as quickly as possible.

"This is about accountability," said Fenty, chairman of the council's Human Services Committee. "Either this was done by someone very high up in the District government, or it was done without the knowledge of senior officials who should have known, which in many ways is worse."

Sandy Bernstein of University Legal Services, which represents plaintiffs in a long-standing federal lawsuit against the District over care of the mentally retarded, applauded the investigation.

"We hope there are some sanctions against the person or persons who changed the records and also against anybody who directed or knew about the changes," she said.

Kathy Sawyer, interim head of the Mental Retardation and Developmental Disabilities Administration, and Brenda Donald Walker, deputy mayor for children, youth, families and elders, were out of their offices yesterday and unavailable for comment.

Brian Wilbon, Walker's chief of staff, said the District supports the probe.

"We will cooperate fully with the investigation and work with the auditors to get whatever is needed," he said.

The death reports are done by an independent contractor, then given to the city's Incident Management and Investigations Unit for review before being distributed to the court, the mental retardation agency and others. Sawyer said previously that the deletions occurred before late October 2005, when that unit was shifted to her agency.

The deletions were discovered by Elizabeth Jones, the court monitor in the lawsuit. This summer, Jones checked a sampling of 19 cases and found significant deletions in eight.

They included information that described serious case-management failings, delays in obtaining consent for medical procedures, concerns about health care and problems getting information needed to complete the death investigations, as well as recommendations designed to avert harm to residents in city-contracted group homes.

One report was changed to remove several sentences that criticized a case manager's oversight, including a complaint that he had visited a resident of a group home only once in eight years. The case manager, according to Jones, still works for the mental retardation agency.

Its operations are under increased scrutiny because a federal judge in the lawsuit against the city is weighing a request to place the troubled agency in court receivership -- a move city officials say would derail overhaul efforts.

Fenty and Bernstein expressed concern yesterday that City Administrator Robert C. Bobb has said he will soon leave Mayor Anthony A. Williams's administration to run for president of the D.C. Board of Education. Bobb told U.S. District Judge Ellen Segal Huvelle in late June that Williams (D) had directed him to become personally involved in fixing problems at the mental retardation agency.

Fenty called Bobb's departure "a crucial loss" to the city's efforts to improve services for the agency's 2,000 vulnerable clients.

With Bobb gone, Bernstein said, "we are concerned about who is focusing attention" on city compliance in the lawsuit.

Wilbon said Williams, who will leave office in January, "is personally committed" to staying actively involved in the case and will appoint a replacement for Bobb to work with Sawyer "to stave off the receivership motion."

Ninth Circuit Reinstates Suit Over Handcuffing Of 11-Year-Old (MNE)

Metropolitan News-Enterprise, August 14, 2006

DOJ_NMG_0048374

A Los Angeles man who was 11 years old when a team of officers allegedly pointed guns at and handcuffed him while seeking to arrest his father can sue for violation of his constitutional rights, the Ninth U.S. Circuit Court of Appeals ruled Friday.

U.S. District Judge Ronald S.W. Lew ruled two years ago that the agents, from the IRS, Drug Enforcement Administration, and Los Angeles Police Department, did not use excessive force or unreasonably detain Ephraim Tekle. The judge also ruled that to the extent there may have been a Fourth Amendment violation, the agents acted reasonably and were entitled to qualified immunity.

The Ninth Circuit panel disagreed, saying no reasonable officer would have believed that the Constitution allowed him to act in the manner Tekle alleges.

The defendants acknowledged detaining Tekle when they arrested his father on tax and drug charges at the family home. But they claimed that he looked older and that they did not know he was unarmed.

Mother Arrested

A different team of agents had earlier arrested Tekle's mother after she dropped off his two siblings at school. Tekle testified at his deposition that he was taking out the trash, unaware of the officers' presence, when he hear a voice over a "loud intercom" saying "turn around and put your hands in the air."

Not believing that message was meant for him, he testified, he turned around and started running back inside. When the agents repeated for him to come out, he said, he realized who they were talking to and went out with his hands up.

One of the officers, he testified, told Tekle to get on the ground, so he lay face down on the driveway. The officer, he testified, held a gun to his head, searched him, and handcuffed him.

Tekle said the officer pulled him up from behind by the chain of the handcuffs and took him out to the sidewalk, where he sat, still handcuffed, with his feet "in the gutter" until his father was brought out of the house in handcuffs, approximately 15 minutes later.

After than, he testified, the officers kept their guns on him for a period of time, although the handcuffs were removed. He also said that an officer asked him where he was from, and he explained that he was born in the United States but that his parents came from Ethiopia, the officer responded with a profane and deprecating remark about his parents' homeland.

Tashima Opinion

Senior Judge A. Wallace Tashima, writing for the Ninth Circuit, emphasized that in ruling on the validity of a summary judgment ruling, the court must resolve all legitimate factual disputes in favor of the party opposing the motion, in this case the plaintiff. On that basis, the judge concluded, there was sufficient evidence of excessive force and unreasonable detention to establish triable issues of fact.

Ninth Circuit precedent, Tashima explained, may permit a claim for excessive force in circumstances where a gun was pointed but not fired, depending on the totality of the circumstances.

"Here, viewing the facts in the light most favorable to Tekle, approximately twenty-three armed officers saw a barefoot, eleven-year-old boy, clad in shorts and a t-shirt, emerge from his home. Although he tried to return to the house after hearing the initial "intercom," he then stopped and cooperated. He did not attempt to flee, nor did he resist them, but he complied with their requests, lying face down on the driveway.

He was unarmed. The officers then held a gun to his head, searched him, handcuffed him, pulled him up from behind by the chain of the handcuffs, and sat him on the sidewalk, still handcuffed, with their guns pointed at him, for ten to fifteen minutes. Only after they removed his father from the home in handcuffs did they remove the handcuffs from Tekle. They then sat him on a stool, with their guns still drawn, for another fifteen to twenty minutes."

Third Circuit Case

Citing a similar case from the Third Circuit, Tashima said the amount of force allegedly used against Tekle constituted a "very substantial invasion of [his] personal security."

Judge Raymond C. Fisher concurred in the opinion, while Judge Andrew Kleinfeld concurred separately.

Kleinfeld agreed that the plaintiff had alleged a case of excessive force with respect to the pointing of the guns. As to the handcuffs, he agreed that the facts alleged stated a claim, but only because of the allegation that the officers lifted Tekle to his feet while cuffed, which the judge called a "sadistic bit of bullying."

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The case is Tekle v. United States, 04-55026.

Has Bush V. Gore Become The Case That Must Not Be Named? (NYT)

By Adam Cohen

The New York Times, August 15, 2006

At a law school Supreme Court conference that I attended last fall, there was a panel on "The Rehnquist Court." No one mentioned Bush v. Gore, the most historic case of William Rehnquist's time as chief justice, and during the Q. and A. no one asked about it. When I asked a prominent law professor about this strange omission, he told me he had been invited to participate in another Rehnquist retrospective, and was told in advance that Bush v. Gore would not be discussed.

The ruling that stopped the Florida recount and handed the presidency to George W. Bush is disappearing down the legal world's version of the memory hole, the slot where, in George Orwell's "1984," government workers disposed of politically inconvenient records. The Supreme Court has not cited it once since it was decided, and when Justice Antonin Scalia, who loves to hold forth on court precedents, was asked about it at a forum earlier this year, he snapped, "Come on, get over it."

There is a legal argument for pushing Bush v. Gore aside. The majority opinion announced that the ruling was "limited to the present circumstances" and could not be cited as precedent. But many legal scholars insisted at the time that this assertion was itself dictum — the part of a legal opinion that is nonbinding — and illegitimate, because under the doctrine of stare decisis, courts cannot make rulings whose reasoning applies only to a single case.

Bush v. Gore's lasting significance is being fought over right now by the Ohio-based United States Court of Appeals for the Sixth Circuit, whose judges disagree not only on what it stands for, but on whether it stands for anything at all. This debate, which has been quietly under way in the courts and academia since 2000, is important both because of what it says about the legitimacy of the courts and because of what Bush v. Gore could represent today. The majority reached its antidemocratic result by reading the equal protection clause in a very pro-democratic way. If Bush v. Gore's equal protection analysis is integrated into constitutional law, it could make future elections considerably more fair.

The heart of Bush v. Gore's analysis was its holding that the recount was unacceptable because the standards for vote counting varied from county to county. "Having once granted the right to vote on equal terms," the court declared, "the state may not, by later arbitrary and disparate treatment, value one person's vote over that of another." If this equal protection principle is taken seriously, if it was not just a pretext to put a preferred candidate in the White House, it should mean that states cannot provide some voters better voting machines, shorter lines, or more lenient standards for when their provisional ballots get counted — precisely the system that exists across the country right now.

The first major judicial test of Bush v. Gore's legacy came in California in 2003. The N.A.A.C.P., among others, argued that it violated equal protection to make nearly half the state's voters use old punch-card machines, which, because of problems like dimpled chads, had a significantly higher error rate than more modern machines. A liberal three-judge panel of the United States Court of Appeals for the Ninth Circuit agreed. But that decision was quickly reconsidered en banc —that is, reheard by a larger group of judges on the same court — and reversed. The new panel dispensed with Bush v. Gore in three unilluminating sentences of analysis, clearly finding the whole subject distasteful.

The dispute in the Sixth Circuit is even sharper. Ohio voters are also challenging a disparity in voting machines, arguing that it violates what the plaintiffs' lawyer, Daniel Tokaji, an Ohio State University law professor, calls Bush v. Gore's "broad principle of equal dignity for each voter." Two of the three judges who heard the case ruled that Ohio's election system was unconstitutional. But the dissenting judge protested that "we should heed the Supreme Court's own warning and limit the reach of Bush v. Gore to the peculiar and extraordinary facts of that case."

The state of Ohio asked for a rehearing en banc, arguing that Bush v. Gore cannot be used as precedent, and the full Sixth Circuit granted the rehearing. It is likely that the panel decision applying Bush v. Gore to elections will, like the first California decision, soon be undone.

There are several problems with trying to airbrush Bush v. Gore from the law. It undermines the courts' legitimacy when they depart sharply from the rules of precedent, and it gives support to those who have said that Bush v. Gore was not a legal decision but a raw assertion of power.

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The courts should also stand by Bush v. Gore's equal protection analysis for the simple reason that it was right (even if the remedy of stopping the recount was not). Elections that systematically make it less likely that some voters will get to cast a vote that is counted are a denial of equal protection of the law. The conservative justices may have been able to see this unfairness only when they looked at the problem from Mr. Bush's perspective, but it is just as true when the N.A.A.C.P. and groups like it raise the objection.

There is a final reason Bush v. Gore should survive. In deciding cases, courts should be attentive not only to the Constitution and other laws, but to whether they are acting in ways that promote an overall sense of justice. The Supreme Court's highly partisan resolution of the 2000 election was a severe blow to American democracy, and to the court's own standing. The courts could start to undo the damage by deciding that, rather than disappearing down the memory hole, Bush v. Gore will stand for the principle that elections need to be as fair as we can possibly make them.

ANTITRUST:

Bristol-Myers, Sanofi-Aventis Try To Block Sales Of Generic Plavix (AP)

By Theresa Agovino, AP Business Writer

AP, August 15, 2006

NEW YORK (AP) Bristol-Myers Squibb Co. and Sanofi-Aventis SA said Monday they filed an injunction against Apotex Corp. to stop the Canadian drug maker from selling a less expensive, generic version of the blood thinner Plavix and force it to recall product already sold.

The companies also said they have begun discounting Plavix to stem the loss of the drug's market share.

A hearing on the motion is set for Friday in the U.S. District Court for the Southern District of New York, where the injunction was filed and a patent case on Plavix is pending.

In the filing, the two brand-name makers said there are four reasons the injunction should be issued, including the likelihood they will prevail in the pending patent case and that Apotex's launch last week is causing them irreparable harm.

Apotex launched the drug last Tuesday after a settlement agreement to end the years-old patent litigation fell apart. The generic drug costs around $124 for 30 tablets, compared with about $148 for the Bristol-Myers branded version.

Bristol-Myers and Sanofi-Aventis allege that Apotex has aggressively flooded the market with generic Plavix, selling customers several months supply. The companies said that since Apotex's launch has been so large, any injunction that doesn't include a provision for a recall would fail to provide them meaningful financial relief because they'd still be competing with the generic drug left in the market.

However, in the filing the two companies said they had initiated a program to give large rebates to companies that continue to purchase Plavix. Bristol-Myers declined to give any information about the rebates' size.

In the court papers, the companies acknowledged that lowering Plavix's price was risky because even if the court orders that Apotex stop selling its version of the drug, it will be very difficult for them to raise the price back to its original level because the market would have become accustomed to lower costs.

In late July, the Justice Department launched a criminal investigation into an out-of-court settlement between Apotex, Bristol-Myers and Sanofi-Aventis where the two brand name makers had agreed to pay Apotex a minimum of $40 million to keep its version of the drug off the market until 2011. Plavix's patent expires in 2011, but under the agreement the two brand name makers would allow Apotex to launch its drug several months early.

FBI agents with a search warrant confiscated documents at Bristol-Myers' New York headquarters, and both companies received grand jury subpoenas to determine if the agreement broke antitrust laws. The deal between the drug companies was rejected by state attorneys general, who must approve arrangements between Bristol-Myers and generic drug makers as a result of earlier litigation.

Sales of Plavix, the second-best selling drug in the world behind Pfizer Inc.'s cholesterol drug Lipitor, totaled about $5.9 billion last year.

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Apotex spokesman Steve Giuli said the company thought it was unlikely that the court would grant an injunction. He also declined to say how much product it had sold or if it would further lower its prices in the wake of the discount program launched by the two brand makers.

Plavix is a Sanofi-Aventis medicine, but under an agreement Bristol-Myers sells it in the United States, Canada, and several other countries. The medicine is Bristol-Myers' best selling product, and is considered crucial for the company to maintain its dividend and earnings outlook.

Bristol-Myers shares rose 17 cents to close at $20.41 on the New York Stock Exchange while U.S. shares of Paris-based Sanofi-Aventis added 25 cents to finish at $43.42.

Warsaw Orthopedics Companies Named In Antitrust Suits (FWJD)

By Michael Schroeder

The Fort Wayne Journal Gazette, August 15, 2006

Warsaw-based orthopedic companies are being sued for alleged violations of antitrust law that are at the heart of an ongoing investigation by the U.S. Department of Justice.

Biomet Inc. said Friday in its annual report filed with the Securities and Exchange Commission that it has received two complaints in class action lawsuits and is aware of other lawsuits that have been filed against but not served on the company. The company said that the complaints also named various other companies in the orthopedics industry.

Earlier this month, Zimmer Holdings Inc. made a similar disclosure in a quarterly report filed with the SEC. The company said it and other major orthopedic manufacturers had been named as defendants in six class action lawsuits for alleged violations of antitrust laws as of July 27.

“In these lawsuits, the plaintiffs (direct and indirect purchasers) allege that the defendants engaged in a conspiracy to fix prices of orthopaedic implant devices,” Zimmer said in its SEC filing.

Both Zimmer and Biomet said the lawsuits were without merit and said they planned to mount a vigorous defense.

In addition to Zimmer and Biomet, Johnson & Johnson – the parent of DePuy Orthopaedics Inc., another Warsaw-based orthopedics firm – was among the named defendants, according to Zimmer’s filing.

In June, Zimmer, Biomet, DePuy and other industry competitors based outside of Warsaw disclosed that they had received subpoenas from the Justice Department in connection with an antitrust investigation.

NovaGold Urges Shareholders To Reject Barrick's Takeover Bid (WSJ)

By John Moritsugu

The Wall Street Journal, August 15, 2006

NovaGold Resources Inc. said it is recommending shareholders reject a $1.53 billion unsolicited takeover offer from Barrick Gold Corp. because it "significantly undervalues" NovaGold's mineral projects and expansion potential.

The Vancouver, British Columbia, mining company said it has started legal action against Barrick, alleging misuse of confidential information with respect to the companies' competing bids for Pioneer Metals Corp., of Vancouver.

Two weeks ago, Barrick offered $14.50 a share for NovaGold's shares. NovaGold said it was disappointed with the offer and urged shareholders to hold off.

NovaGold hasn't produced any metals, but holds two undeveloped assets that are attractive to Barrick: a substantial stake in Alaska's Donlin Creek gold prospect, and 100% of British Columbia's Galore Creek copper and gold discovery.

NovaGold, which announced its offer for Pioneer Metals June 14, said it provided nonpublic information about its Galore Creek project to Barrick June 16. Barrick made an offer July 24 for Pioneer Metals that topped the offer made by NovaGold.

NovaGold said its lawsuit asks that any Pioneer Metal shares purchased by Barrick through its offer be held in a constructive trust for NovaGold's benefit. Pioneer Metals' board has unanimously recommended that its shareholders tender their shares to Barrick.

A Barrick spokesman said the Toronto company was reviewing NovaGold's recommendation to shareholders and the legal complaint, but had no comment.

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ENVIRONMENT:

BP Considers Alternative Routes For Moving Oil From Prudhoe Bay (WSJ)

By John M. Biers

The Wall Street Journal, August 15, 2006

PRUDHOE BAY, Alaska -- BP PLC officials are considering alternative pipeline routes from the closed portion of the giant oil field here, a move that might allow production to resume by October.

The eastern portion of the field -- closed last week after the London-based energy giant found corrosion in transit pipelines and a small leak -- accounts for about half of the field's production, which totals 400,000 barrels a day. BP said late last week that it would keep pumping from the western half of the field, which helped push oil prices lower on commodity markets yesterday. Crude for September delivery fell 82 cents, or 1.1%, to $73.53 a barrel on the New York Mercantile Exchange. (See related article on page C4.)

Reopening the eastern half of the field sooner than the January 2007 date projected by some observers would further reassure markets, especially on the U.S. West Coast, which depends heavily on Alaskan oil. While the field satisfies less than 2% of U.S. crude-oil demand, that margin has become more important amid growing world demand for petroleum-based fuels like gasoline and supply constraints elsewhere in the world.

BP, which operates the field on behalf of a consortium that includes Exxon Mobil Corp. and ConocoPhillips, could boost output from the eastern half of the hobbled field by tying some of the eastern Prudhoe production into the nearby Endicott pipeline, which it operates. Though built for 110,000 barrels a day, Endicott is currently flowing at just about 20,000 barrels because of field decline, said Craig Wiggs, a field manager for BP Alaska.

Routing into Endicott would require some modest modifications to infrastructure, as well as approval from state and federal regulators, Mr. Wiggs said. But if that works out, Endicott could lift Prudhoe's production to more than 300,000 barrels a day. "You're going to be well into October before I could see the construction completed" to allow the Endicott alternative, he said.

BP recently has had some failures in identifying gaps in its pipeline before they cause oil spills. In March, the company suffered the biggest spill in nearly 30 years of North Slope oil production when 200,000 gallons of oil coated the arctic tundra. Last week's discovery of a far smaller spill, along with numerous weak points in the eastern Prudhoe gathering lines, prompted the decision to shut the field.

"We clearly missed something," said Kemp Copeland, BP Prudhoe field manager, on a tour of the spill site. "It's personally disappointing that we missed something."

Mr. Copeland oversees a work force of 4,000 who toil on 300 square miles of arctic tundra. His operation will be under a microscope for the foreseeable future as federal and state officials monitor conditions at the field.

The company described extraordinary measures in its announcement to keep open western Prudhoe, including 24-hour visual and infrared surveillance of a key five-mile stretch of pipeline. In keeping with orders from federal regulators, BP's pipeline-maintenance program will by November include using "smart pigs" to test the lines -- an invasive testing process that monitors corrosion.

BP shut down the eastern field last week after a run by a smart pig, a droid usually shaped as a cylinder, which when pushed through a pipeline can detect abnormalities.

In A Defeat For Louisiana Governor, Federal Judge Refuses To Stop Oil And Gas Lease Sale (AP)

By KEVIN McGILL, Associated Press Writer

AP, August 15, 2006

NEW ORLEANS (AP) A federal judge dealt Gov. Kathleen Blanco a defeat Monday in her campaign to force the government to give Louisiana a bigger share of royalties from offshore oil and gas drilling.

U.S. District Judge Kurt D. Engelhardt turned down Blanco's request to block Wednesday's sale of federal natural gas and oil leases in the western Gulf of Mexico. Blanco has not said whether she would appeal.

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Blanco has threatened to block such sales until the state is given more royalties to help it recover from Hurricane Katrina. She filed a lawsuit claiming the federal government has not done enough to protect Louisiana's wetlands from damage from drilling.

Engelhardt said the state will have a strong case when the dispute goes to trial in November, but allowing the sale to go on would not harm the state.

``The court's decision today will allow MMS (Minerals Management Service) to continue its plans for producing additional energy supplies for the nation," said Johnnie Burton, director of the federal agency that will conduct the sale, in a statement.

The state now receives less than 2 percent of royalties from oil and natural gas produced in the Gulf. Blanco and Louisiana's congressional delegation are demanding more.

Both the Senate and House have passed bills that would give Louisiana and other Gulf states more 37.5 percent under the Senate bill, 50 percent to 75 percent under the House bill. The differences in the legislation still need to be worked out.

Despite the setback, Blanco said in a statement she was pleased the judge found she had a substantial likelihood of success on the merits of this case.

Engelhardt said that in light of the damage to Louisiana's coast from hurricanes Katrina and Rita, the state has a good chance of proving the federal government did not do enough to assess the environmental effects of offshore drilling.

``Given the substantial evidence before this court that material changes have occurred since the fall of 2002 with respect to the affected baseline environment ... the plaintiffs' likelihood of success on the merits is strong," Engelhardt wrote.

The hurricanes swamped much of Louisiana's coast. Louisiana has lost about 1,900 square miles of coast since the 1930s. Some of those losses are blamed on oil and gas drilling both onshore and off.

Northern Nevadans Don't Want To Gamble With Their Water (WP)

By Sonya Geis

The Washington Post, August 15, 2006

WHITE PINE COUNTY, Nev. -- Las Vegas is a parched desert city in a four-year drought, with new residents pouring in at a rate of at least 5,000 per month. So water officials plan to tap a great system of aquifers that form underground lakes in a swath across Nevada, some of them hundreds of miles away.

But the water is not free for the taking. On top of the aquifers are ranches and small towns, where a small, tenacious group of rural residents are fighting hard to keep Las Vegas from sucking them dry.

"It's a question of values," said Dean Baker, a rancher with 2,000 head of cattle in White Pine County. "Will society accept drying up this environment to feed Las Vegas's money appetite?"

The battle is the latest in a long series of skirmishes between Western cities and rural areas over limited supplies of water and how it should be allocated. Typically, cities win. Coastal California, Phoenix and Salt Lake City all rely on distant groundwater supplies.

Such transfers of water from rural to urban areas "have not yet occurred in Nevada," said Hal Rothman, a professor of history at the University of Nevada at Las Vegas. "But they are beginning here."

The Colorado River provides 90 percent of Las Vegas's water, but the city lives on a diet, an allocation of water it was awarded decades ago, when Las Vegas was a whistle-stop. So the Southern Nevada Water Authority wants the water that lies underground to the north.

To carry the water to the households of Las Vegas, engineers propose a $2 billion hydra-headed pipeline stretching 250 miles. The water authority has already started buying ranch property in the county to access the water underneath. Water authority officials say there is enough water underground statewide to provide for the ranchers, plus cover about two-thirds of Las Vegas's annual water needs.

On Sept. 11, the Nevada state engineer will hold a hearing and then make a decision about how much water Southern Nevada can take. Legally, all the water under Nevada is a state resource, and the engineer must determine its best use.

White Pine County lies at the northern end of the proposed pipeline. Officials here are eyeing a lawsuit if the hearing doesn't go their way.

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"I've watched the attitude of Southern Nevada, and it's like they've got gold fever," Baker said as he bounced down a dirt road in his truck. He has worked his ranch in Snake Valley for 50 of his 66 years. His three sons and their families work it with him.

"They say there's water here nobody's using. It's not that simple. There is no free lunch." Baker worries that the aquifer could be depleted, turning the area into a dust bowl.

The specter of California's Owens Valley looms over the area, as people recall the aqueducts that almost 100 years ago turned a lush agricultural community into an environmental disaster so that water could be delivered to Los Angeles.

Nevada's valleys are majestic and arid, sloping floors covered in greasewood bushes and fields of alfalfa irrigated with springs or wells the ranchers have dug themselves. As Baker drives his land, antelopes, coyotes and jackrabbits, gathered at pools of water, are startled by the sound of his truck.

"This is a closed basin and it is in balance now," Baker said of Snake Valley. "The water is coming in through precipitation and going out through evaporation and transpiration of the plants. Nobody knows of any river underground where the water's going. It's here, and it's being used here."

Other counties along the pipeline route have formed agreements with Southern Nevada, but this summer White Pine County turned down $12.5 million from the water authority to drop its protests and cooperate.

The county could use the money. It's a depressed area, and thanks to financial mismanagement the government is under state receivership. Still, that doesn't matter to White Pine County Commissioner Gary Perea. "They could offer us 12 or 15 billion dollars, but what good is the money if there's nobody living here?" he said.

Perea wishes the city people would leave his corner of the state alone, the way he's had the good sense to do with them. "People live up in rural areas for a reason. They don't like big cities," he said. "We want to be independent. We want to take care of ourselves. To take the money from Las Vegas and endorse the project -- people did not want to do that."

Pat Mulroy, general manager of the Southern Nevada Water Authority, understands such resistance is political and cultural as much as environmental. "They've lived in their world forever," she said of the ranchers, some of whose families have worked the land for more than a century. "They feel disenfranchised. . . . All that anger finds its expression through this project."

Las Vegas recycles water and imposes conservation measures, but that's not enough, Mulroy said. "We don't have a network of streams. Southern Nevada has no backup," she said. "Nevada has to find a way to safely and sustainably develop groundwater resources. If they cannot do that, the entire state of Nevada can lock its doors."

Mulroy said the best way to prevent environmental damage is for the people of White Pine County to cooperate with her agency to monitor the effects of pumping. But activists scoff at the idea that they will have any power to change the water agency's plans.

"That's exactly what Mr. Mulholland said" about Owens Valley, said Bob Fulkerson, state director of the Progressive Leadership Alliance of Nevada, which is fighting the pipeline. William Mulholland, as head of the Los Angeles water department in 1904, conceived the idea of an aqueduct from the Owens Valley. "He had no interest in draining the valley, he had no interest in creating that wasteland," Fulkerson said. "He did not want that to happen, but that's what did happen because once the siphon was started it was impossible to turn it off."

"This is going to create a sacrifice zone of thousands of square miles so Las Vegas can continue to be the fastest-growing city in the United States," he added.

To Rothman, that calculation makes sense. "Simply put, water has infinitely more value in urban areas," he said. "Ranchers are an oligarchic anachronism, privileged by a world long gone."

White House: Lesser Bird Flu May Be Here (AP)

AP, August 14, 2006

Scientists have discovered the possible presence of bird flu in wild mute swans in Michigan — but it does not appear to be the most worrisome, highly pathogenic strain, the White House announced Monday.

"They believe it is a strain of low pathogenicity, similar to strains that have been seen before in North America," White House spokesman Tony Snow said.

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Testing is still being done to confirm the presence of the H5N1 virus and its type. Officials with the Agriculture and Interior departments were to announce details later Monday morning.

Scientists had feared that the deadly H5N1 strain of bird flu would reach North America — in birds — sometime this year. Just last week, the U.S. expanded monitoring of wild migratory birds throughout the nation, to check for early warning signs.

However, health officials stress that the virus' appearance in wild birds would not be a public health crisis — especially if it were the less worrisome, low-pathogenic strain.

The H5N1 virus has killed at least 138 people worldwide since it began ravaging Asian poultry stocks in late 2003. But virtually all caught the virus from close contact with sick birds or their droppings.

Health officials are closely watching H5N1's march around the globe for fear the virus eventually could mutate into a strain that could spread easily from person-to-person, possibly sparking a worldwide epidemic. No one knows how likely that is to happen, and specialists agree that the risk doesn't jump even if a few infected birds are found to have entered the U.S.

But if that happens, it could trigger additional security steps, especially to prevent wild birds from infecting U.S. poultry flocks, and more stringent monitoring.

Wild birds, especially waterfowl, carry a multitude of flu viruses — and officials have repeatedly warned that this first batch of testing could produce a lot of false alarms.

Only confirmatory tests that will take several more days — possibly up to 10 — can tell whether a suspect bird really has H5N1 or some other harmless flu strain. If so, that testing also will confirm whether the virus is the so-called "high-pathogenic" version, the deadly type, or a so-called "low-pathogenic" version, a mild type not of concern for humans.

Wild Swans May Have Form Of Bird Flu (WT/AP)

By Lauran Neergaard, Associated Press

The Washington Times, August 15, 2006

Scientists have discovered the possible presence of bird flu in the United States -- in wild swans near the banks of Lake Erie -- but it does not appear to be the worrisome strain that the government has long feared.

Routine tests on two seemingly healthy wild mute swans in Michigan suggest they might have the H5N1 virus; confirmatory tests are under way.

However, other testing has ruled out the highly pathogenic version of that virus that has ravaged poultry in Asia and killed at least 138 people worldwide, the Agriculture Department announced today.

"This is not the highly pathogenic avian [influenza] virus that has spread through much of other parts of the world," said Ron DeHaven, administrator of USDA's Animal and Plant Health Inspection Service.

"We do not believe this virus represents a risk to human health," he declared.

Still, if it is the low-pathogenic version of H5N1, it would be the first time in 20 years that scientists have found even that version of the H5N1 virus in the United States, USDA officials said. A similar low-pathogenic version of the virus was found in Canada last year.

Despite the lack of human risk, federal officials said they were announcing the apparent discovery as a sign of openness about the $29 million effort to check for signs that H5N1 is posing a renewed threat to U.S. birds.

"We remain vigilant and prepared," said Dr. William Raub, science adviser to the Department of Health and Human Services.

The deadly version of the H5N1 virus has killed at least 138 people worldwide since beginning its global march in late 2003. However, virtually all caught the virus from close contact with sick birds or their droppings.

Scientists had feared that the deadly form of the virus would reach North America in birds sometime this year. Just last week, the U.S. expanded monitoring of wild migratory birds throughout the nation to check for early signs.

Health officials are closely watching H5N1 for fear the virus eventually could mutate into a strain that could spread easily from person to person, possibly sparking a worldwide epidemic. No one knows how likely that is to happen, and specialists agree that the risk doesn't jump even if a few infected birds are found to have entered the United States.

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Still, even the low-pathogenic H5N1 requires monitoring because it has the potential to mutate into the highly pathogenic form -- the kind that rapidly kills birds, especially poultry. If it were found in the U.S., that would trigger additional security steps to prevent wild birds from infecting commercial poultry flocks.

Bird-Flu Viruses Are Discovered In Two Wild Swans In Michigan (WSJ)

By Jane Zhang

The Wall Street Journal, August 15, 2006

WASHINGTON -- Bird-flu viruses were detected in two wild swans found in Michigan. Officials said that while the viruses don't appear to be dangerous to humans, they belong to groups that could mutate quickly into the deadly virus that has killed birds and people in Asia.

The viruses -- containing both the H5 and N1 proteins -- were discovered in two of 20 birds killed Aug. 8 by state game officials to help control burgeoning numbers of mute swans, which have reproduced heavily since their introduction around Lake Erie. The birds showed no signs of sickness and were tested through routine sampling, according to Agriculture and Interior department officials.

Genetic testing suggests that the viruses found are similar to a low-pathogenic H5N1 strain found among wild birds in North America, with little human health concern, said Ron DeHaven, administrator of the Agriculture Department's Animal and Plant Health Inspection Service. Government scientists are conducting a confirmatory test to clarify whether one or more strains of the virus are present, the specific subtype, as well as whether it's high or low pathogenic.

While the test won't be completed for two weeks, Dr. DeHaven ruled out that the birds were infected with a more deadly strain of the H5N1 virus that has stirred intense concern world-wide. But even if it turns out to be a low-pathogenic form of the H5N1 strain, it still needs to be monitored because it has the potential to mutate quickly into a more deadly form.

Since late 2003, the deadly H5N1 virus has wreaked havoc among poultry in Asia and Europe and killed at least 139 people world-wide. Most victims had close contact with sick birds or their droppings.

Health officials have feared that the highly pathogenic H5N1 virus might mutate into a strain that could easily spread from human to human and trigger a pandemic. That would threaten public health and put strains on the U.S. poultry industry, global travel and other businesses.

Scientists and U.S. officials have said the deadly virus could spread to birds in North America as early as this year. Since June, the U.S. government has tested 8,000 migratory-bird samples, half with the help of hunters in Alaska and half live birds with a migratory history to Asia, said Sue Haseltine, associate director for biology at the U.S. Geological Survey. Fewer than 2% of them were found with any bird-flu virus, which is "about standard," she said.

Even the low-pathogenic H5N1 bird flu can infect wild birds and domestic poultry, such as chickens, turkeys and ducks. If the two samples are confirmed to be a low-pathogenic H5N1 virus, it would mark that virus's return to the U.S. after 20 years.

A spokesman for the Centers for Disease Control and Prevention said the agency isn't concerned about human infection at this point.

2 Michigan Swans Seem Infected With Nonlethal Avian Flu Strain (NYT)

By Donald G. McNeil Jr.

The New York Times, August 15, 2006

Two swans in Michigan appear to have been infected with an avian flu of the A(H5N1) type, government agricultural officials announced yesterday, but the virus is not the same lethal strain that has killed millions of birds and 139 people in Asia and the Middle East.

Although final tests will take two more weeks, officials said, the virus appears to be a strain that was found in ducks in Canada one year ago and in the United States in wild ducks in 1986 and 1975. While it is an H5N1 flu, it is a “low pathogenicity” strain, meaning it does not kill birds and has never been known to infect humans.

“This is not the highly pathogenic avian influenza virus that has spread through other parts of the world,” said Dr. Ron DeHaven, chief of the Animal and Plant Health Inspection Service at the Agriculture Department. “We do not believe that it represents a risk to human health.”

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Because federal and state game rangers and university ornithologists are testing thousands more birds since Congress approved $29 million for expanded bird flu screening, Dr. DeHaven said it was "no surprise" that the virus had been found.

The mute swans, a wild pair nesting near Lake Erie, appeared healthy, as did the birds seen near them when they were sampled on Aug. 8, Dr. DeHaven said. (But they were killed because they were sampled as part of a government program to wipe out Michigan's mute swans, the white birds of "Swan Lake" fame. They are a European species introduced in the 1800's as park decorations but are so aggressive when they become feral that they drive out local trumpeter swans and loons.)

Preliminary tests were positive for H5 and N1 "spikes" on the shells of the virus, Dr. DeHaven said, so it is theoretically possible that the birds had two separate viruses, one with an H5 spike and another with an N1.

It will take about two weeks to grow more of the virus's core, sequence its genes, and then inject it into chicks to see if it kills three-quarters of them within 10 days, which would meet the definition of a highly pathogenic virus. If a "high-path" virus were present in the United States other countries would probably shut their doors to American poultry exports.

Dr. DeHaven said, however, that the preliminary tests suggested it was not, and that the North American strain had never mutated into a more lethal form.

Almost all the humans who have died of avian flu are believed to have caught it from domestic chickens or their droppings. The exception was an outbreak in Azerbaijan in February, in which village girls who plucked a flock of dead wild swans for their down fell ill.

Two Wild Swans Have Virus, But Not The Virus (USAT)

By Anita Manning

USA Today, August 15, 2006

Federal officials say the discovery of a bird flu virus in two wild swans in southeastern Michigan poses no threat to public health or the poultry industry.

Tests results released on Monday found H5 and N1 subtypes in the birds, said Ron DeHaven, administrator of the U.S. Department of Agriculture's Animal and Plant Health Inspection Service, but "this is not the highly pathogenic avian influenza that has spread through much of other parts of the world."

Pathogenicity, high or low, indicates the ability of the virus to cause illness. The swans showed no signs of sickness, nor did any birds around them, DeHaven said. Further testing is being done at a national veterinary lab in Ames, Iowa.

A highly pathogenic H5N1 bird flu virus that emerged in Hong Kong in 1997 and spread through Asia and into Africa and Europe has not been found in the USA. It has raised alarm bells because the virus, although still mainly a disease of birds, has managed to infect 238 people since 2003, killing 139. There has been a constant fear that the virus could mutate to the point at which it spreads easily among people and ignites a flu pandemic.

Low-pathogenic versions of the H5N1 virus were found in wild ducks in the USA in 1975 and 1986, and again in ducks in Manitoba, Canada, last year.

Flu viruses mutate all the time, but among the many forms of low-pathogenic bird flu, only H5 flu and H7 strains have been known to mutate into highly pathogenic forms, DeHaven said. "Any H5 or H7 virus is of concern from a commercial standpoint in that it has the potential to mutate" and become more dangerous, he said. But, he said, the affected swans had had no known contact with commercial poultry.

The National Chicken Council said in a statement that the discovery "creates no problems for commercial poultry operations or consumers" and that commercial growers already protect their poultry from contact with wild birds.

The two mute swans, which don't migrate, lived in the Pointe Mouillee State Game Area on the coast of Lake Erie and were among 20 swans killed in a population-reduction program. Samples were taken Aug. 8 as part of an expanded testing program for wild birds.

Sue Haseltine, associate director for biology at the Department of the Interior's U.S. Geological Survey, said surveillance for all forms of avian flu has increased this year, and more than 8,000 wild birds have been tested since June. Less than 2% had any form of bird flu, she said, which is "about standard."

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She said much of the testing this summer has been done in Alaska, where migrating birds congregate for breeding, and testing will continue as birds return to the Pacific Islands.

At the same time, DeHaven said, “we'll be doing a lot of testing in the lower 48 (states) beginning late August and through the fall migration season.”

Bacteria Cited In Sandy Point Swimming Ban (WT)

By Katie Dodd

The Washington Times, August 15, 2006

Maryland health officials have banned swimming at Sandy Point State Park in Annapolis because of an outbreak of a bacteria that could cause skin infections or stomach illnesses.

There have been no reported cases of illnesses caused by the bacteria, known as Enterococcus, officials said.

Nonetheless, health officials warned that anyone who has swum recently at the park should monitor their open cuts and stomach health.

"Overall, [Chesapeake Bay] water has had lower bacterial levels than in past years," said Richard A. Eskin, director of technical and regulatory services for the Maryland Department of the Environment. "This is a localized problem ."

This is the second time this season that health officials have banned swimming at Sandy Point because of high levels of the Enterococcus bacteria, which is found in the fecal matter of warm-blooded animals.

A similar ban was enforced late last month; the current ban went into effect Sunday.

"The high readings have been intermittent. The repeat occurrence allows for more information for us to work with," Mr. Eskin said.

The state Department of the Environment is working with the Anne Arundel County Health Department and the state Department of Natural Resources to find the source of the bacteria.

Officials will be conducting surveys along Sandy Point's shoreline in search of broken pipes, failed septic systems or high numbers of warm-blooded animals.

They will collect water samples, which will be sent to Salisbury University's laboratory for DNA testing to determine the source of the bacteria.

The bacteria can infect open wounds and cause gastrointestinal illnesses marked by diarrhea, nausea and vomiting.

Swimming will be reinstated at Sandy Point when there are two consecutive "good days" of test data, said Kerry Topovski, director of Anne Arundel County's Division of Environmental Health.

The park remains open, but no one is allowed in the water, park officials said.

"We still warn people before they come in and pay," said Laurie Witcher, Sandy Point's development manager. "There are some people who turn around, which is sad."

Until bacterial readings return to normal, the state departments of the Environment and Health will provide information for people to make decisions about swimming.

FBI/DEA/ATF/USMS:

State Dismisses Charges Against Local FBI Agent (WBOY-TV)

WBOY-TV, August 15, 2006

Sterling Pace was charged with two counts of soliciting a prostitute and two counts of obstructing justice.

Story by Elizabeth Schubert Email | Bio

His trial began Monday morning. But after the state's first witness testified, the prosecution and defense worked out a deal, and the state filed a mistrial.

According to the agreement, as long as Pace resigns from the FBI, and pays court costs, prosecutors won't bring charges up against him. He also can't work in law enforcement ever again.

Pace resigned his position on Monday afternoon.

W. Pa. Native Appointed Chief FBI Agent Here (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, August 15, 2006

A Western Pennsylvania native has been appointed by the FBI to be special agent in charge of the local office.

Ray Morrow, who currently is special agent in charge of the administrative division of the FBI's New York office, is not expected to begin his new job until at least October, said Agent Jeff Killeen, a spokesman for the Pittsburgh office.

Agent Morrow was born in Ellwood City and grew up in Aliquippa. He graduated from Hopewell Area High School in 1973 and from Penn State University in 1977 with a bachelor's degree in law enforcement and corrections.

After college, he worked as a support employee for the FBI in Washington, D.C., before joining the Secret Service Uniformed Division and serving on the White House detail from 1978 to 1980.

He became a special agent with the FBI in 1987 with the Louisville, Ky., office. Following that, Agent Morrow worked undercover in a police corruption investigation that led to the convictions of 30 Cleveland police officers.

He also investigated white-collar crime in Tampa, Fla., before serving as assistant special agent in charge in Minneapolis.

Following his time there, he worked in Clarksburg, W.Va., as the section chief for resources management at the Criminal Justice Information Services Division.

Agent Morrow, who is married and has three children, will replace M. Chris Briese, who has already left for Washington, D.C., where he now serves as deputy assistant director in the bureau's counterterrorism branch.

2002 Triple Slaying Linked To Feud Over Ecstasy Trafficking (SFC)

San Francisco Chronicle, August 14, 2006

A 2002 triple slaying in a Union City home has been linked to a feud between two top Bay Area drug traffickers, federal court records show.

The disclosure came amid the arrests of five people last week and searches of homes in Oakland, Danville, Hillsborough, San Mateo and Burlingame. Beginning in 2000, the five suspects smuggled large quantities of ecstasy into the United States, hiding the illegal party drug in high-end imported pianos, BMW transmissions and leather sofas, authorities said.

A sixth suspect in the ecstasy-trafficking case, Kai Zheng, 37, of Canada, is believed to have orchestrated a triple slaying in Union City four years ago, wrote Drug Enforcement Administration Special Agent Kenny Lee in a 62-page affidavit filed in U.S. District Court. An informant told federal investigators that Zheng, who officials believe fled to Canada three years ago, arranged the Union City slayings to eliminate a rival in the local drug trade.

On Sept. 12, 2002, Gingfan "Johnny" Li, 33; his 26-year-old fiancee, Deborah Yao; and Li's friend, 32-year-old Kevin Kwok, were found dead in the living room of the couple's rented Compton Court home in Union City.

Each died from blunt force trauma during a violent struggle, and investigators said at the time that the three appeared to have been targeted by assailants who opened drawers and removed heater vents in a possible search for something.

A piano believed to have been involved in ecstasy smuggling was found inside the home after the killings, according to the DEA affidavit.

Investigators later learned that both Li and Kwok had been "heavily involved" in trafficking ecstasy, documents indicate.

Hillsborough resident Johnson "Uncle Hong" Mai, 43, the alleged ringleader, and a cohort smuggled at least 906 kilograms -- or more than 3 million individual doses -- of ecstasy into the Bay Area, Los Angeles and Houston, authorities said.

In the Bay Area, Mai is known as the source of pink-colored ecstasy tablets that bear "the imprint of a lady or a woman's face" an informant told police, according to court records.

One of the defendants in the ecstasy case believed that Zheng "had orchestrated the murders after Zheng learned that Li wanted to kill him in order to be the sole distributor of Mai's (ecstasy)," the affidavit said.

Although an informant reported seeing Mai and Zheng search Li's home before police arrived, another person may have actually committed the slayings, authorities said in court records. Zheng fled to Canada in April 2003 because of talk about his apparent role in the killings and "subsequent pressure from law enforcement," according to the affidavit.

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The five people arrested in the drug case are Mai; his wife, Lisa Lee, 42; Eric Yu Heng Cai, 34, of Burlingame; Zhi En Huang, 37, of San Mateo; and David Yuen, 37, of Oakland.

El Dorado's Raided Marijuana Fields Linked To Criminal Gang (SACBEE)

The Sacramento Bee, August 14, 2006

[Updated: 3:10 p.m. Monday] At least 40 heavily armed law enforcement officers raided two marijuana gardens blooming within a few miles of some of El Dorado County's most expensive homes.

Investigators linked the marijuana patches to one of Southern California's toughest criminal gangs.

No one was arrested but when the dust had settled, about 2,000 plants, many more than 6-feet tall, were seized.

There also was evidence that a like amount had already been harvested, said Lt. Kevin House, spokesman for the El Dorado County Sheriff's Department.

Monday's eradication effort was another local shot in the annual statewide war against what some say is California's biggest cash crop. The street value of the gardens raided Monday was probably in the $5 million to $8 million range considering what was confiscated and what had been harvested.

The camouflaged gardens on public lands were spread across steep, brush covered hillsides off Salmon Falls Road, within sight of million-dollar homes and Folsom Lake, about three miles from El Dorado Hills.

"We don't usually find many grows this close to civilization," said Gordon Taylor, assistant special agent in charge for the U.S. Drug Enforcement Administration Eastern Division of California.

Markings carved into a tree and evidence found on the hillside indicate that the marijuana growing operation was orchestrated by the Surenos, a southern California-based gang that is in turn linked to the Mexican Mafia, Taylor said.

"This is organized crime and that is what we are finding with a lot of these operations that use Mexican nationals," Taylor said. "This is big business."

Even though California voters legalized marijuana use for medical purposes, law enforcement officials still view the weed as a damaging and pervasive problem.

"Recreational" use in the Sacramento region pretty much mirrors what is being seen nationwide where marijuana "is rated as the No. 1 abused drug," Taylor said.

But there is nothing recreational about what the drug does to some young users, Taylor said.

"More teenagers are entering drug treatment programs for marijuana abuse than for all other drugs combined," Taylor said.

"There is a lot of marijuana still out there and it is having a tremendous influence on society," House said. "It is a gigantic problem."

For Sacramento area teenagers, lighting up a joint may be as commonplace as tapping into a keg of beer, he said.

"It is every bit as common as that," House said.

Special Weapons and Tactics teams from three counties spearheaded the early morning sweep near Salmon Falls Road. They were accompanied by California National Guard soldiers, DEA agents and other personnel associated with the state Department of Justice's "Campaign Against Marijuana Planting."

The first units into the area moved warily making sure that no armed guards or booby-traps were in the area. Manzanita, buck brush and poison oak grew so thick along the steep hillsides that individuals could easily have hidden in the bursh.

Along with the pot, they found an abandoned camp, strewn with garbage, some ammunition and an intricately designed drip irrigation system.

As the summer sun rose, the officers and agents began the back-breaking job of hand-pulling the plants before hauling them out to loading zones. The piles were placed in large mesh baskets and hauled away by helicopters. The rugged terrain and lack of access made the work slow and hard.

Black plastic pipe extended throughout the area providing water to plants placed individually and in small clumps. One growing area used water piped out of Sweetwater Creek while the other system tapped water out of Falls Creek.

DOJ_NMG_0048387

Although the gardeners had carefully sited their operation in an attempt to keep it hidden, their irrigation system gave them away.

"This investigation started in May when a citizen observed PVC pipe that looked suspicious," Taylor said.

In one garden officers found a lean-to drying room with about 20 plants hanging inside. Plants in that garden were about 3-feet tall. Plants in the other location were more robust many at least 6-feet tall.

"This is a pretty typical Mexican national garden," said Ray LeLoup, special agent with the federal Bureau of Land Management.

LeLoup was looking over the pile of garbage, a propane stove, shovels, fertilizer and other debris that had been left behind along the damaged hillside.

During the "harvest season," LeLoup spends a lot of time busting brush in an area that stretches from near Fresno all the way to Redding.

"I probably do two or three of these a week," LeLoup said.

Early indications point to a busy local marijuana season. Earlier this month a similar outdoor garden was eradicated near the El Dorado County community of Greenwood. During the same time frame a joint task force broke up an indoor growing operation in Elk Grove and seized another 2,000 plants.

The campaign against planting is run by the state Department of Justice in conjunction with federal and local law enforcement.

Massive Pot Farm Bust In El Dorado County (AP)

AP, August 14, 2006

(AP) EL DORADO HILLS, Calif. Kicking off their annual campaign against Northern California's marijuana crop, about 40 heavily armed police officers raided two large El Dorado County marijuana fields early Monday, using helicopters to find and seize 6,000 drug plants.

The marijuana plants were being grown on public land near Salmon Falls Road, within sight of million-dollar homes near El Dorado Hills, police said.

Officers said they found an abandoned camp with ammunition at the site, and an extensive watering system that used black plastic pipes to deliver water from a nearby creek.

Gordon Taylor, special agent in charge for the U.S. Drug Enforcement Agency's Eastern Division of California, said the raid was the culmination of an investigation that began with a citizen's tip in May. " It's difficult in these situations," Taylor told CBS 13, "the people that are actually growing these marijuana plants are very familiar with the territory and any sign of anyone coming into their campsites or into their gardens, they flee for the hills. It's difficult to catch them."

The raid -- one of the first in the 24th annual Campaign Against Marijuana Planting -- could be the beginning of a banner year. Police predict that a rainy spring and improved police surveillance technology this year could allow them to break last year's record catch of 1.1 million plants.

14 Arrests Upset Local Somalis (SEATIMES)

By Nathan Hurst, Seattle Times staff reporter

Seattle Times, August 15, 2006

For the area's growing Somali community, a recent federal bust of an alleged khat-smuggling ring didn't just lock up 14 fathers, brothers and husbands. It also broke a trust in the U.S. government that had helped some 15,000 expatriates flee war-torn Somalia for Seattle.

The arrests late last month targeted an international operation that smuggled the illegal plant into the U.S., according to the federal Drug Enforcement Administration (DEA). But many local Somalis fear their culture also was targeted.

Parts of the khat or qat (pronounced "cot") shrub have been used for centuries as a mild stimulant in countries like Somalia and Yemen, where users compare the effect of chewing on the fresh plant to drinking a strong cup of caffeinated coffee.

For the mostly Muslim populations of those nations, alcohol use is a religious taboo. Instead of drinking, many will chew on khat, kick back with friends and family, and talk.

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But here in the U.S., khat's two active chemicals, cathine and cathonine, are scheduled, controlled substances, making them illegal to possess and consume — and the DEA doesn't make cultural exceptions in enforcing federal drug laws.

That cultural difference is just one of the problems facing Somali-Americans across the nation and in South Seattle, Tukwila and SeaTac neighborhoods, said Omar Jamal, executive director of the Minneapolis-based Somali Justice Advocacy Center.

"What we have here is a classic clash between two different cultures and systems," said Jamal, who recently flew to Seattle to meet with community leaders and law-enforcement officials. "The community here is still in shock."

Community leaders talk about it at the Somali Community Services community center on a gritty stretch of Rainier Avenue South in Mount Baker.

Diners in Tukwila's Marwa Restaurant — a gathering point for many area East Africans — say they're afraid to pick up the phone or answer the door for fear another law-enforcement agency might be getting ready to target their community.

"Our husbands and brothers were taken away," Ruqiya Ahmed told three law-enforcement agents through a translator during a meeting earlier this month with Somali community leaders. "How will we eat? How will we pay the rent?"

Ahmed remembers being brought "to a big land on big planes" after the Somali government collapsed despite international intervention in 1991. Since then, her homeland has been split by continually sparring warlords, whose militias have only added to the country's degradation.

But now, she said, the foreign government she trusted with her life and well-being is targeting her loved ones.

The bust, which netted 44 alleged khat sellers nationwide, came after an 18-month DEA investigation that targeted mostly immigrant communities in Seattle, along with other cities with sizable Somali populations, including Minneapolis; New York; Columbus, Ohio; and Boston.

The sting involved months of extensive interviews with members of the Somali community and their neighbors as well as phone taps, according to the DEA. Over the course of the investigation, DEA agents said, 25 tons of khat — worth about $10 million — was illegally imported for use by Somali immigrants.

The DEA said an international network used human smugglers and commercial shippers to transport khat from its native habitat in Africa to the U.S. Now, the 14 arrested in the Seattle bust are waiting for trials that could last years. If convicted under the felony drug-trafficking charges brought against them, they could face decades in federal prison.

Abdulwali Abdullahi fled the violence of the Somali capital of Mogadishu in 2002 and settled in Seattle. In the 1980s, as a science professor at Copenhagen University and at Somalia National University, the country's premier higher-education institution, he used to research the effects of khat. Abdullahi is now a public-school teacher.

"It doesn't have the effect of street drugs," he said of khat. "But if I were to drink alcohol, nobody would speak to me."

Still, he and other Somali-Americans acknowledge that khat has a downside.

In Somalia, some workers will chew khat socially in the afternoon and evenings, sometimes staying up all night under its heady haze. And while it doesn't possess the same addictive qualities as heroin and cocaine, khat use can lead to family frustrations if grocery and rent money starts disappearing.

Abdullahi said khat use is prevalent in Somalia but less so in immigrant communities here.

According to the DEA, khat sells for about $40 to $50 per bundle in Seattle's Somali community. Each bundle of khat contains about 40 trimmings, which are typically wrapped in banana leaves to preserve freshness and moisture.

Law-enforcement officials have been unapologetic about the raids. Seattle police Lt. John Koutsky, along with two FBI agents, met with community leaders earlier this month at the Somali Community Services building. He said closing the cultural divide and regaining the Somali community's trust are key to keeping the neighborhoods safe.

Mark Meinecke, one of the FBI agents, agreed. He explained that the khat bust was less about the drug itself and more about preventing funds used to buy khat from ending up in terrorists' hands.

Meinecke said that money used to purchase drugs in the U.S. often is laundered and sent back to terrorist cells in countries with governments that either support the groups or turn a blind eye to their activities.

Ahmed said it was unfair to assume money being sent back to Somalia and other countries in the region was targeted for terrorists' hands.

Now, as the 14 arrested begin a potentially long legal battle, Jamal and local Somali community leaders are gearing up for what could become a high-court challenge to the legitimacy of the DEA's arrest for possession of khat and the scheduling of its psychoactive compounds, cathonine and cathine.

Because the khat plant is not scheduled under federal law, the defendants in the upcoming khat trials may have some case law working in their favor. A 1978 Florida Supreme Court decision ruled that while possession of the active chemicals in magic mushrooms, psilocybin and psilocin, is illegal, having the mushrooms themselves isn't necessarily in violation of the law.

Duniya Hersi, a community advocate assisting in the preparation for court proceedings, said the Somali community will do everything it can to prove khat isn't harmful.

Others are concerned about the long-lasting impact the arrests could have on current and future immigrants.

"The law is the law and we know that," Abdullahi said. "But there are people here being used as scapegoats. Our trust is broken."

Cop Failed Polygraph, Feds Say Prosecutors: Metro Detective OK'd Lie Test Over Drug Theft (TENN)

Tennessean, August 14, 2006

A Metro undercover vice detective failed a lie detector test in October after telling federal agents that he did not know in advance that he was helping another vice detective steal a kilo of cocaine from a drug dealer, federal prosecutors said in recent court filings.

Detective Charles Williams, 38, is awaiting trial on federal charges stemming from the April 2003 incident. He has been placed on paid leave from his Metro police job pending the outcome of the case.

Local and federal authorities have refused to discuss details of the case. But a previous court filing contained a written statement from Williams, in which the officer claimed he was duped by fellow detective Ernest Cecil into faking an arrest to facilitate the drug rip-off.

Williams had sought to keep that written statement from being used in the case, saying he had been forced by his supervisors to incriminate himself under threat of being fired.

But in a response to that motion, prosecutors argued that Williams offered to make the statements on his own and even signed a waiver submitting to a lie-detector test.

According to the court documents, Williams answered "no," when asked if he knew beforehand that he was going to commit a crime.

"Based on the examiner's analysis of the charts collected, the defendant's physiological responses indicated 'deception' in his response to this question," prosecutors said in the filing. "When the examiner advised the defendant of the results of the polygraph, (Williams) switched his story and admitted that (Cecil) told him 'take down' to occur.

"In other words, the defendant admitted that he was told of the 'rip' before the traffic stop ... was initiated."

Attorneys for both officers have declined to comment about the case.

Cecil, who has not been charged with a crime in the case, remains on desk duty pending the outcome of an internal department investigation into a separate matter. During a brief interview, he denied any wrongdoing in the traffic stop.

It is unclear precisely how the incident came to the attention of authorities, but Williams drafted a statement about his involvement in April 2005.

In the statement, Williams said that he became involved when Cecil contacted him and asked for help taking down a gang member who was dealing drugs.

Williams said he agreed and Cecil told him at first that Cecil's cousin, Corey Eugene Cecil, was acting as a confidential informant who was planning to buy drugs from a suspect.

Williams and other Metro officers knew of Corey Cecil because of his previous involvement in drug dealing, Williams said in his statement.

Corey Cecil, Williams said, was to inform the officers about the arrival of the drug dealer, who was believed to be carrying a large amount of drugs.

But according to the statement, it was only after they pulled over the drug dealer that Ernest Cecil took Williams aside and informed him that the true purpose of the stop was to make it look as if police had interceded in the drug deal between the dealer and Corey Cecil.

That way, the officer's cousin could take the cocaine without paying, Williams said. Ernest Cecil even offered to pay Williams a share of the proceeds, Williams said.

In the statement, Williams went on to say that he refused any money and demanded that Ernest Cecil get the drugs back from his cousin and report the incident to the department.

According to court filings by federal prosecutors, Williams said during an October 2005 interview with DEA agents that he never reported the incident in order to protect Ernest Cecil, with whom he had had a long, close working relationship.

Williams answered "that he and (Cecil) had gone to the police academy together, they had ridden in the same patrol car for two years, and that they had basically been together on the force for 15 years," prosecutors said in court documents.

In a brief interview last month, Ernest Cecil, 49, denied that he did anything wrong and claimed that he was "being railroaded."

He said there were no drugs involved with the stop and that it was only to gather information on an individual who was connected to Mexican drug dealing.

Police have refused to comment on why Ernest Cecil has not been charged with a crime and referred those questions to federal authorities. Federal prosecutors did not return calls seeking comment.

Corey Cecil is awaiting sentencing on a separate drug case involving three kilos of cocaine. He has not been charged in connection with the alleged drug rip-off. •

'Medical Marijuana' User Drops Defense And Pleads Guilty (COURTTV)

By Matt Pordum, Court TV

CourtTV, August 15, 2006

Pierre Werner claimed he was within his rights as a licensed medical marijuana user to possess the pot he had in his home.

LAS VEGAS — The trial of a medical marijuana user went up in smoke Monday when the defendant suddenly decided to plead guilty.

After an 11th -hour plea deal, Pierre Werner admitted intentionally breaking the law and pleaded guilty to one felony charge of possession of a controlled substance with intent to sell.

"I walked out of my front door waving a medical marijuana plant with a medical marijuana license in my other hand and I wanted to challenge the medical marijuana laws of the state of Nevada," Werner said.

Werner went on to admit that he knowingly possessed more medical marijuana than allowed by law and that he sold pot for money.

Police found Werner growing 34 mature and 11 smaller marijuana plants at his home in January 2004. They also found two ounces of the drug in plastic sandwich baggies inside his garage.

Story continues

Under Nevada law, a person licensed to use marijuana medically is allowed only to possess, deliver or produce one ounce of usable marijuana, three mature plants and four immature plants.

The 35-year-old now faces a penalty up to four years in prison term at his sentencing Oct. 10, but could receive as little as probation.

Under the terms of the negotiation, prosecutors have agreed to dismiss more serious charges against Werner stemming from another case.

In that case Las Vegas police raided Werner's home in June 2005 and found 121 marijuana plants and 10 pounds of cultivated pot. The estimated street value of the marijuana was $750,000.

If convicted of all counts in both cases, Werner could have received up to 10 years in prison.

Werner said the prosecutors "made me an offer I couldn't refuse."

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Werner's attorney, Ryan Mortier, said the deal was a "win-win situation" for Werner.

Mortier said Werner intends to sue the Nevada Department of Agriculture to challenge the law that says a patient can't serve simultaneously as a caregiver, and that a caregiver cannot serve more than one patient.

Werner's decision to plead guilty may have been based in part on the fact that his attorneys had just learned of a previous felony conviction for possession with intent to sell in New Jersey.

If Werner had testified Monday, as scheduled, prosecutors would have been able to ask him about the conviction.

Although neither Werner nor his attorneys would comment on the previous conviction, Werner said his guilty plea would not affect his licensed medical marijuana use.

"I'm still medicated as of right now and I'm going to be medicating as soon as I leave the courthouse," Werner said.

Werner's doctor testified last week that Werner qualifies for the license because he suffers from "severe nausea" which he contends stems from his bipolar disorder and schizophrenia.

Prosecutor Roy Nelson, however, said he planned to initiate proceedings to revoke Werner's license. But he stressed that he was not opposed to legal medical marijuana use.

"All we are trying to do is maintain the credibility of those who legally use medical marijuana," Nelson said, "and not to criticize those who need and legally use it."

Campbell Explains Relay Protest (FT)

Financial Times, August 15, 2006

Darren Campbell has urged Dwain Chambers to expose the people who introduced him to performance enhancing drugs. On Sunday the veteran sprinter refused to join Chambers and the rest of Great Britain's 4x100m relay team after winning gold in the European Athletics Championships in Gothenburg, saying it was "inappropriate".

Campbell was unhappy at the inclusion of Chambers in the team following the completion of his two-year ban for doping. The British relay team that included Campbell were stripped of their 2002 European gold six weeks ago following Chambers' admission that he was using the steroid THG as far back as those championships. The team had also lost their 2003 world silver medal after Chambers returned a positive test the following year.

Campbell, 32, said: "I just felt that the fact that I have lost two medals because of what occurred with Dwain, I just didn't feel it was appropriate to do the lap of honour. I made my feelings clear to the management and I didn't feel it was appropriate."

He added: "It is not a personal attack on Dwain. I made it very clear from the outset I don't think Dwain was solely accountable. He was taken to America and got embroiled in something. He owes it to the sport to expose them. If he came out and helped the sport and made sure no one else got involved in that situation, how could I not respect him for rectifying his error?"

Campbell, a member of the Olympic gold medal-winning team two years ago, is expected to announce his retirement shortly.

Meanwhile, Swedish police found suspected doping equipment near hotels used by several athletes at the European Championships. Syringes, needles and suspected illegal doping substances were found in a plastic bag on a street near two hotels used by athletes. Another bag containing equipment for blood transfusions was later found nearby.

*HORSERACING Leading jockey Robert Winston and fellow riders Fran Ferris, Robbie Fitzpatrick and Luke Fletcher have been charged by racing's regulators with "the passing of information for reward and aiding the commission of a corrupt practice". The move follows an investigation by the Horseracing Regulatory Authority's security department.

The four jockeys, former licensed bookmaker Ian Nicholl and four others - Kim Evans, Paul Glendenning, Joanne Roberts and Tegan Wilde - have been informed that they face various charges in relation to 37 races that took place between June 2003 and February 2004. Winston rode in 21 of the races, Fletcher 10, Ferris four and Fitzpatrick two. Irish rider Winston, 26, who is third in the Flat jockeys' title race, has denied any wrongdoing.

Nicholl is charged with "committing a corrupt or fraudulent practice" in relation to the 37 races "by laying the horses to lose, having received information that was not publicly available".

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Evans, Glendenning, Roberts and Wilde are accused of "aiding and abetting Nicholl's commission of such a corrupt or fraudulent practice" by using "one or more Betfair accounts in their name(s) to lay horses not to be placed in and/or not to win that race and/or authorised Nicholl to use that Betfair account".

A preliminary hearing has been scheduled at HRA headquarters in London for September 27.

*FOOTBALL Arsenal and Germany goalkeeper Jens Lehmann plans to retire after playing the 2008 European Championships. Lehmann told Kicker Magazine that he may leave the London club after this season, when his contract ends, in order to play club football in Germany again.

"At 36, I have the Europeans ahead of me in two years, that is what I am working toward," Lehmann said. "After that I think it's over on the national team and as a professional player." Lehmann said he would decide after this season about signing with Arsenal again. "Let's see how the coming season goes," he said. "Basically I would like to play in Germany one more time."

West Ham have agreed a fee with Norwich for goalkeeper Robert Green. The deal, which could involve a fee rising to £2m, is subject to the England player passing a medical examination and agreeing terms. Charlton Athletic had been interested in signing Green, but instead have signed Liverpool keeper Scott Carson, 20, on loan for a season.

Meanwhile, Liverpool will travel to Ukraine next Tuesday to defend their 2-1 lead against Maccabi Haifa after Uefa said the second leg of the Champions League qualifying tie would be held in Kiev. European football's ruling body had ruled that the return leg could not be held in Haifa following the conflict in Israel.

Leeds United are to investigate an alleged approach from Chelsea for 10-year-old schoolboy Lewie Coyle. United chairman Ken Bates has already reported the Premiership champions to the Football Association, the Premier League, the Football League and Fifa following allegations that they "tapped up" schoolboy trio Danny Rose, Michael Woods and Tom Taiwo.

Leeds said: "We are extremely concerned about the matter involving one of our academy players, particularly against the backdrop of the current allegations being made against the same club involving other players.

"On completion of our inquiry we will take the appropriate action."

Woods and Taiwo joined Chelsea but Rose opted to stay at Leeds. Chelsea say they acted appropriately in signing both players.

*CRICKET Former England batsman Graeme Hick has signed a new one-year contract with Worcestershire. The 40-year-old, who is in his 23rd season with the county, had attracted interest from Derbyshire because his current deal expires at the end of this campaign. But Hick, who is only the second player since the war to score 100 first-class centuries for a county, has decided to remain at New Road.

Feds Revoking Licenses Of Two Merced Gun Stores (MODBEE)

By BEN Van Der MEER, BEE STAFF WRITER

Modesto Bee, August 15, 2006

Two Merced gun store owners are losing their licenses to sell firearms after the federal Bureau of Alcohol, Tobacco and Firearms determined there were problems with paperwork required for gun sales.

One store, Gunrunners, will remain open under a new name and ownership. The other, Stone's Gun Shop, closed last week.

Nina Delgadillo, a spokeswoman for the ATF's San Francisco office, said both stores had repeated paperwork violations that led to the loss of the owners' licenses.

Gunrunners owner Gerry Mitchell said the problem was over paperwork customers fill out when they buy guns.

On two visits, he said, ATF officials determined that customers filled out paperwork incorrectly. Examples included a customer who filled in the wrong county where he lived, or a customer who filled in the country he lived in rather than a county.

Roy Stone, owner of Stone's Gun Shop, said poor record-keeping by a former employee was responsible for similar problems in his store.

Stone said ATF officials pointed out that his name, not his employee's, was on the firearms sales license.

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"I'm like anyone; I don't like being accused of doing something immoral when I know I haven't done anything like that," Stone said.

Delgadillo said Thursday that she couldn't comment on the two stores' situations in detail because their license revocations were pending.

Stone's license was revoked Friday, she said, and Mitchell's will be revoked Oct.2. Mitchell said he will sell the store to his wife, who has applied for a federal firearms license.

Audits conducted annually

Delgadillo said the audits are done once a year without notice, though a 2004 Inspector General's report noted that AFT inspects less than 5 percent of licensed dealers each year.

Stone said his store's second audit was in January 2005, and Mitchell said his second audit was more than two years ago.

Both men said they were turned down at an appeal hearing with ATF officials. Mitchell's revocation date was pushed back because of an error in notifying him, he said.

"It's been a real big surprise," said Mitchell, 45. "But it sounds like an inevitable thing."

He said the revocations have more to do with gun control than problems with his business, because it's easier for government officials to go after gun store owners than gun and ammunition manufacturers.

"It has nothing to do with making sure no one gets guns who shouldn't have guns," he said.

Mitchell said an attorney told him he could contest the matter further but that he was unlikely to win.

Stone, 66, said he also will sell his store, though the buyer doesn't have a license yet.

"The ATF seems to have a zero tolerance philosophy now. They don't want the human factor written in," he said.

Stone said he opened his store in 1988, and Mitchell said his store dates to 1985.

Delgadillo would not say whether other owners in the Northern San Joaquin Valley have lost licenses recently.

Mitchell said he's in favor of a proposed federal law that would change how the ATF punishes gun stores for paperwork violations.

The bill, HR 5092, would let ATF apply lesser sanctions such as fines or suspensions to such stores, according to the National Rifle Association's Web site.

The bill is not likely to receive a full vote in Congress until later this year, Mitchell said.

But the owner of a Modesto gun shop said stores found to have faulty paperwork get plenty of chances to fix the problem.

"They're honestly pretty good about it," Ronning Arms owner Ron Ronning said of ATF audits. "It's when you don't fix the problem and give them a headache that you'll have problems. There had to have been a huge problem for the ATF to do it (a license revocation)."

On the Net: National Rifle Association, www.nraila.org/ CurrentLegislation/Read.aspx?ID=2121; Bureau of Alcohol, Tobacco and Firearms, www.atf.treas.gov.

Bee staff writer Ben van der Meer can be reached at 578-2331 or bvandermeer@modbee.com.

IMMIGRATION:

Census: Newest Arrivals Fan Out (USAT)

By Haya El Nasser

USA Today, August 15, 2006

Mexicans with little education and limited English skills are leading a wave of newly arrived immigrants who are increasingly fanning out from traditional gateway states, Census data released today indicate.

The dispersal of new immigrants to parts of the Southeast and Midwest that are unaccustomed to foreign-born populations in large numbers may be fueling national concerns about illegal immigration, some population analysts say.

“The most rapid gainers are almost every state in the southeastern U.S. other than Florida,” says Jeffrey Passel, demographer at the Pew Hispanic Center. “Those are the states with the highest percentage of undocumented immigrants.”

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The foreign-born population in South Carolina grew 48% from 2000 to 2005, according to Passel's analysis. Indiana registered a 30% gain and Nebraska 34%.

Florida is one of six traditional immigration gateway states, along with California, Texas, New York, New Jersey and Illinois. The share of the undocumented population living in those states dropped from 80% in 1990 to 60% in 2005, according to Passel's research. The number of illegal immigrants in the USA has jumped from about 3.5 million then to about 12 million today.

The new data provide the most details about the nation's population since the 2000 Census. The Census Bureau traditionally has reserved its most exhaustive survey for the official head count every 10 years.

To track rapid demographic shifts every year, the bureau launched the American Community Survey to gather household information such as family size, income, and grandparents as caregivers. The survey is reaching 3 million addresses nationwide — 2.5% of the population — and for the first time offers interim data on cities that have as few as 65,000 people.

"It's much meatier data for local planners," says Bob Coats, a Census expert for the North Carolina governor's office. The information can help school districts plan construction and curricula, including English as a second language, Coats says.

The statistics are becoming crucial as recent arrivals to the USA settle in new places. "There's a big growth in people who don't speak English at home in Nevada, Delaware and Georgia," says William Frey, demographer at the Brookings Institution.

Frey also found that many recent Hispanic immigrants don't have high school diplomas.

"Mexicans are making a huge impact on states where they only tread lightly in the 1990s," Frey says. "The gateway states are not dominating the influx anymore. It's hopscotching across the country."

New Data Shows Immigrants' Growth And Reach (NYT)

By Rick Lyman

The New York Times, August 15, 2006

The number of immigrants living in American households rose 16 percent over the last five years, fueled largely by recent arrivals from Mexico, according to fresh data released by the Census Bureau.

And increasingly, immigrants are bypassing the traditional gateway states like California and New York and settling directly in parts of the country that until recently saw little immigrant activity — regions like the Upper Midwest, New England and the Rocky Mountain States.

Coming in the heart of an election season in which illegal immigration has emerged as an issue, the new data from the bureau's 2005 American Community Survey is certain to generate more debate. But more than that, demographers said, it highlights one reason immigration has become such a heated topic.

"What's happening now is that immigrants are showing up in many more communities all across the country than they have ever been in," said Audrey Singer, an immigration fellow at the Brookings Institution. "So it's easy for people to look around and not just see them, but feel the impact they're having in their communities. And a lot of these are communities that are not accustomed to seeing immigrants in their schools, at the workplace, in their hospitals."

By far the largest numbers of immigrants continue to live in the six states that have traditionally attracted them: California, New York, Texas, Florida, New Jersey and Illinois.

Immigrants also continue to flow into a handful of states in the Southeast, like Georgia and North Carolina, a trend that was discerned in the 2000 census.

But it is in the less-expected immigrant destinations that demographers find the most of interest in the new data.

Indiana saw a 34 percent increase in the number of immigrants; South Dakota saw a 44 percent rise; Delaware 32 percent; Missouri 31 percent; Colorado 28 percent; and New Hampshire 26 percent.

"It's the continuation of a pattern that we first began to see 10 or 15 years ago," said Jeff Passel, senior research associate at the Pew Hispanic Center, who has examined the new census data. "But instead of being confined to areas like the Southeast, it's beginning to spill over into some Midwestern states, like Indiana and Ohio. It's even moving up into New England."

Over all, immigrants now make up 12.4 percent of the nation's population, up from 11.2 percent in 2000. That amounts to an estimated 4.9 million additional immigrants for a total of 35.7 million, a number larger than the population of California.

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Unlike the full census, which measures all population, the American Community Survey covers only what census officials call "household" population — that is, people living in households, rather than in "group quarters" like universities, long-term care facilities and prisons.

Thus, the 16 percent increase in immigrants since 2000 refers only to the household population. (The nation's household population in 2005 was 288,378,137, up from 273,637,296 in 2000.)

From 1990 to 2000, the total population showed a 57 percent increase in the foreign-born population, to 31.1 million, from 19.8 million.

Still, the rise in the immigrant household population since 2000 seems to indicate that the blazing pace of immigration seen throughout the 1990's has continued into the first half of this decade.

And along with the increase in the overall number of immigrants, the survey found an increase in the numbers who are not United States citizens — an estimated 2.4 million more since 2000. The survey did not try to distinguish between noncitizens in the country legally, like students or guest workers, and those in the country illegally.

Georgia and North Carolina, states that had already seen significant increases in their immigrant population in the 1990's, continue to see rising numbers. In Georgia, for instance, foreign-born residents accounted for 7.2 percent of the state's population in 2000, and 9 percent in 2005.

"We've been getting very diverse down here," said Judy Hadley, statistical research analyst for the Georgia Office of Planning and Budget. "You name any country and we've got it."

Ms. Singer pointed out that much of the growth in immigrants was in "suburban areas and a lot of other places that really have no history of immigration."

Immigration was just one area covered by the first release of data from the American Community Survey, which also covered such demographic information as race, age, education and marital status.

The survey detected a significant increase in the number of Americans over age 25 who hold a bachelor's degree or higher — 27.2 percent of that population in 2005 compared with 24.4 percent in 2000.

This contributes to what has been a half-decade surge in Americans' educational attainment. In 1940, only 4.6 percent of Americans held a bachelor's degree.

The survey found that the percentage of Americans who are 65 or over is shrinking, from 12.6 percent of the population in 1990 to 12.4 percent in 2000 and 12.1 percent in 2005.

Partly, this is driven by the huge influx in immigrants, who tend to be of working age or younger. But demographers caution against seeing this as a long-term trend.

"It's more like the lull before the storm," said William H. Frey, a demographer at the Brookings Institution. "Before long, the baby boomers are going to start getting into that age group in large numbers and the percentage will shoot up."

The survey is intended as an annual bolster to the bureau's constitutionally mandated census of the country's population every 10 years. It began as a test program in 1996 and has gradually expanded to where it can now provide detailed data for nearly 7,000 geographic areas, including all Congressional districts and counties or cities of 65,000 or more.

In coming months, more data from the survey will cover income, poverty and housing.

Besides getting larger, the survey found shifts in the composition of the nation's immigrant population.

"Essentially, it's a continuation of the Mexicanization of U.S. immigration," said Steven Camarota, director of research at the Center for Immigration Studies. "You would expect Mexicans to be increasing their share in places like Georgia and North Carolina, which already saw some increases, but they've also increased their share of the population, and quite dramatically, in states like Michigan, Delaware and Montana."

More of America's immigrants, legal or not, come from Mexico than any other country, an estimated 11 million in 2005, compared with nearly 1.8 million Chinese and 1.4 million Indians.

Conversely, the percentage of immigrants who were born in European countries has dropped sharply — 29.4 percent in the last five years, demographers say, because immigrants who came to the United States in the mid-20th century are now dying.

A study of this data by Mr. Passel for the Pew Hispanic Center showed that while 58 percent of the immigrants who arrived in the United States since 2000 settled in 5 of the traditional gateway states, 24 percent settled in 9 second-tier states (including

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Georgia, Massachusetts and Washington) and 11 percent found homes in 11 third-tier states, many of which have seen little immigration before (stretching from Connecticut to Minnesota to Nevada).

And while many of those first- and second-tier states saw the largest numbers of new arrivals from Mexico, Mr. Passel found, it was some of the third-tier states that saw the largest percentage increases: Alabama, South Carolina, Missouri, Kentucky, Ohio and Pennsylvania.

Two decades ago, demographers said, some 75 percent to 80 percent of new immigrants settled in one of the half-dozen gateway states and tended to stay there. Then, in the last 10 to 15 years, the pattern shifted and increasing numbers began to stay in the gateways briefly and then move. Now, they say, the pattern is that more immigrants are simply bypassing the gateways altogether.

"The biggest thing that drives immigration to specific destinations is that the immigrant already knows someone who is living there," Mr. Camarota said.

The common pattern, demographers said, is that a handful of immigrants move to a new region from one of the gateway states and put down roots. Then, once settled, they become a pipeline for others in their family or their home village to move directly into the same area.

"It's looking like what happens is that a person from a given community, say in Nicaragua, is getting established," said Bob Coats, the governor's census liaison in North Carolina. "And then they send word home that they have a good job and other people — neighbors, family members — come to join them and you have these enclaves of people from one country, one region, becoming established in the same area."

Area Immigrants Top 1 Million (WP)

By Lyndsey Layton And Dan Keating

The Washington Post, August 15, 2006

The Washington metropolitan region is home to more than 1 million immigrants, solidifying its position as a gateway to America, according to census figures released today.

Last year, one in five people in metropolitan Washington were immigrants, compared with one in six in 2000. And the immigrants who have flocked here are better educated than elsewhere.

Washington is now among eight metropolitan areas with immigrant populations of 1 million or more: New York, Los Angeles, Miami, Chicago, San Francisco, Houston, Washington and Dallas, according to William H. Frey, a demographer at the Brookings Institution.

"This is a significant benchmark," said Audrey Singer, another Brookings demographer, referring to the census numbers from the 2005 American Community Survey. "It clearly demonstrates that Washington has emerged as an immigrant destination."

The region's immigrant population has more than doubled since 1990, and the overall population grew by about a quarter. Advocates for immigrants say that the survey undercounted the immigrant population and that actual numbers are even higher.

Rising numbers of immigrants in this region have enriched the culture and the economy while they have challenged local governments and triggered sharp controversies over such issues as day laborers. Unlike some other metropolitan areas, the region has no dominant immigrant group.

Most of the region's immigrants live in its three biggest counties, each of which has a different demographic profile. Fairfax County has the region's largest Asian immigrant population, which makes up more than half of its immigrants. Montgomery County is home to the region's largest South American population, with Asian numbers second only to Fairfax. Prince George's County has larger African and Caribbean communities than the other two, reflecting the region's racial divide.

The immigrants here are more highly educated than those nationwide, the data show. Four in 10 hold at least a college degree, compared with less than three in 10 nationally.

This trend is particularly striking in Loudoun County, where 51 percent of immigrants hold college or advanced degrees.

Suresh Narasimhan is among them. The India native has two master's degrees; his wife holds three. They moved from Fairfax to Loudoun 10 years ago and have watched the Indian population mushroom.

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"When I moved to South Riding, I was one of only two colored families among 500 families," said Narasimhan, a senior executive at a telecom company. Now, he said, his neighborhood has more than 5,000 families, and 12 to 15 percent are "straight from India."

The dot-com boom of the 1990s and Y2K computer concerns drew many Indian software programmers to the Dulles high-tech corridor, Narasimhan said. Loudoun offered affordable homes and a strong school system -- an attractive combination to Indian families that place a premium on education, he said.

Singer said, "The education levels among the foreign born is not surprising, given the fact that Washington is an information economy and immigrants in highly skilled jobs are bringing their talents here for good reason."

Education is often connected to an immigrant's country of origin, said Mark Mather of the Population Reference Bureau. The Washington region does not have as many Mexicans as other areas with large immigrant populations. Mexican immigrants are less likely to have a college degree, Mather said. On the other hand, Asians -- who make up 36 percent of the region's immigrants -- are likely to have attained college or advanced degrees, he said.

But more education doesn't always translate into top jobs. Many well-educated immigrants do not speak English well enough to land high-level jobs that match their skills, or they may possess credentials from their home countries that cannot be used without additional education or training, said Jeffrey S. Passel, demographer with the Pew Hispanic Center.

Mukhtar Ahmad was a lawyer in Pakistan. Now, he drives a cab on District streets. He immigrated to the region in 1988. "I would like extremely to practice law here," said Ahmad, 62, who lives in Woodbridge and became a U.S. citizen 10 years ago. "But unfortunately, the school, it is so expensive. The United States is a very nice country, and everyone is coming here. Driving a cab is okay."

Immigrants in the region are more likely to speak English well, compared with those elsewhere in the nation. According to the census data, four in 10 Washington area immigrants don't speak English "very well." Nationally, the figure is 52 percent.

Still, with native-born residents included, the number of poor English speakers adds up to more than half a million of the region's 5.1 million residents, the data show.

Language barriers pose a particular problem for immigrants in Prince William County, where the Hispanic population has surged and 54 percent of foreign-born residents do not speak English "very well," up from 42 percent in 2000, according to the data.

Those figures ring true to Prince William school officials, who say enrollment in their program for students who do not speak English has risen 274 percent in the past five years.

Carol Bass, who supervises the county's program, said 80 percent of students come from Spanish-speaking countries, with a growing share recently from Africa.

But it's not just new immigrants moving to Prince William. Many are resettling there after being priced out of such inner-ring suburbs as Arlington County, which has lost some of its Hispanic population and is growing more white and Asian, the data show.

And Bass said some immigrants are leaving Prince William for opportunities farther out. "We're seeing more and more of what we call the second and third migration," she said. "We're seeing a continued southward migration."

Immigration Spreads Diversity Across Country (WT/AP)

The Washington Times, August 15, 2006

America's growing diversity has reached nearly every state.

From South Carolina's budding immigrant population to the fast-rising number of Hispanics in Arkansas, minority groups make up an increasing share of the population in every state but one, according to figures released today by the U.S. Census Bureau.

"This is just an extraordinary explosion of diversity all across the United States," said William Frey, a demographer at the Brookings Institution, a Washington think tank. "It's diversity and immigration going hand in hand."

West Virginia is the exception, with its struggling economy and little history of attracting immigrants.

Mr. Frey said states that attract large numbers of immigrants can consider it a "badge of economic success." There have, however, been backlashes.

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"In some places, it will be awhile before they are accepted by the locals," Mr. Frey said. "All we have to do is look at this immigration debate."

Immigration policy is a big issue in this year's midterm congressional elections, and the new data help explain why. Legal immigrants and illegal aliens make up a growing portion of the population in 46 states and the District. Nationally, they went from 11.1 percent of the population in 2000 to 12.4 percent last year.

The 2005 figures are from the Census Bureau's American Community Survey, which is replacing the "long form" on the 10-year census. Starting this year, the annual survey of about 3 million households provides yearly data on communities of 65,000 or larger. By 2010, it will provide annual multiyear averages for the smallest neighborhoods covered by the 10-year census.

The survey, which cost $170 million last year, has limitations. For example, only people living in households were surveyed. That excludes the 3 percent of people who live in nursing homes, hospitals, college dormitories, military barracks, prisons and other dwellings known as group quarters.

Also, the numbers for Gulf Coast states do not reflect the effects of Hurricanes Katrina and Rita, which scattered hundreds of thousands of people last year.

California, New York, Texas and Florida have the nation's largest immigrant populations. The new data show that immigrants will travel beyond those states if there are jobs available.

South Carolina's immigrant population grew by 47 percent since 2000, more than any other state. The Hispanic population in Arkansas grew by 48 percent, the most of any state.

Michael MacFarlane, South Carolina's state demographer, said Hispanics and other immigrants were attracted by a healthy economy that offered jobs requiring few skills.

"They are in all sorts of construction, food processing, service jobs, the whole spectrum, where they used to be primarily in agriculture," Mr. MacFarlane said.

West Virginia, meanwhile, was one of only two states in which the percentage of white people grew. The other was Hawaii, where whites are an increasing minority.

Border Group's Finances A Secret (WT)

By Jerry Seper

The Washington Times, August 15, 2006

A Texas firm that manages hundreds of thousands of dollars in donations to the Minuteman Civil Defense Corps says it has not been authorized to divulge a detailed accounting of the funds, despite assurances by the MCDC's top official that it would do so.

Maureen E. Otis -- president of American Caging Inc. in Stafford, Texas, an agency hired to collect, deposit and disburse donations to the civilian border-patrol group -- told The Washington Times that neither MCDC President Chris Simcox nor the group's board of directors had given her permission to "disclose any numbers."

Mr. Simcox, who has been criticized by current and former MCDC members for a lack of leadership and financial accountability, had referred The Times to Mrs. Otis, saying she could "tell you everything" to clear up the concerns.

Instead, Mrs. Otis issued a statement saying only that all Minuteman donations have been "securely collected, counted and deposited" in MCDC bank accounts.

Telephone calls to Mr. Simcox in Phoenix, where he reportedly is on paternity leave, were routed to Minuteman spokeswoman Connie Hair in Virginia, who said the organization was not going to release "any unaudited numbers." She said that an audit will be completed in November and that any release of figures prior to that "is just not going to happen."

Mary Parker Lewis, a top MCDC consultant, has said the audit seeks to establish MCDC as a tax-exempt, nonprofit organization. She told The Times that MCDC would meet "all its legal obligations" in seeking to organize.

In April, Mrs. Lewis and Ms. Hair declined to answer 17 written questions submitted by The Times concerning MCDC finances after several current and former Minutemen first raised questions about money coming into the organization. They also did not respond to a follow-up list of seven questions in June.

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MCDC has not released any financial or fundraising records since its April 2005 creation to either the public or its members. Disclosure statements promised to The Times by Mr. Simcox in October and later in April were never delivered. He since has accused critics of being racists, anti-Semites and "a small handful of disgruntled people who have been terminated."

Last month, several Minutemen questioned what happened to donations collected since the group's first border vigil in Arizona in April 2005. They said they had no idea how much money had been received, how it had been spent or why it was being routed through a Virginia-based charity headed by conservative activist Alan Keyes.

Some of them have since challenged claims by Mr. Simcox that MCDC "spent probably about what we collected" to pay for supplies for Minuteman volunteers on the border, including satellite phones, radios, flashlights, maps, portable toilets, thermal imaging cameras, night-vision cameras, computers, water and food.

Mike Gaddy, a retired Army veteran of Vietnam, Grenada and Beirut who helped organize the Minuteman's April 2005 vigil as a field coordinator, said that if Mr. Simcox spent about what was collected to purchase supplies for the volunteers, he didn't see any of it.

"An awful lot of the equipment I saw was donated," he said.

Other Minuteman members confirmed last week that much of the equipment they used during the border vigils, including night-vision binoculars and Global Positioning Systems, was donated.

Gary Cole, MCDC's former national director of operations, said he personally collected "tens of thousands of dollars" in donations during the 30-day border watch in April 2005, but was never told how much money had been collected or where it went. He said he later was fired by Mr. Simcox as a national director "for asking too many questions about the money."

Last month, Mr. Simcox said $1.6 million in donations had been collected, although he had no documents to verify the claim. He said $1 million went directly to MCDC and $600,000 for a fence on the U.S.-Mexico border, all of it handled through the Herndon-based Declaration Alliance, founded and chaired by Mr. Keyes.

Mr. Keyes has endorsed the Minuteman organization as programs of Declaration Alliance and the Declaration Foundation, another Virginia-based charitable organization he heads. He also accused critics of being "decidedly racist and anti-Semitic," saying they had been removed as members of the Minuteman organization.

For a fee, American Caging manages money collected by nonprofit groups, their telemarketers and direct-response agencies. Caging firms give nonprofit organizations the ability to receive and disburse donations without having to hire a staff.

In addition to MCDC, the firm's clients include Declaration Foundation, Declaration Alliance and the Declaration Alliance Political Action Committee. It also has handled funds for Mr. Keyes' unsuccessful political campaigns, including his failed 2004 senatorial race in Illinois, for which it was paid $30,530.

American Caging also handles other clients aligned with MCDC, Mr. Keyes and the Alliance organizations, including Diener Consulting Inc., which serves as the Minuteman group's public-relations arm, as it did in Mr. Keyes' unsuccessful presidential and senatorial campaigns; and Renew America, a fundraising organization founded by Mr. Keyes that provides a link for donations to MCDC through Declaration Alliance.

Other American Caging clients include Response Unlimited, which makes mailing lists -- including the MCDC membership -- available to conservative mailers and telemarketers and has an "exclusive contract" with Declaration Foundation; and RightMarch.com, which raised $500,000 for Mr. Keyes' 2004 senatorial campaign and helps raise Minuteman donations through a link on its Web page to Declaration Alliance.

Mr. Simcox also serves as "honorary chairman" of the Minuteman Political Action Committee, which says it has spent $350,000 this year to help support several candidates. Mrs. Lewis, who served as chief of staff to Mr. Keyes in his presidential races and has been affiliated with Diener Consulting and Renew America, is the committee's secretary.

TAX:

IRS: Maple Grove CEO Owes $1.6 Million In Taxes (MINNST)

By Randy Furst, Star Tribune

Minneapolis Star Tribune, August 15, 2006

DOJ_NMG_0048400

Robert B. Beale of Comtrol Corp. has campaigned against tax laws and the charges he faces. The IRS says Beale, who didn't show up in federal court, owes at least $1.6 million.

In the past two weeks, the millionaire CEO of a Maple Grove computer products company has been working overtime to keep himself from the clutches of federal authorities.

Robert B. Beale, who the IRS says owes $1.6 million in federal taxes plus interest and penalties, has written to President Bush and U.S. Attorney General Alberto Gonzales requesting that charges against him be dismissed. If convicted, he faces up to 30 years in prison.

"He fundamentally believes, and has stuck to his belief since this case started, that the federal income tax is illegal," said Bradford Beale, his son and vice president of Comtrol Corp., the firm that his father founded.

Robert Beale's problems multiplied Monday.

U.S. District Judge Ann Montgomery ordered that a warrant be issued for Beale's arrest after he failed to show for the first day of his trial at the U.S. Courthouse in Minneapolis.

"It was a genuine surprise," said Bradford Beale. "It was not something the family was expecting." Indeed, family members were in court Monday as jury selection was scheduled to start. Lee Stagni, Comtrol's president and chief operating officer and who also is indicted in the case, was there.

The elder Beale allegedly drew $5.7 million in income from Comtrol between 2000 and 2004, and paid no state or federal taxes, court records say. In a trial brief filed last week, Assistant U.S. Attorney Timothy Rank wrote that Beale "engaged in a concerted effort with others at Comtrol to conceal and disguise the source, location and amount of Beale's income."

Beale has been vocal about his views, the government alleges.

"It was common knowledge at Comtrol," wrote Rank, "that Beale was opposed to paying taxes as Beale had begun encouraging people at Comtrol not to pay their taxes and had even placed a poster in the Comtrol lunchroom advising people not to pay taxes."

In federal documents he filed himself, Beale has accused the government of engaging in fraud and seeking to deprive him of his liberty.

He fired his attorney, Dan Scott, saying that for Scott to represent Beale, the person, is "an absurdity." He has kept Scott on to represent him as a "corporate entity."

Family members and Scott said they do not know Beale's whereabouts.

"The government has asked for a day to see if they can locate him," Scott said "If they can't, they will start the trial with Mr. Stagni. They can't try someone in absentia."

In addition to a house in North Oaks with four bathrooms, five bedrooms and a spa, according to a real estate website that showed the house for rent, Beale has a home in Naples, Fla., that he claims as his legal residence.

A graduate of Massachusetts Institute of Technology, Beale started Comtrol in 1982. It currently has annual revenue of $12 million to $15 million a year, according to Theodore Beale, a son who lives in Lombardia, Italy, and was interviewed by telephone Monday.

A one-time part owner of Channel 23, Robert Beale sold his interest in 1998. He has had assorted run-ins with tax collectors, including the Minnesota Department of Revenue, which once seized the North Oaks house over alleged nonpayment of taxes.

"He is a highly intelligent, highly educated man," Theodore Beale said of his father. "My sense is that he believes the tax laws are being applied improperly by agents who either don't understand that or have gone rogue."

He said that his father founded the Minnesota Christian Coalition, which is affiliated with the politically oriented Christian Coalition of America. Bradford Beale said his father is no longer involved in politics.

Scott said there is a small movement nationwide of people, including Beale, who believe, after examining tax laws, that they do not have to pay federal income taxes because the statutes that set up the income tax do not apply to people who are not government employees or living in federal territories including the District of Columbia.

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Bradford Beale said from the perspective of Comtrol, which employs 75 people in Minnesota, the case is "an entirely personal matter between Robert Beale and the IRS, and the company is in no way involved. ... The company pays its taxes as joyfully as one can."

As for his father, Bradford Beale said he would have preferred that he would've made his court date Monday. "The whole Beale family as well as the company would like this concluded as soon as possible," he said.

Randy Furst • 612-673-7382

CONGRESS-ADMINISTRATION:

Alarm In Congress Over Race To Allocate Cash (FT)

By Stephanie Kirchgaessner In Washington

Financial Times, August 15, 2006

US officials are racing to allocate $1.17bn in Iraq reconstruction funds by September 30 to prevent the funds from expiring and being diverted back to the US Treasury.

The "use it or lose it" scenario, which compels US authorities to disperse what remains of the $18.4bn (€14.5bn, £9.6bn) Iraq relief and reconstruction fund by the end of the fiscal year, is ringing alarm bells in some quarters of Congress, where the US-led reconstruction effort has come under scrutiny from Democrats and Republicans alike.

"Never has the phrase 'haste makes waste' sounded more ominous. To have [the funds] floating around this way is utterly unacceptable and will undoubtedly lead to wasteful spending, questionable obligations and excessive costs," Senator Susan Collins, the Republican chair of the homeland security committee, said recently.

Lawmakers' criticism of the reconstruction effort in Iraq has so far centred on allegations of hundreds of millions of dollars in wasteful spending by US contractors, poor planning by the Bush administration, and the fact that the insurgency has forced the US to divert a substantial chunk of reconstruction funds to pay for security costs.

But there is new evidence to suggest that the US-funded reconstruction of Iraq could soon be hit by further complications, with the expected transition of projects from US control into the hands of the Iraqi government.

In one example recently set out by Stuart Bowen, the special inspector-general in Iraq, a $219m project to create an "advanced first responder network" for emergency services has, in effect, failed, not only because of problems with the underlying infrastructure but because it is unclear whether the Iraqi government will be able to staff and fund the system.

His report found that the emergency network – a project that was contracted to Lucent, the US telecommunications equipment maker, and was transferred to Iraqi government ownership on June 26 – would not operate efficiently because there were not enough trained personnel to staff and operate all the dispatch centres.

Although the project, which was initiated by the Congressional Provisional Authority in 2004 to provide Iraqi police, fire and emergency medical units with a core national public safety communications system, was meant to have nine fully operational dispatch centres, the audit found that, with the "possible exception" of Baghdad, there were not enough trained personnel to staff centres in Kirkuk, Tikrit, Mosul, Basrah and other regions.

Contractors had originally been required to train 710 call-takers and dispatchers to facilitate the network, but just 450 Iraqi nationals were trained. Delays in completing the dispatch centres prompted some of the employees to seek other work. As of June 1, auditors found they were staffed with only nine employees in Tikrit, seven in Mosul and 30 in Baghdad.

According to Mr Bowen's report, a US official sent a memo to the ministry of the interior last year to seek assurance that the Iraqi government would provide enough funds – about $15.3m – to operate the network until the end of 2006. After being told that the Iraqi government could not support the operation, the required sum was pulled from a separate reconstruction fund.

The botched first responder network is just one of a handful of reconstruction projects that have been audited by Mr Bowen, now on his 13th visit to Iraq. He told Ms Collins early this month he shared her concerns about the $1.17bn contracting spree.

"[We intend] to audit the issue down the road. So I expect that that will serve – I hope it serves – as an appropriate deterrent or motivating factor in ensuring that your worries are not realised," he said.

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Bush Signs Vocational Education Bill (AP)

AP, August 15, 2006

The White House announced Monday that President Bush has signed the Perkins Act, the first major update of the nation's vocational education law since 1998.

Bush signed the law after Congress overwhelmingly rejected his attempts to scrap it.

The law steers $1.3 billion a year into career-based courses in high schools and community colleges. The legislation extends the vocational programs through 2012.

The renewed law emphasizes rigor and results.

It requires states to run career programs that will give students a broad base of academic skills, not just technical ones. In exchange for money, states and school districts must produce more evidence that students are making progress and landing good jobs.

The legislation orders states to come up with model sequences of courses from high school through college. The goal is to give students a clear path of training for work.

The White House has called the vocational programs ineffective and sought to end them.

Bush proposed shifting the money into a new program of expanded high school testing and help for struggling learners. States could still spend money on career courses under his plan.

But Congress never seriously considered the overhaul that Bush wanted.

Bush signed the bill Saturday. The White House has said Congress worked with the Bush administration on the bill to improve the way schools are held accountable.

Could Supreme Court Settle Presidential Signing Scrap? (LAW)

By Tony Mauro, Legal Times

Legal Times, August 15, 2006

Presidential prerogative has interested Scalia, Alito. But they may not get a chance to weigh in.

It was an otherwise routine oral argument before the Supreme Court in April.

Justices were debating the meaning of the Individuals with Disabilities Education Act, with Justices Stephen Breyer and Antonin Scalia jousting, as usual, over the significance of the legislative history of the statute. The lawyer arguing the case, Arlington Central School District v. Murphy, might as well have sat down while the justices talked among themselves.

Suddenly, Scalia piped up with a question. “What about the president? When he signed it, did he indicate an interpretation?”

It was a startling inquiry, especially coming from a justice who fervently insists that he cares only about the words of a statute, not the spin that legislators — and presidents, presumably — put on those words.

But it was a sure sign that the statements presidents issue when they sign bills into law, long ignored as the rough equivalent of White House press releases, are receiving renewed attention in all sectors of Washington.

Controversy over President George W. Bush’s frequent and aggressive use of the statements to signal that he might not enforce bills he signed has gained momentum rapidly over recent months and could careen toward the Supreme Court itself — with an uncertain fate.

Bush has issued signing statements questioning more than 800 provisions of laws he signed, according to the American Bar Association. That’s more than all previous presidents combined. Often couched in language about his supervisory powers over the executive branch and foreign affairs, Bush has questioned laws ranging from the ban on torturing detainees to provisions establishing affirmative action programs to a ban on the use of American military forces in Colombia.

A milestone in the dispute came Aug. 8, in Honolulu, of all places, at the annual convention of the ABA — an organization that is typically capable of studying an issue to death over months and years. Just two months after then-ABA President Michael Greco appointed a task force to look into the controversy, the governing House of Delegates, meeting in Hawaii, overwhelmingly approved a strongly worded resolution opposing the “misuse” of presidential signing statements as “contrary to the rule of law and our constitutional system of separation of powers.”

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The resolution said presidents who believe a law is unconstitutional should veto it, rather than issue a signing statement. The ABA also urged passage of a bill that would give members of Congress and others standing to challenge in court presidential signing statements that claim the authority to disregard part or all of a law.

Even Miami lawyer Neal Sonnett, an ABA veteran and head of the task force, seemed surprised at how quickly the issue took hold. "The House [of Delegates] saw the need to send a very strong message," he said in an interview minutes after the vote. "They got it."

A muscular view

But criticism of the ABA action has come from an unexpected quarter: Clinton-era Justice Department officials, including former acting Solicitor General Walter Dellinger III, who say the ABA incorrectly focused on signing statements — which they view as useful — rather than on Bush's actions expanding executive power.

"The real problem is when the president actually refuses to enforce the law, not the signing statement itself," says Dawn Johnsen, an Indiana University School of Law-Bloomington professor and former Clinton official who joined in a statement opposing the ABA action. "It's a good thing for a president to tell us what he thinks of a law; signing statements should be longer." She fears that in response to the ABA resolution, the Bush administration will soften or eliminate signing statements but continue to expand executive power and defy Congress without saying so as explicitly. "This attack will likely increase the secrecy of the administration," Johnsen says.

Seeds of the dispute were sown late last year during the debate over Samuel Alito Jr.'s nomination to the Supreme Court. Liberal groups sounded the alarm over Alito's embrace of the concept of the "unitary executive," a muscular view of the presidency that seemed in sync with Bush's post-9/11 pronouncements about executive power. A prime piece of evidence was a 1986 memo written by Alito, then a deputy assistant attorney general in the Reagan Justice Department.

In the memo, Alito recommended ramping up the issuance of signing statements that would offer the president's interpretation of bills he signed, even if that interpretation differed from that of Congress. "Our primary objective is to ensure that presidential signing statements assume their rightful place in the interpretation of legislation," Alito wrote. Excessive citation by judges of legislative history — floor debates and committee reports — in interpreting statutes, rather than the actual words of the statutes, was one of the bugaboos of the Reagan legal revolution. Alito's aim in increasing the issuance of presidential signing statements was to counter, or at least neutralize, congressional legislative history with the president's view. "It would increase the executive's power to shape the law," he wrote.

Alito acknowledged that such a campaign "will not be warmly welcomed by Congress" and could run into "theoretical problems," including the belief that the president's views of what Congress intended when it passed a law are irrelevant. "If our project is to succeed, we must be fully prepared to answer this argument," Alito wrote.

Fast-forward to 2006, when Alito, now a Supreme Court justice, wrote the Court's ruling in the Arlington Central case, in which Scalia asked his provocative question. Alito made no mention of the signing statement that President Ronald Reagan issued when he signed the disabilities law in 1986, around the time that the young Alito wrote his memorandum. In fact, the Reagan signing statement did not comment on the section at issue in the case. But Alito was explicit, Scalia-style, in rejecting the legislative history of the law as a tool for interpreting its meaning.

If conservative justices give the same back of the hand to presidential signing statements that they give to legislative history as an interpretive tool, then Alito's 1986 aspiration may never succeed. And liberal justices, for their part, are probably in no mood to assign the president a greater role in lawmaking, so they might not accord signing statements much weight, either.

But the controversy over signing statements goes beyond their use in interpreting statutes. The more prickly question of whether presidents can or should use signing statements to assert the unconstitutionality of laws came into focus in April, when The Boston Globe reported that Bush, through signing statements, had "claimed the authority to disobey more than 750 laws."

A prime example was Bush's statement in December 2005, when he signed the bill including the so-called McCain torture ban, which prohibited cruel and degrading treatment of detainees. Bush wrote, "The executive branch shall construe [the law] in a manner consistent with the constitutional authority of the President . . . as Commander in Chief," with the goal of "achieving the shared objective of the Congress and the President . . . of protecting the American people from further terrorist attacks."

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Soon the Senate jumped on the issue, and Sen. Arlen Specter (R-Pa.) scheduled hearings to spotlight what he saw as yet another erosion of congressional power. "We've got to lay down the gauntlet and challenge him on it," Specter said. The bipartisan Constitution Project also weighed in, criticizing Bush for "effectively asserting unilateral power to repeal and amend legislation."

Specter introduced legislation that, among other things, would give Congress standing to challenge signing statements in court. Few analysts think the measure will get very far in the current Congress, despite the ABA action.

Staying on the sidelines

But even if Congress were to pass a law allowing legal challenges to signing statements, that is no guarantee that such lawsuits would get very far.

"A clear non-starter" is how Harvard Law School professor Laurence Tribe describes signing-statement lawsuits. A signing statement, which he analogized to presidential criticism of Congress in a State of the Union address, does not create a "case or controversy" that would trigger judicial intervention under Article III of the Constitution. "This is mere insult, not genuine injury," Tribe wrote on the Balkinization blog on Aug. 6.

Former Reagan Justice Department aide Bruce Fein sharply disagrees. Fein, who has been increasingly critical of Bush in recent years, was a member of the ABA task force and the Constitution Project initiative, and he assisted Specter in drafting the legislation allowing legal challenges to signing statements.

Fein says members of Congress are constitutionally injured by signing statements that signal a plan not to enforce a particular provision. "The concrete injury caused by such a signing statement is the inability of Congress to override what amounts to a veto of the law Congress has passed," he says. In other words, Fein believes that Bush, who has vetoed only one bill since taking office in 2001, has in effect vetoed other bills through his signing statements — but in a way that evades the constitutional process of congressional overrides.

As an example, Fein cites a budget bill Congress passed in 2005 that barred the funding of any U.S. military operations in Colombia's war with narcoterrorists. Bush's signing statement said he viewed that provision as "advisory in nature" in light of his role as commander in chief. Bush's proper response, Fein asserts, should have been to veto the bill, allowing Congress to override the veto if it wanted to.

There still may be other hurdles, such as questions of ripeness, says Georgetown University Law Center professor Nicholas Rosenkranz, who testified before the Judiciary Committee in June. A signing statement that merely asserts a president's plan to enforce the law according to his constitutional views is not the same as a pledge to defy that law, Rosenkranz notes.

"Will the legality of a presidential signing statement ever get before the Supreme Court?" Rosenkranz asks rhetorically. "Probably not."

Tony Mauro can be contacted at tmauro@alm.com.

Former Colleague In SG's Office Becomes Chief Justice's Administrative Assistant (LAW)

By Tony Mauro, Legal Times

Legal Times, August 15, 2006

Chief Justice John Roberts Jr. on Monday named Jeffrey Minear, a 20-year veteran of the solicitor general's office, to be his administrative assistant, a position akin to chief of staff.

Minear, who has argued 56 cases before the high court, will succeed Sally Rider, who served as administrative assistant to Roberts' predecessor, the late William Rehnquist. Rider is leaving in September to head a constitutional studies center named after Rehnquist at the University of Arizona College of Law.

Roberts and Minear, 51, are longtime friends and former colleagues, serving together in the solicitor general's office during the first Bush administration and, more recently, in the Microsoft antitrust appellate litigation, in 2001. Both worked on the Microsoft case, Minear representing the federal government, and Roberts, then in private practice, representing a coalition of states.

"They developed a close working relationship and had great admiration for each other," says David Frederick, who was also involved in the Microsoft case while at the solicitor general's office. Frederick is now a partner at Kellogg, Huber, Hansen,

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Todd, Evans & Figel in Washington, D.C. "Jeff is a brilliant advocate and a careful lawyer who will serve the chief justice with great distinction."

In a statement released Monday, Roberts said, "I have worked with (and against) Jeff over nearly two decades, and during that time I have seen firsthand his strong commitment to the Supreme Court as an institution and his respect for its role in our system of government."

As administrative assistant, Minear will help Roberts in the management of the Court as well as with the full range of the chief justice's other duties, including his roles as chairman of the Judicial Conference and chancellor of the Smithsonian Institution. Minear will be paid $165,200 a year, the same as a federal district judge.

A former chemical engineer, Minear earned his law degree from the University of Michigan in 1982 and worked in the Justice Department's Environment and Natural Resources Division before joining the solicitor general's office in 1985.

Rehnquist's administrative assistants, at least at the beginning of his tenure, were appointed for two years -- a limit Rehnquist imposed to prevent his aides from becoming too entrenched. Roberts' announcement mentioned no such limitation for Minear.

The announcement was welcomed by veteran Supreme Court practitioners, who admire Minear's meticulous case preparation and calm, direct style of oral advocacy -- not unlike that of Roberts, himself a veteran high court advocate.

Former Solicitor General Seth Waxman, now a partner in the D.C. office of WilmerHale, says: "Jeff is a terrific Supreme Court advocate and a wonderful human being. His deep knowledge of the Court and long professional relationship with the chief justice perfectly suit his new responsibilities."

Carter Phillips, managing partner of the D.C. office of Sidley Austin, also noted that Minear's departure will leave a large void in the solicitor general's office, especially in the handling of the Court's original docket. Those cases, which come to the Court as an "original" matter, not on appeal from another court, involve disputes between states and between states and the federal government, usually over boundaries or water rights. One of Minear's duties was to oversee these often complex disputes, which can last for years or even decades. He argued in the 1998 case New Jersey v. New York, a fight for jurisdiction over Ellis Island.

"I'm sure the entire office is cringing about who will replace Jeff on original cases," says Phillips.

Adds Frederick, "Jeff probably knows more about original cases than anyone else alive." Solicitor General Paul Clement alluded to Minear's expertise in a statement released Monday. "I will miss his many contributions to the work of the office, including his administration of the United States' involvement in original actions in the Supreme Court. At the same time, I cannot imagine anyone better suited for these important responsibilities to the Supreme Court and the Chief Justice."

Chief Justice Taps Justice Department Veteran As Top Aide (SDUT/AP)

By Matt Apuzzo, Associated Press

The San Diego Union-Tribune, August 15, 2006

WASHINGTON – Chief Justice John Roberts named a veteran government lawyer and former Justice Department colleague as his top aide Monday.

Jeffrey P. Minear has worked in the solicitor general's office since 1985, including four years alongside Roberts. They collaborated on several cases, including a 1991 brief that abortion-rights groups used last year to criticize Roberts' nomination.

They also worked together on the Microsoft antitrust case, when Minear represented the federal government and Roberts represented several states in their fight with the software company.

Minear, the senior litigation counsel in the solicitor general's office, is one of the nation's most accomplished Supreme Court attorneys. He has argued 56 cases before the high court.

“Minear is a major Supreme Court figure, which certainly suggests the chief has aspirations to make this a major position,” said Richard Lazarus, a Georgetown University professor who worked in the solicitor general's office for four years.

In his new job, Minear will serve as Roberts' chief of staff, helping run the court and monitor judicial issues. He will assist the chief justice on such issues such as court reform but he won't help craft court opinions.

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"I have worked with (and against) Jeff over nearly two decades and during that time I have seen firsthand his strong commitment to the Supreme Court as an institution and his respect for its role in our system of government," Roberts said in a prepared statement.

Minear will start work Sept. 11. He will replace Sally M. Rider, who is becoming the director of the William H. Rehnquist Center on the Constitutional Structures of Government at the University of Arizona.

Roberts and Minear were among seven government attorneys representing President George H.W. Bush's administration who wrote a 1991 brief that said Roe v. Wade was "wrongly and unfortunately decided."

Lazarus, who has known Minear for decades, said he is not political. "He's filed a lot of liberal positions and a lot of conservative positions," Lazarus said. "You're not going to find any ideological trends."

Luxury Spending Found In Legal Program (AP-Y)

By Larry Margasak

AP, August 15, 2006

The federal program that provides legal help to poor Americans turns away half of its applicants for lack of resources. But that hasn't stopped its executives from lavishing expensive meals, chauffeur-driven cars and foreign trips on themselves.

Agency documents obtained by The Associated Press detail the luxuries that executives of the Legal Services Corp. have given themselves with federal money — from $14 "Death by Chocolate" desserts to $400 chauffeured rides to locations within cab distance of their offices.

The government-funded corporation also has a spacious headquarters in Washington's tony Georgetown district — with views of the Potomac River and a rent significantly higher than other tenants in the same building.

And board members wrote themselves a policy that doubled the amount they could claim for meals compared with their staff.

The program's clients were upset when told of the spending.

"I don't think that's right," said Richard Taylor as he walked from an austere, carpet-stained Legal Services office in Washington, his head covered with a towel to protect himself from the searing heat on recent summer day.

"They're depriving some others that really need it and that's not good. ... It's supposed to be about the people."

Legal Services is a nonprofit corporation run with federal money that was created by Congress to provide legal help in civil matters for Americans who can't afford their own lawyers. It funds neighborhood clinics across the country where lawyers provide such help.

Three congressional committees have questioned the program's spending as has the corporation's own internal watchdog. The chairman of the tax-writing Senate Finance Committee is threatening to withhold future money if the corporation doesn't trim its extravagance.

"It's waste and abuse," said Sen. Charles Grassley, R-Iowa, citing the board's doubling of the meal money as an example. "At 200 percent, it seems to me what we would call in Iowa living high off the hog."

Legal Services officials defend their program, saying administrative expenses are kept separate from money distributed to the local, independently run legal outlets.

Corporation spokesman Tom Polgar said LSC president Helaine Barnett and board chairman Frank Strickland "are aware they are using taxpayer funds and try to operate in a manner that is frugal and appropriate." Barnett is a former legal services attorney. Strickland is an Atlanta lawyer.

Barnett declined to be interviewed. Strickland did not return several phone messages seeking comment.

The scrutiny of Legal Services' spending comes as the corporation says it doesn't have enough resources to meet many poor clients' needs.

Legal Services' own study found last October that for every client who receives service, one applicant is turned away for lack of resources. Since that study only counted those who contacted the program for assistance, the corporation said it likely underestimated the unmet need.

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Nine recent state studies demonstrated that less than 20 percent of the legal needs of low-income Americans were being met, LSC said.

Neighborhood Legal Services, the local program that serves the poor in the nation's capital, is a refuge where a federally funded lawyer can help a client stave off homelessness, fight an unscrupulous landlord, file for divorce or receive help with a host of other legal problems.

The lobby of the inner city office looks like a doctor's waiting room that has used the same hardback chairs and magazine stand for decades. The carpet is worn and stained. Some offices are barely big enough for a desk.

Unlike Legal Services headquarters' well-stocked library, filled with criminal code books and Supreme Court opinions, the local program library has mostly bare walls. The conference table doubles as a staff lunchroom.

Marie Parran of Washington, a legal services client, wants money supporting Legal Services headquarters to go instead to the field. "There's so many poor people in the Washington, D.C. area who need the help and can't afford a lawyer. I think that's money that should be going to the poor that live in D.C," she said.

Legal Services own internal watchdog, Inspector General Kirt West, has questioned whether the corporation's headquarters has more space than it needs and whether it pays too much for rent.

The headquarters has multiple conference rooms and kitchen/pantry areas. Yet, the corporation's 11-member board of directors holds its meetings at hotels around the country, including Washington, at costs ranging from $20,145 to $55,125 — the latter in San Juan, P.R.

The decision not to use the headquarters conference room was explained in an October 2004 memo from board chairman Strickland. He said board members, who work outside the corporation, preferred the Melrose Hotel in the same upscale neighborhood as the headquarters.

The board members sought "convenience to their rooms" and did not want to "feel confined" to headquarters for two entire days, he said. In addition, he said he was worried that the headquarters lacked privacy because "all meeting rooms at LSC have glass walls."

Bills from the Melrose, with all costs per person, included: a $59 three-entree buffet, an $18 breakfast featuring scrambled eggs with chives, a $17 breakfast including Belgian waffles, a $28 deli buffet, a $13 "high tea" service, a $12 "bagel break," a $12 "Crazy for Cookies" assortment and $14 "Death By Chocolate" desserts.

Legal Services spokesman Polgar and Charles Jeffress, the LSC chief administrative officer, said the headquarters conference room can hold about 80 people, but that was too small to accommodate the 11-member board, the staff, the media and the public.

They also contended that meal costs for board members may be just as expensive if catered at headquarters.

Beyond the hotel-prepared meals at their meetings, it made sense for board members to dine together. The board fashioned for itself an expense policy that permitted members to receive up to 200 percent of the allowable meal expense — as long as board members ate together.

"The only time it was ever used was in conjunction with a board meeting," Jeffress said.

The policy recently was rescinded after congressional investigators questioned it.

Barnett, Strickland and another board member have used limousine services.

Strickland had a packed schedule last April 25, so the agency ordered a car and driver to take him and Barnett to meetings on Capitol Hill with lawmakers — about a 15-minute ride from headquarters. The car also took them to Arlington National Cemetery for a funeral and to a separate memorial service, also in Arlington — all short rides.

Even the Legal Services Corp. comptroller, David Richardson, questioned the expense.

"With cab fares from our office to Capitol Hill costing $20 and the nominal cost of a cab to Arlington Cemetery and return, this $423.99 seems to be an extraordinary cost," he wrote in an internal memo.

Polgar, who acknowledged making the decision to hire the car, said he was concerned that Strickland wouldn't make his schedule.

Barnett also used a hired car and driver to attend a funeral service for a former board member in Harrisburg, Pa., about a two-hour drive. The cost: $400.

Polgar said Barnett, who does not have a car in Washington, wanted to work on the trip rather than rent a car and drive herself. The cost was competitive with train fare and airlines, he said.

Barnett and Strickland both attended the International Legal Aid Group Conference in Killarney, Ireland in June 2005. To get to Killarney from Shannon Airport, Barnett took a cab for $220 and returned to the airport by taxi for $189, a cost of $409 for a roundtrip of about 160 miles.

Polgar said Barnett was supposed to have a free ride from Shannon, but she was stranded at the airport and had to take the cab. She couldn't find a ride for the return trip, he said.

The Legal Services headquarters in Georgetown was bought by a nonprofit group, Friends of the Legal Services Corp., that was formed to purchase a permanent headquarters.

The board chairman, Thomas Smegal, said the $38 per-square-foot rent charged Legal Services was a good deal — even though other tenants were paying less than $30. Nonetheless, he said Legal Services was not getting ripped off.

Smegal said LSC's rent won't change for the 10-year lease, while other tenants' rents rise. The tenants paying low rent already had those leases when Friends took over the building, said Smegal, a San Francisco lawyer.

When the building is paid off, he said, it will be turned over debt-free to the Legal Services Corp.

Senator Coburn: Tough Critic Of Pork (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, August 15, 2006

BERKELEY SPRINGS, W. VA.

Call it a clash of world views.

Sen. Robert Byrd (D) is a Senate lifer committed to doing all he can to help his state. Sen. Tom Coburn (R) of Oklahoma is a freshman, who ran on term limits and limited government.

Both senators are on a collision course over what could be the only reform item in play in the 109th Congress: earmarks.

Senator Coburn didn't get the memo about freshmen senators not getting between a senior senator and his earmarks. Coburn has held 43 oversight hearings on earmarks, which he calls "the "gateway drug to spending addiction."

"It is unconscionable for Congress to avoid the hard work of making choices about priorities," he says. "Any money that is going to earmarks is money that is not going to protect our troops."

He's just getting started. Coburn's amendment to the FY 2007 Defense Appropriations bill mandating an analysis of the total cost and effectiveness of defense earmarks for the goals of the Department of Defense (DOD) passed the Senate 96 to 1, with Senator Byrd the lone dissenter.

Another amendment requires the DOD to post the reports for Appropriations Committees on its website. The majority of defense earmarks appear in the report, rather than formal legislation.

But it's not clear that any of these amendments would survive a conference with the House. The Senate left for August recess with 11 of their 12 must-pass spending bills still to be completed. Fiscal hawks from both parties worry that the backlog may force a giant omnibus bill - typically a magnet for earmarks.

Actually, they're bookends on earmarks. Coburn received a 96 percent rating from the Council for Citizens Against Government Waste last month: "taxpayer hero." Byrd got a 9 percent "hostile" rating.

"I'm voting for my grandchildren," Coburn says. "We must remember that as senators we're not just the senator from Oklahoma but a US senator."

Other senators have hurled jeremiads on earmarks, but no one in at least 25 years, until Coburn, has done battle with a colleague over them. Members don't want their own plans rolled by a colleague still miffed over an earmark slight.

In November, Coburn set off a firefight with former Appropriations Chairman Ted Stevens of Alaska when he demanded a vote over two bridges that came to be known as the "bridges to nowhere." In February, Coburn threatened to "force hundreds or, if necessary, thousands of votes" to strike individual earmarks from spending bills. He's joined in the House by Rep. Jeff Flake (R) of Arizona. But a senator has more power to obstruct and force votes than an individual representative. Coburn has signaled he will not flinch at grinding the Senate to a halt.

Neither will Byrd. He has said: "What helps West Virginia helps the nation."

Many of his constituents agree. Just back of the pool tables at the Troubadour Restaurant in Berkeley Springs, which doubles as the West Virginia Country Music Hall of Fame, there's a corner dedicated to Sen. Robert C. Byrd. "He was quite a good fiddle player, of all things," muses owner Jim McCoy, a former disc jockey who says that he gave country legend Patsy Kline her first air time. Byrd was also a virtuoso at bringing federal tax dollars back to the state.

"He got us about everything he could get," Mr. McCoy adds.

Welcome To Byrd Country (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, August 15, 2006

ROCKET CENTER, W.VA.

It isn't on most maps and has no residents, but Rocket Center has a famous friend on Capitol Hill.

His identity? Here's a hint: After you clear the guards and the chain-link perimeter that rings the complex, turn right at the Robert C. Byrd Metals Fabrication Center. Continue up the hill - stopping for forklifts carrying explosives - to the gleaming Robert C. Byrd Hilltop Office Complex, including the Robert C. Byrd Institute and the Erma Ora Byrd Conference and Learning Center.

Since 1985, Senator Byrd (D) of West Virginia has directed $250 million in earmarks to upgrade the Allegany Ballistics Laboratory (ABL) here in his state's eastern panhandle - $26 million this year alone.

For the Senate's "king of pork," it's a drop in the bucket. After 47 years on the Senate's powerful Appropriations Committee, Byrd has mastered congressional earmarks - add-ons to spending bills for projects back home. Since 1991, he has steered $3 billion in earmarks to West Virginia, according to Citizens Against Government Waste.

Sums that vast show Byrd's effort to boost the Mountain State's economy. But they also obscure the sometimes tense synergy between Congress and the Pentagon over the merits of military earmarks.

Money for ABL is one of 2,847 congressional earmarks in the FY 2006 Defense Appropriations bill. It includes $1.6 million for Lewis and Clark Bicentennial Activities, $850,000 for a memorial park in Des Moines, Iowa, and $1.7 million to do something about brown snakes in Guam. In all, member projects added up to $9.4 billion in this year's defense spending bill, according to the Congressional Research Service.

Critics, including Defense Secretary Donald Rumsfeld, say that such "member adds" force cuts in more important priorities. They are "simply things that we need to spend on that we don't want," Mr. Rumsfeld told the Senate Armed Services Committee Aug. 3. "The combination of all of that is big dollars, and it hurts."

But not all pork is equal - and not all earmarks are bad, say analysts close to the process. The key questions with any defense earmark are whether the Pentagon really wants it and, if so, why it isn't included in the Pentagon budget. Also: What doesn't get done in order to pay for it?

"What I've learned from doing this for eight years is that every earmark, for good or bad, has a story, and before you comment on it you should know that story," says Keith Ashdown, vice president for policy and communications at Taxpayers for Common Sense in Washington, which has produced the most comprehensive analysis of defense earmarks.

In fact, defense earmarks are among the toughest in any federal spending cycle to track down. It took analysts more than six months to even identify earmarks in this year's defense spending bill, because most are not identified by location or the name of the congressional sponsor.

"It's a very straightforward system, but very few people understand it," says Winslow Wheeler, director of the Straus Military Reform Project of the Center for Defense Information in Washington and a former national security analyst on Capitol Hill. "Most people think earmarks are bad stuff that Congress stuffs in against the will of the Pentagon. In fact, 99.9 percent of the earmarks in the Defense Appropriations bill and Defense Authorization bill are put in with the compliance of the Defense Department - not at the level of Rumsfeld's office but at the project manager level," he adds.

Consider the Allegany Ballistics Laboratory. Twenty years ago, the site had a few Quonset huts, cinder-block buildings banked with earth (in case of explosions), and enough contamination to qualify as a Superfund site. Today, it's a state-of-the-art, diverse industrial complex employing some 1,000 people across 1,628 acres.

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About 80 military products are made here, including: 30mm shells for Apache helicopters, composite parts for F-22 jets, training grenades, fuze-proximity sensors, mortars and warheads, tank ammunition, and many other weapons components.

"This plant is the sole producer of more than a dozen critical weapons systems," says Pat Nolan, executive vice president for ATK Tactical Systems, which operates ABL under a contract with the Navy. "There's not one dollar spent on this plant that's not delivering value back to DOD.... We're a very critical part of [its] industrial base."

At the Robert C. Byrd Complex on the hill, other companies have rented space to do secure research. Information Manufacturing Corporation, for example, is digitizing data on hurricane cleanup, avian flu, and weather records.

From the hilltop complex, surrounded by mountains and flanked by the North Branch of the Potomac River, you can still see some of the World War II-era buildings on the flood plain. The ABL was established in 1944 on the site of a former ammunitions plant on land owned by the Army. After the war, the plant was transferred to the Office of Scientific Research and Development, where it helped build propulsion devices and engines for the solid-rocket industry. Then, it was transferred to the Navy. The Navy expanded the ABL in 1962 to help develop the Fleet Ballistic Missile, but further investment dried up. By the 1980s, industry in the region was in trouble. Coal and steel, paper, tires, and textiles were going or gone. No new sector appeared to take their place.

Then came Byrd. He saw an opportunity for growth at the ABL and secured a $2.3 million earmark to "jumpstart the restoration and modernization of the complex," he wrote in his recent autobiography, "Robert C. Byrd: Child of the Appalachian Coalfields."

"As the Cold War began its final phase, I saw that the continuing evolution of our nation's armed forces into highly technical units presented opportunities to serve the national defense, as well as to expand West Virginia's economic base at ABL," he added.

Drawing on his clout as the top Democrat on the Senate Appropriations Committee, Byrd requested and won earmarks for the lab from 1985 to 1997, when he prevailed on the Navy to pick up funding for ongoing improvements. During the next seven years, the Navy poured $111.9 million into the site. And when the Navy opted to end that line of funding, Byrd picked it up again as an earmark.

ABL is still owned by the Navy, but ATK (Alliant Techsystems), a $3.4 billion corporation based in Edina, Minn., has operated the facility since the 1940s. The ABL site now accounts for about 10 percent of those annual sales.

"Senator Byrd saw this potential years ago," says Stephen Hoffman, head of Naval Industrial Reserve Ordnance Plant and Equipment. "Every project has a business model and a return on investment or we don't do it."

ATK has continued to invest in ABL because of the "strong partnership that has been formed between the Navy and ATK, supported by Senator Byrd," says ATK's Nolan.

It's misleading to describe that support as "pork," says Byrd spokesman Tom Gavin. "ABL is doing work that the Defense Department has bought into both from a budgetary standpoint, a contractual standpoint, and a use standpoint."

But critics say that defense earmarks come at the expense of maintenance, training, and other Pentagon priorities. Earmarks overall, they charge, are out of control - especially ones for defense. While it's difficult to ferret them out of defense spending, it's even harder to figure out their opportunity cost.

"Earmarks are a drain on the military because of the way they pay for it," says Mr. Wheeler, author of the 2004 book, "The Wastrels of Defense: How Congress Sabotages U.S. Security."

Before breaking for August recess, the Senate added $10 billion to the FY 2007 Defense Appropriations bill to cover the shortfall in maintenance and equipment. "Congress needs to compare this facility to other like facilities" to see if it's performing a useful mission, he adds.

Defense earmarks are also at the heart of corruption scandals threatening to sink Congress to new lows in public esteem. In November 2005, Rep. Randy "Duke" Cunningham (R) of California resigned from Congress and was later convicted of conspiring to take $2.4 million in bribes from two defense contractors for whom he sponsored earmarks. Reps. Alan Mollohan (D) of West Virginia, Rep. Katherine Harris (R) of Florida, and Rep. Virgil Goode (R) of Virginia are also fielding questions over their acceptance of campaign contributions related to defense earmarks.

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But locals glad to see an economic rebound aren't concerned about the controversy over earmarks. "ABL is a tremendous asset to this region," says local historian Albert Feldstein.

Children no longer have to leave the region to find a job, says ABL program manager Paul Corwell, who says he has two brothers, a brother-in-law, two first cousins, and the wife of a cousin all working on site. "This plant really is a national asset and the reason people don't appreciate that is because they don't know about it," he adds.

Transportation Dept. Reveals 2nd Laptop Theft In Fla. Office (WP)

By Christopher Lee, Washington Post Staff Writer

The Washington Post, August 15, 2006

The inspector general's office at the Department of Transportation disclosed yesterday the theft of another laptop from one of its agents in Florida, the second such report in less than a week.

Barbara L. Barnet, the special agent in charge of the Miami office, discovered in April that her laptop had been stolen from a locked room during an agency-sponsored anti-fraud conference in Orlando, acting Deputy Inspector General Theodore P. Alves said yesterday.

"The police report does indicate that there were case files on the computer," Alves said. "The police report also indicates that they were not encrypted, although the computer was password-protected."

There is no indication yet that the computer contained sensitive personal information, Alves said. He said IG officials began reexamining the incident after a different laptop was stolen last month from a special agent's government-issued vehicle near Miami. That laptop contained the unencrypted names, Social Security numbers, birthdates and addresses of as many as 133,000 Florida residents.

When acting Inspector General Todd J. Zinser announced the theft of that computer last Wednesday, he did not disclose the April theft. Alves said that was because officials knew too little then about the incident. Agency officials initially were told that Barnet's laptop, which has not been recovered, contained conference information. Only recently did they learn about the case files, he said.

"We're investigating what happened and any discrepancies that exist between our understanding at the time and what was in the police report," Alves said.

Also yesterday, the Department of Veterans Affairs announced that it will equip all of its computers with data encryption software, an effort to prevent the exposure of sensitive personal or agency information if VA computers are lost or stolen.

The $3.7 million contract with Systems Made Simple Inc. of Syracuse, N.Y., requires the installation of the encryption program on all laptops by Sept. 15. The department did not provide a timetable for desktop computers but said the encryption efforts also will apply to portable computer drives and CDs.

The data protection program is part of the fallout from the May 3 theft of a laptop and external hard drive from a VA analyst's home. The burglary put at risk the unencrypted names, birthdates and Social Security numbers of millions of veterans. Authorities recovered the equipment and do not believe the data were accessed. A second computer containing VA data went missing from a contractor's office this month.

Veterans Affairs Upgrades Data Security (AP-Y)

AP, August 14, 2006

Following a series of embarrassing data security breaches, the Department of Veterans Affairs on Monday announced it would upgrade all the agency's computers with a new encryption technology to be first installed on the agency's laptops within a month.

"A system-wide encryption program will be a tremendous step forward in improving the safety and security of sensitive veteran information," said VA Secretary Jim Nicholson.

Encryption is a process by which confidential information on a computer is scrambled and made unreadable until a user decrypts it, usually with a password.

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The encryption follows the award of a $3.7 million contract to Syracuse, N.Y.-based SMS Inc. The VA will be using GuardianEdge and Trust Digital products. The agency said final testing of the software is under way with actual encryption set to begin Aug. 18.

The agency said it expects to have all of its laptop computers fully encrypted within four weeks, followed by encryption of desktop computers.

The agency has been struggling to restore credibility to its handling of sensitive data following the theft in May of a laptop and external drive containing the personal information of 26.5 million veterans. The computer was taken from a VA employee's home in Maryland.

The laptop theft was followed by revelations earlier this month that Unisys Corp., a VA subcontractor, had lost a desktop computer containing personal data for as many as 38,000 veterans who received care at VA medical centers in Philadelphia and Pittsburgh. The computer was located at Unisys' offices in Reston, Va.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, August 15, 2006

Calmer waters

Billionaire Reform Party founder and two-time presidential candidate (1992 and 1996) H. Ross Perot, Veterans Affairs secretary and former Republican National Committee chairman Jim Nicholson and America's leading wine importer John F. Mariani Jr. enjoyed some vacation time together in Bermuda in recent days.

"Ross has three boats, nice ones," says our source, who spotted the trio aboard one "fast boat."

It wasn't terribly long ago, as political campaigns go, that Mr. Nicholson, as head of the RNC, personally begged conservative Patrick J. Buchanan not to divide the Republican Party by running as the Reform Party's candidate for president -- which he ended up doing in 2000.

Press Corps Moves Outside White House (AP-Y)

By Terence Hunt

AP, August 15, 2006

The White House press corps took up residence Monday outside the iron-gated presidential compound for the first time in more than 100 years to make way for repairs on their well-worn quarters.

For the next nine months or so, reporters will cover President Bush from offices on two floors of the White House conference center alongside Lafayette Park, across Pennsylvania Avenue from the West Wing. White House officials arranged for the building of temporary offices for news outlets, and set up a new briefing room.

"This is the first time reporters have had to cover the president from outside the compound," said Martha Joynt Kumar, a political scientist who specializes in the presidency at Towson University in Maryland. Reporters have had space in the West Wing since 1902 although they have been temporarily relocated to the Old Executive Office Building for major building projects, such as a renovation in the early 1980s during the Reagan presidency, she said.

Even before 1902, reporters had a table outside the senior staff official's office on the second floor of the White House mansion, down the hall from the president's office, Kumar said.

"Well, isn't this cozy?" press secretary Tony Snow said at his inaugural briefing, with reporters practically sitting at his feet in the crammed, new briefing room. Snow and his deputy, Dana Perino, continue to work in the West Wing but walk across the street for briefings.

A small pool of about 14 reporters, cameramen and photographers remain on the White House grounds in a trailer next to the Old Executive Office Building to cover photo opportunities.

The renovations — including asbestos removal, new air conditioning and new seating in the press briefing room — are expected to take around nine months although some in the press worry the project will take longer, or that reporters might never return to the White House. It originally was envisioned as a three-month project.

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A Growing Separation Of Press And State (WP)

By Dana Milbank

The Washington Post, August 15, 2006

The White House press corps spent its first day in exile yesterday, banished from the White House compound for the first time since the John Adams presidency while the West Wing briefing room undergoes a renovation.

As if to deepen the isolation, press secretary Tony Snow, stepping over some plywood and into the new digs on Jackson Place NW for his daily briefing, adopted the Borscht Belt comics' practice of answering questions with questions.

Does President Bush think the cease-fire in Israel and Lebanon will undermine support for Hezbollah?

"Well, we're going to find out, aren't we?" Snow replied.

"Did the president call for the respect of sovereignty by both sides?"

"Respect of sovereignty?" Snow parried.

Does Bush support the Republican candidate for Senate in Connecticut, Alan Schlesinger?

"Why do you ask?" Snow counterquestioned. "Is there something about the candidate that I should know about that would lead to judgments?"

So we should not assume the president will automatically support Republican nominees?

"Why don't you wait and see what happens?" proposed Snow, citing "peculiar characteristics" in Connecticut.

Snow's performance, in addition to making life even more miserable for candidate Schlesinger (6 percent support in a new poll that finds Sen. Joseph Lieberman and Democratic nominee Ned Lamont neck-and-neck), fits neatly in a renewed Bush administration effort to keep the media at a safe distance.

Bush has traveled out of the Washington area at least seven times this year without a press plane, including four times in the past month to fundraisers closed to the press. This development, devised by a secretive White House and enabled by cash-strapped media outlets, has helped Bush to stage a series of father-protector photo ops with few of those pesky questions that reporters tend to ask.

Last Thursday, while the press corps was in Texas, Bush was in Wisconsin talking about Britain's foiling of a terrorist plot to bomb U.S.-bound planes. Yesterday, Bush held two photo ops at the Pentagon and another one at the State Department before taking questions in the day's fourth appearance. Today brings two more photo ops, at the National Counterterrorism Center.

It's not yet clear whether all this has burnished Bush's image. A Newsweek poll taken after Britain broke up the airplane plot found a sharp gain for Bush on his handling of homeland security. But his overall support was a grim 38 percent.

Whatever the political benefit, Bush's photo ops don't do much for the discourse. At the no-questions session at the Pentagon, Bush served up a series of platitudes, disclosing that "we've got a fantastic military," that "we're a blessed nation," that "we're constantly thinking about how to secure the homeland" and that "I'm confident in our capacity to leave behind a better world."

But when he took questions later in the day at the State Department, Bush was sharp and energetic. "Hezbollah started the crisis, and Hezbollah suffered a defeat in this crisis," he said bluntly when asked who won the month-long Middle East fighting. He admitted that Hezbollah "has got a fantastic propaganda machine" and vowed that U.N. troops would "seal off the Syrian border" and described how Israel could defend itself without violating the cease-fire.

In his briefing, Snow argued for the merits of the photo op. "We do not invite in amen choruses," he said.

That may be true. Bush had lunch at the Pentagon with academics, one of whom has criticized Bush's "proto-authoritarian policies" and another of whom has referred to "Washington's tortured involvement in Iraq." But it's hard to know for sure whether anybody said amen; reporters weren't invited.

"Isn't this cozy?" Snow remarked after he crossed Pennsylvania Avenue, passed the balky metal detector and climbed to the third-floor briefing room. The place was a bit cramped, but there were some modest improvements: Fox News scored a front-row seat and got to ask the second question, and the backdrop curtains had lightened a shade to a royal blue. And Snow, pitying the outcast reporters, offered to linger for five minutes after the session for "anybody who wants a piece of me."

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It was small consolation for the correspondents, who were, historians say, operating from the other side of Pennsylvania Avenue for the first time ever. "You can't even see the White House from the new press center," chief Associated Press correspondent Terry Hunt grumbled.

True, a rotating group of 18 correspondents and camera crews get to stay in a trailer near the White House. But they have to share a single toilet as they worry that they will not be allowed to return after the promised nine months.

One resident of the trailer park, the Chicago Tribune's Mark Silva, reported back to his colleagues on Sunday: "We passed the gutted press briefing room, the chairs gone, and paused to wonder about you-know-what."

Survey Shows Half Have Not Calculated Retirement Needs (WP)

By Stephen Barr

The Washington Post, August 15, 2006

Twenty-seven percent of federal employees reported savings of $150,000 or more in a "retirement readiness" survey sponsored by the Office of Personnel Management.

The survey divided federal employees into two salary groups (those earning more than $50,000 annually and those earning less) and into three career stages (early, mid and late).

Not surprisingly, the data showed that accumulated savings increased as pay increased and that federal employees who identified themselves as mid-career and late-career workers had saved the most.

The OPM survey also found that fewer than half of the respondents had calculated how much they need to save for a comfortable retirement and that almost four in 10 said they were not confident in their ability to make investment decisions.

The survey grew out of a request by Congress for more information on retirement planning by federal employees and possible steps to expand retirement education programs. The request reflected a broader concern that most Americans do not save enough for retirement, may be failing to diversify their portfolios and may need help in calculating how much to save for retirement.

Twenty-four percent of the respondents said they had saved between $50,000 and $149,999, and 28 percent said they had between $5,000 and $49,999 in savings.

A substantial percentage -- 15 percent -- reported savings of less than $5,000, and 6 percent of the federal employees said they had no savings.

The OPM asked employees how much money they had saved "that is not earmarked for routine bills and expenses." The question covered personal savings, college savings and contributions to the Thrift Savings Plan, a 401(k)-type program, OPM officials said.

Officials at the TSP, which began operating 19 years ago, have already stepped up their educational efforts. A year ago, the TSP introduced "life-cycle funds," which allow participants to diversify their retirement savings by selecting an investment mix that most closely meshes with the time they expect to begin drawing down their savings.

Doris Hausser , senior policy adviser at the OPM, cautioned against trying to draw any conclusions from the survey data because the government operates two primary retirement programs with different benefits.

Employees in the Civil Service Retirement System receive a traditional pension closely tied to length of service and income, and do not get matching TSP contributions from the government. Employees in the newer Federal Employees Retirement System receive a TSP match and Social Security benefits, and can qualify for an annuity often described as less generous than the CSRS pension.

"It's tricky, we're still a mix of CSRS and FERS," Hausser said. "It's a delicate challenge for an employer -- what is the right kind of information to provide, ultimately recognizing that there are a lot of personal decisions and that people have to be responsible in making those decisions."

Comparisons between federal employees and private-sector workers are difficult to make, in part because the federal workforce skews heavily toward white-collar jobs that require college degrees.

As of June 30, the average TSP account balance was $61,221 for participants covered by FERS, a spokesman said. The average account balance was $52,356 for employees covered by the older CSRS.

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For 2004, the latest year for which data are available, the nonprofit Employee Benefit Research Institute estimated that the average 401(k) account balance for all private-sector workers was $56,878. Half of the participants had account balances less than $19,926, while half had more, EBRI found.

An EBRI survey in January found that 18 percent of all workers had savings of $150,00 or more, compared with 27 percent of the federal employees in the OPM survey.

Both surveys looked at savings by sub-groups. In the EBRI survey, for example, 26 percent of workers in the 45-to-54 age group said they had savings of $150,000 or more. Thirty-three percent of federal employees who identified themselves as in mid-career and who make more than $50,000 annually reported savings of at least $150,000.

The OPM data were gathered between May and September 2005 through an Internet survey of 7,294 federal workers. The survey was designed to obtain sufficient responses from across the government, including minority and lower-income employees, OPM said.

How Bush Came To Hate Cellphones (WP)

By Art Buchwald

The Washington Post, August 15, 2006

Last month President Bush vetoed his first bill while in office. It concerned stem-cell research and made the antiabortion people very happy. The question is, how was he persuaded to use the veto? This is the story.

An antiabortion lobbyist reported to his people that the president might let the stem-cell legislation through.

He told them, "I'm going to go talk to Bush and have him believe he's vetoing a bill for cellphones."

The lobbyist went to see the president and said, "This is the most important veto you'll ever make. We cannot allow federal money to be spent on cellphones."

The president looked puzzled and asked, "What's the danger of cellphones?"

For one thing, "You can go deaf. For another, people who use cellphones could get an ear infection."

And the president said, "Wow. I don't want that to happen on my watch. Tell me more."

"People are now using cellphones to record music, take photos, listen to ring tones and get Bluetooth connectivity."

"Well, if I veto the bill I'll have to go on television and explain what I have against cellphones."

The lobbyist said, "There are 250 million cellphones in the country right now, and 150 million are being used at this moment."

The president said, "Tell me more."

The lobbyist answered, "The main danger is cloning."

The president said, "Well, I'm not for that. Give me some more ammunition."

"Cellphones can cause pregnancy."

"How?"

"Two people on cellphones talk to each, agree to get together, and then have a baby. It's easier than two people meeting on the Internet."

"Do cellphones cause war?"

"Of course they do," the lobbyist replied. "Everybody uses a cellphone to fight someone else. As we speak, $100 billion is being spent on cellphones. They are supplied by Halliburton. Every time there's an overrun of $500 million, the news is broken by cellphones."

The president asked, "Are there other dangers?"

"Cellphones may disrupt molecular bonds such as occur in genetic mutations."

"Why didn't Congress know this when they passed the legislation?"

"It's an election year and every voter has a cellphone."

The president said, "This is my first veto, but I have to stay the course."

"Mr. President, you will have the support of the antiabortion people, the evangelicals and the religious right. They are all against cellphones."

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"Will I be accused of pandering to the Christian lobby?"

The lobbyist said, "You've been pandering to them all along, so why not now?"

"Suppose they override my veto?"

"They don't have the votes to override your veto, Mr. President."

Bush said, "Does this mean I have to go up on the Hill to make my case?"

"It would help, and people are always glad to see you on the Hill."

The president said, "Have you spoken to Vice President Cheney?"

"Yes, we have, and he says if you veto the bill, he will go up the Hill to Congress to cast the needed vote."

Bush said, "You persuaded me. Give me a pen and I will sign the veto."

The lobbyist's cellphone began to ring. He said to the person calling, "A piece of cake."

End Welfare Lite As We Know It (NYT)

By Douglas J. Besharov

The New York Times, August 15, 2006

Washington

It's been nearly 10 years since President Bill Clinton signed the landmark 1996 welfare reform law. The anniversary has been the occasion for various news stories and opinion pieces, most of them praising the law's success in reducing welfare dependency.

And it's true: welfare caseloads have fallen an astounding 60 percent since reform efforts began. But even as a strong supporter of welfare reform, I find it difficult to muster unqualified enthusiasm for the law and how it has been carried out.

In the years immediately before the law's passage, welfare dependency seemed out of control. From 1989 to 1994, for example, caseloads rose 34 percent. Analysts argued over how much to blame the weak economy; worsening social problems, primarily out-of-wedlock births and drug addiction; and lax agency administration. But few claimed that another 1.3 million people on welfare was a good thing.

Responding to the growing concern, Mr. Clinton campaigned for president on a promise to "end welfare as we know it." But he had in mind something far different from what the Republicans handed him in 1996. Nevertheless, he signed the legislation that ended the welfare entitlement and gave states wide discretion, as long as they put 50 percent of recipients in work-related activities and imposed a five-year limit on financial aid.

Many feared a social calamity. But in the years since, although researchers have strived mightily, they've found only small pockets of additional hardship. Even better, the earnings of most single mothers actually rose.

These twin realities — decreased caseloads and little sign of serious additional hardship — are why both Republicans and Democrats think welfare reform has been a success.

But the results are more mixed. Caseloads fell, yet they did so seemingly regardless of what actions the states took. They fell in states with strong work-first requirements, and those without them; in states with mandatory work programs, and those without them; in states with job training programs, and those without them; and in states with generous child care subsidies, and those without them.

In fact, the consensus among academic researchers is that it took more than welfare reform to end welfare as we knew it. If one looks at all the studies, the most reasonable conclusion is that although welfare reform was an important factor in caseload reduction — accounting for 25 percent to 35 percent of the decline — the strong economy was probably more important (35 percent to 45 percent). Expanded aid to low-income, working families, primarily through the Earned Income Tax Credit, was almost as important (20 percent to 30 percent).

What's more, the best estimates are that only about 40 percent to 50 percent of mothers who left welfare have steady, full-time jobs. Another 15 percent or so work part time. According to surveys in various states, these mothers are earning about $8 an hour. That's about $16,000 a year for full-time employment. It is their story that the supporters of welfare reform celebrate, but $16,000 is not a lot of money, especially for a mother with two children.

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What about the other 50 percent of families who left welfare? Well, some mothers did not "need" welfare, perhaps because they were living with parents or a boyfriend, and some left because of intense pressure from caseworkers. More troubling, about a quarter of those who leave welfare return to the program, with many cycling in and out as they face temporary ups and downs.

In addition, when they're off welfare, some of these families survive only because they still receive government assistance — through food stamps (an average of more than $2,500), the Women, Infants and Children program (about $1,800 for infants and new mothers), Supplemental Security Income (an average of over $6,500), or housing aid (an average of $6,000). Their children also qualify for Medicaid. In reality, these families are still on welfare because they are still receiving benefits and not working — call it "welfare lite."

So, yes, welfare reform reduced welfare dependency, but not as much as suggested by the political rhetoric, and a great deal of dependency is now diffused and hidden within larger social welfare programs.

As a result, public and political concern about dependency has largely disappeared.

The tougher work and participation requirements added in this year's reauthorization of the law could help states address the deeper needs of welfare families. But many states are already planning to avoid these new strictures with various administrative gimmicks, like placing the most troubled and disorganized families in state-financed programs where federal rules do not apply. This would only further obscure the high levels of continuing dependency.

For now, welfare reform deserves only two cheers. Not bad for a historic change in policy, but not good enough for us to be even close to satisfied.

Help Wanted: Qualified Judges (NYT)

The New York Times, August 15, 2006

There has been a lot of talk about bipartisanship lately, notably from conservatives who say that Senator Joseph Lieberman's loss in the Connecticut Democratic primary was a setback for the cause. But any message about the importance of interparty cooperation has not reached the White House's judicial selection team or Republican leaders in the Senate. The latest judicial nominee they have dug in their heels to defend is a far-right lawyer who received a unanimous "not qualified" rating from the American Bar Association. The Bush administration should withdraw his nomination and four others that are in limbo, and replace them with nominees who do not appeal exclusively to the most extreme wing of the Republican Party.

Michael Wallace, a former lawyer for Senator Trent Lott, the Mississippi Republican, has been nominated to the United States Court of Appeals for the Fifth Circuit, based in New Orleans. Mr. Wallace has a long record of insensitivity to civil rights. He argued in favor of letting Bob Jones University, which discriminated on the basis of race, keep its tax-exempt status, and he has a troubling record on voting rights. When the A.B.A. interviewed 69 lawyers and judges who knew him, it heard repeatedly that he was hostile to poor people and minorities. Of the 69, more than one-third expressed "grave concerns" about his judicial temperament.

The A.B.A. has been generous, indeed too generous, in its evaluations of President Bush's nominees, the overwhelming majority of whom have received ratings of "qualified" and "well qualified." Given that track record, a unanimous finding of "not qualified" should set off alarm bells. Instead, Senator Arlen Specter, the Judiciary Committee chairman, has been trying to make the A.B.A. the focus. Disturbingly, he is talking about requiring it to divulge to the Senate the confidential interviews it conducts about nominees. That could undermine the A.B.A.'s ability to evaluate judges, since it could discourage lawyers from speaking freely. In any case, the Senate has no business rifling through materials the A.B.A. does not want to provide.

With the Senate in recess, Mr. Wallace's nomination has been returned to the White House, along with others that the Senate wisely declined to confirm. Those nominees include William Haynes II, a chief architect of the administration's detainee policies. The White House should replace those men with nominees worthy of these important posts.

Welcome To Club Fed (WSJ)

The Wall Street Journal, August 15, 2006

The closest thing to a lifetime sinecure in America is a federal government job, and now it turns out that it's also a very lucrative way to make a living.

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New data from the U.S. Bureau of Economic Analysis confirm that the average federal civilian worker earns $106,579 a year in total compensation, or twice the $53,289 in wages and benefits for the typical private worker. This federal pay premium costs taxpayers big bucks because Uncle Sam's annual payroll is now $200 billion a year. No wonder that, with a per capita income of $46,782 a year, Washington, D.C. is the fourth richest among the nation's 360 metropolitan areas.

And this pay disparity keeps widening. The Cato Institute's Chris Edwards tracks government compensation, and he finds that in 1950 the average federal bureaucrat received $1.19 for every dollar that a private employee earned. By 1990 that ratio had risen to $1.51 and is now $2. In 2005 federal wages rose 5.8% compared to 3.3% in the private sector.

Since 2000 only one major industry, the booming oil and gas sector, has kept pace with the automatic pay increases for employees of "Club Fed." Federal pay has risen by 38%, double the 15% pay increase in private pay from 2000-2005. This is roughly double the rate for private workers in manufacturing, retail, finance, health care and construction. (See nearby chart.)

It's true that many federal employees are in white collar occupations that often command high pay, but studies find that public sector workers enjoy a 20-30% pay bonus above comparably skilled private workers. And this differential does not account for one of the biggest benefits of a government job: civil service rules giving virtual lifetime job security. Airline mechanics, auto workers and software designers must all worry about business-cycle downturns or changes in technology or outsourcing, but Uncle Sam's 1.8 million civilian employees live in a recession-proof bubble.

As for performance, Mr. Edwards reports that only one in 5,000 federal non-defense employees is fired for cause each year. One federal manager recently told us of an administrative assistant who missed work "about half the time" thanks to an assortment of ailments, sick children and funerals for a mother who died on three separate occasions. When the agency heads finally fired her, they were slapped with an anti-discrimination lawsuit and the half-time worker pulling down a full-time salary was reinstated.

Public-employee unions continue to say their members are underpaid, believe it or not. But one market test is the voluntary quit rate of these workers, and data for recent years show that rate for federal employees is only one-fourth that in private sector occupations. High-paying federal jobs are so coveted that they are now like rent-controlled apartments in Manhattan: Once you've got one, you hold on to it for life.

The big villain here is Congress, which rubber stamps public employee union demands for automatic promotions and annual "cost of living" pay raises. The result is a system in which taxpayers in private America subsidize the salaries and rich benefits of government workers who make double what they do. Once upon a time liberal politicians would have called this "unfair," but modern liberals care more about support from government unions than they do about the fate of private labor. As for Republicans, they haven't done much better in controlling the rise in federal pay.

Probe Quickly (WP)

The Washington Post, August 15, 2006

The public needs answers about how charter school funds have been spent -- or misspent.

IT'S BEEN MORE than two months since the FBI raided the workplace and home of Brenda L. Belton, the D.C. Board of Education's executive director of charter schools, as part of a probe into the possible misuse of hundreds of thousands of dollars in federal and city funds. Sources have told The Post's Valerie Strauss that the federal investigation is expected to take several months more. That seems an awfully long time to have a cloud hanging over a component of the D.C. Board of Education, if not over the school board itself. As the D.C. Council's education committee chairman, Kathy Patterson (D-Ward 3), has observed, the probe raises questions not only concerning the propriety of the charter school office's expenditures but also about the thoroughness of the school board's oversight. The federal investigation should be conducted with a sense of urgency.

It's not as though problems with the charter school office are a recent development. In March, council member Patterson expressed concern about that office when it sought a budget increase without providing adequate details on how the money would be spent. A probe conducted by the city's chief financial officer at Mrs. Patterson's request discovered that two contracts had been awarded by the office and the board without the required bidding process. Mrs. Patterson also learned that the council had doubled the budget of the charter school office the previous year after the office asked for money to enlarge its staff -- yet no

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additional staff members were hired. It has also been reported that at least one school board member had expressed dissatisfaction with the executive director's work well before the federal raids, but those concerns were ignored.

With the school board presidency up for grabs in November, citizens need to know how well -- or poorly -- the D.C. Board of Education has exercised its responsibility for overseeing charter schools. That is in addition to learning whether, according to sources, the school board's executive director of charter schools -- now on paid administrative leave -- funneled tax dollars to personal acquaintances working with schools that she helped monitor. It shouldn't require "several months" for the federal government to answer those questions.

OTHER NEWS:

Banks Report Weak Mortgage Demand DOW JONES NEWSWIRES (WSJ)

The Wall Street Journal, August 15, 2006

WASHINGTON -- With the once red-hot housing sector cooling, domestic U.S. banks reported weaker demand for mortgage loans in recent months, while demand for consumer loans also slowed, according to a Federal Reserve study released Monday.

"In line with other evidence of a slowdown in housing activity this year, domestic institutions reported that demand for mortgages to purchase homes had continued to weaken over the previous three months," the Fed said in its latest quarterly survey of banks' senior loan officers. (See the full text of the report1.)

The Fed survey shows a net fraction of about 60% of domestic lenders reported weaker demand for mortgages to purchase homes, "a significantly larger net fraction than in the April survey."

At the same time, a net fraction of about 40% of domestic banks experienced weaker consumer loan demand, a figure that is "somewhat larger" than the previous survey.

The overall Fed survey, conducted in July, included responses from 56 domestic banks, as well as from 17 foreign banks operating in the U.S.

As for credit standards, domestic banks reported on balance little change from the previous three months for credit-card and non-credit-card consumer loans.

Meanwhile, about 10% of domestic banks on net said they had eased credit standards for residential mortgages, unchanged from the previous survey period.

Demand for business and commercial real estate loans also remained largely unchanged from the previous survey period, the latest Fed survey shows.

Looking forward, both foreign and domestic institutions said inquiries from potential business borrowers were little changed.

Domestic and foreign institutions both eased their credit standards for business loans over the survey period. Those banks that reported an easing of standards "pointed to more-aggressive competition from other banks or non-bank lenders as the most important reason for having done so."

On the commercial real estate front, a net 10% of domestic banks said they had tightened standards on commercial real estate loans over the past three months.

Foreign banks, on the other hand, reported no change in commercial real estate loan standards over the same period.

The July survey also addressed banks' holdings of subprime and non-traditional loans. On the subprime front, banks' holdings were "generally small." For example, of the 30 domestic banks with subprime mortgages on the books, almost three-fourths said that subprime loans accounted for less than 5% of their residential mortgages.

Another one-fifth of banks holding subprime loans said their share of such products was between 5% and 15%, while the remainder of the banks reported that subprime loans represented more than 20% of their residential mortgages.

"A modest net fraction of respondents indicated that the quality of their subprime residential real estate portfolios -- as measured by delinquencies and charge-offs -- had deteriorated somewhat over the past 12 months," the Fed survey said.

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Meanwhile, banks held more non-traditional mortgages -- such as adjustable rate mortgages and interest-only mortgages -- than subprime loans.

Of the 48 banks that responded to a question about non-traditional mortgages, about 45% of respondents said nontraditional products represented less than 5% of their holdings. About 20% of respondents said their share of non-traditional products was between 5% and 15%.

Seven banks, however, said that more than 30% of the mortgages on their books were non-traditional products.

The Fed survey found that a "modest net percentage" of banks said the quality of their non-traditional loans, as measured by delinquencies and charge-offs, had improved over the last 12 months.

"Looking forward, nearly 30% of banks, on net, indicated that they expect the quality of the non-traditional residential mortgages currently on their books will deteriorate somewhat over the next 12 months," the Fed survey said.

Market's Rally Proves Unsustainable (USAT/AP)

By Michael J. Martinez, The Associated Press

USA Today, August 15, 2006

NEW YORK — The stock market blew most of a big early rally Monday as optimism about the Mideast cease-fire and a drop in oil prices gave way to concern about this week's economic reports.

Investors initially saw the cease-fire between Israel and Hezbollah as a buying opportunity after last week's losses, and the Dow Jones industrial average had surged as much as 115 points earlier in the session.

Light trading volume, however, illustrated a lack of depth to the buying, and stocks retreated as the afternoon progressed.

At the close, the Dow was up 9.84 points at 11,097.87. The Standard & Poor's 500 index added 1.47 points to 1268.21. And the Nasdaq composite index gained 11.33 points to 2069.04.

Analysts had warned that any rally could be short-lived, with a pair of important inflation reports due later in the week: the Labor Department's producer price index today and the consumer price index on Wednesday. With the Federal Reserve warning the markets last week that inflation remains a concern, stocks could revert to the volatility of recent weeks if incoming economic data show rising prices on the wholesale or consumer levels.

“We're up now on the cease-fire and oil prices, but it's hard to be an optimist right now, at least in the short term, because of the uncertainty over the economy and rates and the Fed,” says Jay Suskind, head trader at Ryan Beck.

Highlights:

Dillard's climbed $1.76 to $33.08. The department store chain posted second-quarter revenue and earnings that beat Wall Street forecasts.

•Aéropostale lost $1.24 to $21.42. Brean Murray Carret downgraded the teen clothing retailer to “hold” from “accumulate,” saying it could have a disappointing back-to-school season.

•Sonic jumped $1.94, or 10%, to $21.67. The fast-food chain plans to repurchase up to $250 million of its stock.

•SunTrust Banks lost $3.05 to $76.55. The USA's No. 7 bank disclosed a $200 million problem loan and said interest rate pressures and competition for deposits will cause 2006 revenue to rise less than expected.

•Phazar slumped $1.98, or 24%, to $6.34. The antenna maker's fiscal 2006 earnings fell due to lower margins and a slower contract workload.

•Whole Foods Market added $3.54 to $50.91. JPMorgan upgraded the organic food retailer to “neutral” from “underweight.”

Shares Get Lift From Cease-Fire, Drop In Oil Price (WSJ)

By Peter A. Mckay

The Wall Street Journal, August 15, 2006

The stock market weathered a late flurry of selling to finish the day modestly higher, helped by a Mideast cease-fire and a selloff in crude oil.

At its midday peak, the Dow Jones Industrial Average had risen nearly 115 points. But most of those gains disappeared, leaving the blue-chip average up 9.84 points, or 0.09%, to close at 11097.87, up 3.5% on the year.

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"The market right now is a field of dreams for traders," said energy analyst Fadel Gheit, of brokerage firm Oppenheimer & Co. "There is always something in the headlines, whether it's Lebanon or the terror warning last week or whatever, that will drive a quick move."

For investors with a longer-term mindset than fast-gunning traders, the market has not been kind lately, strategists point out.

The truce news helped ease tensions about the war's potential to spread to oil-producing Mideast states, which resulted in a decline in crude prices. Also helping stocks was an announcement from BP over the weekend that it would keep its troubled oilfield in Prudhoe Bay, Alaska, flowing at half capacity -- far from the worst-case scenario. Crude-oil futures for September delivery tumbled 82 cents, or 1.1%, to $73.53 a barrel at the New York Mercantile Exchange.

That decline produced brief euphoria in the stock market. But as the day wore on, inflation fears began to bubble, sparked by oil and other factors.

Energy prices remain an economic threat in many analysts' eyes, with crude contracts up more than 20% so far this year. Analysts said demand remains strong, and noted the cease-fire is fragile.

Also, data on wholesale and consumer prices are due out from the federal government today and tomorrow and could show signs of unexpected price growth, economists fear. Such reports could prompt the Federal Reserve to start raising interest rates again, weighing on the stock market.

More Fed rate increases would hurt other securities, too, including bonds, which fell yesterday.

Among other stock-market indicators, the Nasdaq Composite Index gained 0.55%, or 11.33, to 2069.04, off 6.2% on the year. The Standard & Poor's 500-stock index gained 0.12%, or 1.47 points, to end at 1268.21, up 1.6% on the year.

In major U.S. market action:

Stocks rose; bonds fell. The 10-year Treasury note fell 8/32 point, or $2.50 per $1,000 invested, pushing its yield up to 5.005%, the first finish above 5% this month.

The dollar strengthened, to 116.70 yen, up from 116.29, as the euro fell to $1.2723 from $1.2726.

Democrats See Security As Key Issue For Fall (NYT)

By Carl Hulse

The New York Times, August 15, 2006

WASHINGTON, Aug. 14 — After being outmaneuvered in the politics of national security in the last two elections, Democrats say they are determined not to cede the issue this year and are working to cast President Bush as having diminished the nation's safety.

"They are not Swift boating us on security," said Representative Nancy Pelosi of California, the Democratic leader in the House.

Seeking to counter White House efforts to turn the reported terrorist plot in Britain to Republican advantage, Democrats are using the arrests of the suspects to try to show Americans how the war in Iraq has fueled Islamic radicalism and distracted Mr. Bush and the Republican Congress from shoring up security at home. They say they intend to drive that message home as the nation observes the coming anniversaries of Hurricane Katrina and the Sept. 11 attacks.

But they are not waiting. A video Monday on the Web site of the Democratic Senatorial Campaign Committee showed footage of Osama bin Laden, referred to an increase in terror attacks, highlighted illegal immigration and pointed out the nuclear aspirations of Iran and North Korea.

"Feel safer?" it concludes. "Vote for change."

In another example, Representative Harold E. Ford Jr., a Democrat running for the Senate in Tennessee, issued a statement Monday noting that the administration shut down a C.I.A. unit dedicated to pursuing Mr. bin Laden. The administration has said that the C.I.A. shut down the unit as part of a restructuring of its counterterrorism division and that the move did not diminish its focus on Al Qaeda and its leaders.

"The president told us that the British attacks are a stark reminder that the nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom,'' Mr. Ford said, "yet his administration has dismantled the very infrastructure that is responsible for catching those terrorists."

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Those statements and others challenging Republicans head-on over antiterror initiatives are a sharp contrast to Democrats' actions in the two previous elections, when they stumbled in the face of Republican efforts to paint them as weak. Democrats say polls show that Republicans and Mr. Bush have lost stature on the subject on terrorism as Americans have become disillusioned with the war in Iraq. They also believe that more voters are able to separate the war from efforts to protect the nation against terror attacks.

"During the 2002 and 2004 elections, Republicans tried to sow fear in the American public by claiming that they were the only ones who could keep America safe," Senator Harry Reid of Nevada, the Democratic leader, said in an e-mail message to supporters. "This from the same crowd that has driven Iraq to the brink of disaster, left Osama Bin Laden on the loose to attack again and continues to ignore our security needs at home."

Republicans said they believed that the Democratic efforts would fizzle and that voters would ultimately choose to trust Republicans on the issue of security. And Mr. Bush, in remarks at the State Department on Monday, disputed the notion that his policies had contributed to a more dangerous world.

"Some say that America caused the current instability in the Middle East by pursuing a forward strategy of freedom, yet history shows otherwise," Mr. Bush said, ticking off terror attacks that occurred in the United States, Africa and elsewhere long before he took office.

Democrats say that such comments may have had power in the past, but that Republicans are no longer getting the benefit of the doubt. They were heartened this past weekend when leaders of the Sept. 11 commission said the war in Iraq was draining resources that could be put to domestic defense.

Other Democrats say the administration's initial support of a business deal that would have allowed a Dubai company to assume control of parts of some seaport terminals was a turning point in the public's view of Mr. Bush's credibility on national security. As a result, they say they are advising candidates to respond quickly and with force to Republican attacks.

While a new poll by Newsweek showed a rise in Mr. Bush's public approval rating on security issues in the aftermath of the arrests in Britain, the latest nationwide CBS News Poll, conducted Aug. 11 to 13, found that the recent threat had had little effect on the public's view of the president and the two political parties.

The war in Iraq remains the most important issue facing the country, the poll shows, but terrorism has re-emerged as a major issue for many Americans, cited by 17 percent, up from 7 percent last month. The latest CBS poll showed no change in Mr. Bush's job approval rating, which is at 36 percent, the same as in a New York Times/CBS News poll last month. His approval rating on handling terrorism, long a central element of his political strength, also remained unchanged at 51 percent.

While Republicans are still seen as doing a better job than Democrats in handling terrorism, the difference in the latest CBS poll is now about 8 points, about the same as a month ago, compared to the 25-point advantage Republicans held on the question four years ago. The telephone poll was conducted with 974 adults and has a margin of sampling error of plus or minus three percentage points.

Representative Rahm Emanuel of Illinois, chairman of the Democratic Congressional Campaign Committee, said such findings reinforced his view that Mr. Bush had failed to blend the Iraq war and antiterrorism in the public's mind. Mr. Emanuel said that Mr. Bush's public standing was cemented in the aftermath of Hurricane Katrina and that Republican efforts to improve the president's image by emphasizing terror could not overcome the damage done by the bungled response to the storm.

"Katrina equals competency," he said.

Pre-election Terrorizing (LAT)

The Los Angeles Times, August 15, 2006

The Republicans, again, play unseemly politics with terrorism.

THE BUSH ADMINISTRATION is a past master at playing politics with terrorism, portraying critics of its various antiterrorism initiatives as naive or even accusing them, in the words of former Atty. Gen. John Ashcroft, of giving "ammunition to America's enemies."

Vice President Dick Cheney may have provided a sneak preview of just how nasty the coming campaign will be. Speaking to reporters last week, after he learned of the British operation aimed at disrupting an alleged plot to bomb passenger planes,

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Cheney said that Connecticut Sen. Joe Lieberman's primary loss to an opponent of the Iraq war was proof that many Democrats wanted to return to "the pre-9/11 mind-set" and that the vote would embolden "Al Qaeda types."

Then Republican National Committee Chairman Ken Mehlman went on NBC's "Meet the Press" to suggest that the fundamental question in the November congressional elections is: "Do you believe we're at war?" Democrats, according to Mehlman, don't. That's why they "voted against the Patriot Act, against the surveillance programs similar to the kind of programs that were used in London to deal with the threat," and why some Democrats want to withdraw U.S. forces from Iraq, which is "central to the war on terror."

For the record, the USA Patriot Act was supported by most congressional Democrats, though with changes to the administration's original proposals that the president found acceptable. Iraq, for its part, became "central" to the war on terror only after the administration decided to invade the country and botched its occupation. Finally, it's unclear what Mehlman had in mind when referring to surveillance programs that are legal in Britain but not in the United States. One major difference between the two legal systems is that police in Britain may hold suspected terrorists without charge for 28 days. But even Homeland Security Secretary Michael Chertoff, who spoke approvingly of such laws the other day, acknowledged that they might run afoul of the Constitution.

Chertoff and other administration officials are free, once they study the British investigation, to argue that Britain's success in disrupting this plot offers lessons for the United States. Even then, Congress is not as free to modify civil liberties as the British Parliament — which is not constrained by a written constitution.

But Mehlman obviously was interested less in opening a discussion of comparative antiterror strategies than in pushing the idea that what Republicans call the "Democrat Party" is really the "Defeatocrat Party." That may be election-year politics as usual, but it's unseemly, especially when the stakes in terms of national security and civil liberties are so high. You might even be tempted to call it a pre 9/11 mind-set.

Conservatives Put Faith In Church Voter Drives (LAT)

By Peter Wallsten

The Los Angeles Times, August 15, 2006

WASHINGTON — As discontent with the Republican Party threatens to dampen the turnout of conservative voters in November, evangelical leaders are launching a massive registration drive that could help counter the malaise and mobilize new religious voters in battleground states.

The program, coordinated by the Colorado-based group Focus on the Family and its influential founder, James C. Dobson, would use a variety of methods — including information inserted in church publications and booths placed outside worship services — to recruit millions of new voters in 2006 and beyond.

The effort builds on the aggressive courtship of evangelical voters in 2004 by President Bush's reelection campaign, even as the Internal Revenue Service has announced renewed scrutiny of nonprofit organizations, including churches, that engage in political activities.

The new voter registration program puts a special focus this year on eight states with key Senate, House and state-level races. Turning out core voters is central to the GOP strategy to retain control of Congress, especially as the party struggles with negative public sentiment over the war in Iraq and other administration policies.

"Any time you go from a big presidential year like 2004 to an off-year like this, there's going to be a drop-off" in voter interest, said John Paulton of Focus on the Family Action, the political arm of Focus on the Family. "It's a question of how much. You could argue that the fear of what could happen if many more liberal politicians take over could be very motivating to get out and vote as strongly."

The program, announced in an e-mail to activists last week, is seeking county and church coordinators in the targeted states of Maryland, Montana, Tennessee, Michigan, Ohio, Pennsylvania, New Jersey and Minnesota.

"In 2004, about 25 million evangelicals failed to vote. Now is the time to reverse the trend," the e-mail said.

According to the e-mail, county coordinators are being asked to work about five hours a week and would be responsible for "recruiting key evangelical churches."

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The church coordinators, devoting one or two hours per week, would be in charge of "encouraging pastors to speak about Christian citizenship, conducting a voter-registration drive, distributing voter guides and get-out-the-vote efforts."

Registering voters in churches is not a new tactic for either party, but Republicans have proved far more effective in recent years at combining religion and politics for electoral gain.

Critics say the practice is potentially illegal, citing tax laws that prohibit churches from engaging in partisan activities.

The IRS has launched a program to crack down on violators, with investigations pending against dozens of churches.

The IRS probe with the highest profile is that of All Saints Church in Pasadena, one of Southern California's largest and most liberal congregations.

After a priest delivered a sermon critical of the Iraq war two days before the 2004 presidential election, the IRS began reviewing the Episcopal church's tax-exempt status. No decision has been announced.

The Rev. Barry W. Lynn, executive director of Americans United for Separation of Church and State, called the evangelical voter registration drive a "blatant effort by Dobson to build a partisan political machine based in churches."

"He has made it abundantly clear that electing Republicans is an integral part of his agenda, and he doesn't mind risking the tax exemption of churches in the process," Lynn said. "Dobson wants to be a major political boss, and this is his way to get there."

Organizers of the drive say they pay careful attention to the law — focusing on registering voters and discussions of values, not endorsing a specific candidate or party.

But, they acknowledge, the goal is reaching the conservative base.

"Everybody knows where their audience is, and we know who our audience is," said Phil Burress, president of Citizens for Community Values, an Ohio-based group coordinating voter registration with Dobson's organization.

"Absolutely we can target who we want to register to vote," he said. "There's nothing that prevents us from doing that."

He said that in Ohio, where this year's Senate and gubernatorial races are highly competitive, the plan calls for 3 million bulletins detailing voter registration procedures to be placed in publications distributed by 15,000 churches.

The group will also distribute voter guides listing candidates' views on same-sex marriage, abortion, stem cell research and other hot-button issues.

In 2004, Burress said, his group registered more than 50,000 voters, largely because of a ballot measure seeking a ban on same-sex-marriage, a campaign he headed.

This year, a potential ban on same-sex marriage is on the ballot in Tennessee, where there is a competitive Senate race. Legal and political battles are also raging over the issue in three of the other targeted states: Pennsylvania, Minnesota and Maryland.

The Republican Party is escalating its own courtship of evangelicals, registering voters at Christian rock concerts, state fairs and other events that draw religious activists and core conservatives.

The effort has been complicated in recent months, though, with Dobson and other evangelical leaders expressing disappointment in Bush and the Republican leadership.

They were pleased with Bush's nominations of John G. Roberts Jr. and Samuel A. Alito Jr. to the Supreme Court, but distressed by Congress' failure to approve a constitutional amendment banning same-sex marriage and its support of expanded federal spending on embryonic stem cell research.

Bush used the first veto of his presidency on the stem cell bill, a move that some viewed as an effort to mobilize evangelicals.

In May, Dobson warned the GOP that trouble might lie ahead, holding a series of meetings with party strategists and members of Congress to remind them of the evangelical movement's muscle.

"There's just very, very little to show for what has happened," Dobson said on Fox News' "Hannity & Colmes" show at the time, "and I think there's going to be some trouble down the road if they don't get on the ball."

First Lady Laura Bush Appears At Chicago-area Fundraiser (CHIT)

By John Biemer And Rick Pearson

DOJ_NMG_0048425

Chicago Tribune, August 15, 2006

Seizing on the issues of homeland security and the threat of terrorism, First Lady Laura Bush said Monday that Republican Peter Roskam would serve in Congress as a "champion" of the military if he defeats his Democratic rival, disabled Iraq war veteran Tammy Duckworth.

Appearing at a fundraising luncheon in Addison that raised about $225,000 for Roskam's candidacy in the west suburban 6th Congressional District, Laura Bush also recited a litany of the GOP candidate's accomplishments in serving in the Illinois Senate.

"Peter will bring to Washington the principles of efficiency and accountability that have defined his time in the state Senate, ensuring that Illinois tax dollars are spent responsibly," she said during her 11-minute talk at the Medinah Banquets hall.

The first lady's visit was the latest symbol of the high-stakes fight over the traditionally Republican seat as Democrats try to use the president's low standing in public opinion polls to gain control of the U.S. House.

Though the president remains a very effective fundraiser, Laura Bush has become a frequently requested headliner on the money-generating circuit. Her visit Monday marked the opening of a three-day swing of campaigning to raise cash for Republican congressional candidates in Kentucky, Ohio and West Virginia as well as for the Republican National Committee.

Roskam, a state lawmaker from Wheaton, already has been the beneficiary of a fundraising visit from Vice President Dick Cheney. But Democrats also have ratcheted up the fundraising for the seat being vacated by retiring Republican U.S. Rep. Henry Hyde of Wood Dale.

U.S. Sen. Hillary Clinton (D-N.Y.), a former first lady and potential presidential candidate, previously raised money for Duckworth. And the Duckworth campaign said former President Bill Clinton is slated to attend a Chicago-area fundraiser Oct. 23 for Duckworth and fellow Democrat U.S. Rep. Melissa Bean, who is in a tough race to retain her 8th District north suburban seat.

In her remarks, Laura Bush touted Roskam as a reliable tax cutter and a steward of the environment who created a recycling program in his hometown. She also noted he was a former schoolteacher who has backed educational improvements by "supporting families and teachers."

"We all know, though, that the well being of families in Illinois and throughout our country ultimately depends on our government's ability to protect them—by defeating terrorism and increasing liberty abroad," she said. "Peter will be a champion of the men and women of the United States military."

A Duckworth aide said the first lady's remarks reflect what the Democratic candidate has often referred to as a "gap between the policy makers in this country and those who are serving."

"I think it's clear in this race that when it comes to military experience and support for the military, Peter Roskam has a major deficiency, considering he's never served," said Duckworth spokeswoman Christine Glunz. "When she's making decisions on behalf of her fellow soldiers, she will do it with the utmost understanding."

In Chicago, meanwhile, U.S. Rep. Rahm Emanuel, the chairman of the Democratic Congressional Campaign Committee, said he believed Roskam and Duckworth are "in a dead-even race right now."

Emanuel, a Chicago Democrat and a major Duckworth ally, contended in a meeting with the Tribune editorial board that a series of initial mailings critical of Duckworth by Republicans was symbolic of how competitive the contest had become.

"I think on a series of issues ... she's in line where the voters are," Emanuel said. Asked whether the current environment nationally favors Democrats taking control of the House, Emanuel said it was too early to tell.

"The question right now is, 'Is it a breeze or a gale force?'" Emanuel said of any Democratic momentum.

White House Vague On Conn. Senate Race (AP-Y)

By Andrew Miga

AP, August 15, 2006

President Bush isn't exactly eager to lend his support to the Republican nominee in Connecticut's tumultuous Senate race.

The White House was circumspect on Monday when asked whether Bush would support Republican Alan Schlesinger in the three-way fall contest that includes Democratic nominee Ned Lamont and three-term incumbent Sen. Joe Lieberman.

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"The president supports the democratic process in the state of Connecticut and wishes them a successful election in November," White House spokesman Tony Snow said.

Bush routinely backs Republican candidates in races all across the country.

Lieberman has won praise from the Bush team for his unwavering support of the Iraq war and is seen by some Democrats as too close to the president. He began an independent bid to keep his seat after losing the Democratic primary last week to anti-war challenger and political newcomer Lamont.

Snow was asked whether Bush was balking at supporting Schlesinger because he liked Lieberman — or wanted to stay out of the contest because Schlesinger was trailing badly in the polls.

"There may be a whole host of reasons the president — I'm just not going to play," Snow replied.

He suggested the Connecticut race was unique.

"I think that there are some peculiar characteristics going on in the Republican Party with the Republican candidate," Snow said. "And why don't you wait and see what happens?"

Schlesinger said he wasn't surprised by the White House's hesitancy. Republican leaders have been praising Lieberman and now they can't suddenly abandon him, he said.

"I don't think the Republican Party can turn around and say, 'Don't vote for Joe,'" Schlesinger said in a telephone interview. "We've got to let this thing die down a little."

Schlesinger said he was confident he could move up in the polls once some of the attention shifted away from the Lieberman-Lamont primary fight.

"When the Republican leadership in Washington also starts believing I have a shot, you'll see some support coming in," Schlesinger said.

Schlesinger is considered a longshot candidate. There has been speculation that Republicans might try to find a stronger candidate, but no names have emerged.

Schlesinger's campaign stumbled in July after it was learned that he used a fake name to gamble at a Connecticut casino and had been sued over gambling debts at New Jersey casinos. Connecticut Gov. M. Jodi Rell, a Republican, urged him to drop out of the Senate race, but Schlesinger called the gambling a "non-issue" and stayed in.

White House Ducks Question On Connecticut Race (NYT)

By Stacey Stowe And Jennifer Medina

The New York Times, August 15, 2006

HARTFORD, Aug. 14 — As Republican leaders continued to attack Democrats for being weak on security issues after Senator Joseph I. Lieberman's primary loss last week, the White House declined on Monday to express support for Alan Schlesinger, the little-known Republican candidate in Connecticut's United States Senate race.

During a news conference in Washington, Tony Snow, the White House spokesman, said that "the President supports the democratic process," but would not say that he backed Mr. Schlesinger.

Several important Republicans, including Ken Mehlman, the chairman of the Republican National Committee, have yet to publicly support Mr. Schlesinger, who trails in recent polls to both Mr. Lieberman, who is staying in the race as an independent, and Ned Lamont, the Democratic nominee.

When reporters pressed Mr. Snow on whether the President supported his own party's candidate, he responded: "There may be — there are a whole host of reasons the president — I'm just not going to play."

Mr. Snow went on to say: "I'll refer you to the political office to give you the full judgments on that. I think you know the situation in Connecticut."

Some Republicans, including Connecticut's governor, M. Jodi Rell, have urged Mr. Schlesinger to get out of the race, after published reports last month that he once had large gambling debts and had once gambled under a false name.

Mr. Lamont's campaign has used the relative Republican silence as a way to attack Mr. Lieberman for being too close to President Bush.

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"It's been very clear since Election Day that a top priority for Dick Cheney, Karl Rove and George Bush is that Joe Lieberman is re-elected," said Tom Swan, Mr. Lamont's campaign manager.

Senator Lieberman, in a statement, said, "I certainly have not sought and will not seek President Bush's support."

But he said that the president's neutrality and Governor Rell's lack of support for her party's candidate proved he had "a strong chance to build a broad coalition."

Mr. Lieberman also received support on Monday from a prominent Connecticut Democrat, James A. Amann, the House speaker. He is the first high-ranking elected Democrat to back Mr. Lieberman in the general election. "It's not the time for on-the-job training," Mr. Amann said at a news conference announcing his endorsement.

The decision puts Mr. Amann in the position of campaigning for dozens of Democrats running for the House while opposing the party's Senate candidate, who will appear near the top of its ticket.

Mr. Amann, who had said he would back Mr. Lieberman regardless of the outcome of the primary, said on Monday that he supported the incumbent because of his record and because residents of his hometown, Milford, voted for Mr. Lieberman in the primary.

Lieberman's 'Mainstream' Isn't Democratic At All (USAT)

USA Today, August 15, 2006

The morning after his primary election defeat in Connecticut, Sen. Joe Lieberman said his decision to mount an independent campaign to win re-election is an effort to save the Democratic Party from itself.

"I am in this race to the end," he told CNN's Soledad O'Brien. "For me, it is a cause, and it is a cause not to let this Democratic Party that I joined with the inspiration of President Kennedy in 1960 to be taken over by people who are so far from the mainstream of American life that I fear we will not elect Democrats in the numbers that we should in the future."

But Lieberman is not the party's savior. He's its nightmare.

Lieberman is an anti-Democrat Democrat — a fifth columnist who has chosen to flout the will of Connecticut's primary voters by filing papers to compete as an independent in the general election.

"For the sake of our state, our country and my party, I cannot and will not let that result stand," he said of his loss to Ned Lamont, a newcomer who waged a largely anti-war campaign against the three-term senator.

Lieberman has called Lamont an extremist. And to prove it, he told O'Brien caustically that Lamont's "No. 1 supporter" is Maxine Waters. She's a Democratic member of the House of Representatives from California whose passionate representation of her constituents Lieberman apparently thinks is more of a threat to the Democratic Party than his act of political defiance.

During his failed campaign, Lieberman tried to burnish his own Democratic credentials by pointing out that during his current Senate term, he voted 90.5% of the time with his party colleagues. But that bit of "me-tooism" belies another truth: He often parted company with Democrats on big issues.

Most Senate Democrats voted for the Iraq war before the Bush administration's claim that Saddam Hussein had stockpiles of weapons of mass destruction proved bogus. But Lieberman still says the administration's war was the right thing to do, a view not widely held among his Democrat colleagues.

In addition, most of Lieberman's fellow Democratic senators support affirmative action and oppose the Bush administration's push for school vouchers. But the embattled senator's positions on these issues came under attack in 2000 — which might help us understand the dig he took at Waters.

Back then, Lieberman was trying to make nice with his party's liberal wing after Al Gore made him his running mate. Waters forced Lieberman to explain positions he had taken on issues that enjoyed widespread support among congressional Democrats. She was especially irked by Lieberman's early support of Proposition 209, a ballot initiative that banned California from using affirmative action in college admissions and state contracting.

"We want to win, but we don't want to win at any cost," Waters said of Lieberman during a Democratic National Committee meeting in August 2000. Lieberman responded with answers that moved him away from the positions he had taken earlier, a waffling that for a time seemed to satisfy his critics in the party's liberal wing.

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But now that voters have given him the boot, Lieberman is in no mood for making concessions. He's still pursuing his political insurgency even though many national Democratic leaders have endorsed Lamont.

"But the battle goes on," Lieberman told O'Brien, "and now it's among Democrats, Republicans and independents. And I'm carrying it on because Lamont really represents polarization and partisanship."

What Lieberman didn't say is that Lamont's candidacy also represents the wishes of Connecticut's Democratic Party voters — who Lieberman apparently thinks have drifted "far from the mainstream of American life."

Lamont's Secret Weapon (WSJ)

The Wall Street Journal, August 15, 2006

Credit for Ned Lamont's primary victory over Joe Lieberman has fairly gone to the "netroots" and above all to passions aroused by the Iraq War. But his really secret weapon is one that his fellow liberals prefer not to mention out loud: Mr. Lamont could finance his own campaign.

Thanks to campaign funding limits, most political neophytes have a better chance of affording a home in Mr. Lamont's swanky town of Greenwich, Conn., than they do of raising enough money to be competitive against an incumbent of the same party. Despite his unpopularity in some Democratic circles, Mr. Lieberman was still able to raise some $10 million -- normally more than enough to intimidate any potential opponent.

But as a mega-millionaire, Mr. Lamont was able to exploit the campaign-finance loophole that allows rich folk to spend on their own campaigns. And given his narrow four-point victory, he needed every dime. According to Federal Election Commission records, Mr. Lamont self-funded about $4 million, or 70%, of the $5.8 million he raised through August 8. In the crucial last three weeks, when the TV spots really started to fly, he pitched in about $1.5 million. That cash flow had more to do with Mr. Lamont's ultimate victory than all the Angry Left bloggers in America.

It wasn't always this way for antiwar candidates. In 1968, before liberals tried to purge money from politics, Eugene McCarthy was able to finance his antiwar campaign against LBJ with huge donations from Stewart Mott and Jack Dreyfus. Nowadays you can still be antiwar and run for office -- but you'd also better be rich.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, August 15, 2006

Wing and a prayer

A Catholic priest who was a personal friend of the late Pope John Paul II is the new chaplain of Washington Dulles International Airport, where in this unsettling age of terrorist-targeted travel more and more faithful are kneeling down to pray.

"I had a full chapel last Saturday at the vigil Mass," the Rev. Philip Majka tells Inside the Beltway, adding that when he isn't celebrating the liturgy (the chapel is located in Terminal B, near Gate 30) he is often roaming the sweeping airport complex.

Clad in his priestly collar and sporting an official ID badge, "people often approach me," the priest notes. "I'm getting to know the police, airport workers, and I visit with the travelers ... wishing them a bon voyage" (and no doubt offering up prayers and reassuring words in the process).

"And I can go through security without taking off my shoes!" Father Majka boasts. "Maybe that's going to change, who knows? I have a challenge right now of how to get a bottle of wine through [security]. I have to have the Mass wine, you know."

Like the late pope, Father Majka, a longtime priest in the Diocese of Arlington, has Polish roots. He first met then-Cardinal Karol Wojtyla in 1969 when he was selected to be his Washington guide, accompanying the future pope to the Basilica of the National Shrine of the Immaculate Conception and to Arlington National Cemetery, and along the cobblestone streets of Old Town Alexandria, which reminded the cardinal of his hometown in Poland.

Long on security

Length of the motorcade carrying President Bush and Vice President Dick Cheney (they rode together in the same limo) from the White House to meetings at the Pentagon and State Department yesterday: 21 cars.

Turncoat?

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We'd written about President Bush being personally disappointed by Sen. Joe Lieberman's loss last Tuesday in the Connecticut Democratic primary.

The question now is whether Mr. Bush will go so far as to throw his support behind Mr. Lieberman -- who has subsequently filed to seek re-election as an independent -- and shun the already struggling Republican candidate, Alan Schlesinger?

"The president supports the democratic process in the state of Connecticut, and wishes them a successful election in November," White House spokesman Tony Snow replied when pressed on that question yesterday.

"Wait a minute," a reporter protested. "I realize he supports democracy, but I'm wondering, does he actually support his own party's candidate?"

"I don't know," Mr. Snow honestly answered, referring follow-up questions to the White House political office.

Couple of cowboys

We're told Vice President Dick Cheney will be campaigning in Montana tomorrow, where three-term Sen. Conrad Burns has a tough challenger in Democrat Jon Tester, an organic farmer and state senator. (He was selected president of the state Senate in 2005.)

Mr. Burns has found it extremely difficult to cut his "guilt by association" ties to former Washington lobbyist Jack Abramoff, even though he gave back approximately $150,000 in donations he received from the disgraced lobbyist and his associates.

Tour of 'Nowhere'

A nationwide road tour (now surpassing 7,000 miles) of wasteful congressional pet projects will pull into Alaska today, making a stop at the once-proposed site of the $223 million infamous "Bridge to Nowhere" -- or, more specifically, it would have linked Gravina Island (population 50) to Ketchikan (population 7,922).

"We are really the first anti-pork group to actually visit the site of numerous earmarks from coast to coast," Annie Patnaude, spokeswoman for the Americans for Prosperity Foundation's Ending Earmarks Express, tells Inside the Beltway.

Where's Osama?

The Cosmos Club on Massachusetts Avenue will be the venue this evening for a screening and panel discussion of "In the Footsteps of bin Laden," produced by CNN.

The two-hour production is described as an investigation into the life of terrorist mastermind Osama bin Laden, the world's most-wanted man.

Webb Campaign Criticizes Allen Remarks Aimed At Volunteer (AP)

By LARRY O'DELL

AP Allen Remark, August 15, 2006

A volunteer of Indian descent working for Democrat James Webb's U.S. Senate campaign said Monday he felt insulted when Sen. George Allen called him a name that sounded like "Macaca" during a rally in western Virginia.

S.R. Sidarth, 20, spent last week following Allen's "listening tour" and filming the appearances for the Webb campaign, which distributed a video clip of Friday's appearance to reporters.

"This fellow over here with the yellow shirt — Macaca or whatever his name is — he's with my opponent," Allen said. "He's following us around everywhere."

Macaca is a term associated with a species of monkeys.

"This is not something we knew," said Allen campaign spokesman Dick Wadhams.

The name also could be spelled Makaka, which is a city in South Africa.

Wadhams said, however, that the name was a variation of "Mohawk," the nickname he said Allen campaign staffers gave Sidarth because he had a Mohawk haircut.

Whether the University of Virginia senior's haircut — closely cropped around the temples and above the ears, but otherwise full — qualifies as a Mohawk is open to interpretation. Sidarth said he does not consider it a Mohawk.

"It's grasping — it's reaching," Webb spokeswoman Kristian Denny Todd said of Wadhams' explanation. "This was a term meant to demean Sidarth and his presence there at the event."

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Asked what he thought Allen meant by using the word Macaca, Sidarth said: "I took it to mean that was the first thing that came to his mind when he saw a person of color. It does have connotations in Hispanic cultures of being associated with a monkey."

Sidarth, who said he had introduced himself to the senator earlier in the week, said he felt Allen "was singling me out as a person of color when the rest of the audience was Caucasian." Wadhams said Sidarth was not the only nonwhite person at the rally in Breaks, Va., which is near the Kentucky border.

The video clip shows Allen telling the crowd: "Let's give a welcome to Macaca here. Welcome to America and the real world of Virginia."

Sidarth was born and raised in Fairfax County and is a senior at Allen's alma mater, the University of Virginia.

Wadhams said Allen called attention to Sidarth simply to welcome him to "a place in Virginia Webb has never been to and probably never will be to."

University of Virginia political analyst Larry Sabato said Allen's remarks could damage Allen's efforts to position himself for a possible run for president in 2008.

"This is a comment that will be regurgitated a thousand times," Sabato said. "It was a clumsy, stupid gaffe, and it's this kind of thing that destroys presidential candidacies."

The words could be especially damaging when considered in the context of Allen's history of displaying the Confederate flag, Sabato said. Allen used to keep the flag in his living room, and he wore a Confederate lapel pin for his high school yearbook photo.

"People may read into this more than is actually there, but whose fault is that?" Sabato said.

Wadhams, meanwhile, questioned why Webb still has not apologized for what he said was an anti-Semitic flyer during the Democrat's primary campaign. The flyer featured a hook-nosed caricature of Webb's Jewish opponent with money overflowing his pockets.

"If they are so sensitive about stuff, how come they used something as despicable as an anti-Semitic flyer?" Wadhams said.

Denny Todd said Wadhams was rehashing a two-month-old story to try to divert attention from Allen's remarks.

Allen Quip Provokes Outrage, Apology (WP)

By Tim Craig And Michael D. Shear

The Washington Post, August 15, 2006

RICHMOND, Aug. 14 -- Virginia Sen. George Allen (R) apologized Monday for what his opponent's campaign said were demeaning and insensitive comments the senator made to a 20-year-old volunteer of Indian descent.

At a campaign rally in southwest Virginia on Friday, Allen repeatedly called a volunteer for Democrat James Webb "macaca." During the speech in Breaks, near the Kentucky border, Allen began by saying that he was "going to run this campaign on positive, constructive ideas" and then pointed at S.R. Sidarth in the crowd.

"This fellow here, over here with the yellow shirt, macaca, or whatever his name is. He's with my opponent. He's following us around everywhere. And it's just great," Allen said, as his supporters began to laugh. After saying that Webb was raising money in California with a "bunch of Hollywood movie moguls," Allen said, "Let's give a welcome to macaca, here. Welcome to America and the real world of Virginia." Allen then began talking about the "war on terror."

Depending on how it is spelled, the word macaca could mean either a monkey that inhabits the Eastern Hemisphere or a town in South Africa. In some European cultures, macaca is also considered a racial slur against African immigrants, according to several Web sites that track ethnic slurs.

"The kid has a name," Webb communications director Kristian Denny Todd said of Sidarth, a Virginia native who was born in Fairfax County. "This is trying to demean him, to minimize him as a person."

Todd added that the use of macaca, whatever it means, and the reference welcoming Sidarth to America were clearly intended to make him uncomfortable.

Reached Monday evening, Allen said that the word had no derogatory meaning for him and that he was sorry. "I would never want to demean him as an individual. I do apologize if he's offended by that. That was no way the point."

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Asked what macaca means, Allen said: "I don't know what it means." He said the word sounds similar to "mohawk," a term that his campaign staff had nicknamed Sidarth because of his haircut. Sidarth said his hairstyle is a mullet -- tight on top, long in the back.

Allen said that by the comment welcoming him to America, he meant: "Just to the real world. Get outside the Beltway and get to the real world."

But the apology, which came hours after Allen's campaign manager dismissed the issue with an expletive and insisted the senator has "nothing to apologize for," did little to mollify Webb's campaign or Sidarth, who said he suspects Allen singled him out because his was the only nonwhite face among about 100 Republican supporters.

"I think he was doing it because he could, and I was the only person of color there, and it was useful for him in inciting his audience," said Sidarth, who videotaped the event for the Webb campaign. "I was annoyed he would use my race in a political context."

Told of Allen's apology, Todd added, "I hope Allen realizes that Virginians come in all colors."

Allen is running for a second term in the Senate while planning a possible presidential bid in 2008. Webb, a Vietnam war hero and former Navy secretary under President Ronald Reagan, is working to derail those plans with an underfunded campaign based principally on Webb's early opposition to the war in Iraq.

Virginia Commonwealth University politics professor Robert Holsworth called Allen's comments a gaffe that probably wouldn't change the Senate race but could hurt his presidential ambitions.

"This doesn't turn the race around at all," Holsworth said. "But for a guy running for president, this is likely to be regularly aired this year and maybe beyond."

House Majority Leader H. Morgan Griffith (R-Salem), who represents southwest Virginia, said the Webb campaign is just "grabbing for stuff" to gain traction against Allen. Griffith said he doubts anyone at the rally even picked up on Allen's use of the word macaca.

"Not many people in southwest Virginia would think it is derogatory," Griffith said. "I didn't have a clue what it meant, and I doubt Allen did, either."

Sidarth, who is entering his fourth year at the University of Virginia and is an active Democrat, had been assigned to trail Allen with a video camera to document his travels and speeches for Webb, a common campaign tactic.

Steve Mukherjee, a spokesman for the Washington chapter of the Association of Indians in America, said Allen's comments were "hurtful," and he chided the senator for not being more sensitive.

"The world is so volatile and so delicate," Mukherjee said. "You have to be careful what you say and how you say it. The U.S. is no longer black and white."

Asked what macaca means, Mukherjee said: "What it means, I don't know. But it's going to cause him some grief."

It's not the first time Allen has confronted charges of insensitivity to race or ethnicity from minority leaders and longtime political opponents.

Before he ran for governor in 1993, Allen was criticized for keeping a Confederate flag in a cabin near his Charlottesville home, part of a collection of flags, he has said. He stirred controversy as governor by issuing a proclamation noting the South's celebration of Confederate History Month without mentioning slavery.

This year, the New Republic magazine published a photo of Allen wearing a Confederate flag on his lapel during high school.

"It wasn't a racial statement; it was a statement about his rebellious nature," said John Reid, Allen's communications director.

Allen campaign manager Dick Wadhams also went on the offensive, accusing Webb of mailing an anti-Semitic flier during his primary this year that contained a caricature of Webb's Jewish opponent.

Todd said Wadhams is trying to change the subject. "The flier was never meant to be anti-Semitic," she said. "That was a charge levied by our opponent at the time to drive voters away from Jim Webb, much like Allen's trying to do today."

George Allen's America (WP)

DOJ_NMG_0048432

The Washington Post, August 15, 2006

"MY FRIENDS, we're going to run this campaign on positive, constructive ideas," Sen. George F. Allen told a rally of Republican supporters in Southwest Virginia last week. "And it's important that we motivate and inspire people for something." Whereupon Mr. Allen turned his attention to a young campaign aide working for his Democratic opponent -- a University of Virginia student from Fairfax County who was apparently the only person of color present -- and proceeded to ridicule him.

Let's consider which positive, constructive or inspirational ideas Mr. Allen had in mind when he chose to mock S.R. Sidarth of Dunn Loring, who was recording the event with a video camera on behalf of James Webb, the Democratic nominee for the Senate seat Mr. Allen holds. The idea that holding up minorities to public scorn in front of an all-white crowd will elicit chortles and guffaws? (It did.) The idea that a candidate for public office can say "Welcome to America and the real world of Virginia!" to an American of Indian descent and really mean nothing offensive by it? (So insisted Mr. Allen's aides.) Or perhaps the idea that bullying your opponents and calling them strange names -- Mr. Allen twice referred to Mr. Sidarth as "Macaca" -- is within the bounds of decency on the campaign trail?

We have no inkling as to what Mr. Allen meant by "Macaca," though we rather doubt his campaign's imaginative explanation that it was somehow an allusion to Mr. Sidarth's hairstyle, a mullet. Mr. Allen said last night that no slur was intended, though he failed to explain what, exactly, he did have in mind. Macaca is the genus for macaques, a type of monkey found mainly in Asia. Mr. Allen, who as a young man had a fondness for Confederate flags and later staunchly opposed a state holiday in honor of the Rev. Martin Luther King Jr., has surely learned too much about racial sensitivities in public life to misspeak so offensively.

Mr. Sidarth, who is 20, is a senior at U-Va.; he graduated from Thomas Jefferson High School in Fairfax after compiling an excellent academic record. He is thinking of applying to law school. He may be forgiven if his week-long foray on the campaign trail with Mr. Allen has left him with a bitter taste. "I think he was doing it because he could, and I was the person of color there and it was useful for him in inciting his audience," Mr. Sidarth told us. "I'm disgusted he would use my race in a political context."

We don't blame him for feeling that way. But really, by mocking Mr. Sidarth, Sen. George F. Allen demeaned only himself.

Reid Pays Interest On Improper Donation (AP-Y)

By Erica Werner

AP, August 15, 2006

A seven-year-old political donation has proven costly for the Senate's most senior Democrat.

Sen. Harry Reid, D-Nev., last year refunded a $3,000 check he got in 1999 from a Texas friend, Ben Barnes, after a public interest group revealed it was improper. Now he's paid Barnes more than $1,600 in interest, according to recent filings with the Secretary of the Senate.

The filings were disclosed Monday by PoliticalMoneyLine, which tracks campaign spending.

Barnes, a lobbyist and former Texas lieutenant governor, made the donation in question to a legal defense fund Reid had established to cover costs of his 1998 Senate race recount, which he won by 428 votes over Republican John Ensign.

Congressional ethics rules prohibit registered lobbyists from donating to lawmakers' legal defense funds, which members of Congress are allowed to set up to pay for legal fights. Barnes had only recently registered as a lobbyist and said at the time that it was an innocent mistake.

Reid's defense fund shut down in March 2001, and the donation went unnoticed until the Center for Public Integrity released a report in August 2005 about a handful of lawmakers, Reid among them, who'd accepted improper lobbyist donations into their legal defense funds.

Reid brought the matter to the Senate Ethics Committee, his spokesman said, and repaid the $3,000 to Barnes in October 2005. The Ethics Committee subsequently told him he should also pay interest for the time he had the donation. Reid had an accountant calculate the proper amount using the statutory rate under Nevada law — prime plus two percent adjusted annually — and cut Barnes a check for $1,611.47 on May 22 out of his campaign fund.

"As soon as this came to our attention we resolved this as quickly as possible," said Reid spokesman Jon Summers, attributing the delay to time needed to work through the process.

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The Ethics Committee also noted that three quarterly reports for the defense fund had never been filed. The reports were for the end of 1999 and the first two quarters of 2000, when there was no activity in the account. Reid filed those reports July 31 with the Secretary of the Senate.

Rep. Ney Formally Withdraws From Ballot (AP-Y)

By David Hammer

AP, August 15, 2006

Rep. Bob Ney formally requested Monday that his name be removed from the November election ballot, ensuring that a special primary election will be held to replace the embattled Republican.

His letter officially notifying election officials ends speculation about whether he would wait until after Aug. 19, when party leaders would have been able to appoint a replacement.

Ney announced he would withdraw from the race a week ago, citing the strain of an intensifying corruption investigation that had focused for months on his dealings with lobbyists. The six-term congressman denies any wrongdoing and has not been charged.

Democrats targeted Ney's seat in the wake of the Jack Abramoff lobbying scandal. Ney's campaign began hemorrhaging money after his former chief of staff pleaded guilty to conspiring to corrupt the congressman, and the Justice Department subpoenaed Ney aides in Ohio and Washington.

Democrats hope Ney's legal troubles will help them gain one of the 15 seats they need this fall to take control of the House.

Ohio Republican Party Chairman Bob Bennett said he spoke to Ney on Monday morning about the decision to have a primary instead of letting local party officials choose a new candidate.

"He told me he really thought the voters of the district should make the decision in selecting the candidate, rather than the party chairmen," Bennett said.

State Sen. Joy Padgett of Coshocton is Ney's and House Majority Leader John Boehner's choice to replace Ney, but there have been questions over whether she is eligible to run after losing her bid to become the GOP lieutenant governor nominee. Attorney General Jim Petro, her former running mate, offered a legal opinion last week that she could run.

Bennett expects others to enter the special primary, likely to be held in mid-September.

Democratic Zack Space has kept his campaign focused on corruption, branding Padgett for her close ties to Ney and Gov. Bob Taft, who pleaded no contest last year to failing to report gifts.

Fitzpatrick Now Rejects Bush's Strategy In Iraq (PHI)

By Christine Schiavo

The Philadelphia Inquirer, August 15, 2006

A Bucks County congressman who once firmly backed President Bush's handling of the Iraq war is now calling the president's stay-the-course approach "extreme."

U.S. Rep. Michael Fitzpatrick (R., Pa.) told constituents in a mailing last weekend that he wanted an alternative to the "unacceptable extremes of 'Stay the course' on one side and the 'cut and run' approach on the other."

Fitzpatrick, who twice visited the troops in Iraq, hadn't said much about the war until last week, when he told reporters that President Bush has made mistakes. His campaign Web site makes no mention of the issue.

The freshman Republican's remarks come as polls show that more than 60 percent of Americans disapprove of Bush's handling of the war. Bush's approval rating is slightly below 40 percent.

Democrat Patrick Murphy, Fitzpatrick's opponent, is an Iraq war veteran who has been vocal in his opposition of the war and has called for the withdrawal of most troops by the end of next year.

The Fitzpatrick-Murphy race is one of three competitive congressional races in the Philadelphia suburbs. The Republicans control three seats in Bucks, Chester and Delaware Counties, which the Democrats have targeted in their attempt to take back the House.

In the mailing, Fitzpatrick was careful to note he is "deeply grateful" for the service of American troops. What has changed is his alliance with the president on the handling of the war.

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"Mike Fitzpatrick to President Bush: 'America needs a better, smarter plan in Iraq.' " reads the mailing.

The front page of the mailing says, "Congressman Fitzpatrick says NO to both extremes: No to President Bush's 'stay the course' strategy... and no to Patrick Murphy's 'cut and run' approach."

The critical reference to the president may sting the ears of loyal Republicans, but it should resonate with many in the moderate Eighth District, said Christopher Borick, director of the Institute of Public Opinion at Muhlenberg College in Allentown.

"Differing with the president's position on this is not risky," said Borick, whose surveys of Pennsylvania voters have shown a growing dissatisfaction with the war. "There's a groundswell among Republicans that things aren't going as they should be."

The backlash hit pro-war Sen. Joe Lieberman last Tuesday when Democratic voters in the Connecticut primary chose antiwar candidate Ned Lamont over the former vice presidential candidate.

Yesterday, Fitzpatrick said the president should have committed more troops, the troops should have been better equipped, and economic development should have been quicker in Iraq.

But Fitzpatrick has not proposed a new plan or advocated an existing one. Strategies, he said, are better left to military experts.

That vague approach has provided campaign fodder for Murphy, who held a telephone news conference with Sen. John Kerry (D., Mass.) last week to criticize Fitzpatrick's position. Kerry called it a "short-term political ploy" with "no plan, no direction."

Fitzpatrick's hedging may endear him to voters even as it leaves him open to criticism, Borick said. The public, he said, may find it reasonable that Fitzpatrick is as unclear as they are on what to do next.

But as the election nears, Borick said he expects voters to become more demanding of Fitzpatrick. He said, "People will want to move on the debate to more specifics on Iraq."

A Gap In Their Armor (WP)

By E. J. Dionne Jr.

The Washington Post, August 15, 2006

The Democratic Party has a self-image problem.

Talk to Democrats at every level about the strong position the party is in for this fall's elections and the conversation inevitably ends with a variation of: "Yeah, if we don't blow it." Karl Rove's greatest victory is how much he has spooked Democrats about themselves.

This, in turn, leads to a problem among political elites and, especially, fundraisers: While Republicans believe in their party and in the cause of building its organization from bottom to top, Democratic sympathizers tend to focus on favorite causes and favorite candidates, notably in presidential years.

If you understand this, you can understand the polemics over the past few months between Howard Dean, the Democratic National Committee chairman, and Rep. Rahm Emanuel, the leader of the party's campaign committee for this fall's House elections.

Emanuel has expressed frustration over how much DNC money Dean has spent in his effort to create strong party organizations in all 50 states -- money that congressional Democrats believe should be saved for this fall's key contests.

Dean argues, correctly, that Democrats will not be truly competitive if they are strong in only 18 or 20 "blue" states. Emanuel argues, also correctly, that this year offers Democrats their best chance in 12 at winning one or both houses of Congress. The party, he says, can't afford to fritter money away on long-term dreams.

There are many underlying issues here, including whether Dean's spending will actually be effective in achieving his goal and whether the national party is demanding enough accountability for the money it is sending the states. Dean defenders, in turn, note that he has directed more money to states with competitive races this year, and that Dean needs to worry about governorships and state legislative contests, not just Congress.

But Dean and Emanuel are both struggling against the same overlapping realities: Democrats have chronically underinvested in building state parties. Wealthy donors who bankrolled grass-roots organizing in the 2004 presidential campaign have largely gone to the sidelines this year. And Republican-oriented interest groups are, on the whole, better financed and disciplined than their Democratic counterparts.

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Emanuel is especially frustrated with large donors such as billionaire George Soros, who donated heavily to such organizing efforts as America Coming Together (ACT) two years ago. "These guys -- where are they?" a frustrated Emanuel asked in an interview. After John Kerry's loss, Emanuel said, "they walked off the field."

Steve Rosenthal, who was ACT's chief executive officer in 2004, said his organization's financial backers were "very candid that they weren't in it for the long haul and never said they were." Nonetheless, Rosenthal worries about what the missing money will mean this fall.

There is a lesson here about campaign finance reform and those who pretend that Democrats can rely on a handful of wealthy donors when crunch time comes. There is also a lesson about how a political party needs to see itself -- and be seen by those who support it -- as a long-term operation, not simply as a label of convenience at election time.

"On the Republican side, everyone plays a role in supporting the party and building a party structure," says Amy Chapman, executive director of Grassroots Democrats, which raises money for state party organizations. "It's too big a job for one part of the party to do," meaning that Dean and the DNC can't do it alone.

The odd result is that Republicans, who defend individualism in theory, act like communitarians where their party is concerned. Democrats claim to be more community-minded but act like radical individualists in their penchant for candidate-centered, one-cause-at-a-time politics.

The organizational gap has spurred national Democrats to countermeasures. Emanuel has hired Michael Whouley, one of his party's premier organizers, to create turnout programs in the 40 most contested congressional races. The Democratic Senatorial Campaign Committee's two top staffers, J.B. Poersch and Guy Cecil, have long experience in field operations. The unions are kicking up their turnout efforts. And an anti-incumbent tide against the Republicans could counter the GOP's organizational advantages.

But Republicans -- from President Bush on down -- have long dismissed the fashionable claptrap about political parties becoming meaningless. If Democrats are to shed their self-image problem and create a durable majority, they, too, will have to learn to operate as a party.

A Distant Mirror (NYT)

By Thomas Frank

The New York Times, August 15, 2006

By now, even the most dedicated “values voter” is aware that an orgy of plunder and predation grinds merrily on in the capital, yet if polls are to be believed, the Democrats can persuade almost nobody to switch their vote on that basis. That’s because, while they have many nice slogans on the subject, Democrats offer no larger theory of corruption, no way to help voters understand what is essentially Republican about the pillage currently being visited on our national government.

I suggest the Democrats turn their eyes to the conservatives’ beloved 19th century, an era that is relevant again in all sorts of startling ways. The reigning economic faith of our time, they will find, is merely a souped-up version of the Victorians’ understanding of the market-as-nature. Again Americans thrill to the exploits of the great tycoons, and gradually we are becoming reacquainted with pervasive inequality, the wrenching “social issue” of our great-grandparents’ time.

This is why I nominate Matthew Josephson’s 1938 masterpiece, “The Politicos: 1865-1896,” as the volume of history with the most to teach us about the present. The book is valuable for its surface qualities alone — its painstaking reconstruction of forgotten scandals, its glimpses of antique slang and high-flown oratory, its remarkable cast of politicians, like the “Easy Boss” Tom Platt and the “Plumed Knight” James G. Blaine, all of them household names once but today as obscure as Ozymandias.

Still, contemporary readers will feel the sharp poke of recognition with nearly every chapter. Then, as now, empty accusations of treason were standard rhetoric. Reformers were routinely taunted as effeminate — in the manner that conservatives today bandy about terms like “effete,” “French-looking,” and “girly man.” Roscoe Conkling, the sarcastic voice of New York finance, famously laughed off a crusading editor as a “man milliner.”

And, of course, there was corruption, the unending outrage of money- in-politics. Both parties bid for the favor of big business, and both did a considerable amount of business themselves, as the roll call of forgotten scandals attests: the Whiskey Ring, the Post Office Ring, the Credit Mobilier scheme, and the Grant administration’s ceaseless “saturnalia of plunder.” But

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"The Politicos" is not merely a catalog of money-in-politics, it is a study of the logic and development of money-in-politics, from the crude grasping of the "spoilsmen" in the 1860's to the final union of politics with business in the 1890's, when industries and even individual corporations effectively sent their own representatives to the United States Senate.

Matthew Josephson was a man of the left, but "The Politicos" is not a reassuring tale of liberal triumph. The figure who towers over this dialectic of graft as it roars to its consummation is the greatest of 19th-century political commanders, the industrialist Mark Hanna, who managed the 1896 presidential campaign of William McKinley. Hanna was famously quoted as saying openly what his contemporaries would say only privately: that we were ruled by "a business state," and that "all questions of government in a democracy were questions of money."

When confronted by a groundswell for the earnest reformer William Jennings Bryan, Hanna used every weapon available to make an example of the upstart. While his lieutenants portrayed Bryan as an anarchist, Hanna enlisted the financial support of industry for McKinley, going so far as to levy an assessment on the capital of large corporations. He may not have rewarded his supporters with honorifics like "Pioneer" and "Ranger," as did his modern disciple Karl Rove, but by the end of the contest Hanna had outspent Bryan by 10 to 1, much of it on "floaters" compensated for their votes.

Hanna's methods were corrupt, yes. "But his corruption was rational," Josephson tells us. "It flowed from the very nature of our society and its laws."

And as we scratch our heads over all the shocking stories of the last six years we would do well to keep Josephson's dictum in mind. These are not tales of individual venality, separate one from the other. They are expressions of the age. The issue is not merely corruption; it is what old Will Bryan would have called plutocracy.

Records In House Define Md. Democrats (WP)

By Nick Anderson

The Washington Post, August 15, 2006

Two Baltimore Democrats joined the House of Representatives on the same day in 1987. For nine years together in Congress, they usually voted the same liberal line. Both rose to prominence and influence.

But Benjamin L. Cardin and Kweisi Mfume carved sharply distinct profiles from the moment they arrived on Capitol Hill. The former became a bipartisan dealmaker on a powerful committee with oversight of tax, trade and health-care law. The latter took on urban housing and economic issues and became a major voice in Congress for black Americans.

Mfume left soon after the 1995 Republican takeover to become president of the NAACP. Cardin expanded his reach on the Ways and Means Committee and ranks fourth among its Democrats.

The many contrasts in their House careers suggest that the front-runners for their party's nomination in the race to succeed retiring Sen. Paul S. Sarbanes (D-Md.) would make different senators in style and substance.

Cardin pursues "a classic insider strategy," said Christopher Deering, a political science professor at George Washington University. "Here's a guy who knows where the power is."

Cardin said in an interview at his Baltimore County campaign office that he is "very quietly" preparing a bid for the Senate Finance Committee -- the chamber's counterpart to Ways and Means -- if he is elected. "It's known to people in the Senate that I want to be on the Finance Committee," he said. But, he said, he is focused first on the primary Sept. 12 and the election Nov. 7.

Mfume "has got fairly consummate political skills" and would gain immediate national attention if elected, said Ronald Walters, a government and politics professor at the University of Maryland. "When you're one of the few blacks in the Senate, you're a celebrity," Walters said, noting the spotlight on Barack Obama (D-Ill.), now the chamber's only black senator. "They are expected to carry a great deal of water for minority populations all across the country. People want to see, feel and touch them."

Mfume's legislative niche is not as clearly defined as Cardin's. But he names three Senate committee assignments that would appeal to him: Foreign Relations; Banking, Housing and Urban Affairs; and Health, Education, Labor and Pensions.

In the House, Mfume served on two committees his entire tenure: Small Business and Banking, Finance and Urban Affairs. He used his positions to support minority-owned businesses and promote equal housing opportunities.

For instance, Mfume helped secure an amendment to the 1991 Civil Rights Act that extended protections to Americans working for U.S. companies abroad.

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Mfume, who was 38 when first elected, said he tried to stay flexible when he was a junior member. "I didn't know what doors would open and where they would lead me," he said in an interview at his Baltimore campaign office.

In his early years, Mfume sought to win over senior lawmakers who didn't know what to make of the former City Council member with an adopted Swahili name. (It is pronounced kwah-EE-see oom-FOO-may and means "conquering son of kings.")

At one hearing, Mfume recalled, a veteran representative, Frank Annunzio (D-Ill.), butchered his name. When Mfume took his turn at the microphone, he seized an icebreaking opportunity. "I want to thank 'Chairman Enunciation' for the opportunity to speak," he said, drawing laughter.

Mfume made a point of sitting next to Rep. Claude D. Pepper (D-Fla.) in the House to absorb Pepper's knowledge from a half-century of service in Congress and his recollections of the segregated South. "I was kind of a fascination to him," Mfume said.

In December 1992, Mfume's moment came: He captured the chairmanship of an enlarged and emboldened black caucus. The post gave Mfume the ear of the White House in President Bill Clinton's first two years in office and a platform to push a liberal domestic agenda backed by a bloc of more than three dozen black House Democrats.

Mfume's caucus turned heads in 1993 when it mobilized to stall the House leadership's efforts to approve a line-item veto for Clinton. Then the caucus stood up to the president himself, declining an invitation to meet with Clinton at the White House amid a furor over a civil rights enforcement nomination.

Such muscle-flexing helped the caucus influence major legislation enacted in Clinton's first term. On the budget, Mfume pushed to protect Medicare funding, increase tax credits for lower-income families, and bolster nutrition and immunization programs for needy children. On crime, he backed a ban on assault weapons.

On trade, however, Mfume opposed Clinton. He voted in 1993 against the North American Free Trade Agreement.

Mfume drew fire from some quarters after he declared that year that black lawmakers had entered into a "covenant" with the Nation of Islam to solve problems in the black community. In 1994, the caucus distanced itself from that position after an aide to Nation of Islam leader Louis Farrakhan made statements condemned as anti-Semitic.

Mfume's role shrank when his two-year chairmanship ended, and Republicans took over Congress. He was trounced in a late-1994 bid to become Democratic Caucus chairman. A year later, he accepted an offer to lead the NAACP. By February 1996, he had left the House.Cardin's Climb

Cardin arrived in Congress with one main goal: Get on Ways and Means. Starting in late 1986, he laid siege to the committee. "I had a plan," he explained.

He rounded up support from the delegations of Maryland and other mid-Atlantic states. He persuaded business leaders to put in a word for him. He wrangled a meeting with Ways and Means Chairman Dan Rostenkowski (D-Ill.), a coup for a freshman. And he allied himself with Rep. Richard A. Gephardt (D-Mo.), who sat on the committee. Cardin, then 43 and a former speaker of the Maryland House of Delegates, pitched himself as a government finance expert.

Cardin knew he wouldn't get onto a top-tier committee as a freshman. But he wanted to be first on the waiting list. The chance came in his third year. After Gephardt rose to majority leader in June 1989, Cardin slipped into the Ways and Means seat he vacated.

"It wasn't even contested," Cardin recalled. "I had it sewn up."

The move forced Cardin off the Judiciary and Public Works and Transportation committees. But the vast Ways and Means jurisdiction more than offset the loss of those assignments, enabling him to guard Maryland's interests in tax, trade and health-care issues. For example, he secured a measure to protect the state's unusual system of Medicare reimbursements for hospitals.

Like Mfume, Cardin was a reliable vote for Democratic priorities such as gun control, civil rights legislation, minimum wage increases and abortion rights. Like Mfume, he opposed the 1991 resolution to authorize the use of force against Iraq. (He also opposed the 2002 resolution that led to the war in Iraq.) And, like Mfume, his influence rose after Clinton was elected.

In 1993, Cardin gave Clinton a key vote to help pass NAFTA over organized labor's opposition. In 1994, Cardin helped craft Democratic legislation to answer Clinton's call for universal health-care coverage.

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As the Ways and Means health subcommittee labored over the ill-fated bill, Cardin unexpectedly sided with Republicans to support a cap on medical malpractice damages. He also pushed to ease health-care expenses for small businesses.

Although the Clinton health-care initiative died, Cardin's stature grew. He was named a Democratic transition leader when Republicans took over the House. He helped lead a bipartisan ethics investigation into allegations that House Speaker Newt Gingrich had abused tax laws, resulting in a historic vote in 1997 to reprimand the Georgia Republican.

During the Clinton and current Bush administrations, Cardin teamed with Rep. Rob Portman (R-Ohio) -- now the White House budget chief -- on tax and retirement savings measures that became law. One restructured the Internal Revenue Service. Another allowed greater worker contributions to retirement accounts and overhauled pension rules. Portman-Cardin became a rare bipartisan brand in polarized Washington. But generally, Cardin has opposed President Bush on tax cuts, trade bills and other key issues moving through Ways and Means.'Totally Capable'

Rep. Peter A. DeFazio (D-Ore.), another veteran from the Class of 1986, said Mfume and Cardin were known for their quick grasp of policy and sharp political instincts.

He described Cardin as "a very, very solid and respected legislator" and Mfume as an "incredibly energetic, gutsy guy. Leads with his heart."

"Both Kweisi and Ben are totally capable of handling complicated issues on their feet, thinking on their own, distilling them to their essence," he said. "There are a lot of people around here who can't."

Improving Relations, Whoop By Whoop (WP)

By Tara Bahrampour

The Washington Post, August 15, 2006

"Go East! Go West!

"Lebanon is the best!"

The chants grew louder. A sea of arms unfurled a flag emblazoned with a cypress tree. Standing in front of the White House, the teenagers -- in business suits, denim miniskirts, Converse high tops or traditional head scarves -- belted out the Lebanese national anthem.

They were among a group of about 600 students from predominantly Muslim countries who had just arrived for a year-long exchange program sponsored by the State Department.

This week they are dispersing across the United States to the host families with whom they will live for nine months. But last week they ran around the nation's capital as if on an adrenaline high.

"Lebanon! Lebanon! Wooooh!!"

Christine Habib, an adult supervising the students, laughed. "Okay, khalas, fahemna! " ("enough, we get it!")

"It's definitely one of the most enthusiastic groups" in the three years since the program began, Habib said. "I don't know if it's because of the political climate this year, but they have a lot of energy, which is good. It's better than them being downtrodden."

War raged in some of their countries, resentment simmered in others, but exploring a new city, visiting white-columned monuments, meeting with State Department officials and buying U.S. Capitol snow globes seemed to help open their eyes to a world beyond their homelands.

That was the point. The Youth Exchange and Study Program started in 2003 as a way to improve relations between the United States and Arab and Muslim countries. "The idea was that targeting youth would be the most effective way," said Mary Karam, director of grant programs for AYUSA Global Exchange, one of several organizations administering the program, which this year has students from 24 countries, plus the West Bank and Gaza.

Participants are selected based on grades, English aptitude and leadership skills. Applications have increased each year since the inception of the program, which costs about $11.5 million annually and is free for the students.

In the beginning, some parents were hesitant to send their children abroad because of political tensions, especially after the attacks of Sept. 11, 2001. But after the first group returned, more were emboldened. This year, more than 18,000 students applied for 660 slots.

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"Some friends told me, 'Don't go to America; Americans aren't Muslim,' " said Khalil Ebrahim, 16, a Yemeni who will spend the year in Las Vegas. "But America is a democratic country, and studying here is better than in Yemen because here you have your choice."

Even as they embraced America, fears about home lingered. "Our contacts with our parents are kind of blocked," said Abdul Rahman Loutfi, 16, a hot dog in one hand and his tie knotted rakishly around his curly hair. A guitar and basketball player, Loutfi will live with a family in Glenmoore, Pa.

Like others from Lebanon, he left his country in vastly different straits than it was when he sent in his application.

"It's getting really serious, like, people are getting killed," he said. "I never thought I'd leave this way. Everything's kind of changed; everything's kind of ruined."

For some, leaving was its own adventure. "We slept in a hotel in Beirut for one night, then we went to the U.S. Embassy and from there we were picked up by two military helicopters," said Rima Maarouf, 16, who will live in Brainardsville, N.Y. "That was cool -- like, Marines in helmets . . . and we got Marine food. It's not so delicious."

Birzha, 16, an Iraqi (for security reasons the State Department did not allow publication of the Iraqis' last names), called the north, where she is from, "the safest place in Iraq." She said that, as a Kurd, she wanted Americans to know one thing: "That we exist. That we are a nation."

Some were already making cultural adjustments. When Fares Atef, 15, tried to walk by the White House in a Yemeni robe with a curved dagger in his sash, a security officer advised him to leave the dagger on the bus.

Esraa Gomaa, 17, an Egyptian, said she was surprised at how multicultural the United States is. "At the hotel, I thought the people working there would be all Americans, white Americans," Gomaa said. "But no. I found Indians and many people from all over the world."

Back on the bus, Maarouf had a message for Americans. "We're not terrorists; we're just regular teenagers," she said.

From the back of the bus, the Lebanese national anthem rose up, then morphed into another song, one that some of their parents might have sung in Lebanon in the 1970s, during their own war-wracked teenage years.

"We will, we will -- ROCK YOU!!"

Hearing it, others smiled and joined in.

Bush Says Israel Defeated Hezbollah (AP-Y)

By Deb Riechmann

AP, August 14, 2006

President Bush said Monday that Israel defeated Hezbollah's guerrillas in the monthlong Mideast war and that the Islamic militants were to blame for the deaths of hundreds of Lebanese civilians.

Bush admonished Iran and Syria for backing Hezbollah, which captured two Israeli soldiers on July 12 igniting the conflict. Both sides claimed victory Monday, hours after a U.N.-brokered cease-fire took effect, while Bush said Israel prevailed.

"Hezbollah attacked Israel. Hezbollah started the crisis, and Hezbollah suffered a defeat in this crisis," the president said at the State Department after a day of meetings with his top defense, diplomatic and national security advisers.

The United States backed Israel in the war, and Bush made clear he was determined to help the Israelis in the post-fighting struggle of words about who wound up on top.

The president portrayed the war, which killed about 790 Lebanese and 155 Israelis, as part of a broader struggle between freedom and terrorism. He said one can only imagine how much more dangerous such a conflict would be if Iran possessed nuclear weapons.

Bush said Hezbollah lost, though Israel didn't knock out the guerrillas.

Israel's prime minister and Bush said the offensive eliminated the "state within a state" run by Hezbollah in southern Lebanon. Hezbollah leader Sheik Hassan Nasrallah, however, declared that his guerrillas achieved a "strategic, historic victory" over Israel.

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"Hezbollah, of course, has got a fantastic propaganda machine, and they're claiming victories," Bush said. "But how can you claim victory when, at one time, you were a state within a state, safe within southern Lebanon, and now you're going to be replaced by a Lebanese army and an international force?"

Bush said a United Nations-brokered cease-fire was an important step toward ending the violence, yet he acknowledged that the truce was fragile.

"We certainly hope the cease-fire holds because it is step one of making sure that Lebanon's democracy is strengthened," Bush said.

The U.N. plan calls for a joint Lebanese-international force to act as a buffer between Israel and Hezbollah militiamen. France and Italy, along with predominantly Muslim Turkey and Malaysia, have signaled willingness to contribute troops to the joint force, but consultations are needed on the force's makeup and mandate.

Bush spoke on the phone early Monday to Italian Prime Minister Romano Prodi, and Italian Foreign Minister Massimo D'Alema said Italy's troops could be ready within two weeks.

"There's going to be a new power in the south of Lebanon, and that's going to be a Lebanese force with a robust international force to help them seize control of the country — that part of the country," Bush said.

On Bush's first day back from vacation, his motorcade traveled between the White House and State and Defense departments for meetings on transforming the U.S. military, on homeland security and on the warfare in Afghanistan and Iraq.

Sectarian violence has surged in Iraq and created what some consider the greatest threat to stability there since Saddam Hussein's government was toppled three years ago. Meanwhile, efforts to get North Korea and Iran to restrict their nuclear ambitions remained stalled.

"We live in troubled times, but I'm confident in our capacity to not only protect the homeland, but I'm confident in our capacity to leave behind a better world," Bush said at a meeting at the Pentagon where he sat between Defense Secretary Donald H. Rumsfeld and Vice President Dick Cheney.

His words sought to calm jitters about last week's arrests of more than two dozen people in England and Pakistan accused of plotting to blow up as many as 10 passenger planes flying between Britain and the United States.

The nation's safety looms large as an issue in the midterm elections. Both Republicans and Democrats are maneuvering for political advantage with control of Congress at stake.

Hezbollah The Loser In Battle, Bush Says (WP)

By Michael A. Fletcher

The Washington Post, August 15, 2006

President Bush asserted yesterday that Hezbollah was defeated in its month-long conflict with Israel, casting the fighting that killed hundreds of Lebanese and Israeli civilians as part of a wider struggle "between freedom and terrorism."

As a U.N.-imposed truce seemed to be holding yesterday, Bush made clear that he blames Hezbollah and its patrons, Iran and Syria, for igniting the conflict. "We recognize that the responsibility for this lies with Hezbollah," Bush said. "Responsibility lies also with Hezbollah's state sponsors, Iran and Syria."

Bush warned Tehran to stop backing militias in Lebanon and in Iraq, where U.S. officials have long accused Iran of feeding the sectarian violence that is threatening to erupt into a full-scale civil war.

"In both these countries, Iran is backing armed groups in the hope of stopping democracy from taking hold," Bush said. "The message of this administration is clear. America will stay on the offensive against al-Qaeda. Iran must stop its support for terror, and the leaders of these armed groups must make a choice. If they want to participate in the political life of their countries, they must disarm."

Bush's comments came at the close of an Israeli military campaign aimed at ending Hezbollah attacks and crippling the radical Shiite militia. The campaign did not go as well as the United States and Israel had expected. Despite a devastating air assault and an intense ground campaign, Israel's military was unable to gain full control of the border area in southern Lebanon against elusive and well-fortified Hezbollah fighters. Also, some observers believe the conflict burnished the popularity of

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Hezbollah in Lebanon, even as it resulted in hundreds of civilian causalities and massive destruction of infrastructure across Lebanon.

Speaking to reporters at the State Department, Bush brushed aside suggestions that the United States was slow to respond to the crisis in Lebanon or that the war had resulted in anything less than a clear defeat for Hezbollah. Bush said the resolution ratified Friday in the United Nations addressed what he called the root causes of the conflict: the ability of Hezbollah, a radical Shiite militia, to control southern Lebanon and the shipment of arms to the group from Iran through Syria.

In his remarks, Bush accused both Syria and Iran of undermining U.S.-backed efforts to build democracy in the Middle East, something Bush called essential to the broader fight against terrorism there and elsewhere.

"Forces of terror see the changes that are taking place in their midst. They understand that the advance of liberty, the freedom to worship, the freedom to dissent, and the protection of human rights would be a defeat for their hateful ideology," Bush said. "But they also know that young democracies are fragile and that this may be their last and best opportunity to stop freedom's advance and steer newly free nations to the path of radical extremism."

The U.N. resolution envisions Lebanese troops supplemented by an international military force to be deployed to control the area of southern Lebanon from which Hezbollah had launched rocket attacks against northern Israel. Israeli troops occupying southern Lebanon will leave as the international troops are deployed. The resolution also envisions the end of arms shipments to Hezbollah.

"Hezbollah attacked Israel, Hezbollah started the crisis, and Hezbollah suffered a defeat in this crisis," the president said. "The reason why is . . . there's going to be a new power in the south of Lebanon, and that's going to be a Lebanese force with a robust international force to help them seize control of the country."

Bush called the U.N. cease-fire resolution "an important step forward that will help bring an end to the violence."

"We certainly hope the cease-fire holds," he said. "Lebanon can't be a strong democracy when there is a state within a state, and that's Hezbollah."

Back in Washington after a 10-day stay at his Texas ranch, Bush traveled to the Pentagon yesterday morning to meet with senior advisers, including Defense Secretary Donald H. Rumsfeld, Vice President Cheney and others. He had lunch with a group of Iraq experts, some of whom have been critical of him in the past. Later, he received another briefing at the State Department before making his remarks.

"We live in troubled times, but I'm confident in our capacity to not only protect the homeland but in our capacity to leave behind a better world," Bush said before his session at the Pentagon.

While at the State Department, Bush received three briefings from top officials including undersecretaries Karen Hughes and Robert Joseph. The first covered terrorism, counterproliferation and publication diplomacy; the second briefing concerned Secretary of State Condoleezza Rice's overhaul of foreign assistance and diplomatic assignments; and the third focused on the situation in the Middle East, spokesman Sean McCormack said.

Bush emerged from the day of consultations seemingly as committed as ever to his view that the war in Iraq, the conflict in Lebanon and the battle against the terrorist ideology embodied by al-Qaeda are one and the same. The antidote to that, he said, is the spread of liberty.

"History is clear: The freedom agenda did not create the terrorists or their ideology," he said. "But the freedom agenda will help defeat them both."

Hezbollah Was Defeated, Bush Says (WT)

By Joseph Curl

The Washington Times, August 15, 2006

President Bush said yesterday that Hezbollah guerrillas in Lebanon had suffered a defeat in their monthlong war with Israel, and he again lashed out at Syria and Iran for sponsoring the terrorist group.

Mr. Bush was emphatic about whom he held responsible for the war, which prompted the U.N. Security Council to pass a cease-fire resolution Friday.

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"Hezbollah attacked Israel, Hezbollah started the crisis, and Hezbollah suffered a defeat in this crisis," he said, just hours after the shaky cease-fire took effect. "This was Hezbollah's activities, this was Hezbollah's choice to make."

As Israeli Prime Minister Ehud Olmert said the strategic balance in the region was transformed by the war and Hezbollah leader Sheik Hassan Nasrallah said his guerrillas achieved a "strategic, historic victory," Mr. Bush called the cease-fire resolution "an important step forward that will help bring an end to the violence."

The president also said responsibility "for the suffering of the Lebanese people also lies with Hezbollah's state sponsors, Iran and Syria." The fighting left nearly 1,000 people dead, most of them Lebanese.

"The regime in Iran provides Hezbollah with financial support, weapons and training. Iran has made clear that it seeks the destruction of Israel. We can only imagine how much more dangerous this conflict would be if Iran had the nuclear weapon it seeks," Mr. Bush said.

"Hezbollah has been emboldened because of its state sponsors. I know they claim they didn't have anything to do with it, but sophisticated weaponry ended up in the hands of Hezbollah fighters, and many assume and many believe that that weaponry came from Iran through Syria."

The president also said that the conflict in Lebanon "is part of a broader struggle between freedom and terror that is unfolding across the region."

Criticized for allowing the war to continue as he demanded a long-term solution, Mr. Bush said the U.N. resolution that calls for a cessation of violence was worth the wait. "We certainly hope the cease-fire holds. ... Lebanon can't be a strong democracy when there is a state within a state, and that's Hezbollah."

He also said Israel retains the right to self-defense, notwithstanding the resolution.

"We don't advise Israel on its military options," Mr. Bush said. "As far as I'm concerned, if somebody shoots at an Israeli soldier ... Israel has a right to defend herself."

With Congress set to debate Bush administration efforts to secure Americans, including detention of terrorists and monitoring terror suspects' bank records and phone calls, Mr. Bush said he wants to ensure that the "people who are trying to disrupt terrorist cells in the United States have the tools necessary to do so within the Constitution of the United States."

"There's still a war on terror going on, and there's still individuals that would like to kill innocent Americans to achieve political objectives. That's the lesson. And the lesson for those of us in Washington, D.C., is to set aside politics and give our people the tools necessary to protect the American people," he said.

Bush Declares Hezbollah Defeated (LAT)

By Johanna Neuman And Peter Wallsten

The Los Angeles Times, August 15, 2006

President Bush today said Hezbollah suffered "a defeat" in its monthlong war against Israel.

"Hezbollah started the crisis, and Hezbollah suffered a defeat in this crisis," Bush said after meeting at the State Department with Secretary of State Condoleezza Rice and her foreign policy team.

Conceding that the terrorist group has "a fantastic propaganda machine," Bush said Hezbollah lost because a still-forming international force will become "the new power" in southern Lebanon, and the international community will work to seal off the Syrian border that allows Hezbollah to be resupplied.

Bush, who met earlier in the day at the Pentagon with Defense Secretary Donald Rumsfeld and his senior leaders, said the crisis in Lebanon gave the world a chance to see "what it means to confront terrorists…. It's a hard fight, it requires different tactics, solid will."

Calling the struggle against terrorism "the challenge of the 21st century," Bush said, "You got to have hope that ultimately freedom will prevail."

In a not-so-subtle chiding of the United Nations, Bush said that "none of this would have happened" if a previous resolution, 1559, "had been fully implemented." But he said the new U.N. cease-fire resolution was "an important step forward that will help bring an end to the violence."

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Bush said several times that Hezbollah started the conflict with an unprovoked attack on Israel, without the Lebanese government's knowledge.

"Lebanon can't be a strong democracy when there is a state within a state and that's Hezbollah," he said.

Today's meetings were the first of several he plans this week with key policy teams. He was scheduled to meet Tuesday with experts at the National Counter-Terrorism Center in McLean, Va., and Friday he plans a summit with economic advisors at Camp David.

In past years, Bush held meetings in August at his ranch near Crawford, Texas. But this year, with wars dominating the news in Lebanon and Iraq, he returned earlier to Washington.

U.S. Touts Mideast Cease-fire Prospects (AP-Y)

By Barry Schweid, Ap Diplomatic Writer

AP, August 15, 2006

The U.N.-declared cease-fire in Lebanon, if fully implemented, would be a strategic setback for Iran and Syria because it would strengthen democracy in Lebanon and stabilize the border with Israel, the State Department said Monday.

"You will not have Hezbollah roaming freely in the south of Lebanon," spokesman Sean McCormack said. "Iran and Syria will not have had the ability to rearm Hezbollah."

The militia, designated as a terrorist group by the department, have fought for 34 days with Israel. The guerrillas used rockets and other weapons provided by Iran and, according to U.S. and Israeli officials, channeled through Syria.

The U.N. resolution sets the stage for 15,000 Lebanese troops and 15,000 foreign troops to be deployed in southern Lebanon, the main staging area for decades for Hezbollah cross-border attacks on Israel.

Two years ago, the U.N. Security Council required Hezbollah to disarm, and that principle is carried over by the new resolution approved unanimously last week. McCormack said when the two resolutions are implemented "that would represent a setback for Hezbollah."

Estimates vary as to how long it might take to assemble an international force and deploy it in Lebanon.

"I would hope that very quickly we would see countries coming forward and saying that they will participate in the force," the spokesman said.

McCormack said France was likely to play a leading role.

As for the international force, he said, "What we have is the version of UNIFIL (United Nations Interim Force in Lebanon) with an 'S' on its chest as opposed to the Clark Kent version of UNIFIL."

In the meantime, Israeli Defense Minister Amir Peretz said Sunday, "There is no situation in which Hezbollah fires at (Israeli) forces that we will not retaliate."

Backing that position, McCormack said, "There is nothing in this resolution that calls upon Israel to abrogate its rights to self-defense."

Private groups that monitor Middle East developments were cautious in their assessments.

Provisions of the resolution are "likely to be realized in part, but none in its entirety," said Geoff Porter, an analyst with the Eurasia group, a consulting firm that advises the U.S. and Japanese governments as well as corporations.

Hezbollah, Lebanese and Israeli positions "will probably conspire to scuttle" the resolution, he said.

Mark Rosenblum, founder of Americans for Peace Now, a dovish Zionist organization, said, "We think that this is a necessary and potentially important piece of paper."

"But the hard work in establishing peace on the ground has just begun, particularly for the Bush administration," Rosenblum said.

Lebanese Go Home As Fragile Truce Holds (FT)

By Sharmila Devi And Roula Khalaf

Financial Times, August 15, 2006

Lebanon's displaced Shia population streamed back to their destroyed homes in the south on Monday – encouraged by pledges of reconstruction help and financial aid from Hizbollah – as a fragile truce took hold.

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Both Israel and Hizbollah largely abided by the United Nations-demanded ceasefire and the two sides sought to claim achievements from the conflict.

Sayyed Hassan Nasrallah, head of the Shia movement, told supporters in a televised address that Lebanon had achieved a "strategic and historic victory" in a type of war in which big Arab armies had been defeated.

Ehud Olmert, Israeli prime minister, also tried to put a positive gloss on Israel's offensive, despite its failure to deal a decisive blow to Hizbollah. He said the region's strategic balance had shifted and most Hizbollah weapons had been destroyed.

On Monday night President George W. Bush said Hizbollah had suffered a defeat at the hands of Israel, in what was a wider struggle between freedom and terror.

Underlining the vulnerability of the truce – which came into force at 0500 GMT – Mr Olmert insisted Israel had the right to strike back at Hizbollah in the future. "We will pursue them everywhere and at all times," he said. "We have no intention of asking anyone's permission."

Israeli soldiers killed six Hizbollah fighters in southern Lebanon soon after the "cessation of hostilities".

Mr Nasrallah highlighted his group's determination to maintain a strong presence in the south. Defying Israeli warnings that civilians should stay out of a 20km border zone south of the Litani river, he said Hizbollah, which has a construction company, would move as early as Tuesday to rebuild damaged houses.

He said the group would provide one year's rent and the cost of furniture for families whose houses had been destroyed.

The 20km area – now partly occupied by Israeli troops – is expected to be handed over to the Lebanese army and an international force, according to the UN resolution agreed last week.

Mr Nasrallah criticised Lebanese politicians for discussing the group's disarmament, saying it was an insult to the sacrifices of Lebanon's Shia. But he stopped short of rejecting UN demands for Hizbollah to move fighters north of the Litani.

Israel's political and military elite also prepared for a showdown over the conflict. Mr Olmert said he took sole responsibility and promised to do all he could to win the return of two soldiers seized by Hizbollah on July 12 – triggering the offensive.

An Israeli inquiry into the offensive is expected. Benjamin Netanyahu, opposition Likud party leader, criticised the government's conduct, having shown broad support previously.

"It must be said honestly there were many failures," Mr Netanyahu told Israel's parliament.

Olmert Accepts Blame For Operation's 'Failings' (WP)

By Molly Moore

The Washington Post, August 15, 2006

JERUSALEM, Aug. 14 -- Prime Minister Ehud Olmert on Monday acknowledged mistakes in the war against Hezbollah as the Israeli government confronted widespread criticism and political recriminations over the conflict.

"There have been failings and shortcomings," Olmert, with deep circles under his eyes and a haggard look on his face, told a special session of the Israeli parliament. "We need to examine ourselves in all aspects and all areas. We will not sweep anything under the table, we will not hide anything. We must ensure that next time things will be done better."

Defense Minister Amir Peretz announced he would "conduct a deep and wide investigation on all that occurred before the war erupted and through its duration."

The statements came as Binyamin Netanyahu, an opposition leader and former prime minister, described a "national soul-searching" over risks "threatening our very existence."

Olmert and other political and military leaders have been criticized in the news media and by political analysts as Israelis attempt to grapple with the perception that their military, the most advanced in the Middle East, has been losing a war to guerrilla fighters.

On Monday, Yaron Ezrahi, a Hebrew University professor and one of the country's leading political analysts, echoed Netanyahu's assessment, saying, "There's a collective soul-searching in the army, in the government and in other parts of society."

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The anguish, disappointment and confusion are widespread among soldiers who believe their leadership sent them to war unprepared, among residents of northern Israel who say their government abandoned its most vulnerable citizens, and among a public that believes its prime minister has left them open to future attack by agreeing to a cease-fire many think is not permanent.

First Sgt. Dima Gurevich, a 22-year-old reserve soldier in a tank unit, returned from southern Lebanon this weekend feeling anything but victorious after coming under attack by Hezbollah fighters.

"I do not think I was properly prepared and trained for this operation," he said from his bed in the hospital where he was being treated for cuts. "We did not have a good assessment of their capabilities. Tanks and armored personnel vehicles are being hammered by their antitank missiles. It's unconceivable that soldiers are being sent to battle in Lebanon not knowing what to expect."

His sentiment was shared by other soldiers and by Israeli civilians who have commented on the issue in scores of interviews since the war began. Israeli news accounts have published similar appraisals.

"Reservists: Why should we volunteer to be cannon fodder?" read a headline in the daily newspaper Haaretz.

When Maj. Gen. Avi Mizrahi, the head of the Israeli military's logistics branch, was asked Monday about the complaints of many soldiers that they did not have enough food to eat during the combat operations, he told Israel's Army Radio: "If our fighters deep in Lebanese territory are left without food or water, I believe they can break into local Lebanese stores to solve that problem."

Some residents of northern Israel were as bitter toward the government as soldiers were toward the military. Many of those who emerged from their bunkers for the first time in days or returned home for the first time in weeks accused the government of abandoning the poor, infirm and disabled under a rain of rocket barrages. They said residents with money or relatives elsewhere in the country escaped.

Yossi Sulimani, 49, owner of a mini-market in the battered northern Israeli town of Kiryat Shemona, was one of the first residents to return Monday morning after the cease-fire.

"We evacuated on our own," Sulimani said in describing four weeks of moving between relatives' houses and hostels in central Israel. "Those who did not posses the financial means to evacuate were neglected by the municipality and the government and stayed in the city during the whole war."

Olmert said he accepted the anger and disappointment.

"The responsibility for this operation lies with me," the prime minister said during his address before the Knesset, the Israeli parliament. "I am not asking to share this responsibility with anyone whatsoever.

"We have suffered very painful blows, both on the home front and the front lines in the field," he continued. "We did not deceive anyone, we did not delude anyone. We said there will be missiles coming in and we will pay a very dear price.

"I see and hear those voices," he said. "They say they're dissatisfied, they're disappointed, expectations haven't been met. I say to them and to everybody, 'My friends, be patient, be patient.' Our fight against terrorism didn't start yesterday. It's a long, hard, arduous fight."

Speaking to a domestic audience skeptical of his decision to accept a cease-fire -- one that ended most of the fighting a day after Hezbollah sent one of its heaviest rocket barrages of the war across the border -- Olmert insisted that the military "has struck a major blow to this murderous organization."

He added, however, "The extent is not known."

Netanyahu, who followed Olmert at the podium, was more blunt.

"We were asleep, and we heard the alarm bells," he said of much of the criticism.

"There were many, many shortcomings in terms of identifying the threat, in terms of preparing to deal with this threat, in terms of running and conducting the war, in terms of dealing with the home front," Netanyahu said. "Certainly, without doubt, we will subsequently have to draw lessons and set the shortcomings right."

Hezbollah Fighters Limp Out Into The Light, Yet Manage A Bit Of A Swagger (NYT)

By Sabrina Tavernise

The New York Times, August 15, 2006

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KHIAM, Lebanon, Aug. 14 — For weeks, Israeli tanks, artillery and airplanes pummeled this mountain village, Hezbollah's easternmost base, less than a mile from the Israeli border. For weeks, the fighters remained.

Evidence of the fight is torn into the asphalt, punched into roofs, scraped across building facades and hanging from windows without glass. It is also visible in the trunk of a car (Kalashnikovs and beef luncheon meat) and in the buildings (rocket-propelled grenades).

When the thunder of the bombs stopped in this southern Lebanese town on Monday morning, the fighters emerged from shrapnel-spattered buildings, moving with the confidence of men who felt they had won.

Sometimes they bragged.

"It was a small group, but we defeated America and Israel, both of them," said a man driving a beat-up BMW and holding a walkie-talkie who identified himself as Abu Haidar.

But mostly they were quiet, smiling and embracing one another, evacuating their wounded, their footsteps crunching in the glass and crumbled concrete.

"I'm safe; tell everyone that I'm O.K.," said a man whose face was a spider web of new scabs and whose head was partly shaved. "I have to go now," he said, as fellow fighters eased him onto a stretcher.

But it was the Shiites returning to their homes, trickling into town as the day wore on, who made clear that this war had taken the hearts of the Shiite majority in this part of the country, at least for now.

"Do you know why we're happy?" asked Hassan Suhed, a Khiam resident standing near a Hezbollah fighter and several dangling power lines. "We're born anew."

Ahmed Abdullah, a 31-year-old shop owner who drove for two hours to survey the damage, waved a cellphone toward his apartment, now missing part of a wall.

"You see all of this?" he said, smiling. "We don't care."

He added that he wished all of his countrymen had "protected us, but we see only Hezbollah."

Whatever the cost for Hezbollah to hold this mountain village day after day of Israeli bombing and shelling — the group does not disclose its losses — the fight is widely regarded as a turning point by this country's Shiite south and more broadly by the Arab world, which watched in fascination as the organized militia stood its ground against Israel.

And so it went across southern Lebanon on Monday, where fighters, ragged from days underground, took advantage of the first day of a cease-fire to come into the light, talk with one another and begin to plan for what comes next.

In Khiam, they devoured Snickers bars, surveyed the badly damaged downtown, fixed flat tires and answered constantly ringing cellphones.

In typical secrecy, the fighters did not disclose how or where they fought. Two wounded men were evacuated around 11 a.m. One of them covered his face to hide it from journalists. Voices came from a house on a street blanketed in broken cinderblocks. They shouted "Go!'' when journalists approached.

Some agreed to speak, though none gave their names. A 35-year-old father of two, who entered the Hezbollah ranks after college, said the fiercest battle happened last Thursday, the morning after the Israelis pushed into Merj 'Uyun, a neighboring town that is predominantly Christian.

The Israeli military never said whether it was trying to occupy Khiam, though the pattern of its movements in southern Lebanon suggested that it might never have intended to. Ground forces moved into areas where there was heavy Hezbollah rocket fire. In most cases, the troops did not seek to take full control of the towns, but merely to surround them.

That appeared to be the case in Khiam, a small town high on a mountain that overlooks a plain where the Israeli forces entered Lebanon. Standing under a partly collapsed building near two crumpled cars, a discarded grenade launcher and several windshield wipers, the fighter told of how his comrades shot at Israeli tanks during their advance. They put up such a fight that it took the Israelis several days to remove them, and even then, only under the cover of a smoke screen, he said.

"The guys were waiting up there at dawn," he said. "They hit two tanks. They had to leave them. They couldn't withdraw them.

"It was an intense battle."

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No fighter would say how many were in Khiam during the past month. A member of another Shiite militia, the Amal movement, which supported Hezbollah during the fighting, put the number at 800. A local resident, a beekeeper named Belal Ali Salih, who had been in town throughout the fighting, said the number was closer to 300. It was impossible to verify either number.

The town was not only cut off but paralyzed. Mr. Salih said he could not check on his bees, a couple of miles away, or even get a look at his household goods store in the center of town.

His beard was bushy, the result of many weeks of not shaving. As he spoke, a large torn sheet of metal flapped in the wind, banging an odd rhythm. A cat mewed from inside a building. Two men carrying bottles of water picked their way through the rubble.

Despite the all the troubles, wounded fighters were removed from the town every four or five days, he said.

The 35-year-old fighter said Hezbollah was organized and able to direct its operations efficiently, which set it apart from other militia groups. Just hours after the cease-fire began, a large bulldozer had already cleared a wide swath through the wreckage of concrete and sheet metal. Stacks of rocket-propelled grenades were piled in a house.

Another fighter, a man whom others seemed to gravitate toward, and would not give his name, said they ate ordinary food while holed up during the war, and even slaughtered a goat.

But the planes and watchful drones, which struck powerful blows into towns and cities, were the talk of the residents in town. “Atari,” said a man with one damaged eye, who identified himself as Abu Ali. He was referring to the video-game maker. “Planes, artillery, tanks.”

One man — identified as a military planner by another fighter — wore a black polyester Izod shirt, black jeans and white sneakers as he changed a flat tire on a beat-up Mercedes, his trunk open to reveal lunchmeat and five Kalashnikovs in a black plastic trash bag.

“Don’t bother me with talk right now,” he said, walking over the crumbled cement.

Signs of support for Hezbollah were everywhere. On a small side street, without much damage, a Hezbollah poster board stood propped against an open door. “Lebanon is victorious with its martyrs,” it said in bold print.

“We’re defending our dignity; we’re defending our land,” said a man wearing round tinted glasses and a plaid button-down shirt.

A man who identified himself as Abu Hassan, standing with a group of men at the center of town late in the afternoon, said his house, his parents’ house, and his brother’s house had all been destroyed.

“We’re ready to give up a lot more houses to preserve our dignity,” he said.

Hezbollah Fighters Emerge From The Rubble (WP)

By Anthony Shadid

The Washington Post, August 15, 2006

KHIAM, Lebanon, Aug. 14 -- A little after dawn Monday, the shells crashed every few seconds. The last fell at 7:56 a.m. Then they stopped, as suddenly as they had begun 33 days before. And into the streets of this Shiite Muslim town, where electricity wires laced through rubble and a tree branch sprawled across the hood of a green BMW, the fighters emerged, bathed in a cool mountain breeze.

There was no gunfire in the air, no chants, no jubilant displays of celebration. There were, rather, the satisfied expressions of survival. Men embraced, kissing each other's cheeks, some emerging into sunlight for the first time in weeks. Cellphones, in almost everyone's hand, rang with queries of others' whereabouts, the fate of houses and the reality of a cease-fire that still seemed fragile. They smiled. "Thank God for your safety" was the refrain.

And Hussein Kalash, burly, hard and confident, offered three words that defined the war for Khiam's defenders, the Hezbollah fighters.

"We're still here," he said.

The war ended Monday -- at least for now -- in Khiam, a hilltop town perched within eyesight of the Israeli border. But the fighters began weaving the narratives even before a bulldozer threw up dust as it cleared rubble from the town's tattered streets,

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where hardly a building was untouched. They were myths of resistance -- of tanks repulsed across the fertile plain that frames the town; of surviving on chocolate and water for two weeks along the town's front line; of faith serving as their greatest weapon.

In an undecided war, perception becomes paramount, and the gaggles of fighters Monday, some with drawn faces, others with a look of contentment, walked like victors through a town that was gouged, cratered and pockmarked but, they said, still theirs.

"They couldn't enter," said Abu Abboud, wearing a jersey that read "Narkotic" and khaki military-style pants.

He sat on a short staircase, rubble skirting the building, its facade torn by shelling. Its red and yellow steel gates were tossed in the street like crumpled pieces of paper. A cat tentatively crawled through the wreckage, as Israeli aircraft sounded overhead. He greeted another fighter, in military-style pants and black hiking boots, black prayer beads hung around his neck.

"Either we live with dignity and strength or death is better," he said.Conveying the Wounded

Two ambulances arrived on the outskirts of Khiam at 10:10 a.m., past charred, terraced fields. They were met by a man named Abu Heidar, dressed in khakis. He had a cigarette in one hand. In the other was his cellphone, and he pleaded for help.

"It's closed," he shouted, staring at the road. "What about the way near the house next to your friend?"

Concrete was sprayed on the ground before the ambulances, some pieces the size of glass shards, others like boulders.

Abu Heidar turned to the ambulance driver, pointing to the wounded fighters in the town.

"You need to get up there," he told him, taking the phone away from his ear.

The driver's face was tense and tired. "I know the way, but it's blocked," he answered. "What can we do?"

The ambulances plowed ahead, and turned back. They lurched forward, then returned. One Red Cross volunteer heaved rocks from the road himself, helped by Abu Heidar, and they tentatively crept forward to a street near the May Salon for Women, where a purple veil was still draped on the head of a mannequin. On one wall was a poster: "Israel is an absolute evil." Cologne worn by one of the fighters gave off a faint scent. In the floors above, window frames were torn from balconies, their curtains fluttering in the breeze.

Three fighters carried out the first of the wounded, an elderly woman with a stare so blank it seemed lifeless. Flies gathered unnoticed on her still body. The fighters clambered across the rubble and past a few unspent bullets, pieces of shrapnel the size of a fist, a charred bed spring and the twisted fender of a vehicle. Before them was a blackened car that looked like a tin can ripped open.

A wounded fighter followed. His head was bandaged, and an IV was hooked to his arm.

"Just a minute," one of the fighters told the Red Cross volunteer. The fighter pointed to where he was hurt, and they carefully hoisted him onto another stretcher. He gripped his wallet across his chest. "Little by little," one of the fighters said.

Another fighter followed, gingerly walking in black sandals. His head was bandaged, as well as his right arm and left hand, where an IV was connected. His face was sprinkled with scabs. As he approached the ambulance, he gave Kalash a number to call.

"I'm safe," he said into the phone. "Tell everyone there. There's no time now, they want to take me, but I'll call you later."

By noon, about 20 men had emerged on the sidewalk. Some had walkie-talkies, the communication of choice for Hezbollah guerrillas. Many wore civilian shirts over military-style pants. A few had sneakers, others hiking boots. After weeks of staying away from cellphones, fearing the Israeli military might pinpoint the calls, they chatted aimlessly: whether they would be sent elsewhere in southern Lebanon, who was where, who was hurt.

"Everything's okay, it's okay, I just saw him," one called out.

Estimates of the number of fighters ran into the hundreds in Khiam, a town once best known for an Israeli-run prison that Hezbollah turned into a museum after the 18-year Israeli occupation of the south ended in 2000. After this war started, Israeli aircraft destroyed it.A War of Perceptions

A few of the fighters were exuberant, filled with bravado from a battle they clearly believed they had won.

"We don't want it to end," Kalash said. He pointed toward the Israeli border. "We want to keep going, all the way inside."

More common among the fighters was the subdued demeanor of Abu Khafif, the heavyset, bearded commander, who drove through the town square in a black Mercedes, the rim of a flat tire on the car creaking across the street. Its windshield was cracked like a spider web, and a rifle sat in the front seat.

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In black pants, a black Izod shirt and white Fila tennis shoes, he was friendly, smiling as he asked another fighter to change the tire. A black plastic bag with five AK-47 assault rifles sat next to the spare tire, and he casually stocked the trunk with canned luncheon meat and a 10-liter bottle of water. He was confident, grinning at questions. But he was professional, leery of saying anything too revealing.

"Are you going to bother me with talk?" he asked. "I'm not a spokesman, I'm a fighter."

There was a word repeated time and again Monday in Khiam, by both fighters and the residents who chose to stay through the war. It was karama , or dignity. In the speeches of Arab leaders, ridden with clichÃ©s that often provided the rhetorical buttress of authoritarian regimes, it had come to lose much of its meaning. But in Khiam, it was uttered so often, so fervently, that it felt different.

"This is our land," said Bilal Ali Saleh, a 42-year-old beekeeper. "Can we leave our land? Would you leave your land?"

He looked out at the street, where two men carried bundles of bottled water. He glided his hand across his black beard, peppered with gray, grown because, he said, no barber had opened since the war started. And he spoke softly, almost matter-of-factly.

"I remember that the Arab armies in 1967 were defeated in a few days. The Israelis advanced across hundreds of kilometers of land. From what you see here in the south, from what you hear on the radio, they advanced seven kilometers in 33 days, and they couldn't go any further," Saleh said. "Is that not a victory? Do you consider it a legend or not?

"My view, my sense of this, is that no one who comes from their land and is attached to it can ever be defeated," he added. "It is the land of their fathers, it is the land of their grandfathers."

Saleh had stayed the entire time in Khiam. He hadn't tended to his bees, which he kept a few miles outside town. "You think I could go there?" he asked. His store selling household goods was destroyed. He had sent his wife, two sons and three daughters to Beirut. And he weathered the Israeli shelling in Khiam, munitions falling so often that he said it felt like bubbles bursting in boiling water.

"It wasn't less than 20,000 shells that fell here, that's my impression," he said.Waiting for the Raid

After the shelling started, fighters from Hezbollah and another Shiite movement, Amal, waited for what they feared would be an Israeli commando raid. They said shopkeepers had left their keys to provide food -- tuna, luncheon meat and rice. They slaughtered goats, but slept little. Much of it was a test of endurance; for the first three weeks, no Israeli troops approached the town.

But on Wednesday, after dark, fighters said, two Israeli tank columns approached, one heading toward the Christian town of Marjayoun, another into the plain below Khiam, interspersed with cedars and olive trees. Residents said fighters took cover in a school and in several houses that were already destroyed down the hill. Amal fighters had lighter weapons, one fighter said; Hezbollah's far more numerous militiamen had the heavier armaments to use against tanks. By Thursday morning, fighting had erupted.

A 35-year-old fighter said they destroyed two tanks in the morning, then struck again when the Israelis tried to withdraw the equipment the next day. He said they struck other tanks and armored vehicles before the cease-fire went into effect Monday -- a dozen, perhaps more. The fighters believed Israeli troops were trying to enter the city, although there was no indication of that. Other fighters said the militiamen manning the lower hills of Khiam survived on candy bars and water, too wary to move elsewhere for food.

But even Monday, after the guns fell silent, secrecy prevailed.

At one house where men were gathered, shouts of "Go! Go!" greeted approaching people. To any question on strategy, the 35-year-old fighter demurred. As for his name, he shook his head. On Hezbollah's own losses, he declined to answer.

The fighter -- who described himself as a 20-year veteran, recruited while still in high school -- stood in a gutted, unfinished house. An incinerated rocket-propelled grenade launcher was next to him, beside a barely recognizable carcass of a car.

"The Israelis said this was a battle for life and death, but with everything they had, they couldn't defeat us," he said.

By afternoon, fighters mingled with residents in festive scenes dissonant with the destruction around them. They drew on references to the Shiite faith, whose narrative intersects with Hezbollah's Lebanese and Arab nationalism. Nearby, a poster of two militiamen read, "Lebanon is victorious with its martyrs." A passenger in one passing car flashed a V-for-victory sign.

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A bulldozer barreled down the streets, sweeping chunks of concrete, clods of asphalt and Coke bottles to the side. It worked quickly and recklessly; at one point, it knocked down the rest of the wall of a collapsed house. Cars began plying the streets again, and people returned to the streets, some sitting in the sidewalks near the Abu Abbas market, whose windows were shattered.

"Money comes and goes. This is all money," said Hassan Sweid, a 37-year-old resident, his eyes darting around the block. "We're still here, we still have our lives, we still have our land. If this is the sacrifice for dignity, this is nothing."

Reservists Unhappy With War's Outcome (WT)

By Marius Schattner

The Washington Times, August 15, 2006

AVIVIM, Israel -- Fatigue etched on their faces, Israeli reservists resting yesterday after a foray into Lebanon made no secret of their joy to be back -- or of their frustration at the outcome of the war.

"We have all had enough of the war, but we know we have to do it," said 27-year-old Lt. Becky Malakov, who had just returned from a week in combat with a motorized infantry division in southern Lebanon.

"When we were on the front, we didn't realize how mixed Israeli opinion was on the handling of the war, and that was better for us," he added, as a fragile cease-fire brokered by the United Nations took hold.

Lt. Malakov served in Lebanon eight years ago as a regular soldier during the Israeli occupation of the southern border area and has no good memories of that experience.

"I hoped to never go back. But today it's different. We are fighting to defend our homeland, and the soldiers are very motivated," he said.

The problem, he added, was that the enemy was "no less motivated and has prepared for a long time for a conflict on a terrain which is familiar to them."

Another soldier was even more direct. "Hezbollah taught us a harsh lesson -- 20,000 of our men failed in one month to overcome their 2,000 [men]," he said.

"All that we have done during a week is to hold a building in a sector of southern Lebanon, and even that cost us four dead in the battalion."

Like other reservists, this soldier, who declined to be named, is not opposed to the war but would prefer to leave it to active personnel.

Many seemed to have a feeling of unfinished business after the Israeli offensive failed to silence the Hezbollah rockets.

"It's a shame that it ended like that, with a half-victory," said reservist Dror Bar Levav, who would have liked the army to have "finished once and for all with Hezbollah."

The hardest thing of all, said the soldiers -- many of them fathers, is the uncertainty.

The rumor is that their unit will be demobilized, but for now they are camped at the border, on alert to return to Lebanon at any moment if needed to join Israeli troops still deployed there.

The troops, who camp in a fairly relaxed yet serious atmosphere typical of reserve units, are recovering their strength and replenishing their equipment.

A similar mood prevailed among crew members recuperating by their Merkava tank at the border in western Israel.

"It was tough because Hezbollah fights well," said one reservist, who thinks the massive use of tanks in a mountainous region was a mistake, given the deadly efficacy of Russian anti-tank missiles.

"We didn't get out of it very well, and it's maybe only putting off [fighting Hezbollah] until later, but we didn't have a choice," he said as scores of tanks roared up the road to the border to collect returning troops.

An estimated 119 of their fellow soldiers won't be returning home alive, having died in clashes with Hezbollah since the start of the conflict on July 12 after the Shi'ite militant group kidnapped two Israeli soldiers in cross-border raids.

A Defiant Hezbollah Rises From The Rubble (LAT)

By Megan K. Stack

The Los Angeles Times, August 15, 2006

BEIRUT — Hezbollah's urban nerve center is a shattered shell. Its most loyal followers trudged homeward to a heartland laid to waste. And yet the Shiite organization lighted up the night sky with fireworks Monday and declared itself triumphant over Israel.

Israel meant to break Hezbollah with its monthlong offensive, but instead the militant organization has been strengthened politically in Lebanon, analysts say. The movement has a fresh boost of popularity, at least for now, and a renewed sense that it is entitled to keep its armed militia outside the control of the Lebanese army, they say.

Hezbollah's newfound clout has come at a staggering cost to Lebanon's infrastructure, economy and civilians, hundreds of whom died under the rubble of Israeli bombs. The fragile central government, which the U.S. administration strove to present as an example of democracy taking root in the Arab world, also has suffered from the month of fighting.

"The reality is, they have weakened the government significantly," said Charles Ayoub, editor of Ad Diyar newspaper. "What room do [officials] have to maneuver? If Nasrallah says he won't give up the weapons, what are they going to do?"

The U.N. resolution that paved the way for the truce calls for Hezbollah's disarmament. So, for that matter, does an earlier, long-ignored resolution. But the terms for giving up the weaponry are vague. And as a prominent party in the Lebanese government, Hezbollah will have a hand in deciding how and whether the language translates into fact.

If anything, analysts say, the war has worsened Lebanon's underlying instability, bolstering Hezbollah at the expense of more moderate, secular figures in government.

"Most of the government really thought that Hezbollah could be trimmed by the Israelis, and that would give them less of a problem," said Judith Palmer Harik, a Hezbollah expert. "But it didn't work out that way, and now there's nothing they can do, in my opinion, to get Hezbollah away from doing what it wants.

"This is a victorious group. Do they want to be disarmed at this point?" Harik said. "That is such a nonstarter."

Back in Washington, President Bush strove Monday to undercut Hezbollah's boasting by portraying the organization as the losers.

"Hezbollah, of course, has got a fantastic propaganda machine, and they're claiming victories," Bush said. "But how can you claim victory when, at one time, you were a state within a state, safe within southern Lebanon, and now you're going to be replaced by a Lebanese army and an international force?"

But even the anticipated deployment of 15,000 Lebanese and 15,000 international troops won't necessarily drive Hezbollah's militia from the southern borderlands. Many analysts believe the Lebanese army is more likely to fight shoulder-to-shoulder with Hezbollah than to shut it down. Foreign troops are no novelty, either — the militia was founded and flourished under Israeli occupation and amid international observer forces and is deeply rooted in the civilian population of the southern towns and villages.

Before the war erupted in mid-July, Hezbollah representatives had agreed to participate in national negotiations about disarmament.

Even then few analysts put much stock in the notion that the guerrillas would voluntarily lay aside their guns. Nevertheless, the fact that the powerful organization agreed to talk about its weapons was taken as a sign that Hezbollah sensed it had to compromise with domestic critics of its militia.

Not so now.

It is unclear what remains of Hezbollah's arsenal. But the group made it plain Monday that the sacrifice of its weapons was off the table for the time being. Nasrallah scoffed at the idea that the "resistance" should lay down its guns in order to build a strong Lebanon. It should be the other way around, he argued.

"First you have to build a strong, capable, just and secure country for all Lebanese, so that you can tell the people, 'We can protect your dignity and honor, and there is no need for the weapons of the resistance,' " he said.

Ibrahim Moussawi, foreign news director at Hezbollah's Al Manar television station, was even more blunt.

"Hezbollah will not give up its weapons. This is a red line. The Israelis couldn't do it, so nobody can," Moussawi said.

"There is no army that can disarm Hezbollah. These 14 of March idiots can't do it," Moussawi said, referring to the bloc of Lebanese politicians who led the charge that ended Syrian dominance here last year and who then turned their attention to Hezbollah's weapons.

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Asked what effect Hezbollah's hardened determination to keep its guns could have on Lebanon's ever-shaky national unity, Moussawi responded angrily.

"Hezbollah is not going to be asked about national unity while they're giving their blood to defend the country," Moussawi said. "Hezbollah has to ask them about national unity. They are not in the place to ask about it. How do you ask if you don't defend your country?"

Hezbollah's claims of victory are a reminder that Lebanon remains a fundamentally unstable state. This country shredded itself to pieces in a 15-year civil war, then stood by as its politics were buried under the smothering blanket of de facto Syrian occupation for more than a decade.

A little more than a year after disentangling itself from Syrian domination, Lebanon is still hobbling along under the leadership of a fractious and fledgling government. Aside from Hezbollah, its only military power is a feeble army widely deemed incapable of defending this small Mediterranean nation.

The perennial problems that Hezbollah has long used to justify keeping its weapons also remain untouched.

The dispute over whether Israeli troops should relinquish their hold on the Shabaa Farms, which is also claimed by Lebanon, has not been resolved. Nor has the fate of Lebanese prisoners being held by Israel — men whose captivity inspired Hezbollah's commandos to steal into Israel and take two soldiers prisoner, provoking the long weeks of war.

The fighting polished Hezbollah's image, both at home and throughout the Muslim world, as its fighters held their own against the storied Israeli army.

Domestic critics have been temporarily silenced, pressured by a wartime atmosphere that encouraged solidarity during the crisis.

In his speech Monday, Nasrallah spoke out harshly against Lebanese who dared to criticize Hezbollah.

"We heard them speak from their air-conditioned offices … while people were watching their houses being demolished," he said. "This is really unethical, and a big mistake."

Meanwhile, Lebanese officials were scrambling to figure out how to fulfill their obligations to the United Nations Security Council resolution that paved the way for the truce.

Hezbollah's objections to disarmament reportedly has split the Cabinet and complicated the next moves.

Those concerns were nothing to Nidal Shaib, a 35-year-old taxi driver and longtime loyalist to the Communist Party who joined his brothers to sweep up the wreckage of a badly damaged building in Beirut's southern suburbs.

Until this war, he said, he respected Nasrallah but didn't support him. Now he celebrates him as the man who made Israelis suffer, Shaib said.

"Now I totally accept him. He's a great leader," he said. "Even greater than Che Guevara."

Deal Reflects Shift In Bush's Expectations (LAT)

By Peter Wallsten

The Los Angeles Times, August 15, 2006

WASHINGTON — For weeks, the Bush administration resisted international pressure for a cease-fire between Israel and Hezbollah, insisting that only disarming the militant group would cure a "root cause" of hostility.

But the truce that took effect Monday left Hezbollah largely intact and outlines no clear path to its disarmament — a far less dramatic conclusion than many in the administration had hoped for when the fighting began last month.

That contrast was evident Monday, as President Bush sought to portray the United Nations deal as a success, calling his administration's efforts with Israel and Lebanon part of a "forward strategy of freedom in the broader Middle East."

But when asked how the resolution would weaken Hezbollah and cut it off from its sponsors in Iran and Syria, the president could make no assurances beyond a sense of optimism.

"Our hope is that this series of resolutions that gets passed gets after the root cause," he said after a meeting at the State Department with Secretary of State Condoleezza Rice.

"We want peace. We're not interested in process. What we want is results."

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The results thus far are likely to be disappointing to Bush policy officials, particularly hard-liners, analysts said. Several called the U.N. resolution a "considerable scaling back" of the administration's aspirations.

"It's been not a failure, but a massive disappointment," said Edward N. Luttwak, who served as a policy advisor to President Reagan and is a senior fellow at the Center for Strategic and International Studies.

"They want to change the world, and they don't want the status quo," said Edward S. Walker Jr., an ambassador to both Israel and Egypt in the 1990s and now an adjunct scholar at the Middle East Institute. "And in this case, they found that there are limits to what you can do to change things."

Many analysts said the U.N. resolution was vague about how Hezbollah would be tamed and how Iran and Syria would be prevented from continuing to send the group weapons, including advanced rockets.

And even though the resolution calls for Hezbollah to leave southern Lebanon, it remained unclear how the group would be stopped from operating north of the Litani River, about 20 miles from the Israeli border.

The administration's scaled-back expectations for the U.N. resolution were reflected in comments by officials who offered words of hope, but not the usual assurances of victory.

White House Press Secretary Tony Snow, for example, deflected questions about whether the U.S. had hoped that Hezbollah terrorists would be defeated, saying only that "disarmament is something that will be the responsibility of the sovereign government of Lebanon, with the assistance of international forces…. But it is not something that's going to happen overnight."

Rice was less firm: When an Israeli radio interviewer asked over the weekend if Hezbollah would still be able to operate, she said only that the Lebanese government "has an obligation to start the disarmament of Hezbollah."

That cautionary language contrasted sharply with earlier messages, delivered when some in the administration thought the Israeli military would cripple Hezbollah before agreeing to a cease-fire. On July 28, Bush predicted confidently that the conflict could be turned into a "moment of opportunity" to tackle root causes of terrorism and stabilize a young democracy in Lebanon.

As fighting slowed Monday, some analysts said that the truce, with its lack of clarity on key points, could turn out to be exactly what Bush said he did not want.

What's more, many agreed that Israel's failure had strengthened the political clout of Hezbollah leader Sheik Hassan Nasrallah.

"I don't think Hezbollah is likely to be disarmed," said Joshua Muravchik, a resident scholar at the American Enterprise Institute who has written extensively about the United Nations, the Middle East and Bush foreign policy. "If I were the national security advisor and the president, I wouldn't have gone for this."

Analysts said the Bush administration's new tone reflected the realization that its sweeping goals did not easily apply to the region — and that the U.S. agenda had begun to stray from that of Israel.

Some in the Bush administration wanted Israel to mount a massive assault from the start to destroy Hezbollah. But the Israelis faced a dicey political question: whether to commit thousands of ground troops when Hezbollah rocket attacks were not causing destruction on a massive scale.

Instead, experts said, the Israelis attempted to inflict as much damage as possible through airstrikes, which also caused many civilian casualties. At the same time, according to Israeli media accounts and a report in Forward, a Jewish newspaper based in New York, Israel had hoped the U.S. would forge high-level contacts with Syria in hopes of reaching Hezbollah. But the high-level contacts never came.

As it became clear in recent days that the Israelis were not going to wipe out Hezbollah, support in the White House shifted from the hard-liners, typically led by Vice President Dick Cheney, to the advocates for more diplomacy.

"Israel's hesitancy kind of took the wind out of the sails of the hard-liners," Muravchik said.

Snow, in an interview, confirmed that some in the administration were hoping that Israel's assault would be more decisive. But he declined to be specific and said it "was not the defined or explicit position of the president or senior counselors."

"There were a lot of people who have said it, some people on the inside," Snow said.

But on Monday, back in Washington after a 10-day working vacation in Texas, Bush faced the prospect of an emboldened Hezbollah — and continued fighting.

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Fragile Cease-Fire Allows Thousands To Return Home (NYT)

By John Kifner

The New York Times, August 15, 2006

BEIRUT, Lebanon, Tuesday, Aug. 15 — Tens, perhaps hundreds, of thousands of Lebanese clogged roads to the south on Monday night as a tense, fragile cease-fire began between Israeli troops and Hezbollah guerrillas.

While the cease-fire largely seemed to be holding, the Israeli Army said early Tuesday that Hezbollah had fired several rockets, possibly Katyushas, late Monday but that all had landed in southern Lebanon. The military said it seemed a possible effort at provocation but that it had not responded.

With mattresses and pieces of furniture strapped to the tops of their cars, the refugees, mainly Shiite Muslims, packed up whatever they had taken with them when they fled and headed home within hours after the 8 a.m. cease-fire, in many cases to find their houses or whole villages leveled in the monthlong Israeli assault.

Many waved red and white flags with the cedar tree of Lebanon or yellow Hezbollah banners and flashed victory signs.

In northern Israel, residents began emerging from bomb shelters on Monday. But residents there appeared more circumspect than the Lebanese about the sturdiness of the cease-fire, and the returnees amounted to only a trickle.

Bursts of gunfire and fireworks sounded over Beirut on Monday night — an almost muted contrast to the bombing of recent days — when Sheik Hassan Nasrallah, the leader of Hezbollah, appeared on television to declare that Hezbollah had won " a strategic and historic victory."

But President Bush, speaking in Washington, responded by asking, "How can you claim victory when at one time you were a state within a state, safe within southern Lebanon, and now you're going to be replaced with a Lebanese army and an international force?"

Mr. Bush, speaking at the State Department, and his advisers sought to portray the cease-fire deal as an affirmation of American foreign policy.

"It took a while to get the resolution done," he said, "But most objective observers would give the United States credit for helping to lead the effort to get a resolution that addressed the root cause of the problem."

The critical question of what, exactly, would happen to Hezbollah's vast stores of rockets, some of them long range, remained a mystery and could derail the cease-fire.

In delicate political maneuvering here, Hezbollah appears to be balking at the Lebanese government's agreement to the United Nations Security Council resolution calling for the Lebanese Army, in conjunction with an international force, to be the only legitimate armed force in southern Lebanon.

The United Nations on Monday took up the task of creating quickly a strong new force to patrol southern Lebanon as called for in the Security Council resolution. Several countries have expressed an interest in joining the force — which would expand from 2,000 members to 15,000 — that is being planned with French assistance.

"The situation on the ground is very complex," said Mohammed Chatah, a Lebanese official working behind the scenes on behalf of Prime Minister Fouad Siniora. A cabinet meeting, scheduled for Monday night to discuss a deployment plan, was postponed while negotiations continued with Nabih Berri, the Shiite speaker of Parliament who has been a go-between with Hezbollah.

The problem was one of political perception, Mr. Chatah said, in that any forced disarmament of Hezbollah — now regarded by many Lebanese as national heroes — would then cast them as losers.

"This is not a disarmament," Mr. Chatah said. "No one expects that. That's what the Lebanese Army is going to do for obvious reasons."

"We are sorting out the issues," he said of the discussions in which some government ministers have objected to the Hezbollah position. "There is no national crisis. There are issues that have to be sorted out.

"Any implication that Hezbollah is a renegade militia is wrong," he said. "Most Hezbollah personnel are mainly working people who live in the area. So yes, maybe melting away. Being active, but not in a military way.''

But quickly getting an international military force in place — along with a 15,000-member Lebanese deployment as political cover — is regarded as crucial to the peacekeeping effort.

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In Israel, meanwhile, Prime Minister Ehud Olmert, facing widespread criticism, acknowledged in a speech to Parliament that there were "deficiencies" in the way the way the war was conducted.

"We will have to review ourselves in all of the battles," Mr. Olmert said. "We won't sweep things under the carpet."

Anticipating that another war with Hezbollah might lie in the future, he said that Israel would "do better" the next time around.

In what will surely become a political crisis in Israel, Mr. Olmert's rival, Benjamin Netanyahu of the rightist Likud party, quickly went on the attack. "It must be said honestly, there were many failures, failures identifying the threat, failures in preparing to meet the threat, failures in management of the war, failures in the management of the home front," Mr. Netanyahu said. He added that Israel should "learn the lessons and fix the mistakes."

During the day on Monday, Israeli officials said they had killed eight suspected Hezbollah fighters in four small skirmishes. No Hezbollah rockets fell on Israel during the day.

As the cease-fire dawned on Monday morning, Israeli airplanes blanketed Beirut with leaflets showing a cartoon of a black-turbaned cleric, presumably Sheik Nasrallah, poised over a sandcastle, saying that Hezbollah and its Syrian and Iranian masters had brought the Lebanese people to "the edge of the abyss" with only "destruction, displacement and death." The leaflet warned that Israel could return "with all necessary might."

But the psychological warfare appeared to have little effect on the refugees packing up their belongings and heading south, expressing hatred against Israel — and, to a striking degree in this normally Western-leaning nation, against America, which is seen as the Israelis' unquestioning backer.

"Bush did this," said Majid Kubaisy, standing in the broken glass and rubble ruins of his sportswear shop in a largely Shiite of southern Beirut. Residents returned Monday to a desolate landscape of ruined apartment buildings cascading dust and the smell of explosives.

Like many of the people finding their way back to their old neighborhoods, Mr. Kubaisy blamed the United States as much as Israel for the destruction and said it had redoubled his allegiance to Hezbollah.

"If Nasrallah will raise his hand, everyone will follow," he said. "This time we defended our land, next time we will take the offensive."

In Sanayah Gardens, a nicely groomed park in an upscale Sunni Muslim neighborhood of West Beirut, the 7,000 refugees, most of them Shiites, who had set up a tent city began to leave for home. The tents that had crowded the garden were taken down, and people were piling mattresses and cooking gear in their cars to leave. Young, Western-educated volunteers brandishing clipboards moved about efficiently Monday as a truck unloaded Red Crescent boxes of aid from Kuwait.

"Why does your government give bombs and intelligence to Israel?'' asked Rahih al-Tiwwi, one of the volunteers.

Nearby, a family in a packed minivan was loading up with foam-rubber mattresses. The front of the van was decorated with a portrait of Sheik Nasrallah and a bumper sticker that depicted a rocket with the slogan "the divine victory."

The volunteers who ran the park refuge were an ad hoc group that spanned Lebanon's religious divisions. Asked for his religion, normally an important aspect of identity here, one of the volunteers, Saarjaoen Vautter, snapped, "I am Lebanese."

"And damn for this question," he added. "No offense."

More than 800,000 people, almost a quarter of Lebanon's population, fled the south during the monthlong bombardment, escaping to the relative safety of Beirut and other major cities, where they languished in schools, parks and with relatives in dour living conditions. Early Monday, many did not believe that their ordeal was really over.

As they tried to move south, the refugees ran into huge traffic snarls because of the roads bombed by Israel. Moving was particularly difficult toward the isolated hill villages in the south.

The traffic jam began a few miles south of Beirut, near Naame, where both Lebanese soldiers and self-appointed volunteers frantically tried to direct traffic.

But, in contrast to normally belligerent Lebanese traffic, people on the jammed-up coastal highway cheered each other and exchanged blessings.

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Workmen raced to fix roads ahead of the flood of cars. Near Sidon, tractors brought by the local municipality scrambled to fill dirt in an area where a bridge had been blown out. When the dirt created a single lane on the bombed-out bridge, the drivers, guided by Lebanese Army soldiers, made their way through the bottleneck in an uncharacteristically orderly fashion.

"We can finally go home victorious and with our heads up high," said Muhammad Alaway, who sat in a yellow Volvo with all 13 members of his family.

"If we will find our family home, we will stay in it," Mr. Alaway said. "If it is destroyed, we will pitch a tent and stay there until we rebuild."

Sharon's Condition Worsens

JERUSALEM, Aug. 14 (AP) — The condition of Ariel Sharon, Israel's ailing former prime minister, has deteriorated, the hospital where he is being treated said Monday.

A new scan showed a deterioration in his brain function, his urine output has decreased significantly and a chest scan showed that he has a new infection in his lungs, said Anat Dolev, spokeswoman for the hospital, the Chaim Sheba Medical Center.

Ms. Dolev would not say whether Mr. Sharon's life was in danger, but she said that doctors were treating him with broad-spectrum antibiotics and steroids.

Mr. Sharon, 78, has been in a coma since suffering a massive stroke on Jan. 4.

He underwent several extensive brain surgeries to stop cerebral hemorrhaging, in addition to more minor procedures.

After spending months in the hospital where he was initially treated, the former prime minister was transferred to the long-term care facility in May.

He was rushed into intensive care on July 26 to undergo dialysis because his kidneys were failing. Hospital officials said they also noticed changes in his brain membrane.

In December, Mr. Sharon had a small stroke. He was put on blood thinners and then suffered the severe brain hemorrhage in January.

Bush Defends U.S. Handling Of Lebanese Conflict, Asserting That Hezbollah Is The Loser (NYT)

By Jim Rutenberg

The New York Times, August 15, 2006

WASHINGTON, Aug. 14 — President Bush on Monday defended his handling of the war between Israel and Hezbollah, declaring that Hezbollah had been the loser in the monthlong fight and warning Syria and Iran against resupplying the Lebanese militia.

Mr. Bush spoke as he and his advisers sought to portray the cease-fire deal that was established under a United Nations Security Council resolution as an affirmation of American foreign policy.

"It took a while to get the resolution done," Mr. Bush said at the State Department. "But most objective observers would give the United States credit for helping to lead the effort to get a resolution that addressed the root cause of the problem."

Mr. Bush and his aides had sided with Israel in resisting calls for an immediate cease-fire after the war began on July 12, defining the root cause as Hezbollah's armed presence in southern Lebanon and its attacks on Israel.

Mr. Bush spoke on a day of intense competition to shape world opinion on the conflict. Hezbollah said it had won an "historic victory" by fending off a regional superpower; Israel and the United States said Hezbollah was the loser because the resolution calls for ending its control of southern Lebanon.

Even as they expressed optimism, White House officials said nonetheless that only time would tell whether the cease-fire would hold and whether Hezbollah would ultimately be disarmed. And a senior official, who agreed to speak candidly in return for anonymity, acknowledged the possibility that Hezbollah would build public support in southern Lebanon by flooding the area with rebuilding money, as it has vowed to do.

As Hezbollah emerged from the conflict with its leader appearing on television vowing to keep his militia intact, the White House faced questions on Monday about whether it and Israel had met their goals in the conflict. Israel had said its attacks were

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intended to destroy Hezbollah's military capabilities, and the Bush administration had made clear early in the conflict that it wanted to allow its ally time to do so.

Asked by reporters who he believed had won the conflict, Mr. Bush said, "Hezbollah, of course, has got a fantastic propaganda machine and they're claiming victories."

"But how can you claim victory when at one time you were a state within a state, safe within southern Lebanon, and now you're going to be replaced with a Lebanese Army and an international force?"

Under the terms of the United Nations cease-fire resolution, an international force will help the weak Lebanese Army take control of the south from Hezbollah, which will then be disarmed.

As Mr. Bush spoke, he was surrounded by the principal members of his war cabinet: Vice President Dick Cheney; Secretary of State Condoleezza Rice; and Stephen J. Hadley, the national security adviser.

The appearance was the final event of Mr. Bush's first full day back from his summer vacation.

He started his day at the Pentagon, where he met Secretary of Defense Donald H. Rumsfeld and national security officials, and then with experts on Iraq.

"It's very important for the American people to know that we're constantly thinking about how to secure the homeland, protect our interests and use all assets available to do our jobs," Mr. Bush told reporters before meeting with Mr. Rumsfeld. "We live in troubled times, but I'm confident in our capacity to not only protect the homeland, but I'm confident in our capacity to leave behind a better world."

The emphasis on national security and the campaign against terrorism reflected a schedule that was devised last week, as the administration and its Congressional allies sought to gain political advantage after Senator Joseph I. Lieberman's loss to an antiwar challenger, Ned Lamont, in the Connecticut Democratic primary, and the news that the British had foiled what could have been a large-scale terrorist attack.

But the Democrats have hit back hard, arguing that Mr. Bush has mismanaged the war in Iraq and pursued a strategy that is exacerbating terrorism. The Democrats point to polls showing that dwindling numbers of Americans believe that the United States and its allies are winning the war on terrorism.

Without directly addressing the Democrats, Mr. Bush echoed his party's line of attack against them, saying, "The fundamental question for this country is, do we understand the stakes and the challenge?"

'Birth Pangs' Of What? (WP)

By Richard Cohen

The Washington Post, August 15, 2006

The "birth pangs" are over. This was the term used by Secretary of State Condoleezza Rice to describe the war between Israel (supported by the United States) and Hezbollah (supported by Iran). If she is right, let us see what has come out: a defeat for the good guys, a victory for the bad guys (the "Islamic fascists" of President Bush's formulation) and some clear lessons. This has been a very hard birth.

It has been particularly hard for the Lebanese, of course, but no fun for Israel, either. Although Hezbollah has, as they say, been downgraded, it has nonetheless emerged as the fighting force with the best reputation in the Middle East. Not only did it stand up to the supposedly invincible Israeli army but those two kidnapped Israeli soldiers -- the proximate cause of the war -- remain unreturned, either still captive or dead.

From the start, it seemed that Israel had failed to take due note of the mistakes of Donald Rumsfeld. The longtime and (inexplicably) current U.S. secretary of defense propounded the bright idea that Iraq could be conquered and pacified with about 150,000 American troops. Military men of sound mind and vast experience thought that maybe 350,000 to 500,000 troops would be more like it, but Rumsfeld, fearing a quagmire and eschewing nation-building, got his way. The United States is still in Iraq, mired there for some time to come.

Israel tried something similar in Lebanon. It, too, chose to fight an optional war on the relative cheap. For good reasons, it responded to Hezbollah's provocations, but it might well have decided to make a punitive raid or two and then wait for the usual prisoner exchange. Preemptive wars have their own rules. They cannot justify high casualties, since these will not be seen as

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commensurate with the threat. The United States, for instance, could never institute a draft to get more troops into Iraq. Americans would not stand for it. This, among other things, is a lesson of Vietnam -- maybe the only one the Bush administration learned from that painful conflict.

But the lesson of Iraq and, now, Lebanon, is that zealots make tough enemies. It was one thing for Israel to fight apathetic and hapless Egyptians, Iraqis, Jordanians, Syrians and Lebanese. Those armies consisted of the indifferent: Sure, these Arabs opposed Israel, but they were mostly unaffected by it and would rather live with it than die fighting it. Even the Palestinians proved to be not much of a battlefield foe. This has not been the case with Hezbollah or, in Iraq, the various groups of fanatics who would blow themselves up for reasons that we could not begin to fathom. Hezbollah is now described in terms once reserved for the Japanese army of World War II. "If you are waiting for a white flag coming out of the Hezbollah bunker, I can assure you it won't come," said Brig. Gen. Ido Nehushtan, a member of the Israeli army's general staff.

This zealotry, this ideology, this religious fervor is not something we in the West -- and that includes Israel -- know how to deal with. The sheer scale and number of suicide bombings in Iraq was once considered inconceivable. Iraq, after all, was extolled as one of the more secular Arab states, which was among the reasons why some otherwise sane people predicted an easy U.S. victory followed by the national singing of "God Bless America."

This seemingly abrupt shift to the ideological, to the religious, is the most noteworthy and ominous development of recent times. The fight is no longer over territory -- the West Bank, Gaza -- but over the very existence of Israel. The people who seem to hate Israel most, who will kill to kill it and die for it to die, are not reclaiming ancestral land -- no Iranian pines for his lost orange grove near Jaffa -- but instead cannot abide the very idea of Israel.

Democracies are in a fix. If your enemy will gladly die for his cause while you wouldn't think of dying for yours (not that you even know what it is: freedom? liberty?) then clearly the fight is not to the swift but to the suicidal. The obvious short-term remedy is cold, lethal technology. But the reliance on high-tech stuff has not subdued Iraq, and it utterly failed in Lebanon as well. These are the realities of the new warfare, and if they are the "birth pangs of the new Middle East," then what is being produced is not some cute, babbling democracies but a hideous monster.

Just wait until he reaches for a nuclear weapon.

Lebanese Refugees Head Home As Fragile Cease-fire Holds (MCT)

By Shashank Bengali And Dion Nissenbaum

McClatchy Newspapers, August 15, 2006

BEIRUT, Lebanon - Tens of thousands of displaced Lebanese ventured back to their war-battered homes Monday as Israel and Hezbollah observed the first day of a nervous truce. Plans for a multinational peacekeeping force slowly moved forward.

There were celebrations in the streets of Beirut and joyful reunions of families in southern Lebanon to mark what many prayed was the end of a monthlong conflict that had forced 1 million Lebanese - one-quarter of the country - to flee their homes.

But there were also signs that the U.N.-imposed cease-fire was on shaky ground.

Hezbollah leader Hassan Nasrallah, claiming a "historic victory," rejected calls for his guerrilla fighters to give up their weapons, putting him at odds with the Lebanese government and perhaps delaying the deployment of Lebanese troops and U.N. peacekeepers to take control of Hezbollah's stronghold in southern Lebanon.

Uncertainty surrounded the U.N. peacekeeping force. France, which earlier had said it would lead a peacekeeping force, hadn't agreed to do so by Monday, and it was unclear which countries' troops would make up the remainder of the force.

Israeli troops killed at least seven Hezbollah fighters after the cease-fire took effect, claiming that the dead men had been armed and advancing on their positions.

Israel continued to maintain a stranglehold on Lebanon to keep Hezbollah from resupplying. An air and sea blockade remained in place despite the objections of Lebanese officials, and Israel said it controlled all land bridges into the south.

"It is a very precarious situation," said Mohamed Shatah, senior adviser to Lebanese Prime Minister Fuad Saniora.

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Behind closed doors, Lebanese officials were negotiating with Hezbollah over the fate of its weapons. Rather than attempting to forcibly disarm the Shiite Muslim fighters - a confrontation that could set off a civil war - officials said they were trying to strike a delicate compromise that wouldn't paint the group as criminals or losers in the conflict.

In Washington, President Bush said Israel's military campaign had defeated Hezbollah, which the Bush administration considers a terrorist group, and struck a blow against its sponsors, Iran and Syria.

Bush said Hezbollah might be "claiming victories, but how can you claim victory when at one time you were a state within a state, safe within southern Lebanon, and now you're going to be replaced by a Lebanese army and an international force?"

In Jerusalem, Israeli Prime Minister Ehud Olmert urged national unity while troops were still in the battle zone, but he faced a barrage of criticism for the way the war was handled.

Responding to critics of his military plan, seen by many as muddled and ineffective against a surprisingly resilient foe, Olmert said the offensive had crippled the militia's ability to act as a "state within a state."

Olmert told the Israeli parliament that he was assigning Defense Minister Amir Peretz to conduct an investigation of the war plan.

"We won't sweep things under the carpet," Olmert said. But he warned that Israel "does not have the luxury" of engaging in endless bickering.

Underscoring the divisions in the country, three parliamentarians were ejected from the chamber for heckling Olmert - two from the left arguing that Israel had fought in Lebanon too long, the third from the right protesting that the truce came too soon.

Israeli and Lebanese military officials met for the first time to discuss the timing of the withdrawal of Israeli troops. Israel's withdrawal could begin as early as Wednesday, but only if U.N. and Lebanese troops were ready to step in, said Ryszard Morczynski, a U.N. political affairs officer who attended the meeting.

On Monday, Italian officials were in Beirut to discuss possible participation in the peacekeeping force, and a newspaper in Germany said that country would also send troops, though it didn't give details. Lebanese officials said Indonesia, Malaysia and Turkey also had said they would send forces, though there was no word on when.

In the hours before the cease-fire took hold Monday morning, Israeli ground forces dashed through southern Lebanon under the cover of massive artillery fire, trying to gain as much territory as possible. It was the biggest push north by Israel since the war began on July 12, when Hezbollah kidnapped two Israeli soldiers.

When the dust had settled, Israeli military officials said they'd effectively boxed in Hezbollah by holding a strip of land about three and a half miles south of the Litani River - the region's natural northern boundary - and another strip along the 40-mile Israeli-Lebanese border to the south.

At 8 a.m., the war machine ground to a halt. Shortly afterward, Israel dropped leaflets over Beirut, saying Hezbollah was to blame for the destruction of Lebanon.

Hezbollah's own propaganda campaign swung into action; supporters passed out colorful fliers proclaiming a "divine victory," and giant yellow Hezbollah flags flew from cars and motorcycles.

"Even if we didn't win the war, we for sure did not lose," said Sarjoun Kantar, 23, a volunteer at a park in central Beirut where 1,200 refugees from the Hezbollah-controlled southern suburbs had taken shelter since the war began.

The park was half-empty by Monday afternoon, with hundreds of people having loaded up vans and taxis and left. Across the city, cars clogged the streets, sagging under the weight of clothes, blankets, mattresses and families returning home.

A few miles to the south, in southern Beirut's Chiyeh neighborhood, the Tabal family returned from a relative's house in the northern mountains to the concrete apartment block they'd abandoned last week - the day that an Israeli airstrike just 300 yards away killed some 60 people, the single deadliest attack of the war.

"Only God knows if the war will be over," said Majida Tabal, 34, surrounded by her three young children and pregnant with a fourth. "But we didn't want to be away from our house any longer."

In northern Israel, for the first time in weeks, the sounds in the air were crickets, birds and lawn mowers instead of rockets, missiles and gunfire.

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Israeli soldiers returning from Lebanon took their first showers in weeks and relaxed in the shade of their tanks. Echoing the divisions in the parliament, some criticized the government for stopping the fighting before they did more damage while others said the costs had been too high.

An hour after his artillery unit fired its last 20 rounds into southern Lebanon, Pvt. Itai Mesery sat by himself in a charred apple orchard scorched by a Hezbollah rocket.

Reflecting on the deaths during the war of more than 130 Israelis, including 41 civilians, and more than 1,000 Lebanese, the 18-year-old - who went to the front almost directly from his military training - said, "We hit them pretty hard, but I don't know if it was worth it. Too many soldiers and civilians were killed."

Bengali reported from Beirut, Nissenbaum from the Israeli-Lebanese border. Carol Rosenberg in Jerusalem and Leila Fadel in southern Lebanon contributed to this report.

Weary Lebanese Flocking Home (WT)

By Betsy Pisik

The Washington Times, August 15, 2006

JBAA, Lebanon -- Thousands of Lebanese began streaming home yesterday, jamming the roads with cars, buses and trucks in a hopeful gamble that a fragile cease-fire between Israel and Hezbollah will hold.

That hope was rewarded in the first hours of the truce, with the warplanes, artillery and missile batteries largely falling silent on both sides of the border. Israel reported killing six Hezbollah fighters and said early today that 10 rockets of the type used by Hezbollah exploded in south Lebanon.

Many Lebanese set out even before the cease-fire took hold at 8 a.m., disregarding Israel's week-old threat to attack any vehicle moving south of the Litani River.

With the main roads and bridges made impassable by Israeli bombing runs, the secondary roads became four-lane free-for-alls with drivers inching forward, angling for advantage. At checkpoints along the way, militiamen handed out candies and water, celebrating what Hezbollah leader Sheik Hassan Nasrallah claimed as a "strategic, historic victory" over Israel.

"I was so happy," said Ola Hussein, 37, returning home to her family's spacious apartment in Jbaa, a picturesque town nestled between the hillsides 10 miles east of Sidon. "No one in my family is killed, and we can go back to our land."

After spending three weeks in a shelter in Beirut, she said, she did not mind taking five hours for what should be a 90-minute drive. She knew she was going home.

Israelis were slower to return to their homes in the north of their country, where more than 250 Hezbollah rockets rained down on Sunday. But long-shuttered stores began to reopen in Haifa, Israel's third-largest city, and a few people were seen on the city's beaches.

Officials in Beirut said the Lebanese army would begin moving troops south to the Litani River before the end of the week, the first step in deploying a combined Lebanese and international force as a buffer between Hezbollah and Israel.

Officers of the Lebanese and Israeli armies met face to face for the first time since Israel's withdrawal from its northern neighbor in 2000, convening with U.N. officers at the border to discuss the next steps toward ending a war that has claimed more than 900 lives in nearly five weeks of fighting.

In Jbaa, the Hussein family arrived to a gruesome welcome on their town's main street. One long drip stain of blood on the wall of the mosque highlighted a scene of incinerated cars, smashed buildings and crumpled storefronts.

"Salaam Aleikum (God is great)," said one member of the Hussein family as she greeted a neighbor she hadn't seen in three weeks. "Hamdulillah (Thanks be to God)."

The Lebanese Higher Relief Council estimates that close to 1 million people have been displaced by the monthlong war, most of them from villages south of the Litani River. Yesterday, it seemed as if every one of them was trying to go home.

Since the cease-fire agreement was announced on Friday night, residents of southern and central Lebanon have been buying gas, one 2½-gallon ration at a time, in preparation for the drive home.

Most, like the Hussein family, returned to homes with no power or water. Many will find no shops to buy provisions. Still others will find no home at all, just a pile of rubble where clothes, possessions and memories used to be.

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The Jouni family, too, was lucky. Aside from a parched garden, they found their house in the village of Roumine much the way they left it when the shelling grew too close on the 12th day of the war.

Ali Jouni, a retired accountant, said he was so depressed staying with friends in an overcrowded home a few miles away that he spent the following weeks just watching news of the war on television.

His son, Ahmad, 19, said the exile was not so bad because he had lots of friends around from school. But he doesn't have much hope for his prospective career, air-conditioning repair.

"No homes, no power, no AC," he said, shrugging.

Lebanese officials yesterday could not say when they expected to restore basic services, such as electricity and water. Repairing the country's roads, bridges and other infrastructure could take months.

Officials expect gasoline for generators and cars to be readily available and back to prewar prices soon after the seaports reopen to traffic. It could take more than a week for the situation to stabilize, however, because so much emergency relief is backed up by an Israeli blockade in Syria and Cyprus.

Aid workers yesterday were frustrated by the impenetrable traffic. They pulled convoys off the road for several hours to conserve gasoline and wait for traffic on the roads to thin.

"We will try again later this afternoon," said the driver of a truck in an Islamic Relief convoy.

In Tyre, which sustained heavy bombardment for several days, residents ventured out after nightfall for the first time in weeks. The mood was celebratory, and they embraced the cease-fire and what they clearly felt is Lebanon's victory over Israel.

Both Sides Celebrate Mideast Truce (USAT)

By Yaakov Katz Special For

USA Today, August 15, 2006

SAFED, Israel — For the first time in more than a month, a tense calm swept across southern Lebanon and northern Israel on Monday as Israeli and Hezbollah leaders both declared victory in their war.

Both sides largely observed a United Nations cease-fire agreement, although the truce was marred by skirmishes early Monday between Israeli soldiers and members of the Shiite militia in southern Lebanon. Israel's Defense Ministry reported killing six Hezbollah fighters in four encounters. Early today, Hezbollah fired 10 rockets that landed in southern Lebanon, the Israeli army told the Associated Press. The army said it had not responded.

The conflict began July 12, after Hezbollah guerrillas seized two Israeli soldiers in a cross-border raid. At least 957 people, more than 80% Lebanese, died in the fighting.

Israel prevailed against Hezbollah, Israeli Prime Minister Ehud Olmert told the parliament. “Hezbollah leaders went underground. … We will continue to hunt them.”

Hezbollah leader Hassan Nasrallah said his fighters had achieved a “strategic, historic victory.” Celebratory gunfire erupted across the Lebanese capital after his televised speech.

In Washington, President Bush said Hezbollah could not claim victory: “How can you claim victory when at one time you were a state within a state … and now you're going to be replaced by a Lebanese army and an international force?”

Thousands of Israeli forces remained in southern Lebanon.

Lebanese, Israeli and U.N. officers met on the border to discuss an Israeli withdrawal and deployment of the Lebanese army, U.N. spokesman Milos Strugar said.

A U.N. Security Council resolution calls for a joint Lebanese-international force to move into southern Lebanon.

Mideast Peace Vulnerable To Provocations (AP)

By Kathy Gannon, Associated Press Writer

AP, August 15, 2006

With no clear cease-fire line, any village or hilltop in southern Lebanon is a potential flash point that could bring down the truce between Israeli troops and Hezbollah fighters.

Small skirmishes already erupted Monday. Israel said its soldiers fired at armed guerrillas approaching their positions, killing six.

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There were no major firefights, however. And no Hezbollah rockets fell on northern Israel and no Israeli bombs hit Lebanon.

Any Hezbollah rocket attack on Israel would likely spark heavy Israeli retaliation, and an Israeli airstrike would likely draw a response from the guerrillas, especially if it killed civilians.

And with the combatants remaining at close quarters on the ground, every skirmish has the potential to spiral out of control. The truce will need restraint on both sides if it is to endure until a U.N. peacekeeping force and the Lebanese army can deploy and separate them.

Peace is vulnerable to "a provocation, or a stray act, that could undermine everything," said French Maj. Gen. Alain Pellegrini, who heads a 2,000-soldier U.N. force already in southern Lebanon.

The additional 13,000 international troops planned for the U.N. force "need to arrive as quickly as possible," he said.

Hezbollah guerrillas are in villages scattered across the south and in the surrounding countryside, mostly unseen but making some appearances.

In the village of Kafra, two young men in khakis were spotted carrying semiautomatic rifles, and others talked into two-way radios. A few carloads of young men screeched into the village, jumped out of their cars and kissed waiting comrades on each cheek.

Israeli troops were only a few miles away in positions overlooking the town of Tibnin, according to the Israeli military.

They were just a small portion of the 30,000 soldiers that Israel flooded into southern Lebanon in the 48 hours before the cease-fire took effect Monday morning.

Most are in a strip near the border, controlling the high ground above towns and villages like Bint Jbail, Maroun al-Ras, Aita al-Shaab, Marwaheen and Rmeish.

The goal is to maintain "the ability to monitor the whole area," rather than controlling towns, said an Israeli army spokesman, Capt. Jacob Dallal.

Some troops thrust farther north, nearly to the Litani River, 18 miles from the border. They also held hilltop positions, particularly in a swath running up through the center of southern Lebanon, including the towns of Tibnin and Ghandouriya and Froun, nearly at the Litani.

Tensions were high.

Hours after the cease-fire began, Israeli soldiers fired warning shots at two cars carrying an Associated Press reporter and photographer near Marwaheen, and then checked their identification papers before telling them to turn back.

Israel said its troops will fire only when they feel their positions are threatened.

In Monday's skirmishes, the guerrillas "were very close, they were armed, and they posed a danger to the troops," said Dallal. "We're going to shoot anybody who poses an imminent threat to the troops."

Hezbollah said over the weekend that it would not stop fighting until Israeli troops left Lebanon, but there were no reports of guerrillas firing mortars or rockets at the soldiers.

The group's leader, Sheik Hassan Nasrallah, suggested Monday he did not intend to actively seek conflict. In a televised speech, he said his guerrillas had scored a "strategic, historic victory." Now, he said, "the battle to rebuild" was beginning.

Still, the rules of the game are hardly clear, and with the fighting forces so close to each other, the possibilities for missteps are plentiful.

Associated Press correspondents Jamey Keaton in Paris and Lee Keath in Cairo, Egypt, contributed to this report.

Uneasy Mideast Truce Holds (LAT)

By Tracy Wilkinson And Bruce Wallace

The Los Angeles Times, August 15, 2006

METULLA, Israel — On both sides of a suddenly quiet Israeli-Lebanese border, displaced masses returned to their war-ravaged homes Monday as the Hezbollah militia and the Israeli army generally held to a brittle cease-fire accord.

Israel and Hezbollah each claimed a qualified victory after 34 days of fighting that killed at least 800 Lebanese and 155 Israelis.

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Meeting face to face for the first time in six years, Israeli and Lebanese military commanders sorted through the details of a complicated truce agreement that envisions moving Lebanese and international forces into southern Lebanon. Several officials have said such movement could take weeks, and Israel says it will not withdraw until that happens.

Some Israeli reservists marched out of Lebanon ahead of the cease-fire, but a senior military official said most of a 30,000-member force remained in Lebanon, with new rules of engagement after having boxed in the remnants of the Hezbollah army.

It was not a perfect cessation of hostilities: Israelis skirmished with Hezbollah fighters, killing six, and the militia fired four mortar rounds early today that landed errantly in Lebanon, the Israeli military said.

In Israel, political fallout from what many Israelis see as a poorly executed military operation has begun to threaten the government of Prime Minister Ehud Olmert, who went before a special session of parliament Monday and accepted responsibility for "deficiencies." Still, Olmert claimed that Israel had dealt a devastating blow to Hezbollah.

Hezbollah leader Sheik Hassan Nasrallah made a similarly triumphant claim, going on television to celebrate what he called a historic victory.

Civilians, politicians and fighters — Lebanese and Israelis alike — expressed hope tempered by considerable pessimism that the U.N.-brokered cease-fire might mark an end to violence that erupted when Hezbollah captured two Israeli soldiers July 12 in a cross-border raid and Israel responded with thousands of aerial bombings and artillery assault.

"I wish this will be the end," said a tearful Gabriel Lev, as he mourned his son Heran, one of the last Israeli soldiers killed in Lebanon ahead of the cease-fire. "I wish he will be the last one. But if I am a realist, I must say it will never end."

Tens of thousands of displaced Lebanese loaded up their cars and trucks and began returning to reclaim their villages and cities in south Lebanon, despite an Israeli travel ban.

Nearly a million Lebanese were displaced by bombings and fighting, according to the Lebanese government. About half a million Israelis had to flee their homes in the north because of rockets fired daily by Hezbollah guerrillas.

In a choking free-for-all of exhaust and dust, the Lebanese inched their way along roads littered with rubble, frequently funneling into a single lane in places where roads and bridges had been pocked with craters by Israeli airstrikes.

"For 25 years we have been forced to move with nothing but the clothes on our back, so it is nothing to have to go to Beirut for a few days and then go home," said 60-year-old Bassima Kabeisy, straining for fresh air from the back of a minivan crammed with 11 family members.

"And this time we are going home happy," she said, "because the Israelis are crying like we cried so many times before." The travelers handed out espresso-flavored "victory candies" along with Hezbollah flags to drivers of cars that sagged under the weight of mattresses on the roof and gasoline in the trunk.

Hezbollah's yellow and green machine-gun motif waved from hundreds of car antennas and windows. Car radios tuned to Hezbollah's radio station played jaunty military anthems, and the militia's supporters handed out leaflets that congratulated the returnees for "winning against invasion, destruction and racism." Young men in Hezbollah Civil Defense T-shirts directed traffic at the hastily plowed earthen bridge that restored the crossing over the Litani River.

And everywhere, on sunscreens and children's T-shirts, there was the image of Hezbollah leader Nasrallah.

"Our home may be destroyed, but we want to see it," said Rokiah Sheblei, 32, as she waited for traffic to move. "It was all worth it for the sake of Nasrallah."

Israelis, too, were going home Monday afternoon. Main highways were bumper-to-bumper with cars all the way from Tel Aviv on the central coast to northern cities besieged by Hezbollah, such as Kiryat Shemona and Metulla.

"If it's quiet for one week, the Israelis will come back," predicted Eilana Rosenfeld, a Metulla resident who runs a bed-and-breakfast and who was driving home for the first time in weeks, her car filled to the windows with food and supplies.

In Kiryat Shemona, where 1,012 Katyusha rockets landed, residents who had languished in bomb shelters began to venture onto the streets.

Virtually a ghost town on Sunday, Kiryat Shemona by midday Monday was springing to life. Traffic lights were working for the first time in weeks, a barber shop and two hardware stores opened up, and the parking lot at the mall was full.

"Experience tells me you really can't know how quickly [the city] will recover," said Haim Cohen, 47, stepping gingerly through the shattered glass on a sidewalk, where a row of shops took a direct hit. "One little thing and it can all go to pot."

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Israeli military commanders said Monday their forces had surrounded Hezbollah fighters by taking control of Lebanese territory south of the Litani River. The proximity of the two forces makes confrontation likely, although the Israeli commanders said new rules of engagement included instructions that soldiers not fire on Hezbollah guerrillas unless they appeared to be a threat; they also were told not to fire on the militia's weapons.

Israel's rocket launchers and artillery batteries scattered in the fields of the Upper Galilee, which for periods over the last weeks had roared every few seconds, remained idle Monday. At the hour the cease-fire began, one soldier near the border kibbutz of Misgav Am donned a prayer shawl and swayed in prayer, propped against the barrel of his artillery piece.

In Metulla, the last Israeli town before entering Lebanon, scores of tanks, bulldozers, armored personnel carriers and artillery pieces clogged the roads. Many had just pulled out of Lebanon. At one point, Israeli paramedic teams in military ambulances worked to pull the bodies of soldiers from a burning tank attacked by Hezbollah before the truce took effect.

Elsewhere, a company of Israeli infantrymen, smiling and exhausted, walked out of south Lebanon's forested hills ahead of the cease-fire. They smoked cigarettes, flashed V-for-victory signs and embraced one another, happy they had made it out alive. Some held captured Hezbollah flags.

The soldiers were relieved but also chafing at what some saw as a premature end to their mission, which fell short of the annihilation of Hezbollah.

"Militarily we could have acted another month, and then we would be able to count on 10 years of peace," said the head of an Israeli reservist reconnaissance unit working out of Metulla. He spoke on condition of anonymity because he was not authorized to speak to the news media.

Nasrallah, the officer said, "has been beaten up, but the desire and will are still there. In six months, he will be back in business."

That sense of a mission unaccomplished is fueling public dissatisfaction in Israel over the way the conflict was conducted. In a new survey published by the website of the Yediot Aharanot newspaper, 52% of respondents said the Israeli army did not win the war; half believed the cease-fire would last more than a month, and 35% gave it a week.

That public perception will be the next battle for Olmert, who contended that Hezbollah had been greatly debilitated, and pledged to pursue "everywhere and at all times" the leaders of the Shiite Islamic group that also serves in the Lebanese government.

"Israel has made it clear to the world that it will not tolerate attacks from anywhere," Olmert told the Israeli parliament, the Knesset. "I see and hear the voices expressing unrest and even disappointment, as if their expectations have not been met, yet I say to them: patience."

Olmert also promised to work "tirelessly" to free the two soldiers captured by Hezbollah on July 12 as well as a third seized by the Palestinian militant group Hamas on June 25. The United Nations accord passed Friday calls for the "unconditional release" of the two, and encourages the release of Lebanese prisoners from Israeli jurisdiction.

Nasrallah, meanwhile, went on Hezbollah television in Beirut and praised Monday's apparent end to fighting as "a great day." He said Hezbollah would repair the thousands of houses destroyed by "the enemy" in southern Lebanon, the Bekaa Valley and the southern suburbs of Beirut.

"We are today before a strategic, historic victory, without exaggeration," he said.

Wilkinson reported from Metulla and Wallace from Tyre, Lebanon. Times staff writer Henry Chu in Jerusalem and special correspondent Haim Blozer in Kiryat Shemona contributed to this report.

Israel, Hezbollah Remain Prepared To Resume Fighting Despite Truce (WSJ)

By Guy Chazan And Neil King Jr.

The Wall Street Journal, August 15, 2006

TEL AVIV -- Even as the cease-fire between Israel and Hezbollah appeared to be largely holding, leaders on both sides seemed to be preparing for the next round of fighting.

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In a televised speech in which he hailed Hezbollah's "strategic, historic victory" against Israel, the group's leader, Sheikh Hassan Nasrallah, dismissed calls to disarm the group -- a key United Nations demand -- saying it had proved it was the only force capable of defending Lebanon from a future Israeli offensive.

"Can the Lebanese army, in its present situation and with its present capabilities, fight a war if such a war was forced on Lebanon?" he asked. "The international force... will it defend Lebanon against any Israeli aggression? This is out of the question."

For his part, Israeli Prime Minister Ehud Olmert told his parliament Israel would have to learn the lessons of this war and "do better" next time, while promising to continue to pursue Hezbollah's leaders. Israel is still reeling from the realization that its army, the most powerful in the Middle East, was fought to a virtual standstill by a Shiite guerrilla force numbering only a few thousand.

On both sides, there are fears that a future round of fighting is almost inevitable. Israeli officials, specifically, worry that the next war may be fought in conditions less favorable to them, against a foe equipped with more-sophisticated weaponry -- even, in the worst-case scenario, one possibly backed by a nuclear-enabled Iran. President Bush addressed that fear Monday, saying one "can only imagine how much more dangerous this conflict would be if Iran had the nuclear weapon it seeks." He squarely blamed the fighting on Hezbollah and what he called "Iranian sponsorship" of the organization, which he said had been "emboldened" by its ties both to Tehran and Syria.

Monday, a few small skirmishes broke out along the Israel-Lebanon border, with Israel saying its soldiers killed six armed guerrillas approaching its positions. Still, with the cease-fire mostly holding, thousands of refugees crowded the bombed-out roads leading back to southern Lebanon, while in northern Israel, thousands of people emerged bleary-eyed from the bomb shelters they had been confined to for much of the last month.

Many remained skeptical the cease-fire would hold. Hezbollah has insisted Israeli soldiers are legitimate targets until they pull out of Lebanese territory. Israel has said it won't withdraw its troops until the Lebanese army moves in. With the two adversaries facing off, it is unclear whether the Lebanese army or the international peacekeeping force will consider it safe enough to deploy in the south.

In Washington, President Bush sought to counter growing criticism that his administration had fumbled the diplomacy to end the Israel-Hezbollah war and that his push to spread democracy in the Middle East had contributed to the region's growing instability and bloodshed. (See a transcript of Bush's remarks8.)

Addressing Hezbollah's claims of victory, Mr. Bush said it was only natural that Hezbollah would assert that it had won the monthlong fight with Israel. "But how can you claim victory when at one time you were a state within a state, safe within southern Lebanon, and now you're going to be replaced by a Lebanese army and an international force?" he said.

WALL STREET JOURNAL VIDEO

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President Bush says10 it is "no coincidence that two nations that are building free societies in the heart of the Middle East -- Lebanon and Iraq -- are also the scenes of the most terrorist activity."

In his speech to the Knesset, Mr. Olmert made the same point, saying Israel had achieved a key goal -- a commitment by the Lebanese government to extend its control to the south, Hezbollah's stronghold. He said Israel had succeeded in severely degrading the group's military capability and weapons arsenal and denting its confidence.

But the leader of the opposition, Benjamin Netanyahu, said Israel had failed to achieve some of the main objectives it set out when it launched the war last month: The two soldiers whose capture July 12 triggered the fighting hadn't been returned, Hezbollah hadn't been disarmed and it had retained its ability to daily fire hundreds of missiles into Israeli towns.

While trying to figure out how to make sure Hezbollah doesn't re-trench in southern Lebanon, Mr. Bush and his team also are turning their sights back to the ongoing diplomatic effort to rein in Tehran's nuclear program. Mr. Bush repeatedly pointed to Iran as a chief supplier of arms to Hezbollah and said the task of restraining Iran is "not just America's alone."

He spoke at length in defense of his "freedom agenda" for the Middle East, portraying the fighting in Lebanon and Iraq as "part of a broader struggle between freedom and terror that is unfolding across the region." "The way forward's going to be

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difficult," he said. "It will require more sacrifice. But we can be confident of the outcome because we know and understand the unstoppable power of freedom."

First The Truce, Then The Test Of How Long It Can Last (NYT)

By Steven Erlanger

The New York Times, August 15, 2006

JERUSALEM, Aug. 14 — Standing before flattened buildings in the shattered southern suburbs of Beirut, one of Hezbollah's two ministers in the Lebanese cabinet, Hassan Fadlallah, asserted Monday that Hezbollah had scored "a divine victory" in its conflict with Israel.

One of the key questions to be answered by that conflict was neatly reflected in the ruined setting Mr. Fadlallah chose.

Will ordinary Lebanese come to agree with him, or will they ultimately blame Hezbollah for attacking Israel and thus bringing about the destruction of so many buildings, roads, bridges and lives?

In the answer, some suggest, lies the fate of the cease-fire — and of a weak Lebanese government.

For the moment, Hezbollah is bathed in a heroic light, not just in Lebanon but throughout the Muslim world. Lebanon's prime minister, Fouad Siniora, appears unable or unwilling to force the issue of Hezbollah's disarmament, at least in the south, as called for in the United Nations Security Council resolution that halted the combat.

Hezbollah's leader, Sheik Hassan Nasrallah, said in a television speech that his fighters would accept the cease-fire. Yet he insisted that Hezbollah would continue to fight in violation of it so long as Israeli troops remained on Lebanese soil.

And whether Hezbollah intends to let its fighters be banned from the kingdom it built for itself in southern Lebanon, with the lavish help of Iran and Syria, is another open question.

The Security Council appears to have done its best to promote the interests of Lebanon and to diminish Hezbollah's hold over the slice of the country between the Litani River and the Israeli border.

But the Council has passed far-reaching resolutions on Lebanon before — especially Resolution 1559, in September 2004, which called for the disbanding of Hezbollah's fighting force and all other militias and the extension of Lebanese government control over the entire country.

That resolution had no enforcement mechanism and was largely ignored.

After 34 days of warfare, the latest resolution, 1701, repeats the goals of 1559 but provides more teeth, including a more robust United Nations force of up to 15,000 soldiers that is supposed to patrol a specific southern demilitarized zone and help the government monitor its borders, ensuring that Iran and Syria do not resupply Hezbollah with rockets, missiles and ammunition.

But will it be effective? And what soldiers will be in it? When will they arrive? And will the force be willing to confront Hezbollah? Or, as many Israelis expect, will it allow Hezbollah to remain in southern Lebanon unimpeded so long as the border appears quiet?

As always, the real test is not in the resolution but in its fulfillment, and there are reasons for skepticism. If the skepticism turns out to be correct, how long will Israel stand by and watch the rearmament of Hezbollah in violation of the resolution?

For Israel, its second line of defense is, bluntly, the effect of the damage it has done to Lebanon and to Hezbollah itself in the last month. Hezbollah is still standing and was able to fire more than 200 missiles on the last day before the cease-fire, and Sheik Nasrallah has survived.

But Hezbollah has been secretive about its losses, and though it denies Israeli claims that 500 of its fighters were killed and 80 percent of its medium-range and longer-range rockets destroyed, it has almost certainly been hurt more badly than it is willing to admit.

So it is unlikely to want to test Israel again for some time, and Lebanon's government and a majority of its people, who are not Shiites, are not likely to be eager to rebuild the country just to see it destroyed.

But if Hezbollah is down, it is not out, and this may not be an end to the war but a respite, even if lasts for a number of years.

Israel's vaunted military invincibility, which has been a big part of its defense strategy, has taken a serious knock. Israel was not even able, in the cease-fire resolution, to get the immediate return of its two captured soldiers, meaning an extended negotiation with Hezbollah over prisoners, prisoners of war and the bodies of dead fighters.

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Israeli officials are quietly concerned about how the war looked to the Syrian president, Bashar al-Assad, whom they regard as less shrewd and less stable than his father. The Syrians have a wellequipped and well-trained army much larger than Hezbollah's militia, and an air force, too, and Mr. Assad is committed to obtaining the eventual return of the Golan Heights.

Showing the Syrians that the Israeli Army is still capable was one major reason, Israeli officials say, that Prime Minister Ehud Olmert authorized the wider Israeli offensive just before the cease-fire.

But the main Israeli worry is Iran, which invested millions of dollars in Hezbollah and which the West accuses of harboring a secret program to build nuclear weapons. What judgments the Iranians take from this little war is among the most important of the unanswered questions.

For Israel the war also raises serious questions about another unilateral withdrawal of settlers, this time from the West Bank. Former Prime Minister Benjamin Netanyahu, leader of the opposition Likud Party, spoke for many Israelis on Monday in saying that the withdrawal from Lebanon in 2000 produced this war, and that the unilateral withdrawal from the Gaza Strip a year ago produced a Hamas electoral victory and continued instability and rocket fire.

While Mr. Olmert was elected on a platform of another withdrawal, opinion polls indicate that Israelis are almost evenly divided on the plan, which is probably enough to kill it.

The Lebanese war also raises even more serious questions, suggests Shai Feldman, director of the Crown Center for Middle East Studies at Brandeis, about the establishment of a Palestinian state alongside Israel.

Israel respected the international border with Lebanon as verified by the United Nations, and it was Hezbollah that violated the border. "If international borders mean nothing," Mr. Feldman asked, "why should the Israeli public support a withdrawal from the West Bank to create a Palestinian state?"

Preserving the idea of a two-state solution is one reason Mr. Olmert went to war, Mr. Feldman said. And it is one reason the Security Council acted as strongly as it did to defend the integrity of the international border and mandate an expanded United Nations force to protect it. But whether Israelis will trust those guarantees is yet another open question.

Many Israelis On Border See A Lull - Not Peace (CSM)

By Ilene R. Prusher

The Christian Science Monitor, August 15, 2006

KIRYAT SHEMONA, ISRAEL

When Zevulun Cohen awoke early, as farmers do, the hills still rattled with the sounds of war - the blast of artillery shells on their way out, the thud of Katyushas on their way in.

And then, at 8 a.m., the big guns fell silent, the quiet punctured only by the usual sounds of cows and chickens.

But even as the Israel-Hizbullah cease-fire rolled into effect, life here seemed far from returning to normal, with many fearing that the truce represented more of a timeout than a time for peace.

Small, sporadic clashes between Hizbullah militants and Israeli forces suggested that the cease-fire was tenuous and issues related to its implementation were still unsolved. "I don't believe the Hizbullah will agree to be disarmed. I'm convinced we'll have to do this again in a few years, or sooner," says Mr. Cohen, who sat with a fellow farmer at a sidewalk falafel stand, the first in the city to reopen. Most of this border city remains shuttered, having been the target of more than 1,000 rockets since the war began last month.

"It was a good idea to agree to a cease-fire, but we could have fought this war much more wisely," he sighs, as the radio calls out names of fallen fighters. "To lose 115 soldiers in a month, it's just too much."

Addressing some of the many streams of criticism of his leadership, Prime Minister Ehud Olmert said in a speech Monday that he took full responsibility for the conflict. As a democracy, he said, Israel would have a full accounting of how the war was waged.

But he also defended the conflict in strong terms, and sought to assure Israelis that they had prevailed - a debatable point in a war that appears to have no real victor. "In every altercation with Hizbullah, Israel Defense Force soldiers had the upper hand. Hizbullah leaders went into hiding and are lying," Mr. Olmert said. He also warned that Israel would continue to target Hizbullah.

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"The people who did this will not be forgiven, and we will pursue them in any place at any time," Olmert said. "We'll do it unapologetically and without asking for permission from anyone."

Mr. Cohen, who lives near Kiryat Shemona in a farming village called Ramot Naftali, says that most of this year's crop has been damaged by the exodus of people at the height of picking season. "Our biggest losses are economic," he says. "Thank God, it wasn't our son who was killed. But you can't say that because in a country such as ours, it's like all of them are your sons."

Many here seemed to feel that way, attending funerals of soldiers they knew only tangentially. In one of the more poignant losses felt by the nation, news broke Sunday that one of Israel's most renowned novelists, David Grossman, had lost his 20-year-old son, Uri. Mr. Grossman, author of "The Yellow Wind" and other books, has long been a peace activist but initially supported the war. A week ago, he and other novelists came out against its continuation, and pleaded for a cease-fire.

Rows of Israeli soldiers could be seen leaving Lebanon Monday, on foot, by jeep, or in tanks. A few columns of tanks sat outside the border town of Metulla, and on the road north of Kiryat Shemona, returning troops were seen camping out in the fields. But the returning units were expected to be only a handful of the large number of troops now deployed around southern Lebanon - up to 30,000 as of this weekend. Israel has said that it will not pull out in full before a 15,000-strong multinational force is deployed in southern Lebanon. Hizbullah has said it will view all Israeli soldiers in Lebanon as an occupying force that it will fight.

The gap between the Israeli and Hizbullah positions increases international uncertainty over the cease-fire's holding power.

Inside Kiryat Shemona, some residents who had fled south or had been living underground were gingerly returning to homes and businesses, surveying damage and sweeping up. Restaurant owner Yaakov Peretz pushed broken glass and chunks of shrapnel out onto the sidewalk. He was disappointed with the cease-fire - for him it was a sign that Israel would simply face another war against Hizbullah.

"We had quiet for six years, since we ran away from south Lebanon, but it was a quiet of lies," says Mr. Peretz. "I would have continued until we destroyed Hizbullah in Beirut, because they still want to destroy us. With all the pain and sadness, it's a war, and in war, you lose a lot, including some of your men."

10 Katyusha Rockets Explode In Lebanon (AP)

AP, August 15, 2006

Israel's military said Hezbollah guerrillas fired at least 10 Katyusha rockets into southern Lebanon early Tuesday. None hit inside Israel and no injuries were reported.

The rocket explosions reported by Israel came hours after the start of a U.N. cease-fire in Lebanon.

The military said it has not responded to the rockets, which were fired over a two-hour period.

Hezbollah, which frequently used the Katyusha rockets in its battle against Israel, has said it will attack Israeli forces in southern Lebanon despite the truce.

Monday saw a tense calm emerge in Israel and Lebanon as Israel halted its offensive and airstrikes and Hezbollah stopped firing rockets into Israel

However, Israeli forces killed six Hezbollah fighters in four separate skirmishes that illustrated the fragility of the truce that ended 34 days of fighting.

The U.N. Puts A Rush Order For A Force Of 15,000 (NYT)

By Warren Hoge

The New York Times, August 15, 2006

UNITED NATIONS, Aug. 14 — The United Nations took up the task on Monday of creating in record time a strong force to patrol southern Lebanon. Such a force was called for in the Security Council resolution that has halted the fighting between Israel and the Hezbollah militia.

Secretary General Kofi Annan pursued the subject in telephone conversations with Javier Solana, the European Union's foreign policy chief, and officials in France, which is expected to be the lead nation in the force, according to Mr. Annan's spokesman, Stéphane Dujarric.

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Mr. Dujarric said two senior French military officers were coming to New York to help peacekeeping officials plan the force, to consist of 15,000 soldiers, an expansion of Unifil, the United Nations force in Lebanon, which now has 2,000.

The force is to join 15,000 Lebanese soldiers in securing the south, and Israel is expected to withdraw "in parallel" with their arrival.

Usually, it takes the United Nations three months to form a peacekeeping force, but officials said they were hoping to have the first troops of a phased deployment on the ground within weeks.

Peacekeeping officials normally visit the countries offering troops and investigate whether their forces are capable of meeting assigned tasks, and officers from abroad come to the United Nations to negotiate memos of understanding on financial and other arrangements.

This time, all that is being streamlined or bypassed, the officials said.

The United Nations held meetings on Saturday and Monday to brief military attachés on the responsibilities and needs of the force. More than 40 countries, including both traditional troop contributors and European nations not accustomed to taking part in such missions, showed up, peacekeeping officials said.

In addition to France, countries expressing interest included Italy, Germany, Turkey, the Scandinavian nations, Indonesia and Malaysia.

Jean-Marie Guéhenno, under secretary general for peacekeeping, said step-by-step coordination with Israeli and Lebanese senior military officers was essential. He said that process began Monday in a meeting at the border crossing at Ras Naqoura of generals from both sides with Maj. Gen. Alain Pellegrini, the commander of Unifil.

In an interview, Mr. Guéhenno said there were particular challenges in shaping a force that would have greater powers and more participation from Western military forces than was usual for a United Nations force.

"We have to strike the right balance," he said, "where you want the mandate to be sufficiently realistic so that it is achievable, but at the same time you want rules of engagement that are sufficiently robust so that the troops can defend themselves and can discharge the mandate without unnecessary risk."

Formation of the force was a crucial part of the resolution: Israel demanded a mission strong enough to prevent Hezbollah from returning to southern Lebanon, and Lebanon insisted that the force not be empowered in a way that would set up a confrontation with Hezbollah.

Asked if it was being made clear to countries that this force was not responsible for disarming Hezbollah, Mr. Guéhenno said, "There is a sense that this force has to be robust, and not to be pushed around, has to be able to stand its ground, has to be able to strongly support the actions of the Lebanese armed forces, but this force is not going to engage in a kind of war within Lebanon."

"The force is there to assist the government of Lebanon, not to substitute for it," he said.

German Peace Overture To Syria (FT)

By Hugh Williamson

Financial Times, August 15, 2006

Frank-Walter Steinmeier, German foreign minister, will on Tuesday try to persuade Syria to support the new United Nations ceasefire resolution as part of ongoing efforts by Berlin to urge Damascus to help resolve the regional crisis.

Mr Steinmeier, who arrives in Damascus on Tuesday for a two-day visit, will indicate to the Syrian leadership that it could expect incentives from European Union countries if it agreed to play a " constructive role" in the Israel-Lebanon crisis, a foreign ministry official in Berlin said.

"We recognise this is a two-way street that could help Syria end its international isolation," a senior German diplomat said.

Visits to Damascus by western government ministers have been rare during the month-long crisis but Mr Steinmeier has targeted Syria as a key player in securing peace in the region. He is due to meet Bashar al-Assad, Syrian president, and Walid al-Mu'allim, foreign minister.

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"The constructive role of Syria in implementing (UN resolution) 1701 will be important" the official said. "The minister will not have concrete promises in his luggage but there will be an understanding that a constructive role could open positive perspectives."

Mr Steinmeier said recently that incentives could include increased EU economic aid and an early decision to sign a stalled EU-Syria co-operation agreement.

He has discussed the visit with his EU partners and with the US government, the official said. Other EU countries, in particular France, remain opposed to a re-engagement with Syria, and US officials in Berlin also remained sceptical about the chances of changing Syria's stance.

In contrast, Spain has taken a position similar to Germany's. Damascus is a key supporter of the Hizbollah, the Lebanese Shia Islamist group fighting Israel.

Officials close to Mr Steinmeier said he was convinced of the long-run need to persuade Syria to distance itself from Iran and to engage with the current peacekeeping efforts. The minister said recently that he wants to "test whether Syria really wants to bind itself to Iran for the long term".

German diplomats and analysts believe Berlin could contribute to resolving the Lebanon crisis because of the country's standing in the region. Its close ties with Israel - rooted in Germany's post-Holocaust reconciliation efforts - are matched by good relations with many Arab states.

This unusual mix of diplomatic ties is a "comparative advantage" that could be exploited, according to Volker Perthes, director of Berlin's SWP foreign policy think tank and a leading Middle East expert.

The Triumph Of Unrealism (WP)

By George F. Will

The Washington Post, August 15, 2006

Five weeks have passed since the kidnapping of two Israeli soldiers provoked Israel to launch its most unsatisfactory military operation in 58 years. What problem has been solved, or even ameliorated?

Hezbollah, often using World War II-vintage rockets, has demonstrated the inadequacy of Israel's policy of unilateral disengagement -- from Lebanon, Gaza, much of the West Bank -- behind a fence. Hezbollah has willingly suffered (temporary) military diminution in exchange for enormous political enlargement. Hitherto Hezbollah in Lebanon was a "state within a state." Henceforth, the Lebanese state may be an appendage of Hezbollah, as the collapsing Palestinian Authority is an appendage of the terrorist organization Hamas. Hezbollah is an army that, having frustrated the regional superpower, suddenly embodies, as no Arab state ever has, Arab valor vindicated in combat with Israel.

Only twice in the United Nations' six decades has it authorized the use of substantial force -- in 1950 regarding Korea and in 1990 regarding Kuwait. It still has not authorized force in Lebanon. What is being called a "cease-fire" resolution calls for Israel to stop all "offensive" operations. Israel, however, reasonably says that its entire effort is defensive. The resolution calls for Hezbollah to stop "all attacks." The United Nations, however, has twice resolved that Hezbollah should be disarmed, yet has not willed the means to that end. Regarding force now, the U.N. merely "expresses its intention to consider in a later resolution further enhancements" of the U.N. force that for 28 years has been loitering without serious intent in south Lebanon.

The "new Middle East," the "birth pangs" of which we supposedly are witnessing, reflects the region's oldest tradition, the tribalism that preceded nations. The faux and disintegrating nation of Iraq, from which the middle class, the hope of stability, is fleeing, has experienced in these five weeks many more violent deaths than have occurred in Lebanon and Israel. U.S. Gen. George Casey says 60 percent of Iraqis recently killed are victims of Shiite death squads. Some are associated with the Shiite-controlled Interior Ministry, which resembles a terrorist organization.

The London plot against civil aviation confirmed a theme of an illuminating new book, Lawrence Wright's "The Looming Tower: Al-Qaeda and the Road to 9/11." The theme is that better law enforcement, which probably could have prevented Sept. 11, is central to combating terrorism. F-16s are not useful tools against terrorism that issues from places such as Hamburg (where Mohamed Atta lived before dying in the North Tower of the World Trade Center) and High Wycombe, England.

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Cooperation between Pakistani and British law enforcement (the British draw upon useful experience combating IRA terrorism) has validated John Kerry's belief (as paraphrased by the New York Times Magazine of Oct. 10, 2004) that "many of the interdiction tactics that cripple drug lords, including governments working jointly to share intelligence, patrol borders and force banks to identify suspicious customers, can also be some of the most useful tools in the war on terror." In a candidates' debate in South Carolina (Jan. 29, 2004), Kerry said that although the war on terror will be "occasionally military," it is "primarily an intelligence and law enforcement operation that requires cooperation around the world."

Immediately after the London plot was disrupted, a "senior administration official," insisting on anonymity for his or her splenetic words, denied the obvious, that Kerry had a point. The official told The Weekly Standard:

"The idea that the jihadists would all be peaceful, warm, lovable, God-fearing people if it weren't for U.S. policies strikes me as not a valid idea. [Democrats] do not have the understanding or the commitment to take on these forces. It's like John Kerry. The law enforcement approach doesn't work."

This farrago of caricature and non sequitur makes the administration seem eager to repel all but the delusional. But perhaps such rhetoric reflects the intellectual contortions required to sustain the illusion that the war in Iraq is central to the war on terrorism, and that the war, unlike "the law enforcement approach," does "work."

The official is correct that it is wrong "to think that somehow we are responsible -- that the actions of the jihadists are justified by U.S. policies." But few outside the fog of paranoia that is the blogosphere think like that. It is more dismaying that someone at the center of government considers it clever to talk like that. It is the language of foreign policy -- and domestic politics -- unrealism.

Foreign policy "realists" considered Middle East stability the goal. The realists' critics, who regard realism as reprehensibly unambitious, considered stability the problem. That problem has been solved.

So, Three Guerrillas Walk Into A Bar . . . (WP)

By Nora Boustany

The Washington Post, August 15, 2006

BEIRUT -- With a bit of fortitude and loads of wit, there are laughs to be had, even in wartime.

Barely a week into a war that sent the hopes of many Lebanese tumbling down with their bridges, buildings and roads, stunned civilians trapped in the crossfire started trading self-deprecating gags about their situation.

As sad as the tales of death and the exodus of 1 million people displaced from their homes into empty schools and government buildings have been, the Lebanese have found ways to make light of their own plight.

As one joke has it, residents fleeing the Shiite suburbs of Beirut were flashing the victory sign -- to indicate that only two buildings were still left standing.

It was followed by excited speculation that real estate values in the poor neighborhood of Ain al-Rummaneh, a crowded cluster of aging buildings overlooking the southern suburbs, had shot up by 50 percent. Why? It now has a sea view.

People are petrified of honoring their dental appointments out of fear they may have bridgework done, goes another favorite. So contagious have these stories been that in one refugee center, Marwa Saad, 15, whose family was driven out by fierce fighting near the southern market town of Nabatiyeh, did not dare utter a word without covering her mouthful of braces.

"Everyone keeps teasing me; they bully me to keep my mouth shut so we don't get hit by Israeli jets," she said about her friends, giggling with her hand to her mouth.

Another story has Haifa Wehbe, the curvaceous bombshell of Lebanese music videos, dispatched by the Hezbollah leadership to Israel to conduct negotiations. She returns pregnant. When confronted about her condition, the anecdote goes, Wehbe insisted she was only trying to help: "I thought I would get you another small hostage."

Some jokes target the Syrians for causing the crisis by allowing arms to flow to Hezbollah and pressuring the Lebanese government to let the group keep its arms. One joke says the Israelis cannot aim at the Syrian inhabitants of Homs. Why? Because the Israelis only have smart bombs.

Hezbollah leader Hassan Nasrallah is also the butt of some humor. The elderly women of the Christian neighborhood of Ashrafiyeh regard Nasrallah as their new idol and sex symbol, goes one line, because he has taken them back 40 years.

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Another joke extols Nasrallah, saying he is now worthy of a statue since he managed to put the entire Shiite Muslim community, with its high rate of illiteracy, in schools.

The most popular joke about this round of war in Lebanon is crafted around a fictitious Archie Bunker-like figure who is a fumbling caricature of all the failings of the Lebanese. During 30 years of war, jokes about the character, Abul Abed, have carried many a social event into the early morning hours with thigh-slapping, fall-off-the-chair laughter.

The latest installment recounts how Abul Abed calls Israeli Prime Minister Ehud Olmert and boasts that he has four neighborhood thugs who will really make life difficult for Israeli soldiers if they dare venture north of the border. Olmert laughs and says that just one Israeli brigade could overrun his whole neighborhood in hours. "I'll get back to you," barks Abul Abed.

When he calls Tel Aviv again, Abul Abed threatens to collect every bar bouncer, alley hoodlum and thug from Tyre to Tripoli to fend off the Israeli assault. Olmert simply tells him that he will send the air force, naval fleet and ground forces to invade. "I'll call you after I have conferred with my generals," Abul Abed says confidently.

He calls back boasting to Olmert that he has now collected thousands of followers of the Abul Abed Movement who are ready with shoulder-mounted rockets like the Mujahedeen of Afghanistan. Olmert whistles facetiously: "You will be no match for the 2 million Israeli soldiers massed along the border, ready to attack."

"Two million?" asks Abul Abed. "In that case I am going to have to surrender. We simply do not have enough room to keep 2 million hostages."

2 Fox News Reporters Kidnapped In Gaza (AP)

By Diaa Hadid, Associated Press Writer

AP, August 15, 2006

Masked Palestinian gunmen ambushed a car carrying a Fox News crew in Gaza City on Monday and kidnapped two journalists, according to witnesses and Fox.

"We can confirm that two of our people were taken against their will in Gaza," Fox News said in a statement.

A Fox employee in Gaza, who declined to give his name because he was not authorized to release information about the incident, said reporter Steve Centanni, a U.S. citizen, and a cameraman from New Zealand were kidnapped.

The men and their bodyguard were parked near the headquarters of the Palestinian security services when two trucks filled with masked gunmen pulled up and boxed them in, the Fox employee said. The gunmen took the two reporters from the sports utility vehicle, which was marked "TV," and drove away, he said.

Major militant groups in Gaza denied any connection to the incident; there was no immediate word of any demands made.

Security officials put police on alert across Gaza and set up roadblocks to find the gunmen and free the reporters, Interior Ministry spokesman Khaled Abu Hilal said. "This is not acceptable at all," he said.

The Committee to Protect Journalists called for the men to be freed.

"We are gravely concerned about our colleagues' safety and call for their immediate and unconditional release," said executive director Joel Simon. "These are well-established journalists who are not participants in the conflict. They should be treated accordingly and freed."

Several foreigners have been kidnapped in Gaza in recent months with their abductors demanding jobs from the Palestinian Authority or the release of people from Palestinian jails. All those kidnapped have been freed within hours without harm.

Two Fox News Staffers Kidnapped In Gaza (LAT)

By Matea Gold

The Los Angeles Times, August 15, 2006

NEW YORK — A Fox News correspondent and his cameraman were kidnapped Monday in Gaza by Palestinian gunmen who ambushed their vehicle, a spokeswoman for the cable news network confirmed.

Washington-based correspondent Steve Centanni, 60, and freelance cameraman Olaf Wiig, a New Zealand native, were in a parked television transmission van in the center of Gaza City, about to head to their usual live spot location when two vehicles blocked them in.

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A masked man held a gun to their bodyguard, forcing him to the ground, and kidnapped Centanni and Wiig, as well as their translator, who was later released.

Fox News declined to comment on the abduction, but the network's Jerusalem-based correspondent, Jennifer Griffin, provided brief updates to viewers about the situation throughout the day.

"Right now the network is trying to arrange their safe release," she said at 2 p.m. PDT.

In an e-mail to the newsroom, John Moody, senior vice president for news editorial, confirmed the kidnapping.

"The rumors are true: two of our employees have been abducted in Gaza," he wrote. "We will report this fact via our Israel correspondents. Do NOT do any other segments on it. Do not book guests on this topic. Do not comment officially and of course, not on the air, about it. DO pray for their release. I will keep you posted."

Centanni, who has worked for Fox News since its inception in 1996, has been in the region covering the conflict for the last three weeks. Wiig has worked for the network occasionally over the last several years. The New Zealand Herald reported on its website that the 36-year-old freelancer was planning on returning to his home in London this week.

Centanni did a live report from Gaza City on Monday about ongoing violence between Israeli and Palestinian forces a little after 4 p.m. local time. It's unclear how soon after that he and Wiig were abducted.

Hospital Says Sharon's Condition Worse (AP-Y)

AP, August 15, 2006

Ariel Sharon's condition has deteriorated, the hospital where the ailing former Israeli prime minister is being treated announced Monday. A spokeswoman wouldn't say whether Sharon's life was in danger, but said doctors were treating him with broad-spectrum antibiotics and steroids.

A new scan showed a deterioration in his brain function, his urine output has decreased significantly and a chest scan showed that he has a new infection in his lungs, according to Anat Dolev, spokeswoman for the Chaim Sheba Medical Center.

Sharon, 78, has been in a coma since suffering a massive stroke Jan. 4. He underwent several extensive brain surgeries to stop cerebral hemorrhaging, in addition to more minor procedures.

After spending months in the hospital where he was initially treated, Sharon was transferred to the long-term care facility at Sheba hospital in May.

Sharon was rushed into intensive care July 26 to undergo dialysis because his kidneys were failing. Hospital officials said they also noticed changes in his brain membrane.

In December, Sharon had a small stroke. He was put on blood thinners and then suffered the severe brain hemorrhage in January.

Iran Said To Support Shiite Militias In Iraq (WP)

By Sudarsan Raghavan

The Washington Post, August 15, 2006

BAGHDAD, Aug. 14 -- Through proxies, Iran is giving weapons, bomb technology and training to Shiite Muslim militias in Iraq, U.S. military officials said Monday.

"We do know that Shia extremist groups have received training through some sort of third element associated with Iran," said Maj. Gen. William B. Caldwell, a U.S. military spokesman. "We do know that weapons have been provided."

The U.S. assertions echo previous warnings about Iranian support for Shiite militias in Iraq. U.S. Ambassador Zalmay Khalilzad told The Washington Post in March that Iranian agents in Iraq train and arm Shiite militias such as the Mahdi Army, which is linked to the powerful, anti-American cleric Moqtada al-Sadr.

"Our judgment is that training and supplying, direct or indirect, takes place, and that there is also provision of financial resources to people, to militias, and that there is presence of people associated with Revolutionary Guard and with MOIS," Khalilzad said, referring to Iran's main military force and its Ministry of Intelligence and Security.

The assertions have resurfaced as tensions grow on two fronts -- between the United States and Iran over Iran's support of the Lebanese Shiite militia Hezbollah, and between the United States and Sadr's Mahdi Army, which is emerging as the major Shiite threat to U.S. efforts to stabilize the capital.

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Iran's Shiite theocratic government, which has long-standing ties to Iraq's Shiite political and religious leaders, has repeatedly denied that it foments instability in Iraq and instead has blamed the United States.

On Monday, Caldwell appeared to tone down the U.S. position on Iran as a force of unrest in Iraq. He said Shiite extremists have received technology for roadside bombs from Iranian proxy groups. He also said the United States has evidence that Iranian-made weapons and munitions produced after the U.S.-led invasion toppled Saddam Hussein in April 2003 have been found in Iraq.

But Caldwell stopped short of alleging that the Iranian government was directly involved or that Iranian agents were in Iraq.

"There's nothing that we definitively have found to say that there are any Iranians operating within the country of Iraq, but rather some clear surrogate elements have been doing this," he said. "We do believe that some Shiite elements have been in Iran, receiving training. But the degree to which this is known and endorsed by the government of Iran is uncertain."

Nor would Caldwell identify the Shiite groups the United States believes Iran is supplying with weapons and training. When asked whether Hezbollah was "the third element" training Iraq's Shiite militias, Caldwell said, "We've made no direct connection with anything involving them at this point."

Officials from two of the most influential Shiite groups denied receiving any weapons or training from Iran or its surrogates.

"Usually such statements of the United States of America come after they have proven their incapability to control the security situation in Iraq," said Abdul Hadi al-Daraji, a Sadr spokesman. "This is unrealistic. The Iraqis are not followers of Iran."

Saad Jawad Qindeel, a political official with the Supreme Council for the Islamic Revolution in Iraq, the country's largest Shiite political party, denied that its armed wing had received weapons from Iran.

"All the Badr Brigade has is its personal weapons, which are available in Iraq," Qindeel said. "Why should they go to Iran? There's no evidence."

Also Monday, U.S. military officials unveiled new uniforms for the Iraqi national police that they said would be difficult for insurgents, death squads and criminals to counterfeit and use to impersonate officers. The bluish-gray uniforms, to be issued in October, have a stamp-size Iraqi flag printed into the cloth. The current uniforms are easy to duplicate and can readily be purchased in markets across Baghdad.

Meanwhile, violence continued across Iraq. Five people were killed and seven were wounded when a car bomb exploded Monday night on the southern outskirts of Baghdad, according to Kasim Yahyehya, an Interior Ministry spokesman.

U.S. military officials said a gas explosion caused the deaths of 62 people in a predominantly Shiite neighborhood of Baghdad on Sunday. But senior Iraqi officials said a barrage of rockets and bombs caused the destruction, echoing what police and some witnesses said. Iraqi Prime Minister Nouri al-Maliki issued a statement blaming Sunni insurgents.

Who's Afraid Of Shirin Ebadi? (NYT)

The New York Times, August 15, 2006

Under cover of the international furor over its nuclear activities and its support for Hezbollah, Iran is trying to silence its most prominent human-rights activist, and, by extension, all of the Iranians who speak for fundamental rights.

Shirin Ebadi, the lawyer who won the 2003 Nobel Peace Prize, has been threatened with arrest unless she closes the Center for Protecting Human Rights in Tehran. The center provides free legal representation to journalists, students and dissidents who face prosecution for peaceful assembly and criticizing the government. Ms. Ebadi and the center's lawyers have represented Iran's leading dissident, Akbar Ganji. Most recently, Ms. Ebadi has been defending women who say they were beaten and detained by the police for demonstrating for women's rights in June.

One of the center's co-founders, Abdolfattah Soltani, spent several months in prison last year, and in July drew a five-year sentence on charges of opposing the state and disclosing confidential information to diplomats. He is free awaiting the outcome of his appeal, but there is no timetable for the decision.

In the meantime, other prominent Iranians are languishing in prison, among them, Ali Akbar Mousavi Khoini, a former member of Parliament, who was arrested in June as he prepared to take part in the women's rights demonstration, and Ramin Jahanbegloo, one of Iran's best-known scholars, who was arbitrarily arrested in April.

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The European Union recently expressed alarm at the deterioration of human rights in Iran, as have Human Rights Watch and other nongovernmental organizations. The United States and Europe need to engage with Iran. But they also need to make clear that Tehran's poor treatment of its citizens as well as its nuclear ambitions are unacceptable.

Questions For Ahmadinejad (That Mike Wallace Didn't Ask) (WSJ)

By Bret Stephens

The Wall Street Journal, August 15, 2006

The time of the bomb is in the past. Today is the era of thoughts, dialogue and cultural exchanges.

-- Iranian President Mahmoud Ahmadinejad on "60 Minutes" with Mike Wallace, Aug. 13, 2006

Q: A follow-up to that, Mr. President: Are you aware of a man named Mansour Ossanloo? He is the leader of the independent trade union representing the workers of the Vahed Bus Company in Tehran. A year ago, your security forces raided one of their meetings and cut out a piece of Mr. Ossanloo's tongue. Now he speaks with a lisp. Is this how "dialogue" is conducted in the Islamic Republic of Iran? A:

Q: Let's talk a bit about your government's relationship to Iranian political dissidents. A few weeks ago, Ayatollah Ahmad Jannati, a member of the Guardian Council who is reportedly close to your boss, Ayatollah Ali Khamenei, warned in his Friday sermon that Iran will execute en masse all dissidents if the U.N. Security Council votes to sanction Iran for your refusal to suspend uranium enrichment. The sermon was broadcast on Iranian state radio. Does Ayatollah Jannati speak for you, Mr. President? A:

Q: Please be specific about the fate of one man: Ahmad Batebi. Mr. Batebi became the face of Iranian dissent when he appeared on the cover of the Economist during the brutally suppressed Tehran University student uprisings in July 1999. After serving six years of a 15-year sentence, Mr. Batebi was furloughed last year and rearrested on July 29; his whereabouts are unknown, which is of special concern because your government recently tortured to death student leader Akbar Mohammadi (www.iranpressnews.com1). Can you tell us where Mr. Batebi is and give us assurances for his safety? A:

Q: More on thoughts, dialogue and cultural exchanges, Mr. President. You are possibly the first head of government to write your own blog: www.ahmadinejad.ir. Yet your government has shut down hundreds of Web sites and Web logs, including the BBC's Farsi service, and harassed the lawyers who represent them. An Iranian blogger who goes by the name Iron Shadow accuses you of "pursuing policies that are reminiscent of some of the darkest days of the Islamic Republic."

Your government also recently arrested and tortured blogger Abed Tavancheh, 23, who reportedly sustained permanent damage to his kidneys. Is this just your idea of beating the competition? A:

Q: Turn to the past. Kevin Hermening, a Marine sergeant at the U.S. Embassy in Tehran during the hostage crisis, tells this newspaper that you interrogated him personally on Nov. 4, 1979, while brandishing a pistol. For the record, he remembers you as a "very mean SOB" and described a sense of "déjà vu" while watching your performance on "60 Minutes." The U.S. State Department also believes that you were one of a group of five who planned the embassy takeover. Do you deny these charges? A:

Q: Numerous Iranian sources allege that in the 1980s you worked as an interrogator and executioner in Evin Prison in Tehran. They say you earned the nickname Tir Khalas Zan, or "The Terminator," for your methods there. You are also suspected of involvement in the assassination of Abdurrahman Qassemlou, a leader of Iran's Kurdish minority, in Vienna in 1989. Do you deny these charges, too? A:

Q: An American federal grand jury has indicted Ahmed Ibrahim al-Mughassil and Abdel Hussein Mohamed al-Nasser as two of the ringleaders in the 1996 attack on the Khobar Towers in Dhahran, Saudi Arabia, in which 19 U.S. servicemen were killed. Former FBI Director Louis Freeh believes the two are "living comfortably in Iran." Will you hand over for trial the two to the U.S. or some other international authority, as Moammar Gadhafi did with the planners of the Lockerbie bombing? A:

Q: You are known to be a religious disciple of Ayatollah Mohammad Taghi Mesbah Yazdi. Among the Ayatollah's teachings is the view that slavery is justified. Do you agree with your mentor? A:

Q: Your views about Israel are categorical and well known; your views about whether the Holocaust took place have been ambiguous at best. How about the Jews? Do you agree with the December 2004 statement of Iranian academic Heshmatollah Qanbari on Iranian TV, as quoted by Memri, that "all corrupt traits in humanity originated in this group [i.e., the Jews]"? A:

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Q: Another of Ayatollah Mesbah Yazdi's disciples, Mohsen Ghorouian, has said it is "only natural" for Iran to have nuclear weapons as a "countermeasure" to the U.S. and Israel. And one of your regime's hardliners, Hojjat-ol-Islam Baqer Kharraz, was recently quoted as saying that "we are able to produce atomic bombs and we will do that." Do you disavow these statements, given your repeated insistence that Iran's nuclear programs are for peaceful purposes only? A:

Q: In your May letter to President Bush, you ask whether the attacks of Sept. 11 could have been "planned and executed without coordination with intelligence and security services." Is it your belief that those attacks were orchestrated by the CIA, the Mossad or another Western intelligence service? A:

Q: In the same letter, you discuss the "shattering and fall of the ideology and thoughts of the Liberal democratic systems." Is this a historical inevitability, and do you intend to hasten that fall? A:

Q: The scholar Bernard Lewis recently made note of your repeated references to the 27th day of Rajab in the Islamic year of 1427. That date corresponds to Aug. 22 -- a week from today. Anything special planned for the occasion? Or is it a surprise? A:

Mexico's President Defends Vote Tally Electing His Ally (NYT)

By James C. McKinley Jr. And Ginger Thompson

The New York Times, August 15, 2006

MEXICO CITY, Aug. 14 — With the country locked in a battle over the results of last month's elections, President Vicente Fox for the first time defended the vote that narrowly favored his party's candidate as clean and fair, rejecting allegations of widespread irregularities.

"The process has been transparent in the eyes of the world," the president said Sunday evening in an interview at his residence inside Los Pinos, the presidential compound. "It was watched by the media. There were observers. The entire world was watching the electoral process. There is nothing hidden."

On Monday, Felipe Calderón, the candidate of Mr. Fox's conservative National Action Party, once again declared victory, while supporters of the leftist candidate, Andrés Manuel López Obrador, scuffled with police officers outside Mexico's legislature. Mr. López Obrador has vowed to carry on his campaign of civil disobedience to press for a full recount of the July 2 ballot.

Mr. Fox predicted in the interview that Mexico's electoral institutions, which he described as "the most modern, well-structured, efficient electoral systems in the world," would bring the crisis to a peaceful end.

"This is a country of institutions," he said. "I am sure that this test, this real test of the democratic system, will be passed and resolved according to the law and democratic principles."

A partial recount ordered by a special electoral tribunal has yet to be made public, but on Monday, Mr. Calderón, who has stayed out of the limelight in recent weeks, expressed confidence that the results would confirm his victory. He called the allegations by Mr. López Obrador of missing ballots and stuffed ballot boxes "a big lie." He said the election had been free of serious problems.

"The only thing we have here is a candidate that lost the election and won't recognize his defeat," Mr. Calderón said, surrounded by bodyguards at an opulent house he has rented as his transition headquarters.

Mr. López Obrador, a former Mexico City mayor who champions the cause of the poor, has conducted protests since the election, demanding a recount of all 41 million ballots. Thousands of his supporters have shut down the capital's central avenue, Paseo de la Reforma, for miles and occupied its historic square, the Plaza de la Constitución.

On Monday, about 20 lawmakers from Mr. López Obrador's party clashed with federal police officers when they tried to block an entrance to the building that houses Mexico's lower house of deputies, the Palacio Legislativo de San Lázaro.

Several lawmakers were bruised and cut as the police used batons, tear gas and riot shields to move them, said one of the lawmakers, Elías Miguel Moreno Brizuela. A spokesman for the police declined to comment on the incident.

But the clash may be a harbinger of things to come. Mr. López Obrador says he will not abide by the decision of the special electoral tribunal charged with ratifying the results if it declares Mr. Calderón, a conservative backed by business leaders, the winner. He has threatened to keep up protests for years, if necessary, saying his movement is to "defend democracy" and "purify public life."

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An official tally last month indicated that Mr. Calderon won the election by just 243,000 votes. Mr. López Obrador, who leads the Party of the Democratic Revolution, charged that the contests were rigged against him. In response to his legal challenge, the electoral tribunal ordered a partial recount of ballots in some 12,000 polling places.

Although the seven-member court has yet to release results of that recount, Mr. Calderón and his aides say their figures show it will not change the outcome.

Mr. López Obrador's lawyers are seeking to annul the results in about 7,000 polling places where, they argue, there were either ballots missing or more ballots cast than had been delivered to poll workers.

Mr. López Obrador has announced plans to disrupt Mr. Fox's annual state of the union message to Congress on Sept. 1 and to try to stop the court from giving Mr. Calderón the official document making him president on Sept. 6.

He has also threatened to disrupt the traditional Independence Day celebration on Sept. 15 and has said he will convene a "national democratic convention" the next day, which is when the Mexican armed forces hold their annual parade. The prospect of protesters supporting a recount facing off with soldiers has raised fears of violence.

On Sunday, Mr. Fox refused to give an opinion about the demonstrations led by Mr. López Obrador, which have snarled traffic across Mexico City for two weeks. But he made it clear he believed that disputes over the presidency should be fought in the courts, not the streets.

The president said he was required by law to stay out of the fray until Sept. 6, when the Federal Electoral Tribunal must rule on all complaints and declare the next president. After that, Mr. Fox said, he would take the steps necessary to uphold the tribunal's decision and make sure the new president is able to take office.

When asked whether he expected trouble, Mr. Fox said, "I cannot anticipate events. But when the events occur, I will assume my responsibility."

Asked about Mr. López Obrador's threats, Mr. Fox said Independence Day "is a Mexican celebration, not a government celebration."

"He must assume his responsibility," Mr. Fox said. "If he is going to deny Mexicans the use of Reforma, if he is going to deny them independence celebrations and the military parade, then history and the Mexican people will be the judge."

Japan PM Fulfils Pledge To Visit War Shrine (FT)

By David Pilling

Financial Times, August 15, 2006

Junichiro Koizumi, Japan's prime minister, on Tuesday morning fulfilled his five-year-old pledge to visit Yasukuni Shrine on the anniversary of the end of the second world war.

Mr Koizumi, wearing tails, arrived by limousine at 7:40am, by which time several thousand people had gathered, mainly to show their support. Unlike last year, when he came in a business suit, his visit bore the trappings of an official prime ministerial visit.

Local media reports said he signed the guestbook "Prime minister Junichiro Koizumi", an act that critics say defies the constitutional requirement for a separation of church and state. The gesture also drew immediate strong criticism from China and South Korea.

In a press conference afterwards, Mr Koizumi defended his visit, saying he had come to pray for peace. He criticised China and South Korea for meddling in Japan's internal affairs and for refusing to hold summit meetings because of his annual visits to the shrine.

Tuesday's visit makes him the first sitting prime minister to go to the shrine on August 15 since Yasuhiro Nakasone did so in 1985.

The shrine is highly controversial, largely because among the 2.5m kami, or deities, worshipped, there are 14 Class A war criminals, convicted by an international court after the war. Most of the rest of the "souls" enshrined at Yasukuni are regular conscripts who died in wars since the end of the 19th century.

Mr Nakasone is among those who have campaigned for the removal of the Class A war criminals in an effort to make Yasukuni a less controversial war memorial.

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Mr Koizumi has visited the shrine each year since he became prime minister in 2001, but has never been on August 15, considered the most sensitive of all days. Last week, hinting strongly that he would visit on Tuesday, he had said: "I am criticised no matter when I go, be it August 15 or not. So it makes no difference."

Large crowds of mainly supporters were there to greet the prime minister and to thank him for fulfilling his pledge. Among the crowd were right-wingers dressed in military uniform from pre-war times, bearing the Chrysanthemum badge that symbolised the Imperial throne.

One set of supporters held up a sign protesting "Four thousand years of Chinese oppression," while another hoisted a slogan, also the title of a popular book, "A Nation's Dignity." There were also younger people in the crowd, some of whom think it is right to pay respects to those who laid down their lives for Japan.

There were also some protesters mingling among the crowd, though a bus filled with Japanese citizens opposed to the visit was prevented by police from parking near the Yasukuni compound.

China's foreign ministry immediately criticised Mr Koizumi's visit, saying it "damages the political basis for Sino-Japanese relations." South Korea called in Japan's ambassador to Seoul to register its unhappiness.

Japan's Koizumi Again Irks China With Shrine Visit (WSJ)

By Sebastian Moffett

The Wall Street Journal, August 15, 2006

TOKYO -- Japanese Prime Minister Junichiro Koizumi prayed at the Yasukuni war shrine in perhaps the last of the stubborn gestures that have defined his leadership.

His presence -- in a formal morning suit in the drizzle this morning in Tokyo -- drew protest from China, which is Japan's biggest trading partner. The visit "challenges the international justice and tramples the conscience of mankind," said a Chinese Foreign Ministry statement carried by official news agency Xinhua.

Mr. Koizumi, who is set to step down in September, has visited the shrine every year since he became prime minister in 2001. Mr. Koizumi has said he visits Yasukuni to pray for world peace and about 2.5 million Japanese war dead.

The shrine also honors 14 people convicted of major "Class A" war crimes after World War II and has a museum that attempts to justify Japan's 20th century wars. Critics say the shrine and politicians' visits are a wider symbol of Japan's failure to atone for its invasion of Asia in the 1930s, which killed millions of Chinese.

The visits were one cause of China's anti-Japan demonstrations last year and are the reason Chinese leaders have repeatedly declined to meet Mr. Koizumi. The Chinese statement today said he had repeatedly hurt the feelings of the Chinese people and undermined Japan's state image and interests. The South Korean government also protested.

The precedent set by Mr. Koizumi leaves a problem for his successor at a time when China's growth is altering power relations in the region. Japanese leaders, increasingly concerned about their nation's status and security, appear to feel the need to show they are unfazed by Chinese demands.

Today's visit illustrated the defining characteristic of Mr. Koizumi's time in office: a determination to keep promises and a refusal to bend to critics.

The visit resulted from a promise he made to representatives of the families of Japan's war dead before becoming prime minister. He said he would visit on Aug. 15, the day Japan surrendered in World War II. Previously, he had gone on other days of the year, when people weren't expecting it.

Mr. Koizumi's stubbornness has served him well in domestic policy, where he has presided over a surprise economic recovery. His foreign-policy legacy is stormy, marked by a firmly pro-U.S. stance and a harder line with Japan's Asian neighbors.

---- Jason Dean in Beijing contributed to this article.

Africa Gives 'ABC' Mixed Grades (WP)

By David Brown

The Washington Post, August 15, 2006

TORONTO, Aug. 14 -- "ABC," the AIDS-prevention strategy widely promulgated both here and abroad, got a distinctly mixed report card as African countries reported their experiences to delegates at the 16th International AIDS Conference here.

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Abstinence until marriage -- the A of ABC -- appears to be well understood by young people. Being faithful -- the B -- is less clear to many. The usefulness of condoms -- C -- varies widely, with some African teenagers aware that they protect against HIV infection most of the time, while others have heard mostly about their rare failures.

More important, the evidence that ABC is changing behavior is quite spotty, with condom use appearing to be the most acceptable of the three forms of advice.

ABC is a centerpiece of the Bush administration's $15 billion, five-year plan to fight AIDS in 15 target countries, most of them in Africa.

Closer to home, a study from Philadelphia found that an "abstinence only" sex-education curriculum was more likely to persuade black junior high school students to put off initiating sex than a more comprehensive curriculum.

The studies' results have something for everyone, and are not likely to end debate over whether ABC represents a balanced message of proven value or heavy-handed moralism out of touch with the reality of youth, Africa and gender inequality.

The Bush program stipulates that one-third of the money spent on preventing sexual transmission of the virus must go for "abstinence until marriage" messages.

Architects of the plan say this recognizes the usefulness of a strategy, devised by Africans, that has allowed a few countries, such as Uganda, to reduce the prevalence of AIDS infection. Critics say the Bush plan's version of ABC focuses too much on the abstinence component while reserving advice about condom use only for high-risk people, such as prostitutes, truckers and migrant laborers.

The interim evaluation of efforts in Botswana, supported by the U.S. Centers for Disease Control and Prevention, found that much of the ABC message was getting through, but that it was not making much of a difference.

A country of 1.6 million people in southern Africa, Botswana has a population-wide HIV prevalence of 17 percent. A program called Total Community Mobilization sent 450 AIDS counselors door-to-door, giving prevention advice, urging HIV testing and referring infected people to treatment. Researchers compared the people's knowledge and behavior in five districts that got this intervention with those in two that did not.

People who had talked to the counselors were twice as likely to mention abstinence and three times as likely to mention condom use when asked to describe ways to avoid infection. However, they were no more likely than the uncounseled to mention being faithful as a good strategy.

The people who had been counseled were also twice as likely to have been tested for HIV in the previous year, and to have discussed that possibility with a sex partner. However, they were just as likely to have a partner outside marriage as the people who had not gotten a visit from a counselor, and they were no more likely to be using a condom in those liaisons.

"People who were exposed to the program had greater knowledge but were no more likely to be practicing ABCs," said Margarett K. Davis, director of the "BOTUSA" collaboration between the two countries.

There was a somewhat different result in a study of young Nigerians, ages 15 to 24, most unmarried, living in the city and working in semiskilled jobs.

People in specific neighborhoods were counseled with an ABC message as part of a seven-year project funded by the U.S. Agency for International Development and its British counterpart. Those people's attitudes and behaviors were measured before and 18 months after the intervention, and compared with those of people who were not counseled.

The uncounseled group showed no increase in condom use -- it stayed about 55 percent. In the counseled group, however, condom use by women in their last nonmarital sexual encounter rose from 54 percent to 69 percent. For men, it rose from 64 percent to 75 percent.

Stigmatizing attitudes appeared to be less common among the counseled group. More of them, for instance, said they would be willing to buy food from someone with HIV compared with those who had not gotten the prevention messages. But those were about the only differences.

"We did not see a reduction in the number of partners," said Godpower Omoregie, the researcher from Abuja who presented the findings.

A survey of 1,400 Kenyan teenagers found a fair amount of confusion about ABC's messages. About 15 percent of the girls and slightly less than half the boys had had intercourse.

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Half of the teenagers could correctly define abstinence and explain why it was important. Only 23 percent could explain what being faithful meant and why it was important. Some thought it meant being honest, and some thought it meant having faith in the fidelity of one's partner. Only 13 percent could correctly explain the importance of a condom in preventing HIV infection. About half spontaneously offered negative opinions about condoms, saying they were unreliable, immoral and, in some cases, were designed to let HIV be transmitted.

"This group, at least, had very negative views about condoms," Julie Pulerwitz, who helped conduct the study for the Population Council of Washington, told the delegates.

Some critics of ABC say that some counselors use the strategy as a way to discredit condoms, not simply describe their use. The source of these youths' opinions, however, was not known.

In the Philadelphia study, 662 black students in grades six and seven were randomly assigned to get one of several sex-education messages. One emphasized abstinence only. (At the time, 23 percent had already had intercourse at least once.)

Two years later, 48 percent of the group that got abstinence-only messages had had intercourse at least once, compared with 61 percent of those who had gotten a "comprehensive" message that mentioned condoms, among other things.

John B. Jemmott III, a psychologist at the University of Pennsylvania, said those initiating sex in the abstinence-only group were just as likely to know about condoms, and to use them, as those who got the full ABC message. This curriculum for young students is being adopted for use in Kenya as part of a CDC-sponsored program, he said.

A Familiar Pair Urge Greater Attention For AIDS (NYT)

By Lawrence K. Altman

The New York Times, August 15, 2006

TORONTO, Aug. 14 — Former President Bill Clinton said Monday that while heads of state could help break down the stigma of AIDS around the world, many more leaders were needed to change people's thinking.

Mr. Clinton, speaking here at the first full day of the 16th International Conference on AIDS, said that "the leaders don't necessarily have to be the reigning head of government if you have a critical mass" and "the government does not undermine you with counterproductive policies."

He spoke before 6,000 people who jammed a hall where he and the computer entrepreneur Bill Gates answered questions for more than an hour from a moderator, Charlayne Hunter-Gault, and the audience. Hundreds more among the 24,000 conference participants sat in overflow rooms or could not get into the hall. They had all skipped scientific presentations to listen to what was dubbed the Double Bill, a session that dominated the day's events.

Mr. Clinton and Mr. Gates, who each have charitable foundations that support the fight against AIDS, have become the newest popular faces of the campaign as they have traveled the globe, often together, to learn more.

Both men praised the Bush administration's program, Pepfar, the President's Emergency Plan for AIDS Relief, a five-year, $15 billion program that serves 16 countries, 13 of them in Africa. One part of the program aims to help provide pregnant women with the pills to have healthy babies.

Mr. Clinton said, "Pepfar, on balance, has done a terrific amount of good."

Mr. Gates said, "On the treatment front, Pepfar is a great success, and we need to get that story out."

"It's incredible in its impact," Mr. Gates said. "Lives are being saved, and this thing is being run very well."

Mr. Clinton disagreed with a participant from Ecuador who criticized him for doing very little against AIDS when he was president, saying, "I did a good job" but met opposition from Congress. "I did make a lot of mistakes when I was president, but that was not one of them," he said, drawing laughter.

The conference's theme, "Time to Deliver," is intended to galvanize the world to apply the prevention and treatment methods that are known to work and to develop the new tools needed to eventually stop AIDS.

Moreover, the organizers say, so many lives — and so much money — are now at stake that everyone involved in fighting the pandemic must be held accountable.

"This is a story that will have a happy ending," Mr. Gates said.

But both he and Mr. Clinton said the road to that goal would be rocky until scientists developed a vaccine or cure.

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For example, Mr. Gates said, a simple drug therapy can help most infected mothers avoid passing the AIDS virus to newborns. But, in part because of stigma, poor countries are unable to provide that treatment for an overwhelming majority of pregnant women.

Mr. Gates told conference participants that grassroots support was needed to maintain and increase United States donations. But he said that "on the prevention front, things are far more complicated," in part because "education does not change behavior as much as we'd like."

Efforts to develop a microbicide — gels or creams that could be inserted vaginally or rectally to block H.I.V. infection — have been disappointing. For example, a large trial in 2000 showed that one microbicide was unsafe when it was expected to show effectiveness.

But Mr. Gates expressed hope that the investments that the Bill and Melinda Gates Foundation had made in microbicide research would produce at least one effective medicine in the next few years and be "a turning point in the epidemic."

As for stigma, Mr. Clinton cited China's experience in reversing its position on AIDS. "Initially, the Chinese were in denial about AIDS, and then they decided they wouldn't be, and they turned on a dime," he said.

Government ministers in China shook hands with an AIDS activist for the first time, the premier had AIDS activists in his office, and then the president of China visited people on their deathbeds in hospitals.

Both Mr. Clinton and Mr. Gates cautioned that antiretroviral drugs to fight H.I.V. could not just be dropped into poor countries if there were no workers trained to deliver them and monitor therapy. The ability to train such workers varies by country, they said.

Mr. Clinton said he found it difficult to imagine how the world would come together unless something serious was done about AIDS.

A Very Big Project Calls On Artists Across Middle East (WSJ)

By Philip Shishkin

The Wall Street Journal, August 15, 2006

DAMASCUS, Syria -- During prayers in his neighborhood mosque, Moktaz Obeyeed used to elbow his way through the big, crowded hall to pick up a small copy of the Quran. How great would it be, he thought one day, if you could just lift your eyes and read the holy book from anywhere in the mosque, without bothering other worshippers? He had a vision of giant pages of the Quran covering the walls.

Since that day nearly 10 years ago, Mr. Obeyeed says he has sunk all his savings into bringing his dream of a huge Quran to life. He's deferred buying a new house despite his wife's pleas, and tapped an international network of 58 calligraphers to handwrite 120 pages of the holy book -- each page measuring six-feet, eight inches high and three-feet, four inches wide.

The size would make it among the world's largest Qurans. But what really sets it apart is the sheer number of artists involved. Mr. Obeyeed's calligraphers are scattered across 17 countries, including all of the Middle East's hot spots: Lebanon, Iraq, Afghanistan and the Palestinian territories. That has complicated an already difficult undertaking; a Lebanese calligrapher, for instance, recently couldn't be reached for 10 days, prompting a frantic search.

"I always worry that I'm not going to be able to complete" the project, says Mr. Obeyeed, a 35-year-old Damascus native who runs a cramped metal workshop making items of a more prosaic nature: office plaques, stamps and advertising signs. But having competed in Syrian boxing leagues for years, Mr. Obeyeed says he knows how to fight on.

Mr. Obeyeed hopes he can find money and patience for the next phase of his plan: transferring the calligraphy from paper onto 120 sheets of metal, which would then be attached to a central spine like flower petals and encased in a massive glass box. A computer-controlled motor would turn the pages, each weighing 88 pounds, while voice software could recite the Quranic verses in no fewer than 14 languages. A similar idea has already been tried in the United Arab Emirates.

The project is unfolding at a time when Syria is going through an Islamic revival unprecedented in its recent history. For years, Syria's staunchly secular rulers sought to suppress or control religious activities, fearful of the Islamist opposition at home and stirring up sectarian tensions. But in recent years, as international isolation and discontent at home began to rise, the Syrian regime has changed tack.

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Now Syrian authorities are encouraging religious sentiment -- especially Islamic faith -- partly in the hope of deflating support for more aggressive Islamists. For the first time in years, the government recently allowed religious banners on the streets to mark the birthday of the Prophet Muhammad. Government-sanctioned preachers and Islamic scholars have been given more freedom.

That has led Syrian authorities to welcome Mr. Obeyeed's idea. They provided accommodations when all 58 artists gathered in Damascus last year to launch the project and have control of the final look of the book. As for Mr. Obeyeed, one of his main goals is to foster Muslim unity and pride at a time when the Middle East is rocked by wars and uncertainties.

"Our Quran project unifies all Arabs and Muslims to produce an artistic work," says Mr. Obeyeed, who hopes the work will one day be displayed in a museum in Damascus. His small office -- one has to bend down not to hit the ceiling -- is filled with long cardboard tubes holding finished Quran pages mailed from across the Middle East.

Centuries-Old Art Form

He assembled his network of artists largely through word of mouth, tapping into a centuries-old art form: writing out Quranic verses longhand. At their meeting in Damascus, artists were briefed on the project, divided up the 120 pages and then departed to their home countries to do the work, entirely as volunteers. Mr. Obeyeed supplied them with sheets of high-quality laminated paper he bought from Germany, then waited for the finished pages to return to him by mail.

One elderly man from a remote Afghan village volunteered to do a whopping 12 pages and then disappeared, Mr. Obeyeed says. He looked for him through the Afghan Embassy, but the artist didn't have a telephone and couldn't be located. Mr. Obeyeed was growing despondent and approached other artists for backup. Months after he had given up hope, a shipment of tubes was delivered to him through the Afghan Embassy -- the Afghan calligrapher came through.

There have been many challenges. When Mr. Obeyeed wanted to mail blank paper to a Palestinian artist, he ran into a problem: Syria and Israel, which occupies the Palestinian West Bank, have technically been at war for decades and there are no mail links with the Palestinians. Mr. Obeyeed went to Jordan and mailed it from there. He later traveled back to Jordan to receive the finished pages.

One Syrian calligrapher died shortly after finishing his pages. Another artist sent apologies for a delay because he needed to collect hay on his farm. Yet another calligrapher's work was set back by the death of his sister. One artist made a spelling mistake, but then refused to redo the page, so someone else had to be brought in.

Israel's war with Hezbollah in Lebanon has also intervened. The mobile phone of the Lebanese calligrapher, who serves in the army, went silent right after the Israeli bombing began, Mr. Obeyeed says. After days of worrying, he finally tracked him down through an acquaintance. The Lebanese artist sent word promising to finish his Quran page and find a way to get it to Damascus. "Once things get calmer, I'll go to Lebanon," Mr. Obeyeed says.

Painstaking Work

Writing the big Quran is painstaking work. Artist Ahmed Abdur-Razak, a 30-year-old Iraqi refugee, spends hours each day in his small room on the outskirts of Damascus, hunched over a drawing board with a pen, trying to finish four pages. It has taken him two months already, and he is halfway through the last page. "We aren't used to dealing with Quran pages this big," he says.

Mr. Obeyeed is now preparing to bind the pages and decorate the margins with images created by a Syrian graphic designer. Keeping everybody happy with the final look isn't easy. Shown the margin samples in Mr. Obeyeed's office on a recent day, Adnan al-Ghazaz, another Iraqi calligrapher, frowned and shook his head. "With all due respect, this isn't Islamic decoration," Mr. al-Ghazaz said.

In his spacious office in Aleppo, Syria's second largest city, Karim Darwish, the artist responsible for the decoration, says he is trying to push limits. "I hope they can understand," he says, pointing at intricate, multicolored designs on his computer screen. "If we look at other Qurans, all of them look the same." But he can't push too far: Mr. Darwish says the spiritual head of Syria's Muslims, whose approval is crucial for the project's survival, recently told him to make his drawings more traditional.

Mr. Obeyeed has already missed several self-imposed deadlines for finishing the project, and says it has taken a toll on his nerves. "He's shattered by it," says Mr. Darwish.

The big Quran is called Muskhaf al-Cham in Arabic, which means the Holy Book of Damascus. Mr. Obeyeed recently named his new daughter Cham, in homage to the project. He estimates he has spent tens of thousands of dollars on it. "I was

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supposed to buy a house, but I put all my money into the Quran," he says. Undaunted, he wants to super-size the holy books of other religions. "When the Quran is done, we'll try to do the New Testament," he says.

Dictator Without A Doubt (WP)

By Eugene Robinson

The Washington Post, August 15, 2006

Dressed not in his green fatigues but in a white Adidas track suit with red and blue stripes, Fidel Castro posed for photographs -- apparently over the weekend, though it's hard to be sure -- holding up a copy of the official newspaper Granma to prove he had survived to his 80th birthday. "Absolved by History," said the front-page headline, and it was hard to read the phrase as anything but the perfect, almost inevitable, exit line.

Castro's first attempt at revolution was a raid on Santiago's Moncada barracks on July 26, 1953. Bad planning and amateurish execution led to failure, and Castro was captured and put on trial. Before going to prison, he gave a famous courtroom speech in which he made what seemed a hopelessly quixotic prediction: "History will absolve me."

So now, half a century later, an old man claims his absolution. The invocation of that historical touchstone would be enough by itself to suggest that Castro believes his era is at an end, but his birthday message to the Cuban people left even less room for doubt. He confronts a long and risky recovery, he wrote, and Cubans should be "optimistic and at the same time always ready to face any adverse news."

Hours after the photographs and message were published, Castro's brother and designated successor, RaÃºl, made his first public appearance as acting head of state, meeting Venezuelan President Hugo ChÃ¡vez at the airport. Castro has been ailing for two weeks now, but Sunday felt like transition day.

Even if Castro survives this crisis, it is hard to imagine he could ever reclaim the unquestioned dominion he has exercised over Cuba for the past 47 years as leader, micromanager, theorist of revolution and ultimate authority on everything. As long as he remains alive, though, it is hard to imagine anyone, even his brother, taking Cuba in a new direction. All the hopes and fears invested in the advent of a post-Fidel era may have to be deferred.

For now, we can just examine the claim Castro made from his hospital room. Should that headline have read, "Absolved by Himself"?

One theory is that he's simply an old man who made a mistake a long time ago and is too stubborn to admit it. The mistake, of course, would be communism. My problem with this analysis is that it requires the old man to have at least the shadow of a doubt, and I don't think Castro does. I think he may be the last of the true believers.

I've been to Cuba nine times, and not even the dissidents believe that Castro has done a Baby Doc or a Mobutu and stashed millions abroad in numbered bank accounts. People who see him socially have told me he lives far better than most Cubans (which isn't saying much), but not at all lavishly. Forbes magazine claimed last year that Castro is worth $550 million, but it based that on the value of "state-owned assets Castro is assumed to control." I thought that was tendentious. Controlling state-owned companies isn't the same thing as robbing them.

I used to wonder why Castro, assuming he was never going to allow multiparty elections, didn't at least follow the Chinese leadership's example and open up the economy while retaining absolute political control. Despite the U.S. trade embargo, Cuba's moribund economy could have blossomed. But Castro reportedly was appalled by what he saw in modern China -- a growing gap between rich and poor. When the Cuban economy collapsed in the 1990s, Castro allowed just enough private enterprise so that people could survive. Once things got better, he took it all back.

It finally dawned on me that Fidel Castro likes Cuba the way it is, a glorious shambles with myriad inefficiencies and problems.

Reform-minded Cuban officials used to whisper to me that soon there would be a private market in real estate, but Fidel would never allow it. I think he likes a system in which everyone has a roof, though it's leaky, and surgeons live next to bricklayers in crumbling tenements.

Most Cubans aren't allowed to buy new cars, even if they have the money. I used to think this was just a method of control, but I came to believe that Castro probably smiles when he sees the fortunate few who do have cars stopping to pick up the

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hitchhikers who gather at almost every major intersection. The scene brings the communist ideal to life: "From each according to his abilities, to each according to his needs."

The old man in the track suit made a mistake. But I think he'll die without ever believing that, let alone admitting it.

New Image For America Begins At Home (WP)

The Washington Post, August 15, 2006

With nearly 50 years in marketing, Keith Reinhard knows when a brand is in trouble. Even before the war in Iraq bred new resentment of the United States abroad, the country had developed an image problem, says Reinhard, 71, chairman emeritus of DDB Worldwide Communications Group Inc., an advertising agency with offices in 96 countries.

He says surveys taken in 17 countries in 2002 showed that people think that global U.S. businesses are exploitative, that Hollywood promotes messages that conflict with local cultural and religious values, and that Americans are materialistic, arrogant, loud and uninterested in other cultures. That is not just bad for the United States, Reinhard says, it is bad for business. So in 2004 he founded Business for Diplomatic Action, a New York-based nonprofit organization that enlists the help of U.S. corporations in bolstering the country's image abroad.

-- Christopher Lee

Q Why did you start this group?

A Looking at those [survey results] early in 2002, it seemed to me that you could attach, either directly or indirectly, all of these negative perceptions to business expansion. And that if that were the case, then why not mobilize the business community to start to address some of these perceptions? Now some of these root causes still remain. At the moment, the disagreement with U.S. policy would be a primary root cause. But, still, all of these other things can be addressed by U.S. business.

How do you change opinions?

The first point is to try to sensitize certain U.S. key constituent groups to the problem. There is still not widespread knowledge or agreement that we really have a problem with our reputation and image around the world. So with the help of the media, giving presentations, our Web site [http://www.businessfordiplomaticaction.org] . . . and our testimony in Congress, we're starting to sensitize people to this issue. If this were a brand in the commercial world, we would declare a crisis.

. . . The second part of our plan is to transform or change those parts of America and Americans that we can influence. . . . If the perception is that we are loud, arrogant, insensitive, ignorant -- we can change that. Americans make 60 million trips outside the United States every year. If we could make 60 million positive impressions, that would be a step in the right direction.

We have published two "World Citizens" guides. The first is for students who travel and study abroad. . . . And 300 colleges and universities have now put these in the hands of kids who are planning to study abroad. . . . That was so successful that the National Business Travel association said, "Okay, can you do an abridged version for business executives?" It's 16 reminders that are placed in the hands of executives from 800 companies who will get this as a part of their travel documents. . . .

We're trying to change the visa policies and the entry attitudes. . . . For example, we have offered Disney to help orient customs and immigration agents. Disney handles large crowds, long queues and still has a way of making people feel welcome. We're not suggesting the rules change, but that the attitude change. Word gets out, you know, "They don't want us there." The visa delays are six months in some cases.

In what ways does anti-Americanism hurt business?

Tourism is down substantially from pre-9/11 levels, and that is hurting the United States economy to the tune of billions of dollars. Our share of world international tourism is 6 percent. It was 7.4 percent. Travel from Brazil is down 43 percent, and that's primarily because of the visa problem.

We know that American brands are becoming less popular. . . . In G-8 countries, 18 percent of the general population say they try to avoid American brands. In marketing we know that behavior inevitably follows attitude. And so we think it is in the best interest of business to address this problem.

You mentioned that part of the reaction is to U.S. policy. That's not something your group can influence much. How do you deal with that?

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If we can, as a business group, shift the discussion from policy to business to the private sector to civil society to culture to education to learning, we think there is a great deal that can be done outside of policy.

But isn't there a ceiling on the impact you can have as long as people are reacting to policy?

I suppose so, but then the alternative would be to do nothing, and that doesn't seem like a good idea. I also believe that Washington listens to business. I think maybe eventually the business community can influence policy.

What else can you do?

Try to amplify the good qualities about America that are still admired around the world. Research is very clear that if visitors, whether they are students or tourists or workers, can actually get into the United States and spend time here, their opinion of America and Americans is dramatically changed. . . . It's incumbent upon the government to promote tourism.

What's your opinion of the Bush administration's efforts to improve America's image?

In the second term, there was recognition given to the need, which was a positive. During the first term there was not even acknowledgment that there was a problem.

Do you think the administration is succeeding?

Not yet. I think this is a long, long-term problem.

Is it possible that some of the problems you've identified are not just misperceptions about the United States, but are true?

Sure. In marketing, what you do if a brand is in trouble is you get all of the perceptions and you put all of the positive perceptions over here and you say, "How can we amplify those?" Then you divide the negatives into two piles: Negative perceptions that are true -- you have to change the product. Negative perceptions that are not true -- you have to clarify the communication.

So our strategy is change the product. Make Americans less arrogant, better world citizens. Maybe more than 17 percent of us should have passports. Maybe we should get out and see the world. So that's the part we're trying to change. And then the visa and the entry policies. That's changing the product. The market will decide.

What Year Is It? 1938? 1972? Or 1914? (WSJ)

By Ross Douthat

The Wall Street Journal, August 15, 2006

Foreign-policy debates are usually easy to follow: Liberals battle conservatives, realists feud with idealists, doves vie with hawks. But well into the second Bush term, traditional categories are in a state of collapse. On issue after issue, the Republicans and Democrats are divided against themselves, and every pundit seems determined to play George Kennan and found an intellectual party of one. We suffer from a surfeit of baffling labels -- "progressive realism," "realistic Wilsonianism," "progressive internationalism," "democratic globalism" -- that require a scorecard to keep straight. But perhaps there's a simpler way. For the moment at least, where you line up on any foreign-policy question has less to do with whether you're Republican or Democrat, isolationist or internationalist -- and more to do with what year you think it is.

There are five major schools of thought on this question, beginning with the "1942ists," who believe that we stand in Iraq today where the U.S. stood shortly after Pearl Harbor: bogged down against a fascist enemy and duty-bound to carry on the fight to victory. To the 1942ist, Iraq is Europe and the Pacific rolled into one, Saddam and Zarqawi are the Hitlers and Tojos of our era, suicide-bombers are the equivalent of kamikazes -- and George Bush is Churchill, or maybe Truman. The most prominent exponent of 1942ism is Mr. Bush himself. His speech on last year's V-J Day anniversary, for instance, was a long meditation on the similarities between the Iraq war and the challenges faced by FDR. But Mr. Bush hasn't been alone in his invocation of World War II. For much of the post-9/11 period, '42ism has been the position of most mainstream conservatives (and many liberals as well), embraced by realists as well as idealists, and inspiring everything from the term "Islamofascism" to calls for Manzanar-style internment camps for disloyal Muslim-Americans.

Over the last year, though, many conservatives have been peeling away from '42ism, joining the "1938ists" instead, for whom Iran's march toward nuclear power is the equivalent of Hitler's 1930s brinkmanship. While most '38ists still support the decision to invade Iraq, they increasingly see that struggle as the prelude to a broader regional conflict, and worry that we're engaged in Munich-esque appeasement. This camp's leading spokesmen include Michael Ledeen, Bill Kristol and Newt

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Gingrich. If you hear someone compare Ahmadinejad to Hitler, demand a pre-emptive strike on Iran, or suggest that the Hezbollah-Israel battle is a necessary overture to a larger confrontation, you're listening to a 1938ist.

Liberals, too, have been abandoning '42ism of late. The once-sizable bloc of left-of-center Iraq project supporters has shrunk to include Joe Lieberman, Christopher Hitchens and almost nobody else. Most of the liberal ex-'42ists have joined up with the "1948ists," who share the '42ist and '38ist view of the war on terror as a major generational challenge, but insist that we should think about it in terms of Cold War-style containment and multilateralism, not Iraq-style pre-emption. 1948ism is a broad church: It includes politicians who still technically support the Iraq war (but not really), pundits who opposed it from the beginning, chastened liberal hawks like Peter Beinart and chastened neocons like Francis Fukuyama. What unites them all is a skepticism about military interventions, a fear of hubris, and an abiding faith in the ability of diplomacy, international institutions and "soft power" to win out in a long struggle with militant Islamism.

What unites the '48ists, too, is a desire to avoid being tarred as antiwar leftists. This is precisely the position that the "1972ists" embrace. '72ism has few mainstream politicians behind it, but a great many Americans, and it holds that George Bush is Nixon, Iraq is Vietnam, and that any attack on Iran or Syria would be equivalent to bombing Cambodia. Where 1948ists compare themselves to Dean Acheson and Reinhold Niebuhr, '72ists suggest that the greater danger is repression at home and blowback from imperialist ventures abroad. '72ism is the worldview of Michael Moore, the makers of "Syriana," and the editors of the Nation -- and its power is growing.

As 1972ists are to mainstream liberalism, the "1919ists" are to the political right: The old-guard faction that damns its own party's leaders as sellouts to the other side. For '19ists, Mr. Bush is Woodrow Wilson, a feckless idealist bent on sacrificing U.S. interests and global stability on the altar of messianic liberalism. 1919ism was marginal three years ago, confined to figures like Pat Buchanan who (like the '72ists) saw Zionist fingerprints all over U.S. foreign policy. But of late, many traditional conservatives have migrated in this direction, including William F. Buckley and George Will. As the administration flirts with '38ism, rattling its sabers at Syria and Iran, the '19ers have become convinced that the only thing more dangerous than an incautious '42ism is a still more reckless belief that the year is 1938.

The '19ist-versus-'38ist struggle in the conservative ranks is just one example of how this new alignment creates odd bedfellows and unexpected fissures. Right-wing intellectuals like Andrew Bacevich pen 1919ist essays in the Nation as well as the American Conservative, while a '42ist liberal like Mr. Lieberman bonds with a conservative president and suffers for it at the hands of '48ist and '72ist primary voters. The Democrats' chances of winning in 2008 depend on whether a '42ist or '48ist candidate can get through the primary season without being forced to pander to the party's '72ist base (as John Kerry did, fatally, in 2004). The GOP primaries, meanwhile, may turn on whether a '42ist candidate like John McCain or Rudy Giuliani takes up Iran-hawk themes to fend off '38ist criticism -- and whether this provokes a revolt among disgruntled '19ists, who for now remain a movement in search of a leader.

And yet. A few voices have spoken up of late for the most disquieting possibility of all. This possibility lacks heroes and villains (Bush/Wilson, Ahmadinejad/Hitler) and obvious lessons (impeach Bush, stay the course in Iraq). But as our crisis deepens, it's worth considering 1914ism, and with it the possibility that all of us, whatever year we think it is, are poised on the edge of an abyss that nobody saw coming.

Sell The Tiger To Save It (NYT)

By Barun Mitra

The New York Times, August 15, 2006

New Delhi

WHICH country is thinking about applying free-market principles to wildlife preservation and, in the process, improving the survival chances of a long-endangered species while giving its economy a boost?

Communist China, of course.

China joined the international effort to protect the tiger in 1993. But today there is a growing recognition among many Chinese officials that a policy of prohibition and trade restrictions has not benefited the tiger as much as it has helped poachers and smugglers of tigers and tiger parts.

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Conservationists say the worldwide illegal trade in forest products and wildlife is between $10 billion and $12 billion, with more than half of that coming from Asia.

Of the planet's estimated 5,000 wild tigers, about 75 percent are in India, which, like most nations, believes that commerce and conservation are incompatible. Only a relative handful of tigers — probably a few dozen — can be found in China's forests. (The United States is home to some 10,000 tigers, owned by zoos and private citizens.) The tiger, in short, is still staring at extinction.

But like forests, animals are renewable resources. If you think of tigers as products, it becomes clear that demand provides opportunity, rather than posing a threat. For instance, there are perhaps 1.5 billion head of cattle and buffalo and 2 billion goats and sheep in the world today. These are among the most exploited of animals, yet they are not in danger of dying out; there is incentive, in these instances, for humans to conserve.

So it can be for the tiger. In pragmatic terms, this is an extremely valuable animal. Given the growing popularity of traditional Chinese medicines, which make use of everything from tiger claws (to treat insomnia) to tiger fat (leprosy and rheumatism), and the prices this kind of harvesting can bring (as much as $20 for claws, and $20,000 for a skin), the tiger can in effect pay for its own survival. A single farmed specimen might fetch as much as $40,000; the retail value of all the tiger products might be three to five times that amount.

Yet for the last 30 or so years, the tiger has been priced at zero, while millions of dollars have been spent to protect it and prohibit trade that might in fact help save the species. Despite the growing environmental bureaucracy and budgets, and despite the proliferation of conservationists and conferences, the tiger is as close to extinction as it has been since Project Tiger, a conservation project backed in part by the World Wildlife Fund, was launched in 1972 and adopted by the government of India a year later.

If we truly value the tiger, this crisis presents an opportunity to help it buy its way out of the extinction it now faces. The tiger breeds easily, even in captivity; zoos in India are constantly told by the Central Zoo Authority not to breed tigers because they are expensive to maintain. In China, which has about 4,000 tigers in captivity, breeding has been perfected. According to senior officials I met in China, given a free hand, the country could produce 100,000 tigers in the next 10 to 15 years.

(Disclosure: I have been writing on tiger conservation for more than 10 years, and over the course of that time have suggested using the power of commerce to save the tiger. Earlier this year, I was invited by the State Forestry Administration of the People's Republic of China as part of an international group to learn about the Chinese perspective on the issue; the agency paid for my airfare and accommodations.)

Wildlife farming and ranching could potentially break the poverty trap that most forest villagers find themselves in. In Zimbabwe, before the current spiral into chaos, villagers had property rights on the wildlife in the forests around them, and they earned revenue by selling a limited number of hunting licenses. They had a stake.

At present there is no incentive for forest dwellers to protect tigers, and so poachers, traffickers and unscrupulous traders prevail. The temptation of high profits, in turn, attracts organized crime; this is what happens when government regulations subvert the law of supply and demand.

But tiger-breeding facilities will ensure a supply of wildlife at an affordable price, and so eliminate the incentive for poachers and, consequently, the danger for those tigers left in the wild. With selective breeding and the development of reintroduction techniques, it might be possible to return the tiger to some of its remaining natural habitats. And by recognizing the rights of the local villagers to earn legitimate revenue from wildlife sources, the tiger could stage a comeback.

Market economics greatly favor the tiger. If China decides to unleash the tiger's commercial potential, the king of the forest might be more secure in his kingdom.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TODAY'S EDITION

Terrorism News:

AG Warns Heightened Security Measures May Be Permanent (AP) ... 4
The Situation Room (CNN) ... 4
In Wake Of Plot, Justice Dept. Will Study Britain's Terror Laws (NYT) ... 14
Britain Eases Travel Rules After Terror Alert Lowered (USAT) ... 15
Thwarted Plot Adds To DOJ's Impatience (LAW) ... 15
British Sift Through Potential Plane-bomb Materials (USNEWS) 16
We Need Our Own MI5 (WP) ... 17
Charity Funds Said To Provide Clues To Alleged Terrorist Plot (WP) ... 18
Britain Looks For Links To Transit Blasts (LAT) ... 19
Threat Alert Level Lowered For Airports (NYT) ... 20
Britain's Threat Level Drops To 'Severe' (AP) ... 21
UK To Make New Security Rules Permanent (FT) ... 22
Terror Alert Downgraded, But Attack Still 'Likely' (WT) ... 23
East Enders (WSJ) ... 24
L.A. Area Muslims Urge Public To Not Demonize Them (LAT) ... 25
Cuban Exile Militant Asks Federal Judge To Free Him (MH) ... 26
5 Men Leave Guantánamo For A Bleak, Uncertain Future (NYT)27
A Self-Defeating War (WSJ) ... 28

Homeland Response:

U.S. Officials Say Plot Shows Need For More Sharing Of Passenger Data (NYT) ... 29
Air Cargo Still Largely Unchecked (WSJ) ... 30
Veteran Travelers Find It Hard To Carry On (USAT) ... 32
Fear Takes Flight (WP) ... 34
What Can Be Carried On? (NYT) ... 34
What You Need To Know About The New TSA Rules (USAT) ... 36
Air Travel: The New Facts Of Life (7 Letters) (NYT) ... 39
Tighter Security Is Jeopardizing Orchestra Tours (NYT) ... 40
New Regulations Further Strain Airlines' Creaky Baggage Systems (WSJ) ... 41
Come Wait With Me (NYT) ... 42
FBI: No Terror Groups In Cell Phone Case (AP) ... 43
FBI Finds No Terrorist Link To 3 With Supply Of Phones (WT) ... 44
FBI: No Links To Terrorism In Caro Cell Phone Case (DEN) ... 45
Terror Cases Tied To Phones Are Crumbling (MCT) ... 45
Mich. Officials Hold 3 On Terror Charges Despite FBI View (WP/DFPress) ... 47
FBI: There's No Imminent Terrorist Threat To Michigan (WJRT-TV) ... 47
3 Dallas-area Suspects Known To Resell Phones (HC) ... 48
Terrorism Charges Dropped In Ohio Cell Phone Case (FREEP) 48
TPD Investigates 'abnormal' Number Of Cell Phones Purchased By Two Men (AZDS) ... 49
Tucson Police Say Cellphone Purchases Were Suspicious, But Not Criminal (kVOA-TV) ... 50
Easy To Resell, Prepaid Phones Rankle Carriers (WSJ) ... 50
Last 2 Egyptian Students Found (WT) ... 51
2 Egyptian No-shows Located Here (RTD) ... 52
All Missing Egyptian Students In Custody (KCS) ... 53
Toy Remote Control Triggers Airliner Evacuation At LA Airport (AP) ... 53
Stolen Guns Highlight Security Problems (CHIT) ... 53
Concerns About Missing Guns At O'Hare (WLS-TV) ... 54
Weapons Stolen From Checked Bags At O'Hare (CBS2CHI) ... 55
A Public Rebuilding Downtown (NYT) ... 56
Governors Resist Shifting Authority Over Guard (NYT) ... 56
Trailer Homes' Locks Found Vulnerable (AP) ... 57
FEMA Has Key Concern With Its Trailers (NOTP) ... 57
New Orleans Power Play Spurs Role Reversal (WSJ) ... 58
New ID Just Isn't Ready (USAT) ... 59
Five Years After 9/11, Plan To Tighten Borders Hits Roadblock (USAT) ... 60

War News:

U.S.-Iraqi Offensive Tries To Steer Clear Of Shiite Militia (USAT)60
Rosy Assessments On Iraq `not Related To Reality,' Some Say (MCT) ... 61
U.S., Iraqis At Odds Over Blasts' Cause (AP) ... 63
U.S. Offers Plan To Curb Rogue Iraqi Police Forces (LAT) ... 64
Just-returned Troops Sent Back To Iraq (AP) ... 65
300 US Troops Going Back To Iraq After Brief Reprieve (AFP) . 66
3rd Infantry Troops Ready For Possible Third Tour In Iraq (AP). 66
43-year-old Army Veteran From Hillsdale Killed In Iraq (AP) ... 67
A Suspect Iraqi: Do You Fire? (LAT) ... 67
Haditha Probe Leaves Marines Wondering (AP) ... 69
Lawmaker Apologizes To Marines For Remarks (WP) ... 71
Sunni Speaker Faces Ouster Attempt (AP) ... 71
Speaker Of Iraqi Parliament May Step Down (NYT) ... 72
Baghdad's Cinemas Falling Casualty To War (WP) ... 73

Hostage: The Jill Carroll Story - Part 2 (CSM) 74
In Afghanistan, Lamenting Refuge For Militants Across Border (NYT) 76
Case Shows Terror-War Complications (WSJ) 78
Terrorism 'undermining Pakistan' (FT) 79
Polio Cases Rise In Afghan South (NYT) 79

Corporate Scandals:

U.S. Wants Ex-Enron Chief To Pay Lay's Share, Too (NYT) 80
Nasdaq Says Monster Not In Compliance (AP) 81
HealthSouth Mulls Divesting Divisions (FINDLAW/AP) 81
Enron Overkill (WSJ) 81

Criminal Law:

Rodriguez Trial Opens With Grim Details (MINNST) 82
Dru Sjodin's Death Described As Suspect's Trial Opens In North Dakota (STPPP) 84
Trial Begins In Slaying Of N.D. Student (WP/AP) 85
Ex-GOP State Staffer Challenges FBI Report (MANUL) 85
Former SOCom Colonel Gets 15 Months (SPT) 86
Former SOCOM Official Gets 15-Month Prison Term (TAMPTRIB) 86
Retired Army Officer Sentenced In Military Contractor Bribery Case (AP) 86
Moss Point Alderman Arrested On 13-count Federal Indictment (BSH) 87
FBI, District Probe School Credit Card Use (FWST) 87
Jury Selection Begins In 3rd Gotti Trial (WP/AP) 88
Gotti Goes Gaga Over His Brand New Junior (NYDN) 89
HEAT'S ON MOB COP (NYPOST) 89
Hooks Says He'll Quit Commission (MCA) 90
Lincoln Man Gets 30 Years For Child Porn (BLOOMPAN) 90
Man Admits Threatening To Murder Federal Judge (LAW) 91
Judge Orders Voice Samples Of Three Charged In Coke Secrets Case (FINDLAW/AP) 91
Bank Heists Linked To Teens Catch FBI's Eye (USAT) 92
Local Gang Members Are Off To Prison (GAINT) 92
Gainesville Gang Members Get Prison Terms (AJC) 94
Six Gainsville Gang Members Sent To Prison (MACT) 94
Actress In Homeland Security Show Scam Must Pay (LAT) 94
Sheriff Offers Profile Of Sniper Active In Northwest Indiana (NYT) 95
Hinckley Seeks Four-day Visits (WT) 96
Man Pleads Not Guilty In Richmond Killings (WT/AP) 97
Espionage Lite (WP) 98

Civil Law:

Iranian Brothers Sue Over Long Detention (NSDY/AP) 98
Freed Former Terror Suspects Sue U.S. Officials (LAT) 99
Internet Privacy Group Files Complaint Against AOL (WP) 100

Civil Rights:

Bush Signs Law To Save War Memorial Cross (NYT) 100
Bush Saves Cross By Eminent Domain (WT) 101
Federal Government Takes Control Of A Huge Cross (WP) 102
President Signs Bill To Save San Diego Cross (LAT) 102
Misconduct By Military Recruiters Cited (SEAPI/AP) 103
US Military Recruiting Irregularities Rose Last Year (AFP) 104
Violations By Military Recruiters Up Sharply (WP) 104
Military's Discharges For Being Gay Rose In '05 (NYT) 105
Missouri Army Base Leads 'Don't Ask Don't Tell' Dismissal Rate (AP) 106
Colorado Redistricting Lawsuit Dismissed (AP-Y) 107
Shooting Puts Focus On Police Decisions (BSUN) 107
Inspector General Probes Deletions In Reports On Group Home Deaths (WP) 109
Ninth Circuit Reinstates Suit Over Handcuffing Of 11-Year-Old (MNE) 110
Has Bush V. Gore Become The Case That Must Not Be Named? (NYT) 110

Antitrust:

Bristol-Myers, Sanofi-Aventis Try To Block Sales Of Generic Plavix (AP) 112
Warsaw Orthopedics Companies Named In Antitrust Suits (FWJD) 112
NovaGold Urges Shareholders To Reject Barrick's Takeover Bid (WSJ) 113

Environment:

BP Considers Alternative Routes For Moving Oil From Prudhoe Bay (WSJ) 113
In A Defeat For Louisiana Governor, Federal Judge Refuses To Stop Oil And Gas Lease Sale (AP) 114
Northern Nevadans Don't Want To Gamble With Their Water (WP) 114
White House: Lesser Bird Flu May Be Here (AP) 116
Wild Swans May Have Form Of Bird Flu (WT/AP) 116
Bird-Flu Viruses Are Discovered In Two Wild Swans In Michigan (WSJ) 117
2 Michigan Swans Seem Infected With Nonlethal Avian Flu Strain (NYT) 117
Two Wild Swans Have Virus, But Not The Virus (USAT) 118
Bacteria Cited In Sandy Point Swimming Ban (WT) 118

FBI/DEA/ATF/USMS:

State Dismisses Charges Against Local FBI Agent (WBOY-TV) 119
W. Pa. Native Appointed Chief FBI Agent Here (PPG) 119
2002 Triple Slaying Linked To Feud Over Ecstasy Trafficking (SFC) 120
El Dorado's Raided Marijuana Fields Linked To Criminal Gang (SACBEE) 120
Massive Pot Farm Bust In El Dorado County (AP) 121
14 Arrests Upset Local Somalis (SEATIMES) 122
Cop Failed Polygraph, Feds Say Prosecutors: Metro Detective OK'd Lie Test Over Drug Theft (TENN) 123
'Medical Marijuana' User Drops Defense And Pleads Guilty (COURTTV) 124
Campbell Explains Relay Protest (FT) 125
Feds Revoking Licenses Of Two Merced Gun Stores (MODBEE) 126

Immigration:

Census: Newest Arrivals Fan Out (USAT) 127

DOJ_NMG_0048490

New Data Shows Immigrants' Growth And Reach (NYT) 127
Area Immigrants Top 1 Million (WP) 129
Immigration Spreads Diversity Across Country (WT/AP) 130
Border Group's Finances A Secret (WT) 131

Tax:

IRS: Maple Grove CEO Owes $1.6 Million In Taxes (MINNST) 132

Congress-Administration:

Alarm In Congress Over Race To Allocate Cash (FT) 133
Bush Signs Vocational Education Bill (AP) 134
Could Supreme Court Settle Presidential Signing Scrap? (LAW)134
Former Colleague In SG's Office Becomes Chief Justice's Administrative Assistant (LAW) 136
Chief Justice Taps Justice Department Veteran As Top Aide (SDUT/AP) 137
Luxury Spending Found In Legal Program (AP-Y) 138
Senator Coburn: Tough Critic Of Pork (CSM) 140
Welcome To Byrd Country (CSM) 140
Transportation Dept. Reveals 2nd Laptop Theft In Fla. Office (WP) 142
Veterans Affairs Upgrades Data Security (AP-Y) 143
Inside The Beltway (WT) 143
Press Corps Moves Outside White House (AP-Y) 143
A Growing Separation Of Press And State (WP) 144
Survey Shows Half Have Not Calculated Retirement Needs (WP) 145
How Bush Came To Hate Cellphones (WP) 146
End Welfare Lite As We Know It (NYT) 146
Help Wanted: Qualified Judges (NYT) 147
Welcome To Club Fed (WSJ) 148
Probe Quickly (WP) 149

Other News:

Banks Report Weak Mortgage Demand DOW JONES NEWSWIRES (WSJ) 149
Market's Rally Proves Unsustainable (USAT/AP) 150
Shares Get Lift From Cease-Fire, Drop In Oil Price (WSJ) 150
Democrats See Security As Key Issue For Fall (NYT) 151
Pre-election Terrorizing (LAT) 152
Conservatives Put Faith In Church Voter Drives (LAT) 153
First Lady Laura Bush Appears At Chicago-area Fundraiser (CHIT) 154
White House Vague On Conn. Senate Race (AP-Y) 155
White House Ducks Question On Connecticut Race (NYT) 155
Lieberman's 'Mainstream' Isn't Democratic At All (USAT) 156
Lamont's Secret Weapon (WSJ) 157
Inside The Beltway (WT) 157
Webb Campaign Criticizes Allen Remarks Aimed At Volunteer (AP) 158
Allen Quip Provokes Outrage, Apology (WP) 159
George Allen's America (WP) 160
Reid Pays Interest On Improper Donation (AP-Y) 161
Rep. Ney Formally Withdraws From Ballot (AP-Y) 161
Fitzpatrick Now Rejects Bush's Strategy In Iraq (PHI) 162
A Gap In Their Armor (WP) 162
A Distant Mirror (NYT) 163
Records In House Define Md. Democrats (WP) 164
Improving Relations, Whoop By Whoop (WP) 166
Bush Says Israel Defeated Hezbollah (AP-Y) 167
Hezbollah The Loser In Battle, Bush Says (WP) 168
Hezbollah Was Defeated, Bush Says (WT) 169
Bush Declares Hezbollah Defeated (LAT) 169
U.S. Touts Mideast Cease-fire Prospects (AP-Y) 170
Lebanese Go Home As Fragile Truce Holds (FT) 171
Olmert Accepts Blame For Operation's 'Failings' (WP) 171
Hezbollah Fighters Limp Out Into The Light, Yet Manage A Bit Of A Swagger (NYT) 172
Hezbollah Fighters Emerge From The Rubble (WP) 174
Reservists Unhappy With War's Outcome (WT) 176
A Defiant Hezbollah Rises From The Rubble (LAT) 177
Deal Reflects Shift In Bush's Expectations (LAT) 178
Fragile Cease-Fire Allows Thousands To Return Home (NYT) 179
Bush Defends U.S. Handling Of Lebanese Conflict, Asserting That Hezbollah Is The Loser (NYT) 181
'Birth Pangs' Of What? (WP) 182
Lebanese Refugees Head Home As Fragile Cease-fire Holds (MCT) 183
Weary Lebanese Flocking Home (WT) 185
Both Sides Celebrate Mideast Truce (USAT) 186
Mideast Peace Vulnerable To Provocations (AP) 186
Uneasy Mideast Truce Holds (LAT) 187
Israel, Hezbollah Remain Prepared To Resume Fighting Despite Truce (WSJ) 189
First The Truce, Then The Test Of How Long It Can Last (NYT)190
Many Israelis On Border See A Lull - Not Peace (CSM) 191
10 Katyusha Rockets Explode In Lebanon (AP) 192
The U.N. Puts A Rush Order For A Force Of 15,000 (NYT) 192
German Peace Overture To Syria (FT) 193
The Triumph Of Unrealism (WP) 194
So, Three Guerrillas Walk Into A Bar . . . (WP) 194
2 Fox News Reporters Kidnapped In Gaza (AP) 195
Two Fox News Staffers Kidnapped In Gaza (LAT) 196
Hospital Says Sharon's Condition Worse (AP-Y) 196
Iran Said To Support Shiite Militias In Iraq (WP) 196
Who's Afraid Of Shirin Ebadi? (NYT) 197
Questions For Ahmadinejad (That Mike Wallace Didn't Ask) (WSJ) 198
Mexico's President Defends Vote Tally Electing His Ally (NYT) 199
Japan PM Fulfils Pledge To Visit War Shrine (FT) 200
Japan's Koizumi Again Irks China With Shrine Visit (WSJ) 200
Africa Gives 'ABC' Mixed Grades (WP) 201
A Familiar Pair Urge Greater Attention For AIDS (NYT) 202
A Very Big Project Calls On Artists Across Middle East (WSJ). 203
Dictator Without A Doubt (WP) 205
New Image For America Begins At Home (WP) 206
What Year Is It? 1938? 1972? Or 1914? (WSJ) 207
Sell The Tiger To Save It (NYT) 208

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TERRORISM NEWS:

AG Warns Heightened Security Measures May Be Permanent (AP)

By Don Babwin, Associated Press Writer

AP, August 15, 2006

CHICAGO (AP) Attorney General Alberto Gonzales warned Monday that security measures such as the ban on carrying liquids and gels onto commercial planes may be permanent if officials can't figure how to screen the kinds of materials terrorists in Britain allegedly plotted to use to blow up U.S.-bound planes.

Gonzales said if security officials have the ability to screen for such materials, then ``perhaps we can go back to the way it was before Aug. 10," when British authorities uncovered the alleged plan that included attacks on up to 10 jetliners.

But, he said, ``If we don't have the tools to appropriately screen, to ensure the safety of the flying public then there may be permanent changes. It's too early to tell."

Today, the X-ray machines used at airports do not detect for explosives.

Gonzales, who was in Chicago speaking to a disabled veterans group, would not discuss in detail the investigation, but said that before the British arrests were made, more than 200 FBI agents were following tips about possible activities in the U.S.

``There's no evidence of an ongoing plot here in this country," he said.

In discussing the differences between British and U.S. legal systems, Gonzales said it is possible that the American legal system might want to adopt the British law that allows officials to hold suspected terrorists for 28 days before charging them. In the United States, suspects must be charged a lot sooner, typically within 48 hours, though suspects deemed as ``enemy combatants" have been held far longer.

``That may be something we might want to look at," he said. ``But again, is it consistent with our Constitution? We have to look at that."

Later, a Department of Justice official stressed that Gonzales' comments should not be interpreted to mean that such a change in the law is imminent and, in fact, such a review has not begun.

``The only thing the attorney general has committed to is a review to evaluate and compare the United Kingdom's counterterrorism laws to those in the United States. Any changes to our existing terrorism laws would only be considered after extensive review and discussion to ensure such a change would be necessary, appropriate and constitutional," said a Justice Department official in Washington who is familiar with the pending review. He declined to be identified by name because the review has not started.

Gonzales also said government officials are continuing to evaluate the evidence that British authorities uncovered in the plot that led to the arrest of 24 suspects, and raised the possibility that suspects may face charges outside Great Britain.

``We are evaluating the evidence and will be evaluating the evidence as it is uncovered because we will have to make our own decisions on whether or not prosecutions make sense here in our country," he said.

Gonzales also disputed the suggestion that British authorities are more willing to let plots play out longer than U.S. authorities, who seem more willing to interrupt plots as soon as they believe they have enough evidence to prosecute.

``I think in every case the law enforcement official has to make a difficult decision about when to take down a potential group, a potential cell," he said. ``You have to weigh the possibility that the plot will mature, and people will get hurt, against the possibility that you begin too early and you're not able to successfully prosecute people engaged in criminal wrongdoing."

Associated Press Writer Michael J. Sniffen in Washington contributed to this report.

The Situation Room (CNN)

CNN.com, August 14, 2006

Along Israel-Lebanon Border, Cease-Fire Has Brought Peace; In Lebanon, Tens of Thousands Heading Home; Bush Administration Says Cease-Fire Means Diplomacy Is The Winner; Side-By-Side Comparison of U.S. and British Counter-Terror Tools; Grave Concerns About Potential of Terrorists Getting Into U.S. from Canada by Water; Iran Continues to Deny That It's Arming Hezbollah

Aired August 14, 2006 - 16:59 ET

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WOLF BLITZER, CNN ANCHOR: And to our viewers, you're in THE SITUATION ROOM, where new pictures and information are arriving all the time.

Standing by, CNN reporters across the United States and around the world to bring you today's top stories.

Happening now, it's midnight here in the Middle East. The bombs and the rockets have stopped falling, a cease-fire is holding so far. But is there a winner in the war between Israel and Hezbollah? Both sides now claiming victory in what's becoming a war of words.

It's 12:30 a.m. in Tehran, Iran. Is Hezbollah already being re- supplied with rockets? The U.S. has words of warning for Iran.

We're inside Iran with a report you will see only here on CNN.

And it's 5:00 p.m. in Washington, stepping up security after an alleged transatlantic plot. Should American authorities borrow a tough counterterrorism tool from Britain? Would the American people accept it?

I'm Wolf Blitzer in Jerusalem. You're in THE SITUATION ROOM.

For more than a month, explosions echoed in Lebanon and northern Israel. Now the cease-fire brings an eerie silence, except for the verbal shots fired by both sides. Israel's prime minister, Ehud Olmert, says Hezbollah has suffered a major blow. Hezbollah's leader, Hassan Nasrallah, declares a strategic and historic victory and says the time is not right to talk about disarming.

Thousands of civilians, meanwhile, are streaming back into southern Lebanon, where towns and villages are devastated by Israeli bombing. Israelis are emerging from their shelters, but many are in no return -- no rush to return to their battered northern homes, mindful of a government warning the rockets could still fall again.

And an Israeli icon and a symbol of an earlier war in Lebanon that went very wrong. Hospital officials say the former prime minister, Ariel Sharon, has taken a turn for the worse following a massive stroke suffered in January.

With the smoke clearing, both sides now assessing the damage and facing an uncertain future.

CNN's Jim Clancy is in Beirut.

Suzanne Malveaux is standing by at the White House.

But let's begin our coverage this hour with our Chris Lawrence. He's joining us live from northern Israel -- Chris.

CHRIS LAWRENCE, CNN CORRESPONDENT: Wolf, here along the border, the cease-fire has brought peace, but not necessarily peace of mind. This is one of the many Israeli tanks that have crossed back over into Israel, but Israel is still keeping thousands of its troops in southern Lebanon right now, and the commanders on the ground are calling it a fragile truce.

That was proven earlier today when Israeli soldiers shot five Hezbollah guerrillas in southern Lebanon who they say were threatening the Israeli soldiers. One of those Hezbollah fighters was killed. Many of the commanders here that we spoke with say it is a situation like this that could spiral out of the control, which is why they want the multinational peacekeepers to get on the ground and take their place as soon as possible, but we're hearing that might not happen until late this week, possibly early next.

Now, again, there are other scenes around this part of northern Israel as well. In places like Haifa, life is starting to come back to the town.

It was almost deserted for the last month, but now we're seeing people coming back, reopening their businesses. Families are also starting to return to their homes as well.

We spoke with one family who evacuated a month ago out of Kiryat Shmona. Since then, more than 240 rockets have hit the town. They came back on the first day of the cease-fire, but that doesn't mean they necessarily feel safe. The mother told me she feels that she's very, very skeptical about the truce, she doesn't know if Hezbollah will honor it, and she is worried that this peace may not last.

She also, interestingly, said that she thought that because this war dragged on so long, she felt in her mind that because Hezbollah held out that in some ways it has strengthened its leader, Hassan Nasrallah, in the eyes of the Islamic world. And when I asked her, she felt that Hassan Nasrallah was the one who ultimately might come out the winner in this war -- Wolf.

BLITZER: Chris Lawrence in northern Israel.

Thank you.

In Lebanon, meanwhile, tens of thousands of people are heading home to the devastated southern part of the country, while Hezbollah's leader is claiming a major victory.

CNN's Jim Clancy joining us once again. He's live in Beirut -- Jim. JIM CLANCY, CNN INTERNATIONAL CORRESPONDENT: Wolf, we did have celebrations and fireworks, a declaration of victory. A lot of people on the long road home, and it is a long road to make this cease-fire work.

Let's look at the celebrations first.

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Hassan Nasrallah declared victory, and Hezbollah set off fireworks in the southern suburbs that were visible all over the capital city of Lebanon. And then hundreds of people on motorcycles or in cars also joined in the celebration. They went around the city honking their horns, shouting, "Hezbollah, Hezbollah, Nasrallah, Nasrallah!"

For his part, Hassan Nasrallah has not yet come out of hiding. But it's never too early to celebrate. He did just that when he declared victory on television. He also talked about a very delicate issue, disarming, and here he really went on the counterattack against critics and his own government, in the Lebanese government, as well as at the U.N.

Here's what he had to say.

(BEGIN VIDEO CLIP)

HASSAN NASRALLAH, HEZBOLLAH LEADER (through translator): Who come today dare to say that we ask Hezbollah to disarm and give up his weapons to the government of these great ones with them, the land of Shebaa Farms, with the owners of these farms to go back to it? They come asking us this, and they have with them the prisoners in Israeli jails. Did they come bringing with them real guarantees to protect Lebanon?

(END VIDEO CLIP)

CLANCY: The point is, Hassan Nasrallah and his party did agree that they would abide by the resolution, 1701. Now he seems to be backtracking, saying his forces will not disarm south of the Litani.

It's kind of confusing, because there's the national issue of disarmament for Hezbollah, which is separate, and 1701 which states that as the U.N. peacekeepers and as the Lebanese army goes in, then Hezbollah has to pull back to the Litani River, from the very far south in the country.

Meantime, in that south today, it was nothing but a traffic jam, Wolf. When you looked at the situation, people trying to get home by the tens of thousands. They were in cars and traffic jams, over bombed-out roads and bridges.

It was an awful scene for some people, but they were still happy to be going back and checking up on what they owned. They're hoping they can put the pieces back together again.

Still some risk there, those Israel warning when they go south of the Litani River, they are exposing themselves to the possibility that they could come into contact, into conflict zones that could still erupt at any time. So far today, things seem to be holding pretty quiet.

Back to you -- Wolf.

BLITZER: There was, Jim, a meeting involves United Nations officials along the border, Lebanese officials, Israeli officials. What was that all about?

CLANCY: That was all about the mechanics of how the deployment would go ahead. And as I understand it now, the United Nations was talking separately with Israeli generals and then separately again with the Lebanese officers that are to command that force, and trying to work out some of the details and logistics of all of this.

A very, very delicate operation. And what all sides need to know, including the Lebanese army, they want to know, will Hezbollah be disarmed in the south of Lebanon? It is still a deal-breaker if Israel says it won't pull out of south Lebanon.

BLITZER: Jim Clancy reporting for us from Beirut.

Thank you.

The Bush administration says the cease-fire means that diplomacy is the winner in Lebanon, and it says a successful cease-fire will mean a setback for Iran and Syria.

Let's go live to our White House correspondent, Suzanne Malveaux -- Suzanne.

SUZANNE MALVEAUX, CNN WHITE HOUSE CORRESPONDENT: Well, Wolf, President Bush, of course, has been huddling with his security -- his national security team, the defense team all morning and into this afternoon, but the bottom line is, President Bush really is in the same position that we're all in here, and that is to wait and see whether or not this cease-fire really holds, wait and see whether or not the Lebanese government really is going to be able to ultimately disarm Hezbollah, so that bolstered U.N. force is going to be able to give it the kind of support it needs.

So, what is President Bush doing now? Essentially, he is trying to convince the American people that despite the violence in Afghanistan, Iraq, Iran, and Lebanon, that he has a plan, ultimately this plan to bring democracy and freedom to the Middle East, that this is something that is worth supporting.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: There are terrorists who kill innocent people to stop the advance of liberty. And that's the challenge of the 21st century. And the fundamental question for this country is, do we understand the stakes and the challenge, and are we willing to support reformers and young democracies? And are we willing to confront terror and those who sponsor them? And this administration is willing to do so.

(END VIDEO CLIP)

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MALVEAUX: So, ultimately, Wolf, what we heard is President Bush saying the lesson of last week is that this war on terror is fully engaged, and he is using the foiled attacks of last week, as well as really coming together, this cease-fire, to illustrate a couple things. First, that he believes that there's still a threat against Americans, and secondly, that he is justifying the war on terror, trying to get Americans not to lose support here in the broad scheme of things, the broad goal, his theme, but also, of course, in the weeks to come as those midterm elections approach -- Wolf.

BLITZER: Suzanne Malveaux reporting for us.

Thank you, Suzanne.

Let's check in with Jack Cafferty once again. He's in New York -- Jack.

JACK CAFFERTY, CNN ANCHOR: Wolf, one of the best investigative reporters in our business says the Bush administration was knee deep in the planning of Israel's attacks on Hezbollah before they ever happened. Seymour Hersh writes in this week's "New Yorker" magazine that Israel had a plan for attacking Hezbollah and shared it with administration officials before the July 12th kidnappings of the Israeli soldiers.

Hersh suggests it's all part of a long-term plan to target Iran. He writes, "The president and vice president were convinced that a successful Israeli attack on Hezbollah could be a precursor to a potential U.S. attack on Iran's nuclear facilities."

The White House, as you might expect, denied the report. President Bush called it patently untrue. White House Press Secretary Tony Snow said Hersh's piece, "abounds in fictions."

I've followed Mr. Hersh's career for a lot of years. I'm not sure I would bet against him.

Here's the question: What does it mean if the U.S. was involved in the planning of Israel's attacks on Hezbollah?

E-mail your thoughts to CaffertyFile@CNN.com or go to CNN.com/CaffertyFile.

A lot of people thought Sy Hersh was crazy when he reported there was prisoner abuse going on at Abu Ghraib.

Remember, Wolf?

BLITZER: I certainly do. He was on "LATE EDITION" yesterday. We had a lengthy discussion on the very subject.

Jack, thank you very much for that. And if our viewers would like a sneak preview of Jack's questions, plus an early read on the day's political news and what's ahead here on THE SITUATION ROOM, you can sign up for our daily e-mail alert. Just go to CNN.com/situationroom.

Up ahead, pressing problems and multiple threats. Today we're looking at some urgent situations that the U.S. must confront, including the Iranian connection. Is Iran sending weapons to Hezbollah, possibly to Iraq?

Our Aneesh Raman will have the story.

Also, when British police officers nab terror suspects, they can hold them without charges for up to 28 days. But why can't the U.S. do that?

Jeanne Meserve will answer that in our series, "Target: USA."

And Canada is playing a prominently significant role in the war against terror.

Zain Verjee is in Toronto right now looking at that country's efforts in the war on terror and the dealings with its own Muslim communities.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: It's the first day of a cease-fire here between Israel and Hezbollah in Lebanon. So far, no Hezbollah rockets on this day have come into Israel. No Israeli air strikes into southern Lebanon, or elsewhere in that country, including Beirut.

We're monitoring this -- what some are calling this eerie silence emanating in this war that has continued for, what, 33, 34 days. Much more on this story coming up.

The other important story we're following, the war on terror.

In Britain, things are getting back to normal, yet the threat of terror remains. Britain lowered its terror threat level from critical to severe, where it was before the revelation of that alleged plot to blow up airplanes bound for the United States. British officials say that although the terror level was moved down a notch, it does not mean the terrorists are not hungry for another attack. The British home secretary, John Reid, says a severe threat level means there is still a high possibility that terrorists could attempt a strike.

Meantime, just a short while ago, President Bush talked about the ongoing threat of terror, saying al Qaeda and others are bet on doing Americans harm. But how easy or difficult might that be? Where is America most vulnerable to terrorist attacks?

Today in a series called "Target: USA," CNN is pondering that question, and the answers are chilling. Let's begin with our homeland security correspondent, Jeanne Meserve -- Jeanne.

JEANNE MESERVE, CNN HOMELAND SECURITY CORRESPONDENT: Wolf, homeland security isn't just about protecting things. It is about preventing attacks.

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The British have some investigative powers currently unavailable to U.S. law enforcement, but the U.S. is now taking another look.

(BEGIN VIDEOTAPE)

MESERVE (voice-over): The British bust of the alleged plot to blast airliners out of the skies is spurring the U.S. government to do a side-by-side comparison of U.S. and British counter-terror tools, officials say. One senior Justice Department official says the attorney general "... is not ruling anything or ruling anything out."

One significant legal weapon available to the British, their ability to detain suspects for up to 28 days without charges.

ALBERTO GONZALES, U.S. ATTORNEY GENERAL: That may be something that we might want to look at, but, again, is it consistent with our Constitution? We have to look at that.

MESERVE: U.S. law enforcement must bring charges within 48 hours of detaining a suspect. A former FBI official says sometimes more time would be useful.

PAT D'AMURO, CNN SECURITY ANALYST: To be able to detain those individuals a little bit longer to conduct some interviews would be something that could be looked at in this country, something that would be helpful to law enforcement authorities.

MESERVE: But the idea of extending the amount of time suspects can be held without charges makes civil libertarians bristle.

LISA GRAVES, ACLU: Just a blanket authority to hold anyone, to round people up at will without any evidence that they've done anything wrong is a step in the wrong direction.

MESERVE: Few people inside our outside government believe the U.S. would or could following the British model.

The Patriot Act, passed in the aftermath of the 9/11 attacks, expanded U.S. law enforcement's powers, making it easier, for instance, to conduct wiretaps. But some say it is essential to adopt some of Britain's other terror tools.

DAVID RIVKIN, REAGAN JUSTICE DEPT.: More surveillance, particularly in areas that really do not implicate constitutionally- protected expectation of privacy, A. B, more data mining and ability to really combine information from different databases and disciplines. And C, and I know it's a dirty word in some circles, a more rational attitude towards profiling.

(END VIDEOTAPE)

MESERVE: Though Congress did expand law enforcement's powers after 9/11, it is unclear how it would received any such requests to do so now. This, after all, is an election year -- Wolf.

BLITZER: Jeanne, thank you.

Meanwhile, a new poll gauges the public mood regarding terrorism. The CBS News poll taken after the terror arrests in Britain shows that 17 percent of Americans now cite terrorism as the most important problem facing the country. That's up from seven percent in July.

The CBS poll also asked Americans how they felt about President Bush's current handling of terrorism. Fifty-one percent say they approve. That number unchanged from the president's terror approval rating back in July.

Coming up, America's neighbor to the north is facing some of the same problems as the U.S. faces in the war on terror. Our Zain Verjee is in Toronto. She'll join us live with more.

And how easy would it be for a determined terrorist to walk a bomb or explosive into the United States by walking, walking through the open U.S.-Canadian border?

Mary Snow is following that.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: We'll have much more on the crisis here in the Middle East coming up, but let's check some other important news happening right now.

Betty Nguyen joining us from the CNN Center.

Hi, Betty.

BETTY NGUYEN, CNN ANCHOR: Hi there, Wolf.

There is no date yet for the reopening of the eastern half of the nation's largest oilfield. British Petroleum closed it down last week for a fix of the pipeline corrosion problems. Well, it accounts for about 200,000 barrels of oil a day. And the western half of the oilfield is still operating, but analysts caution even a partial shutdown could cause supply disruption.

We'll keep our eyes on that.

In the meantime, as many as 110,000 FEMA trailers housing hurricane evacuees in the Gulf Coast may have to get new locks, of all things. FEMA says it's discovered that many of the trailers can be opened with the same key. There have been no reports of break-ins, but FEMA workers will put on additional locks and increase security at the trailers just as a precaution. Well,

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a garbage truck driver was injured after his vehicle collided with a vintage steam train carrying tourists. Take a look at the video here.

No one aboard the S16 (ph) train was reported hurt in today's accident in Connecticut. A train official says the truck driver may have tried to beat the train across the track.

You know you should never do that.

And listen to this, Wolf. A Florida newborn will have a big story to tell about her birthday.

Police say the baby's mom was driving to the hospital to give birth when a contraction caused her to lose control of the car. It slid off the road into a canal. The woman gave birth by herself in the mangled vehicle. Can you believe that?

A sheriff's deputy spotted the car and took mother and daughter to the hospital. Both are doing just fine.

What a precious baby. Hey, you can't stop baby when she's ready to come.

BLITZER: A lovely baby, indeed. Thank you -- thank you very much for that, Betty.

We'll be getting back to you.

Coming up, Iran. The Iranian regime in Tehran has made it clear it hates Israel and the United States, but is Iran helping to arm enemies of both countries? Is Iran sending weapons to Hezbollah and possibly to insurgents in Iraq?

Also, might the Iranian president's new blog have anything to say about that? We're going to tell you what it says and some things it does not say.

Stay with us. Much more coming up.

(COMMERCIAL BREAK)

BLITZER: Welcome back to THE SITUATION ROOM. I'm Wolf Blitzer reporting today from Jerusalem.

The United States hopes to close down every hole that could give terrorists an open opportunity. We want to talk more about a very important question we've been exploring. How vulnerable is America to terrorist attacks?

Today, in a series called "Target: USA," CNN is pondering that question, and the answers simply are chilling.

We have three reports.

Tom Foreman is standing by in Washington. Mary Snow is in New York.

Let's begin with CNN's Zain Verjee. She's joining us now from Toronto with more on how Canada is battling homegrown terror -- Zain.

ZAIN VERJEE, CNN ANCHOR: Wolf, there are fears and questions about homegrown terrorism here in Canada. We are in Toronto t find out just how serious it is.

(BEGIN VIDEOTAPE)

VERJEE (voice-over): Music and maze, tourists and tailors, a popular stroll on one of the liveliest streets in Toronto. It's one of the most multicultural cities in the world, where tolerance is practiced and preached. But the colorful and delicate fabric that weaves together this unique city is being tested after an alleged homegrown terror plot was exposed.

UNIDENTIFIED MALE: We have got terrorism from the foothills of Tora Bora come down to the doorsteps of Toronto.

VERJEE: Seventeen Canadian men arrested this summer, accused of plans to behead the prime minister, attack the parliament, and blow up buildings. But some terror experts in Canada say the threat is exaggerated.

ERIC MARGOLIS, TERRORISM EXPERT: I think these are a bunch of kids, little, young Muslim would-be Rambos, who were adolescents shooting off their mouths. But I don't think this was in any way construed as a hotbed of terrorism.

VERJEE: But Canada has had its close calls. Just seven years ago, Canadian intelligence helped foil a plot to blow up Los Angeles airport. U.S. Customs arrested millennium bomber Ahmed Ressam as he crossed the Canadian border into Washington State. And just last November, the head of Canadian intelligence warns a terror strike is now probable.

So, is Canada a fertile ground for recruiting terrorists? Muslim leaders say images from Iraq, Afghanistan, Lebanon and Gaza fuel frustration and anger. For a few, that anger can turn into violence.

UNIDENTIFIED MALE: The predator imams who are trying to pick on young men use the plight of the Muslims to recruit them for their own political goals.

VERJEE: Not all Muslims here recognize that a serious problem is brewing in their own backyard, but at least one man offers this suggestion.

ALNOOR SAYANI, OWNER, LAHORE TIKKA HOUSE: Mr. Bush bring us Osama bin Laden, and we want to kick his ass too.

(END VIDEOTAPE)

VERJEE: Wolf, most people we spoke to here in the Muslim community say that they believe that the alleged plot is essentially an isolated case, and that homegrown terrorism is not really a widespread phenomenon here in Canada -- Wolf.

WOLF BLITZER, CNN ANCHOR: Zain, thank you. Zain Verjee reporting from Toronto.

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How easy would it be for a terrorist to smuggle in explosives across the Canadian/U.S. border? Our Mary Snow is in New York, she's been watching this story -- Mary.

MARY SNOW, CNN CORRESPONDENT: Well Wolf, thousands of miles of that border is made up of water, and earlier this month a Coast Guard commanding officer told a congressional panel he had grave concerns about the potential of terrorists getting into the U.S. from Canada by water.

(BEGIN VIDEOTAPE)

SNOW (voice-over): On the water separating the U.S. and Canada, the Coast Guard checks under bridges for suspicious packages and checks even small leisure boats.

VOICE OF CHRIS ROMOSZ, U.S. COAST GUARD, BUFFALO SECTOR: If they pull into a port over here or one of these docks or just drop somebody off or meet another boat and that boat goes ashore, those are things we're looking for.

SNOW: This boat turns out to be an ordinary leisure boat. The challenge is, what do you look for?

ROMOSZ: There's not really a fit mold for a terrorist.

SNOW: During our trip with the Coast Guard in May, they told us that there is no fit mold for crossing these waterways. They've caught illegals making their way across swimming, some on rafts, but the waters can be treacherous in parts. But with so many small boats on the water and hundreds of miles to patrol, it's virtually impossible to physically seal this border.

(on camera): One of the big concerns about border security here outside of western New York is just how close the Canadian border is. Canada is right here behind us, and here on the Niagara river, there's less than a mile between Canada and the United States.

LT. CHRIS SWEENEY, U.S. COAST GUARD, BUFFALO SECTOR: Right we have Toronto, which is a huge city in Canada and a lot of people can fly into Toronto from overseas a little easier than you can go through JFK or La Guardia.

SNOW: Canadian officials say their security is strong and the Coast Guard boasts of its good relations with their Canadian counterparts. Still it worries them that the vast space of two thousand plus miles of water along the border could be an entryway for terrorists.

(END VIDEOTAPE) SNOW: And to give you an idea of how vast their job is, the Coast Guard estimates there are six million registered recreational vessels along the waterway between the U.S. and Canada -- Wolf.

BLITZER: Mary, thank you very much.

Let's get some more now on this very important story regarding terror threats in the United States. Tom Foreman is in Washington, he's got some additional perspective. Tom?

TOM FOREMAN, CNN CORRESPONDENT: Wolf, Mary's story points out a big problem here, the vastness of the United States and all the targets that are offered. Just look at Chicago. These are all the railways in Chicago alone. The metro railways, the El in Chicago, that's a whole other system of potential targets there. You have the waterfront offering targets out here, you have great big national landmarks like the Sears tower that people pay attention to.

Beyond that, you have sporting venues all over, targets which haven't been hit, but security analysts are worried about that. Besides that, you have airports, not only the big ones, but the smaller ones where planes might be taken. And then beyond that, shopping malls and centers. Look at that. That's Chicago alone.

This is one of the greatest challenges in looking at target America. All the targets that are out there. Look at this, we're talking about a nation where we have 6,000 power-generating stations in this country, transmitting power over a half million miles of bulk transmission lines. This is a huge difference.

We have 12,000 miles of coast, Mary mentioned a little bit over there. 141,000 miles of railroad lines across the country. 11 major seaports, there are more than 5,000 airports in this country alone that have paved runways. There are 47,000 shopping centers in the country, attracting, get this, nearly 200 million Americans every month. That's why this is such a big issue.

And if you talk about cyber attacks, another area we're worried about, almost 200 million internet users in this country. When we talk about target America, you can see Wolf the real problem is there are just so, so many targets, many industry analysts say you simply can't protect all of this. What you can do is try to develop intelligence that will stop the assaults before they reach any of these targets, not unlike what just happened in London -- Wolf.

BLITZER: Such a chilling, chilling thought. Thank you very much, Tom Foreman for that.

And remember to our viewers, stay tuned to CNN day and night for the most reliable news about your security.

Let's check in with Lou Dobbs to see what he's got on tap at the top of the hour, Lou?

LOU DOBBS, CNN ANCHOR: Wolf thank you very much. Coming right up, we'll be reporting on the war in Iraq, a war that on average is killing two of our troops each day, 100 Iraqis each and every today. President Bush today strongly defending his conduct of this war. We'll have reports from the White House, Baghdad and the Pentagon.

Also Hezbollah claiming victory in the war with Israel, Israel says the conflict will continue for the foreseeable future despite the cease-fire.

We'll be going live to Lebanon and Israel for the very latest reports and the acting Lebanese ambassador to the United Nations joins us here tonight.

And we continue our exclusive reports on the Justice Department's decision to prosecute two border patrol agents while giving immunity to a Mexican drug smuggler. What is our government thinking about? We'll have that special report. We hope you'll be with us at the top of the hour right here on CNN. Wolf, back to you in Jerusalem.

BLITZER: Thank you, Lou. And still to come, will Iran help Hezbollah rearm? Warnings from Washington, a response from Tehran. We're inside Iran, that's coming up.

And in our 7:00 p.m. eastern hour, with the latest security scare, what can you bring aboard an airliner? CNN's Jeanne Moos has a carry-on quiz for you. Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Welcome back. Iran is closely watching events in Lebanon. But how closely is Iran involved in Lebanon? And how much might it be helping Hezbollah right now? Our Aneesh Raman is the only U.S. television network reporter in Iran right now, and you can see his reports only on CNN -- Aneesh.

ANEESH RAMAN, CNN CORRESPONDENT: Wolf, in Iran, continued denial that the country is arming Hezbollah.

(BEGIN VIDEOTAPE)

RAMAN (voice-over): For every Hezbollah rocket fired on northern Israel comes an allegation that it came from Iran, and now the head of the country's supreme national security council, in an exclusive interview with CNN, responds.

Is Iran at all arming Hezbollah?

TRANSLATION OF ALI LARIJANI, IRANIAN NATIONAL SECURITY COUNCIL: Hezbollah does not need Iranian weapons. You can find anything on the market. The type of weapons Hezbollah uses are not that hard to find. And by the way, the Americans haven't admitted that they're supplying Israel with weapons.

RAMAN: It seems the Iranian strategy, for every question about their actions, comes a response that challenges the United States. When asked about comments made by the U.S. ambassador to Iraq, Zalmay Khalilzad, that Iran is festering civil unrest there, Larijani said it was the opposite. LARIJANI: Yes, they want civil war. This is not an analysis. We have information. The same ambassador you just mentioned had a meeting not long ago with terrorist groups inside Iraq. He asked for three things - one, to aim their guns away from the U.S. forces, two, to aim their guns at the Iraqi Shias, and three, to aim their weapons at Iran.

RAMAN: A startling accusation he says came from Sunni insurgents. Interesting because Iran is a Shia nation. In Iran, there is no doubt this day that Hezbollah won the war, that Iran is now in a stronger regional position, and they feel the U.S. must respect that.

LARIJANI: I think the Americans are wise enough not to entangle themselves with Iran. They're still struggling in Iraq. What did they gain in Lebanon? Can anyone claim that Israel has won in Lebanon. Why should the U.S. act unwisely? We're prepared for all eventualities.

RAMAN: Including the August 31st deadline set by the United Nations for Iran to suspend its uranium enrichment. Larijani says there are no plans to do that, leaving Iran on a collision course with the west.

(END VIDEOTAPE)

RAMAN: Iran sees itself as, A, if not the rising power in the region and the main voice that can challenge the United States -- Wolf.

BLITZER: Aneesh, thank you very much.

The bombs and the rockets have stopped falling here in the Middle East, but is there a clear winner in the war between Israel and Hezbollah? Joining us now from Washington, our world affairs analyst, the former defense secretary William Cohen, he's a key member of our CNN Security Council and chairman and CEO of the Cohen Group back in Washington. Is there a clear winner in this 34-day-old war, Mr. Secretary?

WILLIAM COHEN, FORMER DEFENSE SECRETARY: Well Wolf it's clear that we're in the spin zone right now, that each side will try to spin the story, so to speak, in a way that presents them as having benefited most from this conflict. As far as Hezbollah is concerned, it reminds me of the Jake Lamata story that was played by Robert DeNiro where he said, "You may have knocked me down, but you didn't knock me out."

So Hezbollah is going to claim victory in the sense that they're still standing. Israel by contrast can claim some measure of success, but if this peace accord holds as such with a fuse and becomes a permanent peace accord, then driving Hezbollah back away from the Israeli border in southern Lebanon, and providing a security zone for them, they can claim victory as well.

Right now I think the momentum or the spin zone is being won, that war is being won so far by Hezbollah, simply because they stood up to Israel and weren't militarily defeated. Something interesting and ironic about what has taken place, namely -- I'm sorry, go ahead, Wolf.

BLITZER: No, I was going to say President Bush earlier today insists that Hezbollah was defeated in this war, and he specifically blamed Hezbollah backed by Syria and Iran for starting the war. I want you to listen to what the president of Iran, Mahmoud Ahmadinejad told "CBS News'" Mike Wallace about the Bush administration. Listen to this.

(BEGIN VIDEO CLIP)

MAHMOUD AHMADINEJAD, IRAN PRESIDENT: Please give him this message, sir -- those who refuse to accept an invitation to good will not have a good ending or fate.

(END VIDEO CLIP)

BLITZER: That sounds like a serious threat from a country, the U.S. and the Europeans and others accuse of trying to build a nuclear bomb. How serious would you take that kind of threat from Iran?

COHEN: I think any threat that comes from Iran has to be taken seriously, but in order to counter that, I think the United Nations really has to belly up to its responsibility, so to speak. You recall that it was in June that the U.N. said to Iran that it must not pursue its nuclear weapons objectives, or else face the possibility of sanctions and perhaps even more.

At that time, you and I had the discussion that were they trying to slow-roll it by saying we can't respond, we're going to study this until the end of August. And it appears that they have been studying it until the end of August and now saying we don't have any intention of responding, period. If the U.N. allows that to stand then for all practical purposes, the U.N. has lost any authority, moral or otherwise, in terms of imposing resolutions on given countries.

So I think it's a real challenge here that the U.N. has to measure up to. That means including China, Russia, as well as the other members of the security council. This is a very serious issue as far as Iran pursuing a nuclear weapons program.

BLITZER: Is the U.N. up to policing, monitoring, disarming if you will, Hezbollah in the southern part of Lebanon under this expanded, beefed-up United Nations military presence?

COHEN: Well as we all know, the U.N. doesn't have a military force. It depends upon the contributing nations. I would expect that there will be NATO members and others who will be willing to commit troops and have very substantial rules of engagement that if a conflict breaks out, if they become targets, they will respond very seriously to any kind of provocation. That would have to be the situation.

That means those countries who have contributed armed forces to the NATO organization, and to others, including Indonesia, Malaysia, other countries who are now volunteering to send troops to the region. I think that if you have a substantial force backed up by very robust rules of engagement, they can in fact produce a cease-fire that will be lasting, that will benefit both Lebanon and Israel.

BLITZER: William Cohen, the former secretary of defense, thank you very much for joining us.

And one more note on Iran. The country strictly controls expression and access to the internet. And yet the Iranian President Mahmoud Ahmadinejad appears to be taking a rather unusual step, launching, get this, his own web blog. Our internet reporter Jacki Schechner has details. Jacki?

JACKI SCHECHNER, CNN INTERNET REPORTER: Wolf, the president already had his own Web site in Farsi and English but now he has launched a separate blog in four languages -- Farsi, English, Arabic, and French. And while it's not very fancy, it does have some interesting features.

For example, on the left hand side there is a poll that asks if you think that the U.S. and Israel intended to trigger another world war by attacking Lebanon. With more than 30,000 votes in, 58 percent say no. There's only one entry so far, it is titled "autobiography." It runs more than 2,000 words and it is very hostile to the west in general, and the United States in particular. He calls the USA the great Satan USA like the Ayatollah Khomeini did.

Also on the site, there is an opportunity for you to comment, there's one in Farsi translated congratulating the president on his new site. But we tried to put in our own comments in English, and they just went off into the void. We couldn't find them any where online.

We spoke to two organizations today that track press freedoms around the world, and while neither one of them condemn the blog, they did condemn Iran for cracking down on free speech online, saying that Iran is known for torturing, threatening, detaining, arresting bloggers and journalists, those are their words. And Wolf, we just wanted to let you know that we can't confirm that the president actually wrote these words himself, but he does promise future entries, and we're going to keep an eye on the site and see what shows up.

BLITZER: I assume he has some speech writers on his staff as well. Thanks very much, Jacki for that.

Up ahead, the latest photos of Cuba's Fidel Castro. And a get well visitor, our internet team standing by to bring that to you.

And can new uniforms, yes uniforms, keep Iraqi insurgents from posing as Iraqi police? What the U.S. is doing about that. Stay with us.

(COMMERCIAL BREAK)

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BLITZER: Take a look at some of the hot shots coming in from our friends over at the Associated Press, pictures likely to be in your hometown newspapers tomorrow. First Nantucket, Rhode Island, a World War II veteran is joined by the mayor and U.S. Representative Patrick Kennedy at a ceremony honoring "Victory over Japan Day."

Near Tyre, Lebanon, a woman cleans a mirror after returning to her home following the cease-fire with Israel.

South of Baghdad, Iraqi soldiers march during a transfer ceremony.

And in Toronto, the former President Bill Clinton listens to Microsoft Chairman Bill Gates speak at the 16th annual World Aids Conference. Some of the today's hot shots, pictures often worth 1,000 words.

Let's check in once again with CNN's Betty Nguyen, she's joining us with a closer look at some other important stories making news. Betty?

NGUYEN: High their Wolf. The U.S. military is unveiling a new tool aimed at foiling insurgents in Iraq who pose as police officers to carry out deadly attacks and kidnappings. It's unveiling a new Iraqi police uniform. Take a look. Officials say it has a special pattern that is very difficult to copy. Now the uniform should be available in October. The U.S. military also plans to change the markings on Iraqi police cars.

The U.S. military and Iraq's government, while they disagree about what caused a series of deadly explosions in a Baghdad Shiite neighborhood, dozens of people died when the blast turned a building into rubble yesterday. Iraq's prime minister blames car bombs or rocket attacks from a nearby Sunni neighborhood, but the U.S. military says a gas line explosion may have triggered the blast.

And a possible strain of bird flu has turned up in wild swans in Michigan, but federal health officials say initial tests show it is not the lethal H5N1 strain that's killed more than 100 people in Asia. Final test results are expected in about two weeks.

Former cross dressing pop star Boy George, take a look, had on a different kind of uniform today, shall we say. He put on an orange vest and a broom to sweep New York City streets. He's doing five days of court-ordered community service for falsely reporting a break-in at his apartment. As you can see, so many reporters swarmed him, police moved Boy George to a gated sanitation parking lot for the afternoon. Very interesting. There you go, Wolf.

BLITZER: All right, thank you, Betty. Betty Nguyen reporting.

Will a visit from one of Fidel Castro's key allies speed the Cuban leader's recovery? Venezuelan President Hugo Chavez made a trip to Cuba over the weekend to visit his bedridden friend. Now the pictures are showing up in Cuba's state-run newspaper. Our internet reporter Abbi Tatton standing by with details. Abbi?

ABBI TATTON, CNN INTERNET REPORTER: Wolf, we're now seeing two sets of photos of the Cuban president appearing online, the most recent uploaded to the state run newspaper, Granma, and they show a bedridden Castro being visited by his friend and close ally there Hugo Chavez over the weekend on the occasion of Castro's 80th birthday. The caption reading unforgettable afternoon between brothers. And if you look around this photo gallery, you'll see that Castro's own brother is feature there, there is Raul.

Himself the subject of some speculation over the last couple of weeks, because he hadn't been seen in public. Now these pictures come a day after other photos were put online of the communist publication Rebel Youth, showing Castro clad in Adidas there. Now CNN cannot independently verify the authenticity of any of these photos. In this one here, Castro is shown holding a recent newspaper, as if to say, look here, I'm still alive -- Wolf.

BLITZER: Abbi, thank you very much. Coming up, Jack Cafferty, "The Cafferty File." His question, "Was the U.S. in on the planning of Israel's campaign against Hezbollah?" Jack Cafferty wondering about the implications of that. Stay with us.

(COMMERCIAL BREAK)

BLITZER: Let's check in with Jack Cafferty, he's in New York -- Jack.

CAFFERTY: Wolf, Seymour Hersh writes in "The New Yorker" this week that Israel came up with its plans for attacking Hezbollah and shared them with the Bush administration before the July 12th kidnapping of the Israeli soldiers. The White House is strongly denying the report. The question we asked is, "What does it mean if the United States was involved in the planning of Israel's attacks on Hezbollah?"

We heard from Mike in New York, "It means hopefully the United States has learned from Israel's mistakes and will be able to do a better job when they finally take out Iran."

Michael in Cleveland, Ohio, "It means the administration's following through on its promise to congress, the U.S. public and the world to seek out and destroy terrorist groups and those who harbor and support them."

Dave in Vancouver, "An invincible army takes on guerrilla fighters in a foreign land, gets bogged down, apologizes repeatedly for tragic civilian deaths, claims victory and then stays there any way. Does anybody actually believe the U.S. didn't have a hand in this?"

Mike in Rhinelander, Wisconsin, "It means the U.S. took twenty some years to do what Reagan was afraid to do when our Marines were killed in Lebanon in 1983."

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Kevin in Fort Walton Beach, "I wouldn't care if the U.S. helped Israel in their war; Iran and Syria are helping Hezbollah, so what's the difference? We need to help any country that wants to rid this world of these morons. I really pray the civilized world can snuff these groups out before our children's generation has to deal with them too."

Nick writes from Houston, Texas, "It means the Bush administration is just as incompetent planning other country's military operations as they are planning ours." That's harsh.

And if you didn't see your e-mail here, we invite you to go to CNN.com/CaffertyFile, you can read more of them online. I got one from a guy who said, "Welcome back form vacation, I have a very difficult time thinking of you enjoying yourself." Not sure what to make of that, Wolf?

BLITZER: I hope you did enjoy yourself. You know, it's interesting, staying here and watching the recriminations begin in Israel as a result of this 34-day-old war reminds me to a certain degree of the recriminations we heard in the United States as far as the Iraq war is concerned. Briefly, what do you think, Jack?

CAFFERTY: Well I don't know. But I hear rumor changes may be coming in the Israeli government as a result of all this. So it's going to be interesting to watch.

BLITZER: All right Jack, we'll continue this in an hour. Let's go to Lou in New York, Lou?

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In Wake Of Plot, Justice Dept. Will Study Britain's Terror Laws (NYT)

By Eric Lichtblau

The New York Times, August 15, 2006

WASHINGTON, Aug. 14 — Attorney General Alberto R. Gonzales on Monday ordered a side-by-side review of American and British counterterrorism laws as a first step toward determining whether further changes in American law are warranted.

The plot to blow up airliners bound from Britain to the United States has highlighted differences in legal policies between the two allies, with American officials suggesting that their British counterparts have greater flexibility to prevent attacks.

Newly revised British counterterrorism laws, for instance, allow the authorities to hold a suspect for 28 days without charges, where American law generally requires that a suspect held in the civilian court system be charged or released within 48 hours.

Homeland Security Secretary Michael Chertoff said in appearances on the Sunday morning news programs that he thought bringing American laws more closely into line with Britain's, particularly regarding the detention of terror suspects without charges, could help deter threats at home.

"I think certainly making sure that we have the ability to be as nimble as possible with our surveillance, it's very important," Mr. Chertoff said on "Fox News Sunday."

"And frankly," Mr. Chertoff added, "their ability to hold people for a period of time gives them a tremendous advantage."

Mr. Gonzales echoed those remarks Monday in an appearance before a veterans group in Chicago. Asked about Britain's 28-day policy, he said, "That may be something we want to look at," according to an account by The Associated Press. But he also said: "Is it consistent with our Constitution? We have to look at that."

After the attorney general's comments, the Justice Department said he was directing officials there, including those in the Office of Legal Policy and the Office of Legal Counsel, to study the issue by comparing the two countries' laws.

"The attorney general has committed to a review to evaluate and compare the terrorism laws in the United Kingdom with those in the United States," said Brian Roehrkasse, a department spokesman. "Any changes to our existing terrorism laws would only be considered after extensive review and discussion to ensure that such a change would be necessary, appropriate and constitutional."

The review, for which department officials set no timetable, could set the stage for another fierce debate in Congress over the extent of the executive branch's antiterrorism powers.

The Federal Bureau of Investigation, meanwhile, is continuing to review evidence seized in the British investigation of the airliner terrorism plot, American law enforcement officials said. But so far, they said, no links to any Americans have surfaced.

In the days leading up to the announcement last week that Britain had foiled such a plot, the F.B.I. deployed several hundred agents to run down any American connections, and the Justice Department sought double or triple the usual rate of court-approved wiretaps to monitor the communications of American suspects, the officials said.

But a senior law enforcement official, speaking on condition of anonymity because the investigation is continuing, said Monday that "we're satisfied at the moment that there's no direct connection" between the British plot and anyone inside the United States.

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Several episodes within the United States in recent days stirred speculation in the news media about a possible terrorism link. They included the search for 11 Egyptian students who had failed to report for an academic program in Montana and the arrest of three Texas men found in Michigan with about 1,000 cellphones in their van.

All the Egyptian students have now been arrested on immigration charges, but law enforcement officials said Monday that they were confident that neither the Egyptian students nor the Michigan cellphone suspects had any ties to terrorism.

Britain Eases Travel Rules After Terror Alert Lowered (USAT)

By César G. Soriano And Jeffrey Stinson

USA Today, August 15, 2006

LONDON — Beginning today, passengers flying from Heathrow, Gatwick and Stansted airports to all destinations will be allowed to carry one item of baggage onto aircraft, Britain's Department of Transport chief said.

Air travel restrictions that had banned most carry-on baggage were eased after the nation's terrorism alert level was downgraded one notch from "critical" to "severe" Sunday.

In Washington, the Justice Department plans to evaluate British anti-terrorism laws to determine whether those provisions could aid investigations in the USA. "Changes would be considered only after extensive review and discussion to ensure such a change would be appropriate," Justice spokesman Brian Roehrkasse said Monday.

The Justice review comes after Homeland Security Secretary Michael Chertoff said British laws provide flexibility to conduct electronic surveillance of possible suspects as well as provisions for detaining them for longer periods.

The carry-on ban in Britain was enacted Thursday after an alleged plot to blow up U.S.-bound passenger jets was uncovered. Under the eased restrictions, the carry-on item may be no larger than 17.7 by 13.7 by 6.2 inches — about the size of a laptop computer bag. Smaller items, such as purses, must fit within that bag.

"The smaller baggage size will make it easier for security staff to search your bags and make it more difficult for terrorists to hide something dangerous," Douglas Alexander, Britain's transport secretary, said at a news conference Monday.

Laptop computers, iPods, cellphones and other electronic devices are again permitted in carry-on baggage. The only liquids permitted are milk and formula for babies and essential medication such as insulin. Solid lipstick also is allowed. Most other cosmetics are banned.

Passengers flying from Britain to the USA will be subjected to more stringent restrictions, including a secondary screening at the gate. U.S.-bound travelers will not be allowed to purchase duty-free liquor or other liquids.

To help speed security screening, passengers are urged not to carry containers that could hold liquids, such as bottles, thermoses or flasks. Liquids were banned because authorities suspect terrorists planned to smuggle bombmaking equipment onto aircraft in drink bottles.

Britain's Joint Terrorism Analysis Center reduced the country's threat level to severe, the second-highest level.

"I want to stress that the change in the threat level does not mean that the threat has gone away," British Home Secretary John Reid said.

Flight delays and cancellations continued Monday, but there were signs of improvement.

At Heathrow Airport, Europe's busiest, 68 flights out of a total of 1,280, or about 5%, were canceled Monday. That was down from 30% Sunday.

British Airways canceled 39 European flights and five long-haul flights Monday.

"British Airways is seeing some improvement to the airport's operation and continues to work with the British Airport Authority," the airline said in a statement on its website.

American Airlines' morning flights from London to Boston and New York, which had been canceled Sunday, took off Monday as scheduled.

Three afternoon flights to Los Angeles, Boston and New York were canceled Monday. "The present difficulties at our airports may continue for some time," Alexander, the transport secretary, said.

The air travel woes have been a boon for Eurostar. The high-speed train network from London to Paris and Brussels has seen a 27% increase in travelers since the tougher airport security restrictions were imposed.

Thwarted Plot Adds To DOJ's Impatience (LAW)

By Jason McLure, Legal Times

Legal Times, August 14, 2006

Reports that the British government had thwarted a planned attack on trans-Atlantic flights last week sent U.S. officials scrambling to tighten domestic security. But one Justice Department official left out of the mix was Kenneth Wainstein, the nominee to head the DOJ's planned National Security Division.

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The new division would unite the Criminal Division's counterterrorism and counterintelligence sections with the independent Office of Intelligence Policy and Review.

Earlier this year, Congress provided statutory authorization for the new division, but its creation has been blocked by Sen. Carl Levin (D-Mich.), who has placed a hold on Wainstein's nomination. Levin's obstruction doesn't appear to be based on any question about Wainstein's credentials; rather it stems from the senator's long-running quarrel with the Defense Department over access to FBI documents concerning abusive interrogation techniques used at the U.S. prison in Guantánamo Bay, Cuba.

A spokesman for Levin says a request for seven documents relevant to Wainstein's nomination has been "outstanding for over a month."

The Justice Department is running out of patience. "He is single-handedly preventing the National Security Division from being implemented," says DOJ spokeswoman Tasia Scolinos. "It is unfair for him to exercise oversight over [the Defense Department] by holding up DOJ nominations."

If he is confirmed, one of the first issues Wainstein, currently U.S. attorney for the District of Columbia, will have to tackle is a lengthy backlog for processing Foreign Intelligence Surveillance Act wiretap warrants. A Justice official and an FBI official say last week's terror threats generated a huge spike in the number of FISA applications from the FBI.

Though details of the backlog remain classified, Attorney General Alberto Gonzales has acknowledged the problem, and Sen. Mike DeWine (R-Ohio) has repeatedly expressed frustration that, five years after Sept. 11, the Justice Department can't seem to process FISA applications from the FBI in a timely manner.

Jason McLure can be contacted at jmclure@alm.com.

British Sift Through Potential Plane-bomb Materials (USNEWS)

U.S. News and World Report, August 15, 2006

British forensic experts are slowly sifting through materials that could potentially have been used as precursor chemicals to make explosives – the materials were found in the homes of suspects arrested last week in the alleged plot to blow up at least 10 planes headed from the United Kingdom to the United States.

But the experts are not saying yet whether any of these materials could have been combined to make liquid explosives potent enough to blow the planes out of the skies. Among the materials discovered: flashlight bulbs, AA batteries, hydrogen peroxide and containers for the solution, disposable cameras, and half liter bottles of Dutch commercial food additives, law enforcement sources tell U.S. News.

Left to their own devices, British police might have waited longer before making the arrests in order to obtain more evidence, U.S. and British law enforcement sources said. The British arrests took place only because Pakistan – at the urging of the FBI – made a key arrest that the British feared could have a domino effect and tip off the London suspects, several of whom had made trips to and from Pakistan for fundraising, training, and recruiting.

U.S. law enforcement sources say the bureau pressured Pakistan to make their move, forcing the British to scramble. A senior FBI official, however, denied any pressure was placed on either the British or the Pakistanis. "It was entirely their call," he said. He said the FBI worked collaboratively with the British to chase down hundreds of leads in the United States -- but no connections were found. Senior FBI officials also were taking note of the growing difficulty that the British faced in keepings tabs on the suspects, because there were so many suspects and the operation was sucking up considerable police manpower.

"It was getting more and more unwieldy," asserts one FBI official. Towards the middle of last week, according to U.S sources, British police could not be sure they knew where all the suspects were, and some were starting to purchase potential precursor chemicals and shopping for airline tickets, according to a knowledgeable official.

But some in the British Metropolitan Police's anti-terrorist branch fear that investigators may pay a price for pulling the plug too early. "I've got a feeling that if we let it run for 10 more days, we would have got a lot more concrete evidence" says one official.

"We would have liked an easier job bringing terrorists to court," this official says. "They are very bad lads, and it would have been nice to have a sealed case. We have a saying here, 'shutting the door when the horse has bolted.' Well, the bloody horse has long gone on this one."

The real fear, among British and U.S. law enforcement, is that terror plotters are constantly watching the news and learning better and better how to hide their tracks. After the July 7, 2005, bombings on the London subways that killed 52 people, police found a veritable bomb factory inside 18 Alexander Grove, the ground-floor flat that three of the four bombers rented next to the Leeds Grand Mosque.

"They were so inept at covering their trail, they didn't even watch CSI: Miami, for God's sakes," the British official says. The concern this time around is that these alleged London plane-bomb suspects may have concealed their supplies. "These guys had thought about getting caught."

"It's a danger for us to underestimate their flexibility," says one U.S. law enforcement source. "They are very fluid. They are learning from past mistakes."

We Need Our Own MI5 (WP)

By Richard A. Posner

The Washington Post, August 15, 2006

What lessons can we draw from the recent foiled plot to bring down U.S.-bound airliners with liquid bombs?

The first concerns the shrewdness of al-Qaeda and its affiliates in continuing to focus their destructive efforts on civil aviation. Death in a plane crash is one of the "dreaded" forms of death that psychologists remind us arouse far more fear than others that are much more probable. The concern with air safety, coupled with the fact that protection against terrorist attacks on aviation can be strengthened only at great cost in convenience to travelers, makes the recently foiled plot merely a partial failure for the terrorists. The episode is going to make air travel significantly more costly. The additional costs are no less real for being largely nonpecuniary (fear, and loss of time -- which, ironically, will result in some substitution of less safe forms of travel, namely automobile travel).

The plot has also revealed the indispensability of good counterterrorism intelligence. A defense against terrorists, as against other enemies of the nation, must be multilayered to have a reasonable chance of being effective. One of the outer defenses is intelligence, designed to detect plots in advance so that they can be thwarted. One of the inner defenses is preventing an attack at the last minute, as by airport screening for weapons.

The inner defense would have failed in the recent episode because the equipment for scanning hand luggage does not detect liquid explosives. (The liquid-bomb threat had been known since a similar al-Qaeda plot was foiled in 1995, but virtually nothing had been done to counter it.) Fortunately, the outer defense succeeded.

Intelligence succeeded in part because of the work of MI5, England's domestic intelligence agency. We do not have a counterpart to MI5. This is a serious gap in our defenses. Primary responsibility for national security intelligence has been given to the FBI. The bureau is a criminal investigation agency. Its orientation is toward arrest and prosecution rather than toward the patient gathering of intelligence with a view to understanding and penetrating a terrorist network.

The bureau's tendency, consistent with its culture of arrest and prosecution, is to continue an investigation into a terrorist plot just long enough to obtain enough evidence to arrest and prosecute a respectable number of plotters. The British tend to wait and watch longer so that they can learn more before moving against plotters.

The FBI's approach means that small fry are easily caught but that any big shots who might have been associated with them quickly scatter. The arrests and prosecutions warn terrorists concerning the methods and information of the FBI. Bureaucratic risk aversion also plays a part; prompt arrests ensure that members of the group won't escape the FBI's grasp and commit terrorist attacks. But without some risk-taking, the prospect of defeating terrorism is slight.

MI5, in contrast to the FBI (and to Scotland Yard's Special Branch, with which MI5 works), has no arrest powers and no responsibilities for criminal investigation, and it has none of the institutional hang-ups that go with such responsibilities. Had the British authorities proceeded in the FBI way -- rather than continuing the investigation until virtually the last minute, which enabled them to roll up (with Pakistan's help) more than 40 plotters -- most of the conspirators might still be at large, and the exact nature and danger of the plot might not have been discovered. We need our own MI5, not to supplant but to supplement the FBI.

A New York Times article Sunday on British methods says the British could wait until the last minute because they can detain suspects for up to 28 days without giving them a judicial hearing, while we in the United States can do so for only 48 hours. That is not correct. Normally, it is true, an arrested person in this country is entitled to a probable-cause hearing within 48 hours. But the rule is waived in extraordinary circumstances. The government may have a compelling justification for holding a suspected terrorist incommunicado for more than 48 hours, namely, to avoid tipping off his accomplices that the government has seized him and may be getting information from him that can be used to make further arrests.

But to the extent that our laws do handicap us in fighting terrorism, it is one more sign that we do not take the threat of terrorism seriously enough to be willing to reexamine a commitment to a rather extravagant conception of civil liberties that was formed in a different and safer era.

There is a silver lining in all this: not that the Heathrow plot was foiled, because, as I said, it was only a partial failure. The silver lining is that our close call may shake us out of our complacency. Because we have not been attacked since 2001, we are (or were until last week) beginning to feel safe. We were ostriches. An article in the current Atlantic Monthly proclaims victory over al-Qaeda, arguing that by depriving Osama bin Laden of his sanctuary in Afghanistan we defeated al-Qaeda, and the only danger now is that we will overreact to a diminished terrorist threat. Bin Laden was indeed deprived of his Afghanistan sanctuary,

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but he promptly found another one, in northwestern Pakistan. Though the plotters of the liquid-bomb attack are British citizens, the plot, in its scope and objective, has al-Qaeda written all over it.

The ostriches may retreat to the claim that "our" Muslims, unlike those in Britain and Canada, are fully integrated into American society and so pose no threat. And the percentage of American Muslims who are potential terrorists is indeed smaller than the corresponding percentages in either Britain or Canada. But there are many more American Muslims than there are British or Canadian ones, and we now know that British (and presumably Canadian) Muslim extremists are bent on attacking the United States, not just their own societies. We cannot afford to assume that we are safe. Perhaps we will now abandon that comfortable assumption.

The writer is a U.S. appeals court judge and author most recently of "Uncertain Shield: The U.S. Intelligence System in the Throes of Reform."

Charity Funds Said To Provide Clues To Alleged Terrorist Plot (WP)

By Joshua Partlow And Kamran Khan

The Washington Post, August 15, 2006

LONDON, Aug. 14 -- The transfer of millions of dollars from Britain to a Pakistani charity working on earthquake relief last year helped investigators uncover the alleged plot to blow up airplanes bound for the United States, according to two senior Pakistani intelligence officials.

The officials, who spoke on the condition of anonymity because of the ongoing investigation, said that a large portion of the money sent from Britain to the charity was siphoned off and ultimately used to prepare for the attacks. The officials said that about 5 million British pounds, or $10 million, was transferred to Pakistan, but that less than half was used for relief operations after the earthquake last October, which killed tens of thousands of people.

"British intelligence smelled a foul play the moment the transfer was made in December last year," said one of the senior intelligence officials, who is directly involved in the investigation.

"The innocent Pakistani souls in Britain who contributed so generously for the victims of the earthquake didn't know that their money would actually be used for one of the biggest terrorist operations," the other Pakistani official said.

British police are holding 23 suspects, most of them London-based Muslim men in their twenties. Intelligence officials have said that at least 17 of the suspects have family ties to Pakistan.

A spokesman for Scotland Yard declined to comment on the money transfer.

The Pakistani officials did not identify the charity in question. The New York Times reported Monday that investigators are focusing on Jamaat-ud-Dawa, a Pakistani charity that is a front for Lashkar-i-Taiba, an Islamic militant group.

In 2002, Pakistan's president, Gen. Pervez Musharraf, banned Lashkar-i-Taiba, but the group renamed itself Jamaat-ud-Dawa as a way to evade sanctions, according to the State Department. Lashkar-i-Taiba is one of the largest and best-trained groups fighting Indian forces in the disputed Himalayan province of Kashmir. Lashkar-i-Taiba has been linked by U.S. authorities to al-Qaeda.

According to Michael Clarke, a terrorism specialist at King's College London, Jamaat-ud-Dawa played a considerable role in helping the residents of Pakistani-controlled Kashmir and northern Pakistan recover from the earthquake, which struck a region that is home to several camps and bases belonging to militant Kashmiri groups and other radical organizations linked to al-Qaeda.

The chaos after the quake allowed the Pakistani government to develop intelligence agents in the area, learn more about the scope of the groups and try to undermine their support, he said. The groups used the quake to transfer money in and out of the affected region in an attempt to increase their influence, Clarke said.

"Within a week, it was being said this actually is quite an opportunity for both the government and jihadis to reposition themselves in a lot of ways," Clarke said.

Jamaat-ud-Dawa "certainly does legitimate charity work, but there's a lot of suspicion that surrounds it because of where it operates," he said.

Paul Wilkinson, director of the Center for the Study of Terrorism and Political Violence at the University of St. Andrews in Scotland, said reports that Jamaat-ud-Dawa funded the suspects in the terrorism plot are "very, very credible."

The organization "is recognized as being an important source of funding," he said. "I think authorities feel that quite a bit of money has passed through their hands."

"We know charities are used for this kind of terrorist purpose very often," Wilkinson said.

A spokesman for Jamaat-ud-Dawa, Abdullah Muntazer, disputed reports that his group had funded suspects in the alleged plot in Britain and said, "We condemn every kind of terrorism." The organization is "totally based in Pakistan" and has no network

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or affiliations with Britain, he said. Jamaat-ud-Dawa operates charities, runs more than 100 schools and clinics, and has about 1,000 offices in Pakistan, Muntazer said.

"So the government of Pakistan is totally convinced and aware of our activities, and there is no investigation," he said.

Muntazer confirmed that Hafeez Muhammad Sayeed, an official with the organization, was recently placed under house arrest but said it did not have anything to do with the alleged London plot. Muntazer said the group has wanted to stage rallies in Pakistan but the government opposes the plan, which led to the arrest.

"This was a bone of contention, so the government put him under house arrest to keep him from holding the public gathering," he said.

Also Monday, Muslim leaders met with Ruth Kelly, the British secretary of state for communities and local government. The Muslim Council of Britain called for a "reassessment" of British foreign policy, particularly in terms of Iraq and the conflict between Israel and Hezbollah, to see "whether they're working or not," according to the organization's spokesman, Inayat Bunglawala.

Many Muslims in Britain have contended that the country's Middle East policy has inflamed radicalism and has put civilians at risk of further terrorist attacks.

Khan reported from Karachi, Pakistan.

Britain Looks For Links To Transit Blasts (LAT)

By Sebastian Rotella

The Los Angeles Times, August 15, 2006

LONDON — The detectives who last week rounded up 23 suspects accused of conspiring to bomb U.S.-bound planes in midair knew their quarry well: They had been tracking their every move for months.

Despite all the evidence amassed through aggressive surveillance of the men's travel, phone calls and Internet communications, however, police still must answer key questions about the masterminds, international connections and potential ties to previous plots here, British officials said Monday.

Investigators have focused on one potentially significant lead, officials said: suspected links between the alleged airline plot and the suicide bombings on London subway trains and a bus that killed 52 people July 7, 2005.

Police are investigating whether several suspects crossed paths with two of the London transit system bombers in Pakistan, where the pair are believed to have met and trained with Al Qaeda figures, a British security official said.

"That's being investigated: if the actors were there at the same time and same place, or at a different time but in the same place," said the official, who asked to remain anonymous. "The question is, do people in the two groups go to Pakistan and meet the same people in the same network? Is there overlap in any sort of way: at the same madrasa, the same training camp?"

If the investigation confirms that figures from the two cases crossed paths in Pakistan, it could help fit the suspected plane bombing plot into a string of other cases in which Pakistani British radicals acquired expertise, inspiration or both from Islamic militant networks in their ancestral homeland.

That pattern recurred in the transit bombings, an aborted truck-bombing plot here in 2003, and a plan that allegedly targeted U.S. financial institutions. It also surfaced in the failed follow-up transit attacks two weeks after the July 7 blasts, in which four East African immigrants have been charged. Although that case was initially seen as a copycat attempt, the discovery that at least one of the July 21 suspects also traveled to Pakistan suggests at least an indirect link, officials say.

The investigation in the murky militant underworld of Pakistan, where as many as 17 suspects have been arrested in connection with the alleged airline plot, will help determine the extent to which the operation was the work of Al Qaeda or its allies there.

"One of the big questions is if this is an Al Qaeda attack or an Al Qaeda-inspired attack," the British security official said. "As has been said, it has the hallmarks of Al Qaeda: big, well planned, very bold."

Other aspects of the case are becoming clearer, officials said. Despite persistent reports that as many as five dangerous fugitives were at large and other networks might be preparing attacks, authorities believe that they have captured the major players: leaders, bomb-makers and aspiring suicide bombers.

That's why the government lowered the terrorism alert status from "severe" to "critical" Monday and eased restrictions on carry-on baggage at the nation's overwhelmed airports, officials said.

"The assessed intelligence is that the immediacy of the threat has gone away," the official said. "An attack is still highly likely, and it could happen without warning. But the intelligence is that it's not imminent."

Meanwhile, a theory is coming together about the group's plan to bring down as many as 10 airplanes over the mid-Atlantic. Investigators believe that the group planned to deploy two-man teams to smuggle liquid explosives aboard in containers of sports or health drinks, along with rudimentary ignition devices concealed in iPods or flash cameras, the official said.

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The use of a duo would make detection harder, by separating bomb materials, which would then be assembled on board the plane, probably in a bathroom, officials say.

"The most likely way would be teams of two," the official said. "That is the operating theory. Psychologically, it would also be easier to do in teams of two; they would support each other. That's how these cells actually work."

If the theory is correct, it could mean that as many as 20 suspects intended to die in the attacks. But the official cautioned that it had not been determined if the plan called for two-man teams for every plane, or whether all the would-be bombers had been recruited.

In fact, some intelligence analysts in the U.S. and Europe wonder whether the alleged operatives, who included a 21-year-old who converted to Islam only six months ago, had the expertise to pull off the ambitious attack under pressure.

In previous cases, the progress of plots by the homegrown militant cells in Britain depended on lead figures who went back and forth to Pakistan for training and direction.

Mohamed Sidique Khan, the lead figure in the transit bombings, went to Pakistan in 2003 and was there again sometime between November 2005 and February, accompanied the second time by accomplice Shahzad Tanweer. Officials believe it is likely the two met with Al Qaeda figures and that Khan trained at a militant camp in the Pakistani badlands, according to a report by the British government.

In the alleged airline plot, suspects including Rashid Rauf, a Birmingham businessman described as a key figure in the case, traveled several times to Pakistan, where his recent arrest led to the roundup of accused accomplices here.

Family acquaintances say the suspects went to Pakistan to participate in relief efforts for victims of October's devastating earthquake. Rauf's involvement in a quake relief charity has raised suspicions that donations have been siphoned off by militants, though officials remain cautious.

Rauf has acknowledged meeting with a leading Al Qaeda operative in Pakistan, according to Pakistani officials. But police have not determined whether the alleged plan was hatched by figures in Pakistan or by one or more of the suspects in custody.

The difficulty of identifying a mastermind and nailing down potential links among the transit and alleged airline plots lies in the fluid nature of Islamic networks. Connections among suspects may or may not be vital.

In 2003, for example, subway bomber Khan surfaced on the edges of an aborted plot in which suspects stockpiled explosives for a massive truck-bombing, but investigators did not keep him under surveillance because they saw him as a minor player.

The transit attacks blindsided Britain and raised concern about the reluctance of Muslim communities to report activity by radicals to authorities.

In contrast, informants in the community this time provided tips that helped police target the suspected plane bomb plotters last year and helped develop the wide-ranging investigation, officials said.

"At the very early stages, certain people in the community were very helpful," the official said. "It's the kind of information that helps you know what to look at."

Threat Alert Level Lowered For Airports (NYT)

By Alan Cowell

The New York Times, August 15, 2006

LONDON, Aug. 14 — With air travelers facing a fifth day of delays, cancellations and restrictions on carryon baggage, Britain and the United States lowered threat assessment levels on Monday as the British police continued to hunt for clues in the reported plot to blow up American airliners.

In Britain, the government sought to mold a political response to a nightmare vision evoked by officials of shadowy Islamic terrorists hatching dozens more conspiracies in mosques, bookstores and other meeting places.

Officials met with Islamic representatives to work out a strategy for what Ruth Kelly, the government's community secretary, called "a battle of hearts and minds to be won within the Muslim community to take on the terrorist and extremist elements that are sometimes found within it."

British security officials met early Monday and announced that the nation's threat level was being lowered from "critical" — meaning an attack is imminent — to "severe," meaning an attack is "highly likely."

The United States, which had raised the level on flights from Britain to "code red," went back to a uniform stance of "code orange" for all domestic and international flights while maintaining a ban on liquids and gels in carry-on luggage. For the rest of the country the threat level remained at the next notch down, "code yellow."

The change at British airports meant that carry-on baggage was allowed, but with restrictions and not immediately at all airports.

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The British Airports Authority, the operator of London Heathrow and other airports, said that as of Tuesday each passenger would be permitted a single item of carry-on luggage measuring no more than roughly 6 inches by 14 inches by 18 inches.

To the relief of business travelers, the new security regime will permit laptops and cellphones to be carried on board. But the airports authority insisted that liquids — except baby formula and certified prescription medications — would continue to be banned from cabins.

Parents are expected to taste baby formula before taking it onto a plane, authority officials said. Additionally, travelers heading for the United States will not be permitted to carry liquids like liquor and perfume bought in duty-free areas after check-in and security procedures.

British newspapers have reported that terrorists planned to use liquid explosives disguised as baby formula to detonate bombs on up to 10 America-bound airplanes.

With 23 suspects still being questioned under counterterrorism laws, the authorities declined to confirm those reports or others that said a married terrorist couple had planned to take a 6-month-old baby onto one of the airplanes to be attacked.

Police officials, speaking in return for anonymity under their own rules, said searches at some of the homes raided when the police scooped up suspects on Thursday had netted an unspecified amount of cash. But they denied reports that airline tickets had also been recovered.

The BBC reported that the police had found a handgun and a rifle at one of the addresses.

Last week's arrests were made in three main areas — east London; High Wycombe, west of London; and Birmingham. In High Wycombe, the police cordoned off a wooded area on Thursday and still seemed to be scouring it intensely on Monday.

The downgrading of the terror alert to severe "means that an attack is highly likely and indicates a continuing high level of threat to the U.K.," MI5, Britain's security service, said on its Web site.

The decision to lower the threat level puzzled some Britons, because only the day before, Home Secretary John Reid told the BBC that up to 24 more conspiracies were still being monitored and that the threat of an attack was substantial.

At an early morning news conference on Monday, Mr. Reid, Britain's highest-ranking law enforcement official, said, "It is still highly likely there will be a terrorist attack, an attempt to damage our people and our country."

"But the immediacy that was there last Wednesday, on the basis of intelligence assessments given to us, has now gone," he said. "The change in the threat level does not mean the threat has gone away." He denied that the level had been lowered for commercial reasons after airlines complained of huge losses from canceled flights.

Britain's threat assessments are made by the Joint Terrorism Analysis Center, a group made up of 11 agencies and government offices under the aegis of MI5.

In the United States, Michael Chertoff, the secretary of homeland security, said: "The security measures already taken have allowed us to address an imminent threat of attack for flights between the United Kingdom and the United States. This does not mean the threat is over."

At Heathrow, passengers faced more slowdowns in makeshift tents. "We got here hours ago," said Penny Robins, 45, an Australian who had been due to leave four days ago for Hong Kong with two teenage children after a vacation in Britain. "I had visions of drinking Champagne in the British Airways club, but instead we are out here in the cold.

"We will change our travel now because of this," she said.

Despite the tight security on Sunday, a British Airways flight to New York turned back to London after a cellphone was found on board, alarming passengers.

Britain's Threat Level Drops To 'Severe' (AP)

By Robert Barr, Associated Press Writer

AP, August 15, 2006

Britain lowered its terrorist threat level a notch Monday, a relief for weary travelers who have endured days of chaos at the nation's main airports since security forces foiled an alleged plot to blow passenger planes out of the sky.

Attention focused on the role a radical Pakistani charity might have played in financing the terror scheme, allegedly with money that was meant to go to earthquake relief. Meanwhile, a court in London granted the government more time to interrogate the last of 23 people it is holding in connection with the plot.

The decision to drop the terror threat level to severe — where it was at before the jetliner scheme was scuppered — means passengers will be allowed a single, briefcase-sized bag aboard aircraft, and books, laptop computers and digital music players will also be permitted again.

Heathrow and other major London airports said they would not be able to implement all of the relaxed rules until Tuesday, but the scene at London airports was clearly improving during a drizzly, overcast Monday.

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The British Airports Association said it was searching only half of passengers at Heathrow, greatly speeding up the flow. British Airways, the dominant carrier at the airport, canceled about one-fifth of its flights Monday, down from one-in-three that were canceled the day before.

A total of 68 flights had been canceled, or about 10 percent of the approximately 600 that take off daily from Europe's busiest airport.

"It's a lot better today," said Randeep Dahial, a 19-year-old security guard at Heathrow. He said that congestion had cleared noticeably although there were still crowds just inside the terminals.

Overnight, some travelers camped out at the airport's restaurants, sleeping at tables amid piles of luggage. One woman balanced her two children atop a luggage cart as she wheeled across the terminal.

Home Secretary John Reid cautioned that the easing of security measures and the lowering of the terror threat level did not mean that Britain was out of danger.

"I want to stress ... that the change in the threat level does not mean that the threat has gone away," he said at an early morning news conference. "There is still a very serious threat of an attack. The threat level is at severe, indicating the high likelihood of an attempted terrorist attack at some stage, and I urge the public to remain vigilant."

Despite the warning, citizens could be forgiven for being confused by the mixed messages.

Prime Minister Tony Blair has remained on vacation in Barbados throughout the ordeal, allowing himself to be photographed in a floral bathing suit, an image that provided welcome fodder for political satirists and cartoon artists. Deputy Prime Minister John Prescott, who is running Britain in Blair's absence, has made only the briefest of appearances on television.

London's anti-terrorist police pressed ahead with a search in a woodland area in High Wycombe, a neighborhood about 35 miles west of London where many of the arrests were made. The search will continue at least until Tuesday, a police official told The Associated Press. He spoke on condition of anonymity because he was not authorized to talk to the press.

Information about the terror plan was in short supply Monday. The government has yet to name all of the suspects or say where they are being held, and has not briefed reporters on their investigation since Thursday, allowing officials in the United States and Pakistan to take the lead on disclosures.

Pakistani authorities are holding 17 people — including a British citizen, Rashid Rauf, who they say has al-Qaida connections and was a key player in the plot. At least one of Rauf's brothers was arrested in Birmingham during a counterterrorism sweep there.

The British High Commission in Islamabad said Monday it has not received confirmation that Pakistan is holding any British citizens, despite a written request for information. Aidan Liddle, a spokesman for the High Commission, said the two countries are cooperating in the terror investigation.

British House of Lords member Nasir Ahmed said a member of the Muslim community told him that some of the people detained in the alleged plot went to Pakistan to assist with relief efforts after an earthquake killed nearly 80,000 people last year.

"It may be that out of 22, there may be a number of them who have met someone from extremist groups in Pakistan or Kashmir," Ahmed said. "Some may have met them without knowing that they were meeting (extremists) because they were helping out in the aftermath of the earthquake."

The New York Times reported that money raised for victims of the earthquake was channeled to the plotters through the Pakistani-based charity Jamaat al-Dawat — a charge the charity denied.

The charity is not registered in Britain, but laws do not prevent British citizens from donating to or collecting for it.

Imran Gardezi, the spokesman for the Pakistani High Commission in London, said no special request for investigation of the charity had been made to Pakistan by the British government. A Pakistani intelligence official in Karachi told AP that American and British authorities had asked Pakistani agents to investigate transfers of large sums of money to five Islamic charities, but that the probe was not related to the jetliner plot.

UK To Make New Security Rules Permanent (FT)

By Christopher Adams

Financial Times, August 15, 2006

Tough new restrictions coming into force on Tuesday at Britain's busiest airports are set to become permanent, the Financial Times understands, changing the face of business travel for months and even years to come.

Ministers have told BAA, the airports operator, they do not envisage "fundamental" changes to a regime that will limit the tens of millions of passengers a year who use London's Heathrow – the world's busiest international airport – and other international hubs to one small cabin bag, half what they were able to take on board before last week's terror alert.

The Department for Transport said extra restrictions would be in place for flights from the UK to the US, which account for over 40 per cent of all air travel between Europe and America.

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British police on Monday extended warrants for the detention of 23 people seized in last Thursday's anti-terrorist operation to Wednesday, as John Reid, the UK home secretary, said the terrorist threat had "not gone away" despite the downgrading on Monday of the terror threat from "critical" to "severe".

The downgrade came after the UK, having examined further intelligence gathered during the arrests, assessed there were no other people involved in the plot that constituted an immediate threat.

The UK also found no evidence that other unrelated groups had accelerated plans for "copycat" attacks, at least imminently, officials said.

Tony Douglas, chief executive of BAA, said on Monday he did not know for how long the new airport security rules would apply, although it is thought they could last indefinitely.

The airline BA said on Monday it was seriously considering seeking compensation from BAA for costs related to the disruption at Heathrow and Gatwick, London's second-biggest airport.

The airline is being forced to hire trucks and space in its own cargo aircraft to send baggage across Europe, after thousands of items were left at Heathrow airport rather than being flown to their destinations.

More than 500 pieces of luggage for Frankfurt failed to make it there on Sunday and were shipped out on Monday instead, and BA said many other European destinations had been affected.

Willie Walsh, BA's chief executive, complained publicly at the weekend about the hold-ups in security checks, which he blames on BAA not providing adequate staff cover. But BAA, which described the situation as "the biggest security crisis in aviation history in this country", said it was impossible to blame anybody.

The airports operator said the situation had increased the security burden by 400 per cent and pointed to the fact that Heathrow was already operating well beyond its capacity, even during normal operations.

BAA was scrambling to train staff to cope with the new security arrangements, which it said would be introduced at Heathrow and Gatwick.

Douglas Alexander, transport secretary, ruled out drafting in the armed forces to help BAA, partly on the grounds that they would have to be retrained. Officials said the operator had not requested assistance. <i/>

Reporting by Christopher Adams, Roger Blitz, Elizabeth Rigby and James Boxell in London and Richard Milne in Frankfurt

Terror Alert Downgraded, But Attack Still 'Likely' (WT)

By Al Webb

The Washington Times, August 15, 2006

LONDON -- The government yesterday downgraded the terror alert triggered by a plot to bomb airliners in flight across the Atlantic from top-level "critical" to "severe," but warned there was still a serious threat of attack.

While insisting that police had arrested all the main suspects, Home Secretary John Reid said a terrorist strike remained "highly likely" and that "there may be other people out there who may be planning an attack" against Britain.

Anger mounted at Britain's crowded airports as long lines for security checks inched along, prompting pleas for the government to call in police and troops to ease the pressure.

Police and intelligence agents continued questioning 23 suspects arrested when authorities disclosed a terrorist plot involving the use of liquid explosives to blow up as many as 10 passenger jets flying between Britain and the United States. A 24th man was released shortly after his arrest.

Interrogation reportedly was focusing on links between the suspects, all British Muslims, and associates in Pakistan, where up to 17 others were thought to be in custody.

One of the 17 has been identified as British national Rashid Rauf, brother of Tayib Rauf, who was among those arrested in Britain.

Tayib Rauf is thought to have connections with a senior al Qaeda operative in Afghanistan. But the Home Office in London refused to say whether the government had formally requested Rashid Rauf's extradition.

Although Britain and Pakistan have no bilateral treaty, a special one-time request can be made under international practices, legal analysts told the Times newspaper in London.

The Associated Press reported that an Islamic charity in Pakistan was suspected of providing funds for the British plotters, but the charity, identified as Jamaat al-Dawat, denied it.

"This is a bogus story," spokesman Yahya Mujahid told the Times. "It has nothing to do with reality."

Police in London have been granted until tomorrow to question the suspects, although they can apply for further extensions, seven days at a time up to 28 days, after which they would have to charge or release them.

Britain's reduction of the terror threat level coincided with similar action in the United States, where the Department of Homeland Security downgraded the perceived threat for flights from Britain from Code Red to Code Orange.

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Despite the downgrading, Mr. Reid said, "there is still a very serious threat of an attack. The threat level is at 'severe,' indicating the high likelihood of an attempted terrorist attack at some stage, and I urge the public to remain vigilant."

Many of Britain's airports -- including its largest, London's Heathrow -- remained clogged by chaos for a fifth day as passengers waited in lines that streamed out the doors to the sidewalks as painstaking new safety rituals -- in many cases involving body searches -- proceeded at a snail's pace.

Budget airline Ryanair, which runs scores of flights out of British airports every day, described the security measures as "heavy-handed" and called for police and army reservists to be summoned to speed up searches at airport security.

Michael O'Leary, Ryanair's chief executive, told Sky News Television, "If we, the industry, and the government don't work together to have sensible security ... we are going to hand these extremists a terrific PR success."

If terrorism is to be defeated and not allowed to disrupt normal aviation life, Mr. O'Leary said, "the British government must provide the additional security staffing -- either police or army reserve personnel -- immediately to prevent London's main airports from grinding to a halt over the coming days."

Some help was on the way, with Britain's Department for Transport announcing it was easing some of the security restrictions, including the ban on carrying luggage aboard departing planes.

Effective today, it said, each passenger will be allowed to carry on a single bag, but only if it measures no more than about 17 by 13 by 6 inches.

Electronic equipment such as laptop computers, mobile phones and IPods will be allowed on board, although each will have to be screened -- which still takes time. Still banned are all liquids, except for prescribed medicine and baby milk; the latter will be allowed only after an accompanying adult has tasted it.

The prohibition against mobile phones was still in effect Sunday, when a British Airways flight from London to New York turned back after a ringing cell phone was discovered on board. The pilot of flight BA179 decided to return to London when none of the passengers would admit to owning the offending instrument.

East Enders (WSJ)

By Farrukh Dhondy

The Wall Street Journal, August 15, 2006

Ten miles down the road from where I live is High Wycombe. As I write, five streets around the "Asian neighborhood" of that ugly town have been cordoned off by police. A few houses have been evacuated near the one from which two men were arrested last week. Together with 22 from other parts of the country, they are suspected of conspiring to blow up 10 airliners and make their mark on earth and heaven as the cruelest terrorists since 9/11.

The others were picked up in Birmingham and the East End of London. I have lived and taught in schools -- and been a pamphleteer and political agitator -- in the East End. In the mid-1970s, I wrote for a radical magazine called Race Today. It sought to represent the voice (the one voice, as we thought) of new immigrants to Britain -- West Indians, Indians and Pakistanis -- whose political ambition then consisted largely of demanding their rights in British society.

I remember being part of a Race Today team dispatched to investigate the story of a man called Miah, who lived in a terraced council house (akin to project housing, only laid out horizontally) in a street in East London. We knocked on the only door that wasn't boarded up, and were greeted by Mr. Miah. His story was complicated. There were 12 men living in the one house, sleeping in shifts, as the racist stereotype accurately had it, six to a room. They had collectively "bought" this house, which reeked of stale curry and had no furniture. They worked in the East End's garment industry, and were all from Sylhet in East Pakistan (which later became Bangladesh). They had come to England to earn a desperate wage in the rag trade, which white workers, in this case earlier Jewish immigrants from Eastern Europe, had abandoned in the '50s and '60s for pastures new.

They had bought the terraced house, Mr. Miah said, on the recommendation of a fellow East Pakistani who worked as a volunteer on the local Community Relations Council. A pained Mr. Miah brandished a notice to quit the property issued by the Greater London Council, which claimed to -- and did, indeed -- own the house. The "ownership deed" was nothing of the sort: It declared that they had contributed several thousand pounds to some fake charity. But Mr. Miah and his friends couldn't read English.

Now, 30 years later, they and others of that migration still live in what has become a Bangladeshi enclosure in the London Borough of Tower Hamlets. Partly through our efforts, which extended to organizing them to get fair housing and social benefits, some of Mr. Miah's ilk entered local politics. Today, the Bangladeshis have a majority on the local council and, though they belong to different parties, vote as a bloc on "Islamic" issues. At the last election, Tower Hamlets voted out their sitting Labour MP, a woman of half-Jewish, half-Caribbean descent, and overwhelmingly voted in George Galloway, a Labour rebel who is virulently, and, according to some, treasonously, opposed to the Iraq war.

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Tower Hamlets had, at the last count, 37 mosques within its six square miles -- more per square yard than Mecca. Though parts of the area have prospered because of its adjacency to the City of London, the community remains dedicatedly enclosed. The older citizens, even after 40 years in the U.K., don't speak English. The young, born here, speak East End cockney; in tiny but growing numbers, they have been encouraged by teachers and social workers of the British meritocracy to pass exams and go to university. For the rest, the central organizing and motivating force within family and community is Islam. The little ones can be seen going in their white caps and pajamas to supplementary madrassas to be inducted into the religion.

This pattern of petrification or progress is more or less repeated in the ruined mill-and- mosque towns of Lancashire, Yorkshire and the Midlands, where the Mirpuris of northern Pakistan came to work as laborers in the textile industry. In perhaps 50 towns, the enclosed communities of mill-workers formed their own inward-looking societies, each a Little Lahore. The community's one possible contact with the outside world was Britain's compulsory schooling, but this was subverted by a policy that favored neighborhood schools and resisted dispersal. This resulted in majority, sometimes 100%, Muslim school populations. Democracy and the power of bloc voting forced the adoption of "Islamic" demands: halal school meals, headcovers for girls, gender seclusion, the introduction of Urdu, Arabic and a "multicultural" curriculum. But tragedy struck these towns in the '80s when the textile industry went bankrupt and the Thatcher government refused to bolster it with subsidies or tariffs against competitive imports. Overnight, thousands were jobless.

Thatcherism allowed other manufacturing to go to the wall. Miners, as well as steel and auto workers, were also severely hit by unemployment. They expressed deep dissatisfaction but didn't produce the internal ferment and murderous ideology that has now taken thousands of young British Muslims to fundamentalism, to training camps in Pakistan and Afghanistan, to jihadi resolve, murder missions in Yemen, Israel and London, and to the conspiracy, yet to be legally tried, to blow up innocent travelers in the air.

On July 7, the first anniversary of the terror attack on the Underground, a terrorist organization placed on the Web a recording of the last testament of one of the suicide bombers. He claimed that his intention to murder was a reaction to Britain's involvement in the Iraq war and retaliation for British foreign policy in Afghanistan and Palestine. A survey of the Muslim community has uncovered that a third feel that mass murder of British civilians is justified because of Britain's participation in Iraq. This alienation is the most important political phenomenon in British politics today, yet no politician has stooped to try to understand it, preferring to mouth homilies about the "majority of Muslims being peace-loving." Opponents of the war crow about Tony Blair's foreign policy generating jihadis. Liberal opinion falls back on mantras about racism breeding alienation.

They ignore the fact that 9/11 preceded Iraq, and that other unemployed communities haven't resorted to mass murder. No, something else is happening. It is significant that 22 universities have been named as epicenters of jihadist recruitment. The leader of the latest terror attempt is alleged to be a biochemistry student. These educated young men have ventured the farthest from the enclosures of their communities: The well-fed bite the hand that feeds.

Frustration and aimlessness are the seeds of alienation. British identity gives them no goals. They turn, instead, to the disciplines that were instilled in them from birth. Al Qaeda's aim to dominate the world with a universal Shariah kingdom makes them part of an elite. Their stance is fundamentally ideological, and being the ideology of religion, with 72 virgins on offer in paradise, it is fundamentally illogical. Their basic Western education makes them aware that they may be challenged in their fantasies of faith by more enlightened arguments of other Islamic persuasions. Instead, their spokesmen and suicide notes refer to British policies and lend a veneer of logic, of cause and effect, to their murder. Yet no spending plans in poor areas, multicultural reform of education or antiterrorist detention laws, or, for that matter, withdrawal of Britain's armies from Iraq, will deal conclusively with this ideology of murder.

Islam is here to stay, and nothing but an assertion by the various other traditions of Islam which have come to Britain from the Indian subcontinent -- the tolerant Sufi and Barelvi strands, as opposed to Wahhabism and the Shiite-Iranian animus -- will work. The Mirpuris and Bangladeshis form voting blocs because of the origins of their settlement. They have so far manipulated the MPs dependent on their vote, who, for instance, dare not express pro-Indian views on Kashmir. They have become representatives of Mirpur at Westminster. Muslims of other, non-peasant, non-fundamentalist backgrounds live scattered over Britain and don't form voting blocs. Nevertheless, they must be encouraged to assert their willingness to live in a modern, democratic, secular society. It is only by ideologically challenging the fundamentalism that has taken virulent hold of the enclosed communities and their offshoots that Islam can learn to live in the West. Muslim has to tame Muslim.

Mr. Dhondy is the author, most recently, of "C.L.R. James: A Life" (Pantheon, 2002).

L.A. Area Muslims Urge Public To Not Demonize Them (LAT)

By Stephen Clark, Times Staff Writer

The Los Angeles Times, August 15, 2006

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Only days after British authorities foiled an alleged plot to blow up airliners en route from Britain to the United States, Muslim leaders and law enforcement officials in Southern California urged the public Monday not to demonize the Islamic community.

At a news conference Monday at the Islamic Center of Southern California in Los Angeles, the leaders and officials said Muslims worldwide have helped authorities fight terror.

"We are playing the most critical role in America's national security because of our partnership with law enforcement," said Salam Al-Marayati, executive director of the Muslim Public Affairs Council.

Bob Pierce, the British consul general, said the threat facing the United Kingdom comes from a "small minority."

"There is something of a battle going on for the hearts and minds of people in the Islamic community in the UK," he said.

Pierce and Al-Marayati were joined by representatives of the Los Angeles County Sheriff's Department, the FBI and the U.S. Department of Homeland Security, who emphasized the need to protect the civil rights of Muslims and the value of working with them.

"Muslim nations are working tirelessly in the fight against terror," said Sheriff Lee Baca, who earlier this year helped establish the Muslim-American Homeland Security Congress to consolidate, expand and publicize Muslims' efforts against terrorism. The group encourages religious leaders in Southern California to speak out against terrorism, has formed a youth council and reaches out to alienated Muslims. The organization has a nine-member executive board and its membership includes mosque members, students and civil rights advocates.

Muslim leaders expressed concern that their community would face a backlash in the aftermath of the latest alleged terror plot and as the five-year anniversary of the Sept. 11 attacks approaches.

"It is imperative to remember that we face a common enemy who does not discriminate based on religion, race or gender," said Ahmed Ali, president of the Council of Pakistani Public Affairs.

Also Monday, teenagers with pellet guns shot at the door of a mosque in La Mirada, deputies said. Pellet guns were also used to shoot out two windows at the mosque Thursday evening.

The Southern California office of the Council on American-Islamic Relations called on the FBI and the Sheriff's Department to investigate both incidents as possible hate crimes.

But deputies said that numerous vandalism acts have been committed in the area near the mosque recently and that there was no evidence that the mosque was singled out. The mosque is "just a part of the spree," Lt. Duane Harris said.

Cuban Exile Militant Asks Federal Judge To Free Him (MH)

By Alfonso Chardy

The Miami Herald, August 15, 2006

EL PASO, Texas - The U.S. government revealed Monday that it has asked six countries, including Mexico and Canada, to take Cuban exile militant Luis Posada Carriles -- but they all refused.

The disclosure came during a two-hour hearing in El Paso federal court, just blocks from the Mexican border, in which an elegantly-attired Posada, in a cream-colored suit, asked U.S. Magistrate Norbert Garney to free him from immigration detention. Posada, 78, has been in the custody of U.S. Immigration and Customs Enforcement in an El Paso detention facility since immigration officers detained him in Miami-Dade County May 17, 2005.

Venezuela and Cuba accuse Posada of terrorism, including the bombing of a passenger jet in 1976 that killed 73 people. Posada has long denied involvement.

Monday was the first time the U.S. government has publicly disclosed the number and names of foreign countries it has approached in an effort to remove Posada from the United States. An El Paso immigration judge last year prohibited Posada's deportation to Cuba or Venezuela but ordered his expulsion to any other country willing to take him. Besides Canada and Mexico, the other countries listed in Garney's court were Honduras, Costa Rica, Guatemala and El Salvador.

Eduardo Soto, Posada's lead attorney, told Garney that the government's disclosure -- made by an ICE officer called as a witness -- proves the United States cannot deport Posada and thus, he should be released. Failure to do so, Soto added, would amount to a violation of the 2001 U.S. Supreme Court's decision against indefinite detention of foreign nationals who cannot be deported.

Ethan Kanter, a Justice Department attorney, who represented the U.S. government at the hearing, asked Garney to deny Posada's request for release because efforts to expel him are continuing and because the high court's 2001 ruling allowed for the indefinite detention of detainees deemed a "danger to the community." An ICE letter to Posada in March said he continued to "present a danger to the community" and ``a risk to the national security of the United States."

Garney told Posada and his attorneys that he would issue his decision later. Felipe Millan, an El Paso attorney retained by Posada, said he expected Garney's ruling in the next few days.

5 Men Leave Guantánamo For A Bleak, Uncertain Future (NYT)

By Neil A. Lewis

The New York Times, August 15, 2006

WASHINGTON, Aug. 14 — Early on May 5, five Asian men who had been detained at the prison camp in Guantánamo Bay, Cuba, for years as dangerous terrorists, boarded a military transport plane at the United States naval base there.

The men had just exchanged their prison garb for jeans, T-shirts and slip-on sneakers but were still in handcuffs as they boarded the plane, where they were shackled to bolts in the floor and surrounded by more than 20 armed soldiers. About 14 hours later, the plane landed in Albania, a poor Balkan nation eager to please Washington.

Interviews with lawyers and several officials in the United States and abroad showed that the flight, to a freedom of sorts for the five men, involved intense behind-the-scenes diplomatic activity in Washington; Ottawa; Tirana, Albania; Beijing; and elsewhere.

It also held implications for a United States Appeals Court, the North Atlantic Treaty Organization and the relations of several European countries with China. And it underlined the Bush administration's difficulties in reducing the population at Guantánamo as international calls for it to be closed increased.

The five men were Uighurs (pronounced WEE-gers) who had been captured in Afghanistan after the Sept. 11, 2001, attacks. They had traveled there from their homeland in the Xinjiang province of China, where the Uighur people, most of whom are Muslims, have fought a low-level insurgency against Beijing's rule for years.

For the five Uighurs, the transfer to Albania meant exchanging a military prison camp on the southeastern tip of Cuba for a bleak and unpromising future in one of Europe's poorest countries where no one spoke their language. One of them, Abu Bakker Qassim, said in an interview, "I would rather be in a society where I can be with some of my countrymen, but where we are is better than Guantánamo."

For the Bush administration, one of the immediate results of the transfer was an opportunity to sidestep yet another court challenge to its detention policies.

Shortly after the five men landed in Tirana, Albania's capital and largest city, and only minutes before the close of business in Washington on a Friday, the Justice Department filed a brief with a federal appeals court there. The brief asked the court to cancel a hearing the next Monday on the Uighurs' challenge to their continued detention in Guantánamo Bay. They had been held there for more than a year after the military's special tribunal system had determined they were not "enemy combatants," the ostensible reason for their imprisonment.

A federal judge had ruled that the Uighurs' continued detention at Guantánamo was illegal and disgraceful, but he said he could not order them admitted to the United States, as their lawyers had requested. The appeals court was considering that issue. The Bush administration has opposed allowing Guantánamo detainees into the United States.

Upon learning the Uighurs were no longer at Guantánamo, the appeals court canceled the hearing.

A senior State Department official said in an interview that more than 100 countries had been approached about accepting the Uighurs but that only Albania did. Even though they were innocent, the official said, the five Uighurs could not be repatriated to China because Beijing regarded them as terrorists, and the law prohibited sending prisoners to places where they might be persecuted.

The countries that declined, including Washington's best European allies, did not want to antagonize China, officials and analysts said.

The State Department official said the timing of their departure and the scheduled court argument was a coincidence. But a senior Justice Department official said there had been an intense push to avoid a situation in which the appeals court could order the Uighurs admitted into the United States. Both officials spoke on condition of anonymity because of the delicacy of diplomatic relations.

For Albania, the willingness to accept the Uighurs solidified that nation's standing with the United States and brought it a confrontation with China, which had been its patron during Albania's split from the Soviet Union in the Cold War.

On the weekend of the Uighurs' arrival in Tirana, the Chinese ambassador there protested to the Albanian prime minister, insisting they be returned to China. The ambassador repeated the demand on Monday.

But the following day, May 7, Vice President Dick Cheney publicly endorsed Albania's much-hoped-for bid to join NATO. Charles Gati, an authority on Eastern Europe and a professor of European studies at the Nitze School of Advanced International Studies of Johns Hopkins University, said that Albania had courted Washington in recent years.

"They're very eager to get into NATO, and to do this they have offered their services in a variety of ways," Professor Gati said. "This is clearly what happened here."

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Albanian Prime Minister Sali Berisha, who was at Mr. Cheney's side when he announced United States support for Albania's NATO bid, along with the bids of Croatia and Macedonia, said in a statement later that week that he trusted Washington's assurances that the men were not terrorists and that he was proud to provide a humanitarian favor to Washington.

China remained unappeased and seemingly went beyond diplomatic pronouncements. In the first week of June, a Chinese delegation arrived unannounced at the barbed-wire-enclosed refugee camp on the outskirts of Tirana and demanded access to the Uighurs. Their intentions were unclear, but Albanian officials denied them entry.

Early this month, the Albanian government granted asylum to the Uighurs. The Albanian ambassador to Washington, Aleksander Sallabanda, said in a statement, "Our government is proud of its cooperation with the United States in the war on terror."

For the five Uighurs, the consequences of the move to Albania were more prosaic and dispiriting. At the time of their transfer, their lawyers had been making progress in negotiating with the Canadian government for them to settle there. Canada has a thriving Uighur community, largely in Toronto.

But that possibility stalled when they were sent to Albania, their lawyers said.

More than 100 prisoners at Guantánamo were initially found to be enemy combatants and then ruled eligible to be freed but were not because it was impracticable to return them to their home countries, and no other country would accept them.

That group includes a few other Uighur prisoners at Guantánamo who have not been transferred to Albania because, their lawyers say, they have no scheduled court argument that the administration hopes to avoid.

The freed Uighurs now spend most of their days in the refugee camp in a poor slum of Tirana, according to Sabin Willett, a lawyer in Boston who represents two of the men. Mr. Willett said he had learned of the transfer only after it happened, and he went to Tirana that Monday.

Michael Sternhell, a New York lawyer who represents the other three Uighurs, said the men "are still effectively behind bars." Mr. Sternhell says they have difficulty even traveling to the center of Tirana, and they use most of their monthly allowance of 40 Euros to call their families in China. The Albanian government provides room and meals at the center, for which it is reimbursed by the United States.

Although the Uighurs feel marooned in Albania, they are grateful to the government there. "Given that no other country is taking us, we're all right with this," said Mr. Qassim, a 37-year-old father of four who acts as the group's spokesman. Speaking by telephone from the refugee center through a translator retained by The New York Times, Mr. Qassim said that the problems had begun when he and several fellow Uighurs had left their home to find a place to study the Koran, a practice he said was forbidden in China.

They went to Pakistan and then to Jalalabad, Afghanistan, he said. After the Sept. 11 attacks, a group of 17 Uighurs returned to Pakistan, where local tribesmen welcomed them warmly. After a lamb feast, the villagers betrayed them. They were taken to a mosque ostensibly to worship, but instead, Mr. Qassim and his lawyers said, they were sold to United States forces.

According to the transcripts of tribunals held at Guantánamo, they were accused of engaging in guerrilla training, but officials would not tell them on what basis they had made the accusations because the information was classified. Mr. Qassim said the Uighurs had indeed learned to use rifles while in Jalalabad, but he said weapons training was common in Afghanistan, and he had never heard of Osama bin Laden or Al Qaeda.

Mr. Qassim and the four other men who would wind up in Albania were deemed not to have been enemy combatants. The 12 others in their group were classified as such.

"It's a mystery as to why we were released and the others are still languishing behind bars," he said. He said the United States had made a "mistake" in believing the Uighurs were radical Islamists opposed to the United States. Mr. Qassim said his people had always admired the United States and had hoped that one day America would rally to the Uighurs' cause for freedom.

"We still believe the U.S. is a good country with good people," he said. "But the government has made a mistake and is still making it."

A Self-Defeating War (WSJ)

By George Soros

The Wall Street Journal, August 15, 2006

The war on terror is a false metaphor that has led to counterproductive and self-defeating policies. Five years after 9/11, a misleading figure of speech applied literally has unleashed a real war fought on several fronts -- Iraq, Gaza, Lebanon, Afghanistan, Somalia -- a war that has killed thousands of innocent civilians and enraged millions around the world. Yet al Qaeda has not been subdued; a plot that could have claimed more victims than 9/11 has just been foiled by the vigilance of British intelligence.

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Unfortunately, the "war on terror" metaphor was uncritically accepted by the American public as the obvious response to 9/11. It is now widely admitted that the invasion of Iraq was a blunder. But the war on terror remains the frame into which American policy has to fit. Most Democratic politicians subscribe to it for fear of being tagged as weak on defense.

What makes the war on terror self-defeating?

· First, war by its very nature creates innocent victims. A war waged against terrorists is even more likely to claim innocent victims because terrorists tend to keep their whereabouts hidden. The deaths, injuries and humiliation of civilians generate rage and resentment among their families and communities that in turn serves to build support for terrorists.

· Second, terrorism is an abstraction. It lumps together all political movements that use terrorist tactics. Al Qaeda, Hamas, Hezbollah, the Sunni insurrection and the Mahdi army in Iraq are very different forces, but President Bush's global war on terror prevents us from differentiating between them and dealing with them accordingly. It inhibits much-needed negotiations with Iran and Syria because they are states that support terrorist groups.

· Third, the war on terror emphasizes military action while most territorial conflicts require political solutions. And, as the British have shown, al Qaeda is best dealt with by good intelligence. The war on terror increases the terrorist threat and makes the task of the intelligence agencies more difficult. Osama bin Laden and Ayman al-Zawahiri are still at large; we need to focus on finding them, and preventing attacks like the one foiled in England.

· Fourth, the war on terror drives a wedge between "us" and "them." We are innocent victims. They are perpetrators. But we fail to notice that we also become perpetrators in the process; the rest of the world, however, does notice. That is how such a wide gap has arisen between America and much of the world.

Taken together, these four factors ensure that the war on terror cannot be won. An endless war waged against an unseen enemy is doing great damage to our power and prestige abroad and to our open society at home. It has led to a dangerous extension of executive powers; it has tarnished our adherence to universal human rights; it has inhibited the critical process that is at the heart of an open society; and it has cost a lot of money. Most importantly, it has diverted attention from other urgent tasks that require American leadership, such as finishing the job we so correctly began in Afghanistan, addressing the looming global energy crisis, and dealing with nuclear proliferation.

With American influence at low ebb, the world is in danger of sliding into a vicious circle of escalating violence. We can escape it only if we Americans repudiate the war on terror as a false metaphor. If we persevere on the wrong course, the situation will continue to deteriorate. It is not our will that is being tested, but our understanding of reality. It is painful to admit that our current predicaments are brought about by our own misconceptions. However, not admitting it is bound to prove even more painful in the long run. The strength of an open society lies in its ability to recognize and correct its mistakes. This is the test that confronts us.

Mr. Soros, a financier, is author of "The Age of Fallibility: Consequences of the War on Terror" (Public Affairs, 2006).

HOMELAND RESPONSE:

U.S. Officials Say Plot Shows Need For More Sharing Of Passenger Data (NYT)

By Eric Lipton And Scott Shane

The New York Times, August 15, 2006

WASHINGTON, August 14 — As British citizens, the 24 terror suspects arrested in England last week could have boarded planes bound for the United States without undergoing an American government background check or obtaining a visa, part of what federal officials say is a broader security gap that they are now trying to close.

Britain is among 27 countries whose citizens are not required to obtain visas before traveling to the United States, meaning that the American authorities do not have an opportunity to screen them in advance. Given this gap, the Department of Homeland Security has tried but failed to win broad approval for rules that would require airlines to share passenger information before flights depart for the United States.

Instead, under current rules, passenger data is sent in the first 15 minutes after a flight takes off. That system lets American authorities turn a flight away if a suspected terrorist is determined to be on board, but does not provide any margin of safety in the case of attempts to blow up a plane while in flight, as was alleged to have been the suspects' plan in the trans-Atlantic plot.

Since Thursday, the day the plot was disclosed, Homeland Security officials have required that passenger data be provided before planes leave Britain for the United States, part of a widening of temporary security measures.

But because of airline concerns about flight delays and the difficulties of squaring the access to information with European privacy laws, the department's efforts to permanently require advance information on all passengers of international flights are unresolved, industry and government officials said.

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"It's absolutely essential for aviation security for the U.S. government to have that information and match it against our watch lists in advance of departure," said Jay Ahern, chief of field operations at Customs and Border Protection. Mr. Ahern said the department hoped new rules could take effect late this year or early next year. He said the rules proposed by the department would require information to be turned over an hour before takeoff, though information on anyone checking in late could be provided as little as 15 minutes before the flight.

About 87 million visitors to the United States each year arrive by air, according to government statistics. Travelers from most of the world must obtain visas before trying to enter the United States, requiring that they complete an application, provide a photograph and fingerprints, and submit to an interview.

But since 1988, the visa waiver program that now applies to citizens of Britain and 26 other countries, most of them in Europe, has left open what some members of Congress and counterterrorism experts now describe as an important vulnerability in American defenses, because so many suspected terrorists in recent years have been European Muslims.

In the plot last week, officials said, most of those arrested were British-born citizens of Pakistani descent and most, though not all, had obtained passports for foreign travel. They would have been prevented from traveling only because they were already under surveillance by British authorities.

Proposals after the Sept. 11 attacks to require visas for all foreign visitors were abandoned out of concerns that the demand would create an overwhelming bureaucratic workload, interfere with trade and tourism, and prompt Britain and other countries to impose the same requirement on Americans. Proposals pending in Congress would add Poland, South Korea and other countries to the waiver list.

Despite more than two years of negotiations, the department has been unable to reach an agreement with airlines to assure the delivery of passenger data before takeoff for all flights to the United States.

In an interview on Sunday, Michael Chertoff, the secretary of homeland security, said the vulnerabilities had existed too long. He said he hoped the British plot might persuade the airlines and European authorities to drop objections to his department's proposal.

"I sure hope this is a great wake-up call," Mr. Chertoff said.

Robert S. Leikin, who studies the security issues at the Nixon Center in Washington, said many suspected terrorists arrested in recent years were the children of Muslim immigrants to Europe. Their citizenship in nations with visa waivers makes improving the checks on air travelers critical, he said.

Government officials he has consulted on the threat "are pretty relaxed now about people coming from the Middle East because of the visa screening process," Mr. Leikin said. "What they're really concerned about is Europe."

In the aftermath of the Sept. 11 attacks, federal officials proposed that airlines turn over data for passengers taking international flights to the United States an hour before takeoff, so they could compare the names, dates of birth and passport numbers to a "no fly" watch list.

Airlines are required to check the list on their own as passengers arrive at the airport. But the data they have is less complete and current than what is available to the federal government.

The airlines objected to the one-hour rule, saying it would force delays because passengers are often added to the manifest within minutes of departure, particularly if they are transferring from another flight. The requirement, the airlines complained, could force them to leave planes sitting on the ground for an hour, or to turn away passengers with tight connections. So final action on the rule was delayed.

Separately, United States officials asked for access to a much more comprehensive collection of passenger data than the airlines maintain. This database includes credit-card numbers, itineraries, who paid for a ticket and names of parties who are traveling together. Authorities using this data, for example, could demand that someone traveling with a person on the no-fly list also be removed from the flight.

But European officials, citing privacy laws, have objected to sharing the data with American authorities, placing restrictions on how it can be used, such as prohibiting reviews of who else has used the same credit card to buy a ticket. After the European Union's highest court ruled in May that sharing that data was illegal, it ordered such sharing entirely cut off by October unless European and American authorities reach a new accord on its use.

Air Cargo Still Largely Unchecked (WSJ)

By Andy Pasztor

The Wall Street Journal, August 15, 2006

Last week's terror threat forced passengers to drop bottles of water and soda, tubes of toothpaste and hand lotion, and cans of hair spray and shaving cream into the trash before boarding jetliners. But unbeknownst to most passengers, airlines loaded aluminum containers filled with largely unchecked freight into the bellies of those same planes.

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Despite years of concern from critics who see it as an obvious weak link in the nation's aviation-security net, little has been done to screen cargo because of daunting technical challenges and stiff industry resistance.

"It's one of the most disturbing issues out there," says Robert Francis, an aviation-safety consultant and former vice chairman of the National Transportation Safety Board.

Now, San Francisco International Airport has launched an innovative bomb-detection program that aims to make it the first U.S. airfield to screen virtually every cargo shipment -- regardless of size or content -- before it is loaded into an airliner.

San Francisco's effort will combine explosive-detection equipment that is now used to examine baggage with other screening devices, human inspectors and even packs of canine sniffers to upgrade cargo security. The project, directed by scientists from nearby Lawrence Livermore National Laboratory and other federal research organizations, was announced less than two months before the bomb plot was foiled last week in Great Britain.

Last week's revelations are bound to increase public concerns about potential air-cargo loopholes, just as the Sept. 11 terrorist attacks pushed the same issues into the spotlight five years earlier. About one quarter of all U.S. air cargo is transported by U.S. passenger planes. Based on the best current estimates, between 10% and 15% of the more than six billion pounds of cargo that flies that way each year ends up actually inspected. (Even less of the freight flown on cargo carriers is screened.) Instead, airlines and federal security officials largely rely on so-called trusted-shipper safeguards. These focus on the credentials of established freight-forwarders and companies who register with the government, rather than on the actual contents of individual shipments. Aside from some random screenings, inspections are reserved for cargo of unknown or suspicious origin.

The Transportation Security Administration hasn't yet certified any machines for cargo screening, and federal officials say none of today's nascent technologies were designed to handle high cargo volumes. Unlike examining individual packages, many cargo containers are capable of holding a mix of items from fruits to paper to machine parts, any one of which could contain a small amount of explosive material. Airlines have staunchly resisted widespread airport screening because of costs and potential delays caused by false alarms. U.S. carriers get about $4 billion in revenue annually from cargo carried along with passengers, and they worry that unreliable scanners could play havoc with schedules.

San Francisco's pioneering program hopes to demonstrate ways around that dilemma, largely through more-effective use of devices and tools that already are available. The goal is to screen 95% of cargo on passenger jets. Recommendations from the $30 million initiative -- which will later include a similar project in Cincinnati and one in Seattle to search cargo for stowaways -- are expected to be available by late 2007.

Doug Bauer, Livermore's program director for the project, says he aims to develop templates many other airports could follow to increase screening capacity depending on factors such as seasonal shifts in types of goods being shipped.

For airline pilot unions and Democratic U.S. Rep. Ed Markey of Massachusetts, an outspoken critic who previously called cargo security rules "a national scandal," such moves can't come fast enough. A year ago, Rep. Markey complained that the TSA was avoiding screening cargo on passenger jets "in any meaningful way."

Even though the work under way in San Francisco was prompted partly from criticism by Rep. Markey and a handful of other lawmakers, he says he is "still gravely concerned about gaping aviation-security loopholes."

In November 2005, the Government Accountability Office took the TSA to task for, among other things, allowing potentially dangerous cargo-security gaps to persist, failing to systematically collect data on past security breaches and having incomplete information about shippers.

The TSA continues to rely on a broad multilevel approach to cargo because "there is no silver-bullet technology out there," according to senior agency official Robert Jamison. By "looking at the people, the shipments and the supply chain" in tandem, Mr. Jamison says, "we've ramped up our focus on air cargo" in the past year or so," from mandating background checks for armies of air-cargo employees to 100% screening of all small packages left at airport counters.

The number of cargo inspectors, for example, has tripled to 300 nationwide and "we've drastically ramped up our canine patrols," Mr. Jamison says. The idea is "moving our assets around the airport" and conducting random inspections "to provide a level of unpredictability" to keep would-be terrorists off balance.

While a spokeswoman says the Air Transport Association, the airlines' trade group, favors the current approach and additional research into new technologies, "we feel that canine screening deserves far more support" from the TSA.

So far, Congress has largely gone along with that approach to cargo security on airliners, despite a growing bipartisan push for changes and demands that the TSA develop more-reliable technology and more-effective screening systems. "What do you think would happen to the airline industry," Rep. Norm Dicks, a Democrat from Washington State, asked rhetorically during a House hearing last month, "if a bomb in an uninspected cargo exploded, bringing down a passenger plane?"

Faced with lower volume and less industry opposition, other countries are honing new ways to inspect cargo. Israel and the Netherlands already screen much of the cargo placed aboard passenger planes with a combination of machines, inspectors and

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dogs, according to U.S. lawmakers and industry officials. And under European Union regulations, some freight forwarders have their own X-ray equipment as well as a legal obligation to vouch that inspections have been properly carried out.

Some in the industry see a potential gold mine if cargo inspections become more prevalent. L-3 Communications Holdings Inc., a major supplier of baggage-screening equipment, has told Congress it believes that with some modifications, current-generation equipment is capable of inspecting more than two-thirds of the cargo at issue.

While other makers of screening-equipment are skeptical of such claims, congressional pressure and heightened public recognition of the threat means "things clearly are progressing in that direction," according to Joe Reiss, marketing director of American Science & Engineering Inc., a Billerica, Mass., manufacturer of security equipment.

Even if it the technology becomes more feasible, however, "I'm not sure the [airline] industry will support it," says aviation-security consultant Rick Gordon of Civitas LLP in Washington.

Once the program takes off in San Francisco, which shipped roughly 500,000 tons of freight on both passenger and cargo flights last year, the aim is boosting the speed of the screening process at least sixfold. Simulations and computer models will be used to determine steps to further expand capacity, and how to spread those concepts to potentially hundreds of additional airports nationwide.

Still, Mr. Gordon predicts a long and difficult battle for industry acceptance. Anybody who thinks "you're going to throw money at the problem and get 100% cargo screening in the next year or two," he says, "that's just foolish."

Veteran Travelers Find It Hard To Carry On (USAT)

By Laura Bly

USA Today, August 15, 2006

For frequent business travelers and footloose vacationers, the carry-on bag is more than luggage. It's a symbol, a mind-set, a way of life.

And since Thursday, when U.S. and British authorities clamped down on airport security after a suspected terrorist plot to blow up trans-Atlantic jets using liquid explosives was revealed, these unfettered fliers have been in a tailspin.

Dave Moya, an executive from Oldsmar, Fla., travels every week and hadn't checked a bag in 10 years — until Thursday. The U.S. ban on liquids in carry-ons imposed that day meant “I had the choice of throwing away cologne, hair gel, toothpaste, after-shave lotion, hand cream … shampoo.” He bit the bullet, and instead of getting home 45 minutes after touchdown, he wound up spending 45 minutes in baggage claim.

Samantha Johnston, 44, a Portland, Ore., grad student and moderator on the popular FlyerTalk .com message board, says the latest — and constantly shifting — carry-on rules have sparked the biggest response since the chaotic aftermath of Sept. 11, 2001. Johnston is the type of traveler who will fly to Singapore for the weekend or to Munich for breakfast with a friend. (She has done both, with a single carry-on.)

No more.

“I've put up with public inspection for the underwire in my bra, and when I protested, being told to wear a bulky sweater and go braless in the future. I've been told I can't carry on a bottle of wine as a gift at one airport, only to find it's no problem at another. I've been civil with the multiple checks of my boarding pass not more than a few feet apart. I figured this all couldn't possibly last and flying would eventually return to normal,” she says.

But now, with strict carry-on regulations that currently ban everything from hair spray to yogurt, “I've reached my tipping point. I've decided not to fly until the latest Draconian carry-on prohibitions are significantly rolled back. Security has finally reached the nether regions on the idiocy graph.”

Or the confusion graph, anyway.

The Transportation Security Administration (TSA) loosened up carry-on rules Sunday by permitting up to 4 ounces of liquid non-prescription medicine such as saline solution and eye drops. But at the same time, its website still listed them as prohibited.

After Britain eased its terror threat level Monday from critical to severe, security officials there said that starting today, passengers could carry a single, briefcase-sized bag aboard and that books, laptop computers and iPods again would be allowed.

On Sunday, Canada tightened carry-on restrictions, adding aerosols and juice to the list of banned items put in place last week.

It's enough to make a frazzled flier take a drink — though not, perhaps, of duty-free booze.

Since the TSA ban on carry-on fluids applies to all flights entering or leaving the USA, duty-free sales have slumped from Singapore to the Cayman Islands. The Nuance Group, which runs duty-free shops in most Canadian airports, says sales are down almost 75%.

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But TSA spokesman Christopher White said Monday that under revised TSA rules, travelers can still buy duty-free liquid items at the airport, as long as they are delivered to the plane and not carried aboard by passengers. One wrinkle: Travelers doing that, arriving at a U.S. airport from another country and taking a connecting flight, must clear customs, where newly purchased duty-free liquids have to be placed in checked luggage or left behind.

Meanwhile, in a Newsweek poll conducted last week, 54% of 1,001 U.S. respondents opposed banning all carry-on baggage on commercial flights, but 26% say they "definitely favor" such a move, and 18% say they would "probably favor" it.

Department of Homeland Security chief Michael Chertoff hit the TV talk-show circuit Sunday, saying he didn't expect greater restrictions: "We can do the job with screening, training and technology without banning all carry-ons."

That's cold comfort to travelers such as Paul DaSilva, a Los Angeles engineer who flies more than 100,000 miles a year.

"I'll adjust temporarily by checking in my bag," says DaSilva, who did just that this weekend. But Sunday's "40-minute wait to get back my bag in Toronto was excessive, and needing to get to the airport an extra 30 minutes before to make sure I can get my bag checked in time will take its toll.

"It's a touchy subject to folks like myself, and I can guarantee a drop-off in travel if more restrictions are enforced," he says.

The airlines say they're checking more bags but don't yet have definitive numbers, says David Castelveter of the Air Transport Association. The TSA uses a number of different screening systems and doesn't have exact figures on any increase in bag volume.

Southwest beefed up staffing on the ramp to handle extra bags, but "things seemed to smooth out this week," says spokeswoman Beth Harbin. Joseph Tiberi of the International Association of Machinists — the union that represents baggage handlers at United, Northwest and US Airways — says workers are seeing slight increases in baggage since the initial flood Thursday and Friday. Some workers are being reassigned to airports to meet higher demand, but they're not being asked to work overtime, he says.

At American, the world's largest airline, spokesman Tim Smith says there was a short-lived surge in checked baggage last week but that the situation was "pretty much back to normal by Monday." At Chicago's Midway Airport, carriers have seen a 30% increase in checked bags, airport spokeswoman Wendy Abrams says.

Even before the recent spike in checked bags, many frequent fliers considered waiting at the baggage carousel a modern version of Dante's Inferno. Among their concerns: Though the numbers are better this year, Consumer Reports says passengers filed an average of 10,000 mishandled-luggage complaints a day against the larger U.S. airlines in 2005, the worst performance since 1990.

Rich Fiorenza, an expert on bag handling at SITA, a Switzerland-based technology and consulting company, says the hard data won't be available for at least a month. But after seeing unusually long lines at the baggage claim when he flew back to Atlanta from vacation over the weekend, he expects to see a rise in the rate of mishandled bags in August and September. That, he said, would be the expected result of airlines handling more checked bags compared with last year.

Amid the turmoil caused by the new restrictions, some carry-on devotees simply refuse to surrender their bags and are developing new strategies.

"I'm still not going to check any luggage," says Chris Kepler, business director of SAS Institute in Cary, N.C. "I've decided to contact the hotel ahead of time and ask them for toothpaste, deodorant, etc. So even if I have to pay for these items upon arrival, it's worth it to me to not have to check a bag."

On Thursday, Manhattan publicist Pamela Johnston refused to check her roll-aboard at the Burbank, Calif., airport. "I wanted to be mobile," she says. "I didn't want to check my bag. I knew the airports would be a mess."

So she took her toiletry bag filled with "a couple hundred dollars" of stuff and FedExed it home.

Others have greeted the new carry-on era with resigned acceptance. "It's hard to predict how all this will shake out, as so little of it is based on common sense. (But) it won't be long before the rules are relaxed," says Doug Dyment, who publishes OneBag.com, a website on the joys of traveling light. "Not that long ago they were destroying nail clippers, and there was never any rational reason for that."

Meanwhile, on road warrior Moya's flight Thursday, the "overhead (compartment) in first class was pretty much empty" save for briefcases and laptops. It's usually jammed, he says.

On her flight from New York's La Guardia to Minneapolis Monday morning, flight attendant Rene Foss noticed little change in the number of carry-ons. Which is a bad thing, from her perspective. "The carry-on baggage issue, aside from anything that happened last week, is so problematic. Any reduction in carry-on luggage is great. And I think my colleagues would agree."

Foss, author of Around the World in a Bad Mood, was clutching a Starbucks coffee and a carry-on with her makeup and toiletries stowed inside as she prepared to board a flight to Portland, Ore. Flight crews are exempt from the new TSA restrictions. "If you're on a five-day trip, you can't keep throwing out toothpaste at every stop. I think the TSA took pity on us," Foss says.

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"It's not a 'right' to fly and carry whatever you like," notes David Gregory, a Dallas-based travel coordinator and former airline employee, in one of nearly 200 posts in response to a recent item on USA TODAY.com's Today in the Sky blog about the threat to the carry-on culture.

"Just think how wonderfully blissful it would be not to have a single carry-on aboard a plane," Gregory adds.

"I say ban all carry-on luggage. It's about time! And if you are so important that you cannot be away from your computer for a day, do us all a favor and stay at your office."

Fear Takes Flight (WP)

By Jennifer Huget, Special To The Washington Post

The Washington Post, August 15, 2006

Experts Report More Annoyance Than Anxiety In the Wake of the Latest Terrorism Alerts

Washingtonians do not appear to be in a tailspin of fear over last week's revelation of an alleged terrorist threat aimed at airliners. One prominent District psychologist says he doesn't anticipate much trauma to result from the event.

Alan J. Lipman, a clinical psychologist and director of the Center for the Study of Violence, says it's too early for observable reactions. Even after the attacks of Sept. 11, 2001, he said, fears and worries took some time -- up to two weeks -- to develop to the point where people sought help from a therapist.

And the latest threat is unlikely to have nearly the same psychological impact. Most significantly, the alleged plan for in-flight explosions was thwarted and nobody was killed.

"People have a variety of reactions to an unsuccessful plot," Lipman says. "They feel relief, admiration for security in Great Britain and the U.S., and concerns about the appropriate degree of risk" they should feel.

As for the renewed awareness of the terrorist threat and the need for vigilance, the earlier events may prove protective.

"People have become a bit inured to this," Lipman says. Since Sept. 11, he says, people "may have taken precautions to protect themselves, but they've seen that they have survived and the people they love and care for have survived. That creates a certain sense of security."

To Lipman, the lack of frantic calls to his office is a sign that people are evaluating the available information and using it to establish the degree of caution they need to take.

This tempered response carries its own risk, Lipman notes: the potential for underestimating a true threat.

After all, the news on Thursday was full of genuinely fearsome facts and phrases: Officials said a plan to carry out "mass murder on an unimaginable scale" was "days away" from execution. After reporting the arrest of two dozen alleged conspirators, Homeland Security Secretary Michael Chertoff allowed that "we cannot be sure that the threat has been entirely eliminated or the plot completely thwarted."

Consequently, Lipman doesn't expect everyone to take this latest incident in stride. Those who had particular difficulty coping with Sept. 11 may well find their psychological struggles revived.

"One of the phenomena associated with post-traumatic stress disorder is that, when you've been traumatized by an overwhelming experience, the tendency is to have that reawakened by [less powerful] events that remind you of that experience," he says.

Robert R. Butterworth, a Los Angeles psychologist who specializes in trauma, said some people are experiencing "anticipatory anxiety" to heightened alerts and emerging details about the alleged conspiracy. But is this fear strong enough to influence behavior?

"We won't know for a few weeks, after the summer," he said. Then it will be clear how many people canceled vacation plans because of their fear of flying.

Meantime, Butterworth said, he's observing another emotional reaction: "Not just fear, but anger . . . It's almost like they are so mad because of the inconvenience." Â·

Staff writer January W. Payne contributed to this report.

What Can Be Carried On? (NYT)

By Michelle Higgins

The New York Times, August 15, 2006

As air travel begins to return to normal — if long lines, canceled flights and confusion at airport security checkpoints can be considered normal (and, yes, sadly, they can) — airline passengers can only wonder what the long-term effect of last week's terror scare will be.

Will they really be prevented from bringing a bottle of water or a tube of toothpaste on board ever again? And just how draconian will the next wave of carry-on rules be?

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Though no airlines have called for an all-out ban on carry-on bags, a few, including Northwest and Virgin Atlantic, are urging passengers to check all luggage as a way to expedite the security process instituted by the Transportation Security Administration last week.

So far, the agency has not said which changes will be temporary and which will be permanent. "They will be in place as long as we think they're necessary," said Carrie Harmon, a spokeswoman. And as airports and regulators struggle with how to examine efficiently the flood of cabin baggage that passengers want bring on board, security rules are expected to continue to shift.

Over the weekend, the agency slightly loosened its strict ban on liquids, lotions and gels in carry-on bags and began permitting four-ounce containers of nonprescription liquid medications like eye drops and saline solutions through security checkpoints and onto planes. And Monday, the British Department of Transport, which had barred all carry-on items except for personal essentials like passports and eyeglasses, said passengers would now be allowed one item of hand luggage, the equivalent of a small briefcase or handbag. Electronic equipment including cell phones, laptops, digital cameras and iPods would again be allowed on board. (Up-to-date information about United States carry-on rules is on the Transportation Security Administration's Web site at www.tsa.gov/travelers/airtravel/prohibited/new-items.shtm; British updates are on www.baa.com.)

Though no one is saying it outright, it seems clear that the ban on such things as bottled water or perfume — even if bought at an airport shop once you have gone through security — suggests a lack of faith in the effectiveness of the current screening process. After all, if you have been screened and cleared by the security guards after arriving at the airport, why are you not then permitted to buy a sealed bottle of water at one of the airport shops beyond the security station? (Homeland Security Secretary Michael Chertoff tacitly acknowledged a lack of full confidence in the screening when he announced on Sunday that he intended to replace contractors who inspect passenger identification documents at airport checkpoints with Transportation Security staff members.)

"There is not one silver bullet," said Carrie Harmon, an agency spokeswoman, who stressed that the administration was taking "a flexible, unpredictable multi-layered approach" to airport security. She added, "No one layer is 100 percent foolproof 100 percent of the time at all airports."

The Transportation Security Administration has begun permitting duty-free items if they are delivered directly onto the aircraft, though they will have to go into checked bags when changing planes from international to domestic flights.

How much the rules will be further loosened is unclear. After all, it took four years for Homeland Security to lift the post-9/11 ban on nail clippers and small scissors. Passengers might be allowed, for instance, to carry on small bottles of perfume or perhaps other substances that pose little security threat because of their size. Or secure beverages could be labeled as such.

Experts say an all-out ban on carry-on luggage is unlikely because it could cause a major backlash from the lucrative business-travel segment. "We will probably see calls from Congresspeople to bar all carry-ons, to ban all laptops and cell phones," said Michael J. Boyd, president of an aviation and security consulting firm in Evergreen, Colo. "If it happens, it will materially change the value of air travel for business people."

A ban on carry-on bags might ease the time it takes to get through security, with fewer items for screeners to check, and bring an end to the battle for overhead bin space, but it could also mean more lines at check-in.

Whatever the new security measures, airline advocates are urging rule makers to take passengers into account. "We recognize if the process becomes too inconvenient customers will just quit flying," said David A. Castelveter, a spokesman for the Air Transportation Association. "We saw that happen after 9/11 and we cannot allow that to happen again."

For now, to check or not to check is the question on many travelers' minds.

Molly Lyons, 31, a literary agent in New York, is reluctantly checking everything except some books and her contact-lens case for a flight to Rome on Tuesday. "All my toiletries are going in the checked bag, which makes me nervous because I don't want to get to Italy and have my bags be lost," she said. "It's just not the way I want to kick off my vacation."

Some travelers are avoiding check-in altogether by shipping their luggage ahead of them. Karen Warner, a marketing consultant from Pacific Palisades, Calif., now pays Luggage Forward about $150 to ship her carry-on bag ahead on her frequent flights from Los Angeles to Boston. "It gives me lots of options when I get to the airport," she said. "If you don't have a bag it's a lot faster."

Another advantage, she said, is that unlike passengers with checked bags that must remain on the flight their luggage is booked for, if her flight is delayed or she arrives at the airport early she can stand by for another flight. Now, given the new security ban on liquids and gels on planes, Ms. Warner is considering a shipment of toiletries to Zurich for a European trip to avoid wasting valuable sightseeing time searching for contact lens solution.

A growing number of travel companies have partnered with Baggage Airline Guest Services in Orlando to allow travelers to print airline-boarding passes, and to check in and drop off their luggage for domestic flights at remote locations. The service is available aboard ships of various cruise lines, including Royal Caribbean, Celebrity and Norwegian, as well as at the Disney

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resorts and hotels in Orlando, Fla., and a growing number of convention centers throughout the United States. For $10 per person, travelers can check in and drop off their luggage for all the major airlines up to 24 hours in advance. Baggage is then transported directly to the departure airport and passengers do not have to deal with their luggage until they land at their final destination.

Since the new security rules began last week, "our checked baggage jumped by 30 to 40 percent," said Craig Mateer, chief executive of Baggage Airline Guest Services. "All the hotel chains we're working with to start the program are calling and saying let's speed this up."

Hotels are also stocking up on extra toothpaste and other toiletries and supplying them free to guests. In the Florida Keys, guests of Little Palm Island can call ahead and tell the resort what toiletries they want in the room. In New York, the Exchange Hotel is giving guests a $25 gift card to the Duane Reade drug store, and at the Lemon Tree Inn in Naples, Fla., and Hotel Caravelle in St. Croix, the Virgin Islands, there is an honor bar where guests can take just what they need from deodorant to toothpaste.

Others are taking advantage of the situation to promote themselves. Jurys Washington Hotel is offering a $299 Liquid Infusion Package that includes the usual toiletries with hydrating facial products, and a choice of sparkling or flat water presented in an ice bucket at check in. The following morning guests get a continental breakfast complete with a fresh fruit smoothie.

What You Need To Know About The New TSA Rules (USAT)

USA Today, August 15, 2006

Travelers face tighter security and longer lines because of new airport rules in the USA and UK after a plot to blow up airliners bound for the USA was uncovered. The travel staff at USA TODAY will continually update this Q&A with what you need to know before you fly.

Have a question not answered here? Drop us a line.

Q: What can't I pack in my carry-on bag?

A: The new rules ban almost all liquids, creams and gels from being carried aboard flights. Those items must be put in your checked bags. If you are in doubt about an item, pack it in a checked bag or leave it home. The list of prohibited items is continually updated here: www.tsa.gov/travelers/airtravel/prohibited/new-items.shtm.

Current exceptions include baby formula and breast milk; prescription medicine with a name that matches the passenger's ticket; up to 8 oz. of liquid or gel low blood sugar treatment and up to 4 oz. of non-prescription liquid medications — including such previously prohibited items as cough syrup, eye drops, contact lens solution and nasal spray.

Despite some rumors, there are no new restrictions on laptops, cellphones or other electronics on any flight originating in the USA.

Q: Are the rules different in the United Kingdom?

A: Starting on Aug. 15 at 4:30 a.m. local time, passengers flying from Heathrow, Gatwick and Standard airports to all destinations will be allowed to have one carry-on, according to the Department of Transport. The carry-on ban has already been lifted at Stansted, Birmingham, Glasgow, Edinburgh, Aberdeen and Southampton.

However, the item must be no larger than 17.7 by 13.7 inches by 6.2 inches — about the size of a laptop computer bag. Other bags, such as purses, may be carried, but they must fit within that single item of cabin baggage.

Though electronic items are again permitted, the liquids ban continues. To speed screening, the Department of Transport is requesting that fliers refrain from carrying any items capable of containing liquids, such as bottles, flasks, tubes and cans.

On flights to the USA, passengers will be searched again at the gate before they board.

Q: Are there any exceptions to the new rules in the USA?

A: A few. You can still bring baby formula, breast milk or juice if you're traveling with a child; prescription drugs if your name is on the bottle; and insulin or other "essential" non-prescription medications. Screeners should not make you sample the liquids.

Q: Can I still bring medicine along if it's not in liquid form? What about bars of soap?

A: Yes, it is OK to put those in a carry-on bag.

Q: If I forget to remove liquids or gels from my bags before I get to the security checkpoint, what will happen?

A: Screeners will ask you to put them in a checked bag or give them to someone who isn't traveling. Otherwise they will be confiscated.

Q: Am I allowed to purchase toothpaste, drinks or other liquids after I get through security and then take them aboard the flight?

A: No. You are not allowed to carry aboard any liquid, no matter when or where you purchased it.

Q: Why can I put liquids and gels in a checked bag but not carry them aboard?

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A: Transportation Security Administration spokeswoman Amy Von Walter said authorities are concerned that liquids could be one part of a bomb, not necessarily a fully assembled explosive. If those parts were in carry-on bags, someone could put the bomb together in flight; if they were in the cargo hold, the items couldn't be assembled.

Q: Besides the ban on liquids and gels, what else will be different about security?

A: The TSA said screeners will be checking passengers more thoroughly at checkpoints, including inspecting more bags by hand. All fliers will be required to remove their shoes and have them x-rayed with their carry-on bags. All passengers departing for the UK will be screened a second time at the gate, and random gate inspections will be conducted for all other flights.

Q: Will I have to wait longer in lines?

A: Most likely. Though lines have shortened since last week as travelers adapt to the new regulations, you should still leave extra time for check-in and security. Your best bet is to call your airline to get an accurate account of average wait times.

Q: How long will these new rules last?

A: That's not clear. Homeland Security Secretary Michael Chertoff said the rules would be "constantly evaluated and updated when circumstances warrant."

Q: Are other countries or airlines banning liquids in carry-on luggage?

A: Yes. Canada has banned gels and liquids from carry-on bags on all flights. The new restrictions also apply to all flights entering the USA and to flights from France to the UK, USA and Israel.

Q: Since I can only take a small carry-on from the UK, will I have to pay excess baggage fees to check larger carry-ons?

A: Though last week most airlines waived fees for excess baggage, policies now vary widely. American isn't waiving fees. Virgin, British Airways and United are waiving fees for additional checked baggage that could otherwise have been accommodated in the cabin. However, those policies are subject to change. It's best to call your airline before departure.

Q: Do airport screening machines pick up liquid explosives?

A: Most screening machines for checked bags aren't designed to pick up liquid explosives, says explosives expert Jimmie Oxley of the University of Rhode Island. But they could be adjusted to pick up many common ones.

Q: What if I have an airline ticket and I want to cancel?

A: Most European and U.S. airlines are letting travelers postpone or cancel flights over the next few days, waiving penalty fees for changes and easing restrictions on what otherwise would be unrefundable tickets.

At American, those traveling within/between the USA, Puerto Rico and the U.S. Virgin Islands (tickets bought by Aug. 9) can change travel dates up until Sept. 1 or get a refund in the form of a travel voucher. Fliers going to, from or through the UK have similar options with a bit more flexibility.

United is allowing all passengers (including, but not limited to all UK flights) to make one change to their itineraries without any fees. The revised policies apply to people with tickets purchased on or before Aug. 10 for travel between Aug. 10 and Sept. 1. Only customers whose flights have already been canceled are eligible for a full refund.

Delta allowed a one-time ticket change without a fee for passengers scheduled to travel to, from or through Aberdeen or Edinburgh, Scotland, and London, Manchester, Newcastle and Southampton, England, but travelers had to rebook by Aug. 13.

Northwest will waive normal change fees for passengers holding tickets to, from or through the UK through Aug. 20. They can postpone travel for up to one year from the date their tickets were issued, as long as they rebook by Oct. 31, 2006.

For travel within the USA, Continental will no longer reschedule or reissue tickets without penalty. However, if you are scheduled to fly to or from the UK anytime through Sept. 1, you can choose to reschedule or reroute your flight without penalty. However, travel must be completed by the original validity dates listed on your ticket.

US Airways will allow passengers already ticketed on flights through Sept. 1, to London, Manchester or Glasgow to cancel, change or get refunds without penalty.

Southwest passengers holding reservations for travel through Aug. 14 can rebook for travel within 14 days or fly standby without paying any additional charge.

British Airways has been updating its policy twice a day. Only passengers due to fly to or from the UK today or tomorrow can rebook or get refunds without penalty. Passengers will have to check back each day for the latest.

Q: What are tour operators doing?

A: A spokesman for the 130-member U.S. Tour Operators Association said most companies were following the airlines' lead and allowing changes or cancellations to the United Kingdom without penalty but added that there have been no operator-imposed itinerary changes or tour cancellations. Though the tour company Globus had offered a $200-per-person cancellation fee for travelers who hadn't purchased insurance and wanted to cancel a trip to or through the UK, that policy has expired. Regular – and more expensive – cancellation fees now apply.

Q: If I have travel insurance, am I covered?

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A: It depends. Most travel insurance policies will reimburse travelers for expenses they incur as a result of delayed or canceled flights, such as the cost of a hotel room at the airport.

"This would be the case for travelers flying in or out of Heathrow or other destinations impacted by this situation," says Dan McGinnity of the insurance company Travel Guard.

Still, most travel insurance policies won't reimburse the cost of upcoming trips that travelers cancel themselves because they're skittish. For example, if you're heading to London, and the plane is going, you can't get your money back if you choose not to board.

Some travel insurance policies do reimburse travelers for trips disrupted due to a terrorist incident, but such provisions haven't been triggered in this case, since the plot was foiled before it occurred.

One advantage for insurance holders: Many policies include around-the-clock emergency travel assistance that can be accessed worldwide for help in rebooking canceled flights, rerouting trips and making or changing hotel reservations. McGinnity says Travel Guard's call volume from policyholders spiked 70% on Thursday.

Q: How are the online travel agencies handling cancellations?

A: Priceline's cancellation policies "will be in lockstep with each individual airline," says spokesman Brian Ek. "If your airline ticket is eligible for a cancellation and you also bought a hotel room and/or rental car through us, we also will allow you to cancel the room or car."

Expedia is currently waiving cancellation fees, helping customers rebook and working with its travel partners to waive their fees.

Q: Do airlines plan to provide more water on flights?

A: Yes and no. We checked with all the major airlines and several, such as Southwest, say they've already begun stocking planes with extra water in bottles and cans (in Southwest's case, it's in cans). But other airlines, such as the nation's biggest, American, say there's no need. "We always provision as if no one was bringing their own beverage on board," says American spokesman Tim Wagner (that said, Wagner says even American is adding a little extra water, soda and juice to international flights just in case). But really, don't panic, say airline spokespeople. United's Robin Urbanski Janikowski notes that passengers usually never come close to drinking all the beverages on the airline's flights. "We already have 50% to 75% more beverages (onboard) than what customers generally consume," she says. Bottom line: If you're thirsty, ask.

Q: Are hotels implementing any policies to help travelers?

A: As USA TODAY's Kitty Bean Yancey points out in Hotel Hotsheet, some hotels are stepping up to the plate: Many chains already supply free toothpaste, mouthwash and the like on request. Omni Hotels is adding such items as nail polish remover and contact lens solution for guests whose liquid essentials are confiscated at the airport or who choose not to pack them in checked luggage and spend extra time at the airport, and starting Sunday, Wyndham properties will add contact lens solution, hair gel and hairspray. Chains also are stocking up on gift-shop toiletry offerings. Marriott's Courtyard New York JFK Airport has just started offering complimentary contact lens solution, deodorant, etc., for arriving fliers, but this program is not chain-wide. "We're seeing how the (new restrictions) play out," says Marriott spokesman John Wolf. "It's too soon to say."

Q: Do any airlines plan to sell toiletries on board?

A: Word is Air Canada already is planning to sell toiletries to passengers on its planes (though, as of late Friday, an airline spokesperson hadn't responded to a request for details). And tiny, three-year-old Eos Airlines, which offers all-premium class service between New York and London, already has announced it'll provide passengers with complimentary saline solutions, contact lens holders, toothpaste, moisturizer and other banned items. But, for now, at least four of the seven major U.S. airlines — American, United, US Airways and Southwest — don't plan to follow (as of late Friday, Northwest, Continental and Delta hadn't responded to questions about the topic and others). Several of the airlines say they're waiting to see how the situation unfolds in coming days. "We don't yet know if the recent changes will stick or change," notes Southwest spokeswoman Beth Harbin.

Q: What about gel pens, which are increasingly common? Are they banned, too?

A: Airlines spokespeople say they're not on the TSA list. But don't be surprised if confusion reigns, at least for the first few days of the new rules. "It's probably hit or miss on that, and up to the TSA (inspectors at the airport) on a one-off basis," says USAirways' Philip Gee.

Q: What about medicines with gel, such as gelcap Tylenol?

A: Ditto above.

Q: Are cruise lines stepping up their security as well?

A: According to the International Council of Cruise Lines, the U.S. Coast Guard has not raised the security level for the maritime sector or changed the screening process for passengers at seaports. Among the measures already in place: 100% screening of all carry-on luggage and checked bags, intensified screening of passenger lists and passenger identification,

restricted access to sensitive vessel or terminal areas, notice to the U.S. Department of Homeland Security before arrival into a U.S. port as well as the passenger and crew manifests submitted to federal agencies, a dedicated security officer and team on board every ship, and Coast Guard-established security zones around cruise ships.

Air Travel: The New Facts Of Life (7 Letters) (NYT)

The New York Times, August 15, 2006

To the Editor:

"The Liquid Bomb Threat" (editorial, Aug. 12) calls for a continuation of the recent ban on liquids in carry-on luggage but doesn't factor in a critical point: a large percentage of business travelers rely on being able to fly without checking bags.

I typically fly between 125,000 and 150,000 miles a year. Careful packing allows me to carry up to a week's clothing, including now-banned toiletries, in one regulation-sized carry-on bag.

This arrangement is critical to allow me to make tight connections, avoid lost luggage, arrive groomed for professional meetings within an hour or two of my arrival, and most important, quickly shift my schedule en route when connecting flights are delayed.

Forcing all passengers to rely exclusively on checked luggage will deter far more business travelers than terrorists, and the airlines are sure to suffer major losses as a result.

T. J. Pempel

Berkeley, Calif., Aug. 13, 2006

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To the Editor:

It may be simplest just to ban carry-on luggage, but that means either trusting expensive and fragile things like cameras and laptops to the tender mercies of overworked baggage handlers or traveling without such items.

Who wants to go on holiday without a camera? How can one use the waiting time in the airport productively with no laptop? What if your baggage arrives a day late and you have absolutely nothing with you?

Can you function in the business meeting that is the reason for the trip with no notes, no computer, no anything?

Sorry, but carrying some things with you on the plane is not a luxury. If I can't keep my camera and my laptop and my business papers with me, I don't fly.

Ada M. Prill

Rochester, Aug. 12, 2006

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To the Editor:

It would be great if there were no carry-on luggage.

I am a photographer. I do not need my laptop, cameras and lenses in flight.

The problem is, if I do not carry them on, will I see them again?

The handling of baggage by the airlines is a joke. The chances are high that my equipment will be lost, stolen or sent to the end of the world.

It would help if the handling of baggage were improved.

James C. Romeo

New York, Aug. 12, 2006

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To the Editor:

Airline security should begin at the time the reservation is made. Sufficient information should be provided — for example, passport data, address and telephone number — so that screeners can check on a passenger before he arrives at airport security.

This should be required of everyone who makes a reservation up to two weeks before departure. Those making later reservations should be advised that they will be subject to a thorough security check at the airport.

El Al has been doing something similar for years, and it works. The first line of security must be before the passenger arrives at the airport. Once there, it is almost too late.

Robert L. Boyar

Woodmere, N.Y., Aug. 14, 2006

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To the Editor:

The simplest answer to eliminate carry-on bombs is to eliminate all carry-on luggage except for medicine and books.

It would also make getting on and off planes much easier and faster by reducing the wait to get through security and the wait to deplane as people struggle to get their bags out of the overhead compartments.

There is no reason for the airlines to wait for government regulations. Frankly, I would prefer to fly with a carrier that adopted a no carry-on luggage policy.

Howard Ehrlichman

Huntington, N.Y., Aug. 12, 2006

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To the Editor:

"U.S. Transportation Security Agency Prohibits Carrying Liquids and Gels on Flights" (news article, Aug. 11) reports that a British Airways spokesman "said the airline had advised travelers to put books in checked luggage."

Fine. Take my iPod, my laptop, my food and drink, but leave me my worn copy of "War and Peace" on that long trans-Atlantic flight.

To ban reading material is to acquiesce to the very ignorance we are supposed to be fighting.

The few seconds it takes to leaf through a book to check and see that it is not a hiding place for explosives seems well worth the time and effort.

Unless, of course, it is the power of words and a literate populace that the government fears is dangerously subversive.

Wilhemina Condon

Seattle, Aug. 13, 2006

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To the Editor:

It's hard to believe that makeup is now considered a weapon of mass destruction, when it has notoriously been used as a weapon of mass deception.

Louisa B. Caucia

Montrose, Calif., Aug. 12, 2006

Tighter Security Is Jeopardizing Orchestra Tours (NYT)

By Daniel J. Wakin

The New York Times, August 15, 2006

Air travel for classical musicians has never been easy.

Those husky cellos need an extra ticket. Hey, security! Watch that priceless Stradivarius. Double-reed players? They have long given up on carrying aboard those valuable knives and shaping tools used to mold the cane that transforms their breath into lyrical sounds.

And now, with new concerns about carry-on baggage in the wake of Britain's reported terrorist plot, it has gotten tougher.

Strict regulations imposed last week forced the New York-based Orchestra of St. Luke's to cancel a long-awaited tour of Britain over the weekend and sent other ensembles with imminent trips, including the Philadelphia Orchestra, the Pittsburgh Symphony and the Minnesota Orchestra, scrambling to cope with the new rules.

"I'm heartbroken," Marianne C. Lockwood, the president and executive director of the St. Luke's orchestra, said yesterday. "I don't think I've been through 72 more anguished hours in my life." The orchestra was to have left last Thursday for concerts at the Edinburgh International Festival and the BBC Proms at the Royal Albert Hall in London, one of the major summer music festivals.

All travelers in Britain had to adapt to the ban on carry-on items, which was relaxed yesterday to allow one small carry-on. But not all travelers ply their trade with highly personal artifacts made of centuries-old wood, horsehair and precious metals that many musicians are loath to put in the hold.

Its rules are of course in flux. The United States Transportation Security Administration says on its Web site that musical instruments are generally allowed in the cabin in addition to a carry-on bag and a personal item, but it leaves size requirements and permission for the carry-on to the airlines. In addition, it promises that security personnel will handle instruments carefully.

That is of little comfort to musicians, particularly string players, who suffer constant anxiety over the threat of damage and fears that their instruments will arbitrarily not be allowed in the cabin, even though violins fit into most overhead bins.

The violin virtuoso and conductor Pinchas Zukerman said security officials had even asked him to remove the strings of his 1742 Guarneri del Gèsu. "I've had unbelievable discussions at certain airports," he said by telephone while waiting at the Atlanta airport for a flight with his wife, the cellist Amanda Forsyth. "They want to stick their hands in my instruments, and they say, 'It's my job.' "

Cellists have it the worst, Ms. Forsyth said. "We buy the seat with a cello, and they treat us like second-class criminals."

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The new regulations have, for now, increased the complications.

The Bolshoi opera and ballet, which have been performing at the Royal Opera House in London, will send their orchestra's instruments back to Moscow by ferry and truck at the end of the week if the restrictions are not relaxed, said Faith Wilson, a spokeswoman for the Bolshoi's promoter at the house, Victor Hochhauser Presents. The Bolshoi orchestra's chief conductor, Alexander Vedernikov, had been quoted as saying that the musicians' contract requires them to keep their instruments with them.

"Clearly this is a very unusual situation," Ms. Wilson said. "I'm sure there are insurance issues, but I don't think anybody's ever had to cope with the security restrictions that we're up against."

The Minnesota Orchestra is due to leave on Sunday for a European tour that also includes stops in Edinburgh and at the Proms. Like many major orchestras, it packs its instruments in specially designed and padded crates.

The biggest ones, which hold harps and double basses, are six and a half feet high and four feet wide. About 20 players in the 95-member ensemble like to take their instruments or precious bows on board, but they will stow them this time around, said a spokeswoman, Gwen Pappas. The trunks are delivered straight to concert halls, so the instruments will not be immediately available for players who want to practice at their hotels.

The Philadelphia Orchestra plays the Proms in early September. Its trunks also have space for all the members' instruments, but it is working on backup plans for about a dozen musicians who are going on to other jobs or on vacation and not returning with the orchestra, said a spokeswoman, Katherine Blodgett.

Those concerts, coming later, give the orchestras time to prepare. And these are large, experienced touring groups that own the crates.

Not so the Orchestra of St. Luke's, a highly regarded ensemble that nevertheless tours infrequently and saw the trip as a boost for its image. It spent two years planning the trip and many months carefully polishing the programs, which were to have been broadcast in the United States.

The trip had special significance for the orchestra's principal conductor, Donald Runnicles, who is Scottish, and for its president, Ms. Lockwood, who was born in England.

Ms. Lockwood described three days of phone calls, fueled by takeout Chinese food, to find alternatives. The musicians had planned to carry their smaller instruments by hand.

Charter planes were too expensive: about $300,000, which would have doubled the cost of the tour. The orchestra scoured larger orchestras from Philadelphia to Boston to borrow trunks. All were in use. St. Luke's considered flying the musicians to Paris, having them take a train to London and having the instruments trucked in, but there would not have been time to make a Tuesday rehearsal.

Then someone from Edinburgh called Saturday to offer the loan of instruments.

In the end, none of the efforts mattered. British Airways canceled the flight that day at 5 p.m.

New Regulations Further Strain Airlines' Creaky Baggage Systems (WSJ)

By Melanie Trottman, Susan Warren And Laura Meckler

The Wall Street Journal, August 15, 2006

With federal officials saying there are no plans to lift a ban on carrying liquids onto airplanes, a baggage handling system already groaning under a surge in checked luggage is likely to remain a choke point.

Airlines and airports over the weekend scrambled to beef up a fractured and straining baggage-handling system struggling with sudden 10% to 40% increases prompted by the carry-on restrictions. While flight schedules returned to normal, baggage handlers were working overtime to alleviate waits of more than an hour at busy airport carousels. If the ban on liquids continues, industry experts see more flight delays, lost luggage and increased costs for airlines.

"If we don't have the tools to appropriately screen, to ensure the safety of the flying public then there may be permanent changes. It's too early to tell," U.S. Attorney General Alberto Gonzales said yesterday.

U.S. airlines say there hasn't been a drop in bookings since British authorities last week foiled a terrorist plot involving liquid explosives. That plot prompted a ban on nearly all liquids and gels in carry-ons. The result, say airlines, has been a dramatic increase in checked luggage as travelers check more carry-on bags rather than leaving behind toiletries and cosmetics.

Airports and airlines have been slow to improve inefficient baggage-processing systems that rely heavily on manual labor because of the heavy investment required. Until now, the industry has largely kept up, though the strain has resulted in higher complaints. Mishandled baggage complaints rose to 6.04 for every 1,000 passengers last year, from 4.19 in 2003.

The Transportation Safety Administration is likely to face pressure to relax the bans. Airlines and consumer groups may push for more-advanced equipment at airport checkpoints -- something the TSA is working toward. But it takes millions of dollars

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to deploy new equipment widely, and even then, no piece of machinery currently available can detect liquid explosives. The TSA has budgeted $738 million this year for explosive detection.

"There is not a technology answer that can solve this problem in the immediate future," said Kip Hawley, assistant secretary for homeland security. In an interview, he urged patience with the new restrictions and said he had met with airlines yesterday to discuss the impacts on baggage handling. "We've got to let it run a little while to see how it settles down."

Relief may come from research the TSA is conducting on various explosives to determine how they might be spotted at a security checkpoint, and how much of an explosive is needed to cause serious damage to an airplane, Mr. Hawley said.

The TSA has barred passengers taking on board all liquids or gels, with a few exceptions. Those include solid lipstick, formula or breast milk when traveling with an infant, prescription medicines and up to four ounces of non-prescription liquid medications. Diabetics may carry up to eight ounces of liquid or gel. Banned items include toothpaste, hair-spray, and cologne. The TSA also mandated the removal of shoes at security checkpoints.

The surge in checked baggage is hitting some airports harder than others. Over the weekend, Alaska Airways saw a rush of checked bags, many of which arrived hours before their flights. The airline had trouble finding places to store them and brought in extra staff to handle the crush, said spokeswoman Amanda Tobin Bielawski.

Before Thursday, about 70% of McCarran International Airport passengers checked bags. Now, that number has risen to about 90%, estimated Samuel Ingalls, assistant director of aviation for the Las Vegas airport. "Typically it's more passengers than bags. Now we're seeing more bags checked than passengers."

Increases in checked bags also prompted US Airways to add staff, said Anthony Mulé, the airline's senior vice president of customer service. The airline has asked some handlers to work a sixth day with extended overtime hours. The airline has added about one-third more baggage runners for connecting-flight passengers since Thursday, Mr. Mulé said.

In the U.S., there is no standard system for handling bags, and the ability to absorb the increase varies widely. For now, airlines are staffing up to handle checked luggage even as they already are being stretched by record demand for air travel. Baggage-handling systems at some airports had been working at capacity before the latest terrorist scare, processing roughly 1.3 checked bags per customer industry-wide.

The impact of more checked luggage ripples throughout airport operations, from the ticket counter to the cargo hold. There were trade-offs for travelers. Some security lines moved faster because of fewer bags being carried on. But more bags were being searched, offsetting the time savings in some cases. Many bag-free travelers reported boarding planes in record time, and relished not having to battle for overhead bin space.

Once the TSA has put restrictions in place, it has been slow to relax them. Last year, it allowed small scissors and tools back into airplane cabins, reasoning a terrorist couldn't take down a plane with cuticle scissors or a screwdriver. It also figured time spent by screeners confiscating these items could better be used hunting for explosives.

Industry experts have been urging airlines to adopt more-efficient, centralized baggage-handling systems using shared "in-line" scanners and shared conveyor systems. Such systems can scan 450 to 500 bags an hour, compared to 150 to 250 for more common scanners that require manual loading and unloading.

Joseph Tiberi, a spokesman for the International Association of Machinists and Aerospace Workers, which represents unionized ramp workers at several big U.S. airlines, including United, Northwest and US Airways, said baggage handlers so far aren't complaining about extra work. The tighter security is having a somewhat different impact in Europe. Airport buildings and gates there generally are owned by airport authorities that allot space to airlines, and baggage-handling systems already are more centralized.

The congestion problems at U.K. airports over the past few days have been mainly at Heathrow, the world's busiest international airport. Most of the delays have involved passenger security screenings.

European airport operators haven't given figures on how much their checked-luggage traffic has increased over the past few days, but any increase is sure to weigh on the finances of U.K. airlines. Carriers, including British Airways, Ryanair and easyJet, have been encouraging passengers to bring more hand luggage and check less luggage as a way for the airlines to cut baggage-handling costs. Indeed, over the past year or so, passengers were regularly bringing on two or three pieces of hand luggage.

In the U.S., air travelers appeared to be coping well with change in travel habits, though some were finding the new bag-checking experience a little harrowing. It took Michael Wands, 54, more than an hour to track down the bag containing his insulin after he arrived in Dallas from Detroit yesterday. He finally discovered the bag had arrived on another plane in another terminal.

Come Wait With Me (NYT)

By John Tierney

The New York Times, August 15, 2006

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Three years ago, officials at Dulles Airport conducted a little experiment to improve security on international flights. They wanted most passengers to spend less time in line at checkpoints.

Today, of course, this idea sounds terribly dangerous. Who can afford to worry about passengers' convenience? Let them wait for hours. Take away those Evians of mass destruction. Last weekend, even reading material became suspect — why would anyone on a six-hour flight need a book anyway? Stop making trouble and watch the movie!

The Dulles experiment was radical even in 2003, when airport screeners thought nothing of making passengers wait while they searched Grandma's purse for nail scissors. But a few experts wondered if there was a better use of everyone's time.

The screeners at Dulles stopped worrying about pen knives, shoes and laptops, allowing passengers to pass through more quickly. The speed of the line increased by nearly a third. The screening process required fewer workers, but they detected more problems because they worked smarter.

Instead of looking for things, they looked at people. Borrowing techniques from Israeli airports and the U.S. Customs Service, screeners observed a passenger as he entered the airport, checked luggage and stood in line at the security checkpoint.

The screeners were looking for unusual behavior like sweating, rigid posture, clenched fists. A screener would engage a passenger in conversation and ask questions he wouldn't have been trained to expect, like whether he'd seen a Redskins game the night before even though the Redskins hadn't played.

The screeners were looking for telltale body language of someone trying too hard to act natural. When they spotted it, they singled out that person for interrogation, a pat-down and a luggage search. The screeners caught no terrorists, but they consistently found people with something to hide, often a forged visa, a stolen airline ticket, drugs or other smuggled goods.

Scott McHugh, who oversaw the Dulles program for the Transportation Security Administration, is confident this type of screening would have flagged the Sept. 11 terrorists or the latest plotters in London. "If you look at the videos of 9/11 terrorists and the interviews with people who talked to them," he says, "they all exhibit symptoms of stress that would have been identified, like failure to make eye contact and failure to answer questions directly. They're not exactly sophisticated. They're under so much stress that anything out of the ordinary really throws them off their game."

McHugh, though, doesn't hold much hope for the current system. He's now in the private security industry after leaving the T.S.A. in frustration at its inertia. Although the agency has been introducing the innovations from the Dulles program to other airports, it still spends most of its time and money looking for things.

"Airport security isn't much better than it was on September 10," McHugh says. "Terrorists will always come up with something new. As long as we keep looking for things from the last plot, we're inconveniencing 99.99 percent of the people with no real benefit."

It's not that the T.S.A.'s leaders don't see the problem. Kip Hawley, who took over the agency last year, is a smart manager who has been trying to change the agency's focus. He removed small scissors from the taboo list, and he has complained about all the time spent by screeners seizing cigarette lighters to comply with an order from Congress.

But he's making little headway because he has inherited an unworkable mess created by Congress after Sept. 11. It ignored the security model in Israel and much of Europe, where screening programs are run by airports under the guidance of a national agency. Instead, Congress ordered the T.S.A. to both supervise and run the screening programs itself.

The result has been a waste of billions of dollars on an unwieldy federal agency that's become known as Thousands Standing Around. The T.S.A. should be trying to anticipate new terrorist tactics, like the bomb plot uncovered in England, but it had to raid its research budget to pay for the screening program, as Eric Lipton and Matt Wald reported in The Times.

It should be looking for new ways to identify dangerous passengers, but it's too busy following Congress's mandates to search everyone's bags. Now screeners have even more stuff to look for as we all stand in line — well, almost all of us. Anyone serious about blowing up an airplane is off somewhere else working on something new.

FBI: No Terror Groups In Cell Phone Case (AP)

AP, August 14, 2006

CARO, Mich. - The FBI said Monday it had no information to indicate that the three Texas men arrested with about 1,000 cell phones in their van had any direct connection to known terrorist groups.

Also, a prosecutor in a separate Ohio case said he can't prove a terrorism link to two men arrested after buying large numbers of cell phones and will drop terrorism charges against them.

In the Michigan case, authorities had increased patrols on the 5-mile-long Mackinac Bridge after local prosecutors said investigators believed the men were targeting the span.

Local authorities didn't say what they believed the men intended to do with the phones, most of which were prepaid TracFones, but Caro's police chief noted that cell phones can be untraceable and used as detonators.

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The FBI issued a news release Monday saying there is no imminent threat to the bridge linking Michigan's upper and lower peninsulas.

The release also said the FBI had no information indicating that the men, Palestinian-Americans living in Texas, had any direct links to any known terrorist groups or to the alleged plot to bomb trans-Atlantic jetliners that was announced in London last week.

William Kowalski, assistant special agent in charge of the FBI's Detroit field office, said authorities believe concern about the bridge was connected to images of the Mackinac Bridge found on a digital camera belonging to the men.

Kowalski said there was nothing illegal about buying cell phones in bulk, but that profits from that kind of activity can be suspicious.

Adham Abdelhamid Othman, 21, of Dallas, and Maruan Awad Muhareb, 18, and Louai Abdelhamied Othman, 23, both of Mesquite, Texas, were stopped by police Friday outside a Wal-Mart store in Caro, about 80 miles north of Detroit after employees became suspicious when they purchased about 80 cell phones.

Local prosecutors charged them with collecting or providing materials for terrorist acts and surveillance of a vulnerable target for terrorist purposes.

The men told a magistrate Saturday that they were buying the phones for resale.

Louai Othman's wife, Lina Odeh, told The Associated Press on Saturday that she thought her husband and relatives were targeted because of their Arab descent. She said the men's families come from Jerusalem.

Tuscola County Prosecutor Mark E. Reene said Monday that representatives of his office and Caro police had met with Sunday with officials from the FBI, the Department of Homeland Security and the U.S. attorney's office. He said all the agencies were working together on the investigation.

Messages seeking further comment from Reene were not immediately returned.

In Ohio, prosecutor James Schneider said he didn't have enough evidence to present felony terrorism charges for Ali Houssaiky and Osama Abulhassan, both of Dearborn, Mich., to a grand jury.

The two men face a misdemeanor count of falsification accusing them of lying about why they bought the phones, Schneider said.

"We're grateful the Washington County Prosecutor's Office has been willing to keep an open mind and look at all the evidence and make their decisions based on the evidence," said William Swor, who is representing Houssaiky.

The FBI is reviewing the Ohio case and staying in touch with local authorities. No federal charges are pending, said special agent Mike Brooks of the FBI.

Authorities stopped the men on a traffic violation in Marietta, Ohio, on Aug. 8 and said they found airplane passenger lists and information on airport security checkpoints, along with $11,000 cash and 12 phones, in their car.

Abulhassan and Houssaiky admitted buying about 600 phones in recent months at stores in southeast Ohio and selling them to someone in Dearborn.

Defense attorneys said the government had no evidence the phones were being used illegally and the men planned to resell the phones simply to make money. They also said the airport and airplane information were old papers left in the car by a relative who worked at an airport.

FBI Finds No Terrorist Link To 3 With Supply Of Phones (WT)

By Jerry Seper

The Washington Times, August 15, 2006

The FBI yesterday said it had no information to link three Texas men to any known terrorist group after their arrest Friday in Michigan on state terrorism-related charges after they were found in possession of 1,000 untraceable cellular phones.

Tuscola County, Mich., authorities had suggested the men, all Palestinian-Americans, had been targeting the five-mile-long Mackinac Bridge, a vital transportation route that connects Michigan's Upper and Lower peninsulas, and charged them with collecting or providing materials for terrorist acts and with surveillance of a vulnerable target for terrorist purposes.

Prosecutor Mark E. Reene had described the "targeted issue in this case" as the Mackinac Bridge. Caro, Mich., Police Chief Ben Page, whose officers arrested the men after they purchased 80 prepaid wireless "TracFones" with cash at Wal-Mart, said the phones could have been used as detonators. Police were called when Wal-Mart employees became suspicious of the purchase.

Yesterday, Mr. Reene said his office and Caro police met Sunday with officials from the FBI, the Department of Homeland Security and the U.S. attorney's office, and that all the agencies were working together on the investigation. He did not elaborate.

William Kowalski, assistant special agent in charge of the FBI's Detroit field office, said authorities think concern about the bridge was connected to images of the Mackinac Bridge found on a digital camera belonging to the men. Mr. Kowalski said there was nothing illegal about buying cellular phones in bulk, but that profits from that kind of activity can be suspicious.

In a press release, the FBI said there was no imminent threat to the bridge and the bureau had no information tying the men to any known terrorist groups or to the plot to bomb trans-Atlantic jetliners that was foiled last week.

Meanwhile, the U.S. Coast Guard increased patrols near the Mackinac Bridge "to deter, detect and allow for a more timely response to any possible threats made to the bridge."

Louai Abdelhamied Othman, 23, of Mesquite, Texas, along with his brother Adham Abdelhamid Othman, 22, of Dallas, and their cousin Maruan Awad Muhareb, 19, also of Mesquite, were arraigned Saturday in Caro, about 80 miles north of Detroit. No pleas were entered and bond was set at $750,000 each. The men were being held in the Tuscola County Jail. A pretrial hearing has been set for Friday.

Police found about 1,000 cellular phones in the men's rented minivan, most of which were prepaid TracFones, which terrorists often use because they are not traceable. Chief Page said the cellular phone packages had been cut open and the batteries removed -- "which doesn't make much sense."

Two Dearborn, Mich., men were arrested last week with a carload of prepaid cellular phones in Ohio.

When authorities in Britain disrupted what they called a plot to bomb more than 10 airplanes in flight, they said cellular phones and liquid explosives can be used to cause explosions. In 2004, cellular phones were used to detonate bombs that terrorists planted in backpacks aboard trains in Madrid, killing 191.

Louai Abdelhamied Othman said during his arraignment that their arrest was not the first time they had been questioned, adding that "we've been checked by the FBI before. They even gave us their card and everything."

His wife, Lina Odeh, 20, told the Associated Press that the men were buying the phones to sell them in Dallas for a profit of about $5 each. She said the case was based on the fact that the men are of Middle Eastern descent and because of the pictures in her husband's camera.

"He just takes pictures of everything you see. It's not every day you see a bridge here in Mesquite," she said.

FBI: No Links To Terrorism In Caro Cell Phone Case (DEN)

Detroit News, August 15, 2006

FBI: No imminent threat to Mackinac Bridge

The credibility of an alleged terrorist plot targeting Michigan's landmark Mackinac Bridge was undermined today when the FBI said there is no evidence linking the arrested men with terrorism.

Tuscola County Prosecutor Mark E. Reene on Saturday charged three Texas men with supporting terrorism after their purchases of large quantities of cellular telephones aroused the suspicions of a Wal-Mart clerk in Caro, in Michigan's Thumb.

When stopped by police, Maruan Awad Muhareb, 18, Adham Abdelhamid Othman, 21, and Louai Abdelhamied Othman, 23, had about 1,000 cell phones and photographs of the Mackinac Bridge in their van, officials said.

Reene said Saturday he believed the men were targeting the bridge that links Michigan's Lower and Upper Peninsulas.

But today, Daniel Roberts, the special agent in charge of the FBI's Detroit office, issued a statement that said "there is no information to indicate that the individuals arrested have any direct nexus to terrorism."

Reene was studying the FBI statement, an official in his office said, but had not responded to it by late Monday.

Leaders of the Arab-American community and others said it is a common business practice to buy large quantities of cell phones and other items from big box stores and attempt to resell them for a profit.

The men remain in custody in Caro, awaiting their next scheduled court appearance Wednesday.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Terror Cases Tied To Phones Are Crumbling (MCT)

By Joe Swickard, Niraj Warikoo And Chris Christoff, Detroit Free Press

McClatchy Newspapers, August 15, 2006

DETROIT - Terror charges against two groups of Arab-Americans arrested with hundreds of prepaid cell phones teetered in Michigan and collapsed in Ohio on Monday as authorities said they lacked evidence that the men intended to use the phones for evil.

Ohio authorities dropped charges against two Dearborn, Mich., men arrested last week with hundreds of the disposable phones.

DOJ_NMG_0048533

Meanwhile, Michigan officials kept three Texans locked up Monday evening even after Michigan state police and FBI officials said they were apparently wide-eyed tourists rather than would-be terrorists when they photographed the Mackinac Bridge.

The FBI, which questioned the Texans, who are of Palestinian heritage, for several hours over the weekend after their arrest, said Monday that "there is no imminent threat" to the iconic bridge linking Michigan's Upper and Lower peninsulas.

While local authorities in Michigan and Ohio feared the cell phones could be used in terrorism attacks - they've been used to detonate bombs in Europe, the Middle East and Asia - the men's relatives and friends said the men are innocent entrepreneurs buying cheap phones for marked-up resales. They were targeted, supporters said, because of their Arab heritage.

"I hope this is a good lesson for local police not to spread fear and paranoia," Imad Hamad, regional director of the American-Arab Anti-Discrimination Committee, said of the Michigan arrests. "I'm grateful that federal authorities provided such a clarification."

Osama Sobhi Abulhassan, 20, and Ali Houssaiky, 20 - a former star running back at Fordson High School in Dearborn - had been charged in Marietta, Ohio, with soliciting or providing for an act of terrorism, money laundering and a misdemeanor charge of lying to police.

But Monday afternoon, Prosecutor James Schneider said that there was not enough evidence to prosecute them.

Schneider said his office would continue to press the misdemeanor charge.

The men most likely will be released Tuesday after a court hearing, and will face a court date probably next month, Schneider said.

Schneider said the investigation would continue. There had been concerns that the men may have planned to target airplanes, he said.

The Ohio case started last Tuesday when Houssaiky and Abulhassan were pulled over for a minor traffic violation in Marietta, near the West Virginia border.

Moments earlier, a suspicious store clerk had called police after the pair bought a large number of cell phones.

Searching their vehicle, police said they found a private security guide for Royal Jordanian Airlines. But the family said the guide was there because Houssaiky's mother worked in the airline industry.

Federal investigators have been concerned about suspicious people buying large numbers of cell phones, which have been used in terrorist acts before, including the attacks in Madrid, Spain, in 2004.

The Michigan charges were still in place late Monday, even as other law enforcement officials discounted ties to terrorism.

"There is no information to indicate that the individuals arrested had any nexus to terrorism," Detroit FBI chief Daniel Roberts said in a prepared statement.

The Texans were arrested Friday after making bulk buys of the cell phones and were charged with terror-related felonies when investigators found pictures of the Mackinac Bridge, along with more than 1,000 phones, in their minivan.

The men - brothers Adham Othman, 21, of Dallas and Louai Othman, 23, of Mesquite, and their cousin Awad Muhareb, 18, of Mesquite - were stopped by police Friday outside a Wal-Mart store in Caro, Mich. They were charged with gathering material relating to terrorism and surveillance of a vulnerable target - apparently the bridge - felonies with a 20-year maximum penalty.

State Police Director Col. Peter Munoz said Monday that investigators determined that the three men were not plotting to blow up the Mackinac Bridge, or any other Michigan landmarks.

"They may have been involved in some other fraudulent activities, but there is no nexus to terrorism or a terrorist threat," Munoz said.

Munoz said that their photographs of the bridge were tourist photos and not the result of staking out the bridge as a target.

He said the men traveled to Michigan via Wisconsin and crossed the bridge from the Upper Peninsula. He said that like many tourists who see the Mackinac Bridge for the first time, they were impressed enough to take pictures.

"Contrary to what they say, not everything in Texas is the biggest," Munoz joked. "The photos did not support somebody conducting an attack of the bridge."

Eric Straus, chief of the U.S. Attorney's counterterror unit in Detroit said the Caro case will continue to be monitored.

Arab-Americans, Muslims and defense attorneys welcomed the dropping of charges, but some feared the men's reputations have been unfairly tarnished.

"We're grateful that the Washington County prosecutor's office viewed this with an open mind, and has been willing to reconsider its initial decision," said Bill Swor, an attorney for Houssaiky.

"It was a knee-jerk reaction that these young men could be terrorists simply because of their religion and ethnicity," said Dawud Walid, head of the Michigan branch of the Council on American-Islamic Relations. "But the damage has been done," to these men's reputations, he added.

DOJ_NMG_0048534

"I would hope a small amount of effort be shown by government officials as well as the media to stress that these men are innocent."

But law-enforcement officials, who spoke on condition of anonymity because the Michigan cases are still active, said the arrests were understandable, even if the charges are dropped. Targets like the Mackinac Bridge can be chosen for their symbolic impact, even if they hold little strategic value, they said.

Mich. Officials Hold 3 On Terror Charges Despite FBI View (WP/DFPress)

By Detroit Free Press

The Washington Post, August 15, 2006

CARO, Mich., Aug. 14 -- Terrorism charges against two groups of Arab Americans arrested with hundreds of prepaid cell phones teetered in Michigan and collapsed in Ohio on Monday as authorities said they lacked evidence that the men intended to use the phones to commit criminal acts.

Ohio authorities dropped felony charges against two Dearborn, Mich., men arrested last week after they acknowledged buying about 600 phones in recent months.

Osama Sobhi Abulhassan and Ali Houssaiky had been charged in Marietta, Ohio, with soliciting or providing for an act of terrorism and with money laundering. But a county prosecutor said there was not enough evidence to go forward with those charges.

Washington County Prosecutor James Schneider said his office would continue to press a misdemeanor charge of lying to police.

Meanwhile, Michigan officials kept three Texans locked up even after Michigan state police and FBI officials said they were apparently wide-eyed tourists rather than would-be terrorists when they photographed the Mackinac Bridge.

The men -- brothers Adham Othman, 21, of Dallas and Louai Othman, 23, of Mesquite, and their cousin Awad Muhareb, 18, of Mesquite -- were stopped by police Friday outside a Wal-Mart store in Caro with about 1,000 cellphones in their van.

Local prosecutors charged them with collecting or providing materials for terrorist acts and surveillance of a vulnerable target for terrorist purposes.

The FBI questioned them for several hours after their arrest, then released a statement saying that "there is no imminent threat" to the bridge, which links Michigan's Upper and Lower peninsulas.

State Police Director Col. Peter Munoz said Monday that the men "may have been involved in some other fraudulent activities, but there is no nexus to terrorism or a terrorist threat."

Authorities in both states feared the cell phones could be used in terrorism attacks -- such phones were used in 2004 to detonate terrorist bombs in Madrid. But relatives and friends of the men called them innocent entrepreneurs buying cheap phones for marked-up resale. They were targeted, supporters said, because of their Arab heritage.

"I hope this is a good lesson for local police not to spread fear and paranoia," Imad Hamad, regional director of the American-Arab Anti Discrimination Committee, said of the Michigan arrests. "I'm grateful that federal authorities provided such a clarification."

FBI: There's No Imminent Terrorist Threat To Michigan (WJRT-TV)

WJRT-TV, August 15, 2006

3 men still being held in Tuscola County

TUSCOLA COUNTY (WJRT) - (08/14/06)--The FBI says there is no imminent terrorist threat to the Mackinac Bridge.

Three men are being held in Tuscola County on terror-related charges after they were stopped outside the Caro Wal-Mart where police found close to 1,000 cell phones.

This news was coming Monday afternoon from FBI Special Agent Daniel D. Roberts, who says there is no imminent threat to the Mackinac Bridge.

And furthermore there is no information to indicate the three men have, quote" "any direct nexus to terrorism."

The three men, all from the Dallas/Fort Worth area, were arrested Friday then formally charged Saturday in Tuscola County on two terror-related felony charges.

It all began when the men bought 80 cell phones at the Caro Wal-Mart store just before 2 a.m. Friday.

The men, all of whom are of Palenstinian decent, were pulled over. Police found nearly 1,000 prepaid cell phones in their rental van.

Over the weekend, Tuscola County Prosecutor Mark Reene said investigators believed the men were targeting the Mackinac Bridge.

Early Monday afternoon, Reene released a statement saying the three men would next appear in court Wednesday.

DOJ_NMG_0048535

It is unclear what this latest statement by the FBI means regarding the two felony counts they face in Tuscola County.

The prosecutor was unavailable throughout Monday afternoon.

3 Dallas-area Suspects Known To Resell Phones (HC)

By Thomas Korosec

Houston Chronicle, August 15, 2006

In Michigan, FBI says nothing indicates men have terror links

DALLAS — The three Dallas-area men arrested in Michigan on state terrorism charges are well-known to cell phone wholesale and retail shops here, where managers said Monday they are part of a brisk trade in buying phones from Wal-Mart and other discount stores and reselling them to smaller shops.

In Michigan, meanwhile, the FBI said it has no information to indicate that the three Palestinian-Americans arrested with about 1,000 cell phones in their van on Friday had any connections to terrorism.

And, in an unrelated case, an Ohio prosecutor said he didn't have enough evidence to present felony terrorism charges against two Michigan men also arrested with a number of cell phones in their car.

In the Michigan case, the FBI said in a news release that there is no imminent threat to the 5-mile-long Mackinac Bridge, which has been the subject of increased patrols after local Michigan authorities said they believed the men were targeting the bridge. Images of the bridge were found on a digital camera belonging to the men, the FBI said.

Adham Othman, 21, his brother, Louai Othman, 23, and their cousin, Maruan Muhareb, 18, all from Mesquite, were stopped outside a Wal-Mart Store in Caro, about 80 miles north of Detroit in an agricultural region, after employees became suspicious over their purchase of 80 cell phones.

"For these guys, there is a lot of margin in these," said Sean Mobh, manager of Wireless Stop, a cell phone store on Harry Hines Boulevard in northwest Dallas. "There is a phone that they buy from Wal-Mart for 20 bucks and sell for $38."

Resale profitMobh said the group has come in "three or four" times in the last three months and he made one purchase of about 100 phones. They would usually sell prepaid TracFones, like the kind they were found with in Michigan, because Wal-Mart's discounts on them are so deep that they can make a nice resale profit.

"One trip and that's about $6,000 each minus gas and expenses," he said.

Mobh said the three men are among dozens of individuals in the competitive market of buying goods from Wal-Mart and other deep discounters and reselling them to other stores that mark them up and sell them retail or wholesale.

Mobh said he resells the phones in bulk in higher-priced markets such as New York or Los Angeles, or ships them abroad.

Wal-Marts in Dallas and other cities often are sold out of the most popular phones because of all the resellers about, so entrepreneurial types such as the Othman brothers and their cousin will travel long distances to find stores with inventory, several shopkeepers said.

"It looks like a case of these guys being in the wrong place at the wrong time," said Mobh.

Another manager, a Pakistani-American who declined to give his name, pointed to his dark skin and said, "It's this, too."

'Weren't up to anything'Across the street, at Wireless Way, a shop owner who did not want to be quoted by name said, "These guys are known up and down this street, all over here. I would swear to God and my children that they weren't up to anything."

He said he bought at least three shipments of phones, totaling perhaps 400, from the three men in the last several months.

Prepaid phones require no contract and are programmed with prepaid minutes, making them popular with people with no phone service and with immigrants who want to call home.

Because they are difficult to track, they are also popular with criminals and terrorists, law enforcement officials say.

Intentions not clearLocal authorities in Caro have not said what they believe the men intended to do with the phones and have declined to spell out what probable cause they have indicating the three were involved in terrorism.

Louai Othman told a magistrate judge after his arrest, "All we did is buy the phone to sell and make money."

The men are each being held on $750,000 bail and are charged with providing material support for terrorist acts and terrorism surveillance of a vulnerable target. A district court magistrate has set a pretrial hearing for Friday and examining hearing for Aug. 24.

Terrorism Charges Dropped In Ohio Cell Phone Case (FREEP)

By Niraj Warikoo, Free Press Staff Writer

Detroit Free Press, August 15, 2006

Prosecutors in Ohio dropped terrorism charges Monday against two 20-year-old Dearborn men who were arrested last week after buying hundreds of cell phones.

DOJ_NMG_0048536

Washington County Prosecutor James Schneider said that there was not enough evidence to prosecute Osama Abulhassan and Ali Houssaiky. But Schneider said his office will continue to prosecute them on a misdemeanor charge of lying to police.

The men will most likely be released Tuesday after a court hearing, and will face a court date probably next month, Schneider said.

The misdemeanor charge "has nothing to do with terrorism,'' he said.

But the investigation into the men, and possible ties to suspicious activity, will continue, he said. Police in Ohio are working with local, state, and federal law enforcement officials in Ohio and Michigan on the case.

There has been concern that the men may have planned to target airplanes, he said.

But family members said that the men were targeted because of their background – both are the children of Muslim immigrants from Lebanon.

In a statement, the Washington County Prosecutor's office said:

"The State is currently in possession of sufficient evidence in support of probable cause on the felony charges, however, more information is needed to prove the charges beyond a reasonable doubt," read part of it.

The Washington County Sheriff's office "continues to be in contact with federal and other state law enforcement authorities, and information is being shared in furtherance of this investigation."

The case started on Tuesday when Houssaiky and Abulhassan -- star athletes at Fordson High School in Dearborn -- were pulled over for a minor traffic violation in Marietta, Ohio, near the West Virginia border.

Moments earlier, a suspicious store clerk had called police after they bought large numbers of cell phones.

Searching their vehicle, police said they found a private security guide for Royal Jordanian Airlines. But the family said the guide was only there because Houssaiky's mother worked in the airline industry.

The men were charged with soliciting or providing for an act of terrorism, money laundering in support of terrorism, and also with a misdemeanor charge of lying to police, said Susan Vessels, assistant prosecutor in the southeastern Ohio city of Marietta.

Police said they admitted to buying about 600 cell phones, most of them TracFones, which are often not traceable.

Federal investigators have been concerned about suspicious people buying large numbers of cell phones, which have been used in terrorist acts before, including the attacks in Madrid, Spain, in 2004.

But Arab Americans and their attorneys say the men were just trying to earn some money.

"These were young kids trying to earn ... money over the summer, and nothing more," said Bill Swor, co-attorney for Houssaiky

TPD Investigates 'abnormal' Number Of Cell Phones Purchased By Two Men (AZDS)

Arizona Daily Star, August 15, 2006

Tucson Police Department officials are investigating a report that two men purchased an abnormal number of pre-paid cell phones at a local store.

The incident comes after several similar reports across the country, although authorities have not found any links between the incidents, or any terrorism ties to any of them, as was originally suspected.

Tucson Police received a report on Saturday about the two men, who appeared to be of Middle Eastern descent, purchasing the phones at Sam's Club, 4701 N. Stone Ave., earlier in the day.

The department's special investigations division is investigating the incident, which has been classified as suspicious activity, said Sgt. Mark Robinson, a police spokesman.

Tucson police have notified the FBI of the report, he said.

Police would not say how many phones were purchased locally, but said it as more than a person normally would purchase for personal use.

"Disposable cell phones are difficult to track and are often purchased for use in criminal activity, such as drug transactions and people smuggling," Robinson said.

He said no laws had been broken, but if the phones were purchased with the intent of breaking the law, the case would become a criminal investigation.

"At this point in time we do not know what their intent was," he said.

Meanwhile, the FBI on Monday said it had no indications that three Texas men arrested with about 1,000 cell phones in their van had any direct connection to known terrorist groups.

Also, a prosecutor in a separate Ohio case said he can't prove a terrorism link between two men arrested after buying large numbers of cell phones and won't proceed for now with terrorism charges against them.

DOJ_NMG_0048537

In the Michigan case, authorities had increased patrols on the 5-mile-long Mackinac Bridge after local prosecutors said investigators believed the men were targeting the span.

Tucson Police Say Cellphone Purchases Were Suspicious, But Not Criminal (kVOA-TV)

KVOA-TV, August 15, 2006

Tucson Police are trying to track down two men of Middle Eastern descent who, reportedly, bought a number of cell phones within a 36-hour period over the weekend at a Tucson Sam's Club.

The incident comes on the heels of other similar incidents across the country.

The incidents have prompted terror investigations because, authorities say, those cell phones can be untraceable and used as detonators.

Tucson Police issued a news Release Tuesday afternoon regarding the incident that occurred three days ago.

Tucson Police were called to Tucson's Sam's Club on Friday just before noon on a 'suspicious activity" call.

Apparently, someone saw two men purchasing disposable cell phones.

TPD Sgt. Mark Robinson said, "It was two men of Middle Eastern descent buying a qantity of cell phones, more cell phones than one would think would use for personal use."

Employees at Sam's Club told News 4 that they saw Tucson Police show up at the business.

A spokeswoman for wWal-mart who also owns Sam's Club issued this statement.

"Wal-mart stores limit the sale of prepaid phones to three phones per transaction at Wal-Mart stores and Supercenters. At our Sam's Clubs (membership clubs), we limit the sale to five per transaction. This policy is a part of our agreement with manufacturers. We continue to assist law enforcement with ongoing investigations. We are not discussing the purchases or other details pertinent to the incident. Our goal is to assist law enforcement as they conduct an investigation. It simply would not assist the investigation for us to make any comments." Sharon Weber, a Wal-Mart spokesperson

Sgt. Robinson says the men didn't break any laws.

"We know that people use these phones for criminal activity such as dealing drugs or smuggling people into the United States. Those are a couple of uses tied to these phones. I believe nationally the FBI has tied these phones to terrorism."

However, Tucson Police say right now there's nothing to tie these men to criminal activity.

Sgt Robinson said, 'We don't know if these particular indviduals were involved in any kind of criminal activity at this time. That's why it's just a suspicious activity investigation. it's not a criminal investigation.'

The incident was turned over to the FBI.

Authorities encourage citizens to report any suspicious activity.

Easy To Resell, Prepaid Phones Rankle Carriers (WSJ)

By Amol Sharma And Gina Chon

The Wall Street Journal, August 15, 2006

Police in Caro, Mich., charged three men Saturday with supporting terrorism when they were arrested after buying cellphones in bulk at a local Wal-Mart.

But the men had an alternative explanation: They said they intended to resell the phones for a profit back in their home state of Texas.

The local investigation is ongoing and police haven't determined conclusively how the men intended to use the phones. Cellphones can be used for nefarious purposes, such as detonating explosives and enabling communications that are difficult for law enforcement to track. But there is also a thriving black market in the "prepaid" phones the suspects were buying, making their claims to authorities plausible. Wireless carriers are struggling to combat a growing number of opportunistic middlemen who purchase handsets in large numbers at discounted rates and resell them for a significant profit, often overseas in countries like Mexico and China.

Cellular operators, including large carriers like Cingular Wireless, Sprint Nextel Corp. and Deutsche Telekom AG's T-Mobile USA as well as small players such as TracFone Wireless Inc., sell prepaid phones below their costs on the assumption they'll make their money when users pay for service. But in many cases, the buyers never activate the devices or spend any significant amount of money, meaning the carriers take a loss.

Prepaid phones, popular with low-income consumers and those with poor credit, allow users to sign up for "pay-as-you-go" service where they are given a balance of airtime minutes, rather than paying monthly bills. Customers don't need to sign an annual contract, so they can easily cancel service without paying a fee. And they don't need to provide personal billing information, making them difficult for the carriers to track.

DOJ_NMG_0048538

Middlemen are taking advantage by purchasing the phones from one carrier at a discount, and repurposing them to be used elsewhere. The problem is becoming more acute as the prepaid phones business grows as a percentage of the wireless carriers' overall business. Last year, the wireless industry saw $7.4 billion in prepaid phone sales, up 44% from 2004, and there were 26 million prepaid users, according to the market research firm Gartner. Some carriers, like Sprint, are increasingly relying on prepaid phone usage as they struggle to add traditional "post-pay" subscribers.

In the Michigan case, the three men bought $20 phones bearing the brand of America Movil SA's TracFone, a prepaid cellular company that serves about seven million customers. The men, who are from the Dallas area, said they were planning to take the phones to Texas and sell them to a wholesaler there for as much as $38.

TracFone says it is losing millions of dollars through reselling schemes. It filed a lawsuit in February in U.S. District Court in Miami to shut down two Florida companies accused of buying large quantities of cellphones at major retail stores with the intention of selling them. "Sales to these individuals cause extensive losses to TracFone, as these handsets are not used with TracFone service," Derek Hewitt, senior vice president of marketing for TracFone, said in a statement yesterday. (Using a different service requires hacking into the phone's software.)

NTL Inc.'s Virgin Mobile , an upstart carrier with about four million subscribers, has also taken legal action against entities engaged in "fraudulent activity of reselling of prepaid phones, and its efforts have helped to curtail the incidences," a spokeswoman wrote in an email. The company says resellers violate state and federal law by circumventing software on the handsets and exporting them overseas.

Besides lawsuits, the carriers are taking other steps to prevent abuse. Cingular Wireless, which is the nation's largest cellular carrier and provides prepaid service through its GoPhone brand, says it limits the number of purchases a customer can make to three to prevent such reselling schemes. "We want to make sure people aren't trying to game the system," said Mark Siegel, a spokesman for Cingular, which is a joint venture of AT&T Inc. and BellSouth Corp "We aren't going to do well if people buy the handset but never use the service."

The three men from Texas were arrested in Caro after police received a call from a Wal-Mart employee suspicious of the 80 cellphones the men purchased. Caro police also said they found photos of the Mackinac Bridge, which links the upper and lower peninsulas of Michigan, on a laptop computer found in the suspects' vehicle. Authorities believe the men might have been involved in a plot to attack the bridge.

Maruan Muhareb, 18 years old; Adham Othman, 21; and Louai Othman, 23, were arraigned on Saturday in Tuscola County District Court on terrorist-act charges of collecting or providing material support and surveillance of a vulnerable target, according to Tuscola County Prosecutor Mark Reene. The men are each being held on $750,000 bond.

Daniel Roberts, special agent in charge of the Federal Bureau of Investigation's Detroit office, has been in consultation with Caro police and other local authorities but said in a statement that "there is no imminent threat to the Mackinac Bridge." He also said there is no information that the Texas men have "any direct nexus to terrorism."

John Jackson, a wireless-industry analyst at the Yankee Group, said that while it is possible that terrorists could buy their phones in U.S. stores, it is more likely they would do so overseas.

The Michigan case follows a similar incident last week in Marietta, Ohio, where two men were arrested after buying about 600 cellphones. Osama Abdulhassan, 20, and Ali Houssaiky, 20, were charged with money laundering and solicitation in support of terrorism. Washington County Assistant Prosecutor Susan Vessels said police also found a Royal Jordanian Airline check-in manual and an accompanying passenger list. And authorities suspect profit from the resale of the cellphones would be used in support of terrorism.

The FBI was examining the evidence, but so far, both the Ohio and Michigan cases remain under local jurisdiction.

Rolf Baumgartel, an attorney for Ali Houssaiky, said his client's mother works for the Detroit Metropolitan Airport and the check-in manual belonged to her as part of her training material. Sobhi Abdulhassan, father of Osama Abdulhassan, said the two friends were only looking to make money during their summer break from their university studies. They were on their third trip of the summer to buy cellphones when they were arrested in Ohio, Mr. Abdulhassan said. They made about a $400 to $500 profit for each trip, which they split evenly between them, he said.

Write to Amol Sharma at amol.sharma@wsj.com1 and Gina Chon at gina.chon@wsj.com2

Last 2 Egyptian Students Found (WT)

By Jerry Seper

The Washington Times, August 15, 2006

The arrest Sunday in Richmond of two Egyptian students in the country on visas brought to an end a massive nationwide search for them and nine other Egyptian students who failed to show up for scheduled academic programs at Montana State University.

U.S. Immigration and Customs Enforcement (ICE) agents arrested Egyptian nationals Mohamed Saleh Ahmed Maray, 20, and Mohamed Ibrahim Fouaad El Shenawy, 17, at an apartment building in Richmond shortly before 9 p.m. They were among the group of 11 students who entered the U.S. at New York's John F. Kennedy International Airport last month and failed to show up in Montana.

The ICE agents were assisted in the arrests by officers from the Virginia State Police and the Richmond Police.

Federal agents and state and local police apprehended all 11 students who were the subject of an alert issued to law-enforcement agencies nationwide last week. All have been taken into custody on administrative immigration violations as out-of-status students.

Preliminary investigation by ICE and FBI agents has not identified any credible or imminent threat posed by any of the 11 Egyptians.

On Friday night, ICE agents in Des Moines, Iowa, arrested Ahmed Refaat Saad El Moghazi El Laket, 19; Mohamed Ibrahim El Sayed El Moghazy, 20; and Moustafa Wagdy Moustafa El Gafary, 18. The agents had tracked them from New York to San Francisco to Des Moines.

On Thursday, ICE agents arrested El Sayed Ahmed Elsayed Ibrahim, 20, and Alaa Abd El Fattah Ali El Bahnasawi, 20, in Dundalk, Md. Also on Thursday, the Chicago Police Department detained Ahmed Mohamed Mohamed Abou El Ela, 22, at O'Hare International Airport as he attempted to book a flight to Montana. He was turned over to ICE.

On Wednesday, the Manville, N.J., Police Department detained Mohamed Ragab Mohamed Abd Alla, 22, and Ebrahim Mabrouk Moustafa Abdou, 22. Both were turned over to ICE. The same day, FBI and ICE agents arrested Eslam Ibrahim Mohamed El-Dessouki, 21, in Minneapolis.

More than 1,400 people have been arrested nationwide since the September 11 attacks by a special unit created to track down immigration and visa violators. Known as the Compliance Enforcement Unit (CEU), it investigates foreign students and non-immigrant or exchange visitors who violate their visa or immigration status and who may be threats to national security.

The CEU has several ICE databases at its disposal, including the Student and Exchange Visitor Information System, which monitors students and exchange visitors in the U.S.

2 Egyptian No-shows Located Here (RTD)

By Mark Bowes, TIMES-DISPATCH STAFF WRITER

Richmond Times-Dispatch, August 15, 2006

Chesterfield County police developed the information that led to the arrests of the last two Egyptian exchange students who failed to show up for their college program in Montana.

Mohamed Saleh Ahmed Maray, 20, and Mohamed Ibrahim Fouaad El Shenawy, 17, were arrested without incident Sunday afternoon in the Forest Ridge Apartment complex off Forest Hill Avenue in South Richmond, said Chesterfield police Capt. Karl Leonard.

The apartment complex is across Forest Hill Avenue from the Stratford Hills Shopping Center.

"They were just sitting outside," Leonard said. "I don't know how long they had been in the area, or what they were doing in the area. But that's where we found them."

The men were the last of 11 Egyptian exchange students to be apprehended. The students were to attend a monthslong program at Montana State University in Bozeman. A group of 17 students had arrived in New York on July 29. Six reported to Bozeman on time.

After Montana State repeatedly tried to contact the missing students, it notified federal Homeland Security officials and registered the Egyptians as no-shows in a system to track foreign students developed after the Sept. 11, 2001, terrorist attacks.

None of the students is considered a terrorism risk.

Leonard said Chesterfield police received information on Saturday that the last two missing students were believed to have been seen walking on Midlothian Turnpike (U.S. 60).

Police distributed pictures and information about the students to street officers, who contacted merchants along Route 60, "trying to see if anybody had seen them," Leonard said.

Then, about 2:30 p.m. Sunday, police received a call that gave investigators "a pretty good indication that the people [the caller] saw were in fact these students."

Police began to canvass areas where investigators thought they might be, Leonard said.

Officers then went to the South Richmond apartment complex and spotted the students outside. Chesterfield summoned Richmond police, and the students were taken into custody without incident.

Chesterfield authorities turned them over to U.S. Immigration and Customs Enforcement agents.

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Last Wednesday, one of the 11 Egyptian students was arrested in Minneapolis and two were detained in Manville, N.J. On Thursday, two were arrested in Dundalk, Md., and one was arrested at O'Hare International Airport in Chicago. Three more were arrested Friday in Des Moines, Iowa.

For further developments, see TimesDispatch.com and tomorrow's Times-Dispatch.

Contact staff writer Mark Bowes at mbowes@timesdispath.com or (804) 649-6450.

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All Missing Egyptian Students In Custody (KCS)

The Kansas City Star, August 13, 2006

WASHINGTON - The last two of the 11 Egyptian exchange students who failed to show up at their college program were apprehended Sunday in Richmond, Va., customs officials said.

Immigration and Customs Enforcement agents arrested Mohamed Saleh Ahmed Maray, 20, and Mohamed Ibrahim Fouaad El Shenawy, 17, at an apartment building in Richmond on Sunday night. Virginia State Police and the Richmond Police helped locate the students.

Last Wednesday, one of the Egyptian students was arrested in Minneapolis and two were detained in Manville, N.J. On Thursday, two were arrested in Dundalk, Md., and one was arrested at O'Hare International Airport in Chicago. Three more were arrested Friday in Des Moines, Iowa.

The students were to attend a monthlong program at Montana State University in Bozeman, Mont. A group of 17 students arrived in New York on July 29. Six reported to Bozeman on time.

After Montana State repeatedly tried to contact the missing students, it notified Homeland Security Department officials and registered the Egyptians as no-shows in a system to track foreign students developed after the Sept. 11, 2001, terrorist attacks.

None of the students is considered a terrorism risk.

Toy Remote Control Triggers Airliner Evacuation At LA Airport (AP)

AP, August 15, 2006

LOS ANGELES -- An Alaska Airlines jet arriving from Mexico was evacuated Monday because no one claimed a "suspicious item" later determined to be a toy transmitter spotted by a crew member, officials said.

Authorities using bomb-sniffing dogs found no explosives inside the plane's cargo hold or the transmitter, which was similar to a remote control for a toy car or plane, authorities said.

The FBI and other agencies were investigating, though there was no immediate threat, said bureau spokeswoman Laura Eimiller.

Airport police were notified at 8:20 a.m. that there was a suspicious item aboard the flight, which originated in Guadalajara, Mexico, said Los Angeles International Airport spokeswoman Nancy Castles.

Authorities said the crew became alarmed when no one claimed the item.

"The flight attendant discovered an item and she said, 'Is this yours?' And all the passengers said, 'No,'" airport spokesman Harold Johnson said.

The plane landed just before 9 a.m. and taxied to a remote part of the airport.

Castles said all 125 passengers and crew members were taken to a terminal in buses. Transportation Security Administration officials searched passenger luggage and belongings by hand, the FBI said.

The passengers were held at a remote gate and interviewed by law enforcement, said Castles. The last passenger was released at 3 p.m., Eimiller said.

Stolen Guns Highlight Security Problems (CHIT)

By Jon Hilkevitch, Tribune Transportation Reporter

Chicago Tribune, August 15, 2006

The recent theft of guns from checked baggage at O'Hare International Airport points to a serious weakness in aviation security that will be difficult to pinpoint because thousands of employees ranging from pilots to airline caterers carry clearances allowing them to walk onto airplanes.

The guns stolen from the bags—all involving passengers departing O'Hare on United Airlines—probably are being taken out of the airport and sold or used in crimes, federal and local authorities said Monday in response to a Tribune report on the disappearing weapons.

But they acknowledged that it is not known who took the firearms, how they got them or where the weapons ended up.

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As many as a dozen guns, some belonging to police officers and military personnel, disappeared from bags checked at the United terminal this year and in 2005, according to sources familiar with the investigation being conducted by the FBI, the Chicago Police Department and the Transportation Security Administration.

"It doesn't matter how many guns are involved. If it is one gun, it is a very serious matter," United spokeswoman Robin Urbanski said. She said the airline is conducting an internal investigation and cooperating with the law-enforcement agencies, but she declined to say what United is doing differently to safeguard air travelers.

Federal security authorities at O'Hare and city aviation officials dismissed the likelihood of a more serious problem involving the potential for terrorism, even while Homeland Security officials remain on high-alert after a reported plot to detonate explosives on U.S.-bound airliners was broken up in Britain last week.

"We remind all passengers that there is no risk to airport safety and security due to the reported thefts of firearms," said Wendy Abrams, spokeswoman for the Chicago Department of Aviation.

But the breach creates the risk that stolen guns could be smuggled onto airplanes for use in an attack, security experts said.

In addition, the apparent ease with which employees have opened checked baggage already screened for explosives raises concerns that a bomb could be planted inside the bags anywhere between the ticket counters and aircraft.

"The problem at the back doors of any airport is that with so many workers authorized to go behind the sterile security zone, any one of them could hide a gun or a bomb in an airplane lavatory," said John Mullins, a security manager for Robinson Aviation in Oklahoma City. Checked baggage that has been screened for explosives is considered "sterile" from a security standpoint, meaning no unauthorized personnel are allowed to touch it. Safeguards are required to protect against tampering for the entire time the bags pass through explosives-detection machines, travel on conveyor belts through baggage-sorting rooms in the bowels of the airport and finally are placed onto airplanes.

Even if the motive of workers stealing the guns at O'Hare is strictly to carry out a criminal act, the thieves are vulnerable to being blackmailed by individuals seeking to harm passengers or destroy aircraft, the experts said.

"If you have dishonest people, they are liable to do anything," said Michael Boyd, an aviation consultant based in Colorado. Federal security officials insisted Monday that the stolen guns do not represent a lapse in security that could endanger passengers because a multilayered security system is in place to regularly challenge employees about their activities and whereabouts at the airport. In addition, all employees undergo background and criminal history checks and fingerprinting.

"Once that employee is badged, they become a partner in security and are responsible for upholding the regulations," said Lara Uselding, a TSA spokeswoman.

About 53,000 employees—security screeners, airplane cleaners, mechanics, construction workers, deliverymen and many others—are approved to enter various "special identification areas" at O'Hare.

Where on the 7,800-acre airport an individual employee can go legally depends on whether he or she has a green identification badge, issued to most airport and airline employees; a red badge, given to vendors; or a blue badge, which allows senior managers to go virtually anywhere, officials said.

The TSA required all U.S. airports to conduct new background checks for all employees and issue new ID cards in the aftermath of the terrorist attacks on Sept. 11, 2001.

Law enforcement and security officials declined to say whether their investigation at O'Hare was pointing to United employees, security agency personnel or others as the perpetrators.

On average, 10 bags a day containing guns are checked at the United terminal at O'Hare, authorities said. The gun owners must fill out disclosure forms and meet other requirements to transport the weapons by air.

Security agency employees are aware of the presence of guns in checked bags when they see the objects on monitors during X-ray screening and explosives-detection procedures. Some bags require hand inspections to verify what the security employees see on the screening monitors.

Attendants at airline curbside check-in kiosks or airline ticket-counter agents are the first personnel that travelers transporting guns would notify about the weapons. But many other airline employees, from baggage-sorters to aircraft-ramp workers, also are responsible for working with baggage.

jhilkevitch@tribune.com

Concerns About Missing Guns At O'Hare (WLS-TV)

By Charles Thomas

WLS-TV, August 15, 2006

Guns missing from checked bags

August 14, 2006 - Many people are trying to adjust to the changes of what you can take in your carry-on bags when you fly. There are now questions about how secure the checked luggage is, and we're learning that several guns were stolen from checked bags months ago.

The issue of what happens to guns in checked baggage has so concerned Chicago's Fraternal Order of Police the union has issued an advisory to its members to be wary of United Airlines.

Since the first of the year, about a half dozen guns have disappeared from baggage checked and screened at United.

When a handgun is packed in a checked bag, the owner must alert the airline at the check-in counter. There is paperwork to be completed, and the unloaded weapon must be stored in a locked container separate from its ammunition.

From the counter, the bag moves immediately to one of the large nearby x-ray machines operated by the transportation security administration and when the screener presumably sees the weapon's image, the paperwork explains why it's in the bag and on what aircraft it will be carried.

A spokesperson says that's when the T.S.A.'s involvement ends. From that point, it's the responsibility of airline employees, all of whom have undergone criminal background checks, to get the armed bag onto the right aircraft.

"All employees with a badge in certain areas of the airport are again employees that have been vetted and have undergone criminal background checks as well as extensive criminal history checks. They are fingerprinted, and the T.S.A. has increased the criminal background checks for these individuals on an ongoing basis."

It is undetermined whether all the guns reported missing at O'Hare were stolen there or at their destination airports. In Chicago, the only people who would know a gun is packed in a particular piece of luggage would work either for the T.S.A. or for the airline that checked the bag.

Many baggage handlers hired by United said they are dissatisfied with their working conditions and pay. They are paid about $7 an hour and do not receive tips and complain they have not had a raise in years.

ABC7 News was told that earlier this year the F.B.I. conducted interviews at terminal one at O'Hare as part of its investigation. So far, there have not been any arrests.

One estimate from American Airlines is that checked baggage is up 30% since is advent of the new restrictions on carry-ons. So, a lot of people are concerned about what happens to their bags once they leave their sight. And not only guns but anything that might be in those bags that used to be carried on.

Weapons Stolen From Checked Bags At O'Hare (CBS2CHI)

CBS 2 Chicago, August 15, 2006

Tagged Bags of Police Officers Are Being Targeted

(CBS) CHICAGO Chicago police are warned to be careful with their guns at O'Hare Airport.

Several guns have been stolen out of checked luggage, including some belonging to officers.

As CBS 2's Katie McCall reports, the problem seems to be confined to United Airlines.

An aviation expert says the weapons were likely stolen by people who wanted to sell them on the street. But the idea that guns are being stolen from bags does not sit well with passengers.

Air passenger Dan Crowley says he has always worried about the safety of his belongings in his checked luggage.

"You hear stories about people who work behind the scenes at airports going through your bags," Crowley said.

Now it appears he had good reason to be concerned.

Last week, a Chicago police officer reported his weapon stolen from a bag checked here at O'Hare on a United Airlines flight. Police and the Transportation Security Administration (TSA) say the crime is one of multiple gun thefts this year – all of them involving checked baggage on United.

"It's been going on for months," said TSA spokesperson Laura Uselding. "I think since the beginning of the year and I don't know who initiated that."

Chicago Fraternal Order of Police Union President Mark Donahue is alerting officers to be aware of the risk of gun theft, even in what is supposed to be the secure side of the airport.

"My personal philosophy is that I don't take it with me," Donahue said about his service weapon.

Aviation expert John Hoff said airline and TSA employees have easy access to bags carrying weapons, bags that he says are specially tagged.

"They specially mark it and anybody with the knowledge of that marking --t hat works for the airline or TSA who is dishonest -- could then know what bags to rifle through to look for specific weapons," he said.

Hoff believes adding more cameras to behind-the-scenes areas may be the key to solving the crimes.

United would say only that the airline is cooperating with investigators.

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The FBI says they are not a part of this investigation because they do not believe this is a part of any organized crime ring or anything related to terrorism.

A Public Rebuilding Downtown (NYT)

The New York Times (opinion), August 15, 2006

Shortly after Sept. 11, 2001, New York state and city officials established the Lower Manhattan Development Corporation to do what everyone knew would be a thankless job — finding a master plan for the still-smoking World Trade Center site. The group had to deal with all the competing groups and their powerful emotions and their powerful interests. And it had to move forward — publicly — to start rebuilding. Now, with construction crews finally starting to work, those officials are ready to dismantle the corporation. And that raises the disturbing question of who's in charge.

The corporation, a stellar group of downtown leaders, did not do everything we hoped for over these last five years. Not all of that was its fault. Gov. George Pataki, retreating in the face of a few very verbal critics, overruled the corporation's desire to establish a museum to celebrate freedom.

But the corporation has been a force for some of the better and most public planning at Ground Zero. When it disappears, who watches over the master plan to make certain the site works harmoniously? And even more important, where does the public go for a voice in the rebuilding? The answer is to a private developer and also to City Hall and then to Albany, and after that a few government authorities and then a memorial foundation designed to operate like a private organization. It sounds like a recipe for secrecy when openness should be fundamental.

When the Lower Manhattan Development Corporation was formed, with John Whitehead as its leader, it took control of $2.8 billion. Most of that has been spent for development, the memorial and community projects. One extra large grant of $250 million goes to the World Trade Center Memorial Foundation. That is almost half of the cost of the memorial, and that much public money demands public accountability. The public should know about any change in the design or mission, and revisions must not be done quietly by a small group of insiders.

It is not clear yet what really replaces the Lower Manhattan Development Corporation. Eliot Spitzer, the leading candidate for governor, has applauded its disappearance and promised, if elected, to help put a new "structure in place that provides the skills, leadership and accountability we need." That sounds right. It also sounds a lot like the Lower Manhattan Development Corporation.

Governors Resist Shifting Authority Over Guard (NYT)

By Jennifer Steinhauer

The New York Times, August 15, 2006

LOS ANGELES, Aug. 14 — In an unusual act of bipartisan and regional unanimity, 51 governors have joined to voice their strong opposition to legislation to let the president federalize National Guard troops in a disaster without local authorities' consent.

In a letter to Congressional leaders last week, the governors detailed their argument that the measure, drawn up after Hurricane Katrina and tucked into a military authorization bill that the House recently passed, would undermine their authority and autonomy.

"This provision was drafted without consultation or input from governors," read the letter, conceived in large part by Gov. Mike Huckabee of Arkansas, a Republican, "and represents an unprecedented shift in authority from governors as Commanders and Chief of the Guard to the federal government.

"We take very seriously our constitutional duty to protect our citizens and lead our guard. We are responsible for the safety and welfare of our citizens and are in the best position to coordinate all resources to prepare for, respond to and recover from disasters."

Many local officials, including Gov. Arnold Schwarzenegger of California, have been critical of what they describe as federal interference with their National Guard forces. That includes President Bush's order last spring that the Guard help shore up the Border Patrol as Washington works to hire 6,000 agents in an effort to increase border security.

Although the president already has the authority to call up any branch of the reserves into involuntary service in the case of a terrorist attack overseas or the use of unconventional weapons, that power does not extend to natural or man-made disasters.

The bill in Congress would extend the president's power to such disasters.

The administration has been criticized by some conservative lawmakers and policy experts as chipping away at states' rights. "I think it is apparent that it is a federalism issue when you have this sort of outcry from state governors across party lines," said Gene Healy, senior editor at the Cato Institute, a libertarian research group. "It is not clear anymore that federalism is a priority for the Republican Party except for rhetorically."

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Mr. Healy cited the federal government's reach into education, marriage and crime, which he called "quintessential local issues."

A spokesman for the Pentagon, Bryan Whitman, said the governors from all the states and Puerto Rico simply did not understand the measure. Mr. Whitman described the bill as an effort to give more power to the federal government without eroding that of the states.

"No one is attempting to wrest control of the National Guard," he said, citing Hurricane Katrina as an event that led to the measure. "What this section is aimed at doing is providing the president with increased authority, discretionary authority to call upon the dedicated reserves to help citizens at a time of disasters."

A spokeswoman for Mr. Schwarzenegger, a Republican who has broken ranks with the administration over numerous policies, said a governor was better positioned than Washington to assess when the Guard was needed.

"The governor takes his role as commander and chief of the National Guard very seriously," the spokeswoman, Margita Thompson, said. "We have fires to respond to in light of the situation last week.

"With the terrorist threat, we need the help of the Guard again, and we are providing assistance to the federal government as a result of their inability to secure the border. This governor is not going to be supportive of anything that weakens his role."

Trailer Homes' Locks Found Vulnerable (AP)

By The Associated Press

AP, August 15, 2006

WASHINGTON, Aug. 14 (AP) — The Federal Emergency Management Agency has discovered that the same keys can open many of the 118,000 trailer homes being used by Gulf Coast hurricane victims, and will replace locks on an undetermined number as a result.

The problem stems from the limited number of lock types that locksmiths provide to trailer manufacturers for building mobile homes, and the limited number of key patterns that were cut for each type. Only three types are used, and a FEMA spokesman, John P. Philbin, said locksmiths had cut just 50 different patterns for the first kind. Another manufacturer, Mr. Philbin said, had 100 and 200 patterns for the second and third kinds.

Taken in all, the numbers increase the likelihood that a trailer can be opened by someone other than the occupant. Mr. Philbin said he did not know how many trailers had been distributed for each key pattern cut or how many locks would need to be replaced.

FEMA Has Key Concern With Its Trailers (NOTP)

By James Varney

New Orleans Times-Picayune, August 15, 2006

What began as a problem with a single travel trailer has mushroomed into yet another trailer fiasco for the Federal Emergency Management Agency, and now the front door locks on as many as 118,000 of the temporary units might have to be changed.

What happened was FEMA learned the keys to one trailer can open as many as 50 others, a problem the agency attributed to the fact that only three companies manufacture the trailer locks in the United States. It didn't, however, learn of the issue through some crime spree, but through a report on potholes plaguing the Renaissance Park trailer lot, the biggest trailer park that FEMA operates in Louisiana with more than 570 units, authorities said.

Last Friday, Baton Rouge television station WAFB 9 was reporting a story on potholes at Renaissance Park when a resident boasted he could open other trailers with his key, backed up his claim with an on-camera demonstration -- and, voilà, another major headache erupted for the federal relief effort on the hurricane-shredded Gulf Coast.

FEMA officials said they have made changing the locks a priority.

"We're aggressively stepping out to minimize the risk," FEMA spokesman Pat Philbin said in Washington.

Locally, the issue could loom largest at locations where many trailers are clustered, even though those spots have 24-hour security, said Jim Stark, director of FEMA's Louisiana transition recovery office.

"Some of these sites are pretty big, and security can't be everywhere at once," Stark said.

Key quirk

FEMA bought some 13 different kinds of trailers to provide temporary housing in the storm-stricken areas, and to date has 76,000 installed and occupied in Louisiana, a number FEMA expects to grow given it has received about 92,000 applications for trailers, Stark said.

That concentration illuminated a quirk -- the shortage of lock manufacturers -- that wasn't clear in the past, when private residents bought trailers and had them scattered about the country, Stark noted.

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FEMA crews are not expected to begin addressing the lock similarities in New Orleans until today, starting with the group sites and then moving on to individual units, agency spokesman Ronnie Simpson said.

When asked how many locks might be replaced, Simpson said, "all of them if we have to."

Monday afternoon in Mid-City, several trailer occupants said they had not been told about the development, although they were not unduly alarmed. Indeed, some said it was the publicizing of the issue that troubled them as much or more than the duplications themselves.

"When this gets out, it could be like Katrina herself blowing through, and a lot of people are going to find themselves coming up short," said Bruce Jacobs, 39, who is living in a Cleveland Avenue trailer with his three sons.

Add it to the list

Authorities said that, so far, there may have been isolated cases of travel trailer burglaries but not a rash of them.

"We're not aware of this as an issue," said Bambi Hall, a New Orleans Police Department spokeswoman. "But if FEMA knows something, we need to have them make us aware of it, too."

Nevertheless, Jacobs' concern is well-founded, according to Louisiana politicians of both parties who were quick to jump on the issue and the agency. Following a congressional briefing on the topic, Sen. Mary Landrieu, D-La. said she was encouraged by FEMA's rapid and proactive response to the problem but labeled it all too typical of the agency's track record.

"This development certainly adds to a long list of oversights lost in the dysfunctional bureaucracy of the agency," Landrieu said in a news release.

A statement from U.S. Rep. Bobby Jindal, R-Metairie, was less conciliatory toward FEMA, and accused the agency of knowing about the problem long before the televised report and doing nothing to solve it.

"This is a problem that should never have occurred, and I am disappointed that FEMA has failed once again to provide a safe environment for these residents," Jindal's news release reads.

Taking precautions

Meanwhile, there are steps that residents can take to make their trailers safer, according to Larry Preston Williams, an independent security consultant and former NOPD officer. These range from installing wireless intruder alarms to getting a dog that barks. He allowed that the first item on his list, which can retail at prices north of $700, is probably too expensive for many people trying to rebuild their houses.

It's also unclear whether some of the suggestions, such as putting burglar bars inside some windows, were permissible under FEMA rules or advisable given considerations such as the need to escape during a fire. Stark sidestepped the matter Monday, while urging a calm approach by trailer occupants.

"I would advise against doing anything like that at this time," he said.

New Orleans Power Play Spurs Role Reversal (WSJ)

By Rebecca Smith

The Wall Street Journal, August 15, 2006

NEW ORLEANS -- The perplexing issue of how to pay for expensive repairs to this city's damaged electric system is forcing city leaders and officials at utility Entergy Corp. into strange new roles. At issue: Entergy wants to hand over its assets in New Orleans to the city.

The brewing fight is an example of the extreme steps utilities can be forced to take as they look for ways to pay for damages from last year's hurricanes -- as well as prepare for the next big one -- in a time of customer apprehension over how this will affect their electricity bills.

Nearly a year after Hurricane Katrina flooded the city, Entergy says the best way to bring its New Orleans unit out of bankruptcy-law protection is by handing ownership of utility assets over to the city. The investor-owned utility argues such a move would enable the tiny unit to qualify for federal disaster-relief funds and regain solid financial footing, avoiding rate increases that threaten to more than double electricity rates in New Orleans.

Increased demand for gas in China2 has helped propel oil prices since 2001, but oil-price inflation has also been fueled by demand in the U.S.

Some civic leaders, overwhelmed by the immensity of the rebuilding effort yet ahead, are pushing back. One city-council member, Shelley Midura, says she has no intention of allowing Entergy to saddle the city with a partly rebuilt system and then "drop the keys on the table and say, 'We're out of here.' "

The dispute marks a turnabout from years past, when New Orleans officials agitated to create a municipally owned utility on several occasions -- efforts that were opposed by Entergy.

Entergy isn't the only utility seeking to shift the burden to customers after last year's devastating hurricanes, though it is the only one forced into this rather desperate posture. In the past, utilities set up ratepayer-funded reserves to cover the costs of

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occasional storms. Repeated poundings in 2004 and 2005 wiped out those reserves at Entergy and other Gulf Coast utilities and left them with big deficits.

Following last year's storms, several states passed measures that will permit utilities to issue bonds to reimburse themselves for storm expenditures, spreading the cost over many years. Residences and businesses will be on the hook to repay the bonds through monthly bill surcharges.

Florida Power & Light Co., of Juno Beach, Fla., had a $345 million reserve fund in early 2004 that was drained by storm costs that year. By the end of the 2005 storm season, it was deeply in the red and sought $1.7 billion of relief from its customers, including $650 million in new reserves. State regulators cut that amount to $1.13 billion, partly by slashing the proposed reserve fund to about $200 million. That increases the chance that the utility, a unit of FPL Group Inc., will go back to regulators for more funds if hurricanes strike again. So far, 2006 has been calm, but officials warn there still are more than 100 days to go in the hurricane season.

Southern Co., of Atlanta, suffered damage to four of its five utilities last year and also may issue bonds to get reimbursed for repair costs, according to a company spokeswoman.

The bond option isn't available to a company in bankruptcy, and Entergy Chief Executive J. Wayne Leonard says city officials don't appreciate the bind his utility is in. The company says rebuilding would lead to New Orleans's rates more than doubling, both because of storm costs and because at least 150,000 people who fled still haven't returned to the city, leaving remaining bill payers a greater share of the burden.

The utility is trying to get federal development money to offset the difference between the $600 million to $700 million it expects to spend on storm repairs and the much smaller amount it expects to receive in insurance proceeds. The best way to be assured those public monies is by becoming a city-owned utility, Mr. Leonard says.

Entergy wants the city to own the system of power lines and substations but sign a contract with Entergy so that its workers will continue to furnish the utility with electricity and make repairs. Mr. Leonard says the city could set service-quality standards to ensure reliable service -- something that has been criticized since the storm, since, even now, there are frequent local power outages.

"We'll put it in a contract," he says, adding that he believes rates might even fall 10% to 15% if the city owned the system, because of lower financing options available to customer-owned utilities such as exist in Los Angeles, Seattle and Austin, Texas.

Entergy, which also owns utilities in Louisiana, Texas, Arkansas and Mississippi, received only 7% of its revenue and 4% of its earnings from its New Orleans unit in 2004, before Katrina struck. Last year, the company reported net income of $898 million on revenue of $10.11 billion.

Two other options are to have the New Orleans unit absorbed into the bigger Entergy Louisiana unit, or simply liquidate it. But those options are politically infeasible. There is a lot of resistance to foisting New Orleans's problems on other parts of the state, some say. "Things are different in New Orleans than anywhere else in the state, and people are tired of it," says Jay Blossman, a member of the Louisiana Public Service Commission whose district includes parts of the city.

The city is already having trouble providing drinking water, picking up garbage and accomplishing other seemingly basic municipal tasks. Thousands of abandoned vehicles still rest on public land and weed-filled lots. Only 35% of the city's housing units are occupied, according to a recent city estimate, and thousands of homes will likely be razed eventually.

"People say, are you kidding? They can't run the services they've got now," says Karen Wimpelberg, executive director of Alliance for Affordable Energy, a New Orleans-based group.

The utility is meeting with city officials, business leaders, politicians and others to get its viewpoint across. It has until December to file a reorganization plan, exclusively, with the federal bankruptcy court, and it is hoping to hammer out a consensus by then.

New ID Just Isn't Ready (USAT)

USA Today, August 15, 2006

The Bush administration's outstanding job in securing airports after last week's foiled terrorist plot demonstrates the importance of communicating clear information to the public and having a system in place that works. Ironically, the government has failed to follow this model for a drastic change at the nation's borders, expected to take effect this winter. The government's confusing messages and lack of a public education campaign have led the travel industry to seek a modest extension in the deadlines for this program. The change, regardless of when it happens, will affect millions of Americans and our North American neighbors.

Since 9/11, our government has taken important steps to secure our borders against those who would do us harm. As part of that effort, Congress passed the Western Hemisphere Travel Initiative (WHTI), requiring all persons entering the USA from

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Canada, Mexico and the Caribbean to have a passport or alternate secure travel document. These new requirements for air and sea travel are expected to take effect Jan. 8, 2007, and at land borders on Jan. 1, 2008.

As these deadlines approach with no clear, final plan for implementation by the departments of State and Homeland Security, we believe that Congress should maintain the current system and grant a reasonable extension that allows sufficient time to launch an effective public education campaign for the new WHTI requirements. That would secure our nation's borders without creating a nightmare for travelers.

Under the new law, U.S. travelers taking a Caribbean cruise or a weekend trip to Mexico will have to obtain passports, at a cost of more than $400 for an American family of four. Only 23% of U.S. citizens currently have this document. The impact on our neighbors will also be significant. Hundreds of thousands of Canadians visit the USA every day.

Getting this new plan right from the start is critically important diplomatically and economically, especially at a time when the U.S. image around the world is in decline.

We must devise a process that fairly and efficiently allows legitimate business and leisure travelers to come here. The way to do that is by modeling the efforts of the past week to keep America moving — through communicating clear expectations to travelers and giving them time to prepare for having a safe and pleasant trip.

Roger Dow is president and CEO of the Travel Industry Association of America.

Five Years After 9/11, Plan To Tighten Borders Hits Roadblock (USAT)

USA Today, August 15, 2006

Less than three months ago, two undercover agents drove their rental car from Canada to a U.S. border checkpoint. They told the inspector they were Americans, flashed a couple of counterfeit driver's licenses, then breezed into the USA.

This wasn't unusual. Nine times this year, agents sought entrance at different sites on the nation's southern and northern borders with counterfeit documents. And nine times they succeeded, according to a report this month by the Government Accountability Office (GAO), Congress' investigative arm. Twice, the agents weren't even asked for ID. "That's fine," an inspector in Texas told them. "You can go."

Five years after 9/11 and just days after the British uncovered a terrorist plot to blow U.S. jetliners out of the skies, the porous borders exposed by the tests are anything but fine. Efforts to tighten the borders, recommended by the bipartisan 9/11 Commission, have run into an endless push for delay by the tourism industry and its congressional allies.

Current law does not require U.S. citizens entering from Mexico, Canada or the Caribbean to present a passport. They need only satisfy inspectors — if asked — that they are citizens, using any of hundreds of documents, from state-issued driver's licenses to birth or baptismal certificates.

So many documents are allowed that it is nearly impossible for agents to tell the genuine from the fake. Just ask any under-21 college student how hard it is to get a fake ID. Driver's licenses, which do not attest to citizenship, are easily obtainable, as 11 of the Sept. 11 terrorists proved.

The system is ripe for exploitation by criminals or terrorists. Recognizing the danger, the 9/11 panel recommended a tighter system. Congress followed through in 2004, passing a measure requiring citizens to carry passports or an alternative secure document that U.S. officials would designate.

The new system, already delayed once for travelers from the Caribbean, is now supposed to go into use in January for all Western Hemisphere travelers at airports and seaports, and a year later at land borders.

But critics are seeking to dilute the mandate or delay it. The travel industry, border towns and states that depend on tourism argue the requirements will be inconvenient and expensive. Led by Sens. Ted Stevens, R-Alaska, and Patrick Leahy, D-Vt., the Senate voted last month to push the deadlines back as far as June 2009, nearly five years after the law was passed.

At a time when the House and Senate have passed separate measures to tighten the nation's borders — including building at least 370 miles of triple-layered fencing along the Mexican border to protect against illegal immigration — Stevens and Leahy essentially are arguing that the nation's front doors should be left wide open, with no requirement for a secure entry document.

This is convenient for constituents in the border states that the senators represent, but as national policy it makes no sense.

When the Senate votes to admit into the country anyone who can gin up a fake ID, it's a sure signal priorities that seemed so clear five years ago have begun to fade.

WAR NEWS:

U.S.-Iraqi Offensive Tries To Steer Clear Of Shiite Militia (USAT)

DOJ_NMG_0048548

By Jim Michaels
USA Today, August 15, 2006

BAGHDAD — The growing strength of the Mahdi Army, the violent Shiite militia loyal to radical cleric Muqtada al-Sadr, is raising concerns that an ongoing U.S.-Iraqi offensive could trigger a clash with the group.

U.S. and Iraqi officials have been careful to say the Baghdad offensive is designed to go after sectarian death squads and militias of all stripes, partly to avoid singling out the Mahdi Army, which clashed with U.S. forces two years ago.

"If they feel like they're being threatened, then they'll fight," said Brig. Gen. Dana Pittard, commander of the Iraqi Assistance Group, which advises Iraqi security forces. "We certainly hope that cooler heads prevail."

The U.S. military says there are 6,000 to 10,000 Mahdi Army militiamen in Iraq's capital. And they are well-armed, said Col. Talib Abdul Razzaq, commander of an Iraqi battalion in Baghdad.

The buildup of Iraqi and U.S. forces in Baghdad, however, could provoke the militia. "To secure Baghdad, the government is going to have to secure Sadr City, which is the center of gravity of al-Sadr's political strength," said Andrew Krepinevich, a counterinsurgency expert at the Center for Strategic and Budgetary Assessments.

Sadr City is a sprawling Shiite slum in Baghdad. After the fall of Saddam Hussein's regime in 2003, it was named in honor of Muqtada's father, Mohammed Sadeq al-Sadr.

Iraq's Defense Ministry said negotiations are preferable to an armed clash with the Mahdi Army. "The Mahdi Army has leaders, and we are negotiating with them," Defense Ministry spokesman Mohammed al-Askari said. "The negotiations are going very well."

Pittard said some of the violence may be the work of rogue elements out of al-Sadr's control. "What we're hearing is Muqtada al-Sadr is trying to calm his followers," he said.

More than 10,000 U.S. and Iraqi troops are moving into the capital to reinforce about 52,000 Iraqi and U.S. troops already here. The offensive is designed to free Iraq's largest city and government seat from the grip of death squads and sectarian violence. More than 80% of the attacks in Iraq are in Baghdad, according to the U.S. military.

The offensive is planned in stages and is designed to avoid an all-out attack. In the first phase, launched July 9, Iraqi security forces positioned checkpoints throughout the city. In the second phase, launched last week, Iraqi forces supported by U.S. troops began isolating and clearing parts of the city block by block. Iraqi security forces will remain to provide security once areas are cleared. When areas are stable, the government will bring economic assistance into blighted neighborhoods.

Iraqi and U.S. forces have begun clearing some sections of Baghdad. Iraqi and U.S. troops are arresting anyone found with more than one weapon in a home. A mosque can have five weapons for protection, said Brig. Gen. David Halverson, deputy commanding general of the U.S. division in Baghdad.

The offensive is aimed at anyone involved in murders, kidnappings and assassinations. "We're not asking them what union card they're carrying," Halverson said. "We're just arresting them."

The Mahdi Army staged a revolt against the U.S.-led occupation in April 2004. The uprising — centered in Najaf, a Shiite holy city south of Baghdad, and Sadr City — was put down within months by U.S. forces, which inflicted heavy casualties on the militia.

Today, al-Sadr's political organization is part of the Shiite-led Iraqi government, which complicates the government's response. Al-Sadr's political organization has 30 seats in Parliament and controls several ministries. Iraq's government "is beholden to the Sadrists" because they helped bring Prime Minister Nouri al-Maliki to power, said Joost Hiltermann of the International Crisis Group, a Brussels-based organization that works to prevent conflict.

Al-Maliki criticized a raid by U.S. and Iraqi forces in Sadr City earlier this month, saying the operation was heavy-handed. A larger clash with the Mahdi Army could test the resolve of Iraq's new government.

"It could derail the political process," Hiltermann said.

The militias grew in strength after the bombing of a Shiite mosque in February in Samarra, which touched off a wave of violence. Militias provide protection in some neighborhoods.

Falah al-Nakib, a former Interior minister who is a parliament member, said many of the militias are disparate gangs hiding behind religious or political names, but with little coordination.

"We don't have a civil war," al-Nakib said. "What we have is a gangsters' war."

Rosy Assessments On Iraq `not Related To Reality,' Some Say (MCT)

By Tom Lasseter
McClatchy Newspapers, August 15, 2006

DOJ_NMG_0048549

TIKRIT, Iraq - As security conditions continue to deteriorate in Iraq, many Iraqi politicians are challenging the optimistic forecasts of governments in Baghdad and Washington, with some worrying that the rosy views are preventing the creation of effective strategies against the escalating violence.

Their worst fear, one that some American soldiers share, is that top officials don't really understand what's happening. Those concerns seem to be supported by statistics that show Iraq's violence has increased steadily during the past three years.

"The American policy has failed both in terms of politics and security, but the big problem is that they will not confess or admit that," said Mahmoud Othman, a Kurdish member of parliament. "They are telling the American public that the situation in Iraq will be improved, they want to encourage positive public opinion (in the U.S.), but the Iraqi citizens are seeing something different. They know the real situation."

Othman charges that top American officials spend most of their time in the heavily guarded Green Zone in Baghdad and at large military bases across the country, and don't know what's happening in the neighborhoods and provinces beyond.

Shiite Muslim parliament member Jalaladin al Saghir had a similar view.

"All the American policies have failed because the American analysis of the situation is wrong; it is not related to reality," Saghir said. "The slaughtered Iraqi man on the street conveys the best explanation" for what's happening in Iraq.

Some U.S. soldiers in Iraq reluctantly agree.

"As an intelligence officer ... I have had the chance to move around Baghdad on mounted and dismounted patrols and see the city and violence from the ground," wrote one American military officer in Iraq. "I think that the greatest problem that we deal (besides the insurgents and militia) with is that our leadership has no real comprehension of the ground truth. I wish that I could offer a solution, but I can't. When I have briefed General Officers, I have given them my perspective and assessment of the situation. Many have been surprised at what I have to say, but I suspect that in the end nothing will or has changed."

McClatchy is withholding the officer's name to protect him from possible retaliation by his superiors or political appointees in the Pentagon for communicating with the news media without authorization.

American officials and Iraqi officials appointed by them continue to orchestrate ceremonies, news conferences and speeches that suggest that things are getting better.

In Tikrit last week, Gen. George W. Casey Jr. walked across the marble floor of a palace, smiling and shaking hands. It was a good day for Iraq, he said.

The Iraqi army's 4th Division was taking the lead in securing three provinces, and senior Iraqi and U.S. officials had gathered for a celebration marked by dancing soldiers and passionate speeches.

Iraq's national security adviser, Mowaffak al Rubaie, walked to the lectern and, his voice rising with emotion, said to a cheering crowd of Iraqi and American officials: "My dear friends, I will tell you something, the only way to end terrorism - there is no other way - is that we stand together."

The commander of the 4th Division, Lt. Gen. Abdul Aziz Abdel-Rahman, told the crowd that Iraq was heading toward safety and democracy.

In the week that followed, at least 110 Iraqis died in a series of bombings and shootings, and at least eight U.S. soldiers and Marines were killed. The Iraqi death toll probably was much higher, since many Iraqis are killed by death squads and their bodies are undiscovered, buried or dumped in rivers.

Another 47 Iraqis were killed and 100 wounded Sunday in what Iraqi officials said was a barrage of rockets and car bombs; U.S. officials disputed those accounts, saying the casualties were due to a gas explosion.

Nationwide statistics during the past three years suggest that American efforts to secure Iraq aren't succeeding. While various military operations have at times improved security in parts of the country, the bloodshed has mounted with each U.S.-declared step of progress, according to figures that the Brookings Institution research center compiled from news and government reports.

When L. Paul Bremer, then the top U.S. representative in Iraq, appointed an Iraqi Governing Council in July 2003, insurgent attacks averaged 16 daily. When Saddam Hussein was captured that December, the average was 19. When Bremer signed the hand-over of sovereignty in June 2004, it was 45 attacks daily. When Iraq held its elections for a transitional government in January 2005, it was 61. When Iraqis voted last December for a permanent government, it was 75. When U.S. forces killed terrorist mastermind Abu Musab al Zarqawi in June, it was up to 90.

Attacks have increased in lethality as well as number: There was one multiple-fatality bombing in July 2003. Last month, there were at least 51.

And while the number of U.S. troops killed by hostile fire has declined this year, the number of Iraqis killed has soared.

In January, the month after Iraq's widely heralded national elections for a permanent government, at least 710 civilians were killed, according to a report by the United Nations that cited Iraqi Ministry of Health figures. (The report made it clear that the actual number for January was much higher.) Five months later, 3,149 Iraqis were killed in June.

Casey acknowledged in an interview with ABC News last week that things were "very difficult right now." But the remainder of his response made no reference to the trend line of expanding violence.

"Now, what's gone on over the last two years?" he said. "There's been great progress over the last two years, and you've been here enough where you've seen the situation ebb and flow just like it is now. We're ebbing right now. And we're going to come out of it just like we have in the other places."

Top U.S. military officials often point to the Iraqi security forces as the way forward. In June 2004, there was just one Iraqi army battalion. Today, there are 10 divisions.

But recent interviews with American soldiers in and around Baghdad suggest that some Iraqi security forces are contributing to the problem.

Last month, gunmen marauded through a Sunni Muslim neighborhood in western Baghdad, dragging people from their homes and cars and shooting them. Iraqi police said that more than 40 were killed.

To get into the neighborhood, the gunmen had to drive through Iraqi police and army checkpoints, said American 1st Lt. Brian Johnson of the 4th Infantry Division, who leads a platoon on the western edge of Baghdad.

"Those gunmen drove up in five or six trucks full of (Shiite) Mahdi militiamen with AK-47 bandoleers across their chests and they drove through IP (Iraqi police) and IA (Iraqi army) checkpoints," said Johnson, 24, who's from Houston. "The IAs and the IPs are in the Mahdi militia's pocket ... an IP will come off the checkpoint and a Mahdi militia guy will put on his uniform, man the checkpoint and start pulling people from their cars."

Joost Hiltermann, the Middle East project director at the nonprofit International Crisis Group, which has released a series of reports about Iraq, said there'd been too much emphasis on scoring political points in the United States.

"One of the key problems all along of the U.S. approach to nation-building in Iraq has been that it was ... not (guided) by the situation on the ground. This is how certain benchmarks were set, and then celebrated when achieved, without any regard for developments taking place that undermined these very successes," Hiltermann said. "This was always more about generating an American success story at home than about doing the right thing in Iraq."

U.S., Iraqis At Odds Over Blasts' Cause (AP)

By Qassim Abdul-Zahra, Associated Press Writer

AP, August 15, 2006

A deadly series of explosions in a Shiite neighborhood of Baghdad triggered a new battle Monday — between the U.S. military and the Iraqis over what caused the blasts. The number of casualties also was in dispute.

A U.S. military spokesman blamed the Sunday evening explosions in Zafraniyah on a gas line explosion that he said triggered secondary blasts and devastated the working class district on the southeastern edge of the city.

But Iraqi police and Prime Minister Nouri al-Maliki said the neighborhood was hit by car bombs and a rocket barrage, which the Interior Ministry said was unleashed from a Sunni neighborhood that U.S. troops have targeted in their security crackdown.

"The terrorists planned this ugly crime so that it would inflict maximum harm on innocent civilians, and this is proof of their deep-rooted hatred for Iraq and their attempt to incite sectarianism," al-Maliki said.

It was impossible to determine who was right. The Iraqis may have spoken too quickly to score public relations points by blaming government opponents. And the Americans have long been reluctant to acknowledge that sectarian hatred threaten to plunge the country into all-out civil war.

Each side insisted its interpretation of Sunday's events was correct.

U.S. ordnance teams went to Zafraniyah and found "no evidence" of anything other than a "significant gas explosion," U.S. military spokesman Maj. Gen. William Caldwell said.

"If in fact there had been a hole in the ground, there would be some residue from a Katyusha rocket if one had been fired there," he told reporters, adding that American experts are "fairly good" at determining the cause of an explosion.

Interior Ministry spokesman Col. Saddoun Abu al-Ula said Iraqi experts had examined the area and concluded the explosions were caused by car bombs and rockets fired from the mostly Sunni neighborhood of Dora — evidence that sectarian violence shows no sign of abating despite an additional 12,000 U.S. and Iraqi troops soldiers rushed to the capital.

"From the extent of the damage and some of the remains, it is clear that the explosions were caused by bombs and rockets," Abu al-Ula said. "What the Americans are saying is not correct. Maybe they are trying not to shoulder responsibility because the rockets were fired from Dora where there is heavy U.S. deployment."

Adding to the uncertainty, a Sunni extremist group claimed responsibility for the blasts, saying in an Internet statement that it blew up two car bombs and fired 120 mm mortar shells to punish Shiites for "killing unarmed Sunnis" and cooperating with the Americans.

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The group, the al-Sahaba Soldiers, had claimed it carried out a complex attack last month against another Shiite district of Baghdad using car bombs, rockets and mortars.

While the Iraqis agreed that the blasts were due to an attack, they didn't agree on how many people were killed or injured.

Defense Ministry spokesman Mohammed Askari said 27 people died and 100 were wounded. The prime minister's office put the death toll at 47, while a member of the Baghdad city council, Nashaat al-Hassani told state television that 76 people were killed.

Casualty tolls in major attacks often vary, with individual government departments providing different figures — although the gap in the Zafraniyah figures was wider than usual. It is usually impossible to explain the discrepancies.

While the powerbrokers bickered over the details, the people of Zafraniyah cleaned up the rubble, buried their dead and tried to come to terms with their loss. Cars drove through the rubble-littered streets with wooden caskets of the dead strapped to their roofs.

Huge slabs of concrete that once were ceilings in an apartment building lay atop each other in a heap at one spot. A pedestrian bridge, ripped off its mooring, crushed a car underneath.

A wide hole in the roof of a house exposed steel reinforcement rods bent inward. The blackened wreckage of an overturned car lay nearby.

A middle-aged man in a bloodstained dishdasha, the traditional Arab robe, wandered aimlessly, hitting his face with his hands in grief. Residents said his six children were crushed to death when his house collapsed.

"This is terrorism against the whole nation," said Ali al-Sayedi, a municipal council member.

At least 13 other people were killed Monday in shootings and bombings across Iraq, including three metal workers shot by gunmen in the northern city of Mosul.

Associated Press writers Qais al-Bashir, Sinan Salaheddin, Qassim Abdul-Zahra, Rawya Rageh and Vijay Joshi in Baghdad contributed to this report.

U.S. Offers Plan To Curb Rogue Iraqi Police Forces (LAT)

By Solomon Moore

The Los Angeles Times, August 15, 2006

BAGHDAD — U.S. military officials unveiled a plan Monday to combat chronic problems with renegade Iraqi security forces by creating Iraqi-led inspection boards and standardized uniforms.

The boards will conduct battalion-level reviews of police leadership and accountability, said Army Maj. Gen. Joseph Peterson, the top U.S. police trainer in Iraq. Battalions will be judged on how well they can track weapons and vehicles — a response to the widespread use of equipment for criminal activities.

U.S. officials hope distinctive uniforms and standardized vehicle markings will make it harder for police to break the law and for criminals to impersonate police, Peterson said.

The plan is an acknowledgment by the U.S. military that neither it nor the Iraqi Interior Ministry has confidence in or control of Iraq's police forces, which have been accused of operating death squads and kidnapping rings.

"It appears that there are some individuals who have joined the ranks of the Ministry of Interior forces [who] still have allegiances and are in fact working with their militias," Peterson said.

But he acknowledged that the plan would not apply to some security forces, including the 140,000-member Facilities Protection Service, which posts armed guards at government buildings. Those officers wear uniforms and drive vehicles similar to Interior Ministry forces but are unaccountable to police, the army or the U.S. military.

Peterson also said that as many as half of Fallouja's 1,700-member police force had failed to report to work this month after a reported threat by insurgents to kill anyone who showed up for duty. Some reports indicated that all but 100 of the officers had failed to report for work.

Peterson discounted reports of intimidation, saying that the officers had stayed home to protest an Iraqi judge's early release of insurgents this week, but that the officers had since returned to their jobs.

Meanwhile, U.S. military and Iraqi accounts of explosions Sunday in Baghdad's Zafaraniya neighborhood differed.

Interior Ministry officials Monday stood by reports that Sunni Arab insurgents were to blame for blasts that killed an estimated 58 people, injured 148 and destroyed three buildings and 23 cars in a predominantly Shiite Muslim area.

But U.S. military spokesman Army Maj. Gen. William B. Caldwell IV said the blasts were caused by "an internal gas explosion that set off a series of other explosions." He said there was no evidence of insurgent involvement.

Caldwell reiterated recent claims by Zalmay Khalilzad, the U.S. ambassador to Iraq, that Iranian agitators were playing a divisive role in Iraq.

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"We do in fact have evidence that weapons, munitions that postdate the time period in which Saddam [Hussein] was removed from power have been found here in Iraq that were of Iranian origin," Caldwell said. "We do know that Shiite extremist groups have received training through some sort of third element associated with Iran. We do know that weapons have been provided and [improvised explosive device] technology has been made available to these extremist elements."

Caldwell stopped short of accusing the Iranian government of direct involvement in attacks against Iraqi or U.S. forces.

In Ramadi, where Marines are working to secure a large area, Iraqis said they saw a roadside bomb destroy a U.S. Humvee. Four U.S. soldiers died in a firefight that followed, the residents said. The U.S. military would not confirm the report.

In the northern oil hub of Kirkuk, gunmen killed Sheik Badr Hashim Hajim, a Sunni Arab tribal chief, authorities said. Mohammed Khalil, a Sunni Arab member of the Kirkuk governorate council, said the targeting of tribal sheiks had increased. This month, Abdul Razaq Niama, a Sunni Arab politician, was assassinated.

Sunni Arabs are a minority in the predominantly Kurdish city, which has significant Turkmen and Shiite populations. Both Hajim and Niama migrated to Kirkuk under a Hussein-era program aimed at ridding the city of Kurds. Since 2003, Kurdish refugees have moved back in droves.

In Baqubah, 35 miles northeast of Baghdad, a roadside bomb killed two motorists and injured three others. In Baghdad, two separate car bombs killed three Iraqis.

Police in Zubair, a Sunni suburb of the Shiite southern port city of Basra, said they had broken up a human trafficking ring. Police said they arrested six men and three women who had been smuggling impoverished women to the Iranian city of Abadan.

"The women were sold there," a police officer said. "Most of the women being smuggled are from very poor families or were having family problems. The gang members tempted them with money and then they smuggled them."

Also in Basra, demonstrators protested persistent electricity blackouts in triple-digit temperatures. The protesters burned tires and clashed with police. Residents said ambulance sirens could be heard throughout the city.

Just-returned Troops Sent Back To Iraq (AP)

By Lolita C. Baldor

AP, August 15, 2006

WASHINGTON - About 300 Alaska-based soldiers sent home from Iraq just before their unit's deployment was extended last month must now go back, the Army said Monday, setting up a wrenching departure for troops and families who thought their service there was finished.

The soldiers - all from the 172nd Stryker Brigade - are among the close to 380 troops who had gotten home to Fort Wainwright and to Fort Richardson when Defense Secretary Donald H. Rumsfeld ordered the unit to serve four more months. The remaining 80 will not have to return to Iraq.

Army officials sent a team of personnel and pay experts to Alaska to help sort out all of the soldiers' vacations, school enrollments and other plans torn apart by the decision to return them to Iraq. The unit is now being stationed in Baghdad, one of the most violent parts of the country.

Maj. Gen. Charles Jacoby, commander of U.S. Army Alaska, said 301 soldiers will be returning to Iraq, and most are either infantry troops or cavalry scouts needed for the Baghdad mission.

"From a military standpoint, it makes all the sense in the world," said Jacoby, speaking to Pentagon reporters from Alaska, where he was surrounded by a few soldiers and family members affected by the decision. "The brigade needs these soldiers back."

Mary Cheney - no relation to the vice president - was sitting nearby and said she wasn't happy when she learned her husband, Staff Sgt. Anthony Cheney, would be in Iraq for another four months. But she said she knew when she married him that things like this could happen.

"I would never question his dedication to his career," said Cheney, who had a baby just a few weeks ago and has three other children. "His heart is with his family, but his mind and his dedication" are with his extended family of fellow soldiers.

The bulk of the 172nd Brigade was still in Iraq when Rumsfeld extended their deployment as part of a plan to quell the escalating violence in Baghdad. Overall, the brigade has about 3,900 troops.

Another 300 soldiers from the unit had left Iraq and gotten to Kuwait, and were about to board flights home when they were called back.

Before Monday's announcement, the troops who had already returned home to Alaska had been told that decisions on their fates would be made on a case-by-case basis.

Army officials said they recalled just one other time during the three-year-long Iraq war when the Pentagon so quickly recalled soldiers who had served a year on the battlefront and gotten home.

Other units have had their deployments extended anywhere from a week or two to a few months.

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The 300 soldiers recalled from Alaska on Monday got to spend between three and five weeks at home, and will head back to Iraq in the next week or so. Most of the brigade is expected to leave Iraq by the end of the year, although Army spokesman Paul Boyce said Monday there are no assurances the unit's stay will not be extended again.

A second extension, however, would be very rare.

For some, the return to Iraq may mean they will miss the holidays or much-anticipated vacations. For others, it means rescheduling military or civilian college classes, or postponing long-planned moves out of state or to different Army units.

Soldiers who serve more than 365 days on the warfront will receive $1,000 more per month - $800 for incentive pay and $200 for additional hazardous duty pay.

Last week eight Army officials went to Alaska to meet with the soldiers and their families to work out scheduling conflicts and other problems brought on by the sudden change. Hotlines also have been set up to assist family members.

About 50 of the approximately 80 soldiers who do not have to return to Iraq were the advance team that headed back to Alaska early to prepare for the unit's return. They will stay in Alaska and plan for the unit's eventual return late this year.

The other 30 or so included soldiers who were not sent back for a variety of reasons, including medical conditions, school requirements or emergency leave.

Sectarian violence has rocked Baghdad, bringing it to what some believe is the brink of civil war. In response, U.S. and Iraqi military leaders have shifted thousands of troops into Baghdad, targeting four critical regions wracked by attacks between Sunni insurgents and Shiite extremists.

The new offensive has driven the number of U.S. troops in Iraq up to 135,000 - reversing a trend of declining personnel levels that had begun earlier this year. And, the increased level dampens hopes of a significant withdrawal of U.S. troops by the end of the year, just as members of Congress returned to their home districts to voters growing increasingly weary of the war.

Rumsfeld must approve any deployment that is longer than a year on the ground in Iraq.

ON THE NET

Defense Department: http://www.defenselink.mil

U.S. Army Alaska Command: http://www.usarak.army.mil/main/

300 US Troops Going Back To Iraq After Brief Reprieve (AFP)

AFP, August 15, 2006

Some 300 US troops are being sent back to Iraq from Alaska to rejoin an army brigade whose tour of duty was extended by four months to quell sectarian violence in Baghdad, army officials said.

The 172nd Stryker Brigade was in the midst of returning to its home base at Fort Wainwright, Alaska July 27 when US Defense Secretary Donald Rumsfeld decided to keep them in Iraq for another 120 days.

Army officials said about 300 of the 380 troops who had already returned to Alaska have been notified that they will be going back to Iraq in the next couple of weeks.

The army decided that the company-size group were needed back in Iraq "to maintain unity cohesiveness," said Paul Boyce, an army spokesman.

Another 300 troops who were in Kuwait when the extension was announced are already back in Iraq, he said.

General George Casey, the US commander in Iraq, has moved the brigade to Baghdad to help quell a surge in sectarian violence that has raised fears of a full-blown civil war.

The move dashed hopes for a reduction in the US force in Iraq this year, and has boosted its size slightly to about 133,000 troops.

Boyce said the 172nd is now due to return to the United States by the end of the year, with most members of the brigade redeploying between the Thanksgiving and Christmas holidays.

He said army leaders were briefing family members on the decision.

3rd Infantry Troops Ready For Possible Third Tour In Iraq (AP)

By Russ Bynum

AP, August 15, 2006

FORT STEWART, Ga. - Playing the role of a bomb maker hiding from U.S. troops during a training exercise, Army Cpl. Patrick Brown wears an Arab headdress that an interpreter gave him when he deployed to the war just last year.

Eight months after he returned home, Brown is helping train new soldiers to the 5th Squadron, 7th Cavalry Regiment to be ready to return to Iraq as early as the end of November.

"The time's going by way too fast," Brown, 34, of Clearwater, Fla., said Friday during a break in a mock town square of cinderblock buildings used for role-playing scenarios. "It's been kind of a roller coaster with the emotions."

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The 1st Brigade Combat Team of 4,000 Fort Stewart soldiers is preparing for a possible third combat tour in Iraq. The brigade is part of the Army's 3rd Infantry Division, which helped lead the charge to Baghdad during the 2003 invasion.

The Pentagon last month placed the Fort Stewart brigade on standby as it added about 21,000 Army soldiers and Marines to its 2006-2008 rotation schedule for Iraq. Though the brigade has not received deployment orders, Maj. Gen. Rick Lynch, the 3rd Infantry commander, said his 1st Brigade Troops must be combat-ready by late November.

Working to meet the deadline under an accelerated training schedule, soldiers in the 5-7 Cavalry are running drills designed to mimic real combat scenarios as closely as possible.

On Friday, troops in 30-man platoons rolled into the mock village in search of a man suspected of making bombs for insurgents. Soldiers playing Iraqi villagers swarmed their vehicles seeking food, medicines and favors. Some of the troops immediately raised their weapons.

The village mayor wasn't too inclined to help soldiers locate their suspected bomb-maker after having a rifle in his face.

"What I told these guys was if you're going to make a mistake, you need to make it right now," said Lt. Col. Clifford Wheeler, the squadron commander. "The reality hasn't hit them yet. Until you're looking at a couple of dead guys, it really doesn't hit you."

Though Wheeler, his squadron officers and many of their noncommissioned officers are Iraq veterans, they say turnover within the enlisted ranks means that roughly 60 percent of their soldiers have never faced combat.

Those who have served in Iraq already are trying to give the new troops a reality check. As six soldiers dismount their armored vehicles to scout for roadside bombs ahead of their convoy, a loud bang and cloud of smoke erupt to their left. Cmd. Sgt. Maj. William Transue rushes forward, telling four of the troops they're wounded. The two others are dead.

"Hey, don't be playing, sergeant!" Transue yells as soldiers scramble to help their wounded. "This isn't a joke. You just got killed! I take this (expletive) seriously!"

Transue, 41, of Point Pleasant, N.J., has already served two combat tours in Iraq. Though he's had some close calls with roadside bombs, he said he doesn't mind the thought of going back.

"Why would someone want to go over there again? Because this is what we got in the Army to do," he said. "Each time you go back over there, you see improvements."

Though the 3rd Infantry used all four of its combat brigades during its past two deployments, only the 1st Brigade has been tapped for a possible deployment so far. That's because the Army has reorganized its fighting forces into mix-and-match brigades capable of deploying individually and plugging into various Army commands.

Without knowing for certain when, or even if, they'll return to Iraq, soldiers of the 1st Brigade say the best they can do is make the most of their time at home with their families.

"I thought we might get a year back, but it looks like it may not be that way," said Capt. Matthew Marston, 28, of Sanford, Maine. "I'll be happy if we get Thanksgiving."

43-year-old Army Veteran From Hillsdale Killed In Iraq (AP)

AP, August 15, 2006

HILLSDALE, Mich. The U-S Department of Defense says a 43-year-old soldier from southern Michigan has died while fighting in Iraq.First Sergeant Aaron Jagger of Hillsdale was one of three Army members killed during a roadside bombing in Ramadi last Wednesday.All three were stationed in Friedberg, Germany.Jagger was in his second tour of duty of the war in Iraq.He also served in Kuwait during Operation Desert Storm and in Bosnia.Jagger is survived by his wife and five daughters.The 1980 graduate of Camden High School joined the military not long after receiving his diploma.Jagger is to be buried in Michigan.

A Suspect Iraqi: Do You Fire? (LAT)

By Julian E. Barnes

The Los Angeles Times, August 15, 2006

RAMADI, Iraq — Pfc. Phillip Busenlehner still thinks about his choice. Unbidden, in quiet moments, it creeps into his head.

The 20-year-old Marine from Birmingham, Ala., was standing guard at a combat outpost in central Ramadi when he saw a man 400 yards away.

ADVERTISEMENT"He was popping around the corner, back and forth, back and forth," Busenlehner remembered. "He was observing the post. But that far back, how much could he really be observing?"

Was he trying to figure out if it was safe to move? Or was he plotting an attack? Hand near the trigger, Busenlehner faced the most difficult choice a soldier or Marine must make in a war: to kill, or not?

With insurgents hiding among ordinary Iraqis, that decision often must be made in a split second. The wrong choice could mean a guerrilla gets a chance to lay a roadside bomb that kills more Americans or Iraqi civilians. Or it could mean an innocent

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Iraqi dies at the hands of Americans and a whole neighborhood turns against U.S. forces, setting back the war effort and putting more insurgents on the street.

Busenlehner, one year into his four-year stint with the Marines, radioed his squad leader. He got permission to shoot. Now, the choice was his.

In another part of the city, near one of the most dangerous intersections in Ramadi — the military calls it "Firecracker" — two squads of Marines gathered in an Iraqi family's living room. The neighborhood had seen some spectacular firefights between insurgents and Americans. It was also a prime area for improvised explosive devices, or IEDs, the roadside bombs that have proved deadly to U.S. troops in Iraq.

The platoon had been visiting families in the area, knocking on doors, trying to collect information and build goodwill, the first step toward trying to take the region back from insurgent domination.

The conversation wound down, but the Marines remained, waiting for other military units to move through the area. The Iraqi homeowner began flipping channels on his television. He settled on an English-language movie with Arabic subtitles. Lt. Ryan Hub, the platoon leader, turned toward the television and groaned. The TV was showing American soldiers pinned down as they were attacked by waves of men with AK-47s and rocket-propelled grenades.

" 'Black Hawk Down,' " said Hub, 25, originally from Calhoun County, S.C. "It's not a good sign, man."

Moments later, Marines on top of the house sent down an urgent message: They had spotted, a few blocks away, two men on another roof that overlooked the Firecracker intersection.

Hub ran upstairs. The Marines' night-vision equipment gave them a clear view of the men. They could be IED triggermen. But the night was hot and many homes in the neighborhood had no power. Families without fuel for their generators stayed cool any way they could. Some chose to sleep on their roofs.

Hub faced a choice.

"It's a difficult decision," Hub said, as his Marines kept watch on the two men. "More than likely if they were to do anything, they would trigger an IED. But there is no way we could confirm that from here. We can't just shoot these two people. And that is one of the problems of urban war."

A poster has been hung at each of the Marine outposts around Ramadi. Titled "Roadmap to Success," the poster outlines the tenets of the fight in Iraq, as the Marine Corps sees them.

"The Iraqi people are not our enemy, but our enemy hides amongst them," the fifth tenet reads.

Below that line, the poster lists two corollaries.

"You have to look at these people as if they are trying to kill you, but you can't treat them that way," one says.

"Be polite, be professional, have a plan to kill everyone you meet," the other says.

Marines in Ramadi sometimes joke that they wish they were fighting in World War II — the Germans at least wore uniforms. Here troops have to look for more subtle clues.

"You can tell a good person from a bad person," said Lance Cpl. Michael Nichols, a 21-year-old member of Kilo Company from Martinsville, Va. "If they are innocent they will cross the alleyway and not look at us."

The toughest calls are the peekers. In Ramadi, soldiers and Marines will see Iraqis peek from behind a building. Are they nervous because they're afraid they could be shot mistakenly? Or are they up to no good? If a Marine waits too long before deciding, the next time the man peeks out from behind the building a rocket may be flying at his guard post.

"This is a thinking-man's job," said Nichols' partner, Lance Cpl. Robert Dean, a 21-year-old from Elkton, Va.

Nichols agreed. "There is no set rule," he said. "You have to have common sense. This place revolves around common sense."

In Ramadi and across Iraq, young men, most of them barely of legal drinking age, are being asked to make what seems to be an impossible decision. The Marines' leaders do not downplay the difficulty. But Capt. Mark Liston, the weapons company commander for the 3rd Battalion, 8th Marine Regiment, said the Marines under him had learned to observe closely and assess quickly.

"The 20-year-old Marine will always amaze you with his ability to put everything in context," Liston said. "It revolves around the bright young man being able to make a decision and accept risk."

The precise guidelines about when to pull the trigger vary across Ramadi, depending on how violent the area is — and depending on which military unit controls the territory.

In downtown Ramadi, where there are few residents and a great deal of insurgent activity, what constitutes hostile intent is different from that in the residential areas where U.S. forces are trying to make people feel safer. It also depends on what the

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company commander sets as his unit's mission. Some are trying to kill insurgents. Others are trying to make residents feel more secure.

Around the Firecracker intersection, Lima Company was trying to win over the residents, so Hub's platoon had to tread carefully.

From where Hub was standing, there was no way to tell if the two men on the other rooftop had hostile intentions. So Hub and his platoon made a plan to move quickly and silently through the streets to try to catch the pair.

The Marines ran toward the house, but when they were less than 200 feet away a dog began to bark. We are given away, Hub thought to himself.

Moments later the platoon burst into the home. Two men were sleeping in the living room. The Marines raced upstairs to the roof. No one was there.

There were no blankets or pillows. No evidence anyone was sleeping. A break in the wall around the rooftop would allow easy access to adjoining buildings. There were escape routes and places to get a good view of vehicles driving through the Firecracker intersection.

Cpl. Thomas Wolabaugh, 22, one of the platoon's squad leaders, developed a theory. There was a four-man team. On the adjoining roof, out of view of the first house the Marines were at, one or two people lay down watching the intersection. On the other roof were the two people spotted by the platoon. Those men were the security element, listening for dogs barking and looking for approaching troops, Wolabaugh said.

Hub nodded. The theory seemed right. But it was only theory. Hub was convinced the men were insurgents. He was also convinced he did the right thing by not having his Marines pull the trigger.

"You are so close," Hub said. "You have everything but the concrete evidence. It is very frustrating."

Each day hundreds of such choices are made in Ramadi. Thousands are made in Iraq.

So what choice did Pfc. Busenlehner make when he saw the man looking at the guard post?

"We had two people standing on post," Busenlehner recalled. "He fired the first time and I fired the second time. Both shots hit. And yes, we got him."

Busenlehner's description was almost clinical, as if he was trying to distance himself from the memory.

"After you get the OK, you try to stop thinking of them as a person and start thinking of them as a target," Busenlehner said. "It makes it easier."

The more experienced members of Busenlehner's company say once the choice is made, Marines have to think that way.

"It is a fundamentally dehumanizing act," said Gunnery Sgt. Preston Lambert, a 38-year-old from Maryvale, Ariz. "And at that moment you pull the trigger, you can't look at the target as a person or you won't do it."

Once the man is killed, Marines are trained not to think about it, to shove it into a corner of their minds. Lambert called it compartmentalizing.

Busenlehner never found out whether the man he shot was an insurgent. Officers in Ramadi think retrieving the bodies of people killed from the outposts is not worth risking the lives of Marines.

As the sun began to set over another, quieter guard post in Ramadi, Busenlehner scanned his section of the city. The ethos of the Corps say Marines do not discuss these life-or-death decisions, except perhaps to joke about them. But with the choices it is impossible not to talk about them, not to think about them.

"You really don't try to think about it," Busenlehner said. "But sometimes it does pop into your head and the moment plays out over and over again."

There was little emotion in his voice, as if indulging his feelings would be dangerous. But the story flowed out of him easily, as if he had been waiting a long time to talk.

Haditha Probe Leaves Marines Wondering (AP)

By Antonio Castaneda

AP, August 15, 2006

A young Marine wonders if his superiors will support him if he shoots at perceived threats. An officer worries that civilians look at his Marines with more suspicion. The proud colonel acknowledges that his Corps has lost stature in the public's eyes.

Allegations that Marines deliberately killed 24 civilians — including women and children — last November in this rebellious city have prompted reactions ranging from shame and anger to disbelief within the Marine Corps.

In this intensely proud service, some say they're being prematurely judged. Others grasp for plausible explanations behind the alleged slaughter.

A Pentagon official said this month that evidence collected in the Nov. 19, 2005 killings supports accusations that U.S. Marines deliberately shot the civilians, including unarmed women and children.

The commander of the 1st Marine Expeditionary Force must eventually endorse the investigation's findings before charges are formally pressed.

Marines don't see themselves as common grunts. Most Marines join their service knowing that America heavily relies on them in ground wars. To some, they are the modern day version of Roman legionnaires, reflected in a famous saying that claims Marines "guard heaven's gates."

If the Haditha allegations are true, it would call into question what Marines consider their strengths: Discipline in the ranks and holding the high moral ground in wartime.

Marines are alleged to have covered up the Haditha killings for weeks. Moreover, the nature of the incident was not discovered internally: The investigation was launched only after Time magazine questioned U.S. commanders about the civilian deaths.

Senior Marine commanders insist the investigation will not damage the Corps irrevocably.

"We're going to come out of this just fine," said Lt. Gen. James Amos, the outgoing commander of the 2nd Marine Expeditionary Force. "I don't know what the investigation is going to say. The truth will come out and the Marine Corps is going to do the right thing. The American people will know the truth."

But on the front lines of the war, grunts and field commanders say the allegations have further complicated a difficult task. About 20,000 Marines are thinly spread out over violent Anbar province, a North Carolina-size area with over a million Sunni Arabs at the forefront of the insurgency.

Cpl. Luis Perez, 22, of Lusby, Md., who is stationed in Ramadi, said the case "kind of makes you want someone higher up to be there to make sure you're completely in the right" when instinct says to fire.

Perez said insurgents in Ramadi had been increasingly firing from mosques to try to "lure us into doing something that we don't want to do."

Commanders in the field have echoed an array of challenges stemming from the Haditha case. Arab television networks have regularly covered the investigation's progress.

"The Iraqi people are going to perceive that everybody does business this way, and that's not the case," said Capt. Andrew Del Gaudio, 30, a New Yorker who leads a company of Marines in Ramadi. "We inherently have a responsibility to apply our craft with humanity ... and to apply a proportionate amount of force to a threat."

Many grunts in the field privately complain that outsiders unfamiliar with the pressures of a counterinsurgency war unfairly condemn the accused men. Some expressed anger at what they considered political attacks directed at the Marines — instead of against policy-makers in Washington.

"Institutionally, it's sad because we've been prejudged by many. Many who have qualms against the (Bush) administration use this," said Col. Juan Ayala, a 26-year veteran of the Marine Corps who now trains the Iraqi army. "You see an institution that you really love taking slaps ... but if guys are guilty of disobeying the law of armed conflict, they should face justice."

U.S. commanders were concerned enough by the investigation's initial findings to order U.S. troops in Iraq to undergo refresher training in "core values," including how to treat Iraq civilians.

"The core values training that we just completed is one of those things that I think we need to do from time to time again just to make sure we understand the complexity of the environment that we are in, and how our training fits, how our values fit into a different culture," said Maj. Gen. Richard C. Zilmer, the top Marine commander in Iraq.

Other changes have been implemented as a result of the investigation. After a Marine spokesman repeatedly defended the accused Marines — reportedly going as far as to accuse a Time magazine reporter of believing al-Qaida propaganda — official statements now undergo greater scrutiny before they are released.

Some Marines privately speculated that the troops under investigation probably unleashed their anger on civilians who likely knew who planted the bomb that killed a young lance corporal, triggering the bloodletting. In most parts of Iraq, civilians stay silent after insurgent attacks, either out of fear or sympathy for militants.

"We are not tasked with doing something simple," said Del Gaudio — just as a suicide car bomb exploded down the street from his base, shattering windows and wounding four soldiers. A few minutes later Del Gaudio continued.

"I've told my Marines since Day One: I will always stand beside any decision they make. ... Anytime they shoot someone I want them to have a clear conscience," he said. "It is too dangerous to foster that type of (second-guessing) environment. It's inherently a relationship of trust with me and my Marines. I trust that we have trained them the right way."

Since the accused battalion in Haditha was on its third tour in Iraq in three years, some have blamed repeated deployments for sparking the killings. Seven Marines and a sailor from another battalion also on its third Iraq tour are accused of unjustifiably killing a man in the western town of Hamdania. Both battalions took part in the storming of Fallujah in Nov. 2004.

But some have pointed out that the senior officer accused of overseeing the alleged killings in Haditha was only in the third month of his first tour in Iraq. Some commanders contend that multiple deployments were likely not a factor in such incidents.

"These guys enlisted after 9/11. And to a man I'd say they wanted to go to war," said Lt. Col. Patrick Looney, who commanded Marines from the 3rd Battalion, 5th Regiment charged in the Hamdania killing. "They knew they were going to war."

Lawmaker Apologizes To Marines For Remarks (WP)

By Josh White

The Washington Post, August 15, 2006

A Republican congressman apologized yesterday to the Marines under investigation in the killings of two dozen civilians in Haditha, Iraq, last November, saying that statements he made about the case were taken out of context and that he did not mean to imply the Marines were guilty of wrongdoing.

Rep. John Kline (R-Minn.) issued the apology as part of an agreement with lawyers for Marine Staff Sgt. Frank D. Wuterich, who alleged that Kline had damaged Wuterich's reputation.

Wuterich, through his lawyers, has denied any wrongdoing in the Haditha case. None of the Marines involved has been charged.

Wuterich took the unusual step earlier this month of filing a federal lawsuit against Rep. John P. Murtha (D-Pa.), alleging that statements Murtha made about the Haditha deaths were libelous. Murtha said after the lawsuit was filed that he did not mean to prejudge Wuterich, but the representative has not responded to a settlement offer that seeks a similar public apology, according to Wuterich's attorneys, Mark S. Zaid and Neal A. Puckett. The lawyers set last Friday as a deadline for Murtha's response.

Wuterich had threatened to sue Kline as well. But Zaid said yesterday that Kline responded to a settlement request within an hour of its arrival Aug. 4. Kline wrote that news outlets used incomplete statements that gave the false impression that he had concluded the Marines broke the law.

"I am, of course, very concerned regarding any allegations surrounding misconduct by U.S. troops in Iraq," Kline wrote in his statement. "Such allegations must be taken seriously, but we should never rush to judgment before all the facts are known and the military criminal justice process is completed."

Kline, a member of the House Armed Services Committee, said he was briefed on Haditha by Marine Brig. Gen. John F. Kelly, the legislative assistant to the Marine commandant. At the time of the briefings, the official investigations were not complete, and Kline emphasized that "conclusions have not been reached."

"As a retired Colonel in the U.S. Marines, I am especially proud of the sacrifices our men and women make day in and day out, especially in combat situations," Kline wrote. "And as a Marine officer, I would never want to publicly insinuate, implicitly or explicitly, that I have prejudged what took place that day on the battlefield or afterwards."

Sunni Speaker Faces Ouster Attempt (AP)

By Qassim Abdul-Zahra, Associated Press Writer

AP, August 15, 2006

Shiite and Kurdish parties are organizing a bid to oust the Sunni parliament speaker whose comments about the insurgency and regional self-rule have angered and embarrassed key political groups.

The ouster of Mahmoud al-Mashhadani, which could be done by a vote when the parliament returns from its summer recess Sept. 1, would be the first major shake-up in the government of national unity that took office last May.

However, it is likely that al-Mashhadani would be replaced by another Sunni Arab if the move against him succeeds.

Shiite and Kurdish parties already have informed al-Mashhadani's Iraqi Accordance Front that they want him replaced, Kurdish politician Mahmoud Othman said.

"The parliament and the major alliances have the right to request a change," Othman said. "The Accordance Front should nominate someone else. There's been an agreement about that."

Key politicians from the Shiite United Iraqi Alliance confirmed Othman's comments, but they spoke on condition of anonymity because they did not want the move to be seen as Shiite-inspired.

Since taking office in May, al-Mashhadani has spoken out against regional self-rule, strongly supported by Shiites and Kurds but opposed by many Sunni Arabs.

He told reporters last month that if the government refused to grant amnesty to Sunni insurgents who killed Americans, "we should punish the American soldiers who killed an Iraqi who fought against occupation."

"In my point of view, the person who killed Americans in defense of his country, in other countries, they would build a statue for him," al-Mashhadani added.

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He also told reporters that "the Jews" were financing acts of violence in Iraq in order to discredit Islamic religious parties that control parliament and the government.

"Some people say, `We saw you beheading, kidnappings and killing. In the end we even started kidnapping women who are our honor,'" al-Mashhadani said. "These acts are not the work of Iraqis. I am sure that he who does this is a Jew and the son of a Jew."

Wael Abdul Latif, spokesman for the secular bloc of former Prime Minister Ayad Allawi, said his group also opposed al-Mashhadani because he "is disrespectful."

"His presence does not help the security situation in Iraq," Abdul Latif said. "He wants to dismiss the will of the people, which has been expressed by the Iraqis through their support to federalism in the constitution."

Salim Abdullah, a member of al-Mashhadani's alliance, said he was aware of displeasure with the speaker and indicated his group would not mount a major fight to retain him in the post.

"The Iraqi street wants stability. I do not support change, but I cannot support him staying if that's going to have a negative effect," he said. "We respect the choices of other alliances, and we are reviewing alternatives."

Speaker Of Iraqi Parliament May Step Down (NYT)

By Edward Wong

The New York Times, August 15, 2006

BAGHDAD, Iraq, Aug. 14 — The speaker of Parliament said Monday that he was considering stepping down because of bitter enmity from Kurdish and Shiite political blocs, revealing the first major crack in Iraq's fragile unity government since it was formed nearly three months ago.

The speaker, Mahmoud al-Mashhadani, is the third-ranking official in Iraq and a conservative Sunni Arab. Shiite and Kurdish legislators have banded together to try to push him out, mainly because he is considered too radical.

Since taking office in late May, Mr. Mashhadani has publicly praised the Sunni insurgency, called the Americans "butchers" and denounced the idea of carving up Iraq into autonomous regions, which the Kurds and some Shiites support.

"Maybe now is the best time for me to withdraw," Mr. Mashhadani said in a telephone interview. "My hand won't be stained as they want it to be stained."

The replacement of Mr. Mashhadani would represent the first upheaval in the new Shiite-led government since it was installed on May 20. In the weeks since, Iraqis have been growing more and more disillusioned with their leaders as sectarian violence has soared and basic services like electricity and water continue to lag. The executive offices and the 275-seat Parliament are split mostly among the major Shiite, Sunni Arab and Kurdish political blocs.

An American military spokesman, Maj. Gen. William B. Caldwell IV, told reporters on Monday that some Shiite militias were receiving weapons from individuals or groups in Iran and undergoing training there.

It is unclear, however, whether the Iranian government is directly involved, he said at a news conference. "We do know that weapons have been provided and I.E.D. technology been made available to these extremist elements," General Caldwell said, using the military's abbreviation for improvised explosive devices, or homemade bombs.

Separately, General Caldwell said 57 Iraqis in southern Baghdad were killed Sunday in a gas main explosion and not by bombs, mortars or rockets, as Iraqi security officials had previously reported. He said an American explosives team came to that conclusion after examining the site on Monday.

The American ambassador, Zalmay Khalilzad, said Friday in an interview at his home that Iran had been encouraging Shiite militias to attack the American-led forces in retaliation for American backing of Israel's military campaign against Hezbollah in Lebanon. Iran, governed by Shiites, supports Hezbollah, the Lebanese Shiite militia.

The Iraqi Parliament's bylaws provide that the speaker can be replaced if an absolute majority of the members — 138 — approve of the ouster. The Parliament is in recess for August, but a Kurdish legislator, Mahmoud Othman, said a special session might be called to vote on Mr. Mashhadani.

The move to replace Mr. Mashhadani could infuriate some Sunni Arabs in the government. But several legislators said in interviews that the main Sunni Arab bloc, the Iraqi Consensus Front, would be allowed to retain the speaker position, provided it found an acceptable replacement. Mr. Mashhadani said he would stay in Parliament even if forced to step down as speaker.

One member of the bloc, Salim Abdullah, said some Sunni legislators were open to nominating another speaker. "This is the time when we need someone to be more active and more acceptable to the political blocs," he said.

Mr. Othman, the Kurdish legislator, said many Kurdish and Shiite politicians believe Mr. Mashhadani's proclamations had been "extreme" and "might endanger the situation."

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During talks over the new government in spring, Mr. Mashhadani was not the first candidate for speaker presented by the Iraqi Consensus Front. The bloc's top candidate, Tariq al-Hashemi, now a vice president, was rejected by the Shiites as being too sectarian. Another Sunni leader, Adnan al-Dulaimi, was also shut out.

Mr. Mashhadani's strong stand against regional autonomy has angered Abdul-Aziz al-Hakim, one of the most powerful Shiite leaders, Mr. Othman said. The Sunni Arabs, who make up a fifth of the population, are generally wary of autonomy because they suspect that the Kurds and the Shiites will hoard oil wealth in their regions. The majority Sunni provinces in Iraq have little oil compared to the Kurdish north or Shiite south.

Mr. Mashhadani has also infuriated American officials. Many took note of a speech he gave July 22 in which he said, "The U.S. occupation is the work of butchers."

That same day, Mr. Mashhadani defended guerrillas who attack Americans, "I personally think whoever kills an American soldier in defense of his country would have a statue built for him in that country."

Days later, when Prime Minister Nuri Kamal al-Maliki visited Washington, Congressional leaders pressed him to chastise or remove Mr. Mashhadani. Ambassador Khalilzad met with Mr. Mashhadani in the ambassador's home last Friday.

At his afternoon news conference in Baghdad, General Caldwell, the military spokesman, said Shiite militias here had received training through a "third element" associated with Iran, but declined to give details.

He added: "We do believe that some Shiite elements have been in Iran, receiving training. But the degree to which this is known and endorsed by the government of Iran is uncertain." The general also said Monday that the military had "made no direct connection with anything involving" Hezbollah yet.

Mr. Khalilzad said in his interview last Friday that mortar and rocket attacks on the fortified Green Zone have surged recently because of Iranian encouragement of the militias, which are splinter groups of the Mahdi Army. He also said Iran could foment more violence as it faces off with the United States and United Nations over its nuclear weapons program at the end of August.

Four Australian soldiers were wounded Monday morning by a rocket attack inside the Green Zone, military officials said.

Sectarian violence continued in Baghdad on Monday. Two car bombs killed at least two people and wounded four others. Another car bomb killed one person and wounded three.

In Kirkuk, gunmen assassinated Sheik Badr Hashim al-Uboudi, a member of a leading Shiite political party. The sheik had spoken out against Kurdish attempts to annex Kirkuk to the autonomous region of Iraqi Kurdistan.

Baghdad's Cinemas Falling Casualty To War (WP)

By Joshua Partlow

The Washington Post, August 15, 2006

BAGHDAD -- He was the libidinous modeling agent afraid of commitment. She was the tango teacher searching for love. But all their heartache was forgotten in the final scene, as he reached for her hand and asked, "Shall we dance?" while the camera slowly pulled away over their festive Egyptian wedding.

"No, no, wasn't very good," Thiah Isan said dismissively, as the lights came on in Baghdad's largest movie theater after the recent matinee showing of "The Ladder and the Snake," an Egyptian film. "It's a story about love -- some boyfriend, meets a girl, she wants to get married, he doesn't."

"I am always lonely," he added.

In the capital of this warring country, where days beat to the percussion of bombings and gunfire and nights are spent locked down under a citywide curfew, Baghdad's remaining moviegoers are all lonely souls. The showing at the cavernous Semiramis cinema, with its 1,800 red velvet seats and two balconies, attracted just 11 people, each of them sitting by themselves.

"People like me are starting to feel ashamed of coming over here. Because of the violent situation, they think you are a carefree person if you go to the cinema in such conditions," said Ali Hussein, 49, a cosmetics wholesaler unemployed since his office burned down six months ago. "But some people feel more secure here than in the cafes and restaurants, which are being blown up."

Most of the city's once-popular movie theaters have shut down for lack of business. Those that remain open save money by replaying the same films. As with art and music and theater in Baghdad, going to movies is a cultural luxury losing out to the daily killing.

"There are more stories worthy to become movies in Iraq than there is oil in this country," said Ziad Turkey, the cinematographer of "Underexposure," Iraq's first post-invasion feature-length film. "But we don't have an audience. All that we have, the movie houses, are merely buildings. They are not theaters."

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At Semiramis, in central Baghdad, moviegoers used to line up off of Sadoun Street to watch one of seven daily films, said an employee who feared to give his name. Now, in addition to the Egyptian movie, there are three choices: Jackie Chan's "Thunderbolt," Jet Li's "Hero" and Wes Craven's Baghdad-appropriate effort "Scream." All were released before the U.S.-led invasion in 2003. The owners can no longer afford to import the latest films.

So the Semiramis shows about 60 old films over and over again. Once open until midnight, it now closes at 2:30 p.m. Only three of its 10 employees still have jobs.

"Now, no one is in the mood even to watch a movie on TV because your mind is busy and tired," said the employee. "In a month or two from now, we will definitely be closed. What else can we do? By the end of the year, there will not be one cinema left in all of Iraq."

Iraq's film industry has languished for years, first under the censorship of President Saddam Hussein, then under the post-Persian Gulf War international embargo that prohibited the importation of moviemaking equipment. The three-year-old war and escalating sectarian violence have taken care of the rest.

"We are aimless, hopeless. Nobody cares about artistic activity. The most important thing is the foolish religious activity, and the activity of killing," said Qasim Sabti, a painter and the owner of the Dialogue Gallery in northern Baghdad, one of the few remaining gathering places for artists, actors and writers. "There is only black now. No colors. Nobody believes in the future."

When actor Basher Al Majed, 44, signed on to the cast of "Ahlaam" to play a haunted former Iraqi soldier who wanders the halls of a Baghdad psychiatric ward and the city's bombed-out streets, he realized he would be risking his life.

"I personally did not sign a contract with the director to be the actor of the movie as much as I signed my own death certificate," he said.

While filming one scene, U.S. helicopters swarmed overhead. Fearing an attack, the crew waived white clothes and wrote on the ground in large letters in English: "We are a film crew," Majed said. Three months into the filming in 2004, the crew was captured by gunmen in Baghdad. The audio technician was shot in the leg, Majed said. The crew spent a week in captivity before being turned over to American soldiers at Baghdad International Airport and was eventually released.

"Ahlaam" was developed in Beirut, edited in London, and has been shown at several film festivals, though never in Iraq. At the Brooklyn International Film Festival this year, Majed won best actor, an accolade he learned about only after looking on the Internet, because he couldn't leave Iraq to attend the festival.

Majed, who spent 12 years as a political prisoner under Hussein, is now a student at Baghdad's College of Fine Arts. He said he has been reading over another Iraqi script but doesn't know if it's possible to film in Baghdad.

"The idea of carrying a cinematographic camera in the flaming streets of Baghdad is considered suicide," he said.

The desolate recreational landscape that Iraqis find themselves navigating affects all artistic endeavors. For many residents, the violence and nightly curfew mean that staying home watching satellite television programs is the safest option. While Hussein fostered an intellectually repressive atmosphere, his government also paid artists salaries to help produce their work, a benefit that has disappeared.

Artist Qasim Sabti, 53, has not held an exhibition at his gallery for more than a year and resorts to selling his work over the Internet to customers outside Iraq.

"There is an Arab proverb: 'Standing water decays fast,' " he said. "And we've started to decay -- the artists have started to live in a very narrow space."

Sabti spoke in the tree-shaded courtyard of his gallery, as other artists drank lemon tea at white plastic tables under slowly twirling ceiling fans. His gallery's proximity to the Turkish Embassy is his only protection, he said.

"We need a special dialogue, a special message, to tell the others what happened here," he said. "By art, by culture, by sport, not by killing. We are not Bedouins in the desert, we are not guards of oil, we are the people of the two rivers."

At another table sat Karim Wasfi, director of the Iraqi National Symphony Orchestra and the son of one of Iraq's most famous movie stars. His orchestra has endured similar hardships: destroyed concert houses, canceled performances, musicians regularly missing rehearsals. But he remains hopeful, and even plans to start a weekly concert series.

"I hate to use arts and culture for a tool, but it is a tool, you know, considering the situation right now. And I want to use that to give a chance, give hope, and somehow participate in the cultivation of refinement of the society," said Wasfi, a cellist educated at the Indiana University School of Music. "People are hungry for it, they are in real need, they are eager to be part of this process. Even by only attending, by participating, by being an audience, by coming and listening to music."

"I know my cello will not probably stop car bombs," he went on. "But I will still think the sound of the cello, and the sound of the orchestra, and the civilized sound of music, could be, should be, stronger than the sound of the car bomb."

Hostage: The Jill Carroll Story - Part 2 (CSM)

By Jill Carroll And Peter Grier

Christian Science Monitor, August 15, 2006

When Jill Carroll was nearly 4 years old, her family held a picnic at Kensington Park, a beach and lake recreation area outside Detroit. At one point, her mother, Mary Beth Carroll, realized that Jill had disappeared.

Mary Beth turned around and saw a strange man walking away, his arms extended as if he were a fork lift. His cargo was Jill, who was lying on her back, screaming and punching.

When Mary Beth caught up to him, the man said he thought the little girl was lost. Only later, after the shock had worn off, did she realize he might have been trying to abduct her daughter.

At least she fought, her mother thought.

Mary Beth Carroll took some comfort from this memory after her daughter was seized in Baghdad. Jill would be terrified, Mary Beth believed. But she would not cower.

Mary Beth, a retired high school teacher, lives in Evanston, Ill. On the morning of Jan. 7, she was in Minneapolis visiting her parents.

Her cellphone rang at 5:30 a.m., rousing her from sleep. A woman from the State Department was on the line. She was sympathetic but direct. "Steel yourself, Mrs. Carroll," she said. "Your daughter has been abducted and her translator killed."

Mary Beth called Jill's twin sister, Katie, and other family members, then quickly showered and dressed.

An hour or so later, Marshall Ingwerson, managing editor of the Monitor, reached her. Calmly, Mary Beth told him that Jill could think on her feet and was probably smarter (with an IQ of 140) than her kidnappers.

Mr. Ingwerson thought Jill's mother was incredibly strong and was trying to comfort him. But she was really trying to comfort herself.

The first day, she thought she'd never sleep again. But she was so on edge that her body became exhausted. Jim Carroll, Jill's father who lives in North Carolina, experienced the same phenomenon. The whole ordeal was grueling, but even on the worst days, sleep came quickly for most of the family.

- P.G.

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I spent my first full day of captivity sitting in a plastic chair in the second-floor bedroom of a house in Baghdad, while the sound of gunfire echoed around me.

I kept thinking, it's just Baghdad, that's the way it is. But the shooting, which had begun the night before, went on all day. Some of it was close.

Around dusk Abu Rasha, the No. 2 in charge and owner of the house, came into the room. He looked exhausted.

"I'm very, very tired, all day I'm fighting with the soldiers," he said. Then he made a ggggg-ggg sound, in imitation of an automatic weapon.

He sat down on the bed and sighed.

"They're right here. They're very near," he said. "Why, Jill? Why are the soldiers here? Why are the soldiers so near here?"

The question was an accusation.

I realized he thought I was somehow telling the US military where I was. For my own safety, I needed to make him see I was very upset by that idea.

"I don't know! I don't know!" I said, my voice rising.

"You don't have a mobile phone?" he said. "Maybe in your hair?"

I ripped off my head scarf and shook my hair loose. This was completely inappropriate behavior that would normally have deeply offended a Muslim man as apparently devout as he, but I was desperate.

His hands went through my hair, checking my scalp for whatever he imagined I might have hidden there. Finally, he was satisfied. He left the room.

I collapsed into the plastic chair and started to cry, silently, afraid he would be angry if he heard me.

But suddenly he returned. He rushed over, grabbed my hand, and knelt next to me.

"I'm so sorry. No, Jill, don't cry. I'm so, so, so sorry," he said, emphatically. "No, no, I'm sorry, I'm sorry. I'm your brother."

He was overwrought. Why should he care if I was upset? He'd kidnapped me, after all.

I knew I had just learned something important, something that might help me get through whatever was to come.

The next day I was told that US and Iraqi soldiers had raided the Um al-Qura Mosque - just a mile from Adnan al-Dulaimi's office.

Much later, I learned that the raid was prompted by a tip from an Iraqi civilian about my location. It was the closest US forces would come to rescuing me over the next three months.

. . .

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In the first minutes of my kidnapping the insurgents, who had seized me and killed Alan, seemed shocked at their success. They didn't appear to have a plan for what to do next.

But in the days that followed, a pattern developed that held throughout my captivity.

I was moved often. They provided me meals that Iraqis would think fit for guests, as well as small luxuries such as expensive toiletries.

Yet I was a prisoner. My captors would unexpectedly explode with bitter accusations that I was a spy, or Jewish, or hiding a homing device. They'd boast about their exploits fighting - and once sharing a meal - with American soldiers while I was in captivity.

In response, my mood would veer wildly. One moment I'd be sure they were going to kill me. The next I'd think they were going to let me go, that it was only a matter of time.

Overall, I just wanted it to be over with, whatever "it" was going to be. I remember being in a hurry to get done with it from the moment it began.

. . .

That first day, they were spooked by how close the soldiers had come to finding me. Abu Rasha said they had to move to the house of Abu Ali, his "brother." I thought he meant his real brother. Later, I realized this was just a reference to a fellow mujahideen.

Abu Rasha packed my stuff for me, but forgot to put in the toothpaste and shampoo they'd given me the night before. I thought, maybe there's a reason he didn't put them in - desperately overanalyzing everything. I asked about them, and he put them in the bag.

Abu Rasha removed my glasses (I'd found the missing lens in the car) and put two black scarves over my head and face so I wouldn't be able to see where they were taking me. Hanging onto his arm, I stumbled blindly out of the house and into a car, trying to suck fresh air through the suffocating layers of black polyester.

After a short drive we switched cars, and I cowered, motionless in the strange, new back seat. Soon I realized that there were children next to me, and men in the front seat.

A cassette blared a recitation of the Koran and every few minutes the nervous men would mutter "Allahu Akbar, Allahu Akbar," as we drove through the darkness.

Then one of them said in Arabic, "What are you? What are you?"

A tiny voice next to me replied, "I'm a mujahid," a holy warrior.

It was a boy - I'd learn that his name was Ismael, and he was 5 years old. Just a child, already indoctrinated.

After some 20 minutes, the car stopped and a woman's gloved hand grasped mine, guiding me out of the car and into a house. My heart was racing; the adrenaline hadn't stopped in 24 hours. Barely a day had passed and I was a broken, quivering, fearful shell.

She lifted the scarves. In a rush of air and light I saw her face, smiling and welcoming in a sitting room lined with cushions. Abu Rasha entered, and the woman flipped down a black scarf on her head, covering all but her eyes.

"This is Um Ali and this is Abu Ali," Abu Rasha told me, smiling. Um is Arabic for mother, Abu is father. But all my captors' names were fake, as each adopted a nom de guerre in my presence.

I looked to the left to a rotund man with a stubbly salt-and-pepper beard and grandfatherly eyes. He was smiling, too, and looked friendly.

"Do you know Abu Ali?" said Abu Rasha. "Do you know him from yesterday?"

"No," I said.

I looked at him again - and then I did know who he was. He was the man that held the gun on Adnan, my driver, during my abduction - the fat guy with the beard.

"Oh no," I thought to myself. This was not OK.

In Afghanistan, Lamenting Refuge For Militants Across Border (NYT)

By Carlotta Gall

The New York Times, August 15, 2006

SHARANA, Afghanistan, Aug. 11 — In the memorial garden at the American military base in this dusty provincial town, the names of four Afghans — a soldier, two policemen and an intelligence officer — were recently added to the list of American soldiers who have died here since 2002.

The names are a sign that Afghan government forces are now bearing more of the burden for security in this eastern province, Paktika.

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But they are also an indicator of how, in the nearly five years since Al Qaeda and the Taliban were chased from Afghanistan, the groups have continued operating from bases just across the border in Pakistan.

While the terrorist scare in London last week provided a fresh reminder to the United States and its allies of the threat from militant groups that have made Pakistan their home, the soldiers here did not need reminding. That threat has been constant, and it has largely frustrated American efforts to rebuild the country and bring peace and stability.

In Paktika itself, there are a few remote places where the Taliban have a foothold. Most of the insurgents filter across the border repeatedly from Pakistan, military commanders here said.

[On Sunday, five soldiers of the Afghan National Army were killed and six wounded in fierce fighting on Paktika's border, the United States-led coalition reported. The clash, with a group of up to 20 insurgents occurred at Bormol, a frequent crossing point for insurgents.]

"The enemy is fighting hard, and we have to fight harder," the commander of the American-led coalition forces in Afghanistan, Lt. Gen. Karl Eikenberry, told a unit of Afghan National Army soldiers on Friday as he toured their new, half-built barracks here.

"Since the fall of the Taliban, things have got better, but they are still hard," he added. "In the next 10 years things will get better, but things will still be hard."

Military and government officials in Afghanistan say they are resigned to the fact that establishing security and defeating the insurgency is going to take years, partly because the insurgents continue to enjoy a refuge in Pakistan's turbulent tribal areas. Pakistani government efforts to combat them have largely failed.

"There is deep concern about the cross-border insurgency among Afghans and the international community," said Samina Ahmed, the director of the International Crisis Group in Pakistan, an independent policy analysis group.

For their part, Afghans see that they still have much left to do, such as setting up and improving government administration in the rural areas and furthering reconstruction and security. But they also want to see more pressure on Pakistan, Ms. Ahmed said.

The issue has created tensions between Afghanistan's president, Hamid Karzai, and Pervez Musharraf, the leader of Pakistan, who accuse each other of not doing more to contain militants in the region.

General Eikenberry would not comment on the cross-border problems because of the political nature of the issue.

During a day visit by helicopter to Sharana, the provincial capital, he pushed the mixed strategy that has been the hallmark of his two years in command in Afghanistan: encouraging American and Afghan soldiers who are doing the fighting and training, while urging Afghan government officials to do a better job in serving their people.

As much the politician as the military commander, he brought a group of Afghan ministers and communications officials with him. He shook hands and chatted with shopkeepers in the bazaar and spoke at the opening of a new government communications department.

"Now there is a cellphone service, you should ask the ministers here for their telephone numbers so that you can call them directly," he told assembled elders during a visit to Sharana, the provincial capital. "But make sure you get the correct telephone numbers."

"In four years the amount of change here is extraordinary," he told them. He promised continued American commitment to bringing security and development to the province, which is one of the most impoverished in Afghanistan.

In an interview afterward, he conceded that one of Paktika Province's 22 districts still remained outside government control, and that Taliban insurgents had the run of remote mountain areas where the rugged terrain and lack of roads have made it virtually impossible for the government to establish a presence.

"Where there are no roads, and no current funding, that is exactly the area where the Taliban is," he said.

The provincial governor, Muhammad Akram Khapalwak, 35, in the job for only five months, said that two months ago things were far more perilous. American military units had been diverted to Helmand, new Afghan army units were rotating in and the police were still weak.

"We suffered a lot of problems two months ago," he told General Eikenberry in a meeting. "Now we are stronger. We are able to attack the Taliban."

There are other provinces in the south where the government's hold remains precarious, General Eikenberry conceded.

Taliban insurgents have swarmed in large numbers into neighboring Ghazni, which lies just three hours from the capital, Kabul, and in the provinces of Helmand, Kandahar and Uruzgan, where newly arrived NATO forces have taken casualties from a stronger-than-expected insurgent force.

"In those hard-to-get-to areas, we need a security presence and then good governance," General Eikenberry said. The money, men and time needed to bring just this one province to order are significant, he said.

"But ask me, 'Is the government of Afghanistan winning?' I'd say 'Yeah, there is steady progress.' "

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Case Shows Terror-War Complications (WSJ)

By Shahid Shah

The Wall Street Journal, August 15, 2006

Pakistan's cooperation in foiling last week's terror plot shows the benefits to the U.S. of good relations with its South Asian ally. But the case of Safdar Sarki shows that such ties also have complications.

Mr. Sarki, a Pakistan-born American citizen, disappeared in Karachi in February, two days before he planned to fly home to El Campo, Texas. For years, Mr. Sarki had been an advocate for Sindhis, the indigenous residents of a southeastern province of Pakistan, who claim they have suffered political and economic discrimination since the 1947 creation of India and Pakistan.

Mr. Sarki, 42 years old, is one of hundreds of political activists who have gone missing in Pakistan over the past decade. The Human Rights Commission of Pakistan, a nongovernmental organization that tracks human-rights issues, says 57 political activists have "disappeared" in the past two years, including prominent figures such as Asif Baladi, a young scholar, and Nawaz Zaunr, a journalist and poet. When asked about the claim of such "disappearances," the spokesman for Pakistan's embassy in Washington said authorities in Pakistan are investigating the cases but have no information on them.

Mr. Sarki's case is different largely because it has drawn the attention of the State Department and some members of Congress. It illustrates a strain that persists as President Bush works to strengthen America's relationship with Pakistan.

Mr. Bush is advocating the spread of democracy around the world, and Pakistan's president, Gen. Pervez Musharraf, who seized power in a coup, is an example of the kind of leader Mr. Bush has criticized. The disappearances of Mr. Sarki and others are an aspect of Islamabad's human-rights record that the Bush administration has termed troubling.

The State Department earlier this year issued a report stating that Gen. Musharraf's "human-rights record was poor, and serious problems remained." The document listed practices such as "arbitrary arrest, and lengthy pretrial detention," as well as "extrajudicial killings, torture, and rape." At the time, Pakistan's foreign ministry rejected the claims and said the report was "unwarranted" and lacked objectivity.

But while Washington periodically highlights such practices, it has tried to balance them -- especially since Sept. 11, 2001 -- against the need for cooperation from Gen. Musharraf in monitoring and battling terrorists, many of whom, as last week's events in the United Kingdom showed, continue to operate in Pakistan.

The U.S. government hasn't made a big issue about the disappearance of a U.S. citizen, but it isn't ignoring the case. Through the spring and summer, the Sarki family has enlisted help on Capitol Hill and at the State Department. Rep. Sheila Jackson Lee, a Texas Democrat and co-chairman of the Congressional Pakistan Caucus, has taken up Mr. Sarki's case, meeting with Pakistan's Ambassador Mahmud Ali Durrani in Washington while her staff has contacted authorities in Pakistan. So far, little information has turned up.

During Mr. Sarki's most recent trip to Pakistan, he had resumed his activism on behalf of Sindhis, with activities including organizing peaceful demonstrations.

His friends and family say they believe Mr. Sarki was abducted by Pakistani law-enforcement officials in response to his protests against the government.

The spokesman for Pakistan's embassy in Washington says Mr. Sarki wasn't abducted by Pakistan authorities and isn't in the custody of the Pakistani government or agencies. The spokesman said authorities are trying to track down what happened and where Mr. Sarki might be.

Mr. Sarki's family and friends say they have little hope of finding the motel owner alive, especially since he was fleeing authorities when he first left Pakistan in 1992. He was charged with crimes in Pakistan twice, though the charges were dismissed. In one case, his vehicle had been used in a 1984 attack on the mayor of Hyderabad in Sindh province. In another, his Karachi apartment was used in a 1990 kidnapping.

A State Department spokesman said recently that U.S. officials have contacted Pakistani authorities for help in locating Mr. Sarki. Officials at the U.S. Consulate in Karachi contacted the local police, while officials from the U.S. Embassy in Islamabad talked to Pakistani authorities in the capital. "We have been in touch with [Pakistani authorities] at numerous times," one U.S. official said. Their response thus far: They don't know what happened to Mr. Sarki.

On the day he was abducted, Mr. Sarki had arranged a meeting at his sister's apartment, where he had been staying about six months, according to Muneer Sarki, a relative who was serving as his driver. Muneer Sarki told family members that before Safdar Sarki's visitor arrived, he left to buy groceries, and when he returned, six vehicles, including two police vehicles, were on the street in front of the apartment. Muneer Sarki says he saw "agency people" beating Mr. Sarki and his guest -- a man whom neither family members nor eyewitnesses recognized.

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In a court appearance this spring in Karachi, authorities denied any involvement. That left the prosecutor in the Sarki disappearance case with little to pursue, especially because both the defense ministry and home ministry submitted statements to the court saying they had no knowledge of Safdar Sarki's disappearance.

Terrorism 'undermining Pakistan' (FT)

By Farhan Bokhari

Financial Times, August 15, 2006

Shaukat Aziz, Pakistan's prime minister, on Monday warned that terrorism threatened to undermine the country and jeopardise its security interests as it works to reverse the legacy of militancy.

His remarks, in a keynote speech marking independence day, appeared to underline the anxieties of officials in Islamabad that Pakistan will suffer from the fact that suspects arrested in connection with the investigation into an alleged attempt to blow up airliners departing from London's Heathrow airport had links to the country.

Pakistan detained at least seven suspected members of the plot, including a British national named Rashid Rauf, who it says had links to al-Qaeda fighters hiding in Afghanistan.

Islamabad has been praised by the UK and the US for its efforts in helping thwart what could have been the worst terrorist attack ever.

But diplomats warned that the arrest of the suspects in Pakistan was a reminder of how the country still needed to cut itself loose from ties to terrorist groups.

"Today the world is engulfed by terrorism. Pakistan is fighting this challenge along with the world community. It is a threat for Pakistan's development and stability," said Mr Aziz.

"We took certain steps to tackle these challenges and got fruitful results," he said in an apparent reference to Pakistan's support for the US-led "war on terror".

Western diplomats said UK-Pakistan joint investigations were continuing over the Heathrow plot and there might be further revelations and more arrests in either of the two countries. So far, Pakistan has only confirmed Mr Rauf's arrest among UK citizens in its custody, but officials say one or two more British nationals may also be in custody. Between seven and 10 Pakistanis are said to be in custody as well.

Pakistani officials on Monday said Mr Rauf's role was central to the plot and his visit to Pakistan might have been to oversee the supply of key information from an al-Qaeda cell based in southern Afghanistan to UK-based accomplices, such as the technical details of the use of explosives use.

Opinion, however, remains divided over the extent to which he was able to successfully deliver information from his sources in Afghanistan to contacts in the UK, including those planning to carry out the attacks.

"The extent to which information actually flowed to the UK end and how much of that was actually used remains an important subject for investigators," said a senior Pakistani official.

"There was enough information found on Rashid Rauf to prompt his arrest and the detentions of others, but the bit by bit account of where we all stood last Thursday and how far these people had progressed, is under investigation."

In a related development, Pakistani officials said they had compiled details of land routes some of the suspects planned to take on their journey to the southern Afghanistan city of Kandahar to meet members of the al-Qaeda cell.

During the planned visits, the suspects intended to go over details of the use of explosives, officials said.

Without revealing the stage at which the arrests took place, the senior Pakistani official said: "These people had not crossed the border yet but their intentions were known to us. They were caught in time before they could enter Afghanistan."

Polio Cases Rise In Afghan South (NYT)

By Abdul Waheed Wafa

The New York Times, August 15, 2006

KABUL, Afghanistan, Aug. 14 — The number of polio cases in Afghanistan has increased substantially in recent months, health officials said Monday. They attributed the rise to growing violence in the south that has hampered vaccination.

Health officials said they had identified at least 25 cases of polio so far this year, compared with 9 in all of 2005; a 26th case is suspected.

Dr. Abdullah Fahim, an adviser to the health minister, said inoculation campaigns across the country since 1995 had brought the annual number of cases into the single digits. The inoculations were conducted during the wars of the 1990's and under the Taliban government, which was ousted in late 2001. Officials had seen the reduction as a sign that polio might be eliminated in Afghanistan.

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The new cases have been concentrated in five southern provinces where heavy fighting between insurgents and Afghan and international forces has prevented twice-yearly vaccination programs. The insurgents have threatened and killed health officials, making movement extremely difficult.

"We are really concerned as we face polio cases again in five provinces," said Dr. Shukrullah Wahidi, director of the polio eradication program at the Ministry of Health. "We had made great achievements since the year 2000, as we had 120 cases at that time.'' Vaccination coverage was 97 percent in 2005, but dropped to 90 percent in 2006, he said.

There have been 30 attacks on health workers in 2005 and 2006, Dr. Fahim said.

CORPORATE SCANDALS:

U.S. Wants Ex-Enron Chief To Pay Lay's Share, Too (NYT)

By Alexei Barrionuevo

The New York Times, August 15, 2006

Federal prosecutors say Jeffrey K. Skilling, the former Enron chief executive, is liable not only for his own ill-gotten gains but also for those of the late Kenneth L. Lay.

In a court filing on Friday in Houston, the government said Mr. Skilling, 52, was liable for the criminal "proceeds attributable to all co-conspirators, indicted or unindicted," including Mr. Lay.

Sean Berkowitz, the director of the Justice Department's Enron Task Force, wrote in the filing that the government had shown a conservative approach by not going after Mr. Skilling for additional forfeiture from the other conspirators.

The government made a request on Friday that Judge Simeon T. Lake III of Federal District Court in Houston enter a $182.8 million judgment against Mr. Skilling, who was convicted in May on 18 counts of fraud and conspiracy and one count of insider trading. Enron, the former energy-trading giant, collapsed into bankruptcy in December 2001.

Legal experts who did not participate in the case agreed that a fellow conspirator could be held liable in a fraud case for the gains earned from the same conspiracy. But some lawyers called the government's request for a money judgment against Mr. Skilling controversial because it was based on racketeering statutes, which were not part of the Enron case against him and Mr. Lay.

"The government is clearly mixing apples and oranges to get to a desired result, which is to punish the defense for strenuously arguing Skilling's case," Joel Androphy, a Houston lawyer specializing in white-collar cases, said.

At issue is the disposal of Mr. Skilling's remaining assets, which are far outweighed by his legal liabilities.

"This is a battle not between Skilling and the government," Mr. Androphy said, "but between the government and Skilling's lawyers as to who has first right to his assets in the United States."

In June, prosecutors first issued their request for a money judgment against the two former chief executives, asking for $139.3 million from Mr. Skilling and $43.5 million from Mr. Lay. Less than a week after the request, on July 5, Mr. Lay died of heart problems while in Colorado. He was 64. He had been scheduled to be sentenced along with Mr. Skilling in October. Both men were expected to receive sentences of at least 15 years in federal prison.

While Mr. Lay's death essentially vacated the guilty verdicts against him, prosecutors say it did nothing to eliminate the criminal proceeds he had generated, as established in the 56-day trial.

Mr. Lay testified that he had been essentially wiped out financially when Enron's stock became worthless. He was struggling to pay his lawyers and faced tens of millions of dollars in civil liability.

Now the government is looking to the deeper pockets of Mr. Skilling. Prosecutors say Mr. Skilling has $55 million in assets, most of it tied up in municipal bonds that are frozen under a government seizure order. Mr. Skilling has argued that much of that money is owed to his lawyers.

In a court filing last month, the Los Angeles law firm that represented Mr. Skilling, O'Melveny & Myers, said that it was still owed more than $30 million in legal fees. Mr. Skilling initially paid the firm $23 million before the trial began in late January.

"They are overreaching, as the string of reversals from the appellate courts confirms," Daniel Petrocelli, Mr. Skilling's lead lawyer at trial, said in an e-mail message, referring to recent decisions to overturn some verdicts in other Enron-related cases.

Before the government could go after Mr. Skilling for Mr. Lay's portion of the criminal proceeds, Judge Lake would have to agree to issue a money judgment. That is already proving controversial in Houston legal circles, since the Federal Court of Appeals for the Fifth Circuit, in New Orleans, has yet to address money judgments in nonracketeering cases.

Mr. Androphy said he thought Judge Lake would issue a money judgment of some kind and leave it to the appeals courts to determine the law in this area.

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Whatever the outcome, Mr. Skilling is “paying the price for electing to go to trial and be convicted, rather than cutting some kind of deal with the government,” said Robert Mintz, a criminal defense lawyer and a former federal prosecutor. “In these fraud cases, if you don’t win an outright acquittal, the government has all kinds of tools at its disposal to go after you and your money.”

Nasdaq Says Monster Not In Compliance (AP)

AP, August 15, 2006

Monster's Delayed Quarterly Statement Puts Company on Nasdaq Non-Compliance List

NEW YORK (AP) -- Monster Worldwide Inc., parent company of jobs site Monster.com, said Monday it was put on notice by the Nasdaq that it was not in compliance with the exchange's listing requirements because of a delay in filing second-quarter financial results.

Monster said it expected the action and that an ongoing internal review into past stock options grants practices is the reason for the delay. The company said it would file its 10-Q quarterly statement with the Securities and Exchange Commission when the investigation is complete.

Monster is also under investigation by the SEC and the Justice Department for its accounting methods in reporting the timing of stock options grants.

The company said it will request a hearing to review the Nasdaq listing issue. Monster shares will continue to trade on the Nasdaq pending the outcome of the hearing.

Shares of Monster closed up 65 cents at $38.79.

HealthSouth Mulls Divesting Divisions (FINDLAW/AP)

By Jay Reeves, Associated Press Writer

AP, August 15, 2006

(AP) - BIRMINGHAM, Ala.-HealthSouth Corp. said Monday it may shed its hallmark rehabilitation business and other segments to focus on post-acute care as it reported declining revenues from a year ago but lower losses.

HealthSouth, which started as an outpatient rehabilitation chain and diversified through a growth period that ended in a huge accounting fraud, said it is considering divesting its outpatient rehabilitation division, its surgery centers and diagnostic division.

The proceeds would be used to pay off debt, and HealthSouth would be left to focus on its inpatient side, which accounted for about 58 percent of its profits for the last quarter.

Second-quarter revenue fell 4 percent to $787.5 million from $818.3 million last year.

The company reported a loss of $51.7 million, or 13 cents per share, from $62.4 million, or 16 cents per share, a year ago. Results for the latest quarter included preferred dividends of $9.2 million.

Analysts surveyed by Thomson Financial expected break-even per share on revenue of $792.2 million.

The company said the improvement resulted from cost controls.

Chief executive Jay Grinney said HealthSouth is considered alternatives including a spinoff or sale of its underperforming divisions. He said HealthSouth will become a "pure play" post-acute company.

"With the aging of our nation's population and the highly fragmented nature of the $125 billion post-acute market, we recognize there are significant growth and consolidation opportunities in the post-acute sector," Grinney said in a statement.

HealthSouth has hired Goldman, Sachs & Co. to assist with the possible divestment, which is expected to take about a year.

Also, the company said it will resubmit to be listed on the New York Stock Exchange, and announced a one-for-five reverse stock split. The company has about 398.2 million outstanding shares that would consolidate into 80 million shares.

The Birmingham-based HealthSouth is struggling to overcome both changes in government reimbursement rules and the lingering effects of a long-running, $2.7 billion accounting fraud.

The report was only the second earnings statement since the company became embroiled in scandal in 2003.

Fifteen former executives pleaded guilty to falsifying financial records, and a 16th was convicted by a jury. HealthSouth founder and longtime CEO Richard Scrushy was ousted, but jurors acquitted him last year on all charges.

Scrushy was subsequently convicted in a government bribery scheme linked to his time at HealthSouth.

Enron Overkill (WSJ)

The Wall Street Journal, August 15, 2006

DOJ_NMG_0048569

The Enron scandal has produced numerous convictions, most of them deserved and a suitable warning to other executives who might want to cook their corporate books. But prosecutors have also made a mistake or two themselves, and now they've been embarrassed with a defeat on appeal that deserves more public attention.

Earlier this month, the Fifth Circuit Court of Appeals overturned the convictions of several Merrill Lynch executives accused of helping Enron inflate its earnings. The case is notable as the only one in which the government had criminally charged Enron's alleged enablers from outside banks or brokerages.

If prosecutors hoped to send a message, they have: To wit, beware of prosecutors bearing overbroad legal theories. At the end of 1999, Merrill Lynch bought an interest in three energy-producing barges from Enron, allowing the energy firm to meet its end-of-year earnings targets. An Enron partnership repurchased the barges from Merrill six months later. Prosecutors claimed that the sale was a sham, that Enron had guaranteed Merrill it would repurchase the barges, and that its only purpose was to allow Enron to artificially lift earnings.

The name for this sort of dealing is securities fraud, assuming prosecutors could prove it. That would have been no easy task, however, since the barge deal netted Enron only a penny or so in extra earnings and a jury might not have found this sum "material." So instead the zealous and creative feds charged the Merrill executives with something else: the deprivation of "honest services."

If this sounds vague, welcome to a debate that has raged among prosecutors, courts and Congress for decades. Sometime last century, prosecutors decided that traditional mail and wire fraud statutes -- already some of the broadest laws on the books -- were too limited. So they began arguing that these statutes also implied a right to expect "honest services" from public servants and employees.

Courts accepted this interpretation until the Supreme Court stopped it in its 1987 McNally decision, noting that the term "honest services" appeared nowhere in the U.S. Code. Congress quickly wrote another "honest services" statute, however, and prosecutors have been using it with fervor ever since.

The problem is that no one is really sure what the phrase means. As a candid Justice Department spokesman put it earlier this year, "Prosecutors can take differing views on what a person's honest services should be. There is prosecutorial discretion." That's great for prosecutors, who can employ the statute to fit virtually any business practice. But it's not so great for business folks who find themselves caught in high-profile scandals in which prosecutors want a scalp. "Honest services" is a catch-all statute that can catch just about anyone.

All of which has led to great confusion in the law, as each appellate circuit has marked out its own definitions. In the Merrill case, the Fifth Circuit chose a narrow reading, finding that the four Merrill executives had in fact provided honest services in Enron's interest. More important, said the court, none of the four had done the barge deal with an eye toward personal gain that would have robbed Enron or its shareholders. The four are now free, albeit after having spent about a year in prison on what now looks like a wrongful charge.

In his concurring opinion, Judge Harold DeMoss slammed Congress for putting the courts in this spot. Because the honest services statute was "undeniably vague and ambiguous," he wrote, "our court, and our sister circuits end up doing precisely what most would say we lack the constitutional power to do, that is, define what constitutes criminal conduct on an ex post facto and ad hoc basis." Judge DeMoss added that the statute is so vague as to be unconstitutional, and that at the very least Congress had a duty to provide the "requisite 'minimal guidelines to govern law enforcement.'" The Judge must be an optimist.

In 1925, Judge Learned Hand called the "conspiracy" charge the "darling of the modern prosecutor's nursery," given how often it was employed. Judging by the growing frequency of "honest service" charges, prosecutors have found a new darling. They have been employed against former Illinois Governor George Ryan, former Connecticut Governor John Rowland, former Congressman Duke Cunningham and lobbyist Jack Abramoff, among others. Some of these defendants were convicted of other charges, but Justice pulled out the "honest services" statute just in case. With Congress unlikely to admit its mistake and define the statute any more precisely, the Supreme Court may have to weigh in again.

Justice's Enron Task Force has a good record overall, bringing solid fraud cases and winning some 30 convictions. In the Merrill case, however, it stretched the law to send a political message -- and has now received a well deserved rebuke.

CRIMINAL LAW:

Rodriguez Trial Opens With Grim Details (MINNST)

By Chuck Haga, Star Tribune

Minneapolis Star Tribune, August 15, 2006

DOJ_NMG_0048570

With a jury finally seated, prosecutors and defense attorneys gave their opening statements in the death-penalty trial of the man accused of brutally killing Dru Sjodin.

FARGO, N.D. - Alfonso Rodriguez Jr. tied Dru Sjodin's arms behind her back, sexually assaulted her, "stabbed her and sliced her throat, leaving Dru to die in a ditch in the rural countryside," a prosecuting attorney told jurors Monday.

In his opening statement in the first capital punishment trial in North Dakota in a century, Assistant U.S. Attorney Keith Reisenauer said that Sjodin's body was nude "from the waist down" when it was found outside Crookston, Minn., five months after the 22-year-old college student from Pequot Lakes, Minn., was abducted on Nov. 22, 2003, from a mall parking lot in Grand Forks, N.D.

Defense attorney Robert Hoy addressed the court's jurisdiction in his opening statement.

He said that federal prosecutors, "in their zeal to become involved in an already highly publicized case," have brought "the wrong charge in the wrong court."

Prosecutors won't be able to prove beyond a reasonable doubt "when Dru Sjodin died, nor will anyone tell you where she was when she died," he said, and jurors must acquit Rodriguez of the federal charge of kidnapping leading to death if they have a reasonable doubt that she died after she was taken across the state line.

Also, the medical examiner who performed the autopsy the day after Sjodin's body was found was "unable to determine the precise cause of death," Hoy said. It is unclear whether she died from asphyxiation from a plastic bag placed over her head and tied with a rope, the stabbing or slashing wounds, or exposure to subfreezing temperatures.

Acquitting Rodriguez would not necessarily set him free, Hoy said, but would "allow the state authorities ... to shoulder their responsibilities."

If tried and convicted on state murder charges, Rodriguez would not face death. Neither North Dakota nor Minnesota has the death penalty.

A jury of 12 plus four alternates -- eight men and eight women -- was sworn in at the start of Monday's proceedings, then given instructions by U.S. District Judge Ralph Erickson.

Rodriguez, 53, has pleaded not guilty. The trial is expected to take five or six weeks.

After the opening statements, the government called its first five witnesses, including Sjodin's college roommate at the University of North Dakota and a Canadian Air Force pilot who was the roommate's boyfriend in November 2003.

The government's case

Reisenauer said that investigators at the Minnesota Bureau of Criminal Apprehension lab in St. Paul searched Rodriguez's vehicle and found traces of blood on the back window, back seat and seat belts, and DNA tests showed a match with Sjodin.

A separate FBI lab analysis of DNA obtained from a hair found on the coat Sjodin was wearing matched Rodriguez's DNA, he said.

The BCA lab also analyzed fibers taken from Rodriguez's car, boots and gloves and found matches to the pink cotton shirt Sjodin was wearing. Wool fibers from her coat were found in Rodriguez's car. Red and fuchsia acrylic fibers from a blanket seized at Rodriguez's home were found inside Rodriguez's car and on Sjodin's pants, which were discovered later some distance from her body.

Reisenauer also previewed testimony about a knife recovered from Rodriguez's car and a matching knife sheath found near Sjodin's car. He said that Sjodin had cuts or bruises on her neck, arms and face, and "slash wounds to the front of her neck caused by a knife drawn across the neck." There also was a knife wound on her right side.

No eyewitness account

Part of the government's case will rest on circumstantial evidence, "certain facts presented to you in a way that you can piece together a puzzle," Reisenauer said. "You're not going to have an eyewitness account of Mr. Rodriguez kidnapping Dru Sjodin. You're not going to have a videotape. That doesn't exist."

But jurors will hear testimony, he said, that puts Rodriguez near the Columbia Mall at the time Sjodin left after working at the mall's Victoria's Secret store and shopping at another store. They will hear how his alibi failed to check out.

The government will show how these two lives fatally intersected, Reisenauer said, when she was interrupted during a cell phone conversation with her boyfriend, Chris Lang, at 5:04 p.m. "As the call ended, something happened abruptly," Reisenauer said. Lang will testify that Sjodin said "something to the effect of 'OK, OK' and the call ended."

Lang, in Minneapolis, tried about eight times to call Sjodin back. At 7:42 p.m., Reisenauer said, Lang's phone rang. He heard no voices, only scratching sounds, static and beeps.

The call came from Sjodin's phone, which was found near her body, Reisenauer said.

He said Sjodin's roommate called police after she learned that Sjodin had not reported for a 9 p.m. shift at the El Roco Lounge in Grand Forks. Police found her car in the mall lot.

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Three days after Sjodin disappeared, Reisenauer said, one of her shoes was found beneath a highway bridge outside Crookston. The other shoe was found near her body, he said.

Sjodin's roommate, Margaret (Meg) Murphy Flategraff, testified Monday that she was able to identify the shoe because "I had been borrowing those shoes from her the previous two weeks."

Flategraff and Danielle Mark -- another friend and sorority sister of Sjodin who testified Monday about steps they took in the first hours of Sjodin's disappearance -- did not look at Rodriguez as they left the courtroom, but each smiled at Sjodin's mother, Linda Walker.

"We gave hugs, said 'Goodbye, see you tomorrow,' " Mark said, testifying about her last conversation with Sjodin, the night before she disappeared.

Sjodin's father, Allan, and other family members also watched Monday's proceedings, as did Rodriguez's mother, Dolores, and his sister, Ileanna Noyes.

Julian White, of Moosejaw, Saskatchewan, who was working in aviation at UND after graduating there and was dating Sjodin's roommate, testified that he talked with Sjodin by phone from Toronto the morning of her disappearance, then returned to Grand Forks that evening. When concern for her grew that night, he drove routes he believed Sjodin would have taken, looking for her car.

"It's part of all of us," White said later outside the courtroom, trying to explain why Sjodin remains such a presence in friends' lives. "She was a bubbly, happy girl," he said. "Everyone loved her."

Federal prosecutors said at the time of Rodriguez's indictment in May 2004 that the crime was premeditated, involved "torture and serious physical abuse," and that Rodriguez "held [Sjodin] for purposes of sexually assaulting her" before killing her "in an especially cruel, heinous and depraved" manner.

Those and other "special findings," spelled out in testimony, will be offered as aggravating factors warranting a penalty of death if he is convicted.

Erickson issued a gag order in June covering all parties, and he sealed many of the 500-plus documents filed by attorneys. He said Monday he will unseal most of the documents now that the jury is sworn, except crime scene and autopsy photographs.

The defense tried earlier but failed to get the government's DNA evidence thrown out. Defense attorneys also tried twice to get the trial moved because of intense community passion about the case. Erickson denied both motions.

Chuck Haga · 612-673-4514

Dru Sjodin's Death Described As Suspect's Trial Opens In North Dakota (STPPP)

By Shannon Prather

The St. Paul Pioneer-Press, August 15, 2006

FARGO, N.D. - The defense attorney for Alfonso Rodriguez all but conceded today that his client probably did cause the death of University of North Dakota student Dru Sjodin nearly three years ago, but that prosecutors can't say how or where she died.

The long-awaited trial for Rodriguez, a convicted level three sex offender, began with opening statements today in U.S. District Court in Fargo. Rodriguez, 53, is facing a federal charge of kidnapping resulting in the death of Sjodin, the 22-year-old university student whose body was found in April 2004 in a ditch near Crookston, Minn.

In his opening statement, Assistant U.S. Attorney Keith Reisenauer said Sjodin was stabbed, bound, and her throat was slashed before she was left to die in a ditch. He said DNA and fibers link Rodriguez to Sjodin's death, but acknowledged there are no witnesses to the kidnapping.

Reisenauer also said Rodriguez' story about his whereabouts during the day of Sjodin's disappearance didn't add up. He had told investigators that he attended a movie that wasn't showing in Grand Forks.

Robert Hoy, the West Fargo attorney representing Rodriguez, said in his opening statements that the Ramsey County Medical Examiner concluded there were three possible causes of Sjodin's death.

One was asphyxiation; a second was slashes to Sjodin's throat, and a third possible cause was exposure to the elements.

Sjodin's body was found with her arms tied behind her, naked from the waist down, and appeared to have a stab wound to her abdomen. The medical examiner also found what appeared to be plastic bag residue around her neck.

Hoy said that if Rodriguez suffocated Sjodin in the Grand Forks parking lot where she was believed to have been abducted, then the federal kidnapping charge for taking the victim across state lines is wrong. The case should be before a state court, and neither North Dakota nor Minnesota has the death penalty.

But in the U.S. attorney's attempt to sidestep state laws, Hoy said the prosecution brought "the wrong charge in the wrong court."

Acquittal would not mean Rodriguez would walk free, Hoy said. It would mean his client would be charged in state court.

Family members for both Sjodin and Rodriguez were in Judge Ralph Erickson's courtroom for the start of the trail. They had been at the court for most of the past three week's for jury selection as well.

While the case is being prosecuted in North Dakota, where Sjodin disappeared, both she and the suspect in her death are from across the Red River of the North in Minnesota. Sjodin was from Pequot Lakes, Minn., and Rodriguez is from Crookston.

Lee Egerstrom can be reached at legerstrom@pioneerpress.com or 651-228-5437.

Trial Begins In Slaying Of N.D. Student (WP/AP)

By Dave Kolpack, The Associated Press

The Washington Post, August 15, 2006

FARGO, N.D. -- A convicted sex offender accused of killing a college student after abducting her from a shopping center went on trial Monday in North Dakota's first death penalty case in more than 100 years.

Alfonso Rodriguez Jr. is charged with kidnapping resulting in the death of 22-year-old University of North Dakota student Dru Sjodin, who disappeared from a Grand Forks mall parking lot in November 2003. He has pleaded not guilty.

A federal prosecutor told jurors in opening statements that Rodriguez stabbed Sjodin, slit her throat and left her to die in a ditch. The defense countered that the case should not be in federal court.

Sjodin's body was found in April 2004, in a ravine near Crookston, Minn., where Rodriguez, 53, was living with his mother.

Prosecutors have said they plan to seek the death penalty if Rodriguez is convicted, making it the first capital punishment case in North Dakota in more than a century. Neither North Dakota nor Minnesota has a state death penalty.

In an indictment, prosecutors have said Rodriguez held Sjodin "for the purpose of sexually assaulting her."

Sjodin died of suffocation, the wound to her neck, or possibly from exposure to the weather, said Assistant U.S. Attorney Keith Reisenauer. He said blood in Rodriguez's car matched Sjodin's DNA, and hair on her coat matched Rodriguez's DNA.

Defense attorney Robert Hoy, in his brief opening statement, did not say Rodriguez is innocent. But he argued that the case should be in state court, not federal court, and that Sjodin died near the Grand Forks parking lot where she disappeared and not in Minnesota.

"Despite all you've heard about this case, it's the wrong charge in the wrong court," Hoy said. Prosecutors, he said, cannot prove "when she died, where she died, or the precise cause of her death."

It took several weeks for a jury to be selected. U.S. District Judge Ralph Erickson warned jurors not to discuss the case outside the courtroom.

In the three years since Sjodin's kidnapping, both Minnesota and North Dakota have made major changes in the way they handle sexual predators, keeping more of them locked up longer and supervising them more closely after they get out.

Ex-GOP State Staffer Challenges FBI Report (MANUL)

By John Distaso, Senior Political Reporter

Manchester Union-Leader, August 15, 2006

A former state Republican Party staffer disputes an FBI report that he may have known about an election day 2002 Republican phone-jamming scheme before it occurred.

Kevin Blier said an FBI report quoted by the New Hampshire Union Leader is incorrect. He said former state party executive director Charles McGee told him about the phone jam on election night, after the scheme had been put into operation and then halted about 90 minutes later "" not before, as the report stated.

The FBI report on its agent's December 2003 interview with McGee was filed in Hillsborough County Superior Court earlier this month in the state Democratic Party's civil suit against the state Republican Party over the phone-jamming incident.

Several FBI interviews were included as an appendices to a motion by state Democratic Party attorney Paul Twomey asking a judge to unseal documents related to an internal state Republican Party probe of the phone jam.

According to the FBI report on its interview with McGee on Dec. 12, 2003, McGee said that after he came up with the idea of blocking Democratic get-out-the-vote lines, "he may have talked with confidants," including Blier, "and (McGee) said he wondered if this was something he could make happen."

In a second passage, the FBI reports, "McGee believes he told" Blier and other staffers "about the idea" before election day.

Blier said yesterday that after reading the Union Leader's initial report on the filing last Friday, he became concerned.

"The inference that I knew about the phone-jamming ahead of time is dead wrong," said Blier, who was the party's paid Rockingham County staff coordinator in 2002. "I deeply resent the insinuation. I knew about it on election night. I knew about it after it had occurred."

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Blier said while it is possible that McGee may have been mistaken in what he told the FBI, "I believe the FBI made a mistake in how they reported it.

"The FBI never interviewed me," said Blier. "I know that a lot of people were interviewed or testified, but I was never interviewed or never testified. I knew about it on election night, when Chuck (McGee) told me what had happened."

Blier said state Democratic Party chair Kathy Sullivan, by having court motions filed, "is just trying to get as much mileage as possible from this. Chuck has been remorseful and has apologized and served time in federal prison. There are some people who need to just let this thing go.

"This has been blown way out of proportion," Blier said.

"It's nothing more than a high school prank gone bad. Nobody was denied their right to vote. What other excuse will Kathy Sullivan make for her losses on election day 2002?"

But Sullivan said yesterday that McGee's FBI report shows that phone jam "goes from being the work of one rogue employee to having a number of people with prior knowledge."

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Former SOCom Colonel Gets 15 Months (SPT)

By Carrie Weimar

St. Petersburg Times, August 15, 2006

TAMPA -- Tom Spellissy must serve 15 months in prison for a conspiracy involving government contracts at Special Operations Command, a federal judge ruled Monday.

U.S. District Judge James Whittemore, who last month threw out the bulk of the case against Spellissy, appeared to struggle with the decision. He weighed his options for more than an hour and frequently noted Spellissy's sterling character and 29-year military career.

Whittemore also noted Spellissy's wife was recently diagnosed with ovarian cancer and he has two young children.

But in the end, Whittemore said he had no choice but to sentence Spellissy to prison.

"Probation is simply not appropriate for this kind of offense."

Spellissy was accused by prosecutors last year of paying $4,500 in bribes to William Burke, a private contractor at SOCom, which has its headquarters at MacDill Air Force Base.

A jury found Spellissy guilty of one count of conspiracy, two counts of bribery and two counts of wire fraud.

In July, Whittemore dismissed the charges of bribery and ordered a new trial on the wire fraud charges.

Spellissy faced a maximum penalty of two years in prison for the conspiracy charge.

At the urging of his lawyer, Pat Doherty, Spellissy will not have to begin his prison sentence until an appeal is completed.

Former SOCOM Official Gets 15-Month Prison Term (TAMPTRIB)

By Richard Lardner, The Tampa Tribune

Tampa Tribune, August 15, 2006

A former U.S. Special Operations Command official was sentenced Monday to 15 months in prison and fined $125,000 for his role in a conspiracy scheme.

Tom Spellissy, a retired Army colonel who once headed one of SOCOMâ€™s most important offices, remains free pending an appeal.

The punishment was imposed by U.S. District Judge James Whittemore, who could have sent Spellissy to jail for two years based upon the sentencing guidelines prepared for the case.

Whittemore cited Spellissyâ€™s 25-year military career and service to community as key factors in the decision to impose a lighter sentence.

â€œThe characteristics of this defendant are extraordinary,â€ Whittemore said. â€œThe public is not in need of protection from Tom Spellissy.â€

Before Whittemore ruled, Spellissy addressed the court. He said he did nothing wrong and the governmentâ€™s case against him was based on a series of â€œlies.â€

â€œOne day Iâ€™m an unsung hero and the next Iâ€™m a criminal,â€ Spellissy said. â€œTheyâ€™ve killed me.â€

Retired Army Officer Sentenced In Military Contractor Bribery Case (AP)

AP, August 15, 2006

TAMPA, Fla. -- A retired U.S. Army colonel and military contractor was sentenced to 15 months in prison Monday for his role in what prosecutors described as a bribery conspiracy at Special Operations Command.

DOJ_NMG_0048574

Tom Spellissy, a 1979 West Point graduate, must also spend two years under supervised release and pay a $4,000 fine for conspiracy to defraud the United States, a federal judge said. His company, Strategic Defense International, was fined $125,000.

"One day I'm an unsung hero and the next I'm a criminal," Spellissy said after the sentencing, according to the Tampa Tribune. "They've killed me."

Ken McGraw, a spokesman for Special Operations Command at MacDill Air Force Base in Tampa, said in an e-mail that it would not be appropriate to comment on the court proceedings.

"An internal review determined USSOCOM is in full compliance with all Department of Defense and Federal acquisition directives and guidelines," McGraw wrote. "SOCOM began a review of the contacts that fell under Mr. Spellissy's purview months ago and we are continuing that review based upon additional information provided by the U.S. Attorney's Office."

Last month, U.S. District Judge James Whittemore threw out a jury's conviction of 49-year-old Spellissy on bribery and wire fraud charges, noting in his ruling that "a serious miscarriage of justice may have occurred in this case."

Prosecutors are appealing the decision.

Whittemore imposed a lighter sentence because of Spellissy's military service.

"The characteristics of this defendant are extraordinary," Whittemore said. "The public is not in need of protection from Tom Spellissy."

Spellissy was indicted by a federal grand jury in November on charges of bribery, conspiracy and wire fraud. In late 2004 and early 2005, prosecutors said Spellissy paid $4,500 to William E. Burke, 49, of Odessa, Fla., a contractor who used his position at the command to favor Spellissy's clients, prosecutors said.

Burke pleaded guilty to bribery in a plea deal in October. He agreed to cooperate with federal investigators and identify associates in the scheme. But in testimony at Spellissy's trial, Burke insisted he and Spellissy did nothing illegal.

Moss Point Alderman Arrested On 13-count Federal Indictment (BSH)

Biloxi Sun Herald, August 15, 2006

JACKSON, Miss. - Moss Point Alderman Alfred Bodden is set to make an initial court appearance Tuesday after being arrested on a 13-count federal indictment that includes bank fraud, the FBI says.

Bodden was being held late Monday at the Harrison County Jail, hours after being arrested without incident at his home, said FBI spokeswoman Deborah Madden. The arrest took place about 3:45 p.m.

A man who answered the telephone at Bodden's home Monday night would not comment on the arrest and would not identify himself.

Bodden, until recently, owned a car dealership called Al Bodden's Super Center, Madden said.

Bodden is set to appear at 10 a.m. before Chief U.S. Magistrate John M. Roper in Gulfport.

The indictment also included a charge of tampering with a witness, the FBI said.

FBI, District Probe School Credit Card Use (FWST)

By Julia Glick

The Fort Worth Star-Telegram, August 15, 2006

DALLAS - The FBI and the Dallas school district are investigating whether district employees abused official credit cards by spending taxpayer dollars on questionable purchases such as an iPod and a subscription to an online dating service.

The investigations began after reports about the spending by The Dallas Morning News, and they come at a time when many teachers in the struggling school system have complained about having to pay out of pocket for paper, printer cartridges and field trips.

The nation's 13th-largest district has discontinued its credit card program and hired two former federal prosecutors to look into misuse of the cards intended for the purchase of school supplies and equipment.

The newspaper estimated $6 million spent over the past few years on dubious purchases that break purchasing contracts and violate state procurement laws.

Officials say they hope to flush out corrupt employees, recoup lost money and restore taxpayers' faith in a district with a history of scandal.

"We want a wholesale change of culture," said school board trustee Edwin Flores.

Dallas isn't alone in problems with the cards, known as procurement cards or P-cards. Scandals have surfaced from Oregon to New Jersey when districts and local governments use the cards, which are easy to use but often hard to monitor.

"It isn't some lone guy with a green eyeshade anymore who decides where the money goes," said Michael Johnston, a political science professor at Colgate University and an expert in political corruption. "Instead, it is each person with a card in a restaurant or a store deciding whether to spend taxpayer money."

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The Dallas district began its credit-card program in 1999 to streamline and cut costs. It eventually grew to about 1,200 cards in a district with about 20,000 employees and more than 160,000 students.

The Dallas Morning News examined records from the last 2 1/2 years and found the spending on the cards averaged $20 million a year.

A tiny supervisory staff paid out the stacks of charges, averaging $1.5 million each month. They seldom questioned expenses or asked for receipts from stores including Target, Best Buy, Wal-Mart, Bath and Body Works, The Sharper Image and even a military base supply store, the investigation found.

One teacher justified his purchase of a $399 iPod on Christmas Eve, saying he bought it to reward his best-behaved student. But then students behaved so poorly that he kept the iPod, bringing it to class for study breaks, he told the newspaper.

After the newspaper's reports, Superintendent Michael Hinojosa ended the program, suspended three employees and launched an investigation, promising the results would be turned over to law enforcement. Soon after, the FBI - already investigating corruption in the district - subpoenaed documents on the credit cards.

"Dr. Hinojosa has been very clear that there are no sacred cows," said Madeleine Johnson, one of two former federal prosecutors hired July 18 by the district. "This investigation is going to be done of anybody and everybody who might have been involved."

The district has declined to comment on specifics in the case, saying it doesn't discuss ongoing investigations.

The district has been hit by scandal before. Dallas has gone through eight superintendents in less than 10 years. In 1998, former Superintendent Yvonne Gonzalez was imprisoned for embezzling school funds to buy bedroom furniture.

"Teachers are outraged and angry that a few people have once again given the district a bad name," said Aimee Bolender, president of the Dallas Alliance/AFT teacher's union. "They are also irritated because most people had been properly using the procurement cards, and now it is going to be unnecessarily convoluted and difficult to get supplies for the classroom."

Hinojosa took over in April 2005, and four new trustees have joined the nine-member school board since.

Flores, elected trustee in May 2005, said trustees knew nothing about the credit card abuse but that the investigation is a great opportunity to clean house.

"Instead of having to root people out little by little, these people have just handed themselves to us on a platter, saying, 'Here we are, come get us,'" Flores said.

Outside expert and fraud investigator Randall Wilson, a partner and national director for RGL Forensic Accountants and Consultants, said such credit card abuse is common. Employees steal for a variety of reasons and often believe they won't get caught, he said.

Cards and cell phone present challenges to monitor, because instead of asking permission beforehand, workers are empowered to spend money and explain it later, if at all.

"It makes the accounting easier, facilitates transactions and it reduces paperwork, but there is always those out there who are going to take advantage," Wilson said. "It takes a lot of effort, a good control system and it takes a whole new mind-set to prevent fraud."

Jury Selection Begins In 3rd Gotti Trial (WP/AP)

By Larry Neumeister, The Associated Press

The Washington Post, August 15, 2006

NEW YORK -- Jury selection began Monday in the third racketeering trial in a year of John "Junior" Gotti, who said he was thrilled at the birth of his sixth child over the weekend.

Gotti, 42, speaking to reporters outside court, said his fourth son, Joseph John Gotti, weighed in at 9 pounds and was 22 inches long. He said it was the first time he had witnessed a birth.

During the trial in U.S. District Court in Manhattan, prosecutors again will try to prove Gotti ordered two 1992 attacks on Guardian Angels founder Curtis Sliwa.

Gotti has said he did not order a baseball bat attack and a shooting of Sliwa, a radio talk show host, and cannot be held responsible for extortions and other crimes the government claims occurred while he led the Gambino crime family in the 1990s.

Sliwa was targeted in retaliation for on-air attacks against Gotti's father, John Gotti, prosecutors say. He has recovered from severe injuries and resumed his criticism of the Gotti family.

Defense lawyers have argued Gotti quit the mob before pleading guilty in 1999 to other racketeering charges, and two juries have deadlocked on the latest charges against him.

The government has added new charges alleging Gotti has continued to benefit from money earned illegally by collecting rents on properties. A witness tampering charge also has been added.

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Prospective jurors answered questions from Judge Shira Scheindlin meant to ensure they could be objective regardless of what they might have heard about the Gottis.

The first potential juror was dismissed after she confessed she had heard Gotti was in the mob and said, "I don't want to know him."

"The guy seems scary," she said.

Another woman was dismissed after she said she was biased because she believed her cousin was killed by the mob.

Opening statements could occur as early as Thursday. If convicted, Gotti could face up to 30 years in prison. His father died in 2002 in prison, where he was serving a life sentence for racketeering.

Gotti Goes Gaga Over His Brand New Junior (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 15, 2006

John A. (Junior) Gotti was thinking more about his newest bambino yesterday than the latest trial over his Gambino lifestyle.

As potential jurors were being selected to hear his upcoming racketeering conspiracy case, the 42-year-old mob scion was focused on his 9-pound, 22-inch-long son.

"That's all I could think about all day," said a beaming Gotti during a break from the Manhattan Federal Court proceedings.

Joseph John Gotti arrived early Saturday morning with his father present to witness the delivery.

Gotti said he didn't know he was going to have a son because his wife, Kim, hinted it was going to be a girl - even picking the name Giovanna to fuel the ruse.

"It was a surprise to me," Gotti said. "I got ambushed ... I didn't want to know. I'm old school."

The baby takes the first name of Kim Gotti's father and is the couple's sixth child, and fourth son.

"I'm thrilled," Junior Gotti said.

Mother and son remained in an undisclosed hospital yesterday, but Gotti said they should soon be headed to the family's $1.3 million Oyster Bay Cove, L.I., home.

As Gotti looked forward to changing diapers, a pool of 17 would-be jurors were selected for his upcoming trial - his third after jurors deadlocked in two previous courtroom battles.

Among the charges Gotti faces is that he ordered a hit on Curtis Sliwa, a radio host and Guardian Angels' founder.

Among the jurors making the first cut were a convicted drug dealer, a pharmaceutical executive who ignored a judge's order to avoid news stories about the case, and a woman who got noticed for not being too smart.

"She didn't strike me as too, too bright," Manhattan Federal Judge Shira Scheindlin said.

But the judge seemed impressed with the pharmaceutical chief who defied her order to avoid stories about the upcoming trial.

"Curiosity got the better of me," said the juror, who confessed he had read articles about the case after Scheindlin issued her news blackout order last week.

Gotti's attorneys wanted the man excused, but Scheindlin allowed him to stay.

"He was a very smart, thoughtful guy," Scheindlin said. "This guy was right on top of the case."

The judge hopes to have a pool of 40 potential jurors, which will be whittled down to a panel of 16, including four alternates.

HEAT'S ON MOB COP (NYPOST)

By Zach Haberman

The New York Post, August 15, 2006

EXCLUSIVE

Mob cop Louis Eppolito is having a tough time keeping his cool in prison.

The ex-NYPD detective, who is overweight and has a bad heart, took another shot yesterday at getting out of his prison cell in a Brooklyn lock-up that he shares with former partner Stephen Caracappa after the last heat wave knocked him out cold.

But a judge said fat chance.

"During the recent hot weather, Mr. Eppolito fainted in his cell, hitting his hip on the toilet and his head on the concrete floor," his lawyer, Joseph Bondy, wrote Brooklyn federal Judge Jack Weinstein. "He was unconscious several seconds."

Bondy asked Weinstein to reconsider granting Eppolito bail so he can be properly treated and mentally prepared for his appeal.

The prison is air conditioned.

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Eppolito, 58, and Caracappa, 64, were convicted in April of being paid Mafia moles and hit men, but Weinstein overturned the verdict on a technicality and ordered the pair to be retried on less serious charges of selling drugs in Las Vegas.

Despite nixing the conviction, Weinstein said the evidence presented at their trial strongly implied the pair helped commit a slew of gangland rubouts, and he refused to free them on bail.

Bondy wants his client sprung from the Metropolitan Detention Center and given house arrest.

But Weinstein said fuhgeddaboutit.

The judge sent Bondy a fax within minutes of receiving his letter stating that he will not hear any arguments on bail.

zach.haberman@nypost.com

Hooks Says He'll Quit Commission (MCA)

By Michael Erskine

Memphis Commercial Appeal, August 15, 2006

Doesn't want trial to cloud last days of term

When Michael Hooks Sr. goes to trial next week for his alleged role in the Tennessee Waltz scandal, he'll no longer be a Shelby County Commissioner.

Hooks announced he's resigning from his elected post -- Monday at 12:01 a.m. -- the morning his trial is set to begin.

Hooks' term would have officially ended Aug. 31, along with those of seven other commissioners who are not returning to the body.

Hooks was charged a year ago with taking $24,200 in bribes to use his influence to obtain a county government contract for a bogus FBI company.

The Tennessee Waltz public-corruption investigation has resulted in the indictments of 12 current or former public officials or their aides. Hooks Sr.'s son, former city school board member Michael Hooks Jr., is among those charged.

Hooks Sr. made his announcement Monday at the tail end of the commission meeting, saying it would be his last.

Hooks said he doesn't want publicity from his upcoming criminal trial to be a distraction when the other outgoing commissioners celebrate their last day on the job at the Aug. 28 session.

"It should be a day of joy. It should be a day where you pass along accolades. It shouldn't be clouded by me being in the middle of a trial," Hooks said.

Hooks asked for no tributes from his fellow commissioners and slipped out the back door at the end of the meeting. He refused to answer questions from a reporter as he entered his car.

Hooks' longtime commission colleague and friend Walter Bailey said after the meeting he thought Hooks exercised "good discretion" by resigning early.

"He was trying to spare us the embarrassment of his process tainting us or being a cloud over the commission," Bailey said.

"And I think that was the honorable thing for him to do."

Lincoln Man Gets 30 Years For Child Porn (BLOOMPAN)

By Connie Seastedt

Bloomington (IL) Pantograph, August 15, 2006

SPRINGFIELD -- A 58-year-old Lincoln man was sentenced Monday to serve 30 years in federal prison for making and possessing child pornography.

Howard D. Pinkley was sentenced Monday after pleading guilty on Jan. 30 to producing and possessing child pornography.

He was charged after law enforcement agents were notified in November 2005 of pornographic photos of an unidentified child that were developed at a Wal-Mart processing facility in Crawfordsville, Ind.

Pinkley admitted that from November 2003 through November 10, 2004, he enticed a minor to engage in sexually explicit conduct to produce child pornography, and that he possessed books, videotapes, computer images and other materials containing child pornography.

Rodger A. Heaton, U.S. attorney for the Central District of Illinois, said: "The Department of Justice has made protection of children one of its highest priorities through the Project Safe Childhood initiative. Todayâ€™s 30-year sentence is a testament to our unwavering commitment to punish and remove child predators from society for as long as the law allows."

U.S. District Judge Jeanne E. Scott scheduled a hearing on Sept. 18 to determine final restitution to be paid by Pinkley to victims of the offenses.

Following Mondayâ€™s hearing, Pinkley was remanded to the custody of the U.S. Marshals Service.

Man Admits Threatening To Murder Federal Judge (LAW)

By Tom Perrotta, New York Law Journal

New York Law Journal, August 15, 2006

A Queens man admitted Friday that he threatened to kill a federal judge and use a bomb to blow up the federal courthouse in Brooklyn.

The defendant, Wazir Khan, 20, has been held since his arrest in April 2005, less than a month after Eastern District Judge Raymond Dearie received several threats via letter and telephone.

Khan pleaded to knowingly and willfully making a threat, via a phone, to harm a federal judge and destroy a building, in violation of 18 U.S.C. §844(e) and 3551.

He faces between 57 and 71 months in prison, according to the calculations of federal prosecutors, and a fine of up to $250,000.

Magistrate Judge Steven M. Gold, who took Khan's plea, scheduled sentencing for October before Judge I. Leo Glasser.

Khan, a U.S. citizen, sent anonymous letters and made several phone calls to the chambers of Judge Dearie, beginning in late March 2005. He said the judge would be killed "just like Atlanta" -- a reference to the 2005 shooting death of a state court judge by a man on trial for rape -- and that he had smuggled a gun into the courthouse and placed a bomb on the sixth floor, the former home of Dearie's courtroom.

The threats alarmed judges and Eastern District staff. Security was increased and federal marshals placed a metal detector outside the door to Judge Dearie's courtroom.

Though Khan has never said why he threatened the judge, his attorney, Vincent F. Siccardi, on Friday acknowledged that Khan was upset over the prosecution of his mother for credit card fraud.

The woman, Bibi Asgar, pleaded guilty before Judge Dearie the Monday before Khan was arrested (the judge later recused himself from her case). She has yet to be sentenced and is awaiting a psychiatric examination. Asgar has one other son, a 3-year-old who has a disability, said Siccardi, who does not represent the mother.

On Friday, Khan spoke little but firmly, at times battling a cough that he said was caused by asthma. His grandmother watched as he listened to Magistrate Judge Gold accept his plea.

Khan told Gold that he was standing outside his home in Queens when he made at least one of the calls.

"I bought a phone and called the courthouse to intimidate Judge Dearie," he said.

Assistant U.S. Attorney Colleen Kavanagh said Khan also called the 911 emergency operator.

Khan made no attempt to carry out his threats, nor was there any indication he was capable of carrying them out.

Gold told Khan that he could face up to 10 years in prison under federal law, no matter what prosecutors had suggested he should receive according to the sentencing guidelines.

Siccardi, speaking outside the courthouse, said Khan would argue that his guideline sentence, as interpreted by the government, was high. He said he also would ask for a downward departure.

Judge Orders Voice Samples Of Three Charged In Coke Secrets Case (FINDLAW/AP)

By Harry R. Weber, Ap Business Writer

AP, August 15, 2006

(AP) - ATLANTA-A judge on Monday ordered three people charged in the theft of trade secrets from The Coca-Cola Co. to turn over voice samples to allow the government to try to match them to recorded telephone conversations that are part of the investigation.

Defense lawyers for the defendants did not object to the prosecution request during a brief hearing in federal court in Atlanta.

U.S. Magistrate Judge Gerrilyn G. Brill said arrangements will be made for former Coke secretary Joya Williams and co-defendants Ibrahim Dimson and Edmund Duhaney to provide the voice samples. The three were not in court for the hearing.

Also Monday, a prosecutor indicated that statements the three defendants made to investigators after their July 5 arrest will be used against them at trial. Defense lawyers are seeking to suppress the statements. No trial date has been set.

Williams, Dimson and Duhaney were indicted July 11 on a federal conspiracy charge that accuses them of stealing new product samples and confidential documents from Coke and trying to sell them to Purchase, New York-based PepsiCo Inc. The three have pleaded not guilty.

The government says it has numerous digital recordings of conversations between the defendants. In the majority of the telephone calls recorded, the speakers do not identify themselves by their true and full name, which is why the government says it needs samples of the suspects' voices for comparison.

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The alleged crime was foiled after Pepsi turned over to Coca-Cola a May letter Pepsi had received from a man the FBI later identified as Dimson, offering to sell Coke trade secrets to "the highest bidder," the indictment says.

The prosecution says a box containing two undisclosed Coca-Cola product samples and other confidential company documents were found in Duhaney's home during a search on July 5, the day all three were arrested and the same day a $1.5 million (â,¬1.2 million) transaction was to occur.

Coke has declined to say what product or products the samples relate to.

Williams, who has since been fired as an administrative assistant for Coke's global brand director at its Atlanta headquarters, allegedly took the information from the company and gave it to Dimson and Duhaney.

Williams' lawyer, Janice Singer, filed a motion Friday asking a federal judge to suppress evidence seized from her client's Norcross, Georgia, home, alleging that FBI agents provided insufficient probable cause in obtaining a warrant to search the home.

An inventory of items seized from the home July 5 shows agents removed Coca-Cola and Fanta documents and Coca-Cola memos and e-mail. Agents also removed a $1,291 (â,¬1,015) check made payable to a "Javier F. Sanchez." The name of Williams' former boss at Coke is Javier Sanchez Lamelas. It's not clear if the two are one and the same, and Coke officials and a spokesman for the U.S. Attorney's Office have declined to say.

On the Net:

The Coca-Cola Co.: http://www.coca-cola.com

Bank Heists Linked To Teens Catch FBI's Eye (USAT)

By Sharon Coolidge

USA Today, August 15, 2006

CINCINNATI — A Lima, Ohio, bank robber might have escaped if not for one major clue left in the getaway car: her book bag.

The 15-year-old girl is one of the youngest bank robbers in the country. Teenagers, especially teenage girls, demanding money from bank tellers remain rare, but are not unheard of.

A 17-year-old Bloomington, Ind., girl is accused in a July 8 bank robbery, and a 17-year-old Nashville boy was arrested in March and charged with robbing a bank. The FBI is not ready to say there is a national pattern of teens robbing banks, but it is watching.

“We're looking to see if it's isolated or if it's an emerging trend,” said Jennifer Leonard, a supervisor in Washington, D.C., in the FBI's violent crimes unit. “We asked each field office to look at this.”

The FBI recently sent a memo to bank robbery coordinators alerting them to reports of teen robbers. The agency has no recent statistics broken down by age.

Harry Trombitas, an FBI coordinator in Cincinnati, said he couldn't remember a female teen being involved in an Ohio bank robbery. “I've been in the bureau 23 years, this is very unusual,” he said.

When the Lima teen is sentenced Aug. 28 for aggravated robbery, she won't be headed to a juvenile prison. A Hamilton County magistrate decided Monday that she will get mental health care. USA TODAY does not usually identify minors charged with crimes.

The Feb. 22 robbery of the Top Mark Federal Credit Union seemed like a typical heist. Bank employees reported that two masked men walked in at 10 a.m., one with a gun, demanding money. Authorities now realize one of those men was actually a teenage girl. Books inside a backpack in the suspects' car led investigators to the girl, a high school freshman. The girl told them about the bank robbery.

The teen, the adult who entered the bank with her, and their adult driver headed to Chicago with their $5,000 booty, and spent it on drugs and shopping, Lima Detective Kent Miller said.

Local Gang Members Are Off To Prison (GAINT)

Gainesville (GA) Times, August 15, 2006

The sentencing of members of a Gainesville gang Friday in federal court set a precedent in the war against gang violence in Northeast Georgia, prosecutors and law enforcement officials said.

A total of more than 40 years in prison was handed out to former members of the criminal street gang KES or "Killing Every Spot" by U.S. District Judge Richard W. Story.

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"The KES gang was a menace to Gainesville and the entire Hall County area," U.S. Attorney David E. Nahmias said. "We are proud to have worked with city, county and federal investigators to dismantle the gang and take its key members off the streets."

The investigation of KES and subsequent convictions Friday are believed to be the first time a single gang was targeted and dismantled by authorities, Hall County Sheriff Steve Cronic said.

"This investigation took out most of the structure of KES," Cronic said. "One day, they had a heavy presence in Hall County and were one of our most troubling gangs at the time. The next day, we didn't have them here."

Five defendants pleaded guilty and were convicted in March on charges of violating the federal Racketeer Influenced and Corrupt Organizations statute, commonly called RICO. The complex law has gained notoriety recently for use in the prosecution of gang-related crimes.

The identified leader of KES, 25-year-old David Ramirez, and his brother, Juan Ramirez, 28, both of Gainesville, received the bulk of prison time after accepting plea agreements.

Juan Ramirez, who also was charged for discharging a firearm in the commission of a violent felony, received 12 years and nine months in federal prison. David Ramirez was sentenced to 11 years and three months.

Carlos Alvarado-Castillo, 22, of Gainesville was sentenced to five years and three months; Adam Cruz, 24, of Gainesville received two years and nine months; and Rene Antonio Ortiz-Penado, 22, of Gainesville was sentenced to four years and nine months.

A sixth codefendant, Ignacio Chavez-Olivarez, 42, of Gainesville was sentenced to four years and three months in prison after pleading guilty to possession of methamphetamine with intent to distribute. He was not charged with violation of the RICO statute.

Those convicted could face deportation upon their release from prison, Story said. All six men will serve about 90 percent of their sentence in federal prison, Cronic said.

Each of the men charged faced a maximum sentence of 20 years in prison, but prosecutors took several of the defendants' ages into account when agreeing to a plea deal, Assistant U.S. Attorney H. Allen Moye said.

"One of the reasons the government agreed to what some would see as a fairly lenient (sentencing) is that, hopefully, these offenders will grow out of these acts of youth," Moye said. "They were kids at the time these crimes were committed. We want to make the point that this was a test run. Other gangs need to take note."

Michael Trost, David Ramirez's Atlanta-based attorney, spoke on behalf of his client prior to sentencing Friday.

"He has said he fully accepts responsibility for what he did," Trost told Story. "He was 17 at the time of this offense and was not as mature and as wise as he is now."

The government dismissed charges against a seventh defendant. An eighth, Ruben Bernal Cuevas, is a fugitive and is believed to be in Mexico, officials with the U.S. Attorney's Office for the Northern District of Georgia have said.

During the three-year investigation by the Gainesville-Hall County Gang Task Force, agents seized several weapons believed to be used in violent altercations by KES gang members. The task force is comprised of Gainesville Police officers, Hall County Sheriff's deputies, and agents with the Federal Bureau of Investigation and Immigration and Customs Enforcement.

"This makes it clear that there are federal gang task forces and an aggressive U.S. attorney going after gangs," said Joe Amerling, a Gainesville-Hall County Gang Task Force member.

KES was formed in late 1998 by individuals who had been associated with the gang BSV. Remaining members of BSV formed a rival gang, SUR-13, and became engaged in territory warfare with KES and often defaced areas of the community with graffiti, authorities said.

The two groups also fought each other either with fists or guns while threatening the safety of several neighborhoods between 2000 and 2003, authorities have said.

Family members and friends of the six men filled the federal courtroom Friday as federal agents marched the defendants in and out in handcuffs. Several of those in attendance cried as the the men left the courtroom to await a date to report to federal prison.

Story addressed the family members who came in support.

"I know it's difficult to see your loved ones taken out to face prison," he said as a translator spoke to those seated. "Their crimes caused a great deal of damage and they need to be punished. But family means a great deal to their success."

The majority of those sentenced Friday expressed remorse for their involvement in gang activity. Alvarado-Castillo told the court, "I apologize for the crime I commit, to the community and to my family."

Story asked most of the men he sentenced to serve as role models to young Hispanics and others who become involved in similar situations.

"There's still a lot you can accomplish in your life," Story told one of the defendants.

Gainesville Gang Members Get Prison Terms (AJC)

The Atlanta Journal-Constitution, August 15, 2006

Six gang members from Gainesville were sentenced to federal prison Friday after being convicted on racketeering charges in March.

The gang members were part of the violent, drug-dealing street gang called Killing Every Spot or KES, which is thought to have attempted nine murders over the past six years, authorities said.

As recently as 2004, authorities had identified about 13 gangs in Hall County with about 300 members.

Sheriff Steve Cronic said the KES gang was one of the more troublesome.

"They were showing up on the radar way too often," Cronic said. "Their crimes were becoming progressively more serious. We're hoping this sends the other gangs a message."

David Ramirez, 24; Carlos Alvarado-Castillo; 22, Adam Cruz, 24; Juan Ramirez, 28; and Rene Antonio Ortiz-Penado, 22, were considered among the leaders of the gang. In addition to the racketeering convictions, Juan Ramirez was sentenced for discharging a firearm in the commission of a felony, and Ignacio Chavez-Olivarez, 42, was sentenced for possession of methamphetamine with intent to distribute.

They were sentenced by U.S. District Court Judge Richard W. Story.

"The KES gang was a menace to Gainesville and the entire Hall County area," said U.S. Attorney David E. Nahmias in a prepared statement.

"We are proud to have worked with city, county and federal investigators to dismantle the gang and take its key members off the streets," he said.

David Ramirez was identified as the leader of the gang, which was formed in 1998 when it allied with the larger 18th Street gang against other gangs, according to the Department of Justice.

The arrests in 2004 were the result of a multi-agency investigation by Gainesville Police-Hall County Sheriff Gang Task Force agents, the FBI and U.S. Immigration and Customs Enforcement.

The prison sentences, all followed by three years of supervised release, were:

David Ramirez: 11 years, three months; Alvarado-Castillo: five years, three months; Cruz: two years, nine months; Ortiz-Penado: four years, nine months; Juan Ramirez: 12 years, nine months; and Chavez-

Olivarez: four years, three months.

Six Gainsville Gang Members Sent To Prison (MACT)

The Macon Telegraph, August 15, 2006

GAINESVILLE, Ga. - Six members of northeast Georgia gang have been sentenced to prison in a case that authorities say dismantled the organization.

The six, sentenced Friday by U.S. District Judge Richard W. Story, were members of the street gang KES or "Killing Every Spot." Authorities said the gang sold cocaine and attempted murders in northeast Georgia for the past six years.

Five defendants pleaded guilty and were convicted in March on charges of violating the federal Racketeer Influenced and Corrupt Organizations statute, commonly called RICO.

David Ramirez, 25, and his brother, Juan Ramirez, 28, both of Gainesville, received the stiffest sentences after accepting plea agreements.

Juan Ramirez, also charged with discharging a firearm in the commission of a violent felony, received 12 years and nine months in federal prison. David Ramirez was sentenced to 11 years and three months.

Carlos Alvarado-Castillo, 22, of Gainesville was sentenced to five years and three months; Adam Cruz, 24, of Gainesville received two years and nine months; and Rene Antonio Ortiz-Penado, 22, of Gainesville was sentenced to four years and nine months.

A co-defendant, Ignacio Chavez-Olivarez, 42, of Gainesville was sentenced to four years and three months in prison after pleading guilty to possession of methamphetamine with intent to distribute. He was not charged with violation of the RICO statute.

"This investigation took out most of the structure of KES," Hall County Sheriff Steve Cronic said.

Those convicted could face deportation after serving their prison time, Story said. All six men will serve about 90 percent of their sentences in federal prison, Cronic said.

U.S. Attorney David E. Nahmias said the investigation served "to dismantle the gang and take its key members off the streets."

Actress In Homeland Security Show Scam Must Pay (LAT)

By Greg Krikorian And Christine Hanley, Times Staff Writers

The Los Angeles Times, August 15, 2006

She owes $3.4 million in restitution to investors in the bogus TV series but will serve no time in prison.

A Hollywood actress involved in a bogus television show about the U.S. Department of Homeland Security was sentenced Monday to five years' probation and 2,500 hours of community service and ordered to pay $3.4 million in restitution.

U.S. District Judge Manuel L. Real imposed the sentence on Alison Ann Heruth after the 41-year-old mother of four and her attorney implored the judge not to send her to federal prison.

Under federal sentencing guidelines, Heruth faced up to 27 months in federal prison for her admitted role in defrauding investors out of millions of dollars over a two-year period.

Specifically, the purported star of the show pleaded guilty in April to lying to federal agents when she said she did not know the project was part of an investment scam.

Last September, federal agents arrested the mastermind of that fraud, Hollywood producer Joseph Medawar, on charges that he had defrauded at least 70 investors. A subsequent federal grand jury indictment alleged that Medawar had told the investors that his production company was putting together a TV show about the Homeland Security Department and had unprecedented cooperation from the White House and other federal officials.

But a joint investigation by the FBI and Internal Revenue Service concluded that the millions taken from investors financed a lavish lifestyle for Medawar and Heruth, with money spent on luxury cars, shopping sprees, $40,000-a-month rent on a Beverly Hills mansion and other extravagances.

Medawar was also accused of using money laundered through the scheme to pay Rep. Dana Rohrabacher (R-Huntington Beach) $23,000 for an option on a 30-year-old screenplay he'd written. Records and interviews show Rohrabacher was among the Republican politicians and policymakers who offered strong support for the supposed TV series. The congressman has said he thought the show would bring positive attention to the nation's homeland security efforts and denied that he provided Medawar any special attention in return for the producer's purchasing his script or contributing to his political campaign.

Medawar, who has been involved in several movies, pleaded guilty in May to conspiracy to commit mail fraud and income tax evasion. Under his plea agreement, he faces a maximum of 10 years in federal prison as well as restitution to investors and up to $9 million in fines.

After the hearing, Heruth maintained her innocence, saying she was just an actress who never solicited money for the series. She said she always believed Medawar planned to follow through with his idea. If she had not believed him, she added, she would never have gone to Washington to discuss homeland security with officials or to the Middle East to conduct interviews in Israeli prisons — all in the name of research for the show.

Heruth said she felt pressured by her court-appointed lawyer to take the plea bargain rather than go to trial because he convinced her there was not enough time or resources to prepare an adequate defense.

Outside the courtroom, she showed The Times a string of e-mails between her and her attorney, Thomas T. Nishi, telling him she did not want to sign the agreement and hoped to get the trial date postponed. Nishi, she said, told her the judge declined to grant an extension.

Asked whether she would be able to repay the money, Heruth said, "I have plans for what I need to do from this point on."

Nishi did not return a call for comment.

Last month, Jeffrey Rosenberg, former chief financial officer of Medawar's company, was sentenced to 10 months in federal prison after pleading guilty, like Heruth, to lying to agents about his knowledge of the fraud.

Federal prosecutors declined to comment Monday on why Rosenberg was sentenced to prison but Heruth was not. In both cases, prosecutors had recommended a sentence of probation.

Sheriff Offers Profile Of Sniper Active In Northwest Indiana (NYT)

By Eric Ferkenhoff

The New York Times, August 15, 2006

CHICAGO, Aug. 14 — The sheriff leading the investigation into a series of what appear to be sniper assaults in northwest Indiana said Monday that the authorities thought the attacker was young, worked with at least one partner, used a low-caliber weapon and was motivated by a wish to “control” rather than to kill.

“I think it’s someone who is mentally unstable and who is looking for some notoriety,” said the sheriff, Roy Dominguez of Lake County, which covers the northwestern corner of the state, where at least 10 attacks on motorists have occurred since late July.

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‘‘The attacks have occurred between dawn and dusk, and we think he wants to see it,’’ Sheriff Dominguez said after a news conference in which his department offered a $10,000 reward for information leading to the arrest and conviction of the sniper. ‘‘We think that’s what he’s trying to do — have control and watch as people lose control or take evasive action.”

The reward comes one week after a task force was formed with the local police and state and federal agencies, the F.B.I. among them, to hunt for suspects and sift through more than 100 leads that have been phoned into a 24-hour hot line.

Investigators think the sniper used a low-caliber rifle, a pellet gun or even a sling shot to attack motorists along a state highway near the cities of Gary, Hammond, East Chicago and Whiting.

All but one of the attacks, which date from July 25 to last Wednesday, have occurred along an eight-to-nine-mile stretch of the highway, also known as Cline Avenue, a busy commuter route that carries up to 10,000 motorists daily.

“I think it suffices to say that this is not a high-powered rifle being used,” Mr. Dominguez said, noting that while windows had been smashed or pierced, no one had been seriously injured or killed and no shell casings had been found.

“Given the type of damage that can be done by smashing out a window,’’ of which a lower-powered weapon is capable, the sheriff said, “it could cause a driver to swerve.’’

The police did find a possible “sniper’s nest,’’ including a foot rest and cushions near the site of one shooting, Mr. Dominguez said, but he and other investigators said they suspected that the sniper might “be mobile” during some attacks — driving alongside a victim’s vehicle, firing off a pellet, bullet or rock, and then getting off the highway at the nearest exit.

If that is the case, it would suggest that the attacker had at least one accomplice.

“Maybe we’re looking at someone who wants control,’’ Mr. Dominguez said, “or is getting their thrills by watching people take evasive action as they do this.”

Of the 119 tips phoned in since last week, the sheriff said, about 35 have proved credible enough to run down. Of those, about half have been dismissed, he said, adding that nearly every serious tip — some of which were quite detailed — described or named a “young adult.”

“We have identified some people of interest, we’re calling them, but no one who rises to level of suspect,” Mr. Dominguez said.

Mr. Dominguez and Mark Becker, a supervisory agent in the F.B.I.’s Merrillville, Ind., office, have said the attacker may be a copycat, noting that the spate of shootings started about the time an arrest was made in a deadly sniper shooting farther south, along Interstate 65 near Seymour, about 65 miles south of Indianapolis.

About the same time as the Seymour attack, a nonfatal shooting occurred on Interstate 69 near Muncie, about 60 miles northeast of Indianapolis.

A 17-year old from Gaston, Zachariah Blanton, was arrested and charged with murder in the July shooting near Seymour, which killed a truck passenger and occurred two days before the attacks in northwest Indiana began.

Hinckley Seeks Four-day Visits (WT)

By Jim Mcelhatton

The Washington Times, August 15, 2006

Attorneys for John W. Hinckley Jr. are asking a federal judge to allow the would-be presidential assassin to stay at his parents' house four nights at a time pending a move to expand his freedoms from a D.C. psychiatric hospital, court records show.

Hinckley, 51, who tried to kill President Reagan in 1981, was permitted to go on seven overnight trips to his parents' house in Williamsburg after a judge's ruling in December.

He has one trip left but is barred from taking any more releases from St. Elizabeths Hospital without a court order.

The U.S. attorney's office last week objected to the move, saying there isn't enough information available for government analysts to evaluate how Hinckley is faring on the overnight stays.

"The government recognizes, as it has in the past, that Mr. and Mrs. Hinckley have been a model of dedication to a child stricken with mental illness," Assistant U.S. Attorney Thomas E. Zeno said in a memo to U.S. District Judge Paul L. Friedman last week.

"However, there are many issues regarding Mr. Hinckley's return to live with his parents which must be addressed," the memo states.

For instance, federal prosecutors said in court documents that they need to subpoena Hinckley's medical records but note that they can't get access until a court hearing is scheduled.

In addition, prosecutors said, psychiatrist John J. Lee, who agreed to meet with Hinckley during the overnight stays in Williamsburg, is "untested as a reporter of information about Mr. Hinckley."

Hinckley's attorneys were unavailable for comment yesterday.

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In a memo filed Thursday, the attorneys called the government's objection "wholly without merit," saying the overnight stays have been therapeutic for their client.

Hinckley's overnight trips to Williamsburg provide the most freedom he has had since he was found not guilty by reason of insanity in 1982 in the shooting of Mr. Reagan, press secretary James Brady, Secret Service agent Timothy McCarthy and Metropolitan Police Officer Thomas Delahanty.

He said he shot the president to impress actress Jodie Foster, whom he did not know.

In recent years, Hinckley gradually has won increasing freedoms from St. Elizabeths, including short trips with his parents, such as a 2005 outing to the National Air and Space Museum, and unsupervised overnight stays in Williamsburg.

He has expressed a desire for finding a girlfriend on his trips to Williamsburg, but said it would be difficult.

"I can tell when a man or a woman is interested in me for my notoriety, and I don't want a woman who is interested in me for that," Hinckley said, according to a clinical assessment dated July 20, 2005, included in court filings.

Judge Friedman noted in his ruling in December that the goal of Hinckley's treatment is "reintegration into society, whether that takes place in his parents' community or elsewhere."

Hinckley's attorneys and the U.S. Attorney's Office held a telephone conference call with Judge Friedman to discuss the dispute Friday.

Executive Assistant U.S. Attorney Monty Wilkinson yesterday said government attorneys have no comment beyond what is in court pleadings.

He said Judge Friedman did not say during Friday's conference call when he will decide whether to permit Hinckley more overnight stays.

A hearing on expanding Hinckley's conditions of release has been scheduled for Nov. 6.

Mr. Wilkinson said government attorneys will not know what kind of loosened restrictions Hinckley's attorneys will seek until next month.

Hinckley's attorneys have said that the overnight trips have been a success.

"Mr. Hinckley has complied fully with all of the conditions of release, and not a single negative occurrence has been reported in connection with any of the trips," Adam Proujansky, said in a memo to Judge Friedman.

Mr. Proujansky also questioned the concerns from prosecutors about the reliability of information about Hinckley's overnight stays.

"There is nothing in the record to suggest that the hospital staff, Dr. Lee or Mr. Hinckley's parents have not been completely truthful in their reporting of Mr. Hinckley's behavior."

Man Pleads Not Guilty In Richmond Killings (WT/AP)

By Kristen Gelineau

The Washington Times, August 15, 2006

RICHMOND -- A man linked to a New Year's week killing spree pleaded not guilty yesterday to five counts of capital murder.

Ricky Jovan Gray, 29, is charged with the New Year's Day killings of local musician Bryan Harvey, 49; his wife, Kathryn, 39; and their daughters Stella, 9, and Ruby, 4.

The Harveys were discovered in the basement of their burning home, bound in duct tape, beaten and their throats cut.

Jurors in Gray's trial were being selected yesterday from a pool of 25.

Questioned in panels of three, the prospects were asked whether they would impose life in prison over the death penalty and whether seeing "gory" or "graphic" evidence would prejudice their decision.

Less than one week after the Harvey slayings, another Richmond family was found dead in their home.

Gray's nephew, Ray Joseph Dandridge, also 29, was charged with capital murder in the Jan. 6 killings of Percyell Tucker, 55; his wife, Mary Baskerville-Tucker, 47; and her daughter, Ashley Baskerville, 21.

Like the Harveys, they were found in their home -- bound and their throats cut.

Dandridge is scheduled to go on trial Sept. 18.

The Arlington men were captured Jan. 7 at the home of Dandridge's father in Philadelphia. Prosecutors intend to seek the death penalty for both.

Police initially said nothing appeared to have been stolen from the Harvey home, but they later said robbery may have been the motive. The Baskerville-Tucker home was ransacked.

Gray is charged with five violations of the capital murder statute: killing more than one person in a three-year period, killing more than one person as part of the same act, killing someone in commission of a robbery or attempted robbery, and two counts of killing a child younger than 14 by someone at least 21 years old.

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The ex-convicts also are considered suspects in a string of bloody crimes that began in November.

They have been charged in the slashing assault and robbery of an Arlington man on New Year's Eve and are suspects in the Nov. 5 killing of Gray's 35-year-old wife, Treva Terrell Gray, who was found asphyxiated near woods in Washington, Pa., about 20 miles south of Pittsburgh.

The pair also has been charged in Chesterfield County with a Jan. 3 home-invasion robbery.

Mr. Harvey was a guitarist and singer for the critically acclaimed duo House of Freaks, which released five albums on three labels from 1987 to 1995.

Mrs. Harvey was the half sister of actor Steven Culp, who played Rex Van De Kamp on "Desperate Housewives." She co-owned World of Mirth, a quirky toy and novelty store in Richmond.

Prosecutors said yesterday that witnesses at the trial may include Mr. Culp.

Espionage Lite (WP)

The Washington Post, August 15, 2006

THE UNITED STATES has never had an Official Secrets Act -- a statute forbidding private citizens from disclosing and discussing information the government wants to keep quiet. Last week it got one. The change didn't come from Congress but from a federal judge in Virginia. At the urging of the Bush administration, Judge T.S. Ellis discovered it in an old and vague law that prohibits disclosure of information related to the national defense.

Judge Ellis's dangerous decision comes in the case of two former executives of the American Israel Public Affairs Committee (AIPAC) -- Steven J. Rosen and Keith Weissman -- who are accused of conduct that skirts the legal line between legitimate advocacy and illicit espionage. The decision has far-reaching implications; if it stands, it will greatly augment governmental authority to compel Americans to keep quiet about what they know.

The government alleges that Mr. Rosen and Mr. Weissman conspired with a Pentagon employee to receive sensitive information from him and then give it to people not entitled to receive it -- including Israeli government officials, a reporter for The Post and colleagues at AIPAC. Prosecutors have not accused them of spying, a charge the alleged facts do not comfortably support. Instead, it has moved under a related provision of law that prevents people in possession of national defense information from disclosing it to others.

This law, murky in its scope since Congress passed its predecessor statute during World War I, would, on its face, ban anyone from giving sensitive information, itself not defined, to any other person. Judge Ellis conceded that it can't reach as far as its plain meaning would seem to indicate; the First Amendment surely limits the government's authority to prosecute people for gathering and reporting information.

Yet he then refused to throw out the case against Mr. Rosen and Mr. Weissman, ruling that national security sometimes trumps First Amendment rights and that the statute -- even as applied in this situation -- is consequently "a reasonable, and therefore constitutional exercise of [congressional] power."

One doesn't have to condone the alleged behavior of Mr. Rosen and Mr. Weissman to question this interpretation. It is certainly appropriate for the law to demand that government employees and contractors protect the secrets the government entrusts to them (the Pentagon employee in this case already has pleaded guilty). It is also clearly within the government's power to prosecute spies, whether or not they work for the government. But neither Mr. Rosen nor Mr. Weissman was a government employee during the period in question, and the government has not been able to muster a case against either for spying. If they can go to prison nonetheless for "espionage lite" -- that is, for obtaining, discussing and sharing sensitive information in the course of advocacy and lobbying -- then the government has effectively criminalized discussions among everyday citizens that reveal governmental secrets.

That's not the American tradition -- for which reason the government until now had never wielded this statute in this way. If it's really a crime to disclose or receive information you never swore to protect, whistle-blowers who bring secrets to Congress could be imprisoned for it. So could newspaper reporters who reveal classified information.

Judge Ellis was clearly uncomfortable with the implications of his decision. He acknowledged that "even the most casual observer" would want "Congress to engage in a thorough review and revision of these provisions" to strike a better balance between security and free speech. If his decision is not overturned, that will surely be necessary.

CIVIL LAW:

Iranian Brothers Sue Over Long Detention (NSDY/AP)

By Linda Deutsch, Ap Special Correspondent

DOJ_NMG_0048586

Long Island Newsday, August 15, 2006

LOS ANGELES -- Four Iranian brothers who were detained for more than three years after the 2001 terrorist attacks filed a lawsuit Monday in federal court, claiming they were held on false pretenses during an FBI investigation.

The brothers' attorney said they "were detained longer than virtually all of the post-Sept. 11 detainees caught up in the sweeps of non-citizens." The four were released from custody in March 2005.

Attorney Paul Hoffman said the only reason for the brothers' detention was that they took part in rallies protesting the current Iranian regime.

The lawsuit named former Attorney General John Ashcroft, FBI Director Robert Mueller and other federal officials as defendants.

Thom Mrozek, a spokesman for the U.S. attorney's office, declined to comment because authorities had not seen the complaint.

The lawsuit alleges that the brothers were held in inhumane conditions, were denied basic medical care and were "subjected to vicious attacks by guards and other inmates."

Hoffman said the brothers -- Mohammed, Mostafa, Mohsen and Mojtaba Mirmehdi -- were detained in October 2001 because their names were on a list of people who attended a rally in Denver protesting the Iranian regime. They were alleged then to have ties to the Mujahedin-e Khalq, a group also known as MEK that was deemed a terrorist organization by the State Department.

"But none of the brothers was a member or supporter of the MEK, as government officials knew when the brothers were detained," Hoffman said.

The government tried to deport at least two of the brothers, but Hoffman said that was barred by a court finding that they would be tortured or killed if they returned to Iran, the country they fled after being imprisoned there for political protests. Two of them were denied applications for asylum in the United States and two other applications are still pending, Hoffman said.

Since their release last year, the brothers have returned to their real estate business in the San Fernando Valley, he said.

Freed Former Terror Suspects Sue U.S. Officials (LAT)

By H.g. Reza, Times Staff Writer

The Los Angeles Times, August 15, 2006

Iranian brothers from the Valley say their three-plus years behind bars was punishment for not becoming informants.

Four Iranian brothers jailed more than three years as security threats and accused of supporting terrorists sued former Atty. Gen. John Ashcroft, FBI Director Robert Mueller III and other officials Monday, charging that the government held them illegally as punishment for refusing to work as informants.

The suit, filed in U.S. District Court in Los Angeles, is the latest salvo in a drawn-out legal battle between the Mirmehdi brothers and the federal government, which accused them of having ties to a terrorist organization but charged them with violating immigration law and has failed in attempts to deport them to Iran. The brothers were released in 2005.

The 49-page complaint says the government, through FBI Agent Christopher Castillo, took punitive action against the brothers — Mohsen, Mohammad, Mojtaba and Mostafa — because of their refusal to work as informants. Castillo, a defendant in the suit, relied on informants who falsely identified the brothers as associates of the Mujahedin Khalq, or MEK, according to the lawsuit. The MEK is an Iranian opposition group that has been on the State Department's list of terrorist organizations since 1997 but has dozens of supporters in Congress.

"Castillo persisted for years in his efforts to force their cooperation through continued punitive detention, even after admitting that a crucial informant had been 'just speculating' when he described the Mirmehdis as associates of the MEK," the lawsuit stated. "Castillo approached the Mirmehdis on no less than five occasions to demand their cooperation in exchange for freedom."

The brothers admit attending demonstrations in the United States sponsored by the MEK against the Iranian government, but they deny being members or associates.

Mohsen Mirmehdi said the lawsuit, which asks for attorney fees and unspecified damages, is intended to hold government officials accountable.

"Here we have the rule of law. If an average citizen is accountable for what he does, so are government officials," Mirmehdi said in an interview. "They accused us of something we weren't a part of. They ruined our reputations and our business."

The brothers live in the San Fernando Valley, where three of them work as real estate agents.

Thom Mrozek, spokesman for the U.S. attorney's office in Los Angeles, declined to comment Monday because his office had not seen the lawsuit. FBI spokeswoman Laura Eimiller in Los Angeles also declined to comment.

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The brothers were arrested Oct. 2, 2001, and freed March 16, 2005, after a lengthy appeals process. They were among dozens of Muslims detained after the Sept. 11, 2001, attacks as terror suspects or for immigration law violations.

According to the lawsuit, the brothers could have been released on bond as early as Dec. 10, 2001, were it not for Castillo's "false and misleading testimony" during a hearing in which he portrayed the brothers as security threats. The suit says the FBI agent was the government's only witness.

The lawsuit also presents a long list of alleged mistreatment of the brothers while in U.S. custody, including being locked up for up to 23 hours per day, being strip-searched after every visit with their attorneys and illegal monitoring of their phone calls with attorneys.

Throughout their legal battle, the Mirmehdis refused to compromise with U.S. officials, even when it came to getting their freedom. They rejected the government's first attempt to release them in February 2005, because they did not like the conditions governing their freedom.

The government later amended the conditions, but the Mirmehdis refused to sign the new documents. Finally, officials at the Terminal Island immigration detention facility forced them to leave without signing the documents.

An immigration appeals board ruled that the Mirmehdis have no ties to terrorism but upheld their deportations. It is not clear where they could be deported to, because immigration judges barred their deportation to Iran, where they could be tortured for anti-government activities. It is also unlikely that a third country will accept them because the U.S. government has accused them of terrorism.

Internet Privacy Group Files Complaint Against AOL (WP)

By Ellen Nakashima

The Washington Post, August 15, 2006

The Electronic Frontier Foundation filed a complaint yesterday asking the Federal Trade Commission to investigate AOL and require strengthening of its privacy protections after the Dulles-based firm recently released 20 million search records of 658,000 AOL users.

In its complaint, the San Francisco-based advocacy group contended that the data release violated AOL's privacy policy and the Federal Trade Commission Act's bar on deceptive or unfair trade practices.

An AOL spokesman said the breach was a violation of internal policy forbidding disclosure of sensitive information but not of the company's privacy policy. "AOL did not provide any personally identifiable information to a third party," spokesman Andrew Weinstein said, referring to the privacy policy.

AOL apologized last week for what it called a "screw-up." It has removed the data from the Web site, but the data set, intended for academic research purposes, has been copied and circulated.

"Search terms can expose the most intimate details of a person's life -- private information about your family problems, your medical history, your financial situation, your political and religious beliefs, your sexual preferences and more," said Marcia Hofmann, a staff attorney with the Electronic Frontier Foundation.

The foundation submitted a confidential document to the FTC and AOL, listing 10 to 15 examples of searches that included information that could potentially identify a person, Hofmann said.

CIVIL RIGHTS:

Bush Signs Law To Save War Memorial Cross (NYT)

By Randal C. Archibold

The New York Times, August 15, 2006

LOS ANGELES, Aug. 14 — President Bush on Monday signed a law transferring a 29-foot-tall Latin cross high on a hill in San Diego to the federal government, stepping into a long-running dispute over the separation of church and state.

Mr. Bush, in the latest unusual action designed to save the Mount Soledad cross, in the La Jolla district, sided firmly with cross supporters who acknowledge that it is the pre-eminent symbol of Christianity but contend that it forms part of a secular war memorial.

An atheist, Philip K. Paulson, has fought the cross, built in 1954, for 17 years in federal and state courts. Mr. Paulson says the memorial was built only after he protested the cross and filed suit, and is a ruse to cover its intent to promote Christianity.

The legislation that Mr. Bush signed uses eminent domain to transfer the memorial land, which includes the cross and six concentric walls holding nearly 2,000 plaques honoring war veterans, from city ownership to the federal government. The private group that built the cross, the Mount Soledad Memorial Association, will continue to maintain it.

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Mr. Bush signed the bill in the Oval Office with cross supporters, including the three Republican members of Congress from the San Diego area who pushed for it, a White House spokeswoman said.

Mayor Jerry Sanders, a Republican, praised the move in an interview as a “great thing for us” because “the memorial is a fabric of San Diego.”

The transfer hardly resolves the dispute and instead may open another long legal chapter. Mr. Paulson and another man, Steve Trunk, have already filed papers in Federal District Court in San Diego to challenge the transfer and the presence of the cross on federal land as unconstitutional.

“It’s election-year politics,” said James E. McElroy, a lawyer for the men. Mr. McElroy said he had researched about 10 federal cases in which judges had ruled that Latin crosses could not stand on public property. “This is nothing new under the sun, and it is a waste of taxpayer money,” he said.

Judges in state and federal courts have ruled that the cross violates the California Constitution, but it has stayed in place while appeals have played out. There are signs that the United States Supreme Court, which has previously rejected hearing the case, may now be interested.

In July, Justice Anthony M. Kennedy granted a stay of a federal court order that would have compelled the city to remove the cross by the beginning of this month, saying further arguments in the case should go forward.

“Congress’s evident desire to preserve the memorial,” Justice Kennedy wrote, “makes it substantially more likely that four justices will agree to review the case in the event the Court of Appeals affirms the district court’s order” to remove the cross.

He also noted that voters last November approved a ballot measure compelling the city to transfer the cross to the federal government, but a state judge ruled the measure unconstitutional. A state appellate court is reviewing that ruling.

Bush Saves Cross By Eminent Domain (WT)

By Julia Duin

The Washington Times, August 15, 2006

President Bush signed a bill yesterday transferring ownership by eminent domain of a 29-foot cross overlooking San Diego from the city to the federal government.

The signing rendered moot two lawsuits seeking to remove the Mount Soledad Cross, a fixture on the city's skyline since its installation on Easter 1954, as a Korean War memorial.

The Justice Department will head up efforts to retain the Mount Soledad Cross and the surrounding 170 acres as a military war memorial.

"This is an attempted end run on the U.S. Constitution," said Fred Edwords, director of communications for the American Humanist Association. "That the federal government would intervene in a purely local church-state dispute is an example of election-year politics at its worst."

Richard Thompson, president of the Thomas More Law Center, a law firm in Ann Arbor, Mich., that fought on behalf of the monument, called the Oval Office signing "a line in the sand."

"It's the culmination of a 17-year battle that the atheists backed by the American Civil Liberties Union have been fighting," he said, referring to a lawsuit filed against the city by atheist Philip Paulson.

Mr. Paulson, a Vietnam veteran, says the monument discriminates against non-Christian veterans.

Ordered in 1991 by U.S. District Court Judge Gordon Thompson Jr. to remove the cross, the city tried for years to offload the memorial. Last year, 76 percent of San Diego voters approved Proposition A, which would have allowed the cross to be donated to the federal government.

However, Superior Court Judge Patricia Yim Cowett invalidated the election, saying the proposition violated the state constitution by preferring a religious symbol. Her ruling was appealed to California's 4th District Court of Appeal.

On May 3, Judge Thompson ordered the city to move the cross by Aug. 1 or be fined $5,000 a day.

Supreme Court Justice Anthony M. Kennedy blocked that order on July 3 and indicated in a four-page opinion that at least four justices -- the minimum required -- would hear the case if it reached their level.

Meanwhile, Congress had drafted a bill to transfer the cross to the federal government, rendering the lawsuits moot. The House passed the bill by a 349-74 vote on July 19 and the Senate approved it unanimously Aug. 1.

Reps. Duncan Hunter, Brian P. Bilbray and Darrell Issa, the San Diego-area Republicans who co-authored the legislation in June, attended the bill signing.

The Department of Defense, which will oversee the monument, must reimburse the city for the property, a move criticized by the Rev. Barry W. Lynn, executive director of Americans United for Separation of Church and State.

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"The president and Congress have no business intervening in this way in an ongoing legal proceeding," he said. "Today's action is an unwarranted, heavy-handed maneuver that undercuts the separation of church and state and the integrity of the judicial system."

Federal Government Takes Control Of A Huge Cross (WP)

The Washington Post, August 15, 2006

A gigantic cross in San Diego that has been the focus of a 17-year court battle became the property of the federal government yesterday with President Bush's signature.

Supporters hope the legislation enabling the federal government to purchase the Mount Soledad Veterans Memorial -- featuring a 29-foot cross -- from the city of San Diego will protect it permanently. A series of court decisions have deemed the cross unconstitutional because it stands on public property.

"Just because something may have a religious connotation doesn't mean you destroy it and tear it down," said Rep. Brian P. Bilbray (R-Calif.), after an Oval Office signing ceremony attended by other cross supporters and Republican House members who sponsored the bill.

But the legal fight that began in 1989 when an atheist veteran sued San Diego over the cross is not over. Philip Paulson's attorney, Jim McElroy, said he filed papers in federal court in San Diego last week to void the transfer and declare it unconstitutional.

"I don't think anybody really thinks the cross is going to remain on Mount Soledad. It's been 17 years of litigation, and every court, every judge who's ever looked at it has ruled it's unconstitutional," McElroy said.

Paulson, who fought in the Vietnam War, contends that the cross, dedicated in 1954 in honor of Korean War veterans, excludes veterans who are not Christian.

Proponents of the new law believe the change in ownership could help insulate the cross from legal challenges because federal law is more flexible about religious displays on federal property than the California Constitution is about city land.

President Signs Bill To Save San Diego Cross (LAT)

By Tony Perry, Times Staff Writer

The Los Angeles Times, August 15, 2006

The legislation labels the icon on public land a federal war memorial, an effort to make it harder for foes to force its removal.

SAN DIEGO — President Bush on Monday signed a bill designed to save the cross atop Mt. Soledad here from being removed, but both sides in the 17-year court battle predicted more politicking and litigating before the fate of the cross is finally decided.

Bush signed a bill sponsored by Rep. Duncan Hunter (R-El Cajon) that designates the 43-foot cross and the city land beneath it as a federal war memorial under control of the Department of Defense.

A federal judge in May declared the cross a violation of the constitutional separation of church and state and ordered it removed by Aug. 2. That order was stayed last month by the U.S. Supreme Court until other legal issues can be resolved.

Cross proponents believe that shifting ownership of the land to the federal government will invalidate the judge's ruling and make it more difficult for opponents to prevail because the U.S. Constitution is more flexible about religious icons on federal property than the state Constitution is about city land.

"We've gone from a sure victory for the opponents to what is now a long shot for them," said Hunter soon after the closed Oval Office ceremony in which Bush signed the bill.

"The U.S. Constitution stands between the opponents and victory," said Hunter, chairman of the House Armed Services Committee. "This is a great day for veterans."

But San Diego attorney James McElroy, who has represented an atheist Vietnam veteran in the long fight to have the cross removed, said the shift in ownership will not matter. McElroy said several decisions in other cases involving crosses on federal land support his position.

"The cross on Mt. Soledad shows a preference for Christian veterans over non-Christian veterans who have fought and died for their country, and that's wrong," McElroy said.

Anticipating that Bush would sign the bill, McElroy filed a request with federal court in San Diego last week to declare that switching ownership does not change a previous ruling that the presence of the cross on public land is unconstitutional under the state Constitution.

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The order to remove the cross was made in May by U.S. District Judge Gordon Thompson, but adding a new defendant — the federal government — means the case will have to be assigned to a different judge, McElroy said. U.S. District Judge Barry Ted Moskowitz said he will hold a hearing next month and issue a ruling within weeks.

The cross, erected in 1954 as a memorial to military personnel killed in Korea and the two world wars, has long enjoyed enormous popular support in this military community. Voters have twice endorsed measures to keep the cross, visible from Interstate 5, atop what is one of the most prominent hilltops in San Diego.

Rep. Brian Bilbray (R-Carlsbad) said he fears that forcing the removal of the cross could lead to court-ordered removals of crosses at other locations, including veterans cemeteries. "What's next?" Bilbray said. "Remove the crosses at Arlington or Normandy?"

McElroy said the "Arlington argument" misses the point that courts have made: The size and location of a cross are significant in deciding whether it violates the constitutional separation of church and state. At Arlington, he noted, some graves are marked by stars of David.

"At Mt. Soledad, the cross is all that people see from a distance," he said, noting that the war memorial plaques at the base of the cross can't be seen from Interstate 5.

Although weary of the court fight — and the legal bills that have run into the hundreds of thousands of dollars — city officials have retained their support for legislators and private groups trying to find a way to keep the cross from being removed.

Mayor Jerry Sanders, at a news conference at the foot of the cross Monday afternoon, restated his view that the cross has become integral to the social fabric of San Diego. Sanders said he was glad the federal government would "take the lead in preserving the integrity of the memorial."

Under the bill, the federal government will negotiate a price for the land beneath the cross. If an agreement cannot be reached, the government will use its power of condemnation. Responsibility for the maintenance of the cross will stay with the Mt. Soledad Memorial Assn., a private group.

The cross fight has made for some odd political pairings. Two Democratic representatives, Bob Filner of Chula Vista and Susan Davis of San Diego, voted against Hunter's bill; but California's two U.S. senators, Dianne Feinstein and Barbara Boxer — also Democrats — supported it.

Gov. Arnold Schwarzenegger said Bush's action is "a great signal to our veterans that we will not forget the sacrifices that they made during the time of conflict."

City officials have tried various strategies to keep the cross atop Mt. Soledad. A measure to have the land sold to a private group was struck down when the courts decided the sale was rigged to exclude groups that might want to remove the cross. Before the Hunter legislation, the City Council had rejected the idea of selling the property to the federal government.

"This is their last chance," McElroy said of the Hunter bill. "We're moving closer to finality."

Misconduct By Military Recruiters Cited (SEAPI/AP)

By Anne Plummer Flaherty

Seattle Post-Intelligencer/AP, August 15, 2006

WASHINGTON -- Military recruiters have increasingly resorted to overly aggressive tactics and even criminal activity to attract young troops to the battlefield, congressional investigators say.

Grueling combat conditions in Iraq, a decent commercial job market and tough monthly recruiting goals have made recruiters' jobs more difficult, the Government Accountability Office said Monday. This has probably prompted more recruiters to resort to strong-arm tactics, including harassment or criminal means such as falsifying documents, to satisfy demands, GAO states.

The report was done at the behest of lawmakers who were concerned that not enough was being done to curb aggressive recruitment practices.

"Even one incident of recruiter wrongdoing can erode public confidence in the recruiting process," the GAO warned.

According to service data provided to the GAO, substantiated cases of wrongdoing jumped by more than a third, from about 400 cases in 2004 to almost 630 in 2005. Meanwhile, criminal cases - such as sexual harassment or falsifying medical records - more than doubled in those years, jumping from 30 incidents to 70.

There are some 22,000 personnel working for the military's recruiting program, which cost more than $1.5 billion this year. On staff are some 14,000 "frontline" recruiters who must enlist two applicants per month.

"Given the large numbers of service members DOD must recruit every year, there is ample opportunity for recruiter irregularities to occur," the report said, using the acronym for the Department of Defense.

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More than half the recruiting crimes reported in 2005 were by the Army, which is bearing the brunt of the war in Iraq. The Army announced last week it was on track to meet this year's recruiting goal of 80,000 applicants, pulling itself up from a severe shortfall last year.

GAO warned that reports of recruiter misconduct are likely too low because the services do not track such cases and many incidents likely go unreported. The Defense Department, GAO found, is not "in a sound position to assure the general public that it knows the full extent to which recruiter irregularities are occurring."

In a letter to the GAO included in the report, the Defense Department said it agreed the services must establish an internal system to track reports of recruiter wrongdoing.

"We certainly agree with the GAO statement that even one incident of recruiter wrongdoing can erode public confidence in DOD's recruiting process," wrote Michael Dominguez, principal deputy to the under secretary of defense for personnel and readiness. "We also take this issue very seriously and believe that the oversight framework recommended by GAO will adequately address the issue."

GAO previously has suggested that the military link incentives for recruiters more closely to an applicant's ability to complete basic training, rather than to their willingness to sign up. This would help ensure that recruiters solicit more applicants who meet military standards, GAO contends.

According to GAO, the Pentagon concurred with that previous recommendation as well but has not mandated that the services implement it.

Democrats on Monday seized on the report as evidence Pentagon leadership was failing to oversee one of the military's most important personnel programs.

"America deserves better than a 'don't ask, don't tell' policy for military recruiting violations," said Rep. Pete Stark, D-Calif.

In a statement provided to The Associated Press, Dominguez said military recruiters have earned America's respect and that incidents of misconduct represent a small fraction of recruiting personnel.

"We will continue our robust oversight to ensure the level of integrity for this recruiting enterprise meets the high standard expected and deserved by the people of this country," Dominguez said.

US Military Recruiting Irregularities Rose Last Year (AFP)

AFP, August 15, 2006

Irregularities by US military recruiters rose by 50 percent last year as the war in Iraq made it more difficult to find volunteers for military duty, a government audit said.

The Government Accountability Office (GAO) said irregularities are probably more widespread than official statistics show because of spotty oversight by the Defense Department.

But while the military services likely underestimated the true number of violations, they still reported increases in all categories of recruiter irregularities from the 2004 to the 2005 fiscal years, the GAO said.

"Allegations and service-identified incidents of recruiter wrongdoing increased from almost 4,400 to about 6,600 cases," the report said.

"Substantiated irregularities increased from just over 400 to almost 630 cases; and criminal violations more than doubled from just over 30 to almost 70 cases," it said.

The number of criminal violations reported by the army doubled during the period from 19 to 38, according to the report.

The GAO did not detail the types of irregularities that are being reported.

Of all the services, the army annually recruits the most new personnel each year, and has had the most trouble meeting its recruitment goals.

Last year, it fell 8.3 percent short of its goal of signing 80,000 new recruits.

Army officials have said the service is on track to meet the same goal this year.

The improved recruiting performance has come only after big increases in signing bonuses and moves to broaden the pool of those eligible by admitting more lower-scoring candidates and raising the maximum age from 35 to 42.

The GAO report cited an internal Defense Department survey in 2005 in which two thirds of military recruiters said the war in Iraq had made it difficult for them to achieve their goals.

The survey also found that over half of military recruiters, and two thirds of army recruiters, said they were dissatisfied with their jobs, which may have contributed to the increase in irregularities.

Violations By Military Recruiters Up Sharply (WP)

By Josh White

The Washington Post, August 15, 2006

DOJ_NMG_0048592

Numbers Rose From 2004 to 2005 With Pressure to Meet Goals, GAO Finds

The number of alleged and substantiated violations by U.S. military recruiters increased by more than 50 percent in one year, a rise that may reflect growing pressure to meet wartime recruiting goals, according to a Government Accountability Office report released yesterday.

Allegations of wrongdoing by military recruitment personnel rose from 4,400 cases in fiscal 2004 to 6,600 cases in fiscal 2005, with substantiated cases increasing from 400 to almost 630, according to the report. The number of cases found to be criminal violations more than doubled, from 33 to 68.

The increase in violations was noted despite a significant decline in the number of people who joined the military. The number of new recruits fell from 250,000 in fiscal 2004 to 215,000 in fiscal 2005, even as recruiting efforts were significantly boosted, according to the GAO report.

The report noted that part of the increase in violations could be due to the Air Force's improved ability to track wrongdoing. But GAO officials concluded that because the Defense Department does not have an appropriate method of tracking violations across all the services, the total is likely to be higher.

"The department . . . is not in a sound position to assure Congress and the general public that it knows the full extent to which recruiter irregularities are occurring," the report says.

Citing internal Defense Department data, the GAO found that about 20 percent of active-duty recruiters believe that irregularities -- such as coercion, concealing information that would disqualify a candidate and falsifying documents, among others -- occur frequently. A majority of recruiters also reported dissatisfaction with their jobs.

The data indicate that irregularities increase around the time of monthly quota deadlines, according to the report.

The recruiting effort has become more difficult, especially for the Army, because new recruits know that they are likely to be deployed in support of the wars in Iraq and Afghanistan. Army officials have said that parents, coaches and advisers -- the "influencers" of recruits -- are less likely to recommend that young men and women join the military because of the wars. The low unemployment rate also means that young people have other options.

To avoid missing its annual goal, as it did last year, the Army deployed more recruiters and increased signing incentives this year, meeting its elevated monthly goals through last month.

Responding to the report, Defense officials wrote that they believe there needs to be a more centralized way of tracking recruitment violations to better assess how to prevent them.

"We certainly agree with the GAO statement that even one incident of recruiter wrongdoing can erode public confidence in DoD's recruiting process," Michael L. Dominguez, principal deputy undersecretary of defense for personnel and readiness, wrote in a letter dated July 24.

Reps. Victor F. Snyder (D-Ark.) and Fortney "Pete" Stark (D-Calif.), who released the report, said yesterday in a joint statement that the Defense Department needs to develop a better way of monitoring violations.

Military's Discharges For Being Gay Rose In '05 (NYT)

By John Files

The New York Times, August 15, 2006

WASHINGTON, Aug. 14 — The Defense Department discharged 726 service members last year for being gay, up about 10 percent from 2004, figures released by a gay rights group show.

The group, the Servicemembers Legal Defense Network, obtained the information through a Freedom of Information Act request. A spokeswoman for the Defense Department, Lt. Col. Ellen Krenke, confirmed that it had released the information.

On Monday, the legal group released a breakdown of discharges by installation. A sharp increase occurred at Fort Campbell, Ky., where in 1999 a soldier was bludgeoned to death in his barracks by fellow soldiers who thought he was homosexual. In 2004, 19 service members from the base were discharged, a number that climbed to 49 last year.

Fort Sill, Okla., had 27 dismissals last year, up from 8 in 2004. Fort Leonard Wood, Mo., had 60 dismissals, up from 40 in 2004, and the Marine base at Parris Island, S.C., discharged 22, up from 12.

The Army, by far the largest branch of the military, discharged more gay personnel last year than the other branches with 386, the figures show, followed by the Navy with 177, the Air Force with 88 and the Marines, the smallest force, with 75.

The overall number of men and women dismissed because they were found to be gay or because they disclosed their sexuality fell in the three years from 2002 to 2004. From Sept. 11, 2001, through last year, the discharge rate dropped 40 percent.

The total of such discharges in 2004 was 653. That compares with 770 in 2003, 885 in 2002 and 1,227 in 2001.

Under a policy introduced by the Clinton administration known as "don't ask, don't tell," the military cannot inquire into service members' sex lives unless there is evidence of homosexual conduct.

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Those who volunteer the information have to be discharged. More than 11,000 members have been discharged for that reason, the legal group said.

In a review by the Government Accountability Office, an investigative arm of Congress, the Pentagon said last year that more service members had been discharged for drug offenses, pregnancy and weight problems than for being gay.

Colonel Krenke said: "The Department of Defense policy on homosexual conduct in the military implements a federal law enacted in 1993 following extensive hearings and debate. The law would need to be changed to affect the department's policy."

The military has argued that allowing openly gay troops would disrupt unit cohesion and undermine the services' missions. Defense Secretary Donald H. Rumsfeld has said that the Bush administration will not revisit the policy.

Representative Martin T. Meehan of Massachusetts, the ranking Democrat on the House Armed Services Subcommittee on Terrorism, Unconventional Threats and Capabilities, introduced a bill last year to repeal the policy on gay service members.

In an interview on Monday, Mr. Meehan pointed to "the seamless integration of openly gay service members into the militaries of many of our closest allies, namely the United Kingdom, Australia and Israel." His bill has 118 supporters, including 5 Republicans.

A spokesman for the legal group, Steve Ralls, said it had detected no increased effort to oust members under the policy last year. Mr. Ralls said that some bases reporting increases in discharges had few, if any, reports of unchecked harassment. It often boils down to the tolerance of individual commanders, he said.

"In the end," Mr. Ralls said, "we just don't know what exactly led to these dismissals."

Some service members have used the policy to escape their military obligations as morale has dipped and multiple overseas deployments have caused strain, Mr. Ralls added.

The legal group has also seen an increase in the malicious use of the Internet and e-mail to disclose the sexual orientation of service members, Mr. Ralls said. Sites like MySpace.com are routinely visited by service members and military officials, and service members who identify themselves as gay or lesbian on the Internet risk expulsion.

In one case, the orientation of a gay sergeant was disclosed to his superiors by anonymous e-mail messages. The sergeant was honorably discharged this year from the Army.

Missouri Army Base Leads 'Don't Ask Don't Tell' Dismissal Rate (AP)

Fox News/AP, August 15, 2006

WASHINGTON — An Army base in Missouri used the "don't ask, don't tell" policy to kick out more soldiers than any other military installation last year, followed by an Army base on the Kentucky-Tennessee border and a naval base in Virginia.

Sixty people were dismissed last year from Fort Leonard Wood, Mo., according to Defense Department documents shared with The Associated Press by the Servicemembers Legal Defense Network. That was up from 40 discharges under the policy from the training facility in 2004.

The advocacy group, which advises military personnel on the gay policy, obtained the information through a Freedom of Information Act request. Pentagon spokeswoman Lt. Col. Ellen Krenke confirmed that the Defense Department provided the information to the advocacy group.

The second-highest number of discharges were at Fort Campbell, a sprawling Army base on the Kentucky-Tennessee line. But the 49 people dismissed there, up from 19 in 2004, also represented the single-biggest increase in discharges anywhere.

It was at Fort Campbell where a soldier, Pfc. Barry Winchell, was bludgeoned to death in 1999 by a fellow soldier who believed Winchell was gay. Gay discharges from the base went up sharply on the heels of that murder but later subsided.

"The numbers at Fort Campbell remain disturbing because of the history there," said C. Dixon Osburn, executive director of Servicemembers Legal Defense Network. "The discharge numbers had gone significantly down. This seems to be a rebound. It's not clear why."

A spokeswoman for the base declined to comment on the statistics.

The Pentagon has said there were 726 military members discharged under the policy last year — up 11 percent from the year before — but did not publicly release base-specific information.

The data provided to the legal advocacy group showed the Norfolk, Va., naval base had the third highest number of gay dismissals in 2005, with 35 people leaving under the policy. The Fort Benning Army base in Georgia was next with 31 discharges.

The Pentagon policy, which went into effect in 1994 following passage of congressional legislation, prohibits the military from inquiring about the sex lives of service members but requires those who openly acknowledge being gay to be discharged.

Neither the White House nor the Pentagon has given any indication of dropping their long-standing support for the policy.

Krenke, the Pentagon spokeswoman, said it is the Defense Department's view that congressional action would be needed to change the policy.

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A bill to repeal the policy and allow gays to serve openly has been introduced in the House, but no such measure has been introduced in the Senate.

Dr. Elizabeth Recupero, an internist and pediatrician discharged under the policy last year, said she is confident it will eventually be repealed.

"It's going to be overturned because people are needed, and it's not going to matter who they're sleeping with," she said. "We're in a situation of high alert and war."

Recupero was discharged last year after an investigation that lasted about five years. She was to be stationed at Fort Drum, N.Y., after doing her medical training but never served there, having been put on leave during the inquiry.

Recupero says she regrets the way things turned out. "I'm an honorable person," she said. "I made a commitment to fulfill my duty, and I never got to do that, and I kind of feel lousy about this."

Colorado Redistricting Lawsuit Dismissed (AP-Y)

By Jon Sarche, Associated Press Writer

AP, August 15, 2006

A panel of federal judges has delivered a blow to Colorado Republicans and dismissed the last lawsuit filed over congressional boundaries imposed by a state court.

The ruling, handed down Friday, means district lines drawn by a Denver judge remain in effect.

The dispute dates to the 2000 census, which showed Colorado's population grew enough to earn the state a seventh seat in the U.S. House. The Legislature, then split between Republicans and Democrats, failed to agree on new boundaries in time for the 2002 elections, prompting a Denver judge to map the districts.

By 2003, Republicans had gained control of the Legislature and adopted a new redistricting map to replace the court-imposed map.

When Democrats challenged the GOP-favored map, the Colorado Supreme Court ruled that the Legislature gets only one chance a decade to redistrict and lawmakers missed that chance when they failed to agree on a plan in 2002. Justices threw out the 2003 map and restored the state court's map.

The federal lawsuit had asked judges to reinstate the district lines drafted by the Republican-controlled Legislature.

The lawsuit argued that the court-imposed map violates the constitutional right of citizens to vote for congressional candidates in districts created by the Legislature.

In dismissing the lawsuit on Friday, the federal judges asserted that the case has already been decided by Colorado's Supreme Court.

Brett Lilly, the attorney for the plaintiffs in the federal suit, said Monday the judge's redistricting map and the state Supreme Court ruling violated the U.S. Constitution, which says redistricting must be handled by the Legislature. Lilly also objected to the state justices' conclusion that the Colorado Constitution prohibits mid-decade redistricting.

Lilly said he plans to appeal the ruling to the U.S. Supreme Court.

Shooting Puts Focus On Police Decisions (BSUN)

By Matthew Dolan

The Baltimore Sun, August 15, 2006

The weekend death of a 14-year-old boy by a Baltimore police officer is reviving a controversial issue for the department: When is the right time to use deadly force to stop aggressive suspects?

As investigators probe the fatal shooting of Kevin Cooper inside his home on Saturday morning, his family's lawyer challenges the officer's account, saying that the boy's behavior did not warrant such a violent reaction.

But experts who train officers cautioned that these kinds of volatile domestic situations require split-second decisions by officers worried about the safety of bystanders as well as their own.

Options like blinding Mace, disabling batons and Taser stun guns can be employed effectively to force many suspects into compliance.

Still, according to several former police commanders and authorities in tactical procedures, the public should not be lulled into thinking that every suspect can and should be subdued by those less-than-lethal methods.

"Anybody could easily say that the officer should have backed away, but was the individual in such a dangerous state that he was he going to hurt his mother?" said retired Maj. Gary D'Addario, a former Baltimore homicide shift commander. "Were other people going to be injured? Could he hold his mother hostage?"

Police have said the Kevin Cooper had no juvenile arrest record, but did have disciplinary issues in the classroom.

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Homicide investigators have learned that Kevin attended the New Foundations school in Baltimore for two years, said police department spokesman Matt Jablow. The school educates emotionally disturbed children in elementary through high school grades. About 30 students attend the Franklin Street school in Mount Vernon.

A former teacher said last night that Kevin was expelled from the school after he threw a desk at a male teacher and injured him. The former teacher also gave that account to Baltimore homicide investigators, which The Sun independently corroborated.

Monday, the boy's family referred all calls to its lawyer, A. Dwight Pettit, who did not return several messages. School officials could not be reached for comment.

Baltimore police defended the shooting as justified, saying the boy had hit the officer and threatened him with a jagged broken broom handle. At the time of the shooting, the officer was alone with the family, which may have been a critical factor, according to experts who declined to comment directly on the case.

"There are many factors involved. But sometimes calling for back up or having more officers at the scene can help end a situation without using lethal force," said Charles Joe Key, a private consultant for the city and former Baltimore police lieutenant who helped write the department's guidelines for using force.

According to the official police account, Officer Roderick Mitter, 26, came to the boy's home with another officer. Once the situation calmed down, Mitter stayed to take information for a report when Kevin "became very agitated," according to police. <

ßkern2 Department officials said the boy attacked Mitter with a broom handle. As Cooper's mother attempted to step between the two, the officer used Mace on the boy several times, to no avail, police said.

It was the second fatal shooting by a city officer in a little more than a week.

Police said the boy's mother called them to her Southwest Baltimore home on Saturday morning and reported that she needed help because her son was assaulting her.

Kevin hit Mitter over the head with the broom handle, breaking it in two, according to police. Mitter drew his gun. When Cooper moved toward him with a jagged piece of the handle, Mitter shot the boy in the shoulder.

The youth later died at St. Agnes Hospital.

Pettit, the family lawyer, offered a different story: Kevin never struck the officer, who provoked the boy, sprayed him with Mace and shot him.

Key said that Mace is effective in disabling about 80 percent of its victims.

"But stopping people does not mean that they are totally incapacitated," said the retired commander, who has analyzed more than 500 police-involved shootings in Baltimore. "There is still the potential for violence."

A broken broom handle, he said, could be considered an impact weapon. In those cases, an officer could have also used a baton against an unruly suspect if the pepper spray failed, according to Key.

"But what an officer does not want to do is engage in a duel," he warned.

Again, Key cautioned against rushing to judgment, saying that the level of force used by police is case-specific.

"The standard is whether an objectively reasonable officer would have used the same level of force under the circumstances," Key said.

Another non-lethal option is a Taser gun, but most Baltimore officers do not have them. The controversial stun weapons have been criticized by some for causing fatalities. Others have said that they are not effective enough to use in most situations with suspects.

Jablow said the city police department has no current plans to outfit its patrol officers with Tasers. Today, only patrol supervisors in each of the city's police districts have the weapons.

Other less-than-lethal weapons include the so-called bean-bag shotgun, but those weapons are not standard issue for an officer on the beat.

After a spate of officer-related shootings involving Anne Arundel County police, a county patrol officer used a bean-bag shotgun last month to disarm a suspect they described as violent and suicidal.

So far this year, the city has not experienced an increase in police shootings.

Baltimore officers shot 11 people this year, the same number for the same period in 2005. This year, four people died from the shootings; three died during the same period last year.

Lt. Mark Howe, the department's academy commander, said Monday that each new recruit spends hours learning about and practicing arrest and control techniques.

While some experts said that knowing the suspect is a child can help officers diffuse an explosive scene, Howe and others also warned that child suspects may not always act their age.

"We don't train them to differentiate between children and adults because a young person can hurt you just as fast. It all depends on the situation," the commander said.

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Officers also receive training from mental health professionals about dealing with suspects who may suffer from emotional or psychiatric problems, according to Howe.

"We bring in experts to put officers through role playing," he said. "We concentrate on how to deescalate the situation."

Paul M. Blair Jr., president of the Fraternal Order of Police union, said that those alarmed by the death of a teenager in his own home should remember that domestic police calls are often the most dangerous for officers.

"A lot of these incidents happen within split seconds. You don't have time to say, 'Hold on a minute while I get my bean-bag shotgun out of the car."

Inspector General Probes Deletions In Reports On Group Home Deaths (WP)

By Karlyn Barker, Washington Post Staff Writer

The Washington Post, August 15, 2006

The D.C. inspector general has begun an investigation to determine who altered reports on the deaths of mentally retarded residents in group homes to delete damaging information before the documents were turned over to court and other oversight officials.

Austin A. Andersen, the deputy inspector general, confirmed yesterday that the Medicaid Fraud Control Unit of the inspector general's office has assigned auditors to look into the deletions in the death reports, including who made them and under whose instructions.

Andersen declined to comment further except to say that the probe, requested by D.C. Council member Adrian M. Fenty (D-Ward 4), will be done as quickly as possible.

"This is about accountability," said Fenty, chairman of the council's Human Services Committee. "Either this was done by someone very high up in the District government, or it was done without the knowledge of senior officials who should have known, which in many ways is worse."

Sandy Bernstein of University Legal Services, which represents plaintiffs in a long-standing federal lawsuit against the District over care of the mentally retarded, applauded the investigation.

"We hope there are some sanctions against the person or persons who changed the records and also against anybody who directed or knew about the changes," she said.

Kathy Sawyer, interim head of the Mental Retardation and Developmental Disabilities Administration, and Brenda Donald Walker, deputy mayor for children, youth, families and elders, were out of their offices yesterday and unavailable for comment.

Brian Wilbon, Walker's chief of staff, said the District supports the probe.

"We will cooperate fully with the investigation and work with the auditors to get whatever is needed," he said.

The death reports are done by an independent contractor, then given to the city's Incident Management and Investigations Unit for review before being distributed to the court, the mental retardation agency and others. Sawyer said previously that the deletions occurred before late October 2005, when that unit was shifted to her agency.

The deletions were discovered by Elizabeth Jones, the court monitor in the lawsuit. This summer, Jones checked a sampling of 19 cases and found significant deletions in eight.

They included information that described serious case-management failings, delays in obtaining consent for medical procedures, concerns about health care and problems getting information needed to complete the death investigations, as well as recommendations designed to avert harm to residents in city-contracted group homes.

One report was changed to remove several sentences that criticized a case manager's oversight, including a complaint that he had visited a resident of a group home only once in eight years. The case manager, according to Jones, still works for the mental retardation agency.

Its operations are under increased scrutiny because a federal judge in the lawsuit against the city is weighing a request to place the troubled agency in court receivership -- a move city officials say would derail overhaul efforts.

Fenty and Bernstein expressed concern yesterday that City Administrator Robert C. Bobb has said he will soon leave Mayor Anthony A. Williams's administration to run for president of the D.C. Board of Education. Bobb told U.S. District Judge Ellen Segal Huvelle in late June that Williams (D) had directed him to become personally involved in fixing problems at the mental retardation agency.

Fenty called Bobb's departure "a crucial loss" to the city's efforts to improve services for the agency's 2,000 vulnerable clients.

With Bobb gone, Bernstein said, "we are concerned about who is focusing attention" on city compliance in the lawsuit.

Wilbon said Williams, who will leave office in January, "is personally committed" to staying actively involved in the case and will appoint a replacement for Bobb to work with Sawyer "to stave off the receivership motion."

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Ninth Circuit Reinstates Suit Over Handcuffing Of 11-Year-Old (MNE)

Metropolitan News-Enterprise, August 14, 2006

A Los Angeles man who was 11 years old when a team of officers allegedly pointed guns at and handcuffed him while seeking to arrest his father can sue for violation of his constitutional rights, the Ninth U.S. Circuit Court of Appeals ruled Friday.

U.S. District Judge Ronald S.W. Lew ruled two years ago that the agents, from the IRS, Drug Enforcement Administration, and Los Angeles Police Department, did not use excessive force or unreasonably detain Ephraim Tekle. The judge also ruled that to the extent there may have been a Fourth Amendment violation, the agents acted reasonably and were entitled to qualified immunity.

The Ninth Circuit panel disagreed, saying no reasonable officer would have believed that the Constitution allowed him to act in the manner Tekle alleges.

The defendants acknowledged detaining Tekle when they arrested his father on tax and drug charges at the family home. But they claimed that he looked older and that they did not know he was unarmed.

Mother Arrested

A different team of agents had earlier arrested Tekle's mother after she dropped off his two siblings at school. Tekle testified at his deposition that he was taking out the trash, unaware of the officers' presence, when he hear a voice over a "loud intercom" saying "turn around and put your hands in the air."

Not believing that message was meant for him, he testified, he turned around and started running back inside. When the agents repeated for him to come out, he said, he realized who they were talking to and went out with his hands up.

One of the officers, he testified, told Tekle to get on the ground, so he lay face down on the driveway. The officer, he testified, held a gun to his head, searched him, and handcuffed him.

Tekle said the officer pulled him up from behind by the chain of the handcuffs and took him out to the sidewalk, where he sat, still handcuffed, with his feet "in the gutter" until his father was brought out of the house in handcuffs, approximately 15 minutes later.

After than, he testified, the officers kept their guns on him for a period of time, although the handcuffs were removed. He also said that an officer asked him where he was from, and he explained that he was born in the United States but that his parents came from Ethiopia, the officer responded with a profane and deprecating remark about his parents' homeland.

Tashima Opinion

Senior Judge A. Wallace Tashima, writing for the Ninth Circuit, emphasized that in ruling on the validity of a summary judgment ruling, the court must resolve all legitimate factual disputes in favor of the party opposing the motion, in this case the plaintiff. On that basis, the judge concluded, there was sufficient evidence of excessive force and unreasonable detention to establish triable issues of fact.

Ninth Circuit precedent, Tashima explained, may permit a claim for excessive force in circumstances where a gun was pointed but not fired, depending on the totality of the circumstances.

"Here, viewing the facts in the light most favorable to Tekle, approximately twenty-three armed officers saw a barefoot, eleven-year-old boy, clad in shorts and a t-shirt, emerge from his home. Although he tried to return to the house after hearing the initial "intercom," he then stopped and cooperated. He did not attempt to flee, nor did he resist them, but he complied with their requests, lying face down on the driveway.

He was unarmed. The officers then held a gun to his head, searched him, handcuffed him, pulled him up from behind by the chain of the handcuffs, and sat him on the sidewalk, still handcuffed, with their guns pointed at him, for ten to fifteen minutes. Only after they removed his father from the home in handcuffs did they remove the handcuffs from Tekle. They then sat him on a stool, with their guns still drawn, for another fifteen to twenty minutes."

Third Circuit Case

Citing a similar case from the Third Circuit, Tashima said the amount of force allegedly used against Tekle constituted a "very substantial invasion of [his] personal security."

Judge Raymond C. Fisher concurred in the opinion, while Judge Andrew Kleinfeld concurred separately.

Kleinfeld agreed that the plaintiff had alleged a case of excessive force with respect to the pointing of the guns. As to the handcuffs, he agreed that the facts alleged stated a claim, but only because of the allegation that the officers lifted Tekle to his feet while cuffed, which the judge called a "sadistic bit of bullying."

The case is Tekle v. United States, 04-55026.

Has Bush V. Gore Become The Case That Must Not Be Named? (NYT)

By Adam Cohen

DOJ_NMG_0048598

The New York Times, August 15, 2006

At a law school Supreme Court conference that I attended last fall, there was a panel on "The Rehnquist Court." No one mentioned Bush v. Gore, the most historic case of William Rehnquist's time as chief justice, and during the Q. and A. no one asked about it. When I asked a prominent law professor about this strange omission, he told me he had been invited to participate in another Rehnquist retrospective, and was told in advance that Bush v. Gore would not be discussed.

The ruling that stopped the Florida recount and handed the presidency to George W. Bush is disappearing down the legal world's version of the memory hole, the slot where, in George Orwell's "1984," government workers disposed of politically inconvenient records. The Supreme Court has not cited it once since it was decided, and when Justice Antonin Scalia, who loves to hold forth on court precedents, was asked about it at a forum earlier this year, he snapped, "Come on, get over it."

There is a legal argument for pushing Bush v. Gore aside. The majority opinion announced that the ruling was "limited to the present circumstances" and could not be cited as precedent. But many legal scholars insisted at the time that this assertion was itself dictum — the part of a legal opinion that is nonbinding — and illegitimate, because under the doctrine of stare decisis, courts cannot make rulings whose reasoning applies only to a single case.

Bush v. Gore's lasting significance is being fought over right now by the Ohio-based United States Court of Appeals for the Sixth Circuit, whose judges disagree not only on what it stands for, but on whether it stands for anything at all. This debate, which has been quietly under way in the courts and academia since 2000, is important both because of what it says about the legitimacy of the courts and because of what Bush v. Gore could represent today. The majority reached its antidemocratic result by reading the equal protection clause in a very pro-democratic way. If Bush v. Gore's equal protection analysis is integrated into constitutional law, it could make future elections considerably more fair.

The heart of Bush v. Gore's analysis was its holding that the recount was unacceptable because the standards for vote counting varied from county to county. "Having once granted the right to vote on equal terms," the court declared, "the state may not, by later arbitrary and disparate treatment, value one person's vote over that of another." If this equal protection principle is taken seriously, if it was not just a pretext to put a preferred candidate in the White House, it should mean that states cannot provide some voters better voting machines, shorter lines, or more lenient standards for when their provisional ballots get counted — precisely the system that exists across the country right now.

The first major judicial test of Bush v. Gore's legacy came in California in 2003. The N.A.A.C.P., among others, argued that it violated equal protection to make nearly half the state's voters use old punch-card machines, which, because of problems like dimpled chads, had a significantly higher error rate than more modern machines. A liberal three-judge panel of the United States Court of Appeals for the Ninth Circuit agreed. But that decision was quickly reconsidered en banc —that is, reheard by a larger group of judges on the same court — and reversed. The new panel dispensed with Bush v. Gore in three unilluminating sentences of analysis, clearly finding the whole subject distasteful.

The dispute in the Sixth Circuit is even sharper. Ohio voters are also challenging a disparity in voting machines, arguing that it violates what the plaintiffs' lawyer, Daniel Tokaji, an Ohio State University law professor, calls Bush v. Gore's "broad principle of equal dignity for each voter." Two of the three judges who heard the case ruled that Ohio's election system was unconstitutional. But the dissenting judge protested that "we should heed the Supreme Court's own warning and limit the reach of Bush v. Gore to the peculiar and extraordinary facts of that case."

The state of Ohio asked for a rehearing en banc, arguing that Bush v. Gore cannot be used as precedent, and the full Sixth Circuit granted the rehearing. It is likely that the panel decision applying Bush v. Gore to elections will, like the first California decision, soon be undone.

There are several problems with trying to airbrush Bush v. Gore from the law. It undermines the courts' legitimacy when they depart sharply from the rules of precedent, and it gives support to those who have said that Bush v. Gore was not a legal decision but a raw assertion of power.

The courts should also stand by Bush v. Gore's equal protection analysis for the simple reason that it was right (even if the remedy of stopping the recount was not). Elections that systematically make it less likely that some voters will get to cast a vote that is counted are a denial of equal protection of the law. The conservative justices may have been able to see this unfairness only when they looked at the problem from Mr. Bush's perspective, but it is just as true when the N.A.A.C.P. and groups like it raise the objection.

There is a final reason Bush v. Gore should survive. In deciding cases, courts should be attentive not only to the Constitution and other laws, but to whether they are acting in ways that promote an overall sense of justice. The Supreme Court's highly partisan resolution of the 2000 election was a severe blow to American democracy, and to the court's own standing. The courts could start to undo the damage by deciding that, rather than disappearing down the memory hole, Bush v. Gore will stand for the principle that elections need to be as fair as we can possibly make them.

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ANTITRUST:

Bristol-Myers, Sanofi-Aventis Try To Block Sales Of Generic Plavix (AP)

By Theresa Agovino, AP Business Writer

AP, August 15, 2006

NEW YORK (AP) Bristol-Myers Squibb Co. and Sanofi-Aventis SA said Monday they filed an injunction against Apotex Corp. to stop the Canadian drug maker from selling a less expensive, generic version of the blood thinner Plavix and force it to recall product already sold.

The companies also said they have begun discounting Plavix to stem the loss of the drug's market share.

A hearing on the motion is set for Friday in the U.S. District Court for the Southern District of New York, where the injunction was filed and a patent case on Plavix is pending.

In the filing, the two brand-name makers said there are four reasons the injunction should be issued, including the likelihood they will prevail in the pending patent case and that Apotex's launch last week is causing them irreparable harm.

Apotex launched the drug last Tuesday after a settlement agreement to end the years-old patent litigation fell apart. The generic drug costs around $124 for 30 tablets, compared with about $148 for the Bristol-Myers branded version.

Bristol-Myers and Sanofi-Aventis allege that Apotex has aggressively flooded the market with generic Plavix, selling customers several months supply. The companies said that since Apotex's launch has been so large, any injunction that doesn't include a provision for a recall would fail to provide them meaningful financial relief because they'd still be competing with the generic drug left in the market.

However, in the filing the two companies said they had initiated a program to give large rebates to companies that continue to purchase Plavix. Bristol-Myers declined to give any information about the rebates' size.

In the court papers, the companies acknowledged that lowering Plavix's price was risky because even if the court orders that Apotex stop selling its version of the drug, it will be very difficult for them to raise the price back to its original level because the market would have become accustomed to lower costs.

In late July, the Justice Department launched a criminal investigation into an out-of-court settlement between Apotex, Bristol-Myers and Sanofi-Aventis where the two brand name makers had agreed to pay Apotex a minimum of $40 million to keep its version of the drug off the market until 2011. Plavix's patent expires in 2011, but under the agreement the two brand name makers would allow Apotex to launch its drug several months early.

FBI agents with a search warrant confiscated documents at Bristol-Myers' New York headquarters, and both companies received grand jury subpoenas to determine if the agreement broke antitrust laws. The deal between the drug companies was rejected by state attorneys general, who must approve arrangements between Bristol-Myers and generic drug makers as a result of earlier litigation.

Sales of Plavix, the second-best selling drug in the world behind Pfizer Inc.'s cholesterol drug Lipitor, totaled about $5.9 billion last year.

Apotex spokesman Steve Giuli said the company thought it was unlikely that the court would grant an injunction. He also declined to say how much product it had sold or if it would further lower its prices in the wake of the discount program launched by the two brand makers.

Plavix is a Sanofi-Aventis medicine, but under an agreement Bristol-Myers sells it in the United States, Canada, and several other countries. The medicine is Bristol-Myers' best selling product, and is considered crucial for the company to maintain its dividend and earnings outlook.

Bristol-Myers shares rose 17 cents to close at $20.41 on the New York Stock Exchange while U.S. shares of Paris-based Sanofi-Aventis added 25 cents to finish at $43.42.

Warsaw Orthopedics Companies Named In Antitrust Suits (FWJD)

By Michael Schroeder

The Fort Wayne Journal Gazette, August 15, 2006

Warsaw-based orthopedic companies are being sued for alleged violations of antitrust law that are at the heart of an ongoing investigation by the U.S. Department of Justice.

Biomet Inc. said Friday in its annual report filed with the Securities and Exchange Commission that it has received two complaints in class action lawsuits and is aware of other lawsuits that have been filed against but not served on the company. The company said that the complaints also named various other companies in the orthopedics industry.

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Earlier this month, Zimmer Holdings Inc. made a similar disclosure in a quarterly report filed with the SEC. The company said it and other major orthopedic manufacturers had been named as defendants in six class action lawsuits for alleged violations of antitrust laws as of July 27.

"In these lawsuits, the plaintiffs (direct and indirect purchasers) allege that the defendants engaged in a conspiracy to fix prices of orthopaedic implant devices," Zimmer said in its SEC filing.

Both Zimmer and Biomet said the lawsuits were without merit and said they planned to mount a vigorous defense.

In addition to Zimmer and Biomet, Johnson & Johnson – the parent of DePuy Orthopaedics Inc., another Warsaw-based orthopedics firm – was among the named defendants, according to Zimmer's filing.

In June, Zimmer, Biomet, DePuy and other industry competitors based outside of Warsaw disclosed that they had received subpoenas from the Justice Department in connection with an antitrust investigation.

NovaGold Urges Shareholders To Reject Barrick's Takeover Bid (WSJ)

By John Moritsugu

The Wall Street Journal, August 15, 2006

NovaGold Resources Inc. said it is recommending shareholders reject a $1.53 billion unsolicited takeover offer from Barrick Gold Corp. because it "significantly undervalues" NovaGold's mineral projects and expansion potential.

The Vancouver, British Columbia, mining company said it has started legal action against Barrick, alleging misuse of confidential information with respect to the companies' competing bids for Pioneer Metals Corp., of Vancouver.

Two weeks ago, Barrick offered $14.50 a share for NovaGold's shares. NovaGold said it was disappointed with the offer and urged shareholders to hold off.

NovaGold hasn't produced any metals, but holds two undeveloped assets that are attractive to Barrick: a substantial stake in Alaska's Donlin Creek gold prospect, and 100% of British Columbia's Galore Creek copper and gold discovery.

NovaGold, which announced its offer for Pioneer Metals June 14, said it provided nonpublic information about its Galore Creek project to Barrick June 16. Barrick made an offer July 24 for Pioneer Metals that topped the offer made by NovaGold.

NovaGold said its lawsuit asks that any Pioneer Metal shares purchased by Barrick through its offer be held in a constructive trust for NovaGold's benefit. Pioneer Metals' board has unanimously recommended that its shareholders tender their shares to Barrick.

A Barrick spokesman said the Toronto company was reviewing NovaGold's recommendation to shareholders and the legal complaint, but had no comment.

ENVIRONMENT:

BP Considers Alternative Routes For Moving Oil From Prudhoe Bay (WSJ)

By John M. Biers

The Wall Street Journal, August 15, 2006

PRUDHOE BAY, Alaska -- BP PLC officials are considering alternative pipeline routes from the closed portion of the giant oil field here, a move that might allow production to resume by October.

The eastern portion of the field -- closed last week after the London-based energy giant found corrosion in transit pipelines and a small leak -- accounts for about half of the field's production, which totals 400,000 barrels a day. BP said late last week that it would keep pumping from the western half of the field, which helped push oil prices lower on commodity markets yesterday. Crude for September delivery fell 82 cents, or 1.1%, to $73.53 a barrel on the New York Mercantile Exchange. (See related article on page C4.)

Reopening the eastern half of the field sooner than the January 2007 date projected by some observers would further reassure markets, especially on the U.S. West Coast, which depends heavily on Alaskan oil. While the field satisfies less than 2% of U.S. crude-oil demand, that margin has become more important amid growing world demand for petroleum-based fuels like gasoline and supply constraints elsewhere in the world.

BP, which operates the field on behalf of a consortium that includes Exxon Mobil Corp. and ConocoPhillips, could boost output from the eastern half of the hobbled field by tying some of the eastern Prudhoe production into the nearby Endicott pipeline, which it operates. Though built for 110,000 barrels a day, Endicott is currently flowing at just about 20,000 barrels because of field decline, said Craig Wiggs, a field manager for BP Alaska.

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Routing into Endicott would require some modest modifications to infrastructure, as well as approval from state and federal regulators, Mr. Wiggs said. But if that works out, Endicott could lift Prudhoe's production to more than 300,000 barrels a day. "You're going to be well into October before I could see the construction completed" to allow the Endicott alternative, he said.

BP recently has had some failures in identifying gaps in its pipeline before they cause oil spills. In March, the company suffered the biggest spill in nearly 30 years of North Slope oil production when 200,000 gallons of oil coated the arctic tundra. Last week's discovery of a far smaller spill, along with numerous weak points in the eastern Prudhoe gathering lines, prompted the decision to shut the field.

"We clearly missed something," said Kemp Copeland, BP Prudhoe field manager, on a tour of the spill site. "It's personally disappointing that we missed something."

Mr. Copeland oversees a work force of 4,000 who toil on 300 square miles of arctic tundra. His operation will be under a microscope for the foreseeable future as federal and state officials monitor conditions at the field.

The company described extraordinary measures in its announcement to keep open western Prudhoe, including 24-hour visual and infrared surveillance of a key five-mile stretch of pipeline. In keeping with orders from federal regulators, BP's pipeline-maintenance program will by November include using "smart pigs" to test the lines -- an invasive testing process that monitors corrosion.

BP shut down the eastern field last week after a run by a smart pig, a droid usually shaped as a cylinder, which when pushed through a pipeline can detect abnormalities.

In A Defeat For Louisiana Governor, Federal Judge Refuses To Stop Oil And Gas Lease Sale (AP)

By KEVIN McGILL, Associated Press Writer

AP, August 15, 2006

NEW ORLEANS (AP) A federal judge dealt Gov. Kathleen Blanco a defeat Monday in her campaign to force the government to give Louisiana a bigger share of royalties from offshore oil and gas drilling.

U.S. District Judge Kurt D. Engelhardt turned down Blanco's request to block Wednesday's sale of federal natural gas and oil leases in the western Gulf of Mexico. Blanco has not said whether she would appeal.

Blanco has threatened to block such sales until the state is given more royalties to help it recover from Hurricane Katrina. She filed a lawsuit claiming the federal government has not done enough to protect Louisiana's wetlands from damage from drilling.

Engelhardt said the state will have a strong case when the dispute goes to trial in November, but allowing the sale to go on would not harm the state.

``The court's decision today will allow MMS (Minerals Management Service) to continue its plans for producing additional energy supplies for the nation,'' said Johnnie Burton, director of the federal agency that will conduct the sale, in a statement.

The state now receives less than 2 percent of royalties from oil and natural gas produced in the Gulf. Blanco and Louisiana's congressional delegation are demanding more.

Both the Senate and House have passed bills that would give Louisiana and other Gulf states more 37.5 percent under the Senate bill, 50 percent to 75 percent under the House bill. The differences in the legislation still need to be worked out.

Despite the setback, Blanco said in a statement she was pleased the judge found she had a substantial likelihood of success on the merits of this case.

Engelhardt said that in light of the damage to Louisiana's coast from hurricanes Katrina and Rita, the state has a good chance of proving the federal government did not do enough to assess the environmental effects of offshore drilling.

``Given the substantial evidence before this court that material changes have occurred since the fall of 2002 with respect to the affected baseline environment ... the plaintiffs' likelihood of success on the merits is strong,'' Engelhardt wrote.

The hurricanes swamped much of Louisiana's coast. Louisiana has lost about 1,900 square miles of coast since the 1930s. Some of those losses are blamed on oil and gas drilling both onshore and off.

Northern Nevadans Don't Want To Gamble With Their Water (WP)

By Sonya Geis

The Washington Post, August 15, 2006

WHITE PINE COUNTY, Nev. -- Las Vegas is a parched desert city in a four-year drought, with new residents pouring in at a rate of at least 5,000 per month. So water officials plan to tap a great system of aquifers that form underground lakes in a swath across Nevada, some of them hundreds of miles away.

But the water is not free for the taking. On top of the aquifers are ranches and small towns, where a small, tenacious group of rural residents are fighting hard to keep Las Vegas from sucking them dry.

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"It's a question of values," said Dean Baker, a rancher with 2,000 head of cattle in White Pine County. "Will society accept drying up this environment to feed Las Vegas's money appetite?"

The battle is the latest in a long series of skirmishes between Western cities and rural areas over limited supplies of water and how it should be allocated. Typically, cities win. Coastal California, Phoenix and Salt Lake City all rely on distant groundwater supplies.

Such transfers of water from rural to urban areas "have not yet occurred in Nevada," said Hal Rothman, a professor of history at the University of Nevada at Las Vegas. "But they are beginning here."

The Colorado River provides 90 percent of Las Vegas's water, but the city lives on a diet, an allocation of water it was awarded decades ago, when Las Vegas was a whistle-stop. So the Southern Nevada Water Authority wants the water that lies underground to the north.

To carry the water to the households of Las Vegas, engineers propose a $2 billion hydra-headed pipeline stretching 250 miles. The water authority has already started buying ranch property in the county to access the water underneath. Water authority officials say there is enough water underground statewide to provide for the ranchers, plus cover about two-thirds of Las Vegas's annual water needs.

On Sept. 11, the Nevada state engineer will hold a hearing and then make a decision about how much water Southern Nevada can take. Legally, all the water under Nevada is a state resource, and the engineer must determine its best use.

White Pine County lies at the northern end of the proposed pipeline. Officials here are eyeing a lawsuit if the hearing doesn't go their way.

"I've watched the attitude of Southern Nevada, and it's like they've got gold fever," Baker said as he bounced down a dirt road in his truck. He has worked his ranch in Snake Valley for 50 of his 66 years. His three sons and their families work it with him.

"They say there's water here nobody's using. It's not that simple. There is no free lunch." Baker worries that the aquifer could be depleted, turning the area into a dust bowl.

The specter of California's Owens Valley looms over the area, as people recall the aqueducts that almost 100 years ago turned a lush agricultural community into an environmental disaster so that water could be delivered to Los Angeles.

Nevada's valleys are majestic and arid, sloping floors covered in greasewood bushes and fields of alfalfa irrigated with springs or wells the ranchers have dug themselves. As Baker drives his land, antelopes, coyotes and jackrabbits, gathered at pools of water, are startled by the sound of his truck.

"This is a closed basin and it is in balance now," Baker said of Snake Valley. "The water is coming in through precipitation and going out through evaporation and transpiration of the plants. Nobody knows of any river underground where the water's going. It's here, and it's being used here."

Other counties along the pipeline route have formed agreements with Southern Nevada, but this summer White Pine County turned down $12.5 million from the water authority to drop its protests and cooperate.

The county could use the money. It's a depressed area, and thanks to financial mismanagement the government is under state receivership. Still, that doesn't matter to White Pine County Commissioner Gary Perea. "They could offer us 12 or 15 billion dollars, but what good is the money if there's nobody living here?" he said.

Perea wishes the city people would leave his corner of the state alone, the way he's had the good sense to do with them. "People live up in rural areas for a reason. They don't like big cities," he said. "We want to be independent. We want to take care of ourselves. To take the money from Las Vegas and endorse the project -- people did not want to do that."

Pat Mulroy, general manager of the Southern Nevada Water Authority, understands such resistance is political and cultural as much as environmental. "They've lived in their world forever," she said of the ranchers, some of whose families have worked the land for more than a century. "They feel disenfranchised. . . . All that anger finds its expression through this project."

Las Vegas recycles water and imposes conservation measures, but that's not enough, Mulroy said. "We don't have a network of streams. Southern Nevada has no backup," she said. "Nevada has to find a way to safely and sustainably develop groundwater resources. If they cannot do that, the entire state of Nevada can lock its doors."

Mulroy said the best way to prevent environmental damage is for the people of White Pine County to cooperate with her agency to monitor the effects of pumping. But activists scoff at the idea that they will have any power to change the water agency's plans.

"That's exactly what Mr. Mulholland said" about Owens Valley, said Bob Fulkerson, state director of the Progressive Leadership Alliance of Nevada, which is fighting the pipeline. William Mulholland, as head of the Los Angeles water department in 1904, conceived the idea of an aqueduct from the Owens Valley. "He had no interest in draining the valley, he had no interest in creating that wasteland," Fulkerson said. "He did not want that to happen, but that's what did happen because once the siphon was started it was impossible to turn it off."

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"This is going to create a sacrifice zone of thousands of square miles so Las Vegas can continue to be the fastest-growing city in the United States," he added.

To Rothman, that calculation makes sense. "Simply put, water has infinitely more value in urban areas," he said. "Ranchers are an oligarchic anachronism, privileged by a world long gone."

White House: Lesser Bird Flu May Be Here (AP)

AP, August 14, 2006

Scientists have discovered the possible presence of bird flu in wild mute swans in Michigan — but it does not appear to be the most worrisome, highly pathogenic strain, the White House announced Monday.

"They believe it is a strain of low pathogenicity, similar to strains that have been seen before in North America," White House spokesman Tony Snow said.

Testing is still being done to confirm the presence of the H5N1 virus and its type. Officials with the Agriculture and Interior departments were to announce details later Monday morning.

Scientists had feared that the deadly H5N1 strain of bird flu would reach North America — in birds — sometime this year. Just last week, the U.S. expanded monitoring of wild migratory birds throughout the nation, to check for early warning signs.

However, health officials stress that the virus' appearance in wild birds would not be a public health crisis — especially if it were the less worrisome, low-pathogenic strain.

The H5N1 virus has killed at least 138 people worldwide since it began ravaging Asian poultry stocks in late 2003. But virtually all caught the virus from close contact with sick birds or their droppings.

Health officials are closely watching H5N1's march around the globe for fear the virus eventually could mutate into a strain that could spread easily from person-to-person, possibly sparking a worldwide epidemic. No one knows how likely that is to happen, and specialists agree that the risk doesn't jump even if a few infected birds are found to have entered the U.S.

But if that happens, it could trigger additional security steps, especially to prevent wild birds from infecting U.S. poultry flocks, and more stringent monitoring.

Wild birds, especially waterfowl, carry a multitude of flu viruses — and officials have repeatedly warned that this first batch of testing could produce a lot of false alarms.

Only confirmatory tests that will take several more days — possibly up to 10 — can tell whether a suspect bird really has H5N1 or some other harmless flu strain. If so, that testing also will confirm whether the virus is the so-called "high-pathogenic" version, the deadly type, or a so-called "low-pathogenic" version, a mild type not of concern for humans.

Wild Swans May Have Form Of Bird Flu (WT/AP)

By Lauran Neergaard, Associated Press

The Washington Times, August 15, 2006

Scientists have discovered the possible presence of bird flu in the United States -- in wild swans near the banks of Lake Erie -- but it does not appear to be the worrisome strain that the government has long feared.

Routine tests on two seemingly healthy wild mute swans in Michigan suggest they might have the H5N1 virus; confirmatory tests are under way.

However, other testing has ruled out the highly pathogenic version of that virus that has ravaged poultry in Asia and killed at least 138 people worldwide, the Agriculture Department announced today.

"This is not the highly pathogenic avian [influenza] virus that has spread through much of other parts of the world," said Ron DeHaven, administrator of USDA's Animal and Plant Health Inspection Service.

"We do not believe this virus represents a risk to human health," he declared.

Still, if it is the low-pathogenic version of H5N1, it would be the first time in 20 years that scientists have found even that version of the H5N1 virus in the United States, USDA officials said. A similar low-pathogenic version of the virus was found in Canada last year.

Despite the lack of human risk, federal officials said they were announcing the apparent discovery as a sign of openness about the $29 million effort to check for signs that H5N1 is posing a renewed threat to U.S. birds.

"We remain vigilant and prepared," said Dr. William Raub, science adviser to the Department of Health and Human Services.

The deadly version of the H5N1 virus has killed at least 138 people worldwide since beginning its global march in late 2003. However, virtually all caught the virus from close contact with sick birds or their droppings.

Scientists had feared that the deadly form of the virus would reach North America in birds sometime this year. Just last week, the U.S. expanded monitoring of wild migratory birds throughout the nation to check for early signs.

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Health officials are closely watching H5N1 for fear the virus eventually could mutate into a strain that could spread easily from person to person, possibly sparking a worldwide epidemic. No one knows how likely that is to happen, and specialists agree that the risk doesn't jump even if a few infected birds are found to have entered the United States.

Still, even the low-pathogenic H5N1 requires monitoring because it has the potential to mutate into the highly pathogenic form -- the kind that rapidly kills birds, especially poultry. If it were found in the U.S., that would trigger additional security steps to prevent wild birds from infecting commercial poultry flocks.

Bird-Flu Viruses Are Discovered In Two Wild Swans In Michigan (WSJ)

By Jane Zhang

The Wall Street Journal, August 15, 2006

WASHINGTON -- Bird-flu viruses were detected in two wild swans found in Michigan. Officials said that while the viruses don't appear to be dangerous to humans, they belong to groups that could mutate quickly into the deadly virus that has killed birds and people in Asia.

The viruses -- containing both the H5 and N1 proteins -- were discovered in two of 20 birds killed Aug. 8 by state game officials to help control burgeoning numbers of mute swans, which have reproduced heavily since their introduction around Lake Erie. The birds showed no signs of sickness and were tested through routine sampling, according to Agriculture and Interior department officials.

Genetic testing suggests that the viruses found are similar to a low-pathogenic H5N1 strain found among wild birds in North America, with little human health concern, said Ron DeHaven, administrator of the Agriculture Department's Animal and Plant Health Inspection Service. Government scientists are conducting a confirmatory test to clarify whether one or more strains of the virus are present, the specific subtype, as well as whether it's high or low pathogenic.

While the test won't be completed for two weeks, Dr. DeHaven ruled out that the birds were infected with a more deadly strain of the H5N1 virus that has stirred intense concern world-wide. But even if it turns out to be a low-pathogenic form of the H5N1 strain, it still needs to be monitored because it has the potential to mutate quickly into a more deadly form.

Since late 2003, the deadly H5N1 virus has wreaked havoc among poultry in Asia and Europe and killed at least 139 people world-wide. Most victims had close contact with sick birds or their droppings.

Health officials have feared that the highly pathogenic H5N1 virus might mutate into a strain that could easily spread from human to human and trigger a pandemic. That would threaten public health and put strains on the U.S. poultry industry, global travel and other businesses.

Scientists and U.S. officials have said the deadly virus could spread to birds in North America as early as this year. Since June, the U.S. government has tested 8,000 migratory-bird samples, half with the help of hunters in Alaska and half live birds with a migratory history to Asia, said Sue Haseltine, associate director for biology at the U.S. Geological Survey. Fewer than 2% of them were found with any bird-flu virus, which is "about standard," she said.

Even the low-pathogenic H5N1 bird flu can infect wild birds and domestic poultry, such as chickens, turkeys and ducks. If the two samples are confirmed to be a low-pathogenic H5N1 virus, it would mark that virus's return to the U.S. after 20 years.

A spokesman for the Centers for Disease Control and Prevention said the agency isn't concerned about human infection at this point.

2 Michigan Swans Seem Infected With Nonlethal Avian Flu Strain (NYT)

By Donald G. McNeil Jr.

The New York Times, August 15, 2006

Two swans in Michigan appear to have been infected with an avian flu of the A(H5N1) type, government agricultural officials announced yesterday, but the virus is not the same lethal strain that has killed millions of birds and 139 people in Asia and the Middle East.

Although final tests will take two more weeks, officials said, the virus appears to be a strain that was found in ducks in Canada one year ago and in the United States in wild ducks in 1986 and 1975. While it is an H5N1 flu, it is a “low pathogenicity” strain, meaning it does not kill birds and has never been known to infect humans.

“This is not the highly pathogenic avian influenza virus that has spread through other parts of the world,” said Dr. Ron DeHaven, chief of the Animal and Plant Health Inspection Service at the Agriculture Department. “We do not believe that it represents a risk to human health.”

Because federal and state game rangers and university ornithologists are testing thousands more birds since Congress approved $29 million for expanded bird flu screening, Dr. DeHaven said it was “no surprise” that the virus had been found.

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The mute swans, a wild pair nesting near Lake Erie, appeared healthy, as did the birds seen near them when they were sampled on Aug. 8, Dr. DeHaven said. (But they were killed because they were sampled as part of a government program to wipe out Michigan's mute swans, the white birds of "Swan Lake" fame. They are a European species introduced in the 1800's as park decorations but are so aggressive when they become feral that they drive out local trumpeter swans and loons.)

Preliminary tests were positive for H5 and N1 "spikes" on the shells of the virus, Dr. DeHaven said, so it is theoretically possible that the birds had two separate viruses, one with an H5 spike and another with an N1.

It will take about two weeks to grow more of the virus's core, sequence its genes, and then inject it into chicks to see if it kills three-quarters of them within 10 days, which would meet the definition of a highly pathogenic virus. If a "high-path" virus were present in the United States other countries would probably shut their doors to American poultry exports.

Dr. DeHaven said, however, that the preliminary tests suggested it was not, and that the North American strain had never mutated into a more lethal form.

Almost all the humans who have died of avian flu are believed to have caught it from domestic chickens or their droppings. The exception was an outbreak in Azerbaijan in February, in which village girls who plucked a flock of dead wild swans for their down fell ill.

Two Wild Swans Have Virus, But Not The Virus (USAT)

By Anita Manning

USA Today, August 15, 2006

Federal officials say the discovery of a bird flu virus in two wild swans in southeastern Michigan poses no threat to public health or the poultry industry.

Tests results released on Monday found H5 and N1 subtypes in the birds, said Ron DeHaven, administrator of the U.S. Department of Agriculture's Animal and Plant Health Inspection Service, but "this is not the highly pathogenic avian influenza that has spread through much of other parts of the world."

Pathogenicity, high or low, indicates the ability of the virus to cause illness. The swans showed no signs of sickness, nor did any birds around them, DeHaven said. Further testing is being done at a national veterinary lab in Ames, Iowa.

A highly pathogenic H5N1 bird flu virus that emerged in Hong Kong in 1997 and spread through Asia and into Africa and Europe has not been found in the USA. It has raised alarm bells because the virus, although still mainly a disease of birds, has managed to infect 238 people since 2003, killing 139. There has been a constant fear that the virus could mutate to the point at which it spreads easily among people and ignites a flu pandemic.

Low-pathogenic versions of the H5N1 virus were found in wild ducks in the USA in 1975 and 1986, and again in ducks in Manitoba, Canada, last year.

Flu viruses mutate all the time, but among the many forms of low-pathogenic bird flu, only H5 flu and H7 strains have been known to mutate into highly pathogenic forms, DeHaven said. "Any H5 or H7 virus is of concern from a commercial standpoint in that it has the potential to mutate" and become more dangerous, he said. But, he said, the affected swans had had no known contact with commercial poultry.

The National Chicken Council said in a statement that the discovery "creates no problems for commercial poultry operations or consumers" and that commercial growers already protect their poultry from contact with wild birds.

The two mute swans, which don't migrate, lived in the Pointe Mouillee State Game Area on the coast of Lake Erie and were among 20 swans killed in a population-reduction program. Samples were taken Aug. 8 as part of an expanded testing program for wild birds.

Sue Haseltine, associate director for biology at the Department of the Interior's U.S. Geological Survey, said surveillance for all forms of avian flu has increased this year, and more than 8,000 wild birds have been tested since June. Less than 2% had any form of bird flu, she said, which is "about standard."

She said much of the testing this summer has been done in Alaska, where migrating birds congregate for breeding, and testing will continue as birds return to the Pacific Islands.

At the same time, DeHaven said, "we'll be doing a lot of testing in the lower 48 (states) beginning late August and through the fall migration season."

Bacteria Cited In Sandy Point Swimming Ban (WT)

By Katie Dodd

The Washington Times, August 15, 2006

Maryland health officials have banned swimming at Sandy Point State Park in Annapolis because of an outbreak of a bacteria that could cause skin infections or stomach illnesses.

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There have been no reported cases of illnesses caused by the bacteria, known as Enterococcus, officials said.

Nonetheless, health officials warned that anyone who has swum recently at the park should monitor their open cuts and stomach health.

"Overall, [Chesapeake Bay] water has had lower bacterial levels than in past years," said Richard A. Eskin, director of technical and regulatory services for the Maryland Department of the Environment. "This is a localized problem."

This is the second time this season that health officials have banned swimming at Sandy Point because of high levels of the Enterococcus bacteria, which is found in the fecal matter of warm-blooded animals.

A similar ban was enforced late last month; the current ban went into effect Sunday.

"The high readings have been intermittent. The repeat occurrence allows for more information for us to work with," Mr. Eskin said.

The state Department of the Environment is working with the Anne Arundel County Health Department and the state Department of Natural Resources to find the source of the bacteria.

Officials will be conducting surveys along Sandy Point's shoreline in search of broken pipes, failed septic systems or high numbers of warm-blooded animals.

They will collect water samples, which will be sent to Salisbury University's laboratory for DNA testing to determine the source of the bacteria.

The bacteria can infect open wounds and cause gastrointestinal illnesses marked by diarrhea, nausea and vomiting.

Swimming will be reinstated at Sandy Point when there are two consecutive "good days" of test data, said Kerry Topovski, director of Anne Arundel County's Division of Environmental Health.

The park remains open, but no one is allowed in the water, park officials said.

"We still warn people before they come in and pay," said Laurie Witcher, Sandy Point's development manager. "There are some people who turn around, which is sad."

Until bacterial readings return to normal, the state departments of the Environment and Health will provide information for people to make decisions about swimming.

FBI/DEA/ATF/USMS:

State Dismisses Charges Against Local FBI Agent (WBOY-TV)

WBOY-TV, August 15, 2006

Sterling Pace was charged with two counts of soliciting a prostitute and two counts of obstructing justice.

Story by Elizabeth Schubert Email | Bio

His trial began Monday morning. But after the state's first witness testified, the prosecution and defense worked out a deal, and the state filed a mistrial.

According to the agreement, as long as Pace resigns from the FBI, and pays court costs, prosecutors won't bring charges up against him. He also can't work in law enforcement ever again.

Pace resigned his position on Monday afternoon.

W. Pa. Native Appointed Chief FBI Agent Here (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, August 15, 2006

A Western Pennsylvania native has been appointed by the FBI to be special agent in charge of the local office.

Ray Morrow, who currently is special agent in charge of the administrative division of the FBI's New York office, is not expected to begin his new job until at least October, said Agent Jeff Killeen, a spokesman for the Pittsburgh office.

Agent Morrow was born in Ellwood City and grew up in Aliquippa. He graduated from Hopewell Area High School in 1973 and from Penn State University in 1977 with a bachelor's degree in law enforcement and corrections.

After college, he worked as a support employee for the FBI in Washington, D.C., before joining the Secret Service Uniformed Division and serving on the White House detail from 1978 to 1980.

He became a special agent with the FBI in 1987 with the Louisville, Ky., office. Following that, Agent Morrow worked undercover in a police corruption investigation that led to the convictions of 30 Cleveland police officers.

He also investigated white-collar crime in Tampa, Fla., before serving as assistant special agent in charge in Minneapolis.

Following his time there, he worked in Clarksburg, W.Va., as the section chief for resources management at the Criminal Justice Information Services Division.

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Agent Morrow, who is married and has three children, will replace M. Chris Briese, who has already left for Washington, D.C., where he now serves as deputy assistant director in the bureau's counterterrorism branch.

2002 Triple Slaying Linked To Feud Over Ecstasy Trafficking (SFC)

San Francisco Chronicle, August 14, 2006

A 2002 triple slaying in a Union City home has been linked to a feud between two top Bay Area drug traffickers, federal court records show.

The disclosure came amid the arrests of five people last week and searches of homes in Oakland, Danville, Hillsborough, San Mateo and Burlingame. Beginning in 2000, the five suspects smuggled large quantities of ecstasy into the United States, hiding the illegal party drug in high-end imported pianos, BMW transmissions and leather sofas, authorities said.

A sixth suspect in the ecstasy-trafficking case, Kai Zheng, 37, of Canada, is believed to have orchestrated a triple slaying in Union City four years ago, wrote Drug Enforcement Administration Special Agent Kenny Lee in a 62-page affidavit filed in U.S. District Court. An informant told federal investigators that Zheng, who officials believe fled to Canada three years ago, arranged the Union City slayings to eliminate a rival in the local drug trade.

On Sept. 12, 2002, Gingfan "Johnny" Li, 33; his 26-year-old fiancee, Deborah Yao; and Li's friend, 32-year-old Kevin Kwok, were found dead in the living room of the couple's rented Compton Court home in Union City.

Each died from blunt force trauma during a violent struggle, and investigators said at the time that the three appeared to have been targeted by assailants who opened drawers and removed heater vents in a possible search for something.

A piano believed to have been involved in ecstasy smuggling was found inside the home after the killings, according to the DEA affidavit.

Investigators later learned that both Li and Kwok had been "heavily involved" in trafficking ecstasy, documents indicate.

Hillsborough resident Johnson "Uncle Hong" Mai, 43, the alleged ringleader, and a cohort smuggled at least 906 kilograms -- or more than 3 million individual doses -- of ecstasy into the Bay Area, Los Angeles and Houston, authorities said.

In the Bay Area, Mai is known as the source of pink-colored ecstasy tablets that bear "the imprint of a lady or a woman's face" an informant told police, according to court records.

One of the defendants in the ecstasy case believed that Zheng "had orchestrated the murders after Zheng learned that Li wanted to kill him in order to be the sole distributor of Mai's (ecstasy)," the affidavit said.

Although an informant reported seeing Mai and Zheng search Li's home before police arrived, another person may have actually committed the slayings, authorities said in court records. Zheng fled to Canada in April 2003 because of talk about his apparent role in the killings and "subsequent pressure from law enforcement," according to the affidavit.

The five people arrested in the drug case are Mai; his wife, Lisa Lee, 42; Eric Yu Heng Cai, 34, of Burlingame; Zhi En Huang, 37, of San Mateo; and David Yuen, 37, of Oakland.

El Dorado's Raided Marijuana Fields Linked To Criminal Gang (SACBEE)

The Sacramento Bee, August 14, 2006

[Updated: 3:10 p.m. Monday] At least 40 heavily armed law enforcement officers raided two marijuana gardens blooming within a few miles of some of El Dorado County's most expensive homes.

Investigators linked the marijuana patches to one of Southern California's toughest criminal gangs.

No one was arrested but when the dust had settled, about 2,000 plants, many more than 6-feet tall, were seized.

There also was evidence that a like amount had already been harvested, said Lt. Kevin House, spokesman for the El Dorado County Sheriff's Department.

Monday's eradication effort was another local shot in the annual statewide war against what some say is California's biggest cash crop. The street value of the gardens raided Monday was probably in the $5 million to $8 million range considering what was confiscated and what had been harvested.

The camouflaged gardens on public lands were spread across steep, brush covered hillsides off Salmon Falls Road, within sight of million-dollar homes and Folsom Lake, about three miles from El Dorado Hills.

"We don't usually find many grows this close to civilization," said Gordon Taylor, assistant special agent in charge for the U.S. Drug Enforcement Administration Eastern Division of California.

Markings carved into a tree and evidence found on the hillside indicate that the marijuana growing operation was orchestrated by the Surenos, a southern California-based gang that is in turn linked to the Mexican Mafia, Taylor said.

"This is organized crime and that is what we are finding with a lot of these operations that use Mexican nationals," Taylor said. "This is big business."

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Even though California voters legalized marijuana use for medical purposes, law enforcement officials still view the weed as a damaging and pervasive problem.

"Recreational" use in the Sacramento region pretty much mirrors what is being seen nationwide where marijuana "is rated as the No. 1 abused drug," Taylor said.

But there is nothing recreational about what the drug does to some young users, Taylor said.

"More teenagers are entering drug treatment programs for marijuana abuse than for all other drugs combined," Taylor said.

"There is a lot of marijuana still out there and it is having a tremendous influence on society," House said. "It is a gigantic problem."

For Sacramento area teenagers, lighting up a joint may be as commonplace as tapping into a keg of beer, he said.

"It is every bit as common as that," House said.

Special Weapons and Tactics teams from three counties spearheaded the early morning sweep near Salmon Falls Road. They were accompanied by California National Guard soldiers, DEA agents and other personnel associated with the state Department of Justice's "Campaign Against Marijuana Planting."

The first units into the area moved warily making sure that no armed guards or booby-traps were in the area. Manzanita, buck brush and poison oak grew so thick along the steep hillsides that individuals could easily have hidden in the bursh.

Along with the pot, they found an abandoned camp, strewn with garbage, some ammunition and an intricately designed drip irrigation system.

As the summer sun rose, the officers and agents began the back-breaking job of hand-pulling the plants before hauling them out to loading zones. The piles were placed in large mesh baskets and hauled away by helicopters. The rugged terrain and lack of access made the work slow and hard.

Black plastic pipe extended throughout the area providing water to plants placed individually and in small clumps. One growing area used water piped out of Sweetwater Creek while the other system tapped water out of Falls Creek.

Although the gardeners had carefully sited their operation in an attempt to keep it hidden, their irrigation system gave them away.

"This investigation started in May when a citizen observed PVC pipe that looked suspicious," Taylor said.

In one garden officers found a lean-to drying room with about 20 plants hanging inside. Plants in that garden were about 3-feet tall. Plants in the other location were more robust many at least 6-feet tall.

"This is a pretty typical Mexican national garden," said Ray LeLoup, special agent with the federal Bureau of Land Management.

LeLoup was looking over the pile of garbage, a propane stove, shovels, fertilizer and other debris that had been left behind along the damaged hillside.

During the "harvest season," LeLoup spends a lot of time busting brush in an area that stretches from near Fresno all the way to Redding.

"I probably do two or three of these a week," LeLoup said.

Early indications point to a busy local marijuana season. Earlier this month a similar outdoor garden was eradicated near the El Dorado County community of Greenwood. During the same time frame a joint task force broke up an indoor growing operation in Elk Grove and seized another 2,000 plants.

The campaign against planting is run by the state Department of Justice in conjunction with federal and local law enforcement.

Massive Pot Farm Bust In El Dorado County (AP)

AP, August 14, 2006

(AP) EL DORADO HILLS, Calif. Kicking off their annual campaign against Northern California's marijuana crop, about 40 heavily armed police officers raided two large El Dorado County marijuana fields early Monday, using helicopters to find and seize 6,000 drug plants.

The marijuana plants were being grown on public land near Salmon Falls Road, within sight of million-dollar homes near El Dorado Hills, police said.

Officers said they found an abandoned camp with ammunition at the site, and an extensive watering system that used black plastic pipes to deliver water from a nearby creek.

Gordon Taylor, special agent in charge for the U.S. Drug Enforcement Agency's Eastern Division of California, said the raid was the culmination of an investigation that began with a citizen's tip in May. " It's difficult in these situations," Taylor told CBS 13, "the people that are actually growing these marijuana plants are very familiar with the territory and any sign of anyone coming into their campsites or into their gardens, they flee for the hills. It's difficult to catch them."

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The raid -- one of the first in the 24th annual Campaign Against Marijuana Planting -- could be the beginning of a banner year. Police predict that a rainy spring and improved police surveillance technology this year could allow them to break last year's record catch of 1.1 million plants.

14 Arrests Upset Local Somalis (SEATIMES)

By Nathan Hurst, Seattle Times staff reporter

Seattle Times, August 15, 2006

For the area's growing Somali community, a recent federal bust of an alleged khat-smuggling ring didn't just lock up 14 fathers, brothers and husbands. It also broke a trust in the U.S. government that had helped some 15,000 expatriates flee war-torn Somalia for Seattle.

The arrests late last month targeted an international operation that smuggled the illegal plant into the U.S., according to the federal Drug Enforcement Administration (DEA). But many local Somalis fear their culture also was targeted.

Parts of the khat or qat (pronounced "cot") shrub have been used for centuries as a mild stimulant in countries like Somalia and Yemen, where users compare the effect of chewing on the fresh plant to drinking a strong cup of caffeinated coffee.

For the mostly Muslim populations of those nations, alcohol use is a religious taboo. Instead of drinking, many will chew on khat, kick back with friends and family, and talk.

But here in the U.S., khat's two active chemicals, cathine and cathonine, are scheduled, controlled substances, making them illegal to possess and consume — and the DEA doesn't make cultural exceptions in enforcing federal drug laws.

That cultural difference is just one of the problems facing Somali-Americans across the nation and in South Seattle, Tukwila and SeaTac neighborhoods, said Omar Jamal, executive director of the Minneapolis-based Somali Justice Advocacy Center.

"What we have here is a classic clash between two different cultures and systems," said Jamal, who recently flew to Seattle to meet with community leaders and law-enforcement officials. "The community here is still in shock."

Community leaders talk about it at the Somali Community Services community center on a gritty stretch of Rainier Avenue South in Mount Baker.

Diners in Tukwila's Marwa Restaurant — a gathering point for many area East Africans — say they're afraid to pick up the phone or answer the door for fear another law-enforcement agency might be getting ready to target their community.

"Our husbands and brothers were taken away," Ruqiya Ahmed told three law-enforcement agents through a translator during a meeting earlier this month with Somali community leaders. "How will we eat? How will we pay the rent?"

Ahmed remembers being brought "to a big land on big planes" after the Somali government collapsed despite international intervention in 1991. Since then, her homeland has been split by continually sparring warlords, whose militias have only added to the country's degradation.

But now, she said, the foreign government she trusted with her life and well-being is targeting her loved ones.

The bust, which netted 44 alleged khat sellers nationwide, came after an 18-month DEA investigation that targeted mostly immigrant communities in Seattle, along with other cities with sizable Somali populations, including Minneapolis; New York; Columbus, Ohio; and Boston.

The sting involved months of extensive interviews with members of the Somali community and their neighbors as well as phone taps, according to the DEA. Over the course of the investigation, DEA agents said, 25 tons of khat — worth about $10 million — was illegally imported for use by Somali immigrants.

The DEA said an international network used human smugglers and commercial shippers to transport khat from its native habitat in Africa to the U.S. Now, the 14 arrested in the Seattle bust are waiting for trials that could last years. If convicted under the felony drug-trafficking charges brought against them, they could face decades in federal prison.

Abdulwali Abdullahi fled the violence of the Somali capital of Mogadishu in 2002 and settled in Seattle. In the 1980s, as a science professor at Copenhagen University and at Somalia National University, the country's premier higher-education institution, he used to research the effects of khat. Abdullahi is now a public-school teacher.

"It doesn't have the effect of street drugs," he said of khat. "But if I were to drink alcohol, nobody would speak to me."

Still, he and other Somali-Americans acknowledge that khat has a downside.

In Somalia, some workers will chew khat socially in the afternoon and evenings, sometimes staying up all night under its heady haze. And while it doesn't possess the same addictive qualities as heroin and cocaine, khat use can lead to family frustrations if grocery and rent money starts disappearing.

Abdullahi said khat use is prevalent in Somalia but less so in immigrant communities here.

According to the DEA, khat sells for about $40 to $50 per bundle in Seattle's Somali community. Each bundle of khat contains about 40 trimmings, which are typically wrapped in banana leaves to preserve freshness and moisture.

Law-enforcement officials have been unapologetic about the raids. Seattle police Lt. John Koutsky, along with two FBI agents, met with community leaders earlier this month at the Somali Community Services building. He said closing the cultural divide and regaining the Somali community's trust are key to keeping the neighborhoods safe.

Mark Meinecke, one of the FBI agents, agreed. He explained that the khat bust was less about the drug itself and more about preventing funds used to buy khat from ending up in terrorists' hands.

Meinecke said that money used to purchase drugs in the U.S. often is laundered and sent back to terrorist cells in countries with governments that either support the groups or turn a blind eye to their activities.

Ahmed said it was unfair to assume money being sent back to Somalia and other countries in the region was targeted for terrorists' hands.

Now, as the 14 arrested begin a potentially long legal battle, Jamal and local Somali community leaders are gearing up for what could become a high-court challenge to the legitimacy of the DEA's arrest for possession of khat and the scheduling of its psychoactive compounds, cathonine and cathine.

Because the khat plant is not scheduled under federal law, the defendants in the upcoming khat trials may have some case law working in their favor. A 1978 Florida Supreme Court decision ruled that while possession of the active chemicals in magic mushrooms, psilocybin and psilocin, is illegal, having the mushrooms themselves isn't necessarily in violation of the law.

Duniya Hersi, a community advocate assisting in the preparation for court proceedings, said the Somali community will do everything it can to prove khat isn't harmful.

Others are concerned about the long-lasting impact the arrests could have on current and future immigrants.

"The law is the law and we know that," Abdullahi said. "But there are people here being used as scapegoats. Our trust is broken."

Cop Failed Polygraph, Feds Say Prosecutors: Metro Detective OK'd Lie Test Over Drug Theft (TENN)

Tennessean, August 14, 2006

A Metro undercover vice detective failed a lie detector test in October after telling federal agents that he did not know in advance that he was helping another vice detective steal a kilo of cocaine from a drug dealer, federal prosecutors said in recent court filings.

Detective Charles Williams, 38, is awaiting trial on federal charges stemming from the April 2003 incident. He has been placed on paid leave from his Metro police job pending the outcome of the case.

Local and federal authorities have refused to discuss details of the case. But a previous court filing contained a written statement from Williams, in which the officer claimed he was duped by fellow detective Ernest Cecil into faking an arrest to facilitate the drug rip-off.

Williams had sought to keep that written statement from being used in the case, saying he had been forced by his supervisors to incriminate himself under threat of being fired.

But in a response to that motion, prosecutors argued that Williams offered to make the statements on his own and even signed a waiver submitting to a lie-detector test.

According to the court documents, Williams answered "no," when asked if he knew beforehand that he was going to commit a crime.

"Based on the examiner's analysis of the charts collected, the defendant's physiological responses indicated 'deception' in his response to this question," prosecutors said in the filing. "When the examiner advised the defendant of the results of the polygraph, (Williams) switched his story and admitted that (Cecil) told him 'take down' to occur.

"In other words, the defendant admitted that he was told of the 'rip' before the traffic stop ... was initiated."

Attorneys for both officers have declined to comment about the case.

Cecil, who has not been charged with a crime in the case, remains on desk duty pending the outcome of an internal department investigation into a separate matter. During a brief interview, he denied any wrongdoing in the traffic stop.

It is unclear precisely how the incident came to the attention of authorities, but Williams drafted a statement about his involvement in April 2005.

In the statement, Williams said that he became involved when Cecil contacted him and asked for help taking down a gang member who was dealing drugs.

Williams said he agreed and Cecil told him at first that Cecil's cousin, Corey Eugene Cecil, was acting as a confidential informant who was planning to buy drugs from a suspect.

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Williams and other Metro officers knew of Corey Cecil because of his previous involvement in drug dealing, Williams said in his statement.

Corey Cecil, Williams said, was to inform the officers about the arrival of the drug dealer, who was believed to be carrying a large amount of drugs.

But according to the statement, it was only after they pulled over the drug dealer that Ernest Cecil took Williams aside and informed him that the true purpose of the stop was to make it look as if police had interceded in the drug deal between the dealer and Corey Cecil.

That way, the officer's cousin could take the cocaine without paying, Williams said. Ernest Cecil even offered to pay Williams a share of the proceeds, Williams said.

In the statement, Williams went on to say that he refused any money and demanded that Ernest Cecil get the drugs back from his cousin and report the incident to the department.

According to court filings by federal prosecutors, Williams said during an October 2005 interview with DEA agents that he never reported the incident in order to protect Ernest Cecil, with whom he had had a long, close working relationship.

Williams answered "that he and (Cecil) had gone to the police academy together, they had ridden in the same patrol car for two years, and that they had basically been together on the force for 15 years," prosecutors said in court documents.

In a brief interview last month, Ernest Cecil, 49, denied that he did anything wrong and claimed that he was "being railroaded."

He said there were no drugs involved with the stop and that it was only to gather information on an individual who was connected to Mexican drug dealing.

Police have refused to comment on why Ernest Cecil has not been charged with a crime and referred those questions to federal authorities. Federal prosecutors did not return calls seeking comment.

Corey Cecil is awaiting sentencing on a separate drug case involving three kilos of cocaine. He has not been charged in connection with the alleged drug rip-off. ·

'Medical Marijuana' User Drops Defense And Pleads Guilty (COURTTV)

By Matt Pordum, Court TV

CourtTV, August 15, 2006

Pierre Werner claimed he was within his rights as a licensed medical marijuana user to possess the pot he had in his home.

LAS VEGAS — The trial of a medical marijuana user went up in smoke Monday when the defendant suddenly decided to plead guilty.

After an 11th -hour plea deal, Pierre Werner admitted intentionally breaking the law and pleaded guilty to one felony charge of possession of a controlled substance with intent to sell.

"I walked out of my front door waving a medical marijuana plant with a medical marijuana license in my other hand and I wanted to challenge the medical marijuana laws of the state of Nevada," Werner said.

Werner went on to admit that he knowingly possessed more medical marijuana than allowed by law and that he sold pot for money.

Police found Werner growing 34 mature and 11 smaller marijuana plants at his home in January 2004. They also found two ounces of the drug in plastic sandwich baggies inside his garage.

Story continues

Under Nevada law, a person licensed to use marijuana medically is allowed only to possess, deliver or produce one ounce of usable marijuana, three mature plants and four immature plants.

The 35-year-old now faces a penalty up to four years in prison term at his sentencing Oct. 10, but could receive as little as probation.

Under the terms of the negotiation, prosecutors have agreed to dismiss more serious charges against Werner stemming from another case.

In that case Las Vegas police raided Werner's home in June 2005 and found 121 marijuana plants and 10 pounds of cultivated pot. The estimated street value of the marijuana was $750,000.

If convicted of all counts in both cases, Werner could have received up to 10 years in prison.

Werner said the prosecutors "made me an offer I couldn't refuse."

Werner's attorney, Ryan Mortier, said the deal was a "win-win situation" for Werner.

Mortier said Werner intends to sue the Nevada Department of Agriculture to challenge the law that says a patient can't serve simultaneously as a caregiver, and that a caregiver cannot serve more than one patient.

Werner's decision to plead guilty may have been based in part on the fact that his attorneys had just learned of a previous felony conviction for possession with intent to sell in New Jersey.

If Werner had testified Monday, as scheduled, prosecutors would have been able to ask him about the conviction.

Although neither Werner nor his attorneys would comment on the previous conviction, Werner said his guilty plea would not affect his licensed medical marijuana use.

"I'm still medicated as of right now and I'm going to be medicating as soon as I leave the courthouse," Werner said.

Werner's doctor testified last week that Werner qualifies for the license because he suffers from "severe nausea" which he contends stems from his bipolar disorder and schizophrenia.

Prosecutor Roy Nelson, however, said he planned to initiate proceedings to revoke Werner's license. But he stressed that he was not opposed to legal medical marijuana use.

"All we are trying to do is maintain the credibility of those who legally use medical marijuana," Nelson said, "and not to criticize those who need and legally use it."

Campbell Explains Relay Protest (FT)

Financial Times, August 15, 2006

Darren Campbell has urged Dwain Chambers to expose the people who introduced him to performance enhancing drugs. On Sunday the veteran sprinter refused to join Chambers and the rest of Great Britain's 4x100m relay team after winning gold in the European Athletics Championships in Gothenburg, saying it was "inappropriate".

Campbell was unhappy at the inclusion of Chambers in the team following the completion of his two-year ban for doping. The British relay team that included Campbell were stripped of their 2002 European gold six weeks ago following Chambers' admission that he was using the steroid THG as far back as those championships. The team had also lost their 2003 world silver medal after Chambers returned a positive test the following year.

Campbell, 32, said: "I just felt that the fact that I have lost two medals because of what occurred with Dwain, I just didn't feel it was appropriate to do the lap of honour. I made my feelings clear to the management and I didn't feel it was appropriate."

He added: "It is not a personal attack on Dwain. I made it very clear from the outset I don't think Dwain was solely accountable. He was taken to America and got embroiled in something. He owes it to the sport to expose them. If he came out and helped the sport and made sure no one else got involved in that situation, how could I not respect him for rectifying his error?"

Campbell, a member of the Olympic gold medal-winning team two years ago, is expected to announce his retirement shortly.

Meanwhile, Swedish police found suspected doping equipment near hotels used by several athletes at the European Championships. Syringes, needles and suspected illegal doping substances were found in a plastic bag on a street near two hotels used by athletes. Another bag containing equipment for blood transfusions was later found nearby.

*HORSERACING Leading jockey Robert Winston and fellow riders Fran Ferris, Robbie Fitzpatrick and Luke Fletcher have been charged by racing's regulators with "the passing of information for reward and aiding the commission of a corrupt practice". The move follows an investigation by the Horseracing Regulatory Authority's security department.

The four jockeys, former licensed bookmaker Ian Nicholl and four others - Kim Evans, Paul Glendenning, Joanne Roberts and Tegan Wilde - have been informed that they face various charges in relation to 37 races that took place between June 2003 and February 2004. Winston rode in 21 of the races, Fletcher 10, Ferris four and Fitzpatrick two. Irish rider Winston, 26, who is third in the Flat jockeys' title race, has denied any wrongdoing.

Nicholl is charged with "committing a corrupt or fraudulent practice" in relation to the 37 races "by laying the horses to lose, having received information that was not publicly available".

Evans, Glendenning, Roberts and Wilde are accused of "aiding and abetting Nicholl's commission of such a corrupt or fraudulent practice" by using "one or more Betfair accounts in their name(s) to lay horses not to be placed in and/or not to win that race and/or authorised Nicholl to use that Betfair account".

A preliminary hearing has been scheduled at HRA headquarters in London for September 27.

*FOOTBALL Arsenal and Germany goalkeeper Jens Lehmann plans to retire after playing the 2008 European Championships. Lehmann told Kicker Magazine that he may leave the London club after this season, when his contract ends, in order to play club football in Germany again.

"At 36, I have the Europeans ahead of me in two years, that is what I am working toward," Lehmann said. "After that I think it's over on the national team and as a professional player." Lehmann said he would decide after this season about signing with Arsenal again. "Let's see how the coming season goes," he said. "Basically I would like to play in Germany one more time."

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West Ham have agreed a fee with Norwich for goalkeeper Robert Green. The deal, which could involve a fee rising to £2m, is subject to the England player passing a medical examination and agreeing terms. Charlton Athletic had been interested in signing Green, but instead have signed Liverpool keeper Scott Carson, 20, on loan for a season.

Meanwhile, Liverpool will travel to Ukraine next Tuesday to defend their 2-1 lead against Maccabi Haifa after Uefa said the second leg of the Champions League qualifying tie would be held in Kiev. European football's ruling body had ruled that the return leg could not be held in Haifa following the conflict in Israel.

Leeds United are to investigate an alleged approach from Chelsea for 10-year-old schoolboy Lewie Coyle. United chairman Ken Bates has already reported the Premiership champions to the Football Association, the Premier League, the Football League and Fifa following allegations that they "tapped up" schoolboy trio Danny Rose, Michael Woods and Tom Taiwo.

Leeds said: "We are extremely concerned about the matter involving one of our academy players, particularly against the backdrop of the current allegations being made against the same club involving other players.

"On completion of our inquiry we will take the appropriate action."

Woods and Taiwo joined Chelsea but Rose opted to stay at Leeds. Chelsea say they acted appropriately in signing both players.

*CRICKET Former England batsman Graeme Hick has signed a new one-year contract with Worcestershire. The 40-year-old, who is in his 23rd season with the county, had attracted interest from Derbyshire because his current deal expires at the end of this campaign. But Hick, who is only the second player since the war to score 100 first-class centuries for a county, has decided to remain at New Road.

Feds Revoking Licenses Of Two Merced Gun Stores (MODBEE)

By BEN Van Der MEER, BEE STAFF WRITER

Modesto Bee, August 15, 2006

Two Merced gun store owners are losing their licenses to sell firearms after the federal Bureau of Alcohol, Tobacco and Firearms determined there were problems with paperwork required for gun sales.

One store, Gunrunners, will remain open under a new name and ownership. The other, Stone's Gun Shop, closed last week.

Nina Delgadillo, a spokeswoman for the ATF's San Francisco office, said both stores had repeated paperwork violations that led to the loss of the owners' licenses.

Gunrunners owner Gerry Mitchell said the problem was over paperwork customers fill out when they buy guns.

On two visits, he said, ATF officials determined that customers filled out paperwork incorrectly. Examples included a customer who filled in the wrong county where he lived, or a customer who filled in the country he lived in rather than a county.

Roy Stone, owner of Stone's Gun Shop, said poor record-keeping by a former employee was responsible for similar problems in his store.

Stone said ATF officials pointed out that his name, not his employee's, was on the firearms sales license.

"I'm like anyone; I don't like being accused of doing something immoral when I know I haven't done anything like that," Stone said.

Delgadillo said Thursday that she couldn't comment on the two stores' situations in detail because their license revocations were pending.

Stone's license was revoked Friday, she said, and Mitchell's will be revoked Oct.2. Mitchell said he will sell the store to his wife, who has applied for a federal firearms license.

Audits conducted annually

Delgadillo said the audits are done once a year without notice, though a 2004 Inspector General's report noted that AFT inspects less than 5 percent of licensed dealers each year.

Stone said his store's second audit was in January 2005, and Mitchell said his second audit was more than two years ago.

Both men said they were turned down at an appeal hearing with ATF officials. Mitchell's revocation date was pushed back because of an error in notifying him, he said.

"It's been a real big surprise," said Mitchell, 45. "But it sounds like an inevitable thing."

He said the revocations have more to do with gun control than problems with his business, because it's easier for government officials to go after gun store owners than gun and ammunition manufacturers.

"It has nothing to do with making sure no one gets guns who shouldn't have guns," he said.

Mitchell said an attorney told him he could contest the matter further but that he was unlikely to win.

Stone, 66, said he also will sell his store, though the buyer doesn't have a license yet.

"The ATF seems to have a zero tolerance philosophy now. They don't want the human factor written in," he said.

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Stone said he opened his store in 1988, and Mitchell said his store dates to 1985.

Delgadillo would not say whether other owners in the Northern San Joaquin Valley have lost licenses recently.

Mitchell said he's in favor of a proposed federal law that would change how the ATF punishes gun stores for paperwork violations.

The bill, HR 5092, would let ATF apply lesser sanctions such as fines or suspensions to such stores, according to the National Rifle Association's Web site.

The bill is not likely to receive a full vote in Congress until later this year, Mitchell said.

But the owner of a Modesto gun shop said stores found to have faulty paperwork get plenty of chances to fix the problem.

"They're honestly pretty good about it," Ronning Arms owner Ron Ronning said of ATF audits. "It's when you don't fix the problem and give them a headache that you'll have problems. There had to have been a huge problem for the ATF to do it (a license revocation)."

On the Net: National Rifle Association, www.nraila.org/ CurrentLegislation/Read.aspx?ID=2121; Bureau of Alcohol, Tobacco and Firearms, www.atf.treas.gov.

Bee staff writer Ben van der Meer can be reached at 578-2331 or bvandermeer@modbee.com.

IMMIGRATION:

Census: Newest Arrivals Fan Out (USAT)

By Haya El Nasser

USA Today, August 15, 2006

Mexicans with little education and limited English skills are leading a wave of newly arrived immigrants who are increasingly fanning out from traditional gateway states, Census data released today indicate.

The dispersal of new immigrants to parts of the Southeast and Midwest that are unaccustomed to foreign-born populations in large numbers may be fueling national concerns about illegal immigration, some population analysts say.

“The most rapid gainers are almost every state in the southeastern U.S. other than Florida,” says Jeffrey Passel, demographer at the Pew Hispanic Center. “Those are the states with the highest percentage of undocumented immigrants.”

The foreign-born population in South Carolina grew 48% from 2000 to 2005, according to Passel's analysis. Indiana registered a 30% gain and Nebraska 34%.

Florida is one of six traditional immigration gateway states, along with California, Texas, New York, New Jersey and Illinois. The share of the undocumented population living in those states dropped from 80% in 1990 to 60% in 2005, according to Passel's research. The number of illegal immigrants in the USA has jumped from about 3.5 million then to about 12 million today.

The new data provide the most details about the nation's population since the 2000 Census. The Census Bureau traditionally has reserved its most exhaustive survey for the official head count every 10 years.

To track rapid demographic shifts every year, the bureau launched the American Community Survey to gather household information such as family size, income, and grandparents as caregivers. The survey is reaching 3 million addresses nationwide — 2.5% of the population — and for the first time offers interim data on cities that have as few as 65,000 people.

“It's much meatier data for local planners,” says Bob Coats, a Census expert for the North Carolina governor's office. The information can help school districts plan construction and curricula, including English as a second language, Coats says.

The statistics are becoming crucial as recent arrivals to the USA settle in new places. “There's a big growth in people who don't speak English at home in Nevada, Delaware and Georgia,” says William Frey, demographer at the Brookings Institution.

Frey also found that many recent Hispanic immigrants don't have high school diplomas.

“Mexicans are making a huge impact on states where they only tread lightly in the 1990s,” Frey says. “The gateway states are not dominating the influx anymore. It's hopscotching across the country.”

New Data Shows Immigrants’ Growth And Reach (NYT)

By Rick Lyman

The New York Times, August 15, 2006

The number of immigrants living in American households rose 16 percent over the last five years, fueled largely by recent arrivals from Mexico, according to fresh data released by the Census Bureau.

And increasingly, immigrants are bypassing the traditional gateway states like California and New York and settling directly in parts of the country that until recently saw little immigrant activity — regions like the Upper Midwest, New England and the Rocky Mountain States.

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Coming in the heart of an election season in which illegal immigration has emerged as an issue, the new data from the bureau's 2005 American Community Survey is certain to generate more debate. But more than that, demographers said, it highlights one reason immigration has become such a heated topic.

"What's happening now is that immigrants are showing up in many more communities all across the country than they have ever been in," said Audrey Singer, an immigration fellow at the Brookings Institution. "So it's easy for people to look around and not just see them, but feel the impact they're having in their communities. And a lot of these are communities that are not accustomed to seeing immigrants in their schools, at the workplace, in their hospitals."

By far the largest numbers of immigrants continue to live in the six states that have traditionally attracted them: California, New York, Texas, Florida, New Jersey and Illinois.

Immigrants also continue to flow into a handful of states in the Southeast, like Georgia and North Carolina, a trend that was discerned in the 2000 census.

But it is in the less-expected immigrant destinations that demographers find the most of interest in the new data.

Indiana saw a 34 percent increase in the number of immigrants; South Dakota saw a 44 percent rise; Delaware 32 percent; Missouri 31 percent; Colorado 28 percent; and New Hampshire 26 percent.

"It's the continuation of a pattern that we first began to see 10 or 15 years ago," said Jeff Passel, senior research associate at the Pew Hispanic Center, who has examined the new census data. "But instead of being confined to areas like the Southeast, it's beginning to spill over into some Midwestern states, like Indiana and Ohio. It's even moving up into New England."

Over all, immigrants now make up 12.4 percent of the nation's population, up from 11.2 percent in 2000. That amounts to an estimated 4.9 million additional immigrants for a total of 35.7 million, a number larger than the population of California.

Unlike the full census, which measures all population, the American Community Survey covers only what census officials call "household" population — that is, people living in households, rather than in "group quarters" like universities, long-term care facilities and prisons.

Thus, the 16 percent increase in immigrants since 2000 refers only to the household population. (The nation's household population in 2005 was 288,378,137, up from 273,637,296 in 2000.)

From 1990 to 2000, the total population showed a 57 percent increase in the foreign-born population, to 31.1 million, from 19.8 million.

Still, the rise in the immigrant household population since 2000 seems to indicate that the blazing pace of immigration seen throughout the 1990's has continued into the first half of this decade.

And along with the increase in the overall number of immigrants, the survey found an increase in the numbers who are not United States citizens — an estimated 2.4 million more since 2000. The survey did not try to distinguish between noncitizens in the country legally, like students or guest workers, and those in the country illegally.

Georgia and North Carolina, states that had already seen significant increases in their immigrant population in the 1990's, continue to see rising numbers. In Georgia, for instance, foreign-born residents accounted for 7.2 percent of the state's population in 2000, and 9 percent in 2005.

"We've been getting very diverse down here," said Judy Hadley, statistical research analyst for the Georgia Office of Planning and Budget. "You name any country and we've got it."

Ms. Singer pointed out that much of the growth in immigrants was in "suburban areas and a lot of other places that really have no history of immigration."

Immigration was just one area covered by the first release of data from the American Community Survey, which also covered such demographic information as race, age, education and marital status.

The survey detected a significant increase in the number of Americans over age 25 who hold a bachelor's degree or higher — 27.2 percent of that population in 2005 compared with 24.4 percent in 2000.

This contributes to what has been a half-decade surge in Americans' educational attainment. In 1940, only 4.6 percent of Americans held a bachelor's degree.

The survey found that the percentage of Americans who are 65 or over is shrinking, from 12.6 percent of the population in 1990 to 12.4 percent in 2000 and 12.1 percent in 2005.

Partly, this is driven by the huge influx in immigrants, who tend to be of working age or younger. But demographers caution against seeing this as a long-term trend.

"It's more like the lull before the storm," said William H. Frey, a demographer at the Brookings Institution. "Before long, the baby boomers are going to start getting into that age group in large numbers and the percentage will shoot up."

The survey is intended as an annual bolster to the bureau's constitutionally mandated census of the country's population every 10 years. It began as a test program in 1996 and has gradually expanded to where it can now provide detailed data for nearly 7,000 geographic areas, including all Congressional districts and counties or cities of 65,000 or more.

In coming months, more data from the survey will cover income, poverty and housing.

Besides getting larger, the survey found shifts in the composition of the nation's immigrant population.

"Essentially, it's a continuation of the Mexicanization of U.S. immigration," said Steven Camarota, director of research at the Center for Immigration Studies. "You would expect Mexicans to be increasing their share in places like Georgia and North Carolina, which already saw some increases, but they've also increased their share of the population, and quite dramatically, in states like Michigan, Delaware and Montana."

More of America's immigrants, legal or not, come from Mexico than any other country, an estimated 11 million in 2005, compared with nearly 1.8 million Chinese and 1.4 million Indians.

Conversely, the percentage of immigrants who were born in European countries has dropped sharply — 29.4 percent in the last five years, demographers say, because immigrants who came to the United States in the mid-20th century are now dying.

A study of this data by Mr. Passel for the Pew Hispanic Center showed that while 58 percent of the immigrants who arrived in the United States since 2000 settled in 5 of the traditional gateway states, 24 percent settled in 9 second-tier states (including Georgia, Massachusetts and Washington) and 11 percent found homes in 11 third-tier states, many of which have seen little immigration before (stretching from Connecticut to Minnesota to Nevada).

And while many of those first- and second-tier states saw the largest numbers of new arrivals from Mexico, Mr. Passel found, it was some of the third-tier states that saw the largest percentage increases: Alabama, South Carolina, Missouri, Kentucky, Ohio and Pennsylvania.

Two decades ago, demographers said, some 75 percent to 80 percent of new immigrants settled in one of the half-dozen gateway states and tended to stay there. Then, in the last 10 to 15 years, the pattern shifted and increasing numbers began to stay in the gateways briefly and then move. Now, they say, the pattern is that more immigrants are simply bypassing the gateways altogether.

"The biggest thing that drives immigration to specific destinations is that the immigrant already knows someone who is living there," Mr. Camarota said.

The common pattern, demographers said, is that a handful of immigrants move to a new region from one of the gateway states and put down roots. Then, once settled, they become a pipeline for others in their family or their home village to move directly into the same area.

"It's looking like what happens is that a person from a given community, say in Nicaragua, is getting established," said Bob Coats, the governor's census liaison in North Carolina. "And then they send word home that they have a good job and other people — neighbors, family members — come to join them and you have these enclaves of people from one country, one region, becoming established in the same area."

Area Immigrants Top 1 Million (WP)

By Lyndsey Layton And Dan Keating

The Washington Post, August 15, 2006

The Washington metropolitan region is home to more than 1 million immigrants, solidifying its position as a gateway to America, according to census figures released today.

Last year, one in five people in metropolitan Washington were immigrants, compared with one in six in 2000. And the immigrants who have flocked here are better educated than elsewhere.

Washington is now among eight metropolitan areas with immigrant populations of 1 million or more: New York, Los Angeles, Miami, Chicago, San Francisco, Houston, Washington and Dallas, according to William H. Frey, a demographer at the Brookings Institution.

"This is a significant benchmark," said Audrey Singer, another Brookings demographer, referring to the census numbers from the 2005 American Community Survey. "It clearly demonstrates that Washington has emerged as an immigrant destination."

The region's immigrant population has more than doubled since 1990, and the overall population grew by about a quarter. Advocates for immigrants say that the survey undercounted the immigrant population and that actual numbers are even higher.

Rising numbers of immigrants in this region have enriched the culture and the economy while they have challenged local governments and triggered sharp controversies over such issues as day laborers. Unlike some other metropolitan areas, the region has no dominant immigrant group.

Most of the region's immigrants live in its three biggest counties, each of which has a different demographic profile. Fairfax County has the region's largest Asian immigrant population, which makes up more than half of its immigrants. Montgomery

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County is home to the region's largest South American population, with Asian numbers second only to Fairfax. Prince George's County has larger African and Caribbean communities than the other two, reflecting the region's racial divide.

The immigrants here are more highly educated than those nationwide, the data show. Four in 10 hold at least a college degree, compared with less than three in 10 nationally.

This trend is particularly striking in Loudoun County, where 51 percent of immigrants hold college or advanced degrees.

Suresh Narasimhan is among them. The India native has two master's degrees; his wife holds three. They moved from Fairfax to Loudoun 10 years ago and have watched the Indian population mushroom.

"When I moved to South Riding, I was one of only two colored families among 500 families," said Narasimhan, a senior executive at a telecom company. Now, he said, his neighborhood has more than 5,000 families, and 12 to 15 percent are "straight from India."

The dot-com boom of the 1990s and Y2K computer concerns drew many Indian software programmers to the Dulles high-tech corridor, Narasimhan said. Loudoun offered affordable homes and a strong school system -- an attractive combination to Indian families that place a premium on education, he said.

Singer said, "The education levels among the foreign born is not surprising, given the fact that Washington is an information economy and immigrants in highly skilled jobs are bringing their talents here for good reason."

Education is often connected to an immigrant's country of origin, said Mark Mather of the Population Reference Bureau. The Washington region does not have as many Mexicans as other areas with large immigrant populations. Mexican immigrants are less likely to have a college degree, Mather said. On the other hand, Asians -- who make up 36 percent of the region's immigrants -- are likely to have attained college or advanced degrees, he said.

But more education doesn't always translate into top jobs. Many well-educated immigrants do not speak English well enough to land high-level jobs that match their skills, or they may possess credentials from their home countries that cannot be used without additional education or training, said Jeffrey S. Passel, demographer with the Pew Hispanic Center.

Mukhtar Ahmad was a lawyer in Pakistan. Now, he drives a cab on District streets. He immigrated to the region in 1988. "I would like extremely to practice law here," said Ahmad, 62, who lives in Woodbridge and became a U.S. citizen 10 years ago. "But unfortunately, the school, it is so expensive. The United States is a very nice country, and everyone is coming here. Driving a cab is okay."

Immigrants in the region are more likely to speak English well, compared with those elsewhere in the nation. According to the census data, four in 10 Washington area immigrants don't speak English "very well." Nationally, the figure is 52 percent.

Still, with native-born residents included, the number of poor English speakers adds up to more than half a million of the region's 5.1 million residents, the data show.

Language barriers pose a particular problem for immigrants in Prince William County, where the Hispanic population has surged and 54 percent of foreign-born residents do not speak English "very well," up from 42 percent in 2000, according to the data.

Those figures ring true to Prince William school officials, who say enrollment in their program for students who do not speak English has risen 274 percent in the past five years.

Carol Bass, who supervises the county's program, said 80 percent of students come from Spanish-speaking countries, with a growing share recently from Africa.

But it's not just new immigrants moving to Prince William. Many are resettling there after being priced out of such inner-ring suburbs as Arlington County, which has lost some of its Hispanic population and is growing more white and Asian, the data show.

And Bass said some immigrants are leaving Prince William for opportunities farther out. "We're seeing more and more of what we call the second and third migration," she said. "We're seeing a continued southward migration."

Immigration Spreads Diversity Across Country (WT/AP)

The Washington Times, August 15, 2006

America's growing diversity has reached nearly every state.

From South Carolina's budding immigrant population to the fast-rising number of Hispanics in Arkansas, minority groups make up an increasing share of the population in every state but one, according to figures released today by the U.S. Census Bureau.

"This is just an extraordinary explosion of diversity all across the United States," said William Frey, a demographer at the Brookings Institution, a Washington think tank. "It's diversity and immigration going hand in hand."

West Virginia is the exception, with its struggling economy and little history of attracting immigrants.

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Mr. Frey said states that attract large numbers of immigrants can consider it a "badge of economic success." There have, however, been backlashes.

"In some places, it will be awhile before they are accepted by the locals," Mr. Frey said. "All we have to do is look at this immigration debate."

Immigration policy is a big issue in this year's midterm congressional elections, and the new data help explain why. Legal immigrants and illegal aliens make up a growing portion of the population in 46 states and the District. Nationally, they went from 11.1 percent of the population in 2000 to 12.4 percent last year.

The 2005 figures are from the Census Bureau's American Community Survey, which is replacing the "long form" on the 10-year census. Starting this year, the annual survey of about 3 million households provides yearly data on communities of 65,000 or larger. By 2010, it will provide annual multiyear averages for the smallest neighborhoods covered by the 10-year census.

The survey, which cost $170 million last year, has limitations. For example, only people living in households were surveyed. That excludes the 3 percent of people who live in nursing homes, hospitals, college dormitories, military barracks, prisons and other dwellings known as group quarters.

Also, the numbers for Gulf Coast states do not reflect the effects of Hurricanes Katrina and Rita, which scattered hundreds of thousands of people last year.

California, New York, Texas and Florida have the nation's largest immigrant populations. The new data show that immigrants will travel beyond those states if there are jobs available.

South Carolina's immigrant population grew by 47 percent since 2000, more than any other state. The Hispanic population in Arkansas grew by 48 percent, the most of any state.

Michael MacFarlane, South Carolina's state demographer, said Hispanics and other immigrants were attracted by a healthy economy that offered jobs requiring few skills.

"They are in all sorts of construction, food processing, service jobs, the whole spectrum, where they used to be primarily in agriculture," Mr. MacFarlane said.

West Virginia, meanwhile, was one of only two states in which the percentage of white people grew. The other was Hawaii, where whites are an increasing minority.

Border Group's Finances A Secret (WT)

By Jerry Seper

The Washington Times, August 15, 2006

A Texas firm that manages hundreds of thousands of dollars in donations to the Minuteman Civil Defense Corps says it has not been authorized to divulge a detailed accounting of the funds, despite assurances by the MCDC's top official that it would do so.

Maureen E. Otis -- president of American Caging Inc. in Stafford, Texas, an agency hired to collect, deposit and disburse donations to the civilian border-patrol group -- told The Washington Times that neither MCDC President Chris Simcox nor the group's board of directors had given her permission to "disclose any numbers."

Mr. Simcox, who has been criticized by current and former MCDC members for a lack of leadership and financial accountability, had referred The Times to Mrs. Otis, saying she could "tell you everything" to clear up the concerns.

Instead, Mrs. Otis issued a statement saying only that all Minuteman donations have been "securely collected, counted and deposited" in MCDC bank accounts.

Telephone calls to Mr. Simcox in Phoenix, where he reportedly is on paternity leave, were routed to Minuteman spokeswoman Connie Hair in Virginia, who said the organization was not going to release "any unaudited numbers." She said that an audit will be completed in November and that any release of figures prior to that "is just not going to happen."

Mary Parker Lewis, a top MCDC consultant, has said the audit seeks to establish MCDC as a tax-exempt, nonprofit organization. She told The Times that MCDC would meet "all its legal obligations" in seeking to organize.

In April, Mrs. Lewis and Ms. Hair declined to answer 17 written questions submitted by The Times concerning MCDC finances after several current and former Minutemen first raised questions about money coming into the organization. They also did not respond to a follow-up list of seven questions in June.

MCDC has not released any financial or fundraising records since its April 2005 creation to either the public or its members. Disclosure statements promised to The Times by Mr. Simcox in October and later in April were never delivered. He since has accused critics of being racists, anti-Semites and "a small handful of disgruntled people who have been terminated."

Last month, several Minutemen questioned what happened to donations collected since the group's first border vigil in Arizona in April 2005. They said they had no idea how much money had been received, how it had been spent or why it was being routed through a Virginia-based charity headed by conservative activist Alan Keyes.

Some of them have since challenged claims by Mr. Simcox that MCDC "spent probably about what we collected" to pay for supplies for Minuteman volunteers on the border, including satellite phones, radios, flashlights, maps, portable toilets, thermal imaging cameras, night-vision cameras, computers, water and food.

Mike Gaddy, a retired Army veteran of Vietnam, Grenada and Beirut who helped organize the Minuteman's April 2005 vigil as a field coordinator, said that if Mr. Simcox spent about what was collected to purchase supplies for the volunteers, he didn't see any of it.

"An awful lot of the equipment I saw was donated," he said.

Other Minuteman members confirmed last week that much of the equipment they used during the border vigils, including night-vision binoculars and Global Positioning Systems, was donated.

Gary Cole, MCDC's former national director of operations, said he personally collected "tens of thousands of dollars" in donations during the 30-day border watch in April 2005, but was never told how much money had been collected or where it went. He said he later was fired by Mr. Simcox as a national director "for asking too many questions about the money."

Last month, Mr. Simcox said $1.6 million in donations had been collected, although he had no documents to verify the claim. He said $1 million went directly to MCDC and $600,000 for a fence on the U.S.-Mexico border, all of it handled through the Herndon-based Declaration Alliance, founded and chaired by Mr. Keyes.

Mr. Keyes has endorsed the Minuteman organization as programs of Declaration Alliance and the Declaration Foundation, another Virginia-based charitable organization he heads. He also accused critics of being "decidedly racist and anti-Semitic," saying they had been removed as members of the Minuteman organization.

For a fee, American Caging manages money collected by nonprofit groups, their telemarketers and direct-response agencies. Caging firms give nonprofit organizations the ability to receive and disburse donations without having to hire a staff.

In addition to MCDC, the firm's clients include Declaration Foundation, Declaration Alliance and the Declaration Alliance Political Action Committee. It also has handled funds for Mr. Keyes' unsuccessful political campaigns, including his failed 2004 senatorial race in Illinois, for which it was paid $30,530.

American Caging also handles other clients aligned with MCDC, Mr. Keyes and the Alliance organizations, including Diener Consulting Inc., which serves as the Minuteman group's public-relations arm, as it did in Mr. Keyes' unsuccessful presidential and senatorial campaigns; and Renew America, a fundraising organization founded by Mr. Keyes that provides a link for donations to MCDC through Declaration Alliance.

Other American Caging clients include Response Unlimited, which makes mailing lists -- including the MCDC membership -- available to conservative mailers and telemarketers and has an "exclusive contract" with Declaration Foundation; and RightMarch.com, which raised $500,000 for Mr. Keyes' 2004 senatorial campaign and helps raise Minuteman donations through a link on its Web page to Declaration Alliance.

Mr. Simcox also serves as "honorary chairman" of the Minuteman Political Action Committee, which says it has spent $350,000 this year to help support several candidates. Mrs. Lewis, who served as chief of staff to Mr. Keyes in his presidential races and has been affiliated with Diener Consulting and Renew America, is the committee's secretary.

TAX:

IRS: Maple Grove CEO Owes $1.6 Million In Taxes (MINNST)

By Randy Furst, Star Tribune

Minneapolis Star Tribune, August 15, 2006

Robert B. Beale of Comtrol Corp. has campaigned against tax laws and the charges he faces. The IRS says Beale, who didn't show up in federal court, owes at least $1.6 million.

In the past two weeks, the millionaire CEO of a Maple Grove computer products company has been working overtime to keep himself from the clutches of federal authorities.

Robert B. Beale, who the IRS says owes $1.6 million in federal taxes plus interest and penalties, has written to President Bush and U.S. Attorney General Alberto Gonzales requesting that charges against him be dismissed. If convicted, he faces up to 30 years in prison.

"He fundamentally believes, and has stuck to his belief since this case started, that the federal income tax is illegal," said Bradford Beale, his son and vice president of Comtrol Corp., the firm that his father founded.

Robert Beale's problems multiplied Monday.

U.S. District Judge Ann Montgomery ordered that a warrant be issued for Beale's arrest after he failed to show for the first day of his trial at the U.S. Courthouse in Minneapolis.

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"It was a genuine surprise," said Bradford Beale. "It was not something the family was expecting." Indeed, family members were in court Monday as jury selection was scheduled to start. Lee Stagni, Comtrol's president and chief operating officer and who also is indicted in the case, was there.

The elder Beale allegedly drew $5.7 million in income from Comtrol between 2000 and 2004, and paid no state or federal taxes, court records say. In a trial brief filed last week, Assistant U.S. Attorney Timothy Rank wrote that Beale "engaged in a concerted effort with others at Comtrol to conceal and disguise the source, location and amount of Beale's income."

Beale has been vocal about his views, the government alleges.

"It was common knowledge at Comtrol," wrote Rank, "that Beale was opposed to paying taxes as Beale had begun encouraging people at Comtrol not to pay their taxes and had even placed a poster in the Comtrol lunchroom advising people not to pay taxes."

In federal documents he filed himself, Beale has accused the government of engaging in fraud and seeking to deprive him of his liberty.

He fired his attorney, Dan Scott, saying that for Scott to represent Beale, the person, is "an absurdity." He has kept Scott on to represent him as a "corporate entity."

Family members and Scott said they do not know Beale's whereabouts.

"The government has asked for a day to see if they can locate him," Scott said "If they can't, they will start the trial with Mr. Stagni. They can't try someone in absentia."

In addition to a house in North Oaks with four bathrooms, five bedrooms and a spa, according to a real estate website that showed the house for rent, Beale has a home in Naples, Fla., that he claims as his legal residence.

A graduate of Massachusetts Institute of Technology, Beale started Comtrol in 1982. It currently has annual revenue of $12 million to $15 million a year, according to Theodore Beale, a son who lives in Lombardia, Italy, and was interviewed by telephone Monday.

A one-time part owner of Channel 23, Robert Beale sold his interest in 1998. He has had assorted run-ins with tax collectors, including the Minnesota Department of Revenue, which once seized the North Oaks house over alleged nonpayment of taxes.

"He is a highly intelligent, highly educated man," Theodore Beale said of his father. "My sense is that he believes the tax laws are being applied improperly by agents who either don't understand that or have gone rogue."

He said that his father founded the Minnesota Christian Coalition, which is affiliated with the politically oriented Christian Coalition of America. Bradford Beale said his father is no longer involved in politics.

Scott said there is a small movement nationwide of people, including Beale, who believe, after examining tax laws, that they do not have to pay federal income taxes because the statutes that set up the income tax do not apply to people who are not government employees or living in federal territories including the District of Columbia.

Bradford Beale said from the perspective of Comtrol, which employs 75 people in Minnesota, the case is "an entirely personal matter between Robert Beale and the IRS, and the company is in no way involved. ... The company pays its taxes as joyfully as one can."

As for his father, Bradford Beale said he would have preferred that he would've made his court date Monday. "The whole Beale family as well as the company would like this concluded as soon as possible," he said.

Randy Furst · 612-673-7382

CONGRESS-ADMINISTRATION:

Alarm In Congress Over Race To Allocate Cash (FT)

By Stephanie Kirchgaessner In Washington

Financial Times, August 15, 2006

US officials are racing to allocate $1.17bn in Iraq reconstruction funds by September 30 to prevent the funds from expiring and being diverted back to the US Treasury.

The “use it or lose it” scenario, which compels US authorities to disperse what remains of the $18.4bn (€14.5bn, £9.6bn) Iraq relief and reconstruction fund by the end of the fiscal year, is ringing alarm bells in some quarters of Congress, where the US-led reconstruction effort has come under scrutiny from Democrats and Republicans alike.

“Never has the phrase ‘haste makes waste’ sounded more ominous. To have [the funds] floating around this way is utterly unacceptable and will undoubtedly lead to wasteful spending, questionable obligations and excessive costs,” Senator Susan Collins, the Republican chair of the homeland security committee, said recently.

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Lawmakers' criticism of the reconstruction effort in Iraq has so far centred on allegations of hundreds of millions of dollars in wasteful spending by US contractors, poor planning by the Bush administration, and the fact that the insurgency has forced the US to divert a substantial chunk of reconstruction funds to pay for security costs.

But there is new evidence to suggest that the US-funded reconstruction of Iraq could soon be hit by further complications, with the expected transition of projects from US control into the hands of the Iraqi government.

In one example recently set out by Stuart Bowen, the special inspector-general in Iraq, a $219m project to create an "advanced first responder network" for emergency services has, in effect, failed, not only because of problems with the underlying infrastructure but because it is unclear whether the Iraqi government will be able to staff and fund the system.

His report found that the emergency network – a project that was contracted to Lucent, the US telecommunications equipment maker, and was transferred to Iraqi government ownership on June 26 – would not operate efficiently because there were not enough trained personnel to staff and operate all the dispatch centres.

Although the project, which was initiated by the Congressional Provisional Authority in 2004 to provide Iraqi police, fire and emergency medical units with a core national public safety communications system, was meant to have nine fully operational dispatch centres, the audit found that, with the "possible exception" of Baghdad, there were not enough trained personnel to staff centres in Kirkuk, Tikrit, Mosul, Basrah and other regions.

Contractors had originally been required to train 710 call-takers and dispatchers to facilitate the network, but just 450 Iraqi nationals were trained. Delays in completing the dispatch centres prompted some of the employees to seek other work. As of June 1, auditors found they were staffed with only nine employees in Tikrit, seven in Mosul and 30 in Baghdad.

According to Mr Bowen's report, a US official sent a memo to the ministry of the interior last year to seek assurance that the Iraqi government would provide enough funds – about $15.3m – to operate the network until the end of 2006. After being told that the Iraqi government could not support the operation, the required sum was pulled from a separate reconstruction fund.

The botched first responder network is just one of a handful of reconstruction projects that have been audited by Mr Bowen, now on his 13th visit to Iraq. He told Ms Collins early this month he shared her concerns about the $1.17bn contracting spree.

"[We intend] to audit the issue down the road. So I expect that that will serve – I hope it serves – as an appropriate deterrent or motivating factor in ensuring that your worries are not realised," he said.

Bush Signs Vocational Education Bill (AP)

AP, August 15, 2006

The White House announced Monday that President Bush has signed the Perkins Act, the first major update of the nation's vocational education law since 1998.

Bush signed the law after Congress overwhelmingly rejected his attempts to scrap it.

The law steers $1.3 billion a year into career-based courses in high schools and community colleges. The legislation extends the vocational programs through 2012.

The renewed law emphasizes rigor and results.

It requires states to run career programs that will give students a broad base of academic skills, not just technical ones. In exchange for money, states and school districts must produce more evidence that students are making progress and landing good jobs.

The legislation orders states to come up with model sequences of courses from high school through college. The goal is to give students a clear path of training for work.

The White House has called the vocational programs ineffective and sought to end them.

Bush proposed shifting the money into a new program of expanded high school testing and help for struggling learners. States could still spend money on career courses under his plan.

But Congress never seriously considered the overhaul that Bush wanted.

Bush signed the bill Saturday. The White House has said Congress worked with the Bush administration on the bill to improve the way schools are held accountable.

Could Supreme Court Settle Presidential Signing Scrap? (LAW)

By Tony Mauro, Legal Times

Legal Times, August 15, 2006

Presidential prerogative has interested Scalia, Alito. But they may not get a chance to weigh in.

It was an otherwise routine oral argument before the Supreme Court in April.

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Justices were debating the meaning of the Individuals with Disabilities Education Act, with Justices Stephen Breyer and Antonin Scalia jousting, as usual, over the significance of the legislative history of the statute. The lawyer arguing the case, Arlington Central School District v. Murphy, might as well have sat down while the justices talked among themselves.

Suddenly, Scalia piped up with a question. "What about the president? When he signed it, did he indicate an interpretation?"

It was a startling inquiry, especially coming from a justice who fervently insists that he cares only about the words of a statute, not the spin that legislators — and presidents, presumably — put on those words.

But it was a sure sign that the statements presidents issue when they sign bills into law, long ignored as the rough equivalent of White House press releases, are receiving renewed attention in all sectors of Washington.

Controversy over President George W. Bush's frequent and aggressive use of the statements to signal that he might not enforce bills he signed has gained momentum rapidly over recent months and could careen toward the Supreme Court itself — with an uncertain fate.

Bush has issued signing statements questioning more than 800 provisions of laws he signed, according to the American Bar Association. That's more than all previous presidents combined. Often couched in language about his supervisory powers over the executive branch and foreign affairs, Bush has questioned laws ranging from the ban on torturing detainees to provisions establishing affirmative action programs to a ban on the use of American military forces in Colombia.

A milestone in the dispute came Aug. 8, in Honolulu, of all places, at the annual convention of the ABA — an organization that is typically capable of studying an issue to death over months and years. Just two months after then-ABA President Michael Greco appointed a task force to look into the controversy, the governing House of Delegates, meeting in Hawaii, overwhelmingly approved a strongly worded resolution opposing the "misuse" of presidential signing statements as "contrary to the rule of law and our constitutional system of separation of powers."

The resolution said presidents who believe a law is unconstitutional should veto it, rather than issue a signing statement. The ABA also urged passage of a bill that would give members of Congress and others standing to challenge in court presidential signing statements that claim the authority to disregard part or all of a law.

Even Miami lawyer Neal Sonnett, an ABA veteran and head of the task force, seemed surprised at how quickly the issue took hold. "The House [of Delegates] saw the need to send a very strong message," he said in an interview minutes after the vote. "They got it."

A muscular view

But criticism of the ABA action has come from an unexpected quarter: Clinton-era Justice Department officials, including former acting Solicitor General Walter Dellinger III, who say the ABA incorrectly focused on signing statements — which they view as useful — rather than on Bush's actions expanding executive power.

"The real problem is when the president actually refuses to enforce the law, not the signing statement itself," says Dawn Johnsen, an Indiana University School of Law-Bloomington professor and former Clinton official who joined in a statement opposing the ABA action. "It's a good thing for a president to tell us what he thinks of a law; signing statements should be longer." She fears that in response to the ABA resolution, the Bush administration will soften or eliminate signing statements but continue to expand executive power and defy Congress without saying so as explicitly. "This attack will likely increase the secrecy of the administration," Johnsen says.

Seeds of the dispute were sown late last year during the debate over Samuel Alito Jr.'s nomination to the Supreme Court. Liberal groups sounded the alarm over Alito's embrace of the concept of the "unitary executive," a muscular view of the presidency that seemed in sync with Bush's post-9/11 pronouncements about executive power. A prime piece of evidence was a 1986 memo written by Alito, then a deputy assistant attorney general in the Reagan Justice Department.

In the memo, Alito recommended ramping up the issuance of signing statements that would offer the president's interpretation of bills he signed, even if that interpretation differed from that of Congress. "Our primary objective is to ensure that presidential signing statements assume their rightful place in the interpretation of legislation," Alito wrote. Excessive citation by judges of legislative history — floor debates and committee reports — in interpreting statutes, rather than the actual words of the statutes, was one of the bugaboos of the Reagan legal revolution. Alito's aim in increasing the issuance of presidential signing statements was to counter, or at least neutralize, congressional legislative history with the president's view. "It would increase the executive's power to shape the law," he wrote.

Alito acknowledged that such a campaign "will not be warmly welcomed by Congress" and could run into "theoretical problems," including the belief that the president's views of what Congress intended when it passed a law are irrelevant. "If our project is to succeed, we must be fully prepared to answer this argument," Alito wrote.

Fast-forward to 2006, when Alito, now a Supreme Court justice, wrote the Court's ruling in the Arlington Central case, in which Scalia asked his provocative question. Alito made no mention of the signing statement that President Ronald Reagan

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issued when he signed the disabilities law in 1986, around the time that the young Alito wrote his memorandum. In fact, the Reagan signing statement did not comment on the section at issue in the case. But Alito was explicit, Scalia-style, in rejecting the legislative history of the law as a tool for interpreting its meaning.

If conservative justices give the same back of the hand to presidential signing statements that they give to legislative history as an interpretive tool, then Alito's 1986 aspiration may never succeed. And liberal justices, for their part, are probably in no mood to assign the president a greater role in lawmaking, so they might not accord signing statements much weight, either.

But the controversy over signing statements goes beyond their use in interpreting statutes. The more prickly question of whether presidents can or should use signing statements to assert the unconstitutionality of laws came into focus in April, when The Boston Globe reported that Bush, through signing statements, had "claimed the authority to disobey more than 750 laws."

A prime example was Bush's statement in December 2005, when he signed the bill including the so-called McCain torture ban, which prohibited cruel and degrading treatment of detainees. Bush wrote, "The executive branch shall construe [the law] in a manner consistent with the constitutional authority of the President . . . as Commander in Chief," with the goal of "achieving the shared objective of the Congress and the President . . . of protecting the American people from further terrorist attacks."

Soon the Senate jumped on the issue, and Sen. Arlen Specter (R-Pa.) scheduled hearings to spotlight what he saw as yet another erosion of congressional power. "We've got to lay down the gauntlet and challenge him on it," Specter said. The bipartisan Constitution Project also weighed in, criticizing Bush for "effectively asserting unilateral power to repeal and amend legislation."

Specter introduced legislation that, among other things, would give Congress standing to challenge signing statements in court. Few analysts think the measure will get very far in the current Congress, despite the ABA action.

Staying on the sidelines

But even if Congress were to pass a law allowing legal challenges to signing statements, that is no guarantee that such lawsuits would get very far.

"A clear non-starter" is how Harvard Law School professor Laurence Tribe describes signing-statement lawsuits. A signing statement, which he analogized to presidential criticism of Congress in a State of the Union address, does not create a "case or controversy" that would trigger judicial intervention under Article III of the Constitution. "This is mere insult, not genuine injury," Tribe wrote on the Balkinization blog on Aug. 6.

Former Reagan Justice Department aide Bruce Fein sharply disagrees. Fein, who has been increasingly critical of Bush in recent years, was a member of the ABA task force and the Constitution Project initiative, and he assisted Specter in drafting the legislation allowing legal challenges to signing statements.

Fein says members of Congress are constitutionally injured by signing statements that signal a plan not to enforce a particular provision. "The concrete injury caused by such a signing statement is the inability of Congress to override what amounts to a veto of the law Congress has passed," he says. In other words, Fein believes that Bush, who has vetoed only one bill since taking office in 2001, has in effect vetoed other bills through his signing statements — but in a way that evades the constitutional process of congressional overrides.

As an example, Fein cites a budget bill Congress passed in 2005 that barred the funding of any U.S. military operations in Colombia's war with narcoterrorists. Bush's signing statement said he viewed that provision as "advisory in nature" in light of his role as commander in chief. Bush's proper response, Fein asserts, should have been to veto the bill, allowing Congress to override the veto if it wanted to.

There still may be other hurdles, such as questions of ripeness, says Georgetown University Law Center professor Nicholas Rosenkranz, who testified before the Judiciary Committee in June. A signing statement that merely asserts a president's plan to enforce the law according to his constitutional views is not the same as a pledge to defy that law, Rosenkranz notes.

"Will the legality of a presidential signing statement ever get before the Supreme Court?" Rosenkranz asks rhetorically. "Probably not."

Tony Mauro can be contacted at tmauro@alm.com.

Former Colleague In SG's Office Becomes Chief Justice's Administrative Assistant (LAW)

By Tony Mauro, Legal Times

Legal Times, August 15, 2006

Chief Justice John Roberts Jr. on Monday named Jeffrey Minear, a 20-year veteran of the solicitor general's office, to be his administrative assistant, a position akin to chief of staff.

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Minear, who has argued 56 cases before the high court, will succeed Sally Rider, who served as administrative assistant to Roberts' predecessor, the late William Rehnquist. Rider is leaving in September to head a constitutional studies center named after Rehnquist at the University of Arizona College of Law.

Roberts and Minear, 51, are longtime friends and former colleagues, serving together in the solicitor general's office during the first Bush administration and, more recently, in the Microsoft antitrust appellate litigation, in 2001. Both worked on the Microsoft case, Minear representing the federal government, and Roberts, then in private practice, representing a coalition of states.

"They developed a close working relationship and had great admiration for each other," says David Frederick, who was also involved in the Microsoft case while at the solicitor general's office. Frederick is now a partner at Kellogg, Huber, Hansen, Todd, Evans & Figel in Washington, D.C. "Jeff is a brilliant advocate and a careful lawyer who will serve the chief justice with great distinction."

In a statement released Monday, Roberts said, "I have worked with (and against) Jeff over nearly two decades, and during that time I have seen firsthand his strong commitment to the Supreme Court as an institution and his respect for its role in our system of government."

As administrative assistant, Minear will help Roberts in the management of the Court as well as with the full range of the chief justice's other duties, including his roles as chairman of the Judicial Conference and chancellor of the Smithsonian Institution. Minear will be paid $165,200 a year, the same as a federal district judge.

A former chemical engineer, Minear earned his law degree from the University of Michigan in 1982 and worked in the Justice Department's Environment and Natural Resources Division before joining the solicitor general's office in 1985.

Rehnquist's administrative assistants, at least at the beginning of his tenure, were appointed for two years -- a limit Rehnquist imposed to prevent his aides from becoming too entrenched. Roberts' announcement mentioned no such limitation for Minear.

The announcement was welcomed by veteran Supreme Court practitioners, who admire Minear's meticulous case preparation and calm, direct style of oral advocacy -- not unlike that of Roberts, himself a veteran high court advocate.

Former Solicitor General Seth Waxman, now a partner in the D.C. office of WilmerHale, says: "Jeff is a terrific Supreme Court advocate and a wonderful human being. His deep knowledge of the Court and long professional relationship with the chief justice perfectly suit his new responsibilities."

Carter Phillips, managing partner of the D.C. office of Sidley Austin, also noted that Minear's departure will leave a large void in the solicitor general's office, especially in the handling of the Court's original docket. Those cases, which come to the Court as an "original" matter, not on appeal from another court, involve disputes between states and between states and the federal government, usually over boundaries or water rights. One of Minear's duties was to oversee these often complex disputes, which can last for years or even decades. He argued in the 1998 case New Jersey v. New York, a fight for jurisdiction over Ellis Island.

"I'm sure the entire office is cringing about who will replace Jeff on original cases," says Phillips.

Adds Frederick, "Jeff probably knows more about original cases than anyone else alive." Solicitor General Paul Clement alluded to Minear's expertise in a statement released Monday. "I will miss his many contributions to the work of the office, including his administration of the United States' involvement in original actions in the Supreme Court. At the same time, I cannot imagine anyone better suited for these important responsibilities to the Supreme Court and the Chief Justice."

Chief Justice Taps Justice Department Veteran As Top Aide (SDUT/AP)

By Matt Apuzzo, Associated Press

The San Diego Union-Tribune, August 15, 2006

WASHINGTON – Chief Justice John Roberts named a veteran government lawyer and former Justice Department colleague as his top aide Monday.

Jeffrey P. Minear has worked in the solicitor general's office since 1985, including four years alongside Roberts. They collaborated on several cases, including a 1991 brief that abortion-rights groups used last year to criticize Roberts' nomination.

They also worked together on the Microsoft antitrust case, when Minear represented the federal government and Roberts represented several states in their fight with the software company.

Minear, the senior litigation counsel in the solicitor general's office, is one of the nation's most accomplished Supreme Court attorneys. He has argued 56 cases before the high court.

“Minear is a major Supreme Court figure, which certainly suggests the chief has aspirations to make this a major position,” said Richard Lazarus, a Georgetown University professor who worked in the solicitor general's office for four years.

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In his new job, Minear will serve as Roberts' chief of staff, helping run the court and monitor judicial issues. He will assist the chief justice on such issues such as court reform but he won't help craft court opinions.

“I have worked with (and against) Jeff over nearly two decades and during that time I have seen firsthand his strong commitment to the Supreme Court as an institution and his respect for its role in our system of government,” Roberts said in a prepared statement.

Minear will start work Sept. 11. He will replace Sally M. Rider, who is becoming the director of the William H. Rehnquist Center on the Constitutional Structures of Government at the University of Arizona.

Roberts and Minear were among seven government attorneys representing President George H.W. Bush's administration who wrote a 1991 brief that said Roe v. Wade was “wrongly and unfortunately decided.”

Lazarus, who has known Minear for decades, said he is not political. “He's filed a lot of liberal positions and a lot of conservative positions,” Lazarus said. “You're not going to find any ideological trends.”

Luxury Spending Found In Legal Program (AP-Y)

By Larry Margasak

AP, August 15, 2006

The federal program that provides legal help to poor Americans turns away half of its applicants for lack of resources. But that hasn't stopped its executives from lavishing expensive meals, chauffeur-driven cars and foreign trips on themselves.

Agency documents obtained by The Associated Press detail the luxuries that executives of the Legal Services Corp. have given themselves with federal money — from $14 "Death by Chocolate" desserts to $400 chauffeured rides to locations within cab distance of their offices.

The government-funded corporation also has a spacious headquarters in Washington's tony Georgetown district — with views of the Potomac River and a rent significantly higher than other tenants in the same building.

And board members wrote themselves a policy that doubled the amount they could claim for meals compared with their staff.

The program's clients were upset when told of the spending.

"I don't think that's right," said Richard Taylor as he walked from an austere, carpet-stained Legal Services office in Washington, his head covered with a towel to protect himself from the searing heat on recent summer day.

"They're depriving some others that really need it and that's not good. ... It's supposed to be about the people."

Legal Services is a nonprofit corporation run with federal money that was created by Congress to provide legal help in civil matters for Americans who can't afford their own lawyers. It funds neighborhood clinics across the country where lawyers provide such help.

Three congressional committees have questioned the program's spending as has the corporation's own internal watchdog. The chairman of the tax-writing Senate Finance Committee is threatening to withhold future money if the corporation doesn't trim its extravagance.

"It's waste and abuse," said Sen. Charles Grassley, R-Iowa, citing the board's doubling of the meal money as an example. "At 200 percent, it seems to me what we would call in Iowa living high off the hog."

Legal Services officials defend their program, saying administrative expenses are kept separate from money distributed to the local, independently run legal outlets.

Corporation spokesman Tom Polgar said LSC president Helaine Barnett and board chairman Frank Strickland "are aware they are using taxpayer funds and try to operate in a manner that is frugal and appropriate." Barnett is a former legal services attorney. Strickland is an Atlanta lawyer.

Barnett declined to be interviewed. Strickland did not return several phone messages seeking comment.

The scrutiny of Legal Services' spending comes as the corporation says it doesn't have enough resources to meet many poor clients' needs.

Legal Services' own study found last October that for every client who receives service, one applicant is turned away for lack of resources. Since that study only counted those who contacted the program for assistance, the corporation said it likely underestimated the unmet need.

Nine recent state studies demonstrated that less than 20 percent of the legal needs of low-income Americans were being met, LSC said.

Neighborhood Legal Services, the local program that serves the poor in the nation's capital, is a refuge where a federally funded lawyer can help a client stave off homelessness, fight an unscrupulous landlord, file for divorce or receive help with a host of other legal problems.

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The lobby of the inner city office looks like a doctor's waiting room that has used the same hardback chairs and magazine stand for decades. The carpet is worn and stained. Some offices are barely big enough for a desk.

Unlike Legal Services headquarters' well-stocked library, filled with criminal code books and Supreme Court opinions, the local program library has mostly bare walls. The conference table doubles as a staff lunchroom.

Marie Parran of Washington, a legal services client, wants money supporting Legal Services headquarters to go instead to the field. "There's so many poor people in the Washington, D.C. area who need the help and can't afford a lawyer. I think that's money that should be going to the poor that live in D.C," she said.

Legal Services own internal watchdog, Inspector General Kirt West, has questioned whether the corporation's headquarters has more space than it needs and whether it pays too much for rent.

The headquarters has multiple conference rooms and kitchen/pantry areas. Yet, the corporation's 11-member board of directors holds its meetings at hotels around the country, including Washington, at costs ranging from $20,145 to $55,125 — the latter in San Juan, P.R.

The decision not to use the headquarters conference room was explained in an October 2004 memo from board chairman Strickland. He said board members, who work outside the corporation, preferred the Melrose Hotel in the same upscale neighborhood as the headquarters.

The board members sought "convenience to their rooms" and did not want to "feel confined" to headquarters for two entire days, he said. In addition, he said he was worried that the headquarters lacked privacy because "all meeting rooms at LSC have glass walls."

Bills from the Melrose, with all costs per person, included: a $59 three-entree buffet, an $18 breakfast featuring scrambled eggs with chives, a $17 breakfast including Belgian waffles, a $28 deli buffet, a $13 "high tea" service, a $12 "bagel break," a $12 "Crazy for Cookies" assortment and $14 "Death By Chocolate" desserts.

Legal Services spokesman Polgar and Charles Jeffress, the LSC chief administrative officer, said the headquarters conference room can hold about 80 people, but that was too small to accommodate the 11-member board, the staff, the media and the public.

They also contended that meal costs for board members may be just as expensive if catered at headquarters.

Beyond the hotel-prepared meals at their meetings, it made sense for board members to dine together. The board fashioned for itself an expense policy that permitted members to receive up to 200 percent of the allowable meal expense — as long as board members ate together.

"The only time it was ever used was in conjunction with a board meeting," Jeffress said.

The policy recently was rescinded after congressional investigators questioned it.

Barnett, Strickland and another board member have used limousine services.

Strickland had a packed schedule last April 25, so the agency ordered a car and driver to take him and Barnett to meetings on Capitol Hill with lawmakers — about a 15-minute ride from headquarters. The car also took them to Arlington National Cemetery for a funeral and to a separate memorial service, also in Arlington — all short rides.

Even the Legal Services Corp. comptroller, David Richardson, questioned the expense.

"With cab fares from our office to Capitol Hill costing $20 and the nominal cost of a cab to Arlington Cemetery and return, this $423.99 seems to be an extraordinary cost," he wrote in an internal memo.

Polgar, who acknowledged making the decision to hire the car, said he was concerned that Strickland wouldn't make his schedule.

Barnett also used a hired car and driver to attend a funeral service for a former board member in Harrisburg, Pa., about a two-hour drive. The cost: $400.

Polgar said Barnett, who does not have a car in Washington, wanted to work on the trip rather than rent a car and drive herself. The cost was competitive with train fare and airlines, he said.

Barnett and Strickland both attended the International Legal Aid Group Conference in Killarney, Ireland in June 2005. To get to Killarney from Shannon Airport, Barnett took a cab for $220 and returned to the airport by taxi for $189, a cost of $409 for a roundtrip of about 160 miles.

Polgar said Barnett was supposed to have a free ride from Shannon, but she was stranded at the airport and had to take the cab. She couldn't find a ride for the return trip, he said.

The Legal Services headquarters in Georgetown was bought by a nonprofit group, Friends of the Legal Services Corp., that was formed to purchase a permanent headquarters.

The board chairman, Thomas Smegal, said the $38 per-square-foot rent charged Legal Services was a good deal — even though other tenants were paying less than $30. Nonetheless, he said Legal Services was not getting ripped off.

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Smegal said LSC's rent won't change for the 10-year lease, while other tenants' rents rise. The tenants paying low rent already had those leases when Friends took over the building, said Smegal, a San Francisco lawyer.

When the building is paid off, he said, it will be turned over debt-free to the Legal Services Corp.

Senator Coburn: Tough Critic Of Pork (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, August 15, 2006

BERKELEY SPRINGS, W. VA.

Call it a clash of world views.

Sen. Robert Byrd (D) is a Senate lifer committed to doing all he can to help his state. Sen. Tom Coburn (R) of Oklahoma is a freshman, who ran on term limits and limited government.

Both senators are on a collision course over what could be the only reform item in play in the 109th Congress: earmarks.

Senator Coburn didn't get the memo about freshmen senators not getting between a senior senator and his earmarks. Coburn has held 43 oversight hearings on earmarks, which he calls "the "gateway drug to spending addiction."

"It is unconscionable for Congress to avoid the hard work of making choices about priorities," he says. "Any money that is going to earmarks is money that is not going to protect our troops."

He's just getting started. Coburn's amendment to the FY 2007 Defense Appropriations bill mandating an analysis of the total cost and effectiveness of defense earmarks for the goals of the Department of Defense (DOD) passed the Senate 96 to 1, with Senator Byrd the lone dissenter.

Another amendment requires the DOD to post the reports for Appropriations Committees on its website. The majority of defense earmarks appear in the report, rather than formal legislation.

But it's not clear that any of these amendments would survive a conference with the House. The Senate left for August recess with 11 of their 12 must-pass spending bills still to be completed. Fiscal hawks from both parties worry that the backlog may force a giant omnibus bill - typically a magnet for earmarks.

Actually, they're bookends on earmarks. Coburn received a 96 percent rating from the Council for Citizens Against Government Waste last month: "taxpayer hero." Byrd got a 9 percent "hostile" rating.

"I'm voting for my grandchildren," Coburn says. "We must remember that as senators we're not just the senator from Oklahoma but a US senator."

Other senators have hurled jeremiads on earmarks, but no one in at least 25 years, until Coburn, has done battle with a colleague over them. Members don't want their own plans rolled by a colleague still miffed over an earmark slight.

In November, Coburn set off a firefight with former Appropriations Chairman Ted Stevens of Alaska when he demanded a vote over two bridges that came to be known as the "bridges to nowhere." In February, Coburn threatened to "force hundreds or, if necessary, thousands of votes" to strike individual earmarks from spending bills. He's joined in the House by Rep. Jeff Flake (R) of Arizona. But a senator has more power to obstruct and force votes than an individual representative. Coburn has signaled he will not flinch at grinding the Senate to a halt.

Neither will Byrd. He has said: "What helps West Virginia helps the nation."

Many of his constituents agree. Just back of the pool tables at the Troubadour Restaurant in Berkeley Springs, which doubles as the West Virginia Country Music Hall of Fame, there's a corner dedicated to Sen. Robert C. Byrd. "He was quite a good fiddle player, of all things," muses owner Jim McCoy, a former disc jockey who says that he gave country legend Patsy Kline her first air time. Byrd was also a virtuoso at bringing federal tax dollars back to the state.

"He got us about everything he could get," Mr. McCoy adds.

Welcome To Byrd Country (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, August 15, 2006

ROCKET CENTER, W.VA.

It isn't on most maps and has no residents, but Rocket Center has a famous friend on Capitol Hill.

His identity? Here's a hint: After you clear the guards and the chain-link perimeter that rings the complex, turn right at the Robert C. Byrd Metals Fabrication Center. Continue up the hill - stopping for forklifts carrying explosives - to the gleaming Robert C. Byrd Hilltop Office Complex, including the Robert C. Byrd Institute and the Erma Ora Byrd Conference and Learning Center.

Since 1985, Senator Byrd (D) of West Virginia has directed $250 million in earmarks to upgrade the Allegany Ballistics Laboratory (ABL) here in his state's eastern panhandle - $26 million this year alone.

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For the Senate's "king of pork," it's a drop in the bucket. After 47 years on the Senate's powerful Appropriations Committee, Byrd has mastered congressional earmarks - add-ons to spending bills for projects back home. Since 1991, he has steered $3 billion in earmarks to West Virginia, according to Citizens Against Government Waste.

Sums that vast show Byrd's effort to boost the Mountain State's economy. But they also obscure the sometimes tense synergy between Congress and the Pentagon over the merits of military earmarks.

Money for ABL is one of 2,847 congressional earmarks in the FY 2006 Defense Appropriations bill. It includes $1.6 million for Lewis and Clark Bicentennial Activities, $850,000 for a memorial park in Des Moines, Iowa, and $1.7 million to do something about brown snakes in Guam. In all, member projects added up to $9.4 billion in this year's defense spending bill, according to the Congressional Research Service.

Critics, including Defense Secretary Donald Rumsfeld, say that such "member adds" force cuts in more important priorities. They are "simply things that we need to spend on that we don't want," Mr. Rumsfeld told the Senate Armed Services Committee Aug. 3. "The combination of all of that is big dollars, and it hurts."

But not all pork is equal - and not all earmarks are bad, say analysts close to the process. The key questions with any defense earmark are whether the Pentagon really wants it and, if so, why it isn't included in the Pentagon budget. Also: What doesn't get done in order to pay for it?

"What I've learned from doing this for eight years is that every earmark, for good or bad, has a story, and before you comment on it you should know that story," says Keith Ashdown, vice president for policy and communications at Taxpayers for Common Sense in Washington, which has produced the most comprehensive analysis of defense earmarks.

In fact, defense earmarks are among the toughest in any federal spending cycle to track down. It took analysts more than six months to even identify earmarks in this year's defense spending bill, because most are not identified by location or the name of the congressional sponsor.

"It's a very straightforward system, but very few people understand it," says Winslow Wheeler, director of the Straus Military Reform Project of the Center for Defense Information in Washington and a former national security analyst on Capitol Hill. "Most people think earmarks are bad stuff that Congress stuffs in against the will of the Pentagon. In fact, 99.9 percent of the earmarks in the Defense Appropriations bill and Defense Authorization bill are put in with the compliance of the Defense Department - not at the level of Rumsfeld's office but at the project manager level," he adds.

Consider the Allegany Ballistics Laboratory. Twenty years ago, the site had a few Quonset huts, cinder-block buildings banked with earth (in case of explosions), and enough contamination to qualify as a Superfund site. Today, it's a state-of-the-art, diverse industrial complex employing some 1,000 people across 1,628 acres.

About 80 military products are made here, including: 30mm shells for Apache helicopters, composite parts for F-22 jets, training grenades, fuze-proximity sensors, mortars and warheads, tank ammunition, and many other weapons components.

"This plant is the sole producer of more than a dozen critical weapons systems," says Pat Nolan, executive vice president for ATK Tactical Systems, which operates ABL under a contract with the Navy. "There's not one dollar spent on this plant that's not delivering value back to DOD.... We're a very critical part of [its] industrial base."

At the Robert C. Byrd Complex on the hill, other companies have rented space to do secure research. Information Manufacturing Corporation, for example, is digitizing data on hurricane cleanup, avian flu, and weather records.

From the hilltop complex, surrounded by mountains and flanked by the North Branch of the Potomac River, you can still see some of the World War II-era buildings on the flood plain. The ABL was established in 1944 on the site of a former ammunitions plant on land owned by the Army. After the war, the plant was transferred to the Office of Scientific Research and Development, where it helped build propulsion devices and engines for the solid-rocket industry. Then, it was transferred to the Navy. The Navy expanded the ABL in 1962 to help develop the Fleet Ballistic Missile, but further investment dried up. By the 1980s, industry in the region was in trouble. Coal and steel, paper, tires, and textiles were going or gone. No new sector appeared to take their place.

Then came Byrd. He saw an opportunity for growth at the ABL and secured a $2.3 million earmark to "jumpstart the restoration and modernization of the complex," he wrote in his recent autobiography, "Robert C. Byrd: Child of the Appalachian Coalfields."

"As the Cold War began its final phase, I saw that the continuing evolution of our nation's armed forces into highly technical units presented opportunities to serve the national defense, as well as to expand West Virginia's economic base at ABL," he added.

Drawing on his clout as the top Democrat on the Senate Appropriations Committee, Byrd requested and won earmarks for the lab from 1985 to 1997, when he prevailed on the Navy to pick up funding for ongoing improvements. During the next seven years, the Navy poured $111.9 million into the site. And when the Navy opted to end that line of funding, Byrd picked it up again as an earmark.

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ABL is still owned by the Navy, but ATK (Alliant Techsystems), a $3.4 billion corporation based in Edina, Minn., has operated the facility since the 1940s. The ABL site now accounts for about 10 percent of those annual sales.

"Senator Byrd saw this potential years ago," says Stephen Hoffman, head of Naval Industrial Reserve Ordnance Plant and Equipment. "Every project has a business model and a return on investment or we don't do it."

ATK has continued to invest in ABL because of the "strong partnership that has been formed between the Navy and ATK, supported by Senator Byrd," says ATK's Nolan.

It's misleading to describe that support as "pork," says Byrd spokesman Tom Gavin. "ABL is doing work that the Defense Department has bought into both from a budgetary standpoint, a contractual standpoint, and a use standpoint."

But critics say that defense earmarks come at the expense of maintenance, training, and other Pentagon priorities. Earmarks overall, they charge, are out of control - especially ones for defense. While it's difficult to ferret them out of defense spending, it's even harder to figure out their opportunity cost.

"Earmarks are a drain on the military because of the way they pay for it," says Mr. Wheeler, author of the 2004 book, "The Wastrels of Defense: How Congress Sabotages U.S. Security."

Before breaking for August recess, the Senate added $10 billion to the FY 2007 Defense Appropriations bill to cover the shortfall in maintenance and equipment. "Congress needs to compare this facility to other like facilities" to see if it's performing a useful mission, he adds.

Defense earmarks are also at the heart of corruption scandals threatening to sink Congress to new lows in public esteem. In November 2005, Rep. Randy "Duke" Cunningham (R) of California resigned from Congress and was later convicted of conspiring to take $2.4 million in bribes from two defense contractors for whom he sponsored earmarks. Reps. Alan Mollohan (D) of West Virginia, Rep. Katherine Harris (R) of Florida, and Rep. Virgil Goode (R) of Virginia are also fielding questions over their acceptance of campaign contributions related to defense earmarks.

But locals glad to see an economic rebound aren't concerned about the controversy over earmarks. "ABL is a tremendous asset to this region," says local historian Albert Feldstein.

Children no longer have to leave the region to find a job, says ABL program manager Paul Corwell, who says he has two brothers, a brother-in-law, two first cousins, and the wife of a cousin all working on site. "This plant really is a national asset and the reason people don't appreciate that is because they don't know about it," he adds.

Transportation Dept. Reveals 2nd Laptop Theft In Fla. Office (WP)

By Christopher Lee, Washington Post Staff Writer

The Washington Post, August 15, 2006

The inspector general's office at the Department of Transportation disclosed yesterday the theft of another laptop from one of its agents in Florida, the second such report in less than a week.

Barbara L. Barnet, the special agent in charge of the Miami office, discovered in April that her laptop had been stolen from a locked room during an agency-sponsored anti-fraud conference in Orlando, acting Deputy Inspector General Theodore P. Alves said yesterday.

"The police report does indicate that there were case files on the computer," Alves said. "The police report also indicates that they were not encrypted, although the computer was password-protected."

There is no indication yet that the computer contained sensitive personal information, Alves said. He said IG officials began reexamining the incident after a different laptop was stolen last month from a special agent's government-issued vehicle near Miami. That laptop contained the unencrypted names, Social Security numbers, birthdates and addresses of as many as 133,000 Florida residents.

When acting Inspector General Todd J. Zinser announced the theft of that computer last Wednesday, he did not disclose the April theft. Alves said that was because officials knew too little then about the incident. Agency officials initially were told that Barnet's laptop, which has not been recovered, contained conference information. Only recently did they learn about the case files, he said.

"We're investigating what happened and any discrepancies that exist between our understanding at the time and what was in the police report," Alves said.

Also yesterday, the Department of Veterans Affairs announced that it will equip all of its computers with data encryption software, an effort to prevent the exposure of sensitive personal or agency information if VA computers are lost or stolen.

The $3.7 million contract with Systems Made Simple Inc. of Syracuse, N.Y., requires the installation of the encryption program on all laptops by Sept. 15. The department did not provide a timetable for desktop computers but said the encryption efforts also will apply to portable computer drives and CDs.

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The data protection program is part of the fallout from the May 3 theft of a laptop and external hard drive from a VA analyst's home. The burglary put at risk the unencrypted names, birthdates and Social Security numbers of millions of veterans. Authorities recovered the equipment and do not believe the data were accessed. A second computer containing VA data went missing from a contractor's office this month.

Veterans Affairs Upgrades Data Security (AP-Y)

AP, August 14, 2006

Following a series of embarrassing data security breaches, the Department of Veterans Affairs on Monday announced it would upgrade all the agency's computers with a new encryption technology to be first installed on the agency's laptops within a month.

"A system-wide encryption program will be a tremendous step forward in improving the safety and security of sensitive veteran information," said VA Secretary Jim Nicholson.

Encryption is a process by which confidential information on a computer is scrambled and made unreadable until a user decrypts it, usually with a password.

The encryption follows the award of a $3.7 million contract to Syracuse, N.Y.-based SMS Inc. The VA will be using GuardianEdge and Trust Digital products. The agency said final testing of the software is under way with actual encryption set to begin Aug. 18.

The agency said it expects to have all of its laptop computers fully encrypted within four weeks, followed by encryption of desktop computers.

The agency has been struggling to restore credibility to its handling of sensitive data following the theft in May of a laptop and external drive containing the personal information of 26.5 million veterans. The computer was taken from a VA employee's home in Maryland.

The laptop theft was followed by revelations earlier this month that Unisys Corp., a VA subcontractor, had lost a desktop computer containing personal data for as many as 38,000 veterans who received care at VA medical centers in Philadelphia and Pittsburgh. The computer was located at Unisys' offices in Reston, Va.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, August 15, 2006

Calmer waters

Billionaire Reform Party founder and two-time presidential candidate (1992 and 1996) H. Ross Perot, Veterans Affairs secretary and former Republican National Committee chairman Jim Nicholson and America's leading wine importer John F. Mariani Jr. enjoyed some vacation time together in Bermuda in recent days.

"Ross has three boats, nice ones," says our source, who spotted the trio aboard one "fast boat."

It wasn't terribly long ago, as political campaigns go, that Mr. Nicholson, as head of the RNC, personally begged conservative Patrick J. Buchanan not to divide the Republican Party by running as the Reform Party's candidate for president -- which he ended up doing in 2000.

Press Corps Moves Outside White House (AP-Y)

By Terence Hunt

AP, August 15, 2006

The White House press corps took up residence Monday outside the iron-gated presidential compound for the first time in more than 100 years to make way for repairs on their well-worn quarters.

For the next nine months or so, reporters will cover President Bush from offices on two floors of the White House conference center alongside Lafayette Park, across Pennsylvania Avenue from the West Wing. White House officials arranged for the building of temporary offices for news outlets, and set up a new briefing room.

"This is the first time reporters have had to cover the president from outside the compound," said Martha Joynt Kumar, a political scientist who specializes in the presidency at Towson University in Maryland. Reporters have had space in the West Wing since 1902 although they have been temporarily relocated to the Old Executive Office Building for major building projects, such as a renovation in the early 1980s during the Reagan presidency, she said.

Even before 1902, reporters had a table outside the senior staff official's office on the second floor of the White House mansion, down the hall from the president's office, Kumar said.

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"Well, isn't this cozy?" press secretary Tony Snow said at his inaugural briefing, with reporters practically sitting at his feet in the crammed, new briefing room. Snow and his deputy, Dana Perino, continue to work in the West Wing but walk across the street for briefings.

A small pool of about 14 reporters, cameramen and photographers remain on the White House grounds in a trailer next to the Old Executive Office Building to cover photo opportunities.

The renovations — including asbestos removal, new air conditioning and new seating in the press briefing room — are expected to take around nine months although some in the press worry the project will take longer, or that reporters might never return to the White House. It originally was envisioned as a three-month project.

A Growing Separation Of Press And State (WP)

By Dana Milbank

The Washington Post, August 15, 2006

The White House press corps spent its first day in exile yesterday, banished from the White House compound for the first time since the John Adams presidency while the West Wing briefing room undergoes a renovation.

As if to deepen the isolation, press secretary Tony Snow, stepping over some plywood and into the new digs on Jackson Place NW for his daily briefing, adopted the Borscht Belt comics' practice of answering questions with questions.

Does President Bush think the cease-fire in Israel and Lebanon will undermine support for Hezbollah?

"Well, we're going to find out, aren't we?" Snow replied.

"Did the president call for the respect of sovereignty by both sides?"

"Respect of sovereignty?" Snow parried.

Does Bush support the Republican candidate for Senate in Connecticut, Alan Schlesinger?

"Why do you ask?" Snow counterquestioned. "Is there something about the candidate that I should know about that would lead to judgments?"

So we should not assume the president will automatically support Republican nominees?

"Why don't you wait and see what happens?" proposed Snow, citing "peculiar characteristics" in Connecticut.

Snow's performance, in addition to making life even more miserable for candidate Schlesinger (6 percent support in a new poll that finds Sen. Joseph Lieberman and Democratic nominee Ned Lamont neck-and-neck), fits neatly in a renewed Bush administration effort to keep the media at a safe distance.

Bush has traveled out of the Washington area at least seven times this year without a press plane, including four times in the past month to fundraisers closed to the press. This development, devised by a secretive White House and enabled by cash-strapped media outlets, has helped Bush to stage a series of father-protector photo ops with few of those pesky questions that reporters tend to ask.

Last Thursday, while the press corps was in Texas, Bush was in Wisconsin talking about Britain's foiling of a terrorist plot to bomb U.S.-bound planes. Yesterday, Bush held two photo ops at the Pentagon and another one at the State Department before taking questions in the day's fourth appearance. Today brings two more photo ops, at the National Counterterrorism Center.

It's not yet clear whether all this has burnished Bush's image. A Newsweek poll taken after Britain broke up the airplane plot found a sharp gain for Bush on his handling of homeland security. But his overall support was a grim 38 percent.

Whatever the political benefit, Bush's photo ops don't do much for the discourse. At the no-questions session at the Pentagon, Bush served up a series of platitudes, disclosing that "we've got a fantastic military," that "we're a blessed nation," that "we're constantly thinking about how to secure the homeland" and that "I'm confident in our capacity to leave behind a better world."

But when he took questions later in the day at the State Department, Bush was sharp and energetic. "Hezbollah started the crisis, and Hezbollah suffered a defeat in this crisis," he said bluntly when asked who won the month-long Middle East fighting. He admitted that Hezbollah "has got a fantastic propaganda machine" and vowed that U.N. troops would "seal off the Syrian border" and described how Israel could defend itself without violating the cease-fire.

In his briefing, Snow argued for the merits of the photo op. "We do not invite in amen choruses," he said.

That may be true. Bush had lunch at the Pentagon with academics, one of whom has criticized Bush's "proto-authoritarian policies" and another of whom has referred to "Washington's tortured involvement in Iraq." But it's hard to know for sure whether anybody said amen; reporters weren't invited.

"Isn't this cozy?" Snow remarked after he crossed Pennsylvania Avenue, passed the balky metal detector and climbed to the third-floor briefing room. The place was a bit cramped, but there were some modest improvements: Fox News scored a front-row seat and got to ask the second question, and the backdrop curtains had lightened a shade to a royal blue. And Snow, pitying the outcast reporters, offered to linger for five minutes after the session for "anybody who wants a piece of me."

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It was small consolation for the correspondents, who were, historians say, operating from the other side of Pennsylvania Avenue for the first time ever. "You can't even see the White House from the new press center," chief Associated Press correspondent Terry Hunt grumbled.

True, a rotating group of 18 correspondents and camera crews get to stay in a trailer near the White House. But they have to share a single toilet as they worry that they will not be allowed to return after the promised nine months.

One resident of the trailer park, the Chicago Tribune's Mark Silva, reported back to his colleagues on Sunday: "We passed the gutted press briefing room, the chairs gone, and paused to wonder about you-know-what."

Survey Shows Half Have Not Calculated Retirement Needs (WP)

By Stephen Barr

The Washington Post, August 15, 2006

Twenty-seven percent of federal employees reported savings of $150,000 or more in a "retirement readiness" survey sponsored by the Office of Personnel Management.

The survey divided federal employees into two salary groups (those earning more than $50,000 annually and those earning less) and into three career stages (early, mid and late).

Not surprisingly, the data showed that accumulated savings increased as pay increased and that federal employees who identified themselves as mid-career and late-career workers had saved the most.

The OPM survey also found that fewer than half of the respondents had calculated how much they need to save for a comfortable retirement and that almost four in 10 said they were not confident in their ability to make investment decisions.

The survey grew out of a request by Congress for more information on retirement planning by federal employees and possible steps to expand retirement education programs. The request reflected a broader concern that most Americans do not save enough for retirement, may be failing to diversify their portfolios and may need help in calculating how much to save for retirement.

Twenty-four percent of the respondents said they had saved between $50,000 and $149,999, and 28 percent said they had between $5,000 and $49,999 in savings.

A substantial percentage -- 15 percent -- reported savings of less than $5,000, and 6 percent of the federal employees said they had no savings.

The OPM asked employees how much money they had saved "that is not earmarked for routine bills and expenses." The question covered personal savings, college savings and contributions to the Thrift Savings Plan, a 401(k)-type program, OPM officials said.

Officials at the TSP, which began operating 19 years ago, have already stepped up their educational efforts. A year ago, the TSP introduced "life-cycle funds," which allow participants to diversify their retirement savings by selecting an investment mix that most closely meshes with the time they expect to begin drawing down their savings.

Doris Hausser , senior policy adviser at the OPM, cautioned against trying to draw any conclusions from the survey data because the government operates two primary retirement programs with different benefits.

Employees in the Civil Service Retirement System receive a traditional pension closely tied to length of service and income, and do not get matching TSP contributions from the government. Employees in the newer Federal Employees Retirement System receive a TSP match and Social Security benefits, and can qualify for an annuity often described as less generous than the CSRS pension.

"It's tricky, we're still a mix of CSRS and FERS," Hausser said. "It's a delicate challenge for an employer -- what is the right kind of information to provide, ultimately recognizing that there are a lot of personal decisions and that people have to be responsible in making those decisions."

Comparisons between federal employees and private-sector workers are difficult to make, in part because the federal workforce skews heavily toward white-collar jobs that require college degrees.

As of June 30, the average TSP account balance was $61,221 for participants covered by FERS, a spokesman said. The average account balance was $52,356 for employees covered by the older CSRS.

For 2004, the latest year for which data are available, the nonprofit Employee Benefit Research Institute estimated that the average 401(k) account balance for all private-sector workers was $56,878. Half of the participants had account balances less than $19,926, while half had more, EBRI found.

An EBRI survey in January found that 18 percent of all workers had savings of $150,00 or more, compared with 27 percent of the federal employees in the OPM survey.

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Both surveys looked at savings by sub-groups. In the EBRI survey, for example, 26 percent of workers in the 45-to-54 age group said they had savings of $150,000 or more. Thirty-three percent of federal employees who identified themselves as in mid-career and who make more than $50,000 annually reported savings of at least $150,000.

The OPM data were gathered between May and September 2005 through an Internet survey of 7,294 federal workers. The survey was designed to obtain sufficient responses from across the government, including minority and lower-income employees, OPM said.

How Bush Came To Hate Cellphones (WP)

By Art Buchwald

The Washington Post, August 15, 2006

Last month President Bush vetoed his first bill while in office. It concerned stem-cell research and made the antiabortion people very happy. The question is, how was he persuaded to use the veto? This is the story.

An antiabortion lobbyist reported to his people that the president might let the stem-cell legislation through.

He told them, "I'm going to go talk to Bush and have him believe he's vetoing a bill for cellphones."

The lobbyist went to see the president and said, "This is the most important veto you'll ever make. We cannot allow federal money to be spent on cellphones."

The president looked puzzled and asked, "What's the danger of cellphones?"

For one thing, "You can go deaf. For another, people who use cellphones could get an ear infection."

And the president said, "Wow. I don't want that to happen on my watch. Tell me more."

"People are now using cellphones to record music, take photos, listen to ring tones and get Bluetooth connectivity."

"Well, if I veto the bill I'll have to go on television and explain what I have against cellphones."

The lobbyist said, "There are 250 million cellphones in the country right now, and 150 million are being used at this moment."

The president said, "Tell me more."

The lobbyist answered, "The main danger is cloning."

The president said, "Well, I'm not for that. Give me some more ammunition."

"Cellphones can cause pregnancy."

"How?"

"Two people on cellphones talk to each, agree to get together, and then have a baby. It's easier than two people meeting on the Internet."

"Do cellphones cause war?"

"Of course they do," the lobbyist replied. "Everybody uses a cellphone to fight someone else. As we speak, $100 billion is being spent on cellphones. They are supplied by Halliburton. Every time there's an overrun of $500 million, the news is broken by cellphones."

The president asked, "Are there other dangers?"

"Cellphones may disrupt molecular bonds such as occur in genetic mutations."

"Why didn't Congress know this when they passed the legislation?"

"It's an election year and every voter has a cellphone."

The president said, "This is my first veto, but I have to stay the course."

"Mr. President, you will have the support of the antiabortion people, the evangelicals and the religious right. They are all against cellphones."

"Will I be accused of pandering to the Christian lobby?"

The lobbyist said, "You've been pandering to them all along, so why not now?"

"Suppose they override my veto?"

"They don't have the votes to override your veto, Mr. President."

Bush said, "Does this mean I have to go up on the Hill to make my case?"

"It would help, and people are always glad to see you on the Hill."

The president said, "Have you spoken to Vice President Cheney?"

"Yes, we have, and he says if you veto the bill, he will go up the Hill to Congress to cast the needed vote."

Bush said, "You persuaded me. Give me a pen and I will sign the veto."

The lobbyist's cellphone began to ring. He said to the person calling, "A piece of cake."

End Welfare Lite As We Know It (NYT)

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By Douglas J. Besharov
The New York Times, August 15, 2006
Washington

It's been nearly 10 years since President Bill Clinton signed the landmark 1996 welfare reform law. The anniversary has been the occasion for various news stories and opinion pieces, most of them praising the law's success in reducing welfare dependency.

And it's true: welfare caseloads have fallen an astounding 60 percent since reform efforts began. But even as a strong supporter of welfare reform, I find it difficult to muster unqualified enthusiasm for the law and how it has been carried out.

In the years immediately before the law's passage, welfare dependency seemed out of control. From 1989 to 1994, for example, caseloads rose 34 percent. Analysts argued over how much to blame the weak economy; worsening social problems, primarily out-of-wedlock births and drug addiction; and lax agency administration. But few claimed that another 1.3 million people on welfare was a good thing.

Responding to the growing concern, Mr. Clinton campaigned for president on a promise to "end welfare as we know it." But he had in mind something far different from what the Republicans handed him in 1996. Nevertheless, he signed the legislation that ended the welfare entitlement and gave states wide discretion, as long as they put 50 percent of recipients in work-related activities and imposed a five-year limit on financial aid.

Many feared a social calamity. But in the years since, although researchers have strived mightily, they've found only small pockets of additional hardship. Even better, the earnings of most single mothers actually rose.

These twin realities — decreased caseloads and little sign of serious additional hardship — are why both Republicans and Democrats think welfare reform has been a success.

But the results are more mixed. Caseloads fell, yet they did so seemingly regardless of what actions the states took. They fell in states with strong work-first requirements, and those without them; in states with mandatory work programs, and those without them; in states with job training programs, and those without them; and in states with generous child care subsidies, and those without them.

In fact, the consensus among academic researchers is that it took more than welfare reform to end welfare as we knew it. If one looks at all the studies, the most reasonable conclusion is that although welfare reform was an important factor in caseload reduction — accounting for 25 percent to 35 percent of the decline — the strong economy was probably more important (35 percent to 45 percent). Expanded aid to low-income, working families, primarily through the Earned Income Tax Credit, was almost as important (20 percent to 30 percent).

What's more, the best estimates are that only about 40 percent to 50 percent of mothers who left welfare have steady, full-time jobs. Another 15 percent or so work part time. According to surveys in various states, these mothers are earning about $8 an hour. That's about $16,000 a year for full-time employment. It is their story that the supporters of welfare reform celebrate, but $16,000 is not a lot of money, especially for a mother with two children.

What about the other 50 percent of families who left welfare? Well, some mothers did not "need" welfare, perhaps because they were living with parents or a boyfriend, and some left because of intense pressure from caseworkers. More troubling, about a quarter of those who leave welfare return to the program, with many cycling in and out as they face temporary ups and downs.

In addition, when they're off welfare, some of these families survive only because they still receive government assistance — through food stamps (an average of more than $2,500), the Women, Infants and Children program (about $1,800 for infants and new mothers), Supplemental Security Income (an average of over $6,500), or housing aid (an average of $6,000). Their children also qualify for Medicaid. In reality, these families are still on welfare because they are still receiving benefits and not working — call it "welfare lite."

So, yes, welfare reform reduced welfare dependency, but not as much as suggested by the political rhetoric, and a great deal of dependency is now diffused and hidden within larger social welfare programs.

As a result, public and political concern about dependency has largely disappeared.

The tougher work and participation requirements added in this year's reauthorization of the law could help states address the deeper needs of welfare families. But many states are already planning to avoid these new strictures with various administrative gimmicks, like placing the most troubled and disorganized families in state-financed programs where federal rules do not apply. This would only further obscure the high levels of continuing dependency.

For now, welfare reform deserves only two cheers. Not bad for a historic change in policy, but not good enough for us to be even close to satisfied.

Help Wanted: Qualified Judges (NYT)

The New York Times, August 15, 2006

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There has been a lot of talk about bipartisanship lately, notably from conservatives who say that Senator Joseph Lieberman's loss in the Connecticut Democratic primary was a setback for the cause. But any message about the importance of interparty cooperation has not reached the White House's judicial selection team or Republican leaders in the Senate. The latest judicial nominee they have dug in their heels to defend is a far-right lawyer who received a unanimous "not qualified" rating from the American Bar Association. The Bush administration should withdraw his nomination and four others that are in limbo, and replace them with nominees who do not appeal exclusively to the most extreme wing of the Republican Party.

Michael Wallace, a former lawyer for Senator Trent Lott, the Mississippi Republican, has been nominated to the United States Court of Appeals for the Fifth Circuit, based in New Orleans. Mr. Wallace has a long record of insensitivity to civil rights. He argued in favor of letting Bob Jones University, which discriminated on the basis of race, keep its tax-exempt status, and he has a troubling record on voting rights. When the A.B.A. interviewed 69 lawyers and judges who knew him, it heard repeatedly that he was hostile to poor people and minorities. Of the 69, more than one-third expressed "grave concerns" about his judicial temperament.

The A.B.A. has been generous, indeed too generous, in its evaluations of President Bush's nominees, the overwhelming majority of whom have received ratings of "qualified" and "well qualified." Given that track record, a unanimous finding of "not qualified" should set off alarm bells. Instead, Senator Arlen Specter, the Judiciary Committee chairman, has been trying to make the A.B.A. the focus. Disturbingly, he is talking about requiring it to divulge to the Senate the confidential interviews it conducts about nominees. That could undermine the A.B.A.'s ability to evaluate judges, since it could discourage lawyers from speaking freely. In any case, the Senate has no business rifling through materials the A.B.A. does not want to provide.

With the Senate in recess, Mr. Wallace's nomination has been returned to the White House, along with others that the Senate wisely declined to confirm. Those nominees include William Haynes II, a chief architect of the administration's detainee policies. The White House should replace those men with nominees worthy of these important posts.

Welcome To Club Fed (WSJ)

The Wall Street Journal, August 15, 2006

The closest thing to a lifetime sinecure in America is a federal government job, and now it turns out that it's also a very lucrative way to make a living.

New data from the U.S. Bureau of Economic Analysis confirm that the average federal civilian worker earns $106,579 a year in total compensation, or twice the $53,289 in wages and benefits for the typical private worker. This federal pay premium costs taxpayers big bucks because Uncle Sam's annual payroll is now $200 billion a year. No wonder that, with a per capita income of $46,782 a year, Washington, D.C. is the fourth richest among the nation's 360 metropolitan areas.

And this pay disparity keeps widening. The Cato Institute's Chris Edwards tracks government compensation, and he finds that in 1950 the average federal bureaucrat received $1.19 for every dollar that a private employee earned. By 1990 that ratio had risen to $1.51 and is now $2. In 2005 federal wages rose 5.8% compared to 3.3% in the private sector.

Since 2000 only one major industry, the booming oil and gas sector, has kept pace with the automatic pay increases for employees of "Club Fed." Federal pay has risen by 38%, double the 15% pay increase in private pay from 2000-2005. This is roughly double the rate for private workers in manufacturing, retail, finance, health care and construction. (See nearby chart.)

It's true that many federal employees are in white collar occupations that often command high pay, but studies find that public sector workers enjoy a 20-30% pay bonus above comparably skilled private workers. And this differential does not account for one of the biggest benefits of a government job: civil service rules giving virtual lifetime job security. Airline mechanics, auto workers and software designers must all worry about business-cycle downturns or changes in technology or outsourcing, but Uncle Sam's 1.8 million civilian employees live in a recession-proof bubble.

As for performance, Mr. Edwards reports that only one in 5,000 federal non-defense employees is fired for cause each year. One federal manager recently told us of an administrative assistant who missed work "about half the time" thanks to an assortment of ailments, sick children and funerals for a mother who died on three separate occasions. When the agency heads finally fired her, they were slapped with an anti-discrimination lawsuit and the half-time worker pulling down a full-time salary was reinstated.

Public-employee unions continue to say their members are underpaid, believe it or not. But one market test is the voluntary quit rate of these workers, and data for recent years show that rate for federal employees is only one-fourth that in private sector occupations. High-paying federal jobs are so coveted that they are now like rent-controlled apartments in Manhattan: Once you've got one, you hold on to it for life.

The big villain here is Congress, which rubber stamps public employee union demands for automatic promotions and annual "cost of living" pay raises. The result is a system in which taxpayers in private America subsidize the salaries and rich benefits of government workers who make double what they do. Once upon a time liberal politicians would have called this

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"unfair," but modern liberals care more about support from government unions than they do about the fate of private labor. As for Republicans, they haven't done much better in controlling the rise in federal pay.

Probe Quickly (WP)

The Washington Post, August 15, 2006

The public needs answers about how charter school funds have been spent -- or misspent.

IT'S BEEN MORE than two months since the FBI raided the workplace and home of Brenda L. Belton, the D.C. Board of Education's executive director of charter schools, as part of a probe into the possible misuse of hundreds of thousands of dollars in federal and city funds. Sources have told The Post's Valerie Strauss that the federal investigation is expected to take several months more. That seems an awfully long time to have a cloud hanging over a component of the D.C. Board of Education, if not over the school board itself. As the D.C. Council's education committee chairman, Kathy Patterson (D-Ward 3), has observed, the probe raises questions not only concerning the propriety of the charter school office's expenditures but also about the thoroughness of the school board's oversight. The federal investigation should be conducted with a sense of urgency.

It's not as though problems with the charter school office are a recent development. In March, council member Patterson expressed concern about that office when it sought a budget increase without providing adequate details on how the money would be spent. A probe conducted by the city's chief financial officer at Mrs. Patterson's request discovered that two contracts had been awarded by the office and the board without the required bidding process. Mrs. Patterson also learned that the council had doubled the budget of the charter school office the previous year after the office asked for money to enlarge its staff -- yet no additional staff members were hired. It has also been reported that at least one school board member had expressed dissatisfaction with the executive director's work well before the federal raids, but those concerns were ignored.

With the school board presidency up for grabs in November, citizens need to know how well -- or poorly -- the D.C. Board of Education has exercised its responsibility for overseeing charter schools. That is in addition to learning whether, according to sources, the school board's executive director of charter schools -- now on paid administrative leave -- funneled tax dollars to personal acquaintances working with schools that she helped monitor. It shouldn't require "several months" for the federal government to answer those questions.

OTHER NEWS:

Banks Report Weak Mortgage Demand DOW JONES NEWSWIRES (WSJ)

The Wall Street Journal, August 15, 2006

WASHINGTON -- With the once red-hot housing sector cooling, domestic U.S. banks reported weaker demand for mortgage loans in recent months, while demand for consumer loans also slowed, according to a Federal Reserve study released Monday.

"In line with other evidence of a slowdown in housing activity this year, domestic institutions reported that demand for mortgages to purchase homes had continued to weaken over the previous three months," the Fed said in its latest quarterly survey of banks' senior loan officers. (See the full text of the report1.)

The Fed survey shows a net fraction of about 60% of domestic lenders reported weaker demand for mortgages to purchase homes, "a significantly larger net fraction than in the April survey."

At the same time, a net fraction of about 40% of domestic banks experienced weaker consumer loan demand, a figure that is "somewhat larger" than the previous survey.

The overall Fed survey, conducted in July, included responses from 56 domestic banks, as well as from 17 foreign banks operating in the U.S.

As for credit standards, domestic banks reported on balance little change from the previous three months for credit-card and non-credit-card consumer loans.

Meanwhile, about 10% of domestic banks on net said they had eased credit standards for residential mortgages, unchanged from the previous survey period.

Demand for business and commercial real estate loans also remained largely unchanged from the previous survey period, the latest Fed survey shows.

Looking forward, both foreign and domestic institutions said inquiries from potential business borrowers were little changed.

Domestic and foreign institutions both eased their credit standards for business loans over the survey period. Those banks that reported an easing of standards "pointed to more-aggressive competition from other banks or non-bank lenders as the most important reason for having done so."

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On the commercial real estate front, a net 10% of domestic banks said they had tightened standards on commercial real estate loans over the past three months.

Foreign banks, on the other hand, reported no change in commercial real estate loan standards over the same period.

The July survey also addressed banks' holdings of subprime and non-traditional loans. On the subprime front, banks' holdings were "generally small." For example, of the 30 domestic banks with subprime mortgages on the books, almost three-fourths said that subprime loans accounted for less than 5% of their residential mortgages.

Another one-fifth of banks holding subprime loans said their share of such products was between 5% and 15%, while the remainder of the banks reported that subprime loans represented more than 20% of their residential mortgages.

"A modest net fraction of respondents indicated that the quality of their subprime residential real estate portfolios -- as measured by delinquencies and charge-offs -- had deteriorated somewhat over the past 12 months," the Fed survey said.

Meanwhile, banks held more non-traditional mortgages -- such as adjustable rate mortgages and interest-only mortgages -- than subprime loans.

Of the 48 banks that responded to a question about non-traditional mortgages, about 45% of respondents said nontraditional products represented less than 5% of their holdings. About 20% of respondents said their share of non-traditional products was between 5% and 15%.

Seven banks, however, said that more than 30% of the mortgages on their books were non-traditional products.

The Fed survey found that a "modest net percentage" of banks said the quality of their non-traditional loans, as measured by delinquencies and charge-offs, had improved over the last 12 months.

"Looking forward, nearly 30% of banks, on net, indicated that they expect the quality of the non-traditional residential mortgages currently on their books will deteriorate somewhat over the next 12 months," the Fed survey said.

Market's Rally Proves Unsustainable (USAT/AP)

By Michael J. Martinez, The Associated Press

USA Today, August 15, 2006

NEW YORK — The stock market blew most of a big early rally Monday as optimism about the Mideast cease-fire and a drop in oil prices gave way to concern about this week's economic reports.

Investors initially saw the cease-fire between Israel and Hezbollah as a buying opportunity after last week's losses, and the Dow Jones industrial average had surged as much as 115 points earlier in the session.

Light trading volume, however, illustrated a lack of depth to the buying, and stocks retreated as the afternoon progressed.

At the close, the Dow was up 9.84 points at 11,097.87. The Standard & Poor's 500 index added 1.47 points to 1268.21. And the Nasdaq composite index gained 11.33 points to 2069.04.

Analysts had warned that any rally could be short-lived, with a pair of important inflation reports due later in the week: the Labor Department's producer price index today and the consumer price index on Wednesday. With the Federal Reserve warning the markets last week that inflation remains a concern, stocks could revert to the volatility of recent weeks if incoming economic data show rising prices on the wholesale or consumer levels.

“We're up now on the cease-fire and oil prices, but it's hard to be an optimist right now, at least in the short term, because of the uncertainty over the economy and rates and the Fed,” says Jay Suskind, head trader at Ryan Beck.

Highlights:

Dillard's climbed $1.76 to $33.08. The department store chain posted second-quarter revenue and earnings that beat Wall Street forecasts.

·Aéropostale lost $1.24 to $21.42. Brean Murray Carret downgraded the teen clothing retailer to “hold” from “accumulate,” saying it could have a disappointing back-to-school season.

·Sonic jumped $1.94, or 10%, to $21.67. The fast-food chain plans to repurchase up to $250 million of its stock.

·SunTrust Banks lost $3.05 to $76.55. The USA's No. 7 bank disclosed a $200 million problem loan and said interest rate pressures and competition for deposits will cause 2006 revenue to rise less than expected.

·Phazar slumped $1.98, or 24%, to $6.34. The antenna maker's fiscal 2006 earnings fell due to lower margins and a slower contract workload.

·Whole Foods Market added $3.54 to $50.91. JPMorgan upgraded the organic food retailer to “neutral” from “underweight.”

Shares Get Lift From Cease-Fire, Drop In Oil Price (WSJ)

By Peter A. Mckay

The Wall Street Journal, August 15, 2006

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The stock market weathered a late flurry of selling to finish the day modestly higher, helped by a Mideast cease-fire and a selloff in crude oil.

At its midday peak, the Dow Jones Industrial Average had risen nearly 115 points. But most of those gains disappeared, leaving the blue-chip average up 9.84 points, or 0.09%, to close at 11097.87, up 3.5% on the year.

"The market right now is a field of dreams for traders," said energy analyst Fadel Gheit, of brokerage firm Oppenheimer & Co. "There is always something in the headlines, whether it's Lebanon or the terror warning last week or whatever, that will drive a quick move."

For investors with a longer-term mindset than fast-gunning traders, the market has not been kind lately, strategists point out.

The truce news helped ease tensions about the war's potential to spread to oil-producing Mideast states, which resulted in a decline in crude prices. Also helping stocks was an announcement from BP over the weekend that it would keep its troubled oilfield in Prudhoe Bay, Alaska, flowing at half capacity -- far from the worst-case scenario. Crude-oil futures for September delivery tumbled 82 cents, or 1.1%, to $73.53 a barrel at the New York Mercantile Exchange.

That decline produced brief euphoria in the stock market. But as the day wore on, inflation fears began to bubble, sparked by oil and other factors.

Energy prices remain an economic threat in many analysts' eyes, with crude contracts up more than 20% so far this year. Analysts said demand remains strong, and noted the cease-fire is fragile.

Also, data on wholesale and consumer prices are due out from the federal government today and tomorrow and could show signs of unexpected price growth, economists fear. Such reports could prompt the Federal Reserve to start raising interest rates again, weighing on the stock market.

More Fed rate increases would hurt other securities, too, including bonds, which fell yesterday.

Among other stock-market indicators, the Nasdaq Composite Index gained 0.55%, or 11.33, to 2069.04, off 6.2% on the year. The Standard & Poor's 500-stock index gained 0.12%, or 1.47 points, to end at 1268.21, up 1.6% on the year.

In major U.S. market action:

Stocks rose; bonds fell. The 10-year Treasury note fell 8/32 point, or $2.50 per $1,000 invested, pushing its yield up to 5.005%, the first finish above 5% this month.

The dollar strengthened, to 116.70 yen, up from 116.29, as the euro fell to $1.2723 from $1.2726.

Democrats See Security As Key Issue For Fall (NYT)

By Carl Hulse

The New York Times, August 15, 2006

WASHINGTON, Aug. 14 — After being outmaneuvered in the politics of national security in the last two elections, Democrats say they are determined not to cede the issue this year and are working to cast President Bush as having diminished the nation's safety.

"They are not Swift boating us on security," said Representative Nancy Pelosi of California, the Democratic leader in the House.

Seeking to counter White House efforts to turn the reported terrorist plot in Britain to Republican advantage, Democrats are using the arrests of the suspects to try to show Americans how the war in Iraq has fueled Islamic radicalism and distracted Mr. Bush and the Republican Congress from shoring up security at home. They say they intend to drive that message home as the nation observes the coming anniversaries of Hurricane Katrina and the Sept. 11 attacks.

But they are not waiting. A video Monday on the Web site of the Democratic Senatorial Campaign Committee showed footage of Osama bin Laden, referred to an increase in terror attacks, highlighted illegal immigration and pointed out the nuclear aspirations of Iran and North Korea.

"Feel safer?" it concludes. "Vote for change."

In another example, Representative Harold E. Ford Jr., a Democrat running for the Senate in Tennessee, issued a statement Monday noting that the administration shut down a C.I.A. unit dedicated to pursuing Mr. bin Laden. The administration has said that the C.I.A. shut down the unit as part of a restructuring of its counterterrorism division and that the move did not diminish its focus on Al Qaeda and its leaders.

"The president told us that the British attacks are a stark reminder that the nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom,'' Mr. Ford said, "yet his administration has dismantled the very infrastructure that is responsible for catching those terrorists."

Those statements and others challenging Republicans head-on over antiterror initiatives are a sharp contrast to Democrats' actions in the two previous elections, when they stumbled in the face of Republican efforts to paint them as weak.

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Democrats say polls show that Republicans and Mr. Bush have lost stature on the subject on terrorism as Americans have become disillusioned with the war in Iraq. They also believe that more voters are able to separate the war from efforts to protect the nation against terror attacks.

"During the 2002 and 2004 elections, Republicans tried to sow fear in the American public by claiming that they were the only ones who could keep America safe," Senator Harry Reid of Nevada, the Democratic leader, said in an e-mail message to supporters. "This from the same crowd that has driven Iraq to the brink of disaster, left Osama Bin Laden on the loose to attack again and continues to ignore our security needs at home."

Republicans said they believed that the Democratic efforts would fizzle and that voters would ultimately choose to trust Republicans on the issue of security. And Mr. Bush, in remarks at the State Department on Monday, disputed the notion that his policies had contributed to a more dangerous world.

"Some say that America caused the current instability in the Middle East by pursuing a forward strategy of freedom, yet history shows otherwise," Mr. Bush said, ticking off terror attacks that occurred in the United States, Africa and elsewhere long before he took office.

Democrats say that such comments may have had power in the past, but that Republicans are no longer getting the benefit of the doubt. They were heartened this past weekend when leaders of the Sept. 11 commission said the war in Iraq was draining resources that could be put to domestic defense.

Other Democrats say the administration's initial support of a business deal that would have allowed a Dubai company to assume control of parts of some seaport terminals was a turning point in the public's view of Mr. Bush's credibility on national security. As a result, they say they are advising candidates to respond quickly and with force to Republican attacks.

While a new poll by Newsweek showed a rise in Mr. Bush's public approval rating on security issues in the aftermath of the arrests in Britain, the latest nationwide CBS News Poll, conducted Aug. 11 to 13, found that the recent threat had had little effect on the public's view of the president and the two political parties.

The war in Iraq remains the most important issue facing the country, the poll shows, but terrorism has re-emerged as a major issue for many Americans, cited by 17 percent, up from 7 percent last month. The latest CBS poll showed no change in Mr. Bush's job approval rating, which is at 36 percent, the same as in a New York Times/CBS News poll last month. His approval rating on handling terrorism, long a central element of his political strength, also remained unchanged at 51 percent.

While Republicans are still seen as doing a better job than Democrats in handling terrorism, the difference in the latest CBS poll is now about 8 points, about the same as a month ago, compared to the 25-point advantage Republicans held on the question four years ago. The telephone poll was conducted with 974 adults and has a margin of sampling error of plus or minus three percentage points.

Representative Rahm Emanuel of Illinois, chairman of the Democratic Congressional Campaign Committee, said such findings reinforced his view that Mr. Bush had failed to blend the Iraq war and antiterrorism in the public's mind. Mr. Emanuel said that Mr. Bush's public standing was cemented in the aftermath of Hurricane Katrina and that Republican efforts to improve the president's image by emphasizing terror could not overcome the damage done by the bungled response to the storm.

"Katrina equals competency," he said.

Pre-election Terrorizing (LAT)

The Los Angeles Times, August 15, 2006

The Republicans, again, play unseemly politics with terrorism.

THE BUSH ADMINISTRATION is a past master at playing politics with terrorism, portraying critics of its various antiterrorism initiatives as naive or even accusing them, in the words of former Atty. Gen. John Ashcroft, of giving "ammunition to America's enemies."

Vice President Dick Cheney may have provided a sneak preview of just how nasty the coming campaign will be. Speaking to reporters last week, after he learned of the British operation aimed at disrupting an alleged plot to bomb passenger planes, Cheney said that Connecticut Sen. Joe Lieberman's primary loss to an opponent of the Iraq war was proof that many Democrats wanted to return to "the pre-9/11 mind-set" and that the vote would embolden "Al Qaeda types."

Then Republican National Committee Chairman Ken Mehlman went on NBC's "Meet the Press" to suggest that the fundamental question in the November congressional elections is: "Do you believe we're at war?" Democrats, according to Mehlman, don't. That's why they "voted against the Patriot Act, against the surveillance programs similar to the kind of programs that were used in London to deal with the threat," and why some Democrats want to withdraw U.S. forces from Iraq, which is "central to the war on terror."

For the record, the USA Patriot Act was supported by most congressional Democrats, though with changes to the administration's original proposals that the president found acceptable. Iraq, for its part, became "central" to the war on terror

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only after the administration decided to invade the country and botched its occupation. Finally, it's unclear what Mehlman had in mind when referring to surveillance programs that are legal in Britain but not in the United States. One major difference between the two legal systems is that police in Britain may hold suspected terrorists without charge for 28 days. But even Homeland Security Secretary Michael Chertoff, who spoke approvingly of such laws the other day, acknowledged that they might run afoul of the Constitution.

Chertoff and other administration officials are free, once they study the British investigation, to argue that Britain's success in disrupting this plot offers lessons for the United States. Even then, Congress is not as free to modify civil liberties as the British Parliament — which is not constrained by a written constitution.

But Mehlman obviously was interested less in opening a discussion of comparative antiterror strategies than in pushing the idea that what Republicans call the "Democrat Party" is really the "Defeatocrat Party." That may be election-year politics as usual, but it's unseemly, especially when the stakes in terms of national security and civil liberties are so high. You might even be tempted to call it a pre 9/11 mind-set.

Conservatives Put Faith In Church Voter Drives (LAT)

By Peter Wallsten

The Los Angeles Times, August 15, 2006

WASHINGTON — As discontent with the Republican Party threatens to dampen the turnout of conservative voters in November, evangelical leaders are launching a massive registration drive that could help counter the malaise and mobilize new religious voters in battleground states.

The program, coordinated by the Colorado-based group Focus on the Family and its influential founder, James C. Dobson, would use a variety of methods — including information inserted in church publications and booths placed outside worship services — to recruit millions of new voters in 2006 and beyond.

The effort builds on the aggressive courtship of evangelical voters in 2004 by President Bush's reelection campaign, even as the Internal Revenue Service has announced renewed scrutiny of nonprofit organizations, including churches, that engage in political activities.

The new voter registration program puts a special focus this year on eight states with key Senate, House and state-level races. Turning out core voters is central to the GOP strategy to retain control of Congress, especially as the party struggles with negative public sentiment over the war in Iraq and other administration policies.

"Any time you go from a big presidential year like 2004 to an off-year like this, there's going to be a drop-off" in voter interest, said John Paulton of Focus on the Family Action, the political arm of Focus on the Family. "It's a question of how much. You could argue that the fear of what could happen if many more liberal politicians take over could be very motivating to get out and vote as strongly."

The program, announced in an e-mail to activists last week, is seeking county and church coordinators in the targeted states of Maryland, Montana, Tennessee, Michigan, Ohio, Pennsylvania, New Jersey and Minnesota.

"In 2004, about 25 million evangelicals failed to vote. Now is the time to reverse the trend," the e-mail said.

According to the e-mail, county coordinators are being asked to work about five hours a week and would be responsible for "recruiting key evangelical churches."

The church coordinators, devoting one or two hours per week, would be in charge of "encouraging pastors to speak about Christian citizenship, conducting a voter-registration drive, distributing voter guides and get-out-the-vote efforts."

Registering voters in churches is not a new tactic for either party, but Republicans have proved far more effective in recent years at combining religion and politics for electoral gain.

Critics say the practice is potentially illegal, citing tax laws that prohibit churches from engaging in partisan activities.

The IRS has launched a program to crack down on violators, with investigations pending against dozens of churches.

The IRS probe with the highest profile is that of All Saints Church in Pasadena, one of Southern California's largest and most liberal congregations.

After a priest delivered a sermon critical of the Iraq war two days before the 2004 presidential election, the IRS began reviewing the Episcopal church's tax-exempt status. No decision has been announced.

The Rev. Barry W. Lynn, executive director of Americans United for Separation of Church and State, called the evangelical voter registration drive a "blatant effort by Dobson to build a partisan political machine based in churches."

"He has made it abundantly clear that electing Republicans is an integral part of his agenda, and he doesn't mind risking the tax exemption of churches in the process," Lynn said. "Dobson wants to be a major political boss, and this is his way to get there."

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Organizers of the drive say they pay careful attention to the law — focusing on registering voters and discussions of values, not endorsing a specific candidate or party.

But, they acknowledge, the goal is reaching the conservative base.

"Everybody knows where their audience is, and we know who our audience is," said Phil Burress, president of Citizens for Community Values, an Ohio-based group coordinating voter registration with Dobson's organization.

"Absolutely we can target who we want to register to vote," he said. "There's nothing that prevents us from doing that."

He said that in Ohio, where this year's Senate and gubernatorial races are highly competitive, the plan calls for 3 million bulletins detailing voter registration procedures to be placed in publications distributed by 15,000 churches.

The group will also distribute voter guides listing candidates' views on same-sex marriage, abortion, stem cell research and other hot-button issues.

In 2004, Burress said, his group registered more than 50,000 voters, largely because of a ballot measure seeking a ban on same-sex-marriage, a campaign he headed.

This year, a potential ban on same-sex marriage is on the ballot in Tennessee, where there is a competitive Senate race. Legal and political battles are also raging over the issue in three of the other targeted states: Pennsylvania, Minnesota and Maryland.

The Republican Party is escalating its own courtship of evangelicals, registering voters at Christian rock concerts, state fairs and other events that draw religious activists and core conservatives.

The effort has been complicated in recent months, though, with Dobson and other evangelical leaders expressing disappointment in Bush and the Republican leadership.

They were pleased with Bush's nominations of John G. Roberts Jr. and Samuel A. Alito Jr. to the Supreme Court, but distressed by Congress' failure to approve a constitutional amendment banning same-sex marriage and its support of expanded federal spending on embryonic stem cell research.

Bush used the first veto of his presidency on the stem cell bill, a move that some viewed as an effort to mobilize evangelicals.

In May, Dobson warned the GOP that trouble might lie ahead, holding a series of meetings with party strategists and members of Congress to remind them of the evangelical movement's muscle.

"There's just very, very little to show for what has happened," Dobson said on Fox News' "Hannity & Colmes" show at the time, "and I think there's going to be some trouble down the road if they don't get on the ball."

First Lady Laura Bush Appears At Chicago-area Fundraiser (CHIT)

By John Biemer And Rick Pearson

Chicago Tribune, August 15, 2006

Seizing on the issues of homeland security and the threat of terrorism, First Lady Laura Bush said Monday that Republican Peter Roskam would serve in Congress as a "champion" of the military if he defeats his Democratic rival, disabled Iraq war veteran Tammy Duckworth.

Appearing at a fundraising luncheon in Addison that raised about $225,000 for Roskam's candidacy in the west suburban 6th Congressional District, Laura Bush also recited a litany of the GOP candidate's accomplishments in serving in the Illinois Senate.

"Peter will bring to Washington the principles of efficiency and accountability that have defined his time in the state Senate, ensuring that Illinois tax dollars are spent responsibly," she said during her 11-minute talk at the Medinah Banquets hall.

The first lady's visit was the latest symbol of the high-stakes fight over the traditionally Republican seat as Democrats try to use the president's low standing in public opinion polls to gain control of the U.S. House.

Though the president remains a very effective fundraiser, Laura Bush has become a frequently requested headliner on the money-generating circuit. Her visit Monday marked the opening of a three-day swing of campaigning to raise cash for Republican congressional candidates in Kentucky, Ohio and West Virginia as well as for the Republican National Committee.

Roskam, a state lawmaker from Wheaton, already has been the beneficiary of a fundraising visit from Vice President Dick Cheney. But Democrats also have ratcheted up the fundraising for the seat being vacated by retiring Republican U.S. Rep. Henry Hyde of Wood Dale.

U.S. Sen. Hillary Clinton (D-N.Y.), a former first lady and potential presidential candidate, previously raised money for Duckworth. And the Duckworth campaign said former President Bill Clinton is slated to attend a Chicago-area fundraiser Oct. 23 for Duckworth and fellow Democrat U.S. Rep. Melissa Bean, who is in a tough race to retain her 8th District north suburban seat.

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In her remarks, Laura Bush touted Roskam as a reliable tax cutter and a steward of the environment who created a recycling program in his hometown. She also noted he was a former schoolteacher who has backed educational improvements by "supporting families and teachers."

"We all know, though, that the well being of families in Illinois and throughout our country ultimately depends on our government's ability to protect them—by defeating terrorism and increasing liberty abroad," she said. "Peter will be a champion of the men and women of the United States military."

A Duckworth aide said the first lady's remarks reflect what the Democratic candidate has often referred to as a "gap between the policy makers in this country and those who are serving."

"I think it's clear in this race that when it comes to military experience and support for the military, Peter Roskam has a major deficiency, considering he's never served," said Duckworth spokeswoman Christine Glunz. "When she's making decisions on behalf of her fellow soldiers, she will do it with the utmost understanding."

In Chicago, meanwhile, U.S. Rep. Rahm Emanuel, the chairman of the Democratic Congressional Campaign Committee, said he believed Roskam and Duckworth are "in a dead-even race right now."

Emanuel, a Chicago Democrat and a major Duckworth ally, contended in a meeting with the Tribune editorial board that a series of initial mailings critical of Duckworth by Republicans was symbolic of how competitive the contest had become.

"I think on a series of issues ... she's in line where the voters are," Emanuel said. Asked whether the current environment nationally favors Democrats taking control of the House, Emanuel said it was too early to tell.

"The question right now is, 'Is it a breeze or a gale force?'" Emanuel said of any Democratic momentum.

White House Vague On Conn. Senate Race (AP-Y)

By Andrew Miga

AP, August 15, 2006

President Bush isn't exactly eager to lend his support to the Republican nominee in Connecticut's tumultuous Senate race.

The White House was circumspect on Monday when asked whether Bush would support Republican Alan Schlesinger in the three-way fall contest that includes Democratic nominee Ned Lamont and three-term incumbent Sen. Joe Lieberman.

"The president supports the democratic process in the state of Connecticut and wishes them a successful election in November," White House spokesman Tony Snow said.

Bush routinely backs Republican candidates in races all across the country.

Lieberman has won praise from the Bush team for his unwavering support of the Iraq war and is seen by some Democrats as too close to the president. He began an independent bid to keep his seat after losing the Democratic primary last week to anti-war challenger and political newcomer Lamont.

Snow was asked whether Bush was balking at supporting Schlesinger because he liked Lieberman — or wanted to stay out of the contest because Schlesinger was trailing badly in the polls.

"There may be a whole host of reasons the president — I'm just not going to play," Snow replied.

He suggested the Connecticut race was unique.

"I think that there are some peculiar characteristics going on in the Republican Party with the Republican candidate," Snow said. "And why don't you wait and see what happens?"

Schlesinger said he wasn't surprised by the White House's hesitancy. Republican leaders have been praising Lieberman and now they can't suddenly abandon him, he said.

"I don't think the Republican Party can turn around and say, 'Don't vote for Joe,'" Schlesinger said in a telephone interview. "We've got to let this thing die down a little."

Schlesinger said he was confident he could move up in the polls once some of the attention shifted away from the Lieberman-Lamont primary fight.

"When the Republican leadership in Washington also starts believing I have a shot, you'll see some support coming in," Schlesinger said.

Schlesinger is considered a longshot candidate. There has been speculation that Republicans might try to find a stronger candidate, but no names have emerged.

Schlesinger's campaign stumbled in July after it was learned that he used a fake name to gamble at a Connecticut casino and had been sued over gambling debts at New Jersey casinos. Connecticut Gov. M. Jodi Rell, a Republican, urged him to drop out of the Senate race, but Schlesinger called the gambling a "non-issue" and stayed in.

White House Ducks Question On Connecticut Race (NYT)

By Stacey Stowe And Jennifer Medina

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The New York Times, August 15, 2006

HARTFORD, Aug. 14 — As Republican leaders continued to attack Democrats for being weak on security issues after Senator Joseph I. Lieberman's primary loss last week, the White House declined on Monday to express support for Alan Schlesinger, the little-known Republican candidate in Connecticut's United States Senate race.

During a news conference in Washington, Tony Snow, the White House spokesman, said that "the President supports the democratic process," but would not say that he backed Mr. Schlesinger.

Several important Republicans, including Ken Mehlman, the chairman of the Republican National Committee, have yet to publicly support Mr. Schlesinger, who trails in recent polls to both Mr. Lieberman, who is staying in the race as an independent, and Ned Lamont, the Democratic nominee.

When reporters pressed Mr. Snow on whether the President supported his own party's candidate, he responded: "There may be — there are a whole host of reasons the president — I'm just not going to play."

Mr. Snow went on to say: "I'll refer you to the political office to give you the full judgments on that. I think you know the situation in Connecticut."

Some Republicans, including Connecticut's governor, M. Jodi Rell, have urged Mr. Schlesinger to get out of the race, after published reports last month that he once had large gambling debts and had once gambled under a false name.

Mr. Lamont's campaign has used the relative Republican silence as a way to attack Mr. Lieberman for being too close to President Bush.

"It's been very clear since Election Day that a top priority for Dick Cheney, Karl Rove and George Bush is that Joe Lieberman is re-elected," said Tom Swan, Mr. Lamont's campaign manager.

Senator Lieberman, in a statement, said, "I certainly have not sought and will not seek President Bush's support."

But he said that the president's neutrality and Governor Rell's lack of support for her party's candidate proved he had "a strong chance to build a broad coalition."

Mr. Lieberman also received support on Monday from a prominent Connecticut Democrat, James A. Amann, the House speaker. He is the first high-ranking elected Democrat to back Mr. Lieberman in the general election. "It's not the time for on-the-job training," Mr. Amann said at a news conference announcing his endorsement.

The decision puts Mr. Amann in the position of campaigning for dozens of Democrats running for the House while opposing the party's Senate candidate, who will appear near the top of its ticket.

Mr. Amann, who had said he would back Mr. Lieberman regardless of the outcome of the primary, said on Monday that he supported the incumbent because of his record and because residents of his hometown, Milford, voted for Mr. Lieberman in the primary.

Lieberman's 'Mainstream' Isn't Democratic At All (USAT)

USA Today, August 15, 2006

The morning after his primary election defeat in Connecticut, Sen. Joe Lieberman said his decision to mount an independent campaign to win re-election is an effort to save the Democratic Party from itself.

"I am in this race to the end," he told CNN's Soledad O'Brien. "For me, it is a cause, and it is a cause not to let this Democratic Party that I joined with the inspiration of President Kennedy in 1960 to be taken over by people who are so far from the mainstream of American life that I fear we will not elect Democrats in the numbers that we should in the future."

But Lieberman is not the party's savior. He's its nightmare.

Lieberman is an anti-Democrat Democrat — a fifth columnist who has chosen to flout the will of Connecticut's primary voters by filing papers to compete as an independent in the general election.

"For the sake of our state, our country and my party, I cannot and will not let that result stand," he said of his loss to Ned Lamont, a newcomer who waged a largely anti-war campaign against the three-term senator.

Lieberman has called Lamont an extremist. And to prove it, he told O'Brien caustically that Lamont's "No. 1 supporter" is Maxine Waters. She's a Democratic member of the House of Representatives from California whose passionate representation of her constituents Lieberman apparently thinks is more of a threat to the Democratic Party than his act of political defiance.

During his failed campaign, Lieberman tried to burnish his own Democratic credentials by pointing out that during his current Senate term, he voted 90.5% of the time with his party colleagues. But that bit of "me-tooism" belies another truth: He often parted company with Democrats on big issues.

Most Senate Democrats voted for the Iraq war before the Bush administration's claim that Saddam Hussein had stockpiles of weapons of mass destruction proved bogus. But Lieberman still says the administration's war was the right thing to do, a view not widely held among his Democrat colleagues.

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In addition, most of Lieberman's fellow Democratic senators support affirmative action and oppose the Bush administration's push for school vouchers. But the embattled senator's positions on these issues came under attack in 2000 — which might help us understand the dig he took at Waters.

Back then, Lieberman was trying to make nice with his party's liberal wing after Al Gore made him his running mate. Waters forced Lieberman to explain positions he had taken on issues that enjoyed widespread support among congressional Democrats. She was especially irked by Lieberman's early support of Proposition 209, a ballot initiative that banned California from using affirmative action in college admissions and state contracting.

"We want to win, but we don't want to win at any cost," Waters said of Lieberman during a Democratic National Committee meeting in August 2000. Lieberman responded with answers that moved him away from the positions he had taken earlier, a waffling that for a time seemed to satisfy his critics in the party's liberal wing.

But now that voters have given him the boot, Lieberman is in no mood for making concessions. He's still pursuing his political insurgency even though many national Democratic leaders have endorsed Lamont.

"But the battle goes on," Lieberman told O'Brien, "and now it's among Democrats, Republicans and independents. And I'm carrying it on because Lamont really represents polarization and partisanship."

What Lieberman didn't say is that Lamont's candidacy also represents the wishes of Connecticut's Democratic Party voters — who Lieberman apparently thinks have drifted "far from the mainstream of American life."

Lamont's Secret Weapon (WSJ)

The Wall Street Journal, August 15, 2006

Credit for Ned Lamont's primary victory over Joe Lieberman has fairly gone to the "netroots" and above all to passions aroused by the Iraq War. But his really secret weapon is one that his fellow liberals prefer not to mention out loud: Mr. Lamont could finance his own campaign.

Thanks to campaign funding limits, most political neophytes have a better chance of affording a home in Mr. Lamont's swanky town of Greenwich, Conn., than they do of raising enough money to be competitive against an incumbent of the same party. Despite his unpopularity in some Democratic circles, Mr. Lieberman was still able to raise some $10 million -- normally more than enough to intimidate any potential opponent.

But as a mega-millionaire, Mr. Lamont was able to exploit the campaign-finance loophole that allows rich folk to spend on their own campaigns. And given his narrow four-point victory, he needed every dime. According to Federal Election Commission records, Mr. Lamont self-funded about $4 million, or 70%, of the $5.8 million he raised through August 8. In the crucial last three weeks, when the TV spots really started to fly, he pitched in about $1.5 million. That cash flow had more to do with Mr. Lamont's ultimate victory than all the Angry Left bloggers in America.

It wasn't always this way for antiwar candidates. In 1968, before liberals tried to purge money from politics, Eugene McCarthy was able to finance his antiwar campaign against LBJ with huge donations from Stewart Mott and Jack Dreyfus. Nowadays you can still be antiwar and run for office -- but you'd also better be rich.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, August 15, 2006

Wing and a prayer

A Catholic priest who was a personal friend of the late Pope John Paul II is the new chaplain of Washington Dulles International Airport, where in this unsettling age of terrorist-targeted travel more and more faithful are kneeling down to pray.

"I had a full chapel last Saturday at the vigil Mass," the Rev. Philip Majka tells Inside the Beltway, adding that when he isn't celebrating the liturgy (the chapel is located in Terminal B, near Gate 30) he is often roaming the sweeping airport complex.

Clad in his priestly collar and sporting an official ID badge, "people often approach me," the priest notes. "I'm getting to know the police, airport workers, and I visit with the travelers ... wishing them a bon voyage" (and no doubt offering up prayers and reassuring words in the process).

"And I can go through security without taking off my shoes!" Father Majka boasts. "Maybe that's going to change, who knows? I have a challenge right now of how to get a bottle of wine through [security]. I have to have the Mass wine, you know."

Like the late pope, Father Majka, a longtime priest in the Diocese of Arlington, has Polish roots. He first met then-Cardinal Karol Wojtyla in 1969 when he was selected to be his Washington guide, accompanying the future pope to the Basilica of the National Shrine of the Immaculate Conception and to Arlington National Cemetery, and along the cobblestone streets of Old Town Alexandria, which reminded the cardinal of his hometown in Poland.

Long on security

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Length of the motorcade carrying President Bush and Vice President Dick Cheney (they rode together in the same limo) from the White House to meetings at the Pentagon and State Department yesterday: 21 cars.

Turncoat?

We'd written about President Bush being personally disappointed by Sen. Joe Lieberman's loss last Tuesday in the Connecticut Democratic primary.

The question now is whether Mr. Bush will go so far as to throw his support behind Mr. Lieberman -- who has subsequently filed to seek re-election as an independent -- and shun the already struggling Republican candidate, Alan Schlesinger?

"The president supports the democratic process in the state of Connecticut, and wishes them a successful election in November," White House spokesman Tony Snow replied when pressed on that question yesterday.

"Wait a minute," a reporter protested. "I realize he supports democracy, but I'm wondering, does he actually support his own party's candidate?"

"I don't know," Mr. Snow honestly answered, referring follow-up questions to the White House political office.

Couple of cowboys

We're told Vice President Dick Cheney will be campaigning in Montana tomorrow, where three-term Sen. Conrad Burns has a tough challenger in Democrat Jon Tester, an organic farmer and state senator. (He was selected president of the state Senate in 2005.)

Mr. Burns has found it extremely difficult to cut his "guilt by association" ties to former Washington lobbyist Jack Abramoff, even though he gave back approximately $150,000 in donations he received from the disgraced lobbyist and his associates.

Tour of 'Nowhere'

A nationwide road tour (now surpassing 7,000 miles) of wasteful congressional pet projects will pull into Alaska today, making a stop at the once-proposed site of the $223 million infamous "Bridge to Nowhere" -- or, more specifically, it would have linked Gravina Island (population 50) to Ketchikan (population 7,922).

"We are really the first anti-pork group to actually visit the site of numerous earmarks from coast to coast," Annie Patnaude, spokeswoman for the Americans for Prosperity Foundation's Ending Earmarks Express, tells Inside the Beltway.

Where's Osama?

The Cosmos Club on Massachusetts Avenue will be the venue this evening for a screening and panel discussion of "In the Footsteps of bin Laden," produced by CNN.

The two-hour production is described as an investigation into the life of terrorist mastermind Osama bin Laden, the world's most-wanted man.

Webb Campaign Criticizes Allen Remarks Aimed At Volunteer (AP)

By LARRY O'DELL

AP Allen Remark, August 15, 2006

A volunteer of Indian descent working for Democrat James Webb's U.S. Senate campaign said Monday he felt insulted when Sen. George Allen called him a name that sounded like "Macaca" during a rally in western Virginia.

S.R. Sidarth, 20, spent last week following Allen's "listening tour" and filming the appearances for the Webb campaign, which distributed a video clip of Friday's appearance to reporters.

"This fellow over here with the yellow shirt — Macaca or whatever his name is — he's with my opponent," Allen said. "He's following us around everywhere."

Macaca is a term associated with a species of monkeys.

"This is not something we knew," said Allen campaign spokesman Dick Wadhams.

The name also could be spelled Makaka, which is a city in South Africa.

Wadhams said, however, that the name was a variation of "Mohawk," the nickname he said Allen campaign staffers gave Sidarth because he had a Mohawk haircut.

Whether the University of Virginia senior's haircut — closely cropped around the temples and above the ears, but otherwise full — qualifies as a Mohawk is open to interpretation. Sidarth said he does not consider it a Mohawk.

"It's grasping — it's reaching," Webb spokeswoman Kristian Denny Todd said of Wadhams' explanation. "This was a term meant to demean Sidarth and his presence there at the event."

Asked what he thought Allen meant by using the word Macaca, Sidarth said: "I took it to mean that was the first thing that came to his mind when he saw a person of color. It does have connotations in Hispanic cultures of being associated with a monkey."

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Sidarth, who said he had introduced himself to the senator earlier in the week, said he felt Allen "was singling me out as a person of color when the rest of the audience was Caucasian." Wadhams said Sidarth was not the only nonwhite person at the rally in Breaks, Va., which is near the Kentucky border.

The video clip shows Allen telling the crowd: "Let's give a welcome to Macaca here. Welcome to America and the real world of Virginia."

Sidarth was born and raised in Fairfax County and is a senior at Allen's alma mater, the University of Virginia.

Wadhams said Allen called attention to Sidarth simply to welcome him to "a place in Virginia Webb has never been to and probably never will be to."

University of Virginia political analyst Larry Sabato said Allen's remarks could damage Allen's efforts to position himself for a possible run for president in 2008.

"This is a comment that will be regurgitated a thousand times," Sabato said. "It was a clumsy, stupid gaffe, and it's this kind of thing that destroys presidential candidacies."

The words could be especially damaging when considered in the context of Allen's history of displaying the Confederate flag, Sabato said. Allen used to keep the flag in his living room, and he wore a Confederate lapel pin for his high school yearbook photo.

"People may read into this more than is actually there, but whose fault is that?" Sabato said.

Wadhams, meanwhile, questioned why Webb still has not apologized for what he said was an anti-Semitic flyer during the Democrat's primary campaign. The flyer featured a hook-nosed caricature of Webb's Jewish opponent with money overflowing his pockets.

"If they are so sensitive about stuff, how come they used something as despicable as an anti-Semitic flyer?" Wadhams said.

Denny Todd said Wadhams was rehashing a two-month-old story to try to divert attention from Allen's remarks.

Allen Quip Provokes Outrage, Apology (WP)

By Tim Craig And Michael D. Shear

The Washington Post, August 15, 2006

RICHMOND, Aug. 14 -- Virginia Sen. George Allen (R) apologized Monday for what his opponent's campaign said were demeaning and insensitive comments the senator made to a 20-year-old volunteer of Indian descent.

At a campaign rally in southwest Virginia on Friday, Allen repeatedly called a volunteer for Democrat James Webb "macaca." During the speech in Breaks, near the Kentucky border, Allen began by saying that he was "going to run this campaign on positive, constructive ideas" and then pointed at S.R. Sidarth in the crowd.

"This fellow here, over here with the yellow shirt, macaca, or whatever his name is. He's with my opponent. He's following us around everywhere. And it's just great," Allen said, as his supporters began to laugh. After saying that Webb was raising money in California with a "bunch of Hollywood movie moguls," Allen said, "Let's give a welcome to macaca, here. Welcome to America and the real world of Virginia." Allen then began talking about the "war on terror."

Depending on how it is spelled, the word macaca could mean either a monkey that inhabits the Eastern Hemisphere or a town in South Africa. In some European cultures, macaca is also considered a racial slur against African immigrants, according to several Web sites that track ethnic slurs.

"The kid has a name," Webb communications director Kristian Denny Todd said of Sidarth, a Virginia native who was born in Fairfax County. "This is trying to demean him, to minimize him as a person."

Todd added that the use of macaca, whatever it means, and the reference welcoming Sidarth to America were clearly intended to make him uncomfortable.

Reached Monday evening, Allen said that the word had no derogatory meaning for him and that he was sorry. "I would never want to demean him as an individual. I do apologize if he's offended by that. That was no way the point."

Asked what macaca means, Allen said: "I don't know what it means." He said the word sounds similar to "mohawk," a term that his campaign staff had nicknamed Sidarth because of his haircut. Sidarth said his hairstyle is a mullet -- tight on top, long in the back.

Allen said that by the comment welcoming him to America, he meant: "Just to the real world. Get outside the Beltway and get to the real world."

But the apology, which came hours after Allen's campaign manager dismissed the issue with an expletive and insisted the senator has "nothing to apologize for," did little to mollify Webb's campaign or Sidarth, who said he suspects Allen singled him out because his was the only nonwhite face among about 100 Republican supporters.

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"I think he was doing it because he could, and I was the only person of color there, and it was useful for him in inciting his audience," said Sidarth, who videotaped the event for the Webb campaign. "I was annoyed he would use my race in a political context."

Told of Allen's apology, Todd added, "I hope Allen realizes that Virginians come in all colors."

Allen is running for a second term in the Senate while planning a possible presidential bid in 2008. Webb, a Vietnam war hero and former Navy secretary under President Ronald Reagan, is working to derail those plans with an underfunded campaign based principally on Webb's early opposition to the war in Iraq.

Virginia Commonwealth University politics professor Robert Holsworth called Allen's comments a gaffe that probably wouldn't change the Senate race but could hurt his presidential ambitions.

"This doesn't turn the race around at all," Holsworth said. "But for a guy running for president, this is likely to be regularly aired this year and maybe beyond."

House Majority Leader H. Morgan Griffith (R-Salem), who represents southwest Virginia, said the Webb campaign is just "grabbing for stuff" to gain traction against Allen. Griffith said he doubts anyone at the rally even picked up on Allen's use of the word macaca.

"Not many people in southwest Virginia would think it is derogatory," Griffith said. "I didn't have a clue what it meant, and I doubt Allen did, either."

Sidarth, who is entering his fourth year at the University of Virginia and is an active Democrat, had been assigned to trail Allen with a video camera to document his travels and speeches for Webb, a common campaign tactic.

Steve Mukherjee, a spokesman for the Washington chapter of the Association of Indians in America, said Allen's comments were "hurtful," and he chided the senator for not being more sensitive.

"The world is so volatile and so delicate," Mukherjee said. "You have to be careful what you say and how you say it. The U.S. is no longer black and white."

Asked what macaca means, Mukherjee said: "What it means, I don't know. But it's going to cause him some grief."

It's not the first time Allen has confronted charges of insensitivity to race or ethnicity from minority leaders and longtime political opponents.

Before he ran for governor in 1993, Allen was criticized for keeping a Confederate flag in a cabin near his Charlottesville home, part of a collection of flags, he has said. He stirred controversy as governor by issuing a proclamation noting the South's celebration of Confederate History Month without mentioning slavery.

This year, the New Republic magazine published a photo of Allen wearing a Confederate flag on his lapel during high school.

"It wasn't a racial statement; it was a statement about his rebellious nature," said John Reid, Allen's communications director.

Allen campaign manager Dick Wadhams also went on the offensive, accusing Webb of mailing an anti-Semitic flier during his primary this year that contained a caricature of Webb's Jewish opponent.

Todd said Wadhams is trying to change the subject. "The flier was never meant to be anti-Semitic," she said. "That was a charge levied by our opponent at the time to drive voters away from Jim Webb, much like Allen's trying to do today."

George Allen's America (WP)

The Washington Post, August 15, 2006

"MY FRIENDS, we're going to run this campaign on positive, constructive ideas," Sen. George F. Allen told a rally of Republican supporters in Southwest Virginia last week. "And it's important that we motivate and inspire people for something." Whereupon Mr. Allen turned his attention to a young campaign aide working for his Democratic opponent -- a University of Virginia student from Fairfax County who was apparently the only person of color present -- and proceeded to ridicule him.

Let's consider which positive, constructive or inspirational ideas Mr. Allen had in mind when he chose to mock S.R. Sidarth of Dunn Loring, who was recording the event with a video camera on behalf of James Webb, the Democratic nominee for the Senate seat Mr. Allen holds. The idea that holding up minorities to public scorn in front of an all-white crowd will elicit chortles and guffaws? (It did.) The idea that a candidate for public office can say "Welcome to America and the real world of Virginia!" to an American of Indian descent and really mean nothing offensive by it? (So insisted Mr. Allen's aides.) Or perhaps the idea that bullying your opponents and calling them strange names -- Mr. Allen twice referred to Mr. Sidarth as "Macaca" -- is within the bounds of decency on the campaign trail?

We have no inkling as to what Mr. Allen meant by "Macaca," though we rather doubt his campaign's imaginative explanation that it was somehow an allusion to Mr. Sidarth's hairstyle, a mullet. Mr. Allen said last night that no slur was intended, though he failed to explain what, exactly, he did have in mind. Macaca is the genus for macaques, a type of monkey found

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mainly in Asia. Mr. Allen, who as a young man had a fondness for Confederate flags and later staunchly opposed a state holiday in honor of the Rev. Martin Luther King Jr., has surely learned too much about racial sensitivities in public life to misspeak so offensively.

Mr. Sidarth, who is 20, is a senior at U-Va.; he graduated from Thomas Jefferson High School in Fairfax after compiling an excellent academic record. He is thinking of applying to law school. He may be forgiven if his week-long foray on the campaign trail with Mr. Allen has left him with a bitter taste. "I think he was doing it because he could, and I was the person of color there and it was useful for him in inciting his audience," Mr. Sidarth told us. "I'm disgusted he would use my race in a political context."

We don't blame him for feeling that way. But really, by mocking Mr. Sidarth, Sen. George F. Allen demeaned only himself.

Reid Pays Interest On Improper Donation (AP-Y)

By Erica Werner

AP, August 15, 2006

A seven-year-old political donation has proven costly for the Senate's most senior Democrat.

Sen. Harry Reid, D-Nev., last year refunded a $3,000 check he got in 1999 from a Texas friend, Ben Barnes, after a public interest group revealed it was improper. Now he's paid Barnes more than $1,600 in interest, according to recent filings with the Secretary of the Senate.

The filings were disclosed Monday by PoliticalMoneyLine, which tracks campaign spending.

Barnes, a lobbyist and former Texas lieutenant governor, made the donation in question to a legal defense fund Reid had established to cover costs of his 1998 Senate race recount, which he won by 428 votes over Republican John Ensign.

Congressional ethics rules prohibit registered lobbyists from donating to lawmakers' legal defense funds, which members of Congress are allowed to set up to pay for legal fights. Barnes had only recently registered as a lobbyist and said at the time that it was an innocent mistake.

Reid's defense fund shut down in March 2001, and the donation went unnoticed until the Center for Public Integrity released a report in August 2005 about a handful of lawmakers, Reid among them, who'd accepted improper lobbyist donations into their legal defense funds.

Reid brought the matter to the Senate Ethics Committee, his spokesman said, and repaid the $3,000 to Barnes in October 2005. The Ethics Committee subsequently told him he should also pay interest for the time he had the donation. Reid had an accountant calculate the proper amount using the statutory rate under Nevada law — prime plus two percent adjusted annually — and cut Barnes a check for $1,611.47 on May 22 out of his campaign fund.

"As soon as this came to our attention we resolved this as quickly as possible," said Reid spokesman Jon Summers, attributing the delay to time needed to work through the process.

The Ethics Committee also noted that three quarterly reports for the defense fund had never been filed. The reports were for the end of 1999 and the first two quarters of 2000, when there was no activity in the account. Reid filed those reports July 31 with the Secretary of the Senate.

Rep. Ney Formally Withdraws From Ballot (AP-Y)

By David Hammer

AP, August 15, 2006

Rep. Bob Ney formally requested Monday that his name be removed from the November election ballot, ensuring that a special primary election will be held to replace the embattled Republican.

His letter officially notifying election officials ends speculation about whether he would wait until after Aug. 19, when party leaders would have been able to appoint a replacement.

Ney announced he would withdraw from the race a week ago, citing the strain of an intensifying corruption investigation that had focused for months on his dealings with lobbyists. The six-term congressman denies any wrongdoing and has not been charged.

Democrats targeted Ney's seat in the wake of the Jack Abramoff lobbying scandal. Ney's campaign began hemorrhaging money after his former chief of staff pleaded guilty to conspiring to corrupt the congressman, and the Justice Department subpoenaed Ney aides in Ohio and Washington.

Democrats hope Ney's legal troubles will help them gain one of the 15 seats they need this fall to take control of the House.

Ohio Republican Party Chairman Bob Bennett said he spoke to Ney on Monday morning about the decision to have a primary instead of letting local party officials choose a new candidate.

"He told me he really thought the voters of the district should make the decision in selecting the candidate, rather than the party chairmen," Bennett said.

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State Sen. Joy Padgett of Coshocton is Ney's and House Majority Leader John Boehner's choice to replace Ney, but there have been questions over whether she is eligible to run after losing her bid to become the GOP lieutenant governor nominee. Attorney General Jim Petro, her former running mate, offered a legal opinion last week that she could run.

Bennett expects others to enter the special primary, likely to be held in mid-September.

Democratic Zack Space has kept his campaign focused on corruption, branding Padgett for her close ties to Ney and Gov. Bob Taft, who pleaded no contest last year to failing to report gifts.

Fitzpatrick Now Rejects Bush's Strategy In Iraq (PHI)

By Christine Schiavo

The Philadelphia Inquirer, August 15, 2006

A Bucks County congressman who once firmly backed President Bush's handling of the Iraq war is now calling the president's stay-the-course approach "extreme."

U.S. Rep. Michael Fitzpatrick (R., Pa.) told constituents in a mailing last weekend that he wanted an alternative to the "unacceptable extremes of 'Stay the course' on one side and the 'cut and run' approach on the other."

Fitzpatrick, who twice visited the troops in Iraq, hadn't said much about the war until last week, when he told reporters that President Bush has made mistakes. His campaign Web site makes no mention of the issue.

The freshman Republican's remarks come as polls show that more than 60 percent of Americans disapprove of Bush's handling of the war. Bush's approval rating is slightly below 40 percent.

Democrat Patrick Murphy, Fitzpatrick's opponent, is an Iraq war veteran who has been vocal in his opposition of the war and has called for the withdrawal of most troops by the end of next year.

The Fitzpatrick-Murphy race is one of three competitive congressional races in the Philadelphia suburbs. The Republicans control three seats in Bucks, Chester and Delaware Counties, which the Democrats have targeted in their attempt to take back the House.

In the mailing, Fitzpatrick was careful to note he is "deeply grateful" for the service of American troops. What has changed is his alliance with the president on the handling of the war.

"Mike Fitzpatrick to President Bush: 'America needs a better, smarter plan in Iraq.' " reads the mailing.

The front page of the mailing says, "Congressman Fitzpatrick says NO to both extremes: No to President Bush's 'stay the course' strategy... and no to Patrick Murphy's 'cut and run' approach."

The critical reference to the president may sting the ears of loyal Republicans, but it should resonate with many in the moderate Eighth District, said Christopher Borick, director of the Institute of Public Opinion at Muhlenberg College in Allentown.

"Differing with the president's position on this is not risky," said Borick, whose surveys of Pennsylvania voters have shown a growing dissatisfaction with the war. "There's a groundswell among Republicans that things aren't going as they should be."

The backlash hit pro-war Sen. Joe Lieberman last Tuesday when Democratic voters in the Connecticut primary chose antiwar candidate Ned Lamont over the former vice presidential candidate.

Yesterday, Fitzpatrick said the president should have committed more troops, the troops should have been better equipped, and economic development should have been quicker in Iraq.

But Fitzpatrick has not proposed a new plan or advocated an existing one. Strategies, he said, are better left to military experts.

That vague approach has provided campaign fodder for Murphy, who held a telephone news conference with Sen. John Kerry (D., Mass.) last week to criticize Fitzpatrick's position. Kerry called it a "short-term political ploy" with "no plan, no direction."

Fitzpatrick's hedging may endear him to voters even as it leaves him open to criticism, Borick said. The public, he said, may find it reasonable that Fitzpatrick is as unclear as they are on what to do next.

But as the election nears, Borick said he expects voters to become more demanding of Fitzpatrick. He said, "People will want to move on the debate to more specifics on Iraq."

A Gap In Their Armor (WP)

By E. J. Dionne Jr.

The Washington Post, August 15, 2006

The Democratic Party has a self-image problem.

Talk to Democrats at every level about the strong position the party is in for this fall's elections and the conversation inevitably ends with a variation of: "Yeah, if we don't blow it." Karl Rove's greatest victory is how much he has spooked Democrats about themselves.

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This, in turn, leads to a problem among political elites and, especially, fundraisers: While Republicans believe in their party and in the cause of building its organization from bottom to top, Democratic sympathizers tend to focus on favorite causes and favorite candidates, notably in presidential years.

If you understand this, you can understand the polemics over the past few months between Howard Dean, the Democratic National Committee chairman, and Rep. Rahm Emanuel, the leader of the party's campaign committee for this fall's House elections.

Emanuel has expressed frustration over how much DNC money Dean has spent in his effort to create strong party organizations in all 50 states -- money that congressional Democrats believe should be saved for this fall's key contests.

Dean argues, correctly, that Democrats will not be truly competitive if they are strong in only 18 or 20 "blue" states. Emanuel argues, also correctly, that this year offers Democrats their best chance in 12 at winning one or both houses of Congress. The party, he says, can't afford to fritter money away on long-term dreams.

There are many underlying issues here, including whether Dean's spending will actually be effective in achieving his goal and whether the national party is demanding enough accountability for the money it is sending the states. Dean defenders, in turn, note that he has directed more money to states with competitive races this year, and that Dean needs to worry about governorships and state legislative contests, not just Congress.

But Dean and Emanuel are both struggling against the same overlapping realities: Democrats have chronically underinvested in building state parties. Wealthy donors who bankrolled grass-roots organizing in the 2004 presidential campaign have largely gone to the sidelines this year. And Republican-oriented interest groups are, on the whole, better financed and disciplined than their Democratic counterparts.

Emanuel is especially frustrated with large donors such as billionaire George Soros, who donated heavily to such organizing efforts as America Coming Together (ACT) two years ago. "These guys -- where are they?" a frustrated Emanuel asked in an interview. After John Kerry's loss, Emanuel said, "they walked off the field."

Steve Rosenthal, who was ACT's chief executive officer in 2004, said his organization's financial backers were "very candid that they weren't in it for the long haul and never said they were." Nonetheless, Rosenthal worries about what the missing money will mean this fall.

There is a lesson here about campaign finance reform and those who pretend that Democrats can rely on a handful of wealthy donors when crunch time comes. There is also a lesson about how a political party needs to see itself -- and be seen by those who support it -- as a long-term operation, not simply as a label of convenience at election time.

"On the Republican side, everyone plays a role in supporting the party and building a party structure," says Amy Chapman, executive director of Grassroots Democrats, which raises money for state party organizations. "It's too big a job for one part of the party to do," meaning that Dean and the DNC can't do it alone.

The odd result is that Republicans, who defend individualism in theory, act like communitarians where their party is concerned. Democrats claim to be more community-minded but act like radical individualists in their penchant for candidate-centered, one-cause-at-a-time politics.

The organizational gap has spurred national Democrats to countermeasures. Emanuel has hired Michael Whouley, one of his party's premier organizers, to create turnout programs in the 40 most contested congressional races. The Democratic Senatorial Campaign Committee's two top staffers, J.B. Poersch and Guy Cecil, have long experience in field operations. The unions are kicking up their turnout efforts. And an anti-incumbent tide against the Republicans could counter the GOP's organizational advantages.

But Republicans -- from President Bush on down -- have long dismissed the fashionable claptrap about political parties becoming meaningless. If Democrats are to shed their self-image problem and create a durable majority, they, too, will have to learn to operate as a party.

A Distant Mirror (NYT)

By Thomas Frank

The New York Times, August 15, 2006

By now, even the most dedicated “values voter” is aware that an orgy of plunder and predation grinds merrily on in the capital, yet if polls are to be believed, the Democrats can persuade almost nobody to switch their vote on that basis. That’s because, while they have many nice slogans on the subject, Democrats offer no larger theory of corruption, no way to help voters understand what is essentially Republican about the pillage currently being visited on our national government.

I suggest the Democrats turn their eyes to the conservatives’ beloved 19th century, an era that is relevant again in all sorts of startling ways. The reigning economic faith of our time, they will find, is merely a souped-up version of the Victorians’

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understanding of the market-as-nature. Again Americans thrill to the exploits of the great tycoons, and gradually we are becoming reacquainted with pervasive inequality, the wrenching "social issue" of our great-grandparents' time.

This is why I nominate Matthew Josephson's 1938 masterpiece, "The Politicos: 1865-1896," as the volume of history with the most to teach us about the present. The book is valuable for its surface qualities alone — its painstaking reconstruction of forgotten scandals, its glimpses of antique slang and high-flown oratory, its remarkable cast of politicians, like the "Easy Boss" Tom Platt and the "Plumed Knight" James G. Blaine, all of them household names once but today as obscure as Ozymandias.

Still, contemporary readers will feel the sharp poke of recognition with nearly every chapter. Then, as now, empty accusations of treason were standard rhetoric. Reformers were routinely taunted as effeminate — in the manner that conservatives today bandy about terms like "effete," "French-looking," and "girly man." Roscoe Conkling, the sarcastic voice of New York finance, famously laughed off a crusading editor as a "man milliner."

And, of course, there was corruption, the unending outrage of money- in-politics. Both parties bid for the favor of big business, and both did a considerable amount of business themselves, as the roll call of forgotten scandals attests: the Whiskey Ring, the Post Office Ring, the Credit Mobilier scheme, and the Grant administration's ceaseless "saturnalia of plunder." But "The Politicos" is not merely a catalog of money-in-politics, it is a study of the logic and development of money-in-politics, from the crude grasping of the "spoilsmen" in the 1860's to the final union of politics with business in the 1890's, when industries and even individual corporations effectively sent their own representatives to the United States Senate.

Matthew Josephson was a man of the left, but "The Politicos" is not a reassuring tale of liberal triumph. The figure who towers over this dialectic of graft as it roars to its consummation is the greatest of 19th-century political commanders, the industrialist Mark Hanna, who managed the 1896 presidential campaign of William McKinley. Hanna was famously quoted as saying openly what his contemporaries would say only privately: that we were ruled by "a business state," and that "all questions of government in a democracy were questions of money."

When confronted by a groundswell for the earnest reformer William Jennings Bryan, Hanna used every weapon available to make an example of the upstart. While his lieutenants portrayed Bryan as an anarchist, Hanna enlisted the financial support of industry for McKinley, going so far as to levy an assessment on the capital of large corporations. He may not have rewarded his supporters with honorifics like "Pioneer" and "Ranger," as did his modern disciple Karl Rove, but by the end of the contest Hanna had outspent Bryan by 10 to 1, much of it on "floaters" compensated for their votes.

Hanna's methods were corrupt, yes. "But his corruption was rational," Josephson tells us. "It flowed from the very nature of our society and its laws."

And as we scratch our heads over all the shocking stories of the last six years we would do well to keep Josephson's dictum in mind. These are not tales of individual venality, separate one from the other. They are expressions of the age. The issue is not merely corruption; it is what old Will Bryan would have called plutocracy.

Records In House Define Md. Democrats (WP)

By Nick Anderson

The Washington Post, August 15, 2006

Two Baltimore Democrats joined the House of Representatives on the same day in 1987. For nine years together in Congress, they usually voted the same liberal line. Both rose to prominence and influence.

But Benjamin L. Cardin and Kweisi Mfume carved sharply distinct profiles from the moment they arrived on Capitol Hill. The former became a bipartisan dealmaker on a powerful committee with oversight of tax, trade and health-care law. The latter took on urban housing and economic issues and became a major voice in Congress for black Americans.

Mfume left soon after the 1995 Republican takeover to become president of the NAACP. Cardin expanded his reach on the Ways and Means Committee and ranks fourth among its Democrats.

The many contrasts in their House careers suggest that the front-runners for their party's nomination in the race to succeed retiring Sen. Paul S. Sarbanes (D-Md.) would make different senators in style and substance.

Cardin pursues "a classic insider strategy," said Christopher Deering, a political science professor at George Washington University. "Here's a guy who knows where the power is."

Cardin said in an interview at his Baltimore County campaign office that he is "very quietly" preparing a bid for the Senate Finance Committee -- the chamber's counterpart to Ways and Means -- if he is elected. "It's known to people in the Senate that I want to be on the Finance Committee," he said. But, he said, he is focused first on the primary Sept. 12 and the election Nov. 7.

Mfume "has got fairly consummate political skills" and would gain immediate national attention if elected, said Ronald Walters, a government and politics professor at the University of Maryland. "When you're one of the few blacks in the Senate, you're a celebrity," Walters said, noting the spotlight on Barack Obama (D-Ill.), now the chamber's only black senator. "They are expected to carry a great deal of water for minority populations all across the country. People want to see, feel and touch them."

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Mfume's legislative niche is not as clearly defined as Cardin's. But he names three Senate committee assignments that would appeal to him: Foreign Relations; Banking, Housing and Urban Affairs; and Health, Education, Labor and Pensions.

In the House, Mfume served on two committees his entire tenure: Small Business and Banking, Finance and Urban Affairs. He used his positions to support minority-owned businesses and promote equal housing opportunities.

For instance, Mfume helped secure an amendment to the 1991 Civil Rights Act that extended protections to Americans working for U.S. companies abroad.

Mfume, who was 38 when first elected, said he tried to stay flexible when he was a junior member. "I didn't know what doors would open and where they would lead me," he said in an interview at his Baltimore campaign office.

In his early years, Mfume sought to win over senior lawmakers who didn't know what to make of the former City Council member with an adopted Swahili name. (It is pronounced kwah-EE-see oom-FOO-may and means "conquering son of kings.")

At one hearing, Mfume recalled, a veteran representative, Frank Annunzio (D-Ill.), butchered his name. When Mfume took his turn at the microphone, he seized an icebreaking opportunity. "I want to thank 'Chairman Enunciation' for the opportunity to speak," he said, drawing laughter.

Mfume made a point of sitting next to Rep. Claude D. Pepper (D-Fla.) in the House to absorb Pepper's knowledge from a half-century of service in Congress and his recollections of the segregated South. "I was kind of a fascination to him," Mfume said.

In December 1992, Mfume's moment came: He captured the chairmanship of an enlarged and emboldened black caucus. The post gave Mfume the ear of the White House in President Bill Clinton's first two years in office and a platform to push a liberal domestic agenda backed by a bloc of more than three dozen black House Democrats.

Mfume's caucus turned heads in 1993 when it mobilized to stall the House leadership's efforts to approve a line-item veto for Clinton. Then the caucus stood up to the president himself, declining an invitation to meet with Clinton at the White House amid a furor over a civil rights enforcement nomination.

Such muscle-flexing helped the caucus influence major legislation enacted in Clinton's first term. On the budget, Mfume pushed to protect Medicare funding, increase tax credits for lower-income families, and bolster nutrition and immunization programs for needy children. On crime, he backed a ban on assault weapons.

On trade, however, Mfume opposed Clinton. He voted in 1993 against the North American Free Trade Agreement.

Mfume drew fire from some quarters after he declared that year that black lawmakers had entered into a "covenant" with the Nation of Islam to solve problems in the black community. In 1994, the caucus distanced itself from that position after an aide to Nation of Islam leader Louis Farrakhan made statements condemned as anti-Semitic.

Mfume's role shrank when his two-year chairmanship ended, and Republicans took over Congress. He was trounced in a late-1994 bid to become Democratic Caucus chairman. A year later, he accepted an offer to lead the NAACP. By February 1996, he had left the House.Cardin's Climb

Cardin arrived in Congress with one main goal: Get on Ways and Means. Starting in late 1986, he laid siege to the committee. "I had a plan," he explained.

He rounded up support from the delegations of Maryland and other mid-Atlantic states. He persuaded business leaders to put in a word for him. He wrangled a meeting with Ways and Means Chairman Dan Rostenkowski (D-Ill.), a coup for a freshman. And he allied himself with Rep. Richard A. Gephardt (D-Mo.), who sat on the committee. Cardin, then 43 and a former speaker of the Maryland House of Delegates, pitched himself as a government finance expert.

Cardin knew he wouldn't get onto a top-tier committee as a freshman. But he wanted to be first on the waiting list. The chance came in his third year. After Gephardt rose to majority leader in June 1989, Cardin slipped into the Ways and Means seat he vacated.

"It wasn't even contested," Cardin recalled. "I had it sewn up."

The move forced Cardin off the Judiciary and Public Works and Transportation committees. But the vast Ways and Means jurisdiction more than offset the loss of those assignments, enabling him to guard Maryland's interests in tax, trade and health-care issues. For example, he secured a measure to protect the state's unusual system of Medicare reimbursements for hospitals.

Like Mfume, Cardin was a reliable vote for Democratic priorities such as gun control, civil rights legislation, minimum wage increases and abortion rights. Like Mfume, he opposed the 1991 resolution to authorize the use of force against Iraq. (He also opposed the 2002 resolution that led to the war in Iraq.) And, like Mfume, his influence rose after Clinton was elected.

In 1993, Cardin gave Clinton a key vote to help pass NAFTA over organized labor's opposition. In 1994, Cardin helped craft Democratic legislation to answer Clinton's call for universal health-care coverage.

As the Ways and Means health subcommittee labored over the ill-fated bill, Cardin unexpectedly sided with Republicans to support a cap on medical malpractice damages. He also pushed to ease health-care expenses for small businesses.

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Although the Clinton health-care initiative died, Cardin's stature grew. He was named a Democratic transition leader when Republicans took over the House. He helped lead a bipartisan ethics investigation into allegations that House Speaker Newt Gingrich had abused tax laws, resulting in a historic vote in 1997 to reprimand the Georgia Republican.

During the Clinton and current Bush administrations, Cardin teamed with Rep. Rob Portman (R-Ohio) -- now the White House budget chief -- on tax and retirement savings measures that became law. One restructured the Internal Revenue Service. Another allowed greater worker contributions to retirement accounts and overhauled pension rules. Portman-Cardin became a rare bipartisan brand in polarized Washington. But generally, Cardin has opposed President Bush on tax cuts, trade bills and other key issues moving through Ways and Means.'Totally Capable'

Rep. Peter A. DeFazio (D-Ore.), another veteran from the Class of 1986, said Mfume and Cardin were known for their quick grasp of policy and sharp political instincts.

He described Cardin as "a very, very solid and respected legislator" and Mfume as an "incredibly energetic, gutsy guy. Leads with his heart."

"Both Kweisi and Ben are totally capable of handling complicated issues on their feet, thinking on their own, distilling them to their essence," he said. "There are a lot of people around here who can't."

Improving Relations, Whoop By Whoop (WP)

By Tara Bahrampour

The Washington Post, August 15, 2006

"Go East! Go West!

"Lebanon is the best!"

The chants grew louder. A sea of arms unfurled a flag emblazoned with a cypress tree. Standing in front of the White House, the teenagers -- in business suits, denim miniskirts, Converse high tops or traditional head scarves -- belted out the Lebanese national anthem.

They were among a group of about 600 students from predominantly Muslim countries who had just arrived for a year-long exchange program sponsored by the State Department.

This week they are dispersing across the United States to the host families with whom they will live for nine months. But last week they ran around the nation's capital as if on an adrenaline high.

"Lebanon! Lebanon! Wooooh!!"

Christine Habib, an adult supervising the students, laughed. "Okay, khalas, fahemna! " ("enough, we get it!")

"It's definitely one of the most enthusiastic groups" in the three years since the program began, Habib said. "I don't know if it's because of the political climate this year, but they have a lot of energy, which is good. It's better than them being downtrodden."

War raged in some of their countries, resentment simmered in others, but exploring a new city, visiting white-columned monuments, meeting with State Department officials and buying U.S. Capitol snow globes seemed to help open their eyes to a world beyond their homelands.

That was the point. The Youth Exchange and Study Program started in 2003 as a way to improve relations between the United States and Arab and Muslim countries. "The idea was that targeting youth would be the most effective way," said Mary Karam, director of grant programs for AYUSA Global Exchange, one of several organizations administering the program, which this year has students from 24 countries, plus the West Bank and Gaza.

Participants are selected based on grades, English aptitude and leadership skills. Applications have increased each year since the inception of the program, which costs about $11.5 million annually and is free for the students.

In the beginning, some parents were hesitant to send their children abroad because of political tensions, especially after the attacks of Sept. 11, 2001. But after the first group returned, more were emboldened. This year, more than 18,000 students applied for 660 slots.

"Some friends told me, 'Don't go to America; Americans aren't Muslim,' " said Khalil Ebrahim, 16, a Yemeni who will spend the year in Las Vegas. "But America is a democratic country, and studying here is better than in Yemen because here you have your choice."

Even as they embraced America, fears about home lingered. "Our contacts with our parents are kind of blocked," said Abdul Rahman Loutfi, 16, a hot dog in one hand and his tie knotted rakishly around his curly hair. A guitar and basketball player, Loutfi will live with a family in Glenmoore, Pa.

Like others from Lebanon, he left his country in vastly different straits than it was when he sent in his application.

"It's getting really serious, like, people are getting killed," he said. "I never thought I'd leave this way. Everything's kind of changed; everything's kind of ruined."

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For some, leaving was its own adventure. "We slept in a hotel in Beirut for one night, then we went to the U.S. Embassy and from there we were picked up by two military helicopters," said Rima Maarouf, 16, who will live in Brainardsville, N.Y. "That was cool -- like, Marines in helmets . . . and we got Marine food. It's not so delicious."

Birzha, 16, an Iraqi (for security reasons the State Department did not allow publication of the Iraqis' last names), called the north, where she is from, "the safest place in Iraq." She said that, as a Kurd, she wanted Americans to know one thing: "That we exist. That we are a nation."

Some were already making cultural adjustments. When Fares Atef, 15, tried to walk by the White House in a Yemeni robe with a curved dagger in his sash, a security officer advised him to leave the dagger on the bus.

Esraa Gomaa, 17, an Egyptian, said she was surprised at how multicultural the United States is. "At the hotel, I thought the people working there would be all Americans, white Americans," Gomaa said. "But no. I found Indians and many people from all over the world."

Back on the bus, Maarouf had a message for Americans. "We're not terrorists; we're just regular teenagers," she said.

From the back of the bus, the Lebanese national anthem rose up, then morphed into another song, one that some of their parents might have sung in Lebanon in the 1970s, during their own war-wracked teenage years.

"We will, we will -- ROCK YOU!!"

Hearing it, others smiled and joined in.

Bush Says Israel Defeated Hezbollah (AP-Y)

By Deb Riechmann

AP, August 14, 2006

President Bush said Monday that Israel defeated Hezbollah's guerrillas in the monthlong Mideast war and that the Islamic militants were to blame for the deaths of hundreds of Lebanese civilians.

Bush admonished Iran and Syria for backing Hezbollah, which captured two Israeli soldiers on July 12 igniting the conflict. Both sides claimed victory Monday, hours after a U.N.-brokered cease-fire took effect, while Bush said Israel prevailed.

"Hezbollah attacked Israel. Hezbollah started the crisis, and Hezbollah suffered a defeat in this crisis," the president said at the State Department after a day of meetings with his top defense, diplomatic and national security advisers.

The United States backed Israel in the war, and Bush made clear he was determined to help the Israelis in the post-fighting struggle of words about who wound up on top.

The president portrayed the war, which killed about 790 Lebanese and 155 Israelis, as part of a broader struggle between freedom and terrorism. He said one can only imagine how much more dangerous such a conflict would be if Iran possessed nuclear weapons.

Bush said Hezbollah lost, though Israel didn't knock out the guerrillas.

Israel's prime minister and Bush said the offensive eliminated the "state within a state" run by Hezbollah in southern Lebanon. Hezbollah leader Sheik Hassan Nasrallah, however, declared that his guerrillas achieved a "strategic, historic victory" over Israel.

"Hezbollah, of course, has got a fantastic propaganda machine, and they're claiming victories," Bush said. "But how can you claim victory when, at one time, you were a state within a state, safe within southern Lebanon, and now you're going to be replaced by a Lebanese army and an international force?"

Bush said a United Nations-brokered cease-fire was an important step toward ending the violence, yet he acknowledged that the truce was fragile.

"We certainly hope the cease-fire holds because it is step one of making sure that Lebanon's democracy is strengthened," Bush said.

The U.N. plan calls for a joint Lebanese-international force to act as a buffer between Israel and Hezbollah militiamen. France and Italy, along with predominantly Muslim Turkey and Malaysia, have signaled willingness to contribute troops to the joint force, but consultations are needed on the force's makeup and mandate.

Bush spoke on the phone early Monday to Italian Prime Minister Romano Prodi, and Italian Foreign Minister Massimo D'Alema said Italy's troops could be ready within two weeks.

"There's going to be a new power in the south of Lebanon, and that's going to be a Lebanese force with a robust international force to help them seize control of the country — that part of the country," Bush said.

On Bush's first day back from vacation, his motorcade traveled between the White House and State and Defense departments for meetings on transforming the U.S. military, on homeland security and on the warfare in Afghanistan and Iraq.

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Sectarian violence has surged in Iraq and created what some consider the greatest threat to stability there since Saddam Hussein's government was toppled three years ago. Meanwhile, efforts to get North Korea and Iran to restrict their nuclear ambitions remained stalled.

"We live in troubled times, but I'm confident in our capacity to not only protect the homeland, but I'm confident in our capacity to leave behind a better world," Bush said at a meeting at the Pentagon where he sat between Defense Secretary Donald H. Rumsfeld and Vice President Dick Cheney.

His words sought to calm jitters about last week's arrests of more than two dozen people in England and Pakistan accused of plotting to blow up as many as 10 passenger planes flying between Britain and the United States.

The nation's safety looms large as an issue in the midterm elections. Both Republicans and Democrats are maneuvering for political advantage with control of Congress at stake.

Hezbollah The Loser In Battle, Bush Says (WP)

By Michael A. Fletcher

The Washington Post, August 15, 2006

President Bush asserted yesterday that Hezbollah was defeated in its month-long conflict with Israel, casting the fighting that killed hundreds of Lebanese and Israeli civilians as part of a wider struggle "between freedom and terrorism."

As a U.N.-imposed truce seemed to be holding yesterday, Bush made clear that he blames Hezbollah and its patrons, Iran and Syria, for igniting the conflict. "We recognize that the responsibility for this lies with Hezbollah," Bush said. "Responsibility lies also with Hezbollah's state sponsors, Iran and Syria."

Bush warned Tehran to stop backing militias in Lebanon and in Iraq, where U.S. officials have long accused Iran of feeding the sectarian violence that is threatening to erupt into a full-scale civil war.

"In both these countries, Iran is backing armed groups in the hope of stopping democracy from taking hold," Bush said. "The message of this administration is clear. America will stay on the offensive against al-Qaeda. Iran must stop its support for terror, and the leaders of these armed groups must make a choice. If they want to participate in the political life of their countries, they must disarm."

Bush's comments came at the close of an Israeli military campaign aimed at ending Hezbollah attacks and crippling the radical Shiite militia. The campaign did not go as well as the United States and Israel had expected. Despite a devastating air assault and an intense ground campaign, Israel's military was unable to gain full control of the border area in southern Lebanon against elusive and well-fortified Hezbollah fighters. Also, some observers believe the conflict burnished the popularity of Hezbollah in Lebanon, even as it resulted in hundreds of civilian causalities and massive destruction of infrastructure across Lebanon.

Speaking to reporters at the State Department, Bush brushed aside suggestions that the United States was slow to respond to the crisis in Lebanon or that the war had resulted in anything less than a clear defeat for Hezbollah. Bush said the resolution ratified Friday in the United Nations addressed what he called the root causes of the conflict: the ability of Hezbollah, a radical Shiite militia, to control southern Lebanon and the shipment of arms to the group from Iran through Syria.

In his remarks, Bush accused both Syria and Iran of undermining U.S.-backed efforts to build democracy in the Middle East, something Bush called essential to the broader fight against terrorism there and elsewhere.

"Forces of terror see the changes that are taking place in their midst. They understand that the advance of liberty, the freedom to worship, the freedom to dissent, and the protection of human rights would be a defeat for their hateful ideology," Bush said. "But they also know that young democracies are fragile and that this may be their last and best opportunity to stop freedom's advance and steer newly free nations to the path of radical extremism."

The U.N. resolution envisions Lebanese troops supplemented by an international military force to be deployed to control the area of southern Lebanon from which Hezbollah had launched rocket attacks against northern Israel. Israeli troops occupying southern Lebanon will leave as the international troops are deployed. The resolution also envisions the end of arms shipments to Hezbollah.

"Hezbollah attacked Israel, Hezbollah started the crisis, and Hezbollah suffered a defeat in this crisis," the president said. "The reason why is . . . there's going to be a new power in the south of Lebanon, and that's going to be a Lebanese force with a robust international force to help them seize control of the country."

Bush called the U.N. cease-fire resolution "an important step forward that will help bring an end to the violence."

"We certainly hope the cease-fire holds," he said. "Lebanon can't be a strong democracy when there is a state within a state, and that's Hezbollah."

Back in Washington after a 10-day stay at his Texas ranch, Bush traveled to the Pentagon yesterday morning to meet with senior advisers, including Defense Secretary Donald H. Rumsfeld, Vice President Cheney and others. He had lunch with a group

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of Iraq experts, some of whom have been critical of him in the past. Later, he received another briefing at the State Department before making his remarks.

"We live in troubled times, but I'm confident in our capacity to not only protect the homeland but in our capacity to leave behind a better world," Bush said before his session at the Pentagon.

While at the State Department, Bush received three briefings from top officials including undersecretaries Karen Hughes and Robert Joseph. The first covered terrorism, counterproliferation and publication diplomacy; the second briefing concerned Secretary of State Condoleezza Rice's overhaul of foreign assistance and diplomatic assignments; and the third focused on the situation in the Middle East, spokesman Sean McCormack said.

Bush emerged from the day of consultations seemingly as committed as ever to his view that the war in Iraq, the conflict in Lebanon and the battle against the terrorist ideology embodied by al-Qaeda are one and the same. The antidote to that, he said, is the spread of liberty.

"History is clear: The freedom agenda did not create the terrorists or their ideology," he said. "But the freedom agenda will help defeat them both."

Hezbollah Was Defeated, Bush Says (WT)

By Joseph Curl

The Washington Times, August 15, 2006

President Bush said yesterday that Hezbollah guerrillas in Lebanon had suffered a defeat in their monthlong war with Israel, and he again lashed out at Syria and Iran for sponsoring the terrorist group.

Mr. Bush was emphatic about whom he held responsible for the war, which prompted the U.N. Security Council to pass a cease-fire resolution Friday.

"Hezbollah attacked Israel, Hezbollah started the crisis, and Hezbollah suffered a defeat in this crisis," he said, just hours after the shaky cease-fire took effect. "This was Hezbollah's activities, this was Hezbollah's choice to make."

As Israeli Prime Minister Ehud Olmert said the strategic balance in the region was transformed by the war and Hezbollah leader Sheik Hassan Nasrallah said his guerrillas achieved a "strategic, historic victory," Mr. Bush called the cease-fire resolution "an important step forward that will help bring an end to the violence."

The president also said responsibility "for the suffering of the Lebanese people also lies with Hezbollah's state sponsors, Iran and Syria." The fighting left nearly 1,000 people dead, most of them Lebanese.

"The regime in Iran provides Hezbollah with financial support, weapons and training. Iran has made clear that it seeks the destruction of Israel. We can only imagine how much more dangerous this conflict would be if Iran had the nuclear weapon it seeks," Mr. Bush said.

"Hezbollah has been emboldened because of its state sponsors. I know they claim they didn't have anything to do with it, but sophisticated weaponry ended up in the hands of Hezbollah fighters, and many assume and many believe that that weaponry came from Iran through Syria."

The president also said that the conflict in Lebanon "is part of a broader struggle between freedom and terror that is unfolding across the region."

Criticized for allowing the war to continue as he demanded a long-term solution, Mr. Bush said the U.N. resolution that calls for a cessation of violence was worth the wait. "We certainly hope the cease-fire holds. ... Lebanon can't be a strong democracy when there is a state within a state, and that's Hezbollah."

He also said Israel retains the right to self-defense, notwithstanding the resolution.

"We don't advise Israel on its military options," Mr. Bush said. "As far as I'm concerned, if somebody shoots at an Israeli soldier ... Israel has a right to defend herself."

With Congress set to debate Bush administration efforts to secure Americans, including detention of terrorists and monitoring terror suspects' bank records and phone calls, Mr. Bush said he wants to ensure that the "people who are trying to disrupt terrorist cells in the United States have the tools necessary to do so within the Constitution of the United States."

"There's still a war on terror going on, and there's still individuals that would like to kill innocent Americans to achieve political objectives. That's the lesson. And the lesson for those of us in Washington, D.C., is to set aside politics and give our people the tools necessary to protect the American people," he said.

Bush Declares Hezbollah Defeated (LAT)

By Johanna Neuman And Peter Wallsten

The Los Angeles Times, August 15, 2006

President Bush today said Hezbollah suffered "a defeat" in its monthlong war against Israel.

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"Hezbollah started the crisis, and Hezbollah suffered a defeat in this crisis," Bush said after meeting at the State Department with Secretary of State Condoleezza Rice and her foreign policy team.

Conceding that the terrorist group has "a fantastic propaganda machine," Bush said Hezbollah lost because a still-forming international force will become "the new power" in southern Lebanon, and the international community will work to seal off the Syrian border that allows Hezbollah to be resupplied.

Bush, who met earlier in the day at the Pentagon with Defense Secretary Donald Rumsfeld and his senior leaders, said the crisis in Lebanon gave the world a chance to see "what it means to confront terrorists…. It's a hard fight, it requires different tactics, solid will."

Calling the struggle against terrorism "the challenge of the 21st century," Bush said, "You got to have hope that ultimately freedom will prevail."

In a not-so-subtle chiding of the United Nations, Bush said that "none of this would have happened" if a previous resolution, 1559, "had been fully implemented." But he said the new U.N. cease-fire resolution was "an important step forward that will help bring an end to the violence."

Bush said several times that Hezbollah started the conflict with an unprovoked attack on Israel, without the Lebanese government's knowledge.

"Lebanon can't be a strong democracy when there is a state within a state and that's Hezbollah," he said.

Today's meetings were the first of several he plans this week with key policy teams. He was scheduled to meet Tuesday with experts at the National Counter-Terrorism Center in McLean, Va., and Friday he plans a summit with economic advisors at Camp David.

In past years, Bush held meetings in August at his ranch near Crawford, Texas. But this year, with wars dominating the news in Lebanon and Iraq, he returned earlier to Washington.

U.S. Touts Mideast Cease-fire Prospects (AP-Y)

By Barry Schweid, Ap Diplomatic Writer

AP, August 15, 2006

The U.N.-declared cease-fire in Lebanon, if fully implemented, would be a strategic setback for Iran and Syria because it would strengthen democracy in Lebanon and stabilize the border with Israel, the State Department said Monday.

"You will not have Hezbollah roaming freely in the south of Lebanon," spokesman Sean McCormack said. "Iran and Syria will not have had the ability to rearm Hezbollah."

The militia, designated as a terrorist group by the department, have fought for 34 days with Israel. The guerrillas used rockets and other weapons provided by Iran and, according to U.S. and Israeli officials, channeled through Syria.

The U.N. resolution sets the stage for 15,000 Lebanese troops and 15,000 foreign troops to be deployed in southern Lebanon, the main staging area for decades for Hezbollah cross-border attacks on Israel.

Two years ago, the U.N. Security Council required Hezbollah to disarm, and that principle is carried over by the new resolution approved unanimously last week. McCormack said when the two resolutions are implemented "that would represent a setback for Hezbollah."

Estimates vary as to how long it might take to assemble an international force and deploy it in Lebanon.

"I would hope that very quickly we would see countries coming forward and saying that they will participate in the force," the spokesman said.

McCormack said France was likely to play a leading role.

As for the international force, he said, "What we have is the version of UNIFIL (United Nations Interim Force in Lebanon) with an 'S' on its chest as opposed to the Clark Kent version of UNIFIL."

In the meantime, Israeli Defense Minister Amir Peretz said Sunday, "There is no situation in which Hezbollah fires at (Israeli) forces that we will not retaliate."

Backing that position, McCormack said, "There is nothing in this resolution that calls upon Israel to abrogate its rights to self-defense."

Private groups that monitor Middle East developments were cautious in their assessments.

Provisions of the resolution are "likely to be realized in part, but none in its entirety," said Geoff Porter, an analyst with the Eurasia group, a consulting firm that advises the U.S. and Japanese governments as well as corporations.

Hezbollah, Lebanese and Israeli positions "will probably conspire to scuttle" the resolution, he said.

Mark Rosenblum, founder of Americans for Peace Now, a dovish Zionist organization, said, "We think that this is a necessary and potentially important piece of paper."

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"But the hard work in establishing peace on the ground has just begun, particularly for the Bush administration," Rosenblum said.

Lebanese Go Home As Fragile Truce Holds (FT)

By Sharmila Devi And Roula Khalaf

Financial Times, August 15, 2006

Lebanon's displaced Shia population streamed back to their destroyed homes in the south on Monday – encouraged by pledges of reconstruction help and financial aid from Hizbollah – as a fragile truce took hold.

Both Israel and Hizbollah largely abided by the United Nations-demanded ceasefire and the two sides sought to claim achievements from the conflict.

Sayyed Hassan Nasrallah, head of the Shia movement, told supporters in a televised address that Lebanon had achieved a "strategic and historic victory" in a type of war in which big Arab armies had been defeated.

Ehud Olmert, Israeli prime minister, also tried to put a positive gloss on Israel's offensive, despite its failure to deal a decisive blow to Hizbollah. He said the region's strategic balance had shifted and most Hizbollah weapons had been destroyed.

On Monday night President George W. Bush said Hizbollah had suffered a defeat at the hands of Israel, in what was a wider struggle between freedom and terror.

Underlining the vulnerability of the truce – which came into force at 0500 GMT – Mr Olmert insisted Israel had the right to strike back at Hizbollah in the future. "We will pursue them everywhere and at all times," he said. "We have no intention of asking anyone's permission."

Israeli soldiers killed six Hizbollah fighters in southern Lebanon soon after the "cessation of hostilities".

Mr Nasrallah highlighted his group's determination to maintain a strong presence in the south. Defying Israeli warnings that civilians should stay out of a 20km border zone south of the Litani river, he said Hizbollah, which has a construction company, would move as early as Tuesday to rebuild damaged houses.

He said the group would provide one year's rent and the cost of furniture for families whose houses had been destroyed.

The 20km area – now partly occupied by Israeli troops – is expected to be handed over to the Lebanese army and an international force, according to the UN resolution agreed last week.

Mr Nasrallah criticised Lebanese politicians for discussing the group's disarmament, saying it was an insult to the sacrifices of Lebanon's Shia. But he stopped short of rejecting UN demands for Hizbollah to move fighters north of the Litani.

Israel's political and military elite also prepared for a showdown over the conflict. Mr Olmert said he took sole responsibility and promised to do all he could to win the return of two soldiers seized by Hizbollah on July 12 – triggering the offensive.

An Israeli inquiry into the offensive is expected. Benjamin Netanyahu, opposition Likud party leader, criticised the government's conduct, having shown broad support previously.

"It must be said honestly there were many failures," Mr Netanyahu told Israel's parliament.

Olmert Accepts Blame For Operation's 'Failings' (WP)

By Molly Moore

The Washington Post, August 15, 2006

JERUSALEM, Aug. 14 -- Prime Minister Ehud Olmert on Monday acknowledged mistakes in the war against Hezbollah as the Israeli government confronted widespread criticism and political recriminations over the conflict.

"There have been failings and shortcomings," Olmert, with deep circles under his eyes and a haggard look on his face, told a special session of the Israeli parliament. "We need to examine ourselves in all aspects and all areas. We will not sweep anything under the table, we will not hide anything. We must ensure that next time things will be done better."

Defense Minister Amir Peretz announced he would "conduct a deep and wide investigation on all that occurred before the war erupted and through its duration."

The statements came as Binyamin Netanyahu, an opposition leader and former prime minister, described a "national soul-searching" over risks "threatening our very existence."

Olmert and other political and military leaders have been criticized in the news media and by political analysts as Israelis attempt to grapple with the perception that their military, the most advanced in the Middle East, has been losing a war to guerrilla fighters.

On Monday, Yaron Ezrahi, a Hebrew University professor and one of the country's leading political analysts, echoed Netanyahu's assessment, saying, "There's a collective soul-searching in the army, in the government and in other parts of society."

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The anguish, disappointment and confusion are widespread among soldiers who believe their leadership sent them to war unprepared, among residents of northern Israel who say their government abandoned its most vulnerable citizens, and among a public that believes its prime minister has left them open to future attack by agreeing to a cease-fire many think is not permanent.

First Sgt. Dima Gurevich, a 22-year-old reserve soldier in a tank unit, returned from southern Lebanon this weekend feeling anything but victorious after coming under attack by Hezbollah fighters.

"I do not think I was properly prepared and trained for this operation," he said from his bed in the hospital where he was being treated for cuts. "We did not have a good assessment of their capabilities. Tanks and armored personnel vehicles are being hammered by their antitank missiles. It's unconceivable that soldiers are being sent to battle in Lebanon not knowing what to expect."

His sentiment was shared by other soldiers and by Israeli civilians who have commented on the issue in scores of interviews since the war began. Israeli news accounts have published similar appraisals.

"Reservists: Why should we volunteer to be cannon fodder?" read a headline in the daily newspaper Haaretz.

When Maj. Gen. Avi Mizrahi, the head of the Israeli military's logistics branch, was asked Monday about the complaints of many soldiers that they did not have enough food to eat during the combat operations, he told Israel's Army Radio: "If our fighters deep in Lebanese territory are left without food or water, I believe they can break into local Lebanese stores to solve that problem."

Some residents of northern Israel were as bitter toward the government as soldiers were toward the military. Many of those who emerged from their bunkers for the first time in days or returned home for the first time in weeks accused the government of abandoning the poor, infirm and disabled under a rain of rocket barrages. They said residents with money or relatives elsewhere in the country escaped.

Yossi Sulimani, 49, owner of a mini-market in the battered northern Israeli town of Kiryat Shemona, was one of the first residents to return Monday morning after the cease-fire.

"We evacuated on our own," Sulimani said in describing four weeks of moving between relatives' houses and hostels in central Israel. "Those who did not posses the financial means to evacuate were neglected by the municipality and the government and stayed in the city during the whole war."

Olmert said he accepted the anger and disappointment.

"The responsibility for this operation lies with me," the prime minister said during his address before the Knesset, the Israeli parliament. "I am not asking to share this responsibility with anyone whatsoever.

"We have suffered very painful blows, both on the home front and the front lines in the field," he continued. "We did not deceive anyone, we did not delude anyone. We said there will be missiles coming in and we will pay a very dear price.

"I see and hear those voices," he said. "They say they're dissatisfied, they're disappointed, expectations haven't been met. I say to them and to everybody, 'My friends, be patient, be patient.' Our fight against terrorism didn't start yesterday. It's a long, hard, arduous fight."

Speaking to a domestic audience skeptical of his decision to accept a cease-fire -- one that ended most of the fighting a day after Hezbollah sent one of its heaviest rocket barrages of the war across the border -- Olmert insisted that the military "has struck a major blow to this murderous organization."

He added, however, "The extent is not known."

Netanyahu, who followed Olmert at the podium, was more blunt.

"We were asleep, and we heard the alarm bells," he said of much of the criticism.

"There were many, many shortcomings in terms of identifying the threat, in terms of preparing to deal with this threat, in terms of running and conducting the war, in terms of dealing with the home front," Netanyahu said. "Certainly, without doubt, we will subsequently have to draw lessons and set the shortcomings right."

Hezbollah Fighters Limp Out Into The Light, Yet Manage A Bit Of A Swagger (NYT)

By Sabrina Tavernise

The New York Times, August 15, 2006

KHIAM, Lebanon, Aug. 14 — For weeks, Israeli tanks, artillery and airplanes pummeled this mountain village, Hezbollah's easternmost base, less than a mile from the Israeli border. For weeks, the fighters remained.

Evidence of the fight is torn into the asphalt, punched into roofs, scraped across building facades and hanging from windows without glass. It is also visible in the trunk of a car (Kalashnikovs and beef luncheon meat) and in the buildings (rocket-propelled grenades).

When the thunder of the bombs stopped in this southern Lebanese town on Monday morning, the fighters emerged from shrapnel-spattered buildings, moving with the confidence of men who felt they had won.

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Sometimes they bragged.

"It was a small group, but we defeated America and Israel, both of them," said a man driving a beat-up BMW and holding a walkie-talkie who identified himself as Abu Haidar.

But mostly they were quiet, smiling and embracing one another, evacuating their wounded, their footsteps crunching in the glass and crumbled concrete.

"I'm safe; tell everyone that I'm O.K.," said a man whose face was a spider web of new scabs and whose head was partly shaved. "I have to go now," he said, as fellow fighters eased him onto a stretcher.

But it was the Shiites returning to their homes, trickling into town as the day wore on, who made clear that this war had taken the hearts of the Shiite majority in this part of the country, at least for now.

"Do you know why we're happy?" asked Hassan Suhed, a Khiam resident standing near a Hezbollah fighter and several dangling power lines. "We're born anew."

Ahmed Abdullah, a 31-year-old shop owner who drove for two hours to survey the damage, waved a cellphone toward his apartment, now missing part of a wall.

"You see all of this?" he said, smiling. "We don't care."

He added that he wished all of his countrymen had "protected us, but we see only Hezbollah."

Whatever the cost for Hezbollah to hold this mountain village day after day of Israeli bombing and shelling — the group does not disclose its losses — the fight is widely regarded as a turning point by this country's Shiite south and more broadly by the Arab world, which watched in fascination as the organized militia stood its ground against Israel.

And so it went across southern Lebanon on Monday, where fighters, ragged from days underground, took advantage of the first day of a cease-fire to come into the light, talk with one another and begin to plan for what comes next.

In Khiam, they devoured Snickers bars, surveyed the badly damaged downtown, fixed flat tires and answered constantly ringing cellphones.

In typical secrecy, the fighters did not disclose how or where they fought. Two wounded men were evacuated around 11 a.m. One of them covered his face to hide it from journalists. Voices came from a house on a street blanketed in broken cinderblocks. They shouted "Go!'' when journalists approached.

Some agreed to speak, though none gave their names. A 35-year-old father of two, who entered the Hezbollah ranks after college, said the fiercest battle happened last Thursday, the morning after the Israelis pushed into Merj 'Uyun, a neighboring town that is predominantly Christian.

The Israeli military never said whether it was trying to occupy Khiam, though the pattern of its movements in southern Lebanon suggested that it might never have intended to. Ground forces moved into areas where there was heavy Hezbollah rocket fire. In most cases, the troops did not seek to take full control of the towns, but merely to surround them.

That appeared to be the case in Khiam, a small town high on a mountain that overlooks a plain where the Israeli forces entered Lebanon. Standing under a partly collapsed building near two crumpled cars, a discarded grenade launcher and several windshield wipers, the fighter told of how his comrades shot at Israeli tanks during their advance. They put up such a fight that it took the Israelis several days to remove them, and even then, only under the cover of a smoke screen, he said.

"The guys were waiting up there at dawn," he said. "They hit two tanks. They had to leave them. They couldn't withdraw them.

"It was an intense battle."

No fighter would say how many were in Khiam during the past month. A member of another Shiite militia, the Amal movement, which supported Hezbollah during the fighting, put the number at 800. A local resident, a beekeeper named Belal Ali Salih, who had been in town throughout the fighting, said the number was closer to 300. It was impossible to verify either number.

The town was not only cut off but paralyzed. Mr. Salih said he could not check on his bees, a couple of miles away, or even get a look at his household goods store in the center of town.

His beard was bushy, the result of many weeks of not shaving. As he spoke, a large torn sheet of metal flapped in the wind, banging an odd rhythm. A cat mewed from inside a building. Two men carrying bottles of water picked their way through the rubble.

Despite the all the troubles, wounded fighters were removed from the town every four or five days, he said.

The 35-year-old fighter said Hezbollah was organized and able to direct its operations efficiently, which set it apart from other militia groups. Just hours after the cease-fire began, a large bulldozer had already cleared a wide swath through the wreckage of concrete and sheet metal. Stacks of rocket-propelled grenades were piled in a house.

Another fighter, a man whom others seemed to gravitate toward, and would not give his name, said they ate ordinary food while holed up during the war, and even slaughtered a goat.

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But the planes and watchful drones, which struck powerful blows into towns and cities, were the talk of the residents in town. “Atari,” said a man with one damaged eye, who identified himself as Abu Ali. He was referring to the video-game maker. “Planes, artillery, tanks.”

One man — identified as a military planner by another fighter — wore a black polyester Izod shirt, black jeans and white sneakers as he changed a flat tire on a beat-up Mercedes, his trunk open to reveal lunchmeat and five Kalashnikovs in a black plastic trash bag.

“Don’t bother me with talk right now,” he said, walking over the crumbled cement.

Signs of support for Hezbollah were everywhere. On a small side street, without much damage, a Hezbollah poster board stood propped against an open door. “Lebanon is victorious with its martyrs,” it said in bold print.

“We’re defending our dignity; we’re defending our land,” said a man wearing round tinted glasses and a plaid button-down shirt.

A man who identified himself as Abu Hassan, standing with a group of men at the center of town late in the afternoon, said his house, his parents’ house, and his brother’s house had all been destroyed.

“We’re ready to give up a lot more houses to preserve our dignity,” he said.

Hezbollah Fighters Emerge From The Rubble (WP)

By Anthony Shadid

The Washington Post, August 15, 2006

KHIAM, Lebanon, Aug. 14 -- A little after dawn Monday, the shells crashed every few seconds. The last fell at 7:56 a.m. Then they stopped, as suddenly as they had begun 33 days before. And into the streets of this Shiite Muslim town, where electricity wires laced through rubble and a tree branch sprawled across the hood of a green BMW, the fighters emerged, bathed in a cool mountain breeze.

There was no gunfire in the air, no chants, no jubilant displays of celebration. There were, rather, the satisfied expressions of survival. Men embraced, kissing each other's cheeks, some emerging into sunlight for the first time in weeks. Cellphones, in almost everyone's hand, rang with queries of others' whereabouts, the fate of houses and the reality of a cease-fire that still seemed fragile. They smiled. "Thank God for your safety" was the refrain.

And Hussein Kalash, burly, hard and confident, offered three words that defined the war for Khiam's defenders, the Hezbollah fighters.

"We're still here," he said.

The war ended Monday -- at least for now -- in Khiam, a hilltop town perched within eyesight of the Israeli border. But the fighters began weaving the narratives even before a bulldozer threw up dust as it cleared rubble from the town's tattered streets, where hardly a building was untouched. They were myths of resistance -- of tanks repulsed across the fertile plain that frames the town; of surviving on chocolate and water for two weeks along the town's front line; of faith serving as their greatest weapon.

In an undecided war, perception becomes paramount, and the gaggles of fighters Monday, some with drawn faces, others with a look of contentment, walked like victors through a town that was gouged, cratered and pockmarked but, they said, still theirs.

"They couldn't enter," said Abu Abboud, wearing a jersey that read "Narkotic" and khaki military-style pants.

He sat on a short staircase, rubble skirting the building, its facade torn by shelling. Its red and yellow steel gates were tossed in the street like crumpled pieces of paper. A cat tentatively crawled through the wreckage, as Israeli aircraft sounded overhead. He greeted another fighter, in military-style pants and black hiking boots, black prayer beads hung around his neck.

"Either we live with dignity and strength or death is better," he said.Conveying the Wounded

Two ambulances arrived on the outskirts of Khiam at 10:10 a.m., past charred, terraced fields. They were met by a man named Abu Heidar, dressed in khakis. He had a cigarette in one hand. In the other was his cellphone, and he pleaded for help.

"It's closed," he shouted, staring at the road. "What about the way near the house next to your friend?"

Concrete was sprayed on the ground before the ambulances, some pieces the size of glass shards, others like boulders.

Abu Heidar turned to the ambulance driver, pointing to the wounded fighters in the town.

"You need to get up there," he told him, taking the phone away from his ear.

The driver's face was tense and tired. "I know the way, but it's blocked," he answered. "What can we do?"

The ambulances plowed ahead, and turned back. They lurched forward, then returned. One Red Cross volunteer heaved rocks from the road himself, helped by Abu Heidar, and they tentatively crept forward to a street near the May Salon for Women, where a purple veil was still draped on the head of a mannequin. On one wall was a poster: "Israel is an absolute evil." Cologne worn by one of the fighters gave off a faint scent. In the floors above, window frames were torn from balconies, their curtains fluttering in the breeze.

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Three fighters carried out the first of the wounded, an elderly woman with a stare so blank it seemed lifeless. Flies gathered unnoticed on her still body. The fighters clambered across the rubble and past a few unspent bullets, pieces of shrapnel the size of a fist, a charred bed spring and the twisted fender of a vehicle. Before them was a blackened car that looked like a tin can ripped open.

A wounded fighter followed. His head was bandaged, and an IV was hooked to his arm.

"Just a minute," one of the fighters told the Red Cross volunteer. The fighter pointed to where he was hurt, and they carefully hoisted him onto another stretcher. He gripped his wallet across his chest. "Little by little," one of the fighters said.

Another fighter followed, gingerly walking in black sandals. His head was bandaged, as well as his right arm and left hand, where an IV was connected. His face was sprinkled with scabs. As he approached the ambulance, he gave Kalash a number to call.

"I'm safe," he said into the phone. "Tell everyone there. There's no time now, they want to take me, but I'll call you later."

By noon, about 20 men had emerged on the sidewalk. Some had walkie-talkies, the communication of choice for Hezbollah guerrillas. Many wore civilian shirts over military-style pants. A few had sneakers, others hiking boots. After weeks of staying away from cellphones, fearing the Israeli military might pinpoint the calls, they chatted aimlessly: whether they would be sent elsewhere in southern Lebanon, who was where, who was hurt.

"Everything's okay, it's okay, I just saw him," one called out.

Estimates of the number of fighters ran into the hundreds in Khiam, a town once best known for an Israeli-run prison that Hezbollah turned into a museum after the 18-year Israeli occupation of the south ended in 2000. After this war started, Israeli aircraft destroyed it.A War of Perceptions

A few of the fighters were exuberant, filled with bravado from a battle they clearly believed they had won.

"We don't want it to end," Kalash said. He pointed toward the Israeli border. "We want to keep going, all the way inside."

More common among the fighters was the subdued demeanor of Abu Khafif, the heavyset, bearded commander, who drove through the town square in a black Mercedes, the rim of a flat tire on the car creaking across the street. Its windshield was cracked like a spider web, and a rifle sat in the front seat.

In black pants, a black Izod shirt and white Fila tennis shoes, he was friendly, smiling as he asked another fighter to change the tire. A black plastic bag with five AK-47 assault rifles sat next to the spare tire, and he casually stocked the trunk with canned luncheon meat and a 10-liter bottle of water. He was confident, grinning at questions. But he was professional, leery of saying anything too revealing.

"Are you going to bother me with talk?" he asked. "I'm not a spokesman, I'm a fighter."

There was a word repeated time and again Monday in Khiam, by both fighters and the residents who chose to stay through the war. It was karama , or dignity. In the speeches of Arab leaders, ridden with clichÃ©s that often provided the rhetorical buttress of authoritarian regimes, it had come to lose much of its meaning. But in Khiam, it was uttered so often, so fervently, that it felt different.

"This is our land," said Bilal Ali Saleh, a 42-year-old beekeeper. "Can we leave our land? Would you leave your land?"

He looked out at the street, where two men carried bundles of bottled water. He glided his hand across his black beard, peppered with gray, grown because, he said, no barber had opened since the war started. And he spoke softly, almost matter-of-factly.

"I remember that the Arab armies in 1967 were defeated in a few days. The Israelis advanced across hundreds of kilometers of land. From what you see here in the south, from what you hear on the radio, they advanced seven kilometers in 33 days, and they couldn't go any further," Saleh said. "Is that not a victory? Do you consider it a legend or not?

"My view, my sense of this, is that no one who comes from their land and is attached to it can ever be defeated," he added. "It is the land of their fathers, it is the land of their grandfathers."

Saleh had stayed the entire time in Khiam. He hadn't tended to his bees, which he kept a few miles outside town. "You think I could go there?" he asked. His store selling household goods was destroyed. He had sent his wife, two sons and three daughters to Beirut. And he weathered the Israeli shelling in Khiam, munitions falling so often that he said it felt like bubbles bursting in boiling water.

"It wasn't less than 20,000 shells that fell here, that's my impression," he said.Waiting for the Raid

After the shelling started, fighters from Hezbollah and another Shiite movement, Amal, waited for what they feared would be an Israeli commando raid. They said shopkeepers had left their keys to provide food -- tuna, luncheon meat and rice. They slaughtered goats, but slept little. Much of it was a test of endurance; for the first three weeks, no Israeli troops approached the town.

But on Wednesday, after dark, fighters said, two Israeli tank columns approached, one heading toward the Christian town of Marjayoun, another into the plain below Khiam, interspersed with cedars and olive trees. Residents said fighters took cover in

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a school and in several houses that were already destroyed down the hill. Amal fighters had lighter weapons, one fighter said; Hezbollah's far more numerous militiamen had the heavier armaments to use against tanks. By Thursday morning, fighting had erupted.

A 35-year-old fighter said they destroyed two tanks in the morning, then struck again when the Israelis tried to withdraw the equipment the next day. He said they struck other tanks and armored vehicles before the cease-fire went into effect Monday -- a dozen, perhaps more. The fighters believed Israeli troops were trying to enter the city, although there was no indication of that. Other fighters said the militiamen manning the lower hills of Khiam survived on candy bars and water, too wary to move elsewhere for food.

But even Monday, after the guns fell silent, secrecy prevailed.

At one house where men were gathered, shouts of "Go! Go!" greeted approaching people. To any question on strategy, the 35-year-old fighter demurred. As for his name, he shook his head. On Hezbollah's own losses, he declined to answer.

The fighter -- who described himself as a 20-year veteran, recruited while still in high school -- stood in a gutted, unfinished house. An incinerated rocket-propelled grenade launcher was next to him, beside a barely recognizable carcass of a car.

"The Israelis said this was a battle for life and death, but with everything they had, they couldn't defeat us," he said.

By afternoon, fighters mingled with residents in festive scenes dissonant with the destruction around them. They drew on references to the Shiite faith, whose narrative intersects with Hezbollah's Lebanese and Arab nationalism. Nearby, a poster of two militiamen read, "Lebanon is victorious with its martyrs." A passenger in one passing car flashed a V-for-victory sign.

A bulldozer barreled down the streets, sweeping chunks of concrete, clods of asphalt and Coke bottles to the side. It worked quickly and recklessly; at one point, it knocked down the rest of the wall of a collapsed house. Cars began plying the streets again, and people returned to the streets, some sitting in the sidewalks near the Abu Abbas market, whose windows were shattered.

"Money comes and goes. This is all money," said Hassan Sweid, a 37-year-old resident, his eyes darting around the block. "We're still here, we still have our lives, we still have our land. If this is the sacrifice for dignity, this is nothing."

Reservists Unhappy With War's Outcome (WT)

By Marius Schattner

The Washington Times, August 15, 2006

AVIVIM, Israel -- Fatigue etched on their faces, Israeli reservists resting yesterday after a foray into Lebanon made no secret of their joy to be back -- or of their frustration at the outcome of the war.

"We have all had enough of the war, but we know we have to do it," said 27-year-old Lt. Becky Malakov, who had just returned from a week in combat with a motorized infantry division in southern Lebanon.

"When we were on the front, we didn't realize how mixed Israeli opinion was on the handling of the war, and that was better for us," he added, as a fragile cease-fire brokered by the United Nations took hold.

Lt. Malakov served in Lebanon eight years ago as a regular soldier during the Israeli occupation of the southern border area and has no good memories of that experience.

"I hoped to never go back. But today it's different. We are fighting to defend our homeland, and the soldiers are very motivated," he said.

The problem, he added, was that the enemy was "no less motivated and has prepared for a long time for a conflict on a terrain which is familiar to them."

Another soldier was even more direct. "Hezbollah taught us a harsh lesson -- 20,000 of our men failed in one month to overcome their 2,000 [men]," he said.

"All that we have done during a week is to hold a building in a sector of southern Lebanon, and even that cost us four dead in the battalion."

Like other reservists, this soldier, who declined to be named, is not opposed to the war but would prefer to leave it to active personnel.

Many seemed to have a feeling of unfinished business after the Israeli offensive failed to silence the Hezbollah rockets.

"It's a shame that it ended like that, with a half-victory," said reservist Dror Bar Levav, who would have liked the army to have "finished once and for all with Hezbollah."

The hardest thing of all, said the soldiers -- many of them fathers, is the uncertainty.

The rumor is that their unit will be demobilized, but for now they are camped at the border, on alert to return to Lebanon at any moment if needed to join Israeli troops still deployed there.

The troops, who camp in a fairly relaxed yet serious atmosphere typical of reserve units, are recovering their strength and replenishing their equipment.

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A similar mood prevailed among crew members recuperating by their Merkava tank at the border in western Israel.

"It was tough because Hezbollah fights well," said one reservist, who thinks the massive use of tanks in a mountainous region was a mistake, given the deadly efficacy of Russian anti-tank missiles.

"We didn't get out of it very well, and it's maybe only putting off [fighting Hezbollah] until later, but we didn't have a choice," he said as scores of tanks roared up the road to the border to collect returning troops.

An estimated 119 of their fellow soldiers won't be returning home alive, having died in clashes with Hezbollah since the start of the conflict on July 12 after the Shi'ite militant group kidnapped two Israeli soldiers in cross-border raids.

A Defiant Hezbollah Rises From The Rubble (LAT)

By Megan K. Stack

The Los Angeles Times, August 15, 2006

BEIRUT — Hezbollah's urban nerve center is a shattered shell. Its most loyal followers trudged homeward to a heartland laid to waste. And yet the Shiite organization lighted up the night sky with fireworks Monday and declared itself triumphant over Israel.

Israel meant to break Hezbollah with its monthlong offensive, but instead the militant organization has been strengthened politically in Lebanon, analysts say. The movement has a fresh boost of popularity, at least for now, and a renewed sense that it is entitled to keep its armed militia outside the control of the Lebanese army, they say.

Hezbollah's newfound clout has come at a staggering cost to Lebanon's infrastructure, economy and civilians, hundreds of whom died under the rubble of Israeli bombs. The fragile central government, which the U.S. administration strove to present as an example of democracy taking root in the Arab world, also has suffered from the month of fighting.

"The reality is, they have weakened the government significantly," said Charles Ayoub, editor of Ad Diyar newspaper. "What room do [officials] have to maneuver? If Nasrallah says he won't give up the weapons, what are they going to do?"

The U.N. resolution that paved the way for the truce calls for Hezbollah's disarmament. So, for that matter, does an earlier, long-ignored resolution. But the terms for giving up the weaponry are vague. And as a prominent party in the Lebanese government, Hezbollah will have a hand in deciding how and whether the language translates into fact.

If anything, analysts say, the war has worsened Lebanon's underlying instability, bolstering Hezbollah at the expense of more moderate, secular figures in government.

"Most of the government really thought that Hezbollah could be trimmed by the Israelis, and that would give them less of a problem," said Judith Palmer Harik, a Hezbollah expert. "But it didn't work out that way, and now there's nothing they can do, in my opinion, to get Hezbollah away from doing what it wants.

"This is a victorious group. Do they want to be disarmed at this point?" Harik said. "That is such a nonstarter."

Back in Washington, President Bush strove Monday to undercut Hezbollah's boasting by portraying the organization as the losers.

"Hezbollah, of course, has got a fantastic propaganda machine, and they're claiming victories," Bush said. "But how can you claim victory when, at one time, you were a state within a state, safe within southern Lebanon, and now you're going to be replaced by a Lebanese army and an international force?"

But even the anticipated deployment of 15,000 Lebanese and 15,000 international troops won't necessarily drive Hezbollah's militia from the southern borderlands. Many analysts believe the Lebanese army is more likely to fight shoulder-to-shoulder with Hezbollah than to shut it down. Foreign troops are no novelty, either — the militia was founded and flourished under Israeli occupation and amid international observer forces and is deeply rooted in the civilian population of the southern towns and villages.

Before the war erupted in mid-July, Hezbollah representatives had agreed to participate in national negotiations about disarmament.

Even then few analysts put much stock in the notion that the guerrillas would voluntarily lay aside their guns. Nevertheless, the fact that the powerful organization agreed to talk about its weapons was taken as a sign that Hezbollah sensed it had to compromise with domestic critics of its militia.

Not so now.

It is unclear what remains of Hezbollah's arsenal. But the group made it plain Monday that the sacrifice of its weapons was off the table for the time being. Nasrallah scoffed at the idea that the "resistance" should lay down its guns in order to build a strong Lebanon. It should be the other way around, he argued.

"First you have to build a strong, capable, just and secure country for all Lebanese, so that you can tell the people, 'We can protect your dignity and honor, and there is no need for the weapons of the resistance,' " he said.

Ibrahim Moussawi, foreign news director at Hezbollah's Al Manar television station, was even more blunt.

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"Hezbollah will not give up its weapons. This is a red line. The Israelis couldn't do it, so nobody can," Moussawi said.

"There is no army that can disarm Hezbollah. These 14 of March idiots can't do it," Moussawi said, referring to the bloc of Lebanese politicians who led the charge that ended Syrian dominance here last year and who then turned their attention to Hezbollah's weapons.

Asked what effect Hezbollah's hardened determination to keep its guns could have on Lebanon's ever-shaky national unity, Moussawi responded angrily.

"Hezbollah is not going to be asked about national unity while they're giving their blood to defend the country," Moussawi said. "Hezbollah has to ask them about national unity. They are not in the place to ask about it. How do you ask if you don't defend your country?"

Hezbollah's claims of victory are a reminder that Lebanon remains a fundamentally unstable state. This country shredded itself to pieces in a 15-year civil war, then stood by as its politics were buried under the smothering blanket of de facto Syrian occupation for more than a decade.

A little more than a year after disentangling itself from Syrian domination, Lebanon is still hobbling along under the leadership of a fractious and fledgling government. Aside from Hezbollah, its only military power is a feeble army widely deemed incapable of defending this small Mediterranean nation.

The perennial problems that Hezbollah has long used to justify keeping its weapons also remain untouched.

The dispute over whether Israeli troops should relinquish their hold on the Shabaa Farms, which is also claimed by Lebanon, has not been resolved. Nor has the fate of Lebanese prisoners being held by Israel — men whose captivity inspired Hezbollah's commandos to steal into Israel and take two soldiers prisoner, provoking the long weeks of war.

The fighting polished Hezbollah's image, both at home and throughout the Muslim world, as its fighters held their own against the storied Israeli army.

Domestic critics have been temporarily silenced, pressured by a wartime atmosphere that encouraged solidarity during the crisis.

In his speech Monday, Nasrallah spoke out harshly against Lebanese who dared to criticize Hezbollah.

"We heard them speak from their air-conditioned offices … while people were watching their houses being demolished," he said. "This is really unethical, and a big mistake."

Meanwhile, Lebanese officials were scrambling to figure out how to fulfill their obligations to the United Nations Security Council resolution that paved the way for the truce.

Hezbollah's objections to disarmament reportedly has split the Cabinet and complicated the next moves.

Those concerns were nothing to Nidal Shaib, a 35-year-old taxi driver and longtime loyalist to the Communist Party who joined his brothers to sweep up the wreckage of a badly damaged building in Beirut's southern suburbs.

Until this war, he said, he respected Nasrallah but didn't support him. Now he celebrates him as the man who made Israelis suffer, Shaib said.

"Now I totally accept him. He's a great leader," he said. "Even greater than Che Guevara."

Deal Reflects Shift In Bush's Expectations (LAT)

By Peter Wallsten

The Los Angeles Times, August 15, 2006

WASHINGTON — For weeks, the Bush administration resisted international pressure for a cease-fire between Israel and Hezbollah, insisting that only disarming the militant group would cure a "root cause" of hostility.

But the truce that took effect Monday left Hezbollah largely intact and outlines no clear path to its disarmament — a far less dramatic conclusion than many in the administration had hoped for when the fighting began last month.

That contrast was evident Monday, as President Bush sought to portray the United Nations deal as a success, calling his administration's efforts with Israel and Lebanon part of a "forward strategy of freedom in the broader Middle East."

But when asked how the resolution would weaken Hezbollah and cut it off from its sponsors in Iran and Syria, the president could make no assurances beyond a sense of optimism.

"Our hope is that this series of resolutions that gets passed gets after the root cause," he said after a meeting at the State Department with Secretary of State Condoleezza Rice.

"We want peace. We're not interested in process. What we want is results."

The results thus far are likely to be disappointing to Bush policy officials, particularly hard-liners, analysts said. Several called the U.N. resolution a "considerable scaling back" of the administration's aspirations.

"It's been not a failure, but a massive disappointment," said Edward N. Luttwak, who served as a policy advisor to President Reagan and is a senior fellow at the Center for Strategic and International Studies.

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"They want to change the world, and they don't want the status quo," said Edward S. Walker Jr., an ambassador to both Israel and Egypt in the 1990s and now an adjunct scholar at the Middle East Institute. "And in this case, they found that there are limits to what you can do to change things."

Many analysts said the U.N. resolution was vague about how Hezbollah would be tamed and how Iran and Syria would be prevented from continuing to send the group weapons, including advanced rockets.

And even though the resolution calls for Hezbollah to leave southern Lebanon, it remained unclear how the group would be stopped from operating north of the Litani River, about 20 miles from the Israeli border.

The administration's scaled-back expectations for the U.N. resolution were reflected in comments by officials who offered words of hope, but not the usual assurances of victory.

White House Press Secretary Tony Snow, for example, deflected questions about whether the U.S. had hoped that Hezbollah terrorists would be defeated, saying only that "disarmament is something that will be the responsibility of the sovereign government of Lebanon, with the assistance of international forces…. But it is not something that's going to happen overnight."

Rice was less firm: When an Israeli radio interviewer asked over the weekend if Hezbollah would still be able to operate, she said only that the Lebanese government "has an obligation to start the disarmament of Hezbollah."

That cautionary language contrasted sharply with earlier messages, delivered when some in the administration thought the Israeli military would cripple Hezbollah before agreeing to a cease-fire. On July 28, Bush predicted confidently that the conflict could be turned into a "moment of opportunity" to tackle root causes of terrorism and stabilize a young democracy in Lebanon.

As fighting slowed Monday, some analysts said that the truce, with its lack of clarity on key points, could turn out to be exactly what Bush said he did not want.

What's more, many agreed that Israel's failure had strengthened the political clout of Hezbollah leader Sheik Hassan Nasrallah.

"I don't think Hezbollah is likely to be disarmed," said Joshua Muravchik, a resident scholar at the American Enterprise Institute who has written extensively about the United Nations, the Middle East and Bush foreign policy. "If I were the national security advisor and the president, I wouldn't have gone for this."

Analysts said the Bush administration's new tone reflected the realization that its sweeping goals did not easily apply to the region — and that the U.S. agenda had begun to stray from that of Israel.

Some in the Bush administration wanted Israel to mount a massive assault from the start to destroy Hezbollah. But the Israelis faced a dicey political question: whether to commit thousands of ground troops when Hezbollah rocket attacks were not causing destruction on a massive scale.

Instead, experts said, the Israelis attempted to inflict as much damage as possible through airstrikes, which also caused many civilian casualties. At the same time, according to Israeli media accounts and a report in Forward, a Jewish newspaper based in New York, Israel had hoped the U.S. would forge high-level contacts with Syria in hopes of reaching Hezbollah. But the high-level contacts never came.

As it became clear in recent days that the Israelis were not going to wipe out Hezbollah, support in the White House shifted from the hard-liners, typically led by Vice President Dick Cheney, to the advocates for more diplomacy.

"Israel's hesitancy kind of took the wind out of the sails of the hard-liners," Muravchik said.

Snow, in an interview, confirmed that some in the administration were hoping that Israel's assault would be more decisive. But he declined to be specific and said it "was not the defined or explicit position of the president or senior counselors."

"There were a lot of people who have said it, some people on the inside," Snow said.

But on Monday, back in Washington after a 10-day working vacation in Texas, Bush faced the prospect of an emboldened Hezbollah — and continued fighting.

Fragile Cease-Fire Allows Thousands To Return Home (NYT)

By John Kifner

The New York Times, August 15, 2006

BEIRUT, Lebanon, Tuesday, Aug. 15 — Tens, perhaps hundreds, of thousands of Lebanese clogged roads to the south on Monday night as a tense, fragile cease-fire began between Israeli troops and Hezbollah guerrillas.

While the cease-fire largely seemed to be holding, the Israeli Army said early Tuesday that Hezbollah had fired several rockets, possibly Katyushas, late Monday but that all had landed in southern Lebanon. The military said it seemed a possible effort at provocation but that it had not responded.

With mattresses and pieces of furniture strapped to the tops of their cars, the refugees, mainly Shiite Muslims, packed up whatever they had taken with them when they fled and headed home within hours after the 8 a.m. cease-fire, in many cases to find their houses or whole villages leveled in the monthlong Israeli assault.

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Many waved red and white flags with the cedar tree of Lebanon or yellow Hezbollah banners and flashed victory signs.

In northern Israel, residents began emerging from bomb shelters on Monday. But residents there appeared more circumspect than the Lebanese about the sturdiness of the cease-fire, and the returnees amounted to only a trickle.

Bursts of gunfire and fireworks sounded over Beirut on Monday night — an almost muted contrast to the bombing of recent days — when Sheik Hassan Nasrallah, the leader of Hezbollah, appeared on television to declare that Hezbollah had won " a strategic and historic victory."

But President Bush, speaking in Washington, responded by asking, "How can you claim victory when at one time you were a state within a state, safe within southern Lebanon, and now you're going to be replaced with a Lebanese army and an international force?"

Mr. Bush, speaking at the State Department, and his advisers sought to portray the cease-fire deal as an affirmation of American foreign policy.

"It took a while to get the resolution done," he said, "But most objective observers would give the United States credit for helping to lead the effort to get a resolution that addressed the root cause of the problem."

The critical question of what, exactly, would happen to Hezbollah's vast stores of rockets, some of them long range, remained a mystery and could derail the cease-fire.

In delicate political maneuvering here, Hezbollah appears to be balking at the Lebanese government's agreement to the United Nations Security Council resolution calling for the Lebanese Army, in conjunction with an international force, to be the only legitimate armed force in southern Lebanon.

The United Nations on Monday took up the task of creating quickly a strong new force to patrol southern Lebanon as called for in the Security Council resolution. Several countries have expressed an interest in joining the force — which would expand from 2,000 members to 15,000 — that is being planned with French assistance.

"The situation on the ground is very complex," said Mohammed Chatah, a Lebanese official working behind the scenes on behalf of Prime Minister Fouad Siniora. A cabinet meeting, scheduled for Monday night to discuss a deployment plan, was postponed while negotiations continued with Nabih Berri, the Shiite speaker of Parliament who has been a go-between with Hezbollah.

The problem was one of political perception, Mr. Chatah said, in that any forced disarmament of Hezbollah — now regarded by many Lebanese as national heroes — would then cast them as losers.

"This is not a disarmament," Mr. Chatah said. "No one expects that. That's what the Lebanese Army is going to do for obvious reasons."

"We are sorting out the issues," he said of the discussions in which some government ministers have objected to the Hezbollah position. "There is no national crisis. There are issues that have to be sorted out.

"Any implication that Hezbollah is a renegade militia is wrong," he said. "Most Hezbollah personnel are mainly working people who live in the area. So yes, maybe melting away. Being active, but not in a military way.''

But quickly getting an international military force in place — along with a 15,000-member Lebanese deployment as political cover — is regarded as crucial to the peacekeeping effort.

In Israel, meanwhile, Prime Minister Ehud Olmert, facing widespread criticism, acknowledged in a speech to Parliament that there were "deficiencies" in the way the way the war was conducted.

"We will have to review ourselves in all of the battles," Mr. Olmert said. "We won't sweep things under the carpet."

Anticipating that another war with Hezbollah might lie in the future, he said that Israel would "do better" the next time around.

In what will surely become a political crisis in Israel, Mr. Olmert's rival, Benjamin Netanyahu of the rightist Likud party, quickly went on the attack. "It must be said honestly, there were many failures, failures identifying the threat, failures in preparing to meet the threat, failures in management of the war, failures in the management of the home front," Mr. Netanyahu said. He added that Israel should "learn the lessons and fix the mistakes."

During the day on Monday, Israeli officials said they had killed eight suspected Hezbollah fighters in four small skirmishes. No Hezbollah rockets fell on Israel during the day.

As the cease-fire dawned on Monday morning, Israeli airplanes blanketed Beirut with leaflets showing a cartoon of a black-turbaned cleric, presumably Sheik Nasrallah, poised over a sandcastle, saying that Hezbollah and its Syrian and Iranian masters had brought the Lebanese people to "the edge of the abyss" with only "destruction, displacement and death." The leaflet warned that Israel could return "with all necessary might."

But the psychological warfare appeared to have little effect on the refugees packing up their belongings and heading south, expressing hatred against Israel — and, to a striking degree in this normally Western-leaning nation, against America, which is seen as the Israelis' unquestioning backer.

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"Bush did this," said Majid Kubaisy, standing in the broken glass and rubble ruins of his sportswear shop in a largely Shiite of southern Beirut. Residents returned Monday to a desolate landscape of ruined apartment buildings cascading dust and the smell of explosives.

Like many of the people finding their way back to their old neighborhoods, Mr. Kubaisy blamed the United States as much as Israel for the destruction and said it had redoubled his allegiance to Hezbollah.

"If Nasrallah will raise his hand, everyone will follow," he said. "This time we defended our land, next time we will take the offensive."

In Sanayah Gardens, a nicely groomed park in an upscale Sunni Muslim neighborhood of West Beirut, the 7,000 refugees, most of them Shiites, who had set up a tent city began to leave for home. The tents that had crowded the garden were taken down, and people were piling mattresses and cooking gear in their cars to leave. Young, Western-educated volunteers brandishing clipboards moved about efficiently Monday as a truck unloaded Red Crescent boxes of aid from Kuwait.

"Why does your government give bombs and intelligence to Israel?'' asked Rahih al-Tiwwi, one of the volunteers.

Nearby, a family in a packed minivan was loading up with foam-rubber mattresses. The front of the van was decorated with a portrait of Sheik Nasrallah and a bumper sticker that depicted a rocket with the slogan "the divine victory."

The volunteers who ran the park refuge were an ad hoc group that spanned Lebanon's religious divisions. Asked for his religion, normally an important aspect of identity here, one of the volunteers, Saarjaoen Vautter, snapped, "I am Lebanese."

"And damn for this question," he added. "No offense."

More than 800,000 people, almost a quarter of Lebanon's population, fled the south during the monthlong bombardment, escaping to the relative safety of Beirut and other major cities, where they languished in schools, parks and with relatives in dour living conditions. Early Monday, many did not believe that their ordeal was really over.

As they tried to move south, the refugees ran into huge traffic snarls because of the roads bombed by Israel. Moving was particularly difficult toward the isolated hill villages in the south.

The traffic jam began a few miles south of Beirut, near Naame, where both Lebanese soldiers and self-appointed volunteers frantically tried to direct traffic.

But, in contrast to normally belligerent Lebanese traffic, people on the jammed-up coastal highway cheered each other and exchanged blessings.

Workmen raced to fix roads ahead of the flood of cars. Near Sidon, tractors brought by the local municipality scrambled to fill dirt in an area where a bridge had been blown out. When the dirt created a single lane on the bombed-out bridge, the drivers, guided by Lebanese Army soldiers, made their way through the bottleneck in an uncharacteristically orderly fashion.

"We can finally go home victorious and with our heads up high," said Muhammad Alaway, who sat in a yellow Volvo with all 13 members of his family.

"If we will find our family home, we will stay in it," Mr. Alaway said. "If it is destroyed, we will pitch a tent and stay there until we rebuild."

Sharon's Condition Worsens

JERUSALEM, Aug. 14 (AP) — The condition of Ariel Sharon, Israel's ailing former prime minister, has deteriorated, the hospital where he is being treated said Monday.

A new scan showed a deterioration in his brain function, his urine output has decreased significantly and a chest scan showed that he has a new infection in his lungs, said Anat Dolev, spokeswoman for the hospital, the Chaim Sheba Medical Center.

Ms. Dolev would not say whether Mr. Sharon's life was in danger, but she said that doctors were treating him with broad-spectrum antibiotics and steroids.

Mr. Sharon, 78, has been in a coma since suffering a massive stroke on Jan. 4.

He underwent several extensive brain surgeries to stop cerebral hemorrhaging, in addition to more minor procedures.

After spending months in the hospital where he was initially treated, the former prime minister was transferred to the long-term care facility in May.

He was rushed into intensive care on July 26 to undergo dialysis because his kidneys were failing. Hospital officials said they also noticed changes in his brain membrane.

In December, Mr. Sharon had a small stroke. He was put on blood thinners and then suffered the severe brain hemorrhage in January.

Bush Defends U.S. Handling Of Lebanese Conflict, Asserting That Hezbollah Is The Loser (NYT)

By Jim Rutenberg

The New York Times, August 15, 2006

DOJ_NMG_0048669

WASHINGTON, Aug. 14 — President Bush on Monday defended his handling of the war between Israel and Hezbollah, declaring that Hezbollah had been the loser in the monthlong fight and warning Syria and Iran against resupplying the Lebanese militia.

Mr. Bush spoke as he and his advisers sought to portray the cease-fire deal that was established under a United Nations Security Council resolution as an affirmation of American foreign policy.

"It took a while to get the resolution done," Mr. Bush said at the State Department. "But most objective observers would give the United States credit for helping to lead the effort to get a resolution that addressed the root cause of the problem."

Mr. Bush and his aides had sided with Israel in resisting calls for an immediate cease-fire after the war began on July 12, defining the root cause as Hezbollah's armed presence in southern Lebanon and its attacks on Israel.

Mr. Bush spoke on a day of intense competition to shape world opinion on the conflict. Hezbollah said it had won an "historic victory" by fending off a regional superpower; Israel and the United States said Hezbollah was the loser because the resolution calls for ending its control of southern Lebanon.

Even as they expressed optimism, White House officials said nonetheless that only time would tell whether the cease-fire would hold and whether Hezbollah would ultimately be disarmed. And a senior official, who agreed to speak candidly in return for anonymity, acknowledged the possibility that Hezbollah would build public support in southern Lebanon by flooding the area with rebuilding money, as it has vowed to do.

As Hezbollah emerged from the conflict with its leader appearing on television vowing to keep his militia intact, the White House faced questions on Monday about whether it and Israel had met their goals in the conflict. Israel had said its attacks were intended to destroy Hezbollah's military capabilities, and the Bush administration had made clear early in the conflict that it wanted to allow its ally time to do so.

Asked by reporters who he believed had won the conflict, Mr. Bush said, "Hezbollah, of course, has got a fantastic propaganda machine and they're claiming victories."

"But how can you claim victory when at one time you were a state within a state, safe within southern Lebanon, and now you're going to be replaced with a Lebanese Army and an international force?"

Under the terms of the United Nations cease-fire resolution, an international force will help the weak Lebanese Army take control of the south from Hezbollah, which will then be disarmed.

As Mr. Bush spoke, he was surrounded by the principal members of his war cabinet: Vice President Dick Cheney; Secretary of State Condoleezza Rice; and Stephen J. Hadley, the national security adviser.

The appearance was the final event of Mr. Bush's first full day back from his summer vacation.

He started his day at the Pentagon, where he met Secretary of Defense Donald H. Rumsfeld and national security officials, and then with experts on Iraq.

"It's very important for the American people to know that we're constantly thinking about how to secure the homeland, protect our interests and use all assets available to do our jobs," Mr. Bush told reporters before meeting with Mr. Rumsfeld. "We live in troubled times, but I'm confident in our capacity to not only protect the homeland, but I'm confident in our capacity to leave behind a better world."

The emphasis on national security and the campaign against terrorism reflected a schedule that was devised last week, as the administration and its Congressional allies sought to gain political advantage after Senator Joseph I. Lieberman's loss to an antiwar challenger, Ned Lamont, in the Connecticut Democratic primary, and the news that the British had foiled what could have been a large-scale terrorist attack.

But the Democrats have hit back hard, arguing that Mr. Bush has mismanaged the war in Iraq and pursued a strategy that is exacerbating terrorism. The Democrats point to polls showing that dwindling numbers of Americans believe that the United States and its allies are winning the war on terrorism.

Without directly addressing the Democrats, Mr. Bush echoed his party's line of attack against them, saying, "The fundamental question for this country is, do we understand the stakes and the challenge?"

'Birth Pangs' Of What? (WP)

By Richard Cohen

The Washington Post, August 15, 2006

The "birth pangs" are over. This was the term used by Secretary of State Condoleezza Rice to describe the war between Israel (supported by the United States) and Hezbollah (supported by Iran). If she is right, let us see what has come out: a defeat for the good guys, a victory for the bad guys (the "Islamic fascists" of President Bush's formulation) and some clear lessons. This has been a very hard birth.

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It has been particularly hard for the Lebanese, of course, but no fun for Israel, either. Although Hezbollah has, as they say, been downgraded, it has nonetheless emerged as the fighting force with the best reputation in the Middle East. Not only did it stand up to the supposedly invincible Israeli army but those two kidnapped Israeli soldiers -- the proximate cause of the war -- remain unreturned, either still captive or dead.

From the start, it seemed that Israel had failed to take due note of the mistakes of Donald Rumsfeld. The longtime and (inexplicably) current U.S. secretary of defense propounded the bright idea that Iraq could be conquered and pacified with about 150,000 American troops. Military men of sound mind and vast experience thought that maybe 350,000 to 500,000 troops would be more like it, but Rumsfeld, fearing a quagmire and eschewing nation-building, got his way. The United States is still in Iraq, mired there for some time to come.

Israel tried something similar in Lebanon. It, too, chose to fight an optional war on the relative cheap. For good reasons, it responded to Hezbollah's provocations, but it might well have decided to make a punitive raid or two and then wait for the usual prisoner exchange. Preemptive wars have their own rules. They cannot justify high casualties, since these will not be seen as commensurate with the threat. The United States, for instance, could never institute a draft to get more troops into Iraq. Americans would not stand for it. This, among other things, is a lesson of Vietnam -- maybe the only one the Bush administration learned from that painful conflict.

But the lesson of Iraq and, now, Lebanon, is that zealots make tough enemies. It was one thing for Israel to fight apathetic and hapless Egyptians, Iraqis, Jordanians, Syrians and Lebanese. Those armies consisted of the indifferent: Sure, these Arabs opposed Israel, but they were mostly unaffected by it and would rather live with it than die fighting it. Even the Palestinians proved to be not much of a battlefield foe. This has not been the case with Hezbollah or, in Iraq, the various groups of fanatics who would blow themselves up for reasons that we could not begin to fathom. Hezbollah is now described in terms once reserved for the Japanese army of World War II. "If you are waiting for a white flag coming out of the Hezbollah bunker, I can assure you it won't come," said Brig. Gen. Ido Nehushtan, a member of the Israeli army's general staff.

This zealotry, this ideology, this religious fervor is not something we in the West -- and that includes Israel -- know how to deal with. The sheer scale and number of suicide bombings in Iraq was once considered inconceivable. Iraq, after all, was extolled as one of the more secular Arab states, which was among the reasons why some otherwise sane people predicted an easy U.S. victory followed by the national singing of "God Bless America."

This seemingly abrupt shift to the ideological, to the religious, is the most noteworthy and ominous development of recent times. The fight is no longer over territory -- the West Bank, Gaza -- but over the very existence of Israel. The people who seem to hate Israel most, who will kill to kill it and die for it to die, are not reclaiming ancestral land -- no Iranian pines for his lost orange grove near Jaffa -- but instead cannot abide the very idea of Israel.

Democracies are in a fix. If your enemy will gladly die for his cause while you wouldn't think of dying for yours (not that you even know what it is: freedom? liberty?) then clearly the fight is not to the swift but to the suicidal. The obvious short-term remedy is cold, lethal technology. But the reliance on high-tech stuff has not subdued Iraq, and it utterly failed in Lebanon as well. These are the realities of the new warfare, and if they are the "birth pangs of the new Middle East," then what is being produced is not some cute, babbling democracies but a hideous monster.

Just wait until he reaches for a nuclear weapon.

Lebanese Refugees Head Home As Fragile Cease-fire Holds (MCT)

By Shashank Bengali And Dion Nissenbaum

McClatchy Newspapers, August 15, 2006

BEIRUT, Lebanon - Tens of thousands of displaced Lebanese ventured back to their war-battered homes Monday as Israel and Hezbollah observed the first day of a nervous truce. Plans for a multinational peacekeeping force slowly moved forward.

There were celebrations in the streets of Beirut and joyful reunions of families in southern Lebanon to mark what many prayed was the end of a monthlong conflict that had forced 1 million Lebanese - one-quarter of the country - to flee their homes.

But there were also signs that the U.N.-imposed cease-fire was on shaky ground.

Hezbollah leader Hassan Nasrallah, claiming a "historic victory," rejected calls for his guerrilla fighters to give up their weapons, putting him at odds with the Lebanese government and perhaps delaying the deployment of Lebanese troops and U.N. peacekeepers to take control of Hezbollah's stronghold in southern Lebanon.

Uncertainty surrounded the U.N. peacekeeping force. France, which earlier had said it would lead a peacekeeping force, hadn't agreed to do so by Monday, and it was unclear which countries' troops would make up the remainder of the force.

Israeli troops killed at least seven Hezbollah fighters after the cease-fire took effect, claiming that the dead men had been armed and advancing on their positions.

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Israel continued to maintain a stranglehold on Lebanon to keep Hezbollah from resupplying. An air and sea blockade remained in place despite the objections of Lebanese officials, and Israel said it controlled all land bridges into the south.

"It is a very precarious situation," said Mohamed Shatah, senior adviser to Lebanese Prime Minister Fuad Saniora.

Behind closed doors, Lebanese officials were negotiating with Hezbollah over the fate of its weapons. Rather than attempting to forcibly disarm the Shiite Muslim fighters - a confrontation that could set off a civil war - officials said they were trying to strike a delicate compromise that wouldn't paint the group as criminals or losers in the conflict.

In Washington, President Bush said Israel's military campaign had defeated Hezbollah, which the Bush administration considers a terrorist group, and struck a blow against its sponsors, Iran and Syria.

Bush said Hezbollah might be "claiming victories, but how can you claim victory when at one time you were a state within a state, safe within southern Lebanon, and now you're going to be replaced by a Lebanese army and an international force?"

In Jerusalem, Israeli Prime Minister Ehud Olmert urged national unity while troops were still in the battle zone, but he faced a barrage of criticism for the way the war was handled.

Responding to critics of his military plan, seen by many as muddled and ineffective against a surprisingly resilient foe, Olmert said the offensive had crippled the militia's ability to act as a "state within a state."

Olmert told the Israeli parliament that he was assigning Defense Minister Amir Peretz to conduct an investigation of the war plan.

"We won't sweep things under the carpet," Olmert said. But he warned that Israel "does not have the luxury" of engaging in endless bickering.

Underscoring the divisions in the country, three parliamentarians were ejected from the chamber for heckling Olmert - two from the left arguing that Israel had fought in Lebanon too long, the third from the right protesting that the truce came too soon.

Israeli and Lebanese military officials met for the first time to discuss the timing of the withdrawal of Israeli troops. Israel's withdrawal could begin as early as Wednesday, but only if U.N. and Lebanese troops were ready to step in, said Ryszard Morczynski, a U.N. political affairs officer who attended the meeting.

On Monday, Italian officials were in Beirut to discuss possible participation in the peacekeeping force, and a newspaper in Germany said that country would also send troops, though it didn't give details. Lebanese officials said Indonesia, Malaysia and Turkey also had said they would send forces, though there was no word on when.

In the hours before the cease-fire took hold Monday morning, Israeli ground forces dashed through southern Lebanon under the cover of massive artillery fire, trying to gain as much territory as possible. It was the biggest push north by Israel since the war began on July 12, when Hezbollah kidnapped two Israeli soldiers.

When the dust had settled, Israeli military officials said they'd effectively boxed in Hezbollah by holding a strip of land about three and a half miles south of the Litani River - the region's natural northern boundary - and another strip along the 40-mile Israeli-Lebanese border to the south.

At 8 a.m., the war machine ground to a halt. Shortly afterward, Israel dropped leaflets over Beirut, saying Hezbollah was to blame for the destruction of Lebanon.

Hezbollah's own propaganda campaign swung into action; supporters passed out colorful fliers proclaiming a "divine victory," and giant yellow Hezbollah flags flew from cars and motorcycles.

"Even if we didn't win the war, we for sure did not lose," said Sarjoun Kantar, 23, a volunteer at a park in central Beirut where 1,200 refugees from the Hezbollah-controlled southern suburbs had taken shelter since the war began.

The park was half-empty by Monday afternoon, with hundreds of people having loaded up vans and taxis and left. Across the city, cars clogged the streets, sagging under the weight of clothes, blankets, mattresses and families returning home.

A few miles to the south, in southern Beirut's Chiyeh neighborhood, the Tabal family returned from a relative's house in the northern mountains to the concrete apartment block they'd abandoned last week - the day that an Israeli airstrike just 300 yards away killed some 60 people, the single deadliest attack of the war.

"Only God knows if the war will be over," said Majida Tabal, 34, surrounded by her three young children and pregnant with a fourth. "But we didn't want to be away from our house any longer."

In northern Israel, for the first time in weeks, the sounds in the air were crickets, birds and lawn mowers instead of rockets, missiles and gunfire.

Israeli soldiers returning from Lebanon took their first showers in weeks and relaxed in the shade of their tanks. Echoing the divisions in the parliament, some criticized the government for stopping the fighting before they did more damage while others said the costs had been too high.

An hour after his artillery unit fired its last 20 rounds into southern Lebanon, Pvt. Itai Mesery sat by himself in a charred apple orchard scorched by a Hezbollah rocket.

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Reflecting on the deaths during the war of more than 130 Israelis, including 41 civilians, and more than 1,000 Lebanese, the 18-year-old - who went to the front almost directly from his military training - said, "We hit them pretty hard, but I don't know if it was worth it. Too many soldiers and civilians were killed."

Bengali reported from Beirut, Nissenbaum from the Israeli-Lebanese border. Carol Rosenberg in Jerusalem and Leila Fadel in southern Lebanon contributed to this report.

Weary Lebanese Flocking Home (WT)

By Betsy Pisik

The Washington Times, August 15, 2006

JBAA, Lebanon -- Thousands of Lebanese began streaming home yesterday, jamming the roads with cars, buses and trucks in a hopeful gamble that a fragile cease-fire between Israel and Hezbollah will hold.

That hope was rewarded in the first hours of the truce, with the warplanes, artillery and missile batteries largely falling silent on both sides of the border. Israel reported killing six Hezbollah fighters and said early today that 10 rockets of the type used by Hezbollah exploded in south Lebanon.

Many Lebanese set out even before the cease-fire took hold at 8 a.m., disregarding Israel's week-old threat to attack any vehicle moving south of the Litani River.

With the main roads and bridges made impassable by Israeli bombing runs, the secondary roads became four-lane free-for-alls with drivers inching forward, angling for advantage. At checkpoints along the way, militiamen handed out candies and water, celebrating what Hezbollah leader Sheik Hassan Nasrallah claimed as a "strategic, historic victory" over Israel.

"I was so happy," said Ola Hussein, 37, returning home to her family's spacious apartment in Jbaa, a picturesque town nestled between the hillsides 10 miles east of Sidon. "No one in my family is killed, and we can go back to our land."

After spending three weeks in a shelter in Beirut, she said, she did not mind taking five hours for what should be a 90-minute drive. She knew she was going home.

Israelis were slower to return to their homes in the north of their country, where more than 250 Hezbollah rockets rained down on Sunday. But long-shuttered stores began to reopen in Haifa, Israel's third-largest city, and a few people were seen on the city's beaches.

Officials in Beirut said the Lebanese army would begin moving troops south to the Litani River before the end of the week, the first step in deploying a combined Lebanese and international force as a buffer between Hezbollah and Israel.

Officers of the Lebanese and Israeli armies met face to face for the first time since Israel's withdrawal from its northern neighbor in 2000, convening with U.N. officers at the border to discuss the next steps toward ending a war that has claimed more than 900 lives in nearly five weeks of fighting.

In Jbaa, the Hussein family arrived to a gruesome welcome on their town's main street. One long drip stain of blood on the wall of the mosque highlighted a scene of incinerated cars, smashed buildings and crumpled storefronts.

"Salaam Aleikum (God is great)," said one member of the Hussein family as she greeted a neighbor she hadn't seen in three weeks. "Hamdulillah (Thanks be to God)."

The Lebanese Higher Relief Council estimates that close to 1 million people have been displaced by the monthlong war, most of them from villages south of the Litani River. Yesterday, it seemed as if every one of them was trying to go home.

Since the cease-fire agreement was announced on Friday night, residents of southern and central Lebanon have been buying gas, one 2½-gallon ration at a time, in preparation for the drive home.

Most, like the Hussein family, returned to homes with no power or water. Many will find no shops to buy provisions. Still others will find no home at all, just a pile of rubble where clothes, possessions and memories used to be.

The Jouni family, too, was lucky. Aside from a parched garden, they found their house in the village of Roumine much the way they left it when the shelling grew too close on the 12th day of the war.

Ali Jouni, a retired accountant, said he was so depressed staying with friends in an overcrowded home a few miles away that he spent the following weeks just watching news of the war on television.

His son, Ahmad, 19, said the exile was not so bad because he had lots of friends around from school. But he doesn't have much hope for his prospective career, air-conditioning repair.

"No homes, no power, no AC," he said, shrugging.

Lebanese officials yesterday could not say when they expected to restore basic services, such as electricity and water. Repairing the country's roads, bridges and other infrastructure could take months.

Officials expect gasoline for generators and cars to be readily available and back to prewar prices soon after the seaports reopen to traffic. It could take more than a week for the situation to stabilize, however, because so much emergency relief is backed up by an Israeli blockade in Syria and Cyprus.

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Aid workers yesterday were frustrated by the impenetrable traffic. They pulled convoys off the road for several hours to conserve gasoline and wait for traffic on the roads to thin.

"We will try again later this afternoon," said the driver of a truck in an Islamic Relief convoy.

In Tyre, which sustained heavy bombardment for several days, residents ventured out after nightfall for the first time in weeks. The mood was celebratory, and they embraced the cease-fire and what they clearly felt is Lebanon's victory over Israel.

Both Sides Celebrate Mideast Truce (USAT)

By Yaakov Katz Special For

USA Today, August 15, 2006

SAFED, Israel — For the first time in more than a month, a tense calm swept across southern Lebanon and northern Israel on Monday as Israeli and Hezbollah leaders both declared victory in their war.

Both sides largely observed a United Nations cease-fire agreement, although the truce was marred by skirmishes early Monday between Israeli soldiers and members of the Shiite militia in southern Lebanon. Israel's Defense Ministry reported killing six Hezbollah fighters in four encounters. Early today, Hezbollah fired 10 rockets that landed in southern Lebanon, the Israeli army told the Associated Press. The army said it had not responded.

The conflict began July 12, after Hezbollah guerrillas seized two Israeli soldiers in a cross-border raid. At least 957 people, more than 80% Lebanese, died in the fighting.

Israel prevailed against Hezbollah, Israeli Prime Minister Ehud Olmert told the parliament. “Hezbollah leaders went underground. … We will continue to hunt them.”

Hezbollah leader Hassan Nasrallah said his fighters had achieved a “strategic, historic victory.” Celebratory gunfire erupted across the Lebanese capital after his televised speech.

In Washington, President Bush said Hezbollah could not claim victory: “How can you claim victory when at one time you were a state within a state … and now you're going to be replaced by a Lebanese army and an international force?”

Thousands of Israeli forces remained in southern Lebanon.

Lebanese, Israeli and U.N. officers met on the border to discuss an Israeli withdrawal and deployment of the Lebanese army, U.N. spokesman Milos Strugar said.

A U.N. Security Council resolution calls for a joint Lebanese-international force to move into southern Lebanon.

Mideast Peace Vulnerable To Provocations (AP)

By Kathy Gannon, Associated Press Writer

AP, August 15, 2006

With no clear cease-fire line, any village or hilltop in southern Lebanon is a potential flash point that could bring down the truce between Israeli troops and Hezbollah fighters.

Small skirmishes already erupted Monday. Israel said its soldiers fired at armed guerrillas approaching their positions, killing six.

There were no major firefights, however. And no Hezbollah rockets fell on northern Israel and no Israeli bombs hit Lebanon.

Any Hezbollah rocket attack on Israel would likely spark heavy Israeli retaliation, and an Israeli airstrike would likely draw a response from the guerrillas, especially if it killed civilians.

And with the combatants remaining at close quarters on the ground, every skirmish has the potential to spiral out of control. The truce will need restraint on both sides if it is to endure until a U.N. peacekeeping force and the Lebanese army can deploy and separate them.

Peace is vulnerable to "a provocation, or a stray act, that could undermine everything," said French Maj. Gen. Alain Pellegrini, who heads a 2,000-soldier U.N. force already in southern Lebanon.

The additional 13,000 international troops planned for the U.N. force "need to arrive as quickly as possible," he said.

Hezbollah guerrillas are in villages scattered across the south and in the surrounding countryside, mostly unseen but making some appearances.

In the village of Kafra, two young men in khakis were spotted carrying semiautomatic rifles, and others talked into two-way radios. A few carloads of young men screeched into the village, jumped out of their cars and kissed waiting comrades on each cheek.

Israeli troops were only a few miles away in positions overlooking the town of Tibnin, according to the Israeli military.

They were just a small portion of the 30,000 soldiers that Israel flooded into southern Lebanon in the 48 hours before the cease-fire took effect Monday morning.

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Most are in a strip near the border, controlling the high ground above towns and villages like Bint Jbail, Maroun al-Ras, Aita al-Shaab, Marwaheen and Rmeish.

The goal is to maintain "the ability to monitor the whole area," rather than controlling towns, said an Israeli army spokesman, Capt. Jacob Dallal.

Some troops thrust farther north, nearly to the Litani River, 18 miles from the border. They also held hilltop positions, particularly in a swath running up through the center of southern Lebanon, including the towns of Tibnin and Ghandouriya and Froun, nearly at the Litani.

Tensions were high.

Hours after the cease-fire began, Israeli soldiers fired warning shots at two cars carrying an Associated Press reporter and photographer near Marwaheen, and then checked their identification papers before telling them to turn back.

Israel said its troops will fire only when they feel their positions are threatened.

In Monday's skirmishes, the guerrillas "were very close, they were armed, and they posed a danger to the troops," said Dallal. "We're going to shoot anybody who poses an imminent threat to the troops."

Hezbollah said over the weekend that it would not stop fighting until Israeli troops left Lebanon, but there were no reports of guerrillas firing mortars or rockets at the soldiers.

The group's leader, Sheik Hassan Nasrallah, suggested Monday he did not intend to actively seek conflict. In a televised speech, he said his guerrillas had scored a "strategic, historic victory." Now, he said, "the battle to rebuild" was beginning.

Still, the rules of the game are hardly clear, and with the fighting forces so close to each other, the possibilities for missteps are plentiful.

Associated Press correspondents Jamey Keaton in Paris and Lee Keath in Cairo, Egypt, contributed to this report.

Uneasy Mideast Truce Holds (LAT)

By Tracy Wilkinson And Bruce Wallace

The Los Angeles Times, August 15, 2006

METULLA, Israel — On both sides of a suddenly quiet Israeli-Lebanese border, displaced masses returned to their war-ravaged homes Monday as the Hezbollah militia and the Israeli army generally held to a brittle cease-fire accord.

Israel and Hezbollah each claimed a qualified victory after 34 days of fighting that killed at least 800 Lebanese and 155 Israelis.

Meeting face to face for the first time in six years, Israeli and Lebanese military commanders sorted through the details of a complicated truce agreement that envisions moving Lebanese and international forces into southern Lebanon. Several officials have said such movement could take weeks, and Israel says it will not withdraw until that happens.

Some Israeli reservists marched out of Lebanon ahead of the cease-fire, but a senior military official said most of a 30,000-member force remained in Lebanon, with new rules of engagement after having boxed in the remnants of the Hezbollah army.

It was not a perfect cessation of hostilities: Israelis skirmished with Hezbollah fighters, killing six, and the militia fired four mortar rounds early today that landed errantly in Lebanon, the Israeli military said.

In Israel, political fallout from what many Israelis see as a poorly executed military operation has begun to threaten the government of Prime Minister Ehud Olmert, who went before a special session of parliament Monday and accepted responsibility for "deficiencies." Still, Olmert claimed that Israel had dealt a devastating blow to Hezbollah.

Hezbollah leader Sheik Hassan Nasrallah made a similarly triumphant claim, going on television to celebrate what he called a historic victory.

Civilians, politicians and fighters — Lebanese and Israelis alike — expressed hope tempered by considerable pessimism that the U.N.-brokered cease-fire might mark an end to violence that erupted when Hezbollah captured two Israeli soldiers July 12 in a cross-border raid and Israel responded with thousands of aerial bombings and artillery assault.

"I wish this will be the end," said a tearful Gabriel Lev, as he mourned his son Heran, one of the last Israeli soldiers killed in Lebanon ahead of the cease-fire. "I wish he will be the last one. But if I am a realist, I must say it will never end."

Tens of thousands of displaced Lebanese loaded up their cars and trucks and began returning to reclaim their villages and cities in south Lebanon, despite an Israeli travel ban.

Nearly a million Lebanese were displaced by bombings and fighting, according to the Lebanese government. About half a million Israelis had to flee their homes in the north because of rockets fired daily by Hezbollah guerrillas.

In a choking free-for-all of exhaust and dust, the Lebanese inched their way along roads littered with rubble, frequently funneling into a single lane in places where roads and bridges had been pocked with craters by Israeli airstrikes.

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"For 25 years we have been forced to move with nothing but the clothes on our back, so it is nothing to have to go to Beirut for a few days and then go home," said 60-year-old Bassima Kabeisy, straining for fresh air from the back of a minivan crammed with 11 family members.

"And this time we are going home happy," she said, "because the Israelis are crying like we cried so many times before." The travelers handed out espresso-flavored "victory candies" along with Hezbollah flags to drivers of cars that sagged under the weight of mattresses on the roof and gasoline in the trunk.

Hezbollah's yellow and green machine-gun motif waved from hundreds of car antennas and windows. Car radios tuned to Hezbollah's radio station played jaunty military anthems, and the militia's supporters handed out leaflets that congratulated the returnees for "winning against invasion, destruction and racism." Young men in Hezbollah Civil Defense T-shirts directed traffic at the hastily plowed earthen bridge that restored the crossing over the Litani River.

And everywhere, on sunscreens and children's T-shirts, there was the image of Hezbollah leader Nasrallah.

"Our home may be destroyed, but we want to see it," said Rokiah Sheblei, 32, as she waited for traffic to move. "It was all worth it for the sake of Nasrallah."

Israelis, too, were going home Monday afternoon. Main highways were bumper-to-bumper with cars all the way from Tel Aviv on the central coast to northern cities besieged by Hezbollah, such as Kiryat Shemona and Metulla.

"If it's quiet for one week, the Israelis will come back," predicted Eilana Rosenfeld, a Metulla resident who runs a bed-and-breakfast and who was driving home for the first time in weeks, her car filled to the windows with food and supplies.

In Kiryat Shemona, where 1,012 Katyusha rockets landed, residents who had languished in bomb shelters began to venture onto the streets.

Virtually a ghost town on Sunday, Kiryat Shemona by midday Monday was springing to life. Traffic lights were working for the first time in weeks, a barber shop and two hardware stores opened up, and the parking lot at the mall was full.

"Experience tells me you really can't know how quickly [the city] will recover," said Haim Cohen, 47, stepping gingerly through the shattered glass on a sidewalk, where a row of shops took a direct hit. "One little thing and it can all go to pot."

Israeli military commanders said Monday their forces had surrounded Hezbollah fighters by taking control of Lebanese territory south of the Litani River. The proximity of the two forces makes confrontation likely, although the Israeli commanders said new rules of engagement included instructions that soldiers not fire on Hezbollah guerrillas unless they appeared to be a threat; they also were told not to fire on the militia's weapons.

Israel's rocket launchers and artillery batteries scattered in the fields of the Upper Galilee, which for periods over the last weeks had roared every few seconds, remained idle Monday. At the hour the cease-fire began, one soldier near the border kibbutz of Misgav Am donned a prayer shawl and swayed in prayer, propped against the barrel of his artillery piece.

In Metulla, the last Israeli town before entering Lebanon, scores of tanks, bulldozers, armored personnel carriers and artillery pieces clogged the roads. Many had just pulled out of Lebanon. At one point, Israeli paramedic teams in military ambulances worked to pull the bodies of soldiers from a burning tank attacked by Hezbollah before the truce took effect.

Elsewhere, a company of Israeli infantrymen, smiling and exhausted, walked out of south Lebanon's forested hills ahead of the cease-fire. They smoked cigarettes, flashed V-for-victory signs and embraced one another, happy they had made it out alive. Some held captured Hezbollah flags.

The soldiers were relieved but also chafing at what some saw as a premature end to their mission, which fell short of the annihilation of Hezbollah.

"Militarily we could have acted another month, and then we would be able to count on 10 years of peace," said the head of an Israeli reservist reconnaissance unit working out of Metulla. He spoke on condition of anonymity because he was not authorized to speak to the news media.

Nasrallah, the officer said, "has been beaten up, but the desire and will are still there. In six months, he will be back in business."

That sense of a mission unaccomplished is fueling public dissatisfaction in Israel over the way the conflict was conducted. In a new survey published by the website of the Yediot Aharanot newspaper, 52% of respondents said the Israeli army did not win the war; half believed the cease-fire would last more than a month, and 35% gave it a week.

That public perception will be the next battle for Olmert, who contended that Hezbollah had been greatly debilitated, and pledged to pursue "everywhere and at all times" the leaders of the Shiite Islamic group that also serves in the Lebanese government.

"Israel has made it clear to the world that it will not tolerate attacks from anywhere," Olmert told the Israeli parliament, the Knesset. "I see and hear the voices expressing unrest and even disappointment, as if their expectations have not been met, yet I say to them: patience."

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Olmert also promised to work "tirelessly" to free the two soldiers captured by Hezbollah on July 12 as well as a third seized by the Palestinian militant group Hamas on June 25. The United Nations accord passed Friday calls for the "unconditional release" of the two, and encourages the release of Lebanese prisoners from Israeli jurisdiction.

Nasrallah, meanwhile, went on Hezbollah television in Beirut and praised Monday's apparent end to fighting as "a great day." He said Hezbollah would repair the thousands of houses destroyed by "the enemy" in southern Lebanon, the Bekaa Valley and the southern suburbs of Beirut.

"We are today before a strategic, historic victory, without exaggeration," he said.

Wilkinson reported from Metulla and Wallace from Tyre, Lebanon. Times staff writer Henry Chu in Jerusalem and special correspondent Haim Blozer in Kiryat Shemona contributed to this report.

Israel, Hezbollah Remain Prepared To Resume Fighting Despite Truce (WSJ)

By Guy Chazan And Neil King Jr.

The Wall Street Journal, August 15, 2006

TEL AVIV -- Even as the cease-fire between Israel and Hezbollah appeared to be largely holding, leaders on both sides seemed to be preparing for the next round of fighting.

In a televised speech in which he hailed Hezbollah's "strategic, historic victory" against Israel, the group's leader, Sheikh Hassan Nasrallah, dismissed calls to disarm the group -- a key United Nations demand -- saying it had proved it was the only force capable of defending Lebanon from a future Israeli offensive.

"Can the Lebanese army, in its present situation and with its present capabilities, fight a war if such a war was forced on Lebanon?" he asked. "The international force... will it defend Lebanon against any Israeli aggression? This is out of the question."

For his part, Israeli Prime Minister Ehud Olmert told his parliament Israel would have to learn the lessons of this war and "do better" next time, while promising to continue to pursue Hezbollah's leaders. Israel is still reeling from the realization that its army, the most powerful in the Middle East, was fought to a virtual standstill by a Shiite guerrilla force numbering only a few thousand.

On both sides, there are fears that a future round of fighting is almost inevitable. Israeli officials, specifically, worry that the next war may be fought in conditions less favorable to them, against a foe equipped with more-sophisticated weaponry -- even, in the worst-case scenario, one possibly backed by a nuclear-enabled Iran. President Bush addressed that fear Monday, saying one "can only imagine how much more dangerous this conflict would be if Iran had the nuclear weapon it seeks." He squarely blamed the fighting on Hezbollah and what he called "Iranian sponsorship" of the organization, which he said had been "emboldened" by its ties both to Tehran and Syria.

Monday, a few small skirmishes broke out along the Israel-Lebanon border, with Israel saying its soldiers killed six armed guerrillas approaching its positions. Still, with the cease-fire mostly holding, thousands of refugees crowded the bombed-out roads leading back to southern Lebanon, while in northern Israel, thousands of people emerged bleary-eyed from the bomb shelters they had been confined to for much of the last month.

Many remained skeptical the cease-fire would hold. Hezbollah has insisted Israeli soldiers are legitimate targets until they pull out of Lebanese territory. Israel has said it won't withdraw its troops until the Lebanese army moves in. With the two adversaries facing off, it is unclear whether the Lebanese army or the international peacekeeping force will consider it safe enough to deploy in the south.

In Washington, President Bush sought to counter growing criticism that his administration had fumbled the diplomacy to end the Israel-Hezbollah war and that his push to spread democracy in the Middle East had contributed to the region's growing instability and bloodshed. (See a transcript of Bush's remarks8.)

Addressing Hezbollah's claims of victory, Mr. Bush said it was only natural that Hezbollah would assert that it had won the monthlong fight with Israel. "But how can you claim victory when at one time you were a state within a state, safe within southern Lebanon, and now you're going to be replaced by a Lebanese army and an international force?" he said.

WALL STREET JOURNAL VIDEO

9

President Bush says10 it is "no coincidence that two nations that are building free societies in the heart of the Middle East -- Lebanon and Iraq -- are also the scenes of the most terrorist activity."

In his speech to the Knesset, Mr. Olmert made the same point, saying Israel had achieved a key goal -- a commitment by the Lebanese government to extend its control to the south, Hezbollah's stronghold. He said Israel had succeeded in severely degrading the group's military capability and weapons arsenal and denting its confidence.

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But the leader of the opposition, Benjamin Netanyahu, said Israel had failed to achieve some of the main objectives it set out when it launched the war last month: The two soldiers whose capture July 12 triggered the fighting hadn't been returned, Hezbollah hadn't been disarmed and it had retained its ability to daily fire hundreds of missiles into Israeli towns.

While trying to figure out how to make sure Hezbollah doesn't re-trench in southern Lebanon, Mr. Bush and his team also are turning their sights back to the ongoing diplomatic effort to rein in Tehran's nuclear program. Mr. Bush repeatedly pointed to Iran as a chief supplier of arms to Hezbollah and said the task of restraining Iran is "not just America's alone."

He spoke at length in defense of his "freedom agenda" for the Middle East, portraying the fighting in Lebanon and Iraq as "part of a broader struggle between freedom and terror that is unfolding across the region." "The way forward's going to be difficult," he said. "It will require more sacrifice. But we can be confident of the outcome because we know and understand the unstoppable power of freedom."

First The Truce, Then The Test Of How Long It Can Last (NYT)

By Steven Erlanger

The New York Times, August 15, 2006

JERUSALEM, Aug. 14 — Standing before flattened buildings in the shattered southern suburbs of Beirut, one of Hezbollah's two ministers in the Lebanese cabinet, Hassan Fadlallah, asserted Monday that Hezbollah had scored "a divine victory" in its conflict with Israel.

One of the key questions to be answered by that conflict was neatly reflected in the ruined setting Mr. Fadlallah chose.

Will ordinary Lebanese come to agree with him, or will they ultimately blame Hezbollah for attacking Israel and thus bringing about the destruction of so many buildings, roads, bridges and lives?

In the answer, some suggest, lies the fate of the cease-fire — and of a weak Lebanese government.

For the moment, Hezbollah is bathed in a heroic light, not just in Lebanon but throughout the Muslim world. Lebanon's prime minister, Fouad Siniora, appears unable or unwilling to force the issue of Hezbollah's disarmament, at least in the south, as called for in the United Nations Security Council resolution that halted the combat.

Hezbollah's leader, Sheik Hassan Nasrallah, said in a television speech that his fighters would accept the cease-fire. Yet he insisted that Hezbollah would continue to fight in violation of it so long as Israeli troops remained on Lebanese soil.

And whether Hezbollah intends to let its fighters be banned from the kingdom it built for itself in southern Lebanon, with the lavish help of Iran and Syria, is another open question.

The Security Council appears to have done its best to promote the interests of Lebanon and to diminish Hezbollah's hold over the slice of the country between the Litani River and the Israeli border.

But the Council has passed far-reaching resolutions on Lebanon before — especially Resolution 1559, in September 2004, which called for the disbanding of Hezbollah's fighting force and all other militias and the extension of Lebanese government control over the entire country.

That resolution had no enforcement mechanism and was largely ignored.

After 34 days of warfare, the latest resolution, 1701, repeats the goals of 1559 but provides more teeth, including a more robust United Nations force of up to 15,000 soldiers that is supposed to patrol a specific southern demilitarized zone and help the government monitor its borders, ensuring that Iran and Syria do not resupply Hezbollah with rockets, missiles and ammunition.

But will it be effective? And what soldiers will be in it? When will they arrive? And will the force be willing to confront Hezbollah? Or, as many Israelis expect, will it allow Hezbollah to remain in southern Lebanon unimpeded so long as the border appears quiet?

As always, the real test is not in the resolution but in its fulfillment, and there are reasons for skepticism. If the skepticism turns out to be correct, how long will Israel stand by and watch the rearmament of Hezbollah in violation of the resolution?

For Israel, its second line of defense is, bluntly, the effect of the damage it has done to Lebanon and to Hezbollah itself in the last month. Hezbollah is still standing and was able to fire more than 200 missiles on the last day before the cease-fire, and Sheik Nasrallah has survived.

But Hezbollah has been secretive about its losses, and though it denies Israeli claims that 500 of its fighters were killed and 80 percent of its medium-range and longer-range rockets destroyed, it has almost certainly been hurt more badly than it is willing to admit.

So it is unlikely to want to test Israel again for some time, and Lebanon's government and a majority of its people, who are not Shiites, are not likely to be eager to rebuild the country just to see it destroyed.

But if Hezbollah is down, it is not out, and this may not be an end to the war but a respite, even if lasts for a number of years.

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Israel's vaunted military invincibility, which has been a big part of its defense strategy, has taken a serious knock. Israel was not even able, in the cease-fire resolution, to get the immediate return of its two captured soldiers, meaning an extended negotiation with Hezbollah over prisoners, prisoners of war and the bodies of dead fighters.

Israeli officials are quietly concerned about how the war looked to the Syrian president, Bashar al-Assad, whom they regard as less shrewd and less stable than his father. The Syrians have a wellequipped and well-trained army much larger than Hezbollah's militia, and an air force, too, and Mr. Assad is committed to obtaining the eventual return of the Golan Heights.

Showing the Syrians that the Israeli Army is still capable was one major reason, Israeli officials say, that Prime Minister Ehud Olmert authorized the wider Israeli offensive just before the cease-fire.

But the main Israeli worry is Iran, which invested millions of dollars in Hezbollah and which the West accuses of harboring a secret program to build nuclear weapons. What judgments the Iranians take from this little war is among the most important of the unanswered questions.

For Israel the war also raises serious questions about another unilateral withdrawal of settlers, this time from the West Bank. Former Prime Minister Benjamin Netanyahu, leader of the opposition Likud Party, spoke for many Israelis on Monday in saying that the withdrawal from Lebanon in 2000 produced this war, and that the unilateral withdrawal from the Gaza Strip a year ago produced a Hamas electoral victory and continued instability and rocket fire.

While Mr. Olmert was elected on a platform of another withdrawal, opinion polls indicate that Israelis are almost evenly divided on the plan, which is probably enough to kill it.

The Lebanese war also raises even more serious questions, suggests Shai Feldman, director of the Crown Center for Middle East Studies at Brandeis, about the establishment of a Palestinian state alongside Israel.

Israel respected the international border with Lebanon as verified by the United Nations, and it was Hezbollah that violated the border. "If international borders mean nothing," Mr. Feldman asked, "why should the Israeli public support a withdrawal from the West Bank to create a Palestinian state?"

Preserving the idea of a two-state solution is one reason Mr. Olmert went to war, Mr. Feldman said. And it is one reason the Security Council acted as strongly as it did to defend the integrity of the international border and mandate an expanded United Nations force to protect it. But whether Israelis will trust those guarantees is yet another open question.

Many Israelis On Border See A Lull - Not Peace (CSM)

By Ilene R. Prusher

The Christian Science Monitor, August 15, 2006

KIRYAT SHEMONA, ISRAEL

When Zevulun Cohen awoke early, as farmers do, the hills still rattled with the sounds of war - the blast of artillery shells on their way out, the thud of Katyushas on their way in.

And then, at 8 a.m., the big guns fell silent, the quiet punctured only by the usual sounds of cows and chickens.

But even as the Israel-Hizbullah cease-fire rolled into effect, life here seemed far from returning to normal, with many fearing that the truce represented more of a timeout than a time for peace.

Small, sporadic clashes between Hizbullah militants and Israeli forces suggested that the cease-fire was tenuous and issues related to its implementation were still unsolved. "I don't believe the Hizbullah will agree to be disarmed. I'm convinced we'll have to do this again in a few years, or sooner," says Mr. Cohen, who sat with a fellow farmer at a sidewalk falafel stand, the first in the city to reopen. Most of this border city remains shuttered, having been the target of more than 1,000 rockets since the war began last month.

"It was a good idea to agree to a cease-fire, but we could have fought this war much more wisely," he sighs, as the radio calls out names of fallen fighters. "To lose 115 soldiers in a month, it's just too much."

Addressing some of the many streams of criticism of his leadership, Prime Minister Ehud Olmert said in a speech Monday that he took full responsibility for the conflict. As a democracy, he said, Israel would have a full accounting of how the war was waged.

But he also defended the conflict in strong terms, and sought to assure Israelis that they had prevailed - a debatable point in a war that appears to have no real victor. "In every altercation with Hizbullah, Israel Defense Force soldiers had the upper hand. Hizbullah leaders went into hiding and are lying," Mr. Olmert said. He also warned that Israel would continue to target Hizbullah.

"The people who did this will not be forgiven, and we will pursue them in any place at any time," Olmert said. "We'll do it unapologetically and without asking for permission from anyone."

Mr. Cohen, who lives near Kiryat Shemona in a farming village called Ramot Naftali, says that most of this year's crop has been damaged by the exodus of people at the height of picking season. "Our biggest losses are economic," he says. "Thank

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God, it wasn't our son who was killed. But you can't say that because in a country such as ours, it's like all of them are your sons."

Many here seemed to feel that way, attending funerals of soldiers they knew only tangentially. In one of the more poignant losses felt by the nation, news broke Sunday that one of Israel's most renowned novelists, David Grossman, had lost his 20-year-old son, Uri. Mr. Grossman, author of "The Yellow Wind" and other books, has long been a peace activist but initially supported the war. A week ago, he and other novelists came out against its continuation, and pleaded for a cease-fire.

Rows of Israeli soldiers could be seen leaving Lebanon Monday, on foot, by jeep, or in tanks. A few columns of tanks sat outside the border town of Metulla, and on the road north of Kiryat Shemona, returning troops were seen camping out in the fields. But the returning units were expected to be only a handful of the large number of troops now deployed around southern Lebanon - up to 30,000 as of this weekend. Israel has said that it will not pull out in full before a 15,000-strong multinational force is deployed in southern Lebanon. Hizbullah has said it will view all Israeli soldiers in Lebanon as an occupying force that it will fight.

The gap between the Israeli and Hizbullah positions increases international uncertainty over the cease-fire's holding power.

Inside Kiryat Shemona, some residents who had fled south or had been living underground were gingerly returning to homes and businesses, surveying damage and sweeping up. Restaurant owner Yaakov Peretz pushed broken glass and chunks of shrapnel out onto the sidewalk. He was disappointed with the cease-fire - for him it was a sign that Israel would simply face another war against Hizbullah.

"We had quiet for six years, since we ran away from south Lebanon, but it was a quiet of lies," says Mr. Peretz. "I would have continued until we destroyed Hizbullah in Beirut, because they still want to destroy us. With all the pain and sadness, it's a war, and in war, you lose a lot, including some of your men."

10 Katyusha Rockets Explode In Lebanon (AP)

AP, August 15, 2006

Israel's military said Hezbollah guerrillas fired at least 10 Katyusha rockets into southern Lebanon early Tuesday. None hit inside Israel and no injuries were reported.

The rocket explosions reported by Israel came hours after the start of a U.N. cease-fire in Lebanon.

The military said it has not responded to the rockets, which were fired over a two-hour period.

Hezbollah, which frequently used the Katyusha rockets in its battle against Israel, has said it will attack Israeli forces in southern Lebanon despite the truce.

Monday saw a tense calm emerge in Israel and Lebanon as Israel halted its offensive and airstrikes and Hezbollah stopped firing rockets into Israel

However, Israeli forces killed six Hezbollah fighters in four separate skirmishes that illustrated the fragility of the truce that ended 34 days of fighting.

The U.N. Puts A Rush Order For A Force Of 15,000 (NYT)

By Warren Hoge

The New York Times, August 15, 2006

UNITED NATIONS, Aug. 14 — The United Nations took up the task on Monday of creating in record time a strong force to patrol southern Lebanon. Such a force was called for in the Security Council resolution that has halted the fighting between Israel and the Hezbollah militia.

Secretary General Kofi Annan pursued the subject in telephone conversations with Javier Solana, the European Union's foreign policy chief, and officials in France, which is expected to be the lead nation in the force, according to Mr. Annan's spokesman, Stéphane Dujarric.

Mr. Dujarric said two senior French military officers were coming to New York to help peacekeeping officials plan the force, to consist of 15,000 soldiers, an expansion of Unifil, the United Nations force in Lebanon, which now has 2,000.

The force is to join 15,000 Lebanese soldiers in securing the south, and Israel is expected to withdraw "in parallel" with their arrival.

Usually, it takes the United Nations three months to form a peacekeeping force, but officials said they were hoping to have the first troops of a phased deployment on the ground within weeks.

Peacekeeping officials normally visit the countries offering troops and investigate whether their forces are capable of meeting assigned tasks, and officers from abroad come to the United Nations to negotiate memos of understanding on financial and other arrangements.

This time, all that is being streamlined or bypassed, the officials said.

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The United Nations held meetings on Saturday and Monday to brief military attachés on the responsibilities and needs of the force. More than 40 countries, including both traditional troop contributors and European nations not accustomed to taking part in such missions, showed up, peacekeeping officials said.

In addition to France, countries expressing interest included Italy, Germany, Turkey, the Scandinavian nations, Indonesia and Malaysia.

Jean-Marie Guéhenno, under secretary general for peacekeeping, said step-by-step coordination with Israeli and Lebanese senior military officers was essential. He said that process began Monday in a meeting at the border crossing at Ras Naqoura of generals from both sides with Maj. Gen. Alain Pellegrini, the commander of Unifil.

In an interview, Mr. Guéhenno said there were particular challenges in shaping a force that would have greater powers and more participation from Western military forces than was usual for a United Nations force.

"We have to strike the right balance," he said, "where you want the mandate to be sufficiently realistic so that it is achievable, but at the same time you want rules of engagement that are sufficiently robust so that the troops can defend themselves and can discharge the mandate without unnecessary risk."

Formation of the force was a crucial part of the resolution: Israel demanded a mission strong enough to prevent Hezbollah from returning to southern Lebanon, and Lebanon insisted that the force not be empowered in a way that would set up a confrontation with Hezbollah.

Asked if it was being made clear to countries that this force was not responsible for disarming Hezbollah, Mr. Guéhenno said, "There is a sense that this force has to be robust, and not to be pushed around, has to be able to stand its ground, has to be able to strongly support the actions of the Lebanese armed forces, but this force is not going to engage in a kind of war within Lebanon."

"The force is there to assist the government of Lebanon, not to substitute for it," he said.

German Peace Overture To Syria (FT)

By Hugh Williamson

Financial Times, August 15, 2006

Frank-Walter Steinmeier, German foreign minister, will on Tuesday try to persuade Syria to support the new United Nations ceasefire resolution as part of ongoing efforts by Berlin to urge Damascus to help resolve the regional crisis.

Mr Steinmeier, who arrives in Damascus on Tuesday for a two-day visit, will indicate to the Syrian leadership that it could expect incentives from European Union countries if it agreed to play a " constructive role" in the Israel-Lebanon crisis, a foreign ministry official in Berlin said.

"We recognise this is a two-way street that could help Syria end its international isolation," a senior German diplomat said.

Visits to Damascus by western government ministers have been rare during the month-long crisis but Mr Steinmeier has targeted Syria as a key player in securing peace in the region. He is due to meet Bashar al-Assad, Syrian president, and Walid al-Mu'allim, foreign minister.

"The constructive role of Syria in implementing (UN resolution) 1701 will be important" the official said. "The minister will not have concrete promises in his luggage but there will be an understanding that a constructive role could open positive perspectives."

Mr Steinmeier said recently that incentives could include increased EU economic aid and an early decision to sign a stalled EU-Syria co-operation agreement.

He has discussed the visit with his EU partners and with the US government, the official said. Other EU countries, in particular France, remain opposed to a re-engagement with Syria, and US officials in Berlin also remained sceptical about the chances of changing Syria's stance.

In contrast, Spain has taken a position similar to Germany's. Damascus is a key supporter of the Hizbollah, the Lebanese Shia Islamist group fighting Israel.

Officials close to Mr Steinmeier said he was convinced of the long-run need to persuade Syria to distance itself from Iran and to engage with the current peacekeeping efforts. The minister said recently that he wants to "test whether Syria really wants to bind itself to Iran for the long term".

German diplomats and analysts believe Berlin could contribute to resolving the Lebanon crisis because of the country's standing in the region. Its close ties with Israel - rooted in Germany's post-Holocaust reconciliation efforts - are matched by good relations with many Arab states.

This unusual mix of diplomatic ties is a "comparative advantage" that could be exploited, according to Volker Perthes, director of Berlin's SWP foreign policy think tank and a leading Middle East expert.

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The Triumph Of Unrealism (WP)

By George F. Will

The Washington Post, August 15, 2006

Five weeks have passed since the kidnapping of two Israeli soldiers provoked Israel to launch its most unsatisfactory military operation in 58 years. What problem has been solved, or even ameliorated?

Hezbollah, often using World War II-vintage rockets, has demonstrated the inadequacy of Israel's policy of unilateral disengagement -- from Lebanon, Gaza, much of the West Bank -- behind a fence. Hezbollah has willingly suffered (temporary) military diminution in exchange for enormous political enlargement. Hitherto Hezbollah in Lebanon was a "state within a state." Henceforth, the Lebanese state may be an appendage of Hezbollah, as the collapsing Palestinian Authority is an appendage of the terrorist organization Hamas. Hezbollah is an army that, having frustrated the regional superpower, suddenly embodies, as no Arab state ever has, Arab valor vindicated in combat with Israel.

Only twice in the United Nations' six decades has it authorized the use of substantial force -- in 1950 regarding Korea and in 1990 regarding Kuwait. It still has not authorized force in Lebanon. What is being called a "cease-fire" resolution calls for Israel to stop all "offensive" operations. Israel, however, reasonably says that its entire effort is defensive. The resolution calls for Hezbollah to stop "all attacks." The United Nations, however, has twice resolved that Hezbollah should be disarmed, yet has not willed the means to that end. Regarding force now, the U.N. merely "expresses its intention to consider in a later resolution further enhancements" of the U.N. force that for 28 years has been loitering without serious intent in south Lebanon.

The "new Middle East," the "birth pangs" of which we supposedly are witnessing, reflects the region's oldest tradition, the tribalism that preceded nations. The faux and disintegrating nation of Iraq, from which the middle class, the hope of stability, is fleeing, has experienced in these five weeks many more violent deaths than have occurred in Lebanon and Israel. U.S. Gen. George Casey says 60 percent of Iraqis recently killed are victims of Shiite death squads. Some are associated with the Shiite-controlled Interior Ministry, which resembles a terrorist organization.

The London plot against civil aviation confirmed a theme of an illuminating new book, Lawrence Wright's "The Looming Tower: Al-Qaeda and the Road to 9/11." The theme is that better law enforcement, which probably could have prevented Sept. 11, is central to combating terrorism. F-16s are not useful tools against terrorism that issues from places such as Hamburg (where Mohamed Atta lived before dying in the North Tower of the World Trade Center) and High Wycombe, England.

Cooperation between Pakistani and British law enforcement (the British draw upon useful experience combating IRA terrorism) has validated John Kerry's belief (as paraphrased by the New York Times Magazine of Oct. 10, 2004) that "many of the interdiction tactics that cripple drug lords, including governments working jointly to share intelligence, patrol borders and force banks to identify suspicious customers, can also be some of the most useful tools in the war on terror." In a candidates' debate in South Carolina (Jan. 29, 2004), Kerry said that although the war on terror will be "occasionally military," it is "primarily an intelligence and law enforcement operation that requires cooperation around the world."

Immediately after the London plot was disrupted, a "senior administration official," insisting on anonymity for his or her splenetic words, denied the obvious, that Kerry had a point. The official told The Weekly Standard:

"The idea that the jihadists would all be peaceful, warm, lovable, God-fearing people if it weren't for U.S. policies strikes me as not a valid idea. [Democrats] do not have the understanding or the commitment to take on these forces. It's like John Kerry. The law enforcement approach doesn't work."

This farrago of caricature and non sequitur makes the administration seem eager to repel all but the delusional. But perhaps such rhetoric reflects the intellectual contortions required to sustain the illusion that the war in Iraq is central to the war on terrorism, and that the war, unlike "the law enforcement approach," does "work."

The official is correct that it is wrong "to think that somehow we are responsible -- that the actions of the jihadists are justified by U.S. policies." But few outside the fog of paranoia that is the blogosphere think like that. It is more dismaying that someone at the center of government considers it clever to talk like that. It is the language of foreign policy -- and domestic politics -- unrealism.

Foreign policy "realists" considered Middle East stability the goal. The realists' critics, who regard realism as reprehensibly unambitious, considered stability the problem. That problem has been solved.

So, Three Guerrillas Walk Into A Bar . . . (WP)

By Nora Boustany

The Washington Post, August 15, 2006

BEIRUT -- With a bit of fortitude and loads of wit, there are laughs to be had, even in wartime.

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Barely a week into a war that sent the hopes of many Lebanese tumbling down with their bridges, buildings and roads, stunned civilians trapped in the crossfire started trading self-deprecating gags about their situation.

As sad as the tales of death and the exodus of 1 million people displaced from their homes into empty schools and government buildings have been, the Lebanese have found ways to make light of their own plight.

As one joke has it, residents fleeing the Shiite suburbs of Beirut were flashing the victory sign -- to indicate that only two buildings were still left standing.

It was followed by excited speculation that real estate values in the poor neighborhood of Ain al-Rummaneh, a crowded cluster of aging buildings overlooking the southern suburbs, had shot up by 50 percent. Why? It now has a sea view.

People are petrified of honoring their dental appointments out of fear they may have bridgework done, goes another favorite. So contagious have these stories been that in one refugee center, Marwa Saad, 15, whose family was driven out by fierce fighting near the southern market town of Nabatiyeh, did not dare utter a word without covering her mouthful of braces.

"Everyone keeps teasing me; they bully me to keep my mouth shut so we don't get hit by Israeli jets," she said about her friends, giggling with her hand to her mouth.

Another story has Haifa Wehbe, the curvaceous bombshell of Lebanese music videos, dispatched by the Hezbollah leadership to Israel to conduct negotiations. She returns pregnant. When confronted about her condition, the anecdote goes, Wehbe insisted she was only trying to help: "I thought I would get you another small hostage."

Some jokes target the Syrians for causing the crisis by allowing arms to flow to Hezbollah and pressuring the Lebanese government to let the group keep its arms. One joke says the Israelis cannot aim at the Syrian inhabitants of Homs. Why? Because the Israelis only have smart bombs.

Hezbollah leader Hassan Nasrallah is also the butt of some humor. The elderly women of the Christian neighborhood of Ashrafiyeh regard Nasrallah as their new idol and sex symbol, goes one line, because he has taken them back 40 years.

Another joke extols Nasrallah, saying he is now worthy of a statue since he managed to put the entire Shiite Muslim community, with its high rate of illiteracy, in schools.

The most popular joke about this round of war in Lebanon is crafted around a fictitious Archie Bunker-like figure who is a fumbling caricature of all the failings of the Lebanese. During 30 years of war, jokes about the character, Abul Abed, have carried many a social event into the early morning hours with thigh-slapping, fall-off-the-chair laughter.

The latest installment recounts how Abul Abed calls Israeli Prime Minister Ehud Olmert and boasts that he has four neighborhood thugs who will really make life difficult for Israeli soldiers if they dare venture north of the border. Olmert laughs and says that just one Israeli brigade could overrun his whole neighborhood in hours. "I'll get back to you," barks Abul Abed.

When he calls Tel Aviv again, Abul Abed threatens to collect every bar bouncer, alley hoodlum and thug from Tyre to Tripoli to fend off the Israeli assault. Olmert simply tells him that he will send the air force, naval fleet and ground forces to invade. "I'll call you after I have conferred with my generals," Abul Abed says confidently.

He calls back boasting to Olmert that he has now collected thousands of followers of the Abul Abed Movement who are ready with shoulder-mounted rockets like the Mujahedeen of Afghanistan. Olmert whistles facetiously: "You will be no match for the 2 million Israeli soldiers massed along the border, ready to attack."

"Two million?" asks Abul Abed. "In that case I am going to have to surrender. We simply do not have enough room to keep 2 million hostages."

2 Fox News Reporters Kidnapped In Gaza (AP)

By Diaa Hadid, Associated Press Writer

AP, August 15, 2006

Masked Palestinian gunmen ambushed a car carrying a Fox News crew in Gaza City on Monday and kidnapped two journalists, according to witnesses and Fox.

"We can confirm that two of our people were taken against their will in Gaza," Fox News said in a statement.

A Fox employee in Gaza, who declined to give his name because he was not authorized to release information about the incident, said reporter Steve Centanni, a U.S. citizen, and a cameraman from New Zealand were kidnapped.

The men and their bodyguard were parked near the headquarters of the Palestinian security services when two trucks filled with masked gunmen pulled up and boxed them in, the Fox employee said. The gunmen took the two reporters from the sports utility vehicle, which was marked "TV," and drove away, he said.

Major militant groups in Gaza denied any connection to the incident; there was no immediate word of any demands made.

Security officials put police on alert across Gaza and set up roadblocks to find the gunmen and free the reporters, Interior Ministry spokesman Khaled Abu Hilal said. "This is not acceptable at all," he said.

The Committee to Protect Journalists called for the men to be freed.

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"We are gravely concerned about our colleagues' safety and call for their immediate and unconditional release," said executive director Joel Simon. "These are well-established journalists who are not participants in the conflict. They should be treated accordingly and freed."

Several foreigners have been kidnapped in Gaza in recent months with their abductors demanding jobs from the Palestinian Authority or the release of people from Palestinian jails. All those kidnapped have been freed within hours without harm.

Two Fox News Staffers Kidnapped In Gaza (LAT)

By Matea Gold

The Los Angeles Times, August 15, 2006

NEW YORK — A Fox News correspondent and his cameraman were kidnapped Monday in Gaza by Palestinian gunmen who ambushed their vehicle, a spokeswoman for the cable news network confirmed.

Washington-based correspondent Steve Centanni, 60, and freelance cameraman Olaf Wiig, a New Zealand native, were in a parked television transmission van in the center of Gaza City, about to head to their usual live spot location when two vehicles blocked them in.

A masked man held a gun to their bodyguard, forcing him to the ground, and kidnapped Centanni and Wiig, as well as their translator, who was later released.

Fox News declined to comment on the abduction, but the network's Jerusalem-based correspondent, Jennifer Griffin, provided brief updates to viewers about the situation throughout the day.

"Right now the network is trying to arrange their safe release," she said at 2 p.m. PDT.

In an e-mail to the newsroom, John Moody, senior vice president for news editorial, confirmed the kidnapping.

"The rumors are true: two of our employees have been abducted in Gaza," he wrote. "We will report this fact via our Israel correspondents. Do NOT do any other segments on it. Do not book guests on this topic. Do not comment officially and of course, not on the air, about it. DO pray for their release. I will keep you posted."

Centanni, who has worked for Fox News since its inception in 1996, has been in the region covering the conflict for the last three weeks. Wiig has worked for the network occasionally over the last several years. The New Zealand Herald reported on its website that the 36-year-old freelancer was planning on returning to his home in London this week.

Centanni did a live report from Gaza City on Monday about ongoing violence between Israeli and Palestinian forces a little after 4 p.m. local time. It's unclear how soon after that he and Wiig were abducted.

Hospital Says Sharon's Condition Worse (AP-Y)

AP, August 15, 2006

Ariel Sharon's condition has deteriorated, the hospital where the ailing former Israeli prime minister is being treated announced Monday. A spokeswoman wouldn't say whether Sharon's life was in danger, but said doctors were treating him with broad-spectrum antibiotics and steroids.

A new scan showed a deterioration in his brain function, his urine output has decreased significantly and a chest scan showed that he has a new infection in his lungs, according to Anat Dolev, spokeswoman for the Chaim Sheba Medical Center.

Sharon, 78, has been in a coma since suffering a massive stroke Jan. 4. He underwent several extensive brain surgeries to stop cerebral hemorrhaging, in addition to more minor procedures.

After spending months in the hospital where he was initially treated, Sharon was transferred to the long-term care facility at Sheba hospital in May.

Sharon was rushed into intensive care July 26 to undergo dialysis because his kidneys were failing. Hospital officials said they also noticed changes in his brain membrane.

In December, Sharon had a small stroke. He was put on blood thinners and then suffered the severe brain hemorrhage in January.

Iran Said To Support Shiite Militias In Iraq (WP)

By Sudarsan Raghavan

The Washington Post, August 15, 2006

BAGHDAD, Aug. 14 -- Through proxies, Iran is giving weapons, bomb technology and training to Shiite Muslim militias in Iraq, U.S. military officials said Monday.

"We do know that Shia extremist groups have received training through some sort of third element associated with Iran," said Maj. Gen. William B. Caldwell, a U.S. military spokesman. "We do know that weapons have been provided."

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The U.S. assertions echo previous warnings about Iranian support for Shiite militias in Iraq. U.S. Ambassador Zalmay Khalilzad told The Washington Post in March that Iranian agents in Iraq train and arm Shiite militias such as the Mahdi Army, which is linked to the powerful, anti-American cleric Moqtada al-Sadr.

"Our judgment is that training and supplying, direct or indirect, takes place, and that there is also provision of financial resources to people, to militias, and that there is presence of people associated with Revolutionary Guard and with MOIS," Khalilzad said, referring to Iran's main military force and its Ministry of Intelligence and Security.

The assertions have resurfaced as tensions grow on two fronts -- between the United States and Iran over Iran's support of the Lebanese Shiite militia Hezbollah, and between the United States and Sadr's Mahdi Army, which is emerging as the major Shiite threat to U.S. efforts to stabilize the capital.

Iran's Shiite theocratic government, which has long-standing ties to Iraq's Shiite political and religious leaders, has repeatedly denied that it foments instability in Iraq and instead has blamed the United States.

On Monday, Caldwell appeared to tone down the U.S. position on Iran as a force of unrest in Iraq. He said Shiite extremists have received technology for roadside bombs from Iranian proxy groups. He also said the United States has evidence that Iranian-made weapons and munitions produced after the U.S.-led invasion toppled Saddam Hussein in April 2003 have been found in Iraq.

But Caldwell stopped short of alleging that the Iranian government was directly involved or that Iranian agents were in Iraq.

"There's nothing that we definitively have found to say that there are any Iranians operating within the country of Iraq, but rather some clear surrogate elements have been doing this," he said. "We do believe that some Shiite elements have been in Iran, receiving training. But the degree to which this is known and endorsed by the government of Iran is uncertain."

Nor would Caldwell identify the Shiite groups the United States believes Iran is supplying with weapons and training. When asked whether Hezbollah was "the third element" training Iraq's Shiite militias, Caldwell said, "We've made no direct connection with anything involving them at this point."

Officials from two of the most influential Shiite groups denied receiving any weapons or training from Iran or its surrogates.

"Usually such statements of the United States of America come after they have proven their incapability to control the security situation in Iraq," said Abdul Hadi al-Daraji, a Sadr spokesman. "This is unrealistic. The Iraqis are not followers of Iran."

Saad Jawad Qindeel, a political official with the Supreme Council for the Islamic Revolution in Iraq, the country's largest Shiite political party, denied that its armed wing had received weapons from Iran.

"All the Badr Brigade has is its personal weapons, which are available in Iraq," Qindeel said. "Why should they go to Iran? There's no evidence."

Also Monday, U.S. military officials unveiled new uniforms for the Iraqi national police that they said would be difficult for insurgents, death squads and criminals to counterfeit and use to impersonate officers. The bluish-gray uniforms, to be issued in October, have a stamp-size Iraqi flag printed into the cloth. The current uniforms are easy to duplicate and can readily be purchased in markets across Baghdad.

Meanwhile, violence continued across Iraq. Five people were killed and seven were wounded when a car bomb exploded Monday night on the southern outskirts of Baghdad, according to Kasim Yahyehya, an Interior Ministry spokesman.

U.S. military officials said a gas explosion caused the deaths of 62 people in a predominantly Shiite neighborhood of Baghdad on Sunday. But senior Iraqi officials said a barrage of rockets and bombs caused the destruction, echoing what police and some witnesses said. Iraqi Prime Minister Nouri al-Maliki issued a statement blaming Sunni insurgents.

Who's Afraid Of Shirin Ebadi? (NYT)

The New York Times, August 15, 2006

Under cover of the international furor over its nuclear activities and its support for Hezbollah, Iran is trying to silence its most prominent human-rights activist, and, by extension, all of the Iranians who speak for fundamental rights.

Shirin Ebadi, the lawyer who won the 2003 Nobel Peace Prize, has been threatened with arrest unless she closes the Center for Protecting Human Rights in Tehran. The center provides free legal representation to journalists, students and dissidents who face prosecution for peaceful assembly and criticizing the government. Ms. Ebadi and the center's lawyers have represented Iran's leading dissident, Akbar Ganji. Most recently, Ms. Ebadi has been defending women who say they were beaten and detained by the police for demonstrating for women's rights in June.

One of the center's co-founders, Abdolfattah Soltani, spent several months in prison last year, and in July drew a five-year sentence on charges of opposing the state and disclosing confidential information to diplomats. He is free awaiting the outcome of his appeal, but there is no timetable for the decision.

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In the meantime, other prominent Iranians are languishing in prison, among them, Ali Akbar Mousavi Khoini, a former member of Parliament, who was arrested in June as he prepared to take part in the women's rights demonstration, and Ramin Jahanbegloo, one of Iran's best-known scholars, who was arbitrarily arrested in April.

The European Union recently expressed alarm at the deterioration of human rights in Iran, as have Human Rights Watch and other nongovernmental organizations. The United States and Europe need to engage with Iran. But they also need to make clear that Tehran's poor treatment of its citizens as well as its nuclear ambitions are unacceptable.

Questions For Ahmadinejad (That Mike Wallace Didn't Ask) (WSJ)

By Bret Stephens

The Wall Street Journal, August 15, 2006

The time of the bomb is in the past. Today is the era of thoughts, dialogue and cultural exchanges.

-- Iranian President Mahmoud Ahmadinejad on "60 Minutes" with Mike Wallace, Aug. 13, 2006

Q: A follow-up to that, Mr. President: Are you aware of a man named Mansour Ossanloo? He is the leader of the independent trade union representing the workers of the Vahed Bus Company in Tehran. A year ago, your security forces raided one of their meetings and cut out a piece of Mr. Ossanloo's tongue. Now he speaks with a lisp. Is this how "dialogue" is conducted in the Islamic Republic of Iran? A:

Q: Let's talk a bit about your government's relationship to Iranian political dissidents. A few weeks ago, Ayatollah Ahmad Jannati, a member of the Guardian Council who is reportedly close to your boss, Ayatollah Ali Khamenei, warned in his Friday sermon that Iran will execute en masse all dissidents if the U.N. Security Council votes to sanction Iran for your refusal to suspend uranium enrichment. The sermon was broadcast on Iranian state radio. Does Ayatollah Jannati speak for you, Mr. President? A:

Q: Please be specific about the fate of one man: Ahmad Batebi. Mr. Batebi became the face of Iranian dissent when he appeared on the cover of the Economist during the brutally suppressed Tehran University student uprisings in July 1999. After serving six years of a 15-year sentence, Mr. Batebi was furloughed last year and rearrested on July 29; his whereabouts are unknown, which is of special concern because your government recently tortured to death student leader Akbar Mohammadi (www.iranpressnews.com1). Can you tell us where Mr. Batebi is and give us assurances for his safety? A:

Q: More on thoughts, dialogue and cultural exchanges, Mr. President. You are possibly the first head of government to write your own blog: www.ahmadinejad.ir. Yet your government has shut down hundreds of Web sites and Web logs, including the BBC's Farsi service, and harassed the lawyers who represent them. An Iranian blogger who goes by the name Iron Shadow accuses you of "pursuing policies that are reminiscent of some of the darkest days of the Islamic Republic."

Your government also recently arrested and tortured blogger Abed Tavancheh, 23, who reportedly sustained permanent damage to his kidneys. Is this just your idea of beating the competition? A:

Q: Turn to the past. Kevin Hermening, a Marine sergeant at the U.S. Embassy in Tehran during the hostage crisis, tells this newspaper that you interrogated him personally on Nov. 4, 1979, while brandishing a pistol. For the record, he remembers you as a "very mean SOB" and described a sense of "déjà vu" while watching your performance on "60 Minutes." The U.S. State Department also believes that you were one of a group of five who planned the embassy takeover. Do you deny these charges? A:

Q: Numerous Iranian sources allege that in the 1980s you worked as an interrogator and executioner in Evin Prison in Tehran. They say you earned the nickname Tir Khalas Zan, or "The Terminator," for your methods there. You are also suspected of involvement in the assassination of Abdurrahman Qassemlou, a leader of Iran's Kurdish minority, in Vienna in 1989. Do you deny these charges, too? A:

Q: An American federal grand jury has indicted Ahmed Ibrahim al-Mughassil and Abdel Hussein Mohamed al-Nasser as two of the ringleaders in the 1996 attack on the Khobar Towers in Dhahran, Saudi Arabia, in which 19 U.S. servicemen were killed. Former FBI Director Louis Freeh believes the two are "living comfortably in Iran." Will you hand over for trial the two to the U.S. or some other international authority, as Moammar Gadhafi did with the planners of the Lockerbie bombing? A:

Q: You are known to be a religious disciple of Ayatollah Mohammad Taghi Mesbah Yazdi. Among the Ayatollah's teachings is the view that slavery is justified. Do you agree with your mentor? A:

Q: Your views about Israel are categorical and well known; your views about whether the Holocaust took place have been ambiguous at best. How about the Jews? Do you agree with the December 2004 statement of Iranian academic Heshmatollah Qanbari on Iranian TV, as quoted by Memri, that "all corrupt traits in humanity originated in this group [i.e., the Jews]"? A:

Q: Another of Ayatollah Mesbah Yazdi's disciples, Mohsen Ghorouian, has said it is "only natural" for Iran to have nuclear weapons as a "countermeasure" to the U.S. and Israel. And one of your regime's hardliners, Hojjat-ol-Islam Baqer Kharraz, was

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recently quoted as saying that "we are able to produce atomic bombs and we will do that." Do you disavow these statements, given your repeated insistence that Iran's nuclear programs are for peaceful purposes only? A:

Q: In your May letter to President Bush, you ask whether the attacks of Sept. 11 could have been "planned and executed without coordination with intelligence and security services." Is it your belief that those attacks were orchestrated by the CIA, the Mossad or another Western intelligence service? A:

Q: In the same letter, you discuss the "shattering and fall of the ideology and thoughts of the Liberal democratic systems." Is this a historical inevitability, and do you intend to hasten that fall? A:

Q: The scholar Bernard Lewis recently made note of your repeated references to the 27th day of Rajab in the Islamic year of 1427. That date corresponds to Aug. 22 -- a week from today. Anything special planned for the occasion? Or is it a surprise? A:

Mexico's President Defends Vote Tally Electing His Ally (NYT)

By James C. McKinley Jr. And Ginger Thompson

The New York Times, August 15, 2006

MEXICO CITY, Aug. 14 — With the country locked in a battle over the results of last month's elections, President Vicente Fox for the first time defended the vote that narrowly favored his party's candidate as clean and fair, rejecting allegations of widespread irregularities.

"The process has been transparent in the eyes of the world," the president said Sunday evening in an interview at his residence inside Los Pinos, the presidential compound. "It was watched by the media. There were observers. The entire world was watching the electoral process. There is nothing hidden."

On Monday, Felipe Calderón, the candidate of Mr. Fox's conservative National Action Party, once again declared victory, while supporters of the leftist candidate, Andrés Manuel López Obrador, scuffled with police officers outside Mexico's legislature. Mr. López Obrador has vowed to carry on his campaign of civil disobedience to press for a full recount of the July 2 ballot.

Mr. Fox predicted in the interview that Mexico's electoral institutions, which he described as "the most modern, well-structured, efficient electoral systems in the world," would bring the crisis to a peaceful end.

"This is a country of institutions," he said. "I am sure that this test, this real test of the democratic system, will be passed and resolved according to the law and democratic principles."

A partial recount ordered by a special electoral tribunal has yet to be made public, but on Monday, Mr. Calderón, who has stayed out of the limelight in recent weeks, expressed confidence that the results would confirm his victory. He called the allegations by Mr. López Obrador of missing ballots and stuffed ballot boxes "a big lie." He said the election had been free of serious problems.

"The only thing we have here is a candidate that lost the election and won't recognize his defeat," Mr. Calderón said, surrounded by bodyguards at an opulent house he has rented as his transition headquarters.

Mr. López Obrador, a former Mexico City mayor who champions the cause of the poor, has conducted protests since the election, demanding a recount of all 41 million ballots. Thousands of his supporters have shut down the capital's central avenue, Paseo de la Reforma, for miles and occupied its historic square, the Plaza de la Constitución.

On Monday, about 20 lawmakers from Mr. López Obrador's party clashed with federal police officers when they tried to block an entrance to the building that houses Mexico's lower house of deputies, the Palacio Legislativo de San Lázaro.

Several lawmakers were bruised and cut as the police used batons, tear gas and riot shields to move them, said one of the lawmakers, Elías Miguel Moreno Brizuela. A spokesman for the police declined to comment on the incident.

But the clash may be a harbinger of things to come. Mr. López Obrador says he will not abide by the decision of the special electoral tribunal charged with ratifying the results if it declares Mr. Calderón, a conservative backed by business leaders, the winner. He has threatened to keep up protests for years, if necessary, saying his movement is to "defend democracy" and "purify public life."

An official tally last month indicated that Mr. Calderon won the election by just 243,000 votes. Mr. López Obrador, who leads the Party of the Democratic Revolution, charged that the contests were rigged against him. In response to his legal challenge, the electoral tribunal ordered a partial recount of ballots in some 12,000 polling places.

Although the seven-member court has yet to release results of that recount, Mr. Calderón and his aides say their figures show it will not change the outcome.

Mr. López Obrador's lawyers are seeking to annul the results in about 7,000 polling places where, they argue, there were either ballots missing or more ballots cast than had been delivered to poll workers.

Mr. López Obrador has announced plans to disrupt Mr. Fox's annual state of the union message to Congress on Sept. 1 and to try to stop the court from giving Mr. Calderón the official document making him president on Sept. 6.

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He has also threatened to disrupt the traditional Independence Day celebration on Sept. 15 and has said he will convene a "national democratic convention" the next day, which is when the Mexican armed forces hold their annual parade. The prospect of protesters supporting a recount facing off with soldiers has raised fears of violence.

On Sunday, Mr. Fox refused to give an opinion about the demonstrations led by Mr. López Obrador, which have snarled traffic across Mexico City for two weeks. But he made it clear he believed that disputes over the presidency should be fought in the courts, not the streets.

The president said he was required by law to stay out of the fray until Sept. 6, when the Federal Electoral Tribunal must rule on all complaints and declare the next president. After that, Mr. Fox said, he would take the steps necessary to uphold the tribunal's decision and make sure the new president is able to take office.

When asked whether he expected trouble, Mr. Fox said, "I cannot anticipate events. But when the events occur, I will assume my responsibility."

Asked about Mr. López Obrador's threats, Mr. Fox said Independence Day "is a Mexican celebration, not a government celebration."

"He must assume his responsibility," Mr. Fox said. "If he is going to deny Mexicans the use of Reforma, if he is going to deny them independence celebrations and the military parade, then history and the Mexican people will be the judge."

Japan PM Fulfils Pledge To Visit War Shrine (FT)

By David Pilling

Financial Times, August 15, 2006

Junichiro Koizumi, Japan's prime minister, on Tuesday morning fulfilled his five-year-old pledge to visit Yasukuni Shrine on the anniversary of the end of the second world war.

Mr Koizumi, wearing tails, arrived by limousine at 7:40am, by which time several thousand people had gathered, mainly to show their support. Unlike last year, when he came in a business suit, his visit bore the trappings of an official prime ministerial visit.

Local media reports said he signed the guestbook "Prime minister Junichiro Koizumi", an act that critics say defies the constitutional requirement for a separation of church and state. The gesture also drew immediate strong criticism from China and South Korea.

In a press conference afterwards, Mr Koizumi defended his visit, saying he had come to pray for peace. He criticised China and South Korea for meddling in Japan's internal affairs and for refusing to hold summit meetings because of his annual visits to the shrine.

Tuesday's visit makes him the first sitting prime minister to go to the shrine on August 15 since Yasuhiro Nakasone did so in 1985.

The shrine is highly controversial, largely because among the 2.5m kami, or deities, worshipped, there are 14 Class A war criminals, convicted by an international court after the war. Most of the rest of the "souls" enshrined at Yasukuni are regular conscripts who died in wars since the end of the 19th century.

Mr Nakasone is among those who have campaigned for the removal of the Class A war criminals in an effort to make Yasukuni a less controversial war memorial.

Mr Koizumi has visited the shrine each year since he became prime minister in 2001, but has never been on August 15, considered the most sensitive of all days. Last week, hinting strongly that he would visit on Tuesday, he had said: "I am criticised no matter when I go, be it August 15 or not. So it makes no difference."

Large crowds of mainly supporters were there to greet the prime minister and to thank him for fulfilling his pledge. Among the crowd were right-wingers dressed in military uniform from pre-war times, bearing the Chrysanthemum badge that symbolised the Imperial throne.

One set of supporters held up a sign protesting "Four thousand years of Chinese oppression," while another hoisted a slogan, also the title of a popular book, "A Nation's Dignity." There were also younger people in the crowd, some of whom think it is right to pay respects to those who laid down their lives for Japan.

There were also some protesters mingling among the crowd, though a bus filled with Japanese citizens opposed to the visit was prevented by police from parking near the Yasukuni compound.

China's foreign ministry immediately criticised Mr Koizumi's visit, saying it "damages the political basis for Sino-Japanese relations." South Korea called in Japan's ambassador to Seoul to register its unhappiness.

Japan's Koizumi Again Irks China With Shrine Visit (WSJ)

By Sebastian Moffett

DOJ_NMG_0048688

The Wall Street Journal, August 15, 2006

TOKYO -- Japanese Prime Minister Junichiro Koizumi prayed at the Yasukuni war shrine in perhaps the last of the stubborn gestures that have defined his leadership.

His presence -- in a formal morning suit in the drizzle this morning in Tokyo -- drew protest from China, which is Japan's biggest trading partner. The visit "challenges the international justice and tramples the conscience of mankind," said a Chinese Foreign Ministry statement carried by official news agency Xinhua.

Mr. Koizumi, who is set to step down in September, has visited the shrine every year since he became prime minister in 2001. Mr. Koizumi has said he visits Yasukuni to pray for world peace and about 2.5 million Japanese war dead.

The shrine also honors 14 people convicted of major "Class A" war crimes after World War II and has a museum that attempts to justify Japan's 20th century wars. Critics say the shrine and politicians' visits are a wider symbol of Japan's failure to atone for its invasion of Asia in the 1930s, which killed millions of Chinese.

The visits were one cause of China's anti-Japan demonstrations last year and are the reason Chinese leaders have repeatedly declined to meet Mr. Koizumi. The Chinese statement today said he had repeatedly hurt the feelings of the Chinese people and undermined Japan's state image and interests. The South Korean government also protested.

The precedent set by Mr. Koizumi leaves a problem for his successor at a time when China's growth is altering power relations in the region. Japanese leaders, increasingly concerned about their nation's status and security, appear to feel the need to show they are unfazed by Chinese demands.

Today's visit illustrated the defining characteristic of Mr. Koizumi's time in office: a determination to keep promises and a refusal to bend to critics.

The visit resulted from a promise he made to representatives of the families of Japan's war dead before becoming prime minister. He said he would visit on Aug. 15, the day Japan surrendered in World War II. Previously, he had gone on other days of the year, when people weren't expecting it.

Mr. Koizumi's stubbornness has served him well in domestic policy, where he has presided over a surprise economic recovery. His foreign-policy legacy is stormy, marked by a firmly pro-U.S. stance and a harder line with Japan's Asian neighbors.

---- Jason Dean in Beijing contributed to this article.

Africa Gives 'ABC' Mixed Grades (WP)

By David Brown

The Washington Post, August 15, 2006

TORONTO, Aug. 14 -- "ABC," the AIDS-prevention strategy widely promulgated both here and abroad, got a distinctly mixed report card as African countries reported their experiences to delegates at the 16th International AIDS Conference here.

Abstinence until marriage -- the A of ABC -- appears to be well understood by young people. Being faithful -- the B -- is less clear to many. The usefulness of condoms -- C -- varies widely, with some African teenagers aware that they protect against HIV infection most of the time, while others have heard mostly about their rare failures.

More important, the evidence that ABC is changing behavior is quite spotty, with condom use appearing to be the most acceptable of the three forms of advice.

ABC is a centerpiece of the Bush administration's $15 billion, five-year plan to fight AIDS in 15 target countries, most of them in Africa.

Closer to home, a study from Philadelphia found that an "abstinence only" sex-education curriculum was more likely to persuade black junior high school students to put off initiating sex than a more comprehensive curriculum.

The studies' results have something for everyone, and are not likely to end debate over whether ABC represents a balanced message of proven value or heavy-handed moralism out of touch with the reality of youth, Africa and gender inequality.

The Bush program stipulates that one-third of the money spent on preventing sexual transmission of the virus must go for "abstinence until marriage" messages.

Architects of the plan say this recognizes the usefulness of a strategy, devised by Africans, that has allowed a few countries, such as Uganda, to reduce the prevalence of AIDS infection. Critics say the Bush plan's version of ABC focuses too much on the abstinence component while reserving advice about condom use only for high-risk people, such as prostitutes, truckers and migrant laborers.

The interim evaluation of efforts in Botswana, supported by the U.S. Centers for Disease Control and Prevention, found that much of the ABC message was getting through, but that it was not making much of a difference.

A country of 1.6 million people in southern Africa, Botswana has a population-wide HIV prevalence of 17 percent. A program called Total Community Mobilization sent 450 AIDS counselors door-to-door, giving prevention advice, urging HIV

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testing and referring infected people to treatment. Researchers compared the people's knowledge and behavior in five districts that got this intervention with those in two that did not.

People who had talked to the counselors were twice as likely to mention abstinence and three times as likely to mention condom use when asked to describe ways to avoid infection. However, they were no more likely than the uncounseled to mention being faithful as a good strategy.

The people who had been counseled were also twice as likely to have been tested for HIV in the previous year, and to have discussed that possibility with a sex partner. However, they were just as likely to have a partner outside marriage as the people who had not gotten a visit from a counselor, and they were no more likely to be using a condom in those liaisons.

"People who were exposed to the program had greater knowledge but were no more likely to be practicing ABCs," said Margarett K. Davis, director of the "BOTUSA" collaboration between the two countries.

There was a somewhat different result in a study of young Nigerians, ages 15 to 24, most unmarried, living in the city and working in semiskilled jobs.

People in specific neighborhoods were counseled with an ABC message as part of a seven-year project funded by the U.S. Agency for International Development and its British counterpart. Those people's attitudes and behaviors were measured before and 18 months after the intervention, and compared with those of people who were not counseled.

The uncounseled group showed no increase in condom use -- it stayed about 55 percent. In the counseled group, however, condom use by women in their last nonmarital sexual encounter rose from 54 percent to 69 percent. For men, it rose from 64 percent to 75 percent.

Stigmatizing attitudes appeared to be less common among the counseled group. More of them, for instance, said they would be willing to buy food from someone with HIV compared with those who had not gotten the prevention messages. But those were about the only differences.

"We did not see a reduction in the number of partners," said Godpower Omoregie, the researcher from Abuja who presented the findings.

A survey of 1,400 Kenyan teenagers found a fair amount of confusion about ABC's messages. About 15 percent of the girls and slightly less than half the boys had had intercourse.

Half of the teenagers could correctly define abstinence and explain why it was important. Only 23 percent could explain what being faithful meant and why it was important. Some thought it meant being honest, and some thought it meant having faith in the fidelity of one's partner. Only 13 percent could correctly explain the importance of a condom in preventing HIV infection. About half spontaneously offered negative opinions about condoms, saying they were unreliable, immoral and, in some cases, were designed to let HIV be transmitted.

"This group, at least, had very negative views about condoms," Julie Pulerwitz, who helped conduct the study for the Population Council of Washington, told the delegates.

Some critics of ABC say that some counselors use the strategy as a way to discredit condoms, not simply describe their use. The source of these youths' opinions, however, was not known.

In the Philadelphia study, 662 black students in grades six and seven were randomly assigned to get one of several sex-education messages. One emphasized abstinence only. (At the time, 23 percent had already had intercourse at least once.)

Two years later, 48 percent of the group that got abstinence-only messages had had intercourse at least once, compared with 61 percent of those who had gotten a "comprehensive" message that mentioned condoms, among other things.

John B. Jemmott III, a psychologist at the University of Pennsylvania, said those initiating sex in the abstinence-only group were just as likely to know about condoms, and to use them, as those who got the full ABC message. This curriculum for young students is being adopted for use in Kenya as part of a CDC-sponsored program, he said.

A Familiar Pair Urge Greater Attention For AIDS (NYT)

By Lawrence K. Altman

The New York Times, August 15, 2006

TORONTO, Aug. 14 — Former President Bill Clinton said Monday that while heads of state could help break down the stigma of AIDS around the world, many more leaders were needed to change people's thinking.

Mr. Clinton, speaking here at the first full day of the 16th International Conference on AIDS, said that "the leaders don't necessarily have to be the reigning head of government if you have a critical mass" and "the government does not undermine you with counterproductive policies."

He spoke before 6,000 people who jammed a hall where he and the computer entrepreneur Bill Gates answered questions for more than an hour from a moderator, Charlayne Hunter-Gault, and the audience. Hundreds more among the 24,000

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conference participants sat in overflow rooms or could not get into the hall. They had all skipped scientific presentations to listen to what was dubbed the Double Bill, a session that dominated the day's events.

Mr. Clinton and Mr. Gates, who each have charitable foundations that support the fight against AIDS, have become the newest popular faces of the campaign as they have traveled the globe, often together, to learn more.

Both men praised the Bush administration's program, Pepfar, the President's Emergency Plan for AIDS Relief, a five-year, $15 billion program that serves 16 countries, 13 of them in Africa. One part of the program aims to help provide pregnant women with the pills to have healthy babies.

Mr. Clinton said, "Pepfar, on balance, has done a terrific amount of good."

Mr. Gates said, "On the treatment front, Pepfar is a great success, and we need to get that story out."

"It's incredible in its impact," Mr. Gates said. "Lives are being saved, and this thing is being run very well."

Mr. Clinton disagreed with a participant from Ecuador who criticized him for doing very little against AIDS when he was president, saying, "I did a good job" but met opposition from Congress. "I did make a lot of mistakes when I was president, but that was not one of them," he said, drawing laughter.

The conference's theme, "Time to Deliver," is intended to galvanize the world to apply the prevention and treatment methods that are known to work and to develop the new tools needed to eventually stop AIDS.

Moreover, the organizers say, so many lives — and so much money — are now at stake that everyone involved in fighting the pandemic must be held accountable.

"This is a story that will have a happy ending," Mr. Gates said.

But both he and Mr. Clinton said the road to that goal would be rocky until scientists developed a vaccine or cure.

For example, Mr. Gates said, a simple drug therapy can help most infected mothers avoid passing the AIDS virus to newborns. But, in part because of stigma, poor countries are unable to provide that treatment for an overwhelming majority of pregnant women.

Mr. Gates told conference participants that grassroots support was needed to maintain and increase United States donations. But he said that "on the prevention front, things are far more complicated," in part because "education does not change behavior as much as we'd like."

Efforts to develop a microbicide — gels or creams that could be inserted vaginally or rectally to block H.I.V. infection — have been disappointing. For example, a large trial in 2000 showed that one microbicide was unsafe when it was expected to show effectiveness.

But Mr. Gates expressed hope that the investments that the Bill and Melinda Gates Foundation had made in microbicide research would produce at least one effective medicine in the next few years and be "a turning point in the epidemic."

As for stigma, Mr. Clinton cited China's experience in reversing its position on AIDS. "Initially, the Chinese were in denial about AIDS, and then they decided they wouldn't be, and they turned on a dime," he said.

Government ministers in China shook hands with an AIDS activist for the first time, the premier had AIDS activists in his office, and then the president of China visited people on their deathbeds in hospitals.

Both Mr. Clinton and Mr. Gates cautioned that antiretroviral drugs to fight H.I.V. could not just be dropped into poor countries if there were no workers trained to deliver them and monitor therapy. The ability to train such workers varies by country, they said.

Mr. Clinton said he found it difficult to imagine how the world would come together unless something serious was done about AIDS.

A Very Big Project Calls On Artists Across Middle East (WSJ)

By Philip Shishkin

The Wall Street Journal, August 15, 2006

DAMASCUS, Syria -- During prayers in his neighborhood mosque, Moktaz Obeyeed used to elbow his way through the big, crowded hall to pick up a small copy of the Quran. How great would it be, he thought one day, if you could just lift your eyes and read the holy book from anywhere in the mosque, without bothering other worshippers? He had a vision of giant pages of the Quran covering the walls.

Since that day nearly 10 years ago, Mr. Obeyeed says he has sunk all his savings into bringing his dream of a huge Quran to life. He's deferred buying a new house despite his wife's pleas, and tapped an international network of 58 calligraphers to handwrite 120 pages of the holy book -- each page measuring six-feet, eight inches high and three-feet, four inches wide.

The size would make it among the world's largest Qurans. But what really sets it apart is the sheer number of artists involved. Mr. Obeyeed's calligraphers are scattered across 17 countries, including all of the Middle East's hot spots: Lebanon,

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Iraq, Afghanistan and the Palestinian territories. That has complicated an already difficult undertaking; a Lebanese calligrapher, for instance, recently couldn't be reached for 10 days, prompting a frantic search.

"I always worry that I'm not going to be able to complete" the project, says Mr. Obeyeed, a 35-year-old Damascus native who runs a cramped metal workshop making items of a more prosaic nature: office plaques, stamps and advertising signs. But having competed in Syrian boxing leagues for years, Mr. Obeyeed says he knows how to fight on.

Mr. Obeyeed hopes he can find money and patience for the next phase of his plan: transferring the calligraphy from paper onto 120 sheets of metal, which would then be attached to a central spine like flower petals and encased in a massive glass box. A computer-controlled motor would turn the pages, each weighing 88 pounds, while voice software could recite the Quranic verses in no fewer than 14 languages. A similar idea has already been tried in the United Arab Emirates.

The project is unfolding at a time when Syria is going through an Islamic revival unprecedented in its recent history. For years, Syria's staunchly secular rulers sought to suppress or control religious activities, fearful of the Islamist opposition at home and stirring up sectarian tensions. But in recent years, as international isolation and discontent at home began to rise, the Syrian regime has changed tack.

Now Syrian authorities are encouraging religious sentiment -- especially Islamic faith -- partly in the hope of deflating support for more aggressive Islamists. For the first time in years, the government recently allowed religious banners on the streets to mark the birthday of the Prophet Muhammad. Government-sanctioned preachers and Islamic scholars have been given more freedom.

That has led Syrian authorities to welcome Mr. Obeyeed's idea. They provided accommodations when all 58 artists gathered in Damascus last year to launch the project and have control of the final look of the book. As for Mr. Obeyeed, one of his main goals is to foster Muslim unity and pride at a time when the Middle East is rocked by wars and uncertainties.

"Our Quran project unifies all Arabs and Muslims to produce an artistic work," says Mr. Obeyeed, who hopes the work will one day be displayed in a museum in Damascus. His small office -- one has to bend down not to hit the ceiling -- is filled with long cardboard tubes holding finished Quran pages mailed from across the Middle East.

Centuries-Old Art Form

He assembled his network of artists largely through word of mouth, tapping into a centuries-old art form: writing out Quranic verses longhand. At their meeting in Damascus, artists were briefed on the project, divided up the 120 pages and then departed to their home countries to do the work, entirely as volunteers. Mr. Obeyeed supplied them with sheets of high-quality laminated paper he bought from Germany, then waited for the finished pages to return to him by mail.

One elderly man from a remote Afghan village volunteered to do a whopping 12 pages and then disappeared, Mr. Obeyeed says. He looked for him through the Afghan Embassy, but the artist didn't have a telephone and couldn't be located. Mr. Obeyeed was growing despondent and approached other artists for backup. Months after he had given up hope, a shipment of tubes was delivered to him through the Afghan Embassy -- the Afghan calligrapher came through.

There have been many challenges. When Mr. Obeyeed wanted to mail blank paper to a Palestinian artist, he ran into a problem: Syria and Israel, which occupies the Palestinian West Bank, have technically been at war for decades and there are no mail links with the Palestinians. Mr. Obeyeed went to Jordan and mailed it from there. He later traveled back to Jordan to receive the finished pages.

One Syrian calligrapher died shortly after finishing his pages. Another artist sent apologies for a delay because he needed to collect hay on his farm. Yet another calligrapher's work was set back by the death of his sister. One artist made a spelling mistake, but then refused to redo the page, so someone else had to be brought in.

Israel's war with Hezbollah in Lebanon has also intervened. The mobile phone of the Lebanese calligrapher, who serves in the army, went silent right after the Israeli bombing began, Mr. Obeyeed says. After days of worrying, he finally tracked him down through an acquaintance. The Lebanese artist sent word promising to finish his Quran page and find a way to get it to Damascus. "Once things get calmer, I'll go to Lebanon," Mr. Obeyeed says.

Painstaking Work

Writing the big Quran is painstaking work. Artist Ahmed Abdur-Razak, a 30-year-old Iraqi refugee, spends hours each day in his small room on the outskirts of Damascus, hunched over a drawing board with a pen, trying to finish four pages. It has taken him two months already, and he is halfway through the last page. "We aren't used to dealing with Quran pages this big," he says.

Mr. Obeyeed is now preparing to bind the pages and decorate the margins with images created by a Syrian graphic designer. Keeping everybody happy with the final look isn't easy. Shown the margin samples in Mr. Obeyeed's office on a recent day, Adnan al-Ghazaz, another Iraqi calligrapher, frowned and shook his head. "With all due respect, this isn't Islamic decoration," Mr. al-Ghazaz said.

In his spacious office in Aleppo, Syria's second largest city, Karim Darwish, the artist responsible for the decoration, says he is trying to push limits. "I hope they can understand," he says, pointing at intricate, multicolored designs on his computer

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screen. "If we look at other Qurans, all of them look the same." But he can't push too far: Mr. Darwish says the spiritual head of Syria's Muslims, whose approval is crucial for the project's survival, recently told him to make his drawings more traditional.

Mr. Obeyeed has already missed several self-imposed deadlines for finishing the project, and says it has taken a toll on his nerves. "He's shattered by it," says Mr. Darwish.

The big Quran is called Muskhaf al-Cham in Arabic, which means the Holy Book of Damascus. Mr. Obeyeed recently named his new daughter Cham, in homage to the project. He estimates he has spent tens of thousands of dollars on it. "I was supposed to buy a house, but I put all my money into the Quran," he says. Undaunted, he wants to super-size the holy books of other religions. "When the Quran is done, we'll try to do the New Testament," he says.

Dictator Without A Doubt (WP)

By Eugene Robinson

The Washington Post, August 15, 2006

Dressed not in his green fatigues but in a white Adidas track suit with red and blue stripes, Fidel Castro posed for photographs -- apparently over the weekend, though it's hard to be sure -- holding up a copy of the official newspaper Granma to prove he had survived to his 80th birthday. "Absolved by History," said the front-page headline, and it was hard to read the phrase as anything but the perfect, almost inevitable, exit line.

Castro's first attempt at revolution was a raid on Santiago's Moncada barracks on July 26, 1953. Bad planning and amateurish execution led to failure, and Castro was captured and put on trial. Before going to prison, he gave a famous courtroom speech in which he made what seemed a hopelessly quixotic prediction: "History will absolve me."

So now, half a century later, an old man claims his absolution. The invocation of that historical touchstone would be enough by itself to suggest that Castro believes his era is at an end, but his birthday message to the Cuban people left even less room for doubt. He confronts a long and risky recovery, he wrote, and Cubans should be "optimistic and at the same time always ready to face any adverse news."

Hours after the photographs and message were published, Castro's brother and designated successor, RaÃºl, made his first public appearance as acting head of state, meeting Venezuelan President Hugo ChÃ¡vez at the airport. Castro has been ailing for two weeks now, but Sunday felt like transition day.

Even if Castro survives this crisis, it is hard to imagine he could ever reclaim the unquestioned dominion he has exercised over Cuba for the past 47 years as leader, micromanager, theorist of revolution and ultimate authority on everything. As long as he remains alive, though, it is hard to imagine anyone, even his brother, taking Cuba in a new direction. All the hopes and fears invested in the advent of a post-Fidel era may have to be deferred.

For now, we can just examine the claim Castro made from his hospital room. Should that headline have read, "Absolved by Himself"?

One theory is that he's simply an old man who made a mistake a long time ago and is too stubborn to admit it. The mistake, of course, would be communism. My problem with this analysis is that it requires the old man to have at least the shadow of a doubt, and I don't think Castro does. I think he may be the last of the true believers.

I've been to Cuba nine times, and not even the dissidents believe that Castro has done a Baby Doc or a Mobutu and stashed millions abroad in numbered bank accounts. People who see him socially have told me he lives far better than most Cubans (which isn't saying much), but not at all lavishly. Forbes magazine claimed last year that Castro is worth $550 million, but it based that on the value of "state-owned assets Castro is assumed to control." I thought that was tendentious. Controlling state-owned companies isn't the same thing as robbing them.

I used to wonder why Castro, assuming he was never going to allow multiparty elections, didn't at least follow the Chinese leadership's example and open up the economy while retaining absolute political control. Despite the U.S. trade embargo, Cuba's moribund economy could have blossomed. But Castro reportedly was appalled by what he saw in modern China -- a growing gap between rich and poor. When the Cuban economy collapsed in the 1990s, Castro allowed just enough private enterprise so that people could survive. Once things got better, he took it all back.

It finally dawned on me that Fidel Castro likes Cuba the way it is, a glorious shambles with myriad inefficiencies and problems.

Reform-minded Cuban officials used to whisper to me that soon there would be a private market in real estate, but Fidel would never allow it. I think he likes a system in which everyone has a roof, though it's leaky, and surgeons live next to bricklayers in crumbling tenements.

Most Cubans aren't allowed to buy new cars, even if they have the money. I used to think this was just a method of control, but I came to believe that Castro probably smiles when he sees the fortunate few who do have cars stopping to pick up the

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hitchhikers who gather at almost every major intersection. The scene brings the communist ideal to life: "From each according to his abilities, to each according to his needs."

The old man in the track suit made a mistake. But I think he'll die without ever believing that, let alone admitting it.

New Image For America Begins At Home (WP)

The Washington Post, August 15, 2006

With nearly 50 years in marketing, Keith Reinhard knows when a brand is in trouble. Even before the war in Iraq bred new resentment of the United States abroad, the country had developed an image problem, says Reinhard, 71, chairman emeritus of DDB Worldwide Communications Group Inc., an advertising agency with offices in 96 countries.

He says surveys taken in 17 countries in 2002 showed that people think that global U.S. businesses are exploitative, that Hollywood promotes messages that conflict with local cultural and religious values, and that Americans are materialistic, arrogant, loud and uninterested in other cultures. That is not just bad for the United States, Reinhard says, it is bad for business. So in 2004 he founded Business for Diplomatic Action, a New York-based nonprofit organization that enlists the help of U.S. corporations in bolstering the country's image abroad.

-- Christopher Lee

Q Why did you start this group?

A Looking at those [survey results] early in 2002, it seemed to me that you could attach, either directly or indirectly, all of these negative perceptions to business expansion. And that if that were the case, then why not mobilize the business community to start to address some of these perceptions? Now some of these root causes still remain. At the moment, the disagreement with U.S. policy would be a primary root cause. But, still, all of these other things can be addressed by U.S. business.

How do you change opinions?

The first point is to try to sensitize certain U.S. key constituent groups to the problem. There is still not widespread knowledge or agreement that we really have a problem with our reputation and image around the world. So with the help of the media, giving presentations, our Web site [http://www.businessfordiplomaticaction.org] . . . and our testimony in Congress, we're starting to sensitize people to this issue. If this were a brand in the commercial world, we would declare a crisis.

. . . The second part of our plan is to transform or change those parts of America and Americans that we can influence. . . . If the perception is that we are loud, arrogant, insensitive, ignorant -- we can change that. Americans make 60 million trips outside the United States every year. If we could make 60 million positive impressions, that would be a step in the right direction.

We have published two "World Citizens" guides. The first is for students who travel and study abroad. . . . And 300 colleges and universities have now put these in the hands of kids who are planning to study abroad. . . . That was so successful that the National Business Travel association said, "Okay, can you do an abridged version for business executives?" It's 16 reminders that are placed in the hands of executives from 800 companies who will get this as a part of their travel documents. . . .

We're trying to change the visa policies and the entry attitudes. . . . For example, we have offered Disney to help orient customs and immigration agents. Disney handles large crowds, long queues and still has a way of making people feel welcome. We're not suggesting the rules change, but that the attitude change. Word gets out, you know, "They don't want us there." The visa delays are six months in some cases.

In what ways does anti-Americanism hurt business?

Tourism is down substantially from pre-9/11 levels, and that is hurting the United States economy to the tune of billions of dollars. Our share of world international tourism is 6 percent. It was 7.4 percent. Travel from Brazil is down 43 percent, and that's primarily because of the visa problem.

We know that American brands are becoming less popular. . . . In G-8 countries, 18 percent of the general population say they try to avoid American brands. In marketing we know that behavior inevitably follows attitude. And so we think it is in the best interest of business to address this problem.

You mentioned that part of the reaction is to U.S. policy. That's not something your group can influence much. How do you deal with that?

If we can, as a business group, shift the discussion from policy to business to the private sector to civil society to culture to education to learning, we think there is a great deal that can be done outside of policy.

But isn't there a ceiling on the impact you can have as long as people are reacting to policy?

I suppose so, but then the alternative would be to do nothing, and that doesn't seem like a good idea. I also believe that Washington listens to business. I think maybe eventually the business community can influence policy.

What else can you do?

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Try to amplify the good qualities about America that are still admired around the world. Research is very clear that if visitors, whether they are students or tourists or workers, can actually get into the United States and spend time here, their opinion of America and Americans is dramatically changed. . . . It's incumbent upon the government to promote tourism.

What's your opinion of the Bush administration's efforts to improve America's image?

In the second term, there was recognition given to the need, which was a positive. During the first term there was not even acknowledgment that there was a problem.

Do you think the administration is succeeding?

Not yet. I think this is a long, long-term problem.

Is it possible that some of the problems you've identified are not just misperceptions about the United States, but are true?

Sure. In marketing, what you do if a brand is in trouble is you get all of the perceptions and you put all of the positive perceptions over here and you say, "How can we amplify those?" Then you divide the negatives into two piles: Negative perceptions that are true -- you have to change the product. Negative perceptions that are not true -- you have to clarify the communication.

So our strategy is change the product. Make Americans less arrogant, better world citizens. Maybe more than 17 percent of us should have passports. Maybe we should get out and see the world. So that's the part we're trying to change. And then the visa and the entry policies. That's changing the product. The market will decide.

What Year Is It? 1938? 1972? Or 1914? (WSJ)

By Ross Douthat

The Wall Street Journal, August 15, 2006

Foreign-policy debates are usually easy to follow: Liberals battle conservatives, realists feud with idealists, doves vie with hawks. But well into the second Bush term, traditional categories are in a state of collapse. On issue after issue, the Republicans and Democrats are divided against themselves, and every pundit seems determined to play George Kennan and found an intellectual party of one. We suffer from a surfeit of baffling labels -- "progressive realism," "realistic Wilsonianism," "progressive internationalism," "democratic globalism" -- that require a scorecard to keep straight. But perhaps there's a simpler way. For the moment at least, where you line up on any foreign-policy question has less to do with whether you're Republican or Democrat, isolationist or internationalist -- and more to do with what year you think it is.

There are five major schools of thought on this question, beginning with the "1942ists," who believe that we stand in Iraq today where the U.S. stood shortly after Pearl Harbor: bogged down against a fascist enemy and duty-bound to carry on the fight to victory. To the 1942ist, Iraq is Europe and the Pacific rolled into one, Saddam and Zarqawi are the Hitlers and Tojos of our era, suicide-bombers are the equivalent of kamikazes -- and George Bush is Churchill, or maybe Truman. The most prominent exponent of 1942ism is Mr. Bush himself. His speech on last year's V-J Day anniversary, for instance, was a long meditation on the similarities between the Iraq war and the challenges faced by FDR. But Mr. Bush hasn't been alone in his invocation of World War II. For much of the post-9/11 period, '42ism has been the position of most mainstream conservatives (and many liberals as well), embraced by realists as well as idealists, and inspiring everything from the term "Islamofascism" to calls for Manzanar-style internment camps for disloyal Muslim-Americans.

Over the last year, though, many conservatives have been peeling away from '42ism, joining the "1938ists" instead, for whom Iran's march toward nuclear power is the equivalent of Hitler's 1930s brinkmanship. While most '38ists still support the decision to invade Iraq, they increasingly see that struggle as the prelude to a broader regional conflict, and worry that we're engaged in Munich-esque appeasement. This camp's leading spokesmen include Michael Ledeen, Bill Kristol and Newt Gingrich. If you hear someone compare Ahmadinejad to Hitler, demand a pre-emptive strike on Iran, or suggest that the Hezbollah-Israel battle is a necessary overture to a larger confrontation, you're listening to a 1938ist.

Liberals, too, have been abandoning '42ism of late. The once-sizable bloc of left-of-center Iraq project supporters has shrunk to include Joe Lieberman, Christopher Hitchens and almost nobody else. Most of the liberal ex-'42ists have joined up with the "1948ists," who share the '42ist and '38ist view of the war on terror as a major generational challenge, but insist that we should think about it in terms of Cold War-style containment and multilateralism, not Iraq-style pre-emption. 1948ism is a broad church: It includes politicians who still technically support the Iraq war (but not really), pundits who opposed it from the beginning, chastened liberal hawks like Peter Beinart and chastened neocons like Francis Fukuyama. What unites them all is a skepticism about military interventions, a fear of hubris, and an abiding faith in the ability of diplomacy, international institutions and "soft power" to win out in a long struggle with militant Islamism.

What unites the '48ists, too, is a desire to avoid being tarred as antiwar leftists. This is precisely the position that the "1972ists" embrace. '72ism has few mainstream politicians behind it, but a great many Americans, and it holds that George Bush is Nixon, Iraq is Vietnam, and that any attack on Iran or Syria would be equivalent to bombing Cambodia. Where 1948ists

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compare themselves to Dean Acheson and Reinhold Niebuhr, '72ists suggest that the greater danger is repression at home and blowback from imperialist ventures abroad. '72ism is the worldview of Michael Moore, the makers of "Syriana," and the editors of the Nation -- and its power is growing.

As 1972ists are to mainstream liberalism, the "1919ists" are to the political right: The old-guard faction that damns its own party's leaders as sellouts to the other side. For '19ists, Mr. Bush is Woodrow Wilson, a feckless idealist bent on sacrificing U.S. interests and global stability on the altar of messianic liberalism. 1919ism was marginal three years ago, confined to figures like Pat Buchanan who (like the '72ists) saw Zionist fingerprints all over U.S. foreign policy. But of late, many traditional conservatives have migrated in this direction, including William F. Buckley and George Will. As the administration flirts with '38ism, rattling its sabers at Syria and Iran, the '19ers have become convinced that the only thing more dangerous than an incautious '42ism is a still more reckless belief that the year is 1938.

The '19ist-versus-'38ist struggle in the conservative ranks is just one example of how this new alignment creates odd bedfellows and unexpected fissures. Right-wing intellectuals like Andrew Bacevich pen 1919ist essays in the Nation as well as the American Conservative, while a '42ist liberal like Mr. Lieberman bonds with a conservative president and suffers for it at the hands of '48ist and '72ist primary voters. The Democrats' chances of winning in 2008 depend on whether a '42ist or '48ist candidate can get through the primary season without being forced to pander to the party's '72ist base (as John Kerry did, fatally, in 2004). The GOP primaries, meanwhile, may turn on whether a '42ist candidate like John McCain or Rudy Giuliani takes up Iran-hawk themes to fend off '38ist criticism -- and whether this provokes a revolt among disgruntled '19ists, who for now remain a movement in search of a leader.

And yet. A few voices have spoken up of late for the most disquieting possibility of all. This possibility lacks heroes and villains (Bush/Wilson, Ahmadinejad/Hitler) and obvious lessons (impeach Bush, stay the course in Iraq). But as our crisis deepens, it's worth considering 1914ism, and with it the possibility that all of us, whatever year we think it is, are poised on the edge of an abyss that nobody saw coming.

Sell The Tiger To Save It (NYT)

By Barun Mitra

The New York Times, August 15, 2006

New Delhi

WHICH country is thinking about applying free-market principles to wildlife preservation and, in the process, improving the survival chances of a long-endangered species while giving its economy a boost?

Communist China, of course.

China joined the international effort to protect the tiger in 1993. But today there is a growing recognition among many Chinese officials that a policy of prohibition and trade restrictions has not benefited the tiger as much as it has helped poachers and smugglers of tigers and tiger parts.

Conservationists say the worldwide illegal trade in forest products and wildlife is between $10 billion and $12 billion, with more than half of that coming from Asia.

Of the planet's estimated 5,000 wild tigers, about 75 percent are in India, which, like most nations, believes that commerce and conservation are incompatible. Only a relative handful of tigers — probably a few dozen — can be found in China's forests. (The United States is home to some 10,000 tigers, owned by zoos and private citizens.) The tiger, in short, is still staring at extinction.

But like forests, animals are renewable resources. If you think of tigers as products, it becomes clear that demand provides opportunity, rather than posing a threat. For instance, there are perhaps 1.5 billion head of cattle and buffalo and 2 billion goats and sheep in the world today. These are among the most exploited of animals, yet they are not in danger of dying out; there is incentive, in these instances, for humans to conserve.

So it can be for the tiger. In pragmatic terms, this is an extremely valuable animal. Given the growing popularity of traditional Chinese medicines, which make use of everything from tiger claws (to treat insomnia) to tiger fat (leprosy and rheumatism), and the prices this kind of harvesting can bring (as much as $20 for claws, and $20,000 for a skin), the tiger can in effect pay for its own survival. A single farmed specimen might fetch as much as $40,000; the retail value of all the tiger products might be three to five times that amount.

Yet for the last 30 or so years, the tiger has been priced at zero, while millions of dollars have been spent to protect it and prohibit trade that might in fact help save the species. Despite the growing environmental bureaucracy and budgets, and despite the proliferation of conservationists and conferences, the tiger is as close to extinction as it has been since Project Tiger, a conservation project backed in part by the World Wildlife Fund, was launched in 1972 and adopted by the government of India a year later.

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If we truly value the tiger, this crisis presents an opportunity to help it buy its way out of the extinction it now faces. The tiger breeds easily, even in captivity; zoos in India are constantly told by the Central Zoo Authority not to breed tigers because they are expensive to maintain. In China, which has about 4,000 tigers in captivity, breeding has been perfected. According to senior officials I met in China, given a free hand, the country could produce 100,000 tigers in the next 10 to 15 years.

(Disclosure: I have been writing on tiger conservation for more than 10 years, and over the course of that time have suggested using the power of commerce to save the tiger. Earlier this year, I was invited by the State Forestry Administration of the People's Republic of China as part of an international group to learn about the Chinese perspective on the issue; the agency paid for my airfare and accommodations.)

Wildlife farming and ranching could potentially break the poverty trap that most forest villagers find themselves in. In Zimbabwe, before the current spiral into chaos, villagers had property rights on the wildlife in the forests around them, and they earned revenue by selling a limited number of hunting licenses. They had a stake.

At present there is no incentive for forest dwellers to protect tigers, and so poachers, traffickers and unscrupulous traders prevail. The temptation of high profits, in turn, attracts organized crime; this is what happens when government regulations subvert the law of supply and demand.

But tiger-breeding facilities will ensure a supply of wildlife at an affordable price, and so eliminate the incentive for poachers and, consequently, the danger for those tigers left in the wild. With selective breeding and the development of reintroduction techniques, it might be possible to return the tiger to some of its remaining natural habitats. And by recognizing the rights of the local villagers to earn legitimate revenue from wildlife sources, the tiger could stage a comeback.

Market economics greatly favor the tiger. If China decides to unleash the tiger's commercial potential, the king of the forest might be more secure in his kingdom.

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From: Miller, Charles S
Sent: Tuesday, August 15, 2006 10:31 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 8/15/06 Civil Division News

6 nations refused to take Posada; As Cuban exile militant Luis Posada Carriles asked a federal magistrate to release him, the U.S. government revealed that at least six other countries had refused to take him in

Australia will ask for Guantanamo Bay detainee if charges are not filed

Iranian brothers file lawsuit over 3 years of detention during FBI investigation

5 Men Leave Guantánamo for a Bleak, Uncertain Future

Battles-hardened greed

Editorial: Softwood dispute shows NAFTA sits atop rotten joists

Essay: The Suit Challenging the NSA's Warrantless Wiretapping Can Proceed, Despite the State Secrets Privilege: Why The Judge Made the Right Call

Miami Herald

Tue, Aug. 15, 2006

THE POSADA CARRILES CASE

6 nations refused to take Posada; As Cuban exile militant Luis Posada Carriles asked a federal magistrate to release him, the U.S. government revealed that at least six other countries had refused to take him in.

BY ALFONSO CHARDY

EL PASO - The U.S. government revealed Monday that it has asked six countries, including Mexico and Canada, to take Cuban exile militant Luis Posada Carriles -- but they all refused.

The disclosure came during a two-hour hearing in federal court, in which an elegantly attired Posada asked U.S. Magistrate Norbert Garney to free him from immigration detention. Posada, 78, has been in the custody of U.S. Immigration and Customs Enforcement in an El Paso detention facility since immigration officers detained him in Miami-Dade County on May 17, 2005.

Venezuela and Cuba accuse the CIA-trained Posada of terrorism, including the bombing of a passenger jet in 1976 that killed 73 people. Posada has long denied involvement.

Monday was the first time the U.S. government has publicly disclosed the number and names of foreign countries it has approached in an effort to remove Posada from the United States. An El Paso immigration judge last year prohibited his deportation to Cuba or Venezuela but ordered his expulsion to any other country willing to take him.

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Besides Canada and Mexico, the other countries that rejected Posada were Honduras, Costa Rica, Guatemala and El Salvador.

Eduardo Soto, Posada's lead attorney, told Garney that the government's disclosure -- made by an ICE officer called as a witness -- proves the United States cannot deport Posada and, thus, he should be released. Failure to do so, Soto added, would violate the 2001 U.S. Supreme Court decision against indefinite detention of foreign nationals who cannot be deported.

Ethan Kanter, a Justice Department attorney, who represented the U.S. government at the hearing, asked Garney to deny Posada's request for release because efforts to expel him are continuing and because the high court's 2001 ruling allowed for the indefinite detention of detainees deemed a "danger to the community." An ICE letter to Posada in March said he continued to "present a danger to the community" and ``a risk to the national security of the United States."

Garney told Posada that he would issue his decision later. Felipe Millan, an El Paso attorney retained by Posada, said he expected Garney's ruling in the next few days.

Posada was charged with being illegally in the country and placed in deportation proceedings. The ICE letter listed all of the charges and allegations against Posada outside the United States. These include the bombing of a Cuban jetliner off Barbados in 1976, the bombing of hotels and tourist spots in Cuba in 1997 and 1998 and a thwarted assassination plot against Fidel Castro in Panama in 2000. Posada has denied all the allegations.

Posada's daughter, Janet Arguello, 35, was among a small group of supporters at the hearing. Outside the courtroom, Arguello wiped away tears as she spoke about her elderly father.

"He is getting old . . . and he is suffering from a heart condition," Arguello said, adding that her father had fainted several times while in detention in El Paso. ``My fervent hope is that he spend his last years in freedom, with his family."

The hearing was the first in Posada's efforts in federal court to obtain freedom. Though he won protection in immigration court from removal to Cuba or Venezuela, ICE has decided to keep him in custody. Posada was born in Cuba but is a naturalized Venezuelan citizen.

Soto said if the ruling goes against Posada, then he would appeal all the way to the Supreme Court if "necessary." If the case goes that far, it could be the first test of the high court's 2001 ruling exemption for "dangerous" detainees.

The 2001 ruling said foreign nationals who cannot be deported must be released under conditions of supervision no later than six months after deportation orders have become final and there is no likelihood any country will take them. But the ruling indicated that exceptions could be made for ``specially dangerous individuals."

Even if Garney decides Posada should be released, his ruling may not result in immediate freedom. It would amount to a recommendation to U.S. District Judge Philip Martinez who is overseeing Posada's lawsuit against the federal government seeking release.

END

AP

August 15, 2006

Australia will ask for Guantanamo Bay detainee if charges are not filed

By ROD McGUIRK

Associated Press Writer

CANBERRA, Australia_Australia's government said for the first time Tuesday it will ask the United States to repatriate a suspected Taliban fighter held for more than four years at the U.S. prison in Guantanamo Bay, Cuba, unless fresh charges are brought against him.

David Hicks, 31, had been charged with attempted murder, conspiracy to commit war crimes and aiding the enemy in Afghanistan in late 2001. But the charges were quashed when the U.S. Supreme Court ruled in June that U.S. military commissions trying the detainees were illegal.

U.S. Attorney General Alberto Gonzales has said new military commissions will be established, and Hicks will be charged again later this year.

"If the United States ... were not to proceed with charges against Hicks, we would seek the same outcome that we obtained with Habib," Attorney-General Philip Ruddock told Australian Broadcasting Corp. radio, referring to a second Australian previously held by the U.S.

Mamdouh Habib, 50, flew home to Sydney last year at Australia's request after spending three years at Guantanamo Bay without being charged.

Hicks' plight has been highlighted in Australia this week with the arrival of his Pentagon-appointed lawyer Maj. Michael Mori, who plans to lobby federal lawmakers in the capital Canberra for his client's release.

Government and opposition lawmakers on Tuesday welcomed the prospect of Hicks being brought home if he isn't charged.

"The process has been long enough now in the U.S.," Sen. Barnaby Jones said of Hicks' more than four years of incarceration.

The center-right government, a staunch ally of the U.S. in its war on terror, says Hicks could not be charged if he were repatriated because his alleged terrorist associations were not outlawed in Australia until 2002.

END

AP

August 15, 2006

Iranian brothers file lawsuit over 3 years of detention during FBI investigation

By LINDA DEUTSCH

Associated Press Writer

LOS ANGELES_Four Iranian brothers who were detained for more than three years after the 2001 terrorist attacks filed a lawsuit\l "l" Monday in federal court, claiming they were held on false pretenses during an FBI investigation.

The brothers' attorney said they "were detained longer than virtually all of the post-Sept. 11 detainees caught up in the sweeps of non-citizens." The four were released from custody in March 2005.

Attorney Paul Hoffman said the only reason for the brothers' detention was that they took part in rallies protesting the current Iranian regime.

The lawsuit named former Attorney General John Ashcroft, FBI Director Robert Mueller and other federal officials as defendants.

Thom Mrozek, a spokesman for the U.S. attorney's office, declined to comment because authorities had not seen the complaint.

The lawsuit alleges that the brothers were held in inhumane conditions, were denied basic medical care and were "subjected to vicious attacks by guards and other inmates."

Hoffman said the brothers _ Mohammed, Mostafa, Mohsen and Mojtaba Mirmehdi _ were detained in October 2001 because their names were on a list of people who attended a rally in Denver protesting the Iranian regime. They were alleged then to have ties to the Mujahedin-e Khalq, a group also known as MEK that was deemed a terrorist organization by the State Department.

"But none of the brothers was a member or supporter of the MEK, as government officials knew when the brothers were detained," Hoffman said.

The government tried to deport at least two of the brothers, but Hoffman said that was barred by a court finding that they would be tortured or killed if they returned to Iran, the country they fled after being imprisoned there for political protests. Two of them were denied applications for asylum in the United States and two other applications are still pending, Hoffman said.

Since their release last year, the brothers have returned to their real estate business in the San Fernando Valley, he said.

END

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New York Times

August 15, 2006

5 Men Leave Guantánamo for a Bleak, Uncertain Future

By NEIL A. LEWIS

WASHINGTON, Aug. 14 — Early on May 5, five Asian men who had been detained at the prison camp in Guantánamo Bay, Cuba, for years as dangerous terrorists, boarded a military transport plane at the United States naval base there.

The men had just exchanged their prison garb for jeans, T-shirts and slip-on sneakers but were still in handcuffs as they boarded the plane, where they were shackled to bolts in the floor and surrounded by more than 20 armed soldiers. About 14 hours later, the plane landed in Albania, a poor Balkan nation eager to please Washington.

Interviews with lawyers and several officials in the United States and abroad showed that the flight, to a freedom of sorts for the five men, involved intense behind-the-scenes diplomatic activity in Washington; Ottawa; Tirana, Albania; Beijing; and elsewhere.

It also held implications for a United States Appeals Court, the North Atlantic Treaty Organization and the relations of several European countries with China. And it underlined the Bush administration's difficulties in reducing the population at Guantánamo as international calls for it to be closed increased.

The five men were Uighurs (pronounced WEE-gers) who had been captured in Afghanistan after the Sept. 11, 2001, attacks. They had traveled there from their homeland in the Xinjiang province of China, where the Uighur people, most of whom are Muslims, have fought a low-level insurgency against Beijing's rule for years.

For the five Uighurs, the transfer to Albania meant exchanging a military prison camp on the southeastern tip of Cuba for a bleak and unpromising future in one of Europe's poorest countries where no one spoke their language. One of them, Abu Bakker Qassim, said in an interview, "I would rather be in a society where I can be with some of my countrymen, but where we are is better than Guantánamo."

For the Bush administration, one of the immediate results of the transfer was an opportunity to sidestep yet another court challenge to its detention policies.

Shortly after the five men landed in Tirana, Albania's capital and largest city, and only minutes before the close of business in Washington on a Friday, the Justice Department filed a brief with a federal appeals court there. The brief asked the court to cancel a hearing the next Monday on the Uighurs' challenge to their continued detention in Guantánamo Bay. They had been held there for more than a year after the military's special tribunal system had determined they were not "enemy combatants," the ostensible reason for their imprisonment.

A federal judge had ruled that the Uighurs' continued detention at Guantánamo was illegal and disgraceful, but he said he could not order them admitted to the United States, as their lawyers had requested. The appeals court was considering that issue. The Bush administration has opposed allowing Guantánamo detainees into the United States.

Upon learning the Uighurs were no longer at Guantánamo, the appeals court canceled the hearing.

A senior State Department official said in an interview that more than 100 countries had been approached about accepting the Uighurs but that only Albania did. Even though they were innocent, the official said, the five Uighurs could not be repatriated to China because Beijing regarded them as terrorists, and the law prohibited sending prisoners to places where they might be persecuted.

The countries that declined, including Washington's best European allies, did not want to antagonize China, officials and analysts said.

The State Department official said the timing of their departure and the scheduled court argument was a coincidence. But a senior Justice Department official said there had been an intense push to avoid a situation in which the appeals court could order the Uighurs admitted into the United States. Both officials spoke on condition of anonymity because of the delicacy of diplomatic relations.

For Albania, the willingness to accept the Uighurs solidified that nation's standing with the United States and brought it a confrontation with China, which had been its patron during Albania's split from the Soviet Union in the Cold War.

On the weekend of the Uighurs' arrival in Tirana, the Chinese ambassador there protested to the Albanian prime minister, insisting they be returned to China. The ambassador repeated the demand on Monday.

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But the following day, May 7, Vice President Dick Cheney publicly endorsed Albania's much-hoped-for bid to join NATO. Charles Gati, an authority on Eastern Europe and a professor of European studies at the Nitze School of Advanced International Studies of Johns Hopkins University, said that Albania had courted Washington in recent years.

"They're very eager to get into NATO, and to do this they have offered their services in a variety of ways," Professor Gati said. "This is clearly what happened here."

Albanian Prime Minister Sali Berisha, who was at Mr. Cheney's side when he announced United States support for Albania's NATO bid, along with the bids of Croatia and Macedonia, said in a statement later that week that he trusted Washington's assurances that the men were not terrorists and that he was proud to provide a humanitarian favor to Washington.

China remained unappeased and seemingly went beyond diplomatic pronouncements. In the first week of June, a Chinese delegation arrived unannounced at the barbed-wire-enclosed refugee camp on the outskirts of Tirana and demanded access to the Uighurs. Their intentions were unclear, but Albanian officials denied them entry.

Early this month, the Albanian government granted asylum to the Uighurs. The Albanian ambassador to Washington, Aleksander Sallabanda, said in a statement, "Our government is proud of its cooperation with the United States in the war on terror."

For the five Uighurs, the consequences of the move to Albania were more prosaic and dispiriting. At the time of their transfer, their lawyers had been making progress in negotiating with the Canadian government for them to settle there. Canada has a thriving Uighur community, largely in Toronto.

But that possibility stalled when they were sent to Albania, their lawyers said.

More than 100 prisoners at Guantánamo were initially found to be enemy combatants and then ruled eligible to be freed but were not because it was impracticable to return them to their home countries, and no other country would accept them.

That group includes a few other Uighur prisoners at Guantánamo who have not been transferred to Albania because, their lawyers say, they have no scheduled court argument that the administration hopes to avoid.

The freed Uighurs now spend most of their days in the refugee camp in a poor slum of Tirana, according to Sabin Willett, a lawyer in Boston who represents two of the men. Mr. Willett said he had learned of the transfer only after it happened, and he went to Tirana that Monday.

Michael Sternhell, a New York lawyer who represents the other three Uighurs, said the men "are still effectively behind bars." Mr. Sternhell says they have difficulty even traveling to the center of Tirana, and they use most of their monthly allowance of 40 Euros to call their families in China. The Albanian government provides room and meals at the center, for which it is reimbursed by the United States.

Although the Uighurs feel marooned in Albania, they are grateful to the government there. "Given that no other country is taking us, we're all right with this," said Mr. Qassim, a 37-year-old father of four who acts as the group's spokesman. Speaking by telephone from the refugee center through a translator retained by The New York Times, Mr. Qassim said that the problems had begun when he and several fellow Uighurs had left their home to find a place to study the Koran, a practice he said was forbidden in China.

They went to Pakistan and then to Jalalabad, Afghanistan, he said. After the Sept. 11 attacks, a group of 17 Uighurs returned to Pakistan, where local tribesmen welcomed them warmly. After a lamb feast, the villagers betrayed them. They were taken to a mosque ostensibly to worship, but instead, Mr. Qassim and his lawyers said, they were sold to United States forces.

According to the transcripts of tribunals held at Guantánamo, they were accused of engaging in guerrilla training, but officials would not tell them on what basis they had made the accusations because the information was classified. Mr. Qassim said the Uighurs had indeed learned to use rifles while in Jalalabad, but he said weapons training was common in Afghanistan, and he had never heard of Osama bin Laden or Al Qaeda.

Mr. Qassim and the four other men who would wind up in Albania were deemed not to have been enemy combatants. The 12 others in their group were classified as such.

"It's a mystery as to why we were released and the others are still languishing behind bars," he said. He said the United States had made a "mistake" in believing the Uighurs were radical Islamists opposed to the United States. Mr. Qassim said his people had always admired the United States and had hoped that one day America would rally to the Uighurs' cause for freedom.

"We still believe the U.S. is a good country with good people," he said. "But the government has made a mistake and is still making it."

END

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Providence Journal

August 15, 2006

Battles-hardened greed

Mike Battles is, sad to say, one of Rhode Island's own. Some may remember the Barrington native as among the Republican candidates who sought to replace Democratic Rep. Patrick Kennedy in 2002.

But Mr. Battles is now at the center of an investigation into the monumental fraud committed by some U.S. contractors in Iraq. The company he co-founded, Custer Battles, is the first U.S. contractor to have been found liable for defrauding the U.S. government in that country. And the company's troubles may be just beginning.

After losing the 2002 Republican primary (to Dave Rogers), Mr. Battles decamped for Washington. A sometime Fox News "analyst" (everyone gets that cable-news gig at least once!), "explaining" the war on terrorism, Mr. Battles soon teamed up with a fellow ex-Army officer, Scott Custer, to make a fortune with taxpayers' money.

Former Custer Battles employees accuse the company of having stolen $50 million in Iraq. In a suit filed under the False Claims Act, a jury found that Custer Battles, in its assignment to help introduce a new Iraqi currency, had defrauded the U.S. government of $3 million.

Still unresolved are charges related to the company's security work at the Baghdad airport. Custer Battles was supposed to screen civilian passengers and air freight there, but the ongoing violence halted all commercial traffic. The company then allegedly sent its idle screeners to do other jobs, but continued to charge the Coalition Provisional Authority for services not rendered. And, alleged the civil suit, it did such seedy things as painting over the name "Iraqi Airways" on forklifts and leasing them to the Americans.

Custer Battles was paid to supply trucks to the military, but the vehicles didn't run and had to be towed, says the suit. Retired Brig. Gen. Hugh Tant III has testified that when he complained about the trucks, Battles replied, "You asked for trucks . . . it is immaterial whether the trucks were operational."

In 2004, the Air Force suspended Custer Battles from contracting work in Iraq, but the company apparently ignored the ban, setting up ventures under different names. It transferred assets and most of its workers to a newly formed company, Danubia Global, based in Romania. Danubia then won U.S. government contracts worth $1.28 million a month. And its workers became embroiled in violent confrontations with Iraqi civilians and soldiers. The federal government has begun criminal investigations of these operations.

The principals at Custer Battles formed other companies to get around the military's ban on Custer Battles work in Iraq. Two of them were based in Mr. Battles's Rhode Island office, in Middletown.

Now there are shocking charges by employees that two former Navy officers helped set up some of these other companies. One firm allegedly sold weapons on the Iraqi black market that could have ended up in the hands of insurgents.

According to a sealed federal lawsuit obtained by the Associated Press, former acting Navy Secretary Hansford Johnson and his former special assistant, Douglas Combs, created "sham companies" to hide Custer Battles's ownership.

Our question is: How on earth did a seamy organization like Custer Battles manage to obtain $100 million in U.S. contracts in the first place? And it is a sobering thought that Custer Battles is but one of a number of contractors in Iraq that have picked U.S. taxpayers' pockets. U.S. audits have found evidence that the contractors stole hundreds of millions of dollars.

The saddest thing is how much the growing greed in American society spread so enthusiastically to a place where U.S. military people and others are risking their lives to try to make life better for the residents.

END

Globe and Mail

August 15, 2006

Editorial: Softwood dispute shows NAFTA sits atop rotten joists

BARRIE McKENNA

WASHINGTON It ought to be the simplest of questions: Is the softwood lumber deal good for Canada?

Sadly, there isn't an entirely satisfying answer.

That's because what's good for Stephen Harper may not be ideal for the mill worker in Prince George, B.C., the logger in Rouyn-Noranda, Que., or the investor in Toronto.

Ottawa has given the industry until Monday to say yes or no.

Without overwhelming industry endorsement, the deal will apparently die.

Under the agreement with the United States, Canadian companies will get back roughly 80 per cent of the more than $5-billion (U.S.) in duties they've paid since 2002. In return, they would get tightly controlled access to the U.S. market for the next seven years. When prices fall or exports surge, a 15-per-cent export tax or a quota would kick in.

But this isn't just about one industry -- however vital lumber is to so many Canadian communities.

The broader question Canadians might want to ponder is what this deal means for the oil sands worker in Fort McMurray, Alta., or the auto executive in Windsor, Ont.

Mr. Harper has insisted that an agreement hashed out this spring is the 'best-ever' for Canada and that a rejection would condemn the lumber industry to perpetual trade warfare. The only alternative, he insists, is the truce now on the table.

There are a lot of reasons to second-guess the Prime Minister, as so many lumber executives apparently now are.

What Mr. Harper conveniently ignores is the steep price of this deal for all Canadians. Canada is tacitly acknowledging that the North American free-trade agreement no longer works -- not just for lumber companies, but for all Canadian businesses.

Canada appealed the case to the end of the NAFTA line, only to have the United States ignore the findings of a dispute panel, made up of a majority of Americans. This will almost certainly discourage other Canadian industries from going the NAFTA route.

It turns out that NAFTA panels are not the final arbiters of Canada-U.S. trade disputes, as many Canadians may have believed.

Instead, the lumber dispute has exposed the NAFTA process as little more than a lever to enhance negotiating strength. Canada acknowledged this early on in the fight by taking its case to other venues, including the World Trade Organization and the U.S. Court of International Trade.

Mr. Harper clearly wants to put the lumber dispute on the shelf so he can claim improved relations with the United States and move on to other bilateral concerns.

Perhaps not coincidentally, a settlement also allows Ottawa to maintain the fiction that NAFTA still works. Rejecting the truce, on the other hand, means seeking justice in U.S. courts -- an option that was available long before Canada agreed to free trade with the U.S.

This is a milestone in Canada-U.S. trade. Since 2002, successive Canadian political leaders have insisted that they would never accept anything less than free trade in lumber. This agreement abandons that ideal, enshrining a form of managed trade, perhaps beyond the seven-year life of this deal.

Even if you're in the lumber business, it's hard to figure how this is the best deal Canadian negotiators could get. When the framework of a deal was struck in late April, the price of lumber was hovering between $360 (U.S.) and $380 per thousand board feet. That allowed Mr. Harper to claim that Canadian lumber could enter the United States duty free -- free trade, as it were. This is no longer the case. The price of lumber has since tumbled to below $290 per thousand board feet, and many analysts predict it will fall further still as the U.S. housing boom cools and demand subsides. At current prices, Canadian companies would have to pay a 15-per-cent export tax. That's more than they're paying now in U.S. duties.

But that could all quickly change. Prices could bounce back and the tax would disappear.

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What we do know is that this agreement sets a dangerous precedent; that free trade is something that's negotiable.

The industry would do all Canadians a favour by rejecting this deal.

END

FindLaw.com

August 15, 2006

Essay: The Suit Challenging the NSA's Warrantless Wiretapping Can Proceed, Despite the State Secrets Privilege: Why The Judge Made the Right Call

By Julie Hilden

The controversy over the Presidentially-authorized NSA warrantless wiretapping program has now moved into the courts - with a suit alleging that the program violated the First and Fourth Amendments, as well as a number of federal statutes, including the Foreign Intelligence Surveillance Act (FISA). The defendants include AT&T and now, the federal government.

On July 20, a significant decision in the case was handed down by U.S. District Judge Vaughn Walker. Walker rejected the government's motion asking him to dismiss the suit prior to any civil discovery, based on the "state secrets" privilege -- which protects against disclosures of information that could imperil national security.

In a two-part series of columns, I'll explain why I believe Judge Walker was absolutely right to decide as he did.

The Supreme Court Has Repeatedly Rejected Executive Exclusivity Regarding War-on-Terror Issues

The government's motion essentially repeated the same argument the Bush Administration has made repeatedly - that "war on terror" matters ought to be handled exclusively by the Executive Branch, with minimal, if any, participation by Congress or the federal judiciary.

So far, each time that argument has made its way up to the Supreme Court -- in *Rasul v. Bush*, and now in *Hamdan v. Rumsfeld* - the Court has rejected it.

In *Rasul*, decided in 2004, a 6-3 majority of the Court affirmed the Court's jurisdiction over habeas corpus petitions by Guantanamo Bay detainees. Granted, the Administration, through delay, got a large portion of what it had wanted anyway - the ability to hold detainees for years without charges - and granted, the Court did not invalidate this kind of indefinite detention. But *Rasul* at least ensures that the courthouse door will be open for similarly situated detainees in the future, whose cases ought to proceed much more quickly than *Rasul* itself did, now that the threshold issue of their right to sue is settled.

In *Hamdan*, decided on June 29 of this year, a 5-3 majority of the Court (with Chief Justice Roberts sitting out) held that the President's plan for military commissions not only needed Congressional approval to go forward, but also violated the Geneva Conventions. (The Court also affirmed its own jurisdiction over the case despite a Congressional statute that some claimed - speciously, in my view -- had stripped it of that jurisdiction.) As with *Rasul*, the *Hamdan* decision was long in coming, but nonetheless extremely significant both as a precedent, and as a reaffirmation of Congress's and the federal judiciary's respective roles.

Column continues below ↓ n

Not Only Recent Precedents, But a Longstanding One, Support the Judge's Decision

It seems possible that Judge Walker's decision might be upheld by the Supreme Court (though by a slim majority) if it ever reaches there. For not only the *Rasul* and *Hamdan* decisions, but also a decades-old Supreme Court decision, *Reynolds v. United States*, support the idea that the Executive simply does not have the one and only say-so when it comes to the state secrets privilege.

In *Reynolds*, decided in 1953, the Court already foresaw that the Executive might try to get a rubber stamp from the courts for state secrets claims, and said that no such stamps would be forthcoming. The Court stressed, instead, that "[t]he court itself must determine whether the circumstances are appropriate for the claim of privilege…." (Emphasis added.) This language clearly implies that the court can't just accept the Executive's word for it when it claims that privilege is warranted in a given case or situation; it must undertake an independent factual inquiry of its own.

It's just this kind of independent factfinding that has been anathema to the Bush Administration, which would prefer to make, for instance, its "enemy combatant" certifications without any judicial review at all. Failing that, the Administration

has sought a rubber stamp from courts, asking them to simply review affidavits from executive branch officials containing conclusory claims that a given person is an enemy combatant.

But *Reynolds* makes no bones about what the legal rule is: When it comes to the state secrets privilege, independent factual determinations by the court are absolutely necessary, and rubber stamps must be thrown out the window.

That should be no surprise: What's surprising is the Bush Administration's position that it should be able to "certify" facts that the federal courts cannot question, rather than submitting to courts' basic function of assessing evidence for themselves.

In our constitutional system, courts are not puppets, but independent actors in their own right. As Judge Walker put it, "the court has a constitutional duty to adjudicate the issues that come before it." And "adjudication" means hearing evidence, and making independent decisions -- not just reading papers that are filed, and dismissing a case whenever the government asks you to.

The Court's Odd, Delicate Position: Examine the Case for the State Secrets Privilege without Unduly Violating State Secrecy

Reynolds does add a caveat when it stresses that the court must make its own determination as to whether circumstances supporting the privilege exist: The court ought to do so "without forcing a disclosure of the very thing the privilege is meant to protect." Indeed, the *Reynolds* Court made clear that it meant that a disclosure should not be made even to the judge making the determination.

The court can easily prevent disclosure to persons other than the judge by examining government submissions *ex parte* (that is, without allowing the other side - here, the plaintiffs - to weigh in or even see the government submission) and *in camera* (that is, in his own chambers, without any formal court filing, and without even showing the material to other court personnel such as secretaries, deputies, and law clerks).

But *Reynolds* suggests that even an *ex parte*, *in camera* review by the judge can violate the state secrets privilege.

***Reynolds* May Be Mistaken, But It Remains the Law**

To me, this seems wrongheaded: If we can't even trust our federal judges - who've been nominated by the president, gone through careful pre-confirmation vetting, including by the FBI, and then confirmed by the Senate - to see our state secrets, then we must have some pretty disturbing state secrets; they've got to be the kind that might cause even a federal judge to violate the law and go to the press.

Granted, there may be a separation of powers concern - that is, a concern that counsels allowing the Executive to keep some of its secrets from other branches, even if those other branches could be trusted with them, simply to enhance the Executive's independence. But with cases raising state-secrets issues few and far between, how much of an incursion is it, really, to allow judges, in these few cases, to see Executive materials - especially when the alternative is that the law isn't enforced, and justice isn't done?

In the end, do we really want to keep secret the kind of secrets the Executive would want to keep even from the federal courts? After all, anything that shocking probably violates the Geneva Conventions, or is pretty unconscionable, anyway. I'd suggest that the kind of secrets that even federal judges might be tempted to blab are the kind that probably shouldn't ever have been kept in the first place.

Recent secrets that might have fallen into this category could include evidence of the abuse at Abu Ghraib, of the CIA's secret prisons abroad, and of the U.S.'s use of, or complicity in, a foreign government's use of, torture. (And indeed, as Judge Walker notes in his opinion, a suit challenging the government's "extraordinary rendition" program was recently dismissed precisely because it implicated the state secrets privilege as currently construed.)

Whether or not readers are persuaded by my arguments here, however, it's clear that the Supreme Court wasn't persuaded by similar arguments in *Reynolds*. Current law, therefore, is that to even look at the government's state-secrets material himself, the judge has to find "a strong showing" that the unseen material is necessary to the plaintiffs' case. And even with a strong showing of necessity, a judge cannot force disclosure if he is "ultimately satisfied that military secrets are at stake."

In the second of this series of columns, to appear on August 29, I will discuss Judge Walker's conclusions and the specific procedures he proposes to both honor state secrets, and ensure that any constitutional violations are addressed.

Julie Hilden, a FindLaw columnist, graduated from Yale Law School in 1992. She practiced First Amendment law at the D.C. law firm of Williams & Connolly from 1996-99. Hilden is also a novelist. In reviewing Hilden's novel, 3, Kirkus Reviews praised Hilden's "rather uncanny abilities," and Counterpunch called it "a must read.... a work of art." Hilden's website, www.juliehilden.com, includes free MP3 and text downloads of the novel's first chapter.

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From: USDOJ- Office of Public Affairs
Sent: Tuesday, August 15, 2006 1:08 PM
To: USDOJ- Office of Public Affairs
Subject: DEPARTMENT OF JUSTICE ANNOUNCES OVER $15 MILLION TO SUPPORT ANTI-CRIME COMMUNITY EFFORTS

Department of Justice

Office of Justice Programs

FOR IMMEDIATE RELEASE
TUESDAY, AUGUST 15, 2006

Office of Justice Programs
Contact: Joan LaRocca
(202) 307-0703
www.ojp.usdoj.gov

DEPARTMENT OF JUSTICE ANNOUNCES OVER $15 MILLION TO SUPPORT ANTI-CRIME COMMUNITY EFFORTS

32 New Communities Receive Weed and Seed Funding

WASHINGTON — Assistant Attorney General Regina B. Schofield today announced grant awards to 32 newly designated Weed and Seed sites and continuing support to 55 existing sites nationwide to fight crime and restore community infrastructure.

The funding is administered by the Community Capacity Development Office (CCDO), a component of the U.S. Department of Justice's Office of Justice Programs (OJP).

"This funding helps rebuild and restructure communities that have suffered because of criminal activity and social decay," Schofield said. "These strategies encourage residents to work with law enforcement agencies to deter crime, identify resources, and restore community cohesiveness."

Weed and Seed is a strategy designed to prevent, control, and reduce violent crime, drug abuse, and gang activity in targeted high-crime neighborhoods and bring in services that promote crime prevention and neighborhood revitalization. Additionally, these sites are eligible to compete for five years of additional support.

The partnerships formed in Weed and Seed strategies include organizing and forming alliances with local businesses, faith based organizations and other local or state organizations to identify and resolve specific criminal activity and replace it with other activities that include restoring buildings, providing youth activities, and establishing new economic opportunities.

Today's announcement of initial grants of $175,000 includes 32 sites in 20 states and the District of Columbia. These states include Alabama, Alaska, Arizona, Arkansas, California, Florida, Georgia, Hawaii, Illinois, Indiana, Louisiana, Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South

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Carolina, Texas and Wisconsin. The plans and strategies for these sites include coordinating with federal, state, county and local prosecutors to reduce drug-related crimes, gang violence, and property crimes; fostering joint responsibility and action between police and community residents; and improving the network between city agencies and community groups. A complete listing of the sites is attached.

CCDO supports local sites through its four-pronged Weed and Seed strategy, which include: law enforcement; community policing; prevention, intervention and treatment for residents; and neighborhood restoration. About 4.5 million persons live in more than 300 active Weed and Seed communities throughout the country.

OJP provides federal leadership in developing the nation's capacity to prevent and control crime, administer justice, and assist victims. OJP is headed by an Assistant Attorney General and comprises five component bureaus and two offices: the Bureau of Justice Assistance; the Bureau of Justice Statistics; the National Institute of Justice; the Office of Juvenile Justice and Delinquency Prevention; and the Office for Victims of Crime, as well as the Office of the Police Corps and Law Enforcement Education and the Community Capacity Development Office, which incorporates the Weed and Seed strategy and OJP's American Indian and Alaska Native Affairs Desk. More information can be found at www.ojp.usdoj.gov.

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CCDO06062

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Community Capacity Development Office
Weed and Seed Initial Funding
Maximum Award - $175,000

State	City	Project Title
Alabama	Prichard	Main Street Weed and Seed Site
Alaska	Fairbanks	Ringstad Park Neighborhood Weed and Seed Site
Arizona	Phoenix	Canyon Corridor Weed And Seed Site
Arkansas	Pine Bluff	Central Park Neighborhood Weed and Seed Site
California	Sacramento	Oak Park Weed and Seed Site
	Salinas	East Salinas Weed and Seed Site
	San Francisco	Visitacion Valley Weed and Seed Site
District of Columbia	Washington	Frederick Douglass Memorial Weed and Seed Site
Florida	Hallandale	Hallandale Beach Weed and Seed Site
	Homestead	Homestead Weed and Seed Site
Georgia	Marietta	Marietta Weed and Seed Site
Hawaii	Pahao	Pahoa Weed and Seed Site
Illinois	Rockford	Rockford Weed and Seed Site
Indiana	Indianapolis	Martindale-Brightwood Weed and Seed Site
Louisiana	Alexandria	Area 4 South Alexandria Weed and Seed Site
Maryland	Baltimore	South Baltimore Weed and Seed Site
New Jersey	East Orange	East Orange Weed and Seed Site
	Trenton	Greater Donnelly Weed and Seed Site
New York	Buffalo	Lower East Side Weed and Seed Site
	Rome	Rome Weed and Seed Site
	Troy	Westside Waterfront (Waterfront/South Troy) Weed and Seed Site
North Carolina	Asheville	West Riverside Weed and Seed Site
	Henderson	Henderson/Vance Weed and Seed Site
	Shelby	Northeast Shelby Weed and Seed Site
Ohio	Canton	Central Canton Weed and Seed Site
	Cleveland	Mt. Pleasant Weed and Seed Site
	Youngstown	Northside Weed and Seed Site
Pennsylvania	Pittsburgh	Lawrenceville Weed and Seed Site
	Upper Darby	Upper Darby Weed and Seed Site
South Carolina	North Charleston	North Charleston Weed and Seed Site
Texas	Marlin	Marlin Weed and Seed Site
Wisconsin	Milwaukee	Historic Clarke Square Weed and Seed Site

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Bush Says US Safer But "Not Yet Safe," Warns Of Long War On Terror 4
UK Considers Stricter Terror Laws, Passenger Profiling 6
British Arrest Another In Terror Plot Investigation 6
Former Terrorist Says He Rejects Terrorism 8
Samuelson Says Terror's Economic Impact May Lie Ahead 8
USA Today Says White House Must Drop "'No One Could Have Expected It' Excuse." 8

Homeland Response:

Chertoff Details DHS, TSA Actions To Ensure Air Security 9
State Department Begins Issuing Biometric Passports 10
Judge Rules In Favor Of Insurers In Katrina Case 10

War News:

Bush "Frustrated" By Iraqi Rebuilding, Lack Of Public Support For US Efforts 11
Sixteen Killed In Iraq Yesterday 11
US Retracts Gas Explosion Theory 12
Pakistanis Arrest 29 Taliban Fighters 12
Lockheed Proposes Drone Version Of F-35 13

DOJ:

DOJ To Secure Databases 13

Corporate Scandals:

US Seeks Fugitive Ex-Comverse CEO 13
Xilinx Review Finds No Options Fraud 14
Former InVision Official Settles SEC Charges 14
ABA Criticizes DOJ Policy On Legal Fees Advancement 15

Criminal Law:

Sjodin's Boyfriend Testifies To Mysterious Cell Phone Call 15
Hinckley Seeks Extension Of Unsupervised Family Visits 15
Crawford Trial Jury Deliberations Begin 16
Arizona High Court Overturns Death Sentence 16
Victoria Gotti Wrote Fan Mail To Judge In Eppolito, Caracappa Case 16
Sentencing Of Aryan Brotherhood Leaders Delayed Over Question Of Confronting Witnesses 17
Texas Hotel Manager Pleads Guilty To Katrina Relief-Related Fraud 17
Police Say DC Murder Scene Was Cleaned 17
Judge Denies Motion To Revoke Galante's Bond 17
Environmental Activist To Remain Behind Bars 17
Virgil Trial To Remain In Albuquerque 17
Tennessee Waltz Defendant Considering Guilty Plea 18
Judge Tosses Mail Fraud Charge Against Former Michigan Prosecutor 18

Civil Law:

DOJ Said To Gain "Creeping Oversight" Of New York City Government 18

Civil Rights:

FBI Helps Break Human-Trafficking, Sex Slave Ring 19
ACLU Loses Request To Review Redacted Documents 19
FBI Agent Testifies In Trial Of Officer Accused Of Beating Suspect 19
Hispanics Say DSCC Web Ad Unfairly Maligns Them 19
"Furious" Schiavo Working Against Officials Who Intervened In Wife's Case 19
FBI Settlement Of Sex-Bias Class Action Suit Noted 20
Boise To Vote On Ten Commandments Display 20

Antitrust:

Monsanto To Buy Cotton Seed Firm For $1.5 Billion 20
Class Action Suit Claims BAR/BRI Overcharged Law Students 21
FTC Extends Antitrust Review Of Barr's Pliva Purchase 21
DC Circuit Upholds FCC Ruling On Phone Line Rights Access 21

Norwegian Regulators Appeal Scandinavian Airline Ruling .. 21

Environment/Indian Affairs:

Sunoco, Mid-Valley Settle With DOJ Over Oil Spill 21
DOT Plans To Tighten Pipeline Regulations 22
Judge Rules APHIS Flouted Law With Biotech Crop Permits 22
Singer Charged With Illegal Killing Of Black Bear 22
California Establishes Marine Havens 23
Environmental Groups Denounce Gene-Altered Crops..... 23
Washington Settles Dispute Over Tribal Burial Site 23

FBI/DEA/ATF/USMS:

US Smashes 15-City Heroin Ring..... 24
Judge Tells Reporters To Reveal BALCO Sources To Grand Jury..... 25
Former FBI Agent Suing Home Depot For Malicious Prosecution 26
Trial Reveals Tampa Marijuana Operation Made "Big Money."..... 26
Colombia Uses US-Supplied Planes To Fumigate Coca Crop In National Park 27
Tulsa To Hold Gang Summit..... 27
ATF Sends Oregon Pipe-Bomb Evidence To Lab..... 27
Fugitive Task Force Opens New Jersey Office 27

Immigration:

Three Plead Guilty To Missouri Nuptials Scam 27
Pennsylvania Town Sued Over Anti-Illegal Alien Ordinance.. 28
Head Of National Border Patrol Council Calls For New Trial For Agents..... 28

Tax:

California Dentist Convicted Of Tax Evasion..... 29
US Issues Warrant For CEO Charged With Tax Evasion..... 29
Charities Target Property Owners In Wake Of Real Estate Boom 29
Bill Would Make Roth 401(k) Plans More Attractive..... 29
Charities Target Property Owners For Real Estate Donations30

Congress-Administration:

Bush Delays Allowing Foreign Ownership Of US Airlines..... 30
Officials Announce Medicare Drug Premiums Not Going Up30
DOT Investigating Second Computer Theft..... 30
Poll Finds Bush Would Now Lose To Gore Or Kerry..... 30
Cheney Said To Be Beyond "Democratic Accountability." 31
Dowd Comments On Bush Reading Camus' "The Stranger."31

Other News:

Job Losses Seen As Reason Behind Lower Home Prices 31
State Governments' Savings Totals Up 25%..... 32
Varying Gas Prices Examined 32
Companies, States Explore Overseas Health Care Options .. 32
McCain Sees "Lingering Resentment" In GOP About 2000 Primaries..... 32
First Lady Called A "Critical Asset" For GOP..... 32
Allen Continues To Take Heat For Comments..... 33
Casey's Lead Over Santorum Shrinking 33
Lieberman To Criticize Both Parties In Independent Senate Bid..... 33
TV Ad Pairs Hillary Clinton, Bin Laden 34
Cardin Courts Seniors With Attacks On Bush Agenda 35
Republicans Seek Consensus On Write-In Candidate For DeLay's Old Seat..... 35
McKinney Criticizes Electronic Voting..... 35
Chafee's Tough Primary Noted 35
Focus On The Family To Mobilize Christian Voters In 8 States 35
NRCC Reserves $40 Million In Air Time In Key States..... 35
Donation To Athletic Program Raises Eyebrows 35
Former President Ford In Hospital..... 36
New Jersey AG Resigns Over Ethics Issues 36
AOL Seeks To Dig For Gold In Spam Case 36
WSJournal Says Chicago Minimum Wage Law Driving Retailers Out..... 36
WSJournal Notes Rhode Island-DuPont Controversy..... 36
WPost Defends Maryland Early Voting Bill..... 37
Rice Calls Lebanon Resolution "A Victory" For Peace And Moderation..... 37
UN Yet To Receive Formal Commitments For Southern Lebanon Force 39
Tenuous Ceasefire Holds In Southern Lebanon 39
Hezbollah Promises "Unlimited" Aid To Returning Lebanese Refugees..... 41
Issa Was Sole US Lawmaker To Visit Lebanon 42
Tehran's Nuclear Ambitions Said To Benefit From Israel-Lebanon Conflict 42
MDA Head Will Soon Recommend Europe Missile Defense Sites..... 42
Blair's Unpopularity Said To Linger Despite Recent Events... 42
With EU Accession Talks Stalled, Turkey Said To Look Eastward..... 43
Hong Kong Journalist Tried For Spying For Taiwan 43
Japanese Embassy Protest In Beijing Decries Koizumi's Yasukuni Visit..... 43
Experts Say Most Countries Unprepared For HIV Threat..... 43

DOJ_NMG_0048717

South Africa's Development Of Coal-To-Oil Technology
Draws World Interest..... 43
Regional Instability Predicted If Kosovo Gains Independence 44
NYTimes Contrasts Bosnian And Iraqi Outcomes 44
WPost Says Lopez Obrador's Protest Campaign Endangers
Mexican Democracy..... 44
WSJournal Questions Gunter Grass' Credibility..... 45

The Big Picture:

Headlines From Today's Front Pages..... 45

Washington's Schedule:

Today's Events In Washington 45

DOJ_NMG_0048718

TERRORISM NEWS:

Bush Says US Safer But "Not Yet Safe," Warns Of Long War On Terror. President Bush's visited the National Counterterrorism Center (NCTC) yesterday. Most media accounts link their coverage of Bush's remarks there to stories on US efforts to improve security in the wake of the UK air terror alert. A number of reports cast the Bush Administration as somewhat on the defensive, and described Bush's remarks as part of a political effort to help GOP candidates in the November elections. Vice President Cheney's remarks on the war on terror, for example, are being portrayed as part of that political strategy. Meanwhile, Democrats are also addressing the issue on the campaign trail, criticizing Bush's record on terrorism and suggesting they will try to use the issue to their advantage this Fall.

All three broadcast networks covered the story. ABC World News Tonight (8/15, story 3, 1:45, Gibson) said Bush "spent his first two days back from vacation meeting with all parts of his national security team," delivering "a sobering assessment of the terror threat." At the NCTC, Bush said he "does not see the war on terror ending anytime soon." Bush was shown saying, "America is safer than it has been. But it's not yet safe. The enemy has got an advantage when it comes to attacking our homeland. They've got to be right one time. And we got to be right 100% of the time to protect the American people." ABC (Raddatz) added, "The White House said today, they will acknowledge that some things are not going well."

CBS and NBC briefly noted the President's remarks as part of other security-related stories. The CBS Evening News (8/15, story 2, 2:50, Schieffer) said Bush "declared America is safer than it was but 'not yet safe,'" and that the "foiled plot shows the war on terror may go on for years." NBC Nightly News (8/15, story 2, 2;30, Brown) reported Bush "said the government is doing everything in its power to protect the American people from another terror attack, but warned it won't be easy."

CNN's The Situation Room (8/15, Henry), in its coverage of Bush's NCTC visit, said that "with the war on terror expected to be the defining issue of the midterm elections," Bush is "trying to drive home the point that even while it's August, with all these hot issues going on, he's working this time." Fox News Special Report (8/15, Baier) said Bush "promised the government is doing all it can to try to prevent terrorist attacks." MSNBC's Hardball (8/15, Shuster) reported Bush "took partial credit for thwarting last week's terror threat." On Hardball, Bush was shown saying, "Because of the good work in Great Britain and because of the help of the people here at NCTC, we disrupted a terror plot."

Print reports on Bush's NCTC remarks carry similar themes, with the Washington Post (8/16, A4, Baker) headlining its report "Bush Says US Safer But Far From Secure," and the AP (8/15, Pickler) saying Bush said the plot "is evidence the US could be fighting terrorists for years to come." The Post adds that while Bush "touted his accomplishments" at NCTC, ex-President Clinton "accused Republicans of using the reported plot for political purposes and questioned Bush's national security priorities. The back and forth illustrated the emotional punch of the terrorism issue as both parties head into fall campaigns with Bush's popular standing lagging and GOP control of Congress at stake."

Like the Post, the Washington Times (8/16, Curl) also focuses on the election impact of the terror issue, leading its report by saying Democrats "have decided to fight President Bush this fall on his traditional turf -- national security -- but the president and his fellow Republicans running in the mid-term congressional elections hold an edge on the issue, which proved pivotal in the last two cycles." The parties "are splitting the debate," with Bush and the GOP "pressing for tools to fight terrorism abroad as they seek to expand the issue to a global scale, and Democrats staying closer to home, arguing that the international war against terror makes Americans less safe."

Cheney Takes On "Dean Democrats" Who "Favor Defeatism." Fox News Special Report (8/15, Baier) reported, "At a campaign event for Arizona Senator John Kyl, Vice President Cheney did not hide the fact that fighting terrorism will be a major issue in the mid-term elections this fall." Vice President Cheney was shown saying, "Here in the US, we have not had another 9-11. No one can guarantee that we won't be hit again. But the relative safety of recent years was not an accident. And as we make our case to the voters in this election year, it's vital to keep issues of national security at the top of our agenda."

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CNN's The Situation Room (8/15, Henry) reported, "As we often see, the President makes the point and then Vice President Cheney goes out and tries to drive that point home with a partisan punch, almost like as tag team. So it was today that the Vice President speaking to the Arizona Republican Party at a fundraiser and he said voters in November have a clear choice between Republicans tough on terror and what he calls the, quote, 'Dean Democrats who have defeated Joe Lieberman.' He said these Democrats favor defeatism."

The AP (8/16) reports Cheney "Cheney appeared at a $500-a-plate luncheon at the Arizona Biltmore Resort and Spa, his second visit to the state this year in support of Republican candidates. The event raised more than $300,000 for the state Republican Party. A March fundraiser for Sen. Jon Kyl raised about $500,000 for his re-election effort." The Vice President "spent the bulk of his speech addressing the war against terrorism and the Democrats, pointing out the ongoing 'vigorous debate' on how to deal with the situation in Iraq." He "dismissed Democrats who called for a troop pullout deadline, saying it was a 'bad idea.' He criticized Rep. Jack Murtha, D-Pa., for his suggestion that troops be pulled back to Okinawa and his use of examples of previous pullouts." Said Cheney, "If we follow US Rep. Murtha's advice and withdraw from Iraq the same way we withdrew from Beirut in 1983 or Mogadishu in 1993, we will simply validate the al-Qaida strategy and invite more terrorist attacks in the future,' Cheney said."

Democrats Try To Claim Terrorism Issue. CNN's The Situation Room (8/15, Bash) reported, "Just as the President was using the bully pulpit to talk tough on terrorism, Democratic senators scattered across the country for summer recess were holding a conference call with reporters to say, not so fast." Sen. Carl Levin: "It's like a broken record and the American people are not buying his effort to gain political advantage."

CNN's The Situation Room (8/15, Bash) reported, "Just this afternoon, the Democratic National Committee chairman, Howard Dean, spoke to the Iron Workers Union and he telegraphed what has been a consistent Democratic theme since the London terror plot, the alleged plot, became public last week in terms of the politics here." Dean, "like other Democrats tried to make the point that this is proof that they are Republican failures." Dean was shown saying, "It means putting real money as the Democrats proposed and the Republicans said no to, putting real money into intelligence inside the borders of the United States of America so we don't end up having what Britain had this past week."

Fox News Your World With Neil Cavuto (8/15, Cavuto) interviewed Rep. Charles Rangel. Asked if the fact that the US hasn't had a domestic terrorist incident since 9/11 gave him "any encouragement," Rangel said, "Not at all. … And most Americans don't feel any safer, that we really, truly believe that, if we wanted to feel safer, we will have more of a support for local and state governments. New York was cut back."

More Commentary On The Politics Of The Terror Debate. On MSNBC's Hardball (8/15, Matthews), John Fund said, "The Bush administration is clearly in charge of a failing policy in Iraq. The American people are upset about that, but in terms of the homeland, the American people have done fairly well the last five years. We have not been attacked."

Also on MSNBC's Hardball (8/15, Matthews), New York attorney general candidate Mark Green said, "I agree that the Bush people can claim good credit because we haven't been attacked, but Americans every night see Baghdad blowing up, 100 people a day being killed. From Bali to Spain and to London subways and almost flights, it doesn't seem that we're safer."

On MSNBC's Hardball (8/15, Matthews), Washington Post reporter Chris Cillizza said President Bush would win the argument about national security "among his base. And in midterm elections, that's what's important. The Republicans need to find a way to energize their base."

On MSNBC's Hardball (8/15, Matthews), Chicago Tribune reporter Jeff Zeleny said, "One thing matters above all. Can Republicans succeed in selling the war and the war on terror as one thing? I'm not so sure it's as easy this time. I was out in Indiana in three swing congressional districts, talking to voters. And just what you're picking up among voters. It's A, OK to be against the war right now, so that's not as much of an issue. So it just depends if Republicans can link those two things. And we'll see."

Thomas Friedman writes in the New York Times (8/16), "The defeat of Senator Joe Lieberman by the upstart antiwar Democrat Ned Lamont has sparked a firestorm of debate about the direction of the Democratic Party. My own heart is with those Democrats who worry that just calling for a pullout from Iraq, while it may be necessary, is not a sufficient response to the biggest threat to open societies today -- violent, radical Islam. Unless Democrats persuade voters -- in the gut -- that they understand this larger challenge, it's going

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to be hard for them to win the presidency. That said, though, the Democratic mainstream is nowhere near as dovish as critics depict." Friedman adds, "What should really worry the country is not whether the Democrats are being dragged to the left by antiwar activists who haven't thought a whit about the larger struggle we're in. What should worry the country is that the Bush team and the Republican Party, which control all the levers of power and claim to have thought only about this larger struggle, are in total denial about where their strategy has led."

UK Considers Stricter Terror Laws, Passenger Profiling. The Los Angeles Times (8/16, Murphy) reports calls are "rising in Britain to pass tougher anti-terrorism measures that would allow suspects to be held longer without charges and introduce profiling to airport screenings. Neither measure has been formally introduced, but several senior officials and Parliament members have floated proposals to strengthen anti-terrorism laws, which already are stiffer than many measures elsewhere in the West." While supporters say the proposals "would allow police more time to assemble evidence against terrorism suspects and end long security lines at the airports," opponents "worry about eroding civil liberties, and fear airport screening focused on those 'traveling whilst Asian' will further alienate the nation's 1.5 million Muslims." The Financial Times (8/16, Adams, Sherwood, Sevastopulo) says "UK government insiders" played down the "prospect of extra security checks for airline passengers on race and religion…for fear of alienating the Muslim community." Meanwhile, USA Today (8/16, 5A, Stinson) reports the UK may make strict carry-on luggage rules permanent.

Airlines May Seek Compensation From UK. The Wall Street Journal (8/16, A8, Stone) reports airlines said they "may seek compensation from British airports operator BAA PLC, as stepped-up security measures because of an elevated terror threat have forced them to cancel hundreds of flights."

London Muslim Leaders Strive To Combat Extremism. NBC Nightly News (8/15, story 6, 2:20, Ellis) ran an "In Depth" report on efforts to combat extremist Islam in the UK. In London's Whitechapel neighborhood, home to "the city's highest concentration of young Muslims, many of whom are the targets for radical recruiters," some Muslim leaders "are trying to make sure young people hear other voices, too." Sheik Aliur Rahman: "If we can articulate their views in ways which are part of the mainstream, I don't think there would be as much problem as you see now." Ellis: "But many people here are guided by their hatred, for British and US foreign policy." Rahman: "Those of us who have children try to educate and guide them. But so long as there is this crisis in the world, a deep crisis in the world, nothing we do is sufficient on its own."

British Arrest Another In Terror Plot Investigation. The Washington Post (8/16, A8, Partlow, Whitlock) reports, "British police on Tuesday arrested a new suspect in the alleged terrorist plot to explode as many as 10 transatlantic airplanes," and "executed warrants last Thursday to search two Internet cafes." In Germany, officials said they were investigating contacts between at least one of the suspects and the wife of an alleged member of the Hamburg cell that carried out the Sept. 11, 2001, hijackings in the United States," but added they "don't believe the London plot was organized or received any support from people in Germany."

The Los Angeles Times (8/16, Rotella) says British and German authorities are investigating a potential link between an alleged plot to bomb U.S.-bound planes and a fugitive in the Sept. 11 attacks." The "slim but intriguing lead" is that one of the 23 suspects "may have tried to communicate with" Said Bahaji, an accused Moroccan German member of the Hamburg cell who fled to Pakistan days before the Sept. 11 hijackers struck, "through e-mails to the Moroccan's wife, Nese."

The New York Times (8/16, Lyall) notes, "a debate broke out over whether passenger screening should focus on people whose appearance suggests they pose the greatest likelihood of being dangerous." Meanwhile, British Airways's chief executive, "Willie Walsh, delivered a scathing attack on BAA, the airport operator," as "airlines said delays in security screening were the fault of BAA."

Terror Suspects Said To Be Linked To Al Qaeda. The CBS Evening News (8/15, lead story, 3:15, Schieffer) reported, "London police say they have arrested one more suspect in that plot that they busted up last week that set off explosives on civilian airliners heading to the United States. That makes 25 people now who've been arrested. They let one go. This latest arrest came after a raid on two Internet cafes west of London." CBS (MacVicar) added that Tayib Rauf is said to be "the go-between, the link from the liquid bomb plotters in England to al Qaeda in Pakistan. In

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Pakistan, the government has sought credit for its cooperation, but doesn't like to admit it has an al Qaeda problem." MacVicar continued, "As investigators move closer to determining that the foiled plot was an al Qaeda operation, they are examining what may be another important al Qaeda connection … British police and German intelligence believe one of the suspects now in custody was making contact with" 9/11 mastermind Atta's roommate in Germany, a computer expert and senior al Qaeda figure.

NBC Nightly News (8/15, lead story, 2:30, Brown) reported, "Many suspected it. And some suggested it. That al Qaeda was behind the plot to blow up airliners flying from the UK to the US tonight, new evidence points to a connection." NBC (Myers) added, "Western intelligence sources tell NBC News there is growing evidence tonight that the alleged ringleader in this plot had contact with senior al Qaeda figures. This is the first video to emerge of the cell's alleged point man in London Tayib Rauf. Authorities say his older brother Rashid Rauf was the ring leader of the operation, calling the shots for Pakistan. Intelligence sources tell NBC that there is now information that Rashid Rauf had contact with al Qaeda's director of international operations sometime prior to May 2005.

The New York Times (8/16, Khan, Gall) reports an anonymous "senior Pakistani intelligence official told reporters [in Islamabad] Tuesday night that a leader of Al Qaeda based in Afghanistan was the mastermind of the reported plot in Britain to blow up American airliners." However, he "did not identify the leader or provide other details. He said the supposed mastermind was comparable in importance to Abu Faraj al-Libbi, a Libyan said to have been a high-ranking Qaeda official, whom Pakistan arrested in May 2005 and turned over to the United States. 'It is not Osama bin Laden and it's not Ayman al-Zawahri but it was someone close to the rank of Abu Faraj al-Libbi,' the intelligence official said, referring to the top two Qaeda leaders." The officer "also said British security officials who were monitoring the reported plot wanted to let the suspects go ahead with a dry run but were dissuaded by the United States and Pakistan. … He also said that Pakistani officials had arrested six or seven people linked to the plot along with Rashid Rauf," which he called "the key to foiling the plot" because Rauf "was a link between Al Qaeda and the suspects arrested in Britain."

FBI, Scotland Yard Investigating Charities' Ties To Terror Plot. The Long Island Newsday (8/16, Eisenberg) reports, "Money-laundering experts from the FBI and Scotland Yard are tracking whether millions of dollars donated to Pakistani earthquake relief may have been siphoned to conspirators plotting to blow up American airliners. 'FBI agents have just arrived in the United Kingdom to help go through the books and try to track the money,' said a source briefed on the U.S. investigation. 'They're looking at several Islamic charities specifically involved with earthquake relief, but also at others.'" One group, "Crescent Relief, was registered in East London by Abdul Rauf, the father of two brothers arrested in the plot." However, "the charity receiving the most attention so far is Jamaat-ud-Dawa, whose possible link to the plotters was reported by The New York Times on Monday" and is "successor to Lashkar-e-Taiba…which was banned by Pakistan as a terrorist organization."

The Los Angeles Times (8/16, Rotella) adds, "a British watchdog agency disclosed that it has opened an inquiry into reports that funds raised by a Muslim charity, Crescent Relief, were diverted by the plotters." U.S. Treasury officials confirmed "they are helping British and Pakistani authorities trace money believed to have helped finance the plot to see if any of it came from charity groups and from Pakistani militant organizations,' and "a recent Treasury report expressed concern that militants were abusing charity relief amid 'weak to nonexistent government regulation or oversight of the charitable sector.'"

The Christian Science Monitor (8/16, Montero) reports, "Jamat-ud-Dawa, a charity banned by the US State Department in April, is at the center of a firestorm," as "the group's leader has been placed under house arrest, and investigators in England and Pakistan are probing whether the group provided financial and logistical support to the London terror suspects." However, "analysts in Pakistan cautioned against jumping to any conclusions, saying the group's history and recent evolution suggest it has neither the political will, nor the capacity, to be involved in an international terrorist plot," and "intelligence officials in Pakistan say there is no direct evidence of Jamat-ud-Dawa's involvement in the plot." Tasneem Aslam, spokeswoman for the Foreign Ministry, also "dismissed claims that Pakistan was investigating money flows from Islamic charities. She also dismissed as baseless media claims that Jamat-ud-Dawa was in any way tied to the London terror plot."

Women And Educated Muslims Taking Part In European Terrorism. The Wall Street Journal (8/16, A5, Bryan-Low, Crawford) leads that "emerging details point to a

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troubling -- and growing -- strain in Islamic terrorism in Europe: the involvement of women and middle-class, university-educated young men," making "a marked contrast to the stereotype of a homegrown Islamic terrorist as a disaffected young man on society's fringes." Experts say that "middle-class and British university-educated terrorists are particularly effective because they are difficult to spot as extremists."

Many Of Suspected Plotters Are Recent Converts. The New York Times (8/16, Kovaleski) reports; "a number of the two dozen individuals arrested in last week's antiterrorism raids had become much more devout in their faith or converted to Islam within the last two years or so." Osman Khatib "about a year ago… abruptly adopted a new look that apparently reflected a deeper sense of devotion" by "wearing only traditional Islamic clothing and often talking outside of his family's modest townhouse on Wellington Road with a new set of friends who dressed similarly." Nabeel Hussain "attended strident Islamic rallies in Manchester and Birmingham while becoming more dogmatic about his religion." Don Stewart-Whyte, "about six months ago…converted to Islam and had embraced the conventions of a pious Muslim."

British Muslims' Explanation For Extremists' Motivation Seen As Fallacious. In a New York Times op-ed (8/16), Yale University fellow Irshad Manji says, "Last week, the luminaries of the British Muslim mainstream — lobbyists, lords and members of Parliament — published an open letter to Prime Minister Tony Blair, telling him that the 'debacle' of both Iraq and Lebanon provides 'ammunition to extremists who threaten us all.' In increasingly antiwar America, a similar argument is gaining traction: The United States brutalizes Muslims, which in turn foments Islamist terror." But "violent jihadists have rarely needed foreign policy grievances to justify their hot heads." If Islamists "cared about changing Iraq policy, they would not have bothered to abduct two journalists from France — probably the most antiwar, anti-Bush nation in the West." Meanwhile, "at least as many Muslims are dying at the hands of other Muslims as under the boots of any foreign imperial power."

Former Terrorist Says He Rejects Terrorism.

CNN's "The Situation Room" (8/15, Verjee) interviewed Abdurrahman Khadr, a member of the "so-called first family of terror in Canada." Though his father was a close friend of Osama bin Laden, Khadr now says he "rejected terror." Khadr "quit the CIA just as he quit al Qaeda, abruptly, after fighting a long legal battle he was eventually allowed to come back home to Toronto. Abdurrahman says he wants to do things his way now. He doesn't keep up with the news, because it reminds him of his painful double life. He just wants to move on."

Samuelson Says Terror's Economic Impact May Lie Ahead.

In his Washington Post (8/16, A13) column, Robert J. Samuelson writes, "This is an age of glaring contradictions. It's hard to ignore the great disconnect between the rise of terrorism and the relentless advance of the world economy." Terrorism "has exacted some steep costs. Airlines and tourism suffered after Sept. 11; in the wake of last week's foiled bomb plot, that could happen again. Spending for the war in Iraq was vastly underestimated. But terrorism's damage has paled before the larger effect, which is not much. It hasn't destroyed prosperity or cross-border flows of goods, money and people. … We ought to ask why the economic fallout has been so muted -- and whether that could change. Could the backlash so feared five years ago unfold in the future?"

USA Today Says White House Must Drop "'No One Could Have Expected It' Excuse."

Under the headline "Oh, Really?" USA Today (8/16) editorializes that President Bush "and people who work for him have a disheartening habit of being astonished by the arrival of disasters they didn't see coming but others did," such as the "numerous pre-9/11 warnings that terrorists would use airplanes as weapons," a "sobering week-long series in 2002" in the New Orleans Times-Picayune on the risk of a major hurricane there, and warnings that "Iraq was an unstable stew of sectarian resentments, liable to explode in fighting among Sunnis, Shiites and Kurds" that came before the 2003 invasion. USA Today writes, "The price is yet to be paid for the most flagrant example of ignoring risk, but the bill will start coming due in about a decade when Social Security and Medicare face insolvency because of today's shortsighted policies. Perhaps those in power at that time will attempt to say the crisis couldn't have been anticipated. But they'll be wrong, just as those bemoaning the calamities of 9/11, New Orleans and Iraq are today. It's time to retire the 'no one could have expected it' excuse."

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HOMELAND RESPONSE:

Chertoff Details DHS, TSA Actions To Ensure Air Security. An op-ed by DHS Secretary Michael Chertoff runs in USA Today (8/16) this morning, in which Chertoff says, "Our No. 1 priority is always protecting American citizens and travelers to the United States. Today, air travel remains safe, and there is no current evidence that elements of this terrorist plot are active within the United States. But we must fully maintain current security measures to thwart copycats. Today, enhanced security measures remain in place at all U.S. airports." TSA "has developed many independent layers of security, including reliance on human skills and ingenuity. … Taken alone, any one of these measures might conceivably be beaten, but together, they present a formidable challenge to terrorists."

TSA Increases Focus On Behavioral Profiling Of Air Passengers. The CBS Evening News (8/15, story 2, 2:50, Orr) said TSA agents "are doing it on the sly, trying to separate legitimate air travelers from would be terrorists. While x-ray machines and explosive scanners focus on weapons," TSA chief Kip Hawley "says screeners are studying passengers for signs of nervousness." Hawley: "It is involuntary muscular behaviors across the board, it doesn't matter what you look like, you don't have to look like a terrorist to exhibit these involuntary behaviors." Orr: "It's the first step in so-called behavioral profiling and this could be the next." CBS then spoke with psychologist Mark Frank about ways to "spot the lie" during conversation.

ABC World News Tonight (8/15, story 6, 2:55, Gibson) focused on the "controversial question" of racial profiling, asking, "Is it time to begin screening airline passengers based on race and religion?" House Homeland Security Chairman Peter King: "I think it's time to end political correctness. To me, if a person is of a Middle Eastern descent, it's legitimate to allow the screener to ask additional questions." ABC (Harris): "According to a recent poll, 41% of Americans say Muslims should be subject to special security checks; 57% say no. Critics say profiling on the basis of race or religion is not only wrong, but it's also ineffective. They say it would not have worked on suspected dirty bomber Jose Padilla or Oklahoma City bomber Timothy McVeigh. What's more, al Qaeda is now recruiting people who don't fit the profile." ABC concluded its report by moving to the subject of behavioral profiling, which is "what they do at Israel's largest airport. … It's worked for Israel. The last serious attempt to bomb an Israeli plane was in 1985, by an Irish woman."

TSA Defends Shoe Removal Rule. Rather than focusing on profiling methods, NBC Nightly News (8/15, story 2, 2;30, Brown) turned its attention to the TSA's renewed requirement that "all airline passengers in this country remove their shoes." NBC (P. Williams): "A recent Homeland Security analysis said screening machines cannot by themselves, detect shoe bombs. But today TSA officials insisted the system works, if screeners are properly trained on what to look for." CNN's The Situation Room (8/15, Todd) noted that a DHS report "says X-ray machines at US airports cannot detect explosives in shoes, but the TSA is playing defense." Hawley: "Screening shoes by X-ray is an effective method of identifying any type of anomaly, including explosives." On MSNBC's Tucker (8/15, Scarborough), Hawley said, "I hate taking my shoes off, too, but for the same reason, I do it, and I do feel safe when I fly."

The Washington Post (8/16, A5, Wilber) reports TSA officials "defended stepped-up security measures taken in recent days, rebutting criticism from outside security experts and members of Congress who have questioned whether authorities are prepared to handle potential terrorist threats." Meanwhile, the Wall Street Journal (8/16, A5, Meckler) reports TSA plans to introduce "a smaller CT scanner that can be used at a checkpoint and would cost closer to $300,000 to $350,000" that can detect many kinds of explosives. Hawley said, "We are very, very optimistic. It is a very, very high priority of mine."

USA Today (8/16, 5A, Levin) reports that while machines that "check carry-on bags for explosives and devices that look for bombs under people's clothing have already been produced," it is "likely to be years before a method of detecting liquid explosives is in widespread use at U.S. airports, according to manufacturers and government leaders." But DHS Secretary Michael Chertoff "cautioned that no one technology is a 'silver bullet.'"

USA Today Says TSA In "No-Win Situation." USA Today (8/16) editorializes, "TSA is in a no-win situation. Had the suspected plot involving liquid explosives succeeded, U.S. and British authorities would have been roundly criticized for failing to avert it. Absent a plan as well-advanced as the recent one was said to be, though, TSA would have found it almost impossible to convince the public of the need to restrict liquids. That is not an excuse, however, for TSA's failure to make security more focused. Common sense says

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that when an elderly woman can be arbitrarily singled out for special scrutiny, something is out of whack. Once the immediate crisis passes, the obvious first step is to trim the list of restricted carry-on items to a safe minimum." And TSA "has also experimented with a number of broader ideas" that will "provide additional layers of security," such as a Registered Traveler program, behavioral profiling, and better cargo screening.

More Commentary. In a Wall Street Journal (8/16, A10) op-ed, Institute for Homeland Security Director Randall Larsen, a retired Air Force colonel, writes that while DHS "sometimes seems to be a step behind al Qaeda, this is not the case for liquid bombs, the kind the London plotters had in mind." Hawley "has been trying to move TSA's focus to this new threat since he took office last year. His initial attempts to do so were met with scorn. 'TSA says it is OK to take knives on airplanes.' Remember the headlines and guffaws, the lambasting from many in Congress? Of course, that was not what Mr. Hawley really meant. Rather, it was a matter of priorities: Shift the focus away from nail files and grade-school scissors and toward the far greater risk -- bombs that are virtually undetectable by the technology currently in use."

In a USA Today (8/16) op-ed, columnist Jonah Goldberg writes, "'Example is the school of mankind,' noted Edmund Burke, 'and they will learn at no other.' Alas, Burke didn't say how many examples it would take. … You can be sure the example of last week will fade into the fog of barely remembered previous terrorist attacks like the road to Brigadoon. Indeed, who recalls that barely two months ago, a cell of would-be jihadists was arrested in Miami for plotting to translate its dream of blowing up the Sears Tower into reality? Meanwhile, the U.S. embassy bombings of the late 1990s, the Bali attacks and the London subway massacres seem like ancient history to many."

State Department Begins Issuing Biometric Passports. The Washington Post (8/16, A11, Lee) reports, "The digital era arrived in Foggy Bottom this week when the State Department began issuing new 'electronic passports' to the public." The "special chip" on the last page of the passport contains the issue's biographic information. "In issuing the new passports, the department is matching a requirement it is imposing on visitors from several other countries." Visa waiver countries and other countries whose nationals do not need a US visa to apply for admission, are required to begin issuing "chip-equipped" passports by October 26.

Judge Rules In Favor Of Insurers In Katrina Case. USA Today (8/16, Chu) reports, "In a decision that could set the tone for thousands of pending lawsuits, a federal judge ruled Tuesday that homeowner policies from Nationwide Mutual don't cover storm-surge damage caused by Hurricane Katrina." The ruling by L.T. Senter, "a district court judge presiding over a raft of similar cases in Mississippi," could be appealed, but "it's at least a temporary setback for many homeowners waiting to have their cases heard." The ruling "could also complicate fledgling rebuilding efforts in the hurricane-ravaged Gulf Coast region, where home-foreclosure rates have been rising."

The Wall Street Journal (8/16, McDonald) notes that "in yesterday's ruling, Judge L.T. Senter Jr. found that Nationwide owed Paul and Julie Leonard of Pascagoula, Miss., $1,228.16 for wind damage to their home. After applying a $500 deductible, Nationwide originally paid the Leonards $1,661.17." However, "the couple were seeking more than $158,000 to cover damage to their home and its contents, plus interest, attorney's fees and expenses." The Leonards' "experts estimated that the damage totaled more than $130,000, with more than $47,000 attributed to wind, but Judge Senter attributed the damages to water that rose to five feet in the first floor of their home." The Washington Post (8/16, D1, Day) runs a similar report under the headline "Storm Surge Is Flood, Judge Says," while the New York Times (8/16, Treaster) says "insurers have already paid $17.6 billion for damage to homes from Katrina that was attributed to wind only." But "this was a victory for the companies, because they could have been forced to pay out untold billions more if they had been required to cover damage from flooding caused by the storm. Several hundred thousand homes were damaged or destroyed by Katrina." It was "not a total victory, however. The judge rejected attempts by the insurers to cancel coverage for wind damage when it occurred in combination with the flooding." The AP (8/16, Kunzelman) reports, "Senter's ruling could set a precedent for hundreds of other court challenges to the insurance industry for denying billions of dollars in claims after the Aug. 29 hurricane ravaged the coasts of Louisiana and Mississippi."

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WAR NEWS:

Bush "Frustrated" By Iraqi Rebuilding, Lack Of Public Support For US Efforts. The New York Times (8/16, Shanker, Mazzetti, 1.21M) notes President Bush "made clear in a private meeting this week that he was concerned about the lack of progress in Iraq and frustrated that the new Iraqi government -- and the Iraqi people -- had not shown greater public support for the American mission, participants in the meeting said Tuesday." Bush "carefully avoided expressing a clear personal view of" Prime Minister Nuri Kamal al-Maliki, but, "in what participants described as a telling line of questioning, Mr. Bush did ask each of the academic experts for their assessment of the prime minister's effectiveness." One attendee "interpreted Mr. Bush's comments less as an expression of frustration than as uncertainty over the prospects of the new Iraqi government." Overall, the Times says, Bush "expressed frustration that Iraqis had not come to appreciate the sacrifices the United States had made in Iraq, and was puzzled as to how a recent anti-American rally in support of Hezbollah in Baghdad could draw such a large crowd." Bush "appeared serious and engaged during the lunch," and "showed no signs of veering from the administration's policies to support the new government and train Iraqi security forces to take over the fight, and only then bring American troops home."

Bush Opposed Three-Way Division Of Iraq. The Los Angeles Times (8/16, Richter, Wallsten) reports, "President Bush flatly told Middle East experts at a private meeting this week that a three-way division of Iraq would only worsen sectarian violence in the country and is 'really not an option' for solving the country's problems, the analysts said Tuesday." The Times adds, "Rejecting a policy alternative that has been gaining support in the U.S. and abroad, Bush told the experts that dividing the country would be 'like pouring oil on fire,' recounted Eric M. Davis, a Rutgers University professor and one of the experts who met with Bush Monday at the Pentagon." The experts, "speaking in interviews," said "Bush also signaled that he intended to make no policy changes in Iraq -- despite warnings from military leaders and election-year arguments from Democrats that the war is drain on resources and a distraction from the larger war on terrorism."

Retired Generals, Former Diplomats And Officials Blast Bush Mideast Policies. The Los Angeles Times (8/16, Spiegel) reports, "In an effort to counter a mounting White House campaign to depict its Middle East policies as critical to the nation's safety from terrorist attacks, 21 former generals, diplomats and national security officials will release an open letter tomorrow arguing that the administration's 'hard line' has undermined US security." The letter "comes as…Bush has made a series of appearances and statements…seeking to promote the administration's record on security issues in advance of November's midterm congressional elections." The Times adds, "Retired Army Lt. Gen. Robert Gard, one of the signers of the letter and a former military assistant to Defense Secretary Robert S. McNamara in the 1960s, said the group was particularly concerned about administration policies toward Iran, believing them to be a possible prelude to a military attack on suspected nuclear sites in that country." Gard "said the letter's signers -- who will include retired Marine Corps Gen. Joseph P. Hoar, head of U.S. Central Command from 1991 to 1994, and Morton H. Halperin, a senior State Department and National Security Council official in the Clinton administration -- do not believe that Iran has the wherewithal to build a nuclear weapon in the near term and will push the administration to open negotiations with Tehran on the issue."

NYTimes Says Continuing Bush's Policies "Not An Option." The New York Times (8/16) editorializes, "As Americans debate where to go from here on Iraq, one thing should be clear. Staying the course until…Bush leaves office 29 months from now is not an option. It is no longer even clear just what course America is on. Most of what Washington now claims to be doing cannot withstand the most elementary reality test. … Things in Iraq are not going to get better by themselves. The answer is not blind perseverance in staying a course that has demonstrably failed."

Sixteen Killed In Iraq Yesterday. USA Today (8/16, Reid) reports, "A suicide bombing in the north and street battles hundreds of miles away in a Shiite holy city in the south claimed 16 lives Tuesday. The incidents demonstrated the tenuous security in Iraq as the United States focuses on curbing sectarian violence in Baghdad." Nine people "died in the suicide attack outside the regional party headquarters of Iraq's president in the northern city of Mosul. Seven were killed in the fighting between Iraqi forces and followers of an anti-American cleric in Karbala." In

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Baghdad, meanwhile, "the US military said car bombs triggered deadly explosions in a Shiite neighborhood on Sunday, backing away from assertions that the blasts were caused by a gas leak." The AP (8/16, Yacoub), among other sources, also reports yesterday's incidents.

Sectarian Battles Said To Be Spreading To Small Towns. In a 1,336-word piece, the Washington Post (8/16, A8, Tyson, 748K) reports on "what U.S. and Iraqi military officials call a bleeding of sectarian strife out from Baghdad." Many areas of Iraq are engaged in "a complex power struggle" that has forced the US military to reconsider drawdown plans. "The situation is not unlike the one in the Iraqi capital," and "complicating the problem is the widespread belief that some Iraqi forces are taking sides in the sectarian violence." The Post adds, "Ironically, as Iraqis increasingly fight among themselves, many look to the U.S. military to broker their conflicts."

July Deadliest Month For Iraqi Officials. The New York Times (8/16, Wong, Cave) reports, "July appears to have been the deadliest month of the war for Iraqi civilians, according to figures from the Health Ministry and the Baghdad morgue, reinforcing criticism that the Baghdad security plan started in June by the new government has failed. An average of more than 110 Iraqis were killed each day in July, according to the figures." The Times adds, "The total number of civilian deaths that month, 3,438, is a 9 percent increase over the tally in June and nearly double the toll in January. The rising numbers suggested that sectarian violence is spiraling out of control, and seemed to bolster an assertion many senior Iraqi officials and American military analysts have made in recent months: that the country is already embroiled in a civil war, not just slipping toward one, and that the American-led forces are caught between Sunni Arab guerrillas and Shiite militias."

Single Ring Likely Responsible For Five Abductions In Baghdad. The Christian Science Monitor (8/16, Murphy) writes, "Jill Carroll's captors appear to be involved in some of the most high-profile kidnappings of Westerners in Iraq during the past two years. A Monitor investigation ... ties her abductors, or others close to them, to at least five kidnapping incidents, including Ms. Carroll." Among her likely fellow victims is Italian journalist Giuliana Sgrena and Irish charity worker Margaret Hassan, who was murdered. The Monitor reports investigators' theories that the man behind their abductions is the fugitive Sunni cleric Sheikh Hussein al-Zubayi, who may have "kidnapped women because they made for good propaganda videos and were seen as an opportunity to raise money for Sunni Arab fighters." In addition, "investigators say that Zubayi effectively orchestrated the shooting" of Sgrena and an accompanying Italian intelligence officer by phoning in a spurious tip to US forces after releasing Sgrena.

Carroll Recounts Captors' First Videotape. In part 3 of a 10-part story about her captivity in Iraq, former hostage Jill Caroll writes in The Christian Science Monitor (8/16, 58K) about the first video that her captors made of her. Of the video, she writes, "Then the leader turned and coached me intently. I was to say that they were mujahideen fighting to defend their country, that they wanted women freed from Abu Ghraib prison, and the US military, particularly the Marines, were killing and arresting their women and destroying their houses. And I must cry, on cue."

US Retracts Gas Explosion Theory. The Washington Post (8/16, Raghavan, al-Izzi) reports, "The U.S. military said Tuesday that a series of four vehicle bombs killed 63 Iraqis and wounded 140 Sunday night, reversing its initial claims that the deaths were the result of an accidental gas explosion in an apartment building." Major General William Caldwell had earlier told reporters that US experts found "no evidence" of bombs or rockets at the scene, a statement that Lt. Col. Barry Johnson attributed to "incomplete information." In other violence, "in the southern Shiite holy city of Karbala, fierce clashes erupted in the pre-dawn hours Tuesday between the followers of anti-American cleric Mahmoud Sarkhi al-Hassani and Iraqi security forces who raided his office near the mausoleum of Imam Hussein, one of Iraq's holiest shrines." At least four security force members and "three of the cleric's followers" were killed. In Mosul, "a suicide bomber drove a Volvo truck into the headquarters of Iraqi President Jalal Talabani's Patriotic Union of Kurdistan, killing at least nine people, including four party members, and wounding 36."

The Los Angeles Times (8/16, Moore) also reports on the fighting in Karbala and the retraction of the gas-explosion theory. After the battle in Karbala, says the Times, "Iraqi police closed off the city and put a three-day curfew into effect."

Pakistanis Arrest 29 Taliban Fighters. The New York Times (8/16, Gall) reports, "Pakistani police officers arrested 29 Taliban fighters in a private hospital in the southwestern town of Quetta on Tuesday, the Interior Ministry

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said." The arrests "came after growing pressure from NATO countries on the Pakistani government to do more to round up Taliban fighters and commanders, who, the local police say, rest and recover in Pakistan between bouts of fighting in Afghanistan. British, Canadian and Dutch troops are in southern Afghanistan as part of a NATO force and have encountered fierce resistance from Taliban insurgents, losing 36 soldiers in six months."

Lockheed Proposes Drone Version Of F-35. The Washington Post (8/16, Merle) reports on the front page of the business section, "Lockheed Martin Corp. has proposed an unmanned version of its Joint Strike Fighter, the F-35, which would make it the first full-scale fighter to operate without a pilot and signal the Bethesda weapons maker's push into the growing market for drone aircraft." Lockheed Martin's aeronautics division, which "ceded" the unmanned market to build the F-35, recently "has spent 30 to 40 percent of its internal research-and-development budget on unmanned systems, company officials said." The company fears "that the unmanned market could diminish demand for its more expensive fighter jets."

DOJ:

DOJ To Secure Databases. InformationWeek (8/16, Greenemeier) reports, "The Justice Department Monday said it plans to launch a comprehensive program to inventory all of its databases and examine those applications for vulnerabilities that could be exploited either from the inside or by external attackers." InfoWeek continues, "It's a move that's long overdue, given that many older databases and applications used throughout the government and industry weren't written with security in mind; certainly not security from today's Web-based attacks. … 'Now that people are getting better at defending networks with intrusion prevention systems, a lot of attacks are being directed against applications, such as database applications,' says Dennis Heretick, Justice Department chief information security officer. 'We have a specific requirement to provide database application security.'" InfoWeek adds, "Firewalls, intrusion prevention systems, and other types of network protection have an important role in any organization's defense strategy, but 'application-layer vulnerabilities are really easy to exploit,' says Heretick. As chief information security officer since 2003, he oversees such security-related issues as the maintenance of security policies and procedures, the acquisition of security-related products, the establishment of implementation requirements, and the defense of Justice's network environment. … Database developers wrestle with the seemingly paradoxical problem of locking down systems to minimize access and improve security while at the same time needing to let users have access to the data they need to do their jobs. To help make this a workable situation, Justice has purchased a department-wide license for Application Security Inc.'s AppDetective."

CORPORATE SCANDALS:

US Seeks Fugitive Ex-Comverse CEO. The New York Times (8/16, Creswell) reports, "The hunt for Jacob Alexander, known as Kobi, was stepped up yesterday after the Federal Bureau of Investigation declared him a fugitive and said agents were seeking his arrest." The Times continues, "The former chief executive of the communications software company Comverse, Mr. Alexander, 54, was charged last week by federal prosecutors in Brooklyn with conspiracy to commit securities fraud. He and two other former Comverse executives were charged in connection with their suspected involvement in a stock options scheme that, prosecutors said, used a 'secret slush fund' to dole out options to favored employees. … Two of the former executives showed up at their arraignment last week, but Mr. Alexander did not." The Times adds, "The F.B.I. also said yesterday that a 'red notice' was issued for Mr. Alexander with the international police organization Interpol. Such notices alert countries that an arrest warrant has been issued. … A lawyer for Mr. Alexander, Robert G. Morvillo with Morvillo, Abramowitz, Grand, Iason, Anello & Bohrer said yesterday that he had not spoken with Mr. Alexander for at least two weeks. Mr. Morvillo said that he believed at the time that Mr. Alexander and his family were on vacation in Israel — a trip they normally take in the summer." The Times notes that "in the last two weeks of July, just before charges were filed, Mr. Alexander wired about $57 million from accounts in the United States to an account in Israel. Federal prosecutors have frozen the remaining amounts in the accounts here in the United States — estimated to be around $45 million. When asked if he was still representing Mr. Alexander, Mr. Morvillo said he had not been discharged by his client."

The Financial Times (8/16, Allison) adds that Alexander was "branded a fugitive from justice" as "the

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Federal Bureau of Investigation and the US Marshals requested the public's assistance in apprehending Mr Alexander." Bloomberg (8/16, Freifeld) notes that James Margolin, a spokesman for the New York office of the FBI, said, "We're declining to say where we think he is." The AP (8/16) leads that Alexander "may have fled the country with nearly $60 million." The Long Island Newsday (8/16, Kessler, Fiore, 428K) also covers this story, and the Los Angeles Times (8/16, 918K) runs the Bloomberg article.

Xilinx Review Finds No Options Fraud. The AP (8/16) reports, "Xilinx Inc., a maker of programmable chips, said it has completed an internal review of its stock option granting practices, and found no evidence of fraud or timing manipulation." The AP continues, "In its 10-Q filing with the Securities and Exchange Commission Tuesday, San Jose, Calif.-based Xilinx said it will, however, record additional charges of $700,000 related to added facts and analysis stemming from the probe. … On July 25, the company issued its earnings release which included a $1.5 million charge related to minor differences between approval documentation and certain recorded stock option grants. The additional $700,000 brings total stock option related costs to $2.2 million." The AP adds, "Xilinx noted that its investigation further found no issues of management integrity in the issuance of stock options, and determined that in nearly all cases, stock options were issued as of pre-set dates. … The one-time charge didn't materially affect historical financial statements, and therefore no restatement is necessary, the company said. … Including Xilinx, there are nearly 70 companies currently under scrutiny by the SEC or Justice Department regarding a practice known as backdating, in which stock options are issued retroactively to coincide with low points in a company's share price. Such a move can fatten profits for options recipients when they sell their shares at higher market prices."

More Commentary. In his Wall Street Journal column (8/16), Holman Jenkins Jr. writes, "The backdating scandal gets bigger and smaller at the same time. Some 100 companies are under investigation, and Iowa economist Erik Lie says his data show that 2,200 firms 'engaged in backdating or similar manipulation of grants to top executives at some point between 1996 and 2005.' … Now we have the first two indictments, of Brocade and Comverse. What do the facts show? The first thing to notice is that the universal charge that executives were inflating their own pay and stealing from shareholders can no more be assumed in these cases than in any case of any company issuing any options to any employee. … Instead, the evident crimes were document fraud and improper accounting in pursuit of an otherwise legitimate corporate goal. But why?" Jenkins adds, "Yes, the then-regnant accounting rule was absurd, even imbecilic: It allowed companies to transfer infinite wealth to employees in the form of 'at the money' options without recording an expense. Issue one option at a penny below the current stock price, however, and you had to expense it. Nonetheless, a rule is a rule. … Companies would likely have preferred not to issue any 'in the money' options than account for them properly. Doing so would have meant not only dinging earnings every quarter for each new grant, but also endless backward-looking revisions as old option packages were canceled or modified in Silicon Valley's overheated scramble for talent." Jenkins concludes that "the same faulty thinking that led employees to overvalue 'in the money' options now seems to influence the press coverage, which has often treated strike price as the sole determinant of an option package's value. The scandal arises, however, not because there's anything wrong with 'in the money' options, but because of accounting contortions used to avoid expensing them."

Former InVision Official Settles SEC Charges. The AP (8/16) reports, "A former executive at InVision Technologies Inc., a maker of airport scanners that is now a unit of General Electric Co., has agreed to pay a $65,000 civil penalty to settle charges that he was partly responsible for the company's failure to prevent bribery, federal regulators announced on Tuesday." The AP continues, "The Securities and Exchange Commission simultaneously filed and settled charges against David Pillor, the former senior vice president for sales and marketing and a board member at InVision, based in Newark, Calif. He settled without admitting or denying the allegations. His attorney couldn't immediately be reached." The AP adds, "The SEC said that from 2001 through late 2004, InVision completed sales to airports in China, the Philippines, and Thailand. Pillor received e-mails from his Asian regional sales manager that suggested InVision's overseas sales agents and distributors intended to make improper payments or other gifts to foreign government officials, the SEC said. … InVision didn't have adequate internal controls to detect and prevent such conduct, the SEC said. The sales department

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failed to monitor employees and foreign agents to ensure that they didn't violate the Foreign Corrupt Practices Act, the SEC said. As head of the department, Pillor aided and abetted InVision's failure, the SEC said."

ABA Criticizes DOJ Policy On Legal Fees Advancement. The New York Law Journal (8/16, Bar) reports, "The American Bar Association continues to assail federal prosecutors for taking what it regards as an overly aggressive approach to the investigation of corporate crime." The Journal continues, "Last week, the group's House of Delegates, meeting in Honolulu, passed a resolution -- a joint proposal with the New York State Bar Association -- opposing the U.S. Justice Department guidelines that many lawyers say have the effect of discouraging the payment of legal fees by companies to employees targeted in such probes. … 'The American Bar Association opposes government policies, practices and procedures that have the effect of eroding the Constitution and other legal rights of current or former employees, officers, directors, or agents,' the ABA said." The Journal adds, "Specifically, the ABA criticized the government's consideration of 'whether an organization provided counsel to an employee or agreed to pay an employee's legal fees and expenses' in evaluating corporate cooperation with its investigations. … It also said prosecutors should not consider an organization's decision to enter into a joint defense, to share its records or other information, or its choice to retain 'or otherwise decline to sanction' an employee who has exercised his or her Fifth Amendment right against self-incrimination in deciding whether or not to prosecute a company."

CRIMINAL LAW:

Sjodin's Boyfriend Testifies To Mysterious Cell Phone Call. The AP (8/16, Kolpack) reports from Fargo, ND, "Dru Sjodin's boyfriend testified Tuesday about his final conversation with the University of North Dakota student, saying he tried to call her back several times after their cell phone conversation abruptly ended, but could not reach her." The AP continues, "Chris Lang took the witness stand in the trial of Alfonso Rodriguez Jr., 53, of Crookston, Minn., who is charged in federal court with kidnapping resulting in Sjodin's death. She disappeared from a Grand Forks mall parking lot on Nov. 22, 2003, and her body was found the following April in a ravine near Crookston, Minn., where Rodriguez lived with his mother. Authorities said her cell phone was found a couple of metres from her body. … Lang testified Tuesday that he spoke to Sjodin late on the afternoon she disappeared, as she was leaving the mall. He estimated they chatted for about four minutes, and he remembered she said something like 'OK, OK,' before the phone hung up. … 'It kind of came out of nowhere,' Lang testified. He said he tried to call Sjodin back immediately, and several times over the next few hours. He got a call from her cell phone about 7:40 p.m. that night, he said, but 'I just heard static.' That was followed by three beeps, he said."

The Minneapolis Star Tribune (8/16, Haga) reports, "Ten other people testified Tuesday: law officers who participated in the investigation into Sjodin's disappearance, the store clerk who sold her a purse minutes before she was abducted, and a supervisor at the Victoria's Secret store where Sjodin worked at the Columbia Mall in Grand Forks. … Sjodin was scheduled to work from noon to 4 p.m. on Nov. 22, 2003. She clocked in at 11:57 a.m., the supervisor said. … 'She was always on time for work,' Lang testified later."

The Grand Forks Herald (8/16, Lee) reports, "Jane Amundson, Sharon, N.D., sold Dru Sjodin an expensive black purse moments before the UND student walked out of Marshall Field's and Columbia Mall and met the person who kidnapped and killed her. … Amundson apparently was the last person, other than her abductor, to speak to Sjodin face-to-face before she was kidnapped Nov. 22, 2003." The Herald adds, "Amundson testified Tuesday on the second day of the federal trial here of Alfonso Rodriguez Jr., charged with kidnapping resulting in Sjodin's death. … She works part time at Marshall Field's, as well as working at the grain elevator in Sharon, which is about 60 miles southwest of Grand Forks, Amundson said." The Herald notes, "Prosecutors allege that Sjodin then left the mall, walked into the parking lot to her car while calling her boyfriend Chris Lang on her cell phone at 5 p.m. Lang testified Tuesday he talked to Sjodin for about four minutes before the call ended abruptly, with Sjodin saying something like OK, OK, to someone else."

Hinckley Seeks Extension Of Unsupervised Family Visits. CNN.com (8/16) reports, "Presidential assailant John Hinckley is asking a federal judge to allow him to continue visits to his parents' home without supervision. Hinckley was committed to a mental hospital after being found not guilty by reason of insanity in the 1981 assassination attempt on President Ronald Reagan." CNN

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continues, "Last year Hinckley was granted seven unsupervised visits to his parents' home in Williamsburg, Virginia. In a court filing this month, lawyers for Hinckley say he has completed all but one of those trips. … 'On each of these trips, Mr. Hinckley has complied fully with all of the conditions of release, and not a single negative occurrence has been reported in connection with any of the trips,' wrote attorney Barry Levine in a memorandum filed with U.S. District Court." CNN adds, "Hinckley's lawyers are asking for further visits to the parents' home while they prepare a legal motion asking that the terms for his stays outside the mental hospital be expanded. They did not give details of what they will be requesting. … The Justice Department responded with a legal filing saying it opposes the request for continued conditional releases for Hinckley because it 'is concerned about the lack of reliable' personnel who have the responsibility of monitoring him. … Government officials argued they have not seen reports filed by a psychiatrist or assessed the quality of that doctor's evaluation. … 'The government is unable to evaluate Mr. Hinckley's condition until it has the ability to subpoena Mr. Hinckley's medical records, something which must await Mr. Hinckley's request for a hearing,' prosecutors stated."

Crawford Trial Jury Deliberations Begin. The El Paso Times (8/16, Fonce-Olivas) reported, "Jury deliberations were expected to begin at 8:45 a.m. today in the trial of the former head of the FBI in El Paso accused of hiding information about his friendship with," Jose Guardia, "a Juárez racetrack owner suspected of drug trafficking." Assistant U.S. Attorney James Blankinship said "in his closing arguments,…Crawford continued his relationship with Guardia even after FBI agents told Crawford about Guardia's alleged involvement with drug trafficking and money laundering." However, Crawford, as "the last person to testify for the defense, said that he paid Guardia back for his trips and that the membership to the country club was part of his wife's compensation for working for Guardia." He "was questioned extensively by the prosecution about the kind of work his wife did for Guardia's company," and "Blankinship said Crawford's wife wasn't qualified to earn up to $5,000 a month after she was out of the work force for 15 to 18 years, calling the job a 'hoax.'"

Arizona High Court Overturns Death Sentence. The AP (8/16, Davenport) reports, "The Arizona Supreme Court overturned a man's death sentence and instead sentenced him to life in prison without possibility of release for the murder of an Indian immigrant just days after the 9-11 terrorist attacks." The AP continues, "The Supreme Court on Monday unanimously upheld Frank Silva Roque's convictions for murder and other crimes that included attempted murder, drive-by shooting and endangerment. The court also upheld prison sentences that add up to 36 years for the other crimes." The AP adds, "Roque was convicted of killing Balbir Singh Sodhi, a gas station owner of Mesa, Arizona, whom prosecutors said was targeted because Roque thought Sodhi was Arab. Sodhi wore a turban and beard as part of his Sikh faith. … After shooting Sodhi on Sept. 15, 2001, Roque shot at another gas station where the clerk was a man of Lebanese descent, and shot at the home of an Afghan family. They were not injured. … Sodhi's death touched off protests in India and prompted India's prime minister to call President George W. Bush. About 3,000 people also attended a memorial service for Sodhi at the Phoenix Civic Plaza shortly after he was killed. … The Supreme Court said it overturned the death sentence because of 'substantial mitigating evidence' that included Roque's low IQ and experts' testimony that Roque was either insane or suffering a mental disorder."

Victoria Gotti Wrote Fan Mail To Judge In Eppolito, Caracappa Case. The New York Times (8/16, Feuer, 1.21M) reports that Judge Jack B. Weinstein "released a strange piece of mail he received last month in connection with his stunning decision to dismiss the guilty verdicts of Louis Eppolito and Stephen Caracappa." It is "a heartfelt pat on the back for having the heart to dismiss what looked to many like an open and shut case" by "Victoria Gotti, the mother of John A. Gotti, who is now on trial on racketeering charges." Weinstein ruled "that the five-year statute of limitations…had effectively run out," and "the same statute is likely to be an issue in Mr. Gotti's trial." Victoria "says in the letter that she had been disillusioned with the justice system but that Judge Weinstein has given her hope that her son may have a second chance at life in his third trial." The New York Sun (8/16, Goldstein) calls it "a strange convergence of two of this year's highest profile mob cases." The Long Island Newsday (8/16, Destefano, 428K) and the New York Daily News (8/16, Zambito, 729K) also cover this story.

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Sentencing Of Aryan Brotherhood Leaders Delayed Over Question Of Confronting Witnesses. The AP (8/15, Deutsch) reports for "two Aryan Brotherhood leaders convicted of murder, the next phase of their trial means life or death. But a federal judge said Tuesday it could also have critical impact on American law." US District Judge David O. Carter "told lawyers his upcoming interpretation of a 2004 U.S. Supreme Court decision would be the first to answer a key issue: Do convicted defendants have the right to confront their accusers in the death penalty sentencing phase of their trials?" Carter "delayed the start of sentencing testimony against Barry 'The Baron' Mills and Tyler 'The Hulk' Bingham until Aug. 28, saying his final ruling could significantly impact the prosecution's presentation." The "two kingpins of the white supremacist prison gang were convicted of murder, conspiracy and racketeering charges in crimes that go back as far as 30 years."

Texas Hotel Manager Pleads Guilty To Katrina Relief-Related Fraud. The Texarkana Gazette (8/15, Dunn) reported a Texarkana hotel manager "has pleaded guilty to hurricane-related fraud in the Eastern District of Texas." Dena Fuselier, 64, "of Atlanta, Texas, general manager of Ramada Inn, pleaded guilty Aug. 7 to five counts of wire fraud before U.S. Magistrate Judge Caroline M. Craven, said federal attorney Matthew D. Orwig." Prosecutors "said Fuselier instructed hotel employees to check in each evacuee for a 14-day period. According to information from the U.S. Attorney's Office, Fuselier also instructed employees to keep evacuees in the hotel's computer system as if they were still guests if the evacuees should check out before the end of the 14 days." False billing statements "were then sent to the Red Cross. The total amount of overbilling was $19,980."

Police Say DC Murder Scene Was Cleaned. The Washington Post (8/16, B3, Klein, Cauvin, 748K) reports two weeks "after a prominent lawyer was killed in a Washington townhouse, D.C. police are still searching the home for clues, and they believe crime scene evidence was cleaned, according to court documents." The body of Robert Wone, 32, "general counsel for Radio Free Asia, was found Aug. 2 in a Swann Street NW townhouse. He had been stabbed three times in the chest." The house is "owned by two men who are well known in the gay community. They and a third resident at home the night of Wone's killing have hired criminal defense lawyers." Wone "was a college friend of one of the townhouse's owners, Joseph Price, a lawyer. In an affidavit to search Price's office at the law firm of Arent Fox, police assert that the scene had been altered." Police "said they also were struck by what they did not find."

Judge Denies Motion To Revoke Galante's Bond. The Danbury News Times (8/16) reports, "A federal judge reprimanded Danbury businessman James Galante today, but did not grant a request from prosecutors to revoke his bond." Prosecutors say "Galante violated the terms of his release Sunday when he met with a woman," not his wife, with whom he is romantic with, "at his New Fairfield house. The woman, prosecutors said, is a potential witness in the court case." However, "Galante's lawyer argued in court today that the episode was nothing more than a misunderstanding."

Environmental Activist To Remain Behind Bars. The AP (8/16) reports that Jeffrey Hogg, "An environmental activist who has been jailed since May for refusing to testify before a grand jury" on the 'Operation Backfire' investigation into a string of firebombings for which the Earth Liberation Front and Animal Liberation Front claimed responsibility, "told a federal court judge Tuesday that" the court's jailing "him for refusing to testify in a sweeping ecosabotage investigation violates his First Amendment rights," as "he does not believe in the grand jury system." However, "U.S. District Court Judge Michael Hogan decided to keep Hogg in jail" as "more time behind bars for contempt of court might persuade Hogg to cooperate." While "Hogg's attorney, Paul Loney, argued that the government no longer needs Hogg's testimony, because six people have pleaded guilty to involvement in acts of environmental sabotage and have pledged to cooperate with the investigation," Hogan added, that "grand juries exist to keep prosecutors from charging people without justification." The has resulted in indictments against more than a dozen people in connection with"

Virgil Trial To Remain In Albuquerque. The AP (8/16, Korte) reports, "Robert Vigil's retrial is staying in Albuquerque. U.S. District Judge James Browning on Tuesday denied an effort by lawyers for the former state treasurer to move the public corruption proceedings outside New Mexico. The defense team vowed an immediate appeal," but Browning "rejected a defense request to halt the

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proceedings while the change of venue decision is appealed." He "said he's confident 12 jurors and two alternates can be found from within New Mexico," and, "in a written order,…said Vigil's lawyers didn't show 'that the publicity and media attention related to this case are so nefarious as to make empaneling a fair jury impossible or that the media coverage has effectively displaced the judicial process.'"

Tennessee Waltz Defendant Considering Guilty Plea. The Memphis Commercial Appeal (8/16, Perrusquia, 172K) reports, "Days before he's set to stand trial on bribery charges, County Commissioner Michael Hooks Sr. is weighing a guilty plea. Defense lawyer Steve Farese confirmed Tuesday that Hooks is thinking of changing his plea and calling off the trial." This "would be huge for Operation Tennessee Waltz."

Tennessee Waltz Defendant Resigns Office As Trial Begins. The Memphis Daily News (8/16) reports, "Michael Hooks Sr. announced at Monday's Shelby County Commissioners meeting that he plans to resign his post effective Monday at 12:01 a.m., the day he's set to go on trial for his role in the Tennessee Waltz scandal," saying "he doesn't want publicity from his trial to be a distraction to other outgoing commissioners." However, "his term…would have ended on Aug. 31, anyway."

Judge Tosses Mail Fraud Charge Against Former Michigan Prosecutor. The Macomb (MI) Daily (8/16, Halcom) reports, "One of six federal charges against former Macomb County Prosecutor Carl Marlinga is dismissed based on a judge's misgivings about the logic behind it, but the other five counts remain for next month's trial." The Daily continues, "In a court ruling recently received by both sides in the case, U.S. District Court Judge Victoria Roberts in Detroit ruled that a mail fraud charge against Marlinga arising from his written pleadings to the Michigan Supreme Court on behalf of a rape defendant should be dismissed." The Daily adds, "The U.S. Attorney's Office in Detroit alleged that Marlinga committed mail fraud when he sent the written brief on behalf of exonerated defendant Jeffrey Moldowan because Marlinga didn't disclose an alleged financial connection to some of Moldowan's supporters. But the judge found that Justice Department officials couldn't substantiate that Marlinga's conduct was a crime. .. . 'If the Court were to accept the Government's assertion that a prosecuting attorney's general duty of honesty is sufficient to bring him or her within the bounds of (federal law and prosecution), countless Michigan lawyers (including those working in other capacities that involve an element of public service) would be subject to prosecution for conduct which the State of Michigan has not clearly indicated an intent to criminalize,' the judge's written ruling states. … Following Roberts' decision, attorneys for both sides had a pretrial conference with the judge Tuesday to make preparations and handle scheduling matters for Marlinga's trial Sept. 12. Defense attorney Mark Kriger said the hearing did not involve Roberts' ruling or any other weighty legal matters. .. Gina Balaya, a spokeswoman for the U.S. Attorney's office in Detroit, said Tuesday she had not had a chance to read or review the judge's ruling and she could not say whether federal prosecutors will try to appeal or seek reinstatement of the mail fraud charge. But court officials said Tuesday there were no delays or accommodations made to allow the prosecution an appeal, and the trial is still set for Sept. 12."

CIVIL LAW:

DOJ Said To Gain "Creeping Oversight" Of New York City Government. The New York Sun (8/16, Goldstein) reports that the Justice Department ""has brought half a dozen cases against the city's public agencies. With each settlement, the federal government has won a degree of oversight over local government." The Sun continues, "Because of the lawsuits, federal attorneys in Manhattan now monitor job promotions at the Department of Parks and Recreation to guard against racial discrimination. In May, the Justice Department required the city to notify welfare-to-work employees that they have the same protections against harassment as full-time municipal workers. Just one day after the president's June visit, Mr. Bush's lawyers accused the New York City Transit Authority of harassing a Sikh employee." The Sun adds, "Last week, the Justice Department forced the transit authority to cough up $165,000 for failing to repair leaky airconditioning units on old subway cars. That settlement came six years after one with the sanitation department over the city's disposal of discarded appliances containing Freon. … 'The feds are the biggest bureaucracy of all, and when they make rules and try to make other people follow their rules it takes forever to untangle,' the president of New York Civic, Henry Stern, said. 'The public is

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unaware of the substantial invasion of traditional local government prerogatives by federal agencies and their attorneys.'" The Sun notes, "A list compiled by The New York Sun shows that the Justice Department has filed five lawsuits against the city or the New York City Transit Authority since Mr. Bush became president in 2001.Also, it filed criminal charges against the city's Department of Environmental Protection for a mercury spill that was ignored. The city agency pleaded guilty in 2001. … In each lawsuit, the city and the federal government have arrived at a settlement, the terms of which generally allow the federal government to monitor the city's conduct for a period of three years. When the allegations involve discrimination, the federal government generally requires the city to take corrective actions, such as sending out public notices or putting in place a person responsible for fielding complaints. Large cash penalties rarely accompany the settlements."

CIVIL RIGHTS:

FBI Helps Break Human-Trafficking, Sex Slave Ring. The Long Island Newsday (8/16, Gendar, 428K) reports, "The Feds and the NYPD broke up a major human-trafficking ring that smuggled women and men into the country to work as sex slaves, law enforcement sources said yesterday." A "multistate sting, which will be detailed in a news conference today," is the latest from "the joint probe by the FBI, NYPD and U.S. Immigration and Customs Enforcement" that "began more than a year ago and in March led to the arrest of two Queens cops charged with protecting a Flushing brothel from police raids in exchange for bribes and sex with hookers."

ACLU Loses Request To Review Redacted Documents. The UPI (8/16) reports, "A U.S. federal court in the District of Columbia has dismissed a civil-liberties group's request against the FBI," to review about 40 pages of redacted documents, marking "a defeat for the American Civil Liberties Union in its battle against alleged FBI spying on peace, political and religious activists." Judge Ellen Segal Huvelle "found that the FBI was 'playing by the rules'" with the redacting, although ACLU attorney Scott Michelman noted "previous examinations showed that some information had been wrongfully withheld by the Bush administration."

FBI Agent Testifies In Trial Of Officer Accused Of Beating Suspect. The Mobile Press-Register (8/16, Kirby) reports that FBI Special Agent George Glaser testified that Jason Hardy Hunt, "a former Prichard police officer accused of beating a suspect," had "filed a report depicting the man as the aggressor and then later admitted the account was wrong." While Hunt "initially stood by his report accusing James Allen Woodard of grabbing" him, Hunt told Glaser "that he was the one who initiated contact" two days later, but "he did not mean to injure Woodard and denied slamming his head against the pavement, as other witnesses have testified." Glaser added that "that Hunt said his revised account was the result of a changing recollection from a 'heat of the moment' memory and not any purposeful misstatement."

Hispanics Say DSCC Web Ad Unfairly Maligns Them. The AP (7/15, Gamboa) reports this morning that Hispanics are complaining about an a 35-second web ad created by the Democratic Senatorial Campaign Committee, saying it unfairly lumps Hispanic immigrants in with terrorists. The DSCC ad "shows footage of two people scaling a border fence mixed with images of Osama Bin Laden and North Korea President Kim Jong Il." Pedro Celis, chairman of the Republican National Hispanic Assembly, said in a statement Tuesday that the DSCC should remove the ad because it vilifies illegal Hispanic immigrants and is 'appalling.'" The AP adds that Houston City Councilwoman Carol Alvarado, a Democrat, sent a letter to the DSCC calling for the ad be pulled. She said it could alienate Latino voters. The letter read, in part, "To liken Latino immigrants to bazooka-toting terrorists not only undermines the positive relationship our party has with this community, but also lowers us to a despicable level as breeders of unfounded fear and hatred."

"Furious" Schiavo Working Against Officials Who Intervened In Wife's Case. The New York Times (8/16, Goodnough) reports from Clearwater, FL, "The curtains are still drawn tight at Michael Schiavo's home on a quiet cul-de-sac here, and in some ways he remains as private and unknowable as when his wife Terri was the focus of a fervent national debate last year about life and death. Yet Mr. Schiavo, who won a scorching legal battle to remove his brain-damaged wife's feeding tube, also remains furious at lawmakers in Tallahassee and Washington who intervened in

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the case. Hence the creation last winter of TerriPAC, a federal political action committee aimed against politicians who tried to stop Ms. Schiavo's death, and the debut of Mr. Schiavo, a newly remarried, self-described normal guy, as a political weapon in this year's midterm elections." Still, "Mr. Schiavo flew to Connecticut last month to help Ned Lamont," and "reminded voters that [Sen. Joseph] Lieberman had supported an emergency bill asking a federal court to consider reinserting Ms. Schiavo's feeding tube days before she died in March 2005." Schiavo also "hand-delivered a caustic letter to Representative Marilyn Musgrave, Republican of Colorado, who outspokenly opposed Ms. Schiavo's death, and endorsed her Democratic opponent, Angie Paccione. He attended a bloggers' convention in Las Vegas in June to raise his profile in the online pundit world, being host of a "privacy roundtable" at the Riviera Hotel."

FBI Settlement Of Sex-Bias Class Action Suit Noted. Stephen Barr writes in his "Federal Diary" column in the Washington Post (8/16, D4), there are "about 3,000 potential members of a class-action settlement that began in 1998 when an FBI employee, Patricia Boord , filed a sex-discrimination complaint on behalf of GS-12 and above female support employees who had applied for but were not selected for GS-14 and GS-15 administrative and managerial positions or who were deterred from applying." She "alleged that women were discriminated against because administrative and managerial positions were open to only FBI special agents, even if the responsibilities of the position could have been done by a non-agent." FBI spokesman Stephen Kodak Jr. said in an e-mail that the agency, has reviewed "GS-14 and GS-15 jobs held by special agents in the headquarters division and had converted 'a number of the positions' so that they could be filled by non-agents." He added that "the settlement agreement, which is being implemented, permits eligible employees and former employees to file for individual relief, including promotions and back pay."

Boise To Vote On Ten Commandments Display. The Washington Times (8/16, Price) reports, "The Idaho Supreme Court has authorized the nation's first ballot initiative to let voters decide whether a Boise public park should be allowed to have a Ten Commandments monument, like the one removed two years ago." The court's 4-1 ruling on Monday "overturned an October 2004 decision by a lower court and an earlier decision by the Boise City Council. The council had refused to put the initiative on the Nov. 7 ballot, even though citizens had collected the 19,000 signatures required to do so."

ANTITRUST:

Monsanto To Buy Cotton Seed Firm For $1.5 Billion. The AP (8/16, Salter) reports, "Monsanto Co. will pay $1.5 billion in cash to purchase Delta and Pine Land Co. in a merger of two of the world's largest seed companies." The AP continues, "The deal, announced Tuesday, comes eight years after Monsanto first announced plans to buy Scott, Miss.-based Delta and Pine Land. Monsanto backed out of that deal, prompting a legal dispute that continued up until the new agreement. Monsanto said the case will be dismissed once the merger is complete. … 'It's admittedly a transaction with some history, and some complexity,' Monsanto chairman, president and chief executive Hugh Grant said in a conference call with investors. 'This is a business deal first,' one that he said that makes commercial sense. He called removing the legal issue 'a bonus.'"

The St. Louis Post-Dispatch (8/16, Melcer) reports, "In 1998, the companies had said they would wed in a stock deal valued at about $1.9 billion, but Monsanto called it quits after more than a year of negotiations with the Justice Department over antitrust concerns. … Much wrath ensued, with the companies trading lawsuits and demands for arbitration in technology licensing deals." The Post-Dispatch adds, "Most notably, D&PL sued Monsanto for $2 billion in a Mississippi state court, claiming Monsanto intentionally delayed consummation and failed to put the same effort into making it happen as it did in other seed-company deals. That case was pending, with a key hearing set to begin Tuesday, but it is on hold and will be dismissed if the companies do indeed merge. Other disputes also will be set aside. … Both parties -- and U.S. agriculture -- have changed a lot in eight years. But one thing is constant: Monsanto and D&PL need each other."

Bloomberg (8/16, Kaskey) reports, "The seed industry 'is much more competitive than it was a decade ago,' and both companies 'feel the agreement will be consummated,' Monsanto Chief Executive Officer Hugh Grant said. Monsanto abandoned its 1998 accord, saying U.S. regulators wouldn't approve a deal 'on commercially reasonable terms.' Delta & Pine sued in 2000, saying the cancellation cost investors $1 billion. … Delta & Pine, based in Scott,

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Mississippi, has 50 percent of U.S. cotton-seed sales, less than in 1999, Grant said on a conference call. Monsanto also licenses its genetics technologies to rival companies, which should help win U.S. antitrust approval, he said."

Class Action Suit Claims BAR/BRI Overcharged Law Students. The Fulton County (GA) Daily Report (8/16, Land) reports, "A trial in a California federal courtroom next year could mean thousands of Georgia lawyers will share with their counterparts around the country an estimated $300 million award for being charged inflated bar exam prep fees—less, of course, attorney fees and related expenses." The Report continues, "The suit for a class of about 300,000 lawyers claims West Publishing, the corporate owner of BAR/BRI, the national bar review program, colluded with Kaplan Inc., one of the country's largest prep companies for the Legal Scholastic Aptitude Test (LSAT), to scuttle a 1997 deal in which Kaplan would have entered the bar review business. … In return, according to the complaint, BAR/BRI agreed to cease its own LSAT operations and pay Kaplan more than $500,000 a year, allowing each to control hefty chunks of their respective markets." The Report adds, "The result, according the suit, was about $1,000 in higher fees for each participant in BAR/BRI classes—and an antitrust violation."

FTC Extends Antitrust Review Of Barr's Pliva Purchase. The AP (8/16) reports, "The Federal Trade Commission has extended its antitrust review of Barr Pharmaceuticals Inc.'s proposed tender offer to acquire Pliva d.d., a Croatian generic-drug maker, Barr said Tuesday." The AP continues, "Barr still expects to receive FTC clearance of its proposed takeover, but it might have to sell off minor, generic-drug product lines to satisfy the FTC, Barr spokeswoman Carol Cox said. Also, Barr's ability to complete the tender offer is not contingent upon receiving FTC clearance." The AP adds, "Barr, a maker of generic and branded drugs, has bid about $2.3 billion in cash for Pliva, an offer Pliva supports. The bid is slightly higher than a rival bid submitted by Actavis Group HF of Iceland, which is pending. … Barr filed with the FTC July 7 for antitrust clearance under the Hart-Scott-Rodino law. That triggered a 30-day review period, but before it expired, the FTC asked to extend it, Cox said."

DC Circuit Upholds FCC Ruling On Phone Line Rights Access. The Wall Street Journal (8/16, Hughes) reports, "A federal appeals court has upheld a Federal Communications Commission decision to allow big telephone companies to keep some high-speed lines from being accessible to rivals on an unbundled basis. … 'We deny the petition for review,' wrote Judge Janice Rogers Brown for the three-member panel of the U.S. Court of Appeals for the District of Columbia Circuit in a decision made public yesterday." The Journal continues, "A 1996 law forced the big phone companies to unbundle their local phone networks and lease them to rivals at wholesale prices. When the FCC implemented the law, it decided against forcing the big telephone companies to share some new high-capacity data lines on an unbundled basis -- such as fiber lines extending to new residential areas where they previously hadn't existed." The Journal adds, "The FCC's rationale was that the phone companies would be discouraged from making such investments if they were forced to share the new lines. The policy limiting access to high-speed broadband lines in general benefits the big phone companies, such as AT&T Inc. and Verizon Communications Inc. … EarthLink Inc. had argued that the FCC's rules were harmful to competition."

Norwegian Regulators Appeal Scandinavian Airline Ruling. The AP (8/16) reports, "Norwegian regulators will appeal a court ruling clearing Scandinavian airline operator SAS AB of violating antitrust laws, the agency said Tuesday." The AP continues, "The Oslo City Court in July quashed a demand from the Norwegian Competition Authority that SAS pay 20 million kroner (US$3.24 million; euro2.54 million) in fines on a claim that the company breached antitrust laws by dumping prices and squeezing out a smaller commuter airline, Coast Air, on a national route linking Oslo and the western city of Haugesund." The AP adds, 'The court said SAS had shown its actions had not violated any law. .. . The appeal must be filed by Aug. 28, said agency spokesman Andreas Pihl."

ENVIRONMENT/INDIAN AFFAIRS:

Sunoco, Mid-Valley Settle With DOJ Over Oil Spill. Market Watch (8/16, Hunt) reports, "Mid-Valley Pipeline Co. and Sunoco Logistics Partners L.P.'s Sunoco

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Pipeline L.P. have agreed to pay a $2.57 million penalty relating to a January 2005 spill that dumped more than 260,000 gallons of crude oil into the Kentucky and Ohio Rivers, the Justice Department said in a statement on Tuesday." MarketWatch adds, "The complaint and consent decree also address the government's claim under the Clean Water Act against Mid-Valley and the pipeline operator, Sun Pipe Line Co., for the spill of 63,000 gallons of crude oil due to pipeline corrosion in November 2000, into Campit Lake in Claiborne Parish, La. … The settlement also requires Mid-Valley and Sun to pay a federal civil penalty of $300,000 for that spill."

The Lexington (KY) Herald-Leader (8/16, Mead) reports, "Hundreds of water birds and some beavers were harmed by the spill, which created a 17-mile slick on the rivers, the Justice Department said in announcing the settlement yesterday. … The spill spawned a state task force on pipeline safety, but it has met infrequently and not issued a report." The Herald-Leader adds, "Shortly after the spill, Pipeline Safety Trust, an advocacy group, released a report that said Kentucky suffered far more damage from pipeline breaks than the national average. … The companies also will pay the state more than $120,000 to reimburse cleanup costs and will donate $230,000 to a non-profit environmental group. The environmental group will be based in Kentucky, but a specific group has not been chosen, said Mark York, a spokesman for the Kentucky Environmental and Public Protection Cabinet. … The companies already have reimbursed the federal government for at least $234,000 in cleanup costs. They also have spent $9.5 million on the cleanup, the U.S. Justice Department said. They will hold a training exercise with state and federal regulators to learn how to better respond to spills."

DOT Plans To Tighten Pipeline Regulations. The Washington Post (8/16, Mufson) reports, "Even as BP PLC works to patch up its image and its leaky Alaska pipelines, environmentalists, the oil industry, Congress and federal officials are trying to figure out how to plug the holes in petroleum pipeline regulations." BP's transit pipelines "were not subject to the same Transportation Department requirements as other pipelines, experts say. Those requirements exempt pipelines that operate at low pressure in rural areas and far from commercially navigable waters." The fact that BP might not have violated any federal regulations "has not mollified Thomas Barrett, head of the Transportation Department's Pipeline and Hazardous Materials Safety Administration." Barrett "said that the maintenance of the BP pipelines was 'well below the standard of care I would expect from a company like BP -- regulations or not.' He said his agency would soon propose new rules to cover low-pressure lines like these near sensitive areas."

Shareholder Sues BP Officials Over Pipeline Problems. The Financial Times (8/16, Bream, Pimlott) reports a US shareholder of BP "has filed a lawsuit in federal court in New York against Lord Browne, BP's chief executive, and all of the company's directors," accusing "BP management of harming the company by allowing the Prudhoe oil field in Alaska to run into problems." The Times says, "Shareholders' lawsuits are common in the US and it is unclear how seriously this one will be taken by the courts."

Judge Rules APHIS Flouted Law With Biotech Crop Permits. The AP (8/16, Godvin) reports, "A federal judge has ruled that U.S. agriculture officials violated environmental laws in permitting four companies to plant genetically modified crops in Hawaii to produce experimental drugs." The AP continues, "The order involves plantings of corn or sugarcane on the islands of Kauai, Maui, Molokai and Oahu between 2001 and 2003." The AP adds, "U.S. District Judge Michael Seabright said the Department of Agriculture's Animal and Plant Health Inspection Service flouted both the Endangered Species Act and National Environmental Policy Act by not conducting preliminary environmental reviews before issuing the planting permits. … 'APHIS's utter disregard for this simple investigation requirement, especially given the extraordinary number of endangered and threatened plants and animals in Hawaii, constitutes an unequivocal violation of a clear congressional mandate,' the judge said in the order issued late last week." The AP notes, "The islands are home to 329 rare species - a quarter of all threatened and endangered species in America, Seabright noted. .. . Even if the agency is correct in its assertion that no habitats or species listed as endangered were harmed by the plantings, the agency's actions still are 'tainted' because it failed to comply with a basic procedural requirement, Seabright said."

Singer Charged With Illegal Killing Of Black Bear. The St. Paul Pioneer-Press (8/16, Vezner) reports, "Between singing and strumming his guitar, country vocalist

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Troy Lee Gentry has billed himself as a hunting enthusiast and avid archer. … But the U.S. government believes it's partly a show, according to court documents released Tuesday in Minnesota." The Pioneer-Press continues, "Gentry appeared Tuesday in federal court in connection with the killing of a tame black bear that federal officials say he bought, shot in an enclosed pen with a bow and arrow, and then tagged as if it had been killed in the wild. … Gentry, 39, of Franklin, Tenn., and Lee Marvin Greenly, 46, owner of a Sandstone, Minn., wildlife refuge, made their initial appearances Tuesday before a federal judge in Duluth, Minn. The appearance was in connection with a sealed indictment returned by a federal grand jury last month in Minneapolis." The Pioneer-Press adds, "The government alleged that Gentry and Greenly tagged a captive-raised bear named 'Cubby,' killed on Greenly's property in October 2004, with a Minnesota hunting license and registered the animal with the state Department of Natural Resources as if it had been killed from the wild population. The false tagging would be a violation of the federal Lacey Act. … Gentry allegedly bought the bear from Greenly for about $4,650. The bear's death was videotaped, and the tape later edited so Gentry appeared to shoot the bear with a bow and arrow in a 'fair chase'-hunting situation. The pair then shipped the bear's hide to a Kentucky taxidermist, the indictment said. … Both Gentry and Greenly face a maximum penalty of five years in federal prison and a $20,000 fine if convicted. The two were booked by U.S. marshals and released on a signature bond Tuesday."

California Establishes Marine Havens. The Los Angeles Times (8/16, Weiss) reports, "The California Fish and Game Commission on Tuesday banned or severely restricted fishing across nearly 18% of the waters off Central California, beginning to roll out the nation's first network of marine reserves next to a heavily populated coastline." The Times continues, "The commissioners settled on a network of 29 marine protected areas, stretching from Santa Barbara to Santa Cruz counties, that collectively cover about 200 square miles of state waters. About half are reserves that forbid any fishing; the other protected areas ban commercial fishing or impose other restrictions. Some of the areas are off Point Sur along the Big Sur coast, Año Nuevo in northern Santa Cruz County, Piedras Blancas near San Simeon and Vandenberg Air Force Base near Lompoc. … This set of reserves, more than six years in the making, is expected to be a model as additional reserves are created along the entire California coast to help depleted fish populations rebound." The Times notes, "Although the Legislature passed a law in 1999 calling for a statewide network of reserves, the plans have been stalled for years by budget cuts, staffing shortages and ferocious opposition from commercial and recreational fishermen who argued that the closures would imperil their livelihoods or pastimes. … Gov. Arnold Schwarzenegger, with funding from private conservation foundations, revived the process by focusing first on the Central Coast before considering reserves along four other sections of the state's 1,100-mile coastline."

Environmental Groups Denounce Gene-Altered Crops. The Washington Post (8/16, A3, Weiss) reports environmental groups yesterday called for "a moratorium on open-air tests" of crops genetically engineered to produce medicines and vaccines, citing a federal court's conclusion last week that the Agriculture Department "repeatedly broke the law by allowing companies to plant such crops on hundred of acres in Hawaii." In a "toughly worded" decision released "without fanfare" late last week, a US District judge in Hawaii concluded that USDA's Animal and Plant Health Inspection Service (APHIS), which grants permits for the planting of genetically engineered crops, "should have first investigated whether the plants posed a threat to any of that state's hundreds of endangered species."

Washington Settles Dispute Over Tribal Burial Site. The AP (8/16) reports, "Washington state will pay more than $17 million to tribal and local officials to settle lingering disputes over the state's disturbance of an ancient American Indian village and burial ground, Gov. Chris Gregoire announced Monday." The AP continues, "The settlement gives the Lower Elwha Klallam tribe control over most of the site and ends litigation surrounding the state Department of Transportation's abandoned bridge project." The AP adds, "Work on a bridge construction yard stopped in 2003 after officials discovered human remains in the area. Construction resumed less than a year later, but was halted for good in December 2004. … More than 350 skeletal remains and numerous Indian artifacts eventually were found at the site, where Lower Elwha Klallam members had lived in a village called Tse-whit-zen."

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FBI/DEA/ATF/USMS:

US Smashes 15-City Heroin Ring. The AP (8/16, Sniffen) reports, "Federal agents arrested more than 130 alleged drug traffickers from coast-to-coast Tuesday, including North Carolina, and U.S. officials said they smuggled heroin from Mexico and offered phone-up home delivery like a takeout pizza shop." The AP continues, "Beginning before dawn, Drug Enforcement Administration agents conducted arrest raids and searches from Charleston, S.C., to Los Angeles. They were seeking up to 150 people, about half of them illegal aliens, named in 10 federal indictments and state charges carrying penalties from 5 years to life in prison. … By afternoon, the investigation had produced 138 arrests in 15 U.S. cities, seized more than 47 pounds of Mexican black tar heroin and confiscated more than $500,000 in illegal profits, officials said at a news conference to describe their Operation Black Gold Rush. Among the 15 cities was Charlotte, N.C., where a federal indictment was released Tuesday in U.S. District Court. … The federal indictment was filed Aug. 9 in Asheville, N.C., and charged 11 people, eight of whom had been arrested as of Tuesday."

The New York Times (8/16, Lichtblau) reports, "The network, run out of Tennessee, used illegal immigrants from Mexico as couriers to smuggle a potent variety of black tar heroin across Southwest borders and distribute it in rural and urban areas around the United States, the officials said. … Armed with about 150 arrest warrants, Drug Enforcement Administration agents along with state and local authorities fanned out in 15 cities from Nashville to Los Angeles and had arrested 138 people on drug charges as of late Tuesday afternoon. Some leaders of the network are still believed to be at large in the United States and in Mexico. The authorities seized more than 17 kilograms of black tar heroin and $500,000 in cash." The Times adds, "Officials from the Justice Department and the drug administration said the arrests had broken up what they believed to be the biggest distribution operation for black tar heroin in the United States. The network is thought to have operated for the last two years, bringing into the United States about $2 million worth of heroin each month; it had filled a void left by the breakup of an earlier ring in 2000, D.E.A. officials said. … Alice S. Fisher, the assistant attorney general in charge of the Justice Department's criminal division, described the network as a sophisticated operation of Mexican brothers, Javier and Alberto Sánchez. … Ms. Fisher said the network had offered a system that allowed customers to order heroin by phone and have it delivered to their doors. The network tried to recruit customers by sending dealers to work the streets at methadone clinics to lure recovering addicts, the officials said."

The Washington Times (8/16, Seper) reports, "Assistant Attorney General Alice S. Fisher…and…Karen P. Tandy said the multistate investigation resulted in arrests in 15 U.S. cities and 10 indictments in eight federal judicial districts -- with more than 17 kilograms of black tar heroin seized in separate raids." Rusty Payne "said the investigation began in November with a single seizure of heroin, and DEA agents reached out to state and local law-enforcement agencies for assistance." Payne said the proceeds "are thought to have been laundered by the organization's financial managers using a combination of wire remitters and bulk currency transport."

In the Wall Street Journal (8/15) "Evening Wrap," Tim Annett writes, "Housebound heroin addicts will need to find a new way to get a fix, after federal agents made 130 arrests nationwide in breaking up a drug-trafficking ring that offered users phone-up home deliveries. The gang was nothing if not aggressive in expanding its market share; among other strategies, it preyed on recovering heroin addicts by sending dealers out to methadone clinics where addicts receive treatment."

The Columbus (OH) Dispatch (8/15) reports federal drug-enforcement agents and local authorities have "rounded up 20 men and women accused of being key distributors of a form of heroin that comes from Mexico. … The heroin looks like roofing tar instead of white powder and is usually dissolved with other liquids before being injected, according to the Drug Enforcement Administration."

In Memphis, the Commercial Appeal (8/16) reports federal authorities "said Tuesday a multiagency, multistate investigation has dismantled the head, the body and the tail of a Mexico-based heroin ring that used Memphis and 14 other American cities as distribution points. The heroin pipeline stretched from Nayarit, Mexico, to Tennessee and seven other states and included couriers who were part of a 'call and deliver' service that allowed valued customers to have drugs delivered to their front door, officials said. In some cases, couriers were recruited from among recovering drug addicts at methadone clinics. … U.S. Atty. David Kustoff of

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Memphis said 10 arrests were made Tuesday in the Memphis area and four vehicles, $16,000 in cash and a small amount of heroin were seized."

The Knoxville (TN) News Sentinel (8/16, Satterfield) reports, "An illegal immigrant and two alleged heroin junkies accused of turning to dealing were nabbed in Knoxville on Tuesday as part of a nationwide sweep of a drug cartel authorities said made ordering dope as easy as ringing out for a pizza. … The ring grew its own poppies and refined them in Mexico, smuggling an unusually pure variety of black-tar heroin across the U.S.-Mexican border, mostly in Arizona, with couriers on foot or in vehicles. … Among other marketing strategies, the gang preyed on recovering heroin addicts like…officials said. It sent street dealers out from 8 a.m. to 8 p.m. and operated outside methadone clinics where addicts receive treatment."

China's Xinhua News Agency (8/16) writes, "The drugs were sold by illegal immigrants, mainly from Mexico, who set up shops in smaller cities, and the ring also used illegal immigrants as couriers to deliver drugs, according to the officials. 'They purposely and shamelessly sold heroin in areas near methadone clinics,' said Michele Leonhart, deputy administrator of DEA. … The federal investigation, known as Operation Black Gold Rush, started last November after a single heroin seizure, and the raids on Tuesday were aimed at breaking down the ring's entire U.S. distribution system."

On its Web site, WTHR-TV, Indianapolis (8/15) reports 12 people "face charges following a heroin ring bust that involved the Drug Enforcement Administration and the Indianapolis Police Department. … Police say Julio Rodriguez Perez, also known as 'Rambo' and 'Paul Ramirez,' is a leader and organizer of a heroin distribution group that operates in Indianapolis and Bloomington. They also say another man, Hector Escobar, also had a leadership role, while Jose Rubio did the day-to-day distribution."

WLTX-TV, Columbia, South Carolina (8/16) reports on its Web site, "United States Attorney Reginald T. Lloyd and Assistant Special Agent in Charge, John Ozaluk of the Drug Enforcement Administration, stated…that an international drug investigation has resulted in arrests across South Carolina and throughout the United States. … Twenty individuals were arrested in early morning raids throughout South Carolina. Two defendants charged in South Carolina were arrested in Los Angeles, California. … The multi-state investigation, called 'Operation Black Gold Rush,' included arrests in 15 U.S. cities and 10 indictments in eight federal judicial districts, along with state charges."

Cable TV Coverage. CNN (8/15, 2:00 p.m.) reported, "Federal officials have busted a major trafficking ring. 138 suspects have been pulled in in eight states. Part of what was called 'Operation Black Gold Rush.' They're suspected of producing and smuggling Mexican-produced black tar heroin into the US. The investigation started last November."

COURT-TV (8/15, 3:00 p.m.) reported, "Federal agents have announced the arrest of more than 130 people, who they say were trafficking heroin across the United States. Today the officials accused the suspects of offering phone-up home delivery service just like a take-out pizza shop. They are calling the raids Operation Black Gold Rush. They were seeking up to 150 people, about half of them illegal immigrants."

Local TV Coverage. KCAL-TV, Los Angeles (8/15, 2:00 p.m.) reported, "More than 130 accused drug traffickers have been arrested, as federal agents conduct a coast-to-coast crackdown. Under Operation Black Gold Rush, DEA agents caught the suspects in a series of raids, including right here in Los Angeles. They arrested 138 people, half of whom they say are illegal immigrants. Agents say the suspects smuggled heroin from Mexico and even offered home delivery."

KPHO-TV, Phoenix (8/15, 6:30 p.m.) reported, "Federal agents were in 15 US cities, including Phoenix. … They say the arrests have crippled a sophisticated black tar heroin ring. Today's arrests were called Operation Black Gold Rush. They seized more than 47 pounds of Mexican black tar heroin."

WJBK-TV, Detroit (8/15, 5:00 p.m.) reported, "A major coast-to-coast bust tonight. The investigation known as investigation Black Gold Rush met with drug dealers and cash. The drug ring ran like a pizza restaurant. The drugs would be ordered over the phone, and they would be delivered to their door."

KUSA-TV, Denver (8/15, 10:00 p.m.) reported, "DEA agents have arrested 138 people nationwide in a heroin bust including in Colorado, calling the operation Operation Black Gold Rush. So far, the arrests were made in 13 cities with agents seizing black tar heroin with a street value of $13 million."

Judge Tells Reporters To Reveal BALCO Sources To Grand Jury. The AP (8/15) reports a

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federal judge "told two San Francisco Chronicle reporters they must comply with a subpoena and tell a grand jury who leaked them secret testimony of Barry Bonds and other elite athletes ensnared in the government's steroid probe. The decision by U.S. District Judge Jeffrey White means reporters Lance Williams and Mark Fainaru-Wada must appear before a grand jury investigating the leak unless a higher court blocks the ruling. The pair have said they would not testify and would go to jail rather than reveal their source or sources."

The San Francisco Chronicle (8/16) reports, "Neither the constitutional right of freedom of the press nor federal law shields journalists from testifying to a federal grand jury about confidential sources, U.S. District Judge Jeffrey White said. … The Chronicle will appeal the ruling, the newspaper's editor, Phil Bronstein, said. … The ruling allows federal prosecutors to summon the reporters before a grand jury that is looking into the leaking of athletes' testimony before another grand jury that was investigating the Bay Area Laboratory Co-Operative."

The Los Angeles Times (8/16) writes that the Justice Department "has increasingly sought to compel journalists to give up confidential sources in recent years, most notably when it subpoenaed former New York Times reporter Judith Miller and Time magazine correspondent Matthew Cooper to testify in the investigation over the leak of the identity of CIA operative Valerie Plame. … White said that other circuits that have recognized a privilege for reporters to maintain the confidentiality of their sources have made clear that those cases did not involve grand jury inquiries."

McClatchy Newspapers (8/16) reports separate grand juries "are now investigating the disclosure of testimony to the reporters and the possibility that [Barry] Bonds committed perjury when he denied knowingly using steroids. The criminal conduct being investigated in the Bonds leak case includes possible perjury and obstruction of justice by government officials, defendants in the BALCO probe and their attorneys."

Bloomberg (8/15) also reported on the judge's order.

Local TV Coverage. KGO-TV, San Francisco-Oakland-San Jose (8/15, 6:00 p.m.) reported, "Two San Francisco Chronicle reporters will be going to jail for refusing to reveal a source unless a higher [intervenes]. This is the latest legal fallout in the ongoing BALCO labs, Barry Bonds, steroids investigation saga. The reporters have written a series of stories for the Chronicle and published a book based partly on leaked grand jury transcripts. It's not illegal to have them, but illegal to leak them."

KRON-TV, San Francisco-Oakland-San Jose (8/15, 11:00 p.m.) reported, "A federal judge upheld a grand jury's subpoena demanding that [the reporters] testify about who leaked secret testimony to them about Barry Bonds and other athletes involved in the government steroid investigation. The decision means the reporters must appear before a grand jury investigating the leak, unless a higher court blocks that ruling."

Former FBI Agent Suing Home Depot For Malicious Prosecution. The New York Times (8/16, Smothers, 1.21M) reports that recently retired FBI agent Thomas M. Jobes "filed a lawsuit against Home Depot last week for malicious prosecution." After the New Jersey prosecutors declined to go after Jobes for forgetting to pay for about forty cents of wire, Home Depot did so under a state law that lets "a private complainant…prosecute cases in municipal court when local municipal prosecutors decline to prosecute cases that they consider minor." He was found not guilty, but until then he was taken off Operation Bid Rig and put on desk jobs "he described as being barely more than that of a receptionist." Jobes's lawyer says he "retired from the bureau six months after the case ended because…he felt that he would never again be assigned to the kinds of cases he had been handling before the situation arose" and "suffered ridicule and embarrassment on a local television news broadcast that joked about" the incident. Howard Stern also "had a made fun of Mr. Jobes on his nationally syndicated radio show."

Trial Reveals Tampa Marijuana Operation Made "Big Money." The Tampa Tribune (8/16) reports indoor marijuana farms in residential neighborhoods across the Tampa Bay region "were bringing in big money, according to testimony and evidence presented Tuesday in the trial of Herbert Ferrell Jr. in U.S. District Court. The prosecution says Ferrell was a leader in a ring that grew the weed in at least 10 houses in upscale areas. … All 10 of Farrell's co-defendants have pleaded guilty and agreed to cooperate." One of them, Mynor Bonilla "said he went with Ferrell to Georgia to meet with potential investors, not knowing the investors were police informants."

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Colombia Uses US-Supplied Planes To Fumigate Coca Crop In National Park. The AP (8/16) reports Colombian authorities "have for the first time used U.S.-supplied planes to spray a pristine national park used by leftist rebels to grow coca…despite environmental concerns. Anti-narcotics police chemically fumigated the Sierra Macarena national park -- 170 kilometers (105 miles) south of the capital of Bogota -- last week, clearing its entire 4,600 hectares (11,370 acres) of coca. … The U.S. said in a March indictment of FARC leaders that the rebel group is the world's largest drug cartel, responsible for more than half of the cocaine produced in the world. 'If the FARC thought the government would allow coca to grow untrammeled in its national parks, they've obviously miscalculated,' said James O'Gara, deputy director of supply reduction for the White House's Office of National Drug Control Policy."

Tulsa To Hold Gang Summit. The Tulsa World (8/16, Harper) reports, "At least 13 homicides this year in Tulsa have been linked to gangs or illegal drug sales. Prevention will be the theme next month when community groups and law enforcement officials come together to address Tulsa's gang problem." The World continues, "Mayor Kathy Taylor and U.S. Attorney David O'Meilia announced Monday that a gang-prevention summit will be held Sept. 20 and 21 at the Maxwell Convention Center. … Called 'Building a Safer Tulsa,' the event is expected to attract as many as 200 members of the community representing a variety of organizations and interests that work to stem participation in violent street gangs." The World adds, "The groups will include not only those who work in the court systems and law enforcement but also representatives of area churches, schools and neighborhood groups. .. . Last spring, U.S. Attorney General Alberto Gonzales directed each U.S. attorney to convene a gang-prevention summit in each federal district to explore 'additional opportunities in the area of gang prevention.'"

ATF Sends Oregon Pipe-Bomb Evidence To Lab. The Salem (OR) Statesman-Journal (8/16, Gustafson, Thompson) reports, "Lab work might help investigators figure out who strapped four pipe bombs to vehicles last week." The Statesman-Journal continues, "Evidence gathered in the Salem-area case was turned over Monday to a Walnut Creek, Calif., laboratory run by the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, officials said. … Speedy results are sought, said Colene Domenech, the supervisor of the ATF's arson and explosives office in Portland, but she gave no specific time frame. … 'We have some good people down there that understand the immediacy of the situation,' she said." The Statesman-Journal adds, "All four bombs were found Thursday, two still wired to the undercarriages of cars and two lying on the ground. Investigators have not revealed how the bombs were meant to be triggered or why they failed to explode. … The devices could have been deadly if they had detonated, officials said. Police bomb squads disabled all the bombs without injury. … ATF agents and Salem police are leading a task force investigating the case. Because the four pipe bombs were built in similar fashion, investigators think they were made by the same person."

Fugitive Task Force Opens New Jersey Office. The Jersey Journal (NJ) (8/16, Conte) reports, "The U.S. Marshals Service's New York/New Jersey Regional Fugitive Task Force is tightening its cooperation with Hudson County law enforcement by opening its first county satellite office in Secaucus, officials said. … 'It will help us go after the worst of the worst in the Jersey City area,' said U.S. Marshal for the District of New Jersey James T. Plousis at a press conference in the office of Hudson County Prosecutor Edward DeFazio yesterday. … 'We extend the long arm of the law for the prosecutor's office,' Plousis quipped." The Journal continues, 'The county satellite office is expected to open in September in office space the county is providing in Secaucus' Meadowview Complex, DeFazio said. It will be staffed by officers on loan from the Hudson County Sheriff's Office, Jersey City Police officers, investigators from the Hudson County Prosecutor's Office, U.S. Marshals and Hudson County corrections officers, he said. .. . DeFazio said he is hopeful officers from other Hudson County municipal police departments will be loaned to the satellite office."

IMMIGRATION:

Three Plead Guilty To Missouri Nuptials Scam. The Kansas City Star (8/16, Rizzo) reports, "'Until death do us part' did not extend beyond the courthouse steps for three members of an immigrant family after each member married U.S. citizens in Kansas City. … Their vows were hollow, part of a scheme to deceive immigration officials so the family could become permanent U.S. residents, federal prosecutors alleged." The Star continues, "On Monday, all

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three pleaded guilty in U.S. District Court in Kansas City to conspiracy to commit marriage fraud. … Mohamed Elouerrassi, 54, his wife, Saadia Gourche, 52, and their 24-year-old daughter, Fadoua Elouerrassi, admitted they lied to immigration officials when they claimed to reside with their American spouses. The crime is punishable by up to five years in federal prison and could result in their deportation. … Charges are pending against Gourche's brother, Rachid Gourche, who allegedly undertook a similar sham marriage."

Pennsylvania Town Sued Over Anti-Illegal Alien Ordinance. The Wall Street Journal (8/16, Jordan) reports, "The former coal-mining city of Hazleton, Pa., faces the country's first lawsuit against a municipality that has passed an anti-illegal-immigration ordinance in an attempt to mitigate the perceived cost of absorbing undocumented newcomers." Hazleton's ordinance, passed last month, "bans renting property to illegal immigrants, fines employers for hiring them and makes English the official language. Now, a group of civil rights and Hispanic organizations has filed a lawsuit in US District Court in Pennsylvania, saying the ordinance is unconstitutional and should be immediately blocked." The lawsuit also "says the ordinance infringes on the constitutional rights of all Hazleton residents who look or sound like foreigners, not just those in the US illegally. The Puerto Rican Legal Defense and Education Fund, the American Civil Liberties Union and several attorneys sued on behalf of 11 Hazleton residents and business owners as well as three nonprofit groups."

The AP (8/16, Rubinkam) reports, "The lawsuit contends that the Constitution gives the federal government exclusive power to regulate immigration and that the city's ordinance is discriminatory and unworkable. … 'It makes every person who looks or sounds foreign a suspect, including those who are here legally,' Witold Walczak, legal director of the ACLU of Pennsylvania, said in a statement. 'You might as well just paint a target on every foreigner's forehead or a sign saying, "Please treat me differently."' … Mayor Lou Barletta, who proposed the ordinance after two illegal immigrants were charged with shooting and killing a man, said Hazleton would stand its ground."

Activist Takes Refuge In Church To Avoid Deportation. The Chicago Tribune (8/16, Avila) reports, "Taking refuge in a church, a prominent advocate for illegal immigrants publicly defied federal authorities in Chicago who were trying to deport her Tuesday." Elvira Arellano, "who became a national spokeswoman for families facing deportation, had been ordered to report to the Department of Homeland Security by 9 a.m." Instead, Arellano "appeared at the pulpit of Adalberto United Methodist Church in the Humboldt Park neighborhood, vowing before dozens of supporters that she would not return to Mexico 'like a coward.' She said she would stay in the church indefinitely with her 7-year-old son, a US citizen."

Immigration Data Noted. All three networks last night noted the Census data about immigration that was covered by yesterday's newspapers. ABC World News Tonight (8/15, story 8, 0:15, Gibson) reported, "America is a country of immigrants. And according to a new census data, it's becoming more so. 12.4% of the population is foreign-born. Most are living in states with historically high immigrant populations. But there were dramatic increases in states you might not expect. Like South Dakota, Indiana, Georgia and New Hampshire." NBC Nightly News (8/15, story 4, 2:00, Ried) said, "Immigration is booming in nearly every corner of the nation." NBC Nightly News (8/15, story 5, 0:54 , Brown) also interviewed Pedro Sevcec from Telemundo. Asked if "the primary reason" for the immigration numbers is jobs, Sevcec said, "It is, absolutely. And the reason, it's arithmetic. If you have the opportunity to make 10 times than you do here in Mexico, just crossing the river and going anywhere in the states, I think you would take the chance and millions of people are doing that." The CBS Evening News (8/15, story 8, 3:10, Schieffer) reported, "The Census Bureau put out a kind of snapshot today of how America is changing. For one thing, immigrants now make up about 12.5% of the population. That's more than 35 million immigrants."

Head Of National Border Patrol Council Calls For New Trial For Agents. The Washington Times (8/16, Seper) reports, "Two US Border Patrol agents facing 20 years in prison for shooting in the buttocks a drug-smuggling suspect should get a new trial because they are 'victims of prosecutorial misconduct,' including an unjust grant of immunity, says the head of the National Border Patrol Council." NBPC President T.J. Bonner "said exonerating evidence was withheld during the March trial of Senior Agents Ignacio 'Nacho' Ramos and Jose A. Compean, whose sentencing is set for Tuesday, adding that the agents followed long-established Border Patrol policies in the incident."

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TAX:

California Dentist Convicted Of Tax Evasion. The AP (8/16) reports, "A dentist from Danville, California, faces up to five years in prison and $250,000 in fines for hiding $300,000 from the IRS in a secret offshore bank account." The AP continues, "Roy Albert Lewis was convicted of income tax evasion and conspiracy to defraud the government last week in US District Court. … The Justice Department says Lewis' medical practice paid expenses over a ten-year period to Denver-based Tower Executive Resources to generate huge tax deductions." The AP adds, "Two tower operators were convicted earlier this year of conspiracy and assisting in the preparation of fraudulent tax returns after a trial in Denver."

US Issues Warrant For CEO Charged With Tax Evasion. The AP (8/16) reports from Minneapolis, "An arrest warrant has been issued for the millionaire chief executive of a Maple Grove computer products company who failed to appear for the opening of his federal tax evasion trial, The U.S. Attorney's Office said Tuesday." The AP continues, "U.S. District Judge Ann D. Montgomery issued the arrest warrant for Robert B. Beale shortly after his trial was scheduled to begin Monday. … Beale, 63, of North Oaks, founder and CEO of the Comtrol Corp., was indicted in January on one count of conspiracy to defraud the United States and five counts of tax evasion for allegedly failing to pay personal income tax on more than $5.6 million, authorities said." The AP adds, "The Internal Revenue Service says Beale owes $1.6 million in federal taxes plus interest and penalties. … Beale has written to President Bush and U.S. Attorney General Alberto Gonzales asking that charges against him be dismissed. If convicted, he faces up to 30 years in prison. .. . 'He fundamentally believes, and has stuck to his belief since this case started, that the federal income tax is illegal,' said Bradford Beale, his son and vice president of Comtrol. … Bradford Beale said family members were in court Monday for the start of jury selection and were surprised when his father failed to show up. Lee Stagni, Comtrol's former president and chief operating officer, who also is indicted in the case, was there."

Charities Target Property Owners In Wake Of Real Estate Boom. The Wall Street Journal (8/16, B1, Forsyth) reports on "a growing wave of philanthropists looking to avoid or reduce bigger tax bites created by the rapid run-up in real estate values. Nonprofit groups, which once shied away from real-estate donations because they feared getting stuck with swamp land or lacked the expertise to handle complex land transactions, are seizing the opportunity with new marketing programs. Their target: World War II-era property owners finalizing estate planning and baby-boomers who have seen their second-home and other real-estate investments balloon in value." The Journal continues, "Charities often sell donated properties quickly and reap the proceeds, though some that provide community services may be able to adapt a building for their programs. And some -- such as the Trust for Public Land, which preserves open space, and Habitat for Humanity, which builds homes for low-income residents -- expressly need land to fulfill their mission. … Charities still turn down many offers of real estate, perhaps as high as 80%, some experts estimate. They are likely to turn down property with environmental problems, that can't be sold quickly or that has multiple owners who aren't in agreement on the donation." The Journal adds, "The potential tax hit of selling one of these rapidly appreciating properties has become more painful. Under a 1997 law, most married couples who file jointly can exclude as much as $500,000 of their gain -- $250,000 for singles -- on the sale of a home that qualifies as their principal residence. But that exclusion hasn't been enough to avoid capital-gains taxes for many homeowners in markets with the highest price appreciation, such as parts of California and Florida. And these exclusions don't apply for gains on property not qualifying as a principal residence -- such as a vacation home."

Bill Would Make Roth 401(k) Plans More Attractive. In their "Tax Report" column in the Wall Street Journal (8/16), Tom Herman and Rachel Emma Silverman write, "A tax-favored retirement-savings plan known as a Roth 401(k), which made its debut in January, soon will look far more attractive. … Part of a bill approved recently by Congress and expected to be signed into law by President Bush tomorrow makes Roth 401(k) plans permanent, instead of allowing them to expire after 2010. Some employers already offer these plans as part of their retirement-savings programs. This change is part of landmark pension legislation that includes new incentives to donate to charity, as well as charitable-giving restrictions designed to curb abuses such as taking inflated deductions for gifts of used clothing, household items and even stuffed hunting trophies."

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Herman and Silverman add, "The new bill includes other provisions that already have attracted headlines, including making permanent the higher dollar limits for retirement-plan contributions. It also allows many older people to contribute as much as $100,000 each year to charity, tax-free, directly from their individual retirement accounts in 2006 and 2007. And it makes permanent key federal tax-savings features of 529 college-savings plans."

Charities Target Property Owners For Real Estate Donations. The Wall Street Journal (8/16, B1, Forsyth) reports on "a growing wave of philanthropists looking to avoid or reduce bigger tax bites created by the rapid run-up in real estate values. Nonprofit groups, which once shied away from real-estate donations because they feared getting stuck with swamp land or lacked the expertise to handle complex land transactions, are seizing the opportunity with new marketing programs. Their target: World War II-era property owners finalizing estate planning and baby-boomers who have seen their second-home and other real-estate investments balloon in value." The Journal continues, "Charities often sell donated properties quickly and reap the proceeds, though some that provide community services may be able to adapt a building for their programs. And some -- such as the Trust for Public Land, which preserves open space, and Habitat for Humanity, which builds homes for low-income residents -- expressly need land to fulfill their mission."

CONGRESS-ADMINISTRATION:

Bush Delays Allowing Foreign Ownership Of US Airlines. The AP (8/16, Miller) reports, "The Bush administration is delaying a plan to give foreigners more say in running U.S. airlines." The House and Senate "voted earlier this year to prevent the administration from going forward with the plan." The AP adds, "Opponents say the administration doesn't have the constitutional right to undo a law that restricts foreign ownership of U.S. airlines to 25 percent." They also "say it will undermine safety, security, national defense and US jobs." Jeffrey Shane, the Transportation Department's undersecretary for policy, "said Tuesday that the Bush administration recognizes it needs to spend more time discussing it with Congress."

The Wall Street Journal (8/16, Meckler) notes the regulation is also "opposed by labor unions, which fear that some of the best airline jobs will go overseas." A "memo used to brief the Europeans, congressional staffers and industry officials" says, "After careful review, the Department of Transportation has determined that the timeline originally envisioned for concluding the rule making on control of US air carriers would not allow us to address adequately the concerns raised by Congress."

Officials Announce Medicare Drug Premiums Not Going Up. The New York Times (8/16, Pear) reports, "Federal officials announced Tuesday that the average premium for Medicare prescription drug coverage next year would be about $24 a month, which is the same as this year and 40 percent less than first estimated for 2007. Beneficiaries showed a strong preference for low-cost plans this year. In many regions, Humana offered the lowest premium -- as little as $1.87 a month in seven states including Iowa, Minnesota and North Dakota. Many plans charged less than $20 a month, though at least one charged more than $100 a month." Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, "said the average premium would remain around $24 if beneficiaries stayed in the same drug plans in 2007 and could decline if they again chose less costly plans."

DOT Investigating Second Computer Theft. The AP (8/16) reports, "The US Transportation Department's inspector general, already searching for a stolen laptop computer containing sensitive information on thousands of people, is looking for a second laptop that went missing during a fraud conference in Orlando. Theft of the second laptop was reported in April by Barbara Barnet, special agent in charge of the DOT's inspector general field office in Miami." Her "Dell laptop had been left in a locked Orlando hotel conference room on April 24, but when Barnet returned the door was unlocked and the computer was missing, according to a theft report filed with the Orange County Sheriff's Office. A hotel employee in the room said the laptop was gone when he arrived."

Poll Finds Bush Would Now Lose To Gore Or Kerry. Scripps Howard (8/16, Hargrove, Stempel) reports President Bush "has become so unpopular in recent months that he'd have a hard time beating Al Gore or John Kerry if he had to face his former Democratic rivals again this year, according to a Scripps Howard/Ohio University poll." And "the president would be thrashed if he had to run against

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his own father, George Herbert Walker Bush, losing by more than a 3-1 margin in a theoretical matchup in which people were asked to pick between father and son." The poll found Bush "running 8 percentage points behind former Vice President Al Gore and 6 points behind Massachusetts Democratic Sen. John Kerry."

Cheney Said To Be Beyond "Democratic Accountability." On MSNBC's Hardball (8/15, Matthews), host Chris Matthews and New York attorney general candidate Mark Green discussed Vice President Cheney. Matthews said, "He impresses me by his political ability. He's running in the mid 20's in job approval. He doesn't seem to need public approval. It's almost like he's beyond democratic approval or democratic accountability. He does things that bother most people, like he has energy task force meetings with oil executives and basically comes out with an energy policy that I don't know, we have high gas prices whether it's his fault or not. He doesn't seem to have to respond to that. Even President Bush has to answer questions. This guy doesn't. How does he do it?" Green said, "He's No. 2. He's a bucket of warm spit, said James Garner. I'm sorry, you and I know, that's James Garner was the vice president to Roosevelt. But in fact, he's a bucket of warm spit who's partly run…." Matthews interrupted, "That's where the guy said, his job's not worth a bucket of warm spit. But the fact is, it is a powerful job. He is very much the President's consigliore on the war. He's very much the leader of the neoconservatives. He uses their influence and their ideas and their brain power to move the President."

Dowd Comments On Bush Reading Camus' "The Stranger." Maureen Dowd writes in the New York Times (8/16), "Strangely enough, we find two famous men reading Albert Camus's 'The Stranger' this summer. One is Jean Girard, the villainous gay French race car driver hilariously played by Sacha Baron Cohen (a k a Ali G and Borat) — the sinuous rival to Will Ferrell's stocky Ricky Bobby in 'Talladega Nights.' … The other guy kindling to Camus is none other than…George Bush, who read 'The Stranger' in English on his Crawford vacation and, Tony Snow told me, 'liked it.' … Camus is not beach reading -- or brush reading. How on earth did this book make it into the hands of our proudly anti-intellectual president?"

OTHER NEWS:

Job Losses Seen As Reason Behind Lower Home Prices. USA Today (8/16, Knox) reports, "The loss of manufacturing jobs helped drive down home prices in 26 metro areas between April and June compared with the same period last year, the National Association of Realtors said Tuesday. That's 10 more areas than in the first quarter, and it spotlights how joblessness in industrial states such as Illinois, Michigan, Ohio and Indiana is rippling through housing markets." USA Today adds, "The hardest-hit this year: Danville, Ill., where prices at which existing homes were sold fell 11% in the second quarter after a 12% drop in the first quarter. … The exodus of auto, textile and other factory jobs has a direct effect on home prices. People leave town to look for work, boosting the supply of homes for sale." Others "sell their homes because they can't keep up with the mortgage. At the same time, foreclosure rates in these cities are among the highest in the country, and banks are quick to cut prices to get the homes off their books." The Washington Times (8/16, Hill), meanwhile, runs a story tiled "Region's Home Sales Tumble," in which it says the region is still "doing better than some other cities getting bludgeoned by the housing bust, the National Association of Realtors reported yesterday."

Inflation Data Boosts Markets. The Wall Street Journal (8/16, Conkey) reports, "In a rare bit of good news on the inflation front, the government offered a tame estimate of wholesale-price movement in July." The Labor Department's producer-price index for finished goods "barely rose last month, increasing 0.1% after a 0.5% jump the previous month, as price declines for food, cars and prescription drugs offset increases for gasoline and electricity. It was the smallest increase in the wholesale-inflation gauge in five months, and it reduced the price index, which reflects wholesale prices charged by manufacturers and other suppliers, to 4.2% higher than a year ago, on an unadjusted basis, down from 4.9% in June." The Journal adds, "The closely watched 'core' measure of producer prices, excluding food and energy, fell 0.3% in July, the first decrease since October." Markets "cheered that number as an early sign that the decision by Federal Reserve policy makers to hold interest rates steady this month."

The Washington Post (8/16, D3) says the "unexpected drop in wholesale prices sent stocks soaring Tuesday, with the Dow Jones industrials climbing more than 130 points as

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Wall Street gained renewed confidence in the Federal Reserve's management of inflation and the economy." The Dow "rose 132.39, or 1.2 percent, to 11,230.26. The Standard & Poor's 500-stock index rose 17.37, or 1.4 percent, to 1285.58, while the Nasdaq composite index gained 45.97, or 2.2 percent, to 2115.01." The New York Times (8/16, Peters) and Wall Street Journal (8/16, McKay) run similar reports.

State Governments' Savings Totals Up 25%. The AP (8/16, Schelzig) reports, "State lawmakers are saving lots of money for a rainy day because of improving economies and conservative economic forecasts, a report released Tuesday says." State governments "saved about $1 out of every $10 in their budgets in the most recent fiscal year, according to a survey released at the annual meeting of the National Conference of State Legislatures. The $57 billion total saved by legislatures around the country marks a 25 percent jump from the previous budget year and is one of the highest levels in decades." The AP adds, "The study credits conservative forecasting for the year-end balances, which are considered a top indicator of states' fiscal health."

Varying Gas Prices Examined. The Washington Post (8/16, Murakami, Tse) explores why gasoline prices in the Washington area "vary so much neighborhood to neighborhood and why they have risen so much faster in some places than others." The reasons for the variations "are varied and often complex. Some experts cite a costly emissions-reducing additive that is used in gasoline sold in some parts of the country. Others blame varying gasoline taxes and a technique known as zone-pricing, essentially raising wholesale prices in areas that can absorb it. And a few note that the market for setting prices, which is virtually unregulated, changes because of little more than the whims of gas station managers based on their own finances and street-level evaluation of supply and demand." The Post says, "The Energy Policy Act passed by Congress last summer prompted oil companies to phase in [ethanol] in their reformulated gasoline in place of methyl tertiary-butyl ether (MTBE). Reformulated gasoline is required in parts of the country with the worst ozone air pollution, mainly large cities and their suburbs in California and the Northeast, including the District. ... While reformulated gas has traditionally been more expensive than conventional gas, analysts said, the price differential has been amplified because ethanol prices shot up earlier this year with the sudden increase in demand."

Companies, States Explore Overseas Health Care Options. The Christian Science Monitor (8/16, Jonsson) reports, "With US health insurance costs soaring, cash-squeezed companies" and "poor states…are considering affordable plans that may require their employees to travel to India, Thailand, or Indonesia." But critics "say that limited malpractice laws in foreign countries makes such travel risky as well as the prospect of spending 20 hours on an airplane after invasive surgery. Despite the concerns, 'medical tourism' is morphing into 'global healthcare.'" For example, Health Net of California "already contracts with medical clinics on the Mexico side of the US border."

McCain Sees "Lingering Resentment" In GOP About 2000 Primaries. The AP (8/16, Glover) reports, "Sen. John McCain said Tuesday there is 'lingering resentment' among some Republicans because of his primary fight in 2000 with George W. Bush. Those feelings may complicate his decision whether to seek the presidential nomination for 2008, said McCain, R-Ariz." McCain said in Iowa, "If I run, and we'll decide that early next year, there's a lot of work to do. … Here in Iowa there are parts of the party where there's still lingering resentment over the bitterness of the 2000 race."

2008 Hopefuls Already Visiting Iowa. Meanwhile, USA Today (8/16, Keen) reports "the 2008 presidential campaign is well underway in Iowa. The state caucuses that launch the nominating process are almost a year and a half away. Voters won't choose the next president for more than two years." But "many of the prospective candidates find the state fair here irresistible. It gives them a chance to mingle with as many as 100,000 people each day of the fair, which runs Aug. 10-20, and a good shot at coverage on local TV. Iowa voters accustomed to regular visits from presidential candidates tend to notice who shows up -- and who doesn't."

First Lady Called A "Critical Asset" For GOP. The Washington Post (8/16, A4, Fletcher) reports, "Laura Bush is scheduled to headline three events for Republican candidates in Kentucky, Ohio and West Virginia today, capping a stretch of five fundraisers this week for a first lady who often jokes that she does not much like politics. The frequent use of the first lady by Republican candidates as a fundraising draw underscores the ferocious battle they face to retain control of Congress, and also reflects the standing of a

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woman whose popularity has endured even as public antipathy toward her husband has grown." The Post adds, "So far this election cycle, the first lady has spoken at 24 political events, raising a total of $10.7 million, according to the Republican National Committee. 'That is obviously an increase of activity from 2002,' said Tracey Schmitt, an RNC spokeswoman. 'Because of her broad appeal, she is a significant draw wherever she goes, and she is a critical asset to Republican candidates across the country.'"

Allen Continues To Take Heat For Comments. The Washington Post (8/15, A1, Shear, Craig) reports that Virginia Sen. George Allen (R) is continuing to take heat for comments made to a staffer of opponent James Webb (D), despite an apology Monday. The Post reports that Allen yesterday "sought to contain the political damage from remarks he made to a Fairfax County man that dredged up charges of racial insensitivity -- allegations that have dogged him for years as governor, senator and now presidential hopeful." The Post reports that criticism "poured in" yesterday about Allen's "use of the word 'Macaca' to address a volunteer for" Webb, and "also about another Allen comment, 'Welcome to America.'"

The AP (8/15, O'Dell) reports that Allen "said the name was 'just made up' and that he had no idea that macaca is a genus of monkeys including macaques. The name also could be spelled Makaka, which is a city in South Africa. Webb's campaign distributed to reporters a video clip of Allen's remarks about Sidarth, a 20-year-old University of Virginia senior who spent last week videotaping Allen's 'listening tour' for the Webb campaign." The video shows Allen saying, "This fellow over here with the yellow shirt - Macaca or whatever his name is - he's with my opponent. He's following us around everywhere."

The New York Times (8/16, Stout) reports that Larry Sabato, director of the Center for Politics at the University of Virginia, "said Tuesday that Mr. Allen was strong enough in Virginia that the verbal gaffe would probably not keep him from being elected to a second term. But should Mr. Allen run for president, the word 'macaca' will hurt him, Mr. Sabato said, 'not only because it is offensive on its face but also because it fits into a long pattern of insensitivity by Allen on racial and ethnic matters.'"

NY Times Condemns Remark. An editorial in the New York Times (8/16) condemns the remark and concludes, "In his younger years, Senator Allen flirted with offensive symbols like the Confederate flag. As he looks beyond Virginia, Mr. Allen should get used to the idea that people are noticing his behavior."

Casey's Lead Over Santorum Shrinking. The AP (8/16, Hefling) reports, "Democrat Bob Casey's lead is shrinking over Republican Sen. Rick Santorum in one of the nation's hottest Senate races, a poll released Tuesday shows." Santorum "has narrowed the gap from an 18-point difference in June, according to the poll, and a recent appearance of a Green Party candidate also is considered a spoiler for the Democrat." In a three-way contest, "the new poll found Casey leading Santorum 45 percent to 39 percent, with Green Party candidate Carl Romanelli picking up 5 percent. Eleven percent said they were undecided or did not plan to vote, according to the Quinnipiac University poll." As a two-way race, without Romanelli, "47 percent of the same respondents favored Casey to 40 percent for Santorum, with 13 percent undecided or expressing another opinion."

More Commentary On Casey. Harold Meyerson, in a column titled "A Democrat For Main Street" in the Washington Post (8/16, A13) describes Casey as "socially conservative, economically progressive Casey," and says that "early on, the Senate Democratic leadership (Harry Reid and Chuck Schumer) and the state's Democratic governor, Ed Rendell (a onetime Casey opponent), made it clear that Casey was their guy. Which, if you believe all the nonsense that's been written since Joe Lieberman's primary defeat about those crazy blogistas rebelling against the Democratic establishment and pushing the party to the left, should mean that the bloggers and their ilk ought to be wailing about Casey. In fact, they're doing nothing of the sort." However, "they understand that Casey is the Democrat best suited to the task. Most liberal groups are campaigning mightily for Casey (though support for a Green Party candidate among Naderistic nihilists has cut Casey's lead over Santorum in yesterday's Quinnipiac Poll to 6 percentage points). And the liberal case for Casey is a strong one -- particularly on trade."

Lieberman To Criticize Both Parties In Independent Senate Bid. The New York Times (8/16, Healy, Confessore) reports, "Just one week ago, national Democrats united to try to nudge Senator Joseph I. Lieberman out of his race for re-election after his defeat at the hands of his antiwar rival, Ned Lamont, in the Connecticut Democratic primary." But "today Mr. Lieberman appears to

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be in the race to stay, running as a retooled independent candidate who is taking on both political parties, and Connecticut is already seeing a full-throated re-enactment of the men's blistering primary battle." The Post adds, "Far from sulking in defeat, Senator Lieberman has fired most of his senior aides, energized his broad base of donors from his campaigns for president and vice president, produced a new television advertisement explaining his political intentions, and attacked Mr. Lamont over the London terror plot." He "appears so emboldened that in spite of the Democratic unity around Mr. Lamont, some Washington Democrats are now acknowledging that a Lieberman victory in November is a distinct possibility." The Times adds, "In a state where Republican and independent voters make up a majority of the electorate, Mr. Lieberman is still developing a message about bipartisanship, but his aides say it will involve adopting positions from both parties and being willing to criticize Democrats as well as Republicans."

Bill Clinton Takes On Lieberman Argument. The Washington Post (8/16, A4, Balz) reports, "Just three weeks ago, former president Bill Clinton was in Connecticut campaigning for Sen. Joseph I. Lieberman (Conn.) in the Democratic primary against Ned Lamont." But "in an interview yesterday, Clinton gave Lieberman a vivid lesson in how life is different now that the senator has lost to Lamont and is running as an independent." Clinton "slapped Lieberman over the latter's suggestion that he lost because party liberals wanted to purge a politician who shared Clinton's overall philosophy of being progressive on domestic issues while supporting a robust national security policy. 'If I were Joe, and I was running as an independent, that's what I'd say, too,' Clinton told ABC's 'Good Morning America.' 'But that's not quite right. That is, there were almost no Democrats who agreed with his position, which was, "I want to attack Iraq whether or not they have weapons of mass destruction."'"

Lamont Outlines Iraq, Anti-Terror Message. Lamont writes in the Wall Street Journal (8/16t) this morning, "We start with the strongest, best-trained military in the world, and we'll keep it that way. But here's how we'll get stronger by changing course. We must work closely with our allies and treat the rest of the world with respect. We must implement the recommendations of the 9/11 Commission and put in place real protections for ports, airports, nuclear facilities and public transit." Lamont adds, "Good judgment is an essential part of good governance. But we're bogged down in Iraq, and hamstrung in the war against terror, by leaders who lacked judgment, historical perspective, openness to other cultures and plain old common sense." In his op-ed, Lamont also recounts his business experience and his hopes for a reinvigorated Democratic party.

Schlesinger Addresses Allegations Concerning Gambling . On MSNBC's Hardball (8/15, Matthews), host Chris Matthews grilled Connecticut Republican Senate candidate Alan Schlesinger over reports of his gambling excesses. Asked if he was "banned from any casinos in Connecticut," Schlesinger said, "Oh, a couple of times in casinos they've asked me to leave." Asked how he can "run for the United States Senate in a state where you're banned from some of these facilities? That seems like that says something is wrong with you, like you're not credible," Schlesinger said, "It has nothing to do with the race, and that issue has been dealt with over and over." Asked if he has been getting support from the President, Schlesinger said, "I've been getting support from all over the state -- more Republicans, Democrats and unaffiliated voters. What's happening with the White House is very clear. I'm not going to allow Washington and the media to hijack this race and turn it into a national referendum on the Democratic future, the Democrat Party's future."

Collins Endorses Lieberman. The AP (8/16) reports, "Lieberman's bid for re-election as an independent received a solid endorsement from the chairwoman of the Homeland Security Committee on Tuesday." GOP Sen. Susan Collins "said she fully supports Lieberman."

TV Ad Pairs Hillary Clinton, Bin Laden. The AP (8/16, Fouhy) reports, 'A Republican hoping to challenge Sen. Hillary Rodham Clinton this fall is running a television ad that pairs Clinton's face with Osama bin Laden's and accuses her of opposing national security programs that may have helped thwart a terror plot on US-bound flights from London." The ad by "former Yonkers Mayor John Spencer's campaign suggests Clinton is 'playing politics with national security.' It shows images of newspaper headlines about the terror plot, followed by photos of Clinton and bin Laden. 'Senator Hillary Clinton opposed the Patriot Act and the NSA program that helped stop another 9/11. She'd leave us vulnerable,' the narrator says." Clinton adviser Howard Wolfson "called the ad factually inaccurate. Clinton voted for the Patriot Act, which expanded the federal government's ability to track terror suspects, in 2001. Last year, she was part of a Democrat-led

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filibuster that forced Republicans to accept curbs on the government's power to investigate suspects, but she then voted to renew expiring sections of the Patriot Act."

Cardin Courts Seniors With Attacks On Bush Agenda. The Washington Times (8/16, Miller) reports, "Rep. Benjamin L. Cardin yesterday courted the senior-citizen vote in his run to represent Maryland in the US Senate. … During a campaign stop at Ring House Retirement Community in Rockville, Mr. Cardin touted his record of opposing President Bush on the Iraq war and on tax cuts, the Medicare drug plan and a proposal to privatize Social Security." Said Cardin, "It is helping me in the Senate campaign that the voters know that I stood up to George Bush."

Republicans Seek Consensus On Write-In Candidate For DeLay's Old Seat. The New York Times (8/16, Blumenthal) reports, "With dwindling hopes of keeping Tom DeLay's longtime House seat from falling to a Democrat in November, Texas Republicans on Tuesday called an urgent meeting for Thursday to exercise their only option: agreeing on a write-in candidate." But "that slender prospect -- no such write-in campaign has succeeded in the state -- seemed to suffer a blow when a leading candidate facing party opposition disparaged the meeting, saying 'that may have worked in Moscow,' and vowed to keep running even if it meant two Republican write-in candidates." The candidate, David G. Wallace, said, "I'm in the race and I'm in it to win."

McKinney Criticizes Electronic Voting. The AP (8/16, Brumback) reports, "Rep. Cynthia McKinney, in her first public appearance since losing her re-election bid last week, said Tuesday that the black community needs to oppose electronic voting machines, which she warned can be used to steal elections." McKinney also "said the state of Georgia should prohibit crossover voting among political parties in primary elections and end its system of runoff elections." McKinney "made the remarks during the National Dialogue and Revival for Social Justice in the Black Church, sponsored by the Rev. Al Sharpton's group, the National Action Network. The Augusta crowd, estimated at fewer than 200 people, gave her a standing ovation when she was introduced and again when she finished speaking."

Chafee's Tough Primary Noted. Fox News Special Report (8/15, Cameron) reported Republican Sen. Lincoln Chafee, "the GOP's most liberal U.S. Senator, is among the most likely to get beaten this election year. He trails a Democrat on his left in general election polls, but first faces a tough Republican challenger in his primary a month from now. Cranston Republican Mayor Stephen Laffey, a scrappy conservative from a working class Democratic family, hammers Chafee as a tax-and-spend liberal and spoiled rich son of the late Senator John Chafee." But the "biggest criticism of Chafee is his opposition to the Iraq war and objections to the president's handling of the war on terror."

Focus On The Family To Mobilize Christian Voters In 8 States. The Washington Post (8/16, Cooperman) reports that Focus on the Family, radio host James C. Dobson's evangelical Christian organization, announced yesterday that it will lead an effort "in eight battleground states to mobilize evangelical voters in the November elections. … As a nonprofit, tax-exempt organization, Focus on the Family is barred from endorsing candidates. Tom Minnery, vice president of the Colorado-based group, said its efforts would be nonpartisan." Focus on the Family said in an email to supporters last week that it will work to "combat voter apathy and encourage Christians to go to the polls" in Maryland, Pennsylvania, Michigan, Ohio, New Jersey, Minnesota, Montana and Tennessee.

NRCC Reserves $40 Million In Air Time In Key States. The AP (8/16, Sidoti) reports that the National Republican Congressional Committee has reserved $40 million in TV ad time in competitive districts across the country. Most of the funds will go to defend districts under assault by the Democrats, including five in Pennsylvania and Connecticut. However, the AP reports the NRCC also plans "to spend millions of dollars to try to unseat several Democrats, including Chet Edwards of Texas, John Spratt of South Carolina and Leonard Boswell of Iowa. The NRCC plans to spend at least $1 million in each of those races to help GOP candidates."

Donation To Athletic Program Raises Eyebrows. USA Today (8/16, Wieberg) reports on Boone Pickens's donation to "his beloved Oklahoma State Cowboys." It was "the biggest by far in the history of college athletics, a stunning windfall enhanced by a $31 million kick-

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in from the OSU golf foundation and careful investing that has swollen the total amount to more than $250 million. By the time it's spent, the pot is expected to grow to $343 million."

Former President Ford In Hospital. The AP (8/16) reports, "Former President Ford was admitted to the Mayo Clinic in Minnesota on Tuesday for 'testing and evaluation,' his office said in a statement. The statement gave no details about why the 93-year-old former chief executive went to the clinic in Rochester, about 75 miles southeast of Minneapolis."

New Jersey AG Resigns Over Ethics Issues. The New York Times (8/16, Mansnerus, Chen) reports, "The attorney general of New Jersey, Zulima V. Farber, resigned on Tuesday night after a state investigation found that she had violated her own department's code of ethics by going to the aid of her companion during a routine traffic stop." The accusations that Farber "might have influenced officers when the police stopped her companion in late May had revived criticism of her selection earlier this year. At the time, her driving record -- including 12 speeding tickets, 4 bench warrants and 3 license suspensions -- was questioned, but Mr. Corzine dismissed such criticisms."

USA Today (8/16, For) notes Gov. Jon Corzine "tapped retired appellate judge Richard Williams last month to examine the events surrounding a traffic stop May 26 in Fairview." Williams "found that no criminal conduct took place but that Zulima Farber's 'conduct does raise significant ethical questions that must be addressed.'"

The AP (8/16, Defalco) reports, "Farber's live-in boyfriend, lawyer Hamlet Goore, was pulled over by police in Fairview for a traffic violation in May, and Farber showed up at the scene in her state car. Goore's van was found to be improperly registered and his license appeared to be suspended, but he was allowed to drive home. … In recent weeks, Farber denied doing anything to influence the police. But a special prosecutor appointed by the governor said in a report issued Tuesday that Farber violated state ethics laws by 'approving actions which allowed Mr. Goore to drive his vehicle home.'"

Bloomberg (8/16, Larkin) reports, "The resignation of Farber is a setback for Corzine, a Democrat who won election last November after pledging to clean up the ethics of state government. Corzine, 59, said that he didn't ask Farber to resign, although he said her decision was correct. The resignation followed calls from state politicians including Democratic State Senator John Adler, chairman of the Judiciary Committee, for Farber to quit."

AOL Seeks To Dig For Gold In Spam Case. The Washington Post/AP (8/16, D4, Bridis) reports, "AOL is preparing to dig for buried gold and platinum on property in Massachusetts owned by the parents of a man it sued for sending millions of unwanted spam e-mails to its customers." The AP continues, "AOL said yesterday that it intends to search for gold and platinum bars it thinks are hidden near the home of Davis Wolfgang Hawke's parents on two acres in Medfield, Mass. The family said it will fight AOL's plan in court." The AP adds, 'AOL won a $12.8 million judgment last year in U.S. District Court in Virginia against Hawke but has been unable to contact Hawke to collect any of the money he was ordered to pay."

WSJournal Says Chicago Minimum Wage Law Driving Retailers Out. The Wall Street Journal (8/16) editorializes, "Well, that didn't take long. Just as Mayor Richard Daley and these columns predicted, the law recently passed by Chicago's City Council requiring a super-minimum wage is driving big retailers out of the city. Target was the first big chain to react, recently canceling plans to open a new superstore in a run-down area on the city's North side." The Journal adds, "The entire 'living-wage' movement is the latest product of upper-income politicians who want to stick it to non-union companies in the name of helping the poor. But the working poor lose twice in Chicago: first, in lost retail jobs and then in less access to low-cost goods."

WSJournal Notes Rhode Island-DuPont Controversy. The Wall Street Journal (8/16) editorializes, "When a state sues an industry -- think tobacco -- any settlement money typically goes directly to that state. But when Rhode Island dropped the DuPont Corporation from a lead paint lawsuit last year, after the defendant agreed to donate $12 million to charity, most of the money ended up at organizations based in Washington, DC, and Boston. Which is why Rhode Island Attorney General Patrick Lynch has some explaining to do." The Journal adds, "Later this month, the Rhode Island Ethics Commission will hold a hearing to determine whether to launch a full investigation into the deal, and a thorough vetting of Mr. Lynch's motives seems appropriate. It would also help policy makers decide if they want to follow other states, such as Louisiana, that have banned or limited contingency-fee arrangements with the

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AG's office. At the very least, Mr. Lynch might explain how sending millions of dollars to Boston helps children in Providence."

WPost Defends Maryland Early Voting Bill. The Washington Post (8/16, A12) writes in an editorial about "a nasty little battle" that "has raged in Annapolis over Maryland law on early voting. This spring, Democrats used their upper hand in the General Assembly to write legislation that unfairly favored their party and to exclude Republicans from the conference committee considering the measure. Gov. Robert L. Ehrlich Jr. (R) vetoed the bill; the Democrats overrode his veto. Now a judge has accepted a Republican-backed court challenge to the constitutionality of early voting, turning the tide." The Post adds, "It is an unfortunate fate for what should have been -- and still could be -- a fair measure that increases voter turnout."

Rice Calls Lebanon Resolution "A Victory" For Peace And Moderation. With a cessation of hostilities apparently holding in the Middle East, Secretary of State Condoleezza Rice waded into the rhetorical war over the outcome of the conflict. Meanwhile, the leaders of Syria and Iran both declared victory and said the outcome was a defeat for the US and Israel. The developments received attention mostly in the major dailies and wire services, and was not given much coverage on the networks, which focused largely on the humanitarian misery in Lebanon.

In a Washington Post op-ed (8/16, A13), Rice says the Administration "has worked urgently to end the violence that Hezbollah and its sponsors have imposed on the people of Lebanon and Israel. At the same time, we have insisted that a truly effective cease-fire requires a decisive change from the status quo that produced this war." Calling the agreement "only a first step," Rice says "no one should expect an immediate stop to all acts of violence."

On its front page, USA Today (8/16, A1) runs highlights of an interview with Secretary Rice, who said "the 15,000-member UN force being created for southern Lebanon will keep the peace and enforce an international arms embargo, but it won't be charged with disarming Hezbollah guerrillas." Disarmament "will be the responsibility of the Lebanese, Rice said. … 'I don't think there is an expectation that this (UN) force is going to physically disarm Hezbollah. I think it's a little bit of a misreading about how you disarm a militia. You have to have a plan, first of all, for the disarmament of the militia, and then the hope is that some people lay down their arms voluntarily.'" Rice went on to say that Hezbollah "would find itself increasingly isolated from European and other nations, and the weapons embargo would prevent it from being rearmed by its sponsors in Syria and Iran."

Meanwhile, ABC World News Tonight (8/15, story 4, 1:50, Gibson) reported, "In the Middle East, two leaders the Bush Administration accuses of supporting terrorism, the Presidents of Syria and Iran, declared their opinion that Hezbollah defeated Israel and dealt a setback to interests in the region. Assad said the plans for a new Middle East are now an illusion."

The AP (8/16, Abu-Nasr, Dareini) reports, "Tehran and Damascus may be the biggest winners from the 34 days of fighting in Lebanon — buoyed by the ability of ally Hezbollah to stand up to Israel's punishing assaults and by the new, widespread popularity of the guerrillas across the Middle East." Analysts said "both countries now feel stronger in their own individual disputes with the West and that the alliance of their hard-line governments is stronger now, in contrast to the Mideast bloc of pro-U.S. governments."

CNN's "The Situation Room" (8/15, Blitzer) reported Iranian President Ahmadinejad "praised Hezbollah's fighters and mocks Israel and its allies while many Iranians cheered him on." Ahmadinejad was shown saying, via translator: "America and England and Zionist regimes, with all the equipment, all the army they had, and they face a group of decent, devout young people, and those young people, by putting their trust in God and believing in God, fulfillment of his promises, stood against them."

CNN's "The Situation Room" (8/15, Raman) reported, "If the victors of this war are the ones who proclaim it the loudest, then there's no doubt here Hezbollah has won. An equal certainty, Israel was not alone in defeat. Impassioned cheers of 'Death to America, Death to Britain!' echoed in the first speech by the Iranian president since a cease-fire took hold." Just "hours before his Iranian counterpart, the Syrian president delivered his own remarks, his own message to President Bush." Syrian President Bashar al-Assad, via translator: "This Administration adopted the pre-emptive war. It contradicts the principle of peace. And six years after this Administration, there's no peace. We are not expecting any peace."

Fox News "Special Report" (8/15, Rosen) reported, "With a coordination that suggested choreography, the leaders of the two regimes most closely identified with Middle

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East terrorism, unveiled their own version of the history of the Israeli-Hezbollah war, a version in which Hezbollah won, Israel lost and Western efforts to reshape the region have boomeranged." But President Assad's "remarks led to immediate diplomatic repercussions. Germany's foreign minister abruptly canceled his trip, scheduled for later in the day, from Jordan to Damascus, saying Assad's speech was a, quote, negative contribution."

Germany's Steinmeier Cancels Damascus Trip Over Assad Speech. The Financial Times (8/16, Khalaf, Williamson) reports German Foreign Minister Frank-Walter Steinmeier "on Tuesday abruptly cancelled a planned visit to Syria after President Bashar al-Assad…delivered a hard-hitting speech that ridiculed Israel's military offensive in Lebanon and warned against disarming Hizbollah." Steinmeier "criticized the speech as 'going in completely the wrong direction' on the need for regional peace and containing no constructive references to the United Nations ceasefire resolution." The Times adds, "Despite warnings from Paris and Washington against trying to enrol Syria's support, Mr. Steinmeier has led European efforts to draw the Assad regime into plans to end the Lebanon-Israel crisis, giving Damascus an opportunity to break out of its international isolation."

Syrian Cooperation Said To Be Key To Implementation Of 1701. In a Wall Street Journal op-ed (8/16), Abraham Sofaer, George P. Shultz Senior Fellow at the Hoover Institution, says, "The successful implementation of Security Council Resolution 1701 "depends on convincing Syria to end its policy of allowing Hezbollah to be used by Iran to destabilize Israel's security." The "underlying problem that must be addressed to create stability in the area is the fact that the Lebanese government has been incapable of controlling Hezbollah, which has been armed by Iran with Syria's cooperation. It is difficult to believe that the Lebanese government will now be able to control Hezbollah without their acquiescence, which is likely to depend, not so much on what Lebanon, Israel and the United Nations Interim Force in Lebanon do, but on whether Syria supports the changes."

Treasury Department Sanctions Two Syrian Officials. Fox News "Special Report" (8/15, Rosen) reported, "The US Treasury Department placed sanctions on two high-ranking Syrian officials implemented as part of an executive order signed by President Bush in May 2004. The move freezes all assets the officials may have in the US and prohibits Americans from transacting with them." White House spokesman Tony Snow was shown saying, "It seems to financially isolate the individuals and entities that are directly or significantly contributing to Syria's support for designated terrorist groups"

The AP (8/16, Crutsinger) reports the Treasury Department alleged the Syrian officials "had played key roles in support of terrorist organizations." The designation "means that U.S. financial institutions must freeze any U.S. bank deposits held by the individuals, Maj. Gen. Hisham Ikhtiyar and Brig. Gen. Jama'a Jama'a." Presidential spokesman Tony Snow said "the action was taken under an executive order that President Bush signed in May 2004." Snow said, "It's aimed at financially isolating individuals and entities that are directly or significantly contributing to Syria's support for designated terrorist groups."

The Wall Street Journal (8/16, Solomon) reports the Bush Administration said the two senior Syrian intelligence officials "played a central role in arming and funding the Shiite militia Hezbollah in Lebanon" and "supported Syria's drive to dominate Lebanon's political and economic affairs in recent years, including destabilizing Beirut's elected government."

Lesson Of Lebanon War Said To Be Need For Political Solution. In his Washington Post column (8/16, A13), David Ignatius says, "The Lebanon war was damaging for Israel, the United States and, most of all, Lebanon itself. But it may have taught everyone a lesson that will be immensely important to the future of the Middle East: The solutions to the big problems that afflict the region are not military but political." The "surprise hero of the conflict was Lebanese Prime Minister Fouad Siniora. He was a forceful advocate for the Lebanese people and for the very idea of the Lebanese state -- no small achievement in a nation still recovering from civil war. He managed to hold his government together, including the two Cabinet members from Hezbollah. And he was the architect of key elements of the final cease-fire deal: He urged one quick U.N. resolution rather than the two the Americans and French favored, and he successfully argued for an expansion of the existing UNIFIL force to accompany the Lebanese army in the south, rather than an entirely new international force." The "wild card in the deal is Hezbollah. As the war dragged on, most pundits judged the group's leader, Hasan Nasrallah, the big winner. But that will be true, paradoxically, only if he abides by the deal Siniora made and withdraws his armed fighters from

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southern Lebanon. If he tries to resume the war or continues to operate as Iran's proxy, he will lose his new halo."

UN Yet To Receive Formal Commitments For Southern Lebanon Force. The AP (8/16, Charlton) reports the "international community was scrambling Tuesday to put together a fortified U.N. peacekeeping force for southern Lebanon as Israeli forces began a pullout from the volatile region." The United Nations "has not received any formal offers of troops for the U.N. force, known as UNIFIL, although France, Italy, Turkey, Malaysia and Indonesia have indicated they will make significant contributions. A dozen other countries have also expressed a willingness to help." France is "expected to lead the enhanced force, which is to grow from the current 2,000 troops to 15,000 troops." UN officials "and diplomats said France has not yet made any announcement of how many troops it plans to send, and this was holding up announcements of troop commitments from other countries."

The Washington Post (8/16, A9, Lynch) reports UN and US experts "warned Tuesday that governments that have pledged to assemble a peacekeeping force for southern Lebanon are not moving swiftly enough to fill a dangerous power vacuum there." Diplomats warned that several "countries have expressed interest in participating," but "key powers such as France, Italy, Turkey and others must commit to a vanguard force of as many as 3,500 peacekeepers within two weeks to avert a resumption of violence." The discord "highlighted the challenge of moving a large U.N. force into place on short notice."

The New York Times (8/16, Erlanger) reports Israel "began to pull many of its reserve troops out of southern Lebanon on Tuesday and hopes to be out of the country altogether in the next week or 10 days, the military chief of staff, Lt. Gen. Dan Halutz, said." Meanwhile, the Lebanese Army, "which is supposed to join with a strengthened United Nations force to establish order as the Israelis withdraw, is expected to begin moving into the area south of the Litani River in a couple of days, supported by an early deployment of foreign troops, said Jean-Marie Guéhenno, the French head of United Nations peacekeeping forces, speaking to French radio." But there "was no guarantee that the process called for in the Security Council resolution that established a cease-fire would go smoothly. Leaders of Hezbollah have said that their men will not be disarmed, as called for in the resolution, and that the deployment of the Lebanese Army in the south needs further discussion inside the government."

The Washington Times (8/16, Behn) reports analysts "said yesterday that U.N. troops will be unable to disarm Hezbollah against its will." Few "think that the combined force will be able to forcibly disarm Hezbollah, which has proven a much tougher foe than expected." William Durch of the Henry L. Stimson Center said, "This force is not going to be able to force it to disarm any more than the Israeli army was able to do it -- it really is contingent on a certain amount of strategic consent from Hezbollah."

The Financial Times (8/16, Arnold, Khalaf, Morris), meanwhile, says France said it "would resist leading a bolstered international force in southern Lebanon without Lebanese government assurances that Hizbollah…would be disarmed" by the Lebanese Army.

Tenuous Ceasefire Holds In Southern Lebanon. The AP (8/16, Balilty, Ghattas) reports, "Hundreds of Israeli soldiers walked out of Lebanon on Tuesday — some smiling broadly and pumping their fists, others weeping or carrying wounded comrades — as a cease-fire with Hezbollah solidified after a shaky start. The process was expected to accelerate over the coming days." The international community "looked to build a U.N. peacekeeping force for south Lebanon, but it remained unclear how quickly such a force could be deployed. The guerrillas' patrons, Syria and Iran, proclaimed that Hezbollah won its fight with Israel — claims the Bush administration dismissed as shameful blustering."

Hezbollah May Delay Deployment Of Lebanese Army. The Washington Post (8/16, A1, Cody, Struck) reports in a front page story that Hezbollah "refused to disarm and withdraw its fighters from the battle-scarred hills along the border with Israel on Tuesday, threatening to delay deployment of the Lebanese army and endangering a fragile cease-fire." The "makings of a compromise emerged from all-day meetings in Beirut, according to senior officials involved in the negotiations, and Prime Minister Fouad Siniora scheduled a cabinet session Wednesday for what he hoped would be formal approval of the deal. Hezbollah indicated it would be willing to pull back its fighters and weapons in exchange for a promise from the army not to probe too carefully for underground bunkers and weapons caches, the officials said."

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Israel Withdraws Portion Of Troops From Southern Lebanon. USA Today (8/16, Ghattas) reports the Israeli army "withdrew part of its force from southern Lebanon on Tuesday, and Lebanese troops were expected to start moving across the Litani River on Thursday to eventually take control of the war-ravaged region with help from United Nations peacekeepers, military officials on both sides of the conflict told the Associated Press." About "500 Israeli soldiers walked across the border near the Israeli town of Malkiya."

NBC Nightly News (8/15, story 3, 2:05, Engel) reported, "Walking off the battlefield, dragging away broken tanks, 1,000 more Israeli soldiers withdrew from Lebanon. Taking their place, thousands of Lebanese returning to the south. Despite the dangers unexploded bombs and the hardship of living without power and water. Israeli jets dropped leaflets, warning people not to come back until all Israeli forces have left. But they came in busses, driving, and on foot."

The Financial Times (8/16, Biedermann, Morris) reports the Israeli "armed forces did not say how many remained of the 30,000 soldiers deployed at the height of the offensive between Israel and Hizbollah. Lieutenant General Dan Halutz, chief of staff, told Army Radio the Israeli withdrawal would be complete in 7-10 days."

The Washington Times (8/16, Mitnick) reports Israel had "originally said it would hold its ground until a robust international force was in place between the Islamist militia and the Israeli border, but that deployment now looks to be three weeks or longer away. Relieved to be back in Israel, the returning soldiers described an enemy that had controlled the battlefield and enjoyed the element of surprise."

The CBS Evening News (8/15, story 3, 2:20, Pizzey) reported, "They aren't the last to leave, but three more Israeli tanks pulled out of Lebanon this afternoon. Their dust and exhaust-clouded dash for the border shadowed by UN solders who are supposed to monitor the withdrawal and take their place."

Mossad Said To Lack Understanding Of Hezbollah Threat. The Washington Times (8/16, Gertz) reports Israel's "storied foreign-intelligence service failed to fully understand the threat posed by Hezbollah in southern Lebanon, based on a view among many analysts that the guerrilla organization was an evolving political group, according to U.S. officials and private intelligence specialists." The Mossad had "intelligence about most Hezbollah weapons, including rockets fired into Israel and other hardware. But the service knew little about the military and intelligence side of Hezbollah, a diverse organization made up of Islamic terrorists, conventionally armed militia forces, a charity wing and a political movement."

Israeli Reservists Rely On Poll To Sway Leaders On Tactics. The Christian Science Monitor (8/16, Prusher) reports Israeli reservists, "in the midst of combat," did "what anyone wanting to influence decisionmakers here would do: get on their cellphones and commission an opinion poll. And so, from somewhere south of the Litani River in Lebanon to the Tel Aviv headquarters of one of Israel's most prominent polling groups, a hyperdemocratic dynamic was put into play: Soldiers wielding the weapon of public opinion to try to influence how the war is being waged." Intelligence Corps Officer Shmuel Yannay, "who has emerged as a kind of spokesman for the reservists," said, "We realize that we have to do something because it's a life-or-death situation, and so many soldiers were getting killed. We got upset, but we didn't know what to do." The Monitor adds the "question the reservists posed was of a more tactical nature. The soldiers felt they were being sent into Lebanese villages like so much cannon fodder, and wondered why the Israeli military wasn't first calling in airstrikes on houses that were confirmed Hizbullah hide-outs." In the poll, "published in the Yedioth Ahronoth newspaper on Friday, 91 percent of respondents - all civilians - said that the IDF should bomb villages from the air, while 8 percent said they should depend on ground forces. The poll was on the verge of swaying the war's execution when news of a cease-fire deal broke."

Israelis See Creation Of Buffer Zone As A "Major Achievement." Fox News "Special Report" (8/15, Tobin) reported, "Despite the expected deployment of the Lebanese on the border, Israel has no solid guarantee that Hezbollah will not be rearmed by Iran and Syria. They also failed to secure the release of the two soldiers whose kidnapping sparked the five-week war. However, prominent Israelis call the war a victory, citing the creation of a buffer zone in the south as a major achievement."

Israelis Claim To Have Slain Key Hezbollah Leader. CNN's "The Situation Room" (8/15, Blitzer) reported the Israeli Defense Forces are "saying that the head commander of the Hezbollah special forces unit in south Lebanon was killed in crossfire with Israeli troops. This commander, a man by the name of Sagid Dawer, according to the IDF, was a high-ranking commander in the organization. And the IDF considers his death a blow to the organization's leadership and a victory for Israel."

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Jackson Launches Effort To Arrange Prisoner Exchange. The AP (8/16, Schweid) reports, "Trying to build on a cease-fire in Lebanon, civil rights leader Jesse Jackson launched an effort Tuesday to arrange the release of prisoners held by Hezbollah and Israel." After talking to the Israeli and Syrian ambassadors in Washington, Jackson said, "The cease-fire is a step in the right direction. Release of prisoners would reinforce the positive direction." The AP adds Jackson, "an experienced go-between, has brought Americans home from Syria, Cuba, Iraq and Yugoslavia. And, he said in an interview, 'in each instance we had a no-talk policy in that country.'"

Hezbollah Promises "Unlimited" Aid To Returning Lebanese Refugees. The New York Times (8/16, Kifner) reports that as "stunned Lebanese returned Tuesday over broken roads to shattered apartments in the south, it increasingly seemed that the beneficiary of the destruction was most likely to be Hezbollah." A "major reason — in addition to its hard-won reputation as the only Arab force that fought Israel to a standstill — is that it is already dominating the efforts to rebuild with a torrent of money from oil-rich Iran." Nehme Y. Tohme, "a member of Parliament from the anti-Syrian reform bloc and the country's minister for the displaced, said he had been told by Hezbollah officials that when the shooting stopped, Iran would provide Hezbollah with an 'unlimited budget' for reconstruction."

Fox News "Special Report" (8/15, Palkot) reported Hezbollah "is offering to help fix damaged homes and apartments. That's not all. Killed Hezbollah fighters got a hero's funeral in at least one southern Lebanon town and Hezbollah chief, Hassan Nasrallah, is being championed by the locals."

ABC World News Tonight (8/15, story 5, 2:40, Gibson) reported, "The first tentative steps to rebuild Lebanon are also beginning. Cost estimates start at more than $2 billion. But they're just estimates. As many Lebanese are discovering, the job is overwhelming." ABC (Berman) added, "For thousands of people trying to get home, Lebanon is an obstacle course of ravaged roads and bombed out bridges. The damage to the country's infrastructure is staggering. 60 of 80 major bridges destroyed, 390 miles of roads severely damaged, 7,100 homes in ruins. Who is suffering now?" Fady Nammar, Ministry of Public Works & Transportation: "All Lebanese people. All Lebanese people without no exception." Berman: "Fady Nammar, an official at the ministry of public works, says it will cost at least $100 million to fix the roads, at least $300 million to fix the bridges."

The Washington Post (8/16, A1, Shadid) reports in a front page story, "A day after a cease-fire quieted the guns in Lebanon, Hezbollah opened another front in its struggle: rebuilding its state within a state in the poor southern suburbs of Beirut and the tattered villages of southern Lebanon and the Bekaa Valley. Hundreds of activists fanned out across the country; in Khiam, at times, they outnumbered the residents. Acting on the orders of Hasan Nasrallah, the group's secretary general, they began clearing rubble, pulling bodies from collapsed homes, cataloguing damage house by house, securing truckloads of food and water, and preparing to provide tens of millions of dollars in compensation." More than "simple reconstruction, the task before Hezbollah could decide the shape of postwar Lebanon."

The Wall Street Journal (8/16, Leggett) reports in a similar front page story, "Wrapped in the reconstruction challenge is a critical struggle for Lebanon's weak government: seizing the political initiative from a Hezbollah energized by its battlefield performance against Israel." The "rebuilding of Lebanon, and who gets credit for it, are part of a larger battle for influence between the central government and Hezbollah, a Shiite Muslim group so powerful it is a virtual state-within-a-state. Reconstruction is the first real postwar test of wills between Hezbollah…and those in the Lebanese government who want Hezbollah to become purely a political party. How it goes could set the tone for whether Hezbollah emerges from the conflict an even stronger social force, still armed and with continuing ties to Syria and Iran, or ultimately bows to international demands and abolishes its military wing."

CNN's "The Situation Room" (8/15, Sweeney) reported that "despite the setbacks and possibility they will find their homes destroyed at the end of this journey," Lebanese refugees returning to the south "speak with one voice. 'God strengthen the resistance,' he says. The resistance of Hezbollah, whose Katyusha rockets, like these scaled-down models, were damaged but not destroyed." The Los Angeles Times (8/16, Wallace) reports on the scene in the town of Ainata under the headline, "Residents Return To Find Destruction." The Washington Times (8/16, Pisik) reports from Bint Jbeil under the headline, "Lebanese Return To Ruins."

The New York Times (8/16, Fattah) reports that "on Tuesday, secrets buried in southern Lebanon's ruins began

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to emerge as Lebanese Red Cross workers, health workers and Hezbollah members set upon the heaps of stone and concrete in towns along the Israeli border, digging out bodies of men, women and children trapped there for weeks. The work will last for weeks in towns with names that have become synonymous with tragedy."

Issa Was Sole US Lawmaker To Visit Lebanon. In the Washington Post's "Washington Sketch" column (8/16, A2), Dana Milbank says, "If you're trying to quantify the U.S. policy in the Middle East, here's a useful statistic: Since the fighting between Israel and Hezbollah started, 22 members of Congress have flown to Israel. Only one went to Lebanon." Rep. Darrell Issa said, "Logistically, it was difficult. The Israelis were shooting at vehicles and so on." The Post adds, "It's only marginally safer for Issa at home. One of five Lebanese Americans in Congress, Issa occupies a no man's land in U.S. politics: a conservative Republican with a powerful sympathy for the Arab cause. He supports the Iraq war and voted for a resolution backing Israel in its fight with Hezbollah, but he has also accused Israel of 'apartheid' and scolds the Bush administration for 'missed opportunities' to win Arab friends."

Tehran's Nuclear Ambitions Said To Benefit From Israel-Lebanon Conflict. In an analysis piece, the Wall Street Journal (8/16, King, A4, 2.03M) notes, "The ambiguous conclusion to Israel's latest battle with Hezbollah looks to have weakened Washington's hand, and strengthened Iran's, in the escalating showdown over Tehran's nuclear ambitions." The Administration "faces several pivotal moments in coming weeks," now that "the tussle" has returned "to the diplomatic forefront." Hezbollah's survival "has dented the U.S. diplomatic effort by weakening its key ally in the region, Israel, while providing at least a symbolic victory to the Shiite Muslim militia and its Iranian sponsors. The administration's strong support of Israel's military campaign in Lebanon has also angered some of Washington's important Arab and European partners, who objected to the widespread destruction of Lebanon's infrastructure." Support for Israel "has created deep diplomatic fissures that could hurt the US and help Iran." Qatar, China and Russia may be less cooperative now, the Journal says, and Europeans "also worry that the destruction in Lebanon has stirred within the Muslim world still deeper distrust of the" West, "further complicating diplomacy within the Security Council." However, "senior Bush administration officials say it is too early to assume Hezbollah or Iran will emerge strengthened. If the cease-fire holds and eventually results in the disarmament of Hezbollah, says one administration official, 'a big arrow will have been taken from Iran's quiver.'" The Journal says President Bush's concerns about Iran's role "is sure to gain some traction" because "Arab and European allies were deeply alarmed by Hezbollah's massive missile attacks on Israel, which were seen as further proof of Iran's growing" regional "influence."

MDA Head Will Soon Recommend Europe Missile Defense Sites. AFP (8/15, Mannion) reports that Missile Defense Agency Director Gen. Henry Obering "said he expects to make recommendations in a matter of months on where to position interceptor missiles and radar in Europe to best protect against the threat of Iranian missiles. The European site would be the first expansion outside of the United States of an unproven US missile defense system that currently is aimed at thwarting a limited long-range missile attack by North Korea." AFP notes, "The system has succeeded in only five of 10 attempts to intercept a mock warhead in space. The last intercept occurred in 2002, and that was followed by two failures."

Blair's Unpopularity Said To Linger Despite Recent Events. In its regular "Letter" feature, the New York Times (8/16, Cowell) examines the impact of the Lebanon ceasefire and the foiled terror plot on British Prime Minister Tony Blair's domestic popularity. "Both episodes might have been welcomed as a retreat from real or threatened violence on a tremendous scale. Yet both left a curious aftertaste, fueling rather than calming the public debate over Mr. Blair's performance." Events in Lebanon "led to accusations by Mr. Blair's foes that he had forfeited British influence by standing too close to President Bush," while the "terror alert provoked criticism by David Cameron, leader of the opposition Conservatives, who broke an unspoken compact with the government in a time of supposed national crisis to play the tough-on-terror card so familiar in the United States." Noting calls for Blair to step down, the Times says he "may be a weakened leader within the politics of the Labor Party and of Britain as a whole. But he is still an ardent believer in the same world view that inspires the Bush administration." While recent events might have been expected to generate more public support for Blair, the Times

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says, "the political climate and the national mood have shifted toward skepticism."

With EU Accession Talks Stalled, Turkey Said To Look Eastward. The Washington Times (8/16, Borowiec) reports Ankara's "moves to increase economic ties with the Persian Gulf countries are seen by diplomats as yet another indication of Ankara's waning enthusiasm for the European Union." Turkey is said to believe that, with "the slow pace of accession talks with the European Union, Turkey's interests would be better served by improved relations with the Arab countries of the Middle East." Turkish "attention is centering on the Arab world, particularly after a three-day visit last week by Saudi King Abdullah and the announcement by Turkish Prime Minister Recep Tayyip Erdogan of plans to double trade with the Saudi kingdom." This interest coincides, diplomats says, with "a low ebb in Turkey's relations with the United States, attributed to Turkish opposition to U.S. policies in Iraq and Washington's unconditional support for Israel during the war against Hezbollah guerrillas." Turkish officials, however, "say relations with Washington are merely in a state of 'temporary chill,' and point to a 'shared vision document' signed by the two countries last month." The Times says Washington "has always considered Turkey to be a major link between the West and the Muslim world and an example of coexistence between Islam and secularism."

Hong Kong Journalist Tried For Spying For Taiwan. The Washington Post (8/16, A9, Fan, Ng) notes Hong Kong journalist Ching Cheong, "accused by China of spying for Taiwan, went on trial in Beijing on Tuesday, but it was unknown when a verdict would be delivered, according to news media in Hong Kong." Ching was "a correspondent for the Straits Times in Singapore" when he "was detained in China in April 2005 after traveling to the city of Guangzhou to collect documents related to Zhao Ziyang, a former Communist Party leader who was purged for opposing the 1989 Tiananmen Square massacre." Ching, who "holds a British passport and has Hong Kong residency," has "denied any attempt to spy for Taiwan." The Post notes Ching's "trial was one of several cases in China in which journalists have recently been charged in a crackdown on news media. China jails more journalists than any other country, with at least 32 in custody, according to the rights group Reporters Without Borders."

Japanese Embassy Protest In Beijing Decries Koizumi's Yasukuni Visit. The Washington Post (8/16, A9, Fan) reports, "As uniformed and plainclothes police looked on, Chinese protesters incensed at the Japanese prime minister for visiting a controversial war shrine gathered Tuesday in front of the Japanese Embassy in Beijing, chanting 'Down with Japanese imperialism!' and 'An eye for an eye, blood for blood!'" Protesters denounced Japanese Prime Minister Junichiro Koizumi's "trip earlier Tuesday to the Yasukuni Shrine in Tokyo, which honors Japan's war dead, including 14 officers judged as World War II criminals." Beijing's Foreign Ministry "condemned the visit in a statement, but it also restated China's commitment to peaceful coexistence with Japan." The rally "appeared small and lasted only 20 minutes. Taken together, the statement and the protest represented a response far more muted than in years past, when Koizumi's visits to the shrine set off widespread anger among the Chinese public."

Experts Say Most Countries Unprepared For HIV Threat. The New York Times (8/16, Altman) reports, "An array of promising new methods to prevent the spread of H.I.V. may become reality in the near future, but most countries are unprepared to provide them to the hundreds of millions of people at risk of becoming infected, an international panel of experts reported here on Tuesday." The Times adds, "Findings from large studies of some prevention methods, like the use of microbicides and male circumcision, are expected within the next five years, some possibly in about a year, the panel said at the 16th International Conference on AIDS." But "the studies are complex, the methods will not offer a magic bullet to prevent the disease, and whatever preventive techniques are found to be effective will probably be combined with existing prevention strategies, the panel of 50 experts cautioned."

South Africa's Development Of Coal-To-Oil Technology Draws World Interest. The Wall Street Journal (8/16, A1, Barta) profiles South Africa's Sasol Ltd., a partly state-owned company, which "built several coal-to-liquids plants...and became the world's leading purveyor of coal-to-liquids technology." Long widely dismissed as "too expensive to be practical," the technology is now "the world's latest alternative-energy boom." The Journal reports, "China is building a coal-to-oil plant costing several billion dollars in Inner Mongolia and may add as many as 27 facilities --

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including some with Sasol's help -- over the next several years." The Pentagon "is studying coal-to-oil technology as a way to reduce the American military's dependence on Middle Eastern crude oil. And the National Coal Council, an industry association, is pushing for government incentives to help generate some 2.6 million barrels of liquid fuel a day from coal by 2025." Senators "Barack Obama of Illinois and Jim Bunning of Kentucky, introduced a bill to offer loan guarantees and tax incentives for U.S. coal-to-liquid plants." Montana's Democratic Governor, Brian Schweitzer, "is lobbying coal companies and others to build coal-to-liquid plants across his state." The Journal notes, however, "coal-to-oil projects are extremely expensive" and "also pose serious environmental questions."

Regional Instability Predicted If Kosovo Gains Independence. In an op-ed in today's Washington Times (8/16), Michael Djordjevic explains that the Balkans "have historically been the key battlefield between Islam and European civilization since the battle at Kosovo, where the Ottoman Turks clashed with the Serbs in 1389, to the present." The conflict continued in Kosovo in the late 1990s, where "the West again failed to deal with the basic and overarching Balkan problem — the Serbian Question." While the dissolution of Yugoslavia in 1990, Serb minorities in Bosnia, Croatia and elsewhere "demanded self-determination. This was denied" when outside countries insisted "that 'borders are inviolable.' Yet now the Albanians in Kosovo are encouraged to violate the Serbian borders via self-determination, while the Bosnian Serbs in the entity of Republika Srpska are still denied the same right." The UN's post-1999 administration in Kosovo (UNMIK) produced "catastrophic results. Quickly, the province was methodically and ethically cleansed. It is now monoethnic," and "has become a den of thieves, arm smugglers and white slavers and the key narcotics transfer point to Europe." Djordjevic opposes Kosovar efforts to gain independence, saying it "will likely pave the tormenting road to 'Greater Albania,' thus assuring a permanent instability and turmoil in the Balkans." He concludes, "So long as we fail to recognize Serbia's legitimate interests and continue to violate the moral norms and international legal system, the Kosovo problem cannot be solved. … As the Serbs have already waited five centuries to regain the cradle of their civilization and identity, they will certainly try to do so again, and in much shorter time."

NYTimes Contrasts Bosnian And Iraqi Outcomes. In an editorial this morning, the New York Times (8/16) reports, "When the United States and Europe began trying to put Bosnia back together" in 1995 following four years of war, "critics said nation-building was a fool's errand. They were wrong. Today Bosnia is a mostly harmonious, increasingly prosperous country on the way to becoming normal." Even though outside powers "did not stint" in the rebuilding mission, and the High Representatives exercised "near total control over the bitterly divided ethnic groups," the effort "was hard." However, "by 2000, Bosnia was speedily reintegrating, and it is now free of ethnic violence. Even the rate of common crime is low by European standards." The High Representative's office (OHR) "will close next year, and it is time for the country to stand on its own." The Times adds, "Nation-building" in Bosnia "succeeded because no one scrimped. It is impossible to say if a much larger peacekeeping force or more attentive leadership would have made the same difference in Iraq. But the Bush administration chose to ignore plenty of early warnings — much of them drawn from the lessons of Bosnia."

WPost Says Lopez Obrador's Protest Campaign Endangers Mexican Democracy. In an editorial, the Washington Post (8/16, A12) says failed Mexican presidential candidate Andres Manuel Lopez Obrador "has turned the nation's politics into a public spectacle," having "denounced the election as a fraud and the product of a vast conspiracy, without furnishing even remotely convincing proof." Now, "he threatens to paralyze Mexico with a campaign of civil disobedience 'for years, if that is what circumstances warrant.'" The Post says that, "by daily demonstrating his disdain for the country's electoral institutions while showing no actual failure on their part," Lopez Obrador "threatens to subvert the democracy he claims to champion." While he "recklessly toys with the stability of a nation that emerged from one-party rule just this decade," the Post adds, the election "yielded big gains for" Lopez Obrador's "left-leaning Party of the Democratic Revolution; it picked up seats in the nation's Congress." The Times says Mexico "is at a turning point," and concludes that Lopez Obrador's "dwindling" protest crowds "may mean that even his partisans have begun to recognize that Mexico's continuing progress toward democracy is more important than one man's unbridled ambition."

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WSJournal Questions Gunter Grass' Credibility. In an editorial, the Wall Street Journal (8/16) criticizes Gunter Grass, the "self-styled conscience of Germany" and "darling of the anti-American and anti-globalization set," for failing to disclose his membership in the Waffen SS until a recent interview. Noting a Grass claim that he witnessed racism among US service members in Germany, the Journal says, "Let's see if we get this straight. A man who just confessed to serving in an elite Nazi unit, who belonged to the Hitler youth and who may have found it hard not to notice the disappearance of Jews from his native Danzig, claims that his first experience of racism came in a US camp. Even in the Waffen SS, Mr. Grass felt morally superior to those damn Yanks, and he still does six decades later." The Journal concludes, "In a Continent liberated by American blood and treasure, this 'peace' activist can, along with fellow European Nobelists Harold Pinter, Dario Fo and José Saramago, bash the U.S. in comfort and freedom."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Turning West, He Hit Gold."
"Round and Orbity? Must Be A Planet."
"Legislators Throw In Towel On Key Issues."
"It's `Get These People Out Of Town'."
"Seabirds, Rain Kept Men Alive For 9 Months."
"A Death In The Family."

USA Today:
"Defining Moment For Solar System."
"Rice: Not U.N.'s Job To Disarm Hezbollah."
"Tycoon's Gift To School Raises Hopes, Questions."

New York Times:
"Hezbollah Leads Work to Rebuild, Gaining Stature."
"New Lieberman Retooling Race as Independent."
"N.J. Attorney General Quits in Ethics Breach."
"Husband Takes Schiavo Fight Back To Politicians."
"For SAT Maker, a Broader Push To The Classroom."
"State Fairs, Sagging, Arrive At County Crossroads."

Washington Post:
"Way-Out-Of-The-Norm Dorm."
"Militiamen Take Up Shovels In Relief Effort."
"Hezbollah Balks At Withdrawal From The South."
"Pluto's New Place in Space Could Be As A 'Pluton'."
"Allen on Damage Control After Remarks To Webb Aide."
"Web Searches Go Low-Tech: You Ask, A Person Answers."

Washington Times:
"D.C. Cameras Not A Snap To Locate."
"Lebanese Return To Ruins."
"Region's Home Sales Tumble."
"District Hires Firm To Study Rerouting Hazardous Cargo."
"Web Publisher's Ads Offer Textbook Case For Cost-Cutting."

Detroit Free Press:
"Terror Case Is Over But Stigma Remains"
"When IS A Car A Classic."
"Detroiter Is Home But Faces Death."
"One Answer For Ford: Sell Brands To Raise Cash."

Atlanta Journal-Constitution:
"Perdue Deal Has Rich Potential."
"Utility Seeks Nuclear Permit."
"No Offense, but Insults OK At Tech."
"Planned Parenthood."

Houston Chronicle:
"Make Space For Three new Planets."
"Court: Bible Display Must Go."
"Homeowners Lose Katrina Flood Ruling."
"Sparse Racial Categories Blur Texas' School Data."
"Guerrilla Weapons Cache may delay U. N. Force."

Story Lineup From Last Night's Network News:
ABC: Dell Recall; Battery Risk; Bush War On Terror; Syria and Iran Speak Out; Rebuilding Lebanon; Terror Profiling; Katrina Court Case; New Immigrants; New Cancer Treatment; Fighting Smoking; Sudanese Refugees.
CBS: Terrorist Plot Unfolded; terrorist Detection; Rebuilding Lebanon; Dell Recall; Hurricane Court Case; Housing Market; Alaskan Brown Bears; Spanish TV.
NBC: Terrorist Plot Unfolded; Terrorist Detection; Rebuilding Lebanon; New Immigrants; Reason To Immigrate; Fighting Extreme Islam; New Cancer Treatment; Hurricane Court Case; Housing Prices; Bottle Water VS Tap.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

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PRESIDENT BUSH — Tours the Harley-Davidson Vehicle Operations Plant, York, Pa.; participates in a discusssion on the economy, Closed press, Harley-Davidson Vehicle Operations facility, York, Pa.; attends a Lynn Swann for Governor reception. Lancaster, Pa. Note: Overnights at Camp David.

VICE PRESIDENT CHENEY — Arrives at Glacier Park International Airport, Kalispell, Mont.; speaks at a luncheon for Sen. Conrad Burns and Montana Victory 2006, the Lodge at Whitefish Lake, Whitefish, Mont.; speaks at a reception for congressional candidate Bill Sali. Boise Centre on The Grove.

LAURA BUSH — Speaks at Geoff Davis for Congress breakfast, Stonecrest Farm, Lexington, Ky.; speaks at a Mike DeWine for Senate luncheon, NCR Country Club, Kettering, Ohio; visits the Wright-Dunbar Village with Rep. Mike Turner, Dayton, Ohio; speaks at a Chris Wakim for Congress reception. Shaw House, Fairmont, W.Va.

LYNNE CHENEY — Participates in a conversation with Walter Isaacson as part of the 2006 McCloskey Summer Speaker Series. Aspen Institute, Aspen, Colo.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: AIRMAN SLAIN TRIAL _ 8:30 a.m. Motions hearing for Airman Calvin E. Hill, 20, of Warren, Ohio accused of murdering Airman First Class Ashley Turner at the U.S. Naval Air Station in Keflavik, Iceland. Location: Bolling Air Force Base, Suite 219, 20 MacDill Blvd. SE.

PERES _ 10 a.m. Deputy Prime Minister of Israel Shimon Peres, in Washington to help launch The Jewish Federation of Greater Washington's Israel Emergency Campaign, holds a news conference. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

AIRPORT SECURITY _ 10:30 a.m. Rep. Edward Markey holds a news conference to urge Homeland Security Secretary Chertoff to institute inspections of all cargo on passenger plans and inspect all container ship cargo before it sets sail for U.S. ports. Location: Outside Terminal C, Reagan National Airport.

SPACE-NATIONAL SECURITY _ 10:30 a.m. The RAND Corp. holds a briefing on the final report from the National Security Space Launch Requirements Panel, with analysis of the role of the Evolved Expendable Launch Vehicle program. Location: RAND Corp., 1200 S. Hayes St., Arlington.

CLIMATE REFUGEES _ 12 p.m. Earth Policy Institute President Lester Brown holds a telephone briefing to release an analysis showing the first mass migration of ``climate refugees" has taken place in the U.S. Contacts: Clark Stevens, 202-822-5200. Notes: Callin number: 800-867-4592; passcode: Lester Brown.

DRUNKEN DRIVING _ 12 p.m. Transportation Secretary Maria Cino, NHTSA Administrator Nicole Nason, and Deputy Attorney General Paul McNulty, highway safety advocates, others, hold a news conference to launch ``the biggest crack-down on drunk driving in U.S. history." NHTSA will also release the latest alcohol fatality data, broken out by state. Location: Montgomery County Police and Fire Training Academy, 9710 Great Seneca Highway, Rockville.

LEBANON _ 12 p.m. The U.S. Institute of Peace and the Middle East Institute hold a joint panel discussion on peacekeeping possibilities in Lebanon, with Mike Bailey of RONCO Consulting, James Dobbins of RAND Corp., Arthur Hughes of the Middle East Institute, others. Location: 2nd floor conference room, 1200 17th St. NW.

IMPERATO-BROOKS _ 1:30 p.m. Daniel Imperato, independent presidential candidate, and Webster Brooks, vice presidential candidate, join independent congressional candidates in a press conference to receive endorsements for independent candidates' multi-city tour. Location: National Press Club, Zenger Room

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, AUGUST 16, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Bush Says US Safer But "Not Yet Safe," Warns Of Long War On Terror ... 3
UK Considers Stricter Terror Laws, Passenger Profiling ... 4
British Arrest Another In Terror Plot Investigation ... 5
Former Terrorist Says He Rejects Terrorism ... 6
Samuelson Says Terror's Economic Impact May Lie Ahead ... 7
USA Today Says White House Must Drop "'No One Could Have Expected It' Excuse." ... 7

Homeland Response:
Chertoff Details DHS, TSA Actions To Ensure Air Security ... 7
State Department Begins Issuing Biometric Passports ... 8
Judge Rules In Favor Of Insurers In Katrina Case ... 8

War News:
Bush "Frustrated" By Iraqi Rebuilding, Lack Of Public Support For US Efforts ... 9
Sixteen Killed In Iraq Yesterday ... 9
US Retracts Gas Explosion Theory ... 10
Pakistanis Arrest 29 Taliban Fighters ... 10
Lockheed Proposes Drone Version Of F-35 ... 10

DOJ:
DOJ To Secure Databases ... 11

Corporate Scandals:
US Seeks Fugitive Ex-Comverse CEO ... 11
Xilinx Review Finds No Options Fraud ... 11
Former InVision Official Settles SEC Charges ... 12
ABA Criticizes DOJ Policy On Legal Fees Advancement ... 12

Criminal Law:
Sjodin's Boyfriend Testifies To Mysterious Cell Phone Call ... 12
Hinckley Seeks Extension Of Unsupervised Family Visits ... 13
Crawford Trial Jury Deliberations Begin ... 13
Arizona High Court Overturns Death Sentence ... 13
Victoria Gotti Wrote Fan Mail To Judge In Eppolito, Caracappa Case ... 14
Sentencing Of Aryan Brotherhood Leaders Delayed Over Question Of Confronting Witnesses ... 14
Texas Hotel Manager Pleads Guilty To Katrina Relief-Related Fraud ... 14
Police Say DC Murder Scene Was Cleaned ... 14
Judge Denies Motion To Revoke Galante's Bond ... 14
Environmental Activist To Remain Behind Bars ... 14
Virgil Trial To Remain In Albuquerque ... 15
Tennessee Waltz Defendant Considering Guilty Plea ... 15
Judge Tosses Mail Fraud Charge Against Former Michigan Prosecutor ... 15

Civil Law:
DOJ Said To Gain "Creeping Oversight" Of New York City Government ... 15

Civil Rights:
FBI Helps Break Human-Trafficking, Sex Slave Ring ... 16
ACLU Loses Request To Review Redacted Documents ... 16
FBI Agent Testifies In Trial Of Officer Accused Of Beating Suspect ... 16
Hispanics Say DSCC Web Ad Unfairly Maligns Them ... 16
"Furious" Schiavo Working Against Officials Who Intervened In Wife's Case ... 16
FBI Settlement Of Sex-Bias Class Action Suit Noted ... 17
Boise To Vote On Ten Commandments Display ... 17

Antitrust:
Monsanto To Buy Cotton Seed Firm For $1.5 Billion ... 17
Class Action Suit Claims BAR/BRI Overcharged Law Students ... 17
FTC Extends Antitrust Review Of Barr's Pliva Purchase ... 18
DC Circuit Upholds FCC Ruling On Phone Line Rights Access ... 18
Norwegian Regulators Appeal Scandinavian Airline Ruling ... 18

Environment/Indian Affairs:
Sunoco, Mid-Valley Settle With DOJ Over Oil Spill ... 18
DOT Plans To Tighten Pipeline Regulations ... 19
Judge Rules APHIS Flouted Law With Biotech Crop Permits ... 19
Singer Charged With Illegal Killing Of Black Bear ... 19
California Establishes Marine Havens ... 19
Environmental Groups Denounce Gene-Altered Crops ... 20
Washington Settles Dispute Over Tribal Burial Site ... 20

FBI/DEA/ATF/USMS:
US Smashes 15-City Heroin Ring ... 20
Judge Tells Reporters To Reveal BALCO Sources To Grand Jury ... 22

Former FBI Agent Suing Home Depot For Malicious Prosecution22
Trial Reveals Tampa Marijuana Operation Made "Big Money." .. 22
Colombia Uses US-Supplied Planes To Fumigate Coca Crop In National Park ... 23
Tulsa To Hold Gang Summit... 23
ATF Sends Oregon Pipe-Bomb Evidence To Lab... 23
Fugitive Task Force Opens New Jersey Office ... 23

Immigration:

Three Plead Guilty To Missouri Nuptials Scam ... 23
Pennsylvania Town Sued Over Anti-Illegal Alien Ordinance... 24
Head Of National Border Patrol Council Calls For New Trial For Agents ... 24

Tax:

California Dentist Convicted Of Tax Evasion... 24
US Issues Warrant For CEO Charged With Tax Evasion ... 24
Charities Target Property Owners In Wake Of Real Estate Boom25
Bill Would Make Roth 401(k) Plans More Attractive... 25
Charities Target Property Owners For Real Estate Donations.... 25

Congress-Administration:

Bush Delays Allowing Foreign Ownership Of US Airlines... 25
Officials Announce Medicare Drug Premiums Not Going Up... 26
DOT Investigating Second Computer Theft... 26
Poll Finds Bush Would Now Lose To Gore Or Kerry... 26
Cheney Said To Be Beyond "Democratic Accountability." ... 26
Dowd Comments On Bush Reading Camus' "The Stranger."... 26

Other News:

Job Losses Seen As Reason Behind Lower Home Prices... 27
State Governments' Savings Totals Up 25%... 27
Varying Gas Prices Examined ... 27
Companies, States Explore Overseas Health Care Options... 27
McCain Sees "Lingering Resentment" In GOP About 2000 Primaries ... 28
First Lady Called A "Critical Asset" For GOP... 28
Allen Continues To Take Heat For Comments... 28
Casey's Lead Over Santorum Shrinking... 28
Lieberman To Criticize Both Parties In Independent Senate Bid 29
TV Ad Pairs Hillary Clinton, Bin Laden ... 29
Cardin Courts Seniors With Attacks On Bush Agenda... 30
Republicans Seek Consensus On Write-In Candidate For DeLay's Old Seat ... 30
McKinney Criticizes Electronic Voting... 30
Chafee's Tough Primary Noted... 30
Focus On The Family To Mobilize Christian Voters In 8 States.. 30
NRCC Reserves $40 Million In Air Time In Key States ... 30
Donation To Athletic Program Raises Eyebrows... 30
Former President Ford In Hospital... 30
New Jersey AG Resigns Over Ethics Issues... 31
AOL Seeks To Dig For Gold In Spam Case ... 31
WSJournal Says Chicago Minimum Wage Law Driving Retailers Out ... 31
WSJournal Notes Rhode Island-DuPont Controversy... 31
WPost Defends Maryland Early Voting Bill... 31
Rice Calls Lebanon Resolution "A Victory" For Peace And Moderation ... 32
UN Yet To Receive Formal Commitments For Southern Lebanon Force... 33
Tenuous Ceasefire Holds In Southern Lebanon ... 34
Hezbollah Promises "Unlimited" Aid To Returning Lebanese Refugees... 35
Issa Was Sole US Lawmaker To Visit Lebanon... 36
Tehran's Nuclear Ambitions Said To Benefit From Israel-Lebanon Conflict... 36
MDA Head Will Soon Recommend Europe Missile Defense Sites ... 36
Blair's Unpopularity Said To Linger Despite Recent Events... 36
With EU Accession Talks Stalled, Turkey Said To Look Eastward ... 37
Hong Kong Journalist Tried For Spying For Taiwan... 37
Japanese Embassy Protest In Beijing Decries Koizumi's Yasukuni Visit ... 37
Experts Say Most Countries Unprepared For HIV Threat... 37
South Africa's Development Of Coal-To-Oil Technology Draws World Interest... 37
Regional Instability Predicted If Kosovo Gains Independence.... 38
NYTimes Contrasts Bosnian And Iraqi Outcomes... 38
WPost Says Lopez Obrador's Protest Campaign Endangers Mexican Democracy ... 38
WSJournal Questions Gunter Grass' Credibility... 38

The Big Picture:

Headlines From Today's Front Pages ... 39

Washington's Schedule:

Today's Events In Washington ... 39

DOJ_NMG_0048763

TERRORISM NEWS:

Bush Says US Safer But "Not Yet Safe," Warns Of Long War On Terror. President Bush's visited the National Counterterrorism Center (NCTC) yesterday. Most media accounts link their coverage of Bush's remarks there to stories on US efforts to improve security in the wake of the UK air terror alert. A number of reports cast the Bush Administration as somewhat on the defensive, and described Bush's remarks as part of a political effort to help GOP candidates in the November elections. Vice President Cheney's remarks on the war on terror, for example, are being portrayed as part of that political strategy. Meanwhile, Democrats are also addressing the issue on the campaign trail, criticizing Bush's record on terrorism and suggesting they will try to use the issue to their advantage this Fall.

All three broadcast networks covered the story. ABC World News Tonight (8/15, story 3, 1:45, Gibson) said Bush "spent his first two days back from vacation meeting with all parts of his national security team," delivering "a sobering assessment of the terror threat." At the NCTC, Bush said he "does not see the war on terror ending anytime soon." Bush was shown saying, "America is safer than it has been. But it's not yet safe. The enemy has got an advantage when it comes to attacking our homeland. They've got to be right one time. And we got to be right 100% of the time to protect the American people." ABC (Raddatz) added, "The White House said today, they will acknowledge that some things are not going well."

CBS and NBC briefly noted the President's remarks as part of other security-related stories. The CBS Evening News (8/15, story 2, 2:50, Schieffer) said Bush "declared America is safer than it was but 'not yet safe,'" and that the "foiled plot shows the war on terror may go on for years." NBC Nightly News (8/15, story 2, 2;30, Brown) reported Bush "said the government is doing everything in its power to protect the American people from another terror attack, but warned it won't be easy."

CNN's The Situation Room (8/15, Henry), in its coverage of Bush's NCTC visit, said that "with the war on terror expected to be the defining issue of the midterm elections," Bush is "trying to drive home the point that even while it's August, with all these hot issues going on, he's working this time." Fox News Special Report (8/15, Baier) said Bush "promised the government is doing all it can to try to prevent terrorist attacks." MSNBC's Hardball (8/15, Shuster) reported Bush "took partial credit for thwarting last week's terror threat." On Hardball, Bush was shown saying, "Because of the good work in Great Britain and because of the help of the people here at NCTC, we disrupted a terror plot."

Print reports on Bush's NCTC remarks carry similar themes, with the Washington Post (8/16, A4, Baker) headlining its report "Bush Says US Safer But Far From Secure," and the AP (8/15, Pickler) saying Bush said the plot "is evidence the US could be fighting terrorists for years to come." The Post adds that while Bush "touted his accomplishments" at NCTC, ex-President Clinton "accused Republicans of using the reported plot for political purposes and questioned Bush's national security priorities. The back and forth illustrated the emotional punch of the terrorism issue as both parties head into fall campaigns with Bush's popular standing lagging and GOP control of Congress at stake."

Like the Post, the Washington Times (8/16, Curl) also focuses on the election impact of the terror issue, leading its report by saying Democrats "have decided to fight President Bush this fall on his traditional turf -- national security -- but the president and his fellow Republicans running in the mid-term congressional elections hold an edge on the issue, which proved pivotal in the last two cycles." The parties "are splitting the debate," with Bush and the GOP "pressing for tools to fight terrorism abroad as they seek to expand the issue to a global scale, and Democrats staying closer to home, arguing that the international war against terror makes Americans less safe."

Cheney Takes On "Dean Democrats" Who "Favor Defeatism." Fox News Special Report (8/15, Baier) reported, "At a campaign event for Arizona Senator John Kyl, Vice President Cheney did not hide the fact that fighting terrorism will be a major issue in the mid-term elections this fall." Vice President Cheney was shown saying, "Here in the US, we have not had another 9-11. No one can guarantee that we won't be hit again. But the relative safety of recent years was not an accident. And as we make our case to the voters in this election year, it's vital to keep issues of national security at the top of our agenda."

CNN's The Situation Room (8/15, Henry) reported, "As we often see, the President makes the point and then Vice President Cheney goes out and tries to drive that point home with a partisan punch, almost like as tag team. So it was today that the Vice President speaking to the Arizona Republican Party at a fundraiser and he said voters in November have a clear choice between Republicans tough on terror and what he calls the, quote, 'Dean Democrats who have defeated Joe Lieberman.' He said these Democrats favor defeatism."

The AP (8/16) reports Cheney "Cheney appeared at a $500-a-plate luncheon at the Arizona Biltmore Resort and Spa, his second visit to the state this year in support of

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Republican candidates. The event raised more than $300,000 for the state Republican Party. A March fundraiser for Sen. Jon Kyl raised about $500,000 for his re-election effort." The Vice President "spent the bulk of his speech addressing the war against terrorism and the Democrats, pointing out the ongoing 'vigorous debate' on how to deal with the situation in Iraq." He "dismissed Democrats who called for a troop pullout deadline, saying it was a 'bad idea.' He criticized Rep. Jack Murtha, D-Pa., for his suggestion that troops be pulled back to Okinawa and his use of examples of previous pullouts." Said Cheney, "If we follow US Rep. Murtha's advice and withdraw from Iraq the same way we withdrew from Beirut in 1983 or Mogadishu in 1993, we will simply validate the al-Qaida strategy and invite more terrorist attacks in the future,' Cheney said."

Democrats Try To Claim Terrorism Issue. CNN's The Situation Room (8/15, Bash) reported, "Just as the President was using the bully pulpit to talk tough on terrorism, Democratic senators scattered across the country for summer recess were holding a conference call with reporters to say, not so fast." Sen. Carl Levin: "It's like a broken record and the American people are not buying his effort to gain political advantage."

CNN's The Situation Room (8/15, Bash) reported, "Just this afternoon, the Democratic National Committee chairman, Howard Dean, spoke to the Iron Workers Union and he telegraphed what has been a consistent Democratic theme since the London terror plot, the alleged plot, became public last week in terms of the politics here." Dean, "like other Democrats tried to make the point that this is proof that they are Republican failures." Dean was shown saying, "It means putting real money as the Democrats proposed and the Republicans said no to, putting real money into intelligence inside the borders of the United States of America so we don't end up having what Britain had this past week."

Fox News Your World With Neil Cavuto (8/15, Cavuto) interviewed Rep. Charles Rangel. Asked if the fact that the US hasn't had a domestic terrorist incident since 9/11 gave him "any encouragement," Rangel said, "Not at all. … And most Americans don't feel any safer, that we really, truly believe that, if we wanted to feel safer, we will have more of a support for local and state governments. New York was cut back."

More Commentary On The Politics Of The Terror Debate. On MSNBC's Hardball (8/15, Matthews), John Fund said, "The Bush administration is clearly in charge of a failing policy in Iraq. The American people are upset about that, but in terms of the homeland, the American people have done fairly well the last five years. We have not been attacked."

Also on MSNBC's Hardball (8/15, Matthews), New York attorney general candidate Mark Green said, "I agree that the Bush people can claim good credit because we haven't been attacked, but Americans every night see Baghdad blowing up, 100 people a day being killed. From Bali to Spain and to London subways and almost flights, it doesn't seem that we're safer."

On MSNBC's Hardball (8/15, Matthews), Washington Post reporter Chris Cillizza said President Bush would win the argument about national security "among his base. And in midterm elections, that's what's important. The Republicans need to find a way to energize their base."

On MSNBC's Hardball (8/15, Matthews), Chicago Tribune reporter Jeff Zeleny said, "One thing matters above all. Can Republicans succeed in selling the war and the war on terror as one thing? I'm not so sure it's as easy this time. I was out in Indiana in three swing congressional districts, talking to voters. And just what you're picking up among voters. It's A, OK to be against the war right now, so that's not as much of an issue. So it just depends if Republicans can link those two things. And we'll see."

Thomas Friedman writes in the New York Times (8/16), "The defeat of Senator Joe Lieberman by the upstart antiwar Democrat Ned Lamont has sparked a firestorm of debate about the direction of the Democratic Party. My own heart is with those Democrats who worry that just calling for a pullout from Iraq, while it may be necessary, is not a sufficient response to the biggest threat to open societies today -- violent, radical Islam. Unless Democrats persuade voters -- in the gut -- that they understand this larger challenge, it's going to be hard for them to win the presidency. That said, though, the Democratic mainstream is nowhere near as dovish as critics depict." Friedman adds, "What should really worry the country is not whether the Democrats are being dragged to the left by antiwar activists who haven't thought a whit about the larger struggle we're in. What should worry the country is that the Bush team and the Republican Party, which control all the levers of power and claim to have thought only about this larger struggle, are in total denial about where their strategy has led."

UK Considers Stricter Terror Laws, Passenger Profiling. The Los Angeles Times (8/16, Murphy) reports calls are "rising in Britain to pass tougher anti-terrorism measures that would allow suspects to be held longer without charges and introduce profiling to airport screenings. Neither measure has been formally introduced, but several senior officials and Parliament members have floated proposals to strengthen anti-terrorism laws, which already are stiffer than many measures elsewhere in the West." While supporters say the proposals "would allow police more time to assemble evidence against terrorism suspects and end long security lines at the airports," opponents "worry about eroding civil liberties, and fear airport screening focused on those 'traveling whilst Asian' will further alienate the nation's 1.5 million Muslims." The Financial Times (8/16, Adams,

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Sherwood, Sevastopulo) says "UK government insiders" played down the "prospect of extra security checks for airline passengers on race and religion…for fear of alienating the Muslim community." Meanwhile, USA Today (8/16, 5A, Stinson) reports the UK may make strict carry-on luggage rules permanent.

Airlines May Seek Compensation From UK. The Wall Street Journal (8/16, A8, Stone) reports airlines said they "may seek compensation from British airports operator BAA PLC, as stepped-up security measures because of an elevated terror threat have forced them to cancel hundreds of flights."

London Muslim Leaders Strive To Combat Extremism. NBC Nightly News (8/15, story 6, 2:20, Ellis) ran an "In Depth" report on efforts to combat extremist Islam in the UK. In London's Whitechapel neighborhood, home to "the city's highest concentration of young Muslims, many of whom are the targets for radical recruiters," some Muslim leaders "are trying to make sure young people hear other voices, too." Sheik Aliur Rahman: "If we can articulate their views in ways which are part of the mainstream, I don't think there would be as much problem as you see now." Ellis: "But many people here are guided by their hatred, for British and US foreign policy." Rahman: "Those of us who have children try to educate and guide them. But so long as there is this crisis in the world, a deep crisis in the world, nothing we do is sufficient on its own."

British Arrest Another In Terror Plot Investigation. The Washington Post (8/16, A8, Partlow, Whitlock) reports, "British police on Tuesday arrested a new suspect in the alleged terrorist plot to explode as many as 10 transatlantic airplanes," and "executed warrants last Thursday to search two Internet cafes." In Germany, officials said they were investigating contacts between at least one of the suspects and the wife of an alleged member of the Hamburg cell that carried out the Sept. 11, 2001, hijackings in the United States," but added they "don't believe the London plot was organized or received any support from people in Germany."

The Los Angeles Times (8/16, Rotella) says British and German authorities are investigating a potential link between an alleged plot to bomb U.S.-bound planes and a fugitive in the Sept. 11 attacks." The "slim but intriguing lead" is that one of the 23 suspects "may have tried to communicate with" Said Bahaji, an accused Moroccan German member of the Hamburg cell who fled to Pakistan days before the Sept. 11 hijackers struck, "through e-mails to the Moroccan's wife, Nese."

The New York Times (8/16, Lyall) notes, "a debate broke out over whether passenger screening should focus on people whose appearance suggests they pose the greatest likelihood of being dangerous." Meanwhile, British Airways's chief executive, "Willie Walsh, delivered a scathing attack on BAA, the airport operator," as "airlines said delays in security screening were the fault of BAA."

Terror Suspects Said To Be Linked To Al Qaeda. The CBS Evening News (8/15, lead story, 3:15, Schieffer) reported, "London police say they have arrested one more suspect in that plot that they busted up last week that set off explosives on civilian airliners heading to the United States. That makes 25 people now who've been arrested. They let one go. This latest arrest came after a raid on two Internet cafes west of London." CBS (MacVicar) added that Tayib Rauf is said to be "the go-between, the link from the liquid bomb plotters in England to al Qaeda in Pakistan. In Pakistan, the government has sought credit for its cooperation, but doesn't like to admit it has an al Qaeda problem." MacVicar continued, "As investigators move closer to determining that the foiled plot was an al Qaeda operation, they are examining what may be another important al Qaeda connection … British police and German intelligence believe one of the suspects now in custody was making contact with" 9/11 mastermind Atta's roommate in Germany, a computer expert and senior al Qaeda figure.

NBC Nightly News (8/15, lead story, 2:30, Brown) reported, "Many suspected it. And some suggested it. That al Qaeda was behind the plot to blow up airliners flying from the UK to the US tonight, new evidence points to a connection." NBC (Myers) added, "Western intelligence sources tell NBC News there is growing evidence tonight that the alleged ringleader in this plot had contact with senior al Qaeda figures. This is the first video to emerge of the cell's alleged point man in London Tayib Rauf. Authorities say his older brother Rashid Rauf was the ring leader of the operation, calling the shots for Pakistan. Intelligence sources tell NBC that there is now information that Rashid Rauf had contact with al Qaeda's director of international operations sometime prior to May 2005.

The New York Times (8/16, Khan, Gall) reports an anonymous "senior Pakistani intelligence official told reporters [in Islamabad] Tuesday night that a leader of Al Qaeda based in Afghanistan was the mastermind of the reported plot in Britain to blow up American airliners." However, he "did not identify the leader or provide other details. He said the supposed mastermind was comparable in importance to Abu Faraj al-Libbi, a Libyan said to have been a high-ranking Qaeda official, whom Pakistan arrested in May 2005 and turned over to the United States. 'It is not Osama bin Laden and it's not Ayman al-Zawahri but it was someone close to the rank of Abu Faraj al-Libbi,' the intelligence official said, referring to the top two Qaeda leaders." The officer "also said British security officials who were monitoring the reported plot wanted to let the suspects go ahead with a dry run but were dissuaded by the United States and Pakistan. …

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He also said that Pakistani officials had arrested six or seven people linked to the plot along with Rashid Rauf," which he called "the key to foiling the plot" because Rauf "was a link between Al Qaeda and the suspects arrested in Britain."

FBI, Scotland Yard Investigating Charities' Ties To Terror Plot. The Long Island Newsday (8/16, Eisenberg) reports, "Money-laundering experts from the FBI and Scotland Yard are tracking whether millions of dollars donated to Pakistani earthquake relief may have been siphoned to conspirators plotting to blow up American airliners. 'FBI agents have just arrived in the United Kingdom to help go through the books and try to track the money,' said a source briefed on the U.S. investigation. 'They're looking at several Islamic charities specifically involved with earthquake relief, but also at others.'" One group, "Crescent Relief, was registered in East London by Abdul Rauf, the father of two brothers arrested in the plot." However, "the charity receiving the most attention so far is Jamaat-ud-Dawa, whose possible link to the plotters was reported by The New York Times on Monday" and is "successor to Lashkar-e-Taiba…which was banned by Pakistan as a terrorist organization."

The Los Angeles Times (8/16, Rotella) adds, "a British watchdog agency disclosed that it has opened an inquiry into reports that funds raised by a Muslim charity, Crescent Relief, were diverted by the plotters." U.S. Treasury officials confirmed "they are helping British and Pakistani authorities trace money believed to have helped finance the plot to see if any of it came from charity groups and from Pakistani militant organizations,' and "a recent Treasury report expressed concern that militants were abusing charity relief amid 'weak to nonexistent government regulation or oversight of the charitable sector.'"

The Christian Science Monitor (8/16, Montero) reports, "Jamat-ud-Dawa, a charity banned by the US State Department in April, is at the center of a firestorm," as "the group's leader has been placed under house arrest, and investigators in England and Pakistan are probing whether the group provided financial and logistical support to the London terror suspects." However, "analysts in Pakistan cautioned against jumping to any conclusions, saying the group's history and recent evolution suggest it has neither the political will, nor the capacity, to be involved in an international terrorist plot," and "intelligence officials in Pakistan say there is no direct evidence of Jamat-ud-Dawa's involvement in the plot." Tasneem Aslam, spokeswoman for the Foreign Ministry, also "dismissed claims that Pakistan was investigating money flows from Islamic charities. She also dismissed as baseless media claims that Jamat-ud-Dawa was in any way tied to the London terror plot."

Women And Educated Muslims Taking Part In European Terrorism. The Wall Street Journal (8/16, A5, Bryan-Low, Crawford) leads that "emerging details point to a troubling -- and growing -- strain in Islamic terrorism in Europe: the involvement of women and middle-class, university-educated young men," making "a marked contrast to the stereotype of a homegrown Islamic terrorist as a disaffected young man on society's fringes." Experts say that "middle-class and British university-educated terrorists are particularly effective because they are difficult to spot as extremists."

Many Of Suspected Plotters Are Recent Converts. The New York Times (8/16, Kovaleski) reports; "a number of the two dozen individuals arrested in last week's antiterrorism raids had become much more devout in their faith or converted to Islam within the last two years or so." Osman Khatib "about a year ago… abruptly adopted a new look that apparently reflected a deeper sense of devotion" by "wearing only traditional Islamic clothing and often talking outside of his family's modest townhouse on Wellington Road with a new set of friends who dressed similarly." Nabeel Hussain "attended strident Islamic rallies in Manchester and Birmingham while becoming more dogmatic about his religion." Don Stewart-Whyte, "about six months ago…converted to Islam and had embraced the conventions of a pious Muslim."

British Muslims' Explanation For Extremists' Motivation Seen As Fallacious. In a New York Times op-ed (8/16), Yale University fellow Irshad Manji says, "Last week, the luminaries of the British Muslim mainstream — lobbyists, lords and members of Parliament — published an open letter to Prime Minister Tony Blair, telling him that the 'debacle' of both Iraq and Lebanon provides 'ammunition to extremists who threaten us all.' In increasingly antiwar America, a similar argument is gaining traction: The United States brutalizes Muslims, which in turn foments Islamist terror." But "violent jihadists have rarely needed foreign policy grievances to justify their hot heads." If Islamists "cared about changing Iraq policy, they would not have bothered to abduct two journalists from France — probably the most antiwar, anti-Bush nation in the West." Meanwhile, "at least as many Muslims are dying at the hands of other Muslims as under the boots of any foreign imperial power."

Former Terrorist Says He Rejects Terrorism.

CNN's "The Situation Room" (8/15, Verjee) interviewed Abdurrahman Khadr, a member of the "so-called first family of terror in Canada." Though his father was a close friend of Osama bin Laden, Khadr now says he "rejected terror." Khadr "quit the CIA just as he quit al Qaeda, abruptly, after fighting a long legal battle he was eventually allowed to come back home to Toronto. Abdurrahman says he wants to do things his way now. He doesn't keep up with the news, because it reminds him of his painful double life. He just wants to move on."

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Samuelson Says Terror's Economic Impact May Lie Ahead. In his Washington Post (8/16, A13) column, Robert J. Samuelson writes, "This is an age of glaring contradictions. It's hard to ignore the great disconnect between the rise of terrorism and the relentless advance of the world economy." Terrorism "has exacted some steep costs. Airlines and tourism suffered after Sept. 11; in the wake of last week's foiled bomb plot, that could happen again. Spending for the war in Iraq was vastly underestimated. But terrorism's damage has paled before the larger effect, which is not much. It hasn't destroyed prosperity or cross-border flows of goods, money and people. … We ought to ask why the economic fallout has been so muted -- and whether that could change. Could the backlash so feared five years ago unfold in the future?"

USA Today Says White House Must Drop "'No One Could Have Expected It' Excuse." Under the headline "Oh, Really?" USA Today (8/16) editorializes that President Bush "and people who work for him have a disheartening habit of being astonished by the arrival of disasters they didn't see coming but others did," such as the "numerous pre-9/11 warnings that terrorists would use airplanes as weapons," a "sobering week-long series in 2002" in the New Orleans Times-Picayune on the risk of a major hurricane there, and warnings that "Iraq was an unstable stew of sectarian resentments, liable to explode in fighting among Sunnis, Shiites and Kurds" that came before the 2003 invasion. USA Today writes, "The price is yet to be paid for the most flagrant example of ignoring risk, but the bill will start coming due in about a decade when Social Security and Medicare face insolvency because of today's shortsighted policies. Perhaps those in power at that time will attempt to say the crisis couldn't have been anticipated. But they'll be wrong, just as those bemoaning the calamities of 9/11, New Orleans and Iraq are today. It's time to retire the 'no one could have expected it' excuse."

HOMELAND RESPONSE:

Chertoff Details DHS, TSA Actions To Ensure Air Security. An op-ed by DHS Secretary Michael Chertoff runs in USA Today (8/16) this morning, in which Chertoff says, "Our No. 1 priority is always protecting American citizens and travelers to the United States. Today, air travel remains safe, and there is no current evidence that elements of this terrorist plot are active within the United States. But we must fully maintain current security measures to thwart copycats. Today, enhanced security measures remain in place at all U.S. airports." TSA "has developed many independent layers of security, including reliance on human skills and ingenuity. … Taken alone, any one of these measures might conceivably be beaten, but together, they present a formidable challenge to terrorists."

TSA Increases Focus On Behavioral Profiling Of Air Passengers. The CBS Evening News (8/15, story 2, 2:50, Orr) said TSA agents "are doing it on the sly, trying to separate legitimate air travelers from would be terrorists. While x-ray machines and explosive scanners focus on weapons," TSA chief Kip Hawley "says screeners are studying passengers for signs of nervousness." Hawley: "It is involuntary muscular behaviors across the board, it doesn't matter what you look like, you don't have to look like a terrorist to exhibit these involuntary behaviors." Orr: "It's the first step in so-called behavioral profiling and this could be the next." CBS then spoke with psychologist Mark Frank about ways to "spot the lie" during conversation.

ABC World News Tonight (8/15, story 6, 2:55, Gibson) focused on the "controversial question" of racial profiling, asking, "Is it time to begin screening airline passengers based on race and religion?" House Homeland Security Chairman Peter King: "I think it's time to end political correctness. To me, if a person is of a Middle Eastern descent, it's legitimate to allow the screener to ask additional questions." ABC (Harris): "According to a recent poll, 41% of Americans say Muslims should be subject to special security checks; 57% say no. Critics say profiling on the basis of race or religion is not only wrong, but it's also ineffective. They say it would not have worked on suspected dirty bomber Jose Padilla or Oklahoma City bomber Timothy McVeigh. What's more, al Qaeda is now recruiting people who don't fit the profile." ABC concluded its report by moving to the subject of behavioral profiling, which is "what they do at Israel's largest airport. … It's worked for Israel. The last serious attempt to bomb an Israeli plane was in 1985, by an Irish woman."

TSA Defends Shoe Removal Rule. Rather than focusing on profiling methods, NBC Nightly News (8/15, story 2, 2;30, Brown) turned its attention to the TSA's renewed requirement that "all airline passengers in this country remove their shoes." NBC (P. Williams): "A recent Homeland Security analysis said screening machines cannot by themselves, detect shoe bombs. But today TSA officials insisted the system works, if screeners are properly trained on what to look for." CNN's The Situation Room (8/15, Todd) noted that a DHS report "says X-ray machines at US airports cannot detect explosives in shoes, but the TSA is playing defense." Hawley: "Screening shoes by X-ray is an effective method of identifying any type of anomaly, including explosives." On MSNBC's Tucker (8/15, Scarborough), Hawley said, "I hate taking my shoes off, too, but for the same reason, I do it, and I do feel safe when I fly."

The Washington Post (8/16, A5, Wilber) reports TSA officials "defended stepped-up security measures taken in recent days, rebutting criticism from outside security experts

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and members of Congress who have questioned whether authorities are prepared to handle potential terrorist threats." Meanwhile, the Wall Street Journal (8/16, A5, Meckler) reports TSA plans to introduce "a smaller CT scanner that can be used at a checkpoint and would cost closer to $300,000 to $350,000" that can detect many kinds of explosives. Hawley said, "We are very, very optimistic. It is a very, very high priority of mine."

USA Today (8/16, 5A, Levin) reports that while machines that "check carry-on bags for explosives and devices that look for bombs under people's clothing have already been produced," it is "likely to be years before a method of detecting liquid explosives is in widespread use at U.S. airports, according to manufacturers and government leaders." But DHS Secretary Michael Chertoff "cautioned that no one technology is a 'silver bullet.'"

USA Today Says TSA In "No-Win Situation." USA Today (8/16) editorializes, "TSA is in a no-win situation. Had the suspected plot involving liquid explosives succeeded, U.S. and British authorities would have been roundly criticized for failing to avert it. Absent a plan as well-advanced as the recent one was said to be, though, TSA would have found it almost impossible to convince the public of the need to restrict liquids. That is not an excuse, however, for TSA's failure to make security more focused. Common sense says that when an elderly woman can be arbitrarily singled out for special scrutiny, something is out of whack. Once the immediate crisis passes, the obvious first step is to trim the list of restricted carry-on items to a safe minimum." And TSA "has also experimented with a number of broader ideas" that will "provide additional layers of security," such as a Registered Traveler program, behavioral profiling, and better cargo screening.

More Commentary. In a Wall Street Journal (8/16, A10) op-ed, Institute for Homeland Security Director Randall Larsen, a retired Air Force colonel, writes that while DHS "sometimes seems to be a step behind al Qaeda, this is not the case for liquid bombs, the kind the London plotters had in mind." Hawley "has been trying to move TSA's focus to this new threat since he took office last year. His initial attempts to do so were met with scorn. 'TSA says it is OK to take knives on airplanes.' Remember the headlines and guffaws, the lambasting from many in Congress? Of course, that was not what Mr. Hawley really meant. Rather, it was a matter of priorities: Shift the focus away from nail files and grade-school scissors and toward the far greater risk -- bombs that are virtually undetectable by the technology currently in use."

In a USA Today (8/16) op-ed, columnist Jonah Goldberg writes, "'Example is the school of mankind,' noted Edmund Burke, 'and they will learn at no other.' Alas, Burke didn't say how many examples it would take. … You can be sure the example of last week will fade into the fog of barely remembered previous terrorist attacks like the road to Brigadoon. Indeed, who recalls that barely two months ago, a cell of would-be jihadists was arrested in Miami for plotting to translate its dream of blowing up the Sears Tower into reality? Meanwhile, the U.S. embassy bombings of the late 1990s, the Bali attacks and the London subway massacres seem like ancient history to many."

State Department Begins Issuing Biometric Passports. The Washington Post (8/16, A11, Lee) reports, "The digital era arrived in Foggy Bottom this week when the State Department began issuing new 'electronic passports' to the public." The "special chip" on the last page of the passport contains the issue's biographic information. "In issuing the new passports, the department is matching a requirement it is imposing on visitors from several other countries." Visa waiver countries and other countries whose nationals do not need a US visa to apply for admission, are required to begin issuing "chip-equipped" passports by October 26.

Judge Rules In Favor Of Insurers In Katrina Case. USA Today (8/16, Chu) reports, "In a decision that could set the tone for thousands of pending lawsuits, a federal judge ruled Tuesday that homeowner policies from Nationwide Mutual don't cover storm-surge damage caused by Hurricane Katrina." The ruling by L.T. Senter, "a district court judge presiding over a raft of similar cases in Mississippi," could be appealed, but "it's at least a temporary setback for many homeowners waiting to have their cases heard." The ruling "could also complicate fledgling rebuilding efforts in the hurricane-ravaged Gulf Coast region, where home-foreclosure rates have been rising."

The Wall Street Journal (8/16, McDonald) notes that "in yesterday's ruling, Judge L.T. Senter Jr. found that Nationwide owed Paul and Julie Leonard of Pascagoula, Miss., $1,228.16 for wind damage to their home. After applying a $500 deductible, Nationwide originally paid the Leonards $1,661.17." However, "the couple were seeking more than $158,000 to cover damage to their home and its contents, plus interest, attorney's fees and expenses." The Leonards' "experts estimated that the damage totaled more than $130,000, with more than $47,000 attributed to wind, but Judge Senter attributed the damages to water that rose to five feet in the first floor of their home." The Washington Post (8/16, D1, Day) runs a similar report under the headline "Storm Surge Is Flood, Judge Says," while the New York Times (8/16, Treaster) says "insurers have already paid $17.6 billion for damage to homes from Katrina that was attributed to wind only." But "this was a victory for the companies, because they could have been forced to pay out untold billions more if they had been required to cover damage from flooding caused by the storm. Several hundred thousand

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homes were damaged or destroyed by Katrina." It was "not a total victory, however. The judge rejected attempts by the insurers to cancel coverage for wind damage when it occurred in combination with the flooding." The AP (8/16, Kunzelman) reports, "Senter's ruling could set a precedent for hundreds of other court challenges to the insurance industry for denying billions of dollars in claims after the Aug. 29 hurricane ravaged the coasts of Louisiana and Mississippi."

WAR NEWS:

Bush "Frustrated" By Iraqi Rebuilding, Lack Of Public Support For US Efforts. The New York Times (8/16, Shanker, Mazzetti, 1.21M) notes President Bush "made clear in a private meeting this week that he was concerned about the lack of progress in Iraq and frustrated that the new Iraqi government -- and the Iraqi people -- had not shown greater public support for the American mission, participants in the meeting said Tuesday." Bush "carefully avoided expressing a clear personal view of" Prime Minister Nuri Kamal al-Maliki, but, "in what participants described as a telling line of questioning, Mr. Bush did ask each of the academic experts for their assessment of the prime minister's effectiveness." One attendee "interpreted Mr. Bush's comments less as an expression of frustration than as uncertainty over the prospects of the new Iraqi government." Overall, the Times says, Bush "expressed frustration that Iraqis had not come to appreciate the sacrifices the United States had made in Iraq, and was puzzled as to how a recent anti-American rally in support of Hezbollah in Baghdad could draw such a large crowd." Bush "appeared serious and engaged during the lunch," and "showed no signs of veering from the administration's policies to support the new government and train Iraqi security forces to take over the fight, and only then bring American troops home."

Bush Opposed Three-Way Division Of Iraq. The Los Angeles Times (8/16, Richter, Wallsten) reports, "President Bush flatly told Middle East experts at a private meeting this week that a three-way division of Iraq would only worsen sectarian violence in the country and is 'really not an option' for solving the country's problems, the analysts said Tuesday." The Times adds, "Rejecting a policy alternative that has been gaining support in the U.S. and abroad, Bush told the experts that dividing the country would be 'like pouring oil on fire,' recounted Eric M. Davis, a Rutgers University professor and one of the experts who met with Bush Monday at the Pentagon." The experts, "speaking in interviews," said "Bush also signaled that he intended to make no policy changes in Iraq -- despite warnings from military leaders and election-year arguments from Democrats that the war is drain on resources and a distraction from the larger war on terrorism."

Retired Generals, Former Diplomats And Officials Blast Bush Mideast Policies. The Los Angeles Times (8/16, Spiegel) reports, "In an effort to counter a mounting White House campaign to depict its Middle East policies as critical to the nation's safety from terrorist attacks, 21 former generals, diplomats and national security officials will release an open letter tomorrow arguing that the administration's 'hard line' has undermined US security." The letter "comes as…Bush has made a series of appearances and statements…seeking to promote the administration's record on security issues in advance of November's midterm congressional elections." The Times adds, "Retired Army Lt. Gen. Robert Gard, one of the signers of the letter and a former military assistant to Defense Secretary Robert S. McNamara in the 1960s, said the group was particularly concerned about administration policies toward Iran, believing them to be a possible prelude to a military attack on suspected nuclear sites in that country." Gard "said the letter's signers -- who will include retired Marine Corps Gen. Joseph P. Hoar, head of U.S. Central Command from 1991 to 1994, and Morton H. Halperin, a senior State Department and National Security Council official in the Clinton administration -- do not believe that Iran has the wherewithal to build a nuclear weapon in the near term and will push the administration to open negotiations with Tehran on the issue."

NYTimes Says Continuing Bush's Policies "Not An Option." The New York Times (8/16) editorializes, "As Americans debate where to go from here on Iraq, one thing should be clear. Staying the course until…Bush leaves office 29 months from now is not an option. It is no longer even clear just what course America is on. Most of what Washington now claims to be doing cannot withstand the most elementary reality test. … Things in Iraq are not going to get better by themselves. The answer is not blind perseverance in staying a course that has demonstrably failed."

Sixteen Killed In Iraq Yesterday. USA Today (8/16, Reid) reports, "A suicide bombing in the north and street battles hundreds of miles away in a Shiite holy city in the south claimed 16 lives Tuesday. The incidents demonstrated the tenuous security in Iraq as the United States focuses on curbing sectarian violence in Baghdad." Nine people "died in the suicide attack outside the regional party headquarters of Iraq's president in the northern city of Mosul. Seven were killed in the fighting between Iraqi forces and followers of an anti-American cleric in Karbala." In Baghdad, meanwhile, "the US military said car bombs triggered deadly explosions in a Shiite neighborhood on Sunday, backing away from assertions that the blasts were caused by a gas leak." The AP (8/16, Yacoub), among other sources, also reports yesterday's incidents.

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Sectarian Battles Said To Be Spreading To Small Towns. In a 1,336-word piece, the Washington Post (8/16, A8, Tyson, 748K) reports on "what U.S. and Iraqi military officials call a bleeding of sectarian strife out from Baghdad." Many areas of Iraq are engaged in "a complex power struggle" that has forced the US military to reconsider drawdown plans. "The situation is not unlike the one in the Iraqi capital," and "complicating the problem is the widespread belief that some Iraqi forces are taking sides in the sectarian violence." The Post adds, "Ironically, as Iraqis increasingly fight among themselves, many look to the U.S. military to broker their conflicts."

July Deadliest Month For Iraqi Officials. The New York Times (8/16, Wong, Cave) reports, "July appears to have been the deadliest month of the war for Iraqi civilians, according to figures from the Health Ministry and the Baghdad morgue, reinforcing criticism that the Baghdad security plan started in June by the new government has failed. An average of more than 110 Iraqis were killed each day in July, according to the figures." The Times adds, "The total number of civilian deaths that month, 3,438, is a 9 percent increase over the tally in June and nearly double the toll in January. The rising numbers suggested that sectarian violence is spiraling out of control, and seemed to bolster an assertion many senior Iraqi officials and American military analysts have made in recent months: that the country is already embroiled in a civil war, not just slipping toward one, and that the American-led forces are caught between Sunni Arab guerrillas and Shiite militias."

Single Ring Likely Responsible For Five Abductions In Baghdad. The Christian Science Monitor (8/16, Murphy) writes, "Jill Carroll's captors appear to be involved in some of the most high-profile kidnappings of Westerners in Iraq during the past two years. A Monitor investigation ... ties her abductors, or others close to them, to at least five kidnapping incidents, including Ms. Carroll." Among her likely fellow victims is Italian journalist Giuliana Sgrena and Irish charity worker Margaret Hassan, who was murdered. The Monitor reports investigators' theories that the man behind their abductions is the fugitive Sunni cleric Sheikh Hussein al-Zubayi, who may have "kidnapped women because they made for good propaganda videos and were seen as an opportunity to raise money for Sunni Arab fighters." In addition, "investigators say that Zubayi effectively orchestrated the shooting" of Sgrena and an accompanying Italian intelligence officer by phoning in a spurious tip to US forces after releasing Sgrena.

Carroll Recounts Captors' First Videotape. In part 3 of a 10-part story about her captivity in Iraq, former hostage Jill Caroll writes in The Christian Science Monitor (8/16, 58K) about the first video that her captors made of her. Of the video, she writes, "Then the leader turned and coached me intently. I was to say that they were mujahideen fighting to defend their country, that they wanted women freed from Abu Ghraib prison, and the US military, particularly the Marines, were killing and arresting their women and destroying their houses. And I must cry, on cue."

US Retracts Gas Explosion Theory. The Washington Post (8/16, Raghavan, al-Izzi) reports, "The U.S. military said Tuesday that a series of four vehicle bombs killed 63 Iraqis and wounded 140 Sunday night, reversing its initial claims that the deaths were the result of an accidental gas explosion in an apartment building." Major General William Caldwell had earlier told reporters that US experts found "no evidence" of bombs or rockets at the scene, a statement that Lt. Col. Barry Johnson attributed to "incomplete information." In other violence, "in the southern Shiite holy city of Karbala, fierce clashes erupted in the pre-dawn hours Tuesday between the followers of anti-American cleric Mahmoud Sarkhi al-Hassani and Iraqi security forces who raided his office near the mausoleum of Imam Hussein, one of Iraq's holiest shrines." At least four security force members and "three of the cleric's followers" were killed. In Mosul, "a suicide bomber drove a Volvo truck into the headquarters of Iraqi President Jalal Talabani's Patriotic Union of Kurdistan, killing at least nine people, including four party members, and wounding 36."

The Los Angeles Times (8/16, Moore) also reports on the fighting in Karbala and the retraction of the gas-explosion theory. After the battle in Karbala, says the Times, "Iraqi police closed off the city and put a three-day curfew into effect."

Pakistanis Arrest 29 Taliban Fighters. The New York Times (8/16, Gall) reports, "Pakistani police officers arrested 29 Taliban fighters in a private hospital in the southwestern town of Quetta on Tuesday, the Interior Ministry said." The arrests "came after growing pressure from NATO countries on the Pakistani government to do more to round up Taliban fighters and commanders, who, the local police say, rest and recover in Pakistan between bouts of fighting in Afghanistan. British, Canadian and Dutch troops are in southern Afghanistan as part of a NATO force and have encountered fierce resistance from Taliban insurgents, losing 36 soldiers in six months."

Lockheed Proposes Drone Version Of F-35. The Washington Post (8/16, Merle) reports on the front page of the business section, "Lockheed Martin Corp. has proposed an unmanned version of its Joint Strike Fighter, the F-35, which would make it the first full-scale fighter to operate without a pilot and signal the Bethesda weapons maker's push into the growing market for drone aircraft." Lockheed Martin's aeronautics division, which "ceded" the unmanned market to build the F-35, recently "has spent 30 to 40 percent

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of its internal research-and-development budget on unmanned systems, company officials said." The company fears "that the unmanned market could diminish demand for its more expensive fighter jets."

DOJ:

DOJ To Secure Databases. InformationWeek (8/16, Greenemeier) reports, "The Justice Department Monday said it plans to launch a comprehensive program to inventory all of its databases and examine those applications for vulnerabilities that could be exploited either from the inside or by external attackers." InfoWeek continues, "It's a move that's long overdue, given that many older databases and applications used throughout the government and industry weren't written with security in mind; certainly not security from today's Web-based attacks. … 'Now that people are getting better at defending networks with intrusion prevention systems, a lot of attacks are being directed against applications, such as database applications,' says Dennis Heretick, Justice Department chief information security officer. 'We have a specific requirement to provide database application security.'" InfoWeek adds, "Firewalls, intrusion prevention systems, and other types of network protection have an important role in any organization's defense strategy, but 'application-layer vulnerabilities are really easy to exploit,' says Heretick. As chief information security officer since 2003, he oversees such security-related issues as the maintenance of security policies and procedures, the acquisition of security-related products, the establishment of implementation requirements, and the defense of Justice's network environment. … Database developers wrestle with the seemingly paradoxical problem of locking down systems to minimize access and improve security while at the same time needing to let users have access to the data they need to do their jobs. To help make this a workable situation, Justice has purchased a department-wide license for Application Security Inc.'s AppDetective."

CORPORATE SCANDALS:

US Seeks Fugitive Ex-Comverse CEO. The New York Times (8/16, Creswell) reports, "The hunt for Jacob Alexander, known as Kobi, was stepped up yesterday after the Federal Bureau of Investigation declared him a fugitive and said agents were seeking his arrest." The Times continues, "The former chief executive of the communications software company Comverse, Mr. Alexander, 54, was charged last week by federal prosecutors in Brooklyn with conspiracy to commit securities fraud. He and two other former Comverse executives were charged in connection with their suspected involvement in a stock options scheme that, prosecutors said, used a 'secret slush fund' to dole out options to favored employees. … Two of the former executives showed up at their arraignment last week, but Mr. Alexander did not." The Times adds, "The F.B.I. also said yesterday that a 'red notice' was issued for Mr. Alexander with the international police organization Interpol. Such notices alert countries that an arrest warrant has been issued. … A lawyer for Mr. Alexander, Robert G. Morvillo with Morvillo, Abramowitz, Grand, Iason, Anello & Bohrer said yesterday that he had not spoken with Mr. Alexander for at least two weeks. Mr. Morvillo said that he believed at the time that Mr. Alexander and his family were on vacation in Israel — a trip they normally take in the summer." The Times notes that "in the last two weeks of July, just before charges were filed, Mr. Alexander wired about $57 million from accounts in the United States to an account in Israel. Federal prosecutors have frozen the remaining amounts in the accounts here in the United States — estimated to be around $45 million. When asked if he was still representing Mr. Alexander, Mr. Morvillo said he had not been discharged by his client."

The Financial Times (8/16, Allison) adds that Alexander was "branded a fugitive from justice" as "the Federal Bureau of Investigation and the US Marshals requested the public's assistance in apprehending Mr Alexander." Bloomberg (8/16, Freifeld) notes that James Margolin, a spokesman for the New York office of the FBI, said, "We're declining to say where we think he is." The AP (8/16) leads that Alexander "may have fled the country with nearly $60 million." The Long Island Newsday (8/16, Kessler, Fiore, 428K) also covers this story, and the Los Angeles Times (8/16, 918K) runs the Bloomberg article.

Xilinx Review Finds No Options Fraud. The AP (8/16) reports, "Xilinx Inc., a maker of programmable chips, said it has completed an internal review of its stock option granting practices, and found no evidence of fraud or timing manipulation." The AP continues, "In its 10-Q filing with the Securities and Exchange Commission Tuesday, San Jose, Calif.-based Xilinx said it will, however, record additional charges of $700,000 related to added facts and analysis stemming from the probe. … On July 25, the company issued its earnings release which included a $1.5 million charge related to minor differences between approval documentation and certain recorded stock option grants. The additional $700,000 brings total stock option related costs to $2.2 million." The AP adds, "Xilinx noted that its investigation further found no issues of management integrity in the issuance of stock options, and determined that in nearly all cases, stock options were issued as of pre-set dates. … The one-time charge didn't materially affect historical financial statements, and therefore no restatement is necessary, the company said. … Including Xilinx, there are nearly 70

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companies currently under scrutiny by the SEC or Justice Department regarding a practice known as backdating, in which stock options are issued retroactively to coincide with low points in a company's share price. Such a move can fatten profits for options recipients when they sell their shares at higher market prices."

More Commentary. In his Wall Street Journal column (8/16), Holman Jenkins Jr. writes, "The backdating scandal gets bigger and smaller at the same time. Some 100 companies are under investigation, and Iowa economist Erik Lie says his data show that 2,200 firms 'engaged in backdating or similar manipulation of grants to top executives at some point between 1996 and 2005.' … Now we have the first two indictments, of Brocade and Comverse. What do the facts show? The first thing to notice is that the universal charge that executives were inflating their own pay and stealing from shareholders can no more be assumed in these cases than in any case of any company issuing any options to any employee. … Instead, the evident crimes were document fraud and improper accounting in pursuit of an otherwise legitimate corporate goal. But why?" Jenkins adds, "Yes, the then-regnant accounting rule was absurd, even imbecilic: It allowed companies to transfer infinite wealth to employees in the form of 'at the money' options without recording an expense. Issue one option at a penny below the current stock price, however, and you had to expense it. Nonetheless, a rule is a rule. … Companies would likely have preferred not to issue any 'in the money' options than account for them properly. Doing so would have meant not only dinging earnings every quarter for each new grant, but also endless backward-looking revisions as old option packages were canceled or modified in Silicon Valley's overheated scramble for talent." Jenkins concludes that "the same faulty thinking that led employees to overvalue 'in the money' options now seems to influence the press coverage, which has often treated strike price as the sole determinant of an option package's value. The scandal arises, however, not because there's anything wrong with 'in the money' options, but because of accounting contortions used to avoid expensing them."

Former InVision Official Settles SEC Charges. The AP (8/16) reports, "A former executive at InVision Technologies Inc., a maker of airport scanners that is now a unit of General Electric Co., has agreed to pay a $65,000 civil penalty to settle charges that he was partly responsible for the company's failure to prevent bribery, federal regulators announced on Tuesday." The AP continues, "The Securities and Exchange Commission simultaneously filed and settled charges against David Pillor, the former senior vice president for sales and marketing and a board member at InVision, based in Newark, Calif. He settled without admitting or denying the allegations. His attorney couldn't immediately be reached." The AP adds, "The SEC said that from 2001 through late 2004, InVision completed sales to airports in China, the Philippines, and Thailand. Pillor received e-mails from his Asian regional sales manager that suggested InvVision's overseas sales agents and distributors intended to make improper payments or other gifts to foreign government officials, the SEC said. … InVision didn't have adequate internal controls to detect and prevent such conduct, the SEC said. The sales department failed to monitor employees and foreign agents to ensure that they didn't violate the Foreign Corrupt Practices Act, the SEC said. As head of the department, Pillor aided and abetted InVision's failure, the SEC said."

ABA Criticizes DOJ Policy On Legal Fees Advancement. The New York Law Journal (8/16, Bar) reports, "The American Bar Association continues to assail federal prosecutors for taking what it regards as an overly aggressive approach to the investigation of corporate crime." The Journal continues, "Last week, the group's House of Delegates, meeting in Honolulu, passed a resolution -- a joint proposal with the New York State Bar Association -- opposing the U.S. Justice Department guidelines that many lawyers say have the effect of discouraging the payment of legal fees by companies to employees targeted in such probes. … 'The American Bar Association opposes government policies, practices and procedures that have the effect of eroding the Constitution and other legal rights of current or former employees, officers, directors, or agents,' the ABA said." The Journal adds, "Specifically, the ABA criticized the government's consideration of 'whether an organization provided counsel to an employee or agreed to pay an employee's legal fees and expenses' in evaluating corporate cooperation with its investigations. … It also said prosecutors should not consider an organization's decision to enter into a joint defense, to share its records or other information, or its choice to retain 'or otherwise decline to sanction' an employee who has exercised his or her Fifth Amendment right against self-incrimination in deciding whether or not to prosecute a company."

CRIMINAL LAW:

Sjodin's Boyfriend Testifies To Mysterious Cell Phone Call. The AP (8/16, Kolpack) reports from Fargo, ND, "Dru Sjodin's boyfriend testified Tuesday about his final conversation with the University of North Dakota student, saying he tried to call her back several times after their cell phone conversation abruptly ended, but could not reach her." The AP continues, "Chris Lang took the witness stand in the trial of Alfonso Rodriguez Jr., 53, of Crookston, Minn., who is charged in federal court with kidnapping resulting in Sjodin's

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death. She disappeared from a Grand Forks mall parking lot on Nov. 22, 2003, and her body was found the following April in a ravine near Crookston, Minn., where Rodriguez lived with his mother. Authorities said her cell phone was found a couple of metres from her body. … Lang testified Tuesday that he spoke to Sjodin late on the afternoon she disappeared, as she was leaving the mall. He estimated they chatted for about four minutes, and he remembered she said something like 'OK, OK,' before the phone hung up. … 'It kind of came out of nowhere,' Lang testified. He said he tried to call Sjodin back immediately, and several times over the next few hours. He got a call from her cell phone about 7:40 p.m. that night, he said, but 'I just heard static.' That was followed by three beeps, he said."

The Minneapolis Star Tribune (8/16, Haga) reports, "Ten other people testified Tuesday: law officers who participated in the investigation into Sjodin's disappearance, the store clerk who sold her a purse minutes before she was abducted, and a supervisor at the Victoria's Secret store where Sjodin worked at the Columbia Mall in Grand Forks. … Sjodin was scheduled to work from noon to 4 p.m. on Nov. 22, 2003. She clocked in at 11:57 a.m., the supervisor said. … 'She was always on time for work,' Lang testified later."

The Grand Forks Herald (8/16, Lee) reports, "Jane Amundson, Sharon, N.D., sold Dru Sjodin an expensive black purse moments before the UND student walked out of Marshall Field's and Columbia Mall and met the person who kidnapped and killed her. … Amundson apparently was the last person, other than her abductor, to speak to Sjodin face-to-face before she was kidnapped Nov. 22, 2003." The Herald adds, "Amundson testified Tuesday on the second day of the federal trial here of Alfonso Rodriguez Jr., charged with kidnapping resulting in Sjodin's death. … She works part time at Marshall Field's, as well as working at the grain elevator in Sharon, which is about 60 miles southwest of Grand Forks, Amundson said." The Herald notes, "Prosecutors allege that Sjodin then left the mall, walked into the parking lot to her car while calling her boyfriend Chris Lang on her cell phone at 5 p.m. Lang testified Tuesday he talked to Sjodin for about four minutes before the call ended abruptly, with Sjodin saying something like OK, OK, to someone else."

Hinckley Seeks Extension Of Unsupervised Family Visits. CNN.com (8/16) reports, "Presidential assailant John Hinckley is asking a federal judge to allow him to continue visits to his parents' home without supervision. Hinckley was committed to a mental hospital after being found not guilty by reason of insanity in the 1981 assassination attempt on President Ronald Reagan." CNN continues, "Last year Hinckley was granted seven unsupervised visits to his parents' home in Williamsburg, Virginia. In a court filing this month, lawyers for Hinckley say he has completed all but one of those trips. … 'On each of these trips, Mr. Hinckley has complied fully with all of the conditions of release, and not a single negative occurrence has been reported in connection with any of the trips,' wrote attorney Barry Levine in a memorandum filed with U.S. District Court." CNN adds, "Hinckley's lawyers are asking for further visits to the parents' home while they prepare a legal motion asking that the terms for his stays outside the mental hospital be expanded. They did not give details of what they will be requesting. … The Justice Department responded with a legal filing saying it opposes the request for continued conditional releases for Hinckley because it 'is concerned about the lack of reliable' personnel who have the responsibility of monitoring him. … Government officials argued they have not seen reports filed by a psychiatrist or assessed the quality of that doctor's evaluation. … 'The government is unable to evaluate Mr. Hinckley's condition until it has the ability to subpoena Mr. Hinckley's medical records, something which must await Mr. Hinckley's request for a hearing,' prosecutors stated."

Crawford Trial Jury Deliberations Begin. The El Paso Times (8/16, Fonce-Olivas) reported, "Jury deliberations were expected to begin at 8:45 a.m. today in the trial of the former head of the FBI in El Paso accused of hiding information about his friendship with," Jose Guardia, "a Juárez racetrack owner suspected of drug trafficking." Assistant U.S. Attorney James Blankinship said "in his closing arguments,…Crawford continued his relationship with Guardia even after FBI agents told Crawford about Guardia's alleged involvement with drug trafficking and money laundering." However, Crawford, as "the last person to testify for the defense, said that he paid Guardia back for his trips and that the membership to the country club was part of his wife's compensation for working for Guardia." He "was questioned extensively by the prosecution about the kind of work his wife did for Guardia's company," and "Blankinship said Crawford's wife wasn't qualified to earn up to $5,000 a month after she was out of the work force for 15 to 18 years, calling the job a 'hoax.'"

Arizona High Court Overturns Death Sentence. The AP (8/16, Davenport) reports, "The Arizona Supreme Court overturned a man's death sentence and instead sentenced him to life in prison without possibility of release for the murder of an Indian immigrant just days after the 9-11 terrorist attacks." The AP continues, "The Supreme Court on Monday unanimously upheld Frank Silva Roque's convictions for murder and other crimes that included attempted murder, drive-by shooting and endangerment. The court also upheld prison sentences that add up to 36 years for the other crimes." The AP adds, "Roque was convicted of killing Balbir

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Singh Sodhi, a gas station owner of Mesa, Arizona, whom prosecutors said was targeted because Roque thought Sodhi was Arab. Sodhi wore a turban and beard as part of his Sikh faith. … After shooting Sodhi on Sept. 15, 2001, Roque shot at another gas station where the clerk was a man of Lebanese descent, and shot at the home of an Afghan family. They were not injured. … Sodhi's death touched off protests in India and prompted India's prime minister to call President George W. Bush. About 3,000 people also attended a memorial service for Sodhi at the Phoenix Civic Plaza shortly after he was killed. … The Supreme Court said it overturned the death sentence because of 'substantial mitigating evidence' that included Roque's low IQ and experts' testimony that Roque was either insane or suffering a mental disorder."

Victoria Gotti Wrote Fan Mail To Judge In Eppolito, Caracappa Case. The New York Times (8/16, Feuer, 1.21M) reports that Judge Jack B. Weinstein "released a strange piece of mail he received last month in connection with his stunning decision to dismiss the guilty verdicts of Louis Eppolito and Stephen Caracappa." It is "a heartfelt pat on the back for having the heart to dismiss what looked to many like an open and shut case" by "Victoria Gotti, the mother of John A. Gotti, who is now on trial on racketeering charges." Weinstein ruled "that the five-year statute of limitations…had effectively run out," and "the same statute is likely to be an issue in Mr. Gotti's trial." Victoria "says in the letter that she had been disillusioned with the justice system but that Judge Weinstein has given her hope that her son may have a second chance at life in his third trial." The New York Sun (8/16, Goldstein) calls it "a strange convergence of two of this year's highest profile mob cases." The Long Island Newsday (8/16, Destefano, 428K) and the New York Daily News (8/16, Zambito, 729K) also cover this story.

Sentencing Of Aryan Brotherhood Leaders Delayed Over Question Of Confronting Witnesses. The AP (8/15, Deutsch) reports for "two Aryan Brotherhood leaders convicted of murder, the next phase of their trial means life or death. But a federal judge said Tuesday it could also have critical impact on American law." US District Judge David O. Carter "told lawyers his upcoming interpretation of a 2004 U.S. Supreme Court decision would be the first to answer a key issue: Do convicted defendants have the right to confront their accusers in the death penalty sentencing phase of their trials?" Carter "delayed the start of sentencing testimony against Barry 'The Baron' Mills and Tyler 'The Hulk' Bingham until Aug. 28, saying his final ruling could significantly impact the prosecution's presentation." The "two kingpins of the white supremacist prison gang were convicted of murder, conspiracy and racketeering charges in crimes that go back as far as 30 years."

Texas Hotel Manager Pleads Guilty To Katrina Relief-Related Fraud. The Texarkana Gazette (8/15, Dunn) reported a Texarkana hotel manager "has pleaded guilty to hurricane-related fraud in the Eastern District of Texas." Dena Fuselier, 64, "of Atlanta, Texas, general manager of Ramada Inn, pleaded guilty Aug. 7 to five counts of wire fraud before U.S. Magistrate Judge Caroline M. Craven, said federal attorney Matthew D. Orwig." Prosecutors "said Fuselier instructed hotel employees to check in each evacuee for a 14-day period. According to information from the U.S. Attorney's Office, Fuselier also instructed employees to keep evacuees in the hotel's computer system as if they were still guests if the evacuees should check out before the end of the 14 days." False billing statements "were then sent to the Red Cross. The total amount of overbilling was $19,980."

Police Say DC Murder Scene Was Cleaned. The Washington Post (8/16, B3, Klein, Cauvin, 748K) reports two weeks "after a prominent lawyer was killed in a Washington townhouse, D.C. police are still searching the home for clues, and they believe crime scene evidence was cleaned, according to court documents." The body of Robert Wone, 32, "general counsel for Radio Free Asia, was found Aug. 2 in a Swann Street NW townhouse. He had been stabbed three times in the chest." The house is "owned by two men who are well known in the gay community. They and a third resident at home the night of Wone's killing have hired criminal defense lawyers." Wone "was a college friend of one of the townhouse's owners, Joseph Price, a lawyer. In an affidavit to search Price's office at the law firm of Arent Fox, police assert that the scene had been altered." Police "said they also were struck by what they did not find."

Judge Denies Motion To Revoke Galante's Bond. The Danbury News Times (8/16) reports, "A federal judge reprimanded Danbury businessman James Galante today, but did not grant a request from prosecutors to revoke his bond." Prosecutors say "Galante violated the terms of his release Sunday when he met with a woman," not his wife, with whom he is romantic with, "at his New Fairfield house. The woman, prosecutors said, is a potential witness in the court case." However, "Galante's lawyer argued in court today that the episode was nothing more than a misunderstanding."

Environmental Activist To Remain Behind Bars. The AP (8/16) reports that Jeffrey Hogg, "An environmental activist who has been jailed since May for refusing to testify before a grand jury" on the 'Operation Backfire' investigation

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into a string of firebombings for which the Earth Liberation Front and Animal Liberation Front claimed responsibility, "told a federal court judge Tuesday that" the court's jailing "him for refusing to testify in a sweeping ecosabotage investigation violates his First Amendment rights," as "he does not believe in the grand jury system." However, "U.S. District Court Judge Michael Hogan decided to keep Hogg in jail" as "more time behind bars for contempt of court might persuade Hogg to cooperate." While "Hogg's attorney, Paul Loney, argued that the government no longer needs Hogg's testimony, because six people have pleaded guilty to involvement in acts of environmental sabotage and have pledged to cooperate with the investigation," Hogan added, that "grand juries exist to keep prosecutors from charging people without justification." The has resulted in indictments against more than a dozen people in connection with"

Virgil Trial To Remain In Albuquerque. The AP (8/16, Korte) reports, "Robert Vigil's retrial is staying in Albuquerque. U.S. District Judge James Browning on Tuesday denied an effort by lawyers for the former state treasurer to move the public corruption proceedings outside New Mexico. The defense team vowed an immediate appeal," but Browning "rejected a defense request to halt the proceedings while the change of venue decision is appealed." He "said he's confident 12 jurors and two alternates can be found from within New Mexico," and, "in a written order,…said Vigil's lawyers didn't show 'that the publicity and media attention related to this case are so nefarious as to make empaneling a fair jury impossible or that the media coverage has effectively displaced the judicial process.'"

Tennessee Waltz Defendant Considering Guilty Plea. The Memphis Commercial Appeal (8/16, Perrusquia, 172K) reports, "Days before he's set to stand trial on bribery charges, County Commissioner Michael Hooks Sr. is weighing a guilty plea. Defense lawyer Steve Farese confirmed Tuesday that Hooks is thinking of changing his plea and calling off the trial." This "would be huge for Operation Tennessee Waltz."

Tennessee Waltz Defendant Resigns Office As Trial Begins. The Memphis Daily News (8/16) reports, "Michael Hooks Sr. announced at Monday's Shelby County Commissioners meeting that he plans to resign his post effective Monday at 12:01 a.m., the day he's set to go on trial for his role in the Tennessee Waltz scandal," saying "he doesn't want publicity from his trial to be a distraction to other outgoing commissioners." However, "his term…would have ended on Aug. 31, anyway."

Judge Tosses Mail Fraud Charge Against Former Michigan Prosecutor. The Macomb (MI) Daily (8/16, Halcom) reports, "One of six federal charges against former Macomb County Prosecutor Carl Marlinga is dismissed based on a judge's misgivings about the logic behind it, but the other five counts remain for next month's trial." The Daily continues, "In a court ruling recently received by both sides in the case, U.S. District Court Judge Victoria Roberts in Detroit ruled that a mail fraud charge against Marlinga arising from his written pleadings to the Michigan Supreme Court on behalf of a rape defendant should be dismissed." The Daily adds, "The U.S. Attorney's Office in Detroit alleged that Marlinga committed mail fraud when he sent the written brief on behalf of exonerated defendant Jeffrey Moldowan because Marlinga didn't disclose an alleged financial connection to some of Moldowan's supporters. But the judge found that Justice Department officials couldn't substantiate that Marlinga's conduct was a crime. .. . 'If the Court were to accept the Government's assertion that a prosecuting attorney's general duty of honesty is sufficient to bring him or her within the bounds of (federal law and prosecution), countless Michigan lawyers (including those working in other capacities that involve an element of public service) would be subject to prosecution for conduct which the State of Michigan has not clearly indicated an intent to criminalize,' the judge's written ruling states. … Following Roberts' decision, attorneys for both sides had a pretrial conference with the judge Tuesday to make preparations and handle scheduling matters for Marlinga's trial Sept. 12. Defense attorney Mark Kriger said the hearing did not involve Roberts' ruling or any other weighty legal matters. .. Gina Balaya, a spokeswoman for the U.S. Attorney's office in Detroit, said Tuesday she had not had a chance to read or review the judge's ruling and she could not say whether federal prosecutors will try to appeal or seek reinstatement of the mail fraud charge. But court officials said Tuesday there were no delays or accommodations made to allow the prosecution an appeal, and the trial is still set for Sept. 12."

CIVIL LAW:

DOJ Said To Gain "Creeping Oversight" Of New York City Government. The New York Sun (8/16, Goldstein) reports that the Justice Department ""has brought half a dozen cases against the city's public agencies. With each settlement, the federal government has won a degree of oversight over local government." The Sun continues, "Because of the lawsuits, federal attorneys in Manhattan now monitor job promotions at the Department of Parks and Recreation to guard against racial discrimination. In May, the Justice Department required the city to notify welfare-to-work employees that they have the same protections against harassment as full-time municipal workers. Just one day after the president's June visit, Mr.

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Bush's lawyers accused the New York City Transit Authority of harassing a Sikh employee." The Sun adds, "Last week, the Justice Department forced the transit authority to cough up $165,000 for failing to repair leaky airconditioning units on old subway cars. That settlement came six years after one with the sanitation department over the city's disposal of discarded appliances containing Freon. … 'The feds are the biggest bureaucracy of all, and when they make rules and try to make other people follow their rules it takes forever to untangle,' the president of New York Civic, Henry Stern, said. 'The public is unaware of the substantial invasion of traditional local government prerogatives by federal agencies and their attorneys.'" The Sun notes, "A list compiled by The New York Sun shows that the Justice Department has filed five lawsuits against the city or the New York City Transit Authority since Mr. Bush became president in 2001.Also, it filed criminal charges against the city's Department of Environmental Protection for a mercury spill that was ignored. The city agency pleaded guilty in 2001. … In each lawsuit, the city and the federal government have arrived at a settlement, the terms of which generally allow the federal government to monitor the city's conduct for a period of three years. When the allegations involve discrimination, the federal government generally requires the city to take corrective actions, such as sending out public notices or putting in place a person responsible for fielding complaints. Large cash penalties rarely accompany the settlements."

CIVIL RIGHTS:

FBI Helps Break Human-Trafficking, Sex Slave Ring. The Long Island Newsday (8/16, Gendar, 428K) reports, "The Feds and the NYPD broke up a major human-trafficking ring that smuggled women and men into the country to work as sex slaves, law enforcement sources said yesterday." A "multistate sting, which will be detailed in a news conference today," is the latest from "the joint probe by the FBI, NYPD and U.S. Immigration and Customs Enforcement" that "began more than a year ago and in March led to the arrest of two Queens cops charged with protecting a Flushing brothel from police raids in exchange for bribes and sex with hookers."

ACLU Loses Request To Review Redacted Documents. The UPI (8/16) reports, "A U.S. federal court in the District of Columbia has dismissed a civil-liberties group's request against the FBI," to review about 40 pages of redacted documents, marking "a defeat for the American Civil Liberties Union in its battle against alleged FBI spying on peace, political and religious activists." Judge Ellen Segal Huvelle "found that the FBI was 'playing by the rules'" with the redacting, although ACLU attorney Scott Michelman noted "previous examinations showed that some information had been wrongfully withheld by the Bush administration."

FBI Agent Testifies In Trial Of Officer Accused Of Beating Suspect. The Mobile Press-Register (8/16, Kirby) reports that FBI Special Agent George Glaser testified that Jason Hardy Hunt, "a former Prichard police officer accused of beating a suspect," had "filed a report depicting the man as the aggressor and then later admitted the account was wrong." While Hunt "initially stood by his report accusing James Allen Woodard of grabbing" him, Hunt told Glaser "that he was the one who initiated contact" two days later, but "he did not mean to injure Woodard and denied slamming his head against the pavement, as other witnesses have testified." Glaser added that "that Hunt said his revised account was the result of a changing recollection from a 'heat of the moment' memory and not any purposeful misstatement."

Hispanics Say DSCC Web Ad Unfairly Maligns Them. The AP (7/15, Gamboa) reports this morning that Hispanics are complaining about an a 35-second web ad created by the Democratic Senatorial Campaign Committee, saying it unfairly lumps Hispanic immigrants in with terrorists. The DSCC ad "shows footage of two people scaling a border fence mixed with images of Osama Bin Laden and North Korea President Kim Jong Il." Pedro Celis, chairman of the Republican National Hispanic Assembly, said in a statement Tuesday that the DSCC should remove the ad because it vilifies illegal Hispanic immigrants and is 'appalling.'" The AP adds that Houston City Councilwoman Carol Alvarado, a Democrat, sent a letter to the DSCC calling for the ad be pulled. She said it could alienate Latino voters. The letter read, in part, "To liken Latino immigrants to bazooka-toting terrorists not only undermines the positive relationship our party has with this community, but also lowers us to a despicable level as breeders of unfounded fear and hatred."

"Furious" Schiavo Working Against Officials Who Intervened In Wife's Case. The New York Times (8/16, Goodnough) reports from Clearwater, FL, "The curtains are still drawn tight at Michael Schiavo's home on a quiet cul-de-sac here, and in some ways he remains as private and unknowable as when his wife Terri was the focus of a fervent national debate last year about life and death. Yet Mr. Schiavo, who won a scorching legal battle to remove his brain-damaged wife's feeding tube, also remains furious at lawmakers in Tallahassee and Washington who intervened in the case. Hence the creation last winter of TerriPAC, a federal political action committee aimed against politicians who tried to stop Ms. Schiavo's death, and the debut of Mr. Schiavo, a newly remarried, self-described normal guy, as a

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political weapon in this year's midterm elections." Still, "Mr. Schiavo flew to Connecticut last month to help Ned Lamont," and "reminded voters that [Sen. Joseph] Lieberman had supported an emergency bill asking a federal court to consider reinserting Ms. Schiavo's feeding tube days before she died in March 2005." Schiavo also "hand-delivered a caustic letter to Representative Marilyn Musgrave, Republican of Colorado, who outspokenly opposed Ms. Schiavo's death, and endorsed her Democratic opponent, Angie Paccione. He attended a bloggers' convention in Las Vegas in June to raise his profile in the online pundit world, being host of a "privacy roundtable" at the Riviera Hotel."

FBI Settlement Of Sex-Bias Class Action Suit Noted. Stephen Barr writes in his "Federal Diary" column in the Washington Post (8/16, D4), there are "about 3,000 potential members of a class-action settlement that began in 1998 when an FBI employee, Patricia Boord , filed a sex-discrimination complaint on behalf of GS-12 and above female support employees who had applied for but were not selected for GS-14 and GS-15 administrative and managerial positions or who were deterred from applying." She "alleged that women were discriminated against because administrative and managerial positions were open to only FBI special agents, even if the responsibilities of the position could have been done by a non-agent." FBI spokesman Stephen Kodak Jr. said in an e-mail that the agency, has reviewed "GS-14 and GS-15 jobs held by special agents in the headquarters division and had converted 'a number of the positions' so that they could be filled by non-agents." He added that "the settlement agreement, which is being implemented, permits eligible employees and former employees to file for individual relief, including promotions and back pay."

Boise To Vote On Ten Commandments Display. The Washington Times (8/16, Price) reports, "The Idaho Supreme Court has authorized the nation's first ballot initiative to let voters decide whether a Boise public park should be allowed to have a Ten Commandments monument, like the one removed two years ago." The court's 4-1 ruling on Monday "overturned an October 2004 decision by a lower court and an earlier decision by the Boise City Council. The council had refused to put the initiative on the Nov. 7 ballot, even though citizens had collected the 19,000 signatures required to do so."

ANTITRUST:

Monsanto To Buy Cotton Seed Firm For $1.5 Billion. The AP (8/16, Salter) reports, "Monsanto Co. will pay $1.5 billion in cash to purchase Delta and Pine Land Co. in a merger of two of the world's largest seed companies." The AP continues, "The deal, announced Tuesday, comes eight years after Monsanto first announced plans to buy Scott, Miss.-based Delta and Pine Land. Monsanto backed out of that deal, prompting a legal dispute that continued up until the new agreement. Monsanto said the case will be dismissed once the merger is complete. … 'It's admittedly a transaction with some history, and some complexity,' Monsanto chairman, president and chief executive Hugh Grant said in a conference call with investors. 'This is a business deal first,' one that he said that makes commercial sense. He called removing the legal issue 'a bonus.'"

The St. Louis Post-Dispatch (8/16, Melcer) reports, "In 1998, the companies had said they would wed in a stock deal valued at about $1.9 billion, but Monsanto called it quits after more than a year of negotiations with the Justice Department over antitrust concerns. … Much wrath ensued, with the companies trading lawsuits and demands for arbitration in technology licensing deals." The Post-Dispatch adds, "Most notably, D&PL sued Monsanto for $2 billion in a Mississippi state court, claiming Monsanto intentionally delayed consummation and failed to put the same effort into making it happen as it did in other seed-company deals. That case was pending, with a key hearing set to begin Tuesday, but it is on hold and will be dismissed if the companies do indeed merge. Other disputes also will be set aside. … Both parties -- and U.S. agriculture -- have changed a lot in eight years. But one thing is constant: Monsanto and D&PL need each other."

Bloomberg (8/16, Kaskey) reports, "The seed industry 'is much more competitive than it was a decade ago,' and both companies 'feel the agreement will be consummated,' Monsanto Chief Executive Officer Hugh Grant said. Monsanto abandoned its 1998 accord, saying U.S. regulators wouldn't approve a deal 'on commercially reasonable terms.' Delta & Pine sued in 2000, saying the cancellation cost investors $1 billion. … Delta & Pine, based in Scott, Mississippi, has 50 percent of U.S. cotton-seed sales, less than in 1999, Grant said on a conference call. Monsanto also licenses its genetics technologies to rival companies, which should help win U.S. antitrust approval, he said."

Class Action Suit Claims BAR/BRI Overcharged Law Students. The Fulton County (GA) Daily Report (8/16, Land) reports, "A trial in a California federal courtroom next year could mean thousands of Georgia lawyers will share with their counterparts around the country an estimated $300 million award for being charged inflated bar exam prep fees—less, of course, attorney fees and related expenses." The Report continues, "The suit for a class of about 300,000 lawyers claims West Publishing, the corporate owner of BAR/BRI, the national bar review program, colluded with Kaplan Inc., one of the country's largest prep companies for

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the Legal Scholastic Aptitude Test (LSAT), to scuttle a 1997 deal in which Kaplan would have entered the bar review business. … In return, according to the complaint, BAR/BRI agreed to cease its own LSAT operations and pay Kaplan more than $500,000 a year, allowing each to control hefty chunks of their respective markets." The Report adds, "The result, according the suit, was about $1,000 in higher fees for each participant in BAR/BRI classes—and an antitrust violation."

FTC Extends Antitrust Review Of Barr's Pliva Purchase. The AP (8/16) reports, "The Federal Trade Commission has extended its antitrust review of Barr Pharmaceuticals Inc.'s proposed tender offer to acquire Pliva d.d., a Croatian generic-drug maker, Barr said Tuesday." The AP continues, "Barr still expects to receive FTC clearance of its proposed takeover, but it might have to sell off minor, generic-drug product lines to satisfy the FTC, Barr spokeswoman Carol Cox said. Also, Barr's ability to complete the tender offer is not contingent upon receiving FTC clearance." The AP adds, "Barr, a maker of generic and branded drugs, has bid about $2.3 billion in cash for Pliva, an offer Pliva supports. The bid is slightly higher than a rival bid submitted by Actavis Group HF of Iceland, which is pending. … Barr filed with the FTC July 7 for antitrust clearance under the Hart-Scott-Rodino law. That triggered a 30-day review period, but before it expired, the FTC asked to extend it, Cox said."

DC Circuit Upholds FCC Ruling On Phone Line Rights Access. The Wall Street Journal (8/16, Hughes) reports, "A federal appeals court has upheld a Federal Communications Commission decision to allow big telephone companies to keep some high-speed lines from being accessible to rivals on an unbundled basis. … 'We deny the petition for review,' wrote Judge Janice Rogers Brown for the three-member panel of the U.S. Court of Appeals for the District of Columbia Circuit in a decision made public yesterday." The Journal continues, "A 1996 law forced the big phone companies to unbundle their local phone networks and lease them to rivals at wholesale prices. When the FCC implemented the law, it decided against forcing the big telephone companies to share some new high-capacity data lines on an unbundled basis -- such as fiber lines extending to new residential areas where they previously hadn't existed." The Journal adds, "The FCC's rationale was that the phone companies would be discouraged from making such investments if they were forced to share the new lines. The policy limiting access to high-speed broadband lines in general benefits the big phone companies, such as AT&T Inc. and Verizon Communications Inc. … EarthLink Inc. had argued that the FCC's rules were harmful to competition."

Norwegian Regulators Appeal Scandinavian Airline Ruling. The AP (8/16) reports, "Norwegian regulators will appeal a court ruling clearing Scandinavian airline operator SAS AB of violating antitrust laws, the agency said Tuesday." The AP continues, "The Oslo City Court in July quashed a demand from the Norwegian Competition Authority that SAS pay 20 million kroner (US$3.24 million; euro2.54 million) in fines on a claim that the company breached antitrust laws by dumping prices and squeezing out a smaller commuter airline, Coast Air, on a national route linking Oslo and the western city of Haugesund." The AP adds, 'The court said SAS had shown its actions had not violated any law. .. . The appeal must be filed by Aug. 28, said agency spokesman Andreas Pihl."

ENVIRONMENT/INDIAN AFFAIRS:

Sunoco, Mid-Valley Settle With DOJ Over Oil Spill. Market Watch (8/16, Hunt) reports, "Mid-Valley Pipeline Co. and Sunoco Logistics Partners L.P.'s Sunoco Pipeline L.P. have agreed to pay a $2.57 million penalty relating to a January 2005 spill that dumped more than 260,000 gallons of crude oil into the Kentucky and Ohio Rivers, the Justice Department said in a statement on Tuesday." MarketWatch adds, "The complaint and consent decree also address the government's claim under the Clean Water Act against Mid-Valley and the pipeline operator, Sun Pipe Line Co., for the spill of 63,000 gallons of crude oil due to pipeline corrosion in November 2000, into Campit Lake in Claiborne Parish, La. … The settlement also requires Mid-Valley and Sun to pay a federal civil penalty of $300,000 for that spill."

The Lexington (KY) Herald-Leader (8/16, Mead) reports, "Hundreds of water birds and some beavers were harmed by the spill, which created a 17-mile slick on the rivers, the Justice Department said in announcing the settlement yesterday. … The spill spawned a state task force on pipeline safety, but it has met infrequently and not issued a report." The Herald-Leader adds, "Shortly after the spill, Pipeline Safety Trust, an advocacy group, released a report that said Kentucky suffered far more damage from pipeline breaks than the national average. … The companies also will pay the state more than $120,000 to reimburse cleanup costs and will donate $230,000 to a non-profit environmental group. The environmental group will be based in Kentucky, but a specific group has not been chosen, said Mark York, a spokesman for the Kentucky Environmental and Public Protection Cabinet. … The companies already have reimbursed the federal government for at least $234,000 in cleanup costs. They also have spent $9.5 million on the cleanup, the U.S. Justice Department said. They will hold a

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training exercise with state and federal regulators to learn how to better respond to spills."

DOT Plans To Tighten Pipeline Regulations. The Washington Post (8/16, Mufson) reports, "Even as BP PLC works to patch up its image and its leaky Alaska pipelines, environmentalists, the oil industry, Congress and federal officials are trying to figure out how to plug the holes in petroleum pipeline regulations." BP's transit pipelines "were not subject to the same Transportation Department requirements as other pipelines, experts say. Those requirements exempt pipelines that operate at low pressure in rural areas and far from commercially navigable waters." The fact that BP might not have violated any federal regulations "has not mollified Thomas Barrett, head of the Transportation Department's Pipeline and Hazardous Materials Safety Administration." Barrett "said that the maintenance of the BP pipelines was 'well below the standard of care I would expect from a company like BP -- regulations or not.' He said his agency would soon propose new rules to cover low-pressure lines like these near sensitive areas."

Shareholder Sues BP Officials Over Pipeline Problems. The Financial Times (8/16, Bream, Pimlott) reports a US shareholder of BP "has filed a lawsuit in federal court in New York against Lord Browne, BP's chief executive, and all of the company's directors," accusing "BP management of harming the company by allowing the Prudhoe oil field in Alaska to run into problems." The Times says, "Shareholders' lawsuits are common in the US and it is unclear how seriously this one will be taken by the courts."

Judge Rules APHIS Flouted Law With Biotech Crop Permits. The AP (8/16, Godvin) reports, "A federal judge has ruled that U.S. agriculture officials violated environmental laws in permitting four companies to plant genetically modified crops in Hawaii to produce experimental drugs." The AP continues, "The order involves plantings of corn or sugarcane on the islands of Kauai, Maui, Molokai and Oahu between 2001 and 2003." The AP adds, "U.S. District Judge Michael Seabright said the Department of Agriculture's Animal and Plant Health Inspection Service flouted both the Endangered Species Act and National Environmental Policy Act by not conducting preliminary environmental reviews before issuing the planting permits. … 'APHIS's utter disregard for this simple investigation requirement, especially given the extraordinary number of endangered and threatened plants and animals in Hawaii, constitutes an unequivocal violation of a clear congressional mandate,' the judge said in the order issued late last week." The AP notes, "The islands are home to 329 rare species - a quarter of all threatened and endangered species in America, Seabright noted. .. . Even if the agency is correct in its assertion that no habitats or species listed as endangered were harmed by the plantings, the agency's actions still are 'tainted' because it failed to comply with a basic procedural requirement, Seabright said."

Singer Charged With Illegal Killing Of Black Bear. The St. Paul Pioneer-Press (8/16, Vezner) reports, "Between singing and strumming his guitar, country vocalist Troy Lee Gentry has billed himself as a hunting enthusiast and avid archer. … But the U.S. government believes it's partly a show, according to court documents released Tuesday in Minnesota." The Pioneer-Press continues, "Gentry appeared Tuesday in federal court in connection with the killing of a tame black bear that federal officials say he bought, shot in an enclosed pen with a bow and arrow, and then tagged as if it had been killed in the wild. … Gentry, 39, of Franklin, Tenn., and Lee Marvin Greenly, 46, owner of a Sandstone, Minn., wildlife refuge, made their initial appearances Tuesday before a federal judge in Duluth, Minn. The appearance was in connection with a sealed indictment returned by a federal grand jury last month in Minneapolis." The Pioneer-Press adds, "The government alleged that Gentry and Greenly tagged a captive-raised bear named 'Cubby,' killed on Greenly's property in October 2004, with a Minnesota hunting license and registered the animal with the state Department of Natural Resources as if it had been killed from the wild population. The false tagging would be a violation of the federal Lacey Act. … Gentry allegedly bought the bear from Greenly for about $4,650. The bear's death was videotaped, and the tape later edited so Gentry appeared to shoot the bear with a bow and arrow in a 'fair chase'-hunting situation. The pair then shipped the bear's hide to a Kentucky taxidermist, the indictment said. … Both Gentry and Greenly face a maximum penalty of five years in federal prison and a $20,000 fine if convicted. The two were booked by U.S. marshals and released on a signature bond Tuesday."

California Establishes Marine Havens. The Los Angeles Times (8/16, Weiss) reports, "The California Fish and Game Commission on Tuesday banned or severely restricted fishing across nearly 18% of the waters off Central California, beginning to roll out the nation's first network of marine reserves next to a heavily populated coastline." The Times continues, "The commissioners settled on a network of 29 marine protected areas, stretching from Santa Barbara to Santa Cruz counties, that collectively cover about 200 square miles of state waters. About half are reserves that forbid any fishing; the other protected areas ban commercial fishing or impose other restrictions. Some of the areas are off Point Sur along the Big Sur coast, Año Nuevo in northern Santa Cruz County, Piedras Blancas near San Simeon and Vandenberg Air Force Base near Lompoc. … This set of reserves, more than six years in the making, is expected to be a model as

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additional reserves are created along the entire California coast to help depleted fish populations rebound." The Times notes, "Although the Legislature passed a law in 1999 calling for a statewide network of reserves, the plans have been stalled for years by budget cuts, staffing shortages and ferocious opposition from commercial and recreational fishermen who argued that the closures would imperil their livelihoods or pastimes. … Gov. Arnold Schwarzenegger, with funding from private conservation foundations, revived the process by focusing first on the Central Coast before considering reserves along four other sections of the state's 1,100-mile coastline."

Environmental Groups Denounce Gene-Altered Crops. The Washington Post (8/16, A3, Weiss) reports environmental groups yesterday called for "a moratorium on open-air tests" of crops genetically engineered to produce medicines and vaccines, citing a federal court's conclusion last week that the Agriculture Department "repeatedly broke the law by allowing companies to plant such crops on hundred of acres in Hawaii." In a "toughly worded" decision released "without fanfare" late last week, a US District judge in Hawaii concluded that USDA's Animal and Plant Health Inspection Service (APHIS), which grants permits for the planting of genetically engineered crops, "should have first investigated whether the plants posed a threat to any of that state's hundreds of endangered species."

Washington Settles Dispute Over Tribal Burial Site. The AP (8/16) reports, "Washington state will pay more than $17 million to tribal and local officials to settle lingering disputes over the state's disturbance of an ancient American Indian village and burial ground, Gov. Chris Gregoire announced Monday." The AP continues, "The settlement gives the Lower Elwha Klallam tribe control over most of the site and ends litigation surrounding the state Department of Transportation's abandoned bridge project." The AP adds, "Work on a bridge construction yard stopped in 2003 after officials discovered human remains in the area. Construction resumed less than a year later, but was halted for good in December 2004. … More than 350 skeletal remains and numerous Indian artifacts eventually were found at the site, where Lower Elwha Klallam members had lived in a village called Tse-whit-zen."

FBI/DEA/ATF/USMS:

US Smashes 15-City Heroin Ring. The AP (8/16, Sniffen) reports, "Federal agents arrested more than 130 alleged drug traffickers from coast-to-coast Tuesday, including North Carolina, and U.S. officials said they smuggled heroin from Mexico and offered phone-up home delivery like a takeout pizza shop." The AP continues, "Beginning before dawn, Drug Enforcement Administration agents conducted arrest raids and searches from Charleston, S.C., to Los Angeles. They were seeking up to 150 people, about half of them illegal aliens, named in 10 federal indictments and state charges carrying penalties from 5 years to life in prison. … By afternoon, the investigation had produced 138 arrests in 15 U.S. cities, seized more than 47 pounds of Mexican black tar heroin and confiscated more than $500,000 in illegal profits, officials said at a news conference to describe their Operation Black Gold Rush. Among the 15 cities was Charlotte, N.C., where a federal indictment was released Tuesday in U.S. District Court. … The federal indictment was filed Aug. 9 in Asheville, N.C., and charged 11 people, eight of whom had been arrested as of Tuesday."

The New York Times (8/16, Lichtblau) reports, "The network, run out of Tennessee, used illegal immigrants from Mexico as couriers to smuggle a potent variety of black tar heroin across Southwest borders and distribute it in rural and urban areas around the United States, the officials said. … Armed with about 150 arrest warrants, Drug Enforcement Administration agents along with state and local authorities fanned out in 15 cities from Nashville to Los Angeles and had arrested 138 people on drug charges as of late Tuesday afternoon. Some leaders of the network are still believed to be at large in the United States and in Mexico. The authorities seized more than 17 kilograms of black tar heroin and $500,000 in cash." The Times adds, "Officials from the Justice Department and the drug administration said the arrests had broken up what they believed to be the biggest distribution operation for black tar heroin in the United States. The network is thought to have operated for the last two years, bringing into the United States about $2 million worth of heroin each month; it had filled a void left by the breakup of an earlier ring in 2000, D.E.A. officials said. … Alice S. Fisher, the assistant attorney general in charge of the Justice Department's criminal division, described the network as a sophisticated operation of Mexican brothers, Javier and Alberto Sánchez. … Ms. Fisher said the network had offered a system that allowed customers to order heroin by phone and have it delivered to their doors. The network tried to recruit customers by sending dealers to work the streets at methadone clinics to lure recovering addicts, the officials said."

The Washington Times (8/16, Seper) reports, "Assistant Attorney General Alice S. Fisher…and…Karen P. Tandy said the multistate investigation resulted in arrests in 15 U.S. cities and 10 indictments in eight federal judicial districts -- with more than 17 kilograms of black tar heroin seized in separate raids." Rusty Payne "said the investigation began in November with a single seizure of heroin, and DEA agents reached out to state and local law-enforcement agencies for

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assistance." Payne said the proceeds "are thought to have been laundered by the organization's financial managers using a combination of wire remitters and bulk currency transport."

In the Wall Street Journal (8/15) "Evening Wrap," Tim Annett writes, "Housebound heroin addicts will need to find a new way to get a fix, after federal agents made 130 arrests nationwide in breaking up a drug-trafficking ring that offered users phone-up home deliveries. The gang was nothing if not aggressive in expanding its market share; among other strategies, it preyed on recovering heroin addicts by sending dealers out to methadone clinics where addicts receive treatment."

The Columbus (OH) Dispatch (8/15) reports federal drug-enforcement agents and local authorities have "rounded up 20 men and women accused of being key distributors of a form of heroin that comes from Mexico. … The heroin looks like roofing tar instead of white powder and is usually dissolved with other liquids before being injected, according to the Drug Enforcement Administration."

In Memphis, the Commercial Appeal (8/16) reports federal authorities "said Tuesday a multiagency, multistate investigation has dismantled the head, the body and the tail of a Mexico-based heroin ring that used Memphis and 14 other American cities as distribution points. The heroin pipeline stretched from Nayarit, Mexico, to Tennessee and seven other states and included couriers who were part of a 'call and deliver' service that allowed valued customers to have drugs delivered to their front door, officials said. In some cases, couriers were recruited from among recovering drug addicts at methadone clinics. … U.S. Atty. David Kustoff of Memphis said 10 arrests were made Tuesday in the Memphis area and four vehicles, $16,000 in cash and a small amount of heroin were seized."

The Knoxville (TN) News Sentinel (8/16, Satterfield) reports, "An illegal immigrant and two alleged heroin junkies accused of turning to dealing were nabbed in Knoxville on Tuesday as part of a nationwide sweep of a drug cartel authorities said made ordering dope as easy as ringing out for a pizza. … The ring grew its own poppies and refined them in Mexico, smuggling an unusually pure variety of black-tar heroin across the U.S.-Mexican border, mostly in Arizona, with couriers on foot or in vehicles. … Among other marketing strategies, the gang preyed on recovering heroin addicts like…officials said. It sent street dealers out from 8 a.m. to 8 p.m. and operated outside methadone clinics where addicts receive treatment."

China's Xinhua News Agency (8/16) writes, "The drugs were sold by illegal immigrants, mainly from Mexico, who set up shops in smaller cities, and the ring also used illegal immigrants as couriers to deliver drugs, according to the officials. 'They purposely and shamelessly sold heroin in areas near methadone clinics,' said Michele Leonhart, deputy administrator of DEA. … The federal investigation, known as Operation Black Gold Rush, started last November after a single heroin seizure, and the raids on Tuesday were aimed at breaking down the ring's entire U.S. distribution system."

On its Web site, WTHR-TV, Indianapolis (8/15) reports 12 people "face charges following a heroin ring bust that involved the Drug Enforcement Administration and the Indianapolis Police Department. … Police say Julio Rodriguez Perez, also known as 'Rambo' and 'Paul Ramirez,' is a leader and organizer of a heroin distribution group that operates in Indianapolis and Bloomington. They also say another man, Hector Escobar, also had a leadership role, while Jose Rubio did the day-to-day distribution."

WLTX-TV, Columbia, South Carolina (8/16) reports on its Web site, "United States Attorney Reginald T. Lloyd and Assistant Special Agent in Charge, John Ozaluk of the Drug Enforcement Administration, stated…that an international drug investigation has resulted in arrests across South Carolina and throughout the United States. … Twenty individuals were arrested in early morning raids throughout South Carolina. Two defendants charged in South Carolina were arrested in Los Angeles, California. … The multi-state investigation, called 'Operation Black Gold Rush,' included arrests in 15 U.S. cities and 10 indictments in eight federal judicial districts, along with state charges."

Cable TV Coverage. CNN (8/15, 2:00 p.m.) reported, "Federal officials have busted a major trafficking ring. 138 suspects have been pulled in in eight states. Part of what was called 'Operation Black Gold Rush.' They're suspected of producing and smuggling Mexican-produced black tar heroin into the US. The investigation started last November."

COURT-TV (8/15, 3:00 p.m.) reported, "Federal agents have announced the arrest of more than 130 people, who they say were trafficking heroin across the United States. Today the officials accused the suspects of offering phone-up home delivery service just like a take-out pizza shop. They are calling the raids Operation Black Gold Rush. They were seeking up to 150 people, about half of them illegal immigrants."

Local TV Coverage. KCAL-TV, Los Angeles (8/15, 2:00 p.m.) reported, "More than 130 accused drug traffickers have been arrested, as federal agents conduct a coast-to-coast crackdown. Under Operation Black Gold Rush, DEA agents caught the suspects in a series of raids, including right here in Los Angeles. They arrested 138 people, half of whom they say are illegal immigrants. Agents say the suspects smuggled heroin from Mexico and even offered home delivery."

KPHO-TV, Phoenix (8/15, 6:30 p.m.) reported, "Federal agents were in 15 US cities, including Phoenix. … They say the arrests have crippled a sophisticated black tar heroin ring. Today's arrests were called Operation Black Gold Rush.

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They seized more than 47 pounds of Mexican black tar heroin."

WJBK-TV, Detroit (8/15, 5:00 p.m.) reported, "A major coast-to-coast bust tonight. The investigation known as investigation Black Gold Rush met with drug dealers and cash. The drug ring ran like a pizza restaurant. The drugs would be ordered over the phone, and they would be delivered to their door."

KUSA-TV, Denver (8/15, 10:00 p.m.) reported, "DEA agents have arrested 138 people nationwide in a heroin bust including in Colorado, calling the operation Operation Black Gold Rush. So far, the arrests were made in 13 cities with agents seizing black tar heroin with a street value of $13 million."

Judge Tells Reporters To Reveal BALCO Sources To Grand Jury. The AP (8/15) reports a federal judge "told two San Francisco Chronicle reporters they must comply with a subpoena and tell a grand jury who leaked them secret testimony of Barry Bonds and other elite athletes ensnared in the government's steroid probe. The decision by U.S. District Judge Jeffrey White means reporters Lance Williams and Mark Fainaru-Wada must appear before a grand jury investigating the leak unless a higher court blocks the ruling. The pair have said they would not testify and would go to jail rather than reveal their source or sources."

The San Francisco Chronicle (8/16) reports, "Neither the constitutional right of freedom of the press nor federal law shields journalists from testifying to a federal grand jury about confidential sources, U.S. District Judge Jeffrey White said. … The Chronicle will appeal the ruling, the newspaper's editor, Phil Bronstein, said. … The ruling allows federal prosecutors to summon the reporters before a grand jury that is looking into the leaking of athletes' testimony before another grand jury that was investigating the Bay Area Laboratory Co-Operative."

The Los Angeles Times (8/16) writes that the Justice Department "has increasingly sought to compel journalists to give up confidential sources in recent years, most notably when it subpoenaed former New York Times reporter Judith Miller and Time magazine correspondent Matthew Cooper to testify in the investigation over the leak of the identity of CIA operative Valerie Plame. … White said that other circuits that have recognized a privilege for reporters to maintain the confidentiality of their sources have made clear that those cases did not involve grand jury inquiries."

McClatchy Newspapers (8/16) reports separate grand juries "are now investigating the disclosure of testimony to the reporters and the possibility that [Barry] Bonds committed perjury when he denied knowingly using steroids. The criminal conduct being investigated in the Bonds leak case includes possible perjury and obstruction of justice by government officials, defendants in the BALCO probe and their attorneys."

Bloomberg (8/15) also reported on the judge's order.

Local TV Coverage. KGO-TV, San Francisco-Oakland-San Jose (8/15, 6:00 p.m.) reported, "Two San Francisco Chronicle reporters will be going to jail for refusing to reveal a source unless a higher [intervenes]. This is the latest legal fallout in the ongoing BALCO labs, Barry Bonds, steroids investigation saga. The reporters have written a series of stories for the Chronicle and published a book based partly on leaked grand jury transcripts. It's not illegal to have them, but illegal to leak them."

KRON-TV, San Francisco-Oakland-San Jose (8/15, 11:00 p.m.) reported, "A federal judge upheld a grand jury's subpoena demanding that [the reporters] testify about who leaked secret testimony to them about Barry Bonds and other athletes involved in the government steroid investigation. The decision means the reporters must appear before a grand jury investigating the leak, unless a higher court blocks that ruling."

Former FBI Agent Suing Home Depot For Malicious Prosecution. The New York Times (8/16, Smothers, 1.21M) reports that recently retired FBI agent Thomas M. Jobes "filed a lawsuit against Home Depot last week for malicious prosecution." After the New Jersey prosecutors declined to go after Jobes for forgetting to pay for about forty cents of wire, Home Depot did so under a state law that lets "a private complainant…prosecute cases in municipal court when local municipal prosecutors decline to prosecute cases that they consider minor." He was found not guilty, but until then he was taken off Operation Bid Rig and put on desk jobs "he described as being barely more than that of a receptionist." Jobes's lawyer says he "retired from the bureau six months after the case ended because…he felt that he would never again be assigned to the kinds of cases he had been handling before the situation arose" and "suffered ridicule and embarrassment on a local television news broadcast that joked about" the incident. Howard Stern also "had a made fun of Mr. Jobes on his nationally syndicated radio show."

Trial Reveals Tampa Marijuana Operation Made "Big Money." The Tampa Tribune (8/16) reports indoor marijuana farms in residential neighborhoods across the Tampa Bay region "were bringing in big money, according to testimony and evidence presented Tuesday in the trial of Herbert Ferrell Jr. in U.S. District Court. The prosecution says Ferrell was a leader in a ring that grew the weed in at least 10 houses in upscale areas. … All 10 of Farrell's co-defendants have pleaded guilty and agreed to cooperate."

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One of them, Mynor Bonilla "said he went with Ferrell to Georgia to meet with potential investors, not knowing the investors were police informants."

Colombia Uses US-Supplied Planes To Fumigate Coca Crop In National Park. The AP (8/16) reports Colombian authorities "have for the first time used U.S.-supplied planes to spray a pristine national park used by leftist rebels to grow coca…despite environmental concerns. Anti-narcotics police chemically fumigated the Sierra Macarena national park -- 170 kilometers (105 miles) south of the capital of Bogota -- last week, clearing its entire 4,600 hectares (11,370 acres) of coca. … The U.S. said in a March indictment of FARC leaders that the rebel group is the world's largest drug cartel, responsible for more than half of the cocaine produced in the world. 'If the FARC thought the government would allow coca to grow untrammeled in its national parks, they've obviously miscalculated,' said James O'Gara, deputy director of supply reduction for the White House's Office of National Drug Control Policy."

Tulsa To Hold Gang Summit. The Tulsa World (8/16, Harper) reports, "At least 13 homicides this year in Tulsa have been linked to gangs or illegal drug sales. Prevention will be the theme next month when community groups and law enforcement officials come together to address Tulsa's gang problem." The World continues, "Mayor Kathy Taylor and U.S. Attorney David O'Meilia announced Monday that a gang-prevention summit will be held Sept. 20 and 21 at the Maxwell Convention Center. … Called 'Building a Safer Tulsa,' the event is expected to attract as many as 200 members of the community representing a variety of organizations and interests that work to stem participation in violent street gangs." The World adds, "The groups will include not only those who work in the court systems and law enforcement but also representatives of area churches, schools and neighborhood groups. .. . Last spring, U.S. Attorney General Alberto Gonzales directed each U.S. attorney to convene a gang-prevention summit in each federal district to explore 'additional opportunities in the area of gang prevention.'"

ATF Sends Oregon Pipe-Bomb Evidence To Lab. The Salem (OR) Statesman-Journal (8/16, Gustafson, Thompson) reports, "Lab work might help investigators figure out who strapped four pipe bombs to vehicles last week." The Statesman-Journal continues, "Evidence gathered in the Salem-area case was turned over Monday to a Walnut Creek, Calif., laboratory run by the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, officials said. … Speedy results are sought, said Colene Domenech, the supervisor of the ATF's arson and explosives office in Portland, but she gave no specific time frame. … 'We have some good people down there that understand the immediacy of the situation,' she said." The Statesman-Journal adds, "All four bombs were found Thursday, two still wired to the undercarriages of cars and two lying on the ground. Investigators have not revealed how the bombs were meant to be triggered or why they failed to explode. … The devices could have been deadly if they had detonated, officials said. Police bomb squads disabled all the bombs without injury. … ATF agents and Salem police are leading a task force investigating the case. Because the four pipe bombs were built in similar fashion, investigators think they were made by the same person."

Fugitive Task Force Opens New Jersey Office. The Jersey Journal (NJ) (8/16, Conte) reports, "The U.S. Marshals Service's New York/New Jersey Regional Fugitive Task Force is tightening its cooperation with Hudson County law enforcement by opening its first county satellite office in Secaucus, officials said. … 'It will help us go after the worst of the worst in the Jersey City area,' said U.S. Marshal for the District of New Jersey James T. Plousis at a press conference in the office of Hudson County Prosecutor Edward DeFazio yesterday. … 'We extend the long arm of the law for the prosecutor's office,' Plousis quipped." The Journal continues, 'The county satellite office is expected to open in September in office space the county is providing in Secaucus' Meadowview Complex, DeFazio said. It will be staffed by officers on loan from the Hudson County Sheriff's Office, Jersey City Police officers, investigators from the Hudson County Prosecutor's Office, U.S. Marshals and Hudson County corrections officers, he said. .. . DeFazio said he is hopeful officers from other Hudson County municipal police departments will be loaned to the satellite office."

IMMIGRATION:

Three Plead Guilty To Missouri Nuptials Scam. The Kansas City Star (8/16, Rizzo) reports, "'Until death do us part' did not extend beyond the courthouse steps for three members of an immigrant family after each member married U.S. citizens in Kansas City. … Their vows were hollow, part of a scheme to deceive immigration officials so the family could become permanent U.S. residents, federal prosecutors alleged." The Star continues, "On Monday, all three pleaded guilty in U.S. District Court in Kansas City to conspiracy to commit marriage fraud. … Mohamed Elouerrassi, 54, his wife, Saadia Gourche, 52, and their 24-year-old daughter, Fadoua Elouerrassi, admitted they lied to immigration officials when they claimed to reside with their American spouses. The crime is punishable by up to five years in federal prison and could result in their deportation. … Charges are pending against Gourche's brother, Rachid Gourche, who allegedly undertook a similar sham marriage."

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Pennsylvania Town Sued Over Anti-Illegal Alien Ordinance. The Wall Street Journal (8/16, Jordan) reports, "The former coal-mining city of Hazleton, Pa., faces the country's first lawsuit against a municipality that has passed an anti-illegal-immigration ordinance in an attempt to mitigate the perceived cost of absorbing undocumented newcomers." Hazleton's ordinance, passed last month, "bans renting property to illegal immigrants, fines employers for hiring them and makes English the official language. Now, a group of civil rights and Hispanic organizations has filed a lawsuit in US District Court in Pennsylvania, saying the ordinance is unconstitutional and should be immediately blocked." The lawsuit also "says the ordinance infringes on the constitutional rights of all Hazleton residents who look or sound like foreigners, not just those in the US illegally. The Puerto Rican Legal Defense and Education Fund, the American Civil Liberties Union and several attorneys sued on behalf of 11 Hazleton residents and business owners as well as three nonprofit groups."

The AP (8/16, Rubinkam) reports, "The lawsuit contends that the Constitution gives the federal government exclusive power to regulate immigration and that the city's ordinance is discriminatory and unworkable. … 'It makes every person who looks or sounds foreign a suspect, including those who are here legally,' Witold Walczak, legal director of the ACLU of Pennsylvania, said in a statement. 'You might as well just paint a target on every foreigner's forehead or a sign saying, "Please treat me differently."' … Mayor Lou Barletta, who proposed the ordinance after two illegal immigrants were charged with shooting and killing a man, said Hazleton would stand its ground."

Activist Takes Refuge In Church To Avoid Deportation. The Chicago Tribune (8/16, Avila) reports, "Taking refuge in a church, a prominent advocate for illegal immigrants publicly defied federal authorities in Chicago who were trying to deport her Tuesday." Elvira Arellano, "who became a national spokeswoman for families facing deportation, had been ordered to report to the Department of Homeland Security by 9 a.m." Instead, Arellano "appeared at the pulpit of Adalberto United Methodist Church in the Humboldt Park neighborhood, vowing before dozens of supporters that she would not return to Mexico 'like a coward.' She said she would stay in the church indefinitely with her 7-year-old son, a US citizen."

Immigration Data Noted. All three networks last night noted the Census data about immigration that was covered by yesterday's newspapers. ABC World News Tonight (8/15, story 8, 0:15, Gibson) reported, "America is a country of immigrants. And according to a new census data, it's becoming more so. 12.4% of the population is foreign-born. Most are living in states with historically high immigrant populations. But there were dramatic increases in states you might not expect. Like South Dakota, Indiana, Georgia and New Hampshire." NBC Nightly News (8/15, story 4, 2:00, Ried) said, "Immigration is booming in nearly every corner of the nation." NBC Nightly News (8/15, story 5, 0:54 , Brown) also interviewed Pedro Sevcec from Telemundo. Asked if "the primary reason" for the immigration numbers is jobs, Sevcec said, "It is, absolutely. And the reason, it's arithmetic. If you have the opportunity to make 10 times than you do here in Mexico, just crossing the river and going anywhere in the states, I think you would take the chance and millions of people are doing that." The CBS Evening News (8/15, story 8, 3:10, Schieffer) reported, "The Census Bureau put out a kind of snapshot today of how America is changing. For one thing, immigrants now make up about 12.5% of the population. That's more than 35 million immigrants."

Head Of National Border Patrol Council Calls For New Trial For Agents. The Washington Times (8/16, Seper) reports, "Two US Border Patrol agents facing 20 years in prison for shooting in the buttocks a drug-smuggling suspect should get a new trial because they are 'victims of prosecutorial misconduct,' including an unjust grant of immunity, says the head of the National Border Patrol Council." NBPC President T.J. Bonner "said exonerating evidence was withheld during the March trial of Senior Agents Ignacio 'Nacho' Ramos and Jose A. Compean, whose sentencing is set for Tuesday, adding that the agents followed long-established Border Patrol policies in the incident."

TAX:

California Dentist Convicted Of Tax Evasion. The AP (8/16) reports, "A dentist from Danville, California, faces up to five years in prison and $250,000 in fines for hiding $300,000 from the IRS in a secret offshore bank account." The AP continues, "Roy Albert Lewis was convicted of income tax evasion and conspiracy to defraud the government last week in US District Court. … The Justice Department says Lewis' medical practice paid expenses over a ten-year period to Denver-based Tower Executive Resources to generate huge tax deductions." The AP adds, "Two tower operators were convicted earlier this year of conspiracy and assisting in the preparation of fraudulent tax returns after a trial in Denver."

US Issues Warrant For CEO Charged With Tax Evasion. The AP (8/16) reports from Minneapolis, "An arrest warrant has been issued for the millionaire chief executive of a Maple Grove computer products company who failed to appear for the opening of his federal tax evasion trial, The U.S. Attorney's Office said Tuesday." The AP continues,

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"U.S. District Judge Ann D. Montgomery issued the arrest warrant for Robert B. Beale shortly after his trial was scheduled to begin Monday. … Beale, 63, of North Oaks, founder and CEO of the Comtrol Corp., was indicted in January on one count of conspiracy to defraud the United States and five counts of tax evasion for allegedly failing to pay personal income tax on more than $5.6 million, authorities said." The AP adds, "The Internal Revenue Service says Beale owes $1.6 million in federal taxes plus interest and penalties. … Beale has written to President Bush and U.S. Attorney General Alberto Gonzales asking that charges against him be dismissed. If convicted, he faces up to 30 years in prison. .. . 'He fundamentally believes, and has stuck to his belief since this case started, that the federal income tax is illegal,' said Bradford Beale, his son and vice president of Comtrol. … Bradford Beale said family members were in court Monday for the start of jury selection and were surprised when his father failed to show up. Lee Stagni, Comtrol's former president and chief operating officer, who also is indicted in the case, was there."

Charities Target Property Owners In Wake Of Real Estate Boom. The Wall Street Journal (8/16, B1, Forsyth) reports on "a growing wave of philanthropists looking to avoid or reduce bigger tax bites created by the rapid run-up in real estate values. Nonprofit groups, which once shied away from real-estate donations because they feared getting stuck with swamp land or lacked the expertise to handle complex land transactions, are seizing the opportunity with new marketing programs. Their target: World War II-era property owners finalizing estate planning and baby-boomers who have seen their second-home and other real-estate investments balloon in value." The Journal continues, "Charities often sell donated properties quickly and reap the proceeds, though some that provide community services may be able to adapt a building for their programs. And some -- such as the Trust for Public Land, which preserves open space, and Habitat for Humanity, which builds homes for low-income residents -- expressly need land to fulfill their mission. … Charities still turn down many offers of real estate, perhaps as high as 80%, some experts estimate. They are likely to turn down property with environmental problems, that can't be sold quickly or that has multiple owners who aren't in agreement on the donation." The Journal adds, "The potential tax hit of selling one of these rapidly appreciating properties has become more painful. Under a 1997 law, most married couples who file jointly can exclude as much as $500,000 of their gain -- $250,000 for singles -- on the sale of a home that qualifies as their principal residence. But that exclusion hasn't been enough to avoid capital-gains taxes for many homeowners in markets with the highest price appreciation, such as parts of California and Florida. And these exclusions don't apply for gains on property not qualifying as a principal residence -- such as a vacation home."

Bill Would Make Roth 401(k) Plans More Attractive. In their "Tax Report" column in the Wall Street Journal (8/16), Tom Herman and Rachel Emma Silverman write, "A tax-favored retirement-savings plan known as a Roth 401(k), which made its debut in January, soon will look far more attractive. … Part of a bill approved recently by Congress and expected to be signed into law by President Bush tomorrow makes Roth 401(k) plans permanent, instead of allowing them to expire after 2010. Some employers already offer these plans as part of their retirement-savings programs. This change is part of landmark pension legislation that includes new incentives to donate to charity, as well as charitable-giving restrictions designed to curb abuses such as taking inflated deductions for gifts of used clothing, household items and even stuffed hunting trophies." Herman and Silverman add, "The new bill includes other provisions that already have attracted headlines, including making permanent the higher dollar limits for retirement-plan contributions. It also allows many older people to contribute as much as $100,000 each year to charity, tax-free, directly from their individual retirement accounts in 2006 and 2007. And it makes permanent key federal tax-savings features of 529 college-savings plans."

Charities Target Property Owners For Real Estate Donations. The Wall Street Journal (8/16, B1, Forsyth) reports on "a growing wave of philanthropists looking to avoid or reduce bigger tax bites created by the rapid run-up in real estate values. Nonprofit groups, which once shied away from real-estate donations because they feared getting stuck with swamp land or lacked the expertise to handle complex land transactions, are seizing the opportunity with new marketing programs. Their target: World War II-era property owners finalizing estate planning and baby-boomers who have seen their second-home and other real-estate investments balloon in value." The Journal continues, "Charities often sell donated properties quickly and reap the proceeds, though some that provide community services may be able to adapt a building for their programs. And some -- such as the Trust for Public Land, which preserves open space, and Habitat for Humanity, which builds homes for low-income residents -- expressly need land to fulfill their mission."

CONGRESS-ADMINISTRATION:

Bush Delays Allowing Foreign Ownership Of US Airlines. The AP (8/16, Miller) reports, "The Bush

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administration is delaying a plan to give foreigners more say in running U.S. airlines." The House and Senate "voted earlier this year to prevent the administration from going forward with the plan." The AP adds, "Opponents say the administration doesn't have the constitutional right to undo a law that restricts foreign ownership of U.S. airlines to 25 percent." They also "say it will undermine safety, security, national defense and US jobs." Jeffrey Shane, the Transportation Department's undersecretary for policy, "said Tuesday that the Bush administration recognizes it needs to spend more time discussing it with Congress."

The Wall Street Journal (8/16, Meckler) notes the regulation is also "opposed by labor unions, which fear that some of the best airline jobs will go overseas." A "memo used to brief the Europeans, congressional staffers and industry officials" says, "After careful review, the Department of Transportation has determined that the timeline originally envisioned for concluding the rule making on control of US air carriers would not allow us to address adequately the concerns raised by Congress."

Officials Announce Medicare Drug Premiums Not Going Up. The New York Times (8/16, Pear) reports, "Federal officials announced Tuesday that the average premium for Medicare prescription drug coverage next year would be about $24 a month, which is the same as this year and 40 percent less than first estimated for 2007. Beneficiaries showed a strong preference for low-cost plans this year. In many regions, Humana offered the lowest premium -- as little as $1.87 a month in seven states including Iowa, Minnesota and North Dakota. Many plans charged less than $20 a month, though at least one charged more than $100 a month." Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, "said the average premium would remain around $24 if beneficiaries stayed in the same drug plans in 2007 and could decline if they again chose less costly plans."

DOT Investigating Second Computer Theft. The AP (8/16) reports, "The US Transportation Department's inspector general, already searching for a stolen laptop computer containing sensitive information on thousands of people, is looking for a second laptop that went missing during a fraud conference in Orlando. Theft of the second laptop was reported in April by Barbara Barnet, special agent in charge of the DOT's inspector general field office in Miami." Her "Dell laptop had been left in a locked Orlando hotel conference room on April 24, but when Barnet returned the door was unlocked and the computer was missing, according to a theft report filed with the Orange County Sheriff's Office. A hotel employee in the room said the laptop was gone when he arrived."

Poll Finds Bush Would Now Lose To Gore Or Kerry. Scripps Howard (8/16, Hargrove, Stempel) reports President Bush "has become so unpopular in recent months that he'd have a hard time beating Al Gore or John Kerry if he had to face his former Democratic rivals again this year, according to a Scripps Howard/Ohio University poll." And "the president would be thrashed if he had to run against his own father, George Herbert Walker Bush, losing by more than a 3-1 margin in a theoretical matchup in which people were asked to pick between father and son." The poll found Bush "running 8 percentage points behind former Vice President Al Gore and 6 points behind Massachusetts Democratic Sen. John Kerry."

Cheney Said To Be Beyond "Democratic Accountability." On MSNBC's Hardball (8/15, Matthews), host Chris Matthews and New York attorney general candidate Mark Green discussed Vice President Cheney. Matthews said, "He impresses me by his political ability. He's running in the mid 20's in job approval. He doesn't seem to need public approval. It's almost like he's beyond democratic approval or democratic accountability. He does things that bother most people, like he has energy task force meetings with oil executives and basically comes out with an energy policy that I don't know, we have high gas prices whether it's his fault or not. He doesn't seem to have to respond to that. Even President Bush has to answer questions. This guy doesn't. How does he do it?" Green said, "He's No. 2. He's a bucket of warm spit, said James Garner. I'm sorry, you and I know, that's James Garner was the vice president to Roosevelt. But in fact, he's a bucket of warm spit who's partly run…." Matthews interrupted, "That's where the guy said, his job's not worth a bucket of warm spit. But the fact is, it is a powerful job. He is very much the President's consigliore on the war. He's very much the leader of the neoconservatives. He uses their influence and their ideas and their brain power to move the President."

Dowd Comments On Bush Reading Camus' "The Stranger." Maureen Dowd writes in the New York Times (8/16), "Strangely enough, we find two famous men reading Albert Camus's 'The Stranger' this summer. One is Jean Girard, the villainous gay French race car driver hilariously played by Sacha Baron Cohen (a k a Ali G and Borat) — the sinuous rival to Will Ferrell's stocky Ricky Bobby in 'Talladega Nights.' … The other guy kindling to Camus is none other than…George Bush, who read 'The Stranger' in English on his Crawford vacation and, Tony Snow told me, 'liked it.' … Camus is not beach reading -- or brush reading. How on earth did this book make it into the hands of our proudly anti-intellectual president?"

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OTHER NEWS:

Job Losses Seen As Reason Behind Lower Home Prices. USA Today (8/16, Knox) reports, "The loss of manufacturing jobs helped drive down home prices in 26 metro areas between April and June compared with the same period last year, the National Association of Realtors said Tuesday. That's 10 more areas than in the first quarter, and it spotlights how joblessness in industrial states such as Illinois, Michigan, Ohio and Indiana is rippling through housing markets." USA Today adds, "The hardest-hit this year: Danville, Ill., where prices at which existing homes were sold fell 11% in the second quarter after a 12% drop in the first quarter. … The exodus of auto, textile and other factory jobs has a direct effect on home prices. People leave town to look for work, boosting the supply of homes for sale." Others "sell their homes because they can't keep up with the mortgage. At the same time, foreclosure rates in these cities are among the highest in the country, and banks are quick to cut prices to get the homes off their books." The Washington Times (8/16, Hill), meanwhile, runs a story tiled "Region's Home Sales Tumble," in which it says the region is still "doing better than some other cities getting bludgeoned by the housing bust, the National Association of Realtors reported yesterday."

Inflation Data Boosts Markets. The Wall Street Journal (8/16, Conkey) reports, "In a rare bit of good news on the inflation front, the government offered a tame estimate of wholesale-price movement in July." The Labor Department's producer-price index for finished goods "barely rose last month, increasing 0.1% after a 0.5% jump the previous month, as price declines for food, cars and prescription drugs offset increases for gasoline and electricity. It was the smallest increase in the wholesale-inflation gauge in five months, and it reduced the price index, which reflects wholesale prices charged by manufacturers and other suppliers, to 4.2% higher than a year ago, on an unadjusted basis, down from 4.9% in June." The Journal adds, "The closely watched 'core' measure of producer prices, excluding food and energy, fell 0.3% in July, the first decrease since October." Markets "cheered that number as an early sign that the decision by Federal Reserve policy makers to hold interest rates steady this month."

The Washington Post (8/16, D3) says the "unexpected drop in wholesale prices sent stocks soaring Tuesday, with the Dow Jones industrials climbing more than 130 points as Wall Street gained renewed confidence in the Federal Reserve's management of inflation and the economy." The Dow "rose 132.39, or 1.2 percent, to 11,230.26. The Standard & Poor's 500-stock index rose 17.37, or 1.4 percent, to 1285.58, while the Nasdaq composite index gained 45.97, or 2.2 percent, to 2115.01." The New York Times (8/16, Peters) and Wall Street Journal (8/16, McKay) run similar reports.

State Governments' Savings Totals Up 25%. The AP (8/16, Schelzig) reports, "State lawmakers are saving lots of money for a rainy day because of improving economies and conservative economic forecasts, a report released Tuesday says." State governments "saved about $1 out of every $10 in their budgets in the most recent fiscal year, according to a survey released at the annual meeting of the National Conference of State Legislatures. The $57 billion total saved by legislatures around the country marks a 25 percent jump from the previous budget year and is one of the highest levels in decades." The AP adds, "The study credits conservative forecasting for the year-end balances, which are considered a top indicator of states' fiscal health."

Varying Gas Prices Examined. The Washington Post (8/16, Murakami, Tse) explores why gasoline prices in the Washington area "vary so much neighborhood to neighborhood and why they have risen so much faster in some places than others." The reasons for the variations "are varied and often complex. Some experts cite a costly emissions-reducing additive that is used in gasoline sold in some parts of the country. Others blame varying gasoline taxes and a technique known as zone-pricing, essentially raising wholesale prices in areas that can absorb it. And a few note that the market for setting prices, which is virtually unregulated, changes because of little more than the whims of gas station managers based on their own finances and street-level evaluation of supply and demand." The Post says, "The Energy Policy Act passed by Congress last summer prompted oil companies to phase in [ethanol] in their reformulated gasoline in place of methyl tertiary-butyl ether (MTBE). Reformulated gasoline is required in parts of the country with the worst ozone air pollution, mainly large cities and their suburbs in California and the Northeast, including the District. ... While reformulated gas has traditionally been more expensive than conventional gas, analysts said, the price differential has been amplified because ethanol prices shot up earlier this year with the sudden increase in demand."

Companies, States Explore Overseas Health Care Options. The Christian Science Monitor (8/16, Jonsson) reports, "With US health insurance costs soaring, cash-squeezed companies" and "poor states…are considering affordable plans that may require their employees to travel to India, Thailand, or Indonesia." But critics "say that limited malpractice laws in foreign countries makes such travel risky as well as the prospect of spending 20 hours on an airplane after invasive surgery. Despite the concerns, 'medical tourism' is morphing into 'global healthcare.'" For

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example, Health Net of California "already contracts with medical clinics on the Mexico side of the US border."

McCain Sees "Lingering Resentment" In GOP About 2000 Primaries. The AP (8/16, Glover) reports, "Sen. John McCain said Tuesday there is 'lingering resentment' among some Republicans because of his primary fight in 2000 with George W. Bush. Those feelings may complicate his decision whether to seek the presidential nomination for 2008, said McCain, R-Ariz." McCain said in Iowa, "If I run, and we'll decide that early next year, there's a lot of work to do. … Here in Iowa there are parts of the party where there's still lingering resentment over the bitterness of the 2000 race."

2008 Hopefuls Already Visiting Iowa. Meanwhile, USA Today (8/16, Keen) reports "the 2008 presidential campaign is well underway in Iowa. The state caucuses that launch the nominating process are almost a year and a half away. Voters won't choose the next president for more than two years." But "many of the prospective candidates find the state fair here irresistible. It gives them a chance to mingle with as many as 100,000 people each day of the fair, which runs Aug. 10-20, and a good shot at coverage on local TV. Iowa voters accustomed to regular visits from presidential candidates tend to notice who shows up -- and who doesn't."

First Lady Called A "Critical Asset" For GOP. The Washington Post (8/16, A4, Fletcher) reports, "Laura Bush is scheduled to headline three events for Republican candidates in Kentucky, Ohio and West Virginia today, capping a stretch of five fundraisers this week for a first lady who often jokes that she does not much like politics. The frequent use of the first lady by Republican candidates as a fundraising draw underscores the ferocious battle they face to retain control of Congress, and also reflects the standing of a woman whose popularity has endured even as public antipathy toward her husband has grown." The Post adds, "So far this election cycle, the first lady has spoken at 24 political events, raising a total of $10.7 million, according to the Republican National Committee. 'That is obviously an increase of activity from 2002,' said Tracey Schmitt, an RNC spokeswoman. 'Because of her broad appeal, she is a significant draw wherever she goes, and she is a critical asset to Republican candidates across the country.'"

Allen Continues To Take Heat For Comments. The Washington Post (8/15, A1, Shear, Craig) reports that Virginia Sen. George Allen (R) is continuing to take heat for comments made to a staffer of opponent James Webb (D), despite an apology Monday. The Post reports that Allen yesterday "sought to contain the political damage from remarks he made to a Fairfax County man that dredged up charges of racial insensitivity -- allegations that have dogged him for years as governor, senator and now presidential hopeful." The Post reports that criticism "poured in" yesterday about Allen's "use of the word 'Macaca' to address a volunteer for" Webb, and "also about another Allen comment, 'Welcome to America.'"

The AP (8/15, O'Dell) reports that Allen "said the name was 'just made up' and that he had no idea that macaca is a genus of monkeys including macaques. The name also could be spelled Makaka, which is a city in South Africa. Webb's campaign distributed to reporters a video clip of Allen's remarks about Sidarth, a 20-year-old University of Virginia senior who spent last week videotaping Allen's 'listening tour' for the Webb campaign." The video shows Allen saying, "This fellow over here with the yellow shirt - Macaca or whatever his name is - he's with my opponent. He's following us around everywhere."

The New York Times (8/16, Stout) reports that Larry Sabato, director of the Center for Politics at the University of Virginia, "said Tuesday that Mr. Allen was strong enough in Virginia that the verbal gaffe would probably not keep him from being elected to a second term. But should Mr. Allen run for president, the word 'macaca' will hurt him, Mr. Sabato said, 'not only because it is offensive on its face but also because it fits into a long pattern of insensitivity by Allen on racial and ethnic matters.'"

NY Times Condemns Remark. An editorial in the New York Times (8/16) condemns the remark and concludes, "In his younger years, Senator Allen flirted with offensive symbols like the Confederate flag. As he looks beyond Virginia, Mr. Allen should get used to the idea that people are noticing his behavior."

Casey's Lead Over Santorum Shrinking. The AP (8/16, Hefling) reports, "Democrat Bob Casey's lead is shrinking over Republican Sen. Rick Santorum in one of the nation's hottest Senate races, a poll released Tuesday shows." Santorum "has narrowed the gap from an 18-point difference in June, according to the poll, and a recent appearance of a Green Party candidate also is considered a spoiler for the Democrat." In a three-way contest, "the new poll found Casey leading Santorum 45 percent to 39 percent, with Green Party candidate Carl Romanelli picking up 5 percent. Eleven percent said they were undecided or did not plan to vote, according to the Quinnipiac University poll." As a two-way race, without Romanelli, "47 percent of the same respondents favored Casey to 40 percent for Santorum, with 13 percent undecided or expressing another opinion."

More Commentary On Casey. Harold Meyerson, in a column titled "A Democrat For Main Street" in the Washington Post (8/16, A13) describes Casey as "socially conservative, economically progressive Casey," and says that "early on, the Senate Democratic leadership (Harry Reid and Chuck Schumer) and the state's Democratic governor, Ed Rendell (a

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onetime Casey opponent), made it clear that Casey was their guy. Which, if you believe all the nonsense that's been written since Joe Lieberman's primary defeat about those crazy blogistas rebelling against the Democratic establishment and pushing the party to the left, should mean that the bloggers and their ilk ought to be wailing about Casey. In fact, they're doing nothing of the sort." However, "they understand that Casey is the Democrat best suited to the task. Most liberal groups are campaigning mightily for Casey (though support for a Green Party candidate among Naderistic nihilists has cut Casey's lead over Santorum in yesterday's Quinnipiac Poll to 6 percentage points). And the liberal case for Casey is a strong one -- particularly on trade."

Lieberman To Criticize Both Parties In Independent Senate Bid. The New York Times (8/16, Healy, Confessore) reports, "Just one week ago, national Democrats united to try to nudge Senator Joseph I. Lieberman out of his race for re-election after his defeat at the hands of his antiwar rival, Ned Lamont, in the Connecticut Democratic primary." But "today Mr. Lieberman appears to be in the race to stay, running as a retooled independent candidate who is taking on both political parties, and Connecticut is already seeing a full-throated re-enactment of the men's blistering primary battle." The Post adds, "Far from sulking in defeat, Senator Lieberman has fired most of his senior aides, energized his broad base of donors from his campaigns for president and vice president, produced a new television advertisement explaining his political intentions, and attacked Mr. Lamont over the London terror plot." He "appears so emboldened that in spite of the Democratic unity around Mr. Lamont, some Washington Democrats are now acknowledging that a Lieberman victory in November is a distinct possibility." The Times adds, "In a state where Republican and independent voters make up a majority of the electorate, Mr. Lieberman is still developing a message about bipartisanship, but his aides say it will involve adopting positions from both parties and being willing to criticize Democrats as well as Republicans."

Bill Clinton Takes On Lieberman Argument. The Washington Post (8/16, A4, Balz) reports, "Just three weeks ago, former president Bill Clinton was in Connecticut campaigning for Sen. Joseph I. Lieberman (Conn.) in the Democratic primary against Ned Lamont." But "in an interview yesterday, Clinton gave Lieberman a vivid lesson in how life is different now that the senator has lost to Lamont and is running as an independent." Clinton "slapped Lieberman over the latter's suggestion that he lost because party liberals wanted to purge a politician who shared Clinton's overall philosophy of being progressive on domestic issues while supporting a robust national security policy. 'If I were Joe, and I was running as an independent, that's what I'd say, too,' Clinton told ABC's 'Good Morning America.' 'But that's not quite right. That is, there were almost no Democrats who agreed with his position, which was, "I want to attack Iraq whether or not they have weapons of mass destruction."'"

Lamont Outlines Iraq, Anti-Terror Message. Lamont writes in the Wall Street Journal (8/16t) this morning, "We start with the strongest, best-trained military in the world, and we'll keep it that way. But here's how we'll get stronger by changing course. We must work closely with our allies and treat the rest of the world with respect. We must implement the recommendations of the 9/11 Commission and put in place real protections for ports, airports, nuclear facilities and public transit." Lamont adds, "Good judgment is an essential part of good governance. But we're bogged down in Iraq, and hamstrung in the war against terror, by leaders who lacked judgment, historical perspective, openness to other cultures and plain old common sense." In his op-ed, Lamont also recounts his business experience and his hopes for a reinvigorated Democratic party.

Schlesinger Addresses Allegations Concerning Gambling . On MSNBC's Hardball (8/15, Matthews), host Chris Matthews grilled Connecticut Republican Senate candidate Alan Schlesinger over reports of his gambling excesses. Asked if he was "banned from any casinos in Connecticut," Schlesinger said, "Oh, a couple of times in casinos they've asked me to leave." Asked how he can "run for the United States Senate in a state where you're banned from some of these facilities? That seems like that says something is wrong with you, like you're not credible," Schlesinger said, "It has nothing to do with the race, and that issue has been dealt with over and over." Asked if he has been getting support from the President, Schlesinger said, "I've been getting support from all over the state -- more Republicans, Democrats and unaffiliated voters. What's happening with the White House is very clear. I'm not going to allow Washington and the media to hijack this race and turn it into a national referendum on the Democratic future, the Democrat Party's future."

Collins Endorses Lieberman. The AP (8/16) reports, "Lieberman's bid for re-election as an independent received a solid endorsement from the chairwoman of the Homeland Security Committee on Tuesday." GOP Sen. Susan Collins "said she fully supports Lieberman."

TV Ad Pairs Hillary Clinton, Bin Laden. The AP (8/16, Fouhy) reports, 'A Republican hoping to challenge Sen. Hillary Rodham Clinton this fall is running a television ad that pairs Clinton's face with Osama bin Laden's and accuses her of opposing national security programs that may have helped thwart a terror plot on US-bound flights from London." The ad by "former Yonkers Mayor John Spencer's campaign suggests Clinton is 'playing politics with national security.' It

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shows images of newspaper headlines about the terror plot, followed by photos of Clinton and bin Laden. 'Senator Hillary Clinton opposed the Patriot Act and the NSA program that helped stop another 9/11. She'd leave us vulnerable,' the narrator says." Clinton adviser Howard Wolfson "called the ad factually inaccurate. Clinton voted for the Patriot Act, which expanded the federal government's ability to track terror suspects, in 2001. Last year, she was part of a Democrat-led filibuster that forced Republicans to accept curbs on the government's power to investigate suspects, but she then voted to renew expiring sections of the Patriot Act."

Cardin Courts Seniors With Attacks On Bush Agenda. The Washington Times (8/16, Miller) reports, "Rep. Benjamin L. Cardin yesterday courted the senior-citizen vote in his run to represent Maryland in the US Senate. … During a campaign stop at Ring House Retirement Community in Rockville, Mr. Cardin touted his record of opposing President Bush on the Iraq war and on tax cuts, the Medicare drug plan and a proposal to privatize Social Security." Said Cardin, "It is helping me in the Senate campaign that the voters know that I stood up to George Bush."

Republicans Seek Consensus On Write-In Candidate For DeLay's Old Seat. The New York Times (8/16, Blumenthal) reports, "With dwindling hopes of keeping Tom DeLay's longtime House seat from falling to a Democrat in November, Texas Republicans on Tuesday called an urgent meeting for Thursday to exercise their only option: agreeing on a write-in candidate." But "that slender prospect -- no such write-in campaign has succeeded in the state -- seemed to suffer a blow when a leading candidate facing party opposition disparaged the meeting, saying 'that may have worked in Moscow,' and vowed to keep running even if it meant two Republican write-in candidates." The candidate, David G. Wallace, said, "I'm in the race and I'm in it to win."

McKinney Criticizes Electronic Voting. The AP (8/16, Brumback) reports, "Rep. Cynthia McKinney, in her first public appearance since losing her re-election bid last week, said Tuesday that the black community needs to oppose electronic voting machines, which she warned can be used to steal elections." McKinney also "said the state of Georgia should prohibit crossover voting among political parties in primary elections and end its system of runoff elections." McKinney "made the remarks during the National Dialogue and Revival for Social Justice in the Black Church, sponsored by the Rev. Al Sharpton's group, the National Action Network. The Augusta crowd, estimated at fewer than 200 people, gave her a standing ovation when she was introduced and again when she finished speaking."

Chafee's Tough Primary Noted. Fox News Special Report (8/15, Cameron) reported Republican Sen. Lincoln Chafee, "the GOP's most liberal U.S. Senator, is among the most likely to get beaten this election year. He trails a Democrat on his left in general election polls, but first faces a tough Republican challenger in his primary a month from now. Cranston Republican Mayor Stephen Laffey, a scrappy conservative from a working class Democratic family, hammers Chafee as a tax-and-spend liberal and spoiled rich son of the late Senator John Chafee." But the "biggest criticism of Chafee is his opposition to the Iraq war and objections to the president's handling of the war on terror."

Focus On The Family To Mobilize Christian Voters In 8 States. The Washington Post (8/16, Cooperman) reports that Focus on the Family, radio host James C. Dobson's evangelical Christian organization, announced yesterday that it will lead an effort "in eight battleground states to mobilize evangelical voters in the November elections. … As a nonprofit, tax-exempt organization, Focus on the Family is barred from endorsing candidates. Tom Minnery, vice president of the Colorado-based group, said its efforts would be nonpartisan." Focus on the Family said in an email to supporters last week that it will work to "combat voter apathy and encourage Christians to go to the polls" in Maryland, Pennsylvania, Michigan, Ohio, New Jersey, Minnesota, Montana and Tennessee.

NRCC Reserves $40 Million In Air Time In Key States. The AP (8/16, Sidoti) reports that the National Republican Congressional Committee has reserved $40 million in TV ad time in competitive districts across the country. Most of the funds will go to defend districts under assault by the Democrats, including five in Pennsylvania and Connecticut. However, the AP reports the NRCC also plans "to spend millions of dollars to try to unseat several Democrats, including Chet Edwards of Texas, John Spratt of South Carolina and Leonard Boswell of Iowa. The NRCC plans to spend at least $1 million in each of those races to help GOP candidates."

Donation To Athletic Program Raises Eyebrows. USA Today (8/16, Wieberg) reports on Boone Pickens's donation to "his beloved Oklahoma State Cowboys." It was "the biggest by far in the history of college athletics, a stunning windfall enhanced by a $31 million kick-in from the OSU golf foundation and careful investing that has swollen the total amount to more than $250 million. By the time it's spent, the pot is expected to grow to $343 million."

Former President Ford In Hospital. The AP (8/16) reports, "Former President Ford was admitted to the Mayo

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Clinic in Minnesota on Tuesday for 'testing and evaluation,' his office said in a statement. The statement gave no details about why the 93-year-old former chief executive went to the clinic in Rochester, about 75 miles southeast of Minneapolis."

New Jersey AG Resigns Over Ethics Issues. The New York Times (8/16, Mansnerus, Chen) reports, "The attorney general of New Jersey, Zulima V. Farber, resigned on Tuesday night after a state investigation found that she had violated her own department's code of ethics by going to the aid of her companion during a routine traffic stop." The accusations that Farber "might have influenced officers when the police stopped her companion in late May had revived criticism of her selection earlier this year. At the time, her driving record -- including 12 speeding tickets, 4 bench warrants and 3 license suspensions -- was questioned, but Mr. Corzine dismissed such criticisms."

USA Today (8/16, For) notes Gov. Jon Corzine "tapped retired appellate judge Richard Williams last month to examine the events surrounding a traffic stop May 26 in Fairview." Williams "found that no criminal conduct took place but that Zulima Farber's 'conduct does raise significant ethical questions that must be addressed.'"

The AP (8/16, Defalco) reports, "Farber's live-in boyfriend, lawyer Hamlet Goore, was pulled over by police in Fairview for a traffic violation in May, and Farber showed up at the scene in her state car. Goore's van was found to be improperly registered and his license appeared to be suspended, but he was allowed to drive home. … In recent weeks, Farber denied doing anything to influence the police. But a special prosecutor appointed by the governor said in a report issued Tuesday that Farber violated state ethics laws by 'approving actions which allowed Mr. Goore to drive his vehicle home.'"

Bloomberg (8/16, Larkin) reports, "The resignation of Farber is a setback for Corzine, a Democrat who won election last November after pledging to clean up the ethics of state government. Corzine, 59, said that he didn't ask Farber to resign, although he said her decision was correct. The resignation followed calls from state politicians including Democratic State Senator John Adler, chairman of the Judiciary Committee, for Farber to quit."

AOL Seeks To Dig For Gold In Spam Case. The Washington Post/AP (8/16, D4, Bridis) reports, "AOL is preparing to dig for buried gold and platinum on property in Massachusetts owned by the parents of a man it sued for sending millions of unwanted spam e-mails to its customers." The AP continues, "AOL said yesterday that it intends to search for gold and platinum bars it thinks are hidden near the home of Davis Wolfgang Hawke's parents on two acres in Medfield, Mass. The family said it will fight AOL's plan in court." The AP adds, 'AOL won a $12.8 million judgment last year in U.S. District Court in Virginia against Hawke but has been unable to contact Hawke to collect any of the money he was ordered to pay."

WSJournal Says Chicago Minimum Wage Law Driving Retailers Out. The Wall Street Journal (8/16) editorializes, "Well, that didn't take long. Just as Mayor Richard Daley and these columns predicted, the law recently passed by Chicago's City Council requiring a super-minimum wage is driving big retailers out of the city. Target was the first big chain to react, recently canceling plans to open a new superstore in a run-down area on the city's North side." The Journal adds, "The entire 'living-wage' movement is the latest product of upper-income politicians who want to stick it to non-union companies in the name of helping the poor. But the working poor lose twice in Chicago: first, in lost retail jobs and then in less access to low-cost goods."

WSJournal Notes Rhode Island-DuPont Controversy. The Wall Street Journal (8/16) editorializes, "When a state sues an industry -- think tobacco -- any settlement money typically goes directly to that state. But when Rhode Island dropped the DuPont Corporation from a lead paint lawsuit last year, after the defendant agreed to donate $12 million to charity, most of the money ended up at organizations based in Washington, DC, and Boston. Which is why Rhode Island Attorney General Patrick Lynch has some explaining to do." The Journal adds, "Later this month, the Rhode Island Ethics Commission will hold a hearing to determine whether to launch a full investigation into the deal, and a thorough vetting of Mr. Lynch's motives seems appropriate. It would also help policy makers decide if they want to follow other states, such as Louisiana, that have banned or limited contingency-fee arrangements with the AG's office. At the very least, Mr. Lynch might explain how sending millions of dollars to Boston helps children in Providence."

WPost Defends Maryland Early Voting Bill. The Washington Post (8/16, A12) writes in an editorial about "a nasty little battle" that "has raged in Annapolis over Maryland law on early voting. This spring, Democrats used their upper hand in the General Assembly to write legislation that unfairly favored their party and to exclude Republicans from the conference committee considering the measure. Gov. Robert L. Ehrlich Jr. (R) vetoed the bill; the Democrats overrode his veto. Now a judge has accepted a Republican-backed court challenge to the constitutionality of early voting, turning the tide." The Post adds, "It is an unfortunate fate for what should have been -- and still could be -- a fair measure that increases voter turnout."

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Rice Calls Lebanon Resolution "A Victory" For Peace And Moderation. With a cessation of hostilities apparently holding in the Middle East, Secretary of State Condoleezza Rice waded into the rhetorical war over the outcome of the conflict. Meanwhile, the leaders of Syria and Iran both declared victory and said the outcome was a defeat for the US and Israel. The developments received attention mostly in the major dailies and wire services, and was not given much coverage on the networks, which focused largely on the humanitarian misery in Lebanon.

In a Washington Post op-ed (8/16, A13), Rice says the Administration "has worked urgently to end the violence that Hezbollah and its sponsors have imposed on the people of Lebanon and Israel. At the same time, we have insisted that a truly effective cease-fire requires a decisive change from the status quo that produced this war." Calling the agreement "only a first step," Rice says "no one should expect an immediate stop to all acts of violence."

On its front page, USA Today (8/16, A1) runs highlights of an interview with Secretary Rice, who said "the 15,000-member UN force being created for southern Lebanon will keep the peace and enforce an international arms embargo, but it won't be charged with disarming Hezbollah guerrillas." Disarmament "will be the responsibility of the Lebanese, Rice said. … 'I don't think there is an expectation that this (UN) force is going to physically disarm Hezbollah. I think it's a little bit of a misreading about how you disarm a militia. You have to have a plan, first of all, for the disarmament of the militia, and then the hope is that some people lay down their arms voluntarily.'" Rice went on to say that Hezbollah "would find itself increasingly isolated from European and other nations, and the weapons embargo would prevent it from being rearmed by its sponsors in Syria and Iran."

Meanwhile, ABC World News Tonight (8/15, story 4, 1:50, Gibson) reported, "In the Middle East, two leaders the Bush Administration accuses of supporting terrorism, the Presidents of Syria and Iran, declared their opinion that Hezbollah defeated Israel and dealt a setback to interests in the region. Assad said the plans for a new Middle East are now an illusion."

The AP (8/16, Abu-Nasr, Dareini) reports, "Tehran and Damascus may be the biggest winners from the 34 days of fighting in Lebanon — buoyed by the ability of ally Hezbollah to stand up to Israel's punishing assaults and by the new, widespread popularity of the guerrillas across the Middle East." Analysts said "both countries now feel stronger in their own individual disputes with the West and that the alliance of their hard-line governments is stronger now, in contrast to the Mideast bloc of pro-U.S. governments."

CNN's "The Situation Room" (8/15, Blitzer) reported Iranian President Ahmadinejad "praised Hezbollah's fighters and mocks Israel and its allies while many Iranians cheered him on." Ahmadinejad was shown saying, via translator: "America and England and Zionist regimes, with all the equipment, all the army they had, and they face a group of decent, devout young people, and those young people, by putting their trust in God and believing in God, fulfillment of his promises, stood against them."

CNN's "The Situation Room" (8/15, Raman) reported, "If the victors of this war are the ones who proclaim it the loudest, then there's no doubt here Hezbollah has won. An equal certainty, Israel was not alone in defeat. Impassioned cheers of 'Death to America, Death to Britain!' echoed in the first speech by the Iranian president since a cease-fire took hold." Just "hours before his Iranian counterpart, the Syrian president delivered his own remarks, his own message to President Bush." Syrian President Bashar al-Assad, via translator: "This Administration adopted the pre-emptive war. It contradicts the principle of peace. And six years after this Administration, there's no peace. We are not expecting any peace."

Fox News "Special Report" (8/15, Rosen) reported, "With a coordination that suggested choreography, the leaders of the two regimes most closely identified with Middle East terrorism, unveiled their own version of the history of the Israeli-Hezbollah war, a version in which Hezbollah won, Israel lost and Western efforts to reshape the region have boomeranged." But President Assad's "remarks led to immediate diplomatic repercussions. Germany's foreign minister abruptly canceled his trip, scheduled for later in the day, from Jordan to Damascus, saying Assad's speech was a, quote, negative contribution."

Germany's Steinmeier Cancels Damascus Trip Over Assad Speech. The Financial Times (8/16, Khalaf, Williamson) reports German Foreign Minister Frank-Walter Steinmeier "on Tuesday abruptly cancelled a planned visit to Syria after President Bashar al-Assad…delivered a hard-hitting speech that ridiculed Israel's military offensive in Lebanon and warned against disarming Hizbollah." Steinmeier "criticized the speech as 'going in completely the wrong direction' on the need for regional peace and containing no constructive references to the United Nations ceasefire resolution." The Times adds, "Despite warnings from Paris and Washington against trying to enrol Syria's support, Mr. Steinmeier has led European efforts to draw the Assad regime into plans to end the Lebanon-Israel crisis, giving Damascus an opportunity to break out of its international isolation."

Syrian Cooperation Said To Be Key To Implementation Of 1701. In a Wall Street Journal op-ed (8/16), Abraham Sofaer, George P. Shultz Senior Fellow at the Hoover Institution, says, "The successful implementation of Security Council Resolution 1701 "depends on convincing Syria to end its policy of allowing Hezbollah to be used by Iran to destabilize Israel's security." The "underlying problem

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that must be addressed to create stability in the area is the fact that the Lebanese government has been incapable of controlling Hezbollah, which has been armed by Iran with Syria's cooperation. It is difficult to believe that the Lebanese government will now be able to control Hezbollah without their acquiescence, which is likely to depend, not so much on what Lebanon, Israel and the United Nations Interim Force in Lebanon do, but on whether Syria supports the changes."

Treasury Department Sanctions Two Syrian Officials. Fox News "Special Report" (8/15, Rosen) reported, "The US Treasury Department placed sanctions on two high-ranking Syrian officials implemented as part of an executive order signed by President Bush in May 2004. The move freezes all assets the officials may have in the US and prohibits Americans from transacting with them." White House spokesman Tony Snow was shown saying, "It seems to financially isolate the individuals and entities that are directly or significantly contributing to Syria's support for designated terrorist groups"

The AP (8/16, Crutsinger) reports the Treasury Department alleged the Syrian officials "had played key roles in support of terrorist organizations." The designation "means that U.S. financial institutions must freeze any U.S. bank deposits held by the individuals, Maj. Gen. Hisham Ikhtiyar and Brig. Gen. Jama'a Jama'a." Presidential spokesman Tony Snow said "the action was taken under an executive order that President Bush signed in May 2004." Snow said, "It's aimed at financially isolating individuals and entities that are directly or significantly contributing to Syria's support for designated terrorist groups."

The Wall Street Journal (8/16, Solomon) reports the Bush Administration said the two senior Syrian intelligence officials "played a central role in arming and funding the Shiite militia Hezbollah in Lebanon" and "supported Syria's drive to dominate Lebanon's political and economic affairs in recent years, including destabilizing Beirut's elected government."

Lesson Of Lebanon War Said To Be Need For Political Solution. In his Washington Post column (8/16, A13), David Ignatius says, "The Lebanon war was damaging for Israel, the United States and, most of all, Lebanon itself. But it may have taught everyone a lesson that will be immensely important to the future of the Middle East: The solutions to the big problems that afflict the region are not military but political." The "surprise hero of the conflict was Lebanese Prime Minister Fouad Siniora. He was a forceful advocate for the Lebanese people and for the very idea of the Lebanese state -- no small achievement in a nation still recovering from civil war. He managed to hold his government together, including the two Cabinet members from Hezbollah. And he was the architect of key elements of the final cease-fire deal: He urged one quick U.N. resolution rather than the two the Americans and French favored, and he successfully argued for an expansion of the existing UNIFIL force to accompany the Lebanese army in the south, rather than an entirely new international force." The "wild card in the deal is Hezbollah. As the war dragged on, most pundits judged the group's leader, Hasan Nasrallah, the big winner. But that will be true, paradoxically, only if he abides by the deal Siniora made and withdraws his armed fighters from southern Lebanon. If he tries to resume the war or continues to operate as Iran's proxy, he will lose his new halo."

UN Yet To Receive Formal Commitments For Southern Lebanon Force. The AP (8/16, Charlton) reports the "international community was scrambling Tuesday to put together a fortified U.N. peacekeeping force for southern Lebanon as Israeli forces began a pullout from the volatile region." The United Nations "has not received any formal offers of troops for the U.N. force, known as UNIFIL, although France, Italy, Turkey, Malaysia and Indonesia have indicated they will make significant contributions. A dozen other countries have also expressed a willingness to help." France is "expected to lead the enhanced force, which is to grow from the current 2,000 troops to 15,000 troops." UN officials "and diplomats said France has not yet made any announcement of how many troops it plans to send, and this was holding up announcements of troop commitments from other countries."

The Washington Post (8/16, A9, Lynch) reports UN and US experts "warned Tuesday that governments that have pledged to assemble a peacekeeping force for southern Lebanon are not moving swiftly enough to fill a dangerous power vacuum there." Diplomats warned that several "countries have expressed interest in participating," but "key powers such as France, Italy, Turkey and others must commit to a vanguard force of as many as 3,500 peacekeepers within two weeks to avert a resumption of violence." The discord "highlighted the challenge of moving a large U.N. force into place on short notice."

The New York Times (8/16, Erlanger) reports Israel "began to pull many of its reserve troops out of southern Lebanon on Tuesday and hopes to be out of the country altogether in the next week or 10 days, the military chief of staff, Lt. Gen. Dan Halutz, said." Meanwhile, the Lebanese Army, "which is supposed to join with a strengthened United Nations force to establish order as the Israelis withdraw, is expected to begin moving into the area south of the Litani River in a couple of days, supported by an early deployment of foreign troops, said Jean-Marie Guéhenno, the French head of United Nations peacekeeping forces, speaking to French radio." But there "was no guarantee that the process called for in the Security Council resolution that established a cease-fire would go smoothly. Leaders of Hezbollah have said that their men will not be disarmed, as called for in the

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resolution, and that the deployment of the Lebanese Army in the south needs further discussion inside the government."

The Washington Times (8/16, Behn) reports analysts "said yesterday that U.N. troops will be unable to disarm Hezbollah against its will." Few "think that the combined force will be able to forcibly disarm Hezbollah, which has proven a much tougher foe than expected." William Durch of the Henry L. Stimson Center said, "This force is not going to be able to force it to disarm any more than the Israeli army was able to do it -- it really is contingent on a certain amount of strategic consent from Hezbollah."

The Financial Times (8/16, Arnold, Khalaf, Morris), meanwhile, says France said it "would resist leading a bolstered international force in southern Lebanon without Lebanese government assurances that Hizbollah…would be disarmed" by the Lebanese Army.

Tenuous Ceasefire Holds In Southern Lebanon.

The AP (8/16, Balilty, Ghattas) reports, "Hundreds of Israeli soldiers walked out of Lebanon on Tuesday — some smiling broadly and pumping their fists, others weeping or carrying wounded comrades — as a cease-fire with Hezbollah solidified after a shaky start. The process was expected to accelerate over the coming days." The international community "looked to build a U.N. peacekeeping force for south Lebanon, but it remained unclear how quickly such a force could be deployed. The guerrillas' patrons, Syria and Iran, proclaimed that Hezbollah won its fight with Israel — claims the Bush administration dismissed as shameful blustering."

Hezbollah May Delay Deployment Of Lebanese Army. The Washington Post (8/16, A1, Cody, Struck) reports in a front page story that Hezbollah "refused to disarm and withdraw its fighters from the battle-scarred hills along the border with Israel on Tuesday, threatening to delay deployment of the Lebanese army and endangering a fragile cease-fire." The "makings of a compromise emerged from all-day meetings in Beirut, according to senior officials involved in the negotiations, and Prime Minister Fouad Siniora scheduled a cabinet session Wednesday for what he hoped would be formal approval of the deal. Hezbollah indicated it would be willing to pull back its fighters and weapons in exchange for a promise from the army not to probe too carefully for underground bunkers and weapons caches, the officials said."

Israel Withdraws Portion Of Troops From Southern Lebanon. USA Today (8/16, Ghattas) reports the Israeli army "withdrew part of its force from southern Lebanon on Tuesday, and Lebanese troops were expected to start moving across the Litani River on Thursday to eventually take control of the war-ravaged region with help from United Nations peacekeepers, military officials on both sides of the conflict told the Associated Press." About "500 Israeli soldiers walked across the border near the Israeli town of Malkiya."

NBC Nightly News (8/15, story 3, 2:05, Engel) reported, "Walking off the battlefield, dragging away broken tanks, 1,000 more Israeli soldiers withdrew from Lebanon. Taking their place, thousands of Lebanese returning to the south. Despite the dangers unexploded bombs and the hardship of living without power and water. Israeli jets dropped leaflets, warning people not to come back until all Israeli forces have left. But they came in busses, driving, and on foot."

The Financial Times (8/16, Biedermann, Morris) reports the Israeli "armed forces did not say how many remained of the 30,000 soldiers deployed at the height of the offensive between Israel and Hizbollah. Lieutenant General Dan Halutz, chief of staff, told Army Radio the Israeli withdrawal would be complete in 7-10 days."

The Washington Times (8/16, Mitnick) reports Israel had "originally said it would hold its ground until a robust international force was in place between the Islamist militia and the Israeli border, but that deployment now looks to be three weeks or longer away. Relieved to be back in Israel, the returning soldiers described an enemy that had controlled the battlefield and enjoyed the element of surprise."

The CBS Evening News (8/15, story 3, 2:20, Pizzey) reported, "They aren't the last to leave, but three more Israeli tanks pulled out of Lebanon this afternoon. Their dust and exhaust-clouded dash for the border shadowed by UN solders who are supposed to monitor the withdrawal and take their place."

Mossad Said To Lack Understanding Of Hezbollah Threat. The Washington Times (8/16, Gertz) reports Israel's "storied foreign-intelligence service failed to fully understand the threat posed by Hezbollah in southern Lebanon, based on a view among many analysts that the guerrilla organization was an evolving political group, according to U.S. officials and private intelligence specialists." The Mossad had "intelligence about most Hezbollah weapons, including rockets fired into Israel and other hardware. But the service knew little about the military and intelligence side of Hezbollah, a diverse organization made up of Islamic terrorists, conventionally armed militia forces, a charity wing and a political movement."

Israeli Reservists Rely On Poll To Sway Leaders On Tactics. The Christian Science Monitor (8/16, Prusher) reports Israeli reservists, "in the midst of combat," did "what anyone wanting to influence decisionmakers here would do: get on their cellphones and commission an opinion poll. And so, from somewhere south of the Litani River in Lebanon to the Tel Aviv headquarters of one of Israel's most prominent polling groups, a hyperdemocratic dynamic was put into play: Soldiers wielding the weapon of public opinion to try to influence how the war is being waged." Intelligence Corps Officer Shmuel Yannay, "who has emerged as a kind of

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spokesman for the reservists," said, "We realize that we have to do something because it's a life-or-death situation, and so many soldiers were getting killed. We got upset, but we didn't know what to do." The Monitor adds the "question the reservists posed was of a more tactical nature. The soldiers felt they were being sent into Lebanese villages like so much cannon fodder, and wondered why the Israeli military wasn't first calling in airstrikes on houses that were confirmed Hizbullah hide-outs." In the poll, "published in the Yedioth Ahronoth newspaper on Friday, 91 percent of respondents - all civilians - said that the IDF should bomb villages from the air, while 8 percent said they should depend on ground forces. The poll was on the verge of swaying the war's execution when news of a cease-fire deal broke."

Israelis See Creation Of Buffer Zone As A "Major Achievement." Fox News "Special Report" (8/15, Tobin) reported, "Despite the expected deployment of the Lebanese on the border, Israel has no solid guarantee that Hezbollah will not be rearmed by Iran and Syria. They also failed to secure the release of the two soldiers whose kidnapping sparked the five-week war. However, prominent Israelis call the war a victory, citing the creation of a buffer zone in the south as a major achievement."

Israelis Claim To Have Slain Key Hezbollah Leader. CNN's "The Situation Room" (8/15, Blitzer) reported the Israeli Defense Forces are "saying that the head commander of the Hezbollah special forces unit in south Lebanon was killed in crossfire with Israeli troops. This commander, a man by the name of Sagid Dawer, according to the IDF, was a high-ranking commander in the organization. And the IDF considers his death a blow to the organization's leadership and a victory for Israel."

Jackson Launches Effort To Arrange Prisoner Exchange. The AP (8/16, Schweid) reports, "Trying to build on a cease-fire in Lebanon, civil rights leader Jesse Jackson launched an effort Tuesday to arrange the release of prisoners held by Hezbollah and Israel." After talking to the Israeli and Syrian ambassadors in Washington, Jackson said, "The cease-fire is a step in the right direction. Release of prisoners would reinforce the positive direction." The AP adds Jackson, "an experienced go-between, has brought Americans home from Syria, Cuba, Iraq and Yugoslavia. And, he said in an interview, 'in each instance we had a no-talk policy in that country.'"

Hezbollah Promises "Unlimited" Aid To Returning Lebanese Refugees. The New York Times (8/16, Kifner) reports that as "stunned Lebanese returned Tuesday over broken roads to shattered apartments in the south, it increasingly seemed that the beneficiary of the destruction was most likely to be Hezbollah." A "major reason — in addition to its hard-won reputation as the only Arab force that fought Israel to a standstill — is that it is already dominating the efforts to rebuild with a torrent of money from oil-rich Iran." Nehme Y. Tohme, "a member of Parliament from the anti-Syrian reform bloc and the country's minister for the displaced, said he had been told by Hezbollah officials that when the shooting stopped, Iran would provide Hezbollah with an 'unlimited budget' for reconstruction."

Fox News "Special Report" (8/15, Palkot) reported Hezbollah "is offering to help fix damaged homes and apartments. That's not all. Killed Hezbollah fighters got a hero's funeral in at least one southern Lebanon town and Hezbollah chief, Hassan Nasrallah, is being championed by the locals."

ABC World News Tonight (8/15, story 5, 2:40, Gibson) reported, "The first tentative steps to rebuild Lebanon are also beginning. Cost estimates start at more than $2 billion. But they're just estimates. As many Lebanese are discovering, the job is overwhelming." ABC (Berman) added, "For thousands of people trying to get home, Lebanon is an obstacle course of ravaged roads and bombed out bridges. The damage to the country's infrastructure is staggering. 60 of 80 major bridges destroyed, 390 miles of roads severely damaged, 7,100 homes in ruins. Who is suffering now?" Fady Nammar, Ministry of Public Works & Transportation: "All Lebanese people. All Lebanese people without no exception." Berman: "Fady Nammar, an official at the ministry of public works, says it will cost at least $100 million to fix the roads, at least $300 million to fix the bridges."

The Washington Post (8/16, A1, Shadid) reports in a front page story, "A day after a cease-fire quieted the guns in Lebanon, Hezbollah opened another front in its struggle: rebuilding its state within a state in the poor southern suburbs of Beirut and the tattered villages of southern Lebanon and the Bekaa Valley. Hundreds of activists fanned out across the country; in Khiam, at times, they outnumbered the residents. Acting on the orders of Hasan Nasrallah, the group's secretary general, they began clearing rubble, pulling bodies from collapsed homes, cataloguing damage house by house, securing truckloads of food and water, and preparing to provide tens of millions of dollars in compensation." More than "simple reconstruction, the task before Hezbollah could decide the shape of postwar Lebanon."

The Wall Street Journal (8/16, Leggett) reports in a similar front page story, "Wrapped in the reconstruction challenge is a critical struggle for Lebanon's weak government: seizing the political initiative from a Hezbollah energized by its battlefield performance against Israel." The "rebuilding of Lebanon, and who gets credit for it, are part of a larger battle for influence between the central government and Hezbollah, a Shiite Muslim group so powerful it is a virtual state-within-a-state. Reconstruction is the first real postwar test of wills between Hezbollah…and those in the Lebanese government who want Hezbollah to become purely a political party. How it goes could set the tone for whether

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Hezbollah emerges from the conflict an even stronger social force, still armed and with continuing ties to Syria and Iran, or ultimately bows to international demands and abolishes its military wing."

CNN's "The Situation Room" (8/15, Sweeney) reported that "despite the setbacks and possibility they will find their homes destroyed at the end of this journey," Lebanese refugees returning to the south "speak with one voice. 'God strengthen the resistance,' he says. The resistance of Hezbollah, whose Katyusha rockets, like these scaled-down models, were damaged but not destroyed." The Los Angeles Times (8/16, Wallace) reports on the scene in the town of Ainata under the headline, "Residents Return To Find Destruction." The Washington Times (8/16, Pisik) reports from Bint Jbeil under the headline, "Lebanese Return To Ruins."

The New York Times (8/16, Fattah) reports that "on Tuesday, secrets buried in southern Lebanon's ruins began to emerge as Lebanese Red Cross workers, health workers and Hezbollah members set upon the heaps of stone and concrete in towns along the Israeli border, digging out bodies of men, women and children trapped there for weeks. The work will last for weeks in towns with names that have become synonymous with tragedy."

Issa Was Sole US Lawmaker To Visit Lebanon. In the Washington Post's "Washington Sketch" column (8/16, A2), Dana Milbank says, "If you're trying to quantify the U.S. policy in the Middle East, here's a useful statistic: Since the fighting between Israel and Hezbollah started, 22 members of Congress have flown to Israel. Only one went to Lebanon." Rep. Darrell Issa said, "Logistically, it was difficult. The Israelis were shooting at vehicles and so on." The Post adds, "It's only marginally safer for Issa at home. One of five Lebanese Americans in Congress, Issa occupies a no man's land in U.S. politics: a conservative Republican with a powerful sympathy for the Arab cause. He supports the Iraq war and voted for a resolution backing Israel in its fight with Hezbollah, but he has also accused Israel of 'apartheid' and scolds the Bush administration for 'missed opportunities' to win Arab friends."

Tehran's Nuclear Ambitions Said To Benefit From Israel-Lebanon Conflict. In an analysis piece, the Wall Street Journal (8/16, King, A4, 2.03M) notes, "The ambiguous conclusion to Israel's latest battle with Hezbollah looks to have weakened Washington's hand, and strengthened Iran's, in the escalating showdown over Tehran's nuclear ambitions." The Administration "faces several pivotal moments in coming weeks," now that "the tussle" has returned "to the diplomatic forefront." Hezbollah's survival "has dented the U.S. diplomatic effort by weakening its key ally in the region, Israel, while providing at least a symbolic victory to the Shiite Muslim militia and its Iranian sponsors. The administration's strong support of Israel's military campaign in Lebanon has also angered some of Washington's important Arab and European partners, who objected to the widespread destruction of Lebanon's infrastructure." Support for Israel "has created deep diplomatic fissures that could hurt the US and help Iran." Qatar, China and Russia may be less cooperative now, the Journal says, and Europeans "also worry that the destruction in Lebanon has stirred within the Muslim world still deeper distrust of the" West, "further complicating diplomacy within the Security Council." However, "senior Bush administration officials say it is too early to assume Hezbollah or Iran will emerge strengthened. If the cease-fire holds and eventually results in the disarmament of Hezbollah, says one administration official, 'a big arrow will have been taken from Iran's quiver.'" The Journal says President Bush's concerns about Iran's role "is sure to gain some traction" because "Arab and European allies were deeply alarmed by Hezbollah's massive missile attacks on Israel, which were seen as further proof of Iran's growing" regional "influence."

MDA Head Will Soon Recommend Europe Missile Defense Sites. AFP (8/15, Mannion) reports that Missile Defense Agency Director Gen. Henry Obering "said he expects to make recommendations in a matter of months on where to position interceptor missiles and radar in Europe to best protect against the threat of Iranian missiles. The European site would be the first expansion outside of the United States of an unproven US missile defense system that currently is aimed at thwarting a limited long-range missile attack by North Korea." AFP notes, "The system has succeeded in only five of 10 attempts to intercept a mock warhead in space. The last intercept occurred in 2002, and that was followed by two failures."

Blair's Unpopularity Said To Linger Despite Recent Events. In its regular "Letter" feature, the New York Times (8/16, Cowell) examines the impact of the Lebanon ceasefire and the foiled terror plot on British Prime Minister Tony Blair's domestic popularity. "Both episodes might have been welcomed as a retreat from real or threatened violence on a tremendous scale. Yet both left a curious aftertaste, fueling rather than calming the public debate over Mr. Blair's performance." Events in Lebanon "led to accusations by Mr. Blair's foes that he had forfeited British influence by standing too close to President Bush," while the "terror alert provoked criticism by David Cameron, leader of the opposition Conservatives, who broke an unspoken compact with the government in a time of supposed national crisis to play the tough-on-terror card so familiar in the United States." Noting calls for Blair to step down, the Times says

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he "may be a weakened leader within the politics of the Labor Party and of Britain as a whole. But he is still an ardent believer in the same world view that inspires the Bush administration." While recent events might have been expected to generate more public support for Blair, the Times says, "the political climate and the national mood have shifted toward skepticism."

With EU Accession Talks Stalled, Turkey Said To Look Eastward. The Washington Times (8/16, Borowiec) reports Ankara's "moves to increase economic ties with the Persian Gulf countries are seen by diplomats as yet another indication of Ankara's waning enthusiasm for the European Union." Turkey is said to believe that, with "the slow pace of accession talks with the European Union, Turkey's interests would be better served by improved relations with the Arab countries of the Middle East." Turkish "attention is centering on the Arab world, particularly after a three-day visit last week by Saudi King Abdullah and the announcement by Turkish Prime Minister Recep Tayyip Erdogan of plans to double trade with the Saudi kingdom." This interest coincides, diplomats says, with "a low ebb in Turkey's relations with the United States, attributed to Turkish opposition to U.S. policies in Iraq and Washington's unconditional support for Israel during the war against Hezbollah guerrillas." Turkish officials, however, "say relations with Washington are merely in a state of 'temporary chill,' and point to a 'shared vision document' signed by the two countries last month." The Times says Washington "has always considered Turkey to be a major link between the West and the Muslim world and an example of coexistence between Islam and secularism."

Hong Kong Journalist Tried For Spying For Taiwan. The Washington Post (8/16, A9, Fan, Ng) notes Hong Kong journalist Ching Cheong, "accused by China of spying for Taiwan, went on trial in Beijing on Tuesday, but it was unknown when a verdict would be delivered, according to news media in Hong Kong." Ching was "a correspondent for the Straits Times in Singapore" when he "was detained in China in April 2005 after traveling to the city of Guangzhou to collect documents related to Zhao Ziyang, a former Communist Party leader who was purged for opposing the 1989 Tiananmen Square massacre." Ching, who "holds a British passport and has Hong Kong residency," has "denied any attempt to spy for Taiwan." The Post notes Ching's "trial was one of several cases in China in which journalists have recently been charged in a crackdown on news media. China jails more journalists than any other country, with at least 32 in custody, according to the rights group Reporters Without Borders."

Japanese Embassy Protest In Beijing Decries Koizumi's Yasukuni Visit. The Washington Post (8/16, A9, Fan) reports, "As uniformed and plainclothes police looked on, Chinese protesters incensed at the Japanese prime minister for visiting a controversial war shrine gathered Tuesday in front of the Japanese Embassy in Beijing, chanting 'Down with Japanese imperialism!' and 'An eye for an eye, blood for blood!'" Protesters denounced Japanese Prime Minister Junichiro Koizumi's "trip earlier Tuesday to the Yasukuni Shrine in Tokyo, which honors Japan's war dead, including 14 officers judged as World War II criminals." Beijing's Foreign Ministry "condemned the visit in a statement, but it also restated China's commitment to peaceful coexistence with Japan." The rally "appeared small and lasted only 20 minutes. Taken together, the statement and the protest represented a response far more muted than in years past, when Koizumi's visits to the shrine set off widespread anger among the Chinese public."

Experts Say Most Countries Unprepared For HIV Threat. The New York Times (8/16, Altman) reports, "An array of promising new methods to prevent the spread of H.I.V. may become reality in the near future, but most countries are unprepared to provide them to the hundreds of millions of people at risk of becoming infected, an international panel of experts reported here on Tuesday." The Times adds, "Findings from large studies of some prevention methods, like the use of microbicides and male circumcision, are expected within the next five years, some possibly in about a year, the panel said at the 16th International Conference on AIDS." But "the studies are complex, the methods will not offer a magic bullet to prevent the disease, and whatever preventive techniques are found to be effective will probably be combined with existing prevention strategies, the panel of 50 experts cautioned."

South Africa's Development Of Coal-To-Oil Technology Draws World Interest. The Wall Street Journal (8/16, A1, Barta) profiles South Africa's Sasol Ltd., a partly state-owned company, which "built several coal-to-liquids plants...and became the world's leading purveyor of coal-to-liquids technology." Long widely dismissed as "too expensive to be practical," the technology is now "the world's latest alternative-energy boom." The Journal reports, "China is building a coal-to-oil plant costing several billion dollars in Inner Mongolia and may add as many as 27 facilities -- including some with Sasol's help -- over the next several years." The Pentagon "is studying coal-to-oil technology as a way to reduce the American military's dependence on Middle Eastern crude oil. And the National Coal Council, an industry association, is pushing for government incentives to help generate some 2.6 million barrels of liquid fuel a day from

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coal by 2025." Senators "Barack Obama of Illinois and Jim Bunning of Kentucky, introduced a bill to offer loan guarantees and tax incentives for U.S. coal-to-liquid plants." Montana's Democratic Governor, Brian Schweitzer, "is lobbying coal companies and others to build coal-to-liquid plants across his state." The Journal notes, however, "coal-to-oil projects are extremely expensive" and "also pose serious environmental questions."

Regional Instability Predicted If Kosovo Gains Independence. In an op-ed in today's Washington Times (8/16), Michael Djordjevic explains that the Balkans "have historically been the key battlefield between Islam and European civilization since the battle at Kosovo, where the Ottoman Turks clashed with the Serbs in 1389, to the present." The conflict continued in Kosovo in the late 1990s, where "the West again failed to deal with the basic and overarching Balkan problem — the Serbian Question." While the dissolution of Yugoslavia in 1990, Serb minorities in Bosnia, Croatia and elsewhere "demanded self-determination. This was denied" when outside countries insisted "that 'borders are inviolable.' Yet now the Albanians in Kosovo are encouraged to violate the Serbian borders via self-determination, while the Bosnian Serbs in the entity of Republika Srpska are still denied the same right." The UN's post-1999 administration in Kosovo (UNMIK) produced "catastrophic results. Quickly, the province was methodically and ethically cleansed. It is now monoethnic," and "has become a den of thieves, arm smugglers and white slavers and the key narcotics transfer point to Europe." Djordjevic opposes Kosovar efforts to gain independence, saying it "will likely pave the tormenting road to 'Greater Albania,' thus assuring a permanent instability and turmoil in the Balkans." He concludes, "So long as we fail to recognize Serbia's legitimate interests and continue to violate the moral norms and international legal system, the Kosovo problem cannot be solved. … As the Serbs have already waited five centuries to regain the cradle of their civilization and identity, they will certainly try to do so again, and in much shorter time."

NYTimes Contrasts Bosnian And Iraqi Outcomes. In an editorial this morning, the New York Times (8/16) reports, "When the United States and Europe began trying to put Bosnia back together" in 1995 following four years of war, "critics said nation-building was a fool's errand. They were wrong. Today Bosnia is a mostly harmonious, increasingly prosperous country on the way to becoming normal." Even though outside powers "did not stint" in the rebuilding mission, and the High Representatives exercised "near total control over the bitterly divided ethnic groups," the effort "was hard." However, "by 2000, Bosnia was speedily reintegrating, and it is now free of ethnic violence. Even the rate of common crime is low by European standards." The High Representative's office (OHR) "will close next year, and it is time for the country to stand on its own." The Times adds, "Nation-building" in Bosnia "succeeded because no one scrimped. It is impossible to say if a much larger peacekeeping force or more attentive leadership would have made the same difference in Iraq. But the Bush administration chose to ignore plenty of early warnings — much of them drawn from the lessons of Bosnia."

WPost Says Lopez Obrador's Protest Campaign Endangers Mexican Democracy. In an editorial, the Washington Post (8/16, A12) says failed Mexican presidential candidate Andres Manuel Lopez Obrador "has turned the nation's politics into a public spectacle," having "denounced the election as a fraud and the product of a vast conspiracy, without furnishing even remotely convincing proof." Now, "he threatens to paralyze Mexico with a campaign of civil disobedience 'for years, if that is what circumstances warrant.'" The Post says that, "by daily demonstrating his disdain for the country's electoral institutions while showing no actual failure on their part," Lopez Obrador "threatens to subvert the democracy he claims to champion." While he "recklessly toys with the stability of a nation that emerged from one-party rule just this decade," the Post adds, the election "yielded big gains for" Lopez Obrador's "left-leaning Party of the Democratic Revolution; it picked up seats in the nation's Congress." The Times says Mexico "is at a turning point," and concludes that Lopez Obrador's "dwindling" protest crowds "may mean that even his partisans have begun to recognize that Mexico's continuing progress toward democracy is more important than one man's unbridled ambition."

WSJournal Questions Gunter Grass' Credibility. In an editorial, the Wall Street Journal (8/16) criticizes Gunter Grass, the "self-styled conscience of Germany" and "darling of the anti-American and anti-globalization set," for failing to disclose his membership in the Waffen SS until a recent interview. Noting a Grass claim that he witnessed racism among US service members in Germany, the Journal says, "Let's see if we get this straight. A man who just confessed to serving in an elite Nazi unit, who belonged to the Hitler youth and who may have found it hard not to notice the disappearance of Jews from his native Danzig, claims that his first experience of racism came in a US camp. Even in the Waffen SS, Mr. Grass felt morally superior to those damn Yanks, and he still does six decades later." The Journal concludes, "In a Continent liberated by American blood and treasure, this 'peace' activist can, along

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with fellow European Nobelists Harold Pinter, Dario Fo and José Saramago, bash the U.S. in comfort and freedom."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Turning West, He Hit Gold."
"Round and Orbity? Must Be A Planet."
"Legislators Throw In Towel On Key Issues."
"It's `Get These People Out Of Town'."
"Seabirds, Rain Kept Men Alive For 9 Months."
"A Death In The Family."

USA Today:
"Defining Moment For Solar System."
"Rice: Not U.N.'s Job To Disarm Hezbollah."
"Tycoon's Gift To School Raises Hopes, Questions."

New York Times:
"Hezbollah Leads Work to Rebuild, Gaining Stature."
"New Lieberman Retooling Race as Independent."
"N.J. Attorney General Quits in Ethics Breach."
"Husband Takes Schiavo Fight Back To Politicians."
"For SAT Maker, a Broader Push To The Classroom."
"State Fairs, Sagging, Arrive At County Crossroads."

Washington Post:
"Way-Out-Of-The-Norm Dorm."
"Militiamen Take Up Shovels In Relief Effort."
"Hezbollah Balks At Withdrawal From The South."
"Pluto's New Place in Space Could Be As A 'Pluton'."
"Allen on Damage Control After Remarks To Webb Aide."
"Web Searches Go Low-Tech: You Ask, A Person Answers."

Washington Times:
"D.C. Cameras Not A Snap To Locate."
"Lebanese Return To Ruins."
"Region's Home Sales Tumble."
"District Hires Firm To Study Rerouting Hazardous Cargo."
"Web Publisher's Ads Offer Textbook Case For Cost-Cutting."

Detroit Free Press:
"Terror Case Is Over But Stigma Remains"
"When IS A Car A Classic."
"Detroiter Is Home But Faces Death."
"One Answer For Ford: Sell Brands To Raise Cash."

Atlanta Journal-Constitution:
"Perdue Deal Has Rich Potential."
"Utility Seeks Nuclear Permit."
"No Offense, but Insults OK At Tech."
"Planned Parenthood."

Houston Chronicle:
"Make Space For Three new Planets."
"Court: Bible Display Must Go."
"Homeowners Lose Katrina Flood Ruling."
"Sparse Racial Categories Blur Texas' School Data."
"Guerrilla Weapons Cache may delay U. N. Force."

Story Lineup From Last Night's Network News:
ABC: Dell Recall; Battery Risk; Bush War On Terror; Syria and Iran Speak Out; Rebuilding Lebanon; Terror Profiling; Katrina Court Case; New Immigrants; New Cancer Treatment; Fighting Smoking; Sudanese Refugees.
CBS: Terrorist Plot Unfolded; terrorist Detection; Rebuilding Lebanon; Dell Recall; Hurricane Court Case; Housing Market; Alaskan Brown Bears; Spanish TV.
NBC: Terrorist Plot Unfolded; Terrorist Detection; Rebuilding Lebanon; New Immigrants; Reason To Immigrate; Fighting Extreme Islam; New Cancer Treatment; Hurricane Court Case; Housing Prices; Bottle Water VS Tap.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Tours the Harley-Davidson Vehicle Operations Plant, York, Pa.; participates in a discusssion on the economy, Closed press, Harley-Davidson Vehicle Operations facility, York, Pa.; attends a Lynn Swann for Governor reception. Lancaster, Pa. Note: Overnights at Camp David.

VICE PRESIDENT CHENEY — Arrives at Glacier Park International Airport, Kalispell, Mont.; speaks at a luncheon for Sen. Conrad Burns and Montana Victory 2006, the Lodge at Whitefish Lake, Whitefish, Mont.; speaks at a reception for congressional candidate Bill Sali. Boise Centre on The Grove.

LAURA BUSH — Speaks at Geoff Davis for Congress breakfast, Stonecrest Farm, Lexington, Ky.; speaks at a Mike DeWine for Senate luncheon, NCR Country Club, Kettering, Ohio; visits the Wright-Dunbar Village with Rep. Mike Turner, Dayton, Ohio; speaks at a Chris Wakim for Congress reception. Shaw House, Fairmont, W.Va.

LYNNE CHENEY — Participates in a conversation with Walter Isaacson as part of the 2006 McCloskey Summer Speaker Series. Aspen Institute, Aspen, Colo.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: AIRMAN SLAIN TRIAL _ 8:30 a.m. Motions hearing for Airman Calvin E. Hill, 20, of Warren, Ohio accused of murdering Airman First Class Ashley Turner at the U.S. Naval Air Station in Keflavik, Iceland. Location: Bolling Air Force Base, Suite 219, 20 MacDill Blvd. SE.

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PERES _ 10 a.m. Deputy Prime Minister of Israel Shimon Peres, in Washington to help launch The Jewish Federation of Greater Washington's Israel Emergency Campaign, holds a news conference. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

AIRPORT SECURITY _ 10:30 a.m. Rep. Edward Markey holds a news conference to urge Homeland Security Secretary Chertoff to institute inspections of all cargo on passenger plans and inspect all container ship cargo before it sets sail for U.S. ports. Location: Outside Terminal C, Reagan National Airport.

SPACE-NATIONAL SECURITY _ 10:30 a.m. The RAND Corp. holds a briefing on the final report from the National Security Space Launch Requirements Panel, with analysis of the role of the Evolved Expendable Launch Vehicle program. Location: RAND Corp., 1200 S. Hayes St., Arlington.

CLIMATE REFUGEES _ 12 p.m. Earth Policy Institute President Lester Brown holds a telephone briefing to release an analysis showing the first mass migration of ``climate refugees" has taken place in the U.S. Contacts: Clark Stevens, 202-822-5200. Notes: Callin number: 800-867-4592; passcode: Lester Brown.

DRUNKEN DRIVING _ 12 p.m. Transportation Secretary Maria Cino, NHTSA Administrator Nicole Nason, and Deputy Attorney General Paul McNulty, highway safety advocates, others, hold a news conference to launch ``the biggest crack-down on drunk driving in U.S. history." NHTSA will also release the latest alcohol fatality data, broken out by state. Location: Montgomery County Police and Fire Training Academy, 9710 Great Seneca Highway, Rockville.

LEBANON _ 12 p.m. The U.S. Institute of Peace and the Middle East Institute hold a joint panel discussion on peacekeeping possibilities in Lebanon, with Mike Bailey of RONCO Consulting, James Dobbins of RAND Corp., Arthur Hughes of the Middle East Institute, others. Location: 2nd floor conference room, 1200 17th St. NW.

IMPERATO-BROOKS _ 1:30 p.m. Daniel Imperato, independent presidential candidate, and Webster Brooks, vice presidential candidate, join independent congressional candidates in a press conference to receive endorsements for independent candidates' multi-city tour. Location: National Press Club, Zenger Room

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, AUGUST 16, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

THE SITUATION ROOM (SITROOM) 4
Bush Says US Safer But Far From Secure (WP) 16
Bush Says US Safer, But Not Yet Safe (AP) 17
Midterm Battle Looms Over Security (WT) 18
Vice President Stumps For Arizona Republicans (AP) 19
Big Talk, Little Will (NYT) 20
Britain Debates Even Tighter Security (LAT) 21
Muslim And Police Groups Reject Profiling Plans (FT) 22
British May Keep Restrictions On Carry-on Luggage (USAT) 23
Airlines May Push For Compensation In U.K. Terror Alert (WSJ) 24
British Make Arrest In Plot (WP) 24
Suspect In Alleged Airline Plot May Have Link To 9/11 Figure (LAT) 25
Another Arrest In London Plot As City's Airports Battle Chaos (NYT) 27
Pakistani Official Says A Qaeda Leader Was Plot's Mastermind (NYT) 28
Earthquake Relief Funds May Have Funded Terror Plot (NSDY) 29
British Bomb Plot Spotlights Charities (CSM) 30
Terrorist Profile Gains Disturbing Features (WSJ) 31
Journeys To Realm Of Militancy Began In Places Most Ordinary (NYT) 33
Muslim Myopia (NYT) 34
The Economics Of Fear (WP) 34
Oh, Really? (USAT) 35

Homeland Response:

"We Must Remain Flexible" (USAT) 36
Aviation Officials Defend Security Measures (WP) 37
TSA Plans To Test Enhanced Carry-On Scanners (WSJ) 38
No "silver Bullet" For Improving Air Security (USAT) 39
Airline Bombing Plot Puts TSA In A Tight Squeeze (USAT) ... 40
The Real Threat: Bombs (WSJ) 41
Terrorism Stories May Fade, But The Threat Never Does (USAT) 42
U.S. Issues Chip-Equipped Passports (WP) 43
Homeowners Lose Katrina Insurance Flood Case (USAT) 43
Insurer Wins First Case In Slew Of Katrina Suits (WSJ) 44
Storm Surge Is Flood, Judge Says (WP) 45
Judge Rules For Insurers In Katrina (NYT) 46
Federal Judge Rules Policy Excluded Katrina Flood Damage (LAW/AP) 47

War News:

Bush Said To Be Frustrated By Level Of Public Support In Iraq (NYT) 48
Bush Dismisses The Idea Of Partitioning Iraq (LAT) 50
Group Says Iran Is 'Not A Crisis' (LAT) 51
Meanwhile, In Baghdad ... (NYT) 52
Suicide Bombing, Street Battles Kill 16 In Iraq (USAT/AP) 53
16 Killed In Bombing, Gunbattle In Iraq (AP) 53
Strife Moving Out From Baghdad To Villages (WP) 55
July Was Deadliest Month Of War For Iraqi Civilians (NYT) ... 56
Evidence Points To One Ring For Five Abductions In Iraq (CSM) 58
Hostage: The Jill Carroll Story - Part 3: The First Video (CSM) 61
U.S. Amends Account Of Iraq Blasts (WP) 63
Raid By Army Sparks Clash With Iraqi Cleric's Followers; 4 Killed (LAT) 64
Pakistan Says It Arrested 29 Taliban Who Fought In Afghanistan (NYT) 65
Lockheed Says F-35 Could Fly Pilotless (WP) 66

DOJ:

Justice Department Looks To Lock Down Databases (INFOWEEK) 67

Corporate Scandals:

Former Comverse CEO Branded A Fugitive (FT) 68
FBI Says Ex-Comverse Chief Is A Fugitive; Seeks Help (Update1) (BLOOM) 68
FBI Hunts For Former Comverse Chief (NSDY/AP) 69
Comverse Ex-CEO A Fugitive From FBI (NSDY) 69
Ex-Comverse CEO Declared A Fugitive (LAT/BLOOM) 70
Xilinx Finds No Stock Options Fraud (AP-YBIZ) 70
How Backdating Is Like A 1980s 'Rockumentary' (WSJ) 71
Ex-InVision Executive To Pay $65,000 To Settle With SEC (AP) 72
ABA Criticizes Government On Legal Fees Advancement Policy (LAW) 72

Criminal Law:

Slain Student's Boyfriend Tells Of Mysterious Cell Phone Call (AP) 73
Sjodin's Boyfriend: 'She Didn't Say Goodbye' (MINNST) 74
Witnesses Tell Of Sjodin's Last Hour At Mall (GFH) 76
Hinckley Seeks More Time On The Outside (CNN) 77
Jury Begins Deliberating Ex-FBI Leader's Case (EPT) 78
U.S. Death Sentence Overturned In Shooting Of Sikh After 9-11 Terrorist Attacks (FINDLAW/AP) 79
A Gotti Approaches The Bench (NYT) 79
Judge In 'Mafia Cops' Trial Received Angry Letters After Decision (NYS) 80
Victoria Gotti Hails 'Mob Cops' Judge (NSDY) 80
Ma Gotti Hails Judge Who Whacked 'Mafia Cop' Case (NYDN) 81
Ruling On Testimony In Aryan Brotherhood Case Could Set Precedent (SDUT/AP) 81
Hotel Worker Guilty Of Fraud (TEXGAZ) 82
Police Say Crime Scene Was Altered (WP) 83
Galante Remains Free After Reprimand By Judge (DANNT) 84
Oregon Man To Stay Behind Bars For Contempt Of Court (AP) 84
Judge Rejects Vigil Defense Team's Change Of Venue Request (AP) 85
Hooks Considers Guilty Plea (MCA) 85
Hooks Announces Resignation (MDN) 86
Marlinga Gets Mail Fraud Charge Tossed, But Trial Stays On Schedule (MACOMBD) 86

Civil Law:

Bush Administration, In Series Of Federal Lawsuits Against New York Agencies, Gains Creeping Oversight Of Local Government (NYS) 87

Civil Rights:

Dozens Held As Sex-slave Ring Hit (NYDN) 89
Fed Court Dismisses ACLU Case Against FBI (UPI/UPI) 89
FBI Agent Testifies That Officer Admitted Earlier Account Wrong (MR) 90
Republican Hispanics Blast Democrats' Ad (AP-Y) 90
Husband Takes Schiavo Fight Back To Politicians (NYT) 91
FBI Settles Sex-Bias Suit Involving Non-Agents And Management Posts (WP) 93
Commandments Set For Idaho Vote (WT) 94

Antitrust:

Monsanto To Pay $1.5 Billion To Purchase Cotton-seed Company (AP) 95
Monsanto, Delta & Pine Will Try Again (SLPD) 96
Monsanto To Buy Delta & Pine Land For $1.5 Billion (Update4) (BLOOM) 98
Class Action Claims BAR/BRI Overcharged Law Students (FCDR) 99
U.S. Federal Trade Commission Extends Antitrust Review Of Barr's Proposed Pliva Buy (FINDLAW/AP) 100
Big Phone Companies Win Round In Court Over Rights To Access (WSJ) 101
Norwegian Regulators Appeal Ruling (AP-YBIZ) 101

Environment/Indian Affairs:

Sunoco, Mid-Valley To Pay $2.87 MIn In Spill Settlement: DOJ (MRKTWTCH) 102
Pipeline Firms To Pay $2.57 Million (LEXHL) 102
Regulators Look To Plug Holes In Pipeline Rules (WP) 103
BP Facing Lawsuit From US Investor (FT) 104
Federal Judge: Officials Cut Corners With Biotech Crop Permits (FINDLAW/AP) 105
'Cubby' Killed, Singer Charged (STPPP) 106
State Creates Marine Havens (LAT) 107
Gene-Altered Crops Denounced (WP) 108
Washington State Governor, Tribe Announce Settlement Over Indian Burial Site (FINDLAW/AP) 110

FBI/DEA/ATF/USMS:

Heroin Ring Busted In 15 Cities, Including Charlotte (AP) 110
More Than 130 Arrested In Breakup Of Heroin Ring (NYT) . 112
Heroin Probe Leads To 130 Arrests (WT) 112
Off To The Races (WSJ) 113
20 Arrested As Local Distributors Of Mexican Heroin (CD) .. 116
Mexico-Memphis Heroin Ring Cut (CA) 116
Arrests Tied To Nationwide Cartel (KNOXNS) 117

DOJ_NMG_0048804

U.S. Authorities Arrest Nearly 140 People In Heroin Roundup (XNA) 117
Twelve Indicted In Heroin Bust (WTHR) 118
Police: International Heroin Trafficking Group Dismantled (WLTX) 118
Reporters Must Testify In Bonds Steroid Probe (AP) 120
Judge Rules Chronicle Reporters Must Name Their BALCO Sources (SFC) 120
Chronicle Reporters Ordered To Reveal Sources In Bonds Case (LAT) 122
Reporters Must Reveal Sources For Steroid Allegations Or Risk Jail (MCT) 123
Judge Orders Chronicle Reporters To Reveal Source (Update1) (BLOOM) 124
Lawman, Cleared Of Shoplifting, Accuses Store Of Damaging Career (NYT) 125
Evidence Shows Pot Farms Lucrative (TT) 126
U.S.-supplied Planes Spray Coca At Colombian Park, Amid Doubts Over Strategy (AP) 127
Gang Summit: Building A Safer Tulsa: Gathering To Focus On Prevention (TULSAW) 128
Bomb-case Evidence Is Sent To Lab (SSJ) 129
Fugitive Task Force Will Open Satellite Office In Hudson (JJ) 130

Immigration:

Immigrants Admit Guilt In Nuptials Scam (KCS) 130
City's Rules On Illegal Immigrants Draw First Lawsuit Of Its Kind (WSJ) 131
Hispanic Activists Sue Over Illegal-immigrant Crackdown In U.S. City (FINDLAW/AP) 132
Activist Refuses Deportation, Takes Refuge In Church (CHIT) 132
Border Patrol Agents' Conviction Riles Union Chief (WT) 134

Tax:

Dentist Convicted Of Hiding $300K Of Taxable Income In Secret Accounts (AP) 135
Warrant Issued For CEO Who Failed To Show Up For Trial (AP) 135
Charities Begin At Home (WSJ) 136
Bill Is Likely To Encourage Spread Of Roth 401(k)s (WSJ) 138

Congress-Administration:

Airline Ownership By Foreigners Delayed (AP-Y) 139
U.S. Move Delays 'Open-Skies' Pact With Europeans (WSJ) 140
Medicare Sees No Increase In Premium For Drugs (NYT) . 140
Feds Looking For DOT Laptop That Disappeared At Orlando Fraud Confab (FLSUNSEN/AP) 141
Poll Says Bush Would Not Win Do-over Elections (SH) 142
Camus Comes To Crawford (NYT) 143

Other News:

Job Losses Lead To Drop In Home Prices (USAT) 144
Region's Home Sales Tumble (WT) 145
Producer Prices Show A Small Rise (WSJ) 146
Stocks Shoot Up On Prices Report (WP/AP) 147
Stocks Rally As Inflation Eases Off (NYT) 147
Positive Reports Cheer Investors, Send Stocks Up (WSJ) 149
Study Finds States Saving More Money (AP-Y) 149
What's Driving Differences In Gas Prices? (WP) 150
Companies Explore Overseas Healthcare (CSM) 152
McCain: Resentment Remains In 2000 Race (AP-Y) 154
Political Circus Travels To Iowa Fair (USAT) 154
First Lady A 'Critical Asset' At Republican Fundraisers (WP) 156
Allen On Damage Control After Remarks To Webb Aide (WP) 156
Allen Sorry For Calling Man 'Macaca' (STPPP) 158
Senator Says He Meant No Insult By Remark (NYT) 158
A Discouraging Word (NYT) 159
Poll Shows Pa. Senate Race Tightening (AP-Y) 160
A Democrat For Main Street (WP) 161
New Lieberman Retooling Race As Independent (NYT) 162
Clinton Gives Lieberman A Lesson In Independence (WP) .. 164
The Democrats Mean Business (WSJ) 164
Collins Endorses Lieberman In His Re-election Bid (BOS) .. 166
Politicial Ad Pairs Clinton, Bin Laden (AP-Y) 166
Cardin Woos Seniors With Anti-Bush Rhetoric (WT) 167
DeLay's Seat Up For Grabs, Texas Republicans Will Meet To Weigh Write-Ins (NYT) 167
McKinney Criticizes Electronic Voting (AP-Y) 169
Group To Rally Evangelical Voters (WP) 169
AP: House GOP Plans $40M Ad Campaign (AP-Y) 170
Tycoon's Gift To School Raises Hopes, Questions (USAT) 171
Gerald Ford In Minn. Hospital For Tests (AP-Y) 174
New Jersey Attorney General Quits In Ethics Breach (NYT) . 174
N.J. Attorney General Quits Over Ethics Issues (USAT) 176
New Jersey AG Resigns After Boyfriend's Traffic Stop Raises Ethics Issues (LAW/AP) 177
New Jersey Attorney General Quits On Ethics Violation (Update2) (BLOOM) 177
AOL Looking For Gold In Spam Case (WP/AP) 178
Big Box Rebellion (WSJ) 179
Rhode Island Rhapsody (WSJ) 179

DOJ_NMG_0048805

Vote Early, Not Often (WP) 180
A Path To Lasting Peace (WP) 181
Rice: Not U.N.'s Job To Disarm Hezbollah (USAT) 182
Syria, Iran Leaders Praise Hezbollah (AP) 183
German Minister Cancels Syria Trip (FT) 184
Solution And Resolution (WSJ) 185
Treasury Freezes U.S. Assets Of Syrians (AP-Y) 187
U.S. Targets Assets Of Syrians Tied To Hezbollah (WSJ) 187
After The Bombs, Politics (WP) 188
Countries Ready To Fortify U.N. Force (AP-Y) 189
U.N. Peace Efforts Threatened (WP) 190
As Israel Begins To Pull Troops Out, Lebanon And The U.N. Prepare To Replace Them (NYT) 191
Enhanced U.N. Force Likely To Deploy Within Weeks (WT) 193
Paris Seeks Assurances On Hizbollah (FT) 194
Cease-fire Solidifies After Shaky Start (AP) 195
Hezbollah Balks At Withdrawal From The South (WP) 197
Israeli Army Pulling Out Of Lebanon; Foreign Officials Head To Beirut Today (USAT/AP) 198
Israeli Forces Begin Leaving South Lebanon (FT) 199
Israeli Reservists Return From Front (WT) 200
Mossad Missed Hezbollah Threat (WT) 201
At War, Israeli Reservists Wield New Weapon: Opinion Polls (CSM) 202
Jackson Tries For Prisoner Exchange (AP) 204
Hezbollah Leads Work To Rebuild, Gaining Stature (NYT) .204
Armed With Iran's Millions, Fighters Turn To Rebuilding (WP) 206
Fractured Land Vast Rebuilding Job Looms In Lebanon; It, Too, Is Political (WSJ) 208
Clustered In Fear, And Now Death (LAT) 211
Lebanese Return To Ruins (WT) 212
As Cease-Fire Holds, Lebanese Dig For The War's Victims In The Rubble Of Many Towns (NYT) 213
In Congress, Lonely On Lebanon (WP) 214
War Emboldens Iran Ahead Of Nuclear Talks (WSJ) 215
General To Recommend US Missile Defense Sites In Europe Soon (AFP) 217
The Latest Crises Do Little For Blair's Political Standing (NYT) 218
Turkey Builds Ties To Arab Countries (WT) 219
China Tries Journalist In Spy Case (WP) 220
Beijing Rally Targets Japan's Leader (WP) 220
Experts Warn Scientific Gains On H.I.V. Not Enough (NYT) .221
Black Gold South Africa Has A Way To Get More Oil: Make It From Coal (WSJ) 222
Toward A Greater Albania (WT) 225
Now Some Good News (NYT) 226
Mexico's Moment Of Truth (WP) 227
Tin Moralist (WSJ) 227

TERRORISM NEWS:

THE SITUATION ROOM (SITROOM)

CNN's The Situation Room, August 16, 2006

WOLF BLITZER, CNN ANCHOR: To our viewers, you're in THE SITUATION ROOM, where new pictures and information are arriving all the time. Standing by, CNN reporters across the United States and around the world to bring you today's top stories.

Happening now, troops on the move here in the Middle East, with a fragile cease-fire still holding. It's 11:00 p.m. in southern Lebanon, where Israeli soldiers are heading out and Lebanese forces about to roll in. We're tracking the truce and how civilians are trying to put the bloodshed behind them.

Also, provocative words from Iran and Syria. Will Israel take the bait? It's 11:30 p.m. in Tehran, where Iran's president is declaring a Hezbollah victory. I'll get reaction in an exclusive interview with Israel's foreign minister.

And targeting terror in Britain. A new arrest in the foiled airline bomb plot.

And in Washington, President Bush huddles with top terror fighters. It's 4:00 p.m. in the U.S. capital, where the political war over homeland security is getting hotter by the day.

I'm Wolf Blitzer in Jerusalem. You're in THE SITUATION ROOM.

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First this hour, the march toward peace here in the Middle East. Defense sources say Lebanese troops now are under orders to start moving into southern Lebanon about 24 hours from now as part of the U.N.-brokered cease-fire plan. The battlefields on both sides of the Israeli/Lebanese border are mostly silent for a second day, except for some sporadic clashes.

The Israeli troops now are rolling out of southern Lebanon. The Israeli military says the pull-out should be completed within ten days. U.N. officials say peacekeepers now are patrolling the area day and night and more will arrive in the days ahead.

Thousands of Lebanese civilians, meanwhile, are trying to get back home. But safety is a serious issue, with bridges and roads destroyed by a month of Israeli airstrikes. Relief workers also are trying to make their way to hard-hit areas now that the fighting has stopped.

In Beirut today, a sign of continued support for Hezbollah militants and their campaign against Israel. Still unclear if Hezbollah plans to abide by the U.N. Security Council resolution calling for its forces to disarm. Iran's president today is claiming Hezbollah fighters defeated Israel, and Mahmoud Ahmadinejad declared U.S. plans to reshape the Middle East have been ruined. Echoing that sentiment today, the president of Syria, another nation that backs Hezbollah.

CNN's Fionnuala Sweeney is in northern Israel, but first, let's go to our Beirut bureau chief, Brent Sadler. He's standing by with the latest -- Brent.

BRENT SADLER, CNN BEIRUT BUREAU CHIEF: Wolf, first of all, news coming out of defense ministry sources here in the Lebanese capital that the Lebanese army, some 15,000 troops in all, eventually will start deploying toward the south within the next 24 hours. This to try to prevent a vacuum building up. The clock very much against now international peacekeepers, who are also supposed to be joining those Lebanese troops.

Now, Wolf, countless -- tens of thousands -- of Lebanese have been heading south under difficult conditions, making desperate journeys. I should warn you that viewers may find some parts of this upcoming report disturbing.

(BEGIN VIDEOTAPE)

SADLER (voice-over): A mass migration of Lebanese abandoned caution to make their way slowly home. It is a frustrating and perilous journey to south Lebanon, along uncertain routes. Israel says they should wait until Lebanese and international troops arrive. But no one, it seems, is listening.

Israeli bombs have gouged deep craters in roads they would normally use. Unexploded bombs litter their way, and vital bridges that Israel destroyed to cut Hezbollah supply lines have collapsed in ruins.

This is the Litani River, a strategic boundary for Israel during the fighting. No bridges are left standing here, but the desperation of people made homeless by more than a month of war turns into determination.

"Even if my farm is damaged," he says, "I just want to see it."

The river is narrow and shallow here, so one by one, they attempt to cross. Some vehicles splutter to a halt. But no one's giving up, as men join hands to muscle a truck, laden with family belongings, to safety.

Despite the setbacks and possibility they will find their homes destroyed at the end of this journey, they speak with one voice.

"God strengthen the resistance," he says. The resistance of Hezbollah, whose Katyusha rockets, like these scaled-down models, were damaged but not destroyed. For the first time since major battles stopped, it's been possible for Lebanese Red Cross teams to reach a line of bomb-blasted villages that faced Israel along what seems to be a lifeless border. They are looking for more of Lebanon's dead.

This is where Israel pulverized Hezbollah strongholds, reducing one village after another to rubble. It's still feels a dangerous place to be.

(on camera): This whole area has been heavily destroyed. This really is one of Hezbollah's front lines. They're now taking us to see what they say are civilian casualties as a result of the Israeli strikes.

(voice-over): They make a grim discovery: four decomposing bodies lie in the scorching heat; two men, two women. Killed, they say, when Israeli troops and armor punched through the village, facing a deadly storm of Hezbollah fire.

(END VIDEOTAPE)

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SADLER; As of some five hours ago, Wolf, the total death toll, the official figures, 960 dead and almost 4,000 wounded. Of Hezbollah's casualties and deaths, we still do not really know a true record of what happened behind those Hezbollah lines -- Wolf.

BLITZER: So in your conversations with government officials, representatives of the government of the Prime Minister Fouad Siniora, are they confident now that Hezbollah and Hassan Nasrallah, the leader of Hezbollah, that they're going to cooperate as these Lebanese army forces move south, backed up by a beefed-up U.N. presence?

SADLER: Yes, Wolf, I think you would not be seeing the deployment, at least the first phase of the deployment of Lebanese army, without the tacit agreement, at least, of Hezbollah. There does seem to be at this stage political will from Hezbollah and from the main parties involved, not least Israel, that now is the time to try to create some stability in the south.

But we still haven't heard an official statement yet from the Lebanese cabinet, of which Hezbollah is a part. So perhaps complications, but generally speaking, people are expecting a Lebanese army, international deployment, coming together in the next few days -- Wolf.

BLITZER: Brent, thank you very much. Let's get the latest now on the Israeli troop pullout from south Lebanon. For that, we go to CNN's Fionnuala Sweeney in northern Israel.

(BEGIN VIDEOTAPE)

FIONNUALA SWEENEY, CNN CORRESPONDENT (voice-over): Driving home, Israeli troops continue their pullout from southern Lebanon. The IDF are not saying how many will stay behind, but Israeli media reports suggest, by the end of the week, the army will have redeployed to a narrow security zone inside Lebanon. CAPTAIN DAN GORDON, SPOKESPERSON, ISRAELI DEFENSE FORCES: The redeployment is going along smoothly, under the conditions of the cease-fire agreement. Israeli commanders are talking to their parallel commanders in the vastly expanded UNIFIL force. And, so far, the cease-fire is holding.

SWEENEY: The cease-fire may still be under probation. But, in the meantime, Israeli soldiers are content to be out of Lebanon.

UNIDENTIFIED MALE (through translator): I'm not sure the war is over. But I am happy to be out right now.

UNIDENTIFIED MALE: I think Israel won the war, according to the agreement, again. If the agreement will -- going to be fulfilled, Israel won the war. If it's not going to be fulfilled, and Hezbollah were going to stay in the same places, then it -- then Israel didn't won the war.

SWEENEY: Debate rages within the country about how much Israel gained or lost in this war -- and, as the tanks are loaded up for the return journey to their barracks, varying opinions also among the soldiers.

UNIDENTIFIED MALE: All of Lebanon is kind of ruined. You know, they have nothing. We're still here. We're good.

GORDON: We know that in this particular campaign, we didn't cure the cancer that is Hezbollah, but we've put it into remission.

SWEENEY: A view shared by the Israeli Foreign Minister Tzipi Livni, who targeted Hezbollah for shooting at Israeli soldiers leaving Lebanon early Tuesday.

TZIPI LIVNI, ISRAELI FOREIGN MINISTER: It's in violation of the Security Council resolution. It's not only the spirit, it's the wording of the resolution. The resolution is binding, and it is clearly said that the meaning of cessation of hostility is full cessation of hostility and Hezbollah has to stop immediately his attacks, not only on Israel, but also on Israeli soldiers.

SWEENEY: Israel demands now that the international community step in to shore up the U.N. resolution.

(on camera): Two days into this cease-fire and these Israeli reservists are packing up to go home. The question on everyone's minds though, is for how long?

Fionnuala Sweeney, CNN, Northern Israel.

(END VIDEOTAPE)

BLITZER: Coming up, we will have much more from the Israeli foreign minister, Tzipi Livni. She has been one of the key decision makers in her nation's war against Hezbollah. I sat down with her today for an exclusive, at-length interview about the conflict, the cease-fire, her own promising political career. That interview with the foreign minister of Israel, that's coming up.

And there's new evidence of political fallout in Israel because of the war with Hezbollah. A new poll here of Israelis shows 52 percent believe the army was unsuccessful in its military offensive in Lebanon.

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Sixty-six percent say the U.N.-brokered cease-fire agreement is not good, and 60 percent of those who voted for the ruling Kadima Party say they would not vote for that party if the Israeli elections were held today. The same goes for Kadima's coalition partner. That would be the Labor Party, and now good political news for Kadima and for Labor here in Israel.

Meanwhile, Hezbollah's main supporters, Iran and Syria today, are declaring victory against Israel on behalf of the militia group. The Iranian president, Mahmoud Ahmadinejad, praised Hezbollah's fighters and mocks Israel and its allies while many Iranians cheered him on.

(BEGIN VIDEO CLIP)

PRES. MAHMOUD AHMADINEJAD, IRAN (through translator): America and England and Zionist regimes, with all the equipment, all the army they had, and they face a group of decent, devout young people, and those young people, by putting their trust in God and believing in God, fulfillment of his promises, stood against them.

(END VIDEO CLIP)

BLITZER: And we're going to have a lot more from Tehran. Our Aneesh Raman is inside Iran right now, the only U.S. television representative in the Iranian capital. We're going to be going to Aneesh shortly for more on his exclusive reports.

The Syrian president, Bashar al-Assad, also spoke out in support of Hezbollah today, and he said Israel's failure to destroy the group has doomed U.S. hopes for a new Middle East. More on that part of the story coming up as well.

Meanwhile, let's go to another major international story we are following, one that hits Americans and our security very close to home . In Britain today, another suspect was arrested into the investigation into an alleged plot to blow up U.S.-bound airplanes.

CNN's Dan Rivers reports from London -- Dan.

(BEGIN VIDEOTAPE)

DAN RIVERS, CNN CORRESPONDENT: Wolf, the police here in the United Kingdom have arrested one more person in connection with this alleged terror conspiracy in the Thames Valley area, which is about 30 or 40 miles west of London. Sources are telling me they are not seeing this as a major person in the conspiracy, but clearly they are searching lots of addresses across Britain, in High Wycombe, in Birmingham, and in London, and that may be a result of some of the leads that they've uncovered as a result of those searches. On one of the searches in London, they are saying that they have found household chemicals which could have been put together as a sort of kit of parts to make some form of explosives. Those household chemicals have been sent off to the forensic science laboratories here in London to check that what is on the tin is actually -- what it says on the tin is actually in those containers.

They have also found a number of weapons as well, and those are being looked at and a large amount of other material that they are beginning to work their way through. So this inquiry is continuing at pace. The police are also very anxious to talk to Rashid Rauf, who is the man arrested in Pakistan, a key person in this inquiry.

The extradition process is underway. No formal requests have yet been put in. We are being told that negotiations are underway for the Pakistanis and that it's a very complex process so it may take some time for him to get back here to London -- Wolf.

(END VIDEOTAPE)

BLITZER: Dan Rivers thank you.

Let's go to New York. Jack Cafferty has got "The Cafferty File." Hi, Jack.

JACK CAFFERTY, CNN ANCHOR: Wolf, you want to know why the country is in the shape it's in? Check out some of these numbers. Almost twice as many Americans can name the Three Stooges as can name the three branches of government.

When it comes to Snow White's seven dwarfs, 77 percent of us can name at least two of them, 10 percent can name one, 12 percent of us can't name any. Compare that to how many American can name the Supreme Court justices. Twenty-four percent can name two justices, 15 percent can name one and 61 percent of us can't name any. Sixty-one percent of Americans cannot name a single person sitting on the nation's highest court, the court that rules on the laws that govern us all.

There's more. Twice as many Americans can name the most recent winner of the "American Idol" as can name the Supreme Court justice who was confirmed in January. That would be Samuel Alito.

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So here's the question: What does it mean that more Americans can name the Three Stooges than the three branches of our federal government? E-mail your thoughts to CaffertyFile@CNN.com, or go to CNN.com/CaffertyFile. Pretty sad testimony, Wolf.

BLITZER: Certainly is, Jack. Thank you very much.

And coming up, President Bush makes a high profile visit in the war on terror and he's sending a strong message to voters in the battle for Congress. We will read between the lines.

And we will also find out how Democrats in Congress are fighting right back. But can they combat Republican efforts to portray them as soft on terrorists?

And later, did a top Republican senator and would-be presidential contender misspeak, or did he knowingly use a racial slur? We'll examine those questions, and the controversy dogging George Allen. All that coming up. We're live in Jerusalem. You are in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Coming up shortly, my exclusive interview with the foreign minister of Israel, Tzipi Livni. She's one of the most powerful women in Israeli politics right now, emerging potentially, one of these days as potential prime minister. That interview coming up.

President Bush today embracing his role as commander in chief of the war on terror. In the days since the foiled airline bomb plot in Britain was revealed, Republicans and Democrats have been fighting over the tough on terror mantle. It's a fight the president's party comes into with a certain advantage.

Our congressional correspondent Dana Bash is following the Democrats' counter punch, but first, let's go to our White House correspondent Ed Henry -- Ed.

ED HENRY, CNN WHITE HOUSE CORRESPONDENT: Wolf, today it was day two of the president's summer tour of all the national security agencies. You'll remember yesterday he was rolling up his sleeves at the Defense and State Departments, today huddled for five hours at the super-secret National Counterterror Center.

The point here, is that with the war on terror expected to be the defining issue of the midterm elections. The president was quick to take credit for foiling this terror plot to try to take over 10 airliners headed from U.K. to the United States.

And secondly, the president is trying to drive home the point that even while it's August, with all these hot issues going on, he's working this time. He's not on vacation unlike last summer when he took a political hit for slowly reacting to Hurricane Katrina. Take a listen to the president.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: The United States of America is engaged in a war against an extremist group of folks bound together by an ideology, willing to use terror to achieve their objectives. Our most solemn duty in the federal government is to protect the American people and I will assure the American people that we're doing everything in our power to protect you.

(END VIDEO CLIP)

HENRY: And as we often see, the president makes the point and then Vice President Cheney goes out and tries to drive that point home with a partisan punch, almost like as tag team. So it was today that the vice president speaking to the Arizona Republican Party at a fund raiser and he said voters in November have a clear choice between Republicans tough on terror and what he calls the, quote, "Dean Democrats who have defeated Joe Lieberman." He said these Democrats favor defeatism.

And the point here is that there's a new "Newsweek" poll, 55 percent of Americans now approve of the president's handling of the war on terror, up from 44 percent in May. Of course an 11-point increase for the president. When you look at the numbers on issues like Iraq, the president does not fare as well, but when you talk about the broader war on terror the president's numbers are up, so between now and November, you're going to hear both the president and the vice president try to drive that home again and again, Wolf.

BLITZER: Ed, thank you very much. Let's check in and see how the Democrats are reacting to all of this, how they are fighting back. We will bring in our congressional correspondent, Dana Bash. Dana?

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DANA BASH, CNN CONGRESSIONAL CORRESPONDENT: Well Wolf, just this afternoon, the Democratic National Committee chairman, Howard Dean, spoke to the Iron Workers Union and he telegraphed what has been a consistent Democratic theme since the London terror plot, the alleged plot, became public last week in terms of the politics here.

Republicans, as Ed has just been pointing out, have been trying to show that this is proof that Republicans are in charge and they can keep Americans safe. But Howard Dean, like other Democrats tried to make the point that this is proof that they are Republican failures.

(BEGIN VIDEO CLIP)

HOWARD DEAN, DNC CHAIRMAN: And homeland security means active screening at airports, but it also means taking care of our nuclear power plants. It means taking care of our chemical factories and our petroleum factories. It means making sure our train stations are safe. And it means putting real money as the Democrats proposed and the Republicans said no to, putting real money into intelligence inside the borders of the United States of America so we don't end up having what Britain had this past week.

(END VIDEO CLIP)

BASH: Now what you just heard there is the Democratic Committee chairman trying to learn lessons from the past two elections since 9/11, which is when something comes up, which is a big national security issue, don't run from it, but try to take it on -- try to take it on head-on.

(BEGIN VIDEOTAPE)

BASH (voice-over): Just as the president was using the bully pulpit to talk tough on terrorism, Democratic senators scattered across the country for summer recess were holding a conference call with reporters to say, not so fast.

SEN. CARL LEVIN (D), MICHIGAN: It's like a broken record and the American people are not buying his effort to gain political advantage.

BASH: Democrats are working feverishly to make sure last week's blockbuster news about the alleged London terror plot doesn't turn into a summer surprise that helps Republicans in November. The Democratic Senatorial Campaign Committee released this Internet video depicting the menacing forces still threatening Americans and sums up with this bumper sticker line: "Feel Safer? Vote for Change." This is a Democratic Party trying to learn lessons from the two elections since 9/11 when most strategists lament, they let Republicans use the war on terrorism against them and win.

The most raw examples for Democrats, in 2002, allowing Republicans to beat triple amputee and Vietnam veteran Max Cleland, by calling him weak on national security.

UNIDENTIFIED MALE: John Kerry has not been honest.

BASH: And in 2004, allowing these swift boat ads against John Kerry to go unanswered for some time.

JENNIFER PALMIERI, CENTER FOR AMERICAN PROGRESS: Democrats are often scared off by the security issue because they think it's such a vulnerability for us. And the only way to deal with that is to show we have a different world view.

(END VIDEOTAPE)

BASH: And even before the news came out last week about the alleged terror plot in London, Wolf, Democrats were already trying to learn the lessons from the past couple of elections, trying to hit back fast when they're attacked on issues of national security.

For example recently, at the beginning this month, the Republican senator from Ohio, Mike DeWine, hit his Democratic opponent on the issue of national security, said he voted to slash national intelligence program and voted against the Patriot Act.

The Democratic candidate, Sherrod Brown, with the help of his committee in his state, and the Democratic Senatorial Committee, hit right back saying that Mike DeWine sitting on the intelligence committee failed the United States before 9/11. So that is something that had already been taking place before the news from last week and certainly has been stepped up dramatically because of that news, Wolf.

BLITZER: Dana, thank you very much. Dana Bash and Ed Henry are part of the best political team on television, CNN, America's campaign headquarters.

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Still ahead, the woman who could be Israel's prime minister one of these days, talks about her country's war against Hezbollah. I sat down with Israeli Foreign Minister Tzipi Livni for an exclusive interview about the crisis. What she says happened during the 34-day war and why it was the right thing to do.

And it's the comment heard around the Internet. But will it end up derailing Republican Senator George Allen's presidential hopes? Live from Jerusalem, you are in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Welcome back to THE SITUATION ROOM, I'm Wolf Blitzer reporting today from Jerusalem. Her name may not necessarily be familiar to Americans, but she has been one of the key decision makers in Israel's month-long war with Hezbollah.

(BEGIN VIDEOTAPE)

BLITZER: And joining us now, the foreign minister of Israel, Tzipi Livni. Minister, thanks very much for joining us.

TZIPI LIVNI, ISRAELI FOREIGN MINISTER: Thank you.

BLITZER: I want to read to you what the president of Syria said today, Bashar al Assad, he said, "We tell them," referring to Israelis, "that after tasting humiliation in the latest battles, your weapons are not going to protect you. Not your planes or missiles or even your nuclear bombs. The future generations of the Arab world will find a way to defeat Israel."

LIVNI: They will not.

BLITZER: They will not, you say?

LIVNI: They will not.

BLITZER: Because this war, 34 days, against Hezbollah, a ragtag guerrilla outfit, showed that Israel is vulnerable.

LIVNI: Israel is vulnerable but Israel has all the power and Israel was attacked and Israel took a decision not to attack Lebanon back but to attack Hezbollah and there is a difference between attacking or between a war between two states, or between what Israel has done. And our decision was to target Hezbollah within Lebanon, because we didn't want to undermine the Lebanese government, and we tried to change the situation in a military operation in Lebanon against Hezbollah.

BLITZER: What -- well, what...

LIVNI: This is totally a different story when it comes to a war between states.

BLITZER: Is Syria...

(CROSSTALK)

BLITZER: ... still rearming Hezbollah right now?

LIVNI: Yes. Yes.

BLITZER: Right now?

LIVNI: Yes, Syria and Iran, through Syria, with open borders. BLITZER: Do you -- are they -- do you have evidence they are doing it now?

LIVNI: We had evidence in the last few days.

Now the idea of 1701 is to stop -- is to close the international borders of Lebanon, in order to stop rearmament of Hezbollah. The idea is to dismantle Hezbollah at the end of the process. The idea is to take Hezbollah from the south part of Lebanon, and to reduce the influence of Iran and Syria on Lebanon, through Hezbollah, and through Hezbollah to Israel.

So, I think...

BLITZER: Do you have any...

LIVNI: ... that he is nervous, President Assad, but he will have to face the new reality.

BLITZER: He's nervous about what?

LIVNI: He's nervous because the situation is going to change on the ground.

I hope that the situation is going to change in Lebanon. The idea of Resolution 1701 is to reduce the power of Hezbollah in Lebanon, is to dismantle Hezbollah at the end of the process, is to change the region.

So, now this is a beginning of a process. And President Assad is watching. And he's nervous.

BLITZER: Did -- do you have evidence that the Syrians passed on to Hezbollah sophisticated Russian-made weapons?

LIVNI: We have evidence that weapons went, were transferred from some places through Syria to Hezbollah.

BLITZER: Including Russian-made weapons?

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LIVNI: I don't want to refer to this...

(CROSSTALK)

BLITZER: Because there's some suggestion that you're concerned...

LIVNI: I know that.

BLITZER: ... that Russian weapons...

LIVNI: I know that.

BLITZER: ... found their way into Hezbollah.

LIVNI: I know that. And I really would like not to refer to this.

BLITZER: All right.

Let's talk a little bit about the whole Iranian connection. What evidence do you have that Iranians, whether members of the Revolutionary Guard or others, fought alongside Hezbollah during this war?

LIVNI: Well, this is the kind of facts that we know for years. I mean, the problem is, Lebanon is not only Hezbollah as Lebanese organization, but, also, in fact, there are members of the Iranian Revolution in -- in Lebanon. And they fought with Hezbollah against Israel.

BLITZER: Did you kill any of them?

LIVNI: I mean, this is not...

BLITZER: Did you kill any of them?

LIVNI: I really would like not to refer to these kind of facts.

But it is not -- you know, it is not a secret that Hezbollah is the long arm of Iran in the region. It is not a secret that Hezbollah wants to keep an open front with Israel for the Iranians, because we don't have a border, you know, between Israel and Iran. So, in fact, we are fighting Hezbollah. But, in a way, this is also a fight against Iran and against all the Iranian ideology.

BLITZER: There was a suggestion by one American investigative journalist, Seymour Hersh, the other day, writing in "The New Yorker," that this war that you had against Hezbollah was, in effect, a prelude to a strike against Iran, a coordinated Israeli-U.S. strike.

LIVNI: Well, I mean, the facts are that Israel was attacked about a month ago, unprovoked attack, by Hezbollah from Lebanon. And we had to react, because we wanted to send a message to Hezbollah and to Iran and to Syria and to all -- and the Hamas -- and to send a message that Israel is not willing to live with this kind of situation, in which these kind of attacks happen.

BLITZER: Was...

(CROSSTALK)

LIVNI: So, this was the answer. And this was the only answer that we could give.

BLITZER: Was it a mistake...

(CROSSTALK)

LIVNI: No.

BLITZER: ... for Israel to respond...

LIVNI: No, no, no.

BLITZER: ... the way it did on July 12, when those...

LIVNI: No.

BLITZER: ... two Israeli soldiers were kidnapped?

LIVNI: No. No, this was the right decision, because this is not only about the two Israeli soldiers.

And, on my way here, I just spoke with the father of one of the two abducted soldiers. It's about the threat, and not only about the incident. And the incident was one attack and the abduction of two Israeli soldiers. But it is more than that. And the threat is something that it's -- continues for years and years.

And it's not the first time in which Hezbollah abducted Israeli soldiers. Last time, Israel didn't react. And we believed -- and I do believe even today -- that this was the right thing to do.

BLITZER: Because those two Israeli soldiers are still being held some place in Lebanon.

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LIVNI: It was clear to me since day first, that a military operation cannot bring back the soldiers. This was not the idea of the operation.

The idea of the operation was to send a message to Nasrallah, to Hezbollah, that Israel is not willing to live, as I said before, in a situation, in a neighborhood, in which terrorist organizations, like Hezbollah, enters Israel, attack -- unprovoked -- unprovoked attack, and kidnap soldiers.

(END VIDEOTAPE)

BLITZER: And we will have much more of the interview with Tzipi Livni, Israel's foreign minister. That's coming up in the next hour, right here in THE SITUATION ROOM.

There's a development happening in New Jersey.

Betty Nguyen is following what's going on.

Betty, update our viewers.

BETTY NGUYEN, CNN ANCHOR: Wolf, we have some transit system problems to tell you about, this statement from Amtrak right here.

It has temporarily suspended service between New Jersey -- Newark, New Jersey -- and New York's Penn Station. Now, what has happened, they have discovered an unknown substance near the tracks on the New Jersey side of the Hudson River Tunnel. And, as part of the investigation, they have suspended the transit system in that line, until they determine exactly what is the source of this substance.

And they are urging, right now, passengers to call this number, 1-800-USA-RAIL, or visit Amtrak.com for more information, because, as we have been telling you, this service is disrupted as for now. It is not know exactly when it will be back up and running.

But, for those just learning of this, and you're heading down to -- it is about rush hour now -- to take the train, the transit system, Amtrak, is suspended, temporarily, between Newark, New Jersey, and New York's Penn Station.

So, you will have to contact 1-800-USA-RAIL or visit Amtrak.com to determine when that will be up and running, or make alternate plans.

So, we will stay on top of this for you, Wolf, and bring you the latest, when it becomes available to us.

BLITZER: That's an incredibly busy transit area, between Newark and Penn Station in New York.

Thanks very much for that, Betty. We will check back with you.

Is Joe Lieberman the White House's favorite to win Connecticut's Senate seat this November? After all, he's not the Republicans' official nominee. Alan Schlesinger would the Republican nominee. He has got an uphill battle for your vote. That's coming up.

And was it an innocent slip of the tongue or a deliberate slur? The controversy now facing Virginia Republican Senator George Allen that has got the Internet in an uproar.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: Welcome back.

A week after his Democratic primary defeat, Senator Joe Lieberman is getting new help from Republicans. A veterans group with GOP ties is coming out in support of his independent bid to keep his Senate seat. And even President Bush is effectively giving Lieberman a helping hand.

Let's bring in our senior analyst, Jeff Greenfield -- Jeff.

JEFF GREENFIELD, CNN SENIOR ANALYST: Well, Wolf, it was Ronald Reagan's famous commandant: Thou shalt not speak ill of any other Republican.

But the White House came awfully close on Monday. And therein lies a tale about party politics, some history, and a conspiracy theory of my very own.

(BEGIN VIDEOTAPE)

GREENFIELD (voice-over): It seemed a simple enough question: Was President Bush endorsing the Republican candidate for senator from Connecticut. What spokesman Tony Snow offered was an admirable tap dance.

QUESTION: Does the president support the Republican candidate in the state in Connecticut?

TONY SNOW, WHITE HOUSE PRESS SECRETARY: The president support supports the democratic process in the state of Connecticut, and wishes them a successful election in November.

QUESTION: So, wait, wait, wait. I realize he supports democracy.

GREENFIELD: That was only the latest bit of bad news for Alan Schlesinger, the GOP nominee. He's short on campaign funds...

ALAN SCHLESINGER (R), CONNECTICUT SENATORIAL CANDIDATE: It says Alan Schlesinger on it.

GREENFIELD: ... is trying to explain why he used a false name to gamble at a Connecticut casino, has been sued over gambling debts in New Jersey casinos.

SCHLESINGER: I'm disappointed.

GREENFIELD: He now polls six percent in the most recent poll...

NED LAMONT (D), CONNECTICUT SENATORIAL CANDIDATE: Thank you very much.

GREENFIELD: ... behind Democrat Ned Lamont and incumbent Joe Lieberman, now running as an independent.

This is hardly the only case of party lines breaking down. That happens regularly in American politics.

(BEGIN VIDEO CLIP)

FRANKLIN DELANO ROOSEVELT, PRESIDENT OF THE UNITED STATES: And it my belief that...

(END VIDEO CLIP)

GREENFIELD: Back in New Deal days, FDR won strong support from nominal Republicans, like New York Mayor Fiorello LaGuardia and Nebraska Senator George Norris.

(BEGIN VIDEO CLIP)

RICHARD NIXON (R), PRESIDENTIAL CANDIDATE: I accept your nomination for president.

(END VIDEO CLIP)

GREENFIELD: Then Democrat Ronald Reagan backed Nixon in 1960. And, in 1972, many conservative Democrats, like Texas Governor John Connally, backed Nixon over McGovern. And, in 1966, Maryland's Spiro Agnew, then seen as a moderate, even liberal, Republican, won the governorship with the backing of many Democrats angered by their nominee's positions on race.

(BEGIN VIDEO CLIP)

UNIDENTIFIED MALE: We heard a lot about those little old ladies in tennis shoes.

(END VIDEO CLIP)

GREENFIELD: And Agnew brings to mind one of the most remarkable examples of White House party politics. In 1970, the New York Senate race was a three-way battle.

Republican Charles Goodell, appointed to fill the seat of slain Robert Kennedy, adopted a strong anti-Vietnam posture, as did Democratic nominee Dick Ottinger.

Jim Buckley, brother of William F., was running as a conservative. The White House dispatched Agnew, now a fire-breathing, media-bashing conservative, to declare that he would not support a radical liberal of either party.

That drove enough liberals over to Charles Goodell's camp to deliver the Senate seat to conservative Jim Buckley.

CROWD: Let's go, Joe! Let's go, Joe! Let's go, Joe!

GREENFIELD: Which brings us to today's Connecticut race, and to Vets For Freedom, a group that backs Lieberman's independent bid.

Contributors include Dan Senor, who was spokesman for the Iraq Provisional Authority, and William Kristol, one of the prominent neoconservatives voices, who has recently advocated a U.S. military strike at Iran.

(END VIDEOTAPE)

GREENFIELD: Now here comes the conspiracy theory. Suppose you are part of the Bush White House political team. You know the Republican can't win. And you also know that the more conservatives, the more Bush administration people back Lieberman, the more likely that is to lose him votes in a state where both Bush and the Iraq war are massively unpopular.

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Now, looking to 2008, who would you rather have in the Senate, a centrist Democrat with a reputation for independence, or a Democrat who you can try to paint as an advocate of retreat and a symbol of the leftward tilt of the Democratic Party?

If you see Dick Cheney say nice things -- nice things about Joe Lieberman, you are seeing the Agnew strategy of 1970 in reverse.

Just a theory, Wolf. BLITZER: That sounds like a pretty good theory. Thanks very much, Jeff -- Jeff Greenfield, part of the best political team on television -- CNN, America's campaign headquarters.

Coming up: It's hardly the best move, if you are hoping to run for the White House. A leading GOP senator, a possible 2008 contender, is being accused of using a racial slur. Did he mean what he said? That story coming up.

And, in the battle for the Senate, is one of the nation's most vulnerable Republicans playing catch-up? New poll numbers on our "Political Radar" today.

We are live from Jerusalem. You're in THE SITUATION ROOM. .

(COMMERCIAL BREAK)

BLITZER: On our "Political Radar" this Tuesday, new tightening in one of the most critical Senate contests this November -- a new poll shows Pennsylvania's Republican incumbent, Rick Santorum, closing the gap with his Democratic challenger, Bob Casey. The Quinnipiac survey shows Casey now six points ahead of Santorum. Casey had an 18- point lead in the Quinnipiac poll back in June.

Another leading Republican senator, Virginia's George Allen, is saying he's sorry today -- at issue, the would-be presidential contender's remarks about an American college student of Indian descent.

Our congressional correspondent Andrea Koppel has more on what Allen said and the dustup afterward -- Andrea.

ANDREA KOPPEL, CNN CONGRESSIONAL CORRESPONDENT: Wolf, the campaign of Allen's Democratic challenger, James Webb has seized on this latest incident, e-mailing journalists video clips, during which and in which they say Senator Allen criticizes his opponent and makes a racial slur aimed at a campaign volunteer.

(BEGIN VIDEO CLIP)

SEN. GEORGE ALLEN (R), VIRGINIA: This fellow here, over here with the yellow shirt, macaca, or whatever his name is, he's with my opponent. He's following us around everywhere. And it's just great.

KOPPEL (voice-over): The fellow Senator Allen was referring to is 20-year-old S.R. Sidarth, an American college student of Indian descent, and, at least for the summer, a volunteer with the James Webb campaign.

Armed with this digital handycam, Sidarth had been assigned to track Senator Allen all last week, a common practice among some campaigns. But Sidarth says, it wasn't until Friday, during a speech near the Kentucky border, and with Sidarth's camera rolling, that Allen singled him out in the crowd, twice referring to him as macaca, the scientific grouping for a type of monkey, and, in some European countries, "makak" is used as a racial slur. ALLEN: So, welcome -- let's give a welcome to macaca here.

(APPLAUSE)

ALLEN: Welcome to America and the real world of Virginia.

S.R. SIDARTH, VIRGINIA SENATORIAL CANDIDATE JAMES WEBB CAMPAIGN VOLUNTEER: I was disappointed that someone like a senator of the United States would use something completely offensive.

KOPPEL: Allen's communications director denies the senator was deliberately making a racially charged remark, telling CNN, the senator didn't know Sidarth's name. He said Allen staffers had nicknamed Sidarth mohawk for the young man's short haircut, and perhaps the senator was confusing that nickname when he called him macaca.

In an interview with "The Washington Post," Allen apologized, saying he didn't know what the word macaca meant, and that he would -- quote -- "never want to demean Sidarth."

But Sidarth says, he had introduced himself to Allen earlier that week.

(CROSSTALK)

KOPPEL (on camera): And you said, "My name is Sidarth"?

SIDARTH: Yes. And he shook my hand. He also is very good with names, legendarily, that he tries very hard to learn people's name when he's meeting them.

(END VIDEOTAPE)

KOPPEL: Before Allen ran for governor in 1993, he was criticized by African-Americans for displaying a Confederate flag. And Webb's campaign wonders whether this latest incident could be part of a pattern.

Now, Wolf, just a half-an-hour ago, Senator Allen e-mailed around a statement, saying that he is concerned some of his comments have been "greatly misunderstood," in his words, by members of the media. In singling out the Web campaign's cameraman, he wrote, "I was trying to make the point that Jim Webb had never been to that part of Virginia. And I encouraged him to bring the tape back to Jim and welcome him to the real world of Virginia and America, outside the beltway, where he has rarely visited" -- Wolf.

BLITZER: Andrea Koppel, thank you very much.

And George Allen's comments at that campaign rally have received lots of play, largely thanks to the Internet.

Let's get a little bit more context and analysis from our Internet reporter, Abbi Tatton -- Abbi. ABBI TATTON, CNN INTERNET REPORTER: Wolf, it was this cheaply produced video circulating online that set this whole story snowballing.

The buzz actually started online before the video even appeared -- one pro-Jim Webb blog promising damaging footage of Senator Allen would appear imminently.

After this video was posted onto YouTube yesterday, mainly liberal blogs started linking to it heavily. It has now been viewed over 38,000 times in just 24 hours.

Now, this didn't all necessarily happen organically. It was the Webb campaign that put this video online to the site YouTube. They also e-mailed 30,000 of their supporters, asking them to look at the video and also, at the bottom there, to contribute today.

Today, the blogs are discussing this heavily, everything from what the word macaca means, to what Senator Allen meant, to the haircut of this young individual here, Sidarth, whose video is now the -- one of the top 10 on YouTube today -- Wolf.

BLITZER: Abbi Tatton, thank you -- Abbi Tatton reporting.

Still ahead, we are keeping a very close watch on troops coming and going, as the cease-fire here in the Middle East continues for a second day. Will the truce hold?

At the top of the hour, we will have fresh reports from Israel and Lebanon -- much more coming up.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: Still to come, it has become standard procedure for airline security, but are passengers safer because they take off their shoes? New questions today about terror-fighting tactics at America's airports.

And can you name the members of the U.S. Supreme Court? Jack Cafferty is riled up about Americans' knowledge of the branches of government, or lack thereof -- Jack coming back with your e-mail.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: Check back with Betty Nguyen. She has been following that situation in New Jersey involving Amtrak.

What's the latest, Betty?

NGUYEN: Well, we told you just a little bit earlier, Wolf, that Amtrak has suspended service between Newark, New Jersey, and New York's Penn Station because of an unknown substance found near the tracks on the New Jersey side of the Hudson River Tunnel.

Well, it appears Amtrak has figured out exactly what that substance is. And what it is, is a drum of hydraulic fluid that fell off of a work train. So, the all-clear has been given. The trains are back up and running. But we do have to tell you that the trains are a little backed up, which is understandable.

So, all-clear -- the good news there is that it was -- it was nothing toxic or anything like that, and the trains are back up and running -- back to you, Wolf.

BLITZER: All right, the words all clear always very good. Thanks very much, Betty, for that.

Jack Cafferty is standing by now with "The Cafferty File" -- Jack.

JACK CAFFERTY, CNN ANCHOR: The question, Wolf, was: What does it mean when more Americans can name the Three Stooges than the three branches of the federal government?

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Jon in California says: "It means we're screwed. It means that we will continue to fight worthless wars, like the war on drugs, the war on poverty, the war on terror, the war in Iraq, the war on whatever else we don't like, because the population is too stupid to do anything about it."

Thaddeus in Pennsylvania: "It means we should be very thankful that..."

(LAUGHTER)

CAFFERTY: "... only half the electorate shows up at the polls. Stop telling people to vote."

Kay writes in Memphis, Tennessee: "Americans should be familiar with the Three Stooges. They're Bush, Cheney and Rumsfeld."

Joel in Festus, Missouri -- love that name, Festus, Missouri -- "It means they're learning about our government. Face it; the Three Stooges could do a better job than the stooges we have in Washington now. And Moe, Curly and Larry got paid a lot less and did a far better job."

Johnnie in Carthage, Texas: "It means we appreciate real comedy. The comedians in Washington are just clowning around. And what they're doing to this country isn't funny at all."

And Janice in Fort Worth, Texas: "These are the people who you ask every day what you think -- or they think we should do about the world's biggest problems. Remember what Winston Churchill said: The best argument against democracy is a five-minute conversation with the average voter."

So, there you go -- Wolf.

BLITZER: Thanks very much, Jack.

Bush Says US Safer But Far From Secure (WP)

By Peter Baker

The Washington Post, August 16, 2006

President Bush said yesterday he has made the nation safer but warned that it remains threatened by terrorists, accelerating an election-year debate over his leadership in the global fight against Islamic extremists five years after the attacks of Sept. 11.

Bush touted his accomplishments in a visit to the National Counterterrorism Center a week after British authorities broke up what they called a major plot to blow up airliners bound for the United States. But former president Bill Clinton accused Republicans of using the reported plot for political purposes and questioned Bush's national security priorities.

The back and forth illustrated the emotional punch of the terrorism issue as both parties head into fall campaigns with Bush's popular standing lagging and GOP control of Congress at stake. Republicans have argued successfully to voters in the last two election cycles that they do a better job fighting terrorists, but polls have shown a sharp drop in faith in their handling of the issue. The White House believes the reported London plot offers an opportunity to remind voters that the danger from terrorism remains stark, while Democrats see an opportunity to argue that the Iraq war has distracted from the hunt for al-Qaeda.

"America is safer than it has been. But it's not yet safe," Bush said during a break in five hours of briefings at the center. "The enemy has got an advantage when it comes to attacking our homeland. They've got to be right one time, and we've got to be right a hundred percent of the time to protect the American people."

Clinton, who generally refrains from criticizing Bush by name, said Republicans have been "trying to play politics" with the London arrests. "They seem to be anxious to tie it to al-Qaeda," he told ABC News. "If that's true, how come we've got seven times as many troops in Iraq as in Afghanistan? Why has the administration and congressional leadership consistently opposed adequate checks on cargo containers at ports and airports?"

Senate Democratic leader Harry M. Reid (Nev.) said Bush has not done enough to keep the United States safe. "Five years after 9/11, al-Qaeda has morphed into a global franchise operation, terror attacks have increased sharply across the world, and the president has shut down the program designed to catch Osama bin Laden," Reid said.

The White House took issue. "President Clinton, I know, is sort of committing some politics here and accusing Republicans in so doing," spokesman Tony Snow said. "But I'll tell you what -- I think in the same position he'd be looking at the

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same options." Asked about Clinton's contention that the administration is not doing enough to go after al-Qaeda in Afghanistan, Snow said: "He doesn't know what we're doing to go after al-Qaeda. Period. He doesn't know."

Vice President Cheney accused Democrats of "defeatism," citing the victory of antiwar candidate Ned Lamont over Sen. Joseph I. Lieberman in the Connecticut Democratic primary last week. "What these Democrats are pushing now is the very kind of retreat that has been tried in the past," Cheney said at a Phoenix fundraiser. "It is contrary to our values, it would betray our friends, and it would only heighten the danger to the United States."

While the president asserted that the nation is safer, the public remains split. A Newsweek poll found that 50 percent think Americans are safer from terrorism today than before Sept. 11, 2001, while 47 percent said they are not safer. The same poll found that 55 percent approve of Bush's handling of terrorism and that Republicans have a five-percentage-point edge over Democrats on the issue.

Bush's visit to the National Counterterrorism Center, which aides said was scheduled long before the London arrests, took him to the heart of his government's interagency attack on radicals. The president attended sessions in the operations center conference room at a huge wooden table with pop-up computer terminals and drop-down video screens, where he was briefed by officials such as Attorney General Alberto R. Gonzales, Defense Secretary Donald H. Rumsfeld and Homeland Security Secretary Michael Chertoff.

Bush toured the operations center and made a point of walking into side alcoves where the FBI and CIA have staffs apart from the melded threat analysts on the main floor. Then, appearing before cameras, Bush thanked them for helping to break up the reported plot in Britain.

That, he said, "really is indicative of the challenge we face, not only this week but this year and the years to come, because the United States of America is engaged in a war against an extremist group of folks bound together by an ideology, willing to use terror to achieve their objectives."

Staff writer Karen DeYoung contributed to this report.

Bush Says US Safer, But Not Yet Safe (AP)

By Nedra Pickler

AP, August 15, 2006

President Bush said Tuesday that the foiled plot to blow up flights between Britain and the United States is evidence the U.S. could be fighting terrorists for years to come.

"America is safer than it has been, yet it is not yet safe," Bush told reporters at the National Counterterrorism Center just outside Washington. "The enemy has got an advantage when it comes to attacking our homeland: They got to be right one time and we've got to be right 100 percent of the time to protect the American people."

The counterterrorism center is located at an undisclosed site in Northern Virginia known as Liberty Crossing. It merges hundreds of government experts and more than two dozen computer networks from various federal agencies focusing on potential threats.

Its high-tech, 24-hour operations center is among the most sophisticated in the U.S. government.

Bush received a briefing from his National Security Council and Homeland Security Council and had separate sessions with each team, attending lunch with all the officials in between.

Bush spokesman Tony Snow said the meetings focused on improving and streamlining efforts to more effectively fight terrorists. He declined to be more specific, saying that would just give notice to al-Qaida.

Bush credited the workers at the center with helping to bring about last week's arrests of more than two dozen people in England and Pakistan in what officials say was a plot to blow up as many as 10 passenger planes between Britain and the United States.

"That plot and this building and the work going on here is really indicative of the challenge we face — not only this week, but this year and the years to come," he said.

Snow said it is still not clear whether al-Qaida was involved with the plot.

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"The characterizations in the past has been it has the looks of al-Qaida," Snow said. "And I'm aware of reports from other governments that it's al-Qaida. But our intelligence, at this point, does not permit us to say with confidence that that was the case."

The nation's safety looms as a major issue in the midterm elections Nov. 7. Both Republicans and Democrats are maneuvering for the political advantage in an election where control of Congress is at stake.

Democrats blamed Bush administration policies for making the country more vulnerable to outside threats.

"Five years after 9/11, al-Qaida has morphed into a global franchise operation, terror attacks have increased sharply across the world and the president has shut down the program designed to catch Osama bin Laden," Senate Democratic leader Harry Reid of Nevada said in a statement following Bush's remarks.

Sen. Carl Levin, D-Mich., in a teleconference with reporters Tuesday, accused the Bush administration of "stubbornness" and of holding an "oversimplistic" view of how to resolve Middle East tensions.

"One of the great failures of this administration has been a refusal to consider new approaches to problems," he said.

Midterm Battle Looms Over Security (WT)

By Joseph Curl

The Washington Times, August 16, 2006

Democrats have decided to fight President Bush this fall on his traditional turf -- national security -- but the president and his fellow Republicans running in the mid-term congressional elections hold an edge on the issue, which proved pivotal in the last two cycles.

The two parties are splitting the debate, with the president and Republicans pressing for tools to fight terrorism abroad as they seek to expand the issue to a global scale, and Democrats staying closer to home, arguing that the international war against terror makes Americans less safe.

"Obviously we've beefed up airport security in some ways, but as we've learned over the last week, not in every way that matters," said Sen. Hillary Rodham Clinton, New York Democrat. "We still have not done what we need to do to protect our ports, our borders, our bridges, our transit systems, our rail lines -- it's a long list."

Senate Minority Leader Harry Reid of Nevada signaled that Democrats are preparing to take the battle to the president, painting Republicans as distracted by worldwide terrorism and unfocused on needs at home.

"Five years after 9/11, the president still has not taken the necessary steps to prevent terrorists from taking explosives onto airplanes," Mr. Reid said yesterday. "Tom Kean and Lee Hamilton, the chairman and vice chairman of the 9/11 commission, said this week that the Iraq war has depleted our resources and distracted the Bush administration from making homeland security a priority."

But the president has a built-in advantage. The foiled airplane attacks have reminded Americans that he has a track record on national security, and a majority, 55 percent, approve of Mr. Bush's handling of terrorism and homeland security. That is an 11-point boost since last May and the highest rating since early 2005, according to a Newsweek poll taken after the foiled terrorist attack in London.

In addition, a CBS News poll conducted over the weekend found that terrorism has re-emerged as a major issue for many Americans: cited by 17 percent, up from 7 percent last month.

Since the arrests in London, the president has put the spotlight on his war against terror. He put out statements and a weekend radio address on the topic during his brief working vacation in Crawford, Texas, and held a press conference Monday at the State Department. Yesterday, he kept up the onslaught by spending much of the day meeting with top officials at the National Counterterrorism Center in McLean.

"America is safer than it has been, but it's not yet safe. The enemy has got an advantage when it comes to attacking our homeland -- they've got to be right one time, and we've got to be right a hundred percent of the time to protect the American people," he said.

But Phil Singer, communications director for the National Democratic Senatorial Committee, said Republicans "have a record to run from, not on."

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"Republican policies have failed to stabilize Iraq, they've turned a blind eye to North Korea's and Iran's efforts to acquire nuclear weapons, they've failed to secure ports, transit systems and borders. Everything they've tried to do has either made the situation worse or simply failed to address a key vulnerability," he said.

Still, Republicans point out that Americans have always trusted their party more on national security, and a debate just before an election can only help them. Plus, they say, Democrats have spent the past two years fighting Bush administration efforts to secure the homeland, and voters will remember that in November.

"They have politicized many aspects of the war on terror since the last election. Reid bragged about killing the Patriot Act; they've questioned the terrorist surveillance program; they politicized Abu Ghraib," said Brian Nick, communications director for the National Republican Senatorial Committee. "All of these things they've done certainly scores them political points ... with their base, which is the anti-war fringe left."

Vice President Stumps For Arizona Republicans (AP)

AP Cheney Stumps in AZ, August 16, 2006

Cheney's remarks continued criticism he first made last week following the primary defeat of Connecticut Sen. Joe Lieberman by Ned Lamont, an anti-war candidate.

"Sen. Lieberman was my opponent in 2000 - Al Gore's running mate, a longtime senator, and one of the most loyal and distinguished Democrats of his generation," Cheney said. "Joe is also an unapologetic supporter of the fight against terror. He voted to support military action in Iraq when most other senators in both parties did the same - and he's had the courage to stick by that vote even when things get tough. And now, for that reason alone, the Dean Democrats have defeated Joe Lieberman."

Cheney appeared at a $500-a-plate luncheon at the Arizona Biltmore Resort and Spa, his second visit to the state this year in support of Republican candidates. The event raised more than $300,000 for the state Republican Party. A March fundraiser for Sen. Jon Kyl raised about $500,000 for his re-election effort.

Cheney urged the 300 party faithful at the event to redouble their efforts to get out the vote, noting their efforts in 2004 gave President Bush a 10-point margin of victory in Arizona.

But the vice president spent the bulk of his speech addressing the war against terrorism and the Democrats, pointing out the ongoing "vigorous debate" on how to deal with the situation in Iraq.

He dismissed Democrats who called for a troop pullout deadline, saying it was a "bad idea." He criticized Rep. Jack Murtha, D-Pa., for his suggestion that troops be pulled back to Okinawa and his use of examples of previous pullouts.

"If we follow U.S. Rep. Murtha's advice and withdraw from Iraq the same way we withdrew from Beirut in 1983 or Mogadishu in 1993, we will simply validate the al-Qaida strategy and invite more terrorist attacks in the future," Cheney said.

The fundraiser will help the state Republican Party promote candidates in the November election.

Several state races are expected to be tight, with many pointing to the 8th Congressional District in Tucson as one most likely to need the money. Retiring Rep. Jim Kolbe's seat is being targeted by the Democratic Party, which has committed $30 million to buy ads supporting candidates in roughly two dozen districts across the country, including the 8th.

Six Democrats are vying for the chance to run in the general election, with Gabrielle Giffords, a former state senator, and former television anchor Patty Weiss leading the pack in campaign contributions.

Five Republicans are in the race, including state Rep. Steve Huffman, former Republican state Rep. Randy Graf, who lost to Kolbe in the 2004 primary, and Republican Mike Hellon, a former GOP national committeeman for Arizona. Kolbe has endorsed Huffman.

State Democrats also hold high hopes that former state Sen. Harry Mitchell, a former party chairman, can unseat U.S. Rep. J.D. Hayworth, a Republican who has been outspoken on immigration.

Hayworth said Tuesday that having the vice president stop at a party fundraiser "is always a good thing."

He said the decision voters face in November comes down to one thing.

"Who do you trust to protect the American people" Hayworth said.

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The most expensive race in the state is for the U.S. Senate seat held by Republican Jon Kyl. Kyl is facing Democratic challenger Jim Pederson, a shopping center developer and millionaire who has already funneled more than $3 million of his own money into his campaign. Kyl still leads in fundraising, however, and in the polls.

The state Democratic Party issued a statement calling Cheney's visit a mistake by the Republicans.

"This fundraiser is a real misfire in Arizona, where voters are sick and tired of this Republican Congress who can't get anything done," said Democratic Party Chairman David Waid. "It's clear from Kyl's cheerleading for Cheney and support of this failed administration that Kyl is out of touch with Arizona."

Cheney, who flew into Arizona from a vacation in Jackson Hole, Wyo., left the state immediately after his 15 minute speech, heading to a similar event in Roswell, N.M.

advertisement

Big Talk, Little Will (NYT)

By Thomas L. Friedman

The New York Times, August 16, 2006

The defeat of Senator Joe Lieberman by the upstart antiwar Democrat Ned Lamont has sparked a firestorm of debate about the direction of the Democratic Party. My own heart is with those Democrats who worry that just calling for a pullout from Iraq, while it may be necessary, is not a sufficient response to the biggest threat to open societies today — violent, radical Islam. Unless Democrats persuade voters — in the gut — that they understand this larger challenge, it's going to be hard for them to win the presidency.

That said, though, the Democratic mainstream is nowhere near as dovish as critics depict. Truth be told, some of the most constructive, on-the-money criticism over the past three years about how to rescue Iraq or improve the broader "war on terrorism" has come from Democrats, like Joe Biden, Carl Levin, Hillary Clinton, John Kerry and Bill Clinton.

But whatever you think of the Democrats, the important point is this: They are not the party in power today.

What should really worry the country is not whether the Democrats are being dragged to the left by antiwar activists who haven't thought a whit about the larger struggle we're in. What should worry the country is that the Bush team and the Republican Party, which control all the levers of power and claim to have thought only about this larger struggle, are in total denial about where their strategy has led.

Besides a few mavericks like Chuck Hagel and John McCain on Iraq and Dick Lugar and George Shultz on energy, how many Republicans have stood up and questioned the decision-making that has turned the Iraq war into a fiasco? Had more of them done so, instead of just mindlessly applauding the administration, the White House might have changed course when it had a chance.

Not only is there no honest self-criticism among Republicans, but — and this is truly contemptible — you have Dick Cheney & Friends focusing their public remarks on why Mr. Lamont's defeat of Mr. Lieberman only proves that Democrats do not understand that we are in a titanic struggle with "Islamic fascists" and are therefore unfit to lead.

Oh, really? Well, I just have one question for Mr. Cheney: If we're in such a titanic struggle with radical Islam, and if getting Iraq right is at the center of that struggle, why did you "tough guys" fight the Iraq war with the Rumsfeld Doctrine — just enough troops to lose — and not the Powell Doctrine of overwhelming force to create the necessary foundation of any democracy-building project, which is security? How could you send so few troops to fight such an important war when it was obvious that without security Iraqis would fall back on their tribal militias?

Mr. Cheney, if we're in a titanic struggle with Islamic fascists, why have you and President Bush resisted any serious effort to get Americans to conserve energy? Why do you refuse to push higher mileage standards for U.S. automakers or a gasoline tax that would curb our imports of oil? Here we are in the biggest struggle of our lives and we are funding both sides — the U.S. military with our tax dollars and the radical Islamists and the governments and charities that support them with our gasoline purchases — and you won't lift a finger to change that. Why? Because it might impose pain on the oil companies and auto lobbies that fund the G.O.P., or require some sacrifice by Americans.

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Mr. Cheney, if we're in a titanic struggle with Islamic fascists, why do you constantly use the "war on terrorism" as a wedge issue in domestic politics to frighten voters away from Democrats. How are we going to sustain such a large, long-term struggle if we are a divided country?

Please, Mr. Cheney, spare us your flag-waving rhetoric about the titanic struggle we are in and how Democrats just don't understand it. It is just so phony — such a patent ploy to divert Americans from the fact that you have never risen to the challenge of this war. You will the ends, but you won't will the means. What a fraud!

Friends, we are on a losing trajectory in Iraq, and, as the latest London plot underscores, the wider war with radical Islam is only getting wider. We need to reassess everything we are doing in this "war on terrorism" and figure out what is worth continuing, what needs changing and what sacrifice we need to demand from every American to match our means with our ends. Yes, the Democrats could help by presenting a serious alternative. But unless the party in power for the next two and half years shakes free of its denial, we are in really, really big trouble.

Britain Debates Even Tighter Security (LAT)

By Kim Murphy

The Los Angeles Times, August 16, 2006

LONDON — Less than a week after authorities rounded up suspects in an alleged plot to blow up passenger jets over the Atlantic, calls are rising in Britain to pass tougher anti-terrorism measures that would allow suspects to be held longer without charges and introduce profiling to airport screenings.

Neither measure has been formally introduced, but several senior officials and Parliament members have floated proposals to strengthen anti-terrorism laws, which already are stiffer than many measures elsewhere in the West.

Proponents say the proposals would allow police more time to assemble evidence against terrorism suspects and end long security lines at the airports.

But opponents worry about eroding civil liberties, and fear airport screening focused on those "traveling whilst Asian" will further alienate the nation's 1.5 million Muslims.

Conservative Party leader David Cameron called for a new bill of rights and measures allowing the government to use evidence gained in wiretap surveillance in court, currently inadmissible as evidence.

"I do not believe that the government is doing enough to fight Islamist extremism at home, or to protect our security," the opposition leader said.

Cameron criticized the government for limiting spending at the Home Office, which oversees law enforcement and anti-terrorism efforts, and questioned the government's failure to prosecute or deport clerics who preach hate.

"Why has so little been done to use the existing law to deal with the radicalization that is rife within our shores?" Cameron demanded.

Deputy Prime Minister John Prescott immediately lashed back, calling Cameron's accusations "almost beyond belief at a time when we should stand united in the face of alleged terrorist threats."

"His claim that we haven't done enough has to be judged against the Tories' failure to support many of the measures that we have introduced to fight terrorism," Prescott said.

The Conservative Party successfully resisted Prime Minister Tony Blair's original proposal to allow terrorism suspects to be held for 90 days without charge. The current legislation, which took effect only last month, gives police up to 28 days to build a case — a window which U.S. anti-terrorism officials, in most cases limited to 48 hours, have looked at with envy.

The Blair government has not formally proposed revisiting the acrimonious debate over terrorism measures.

But Home Secretary John Reid said in light of the new alleged terrorism plot, the potential consequences of being unable to detain suspects long enough "now should be apparent to everyone."

"When we come back to that, I hope we all remember that the police and security services say they need up to 90 days," he told the BBC.

Calls for introducing profiling techniques followed this week's chaos at the airports, where a heightened security alert created hours-long lines and resulted in extensive flight cancellations.

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Immediately, one of Britain's most senior Muslim police officers, Ali Desai, chief superintendent of London's Metropolitan Police, warned that profiling on religious or ethnic lines risks creating "a new offense in this country called traveling whilst Asian."

Oklahoma City bomber Timothy J. McVeigh and many fair-haired Chechen terrorists would have walked through such profiling systems, he argued.

"Profiling has been tried in Britain, with the Catholic community in Ireland. It didn't work. It just alienated the Catholic community," Fahad Ansari of the Islamic Human Rights Commission said in an interview.

"Even the Americans, after Pearl Harbor, they interned all the Japanese, and the American president after that had to apologize. Are we entering a situation where the future prime minister of Britain is going to have to apologize to our future generations?" he said. "It legitimizes prejudices and racism inside society."

In a proposal that already has inflamed Muslims, Former Metropolitan Police Chief Lord John Stevens called for profiling at all airports, saying Islamic terrorism in the West has been "universally carried out by young Muslim men," usually traveling alone or in small groups.

In the Times of London on Tuesday, columnist Martin Samuel picked up the theme, discounting arguments that terrorists seldom fit a terrorist profile.

"In the event of racial profiling, there will be no Mid-Surrey branch of al-Qaeda forming on the hoof. As for cunning disguises, we know them. There are two looks: beard on and beard off," Samuel wrote.

Many British officials who are floating the idea of profiling, however, talk of targeting not ethnicity, but behavior.

"If you take buckets-and-spade holiday-makers who are going off on vacation, they look like a family and they act like a family; you would exercise basic technology and you would not ask them to start removing their shoes," said Philip Baum, a former security consultant for TWA and editor of the journal Aviation Security International.

"But there are those people who are suspicious because of their behavior," he said. "Those who are looking particularly nervous or anxious, or give you some cause for concern. There, you possibly do a full physical search of body and baggage. But that would be a very small percentage of fliers."

Muslim And Police Groups Reject Profiling Plans (FT)

By Christopher Adams, Bob Sherwood, Demetri Sevastopulo

Financial Times, August 16, 2006

The prospect of extra security checks for airline passengers on race and religion was being played down by UK government insiders on Tuesday for fear of alienating the Muslim community.

Passenger profiling is believed to be among a number of options being considered by ministers who are reviewing security at UK airports following the disruption resulting from last week's alleged plot to blow up transatlantic airliners. But the proposal has sparked criticism from Muslim groups, and police groups have refused to back the idea.

Passenger profiling, including security screening according to religion or ethnicity, would be designed to allow security staff to focus on the most likely terrorist suspects. Those passengers would then face more stringent checks before being allowed to board flights.

Though profiling would also include factors such as behaviour and travel patterns, the government is wary of introducing security screening with an ethnic component as it could alienate the very community the security sources rely on to provide intelligence about potential terror attacks.

John Denham, chairman of the Commons home affairs select committee, said: "It seems to me that it's likely to prove problematic. The sort of people involved in terrorist activities don't tend to fit a certain pattern and include people of all races and potentially different ages.

"From a security point of view, it could prove to be quite misleading and from a political point of view, it could be a sensitive issue. The government have got to consider everything. … But it is likely to be counter- productive and cause great difficulties in applying it in practice."

The Association of Chief Police Officers also warned that "stereotyping" terror suspects could "create a gap" in policing for terrorists to exploit.

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"We consider that assuming the threat of terrorism to come from a particular ethnicity, faith, gender or age range would create a gap in our policing response that could be exploited by terrorists. Therefore, we brief staff carefully around these issues to ensure that stereotyping does not happen."

However, some security and aviation industry experts said profiling could bring significant benefits for airlines and airport operators. Ascend, an aviation consultancy, said an efficient, co-ordinated profiling system could speed check-in times and reduce costs for airlines an airports.

It said: "Passenger profiling is not about invading privacy but it is about finding procedures whereby frequent travellers at the very least can go through some form of registration process, using biometric and screening procedures to bypass extra stringent security checks."

While civil rights organisations have criticised the US government for implementing policies they say border on racial profiling, the US Transport Administration Authority says it does not use racial profiling to screen passengers at airports in the US.

David Heyman, director of the homeland security programme at the Center for Strategic & International Studies, said the US implemented new policies to screen passengers at airports in the wake of the 2001 September 11 attacks on New York and Washington. But he says the government abandoned the initial programme after it came under heavy criticism from civil liberties groups, who argued that the criteria used by the government to select high-risk passengers were likely to select a higher proportion of Muslims than other groups.

Stewart Verdery, former assistant secretary for homeland security, said the US public would "not stomach" pure racial profiling. But pointed out that the US does have a programme called National Security Entry/Exit Registration System, which imposes special requirements on citizens of certain countries, most of which have predominantly Muslim populations.

Mr Heyman adds TSA agents are increasingly being trained in using behavioural characteristics – a technique used widely in Israel – to identify potential terror suspects. But he says it is reasonable to assume that some screeners pay more attention to members of ethic and religious groups that are identified with terror attacks in the US and the UK.

Dennis Murphy, former spokesman at the department of homeland security, who agrees that racial profiling is ineffective, says monitoring behavioural patterns of passengers would be a much more effective way of identifying potential terror suspects.

British May Keep Restrictions On Carry-on Luggage (USAT)

By Jeffrey Stinson

USA Today, August 16, 2006

LONDON — The British government is considering making permanent new restrictions on what passengers may carry aboard aircraft after the discovery of an alleged terrorist plot to blow up passenger jets headed for the USA.

The Department for Transport was assessing whether to continue the carry-on restrictions beyond the current concern and was reviewing other air security measures, including tighter screening to spot potential terrorists and adding airport security staff.

President Bush said Tuesday that the British case is evidence that the United States could be fighting terrorists for years to come. "America is safer than it has been, yet it is not yet safe," Bush said at the National Counterterrorism Center in McLean, Va., near Washington.

As he spoke, London's Metropolitan Police announced the arrest of another suspect in the plot, the first since a roundup last week when police said they had foiled a plan to bomb airliners. The 24th person in custody was detained in the Thames Valley west of London. Police gave no other details.

British officials refused to say what changes in security measures would be made or when they would take effect.

"Our approach to security, particularly at airports, is much more complicated than just the added complementary security measures that we have introduced recently," British Defense Secretary Des Browne told the British Broadcasting Corp. "There is a degree of intelligence involved in this. But I think it's entirely inappropriate for me to speculate on what we might do."

The new carry-on restrictions, which took effect Tuesday for all travelers flying out of Britain, limit passengers to one carry-on the size of a briefcase — half the size previously allowed. A passenger may carry a laptop, cellphone and reading material in the bag, but no liquids, cosmetics or certain foods, such as pudding and yogurt. Toiletries such as toothpaste must be in checked luggage.

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According to police, the terrorist plot involved people carrying liquid explosives and other bomb components on board several trans-Atlantic flights, assembling them after takeoff and then setting off the bombs.

A representative of British airline Virgin Atlantic said permanent limits on carry-ons and a ban on liquids made sense in light of the alleged bombing plot. “You only need a few essentials for the flight,” said Paul Charles, Virgin Atlantic's director of communications. “Less hand baggage helps speed up boarding.”

Talk of tighter restrictions came as passengers endured a sixth day of delays and flight cancellations, primarily at London's Heathrow Airport, Europe's busiest with 1,250 flights a day.

British Airways canceled 20% of its flights from London on Tuesday, the same as Monday. The airline worked to clear a backlog of 5,000 pieces of stray luggage at Heathrow.

The British Airports Authority, which operates Heathrow and many of Britain's other large airports, said passengers should prepare for ongoing difficulties. “Anyone traveling over the next few days is asked to allow extra time for their journey and to arrive at the airport prepared,” the BAA said in a statement.

Airlines have lost about $948 million in revenue because of canceled flights. Carriers may seek compensation from the BAA or the British government. The BAA has forced airlines to cancel some flights since Thursday because it couldn't manage the security checks.

“We've incurred considerable costs,” Virgin Atlantic's Charles said. “We're considering asking the BAA for a rebate on the fees that we pay or … the UK government for financial support.”

The BAA statement said employees had been working round-the-clock and it is unrealistic to keep screeners in reserve for extended emergencies such as this one. It said security was not the sole cause of delays. “At Heathrow today, the longest wait is through check-in, run by airlines, not security,” the statement said.

Airlines May Push For Compensation In U.K. Terror Alert (WSJ)

By Rod Stone

The Wall Street Journal, August 16, 2006

LONDON -- Airlines said they may seek compensation from British airports operator BAA PLC, as stepped-up security measures because of an elevated terror threat have forced them to cancel hundreds of flights.

A spokesman for London's Heathrow Airport said that the situation had improved, compared with the previous couple of days, when it demanded that 20% of flights be canceled to ease congestion. "We haven't asked any of the airlines to cancel flights today," he said.

Heathrow and six other airports in the United Kingdom are operated by BAA, which was recently acquired by a consortium led by Spain's Grupo Ferrovial SA.

Although BAA didn't demand it, British Airways planned to cancel 20% of its Heathrow flights yesterday, a spokeswoman said. At Gatwick Airport, the carrier planned to cancel 11 domestic flights. British Airways said it was considering seeking compensation from BAA to cover the impact of flight delays and cancellations. A Ferrovial spokeswoman declined to comment on possible demands for compensation.

British Make Arrest In Plot (WP)

By Joshua Partlow And Craig Whitlock

The Washington Post, August 16, 2006

LONDON, Aug. 15 -- British police on Tuesday arrested a new suspect in the alleged terrorist plot to explode as many as 10 transatlantic airplanes, bringing to 24 the number of detainees held without charge in British custody.

The suspect was arrested and held in the Thames Valley area west of London, near High Wycombe, the suburb where at least four of the suspects had been detained last week, according to Scotland Yard. Two dozen people -- most of them young Muslim men from the London area -- were arrested in connection with the plot; one has been released so far. Police did not provide any information about the new suspect.

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Also Tuesday, police in Thames Valley said they had executed warrants last Thursday to search two Internet cafes, though no one had been arrested. A Thames Valley police spokesman said searches in the wooded areas around High Wycombe continued on Tuesday.

German officials, meanwhile, said they were investigating contacts between at least one of the suspects and the wife of an alleged member of the Hamburg cell that carried out the Sept. 11, 2001, hijackings in the United States.

German counterterrorism officials said one or more of the London suspects was in e-mail contact with Nese Bahaji, 25, the wife of Hamburg cell fugitive Said Bahaji. The officials did not give details or identify which suspect had contacted Nese Bahaji, who lives in Hamburg and has been under surveillance by German officials for several years.

Her husband was a friend and roommate of some of the lead Sept. 11 hijackers. He disappeared from Germany shortly before the 2001 terrorist attacks.

German authorities said they were pursuing the leads but don't believe the London plot was organized or received any support from people in Germany.

"There have been some contacts, but we don't know for certain how concrete they have been," Interior Minister Wolfgang Schaeuble told the German television network ZDF.

At British airports, the chaos generated by stricter security measures instituted last week, which banned carry-on luggage and required that every passenger be hand-searched, was curtailed. Less restrictive security rules went into effect by which selected passengers were searched and travelers were allowed to carry on one small bag. But dozens of flights were canceled at Heathrow Airport in London, passengers still were missing thousands of bags, and lengthy delays infuriated travelers.

Responding to criticism, the British Airports Authority said that Heathrow, Europe's busiest international airport, "is at the best of times significantly over-stretched because of the difficulties over many years of securing permission to grow capacity at the airport."

The statement by the authority said the airport, designed for no more than 55 million passengers a year, currently serves 68 million people a year.

"The lack of space at Heathrow makes it more difficult to accommodate congestion during a crisis," the authority said.

As a way to ease the congestion, the Transport Department reportedly discussed plans to search people based on suspicious behavior or because they belong to a certain religious or ethnic group, according to reports in the British press. The prospect of profiling passengers set off a heated debate in Britain, and some suggested such a policy would discriminate against Muslims.

"What you are suggesting is that we should have a new offense in this country called 'traveling whilst Asian,' " Chief Superintendent Ali Desai of the Metropolitan Police said in an interview on BBC television.

"There's absolutely nothing wrong with passenger profiling, as long as it's based on real intelligence -- for example, travel history and how the ticket was purchased," he said. "It becomes hugely problematic when it's based on ethnicity, religion and country of origin."

Whitlock reported from Washington.

Suspect In Alleged Airline Plot May Have Link To 9/11 Figure (LAT)

By Sebastian Rotella

The Los Angeles Times, August 16, 2006

LONDON — British and German authorities are investigating a potential link between an alleged plot to bomb U.S.-bound planes and a fugitive in the Sept. 11 attacks, officials said Tuesday.

The lead emerged as British authorities announced an inquiry into suspected diversion of charity funds to militant groups, made a new arrest and conducted 46 searches in connection with the alleged airliner plot.

Investigators are examining possible contacts between an unidentified suspect arrested in London last week and Said Bahaji, a Moroccan German who authorities said was a member of Al Qaeda's cell in Hamburg, Germany, who fled to Pakistan days before the Sept. 11 hijackers struck.

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One of the 24 suspects held here, who are predominantly British citizens of Pakistani descent with alleged ties to a militant network in Pakistan, may have tried to communicate with Bahaji through e-mails to Bahaji's wife, Nese, who lives in Hamburg, authorities said. The e-mail contacts apparently took place in 2004 and 2005, they said.

"There are indications about contacts of some of the terror suspects to Germany," said Annette Ziesig, a spokeswoman for Germany's Interior Ministry. "This is being checked at the moment. We have good and very close contacts with the British authorities. We cannot give more detailed information at the moment in order not to endanger the investigations."

If there was a relationship between the British suspect and Bahaji, it could suggest that Bahaji remained active and prominent in the Al Qaeda terrorist network, which found refuge in Pakistan and might have played a role in the alleged airplane plot.

"It could be that to the extent that the big fish have fallen, you have little fish who rise," said a European counter-terrorism official. "The movement has not lost much force."

Wanted on charges of murder in connection with the Sept. 11, 2001, attacks on the World Trade Center and the Pentagon, Bahaji is one of the few surviving members of Al Qaeda's Hamburg cell who has not been imprisoned or prosecuted.

He was a roommate in Hamburg of Mohamed Atta, the lead hijacker, and Ramzi Binalshibh, an imprisoned alleged coordinator of the attacks. Authorities said Bahaji took advantage of his German citizenship to provide logistical support and cover as the conspiracy developed.

On Sept. 4, 2001, authorities said, Bahaji flew to the Pakistani port city of Karachi with three Algerian extremists, joining an exodus of operatives involved in the impending attacks. He then reportedly made his way to an Al Qaeda camp in Afghanistan. His trail ended there, but he remained in touch with his wife via e-mail, according to trial evidence presented in Germany last year.

In July, German police arrested a Moroccan extremist accused of undergoing explosives training at an Algerian camp and recruiting militants for Iraq. Police said the Moroccan had acted as a conduit for messages between Bahaji and his wife.

An FBI official said U.S. authorities had no specific knowledge of the suspected contact between the accused British extremist and Bahaji. But the official said the FBI and the CIA were hunting for Bahaji and thought he was being sheltered in Pakistan by Al Qaeda operatives.

The FBI official said Bahaji and other Al Qaeda operatives who initially fled to Afghanistan, where U.S. military forces are active, had moved to Pakistan.

In another development involving Pakistan and Germany, British newspapers reported that two suspects being held by Pakistani police in connection with the alleged airliner plot had German contacts, and that one had traveled to Germany before.

Also Tuesday, a British watchdog agency disclosed that it had opened an inquiry into reports that funds raised by a Muslim charity, Crescent Relief, had been diverted by the alleged plotters. The Charity Commission also confirmed that Crescent Relief, based in Ilford, England, had a connection to the family of Rashid Rauf of Birmingham, who is alleged to be a key figure in the case. Pakistani authorities have said Rauf's arrest in Pakistan spurred the roundup of suspects last week in Britain. The suspects include Rauf's brother Tayib.

The charity was incorporated in 2000, and its founding directors included businessman Abdul Rauf, now 53, the father of the two suspects, according to documents provided by the Charity Commission. The founders said the goal of the charity was to help "refugees, epidemic and natural disaster victims," as well as the homeless and drug addicts, the documents said.

Recent news reports in Western and Pakistani media have said that charities collecting funds to help victims of October's earthquake in Pakistan may have been used to funnel money to militant groups in Pakistan and to the alleged plotters.

Without providing specifics, a Charity Commission spokeswoman said the agency was investigating those allegations.

"The Charity Commission takes the issue of allegations concerning charities and terrorism very seriously," spokeswoman Grace Money said. "We are aware of the speculation raised in newspapers over the weekend suggesting links between U.K. charities and the recent bomb plot. However, as the regulator for charities in England and Wales, we use our legal powers on the basis of evidence. We are looking into the suggestions that have been made to decide what regulatory action may be required by the commission."

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In Washington, Treasury Department officials said they were helping British and Pakistani authorities trace money believed to have helped finance the alleged plot to see whether any of it came from charity groups or Pakistani militant organizations such as the outlawed Lashkar-e-Taiba and its successor organization, Jamaat ud-Dawa.

The two groups were "quite active" in earthquake relief efforts in Pakistan while plotting to advance their terrorist agendas, Treasury Department officials said. A recent Treasury Department report expressed concern that militants were abusing charity efforts amid "weak to nonexistent government regulation or oversight."

Teams of British anti-terrorism police took to the streets again Tuesday in a follow-up operation to last week's raids. They searched 46 locations, including businesses and residences, along with 20 cars in the Thames Valley. The area is about 20 miles from the London suburb of High Wycombe, where several suspects lived.

The targets included two Internet cafes in Slough, a town with a large Muslim population, police said. Lengthy surveillance of the suspects revealed that they tried to avoid detection by communicating from Internet cafes rather than from home computers, a British security official said. Police have identified computers that were used and are reviewing them for evidence, the official said.

The operation also involved the arrest of a suspect in the Thames Valley area, but police disclosed no details about the detainee. In recent days, officials have said the 24 men jailed here, along with as many as 17 held in Pakistan, constituted the major suspects in the case.

Another Arrest In London Plot As City's Airports Battle Chaos (NYT)

By Sarah Lyall

The New York Times, August 16, 2006

LONDON, Aug. 15 — The authorities said Tuesday that they had made another arrest in what they described last week as a major terrorist plot to blow up trans-Atlantic airplanes. The new arrest, in the Thames Valley area, the police said, brings the number of people being held to 24.

None have been formally charged. No details were disclosed about the new arrest.

At the same time, London's main airports continued their efforts to end the chaos of canceled flights, missing baggage and lost revenue brought on by Thursday's increased security restrictions. As the airlines said delays in security screening were the fault of BAA, the company that owns and operates London's largest airports, a debate broke out over whether passenger screening should focus on people whose appearance suggests they pose the greatest likelihood of being dangerous.

The government has not officially proposed a change, and a spokesman for the Transport Department said the department would have no comment on its screening plans. But after London newspapers reported that the department had discussed the possibility of singling out people who, for example, behave suspiciously or who have certain ethnic or religious backgrounds, a flurry of outrage erupted from South Asians and Muslims.

Such a program, they said, amounted to racial profiling.

"What you are suggesting is that we should have a new offense in this country called 'traveling whilst Asian,' " Chief Superintendent Ali Desai of the Metropolitan Police, who is Muslim, told the BBC program "Newsnight."

The furor began on Sunday when Lord Stevens, a former Metropolitan Police commissioner, endorsed the approach in a commentary in News of the World.

Criticizing the rigorous checks imposed on all passengers now — with a large percentage still being searched by hand, in addition to the usual checks — Lord Stevens said that he was a "white 62-year-old, 6-foot 4-inch suit-wearing ex-cop" who did not fit the profile of a suicide bomber.

But, he said, he and others were still subject to strict screening rules that slowed the process and wasted resources. "The truth is, Islamic terrorism in the West has universally been carried out by young Muslim men, usually of ethnic appearance, almost always traveling alone or in very small groups," he wrote.

The leader of the opposition Conservative Party, David Cameron, refused to rule out such an approach. Decisions about screening should be based on "what's right in terms of intelligence and policing," he said, and not "people making politically correct judgments in Whitehall and Westminster."

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He attacked the government's antiterrorism program, saying it had not done enough to root out Muslim extremism.

"Why have so few, if any, preachers of hate been prosecuted or expelled?" he asked. "Why has so little been done to use the existing law to deal with the radicalization that is rife within our shores?"

Meanwhile, at London's airports, conditions were still bad, though not as bad as in recent days.

Starting Tuesday, passengers were allowed one carry-on bag — which could include laptop computers and cellphones but no liquids.

British Airways announced, though, that it had misplaced or not returned 10,000 checked bags since the security alert began last week, about half of which were piled up at various airports. It did not say where the other 5,000 bags were. The airline also said that it had canceled some 700 flights — of nearly 2,400 cancellations from all airlines — since Thursday.

On Monday night, the airline's chief executive, Willie Walsh, delivered a scathing attack on BAA, the airport operator.

"Since 9/11, everybody has known there might be times when extra measures would be needed," he was quoted Tuesday by The Daily Mirror as saying. "Yet when the moment struck, BAA had no plan to keep the airport functioning properly. The result has been there for all to see. The queues for security have wound all around the terminals like a bad dream at Disneyland."

For his part, Michael O'Leary, the chief executive of the budget airline Ryanair, attacked the prohibitions against many carry-on items.

"Surely common sense would suggest that if the safety and security of British citizens is under threat, why has the government not banned luggage, liquids and gels on the London Underground or on the Eurotunnel?" he asked in a television interview. He urged the government to "return air travel in Britain to normal."

Pakistani Official Says A Qaeda Leader Was Plot's Mastermind (NYT)

By Ismail Khan And Carlotta Gall

The New York Times, August 16, 2006

ISLAMABAD, Pakistan, Aug. 15 — A senior Pakistani intelligence official told reporters here Tuesday night that a leader of Al Qaeda based in Afghanistan was the mastermind of the reported plot in Britain to blow up American airliners.

But the official, speaking on condition of anonymity, did not identify the leader or provide other details. He said the supposed mastermind was comparable in importance to Abu Faraj al-Libbi, a Libyan said to have been a high-ranking Qaeda official, whom Pakistan arrested in May 2005 and turned over to the United States.

"It is not Osama bin Laden and it's not Ayman al-Zawahri but it was someone close to the rank of Abu Faraj al-Libbi," the intelligence official said, referring to the top two Qaeda leaders.

Since the plot was disclosed last week, Pakistani officials have said it was linked to Qaeda operatives based in Afghanistan.

But American officials and experts on terrorism have said they believed that many senior Qaeda members were hiding on the Pakistani side of the border with Afghanistan, an area that Pakistan has struggled to control.

Seth Jones, an analyst with the RAND Corporation who follows Afghanistan, said "most of them are on the Pakistani side of the border."

The Pakistani intelligence official also said British security officials who were monitoring the reported plot wanted to let the suspects go ahead with a dry run but were dissuaded by the United States and Pakistan.

"We went for the disruption approach," he said. He also said that Pakistani officials had arrested six or seven people linked to the plot along with Rashid Rauf, a British citizen born in Pakistan who has been described as one of its leaders.

He said that the arrest of Mr. Rauf was the key to foiling the plot and that he was a link between Al Qaeda and the suspects arrested in Britain.

Earlier Tuesday, a spokeswoman for Pakistan's Foreign Ministry dismissed reports that investigators were looking into whether charity money raised for earthquake relief had been diverted to plotters.

"These are all absurd stories," the spokeswoman, Tasneem Aslam, said at a news briefing, referring to articles in The New York Times and The Washington Post. "The objective is to malign Pakistan and to cast a shadow on the efforts made by Pakistan to uncover and foil this terrorist plot. The invidious and ridiculous nature of these claims becomes evident from the fact that the claim is that money was transferred to Pakistan at the time of the earthquake and then transferred back to England."

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She said that relief funds had been handled in a very transparent way and that there was no link between relief money and the reported plot.

Ms. Aslam also denied reports that Mr. Rauf was linked to any relief or Islamist organization in Pakistan.

“Rashid Rauf had nothing to do with any charity involved in the earthquake relief work or with any relief work as such,” she said.

Earthquake Relief Funds May Have Funded Terror Plot (NSDY)

By Carol Eisenberg

Long Island Newsday, August 16, 2006

WASHINGTON -- Money-laundering experts from the FBI and Scotland Yard are tracking whether millions of dollars donated to Pakistani earthquake relief may have been siphoned to conspirators plotting to blow up American airliners.

"FBI agents have just arrived in the United Kingdom to help go through the books and try to track the money," said a source briefed on the U.S. investigation. "They're looking at several Islamic charities specifically involved with earthquake relief, but also at others."

One of those charities, Jamaat-ud-Dawa, the political wing of a banned Pakistani group fighting to oust India from Kashmir, played a critical role in relief efforts after the October 2005 earthquake. It has also been linked to al-Qaida by the U.S. government. The group denied any connection to the terror plot yesterday.

Another group, Crescent Relief, was registered in East London by Abdul Rauf, the father of two brothers arrested in the plot -- Rashid Rauf, 25, described by Pakistani authorities as "a key person" in the plot with connections to al-Qaida, and Tayib Rauf, 21, arrested in Birmingham, England.

The role that earthquake relief played as a cover for terrorist activities is also being examined more generally, since investigators say that several of the British plotters traveled to the Kashmiri region, ostensibly to answer the call for volunteers, but found their way to a terrorist training camp where they received explosives instruction, said the source.

While some members of the British Muslim community have speculated the men may have been "brainwashed" by people they met in Kashmir, U.S. investigators believe "they were not radicalized by their efforts in Pakistan, but that those who went there, went there to be trained," the source said.

Counterterrorism expert Evan Kohlmann said al-Qaida has historically used charitable groups as a cover to slip below the radar of intelligence agencies, as well as a way to tap money.

"So anytime you have a cell with multiple connections to Islamic charities, they raise immediate alarm bells because that's a historic pattern," he said.

Kohlmann said that, generally, such charities do perform charitable works.

"But then, the money is skimmed off the top, either deliberately by someone at the top of the organization or someone at a mid-level, perhaps without the knowledge of the directors of the charity."

It could not be determined how many of those arrested Thursday went to Pakistan after the earthquake, which killed more than 70,000 people and left millions homeless in the Pakistan-administered region of Kashmir. Twenty-three men and one woman were rounded up in nighttime raids last week, with one released a day later. Another unidentified man was arrested in Britain yesterday.

The charity receiving the most attention so far is Jamaat-ud-Dawa, whose possible link to the plotters was reported by The New York Times on Monday. The extremist group, whose name means Islamic Missionary Movement, moved quickly into the vacuum created by the government's slow response to the earthquake, doing extensive rescue and relief work. The group is the successor to Lashkar-e-Taiba, ("the army of the pure"), which was banned by Pakistan as a terrorist organization. It is also one of the largest and best-trained groups fighting Indian forces in the disputed Himalayan province.

Besides money believed donated to the group by British Muslims, a subsidiary was set up to collect donations from Americans via a bank in Karachi, Pakistan, that has a relationship with the Bank of New York enabling it to accept deposits.

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However, Bank of New York spokesman Kevin Heine said, "There have been no transactions in the name of that organization through our bank. And any attempt to transfer funds to this organization would automatically be blocked by our screening filters for organizations on the Treasury Department's list of terrorist groups."

In April, the subsidiary of the group was designated an alias for a terrorist group, according to a State Department Web site.

A spokesman for Jumaat-ud-Dawa in Lahore, Pakistan, denied any link to the terrorist plot in a statement on its Web site.

"Jamaa-ud-Dawa has no network in the UK and it never raised funds from Britain or any European country," he said in a statement. "... During last year's earthquake, Jama-ud-Dawa has done a great job for the victims, and individuals and organizations from across the world joined hands with JuD."

British Bomb Plot Spotlights Charities (CSM)

By David Montero

The Christian Science Monitor, August 16, 2006

ISLAMABAD, PAKISTAN

For months they dispensed earthquake aid with vigor and dedication. Locals and government officials - even Pakistan's president - praised their work. Analysts said they were more effective at earthquake relief than the state.

But now Jamat-ud-Dawa, a charity banned by the US State Department in April, is at the center of a firestorm suggesting they were doing more than lending a needed hand. The group's leader has been placed under house arrest, and investigators in England and Pakistan are probing whether the group provided financial and logistical support to the London terror suspects, raising fears that it has an appetite for militancy on the international stage.

The New York Times reported that Jamat-ud-Dawa's offices in England were said to be responsible for channeling funds for the plot, which were raised under the guise of earthquake aid. England's Sunday Mirror reported that three Britons arrested in Pakistan received substantial money transfers from several charities, totaling millions of dollars, into at least three bank accounts in Kashmir.

With news of Jamat-ud-Dawa's involvement circulating widely, analysts in Pakistan cautioned against jumping to any conclusions, saying the group's history and recent evolution suggest it has neither the political will, nor the capacity, to be involved in an international terrorist plot.

"Jamat-ud-Dawa has realized that militancy cannot be an agenda in the long run. They have to divest themselves. That is why they have created schools and health clinics. So they're working like Hamas, to spread their religio-political influence," says Ershad Mahmud, an expert on Kashmir at the Institute for Policy Studies, an Islamabad think tank. "I don't think they're so naive as to put their whole infrastructure at risk."

However, Islamic charities are typically poorly supervised, and there are numerous instances of well-known charities in countries like Pakistan, Saudi Arabia, and Indonesia doing good works while simultaneously funneling money to militants. Militant organizations have frequently used charitable activities to build sympathy and recruit new members around the world.

Intelligence officials in Pakistan say there is no direct evidence of Jamat-ud-Dawa's involvement in the plot, but that they are still probing whether the group provided logistical or financial support.

"We are trying to trace links between suspects arrested in Britain and their aides in Pakistan. We have taken several members of militant groups into custody," says one intelligence official, speaking on condition of anonymity.

Intelligence officials here also said they are investigating other quake-related money flows from charities and individuals in the US, the UK, and other parts of Europe to different welfare-based groups and individuals in Pakistan. "We are also seeing whether the money was misused by any religious group," says one intelligence official.

Meanwhile, media reports have surfaced that funding from a British charity, Crescent Relief, was behind the plot.

The organization, which has denied involvement, allegedly sent substantial sums of money to three different bank accounts in Kashmir last December, says Sajjan Gohel, a terrorism analyst at the Asia Pacific Foundation in London.

The father of two men arrested last week in connection to the plot - one in England, and another, Rashid Rauf, in Pakistan - was a founding director of Crescent Relief. His home in Birmingham, England, was searched by police last week.

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"Rashid Rauf is now being seen as the linchpin between those arrested in Britain and those picked up in Pakistan," says Mr. Gohel.

While British authorities have not publicly acknowledged any ties between Crescent Relief and the terror plot, the Charity Commission office has said they are looking into the claims.

Pursuing the finance trail in such investigations is well worth the effort, says Paul Wilkinson, chairman of the Centre for the Study of Terrorism and Political Violence at St. Andrews University in Scotland.

"We need to recognize that quite small sums [can be] a lot of money for a terrorist organization in terms of acquiring materials, buying airfares, establishing a safe house," he says. And the finance trail often leads to support individuals. For example, Hambali - a key player in the 2002 Bali bombings with ties to Al Qaeda - was traced as a result of a financial transaction in Thailand.

In Islamabad, Tasneem Aslam, spokeswoman for the Foreign Ministry, dismissed claims that Pakistan was investigating money flows from Islamic charities. She also dismissed as baseless media claims that Jamat-ud-Dawa was in any way tied to the London terror plot. "Some one has cooked up this story," she says.

Hafeez Mohammed Saeed, leader of Jamat-ud-Dawa, was placed under house arrest only days before the London terror plot was unearthed, feeding speculation that his organization was involved. Ms. Aslam, however, denied these reports. "He was detained because the government felt that he was making statements that were not in the public interest. But it has nothing to do with the terrorist plot," she says.

Khwaja Khalid Farooq, the city police chief of Lahore, where Mr. Saeed resides, confirmed this, saying that Saeed was scheduled to hold a rally that the government feared might stir unrest. "We had orders from the government to detain Hafeez Saeed at his house. The [Jamat-ud-Dawa] leader was scheduled to address a public meeting on Aug. 12 in connection with Pakistan Independence Day. His group had applied for permission, which the government had declined," Mr. Farooq says.

A spokesman for Jamat-ud-Dawa, Yahya Mujahid, also denied that his organization was involved in the London terror plot. "We are a charity organization. We have got nothing to do with any terrorist activity." Mr. Mujahid maintained that the group had not received any funds from UK-based organizations or individuals during the quake relief. "We challenge anybody having any evidence of our receiving money from the UK to come forward."

Whether Jamat-ud-Dawa is a front for a terrorist organization has long been a subject of debate. Hafeez Mohammed Saeed is the recognized former founder of Lashkar-i Tayyaba, a terrorist organization credited with several attacks against Indian interests in the disputed territory of Kashmir. Mr. Saeed left the organization when it was banned in 2002, and formed Jamat-ud-Dawa, ostensibly a welfare organization.

But many believe the two organizations are one and the same. Punjab police records say Jamat-ud-Dawa has not been involved in any terrorist activities. But the Pakistani Crimes Investigation Department says the organization is just another face of Lashkar-i Tayyaba.

Intelligence officials, speaking anonymously, claimed that Jamat-ud-Dawa is merely a change in name, and that the group is actually still Lashkar-i Tayyaba, with both groups supervised by the same command. The intelligence officials went on to say that Jamat-ud-Dawa, while never implicated directly in terrorist activity, runs seminaries that have the potential to provide militant training. They added that at least one of the bombers involved in the July attack on London's subways had stayed at the main headquarters of Jamat-ud-Dawa near Lahore during his visit to Pakistan.

Analysts warned against facile assumptions. "I have visited many Jamat-ud-Dawa schools and clinics. It doesn't mean I'm part of any network," said Mr. Mahmud.

Terrorist Profile Gains Disturbing Features (WSJ)

By Cassell Bryan-Low And David Crawford

The Wall Street Journal, August 16, 2006

As British police piece together the alleged plot to down airlines over the Atlantic, emerging details point to a troubling -- and growing -- strain in Islamic terrorism in Europe: the involvement of women and middle-class, university-educated young men.

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The origins of the plot date back to before the July 2005 London bombings, according to a person familiar with the matter, and involved a wide group of alleged plotters. At least three of the detainees rounded up last week are women, according to Hanif Qadir, who runs a youth group in east London, where many of the suspects lived. Most of the men were middle-class, many with jobs. One was a student and head of an Islamic society at a large London university.

They are a marked contrast to the stereotype of a homegrown Islamic terrorist as a disaffected young man on society's fringes, such as Richard Reid, the British citizen who unsuccessfully tried to ignite a shoe bomb on a Miami-bound flight in December 2001.

British police late yesterday said they had arrested another person in the Thames Valley in connection with the plot. There are now 24 people in custody in the United Kingdom; one was released.

Pakistan believes the plot traces back to a top al Qaeda leader in Afghanistan, said a senior Pakistani intelligence official, as a team of British investigators arrived in Pakistan. Pakistan's probe has netted seven suspects, including two Britons, the official said, adding that more arrests are expected in the next few days. Since its arrest last Wednesday of a British citizen of Pakistani origin, Rashid Rauf, the Pakistani government has maintained that the plot had roots in neighboring Afghanistan with al Qaeda, a charge the Afghanistan government denies.

British investigators have intelligence that shows the roots of the plot predate the July 2005 bus and train attacks in London, but it isn't known how many of the suspects were part of the original planning, according to the person familiar with the matter. This person said, however, that bringing down airliners in midair likely wasn't part of the original plan. British authorities don't believe at this time that huge sums of money were needed to fund the operation. A model for funding may be the July 2005 attacks, which cost less than £8,000, or $15,000, according to a government report.

Experts say middle-class and British university-educated terrorists are particularly effective because they are difficult to spot as extremists. And the involvement of women "throws out everything we ever thought about profiling," says Farhana Ali, a policy analyst in Arlington, Va., at Rand Corp., a nonprofit think tank.

Cossar Ali, from Walthamstow in east London, one of the women detained, has an eight-month-old baby boy, according to her lawyer. The Bank of England, which identified her as 23 years old, ordered Ms. Ali's accounts frozen last week, along with those of 18 others who have been arrested. The Bank of England's list included Ahmed Abdula Ali, 25, also of Walthamstow, whom British newspapers have reported is Ms. Ali's husband. Ms. Ali's lawyer declined to comment.

Terror experts say the profile of terrorists has become increasingly diverse in recent years. Rand analyst Ms. Ali cites at least three female suicide bombers in Iraq, including an attack late last year by a Belgian woman who is believed to be the first Western woman to launch a suicide attack in the name of jihad. Muslim women are increasingly talking publicly about jihad, and al Qaeda has launched a women's magazine in Saudi Arabia, she says. Women also have served as suicide bombers in terrorist activities in Chechnya.

"Women feel just as enraged and disillusioned as men," says Rand's Ms. Ali. For terrorist groups, women present "a great tactical opportunity" because they are less likely to draw the attention of authorities.

British authorities believe that the women arrested weren't going to be a part of the airline bombings. Investigators haven't ruled out roles in a suicide mission, but for now, they believe at least some of the women were serving in support roles on tasks such as information technology, according to the person familiar with the matter. Investigators also don't believe that babies were going to be used in the suicide missions, according to this person, though as a security precaution, airline passengers are being made to taste baby formula at airport security to ensure that bottles don't conceal explosive chemicals.

Also among the suspects is Waheed Zaman, a 22-year-old biomedical student at London Metropolitan University who was interested in following his sister into the medical profession. Mr. Zaman was head of the university's Islam Society, according to student-meeting minutes posted online. A London Metropolitan University spokeswoman declined to comment. Neither Mr. Zaman nor a representative of the society could be reached.

Students also have been involved before, though terrorism experts believe their participation is growing. Ramzi Yousef, a Pakistani who studied chemistry in Britain, participated in the 1993 plot to topple the World Trade Center in New York and almost two years later in a foiled plot to blow up airliners over the Pacific Ocean. Three of the pilots in the Sept. 11, 2001, attacks in the

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U.S. studied in Hamburg, Germany. And Mohammad Sidique Khan, the alleged ringleader of the July 7, 2005, London suicide bombings that killed 56, including the bombers, was a university-educated teaching assistant.

At least 23 Muslim students from Britain have been killed or named as suspects in terrorist acts in the last five years, says Michael Whine of the Community Security Trust, which monitors extremist activity in the U.K. for the Jewish community.

Universities U.K., which represents the executive heads of British universities, said schools are addressing the issue of extremism on campus. Schools consult student groups and community leaders and, if necessary, work with police and other authorities, the organization said.

Journeys To Realm Of Militancy Began In Places Most Ordinary (NYT)

By Serge F. Kovaleski

The New York Times, August 16, 2006

LONDON, Aug. 15 — It was about a year ago that neighbors saw a change in Osman Khatib, a transformation far more profound than the usual whimsy that can take hold of a young man in his late teens.

For as long as anyone can remember, Mr. Khatib had dressed like most British teenagers, favoring jeans, T-shirts, sneakers and other Western-style fashion. But last year, he abruptly adopted a new look that apparently reflected a deeper sense of devotion on the part of the British-born Muslim from East London.

Mr. Khatib was now seen wearing only traditional Islamic clothing and often talking outside of his family's modest townhouse on Wellington Road with a new set of friends who dressed similarly, some of them with thick beards, Jennifer Phillips, a neighbor, recalled in an interview on Tuesday.

Ms. Phillips said Mr. Khatib's parents, who did not wear religious apparel, refused to allow their son's new clique into the house.

"He always had to chat with them outside," she said. "And he wouldn't converse with you if he was around them. That was different."

Like Mr. Khatib, 19, a number of the two dozen individuals arrested in last week's antiterrorism raids had become much more devout in their faith or converted to Islam within the last two years or so.

The authorities allege that the suspects — most, if not all, of whom are Muslims born in the United Kingdom — were involved in an elaborate plot to blow up airliners on trans-Atlantic routes with liquid explosives.

One of the detainees, Nabeel Hussain, 22, who had been increasingly angry over the Iraq war, attended strident Islamic rallies in Manchester and Birmingham while becoming more dogmatic about his religion, according to a former classmate.

"He kept trying to convince me to go to religious rallies," said the friend, who requested anonymity because of the ongoing investigation. "He was getting pushy about religion and his views on the war."

About six months ago, another suspect, Don Stewart-Whyte, whose age has been given as 19 or 21, converted to Islam and had embraced the conventions of a pious Muslim. Mr. Stewart-Whyte, said to have lived a wild lifestyle before turning to Islam, recently married a Muslim woman believed to be from Morocco.

"He comes from an unstable background and was not very happy," said Zahid Jawed, who works with the Wycombe Islamic Society in the city of High Wycombe, where many of the suspects, including Mr. Stewart-Whyte, lived. Mr. Stewart-Whyte's late father was a local Conservative Party official.

Mr. Jawed recalled that he had a few conversations with Mr. Stewart-Whyte after his conversion. He said Mr. Stewart-Whyte, who adopted the name Abdul Waheed, had been praying about five times a day and "seemed more in control of himself."

Another suspect with a High Wycombe address is Brian Young, a recent Islamic convert and the son of West Indian parents. In giving up his Christian faith, Mr. Young, 28, had changed his name to Umar Islam.

On Tuesday, the police continued to search for clues at some of the houses that were targets of last week's sting operation. At the General Store market on the same block on Forest Road in East London where one of the suspects lived, a worker said Tuesday that officers had taken a security video in an effort to learn more about one or more of the alleged accomplices.

Ms. Phillips, whose home is several doors down from the Wellington Road house where Mr. Khatib had lived, said he had worked at one of the retail stalls at a large market nearby and that his mother had been employed at a Tesco supermarket.

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On Nottingham Road in East London, another of the suspects, Tanvir Hussain, 25, one of Nabeel Hussain's brothers, was described by a neighbor as having been married four or five months ago to a Muslim woman. The neighbor, Levina Ferran, also said Tanvir Hussain had worked for a mobile phone company and had fixed her phone several times as friendly gesture.

Ms. Ferran's mother, Gretta, said the family living in the Hussain house was deeply religious.

"I have seen them walking to the mosque to pray three or four times a day," Gretta Ferran recalled.

Muslim Myopia (NYT)

By Irshad Manji

The New York Times, August 16, 2006

New Haven

LAST week, the luminaries of the British Muslim mainstream — lobbyists, lords and members of Parliament — published an open letter to Prime Minister Tony Blair, telling him that the "debacle" of both Iraq and Lebanon provides "ammunition to extremists who threaten us all." In increasingly antiwar America, a similar argument is gaining traction: The United States brutalizes Muslims, which in turn foments Islamist terror.

But violent jihadists have rarely needed foreign policy grievances to justify their hot heads. There was no equivalent to the Iraq debacle in 1993, when Islamists first tried to blow up the World Trade Center, or in 2000, when they attacked the Americ an destroyer Cole. Indeed, that assault took place after United States-led military intervention saved thousands of Muslims in Bosnia and Kosovo.

If Islamists cared about changing Iraq policy, they would not have bothered to abduct two journalists from France — probably the most antiwar, anti-Bush nation in the West. Even overt solidarity with Iraqi suffering did not prevent Margaret Hassan, who ran a world-renowned relief agency in Baghdad, from being executed by insurgents.

Meanwhile, at least as many Muslims are dying at the hands of other Muslims as under the boots of any foreign imperial power. In Sudan, black Muslims are starved, raped, enslaved and slaughtered by Arab militias, with the consent of an Islamic government. Where is the "official" Muslim fury against that genocide? Do Muslim lives count only when snuffed out by non-Muslims? If not, then here is an idea for Muslim representatives in the West: Go ahead and lecture the politicians that their foreign policies give succor to radicals. At the same time, however, challenge the educated and angry young Muslims to hold their own accountable, too.

This means reminding them that in Pakistan, Sunnis hunt down Shiites every day; that in northern Israel, Katuysha rockets launched by Hezbollah have ripped through the homes of Arab Muslims as well as Jews; that in Egypt, the riot police of President Hosni Mubarak routinely club, rape, torture and murder Muslim activists promoting democracy; and, above all, that civil wars have become hallmarks of the Islamic world.

Muslim figureheads will not dare be so honest. They would sooner replicate the very sins for which they castigate the Bush and Blair governments — namely, switching rationales and pretending integrity.

In the wake of the London bombings on July 7, 2005, Iqbal Sacranie, then the head of the influential Muslim Council of Britain, insisted that economic discrimination lay at the root of Islamist radicalism in his country. When it came to light that some of the suspects enjoyed middle-class upbringings, university educations, jobs and cars, Mr. Sacranie found a new culprit: foreign policy. In so doing, he boarded the groupthink express steered by Muslim elites.

The good news is that ordinary people of faith are capable of self-criticism. Two months ago, 65 percent of British Muslims polled believed that their communities should increase efforts to integrate. The same poll also produced troubling results: 13 percent lionized the July 7 terrorists, and 16 percent sympathized. Still, these figures total 29 percent — less than half the number who sought to belong more fully to British society.

Whether in Britain or America, those who claim to speak for Muslims have a responsibility to the majority, which wants to reconcile Islam with pluralism. Whatever their imperial urges, it is not for Tony Blair or George W. Bush to restore Islam's better angels. That duty — and glory — goes to Muslims.

The Economics Of Fear (WP)

By Robert J. Samuelson

DOJ_NMG_0048836

The Washington Post, August 16, 2006

This is an age of glaring contradictions. It's hard to ignore the great disconnect between the rise of terrorism and the relentless advance of the world economy. After Sept. 11, 2001, the reasonable fear was that terrorism and its nasty side effects -- more anxiety, uncertainty and security checks, and higher costs for moving people and cargo -- might cripple economic growth and frustrate the spread of globalization. It hasn't happened. Not yet, anyway.

To be sure, terrorism has exacted some steep costs. Airlines and tourism suffered after Sept. 11; in the wake of last week's foiled bomb plot, that could happen again. Spending for the war in Iraq was vastly underestimated. But terrorism's damage has paled before the larger effect, which is not much. It hasn't destroyed prosperity or cross-border flows of goods, money and people.

Since 2001 the world economy has expanded more than 20 percent. For the United States, the gain is almost 15 percent; for developing countries, more than 30 percent. World trade -- exports and imports -- has risen by more than 30 percent. Outstanding international debt securities have jumped almost 90 percent, to $13.6 trillion (through the third quarter of 2005).

We ought to ask why the economic fallout has been so muted -- and whether that could change. Could the backlash so feared five years ago unfold in the future?

One obvious explanation is that in the United States, there has been no second or third Sept. 11. Beyond that, economic resilience partly reflects human nature. People and businesses try to get back to normal. It's what they know best. For sheer physical damage, acts of nature often overshadow acts of terrorism. Michael Mussa of the Institute for International Economics notes that Hurricane Katrina hurt the economy more than Sept. 11.

Even when huge, terrorism's costs can get lost in a $13 trillion economy. At last count, Congress had committed $432 billion to the wars in Iraq and Afghanistan -- a far cry from informal estimates of $50 billion to $200 billion before the Iraq war. The Congressional Budget Office now projects that those costs could easily exceed $800 billion by 2016. A study by Linda Bilmes of Harvard and Joseph Stiglitz of Columbia puts the war's ultimate budget costs even higher, at a minimum of $1.1 trillion in present value. Still, this spending is a tiny share of all federal spending, estimated at $47 trillion from 2001 to 2016.

Similarly, skillful crisis management after Sept. 11 blunted terrorism's long-term effect on economic confidence. Some big banks lost their computer and communications systems; planes carrying checks were grounded. People might not have been able to cash checks; banks might have hoarded funds because they weren't receiving payments from other banks. But the Federal Reserve lent liberally to banks needing money ($46 billion on Sept. 12) and temporarily authorized checks to be credited before being cleared. Thus was averted a wider economic breakdown and a bigger blow to consumer psychology.

The result is that -- so far -- terrorism has been an economic blank. People regard attacks around the world (in London, Madrid, Bali) as isolated tragedies and not a cause to alter their buying habits. But that is not entirely reassuring. Even if consumer confidence remains unshaken, terrorism might threaten the world economy in other ways.

Every successful economic system requires a supporting political structure: rules, standards of behavior, ways of resolving conflicts. For years, the United States and its allies were bound together by political and economic alliances. But as Princeton historian Harold James notes, the war on terrorism -- mainly the war in Iraq -- has created divisions on political issues that make agreement on economic matters harder. Protectionism could depress economic growth if increasingly nationalistic countries retreat from global markets. The recent deadlock of the Doha round of trade talks is a suggestive example.

The larger threat involves the great disconnect: Countries are moving closer economically, depending on each other more for trade, raw materials (especially oil) and finance, but they're moving farther apart politically, disagreeing over goals, tactics and values. Historian Niall Ferguson of Harvard has pointed to a similar disconnect, before World War I, when European powers were highly integrated economically and increasingly hostile politically. But there was a chilling disregard for the contradiction. It's a grim analogy that suggests little cause for complacency.

Oh, Really? (USAT)

USA Today, August 16, 2006

As the unfortunate statements above show, President Bush and people who work for him have a disheartening habit of being astonished by the arrival of disasters they didn't see coming but others did.

For the record:

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• The 9/11 Commission devoted four pages of its exhaustive report to the numerous pre-9/11 warnings that terrorists would use airplanes as weapons, including a 1995 confession by a captured terrorist that he had discussed hijacking an airliner and flying it into CIA headquarters.

• In New Orleans, The Times-Picayune ran a sobering week-long series in 2002 that ranged through hurricane disaster scenarios, including some that eerily foreshadowed exactly what happened when Hurricane Katrina hit the city three years later. In it, a Louisiana State University engineer discusses the possibility the levees would fail.

• Before the 2003 invasion of Iraq, academics and intelligence officials warned repeatedly that Iraq was an unstable stew of sectarian resentments, liable to explode in fighting among Sunnis, Shiites and Kurds. The National Intelligence Council, a CIA think tank, warned Bush two months before the invasion that the country could descend into violent internal conflict once Saddam Hussein's iron hand was removed. That was a key reason the first President Bush decided not to proceed all the way to Baghdad in the 1991 Gulf War.

It's true that the shelves of government agencies are stacked with warnings of various calamities that never panned out or weren't widely disseminated. But anticipating risks — whether from terrorists, Mother Nature or Iraqi insurgents — is basic to effective leadership.

Smart military commanders and business executives regularly conduct "red team" exercises to test their assumptions and find their own weaknesses before a real enemy does. The 9/11 Commission reported that the U.S. intelligence community failed to do this effectively before the attacks in 2001.

The price is yet to be paid for the most flagrant example of ignoring risk, but the bill will start coming due in about a decade when Social Security and Medicare face insolvency because of today's shortsighted policies. Perhaps those in power at that time will attempt to say the crisis couldn't have been anticipated. But they'll be wrong, just as those bemoaning the calamities of 9/11, New Orleans and Iraq are today.

It's time to retire the "no one could have expected it" excuse.

HOMELAND RESPONSE:

"We Must Remain Flexible" (USAT)

By Michael Chertoff

USA Today, August 16, 2006

The United States and United Kingdom have now adjusted the aviation alert level from imminent risk to high risk of terrorist attacks. We continue with all of our countermeasures against any terrorist plot targeting the aviation system. Officials on both sides of the Atlantic also continue to analyze investigative leads from the able British operation to determine whether pockets of the plot remain a threat. We dare not — and have not — let our guard down.

Our No. 1 priority is always protecting American citizens and travelers to the United States. Today, air travel remains safe, and there is no current evidence that elements of this terrorist plot are active within the United States. But we must fully maintain current security measures to thwart copycats.

Today, enhanced security measures remain in place at all U.S. airports, including a prohibition onliquids, gels and beverages in carry-on baggage. Federal air marshals also continue to provide expanded security on flights between our two countries. In addition, we have stepped up enforcement measures at our ports of entry, including the use of advanced passenger screening, additional baggage and aircraft search teams, baggage X-ray equipment, trained canine units and explosives detection technology. Not all of these measures may be obvious, but they form a layered security net for the flying public. It is precisely because of these security measures that air travel is safe.

We appreciate that these security measures can be inconvenient to travelers. All of us know, however, that our highest priority is protecting innocent lives.

Last week's revelation of terrorist plotting is a vivid reminder that terrorists are constantly evolving and adapting their tactics to adjust to the security measures we implement. As a result, we constantly update our own defenses to stay ahead of the way the enemy adapts. You may wonder how we do that.

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Last year, the Transportation Security Administration (TSA) lifted some restrictions on prohibited items such as small tools. We did that in order to implement new screening procedures to focus attention on explosives detection rather than force screeners to look for relatively harmless items such as nail scissors.

If we are to counter terrorist threats effectively, we must remain flexible in our security measures, and we must continue to build and refine the multiple layers of security already in place across our aviation system.

Two principles form the core of our strategy. First, we always review our prevention efforts in light of emerging threats, not only for past threats. Second, we do not put our reliance on one layer of defense, but we look to multiple layers that are much more difficult to penetrate.

Clearly, one layer of that approach is continued research on detecting explosive materials, including improvised explosive devices. This year alone, the department has spent approximately $800 million in development and deployment of explosives detection technology. In fact, liquid explosives detection technology has been tested in six airports. But it is not the only solution, nor is technology a silver bullet.

The difficulty is not detecting such chemicals at screening checkpoints. It's that existing detection processes either yield substantial false positives or require items to be screened one at a time. The result is a potential system that would compel travelers to face hours in line at airports. Therefore, our intent is not just to develop the detection technology, but to find a technology that fits our system without creating unreasonable delays or impeding air travelers.

Fortunately, the TSA has developed many independent layers of security, including reliance on human skills and ingenuity. One such layer is intelligence-based screening of passengers to identify potential terrorists. Well-trained TSA officers at airport checkpoints are equipped with multiple technologies to screen passengers and their carry-on baggage for weapons and detonators. In fact, in the past year we have retrained more than 30,000 such officers to identify bomb components and modern detonation equipment, including liquid explosives.

The TSA continues to use behavior observation techniques, covert surveillance in airports, document verification and other new layers of security. On the aircraft, cockpit doors have been hardened, and thousands of air marshals and authorized pilots stand ready to protect passengers. Taken alone, any one of these measures might conceivably be beaten, but together, they present a formidable challenge to terrorists.

The Department of Homeland Security, with our partners across the government and in private industry, has a critical responsibility to the American public to continue to ensure safe and secure transportation, whether it is air travel, mass transit, or rail security. We want the public to take flights, travel for business or enjoy a vacation — and to do so with confidence.

The latest terror plot highlights the ruthless nature of our enemy. While we are safer now than ever before, we are reminded of this threat to the ideals that make our nation strong. We thank travelers for their continued patience and cooperation as we adjust to these terrorist tactics. We stand firm in our resolve, and we will not yield in this fight to defend our nation and make our world safer.

Michael Chertoff is secretary of the Department of Homeland Security.

Aviation Officials Defend Security Measures (WP)

By Del Quentin Wilber

The Washington Post, August 16, 2006

Top U.S. aviation security officials yesterday defended stepped-up security measures taken in recent days, rebutting criticism from outside security experts and members of Congress who have questioned whether authorities are prepared to handle potential terrorist threats.

Transportation Security Administration officials said they had not decided when they would end the increased screening procedures enacted after British authorities last week said they had unraveled a plot to blow up commercial jets with liquid explosives. The TSA banned all liquids and gels, including bottled water and toothpaste, from aircraft passenger cabins.

"We wanted to assure the public that air travel is, in fact, safe, and that the security measures taking place at the check point will get both the known threat and the unknown threat," said TSA Administrator Edmund S. "Kip" Hawley.

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Over the weekend, TSA officials revised some security measures and began requiring passengers to remove their shoes for examination at X-ray machines.

TSA officials said the rule requiring shoe removal was not motivated by any specific intelligence about a potential attack using shoe bombs. In late 2001, Richard Reid tried to use such a device to blow up an airliner on a transatlantic flight.

Hawley's comments came at a news conference at Reagan National Airport to respond to reports about a government study questioning the effectiveness of X-ray technology in screening shoes for explosives. The existence of the 2005 study, conducted by the Department of Homeland Security, was reported by the Associated Press.

TSA officials took the unusual step of declassifying X-ray images of a shoe bomb and of unaltered sneakers. Hawley and others said the images showed how easy such bombs are to detect. They said they have improved training for their 43,000 screeners so they can more easily recognize explosives hidden in footwear.

"Screening shoes by X-ray is an effective way of identifying any anomaly, including explosives," Hawley said. "It does take the human brain to make the interpretation on X-ray, but it is, frankly, not the most difficult thing we have to do to find potential shoe bombs."

Outside experts, including members of Congress, criticized the TSA yesterday for not adequately addressing other threats, such as shoulder-fired missiles or bombs in checked bags.

Rep. John L. Mica (R-Fla.), chairman of the House subcommittee on aviation, said the agency has been too slow to adopt emerging technologies that might make it easier to identify explosives.

"The threats we face go far beyond shoes and liquids," Mica said in an interview. "Their problem is in not initiating advances in technology and replacing the cumbersome workforce with technology."

Mica and outside experts also said the TSA needs to embrace Israeli and U.S. Secret Service tactics that focus on identifying terrorist behavioral patterns. They said that because terrorists are developing weapons that might go undetected, even by the most advanced screening devices, it is essential to detect suspicious behavior.

"There are an infinite number of items that you can use to bring down an airplane," said Scott McHugh, a security consultant and a former federal security director at Dulles International Airport. "As long as they are looking for things, they will always be behind."

TSA officials say they have several teams of officers trained to identify the behavior patterns of potential terrorists. Those teams are deployed in at least 10 airports, including Dulles. Officials plan to add more such teams in coming months.

Among the threats that most concern security experts: the availability of thousands of shoulder-fired missiles on the black market. Although the threat of a terrorist using such a missile in the United States is fairly remote, flights overseas are in more jeopardy, experts said. Terrorists fired two such missiles that barely missed an Israeli jet taking off in Kenya in November 2002.

Many in the security community are pushing officials and U.S. airlines to develop high-tech countermeasures to shoulder-fired missiles . But government reports indicate that it will probably take decades before passenger aircraft are outfitted with such systems.

"TSA always seems to be at least two steps behind every threat we face," said Rep. Steve Israel (D-N.Y.). "I have spent the last four years trying to get TSA to acknowledge the threat of shoulder-fired missiles, which are one of our biggest vulnerabilities, and they have responded with denials at first, then with begrudging acceptance, then one study after another."

Hawley and other TSA officials defended his agency's response to other threats, saying it deploys several layers of security, such as air marshals on planes, screeners and bomb-sniffing dogs.

"I call them the movie-script plots, that there are many, many, many scenarios that you can come up with and then look for individual solutions," Hawley said. "The answer is to have layered solutions that bring in intelligence, law enforcement, all the partners working together to make it impossible for someone to get off a successful attack."

TSA Plans To Test Enhanced Carry-On Scanners (WSJ)

By Laura Meckler

The Wall Street Journal, August 16, 2006

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WASHINGTON -- Federal officials hope to begin airport testing of machines able to detect many types of explosives in carry-on bags in the next several months.

The difficulty in stopping explosives at checkpoints is considered the weakest link in the nation's airport-security system. Computed-tomography technology, commonly used in medical imaging, is now used to scan checked luggage but not carry-ons. So-called CT scanners can detect many explosives, but those used for luggage are too big and heavy for checkpoints and, at about $1 million each, would be expensive to deploy widely.

The Transportation Security Administration is trying to fill the gap by developing a smaller CT scanner that can be used at a checkpoint and would cost closer to $300,000 to $350,000. It has been in lab testing for months. "We are very, very optimistic," TSA chief Kip Hawley said in an interview. "It is a very, very high priority of mine."

The new CT machines are manufactured by Analogic Corp. and closely held Reveal Imaging Technologies Inc. The machines are small enough to fit at a standard checkpoint, said Randy Null, the TSA's chief technology officer.

Testing in four or five airports should begin in three to six months, he said. If all goes well, they could be deployed widely by summer or fall of 2007.

The lack of explosives detection at checkpoints is what persuaded federal officials to ban most liquids and gels from carry-on bags after British investigators foiled a plot to blow up trans-Atlantic aircraft with liquid explosives. Mr. Hawley says he will reconsider the rules as more technology becomes available, something airlines will be pressing for as well.

Technology now at airport checkpoints can test any given bottle for explosive residue, and special detectors are available that can analyze contents of bottles one at a time. But using these machines is time-consuming and can't realistically be used routinely. "I am completely confident that when presented with a single bottle, we can determine if it is explosive or not," Mr. Hawley said. "As you [increase] the volume, that becomes an inefficient process. The question is not how you find explosives. It's how you find explosives efficiently."

CT scanners use X-ray images to create a three-dimensional picture, allowing automatic detection of various objects. The machines automatically measure the density of material inside a bag and flag those whose contents suggest explosives. The CT machines that scan checked baggage can detect some but not all liquid explosives, Mr. Null said. In addition to explosives, the new machines will be able to automatically detect weapons and suspicious containers, another improvement over traditional X-ray systems.

The project has hit a bump, though, as Analogic's funding has been put on hold. Peter W. Harris, the company's vice president for security strategy, said it was told that more money needed to be put in the appropriate account. He blamed "contract logistics." But a TSA official said the funding is on hold because Analogic overran its costs. A review is pending.

No "silver Bullet" For Improving Air Security (USAT)

By Alan Levin

USA Today, August 16, 2006

Machines that check carry-on bags for explosives and devices that look for bombs under people's clothing have already been produced, but it is likely to be years before a method of detecting liquid explosives is in widespread use at U.S. airports, according to manufacturers and government leaders.

The new devices could add security to a U.S. aviation system that is vulnerable to explosives and to bombs brought aboard planes as separate chemical components. Such weaknesses were allegedly targeted by terrorists in a plot British authorities said they stopped last week. The plot reportedly sought to blow up jets over the Atlantic Ocean.

Scientists and academics are developing ways to identify liquid explosives, including a swab that could detect hydrogen peroxide, a key ingredient in the explosive that terrorists allegedly planned to use in the planes plot. But shortfalls in research funding and bureaucratic in-fighting have slowed development of new systems, said Tony Fainberg, a retired manager of the Department of Homeland Security's explosive detection research.

Fainberg said some new devices could have been tested sooner if the department had not diverted funding for its testing lab. In 2003, $61 million out of the $110 million Congress gave Homeland Security for research was diverted to pay for things such as new airport screeners, according to the Government Accountability Office.

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Homeland Security Secretary Michael Chertoff cautioned that no one technology is a "silver bullet."

"The difficulty is not detecting such chemicals at screening checkpoints," Chertoff wrote in a column published today on USA TODAY's Forum page. "It's that existing detection processes either yield substantial false positives or require items to be screened one at a time."

Chertoff said that placing these devices in airports could create massive security backups.

Among the devices:

•Baggage-screening machines that use CT-scan technology may be approved soon for carry-on luggage. Large CT machines now examine all checked bags. Homeland Security is testing devices that are small enough to fit at airport screener checkpoints.

•A technology known as quadrupole resonance could also be placed in machines that are about the size of current checkpoint X-ray machines. Quadrupole resonance uses technology similar to magnetic resonance imaging, or MRI, to identify different types of explosives.

•Technology known as backscatter X-ray is being developed for use on bags and people. Unlike traditional X-ray systems, the backscatter devices can see skin through people's clothes or hidden liquid items in luggage.

These devices have come under harsh criticism from civil liberties groups that fear they will compromise people's privacy.

The Transportation Security Administration has also tested devices that can detect liquid explosives or use radio waves to find bombs.

Bomb-sniffing dogs could also be used. Dogs can be trained to smell bomb components that screening devices might miss, said Jeff Cottle, a canine trainer with Explosive Countermeasures International.

TSA Administrator Kip Hawley said that he believes CT scan and quadrupole resonance machines are very promising, but he is hesitant to rely solely on technology.

He said he thinks it is just as important to better train TSA's airport screeners to spot explosives. Another program that he is pushing has created special teams of screeners trained to spot suspicious behavior among passengers.

"It is all about the layers (of security) and not about the sales brochure for some new technology," Hawley said.

Airline Bombing Plot Puts TSA In A Tight Squeeze (USAT)

USA Today, August 16, 2006

For frequent fliers, the hassles of air travel just got a lot worse. In the wake of the foiled airline bombing plot in London, passengers are subjected to longer delays and more likely to miss their flights. Road warriors, grandmothers and toddlers alike are ordered to shed their shoes and sacrifice their toothpaste, shampoo and other seemingly innocuous liquids and gels to the cause of combating terror.

It all seems disturbingly out of proportion. A threat posed by a relatively small number of suspected terrorists, mostly based abroad, disrupts the lives of millions who transparently pose no threat at all.

And yet it is hard to fault the Transportation Security Administration (TSA) for acting aggressively. Some suspects might still be at large, and Islamic extremists remain obsessed with trying to stage spectacular attacks involving airplanes. Further, their alleged complex plan to bring down jetliners through onboard chemistry is evidence that tight security — however inconvenient — is deterring simpler attacks.

The truth is that the TSA is in a no-win situation. Had the suspected plot involving liquid explosives succeeded, U.S. and British authorities would have been roundly criticized for failing to avert it. Absent a plan as well-advanced as the recent one was said to be, though, TSA would have found it almost impossible to convince the public of the need to restrict liquids.

That is not an excuse, however, for TSA's failure to make security more focused. Common sense says that when an elderly woman can be arbitrarily singled out for special scrutiny, something is out of whack.

Once the immediate crisis passes, the obvious first step is to trim the list of restricted carry-on items to a safe minimum. But the agency has also experimented with a number of broader ideas. None is perfect, or a replacement for intelligence and police work. They do, however, provide additional layers of security that can keep potential terrorists off-balance without causing air travel to grind to a halt. Among them:

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• A Registered Traveler program Those most inconvenienced are business travelers, particularly those who fly every week. For those willing to provide fingerprints and submit to a background check, the program promises an expedited trip through security. Now being tested in Orlando, it allows TSA screeners to focus more on those travelers who have not had a background check. But it can't be launched until TSA is confident that it can't be penetrated by terrorists.

• Behavioral profiling. An experimental program called SPOT, or Screening Passengers by Observation Techniques, has screeners looking for unusual behavior, such as excessive amounts of perspiration and involuntary muscle contractions. This allows the TSA to zero in on the most suspicious people without having to engage in ethnic profiling. It is currently only used in select airports. Some simple pragmatism wouldn't hurt either. TSA picks out people for random searches and is vague about the criteria it uses. Letting screeners select those whose actions they deem most suspicious would be smarter.

•Better cargo screening. Air cargo and checked bags in the bellies of planes that aren't screened for explosives continue to be an obvious vulnerability. TSA needs to accelerate a more rigorous inspection regime and develop better scanning technology.

In addition to actions by the TSA, the airlines can help, too. Slow check-ins and delays in delivering checked bags have contributed to a surge in the number and size of carry-on bags. A reduction in carry-on luggage is welcome; a ban is not. Better baggage service would not only be a competitive advantage for an airline, it also would reduce the volume of bags TSA agents have to deal with.

Anyone who has been in an airport in the past few days knows that these are not halcyon days for air travelers. They'll have to be patient. But they also have every reason to demand a security system more closely matched to the threat.

The Real Threat: Bombs (WSJ)

By Randall Larsen

The Wall Street Journal, August 16, 2006

Members of Congress and the commentariat have consistently complained that airline passenger screening is only 80% effective in detecting handguns, knives and box-cutters. They demand that we make a significant improvement. But they have it backwards. Instead of a system that is more effective at detecting these unauthorized items, a system that is less so will, counterintuitively, make our airlines more secure.

A majority of security experts agree that the most serious threat involving our transportation system is a 9/11 scenario, with hijackers using a passenger airliner as an instrument of destruction. Yet there is also general agreement that the multiple security layers currently in place -- passenger screening (albeit less than perfect), reinforced cockpit doors, armed sky marshals and pilots, in addition to the likelihood of passenger resistance if a plane is taken over in midair -- have all but eliminated a repeat of 9/11.

Since the costs, economic and otherwise, of bringing our 80%-effective screening system up to 100% would be enormous, we need to reduce the focus on handguns, knives and box-cutters. Why? Even suicide-bombers want better than one-in-five odds of smuggling these items on board; and they know their chances of pulling off a 9/11-style attack are even worse. Achieving a 100% effective screening system against 9/11 weaponry would require the banning of all carry-on luggage and require a strip search of all passengers, a notion as unnecessary as it is ridiculous. Indeed, even if our current system were only 50% effective, it would still be enough to avoid a 9/11 reprise. Holding airport security hostage to this scenario is a serious mistake.

While the Department of Homeland Security sometimes seems to be a step behind al Qaeda, this is not the case for liquid bombs, the kind the London plotters had in mind. The head of the Transportation Security Administration, Kip Hawley, has been trying to move TSA's focus to this new threat since he took office last year. His initial attempts to do so were met with scorn. "TSA says it is OK to take knives on airplanes." Remember the headlines and guffaws, the lambasting from many in Congress? Of course, that was not what Mr. Hawley really meant. Rather, it was a matter of priorities: Shift the focus away from nail files and grade-school scissors and toward the far greater risk -- bombs that are virtually undetectable by the technology currently in use.

He was right; we should make the best use of our limited resources to block this more likely avenue of attack. Foiling suicide passengers will require a new approach to security: psychological profiling; better identity verification systems; better technology to detect bombs in the cargo hold (not all of this cargo is checked luggage). The key is to invest in research and development, instead of rolling out systems that don't work but inspire unrealistic expectations. We've seen enough of that since

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9/11. We may remain vulnerable for a good while, but this is a fact of life. Knee-jerk reactions to last week's headlines will make us no more secure. In fact, they will make us less secure by squandering valuable resources that could be put to better use.

Kip Hawley's priorities for TSA were spot on, though he was hamstrung by grandstanding congressmen and the press. Let us give him credit for being one or two steps ahead of the Islamofascist thugs, and let us support his current efforts. When defending passenger airlines, less is more -- less focus on the type of weapons people would use to hijack airplanes will mean more security against the real threat: bombs.

Col. Larsen, USAF (Ret.), is director of the Institute for Homeland Security and the author of "Our Own Worst Enemy," forthcoming from Warner Books.

Terrorism Stories May Fade, But The Threat Never Does (USAT)

USA Today, August 16, 2006

"Example is the school of mankind," noted Edmund Burke, "and they will learn at no other." Alas, Burke didn't say how many examples it would take. The recent foiled terror plot in Britain, the memory of which is already starting to evaporate in the heat of 24-hour television, is merely the latest installment in what is a very familiar story: A broad and deep coalition of Islamic extremists is determined to murder very large numbers of Americans, Westerners, Christians, Jews and — let us not forget — insufficiently committed Muslims.

Their reasons vary within a narrow gamut of fanatical mumbo jumbo and half-baked nostrums about Western imperialism, plentiful virgins and restoring the Muslim caliphate. However cracked their pots may be, it has been amply demonstrated that they are deadly serious and will not give up any time soon.

And yet, you can be sure, the example of last week will fade into the fog of barely remembered previous terrorist attacks like the road to Brigadoon. Indeed, who recalls that barely two months ago, a cell of would-be jihadists was arrested in Miami for plotting to translate its dream of blowing up the Sears Tower into reality? Meanwhile, the U.S. embassy bombings of the late 1990s, the Bali attacks and the London subway massacres seem like ancient history to many.

The depth of Western denial can be measured in the staleness of the "debate" over terrorism, which is dominated by those who've convinced themselves that President Bush is the central cause of the war on terror because somehow it's "his" war. This is like blaming the rooster for the sunrise. Those whom Bush now calls Islamic fascists have been killing Americans for decades. Al-Qaeda declared war on America when Bush was still in Texas. On the other side of the debate are Republicans who've taken the bait and gotten bogged down in a largely partisan argument about "supporting the president."

Whatever the merits of the charge that Iraq is a "distraction" from the war on terror, the reality is that arguments about Bush are a larger distraction from the war on terror. For much of the past five years, Democrats not in the Joe Lieberman wing of the party — which is to say the Democratic Party, minus one — have repeatedly pointed to Osama bin Laden's ability to elude capture (as opposed to, say, his inability to once again murder thousands on American soil) as proof that Bush's anti-terror efforts have been a failure. It would surely be nice to see bin Laden's head on a pike, but this is childishly partisan.

When U.S. forces killed Abu Musab al-Zarqawi, bin Laden's "prince" in Iraq, Democrats presented Zarqawi's demise as good but trivial news. Rep. Alcee Hastings, D-Fla. — who might (shudder) take over the House Intelligence Committee should the GOP lose the Congress — explained, "It won't stop the insurgency. I have found if you liken it to the drug lords, for example, as soon as you imprison one, kill one, another takes his place."

Why shouldn't this same logic apply to bin Laden and the global Islamic insurgency? Does anyone believe that this polyglot army of jihadist murderers will disband and become TV repairmen the moment bin Laden is dead? This is as naive as believing that U.S. withdrawal from Iraq wouldn't be scored as another jihadist victory. Not only have Hezbollah, Hamas and the rest of the League of Extraordinary Murderers never taken marching orders from bin Laden, but like all jihadist groups they always view such withdrawals as an invitation to even more brazen terrorism.

The terrorist threat is here to stay whether we like it or not. That means the debates over racial profiling, wiretapping and the structural deficiencies of the Middle East — no matter how wearisome compared with news about Brangelina's baby they may be — are not going away. (Britain's vindicated anti-terror laws, by the way, make the USA Patriot Act look like an ACLU directive.) We'll all learn this because, again, example is the school of mankind, and our enemy has an ambitious lesson plan.

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Jonah Goldberg is editor at large of National Review Online. He is a syndicated columnist and a member of USA TODAY's board of contributors.

U.S. Issues Chip-Equipped Passports (WP)

By Christopher Lee

The Washington Post, August 16, 2006

From the Files of Lessons Learned

The digital era arrived in Foggy Bottom this week when the State Department began issuing new "electronic passports" to the public. The passport has a special chip in the rear cover bearing the same biographical information found in the front cover. Authorities will be able to access information such as the passport holder's name, date and place of birth, sex, passport number and date of expiration, as well as a digital photograph.

In issuing the new passports, the department is matching a requirement it is imposing on visitors from several other countries. Countries whose citizens do not need visas to enter the United States must begin issuing chip-equipped passports by Oct. 26, said Laura Tischler, a spokeswoman for the department's Bureau of Consular Affairs. These passports are hard to counterfeit and provide an extra layer of security, Tischler said. They include "anti-skimming" technology to prevent the personal information from being intercepted by identity thieves, according to the department.

Passport fees have not changed -- $67 for a renewal, $97 for a new passport for anyone 16 or older and $82 for a new passport for anyone under 16. Previously issued passports are still valid and can be used for travel. More information about electronic passports can be found at http://travel.state.gov/passport/eppt/eppt_2788.html .

Banking on Reid

Giving money to Sen. Harry M. Reid (D-Nev.) proved to be a good investment for lobbyist and former Texas lieutenant governor Ben Barnes (D).

In 1998, Barnes contributed $3,000 to a legal defense fund Reid had set up to pay for the costs of his 1998 Senate race recount. (Reid won, defeating Republican John Ensign.) Problem is, congressional ethics rules ban donations from lobbyists to legal defense funds.

The Reid fund shut down in 2001. No one made a fuss about Barnes's contribution until August 2005, when the Center for Public Integrity issued a report about improper donations to lawmakers' defense funds.

Reid told the Senate ethics committee and repaid Barnes in October 2005, the Associated Press reported. The committee later told him to pay the interest as well, which Reid did May 22. It all totaled $4,611.47, including interest, about 54 percent more than Barnes's initial contribution.

The payments are reflected in new filings with the secretary of the Senate and were disclosed on Monday by PoliticalMoneyLine.

Homeowners Lose Katrina Insurance Flood Case (USAT)

By Kathy Chu

USA Today, August 16, 2006

In a decision that could set the tone for thousands of pending lawsuits, a federal judge ruled Tuesday that homeowner policies from Nationwide Mutual don't cover storm-surge damage caused by Hurricane Katrina.

The ruling, by L.T. Senter — a district court judge presiding over a raft of similar cases in Mississippi — could be appealed. Still, it's at least a temporary setback for many homeowners waiting to have their cases heard. The ruling could also complicate fledgling rebuilding efforts in the hurricane-ravaged Gulf Coast region, where home-foreclosure rates have been rising.

The decision is the first to come down in a flurry of lawsuits against insurers for Katrina-related storm damage. The continuing battle between insurers and policyholders over property-damage claims “will hurt the recovery efforts, because those that need to rebuild are not going to have the resources to do so,” says Joanne Doroshow of the Center for Justice & Democracy, a consumer advocacy group.

Homeowner policies typically pay for wind and rain damage, but not for flood damage. At issue in many of these lawsuits is whether hurricane-fueled storm surges are covered by these policies.

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Government-issued policies do insure against flood damage, but most homeowners don't have them. In the Katrina-hit region, only about one-third of homes and one-fourth of businesses carried this federal policy. Those homeowners can recover up to $250,000 in damage to the property and $100,000 for its contents. But that's often not enough to replace the home.

In the Nationwide case, the plaintiffs, Paul and Julie Leonard, said their insurance agent told them they didn't need flood insurance. As a result, they said, they thought storm surges and other water damage were covered if caused by a hurricane's wind.

Senter said that's not the case. He found that the homeowner policy excluded flood damage and that "almost all of the damage" to the Leonards' property was due to flooding from storm surges. The agent didn't mislead them about their coverage, the judge said, because there had been no "discussion of specific policy provisions and coverages."

But Senter did order Nationwide to pay the Leonards $1,228 for unrecovered damages the judge deemed caused by wind. In total, the couple estimates the home suffered more than $130,000 in storm damage. Nationwide, which insures 45,000 homes in Mississippi, has already paid the Leonards $1,661 for wind damage to their property.

Nationwide, in a statement, said it was "very pleased" that the court had "upheld the long-standing flood exclusion language" common in homeowner policies across the country.

Insurer Wins First Case In Slew Of Katrina Suits (WSJ)

By Ian Mcdonald

The Wall Street Journal, August 16, 2006

The first decision among hundreds of post-Hurricane Katrina insurance-claim lawsuits came down in favor of the insurer. The decision will likely cast a shadow over coming cases and cheer insurance-company attorneys, but the wide-ranging nature of the various suits could limit the precedent-setting value of the ruling.

In the decision, the first of many "wind vs. water" suits, a Mississippi federal judge found that Nationwide Mutual Insurance Co. was correct to deny the majority of a claim filed by a Gulf Coast couple.

In these disputes, homeowners allege their claims were underpaid by billions of dollars because their homes were damaged or destroyed by the storm's high winds, which are covered under their insurance policies. Insurers, however, claim the damage was the result of flooding, which isn't covered in most standard homeowner policies. More than 100,000 homes were damaged or destroyed in Hurricane Katrina, which cost insurers about $41 billion in claims.

Nationwide is one of several insurers named in similar suits, and the industry will likely see yesterday's decision as a weight off its back. "It's a very positive ruling for insurers doing business in the Gulf," said Joseph Annotti, a spokesman for the Property Casualty Insurers Association of America.

In yesterday's ruling, Judge L.T. Senter Jr. found that Nationwide owed Paul and Julie Leonard of Pascagoula, Miss., $1,228.16 for wind damage to their home. After applying a $500 deductible, Nationwide originally paid the Leonards $1,661.17.

However, the couple were seeking more than $158,000 to cover damage to their home and its contents, plus interest, attorney's fees and expenses. The Leonards' experts estimated that the damage totaled more than $130,000, with more than $47,000 attributed to wind, but Judge Senter attributed the damages to water that rose to five feet in the first floor of their home.

"Almost all of the damage to the Leonard residence is attributable to the incursion of water," Judge Senter wrote in his opinion filed in U.S. District Court in Gulfport. As a result, Nationwide was following the "express terms" of the policy, the judge wrote.

Additionally, Judge Senter found that the Leonards' local Nationwide insurance agent didn't mislead the couple in 1999 when he said they didn't need flood insurance, because the agent didn't say the Nationwide policy would cover flood damage.

The Leonards' lawyer, Richard Scruggs, didn't return several calls to his office seeking comment.

In a statement, Nationwide said it was "very pleased" with the ruling, adding that it "underscores just how important it is for all policyholders to carefully read and understand the terms of the coverage they purchase."

The influence of yesterday's decision could be less than expected, however, because the facts of the Leonard case differ from some others. In this case, the plaintiffs' house, more than 500 feet from the water, according to the judge's decision, remained standing after the storm. As a result, there was evidence that could be examined to determine whether wind or water

had caused the damage. In many other cases, homes were more or less washed away, leaving only concrete slabs that were the homes' foundations.

"It's a big win for Nationwide in this case, but it doesn't really change the rules for other cases," says Randy Maniloff, an attorney who represents insurers in policy disputes with White and Williams in Philadelphia. "Here you see a judge who recognizes that these cases are going to be decided on their individual facts."

If cases are looked at individually, outcomes will be tough to predict. In "slab" cases, for instance, Mr. Maniloff says variables like eyewitness accounts come into play. Mr. Annotti, the insurance industry spokesman, said the wind-water debate can be a tricky affair when only a slab is left. Investigators might look at the bolts that attached a destroyed house to the slab, for instance. Bent bolts can indicate the house was blown over, while straight bolts can be a sign that a house was washed away, he said.

Storm Surge Is Flood, Judge Says (WP)

By Kathleen Day

The Washington Post, August 16, 2006

A federal judge sided with the insurance industry yesterday and against water-battered victims of Hurricane Katrina by ruling that storm-induced surges are floods and therefore not covered by standard homeowner policies.

Paul and Julie Leonard of Pascagoula, Miss., in a case watched closely by Gulf Coast residents battered by Katrina a year ago, sued Nationwide Mutual Insurance Co. for more than $47,000 of the $130,253 in damage to their home they say was caused by the storm.

The ruling by U.S. District Court Judge L. T. Senter Jr. is one of the first to address thousands of similar claims that have been filed by Mississippi and Louisiana residents in Katrina's aftermath. If upheld, it could save the industry -- and cost policyholders -- tens of billions of dollars in unpaid claims.

It is the clearest ruling, lawyers on both sides agree, on the pivotal issue of whether a water surge caused by a hurricane falls under the definition of "flood." For more than 40 years the private insurance industry has specifically excluded flood damage from standard property policies. A Nationwide spokesman applauded the decision, as did the rest of industry.

"In the insurance coverage debate over wind versus water, Judge Senter's ruling has taken much of the wind, literally and figuratively out of the plaintiff attorney's argument," Ernie Csiszar, president of the Property Casualty Insurers Association of America, said in a prepared statement. "Judge Senter has made it very clear that the flood exclusion applies to storm surge."

The judge cited "similar" interpretations of law in other cases involving "damage caused by high water associated with hurricanes."

Neither the Leonards nor their lawyer, Richard F. Scruggs, could be reached for comment. But other lawyers representing policyholders, including commercial property owners, decried the judge's decision and said they expected Scruggs, a litigator known for taking on the tobacco and asbestos industries, would appeal it.

Gary Thompson, a lawyer at Reed Smith in Washington who specializes in representing policyholders, said he agrees with Scruggs's argument that a storm surge is inextricably intertwined with a hurricane and the force and damage it delivers and so should be covered under hurricane protection policies.

"This is an unfair attempt to dodge coverage obligations, and on an unprecedented scale," Thompson said.

The judge did hand the Leonards, and possibly other policyholders, one victory, ruling that Nationwide could not avoid paying wind damage just because water damage was also present.

He ordered the company to pay the Leonards $1,228.16 of the $47,000 they sought to cover wind damage. That is in addition to the $1,661.17 Nationwide had already paid the couple on their policy but far short of the tens of thousands in estimated damage to their home.

To fill the gap in private insurance for flood damage, the federal government offers homeowner policies under the National Flood Insurance Program. The Leonards said they did not seek coverage under that program after their Nationwide agent advised them they did not need it.

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In yesterday's ruling the judge also said it was not the Nationwide agent's fault that the Leonards interpreted his advice to mean their existing policy would cover any hurricane water damage. "This was an erroneous inference," the judge said.

Judge Rules For Insurers In Katrina (NYT)

By Joseph B. Treaster

The New York Times, August 16, 2006

A federal judge in Mississippi sided with home insurance companies yesterday and ruled that they did not have to pay for the flooding that destroyed tens of thousands of homes in Hurricane Katrina.

Insurers have already paid $17.6 billion for damage to homes from Katrina that was attributed to wind only. But this was a victory for the companies, because they could have been forced to pay out untold billions more if they had been required to cover damage from flooding caused by the storm. Several hundred thousand homes were damaged or destroyed by Katrina.

It was not a total victory, however. The judge rejected attempts by the insurers to cancel coverage for wind damage when it occurred in combination with the flooding.

That aspect of his decision, in the first trial over disputed claims of damage from the hurricane, favored storm victims and could cost the insurers hundreds of millions of dollars. Now homeowners whose claims have been denied may have the opportunity to present proof in court that at least some of the damage resulted from wind — which is the main protection provided by home insurance policies in hurricanes.

For the couple who brought the lawsuit, Paul and Julie Leonard of Pascagoula, Miss., the ruling means that they will receive about $3,000 to cover damage to their home, rather than the more than $130,000 they had sought. But their lawyer, Richard F. Scruggs, said the ruling was "going to open the door for recovery for thousands of Mississippi homeowners."

Lawyers for both the insurers and the plaintiffs saw good news in the decision. "We're gratified that the major provisions of the standard homeowners insurance policy were upheld," said Robert P. Hartwig, the chief economist for the Insurance Information Institute, a trade group in New York. Mr. Hartwig said the issue of paying for combined wind and water damage "will probably be the subject of further judicial review."

Mr. Scruggs said he disagreed with the decision that exempted insurers from flood coverage in general. But he said the ruling against the insurers had "so much upside for the homeowners on the Gulf" of Mexico.

Homeowners and the insurance industry had watched the case closely as the first test of whether insurers are responsible for paying for damages caused by both wind and water.

The insurers had claimed their policies ruled out coverage for flooding. Lawyers representing homeowners argued that in selling home insurance with many references to windstorms and hurricanes, the insurance companies led customers to believe that any hurricane damage — from wind or water — would be covered.

The ruling therefore upholds a longstanding practice of insurers of not covering flood damage, which is typically insured through the federal government.

The ruling, by Judge L. T. Senter Jr. of Federal District Court in Gulfport, applied directly to Nationwide Mutual Insurance, which had been sued by the Leonards.

Judge Senter presided over the trial as judge and jury. He is also presiding over nearly all of the hundreds of lawsuits that are pending in federal court in Gulfport over insurance claims from Hurricane Katrina.

His ruling in the Nationwide case is expected to guide his handling of the other disputes. Hundreds of other cases are pending in state court.

"For other judges hearing these cases, this is obviously going to be the most important decision they look to," said Adam F. Scales, who teaches insurance law at the Washington and Lee University School of Law.

Randy J. Maniloff, a lawyer who represents insurance companies, said that while many would see the verdict as a victory for insurers, "Judge Senter has also laid the groundwork for homeowners to do very well in these cases."

Judge Senter said Nationwide's home insurance policy was clear in its refusal to cover flood damage. But he said the section that asserted that Nationwide had no liability for either wind or water damage when they occurred in combination or within a few hours of each other was ambiguous.

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In earlier, less definitive rulings, Judge Senter found that similar language in the policies of State Farm and Allstate, which are fighting hundreds of their own lawsuits, was also ambiguous.

"The judge rejected the most extreme position offered by both sides," Mr. Scales said. "The position that storm surge or hurricane flooding is covered was never very plausible. But it was just as implausible that if there is any water involved, the insurers don't have to pay anything."

In his ruling yesterday, Judge Senter said that the wind damage was covered "even if the wind damage occurred concurrently or in sequence with the excluded water damage." Judge Senter said most of the damage to the Leonards' home in Pascagoula was the result of flooding, and thus Nationwide was not required to pay the full amount the Leonards were demanding.

Nationwide had paid the Leonards $1,661.17 for wind damage. Judge Senter said that, because of what he determined to be additional wind damage, they were entitled to another $1,228.16.

"We didn't bring home the full measure of damages for the Leonard family," Mr. Scruggs said. "But they cleared a big path for all the other homeowners on the Gulf Coast."

In the Nationwide lawsuit, Mr. Scruggs, representing the Leonards, asserted that his clients had been misled by their insurance agent. Mr. Leonard testified that the agent had told him that he did not need to buy flood insurance from the federal government.

Mr. Scruggs argued that Mr. Leonard, a police lieutenant, had reasonably concluded that his home insurance policy provided everything he needed to protect him in a hurricane. But Judge Senter said that while he believed that the agent had advised against buying flood insurance, he did not agree that the agent had, in effect, verbally expanded the coverage of the home insurance policy to include flood damage.

Nationwide said that it was "very pleased" by the decision. It did not comment on Judge's Senter's ruling that some of the language in its policies was ambiguous and that claims for wind damage could not be rejected merely because the damage had occurred in combination with flooding.

The company said it would "continue to adjust claims on a case-by-case basis." The ruling, it added, "underscores just how important it is for all policyholders to carefully read and understand the terms of the coverage they purchase."

The insurance industry had argued that a ruling requiring insurers to pay all flood damage would have meant that their policies or contracts could be rewritten by the courts, and might have led some of them to withdraw from the home insurance business.

Federal Judge Rules Policy Excluded Katrina Flood Damage (LAW/AP)

By Michael Kunzelman, The Associated Press

AP, August 16, 2006

A federal judge ruled Tuesday that an insurance company's policies do not cover damage from flood waters or storm surge in a decision that could affect hundreds of upcoming cases related to property damage from Hurricane Katrina.

Northern District of Mississippi Judge L.T. Senter Jr. ruled that a Mississippi Gulf Coast couple cannot collect damages from storm surge caused by Katrina because Nationwide Mutual Insurance Co.'s policies do not cover wind-driven water damage.

Senter said Paul and Julie Leonard of Pascagoula, Miss., could be compensated for damage that they could prove was caused by high winds, however.

"Almost all the damage to the Leonard residence is attributable to the incursion of water," Senter wrote in the 13-page decision.

Senter's ruling could set a precedent for hundreds of other court challenges to the insurance industry for denying billions of dollars in claims after the Aug. 29 hurricane ravaged the coasts of Louisiana and Mississippi.

Although Senter ruled that Nationwide's policies do not cover damage from storm surge, the judge also concluded a key policy provision the company has used to deny coverage is ambiguous.

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Nationwide and other insurers say their homeowners policies cover damage from a hurricane's wind, but not in cases where it resulted from a combination of wind and water.

"This reading of the policy would mean that an insured whose dwelling lost its roof in high winds and at the same time suffered an incursion of even an inch of water could recover nothing under his Nationwide policy," he wrote.

"From our perspective, it lifts a very large cloud of uncertainty that has been hanging over the insurance market of the Gulf Coast," Joseph Annotti, spokesman for the Property Casualty Insurers Association of America, said in reaction to the ruling. "A healthy insurance market is absolutely key to a rejuvenated economy down there."

Shares of most property and casualty insurers rose following the ruling, amid a generally surging stock market.

American International Group Inc. shares added 73 cents to $62.43. Allstate Corp. shares gained 80 cents to $57.22, St. Paul Travelers Cos. shares rose 93 cents, or 2.1 percent, to $44.02, and Hartford Financial Services Group Inc. shares jumped $1.01 to $82.49, all on the New York Stock Exchange.

"It's a favorable first decision for the industry," said Fox-Pitt Kelton analyst Gary Ransom. "I never really had much doubt that this was the way it was going to work out. There's a lot of precedent for this. It's not like we're interpreting these contracts for the first time."

The Leonards had estimated the total damage to their home at $130,253. They said $47,365 in damage was caused by wind. Nationwide paid only $1,661, blaming the remainder on the storm surge.

The couple's attorneys had asked for more than $158,000 for the damage to the house and its contents, plus interest and attorney fees and expenses. Senter, however, ruled that Nationwide only owed the Leonards about $1,228 more than what the company already has paid them for wind damage.

Both sides claimed victory in the wake of Senter's ruling.

"The Leonards did not win as much money as I hoped they would have, but they won this case," said one of their attorneys, Richard "Dickie" Scruggs. "It's always great to get a win in the first game of the season, whether it's by one point or 30 points."

Paul Leonard, a police lieutenant, acknowledged that an extra $1,228 only covers a fraction of the repair costs for his home, but he also considered Senter's ruling a victory.

"I believe anybody in a civil trial asks for the moon and is able to live with what they get," he said.

Nationwide spokesman Joe Case said the company is pleased that Senter upheld the terms of the flood exclusion language in its policies.

"While it is unfortunate that the Leonards did not choose to purchase flood insurance, insurance carriers have an obligation on behalf of all policyholders to adjust claims based on factual evidence that supports coverage payments," Case said in a prepared statement.

The Leonards claimed a Nationwide agent, Jay Fletcher, told them they didn't need flood insurance.

Senter rejected the Leonards' claim that the agent's alleged assurances make Nationwide liable for damage from both wind and water. Paul Leonard mistakenly inferred that his policy covered water damage, the judge ruled.

"Fletcher did not materially misrepresent the terms of the Nationwide homeowners policy to the Leonards, and Fletcher did not make any statements which could be reasonably understood to alter the terms of the Nationwide policy," Senter wrote.

The couple's lawsuit was the first among hundreds of Katrina insurance cases to be tried since the storm slammed into the Gulf Coast nearly a year ago, demolishing tens of thousands of homes.

Senter presided over an eight-day trial without a jury last month. He is hearing virtually all the Katrina insurance cases in Mississippi, so his ruling will be scrutinized by thousands of Gulf Coast homeowners as well as the nation's top insurers.

WAR NEWS:

Bush Said To Be Frustrated By Level Of Public Support In Iraq (NYT)

By Thom Shanker And Mark Mazzetti

The New York Times, August 16, 2006

DOJ_NMG_0048850

WASHINGTON, Aug. 15 — President Bush made clear in a private meeting this week that he was concerned about the lack of progress in Iraq and frustrated that the new Iraqi government — and the Iraqi people — had not shown greater public support for the American mission, participants in the meeting said Tuesday.

Those who attended a Monday lunch at the Pentagon that included the president's war cabinet and several outside experts said Mr. Bush carefully avoided expressing a clear personal view of the new prime minister of Iraq, Nuri Kamal al-Maliki.

But in what participants described as a telling line of questioning, Mr. Bush did ask each of the academic experts for their assessment of the prime minister's effectiveness.

"I sensed a frustration with the lack of progress on the bigger picture of Iraq generally — that we continue to lose a lot of lives, it continues to sap our budget," said one person who attended the meeting. "The president wants the people in Iraq to get more on board to bring success."

Another person who attended the session said he interpreted Mr. Bush's comments less as an expression of frustration than as uncertainty over the prospects of the new Iraqi government. "He said he really didn't quite have a sense yet of how effective the government was," said this person, who, like several who discussed the session, agreed to speak only anonymously because it was a private lunch.

More generally, the participants said, the president expressed frustration that Iraqis had not come to appreciate the sacrifices the United States had made in Iraq, and was puzzled as to how a recent anti-American rally in support of Hezbollah in Baghdad could draw such a large crowd. "I do think he was frustrated about why 10,000 Shiites would go into the streets and demonstrate against the United States," said another person who attended.

The White House would not comment on the details of the discussion but a senior official warned against drawing conclusions on what the president thinks based on questions he asked in the process of drawing out the invited guests.

Participants said Mr. Bush appeared serious and engaged during the lunch, which lasted more than 90 minutes, as the experts went through a lengthy discussion of the political, ethnic, religious and security challenges in Iraq. And through it all, Mr. Bush showed no signs of veering from the administration's policies to support the new government and train Iraqi security forces to take over the fight, and only then bring American troops home.

One participant in the lunch, Carole A. O'Leary, a professor at American University who is also doing work in Iraq with a State Department grant, said Mr. Bush expressed the view that "the Shia-led government needs to clearly and publicly express the same appreciation for United States efforts and sacrifices as they do in private."

The White House began to open its doors to a wider range of views earlier this year, after acknowledging that months of complaints after Hurricane Katrina that the president and his team were isolated — "living in a bubble" was a frequent refrain — had gotten through. But that accelerated after Joshua B. Bolten became White House chief of staff in the spring.

One of the participants at the Monday lunch, Eric Davis, a Rutgers University political science professor who previously served as director of the university's Center for Middle Eastern Studies, released a text of his remarks.

Mr. Davis said he discussed the regional upheaval that could follow if Iraq descended into chaos or was allowed to divide along ethnic lines. "I believe that the American people do not fully understand the potential domino effects that the collapse of Iraq into disorder and anarchy would have on the Middle East and the global political system," he said.

Mr. Davis said he urged the creation of more jobs for younger Iraqis, and proposed a major reconstruction fund to be underwritten by Saudi Arabia and other Arab oil states seeking regional stability.

Although none of the academics openly criticized Bush administration policy, according to those in attendance, Mr. Davis did take issue with the administration's order to remove Baath Party members from public service, and he urged the hiring of more qualified Baathists in Iraq or living abroad, and inviting retired army officers back into service.

Vali R. Nasr, an expert on Shia Islam, said the Pentagon meeting appeared to be an effort to give White House, Pentagon and State Department officials better insight into Iraq's religious and ethnic mix.

"They wanted new insight, so they could better understand the arena in which they are making policy," said Mr. Nasr, author of "The Shia Revival." He said he got no sense that the Bush administration was contemplating a shift in its Iraq policy.

Some who have been brought into past meetings with President Bush, even fierce critics of the conduct of the Iraq war, give credit to the White House for beginning to listen to alternate viewpoints.

Gen. Barry R. McCaffrey, a retired Army commander who went to the White House in May, said he believed that Mr. Bolten has been largely responsible for bringing in new voices to counsel the president.

"They're listening to new ideas and they're listening to the reality," said General McCaffrey, who has criticized Defense Secretary Donald H. Rumsfeld and believes that the Iraq war could break the United States Army.

But one critic of the administration's management of the war effort said he remained unconvinced that the White House was actually listening to alternative viewpoints.

The critic, Senator Carl Levin of Michigan, the ranking Democrat on the Armed Services Committee, said in a telephone interview that "one of the hallmarks of this administration has been stubbornness to any change of approach."

Bush Dismisses The Idea Of Partitioning Iraq (LAT)

By Paul Richter And Peter Wallsten

The Los Angeles Times, August 16, 2006

WASHINGTON — President Bush told Middle East experts at a private meeting this week that a three-way division of Iraq would only worsen sectarian violence and was not an option for solving the country's problems, the analysts said Tuesday.

Rejecting a policy alternative that has been gaining support in the U.S. and abroad, Bush told the experts that dividing Iraq would be "like pouring oil on fire," said Eric M. Davis of Rutgers University, one of the experts who met with the president Monday over Texas brisket and iced tea at the Pentagon.

The experts said in interviews that Bush signaled that he intended to make no policy changes in Iraq, despite warnings from military leaders and election-year arguments from Democrats that the war is a drain on resources and a distraction from the administration's campaign against terrorism.

Although only a minority has been in favor of dividing Iraq into Shiite, Sunni and Kurdish sections since the 2003 invasion, the unrelenting pace of sectarian killings and a stalled reconstruction effort have sparked rethinking among many U.S. officials, their allies and Iraqis.

Some Iraqi Shiite and Kurdish leaders recently expressed support for the idea. In the United States, so have Sen. Joseph R. Biden Jr. of Delaware, the senior Democrat on the Senate Foreign Relations Committee and a potential 2008 presidential candidate, and former State Department officials Peter Galbraith and Leslie H. Gelb.

Davis said that when he began enumerating the reasons it would be a mistake to divide Iraq, Bush interrupted. "He was going, 'Yes, yes,' while I was making that point," Davis said.

Reuel Marc Gerecht, a Mideast analyst at American Enterprise Institute, said Bush asserted that the partition idea was "not even a starter," and that he also made it clear that "as long as he's president, we're in Iraq."

Carole O'Leary, an American University research professor and Iraq expert, said Bush "was adamant that, despite any conspiracy theories out there in the Islamic world or anywhere else, the United States is not in there to break up the place."

White House Press Secretary Tony Snow elaborated later Tuesday.

"It may provide kind of a nice construct — break it apart, and then it won't be a problem," Snow said. "Iraqis look upon themselves … as Iraqis, as the descendants of a Mesopotamian civilization that has been around for a very long time. And they see themselves as a nationality, rather than unmeltable ethnic groups."

Bush met with the experts during two days of sessions with Cabinet officials and others focusing on Iraq, terrorism and national security issues.

The sessions were held as White House strategists are taking every opportunity to focus — for the third election cycle in a row — on national security as the winning issue.

Republicans seized on the results of the Connecticut Democratic primary last week, in which the pro-Iraq war Sen. Joe Lieberman lost to political newcomer Ned Lamont, as evidence of a "defeatist" Democratic Party. The GOP, struggling to overcome sour approval ratings on Iraq and other issues, then circled around the British investigation of an alleged plot to bomb U.S.-bound airliners as a campaign issue.

Democrats said the alleged terrorist plot showed that the U.S. was not any safer since the Sept. 11 attacks.

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The political dynamic was evident throughout this week's presidential meetings. Photo opportunities depicted a president at work while he reiterated election-year themes, such as the controversial domestic spying program that the White House says is crucial for investigating terrorists.

"America is safer than it has been," Bush said Tuesday after a meeting at the National Counterterrorism Center outside Washington. "But it's not yet safe."

Vice President Dick Cheney touched on the same themes Tuesday at a fundraising event in Arizona.

"Here in the U.S., we have not had another 9/11," Cheney said. "No one can guarantee that we won't be hit again. But the relative safety of recent years was not an accident. It's because we've waged an effort on every front — diplomacy, finance, intelligence, homeland security and, when necessary, military action."

Bush has brought in experts for previous sessions apparently designed to show that, contrary to what critics say, he is open to new ideas. Snow said the idea was to avoid appearances before "amen choruses."

"These are not meetings where he comes in and gets cheerleaders," Snow said.

But the analysts who attended the Pentagon lunch, which lasted nearly two hours, said it was arranged as a fact-gathering session, rather than a policy debate. Although at least three of the four experts have criticized U.S. policy in the Middle East, none has called for U.S. withdrawal from Iraq.

The fourth analyst, Vali R. Nasr, of the Naval Postgraduate School, said Bush wasn't interested in a specific policy discussion.

"I didn't give an opinion about policy," said Nasr, who is the author of "The Shia Revival: How Conflicts Within Islam Will Shape the Future." "They didn't ask if it was a good policy or not."

Nasr added that "nothing I heard suggests an immediate policy shift."

Gerecht, of the American Enterprise Institute, said that though there was no policy debate, "I think it's fair to say that there is an awareness that there are some serious problems and they need to deal with them."

The experts each volunteered that they were impressed by Bush's knowledge of the complexities of the situation in Iraq. American University's O'Leary said she was not sure Bush or his aides learned anything new.

"I believe he was very open to what everybody said," she said. "It just happened that what we expressed, each of our sets of points, are things that they're already thinking about."

Group Says Iran Is 'Not A Crisis' (LAT)

By Peter Spiegel

The Los Angeles Times, August 16, 2006

WASHINGTON — Seeking to counter the White House's depiction of its Middle East policies as crucial to the prevention of terrorist attacks at home, 21 former generals, diplomats and national security officials will release an open letter tomorrow arguing that the administration's "hard line" has actually undermined U.S. security.

The letter comes as President Bush has made a series of appearances and statements, including a visit Tuesday to the National Counterterrorism Center in McLean, Va., seeking to promote the administration's record on security issues in advance of November's midterm congressional elections.

The rhetoric has increased since last week's Democratic primary in Connecticut, in which antiwar political newcomer Ned Lamont defeated three-term Sen. Joe Lieberman to become the party's Senate candidate — a victory that senior administration officials are describing as a sign that Democrats are embracing their party's extreme left.

Retired Army Lt. Gen. Robert G. Gard, one of the letter's signers and a former military assistant to Defense Secretary Robert S. McNamara in the 1960s, said the group was particularly concerned about administration policies toward Iran, believing them to be a possible prelude to a military attack on suspected nuclear sites in that country.

Gard said the signatories — who included retired Marine Corps Gen. Joseph P. Hoar, head of U.S. Central Command from 1991 to 1994, and Morton H. Halperin, a senior State Department and National Security Council official during the Clinton administration — did not believe that Iran had the wherewithal to build a nuclear weapon in the immediate future and would push the administration to open negotiations with Tehran on the issue.

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"It's not a crisis," Gard said in a telephone interview. "To call the Iranian situation a 'crisis' connotes you have to do something right now, like bomb them."

He noted that Iran had sought to open negotiations with the U.S. through Swiss intermediaries, efforts that the letter-signers said were worth exploring as a means of defusing tensions in the region.

But Gard said the administration appeared to be going in the opposite direction, adding that he was particularly concerned by recent warnings from former Israeli military officials that a strike against Iran may be needed to disable that country's nuclear program.

He noted that the Bush administration's unabashedly pro-Israel stance during the recent conflict with Hezbollah was an indication that the White House may accede to such assessments.

"This administration is clearly so beholden to Israel that it raises the concern we might go along" with a military strike, Gard said.

Organizers of the letter said the White House's recent efforts to belittle Democrats for seeking a timetable for withdrawing troops in Iraq may lead the signers to include criticism of the administration's Iraq policy.

The letter is expected to call for a complete overhaul of U.S. policy toward both Iran and Iraq.

Meanwhile, In Baghdad ... (NYT)

The New York Times, August 16, 2006

As everyone with a television is aware, Lebanon has just suffered through a terrible month, with more than 1,000 people killed, most of them innocent civilians. But Iraq has suffered through an even worse month. Since June, more than 3,000 Iraqis have been killed each month, and the rate continues to rise. While Lebanon is now trying to pick up the pieces, Iraq is falling apart at an accelerating pace.

As Americans debate where to go from here on Iraq, one thing should be clear. Staying the course until President Bush leaves office 29 months from now is not an option. It is no longer even clear just what course America is on. Most of what Washington now claims to be doing cannot withstand the most elementary reality test.

Just this week, Mr. Bush defined America's purpose as supporting an inclusive national unity government. Every day, it becomes increasingly clear that there is no such unity government, that there never has been and that the various branches of the Iraqi leadership are not trying to create one.

Iraq's elected government is dominated by two Iranian-backed Shiite fundamentalist parties. They are backed on the streets of Baghdad and in the Shiite south by two Hezbollah-like armed militias. In Parliament, their power is reinforced by two Kurdish separatist parties, also with their own militias, which have been allowed to run the Kurdish northeast like an independent state within a state.

Washington doesn't complain too loudly about these militias, because without them, the Iraqi government would be even weaker than it is now. But so long as they are allowed to enforce their murderous brand of vigilante justice, it is ludicrous to claim that Iraqis enjoy democracy or the rule of law.

Some Sunni parties also participate in the government, but without any real policy-making power. This week, the Sunni speaker of Parliament considered quitting to protest his isolation.

Outside Shiite and Kurdish areas, the authority of Iraq's government is barely felt. There, Sunni insurgents fight and kill American troops. That insurgency did not die down after Saddam Hussein was captured, as Mr. Bush once hoped it would. Nor did it die down when elections were held, when the constitution was ratified, when the government was formed or when the local leader of Al Qaeda, Abu Musab al-Zarqawi, was killed. The insurgency rages on, and no one knows when, how or if it might end.

The other key element of Mr. Bush's policy is his promise that as Iraqi forces stand up, American forces will stand down. Even on the rare occasions that Iraqi forces have stood up, they have often been unreliable and ineffective. In June, Prime Minister Nuri Kamal al-Maliki announced a drive by Iraqi and American troops to secure Baghdad. Baghdad became even less secure, and more American troops had to be called in to do a job they were supposed to be phasing out of. More Iraqis were killed in July than in any other month of the war.

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And the mayhem in Baghdad continues unabated. Local policing is, in fact, a job that only Iraqis can do successfully. But almost three and a half years after the toppling of Saddam Hussein, there is still no Iraqi force capable of taking this on. And it is hard to see how the present Iraqi government will ever field such a force, so long as its power depends on armed sectarian militias that fuel the Baghdad violence.

Things in Iraq are not going to get better by themselves. The answer is not blind perseverance in staying a course that has demonstrably failed.

Suicide Bombing, Street Battles Kill 16 In Iraq (USAT/AP)

By Robert H. Reid

USA Today, August 16, 2006

BAGHDAD — A suicide bombing in the north and street battles hundreds of miles away in a Shiite holy city in the south claimed 16 lives Tuesday. The incidents demonstrated the tenuous security in Iraq as the United States focuses on curbing sectarian violence in Baghdad.

Nine people died in the suicide attack outside the regional party headquarters of Iraq's president in the northern city of Mosul. Seven were killed in the fighting between Iraqi forces and followers of an anti-American cleric in Karbala.

In Baghdad, meanwhile, the U.S. military said car bombs triggered deadly explosions in a Shiite neighborhood on Sunday, backing away from assertions that the blasts were caused by a gas leak.

The suicide driver detonated his vehicle at the Mosul office of the Patriotic Union of Kurdistan, the party of President Jalal Talabani, killing five civilians and four security guards, police Col. Abdul-Kareem Ahmed al-Jibouri said.

Forty-one people were wounded in the blast, which heavily damaged the one-story building and set 17 cars on fire, he said.

In Karbala, a Shiite holy city 270 miles south of Mosul, gunbattles broke out after police raided the office of Mahmoud al-Hassani, a Shiite cleric known for anti-American and anti-Iranian views. Police said they were searching for weapons.

Al-Hassani's followers responded by attacking police stations and checkpoints in at least five areas of the city, residents and officials said. Gunmen in civilian clothing fired Kalashnikov rifles, machine guns and rocket-propelled grenades at Iraqi army patrols.

A regional health official told the Associated Press three Iraqi policemen and four gunmen were killed and 17 people were wounded. The official spoke on condition of anonymity because he is not authorized to speak to the media.

Officials ordered an indefinite curfew on the city, which contains some of the world's most sacred shrines for Shiite Muslims. But the curfew was widely ignored as gunmen roamed the streets, firing at police and soldiers.

"We have asked for extra forces from neighboring provinces to control the situation after clashes erupted between al-Hassani's supporters and the security forces," said Ghalib al-Daami, a member of Karbala's provincial council.

Al-Hassani gained prominence for his nationalistic stand, calling for an Iraq free of influence from the United States and Shiite-dominated Iran. Other key Shiite figures have sought to dampen his influence, which is mostly in Karbala and Basra.

The U.S. Command is rushing 12,000 additional U.S. and Iraqi forces to Baghdad to curb violence there, which U.S. Ambassador Zalmay Khalilzad has described as the greatest threat to Iraq's future.

So far, the security operation has not resulted in a significant reduction in violence. On Sunday, dozens of people were killed in a series of explosions in Zafraniyah, a Shiite district of southeastern Baghdad.

Iraqi officials said the blasts were caused by car bombs and a rocket barrage from Dora, a mostly Sunni area where U.S. troops operate.

On Monday, Maj. Gen. William Caldwell, a U.S. military spokesman, had said the destruction was caused by a gas line explosion. However, a U.S. military statement said Tuesday that the blasts were triggered by two car bombs that "detonated in the vicinity of a building, causing a gas explosion."

The combination of the explosions "resulted in the collapse of a residential building," the statement said. It said two more car bombs went off in a 1-mile radius within a short time span. Four buildings were destroyed, it said.

16 Killed In Bombing, Gunbattle In Iraq (AP)

By Sameer N. Yacoub, Associated Press Writer

DOJ_NMG_0048855

AP, August 16, 2006

A suicide bombing in the north and street battles hundreds of miles away in a Shiite holy city in the south claimed 16 lives Tuesday, demonstrating the tenuous security in Iraq as the U.S. focuses on curbing sectarian violence in Baghdad.

Nine people died in the suicide attack outside the regional party headquarters of Iraq's president in the northern city of Mosul; seven were killed in the fighting between Iraqi forces and followers of an anti-American cleric in Karbala.

In Baghdad, meanwhile, the U.S. military said car bombs triggered deadly explosions in a Shiite neighborhood Sunday, backing away from assertions that the blasts were caused by an accidental gas leak.

The suicide driver detonated his vehicle at the Mosul office of the Patriotic Union of Kurdistan party of President Jalal Talabani, killing five civilians and four security guards, police Col. Abdul-Kareem Ahmed al-Jibouri said. Forty-one people were wounded by the blast, which heavily damaged the one-story building and set 17 cars on fire, he said.

In Karbala, a Shiite holy city 270 miles south of Mosul, gunbattles broke out after police raided the office of Mahmoud al-Hassani, a Shiite cleric known for anti-American and anti-Iranian views. Police said they were searching for weapons.

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"We have asked for extra forces from neighboring provinces to control the situation after clashes erupted between al-Hassani's supporters and the security forces," said Ghalib al-Daami, a member of Karbala's provincial council.

Late Tuesday, residents said tensions were rising in another Shiite city, Nasiriyah, with al-Hassani's followers brandishing weapons and blocking some streets.

Al-Hassani gained prominence for his nationalistic stand, calling for an Iraq free of influence from the Americans and Shiite-dominated Iran. Other key Shiite figures have sought to dampen his influence, which is mostly in Karbala and Basra, Iraq's second-largest city.

The U.S. command is rushing 12,000 U.S. and Iraqi reinforcements to curb unrest in the capital, which U.S. Ambassador Zalmay Khalilzad has described as the greatest threat to Iraq's future.

However, many other parts of the country remain unstable after three years of the U.S.-led international military presence, including the Sunni insurgent stronghold of Anbar and Basra, where British forces have failed to prevent Shiite militias from infiltrating the police and security services.

In Baghdad, U.S. and Iraqi forces have surrounded the Sunni neighborhoods of Amariyah and Ghazaliyah and the Shiite area of Shula, systematically searching houses and shops for weapons, residents said Tuesday.

One resident of Amariyah said the troops have allowed people to move about the streets but food and other goods were running low in the shops because the extra security had prevented merchants from restocking their shelves.

Those neighborhoods have been the scene of many killings, shootings and other violent incidents between Sunni and Shiite extremists.

Many Sunnis do not trust the Shiite-dominated police and army, and the presence of the Americans is aimed at reassuring them that the law will be enforced without regard to religious affiliation.

So far, however, the security operation has not resulted in a significant reduction in violence. On Sunday, 63 people were killed and about 140 were wounded in a series of explosions in Zafraniyah, a Shiite district of southeastern Baghdad.

Iraqi officials said the blasts were caused by car bombs and a rocket barrage from Dora, a mostly Sunni area where U.S. troops operate.

On Monday, U.S. military spokesman Maj. Gen. William B. Caldwell had said the destruction in Zafraniyah was caused by a gas line explosion and there was no evidence of car bombs or rockets.

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However, a U.S. military statement said Tuesday the blasts were triggered by two car bombs that "detonated in the vicinity of a building, causing a gas explosion." The combination of the explosions "resulted in the collapse of a residential building."

It said two more car bombs went off in a one-mile radius within a short span of time. Four buildings and 20 shops were destroyed, it said.

Associated Press correspondents Qais al-Bashir, Sameer N. Yacoub, Rawya Rageh, Vijay Joshi, Bushra Juhi and Sinan Salaheddin contributed to this report.

Strife Moving Out From Baghdad To Villages (WP)

By Ann Scott Tyson

The Washington Post, August 16, 2006

KHAN BANI SAD, Iraq -- Telba Khalif was in the vineyard when the mortar shell crashed down, sending her running terrified toward her house. Day and night, similar explosions had rocked her village -- on the road, by the canal, in the fields -- in what U.S. and Iraqi military officials call a bleeding of sectarian strife out from Baghdad.

"We can't sleep every night because this is happening," Khalif said in her stucco home, surrounded by other veiled women and girls. "We're very scared."

Mortar attacks that erupted last month between Sunni and Shiite villages around Khan Bani Sad are part of a complex power struggle in the demographically mixed province of Diyala, a contested area stretching from Baghdad to Iran. Sunni fighters are trying to push Shiite families out of the region, while Shiite militiamen from Baghdad are moving in aggressively to attack Sunnis and expand their turf, the officials say.

U.S. commanders had planned on withdrawing hundreds of American troops from this province, but instead this month they ordered an increase in troop levels to help stem the spread of sectarian violence. The Iraqi army has grown more capable in Diyala, and took over a large portion of the province last month. But the decision to add American troops underscored the limitations of their Iraqi counterparts, particularly the police, who must overcome mistrust fostered by the sectarian tensions.

"Our mission is not to let them fail catastrophically," one U.S. officer, speaking on condition of anonymity, said of the Iraqi troops.

Attacks in Diyala have more than doubled since last summer, with more than 60 percent now directed at Iraqi civilians. Thousands of Shiite and Sunni residents have fled their neighborhoods after receiving death threats, U.S. and Iraqi officials say.

The officials also noted that the province's mixed population, its long border with Iran, and its rivers and fruit production make it attractive for a land grab. In Khan Bani Sad, in particular, the Mahdi Army, the Shiite militia of cleric Moqtada al-Sadr, is intent on moving in while also pushing the Sunnis out, they said.

The situation is not unlike the one in the Iraqi capital.

"We see the challenges of Baghdad being exported," said Maj. John Digiambattista, operations officer for a U.S. Army battalion here.

The rising influence of the Mahdi Army is clearly on display in Khan Bani Sad, located about 12 miles northeast of Baghdad. The militia's black flags flutter from light poles, and the scowling visage of Sadr glares down from posters along the main road.

More than 100 militiamen operate here in cells, setting up illegal checkpoints on the highways to Baghdad, robbing trucks, kidnapping and murdering Sunnis, and staging attacks on Sunni villages, U.S. and Iraqi officials say. In May, dozens of Mahdi Army militiamen disguised in Iraqi army uniforms and driving muddied trucks traveled north to attack the nearby village of Arab Jabar, said Capt. Colin Tansey, intelligence officer for the U.S. battalion in western Diyala. About 30 militiamen were captured, he said.

Often, however, the militiamen elude capture, U.S. and Iraqi soldiers say. The Mahdi Army sets up its checkpoints every day and kidnaps Sunni residents, "but usually when we go to arrest them, they aren't there," said Capt. Salah Bakery, 24, who commands the Iraqi army company in Khan Bani Sad. The militia is "ghost-like," one U.S. officer agreed.

"It's very hard with random murdering and killing to get there" in time to stop it, said Digiambattista, who advises Iraqis to try to defend themselves until help arrives.

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Complicating the problem is the widespread belief that some Iraqi forces are taking sides in the sectarian violence.

As mortar attacks pounded villages here late last month, scores of Sunni and Shiite tribal and religious leaders gathered in a dim hall in Khan Bani Sad to try to reach a peace agreement. But the meeting dissolved into rancor after the chief of police, Col. Hashim Hussein Abid, took to the podium. "Honestly, today I didn't want to come to this meeting," Abid admitted. "It's like we're going around in an empty circle" of revenge killing, he said.

A sheik in white and gold robes stood up and charged that Iraqi police and soldiers were allowing armed men to pass through checkpoints. "The Iraqi army and Iraqi police aren't good," he shouted, challenging Abid to "swear he doesn't know about this situation." A Sunni religious leader, Mohammed Isa Allami, decried the escalating violence and blamed the Iraqi army for "allowing militia to kill innocent people on the roads."

U.S. and Iraqi officials acknowledge that Iraqi police in Khan Bani Sad are heavily infiltrated by Mahdi Army militiamen and that some soldiers also are sympathetic to the group. "They could be doing it as a matter of survival," Tansey said. "If you're Shiite, you cooperate with them or they'll kill you in the middle of the night."

Unsure of the loyalties of Iraqi forces, U.S. officers sometimes lie to Iraqi army commanders about where they are going on joint missions and require Iraqi soldiers to give up their cellphones before leaving camp. Police are distrusted even more.

Ironically, as Iraqis increasingly fight among themselves, many look to the U.S. military to broker their conflicts. For example, Iraqi officials moved the Khan Bani Sad meeting from a mosque to a public hall to ensure that American officers could attend.

But Iraqi army leaders here are working hard to win public trust as mediators. In a blunt exchange at the meeting, Brig. Gen. Saman Talabany, 38, commander of the Iraqi army brigade overseeing the region, told the agitated room of sheiks and imams that despite criticisms, his soldiers offer them their best hope.

"We were traitors because we worked with the coalition. Now we're bastards because we are securing no one, and the Americans are the friends," he said, acknowledging the complaints. But in the end, he said, "no one will help you but the Iraqi army."

"We aren't wearing hoods. We aren't killing kids," Talabany said. " . . . We are the true mujaheddin."

Talabany, a former fighter for the Kurdish militia known as the pesh merga , was trained at the Australian Defense College and is an aggressive commander, willing to kick down doors in firefights and harass the Defense Ministry in Baghdad for pay for his men.

But Talabany's challenges are many. He is short hundreds of soldiers and crucial supplies such as water -- he recently went for days without a shower in 120-degree heat. His soldiers vary in skill from expert scouts to privates who barely know how to hold a weapon, and accidental discharges have wounded several fellow soldiers, U.S. military advisers say.

Overall, the brigade's confidence and capabilities are growing, aided by platoon-level training by a U.S. Special Forces team. Talabany's soldiers recently captured a top al-Qaeda operative on their own. To operate without U.S. help, however, the brigade will need helicopters, intelligence assets such as unmanned aerial vehicles, and artillery.

All the while, Talabany must strive to appear impartial to feuding Shiite and Sunni leaders. "General Talabany is walking a tightrope of religious, political and military influences," said Lt. Col. Frank Muggeo, head of a U.S. military team that advises Talabany's brigade. But ultimately, Muggeo said, he believes the Iraqi army has "a better chance of taking care of any sectarian violence and defusing it than anyone else."

In a major operation late last month, Talabany's forces, backed by U.S. tanks and attack helicopters, swept through villages involved in the back-and-forth mortar strikes, capturing several suspects and mortar rounds. The show of force, coupled with tighter security at checkpoints and more-frequent Iraqi army and U.S. military patrols in Khan Bani Sad, quieted the bombardments.

Searching a farm, Mohammed ali Ahmed, a 26-year-old Shiite soldier, shook his head. "In this area, all the Sunnis are killing Shiites," he said, dragging a finger across his throat. "The Sunnis are upset and want to destroy the new government. God willing, we will get control and civil war won't happen."

July Was Deadliest Month Of War For Iraqi Civilians (NYT)

DOJ_NMG_0048858

By Edward Wong And Damien Cave

The New York Times, August 16, 2006

BAGHDAD, Iraq, Aug. 15 — July appears to have been the deadliest month of the war for Iraqi civilians, according to figures from the Health Ministry and the Baghdad morgue, reinforcing criticism that the Baghdad security plan started in June by the new government has failed.

An average of more than 110 Iraqis were killed each day in July, according to the figures. The total number of civilian deaths that month, 3,438, is a 9 percent increase over the tally in June and nearly double the toll in January.

The rising numbers suggested that sectarian violence is spiraling out of control, and seemed to bolster an assertion many senior Iraqi officials and American military analysts have made in recent months: that the country is already embroiled in a civil war, not just slipping toward one, and that the American-led forces are caught between Sunni Arab guerrillas and Shiite militias.

The numbers also provide the most definitive evidence yet that the Baghdad security plan started by Prime Minister Nuri Kamal al-Maliki on June 14 has not quelled the violence. The plan, promoted by top Iraqi and American officials at the time, relied on setting up more Iraqi-run checkpoints to stymie insurgents.

The officials have since acknowledged that the plan has fallen far short of its aims, forcing the American military to add thousands of soldiers to the capital this month and to back away from proposals for a withdrawal of some troops by year's end.

The Baghdad morgue reported receiving 1,855 bodies in July, more than half of the total deaths recorded in the country. The morgue tally for July was an 18 percent increase over June.

The American ambassador said in an interview last week that Iraq's political leaders had failed to use their influence fully to rein in the soaring violence, and that people associated with the government were stoking the flames of sectarian hatred.

"I think the time has come for these leaders to take responsibility with regard to sectarian violence, to the security of Baghdad at the present time," said the ambassador, Zalmay Khalilzad

The American military in recent weeks has been especially eager to prove that Baghdad can be tamed if American troops are added to the streets and take a more active role — in effect, a repudiation of earlier efforts to turn over security more quickly to Iraqis.

The American command has added nearly 4,000 American soldiers to Baghdad by extending the tour of a combat brigade. Under a new security plan aimed at overhauling Mr. Maliki's efforts, some of the city's most violent southern and western areas are now virtually occupied block-to-block by American and Iraqi forces, with entire neighborhoods transformed into miniature police states after being sealed off by blast walls and concertina wire.

When the tally for civilian deaths in July is added to the Iraqi government numbers for earlier months obtained by the United Nations, the total indicates that at least 17,776 Iraqi civilians died violently in the first seven months of this year, or an average of 2,539 per month.

The Health Ministry did not provide figures for people wounded by attacks in Baghdad but said that at least 3,597 Iraqis were hurt outside the city in July, a 25 percent increase over June.

United Nations officials and military analysts say the morgue and ministry numbers almost certainly reflect severe undercounting, caused by the haphazard nature of information in a war zone.

Many casualties in areas outside Baghdad probably never appear in the official count, said Anthony H. Cordesman, a military analyst at the Center for Strategic and International Studies, a research group in Washington. That helps explain why fatalities in Baghdad appear to account for such a large percentage of the total number, he said in a recent report.

The United Nations has been tracking civilian casualty figures by collating numbers from the Health Ministry and Baghdad morgue. Last month, it announced that the Iraqi government's numbers indicated that 3,149 violent deaths had occurred in June, or an average of more than 100 per day.

The statistics were significantly higher than previous civilian death tolls, and indicated that the news media had drastically underreported the level of violence in Iraq. The United States government and military have declined to release overall figures on Iraqi civilian casualties, or even say whether they are keeping count.

But Iraqi and American officials agree that civilian deaths had been much lower before wide-scale sectarian violence erupted after the Feb. 22 bombing of a Shiite shrine in Samarra, and has only gotten worse.

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In recent weeks, Ambassador Khalilzad and top generals have warned that the country could slide toward full-blown civil war, especially if the capital continued fragmenting into ethnic or sectarian enclaves controlled by militias, as has been happening for months.

Much of the responsibility rests on Iraqi politicians, many of whom have ties to militias, Mr. Khalilzad said. "I believe that there have been forces associated with people in the government from both the Shia and Sunni sides that have participated in this," he said of the violence.

Iraqi politicians are furiously lashing out at one another. On Monday, the speaker of Parliament, a conservative Sunni Arab, said he was considering stepping down because of animosity from the Kurdish and Shiite political blocs.

The move to oust the speaker, Mahmoud al-Mashhadani, appears to have thrown the Sunni Arab bloc he belongs to, the Iraqi Consensus Front, into disarray. On Tuesday, a senior member of the bloc, Khalaf al-Elayan, said the bloc rejected any call for Mr. Mashhadani's resignation. Another Sunni leader, Adnan al-Dulaimi, said in an interview that Mr. Mashhadani should step down. Mr. Dulaimi is considered a possible replacement.

In Karbala, Shiite gunmen and Iraqi military forces exchanged gunfire for several hours near one of Iraq's holiest Shiite shrines. Witnesses said the fighting forced the Iraqi Army to block entrances to the city and impose a curfew, prohibiting all cars and warning residents not to carry guns.

In Mosul, a suicide bomber detonated a truck packed with explosives, killing at least 5 civilians and wounding nearly 50 near the offices of the Patriotic Union of Kurdistan, the party of President Jalal Talabani.

One of the deadliest attacks in recent weeks took place in southern Baghdad on Sunday night, when bombs, mortars and rockets killed at least 57 people in a Shiite neighborhood, according to Iraqi officials. The American military said Tuesday that the death toll had grown to at least 63 and that the cause had been identified: two car bombs that ignited a gas line.

A day earlier, the American military had said the deaths were due solely to a gas-main explosion and not to any attack. A spokesman now says that conclusion was based on "incomplete information."

The well-organized attack came despite the fact that American and Iraqi troops have flooded areas of southern Baghdad.

Evidence Points To One Ring For Five Abductions In Iraq (CSM)

By Dan Murphy

The Christian Science Monitor, August 16, 2006

BAGHDAD

Jill Carroll's captors appear to be involved in some of the most high-profile kidnappings of Westerners in Iraq during the past two years.

A Monitor investigation - including interviews with other kidnap victims, US, Iraqi, and Italian investigators, as well as court testimony in Iraq - ties her abductors, or others close to them, to at least five kidnapping incidents, including Ms. Carroll:

• The Oct. 19, 2004 abduction and subsequent murder of Irish aid worker Margaret Hassan.

• The abduction of French journalist Florence Aubenas on Jan. 5, 2005.

• The abduction of Italian journalist Giuliana Sgrena on Feb. 4, 2005.

• The Nov. 26, 2005 abduction of four members of the Christian Peacemakers Team and the subsequent murder of American Tom Fox.

While the investigation yielded corroboration of key details, it couldn't conclusively prove that the leader of the ring that kidnapped Ms. Carroll also orchestrated the other four abductions. Iraq's insurgent groups operate in small cells. They often collaborate on the basis of overlapping interests, family and tribal ties, but don't have the direct command and control of a regular army.

Evan Kohlmann, a US terrorism consultant, also notes that Iraqi insurgents typically use misdirection in their propaganda - sometimes disavowing attacks for which they are responsible, at other times claiming attacks in which they were not involved.

Still, the strongest evidence suggests that the same group that took Carroll also abducted Ms. Sgrena, the Italian journalist. In early March, Abu Rasha, the leader of one of the three cells handling Carroll's kidnapping, went into great detail about Sgrena's captivity. Since Carroll's release, Sgrena has corroborated some of those details, although with some discrepancies.

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For example, Abu Rasha told Carroll that Sgrena had shouted at them that they shouldn't be kidnapping her when their stated goal was to attack soldiers and police, not journalists. In his version of that shouting match, Sgrena ultimately obeyed orders to be quiet and gave an apology.

In a phone interview from Rome, Sgrena confirms that she did yell at them just as Abu Rasha described. But she says she never apologized to her kidnappers.

Abu Rasha described Sgrena as "like a mother" to her captors and that because of that they didn't harm her. Sgrena says she told them they shouldn't harm her because she was old enough to be their mother.

Abu Rasha said they gave her a gold necklace shortly before her release, something Sgrena confirmed. Carroll was also given a gold necklace when she was released.

There were other similarities in how the captors behaved and treated the two Western women. Each was held in Iraqi homes, in dark rooms. Their captors pretended to be Shiite, when they were devout Sunnis. They encouraged the women to convert to Islam. In the final videos of Sgrena and Carroll, made just before their release, their captors ordered them to say they were well treated, and voiced their support for journalists.

Though Carroll and Sgrena discussed the appearance and demeanor of their captors, neither could be certain if the men were the same. Nevertheless, the many similarities in their experiences convinced Carroll that the same men were involved.

Sgrena and Ms. Hassan were the only hostages Carroll's captors referred to by name, but they alluded to Ms. Aubenas and Mr. Fox.

On the third day of Carroll's captivity, for example, Abu Nour, the leader of Carroll's kidnappers, told her that he had also kidnapped a female French journalist almost exactly one year earlier. Aubenas was kidnapped Jan. 5, 2005 and held for more than five months.

Aubenas declined to give the Monitor details about her captivity, saying she had spoken enough at the time of her release and wants to put the experience behind her. The public descriptions she has given of her captivity are starkly different from the conditions under which Carroll was held. Aubenas was frequently bound and blindfolded in a basement, while Sgrena's and Carroll's environment in captivity was generally less threatening.

But there is other evidence that ties Aubenas to Sgrena's and Hassan's abductions.

Aubenas was kidnapped after interviewing refugees at a tent camp for Sunni refugees from Fallujah on the grounds of the Mustafa Mosque on the Baghdad University campus. A month later, on Feb. 4, 2005, Sgrena was taken from the same location.

Proximity alone wouldn't be enough to link the two. But US, Iraqi, and Italian investigators say that the man that ran that mosque, Sheikh Hussein al-Zubayi, is the prime suspect in the abductions of Sgrena, Aubenas, and Hassan, the deceased director of Care International in Iraq.

Sheikh Zubayi is a wealthy Baghdad cleric. Until last year, he was also a member of the Muslim Scholars Association, a hard-line Sunni group that was involved in both successful and unsuccessful ransom negotiations for foreign hostages in 2004. He's been in hiding since shortly after the Sgrena kidnapping.

Iraqi police investigators and prosecutors, as well as the Italian government, say captured insurgents have told them that Zubayi was involved in the Aubenas and Sgrena abductions, as well as with the kidnapping and murder of Hassan. Hassan was murdered by her kidnappers near Fallujah in 2004, who were apparently angry over an ongoing US offensive in Fallujah.

In early June, a minor figure in the Hassan kidnapping, Mustafa Salman al-Jibouri, was sentenced to life in prison by a Baghdad court. At his trial, Mr. Jibouri said that Zubayi gave him a bag containing Hassan's purse and ID cards for safekeeping. Jibouri said in his defense that he didn't know they were Hassan's at the time.

Jibouri's court statements, and an interview with the Iraqi prosecutor in the case, paint Zubayi's role as that of a ruthless and mercurial individual, determined to squeeze as much propaganda value as possible out of his kidnapping operations.

Jibouri also said in court that Zubayi was involved in Aubenas's and Sgrena's kidnapping.

Italian and Iraqi intelligence also tie Zubayi to Sgrena. Just before her release in a Baghdad neighborhood, Sgrena's captors' last words to her were to "be careful: the Americans don't want you to return to Italy alive," according to "Friendly Fire," Sgrena's own book about her abduction.

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Her captors also gave the same warning to Nicola Calipari, the Italian intelligence officer who negotiated her release, according to a Western intelligence official and an Iraqi investigator. The Italians rushed directly to the Baghdad airport. US soldiers manning a checkpoint mistook the car for a suicide car bomb and opened fire, killing Mr. Calipari and wounding Sgrena.

Investigators say that Zubayi effectively orchestrated the shooting. He called a US tip hotline shortly after Sgrena and Calipari drove off and said a car matching the description of their sedan, carrying a bomb, would soon be on the airport road, according to Jibouri's court testimony. This was also confirmed by an Iraqi investigator contacted by the Monitor, and an Italian police report leaked to Corriere della Sera, an Italian newspaper.

The 42-page US report on the shooting incident says an intelligence warning that both a black car and a white car were likely to be carrying bombs on the airport road at the time of the incident was passed to the soldiers who opened fire. Sgrena's car, a Toyota Corolla, was white.

Carroll was also told by her captors at the time of her release that the US military would try to kill her.

Iraqi investigators, who asked not to be identified, say Zubayi kidnapped women because they made for good propaganda videos and were seen as an opportunity to raise money for Sunni Arab fighters.

European and Iraqi officials say that multimillion-dollar ransoms were paid in both the Sgrena and Aubenas cases. In Hassan's case, a $10 million ransom was sought by Abdel Salam al-Qubaisy, a senior leader of the Muslim Scholars Association, according to Italian police wiretaps, transcripts of which were leaked to Italy's La Repubblica newspaper in January. Monitor editors and the Carroll family say they paid no money to secure her release.

What role, if any, Zubayi played in Carroll's kidnapping isn't known. He has been on the run from the authorities for more than a year. Christian Peacemaker links, too

Jill Carroll is persuaded that her captors had close ties, if not direct involvement, with the kidnappers of the Christian Peacemakers Team.

"Since my captors viewed all mujahideen as part of the same worldwide movement... it is unclear how many of these kidnappings were carried out by the same individuals who took me, and how many were carried out by separate but allied groups," she says.

It seems likely that Ms. Carroll's captors and those holding the Christian Peacemakers, including American Tom Fox, were at least communicating with one another.

On or around Feb. 27, Carroll's captors made a video of her pleading for the release of a Jordanian prisoner. Later the same day, her chief captor, Abu Nour, told her: "We killed an American today." He said the hostage was killed because the US government failed to meet a 48-hour deadline to release Sheikh Omar Abdel-Rahman, the blind Egyptian cleric serving a life sentence in the US for organizing the 1993 bombing of the World Trade Center.

At the time, Carroll had no idea who the victim might be.

But about two weeks later, she saw a television news report saying that the body of Mr. Fox, the American member of the Christian Peacemakers Team, was found in Baghdad. The Iraqi police say he was killed within 24 hours of his body being recovered on March 9.

While the discrepancy in the date of Fox's murder is odd, it may just point to the fact that Abu Nour had infrequent contact with the cell that held the Christian Peacemakers and didn't know they'd changed their plans.

In a phone interview from his home in Canada, CPT member James Loney says that he and the other CPT hostages were told on March 7 that their captors were demanding the release of a blind man in a US prison, and mentioned Omar Abdul-Rahman.

The demand for Mr. Rahman's release in exchange for Fox's life has never been made public before. Unless they were in close communication, how did Carroll's captors know what Mr. Loney's captors were demanding?

Carroll's captors often talked openly around her in Arabic. While her Arabic is not fluent, she understood much of what was said. After about a month in captivity, her guards complained to their leader about having to guard her. He replied: "She isn't the only one."

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After that, she heard them mention on multiple occasions something about the Canadians and British. At the time, Carroll didn't know the nationalities (two Canadians, a Brit, and an American) of the Christian Peacemakers Team. At one point, Abu Rasha told her: "We have another Jill."

But Carroll didn't know what that meant. Another woman? Another journalist? Another American?

Later one of her guards claimed the mujahideen had released the Christian Peacemaker Team. "Three days ago they paid [a ransom] to let them go," he told Carroll, quoting his boss and countering a TV news report he was watching that said the three men had been rescued by coalition forces on March 23.

Hostage: The Jill Carroll Story - Part 3: The First Video (CSM)

By Jill Carroll And Peter Grier

The Christian Science Monitor, August 16, 2006

Monday morning - two days after the kidnapping - my captors began trying to convert me to Islam.

At first, they sat me down in front of the television and turned on a satellite channel which airs programs about Islam in English. After a while Abu Ali - the salt-and-pepper bearded man who had helped kidnap me - came into the room carrying a Koran.

He was eager to show me the similarities between Islam and Christianity, so he was telling me how many stories from the Bible are actually in the Koran. I was anxious to make him like me and feel I was sympathetic to him, so much so that I began using more of my Arabic.

He and the others marveled at how much of their language I seemed to have picked up in just one day.

I tried to listen to Abu Ali's lesson attentively as he translated complicated Koranic Arabic into more basic Arabic he thought I could understand. He was very pleased that I showed interest in learning. He kept saying there was no pressure, no pressure in Islam, that they were forbidden from forcing people to convert. True acceptance must come from a free will.

They'd kidnapped me, and they all had guns ready to kill me, but, oh no, no pressure there. I falsely assured him that I felt no pressure. I have always been interested in learning about Islam. But only so that I can understand the people I'm covering as a journalist.

Later on, this would come back to haunt me.

• • •

Meanwhile, the rest of the world was just beginning to hear about Jill Carroll's kidnapping. Journalists in Baghdad had learned of it minutes after it happened, but most held off on reporting the attack. The reason: the Monitor had asked the media to temporarily remain quiet about the crime.

As he hopped from airport to airport on his way into Baghdad, staff writer Scott Peterson had called Boston to add his voice to those of TV network executives and Baghdad reporters who were forcefully arguing for a news blackout. It was a question of Jill's safety and hostage value. If the kidnappers had made a mistake, and hadn't known they were snatching a young US female reporter, a blackout might provide them space to release her unharmed. If they had targeted her - a scenario that seemed more likely - the blackout might buy time for a quick negotiation, and make Jill seem less valuable.

More critically, a blackout might protect Jill if she was hiding her Arabic or lying to her kidnappers about her name or background.

The Western media who live in Baghdad are a tight group and consult on everything from security to parties; thus they're easy to reach en masse. On Jan. 7, managing editor Marshall Ingwerson sent them a formal request to sit on stories about Jill. From his small office off the Monitor newsroom, Mr. Ingwerson fielded a steady stream of inquiries.

"We'd prefer you not write," he told callers. "Most of your colleagues are respecting this blackout."

That was true - most did. Some helped enforce it, alerting the Monitor to isolated stories popping up on the Web.

But Jill wasn't quickly released. And after two days had passed, editors around the world began to grumble. The executive editor of the Associated Press contacted Ingwerson to argue it was time to go public.

Finally, the Monitor agreed. It issued a statement identifying Jill as a "freelance reporter." Her work for foreign publications, rather than her US clients, was emphasized. The point, again, was to lower her perceived value.

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The blackout taught editors something about the degree of cooperation they could expect from media colleagues. Some hadn't expected it to last five minutes, yet it had lasted for days. Monitor editors began to formulate a plan - something strategic - for shaping Jill's image in the Middle East.

- P.G.

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Monday afternoon the kidnappers called me into the sitting room. Sitting against a wall was a man wearing a kaffiyeh - the traditional Arab men's headdress, made of checked fabric - wrapped around his head and face. All I could see were his ink-black eyes.

Ink Eyes addressed me in English. His voice had a familiar, gravelly quality.

"Are you happy here?" he asked. "Is everything OK?"

I knew that voice - it was the interpreter, the man who'd grilled me about my background in the initial hours of my captivity. I soon learned that he was more than an interpreter; he was their leader.

He went on to say that his group had kidnapped a French journalist a year earlier, and that she'd asked why she was treated so well. "So you'll say you were treated well when you go home," he'd told her.

Another shock - these were the men who'd taken Florence Aubenas. A French foreign correspondent for the paper Liberation, she was kidnapped in Baghdad in January 2005.

Well, at least she'd been released, though at the time I didn't know it was after a five-month ordeal.

Ink Eyes kept talking. "We need to make a video of you," he said. "We want your family to see this. We want to make them see you in a bad way so that they want to move quickly."

A vision flashed through my head: I was going to be one of those hostages surrounded by men with guns in a video broadcast on Al Jazeera. I'd always worried about becoming one of them.

Seeing my alarm, they said I didn't have to make the video if I didn't want to. I assured them I did want to. They were armed, I didn't want to know the consequences if I said no.

Then the man with the black eyes said, "Jill, where is your mobile [phone]? Yesterday, the American soldiers came very close, very close to this place where you were. Why did they do that?"

Again, they were accusing me of communicating with the US military. This was bad.

"I am the leader of this little group, and I'm a little more sophisticated than my friends here," he continued. "Do you have something in your body, something to send a signal to your government?"

Then he told me a story: He'd had a friend held at the US prison at Abu Ghraib. This friend claimed that Marines had given him medicine that put him to sleep, many times. After he got out, he went to the doctor, had an X-ray, and they'd found an electronic tracking device implanted in his body.

"If you have this in your body, tell me now and we'll go and take it out," Ink Eyes said, making a plucking gesture with his hand.

"No, I don't have this! I don't have this!" I nearly shouted through tears. "Bring a woman. We'll go in the bathroom right now, and I'll take all my clothes off and she can look at me and see that I don't have anything."

He waved his hand and said that wouldn't prove I didn't have a transmitter implanted in my body. Then he changed the subject, apparently letting go of the issue. Eventually, dinner for the men arrived - fish, an expensive treat in Iraq, in honor of me.

I left the room to go eat with the women and children. But it was clear that this suspicion was not going away.

After dinner they told me to put on a track suit they'd given me two days earlier and remove my head scarf. I wanted to wear my hijab if they were going to film me; they said no, they wanted to make my hair messy, make me look bad.

They brought me back into the sitting room, and men began filing in, carrying AK-47s and RPGs. They were cavalier about their weapons; one AK was lying on the ground, pointed right at me. I thought, "If that thing goes off, it's going to blow off my leg."

They were holding up a sheet, moving it here and there, trying to find the best light. There were maybe 10 men in the room, and each had an opinion; it was "no, no, no, here," and then "no, no, no, over here."

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Ink Eyes had written up a short speech, but he wasn't going to deliver it. Abu Rasha, the man who'd fought soldiers the day before in Baghdad, was going to do it instead. He kept practicing it aloud; I didn't understand most of it, except for when he said "CIA."

Then the leader turned and coached me intently. I was to say that they were mujahideen fighting to defend their country, that they wanted women freed from Abu Ghraib prison, and the US military, particularly the Marines, were killing and arresting their women and destroying their houses.

And I must cry, on cue.

Abu Rasha donned a jumpsuit and wrapped his head in a kaffiyeh. Two others did the same. I sat down in front of them and the camera rolled.

I started to give my speech. Abu Ali standing behind the camera ran his fingers down his cheeks, to signal that I needed to cry.

It took me a while to work up to the crying part. But I had a lot of pent-up emotion and stress, and by the time we finished, I was crying for real. (Later, I learned that Al Jazeera only aired about 30 seconds - without audio - of that first four-minute tape. The tears were never broadcast.)

As the taping ended, I put my head down and I just kept crying. I heard Abu Rasha sigh behind me in a sympathetic way, like he felt bad, and some of the other men were making little noises like they felt bad that I was sitting there crying in front of them.

Ink Eye's reaction was different. He showed no sympathy. And I knew his opinion of me - my personal character - might make the difference in whether I lived or died.

He said, "We have to do this again."

He wanted me to cry more and talk longer, and say how the Marines were destroying things, destroying their homes.

They had a special enmity for the US Marines. What they didn't know - and I hoped they would never find out - was that I had been embedded with the Marines for five weeks in November and December.

Back then, the lieutenant of the platoon I was with had said that if anyone ever kidnapped me, a platoon of Marines would come to my rescue.

So, in the retake of the video I made a point of emphasizing the word "Marines." I said, "Their government isn't of the Iraqi people. It is a government brought by the American government and by the MARINES..."

I wanted them to know I was thinking of them. Come get me, guys. Please, come save me.

Next part: A mother as a suicide bomber. Cast of captors

Abu Nour - Leader of Jill Carroll's kidnappers. Aka Ink Eyes. English/Arabic interpreter during her first day of captivity. Abu Nour is a nom de guerre. Abu means father, and in the Middle East it is followed by the first name of the oldest offspring: "Father of Nour."

Abu Rasha - Nom de guerre of No. 2 kidnapper. Boss of Carroll's guards. During her first night of captivity, she was kept at his house in Baghdad.

Abu Ali - Nom de guerre of man in charge of an insurgent cell under Abu Nour. Participated in Carroll's abduction. Has a stubble beard.

Um Ali - Wife of Ali. Guarded Carroll at all times in the three weeks of captivity.

Abu Hassan - Nom de guerre of No. 1 guard of Carroll. Trim, veteran.

Abu Qarrar - Nom de guerre of No. 2 guard of Carroll. Rotund, new recruit.

For a complete list of important people involved in this story, go to www.csmonitor.com/specials/carroll/cast/index.html.

U.S. Amends Account Of Iraq Blasts (WP)

By Sudarsan Raghavan And Saad Al-izzi

The Washington Post, August 16, 2006

BAGHDAD, Aug.15 -- The U.S. military said Tuesday that a series of four vehicle bombs killed 63 Iraqis and wounded 140 Sunday night, reversing its initial claims that the deaths were the result of an accidental gas explosion in an apartment building.

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The attack in Baghdad's predominantly Shiite neighborhood of Zafraniya was one of the deadliest in recent weeks, underscoring the security challenges facing U.S. forces as they attempt to quell the sectarian violence gripping the capital.

On Monday, U.S. Maj. Gen. William B. Caldwell IV told reporters that the U.S. explosive experts at the scene found "no evidence" of bombs or rockets, as police and witnesses described Sunday night. But senior Iraqi officials insisted that the blasts were related to the ongoing sectarian strife. On Tuesday, the U.S. military corrected its conclusion.

"Major General Caldwell was speaking in good faith, but had incomplete information," Lt. Col. Barry Johnson, a spokesman for the U.S. military, wrote in an e-mail message.

In a statement Tuesday, the U.S. military said two vehicle bombs exploded near the apartment building, triggering a gas explosion in the nearby Hawra market.

Caldwell had seen the initial report that referred to the "unusually destructive nature of the blast," but the report did not identify the cause, Johnson said.

"We recognize that this has caused a good deal of confusion and reinforces why we are normally so cautious to gather all the facts before releasing parts of what we know," Johnson said. "He was simply trying to be forthright with what he knew."

In total, there were four vehicle explosions that occurred within a half-hour, all within two kilometers, or about a mile and a quarter, of one another, the U.S. military said. Four buildings and several shops were destroyed.

Police and witnesses said the attacks began with a flurry of rockets that bombarded several buildings after a nighttime curfew. Then a roadside bomb exploded, followed minutes later by another bomb strapped to a motorcycle.

In the southern Shiite holy city of Karbala, fierce clashes erupted in the pre-dawn hours Tuesday between the followers of anti-American cleric Mahmoud Sarkhi al-Hassani and Iraqi security forces who raided his office near the mausoleum of Imam Hussein, one of Iraq's holiest shrines.

The Iraqi forces had sought to take control of a garage being used by the cleric's supporters, sources said. At least four Iraqi security force members and three of the cleric's followers died in the gun battles, which injured an additional 17 people, officials said.

The fighting spread to other parts of Karbala, and officials ordered an indefinite curfew. By evening, the clashes had spread south to Basra and Nasiriyah, where more people were reported killed, according to the U.S.-backed al-Hurra television network.

In the northwest city of Mosul on Tuesday, a suicide bomber drove a Volvo truck into the headquarters of Iraqi President Jalal Talabani's Patriotic Union of Kurdistan, killing at least nine people, including four party members, and wounding 36.

Ghayath Sourchi, a party spokesman, said the attack occurred during a clash between guards at the headquarters and insurgents driving two Opel cars.

"As the firing was going on, the suicide bomber drove his truck into the central court of the headquarters," Sourchi said. "The guards opened fire on the driver, wounding him, but he was able to detonate the explosives-laden truck, inflicting large-scale devastation on the building as well as setting 18 civilian cars on fire." The cars were in line waiting to be supplied with fuel from a nearby gas station, he said.

The Mujaheddin al-Shura Council, a collection of insurgent factions led by the al-Qaeda in Iraq group, asserted responsibility for the attack in a statement posted on an insurgent Web site.

In Baghdad, Jordanian and Iraqi officials signed an agreement under which Iraq will sell oil to neighboring Jordan at steeply discounted prices.

Jordan also offered to host a conference to reconcile Iraq's warring political and religious groups.

"Jordan is Iraq's western lung, and Iraq is Jordan's eastern lung," said Jordanian Prime Minister Marouf al-Bakhit.

Special correspondents K.I. Ibrahim, Saad Sarhan and other Washington Post staff contributed to this report.

Raid By Army Sparks Clash With Iraqi Cleric's Followers; 4 Killed (LAT)

By Solomon Moore

The Los Angeles Times, August 16, 2006

BAGHDAD — Armed followers of Shiite Muslim cleric Mahmoud Hassani Sarkhi opened fire on Iraqi forces with rifles and grenade launchers in Karbala on Tuesday after the army raided his offices.

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At least four men were killed during an extended gunfight and 50 of Sarkhi's followers were detained. Iraqi police closed off the city and put a three-day curfew into effect.

The fighting came on a day of violent clashes around Iraq.

Sarkhi, who claims to be a descendant of the prophet Muhammad, is a controversial figure because of his criticism of other, more influential Shiite clerics such as Grand Ayatollah Ali Sistani and Muqtada Sadr.

The clash began after the Iraqi army attempted to seize an empty building next to Sarkhi's headquarters, leading to a raid on his office.

"We had fears that we might be targeted through this building," a Sarkhi follower said.

In the northern city of Mosul, an explosives-laden cement truck blew up outside the headquarters of Iraqi President Jalal Talabani's party, killing at least eight members of the Patriotic Union of Kurdistan and injuring 37 people.

Flames engulfed at least a dozen cars.

In addition, U.S. military officials reversed their earlier denial of an Iraqi police claim that an insurgent attack caused explosions Sunday that killed 63 people.

Army Maj. Gen. William B. Caldwell IV said Monday that an internal gas explosion was the cause of the deaths, but the military said Tuesday that two car bombs ruptured a gas line and triggered other explosions.

In the southern city of Basra, demonstrators protested for the second day over fuel shortages in the oil-rich region, burning tires and demanding that the government address the problem.

British troops said Katyusha rockets were fired at three of their bases but reported no casualties.

In Baghdad, Iraqi Prime Minister Nouri Maliki met with Jordanian dignitaries to announce an agreement to provide cheaper petroleum products in exchange for greater cooperation on cultural, economic and security matters. Jordan has played a key role in combating insurgents who have used its territory to stage attacks against Iraq.

Maliki's Cabinet also announced a $213-million deal to purchase more gasoline and diesel from Turkey and Iran. Iraq's oil reserves are among the world's largest, but insurgent attacks on the aging infrastructure have crippled the government's ability to provide fuel to the domestic market.

Elsewhere in Iraq, a shoulder-fired rocket damaged a U.S. Humvee in Fallouja, sparking a melee between Marines and gunmen that left an Iraqi dead. Iraqi police said three Marines were injured.

In Baqubah, about 35 miles northeast of Baghdad, a bomb struck an Iraqi police convoy, killing an officer and injuring two. In Muqdadiya, 60 miles northeast of the capital, attackers shot to death three bakers who supply the Iraqi army.

Pakistan Says It Arrested 29 Taliban Who Fought In Afghanistan (NYT)

By Carlotta Gall

The New York Times, August 16, 2006

ISLAMABAD, Pakistan, Aug. 15 — Pakistani police officers arrested 29 Taliban fighters in a private hospital in the southwestern town of Quetta on Tuesday, the Interior Ministry said.

The arrests came after growing pressure from NATO countries on the Pakistani government to do more to round up Taliban fighters and commanders, who, the local police say, rest and recover in Pakistan between bouts of fighting in Afghanistan. British, Canadian and Dutch troops are in southern Afghanistan as part of a NATO force and have encountered fierce resistance from Taliban insurgents, losing 36 soldiers in six months.

Ten of the arrested Taliban fighters had been wounded in combat with NATO forces in Helmand Province in Afghanistan last week and the others were caring for them, said Chaudhry Mohammed Yacoub, the local police chief. He said they were all Afghans.

Two local Taliban commanders were among the arrested, said the interior minister, Aftab Khan Sherpao.

Pakistan has twice rounded up Afghans in and around Quetta, most recently last month, but most were students at religious colleges or refugees rather than fighters, and many were later released. The arrests on Tuesday, at the privately run Al Khair Hospital in downtown Quetta, were the first of wounded fighters, local journalists said. The Taliban had been there for two or three days when the police learned of their presence, the police chief said.

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A Western diplomat in Pakistan said that while the threat from the Taliban remained largely inside Afghanistan, a significant element was based in Pakistan. Asking not to be identified because his comments would upset the Pakistani government, he said the ease with which Taliban fighters cross into Pakistan to rest and recuperate was "very unhelpful." There was definitely a level of command of the insurgency operating out of Quetta as well, he said.

Violence continued in Afghanistan on Tuesday as a district police chief and five of his men were killed in a Taliban ambush in the southwest, news agencies reported. ...

Lockheed Says F-35 Could Fly Pilotless (WP)

By Renae Merle

The Washington Post, August 16, 2006

Lockheed Martin Corp. has proposed an unmanned version of its Joint Strike Fighter, the F-35, which would make it the first full-scale fighter to operate without a pilot and signal the Bethesda weapons maker's push into the growing market for drone aircraft.

The idea has been in the works for two years, Lockheed Vice President Frank Mauro said at a briefing yesterday. He provided few details but said the plane could be built as an interchangeable hybrid -- manned by a pilot for some missions and operated remotely for others.

The Joint Strike Fighter, funded with help from several other countries, is meant to replace the F-16 as the workhorse fighter of the United States and its close allies. Less powerful than the F-22 Raptor that Lockheed developed to give the United States an advantage in air combat, the Joint Strike Fighter is still designed to travel at supersonic speed and carry up to 15,000 pounds of bombs and missiles.

Test flights of the F-35 are expected to begin later this year. The idea of a remote-control version of the plane has not been pitched to the Air Force, though it has been through the company's conceptual design phase, Lockheed officials said.

Air Force officials could not be reached for comment yesterday.

Yesterday's briefing marked a strategic turn for Lockheed, which for years has stayed publicly on the sidelines as the Pentagon increased its spending on unmanned systems.

Such competitors as Northrop Grumman Corp. and Boeing Co. are entrenched in the market, with products such as Northrop Grumman's Global Hawk surveillance drone, which is deployed overseas.

Lockheed ceded the market in the late 1990s while it focused on winning the contract to build what many predict will be the Air Force's last manned fighter jet, the F-35. Lockheed then feared that the unmanned market could diminish demand for its more expensive fighter jets, analysts said.

"When you think about unmanned combat systems, I think about Boeing," said John E. Pike, executive director of GlobalSecurity.org.

But in the past three to four years, Lockheed's aeronautics division has spent 30 to 40 percent of its internal research-and-development budget on unmanned systems, company officials said. That includes $21 million the company has spent on the Polecat, a prototype drone that Lockheed plans to test at 60,000 feet or above this year. At a briefing yesterday, the firm trumpeted a stable of unmanned systems that can run on the ground, hauling equipment and supplies for troops, and underwater, searching for submarines and mines. Some of the systems are still being developed and some are deployed in Iraq.

Much of the work is being done at Lockheed's research-and-development lab in California, known as the Skunk Works, where the U-2 spy plane was developed in secret in the 1950s.

Some of the company's investment "is playing catch-up for all those big dollars that the government has invested" in unmanned technology, and some is "leapfrogging" existing systems, Mauro said.

The Pentagon, looking to save money, has accelerated spending on unmanned systems since the Sept. 11, 2001, terrorist attacks. This year, it allocated $2 billion for unmanned aircraft and millions more in the supplemental budget, compared with $363 million in 2001. The figure is projected to reach more than $3 billion by the end of the decade.

What has resulted is a hodgepodge of unmanned vehicles, such as small, bomb-seeking robots that can be carried in a backpack, and airplanes that provide surveillance for days at a time. The systems have become bigger and more expensive in

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recent years, such as the Predator, built by General Atomics Aeronautical Systems Inc., and the Global Hawk, which has a 134-foot wingspan, comparable to the Boeing 737.

"Lockheed is playing catch-up and acknowledging that unmanned vehicles is a trend that is not going to go away," said Loren B. Thompson Jr., a defense industry analyst and Lockheed consultant. "It's going to be hard to penetrate a market where competitors are already established."

"We're looking at picking it up when we get enough customer interest, and that's the way they want to go," Mauro said. "Right now we're focused on getting the manned version of the F-35 flying."

While some analysts called the idea improbable, it could be an acknowledgment that the Pentagon's initial plan to buy about 2,000 F-35s is now considered likely to change -- in part because of improved drone technology. The decision to propose an unmanned F-35 may anticipate the day when all military aircraft are pilotless, analysts said.

The F-35 program has run into problems, including a rising price that is expected to reach $276 billion, up from the original estimate of $201 billion.

"I think they would be crazy not be looking at this," Pike said. "It's a foregone conclusion that at some point in the F-35 production program that [the Air Force is] going to decide we're going to replace the rest with unmanned systems." It would be smart "if Lockheed can come in and say, 'We have a solution for this.' "

DOJ:

Justice Department Looks To Lock Down Databases (INFOWEEK)

By Larry Greenemeier, InformationWeek

InformationWeek, August 16, 2006

The Justice Department Monday said it plans to launch a comprehensive program to inventory all of its databases and examine those applications for vulnerabilities that could be exploited either from the inside or by external attackers.

It's a move that's long overdue, given that many older databases and applications used throughout the government and industry weren't written with security in mind; certainly not security from today's Web-based attacks.

"Now that people are getting better at defending networks with intrusion prevention systems, a lot of attacks are being directed against applications, such as database applications," says Dennis Heretick, Justice Department chief information security officer. "We have a specific requirement to provide database application security."

Firewalls, intrusion prevention systems, and other types of network protection have an important role in any organization's defense strategy, but "application-layer vulnerabilities are really easy to exploit," says Heretick. As chief information security officer since 2003, he oversees such security-related issues as the maintenance of security policies and procedures, the acquisition of security-related products, the establishment of implementation requirements, and the defense of Justice's network environment.

Database developers wrestle with the seemingly paradoxical problem of locking down systems to minimize access and improve security while at the same time needing to let users have access to the data they need to do their jobs. To help make this a workable situation, Justice has purchased a department-wide license for Application Security Inc.'s AppDetective.

AppDetective is scanning technology that's used to find and inventory databases located throughout a company's network and assess those databases for security problems. The security assessment is done by running a series of simulated attacks against the database, after which AppDetective provides a report indicating areas where a database might be misconfigured or contain other vulnerabilities.

Today, only about 30% of the department's databases are scrutinized by AppDetective, which parts of Justice, including the Federal Bureau of Investigation, have been using since February 2004. Heretick hasn't established a timeframe for the completion of this project, as first he wants all of Justice's system administrators trained on AppDetective before the technology is more broadly rolled out.

Each agency within Justice will retain its own information generated by its AppDetective scans, although they will report to Heretick their progress in fixing any database vulnerabilities found. The department's expanded use of AppDetective will allow Justice to for the first time inventory all of the databases used throughout the department and determine its security posture.

Government and businesses alike have proved susceptible to the dangers of poorly managed data security. In March, an employee of defense contractor BAE Systems who worked out of the FBI's Springfield, Ill., office pleaded guilty to four counts of "intentionally accessing a computer while exceeding authorized access and obtaining information from any department of the United States." In this case, it was the Justice Department, according to court documents. Last month, a judge sentenced the employee, Joseph Thomas Colon, now no longer with BAE Systems, to six months of home detention. He could have received up to 18 years in prison.

During 2004, Colon accessed the FBI's Security Account Manager, a database on the FBI's classified network that contains encrypted user and group account password information for more than 38,000 user accounts. He accessed this four times. Colon's hacks were less a case of a flawed database and more an example of Justice's inability to account for access to its databases. It's a mistake the department wants to avoid repeating.

CORPORATE SCANDALS:

Former Comverse CEO Branded A Fugitive (FT)

By Kevin Allison In San Francisco

Financial Times, August 16, 2006

Jacob "Kobi" Alexander, the former chief executive of Comverse Technology, was branded a fugitive from justice on Tuesday by US authorities seeking his arrest in connection with alleged securities fraud at the maker of voicemail software.

The Federal Bureau of Investigation and the US Marshals requested the public's assistance in apprehending Mr Alexander, who is alleged to have reaped millions in ill-gotten gains by engaging in a scheme to change the grant dates of stock options to coincide with low points in the value of Comverse's shares.

FBI Says Ex-Comverse Chief Is A Fugitive; Seeks Help (Update1) (BLOOM)

By Karen Freifeld

Bloomberg, August 16, 2006

Aug. 15 (Bloomberg) -- U.S. authorities said former Comverse Technology Inc. Chief Executive Officer Jacob ``Kobi'' Alexander is a fugitive and asked the public's help in finding him so he can be prosecuted for stock-option fraud.

The Federal Bureau of Investigation and the U.S. Marshal's Service said in a joint statement today that Alexander is being sought ``for his role in a multimillion dollar stock options scheme.'' It also said an Interpol notice was issued for Alexander's arrest on July 31.

``I have no idea where he is,'' his lawyer, Robert Morvillo, said in a telephone interview. ``I've been in Hawaii. He's not in Hawaii. The last time I talked to him, he talked to me from Israel, three weeks to a month ago.'' Noting the warrant for Alexander's arrest, Morvillo said he's been unable to reach his client, ``so you can draw whatever inference you want from that fact.''

Alexander, 54, was the second former CEO charged in the government crackdown on stock-option manipulation. Gregory Reyes, ex-CEO of Brocade Communications Systems Inc., was charged Aug. 10 along with a former human resources manager. A 12-count indictment accused them of conspiracy and false securities filings at the San Jose, California-based computer equipment maker.

An arrest warrant was issued for Alexander last week after federal prosecutors in Brooklyn, New York, charged him and two other officials of New York-based Comverse, the world's largest maker of voice-mail software.

Alexander, David Kreinberg, 41, a former Comverse finance chief; and William Sorin, 56, a former general counsel, were accused Aug. 9 of backdating ``millions of stock options'' so employees could buy shares at low prices.

Dual Citizenship

Alexander, a native of Israel, has dual American and Israeli citizenship, according to federal authorities.

Kreinberg and Sorin were arraigned in Brooklyn federal court and released on $1 million bail each.

All three men were charged with conspiracy to commit securities fraud, mail fraud and wire fraud from 1998 to 2001. Those crimes are punishable by as much as five years in prison.

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The FBI said last week it was investigating 45 backdating cases. More than 100 companies have said they started internal stock-option inquiries or are under investigation by the government.

Alexander wired almost $60 million to Israel last month from an account at Citigroup Inc.'s Smith Barney Unit, the government said, calling the transfer an effort to ``launder the proceeds of the fraud."

Morvillo said today he didn't see anything wrong with the transfer.

`Entitled to Transfer'

``It sounds to me like if, in fact, he has $60 million, he's entitled to transfer it from wherever he wants to wherever he wants," the lawyer said.

The authorities described Alexander as 5 feet, 8 inches tall, with green eyes. Their advisory was accompanied by a photograph of the ex-CEO, smiling broadly and wearing glasses and a black bow tie.

``We're declining to say where we think he is," said James Margolin, a spokesman for the New York office of the FBI.

The case is U.S. v. Alexander, 06-mj-817, U.S. District Court, Eastern District of New York (Brooklyn).

FBI Hunts For Former Comverse Chief (NSDY/AP)

By Tom Hays, Associated Press Writer

Long Island Newsday, August 16, 2006

NEW YORK -- The FBI issued an alert on Tuesday calling for the arrest of a former chief executive for leading voicemail software maker Comverse Technology Inc. who may have fled the country with nearly $60 million amid a stock option scandal.

An international manhunt was launched late last month shortly before authorities unsealed a criminal complaint accusing Kobi Alexander and two other former top executives of secretly manipulating stock options for personal profit, the FBI said.

The alert, seeking the public's help in finding Alexander, 54, describes him as being 5-foot-8 with green eyes and dual citizenship in the United States and Israel. Before he disappeared, he transferred $57 million to Israel, fueling speculation he may have fled there, authorities said.

Asked on Tuesday about Alexander's whereabouts, defense attorney Robert Morvillo said, "I don't know where he is."

The two other defendants, former finance chief David Kreinberg and former senior general counsel William Sorin, surrendered last week, were released on $1 million bond each and left a courthouse without speaking to reporters.

The complaint unsealed in federal court accuses the three men of making stock options more lucrative by backdating their exercise price to a low point in the stock's value. Usually, a stock option's exercise price coincides with the market value at the time of a grant to give the recipient an incentive to drive the price higher.

From 1991 through 2005, Alexander exercised options and sold stocks worth approximately $150 million, making $138 million profit, according to the complaint. Of that, about $6.4 million was generated by backdating options, it said.

Prosecutors allege Kreinberg and Sorin earned about $1 million each on backdated options.

In addition, the company awarded thousands of stock options to fictional employees, then secretly transferred the awards to an internal account under the name I.M. Fanton, which stood for phantom, court papers said. The scheme allowed Alexander to award those options to real "favored employees" and to himself without board of directors approval, the papers added.

Comverse Ex-CEO A Fugitive From FBI (NSDY)

By Robert E. Kessler And Kristina Fiore, Newsday Staff Writer

Long Island Newsday, August 16, 2006

The FBI yesterday asked the public for help in finding Jacob Alexander, the indicted former head of Comverse Technology, as his attorney said his client was last known to be in Israel several weeks ago.

A federal warrant was issued for Alexander, 54, who also used the first name of Kobi, after he failed to show up in U.S. District Court in Brooklyn on Aug. 9, following his being charged with illegally making millions of dollars through a scheme to backdate stock options.

One of Alexander's attorneys, Robert Morvillo of Manhattan, said he had last been in contact with his client two weeks ago in a telephone call to Israel. Morvillo said since then his office has been unable to contact Alexander, and he does not know where he is. Another of Alexander's attorneys, Keith Krakaur of Manhattan, declined to comment.

Morvillo declined to discuss the specific conversation with Alexander. But Morvillo said, as a general rule, he always counsels his clients who are out of the country or are considered fugitives to return to the United States to face charges.

"I tell all my clients, it's better to be inside the system so you have some voice in your destiny than being outside the system," Morvillo said.

The warrant for Alexander's arrest said that he had recently transferred $57 million to Israel, apparently as he became aware of the culmination of the investigation into his conduct at Comverse. In court actions, the government seized another $45 million from several of Alexander's accounts in the United States.

Alexander grew up in Tel Aviv and has U.S. and Israeli citizenships. Comverse has offices in Israel, which Alexander frequently visited.

David Kreinberg, Comverse's former chief financial officer, and William Sorin, former senior general counsel, were released on $1 million bail. Alexander allegedly made $6.4 million from the scheme, and Sorin and Kreinberg each made $1 million, court documents say.

It is unclear what will happen to Alexander if he is arrested in Israel. Although Israel usually declines to extradite Jews to other countries, it allows them to be prosecuted there for crimes committed abroad. In some cases, though, it has extradited citizens to the United States for trial.

Comverse, originally based in Woodbury before a move to Manhattan, makes communications software. It reported $1 billion in sales last year.

The FBI asked anyone with information about Alexander's to call 212-384-3910, or the Fugitive Task Force at 888-861-4393.

Ex-Comverse CEO Declared A Fugitive (LAT/BLOOM)

From Bloomberg News

The Los Angeles Times, August 16, 2006

U.S. authorities declared Tuesday that Jacob "Kobi" Alexander, the former Comverse Technology Inc. chief executive charged in a stock-option backdating case, is a fugitive and asked for the public's help in finding him.

In a joint statement, the FBI and U.S. Marshal's Service said Alexander was being sought "for his role in a multimillion-dollar stock options scheme." It also said an Interpol notice for Alexander's arrest was issued July 31.

"I have no idea where he is," said his lawyer, Robert Morvillo. "I've been in Hawaii. He's not in Hawaii. The last time I talked to him, he talked to me from Israel, three weeks to a month ago."

Noting the warrant for Alexander's arrest, Morvillo said he had been unable to reach his client, "so you can draw whatever inference you want from that fact."

Alexander, 54, was the second former CEO charged in the government crackdown on stock-option manipulation.

Gregory Reyes, ex-CEO of Brocade Communications Systems Inc., was charged Thursday along with a former human resources manager.

A 12-count indictment accused them of conspiracy and false securities filings at the San Jose-based maker of computer equipment.

Xilinx Finds No Stock Options Fraud (AP-YBIZ)

AP, August 16, 2006

Xilinx to Take Added $700,000 Charge After Completing Review; Finds No Timing Manipulation

NEW YORK (AP) -- Xilinx Inc., a maker of programmable chips, said it has completed an internal review of its stock option granting practices, and found no evidence of fraud or timing manipulation.

In its 10-Q filing with the Securities and Exchange Commission Tuesday, San Jose, Calif.-based Xilinx said it will, however, record additional charges of $700,000 related to added facts and analysis stemming from the probe.

On July 25, the company issued its earnings release which included a $1.5 million charge related to minor differences between approval documentation and certain recorded stock option grants. The additional $700,000 brings total stock option related costs to $2.2 million.

Xilinx noted that its investigation further found no issues of management integrity in the issuance of stock options, and determined that in nearly all cases, stock options were issued as of pre-set dates.

The one-time charge didn't materially affect historical financial statements, and therefore no restatement is necessary, the company said.

Including Xilinx, there are nearly 70 companies currently under scrutiny by the SEC or Justice Department regarding a practice known as backdating, in which stock options are issued retroactively to coincide with low points in a company's share price. Such a move can fatten profits for options recipients when they sell their shares at higher market prices.

Backdating options can be legal so long as the practice is properly disclosed to investors and approved by the company's board, experts say. But backdating can run afoul of federal accounting and tax laws in some cases.

Xilinx shares closed up 59 cents, or 3 percent, at $20.65 on the Nasdaq, and rose 65 cents, or 3.2 percent, to $21.30 in aftermarket activity on the INET electronic exchange.

How Backdating Is Like A 1980s 'Rockumentary' (WSJ)

By Holman W. Jenkins, Jr.

The Wall Street Journal, August 16, 2006

DiBergi: "Why don't you just make 10 louder and make 10 be the top number, and make that a little louder?"

Nigel (after a pause): "These go to 11."

--from the satirical film "This Is Spinal Tap."

The backdating scandal gets bigger and smaller at the same time. Some 100 companies are under investigation, and Iowa economist Erik Lie says his data show that 2,200 firms "engaged in backdating or similar manipulation of grants to top executives at some point between 1996 and 2005."

Now we have the first two indictments, of Brocade and Comverse. What do the facts show? The first thing to notice is that the universal charge that executives were inflating their own pay and stealing from shareholders can no more be assumed in these cases than in any case of any company issuing any options to any employee.

Instead, the evident crimes were document fraud and improper accounting in pursuit of an otherwise legitimate corporate goal. But why?

On to the facts: Brocade and Comverse each had a consistent, calculated policy of using "in the money" options in its compensation dealings. Comverse's chief kept a fund of options under false names so he would have a ready supply to entice recruits or potential ship jumpers. Brocade went so far as to record employees as having started earlier than they did so the firm could -- let's be precise -- account for their "in the money" options as "at the money" options.

Knowing when an options package has been "granted" is a stickier matter than you might suspect, but the clear goal was to dangle in front of employees options that appeared to be profitable from the moment they were issued.

Now CEOs may be greedy, but they have no incentive to overpay their underlings; they have every incentive to meet their personnel goals at the lowest cost. Thus a reasonable inference here is that management realized that employees have a strong preference for "in the money" options, and by satisfying this preference, the firm could achieve its goals at less cost than if it issued "at the money" options.

This part of the scandal is no mystery. Prospect theory, a founding insight of behavioral economics, shows that people overvalue a bird in the hand versus one in the bush. So here's a new job for economists: Put an estimate on an employee's propensity to overweight the illusory bird in the hand of an "in the money" stock option.

For the deeper mystery here is why managements felt such a strong need to meet demand for "in the money" options and duck the prescribed accounting.

Yes, the then-regnant accounting rule was absurd, even imbecilic: It allowed companies to transfer infinite wealth to employees in the form of "at the money" options without recording an expense. Issue one option at a penny below the current stock price, however, and you had to expense it. Nonetheless, a rule is a rule.

DOJ_NMG_0048873

Companies would likely have preferred not to issue any "in the money" options than account for them properly. Doing so would have meant not only dinging earnings every quarter for each new grant, but also endless backward-looking revisions as old option packages were canceled or modified in Silicon Valley's overheated scramble for talent.

Well, you say, perhaps CEOs went through all the trouble of backdating every document for every option for every employee just to increase their own pay? Look at the Comverse complaint: Of the $138 million in option profits collected by Kobi Alexander, a mere $6.4 million was the result of backdating. He could have realized the same gain (or more) just by asking his board to award him a few additional "at the money" options.

A staple of the pay critique is that CEOs set their own pay, and Brocade's and Comverse's certainly had broad authority over options issuance. No document fraud is needed for executives to receive towering compensation, or for their companies to avoid expensing it.

A few readers will instantly have understood the relevance of the opening quote. Bless them.

To those not sophisticated in matters of options valuation and '80s cinema, it may be useful to offer some perspective on the role of strike price in the value of an options contract. Because of the vesting period and underlying stock volatility, a few dollars more or less has a smaller impact on the initial value than one might suppose.

Say your boss offers you a choice of two options packages, each with a three-year vesting period and 10-year expiration. One consists of 1,000 shares priced at $5 below par, the other 2,000 shares priced at par.

The first shows a "paper" gain of $5,000, but you can't realize this gain and it may well have vanished before you're vested. Meanwhile, it would take only a $6 increase in the share price before the "at the money" package begins to pay off better than the "in the money" package.

Yet the same faulty thinking that led employees to overvalue "in the money" options now seems to influence the press coverage, which has often treated strike price as the sole determinant of an option package's value. The scandal arises, however, not because there's anything wrong with "in the money" options, but because of accounting contortions used to avoid expensing them.

And embroiled are not just a few bad apples (pun alert) but Apple, Pixar, Microsoft, Juniper Networks and, if Prof. Lie is to be believed, 29.2% of all listed companies. In such circumstances, "the CEO is a crook" is an explanation that quickly loses power. * * *

Ex-InVision Executive To Pay $65,000 To Settle With SEC (AP)

AP, August 16, 2006

WASHINGTON, (AP) -- A former executive at InVision Technologies Inc., a maker of airport scanners that is now a unit of General Electric Co., has agreed to pay a $65,000 civil penalty to settle charges that he was partly responsible for the company's failure to prevent bribery, federal regulators announced on Tuesday.

The Securities and Exchange Commission simultaneously filed and settled charges against David Pillor, the former senior vice president for sales and marketing and a board member at InVision, based in Newark, Calif. He settled without admitting or denying the allegations. His attorney couldn't immediately be reached.

The SEC said that from 2001 through late 2004, InVision completed sales to airports in China, the Philippines, and Thailand. Pillor received e-mails from his Asian regional sales manager that suggested InVision's overseas sales agents and distributors intended to make improper payments or other gifts to foreign government officials, the SEC said.

InVision didn't have adequate internal controls to detect and prevent such conduct, the SEC said. The sales department failed to monitor employees and foreign agents to ensure that they didn't violate the Foreign Corrupt Practices Act, the SEC said. As head of the department, Pillor aided and abetted InVision's failure, the SEC said.

In February 2005, InVision agreed to pay $1.1 million to settle with the SEC. Earlier, it paid $800,000 in penalties to settle similar charges brought by the Justice Department.

InVision was acquired by GE in December 2004.

ABA Criticizes Government On Legal Fees Advancement Policy (LAW)

By Beth Bar, New York Law Journal

DOJ_NMG_0048874

New York Law Journal, August 16, 2006

The American Bar Association continues to assail federal prosecutors for taking what it regards as an overly aggressive approach to the investigation of corporate crime.

Last week, the group's House of Delegates, meeting in Honolulu, passed a resolution -- a joint proposal with the New York State Bar Association -- opposing the U.S. Justice Department guidelines that many lawyers say have the effect of discouraging the payment of legal fees by companies to employees targeted in such probes.

"The American Bar Association opposes government policies, practices and procedures that have the effect of eroding the Constitution and other legal rights of current or former employees, officers, directors, or agents," the ABA said.

Specifically, the ABA criticized the government's consideration of "whether an organization provided counsel to an employee or agreed to pay an employee's legal fees and expenses" in evaluating corporate cooperation with its investigations.

It also said prosecutors should not consider an organization's decision to enter into a joint defense, to share its records or other information, or its choice to retain "or otherwise decline to sanction" an employee who has exercised his or her Fifth Amendment right against self-incrimination in deciding whether or not to prosecute a company.

The resolution was supported by the New York Bar Association.

"That people have a right to legal counsel and that government has no business interfering with that right are fundamental concepts of our legal system," state bar President Mark H. Alcott of Paul Weiss Rifkind Wharton & Garrison said. "These days, however, it is a concept that the government has chosen to attack."

Alcott said the ABA resolution was the result of a joint proposal of the New York State Bar Association and the ABA's task force on attorney-client privilege. He noted that the government's attempt to "cripple" the attorney-client privilege has been a key issue of the state bar for the past two years.

The practices decried in the ABA resolution are listed in the Department of Justice's Thompson Memorandum, a document written in 2003 by then-Deputy U.S. Attorney General Larry Thompson to establish "principles of federal prosecution of business organizations."

The memo says that one factor to be weighed by prosecutors involved in corporate fraud cases is whether the corporation has promised "support to culpable employees and agents ... through the advancing of attorneys fees."

One vocal opponent to the legal fees portion of the Thompson Memo has been Southern District Judge Lewis A. Kaplan. Last month, the judge rebuked prosecutors for coercing KPMG into limiting attorney fees for employees accused of accounting fraud.

"KPMG refused to pay because the government held the proverbial gun to its head," Kaplan wrote in United States v. Stein, S1 05 Crim. 0888.

In addressing the advancement of legal fees issue, the ABA task force concluded in its report that the "practices instituted by federal and state prosecutors pursuant to the Thompson Memorandum and its principles, as well as similar practices instituted by civil enforcement authorities, have contributed to an erosion of ... individual rights."

This was the second time this year that the ABA has issued a policy statement opposing a Thompson Memo guideline. Last August, it issued a resolution opposing the government's practice of giving companies "cooperation credit" for waiving their attorney-client and work product privileges.

CRIMINAL LAW:

Slain Student's Boyfriend Tells Of Mysterious Cell Phone Call (AP)

By By: DAVE KOLPACK

AP, August 16, 2006

FARGO, N.D. (AP) - Dru Sjodin's boyfriend testified Tuesday about his final conversation with the University of North Dakota student, saying he tried to call her back several times after their cell phone conversation abruptly ended, but could not reach her.

Chris Lang took the witness stand in the trial of Alfonso Rodriguez Jr., 53, of Crookston, Minn., who is charged in federal court with kidnapping resulting in Sjodin's death. She disappeared from a Grand Forks mall parking lot on Nov. 22, 2003, and her

body was found the following April in a ravine near Crookston, Minn., where Rodriguez lived with his mother. Authorities said her cell phone was found a couple of metres from her body.

Lang testified Tuesday that he spoke to Sjodin late on the afternoon she disappeared, as she was leaving the mall. He estimated they chatted for about four minutes, and he remembered she said something like "OK, OK," before the phone hung up.

"It kind of came out of nowhere," Lang testified. He said he tried to call Sjodin back immediately, and several times over the next few hours. He got a call from her cell phone about 7:40 p.m. that night, he said, but "I just heard static." That was followed by three beeps, he said.

Grand Forks police dispatcher Terry Bayne testified that the cell phone signal was traced to a tower near Crookston.

Sjodin, 22, of Pequot Lakes, Minn., worked at a Victoria's Secret store at the Grand Forks mall. Her boss, Michele Kostrzewski, testified Tuesday that Sjodin had worked at the cash register and then greeted customers in the front of the store during her shift, which ended about 4 p.m. Jane Amundson, a clerk at the Marshall Field's store in the mall, said Sjodin bought a purse there later, and said she walked Sjodin toward the mall exit.

Defence lawyer Robert Hoy asked no questions of Lang. He asked Amundson if the mall was busy that weekend, and she said it was busy because it was the week before Thanksgiving.

Prosecutors told a jury on Monday that Sjodin was abducted in the parking lot and left to die in a rural Minnesota ditch after Rodriguez bound her, put a plastic bag over her head, stabbed her and slashed her.

Federal prosecutors have said they will seek the death penalty if Rodriguez is convicted, making it the state's first capital punishment case in 100 years. North Dakota and Minnesota do not have the death penalty but it is allowed in federal cases.

Rodriguez has pleaded not guilty.

His lawyers said the case should not be argued in federal court because they believe Sjodin died in North Dakota.

Prosecutors said an autopsy shows that Sjodin's hands had been bound behind her back and she was nude from the waist down, in a black and blue coat with a rope tied around her neck and remnants of the plastic bag. She had bruises on her arms, her right eye and her lower right cheek, prosecutors said.

Sjodin died of suffocation, the wound to her neck, or possibly from exposure to elements, Assistant U.S. Attorney Keith Reisenauer told jurors.

Sjodin's roommate, Meg Flategraff, testified Monday that she last saw Sjodin on the morning of Nov. 22, 2003, when Sjodin gave her a ride to pick up her car. Flategraff said she called police later that night to report Sjodin missing.

One of Sjodin's sorority sisters, Danielle Mark, testified that she noticed no bruises on Sjodin's arms or face the day before she disappeared. Under questioning from Hoy, Mark said investigators first asked her about the bruises last month.

In his opening statement, Hoy said prosecutors cannot prove when or where Sjodin died, or the "precise cause of death." U.S. Attorney Drew Wrigley said at a hearing in December that Sjodin was "in distress for several hours."

Sjodin's Boyfriend: 'She Didn't Say Goodbye' (MINNST)

By Chuck Haga, Star Tribune

Minneapolis Star Tribune, August 16, 2006

Chris Lang wasn't alarmed when a call from Dru ended abruptly, until another, wordless call came in from her phone.

FARGO, N.D. - Three times on Nov. 22, 2003, Chris Lang's cell phone rang and the message screen lit up with the words, "Dru's cell."

But on the third call, Dru Sjodin wasn't there.

Lang, 35, had been Sjodin's boyfriend since the previous fall, but it had been a long-distance relationship from the start. She attended the University of North Dakota in Grand Forks. He worked in Crosslake, Minn., and on Nov. 22 he was moving into a new apartment in Minneapolis.

"I spoke to her in the early afternoon, about 2 p.m.," Lang said Tuesday, testifying in U.S. District Court here, where Alfonso Rodriguez Jr. is on trial for allegedly kidnapping Sjodin, 22, and causing her death.

"We spoke a lot on the phone," Lang said. "We kept in touch on the phone."

Ten other people testified Tuesday: law officers who participated in the investigation into Sjodin's disappearance, the store clerk who sold her a purse minutes before she was abducted, and a supervisor at the Victoria's Secret store where Sjodin worked at the Columbia Mall in Grand Forks.

Sjodin was scheduled to work from noon to 4 p.m. on Nov. 22, 2003. She clocked in at 11:57 a.m., the supervisor said.

"She was always on time for work," Lang testified later.

They had met in December 2002 in Crosslake, where Lang was working at a bar owned by a friend. Sjodin was on a holiday visit with her mother, Linda Walker, of nearby Pequot Lakes, and Walker's husband, Sid Walker. Allan Sjodin, her father, also was there.

They were in the courtroom Tuesday.

"It was a slow time," Lang said of the season he and Dru met. There was little snow that winter, so there weren't many visitors at area resorts.

"One night there was a pretty young gal playing pool with her father, mother and stepfather," he said. "We talked a lot. We had an interest in graphic arts together."

But Sjodin said she would be leaving for Colorado soon, then returning to UND. Lang had plans, too.

"I didn't know if I'd see her again," Lang said.

But in late June 2003, Sjodin came into the bar again. She was in town for a wedding.

"Hey, I remember you," Lang said he told her, and again they talked for a long time.

"We hit it off," he said. "It was long-distance. She was at school, working two jobs. I was in Crosslake," a three-hour drive from Grand Forks.

In September, he quit the bar and went on a long road trip with a friend. When he got back, he and Dru got together a few times, and they talked regularly by phone.

For reasons that may become clearer later in the trial, an assistant U.S. attorney asked more probing questions about the relationship.

Did they have sex?

"On two occasions," Lang said, appearing not to be surprised by the query.

They were together in Grand Forks the first weekend in November 2003, he said.

"That was our first time."

A week later, they met for a weekend in Park Rapids, Minn., a halfway point.

"That Monday, I said goodbye to her," Lang said. "I said 'I love you,' and that was the last time I saw her."

He said he went to Minneapolis to look for work and a place to live. He was moving in on Nov. 22, and he smiled as he recalled juggling his phone and boxes when Sjodin called.

"At 5 p.m., she called me again," he told the court. "We were just chatty. She said she had gotten done with work and done some shopping."

She was excited about a purchase. "No surprise," Lang said. "It was a purse. And she had gotten a discount."

He told her a little about the apartment. But about four minutes into the call, "she uttered a few words and the phone cut off," he said.

"I don't have a definite recollection of her exact last words," Lang said, adding that it was something like, "OK, OK."It kind of came out of nowhere," he said. "She didn't say goodbye."

He tried to call her back several times. No answer. But he wasn't alarmed at that point.

"It was just to say, 'Where'd you go?' I figured something else was going on, [such as] she had dropped the phone. Her tone of voice -- I didn't get a sense of urgency."

The third and final call was more alarming.

"Her phone called my phone at 7:42 p.m.," Lang said. "It said 'Dru's cell,' but I just heard static. It sounded like wind and static. I said, 'OK, where are you? Move to where I can hear you.' "

But there were no voices? the prosecutor asked.

"No voices at all," Lang said.

"I heard a few tones pressed, a staggering of three beeps. It didn't sound as if she was dialing. Just a random beep, beep.

"I was concerned, but elated that she had called my phone. Yet I hadn't heard her voice."

He called Sjodin's roommate in Grand Forks. When Sjodin didn't show up for work at her second part-time job, at the El Roco Lounge, the roommate called police.

Sjodin's partially nude body was found nearly five months later, in a ditch outside Crookston, Minn., a few miles from a cell phone tower that had relayed the last, voiceless call from her cell phone.

The phone was found a few feet from her body.

Chuck Haga • 612-673-4514

Witnesses Tell Of Sjodin's Last Hour At Mall (GFH)

By Stephen J. Lee

The Grand Forks Herald, August 16, 2006

FARGO - Jane Amundson, Sharon, N.D., sold Dru Sjodin an expensive black purse moments before the UND student walked out of Marshall Field's and Columbia Mall and met the person who kidnapped and killed her.

Amundson apparently was the last person, other than her abductor, to speak to Sjodin face-to-face before she was kidnapped Nov. 22, 2003.

Amundson testified Tuesday on the second day of the federal trial here of Alfonso Rodriguez Jr., charged with kidnapping resulting in Sjodin's death.

She works part time at Marshall Field's, as well as working at the grain elevator in Sharon, which is about 60 miles southwest of Grand Forks, Amundson said.

On that Saturday before Thanksgiving, Amundson saw Sjodin looking at "higher-end brand" purses in a locked display case, unlocked the case and sold her a black Coach purse.

Amundson rang up the sale, at a clearance price of $137.97.

"It was a clearance price, so it was a good price and she was happy to be getting it," Amundson said.

The sales receipt, received as evidence Tuesday in court, shows the price, the last four digits of Sjodin's Marshall Field's credit card and the time of the purchase, 4:57 p.m. Nov. 22, Amundson testified.

She did not know Sjodin, but saw her name come up on the computer screen when she typed in the credit card information, Amundson testified.

"I walked her part of the way," to the door of Marshall Field's that led back into the mall.

Prosecutors allege that Sjodin then left the mall, walked into the parking lot to her car while calling her boyfriend Chris Lang on her cell phone at 5 p.m. Lang testified Tuesday he talked to Sjodin for about four minutes before the call ended abruptly, with Sjodin saying something like OK, OK, to someone else.

Assistant U.S. Attorney Keith Reisenauer asked Lang how he met Sjodin, how long they dated and if they had been sexually intimate.

Chris Lang testified he began dating Sjodin in the summer of 2003, and that he had sexual intercourse with her twice.

The last time he saw Sjodin was the morning of Nov. 17, a Monday, five days before her abduction, Lang testified. The couple had gotten together in Grand Rapids, Minn., a midpoint between Grand Forks and Cross Lake, Minn., where Lang was living at the time.

"I said goodbye to her and said, 'I love you,' and that was the last time I saw her," Lang said.

Presumably, the prosecution's interest in Lang's testimony about the couple's intimacy has something to do with DNA evidence involved in the case, although no explanation was given in court Tuesday.

Later Tuesday, Grand Forks Police officer Duane Simon testified Tuesday that he obtained a swab of Lang's saliva three days after her disappearance for purposes of DNA comparison as part of the investigation.

The prosecution alleges that Rodriguez took Sjodin across the state line alive for purposes of sexually assaulting her.

Lang was talking to Sjodin on his cell phone at the moment she was kidnapped, according to prosecutors' allegations.

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He testified that Sjodin was telling him about her purchase of the black purse when she said something like, 'OK, OK,' and the call then ended abruptly. Lang was in Minneapolis at the time with two other men who were helping him move into an apartment. Despite trying to call Sjodin back several times that evening, he never reached her.

At 7:42 p.m. Nov. 22, he received a call from Sjodin's cell phone, but all he could hear was static, the wind blowing and three phone buttons being pressed, apparently randomly. "There were no voices," he said. "Just, 'Beep ... beep-beep.'"

Shortly after 9 p.m. that day, Lang had called Sjodin's roommate Meg Murphy (now Flategraff) who, after learning that Sjodin didn't show up for her shift at the El Roco bar, called police to report her missing.

By 11 p.m., Sjodin's car was found in the northeast parking lot of Columbia Mall, north of the JCPenny's store. Inside on the back seat was a Marshall Field's shopping bag with a black Coach purse inside, several law enforcement officers testified. Alongside the front passenger seat was a plaid wallet with Sjodin's UND ID card, her Minnesota driver's license and a Marshall Field's credit card that matched the numbers on the store receipt prepared by Amundson, officers testified.

For the second day, the trial took much less time than scheduled. Between about 9:15 a.m. and 1:30 p.m., including a 90-minute lunch break, the prosecution had questioned 10 of its witnesses and had only to wait for its final one of the day to arrive from out of town.

U.S. District Judge Ralph Erickson explained to the jury of 16, including four alternates, that it's a matter of lawyers misestimating how long questioning each witness might take. "It's an art, not a science," he said, and things should go more as planned as the trial, expected to take up to six weeks, moves on.

Defense attorney Robert Hoy declined to cross examine many of the witnesses, and spent little time cross examining others.

Seven of the witnesses are law enforcement officers from UND and Grand Forks police departments, the North Dakota Bureau of Criminal Investigation and the FBI who were involved in the first hours of investigating Sjodin's disappearance.

Rodriguez' mother and sister, as well as a Catholic nun who regularly has visited Rodriguez in jail, sat in the same pew on the gallery of the courtroom. Ileanna Noyes, Rodriguez' sister, takes notes on a yellow legal pad.

Hinckley Seeks More Time On The Outside (CNN)

CNN.com, August 16, 2006

Attorneys ask judge to extend order granting family visits

WASHINGTON (CNN) -- Presidential assailant John Hinckley is asking a federal judge to allow him to continue visits to his parents' home without supervision. Hinckley was committed to a mental hospital after being found not guilty by reason of insanity in the 1981 assassination attempt on President Ronald Reagan.

Last year Hinckley was granted seven unsupervised visits to his parents' home in Williamsburg, Virginia. In a court filing this month, lawyers for Hinckley say he has completed all but one of those trips.

"On each of these trips, Mr. Hinckley has complied fully with all of the conditions of release, and not a single negative occurrence has been reported in connection with any of the trips," wrote attorney Barry Levine in a memorandum filed with U.S. District Court.

Hinckley's lawyers are asking for further visits to the parents' home while they prepare a legal motion asking that the terms for his stays outside the mental hospital be expanded. They did not give details of what they will be requesting.

The Justice Department responded with a legal filing saying it opposes the request for continued conditional releases for Hinckley because it "is concerned about the lack of reliable" personnel who have the responsibility of monitoring him.

Government officials argued they have not seen reports filed by a psychiatrist or assessed the quality of that doctor's evaluation.

"The government is unable to evaluate Mr. Hinckley's condition until it has the ability to subpoena Mr. Hinckley's medical records, something which must await Mr. Hinckley's request for a hearing," prosecutors stated.

Levine, in his filing, argued, "It would be detrimental to Mr. Hinckley's constitutionally guaranteed treatment if Mr. Hinckley's conditional releases were to be discontinued, even temporarily."

U.S. District Court Judge Paul Friedman has scheduled a hearing November 6.

Jury Begins Deliberating Ex-FBI Leader's Case (EPT)

By Tammy Fonce-Olivas

El Paso Times, August 16, 2006

Jury deliberations were expected to begin at 8:45 a.m. today in the trial of the former head of the FBI in El Paso accused of hiding information about his friendship with a Juárez racetrack owner suspected of drug trafficking.

Hardrick Crawford is on trial in U.S. District Court in El Paso on four counts of making false statements and one count of concealing material facts during an investigation into his relationship with Jose Maria Guardia. Each count is punishable by up to five years in prison and a $250,000 fine.

In his closing arguments, Assistant U.S. Attorney James Blankinship said Crawford continued his relationship with Guardia even after FBI agents told Crawford about Guardia's alleged involvement with drug trafficking and money laundering.

"Instead of trusting them ... and following the FBI's guidelines to tell the truth, who is (Crawford) listening to? Mr. Guardia," Blankinship said.

Crawford was the special agent in charge of the FBI office in El Paso from July 2001 through November 2003.

In the indictment, Crawford is accused of socializing with and accepting gifts from Guardia -- including a job for Crawford's wife, Linda, lawn maintenance, membership at the Coronado Country Club and three family trips to Las Vegas.

Crawford, who was the last person to testify for the defense, said that he paid Guardia back for his trips and that the membership to the country club was part of his wife's compensation for working for Guardia.

Crawford said he was introduced to Guardia in February 2002 by Special Agent Art Werge. Guardia then was an FBI informant.

"When I met Guardia, he was a good guy, at least on paper," Crawford said, explaining that Guardia had passed background checks for visas into the United States.

Crawford was questioned extensively by the prosecution about the kind of work his wife did for Guardia's company, Cesta Punta Deportes.

He said that in 2002 she began working as a consultant for Guardia. Crawford added he didn't initially discourage

Advertisement

her from working for Guardia because she was good at it.

Blankinship said Crawford's wife wasn't qualified to earn up to $5,000 a month after she was out of the work force for 15 to 18 years, calling the job a "hoax."

However, Crawford's lawyer Mary Stillinger said prosecutors couldn't prove that Linda Crawford's job wasn't real.

"If they can't prove it wasn't a job, then they don't have a case," Stillinger said.

Crawford said his wife stopped working for Guardia, but he continued to associate with him even after learning that Guardia and Sandoval Iñiguez, the former Roman Catholic bishop of Juárez and now a cardinal in Guadalajara, were suspected of being involved in drug trafficking and money laundering activity.

Crawford said he even defended Guardia publicly against the accusations allegedly linking him to drug trafficking at a May 27, 2003, news conference in Juárez, which was not planned.

Crawford testified that he had gone to Juárez the day of the news conference to meet with the Juárez mayor at the racetrack, but that the meeting didn't happen. While in Juárez, he was lobbied by Guardia to make a public statement in his favor, and he agreed to do so.

Blankinship asked why Crawford didn't mention to his superiors that Guardia and the cardinal lobbied him successfully to speak to the news media about the allegations against them.

"It didn't seem important," Crawford testified. "What was important was that I was accused of associating with two men who were accused of very serious crimes."

Tammy Fonce-Olivas may be reached at tfonce@elpasotimes.com; 546-6362.

Reporter Adriana M. Chávez contributed to this story.

U.S. Death Sentence Overturned In Shooting Of Sikh After 9-11 Terrorist Attacks (FINDLAW/AP)

By Paul Davenport, Associated Press Writer

AP, August 16, 2006

(AP) - PHOENIX-The Arizona Supreme Court overturned a man's death sentence and instead sentenced him to life in prison without possibility of release for the murder of an Indian immigrant just days after the 9-11 terrorist attacks.

The Supreme Court on Monday unanimously upheld Frank Silva Roque's convictions for murder and other crimes that included attempted murder, drive-by shooting and endangerment. The court also upheld prison sentences that add up to 36 years for the other crimes.

Roque was convicted of killing Balbir Singh Sodhi, a gas station owner of Mesa, Arizona, whom prosecutors said was targeted because Roque thought Sodhi was Arab. Sodhi wore a turban and beard as part of his Sikh faith.

After shooting Sodhi on Sept. 15, 2001, Roque shot at another gas station where the clerk was a man of Lebanese descent, and shot at the home of an Afghan family. They were not injured.

"I'm a patriot," Roque told officers the day of his arrest, according to police reports.

Sodhi's death touched off protests in India and prompted India's prime minister to call President George W. Bush. About 3,000 people also attended a memorial service for Sodhi at the Phoenix Civic Plaza shortly after he was killed.

The Supreme Court said it overturned the death sentence because of "substantial mitigating evidence" that included Roque's low IQ and experts' testimony that Roque was either insane or suffering a mental disorder.

"Because of the serious nature of Roque's crimes, however, we conclude that he should be imprisoned for the rest of his natural life and never be released," Vice Chief Justice Rebecca White Berch wrote for the court.

Roque expressed remorse during his 2003 sentencing hearing. "Just that I'm sorry that all this happened," Roque told Judge Mark Aceto of Maricopa County Superior Court.

Lakhwinder "Rana" Singh Sodhi, a brother of the victim, said Monday that family members respect the criminal justice system and accept the Supreme Court's ruling.

"I think justice is still served because he spends life in prison. It's not as though he's free and on the street hurting somebody else," he said during an interview.

The brother said he does not believe Roque was mentally ill. "He targeted certain people. That made it very clear he was doing a hate crime."

One of Roque's attorneys in the Maricopa County Public Defenders Office declined immediate comment Monday on the ruling. His second attorney did not immediately return a call for comment.

The Maricopa County Attorney's Office had no immediate comment, a spokesman said.

During Roque's trial, defense attorneys argued that their client suffered from a mental illness and that the terrorist attacks triggered an episode of insanity. They sought unsuccessfully to have him ruled guilty-but-insane, which would have forced him into a mental hospital.

Prosecutor Vince Imbordino said during the trial that Roque was motivated by anger and hatred following the terrorist attacks, not insanity. Roque took the time to practice shooting and reloading his weapons before killing Sodhi, the prosecutor said.

On the Net:

Arizona Supreme Court: http://www.supreme.state.az.us

A Gotti Approaches The Bench (NYT)

By Alan Feuer

The New York Times, August 16, 2006

DOJ_NMG_0048881

It is safe to assume that, after 39 years on the federal bench, Judge Jack B. Weinstein has had his share of fan mail. Jurists may not receive as many letters as, say, movie stars or rock 'n' rollers, but it would be unlikely for a legal giant who has issued rulings on everything from Agent Orange to asbestos not to have received at least a couple of mash notes.

Yesterday, in fact, the judge released a strange piece of mail he received last month in connection with his stunning decision to dismiss the guilty verdicts of Louis Eppolito and Stephen Caracappa, the two retired detectives at the heart of the so-called Mafia cops corruption case.

The subject of the letter was fairly run-of-the-mill: A heartfelt pat on the back for having the heart to dismiss what looked to many like an open and shut case.

The writer of the letter was Victoria Gotti, the mother of John A. Gotti, who is now on trial on racketeering charges in a Manhattan courthouse, just across the river from where Judge Weinstein works.

In her letter, Mrs. Gotti praises Judge Weinstein and his decision, saying it "takes a tremendous amount of courage to do what you did" in dismissing the guilty verdicts against Mr. Eppolito and Mr. Caracappa.

Mrs. Gotti says in the letter that she had been disillusioned with the justice system but that Judge Weinstein has given her hope that her son may have a second chance at life in his third trial, which follows two deadlocked juries.

She writes that Mr. Eppolito and Mr. Caracappa "need to thank their lucky stars for your wisdom and fairness."

The two retired detectives were acquitted of a murder conspiracy when Judge Weinstein ruled in June that the five-year statute of limitations in their case had effectively run out.

The same statute is likely to be an issue in Mr. Gotti's trial, which opened on Monday in Federal District Court in Manhattan.

As a rule, judges do not discuss their reasons for releasing documents, and attempts to reach Judge Weinstein were stymied yesterday when his courtroom deputy was unavailable for comment on the phone.

Judge In 'Mafia Cops' Trial Received Angry Letters After Decision (NYS)

New York Sun, August 16, 2006

A federal judge in Brooklyn received a smattering of angry letters after he reversed a jury's conviction in June and ruled in favor of the "mafia cops," two men who allegedly murdered for the mob while serving as detectives.

The judge, Jack Weinstein, earlier had said that the crimes the men, Louis Eppolito and Stephen Caracappa, were accused of may have been the worst ever tried in the federal courthouse in Brooklyn.

It thus follows that Judge Weinstein, one of New York's most famous federal trial judges, certainly could not have expected any fan mail when he threw out the convictions on a statute of limitations technicality.

Not all of the mail was negative. Judge Weinstein yesterday placed an unusual letter of thanks in the case file. The letter came from a mother on the eve of her son's trial in a different courthouse before a different judge. The mother is Victoria Gotti Sr. Her son, John Gotti Jr., is now on trial in court in federal court in Manhattan.

The eight-line note, written last month, represents a strange convergence of two of this year's highest profile mob cases.

She writes: "Those two men, Epolitta and Carracappa need to thank their lucky stars for your wisdom and fairness."

Victoria Gotti Hails 'Mob Cops' Judge (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, August 16, 2006

Victoria Gotti's late husband, Gambino mob boss John J. Gotti, was dogged by prosecutors for years until he was convicted and sent to federal prison, where he died of cancer. Her son, John A. Gotti, known as "Junior," currently is fighting for his freedom in what she views as a vindictive retrial on racketeering charges.

But despite her strong misgivings, Victoria Gotti says in a recent letter that her faith in the criminal justice system has been restored -- and she credits the federal judge in the "Mafia Cops" case.

In a letter to U.S. District Court Judge Jack B. Weinstein, disclosed in court records Tuesday, the Gotti matriarch applauded the judge's June dismissal of the racketeering convictions of ex-NYPD detectives Louis Eppolito and Stephen Caracappa.

"It takes a tremendous amount of courage to do what you did," Victoria Gotti wrote in the undated letter.

Weinstein threw out the most serious racketeering charge against Eppolito and Caracappa despite a finding by a jury in April that they were involved in eight gangland hits. Weinstein ruled that the statute of limitations caused a problem with the rackets conviction, and ordered a retrial on lesser narcotics charges. Federal prosecutors are appealing.

Victoria Gotti also wrote about her son John's current racketeering trial, now in the jury selection phase in federal court in Manhattan. Since last September, two trials in which he was accused of racketeering and involvement in the Gambino crime family have ended in mistrials.

"I am a person that was totally, totally disillusioned with the justice system," Gotti wrote to Weinstein. "You have restored my hope that my own son may have a chance, or should I say a second chance at life."

"With two hung juries and a third trial in August, I am beyond desolate," she stated. "I continue to hope for a better day for him."

Lawyers for Junior Gotti, 42, have argued that he quit the mob in 1999 before he pleaded guilty to racketeering and was sentenced to 77 months in prison.

Ma Gotti Hails Judge Who Whacked 'Mafia Cop' Case (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 16, 2006

Brooklyn Federal Judge Jack Weinstein has a new unexpected fan: Victoria Gotti.

The matriarch of the Gotti clan wrote a letter to Weinstein, praising him for showing a "tremendous amount of courage" in knocking out the convictions of the "Mafia cops."

"I am a person that was totally, totally disillusioned with the justice system," Victoria Gotti wrote in an undated letter to Weinstein. "You have restored my hope that my own son may have a chance, or should I say a second chance at life."

The letter was entered into a court file yesterday.

Gotti has been silent since attending each day of her son John A. (Junior) Gotti's trial this winter, when he scored his second mistrial.

Then she attacked a government witness who testified against her son, and defended her late husband, John (Dapper Don) Gotti, amid allegations that he'd fathered a love child.

She's expected back in court later this week for opening statements in a racketeering conspiracy case that centers on claims that Gotti, 42, ordered the assault on radio host Curtis Sliwa in 1992.

"With two hung juries and a third trial in August, I am beyond [despondent]," Gotti said. "I continue to hope for a better day for him."

Last month, Weinstein tossed out the federal murder convictions of Mafia cops Louis Eppolito and Stephen Caracappa. In April a jury found that the former NYPD detectives participated in eight gangland slayings while still on the job.

Weinstein ruled that the statute of limitations on the racketeering conspiracy had expired.

She began the letter by saying: "I want to applaud you on your decision in regard to the Eppolito and Caracappa case, it takes a tremendous amount of courage to do what you did."

"Those two men, Eppolito and Caracappa need to thank their lucky stars for your wisdom and fairness," Gotti wrote.

There happens to be a Gambino family connection with Eppolito: Two of his relatives, Ralph (Fat the Gangster) Eppolito and Jimmy (The Clam) Eppolito were Gambino family members.

Ruling On Testimony In Aryan Brotherhood Case Could Set Precedent (SDUT/AP)

By Linda Deutsch, Associated Press

The San Diego Union-Tribune, August 16, 2006

SANTA ANA – For two Aryan Brotherhood leaders convicted of murder, the next phase of their trial means life or death. But a federal judge said Tuesday it could also have critical impact on American law.

U.S. District Judge David O. Carter told lawyers his upcoming interpretation of a 2004 U.S. Supreme Court decision would be the first to answer a key issue: Do convicted defendants have the right to confront their accusers in the death penalty sentencing phase of their trials?

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Carter delayed the start of sentencing testimony against Barry "The Baron" Mills and Tyler "The Hulk" Bingham until Aug. 28, saying his final ruling could significantly impact the prosecution's presentation.

The two kingpins of the white supremacist prison gang were convicted of murder, conspiracy and racketeering charges in crimes that go back as far as 30 years.

The judge suggested his final ruling could set a precedent because high courts across the nation have avoided the issue raised in Crawford v. Washington.

"There is no guidance," he said. "It's a case of unique impression."

Thom Mrozek, a spokesman for the U.S. attorney's office, has said the government's sentencing case was built entirely on documentary evidence. That could include letters, court transcripts, disciplinary records and other paperwork.

Assistant U.S. Attorney Stephen Wolfe argued Tuesday that prosecutors should be able to present that evidence rather than having to call witnesses.

"It's not a trial any longer," Wolfe said. "These men are multiple murderers."

Wolfe noted that in an effort to document one alleged crime for presentation during the sentencing hearing, he found that one witness was dead and two others had disappeared.

Carter tentatively ruled last month that the Crawford case applies to sentencing but said Tuesday he could change his mind in light of the arguments.

Defense attorneys were the first to raise the issue, arguing that the government must present live witnesses or nothing at all.

The judge made his tentative ruling in the defense's favor on July 28, the day the jury returned the verdicts against Mills, Bingham and two other men.

Defense lawyers then filed motions in support of the tentative ruling and prosecutors replied with more briefing papers.

The Supreme Court ruling in Crawford v. Washington harkens back to English law that asserts the right of defendants to confront their accusers was absolute, even before this nation was founded.

The Aryan Brotherhood trial is part of one of the largest federal capital cases, with more than a dozen people potentially facing the death penalty. More defendants face trials in Los Angeles later this year.

Richard Dieter, executive director of the Death Penalty Information Center in Washington, D.C., said for now the ruling by Carter would apply only to his federal district but added that it could eventually influence other cases if it makes its way to the high court through the appeals process.

Only 37 people have been executed by the federal government since 1927 – and only three since the federal death penalty was reinstated in 1988, Dieter said.

Mills and Bingham were convicted under Racketeer Influenced and Corrupt Organizations law, and offenses known as Violent Crime in Aid of Racketeering.

The so-called VICAR verdicts make Mills and Bingham eligible for the death penalty for ordering a race riot at a federal prison in Lewisburg, Pa., that resulted in the deaths of two black inmates.

In Crawford v. Washington, the Supreme Court ruled that petitioner Michael Crawford had the right to cross-examine his wife, who gave a tape-recorded interview with police after Crawford stabbed a man who allegedly tried to rape her.

In the taped interview, which was played for the jury, Crawford's wife testified that she couldn't be sure the victim was holding a weapon at the time of the stabbing, contradicting her husband who said he acted in self-defense.

His wife did not testify during the trial because of the state marital privilege.

Hotel Worker Guilty Of Fraud (TEXGAZ)

By Lori Dunn, Texarkana Gazette

Texarkana Gazette, August 16, 2006

Dena Fuselier deceived Red Cross into paying for evacuees not at inn

A Texarkana hotel manager has pleaded guilty to hurricane-related fraud in the Eastern District of Texas.

Dena Fuselier, 64, of Atlanta, Texas, general manager of Ramada Inn, pleaded guilty Aug. 7 to five counts of wire fraud before U.S. Magistrate Judge Caroline M. Craven, said federal attorney Matthew D. Orwig.

According to information presented in court, shortly after Hurricane Katrina in August 2005, Ramada made an agreement with the American Red Cross to house evacuees. The Red Cross agreed to pay for or reimburse Ramada at a rate of $54 per night for each room provided to an evacuee.

Prosecutors said Fuselier instructed hotel employees to check in each evacuee for a 14-day period. According to information from the U.S. Attorney's Office, Fuselier also instructed employees to keep evacuees in the hotel's computer system as if they were still guests if the evacuees should check out before the end of the 14 days.

Fuselier then instructed hotel employees to transfer the checked-out evacuees from their original room to an off-market room. Off-market rooms are those under renovation or used for storage and not available to guests.

False billing statements were then sent to the Red Cross. The total amount of overbilling was $19,980.

Fuselier was indicted by a federal grand jury on May 4.

She faces up to 20 years in federal prison and a fine of up to $250,000 at sentencing.

A sentencing date has not been set.

The case is being investigated by the Federal Bureau of Investigation and prosecuted by Assistant U.S. attorney Barry Bryant.

Texarkana attorney Paul Miller represents Fuselier.

Police Say Crime Scene Was Altered (WP)

By Allison Klein And Henri E. Cauvin, Washington Post Staff Writers

The Washington Post, August 16, 2006

Two weeks after a prominent lawyer was killed in a Washington townhouse, D.C. police are still searching the home for clues, and they believe crime scene evidence was cleaned, according to court documents.

The body of Robert Wone, 32, general counsel for Radio Free Asia, was found Aug. 2 in a Swann Street NW townhouse. He had been stabbed three times in the chest. The house is owned by two men who are well known in the gay community. They and a third resident at home the night of Wone's killing have hired criminal defense lawyers.

Police said Wone was spending the night at the townhouse near Dupont Circle because he had worked late and did not want to drive home to Virginia, where he lived with his wife. She has declined to speak publicly since his death.

Wone was a college friend of one of the townhouse's owners, Joseph Price, a lawyer.

In an affidavit to search Price's office at the law firm of Arent Fox, police assert that the scene had been altered.

"Technicians were able to determine that the crime scene had been tampered with, including that the area where the victim's body was located had been cleaned," said the document, which was first reported in Legal Times.

Police said they also were struck by what they did not find.

"A lot of evidence we should have seen at the house, we didn't see," Capt. C.V. Morris, head of the police department's violent crime unit, said yesterday.

Police used chemicals and an artificial light to detect trace blood on the walls, floors, door frame and sofa bed near where Wone's body was found, according to the affidavit.

Police took a computer from Price's office, looking for e-mails to and from Wone, the document says.

Three men, including Price, were at the house when Wone was killed. The second man is Victor Zaborsky, who owns the home with Price, according to property records. The third is Dylan Ward, who works for a software company in Virginia.

Kathleen E. Voelker, an attorney for Price and Zaborsky, did not return a phone call yesterday.

David Schertler, who is representing Ward, said that his client had been living in the Swann Street home for more than a year and that he was acquainted with Wone through Price.

Schertler, a former homicide chief for the U.S. attorney in the District, said Ward had nothing to do with Wone's slaying. Schertler said Ward told police that neither of the other two men was involved, either.

Doctoring a crime scene could lead to criminal charges of obstruction of justice or accessory after the fact.

Police are trying to determine a motive in the slaying, according to a law enforcement official who did not want to be identified because the case is open.

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Shortly after the killing, one of the three men told police that an intruder had broken in through the back door and killed Wone, according to the affidavit. Schertler also said the slaying was committed by an intruder.

But investigators said there were no signs of forced entry into the house, nothing was ransacked and nothing appeared to have been taken.

Morris said the three men told police they did not see an intruder or hear Wone being killed.

The FBI is helping investigators, providing technicians with expertise in blood spatter, Morris said. The agency also brought in a behavioral scientist who specializes in crime scene reconstruction.

Investigators say they are not sure Wone was killed in the second-floor guest room where he was discovered.

Price and Zaborsky were identified as a couple in a 2004 article in USA Today about gay parents. They had donated sperm to a lesbian couple, the article said. Price is general counsel to Equality Virginia, a gay rights organization.

Galante Remains Free After Reprimand By Judge (DANNT)

Danbury News Times, August 16, 2006

Allegedly met with potential witness Sunday

NEW HAVEN -- A federal judge reprimanded Danbury businessman James Galante today, but did not grant a request from prosecutors to revoke his bond.

Galante is under house arrest as the federal racketeering case against him winds its way though the system. Violating the conditions of his release could have landed him behind bars.

Prosecutors allege that Galante, who lives in New Fairfield, orchestrated a price-rigging scheme in the local trash hauling industry – and relied on organized crime figures to enforce the rules.

Prosecutors allege that Galante violated the terms of his release Sunday when he met with a woman at his New Fairfield house. The woman, prosecutors said, is a potential witness in the court case – and a woman Galante has a "romantic relationship" with. The woman is not Galante's wife.

Galante's lawyer argued in court today that the episode was nothing more than a misunderstanding.

Galante is scheduled to appear in court again Wednesday, where his lawyers will ask the court to allow him to return to AWD, his Danbury-based sanitation company.

AWD is currently being operated by a company brought in by the federal government.

Oregon Man To Stay Behind Bars For Contempt Of Court (AP)

AP, August 16, 2006

EUGENE, Ore. (AP) — An environmental activist who has been jailed since May for refusing to testify before a grand jury told a federal court judge Tuesday that he believes his rights have been violated.

Jeffrey Hogg, 32, a nursing student, said he does not believe in the grand jury system due the potential for abuse in the secretive process. He said the court's decision to jail him for refusing to testify in a sweeping ecosabotage investigation violates his First Amendment rights.

"I mean no disrespect to the court," Hogg said. "I have long-held beliefs about the grand jury system and I'm not willing to compromise them."

Hogg's attorney, Paul Loney, argued that the government no longer needs Hogg's testimony, because six people have pleaded guilty to involvement in acts of environmental sabotage and have pledged to cooperate with the investigation.

"This is an improper use of the grand jury," he said. "They can get their evidence elsewhere."

But U.S. District Court Judge Michael Hogan decided to keep Hogg in jail, saying grand juries exist to keep prosecutors from charging people without justification. Hogan said more time behind bars for contempt of court might persuade Hogg to cooperate.

The grand jury's 18-month term will end next month, at which time Hogg normally would be released. Assistant U.S. Attorney Stephen Peifer said the government will soon request a six-month extension.

The "Operation Backfire" investigation has resulted in indictments against more than a dozen people in connection with a string of firebombings from 1996 to 2001. The Earth Liberation Front and Animal Liberation Front claimed responsibility.

DOJ_NMG_0048886

Peifer said a number of witnesses have provided information about Hogg's involvement, including allegations that he attended meetings where tactics and strategies for acts of sabotage were discussed.

"If he thinks he's protecting someone, he's not," Peifer said. "No one's protecting him."

Judge Rejects Vigil Defense Team's Change Of Venue Request (AP)

By Tim Korte

AP, August 16, 2006

ALBUQUERQUE (AP) - It appears Robert Vigil's retrial is staying in Albuquerque.

U.S. District Judge James Browning on Tuesday denied an effort by lawyers for the former state treasurer to move the public corruption proceedings outside New Mexico. The defense team vowed an immediate appeal.

"We are committed to pursuing every avenue to ensure Mr. Vigil gets a fair trial," lead defense attorney Sam Bregman said outside the courthouse.

During a three-hour motions hearing, Browning said he's confident 12 jurors and two alternates can be found from within New Mexico.

Later, in a written order, Browning said Vigil's lawyers didn't show "that the publicity and media attention related to this case are so nefarious as to make empaneling a fair jury impossible or that the media coverage has effectively displaced the judicial process."

Bregman said he will take the matter to the 10th U.S. Circuit Court of Appeals, but the judge rejected a defense request to halt the proceedings while the change of venue decision is appealed.

"We're going to keep on track," Browning said.

Time is important because Vigil's retrial is scheduled to begin Sept. 5.

Vigil resigned last October, weeks after charges were filed. He has pleaded not guilty to two dozen racketeering and extortion counts, accused of steering state business to investment advisers in exchange for kickbacks.

After consulting both sides, Browning decided 120 potential jurors will be summoned from across New Mexico for jury selection on Sept. 5. Sixty will be in the courtroom for questioning by attorneys, with the other 60 available if needed.

"We'll have plenty in the wings," said Browning, who rejected Bregman's request to stage jury selection over two days.

Bregman argued extensive media coverage and a barrage of congressional campaign advertisements that prominently mention Vigil have tainted the pool of potential jurors and made it impossible for Vigil to get a fair trial anywhere in New Mexico.

"If you haven't seen these ads, you probably don't watch TV," Bregman said.

Assistant U.S. Attorneys Jonathon Gerson agreed there has been extensive publicity surrounding the case, but insisted it will be possible through the jury selection process to seat an unbiased jury. He also argued the case belongs here.

"The people of New Mexico have a right to come into the courtroom in Albuquerque and see this case," Gerson said.

Bregman used television monitors in the courtroom to play advertisements by candidates in the 1st Congressional District race. In an ad for incumbent Republican Heather Wilson, Bregman noted Vigil's name was mentioned four times and his picture displayed once.

Bregman also played an ad by Democratic challenger Patricia Madrid that indicated Madrid, as New Mexico's attorney general, is _ according to the text _ "prosecuting Vigil's co-conspirators while the government prosecutes him."

"It's not a fair environment when a congressional campaign makes the entire campaign about whether one of them has done enough about Robert Vigil and corruption in the state treasurer's office," Bregman said.

Bregman also said initial jury questionnaires returned so far have indicated about one-third of respondents know about Vigil's case and believe he's guilty.

"There is a fierceness in their opinion," Bregman told Browning. "It is pretty incredible the veracity of their beliefs."

Hooks Considers Guilty Plea (MCA)

By Marc Perrusquia

Memphis Commercial Appeal, August 16, 2006

Days before he's set to stand trial on bribery charges, County Commissioner Michael Hooks Sr. is weighing a guilty plea.

DOJ_NMG_0048887

Defense lawyer Steve Farese confirmed Tuesday that Hooks is thinking of changing his plea and calling off the trial -- a decision expected as early as today.

Advertisement

"We're considering it, but it's not a done deal," Farese said. "We plan on making our mind up by (today)."

A guilty plea by Hooks would be huge for Operation Tennessee Waltz, the undercover FBI sting that's netted corruption charges statewide against 12 current and former public officials.

Most of the Memphis defendants -- all of them black -- have held out for jury trials amid contentions by some that the sting was racially biased.

Facing damning videotapes and other evidence, however, six of the defendants have been convicted, two by juries and four by guilty pleas.

Scheduled to go on trial in federal court Monday, Hooks is one of eight Waltz defendants who've opted to hold out for jury trials. The two who've gone to trial -- former state senator Roscoe Dixon and former Hamilton County commissioner William Cotton -- were found guilty.

Hooks said this week he will resign his commisison seat effective Monday.

Farese confirmed that Hooks is considering a plea after a court calendar listed his scheduled appearance for Monday as a "change of plea" hearing. Farese said he has no written plea agreement before him, but said a plea is possible. "There's a lot more to it," the lawyer said.

Hooks Announces Resignation (MDN)

Memphis Daily News, August 16, 2006

Michael Hooks Sr. announced at Monday's Shelby County Commissioners meeting that he plans to resign his post effective Monday at 12:01 a.m., the day he's set to go on trial for his role in the Tennessee Waltz scandal. His term, along with seven other commissioners, would have ended on Aug. 31, anyway.

Hooks said he decided to resign because he doesn't want publicity from his trial to be a distraction to other outgoing commissioners.

Hooks was indicted in September for allegedly accepting $24,000 in bribes from undercover FBI agents posing as executives from the fictitious company E-Cycle Management. Hooks requested a trial delay earlier this month, but the request was denied by U.S. District Court Judge J. Daniel Breen.

Hooks is one of 11 defendants charged in the investigation.

Former Sen. Roscoe Dixon, D-Memphis, was convicted of extortion in June and is awaiting sentencing. Former Rep. Chris Newton, R-Cleveland, pleaded guilty last summer to accepting bribes and began serving a one-year sentence in April.

Marlinga Gets Mail Fraud Charge Tossed, But Trial Stays On Schedule (MACOMBD)

By Chad Halcom, Macomb Daily Staff Writer

Macomb (MI) Daily, August 16, 2006

Ex-prosecutor now faces five federal charges

One of six federal charges against former Macomb County Prosecutor Carl Marlinga is dismissed based on a judge's misgivings about the logic behind it, but the other five counts remain for next month's trial.

Advertisement

In a court ruling recently received by both sides in the case, U.S. District Court Judge Victoria Roberts in Detroit ruled that a mail fraud charge against Marlinga arising from his written pleadings to the Michigan Supreme Court on behalf of a rape defendant should be dismissed.

The U.S. Attorney's Office in Detroit alleged that Marlinga committed mail fraud when he sent the written brief on behalf of exonerated defendant Jeffrey Moldowan because Marlinga didn't disclose an alleged financial connection to some of Moldowan's supporters. But the judge found that Justice Department officials couldn't substantiate that Marlinga's conduct was a crime.

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"If the Court were to accept the Government's assertion that a prosecuting attorney's general duty of honesty is sufficient to bring him or her within the bounds of (federal law and prosecution), countless Michigan lawyers (including those working in other capacities that involve an element of public service) would be subject to prosecution for conduct which the State of Michigan has not clearly indicated an intent to criminalize," the judge's written ruling states.

Following Roberts' decision, attorneys for both sides had a pretrial conference with the judge Tuesday to make preparations and handle scheduling matters for Marlinga's trial Sept. 12. Defense attorney Mark Kriger said the hearing did not involve Roberts' ruling or any other weighty legal matters.

"It wasn't even a hearing, it was just a pretrial conference," he said. "Nothing substantive was done like that."

Kriger and co-counsel N.C. Deday LaRene made legal arguments on behalf of Marlinga earlier this year seeking to dismiss all six charges -- the mail fraud count, plus two counts of bribery, two counts of giving false statements to federal investigators or officials, and a wire fraud charge involving monies from another rape defendant, James Hulet.

But Roberts' ruling essentially rejects all of the defense arguments, except the one involving mail fraud.

Gina Balaya, a spokeswoman for the U.S. Attorney's office in Detroit, said Tuesday she had not had a chance to read or review the judge's ruling and she could not say whether federal prosecutors will try to appeal or seek reinstatement of the mail fraud charge. But court officials said Tuesday there were no delays or accommodations made to allow the prosecution an appeal, and the trial is still set for Sept. 12.

The allegations in federal court revolve around some $34,000 in various alleged contributions to Marlinga's failed 2002 election bid for the congressional seat now held by U.S. Rep. Candice Miller, R-Harrison Township.

Federal attorneys contend Marlinga exercised favorable influence in the case of Moldowan, who successfully gained a new trial for his 1991 rape conviction and won an acquittal in his new trial at Macomb County Circuit Court.

Marlinga also allegedly received contributions in exchange for his influence in the outcome of a criminal case against Hulet, a St. Clair Shores resident, who eventually pleaded guilty and was sentenced to two years in prison in January 2004. He was released this year and is on probation.

The other counts revolve around reporting campaign contributions to the Federal Election Commission, and wire fraud in connection with the Hulet case.

CIVIL LAW:

Bush Administration, In Series Of Federal Lawsuits Against New York Agencies, Gains Creeping Oversight Of Local Government (NYS)

By Joseph Goldstein, Staff Reporter of the Sun

New York Sun, August 16, 2006

When President Bush flew into John F. Kennedy International Airport June 19, Mayor Bloomberg was out on the tarmac to greet him. The two engaged in some friendly backslapping and reporters wrote stories about the occasion.

The president's relationship with New York City, however, is not always as amicable. In federal courts in Manhattan and Brooklyn, Mr. Bush's Justice Department has brought half a dozen cases against the city's public agencies. With each settlement, the federal government has won a degree of oversight over local government.

Because of the lawsuits, federal attorneys in Manhattan now monitor job promotions at the Department of Parks and Recreation to guard against racial discrimination. In May, the Justice Department required the city to notify welfare-to-work employees that they have the same protections against harassment as full-time municipal workers. Just one day after the president's June visit, Mr. Bush's lawyers accused the New York City Transit Authority of harassing a Sikh employee.

Last week, the Justice Department forced the transit authority to cough up $165,000 for failing to repair leaky airconditioning units on old subway cars. That settlement came six years after one with the sanitation department over the city's disposal of discarded appliances containing Freon.

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"The feds are the biggest bureaucracy of all, and when they make rules and try to make other people follow their rules it takes forever to untangle," the president of New York Civic, Henry Stern, said. "The public is unaware of the substantial invasion of traditional local government prerogatives by federal agencies and their attorneys."

Mr. Stern, who, as a former parks commissioner, was accused of racial discrimination in a Justice Department suit, called the federal efforts against the city an affront to taxpayers.

"The taxpayer pays for both sides and no matter who wins, we lose," he said.

A list compiled by The New York Sun shows that the Justice Department has filed five lawsuits against the city or the New York City Transit Authority since Mr. Bush became president in 2001.Also, it filed criminal charges against the city's Department of Environmental Protection for a mercury spill that was ignored. The city agency pleaded guilty in 2001.

In each lawsuit, the city and the federal government have arrived at a settlement, the terms of which generally allow the federal government to monitor the city's conduct for a period of three years. When the allegations involve discrimination, the federal government generally requires the city to take corrective actions, such as sending out public notices or putting in place a person responsible for fielding complaints. Large cash penalties rarely accompany the settlements.

This is an arrangement that likely suits both sides, a senior fellow at the Manhattan Institute, Walter Olson, said.

"City agencies would rather have some marching orders— even ones they don't like — than being entirely uncertain of what the law is going to demand of them in court," Mr. Olson said. "And prosecutors like the kind of track record that shows they can compel quick capitulations."

The strategy often prevents a public accounting, because most of the discussions take place out of court. In one case, involving Lafayette High School in Brooklyn, Justice Department attorneys filed a settlement on the same day as the legal complaint, indicating that the lawyers for the two sides had hammered out an agreement before they ever went before a judge.

The only open case the Justice Department still has in courts against a city public agency is a challenge to the transit authority's dress code. The lawsuit claims that a ban against turbans for employees who interact with passengers is discriminatory against Sikh and Muslim workers. The transit authority's dress code has been changed: Employees are now permitted to wear transit authority-issued turbans bearing the MTA logo.

The federal government is arguing with the transit authority over an informational flyer that features a photograph of a Sikh transit authority employee wearing a turban with the logo. Since July, the Justice Department has demanded the photograph of the employee, station agent Trilok Arora, be removed from the flyer. Mr. Arora said he disagrees with the dress code. The transit authority is willing to remove the photograph only if the Justice Department pays a model to don the turban and appear in Mr. Arora's place, according to court papers filed by the government.

When the federal government presses the city in court, it often files a complaint similar to one that private attorneys have already filed. In a dispute over job promotions at the parks department, the Justice Department followed the lead of a class action filed in 2001. Both lawsuits accused the parks department of passing over career employees, many of whom are black or Hispanic, for promotions that went to young and mostly white recruits who just graduated from college.

Under a settlement reached in 2005, the Parks Department must post all job openings and expand personnel files to provide a better basis for promotional decisions. The city also began sending records of recent promotions at the department to the federal government for review, a lawyer familiar with the case said.

An attorney for the class action against the Parks Department, Lewis Steel, said the Justice Department's decision to file suit adds credibility to the claims made in the private lawsuit, which has not yet been resolved.

The Justice Department has taken the city to court over allegations of assaults and harassment against Asians in a Brooklyn school, Lafayette High School in Bensonhurst. Three years after initiating an investigation, the federal government reached a settlement with educators in 2004 that required the school to keep a detailed record of every complaint of harassment.The settlement also set guidelines meant to bolster the English Language Learner program. The school continues, through next year, to be under the watch of the federal government.

Perhaps the largest degree of control the Justice Department has gained through the courts over any current city undertaking involves the water filtration plant under construction in the Bronx.The $1.2 billion plant, which is to be placed beneath Van Cortlandt Park, will eventually treat all city water from Croton watershed in Westchester County. Throughout the

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1990s, the city had sought to avoid building the water treatment center, claiming that the city could protect the water by guarding against pollution at the sources. Although a 1998 court settlement with the Environmental Protection Agency required the city to build the plant, choosing a location required legislation from Albany, which passed in 2003.The city's law department now files monthly reports to the EPA and holds quarterly meetings to provide updates on its progress, a lawyer familiar with the case said. The city has been hit with more than $6 million in penalties following the settlement.

Despite these lawsuits, some New Yorkers think the Justice Department occasionally shies away from a fight. A vice president with the Vulcan Society, the city's fraternity of black firefighters, Michael Marshall, said the Justice Department "has never been really receptive" to his organization's claims that the department's hiring practices are discriminatory. Conversations between the Justice Department and the Vulcan Society over the small number of black firefighters extend back nearly two decades, Mr. Marshall said. Last year, the Justice Department confirmed that it had begun an inquiry into the fire department.

Legal observers warn against judging the track record of either the city or the Justice Department from the docket of cases the federal government has brought against the city.

"It could mean the Department of Justice is handling everything exactly right and policing what needs to be policed,"a law professor at New York University, Samuel Issacharoff, said. "Or it could mean they are asleep at the switch."

CIVIL RIGHTS:

Dozens Held As Sex-slave Ring Hit (NYDN)

New York Daily News, August 16, 2006

The Feds and the NYPD broke up a major human-trafficking ring that smuggled women and men into the country to work as sex slaves, law enforcement sources said yesterday.

Investigators rounded up dozens of suspects yesterday in New York, New Jersey, Connecticut, Pennsylvania, Maryland, Rhode Island and Washington, D.C., in the multistate sting, which will be detailed in a news conference today.

The joint probe by the FBI, NYPD and U.S. Immigration and Customs Enforcement began more than a year ago and in March led to the arrest of two Queens cops charged with protecting a Flushing brothel from police raids in exchange for bribes and sex with hookers.

Pimps Geeho Chae and Gina Kim told investigators they paid rogue cops Dennis Kim, 29, and Jerry Svoronos, 30, for tips on when to expect raids and for help in shutting down competing cathouses. The two decorated cops were arrested and the $4,000-a-day brothel on 164th St. was shuttered.

The corruption probe led to a wider investigation into the young women and men working in this and other Asian brothels.

Neighbors said Asian men in fancy cars and limos patronized the sex den.

In the initial investigation, an undercover detective met with the pimps and pocketed some $126,500 in bribes to keep the law at bay. Sixteen Korean and Chinese women were rounded up in the earlier sting.

Alison Gendar

Fed Court Dismisses ACLU Case Against FBI (UPI/UPI)

United Press International, August 16, 2006

WASHINGTON, Aug. 15 (UPI) -- A U.S. federal court in the District of Columbia has dismissed a civil-liberties group's request against the FBI.

The ruling marked a defeat for the American Civil Liberties Union in its battle against alleged FBI spying on peace, political and religious activists, National Journal's Technology Daily reported Friday.

On Aug. 9, Judge Ellen Segal Huvelle dismissed an ACLU request from the American Civil Liberties Union to review about 40 pages of redacted documents as part of a two-year crusade to shed light on U.S. government surveillance of Greenpeace, People for the Ethical Treatment of Animals, and other organizations,GovExec.com reported.

ACLU attorney Scott Michelman claimed the ruling was the "tail end of a much larger litigation that has already produced thousands of pages demonstrating that the FBI has been spying" on activists.

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In the filing, the ACLU asked the court to make sure the U.S. government was not redacting too much. Huvelle found that the FBI was "playing by the rules," but previous examinations showed that some information had been wrongfully withheld by the Bush administration, Michelman said.

FBI Agent Testifies That Officer Admitted Earlier Account Wrong (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), August 16, 2006

A former Prichard police officer accused of beating a suspect last year filed a report depicting the man as the aggressor and then later admitted the account was wrong, an FBI agent testified Tuesday.

Special Agent George Glaser said Jason Hardy Hunt, whom Glaser questioned on Feb. 8, initially stood by his report accusing James Allen Woodard of grabbing him around the waist during the March 22, 2005, altercation near the Pride Stop and Save off of Martin Luther King Jr. Avenue.

Two days later, Glaser said, Hunt told him that he was the one who initiated contact. Glaser testified that Hunt said he had been instructed by a superior officer to arrest Woodard and then took Woodard down when the suspect would not cooperate.

The agent also told jurors at Mobile's federal courthouse that Hunt told him he did not mean to injure Woodard and denied slamming his head against the pavement, as other witnesses have testified.

Glaser testified that Hunt said his revised account was the result of a changing recollection from a "heat of the moment" memory and not any purposeful misstatement.

Prosecutors contend Hunt's original incident report was intentionally false and was an attempt to cover up a willful attack on Woodard, who spent eight days in the hospital, suffered a skull fracture and sustained permanent hearing loss in his right ear.

The confrontation prompted Prichard, after its own investigation, to fire Hunt. The city also agreed last week to pay Woodard $100,000 to settle a civil lawsuit.

If convicted of the criminal charges, Hunt faces a sentence of between three years, 10 months and four years, nine months, according to a preliminary calculation of his possible punishment under advisory sentencing guidelines.

On Tuesday, other officers at the scene that early evening in March 2005 testified about their recollection of the events, with prosecutors and defense lawyers pouncing on every perceived inconsistency.

Jonathan Waite, who earlier had put Woodard on the ground, testified that Woodard was not threatening Hunt in any way when the officer grabbed him in a bear hug before knocking him over.

"There was no reason for one person to take him down at that time," Waite testified. "(Hunt) approached the subject by himself and tried to apprehend the subject by himself when there were eight officers there."

Federal Defender Carlos Williams challenged Waite about why he filed no report that day indicating Hunt had done anything wrong. In a report filed at the request of superior officers four days later, Williams said, Waite still did not indicate Hunt was at fault. It was not until supervisors asked for a second report that Waite included allegations against Hunt, Williams said.

"I didn't know the severity of the injury of the subject," Waite said. "I have to work with these people, also."

Former Police Chief Sammie Brown, testifying for the defense, said that Hunt previously had not drawn a complaint of excessive force in his year-plus with the department.

"I thought a lot of Mr. Hunt. I felt like he had the knowledge and ability and desire to progress far in law enforcement," Brown said.

Backing Hunt's account in part, Cpl. Walter Knight said he is the one who gave the order to arrest Woodard after he failed to leave the area. He called Hunt a "real gung-ho officer" but also said during cross-examination that Woodard was not resisting arrest or posing a threat when Hunt grabbed him.

Republican Hispanics Blast Democrats' Ad (AP-Y)

By Suzanne Gamboa

AP, August 16, 2006

A Democratic political ad is under fire from Hispanics who say it unfairly compares Latino immigrants to terrorists.

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The Democratic Senatorial Campaign Committee sponsored a 35-second ad on its Web site that shows footage of two people scaling a border fence mixed with images of Osama Bin Laden and North Korea President Kim Jong Il.

Pedro Celis, chairman of the Republican National Hispanic Assembly, said in a statement Tuesday that the DSCC should remove the ad because it vilifies illegal Hispanic immigrants and is "appalling."

Houston City Councilwoman Carol Alvarado, a Democrat, sent a letter to DSCC Chairman Sen. Charles Schumer of New York asking that the ad be pulled. She said it could alienate Latino voters.

"To liken Latino immigrants to bazooka-toting terrorists not only undermines the positive relationship our party has with this community, but also lowers us to a despicable level as breeders of unfounded fear and hatred," Alvarado wrote.

The ad opens with the words "Security Under Bush and GOP?" It features scenes of a masked man with a bazooka, scenes from terrorist attacks and police inspecting a subway train. It also shows Osama bin Laden, Iran President Mahmoud Ahmadinejad and a docked ship as it claims "4 times as many terrorist attacks in 2005."

Then comes footage of a person climbing over a corrugated metal border fence and another preparing to climb it as the words "millions more illegal immigrants" form on-screen. In the following scene, viewers see the words "North Korea has quadrupled its nuclear arsenal" with footage of a tank and North Korea President Kim Jong Il.

The ad ends with the words, "Feel safer? Vote for change."

"Equating these undocumented migrants to the very real threats of terrorism is inexcusable and only serves to fan the flames of anti-immigrant sentiment in our country," Celis said in the statement.

The faces of the people climbing over the fence are not clearly visible and there is nothing in the ad confirming the people in the ad are Hispanic. Such scenes are often captured in footage of the U.S.-Mexican border.

Bettina Inclan, the assembly's executive director, said the people in the ad appeared Hispanic, "not just to us, but to other people who saw the video."

DSCC spokesman Phil Singer dismissed the group's criticism as a Republican group "trying to gloss over the White House's abysmal record on security."

"This group's time would be better spent pressuring reluctant Republicans to support comprehensive immigration reform," Singer said in an emailed statement.

Inclan said the group was among supporters of the bipartisan Senate immigration bill, which passed the Senate but has been criticized in the House.

The ad drew rebuke from other Hispanics.

"This is the same kind of fear mongering we condemn in the extreme media and now we are seeing it at the DSCC," said Lisa Navarrete, spokeswoman for the National Council of La Raza. "It's appalling."

Husband Takes Schiavo Fight Back To Politicians (NYT)

By Abby Goodnough

The New York Times, August 16, 2006

CLEARWATER, Fla. — The curtains are still drawn tight at Michael Schiavo's home on a quiet cul-de-sac here, and in some ways he remains as private and unknowable as when his wife Terri was the focus of a fervent national debate last year about life and death.

Yet Mr. Schiavo, who won a scorching legal battle to remove his brain-damaged wife's feeding tube, also remains furious at lawmakers in Tallahassee and Washington who intervened in the case. Hence the creation last winter of TerriPAC, a federal political action committee aimed against politicians who tried to stop Ms. Schiavo's death, and the debut of Mr. Schiavo, a newly remarried, self-described normal guy, as a political weapon in this year's midterm elections.

He is an unpolished speaker, sometimes abandoning sentences midstream or grasping for the right words. He did not vote or follow the news until recently, he says, and had never heard of a PAC until strangers suggested he start one late last year.

Still, Mr. Schiavo flew to Connecticut last month to help Ned Lamont, who defeated Senator Joseph I. Lieberman in the Democratic primary. Mr. Schiavo reminded voters that Mr. Lieberman had supported an emergency bill asking a federal court to consider reinserting Ms. Schiavo's feeding tube days before she died in March 2005. Ms. Schiavo's parents, who adamantly

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opposed her death and rejected Mr. Schiavo's claim that she would have wished it, had pleaded with Congress and President Bush to intervene.

Mr. Schiavo also hand-delivered a caustic letter to Representative Marilyn Musgrave, Republican of Colorado, who outspokenly opposed Ms. Schiavo's death, and endorsed her Democratic opponent, Angie Paccione. He attended a bloggers' convention in Las Vegas in June to raise his profile in the online pundit world, being host of a "privacy roundtable" at the Riviera Hotel.

"He is the human face of government intrusion," said Ms. Paccione, explaining why she accepted Mr. Schiavo's offer to appear with her at a news conference July 12. "We need more individual citizens like him to step up and put an end to it. People trust somebody who looks like them, talks like them and has their experience."

Representative Jim Davis, a Tampa Democrat running to replace Gov. Jeb Bush, a Republican, widely distributed a letter that Mr. Schiavo wrote after endorsing him in June. Mr. Davis was among the most vigorous opponents of intervention in the Schiavo case, criticizing it on the House floor before Congress enacted the now-famous measure that President Bush cut short his vacation to sign.

Mr. Schiavo said his hastily written book, "Terri: the Truth" (Dutton Adult, 2006), was meant to be his final say on the events that dominated his life for 15 years. But Democratic operatives looking toward the November elections saw gold in his lingering anger.

When those operatives encouraged Mr. Schiavo not to disappear from the public eye, the man who had kept his mouth tightly shut throughout his quest to end his wife's life — once even jumping an eight-foot-high fence behind his house to avoid the news media throng out front — decided he had more to share.

Driving him, he said, were television and newspaper clips from the end of the case, which he did not scrutinize until several months after his wife died.

"I didn't pay attention to a lot of it in the last couple weeks because I spent my time with Terri," Mr. Schiavo, 43, said at his preferred meeting place, a T.G.I. Friday's near his house in a neighborhood misleadingly called Countryside. "But when I saw it all, I thought, this is absolutely out of control.

"I had to remind people that what this government did to me, they can do to you."

Mr. Schiavo's PAC has made no direct solicitations, but it has raised more than $26,000 in eight months, mostly in contributions of $100 or less made through its Web site, www.terripac.com. The committee is nearly broke at the moment, having contributed a total $4,000 to five Democratic candidates in Florida, Colorado and Texas and spent most of the rest on travel, Web site design and production of a video to help with fund-raising down the road.

"We are not a big financially powerful PAC yet," said Derek Newton, a Democratic consultant in Miami who sold Mr. Schiavo on the PAC and now serves as its director. "We are just looking at what makes sense and how we can do it."

Like Mr. Schiavo, Mr. Newton, 34, is learning as he goes. At first he did not realize that federal PAC's must disclose donations only of $200 or more, and filed reams of unnecessary paperwork. Though working with Mr. Schiavo could perhaps raise his own profile, Mr. Newton, who ran a mayoral race in Miami in 2004, said he was motivated only by disgust for the politics of the Schiavo case.

The PAC is not just devoted to politics. Its Web site also provides information about living wills, which Ms. Schiavo did not have when her heart briefly stopped one night in 1990, causing her brain damage. Organizers say information on eating disorders will be added to the site.

Mr. Schiavo believes his wife's cardiac arrest was due to a vitamin deficiency brought on by bulimia, though her autopsy could not prove that. His former in-laws, Robert and Mary Schindler, have accused him of strangling her, though the courts rejected that claim.

The Schindlers and their surviving children, Bobby and Suzanne, are raising money through the Terri Schindler Schiavo Foundation Center for Health Care Ethics, a nonprofit group whose stated goal is to protect "the rights of disabled, elderly and vulnerable citizens against care rationing, euthanasia and medical killing."

The foundation collected $379,855 in contributions last year, its lawyer said. Bobby Schindler, its director, said his family was not paying attention to Mr. Schiavo's activities.

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"Our family believes our fight with Michael is over," he said.

Mr. Schiavo will focus on Florida candidates like Mr. Davis in the coming months, Mr. Newton said, but he may also offer help to James Webb, the Democratic challenger to Senator George Allen of Virginia; Claire McCaskill, the Democratic challenger to Senator Jim Talent of Missouri; and several Congressional candidates in Pennsylvania, his home state.

Mr. Schiavo said he would also make overtures to State Senator James E. King Jr., a Jacksonville Republican whose primary opponent, Randall Terry, led protests outside Ms. Schiavo's hospice in the weeks before her death and rallied the anti-abortion movement against it.

A spokeswoman for Mr. King, whose North Florida district has many religious conservatives, said: "We are not making the events that surrounded the Terri Schiavo case here in Florida a focus of our race."

Indeed, some campaign officials worry that joining up with the polarizing Mr. Schiavo could cut both ways. One person with a campaign that enlisted his help said the campaign received a number of angry phone calls afterward.

One of five brothers, Mr. Schiavo said he was raised to be a fighter, a quality on display throughout his book, which was written with Michael Hirsh. In it, he acknowledges losing his temper a lot during his court battle and repeatedly attacks his former in-laws.

His appetite for combat, which helps explain why he would sacrifice some of the privacy he demanded while Ms. Schiavo was alive, is also evident in his intense gaze and in the words he chose for her gravestone: "I kept my promise."

Mr. Schiavo, who switched his voter registration to Democrat from Republican last year, said people had asked him repeatedly to run for office after his wife's death.

But while the prospect holds allure, he said he was content with a lower-key role for now. He married Jodi Centonze, whom he met and started dating three years after Ms. Schiavo's collapse, in January. He works three 12-hour shifts a week as a nursing supervisor at the Pinellas County Jail and helps raise his children, Olivia, 3, and Nicholas, 2.

"Maybe down the road," he said of becoming a political candidate. "Maybe when everybody understands and everything is fixed."

FBI Settles Sex-Bias Suit Involving Non-Agents And Management Posts (WP)

By Stephen Barr

The Washington Post, August 16, 2006

Marijke van der Heide worked at FBI headquarters from 1982 through 1999 but could never get a promotion into a top-tier job. So she left the FBI and went to work in the administrative arm of the federal court system.

"I enjoyed all my years in the FBI," she said in an interview. "I also felt that I could have still made some career moves if there were possibilities for me. But I didn't have the opportunity."

Van der Heide, a General Schedule 14 program manager for foreign-language testing and training, found closed doors when she tried to move up to the next level, GS-15. She was told that "only agents can talk to agents," an apparent justification for keeping "support," or non-agent, staffers from rising into the FBI's management ranks.

Today, Van der Heide is one of about 3,000 potential members of a class-action settlement that began in 1998 when an FBI employee, Patricia Boord, filed a sex-discrimination complaint on behalf of GS-12 and above female support employees who had applied for but were not selected for GS-14 and GS-15 administrative and managerial positions or who were deterred from applying.

Van der Heide's experience "was an instance of hitting a glass ceiling," said Maia Caplan, a lawyer with Kator, Parks & Weiser PLLC, who represented the Boord class.

The Boord complaint alleged that women were discriminated against because administrative and managerial positions were open to only FBI special agents, even if the responsibilities of the position could have been done by a non-agent.

The complaint asked why positions were reserved for agents when there were lawyers, laboratory scientists, accountants, linguists and other support staffers who could do the job as well and might even be better qualified.

Litigation and mediation in the case took nearly a decade, ending with an agreement in May between the government and the class-action members.

In a decision approving the settlement, Administrative Judge Richard E. Schneider noted that the FBI disputed statistical evidence presented in the case and had asserted that the agency "appropriately restricted" certain jobs for special agents, who carry weapons and conduct investigations.

FBI spokesman Stephen Kodak Jr. said in an e-mail that the agency, during settlement negotiations, began reviewing GS-14 and GS-15 jobs held by special agents in the headquarters division and had converted "a number of the positions" so that they could be filled by non-agents. The FBI's internal determinations will be reviewed by an independent expert as part of the settlement agreement.

The settlement agreement, which is being implemented, permits eligible employees and former employees to file for individual relief, including promotions and back pay, Kodak said. The agreement applies to "female professional support staff" employed from June 1996 to May 2006.

Two class representatives, Boord and Marywictoria Pyne , have been awarded payments, he said. The FBI will not disclose the amount of the payments for Privacy Act reasons, he said.

Van der Heide said she hopes the class-action complaint, which was filed at the Equal Employment Opportunity Commission, helps ensure that "people have equal job opportunity when they have equal skills and doesn't mix in requirements that have nothing to do with skills."

She added: "The FBI may lose opportunities to get or maintain the type of employees who are very valuable to the FBI if they don't change their ways. By not making the FBI a competitive place, some of the best women may pass up a job in the FBI and go elsewhere."Retirements

Susan B. Miller , director of academic investments at the NASA Dryden Flight Research Center, retired July 1 after 36 years of public service.

Ross Simons , director of the Smithsonian Environmental Research Center at the Smithsonian Institution, retired July 21 after 35 years of federal service.

Commandments Set For Idaho Vote (WT)

By Joyce Howard Price

The Washington Times, August 16, 2006

The Idaho Supreme Court has authorized the nation's first ballot initiative to let voters decide whether a Boise public park should be allowed to have a Ten Commandments monument, like the one removed two years ago.

The court's 4-1 ruling Monday overturned an October 2004 decision by a lower court and an earlier decision by the Boise City Council. The council had refused to put the initiative on the Nov. 7 ballot, even though citizens had collected the 19,000 signatures required to do so.

The council said the matter was not a proper subject for an initiative because the petition sought to implement an administrative act, not a legislative one. In late 2004, state 4th District Judge Ronald Wilper affirmed the council's decision, ruling that the city was not required to have a ballot initiative in this case.

Supporters of the monument appealed to the state's highest court, which ruled that "it is premature to rule on whether the initiative is valid or not, until it actually exists," said the Rev. Bryan Fischer. The court also held that a qualifying question should be on the ballot, said Mr. Fischer, co-chairman of the Keep the Commandments Coalition, which brought the lawsuit against the city.

The court said in its majority opinion: "Just as the court would not interrupt the legislature in the consideration of a bill prior to enactment, the court will not interrupt the consideration of a properly qualified initiative. The petition qualifies for the ballot for consideration by the voters."

Mr. Fischer called the ruling "a dramatic reversal of the tide" in which many courts have ordered the removal of Ten Commandments displays from public places.

"This could be a way to generate fresh energy in the direction of acknowledging God again in the public square," Mr. Fischer, who also is executive director of the Idaho Values Alliance, said yesterday in a telephone interview.

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The American Civil Liberties Union has been a force in many court cases concerning such displays -- which the ACLU deems unconstitutional -- but the legal organization was not involved in this case, Mr. Fischer said.

In the 1960s, Boise was one of hundreds of U.S. cities to receive a granite Ten Commandments monument as a donation from the Fraternal Order of Eagles.

"It was not given by a religious organization but by a secular organization. The gift was in response to a rising tide of juvenile delinquency, and the Fraternal Order of Eagles felt the Ten Commandments would be fine standards to govern the conduct" of youths, Mr. Fischer said.

When Boise's Ten Commandments display was removed from the public park in 2004, it was relocated to the grounds of a cathedral in the city. It will remain there, regardless of the outcome of the initiative.

If the ballot measure passes, Mr. Fischer said, a new display will be erected in Julia Davis Park "on the same site" as the old monument. He said the new display will be identical to one in Pocatello, Idaho, which was ruled constitutional by a federal judge when challenged in court by the ACLU 11 years ago.

The new version will include two monuments. One will list the Ten Commandments, and the second will commemorate Thomas Jefferson's 1786 Virginia Statute for Religious Freedom.

Mr. Fischer said he is confident of an Election Day victory, "as all the polling data show 70 to 80 percent of the residents of Boise are in favor of returning the Ten Commandments" to the municipal park.

ANTITRUST:

Monsanto To Pay $1.5 Billion To Purchase Cotton-seed Company (AP)

By Jim Salter

AP, August 16, 2006

ST. LOUIS - Monsanto Co. will pay $1.5 billion in cash to purchase Delta and Pine Land Co. in a merger of two of the world's largest seed companies.

The deal, announced Tuesday, comes eight years after Monsanto first announced plans to buy Scott, Miss.-based Delta and Pine Land. Monsanto backed out of that deal, prompting a legal dispute that continued up until the new agreement. Monsanto said the case will be dismissed once the merger is complete.

"It's admittedly a transaction with some history, and some complexity," Monsanto chairman, president and chief executive Hugh Grant said in a conference call with investors. "This is a business deal first," one that he said that makes commercial sense. He called removing the legal issue "a bonus."

Delta and Pine Land shareholders will receive $42 per share in cash, a premium of 16 percent over the stock's closing price of $36.24 Monday.

Directors for both companies have approved the deal, which must still be approved by Delta and Pine Land shareholders and pass antitrust clearance.

Delta and Pine Land is a leading cottonseed company and operates the largest and longest running private cottonseed breeding program in the world. St. Louis-based Monsanto is one of the world's largest agricultural products companies and makes Roundup, the world's best-selling herbicide.

"Delta and Pine Land represents an excellent fit for our company as we look to bring value-added traits and high-quality seed to cotton growers around the world," Monsanto chairman, president and chief executive officer Hugh Grant said in a statement.

Monsanto said the acquisition will allow for more investment in breeding, giving cotton farmers who plant Delta and Pine Land seed varieties more choices.

D&PL president and CEO Tom Jagodinski called the companies "a natural fit that will provide a complete platform of cutting-edge seed technologies to our global farmer customer base for years to come."

Delta and Pine Land shares rose $3.74, or 10.3 percent, to $39.98 in morning trading on the New York Stock Exchange, while Monsanto shares dropped 6 cents, or 0.1 percent, to $45.11.

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Monsanto said it will finance the purchase through a combination of cash on hand and a debt offering.

The company has told the Justice Department it will divest the U.S. assets of its Stoneville cottonseed business if necessary to gain approval for the purchase, and Grant said he believes that move will be necessary. Monsanto took on the Stoneville brand in February 2005 as part of its purchase of Emergent Genetics Inc.

Monsanto said it expects the deal to add to its bottom line by the second year after closing.

Monsanto has been buying smaller seed companies over the past year or so in an effort to boost access to U.S. farmers. Spurred largely by sales of seeds and genomics, the company's revenue grew 15 percent to $2.35 billion in third-quarter results announced June 29, and profits rose more than 600 percent to $334 million, or $1.21 per share.

Sales of Monsanto's ag products, including Roundup, rose a more modest 3 percent in the quarter.

In the 1998 deal, Monsanto would have paid $1.9 billion for Delta and Pine Land. Monsanto backed out, citing the Justice Department's unwillingness to approve the transaction "on commercially reasonable terms."

D&PL sued Monsanto in 2000, claiming Monsanto didn't make a reasonable effort to get antitrust clearance.

This time around, Monsanto officials said they expect approval of the transaction.

The two companies have waged other battles, too. In 2004, Monsanto sought to end 8-year-old cotton seed licensing agreements with Delta and Pine Land, saying efforts to resolve long-standing disputes over royalty payments and use of property rights proved unsuccessful.

ON THE NET

http://www/monsanto.com.

http://www.deltaandpine.com/

Monsanto, Delta & Pine Will Try Again (SLPD)

By Rachel Melcer, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, August 16, 2006

This sounds like old news, but it's not: Monsanto Co. has agreed to buy the nation's leading cottonseed firm, Delta & Pine Land Co., for more than $1 billion.

The companies announced their second-time engagement Tuesday -- Monsanto, based in Creve Coeur, will buy D&PL of Scott, Miss., for $1.5 billion in cash, pending shareholder and regulatory approval.

In 1998, the companies had said they would wed in a stock deal valued at about $1.9 billion, but Monsanto called it quits after more than a year of negotiations with the Justice Department over antitrust concerns.

Much wrath ensued, with the companies trading lawsuits and demands for arbitration in technology licensing deals.

Most notably, D&PL sued Monsanto for $2 billion in a Mississippi state court, claiming Monsanto intentionally delayed consummation and failed to put the same effort into making it happen as it did in other seed-company deals. That case was pending, with a key hearing set to begin Tuesday, but it is on hold and will be dismissed if the companies do indeed merge. Other disputes also will be set aside.

Both parties -- and U.S. agriculture -- have changed a lot in eight years. But one thing is constant: Monsanto and D&PL need each other.

Monsanto is the world's leading biotech seed company, with the genetic traits for disease resistance and herbicide tolerance most desired by most U.S. farmers and a growing number abroad. D&PL, with 50 percent of the U.S. cotton seed market and a small but growing presence in emerging markets abroad, has the array of seeds that farmers want to plant -- if they contain Monsanto's technology.

About 90 percent of seeds sold by D&PL contain a Monsanto trait, for which Monsanto receives licensing payments and technology fees. But the biotech giant is rolling out a second generation of genetic traits for cotton -- and it wants to directly reach as many acres as it can, as quickly as possible, said Chairman and Chief Executive Hugh Grant in a conference call with analysts. Buying D&PL gives it that reach.

"It's admittedly a transaction with some history and, hence, some complexity," he said. "We've been down this path before. We're not naive to the history between the parties, but we're both genuinely committed to make our business relationship work, so that farmers everywhere benefit."

Shareholders in both companies also stand to gain. On Tuesday, D&PL shares gained 11 percent to close at $40.34. Monsanto's stock rose 39 cents to close at $45.56.

Monsanto said it will pay $42 for each D&PL share, financing the purchase with cash on hand and a debt offering. The acquired company will contribute to operating cash in the first year after closing and add to earnings per share a year later.

Monsanto expects cost-synergy savings of "north of $20 million annually," mostly from eliminating the cost of running two public companies, cutting corporate overhead and not having to pay legal fees related to their disputes, said Chief Financial Officer Terry Crews. D&PL said it has spent more than $50 million on legal fees following the firms' falling out.

This time, it was a whirlwind romance. The companies said they met on Thursday in New York, worked through the weekend and wrapped up at 7:30 a.m. Tuesday.

"Things started to unfold once everybody sat down in a room and put the animosity outside the door for a little while," said D&PL President and Chief Executive Tom Jagodinski. The companies know each other well, so there was no need to swap histories or share business basics, he said.

One party is likely to be left out: the U.S. cottonseed business that had been Emergent Genetics Inc., a D&PL competitor bought by Monsanto for $300 million in February 2005. Monsanto said it is prepared to divest the unit -- which sells Stoneville and NexGen brands -- to alleviate antitrust concerns over its D&PL buy.

It is a familiar refrain. Monsanto previously had owned Stoneville, but sold it to make way for D&PL in their first attempted merger.

Grant said the cotton marketplace has changed in ways that should alleviate other concerns the Justice Department had in the proposed 1998 D&PL deal: D&PL's U.S. market share has dropped to about 50 percent from nearly 80 percent. More brands have entered the U.S. market. Biotech crops then were new and untested, but Monsanto has since shown it can own brands and also license technology to independent companies.

Monsanto and D&PL have laid out a range of penalties, ranging from no-cost to a $600 million payment by Monsanto, in case the deal should again fall through -- but both CEOs deemed that eventuality highly unlikely.

Grant said the acquisition has the added benefit of doing away with lawsuits and disputes between Monsanto and D&PL. But it is "first and foremost about the business opportunity, and that we genuinely believe that the combination … has the opportunity to revitalize the cotton industry."

The background

May 8, 1998: Monsanto Co. agrees to buy Delta and Pine Land Co. in a stock deal valued at $1.9 billion.

December 1999: Monsanto calls off the merger, saying it cannot resolve antitrust issues. D&PL responds by suing Monsanto in Mississippi's Bolivar County seeking an $81 million termination fee plus damages.

January 2000: D&PL withdraws the lawsuit as both sides seek to negotiate the dispute. After Monsanto agrees to pay termination fee, negotiations falter. D&PL then renews its lawsuit, seeking $1 billion in punitive damages plus $1 billion in compensatory damages.

March 2000: Monsanto merges with Pharmacia & Upjohn Inc. to form Pharmacia Corp.

Oct. 2000: Pharmacia spins out its agriculture subsidiary to form the new Monsanto, which takes on defense of the D&PL lawsuit.

Sept. 12, 2003: Monsanto countersues D&PL, seeking unspecified damages including the $81 million fee.

Oct. 8, 2004: Bolivar County court grants partial summary judgment in favor of Monsanto, saying D&PL had no right to seek roughly $1 billion in damages for lost stock-market value. D&PL appeals ruling.

Aug. 15, 2006: Oral arguments before the Mississippi Supreme Court were set to begin, but are put on hold as the companies again announce plans to merge. If the deal closes, the suit will be withdrawn.

Delta & Pine Land Co.

Description: The company breeds, pro-duces, conditions and markets proprietary cotton planting varieties for the U.S. and other cotton-producing nations. It also breeds, produces and distributes soybean seeds, primarily in the U.S. More than 90 percent of its revenue is tied to cotton.

Monsanto To Buy Delta & Pine Land For $1.5 Billion (Update4) (BLOOM)

By Jack Kaskey

Bloomberg, August 16, 2006

Aug. 15 (Bloomberg) -- Monsanto Co., the world's biggest developer of genetically modified corn and soybeans, agreed to buy cotton-seed maker Delta & Pine Land Co. for $1.5 billion, ending a six-year dispute that started when their last merger accord failed.

Delta & Pine Land investors will get $42 a share, 16 percent above yesterday's closing share prices. Cash and debt will be used to finance the deal, St. Louis-based Monsanto said today in a statement.

The seed industry ``is much more competitive than it was a decade ago," and both companies ``feel the agreement will be consummated," Monsanto Chief Executive Officer Hugh Grant said. Monsanto abandoned its 1998 accord, saying U.S. regulators wouldn't approve a deal ``on commercially reasonable terms." Delta & Pine sued in 2000, saying the cancellation cost investors $1 billion.

Delta & Pine, based in Scott, Mississippi, has 50 percent of U.S. cotton-seed sales, less than in 1999, Grant said on a conference call. Monsanto also licenses its genetics technologies to rival companies, which should help win U.S. antitrust approval, he said.

Shares of Monsanto rose 8 cents to $45.25 at 1:01 p.m. in New York Stock Exchange composite trading. They have climbed 40 percent from a year ago. Delta & Pine Land surged $3.96, or 11 percent, to $40.20. Before today, the stock had jumped 58 percent this year.

The acquisition will ``modestly" boost earnings after one year, Chief Financial Officer Terrell Crews said on the call.

`Strategic Sense'

``It makes a lot strategic sense," Gulley & Associates analyst Mark Gulley said. ``In cotton they were very small. This gives them a market share that you are accustomed to a leader having in a major row crop." He recommends buying Monsanto shares.

Monsanto probably will shed its Stoneville cotton-seed business to gain antitrust approval, Grant said. The company acquired Stoneville with its $300 million purchase of Emergent Genetics Inc., which had 12 percent of U.S. cotton-seed sales when the deal was announced last year.

``Combined U.S. market share of more than 60 percent will likely attract antitrust scrutiny," Banc of America Securities analyst Kevin McCarthy said in a report. McCarthy, who rates the shares ``neutral," said the ``valuation appears steep" at 16.3 times estimated pretax earnings this year.

The acquisition of Delta & Pine Land would boost Monsanto's sales by 6 percent, Gulley of Gulley & Associates said. Seeds will benefit from Monsanto's gene technology because the crops face a large variety of pests, he said.

`Leadership'

``Delta & Pine Land has strong cotton genetics, and we believe Monsanto's leadership in providing the best cotton traits can improve on this already strong base," Grant said in the statement.

To enhance Delta & Pine Land seeds, Monsanto plans to increase modifications including Roundup Ready Flex for withstanding Monsanto's weed killer and Bollgard II for resisting the bollworm insect, Grant said on the call.

Genetically modified cotton seeds account for 11 percent of about 220 million acres sown with seeds engineered by Monsanto, the company said in June.

The opportunity to buy Delta & Pine Land emerged last week, Grant said.

``This came together very quickly," Grant said. ``You have to grasp opportunities when they are there."

The Mississippi Supreme Court was scheduled to begin hearing oral arguments this morning on Delta & Pine Land's claim against Monsanto on the 1998 accord. The court has taken the case off its docket for now, Grant said.

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``Our expectation is that it will be dismissed," Grant said.

Even should the merger fail, litigation between the two companies would be dissolved under most scenarios, he said.

In March 2005, Grant bought Seminis Inc., the world's biggest producer of vegetable and fruit seeds, and he has acquired more than a dozen makers of corn seeds and soybean seeds since last year.

Monsanto's Crews said it is too early to say how much of the transaction will be funded with debt.

Class Action Claims BAR/BRI Overcharged Law Students (FCDR)

By Greg Land, Fulton County Daily Report

Fulton County (GA) Daily Report, August 16, 2006

A trial in a California federal courtroom next year could mean thousands of Georgia lawyers will share with their counterparts around the country an estimated $300 million award for being charged inflated bar exam prep fees—less, of course, attorney fees and related expenses.

The suit for a class of about 300,000 lawyers claims West Publishing, the corporate owner of BAR/BRI, the national bar review program, colluded with Kaplan Inc., one of the country's largest prep companies for the Legal Scholastic Aptitude Test (LSAT), to scuttle a 1997 deal in which Kaplan would have entered the bar review business.

In return, according to the complaint, BAR/BRI agreed to cease its own LSAT operations and pay Kaplan more than $500,000 a year, allowing each to control hefty chunks of their respective markets.

The result, according the suit, was about $1,000 in higher fees for each participant in BAR/BRI classes—and an antitrust violation.

Thomas Arthur, who teaches antitrust law at Emory University, knows a lot about the BAR/BRI course these days, given he just wrote a check for $2,295 for his son to take one.

Even if the plaintiffs can prove the arrangement actually occurred as described in the complaint, said Arthur, the plaintiffs may have a hard time proving damages.

"They'll have to prove that Kaplan could indeed have entered the market and succeeded, and that may be difficult," he said.

The case, set for a February trial in the U.S. District Court for the Central District of California, stems from events in the mid-1990s, when BAR/BRI had a small LSAT prep business and was in hot competition with West's newly formed bar review section, West Bar.

In 1996, West was purchased by Thomson, which shortly thereafter agreed to sell West Bar to Kaplan, which then and now offered a wide range of training courses but none in the bar review field.

But in August 1997, according to the suit, just as Kaplan was preparing to buy West Bar, "an executive of Kaplan communicated with an executive of BAR/BRI" that "if Kaplan stayed out of the bar review business, BAR/BRI would exit at least the LSAT market in which it competed, plus pay to Kaplan a sum in excess of $500,000 per year, on the pretext that it would be compensation for some service Kaplan would be providing for BAR/BRI, but which, in fact, was part of the continuing consideration to be provided to Kaplan, on the condition that it stay out of the full-service bar review course market so long as such payments are made."

BAR/BRI then absorbed West Bar's assets and course materials, enabling it to become "the only company providing bar review courses preparing for virtually every state in the United States," says the suit.

The suit says, as a result of its virtual monopoly, BAR/BRI—which claims to provide more than 95 percent of the bar review courses in the country—has systematically raised prices and reduced the quality of its offerings. It accuses BAR/BRI and Kaplan of "per se illegal market division," charging violations of the U.S. Sherman and Clayton antitrust acts. In 2001, Thomson/West bought BAR/BRI.

In addition to five named plaintiffs, the class includes any law student or law school graduate who purchased the courses after August 1997.

Attempts to reach attorneys for any of the involved parties were unsuccessful, but in court filings both West and Kaplan deny any illegal activities and rebuff claims that their actions "resulted in any supra-competitive pricing," as alleged in the suit. Ryan Rodriguez et al. v West Publishing Corp., et al., No. CV-05-3222 R(MCx).

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If the case sounds familiar, there's good reason: In 1990, BAR/BRI—which was then owned by Harcourt Brace Jovanovich, and a Georgia bar review company, BRG Georgia, were sued for antitrust violations. According to court files, a 1980 deal allowed BRG exclusive license to market BAR/BRI materials in Georgia, in return for which BAR/BRI received a guarantee that BRG would stay in Georgia and out of other markets and pay the Georgia company $100 per student and 40 percent of any fees over $350.

"Immediately after the 1980 agreement, the price of BRG's course increased from $150 to over $400," says the record of Palmer v. BRG of Georgia, 498 U.S. 46, which accused the parties of Sherman Act violations.

U.S District Judge Orinda Evans ruled for the defense, as did the 11th U.S Circuit Court of Appeals. But in 1990, the U.S. Supreme Court overturned the ruling.

University of Georgia law professor James Ponsoldt, who served as plaintiffs' counsel in the case, said he could not speak to the factual allegations of this case.

But Ponsoldt, who has spoken to the plaintiffs' attorneys in the current suit, said in the 1980s, "there was a continuing pattern by BAR/BRI to eliminate competition through buyouts or agreements for market allocation ... This sounds like what they were up to in a number of cases in several states."

Ponsoldt, who served as Justice Department antirust lawyer in the Carter and Ford administrations, said if the facts laid out in Rodriguez are true, "it's certainly illegal under existing law. Even though they aren't fixing prices, they are paying a competitor not to compete in the market, and that's been illegal for centuries," he said.

The key to winning this case, he said, is convincing a jury that the arrangement and payments were designed to keep competition out of specific markets.

Alston & Bird partner Kevin Grady, who opposed Ponsoldt in that case—and who still complains, albeit good-naturedly, that the U.S. justices didn't even bother to read his arguments before overturning his victory—agreed the suit claims facts that constitute per se illegal market allocation.

But he echoed Emory's Arthur in suggesting proving damages will be difficult.

"One issue that's going to be important is the extent of market power exerted [by the arrangement], and the ease of entry as to other companies that want to get into the business."

"It seems that this business is sort of a cottage industry—but a very lucrative one—and you have to wonder why more companies don't get into it," he added.

Greg Land can be reached at gland@alm.com.

U.S. Federal Trade Commission Extends Antitrust Review Of Barr's Proposed Pliva Buy (FINDLAW/AP)

AP, August 16, 2006

(AP) - NEW YORK-The Federal Trade Commission has extended its antitrust review of Barr Pharmaceuticals Inc.'s proposed tender offer to acquire Pliva d.d., a Croatian generic-drug maker, Barr said Tuesday.

Barr still expects to receive FTC clearance of its proposed takeover, but it might have to sell off minor, generic-drug product lines to satisfy the FTC, Barr spokeswoman Carol Cox said. Also, Barr's ability to complete the tender offer is not contingent upon receiving FTC clearance.

Barr, a maker of generic and branded drugs, has bid about $2.3 billion (â,¬1.8 billion) in cash for Pliva, an offer Pliva supports. The bid is slightly higher than a rival bid submitted by Actavis Group HF of Iceland, which is pending.

Barr filed with the FTC July 7 for antitrust clearance under the Hart-Scott-Rodino law. That triggered a 30-day review period, but before it expired, the FTC asked to extend it, Cox said.

Barr Chief Executive Bruce Downey said on a conference call with analysts Tuesday the company has received a "second request" for more information from the FTC. He said Barr is working with the FTC to resolve its concerns.

"Our discussions with the FTC have progressed to the point where we're confident that we have an agreement that will solve any FTC problems, and that is not a condition to our bid," Downey said. "We expect to wrap up the FTC discussions fairly quickly."

Barr and Pliva make competing, generic versions of some drugs, and have competing drugs in the development pipeline. The FTC would want to insure the combined companies don't get too large of a market share for certain products and stifle competition.

"We might need to divest a couple products," Cox said, but declined to say which ones. She said there was "very minor overlap" in the companies' product lines.

Barr previously said a Croatian regulatory agency approved for publication Barr's offer for Pliva. That could clear the way for the tender offer to commence at the end of this week or early next week, Cox said. The offer would run for 30 days, or until the end of a rival tender offer from Actavis, assuming Actavis's bid is approved for publication by Croatia.

If Barr is successful in acquiring more than 50 percent of the outstanding Pliva shares through the tender offer, it expects the acquisition to close in October.

Peter Loftus is a correspondent of Dow Jones Newswires

Big Phone Companies Win Round In Court Over Rights To Access (WSJ)

By Siobhan Hughes

The Wall Street Journal, August 16, 2006

WASHINGTON -- A federal appeals court has upheld a Federal Communications Commission decision to allow big telephone companies to keep some high-speed lines from being accessible to rivals on an unbundled basis.

"We deny the petition for review," wrote Judge Janice Rogers Brown for the three-member panel of the U.S. Court of Appeals for the District of Columbia Circuit in a decision made public yesterday.

A 1996 law forced the big phone companies to unbundle their local phone networks and lease them to rivals at wholesale prices. When the FCC implemented the law, it decided against forcing the big telephone companies to share some new high-capacity data lines on an unbundled basis -- such as fiber lines extending to new residential areas where they previously hadn't existed.

The FCC's rationale was that the phone companies would be discouraged from making such investments if they were forced to share the new lines. The policy limiting access to high-speed broadband lines in general benefits the big phone companies, such as AT&T Inc. and Verizon Communications Inc.

EarthLink Inc. had argued that the FCC's rules were harmful to competition. Dave Baker, the general counsel for EarthLink, declined to comment on the decision. An FCC spokesman also declined to comment.

Norwegian Regulators Appeal Ruling (AP-YBIZ)

AP, August 16, 2006

Norwegian Regulators Appeal Ruling Clearing Scandinavian Airline SAS of Antitrust Violations

OSLO, Norway (AP) -- Norwegian regulators will appeal a court ruling clearing Scandinavian airline operator SAS AB of violating antitrust laws, the agency said Tuesday.

The Oslo City Court in July quashed a demand from the Norwegian Competition Authority that SAS pay 20 million kroner (US$3.24 million; euro2.54 million) in fines on a claim that the company breached antitrust laws by dumping prices and squeezing out a smaller commuter airline, Coast Air, on a national route linking Oslo and the western city of Haugesund.

The court said SAS had shown its actions had not violated any law.

"We disagree with the grounds and the conclusion of the Oslo City Court and will appeal the ruling to a higher court," said Eivind Kloster-Jensen, a unit director at the competition authority.

The appeal must be filed by Aug. 28, said agency spokesman Andreas Pihl.

"We stand by our claim that SAS AB has practiced unlawful underpricing on the route," Pihl said.

The agency said the appeal was filed against SAS AB, not its Norwegian branch SAS Braathens as stated in a previous news release.

SAS did not immediately comment on the statement.

ENVIRONMENT/INDIAN AFFAIRS:

Sunoco, Mid-Valley To Pay $2.87 Mln In Spill Settlement: DOJ (MRKTWTCH)

By Katherine Hunt

Market Watch, August 16, 2006

SAN FRANCISCO (MarketWatch) -- Mid-Valley Pipeline Co. and Sunoco Logistics Partners L.P.'s Sunoco Pipeline L.P. have agreed to pay a $2.57 million penalty relating to a January 2005 spill that dumped more than 260,000 gallons of crude oil into the Kentucky and Ohio Rivers, the Justice Department said in a statement on Tuesday.

The complaint and consent decree also address the government's claim under the Clean Water Act against Mid-Valley and the pipeline operator, Sun Pipe Line Co., for the spill of 63,000 gallons of crude oil due to pipeline corrosion in November 2000, into Campit Lake in Claiborne Parish, La.

The settlement also requires Mid-Valley and Sun to pay a federal civil penalty of $300,000 for that spill.

Pipeline Firms To Pay $2.57 Million (LEXHL)

By Andy Mead, HERALD-LEADER STAFF WRITER

Lexington Herald-Leader (KY), August 16, 2006

JANUARY 2005 SPILL DUMPED CRUDE OIL IN KENTUCKY AND OHIO RIVERS

Two pipeline companies have agreed to pay $2.57 million for a January 2005 spill that poured more than 260,000 gallons of crude oil into the Kentucky and Ohio rivers.

Hundreds of water birds and some beavers were harmed by the spill, which created a 17-mile slick on the rivers, the Justice Department said in announcing the settlement yesterday.

The spill spawned a state task force on pipeline safety, but it has met infrequently and not issued a report.

Shortly after the spill, Pipeline Safety Trust, an advocacy group, released a report that said Kentucky suffered far more damage from pipeline breaks than the national average.

In documents filed in U.S. District Court in Lexington, Mid-Valley Pipeline Co. and Sunoco Pipeline LP agree to pay $1.4 million to the federal government and $1.17 million to the state of Kentucky. Mid-Valley owns the pipeline; Sunoco operates it.

Carl Weimer, executive director of the Pipeline Safety Trust, characterized the federal penalty as "a pretty large settlement" for a pipeline break.

York said the penalty to be paid to the state is "significant," but added that the cabinet keeps no record of large fines. Andrew Ames, a justice department spokesman, called it "a significant spill and a significant settlement."

The companies also will pay the state more than $120,000 to reimburse cleanup costs and will donate $230,000 to a non-profit environmental group. The environmental group will be based in Kentucky, but a specific group has not been chosen, said Mark York, a spokesman for the Kentucky Environmental and Public Protection Cabinet.

The companies already have reimbursed the federal government for at least $234,000 in cleanup costs. They also have spent $9.5 million on the cleanup, the U.S. Justice Department said. They will hold a training exercise with state and federal regulators to learn how to better respond to spills.

York said it took several hours for state regulators to be notified that oil was floating down the Kentucky. "The company not notifying us immediately -- that's a big deal to us," he said.

The pipeline that broke runs from Longview, Texas, to Lima, Ohio, carrying crude oil from the Gulf states.

John McCann, a spokesman for Sunoco, said yesterday that the company had negotiated with the state and federal government in good faith and intended to comply with the agreement.

The public has 30 days to comment on the settlement. It also requires court review and approval. To see the agreement, go to the Justice Department Web site at www.usdoj.gov/ enrd/Consent_Decrees.html.

The spill, originally thought to have been much smaller, occurred in the early-morning hours of Jan. 26, 2005, when a weld failed on a 22-inch pipe that was laid in 1950. It happened on the bank of the Kentucky River near the community of Perry Park in Owen County, 17 miles from the Kentucky's confluence with the Ohio.

The oil soon spread downstream and into the Ohio. But because the weather was cold, the crude clumped and much of it was caught in booms stretched across the water, officials said.

There were no drinking water supply intakes nearby. But, three days later, small amounts of benzene, toluene and other components of crude oil were detected in Louisville, 57 miles downstream on the Ohio. The Louisville Water Co. treated the water to remove the taste and odor of the oil.

Shortly after the spill, the Kentucky River Watershed Watch, the Sierra Club and the Kentucky Waterways Alliance asked Gov. Ernie Fletcher to appoint a task force to look into toxic releases from pipelines.

The Kentucky Pipeline Safety Committee, made up of representatives of state agencies that deal with pipelines, was appointed, York said. The committee has met four times, he said. Another meeting is to be scheduled this fall. York said it will issue a report, but he didn't know when that would be.

Hank Graddy, a Midway lawyer associated with the Water Watch group, spoke to the committee in February, but had heard nothing since. "We've asked that something be done; now we're just waiting to see if anything will be done," he said.

Regulators Look To Plug Holes In Pipeline Rules (WP)

By Steven Mufson

The Washington Post, August 16, 2006

Even as BP PLC works to patch up its image and its leaky Alaska pipelines, environmentalists, the oil industry, Congress and federal officials are trying to figure out how to plug the holes in petroleum pipeline regulations.

BP's 22 miles of transit pipelines carried 8 percent of the nation's crude oil, but they were not subject to the same Transportation Department requirements as other pipelines, experts say. Those requirements exempt pipelines that operate at low pressure in rural areas and far from commercially navigable waters.

Although BP has admitted that it let as much as 14 years lapse without using cleaning and diagnostic devices known as "pigs" in key transit pipelines, it is not clear that the company violated any federal regulations.

That has not mollified Thomas Barrett, head of the Transportation Department's Pipeline and Hazardous Materials Safety Administration. In an interview yesterday, he said that the maintenance of the BP pipelines was "well below the standard of care I would expect from a company like BP -- regulations or not." He said his agency would soon propose new rules to cover low-pressure lines like these near sensitive areas.

State regulators failed to fill the oversight gap that's existed until now. Kurt Fredriksson, commissioner of Alaska's Department of Environmental Conservation, said that his agency knew that BP had not used the pigs on its 30- to 34-inch transit lines since 1992 in one case and 1998 in another, but that it accepted the company's reasoning about why that was not necessary and why the company could rely on more narrow ultrasound examinations.

"BP missed something, and we need to become more vigilant about those lines, and that's our intent," Fredriksson said last week. Regarding the use of the pig devices, he said "we didn't have any reason to think it was necessary."

The number of spills from pipelines in the United States has declined by half since 1999, according to an industry survey that included data through 2004. But large low-pressure lines like the ones where BP discovered severe corrosion problems last week account for about 50 percent of the total volume of oil spilled from pipelines nationwide, said Peter T. Lidiak, director of the pipeline segment of the American Petroleum Institute.

"Pipeline safety is typically a very obscure issue," said Lois N. Epstein, senior engineer and pipeline expert with the Cook Inletkeeper, an environmental group in Alaska. "But the dollar implications for consumers are huge." BP has said it would spend nearly $200 million fixing its Prudhoe Bay pipelines.

Federal and state regulations focus on public safety, not economics, and thus target oil pipelines that operate at higher pressure and in densely populated areas. Federal regulations require high-pressure oil pipelines to use diagnostic pigs at least once every five years. These lines can operate at pressures of 800 pounds per square inch or so. BP's transit lines in Prudhoe Bay operate at about one-tenth that pressure level. Low-pressure, low-stress lines operate at less than 20 percent of their maximum pressure capacity.

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Epstein said that even though BP's transit lines were not high pressure, they should have fallen under federal regulations that govern pipelines in "high-consequence areas." That usually means densely populated areas, but Epstein said it could also apply to environmentally sensitive ones. "If the pipelines were low-pressure or low-stress, it was thought you don't have as much of a safety issue, but it is certainly still an environmental issue," she said.

Barrett said the new rules would govern 966 miles of low-stress lines and 625 of lines that begin at the wells, or 22 percent of the currently unregulated low-stress pipelines, all in rural areas.

Epstein said that federal regulation is needed because states often have conflicts of interest in dealing with big oil companies. Alaska, for instance, relies on oil royalties for nearly 90 percent of state government revenue, and it is in the middle of negotiations with BP and other big oil companies over whether to build a natural gas pipeline that could cost more than $20 billion. The oil companies are seeking concessions from the state and guarantees that certain taxes and royalties would remain frozen for long periods of time.

There are 200,000 miles of oil pipelines in the United States. The Transportation Department has the authority to regulate them through its Pipeline and Hazardous Materials Safety Administration (PHMSA). It has fewer than 100 inspectors, however. As a result it relies heavily on reports from oil and pipeline companies. But pipelines like BP's transit lines are not even required to report spills.

The Transportation Department is considering an extension of its rules to low-pressure lines, and some industry sources believe a proposed rule could be issued next week. The Association of Oil Pipe Lines and the American Petroleum Institute have put forward a plan that would extend PHMSA rules to low-pressure pipelines as small as eight inches in diameter or pipelines in "unusually sensitive areas." Raymond Paul, a spokesman for the pipeline group, said 3,000 to 4,000 miles of additional pipelines would then be covered by PHMSA requirements.

Epstein believes that the PHMSA rules should cover all low-pressure pipelines, a proposal the pipeline association would want to review further. Paul of the pipeline group said applying the regulations to smaller lines "gets tricky."

Barrett said that the proposed rules will focus on the location of pipelines, not their diameter. He said they would not be identical to rules for high-pressure lines.

Pipeline regulators have gradually extended the scope of their rules. After a 500,000-gallon oil spill in Arthur Kill between New Jersey and Staten Island on Jan. 1, 1990, rules were expanded to cover commercial waterways. Regulations were revised again in 2002.

Some environmentalists believe that big oil companies should be fined for spills, and BP and other oil companies have had other spills on the North Slope. Corrosion at a caribou crossing on another BP line caused a 6,000-gallon spill in 2003, one of the biggest in Alaska that year. ConocoPhillips had two bigger spills that year. But neither company was fined, Epstein said.

But after BP's pace of repairs following its spill in March this year failed to satisfy Barrett, additional federal pipeline inspectors have been sent to oversee BP. Barrett said that when he visited Prudhoe Bay in July, "they were not moving fast enough, in my mind."

And he said that he remains puzzled that the company did nothing to clean or test its lines after realizing that sediment was building up in them. "When they were unable to complete the pigging because of concern about pushing sediment . . . that should have set off alarm bells in BP. And they should have gotten on top of the situation."

He said the agency has checked with other North Slope operators, including ConocoPhillips, and found better maintenance practices. "This is just not the standard of care I would expect and we typically don't see," he said.

BP Facing Lawsuit From US Investor (FT)

By Rebecca Bream In London And Daniel Pimlott In New York

Financial Times, August 16, 2006

BP executives are facing a lawsuit in the US following the group's sudden shutdown of corroded oil pipelines in Alaska.

A US shareholder has filed a lawsuit in federal court in New York against Lord Browne, BP's chief executive, and all of the company's directors.

DOJ_NMG_0048906

The suit accuses BP management of harming the company by allowing the Prudhoe oil field in Alaska to run into problems.

"Despite their awareness of the dangerous effect of the corrosion in the pipeline, defendants repeatedly failed to fund the work necessary to correct the problem," the complaint says.

"BP now faces hundreds of millions of dollars in costs to remedy the damage, lost earnings, significant civil and criminal liability, regulatory scrutiny and action and the wrath of customers nationwide."

Shareholders' lawsuits are common in the US and it is unclear how seriously this one will be taken by the courts.

The suit is filed by Stull, Stull & Brody, a leading New York litigation firm specialising in shareholders' complaints who have recently filed suits on behalf of shareholders in Rambus, Mattel and Novellus, all companies caught up in the stock options backdating scandal. In the case against BP, the complaint is made in the name of a shareholder called Sue Pincus.

BP said on Tuesday night that it was aware of the reports of the lawsuit but would not comment further.

It is understood that Lord Browne and other executives had not yet been served with the lawsuit on Tuesday night.

The Prudhoe Bay field was the site of a serious oil spill in March and, earlier this month, BP was forced to shut down production after admitting that serious corrosion had been found during an inspection.

BP said last week that it would continue to pump crude oil from the western half of the field while it replaces the pipeline.

The group has estimated that repair and replacement costs at Prudhoe Bay could reach $200m (£106m).

The problems at Prudhoe Bay are the latest blow for BP in the US.

Earlier this year, it was accused of price-fixing in the propane market and last year 15 BP workers were killed in an explosion at the group's Texas City oil refinery.

BP, which gets 40 per cent of its sales from the US, has pledged to increase its spending on safety and maintenance.

Separately, BP said on Yuesday that it had agreed to buy Greenlight Energy, a US wind energy company, for $98m.

Federal Judge: Officials Cut Corners With Biotech Crop Permits (FINDLAW/AP)

By Tara Godvin, Associated Press Writer

AP, August 16, 2006

(AP) - HONOLULU-A federal judge has ruled that U.S. agriculture officials violated environmental laws in permitting four companies to plant genetically modified crops in Hawaii to produce experimental drugs.

The order involves plantings of corn or sugarcane on the islands of Kauai, Maui, Molokai and Oahu between 2001 and 2003.

U.S. District Judge Michael Seabright said the Department of Agriculture's Animal and Plant Health Inspection Service flouted both the Endangered Species Act and National Environmental Policy Act by not conducting preliminary environmental reviews before issuing the planting permits.

"APHIS's utter disregard for this simple investigation requirement, especially given the extraordinary number of endangered and threatened plants and animals in Hawaii, constitutes an unequivocal violation of a clear congressional mandate," the judge said in the order issued late last week.

The islands are home to 329 rare species - a quarter of all threatened and endangered species in America, Seabright noted.

Even if the agency is correct in its assertion that no habitats or species listed as endangered were harmed by the plantings, the agency's actions still are "tainted" because it failed to comply with a basic procedural requirement, Seabright said.

EarthJustice, which represents plaintiffs in the cases, said in a news release Monday that the decision is the first federal court ruling involving biofarming.

On the Net:

Animal and Plant Health Inspection Service: http://www.aphis.usda.gov

EarthJustice: http://www.earthjustice.org/

Center for Food Safety: http://www.centerforfoodsafety.org/

DOJ_NMG_0048907

'Cubby' Killed, Singer Charged (STPPP)

By Tad Vezner

The St. Paul Pioneer-Press, August 16, 2006

Between singing and strumming his guitar, country vocalist Troy Lee Gentry has billed himself as a hunting enthusiast and avid archer.

But the U.S. government believes it's partly a show, according to court documents released Tuesday in Minnesota.

Gentry appeared Tuesday in federal court in connection with the killing of a tame black bear that federal officials say he bought, shot in an enclosed pen with a bow and arrow, and then tagged as if it had been killed in the wild.

Gentry, 39, of Franklin, Tenn., and Lee Marvin Greenly, 46, owner of a Sandstone, Minn., wildlife refuge, made their initial appearances Tuesday before a federal judge in Duluth, Minn. The appearance was in connection with a sealed indictment returned by a federal grand jury last month in Minneapolis.

Gentry could not be reached for comment through his Nashville, Tenn.-based agent, Steve Dahl, who did not return a phone call Tuesday.

The government alleged that Gentry and Greenly tagged a captive-raised bear named "Cubby," killed on Greenly's property in October 2004, with a Minnesota hunting license and registered the animal with the state Department of Natural Resources as if it had been killed from the wild population. The false tagging would be a violation of the federal Lacey Act.

Gentry allegedly bought the bear from Greenly for about $4,650. The bear's death was videotaped, and the tape later edited so Gentry appeared to shoot the bear with a bow and arrow in a "fair chase"-hunting situation. The pair then shipped the bear's hide to a Kentucky taxidermist, the indictment said.

Both Gentry and Greenly face a maximum penalty of five years in federal prison and a $20,000 fine if convicted. The two were booked by U.S. marshals and released on a signature bond Tuesday.

Gentry is half of the hit Kentucky duo Montgomery Gentry , which won the Country Music Association's title for Vocal Duo of the Year in 2000. Gentry, along with co-singer Gerald "Eddie" Edward Montgomery, recently released the song "Some People Change."

In an August 2005 interview published in the Sikeston, Mo.-based Standard Democrat, Gentry said he went on his first bear hunt in Minnesota that year, but had been unsuccessful.

"I did get to see a bear and had a great hunt. I am looking forward to going back next year," he said in the interview.

Greenly's mother, Lavonne, reached by telephone Tuesday night, called her son an "all-American outdoor kid" who had been running a "wildlife refuge" at his 80-acre property in Pine County for 15 years. The refuge 80 miles north of the Twin Cities is billed primarily as a place to shoot photographs.

"He started just showing people animals, then got talked into photography," she said.

According to court documents, Greenly kept multiple animals, including wolves and bears, on his property, called the Minnesota Wildlife Connection. Of the bears, "Cubby" was the biggest.

"Sometimes things go wrong. It hurts me he has to go through all this," Lavonne Greenly added, declining to talk further about the case.

Greenly himself could not be reached for comment.

The government further alleged that Greenly also worked as a commercial bear guide for those wanting to hunt in the Sandstone National Wildlife Refuge, close to his property, where it is illegal to hunt black bears. One client, authorities said, killed two black bears during a hunt in late August and early September 2005.

Greenly faces an additional five years in prison and $20,000 fine for each of those deaths, if convicted.

In 2004, Gentry made news locally when he said he would pay for the passage of a herd of deer onto Greenly's property, after the deer became trapped on Minneapolis Water Works property in Columbia Heights and the DNR moved to kill them.

At the time, Greenly called Gentry a frequent visitor to his preserve.

"He's gone fishing with me. We've gone on motorcycles. I've been to tour dates with him," Greenly told the Pioneer Press.

Troy Lee Gentry

Member of country music duo "Montgomery Gentry" with Gerald "Eddie" Edward Montgomery

Age: 39
Birthplace: Lexington, Ky.
Popular songs: "Lonely and Gone," "She Couldn't Change Me," "My Town"
Awards: The pair won the 2000 Country Music Association's award for Vocal Duo of the Year.
Hobbies: Hunting, fishing, motorcycle riding, horseback riding
Tad Vezner can be reached at tvezner@pioneerpress.com or 651-228-5461.

State Creates Marine Havens (LAT)

By Kenneth R. Weiss, Times Staff Writer
The Los Angeles Times, August 16, 2006

The protected areas will either ban or severely limit fishing in 18% of Central Coast waters. Other reserves are likely for the rest of the coast.

MONTEREY — The California Fish and Game Commission on Tuesday banned or severely restricted fishing across nearly 18% of the waters off Central California, beginning to roll out the nation's first network of marine reserves next to a heavily populated coastline.

The commissioners settled on a network of 29 marine protected areas, stretching from Santa Barbara to Santa Cruz counties, that collectively cover about 200 square miles of state waters. About half are reserves that forbid any fishing; the other protected areas ban commercial fishing or impose other restrictions. Some of the areas are off Point Sur along the Big Sur coast, Año Nuevo in northern Santa Cruz County, Piedras Blancas near San Simeon and Vandenberg Air Force Base near Lompoc.

This set of reserves, more than six years in the making, is expected to be a model as additional reserves are created along the entire California coast to help depleted fish populations rebound.

"This is a landmark day, an historic day in California," said Commissioner Cindy Gustafson of Tahoe City. "We need to take great pride in our efforts to protect the coast of California."

Although the Legislature passed a law in 1999 calling for a statewide network of reserves, the plans have been stalled for years by budget cuts, staffing shortages and ferocious opposition from commercial and recreational fishermen who argued that the closures would imperil their livelihoods or pastimes.

Gov. Arnold Schwarzenegger, with funding from private conservation foundations, revived the process by focusing first on the Central Coast before considering reserves along four other sections of the state's 1,100-mile coastline.

"Today's milestone makes California a national leader in oceans management and is proof of what can be done when all those involved — the fishing industry, environmentalists and others — work together," Schwarzenegger said in a statement.

Southern California waters, from Point Conception in western Santa Barbara County to the Mexican border, will be the next battleground in this innovative approach to ocean management.

Marine reserves represent the most restrictive effort to revive plummeting fish stocks, some of which, experts say, have fallen by as much as 95% in recent decades. Regulations that limit the number of various types of fish that can be caught have failed to stave off the decline marine scientists fear could lead to a collapse of marine life. The reserves, by making all fishing off-limits, are designed to protect every marine creature in them — from the biggest bass to the smallest snail — and their oceanic habitat.

In recent months and years, marine reserves have been set up around the Channel Islands off Ventura and Santa Barbara counties, some remote islands of the Florida Keys and the northwest Hawaiian Islands.

Tuesday's unanimous vote by the five-member commission is the first attempt to set up such a network of reserves in near-shore waters along the continental United States. It means closures next to urban centers with harbors and many fishermen who depend on these waters to make a living or for recreation.

Schwarzenegger, who has been courting conservation groups as part of his bid for reelection, has pushed for full implementation of the state's Marine Life Protection Act of 1999, which sets up the mechanism to establish the statewide reserve network.

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The reserves are designed to provide sanctuary for rockfish and halibut, lobster, abalone and shellfish that remain in the same area as opposed to albacore tuna, salmon, sardines and other pelagic fish that swim great distances in the ocean. The protected areas are also expected to benefit the endangered sea otter and other imperiled marine mammals by increasing available food.

Most of the reserves also offer protection for undersea habitat, including kelp forests, rocky reefs, sandy seafloors and deep ocean canyons, such as those in Monterey Bay. For the most part, these areas will be marked off by straight lines on nautical maps. Tuesday's vote came after six hours of impassioned testimony from fishermen who said they would be put out of business, from scuba divers who complained about the dramatic loss of fish to photograph, and conservationists who insisted that the reserves were the only way to save the remnants of formerly robust fish populations off the coast.

Fred Keeley, a former Democratic assemblyman who represented the Santa Cruz area and a co-author of the 1999 law, asked the commissioners to adopt the strongest possible protections and relax them at a later date, if needed.

"It took a long time for the oceans to get in this perilous condition," Keeley told the commissioners. "It's going to take a long time for them to heal."

After years of resisting the plan, fishermen at the meeting appeared largely resigned to its inevitability. Instead of the boisterous jeering and booing that have characterized past meetings on the issue, commercial and recreational fishermen joined forces to recommend their own plan with minimal closures.

Zeke Grader, executive director of the Pacific Coast Federation of Fishermen's Associations, noted that the areas where fishing will be banned will still be vulnerable to another major assault on coastal marine life around the world: coastal pollution.

He urged the commissioners to coordinate with state water officials to clamp down on urban and farm runoff as well as sewage discharges that force-feed the oceans toxic chemicals and nutrients that stimulate growth of harmful algae.

"You can have all of the no-fishing zones you want, but we are going to end up with [low-oxygen] dead zones or places that are highly toxic to fish," Grader said.

Not all recreational fishermen opposed the closures.

The Cambria Fishing Club pushed to close waters just south of town. "We hope that's a fish factory that will kick out fish for us to catch," said Jim Webb, the club's president. "We think it's a great idea to create an opportunity to fish forever."

Only about 1% of the world's oceans are off limits to fishing. But marine reserves have been popping up all over the world as scientists, regulators — and some fishermen — have recognized that traditional catch limits have failed to halt steady declines of fish. More than two-thirds of commercially important fish are fully exploited or in steep decline.

President Bush in June created the Northwest Hawaiian Islands National Monument. The largest marine reserve in the world, it is a strip about 100 miles wide and 1,200 miles long.

Steve Palumbi, a Stanford marine scientist, said California's latest reserve system is a smart approach because it would provide havens for fish to grow older. These older, larger fish can produce many more eggs than their smaller counterparts and, thus, do more to help restock areas that have suffered from excessive fishing.

Palumbi said the new network of reserves should act like a "safety net" to protect remnant fish populations against catastrophic collapse. "If we ever take a deep fall into that net, we have to make sure it doesn't break."

Gene-Altered Crops Denounced (WP)

By Rick Weiss

The Washington Post, August 16, 2006

Environmental groups yesterday called for a moratorium on open-air tests of crops genetically engineered to produce medicines and vaccines, citing a federal court's conclusion last week that the Agriculture Department repeatedly broke the law by allowing companies to plant such crops on hundred of acres in Hawaii.

In a toughly worded 52-page decision released without fanfare late last week, a U.S. District judge in Hawaii concluded that USDA's Animal and Plant Health Inspection Service (APHIS), which grants permits for the planting of genetically engineered crops, should have first investigated whether the plants posed a threat to any of that state's hundreds of endangered species.

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The corn and sugar cane plants, already harvested because the experiments involving them were completed before the case was decided, had been modified to produce human hormones, drugs and ingredients for vaccines against AIDS and hepatitis B.

"APHIS's utter disregard for this simple investigation requirement, especially given the extraordinary number of endangered and threatened plants and animals in Hawaii, constitutes an unequivocal violation of a clear congressional mandate," wrote Judge J. Michael Seabright in his Aug. 10 decision.

The ruling is the first by a federal court on the controversial practice of "bio-pharming," in which crops are engineered to produce potentially therapeutic human proteins. But it is not the first damning federal critique of APHIS's oversight. A December 2005 audit by the Agriculture Department's Office of Inspector General found multiple failings in the agency's enforcement of research rules for gene-altered plants.

APHIS spokeswoman Rachel Iadicicco said yesterday that the agency had already corrected the major problems cited in the 2005 report and had recently made policy changes to satisfy the court's concerns, as well. In addition, she said, APHIS is crafting a sweeping "programmatic" environmental impact statement addressing larger, long-standing concerns about its oversight of biotech crops.

But opponents said they have heard such assurances before.

"We are asking the judge to enjoin the issuance of any biopharma permits anywhere in the country unless and until APHIS completes a programmatic analysis of their regulatory program," said Paul H. Achitoff, managing attorney for Earthjustice in Honolulu, which litigated the case with the Washington-based Center for Food Safety.

The judge has scheduled a hearing for Tuesday to decide what remedies to impose.

The court ruling is the latest in a decade-long struggle that has pitted biotech companies against an uneasy coalition of environmentalists and conventional food producers and distributors.

Advocates believe that some drugs and vaccines may be produced more economically in crops than in the laboratory cultures that are commonly used today. Some even envision "edible vaccines," such as bananas laden with proteins that would boost blood levels of protective antibodies -- an attractive strategy for developing countries, where the refrigeration needed for many conventional vaccines is often not available.

But opponents fear that ordinary crops may become contaminated with drug-spiked versions grown in open fields, and that unwanted drug exposures from foods could trigger allergic reactions or other problems in people or animals.

Fears of admixture gained credence in 2002 when a Texas company was found to have broken rules in its cultivation of corn plants engineered to make a pig diarrhea vaccine. The error necessitated the destruction of 500,000 bushels of potentially contaminated soybeans, and left the now defunct company, ProdiGene, stuck with millions of dollars in cleanup costs.

"The use of food crops to produce materials not intended to be in the food supply must only proceed under systems proven to prevent any contamination or adulteration of the food supply," said Jeffrey Barach of the Food Products Association in Washington. "To date, effective control programs have not been demonstrated to our satisfaction."

The federal court decision responds to a 2003 lawsuit filed by several public interest groups. Taking a novel tack, the groups charged that APHIS failed to consider the potential impacts on endangered species when it approved four Hawaii field studies in the previous three years. The plants were produced by ProdiGene, Monsanto, the Hawaii Agriculture Research Center and Garst Seed of Slater, Iowa.

The plaintiffs -- including Friends of the Earth, Pesticide Action Network North America and Kahea, a Hawaiian environmental alliance -- noted that Hawaii is home to 329 endangered or threatened species, more than any other state, including many birds with easy access to test plots.

Seabright agreed with the groups that, although proof of harm is lacking, APHIS's issuance of the permits for 800 acres on four Hawaiian islands without consideration of those potential impacts was "arbitrary and capricious."

"This is probably the strongest message yet to USDA that they need to do a much better job at regulating all genetically engineered crop field trials," said Bill Freese of the Center for Food Safety, noting that about a dozen pharma permits are approved in a typical year. "They've been rubber-stamping for too long, and they need to get serious about these crops."

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But the judge rejected the groups' broader claim that APHIS had broken its promise to improve its overall system of oversight.

"Although the Plaintiffs are understandably upset by the fact that this process has taken over three years, the court accepts APHIS's representations" that the delay is justified and progress is under way.

Stephanie A. Whalen, president of the Hawaii Agriculture Research Center, which ran the studies involving sugar cane engineered to make a human blood protein, said the ruling "looks backward" at problems already corrected.

"The idea that this has got the potential for harm has been all blown out of proportion," she said. "We're really proud of the work we do, and we know how important it is to safeguard the environment."

Washington State Governor, Tribe Announce Settlement Over Indian Burial Site (FINDLAW/AP)

AP, August 16, 2006

(AP) - PORT ANGELES, Washington-Washington state will pay more than $17 million (â,¬13.37 million) to tribal and local officials to settle lingering disputes over the state's disturbance of an ancient American Indian village and burial ground, Gov. Chris Gregoire announced Monday.

The settlement gives the Lower Elwha Klallam tribe control over most of the site and ends litigation surrounding the state Department of Transportation's abandoned bridge project.

Work on a bridge construction yard stopped in 2003 after officials discovered human remains in the area. Construction resumed less than a year later, but was halted for good in December 2004.

More than 350 skeletal remains and numerous Indian artifacts eventually were found at the site, where Lower Elwha Klallam members had lived in a village called Tse-whit-zen.

The error cost the state an estimated $87 million (â,¬68.41 million). The bridge construction yard was later transferred to the city of Tacoma.

"This agreement brings positive closure to a difficult and painful experience and new hope for a brighter economic future for the entire community," Gregoire said.

Under the settlement, the state will pay the tribe $2.5 million (â,¬1.97 million) and remove leftover materials from partial construction.

The state also will give the tribe 11 acres (4.45 hectares) at the site, and will lease about six acres to the tribe for a possible location to promote the area's cultural heritage.

The ancient village itself will be preserved, partly as a cemetery, Gregoire said. Human remains and other artifacts removed from the site will be reburied, and some excavated soil will be brought back to the site and screened for more possible remains or artifacts.

"We look forward to when our ancestors will return to their final resting place. For us, reburial is what this has always been about," Lower Elwha Klallam Tribal Chairwoman Frances Charles said.

Archaeologists say Tse-whit-zen, which stood for 1,700 years before it was leveled in the 1920s to make way for a sawmill, is the largest such settlement discovered in Washington state.

On the Net:

Governor: http://www.governor.wa.gov

Lower Elwha Klallam tribe: http://www.elwha.org/

FBI/DEA/ATF/USMS:

Heroin Ring Busted In 15 Cities, Including Charlotte (AP)

By Michael J. Sniffen

AP, August 16, 2006

WASHINGTON - Federal agents arrested more than 130 alleged drug traffickers from coast-to-coast Tuesday, including North Carolina, and U.S. officials said they smuggled heroin from Mexico and offered phone-up home delivery like a takeout pizza shop.

Beginning before dawn, Drug Enforcement Administration agents conducted arrest raids and searches from Charleston, S.C., to Los Angeles. They were seeking up to 150 people, about half of them illegal aliens, named in 10 federal indictments and state charges carrying penalties from 5 years to life in prison.

By afternoon, the investigation had produced 138 arrests in 15 U.S. cities, seized more than 47 pounds of Mexican black tar heroin and confiscated more than $500,000 in illegal profits, officials said at a news conference to describe their Operation Black Gold Rush. Among the 15 cities was Charlotte, N.C., where a federal indictment was released Tuesday in U.S. District Court.

The federal indictment was filed Aug. 9 in Asheville, N.C., and charged 11 people, eight of whom had been arrested as of Tuesday.

"We were able to cripple a sophisticated black tar heroin group from the retail level street dealers up to the regional distribution level," said Michele Leonhart, deputy DEA administrator. "But just as real businesses have CEOs, there's someone higher up in this criminal organization who is calling the shots. And we will continue our efforts until that person is in custody."

Leonhart said brothers Javier and Alberto Sanchez managed the distribution ring. She said Javier was arrested in Nashville, Tenn., but Alberto, under indictment, remains at large in Mexico. She added that people who supplied them with heroin also were at large in Mexico. No arrests were made in Mexico.

"Today we have shut down a U.S. distribution network of the Sanchez organization. We've seized their heroin, taken their money and cut off their ability to distribute illegal drugs in this country," said Alice Fisher, assistant attorney general in charge of the criminal division.

Officials gave this account of how the ring operated:

Among other marketing strategies, the gang preyed on recovering heroin addicts. It sent street dealers out from 8 a.m. to 8 p.m. They worked near methadone clinics where addicts receive treatment.

Packaging a quarter to half a gram of heroin in balloons for convenience, the dealers would offer addicts two free balloons if they bought two balloons.

More sophisticated techniques were available for trusted clients. Agents conducted surveillance that showed the gang distributed telephone numbers clients could call. At first a courier would be sent to deliver the heroin to the customer in a car in parking lot, but later, after several sales, clients could call and order delivery of heroin to the front door of their home or to their offices.

The ring smuggled black tar heroin made from poppies grown and refined in Nayarit state on Mexico's west coast to a distribution center in Nashville and from there around the United States, including more cities east of the Mississippi than have been reached by previous Mexican heroin gangs.

Mexican black tar heroin, a dark and sticky substance, is usually only 30 percent to 40 percent pure, well below the purity of Colombian heroin. But some heroin seized in this case was 85 percent pure, officials said. Diluted to street purity, a kilogram or 2.2 pounds of heroin produces more than 1,000 doses.

The gang brought in more than 17 pounds a month, worth about $2 million a month in street sales, officials said. Mexicans illegally entering this country smuggled the heroin by foot and vehicle across the border in Arizona, Texas and California.

Couriers bringing money back were told to buy a clunker vehicle and stash cash throughout its body, drive across the border and dump the vehicle. Other profits were sent back by wire.

The federal investigation began last November after a single heroin seizure in Texarkana, Texas, in cooperation with state and local police.

The investigation was conducted in Nashville, Memphis and Knoxville, Tenn.; Indianapolis; Columbus and Cincinnati, Ohio; Denver, Los Angeles and Riverside, Calif.; Charlotte, N.C.; Columbia, Greenville, Charleston and Florence, S.C., and Phoenix.

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More Than 130 Arrested In Breakup Of Heroin Ring (NYT)

By Eric Lichtblau

The New York Times, August 16, 2006

WASHINGTON, Aug. 15 — More than 130 people were arrested around the country on Tuesday in connection with a Mexican heroin-trafficking ring that federal officials said offered door-to-door deliveries and preyed on recovering addicts.

The network, run out of Tennessee, used illegal immigrants from Mexico as couriers to smuggle a potent variety of black tar heroin across Southwest borders and distribute it in rural and urban areas around the United States, the officials said.

Armed with about 150 arrest warrants, Drug Enforcement Administration agents along with state and local authorities fanned out in 15 cities from Nashville to Los Angeles and had arrested 138 people on drug charges as of late Tuesday afternoon. Some leaders of the network are still believed to be at large in the United States and in Mexico. The authorities seized more than 17 kilograms of black tar heroin and $500,000 in cash.

Officials from the Justice Department and the drug administration said the arrests had broken up what they believed to be the biggest distribution operation for black tar heroin in the United States. The network is thought to have operated for the last two years, bringing into the United States about $2 million worth of heroin each month; it had filled a void left by the breakup of an earlier ring in 2000, D.E.A. officials said.

Black tar heroin is a dark, sticky form of heroin usually melted on a spoon and injected by syringe. The drug ring had trafficked in a particularly potent variety, with purity as high as 80 percent, the officials said.

Alice S. Fisher, the assistant attorney general in charge of the Justice Department's criminal division, described the network as a sophisticated operation of Mexican brothers, Javier and Alberto Sánchez.

Ms. Fisher said the network had offered a system that allowed customers to order heroin by phone and have it delivered to their doors. The network tried to recruit customers by sending dealers to work the streets at methadone clinics to lure recovering addicts, the officials said.

Heroin Probe Leads To 130 Arrests (WT)

By Jerry Seper, The Washington Times

The Washington Times, August 16, 2006

More than 130 people have been arrested nationwide and hundreds of thousands of dollars seized as part of "Operation Black Gold Rush," an international undercover investigation that targeted the trafficking of black tar heroin in the United States.

Assistant Attorney General Alice S. Fisher, who heads the Justice Department's criminal division, and Drug Enforcement Administration (DEA) chief Karen P. Tandy said the multistate investigation resulted in arrests in 15 U.S. cities and 10 indictments in eight federal judicial districts -- with more than 17 kilograms of black tar heroin seized in separate raids.

"As this operation demonstrates, the Department of Justice is as committed as ever to eradicating the flood of illegal and dangerous narcotics like black tar heroin," Mrs. Fisher said. "Law enforcement across the country will continue to work diligently to shut down these operations and keep our neighborhoods free of the poison being spread by these criminals."

Mrs. Tandy said Operation Black Gold Rush exposed a network of more than 100 illegal aliens who controlled a pipeline of heroin operating from Nayarit, Mexico, to Nashville, Tenn., and at least 14 cities in between. She said the arrests by DEA agents across the country had "ruptured that pipeline, stopping the flow of heroin to our streets."

DEA spokesman Rusty Payne said the investigation began in November with a single seizure of heroin, and DEA agents reached out to state and local law-enforcement agencies for assistance.

He said suspected members of the drug-trafficking organization charged in the indictments are accused of importing and distributing 10 to 15 kilograms of black tar heroin monthly from Mexico into the United States. The narcotic can be sold on the street for more than $3 million.

Mr. Payne said the organization is accused of using illegal aliens as couriers, part of a "call-and-deliver" system of drug distribution in which a buyer could have heroin delivered to the front door. The illicit proceeds are thought to have been laundered by the organization's financial managers using a combination of wire remitters and bulk currency transport, he said.

Agents have seized more than $380,000 in cash, Mr. Payne said.

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Indictments in the case were returned in Indiana, where 13 persons were charged with conspiracy to distribute 1 kilogram or more of heroin. Additionally, 15 others were charged in Indiana, and 28 were arrested and indicted in Ohio, 47 in Tennessee, seven in Colorado and 11 in North Carolina.

Operation Black Gold Rush targeted suspected drug traffickers in Nashville, Memphis and Knoxville, Tenn.; Indianapolis; Columbus and Cincinnati, Ohio; Denver; Los Angeles and Riverside, Calif.; Charlotte, N.C.; Columbia, Greenville, Charleston and Florence, S.C.; and Phoenix.

Off To The Races (WSJ)

By Tim Annett

The Wall Street Journal, August 15, 2006

Crumpling vehicle prices helped quash core wholesale inflation last month, in a development that left stock markets honking with delight. But if the consumer-price index turns out to be a lemon, the rally could quickly spin into a ditch.

The Labor Department reported this morning that wholesale prices excluding food and energy dropped 0.3% in July1. For financial markets all jittery with worry that another elevated inflation reading might lead the Federal Reserve to resume pumping up interest rates, that was welcome news indeed, and stocks rallied2. All the same, a peek beneath the hood of the producer-prices report hinted that perhaps inflation wasn't running so smoothly after all, as virtually all of the decline in core producer prices could be traced to falling prices for cars and especially light trucks. To be sure, the acceleration in energy prices which has recently concerned the Fed and businesses seemed to be leveling off. Gasoline prices rose 0.7% after soaring 6.3% in June. Food prices stabilized too, especially for dairy and seafood. But farther up the production pipeline, inflation appeared as stubborn as ever. Prices of raw materials, a source of complaint throughout the recent corporate earnings season, jumped 3.1% in July after declining 1.7% in June. Core crude-goods prices surged 34.4% from a year ago. "My advice to Fed Chairman Bernanke: Don't pop any champagne corks yet," Ken Mayland of Clearview Economics wrote in a note to clients.

Indeed, the drop in truck prices seemed more indicative of the tumult gripping the nation's autos sector than any unfolding "soft landing" for the economy. Car makers have been left with large inventories of gasoline-swilling sport utility vehicles and pickups, and while some makers have said they intend to scale down production of such models, they still need to clear existing stocks from dealer lots. Manufacturers have thus been heavily discounting cars and trucks, and the way that incentives present in producer-prices data is somewhat subtle. "Auto prices at the producer level are tricky because some incentives show up (those that are offered from manufacturers to dealers) and other do not (those offered directly to consumers)," Stephen Stanley, chief economist at RBS Greenwich Capital, wrote in a note. That could mean that today's data may not be very revealing when it comes to making sense of broader inflation trends. Mr. Stanley says all the statistical noise on prices at the various stages of production argues for focusing on core consumer-price yardsticks instead.

To that end, the Labor Department will release its consumer-price index for July before the start of trading tomorrow. After today's news, some economists were optimistic. Merrill Lynch economist David Rosenberg, citing those falling car prices as well as cheaper prescription drugs, detected signs that consumer inflation may be slipping. "All in, the stage is set for a lower-than-expected core CPI release tomorrow -- and the consensus had already raised the bar." Indeed, economists polled by Dow Jones Newswires expect consumer prices excluding food and energy rose 0.3% last month. A hot core reading like that could lead a revved-up market to skid. But if Mr. Rosenberg is right, and the CPI looks softer than many expect, Wall Street's race higher could continue.

* * *

PPI Report Gives Stocks a Boost

The Dow Jones Industrial Average vaulted more than 100 points in morning trade and hovered there for the remainder of the session, ending the day higher by 132.39 points3, or 1.2%, at 11230.26. The Nasdaq Composite Index climbed by 45.97 points, or 2.2%, to 2115.01, and the Standard & Poor's 500 rose 17.37 points, or 1.4%, to 1285.58. A day after issuing one of the biggest recalls in PC history because of defective batteries in some of its laptops, Dell shares rose 3.95% to $22.084. Treasury prices rose5, with the 10-year yield ending at 4.93%. Yields move inversely to prices. The dollar weakened6 against the yen and

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the euro. Crude-oil prices fell7 on the New York Mercantile Exchange, slipping 48 cents to settle at $73.05 a barrel. Stocks in Europe8 fell amid light trading on the Assumption Day holiday, while Asia9 shares ended mixed.

* * *

More Grim Portents for Housing

Housing bears got reinforcement for their gloomy outlooks on the sector today, as a pair of reports suggested further weakening in housing is in the cards. First, the National Association of Realtors reported that existing-home sales fell 7% during the second quarter10 from a year ago. Demand in 28 states and the District of Columbia posted outright declines. Among the states seeing slower sales were once-hot markets like Florida, California and Arizona. Then, the National Association of Home Builders said builders are in their darkest mood in fifteen years. The housing market index, compiled by the NAHB and Wells Fargo, was down seven points from July's unrevised level of 39. August marked the seventh straight month of declining builder confidence, as gauged by the index. As builders have lapsed into a funk, so have investors in builder stocks. The Dow Jones Home Construction Index is down more than 40% in the last year.

* * *

Another Arrest in U.K. Terror Probe

British authorities said they had arrested another suspect11 in connection with the investigation of a foiled terror plot to blow up U.S.-bound jetliners, bringing the number of people detained in the probe to 25. The announcement came after police said they raided two Internet cafes and a news report said officers found firearms in a search of woodlands near where some of the suspects were arrested. Airlines in the U.K. are considering seeking compensation from the British airports operator for costs incurred during the emergency. In the U.S., President Bush cautioned that the plot is evidence the U.S. could be fighting terrorists for years to come. "America is safer than it has been, yet it is not yet safe," Mr. Bush said at an operations center at the National Counterterrorism Center in McLean, Va.

* * *

Wal-Mart, Home Depot Report Earnings

Wal-Mart, the world's largest retailer, reported that its net income dropped an eye-popping 26%12 during its just-ended quarter, though the decline was due to Wal-Mart's recent retreat from Germany. Still, it was the first time Wal-Mart saw its quarterly profit fall since 1996, and the result comes at a time when the retail giant is contending with howling economic headwinds. "In the United States, customers tell us that they're most concerned about gas prices," said Lee Scott, Wal-Mart's chief executive. Separately, home-improvement giant Home Depot said its earnings rose 5.3%13 from last year during the second quarter. Home Depot has been locked in a bruising battle for market share with rival Lowe's and dealing with complaints about declining customer service. The company said that its earnings for the full year would come in at the low end of earlier guidance. In January, Home Depot said it expected annual sales growth of 14% to 17% and earnings growth of 10% to 14%.

* * *

Peltz Takes Tribune Stake

Activist investor Nelson Peltz has accumulated a 1.15% stake14 in newspaper company Tribune, which is already facing pressure for change from its biggest shareholder, the Chandler family. The Chandlers have called for drastic steps to shore up the company. Mr. Peltz is also pressing for changes at H.J. Heinz and Wendy's International. Tribune, publisher of the Chicago Tribune and Los Angeles Times and owner of the Chicago Cubs baseball team, among other businesses, also reported Tuesday that its revenues fell 1.4% in July.

* * *

Nationwide Wins Katrina Suit

A federal judge ruled that Nationwide Mutual Insurance acted appropriately in denying the bulk of a claim15 by a Mississippi couple whose home was destroyed by Hurricane Katrina. The case was the first since Katrina crashed ashore last summer to test insurers' contentions that their policies don't cover hurricane-fueled storm surge. The judge appeared underwhelmed by the couple's argument that their Nationwide agent told them in 1999 that they didn't need separate flood coverage and misled them to believe that their homeowners policy was enough to cover hurricane damage.

* * *

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World Bank Sees Faster China Growth

The World Bank once again cranked up its forecast16 for China's economic growth, saying it now expects the nation's full-year growth in gross domestic product to come in at a red-hot 10.4%, up from the 9.5% previously forecast. It was the third time this year that the bank raised its view. China has attempted to brake growth before it causes a bout of runaway inflation, but so far, policy makers haven't had much luck in slowing things down. Economists believe the government could take further steps, such as tightening reserve requirements or even raising interest rates, in the second half. China's foreign direct investment in the first seven months of 2006 fell 1.2% to $32.71 billion17. Separately, China offered new details about the legal structure18 it wants foreign banks to adopt to accept local-currency deposits from individuals.

* * *

Monsanto Snaps Up Seed Maker

Monsanto said it will buy Delta & Pine Land for $1.5 billion19, in an effort to expand the company's seed business. Monsanto said shareholders of Delta, a Scott, Miss., cotton-seed producer, would receive $42 a share in cash, which would also be financed by a new debt offering. Delta closed yesterday at $36.24 a share. Since the deal has to clear regulatory hurdles, Monsanto didn't announce a time frame for closing. Monsanto would divest the U.S. assets of its Stoneville cotton-seed business if required to close the transaction.

* * *

More Chemo Side Effects Seen

Researchers at Boston's Dana Farber Cancer Institute have found that younger breast-cancer patients seem to suffer more serious side effects from chemotherapy20 than previously thought. According to a study released today, approximately one in six women wind up in the emergency room or hospitalized because of a range of side effects including infection, dehydration and nausea. Most side-effect information comes from clinical trials, and those studies can underestimate toxicity.

* * *

Gun Battles Rattle Karbala

Fierce gunfights between supporters of Shiite cleric Mahmoud al Hassani and Iraqi security forces gripped Karbala, leaving many people injured21, following an army raid on the cleric's offices. The fighting spread rapidly and led officials to impose a curfew in the city which lies 50 miles to the south of Baghdad. In other violence, a suicide bomber in Mosul detonated a truck outside the party headquarters of Iraq's Kurdish president, killing nine people and wounding 35. The head of Iraq's main Sunni bloc in parliament called for the Sunni speaker of parliament to step down after Shiite and Kurdish parties called for his ouster.

* * *

Japanese Tanker Spills Crude

A Japanese tanker spilled about 1.4 million gallons of crude oil in the eastern Indian Ocean near the Nicobar islands following a collision with a cargo ship22, but no injuries were reported and the environmental impact from the accident is believed to be limited. The Bright Artemis tanker spilled the oil after colliding with the Amar, a smaller ship in distress about 300 miles west of the Nicobars. There was said to be no risk of further leaks and the tanker had left the scene to seek a port for repairs.

* * *

IAC Buys Stake in Humor Site

IAC/InterActiveCorp acquired a majority stake23 and full voting control of humor Web site CollegeHumor.com, which offers videos, photos and jokes aimed at college students and recent graduates. IAC didn't disclose how much it paid for the 51% stake.

* * *

Not Exactly Domino's

Housebound heroin addicts will need to find a new way to get a fix, after federal agents made 130 arrests nationwide in breaking up a drug-trafficking ring that offered users phone-up home deliveries. The gang was nothing if not aggressive in expanding its market share; among other strategies, it preyed on recovering heroin addicts by sending dealers out to methadone clinics where addicts receive treatment. The dealers also offered buy-two get-two specials, where users purchasing two balloons

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full of heroin could get two more balloons at no charge. Many of those arrested in the raids were illegal immigrants, and much of the trafficking took place between Mexico and Arizona.

20 Arrested As Local Distributors Of Mexican Heroin (CD)

Columbus Dispatch, August 15, 2006

Federal drug-enforcement agents and local police and deputies have rounded up 20 men and women accused of being key distributors of a form of heroin that comes from Mexico.

The arrests are part of a 14-city sweep of sellers and users in 11 states. All are accused of conspiracy to distribute black tar heroin. The heroin looks like roofing tar instead of white powder and is usually dissolved with other liquids before being injected, according to the Drug Enforcement Administration.

The local investigation began when the Franklin County sheriff's office asked the Columbus DEA office for help in a growing number of heroin cases. The DEA linked the distributors here to others across the country and in Mexico.

The U.S. attorney's office has indicted 28 men and women here. Investigators continue to seek the eight who are still free.

Mexico-Memphis Heroin Ring Cut (CA)

Commercial Appeal, August 16, 2006

Federal authorities here said Tuesday a multiagency, multistate investigation has dismantled the head, the body and the tail of a Mexico-based heroin ring that used Memphis and 14 other American cities as distribution points.

The heroin pipeline stretched from Nayarit, Mexico, to Tennessee and seven other states and included couriers who were part of a "call and deliver" service that allowed valued customers to have drugs delivered to their front door, officials said.

Advertisement

In some cases, couriers were recruited from among recovering drug addicts at methadone clinics.

Dubbed Operation Black Gold Rush, the sting began with a single case in Nashville in November and has led to 138 arrests nationwide. Agents also seized more than $500,000 in illegal drug proceeds and some 50 pounds of black tar heroin, according to federal authorities here and in Washington.

"We went for the heads of the organization, the body and the tail -- the suppliers and the users," Frank Seib, agent in charge for the U.S. Drug Enforcement Administration in Atlanta, said in a Memphis press conference. "We're still dismantling."

Black tar heroin -- a potent form that is dark and sticky -- came from poppies grown by the ring in Mexico where it was refined and smuggled across the border into the United States.

U.S. Atty. David Kustoff of Memphis said 10 arrests were made Tuesday in the Memphis area and four vehicles, $16,000 in cash and a small amount of heroin were seized.

He said this was the first major heroin bust in Memphis in years and said the structure of the illegal operation was complex. Branches in each city involved were run almost like individual franchises, with street dealers working regular shifts from 8 a.m. to 8 p.m., he added.

Kustoff said dealers arranged for their Mexican connections to ship large quantities of heroin to houses in the Memphis area where it would be repackaged for resale in balloons containing a fraction of a gram. Authorities said the street price for a single dose typically ran between $20 to $25.

Couriers then drove bundles of cash from drug sales back to Mexico by hiding it in various compartments of old vehicles, he said.

In intercepted telephone conversations between dealers and suppliers, heroin was sometimes referred to as "food" or "pants" and in some cases authorization for a sale had to be approved by phone calls to operatives in Mexico, according to the indictments.

Most of those arrested in Memphis live along Summer Avenue, officials said.

"This is a significant operation and a significant capture," said local DEA agent in charge Andy Dimond.

Named in the Memphis-area drug conspiracy indictments are Alberto 'Uncle Beto' Sanchez, Baston, also known as 'Tono,' Ernesto 'Gordo' Azpietia-Mojica, Javier, Memito, Franklin 'Cowboy' Callahan, Albert Sims, Tim Deaton, Dana Childers, Jame Ledes, John 'Jack' Digel, Cary Spain, Dennis Coker, Kendra Touchstone and Ronald 'Red' Eugene Conaway.

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Other cities involved in the investigation include Knoxville; Indianapolis; Columbus and Cincinnati, Ohio; Denver; Los Angeles and Riverside, Calif.; Charlotte, N.C.; Columbia, Greenville, Charleston and Florence, S.C.; and Phoenix.

Arrests Tied To Nationwide Cartel (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), August 16, 2006

Authorities say Knoxville ring made ordering heroin easy

An illegal immigrant and two alleged heroin junkies accused of turning to dealing were nabbed in Knoxville on Tuesday as part of a nationwide sweep of a drug cartel authorities said made ordering dope as easy as ringing out for a pizza.

Roberto Rojas Andrade, 26, was arraigned before U.S. Magistrate Judge Bruce Guyton on charges that he was a minion of a Mexican drug cartel that stationed him and other illegal immigrants in Knoxville to peddle black-tar heroin.

"He and other defendants were placed here as a cell to this organization," Assistant U.S. Attorney David Jennings said. "We allege he is a member of a large organization out of Mexico that is responsible for multiple kilogram (drug sales)."

Also arraigned at a hearing in U.S. District Court in Knoxville on Tuesday were Brooke M. Tipton, 30, and Terry R. Strange, 29, both of whom Jennings said were recruited to sell the drug.

"I know for a fact these two are severely addicted to heroin," Jennings told Guyton. "(Strange) is obviously ill. He has open sores on his body. Judge, these defendants, I would have bet money they were using heroin as late as last night."

Guyton ordered all three defendants, named in a conspiracy indictment handed up by a federal grand jury in secret last week, jailed pending trial.

The arrests were part of a coast-to-coast operation led by the U.S. Drug Enforcement Administration dubbed Operation Black Gold Rush.

Beginning before dawn, authorities conducted arrest raids and searches, seeking up to 150 people, about half of them illegal immigrants, according to senior drug enforcement officials, who spoke on condition of anonymity before the official announcement.

By early afternoon, the investigation had produced 131 arrests in 15 cities, from Charleston, S.C., to Los Angeles, based on 10 federal indictments and state charges, the officials said.

Officials gave this account of how the ring operated:

The ring grew its own poppies and refined them in Mexico, smuggling an unusually pure variety of black-tar heroin across the U.S.-Mexican border, mostly in Arizona, with couriers on foot or in vehicles. Mexican black-tar heroin, a dark and sticky substance, is usually only about 30 percent to 40 percent pure. But among the more than 37 pounds of heroin seized in this case, some was 85 percent pure, officials said.

Among other marketing strategies, the gang preyed on recovering heroin addicts like Tipton and Strange, officials said. It sent street dealers out from 8 a.m. to 8 p.m. and operated outside methadone clinics where addicts receive treatment.

More sophisticated techniques were available for trusted clients. Agents conducted surveillance that showed the gang distributed telephone numbers for clients to call. At first, a courier would be sent to deliver the heroin to the customer in a car in a parking lot, but later, after several sales, clients could call and order delivery of heroin to the front door of their home.

Jamie Satterfield may be reached at 865-342-6308. The Associated Press contributed to this report.

U.S. Authorities Arrest Nearly 140 People In Heroin Roundup (XNA)

Xinhua News Agency, August 16, 2006

U.S. authorities arrested 138 people on Tuesday in a nationwide crackdown on a heroin trafficking organization, officials said.

Agents from the Drug Enforcement Administration (DEA) and other agencies conducted arrest raids and searches for up to 150 people, beginning before dawn, and arrests were made from Charleston of South Carolina to Los Angeles of California.

Federal agents were targeting a ring that grew its own poppies and refined them in Mexico and smuggled an unusually pure variety of black tar heroin across the U.S.-Mexican border, officials said at a press conference.

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The drugs were sold by illegal immigrants, mainly from Mexico, who set up shops in smaller cities, and the ring also used illegal immigrants as couriers to deliver drugs, according to the officials.

"They purposely and shamelessly sold heroin in areas near methadone clinics," said Michele Leonhart, deputy administrator of DEA.

Drugs dealers convinced people already struggling to get rid of drugs addiction to resume using drugs, sometimes by a "buy two drugs, get two free" marketing scheme, he said.

The organization imported and distributed about 8 kg of black tar heroin each month from Mexico into the United States, Leonhart said.

The federal investigation, known as Operation Black Gold Rush, started last November after a single heroin seizure and the raids on Tuesday were aimed at breaking down the ring's entire U.S. distribution system.

Twelve Indicted In Heroin Bust (WTHR)

WTHR-TV, August 15, 2006

Indianapolis - Twelve people face charges following a heroin ring bust that involved the Drug Enforcement Administration and the Indianapolis Police Department.

Susan W. Brooks, United States Attorney for the Southern District of Indiana, made the announcement Tuesday. She said the 12 are charged with conspiracy to possess with intent to distribute more than one kilogram of heroin. The charges come after a seven-month investigation that involved IPD as well as investigations in Nashville, Tennessee and other locations.

Six defendants were arrested Tuesday in Indianapolis. A search warrant turned up an ounce of heroin. Three others were arrested in Bloomington.

Police say Julio Rodriguez Perez, also known as "Rambo" and "Paul Ramirez," is a leader and organizer of a heroin distribution group that operates in Indianapolis and Bloomington. They also say another man, Hector Escobar, also had a leadership role, while Jose Rubio did the day-to-day distribution. Police say Jorge Madrigal took over from Rubio, and Maria Emilia Diaz-Garcia acted as a courier who brought heroin to Indianapolis and transported drug money. Glenn Harris is accused of buying heroin for distribution.

Leif Johnson, Floyd Warriner, Bennie Ponds, Travis Sutherlin, Dean Williams and Christopher Metz acted as distributors, police say.

Brooks said, "We our fortunate that the Southern District of Indiana has not been plagued by widespread heroin abuse. By working in collaboration, federal and local law enforcement can sharply curtail the supply of the drug to help protect our citizens from a prevalent heroin problem."

According to Assistant United States Attorney Melanie C. Conour, who is prosecuting the case for the government, the defendants, if convicted, face a maximum possible prison sentence of life imprisonment and a maximum possible fine of $4,000,000.00.

Police: International Heroin Trafficking Group Dismantled (WLTX)

WLTX-TV, August 16, 2006

(Columbia) - United States Attorney Reginald T. Lloyd and Assistant Special Agent in Charge, John Ozaluk of the Drug Enforcement Administration, stated today that an international drug investigation has resulted in arrests across South Carolina and throughout the United States.

On August 2, a federal grand jury in Columbia returned two indictments charging 26 individuals with a black tar heroin conspiracy.

Lloyd and Ozaluk stated that Tuesday morning teams of federal, state, and local agents travelled across the state to conduct arrests and execute eight search warrants.

Twenty individuals were arrested in early morning raids throughout South Carolina. Two defendants charged in South Carolina were arrested in Los Angeles, California.

The arrests made in California included 37-year-old Leonicio Garcia and 38-year-old Hilda De La Mora Ruelas.

Columbia arrests included 34-year-old Bule Garcia-Rodriguez, 23-year-old Ibrahim Garcia-Reyes, 21-year-old Israel Delgado Luis, 32-year-old Carlos Ortiz-Salas, and 27-year-old Alejandro Moreno-Cortez.

Charleston arrests included 34-year-old Jose Manuel Oseguerra-Jiminez, 31-year-old Victor Maneul Monserrate, 23-year-old Alexey Ernestovich Valkovich, 36-year-old Savador Vallin-Cernas, 37-year-old Estaban Lopez-Reyes, 20-year-old Frederick Munoz, 32-year-old Octavia Martinex, 26-year-old Tracy Tumlinson-Smith, 24-year-old David Henry Tumlinson, III, and 47-year-old Joseph Thomas Lambinus.

In Greenville, arrests included 41-year-old Augustine Ceja-Jaime, and 43-year-old Martin Sanabria-Bueno.

Myrtle Beach arrests included 24-year-old Sigfriedo Garcia-Lopez, 22-year-old Jorge Eduardo Velazquez-Guerrero, and 27-year-old Jesus Sanches Pelayo.

Lloyd said the conspiracy operated in the metropolitan areas of Columbia, Charleston, North Charleston, Greenville and Myrtle Beach.

Investigators say this case is the first recent case where their office has charged a single narcotics enterprise with operating simultaneously in multiple regions across the state.

Lloyd said the investigation is continuing and other arrests and charges are expected.

Nationwide, more than 130 defendants have been indicted and hundreds of thousands of dollars seized as part of an international operation targeting the trafficking of black tar heroin in the United States, Assistant Attorney General Alice S. Fisher of the Criminal Division and Administrator Karen P. Tandy for the Drug Enforcement Administration announced today.

The multi-state investigation, called “Operation Black Gold Rush,” included arrests in 15 U.S. cities and 10 indictments in eight federal judicial districts, along with state charges. More than 17 kilograms of black tar heroin – a potent form of heroin that is dark and sticky in appearance -- were also seized in the operation.

As of today, a total of 138 people have been arrested on federal and state charges in connection with the operation. In the Southern District of Indiana, an indictment charges 13 defendants with conspiracy to distribute one kilogram or more of heroin. Additionally, 15 individuals have been charged in the state of Indiana, 28 individuals have been arrested and indicted in Ohio, 47 individuals in Tennessee, seven in Colorado and 11 individuals in North Carolina.

"As this operation demonstrates, the Department of Justice is as committed as ever to eradicating the flood of illegal and dangerous narcotics like black tar heroin," said Assistant Attorney General Alice S. Fisher of the Criminal Division. "Law enforcement across the country will continue to work diligently to shut down these operations and keep our neighborhoods free of the poison being spread by these criminals."

"Operation Black Gold Rush exposed a network of over 100 illegal aliens who controlled a pipeline of heroin operating from Nayarit, Mexico to Nashville, Tennessee and at least 14 cities in between," said DEA Administrator Karen P. Tandy. "Today, DEA ruptured that pipeline, stopping the flow of heroin to our streets."

To date, the government has seized more than $500,000 in cash representing illegal proceeds from this operation. Investigators say that they had $260,000 prior to Tuesday, and collected $250,000 on Tuesday alone.

"Operation Black Gold Rush" is a joint investigation involving operations in 15 cities: Nashville, Memphis and Knoxville in Tennessee; Indianapolis; Columbus and Cincinnati, Ohio; Denver; Los Angeles and Riverside, California; Charlotte, North Carolina; Columbia, Greenville, Charleston and Florence in South Carolina; and Phoenix, Arizona.

The investigation also involved eight U.S. Attorney’s Offices, the Criminal Division’s Narcotic and Dangerous Drug Section, Special Operations Division, and the Justice Department’s Organized Crime and Drug Enforcement Task Force, along with U.S. Immigration and Customs Enforcement, the Internal Revenue Service, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and various state and local law enforcement agencies.

Lloyd said that the South Carolina case was investigated by agents of the Drug Enforcement Administration, along with the Internal Revenue Service, South Carolina Law Enforcement Division, Richland County Sheriff’s Office, Columbia Police Department, Lexington County Sheriff’s Office and Multi-Agency Narcotics Enforcement Team, Cayce Department of Public Safety, Kershaw County Sheriff’s Office, Sumter County Sheriff’s Office, Myrtle Beach Police Department, Horry County Police Department, North Myrtle Beach Department of Public Safety, Florence Police Department, Charleston County Sheriff’s Office, Charleston City Police Department, Summerville Police Department, North Charleston Police Department, Mt. Pleasant Police

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Department, Orangeburg County Sheriff's Office, Greenville City Police Department, Greenville County Sheriff's Office, and South Carolina Highway Patrol, and that he has assigned the case to Assistant United States Attorney Jane B. Taylor of the Columbia office for prosecution.

Officials say the majority of the defendants arrested in South Carolina are scheduled to appear in federal court in Columbia before Magistrate Judge Bristow Marchant on Thursday, August 17, 2006 at 1:30 p.m.

James Gilbert, Assignment Desk/Editor

Reporters Must Testify In Bonds Steroid Probe (AP)

AP, August 15, 2006

SAN FRANCISCO — A federal judge told two San Francisco Chronicle reporters they must comply with a subpoena and tell a grand jury who leaked them secret testimony of Barry Bonds and other elite athletes ensnared in the government's steroid probe.

The decision by U.S. District Judge Jeffrey White means reporters Lance Williams and Mark Fainaru-Wada must appear before a grand jury investigating the leak unless a higher court blocks the ruling. The pair have said they would not testify and would go to jail rather than reveal their source or sources.

The two reporters published a series of articles and a book based partly on transcripts of testimony by Bonds, Jason Giambi and others who testified in the grand jury investigation of the Bay Area Laboratory Co-Operative, a Burlingame-based nutritional supplement company exposed as a steroid ring that netted five convictions.

The criminal conduct being investigated in the Bonds leak case includes possible perjury and obstruction of justice by government officials, defendants in the BALCO probe and their attorneys. All have sworn they weren't the source of the leak.

The government told White that its investigation has turned up empty, and that Williams and Fainaru-Wada are the last hope of finding the culprit or culprits.

Judge Rules Chronicle Reporters Must Name Their BALCO Sources (SFC)

San Francisco Chronicle, August 16, 2006

Two Chronicle reporters must disclose their sources of grand jury testimony by Barry Bonds and other prominent athletes about the use of performance-enhancing drugs, a federal judge in San Francisco said Tuesday in a ruling that could lead to the jailing of the reporters.

Neither the constitutional right of freedom of the press nor federal law shields journalists from testifying to a federal grand jury about confidential sources, U.S. District Judge Jeffrey White said.

"The court finds itself bound by the law to subordinate (the reporters') interests to the interests of the grand jury" in discovering the source of the leaks, White wrote. "The grand jury is inquiring into matters that involve a legitimate need of law enforcement."

The Chronicle will appeal the ruling, the newspaper's editor, Phil Bronstein, said.

White rejected The Chronicle's argument that reporters should not be compelled to testify if the public benefit of their reporting outweighs the harm caused by the disclosure of grand jury material. Articles by the reporters, Mark Fainaru-Wada and Lance Williams, helped prompt professional baseball to adopt new rules to police steroid use by players.

A court, White wrote, should not engage in "a balancing test that would require it to place greater value on the reporting of certain news stories over others."

The ruling allows federal prosecutors to summon the reporters before a grand jury that is looking into the leaking of athletes' testimony before another grand jury that was investigating the Bay Area Laboratory Co-Operative. If they refuse to testify, prosecutors can then ask White to hold them in contempt of court and jail them until they agree to talk.

After the ruling, Fainaru-Wada said, "We're steadfast and resolute in that we're going to stand behind the sources." He and Williams remain hopeful, he said, that "at some point there's going to be a judge or judges who recognize the public good of the stories ... and ultimately we will prevail."

The reporters will seek a stay that would protect them while they appeal White's ruling to the Ninth U.S. Circuit Court of Appeals in San Francisco, said Eve Burton, general counsel of the Hearst Corp., which owns The Chronicle.

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Bronstein said the newspaper will continue to back the reporters in resisting grand jury subpoenas that seek their testimony.

"We will not comply with the government's effort, which we believe is not in the best interests of an informed public," Bronstein said. He said the ruling "does not change our complete commitment to Mark and Lance. We support them fully in maintaining the confidentiality of their sources. We will pursue all judicial avenues available to us."

White's ruling is the latest in a series of legal and political setbacks for reporters in the federal system, where state shield laws do not apply. Nearly every state has such a law, either by legislation or by court decision. California's voter-approved law, one of the strongest, protects journalists from being held in contempt of court for refusing to disclose confidential sources or unpublished material.

Former New York Times reporter Judith Miller was held in contempt and jailed for 85 days last year for refusing to say who told her that Valerie Wilson, the wife of Bush administration critic Joseph Wilson, was a CIA operative. Two weeks ago, a federal appeals court ruled that the government could examine phone records of Miller and a second Times reporter in another leak investigation.

Josh Wolf, a part-time freelance journalist, has been in federal prison since Aug. 1 after another federal judge in San Francisco held him in contempt for refusing to turn over videos of a protest rally in which an attempt allegedly was made to burn a police car. Meanwhile, legislation that would establish a federal shield law is stalled in Congress.

Fainaru-Wada and Williams wrote articles in 2004 quoting closed-door testimony by baseball's Jason Giambi, sprinter Tim Montgomery and other athletes saying they had been supplied performance-enhancing drugs by the Bay Area Laboratory Co-Operative. Fainaru-Wada and Williams also reported that Bonds testified that he received substances from BALCO, but that he believed the substances were flaxseed oil and arthritis balm.

Five defendants, including BALCO founder Victor Conte, later pleaded guilty to supplying performance-enhancing drugs. Separate grand juries now are investigating the disclosure of testimony to the reporters and the possibility that Bonds committed perjury when he denied knowingly using steroids.

Disclosure of the athletes' testimony, which had been kept secret by prosecutors, prompted a congressional investigation and new steroid-testing policies in professional baseball.

Williams, 56, and Fainaru-Wada, 41, are veteran reporters who have been with The Chronicle since 2000. Bronstein, in his statement Tuesday, stressed the value of their work on the BALCO case.

"We believe they performed a service by creating public awareness of the use of performance-enhancing drugs by some of the best athletes in the world," the editor said. "As a result of their work, significant reforms have been instituted from Major League Baseball to high school sports."

Federal prosecutors have disagreed -- saying it was their investigation, not the news articles, that raised public awareness of the issue -- and have argued that, in any event, the alleged value of the reporting does not excuse the reporters from testifying about the leak.

A grand jury supervised by the U.S. attorney's office in Los Angeles issued subpoenas, which were received by the reporters and the newspaper on May 5, demanding the sources of the transcripts.

In Tuesday's ruling, White noted that another federal judge issued orders in March 2004, before the first Chronicle story appeared, prohibiting the BALCO defendants as well as government personnel from disclosing grand jury transcripts and other confidential material to the news media.

Prosecutors say everyone with legal access to the transcripts has signed a sworn statement denying that he or she was a source of the leak.

The government "has exhausted all reasonable alternatives" to summoning the reporters, White said, as their testimony "would appear to be the only firsthand evidence" of the source's identity.

While confidential sources often play an essential role in helping the press expose the workings of government, the judge said, the grand jury and its rules of secrecy also serve an important function in investigating crimes. He said the Supreme Court, in 1972, and the Ninth U.S. Circuit Court of Appeals, in 1993, have ruled that journalists have no constitutional right to withhold evidence from a grand jury.

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The Chronicle's lawyers have argued that a 1996 Supreme Court ruling allowed federal judges to follow the trend of state laws and recognize a need for confidentiality in certain professions -- psychotherapy, the clergy or the press -- that could outweigh the government's need for grand jury testimony.

But White said neither the Supreme Court nor the Ninth Circuit, whose rulings are binding on federal judges in California, has backed away from refusing to recognize a journalist's right to remain silent before a grand jury.

Burton, the Hearst Corp. attorney, said, "We are deeply disappointed with the court's decision but note that the court acknowledged the important First Amendment interests at stake.

"Judge White clearly felt constrained by the Court of Appeals' decisions, and that is where we are headed next," she said. "We believe we will ultimately prevail, and that is clearly what is in the public's best interest."

Chronicle Reporters Ordered To Reveal Sources In Bonds Case (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, August 16, 2006

A federal judge rules the writers must identify those who leaked secret grand jury testimony in the BALCO steroid probe.

A federal judge in San Francisco ruled Tuesday that two reporters must reveal who provided them with secret grand jury testimony of Barry Bonds and other star athletes on steroid use.

Attorneys for the San Francisco Chronicle reporters had tried to quash a subpoena to appear before a grand jury investigating the leak. They argued that forcing journalists to disclose their sources would undermine the 1st Amendment and the ability of the news media to gather news.

U.S. District Judge Jeffrey S. White acknowledged the importance of the news media in "bringing issues to the forefront of public attention" and how confidential sources "are often essential … in that task."

But he ultimately agreed with federal prosecutors that journalists have no special protection from grand jury inquiries, citing the 1972 Supreme Court decision in Branzburg vs. Hayes, as well as subsequent rulings from appellate courts.

"The court finds itself bound by the law governing this case to subordinate the [reporters'] interests to the interests of the grand jury," White wrote.

He noted that the secrecy of grand jury proceedings was critical to the system of justice and outweighed the news media's need to promise confidentiality to sources possessing vital information.

The reporters plan to appeal the decision to the U.S. 9th Circuit Court of Appeals.

"We are deeply disappointed with the court's decision but note that the court acknowledged the important 1st Amendment interests at stake," said Eve Burton, counsel for Hearst Newspapers, which owns the Chronicle.

"Judge White clearly felt constrained by the court of appeals' decisions, and that is where we are headed next. We believe we will ultimately prevail, and that is clearly what is in the public's best interest."

Phil Bronstein, editor of the Chronicle, said Tuesday, "We will not comply with the government's effort, which we believe is not in the best interests of an informed public.

"We will pursue all judicial avenues available to us," he said, according to the newspaper's website.

Reporters Mark Fainaru-Wada, 41, and Lance Williams, 56, were subpoenaed to a federal grand jury in May to reveal who provided them with testimony of baseball stars Bonds, Jason Giambi and Gary Sheffield in the federal probe of the Bay Area Laboratory Co-Operative.

The reporters used the testimony as part of a series of stories on steroid abuse that sparked national debate and pushed Major League Baseball to impose punishments on steroid users.

Both said they would not reveal their sources, even if that meant that a judge held them in contempt of court and sent them to jail.

The Justice Department has increasingly sought to compel journalists to give up confidential sources in recent years, most notably when it subpoenaed former New York Times reporter Judith Miller and Time magazine correspondent Matthew Cooper to testify in the investigation over the leak of the identity of CIA operative Valerie Plame.

But media advocates say the BALCO case has lowered the bar for subpoenaing journalists.

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"This kind of case does not rise to the level of the Judith Miller case," said Joel Campbell, co-chairman of the Freedom of Information Committee of the Society of Professional Journalists, which argued against the government action in the Miller case.

Campbell said the harm to society is not just an abstraction.

"As a journalist, if your sources know you're going to be pulled into court to testify, the sources are going to dry up. And there's going to be a chilling effect on the ability of the press to perform its role in society."

At a hearing on Aug. 4, attorneys for Fainaru-Wada and Williams argued that the 1972 Supreme Court ruling left some latitude, and that numerous subsequent court decisions had created a common law privilege for reporters to protect their sources in all but the most extraordinary circumstances, such as threats to national security.

Attorney Jonathan Donnellan said that the leak in this case did not hinder the BALCO investigation.

But White took umbrage with the assertion that the leak was innocuous. He noted that Greg Anderson, Bonds' trainer, cited the leaks when he refused to testify before a grand jury.

White also read the case law differently, saying the 9th Circuit concluded in 1993, citing an earlier ruling, that "it would be difficult to argue for a common law reporter's privilege to withhold confidential information from a federal grand jury."

And White said that other circuits that have recognized a privilege for reporters to maintain the confidentiality of their sources have made clear that those cases did not involve grand jury inquiries.

Reporters Must Reveal Sources For Steroid Allegations Or Risk Jail (MCT)

By Christian Red And Teri Thompson

McClatchy Newspapers, August 16, 2006

NEW YORK - The authors of "Game of Shadows" moved one step closer to a jail cell Tuesday. A federal judge ruled that the two San Francisco Chronicle reporters who wrote the bombshell book detailing steroid use by Barry Bonds and other prominent athletes must reveal the sources of grand jury testimony or face a prison sentence.

Mark Fainaru-Wada and Lance Williams, could be held in contempt of court and jailed if they refuse to testify before a grand jury investigating the leaking of testimony before a separate grand jury that was investigating the Bay Area Laboratory Co-Operative (BALCO).

The reporters also chronicled the BALCO investigation in the pages of their newspaper. In San Francisco, U.S. District Judge Jeffrey White said in his ruling that neither the constitutional right of freedom of the press nor federal law shields journalists from testifying to a federal grand jury about confidential sources.

"The court finds itself bound by the law to subordinate (the reporters') interests to the interests of the grand jury" in discovering the source of the leaks, White wrote. "The grand jury is inquiring into matters that involve a legitimate need of law enforcement."

After a hearing before White on Aug. 4 in which lawyers for the Hearst Corp., which owns the Chronicle and is defending the reporters, appealed to the judge to apply a balancing test weighing the importance of the information in the fight against steroid use with the harm done by the leaks, both reporters said they would keep their promise of confidentiality, even if it meant imprisonment.

Eve Burton, general counsel for the Hearst Corp., noted Tuesday that the court acknowledged the important First Amendment interests at stake in the case, and vowed to appeal.

"We are deeply disappointed with the Court's decision," she said, "but Judge White clearly felt constrained by the Court of Appeals' decisions and that is where we are headed next. We believe we will ultimately prevail and that is clearly what is in the public's best interest."

The Hearst lawyers had hoped that a shield law - the Free Flow of Information Act - sponsored by Sen. Arlen Specter (R-Pa.) would make it through Congress in time to help protect the reporters. But that bill is not scheduled to be reviewed until Sept. 14 in a House subcommittee hearing. Phil Bronstein, editor of The Chronicle, said the newspaper "will not comply with the government's effort, which we believe is not in the best interests of an informed public."

He said the ruling "does not change our complete commitment to Mark and Lance. We support them fully in maintaining the confidentiality of their sources."

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The reporters wrote articles in 2004 quoting closed-door testimony by Bonds, Jason Giambi, sprinter Tim Montgomery and other athletes saying they had been supplied drugs by BALCO. The investigation netted five convictions, including that of BALCO founder Victor Conte, who pleaded guilty to supplying performance-enhancing drugs.

Separate grand juries are now investigating the disclosure of testimony to the reporters and the possibility that Bonds committed perjury when he denied knowingly using steroids. The criminal conduct being investigated in the Bonds leak case includes possible perjury and obstruction of justice by government officials, defendants in the BALCO probe and their attorneys.

All of them have sworn they had access to the documents but weren't the source of any leaks.

The government told White that its investigation has turned up empty, and that Williams and Fainaru-Wada are the last hope of finding the culprit or culprits. If the reporters are sent to jail, they could stay there as long as they refuse to testify or until the term of the grand jury expires.

Judge Orders Chronicle Reporters To Reveal Source (Update1) (BLOOM)

By Karen Gullo

Bloomberg, August 15, 2006

(Bloomberg) -- A federal judge ordered two San Francisco Chronicle reporters to reveal who leaked them grand jury testimony by athletes including baseball player Barry Bonds that was used for stories about a steroids probe.

U.S. District Judge Jeffrey White said in a ruling today in San Francisco federal court that Mark Fainaru-Wada and Lance Williams must comply with subpoenas to testify before a grand jury investigating leaks in the case involving Bay Area Laboratory Co-Operative, or Balco, a California lab at the center of a federal investigation into steroid use by athletes.

``The First Amendment does not provide a news gatherer a privilege to refuse to testify before a federal grand jury regarding information received in confidence," White said in the ruling.

The decision means Fainaru-Wada and Williams must testify or face possible contempt of court proceedings and jail. The Chronicle could also face potential fines. Fainaru-Wada and Williams said Aug. 4 that they won't reveal their source.

Jonathan Donnellan, an attorney for Chronicle owner Hearst Corp. and the reporters, didn't immediately return a message left after hours seeking comment. Thomas Mrozek, a spokesman for the U.S. Attorney in Los Angeles, which is investigating the leaks, declined to comment.

Series of Articles

In a series of stories starting in 2003, Fainaru-Wada and Williams reported on the Balco investigation, disclosing secret grand jury testimony of several athletes, including Bonds, a seven-time National League Most Valuable Player.

The San Francisco Giants outfielder hit his 715th home run on May 28, passing Babe Ruth to take over sole possession of second place on Major League Baseball's all-time home run list. He is now 32 home runs behind Henry Aaron's record.

Fainaru-Wada, 41, and Williams, 56, reported in December 2004 that Bonds told the grand jury he might have unknowingly used substances that contained steroids. Bonds said he thought the substances were flax seed oil and a legal ointment, the articles said. Bonds has denied using steroids.

The articles about Balco led U.S. lawmakers to hold hearings on steroid use and urge tougher rules against performance-enhancing drugs in Major League Baseball, which instituted stricter testing and penalties.

A federal judge overseeing the Balco case ordered an investigation into the leaks, and Fainaru-Wada and Williams received subpoenas ordering them to testify before a grand jury. They refused and asked White to throw out the subpoenas.

Shouldn't Reveal

Lawyers for the reporters and New York-based Hearst had argued Aug. 4 that Fainaru-Wada and Williams shouldn't be forced to reveal their sources because the articles were a public service and their disclosure of secret grand jury testimony wasn't a serious crime.

Five people, including Balco founder Victor Conte and Greg Anderson, Bonds's trainer, have pleaded guilty to giving anabolic steroids to athletes and money laundering.

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The ruling is the latest against journalists fighting subpoenas. A federal judge in San Francisco jailed a freelance journalist on Aug. 1 for refusing to turn over to a federal grand jury a film he took of a street protest as part of U.S. investigation into the burning of a police car.

The case is In Re Grand Jury Subpoenas to Mark Fainaru-Wada and Lance Williams, 06-90225, U.S. District Court, San Francisco.

Lawman, Cleared Of Shoplifting, Accuses Store Of Damaging Career (NYT)

By Ronald Smothers

The New York Times, August 16, 2006

WEST LONG BRANCH, N.J., Aug. 10 — For 26 years, Thomas M. Jobes was an F.B.I. agent, reaching the pinnacle of his career during a four-year-long sting operation that in 2005 led to corruption charges against more than two dozen developers and public officials in Monmouth County.

Then, on a day off in May 2005, Mr. Jobes went to a Home Depot store here to pick up some items to work on his house in Rumson.

Amid the $33.40 worth of PVC pipe, joints and fittings was a four-and-a-half-foot piece of insulated wire that Mr. Jobes said he had cut from a spool marked 9 cents a foot. He wedged the wire in the back of his shopping cart and, he said, forgot about it by the time he reached the self-checkout line. As he left the store, a security guard approached him, pointed to the wire and dismissed Mr. Jobes's insistence that he had simply overlooked it.

And so Mr. Jobes, a 52-year-old F.B.I. agent who worked out of the agency's Red Bank office, was charged with stealing.

Almost immediately, he was removed from the Monmouth investigation, called Operation Bid Rig, while awaiting trial on the shoplifting charge. During that time he was given desk jobs, first in Trenton and then in Newark, that he described as being barely more than that of a receptionist.

In a nonjury trial in Red Bank municipal court in December 2005, Mr. Jobes was found not guilty of shoplifting. But with his spirit crushed and a career he thought was ruined, one of his lawyers said, he retired from the agency in June and filed a lawsuit against Home Depot last week for malicious prosecution.

"Tom Jobes had to tell his family and friends that a man who investigates and prosecutes criminals was being charged with shoplifting, and it was demoralizing," said the lawyer, Andrew J. Calcagno, who is representing Mr. Jobes in his civil suit. "Knowing all of the facts, Home Depot should have just dropped the case. But instead they added fuel to the fire."

A spokesman for Home Depot, Jerry Shields, said recently that immediately after he was stopped by store security, Mr. Jobes signed "a voluntary statement that he intended to take the wire without paying for it." Mr. Shields declined to comment on assertions during the trial that the prosecution took place despite a company policy of not going to court for theft of items valued below $20.

Home Depot is the sole focus of the lawsuit because under an unusual New Jersey law, it was the company, and not a municipal prosecutor, that prosecuted Mr. Jobes. Under state law, a private complainant can prosecute cases in municipal court when local municipal prosecutors decline to prosecute cases that they consider minor. In this instance, when the municipal prosecutor chose not to press the case against Mr. Jobes, Home Depot brought in a lawyer whom it retains for such purposes.

A 1995 New Jersey Supreme Court decision, which upheld the practice with some restrictions, noted that it dated from "ancient England" and "derives from the practice of trial by combat between private parties." But in the context of today's courts, the decision said, such private prosecutions can be problematic because they can undermine a defendant's sense of having an impartial trial.

Operation Bid Rig was always in the background as Mr. Jobes's shoplifting case went forward, whether in news accounts or in his lawyer's legal maneuvers to resolve the case.

The corruption scandal had led to the arrest of Paul Zambrano, the mayor of West Long Branch, and Councilman Joseph DeLisa, who appointed the judge of the municipal court in West Long Branch, who was initially set to hear the shoplifting charges.

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In that atmosphere, Charles Uliano, Mr. Jobes's lawyer at the time, was successful in having the West Long Branch judge recuse himself and in having the case transferred to Red Bank.

Then he sought in a higher court — the Monmouth County Superior Court — to have the case dismissed as too trivial to prosecute. But in that court, Mr. Uliano's opponent would have been the county prosecutor's office — an office that was at that time being investigated by the F.B.I. on charges that it had attempted to hinder the Operation Bid Rig investigation.

Citing a potential conflict of interest, Mr. Uliano sought the removal of the county prosecutor's office from any aspect of the case, a request that was denied by the Superior Court judge who eventually ordered the case to trial.

In a recent interview, Mr. Uliano said that in the interval between Mr. Jobes's arrest and his trial, the possible effect of the corruption investigation on the shoplifting case had been a concern for him. "But in the end," he said, "the case was decided on issues that had nothing to do with that investigation."

Indeed, he said, the judge found that the case involved a mere 40 cents and a defendant who did not intend to steal anything.

The trial lasted only one day. The main questions focused on Mr. Jobes's intent and whether the piece of wire came from a bin where a label instructed customers to cut the wire to their desired length, or from a spool that was not to be cut and that sold for $24.75.

A store detective testified that Mr. Jobes had cut the length of wire from the spool that was to be sold intact. And as proof of his intent to conceal his deed, the detective said, he placed the spool back in the merchandise stacks, but about 10 feet from where he had found it.

Mr. Uliano disputed this, saying that the signs in the self-service area were confusing and that only after Mr. Jobes was unable to find a salesperson did he cut the wire off and place the spool back in the bins.

As for signing a statement that he deliberately took the wire, Mr. Calcagno, the lawyer in the civil suit against Home Depot, insisted that Mr. Jobes was distraught and eager to comply with any request that resolved the issue, and had signed the statement without reading it.

In addition, Mr. Calcagno said that Mr. Jobes complied with F.B.I. regulations by not identifying himself as a law enforcement officer — a regulation intended to prevent bureau personnel from taking advantage of their position.

During that time, store personnel said that Mr. Jobes kept saying: "Cut me a break here. I have four kids."

Once the police arrived he identified himself as an F.B.I. agent, which he is also required to do, and store personnel reports quote him as saying, "You're going to ruin my career."

Judge William Himelman of Red Bank municipal court found Mr. Jobes not guilty, saying that he could not imagine him deliberately putting a career in law enforcement on the line for a 40-cent length of wire, though he added that he remained puzzled about why the agent would voluntarily sign a statement admitting he shoplifted.

Yet despite being found not guilty, Mr. Jobes retired from the bureau six months after the case ended because, Mr. Calcagno said, he felt that he would never again be assigned to the kinds of cases he had been handling before the situation arose.

Furthermore, he said, Mr. Jobes suffered ridicule and embarrassment on a local television news broadcast that joked about how the F.B.I. usually listened in on the wire, not took it, and that Howard Stern had a made fun of Mr. Jobes on his nationally syndicated radio show.

"This was a malicious prosecution that didn't have to go this far," Mr. Calcagno said.

Evidence Shows Pot Farms Lucrative (TT)

Tampa Tribune, August 16, 2006

TAMPA - They were just like any other businessmen with an idea.

They brought potential investors to Tampa from Atlanta and toured the area with a real estate agent. They talked about franchises, employees and profits.

They were schooled in the ways of the business and how to get the highest yield.

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Indoor marijuana farms in residential neighborhoods across the Tampa Bay region were bringing in big money, according to testimony and evidence presented Tuesday in the trial of Herbert Ferrell Jr. in U.S. District Court.

The prosecution says Ferrell was a leader in a ring that grew the weed in at least 10 houses in upscale areas. Ferrell's attorney has said Ferrell was entrapped by snitches working for law enforcement, including a musician, Harvey "Duke" Faglier, whom the attorney described as a tattoo-covered monster.

All 10 of Farrell's co-defendants have pleaded guilty and agreed to cooperate.

One of them, Mynor Bonilla, testified Tuesday, giving jurors an inside view of the ring. As Assistant U.S. Attorney Anthony Porcelli showed photographs of lush indoor farms, Bonilla described an operation that wired houses specially and equipped them with intensely hot lights, using winches to raise the lights as the plants grew.

Bonilla testified he left a $32,000-a-year job at Chase Bank to work for the ring, where he earned $105,000 in 2005.

Bonilla said he went with Ferrell to Georgia to meet with potential investors, not knowing the investors were police informants. Bonilla said he also accompanied Ferrell and other members of the ring as they showed the investors a growing operation in Tampa and houses they were considering buying to outfit as farms.

Bonilla has pleaded guilty to drug conspiracy charges and is scheduled to be sentenced in November.

Porcelli played recordings of conversations involving Ferrell, Bonilla and the Georgia investor, Dan Delpiano. Ferrell can be heard talking about hydraulic lifts, reverse osmosis and automatic winches. Ferrell discusses setups involving either four or nine plants per light. He also talks about putting lights underneath plants so the rays reach buds on the bottom.

Ferrell also can be heard discussing young plants as babies.

Faglier was an informant from Georgia who wound up moving into a house on Crooked Lane in Lutz with his wife and dog, Rambo. The house was operated as a grow farm under the supervision of the Drug Enforcement Administration.

Defense attorney Joseph Bodiford has told jurors Faglier was a tattoo-covered beast who forced Ferrell into participating in the pot-growing business.

Dressed in a smart, gray business suit, Faglier described himself as a former law enforcement officer in Georgia and Tennessee. He said he has worked as an informant for law enforcement since 1973. But he said he is a musician by profession and has played with Jerry Lee Lewis and others.

Thick-necked, with a gentle voice and a shock of white hair, Faglier said he played the role of an eager student, taking notes as Ferrell gave him information about marijuana growing and introduced him to others in the ring, who showed him how it worked.

The idea, Faglier said, was that he was going to learn and then set up franchises in the Atlanta area.

U.S.-supplied Planes Spray Coca At Colombian Park, Amid Doubts Over Strategy (AP)

AP, August 16, 2006

BOGOTA, Colombia -- Colombian authorities have for the first time used U.S.-supplied planes to spray a pristine national park used by leftist rebels to grow coca -- the raw ingredient for cocaine -- despite environmental concerns.

Anti-narcotics police chemically fumigated the Sierra Macarena national park -- 170 kilometers (105 miles) south of the capital of Bogota -- last week, clearing its entire 4,600 hectares (11,370 acres) of coca.

The spraying destroyed coca capable of producing 16 metric tons (17.5 tons) of high-grade cocaine and was likely a major blow to the Revolutionary Armed Forces of Colombia, or FARC.

But environmentalists complain that the spraying of herbicides harms the environment and causes health problems for those living in the area. Local groups have promised a court battle to prevent any spraying in 11 of Colombia's other 50 protected preserves known to have coca.

President Alvaro Uribe announced the park would be fumigated by air after a 100-kilogram (220-pound) bomb planted by leftist rebels exploded on Aug. 2, killing six peasants hired by the government to uproot the coca by hand.

The "world will have to understand that we must fumigate," he said.

Uribe said he wants to double aerial spraying, and his top military advisers want to expand the practice to the 11 other parks known to have coca.

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"It's the most efficient way to do our job," Gen. Jorge Baron, head of the anti-narcotic police, told The Associated Press.

In addition to those killed by the bomb, 26 workers, soldiers, and police guards have been killed at the Sierra Macarena park since December, when the government launched a manual eradication drive there involving 3,000 troops -- its biggest ever. Some 200 other workers quit, fearing for their lives.

Washington has long urged Uribe to extend spraying to parks and provided the glyphosate herbicide, as well as Black Hawk helicopters used for protection, during the missions.

The U.S. said in a March indictment of FARC leaders that the rebel group is the world's largest drug cartel, responsible for more than half of the cocaine produced in the world.

"If the FARC thought the government would allow coca to grow untrammeled in its national parks, they've obviously miscalculated," said James O'Gara, deputy director of supply reduction for the White House's Office of National Drug Control Policy.

But the chemical fumigation of a park in one of the world's most biodiverse countries drew sharp criticism from environmentalists and others.

"Those who think fumigating La Macarena, and perhaps other parks, will wipe out coca production are wrong," the normally pro-government newspaper El Tiempo said last week. "Instead, there will be more coca, and less park, as rebels destroy more forests, deeper inside the park, to continue planting."

The editorial echoed the belief of a growing number of Colombians and key U.S. Congress members that aerial spraying -- a cornerstone of the drug war -- is failing.

Despite a record fumigation of 140,000 hectares (345,000 acres) last year in Colombia, the latest U.S. government survey found that 26 percent more land was dedicated to coca production -- a major rise due in part to a near doubling of the satellite survey area on which the estimate was based.

Critics say that the anti-narcotic program known as Plan Colombia -- which has cost American taxpayers more than US$4 billion since 2000 -- is falling well short of its goal of halving coca production in five years.

The coca in Colombia's protected nature reserves represents only 7 percent of last year's total crop of 144,000 hectares (355,000 acres) -- an area 25 times the size of Manhattan. But the government's previous reluctance to spray in those areas means coca crops are growing at a faster-than-average rate -- more than 14 percent last year, according to a United Nations report.

"The drug trade is dynamic and traffickers are always looking for weak spots and areas that have traditionally been off-limits," O'Gara said. (AP)

Gang Summit: Building A Safer Tulsa: Gathering To Focus On Prevention (TULSAW)

By David Harper, World Staff Writer

Tulsa World, August 16, 2006

At least 13 homicides this year in Tulsa have been linked to gangs or illegal drug sales. Prevention will be the theme next month when community groups and law enforcement officials come together to address Tulsa's gang problem.

Mayor Kathy Taylor and U.S. Attorney David O'Meilia announced Monday that a gang-prevention summit will be held Sept. 20 and 21 at the Maxwell Convention Center.

Called "Building a Safer Tulsa," the event is expected to attract as many as 200 members of the community representing a variety of organizations and interests that work to stem participation in violent street gangs.

The groups will include not only those who work in the court systems and law enforcement but also representatives of area churches, schools and neighborhood groups.

Monday's press conference took place against the backdrop of a playground in Tulsa's Kendall-Whittier neighborhood.

Taylor said children such as those playing just a few yards away are the "future of the community" and that the summit is designed to add to efforts already under way to steer them away from gang life.

With 43 homicides so far this year, Tulsa is on pace for a record-setting 70 homicides. Police have said at least

13 of the killings were directly tied to gangs and/or illegal drug sales.The city's record for homicides -- 69 -- was set in 2003.

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Within Taylor's first 30 days in the Mayor's Office, she said, four groups contacted her regarding their anti-gang work.

"A number of agencies and organizations in the Tulsa area currently work to divert youth and adults from participating in gangs," Taylor said. "The purpose of this summit is to help provide coordination, reduce overlap and create a dialogue among these groups.

"By bringing everyone to the table and working together, we can leverage our resources," she said. "This summit allows us to create an actionable plan to effectively tackle this growing problem."

O'Meilia announced in June the founding of the Tulsa Area Gang Strike Force to better coordinate efforts targeting gang members who "menace and terrorize" the community."

He said Monday that besides law enforcement efforts, it is important to engage in community outreach to prevent people from getting involved in gangs.

"This working summit will lay a foundation for a permanent and comprehensive strategy to reduce the impact of street gangs and make our Tulsa-area communities safer," O'Meilia said.

Last spring, U.S. Attorney General Alberto Gonzales directed each U.S. attorney to convene a gang-prevention summit in each federal district to explore "additional opportunities in the area of gang prevention."

These summits were to be held this year and are designed to bring together law enforcement and community leaders to discuss best practices, identify gaps in services and create a prevention plan to target at-risk youth within each community, according to a U.S. Department of Justice press release.

O'Meilia said the meeting also will address the reintegration of formerly incarcerated gang members into the community.

Those interested in participating in the summit or wanting more information can call Carol Bush at 585-5209.

Bomb-case Evidence Is Sent To Lab (SSJ)

By ALAN GUSTAFSON And DENNIS THOMPSON

Salem (OR) Statesman-Journal, August 16, 2006

Investigators hope to find out who put bombs under cars

Lab work might help investigators figure out who strapped four pipe bombs to vehicles last week.

Evidence gathered in the Salem-area case was turned over Monday to a Walnut Creek, Calif., laboratory run by the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, officials said.

Speedy results are sought, said Colene Domenech, the supervisor of the ATF's arson and explosives office in Portland, but she gave no specific time frame.

"We have some good people down there that understand the immediacy of the situation," she said.

All four bombs were found Thursday, two still wired to the undercarriages of cars and two lying on the ground. Investigators have not revealed how the bombs were meant to be triggered or why they failed to explode.

The devices could have been deadly if they had detonated, officials said. Police bomb squads disabled all the bombs without injury.

ATF agents and Salem police are leading a task force investigating the case. Because the four pipe bombs were built in similar fashion, investigators think they were made by the same person.

Two of the bombs were found attached to SUVs, one in the Salem Hospital parking lot and the other in the parking lot of the Tyco electronics plant in Dallas, west of Salem. Officials suspect that the bomb found in Dallas was attached in Salem to the vehicle of an employee who lives in Salem.

The two bombs found on the ground -- one in the parking lot at the Roth's grocery store on Lancaster Drive NE and one in a South Salem residential neighborhood -- are presumed to have fallen off moving cars.

The driver of one of those cars has approached police, officers said Monday.

The South Salem woman contacted police Friday evening after looking under her car and finding an odd wire dangling down, Salem police Lt. Bill Kohlmeyer said.

The woman checked under her car in the driveway, prompted by media attention given to the case, and discovered the loose wire, Kohlmeyer said. He declined to say what kind of vehicle she owned.

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All three known potential victims are from South Salem, the only apparent link police have discovered among them. The fourth potential victim remains unknown. That person might not have known about a bomb before it fell off his or her vehicle.

Investigators have no reason to think that there might be more bombs that have not been found, Domenech said Monday.

Even so, authorities advised Salem-area residents to continue checking under their cars for suspicious-looking wires or pipes.

"If I lived in that area, I would check my car," Domenech said.

Domenech, a veteran ATF official who recently arrived in Oregon from New York, said that she had not encountered another case in which four pipe bombs were recovered during a single day.

"One, maybe two," she said. "This is the most I've seen."

Officials have not revealed possible motives for the attempted bombings.

"There's really not one motive that stands out when it comes to bombings," Domenech said. "It's revenge, it's politically motivated, it can be kids blowing up each other's cars just for the fun of it."

The motivation of a bomber can make a big difference for investigators trying to catch the culprit or culprits.

"That's kind of a tricky situation," Domenech said. "It all depends on the bomber's state of mind and how they're selecting their victims. If they're indiscriminate, it's harder to pin down. If they have an intended victim, like a revenge bombing, it's a lot quicker."

Nationally, pipe-bomb incidents are about 30 percent of the bombing incidents investigated by the ATF.

In 2003, 386 bombing incidents were reported nationwide, resulting in seven deaths, 55 injuries and $5.4 million in property damage, ATF statistics show.

Investigators continue to seek public assistance that might help solve the attempted bombings in Salem.

"We're committed to following up on all the leads," said special agent Julianne Marshall, a spokeswoman for the ATF in Seattle. "We're still encouraging people to be alert, and if they have any information at all, we would appreciate that. It's like a puzzle. We don't always have all the pieces at once. You never know when something will drop into place."

Fugitive Task Force Will Open Satellite Office In Hudson (JJ)

By Michaelangelo Conte, Journal Staff Writer

Jersey Journal (NJ), August 16, 2006

The U.S. Marshals Service's New York/New Jersey Regional Fugitive Task Force is tightening its cooperation with Hudson County law enforcement by opening its first county satellite office in Secaucus, officials said.

"It will help us go after the worst of the worst in the Jersey City area," said U.S. Marshal for the District of New Jersey James T. Plousis at a press conference in the office of Hudson County Prosecutor Edward DeFazio yesterday.

"We extend the long arm of the law for the prosecutor's office," Plousis quipped.

The county satellite office is expected to open in September in office space the county is providing in Secaucus' Meadowview Complex, DeFazio said. It will be staffed by officers on loan from the Hudson County Sheriff's Office, Jersey City Police officers, investigators from the Hudson County Prosecutor's Office, U.S. Marshals and Hudson County corrections officers, he said.

DeFazio said he is hopeful officers from other Hudson County municipal police departments will be loaned to the satellite office.

DeFazio presented plaques to U.S. Marshals Senior Inspector Tim Hein and Inspector Daniel Potucek for their service to Hudson County.

"We really couldn't have caught some of these guys without the resources of the marshals," DeFazio said. "This will help us focus on our indigenous fugitives. Let's face it, we have a number of fugitives from Hudson County."

IMMIGRATION:

Immigrants Admit Guilt In Nuptials Scam (KCS)

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By Tony Rizzo

The Kansas City Star, August 16, 2006

"Until death do us part" did not extend beyond the courthouse steps for three members of an immigrant family after each member married U.S. citizens in Kansas City.

Their vows were hollow, part of a scheme to deceive immigration officials so the family could become permanent U.S. residents, federal prosecutors alleged.

On Monday, all three pleaded guilty in U.S. District Court in Kansas City to conspiracy to commit marriage fraud.

Mohamed Elouerrassi, 54, his wife, Saadia Gourche, 52, and their 24-year-old daughter, Fadoua Elouerrassi, admitted they lied to immigration officials when they claimed to reside with their American spouses. The crime is punishable by up to five years in federal prison and could result in their deportation.

Charges are pending against Gourche's brother, Rachid Gourche, who allegedly undertook a similar sham marriage.

One of the American "spouses," Joyce R. Porter, pleaded guilty earlier this month to entering into a false marriage with Mohamed Elouerrassi.

The family initially lived in California after arriving from Morocco in 1997 with visitor visas.

The three moved to Kansas City in 1998. Each married U.S. citizens in Jackson County. In subsequent dealings with immigration officials, they provided information under oath that they resided with those spouses, when in fact they did not, according to their written plea deals.

The conspiracy occurred between October 1999 and December 2003.

Sentencing dates will be scheduled after presentence investigations completed.

City's Rules On Illegal Immigrants Draw First Lawsuit Of Its Kind (WSJ)

By Miriam Jordan

The Wall Street Journal, August 16, 2006

The former coal-mining city of Hazleton, Pa., faces the country's first lawsuit against a municipality that has passed an anti-illegal-immigration ordinance in an attempt to mitigate the perceived cost of absorbing undocumented newcomers.

Hazleton's ordinance, passed last month, bans renting property to illegal immigrants, fines employers for hiring them and makes English the official language. Now, a group of civil rights and Hispanic organizations has filed a lawsuit in U.S. District Court in Pennsylvania, saying the ordinance is unconstitutional and should be immediately blocked.

"Blaming many of its ills, including crime, failing schools, rising tax rates and decaying neighborhoods on 'illegal aliens', Hazleton passed the ordinance with the express goal to drive what it calls illegal aliens out of town," says the complaint filed yesterday.

The lawsuit also says the ordinance infringes on the constitutional rights of all Hazleton residents who look or sound like foreigners, not just those in the U.S. illegally. The Puerto Rican Legal Defense and Education Fund, the American Civil Liberties Union and several attorneys sued on behalf of 11 Hazleton residents and business owners as well as three nonprofit groups.

Hazleton Mayor Louis Barletta says his city of 31,000 "won't be bullied by those threatening lawsuits" and plans to "take this as far as we have to go, to the highest court."

Amid failure by the federal government to formulate a new immigration policy, six municipalities -- four in Pennsylvania, one in New Jersey and one in Missouri -- have passed ordinances to crack down on illegal immigration. Three towns have rejected proposed ordinances, and more than 15 others have published or are considering similar legislation.

"Federal immigration reform doesn't look like it's going anywhere," says Broderick Bagert, an organizer with the Houston-based Industrial Areas Foundation, a network of grassroots religious and community groups. Therefore, "all over the country we see attempts by anti-immigrant activists to force states and localities to draw mean-spirited legislation against immigrants." In Houston, a group called Protect Our Citizens is trying to gather 20,000 signatures in order to put on the November ballot a charter amendment that would enlist local police to enforce immigration law.

The Hazleton ordinance, approved by the council by a margin of 4-1 on July 13, is to take effect at the end of the month after undergoing minor amendments. Under its provisions, property owners are subject to fines of $1,000 a day for renting

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property to individuals classified as "illegal aliens." Business owners face fines and suspension of their operating licenses for hiring them. The ordinance states that the town isn't required to print official documents in a language other than English.

Advocates for immigration hope that the cost of fighting lawsuits could have a damping effect on cities considering similar ordinances. "The city will... face major litigation costs," said Cesar Perales, president and general counsel of the New York-based Puerto Rican group steering the legal challenge to Hazleton's ordinance.

But Hazleton council president Joe Yannuzzi says that illegal immigrants moving to the area have been responsible for "some very serious crimes." Mr. Yannuzzi said that "the only way we could help ourselves was to penalize people who employ them or rent to them."

Hispanic Activists Sue Over Illegal-immigrant Crackdown In U.S. City (FINDLAW/AP)

By Michael Rubinkam, Associated Press Writer

AP, August 16, 2006

(AP) - ALLENTOWN, Pennsylvania-Hispanic activists and the American Civil Liberties Union sued a U.S. city on Tuesday over one of the toughest crackdowns on illegal immigrants.

Hazleton, Pennsylvania, a city of about 31,000 people 80 miles (130 kilometers) from Philadelphia, voted last month to fine landlords $1,000 (â,¬780) for renting to illegal immigrants, deny business permits to companies that give them jobs, and make English the city's official language.

The lawsuit contends that the Constitution gives the federal government exclusive power to regulate immigration and that the city's ordinance is discriminatory and unworkable.

"It makes every person who looks or sounds foreign a suspect, including those who are here legally," Witold Walczak, legal director of the ACLU of Pennsylvania, said in a statement. "You might as well just paint a target on every foreigner's forehead or a sign saying, 'Please treat me differently.'"

Mayor Lou Barletta, who proposed the ordinance after two illegal immigrants were charged with shooting and killing a man, said Hazleton would stand its ground.

"They are attempting to scare the city into backing off. It's not going to work. We're not going to be bullied," he said. "We're confident the ordinance will stand up to judicial scrutiny and we'll fight it as far as we have to."

Frustrated by inaction in Washington, many cities and states have passed their own measures to restrict or punish illegal immigrants and those who do business with them. Some local officials see the Hazleton lawsuit as a test of their ability to take immigration matters into their own hands.

"I believe this will be a landmark case. A line has been drawn here in Hazleton. This will impact cities all across the country," the mayor said.

Separately, another group of civil rights activists Tuesday filed a lawsuit against Riverside, New Jersey, a Philadelphia suburb that passed an ordinance similar to Hazleton's.

The Congressional Research Service, a nonpartisan agency that writes reports for lawmakers, said in a recent analysis that federal law probably precludes municipalities from enforcing such measures.

The Puerto Rican Legal Defense and Education Fund, the ACLU and other groups filed the lawsuit on behalf of 11 Hazleton residents and business owners and three nonprofit groups.

Among the plaintiffs are landlords who say they lost tenants and a Mexican immigrant who says her grocery store and restaurant have fallen on hard times since the ordinance was passed.

It is not clear how many illegal immigrants live in Hazleton, but the city's Hispanic population has soared in recent years.

Activist Refuses Deportation, Takes Refuge In Church (CHIT)

By Oscar Avila

Chicago Tribune, August 16, 2006

Taking refuge in a church, a prominent advocate for illegal immigrants publicly defied federal authorities in Chicago who were trying to deport her Tuesday.

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Elvira Arellano, who became a national spokeswoman for families facing deportation, had been ordered to report to the Department of Homeland Security by 9 a.m.

Instead, Arellano appeared at the pulpit of Adalberto United Methodist Church in the Humboldt Park neighborhood, vowing before dozens of supporters that she would not return to Mexico "like a coward." She said she would stay in the church indefinitely with her 7-year-old son, a U.S. citizen.

Arellano's move, which apparently took many of her supporters by surprise, recalled the 1980s sanctuary movement, in which many liberal congregations around the U.S. took in illegal immigrants who were fleeing war in Central America.

Her supporters invoked the notion that lawbreakers can be protected in a house of worship, a tradition that dates to the ancient Greeks.

"If Homeland Security chooses to send agents to a holy place, I would know that God wants me to serve as an example of the hatred and hypocrisy of the current administration," Arellano said.

But defying the order also puts Arellano, 31, at risk of even stiffer punishment, including detention.

Because Arellano ignored her deportation order, officials with U.S. Immigration and Customs Enforcement said she is now considered a fugitive. Spokesman Tim Counts said agents have the authority to go into a church or anywhere else to make an arrest.

"We will take action at the time and place of our choosing," Counts said.

Legal experts agree that a church offers no formal protection, but they say it could put the government in an awkward position.

"Just because you are in a church doesn't mean you are less deportable in a legal sense," said Joel Fetzer, associate professor of political science at Pepperdine University. "But in a political sense, it looks very bad to be hauling people out of churches as the camera rolls."

Arellano, a cleaning woman at O'Hare International Airport, was arrested in 2002 during an immigration sweep aimed at securing the nation's aviation system after the Sept. 11, 2001, attacks. Authorities discovered she had been using a fake Social Security number to work and had previously been deported and re-entered the country illegally.

U.S. Sen. Dick Durbin (D-Ill.) and other members of the state's congressional delegation urged homeland security officials to let Arellano remain in Chicago to care for her son, Saul, born in the U.S., who has ADHD and other health problems. She was granted three stays of deportation starting in 2003.

No longer in hiding, she began to speak openly about her own experiences and became a symbol for the state's 400,000 illegal immigrants.

She took her case to Mexico President Vicente Fox and to the Statehouse in Springfield. She helped found and became president of United Latino Family, a Pilsen-based group that lobbies for families that could be split by deportation.

But some of those sympathetic to her cause, including Durbin, suggested that another stay of deportation would be harder to justify because her son's condition has improved. Immigration officials say that without a U.S. senator's request, they cannot grant such a stay.

"It is an unfortunate truth that scores of people are in the same situation as Elvira and her family," Durbin said in a statement Tuesday. "We cannot fix the injustices of this system with private bills. Only comprehensive immigration reform can permanently remedy this situation."

Now Arellano says her only option is to seek sanctuary.

In a 2003 article in a Harvard Law School journal, law professor Wayne Logan recounted how the Greeks and Romans offered limited protections to criminals who sought shelter in temples. In the 10th Century, England's civil authorities designated sanctuaries marked by a series of crosses, Logan said.

But the tradition faded, and these days, those who invoke sanctuary typically do so as a form of civil disobedience.

When churches and synagogues harbored illegal immigrants fleeing civil war in El Salvador and Guatemala in the 1980s, U.S. authorities charged and convicted several ministers. The U.S. Supreme Court in 1987 upheld the arrests, saying they did not violate freedom of religion.

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But some religious leaders have said recently they are not bound to follow tough immigration laws they consider immoral. In March, Cardinal Roger Mahony in Los Angeles said he would urge priests to ignore a proposed federal law that would increase criminal penalties against those who assist illegal immigrants.

Fetzer, who has researched sanctuary movements, said that as more people face deportation, some may choose to follow Arellano's example.

Carlina Tapia-Ruano, a Chicago immigration attorney, said the defiance might make homeland security officials more determined to take action so they aren't viewed as soft on illegal immigration.

"Any attention given to this case makes the next step unpredictable, whether it is by the agency or whether it is by Elvira," said Tapia-Ruano, president of the American Immigration Lawyers Association.

Arellano's supporters say that if agents do try to make an arrest at the church, they want it to be a chaotic scene, much like the 2000 raid in which federal agents seized 6-year-old Elian Gonzalez to return him to his father in Cuba.

As her backers offered hugs and kind words, Arellano said she is prepared to pay the consequences of defying the U.S. government.

"If I have to spend 10 or 20 years in jail, I don't care," Arellano insisted. "Because I am going to fight."

Border Patrol Agents' Conviction Riles Union Chief (WT)

By Jerry Seper

The Washington Times, August 16, 2006

Two U.S. Border Patrol agents facing 20 years in prison for shooting in the buttocks a drug-smuggling suspect should get a new trial because they are "victims of prosecutorial misconduct," including an unjust grant of immunity, says the head of the National Border Patrol Council.

NBPC President T.J. Bonner said exonerating evidence was withheld during the March trial of Senior Agents Ignacio "Nacho" Ramos and Jose A. Compean, whose sentencing is set for Tuesday, adding that the agents followed long-established Border Patrol policies in the incident.

He also said the suspect fled into Mexico after the shooting but later was given immunity on drug-smuggling charges to testify against the agents.

"This thing stinks to high heaven," Mr. Bonner said. "I am outraged and at a loss to explain why there were so many irregularities in this case. The only thing that is clear is that the prosecutors pointed their guns at the wrong guys, the good guys, and they let the bad guy walk. Now they want to send these agents to prison for doing their job.

"That offends me, and I believe most Americans would agree," he said.

On Friday, two of the 12 jurors who convicted the agents told the Inland Valley Daily Bulletin in Ontario, Calif., that they were pressured by prosecutors to return guilty verdicts and that other jurors sought a quick verdict because spring break was a week away and they wanted to avoid a long deliberation.

Osbaldo Aldrete-Davila was wounded as he ran from the agents along the Rio Grande near El Paso, Texas. The agents said he pointed what appeared to be a gun at them as they tried to apprehend him. More than 800 pounds of marijuana, worth $1 million, was found in the van he abandoned at the river's edge.

Aldrete-Davila is suing the federal government for $5 million, saying his civil rights were violated.

A federal jury in El Paso convicted Ramos, 37, and Compean, 28, in March of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation. The shooting occurred Feb. 17.

Spotted in his van near the Rio Grande, records show Ramos gave chase while Compean circled around to head off the suspect. When Aldrete-Davila jumped out of the van and ran south to the river, he was confronted by Compean, who was thrown to the ground as the two men fought. Ramos said he saw Compean on the ground and chased Aldrete-Davila to the river, where the suspect suddenly turned toward him, pointing what looked like a gun.

"I shot, but I didn't think he was hit because he kept running into the brush and then disappeared into it," Ramos said. "Later, we all watched as he jumped into a van waiting for him. He seemed fine. It didn't look like he had been hit at all."

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Mr. Bonner said that two weeks later, Aldrete-Davila called a Border Patrol agent in Arizona to say he was "forming a hunting party" to track down and shoot some agents for revenge. Mr. Bonner said the agent, who lived in Mexico and knew Aldrete-Davila before immigrating to the United States and becoming a citizen, advised against the plan and said he would report the incident to the Department of Homeland Security.

An investigator from the Office of Inspector General tracked down Aldrete-Davila in Mexico, where he was offered immunity in exchange for testimony. Assistant U.S. Attorney Deborah Kanof, who prosecuted the case, was not available yesterday for comment. During the trial, she argued it was a violation of Border Patrol policy for agents to pursue fleeing suspects.

Mr. Bonner, a 28-year Border Patrol veteran, also said the NBPC, which represents all 10,000 of the agency's nonsupervisory agents, opposed efforts under way in California by Friends of the Border Patrol and Grassfire.org to petition President Bush for a pardon, saying that would suggest the agents did something wrong. He said the NBPC "is confident the agents will be exonerated at a fair trial."

Border Patrol officials have declined to comment on the case, citing pending litigation.

TAX:

Dentist Convicted Of Hiding $300K Of Taxable Income In Secret Accounts (AP)

AP, August 16, 2006

SAN FRANCISCO (AP) - A dentist from Danville, California, faces up to five years in prison and $250,000 in fines for hiding $300,000 from the IRS in a secret offshore bank account.

Roy Albert Lewis was convicted of income tax evasion and conspiracy to defraud the government last week in US District Court.

The Justice Department says Lewis' medical practice paid expenses over a ten-year period to Denver-based Tower Executive Resources to generate huge tax deductions.

Two tower operators were convicted earlier this year of conspiracy and assisting in the preparation of fraudulent tax returns after a trial in Denver.

Prosecutors say Lewis' father, 72-year-old Leroy Albert Lewis, still awaits trial on fraud and tax-evasion charges.

Warrant Issued For CEO Who Failed To Show Up For Trial (AP)

AP, August 16, 2006

MINNEAPOLIS - An arrest warrant has been issued for the millionaire chief executive of a Maple Grove computer products company who failed to appear for the opening of his federal tax evasion trial, The U.S. Attorney's Office said Tuesday.

U.S. District Judge Ann D. Montgomery issued the arrest warrant for Robert B. Beale shortly after his trial was scheduled to begin Monday.

Beale, 63, of North Oaks, founder and CEO of the Comtrol Corp., was indicted in January on one count of conspiracy to defraud the United States and five counts of tax evasion for allegedly failing to pay personal income tax on more than $5.6 million, authorities said.

The Internal Revenue Service says Beale owes $1.6 million in federal taxes plus interest and penalties.

Beale has written to President Bush and U.S. Attorney General Alberto Gonzales asking that charges against him be dismissed. If convicted, he faces up to 30 years in prison.

"He fundamentally believes, and has stuck to his belief since this case started, that the federal income tax is illegal," said Bradford Beale, his son and vice president of Comtrol.

Bradford Beale said family members were in court Monday for the start of jury selection and were surprised when his father failed to show up. Lee Stagni, Comtrol's former president and chief operating officer, who also is indicted in the case, was there.

In a trial brief filed last week, Assistant U.S. Attorney Timothy Rank wrote that the elder Beale "engaged in a concerted effort with others at Comtrol to conceal and disguise the source, location and amount of Beale's income."

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Rank wrote that it was common knowledge at the company that Beale was opposed to paying taxes and was encouraging people at Comtrol not to pay their taxes

In federal documents he filed himself, Beale has accused the government of engaging in fraud and seeking to deprive him of his liberty.

He fired his attorney, Dan Scott, saying that for Scott to represent Beale, the person, is "an absurdity." He has kept Scott on to represent him as a "corporate entity."

Family members and Scott said they didn't know Beale's whereabouts.

In addition to a large house in North Oaks that a real estate Web site showed was for rent, Beale has a home in Naples, Fla., that he claims as his legal residence. He also owns property near Mora, authorities said.

Bradford Beale said that from the perspective of Comtrol, which employs 75 people in Minnesota, the case is "an entirely personal matter between Robert Beale and the IRS, and the company is no way involved. ... The company pays its taxes as joyfully as one can."

Agents of the U.S. Marshal's Service and the IRS are looking for Beale, who is believed to be driving a 2000 black S-500 Mercedes Benz, Florida license plant number 198MYL or a 1998 green GMC Yukon, Florida license plate number H55RAL.

Charities Begin At Home (WSJ)

By Jennifer S. Forsyth

The Wall Street Journal, August 16, 2006

In 1984, Raymond and Eleanor Devereaux paid $100,000 for 11 acres atop a small mountain about 35 miles from San Diego. By last year the property -- with its log home and views of Cleveland National Forest -- was worth $1.3 million.

When it came time to plan their estate, Mr. Devereaux, 90 years old, and Mrs. Devereaux, 84, decided to give their mountaintop retreat to charity. In exchange for donating the property to Consumers Union, the nonprofit publisher of Consumer Reports, they got a $60,000-a-year annuity and the right to live there for the rest of their lives. The deal also helped them avoid some capital-gains taxes, eliminated estate taxes on the property and gave them a federal income-tax deduction. And, of course, they got a free lifetime subscription to the magazine.

"We get quite a good income from it and a tax break. I knew about Consumers Union and always thought well of them," says Mr. Devereaux, who retired at 57 from a career in construction and engineering, adding that the charity "looked as good as any other."

The Devereauxs are part of a growing wave of philanthropists looking to avoid or reduce bigger tax bites created by the rapid run-up in real estate values. Nonprofit groups, which once shied away from real-estate donations because they feared getting stuck with swamp land or lacked the expertise to handle complex land transactions, are seizing the opportunity with new marketing programs. Their target: World War II-era property owners finalizing estate planning and baby-boomers who have seen their second-home and other real-estate investments balloon in value.

Consumers Union is featuring the Devereauxs, standing on their Descanso, Calif., mountaintop, in ads in its magazine, urging others to follow their example and offering "peace of mind and fixed-income for life." On Sept. 1, Long Island University will launch a direct-mail campaign soliciting real estate-donations. In a brochure issued last week, the Foundation for Vassar Brothers Medical Center in Poughkeepsie, N.Y., urged potential donors "to consider the possibilities of what real estate can do for you!" One particular focus: retiring doctors unsure of what to do with their offices.

"Real estate in almost all cases is a major gift, probably the asset that's worth the most in a person's estate," says David Clough, director of endowment and planned gifts for the Educational Broadcasting Corp., which is ramping up property contribution appeals for its public-television channels in the New York area.

Charities often sell donated properties quickly and reap the proceeds, though some that provide community services may be able to adapt a building for their programs. And some -- such as the Trust for Public Land, which preserves open space, and Habitat for Humanity, which builds homes for low-income residents -- expressly need land to fulfill their mission.

Charities still turn down many offers of real estate, perhaps as high as 80%, some experts estimate. They are likely to turn down property with environmental problems, that can't be sold quickly or that has multiple owners who aren't in agreement on the

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donation. If a donor wishes to give property that has a mortgage, typically the charity must be willing to pay off the mortgage, known in the industry as a bargain sale, says Caroline Camougis, co-managing director of Delphi Partners, a New York-based real-estate donation advisory firm.

Long Island University rejected an offer of property in the Pocono Mountains of Pennsylvania after an engineering firm determined that it wouldn't be possible to build a house on the property, thus minimizing its resale value. Yet, the university still believes the benefits of soliciting real-estate donations outweigh the risks.

"We're not Princeton. So certainly a $500,000 house would be a fabulous donation for us," says Jennifer Goodwin, the university's director of major gifts and planned giving. "It could go a long way to helping us fulfill our mission."

For many people, their home is their biggest asset, and it has soared in value in recent years: the median home price in the U.S. rose to $217,900 from $180,200, almost 21% from 2003 to 2006.

The potential tax hit of selling one of these rapidly appreciating properties has become more painful. Under a 1997 law, most married couples who file jointly can exclude as much as $500,000 of their gain -- $250,000 for singles -- on the sale of a home that qualifies as their principal residence. But that exclusion hasn't been enough to avoid capital-gains taxes for many homeowners in markets with the highest price appreciation, such as parts of California and Florida. And these exclusions don't apply for gains on property not qualifying as a principal residence -- such as a vacation home. Capital-gains tax rates typically can be as high as 15% at the federal level, says Neal Myerberg, a principal in the Old Greenwich, Conn.-based firm of Myerberg Shain & Associates, which advises charities.

Property donors generally can deduct the fair-market value as an itemized deduction on their federal income taxes -- amounting to up to 30% of their adjusted gross income. However, any real-property donation of more than $5,000 must have a qualified independent appraisal and if it's worth more than $500,000, the donor must attach the appraisal to their income tax return, says Alan Weiner, a tax partner at the accounting firm of Holtz Rubenstein Reminick LLP, in Melville, N.Y.

To be sure, such contributions still are driven partly by altruism: 97% of all charitable bequests are based primarily on a desire to support the charity compared with 35% who are looking to reduce their taxes, according to a 2000 survey by the National Committee on Planned Giving.

Charmaine DeNoyer, 73, whose mother died in June at age 94 after a long struggle with colon cancer, wanted to help the American Cancer Society. But donating her condo in Milwaukee to the charity also helped her out of a tax bind, though the idea first seemed ludicrous to her sister. "She said, 'Are you crazy? You're giving it away?'" recalls Ms. DeNoyer.

She owned a condo in Milwaukee, but wanted a larger one. Yet because she had spent several years retired in Florida before returning to care for her sick mother, Ms. DeNoyer could not claim the Milwaukee condo as her primary residence under tax rules.

If the condo had sold for its appraised value of about $106,000 -- up from the $28,000 she paid in 1975 -- Ms. DeNoyer would have owed taxes on capital gains of about $70,000. Under a so-called flexible charitable gift, the American Cancer Society sold the condo and set up an annuity for Ms. DeNoyer of $45,397. The rest -- $60,602 -- was considered a taxable donation that she could claim as a deduction on her federal income taxes. She will be eligible to start drawing from the annuity in 2010, at an annual amount of $9,120. That would be extra income -- in addition to her teacher's pension, her social security and another annuity she set up -- to ensure she'll never be a burden to anyone, she says.

Douglass Stein, 49, a contractor in Chattanooga, Tenn., who believes individuals and not the government, should take the lead in conservation, has donated and sold at a discount several parcels of land over the past decade to the Trust for Public Land to enhance the Chattanooga's trail system on the Tennessee River system. Mr. Stein says he didn't get the kind of tax breaks he'd hoped for, but that the cause is important enough to him that he is working on more such deals with the trust. "It's not worth doing if taxes are your only consideration," he says.

For charities such as the Trust for Public Land, donations like Mr. Stein's have been especially beneficial, as the rise in land and housing prices made real-estate acquisition more difficult. Easter Seals Southern California is launching a new campaign asking people to donate their houses so they can be retrofitted to provide free housing for people with disabilities because housing is so costly there.

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Habitat for Humanity of Metro Denver, an organization that helps low-income families buy homes at no interest, also has struggled in recent years as land donations or offers of discounted plots dried up amid rapid price appreciation. Now, however, with the housing market cooling, the difference between the market price and what Habitat can pay (about $40,000 per developed lot) is less. Heather Lafferty, director of development, says the organization is getting more calls from people interested in selling the group land below market value or even donating property now that the market is softening.

While it's too early to say for sure, James Perlmutter, co-managing director of Delphi, believes the slowing market, particularly for second homes, could lead even more people to opt for a tax break through a charitable donation. "As people are having to lower their asking price in many cases, they may go that route when they aren't getting what they wanted," he says.

Bill Is Likely To Encourage Spread Of Roth 401(k)s (WSJ)

By Tom Herman And Rachel Emma Silverman

The Wall Street Journal, August 16, 2006

A tax-favored retirement-savings plan known as a Roth 401(k), which made its debut in January, soon will look far more attractive.

Part of a bill approved recently by Congress and expected to be signed into law by President Bush tomorrow makes Roth 401(k) plans permanent, instead of allowing them to expire after 2010. Some employers already offer these plans as part of their retirement-savings programs. This change is part of landmark pension legislation that includes new incentives to donate to charity, as well as charitable-giving restrictions designed to curb abuses such as taking inflated deductions for gifts of used clothing, household items and even stuffed hunting trophies.

"Americans are very generous with their donations," said Senate Finance Committee Chairman Charles Grassley, an Iowa Republican. "They deserve to know that their money helps the needy, not the greedy."

The new bill includes other provisions that already have attracted headlines, including making permanent the higher dollar limits for retirement-plan contributions. It also allows many older people to contribute as much as $100,000 each year to charity, tax-free, directly from their individual retirement accounts in 2006 and 2007. And it makes permanent key federal tax-savings features of 529 college-savings plans. For more details on this wide-ranging bill, see a publication (JCX-38-06) by Congress's Joint Committee on Taxation (www.house.gov/jct1).

Here are some notable provisions that haven't attracted much attention:

Roth 401(k) accounts. With a regular 401(k), the amounts you contribute aren't subject to current income tax, but withdrawals are taxable. With a Roth 401(k), the amounts you contribute are subject to tax, but withdrawals generally are tax free.

Many employers have been leery about offering Roth 401(k)s because they weren't sure Congress would make the plans permanent, says Martha Priddy Patterson, a director at Deloitte Consulting LLP in Washington. In a survey early this year, Deloitte found only about 12% of employers were planning to offer Roth 401(k)s in 2006. The new legislation "will definitely encourage the adoption of Roth 401(k) features in 401(k) plans," Ms. Patterson says.

The maximum amount that can be contributed to either kind of 401(k) this year typically is $15,000 if you are under age 50 by the end of this year. If you are 50 or older, you can contribute an additional $5,000 this year, for a total of $20,000. This also is the maximum if you are combining contributions to both types of 401(k).

Gifts of clothing and household items. Under the new bill, you generally can't deduct charitable donations of used clothing or many household items unless the items are in "good" condition or better. (Congress didn't define "good.") But even if an item doesn't meet that test and you are claiming it is valued at more than $500, you can deduct it if you include a qualified appraisal with your tax return, says Congress's Joint Committee on Taxation. This change will be effective for gifts starting the day after President Bush signs the bill. "Household items" include furnishings, electronics, appliances and linens. Excluded from the new rule are such items as paintings, antiques and other objects of art, jewelry and gems.

The new bill authorizes the Treasury to issue regulations denying any deduction at all for contributions of clothing or household items that have "minimal monetary value," such as used socks or underwear.

Large amounts of money are at issue. The IRS recently reported that deductions for gifts of clothing and household items totaling more than $9 billion were claimed on tax returns for 2003 on a form showing noncash charitable gifts that exceed $500.

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Gifts of art. The bill changes the rules for "fractional" gifts, such as when wealthy art collectors give museums a share of their valuable works, rather than donating an entire painting or collection all at once. Lawmakers were concerned that donors claimed big deductions for these donations, but still kept the art on their walls most of the time.

The new rules, effective for contributions made after the date of enactment, make important changes in how the tax deductions for fractional gifts are calculated. They also make other changes that, in sum, will make fractional donations "far less desirable" and probably will discourage most would-be donors from making such gifts, says Ralph Lerner, a lawyer in New York at Sidley Austin LLP and co-author, with his wife, Judith Bresler, of a three-volume treatise on art law.

Donor-advised funds. The bill includes rules to improve the accountability of so-called donor-advised funds and supporting organizations. These two types of charitable-giving vehicles, often used by wealthy donors, have been subject to abuses in which some donors have taken tax deductions for gifts that ultimately benefited themselves or their families. * * *

Some charities hope to revive efforts to allow taxpayers who don't itemize to deduct charitable donations.

Currently, taxpayers can deduct charitable gifts only if they itemize their deductions. Nearly two-thirds claim the standard deduction instead. Some charitable groups, including United Way of America, had hoped to include a provision in the recent pension bill that would allow non-itemizers to deduct at least some of their gifts. That provision didn't make it but may reappear as part of other legislation.

"We hope there will be an opportunity to revisit" this issue in the future, says Diana Aviv, chief executive of Independent Sector, a coalition of about 550 charities and foundations. * * *

Most states expect continued revenue gains, a report says.

But growth is expected to be slower in fiscal 2007, according to a survey by the National Conference of State Legislatures (www.ncsl.org2). Based on results from 49 states, state revenues are projected to rise around 3%. That would be down from about 7.7% in fiscal 2006. Many states used unexpectedly strong revenues to replenish reserves, bolster funding for state programs and cut taxes, the survey says.

The report, by Corina Eckl and Bert Waisanen, says 28 states expect spending in fiscal 2007 to rise 5% or more from 2006 levels. * * *

BRIEFS: The Congressional Budget Office (www.cbo.gov3) plans to release tomorrow an update to its 2006 budget and economic outlook. ... Taxing humor: "The History Boys," a prize-winning play by Alan Bennett, focuses on eight boys at a British boarding school. At the end, a faculty member tells what happens to each boy later in life. One, named Dakin, becomes "a tax lawyer, telling highly paid fibs and making frequent trips to the Gulf States." Dakin explains: "I like money. It's fun."

CONGRESS-ADMINISTRATION:

Airline Ownership By Foreigners Delayed (AP-Y)

By Leslie Miller

AP, August 16, 2006

The Bush administration is delaying a plan to give foreigners more say in running U.S. airlines.

The House and Senate voted earlier this year to prevent the administration from going forward with the plan.

Opponents say the administration doesn't have the constitutional right to undo a law that restricts foreign ownership of U.S. airlines to 25 percent. They also say it will undermine safety, security, national defense and U.S. jobs.

Jeffrey Shane, the Transportation Department's undersecretary for policy, said Tuesday that the Bush administration recognizes it needs to spend more time discussing it with Congress.

The Bush administration also wants to sign an aviation treaty with the European Union to liberalize commercial aviation between the U.S. and Europe.

"The Europeans have suggested in their minds that there's a linkage between a final rule and their willingness to sign a treaty," Shane said.

Shane said the administration planned to issue a final rule this month allowing more foreign control. The delay will prevent EU ministers of transport from reviewing it at their Oct. 12 meeting, he said.

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The treaty would let European and U.S. airlines fly wherever they want between European cities and the U.S., and charge whatever they want.

Shane listed the benefits of the proposed treaty as "a lot more competition, a lot more variety of service in the trans-Atlantic marketplace, more destinations served more conveniently, more economic opportunity for the airlines on both sides."

Labor unions and some airlines oppose more foreign control, fearing it would damage U.S. security and cost U.S. jobs.

"I am opposed to the change because it will result in the loss of American jobs, will hurt rural and small communities and could severely jeopardize our safety and security," said Illinois Rep. Jerry Costello, ranking Democrat on the House aviation subcommittee.

U.S. Move Delays 'Open-Skies' Pact With Europeans (WSJ)

By Laura Meckler

The Wall Street Journal, August 16, 2006

WASHINGTON -- The Bush administration told Europeans that it will delay a move to let foreigners exercise more control over U.S. airlines, pushing back plans to issue new regulations by early September.

That puts off European approval of an "open-skies" deal, which proponents had hoped for in October.

The administration is moving cautiously on the issue amid opposition in Congress, where lawmakers concerned about foreign control of U.S. assets and other matters have inserted language into a spending bill that would put the regulation on hold.

The regulation is opposed by labor unions, which fear that some of the best airline jobs will go overseas.

"After careful review, the Department of Transportation has determined that the timeline originally envisioned for concluding the rule making on control of U.S. air carriers would not allow us to address adequately the concerns raised by Congress," said a memo used to brief the Europeans, congressional staffers and industry officials yesterday.

The pending open-skies agreement would lift regulations on flights across the Atlantic Ocean and open London's Heathrow Airport to more flights to the U.S.

Europeans have said they won't finalize it unless the U.S. allows greater foreign control of American carriers.

Current U.S. law bars foreigners, including foreign investors, from exercising any "semblance of control."

The Bush administration said it plans to issue the regulation on foreign control but not in time for the European Union Transport Council to consider the open-skies deal at its Oct. 12 meeting.

Medicare Sees No Increase In Premium For Drugs (NYT)

By Robert Pear

The New York Times, August 16, 2006

WASHINGTON, Aug. 15 — Federal officials announced Tuesday that the average premium for Medicare prescription drug coverage next year would be about $24 a month, which is the same as this year and 40 percent less than first estimated for 2007.

Beneficiaries showed a strong preference for low-cost plans this year. In many regions, Humana offered the lowest premium — as little as $1.87 a month in seven states including Iowa, Minnesota and North Dakota. Many plans charged less than $20 a month, though at least one charged more than $100 a month.

The drug benefit is delivered by private insurance companies under contract to Medicare. Insurers compete with one another by offering lower premiums and more extensive benefits. The competition and the choices made by beneficiaries evidently drove down the average premiums for this year and next.

“Competition and choice in health care are working,” said Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services.

Premiums for a particular plan may rise next year. But, Dr. McClellan said, “the vast majority of beneficiaries will have access to Medicare drug plans that cost them the same as or less than their coverage in 2006.”

In March 2005, the government predicted that the average drug premium would be $37 a month in 2006, rising to $41 in 2007. In August 2005, federal officials lowered the estimate for this year to $32, based on the proposals submitted by drug plan sponsors. In June, after seeing which plans were chosen by beneficiaries, the administration said the average premium turned out to be about $24.

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Dr. McClellan said the average premium would remain around $24 if beneficiaries stayed in the same drug plans in 2007 and could decline if they again chose less costly plans.

Lower premiums save money for beneficiaries and the government. Medicare pays insurers a subsidy, which is about three times as much as the beneficiary's premiums.

Premiums are not the only measure of cost. Drug plans also charge co-payments, and different plans cover different drugs. So a beneficiary who takes nine drugs might find that a plan with a premium of $55 a month costs less over all than one with a $12 premium.

Many insurers set premiums low this year in the hope that they could entice beneficiaries to sign up, so the companies would win large shares of the potentially huge, lucrative market for Medicare drug coverage.

"Some plans decided to operate at cost, or below cost, to get a substantial share of the market," said Babette S. Edgar, a former Medicare official who is now a consultant at the Gorman Health Group. "But plans cannot sustain that strategy and still make a profit."

Plans would eventually have to increase premiums to become or remain profitable, Ms. Edgar said.

Vicki Gottlich, a lawyer at the Center for Medicare Advocacy, a nonprofit group that counsels beneficiaries, said: "We do not know enough to determine whether the low premiums in 2007 are good for beneficiaries. Plans may be keeping costs low by unduly restricting access to the drugs they cover."

About 16.5 million beneficiaries are in free-standing prescription drug plans. More than 6 million beneficiaries are in managed care plans that cover hospital care and doctors' services as well as prescription drugs. People can sign up for drug coverage or switch plans from Nov. 15 to Dec. 31.

Companies that want to offer drug coverage submit proposals specifying the total amount they need to be paid by the government and beneficiaries. Dr. McClellan said the bids submitted by drug plans for 2007 were, on average, 10 percent lower than those for 2006. And the bids for drug coverage offered by managed care plans were lower still — about 18 percent less than in 2006, he said.

Managed care plans, known as Medicare Advantage plans, can coordinate a patient's care, and the skillful use of medications can help control spending on other services, Dr. McClellan said. Insurers can use some of those savings to reduce premiums for drug coverage.

People with low incomes pay no premiums or reduced premiums for drug coverage, if they sign up for low-cost plans charging less than a specified amount. Medicare officials said they were using their authority to minimize the number of low-income beneficiaries who would need to shift plans next year. Seven out of eight beneficiaries receiving extra help can stay in their current plans and will not have to pay any premium for drug coverage in 2007, the officials said.

Feds Looking For DOT Laptop That Disappeared At Orlando Fraud Confab (FLSUNSEN/AP)

By Associated Press

South Florida Sun-Sentinel, August 16, 2006

MIAMI -- The U.S. Transportation Department's inspector general, already searching for a stolen laptop computer containing sensitive information on thousands of people, is looking for a second laptop that went missing during a fraud conference in Orlando.

Theft of the second laptop was reported in April by Barbara Barnet, special agent in charge of the DOT's inspector general field office in Miami.

Her Dell laptop had been left in a locked Orlando hotel conference room on April 24, but when Barnet returned the door was unlocked and the computer was missing, according to a theft report filed with the Orange County Sheriff's Office. A hotel employee in the room said the laptop was gone when he arrived.

The report went on to say that the computer ``contained several case files which are not encrypted due to computer conversions at work." The files were not further described.

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In the other case, a $10,000 reward is being offered for information leading to recovery of a laptop stolen July 27 from the vehicle of a Miami-based DOT agent. That laptop contained personal information, including names, birthdates and Social Security numbers, of about 133,000 Florida pilots and truck drivers.

The information was part of an investigation into allegations of fraud used to obtain commercial drivers licenses and pilots licenses, said Todd Zinser, acting DOT inspector general, in a letter to members of Congress.

Access to both computers was protected by passwords and officials have no evidence that the thieves have tried to use any of the information stored on them. Zinser said his office is taking steps to ensure that such personal data are longer stored in laptops or other portable devices.

The DOT thefts are the latest in a string of incidents involving government computers that have placed at risk information about thousands of people. The most serious occurred in May when a Veterans Affairs Department analyst's home in Maryland was burglarized and a laptop containing information about millions of veterans was stolen.

Poll Says Bush Would Not Win Do-over Elections (SH)

By Thomas Hargrove And Guido H. Stempel

Scripps Howard Bush Wouldn't Win Do-Over Vote, August 16, 2006

President Bush has become so unpopular in recent months that he'd have a hard time beating Al Gore or John Kerry if he had to face his former Democratic rivals again this year, according to a Scripps Howard/Ohio University poll.

And the president would be thrashed if he had to run against his own father, George Herbert Walker Bush, losing by more than a 3-1 margin in a theoretical matchup in which people were asked to pick between father and son.

The 2000 and 2004 elections are among a very few presidential races that Americans would change, according to interviews with 1,010 adult residents of the United States conducted last month by the Scripps Survey Research Center. The poll asked people how they would vote "knowing what you know now" in every presidential race starting with 1960.

"In 75 percent of these elections, those who won before have won again," concluded Brookings Institution scholar Charles Jones, who has published histories of the presidencies of Carter, Reagan and Clinton.

"The top vote-getters in this poll are Kennedy and Reagan, which also generally concurs with rankings made by historians," Jones said. "Although the more recent rankings for Kennedy by historians have been declining while Reagan's rankings lately have been going up."

Participants in the poll were asked how they'd vote in the 1960 election between John F. Kennedy and Richard Nixon. Although historically a very close race, 75 percent of people in the survey said they'd pick Kennedy while only 14 percent selected Nixon and 11 percent were undecided or said they'd refuse to vote in the election.

The second largest victory margin in these reruns of recent presidential campaigns was President Reagan's 1984 trouncing of Democrat Walter Mondale, who carried only his home state of Minnesota. The poll found Reagan winning re-election 64 percent to Mondale's 24 percent

At the other end of the scale, however, are the reruns of President Bush's 2000 and 2004 elections. The poll found him running 8 percentage points behind former Vice President Al Gore and 6 points behind Massachusetts Democratic Sen. John Kerry.

Participants in the poll were also asked, "How would you vote if the race were between George Herbert Walker Bush and his son, George W. Bush?" Only 18 percent selected the incumbent president while 58 percent preferred his one-term father, and 24 percent were undecided or said they wouldn't vote in such a race.

"Of course, Bush is doing rather poorly these days, although not as badly as was Harry Truman in 1951 and 1952," concluded Alonzo Hamby, presidential scholar at the Contemporary History Institute at Ohio University. Like Truman, who was mired in the stalemated conflict in Korea, Bush could eventually have a resurgence in popularity.

"Who can say? There may be more hope for Bush that we might think," Hamby said. "But if we are still bogged in Iraq when he leaves office, so that another president has to pull us out, he'll look something like a goat."

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The poll found that the only other presidential race that might have a different outcome today was President Nixon's re-election to a second term in 1972. At the time, Nixon overwhelmed Democrat George McGovern in a landslide. But the poll found 42 percent supporting McGovern, 39 percent picking Nixon and 19 percent were undecided.

The poll found Nixon beating Hubert Humphrey by 3 percentage points in the 1968 election, a finding that surprised the historians.

"People apparently are willing to see Nixon in his first term as the president who got us out of Vietnam and who opened up China," said Hamby. "But they see Nixon's second term as the era of Watergate, so he doesn't do as well."

Clinton's 1996 re-election had the third strongest showing in the poll, winning support for 56 percent against 25 percent for former Republican Senate Leader Bob Dole and 12 percent for Texas billionaire H. Ross Perot, while 7 percent were undecided or said they would not vote.

As with the Bush family, the poll found a decided favorite in the Clinton family. When asked to pick if a presidential election were held between Bill Clinton and his wife, New York's Democratic Sen. Hillary Rodham Clinton, the former president won 53 percent to 24 percent for his wife with 23 percent undecided or unwilling to vote in such a contest.

The survey also offered a theoretical matchup between Kennedy and Reagan, the two most popular presidents in the poll. Participants were asked: "Although they never ran against each other, how would you vote if you had to pick between Democrat John F. Kennedy and Republican Ronald Reagan?"

Kennedy beat Reagan 52 percent to 42 percent, with only 6 percent undecided.

Other public opinion polls in recent years have shown Kennedy and Reagan to be the most popular presidents of modern times, usually with Kennedy leading.

The Scripps survey was based on attitudes of adult residents of the United States, not on likely voters, the usual standard used in political polling. Questions used to determine likely voters - how often voters have thought about an upcoming campaign or how certain they are to vote - could not be used in these theoretical rematches of historical presidential campaigns.

The survey was conducted by telephone from July 6-24 at the Scripps Survey Research Center at Ohio University under a grant from the Scripps Howard Foundation.

The poll has a margin of error of 4 percentage points.

Since the 1960 election was the cutoff, attitudes on elections involving Presidents Franklin Roosevelt, Truman and Eisenhower were not taken.

Camus Comes To Crawford (NYT)

By Maureen Dowd

The New York Times, August 16, 2006

WASHINGTON

Strangely enough, we find two famous men reading Albert Camus's "The Stranger" this summer.

One is Jean Girard, the villainous gay French race car driver hilariously played by Sacha Baron Cohen (a k a Ali G and Borat) — the sinuous rival to Will Ferrell's stocky Ricky Bobby in "Talladega Nights."

Girard, a jazz-loving, white-silk-scarf-wearing, America-disdaining Formula Un driver sponsored by Perrier, is so smooth he can sip macchiato from a china cup, smoke Gitanes and read "L'Etranger" behind the wheel and still lead the Nascar pack.

Frenchie contemptuously informs "cowboy" Bobby that America merely gave the world George Bush, Cheerios and the ThighMaster while France invented democracy, existentialism and the ménage à trois.

The other guy kindling to Camus is none other than the aforementioned George Bush, who read "The Stranger" in English on his Crawford vacation and, Tony Snow told me, "liked it." Name-dropping existentialists is good for picking up girls, as Woody Allen's schlemiels found, or getting through the clove-cigarette fog of Humanities 101. But it does seem odd that W., who once mocked NBC's David Gregory as "intercontinental" for posing a question in French to the French president in France, would choose Camus over Grisham.

Camus is not beach reading — or brush reading. How on earth did this book make it into the hands of our proudly anti-intellectual president?

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"I don't know how 'L'Etranger' made it onto his list," Mr. Snow said. "I must confess, I read 'L'Etranger' 25 years ago." The rest of W.'s reading list was presidentially correct: two books on Lincoln and the Pulitzer Prize-winning "Polio: An American Story," by David Oshinsky. (Not a word by Merleau-Ponty.)

Debunking the theory that W. had a sports section or Mad magazine's "Spy vs. Spy" tucked inside the 1946 classic of angst, Mr. Snow noted that he and the president had "a brief conversation on the origins of French existentialism, Camus and Sartre." Pressed for more details by an astonished columnist having trouble envisioning Waco as the Left Bank, the press secretary laughed. "Confidential conversation," he said, extending the administration's lack of transparency to literature.

He brushed off suggestions that the supremely unself-reflective W. was going through a Carteresque malaise-in-the-gorge moment: "He doesn't feel like an existentialist trapped in Algeria during the unpleasantness."

It takes a while to adjust to the idea of W., who has created chaos trying to impose moral order on the globe, perusing Camus, who wrote about the eternal frustration of moral order in human affairs. What does W., the archenemy of absurdity as a view of life, kindle to in C., the apostle of absurdity as a view of life? What can W., the born-again monogamist, spark to in C., the amorous atheist? In some ways, Mr. Bush is supremely not a Camus man. Camus hated the blindness caused by ideology, and Mr. Bush wallows in it. Camus celebrated lucidity while the president keeps seeing only what he wants to see.

Mr. Bush's life has been premised on his confidence that he will always be insulated from the consequences and the cruelties of existence, unlike Meursault. W. or his people always work to change fate, whether it's an election or the Middle East.

If you think about it long enough, though, it begins to make a sort of wacky sense.

"The Stranger" is about the emotionally detached Meursault, who makes a lot of bad decisions and pre-emptively kills an Arab in the sand. Get it? Camus's protagonist moves through an opaque, obscure and violent world that is indifferent to his beliefs and desires. Get it?

If there was ever a moment when this president could regard the unanticipated consequences of his actions, behold the world littered with the very opposite of what he intended for it and appreciate the gritty stoicism of the philosophy of absurdism, this is it. Iraq in civil war. Al Qaeda metastasizing and plotting. Hezbollah, Iran and Syria knitting closer, celebrating a "victory" in standing up to Israel, the U.S. and Britain, and mocking W.'s plan for a "new Middle East." The North Koreans luxuriating in their nuclear capability. Chávez becoming the new Castro on a global scale.

Maybe next the president should pick up Camus's other classic, "The Myth of Sisyphus." Was there ever a national enterprise more Sisyphean than the war in Iraq?

If there was ever a confirmation of Camus's sense of the absurdity of life, it's that the president is reading him.

OTHER NEWS:

Job Losses Lead To Drop In Home Prices (USAT)

By Noelle Knox

USA Today, August 16, 2006

The loss of manufacturing jobs helped drive down home prices in 26 metro areas between April and June compared with the same period last year, the National Association of Realtors said Tuesday.

That's 10 more areas than in the first quarter, and it spotlights how joblessness in industrial states such as Illinois, Michigan, Ohio and Indiana is rippling through housing markets.

The hardest-hit this year: Danville, Ill., where prices at which existing homes were sold fell 11% in the second quarter after a 12% drop in the first quarter.

General Motors, General Electric and Hyster, a maker of forklifts, were among the companies to close plants in Danville, leaving behind hundreds of unemployed residents. The median price for a home has fallen to $65,200 — the cheapest in the country.

The exodus of auto, textile and other factory jobs has a direct effect on home prices. People leave town to look for work, boosting the supply of homes for sale. Others sell their homes because they can't keep up with the mortgage. At the same time,

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foreclosure rates in these cities are among the highest in the country, and banks are quick to cut prices to get the homes off their books.

"There were a lot of divorces, a lot of single mothers — all they could do is refinance their house or put it on the market and let it go cheap," says Jerry Urich of Century 21 Home Team Realty in Danville.

Still, nationwide there's no sign of any bursting real estate bubble.

The most expensive areas, including Miami, San Francisco and Chicago, saw modest price gains last quarter, though the rate of increase has slowed, and a few costly cities have seen prices dip.

The median price for a home in the USA rose 3.7% to $227,500, while home sales fell 7% in the second quarter. Sales fell in 28 states and the District of Columbia.

But just as the real estate boom wasn't a nationwide phenomenon, the cool-down isn't affecting areas uniformly either. In 37 metro areas, home prices rose by double digits in the second quarter.

In Baton Rouge, for example, prices shot up 27% from the second quarter last year. In Florida, where few middle-class families can afford a home in the coastal cities, buyers are migrating to such places as Ocala, Gainesville, Jacksonville and Tampa.

"We're getting a lot of people from California and from South Florida — people tired of the chaos, crowded conditions and overpriced homes," says Donna Delegal, a Jacksonville agent.

California has five of the top 10 most expensive cities led by San Francisco with a median price of $751,900. But gone are the days of multiple offers and "as is" sales. Homes are sitting on the market longer. Sellers are starting to cut prices and offer incentives.

"The pressure on home prices has evaporated in most areas" says David Lereah, NAR's chief economist.

Region's Home Sales Tumble (WT)

By Patrice Hill

The Washington Times, August 16, 2006

Home sales are plummeting at double-digit rates in the Washington area, and house and condo prices are flattening, but the region is doing better than some other cities getting bludgeoned by the housing bust, the National Association of Realtors reported yesterday.

States such as California, Florida and Arizona, where housing sales and prices flew the highest during the boom years, are experiencing the biggest comedowns in the rapid downturn from record highs set only a year ago. The same principle is true locally, where heady markets, particularly those in Virginia that enjoyed the most rapid appreciation during the boom, are now experiencing a faster decline and tougher adjustment than slower-to-bloom markets, including many in Maryland.

Virginia home sales plunged 23.9 percent in the spring quarter, compared with a year earlier, the association said, while Maryland and D.C. sales fell by 16.5 percent and 15.6 percent, respectively. Home prices also have held up better in Maryland. The sales decline in Virginia put it in the same league as California, Florida and Arizona, where the biggest run-ups occurred.

"The U.S. housing market is entrenched in a slowdown," said Ryan Sweet, analyst with Economy.com, noting that the pronounced and often sudden decline in most areas of the country is starting to have ripple effects on consumer spending and psychology, as well as on construction and finance jobs.

The increasingly depressed market conditions are the result of speculators exiting the market because they can no longer make money, combined with a toxic mix of high prices, rising interest rates and worries about the outlook conspiring to keep potential first-time buyers on the sidelines.

The fall has been steepest in the condominium market, where investors and first-time buyers have a large presence. Scattered metropolitan areas and resorts with overbuilt condo markets are seeing outright price drops, including the District; Virginia Beach; Reno, Nev.; San Diego; Portland, Maine; Worcester, Mass.; and South Florida.

The 0.1 percent decline in Washington-area condo prices in the past year was tame, however, compared with a 12 percent drop in Palm Bay, Fla., and a 6 percent fall in Virginia Beach, among other hard-hit areas.

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The prices of houses, which people buy primarily to live in, have withstood the downturn better. Buoyed by steady growth in jobs and population in the Washington area, home prices in the region managed to post a 3.3 percent rise over the last year.

Although that is down dramatically from gains averaging more than 20 percent in previous years, it compares favorably with drops of 5.5 percent in Rockford, Ill.; 2.6 percent in Toledo, Ohio; and other large declines in Midwestern manufacturing centers.

The housing market is at a tipping point, where it could level off and remain stagnant for a while, or the rapid demise could continue in overheated areas and lead to some significant hardships and dislocations, according to Economy.com.

"So far, all indications are that the housing market is slowing in an orderly fashion," Mr. Sweet said, "but we are still early in the housing slowdown."

David Wyss, economist with Standard & Poor's Corp., said the housing fall has been cushioned by the historically low levels of 30-year mortgage rates, which are hovering over 6 percent.

"Although sales and starts will drop, they are not likely to drop as far or as fast as in most recessions," he said.

Yesterday's reports from the Realtors showed that the unwinding of the housing boom is unfolding as expected, with the most rapid deceleration in areas that saw the biggest run-ups.

"The previously high-flying coastal markets in California and Florida are showing signs of fatigue," Mr. Sweet said. "These metro areas bear close watch, as they are at the highest risk of a price correction."

But the reports also revealed an unexpected development: large price drops in a dozen Midwestern cities, he said.

"The top five largest declines occurred in Illinois and Ohio metro areas, which were hit hard" by layoffs in the auto industry, he noted. "Price declines in the Midwest are intriguing as house-price growth never gained traction across much of this region. That said, the region's weak economy relative to the West and Northeast is the likely catalyst driving prices lower."

David Lereah, chief economist at the Realtors association, said the reports show divergent trends across the country. Although once-booming areas are now in decline, other regions that were slow to take off, including Texas, Arkansas, South Carolina, Vermont, Rhode Island and Alaska, are now enjoying robust growth in sales and prices.

The areas in decline are those "with high housing costs or that have experienced a prolonged period of rapid price gains," he said. "By contrast, states with moderately priced areas that have experienced healthy job creation are seeing sales gains."

Producer Prices Show A Small Rise (WSJ)

By Christopher Conkey

The Wall Street Journal, August 16, 2006

In a rare bit of good news on the inflation front, the government offered a tame estimate of wholesale-price movement in July.

The Labor Department's producer-price index for finished goods barely rose last month, increasing 0.1% after a 0.5% jump the previous month, as price declines for food, cars and prescription drugs offset increases for gasoline and electricity. It was the smallest increase in the wholesale-inflation gauge in five months, and it reduced the price index, which reflects wholesale prices charged by manufacturers and other suppliers, to 4.2% higher than a year ago, on an unadjusted basis, down from 4.9% in June.

The closely watched "core" measure of producer prices, excluding food and energy, fell 0.3% in July, the first decrease since October.

Markets cheered that number as an early sign that the decision by Federal Reserve policy makers to hold interest rates steady this month -- a calculated gamble that past rate increases and slower economic expansion will keep inflation contained -- was the right one, and that future rate increases may not be necessary. Stock and bond prices rose as a result.

The news wasn't all positive. While producer prices for finished goods were benign last month, inflationary pressures were evident further up the supply chain. Prices for crude goods were up 3.1% in July and were 6.6% higher than a year ago, while intermediate materials rose 0.5% last month and were up 8.9% from last year.

Producer and retail prices don't move in lockstep, and some reassuring measures of wholesale inflation in recent months were subsumed by more worrisome readings on consumer prices. The Labor Department today will release its estimate of consumer-price changes in July.

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Discounting by auto makers sent wholesale prices for passenger cars and light trucks lower last month, and food prices dropped, too. The price of eggs for fresh use has been particularly volatile -- plunging 26% last month following a 28% surge in June -- and is down nearly 17% during the last year. A surplus of chickens, the ebbing of the high-protein diet craze and competition from farmers selling processed-egg products are forcing fresh-egg producers to curb supply. "Economics is going to make that happen," said Paul Sauder, president of Sauder's Eggs, of Lititz, Pa.

Separately, the National Association of Home Builders said its index of builder sentiment plummeted to a 15-year low. NAHB Chief Economist David Seiders attributed the drop to "potential buyers adopting a wait-and-see attitude because of uncertainty."

That uncertainty was echoed yesterday, when the National Association of Realtors reported the rate of existing-home sales was 7% lower in the second quarter compared with a year ago. A total of 28 states and the District of Columbia experienced a slower sales pace in the April-through-June period, while 20 states saw increased sales. Data were unavailable on the other two states. Three states with sizzling housing markets in recent years -- Arizona, Florida and California -- had the steepest declines.

Stocks Shoot Up On Prices Report (WP/AP)

The Washington Post, August 16, 2006

NEW YORK, Aug. 15 -- An unexpected drop in wholesale prices sent stocks soaring Tuesday, with the Dow Jones industrials climbing more than 130 points as Wall Street gained renewed confidence in the Federal Reserve's management of inflation and the economy.

The Dow rose 132.39, or 1.2 percent, to 11,230.26. The Standard & Poor's 500-stock index rose 17.37, or 1.4 percent, to 1285.58, while the Nasdaq composite index gained 45.97, or 2.2 percent, to 2115.01.

Prices at the wholesale level, with food and fuel prices removed, fell 0.3 percent in July, according to the Labor Department, the best showing for core inflation in nine months. Including energy and food, wholesale prices edged up 0.1 percent, well below the 0.5 percent jump in June.

The report lifted the pall that has hung over the markets this summer, brought on as investors fretted about inflation and whether the Federal Reserve's pause in rate hikes last week would be short-lived.

The markets got additional support from a New York Federal Reserve report showing that manufacturing activity in the region declined this month. The news added to growing evidence of a moderating economy.

Still, another Labor Department pricing report, the consumer price index, is due Wednesday, and while the wholesale number bodes well for the CPI, there's still a chance that lower prices have yet to work their way through to the average consumer.Movers

Dell rose 84 cents, to $22.08, despite its announcement that it would recall some 4.1 million notebook batteries made by Sony because they can burst into flames.

Wal-Mart Stores slid 55 cents, to $44.55, after it posted its first profit decline in a decade as the cost of selling its German operation pulled second-quarter earnings down 26 percent.

Jones Apparel Group lost 48 cents, to $29.07, after a report Tuesday indicated that the apparel maker and retailer would stop seeking to auction itself off after no buyer came forward.

Home Depot rose $1.18, to $34.44, after the home improvement retailer posted strong earnings.Indexes

New York Stock Exchange composite index rose 126.34, to 8296.02.

American Stock Exchange index rose 18.07, to 1986.18.

Russell 2000 index of smaller-company stocks rose 16.10, to 697.83.Volume

NYSE: 2.38 billion shares, up from 2.14 billion on Monday. Advancers outnumbered decliners 5 to 1.

Nasdaq: 1.79 billion shares, up from 1.5 billion. Advancers outnumbered decliners 3 to 1.Commodities

Crude oil for September delivery: $73.05, down 48 cents.

Gold for current delivery: $622.50 a troy ounce, down from $628.50 on Monday.

Stocks Rally As Inflation Eases Off (NYT)

By Jeremy W. Peters

DOJ_NMG_0048949

The New York Times, August 16, 2006

Wall Street rallied yesterday after a government report showing inflation softening at the wholesale level encouraged hopes among investors that the Federal Reserve might be able to avoid further interest rate increases.

The benchmark Standard & Poor's 500-stock index closed at its highest point in two and a half months and the technology-driven Nasdaq composite index jumped 2.2 percent, to just over 2,115 points.

The Labor Department reported yesterday that prices for goods leaving the factory grew in July at the slowest rate in more than a year. But several analysts questioned whether the slowdown was anything more than a statistical blip, raising the possibility that the consumer price report to be released today could send a different signal.

Investors were so cheered by the unexpected slowdown in producer price inflation that they kicked off a surge in stock prices at the opening of the market and, further encouraged by robust earnings reports, kept it going as the day went on.

The Labor Department's index of producer prices, which measures what manufacturers charge for goods ready for sale, rose a slight 0.1 percent last month, down from 0.5 percent in June. At the same time, the core measure of inflation, which excludes volatile energy and food prices, fell 0.3 percent, its first decline since last October.

Taken together, both figures pointed to the possibility that inflation pressures were easing.

If inflation is on the verge of retreating, the Fed's job will be much easier, allowing it to avoid additional increases in interest rates that might threaten to put the brakes on economic growth. In leaving interest rates untouched for the first time in two years, the Fed's policy-setting committee said last week that it expected inflation would be tempered as the economy slowed naturally.

But many economists argued that the numbers could be presenting a distorted picture of inflation. The pace of wholesale price increases last month was held in check largely by falling auto prices, and there were signs in the data that prices are rising in the early phases of manufacturing.

"In terms of what it actually tells us about overall inflation, I'm not sure it's all that important," said Jan Hatzius, chief United States economist at Goldman Sachs.

Ethan Harris, chief United States economist with Lehman Brothers, said, "It looks to us like this is a fluke."

The figures surprised economists, who had generally forecast a larger gain in the overall index and a rise in the core index.

With opinion divided on yesterday's report, attention will shift to the Labor Department's more important measure of consumer prices, which includes services as well as goods. While overall prices in June probably continued to advance, analysts said the core Consumer Price Index might not show much change.

Producer prices in July fell in numerous categories, but were particularly weighed down by lower vehicle prices, reflecting heavy discounting by American automakers. Passenger car prices fell 0.8 percent. Prices of light trucks, including sport utility vehicles and pickup trucks, dropped 3.1 percent.

Food prices also fell widely. Egg prices were down 26.1 percent, processed turkeys fell 3.9 percent and shellfish fell 9.1 percent.

The cost of home heating oil also dropped, but gasoline rose.

What was more troublesome to many economists was the upturn in prices further up the manufacturing chain. So-called intermediate prices, which include everything from refined sugar to plywood to auto parts, rose 0.5 percent, after a 0.7 rise in June. "There are a lot of pipeline inflation pressures," said Julia Coronado, senior United States economist for Barclays Capital.

A concern among some economists is that those inflation pressures will not ease unless interest rates rise further and the economy slows sharply enough that unemployment turns up.

"The Fed is basically betting that economic weakness is going to do away with these inflation pressures,'' Mr. Hatzius of Goldman Sachs said. "I agree, although I think you may actually need more economic weakness than the Fed is anticipating."

Many economists expect economic weakness to come in large part from a slowdown in the housing sector. Yesterday, there was further evidence of a softening housing market in a new report from the National Association of Realtors, which said sales of existing homes fell from April through June in 28 states. The decline was led by states once at the top of the housing boom, like Arizona, California and Florida, which all experienced declines of more than 25 percent.

The National Association of Home Builders also reported yesterday that confidence among builders fell to the lowest level in 15 years.

And despite the evidence that the housing sector is deteriorating rapidly, investors looked favorably at Home Depot, which yesterday reported profits that topped Wall Street's expectations. Its shares jumped 3.6 percent after the company said it earned $1.86 billion in the second quarter, up from $1.77 billion a year earlier.

Following are the results of yesterday's auction of four-week Treasury bills:

Positive Reports Cheer Investors, Send Stocks Up (WSJ)

By Peter A. Mckay

The Wall Street Journal, August 16, 2006

Investors got a look at the first set of a couple of key inflation reports, liked what they saw and sent stocks and bonds higher.

But the main event comes this morning at 8:30 a.m. EDT, when the Labor Department releases the government's latest look at the change in prices paid for a range of finished goods. Wall Street is predicting that the consumer-price index rose 0.3% in July from the prior month when volatile food and energy prices are left out of the mix.

Yesterday the market's focus was on the producer price index, an important but less prominent measure tracking wholesale prices. That index fell 0.3% in July, contrary to expectations for a 0.2% rise. Even when food and energy prices were factored in, the PPI rose just 0.1%.

News of a lack of inflation at the producer level boosted investors' confidence that the economy is not overheating, a state of affairs that would allow the Federal Reserve to hold off any more inflation-fighting interest-rate increases. The central bank steadily nudged up short-term rates for two years before pausing in that cycle earlier this month.

The Dow Jones Industrial Average soared 132.39 points, or 1.2% , to end at 11230.26, up 4.8% on the year. Among the blue-chip average's 30 components, Home Depot was among the strongest performers. The retailer announced profits that beat analysts' expectations.

The Dow's only two decliners were Wal-Mart Stores, which announced its first decline in quarterly profits in a decade, and Exxon Mobil, which was hurt by a pullback in crude oil prices.

The technology-heavy Nasdaq Composite Index did even better in percentage terms, adding 45.97 points, or 2.2%, to 2115.01. That index is off 4.1% on the year. And the broad Standard & Poor's 500-stock index climbed 1.4%, or 17.37 points, to 1285.58, up 3% on the year.

Treasury bonds, which do best in a low-inflation environment, also rallied. The Treasury's benchmark 10-year note gained 18/32 point, or $5.625 for each $1,000 invested, pushing the yield down to 4.935%.

The dollar fell to 116.10 yen, compared to 116.70 yen. The euro rose to $1.2785, compared to 1.2723.

"The market is breathing a sigh of relief that, at last, there's some positive news," said David P. Prokupek, chief executive of asset-management firm Geronimo Partners in Denver.

Mr. Prokupek, however, was not in a very euphoric mood himself. He believes the stock market is unlikely to return to its May highs. His firm has been bulking up its holdings of short-term Treasury bills, a cash-like asset long used by stock-market bears to preserve capital.

Study Finds States Saving More Money (AP-Y)

By Erik Schelzig

AP, August 16, 2006

State lawmakers are saving lots of money for a rainy day because of improving economies and conservative economic forecasts, a report released Tuesday says.

State governments saved about $1 out of every $10 in their budgets in the most recent fiscal year, according to a survey released at the annual meeting of the National Conference of State Legislatures.

The $57 billion total saved by legislatures around the country marks a 25 percent jump from the previous budget year and is one of the highest levels in decades.

The study credits conservative forecasting for the year-end balances, which are considered a top indicator of states' fiscal health.

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Cumulative revenues had been projected to grow by 2.7 percent for last budget year, but they ended up growing by 7.7 percent instead, nearly three times more than expected, the study said.

Nationwide, state lawmakers have been closely watching the bottom line since an economic downturn in 2001 launched many states into consecutive years of falling revenue that forced painful spending cuts, tax increases and borrowing. Their revenue forecasts are made up to 18 months in advance, so many state budgets were based on more conservative expectations.

"State legislators have learned from the budget crisis of the early part of the decade, as we can see by the prudent choices they're making now," said NCSL President Steve Rauschenberger, an Illinois state senator.

Twenty-eight states' year-end balances increased over the 2004-2005 budget year, 19 states' balances declined and two experienced no change. No state ended with a deficit, though Arkansas was expected to end with a zero balance.

Nearly half the states' surpluses went into rainy day and other reserve funds:

• Florida left $1.6 billion in its General Revenue Fund Reserve.

• Maryland increased its rainy day fund by $593 million, Connecticut added $440 million, Georgia planned to add $430 million, and Virginia prepaid deposits for future years. Tennessee added $172 million.

• Alaska put $300 million into its Public Education Fund while placing another $300 million in a new reserve fund.

• Wyoming sent $200 million to its Permanent Mineral Trust Fund, and New Mexico placed $40 million into its Water Trust Fund.

Only three states — Nevada, New Hampshire and New Jersey — reported a decrease in spending compared with the previous year.

Thirty-nine states, meanwhile, boosted spending by at least 5 percent, with 16 of them spending at least 10 percent more than the previous year.

The report by the NCSL, a bipartisan organization that provides research and technical assistance to state leaders, found that even in good economic times, many state economic forecasters are reluctant to boost revenue projections.

Forecasters cite the unpredictability of income tax collections as a reason for expecting a 29 percent decrease in balances at the end of the current budget year — including a 14 percent drop in rainy day fund balances.

Those expected decreases in year-end balances come as states have budgeted a 7.6 percent hike of their general fund spending levels. Louisiana, New Mexico and Oregon are the only states planning to spend less this year than last.

For the first time in six years, Medicaid spending is not expected to be the fastest growing budget category, the study found. The top spot has been taken by K-12 education costs, which are budgeted to grow 7.6 percent, followed by higher education and Medicaid at 6.3 percent each. Corrections spending is slated to grow by 5.7 percent.

Forty-four states combined to raise $1.4 billion in new tax collections — well below the $2.6 billion increase last year. The slower rate of tax increases indicate "that states are throttling back on new revenue actions," according to the report.

Three states account for a $478 million in cigarette tax increases: Texas raised its cigarette tax by $1 per pack, Vermont hiked its tax by 60 cents and New Jersey approved a 17.5 cent increase.

What's Driving Differences In Gas Prices? (WP)

By Tomoeh Murakami Tse

The Washington Post, August 16, 2006

Frustrated motorists looking for low gasoline prices in the Washington area often know the cheapest spots. What is less clear is why prices vary so much neighborhood to neighborhood and why they have risen so much faster in some places than others.

Consider the range across the region, which has among the highest gas prices in the country.

In the District, the average price of a gallon of regular gasoline last week was $3.22. In Virginia, the average was $2.95, although motorists in much of Fairfax or Arlington counties would have been lucky to pay less than $3. In Maryland, a Potomac service station posted a price of $3.49, while one on the Eastern Shore charged $2.75. Nationally, the average price of regular gasoline fell to less than $3 for the first time since mid-July, to $2.997 a gallon, according to AAA.

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Often, the distance between locations with different prices is not so great. Prices can range by as much as 25 cents a gallon between gas stations on opposite ends of a city, and often those prices vary from block to block within the same neighborhoods.

So what gives?

The reasons, say those who study the gasoline industry, are varied and often complex. Some experts cite a costly emissions-reducing additive that is used in gasoline sold in some parts of the country. Others blame varying gasoline taxes and a technique known as zone-pricing, essentially raising wholesale prices in areas that can absorb it.

And a few note that the market for setting prices, which is virtually unregulated, changes because of little more than the whims of gas station managers based on their own finances and street-level evaluation of supply and demand.

"Each of these local areas are a market in of themselves," said John Cook, director of the petroleum division of the Energy Information Administration, a statistical agency of the Energy Department. "Generally speaking, the closer the locality is to a refinery or a central distribution point, all other things being equal, the lower the price ought to be."

But things are often not so equal. A look at how prices have changed across the nation in the past year provides evidence of how turbulent they are.

Much of the Rocky Mountain region managed to get away with price increases of 60 cents or less in July compared with a year ago. The Southern California coastal region and much of the East Coast from Richmond to New England, however, have seen average prices increases of 90 cents or more, according to a Washington Post analysis of data provided by the Oil Price Information Service, a New Jersey firm that tracks energy prices.

Big gaps exist at the neighborhood level as well. In Bladensburg, for example, the average price of gas one week last month was $3.11, 86 cents higher than the same time last year. Back then, it was one of the few neighborhoods in the region offering gas at below the national average. A year later, it was among the pricier places to get gas in the region.

It's difficult to pin down exactly what caused such a surge, but about half of the stations in the Washington area are independent, unbranded dealers who analysts said are sometimes squeezed more by changing market conditions than are branded franchisees.

That is because, typically, brand-name stations like BP or Exxon have contracts to buy gasoline from oil companies, while independent stations can shop around. So when the market is stable, those with no brand loyalty can usually offer lower prices. When there is a shortage, however, they may have difficulty finding gas to sell.

"Off-brand stations usually have lower prices because they're buying on the spot market," said Severin Borenstein, director of the University of California Energy Institute. "They don't have the branded additives and they aren't financing a national advertising campaign. But when wholesale prices go up, those places get hit the most, and so you sometimes get an inversion, where non-branded gets more expensive."

Jassim Aligabi, owner of JK Gas in Bladensburg, said he can still offer better prices than his branded competitors, although the discount has narrowed considerably. Last week he sold regular gasoline at $3.04 a gallon, about 7 cents less than the Chevron and Exxon stations charged a few blocks away. Even after trimming his profit to just pennies per gallon, Aligabi said , that was less than the savings of 12 to 15 cents he often was able to offer his customers last year. But he was making up for it by selling more.

"We make it work," he said. "If we are 1 cent cheaper, people are coming. We have people coming from five miles away."

Another culprit market observers point to as a cause of different gas prices is ethanol.

The Energy Policy Act passed by Congress last summer prompted oil companies to phase in the corn-based additive in their reformulated gasoline in place of methyl tertiary-butyl ether (MTBE). Reformulated gasoline is required in parts of the country with the worst ozone air pollution, mainly large cities and their suburbs in California and the Northeast, including the District. MTBE which was found to contaminate ground water.

While reformulated gas has traditionally been more expensive than conventional gas, analysts said, the price differential has been amplified because ethanol prices shot up earlier this year with the sudden increase in demand.

That could help explain why gas prices drop noticeably when metro drivers head into Fauquier or Clarke counties in Virginia, or Maryland's Eastern Shore, which are just outside of the reformulated gasoline zone.

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"Ethanol rose to $4.75 cents a gallon. A year ago, MTBE was going for $2 a gallon," said Philip K. Verleger Jr., a Colorado-based oil consultant. "That's 30 or 35 cents a gallon right there."

Analysts differ on just how much of the price increase was caused by ethanol; some say it was pennies, others say it was much more. Ethanol prices have receded recently as more plants have come online.

State taxes on gas also lead to price variations at the pump, and how fast prices rise.

For starters, every state has a set excise tax -- in Maryland it is 23.5 cents per gallon of regular gasoline; in the District, it is 20 cents. Some states have additional taxes, and their structure has the effect of amplifying the disparities. For example, in Virginia, the excise tax is 17.5 cents per gallon, but there is also a 2 percent sales tax in locations that are part of a Northern Virginia Transportation District.

Thus, when gas was $2 a gallon, Northern Virginians were taxed 4 cents more per gallon than those who pump gas elsewhere in the state. Now, with $3 gas, they must pay 6 cents more (If that sounds bad, consider that drivers in Georgia pay a 4 percent sales tax and those in Illinois pay 6.25 percent).

Consumers in states with certain markup laws are similarly affected. In Wisconsin, where average gas prices have risen faster than in neighboring states in the past year, wholesalers who buy gas from refiners are required add on a 3 percent markup. Gas stations must add 6 percent more.

But what about price differences at the local level?

For that, many point the finger at a long-standing and controversial industry practice called zone pricing, in which oil companies charge different prices for the same gasoline to dealers in different neighborhoods. It is unclear where the zones lie in Washington, but several station managers in Prince George's County said they were getting a better price than their peers in more affluent Montgomery County, while one gas station owner in Vienna said he is charged more than another station in the same city.

Critics say zone pricing is price gouging, and want it banned.

"It's practically impossible to compete when you have that big a variance," said Michael J. Fox, executive director of Gasoline & Automotive Service Dealers of America Inc. Fox said he sold his station in Connecticut six years ago in part because of the practice. "Before, it was pennies. Today we are talking about differences of 30 to a documented 40 cents a gallon."

Others say that getting rid of zone pricing would simply shift profits from oil companies to dealers, and would not change what consumers pay. They defend the practice as similar to what occurs in the real estate market where the same house would be sold for a different price in a different location.

"What zone pricing represents is an attempt by the wholesalers to capture some of the profits that might otherwise have gone to the more well-located outlets," said Jerry Taylor, a senior fellow at the Cato Institute, which advocates free-market policies.

With all these economic and corporate forces at work, can drivers do anything to influence what they pay?

Borenstein, of the University of California Energy Institute, thinks so. The answer? Comparison shop.

Historically, as incomes grew and gasoline became a smaller part of the household budget, motorists became less likely to drive across the street for gas that is a few pennies cheaper, Borenstein said. That, in turn, has lead to further price disparities. "What keeps all that under control," he said, "is shopping."

Companies Explore Overseas Healthcare (CSM)

By Patrik Jonsson

The Christian Science Monitor, August 16, 2006

ATLANTA

Carl Garrett, a paper-mill technician in Leicester, N.C., is scheduled to travel Sept. 2 to New Delhi, where he will undergo two operations. Though American individuals have gone abroad for cheaper operations, Mr. Garrett is a pioneer of sorts.

He is a test case for his company, Blue Ridge Paper Products, Inc., in North Carolina, which is set to provide a health benefit plan that allows its employees and their dependents to obtain medical care overseas beginning in 2007.

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"It's brand-new and nobody's ever heard of going to India or even South Carolina for an operation, so it's all pretty foreign to people here," says Garrett. "It's a frontier."

Garrett's medical care alone may save the company $50,000. And instead of winding up $20,000 in debt to have the operations in the US, he may now get up to $10,000 back as a share of the savings. He'll also get to see the Taj Mahal as part of a two-day tour before the surgery.

His two operations could cost $100,000 in the US; they'll run about $20,000 in India.

With US health insurance costs soaring, cash-squeezed companies such as Blue Ridge and poor states such as West Virginia are considering affordable plans that may require their employees to travel to India, Thailand, or Indonesia.

Critics say that limited malpractice laws in foreign countries makes such travel risky as well as the prospect of spending 20 hours on an airplane after invasive surgery. Despite the concerns, "medical tourism" is morphing into "global healthcare."

"Global healthcare is coming and American healthcare, which is pricing itself out of reach, needs to know there are alternatives" in order to improve, says Alain Enthoven, senior fellow at the Center for Health Policy in Stanford, Calif.

The average American hospital bill was $6,280 in 2004, twice that of other Western countries, according to the National Coalition on Health Care (NCHC) in Washington.

The cost savings have prompted a few hundred Americans this year to fly to India, Jakarta, or Bangkok for serious medical conditions, receiving heart stints and hip replacements. But most of the some 150,000 "medical tourists" nationwide go for a tooth filling or plastic surgery and a week at a sunny beach resort where the dollar stretches like lycra.

More companies - especially those with smaller company-run plans - are investigating people's claims of good overseas hospital care. The International Standards Organization in Geneva accredits these hospitals and audits American hospitals, too.

Companies are also attracted to the relatively inexpensive price tag for care at foreign hospitals, which have been reported to be up to 80 percent less than in the US. In New Delhi, for example, the Apollo chain of hospitals gives resort-style convalescence care for $87 a night.

• Insurers Health Net of California already contracts with medical clinics on the Mexico side of the US border.

• A West Virginia state legislator introduced a bill this year that would encourage state workers to seek treatment overseas using incentives such as cash bonuses and family travel.

• United Group Programs in Florida, which administers self-insurance programs for small companies, has contracted with a Thailand hospital for its employer clients.

• Inquiries from self-insured employers are brisk at IndUShealth in Raleigh, N.C., which specializes in offshoring serious medical cases such as rotator cuff surgery and gall bladder removal to India.

"We're dealing mostly with companies that are self-funded and have essentially run out of options," says IndUShealth president Tom Keesling. "It's an amazing trend, and it speaks to the tremendous frustration people feel with how to provide healthcare services in our current environment."

Blue Ridge Paper Products, which makes the DairyPak milk carton, pleaded unsuccessfully with providers for discounts for its 5,000 covered workers. In the past five years, the company established its own clinic and pharmacy. Blue Ridge decided to try overseas healthcare after it heard that hospitals "rolled out the red carpet" to American patients based on news reports and personal accounts from a North Carolina medical traveler brought in by IndUShealth.

"We want to help our company but also help to drive healthcare reform," says Darrell Douglas, vice president of human resources. "We're very much homebodies ... and the idea of going abroad for fun, let alone healthcare, is foreign to some people. But we do have some adventuresome people, and [Mr. Garrett] is one."

For critics, Americans heading overseas for care shows the severity of the country's healthcare crisis - especially as employers' health insurance premiums have risen 73 percent while average employee contributions have risen 143 percent since 2000, according to the NCHC. Rising costs stem from poor management, inefficiences, waste, fraud, and lack of competition, critics say.

"We're seeing some employers who are seriously beginning to think about doing [global healthcare] and not giving employees an option," says Joel Miller, vice president of operations at the NCHC. "And that has implications for quality of care, and what recourse people have if something goes wrong overseas."

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Hospital officials say only a sliver of business will be lost to overseas providers. Yet going overseas for expensive medical services, such as heart bypass surgery, cut into US hospitals profit centers - such as heart units - that are used to underwrite emergency rooms and indigent care.

"[Global healthcare] will limit the amount of money that's available for everybody else to have access to the system and starts to jeopardize access to healthcare for everybody in the community," says Don Dalton, a spokesman for the North Carolina Hospital Association.

Garrett, meanwhile, anticipates movie-star treatment in India. Doctors will operate on his gall bladder and left shoulder, he says, and he will have a 24-hour nurse working only for him while he's recovering. Garrett's experience could affect whether Blue Ridge will proceed with its plan to give its workers the option of going overseas for medical care, the company says. "Everyone can see this thing could really become a big thing, so they're going to go out of their way to make sure everything is above and beyond the average in the United States," Garrett says.

McCain: Resentment Remains In 2000 Race (AP-Y)

By Mike Glover, Associated Press Writer

AP, August 16, 2006

Sen. John McCain said Tuesday there is "lingering resentment" among some Republicans because of his primary fight in 2000 with George W. Bush.

Those feelings may complicate his decision whether to seek the presidential nomination for 2008, said McCain, R-Ariz.

"If I run, and we'll decide that early next year, there's a lot of work to do," McCain said as he began a two-day visit to Iowa, which traditionally holds leadoff caucuses in January of presidential election years.

"Here in Iowa there are parts of the party where there's still lingering resentment over the bitterness of the 2000 race," he said.

In 2000, McCain skipped the Iowa caucuses and opened his campaign with the New Hampshire primary. He beat Bush there, but the Texas governor overtook him in later primaries.

As he considers a possible bid for the GOP nomination in 2008, McCain has visited Iowa often. Most polls show him better known that other possible Republican candidates.

"Since we haven't decided whether or not to run, we haven't decided whether to compete here, but I think you could make the argument that it's very different than 2000," he said. "In 2000, I was the outsider and, you know, we could afford to pass up on Iowa."

This time, he said, "I think the nomination would be up for grabs, I really do."

McCain has worked to deflect criticism of his opposition to subsidies for ethanol, an important issue in corn-growing Iowa.

"My position on ethanol is support for ethanol when oil went over $40 a barrel," he said. He said soaring gasoline prices make ethanol competitive in the marketplace.

"I do not support subsidies, but I support ethanol and I think it is a vital alternative energy source, not only because of our dependence on foreign oil but because of its greenhouse reduction effects," he said.

McCain's visit included a stop Tuesday in Grinnell, where he campaigned for state Rep. Danny Carroll.

Political Circus Travels To Iowa Fair (USAT)

By Judy Keen

USA Today, August 16, 2006

DES MOINES — Karl Swanson took one look at the media herd surrounding Sen. Evan Bayh, D-Ind., outside the cattle barn at the Iowa State Fair and headed in the opposite direction.

Does Swanson, 58, a retiree from Creston, think it's too early for presidential politics? “Yeah,” he said. “I'm going to breakfast.”

Ready or not, the 2008 presidential campaign is well underway in Iowa. The state caucuses that launch the nominating process are almost a year and a half away. Voters won't choose the next president for more than two years.

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The race in both parties is wide open and attracting plenty of interest already, because for the first time since 1928, neither a sitting president nor vice president is seeking his party's nomination.

Many of the prospective candidates find the state fair here irresistible. It gives them a chance to mingle with as many as 100,000 people each day of the fair, which runs Aug. 10-20, and a good shot at coverage on local TV. Iowa voters accustomed to regular visits from presidential candidates tend to notice who shows up — and who doesn't.

State Sen. Dick Dearden, a Democrat who accompanied Bayh during his fifth visit to the state this year, said cruising the midway is good politics. Bayh "will get on TV, and that will help with name recognition," Dearden said.

Many Iowa Democrats, he said, are waiting for New York Sen. Hillary Rodham Clinton — the front-runner in most polls of possible Democratic presidential hopefuls — to make her first visit. Should she put Iowa on her itinerary soon? "As an Iowan, I say yes," Dearden said.

Republicans Newt Gingrich, a former House speaker, and New York Gov. George Pataki were at the fair last week. Bayh and Sen. Joe Biden, D-Del., visited this week. Republican Sens. Bill Frist of Tennessee, John McCain of Arizona and Sam Brownback of Kansas might drop by this week. Iowa Gov. Tom Vilsack, a Democrat who's thinking about running for president, will visit the fair more than once.

If fairgoers' reactions to Bayh and Biden are any indication, the presidential hopefuls need some time to introduce themselves to Iowans.

When Biden walked into the pork producers' dining hall on Sunday, Jim Medberry of Union Grove Lake was confident when he misidentified the veteran senator as Jim Nussle, an Iowa congressman and Republican candidate for governor.

Medberry, 56, a factory worker, said between bites of pork barbecue that it's not too soon to get up to speed about the candidates. "I want to be educated before it's time to vote," he said. "You've got to tune in now."

John Manson, 56, a teacher from Maquoketa, admitted he could identify Biden only because someone told him that's who was surrounded by reporters and TV cameras. "It's plenty early for politics," Manson said.

Monica Soe encountered Bayh on Monday as he walked from the cattle barn to an exhibit hall, where he waited in line to see the life-size cow and Superman sculptures made of butter.

Soe, 40, a teacher from Des Moines, said she thought Bayh was good-looking. "We'd love to know more about his issues," she said. She was surprised to learn that he's from Indiana. "I thought he was from the East Coast."

Biden and Bayh each dressed in "politician casual" for their separate visits: brown loafers with tassels, khaki pants and a blue shirt. Biden wore a navy polo; Bayh a pinstriped dress shirt with rolled-up sleeves and no tie.

They each headed for the pork producers' hall, though Bayh never made it because he would have had to cut through a parade honoring veterans to get to it.

Bayh still managed to find a pork chop on a stick. Biden, making his first trip to the state as a presidential candidate, paid $7.50 for a pork chop dinner. He ate very little of it.

Both said they regularly visit fairs in their home states. Biden said those appearances are mandatory for candidates in Delaware. Bayh praised the fair's cleanliness and landscaping. "It feels a lot like home," he said, noting one exception. "I see you serve beer at your fair and we don't" in Indiana.

Both men were available to reporters but had different replies when asked if they're definitely running for president. "I know you're supposed to be coy and say, 'I don't know,' but I'm running," Biden said. Bayh's response: "I'm not making an announcement today."

Bayh and Biden moved through the crowd and talked with people. Biden chatted for several minutes with Delaware County Pork Queen Alyssa Feldmann about the identical names of his home state and her home county.

George Mackey, 71, watched as Bayh and Chet Culver, Iowa's secretary of State and the Democratic candidate for governor, conducted a news conference for three TV cameras and a half-dozen reporters.

"I haven't seen Bayh before," said Mackey, a retiree from Story City. "Being at the fair will definitely help him. He's getting exposure."

Pat Brice, 65, of Des Moines, and her sister, Alice Lowe, 68, who's from Ames, also listened to Bayh. Asked if the fuss over a possible presidential contender is premature, Brice said, "Oh, no, no, no. We want to hear it all."

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In Iowa, she said, politics is serious business: “We want to know everything.”

First Lady A 'Critical Asset' At Republican Fundraisers (WP)

By Michael A. Fletcher

The Washington Post, August 16, 2006

Laura Bush is scheduled to headline three events for Republican candidates in Kentucky, Ohio and West Virginia today, capping a stretch of five fundraisers this week for a first lady who often jokes that she does not much like politics.

The frequent use of the first lady by Republican candidates as a fundraising draw underscores the ferocious battle they face to retain control of Congress, and also reflects the standing of a woman whose popularity has endured even as public antipathy toward her husband has grown. A Gallup/USA Today poll in June found that 69 percent of Americans had a favorable view of the first lady, much higher than the president's 40 percent favorability rating.

So far this election cycle, the first lady has spoken at 24 political events, raising a total of $10.7 million, according to the Republican National Committee. "That is obviously an increase of activity from 2002," said Tracey Schmitt, an RNC spokeswoman. "Because of her broad appeal, she is a significant draw wherever she goes, and she is a critical asset to Republican candidates across the country."

Headlining a luncheon on Monday in suburban Chicago that raised $225,000 for GOP congressional candidate Peter Roskam, Bush said that politics is just part of her role as first lady. "You know, politics really is a family business," she said. "Everyone gets involved, whether they want to or not. It's just a fact of life."

Not that she lacked enthusiasm. Her 11-minute speech endorsing Roskam, who is running against Democrat Tammy Duckworth, a disabled Iraq war veteran, touched on many of the themes emphasized by her husband. She said that Roskam had built a track record as a tax cutter in the Illinois state legislature, while promising that he would "be a champion of the men and women of the United States military" if elected to Congress.

After the Roskam event, Bush traveled to St. Louis to head an RNC fundraiser. Today, she is scheduled to attend a breakfast for congressional candidate Geoff Davis in Lexington, Ky. After that, she is slated to deliver a speech at a luncheon for embattled Sen. Mike DeWine (Ohio), and then campaign with Rep. Mike Turner in Dayton, Ohio. She is scheduled to end her day by speaking at a reception for congressional candidate Chris Wakim in Fairmont, W.Va.

"She has been very generous in this cycle, as she was in 2004," said Sara M. Taylor, White House political director, adding: "She is a great messenger for our party."

Bush's political profile has steadily grown during her tenure as first lady. Through the years she has become a more regular campaigner. Also, during the State of the Union address earlier this year, President Bush named her to head a national initiative aimed at steering young people away from bad choices.

While the president remains a potent fundraiser, many GOP candidates are reluctant to campaign with him because of his low approval rating -- making the first lady all the more valuable as a political commodity.

"We certainly get a lot of requests for her," said press secretary Susan Whitson, adding that the first lady harbors few illusions about her appeal. "She always says, 'I'm popular because I don't have to make all the hard decisions.' "

Allen On Damage Control After Remarks To Webb Aide (WP)

By Michael D. Shear And Tim Craig

The Washington Post, August 16, 2006

RICHMOND, Aug. 15 -- Sen. George Allen on Tuesday sought to contain the political damage from remarks he made to a Fairfax County man that dredged up charges of racial insensitivity -- allegations that have dogged him for years as governor, senator and now presidential hopeful.

Despite a quick apology Monday, criticism poured in about Allen's use of the word "Macaca" to address a volunteer for the campaign of his Democratic opponent, James Webb, and also about another Allen comment, "Welcome to America." Democrats, left-wing bloggers and civil rights groups called him "insensitive" and "racist," while some conservatives called him "foolish" and "mean."

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The question was fiercely debated all day: Was "Macaca," which literally means a genus of monkey, a deliberate racist epithet or a weird ad-libbed word with no meaning? And what was Allen trying to say by singling out the young man of Indian descent?

Allen's defenders rushed to his side, saying the comments, though careless, do not reflect what is inside the senator's heart. Sudhakar Shenoy, an Indian business executive from Fairfax who has known Allen for years, said he "has been an incredible friend to Indians" and is not a racist. "I'd stake everything I have that George is not that kind of a guy," Shenoy said.

In a statement released Tuesday afternoon, Allen (R-Va.) said his remarks Friday to S.R. Sidarth, who at the time was videotaping an Allen campaign event on Webb's behalf, "have been greatly misunderstood by members of the media." He said Monday that "Macaca" was a play on "Mohawk," a nickname given to Sidarth by the Allen campaign because of his hairstyle. In Tuesday's statement, Allen said he "made up a nickname for the cameraman, which was in no way intended to be racially derogatory. Any insinuations to the contrary are completely false."

The comments were made at a campaign stop in the southwestern Virginia town of Breaks, where Allen spoke to about 100 supporters. Moments after greeting the crowd, Allen repeatedly pointed at Sidarth, called him "Macaca, or whatever his name is" and went on to say, "Welcome to America and the real world of Virginia," as the crowd laughed.

With the video of Allen's remarks available around the globe via Youtube.com and other Web sites, the Virginia controversy became one of the most blogged-about topics on the Internet, according to the Technorati Web site, which tracks entries on 51.3 million blogs.

That thrust Sidarth, 20, a volunteer working as the Democratic eyes and ears on Allen's campaign, into the national spotlight. He was interviewed Tuesday by several major newspapers and appeared on CNN and other television networks.

Meanwhile, Allen's past -- which includes a youthful admiration of the Confederate flag and an office that once displayed a noose -- lurched back into the public spotlight during the Republican's senatorial battle against Webb, a Navy secretary during the Reagan administration.

During the past two years, as Allen has flirted with the idea of running for president in 2008, he has introduced symbolic anti-lynching legislation in the Senate and promised to lead the charge for an official apology for slavery. Political pundits who follow Allen closely said the new comments threaten that well-planned effort.

"There are very few issues in American politics that are more sensitive than race. Senator Allen has just plunked himself down in the middle of it," said Geoffrey D. Garin, a leading Democratic pollster. "Allen's comments take him back to a place he was trying to escape from."

Avoiding the subjects of race and Allen's history was proving unlikely in the short term as the odd story of the senator's comments bounced around the nation's capital.

Sanjay Puri, the leader of the nation's largest Indian political action committee and a longtime Allen supporter, said he will lead a delegation of Indian business executives and community leaders to meet with Allen on Wednesday to express dismay.

"The comments are very insensitive. That's what we want to find out: How can we continue working with him?" Puri said. "The senator has had a very good relationship with our community. I was pretty surprised -- you can say shocked."

Mark Potok, director of the intelligence project for the Southern Poverty Law Center, based in Montgomery, Ala., said it was "simply impossible to believe" that Allen did not intend the comments as a racial insult.

"To me, it looks like yet another case of a politician pandering to the worst instincts in an all-white crowd," Potok said.

Virginia Gov. Timothy M. Kaine (D), who during his campaign last year was dogged by young GOP operatives with video cameras -- usually called trackers -- chided Allen.

"It's insensitive," Kaine said. "Campaigns are tough. But George has been in campaigns. He knows there's trackers. It's just a fact of life. You should just do your thing and not single them out."

Big-time campaigns often assign trackers to shadow their opponents, hoping to catch the candidate making a gaffe or shifting the message to accommodate different audiences. Virginia Republicans have tracked Webb this year. Often, videos can end up in campaign commercials.

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That was the job of Sidarth, a University of Virginia senior who attended Thomas Jefferson High School in Fairfax County. His father, Shekar Narasimhan, is a mortgage banker who has contributed more than $35,000 to Democratic causes in the past decade, according to a review of state and federal campaign finance reports.

Sidarth joined Webb's effort this summer, initially working as a field organizer. Last week, when Allen kicked off his statewide "listening tour," Sidarth was asked to trail Allen, he said. Driving his 1996 Volvo, he followed Allen from Charlottesville to Richmond to the Northern Neck. He said he was "shocked" when Allen began talking about him.

"I didn't believe that he had gone to using race in the political arena," he said.

Rich Lowry, editor of the conservative National Review, wrote on the magazine's Web site Tuesday that he did not think Allen was "trying to speak a coded racist language." But Lowry said Allen showed he "has a mean streak."

Allen Sorry For Calling Man 'Macaca' (STPPP)

By Larry O'dell

The St. Paul Pioneer-Press, August 16, 2006

RICHMOND, Va. - Sen. George Allen apologized Tuesday for remarks that offended a man of Indian descent who was tracking the Republican's re-election campaign for Democratic challenger Jim Webb.

S.R. Sidarth said he felt Allen was singling him out because of his race when the senator called him "Macaca" during a GOP rally Friday at Breaks, Va., near the Kentucky border.

"In no way was it meant to demean him, and I'm sorry if he was offended," Allen said in a telephone interview.

Allen, who is positioning himself for a possible run for president in 2008, said the name was "just made up" and that he had no idea that macaca is a genus of monkeys including macaques. The name also could be spelled Makaka, which is a city in South Africa.

Webb's campaign distributed to reporters a video clip of Allen's remarks about Sidarth, a 20-year-old University of Virginia senior who spent last week videotaping Allen's "listening tour" for the Webb campaign.

"This fellow over here with the yellow shirt - Macaca or whatever his name is - he's with my opponent," Allen said. "He's following us around everywhere."

After mentioning that Webb was in California on a fundraising trip, Allen exhorted the crowd: "Let's give a welcome to Macaca here. Welcome to America and the real world of Virginia."

Sidarth, who was born and raised in Fairfax County, has said he felt Allen was singling him out because he was the only nonwhite in the audience, but an Allen campaign spokesman said not all of the rest of the crowd was white.

On Tuesday, Sidarth said he took little comfort in Allen's attempted amends.

"If he wants to make an apology to me, he can talk to me personally rather than doing this through the press," Sidarth said.

Allen said he would speak personally to Sidarth the next time he sees him at a campaign event.

"I look forward to seeing him," Allen said. "The point of the matter was to chide and poke fun at my opponent, not any of his staff."

Allen, a former Virginia governor, said Tuesday that he was trying to point out that Sidarth was providing Webb "a travelogue" of places the Democrat would never visit.

Sidarth, however, said that "calling me whatever name is the first thing to come into his head has nothing to do with making a travelogue for Mr. Webb."

On Monday, Allen spokesman Dick Wadhams said the name "Macaca" was a variation of "Mohawk," the nickname Allen campaign staffers gave Sidarth for his partially cropped haircut. Allen, however, said Tuesday that he made up the name himself.

Allen has been accused of racial insensitivity before. He wore a Confederate flag pin in his high school yearbook photo, used to keep a Confederate flag in his living room, a noose in his law office and a picture of Confederate troops in his governor's office, but has said he has grown since then.

Senator Says He Meant No Insult By Remark (NYT)

By David Stout

The New York Times, August 16, 2006

DOJ_NMG_0048960

WASHINGTON, Aug. 15 — If Senator George Allen of Virginia is thinking of running for president in 2008, as is widely believed, what he said in a little town in southwestern Virginia several nights ago may haunt him.

"This fellow here, over here with the yellow shirt, Macaca, or whatever his name is, he's with my opponent," Mr. Allen said on Friday night at a rally in Breaks, next to the Kentucky border. "He's following us around everywhere. And it's just great."

Mr. Allen, a Republican running for re-election, was singling out S. R. Sidarth, a 20-year-old volunteer for Mr. Allen's Democratic challenger, James Webb. Mr. Sidarth's mission was to trail Mr. Allen and videotape his speeches, in the hope they would yield grist for Mr. Webb's campaign.

But it was Mr. Allen who supplied grist for his rival with his use of the term "macaca," a genus that includes numerous species of monkeys found in Asia.

Mr. Allen said Monday that he had meant no insult, that he was sorry if he hurt anyone's feelings and that he did not know what "macaca" meant, according to The Washington Post, which reported the incident on Tuesday.

Mr. Sidarth, who is of Indian descent, was not convinced.

"I think he was doing it because he could, and I was the only person of color there, and it was useful for him in inciting his audience," Mr. Sidarth told The Post.

The senator's communications director, John Reid, said in an interview Tuesday that Allen campaign workers had good-naturedly nicknamed Mr. Sidarth "Mohawk" because he would not disclose his name and the sobriquet seemed appropriate for Mr. Sidarth's hairstyle.

Perhaps, Mr. Reid suggested, "Mohawk" morphed into "macaca," with results that turned out to be regrettable.

After his initial use of the term, Mr. Allen went on to urge the crowd to "give a welcome to Macaca here. Welcome to America and the real world of Virginia."

Mr. Reid said those words were not an effort to stamp a "foreigner" label on Mr. Sidarth, who was born in Fairfax County, Va. People who follow the campaign of Mr. Allen, who was born in California, know that he often talks about "the real America, real people in the real world," meaning people outside the Washington Beltway, Mr. Reid said.

Mr. Allen expressed further regrets on Tuesday, saying, "I apologize if my comments offended this young man."

Mr. Webb's communications director, Kristian Denny Todd, was skeptical of the explanations from the Allen camp. "I think it's reaching, at best," Ms. Todd said.

Jessica Smith, press secretary for the Webb campaign, said that Mr. Sidarth had been introduced to Mr. Allen in the past and that the senator's staff knew who he was.

Several Virginia polls show Mr. Webb, a Vietnam War hero, novelist and former Navy secretary under President Ronald Reagan, trailing Mr. Allen. Yet Ms. Todd said there was no discouragement in the Webb camp.

"We have a fantastic candidate," she said, adding that he was one who offered leadership instead of a rubber stamp for President Bush.

Larry J. Sabato, director of the Center for Politics at the University of Virginia, said Tuesday that Mr. Allen was strong enough in Virginia that the verbal gaffe would probably not keep him from being elected to a second term.

But should Mr. Allen run for president, the word "macaca" will hurt him, Mr. Sabato said, "not only because it is offensive on its face but also because it fits into a long pattern of insensitivity by Allen on racial and ethnic matters."

In 1984, as a member of the Virginia House of Delegates, Mr. Allen opposed a state holiday honoring the Rev. Dr. Martin Luther King Jr. After being elected governor in 1993, he issued a proclamation honoring Confederate History Month. He also kept a Confederate battle flag in his home, according to The Almanac of American Politics.

The almanac also notes that as a senator Mr. Allen sponsored legislation to award $1.25 billion in grants for computers and technology for historically black colleges and universities — the measure died in the House — and that he proposed that the Senate apologize for its failure to enact antilynching laws in the 1930's and 40's.

"I have worked very hard in the Senate to reach out to all Americans, regardless of their race, religion, ethnicity or gender," Mr. Allen said on Tuesday.

A Discouraging Word (NYT)

DOJ_NMG_0048961

The New York Times, August 16, 2006

If, as many politicians suspect, Senator George Allen's re-election bid in Virginia is a warm-up for his run in the next presidential race, the ever ambitious Republican is demonstrating he has a lot to learn about playing what campaign cynics like to call the race card. Speaking to a largely white crowd in the southern reaches of the state, Mr. Allen got a laugh by suddenly ridiculing a young Democrat of Indian descent who was videotaping the event for opposition research.

"Let's give a welcome to Macaca, here," the senator said, using an odd, derogatory-sounding word that can mean monkey, by one insulting definition. "Welcome to America and the real world of Virginia," Mr. Allen continued, beaming at S. R. Sidarth, a 20-year-old born and bred in Virginia who is a student at the University of Virginia.

At first the Allen campaign firmly defended the remark as deserving no apology. Spinners pathetically sought to convince the real world beyond the campaign fringe that no slur could be perceived, only a joshing allusion to the student's haircut. Macaca = Mohawk? Eventually, Senator Allen had to offer an apology, saying he meant nothing demeaning. "I don't know what it means," he said of "macaca," even though he had repeated the word with great delight. Understandably, the student, for all his Democratic partisanship, took the word and the senator's "welcome to America" line as a bit of xenophobic raw meat for the audience.

In his younger years, Senator Allen flirted with offensive symbols like the Confederate flag. As he looks beyond Virginia, Mr. Allen should get used to the idea that people are noticing his behavior.

Poll Shows Pa. Senate Race Tightening (AP-Y)

By Kimberly Hefling, Associated Press Writer

AP, August 16, 2006

Democrat Bob Casey's lead is shrinking over Republican Sen. Rick Santorum in one of the nation's hottest Senate races, a poll released Tuesday shows.

Santorum has narrowed the gap from an 18-point difference in June, according to the poll, and a recent appearance of a Green Party candidate also is considered a spoiler for the Democrat.

In a three-way contest, the new poll found Casey leading Santorum 45 percent to 39 percent, with Green Party candidate Carl Romanelli picking up 5 percent. Eleven percent said they were undecided or did not plan to vote, according to the Quinnipiac University poll.

As a two-way race, without Romanelli, 47 percent of the same respondents favored Casey to 40 percent for Santorum, with 13 percent undecided or expressing another opinion.

The results of the poll, based on telephone interviews with 1,384 Pennsylvania registered voters from Aug. 8 through Monday, carry a sampling margin of error of plus or minus 2.5 percentage points. The June poll showing Casey leading Santorum by 18 points, 52 percent to 34 percent, was also conducted by Quinnipiac University.

The Casey campaign said Tuesday it expected the race to tighten.

"Obviously there was a reason Rick Santorum and his supporters bankrolled the petition drive, why his staff was so eager to collect petitions and encourage Romanelli's candidacy," said Larry Smar, Casey's campaign spokesman.

Romanelli, a railroad industry consultant from Wilkes-Barre and a former family court support officer, submitted enough signatures to get on the November ballot. He has said most of his financial backing came from Republicans. Democrats have challenged the signatures in court.

Some Democratic voters could find Romanelli an attractive choice because he supports a woman's right to an abortion, while Casey, currently the state treasurer, and Santorum do not.

"The voters are looking at the totality of the race. They're really paying attention for the first time," said Clay F. Richards, assistant director of the Connecticut-based university's polling institute.

Romanelli said he was pleased with the poll results because normally Green Party candidates poll at 2 percent or less and "we haven't even really gotten started yet."

Santorum campaign spokeswoman Virginia Davis said "it's hard to ignore that some of these polls are showing a trend in favor of Santorum."

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But she said the campaign doesn't expect to see "a real dramatic shift until voters have the opportunity to see the candidates debate." So far, only one debate is scheduled, on NBC's "Meet the Press" over Labor Day weekend. Santorum has called for 10 debates.

A Democrat For Main Street (WP)

By Harold Meyerson

The Washington Post, August 16, 2006

If you're looking for a land that time forgot, you couldn't do much better than the mountain country of central Pennsylvania. On a sparkling summer day it's a tableau of lazy rivers and deeply green forested hills, of cornfields and farmhouses (some abandoned) and steel mills (many shuttered), and one little town after another where the buildings on Main Street look pretty much as they did in the 1940s (except those that are boarded up). Many prospects please here, but nothing bespeaks either newness or prosperity (except the occasional Wal-Mart, which bespeaks newness and the absence of prosperity).

Politically, north-central Pennsylvania is one of the most venerable Republican terrains in the land, and it's grown more Republican in recent decades with the closing of unionized steel and textile mills. James Carville once famously observed that Pennsylvania is Philadelphia and Pittsburgh with Alabama in between. As if to confirm Carville's thesis, when I attended the Mifflin County Youth Fair and Hog Auction last Saturday in the company of Bob Casey, the state treasurer and the Democratic challenger to Republican Sen. Rick Santorum, there was a pickup truck in the parking lot with an illustration, in the front license-plate frame, of a nekkid woman in front of a Confederate flag. (My immediate reaction, I must confess, was to suspect that Carville had planted the truck there for the benefit of any stray political reporters.)

Mifflin County is not the kind of place that many statewide Democratic candidates visit, but Casey is hardly your standard-issue Democrat. A devout, Jesuit-educated Catholic, Casey is anti-abortion and pro-gun, and when he is asked about national security, he begins by stating his desire to double the size of our Special Forces (Army Rangers, Green Berets, Delta Force, Navy SEALs).

He is also studiedly vague about what we should do in Iraq -- though he's not vague at all when finding fault with Santorum's willingness to stay the course with George W. Bush, whatever that course may be. "Rick Santorum never asked any tough questions of the president about the war, about our strategy, about our exit and occupation strategies, about the body armor we gave our troops," Casey tells an appreciative audience at a Steelworkers union hall in Lewistown (where the steel mill that once employed thousands of workers now employs 500).

No intellectual sleight-of-hand is required to link Santorum to Bush. "Rick Santorum has voted with George W. Bush 98 percent of the time," Casey tells his listeners at every campaign stop. "When two politicians agree 98 percent of the time, one of them is not necessary."

With Northeastern and Middle Atlantic states clearly moving in a more Democratic direction, Santorum -- whose voting record and social philosophy are more suited to an Alabama Republican -- heads the list of Republican senators whom the Democrats think they can defeat this year. But there are enough places like Mifflin County in Pennsylvania to make it a real fight, which is why the Democrats have rallied to the socially conservative, economically progressive Casey. Early on, the Senate Democratic leadership (Harry Reid and Chuck Schumer) and the state's Democratic governor, Ed Rendell (a onetime Casey opponent), made it clear that Casey was their guy.

Which, if you believe all the nonsense that's been written since Joe Lieberman's primary defeat about those crazy blogistas rebelling against the Democratic establishment and pushing the party to the left, should mean that the bloggers and their ilk ought to be wailing about Casey. In fact, they're doing nothing of the sort. For one thing, the authors of such partisan blogs as the Daily Kos understand that the Democrats have to beat Santorum in order to retake the Senate and raise the political discourse above the level of Santorum's deliberate primitivism (Santorum once equated gay relationships to "man-on-dog" sex). They understand that Casey is the Democrat best suited to the task. Most liberal groups are campaigning mightily for Casey (though support for a Green Party candidate among Naderistic nihilists has cut Casey's lead over Santorum in yesterday's Quinnipiac Poll to 6 percentage points).

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And the liberal case for Casey is a strong one -- particularly on trade. A critic of both the North American and Central American free-trade agreements, Casey wants trade pacts that require signatory nations to enforce worker rights and environmental protections. A number of leading Democratic senatorial candidates this year -- Ohio's Sherrod Brown, Vermont's Bernie Sanders (an independent who's in effect a Democrat) and, yes, Connecticut's Ned Lamont -- share Casey's perspective on trade. Their victories would shift, perhaps decisively, the Senate Democratic caucus toward a trade policy in which Main Street is taken at least as seriously as Wall Street. It's a shift, if the Main Streets of central Pennsylvania are any indication, that would come not a moment too soon.

New Lieberman Retooling Race As Independent (NYT)

By Patrick Healy And Nicholas Confessore

The New York Times, August 16, 2006

Just one week ago, national Democrats united to try to nudge Senator Joseph I. Lieberman out of his race for re-election after his defeat at the hands of his antiwar rival, Ned Lamont, in the Connecticut Democratic primary.

But today Mr. Lieberman appears to be in the race to stay, running as a retooled independent candidate who is taking on both political parties, and Connecticut is already seeing a full-throated re-enactment of the men's blistering primary battle.

Far from sulking in defeat, Senator Lieberman has fired most of his senior aides, energized his broad base of donors from his campaigns for president and vice president, produced a new television advertisement explaining his political intentions, and attacked Mr. Lamont over the London terror plot.

The senator appears so emboldened that in spite of the Democratic unity around Mr. Lamont, some Washington Democrats are now acknowledging that a Lieberman victory in November is a distinct possibility. According to guests at a fund-raiser for Senator Hillary Rodham Clinton in the Hamptons on Saturday, Mrs. Clinton — who is supporting Mr. Lamont — said that Mr. Lieberman had more than a 50-50 chance of winning re-election. (Clinton aides said they could not confirm or deny the remark; one of the aides said that if Mrs. Clinton had discussed the race, she might have been referring to a new poll that had Mr. Lieberman slightly ahead.)

To help Mr. Lamont, national Democrats are providing ideas to his campaign on policy issues and staffing, as well as a steady flow of donations, Lamont aides said.

In a state where Republican and independent voters make up a majority of the electorate, Mr. Lieberman is still developing a message about bipartisanship, but his aides say it will involve adopting positions from both parties and being willing to criticize Democrats as well as Republicans. Meanwhile, Mr. Lamont, a Greenwich millionaire, now has to calibrate his own identity as self-described liberal.

"Given the demographics of Connecticut, it's still an uphill battle for Lamont, even as the Democratic nominee," said Donna Brazile, a Democratic consultant and official with the Democratic National Committee, which is supporting Mr. Lamont.

"Ned came out of nowhere to beat an incumbent, but now he has to rally the party and reach out to independents," Ms. Brazile said. "Joe Lieberman won 48 percent of the Democrats in the primary. Now he has to maintain that and build on it. Can he? Sure he can. It's way too soon to call this race, because it's going to be a dogfight to the finish."

Mr. Lieberman also faces a Republican candidate, Alan Schlesinger, but on Monday President Bush's spokesman refused to say that the White House was endorsing him, reinforcing concerns about his viability and suggesting that Mr. Lieberman could mine Republican votes.

Lamont advisers said that they had hoped Democratic pressure on Mr. Lieberman to quit would have been unbearable. Howard Dean, the chairman of the Democratic National Committee, has called on Mr. Lieberman to drop out, but other Democratic leaders have questioned whether it makes sense to take on the senator — and perhaps anger him — when he appears determined to run and relatively formidable right now.

"No one is going to say anything that is directly related to trying to hurt Joe Lieberman," Senator Harry Reid of Nevada, the Democratic leader, said to reporters on Friday. "However, I just have to say that Joe has to play on the field of Connecticut."

In the absence of Democratic pressure, the Lamont campaign is seeking and receiving other forms of help. Several Democratic senators have donated to Mr. Lamont, including Mr. Reid, who contributed $5,000 the day after the primary. Former

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President Bill Clinton and Mrs. Clinton have offered to campaign for Mr. Lamont — his aides say the offer will be accepted — and the Lamont campaign is setting up meetings with Mrs. Clinton and Senator Charles E. Schumer of New York, who is chairman of the Democratic Senatorial Campaign Committee.

As the newly proclaimed Democratic nominee, Mr. Lamont is moving to adopt a general election strategy that attracts more moderate voters, who are crucial to victory in Connecticut elections. He is also seeking at least two experienced fund-raising aides to tap more donors in Connecticut and nationwide, particularly those who are excited by the antiwar message.

Yet Mr. Lamont's staffing needs are also one of several signs that his rookie bid for statewide election is still evolving: He lacks such basic political tools as an opposition research effort to ferret out the sources of Mr. Lieberman's campaign contributions and other tidbits that might embarrass the senator. Mr. Lamont's communications and advance operations also need to be expanded, said Tom Swan, the campaign manager.

"There is a need for us to adjust a lot, to adjust significant pieces of the campaign and tap our thousands of volunteers," Mr. Swan said. "Having said that, I believe we have a lot to build off of to make that easier."

Some Lamont allies have privately expressed disdain for the idea of bringing on any outside consultants, noting that most big-name Democratic consultants had shown little willingness to help Mr. Lamont when he was an obscure businessman running a long-shot campaign.

"I don't want to hire any of those big-fee consultant types from Washington who just want to come in and make money off of Ned," Mr. Swan said. "We won the primary on Ned's message; we can win the general in a similar way."

While Mr. Lieberman faces the challenge of running as a man without a party, at least he is widely known in Connecticut; Mr. Lamont is still introducing himself to swaths of voters, and has to hone his political pitch to appeal to those who are not liberal or primarily concerned with the war in Iraq. During the primary, Mr. Lamont favored an expanded federal role in health care and education; his advisers say he will stick with those ideas and find ways to sell them to new audiences.

"There isn't a Republicans for Lamont group yet, but I'm confident that we'll have the message to organize one pretty quickly," Mr. Swan said.

At the same time, Mr. Lamont is not abandoning his liberal allies, even those who might be polarizing figures in a state like Connecticut. The Rev. Al Sharpton, who drew notice for appearing on television behind Mr. Lamont during the candidate's primary victory speech, said yesterday that he spoke to the candidate by phone earlier in the day.

"I told Lamont, don't listen to the right wing saying you can't win with Sharpton and Jesse Jackson by your side, because you already did win with Sharpton and Jackson with you," Mr. Sharpton said. "He can't let the right wing pressure him in subtracting supporters from his side — he has to focus on addition."

Lieberman aides said that Mr. Lamont's association with Mr. Sharpton and Mr. Jackson — both of whom campaigned vigorously for Mr. Lamont — was a political albatross that helped explain why Mr. Lieberman believed he could win over a majority of voters.

"Primary night was the first time that many Connecticut voters saw Lamont on TV, and he's surrounding himself with two of the more divisive and problematic figures in the Democratic Party," said Dan Gerstein, a veteran Lieberman aide who was appointed communications director for the campaign last week.

Mr. Swan said that Mr. Lamont welcomed the support from the two men, but added that the tableau on primary night was not purposeful.

"We wanted folks from Connecticut up there with Ned, but plans sometimes don't happen," Mr. Swan said. "Folks decided to go up to the party and get up on stage. And you couldn't see supporters like Lowell Weicker because they were in the audience, Lowell because of his hip replacement," Mr. Swan added, referring to the former senator.

For the most part, the Lamont campaign and its allies see Mr. Lamont's relative lack of polish as an asset and not a weakness, and see little need to sand the edges of his image or deportment. Mr. Lamont has developed a reputation for speaking his mind and admitting mistakes, like apologizing yesterday for Mr. Swan's remark the other day about Waterbury, a Lieberman stronghold, as a place where "the forces of slime meet the forces of evil."

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"I'm sure he'll become better at the political stuff as time goes by," said Sharon Palmer, the president of the American Federation of Teachers' Connecticut branch. "But I think that that element of not being a slick politician is appealing to a lot of people."

Clinton Gives Lieberman A Lesson In Independence (WP)

By Dan Balz

The Washington Post, August 16, 2006

Just three weeks ago, former president Bill Clinton was in Connecticut campaigning for Sen. Joseph I. Lieberman (Conn.) in the Democratic primary against Ned Lamont. But in an interview yesterday, Clinton gave Lieberman a vivid lesson in how life is different now that the senator has lost to Lamont and is running as an independent.

The former president slapped Lieberman over the latter's suggestion that he lost because party liberals wanted to purge a politician who shared Clinton's overall philosophy of being progressive on domestic issues while supporting a robust national security policy.

"If I were Joe, and I was running as an independent, that's what I'd say, too," Clinton told ABC's "Good Morning America." "But that's not quite right. That is, there were almost no Democrats who agreed with his position, which was, 'I want to attack Iraq whether or not they have weapons of mass destruction.' "

Lieberman is having better success with the current president than the former one. President Bush will not be backing Republican nominee Alan Schlesinger, who is lagging far behind in the polls, in the Connecticut general election. "We are not making any endorsement in Connecticut," said White House press secretary Tony Snow. "The Republican Party of Connecticut has suggested that we not make an endorsement in that race and so we're not."

When it comes to Iraq, Lieberman may not be as far apart from Clinton and his wife, Sen. Hillary Rodham Clinton (D-N.Y.), as the former president implied. Both Clintons supported the resolution authorizing the war. Neither has renounced that position, despite the absence of weapons of mass destruction.

Lieberman spokesman Dan Gerstein, in an e-mailed response, said Lieberman's posture was not the Bush-Cheney-Rumsfeld position, but one signed into law by Clinton himself in 1998 as the Iraq Liberation Act. That measure called for regime change there but not solely because then-Iraqi President Saddam Hussein harbored a desire for weapons of mass destruction.

Gerstein noted that Clinton had told an Aspen Institute audience last month that he agreed with Lieberman that it would be a mistake to set a timetable for withdrawal, as Lamont favors, and said Clinton had called efforts to punish Democrats who backed the war "the nuttiest strategy I ever heard in my life."McKinney Is Anti-Machine

Rep. Cynthia McKinney (Ga.), who also lost a primary to a fellow Democrat this month, is not running as an independent. Like Lieberman, however, she does not seem entirely at peace with the voters' verdict.

In remarks to the National Dialogue and Revival for Social Justice in the Black Church, meeting in Georgia, McKinney warned that African Americans need to stand up against electronic voting machines, which she suggested may be responsible for her loss.

"You won't know who won as long as we have those electronic voting machines, with the problems that have been manifested by them," she said in remarks quoted by the Associated Press.

McKinney, known over six terms in Congress for her confrontational style, said she considers herself a "black political paramedic," and warned that the "black body politic is near comatose."

Former DeKalb County commissioner Hank Johnson won the primary by 59 percent to 41 percent. Like McKinney, he is black.

The Democrats Mean Business (WSJ)

By Ned Lamont

The Wall Street Journal, August 16, 2006

In the past week, my victory in the Connecticut Senate primary has been labeled everything from the death knell of the Democratic Party to the signal of our party's rebirth. Beneath all of this punditry is a question that I want to face directly: how the

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experience I will bring to the U.S. Senate will help Connecticut and the Democratic Party during this time of testing for our country.

I ran at a time when people said "you can't beat a three-term incumbent," because I believed that President Bush, enabled by Sen. Joseph Lieberman, had weakened our country at home and abroad. We're weaker economically, because we're more dependent on foreign energy and foreign capital. Our national security has also been weakened, because we stopped fighting a real war on terror when we made the costly and counterproductive decision to go to war in Iraq.

My confidence that Connecticut was ready for a real debate and a real choice this year was founded not only on current events but also past experience. It was my career in business that shaped my outlook, and helped prepare me to run the race I did.

In 1984, with a loan from People's Bank, I started Campus TeleVideo from scratch. Our offer was unique: Rather than provide a one-size-fits-all menu of channels, we let the customers design their cable system based on the character of the community being served.

From the moment I filled out that loan application, I've been in every part of the business -- pulling cable, hiring workers, picking a good health-care plan, closing deals, listening to customers and fixing problems. It's been profitable, and it's been instructive, a quintessentially American experience. Here, entrepreneurs have the freedom to be successful in ways the rest of the world admires.

These defining lessons of my business experience are central in my campaign: identifying the challenges that face our state and offering real solutions. Something clearly worked, because the voters decided to do what our Founding Fathers envisioned; they put their trust not in a career politician but in a concerned citizen and experienced businessman who promises to rock the boat down in Washington.

Here are the four lessons of my business life that I talked about every day on the campaign trail, and that have resonated with Connecticut Democrats:

• First, entrepreneurs are frugal beasts, because the bottom line means everything. In Connecticut, voters are convinced that Washington has utterly lost touch with fiscal reality. We talked about irresponsible budget policies that have driven the annual federal deficit above $300 billion and the debt ceiling to $9 trillion. Meanwhile, the government is spending $250 million a day on an unprovoked war in Iraq while starving needed social investment at home. I am a fiscal conservative and our people want their government to be sparing and sensible with their tax dollars.

• Second, entrepreneurs invest in human resources. Our business strives to pay good wages and provide good health benefits so that we can attract employees that give us an edge in a competitive marketplace. Well-trained and well-cared-for people are essential for every business these days, particularly in a global economy. It's getting harder and harder for American businesses to compete on price, but we innovate and change better than any economy on the planet. The quality of our work force is one of America's competitive advantages -- if our education system fails our children and our employers, we'll lose the future.

That's why I talked about my work as a volunteer teacher in the Bridgeport public schools, which can't afford to be open later than 2:30 p.m., schools that send children home to an empty house. That's why my campaign offered a strong alternative to standardized tests and No Child Left Behind. That's why I believe in an employer-based health-care system that covers everyone, and providing tax benefits to small businesses so they can provide insurance without risking bankruptcy.

• Third, in a market-driven economy, entrepreneurs can never lose touch with what customers, suppliers and workers are saying. A great strength of our campaign is that we embraced the grassroots and netroots, suburbs and inner cities, and used the most advanced technology to empower our door-knockers and activists. We listened hard and respectfully to what voters told us, and gave them the confidence to trust someone new.

• Finally, entrepreneurs are pragmatic. Unlike some politicians, we don't draw a false strength from closed minds, and we don't step on the accelerator when the car is headed off the cliff.

By every available metric, the "stay the course" strategy in Iraq is not a winning strategy. Changing course is neither extreme nor weak; it is essential for our national security.

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We start with the strongest, best-trained military in the world, and we'll keep it that way. But here's how we'll get stronger by changing course. We must work closely with our allies and treat the rest of the world with respect. We must implement the recommendations of the 9/11 Commission and put in place real protections for ports, airports, nuclear facilities and public transit.

Good judgment is an essential part of good governance. But we're bogged down in Iraq, and hamstrung in the war against terror, by leaders who lacked judgment, historical perspective, openness to other cultures and plain old common sense. We offer something different.

But in the final analysis, the results of this election say less about me, and more about the people of Connecticut. They turned out in record numbers; they spoke every day with a simple eloquence and urgency about the country we love. They oppose the war and the fiscal nightmare crafted by President Bush and his allies. But their vote, finally, was one based on pragmatism and reality, on optimism and hope. And it is to these ideals and values that we plan to address my campaign in the months until November.

Collins Endorses Lieberman In His Re-election Bid (BOS)

The Boston Globe, August 16, 2006

PORTLAND, Maine --Sen. Joseph Lieberman's bid for re-election as an independent received a solid endorsement from the chairwoman of the Homeland Security Committee on Tuesday.

Sen. Susan Collins, R-Maine, said she fully supports Lieberman, ranking Democrat on the committee, who's running as an independent after losing the Democratic primary to political newcomer Ned Lamont.

"I very much hope that Sen. Lieberman will be re-elected in the fall. His is an important voice of moderation and experience in the Senate," she said.

Lamont managed to defeat the Democratic party's 2000 vice presidential nominee in an election that was viewed by many as a referendum on Iraq and President Bush's handling of the war. Lieberman's decision to run as an independent sets up a three-way race between Lieberman, Lamont and Republican Alan Schlesinger.

Interviewed on the WCSH-TV show "207," Collins said it's unusual that she would endorse someone from another party, but she said Lieberman has been an important partner on homeland security measures.

She noted that she has worked with Lieberman on all important homeland security issues. "It would be a real loss not only to the people of Connecticut but to the people of this country were he not re-elected," she said.

Politicial Ad Pairs Clinton, Bin Laden (AP-Y)

By Beth Fouhy

AP, August 16, 2006

A Republican hoping to challenge Sen. Hillary Rodham Clinton this fall is running a television ad that pairs Clinton's face with Osama bin Laden's and accuses her of opposing national security programs that may have helped thwart a terror plot on U.S.-bound flights from London.

The ad by former Yonkers Mayor John Spencer's campaign suggests Clinton is "playing politics with national security." It shows images of newspaper headlines about the terror plot, followed by photos of Clinton and bin Laden.

"Senator Hillary Clinton opposed the Patriot Act and the NSA program that helped stop another 9/11. She'd leave us vulnerable," the narrator says.

Clinton adviser Howard Wolfson called the ad factually inaccurate. Clinton voted for the Patriot Act, which expanded the federal government's ability to track terror suspects, in 2001. Last year, she was part of a Democrat-led filibuster that forced Republicans to accept curbs on the government's power to investigate suspects, but she then voted to renew expiring sections of the Patriot Act.

"Mr. Spencer's history of making wild-eyed angry falsehoods like these are among the many reasons why no one takes him or his campaign seriously," Wolfson said.

In the past, political ads linking lawmakers to bin Laden, the al-Qaida mastermind of the Sept. 11, 2001, attacks, have been highly controversial.

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In 2002, Republicans used an image of bin Laden in an ad questioning whether Georgia Sen. Max Cleland, who opposed a Bush homeland security bill, had the courage to lead. Cleland, a Democrat who lost three limbs in the Vietnam War, was ultimately defeated by Republican Saxby Chambliss.

Spencer spokesman Rob Ryan defended the Clinton ad Tuesday.

"The ad speaks for itself," he said. "It's about the failure of Senator Clinton to take proper action to defend the state in a time of war."

Spencer faces Kathleen Troia "KT" McFarland for the GOP nomination to challenge the heavily favored Clinton. The primary is Sept. 12.

Cardin Woos Seniors With Anti-Bush Rhetoric (WT)

By S.a. Miller

The Washington Times, August 16, 2006

Rep. Benjamin L. Cardin yesterday courted the senior-citizen vote in his run to represent Maryland in the U.S. Senate.

Meanwhile, his chief rivals for the Democratic nomination -- Kweisi Mfume, former president of the National Association for the Advancement of Colored People, and Bethesda businessman Josh Rales -- started their final push to the Sept. 12 primary.

During a campaign stop at Ring House Retirement Community in Rockville, Mr. Cardin touted his record of opposing President Bush on the Iraq war and on tax cuts, the Medicare drug plan and a proposal to privatize Social Security.

"It is helping me in the Senate campaign that the voters know that I stood up to George Bush," he told about 70 of the mostly Jewish residents.

"Democrats are not going to win just because George Bush's popularity is around 35 percent," Mr. Cardin said. "Democrats are going to win because we do have a positive message for America's future.

"We do know how to balance the budget by taking on special interests in health care. We do know how to provide energy independence by taking on the special interests in the oil industry," he said.

Mr. Cardin received more applause for his attacks on the president than for his health care proposals, which were the focus of the event.

"What I came away with is to be sure to vote Democrat," said Charlotte Shapiro, 84, a registered Democrat who said she would vote for Mr. Cardin. "The war is what I'm against. It is a war that we didn't have to be involved with."

Mr. Cardin's primary opponents also are tapping the strong anti-war sentiment among Maryland Democrats, and Cardin critics point out that he voted to fund the war after having voted against the invasion of Iraq.

The winner in the Democratic primary likely will face Lt.Gov. Michael S. Steele, a Republican, in the Nov. 7 general election.

Mr. Steele has voiced support for the war but also has called for an exit strategy.

Mr. Mfume, a former congressman, is calling for an exit strategy for U.S. troops in the "unnecessary war" in Iraq and Afghanistan.

"It's an issue he feels passionate about. It is time to start ending this," Mfume campaign spokesman Steve Marinoff said.

Mr. Mfume campaigned from Westminster to Hagerstown yesterday, speaking about the need to protect U.S. workers from losing their jobs to globalization and trade agreements.

"We want to do what we can to help them and make sure their voices are heard," Mr. Marinoff said.

Mr. Mfume will be back in Western Maryland today to meet with the Frederick County Women's Democratic League.

Mr. Rales, who raised his profile in the race by spending his personal fortune on a statewide TV ad campaign, advocates a complete troop withdraw from Iraq by March.

He took his "Driving Change" bus tour to Howard and Anne Arundel counties yesterday and spoke about health care reform. He is scheduled to travel to Western Maryland today and tomorrow.

"What he is telling the voters is that he is a different kind of candidate," Rales campaign manager Robin D. Rorapaugh said. "He's not tied to special interests."

DeLay's Seat Up For Grabs, Texas Republicans Will Meet To Weigh Write-Ins (NYT)

By Ralph Blumenthal

The New York Times, August 16, 2006

SUGAR LAND, Tex., Aug. 15 — With dwindling hopes of keeping Tom DeLay's longtime House seat from falling to a Democrat in November, Texas Republicans on Tuesday called an urgent meeting for Thursday to exercise their only option: agreeing on a write-in candidate.

But that slender prospect — no such write-in campaign has succeeded in the state — seemed to suffer a blow when a leading candidate facing party opposition disparaged the meeting, saying "that may have worked in Moscow," and vowed to keep running even if it meant two Republican write-in candidates.

"I'm in the race and I'm in it to win," said the candidate, David G. Wallace, the part-time mayor of this booming Houston suburb named for its onetime Imperial sugar factory. He said he might be too busy campaigning to attend the meeting.

But Mr. Wallace, 45, a businessman and an investor in partnership for a time with Mark Thatcher, son of the former British Prime Minister Margaret Thatcher, has detractors, including his City Hall predecessor, Dean A. Hrbacek, a lawyer whom Mr. Wallace defeated in 2002.

"Dave is hoping to steamroll everyone in the process," said Mr. Hrbacek, who will be a precinct chairman at the meeting on Thursday. "What he's finding is that's not acceptable to most folks."

Challenging Mr. Wallace for the party designation are Dr. Shelley Sekula-Gibbs, 53, a dermatologist and a Houston City Council member, and Tim Turner, a Houston businessman. The Harris County tax assessor and collector, Paul Bettencourt, 47, said he was also willing to be considered but is restricted from campaigning because of his high state office, which he would have to resign to run.

Still, Mr. Bettencourt said, "when your party calls and says you're the only one who could do something, I took the phone call."

The Republican National Committee and the traveling White House in Crawford last week also voiced some urgency about the selection of a candidate, said Ted Delisi, a leading Republican political consultant.

Mr. Wallace jumped into the race within minutes of Mr. DeLay's surprise announcement in April after winning the primary that he was abandoning his campaign in order to move to Virginia and would resign the 22nd Congressional District seat he had held since 1985.

The Texas Republican Party quickly tried to replace Mr. DeLay on the ballot, but the Democrats, eager to keep the focus on Mr. DeLay as he faces charges of campaign spending violations and an investigation of Jack Abramoff, his lobbying associate, sued to prevent that, saying Mr. DeLay had been chosen by voters and any switch was improper voting manipulation.

Three courts agreed, and the United States Supreme Court declined to intervene. Mr. DeLay said he would not campaign, leaving the Republicans with little choice but to come up with a write-in candidate to face the Democratic challenger, former Representative Nick Lampson, on Nov. 7.

The campaign has taken bizarre turns, appropriate perhaps in a Texas election season already featuring the oddest governor's race in recent times. Gov. Rick Perry faces three rivals: the country music jokester Kinky Friedman; the ex-Democrat, ex-Republican independent state comptroller, Carol Keeton Strayhorn, who is fighting for the right to be called "grandma" on the ballot; and the Democrat, former Representative Chris Bell, who is struggling to stave off the ignominy of finishing anything worse than second.

Now there is the strangely lopsided race in the 22nd District, where, some political commentators say, it is not so much about 2006 but 2008.

"Lampson's going to win, that's all there is to that," said Bill Miller, an Austin lobbyist and political consultant close to the Republicans.

The Republicans are not officially conceding that, citing some rare successful write-in campaigns in several other states. "My hope is that we can unify behind one candidate," said Tina J. Benkiser, the Texas Republican chairwoman, who called for the Thursday meeting of 150 precinct leaders and other party officials. But, she said, "this is going to be a challenge at best."

Mr. Wallace said he saw Ms. Benkiser as no friend of his campaign, but she insisted she was neutral. "I don't have a dog in this race," she said.

Mr. DeLay has not announced any endorsements.

Party leaders acknowledged that whoever is chosen would have a leg up on the 2008 race, when the Republicans will undoubtedly be better positioned to contest the seat in the staunchly Republican district.

Mr. Delisi, whose wife, Deirdre, is deputy chief of staff for Governor Perry, said a strong write-in effort could make Mr. Lampson spend more of his war chest, last accounted at close to $3 million, and leave him with less to devote to re-election.

The Democrats need to pick up 15 House seats to unseat the Republican majority, and up to 38 Republican seats are often listed as vulnerable. The Democrats have 10 seats considered vulnerable.

The bleak prospects for Republicans in the 22nd District has prompted some to consider an alliance with the Libertarian candidate, Bob Smither, an electrical engineer, who does have a place on the ballot. “I’m not convinced a write-in will succeed,” said Jerry Patterson, commissioner of the Texas General Land Office and a Republican running for re-election. At least Mr. Smither, he said, would vote with the House Republican leadership, “denying Nancy Pelosi a vote for speaker.”

McKinney Criticizes Electronic Voting (AP-Y)

By Kate Brumback, Associated Press Writer

AP, August 16, 2006

Rep. Cynthia McKinney, in her first public appearance since losing her re-election bid last week, said Tuesday that the black community needs to oppose electronic voting machines, which she warned can be used to steal elections.

McKinney also said the state of Georgia should prohibit crossover voting among political parties in primary elections and end its system of runoff elections.

The fiery Democratic congresswoman, who scuffled with a Capitol Hill police officer earlier this year and has accused the Bush administration of having advance knowledge of the Sept. 11 attacks, said she considers herself a "black political paramedic," and the "black body politic is near comatose."

McKinney made the remarks during the National Dialogue and Revival for Social Justice in the Black Church, sponsored by the Rev. Al Sharpton's group, the National Action Network. The Augusta crowd, estimated at fewer than 200 people, gave her a standing ovation when she was introduced and again when she finished speaking.

Last week McKinney lost her bid for a seventh term in Congress. Hank Johnson, a former DeKalb County commissioner, defeated her 59 percent to 41 percent in the Democratic runoff. Johnson, like McKinney, is black, and so are most people in the suburban Atlanta district.

In her concession speech on election night, McKinney blamed her defeat on the news media and electronic voting machines. She continued to criticize both Tuesday.

"You won't know who won as long as we have those electronic voting machines, with the problems that have been manifested by them," she said, criticizing Georgia officials for not requiring that paper records be kept of all votes.

She also blamed her loss in part on Republican crossover voting. She said open primaries — where voters can choose to vote in either party's primary election, regardless of how they are registered — should not be allowed.

McKinney also charged that Georgia's system of runoff elections, where winners must always receive more than 50 percent of the vote, violates the Voting Rights Act.

As for the media, she said: "What I have learned from the corporate media is that they are there to protect the status quo. They are there to protect the powers that be, and anyone who becomes a threat in any kind of way by providing information that will go directly to the survival of the community, to the uplifting of the people, will become an enemy."

Black churches, she said, need to act as an alternative source of information.

She refused to answer reporters' questions after her speech. A woman in McKinney's entourage got between the representative and a reporter. A male bodyguard said McKinney would not take questions.

Group To Rally Evangelical Voters (WP)

By Alan Cooperman

The Washington Post, August 16, 2006

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Conservative Christian radio host James C. Dobson's national organization, Focus on the Family, said yesterday that it will work with affiliated groups in eight battleground states to mobilize evangelical voters in the November elections.

In targeting individual churches the way political organizers traditionally pinpointed certain wards, Focus on the Family is filling a void left by the near-collapse of the Christian Coalition and stepping into an area where recent Republican Party efforts have created resentment among evangelicals.

As a nonprofit, tax-exempt organization, Focus on the Family is barred from endorsing candidates. Tom Minnery, vice president of the Colorado-based group, said its efforts would be nonpartisan.

During the 1990s, the Christian Coalition distributed millions of voter guides through churches and played a major role in mobilizing evangelicals. After the Christian Coalition suffered financial and management problems, the Republican Party directly organized conservative Christian congregations in key states in the 2004 presidential race.

When memos leaked about the Bush-Cheney campaign's effort to collect church membership directories, however, the GOP came under sharp criticism from some evangelical leaders. Neither the Federal Election Commission nor the Internal Revenue Service charged Republican officials with any violation, and the GOP never backed away from the tactic. But political strategists came to view church-based organizing as both effective and controversial.

In an e-mail message to supporters last week, Focus on the Family said it would partner with its state-level "family policy councils" to "combat voter apathy and encourage Christians to go to the polls" in Maryland, Pennsylvania, Michigan, Ohio, New Jersey, Minnesota, Montana and Tennessee. Minnery, in a telephone interview, said those states were chosen for their "live, hotly contested races."

The e-mail said Focus on the Family is looking for volunteer county coordinators whose duties would include "recruiting key evangelical churches." It also is seeking "church coordinators" who would encourage pastors to "speak about Christian citizenship," conduct voter-registration drives, distribute voter guides and run get-out-the-vote efforts.

In mid-September, Focus on the Family and other conservative groups are planning to hold a "Value Voters Summit" in Washington.

Phil Burress, president of Ohio-based Citizens for Community Values, one of the state-level groups working with Dobson, said the summit will be a "pep rally" similar to the "Road to Victory" conferences that the Christian Coalition used to run in election years.

The Rev. Barry W. Lynn, executive director of the Washington-based group Americans United for Separation of Church and State, charged that "Dobson's drive to build a church-based political machine will jeopardize the tax exemption of participating congregations."

Minnery, in response, called Lynn "a bully who wants to clear the field of conservative voices" in politics. "Doing nonpartisan voter registration is perfectly acceptable and legitimate and legal -- and matches what has been done in liberal churches for years," Minnery said.

AP: House GOP Plans $40M Ad Campaign (AP-Y)

By Liz Sidoti

AP, August 16, 2006

House Republicans have reserved more than $40 million worth of television advertising time for the fall, most of it aimed at holding seats they control, particularly in the Midwest and Northeast.

Republican incumbents in the Philadelphia area — Reps. Jim Gerlach, Curt Weldon and Mike Fitzpatrick — as well as Connecticut Reps. Rob Simmons and Nancy Johnson are slated to get roughly $10 million combined in party advertising.

In the Ohio River Valley, Reps. Steve Chabot of Ohio, Geoff Davis of Kentucky and Mike Sodrel of Indiana also are to benefit from advertising by the National Republican Congressional Committee.

While most of the airtime reserved so far is meant to help GOP incumbents fend off Democratic challenges, House Republicans also plan to spend millions of dollars to try to unseat several Democrats, including Chet Edwards of Texas, John Spratt of South Carolina and Leonard Boswell of Iowa. The NRCC plans to spend at least $1 million in each of those races to help GOP candidates.

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House Democrats, for their part, previously reserved roughly $50 million in advertising time for the fall as they seek to pick up the 15 seats they need to win control of the House after a dozen years in the minority.

Generally, the two advertising blueprints overlap.

Democrats, for instance, have reserved advertising time to run barrages of commercials in most of the same GOP-held districts in the Midwest and Northeast where Republicans plan to defend their turf.

House Republicans' plan calls for spending money on commercials in more than two dozen competitive congressional districts across the country as the GOP seeks to retain control of the House on Nov. 7.

Political advertising reservations are publicly available, providing a window into campaign playbooks that candidates and groups typically keep under wraps.

"We don't talk about our strategy," Carl Forti, an NRCC spokesman, said Tuesday.

Bill Burton, a Democratic Congressional Campaign Committee spokesman, said: "With a mess in Iraq, gas prices at new highs and public confidence in the White House and Congress at new lows, it's no surprise that Republicans are on defense at an unprecedented level around the country."

Public information available to date shows that other GOP incumbents who are to benefit from the NRCC's ad campaign include Reps. Heather Wilson in New Mexico and Clay Shaw in Florida, who Democrats are targeting for defeat.

Plans also call for Republicans to run commercials in hopes of winning two open seats in Ohio that Democrats currently control, as well as one in Vermont being vacated by an independent who typically votes with Democrats.

However, the GOP has not reserved advertising time to aid Rep. Chris Chocola in Indiana even though House Democrats plan to spend at least $700,000 to win the district. House Republicans have told Chocola that he must fend for himself, given his personal wealth and his ability to raise large amounts of money.

Also, no advertising dollars are slated so far to help GOP Rep. Christopher Shays of Connecticut keep his Connecticut district even though Democrats have reserved $2 million to try to unseat him. The southern Connecticut district watches television from the New York City media market that's among the most expensive in the country.

The NRCC's plans could change. The committee continues to reserve airtime and it may adjust its strategy if the political landscape shifts between now and Election Day.

The same goes for Democrats.

Placing reservations this far in advance allows congressional campaign committees to lock in lower advertising rates available at some television stations in the summer and ensure there is enough space left on the airwaves to run commercials benefiting their own candidates in the final days of the midterm election.

There are other strategic benefits as well.

Under the law, the NRCC, the DCCC and both parties' Senate campaign committees must conduct their multimillion dollar ad campaigns independently from the candidates they are designed to help.

By reserving airtime now, House Republicans are legally letting their own candidates know how much advertising help they can expect to get from the party, if any at all. Those candidates then can plan their campaigns accordingly.

Still, there can be risks.

GOP candidates and state political parties planning their own advertising can end up counting on the NRCC's help and become angry if the national committee doesn't follow through.

Also, because the public information is widely available, Democrats are tipped off to the GOP strategy — and can adjust their own plans to be more competitive.

Tycoon's Gift To School Raises Hopes, Questions (USAT)

By Steve Wieberg

USA Today, August 16, 2006

STILLWATER, Okla. — On the Depression-era night when Boone Pickens was born, the attending doctor gave his father a grim choice: There were complications, and he could save the life of his wife or the baby. But not both.

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Thomas Boone Pickens would have none of it. There had to be another option, he insisted, and the physician sweated — successfully — through the first cesarean section performed at the hospital in Holdenville, Okla.

Like his father, the son does not concede easily. In life. In business. Or on the playing field, where Boone Pickens, now 78, has made it his mission to lift his beloved Oklahoma State Cowboys from decades of low-budget mediocrity in all but a handful of sports to eminence in football and beyond. Money's what it takes? Money, the Cowboys now have. Just after Christmas last year, the famed oilman-turned-master investor wired $165 million to a school-connected account.

The donation was the biggest by far in the history of college athletics, a stunning windfall enhanced by a $31 million kick-in from the OSU golf foundation and careful investing that has swollen the total amount to more than $250 million. By the time it's spent, the pot is expected to grow to $343 million.

To a get-results guy such as Pickens, OSU Class of 1951, it's simple cause and effect. “I've had a lot of experience,” he says. “I've had a lot of winners — I'm not talking about athletics, I've had winners in business — and when you get down to it, it's funding and leadership (that make a difference). If you can provide the funding and you get the leadership, you'll have a competitive team.”

And if win-loss records fail to reflect that logic? That's one of the hundred-million-dollar questions.

The football team is coming off a four-win season and last-place finish in the Big 12 Conference's cutthroat South Division, and prospects for this year are barely improved. The Cowboys are forecast by media covering the conference to finish next-to-last in the South, ahead of Baylor.

Mike Gundy is entering his second season as coach. He had Pickens' backing when hired in January 2005 and professes to feel no more than the standard major-college pressure to win. Pickens' gift, he says, is “a great opportunity for us.”

OSU men's tennis coach James Wadley is more frank about Pickens' donation. “You'll see a bunch of coaches squirming. It raises the bar. It takes away some excuses,” he says. “But that's what we all want. You want to compete, and you want to compete at the highest level. If you don't, you shouldn't be in this business.”

The money, all of it, is earmarked for facilities. The next seven years will see a remarkable building boom that will provide the track, baseball, tennis and women's soccer and equestrian teams with new stadiums and quarters.

Football will get upwards of $120 million for new offices, new locker and training rooms and additional seating in a newly enclosed west end of its stadium. Gundy and his team will be the primary tenants of a multipurpose indoor practice facility, planned along with probably three practice fields at a cost of $54 million.

All that's atop two sprucing-up and expansion projects undertaken since 2003. By 2008, upgrades to the stadium will have totaled more than $220 million. Counting previous gifts, Pickens (whose name now adorns the stadium) will have underwritten roughly two-thirds of that amount.

“Word has gotten out,” says Gundy, a record-setting, four-year starting quarterback for the Cowboys in the 1980s and later their offensive coordinator under Bob Simmons and then Les Miles.

Walk into a high school coach's office during a recruiting trip to talent-rich Texas, “and the first thing they say is, ‘You guys are going to build big-time facilities up there,' ” Gundy says. “That trickles down to the prospects.

“It's great marketing. It's great advertisement. And it's put us in position to have a lot of success.”

Wadley says he's getting the same response: “I can get in a lot of houses I couldn't get in before.”

OSU's longest-tenured coach at 31 years, Wadley has long had to make do with perhaps its poorest athletics facilities. His team uses the school's recreational courts, which have no locker rooms or restrooms. There isn't an indoor court anywhere on campus or even in Stillwater, and Wadley and his players must drive 45 minutes to an hour or more to Tulsa, Oklahoma City or Ponca City to practice during the winter.

From that poorhouse, the program will move into a $15 million, state-of-the-art facility sometime in the next five or so years.

Then, Wadley acknowledges, “The winning better come.”

To put Pickens' $165 million gift in perspective, consider that athletics giving at Oklahoma State had averaged $7 million to $9 million yearly, most from donations tied to priority football seating. Non-athletics giving to the university for the fiscal year ending June 30 totaled $100 million.

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Pickens' generosity didn't end with the $165 million. That, along with $6 million he'd donated earlier last December and the $31 million from the golf foundation, immediately was invested in his successful hedge fund, BP Capital Management, and Pickens waived all fees (2% of the original amount plus 20% of the profits).

Say this: He knows money management. BP Capital coaxed first- and second-quarter returns totaling $50 million, according to athletics director Mike Holder. Waiving the fees had saved the school roughly $14 million through the middle of July, Pickens estimates.

Which raises a second question: What sort of influence in OSU athletics does that buy Pickens?

"With a gift like that, of course, they're going to be respectful and I'm going to be asked my opinion on things. It doesn't mean that I'm running anything," he says. "I don't want to get into personnel. I've never told a football coach at OSU, ever, 'Hey, you should play that guy at quarterback.' Or, 'You ought to run more up the middle or pass more.' I'd never be over there jerking people around or something like that. That's not my personality."

Still, a close relationship with Pickens did Holder no harm when Oklahoma State went looking for a replacement for retiring athletics director Harry Birdwell last year.

"Boone didn't pick Mike. He didn't try to pick Mike," says Oklahoma State President David Schmidly, who did choose Holder, then the OSU men's golf coach and a longtime quail-hunting buddy of Pickens. "But … why wouldn't you want an athletic director that your top donor likes?"

Holder, who won eight national championships in 32 years in charge of the Cowboys golf program and just as notably built a $37 million endowment and debt-free, first-class university golf course, took over as vice president for athletic programs and AD in September. Pickens came through with his big gift three months later.

Gundy was running the football program by then. But Pickens, as a member of OSU's screening committee, was among those who'd championed him during a short search after Miles left for LSU in January 2005.

Pickens was growing increasingly impatient with a program that had won one league title (and that a tie) in 46 years in the Big Eight and Big 12, hadn't played in a top-tier bowl since 1946 and had never put together more than two consecutive years with at least eight wins. When the Cowboys came across gifted coaches — Jimmy Johnson and Miles — they'd soon lose them to other college programs.

"It was just a steppingstone. Miles no sooner got there than he was looking for another job," Pickens says. "What I proposed to the regents and the president of the university (was) if Gundy can do it, he's an OSU guy, he likes to live in Stillwater, he was a great football player for us and it's a natural place to go. That's the kind of advice I try to provide."

Robert Darcy, a regents professor of political science and statistics and past chairman of OSU's Faculty Council, nonetheless has complained about Pickens' heavy hand in school affairs. He was publicly critical of the $165 million gift, painting it as an example of the university's overemphasis on athletics.

"That, to me, is amusing. You give the money where you want it," Pickens says, and he tacks on a caveat. "If you're telling me that somebody in the faculty said that, I'd be careful if I were they because I've said I was going to give more money to the school. I'd want to be a supporter, not a critic."

The timing of Pickens' donation also drew attention from media outlets, including The New York Times. Because of congressional legislation related to Hurricane Katrina recovery efforts, taxpayers making a charitable donation before the end of 2005 received a one-time opportunity to deduct up to 100% of their adjusted gross income, double the usual limit.

"Boone gave to OSU for one reason — to make the school more competitive in athletics and academics," Pickens' spokesman, Jay Rosser, said Tuesday via e-mail. "The notion that taxes factored into his thinking is laughable, and the actual tax benefits he received as a result of his giving have been dramatically overstated."

With Pickens' gift, OSU's spending on athletics facilities in the next five to seven years is projected at $316 million — slightly eclipsing the $314 million planned for a new science building, expansion and renovation of the business and architecture schools and other academic-side projects.

It also dwarfs the $11.7 million the university spent on sports facilities in a more than three-decade period from 1967 to 1999, when it began $56 million in improvements to basketball's Gallagher-Iba Arena. Pickens' gift essentially will lead to upgrades for every sport other than men's and women's basketball and golf, the only ones with facilities already up to snuff.

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All of the new facilities, except for the equestrian team's, will be clustered onto newly purchased land north of the football stadium, fulfilling Pickens' vision of a sprawling sports complex.

And then … what?

Do good times inevitably roll?

Oklahoma State has won 48 national team championships, but 34 have come in wrestling and 10 in golf. Two more belong to the Henry Iba-coached basketball teams of the mid-1940s.

“If you follow the argument that facilities attract recruits, obviously this is a quantum leap forward for Oklahoma State,” says Chuck Neinas, the former Big Eight commissioner and College Football Association executive director.

“Money doesn't buy happiness, and it can't necessarily buy victories. But it certainly creates a platform to develop a program.”

Gundy and his staff hit recruiting pay dirt last winter, signing a class that by most assessments ranked among the nation's 20 best. He says the facilities promised by Pickens' gift were a factor.

There remains a gap between Oklahoma State and much of the rest of the Big 12 in operational spending on such necessities as equipment, travel, recruiting, salaries and scholarships.

OSU typically ranks ninth in the conference, and the roughly $8.5 million it spent on football last year was dwarfed by Texas' $15.5 million outlay en route to the national title, according to figures provided by the schools. With facilities covered, however, other donors can kick into those other areas, particularly scholarships.

“It was obvious to me and everyone else associated with OSU that we'd been playing with a short stick forever and someone needed to do something unprecedented to change the paradigm around here,” Holder says. “All we've done for decades is just talk. Finally, there's more than just talk.”

It's a $165 million bounce that Schmidly says is being felt beyond the university's playing fields and courts. “I'm getting ready to do a huge campaign for student scholarships,” the OSU president says, “and I can go to donors and say, ‘Look what Boone did to help us with athletics. Can you help us with academics?' So it's made my job a hell of lot easier.

“And let's face it. This is America. People like to be associated with winners. They like to be associated with things that are on the upswing, and this institution is on the upswing. In many ways, Boone gave us that momentum.”

Gerald Ford In Minn. Hospital For Tests (AP-Y)

AP, August 16, 2006

Former President Ford was admitted to the Mayo Clinic in Minnesota on Tuesday for "testing and evaluation," his office said in a statement.

The statement gave no details about why the 93-year-old former chief executive went to the clinic in Rochester, about 75 miles southeast of Minneapolis.

"No further releases or updates are anticipated prior to early next week," said the statement issued from Ford's office in Beaver Creek, Colo. Ford also has a home in Rancho Mirage, Calif.

Mayo Clinic spokesman John Murphy confirmed the statement but said he had no additional information.

A message seeking comment from Ford's chief of staff, Penny Circle, was not immediately returned.

Last month, Ford spent a few days in Colorado's Vail Valley Medical Center because of shortness of breath. In January, he was hospitalized for 12 days in Rancho Mirage for treatment of pneumonia.

Ford suffered two small strokes five years ago and spent about a week in a hospital.

He became the nation's oldest living former president after the death of Ronald Reagan in 2004.

Ford was House minority leader when President Nixon chose him to replace the resigned Spiro Agnew as vice president in 1973. Ford became president on Aug. 9, 1974, when Nixon resigned amid the Watergate scandal.

New Jersey Attorney General Quits In Ethics Breach (NYT)

By Laura Mansnerus And David W. Chen

The New York Times, August 16, 2006

DOJ_NMG_0048976

TRENTON, Aug. 15 — The attorney general of New Jersey, Zulima V. Farber, resigned on Tuesday night after a state investigation found that she had violated her own department's code of ethics by going to the aid of her companion during a routine traffic stop.

"I am steadfast in my conviction that the findings do not compel my resignation, and no one has asked for it," Ms. Farber said, before conceding that staying on would cause too much of a disruption and prevent her from serving effectively.

As she spoke, her eyes visibly moist and her tone at times defiant, Ms. Farber stood next to Gov. Jon S. Corzine, who was enduring the first personnel crisis of his administration.

The accusations that Ms. Farber might have influenced officers when the police stopped her companion in late May had revived criticism of her selection earlier this year. At the time, her driving record — including 12 speeding tickets, 4 bench warrants and 3 license suspensions — was questioned, but Mr. Corzine dismissed such criticisms.

At a news conference on Tuesday at the State House, the governor said that Ms. Farber, "after thoughtful and truly painful consideration," had decided "to do more than ordinarily would be required for a lapse in judgment."

Mr. Corzine insisted that he had not asked for Ms. Farber's resignation. The two received the report on Monday and met that night in Hoboken, according to a high-ranking official of the Corzine administration, and again on Tuesday morning in Newark. It was not until hours later, the official said, that Ms. Farber decided to step down.

On May 26, Ms. Farber received a call from her companion, Hamlet E. Goore, saying that he had been stopped at a seat-belt enforcement checkpoint in Fairview, in Bergen County, and the police determined that he had a suspended license and an expired registration.

Ms. Farber was taken to Fairview in her state car, driven by a trooper. But she has said she did not intercede in any way and did not speak to any police officers. She did acknowledge, however, that Mr. Goore had told the police that his companion was coming to help remove some items from his van — and that his companion was the attorney general.

The investigation, led by a former state appeals court judge from Atlantic County, Richard J. Williams, found that although Ms. Farber broke no laws at the scene, her appearance there raised "serious ethical questions." Judge Williams's report cited three specific violations of the Department of Law and Public Safety's code of ethics that prohibit officers and employees from accepting favors because of their position or appearing to influence others.

The report made no recommendations as to whether Ms. Farber should remain in office, but the language that was used was stern. As attorney general, Judge Williams wrote, "coming to the scene of a traffic stop where you have a personal interest in the outcome of police decisions made at the scene creates a serious risk of raising public suspicion about the legitimacy of those decisions."

The report continued: "It also creates a risk of inhibiting the local police officers at the scene. It does not appear that the attorney general ever considered those risks."

In response to reporters' questions on Tuesday night, Ms. Farber said she went to the scene of the traffic stop "to remove valuable stuff from the back of the van that was about to be impounded."

The governor's office ordered the investigation on July 5, about a week after the first news reports about the traffic stop.

Those reports prompted some Republicans to demand Ms. Farber's resignation, and even some Democrats on the Senate Judiciary Committee — which had approved her nomination seven months ago — called for her to reappear before the panel.

While she never did explain herself to the committee, she did make personal entreaties to some legislators. State Senator John H. Adler, a Democrat from Camden County who is the chairman of the committee, said that Ms. Farber came to his house in Cherry Hill last month — in a car driven by a state trooper — to ask for his help. At his kitchen table, Mr. Adler said, he told her that she should resign, and Ms. Farber, accompanied by two lawyers, resisted.

After watching her resignation announcement, Mr. Adler said, "I'm glad that we can put this sad chapter behind us and look for an attorney general of the highest intelligence, competence and integrity to restore a department that's once again been disappointed by failed leadership."

Ms. Farber's resignation is effective Aug. 31, and the first assistant attorney general, Anne Milgram, will become acting attorney general.

Ms. Farber, 61, immigrated from Cuba when she was a teenager. As a lawyer, she served as the state's public advocate and in several other posts in Democratic administrations. When she was nominated by Mr. Corzine in January, she was a partner at Lowenstein Sandler, a large law firm with offices in Roseland, N.J., and Manhattan.

Three years ago, Gov. James E. McGreevey considered her a candidate for a State Supreme Court vacancy, but never went forward with a nomination after he learned of her troubled driving record.

Judge Williams was designated a special deputy attorney general, since Ms. Farber's office could not participate in investigating her. He had a staff of two lawyers and two investigators. According to their report, Mr. Goore's 1995 Oldsmobile van was stopped at 9:40 a.m. in Fairview, near the home he shared with Ms. Farber in North Bergen.

Mr. Goore was not wearing a seat belt, and the police also discovered that he was not carrying a valid driver's license, which had been suspended since April 2005, or vehicle registration, which expired in January 2005. Officer Albert Napolitano told Mr. Goore that he could not operate the car and that it would be impounded. But the officer told Mr. Goore that he could call someone to help retrieve items from the van and drive him home, and the person he called was Ms. Farber.

Mr. Goore did not return a call placed to his office on Tuesday in Irvington, where he is acting director of the city's Department of Community Development and Planning.

The judge's report recommended that three officers involved in the traffic stop be suspended without pay for two weeks, and all three accepted.

Joseph T. Afflitto Sr., a lawyer for one of the officers, said: "You're dealing with what you consider to be the highest-ranking law enforcement officer in the state, so you're inclined to accept it. If the boss says this is what I'd like, you do it."

N.J. Attorney General Quits Over Ethics Issues (USAT)

By Gregory J. Volpe Special For

USA Today, August 16, 2006

TRENTON, N.J. — New Jersey's attorney general resigned Tuesday hours after a special prosecutor found she violated three ethics rules in responding to a traffic stop in which her boyfriend got preferential treatment from local police.

Gov. Jon Corzine tapped retired appellate judge Richard Williams last month to examine the events surrounding a traffic stop May 26 in Fairview. Williams found that no criminal conduct took place but that Zulima Farber's "conduct does raise significant ethical questions that must be addressed."

In a joint news conference with Corzine, Farber, whose own driving record has been a political issue, said that she did not believe the contents of Tuesday's report required her to resign but that continuing in office would not have been possible.

"Anyone who knows me knows that I relish a good fight. In this case, however … such a fight would be a tremendous distraction from the very agenda the governor and I laid out," Farber said.

Farber, 61, was born in Cuba and is the state's first Hispanic attorney general. Her tenure will last less than eight months. Farber's record with the state Motor Vehicle Commission shows 13 speeding tickets, three suspensions of her driver's license and a bench warrant for failing to pay a fine.

Corzine said Farber has been an effective attorney general and was "giving up a lifelong dream" by resigning.

"She has decided to do more than might ordinarily be required for a lapse in judgment and to make a larger personal sacrifice for the greater good. And let me be clear: This is her decision," Corzine said.

Hamlet Goore, Farber's live-in boyfriend, was pulled over at a checkpoint near their North Bergen home because he was driving his minivan without a seat belt. Motor vehicle records showed his license was suspended and the van was unregistered. Police issued tickets and prepared to tow the van.

Goore called Farber to recover personal and work materials from the van. Police did not hand the tickets to Goore, and they agreed to let Farber follow Goore as he drove home.

Williams' report found Farber violated the Department of Law and Public Safety ethics code by creating the appearance of personal bias.

"The attorney general's purpose in going to the scene of a motor vehicle stop was to come to the aid of a loved one," Williams wrote. "That intent does not negate her responsibilities as attorney general."

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The officers involved agreed to be disciplined: 14-day suspensions without pay.

New Jersey AG Resigns After Boyfriend's Traffic Stop Raises Ethics Issues (LAW/AP)

By Beth Defalco, The Associated Press

AP, August 16, 2006

New Jersey's attorney general resigned Tuesday after a special prosecutor concluded she violated state ethics laws by intervening in a traffic stop involving her boyfriend.

Zulima Farber, who will step down at the end of the month, said she is leaving office "out of respect for the governor" and not because she was asked to do so.

"I admit to being human and making that error. I am truly sorry and apologize to all New Jerseyans for that mistake," said Farber, who appeared at a Statehouse news conference alongside Gov. Jon S. Corzine.

Farber's live-in boyfriend, lawyer Hamlet Goore, was pulled over by police in Fairview for a traffic violation in May, and Farber showed up at the scene in her state car. Goore's van was found to be improperly registered and his license appeared to be suspended, but he was allowed to drive home.

In recent weeks, Farber denied doing anything to influence the police. But a special prosecutor appointed by the governor said in a report issued Tuesday that Farber violated state ethics laws by "approving actions which allowed Mr. Goore to drive his vehicle home."

"The attorney general knowingly acted to secure a benefit for Mr. Goore that was violative of the motor vehicle laws and obviously not available to the general public," Richard J. Williams wrote in his report.

Corzine appointed Farber to the state's top law-enforcement post upon taking office earlier this year. But in New Jersey, a governor can only remove an attorney general "for cause," a murky standard in the opinion of some legal experts.

Motor vehicle records show that Farber, 61, has had at least 12 speeding tickets, four bench warrants issued for her arrest and three license suspensions.

The report led to renewed calls for the resignation of the New Jersey's first Hispanic attorney general.

"She is incapable of leading the fight against official misconduct and abuse of power because her conduct indicates that she does not even recognize what those things are," said state Republican chairman Tom Wilson.

New Jersey Attorney General Quits On Ethics Violation (Update2) (BLOOM)

By David Voreacoscatherine Larkin

Bloomberg, August 16, 2006

Aug. 15 (Bloomberg) -- New Jersey Attorney General Zulima Farber resigned today after a special prosecutor said she violated the state's ethics code by improperly helping her boyfriend at police traffic stop.

Farber, 61, quit hours after retired state judge Richard Williams released a report that while she broke no criminal laws, she failed to ``ensure that the laws were faithfully and fairly enforced." Farber, the state's first Hispanic attorney general, said at a news conference with Governor Jon Corzine that she would leave office after seven months rather than defend herself.

``I resign out of respect for the governor and for the goals we both share for the success of this administration," Farber told reporters at the statehouse in Trenton. ``Such a fight would be a tremendous distraction."

The resignation of Farber is a setback for Corzine, a Democrat who won election last November after pledging to clean up the ethics of state government. Corzine, 59, said that he didn't ask Farber to resign, although he said her decision was correct. The resignation followed calls from state politicians including Democratic State Senator John Adler, chairman of the Judiciary Committee, for Farber to quit.

``While Zulima has been strong and effective as attorney general, the report from Judge Williams would inevitably impair that effectiveness and risk undermining people's confidence in this office and in our state government," Corzine said. ``She recognizes that. I recognize that."

`High Standard'

The governor said that ``in the context of some of the historical failures in our state, we have to be operating at a very high standard."

The Williams report details Farber's actions on May 26, 2006, to help Hamlet E. Goore, who lived with her in North Bergen, New Jersey.

On that day, a police officer in nearby Fairview stopped Goore at a ``Click-It or Ticket'' checkpoint designed to encourage seat belt use. The officer found that Goore's driver's license was suspended and his van's registration was expired, prompting him to write two tickets. Officers told Goore that his van would be towed, and he called Farber, the report said.

Farber, who was preparing to deliver a speech in Edison, New Jersey, directed her driver, a New Jersey State Police lieutenant, to take her to Goore, the report said. Farber arrived at the scene, where Goore had asked if the van could be towed to his home in nearby North Bergen, New Jersey, instead of being impounded, the report said.

No Tickets

After Farber spoke to officers at the scene, the report said, police canceled the tow and allowed Goore to drive his van home. Police never gave Goore the tickets, and a Fairview officer voided them. Williams wrote the evidence was ``inconclusive'' on whether Farber talked with police about the tickets.

Farber also made phone calls that morning to administrators at the state Motor Vehicle Commission to have Goore's driving privileges restored. They were restored that morning.

Williams wrote that Farber's decision to go to the traffic stop was ``most unusual,'' given her position of power.

``Coming to the scene of a traffic stop, where you have a personal interest in the outcome of police decisions made at the scene, creates a serious risk of raising public suspicion about the legitimacy of those decisions,'' Williams wrote.

`Preferential Treatment'

``There is no evidence that the attorney general explicitly asked for preferential treatment of Mr. Goore at any time,'' Williams wrote. ``However, Hamlet Goore did, in fact, receive preferential treatment.''

``The conclusion is inescapable that her personal relationship with Hamlet Goore caused her to act in a partial manner,'' Williams said.

Farber said she didn't dispute most of the report -- only the conclusion by lawmakers that it required her resignation.

``I might quibble with some of the details, but I think it was fairly done,'' Farber said about the report. ``This much is undisputed -- I did not fix any tickets or ask for any tickets to be fixed for me,'' she said.

``I long ago apologized for not appreciating that my mere presence might lead police officers to behave differently than normal, and I do so again today.''

Acting Successor

The report said that Goore and Farber intended to go to the Jersey Shore for the weekend, and the van carried two bicycles, golf clubs, tennis racquets, clothes and other personal items.

Asked at the news conference why she went to the scene, Farber said: ``To remove valuable stuff from the back of the van that was about to be impounded. That's what I was doing at the scene.''

After Farber's resignation takes effect Aug. 31, First Assistant Attorney General Anne Milgram will assume the post on an acting basis, Corzine said.

Milgram, 35, is a former prosecutor who worked on human trafficking cases at the U.S. Justice Department, according to the attorney general's website. She also served as counsel to Corzine when he was in the U.S. Senate and worked as a prosecutor under Manhattan District Attorney Robert Morgenthau.

AOL Looking For Gold In Spam Case (WP/AP)

By Ted Bridis

The Washington Post, August 16, 2006

AOL is preparing to dig for buried gold and platinum on property in Massachusetts owned by the parents of a man it sued for sending millions of unwanted spam e-mails to its customers.

AOL said yesterday that it intends to search for gold and platinum bars it thinks are hidden near the home of Davis Wolfgang Hawke's parents on two acres in Medfield, Mass. The family said it will fight AOL's plan in court.

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AOL won a $12.8 million judgment last year in U.S. District Court in Virginia against Hawke but has been unable to contact Hawke to collect any of the money he was ordered to pay.

"I don't care if they dig up the entire yard. They're just going to make fools of themselves," said Peggy Greenbaum, Hawke's mother.

She said AOL's lawyer notified the family that the company intends to use bulldozers and geological teams to hunt for gold and platinum on their property.

Greenbaum said she has not talked with her son in more than a year and complained about the embarrassment and humiliation he brought to the family.

Greenbaum said the family thinks Hawke buried gold in the White Mountains 130 miles north of Boston. She said he once confided to her that he bought gold -- rather than expensive homes or cars -- because it would be more difficult to seize in lawsuits.

"We don't know where he is," she said. "We certainly wouldn't allow him to put any gold on our property."

AOL defended its efforts.

"This exercise isn't something out of . . . 'Treasure Island,' " AOL spokesman Nicholas Graham said. "This is a court-directed, judge-approved legal process that is simply aimed at responsibly recovering hidden assets."

To win a judge's permission for the search, AOL submitted receipts reflecting large purchases by Hawke of gold and platinum bars, Graham said. The company indicated that it thinks Hawke buried the gold and platinum on his parents' property.

AOL said it will try to accommodate Hawke's parents by not being too obtrusive.

Big Box Rebellion (WSJ)

The Wall Street Journal, August 16, 2006

Well, that didn't take long. Just as Mayor Richard Daley and these columns predicted, the law recently passed by Chicago's City Council requiring a super-minimum wage is driving big retailers out of the city.

Target was the first big chain to react, recently cancelling plans to open a new superstore in a run-down area on the city's North side. Only a few months ago the project was hailed by city leaders as an anchor for redeveloping that depressed neighborhood. Now it gets to stay depressed. Wal-Mart has also announced that its plans to build 20 new stores in the city over the next five years are "on hold" until the wage issue is resolved.

This isn't what the politicians said would happen when they mandated that certain mostly non-union "big-box" retailers pay a minimum of $13 in wage and health benefits by 2010, or more than two-and-a-half times the national minimum wage. "This is a great day for working men and women of Chicago," said Alderman Joseph Moore, who sponsored the ordinance but clearly doesn't think very far ahead, if he thinks at all. The Council was warned that stores would flee to the suburbs or not be built. But instead it heeded such activists as Annette Bernhardt, chief economist at New York University Law School, who claimed that "We're very confident that retailers want and need to be in Chicago." Whoops.

This liberal red-lining may yet be overcome by common sense. Mayor Daley seems intent on vetoing the bill, which he says would result in higher property taxes to compensate for lost sales-tax revenue once stores leave. Alderman Shirley Coleman voted for the law but has since changed her mind now that a Wal-Mart in her district may never be built. At least three other aldermen who voted for the measure are also reportedly now open to giving Mr. Daley the votes he needs to sustain his veto.

The entire "living-wage" movement is the latest product of upper-income politicians who want to stick it to non-union companies in the name of helping the poor. But the working poor lose twice in Chicago: first, in lost retail jobs and then in less access to low-cost goods. Alderman Carrie Austin, who represents the area where the Target store was supposed to locate, puts it this way: "My colleagues are saying, 'Don't worry they [the big box retailers] will come.' Well, mine just left."

Rhode Island Rhapsody (WSJ)

The Wall Street Journal, August 16, 2006

When a state sues an industry -- think tobacco -- any settlement money typically goes directly to that state. But when Rhode Island dropped the DuPont Corporation from a lead paint lawsuit last year, after the defendant agreed to donate $12 million to

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charity, most of the money ended up at organizations based in Washington, D.C., and Boston. Which is why Rhode Island Attorney General Patrick Lynch has some explaining to do.

Rhode Island's "public nuisance" lawsuit against DuPont and several other former lead paint companies predates General Lynch, but the decisions to continue the litigation and settle were entirely his call. When Mr. Lynch announced the agreement just over a year ago, he said "this money will go straight to cleaning up this mess," so that "the children of Rhode Island -- particularly those in the inner-cities -- are protected from the hazards of lead poisoning." But it turns out Mr. Lynch also had other uses for the money.

The Associated Press reports that Mr. Lynch accepted campaign contributions from DuPont's chief negotiator in the settlement "at the same time the deal was being discussed." Moreover, most of the money -- $9 million -- is going to the Children's Health Forum, a Washington, D.C., nonprofit that has agreed to dole it out to groups back in Rhode Island for lead paint clean-up.

Why not cut out this middleman? Well, perhaps because the Children's Health Fund was incorporated as a lobbying group three years ago and received nearly all of its seed money from DuPont. "When the state's deal with DuPont was struck," reports AP, "four of the Children's Health Forum's five board members had current or previous business ties to the company." If DuPont's trangressions are as dastardly as Mr. Lynch claims, it's strange he's allowing a DuPont-backed nonprofit to oversee millions in spending to combat lead poisoning.

Some $2.5 million is going to the Brigham and Women's Hospital, another curious choice because that Massachusetts medical center has no lead-poisoning prevention program to speak of. What the Boston hospital does have is a program devoted to mesothelioma, an asbestos-related cancer. The connection here is that Mr. Lynch had hired the private law firm of Motley Rice to try the Rhode Island lead paint case on a contingency-fee basis. Motley Rice happens to represent patients against asbestos manufacturers and had earlier pledged $3 million to the Brigham and Women's meso clinic. In other words, Mr. Lynch agreed to allow money from DuPont that would otherwise go to lead-paint cleanup in Rhode Island to be used instead by a private law firm to fulfill its pledge to an out-of-state institution.

State AGs regularly hire outside counsel for help in prosecuting cases, but these outside attorneys are typically paid by the hour. By contrast, contingency-fee deals introduce a profit motive that has no place in state-sponsored litigation. Mr. Lynch didn't originate this practice, which has become increasingly common. Writing in Legal Times last month, former Virginia AG Jerry Kilgore notes that the trend emerged in the mid-1990s with lawsuits against Big Tobacco.

"The settlements that resulted from state tobacco litigation generated hundreds of millions in fees for the private lawyers involved," writes Mr. Kilgore. "It also pioneered a new model for state-sponsored litigation that combines the prosecutorial power of the government with private lawyers aggressively pursuing litigation that has the potential to generate hundreds of millions -- or billions -- of dollars in contingent fees."

Contingency deals also raise the question of whether prosecutors are rewarding campaign donors with lucrative business. In 2001, West Virginia Attorney General Darrell McGraw used four outside law firms -- three based outside of the state -- to sue Purdue Pharmaceuticals, the maker of OxyContin. The lawsuit was brought on behalf of the state's workers' compensation fund and other state agencies. But when Purdue settled the case for $10 million, a third of the money went to the lawyers instead of the state. The one in-state law firm used by Mr. McGraw turned out to be a major contributor to his re-election campaign.

Later this month, the Rhode Island Ethics Commission will hold a hearing to determine whether to launch a full investigation into the deal, and a thorough vetting of Mr. Lynch's motives seems appropriate. It would also help policy makers decide if they want to follow other states, such as Louisiana, that have banned or limited contingency-fee arrangements with the AG's office. At the very least, Mr. Lynch might explain how sending millions of dollars to Boston helps children in Providence.

Vote Early, Not Often (WP)

The Washington Post, August 16, 2006

DURING THE past year, a nasty little battle has raged in Annapolis over Maryland law on early voting. This spring, Democrats used their upper hand in the General Assembly to write legislation that unfairly favored their party and to exclude Republicans from the conference committee considering the measure. Gov. Robert L. Ehrlich Jr. (R) vetoed the bill; the

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Democrats overrode his veto. Now a judge has accepted a Republican-backed court challenge to the constitutionality of early voting, turning the tide.

It is an unfortunate fate for what should have been -- and still could be -- a fair measure that increases voter turnout.

Maryland's early-voting procedure, scheduled to take effect for the coming September primaries, would open selected polling stations a week early. It would also allow eligible Maryland residents to cast ballots at those polling places even if the polling stations aren't in voters' assigned precincts. Democrats insist that this merely gives voters more opportunity to cast ballots. Republican opponents point to the way the General Assembly passed the law and accuse Democrats of trying to manipulate state elections -- many of the polling places that would open early happen to be in Democratic-leaning areas.

Anne Arundel County Circuit Court Judge Ronald A. Silkworth weighed in last week, ruling that the General Assembly does not have the authority under the Maryland constitution to alter the date votes are cast in the state. He also ruled that voters must cast ballots at their local polling places.

Giving all Maryland voters four more days to cast a ballot could help day laborers, doctors on call and others whose professional obligations might preclude them from exercising their franchise on a specific day. It also would dilute the effectiveness of perennial excuses for voter laziness -- such as the classic "I forgot today was Election Day."

Republicans may fear higher voter turnout in firmly blue Maryland, but that's no justification for opposing the measure. There is concern that early voting might foster voter fraud, but as long as state election officials have their new electronic voting machines operating properly by the time polls open, ballot-box stuffing should not be a problem.

Should the law survive on appeal, the General Assembly in its next session can, and should, amend it to keep all of the state's polling places open for the full five days. If Judge Silkworth's ruling stands, on the other hand, then the legislature might contemplate making slight changes to the Maryland constitution to allow early voting. After all, the document already makes specific provision for absentee voting, and voting early at polling places is a kind of expansion on the right to vote early by mail.

A Path To Lasting Peace (WP)

By Condoleezza Rice

The Washington Post, August 16, 2006

For the past month the United States has worked urgently to end the violence that Hezbollah and its sponsors have imposed on the people of Lebanon and Israel. At the same time, we have insisted that a truly effective cease-fire requires a decisive change from the status quo that produced this war. Last Friday we took an important step toward that goal with the unanimous passage of U.N. Resolution 1701. Now the difficult, critical task of implementation begins.

The agreement we reached has three essential components:

First, it puts in place a full cessation of hostilities. We also insisted on the unconditional release of the abducted Israeli soldiers. Hezbollah must immediately cease its attacks on Israel, and Israel must halt its offensive military operations in Lebanon, while reserving the right of any sovereign state to defend itself. This agreement went into effect on Monday, after the Israeli and Lebanese cabinets agreed to its conditions.

Second, this resolution will help the democratic government of Lebanon expand its sovereign authority. The international community is imposing an embargo on all weapons heading into Lebanon without the government's consent. We are also enhancing UNIFIL, the current U.N. force in Lebanon. The new UNIFIL will have a robust mandate, better equipment and as many as 15,000 soldiers -- a sevenfold increase from its current strength. Together with this new international force, the Lebanese Armed Forces will deploy to the south of the country to protect the Lebanese people and prevent armed groups such as Hezbollah from destabilizing the area. As this deployment occurs, Israel will withdraw behind the "Blue Line" and a permanent cease-fire will take hold.

Finally, this resolution clearly lays out the political principles to secure a lasting peace: no foreign forces, no weapons and no authority in Lebanon other than that of the sovereign Lebanese government. These principles represent a long-standing international consensus that has been affirmed and reaffirmed for decades -- but never fully implemented. Now, for the first time, the international community has put its full weight behind a practical political framework to help the Lebanese government realize these principles, including the disarmament of all militias operating on its territory.

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The implementation of Resolution 1701 will not only benefit Lebanon and Israel; it also has important regional implications. Simply put: This is a victory for all who are committed to moderation and democracy in the Middle East -- and a defeat for those who wish to undermine these principles with violence, particularly the governments of Syria and Iran.

While the entire world has spent the past month working for peace, the Syrian and Iranian regimes have sought to prolong and intensify the war that Hezbollah started. The last time this happened, 10 years ago, the United States brokered a cease-fire between Israel and Syria. The game of diplomacy was played by others, over the heads of the Lebanese. Now Syria no longer occupies Lebanon, and the international community is helping the Lebanese government create the conditions of lasting peace -- full independence, complete sovereignty, effective democracy and a weakened Hezbollah with fewer opportunities to rearm and regroup. Once implemented, this will be a strategic setback for the Syrian and Iranian regimes.

The agreement we reached last week is a good first step, but it is only a first step. Though we hope that it will lead to a permanent cease-fire, no one should expect an immediate stop to all acts of violence. This is a fragile cease-fire, and all parties must work to strengthen it. Our diplomacy has helped end a war. Now comes the long, hard work to secure the peace.

Looking ahead, our most pressing challenge is to help the hundreds of thousands of displaced people within Lebanon to return to their homes and rebuild their lives. This reconstruction effort will be led by the government of Lebanon, but it will demand the generosity of the entire world.

For our part, the United States is helping to lead relief efforts for the people of Lebanon, and we will fully support them as they rebuild their country. As a first step, we have increased our immediate humanitarian assistance to $50 million. To secure the gains of peace, the Lebanese people must emerge from this conflict with more opportunities and greater prosperity.

Already, we hear Hezbollah trying to claim victory. But others, in Lebanon and across the region, are asking themselves what Hezbollah's extremism has really achieved: hundreds of thousands of people displaced from their homes. Houses and infrastructure destroyed. Hundreds of innocent lives lost. The blame of the world for causing this war.

Innocent people in Lebanon, in Israel and across the Middle East have suffered long enough at the hands of extremists. It is time to overcome old patterns of violence and secure a just, lasting and comprehensive peace. This is our goal, and now we have laid out the steps to achieve it. Our policy is ambitious, yes, and difficult to achieve. But it is right. It is realistic. And ultimately, it is the only effective path to a more hopeful future.

The writer is secretary of state.

Rice: Not U.N.'s Job To Disarm Hezbollah (USAT)

By Susan Page

USA Today, August 16, 2006

WASHINGTON — The 15,000-member U.N. force being created for southern Lebanon will keep the peace and enforce an international arms embargo, Secretary of State Condoleezza Rice said Tuesday, but it won't be charged with disarming Hezbollah guerrillas.

That “political agreement” will be the responsibility of the Lebanese, Rice said in an interview with USA TODAY. In the past, the Lebanese government has been unwilling or unable to disarm Hezbollah, a movement that is now part of the government itself. A United Nations resolution on the books since September 2004 has called for all Lebanese militias to disarm.

“I don't think there is an expectation that this (U.N.) force is going to physically disarm Hezbollah,” Rice said. “I think it's a little bit of a misreading about how you disarm a militia. You have to have a plan, first of all, for the disarmament of the militia, and then the hope is that some people lay down their arms voluntarily.”

If Hezbollah resists international demands to disarm, Rice said, “one would have to assume that there will be others who are willing to call Hezbollah what we are willing to call it, which is a terrorist organization.”

Hezbollah would find itself increasingly isolated from European and other nations, she said, and the weapons embargo would prevent it from being rearmed by its sponsors in Syria and Iran.

The first announcements of countries volunteering troops for the French-led U.N. force are likely within days, she said. The initial deployment of troops to the region could come within weeks.

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The foreign ministers of Turkey, Pakistan, Malaysia and France were to be in Beirut today as details of the force were being worked out. The Israeli army withdrew part of its force from southern Lebanon on Tuesday, and the first Lebanese troops are to move across the Litani River on Thursday to take control of the area.

The U.N. troops will have a "quite robust mandate," Rice said. They will be able to defend themselves and to use force "to keep the south clear of arms and armed groups." An early goal, she said, will be reopening ports and Beirut's airport.

Rice, who took the lead in negotiating the Security Council resolution, spoke for a half-hour in her ornate State Department office about the conflict.

She denied that the United States had been eager for Israel to go after Hezbollah. It was "not an issue of, you know, how much damage could the Israelis do," she said. Instead, the Bush administration saw the conflict as an opportunity to create "a fundamentally different situation" along the Israel-Lebanon border.

Critics argued that Hezbollah's political support has soared in the region for its success in standing up to Israel's armed forces. "The resolution calls for Hezbollah to stop all attacks," conservative columnist George Will wrote Tuesday. "The United Nations has twice resolved that Hezbollah should be disarmed but has not willed the means to that end."

Rice said Hezbollah's military strength had been undercut and predicted that any political benefit for the group would "be very short-lived."

"We need to let the dust settle, literally, and then the question will be asked of Hezbollah: Exactly what did they achieve?" she said. "They achieved the displacement of hundreds of thousands of Lebanese. They achieved the destruction of Lebanese infrastructure and housing and neighborhoods."

She dismissed the idea that Hezbollah leader Hassan Nasrallah has emerged with new standing. "Nasrallah is going to have to face what has become of those populations in the south and the great devastation that Hezbollah brought on," she said.

Syria, Iran Leaders Praise Hezbollah (AP)

By Donna Abu-Nasr And Ali Akbar Dareini, Associated Press Writers

AP, August 16, 2006

The leaders of Iran and Syria crowed Tuesday that Hezbollah defeated Israel, with the Iranian president telling a cheering crowd that "God's promises have come true" and the Syrian chief saying U.S. plans for reshaping the Middle East have been ruined.

Tehran and Damascus may be the biggest winners from the 34 days of fighting in Lebanon — buoyed by the ability of ally Hezbollah to stand up to Israel's punishing assaults and by the new, widespread popularity of the guerrillas across the Middle East.

Hezbollah didn't come out of the war unscathed as a fighting force, and its domination of southern Lebanon and attacks on Israel are likely to be hampered by the deployment of the Lebanese army and international troops in that territory.

But the Shiite Muslim movement appears to have been strengthened inside Lebanon thanks to broadened support across the country's ethnic and religious communities.

Syria and Iran both ridiculed U.S. hopes for eliminating the guerrillas and belittled Israel's high-tech military as useless against Hezbollah.

"The Middle East they (the Americans) aspire to ... has become an illusion," Syrian President Bashar Assad said in Damascus.

"We tell them (Israelis) that after tasting humiliation in the latest battles, your weapons are not going to protect you — not your planes, or missiles, or even your nuclear bombs ... The future generations in the Arab world will find a way to defeat Israel," Assad added.

A few hours later, Iran's leader, Mahmoud Ahmadinejad, saluted Hezbollah for hoisting "the banner of victory" over Israel.

"God's promises have come true," Ahmadinejad told a huge crowd in Arbadil in northwestern Iran. "On one side, it's corrupt powers of the criminal U.S. and Britain and the Zionists ... with modern bombs and planes. And on the other side is a group of pious youth relying on God."

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Analysts said both countries now feel stronger in their own individual disputes with the West and that the alliance of their hard-line governments is stronger now, in contrast to the Mideast bloc of pro-U.S. governments.

"Both Syria and Iran have achieved a political victory," said Dawood al-Shirian, a Saudi Arabian who hosts a talk show on Dubai television. "Lebanon once again has paid a heavy price, and Syria and Iran have once again taken credit."

Iran may also feel its bargaining hand has become stronger as it approaches the Aug. 31 deadline set by the U.N. Security Council for a halt in Iranian uranium enrichment. Iran says it will announce Aug. 22 its reply to a package of incentives offered by the U.S. and Europe aimed at enticing it to suspend enrichment.

Mostly Shiite, Persian Iran may also try to ride the increased popularity of the Shiite Arabs of Hezbollah to make inroads with the Arab world's Sunni Muslims. The popularity of Hezbollah's chief, Hassan Nasrallah, has grown even among Sunnis in Saudi Arabia, whose strict school of Islam considers Shiites as heretics.

Arab countries — particularly in the Persian Gulf — are wary of Iran and its nuclear program, and the stronger that Iran is seen to be, the more nervous its regional rivals get.

Syria, in turn, may feel it can play a more influential role after years of isolation. It had been under even more international pressure since last year's assassination of former Lebanese Prime Minister Rafik Hariri, which was widely blamed on Syria despite its denials.

Arab, U.S. and Western diplomats generally snubbed Syria during negotiations over halting the Lebanon fighting, but they may have to turn to the Syrian regime in the next big tussle, the issue of disarming Hezbollah.

A strong Hezbollah gives Syria a window to regain influence it lost in Lebanon last year when international pressure forced it to withdraw its troops from Lebanon after a 29-year presence.

In his speech, Assad lashed out at Arab regimes that criticized Hezbollah for capturing two Israeli soldiers July 12 and setting off the war. Saudi Arabia, Egypt and Jordan — all U.S. allies — opposed Hezbollah's actions at the start of the conflict.

"We do not ask anyone to fight with us or for us ... But he should at least not adopt the enemy's views," Assad said.

Oqab Sakr, a Lebanese analyst, said Assad's remarks were tantamount to "a final divorce from the Arab regimes and a full marriage with Iran."

Egypt and Saudi Arabia are already pushing back.

Saudi King Abdullah met with Iranian Foreign Minister Manouchehr Mottaki and underlined that the U.N. cease-fire resolution, which calls for disarming Hezbollah, be implemented.

A front page editorial in a state-run Egyptian newspaper derided Assad's speech — a rare overt criticism by one Arab government of another. Al-Gomhuria daily scoffed at Assad, saying he was celebrating "a victory scored by others."

"You should be prepared now for political and economic pressure put on you because of this speech," it said.

Ali Akbar Dareini reported from Tehran; Donna Abu-Nasr reported from Beirut.

German Minister Cancels Syria Trip (FT)

By Roula Khalaf And Hugh Williamson

Financial Times, August 16, 2006

Frank-Walter Steinmeier, Germany's foreign minister, on Tuesday abruptly cancelled a planned visit to Syria after President Bashar al-Assad, the Syrian leader, delivered a hard-hitting speech that ridiculed Israel's military offensive in Lebanon and warned against disarming Hizbollah.

Mr Steinmeier, who had already boarded his aircraft in Jordan, en route for Syria, when he cancelled his trip, criticised the speech as "going in completely the wrong direction" on the need for regional peace and containing no constructive references to the United Nations ceasefire resolution.

Despite warnings from Paris and Washington against trying to enrol Syria's support, Mr Steinmeier has led European efforts to draw the Assad regime into plans to end the Lebanon-Israel crisis, giving Damascus an opportunity to break out of its international isolation.

His spokesman said Germany's view – that Syria could not be excluded from long-term peace efforts – had not changed, but Berlin's overtures would be suspended "for the foreseeable future".

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German officials hinted that the minister was particularly upset because Berlin believed it had received positive signals from Damascus in recent days that suggested that the country was ready to play a more moderate and constructive role.

The German spokesman said the incident did not reflect badly on Mr Steinmeier. "If he had only been interested in saving face he would have gone ahead with the visit" he said.

Damascus and Tehran – the main backers of Hizbollah – yesterday sought to reap political capital from Israel's failure to destroy the Lebanese Shia militant movement after weeks of fighting.

Both governments celebrated the end of the Lebanon war as a defeat of US policy in the region, focused on isolating them and weakening Arab militant groups allied to them.

Speaking to a journalists' association conference, Mr Assad said US plans for a "new Middle East" had collapsed in light of Hizbollah's defiance against Israel. The Middle East the US was hoping to create, he said, "has become an illusion."

Iran's President Mahmoud Ahmadi-Nejad said in a speech broadcast on state television that the US and Britain, which he described as the "main associates of the Zionist regime in its offensive in Lebanon", should compensate the country for the damage and answer "for their crimes".

The Syrian president also criticised moderate Arab regimes, which had blamed the start of the conflict on Hizbollah, and insisted that Israel had emerged from the war "a subject of ridicule". He portrayed the Lebanon war as a campaign that had long been planned by Israel and was part of the US strategy of pre-emptive war.

Solution And Resolution (WSJ)

By Abraham D. Sofaer

The Wall Street Journal, August 16, 2006

Security Council Resolution 1701, adopted unanimously on Aug. 12, contains the bases upon which a lasting peace could be established along the Lebanon/Israel border, and true sovereign authority transferred to Lebanon's government. But these objectives will succeed only if the resolution's demands are met. And while the new resolution has elements that make it stronger in some ways than its predecessor, Resolution 1559, those new elements -- and Israel's effort to weaken Hezbollah -- are unlikely in themselves to bring about a different outcome. Successful implementation depends on convincing Syria to end its policy of allowing Hezbollah to be used by Iran to destabilize Israel's security.

Resolution 1701 calls for Israel to withdraw from Lebanon only as the Lebanese Army and an expanded United Nations force assume control. It calls on Lebanon and Israel to support a "permanent cease-fire and a long-term solution" based on full respect for the Blue Line border between Israel and Lebanon; an arms-free zone south of the Litani River; Hezbollah's disarmament; and an end to the importation of weapons. These outcomes, however, are all dependent on the Lebanese government's determination and capacity.

The U.N. force (which has yet to be formed) is authorized only to assist the Lebanese government, and has no authority to act on its own in enforcing the resolution's demands. Furthermore, while Hezbollah said it would comply with Resolution 1701, Sheikh Hassan Nasrallah has already used language in the resolution to link Hezbollah's obligation to disarm with the solution of both the Shebaa Farm and the Lebanese prisoner issues. Regarding the former, 1701 (while confirming the border agreed to by Israel and the Lebanese government) calls on the secretary-general to develop proposals for the delineation of the international borders of Lebanon, especially in those areas where the border is disputed or uncertain, including by dealing with the Shebaa farms area. On prisoners, the resolution encourages the efforts aimed at urgently settling the issue of Lebanese prisoners detained in Israel. The Shebaa Farm and prisoner issues, after all, were the principal bases upon which Hezbollah carried out its attack, and its abduction of Israeli soldiers.

The resolution may also limit Israel's capacity to defend itself. The U.N. force will have greater authority than it has had in the past to use force "to ensure that its area of operations is not utilized for hostile activities of any kind." But it will also have authority to use force "to protect civilians under imminent threat of physical violence." This obligation is not qualified to allow Israel to act in its reasonable self-defense. Hezbollah will be able again to infiltrate the communities in southern Lebanon, and use residents as shields in attacking Israel. The U.N. force is likely to regard itself as required to stop Israel from harming those

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civilians. Moreover, 30,000 troops is a larger number than were in southern Lebanon before the new resolution, but a small force to control 900 square kilometers.

The underlying problem that must be addressed to create stability in the area is the fact that the Lebanese government has been incapable of controlling Hezbollah, which has been armed by Iran with Syria's cooperation. It is difficult to believe that the Lebanese government will now be able to control Hezbollah without their acquiescence, which is likely to depend, not so much on what Lebanon, Israel and the United Nations Interim Force in Lebanon do, but on whether Syria supports the changes.

Resolution 1701 pointedly calls on all states to "take the necessary measures to prevent" the supply by their nationals or from their territories of all forms of military equipment and training to any entity or individual in Lebanon, other than to the government of Lebanon or to the U.N. force. Iran and Syria will violate this provision if they continue their policy of supplying and supporting Hezbollah. But the resolution does not authorize any sanction for violating this provision, and Syria and Iran are already violating with impunity a similar resolution adopted after the attacks of 9/11.

Condoleezza Rice put it well when she noted that it was her "turn" to negotiate a peace between Israel and one of its neighbors. She has done well so far in putting in place a resolution that contains sound principles on the basic issues. She must now proceed with the part of the process on which future stability depends: determining how to bring Syria to end its policy of using Hezbollah to create instability. This will be a two-way process in which she must tell Damascus what Washington wants, while also listening to what Damascus wants -- though not to give it what it seeks. It would be to engage Syria, to warn it of the consequences of continuing a policy that must someday soon be forced to end (not only in Lebanon but in Gaza and Iraq as well), and to offer assistance in securing legitimate ends.

To that end, Ms. Rice might consider Henry Kissinger's reaction to Anwar Sadat's attack on Israel in 1973. Egypt would have destroyed Israel then if it could have. But Sadat's aim was to get back all Egyptian territory lost in the 1967 war. Rather than condemning Sadat for invading Sinai, Mr. Kissinger acknowledged that the U.S. had paid too little attention to the fact that Israel was occupying Egyptian territory, and that Sadat had "got our attention." He secured a cease-fire, and then brought about a series of disengagements by Israel, with reciprocal commitments by Egypt, laying the groundwork for the Camp David talks and the treaty that has now held for almost 30 years.

Ms. Rice will not secure Syria's cooperation by simply asserting that Damascus "knows what it has to do." Indeed, Damascus has done what it believes it has had to do to get the attention it seeks. And it will presumably continue to do this until it succeeds in getting Israel's withdrawal from Syrian territory lost in 1967. Israel has legitimate concerns in surrendering the Golan Heights, but they are not insurmountable, and do not justify a stance that in effect tells Syria that it will never regain sovereignty.

Despite the difficulties involved, the key objective of Israel and its allies, as well as of any state or group interested in securing progress in the Middle East, is to make it possible for Israel to withdraw from non-Israeli territory without causing increased insecurity and danger for its people. While some of Israel's supporters speak of destroying and subjugating its enemies, the Israeli people know better than to pursue so futile a policy, and have shown a willingness to return territory for peace. Treaties now exist between Israel and both Egypt and Jordan.

When it became clear to then Prime Minister Ariel Sharon that the Palestinians were determined to make war on Israel, he established the policy of withdrawing from Gaza and building a fence to separate Israelis from Palestinian areas. He did not expect peace because of disengagement; he disengaged because he concluded that peace was unobtainable, and that separation was a more effective way to fight. The Olmert government was elected to continue the process of disengagement begun by Mr. Sharon, and its ability to do so will depend on the international community's understanding of its need to suppress the attacks that continue from Gaza.

Resolutions 242 and 338, which establish the principle of territory for peace, are cited in the final operative paragraph of 1701 as the ultimate objective for "a comprehensive, just and lasting peace." That principle applies as much to Syrian territory as it does to Lebanese or Egyptian territory. As uncomfortable as it may be to recognize, Syria must be given our attention. Fighting Hezbollah is indeed part of the war on terror that must be fought and won. But if victory over Hezbollah can best be assured by turning Damascus away from its current policies (along with an end to Syrian support for terror in Gaza and Iraq), then that is what we should try to do, conveying both a willingness to deal with Damascus fairly, as well as a determination to hold it accountable for failing to comply with Resolution 1701's demands.

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Mr. Sofaer, George P. Shultz Senior Fellow at the Hoover Institution, was legal adviser to the U.S. Department of State from 1985 to 1990.

Treasury Freezes U.S. Assets Of Syrians (AP-Y)

By Martin Crutsinger, Ap Economics Writer

AP, August 16, 2006

The Treasury Department froze the assets of two Syrian officials on Tuesday, alleging they had played key roles in support of terrorist organizations.

"Until Syria takes concrete steps to become a responsible member of the international community, the United States will make known rogue actors supporting the country's destabilizing agenda," Pat O'Brien, Treasury's assistant secretary for terrorist financing, said in a statement announcing the action.

The designation means that U.S. financial institutions must freeze any U.S. bank deposits held by the individuals, Maj. Gen. Hisham Ikhtiyar and Brig. Gen. Jama'a Jama'a.

Presidential spokesman Tony Snow said the action was taken under an executive order that President Bush signed in May 2004.

"It's aimed at financially isolating individuals and entities that are directly or significantly contributing to Syria's support for designated terrorist groups," Snow told reporters at the White House.

The Treasury said that Ikhtiyar was designated for contributing to the Syrian government's support for designated terrorist organizations, including Hezbollah.

Treasury said that Ikhtiyar had supported Syria's military and security presence in Lebanon from 2001 to 2005 when he headed the General Intelligence Directorate, the government's central intelligence service.

Treasury said that Jama'a contributed to the Syrian government's military presence in Lebanon while serving as commander of the Syrian Military Intelligence headquarters in Beirut, Lebanon.

The Treasury designation freezes any assets the two may have in the United States and prohibits Americans from engaging in transactions with the two men.

U.S. Targets Assets Of Syrians Tied To Hezbollah (WSJ)

By Jay Solomon

The Wall Street Journal, August 16, 2006

WASHINGTON -- The Bush administration placed financial sanctions on two senior Syrian intelligence officials who the U.S. charges played a central role in arming and funding the Shiite militia Hezbollah in Lebanon.

The Treasury Department said Maj. Gen. Hisham Ikhtiyar and Brig. Gen. Jama'a Jama'a also supported Syria's drive to dominate Lebanon's political and economic affairs in recent years, including destabilizing Beirut's elected government.

Last year, a United Nations investigation into the assassination of Lebanon's former prime minister, Rafik Hariri, found that elements of Syria's intelligence services were complicit in the attack.

"Until Syria takes concrete steps to become a responsible member of the international community, the United States will make known rogue actors supporting the country's destabilizing agenda," said the Treasury's assistant secretary for terrorist financing, Pat O'Brien.

Gen. Ikhtiyar, the former head of Syria's General Intelligence Directorate, helped to lead Damascus's program of funding militant groups fighting against Israel, including Hezbollah and Palestinian Islamic Jihad, said the Treasury Department. It said he also serves as a senior adviser to Mr. Bashar. Gen. Jama'a, meanwhile, also supported efforts to fund Hezbollah and coordinated Damascus's security and intelligence activities inside Lebanon until Syria's military withdrew last year, said the statement.

The Treasury's designation immediately freezes any U.S. accounts held by the men and makes it illegal for American entities to do business with them. The Treasury can also take action against banks known to be holding these men's funds overseas. A Treasury official said the administration can't disclose how much money may have been frozen in the operation.

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Hezbollah and Israel entered into a United Nations-mandated cease-fire Monday after nearly a month of fighting. Many Lebanese and American officials believe that cutting off Syria's and Iran's support for Hezbollah is key to ensuring long-term stability in Lebanon.

For nearly 30 years, Syria had extensive influence over Lebanese affairs as a result of its formal military presence in the country. The U.N. called this week for the disarming of Hezbollah and the empowering of Beirut's recently elected government.

After The Bombs, Politics (WP)

By David Ignatius

The Washington Post, August 16, 2006

The Lebanon war was damaging for Israel, the United States and, most of all, Lebanon itself. But it may have taught everyone a lesson that will be immensely important to the future of the Middle East: The solutions to the big problems that afflict the region are not military but political.

Israeli Prime Minister Ehud Olmert is getting bashed at home for failing to deliver a quick victory over Hezbollah. But he deserves credit for recognizing the need for a political settlement that enhanced the authority of the Lebanese state. He wisely resisted pressure from his generals to mount a major ground offensive north of the Litani River, understanding that this quest for a decisive military solution would only take Israel deeper into the Lebanese quagmire.

The surprise hero of the conflict was Lebanese Prime Minister Fouad Siniora. He was a forceful advocate for the Lebanese people and for the very idea of the Lebanese state -- no small achievement in a nation still recovering from civil war. He managed to hold his government together, including the two Cabinet members from Hezbollah. And he was the architect of key elements of the final cease-fire deal: He urged one quick U.N. resolution rather than the two the Americans and French favored, and he successfully argued for an expansion of the existing UNIFIL force to accompany the Lebanese army in the south, rather than an entirely new international force.

What Siniora crafted was a very Lebanese deal -- full of the ambiguities necessary to get all the players on board. He blocked U.S. and French efforts to put the expanded UNIFIL force under the United Nations' Chapter 7 military authorization because of Hezbollah's fears that it would create an Iraq-like occupation force in southern Lebanon. He persuaded the United States, over strong Israeli objections, to have the United Nations study the dispute about Shebaa Farms, an Israeli-occupied area near the Golan Heights that has been one of Hezbollah's excuses for continuing its armed resistance against Israel.

The wild card in the deal is Hezbollah. As the war dragged on, most pundits judged the group's leader, Hasan Nasrallah, the big winner. But that will be true, paradoxically, only if he abides by the deal Siniora made and withdraws his armed fighters from southern Lebanon. If he tries to resume the war or continues to operate as Iran's proxy, he will lose his new halo. U.S. officials believe that Nasrallah may have resisted Iranian pressure to continue the fight when he agreed to Siniora's package. Meanwhile, the Syrians, Nasrallah's other patron, played no role at all in the diplomatic outcome, deepening their isolation.

I've interviewed Nasrallah twice in the past three years, and in both sessions, the key issue we discussed was how Hezbollah's armed might could be successfully absorbed into the fabric of the Lebanese state. Each time, he insisted that Hezbollah would never threaten Lebanon. But of course, that's precisely what Nasrallah did when his forces recklessly seized two Israeli soldiers July 12, triggering the Israeli attacks. If Nasrallah doesn't behave more responsibly and abide by the new U.N. framework, both he and Lebanon are doomed.

What, finally, is the war's legacy for the Bush administration? Secretary of State Condoleezza Rice was lamentably slow in her initial diplomatic efforts, and the United States has paid a severe price in the credibility of its Middle East "democracy agenda." But Rice and her colleagues improved their performance as the crisis deepened, and they did well in brokering the final deal. And I sense the administration has learned a big lesson -- which is that America must continue the aggressive diplomatic role it belatedly embraced over the past month. The Middle East has become too dangerous for problems to be left to fester.

History shows that the aftermath of war can open unlikely doors to peace, and administration officials recognize they have a moment of opportunity. There's talk of a broad U.S.-led initiative that would make a new push on defusing the Palestinian conflict, rebuilding the economies of Lebanon and other lagging Arab nations, exploring new regional structures for security in Iraq and elsewhere, and encouraging a broad process of Arab-Israeli reconciliation.

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There's fear within the administration that this sort of American peacemaking will further traumatize the Israelis in the painful aftermath of the Lebanon conflict. But the best way to keep faith with Olmert is to build on the premise that led him to resist the generals' demands for a wider war: The way out of the Middle East mess is through political agreements, not unilateral moves or quixotic military campaigns. Iran and its proxies have been marking one bloody path to the future; America and its allies must work urgently to construct an alternative.

Countries Ready To Fortify U.N. Force (AP-Y)

By Angela Charlton, Associated Press Writer

AP, August 16, 2006

The international community was scrambling Tuesday to put together a fortified U.N. peacekeeping force for southern Lebanon as Israeli forces began a pullout from the volatile region.

The United Nations has not received any formal offers of troops for the U.N. force, known as UNIFIL, although France, Italy, Turkey, Malaysia and Indonesia have indicated they will make significant contributions. A dozen other countries have also expressed a willingness to help.

"We would like to get firm commitments of troops as soon as possible," U.N. spokesman Stephane Dujarric said.

France is expected to lead the enhanced force, which is to grow from the current 2,000 troops to 15,000 troops. An estimated 15,000 Lebanese troops are to join the strengthened U.N. force, which is to move south of the Litani River, about 18 miles from the Israeli border.

U.N. officials and diplomats said France has not yet made any announcement of how many troops it plans to send, and this was holding up announcements of troop commitments from other countries.

"It's a chicken and egg situation, as it often is in our efforts to generate a force," Dujarric said. "We're dependent on the member states to come up with firm offers. ... We're in intensive discussions with them, and hopefully we'll flush out and get some firm commitments."

France is demanding a more specific mandate for the force, including when it may use firepower.

The resolution authorizes the force to use "all necessary action" to ensure the movement of aid workers and protect civilians in imminent danger, among other situations. But the Security Council said UNIFIL's mandate could be "enhanced" in a later resolution.

U.N. officials said they were hopeful the first announcements of new troops will be made at a formal meeting expected to take place Thursday.

The region needs a robust force fast. A fragile U.N. cease-fire went into effect Monday, ending more than a month of fighting. On Tuesday, Israeli forces began slowly pulling out from southern Lebanon and made plans to hand over territory.

The existing UNIFIL force of 2,000 now faces the daunting task of coordinating the Israeli pullout and Lebanese troops' arrival.

Lebanese troops could start moving into the region Wednesday, Israeli military officials and Lebanon's communications minister have said.

But many questions remain about southern Lebanon's ravaged infrastructure and the ability of its army to keep the peace between Hezbollah and Israel. France has sent military engineers to evaluate roads and what the Lebanese army needs to deploy in the troubled south, a spokesman for the French general staff said Tuesday.

The general leading the UNIFIL force, which has been in the region since 1978 and watched helplessly as fighting raged over the past month, said Monday he wants rapid reinforcements before the cease-fire unravels.

Turkey has said it would send soldiers, but not how many. It wants details on where the force would be deployed and under what conditions they could open fire.

The United States and European Union hope the force includes Turkey, which is the only Muslim member of NATO and has good relations with Israel and its Arab neighbors.

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U.S. Assistant Secretary of State David Welch, who is in charge of the Mideast bureau, said Tuesday that the United States does not plan to participate in the force. The U.S. has played a role in past peacekeeping efforts, but "our history in Lebanon has not been a happy one," he said.

The United States often provides logistics for U.N. peacekeeping forces — which it is expected to do in Lebanon — but as a rule it does not provide troops unless it is commanding the force.

Largely Muslim Malaysia has said it could send between 850 and 1,000 troops, and is dispatching its foreign minister to Lebanon this week with counterparts from Pakistan and Qatar for talks on implementing the U.N. resolution.

Italy could send up to 3,000 troops, Foreign Minister Massimo D'Alema said Tuesday, but added that the exact number will be worked out with other countries contributing to the mission.

Domestic politics and summer legislative recess appeared to be holding up some countries' decisions.

Spain's government is talking to opposition parties about sending 700-800 troops and most parties sound supportive — but any decision needs approval by parliament, not expected before the end of the month.

Norway has said it could send 100 marines and four missile torpedo boats to patrol the coast. Denmark says it cannot send ground troops but could offer a navy ship. Finland reportedly could send 100-200 troops.

Ireland, New Zealand and Indonesia have also said they could contribute.

The current force includes troops from France, China, Ghana, India, Ireland, Italy, Poland and Ukraine.

U.N. Peace Efforts Threatened (WP)

By Colum Lynch

The Washington Post, August 16, 2006

UNITED NATIONS, Aug. 15 -- U.N. and U.S. officials warned Tuesday that governments that have pledged to assemble a peacekeeping force for southern Lebanon are not moving swiftly enough to fill a dangerous power vacuum there.

Four days after the Security Council authorized 15,000 U.N. peacekeepers to help the Lebanese army intervene between Israeli troops and Hezbollah fighters, not one country has formally committed to sending troops.

Senior U.N. officials said that while many countries have expressed interest in participating, key powers such as France, Italy, Turkey and others must commit to a vanguard force of as many as 3,500 peacekeepers within two weeks to avert a resumption of violence.

"I think the next few days are still indeed quite dangerous," Jean-Marie Guehenno, a French national who heads the U.N. peacekeeping department, said Tuesday. "You can see things going out of control on the ground that jeopardize the whole thing."

France, which has been asked to provide the "backbone" of a new force, has expressed "some hesitancy" about committing to lead it before knowing which other countries will serve, a senior U.N. official said. But the official, who briefed reporters on the condition of anonymity because of the delicate negotiations, said other countries will not sign on until France agrees to lead the operation.

A spokesman from the French mission to the United Nations declined to comment, saying that a decision would have to be made by French President Jacques Chirac.

Guehenno voiced confidence that France will agree to participate in the peacekeeping operation, noting that a French general is scheduled to arrive in New York on Wednesday to begin discussions on operational details. Another senior U.N. official said that the world body is hopeful that France and other countries will offer formal promises to send troops at a meeting Thursday.

The difficulties highlighted the challenge of moving a large U.N. force into place on short notice. Past U.N. efforts to send foreign troops to hot spots around the world have required several months of preparation. Guehenno said it could take months before the full U.N. force is in place.

State Department spokesman Sean McCormack voiced concern at the prospect of a sluggish deployment. "Nobody believes that deploying the force in months is acceptable," he said. "This needs to be done on a much more urgent basis than that."

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C. David Welch, assistant secretary of state for Near Eastern affairs, said the United States is planning to provide significant reconstruction aid to Lebanon and training for the Lebanese army. In an op-ed article in Wednesday's Washington Post, Secretary of State Condoleezza Rice wrote that the United States is increasing immediate humanitarian aid to $50 million.

U.S. officials, however, have ruled out placing American troops under U.N. command in Lebanon.

The United States already is slated to spend $10.6 million to aid the Lebanese armed forces and provide vehicle and helicopter parts, body armor and small-arms ammunition, according to the Pentagon. The focus of the training, Pentagon officials said, would be to deter Hezbollah attacks and infiltration of the military, as well as to provide improved border security in the ravaged southern areas of the country.

U.N. officials in New York said they are prepared to scrap many of their procedures -- including the lengthy negotiation of "status of forces" agreements -- to speed up the deployment. They also said the first peacekeeping forces should be from countries prepared to quickly equip and transport the troops without assistance.

Guehenno said a meeting between Israeli and Lebanese army officers in Ras Naqoura, Lebanon, went smoothly. Guehenno said that the Lebanese army was prepared to move its troops south to the Litani River as soon as Wednesday and could begin moving into southern Lebanon as soon as Thursday.

The two sides agreed to a phased withdrawal of Israeli troops, beginning just south of the Litani River in the village of Marjayoun and then spreading toward Lebanon's border with Israel.

It calls for Israeli troops to hand over control of Lebanese territory to U.N. peacekeepers, who would then help the Lebanese army enforce a demilitarized zone. The process could start as soon as this week, with some of the 2,000 U.N. peacekeepers already stationed in southern Lebanon.

Israeli Deputy Prime Minister Shimon Peres said the ultimate presence of 15,000 U.N. peacekeepers, in support of an additional 15,000 Lebanese army troops, "creates a density which has a strategic meaning."

"You don't have perfects," Peres said after a meeting with Rice in Washington. "But if . . . the Lebanese army will deploy itself along the border with Israel in the southern part of Lebanon, and there will be as many soldiers as promised, with new authorities to handle weapons, it can be a great help to Lebanon and to peace."

As U.N. officials struggled to assemble the new peacekeeping force, they also sought to diminish expectations about its role. On Monday, President Bush said the U.N. force would help undercut the ability of Iran and Syria to supply arms to Hezbollah by securing the Syrian border and ports. "In other words, part of the mandate and part of the mission of the troops, the UNIFIL troops, will be to seal off the Syrian border," Bush said.

Guehenno described a more modest U.N. role. He said he is considering sending a small number of customs experts and special police to advise Lebanese customs officials at some key entry points.

Sealing the Lebanese borders "is not something that the U.N. can do," he said. "What the U.N. can do is help the government of Lebanon manage its border in a way that is in conformity with the resolutions of the council."

Guehenno also cautioned that while U.N. peacekeepers are authorized to use force, they "are not going to forcibly disarm Hezbollah," adding: "That is not in the resolution. I don't think there would be many troop contributors who would think that would be a wise approach."

As Israel Begins To Pull Troops Out, Lebanon And The U.N. Prepare To Replace Them (NYT)

By Steven Erlanger

The New York Times, August 16, 2006

JERUSALEM, Aug. 15 — Israel began to pull many of its reserve troops out of southern Lebanon on Tuesday and hopes to be out of the country altogether in the next week or 10 days, the military chief of staff, Lt. Gen. Dan Halutz, said.

The Lebanese Army, which is supposed to join with a strengthened United Nations force to establish order as the Israelis withdraw, is expected to begin moving into the area south of the Litani River in a couple of days, supported by an early deployment of foreign troops, said Jean-Marie Guéhenno, the French head of United Nations peacekeeping forces, speaking to French radio.

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At the United Nations, Hedi Annabi, the assistant secretary general for peacekeeping, said he hoped for an initial deployment of up to 3,500 troops within 10 to 15 days.

That move, he said, will "start the process" of Israeli withdrawal and replacement by Lebanese troops. "The initial steps can be taken even before the deployment if the political will is there," he added.

But there was no guarantee that the process called for in the Security Council resolution that established a cease-fire would go smoothly. Leaders of Hezbollah have said that their men will not be disarmed, as called for in the resolution, and that the deployment of the Lebanese Army in the south needs further discussion inside the government.

The cease-fire itself is considered fragile. Israel killed at least three Hezbollah fighters inside Lebanon on Tuesday after killing six on Monday, and Hezbollah fired some rockets at Israeli positions.

The Hezbollah leader, Sheik Hassan Nasrallah, has said his forces will not stop fighting until all Israeli troops leave Lebanon, and the Israelis say their current positions will allow them to continue their advance if necessary.

In addition, the Israeli foreign minister, Tzipi Livni, told CNN on Tuesday that her government had evidence that Iran and Syria were already rearming Hezbollah, with shipments coming from Syria.

But the Israeli Army left the largely Christian town of Merj 'Uyun, the site of fierce fighting over the weekend, and began to talk to the Lebanese Army about coordinating the broader withdrawal.

In Damascus, Syria's president, Bashar al-Assad, said Israel "is in front of a historic crossroads."

"Either it moves toward peace and gives back rights or faces constant instability," he said, "until a generation comes and puts an end to the issue," an apparent reference to the possible future elimination of Israel.

He sharply criticized the Bush administration, saying, "It is evident that after six years of this administration that there is no peace and will be none in the foreseeable future."

After the speech, the German foreign minister, Frank-Walter Steinmeier, canceled a planned trip to Syria. In a statement, he called Mr. Assad's address "a negative contribution that is not in any way justified" and urged Syria, which maintains important influence over Hezbollah and Lebanon, to play "a constructive role."

Lebanese displaced by the fighting continued to stream home to southern Lebanon despite warnings from Israel that it remained unsafe, and aid agencies worked to move supplies of medicine and food along roads that had been bombed or were clogged with vehicles. United Nations officials said one convoy of 24 trucks had taken five hours to reach Tyre from Sidon, a trip that normally takes 45 minutes.

Cars packed with families, with their possessions strapped to the roof or bursting from open trunks, sat in traffic for hours in the broiling heat. Many cars overheated, fueling angry honking sessions and roadside fights. Emergency fuel deliveries were held up for hours.

Dozens of yellow Hezbollah flags flew from the windows of cars heading south, and few of the returning exiles seemed to hold Hezbollah responsible for their troubles.

"This traffic — what right does Bush have to make us live like this?" said Bilal Masri, 50, who had just spent five hours on a 15-mile drive down the coast. Mr. Masri, a Sunni, works at a fuel storage plant that was bombed by Israel, but blames President Bush. "By what right did he bomb us?" he asked. "Bush says he likes democracy and human rights; where is democracy now?"

Before, he said, he hated Israel a little, but "now I truly hate it and want to cancel its existence."

The future size and shape of the United Nations International Force in Lebanon, known as Unifil, remain unclear. Its current commander, Maj. Gen. Alain Pellegrini, said it could be a year before the force reached its maximum strength of 15,000, up from the current 2,000.

United Nations peacekeeping officials in New York said they still had no firm commitments from any countries on joining the force but hoped to receive them on Thursday at meeting of potential contributors. Among countries mentioned as expressing interest were France, Germany, Italy, Indonesia, Malaysia and, from the region, Turkey, Jordan, Morocco and Egypt.

Asked which country he expected to head the military mission, Mr. Annabi said, "We will be very happy if France agrees to provide a significant contribution that will provide the backbone of the force."

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Peacekeeping officials said the initial force would include engineering, signal and transport companies, a maritime patrol unit, a mine removal operation and a medical unit. They also said it would have to be more "robust" than normal United Nations forces, with a large complement of highly capable, rapidly deployable troops of the kind found in Western militaries.

The fragility of the cease-fire is a prime reason that Israel has already pulled out several thousand of the estimated 30,000 troops it had in Lebanon. Israeli troops are redeploying to more easily defensible areas, wary of becoming easy targets for Hezbollah gunmen.

Early Tuesday morning, a reserve infantry unit walked out of Lebanon after a week of battle. As they crossed through the border gate, the soldiers threw their arms around one another, their M-16 rifles slapping against their sweaty uniforms.

Amir, 29, who did not want to give his surname, works for a security firm in Jerusalem. "I want to know that we did not go in for nothing," he said. He expressed disappointment that the cease-fire resolution did not call for the immediate return of two captured Israeli soldiers.

Yaniv Melder, 28, tall and ginger-haired, is from a northern village, Meron, where the Katyusha rockets have been falling. "People in my village have died, so despite all our fears we went in," he said. "It's clear we achieved something. Putting so many soldiers inside is a statement in itself."

But Yoni Kassous, 30, who works for a technology company near Tel Aviv, was troubled by the war and its management. "We say that we won," he said. "But I think: 'What did we win? What did we accomplish?' " Like many of the reserves, he expects to return to Lebanon sometime in the future to again try to face down Hezbollah.

General Halutz, the chief of staff, found himself the center of a heated scandal on Tuesday after the daily Maariv disclosed that he had sold more than $26,000 in stock on July 12, within three hours of Hezbollah's capture of two Israeli soldiers. As the country's leadership prepared for war, the paper said, the general told his stockbroker to sell. Stocks then fell sharply.

Politicians called on him to resign. "When the country was in flames, all he was concerned about was his investment portfolio," said Colette Avital, a legislator from the Labor Party.

General Halutz confirmed the sale, which was not illegal. He decried the publication of a private financial transaction as "a cynical move on someone's part" and insisted, "As far as my values are concerned, I am prepared to deal with anyone in Israel."

Hezbollah's foreign backers, Iran and Syria, declared victory over Israel. The Iranian president, Mahmoud Ahmadinejad, said in a televised speech that Hezbollah had "hoisted the banner of victory" over Israel and thwarted American plans to create a new Middle East dominated by "the United States, Britain and Zionists." He said Iran was ready to help the Lebanese with reconstruction aid.

He told a large crowd in Ardabil that "on one side, it's corrupt powers with modern bombs and planes, and on the other side is a group of pious youth relying on God." He did not mention Hezbollah's ample stores of modern rockets and antitank weapons, most of them supplied by Iran.

In the Gaza Strip, where Israeli troops continue to try to secure the release of a soldier captured on June 25, Palestinian security forces searched for two Fox News journalists — Steve Centanni, 60, an American, and his cameraman, Olaf Wiig, 36, from New Zealand — who were kidnapped at gunpoint on Monday outside the headquarters of the Palestinian security services.

The Palestinian president, Mahmoud Abbas of Fatah, and prime minister, Ismail Haniya of Hamas, ordered police and security forces to find and release the journalists.

...

Mr. Abbas and Mr. Haniya have been discussing reorganizing the Palestinian government to include members of Fatah, hoping to break a Western and Israeli embargo against the Hamas-led Palestinian Authority.

Mr. Haniya has succeeded in persuading Hamas militants not to fire more Qassam rockets into Israel, but other militant groups, like Islamic Jihad and Fatah's own Al Aksa Martyrs Brigades, have said they will continue the rocket fire.

Enhanced U.N. Force Likely To Deploy Within Weeks (WT)

By Sharon Behn

The Washington Times, August 16, 2006

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A United Nations international force is expected to land in Lebanon within two weeks, but analysts said yesterday that U.N. troops will be unable to disarm Hezbollah against its will.

"We would like to see 3,000 to 3,500 troops within 10 days to two weeks," Hedi Annabi, assistant secretary-general for U.N. peacekeeping operations, told reporters in New York.

"That would be ideal to help consolidate the cessation of hostilities and start the process of withdrawal and deployment of the Lebanese forces," Mr. Annabi said.

Stephane Dujarric, spokesman for U.N. Secretary-General Kofi Annan, said the current U.N. Interim Force in Lebanon (UNIFIL) yesterday sent out several patrols in its area of operations to assess the situation.

"There were no reports of incidents or breaches" of the cease-fire, which went into effect at 8 a.m. Monday, Mr. Dujarric said.

He said UNIFIL commander Gen. Alain Pellegrini had met with senior officers of the Lebanese and Israeli armies yesterday to discuss implementation of and compliance with the U.N. resolution to end the cross-border conflict.

Gen. Pellegrini likely will lead the enhanced international force, Mr. Dujarric said.

"There's no plans that I'm aware of to replace Gen. Pellegrini, who has done an outstanding job," the spokesman said.

Under the resolution, the 2,000-strong UNIFIL force would be augmented to 15,000 and about 15,000 Lebanese forces would move toward southern Lebanon, establishing authority over the region and allowing Israeli troops to gradually withdraw.

But few think that the combined force will be able to forcibly disarm Hezbollah, which has proven a much tougher foe than expected.

"This force is not going to be able to force it to disarm any more than the Israeli army was able to do it -- it really is contingent on a certain amount of strategic consent from Hezbollah," said William Durch of the Henry L. Stimson Center.

Kamal Nawash of the Free Muslims Coalition said Hezbollah -- which considers itself the victor in the conflict that started July 12 -- probably would concentrate on rebuilding. Iran, Hezbollah's patron, would foot the bill, he said.

"Hezbollah does not have to fire another shot," Mr. Nawash said.

"They did what no one else has done: They caused major damage to the image of the Israeli military, and they have shown that in one-to-one combat, they can take on the Israeli military and win."

Mr. Annan has been working the phones since Saturday to get world leaders to commit to creating a robust international force, but there have been no formal commitments, Mr. Dujarric said.

C. David Welch, assistant secretary of state for Near Eastern affairs, said the U.S. would send a senior interagency team to the United Nations today and tomorrow to help shape the enhanced UNIFIL force.

The United Nations, he said, "is on a fast track to try and supplement and enhance" the force in Lebanon. "They are meeting every day in preparation for that."

The current UNIFIL force has troops from China, France, Ghana, India, Ireland, Italy, Poland and Ukraine. Mr. Welch said other countries, including Turkey, might participate in the enhanced force.

Paris Seeks Assurances On Hizbollah (FT)

By Martin Arnold , Roula Khalaf And Harvey Morris

Financial Times, August 16, 2006

French officials on Tuesday insisted Paris would resist leading a bolstered international force in southern Lebanon without Lebanese government assurances that Hizbollah, the militant Shia group, would be disarmed.

Paris' requirements were spelled out on the eve of Wednesday's visit by Philippe Douste-Blazy, French foreign minister, to Beirut – a visit likely to prove pivotal in deciding the fate of the multinational UN force proposed to police the fragile ceasefire between Hizbollah and Israel.

Aides to Mr Douste-Blazy said he wanted to hear the Lebanese army's plan for removing Hizbollah's missiles from a "buffer zone" in south Lebanon. French officials accept that disarming Hizbollah would not happen overnight but say an international force could not be deployed until a demilitarised zone was created.

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But the French minister's trip comes as the Lebanese government struggles to convince Hizbollah to move its weapons from a 20km zone in southern Lebanon, an area effectively under the militant movement's control.

Aides to Fouad Siniora, Lebanon's prime minister, said on Tuesday discussions were continuing to find a national consensus over the demilitarised zone and prepare the ground for the deployment of the Lebanese army and international forces.

Officials in Beirut made clear that the army would not clash with Hizbollah and risk provoking internal conflict. Late on Monday, Elias Murr, Lebanon's defence minister, told the local LBC television that the army had no intention of disarming Hizbollah in the south.

He suggested that Hizbollah understood that weapons could no longer be visible in the buffer zone, but said that if troops came across missiles they would not take them away.

Israel is due to hand over a "buffer zone" to the Lebanese army and a UN-backed force that reinforces the existing 2,000-strong Unifil peacekeepers.

Diplomats in Paris are worried that Hizbollah, which has de-clared the ceasefire a "historic victory" for Arabs, has been emboldened and is now less likely to lay down its weapons.

But French officials said that Mr Douste-Blazy would not accept any Lebanese plan short of a full disarmament of Hizbollah, starting with the 20 km-wide zone south of the Litani river.

"We want an application of UN resolution 1701 in all its aspects," said a French diplomatic aide. He said the planned "buffer zone" must be "free of all arms".

"It is up to the Lebanese government to ensure the disarmament of Hizbollah," the aide said.

France is expected to deploy the largest contingent of about 5,000 troops in the proposed multinational force, while Italy, Spain, Germany, Malaysia, Indonesia, Australia and New Zealand have also indicated they could participate.

Cease-fire Solidifies After Shaky Start (AP)

By Oded Balilty And Sam F. Ghattas

AP, August 16, 2006

Hundreds of Israeli soldiers walked out of Lebanon on Tuesday — some smiling broadly and pumping their fists, others weeping or carrying wounded comrades — as a cease-fire with Hezbollah solidified after a shaky start. The process was expected to accelerate over the coming days.

The international community looked to build a U.N. peacekeeping force for south Lebanon, but it remained unclear how quickly such a force could be deployed. The guerrillas' patrons, Syria and Iran, proclaimed that Hezbollah won its fight with Israel — claims the Bush administration dismissed as shameful blustering.

Many of the infantry soldiers smiled with joy as they crossed back into Israel. Members of one unit carried a billowing Israeli flag. Some sang a traditional Hebrew song with the lyric: "We brought peace to you." Others wept as they returned to their country, exhausted by the fighting.

Some of the troops had been so disconnected from the news that they asked if Israel had managed to free two soldiers whose capture by Hezbollah on July 12 sparked the fighting. Israel had not. Several tanks headed back into Israel as well, including one that had been damaged and was being towed by a military bulldozer.

At times as they headed south, the soldiers crossed paths with Israeli civilians traveling in the opposite direction, back to the homes they abandoned weeks ago under Hezbollah rocket fire.

Areas of northern Israel that were turned into closed military zones weeks ago were reopened to civilian traffic, and the tanks, bulldozers and other heavy military vehicles that had lined the roads were gone. At one main junction, teenage girls handed out flowers to returning soldiers, thanking them for protecting their homes.

In the battered Israeli town of Kiryat Shemona, residents emerged from grimy bomb shelters and began cleaning up the wreckage caused by more than a month of Hezbollah rocket attacks.

The partial Israeli withdrawal came in preparation for a Lebanese troop deployment across the Litani River, some 18 miles north of the Israeli border. Lebanon's deployment was expected to begin Thursday and eventually put its army in control of war-ravaged south Lebanon with the help of U.N. peacekeepers, military officials on both sides of the conflict said.

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The United Nations hopes that 3,500 well-equipped troops can deploy to Lebanon within two weeks as the vanguard of a robust U.N. peacekeeping force to start the process of deploying the Lebanese army and withdrawing Israeli troops, a senior U.N. peacekeeping official said Tuesday.

But Assistant Secretary-General for Peacekeeping Hedi Annabi stressed that the Lebanese deployment and Israeli withdrawal can start even sooner using the current 2,000-strong U.N. force "if the political will is there."

The foreign ministers of Turkey, Pakistan, Malaysia and France were due in the Lebanese capital Wednesday, and it was widely believed they would work out details of assembling a 15,000-strong international force. Indonesia and a dozen other countries also have expressed a willingness to help.

That force would work with an equal number of Lebanese soldiers. Together, they are expected to police the cease-fire that took hold Monday and ended 34 days of brutal combat, Israeli airstrikes and Hezbollah rocket barrages.

France, which was expected to lead the force, was demanding a clearer U.N. mandate, including details on when the troops can use firepower. France had not yet made any announcement of how many troops it plans to send, holding up announcements of troop commitments from other countries.

In the short term and before international forces arrive, the process involves three armies on the ground and is complicated, given that the Lebanese and Israeli armies do not have direct contact and a third and central player — Hezbollah guerrillas — will not be involved.

The current U.N. observer force, known as UNIFIL, stationed permanently in the 18-mile band of territory between the Litani and the Israeli frontier, was to take up positions temporarily along the border.

The zone along the frontier would then be handed to Lebanese troops and the bolstered UNIFIL force once all Israeli soldiers have withdrawn, military officials on both sides of the conflict said. They spoke on condition of anonymity because of the delicate nature of the operation.

"It will be a gradual withdrawal. ... It will take couple of days, even up to one week," a UNIFIL officer told The Associated Press on condition of anonymity because he was not authorized to speak to reporters.

"We agreed with the Lebanese army that it will start deploying as the Israelis start withdrawing. It could be as early as Thursday, maybe a slight delay," he said.

Those plans, however, depend on the Lebanese government's giving the order for the army to move south of the Litani. The Cabinet has been unable to meet on the issue since the cease-fire took hold because of deep divisions over what should be done about Hezbollah's arms in the south.

The arrangement that appears to be coming together among Lebanese politicians, military officials and Hezbollah would call not for the disarmament of Hezbollah, but instead for the guerrillas to avoid carrying weapons or using their heavily fortified bunkers to fire rockets. There would be no requirement to move the weapons north of the Litani, for the time being.

Israel's military officials made a first gesture at possible post-conflict negotiations. It said it has 13 Hezbollah prisoners and the bodies of dozens of guerrillas that could be offered in exchange for the two captive soldiers.

Meanwhile, the Israeli army said its forces killed a senior Hezbollah leader just before the U.N. cease-fire took effect. It identified the guerrilla as Sajed Dawayer, the head of Hezbollah's special forces. A Hezbollah official in the southern Lebanese port city of Sidon dismissed the report as "baseless," saying he had not heard of a Hezbollah military leader by that name.

Despite Israeli warnings that Lebanese refugees should avoid returning south until international forces arrive, families packed in cars loaded with salvaged possessions streamed back to learn what had become of their homes and livelihoods. Many found near total destruction.

At least 15 more bodies were found in two villages near the border, Ainata and Taibeh. The newly discovered victims raised to at least 809 the number of people killed in Lebanon during the 34-day campaign, most of them civilians. Israel suffered 157 dead — including 118 soldiers, according to the Israeli military and government officials.

The Lebanese figures are assembled from police and security officials, hospital workers, doctors and morgue attendants as well as witnesses such as Associated Press reporters and photographers. The AP count is considerably lower than that of the Lebanese government, which says 1,110 have been killed.

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Children are particularly at risk in the aftermath of war, and the U.N. Children's Fund is mounting a campaign to warn young Lebanese to stay away from shiny, strange objects in the rubble. Lebanese authorities and Hezbollah sent teams across south Lebanon to clear unexploded ordnance. A 12-year-old girl was wounded when an object exploded in her village east of Nabatiyeh.

Relief agencies struggled to move supplies to the south over bombed roads and others clogged with traffic. U.N. officials said 24 U.N. trucks took more than five hours to reach the port of Tyre from Sidon, a trip that normally takes 45 minutes.

Hezbollah Balks At Withdrawal From The South (WP)

By Edward Cody And Doug Struck

The Washington Post, August 16, 2006

BEIRUT, Aug. 15 -- Hezbollah refused to disarm and withdraw its fighters from the battle-scarred hills along the border with Israel on Tuesday, threatening to delay deployment of the Lebanese army and endangering a fragile cease-fire.

The makings of a compromise emerged from all-day meetings in Beirut, according to senior officials involved in the negotiations, and Prime Minister Fouad Siniora scheduled a cabinet session Wednesday for what he hoped would be formal approval of the deal. Hezbollah indicated it would be willing to pull back its fighters and weapons in exchange for a promise from the army not to probe too carefully for underground bunkers and weapons caches, the officials said.

Hasan Nasrallah, the Hezbollah leader, had insisted that any disarmament of his militia -- even in the border area -- should be handled in longer-term discussions within the Lebanese government, according to government ministers. But the Lebanese army, backed by key political leaders, refused to send troops into the just-becalmed battle zone until Hezbollah's missiles, rockets and other weapons were taken north of the Litani River, the ministers said.

At stake in the standoff was implementation of a crucial provision of the U.N. Security Council cease-fire that went into effect Monday. The accord called for quick deployment of 15,000 Lebanese army troops south of the Litani River along the border with Israel. They were to take up positions under the aegis of a reinforced contingent of the United Nations Interim Force in Lebanon, or UNIFIL, to form a peacekeeping corps with a total strength of about 30,000.

Hezbollah's reluctance to get its men and arms out of the border zone reflected nervousness over the continuing presence of Israeli soldiers on Lebanese soil. But it also demonstrated the militant Shiite Muslim movement's increased assertiveness here after a war of more than a month during which it stood off the Israeli army while Lebanon's national army stood aside.

In a televised speech Monday evening, Nasrallah accused those who are pushing Hezbollah for immediate disarmament of "insensitivity and immorality." He recalled that Lebanon's Shiite-inhabited areas took the worst battering and suffered the highest number of casualties during 33 days of warfare in which at least 800 Lebanese civilians were killed and 750,000 were driven from their homes, with some estimates substantially higher.

"Those people have performed veritable miracles," he said, referring to the Shiite Muslims who are the largest sect among Lebanon's 4 million inhabitants.

"And at this emotionally difficult and fateful time, some individuals speaking with wooden tongues sit behind desks in their air-conditioned offices and talk about these issues," he added. "This is inappropriate and wrong. I advise that no one exert pressure, bearing in mind that the most ferocious battle in the history of Lebanon has just been waged south of the river."

The Israeli military said it would begin handing over its positions in Lebanon to UNIFIL officers before the end of the week. A UNIFIL spokesman, Milos Strugar, said U.N. observers reported no significant Israeli withdrawals along the border on the second day of the cease-fire.

Israel television, however, showed troops walking and riding military vehicles back into Israel and dozens of tanks taking up positions on the Israeli side of the border.

"We are hoping the last IDF soldiers will cross the border in a matter of days," Maj. Jonathan Davis of the Israel Defense Forces said in an interview near the border. "We want to do it as quickly and swiftly as possible. As soon as UNIFIL and the Lebanese army are ready to assume responsibility in the area, which we hope is as soon as possible, we will leave."

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Israeli officials have declined to say how many of their soldiers are inside Lebanon. Strugar said that whatever the number, their withdrawal has to be coordinated with UNIFIL and Lebanese army officers in the coming days. "This is a complicated issue," he said.

Israeli soldiers killed three armed men who approached their positions in southern Lebanon, the military announced. But there were no reports of rockets being fired or sustained clashes, despite the existence of Hezbollah and Israeli positions at relatively close distances.

[The army said early Wednesday that Israeli forces killed the head of Hezbollah's special forces, identified as Sajed Dawayer, just before the U.N. cease-fire took effect, but a Hezbollah official dismissed the announcement as "baseless," the Associated Press reported from Jerusalem.]

The political repercussions of the war continued with the disclosure by Maariv newspaper that the Israeli military's chief of staff, Lt. Gen. Dan Halutz, sold his stock portfolio, worth about $27,600, just hours after learning that two Israeli soldiers were seized July 12. The newspaper reported that he phoned his stockbroker as the Israeli cabinet was meeting to decide to go to war.

The number of Hezbollah fighters in the border zone also was unclear, largely because the movement keeps its presence secret and many militia members are local residents who take up arms only when called on by their leaders. Their departure has not been envisaged, Lebanese officials said, and only the militia's officers and their weapons must be pulled back north of the Litani as part of the U.N. cease-fire.

Thousands of Lebanese families again filled the roads leading south, heeding a call from Hezbollah that they return immediately to their often-shattered villages. Leaflets dropped by Israeli aircraft warned them to stay away, but cars loaded with children and household belongings streamed down the coastal road.

Hezbollah activists provided money for the trip to many refugees leaving centers around the country. In his televised talk, Nasrallah promised they also would receive money on the spot to help them rebuild their homes, starting an immediate aid program for displaced people while the government was still holding meetings and appealing for funds.

The Lebanese army would like UNIFIL troops to deploy first in southern Lebanon and for the Israelis to pull out, which would then remove Hezbollah's reason for remaining there under arms, according to a government minister who spoke on condition that he not be named. Once Hezbollah's militia pulls back from the border zone, he suggested, the question of its full disarmament or incorporation into the army can be debated.

"As the defense minister said, where there are Lebanese army troops, there can be no other armed presence," he added. "The position of Hezbollah, at best, is ambiguous. They seem to have a fundamental problem with surrendering their arms and moving out of the south. That is very disappointing. The best spin you can put on it is that Nasrallah wants it sorted out in private."

Nasrallah, in his television address, suggested that for the time being the Hezbollah militia in southern Lebanon is the only way to defend Lebanon's sovereignty against Israel. Although the long-term solution is state authority over the entire territory, he said, that has to be worked out carefully and cannot happen overnight given the war that has just been fought.

On the ground, Hezbollah's militia and social welfare infrastructure were the only things still functioning in dozens of devastated villages across the border zone. Army troops in the village of Srifa, for example, were seen working under the orders of Hezbollah militia officers during a search for bodies buried under the rubble of buildings destroyed by Israeli bombing.

"What are the alternatives you have come up with?" Nasrallah asked. "Can the Lebanese army and the United Nations troops step up to the plate to defend the nation? Haste and simplification are out of the question. We were ready and will always be ready for dialogue to extend the authority of the state. We are part of the government and a basic part of it."

Struck reported from Jerusalem. Correspondent Nora Boustany in Beirut and special correspondent Tal Zipper in Kiryat Shemona contributed to this report.

Israeli Army Pulling Out Of Lebanon; Foreign Officials Head To Beirut Today (USAT/AP)

By Sam F. Ghattas

USA Today, August 16, 2006

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BEIRUT — The Israeli army withdrew part of its force from southern Lebanon on Tuesday, and Lebanese troops were expected to start moving across the Litani River on Thursday to eventually take control of the war-ravaged region with help from United Nations peacekeepers, military officials on both sides of the conflict told the Associated Press.

About 500 Israeli soldiers walked across the border near the Israeli town of Malkiya.

Also, the foreign ministers of Turkey, Pakistan, Malaysia and France were to be in the Lebanese capital today, possibly to work out details of assembling a 15,000-strong international force. Indonesia and a dozen other countries have also expressed a willingness to help.

That force would work with an equal number of Lebanese soldiers to police the cease-fire that began Monday, ending 34 days of combat, Israeli airstrikes and Hezbollah rocket barrages.

France was likely to lead the force. Italy's foreign minister, Massimo D'Alema, has already visited Beirut and has pledged as many as 3,000 troops.

The process involves three armies on the ground and is complicated. The Lebanese and Israeli armies do not have direct contact. A third and central player — Hezbollah guerrillas — will not be involved.

Hezbollah's two patrons, Syria and Iran, proclaimed on Tuesday that the guerrillas had won the fight with Israel — a reflection of the two countries' boosted confidence amid Hezbollah's increased popularity around the Arab and Islamic world.

Nevertheless, Hezbollah was forced to accept deployment of the Lebanese and international troops, which will deeply undermine the guerrillas' longtime domination of southern Lebanon. Israeli Prime Minister Ehud Olmert and President Bush said that meant Hezbollah — and by extension, Iran and Syria — were the losers.

Israeli Forces Begin Leaving South Lebanon (FT)

By Ferry Biedermann And Harvey Morris

Financial Times, August 16, 2006

More Israeli troops left south Lebanon on Tuesday, although the armed forces did not say how many remained of the 30,000 soldiers deployed at the height of the offensive between Israel and Hizbollah.

Lieutenant General Dan Halutz, chief of staff, told Army Radio the Israeli withdrawal would be complete in 7-10 days.

The army was expected to begin handing over forward positions to units of the UN's Unifil force by Thursday. The 2,000-strong Unifil observer force, stationed in south Lebanon since 1978 with headquarters in Naqoura, would be expanded by some 13,000 if resolution 1701 is implemented.

But while many refugees from the fighting were still returning home on Tuesday on the damaged roads north of the southern port city of Tyre, along the border with Israel, traffic thinned out.

Mayor Hussein Darwish estimated that 90 per cent of Naqoura's people had left and that not all of them were rushing back, "because we are so close to the border". Indeed, Israeli aircraft dropped leaflets over Tyre, warning the population not to move back into the south until the Lebanese army was deployed to the area, which some reports say could be as early as Thursday.

Between Naqoura on the coast and Yarin 13km to the east, the Israelis were very much in evidence.

On a hilltop, a unit was waiting, "for the Lebanese army or Unifil to come and to take over", said First Sergeant Arik, the loader of a Merkava battle tank occupying the hill.

Sgt Arik, 39, who worked as a civil engineer in Tel Aviv, said he hoped he would be too old to serve when the next round of fighting came around. "No, I don't think it is finished. This is the nature of Lebanon, it is never finished."

The battle had been hard, said the tank sergeant, and Israel had paid "a heavy price".

The hill had been occupied just a few days previously, without a fight, because it overlooks a valley from where Hizbollah had fired rockets at northern Israel, he said.

A unit of Chinese UN soldiers, clearing the road along the border with Israel, was the only sign of reconstruction in that part of the country. The soldiers worked beside an unexploded mortar round, its finned tail sticking out of the tarmac, and brought in a bulldozer to fill up a crater farther down the road.

Just around the corner, Mahmoud Abdel Karim Abdel Rahman stood disconsolately in front of his heavily hit house in the village of Yarin, from where Israeli houses can be seen on the other side of the border. "Where am I going to sleep now, in the

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fields?" protested Mr Abdel Rahman. He had returned in the morning, leaving his family in Sidon, where they had sought refuge. Now they would have to stay there longer.

The damage along the border is in some places extensive. In Naqoura 10 houses, 5 per cent of the total, have been destroyed while another 60 were badly damaged, said Mr Darwish.

A yellow Hizbollah flag flew defiantly from a mast next to the town hall, in full sight of Israeli border positions. In Naqoura, people are confident that Hizbollah will take care of reconstruction. "Hizbollah will help, they get a lot of money from Iran," the mayor said.

He referred to the speech the previous day by Hizbollah's leader, Sayyed Hassan Nasrallah, in which he had promised aid. "Hizbollah has a lot of credibility. They also helped in the past."

He did not expect much from the government, which, he pointed out, is saddled with a $40bn debt.

Mr Abdel Rahman was a lot less confident. A neighbour, Ahmed Abu Dallah, said he had rebuilt his house four times since the late 1970s.

"Not once did anybody help me. Hizbollah only looks after its own people."

He said he and Mr Abdel Rahman were both Sunni Muslims but many Shia who were not close supporters of the Shia movement did not get compensated either.

Israeli Reservists Return From Front (WT)

By Joshua Mitnick

The Washington Times, August 16, 2006

KIRYAT SHEMONA, Israel -- Several hundred foot-weary reservists trudged home across the border yesterday as Israel began thinning its troop presence in Lebanon less than 48 hours into a tenuous cease-fire.

Wire services said the Israelis would turn over some vulnerable positions in southern Lebanon as early as today to U.N. forces already based in Lebanon, seeking to reduce their exposure to any Hezbollah action that could restart hostilities.

Israel had originally said it would hold its ground until a robust international force was in place between the Islamist militia and the Israeli border, but that deployment now looks to be three weeks or longer away.

Relieved to be back in Israel, the returning soldiers described an enemy that had controlled the battlefield and enjoyed the element of surprise.

"The fighters of Hezbollah had six years to prepare. It's their stage. They are the director, and you are the actor," said Yaron Yaniv, a sniper who spent the last five days in Lebanon. "It's their land. They know the disadvantages and the advantages."

Only a few scattered incidents disrupted the cease-fire that took effect at 8 a.m. Monday. Israel said its forces killed five Hezbollah fighters yesterday in defensive actions.

No casualty report was available from Hezbollah, but its allies took to the airwaves proclaiming a victory for the Iranian-armed organization and a changed Middle East.

In a strident post-war address, Syrian President Bashar Assad said Israel risked defeat unless it sought peace with Arab countries. He declared the war a "failure for Israeli and its ally," referring to the United States.

Mr. Assad also pledged to "liberate" the Golan Heights, captured by Israel from Syria in 1967, "with our hands and determination," according to wire service reports from Damascus. He declared the Arab-Israeli peace process dead and said "the next generations in the Arab world will find a way to defeat Israel."

In Berlin, German Foreign Minister Frank-Walter Steinmeier canceled a trip to Damascus in protest over the Syrian president's praise of Hezbollah and warning to Israel.

The German diplomat had planned to fly to the Syrian capital from Amman, Jordan, for a round of talks aimed at resolving the crisis between Israel and Hezbollah militants in Lebanon.

But he called off the Syrian leg at short notice, saying Mr. Assad's comments were a "negative contribution."

Iranian President Mahmoud Ahmadinejad told a large crowd in the Iranian city of Arbadil that "God's promises have come true."

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"On one side, it is corrupt powers of the criminal U.S. and Britain and the Zionists ... with modern bombs and planes. And on the other side is a group of pious youth relying on God."

In Kiryat Shemona and other towns in northern Israel, residents who had spent long weeks in bomb shelters or further south began surveying the damage from the daily rain of Hezbollah missiles.

At one road junction, teenaged girls handed flowers to Israeli soldiers as they passed on foot.

Foreign Minister Tzipi Livni announced in Jerusalem that she will travel to New York to pursue the release of two Israeli soldiers in a meeting with U.N. Secretary-General Kofi Annan. The U.N. cease-fire resolution called for an unconditional return of the two soldiers, whose July 12 abduction sparked the war.

"From this point on, the process of bringing the soldiers home will continue," she said. "As long as the abducted soldiers haven't been returned, the operation hasn't been completed."

The Associated Press quoted unnamed Israeli military officials proposing to swap 13 Hezbollah prisoners and "dozens" of bodies for the two soldiers. Before the war, Israel had ruled out any such swap.

Israeli army Chief of Staff Lt. Gen. Dan Halutz found himself fighting on a new front yesterday, facing calls for his dismissal after reports that he sold off investments in the first hours of the monthlong crisis.

The Israeli military has come under a torrent of criticism saying it was unprepared to fight Hezbollah in Lebanon. Israeli news Web sites said lawmakers spanning the political spectrum were pressing for Gen. Halutz to resign.

Sitting in a wheelchair with stitches after being injured by an anti-tank missile that struck his tank, Cpl. Michael Mizrahi said Hezbollah had displayed a high level of training in its use of advanced weapons. "They know how to fire and where to fire," he said.

Cpl. Mizrahi's tank was hit after he and his crew had given up the search for a Hezbollah squad firing rockets into Israel. The gunner complained that Hezbollah fighters shoot and then melt into the population or dive into a bunker. Driving a tank in southern Lebanon exposed the crew to severe danger, he said.

Laid up in a ward of Haifa's main hospital, Capt. Arik Dayan said Hezbollah was fighting a different sort of war, in which the goal was not to conquer territory, but to inflict maximum casualties.

"They say, 'Come take the village,' then they come to you," he said. "They work in small groups. Simplicity wins."

Mossad Missed Hezbollah Threat (WT)

By Bill Gertz

The Washington Times, August 16, 2006

Israel's storied foreign-intelligence service failed to fully understand the threat posed by Hezbollah in southern Lebanon, based on a view among many analysts that the guerrilla organization was an evolving political group, according to U.S. officials and private intelligence specialists.

The Mossad had intelligence about most Hezbollah weapons, including rockets fired into Israel and other hardware. But the service knew little about the military and intelligence side of Hezbollah, a diverse organization made up of Islamic terrorists, conventionally armed militia forces, a charity wing and a political movement.

Mossad is famous for past exploits, including the global campaign in the 1970s to track down and kill Palestinian terrorists in retaliation for the deaths of 11 Israeli athletes and coaches at the 1972 Munich Olympics. Its specialty has been recruiting agents inside terrorist groups and using their information to effectively counter or limit attacks.

However, the recent fighting in southern Lebanon revealed major shortcomings in the agency's intelligence on the precise locations of Hezbollah leaders and rocket launchers, said officials who spoke on the condition of anonymity.

"This was an intelligence failure, but not on the same scale as those of the United States prior to 9/11," said one U.S. official long involved in intelligence matters.

The U.S. official said Mossad's lack of intelligence about Hezbollah dates back to 1998, when the terrorist group began a strategy of conducting clandestine attacks while also seeking public support through charitable work and joining the political process in Lebanon.

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The bias regarding Hezbollah's evolving nature had an effect on the activities of Israeli spies and agents in the field, which contributed to misperceptions about the group, the officials said.

Robert Baer, a former CIA operations officer who is familiar with Mossad, said the Israeli intelligence agency failed to gather good intelligence on Hezbollah, in stark contrast to its very successful efforts against Palestinian terrorists.

Israeli intelligence, mainly the Shin Bet domestic service, thoroughly penetrated many Palestinian terrorist groups. But Hezbollah employs extremely tight operational security to prevent penetration by Mossad or other intelligence services, Mr. Baer said.

Hezbollah operates its military and intelligence wings in utmost secrecy, and they are completely separate from the charitable and political wings, he said.

"Military-intelligence people do not talk to political leadership or rank-and-file people who do social work," he said.

Dennis Pluchinsky, a former State Department intelligence analyst, said Mossad may have been "counting on the Lebanese population and government to turn on Hezbollah."

Mr. Pluchinsky said the government in Beirut failed to take on the group, and there was a reluctance to "delegitimize Hezbollah."

"I do not believe that the fault lies with Israeli military strategic and tactical failures, as much as a political strategic failure," he said.

Retired Air Force Lt. Gen. Thomas McInerney said Mossad knew details three years ago about Hezbollah's Katyusha and other rockets.

"They knew what they had," he said.

He said Israel's war plan was undermined by political leaders, not by a lack of intelligence.

"Israel's plan was that if they were fired upon, they would respond with a [leadership] decapitation program and massive air and ground campaigns into Lebanon," Gen. McInerney said.

However, Israeli Prime Minister Ehud Olmert did not order the decapitation plan and was slow to carry out the ground campaign.

"It was not the intelligence," he said. "There's no question they did not take the heart out of Hezbollah."

Although they are technically not intelligence components, Israeli special-operations commandos were effective in conducting covert attacks against Hezbollah leaders and fighters, but failed to kill or capture the group's leader, Sheik Hassan Nasrallah, mainly because of a lack of intelligence.

About 20 Hezbollah leaders were captured by Israeli commandos.

An Israeli air force officer told the Jerusalem Post that a lack of real-time intelligence hindered efforts to target Hezbollah leaders.

For example, Israel bombed a car last week in Lebanon that was thought to be carrying a senior Hezbollah leader. The bombing, however, killed three Lebanese soldiers.

In one air strike, the Israelis dropped 23 tons of bombs on a Beirut bunker thought to be a hide-out for Sheik Nasrallah and other Hezbollah leaders, but the leaders were not there.

Secretary of State Condoleezza Rice declined to comment in a recent television interview on whether Mossad and the CIA failed to understand Hezbollah's military capability. However, she told the Fox News Channel that "if you think about how these terrorist organizations operate, they go in with the population, they hide their capabilities inside of villages. They're very hard to detect."

At War, Israeli Reservists Wield New Weapon: Opinion Polls (CSM)

By Ilene R. Prusher

The Christian Science Monitor, August 16, 2006

METULLA, ISRAEL

To those on a family vacation and hard at work, the call came: Tzav 8, code name for the emergency mobilization order from the Israeli military.

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Soon, reservists found themselves on a Lebanese battlefield, at a disadvantage to Hizbullah guerrillas fighting on home turf. And in the midst of combat, they did what anyone wanting to influence decisionmakers here would do: get on their cellphones and commission an opinion poll.

And so, from somewhere south of the Litani River in Lebanon to the Tel Aviv headquarters of one of Israel's most prominent polling groups, a hyperdemocratic dynamic was put into play: Soldiers wielding the weapon of public opinion to try to influence how the war is being waged.

"We realize that we have to do something because it's a life-or-death situation, and so many soldiers were getting killed. We got upset, but we didn't know what to do," says Intelligence Corps Officer Shmuel Yannay, who has emerged as a kind of spokesman for the reservists - some of whom asked to have their identities withheld - who contacted the Dahaf Institute a week ago and commissioned the poll on the direction of the war.

"It's the first time ever it's been done, and I think it's a new tool," he says. "It's not refusal of orders or officers. If you do that, you abandon your friends in the field," explains Mr. Yannay, talking in a phone interview days before his next military assignment. Although he didn't get sent to Lebanon, he'd done perilous duty in Gaza, and recently got his call-up for service that will take him away from his day job - a lawyer for an investment club. "We tried to find an alternative way to put pressure on the political process," he says, and "to pressure the prime minister" to reconsider the course of the war.

Not, that is, the war itself. Israel went to war hours after Hizbullah's July 12 attack on Israeli soldiers, killing eight of them and kidnapping two others. Public opinion sat squarely behind that decision. But as the casualty count climbed, support for the war - and more specifically, its handling - declined. A poll released on Tuesday by a different group, Globes-Smith, found that 52 percent of the public believes the IDF did not succeed in the war, while 44 percent think it did.

The question the reservists posed was of a more tactical nature. The soldiers felt they were being sent into Lebanese villages like so much cannon fodder, and wondered why the Israeli military wasn't first calling in airstrikes on houses that were confirmed Hizbullah hide-outs.

"It's not supposed to be a moral dispute. There weren't any villagers left there at that point, just Hizbullah men," says Yannay. The soldiers began to question the wisdom of their orders.

"The answers they got didn't satisfy them. They were told that world public opinion wouldn't tolerate it," he says. "We got into this war, they told us, to prove to Hamas and Hizbullah that the blood of our soldiers doesn't come for free. But we proved in the war the very opposite thing: The blood of the soldiers seems less important than public opinion."

In the poll, published in the Yedioth Ahronoth newspaper on Friday, 91 percent of respondents - all civilians - said that the IDF should bomb villages from the air, while 8 percent said they should depend on ground forces. The poll was on the verge of swaying the war's execution when news of a cease-fire deal broke.

The wisdom of any one particular war strategy can be capricious. At first, many Israelis criticized the army for relying too heavily on air bombardments, particularly after the bombing in Qana, which killed 27. The strategy shifted to ground troops, and soldier casualties began to skyrocket. On Saturday alone, 24 Israeli troops were killed, and 115 overall died in the fighting.

As reserve soldiers began pouring back back into Israel, many through this border town, some looked jubilant, others bitter. A famous entertainer played for troops, cracking jokes about how leaders seemed to create a domestic refugee crisis every summer - a jab at disengagement from Gaza last year and the recent exodus of civilians here. He got rousing applause and a few boos.

Many Israelis have called for a commission of inquiry. Newspapers have carried investigative stories about the army. The Maariv newspaper carried an article indicating that the chief of staff took his shares out of the stock market on the day of the July 12 attack by Hizbullah, while a Jerusalem Post report indicated that some soldier deaths appeared to be the result of a friendly-fire incident.

The common thread through many of these stories is the complex overlap of technology and democracy on the battlefield. Never before have so many Israeli soldiers had the ability to be in touch with friends and family back home.

But calling home from the front to commission a poll, one analyst says, is an unprecedented example of the keen understanding of how influential public perceptions in wartime have become.

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"The polls can create a climate of opinion," says Raphael Ventura, an expert at the Israel Democracy Institute in Jerusalem. "Polls can enhance the legitimacy of views that were considered unorthodox. When people believe that they are holding opinions outside the consensus, they hide these opinions. But if they see polls, they're more likely to express these opinions openly."

"We saw it in Vietnam and in Bosnia," he adds. "The more you had negative reports in the media, showing that mistakes are being made ... people begin to think maybe the war is not going so well," he says.

Though the poll was instigated by those at war, an army spokeswoman says that it was commissioned by private individuals, which includes off-duty reservists. "Any reserve officer is a private citizen," the officer says, "and can say whatever he wants to say - until he's in uniform again."

Jackson Tries For Prisoner Exchange (AP)

By Barry Schweid

AP, August 16, 2006

Trying to build on a cease-fire in Lebanon, civil rights leader Jesse Jackson launched an effort Tuesday to arrange the release of prisoners held by Hezbollah and Israel.

"The cease-fire is a step in the right direction," Jackson said after talking to the Israeli and Syrian ambassadors here. "Release of prisoners would reinforce the positive direction."

Jackson, an experienced go-between, has brought Americans home from Syria, Cuba, Iraq and Yugoslavia. And, he said in an interview, "in each instance we had a no-talk policy in that country."

The cease-fire resolution approved unanimously last week by the U.N. Security Council did not demand that Hezbollah release two Israeli soldiers whose abduction touched off the 34-day conflict. Nor did it demand Israel release Arab prisoners. But in the preamble to the resolution, the council said the situation should be addressed urgently.

Jackson began his effort with a telephone conversation with Daniel Ayalon, the Israeli ambassador, appealing to his government to consider "some exchange of prisoners" as a goodwill gesture "if there is movement on the two abducted Israelis," Jackson said.

He then called on Syrian Ambassador Iyad Moustapha, whose government has strong ties to the Hezbollah militia.

"I asked him to make an appeal to his president, Bashar Assad, on a humanitarian basis to appeal to whoever is appropriate, maybe Hezbollah, to seek the whereabouts and grant the release of the two Israeli soldiers," Jackson said.

"He was positive and said he would convey the message," Jackson said. Although Jackson said he couldn't find out about the health of the prisoners, he said he had the impression they were "all right."

Jackson said he and other religious leaders would go to Syria "if we had the notion we could gain the release of prisoners on both sides. ... Such an effort would not be in conflict with our present policies because it would be humanitarian."

However, Jackson said the United States should be talking to Syria and to Iran, which it accuses of being the principal source of Hezbollah's weapons.

"We are negotiating with one hand tied behind our back. We talked to Russia through the height of the Cold War," he said.

A State Department spokesman, Justin Higgins, said Jackson's intervention with Syria and Israel was undertaken as a private individual.

On several occasions, Jackson has successfully intervened on behalf of Americans and others held hostage or prisoner in foreign lands.

In January 1984, he met with President Hafez Assad of Syria and arranged the release of a Navy pilot whose plane was shot down over Lebanon during an American air strike against a Syrian anti-aircraft position a month earlier. Later that year, Jackson traveled to Cuba and persuaded Fidel Castro to release 48 American and Cuban political prisoners.

Jackson, in 1990, helped win the release from Iraq of more than 700 foreign women and children detained as human shields against an American military attack after Iraq's invasion of Kuwait. He persuaded Yugoslav President Slobodan Milosevic in 1999 to free three Americans he was holding prisoner.

Hezbollah Leads Work To Rebuild, Gaining Stature (NYT)

DOJ_NMG_0049006

By John Kifner

The New York Times, August 16, 2006

BEIRUT, Lebanon, Aug. 15 — As stunned Lebanese returned Tuesday over broken roads to shattered apartments in the south, it increasingly seemed that the beneficiary of the destruction was most likely to be Hezbollah.

A major reason — in addition to its hard-won reputation as the only Arab force that fought Israel to a standstill — is that it is already dominating the efforts to rebuild with a torrent of money from oil-rich Iran.

Nehme Y. Tohme, a member of Parliament from the anti-Syrian reform bloc and the country's minister for the displaced, said he had been told by Hezbollah officials that when the shooting stopped, Iran would provide Hezbollah with an "unlimited budget" for reconstruction.

In his victory speech on Monday night, Hezbollah's leader, Sheik Hassan Nasrallah, offered money for "decent and suitable furniture" and a year's rent on a house to any Lebanese who lost his home in the month-long war.

"Completing the victory," he said, "can come with reconstruction."

On Tuesday, Israel began to pull many of its reserve troops out of southern Lebanon, and its military chief of staff said all of the soldiers could be back across the border within 10 days. Lebanese soldiers are expected to begin moving in a couple of days, supported by the first of 15,000 foreign troops. [Page A8.]

While the Israelis began their withdrawal, hundreds of Hezbollah members spread over dozens of villages across southern Lebanon began cleaning, organizing and surveying damage. Men on bulldozers were busy cutting lanes through giant piles of rubble. Roads blocked with the remnants of buildings are now, just a day after a cease-fire began, fully passable.

In Sreifa, a Hezbollah official said the group would offer an initial $10,000 to residents to help pay for the year of rent, to buy new furniture and to help feed families.

In Taibe, a town of fighting so heavy that large chunks were missing from walls and buildings where they had been sprayed with bullets, the Audi family stood with two Hezbollah volunteers, looking woefully at their windowless, bullet- and shrapnel-torn house.

In Bint Jbail, Hezbollah ambulances — large, new cars with flashing lights on the top — ferried bodies of fighters to graves out of mountains of rubble.

Hezbollah's reputation as an efficient grass-roots social service network — as opposed to the Lebanese government, regarded by many here as sleek men in suits doing well — was in evidence everywhere. Young men with walkie-talkies and clipboards were in the battered Shiite neighborhoods on the southern edge of Bint Jbail, taking notes on the extent of the damage.

"Hezbollah's strength," said Amal Saad-Ghorayeb, a professor at the Lebanese American University here, who has written extensively about the organization, in large part derives from "the gross vacuum left by the state."

Hezbollah was not, she said, a state within a state, but rather "a state within a nonstate, actually."

Sheik Nasrallah said in his speech that "the brothers in the towns and villages will turn to those whose homes are badly damaged and help rebuild them.

"Today is the day to keep up our promises," he said. "All our brothers will be in your service starting tomorrow."

Some southern towns were so damaged that on Tuesday residents had not yet begun to return. A fighter for the Amal movement, another Shiite militia group, said he had been told that Hezbollah members would begin to catalog damages in his town, Kafr Kila, on the Israeli border.

Hezbollah men also traveled door to door checking on residents and asking them what help they needed.

Although Hezbollah is a Shiite organization, Sheik Nasrallah's message resounded even with a Sunni Muslim, Ghaleb Jazi, 40, who works at the oil storage plant at Jiyeh, 15 miles south of Beirut. It was bombed by the Israelis and spewed pollution northward into the Mediterranean.

"The government may do some work on bridges and roads, but when it comes to rebuilding houses, Hezbollah will have a big role to play," he said. "Nasrallah said yesterday he would rebuild, and he will come through."

Sheik Nasrallah's speech was interpreted by some as a kind of watershed in Lebanese politics, establishing his group on an equal footing with the official government.

"It was a coup d'état," said Jad al-Akjaoui, a political analyst aligned with the democratic reform bloc. He was among the organizers of the anti-Syrian demonstrations after the assassination of former Prime Minister Rafik Hariri two years ago that led to international pressure to rid Lebanon of 15 years of Syrian control.

Rami G. Khouri, a columnist for The Daily Star in Beirut, wrote that Sheik Nasrallah "seemed to take on the veneer of a national leader rather than the head of one group in Lebanon's rich mosaic of political parties."

"In tone and content, his remarks seemed more like those of a president or a prime minister should be making while addressing the nation after a terrible month of destruction and human suffering," Mr. Khouri wrote. "His prominence is one of the important political repercussions of this war."

Defense Minister Elias Murr said Tuesday that the government would not seek to disarm Hezbollah.

"The army is not going to the south to strip the Hezbollah of its weapons and do the work that Israel did not," he said, showing just how difficult reining in the militia will most likely be in the coming weeks and months. He added that "the resistance," meaning Hezbollah, had been cooperating with the government and there was no need to confront it.

Sheik Nasrallah sounded much like a governor responding to a disaster when he said, "So far, the initial count available to us on completely demolished houses exceeds 15,000 residential units.

"We cannot of course wait for the government and its heavy vehicles and machinery because they could be a while," he said. He also cautioned, "No one should raise prices due to a surge in demand."

Support for Hezbollah was likely to become stronger, Professor Saad-Ghorayeb said, because of the weakness of the central government.

"Hezbollah has two pillars of support," she said, "the resistance and the social services. What this war has illustrated is that it is best at both.

Referring to Shiek Nasrallah, she said: "He tells the people, 'Don't worry, we're going to protect you. And we're going to reconstruct. This has happened before. We will deliver.' "

Armed With Iran's Millions, Fighters Turn To Rebuilding (WP)

By Anthony Shadid

The Washington Post, August 16, 2006

KHIAM, Lebanon, Aug. 15 -- In military-style black shirt and pants, Abu Shaker had a gait that was a little light for someone in combat boots. He smiled through his red-tinted beard, as returning residents waved and shouted greetings. And he pointed with authority, guiding a bulldozer plowing the streets of this Shiite Muslim town, blocked by refuse from a month-long barrage of air raids and shelling.

For 34 days, Abu Shaker was a Hezbollah fighter. By 6:30 a.m. Tuesday, he had taken charge as a relief worker.

"We're going to work until we open all the streets in the city," he said, as the bulldozer thundered across a road.

He looked around at the town, nearly every house scarred. "Whatever the people need, we'll do it for them," he said.

A day after a cease-fire quieted the guns in Lebanon, Hezbollah opened another front in its struggle: rebuilding its state within a state in the poor southern suburbs of Beirut and the tattered villages of southern Lebanon and the Bekaa Valley. Hundreds of activists fanned out across the country; in Khiam, at times, they outnumbered the residents. Acting on the orders of Hasan Nasrallah, the group's secretary general, they began clearing rubble, pulling bodies from collapsed homes, cataloguing damage house by house, securing truckloads of food and water, and preparing to provide tens of millions of dollars in compensation.

"We're waiting for Hezbollah to undo all this destruction," said Hussein Kalash, a fighter in Khiam for another Shiite movement, Amal. "Sayyid Hasan said he would compensate the people, so we're waiting to see his promises come true," he said, referring to Nasrallah with a religious honorific.

"We shared in the war," he added, "but now they have to pay for the peace."

More than simple reconstruction, the task before Hezbollah could decide the shape of postwar Lebanon. Nasrallah's order Monday to begin rebuilding -- without government coordination or approval -- poses one of the biggest tests for Lebanon's already

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weak government, which in the aftermath of the war has pledged to exercise its uncontested control all the way to the Israeli border. In just a day, the question has become: Can both the Lebanese state and Hezbollah wield authority in Lebanon?

Hezbollah activists here were respectful; they said they were only buttressing the government's role. Some residents, though, spoke in blunter terms, reflecting the popular support Hezbollah enjoys -- often more as guardian than militia.

"Sayyid Hasan will help us before our country does," said Mehdi Awada, a 25-year-old resident.

As he spoke, Um Hussein Tanaki sprang out of her damaged, four-story pink stone building. It was gutted, the furniture destroyed. "You work and work and work your whole life, and in the end, there's nothing. That's not a pity?" the 61-year-old mother of three said. Cars passed, Hezbollah's yellow banners sometimes flying from the windows, and she smiled. "This is my sacrifice."

Young men around her nodded their heads. "God protect Sayyid Hasan," she said.

In his speech Monday, Nasrallah outlined Hezbollah's reconstruction. Activists would begin work immediately to repair damaged homes and clear the rubble from the hardest-hit villages like Bint Jbeil, Aitaroun and Khiam. For families whose houses were destroyed, a number he estimated at 15,000, Hezbollah would provide money to rent another house for a year as well as buy furniture. An informed source said the group planned to spend $150 million, already provided by Iran, in coming days.

"You will not have to ask for anyone's help, you will not have to stand in lines or go anywhere," Nasrallah said. "Of course, we can't wait for the order of the state and the tools that it uses, as it could consume some time."

He said Hezbollah and the government would work in "two parallel lines."

In the Beirut suburbs, a half-dozen bulldozers removed rubble Tuesday, throwing up clouds of dust. Along one stretch were the remains of a nine-story building, in front of a newly hung banner that read: "Made in the USA." Lebanese flags were planted in other piles. Residents walked around the devastation, some taking pictures, others with new Hezbollah flags wrapped around their necks.

Among them was Leila Atwi, a 26-year-old newlywed. Her voice was matter-of-fact. Only Hezbollah would help, she said, suggesting the deep credibility Hezbollah enjoys among its Shiite Muslim constituency.

"Where is the government? Do you see anyone from the state here?" she asked. "Sayyid Hasan is our state."

"This war may not be over, but we are not afraid. The sayyid will protect us, and any new war will make us just stronger," Atwi said. "Look at us now. We're much stronger than we were a month ago."

The work began in Khiam in the morning, as Hezbollah activists raced around the town driving mopeds, motorcycles, white pickup trucks and cars, some the newest models. Sprinkled glass swept into the street sounded like wind chimes. Ten roaring bulldozers plowed to the side pulverized stone, splintered cinder blocks and the detritus of daily life -- cans, bottles and plastic crates.

"We came here to see what we need to do in the town," said the 18-year-old driver, Hussein Abdullah.

To the side was Abu Shaker, the 35-year-old guerrilla turned relief worker. He fought elsewhere during the war -- he declined to say where -- and had returned by early morning to his home town. As he directed the bulldozer, he was greeted by deferential policemen, whose station was destroyed. Other residents sprang down the steps and into the street to shake his hand.

"When Sayyid Hasan promises, then we adhere to it," he said. "He promised we'd start today, so we began at 6:30 a.m."

He passed an ambulance of a Hezbollah-affiliated health organization, then a poster that declared: "Khiam 2005 Tourist City." Nearly every car that passed called out to him.

"Do you need anything?" Abu Shaker shouted. "Just your safety," the driver of one car yelled back.

He turned his head away. "When someone needs help, they come to us," he said.

Along the street he walked, Hezbollah brought in the first relief -- trucks carrying steel water containers and others, "God" written on the front, with loaves of bread wrapped in plastic and black crates of peppers, grapes, peaches, sardines and processed cheese.

A few buildings down was the office of Abu Jassim, another Hezbollah activist, dressed in khaki military-style pants and carrying a walkie-talkie that crackled with short bursts of communication. A few hours before, he said, a 10-person Hezbollah committee staffed with engineers had begun its work surveying each damaged building in the province. The crew would

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document the work with photographs and a prepared form. He expected the committee would finish its work within a week, "at the most." It would determine which houses would be repaired and which demolished, then work would begin immediately.

Another committee was working on water, electricity and other infrastructure, he said.

"The party has a lot of money," said another activist, 30-year-old Abu Jaafar, standing next to a white Honda motorcycle, with a knot of other men. "How did it defeat Israel? You can't get weapons without money."

He predicted the work might take as many as two or three years. "If we said sooner than that, people would laugh at us," he said.

Hezbollah has long had a reputation inside Lebanon as one of the country's most efficient organizations, sometimes outstripping the government's meager capacity in the poorer areas like southern Lebanon. Into the 1970s, some of the villagers here had no roads, hospitals or schools.

In that environment, Hezbollah distinguished itself as a social organization by its lack of corruption, ability to mobilize its people and success in fulfilling its promises. After the last Israeli campaign in 1996, Hezbollah said it repaired 5,000 Lebanese homes, rebuilt roads and provided compensation to 2,300 farmers. After the Israeli withdrawal from southern Lebanon in 2000, ending an 18-year occupation, its teams sprayed insecticides in 35 villages and dispatched veterinarians to check on cattle.

That record has incubated dissonant perceptions of the group: best remembered in the West for its role in the attacks on the Marine barracks and U.S. Embassy in Beirut during Lebanon's civil war, and designated a terrorist organization by the United States; often cited here for its charity and perceived role in defending the Shiite community in a country where individual rights are usually subsumed in the collective interests of Lebanon's religious sects.

"What Sayyid Hasan says, he does. Has he not done that from the first day of the war?" asked Hussein Heidar, a 29-year-old sitting with friends in a bombed-out swath of Khiam. A tire was tossed in the street, next to a sign for Nour Shoes. Beside him was Mohammed Amin, a 52-year-old resident who had returned Tuesday and was slumped in a red plastic chair along the sidewalk.

"We're going to rebuild at the fastest pace possible," he said.

"Better than before and quicker than before," Heidar added.

Both took phone calls. "Everyone in Beirut is coming back. Everyone in the Bekaa Valley is coming back," Amin cried into his phone.

Another friend approached, 55-year-old Ali Shuaib. He had just returned from the Bekaa, where his six children remained.

"The party works correctly," he said. "And the state? We don't know anything about the state."

Down the street, Abdullah Khatoun leaned against a car. Like most in the village, he seemed unfazed by the destruction around him. It had happened before, in the 1982 Israeli invasion, and Khiam was rebuilt. Besides, he said, Nasrallah promised.

He recalled Nasrallah's words as "Honey, honey, honey."

"What he sews, we'll wear."

Fractured Land Vast Rebuilding Job Looms In Lebanon; It, Too, Is Political (WSJ)

By Karby Leggett

The Wall Street Journal, August 16, 2006

BEIRUT, Lebanon -- With the fighting here finally stopped, the battle that Nabil Jisr is leading swings into full gear.

Mr. Jisr, a senior aide to Lebanon's prime minister, is in charge of the almost overwhelming task of reconstructing the shattered country.

An estimated 35,000 homes and business places have been destroyed by fighting and Israeli bombs. Perhaps a quarter of the country's four million residents were in temporary housing when the cease-fire took hold Monday. Some 400 miles of Lebanese roadway have been destroyed, along with about 150 bridges and interchanges -- one of every four in the country. Now, as residents pour back into Lebanon's ravaged south, hundreds of thousands will need food, water and shelter in the coming weeks.

And wrapped in the reconstruction challenge is a critical struggle for Lebanon's weak government: seizing the political initiative from a Hezbollah energized by its battlefield performance against Israel. "The postwar period...is the real war," says Jihad Azour, Lebanon's finance minister.

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The rebuilding of Lebanon, and who gets credit for it, are part of a larger battle for influence between the central government and Hezbollah, a Shiite Muslim group so powerful it is a virtual state-within-a-state. Reconstruction is the first real postwar test of wills between Hezbollah -- whose ambush and capture of two Israeli soldiers set off the conflict -- and those in the Lebanese government who want Hezbollah to become purely a political party. How it goes could set the tone for whether Hezbollah emerges from the conflict an even stronger social force, still armed and with continuing ties to Syria and Iran, or ultimately bows to international demands and abolishes its military wing.

If Lebanon's government can gain the political upper hand over Hezbollah, this success could have region-wide implications. Hassan Nasrallah, Hezbollah's leader, has become a folk hero in much of the Muslim world. His organization, a militia and social support group with a foot planted firmly in national politics, is the model that Islamist groups in the Middle East are adopting, from Hamas in the Palestinian territories to Iraqi firebrand Muqtada al Sadr and his Mahdi Army.

Even in Egypt and Jordan, where the politically active Islamist groups aren't armed, Muslim Brotherhood organizations use their religion-based charity and humanitarian networks to challenge the government. Lebanon's reconstruction battle thus mirrors one of the region's emerging rifts. It is between, on one side, U.S. allies Jordan, Egypt and Saudi Arabia, and, on the other, the Iranian and Syrian regimes that provide arms and money to Hezbollah. Saudi Arabia, for example, is already pouring funds into the Lebanese government.

"Lebanon's reconstruction is going to be a microcosm for trends across the region," says Rami Khouri, a Beirut-based columnist and leading political commentator.

Designated a terrorist group by the U.S., Europe and Israel, Hezbollah has seen its popularity soar well beyond its core supporters in Lebanon. The group has ramped up its own formidable aid and reconstruction program, giving it a big role the humanitarian and reconstruction effort among Lebanon's poor Shiite Muslims, who account for nearly 80% of those displaced by the war. Hezbollah volunteers are ever-present even in many government-managed shelters, gathering detailed information on each displaced family, from specific medical requirements to how many mattresses each family needs. "Everyone must enter the battle to rebuild," said Mr. Nasrallah, Hezbollah's leader, in a televised speech the day of the cease-fire.

During the month of fighting, Hezbollah set up more than a dozen soup kitchens and medical relief centers across Beirut, spending well over $100,000 a day, its officials say. While leaders won't detail where the cash comes from, members say it's raised through direct contributions from Lebanese supporters as well as abroad, including in Syria and Iran.

Mr. Jisr says his Lebanese-government operation doled out more than 6,000 tons of aid, worth tens of millions of dollars, during the fighting. This week he began detailed talks with potential foreign donors for a reconstruction package that he hopes could reach $3 billion. But the effort has also bumped into the kind of corruption and poor execution that have long hobbled the government more broadly and made Hezbollah look better by comparison.

"Lets face it, Hezbollah is working hard, too," says Mr. Jisr. With a thin smile, he adds: "Maybe I'll send them a thank-you note."

A lanky man of 61 with a taste for expensive suits, Mr. Jisr says the Lebanese government has little desire -- or ability -- to limit Hezbollah's role in reconstruction. Like many of Hezbollah's critics in Lebanon, he doesn't want to wipe out the group but rather bring it more fully into the Lebanese body politic. The cabinet of Mr. Jisr's boss, Lebanese Prime Minister Fuad Siniora, includes two elected Hezbollah representatives. They are directly involved in the government's reconstruction plan. One, the energy minister, has authority to approve imports of fuel and sits on the reconstruction committee Mr. Jisr helps manage.

Mr. Jisr also says Hezbollah's efforts can dovetail with the government's, even if Hezbollah winds up with part of the credit. For instance, many displaced Shiites have taken refuge in public buildings in Christian and Sunni areas, including schools that will soon be needed for classes. Hezbollah's efforts to rebuild homes may help ease sectarian tensions.

Even so, Mr. Jisr views the months ahead as a crucial test for government leaders, an opportunity to rewrite Lebanon's history of sectarian conflict. "We need an awakening in our country," he says. "We need people to understand that only the government can fix things."

Mr. Jisr grew up in Lebanon, studied engineering at the University of Tennessee and went to work at the construction conglomerate of Rafik Hariri, a former prime minister. At the peak, Mr. Jisr managed 31,000 employees. In the early 1990s, Mr. Hariri recruited Mr. Jisr to help rebuild Lebanon after its 15-year civil war. A Sunni Muslim, Mr. Jisr oversaw construction of a

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lavish new central business district, a marina and a soaring stone-and-tile compound that houses the offices of the prime minister.

Lebanon entered a new era when Mr. Hariri was killed in a car bombing 18 months ago. The slaying caused a political uprising that forced Syria, which was suspected of involvement, to end its long military occupation of Lebanon. It also brought to power a group of pro-West political reformers. The new prime minister, Mr. Siniora, asked Mr. Jisr to join his team.

The day after fighting between Israel and Hezbollah began, Mr. Jisr was put in charge of the emergency relief effort, and he has been working practically round the clock ever since.

His first step was to establish a central base to collect and distribute aid that began flowing in, mostly food, water and medicine. It arrived overland from Syria and by air from Jordan, the planes landing on the one runway at the Beirut airport that Israel hadn't destroyed. Some was moved about the city in small trucks to avoid being targeted by Israel.

Mr. Jisr ordered public schools and universities to open their doors to refugees. Within days, they were packed. His staff of 70 monitored the 850 sites daily.

Mr. Jisr says his marching orders were to avoid any hint of politicizing the process. That meant aid parcels were handed directly to district government officials -- including many affiliated with Hezbollah. "Our goal was simple: Be completely fair with everyone and help as many people as possible," he says.

In some ways, that policy has been a boon for Hezbollah. The group already had its own extensive relief operation, and in some cases government-controlled aid landed in Hezbollah's centers. Hezbollah also has sent hundreds of volunteers, including dozens of doctors, to the government's refugee centers. There, they've often competed with Mr. Jisr's staff for the loyalty of those being served.

One afternoon last week, an aid truck organized by Mr. Jisr's team arrived at a school in central Beirut. As packages of rice, flour and cooking oil were unloaded, milling about nearby were Hezbollah security guards wearing military pants, with radios strapped to their waists. After the truck left, the Hezbollah members approached families to see what else they needed.

In contrast to the government's bulk drop, Hezbollah's workers spoke at length with refugees. They also handed out medicine. The effort impressed Jihad Klet, a 34-year-old baker from southern Lebanon who was at the school with his wife and young daughter. Already a fan of Hezbollah, Mr. Klet said he supports it even more now. "Without Hezbollah, we wouldn't be able to survive," he said.

Mr. Jisr shrugs off concern that Hezbollah is turning the government's aid program to its own gain. "The entire relief process is managed by the government, and Hezbollah knows that," he says.

In the past two weeks, Mr. Jisr has turned his focus to assessing the infrastructure damage, gaining an understanding that he says will speed the reconstruction and thus score points with the citizenry. He puts the country's total economic loss from the 34 days of fighting at roughly $15 billion. In heavily bombarded suburbs south of Beirut, where Mr. Nasrallah kept an office, an area known as Security Square has been all but flattened. Even buildings still standing are in need of repairs such as foundation work or new windows.

Mr. Jisr is drawing up a menu of specific projects to present to potential foreign donors. He hopes, for instance, that some governments will help finance new high-voltage electric transmission cables and transformers, while others will pay for road work. He says projects that draw the least interest might be farmed out to France, Kuwait and Saudi Arabia, all of which have historical and religious ties with Lebanon, particularly its Christian and its Sunni Muslim communities.

"The Saudis are giving a lot," says Mr. Jisr, noting that Saudi Arabia has already provided $1 billion in emergency funding for Lebanon's central bank and has pledged a further $500 million for reconstruction. He says neither the U.S. nor Iran has offered financial assistance so far.

With the cease-fire holding, and signs that Israeli troops may soon leave, Mr. Jisr is setting reconstruction priorities. At the top is Beirut's airport, which Israel struck repeatedly. He aims to have the runways repaired within a week so more relief and construction material can arrive. It will take longer for the airport to resume full commercial operations.

The south of Lebanon is his biggest concern. Damage is so extensive it could take weeks just to clear some areas of unexploded bombs and mortars. Water mains, sewage pipes and electrical wires need repair to avert possible disease outbreaks.

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Mr. Jisr says the government will set up temporary living space for the most destitute, with prefabricated homes. When school starts, many children in the area will attend in temporary quarters.

Southern Lebanon's heavily Shiite population has long turned to Hezbollah before the government to meet its needs and to have its grievances heard. Hezbollah has an extensive program to eulogize those killed in the fighting against Israel and pays subsidies to their families, estimated at nearly $100 million a year. The group also helps arrange marriages for widows and new homes for orphans. Now, its activists are pouring in to do their own damage surveys and begin reconstruction. Hezbollah says it plans to offer low-cost financing to rebuild homes.

It says the neediest families of all will have their homes rebuilt free. "We'll never let our people live on the streets," says Abbas Noun, a 38-year-old Hezbollah activist who says he has been running a Hezbollah soup kitchen in Beirut for the past month. The owner of a construction and trade company, Mr. Noun says that he gives 20% of his income to Hezbollah, and this year may hand over all his profits. "We in Hezbollah will do whatever it takes to rebuild," he says.

Clustered In Fear, And Now Death (LAT)

By Bruce Wallace

The Los Angeles Times, August 16, 2006

AINATA, Lebanon — All the dead were neighbors, killed as they huddled together in the basement of the Fadlallah family house in the old quarter of this southern Lebanese town. The Fadlallahs' two-story home had offered false hope against Israeli shells fired from the terraced hills above, blasts that scattered concrete blocks like dice and smashed the shelter into a tomb.

Now, with fighting suspended, the rubble gave them up: at least 14 bodies with perhaps more still buried, pulled free by neighbors' hands tearing at the stones. The dead were old men and old women, teenage girls and children as young as 3, postscripts to the roll call of victims from this summer's spasm of war.

"That's what we do here: When people get scared, they get together — 30, 40 people," said Hassan Mansour, who grew up in Ainata and still comes back with his family every summer, even though he lives in Miami. "I had 30 people in my house when it was hit. And in the center of town, hundreds of people would come together to wait out the shelling."

Ainata is a middle-class Shiite Muslim town surrounded by tobacco and olive farms with a winter population that the residents estimate at 15,000 to 20,000. These are the people who elected a Hezbollah member to the Lebanese parliament when they got a chance after the Israeli occupation ended in 2000.

Yet Ainata also displays shades in its beliefs and politics that make it more than a simple pro-Hezbollah bastion. It changes character in summer, when the town swells with thousands of its sons and daughters who have gone abroad to work in North America, Africa and across the Middle East. They are a well-educated and well-paid expatriate class who love to return to Ainata's quiet and climate.

"We say here that every house has an engineer or a doctor in it," said Mansour, who runs a variety of businesses in Florida and has built an expensive house in the hills overlooking the town for his annual summer return. "These are mostly secular people, not religious people. We are not fanatics. We are hard-working, 100% law-abiding good people.

"These are the people Israel has hit badly."

It was the traditional people who elected the Hezbollah lawmaker, he explained, because the religious organization had led the Israeli resistance during the occupation and, unlike so many Lebanese political parties, remained free of corruption. The election was also held in winter, he said, when the more cosmopolitan summer crowd was out of the country and barred from voting.

The sights and, it must be said, smells in this pretty town offered a glimpse Tuesday of what occurred behind the lines during a month of fighting between Israel and the Hezbollah militia.

Israeli forces pummeled Ainata with bombs and mortars. The barrage tore up roads and left electrical wires dangling over alleyways strewn with the carcasses of cars. Many of Ainata's houses were flattened — a few defy gravity to stand — and all but the rarest exception were splattered with shrapnel.

Many here insisted Tuesday that there was no reason for Israel to target these homes.

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"I wish Hezbollah had been firing rockets from here," Mansour said. "Then at least I could be satisfied that there was some excuse for what has happened to us."

"I don't like Hezbollah and I don't like the Israelis," Mohammed Arbid, 36, an optometrist, said as he walked through the shattered glass and plaster of the home he had shared with his mother, and where he had planned to bring his bride after their July 30 wedding.

"But Hezbollah fighters never entered this town," he insisted. "One day they came to the border of the village and people said: 'We don't want you here. We have children.' "

Like most of the residents, Arbid fled north after a few days when there seemed to be no imminent end to the Israeli shelling. Most of the rest used a 48-hour truce early this month to get out, leaving just a few stubborn families and several dozen fighters in the town when the heaviest beating came. It was not clear whether the fighters had always been in the town, unknown to some summer residents, or arrived after most families had left.

"Some people had to be forced to leave because women and children are a burden on warriors," said a man who identified himself only as Nassim and claimed to be the regional military commander of the Amal militia, which fought alongside Hezbollah in Ainata.

On Tuesday, the wiry 42-year-old commander walked through the twisting alleys of the old town, pointing out places where house-to-house fighting occurred. The Lebanese militias held off the Israelis using antitank weapons, he said, shuffling up Ainata's main street, which had been bulldozed of debris and, hopefully, was free of any unexploded ordnance.

The Israelis flew F-16s over the town in close support so troops could get in to take away their dead, he said, with the worst destruction delivered in the last two days before the cease-fire. That is when most of the houses in the heart of the town crumbled under the bombing. Nine militiamen died in the fighting, he said.

Just yards away, the rescue workers were shutting down their excavation of the Fadlallah house. The signs of family life were mixed in the debris: a newspaper, carpets and a child's school exercise book.

And as evening closed in, a column of Israeli tanks withdrew from positions in the hills around Ainata. They drove past the blasted city, towing one of their crippled tanks with them.

Going home.

Lebanese Return To Ruins (WT)

By Betsy Pisik

The Washington Times, August 16, 2006

BINT JBEIL, Lebanon -- Lebanese sifted through the ruins of shattered towns and villages yesterday, looking for survivors or simply fragments of their former lives, with scant regard for Israeli warnings that it is not yet safe to return.

Rescue crews digging with shovels and bare hands pulled out bodies that could not be recovered while the fighting raged.

Hardly a building remained intact in Bint Jbeil, a Hezbollah stronghold that became the scene of more than a week of intense ground combat.

"My God, my God," said an elderly woman, her voice so hoarse it was almost inaudible. She stood at the crest of town to look down at the destruction, weeping.

Rescue workers and young men scrambled over the wreckage to reach the rubble of a home that had entombed an entire family.

Doctors from Qatar worked beside townspeople to pry loose huge rocks and twisted steel. They labored for hours, with the smell of decay growing more intense as they got closer.

Despite the thousands of returning residents who have clogged roads since dawn on Monday, only a handful of visibly shocked returnees could be seen in the streets of this and other villages.

"There are very few people here, and they are hiding," said Mathias Lenggenhager, a Geneva-based relief manager and agronomist for the International Committee of the Red Cross (ICRC).

The ICRC estimates that fewer than 300 families stayed in southern Lebanon throughout the siege.

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Israeli aircraft dropped leaflets warning civilians not to return home until international troops are deployed because "the situation will remain dangerous."

Relief workers yesterday made it to villages where they fear some residents have been sheltering for a month without provisions. But the agency found few residents to accept food, blankets and hygiene kits. Wire services said relief workers found 15 bodies across southern Lebanon.

Returning to Bint Jbeil is no easy matter, which explains why so few families have made it back.

There is a three- to four-hour traffic jam to get across the Litani River, and the roads are so badly bombed that every few miles the surface gives way to a crater deep enough to swallow a school bus.

Once inside the town, one finds entire streets lost under rubble and pieces of furniture visible through sheared off walls.

The mosque is awash in broken concrete and accented with burned, flipped-over cars.

For the Dbaga family, the pain was overwhelming.

They returned yesterday afternoon to their home in nearby Ainata, but found it leveled.

With nothing left to claim, the family piled back into their car, and spent their last bit of money on gasoline and tried to drive away. But the car bottomed-out on the rough road, the gas tank ruptured.

Despite the assistance of a half-dozen strangers, the car hemorrhaged fuel and the family was stranded.

Strangers passed food and water between vehicles and freely shared cigarettes.

Lebanese soldiers, who are to be deployed in the south as part of a peace agreement brokered by the United Nations, have been working round-the-clock to patch roads and build crossings over the Litani River.

Traditionally, the Lebanese army has maintained only a cosmetic presence in an area controlled by Hezbollah guerrillas.

As Cease-Fire Holds, Lebanese Dig For The War's Victims In The Rubble Of Many Towns (NYT)

By Hassan M. Fattah

The New York Times, August 16, 2006

SREIFA, Lebanon, Aug. 15 — The reality of the war came out of the rubble in bits and pieces on Tuesday — an army boot in one town, a gold wedding ring in another, a pair of jeans elsewhere — all the pieces of lives lost in the destruction wrought by the monthlong conflict that came to a halt on Monday in a tenuous cease-fire.

On Tuesday, secrets buried in southern Lebanon's ruins began to emerge as Lebanese Red Cross workers, health workers and Hezbollah members set upon the heaps of stone and concrete in towns along the Israeli border, digging out bodies of men, women and children trapped there for weeks. The work will last for weeks in towns with names that have become synonymous with tragedy.

In Ainata, about three miles from the Israeli border, Red Cross workers pulled out eight decomposed bodies buried in a home that was bombed 10 days after the war began. In Bint Jbail, a few miles away, rescue workers tried to dig out at least four bodies from a house near the old market and, in Ait al Shaab, Hezbollah members reportedly removed the bodies of five of their fighters from the debris.

They were just a small portion of the estimated hundreds of bodies thought to have been lying in the wreckage, but the act of digging promised some closure for a country struggling to rebuild. Bodies wrapped in clear plastic tarpaulins were carted away in ambulances with the horns blaring, most of them ending up in the central morgue in Tyre, where the piles of dead have continued to grow.

Late Tuesday, Lebanese Army soldiers removed 31 bodies from a refrigerator truck near the morgue and buried them in a temporary mass grave adjacent to two other mass graves that were set up weeks earlier.

In Ainata, Abbas Khanafer trembled as rescue workers began digging out at least 16 people buried in a house near the town center, including 7 members of his own family who had taken shelter there. In half a day of digging, eight bodies, some of them in pieces, emerged. Among them were the remains of an elderly woman and a younger one, and workers removed a gold wedding band and jewelry in hopes of identifying them. But as Mr. Khanafer examined the bodies, he could find nothing he recognized.

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Mr. Khanafer lost three other relatives in the town of Marun al Ras in another bombing, as well as his elder sister, who he said was shot by Israeli troops in their parents' home in Ainata when Israeli troops clashed with Hezbollah fighters in the vicinity.

"I did everything they told us to do, I tried to do it all right," Mr. Khanafer said, referring to Israeli warnings to civilians to evacuate southern Lebanon. He asked a friend what he should do to have his relatives buried in a temporary grave. "Now, everything I have left is in Sidon," he said.

Mr. Khanafer had fled north to Sidon with his elderly parents, his wife and children and a niece four days after the bombing in Ainata, and two weeks ago returned in hopes of digging up the bodies of his relatives when Israel called a 48-hour suspension of airstrikes. But there was not enough time to retrieve them.

On Tuesday, he came back to Ainata to try again. As the Red Cross workers continued digging, he drove with Hezbollah officials with an ambulance in tow to his parents' home overlooking the Israeli border, where his sister's body lay. The stench permeated the house and the floor crawled with maggots, as her body was wrapped in a plastic tarpaulin to be transported to a hospital in the nearby village of Tibnin.

Nowhere was the scene as stark as in Sreifa, where workmen picked through fields of rubble were the Hay el-Birki neighborhood once stood. Up to 18 buildings were pulverized when Israeli warplanes struck the neighborhood on July 19, killing dozens, said Hussein Kamaleldin, a local official.

Just days ago, Israeli warplanes pounded the town again as Hezbollah fighters moved into the area to face off with Israeli troops who landed in the hills nearby. Fierce fighting and bombing continued even into early Monday morning, until the United Nations cease-fire took hold at 8 a.m., residents said.

Muhammad Jaber looked on quietly as a crowd of men gathered around an excavator reaching deep into the rubble of what was once a three-story building here in Sreifa on Tuesday, wondering what he might have done differently to induce his son to leave.

"I told him to come with me, but he wouldn't," Mr. Jaber said, speaking of his 27-year-old son Bilal. He said he had a hunch why his son wouldn't leave, but he refused to elaborate.

"He said he wanted to stay with his friends," Mr. Jaber said. "I called him after we left, but he said he just wouldn't leave."

Within minutes, several men dove into an opening in the rubble and pulled out an army boot, then a walkie-talkie, a bulletproof vest and a machine gun. They belonged to one of Bilal's friends. The jovial workmen went silent as Hezbollah security men told photographers to stop taking pictures, and Mr. Jaber's hunch was confirmed: his son was one of the militia fighters.

Mr. Kamaleldin, the Sreifa official, estimated that up to two-thirds of the town's homes and buildings were demolished, leaving more than 43 people buried in the rubble. A majority of them were fighters belonging to Hezbollah and the allied Amal Party, residents said.

"This will now be a place of tragedy and sorrow," said Hussein Nazzal, who survived unscathed in his house, while all the buildings behind his house were destroyed. "Who could possibly deserve to die a death like this?"

Hours later, Mr. Jaber sat with his wife on the family porch grieving for his dead son, who was married with three children.

"I have seen all the wars and survived them, and three of my boys battled the Israelis in 1996," he said. "I was lucky then, because they all came home. But this time, it seems, God decided to take one away."

In Congress, Lonely On Lebanon (WP)

By Dana Milbank

The Washington Post, August 16, 2006

If you're trying to quantify the U.S. policy in the Middle East, here's a useful statistic: Since the fighting between Israel and Hezbollah started, 22 members of Congress have flown to Israel. Only one went to Lebanon.

"Logistically, it was difficult," Rep. Darrell Issa (R-Calif.), the lone Lebanon traveler, explained as he drove his Lexus to his Capitol Hill office yesterday. "The Israelis were shooting at vehicles and so on."

And it's only marginally safer for Issa at home. One of five Lebanese Americans in Congress, Issa occupies a no man's land in U.S. politics: a conservative Republican with a powerful sympathy for the Arab cause. He supports the Iraq war and voted for a

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resolution backing Israel in its fight with Hezbollah, but he has also accused Israel of "apartheid" and scolds the Bush administration for "missed opportunities" to win Arab friends.

His reward? Al-Jazeera propagandists ridicule him, and the radical Jewish Defense League tried to bomb his office after a WorldNetDaily.com commentator dubbed him "Jihad Darrell."

But Issa persists. Yesterday, he was at the National Press Club under the banner of the "American Task Force for Lebanon," giving a bleak slide show from his weekend trip to Lebanon, and scolding all parties in the conflict.

He condemned Israel's "wanton" violation of Lebanese territory and its "somewhat failed attempt" to defeat Hezbollah: "You can't end an idea or a terrorist organization by guns alone."

He disparaged the "few million dollars" the United States gave Lebanon after last year's eviction of its Syrian masters: "The Cedar Revolution was our opportunity, our opportunity to seize, and we did not."

And he dismissed an al-Jazeera correspondent who argued the Hezbollah line that Israel caused the war by occupying land called Shebaa Farms. "Al-Jazeera may believe that," Issa said, but "the return of Shebaa is in the hands of the United Nations."

Al-Jazeera's Mohammad al-Alami was evidently unsatisfied with Issa's demand for vast U.S. spending to rebuild Lebanon, or by his photos of Lebanon's fallen bridges and oil-soaked coastline. "You mentioned the oil slick and your concern about the eggs for the fish, and you didn't mention 1,000 civilians who got killed," Alami charged, "children seen all over the Arab world, you know, torn to pieces by Israelis with the American blessings and the American weapons."

"Yeah, that's usual," Issa said of the harangue as he got in his car with the "United We Stand" bumper sticker. "Classic Arab propaganda."

Playing Middle East peacemaker was not the role Issa, a former car-alarm magnate who favors slicked-back hair, had planned when he was elected to Congress in 2000. He's known best as the anti-tax activist who led the effort to recall Gov. Gray Davis, then wept when he announced that he himself would not be a candidate for governor.

But after coming to Washington, he felt the pull of the land his grandfather left in 1914. "When your last name is Arabic for Jesus," he explained, "you sort of get a natural ability to go through the region and be accepted a little bit more quickly." But only a little bit. Issa says that as an Arab American with generally pro-Bush views, he isn't trusted by either side, an awkwardness that dates back to his time as a Lebanese Christian delivery boy for a kosher butcher.

The awkwardness continues. He complained about a House resolution last month condemning Israel's enemies, but voted for it anyway after his alternative version failed. He opposed sanctions against Syria, but he vigorously supports the U.S. campaign in Iraq.

Some might see these as contradictions. Issa portrays it as evenhandedness. One minute he's condemning Israel's targeting in Lebanon ("they blew up all the fuel tanks just to see them burn!") and the next, he's bemoaning Arab intransigence ("they never focus [on] what is a legitimate compromise").

Safely returned from his wayfaring (he also stopped in Israel and Egypt, which gave him a ride to Beirut on a C-130), the congressman has developed some proposals for the Middle East. First, he calls for a "dramatic difference" in aid to Lebanon in the form of a supplemental spending bill. Next, have the United Nations draw new boundaries for the region if Israel and its neighbors can't do it themselves by a U.N.-imposed deadline.

"Let's not stay with the tradition that the parties shall agree," Issa said, sipping a Coke Zero as he parked his Lexus in the Cannon building garage. "We've drawn artificial lines before, not the least of which is the very creation of the state of Israel, so let's finish drawing that part of the map."

Call it the Issa Peace Plan. It is, of course, a non-starter in Washington: Israel has long rejected such an approach. But, for a car-alarm mogul, it's not a bad diplomatic debut.

War Emboldens Iran Ahead Of Nuclear Talks (WSJ)

By Neil King Jr.

The Wall Street Journal, August 16, 2006

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The ambiguous conclusion to Israel's latest battle with Hezbollah looks to have weakened Washington's hand, and strengthened Iran's, in the escalating showdown over Tehran's nuclear ambitions.

While the recent fighting diverted attention from Iran's nuclear program, the tussle is now returning to the diplomatic forefront. The Bush administration faces several pivotal moments in coming weeks, including a likely push next month to impose sanctions on Tehran if it spurns an Aug. 31 United Nations deadline to suspend uranium-enrichment work.

Hezbollah's ability to withstand a monthlong onslaught -- while inflicting considerable casualties and launching a continuous rocket barrage on Israel -- has dented the U.S. diplomatic effort by weakening its key ally in the region, Israel, while providing at least a symbolic victory to the Shiite Muslim militia and its Iranian sponsors. The administration's strong support of Israel's military campaign in Lebanon has also angered some of Washington's important Arab and European partners, who objected to the widespread destruction of Lebanon's infrastructure.

In Israel, prominent critics of Prime Minister Ehud Olmert accused his government of a long list of failures, buttressing the argument that Hezbollah had emerged the victor from -- or at least not lost -- the 33-day war.

In Iran, President Mahmoud Ahmadinejad told a massive rally that Hezbollah had "hoisted the banner of victory" over Lebanon. He also used his speech to repeat assertions that Iran won't give in to international demands to alter its nuclear program. "We are fully mastering the nuclear fuel cycle for our peaceful atomic activities," he said. "No one can take it away from us."

Despite such aggressive rhetoric, senior Bush-administration officials say it is too early to assume Hezbollah or Iran will emerge strengthened. If the cease-fire holds and eventually results in the disarmament of Hezbollah, says one administration official, "a big arrow will have been taken from Iran's quiver."

President Bush and his top diplomat, Condoleezza Rice, hope in the weeks ahead to point to Hezbollah's actions against Israel as Exhibit A in arguing that Tehran's growing military power poses a dire threat to the region. "We can only imagine how much more dangerous this conflict would be if Iran had the nuclear weapon it seeks," Mr. Bush said Monday, putting the blame for the fighting on Hezbollah and "Iranian sponsorship" of the organization.

That approach is sure to gain some traction. Arab and European allies were deeply alarmed by Hezbollah's massive missile attacks on Israel, which were seen as further proof of Iran's growing influence across the Middle East. Iran's Shiite leaders are also supporting militias in Iraq as well as the Palestinian territories, unnerving governments in majority Sunni countries such as Egypt and Saudi Arabia. "Through this conflict, the world has a better sense of the foreign-policy challenge that Iran poses for Middle East coexistence and stability," says David Makovsky, an analyst at the Washington Institute for Near East Policy.

Yet at the same time, the administration's steadfast defense of Israel's open-ended drive into Lebanon has created deep diplomatic fissures that could hurt the U.S. and help Iran. Qatar -- representing the Arab League -- was the only country last month to vote against a U.N. Security Council resolution threatening Iran with sanctions if it doesn't suspend its uranium-enrichment program by Aug. 31. China and Russia, which have been hesitant to back the threat of sanctions on Iran, were also angered by the U.S. refusal to back a quicker cease-fire, U.N. diplomats say.

European officials also worry that the destruction in Lebanon has stirred within the Muslim world still deeper distrust of the U.N. and Western intentions in the Middle East, further complicating diplomacy within the Security Council. "Iran will definitely try to capitalize on the very polarized public opinion to portray whatever we do as the work of the West against the Islamic world," said one French diplomat.

At the start of the Israel-Hezbollah fighting, Mr. Bush and his aides said it was crucial that Israel's military eliminate the "root cause" of the conflict -- which it defined as Hezbollah -- and further isolate Syria and Iran. But it remains to be seen whether either objective was achieved.

Hezbollah has emerged from the wreckage as a battered victor in the eyes of many, leaving Iran with a potent tool to respond to any attacks on its nuclear programs. It also is an open question whether the U.N. cease-fire agreement will lead to the militia's disarmament.

"Hezbollah did what no Arab government ever has: They fought Israel and didn't lose," says Kenneth Pollack, an Iran expert at the Brookings Institution's Saban Center for Middle East Policy.

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Still, senior Bush administration officials say they are confident that the Security Council will move to back at least limited sanctions against Iran early next month if Tehran refuses to suspend its enrichment work. Undersecretary of State Nicholas Burns says "there has been no indication at all that the will to isolate Iran has weakened among our allies." The war, he says, "has only heightened concerns over Iran and strengthened our hand."

General To Recommend US Missile Defense Sites In Europe Soon (AFP)

By Jim Mannion

AFP, August 16, 2006

The head of the US missile defense agency said he expects to make recommendations in a matter of months on where to position interceptor missiles and radar in Europe to best protect against the threat of Iranian missiles.

The European site would be the first expansion outside of the United States of an unproven US missile defense system that currently is aimed at thwarting a limited long-range missile attack by North Korea.

"We are facing a real threat," General Henry Obering said in a speech here. "It is one that is growing. It is one that I consider to be one of the preeminent threats we'll face in the 21st century."

Obering's comments came just weeks after North Korea test fired a long-range Taepo-dong 2 missile and six shorter range Nodong and Scud-type missiles.

Although the long-range missile test failed early in flight, the others were successful.

"And so we have to be careful that we don't jump to the wrong conclusions about it. Even though they had a failure in a long range test does not mean they don't have capability," Obering said.

"I don't take a lot of solace that they had a failed test. It shows their intent to get out their systems," he said.

Iran has tested a medium range Shahab-3 missile with a reported range of some 1,300 kilometers (800 miles) but not missiles capable of reaching the United States.

"From Iran, we know they've expressed their intent to develop more capable missiles," he told reporters after the speech to a conference on missile defense.

US officials said last month that Iranian officials were present at the North Korean test launches.

Obering said US teams have been inspecting possible sites in several European countries to base interceptor missiles and a forward-based radar, General Henry Obering told reporters here.

US teams visited sites in the Czech Republic last month. Poland also has been in close consultation with the Americans on a site on their soil.

Ideally, the site selected would protect both the United States and Europe against the threat of a long-range missile attack by Iran, Obering said.

But he said other factors such as soil conditions for missile silos, the infrastructure needed to support the installations, and the possible future sites for a future powerful X-band targeting radar have to be weighed.

"All that information is being gathered and should be available to us in the next several months," he said.

"We will have recommendations with respect to alternative sites," he said. "In terms of a decision, I don't know the decision timeline."

US plans call for stationing 10 interceptor missiles in Europe by 2011.

But Obering noted that funding for a European missile defense has not yet passed through Congress, where the House of Representatives voted to withhold funding for it this year.

Funding, he said, is "a major factor in terms of our timing, our scheduling of activity that may occur."

Meanwhile, it remains unclear whether the missile defense system will work under real world conditions.

President George W. Bush said it had a "reasonable chance" of shooting down a North Korean missile, but a recently retired Pentagon weapons evaluator put the odds at no better than five to one. Obering said he had higher confidence in the system.

The Missile Defense Agency will conduct its next flight test at the end of the month, he said. An interceptor missile will be launched from Vandenberg Air Force Base in California at a target missile fired from Alaska.

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"It's about as close as we can come to an end-to-end complete operational rig-out of the system. And then we will have another flight against a target in the November, December timeframe that will be a planned intercept," he said.

The system has succeeded in only five of 10 attempts to intercept a mock warhead in space. The last intercept occurred in 2002, and that was followed by two failures.

The Latest Crises Do Little For Blair's Political Standing (NYT)

By Alan Cowell

The New York Times, August 16, 2006

LONDON, Aug. 15 — There should, perhaps, be some relief here at two events that have become entwined in British politics and its perennial questioning of Tony Blair's standing.

One is the cease-fire in Lebanon, which many in London's political village were angrily demanding. The other was the easing of London's terror alert after the roundup last Thursday of two dozen terrorism suspects accused of plotting to bomb trans-Atlantic airliners.

Both episodes might have been welcomed as a retreat from real or threatened violence on a tremendous scale. Yet both left a curious aftertaste, fueling rather than calming the public debate over Mr. Blair's performance.

The Lebanese crisis and the diplomacy to reach a cease-fire led to accusations by Mr. Blair's foes that he had forfeited British influence by standing too close to President Bush.

And the terror alert provoked criticism by David Cameron, leader of the opposition Conservatives, who broke an unspoken compact with the government in a time of supposed national crisis to play the tough-on-terror card so familiar in the United States. "I do not believe that our government is doing enough to fight Islamist extremists at home or to protect our security," he said Tuesday.

What linked the two debates was an assertion by some Muslims that Britain's actions as an American ally in the Islamic world — in Iraq, in Afghanistan and in Lebanon — had contributed to the rage of young British-born Muslims, goading them into conspiracies of the kind said to have been uncovered last week.

Indeed, Mr. Blair's alliance with the White House in the Lebanon crisis inspired some Muslim leaders to argue in an open letter last weekend that British foreign policy had again provided "ammunition to extremists that threaten us all."

That notion is contentious. "What exactly does it mean, this message of 'peace'?" Janet Daley asked in a column in the conservative Daily Telegraph. "That you can only be safe if we get the foreign policy we want — otherwise some of us might feel justified in blowing you out of the sky?"

Similarly, Shahid Malik, a Muslim legislator from Mr. Blair's Labor Party whose own Yorkshire constituency was home to some of last year's London bombers, argued, "Yes, foreign policy causes anger among many British Muslims, but this does not in itself cause terrorism."

On Monday and Tuesday, Muslim leaders met with government ministers to discuss ways of improving a relationship with the British authorities that has unraveled since the two sides sought some political cohesion after the London subway and bus bombings on July 7, 2005.

Specifically, government leaders have complained that so-called moderate Muslim leaders have not done enough to confront extremism or help the police identify potential terrorists in their own mosques and neighborhoods. For their part, Islamic leaders accuse the government of failing to heed their recommendations, like those for a public inquiry into last year's bombings, or the introduction of Shariah, the Koran-based legal code, into family law cases involving Muslims.

"The time for talking is over," said Yousif Alkhoei, a participant in Monday's discussions. "We need to have a coordinated attempt to tackle the problem. If we don't, we may regret this for generations to come."

Mistrust of Mr. Blair's alliance with Mr. Bush goes far beyond the Muslim minority of 1.6 million. Since the invasion of Iraq, when more than one million Britons took to the streets in protest, suspicion of the trans-Atlantic bond sought by Mr. Blair has been central to public discourse and may be one reason for the recent criticism he has faced.

As the military historian and columnist Max Hastings put it, "One could nowadays fit into an old-fashioned telephone box those who believe anything Bush or Tony Blair says about foreign policy."

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In reality, the complaints about British policy contained a certain poignancy: Mr. Blair was being accused of failing to use influence he did not really have.

Throughout the nine years of his premiership, he has portrayed himself as a major international force. His argument was always that by standing close to the White House, he could mold its policies. While many deny it, Mr. Blair's aides take credit, for example, for nudging Mr. Bush toward the so-called road map for peace between Israel and the Palestinians.

But Lebanon, never an area of British influence, stripped that argument away. The United States worked with France, the historic Western influence in Lebanon, not Britain, to mold a cease-fire resolution.

Indeed, if the Lebanon conflict said anything about what some Britons like to call their special relationship with America, it seemed to be this: in this Middle East war, the only special relationship bound the United States to Israel, not Britain.

Far from influencing events at home or abroad, Mr. Blair and his wife, Cherie Booth, remained on vacation in the Caribbean, stalked by paparazzi who snapped them hanging out their laundry aboard a rented yacht while the nation confronted what his government called a "major, major" terrorist conspiracy.

The timing is perilous. The Labor Party holds its annual conference next month, and Mr. Blair is under pressure from supporters of his rival, Chancellor of the Exchequer Gordon Brown, to say when he will redeem his longstanding pledge to step down. He has said he will not run in a fourth election, due by 2010 at the latest. This summer of discontent is likely to amplify calls for a timetable to depart.

There is, of course, a more complicated element. Mr. Blair may be a weakened leader within the politics of the Labor Party and of Britain as a whole. But he is still an ardent believer in the same world view that inspires the Bush administration. Virtually every public statement Mr. Blair has made in recent days has evoked an "elemental struggle" between moderation and terror, between democracy and extremism, between moderates and reactionaries within Islam itself.

Last week's alleged terror plot should have garnered support for Mr. Blair's depiction of an "arc of extremism" stretching across the Muslim world to the glum row houses of East London, where many of last week's arrests were made. But the political climate and the national mood have shifted toward skepticism.

"Once, the British public did not raise such a quizzical eyebrow," The Independent, which is usually critical of the government, said in an editorial. "They took the view that their politicians were a phlegmatic bunch who routinely and unsensationally acted in the best interest of their citizens. But such good will has been spent."

Turkey Builds Ties To Arab Countries (WT)

By Andrew Borowiec, The Washington Times

The Washington Times, August 16, 2006

NICOSIA, Cyprus -- Turkey's moves to increase economic ties with the Persian Gulf countries are seen by diplomats as yet another indication of Ankara's waning enthusiasm for the European Union.

Some Turkish analysts feel that in view of the slow pace of accession talks with the European Union, Turkey's interests would be better served by improved relations with the Arab countries of the Middle East, an area for centuries ruled by Ottoman sultans.

At the same time, diplomats in Ankara and Athens discern a low ebb in Turkey's relations with the United States, attributed to Turkish opposition to U.S. policies in Iraq and Washington's unconditional support for Israel during the war against Hezbollah guerrillas. "U.S.-Turkish alliance is crumbling," Kathimerini, a conservative Greek daily, headlined recently.

Turkish officials say relations with Washington are merely in a state of "temporary chill," and point to a "shared vision document" signed by the two countries last month. The United States has always considered Turkey to be a major link between the West and the Muslim world and an example of coexistence between Islam and secularism.

At this time, however, Turkey's political and economic attention is centering on the Arab world, particularly after a three-day visit last week by Saudi King Abdullah and the announcement by Turkish Prime Minister Recep Tayyip Erdogan of plans to double trade with the Saudi kingdom.

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Mr. Erdogan said Saudi Arabia is "one of the priority countries with which we aim to increase our cooperation." He said the bilateral trade should grow to $7 billion within three years. Abdullah echoed this view, calling for a joint economic effort that would benefit both countries.

The visit by the monarch of an arch-conservative Muslim state to Muslim but secular Turkey was regarded as a major development, particularly as Mr. Erdogan's governing Justice and Development Party has strong Islamic roots.

Opposition politicians often have accused Mr. Erdogan of turning his back on secular values.

The Saudi king visited after intensified Turkish efforts to woo the Arab countries of the Persian Gulf, awash with petrodollars after the rise of the price of oil. Earlier this year Mr. Erdogan traveled to several Muslim countries, including Pakistan and Indonesia, and was the first Turkish leader to address a meeting of the 22-state Arab League.

An increasing number of Turkish analysts feel that the prime minister's pro-Europe policies have not received adequate acknowledgment from the European Union, which is pressing Turkey for more sweeping reforms and has threatened to break off accession talks unless Turkey recognizes the authority of the Greek Cypriot government.

Turkey maintains about 30,000 troops in the Turkish Republic of Northern Cyprus. The Erdogan government feels the problem of Cyprus should not be linked to its application for EU membership.

China Tries Journalist In Spy Case (WP)

By Maureen Fan And K.C. Ng

The Washington Post, August 16, 2006

BEIJING, Aug. 15 -- A Hong Kong-based journalist accused by China of spying for Taiwan went on trial in Beijing on Tuesday, but it was unknown when a verdict would be delivered, according to news media in Hong Kong.

Ching Cheong, a correspondent for the Straits Times in Singapore, was detained in China in April 2005 after traveling to the city of Guangzhou to collect documents related to Zhao Ziyang, a former Communist Party leader who was purged for opposing the 1989 Tiananmen Square massacre. The details of the case, being tried in secret, were not known.

Ching has denied any attempt to spy for Taiwan, the self-ruled island that China insists must reunite with the mainland.

Radio Television Hong Kong, the government-run broadcast station, quoted a spokeswoman for the Straits Times on Tuesday as saying Ching's trial had ended. She said lawyers for Ching, who holds a British passport and has Hong Kong residency, did not go into the details of the court proceedings.

The trial was one of several cases in China in which journalists have recently been charged in a crackdown on news media. China jails more journalists than any other country, with at least 32 in custody, according to the rights group Reporters Without Borders.

Li Jianping, an Internet essayist and Shandong-based dissident, remains detained four months after his April 12 trial on charges on "incitement to subvert state power," according to the New York-based group Human Rights in China. Zhao Yan, a Beijing-based researcher for the New York Times, has been detained for allegedly providing state secrets to foreigners.

About 100 Hong Kong and Hong Kong-based journalists for overseas media staged a rally Tuesday night to protest the secret trial of Ching. Allen Lee Peng-fei, a Hong Kong deputy to China's parliament and a longtime friend of Ching's, said he hoped the government would be lenient.

Ching's wife, Mary Lau, asserted her husband's innocence in a recorded message broadcast during the rally.

"He is a patriot. He loves his country and has done a lot to promote the communications between and unification of both sides of the strait," she said, referring to the Taiwan Strait. "I trust he will not do anything that harms national interest or national safety."

The recording was made early Tuesday before the trial began, according to the Hong Kong Journalists Association, which organized the rally. The group said it also took out a full-page ad in a Hong Kong newspaper saying that Ching's family had been banned from attending his trial.

Beijing Rally Targets Japan's Leader (WP)

By Maureen Fan

The Washington Post, August 16, 2006

DOJ_NMG_0049022

BEIJING, Aug. 15 -- As uniformed and plainclothes police looked on, Chinese protesters incensed at the Japanese prime minister for visiting a controversial war shrine gathered Tuesday in front of the Japanese Embassy in Beijing, chanting "Down with Japanese imperialism!" and "An eye for an eye, blood for blood!"

The demonstration followed Prime Minister Junichiro Koizumi's trip earlier Tuesday to the Yasukuni Shrine in Tokyo, which honors Japan's war dead, including 14 officers judged as World War II criminals. He had made visits to the shrine before but never on such a symbolic date, the anniversary of the end of World War II in the Pacific.

The Chinese Foreign Ministry condemned the visit in a statement, but it also restated China's commitment to peaceful coexistence with Japan. The demonstration outside the Japanese Embassy appeared small and lasted only 20 minutes. Taken together, the statement and the protest represented a response far more muted than in years past, when Koizumi's visits to the shrine set off widespread anger among the Chinese public.

"On the one hand, the Chinese government is strongly against the visit. On the other hand, the government is strongly controlling the emotions of the anti-Japanese protesters. They will not allow what happened last year to happen again," said Shi Yinhong, professor of international relations at People's University in Beijing. "The protests last year had some negative effects. It wasn't good for stability inside China, and it wasn't good for the relationship between China and Japan. We can solve many problems without protesting."

Many Chinese, as well as Koreans, say Japan has glorified its militaristic past. During Tuesday's demonstration, about 30 protesters unfurled a red banner offering congratulations "on the 61st anniversary of Japan's fascist surrender!" A protester then read aloud a letter.

"Listen, Prime Minister Koizumi, we are Chinese citizens. Today, we are coming to protest your sixth visit to the Yasukuni shrine, which severely endangers the relationship between China and Japan," the protester said through a bullhorn. "Chinese do not expect war, but we are not afraid of war. If you really want to put China into war, we will have the honor to keep you company until the end."

Ma Yan, 32, a clerk with an architecture and design company, said she asked for the morning off to join the protest. "Prime Minister Koizumi is challenging the justice of human society," said Ma, who has protested at the embassy two or three times before.

Zhang Tianle, who sells electrical instruments, said he heard about Koizumi's visit while watching a Hong Kong-based television news program. He called a few friends to join him in protesting.

"What we are doing now is good for the development of the relationship between China and Japan," Zhang said. "I have a lot of Japanese friends, and we are quite harmonious as individuals. But when it comes to ideology, people's emotions and historic problems, the two nations are far apart."

Researcher Jiang Fei contributed to this report.

Experts Warn Scientific Gains On H.I.V. Not Enough (NYT)

By Lawrence K. Altman

The New York Times, August 16, 2006

TORONTO, Aug. 15 — An array of promising new methods to prevent the spread of H.I.V. may become reality in the near future, but most countries are unprepared to provide them to the hundreds of millions of people at risk of becoming infected, an international panel of experts reported here on Tuesday.

Findings from large studies of some prevention methods, like the use of microbicides and male circumcision, are expected within the next five years, some possibly in about a year, the panel said at the 16th International Conference on AIDS.

But the studies are complex, the methods will not offer a magic bullet to prevent the disease, and whatever preventive techniques are found to be effective will probably be combined with existing prevention strategies, the panel of 50 experts cautioned. The experts also urged the world to address the practical and ethical challenges that they said threatened to slow or derail critical research projects on many prevention measures.

In addition to vaccines, circumcision and microbicides — gels and creams that could be inserted vaginally or rectally to block H.I.V. infection — the report focused on three methods:

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-Diaphragms and other cervical barriers that could help protect women from H.I.V. and other sexually transmitted diseases;

-A drug to suppress herpes, which infects up to 70 percent of people in some parts of Africa;

-Antiretroviral pills like tenofovir to prevent infection among prostitutes, drug injectors and other people at high risk of becoming infected. An analogy would be taking antimalarial drugs before traveling to a malaria-infected area. A study of 400 at-risk women in Ghana, to be reported at the AIDS conference, found that tenofovir was safe for uninfected women. Findings about the drug's effectiveness are expected later.

There is an urgent need to make proven prevention measures widely available, because four million people are infected with H.I.V. each year but fewer than one in five people who are at high risk for infection have access to such preventive measures.

As treatments have proved effective, "the harsh reality is we are quickly falling behind in H.I.V. prevention," Dr. Helene Gayle, the president of the International AIDS Society, which is the main organizer of the conference, said at a news conference.

No new preventive measure under study is likely to be 100 percent effective, a fact that will increase the difficulty of putting the methods into practice, the panel said, adding that educational campaigns will be needed to integrate the new methods with effective older ones.

The panel members cautioned AIDS workers to take steps to avert the complacency about risky behavior that could follow the broader use of effective preventions.

More donor financing will be needed to introduce and deliver the new methods, the panel, known as the Global H.I.V. Prevention Working Group, concluded. The panel members made a number of recommendations, including finding ways to help poor countries train enough health workers to carry out male circumcision safely.

Last year, a study conducted in South Africa found that circumcised men were 60 percent less likely than noncircumcised men to be infected with H.I.V. by women who are sex partners. In 2007, the findings should begin to come in from three studies under way in Kenya and Uganda. The studies are aimed at confirming the South African study and determining whether male circumcision also reduces the risk of H.I.V. transmission from men to women.

Continuing prevention studies involve about 80,000 people, and tens of thousands more people will be needed for future studies that are intended to confirm early findings and to test newer versions of old methods, the panel said. It warned that the wide array of studies was rapidly exhausting the number of sites adequate for them, the pool of potential volunteer participants and the trained staff members necessary to carry them out.

The panel also recommended the development of new ethical guidelines for conducting clinical trials in poor countries.

Embarrassed officials in Cameroon and other countries have stopped a small number of prevention trials because of incidents involving poor communication between researchers, trial participants, community leaders and government officials.

No formal agreement exists on which prevention services should be provided to participants in trials. Another ethical issue is determining whose responsibility it is to treat participants who become infected during a trial. Infections inevitably occur in such trials, Dr. Gayle said.

Black Gold South Africa Has A Way To Get More Oil: Make It From Coal (WSJ)

By Patrick Barta

The Wall Street Journal, August 16, 2006

SECUNDA, South Africa -- Every day, conveyor belts haul about 120,000 metric tons of coal into an industrial complex here two hours east of Johannesburg.

The facility -- resembling a nuclear power plant, with concrete silos looming over nearby potato farms -- superheats the coal to more than 2,000 degrees Fahrenheit. It adds steam and oxygen, cranks up the pressure, and pushes the coal through a series of chemical reactions.

Then it spits out something extraordinary: 160,000 barrels of oil a day.

For decades, scientists have known how to convert coal into a liquid that can be refined into gasoline or diesel fuel. But everyone thought the process was too expensive to be practical.

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The lone exception was South Africa, a one-time pariah state that had huge reserves of coal and, thanks to anti-apartheid sanctions, limited access to foreign oil. Sasol Ltd., a partly state-owned company, built several coal-to-liquids plants, including the ones at Secunda, and became the world's leading purveyor of coal-to-liquids technology.

Now, oil prices are above $70 a barrel, and Sasol has emerged as the key player at the center of the world's latest alternative-energy boom.

China is building a coal-to-oil plant costing several billion dollars in Inner Mongolia and may add as many as 27 facilities -- including some with Sasol's help -- over the next several years, according to a recent tally by Credit Suisse.

In the U.S., the Defense Department is studying coal-to-oil technology as a way to reduce the American military's dependence on Middle Eastern crude oil. And the National Coal Council, an industry association, is pushing for government incentives to help generate some 2.6 million barrels of liquid fuel a day from coal by 2025. That would satisfy some 10% of America's expected oil demand that year. The plan would require 475 million tons of coal a year, which represents more than 40% of current annual U.S. production. Industry officials believe America's coal reserves are big enough to allow for the extra production.

Coal-to-liquids "is not going to replace oil," says Lean Strauss, a Sasol executive who directs the company's overseas energy business. "But it's an important substitute. It is one of the solutions to energy security."

In June, two senators from coal-producing states, Barack Obama of Illinois and Jim Bunning of Kentucky, introduced a bill to offer loan guarantees and tax incentives for U.S. coal-to-liquid plants.

Sasol has found a particularly receptive audience in Montana's Democratic governor, Brian Schweitzer, who says he carries a lump of coal and a vial of liquefied coal with him at all times. He is lobbying coal companies and others to build coal-to-liquid plants across his state, which has some of the biggest coal reserves in the U.S.

Current estimates indicate the world has just 41 years of known oil reserves and 65 years of natural-gas supplies. It has enough coal reserves to last an estimated 155 years, with some of the largest reserves in the two biggest oil-consuming countries, the U.S. and China.

It's far from clear, however, that the world would be better off -- economically or environmentally -- by burning more coal to fuel cars and trucks.

One problem is that coal-to-oil projects are extremely expensive. A single plant capable of producing about 80,000 barrels of oil equivalent a day -- less than 0.5% of America's daily oil diet -- would cost an estimated $6 billion or more to build.

Energy analysts reckon that some coal-to-liquids projects can offer an acceptable return on investment when oil is priced as low as $30 or $35 a barrel, though such ventures might require government tax incentives to reduce operating costs. It seems likely that oil prices will stay above that level for a while, but the longer-term outlook is anyone's guess. An earlier flurry of interest in coal-to-oil facilities in the U.S. during the Carter administration in the late 1970s died after oil prices collapsed.

Coal-to-oil projects also pose serious environmental questions. When the South African facility superheats coal and turns it into a gas, one of the main waste products is carbon dioxide, thought to be a significant cause of global warming.

The Natural Resources Defense Council, a U.S.-based environmental advocacy group, estimates that the production and use of gasoline, diesel fuel, jet fuel and other fuels from crude oil release about 27.5 pounds of carbon dioxide per gallon. The production and use of a gallon of liquid fuel originating in coal emit about 49.5 pounds of carbon dioxide, they estimate. Even some boosters of the coal-to-oil plants describe them as carbon-dioxide factories that produce energy on the side.

"Before deciding whether to invest scores -- perhaps hundreds -- of billions of dollars in a new industry like coal-to-liquids, we need a much more serious assessment of whether this is an industry that should proceed at all," said David Hawkins, director of the Climate Center at the Natural Resources Defense Council, at a recent U.S. Senate hearing.

Coal-to-oil is one of several promising but potentially polluting technologies that are receiving new attention amid high oil prices. Energy companies are trying to unlock natural gas trapped in shale and other difficult rock formations. They're also tapping oil-soaked sands in Canada and so-called heavy oils in politically challenging places such as Venezuela. Environmentalists fear these new sources will outshine conservation as the way to address the world's growing thirst for energy.

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In South Africa, environmental groups say Sasol's facilities have emitted huge volumes of carbon dioxide and pollutants, including sulfur dioxide. They say these have caused a host of respiratory problems in nearby communities. Sasol says its emissions of these pollutants are small compared to emissions by other companies' coal-burning electricity plants in the region.

Sasol officials acknowledge their facilities emit greenhouse gases and that building more coal-to-liquids facilities around the world "could have potentially significant implications, in the long run, for our commitment to reducing carbon intensity," according to a recent company report on its social and environmental programs.

Sasol says it plans to reduce its greenhouse-gas emissions per ton of product by 10% by 2015. Sasol and many other coal-to-oil proponents say that future coal-to-liquids plants can be built with newer technologies that trap carbon dioxide and store it, sharply reducing their emissions.

Success Story

To many South Africans, Sasol is a huge success story. The company's daily production now meets about 30% of South Africa's transport-fuel needs. The country's 50-rand bank note even features a picture of one of Sasol's plants.

Sasol's share price has more than tripled over the past three years. Analysts estimate it earned about $2 billion in the year ended June 30, about 35% higher than the year before -- such a sharp rise that South African authorities are contemplating a "windfall tax" on the company.

Coal-to-oil technology dates back to the 1920s, when two German chemists, Franz Fischer and Hans Tropsch, developed a process to convert coal into a gas and then use it to make synthetic fuels. Coal-to-oil technology helped fuel the Nazi war machine, which lacked access to sufficient crude oil. International oil companies also experimented with the process but put it aside because oil was cheaper.

South Africa took a different view. The country lacked oil, but had enormous deposits of coal, much of which had limited market value because of its poor quality. In 1950, the government set up Sasol as a state-owned company and authorized funding for its first project, a coal-to-liquids facility called Sasolburg in the South African countryside.

When oil prices soared in the 1970s, South African officials decided to up the ante. They lent Sasol $6 billion to build two new facilities at Secunda -- each 10 times as large as Sasolburg. The government also privatized the company, listing it on the Johannesburg Stock Exchange in 1979. (The government maintains a 23.5% stake).

By the time the facilities were completed in the early 1980s, international oil prices were collapsing. The project was nonetheless a success for the white-dominated apartheid government because international sanctions were restricting South Africa's ability to buy foreign oil. The plants managed to stay profitable by continually boosting efficiency and expanding their end products to include plastics, fertilizers and explosives.

Besides the government loans, Sasol at various times received cash payments from the government when oil prices fell below a certain level. It eventually paid back the loans and stopped receiving subsidies for its coal-to-oil business by 2000.

Today, Secunda is a buzzing industrial hub with 16,000 employees, miles of interlocking pipes and cables, and eight colossal silos. The silos, each big enough to contain a football field, cool steam involved in the conversion process. Fuel trucks wait along the edge of the facility to fill up with gasoline. Nearby mines produce more than 40 million metric tons of coal a year -- as much as all of Illinois.

Outside the plant gates, Secunda has a boomtown feel. It has some 35,000 people, a BMW dealership and a multistory casino hotel called Graceland designed to evoke the "grand old age of Colonial America."

A growing focus for Sasol is marketing its technology overseas. The company first tried to do so in the 1990s, after apartheid ended, but executives found doors slammed in their faces. Oil was trading for less than $25 a barrel at the time. "We sat in corridors waiting for meetings that never happened because they didn't even know who Sasol was," recalls Pat Davies, Sasol's chief executive.

First Inroads

Sasol made its first inroads in countries such as Qatar that have big stockpiles of hard-to-transport natural gas. These countries were interested in Sasol's technology for turning natural gas into liquid fuel.

As oil prices began to perk up, Sasol drew interest on the coal front from China, with its big coal reserves and energy needs. In marketing materials produced for Chinese government officials and investors, Sasol offers a simple message: By 2015, 70% of

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China's oil imports will come from the Middle East. Yet the country has coal reserves equivalent to more than half the oil in the Middle East.

By 2004, Chinese energy planners began meeting with Sasol executives in Beijing to discuss the coal-to-oil process. That was followed by a series of meetings with policy makers and Chinese companies, capped by a gathering in Cape Town in June attended by visiting Chinese Premier Wen Jiabao.

Coal-generated pollution is emerging as a major environmental crisis in China. Yet Chinese officials are apparently willing to accept more coal use if it means improving the country's energy security, especially if local companies can design facilities to use relatively clean-burning varieties of coal.

Shenhua Group, China's largest coal producer, has started work on China's first commercial coal-to-oil facility, designed eventually to produce as many as 200,000 barrels of oil equivalent a day. Although that plant uses a different process from Sasol's at Secunda, Shenhua officials are in negotiations with Sasol to jointly build at least one additional 80,000-barrel-a-day plant using the South African company's technique.

While Sasol would charge a fee for licensing its technology, its main interest is to share ownership in the facilities once they're built because it wants a share of the long-term profits. In China, Sasol is asking for a 50% equity stake in the projects. A Shenhua official says negotiations are going smoothly and the company hopes to begin construction soon.

In Montana, at least two companies, including the world's largest private-sector coal company, Peabody Energy Corp. of St. Louis, have said they are looking at potential coal-to-oil sites. Montana's Gov. Schweitzer says any excess carbon dioxide from a facility could be given to oil companies to be injected back into the ground to enhance recovery from old wells.

Bringing Sasol on board is critical, says Gov. Schweitzer. He says Wall Street banks want the South Africans to play a role because Sasol is the only company with a track record in the business. To woo Sasol executives, he says, he took them on a flight over Montana coal country last year.

"These are the guys everyone wants to take to the prom," Gov. Schweitzer says.

Sasol officials say they're interested in Montana and other potential sites in the U.S., provided they can find a suitable partner and receive tax or other incentives.

Coal-to-oil "is coming to the United States," Gov. Schweitzer proclaims. When it does, he says, other countries "will be scrambling to protect their oil supplies -- and we'll be energy independent."

Toward A Greater Albania (WT)

By Michael Djordjevic

The Washington Times, August 16, 2006

Part two in a three-part series.

With the fall of communism and emergence of America as the only world superpower, the hope for peace, freedom and progress was high. Nonetheless, in the twilight of the old order lurked a new global danger: fundamentalist Islam. This new challenge to world peace and stability is rooted in a cosmology older and stronger than ideologies of fascism or communism or ideas of the New World Order.

The Balkans have historically been the key battlefield between Islam and European civilization since the battle at Kosovo, where the Ottoman Turks clashed with the Serbs in 1389, to the present. At its apex, the Islamic tide reached and was stopped at the gates of Vienna (1683). It was finally pushed out in the Balkan War of 1912, when the combined armies of Greece, Serbia, Montenegro and Bulgaria were stopped at the Gates of Istanbul (Constantinople) by the intervention of the great European powers of that period.

Although not admitted in the capitals of the West, the real and the first clash with this revived expansionist force took place in the Balkans in the 1990s. In reality we have fought on the side of our enemies.

As in Bosnia before, now in Kosovo, the West has again failed to deal with the basic and overarching Balkan problem — the Serbian Question. Simply, this issue originated from the fact that with the fall of Yugoslavia, nearly overnight one-third of the Serbs found themselves in a new sovereign state hastily recognized by the EU and then the United States. Due to years of experience of genocide and ethnic cleansing during WW II by the Croats, Bosnian and Albanian Muslims, the large Serbian minorities in these

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two countries demanded self-determination. This was denied as the West took the stand that "borders are inviolable." Yet now the Albanians in Kosovo are encouraged to violate the Serbian borders via self-determination, while the Bosnian Serbs in the entity of Republika Srpska are still denied the same right.

Kosovo, a province in Serbia, is about 15 percent of her territory. Within only two generations (1929-1980) from 15 percent of Kosovo population, Albanians reached 80 percent; the Serbs declined from 60 percent to 18 percent in the same period. This is a clear-cut example of what open borders, a high birthrate and wrong politics can produce.

After Serbia was bombed to submission in a "humanitarian" war in 1999, Kosovo was given to the United Nations for administration — with catastrophic results. Quickly, the province was methodically and ethically cleansed. It is now monoethnic. More than 150 Christian churches and old monasteries have been destroyed, while some 200 new mosques and a number of schools for the young were feverishly built by Wahhabi funds. Violent and corrupt, Kosovo has become a den of thieves, arm smugglers and white slavers and the key narcotics transfer point to Europe.

Threatening violence, the Islamists demand independence from Serbia. America and Europe are seriously considering forcing Serbia to cede her land in contravention to all international norms and laws and U.N. Resolution 1244. This would be the second Moslem sovereign state created in the Balkans in one decade by the international community. As correctly asserted, "even as Western societies worry about the rise of Islamic fundamentalism, the international community's ill-conceived policies for Kosovo...may prove to be directly responsible for production of Europe's own Taliban."

Independence for Kosovo will likely pave the tormenting road to "Greater Albania," thus assuring a permanent instability and turmoil in the Balkans.

The idea of a "Greater Albania" is essentially a mono-ethnic nationalistic construct originated in 1878 by the Albanian League. To many Albanians, an independent and monoethnic Kosovo is nothing but a phase of the process leading to fulfillment of these nationalistic aspirations. Of course, changing the now existing borders of four sovereign states in the volatile Balkans is nothing short of creating conditions for permanent instability and new cycles of wars. These conflicts would readily and easily be exploited by outside parties, particularly terrorists and international criminal networks.

So long as we fail to recognize Serbia's legitimate interests and continue to violate the moral norms and international legal system, the Kosovo problem cannot be solved. As Ambassador Jack Matlock correctly concluded in the New York Times in 1999: "Neither partition nor independence nor indefinite foreign occupation will win in the long run without the acquiescence of the Serbian people." As the Serbs have already waited five centuries to regain the cradle of their civilization and identity, they will certainly try to do so again, and in much shorter time.

Part I

Michael Djordjevich, an American of Serbian origin, founded and served as the first president of the Serbian Unity Congress.

Now Some Good News (NYT)

The New York Times, August 16, 2006

In 1995, civil war ended in Bosnia, leaving 200,000 dead, half of those who survived displaced, and 90 percent of the infrastructure destroyed. When the United States and Europe began trying to put Bosnia back together, critics said nation-building was a fool's errand. They were wrong. Today Bosnia is a mostly harmonious, increasingly prosperous country on the way to becoming normal.

The international community, once it got involved, did not stint. After Slobodan Milosevic, the war's perpetrator, was pressured into signing a peace accord, Bosnia became an international protectorate. A country of only four million was policed by 60,000 NATO troops and governed by a series of international High Representatives, who had near total control over the bitterly divided ethnic groups.

It was hard. Even the task of getting refugees safely back into their houses seemed nearly impossible. But things improved. The robust international force established security. The High Representative sacked mayors and held back aid from villages that refused to reintegrate. The international tribunal in The Hague removed many war criminals — the very men causing postwar problems.

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By 2000, Bosnia was speedily reintegrating, and it is now free of ethnic violence. Even the rate of common crime is low by European standards. Bosnia's politicians lag, but are increasingly working together. Some government tasks, like customs and tax collection, have been centralized. In the army, soldiers of all ethnic groups serve together. Serb Republic politicians still talk of breaking away, but are pragmatically working with the federation.

The Office of the High Representative will close next year, and it is time for the country to stand on its own. Bosnians, of all ethnic groups, are eager to join the European Union, which should provide pressure for further political and economic reform.

Living in a good neighborhood (Europe) is part of the reason for Bosnia's good news. But nation-building also succeeded because no one scrimped. It is impossible to say if a much larger peacekeeping force or more attentive leadership would have made the same difference in Iraq. But the Bush administration chose to ignore plenty of early warnings — much of them drawn from the lessons of Bosnia.

Mexico's Moment Of Truth (WP)

The Washington Post, August 16, 2006

IN THE 6 1/2 weeks since he narrowly lost Mexico's presidential election, AndrÃ©s Manuel LÃ³pez Obrador has turned the nation's politics into a public spectacle. A fiery populist with a messianic streak, Mr. LÃ³pez Obrador has led thousands of his supporters to pitch tent cities in downtown Mexico City, occupying the Zocalo, its main square, and a two-mile stretch of the Paseo De La Reforma, one of its major boulevards. He has denounced the election as a fraud and the product of a vast conspiracy, without furnishing even remotely convincing proof. Now, after a partial recount has apparently failed to yield any significant shift in his favor, he threatens to paralyze Mexico with a campaign of civil disobedience "for years, if that is what circumstances warrant."

His goal, Mr. LÃ³pez Obrador nobly insists, is to "save" Mexico's fragile democracy. In fact, by daily demonstrating his disdain for the country's electoral institutions while showing no actual failure on their part, Mr. LÃ³pez Obrador threatens to subvert the democracy he claims to champion.

As Mr. LÃ³pez Obrador recklessly toys with the stability of a nation that emerged from one-party rule just this decade, it is worth examining the election he has been so busy maligning. Although he trailed Felipe CalderÃ³n, a center-right candidate, by 244,000 votes in the presidential tally -- barely 0.59 percent of the 41 million votes cast -- the vote yielded big gains for Mr. LÃ³pez Obrador's left-leaning Party of the Democratic Revolution; it picked up seats in the nation's Congress. When some members of Mr. LÃ³pez Obrador's own party disputed his allegations of fraud, he publicly accused them of having been bought. Although there was no evidence of widespread irregularities, let alone fraud, on Aug. 5, Mexico's independent Federal Electoral Tribunal, a seven-judge panel, ordered a recount at 11,839 polling stations, about 9 percent of the total.

That recount is complete. According to Mexican press reports, it has yielded no major change in the presidential results -- certainly nothing sufficient to justify Mr. LÃ³pez Obrador's wild allegations. The Federal Electoral Tribunal now has until Sept. 6 to either annul the election or certify the results and declare a winner.

Mexico, for years a party-led dictatorship, is at a turning point. Will its relatively new and untested democratic institutions be able to resolve a contested election, or will it descend into chaos and weak central authority as a result of a failed candidate's cult of personality? One hopeful sign is that lately Mr. LÃ³pez Obrador's crowds have dwindled in the streets of Mexico City. That may mean that even his partisans have begun to recognize that Mexico's continuing progress toward democracy is more important than one man's unbridled ambition.

Tin Moralist (WSJ)

The Wall Street Journal, August 16, 2006

Nobel laureate Günter Grass, author of the postwar classic "The Tin Drum" and self-styled conscience of Germany, is a darling of the anti-American and anti-globalization set. He is also a former member of Hitler's Waffen SS.

This previously unknown biographical tidbit emerged Saturday, 61 years after the fact. In an interview with the German daily Frankfurter Allgemeine Zeitung to promote his forthcoming autobiography, Mr. Grass offered that he volunteered for a U-boat unit in 1943 at age 15, but was turned down. A year later, he was drafted into the Waffen SS, a special unit notorious for its role in the Holocaust. He served in the closing year of the war but the details are still fuzzy. He didn't explain why he kept all this secret,

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except to say he felt ashamed. Cynics smelled a PR stunt to boost book sales. Others rushed to forgive him. Mr. Grass, after all, was only a teenager in a country at war, and by his own account never fired a shot.

Harder to ignore is Mr. Grass's silence all these years. His fiction as well as his political activism is built around the facts of his life, from his birth in "Free Danzig" to his experiences in wartime and postwar Germany. The new detail on his resume is not exactly small. But it does shed some interesting light on his public moralizing, for which his passion has often seemed greater than for his fiction.

To wit: In that same interview, Mr. Grass remembers that as an American prisoner of war he saw white GIs mistreat black comrades. "All of a sudden," he says, "I was confronted with direct racism." Let's see if we get this straight. A man who just confessed to serving in an elite Nazi unit, who belonged to the Hitler youth and who may have found it hard not to notice the disappearance of Jews from his native Danzig, claims that his first experience of racism came in a U.S. camp. Even in the Waffen SS, Mr. Grass felt morally superior to those damn Yanks, and he still does six decades later.

In 1968, he claimed the U.S. was "continuing war crimes in Vietnam, which, as German war crimes, had been rightly condemned at the Nuremberg Tribunal, including by American judges." Perhaps lowering Americans to the level of Nazis helped Mr. Grass's personal catharsis. Next he sought to establish German moral superiority as a direct result of having once been a Nazi state. In Saturday's interview, Mr. Grass muses about his country's accomplishment in confronting its past, concluding that "winning makes you dumb. The victors think they don't have to deal with the sins of the past."

This is an old Grass theory. Shortly after the start of the Iraq war in 2003, he said that "The word of the current American President 'You are either with us or against us' weighs as an echo of a barbaric era on all current events." He contrasts America's war for "economic interests" and moral decline with Germany's new superiority. "After two world wars with criminal consequences, for which we have to assume responsibility, we have, and it was difficult enough, learned from history and understood the lessons."

Had the U.S. followed Mr. Grass's advice 65 years ago, his career in the Waffen SS might have lasted longer than several months. But in a Continent liberated by American blood and treasure, this "peace" activist can, along with fellow European Nobelists Harold Pinter, Dario Fo and José Saramago, bash the U.S. in comfort and freedom.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

THE SITUATION ROOM (SITROOM) ... 4
Bush Says US Safer But Far From Secure (WP) ... 14
Bush Says US Safer, But Not Yet Safe (AP) ... 15
Midterm Battle Looms Over Security (WT) ... 15
Vice President Stumps For Arizona Republicans (AP) ... 16
Big Talk, Little Will (NYT) ... 17
Britain Debates Even Tighter Security (LAT) ... 18
Muslim And Police Groups Reject Profiling Plans (FT) ... 19
British May Keep Restrictions On Carry-on Luggage (USAT) ... 20
Airlines May Push For Compensation In U.K. Terror Alert (WSJ) 21
British Make Arrest In Plot (WP) ... 21
Suspect In Alleged Airline Plot May Have Link To 9/11 Figure (LAT) ... 22
Another Arrest In London Plot As City's Airports Battle Chaos (NYT) ... 23
Pakistani Official Says A Qaeda Leader Was Plot's Mastermind (NYT) ... 24
Earthquake Relief Funds May Have Funded Terror Plot (NSDY) 25
British Bomb Plot Spotlights Charities (CSM) ... 26
Terrorist Profile Gains Disturbing Features (WSJ) ... 27
Journeys To Realm Of Militancy Began In Places Most Ordinary (NYT) ... 28
Muslim Myopia (NYT) ... 29
The Economics Of Fear (WP) ... 30
Oh, Really? (USAT) ... 31

Homeland Response:

"We Must Remain Flexible" (USAT) ... 31
Aviation Officials Defend Security Measures (WP) ... 32
TSA Plans To Test Enhanced Carry-On Scanners (WSJ) ... 33
No "silver Bullet" For Improving Air Security (USAT) ... 34
Airline Bombing Plot Puts TSA In A Tight Squeeze (USAT) ... 35
The Real Threat: Bombs (WSJ) ... 36
Terrorism Stories May Fade, But The Threat Never Does (USAT) ... 36
U.S. Issues Chip-Equipped Passports (WP) ... 37
Homeowners Lose Katrina Insurance Flood Case (USAT) ... 38
Insurer Wins First Case In Slew Of Katrina Suits (WSJ) ... 38
Storm Surge Is Flood, Judge Says (WP) ... 39
Judge Rules For Insurers In Katrina (NYT) ... 40
Federal Judge Rules Policy Excluded Katrina Flood Damage (LAW/AP) ... 41

War News:

Bush Said To Be Frustrated By Level Of Public Support In Iraq (NYT) ... 42
Bush Dismisses The Idea Of Partitioning Iraq (LAT) ... 43
Group Says Iran Is 'Not A Crisis' (LAT) ... 44
Meanwhile, In Baghdad ... (NYT) ... 45
Suicide Bombing, Street Battles Kill 16 In Iraq (USAT/AP) ... 46
16 Killed In Bombing, Gunbattle In Iraq (AP) ... 47
Strife Moving Out From Baghdad To Villages (WP) ... 48
July Was Deadliest Month Of War For Iraqi Civilians (NYT) ... 49
Evidence Points To One Ring For Five Abductions In Iraq (CSM) 51
Hostage: The Jill Carroll Story - Part 3: The First Video (CSM) .. 53
U.S. Amends Account Of Iraq Blasts (WP) ... 55
Raid By Army Sparks Clash With Iraqi Cleric's Followers; 4 Killed (LAT) ... 56
Pakistan Says It Arrested 29 Taliban Who Fought In Afghanistan (NYT) ... 57
Lockheed Says F-35 Could Fly Pilotless (WP) ... 57

DOJ:

Justice Department Looks To Lock Down Databases (INFOWEEK) ... 58

Corporate Scandals:

Former Comverse CEO Branded A Fugitive (FT) ... 59
FBI Says Ex-Comverse Chief Is A Fugitive; Seeks Help (Update1) (BLOOM) ... 59
FBI Hunts For Former Comverse Chief (NSDY/AP) ... 60
Comverse Ex-CEO A Fugitive From FBI (NSDY) ... 60
Ex-Comverse CEO Declared A Fugitive (LAT/BLOOM) ... 61
Xilinx Finds No Stock Options Fraud (AP-YBIZ) ... 61
How Backdating Is Like A 1980s 'Rockumentary' (WSJ) ... 62
Ex-InVision Executive To Pay $65,000 To Settle With SEC (AP) 63
ABA Criticizes Government On Legal Fees Advancement Policy (LAW) ... 63

Criminal Law:

Slain Student's Boyfriend Tells Of Mysterious Cell Phone Call (AP) ... 64
Sjodin's Boyfriend: 'She Didn't Say Goodbye' (MINNST) ... 65

Witnesses Tell Of Sjodin's Last Hour At Mall (GFH) 66
Hinckley Seeks More Time On The Outside (CNN) 67
Jury Begins Deliberating Ex-FBI Leader's Case (EPT) 68
U.S. Death Sentence Overturned In Shooting Of Sikh After 9-11 Terrorist Attacks (FINDLAW/AP) 69
A Gotti Approaches The Bench (NYT)..... 69
Judge In 'Mafia Cops' Trial Received Angry Letters After Decision (NYS) 70
Victoria Gotti Hails 'Mob Cops' Judge (NSDY) 70
Ma Gotti Hails Judge Who Whacked 'Mafia Cop' Case (NYDN). 71
Ruling On Testimony In Aryan Brotherhood Case Could Set Precedent (SDUT/AP) 71
Hotel Worker Guilty Of Fraud (TEXGAZ) 72
Police Say Crime Scene Was Altered (WP) 72
Galante Remains Free After Reprimand By Judge (DANNT) 73
Oregon Man To Stay Behind Bars For Contempt Of Court (AP) 74
Judge Rejects Vigil Defense Team's Change Of Venue Request (AP) 74
Hooks Considers Guilty Plea (MCA)..... 75
Hooks Announces Resignation (MDN) 75
Marlinga Gets Mail Fraud Charge Tossed, But Trial Stays On Schedule (MACOMBD) 75

Civil Law:

Bush Administration, In Series Of Federal Lawsuits Against New York Agencies, Gains Creeping Oversight Of Local Government (NYS) 76

Civil Rights:

Dozens Held As Sex-slave Ring Hit (NYDN)..... 78
Fed Court Dismisses ACLU Case Against FBI (UPI/UPI) 78
FBI Agent Testifies That Officer Admitted Earlier Account Wrong (MR) 78
Republican Hispanics Blast Democrats' Ad (AP-Y)..... 79
Husband Takes Schiavo Fight Back To Politicians (NYT)..... 80
FBI Settles Sex-Bias Suit Involving Non-Agents And Management Posts (WP) 81
Commandments Set For Idaho Vote (WT) 82

Antitrust:

Monsanto To Pay $1.5 Billion To Purchase Cotton-seed Company (AP) 83
Monsanto, Delta & Pine Will Try Again (SLPD) 84
Monsanto To Buy Delta & Pine Land For $1.5 Billion (Update4) (BLOOM)..... 85
Class Action Claims BAR/BRI Overcharged Law Students (FCDR)..... 86
U.S. Federal Trade Commission Extends Antitrust Review Of Barr's Proposed Pliva Buy (FINDLAW/AP) 88
Big Phone Companies Win Round In Court Over Rights To Access (WSJ) 88
Norwegian Regulators Appeal Ruling (AP-YBIZ) 88

Environment/Indian Affairs:

Sunoco, Mid-Valley To Pay $2.87 Mln In Spill Settlement: DOJ (MRKTWTCH) 89
Pipeline Firms To Pay $2.57 Million (LEXHL)..... 89
Regulators Look To Plug Holes In Pipeline Rules (WP)..... 90
BP Facing Lawsuit From US Investor (FT) 91
Federal Judge: Officials Cut Corners With Biotech Crop Permits (FINDLAW/AP) 92
'Cubby' Killed, Singer Charged (STPPP) 92
State Creates Marine Havens (LAT)..... 93
Gene-Altered Crops Denounced (WP) 95
Washington State Governor, Tribe Announce Settlement Over Indian Burial Site (FINDLAW/AP) 96

FBI/DEA/ATF/USMS:

Heroin Ring Busted In 15 Cities, Including Charlotte (AP) 97
More Than 130 Arrested In Breakup Of Heroin Ring (NYT)..... 97
Heroin Probe Leads To 130 Arrests (WT) 98
Off To The Races (WSJ)..... 98
20 Arrested As Local Distributors Of Mexican Heroin (CD)..... 101
Mexico-Memphis Heroin Ring Cut (CA)..... 101
Arrests Tied To Nationwide Cartel (KNOXNS) 102
U.S. Authorities Arrest Nearly 140 People In Heroin Roundup (XNA) 103
Twelve Indicted In Heroin Bust (WTHR)..... 103
Police: International Heroin Trafficking Group Dismantled (WLTX)..... 103
Reporters Must Testify In Bonds Steroid Probe (AP) 105
Judge Rules Chronicle Reporters Must Name Their BALCO Sources (SFC) 105
Chronicle Reporters Ordered To Reveal Sources In Bonds Case (LAT) 106
Reporters Must Reveal Sources For Steroid Allegations Or Risk Jail (MCT) 107
Judge Orders Chronicle Reporters To Reveal Source (Update1) (BLOOM)..... 108
Lawman, Cleared Of Shoplifting, Accuses Store Of Damaging Career (NYT) 109
Evidence Shows Pot Farms Lucrative (TT) 110
U.S.-supplied Planes Spray Coca At Colombian Park, Amid Doubts Over Strategy (AP)..... 111
Gang Summit: Building A Safer Tulsa: Gathering To Focus On Prevention (TULSAW) 112
Bomb-case Evidence Is Sent To Lab (SSJ) 113
Fugitive Task Force Will Open Satellite Office In Hudson (JJ).. 114

Immigration:

Immigrants Admit Guilt In Nuptials Scam (KCS) 114
City's Rules On Illegal Immigrants Draw First Lawsuit Of Its Kind (WSJ) 114
Hispanic Activists Sue Over Illegal-immigrant Crackdown In U.S. City (FINDLAW/AP) 115
Activist Refuses Deportation, Takes Refuge In Church (CHIT) 116
Border Patrol Agents' Conviction Riles Union Chief (WT)..... 117

Tax:

Dentist Convicted Of Hiding $300K Of Taxable Income In Secret Accounts (AP)..... 118
Warrant Issued For CEO Who Failed To Show Up For Trial (AP)118
Charities Begin At Home (WSJ)..... 119

DOJ_NMG_0049032

Bill Is Likely To Encourage Spread Of Roth 401(k)s (WSJ) 120

Congress-Administration:

Airline Ownership By Foreigners Delayed (AP-Y) 122
U.S. Move Delays 'Open-Skies' Pact With Europeans (WSJ)... 122
Medicare Sees No Increase In Premium For Drugs (NYT) 122
Feds Looking For DOT Laptop That Disappeared At Orlando Fraud Confab (FLSUNSEN/AP) 123
Poll Says Bush Would Not Win Do-over Elections (SH)..... 124
Camus Comes To Crawford (NYT)..... 125

Other News:

Job Losses Lead To Drop In Home Prices (USAT)..... 126
Region's Home Sales Tumble (WT) 127
Producer Prices Show A Small Rise (WSJ) 128
Stocks Shoot Up On Prices Report (WP/AP) 128
Stocks Rally As Inflation Eases Off (NYT)..... 129
Positive Reports Cheer Investors, Send Stocks Up (WSJ) 130
Study Finds States Saving More Money (AP-Y)..... 131
What's Driving Differences In Gas Prices? (WP)..... 131
Companies Explore Overseas Healthcare (CSM)..... 133
McCain: Resentment Remains In 2000 Race (AP-Y) 134
Political Circus Travels To Iowa Fair (USAT) 135
First Lady A 'Critical Asset' At Republican Fundraisers (WP) ... 136
Allen On Damage Control After Remarks To Webb Aide (WP) 137
Allen Sorry For Calling Man 'Macaca' (STPPP)..... 138
Senator Says He Meant No Insult By Remark (NYT)..... 139
A Discouraging Word (NYT) 139
Poll Shows Pa. Senate Race Tightening (AP-Y) 140
A Democrat For Main Street (WP)..... 140
New Lieberman Retooling Race As Independent (NYT)..... 141
Clinton Gives Lieberman A Lesson In Independence (WP) 143
The Democrats Mean Business (WSJ) 144
Collins Endorses Lieberman In His Re-election Bid (BOS) 145
Politicial Ad Pairs Clinton, Bin Laden (AP-Y) 145
Cardin Woos Seniors With Anti-Bush Rhetoric (WT) 146
DeLay's Seat Up For Grabs, Texas Republicans Will Meet To Weigh Write-Ins (NYT)..... 146
McKinney Criticizes Electronic Voting (AP-Y)..... 148
Group To Rally Evangelical Voters (WP)..... 148
AP: House GOP Plans $40M Ad Campaign (AP-Y)..... 149
Tycoon's Gift To School Raises Hopes, Questions (USAT)..... 150
Gerald Ford In Minn. Hospital For Tests (AP-Y)..... 152
New Jersey Attorney General Quits In Ethics Breach (NYT) 152
N.J. Attorney General Quits Over Ethics Issues (USAT) 154
New Jersey AG Resigns After Boyfriend's Traffic Stop Raises Ethics Issues (LAW/AP)..... 154
New Jersey Attorney General Quits On Ethics Violation (Update2) (BLOOM) 155
AOL Looking For Gold In Spam Case (WP/AP)..... 156
Big Box Rebellion (WSJ)..... 156
Rhode Island Rhapsody (WSJ) 157
Vote Early, Not Often (WP)..... 158
A Path To Lasting Peace (WP)..... 158
Rice: Not U.N.'s Job To Disarm Hezbollah (USAT)..... 159
Syria, Iran Leaders Praise Hezbollah (AP) 160
German Minister Cancels Syria Trip (FT) 161
Solution And Resolution (WSJ)..... 162
Treasury Freezes U.S. Assets Of Syrians (AP-Y) 163
U.S. Targets Assets Of Syrians Tied To Hezbollah (WSJ) 163
After The Bombs, Politics (WP) 164
Countries Ready To Fortify U.N. Force (AP-Y) 165
U.N. Peace Efforts Threatened (WP) 166
As Israel Begins To Pull Troops Out, Lebanon And The U.N. Prepare To Replace Them (NYT)..... 167
Enhanced U.N. Force Likely To Deploy Within Weeks (WT) 169
Paris Seeks Assurances On Hizbollah (FT) 170
Cease-fire Solidifies After Shaky Start (AP)..... 170
Hezbollah Balks At Withdrawal From The South (WP) 172
Israeli Army Pulling Out Of Lebanon; Foreign Officials Head To Beirut Today (USAT/AP) 173
Israeli Forces Begin Leaving South Lebanon (FT) 174
Israeli Reservists Return From Front (WT)..... 175
Mossad Missed Hezbollah Threat (WT) 176
At War, Israeli Reservists Wield New Weapon: Opinion Polls (CSM)..... 177
Jackson Tries For Prisoner Exchange (AP)..... 178
Hezbollah Leads Work To Rebuild, Gaining Stature (NYT) 179
Armed With Iran's Millions, Fighters Turn To Rebuilding (WP) . 180
Fractured Land Vast Rebuilding Job Looms In Lebanon; It, Too, Is Political (WSJ)..... 182
Clustered In Fear, And Now Death (LAT)..... 184
Lebanese Return To Ruins (WT)..... 185
As Cease-Fire Holds, Lebanese Dig For The War's Victims In The Rubble Of Many Towns (NYT) 186
In Congress, Lonely On Lebanon (WP)..... 187
War Emboldens Iran Ahead Of Nuclear Talks (WSJ) 188
General To Recommend US Missile Defense Sites In Europe Soon (AFP) 189
The Latest Crises Do Little For Blair's Political Standing (NYT) 190
Turkey Builds Ties To Arab Countries (WT) 191
China Tries Journalist In Spy Case (WP) 192
Beijing Rally Targets Japan's Leader (WP) 193
Experts Warn Scientific Gains On H.I.V. Not Enough (NYT) 193
Black Gold South Africa Has A Way To Get More Oil: Make It From Coal (WSJ) 194
Toward A Greater Albania (WT) 197
Now Some Good News (NYT)..... 197
Mexico's Moment Of Truth (WP)..... 198
Tin Moralist (WSJ)..... 198

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TERRORISM NEWS:

THE SITUATION ROOM (SITROOM)

CNN's The Situation Room, August 16, 2006

WOLF BLITZER, CNN ANCHOR: To our viewers, you're in THE SITUATION ROOM, where new pictures and information are arriving all the time. Standing by, CNN reporters across the United States and around the world to bring you today's top stories.

Happening now, troops on the move here in the Middle East, with a fragile cease-fire still holding. It's 11:00 p.m. in southern Lebanon, where Israeli soldiers are heading out and Lebanese forces about to roll in. We're tracking the truce and how civilians are trying to put the bloodshed behind them.

Also, provocative words from Iran and Syria. Will Israel take the bait? It's 11:30 p.m. in Tehran, where Iran's president is declaring a Hezbollah victory. I'll get reaction in an exclusive interview with Israel's foreign minister.

And targeting terror in Britain. A new arrest in the foiled airline bomb plot.

And in Washington, President Bush huddles with top terror fighters. It's 4:00 p.m. in the U.S. capital, where the political war over homeland security is getting hotter by the day.

I'm Wolf Blitzer in Jerusalem. You're in THE SITUATION ROOM.

First this hour, the march toward peace here in the Middle East. Defense sources say Lebanese troops now are under orders to start moving into southern Lebanon about 24 hours from now as part of the U.N.-brokered cease-fire plan. The battlefields on both sides of the Israeli/Lebanese border are mostly silent for a second day, except for some sporadic clashes.

The Israeli troops now are rolling out of southern Lebanon. The Israeli military says the pull-out should be completed within ten days. U.N. officials say peacekeepers now are patrolling the area day and night and more will arrive in the days ahead.

Thousands of Lebanese civilians, meanwhile, are trying to get back home. But safety is a serious issue, with bridges and roads destroyed by a month of Israeli airstrikes. Relief workers also are trying to make their way to hard-hit areas now that the fighting has stopped.

In Beirut today, a sign of continued support for Hezbollah militants and their campaign against Israel. Still unclear if Hezbollah plans to abide by the U.N. Security Council resolution calling for its forces to disarm. Iran's president today is claiming Hezbollah fighters defeated Israel, and Mahmoud Ahmadinejad declared U.S. plans to reshape the Middle East have been ruined. Echoing that sentiment today, the president of Syria, another nation that backs Hezbollah.

CNN's Fionnuala Sweeney is in northern Israel, but first, let's go to our Beirut bureau chief, Brent Sadler. He's standing by with the latest -- Brent.

BRENT SADLER, CNN BEIRUT BUREAU CHIEF: Wolf, first of all, news coming out of defense ministry sources here in the Lebanese capital that the Lebanese army, some 15,000 troops in all, eventually will start deploying toward the south within the next 24 hours. This to try to prevent a vacuum building up. The clock very much against now international peacekeepers, who are also supposed to be joining those Lebanese troops.

Now, Wolf, countless -- tens of thousands -- of Lebanese have been heading south under difficult conditions, making desperate journeys. I should warn you that viewers may find some parts of this upcoming report disturbing.

(BEGIN VIDEOTAPE)

SADLER (voice-over): A mass migration of Lebanese abandoned caution to make their way slowly home. It is a frustrating and perilous journey to south Lebanon, along uncertain routes. Israel says they should wait until Lebanese and international troops arrive. But no one, it seems, is listening.

Israeli bombs have gouged deep craters in roads they would normally use. Unexploded bombs litter their way, and vital bridges that Israel destroyed to cut Hezbollah supply lines have collapsed in ruins.

This is the Litani River, a strategic boundary for Israel during the fighting. No bridges are left standing here, but the desperation of people made homeless by more than a month of war turns into determination.

"Even if my farm is damaged," he says, "I just want to see it."

The river is narrow and shallow here, so one by one, they attempt to cross. Some vehicles splutter to a halt. But no one's giving up, as men join hands to muscle a truck, laden with family belongings, to safety.

Despite the setbacks and possibility they will find their homes destroyed at the end of this journey, they speak with one voice.

"God strengthen the resistance," he says. The resistance of Hezbollah, whose Katyusha rockets, like these scaled-down models, were damaged but not destroyed. For the first time since major battles stopped, it's been possible for Lebanese Red

Cross teams to reach a line of bomb-blasted villages that faced Israel along what seems to be a lifeless border. They are looking for more of Lebanon's dead.

This is where Israel pulverized Hezbollah strongholds, reducing one village after another to rubble. It's still feels a dangerous place to be.

(on camera): This whole area has been heavily destroyed. This really is one of Hezbollah's front lines. They're now taking us to see what they say are civilian casualties as a result of the Israeli strikes.

(voice-over): They make a grim discovery: four decomposing bodies lie in the scorching heat; two men, two women. Killed, they say, when Israeli troops and armor punched through the village, facing a deadly storm of Hezbollah fire.

(END VIDEOTAPE)

SADLER; As of some five hours ago, Wolf, the total death toll, the official figures, 960 dead and almost 4,000 wounded. Of Hezbollah's casualties and deaths, we still do not really know a true record of what happened behind those Hezbollah lines -- Wolf.

BLITZER: So in your conversations with government officials, representatives of the government of the Prime Minister Fouad Siniora, are they confident now that Hezbollah and Hassan Nasrallah, the leader of Hezbollah, that they're going to cooperate as these Lebanese army forces move south, backed up by a beefed-up U.N. presence?

SADLER: Yes, Wolf, I think you would not be seeing the deployment, at least the first phase of the deployment of Lebanese army, without the tacit agreement, at least, of Hezbollah. There does seem to be at this stage political will from Hezbollah and from the main parties involved, not least Israel, that now is the time to try to create some stability in the south.

But we still haven't heard an official statement yet from the Lebanese cabinet, of which Hezbollah is a part. So perhaps complications, but generally speaking, people are expecting a Lebanese army, international deployment, coming together in the next few days -- Wolf.

BLITZER: Brent, thank you very much. Let's get the latest now on the Israeli troop pullout from south Lebanon. For that, we go to CNN's Fionnuala Sweeney in northern Israel.

(BEGIN VIDEOTAPE)

FIONNUALA SWEENEY, CNN CORRESPONDENT (voice-over): Driving home, Israeli troops continue their pullout from southern Lebanon. The IDF are not saying how many will stay behind, but Israeli media reports suggest, by the end of the week, the army will have redeployed to a narrow security zone inside Lebanon. CAPTAIN DAN GORDON, SPOKESPERSON, ISRAELI DEFENSE FORCES: The redeployment is going along smoothly, under the conditions of the cease-fire agreement. Israeli commanders are talking to their parallel commanders in the vastly expanded UNIFIL force. And, so far, the cease-fire is holding.

SWEENEY: The cease-fire may still be under probation. But, in the meantime, Israeli soldiers are content to be out of Lebanon.

UNIDENTIFIED MALE (through translator): I'm not sure the war is over. But I am happy to be out right now.

UNIDENTIFIED MALE: I think Israel won the war, according to the agreement, again. If the agreement will -- going to be fulfilled, Israel won the war. If it's not going to be fulfilled, and Hezbollah were going to stay in the same places, then it -- then Israel didn't won the war.

SWEENEY: Debate rages within the country about how much Israel gained or lost in this war -- and, as the tanks are loaded up for the return journey to their barracks, varying opinions also among the soldiers.

UNIDENTIFIED MALE: All of Lebanon is kind of ruined. You know, they have nothing. We're still here. We're good.

GORDON: We know that in this particular campaign, we didn't cure the cancer that is Hezbollah, but we've put it into remission.

SWEENEY: A view shared by the Israeli Foreign Minister Tzipi Livni, who targeted Hezbollah for shooting at Israeli soldiers leaving Lebanon early Tuesday.

TZIPI LIVNI, ISRAELI FOREIGN MINISTER: It's in violation of the Security Council resolution. It's not only the spirit, it's the wording of the resolution. The resolution is binding, and it is clearly said that the meaning of cessation of hostility is full cessation of hostility and Hezbollah has to stop immediately his attacks, not only on Israel, but also on Israeli soldiers.

SWEENEY: Israel demands now that the international community step in to shore up the U.N. resolution.

(on camera): Two days into this cease-fire and these Israeli reservists are packing up to go home. The question on everyone's minds though, is for how long?

Fionnuala Sweeney, CNN, Northern Israel.

(END VIDEOTAPE)

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BLITZER: Coming up, we will have much more from the Israeli foreign minister, Tzipi Livni. She has been one of the key decision makers in her nation's war against Hezbollah. I sat down with her today for an exclusive, at-length interview about the conflict, the cease-fire, her own promising political career. That interview with the foreign minister of Israel, that's coming up.

And there's new evidence of political fallout in Israel because of the war with Hezbollah. A new poll here of Israelis shows 52 percent believe the army was unsuccessful in its military offensive in Lebanon.

Sixty-six percent say the U.N.-brokered cease-fire agreement is not good, and 60 percent of those who voted for the ruling Kadima Party say they would not vote for that party if the Israeli elections were held today. The same goes for Kadima's coalition partner. That would be the Labor Party, and now good political news for Kadima and for Labor here in Israel.

Meanwhile, Hezbollah's main supporters, Iran and Syria today, are declaring victory against Israel on behalf of the militia group. The Iranian president, Mahmoud Ahmadinejad, praised Hezbollah's fighters and mocks Israel and its allies while many Iranians cheered him on.

(BEGIN VIDEO CLIP)

PRES. MAHMOUD AHMADINEJAD, IRAN (through translator): America and England and Zionist regimes, with all the equipment, all the army they had, and they face a group of decent, devout young people, and those young people, by putting their trust in God and believing in God, fulfillment of his promises, stood against them.

(END VIDEO CLIP)

BLITZER: And we're going to have a lot more from Tehran. Our Aneesh Raman is inside Iran right now, the only U.S. television representative in the Iranian capital. We're going to be going to Aneesh shortly for more on his exclusive reports.

The Syrian president, Bashar al-Assad, also spoke out in support of Hezbollah today, and he said Israel's failure to destroy the group has doomed U.S. hopes for a new Middle East. More on that part of the story coming up as well.

Meanwhile, let's go to another major international story we are following, one that hits Americans and our security very close to home . In Britain today, another suspect was arrested into the investigation into an alleged plot to blow up U.S.-bound airplanes.

CNN's Dan Rivers reports from London -- Dan.

(BEGIN VIDEOTAPE)

DAN RIVERS, CNN CORRESPONDENT: Wolf, the police here in the United Kingdom have arrested one more person in connection with this alleged terror conspiracy in the Thames Valley area, which is about 30 or 40 miles west of London. Sources are telling me they are not seeing this as a major person in the conspiracy, but clearly they are searching lots of addresses across Britain, in High Wycombe, in Birmingham, and in London, and that may be a result of some of the leads that they've uncovered as a result of those searches. On one of the searches in London, they are saying that they have found household chemicals which could have been put together as a sort of kit of parts to make some form of explosives. Those household chemicals have been sent off to the forensic science laboratories here in London to check that what is on the tin is actually -- what it says on the tin is actually in those containers.

They have also found a number of weapons as well, and those are being looked at and a large amount of other material that they are beginning to work their way through. So this inquiry is continuing at pace. The police are also very anxious to talk to Rashid Rauf, who is the man arrested in Pakistan, a key person in this inquiry.

The extradition process is underway. No formal requests have yet been put in. We are being told that negotiations are underway for the Pakistanis and that it's a very complex process so it may take some time for him to get back here to London -- Wolf.

(END VIDEOTAPE)

BLITZER: Dan Rivers thank you.

Let's go to New York. Jack Cafferty has got "The Cafferty File." Hi, Jack.

JACK CAFFERTY, CNN ANCHOR: Wolf, you want to know why the country is in the shape it's in? Check out some of these numbers. Almost twice as many Americans can name the Three Stooges as can name the three branches of government.

When it comes to Snow White's seven dwarfs, 77 percent of us can name at least two of them, 10 percent can name one, 12 percent of us can't name any. Compare that to how many American can name the Supreme Court justices. Twenty-four percent can name two justices, 15 percent can name one and 61 percent of us can't name any. Sixty-one percent of Americans cannot name a single person sitting on the nation's highest court, the court that rules on the laws that govern us all.

There's more. Twice as many Americans can name the most recent winner of the "American Idol" as can name the Supreme Court justice who was confirmed in January. That would be Samuel Alito.

So here's the question: What does it mean that more Americans can name the Three Stooges than the three branches of our federal government? E-mail your thoughts to CaffertyFile@CNN.com, or go to CNN.com/CaffertyFile. Pretty sad testimony, Wolf.

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BLITZER: Certainly is, Jack. Thank you very much.

And coming up, President Bush makes a high profile visit in the war on terror and he's sending a strong message to voters in the battle for Congress. We will read between the lines.

And we will also find out how Democrats in Congress are fighting right back. But can they combat Republican efforts to portray them as soft on terrorists?

And later, did a top Republican senator and would-be presidential contender misspeak, or did he knowingly use a racial slur? We'll examine those questions, and the controversy dogging George Allen. All that coming up. We're live in Jerusalem. You are in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Coming up shortly, my exclusive interview with the foreign minister of Israel, Tzipi Livni. She's one of the most powerful women in Israeli politics right now, emerging potentially, one of these days as potential prime minister. That interview coming up.

President Bush today embracing his role as commander in chief of the war on terror. In the days since the foiled airline bomb plot in Britain was revealed, Republicans and Democrats have been fighting over the tough on terror mantle. It's a fight the president's party comes into with a certain advantage.

Our congressional correspondent Dana Bash is following the Democrats' counter punch, but first, let's go to our White House correspondent Ed Henry -- Ed.

ED HENRY, CNN WHITE HOUSE CORRESPONDENT: Wolf, today it was day two of the president's summer tour of all the national security agencies. You'll remember yesterday he was rolling up his sleeves at the Defense and State Departments, today huddled for five hours at the super-secret National Counterterror Center.

The point here, is that with the war on terror expected to be the defining issue of the midterm elections. The president was quick to take credit for foiling this terror plot to try to take over 10 airliners headed from U.K. to the United States.

And secondly, the president is trying to drive home the point that even while it's August, with all these hot issues going on, he's working this time. He's not on vacation unlike last summer when he took a political hit for slowly reacting to Hurricane Katrina. Take a listen to the president.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: The United States of America is engaged in a war against an extremist group of folks bound together by an ideology, willing to use terror to achieve their objectives. Our most solemn duty in the federal government is to protect the American people and I will assure the American people that we're doing everything in our power to protect you.

(END VIDEO CLIP)

HENRY: And as we often see, the president makes the point and then Vice President Cheney goes out and tries to drive that point home with a partisan punch, almost like as tag team. So it was today that the vice president speaking to the Arizona Republican Party at a fund raiser and he said voters in November have a clear choice between Republicans tough on terror and what he calls the, quote, "Dean Democrats who have defeated Joe Lieberman." He said these Democrats favor defeatism.

And the point here is that there's a new "Newsweek" poll, 55 percent of Americans now approve of the president's handling of the war on terror, up from 44 percent in May. Of course an 11-point increase for the president. When you look at the numbers on issues like Iraq, the president does not fare as well, but when you talk about the broader war on terror the president's numbers are up, so between now and November, you're going to hear both the president and the vice president try to drive that home again and again, Wolf.

BLITZER: Ed, thank you very much. Let's check in and see how the Democrats are reacting to all of this, how they are fighting back. We will bring in our congressional correspondent, Dana Bash. Dana?

DANA BASH, CNN CONGRESSIONAL CORRESPONDENT: Well Wolf, just this afternoon, the Democratic National Committee chairman, Howard Dean, spoke to the Iron Workers Union and he telegraphed what has been a consistent Democratic theme since the London terror plot, the alleged plot, became public last week in terms of the politics here.

Republicans, as Ed has just been pointing out, have been trying to show that this is proof that Republicans are in charge and they can keep Americans safe. But Howard Dean, like other Democrats tried to make the point that this is proof that they are Republican failures.

(BEGIN VIDEO CLIP)

HOWARD DEAN, DNC CHAIRMAN: And homeland security means active screening at airports, but it also means taking care of our nuclear power plants. It means taking care of our chemical factories and our petroleum factories. It means making sure our train stations are safe. And it means putting real money as the Democrats proposed and the Republicans said no to,

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putting real money into intelligence inside the borders of the United States of America so we don't end up having what Britain had this past week.

(END VIDEO CLIP)

BASH: Now what you just heard there is the Democratic Committee chairman trying to learn lessons from the past two elections since 9/11, which is when something comes up, which is a big national security issue, don't run from it, but try to take it on -- try to take it on head-on.

(BEGIN VIDEOTAPE)

BASH (voice-over): Just as the president was using the bully pulpit to talk tough on terrorism, Democratic senators scattered across the country for summer recess were holding a conference call with reporters to say, not so fast.

SEN. CARL LEVIN (D), MICHIGAN: It's like a broken record and the American people are not buying his effort to gain political advantage.

BASH: Democrats are working feverishly to make sure last week's blockbuster news about the alleged London terror plot doesn't turn into a summer surprise that helps Republicans in November. The Democratic Senatorial Campaign Committee released this Internet video depicting the menacing forces still threatening Americans and sums up with this bumper sticker line: "Feel Safer? Vote for Change." This is a Democratic Party trying to learn lessons from the two elections since 9/11 when most strategists lament, they let Republicans use the war on terrorism against them and win.

The most raw examples for Democrats, in 2002, allowing Republicans to beat triple amputee and Vietnam veteran Max Cleland, by calling him weak on national security.

UNIDENTIFIED MALE: John Kerry has not been honest.

BASH: And in 2004, allowing these swift boat ads against John Kerry to go unanswered for some time.

JENNIFER PALMIERI, CENTER FOR AMERICAN PROGRESS: Democrats are often scared off by the security issue because they think it's such a vulnerability for us. And the only way to deal with that is to show we have a different world view.

(END VIDEOTAPE)

BASH: And even before the news came out last week about the alleged terror plot in London, Wolf, Democrats were already trying to learn the lessons from the past couple of elections, trying to hit back fast when they're attacked on issues of national security.

For example recently, at the beginning this month, the Republican senator from Ohio, Mike DeWine, hit his Democratic opponent on the issue of national security, said he voted to slash national intelligence program and voted against the Patriot Act.

The Democratic candidate, Sherrod Brown, with the help of his committee in his state, and the Democratic Senatorial Committee, hit right back saying that Mike DeWine sitting on the intelligence committee failed the United States before 9/11. So that is something that had already been taking place before the news from last week and certainly has been stepped up dramatically because of that news, Wolf.

BLITZER: Dana, thank you very much. Dana Bash and Ed Henry are part of the best political team on television, CNN, America's campaign headquarters.

Still ahead, the woman who could be Israel's prime minister one of these days, talks about her country's war against Hezbollah. I sat down with Israeli Foreign Minister Tzipi Livni for an exclusive interview about the crisis. What she says happened during the 34-day war and why it was the right thing to do.

And it's the comment heard around the Internet. But will it end up derailing Republican Senator George Allen's presidential hopes? Live from Jerusalem, you are in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Welcome back to THE SITUATION ROOM, I'm Wolf Blitzer reporting today from Jerusalem. Her name may not necessarily be familiar to Americans, but she has been one of the key decision makers in Israel's month-long war with Hezbollah.

(BEGIN VIDEOTAPE)

BLITZER: And joining us now, the foreign minister of Israel, Tzipi Livni. Minister, thanks very much for joining us.

TZIPI LIVNI, ISRAELI FOREIGN MINISTER: Thank you.

BLITZER: I want to read to you what the president of Syria said today, Bashar al Assad, he said, "We tell them," referring to Israelis, "that after tasting humiliation in the latest battles, your weapons are not going to protect you. Not your planes or missiles or even your nuclear bombs. The future generations of the Arab world will find a way to defeat Israel."

LIVNI: They will not.

BLITZER: They will not, you say?

LIVNI: They will not.

BLITZER: Because this war, 34 days, against Hezbollah, a ragtag guerrilla outfit, showed that Israel is vulnerable.

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LIVNI: Israel is vulnerable but Israel has all the power and Israel was attacked and Israel took a decision not to attack Lebanon back but to attack Hezbollah and there is a difference between attacking or between a war between two states, or between what Israel has done. And our decision was to target Hezbollah within Lebanon, because we didn't want to undermine the Lebanese government, and we tried to change the situation in a military operation in Lebanon against Hezbollah.

BLITZER: What -- well, what...

LIVNI: This is totally a different story when it comes to a war between states.

BLITZER: Is Syria...

(CROSSTALK)

BLITZER: ... still rearming Hezbollah right now?

LIVNI: Yes. Yes.

BLITZER: Right now?

LIVNI: Yes, Syria and Iran, through Syria, with open borders. BLITZER: Do you -- are they -- do you have evidence they are doing it now?

LIVNI: We had evidence in the last few days.

Now the idea of 1701 is to stop -- is to close the international borders of Lebanon, in order to stop rearmament of Hezbollah. The idea is to dismantle Hezbollah at the end of the process. The idea is to take Hezbollah from the south part of Lebanon, and to reduce the influence of Iran and Syria on Lebanon, through Hezbollah, and through Hezbollah to Israel.

So, I think...

BLITZER: Do you have any...

LIVNI: ... that he is nervous, President Assad, but he will have to face the new reality.

BLITZER: He's nervous about what?

LIVNI: He's nervous because the situation is going to change on the ground.

I hope that the situation is going to change in Lebanon. The idea of Resolution 1701 is to reduce the power of Hezbollah in Lebanon, is to dismantle Hezbollah at the end of the process, is to change the region.

So, now this is a beginning of a process. And President Assad is watching. And he's nervous.

BLITZER: Did -- do you have evidence that the Syrians passed on to Hezbollah sophisticated Russian-made weapons?

LIVNI: We have evidence that weapons went, were transferred from some places through Syria to Hezbollah.

BLITZER: Including Russian-made weapons?

LIVNI: I don't want to refer to this...

(CROSSTALK)

BLITZER: Because there's some suggestion that you're concerned...

LIVNI: I know that.

BLITZER: ... that Russian weapons...

LIVNI: I know that.

BLITZER: ... found their way into Hezbollah.

LIVNI: I know that. And I really would like not to refer to this.

BLITZER: All right.

Let's talk a little bit about the whole Iranian connection. What evidence do you have that Iranians, whether members of the Revolutionary Guard or others, fought alongside Hezbollah during this war?

LIVNI: Well, this is the kind of facts that we know for years. I mean, the problem is, Lebanon is not only Hezbollah as Lebanese organization, but, also, in fact, there are members of the Iranian Revolution in -- in Lebanon. And they fought with Hezbollah against Israel.

BLITZER: Did you kill any of them?

LIVNI: I mean, this is not...

BLITZER: Did you kill any of them?

LIVNI: I really would like not to refer to these kind of facts.

But it is not -- you know, it is not a secret that Hezbollah is the long arm of Iran in the region. It is not a secret that Hezbollah wants to keep an open front with Israel for the Iranians, because we don't have a border, you know, between Israel and Iran. So, in fact, we are fighting Hezbollah. But, in a way, this is also a fight against Iran and against all the Iranian ideology.

BLITZER: There was a suggestion by one American investigative journalist, Seymour Hersh, the other day, writing in "The New Yorker," that this war that you had against Hezbollah was, in effect, a prelude to a strike against Iran, a coordinated Israeli-U.S. strike.

LIVNI: Well, I mean, the facts are that Israel was attacked about a month ago, unprovoked attack, by Hezbollah from Lebanon. And we had to react, because we wanted to send a message to Hezbollah and to Iran and to Syria and to all -- and the Hamas -- and to send a message that Israel is not willing to live with this kind of situation, in which these kind of attacks happen.

BLITZER: Was...

(CROSSTALK)

LIVNI: So, this was the answer. And this was the only answer that we could give.

BLITZER: Was it a mistake...

(CROSSTALK)

LIVNI: No.

BLITZER: ... for Israel to respond...

LIVNI: No, no, no.

BLITZER: ... the way it did on July 12, when those...

LIVNI: No.

BLITZER: ... two Israeli soldiers were kidnapped?

LIVNI: No. No, this was the right decision, because this is not only about the two Israeli soldiers.

And, on my way here, I just spoke with the father of one of the two abducted soldiers. It's about the threat, and not only about the incident. And the incident was one attack and the abduction of two Israeli soldiers. But it is more than that. And the threat is something that it's -- continues for years and years.

And it's not the first time in which Hezbollah abducted Israeli soldiers. Last time, Israel didn't react. And we believed -- and I do believe even today -- that this was the right thing to do.

BLITZER: Because those two Israeli soldiers are still being held some place in Lebanon.

LIVNI: It was clear to me since day first, that a military operation cannot bring back the soldiers. This was not the idea of the operation.

The idea of the operation was to send a message to Nasrallah, to Hezbollah, that Israel is not willing to live, as I said before, in a situation, in a neighborhood, in which terrorist organizations, like Hezbollah, enters Israel, attack -- unprovoked -- unprovoked attack, and kidnap soldiers.

(END VIDEOTAPE)

BLITZER: And we will have much more of the interview with Tzipi Livni, Israel's foreign minister. That's coming up in the next hour, right here in THE SITUATION ROOM.

There's a development happening in New Jersey.

Betty Nguyen is following what's going on.

Betty, update our viewers.

BETTY NGUYEN, CNN ANCHOR: Wolf, we have some transit system problems to tell you about, this statement from Amtrak right here.

It has temporarily suspended service between New Jersey -- Newark, New Jersey -- and New York's Penn Station. Now, what has happened, they have discovered an unknown substance near the tracks on the New Jersey side of the Hudson River Tunnel. And, as part of the investigation, they have suspended the transit system in that line, until they determine exactly what is the source of this substance.

And they are urging, right now, passengers to call this number, 1-800-USA-RAIL, or visit Amtrak.com for more information, because, as we have been telling you, this service is disrupted as for now. It is not know exactly when it will be back up and running.

But, for those just learning of this, and you're heading down to -- it is about rush hour now -- to take the train, the transit system, Amtrak, is suspended, temporarily, between Newark, New Jersey, and New York's Penn Station.

So, you will have to contact 1-800-USA-RAIL or visit Amtrak.com to determine when that will be up and running, or make alternate plans.

So, we will stay on top of this for you, Wolf, and bring you the latest, when it becomes available to us.

BLITZER: That's an incredibly busy transit area, between Newark and Penn Station in New York.

Thanks very much for that, Betty. We will check back with you.

Is Joe Lieberman the White House's favorite to win Connecticut's Senate seat this November? After all, he's not the Republicans' official nominee. Alan Schlesinger would the Republican nominee. He has got an uphill battle for your vote. That's coming up.

And was it an innocent slip of the tongue or a deliberate slur? The controversy now facing Virginia Republican Senator George Allen that has got the Internet in an uproar.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: Welcome back.

A week after his Democratic primary defeat, Senator Joe Lieberman is getting new help from Republicans. A veterans group with GOP ties is coming out in support of his independent bid to keep his Senate seat. And even President Bush is effectively giving Lieberman a helping hand.

Let's bring in our senior analyst, Jeff Greenfield -- Jeff.

JEFF GREENFIELD, CNN SENIOR ANALYST: Well, Wolf, it was Ronald Reagan's famous commandant: Thou shalt not speak ill of any other Republican.

But the White House came awfully close on Monday. And therein lies a tale about party politics, some history, and a conspiracy theory of my very own.

(BEGIN VIDEOTAPE)

GREENFIELD (voice-over): It seemed a simple enough question: Was President Bush endorsing the Republican candidate for senator from Connecticut. What spokesman Tony Snow offered was an admirable tap dance.

QUESTION: Does the president support the Republican candidate in the state in Connecticut?

TONY SNOW, WHITE HOUSE PRESS SECRETARY: The president support supports the democratic process in the state of Connecticut, and wishes them a successful election in November.

QUESTION: So, wait, wait, wait. I realize he supports democracy.

GREENFIELD: That was only the latest bit of bad news for Alan Schlesinger, the GOP nominee. He's short on campaign funds...

ALAN SCHLESINGER (R), CONNECTICUT SENATORIAL CANDIDATE: It says Alan Schlesinger on it.

GREENFIELD: ... is trying to explain why he used a false name to gamble at a Connecticut casino, has been sued over gambling debts in New Jersey casinos.

SCHLESINGER: I'm disappointed.

GREENFIELD: He now polls six percent in the most recent poll...

NED LAMONT (D), CONNECTICUT SENATORIAL CANDIDATE: Thank you very much.

GREENFIELD: ... behind Democrat Ned Lamont and incumbent Joe Lieberman, now running as an independent.

This is hardly the only case of party lines breaking down. That happens regularly in American politics.

(BEGIN VIDEO CLIP)

FRANKLIN DELANO ROOSEVELT, PRESIDENT OF THE UNITED STATES: And it my belief that...

(END VIDEO CLIP)

GREENFIELD: Back in New Deal days, FDR won strong support from nominal Republicans, like New York Mayor Fiorello LaGuardia and Nebraska Senator George Norris.

(BEGIN VIDEO CLIP)

RICHARD NIXON (R), PRESIDENTIAL CANDIDATE: I accept your nomination for president.

(END VIDEO CLIP)

GREENFIELD: Then Democrat Ronald Reagan backed Nixon in 1960. And, in 1972, many conservative Democrats, like Texas Governor John Connally, backed Nixon over McGovern. And, in 1966, Maryland's Spiro Agnew, then seen as a moderate, even liberal, Republican, won the governorship with the backing of many Democrats angered by their nominee's positions on race.

(BEGIN VIDEO CLIP)

UNIDENTIFIED MALE: We heard a lot about those little old ladies in tennis shoes.

(END VIDEO CLIP)

GREENFIELD: And Agnew brings to mind one of the most remarkable examples of White House party politics. In 1970, the New York Senate race was a three-way battle.

Republican Charles Goodell, appointed to fill the seat of slain Robert Kennedy, adopted a strong anti-Vietnam posture, as did Democratic nominee Dick Ottinger.

Jim Buckley, brother of William F., was running as a conservative. The White House dispatched Agnew, now a fire-breathing, media-bashing conservative, to declare that he would not support a radical liberal of either party.

That drove enough liberals over to Charles Goodell's camp to deliver the Senate seat to conservative Jim Buckley.

CROWD: Let's go, Joe! Let's go, Joe! Let's go, Joe!

GREENFIELD: Which brings us to today's Connecticut race, and to Vets For Freedom, a group that backs Lieberman's independent bid.

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Contributors include Dan Senor, who was spokesman for the Iraq Provisional Authority, and William Kristol, one of the prominent neoconservatives voices, who has recently advocated a U.S. military strike at Iran.

(END VIDEOTAPE)

GREENFIELD: Now here comes the conspiracy theory. Suppose you are part of the Bush White House political team. You know the Republican can't win. And you also know that the more conservatives, the more Bush administration people back Lieberman, the more likely that is to lose him votes in a state where both Bush and the Iraq war are massively unpopular.

Now, looking to 2008, who would you rather have in the Senate, a centrist Democrat with a reputation for independence, or a Democrat who you can try to paint as an advocate of retreat and a symbol of the leftward tilt of the Democratic Party?

If you see Dick Cheney say nice things -- nice things about Joe Lieberman, you are seeing the Agnew strategy of 1970 in reverse.

Just a theory, Wolf. BLITZER: That sounds like a pretty good theory. Thanks very much, Jeff -- Jeff Greenfield, part of the best political team on television -- CNN, America's campaign headquarters.

Coming up: It's hardly the best move, if you are hoping to run for the White House. A leading GOP senator, a possible 2008 contender, is being accused of using a racial slur. Did he mean what he said? That story coming up.

And, in the battle for the Senate, is one of the nation's most vulnerable Republicans playing catch-up? New poll numbers on our "Political Radar" today.

We are live from Jerusalem. You're in THE SITUATION ROOM. .

(COMMERCIAL BREAK)

BLITZER: On our "Political Radar" this Tuesday, new tightening in one of the most critical Senate contests this November -- a new poll shows Pennsylvania's Republican incumbent, Rick Santorum, closing the gap with his Democratic challenger, Bob Casey. The Quinnipiac survey shows Casey now six points ahead of Santorum. Casey had an 18- point lead in the Quinnipiac poll back in June.

Another leading Republican senator, Virginia's George Allen, is saying he's sorry today -- at issue, the would-be presidential contender's remarks about an American college student of Indian descent.

Our congressional correspondent Andrea Koppel has more on what Allen said and the dustup afterward -- Andrea.

ANDREA KOPPEL, CNN CONGRESSIONAL CORRESPONDENT: Wolf, the campaign of Allen's Democratic challenger, James Webb has seized on this latest incident, e-mailing journalists video clips, during which and in which they say Senator Allen criticizes his opponent and makes a racial slur aimed at a campaign volunteer.

(BEGIN VIDEO CLIP)

SEN. GEORGE ALLEN (R), VIRGINIA: This fellow here, over here with the yellow shirt, macaca, or whatever his name is, he's with my opponent. He's following us around everywhere. And it's just great.

KOPPEL (voice-over): The fellow Senator Allen was referring to is 20-year-old S.R. Sidarth, an American college student of Indian descent, and, at least for the summer, a volunteer with the James Webb campaign.

Armed with this digital handycam, Sidarth had been assigned to track Senator Allen all last week, a common practice among some campaigns. But Sidarth says, it wasn't until Friday, during a speech near the Kentucky border, and with Sidarth's camera rolling, that Allen singled him out in the crowd, twice referring to him as macaca, the scientific grouping for a type of monkey, and, in some European countries, "makak" is used as a racial slur. ALLEN: So, welcome -- let's give a welcome to macaca here.

(APPLAUSE)

ALLEN: Welcome to America and the real world of Virginia.

S.R. SIDARTH, VIRGINIA SENATORIAL CANDIDATE JAMES WEBB CAMPAIGN VOLUNTEER: I was disappointed that someone like a senator of the United States would use something completely offensive.

KOPPEL: Allen's communications director denies the senator was deliberately making a racially charged remark, telling CNN, the senator didn't know Sidarth's name. He said Allen staffers had nicknamed Sidarth mohawk for the young man's short haircut, and perhaps the senator was confusing that nickname when he called him macaca.

In an interview with "The Washington Post," Allen apologized, saying he didn't know what the word macaca meant, and that he would -- quote -- "never want to demean Sidarth."

But Sidarth says, he had introduced himself to Allen earlier that week.

(CROSSTALK)

KOPPEL (on camera): And you said, "My name is Sidarth"?

SIDARTH: Yes. And he shook my hand. He also is very good with names, legendarily, that he tries very hard to learn people's name when he's meeting them.

(END VIDEOTAPE)

KOPPEL: Before Allen ran for governor in 1993, he was criticized by African-Americans for displaying a Confederate flag. And Webb's campaign wonders whether this latest incident could be part of a pattern.

Now, Wolf, just a half-an-hour ago, Senator Allen e-mailed around a statement, saying that he is concerned some of his comments have been "greatly misunderstood," in his words, by members of the media. In singling out the Web campaign's cameraman, he wrote, "I was trying to make the point that Jim Webb had never been to that part of Virginia. And I encouraged him to bring the tape back to Jim and welcome him to the real world of Virginia and America, outside the beltway, where he has rarely visited" -- Wolf.

BLITZER: Andrea Koppel, thank you very much.

And George Allen's comments at that campaign rally have received lots of play, largely thanks to the Internet.

Let's get a little bit more context and analysis from our Internet reporter, Abbi Tatton -- Abbi. ABBI TATTON, CNN INTERNET REPORTER: Wolf, it was this cheaply produced video circulating online that set this whole story snowballing.

The buzz actually started online before the video even appeared -- one pro-Jim Webb blog promising damaging footage of Senator Allen would appear imminently.

After this video was posted onto YouTube yesterday, mainly liberal blogs started linking to it heavily. It has now been viewed over 38,000 times in just 24 hours.

Now, this didn't all necessarily happen organically. It was the Webb campaign that put this video online to the site YouTube. They also e-mailed 30,000 of their supporters, asking them to look at the video and also, at the bottom there, to contribute today.

Today, the blogs are discussing this heavily, everything from what the word macaca means, to what Senator Allen meant, to the haircut of this young individual here, Sidarth, whose video is now the -- one of the top 10 on YouTube today -- Wolf.

BLITZER: Abbi Tatton, thank you -- Abbi Tatton reporting.

Still ahead, we are keeping a very close watch on troops coming and going, as the cease-fire here in the Middle East continues for a second day. Will the truce hold?

At the top of the hour, we will have fresh reports from Israel and Lebanon -- much more coming up.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: Still to come, it has become standard procedure for airline security, but are passengers safer because they take off their shoes? New questions today about terror-fighting tactics at America's airports.

And can you name the members of the U.S. Supreme Court? Jack Cafferty is riled up about Americans' knowledge of the branches of government, or lack thereof -- Jack coming back with your e-mail.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: Check back with Betty Nguyen. She has been following that situation in New Jersey involving Amtrak.

What's the latest, Betty?

NGUYEN: Well, we told you just a little bit earlier, Wolf, that Amtrak has suspended service between Newark, New Jersey, and New York's Penn Station because of an unknown substance found near the tracks on the New Jersey side of the Hudson River Tunnel.

Well, it appears Amtrak has figured out exactly what that substance is. And what it is, is a drum of hydraulic fluid that fell off of a work train. So, the all-clear has been given. The trains are back up and running. But we do have to tell you that the trains are a little backed up, which is understandable.

So, all-clear -- the good news there is that it was -- it was nothing toxic or anything like that, and the trains are back up and running -- back to you, Wolf.

BLITZER: All right, the words all clear always very good. Thanks very much, Betty, for that.

Jack Cafferty is standing by now with "The Cafferty File" -- Jack.

JACK CAFFERTY, CNN ANCHOR: The question, Wolf, was: What does it mean when more Americans can name the Three Stooges than the three branches of the federal government?

Jon in California says: "It means we're screwed. It means that we will continue to fight worthless wars, like the war on drugs, the war on poverty, the war on terror, the war in Iraq, the war on whatever else we don't like, because the population is too stupid to do anything about it."

Thaddeus in Pennsylvania: "It means we should be very thankful that..."

(LAUGHTER)

CAFFERTY: "... only half the electorate shows up at the polls. Stop telling people to vote."

Kay writes in Memphis, Tennessee: "Americans should be familiar with the Three Stooges. They're Bush, Cheney and Rumsfeld."

Joel in Festus, Missouri -- love that name, Festus, Missouri -- "It means they're learning about our government. Face it; the Three Stooges could do a better job than the stooges we have in Washington now. And Moe, Curly and Larry got paid a lot less and did a far better job."

Johnnie in Carthage, Texas: "It means we appreciate real comedy. The comedians in Washington are just clowning around. And what they're doing to this country isn't funny at all."

And Janice in Fort Worth, Texas: "These are the people who you ask every day what you think -- or they think we should do about the world's biggest problems. Remember what Winston Churchill said: The best argument against democracy is a five-minute conversation with the average voter."

So, there you go -- Wolf.

BLITZER: Thanks very much, Jack.

Bush Says US Safer But Far From Secure (WP)

By Peter Baker

The Washington Post, August 16, 2006

President Bush said yesterday he has made the nation safer but warned that it remains threatened by terrorists, accelerating an election-year debate over his leadership in the global fight against Islamic extremists five years after the attacks of Sept. 11.

Bush touted his accomplishments in a visit to the National Counterterrorism Center a week after British authorities broke up what they called a major plot to blow up airliners bound for the United States. But former president Bill Clinton accused Republicans of using the reported plot for political purposes and questioned Bush's national security priorities.

The back and forth illustrated the emotional punch of the terrorism issue as both parties head into fall campaigns with Bush's popular standing lagging and GOP control of Congress at stake. Republicans have argued successfully to voters in the last two election cycles that they do a better job fighting terrorists, but polls have shown a sharp drop in faith in their handling of the issue. The White House believes the reported London plot offers an opportunity to remind voters that the danger from terrorism remains stark, while Democrats see an opportunity to argue that the Iraq war has distracted from the hunt for al-Qaeda.

"America is safer than it has been. But it's not yet safe," Bush said during a break in five hours of briefings at the center. "The enemy has got an advantage when it comes to attacking our homeland. They've got to be right one time, and we've got to be right a hundred percent of the time to protect the American people."

Clinton, who generally refrains from criticizing Bush by name, said Republicans have been "trying to play politics" with the London arrests. "They seem to be anxious to tie it to al-Qaeda," he told ABC News. "If that's true, how come we've got seven times as many troops in Iraq as in Afghanistan? Why has the administration and congressional leadership consistently opposed adequate checks on cargo containers at ports and airports?"

Senate Democratic leader Harry M. Reid (Nev.) said Bush has not done enough to keep the United States safe. "Five years after 9/11, al-Qaeda has morphed into a global franchise operation, terror attacks have increased sharply across the world, and the president has shut down the program designed to catch Osama bin Laden," Reid said.

The White House took issue. "President Clinton, I know, is sort of committing some politics here and accusing Republicans in so doing," spokesman Tony Snow said. "But I'll tell you what -- I think in the same position he'd be looking at the same options." Asked about Clinton's contention that the administration is not doing enough to go after al-Qaeda in Afghanistan, Snow said: "He doesn't know what we're doing to go after al-Qaeda. Period. He doesn't know."

Vice President Cheney accused Democrats of "defeatism," citing the victory of antiwar candidate Ned Lamont over Sen. Joseph I. Lieberman in the Connecticut Democratic primary last week. "What these Democrats are pushing now is the very kind of retreat that has been tried in the past," Cheney said at a Phoenix fundraiser. "It is contrary to our values, it would betray our friends, and it would only heighten the danger to the United States."

While the president asserted that the nation is safer, the public remains split. A Newsweek poll found that 50 percent think Americans are safer from terrorism today than before Sept. 11, 2001, while 47 percent said they are not safer. The same poll found that 55 percent approve of Bush's handling of terrorism and that Republicans have a five-percentage-point edge over Democrats on the issue.

Bush's visit to the National Counterterrorism Center, which aides said was scheduled long before the London arrests, took him to the heart of his government's interagency attack on radicals. The president attended sessions in the operations center conference room at a huge wooden table with pop-up computer terminals and drop-down video screens, where he was briefed

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by officials such as Attorney General Alberto R. Gonzales, Defense Secretary Donald H. Rumsfeld and Homeland Security Secretary Michael Chertoff.

Bush toured the operations center and made a point of walking into side alcoves where the FBI and CIA have staffs apart from the melded threat analysts on the main floor. Then, appearing before cameras, Bush thanked them for helping to break up the reported plot in Britain.

That, he said, "really is indicative of the challenge we face, not only this week but this year and the years to come, because the United States of America is engaged in a war against an extremist group of folks bound together by an ideology, willing to use terror to achieve their objectives."

Staff writer Karen DeYoung contributed to this report.

Bush Says US Safer, But Not Yet Safe (AP)

By Nedra Pickler

AP, August 15, 2006

President Bush said Tuesday that the foiled plot to blow up flights between Britain and the United States is evidence the U.S. could be fighting terrorists for years to come.

"America is safer than it has been, yet it is not yet safe," Bush told reporters at the National Counterterrorism Center just outside Washington. "The enemy has got an advantage when it comes to attacking our homeland: They got to be right one time and we've got to be right 100 percent of the time to protect the American people."

The counterterrorism center is located at an undisclosed site in Northern Virginia known as Liberty Crossing. It merges hundreds of government experts and more than two dozen computer networks from various federal agencies focusing on potential threats.

Its high-tech, 24-hour operations center is among the most sophisticated in the U.S. government.

Bush received a briefing from his National Security Council and Homeland Security Council and had separate sessions with each team, attending lunch with all the officials in between.

Bush spokesman Tony Snow said the meetings focused on improving and streamlining efforts to more effectively fight terrorists. He declined to be more specific, saying that would just give notice to al-Qaida.

Bush credited the workers at the center with helping to bring about last week's arrests of more than two dozen people in England and Pakistan in what officials say was a plot to blow up as many as 10 passenger planes between Britain and the United States.

"That plot and this building and the work going on here is really indicative of the challenge we face — not only this week, but this year and the years to come," he said.

Snow said it is still not clear whether al-Qaida was involved with the plot.

"The characterizations in the past has been it has the looks of al-Qaida," Snow said. "And I'm aware of reports from other governments that it's al-Qaida. But our intelligence, at this point, does not permit us to say with confidence that that was the case."

The nation's safety looms as a major issue in the midterm elections Nov. 7. Both Republicans and Democrats are maneuvering for the political advantage in an election where control of Congress is at stake.

Democrats blamed Bush administration policies for making the country more vulnerable to outside threats.

"Five years after 9/11, al-Qaida has morphed into a global franchise operation, terror attacks have increased sharply across the world and the president has shut down the program designed to catch Osama bin Laden," Senate Democratic leader Harry Reid of Nevada said in a statement following Bush's remarks.

Sen. Carl Levin, D-Mich., in a teleconference with reporters Tuesday, accused the Bush administration of "stubbornness" and of holding an "oversimplistic" view of how to resolve Middle East tensions.

"One of the great failures of this administration has been a refusal to consider new approaches to problems," he said.

Midterm Battle Looms Over Security (WT)

By Joseph Curl

The Washington Times, August 16, 2006

Democrats have decided to fight President Bush this fall on his traditional turf -- national security -- but the president and his fellow Republicans running in the mid-term congressional elections hold an edge on the issue, which proved pivotal in the last two cycles.

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The two parties are splitting the debate, with the president and Republicans pressing for tools to fight terrorism abroad as they seek to expand the issue to a global scale, and Democrats staying closer to home, arguing that the international war against terror makes Americans less safe.

"Obviously we've beefed up airport security in some ways, but as we've learned over the last week, not in every way that matters," said Sen. Hillary Rodham Clinton, New York Democrat. "We still have not done what we need to do to protect our ports, our borders, our bridges, our transit systems, our rail lines -- it's a long list."

Senate Minority Leader Harry Reid of Nevada signaled that Democrats are preparing to take the battle to the president, painting Republicans as distracted by worldwide terrorism and unfocused on needs at home.

"Five years after 9/11, the president still has not taken the necessary steps to prevent terrorists from taking explosives onto airplanes," Mr. Reid said yesterday. "Tom Kean and Lee Hamilton, the chairman and vice chairman of the 9/11 commission, said this week that the Iraq war has depleted our resources and distracted the Bush administration from making homeland security a priority."

But the president has a built-in advantage. The foiled airplane attacks have reminded Americans that he has a track record on national security, and a majority, 55 percent, approve of Mr. Bush's handling of terrorism and homeland security. That is an 11-point boost since last May and the highest rating since early 2005, according to a Newsweek poll taken after the foiled terrorist attack in London.

In addition, a CBS News poll conducted over the weekend found that terrorism has re-emerged as a major issue for many Americans: cited by 17 percent, up from 7 percent last month.

Since the arrests in London, the president has put the spotlight on his war against terror. He put out statements and a weekend radio address on the topic during his brief working vacation in Crawford, Texas, and held a press conference Monday at the State Department. Yesterday, he kept up the onslaught by spending much of the day meeting with top officials at the National Counterterrorism Center in McLean.

"America is safer than it has been, but it's not yet safe. The enemy has got an advantage when it comes to attacking our homeland -- they've got to be right one time, and we've got to be right a hundred percent of the time to protect the American people," he said.

But Phil Singer, communications director for the National Democratic Senatorial Committee, said Republicans "have a record to run from, not on."

"Republican policies have failed to stabilize Iraq, they've turned a blind eye to North Korea's and Iran's efforts to acquire nuclear weapons, they've failed to secure ports, transit systems and borders. Everything they've tried to do has either made the situation worse or simply failed to address a key vulnerability," he said.

Still, Republicans point out that Americans have always trusted their party more on national security, and a debate just before an election can only help them. Plus, they say, Democrats have spent the past two years fighting Bush administration efforts to secure the homeland, and voters will remember that in November.

"They have politicized many aspects of the war on terror since the last election. Reid bragged about killing the Patriot Act; they've questioned the terrorist surveillance program; they politicized Abu Ghraib," said Brian Nick, communications director for the National Republican Senatorial Committee. "All of these things they've done certainly scores them political points ... with their base, which is the anti-war fringe left."

Vice President Stumps For Arizona Republicans (AP)

AP Cheney Stumps in AZ, August 16, 2006

Cheney's remarks continued criticism he first made last week following the primary defeat of Connecticut Sen. Joe Lieberman by Ned Lamont, an anti-war candidate.

"Sen. Lieberman was my opponent in 2000 - Al Gore's running mate, a longtime senator, and one of the most loyal and distinguished Democrats of his generation," Cheney said. "Joe is also an unapologetic supporter of the fight against terror. He voted to support military action in Iraq when most other senators in both parties did the same - and he's had the courage to stick by that vote even when things get tough. And now, for that reason alone, the Dean Democrats have defeated Joe Lieberman."

Cheney appeared at a $500-a-plate luncheon at the Arizona Biltmore Resort and Spa, his second visit to the state this year in support of Republican candidates. The event raised more than $300,000 for the state Republican Party. A March fundraiser for Sen. Jon Kyl raised about $500,000 for his re-election effort.

Cheney urged the 300 party faithful at the event to redouble their efforts to get out the vote, noting their efforts in 2004 gave President Bush a 10-point margin of victory in Arizona.

But the vice president spent the bulk of his speech addressing the war against terrorism and the Democrats, pointing out the ongoing "vigorous debate" on how to deal with the situation in Iraq.

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He dismissed Democrats who called for a troop pullout deadline, saying it was a "bad idea." He criticized Rep. Jack Murtha, D-Pa., for his suggestion that troops be pulled back to Okinawa and his use of examples of previous pullouts.

"If we follow U.S. Rep. Murtha's advice and withdraw from Iraq the same way we withdrew from Beirut in 1983 or Mogadishu in 1993, we will simply validate the al-Qaida strategy and invite more terrorist attacks in the future," Cheney said.

The fundraiser will help the state Republican Party promote candidates in the November election.

Several state races are expected to be tight, with many pointing to the 8th Congressional District in Tucson as one most likely to need the money. Retiring Rep. Jim Kolbe's seat is being targeted by the Democratic Party, which has committed $30 million to buy ads supporting candidates in roughly two dozen districts across the country, including the 8th.

Six Democrats are vying for the chance to run in the general election, with Gabrielle Giffords, a former state senator, and former television anchor Patty Weiss leading the pack in campaign contributions.

Five Republicans are in the race, including state Rep. Steve Huffman, former Republican state Rep. Randy Graf, who lost to Kolbe in the 2004 primary, and Republican Mike Hellon, a former GOP national committeeman for Arizona. Kolbe has endorsed Huffman.

State Democrats also hold high hopes that former state Sen. Harry Mitchell, a former party chairman, can unseat U.S. Rep. J.D. Hayworth, a Republican who has been outspoken on immigration.

Hayworth said Tuesday that having the vice president stop at a party fundraiser "is always a good thing."

He said the decision voters face in November comes down to one thing.

"Who do you trust to protect the American people" Hayworth said.

The most expensive race in the state is for the U.S. Senate seat held by Republican Jon Kyl. Kyl is facing Democratic challenger Jim Pederson, a shopping center developer and millionaire who has already funneled more than $3 million of his own money into his campaign. Kyl still leads in fundraising, however, and in the polls.

The state Democratic Party issued a statement calling Cheney's visit a mistake by the Republicans.

"This fundraiser is a real misfire in Arizona, where voters are sick and tired of this Republican Congress who can't get anything done," said Democratic Party Chairman David Waid. "It's clear from Kyl's cheerleading for Cheney and support of this failed administration that Kyl is out of touch with Arizona."

Cheney, who flew into Arizona from a vacation in Jackson Hole, Wyo., left the state immediately after his 15 minute speech, heading to a similar event in Roswell, N.M.

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Big Talk, Little Will (NYT)

By Thomas L. Friedman

The New York Times, August 16, 2006

The defeat of Senator Joe Lieberman by the upstart antiwar Democrat Ned Lamont has sparked a firestorm of debate about the direction of the Democratic Party. My own heart is with those Democrats who worry that just calling for a pullout from Iraq, while it may be necessary, is not a sufficient response to the biggest threat to open societies today — violent, radical Islam. Unless Democrats persuade voters — in the gut — that they understand this larger challenge, it's going to be hard for them to win the presidency.

That said, though, the Democratic mainstream is nowhere near as dovish as critics depict. Truth be told, some of the most constructive, on-the-money criticism over the past three years about how to rescue Iraq or improve the broader "war on terrorism" has come from Democrats, like Joe Biden, Carl Levin, Hillary Clinton, John Kerry and Bill Clinton.

But whatever you think of the Democrats, the important point is this: They are not the party in power today.

What should really worry the country is not whether the Democrats are being dragged to the left by antiwar activists who haven't thought a whit about the larger struggle we're in. What should worry the country is that the Bush team and the Republican Party, which control all the levers of power and claim to have thought only about this larger struggle, are in total denial about where their strategy has led.

Besides a few mavericks like Chuck Hagel and John McCain on Iraq and Dick Lugar and George Shultz on energy, how many Republicans have stood up and questioned the decision-making that has turned the Iraq war into a fiasco? Had more of them done so, instead of just mindlessly applauding the administration, the White House might have changed course when it had a chance.

Not only is there no honest self-criticism among Republicans, but — and this is truly contemptible — you have Dick Cheney & Friends focusing their public remarks on why Mr. Lamont's defeat of Mr. Lieberman only proves that Democrats do not understand that we are in a titanic struggle with "Islamic fascists" and are therefore unfit to lead.

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Oh, really? Well, I just have one question for Mr. Cheney: If we're in such a titanic struggle with radical Islam, and if getting Iraq right is at the center of that struggle, why did you "tough guys" fight the Iraq war with the Rumsfeld Doctrine — just enough troops to lose — and not the Powell Doctrine of overwhelming force to create the necessary foundation of any democracy-building project, which is security? How could you send so few troops to fight such an important war when it was obvious that without security Iraqis would fall back on their tribal militias?

Mr. Cheney, if we're in a titanic struggle with Islamic fascists, why have you and President Bush resisted any serious effort to get Americans to conserve energy? Why do you refuse to push higher mileage standards for U.S. automakers or a gasoline tax that would curb our imports of oil? Here we are in the biggest struggle of our lives and we are funding both sides — the U.S. military with our tax dollars and the radical Islamists and the governments and charities that support them with our gasoline purchases — and you won't lift a finger to change that. Why? Because it might impose pain on the oil companies and auto lobbies that fund the G.O.P., or require some sacrifice by Americans.

Mr. Cheney, if we're in a titanic struggle with Islamic fascists, why do you constantly use the "war on terrorism" as a wedge issue in domestic politics to frighten voters away from Democrats. How are we going to sustain such a large, long-term struggle if we are a divided country?

Please, Mr. Cheney, spare us your flag-waving rhetoric about the titanic struggle we are in and how Democrats just don't understand it. It is just so phony — such a patent ploy to divert Americans from the fact that you have never risen to the challenge of this war. You will the ends, but you won't will the means. What a fraud!

Friends, we are on a losing trajectory in Iraq, and, as the latest London plot underscores, the wider war with radical Islam is only getting wider. We need to reassess everything we are doing in this "war on terrorism" and figure out what is worth continuing, what needs changing and what sacrifice we need to demand from every American to match our means with our ends. Yes, the Democrats could help by presenting a serious alternative. But unless the party in power for the next two and half years shakes free of its denial, we are in really, really big trouble.

Britain Debates Even Tighter Security (LAT)

By Kim Murphy

The Los Angeles Times, August 16, 2006

LONDON — Less than a week after authorities rounded up suspects in an alleged plot to blow up passenger jets over the Atlantic, calls are rising in Britain to pass tougher anti-terrorism measures that would allow suspects to be held longer without charges and introduce profiling to airport screenings.

Neither measure has been formally introduced, but several senior officials and Parliament members have floated proposals to strengthen anti-terrorism laws, which already are stiffer than many measures elsewhere in the West.

Proponents say the proposals would allow police more time to assemble evidence against terrorism suspects and end long security lines at the airports.

But opponents worry about eroding civil liberties, and fear airport screening focused on those "traveling whilst Asian" will further alienate the nation's 1.5 million Muslims.

Conservative Party leader David Cameron called for a new bill of rights and measures allowing the government to use evidence gained in wiretap surveillance in court, currently inadmissible as evidence.

"I do not believe that the government is doing enough to fight Islamist extremism at home, or to protect our security," the opposition leader said.

Cameron criticized the government for limiting spending at the Home Office, which oversees law enforcement and anti-terrorism efforts, and questioned the government's failure to prosecute or deport clerics who preach hate.

"Why has so little been done to use the existing law to deal with the radicalization that is rife within our shores?" Cameron demanded.

Deputy Prime Minister John Prescott immediately lashed back, calling Cameron's accusations "almost beyond belief at a time when we should stand united in the face of alleged terrorist threats."

"His claim that we haven't done enough has to be judged against the Tories' failure to support many of the measures that we have introduced to fight terrorism," Prescott said.

The Conservative Party successfully resisted Prime Minister Tony Blair's original proposal to allow terrorism suspects to be held for 90 days without charge. The current legislation, which took effect only last month, gives police up to 28 days to build a case — a window which U.S. anti-terrorism officials, in most cases limited to 48 hours, have looked at with envy.

The Blair government has not formally proposed revisiting the acrimonious debate over terrorism measures.

But Home Secretary John Reid said in light of the new alleged terrorism plot, the potential consequences of being unable to detain suspects long enough "now should be apparent to everyone."

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"When we come back to that, I hope we all remember that the police and security services say they need up to 90 days," he told the BBC.

Calls for introducing profiling techniques followed this week's chaos at the airports, where a heightened security alert created hours-long lines and resulted in extensive flight cancellations.

Immediately, one of Britain's most senior Muslim police officers, Ali Desai, chief superintendent of London's Metropolitan Police, warned that profiling on religious or ethnic lines risks creating "a new offense in this country called traveling whilst Asian."

Oklahoma City bomber Timothy J. McVeigh and many fair-haired Chechen terrorists would have walked through such profiling systems, he argued.

"Profiling has been tried in Britain, with the Catholic community in Ireland. It didn't work. It just alienated the Catholic community," Fahad Ansari of the Islamic Human Rights Commission said in an interview.

"Even the Americans, after Pearl Harbor, they interned all the Japanese, and the American president after that had to apologize. Are we entering a situation where the future prime minister of Britain is going to have to apologize to our future generations?" he said. "It legitimizes prejudices and racism inside society."

In a proposal that already has inflamed Muslims, Former Metropolitan Police Chief Lord John Stevens called for profiling at all airports, saying Islamic terrorism in the West has been "universally carried out by young Muslim men," usually traveling alone or in small groups.

In the Times of London on Tuesday, columnist Martin Samuel picked up the theme, discounting arguments that terrorists seldom fit a terrorist profile.

"In the event of racial profiling, there will be no Mid-Surrey branch of al-Qaeda forming on the hoof. As for cunning disguises, we know them. There are two looks: beard on and beard off," Samuel wrote.

Many British officials who are floating the idea of profiling, however, talk of targeting not ethnicity, but behavior.

"If you take buckets-and-spade holiday-makers who are going off on vacation, they look like a family and they act like a family; you would exercise basic technology and you would not ask them to start removing their shoes," said Philip Baum, a former security consultant for TWA and editor of the journal Aviation Security International.

"But there are those people who are suspicious because of their behavior," he said. "Those who are looking particularly nervous or anxious, or give you some cause for concern. There, you possibly do a full physical search of body and baggage. But that would be a very small percentage of fliers."

Muslim And Police Groups Reject Profiling Plans (FT)

By Christopher Adams, Bob Sherwood, Demetri Sevastopulo

Financial Times, August 16, 2006

The prospect of extra security checks for airline passengers on race and religion was being played down by UK government insiders on Tuesday for fear of alienating the Muslim community.

Passenger profiling is believed to be among a number of options being considered by ministers who are reviewing security at UK airports following the disruption resulting from last week's alleged plot to blow up transatlantic airliners. But the proposal has sparked criticism from Muslim groups, and police groups have refused to back the idea.

Passenger profiling, including security screening according to religion or ethnicity, would be designed to allow security staff to focus on the most likely terrorist suspects. Those passengers would then face more stringent checks before being allowed to board flights.

Though profiling would also include factors such as behaviour and travel patterns, the government is wary of introducing security screening with an ethnic component as it could alienate the very community the security sources rely on to provide intelligence about potential terror attacks.

John Denham, chairman of the Commons home affairs select committee, said: "It seems to me that it's likely to prove problematic. The sort of people involved in terrorist activities don't tend to fit a certain pattern and include people of all races and potentially different ages.

"From a security point of view, it could prove to be quite misleading and from a political point of view, it could be a sensitive issue. The government have got to consider everything. … But it is likely to be counter- productive and cause great difficulties in applying it in practice."

The Association of Chief Police Officers also warned that "stereotyping" terror suspects could "create a gap" in policing for terrorists to exploit.

"We consider that assuming the threat of terrorism to come from a particular ethnicity, faith, gender or age range would create a gap in our policing response that could be exploited by terrorists. Therefore, we brief staff carefully around these issues to ensure that stereotyping does not happen."

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However, some security and aviation industry experts said profiling could bring significant benefits for airlines and airport operators. Ascend, an aviation consultancy, said an efficient, co-ordinated profiling system could speed check-in times and reduce costs for airlines an airports.

It said: "Passenger profiling is not about invading privacy but it is about finding procedures whereby frequent travellers at the very least can go through some form of registration process, using biometric and screening procedures to bypass extra stringent security checks."

While civil rights organisations have criticised the US government for implementing policies they say border on racial profiling, the US Transport Administration Authority says it does not use racial profiling to screen passengers at airports in the US.

David Heyman, director of the homeland security programme at the Center for Strategic & International Studies, said the US implemented new policies to screen passengers at airports in the wake of the 2001 September 11 attacks on New York and Washington. But he says the government abandoned the initial programme after it came under heavy criticism from civil liberties groups, who argued that the criteria used by the government to select high-risk passengers were likely to select a higher proportion of Muslims than other groups.

Stewart Verdery, former assistant secretary for homeland security, said the US public would "not stomach" pure racial profiling. But pointed out that the US does have a programme called National Security Entry/Exit Registration System, which imposes special requirements on citizens of certain countries, most of which have predominantly Muslim populations.

Mr Heyman adds TSA agents are increasingly being trained in using behavioural characteristics – a technique used widely in Israel – to identify potential terror suspects. But he says it is reasonable to assume that some screeners pay more attention to members of ethic and religious groups that are identified with terror attacks in the US and the UK.

Dennis Murphy, former spokesman at the department of homeland security, who agrees that racial profiling is ineffective, says monitoring behavioural patterns of passengers would be a much more effective way of identifying potential terror suspects.

British May Keep Restrictions On Carry-on Luggage (USAT)

By Jeffrey Stinson

USA Today, August 16, 2006

LONDON — The British government is considering making permanent new restrictions on what passengers may carry aboard aircraft after the discovery of an alleged terrorist plot to blow up passenger jets headed for the USA.

The Department for Transport was assessing whether to continue the carry-on restrictions beyond the current concern and was reviewing other air security measures, including tighter screening to spot potential terrorists and adding airport security staff.

President Bush said Tuesday that the British case is evidence that the United States could be fighting terrorists for years to come. "America is safer than it has been, yet it is not yet safe," Bush said at the National Counterterrorism Center in McLean, Va., near Washington.

As he spoke, London's Metropolitan Police announced the arrest of another suspect in the plot, the first since a roundup last week when police said they had foiled a plan to bomb airliners. The 24th person in custody was detained in the Thames Valley west of London. Police gave no other details.

British officials refused to say what changes in security measures would be made or when they would take effect.

"Our approach to security, particularly at airports, is much more complicated than just the added complementary security measures that we have introduced recently," British Defense Secretary Des Browne told the British Broadcasting Corp. "There is a degree of intelligence involved in this. But I think it's entirely inappropriate for me to speculate on what we might do."

The new carry-on restrictions, which took effect Tuesday for all travelers flying out of Britain, limit passengers to one carry-on the size of a briefcase — half the size previously allowed. A passenger may carry a laptop, cellphone and reading material in the bag, but no liquids, cosmetics or certain foods, such as pudding and yogurt. Toiletries such as toothpaste must be in checked luggage.

According to police, the terrorist plot involved people carrying liquid explosives and other bomb components on board several trans-Atlantic flights, assembling them after takeoff and then setting off the bombs.

A representative of British airline Virgin Atlantic said permanent limits on carry-ons and a ban on liquids made sense in light of the alleged bombing plot. "You only need a few essentials for the flight," said Paul Charles, Virgin Atlantic's director of communications. "Less hand baggage helps speed up boarding."

Talk of tighter restrictions came as passengers endured a sixth day of delays and flight cancellations, primarily at London's Heathrow Airport, Europe's busiest with 1,250 flights a day.

British Airways canceled 20% of its flights from London on Tuesday, the same as Monday. The airline worked to clear a backlog of 5,000 pieces of stray luggage at Heathrow.

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The British Airports Authority, which operates Heathrow and many of Britain's other large airports, said passengers should prepare for ongoing difficulties. “Anyone traveling over the next few days is asked to allow extra time for their journey and to arrive at the airport prepared,” the BAA said in a statement.

Airlines have lost about $948 million in revenue because of canceled flights. Carriers may seek compensation from the BAA or the British government. The BAA has forced airlines to cancel some flights since Thursday because it couldn't manage the security checks.

“We've incurred considerable costs,” Virgin Atlantic's Charles said. “We're considering asking the BAA for a rebate on the fees that we pay or … the UK government for financial support.”

The BAA statement said employees had been working round-the-clock and it is unrealistic to keep screeners in reserve for extended emergencies such as this one. It said security was not the sole cause of delays. “At Heathrow today, the longest wait is through check-in, run by airlines, not security,” the statement said.

Airlines May Push For Compensation In U.K. Terror Alert (WSJ)

By Rod Stone

The Wall Street Journal, August 16, 2006

LONDON -- Airlines said they may seek compensation from British airports operator BAA PLC, as stepped-up security measures because of an elevated terror threat have forced them to cancel hundreds of flights.

A spokesman for London's Heathrow Airport said that the situation had improved, compared with the previous couple of days, when it demanded that 20% of flights be canceled to ease congestion. "We haven't asked any of the airlines to cancel flights today," he said.

Heathrow and six other airports in the United Kingdom are operated by BAA, which was recently acquired by a consortium led by Spain's Grupo Ferrovial SA.

Although BAA didn't demand it, British Airways planned to cancel 20% of its Heathrow flights yesterday, a spokeswoman said. At Gatwick Airport, the carrier planned to cancel 11 domestic flights. British Airways said it was considering seeking compensation from BAA to cover the impact of flight delays and cancellations. A Ferrovial spokeswoman declined to comment on possible demands for compensation.

British Make Arrest In Plot (WP)

By Joshua Partlow And Craig Whitlock

The Washington Post, August 16, 2006

LONDON, Aug. 15 -- British police on Tuesday arrested a new suspect in the alleged terrorist plot to explode as many as 10 transatlantic airplanes, bringing to 24 the number of detainees held without charge in British custody.

The suspect was arrested and held in the Thames Valley area west of London, near High Wycombe, the suburb where at least four of the suspects had been detained last week, according to Scotland Yard. Two dozen people -- most of them young Muslim men from the London area -- were arrested in connection with the plot; one has been released so far. Police did not provide any information about the new suspect.

Also Tuesday, police in Thames Valley said they had executed warrants last Thursday to search two Internet cafes, though no one had been arrested. A Thames Valley police spokesman said searches in the wooded areas around High Wycombe continued on Tuesday.

German officials, meanwhile, said they were investigating contacts between at least one of the suspects and the wife of an alleged member of the Hamburg cell that carried out the Sept. 11, 2001, hijackings in the United States.

German counterterrorism officials said one or more of the London suspects was in e-mail contact with Nese Bahaji, 25, the wife of Hamburg cell fugitive Said Bahaji. The officials did not give details or identify which suspect had contacted Nese Bahaji, who lives in Hamburg and has been under surveillance by German officials for several years.

Her husband was a friend and roommate of some of the lead Sept. 11 hijackers. He disappeared from Germany shortly before the 2001 terrorist attacks.

German authorities said they were pursuing the leads but don't believe the London plot was organized or received any support from people in Germany.

"There have been some contacts, but we don't know for certain how concrete they have been," Interior Minister Wolfgang Schaeuble told the German television network ZDF.

At British airports, the chaos generated by stricter security measures instituted last week, which banned carry-on luggage and required that every passenger be hand-searched, was curtailed. Less restrictive security rules went into effect by which

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selected passengers were searched and travelers were allowed to carry on one small bag. But dozens of flights were canceled at Heathrow Airport in London, passengers still were missing thousands of bags, and lengthy delays infuriated travelers.

Responding to criticism, the British Airports Authority said that Heathrow, Europe's busiest international airport, "is at the best of times significantly over-stretched because of the difficulties over many years of securing permission to grow capacity at the airport."

The statement by the authority said the airport, designed for no more than 55 million passengers a year, currently serves 68 million people a year.

"The lack of space at Heathrow makes it more difficult to accommodate congestion during a crisis," the authority said.

As a way to ease the congestion, the Transport Department reportedly discussed plans to search people based on suspicious behavior or because they belong to a certain religious or ethnic group, according to reports in the British press. The prospect of profiling passengers set off a heated debate in Britain, and some suggested such a policy would discriminate against Muslims.

"What you are suggesting is that we should have a new offense in this country called 'traveling whilst Asian,' " Chief Superintendent Ali Desai of the Metropolitan Police said in an interview on BBC television.

"There's absolutely nothing wrong with passenger profiling, as long as it's based on real intelligence -- for example, travel history and how the ticket was purchased," he said. "It becomes hugely problematic when it's based on ethnicity, religion and country of origin."

Whitlock reported from Washington.

Suspect In Alleged Airline Plot May Have Link To 9/11 Figure (LAT)

By Sebastian Rotella

The Los Angeles Times, August 16, 2006

LONDON — British and German authorities are investigating a potential link between an alleged plot to bomb U.S.-bound planes and a fugitive in the Sept. 11 attacks, officials said Tuesday.

The lead emerged as British authorities announced an inquiry into suspected diversion of charity funds to militant groups, made a new arrest and conducted 46 searches in connection with the alleged airliner plot.

Investigators are examining possible contacts between an unidentified suspect arrested in London last week and Said Bahaji, a Moroccan German who authorities said was a member of Al Qaeda's cell in Hamburg, Germany, who fled to Pakistan days before the Sept. 11 hijackers struck.

One of the 24 suspects held here, who are predominantly British citizens of Pakistani descent with alleged ties to a militant network in Pakistan, may have tried to communicate with Bahaji through e-mails to Bahaji's wife, Nese, who lives in Hamburg, authorities said. The e-mail contacts apparently took place in 2004 and 2005, they said.

"There are indications about contacts of some of the terror suspects to Germany," said Annette Ziesig, a spokeswoman for Germany's Interior Ministry. "This is being checked at the moment. We have good and very close contacts with the British authorities. We cannot give more detailed information at the moment in order not to endanger the investigations."

If there was a relationship between the British suspect and Bahaji, it could suggest that Bahaji remained active and prominent in the Al Qaeda terrorist network, which found refuge in Pakistan and might have played a role in the alleged airplane plot.

"It could be that to the extent that the big fish have fallen, you have little fish who rise," said a European counter-terrorism official. "The movement has not lost much force."

Wanted on charges of murder in connection with the Sept. 11, 2001, attacks on the World Trade Center and the Pentagon, Bahaji is one of the few surviving members of Al Qaeda's Hamburg cell who has not been imprisoned or prosecuted.

He was a roommate in Hamburg of Mohamed Atta, the lead hijacker, and Ramzi Binalshibh, an imprisoned alleged coordinator of the attacks. Authorities said Bahaji took advantage of his German citizenship to provide logistical support and cover as the conspiracy developed.

On Sept. 4, 2001, authorities said, Bahaji flew to the Pakistani port city of Karachi with three Algerian extremists, joining an exodus of operatives involved in the impending attacks. He then reportedly made his way to an Al Qaeda camp in Afghanistan. His trail ended there, but he remained in touch with his wife via e-mail, according to trial evidence presented in Germany last year.

In July, German police arrested a Moroccan extremist accused of undergoing explosives training at an Algerian camp and recruiting militants for Iraq. Police said the Moroccan had acted as a conduit for messages between Bahaji and his wife.

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An FBI official said U.S. authorities had no specific knowledge of the suspected contact between the accused British extremist and Bahaji. But the official said the FBI and the CIA were hunting for Bahaji and thought he was being sheltered in Pakistan by Al Qaeda operatives.

The FBI official said Bahaji and other Al Qaeda operatives who initially fled to Afghanistan, where U.S. military forces are active, had moved to Pakistan.

In another development involving Pakistan and Germany, British newspapers reported that two suspects being held by Pakistani police in connection with the alleged airliner plot had German contacts, and that one had traveled to Germany before.

Also Tuesday, a British watchdog agency disclosed that it had opened an inquiry into reports that funds raised by a Muslim charity, Crescent Relief, had been diverted by the alleged plotters. The Charity Commission also confirmed that Crescent Relief, based in Ilford, England, had a connection to the family of Rashid Rauf of Birmingham, who is alleged to be a key figure in the case. Pakistani authorities have said Rauf's arrest in Pakistan spurred the roundup of suspects last week in Britain. The suspects include Rauf's brother Tayib.

The charity was incorporated in 2000, and its founding directors included businessman Abdul Rauf, now 53, the father of the two suspects, according to documents provided by the Charity Commission. The founders said the goal of the charity was to help "refugees, epidemic and natural disaster victims," as well as the homeless and drug addicts, the documents said.

Recent news reports in Western and Pakistani media have said that charities collecting funds to help victims of October's earthquake in Pakistan may have been used to funnel money to militant groups in Pakistan and to the alleged plotters.

Without providing specifics, a Charity Commission spokeswoman said the agency was investigating those allegations.

"The Charity Commission takes the issue of allegations concerning charities and terrorism very seriously," spokeswoman Grace Money said. "We are aware of the speculation raised in newspapers over the weekend suggesting links between U.K. charities and the recent bomb plot. However, as the regulator for charities in England and Wales, we use our legal powers on the basis of evidence. We are looking into the suggestions that have been made to decide what regulatory action may be required by the commission."

In Washington, Treasury Department officials said they were helping British and Pakistani authorities trace money believed to have helped finance the alleged plot to see whether any of it came from charity groups or Pakistani militant organizations such as the outlawed Lashkar-e-Taiba and its successor organization, Jamaat ud-Dawa.

The two groups were "quite active" in earthquake relief efforts in Pakistan while plotting to advance their terrorist agendas, Treasury Department officials said. A recent Treasury Department report expressed concern that militants were abusing charity efforts amid "weak to nonexistent government regulation or oversight."

Teams of British anti-terrorism police took to the streets again Tuesday in a follow-up operation to last week's raids. They searched 46 locations, including businesses and residences, along with 20 cars in the Thames Valley. The area is about 20 miles from the London suburb of High Wycombe, where several suspects lived.

The targets included two Internet cafes in Slough, a town with a large Muslim population, police said. Lengthy surveillance of the suspects revealed that they tried to avoid detection by communicating from Internet cafes rather than from home computers, a British security official said. Police have identified computers that were used and are reviewing them for evidence, the official said.

The operation also involved the arrest of a suspect in the Thames Valley area, but police disclosed no details about the detainee. In recent days, officials have said the 24 men jailed here, along with as many as 17 held in Pakistan, constituted the major suspects in the case.

Another Arrest In London Plot As City's Airports Battle Chaos (NYT)

By Sarah Lyall

The New York Times, August 16, 2006

LONDON, Aug. 15 — The authorities said Tuesday that they had made another arrest in what they described last week as a major terrorist plot to blow up trans-Atlantic airplanes. The new arrest, in the Thames Valley area, the police said, brings the number of people being held to 24.

None have been formally charged. No details were disclosed about the new arrest.

At the same time, London's main airports continued their efforts to end the chaos of canceled flights, missing baggage and lost revenue brought on by Thursday's increased security restrictions. As the airlines said delays in security screening were the fault of BAA, the company that owns and operates London's largest airports, a debate broke out over whether passenger screening should focus on people whose appearance suggests they pose the greatest likelihood of being dangerous.

The government has not officially proposed a change, and a spokesman for the Transport Department said the department would have no comment on its screening plans. But after London newspapers reported that the department had discussed the

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possibility of singling out people who, for example, behave suspiciously or who have certain ethnic or religious backgrounds, a flurry of outrage erupted from South Asians and Muslims.

Such a program, they said, amounted to racial profiling.

"What you are suggesting is that we should have a new offense in this country called 'traveling whilst Asian,' " Chief Superintendent Ali Desai of the Metropolitan Police, who is Muslim, told the BBC program "Newsnight."

The furor began on Sunday when Lord Stevens, a former Metropolitan Police commissioner, endorsed the approach in a commentary in News of the World.

Criticizing the rigorous checks imposed on all passengers now — with a large percentage still being searched by hand, in addition to the usual checks — Lord Stevens said that he was a "white 62-year-old, 6-foot 4-inch suit-wearing ex-cop" who did not fit the profile of a suicide bomber.

But, he said, he and others were still subject to strict screening rules that slowed the process and wasted resources. "The truth is, Islamic terrorism in the West has universally been carried out by young Muslim men, usually of ethnic appearance, almost always traveling alone or in very small groups," he wrote.

The leader of the opposition Conservative Party, David Cameron, refused to rule out such an approach. Decisions about screening should be based on "what's right in terms of intelligence and policing," he said, and not "people making politically correct judgments in Whitehall and Westminster."

He attacked the government's antiterrorism program, saying it had not done enough to root out Muslim extremism.

"Why have so few, if any, preachers of hate been prosecuted or expelled?" he asked. "Why has so little been done to use the existing law to deal with the radicalization that is rife within our shores?"

Meanwhile, at London's airports, conditions were still bad, though not as bad as in recent days.

Starting Tuesday, passengers were allowed one carry-on bag — which could include laptop computers and cellphones but no liquids.

British Airways announced, though, that it had misplaced or not returned 10,000 checked bags since the security alert began last week, about half of which were piled up at various airports. It did not say where the other 5,000 bags were. The airline also said that it had canceled some 700 flights — of nearly 2,400 cancellations from all airlines — since Thursday.

On Monday night, the airline's chief executive, Willie Walsh, delivered a scathing attack on BAA, the airport operator.

"Since 9/11, everybody has known there might be times when extra measures would be needed," he was quoted Tuesday by The Daily Mirror as saying. "Yet when the moment struck, BAA had no plan to keep the airport functioning properly. The result has been there for all to see. The queues for security have wound all around the terminals like a bad dream at Disneyland."

For his part, Michael O'Leary, the chief executive of the budget airline Ryanair, attacked the prohibitions against many carry-on items.

"Surely common sense would suggest that if the safety and security of British citizens is under threat, why has the government not banned luggage, liquids and gels on the London Underground or on the Eurotunnel?" he asked in a television interview. He urged the government to "return air travel in Britain to normal."

Pakistani Official Says A Qaeda Leader Was Plot's Mastermind (NYT)

By Ismail Khan And Carlotta Gall

The New York Times, August 16, 2006

ISLAMABAD, Pakistan, Aug. 15 — A senior Pakistani intelligence official told reporters here Tuesday night that a leader of Al Qaeda based in Afghanistan was the mastermind of the reported plot in Britain to blow up American airliners.

But the official, speaking on condition of anonymity, did not identify the leader or provide other details. He said the supposed mastermind was comparable in importance to Abu Faraj al-Libbi, a Libyan said to have been a high-ranking Qaeda official, whom Pakistan arrested in May 2005 and turned over to the United States.

"It is not Osama bin Laden and it's not Ayman al-Zawahri but it was someone close to the rank of Abu Faraj al-Libbi," the intelligence official said, referring to the top two Qaeda leaders.

Since the plot was disclosed last week, Pakistani officials have said it was linked to Qaeda operatives based in Afghanistan.

But American officials and experts on terrorism have said they believed that many senior Qaeda members were hiding on the Pakistani side of the border with Afghanistan, an area that Pakistan has struggled to control.

Seth Jones, an analyst with the RAND Corporation who follows Afghanistan, said "most of them are on the Pakistani side of the border."

The Pakistani intelligence official also said British security officials who were monitoring the reported plot wanted to let the suspects go ahead with a dry run but were dissuaded by the United States and Pakistan.

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"We went for the disruption approach," he said. He also said that Pakistani officials had arrested six or seven people linked to the plot along with Rashid Rauf, a British citizen born in Pakistan who has been described as one of its leaders.

He said that the arrest of Mr. Rauf was the key to foiling the plot and that he was a link between Al Qaeda and the suspects arrested in Britain.

Earlier Tuesday, a spokeswoman for Pakistan's Foreign Ministry dismissed reports that investigators were looking into whether charity money raised for earthquake relief had been diverted to plotters.

"These are all absurd stories," the spokeswoman, Tasneem Aslam, said at a news briefing, referring to articles in The New York Times and The Washington Post. "The objective is to malign Pakistan and to cast a shadow on the efforts made by Pakistan to uncover and foil this terrorist plot. The invidious and ridiculous nature of these claims becomes evident from the fact that the claim is that money was transferred to Pakistan at the time of the earthquake and then transferred back to England."

She said that relief funds had been handled in a very transparent way and that there was no link between relief money and the reported plot.

Ms. Aslam also denied reports that Mr. Rauf was linked to any relief or Islamist organization in Pakistan.

"Rashid Rauf had nothing to do with any charity involved in the earthquake relief work or with any relief work as such," she said.

Earthquake Relief Funds May Have Funded Terror Plot (NSDY)

By Carol Eisenberg

Long Island Newsday, August 16, 2006

WASHINGTON -- Money-laundering experts from the FBI and Scotland Yard are tracking whether millions of dollars donated to Pakistani earthquake relief may have been siphoned to conspirators plotting to blow up American airliners.

"FBI agents have just arrived in the United Kingdom to help go through the books and try to track the money," said a source briefed on the U.S. investigation. "They're looking at several Islamic charities specifically involved with earthquake relief, but also at others."

One of those charities, Jamaat-ud-Dawa, the political wing of a banned Pakistani group fighting to oust India from Kashmir, played a critical role in relief efforts after the October 2005 earthquake. It has also been linked to al-Qaida by the U.S. government. The group denied any connection to the terror plot yesterday.

Another group, Crescent Relief, was registered in East London by Abdul Rauf, the father of two brothers arrested in the plot -- Rashid Rauf, 25, described by Pakistani authorities as "a key person" in the plot with connections to al-Qaida, and Tayib Rauf, 21, arrested in Birmingham, England.

The role that earthquake relief played as a cover for terrorist activities is also being examined more generally, since investigators say that several of the British plotters traveled to the Kashmiri region, ostensibly to answer the call for volunteers, but found their way to a terrorist training camp where they received explosives instruction, said the source.

While some members of the British Muslim community have speculated the men may have been "brainwashed" by people they met in Kashmir, U.S. investigators believe "they were not radicalized by their efforts in Pakistan, but that those who went there, went there to be trained," the source said.

Counterterrorism expert Evan Kohlmann said al-Qaida has historically used charitable groups as a cover to slip below the radar of intelligence agencies, as well as a way to tap money.

"So anytime you have a cell with multiple connections to Islamic charities, they raise immediate alarm bells because that's a historic pattern," he said.

Kohlmann said that, generally, such charities do perform charitable works.

"But then, the money is skimmed off the top, either deliberately by someone at the top of the organization or someone at a mid-level, perhaps without the knowledge of the directors of the charity."

It could not be determined how many of those arrested Thursday went to Pakistan after the earthquake, which killed more than 70,000 people and left millions homeless in the Pakistan-administered region of Kashmir. Twenty-three men and one woman were rounded up in nighttime raids last week, with one released a day later. Another unidentified man was arrested in Britain yesterday.

The charity receiving the most attention so far is Jamaat-ud-Dawa, whose possible link to the plotters was reported by The New York Times on Monday. The extremist group, whose name means Islamic Missionary Movement, moved quickly into the vacuum created by the government's slow response to the earthquake, doing extensive rescue and relief work. The group is the successor to Lashkar-e-Taiba, ("the army of the pure"), which was banned by Pakistan as a terrorist organization. It is also one of the largest and best-trained groups fighting Indian forces in the disputed Himalayan province.

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Besides money believed donated to the group by British Muslims, a subsidiary was set up to collect donations from Americans via a bank in Karachi, Pakistan, that has a relationship with the Bank of New York enabling it to accept deposits.

However, Bank of New York spokesman Kevin Heine said, "There have been no transactions in the name of that organization through our bank. And any attempt to transfer funds to this organization would automatically be blocked by our screening filters for organizations on the Treasury Department's list of terrorist groups."

In April, the subsidiary of the group was designated an alias for a terrorist group, according to a State Department Web site.

A spokesman for Jumaat-ud-Dawa in Lahore, Pakistan, denied any link to the terrorist plot in a statement on its Web site.

"Jamaa-ud-Dawa has no network in the UK and it never raised funds from Britain or any European country," he said in a statement. "... During last year's earthquake, Jama-ud-Dawa has done a great job for the victims, and individuals and organizations from across the world joined hands with JuD."

British Bomb Plot Spotlights Charities (CSM)

By David Montero

The Christian Science Monitor, August 16, 2006

ISLAMABAD, PAKISTAN

For months they dispensed earthquake aid with vigor and dedication. Locals and government officials - even Pakistan's president - praised their work. Analysts said they were more effective at earthquake relief than the state.

But now Jamat-ud-Dawa, a charity banned by the US State Department in April, is at the center of a firestorm suggesting they were doing more than lending a needed hand. The group's leader has been placed under house arrest, and investigators in England and Pakistan are probing whether the group provided financial and logistical support to the London terror suspects, raising fears that it has an appetite for militancy on the international stage.

The New York Times reported that Jamat-ud-Dawa's offices in England were said to be responsible for channeling funds for the plot, which were raised under the guise of earthquake aid. England's Sunday Mirror reported that three Britons arrested in Pakistan received substantial money transfers from several charities, totaling millions of dollars, into at least three bank accounts in Kashmir.

With news of Jamat-ud-Dawa's involvement circulating widely, analysts in Pakistan cautioned against jumping to any conclusions, saying the group's history and recent evolution suggest it has neither the political will, nor the capacity, to be involved in an international terrorist plot.

"Jamat-ud-Dawa has realized that militancy cannot be an agenda in the long run. They have to divest themselves. That is why they have created schools and health clinics. So they're working like Hamas, to spread their religio-political influence," says Ershad Mahmud, an expert on Kashmir at the Institute for Policy Studies, an Islamabad think tank. "I don't think they're so naive as to put their whole infrastructure at risk."

However, Islamic charities are typically poorly supervised, and there are numerous instances of well-known charities in countries like Pakistan, Saudi Arabia, and Indonesia doing good works while simultaneously funneling money to militants. Militant organizations have frequently used charitable activities to build sympathy and recruit new members around the world.

Intelligence officials in Pakistan say there is no direct evidence of Jamat-ud-Dawa's involvement in the plot, but that they are still probing whether the group provided logistical or financial support.

"We are trying to trace links between suspects arrested in Britain and their aides in Pakistan. We have taken several members of militant groups into custody," says one intelligence official, speaking on condition of anonymity.

Intelligence officials here also said they are investigating other quake-related money flows from charities and individuals in the US, the UK, and other parts of Europe to different welfare-based groups and individuals in Pakistan. "We are also seeing whether the money was misused by any religious group," says one intelligence official.

Meanwhile, media reports have surfaced that funding from a British charity, Crescent Relief, was behind the plot.

The organization, which has denied involvement, allegedly sent substantial sums of money to three different bank accounts in Kashmir last December, says Sajjan Gohel, a terrorism analyst at the Asia Pacific Foundation in London.

The father of two men arrested last week in connection to the plot - one in England, and another, Rashid Rauf, in Pakistan - was a founding director of Crescent Relief. His home in Birmingham, England, was searched by police last week.

"Rashid Rauf is now being seen as the linchpin between those arrested in Britain and those picked up in Pakistan," says Mr. Gohel.

While British authorities have not publicly acknowledged any ties between Crescent Relief and the terror plot, the Charity Commission office has said they are looking into the claims.

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Pursuing the finance trail in such investigations is well worth the effort, says Paul Wilkinson, chairman of the Centre for the Study of Terrorism and Political Violence at St. Andrews University in Scotland.

"We need to recognize that quite small sums [can be] a lot of money for a terrorist organization in terms of acquiring materials, buying airfares, establishing a safe house," he says. And the finance trail often leads to support individuals. For example, Hambali - a key player in the 2002 Bali bombings with ties to Al Qaeda - was traced as a result of a financial transaction in Thailand.

In Islamabad, Tasneem Aslam, spokeswoman for the Foreign Ministry, dismissed claims that Pakistan was investigating money flows from Islamic charities. She also dismissed as baseless media claims that Jamat-ud-Dawa was in any way tied to the London terror plot. "Some one has cooked up this story," she says.

Hafeez Mohammed Saeed, leader of Jamat-ud-Dawa, was placed under house arrest only days before the London terror plot was unearthed, feeding speculation that his organization was involved. Ms. Aslam, however, denied these reports. "He was detained because the government felt that he was making statements that were not in the public interest. But it has nothing to do with the terrorist plot," she says.

Khwaja Khalid Farooq, the city police chief of Lahore, where Mr. Saeed resides, confirmed this, saying that Saeed was scheduled to hold a rally that the government feared might stir unrest. "We had orders from the government to detain Hafeez Saeed at his house. The [Jamat-ud-Dawa] leader was scheduled to address a public meeting on Aug. 12 in connection with Pakistan Independence Day. His group had applied for permission, which the government had declined," Mr. Farooq says.

A spokesman for Jamat-ud-Dawa, Yahya Mujahid, also denied that his organization was involved in the London terror plot. "We are a charity organization. We have got nothing to do with any terrorist activity." Mr. Mujahid maintained that the group had not received any funds from UK-based organizations or individuals during the quake relief. "We challenge anybody having any evidence of our receiving money from the UK to come forward."

Whether Jamat-ud-Dawa is a front for a terrorist organization has long been a subject of debate. Hafeez Mohammed Saeed is the recognized former founder of Lashkar-i Tayyaba, a terrorist organization credited with several attacks against Indian interests in the disputed territory of Kashmir. Mr. Saeed left the organization when it was banned in 2002, and formed Jamat-ud-Dawa, ostensibly a welfare organization.

But many believe the two organizations are one and the same. Punjab police records say Jamat-ud-Dawa has not been involved in any terrorist activities. But the Pakistani Crimes Investigation Department says the organization is just another face of Lashkar-i Tayyaba.

Intelligence officials, speaking anonymously, claimed that Jamat-ud-Dawa is merely a change in name, and that the group is actually still Lashkar-i Tayyaba, with both groups supervised by the same command. The intelligence officials went on to say that Jamat-ud-Dawa, while never implicated directly in terrorist activity, runs seminaries that have the potential to provide militant training. They added that at least one of the bombers involved in the July attack on London's subways had stayed at the main headquarters of Jamat-ud-Dawa near Lahore during his visit to Pakistan.

Analysts warned against facile assumptions. "I have visited many Jamat-ud-Dawa schools and clinics. It doesn't mean I'm part of any network," said Mr. Mahmud.

Terrorist Profile Gains Disturbing Features (WSJ)

By Cassell Bryan-Low And David Crawford

The Wall Street Journal, August 16, 2006

As British police piece together the alleged plot to down airlines over the Atlantic, emerging details point to a troubling -- and growing -- strain in Islamic terrorism in Europe: the involvement of women and middle-class, university-educated young men.

The origins of the plot date back to before the July 2005 London bombings, according to a person familiar with the matter, and involved a wide group of alleged plotters. At least three of the detainees rounded up last week are women, according to Hanif Qadir, who runs a youth group in east London, where many of the suspects lived. Most of the men were middle-class, many with jobs. One was a student and head of an Islamic society at a large London university.

They are a marked contrast to the stereotype of a homegrown Islamic terrorist as a disaffected young man on society's fringes, such as Richard Reid, the British citizen who unsuccessfully tried to ignite a shoe bomb on a Miami-bound flight in December 2001.

British police late yesterday said they had arrested another person in the Thames Valley in connection with the plot. There are now 24 people in custody in the United Kingdom; one was released.

Pakistan believes the plot traces back to a top al Qaeda leader in Afghanistan, said a senior Pakistani intelligence official, as a team of British investigators arrived in Pakistan. Pakistan's probe has netted seven suspects, including two Britons, the official said, adding that more arrests are expected in the next few days. Since its arrest last Wednesday of a British citizen of

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Pakistani origin, Rashid Rauf, the Pakistani government has maintained that the plot had roots in neighboring Afghanistan with al Qaeda, a charge the Afghanistan government denies.

British investigators have intelligence that shows the roots of the plot predate the July 2005 bus and train attacks in London, but it isn't known how many of the suspects were part of the original planning, according to the person familiar with the matter. This person said, however, that bringing down airliners in midair likely wasn't part of the original plan. British authorities don't believe at this time that huge sums of money were needed to fund the operation. A model for funding may be the July 2005 attacks, which cost less than £8,000, or $15,000, according to a government report.

Experts say middle-class and British university-educated terrorists are particularly effective because they are difficult to spot as extremists. And the involvement of women "throws out everything we ever thought about profiling," says Farhana Ali, a policy analyst in Arlington, Va., at Rand Corp., a nonprofit think tank.

Cossar Ali, from Walthamstow in east London, one of the women detained, has an eight-month-old baby boy, according to her lawyer. The Bank of England, which identified her as 23 years old, ordered Ms. Ali's accounts frozen last week, along with those of 18 others who have been arrested. The Bank of England's list included Ahmed Abdula Ali, 25, also of Walthamstow, whom British newspapers have reported is Ms. Ali's husband. Ms. Ali's lawyer declined to comment.

Terror experts say the profile of terrorists has become increasingly diverse in recent years. Rand analyst Ms. Ali cites at least three female suicide bombers in Iraq, including an attack late last year by a Belgian woman who is believed to be the first Western woman to launch a suicide attack in the name of jihad. Muslim women are increasingly talking publicly about jihad, and al Qaeda has launched a women's magazine in Saudi Arabia, she says. Women also have served as suicide bombers in terrorist activities in Chechnya.

"Women feel just as enraged and disillusioned as men," says Rand's Ms. Ali. For terrorist groups, women present "a great tactical opportunity" because they are less likely to draw the attention of authorities.

British authorities believe that the women arrested weren't going to be a part of the airline bombings. Investigators haven't ruled out roles in a suicide mission, but for now, they believe at least some of the women were serving in support roles on tasks such as information technology, according to the person familiar with the matter. Investigators also don't believe that babies were going to be used in the suicide missions, according to this person, though as a security precaution, airline passengers are being made to taste baby formula at airport security to ensure that bottles don't conceal explosive chemicals.

Also among the suspects is Waheed Zaman, a 22-year-old biomedical student at London Metropolitan University who was interested in following his sister into the medical profession. Mr. Zaman was head of the university's Islam Society, according to student-meeting minutes posted online. A London Metropolitan University spokeswoman declined to comment. Neither Mr. Zaman nor a representative of the society could be reached.

Students also have been involved before, though terrorism experts believe their participation is growing. Ramzi Yousef, a Pakistani who studied chemistry in Britain, participated in the 1993 plot to topple the World Trade Center in New York and almost two years later in a foiled plot to blow up airliners over the Pacific Ocean. Three of the pilots in the Sept. 11, 2001, attacks in the U.S. studied in Hamburg, Germany. And Mohammad Sidique Khan, the alleged ringleader of the July 7, 2005, London suicide bombings that killed 56, including the bombers, was a university-educated teaching assistant.

At least 23 Muslim students from Britain have been killed or named as suspects in terrorist acts in the last five years, says Michael Whine of the Community Security Trust, which monitors extremist activity in the U.K. for the Jewish community.

Universities U.K., which represents the executive heads of British universities, said schools are addressing the issue of extremism on campus. Schools consult student groups and community leaders and, if necessary, work with police and other authorities, the organization said.

Journeys To Realm Of Militancy Began In Places Most Ordinary (NYT)

By Serge F. Kovaleski

The New York Times, August 16, 2006

LONDON, Aug. 15 — It was about a year ago that neighbors saw a change in Osman Khatib, a transformation far more profound than the usual whimsy that can take hold of a young man in his late teens.

For as long as anyone can remember, Mr. Khatib had dressed like most British teenagers, favoring jeans, T-shirts, sneakers and other Western-style fashion. But last year, he abruptly adopted a new look that apparently reflected a deeper sense of devotion on the part of the British-born Muslim from East London.

Mr. Khatib was now seen wearing only traditional Islamic clothing and often talking outside of his family's modest townhouse on Wellington Road with a new set of friends who dressed similarly, some of them with thick beards, Jennifer Phillips, a neighbor, recalled in an interview on Tuesday.

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Ms. Phillips said Mr. Khatib's parents, who did not wear religious apparel, refused to allow their son's new clique into the house.

"He always had to chat with them outside," she said. "And he wouldn't converse with you if he was around them. That was different."

Like Mr. Khatib, 19, a number of the two dozen individuals arrested in last week's antiterrorism raids had become much more devout in their faith or converted to Islam within the last two years or so.

The authorities allege that the suspects — most, if not all, of whom are Muslims born in the United Kingdom — were involved in an elaborate plot to blow up airliners on trans-Atlantic routes with liquid explosives.

One of the detainees, Nabeel Hussain, 22, who had been increasingly angry over the Iraq war, attended strident Islamic rallies in Manchester and Birmingham while becoming more dogmatic about his religion, according to a former classmate.

"He kept trying to convince me to go to religious rallies," said the friend, who requested anonymity because of the ongoing investigation. "He was getting pushy about religion and his views on the war."

About six months ago, another suspect, Don Stewart-Whyte, whose age has been given as 19 or 21, converted to Islam and had embraced the conventions of a pious Muslim. Mr. Stewart-Whyte, said to have lived a wild lifestyle before turning to Islam, recently married a Muslim woman believed to be from Morocco.

"He comes from an unstable background and was not very happy," said Zahid Jawed, who works with the Wycombe Islamic Society in the city of High Wycombe, where many of the suspects, including Mr. Stewart-Whyte, lived. Mr. Stewart-Whyte's late father was a local Conservative Party official.

Mr. Jawed recalled that he had a few conversations with Mr. Stewart-Whyte after his conversion. He said Mr. Stewart-Whyte, who adopted the name Abdul Waheed, had been praying about five times a day and "seemed more in control of himself."

Another suspect with a High Wycombe address is Brian Young, a recent Islamic convert and the son of West Indian parents. In giving up his Christian faith, Mr. Young, 28, had changed his name to Umar Islam.

On Tuesday, the police continued to search for clues at some of the houses that were targets of last week's sting operation. At the General Store market on the same block on Forest Road in East London where one of the suspects lived, a worker said Tuesday that officers had taken a security video in an effort to learn more about one or more of the alleged accomplices.

Ms. Phillips, whose home is several doors down from the Wellington Road house where Mr. Khatib had lived, said he had worked at one of the retail stalls at a large market nearby and that his mother had been employed at a Tesco supermarket.

On Nottingham Road in East London, another of the suspects, Tanvir Hussain, 25, one of Nabeel Hussain's brothers, was described by a neighbor as having been married four or five months ago to a Muslim woman. The neighbor, Levina Ferran, also said Tanvir Hussain had worked for a mobile phone company and had fixed her phone several times as friendly gesture.

Ms. Ferran's mother, Gretta, said the family living in the Hussain house was deeply religious.

"I have seen them walking to the mosque to pray three or four times a day," Gretta Ferran recalled.

Muslim Myopia (NYT)

By Irshad Manji

The New York Times, August 16, 2006

New Haven

LAST week, the luminaries of the British Muslim mainstream — lobbyists, lords and members of Parliament — published an open letter to Prime Minister Tony Blair, telling him that the "debacle" of both Iraq and Lebanon provides "ammunition to extremists who threaten us all." In increasingly antiwar America, a similar argument is gaining traction: The United States brutalizes Muslims, which in turn foments Islamist terror.

But violent jihadists have rarely needed foreign policy grievances to justify their hot heads. There was no equivalent to the Iraq debacle in 1993, when Islamists first tried to blow up the World Trade Center, or in 2000, when they attacked the American destroyer Cole. Indeed, that assault took place after United States-led military intervention saved thousands of Muslims in Bosnia and Kosovo.

If Islamists cared about changing Iraq policy, they would not have bothered to abduct two journalists from France — probably the most antiwar, anti-Bush nation in the West. Even overt solidarity with Iraqi suffering did not prevent Margaret Hassan, who ran a world-renowned relief agency in Baghdad, from being executed by insurgents.

Meanwhile, at least as many Muslims are dying at the hands of other Muslims as under the boots of any foreign imperial power. In Sudan, black Muslims are starved, raped, enslaved and slaughtered by Arab militias, with the consent of an Islamic government. Where is the "official" Muslim fury against that genocide? Do Muslim lives count only when snuffed out by non-Muslims? If not, then here is an idea for Muslim representatives in the West: Go ahead and lecture the politicians that their

foreign policies give succor to radicals. At the same time, however, challenge the educated and angry young Muslims to hold their own accountable, too.

This means reminding them that in Pakistan, Sunnis hunt down Shiites every day; that in northern Israel, Katuysha rockets launched by Hezbollah have ripped through the homes of Arab Muslims as well as Jews; that in Egypt, the riot police of President Hosni Mubarak routinely club, rape, torture and murder Muslim activists promoting democracy; and, above all, that civil wars have become hallmarks of the Islamic world.

Muslim figureheads will not dare be so honest. They would sooner replicate the very sins for which they castigate the Bush and Blair governments — namely, switching rationales and pretending integrity.

In the wake of the London bombings on July 7, 2005, Iqbal Sacranie, then the head of the influential Muslim Council of Britain, insisted that economic discrimination lay at the root of Islamist radicalism in his country. When it came to light that some of the suspects enjoyed middle-class upbringings, university educations, jobs and cars, Mr. Sacranie found a new culprit: foreign policy. In so doing, he boarded the groupthink express steered by Muslim elites.

The good news is that ordinary people of faith are capable of self-criticism. Two months ago, 65 percent of British Muslims polled believed that their communities should increase efforts to integrate. The same poll also produced troubling results: 13 percent lionized the July 7 terrorists, and 16 percent sympathized. Still, these figures total 29 percent — less than half the number who sought to belong more fully to British society.

Whether in Britain or America, those who claim to speak for Muslims have a responsibility to the majority, which wants to reconcile Islam with pluralism. Whatever their imperial urges, it is not for Tony Blair or George W. Bush to restore Islam's better angels. That duty — and glory — goes to Muslims.

The Economics Of Fear (WP)

By Robert J. Samuelson

The Washington Post, August 16, 2006

This is an age of glaring contradictions. It's hard to ignore the great disconnect between the rise of terrorism and the relentless advance of the world economy. After Sept. 11, 2001, the reasonable fear was that terrorism and its nasty side effects -- more anxiety, uncertainty and security checks, and higher costs for moving people and cargo -- might cripple economic growth and frustrate the spread of globalization. It hasn't happened. Not yet, anyway.

To be sure, terrorism has exacted some steep costs. Airlines and tourism suffered after Sept. 11; in the wake of last week's foiled bomb plot, that could happen again. Spending for the war in Iraq was vastly underestimated. But terrorism's damage has paled before the larger effect, which is not much. It hasn't destroyed prosperity or cross-border flows of goods, money and people.

Since 2001 the world economy has expanded more than 20 percent. For the United States, the gain is almost 15 percent; for developing countries, more than 30 percent. World trade -- exports and imports -- has risen by more than 30 percent. Outstanding international debt securities have jumped almost 90 percent, to $13.6 trillion (through the third quarter of 2005).

We ought to ask why the economic fallout has been so muted -- and whether that could change. Could the backlash so feared five years ago unfold in the future?

One obvious explanation is that in the United States, there has been no second or third Sept. 11. Beyond that, economic resilience partly reflects human nature. People and businesses try to get back to normal. It's what they know best. For sheer physical damage, acts of nature often overshadow acts of terrorism. Michael Mussa of the Institute for International Economics notes that Hurricane Katrina hurt the economy more than Sept. 11.

Even when huge, terrorism's costs can get lost in a $13 trillion economy. At last count, Congress had committed $432 billion to the wars in Iraq and Afghanistan -- a far cry from informal estimates of $50 billion to $200 billion before the Iraq war. The Congressional Budget Office now projects that those costs could easily exceed $800 billion by 2016. A study by Linda Bilmes of Harvard and Joseph Stiglitz of Columbia puts the war's ultimate budget costs even higher, at a minimum of $1.1 trillion in present value. Still, this spending is a tiny share of all federal spending, estimated at $47 trillion from 2001 to 2016.

Similarly, skillful crisis management after Sept. 11 blunted terrorism's long-term effect on economic confidence. Some big banks lost their computer and communications systems; planes carrying checks were grounded. People might not have been able to cash checks; banks might have hoarded funds because they weren't receiving payments from other banks. But the Federal Reserve lent liberally to banks needing money ($46 billion on Sept. 12) and temporarily authorized checks to be credited before being cleared. Thus was averted a wider economic breakdown and a bigger blow to consumer psychology.

The result is that -- so far -- terrorism has been an economic blank. People regard attacks around the world (in London, Madrid, Bali) as isolated tragedies and not a cause to alter their buying habits. But that is not entirely reassuring. Even if consumer confidence remains unshaken, terrorism might threaten the world economy in other ways.

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Every successful economic system requires a supporting political structure: rules, standards of behavior, ways of resolving conflicts. For years, the United States and its allies were bound together by political and economic alliances. But as Princeton historian Harold James notes, the war on terrorism -- mainly the war in Iraq -- has created divisions on political issues that make agreement on economic matters harder. Protectionism could depress economic growth if increasingly nationalistic countries retreat from global markets. The recent deadlock of the Doha round of trade talks is a suggestive example.

The larger threat involves the great disconnect: Countries are moving closer economically, depending on each other more for trade, raw materials (especially oil) and finance, but they're moving farther apart politically, disagreeing over goals, tactics and values. Historian Niall Ferguson of Harvard has pointed to a similar disconnect, before World War I, when European powers were highly integrated economically and increasingly hostile politically. But there was a chilling disregard for the contradiction. It's a grim analogy that suggests little cause for complacency.

Oh, Really? (USAT)

USA Today, August 16, 2006

As the unfortunate statements above show, President Bush and people who work for him have a disheartening habit of being astonished by the arrival of disasters they didn't see coming but others did.

For the record:

· The 9/11 Commission devoted four pages of its exhaustive report to the numerous pre-9/11 warnings that terrorists would use airplanes as weapons, including a 1995 confession by a captured terrorist that he had discussed hijacking an airliner and flying it into CIA headquarters.

· In New Orleans, The Times-Picayune ran a sobering week-long series in 2002 that ranged through hurricane disaster scenarios, including some that eerily foreshadowed exactly what happened when Hurricane Katrina hit the city three years later. In it, a Louisiana State University engineer discusses the possibility the levees would fail.

· Before the 2003 invasion of Iraq, academics and intelligence officials warned repeatedly that Iraq was an unstable stew of sectarian resentments, liable to explode in fighting among Sunnis, Shiites and Kurds. The National Intelligence Council, a CIA think tank, warned Bush two months before the invasion that the country could descend into violent internal conflict once Saddam Hussein's iron hand was removed. That was a key reason the first President Bush decided not to proceed all the way to Baghdad in the 1991 Gulf War.

It's true that the shelves of government agencies are stacked with warnings of various calamities that never panned out or weren't widely disseminated. But anticipating risks — whether from terrorists, Mother Nature or Iraqi insurgents — is basic to effective leadership.

Smart military commanders and business executives regularly conduct "red team" exercises to test their assumptions and find their own weaknesses before a real enemy does. The 9/11 Commission reported that the U.S. intelligence community failed to do this effectively before the attacks in 2001.

The price is yet to be paid for the most flagrant example of ignoring risk, but the bill will start coming due in about a decade when Social Security and Medicare face insolvency because of today's shortsighted policies. Perhaps those in power at that time will attempt to say the crisis couldn't have been anticipated. But they'll be wrong, just as those bemoaning the calamities of 9/11, New Orleans and Iraq are today.

It's time to retire the "no one could have expected it" excuse.

HOMELAND RESPONSE:

"We Must Remain Flexible" (USAT)

By Michael Chertoff

USA Today, August 16, 2006

The United States and United Kingdom have now adjusted the aviation alert level from imminent risk to high risk of terrorist attacks. We continue with all of our countermeasures against any terrorist plot targeting the aviation system. Officials on both sides of the Atlantic also continue to analyze investigative leads from the able British operation to determine whether pockets of the plot remain a threat. We dare not — and have not — let our guard down.

Our No. 1 priority is always protecting American citizens and travelers to the United States. Today, air travel remains safe, and there is no current evidence that elements of this terrorist plot are active within the United States. But we must fully maintain current security measures to thwart copycats.

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Today, enhanced security measures remain in place at all U.S. airports, including a prohibition onliquids, gels and beverages in carry-on baggage. Federal air marshals also continue to provide expanded security on flights between our two countries. In addition, we have stepped up enforcement measures at our ports of entry, including the use of advanced passenger screening, additional baggage and aircraft search teams, baggage X-ray equipment, trained canine units and explosives detection technology. Not all of these measures may be obvious, but they form a layered security net for the flying public. It is precisely because of these security measures that air travel is safe.

We appreciate that these security measures can be inconvenient to travelers. All of us know, however, that our highest priority is protecting innocent lives.

Last week's revelation of terrorist plotting is a vivid reminder that terrorists are constantly evolving and adapting their tactics to adjust to the security measures we implement. As a result, we constantly update our own defenses to stay ahead of the way the enemy adapts. You may wonder how we do that.

Last year, the Transportation Security Administration (TSA) lifted some restrictions on prohibited items such as small tools. We did that in order to implement new screening procedures to focus attention on explosives detection rather than force screeners to look for relatively harmless items such as nail scissors.

If we are to counter terrorist threats effectively, we must remain flexible in our security measures, and we must continue to build and refine the multiple layers of security already in place across our aviation system.

Two principles form the core of our strategy. First, we always review our prevention efforts in light of emerging threats, not only for past threats. Second, we do not put our reliance on one layer of defense, but we look to multiple layers that are much more difficult to penetrate.

Clearly, one layer of that approach is continued research on detecting explosive materials, including improvised explosive devices. This year alone, the department has spent approximately $800 million in development and deployment of explosives detection technology. In fact, liquid explosives detection technology has been tested in six airports. But it is not the only solution, nor is technology a silver bullet.

The difficulty is not detecting such chemicals at screening checkpoints. It's that existing detection processes either yield substantial false positives or require items to be screened one at a time. The result is a potential system that would compel travelers to face hours in line at airports. Therefore, our intent is not just to develop the detection technology, but to find a technology that fits our system without creating unreasonable delays or impeding air travelers.

Fortunately, the TSA has developed many independent layers of security, including reliance on human skills and ingenuity. One such layer is intelligence-based screening of passengers to identify potential terrorists. Well-trained TSA officers at airport checkpoints are equipped with multiple technologies to screen passengers and their carry-on baggage for weapons and detonators. In fact, in the past year we have retrained more than 30,000 such officers to identify bomb components and modern detonation equipment, including liquid explosives.

The TSA continues to use behavior observation techniques, covert surveillance in airports, document verification and other new layers of security. On the aircraft, cockpit doors have been hardened, and thousands of air marshals and authorized pilots stand ready to protect passengers. Taken alone, any one of these measures might conceivably be beaten, but together, they present a formidable challenge to terrorists.

The Department of Homeland Security, with our partners across the government and in private industry, has a critical responsibility to the American public to continue to ensure safe and secure transportation, whether it is air travel, mass transit, or rail security. We want the public to take flights, travel for business or enjoy a vacation — and to do so with confidence.

The latest terror plot highlights the ruthless nature of our enemy. While we are safer now than ever before, we are reminded of this threat to the ideals that make our nation strong. We thank travelers for their continued patience and cooperation as we adjust to these terrorist tactics. We stand firm in our resolve, and we will not yield in this fight to defend our nation and make our world safer.

Michael Chertoff is secretary of the Department of Homeland Security.

Aviation Officials Defend Security Measures (WP)

By Del Quentin Wilber

The Washington Post, August 16, 2006

Top U.S. aviation security officials yesterday defended stepped-up security measures taken in recent days, rebutting criticism from outside security experts and members of Congress who have questioned whether authorities are prepared to handle potential terrorist threats.

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Transportation Security Administration officials said they had not decided when they would end the increased screening procedures enacted after British authorities last week said they had unraveled a plot to blow up commercial jets with liquid explosives. The TSA banned all liquids and gels, including bottled water and toothpaste, from aircraft passenger cabins.

"We wanted to assure the public that air travel is, in fact, safe, and that the security measures taking place at the check point will get both the known threat and the unknown threat," said TSA Administrator Edmund S. "Kip" Hawley.

Over the weekend, TSA officials revised some security measures and began requiring passengers to remove their shoes for examination at X-ray machines.

TSA officials said the rule requiring shoe removal was not motivated by any specific intelligence about a potential attack using shoe bombs. In late 2001, Richard Reid tried to use such a device to blow up an airliner on a transatlantic flight.

Hawley's comments came at a news conference at Reagan National Airport to respond to reports about a government study questioning the effectiveness of X-ray technology in screening shoes for explosives. The existence of the 2005 study, conducted by the Department of Homeland Security, was reported by the Associated Press.

TSA officials took the unusual step of declassifying X-ray images of a shoe bomb and of unaltered sneakers. Hawley and others said the images showed how easy such bombs are to detect. They said they have improved training for their 43,000 screeners so they can more easily recognize explosives hidden in footwear.

"Screening shoes by X-ray is an effective way of identifying any anomaly, including explosives," Hawley said. "It does take the human brain to make the interpretation on X-ray, but it is, frankly, not the most difficult thing we have to do to find potential shoe bombs."

Outside experts, including members of Congress, criticized the TSA yesterday for not adequately addressing other threats, such as shoulder-fired missiles or bombs in checked bags.

Rep. John L. Mica (R-Fla.), chairman of the House subcommittee on aviation, said the agency has been too slow to adopt emerging technologies that might make it easier to identify explosives.

"The threats we face go far beyond shoes and liquids," Mica said in an interview. "Their problem is in not initiating advances in technology and replacing the cumbersome workforce with technology."

Mica and outside experts also said the TSA needs to embrace Israeli and U.S. Secret Service tactics that focus on identifying terrorist behavioral patterns. They said that because terrorists are developing weapons that might go undetected, even by the most advanced screening devices, it is essential to detect suspicious behavior.

"There are an infinite number of items that you can use to bring down an airplane," said Scott McHugh, a security consultant and a former federal security director at Dulles International Airport. "As long as they are looking for things, they will always be behind."

TSA officials say they have several teams of officers trained to identify the behavior patterns of potential terrorists. Those teams are deployed in at least 10 airports, including Dulles. Officials plan to add more such teams in coming months.

Among the threats that most concern security experts: the availability of thousands of shoulder-fired missiles on the black market. Although the threat of a terrorist using such a missile in the United States is fairly remote, flights overseas are in more jeopardy, experts said. Terrorists fired two such missiles that barely missed an Israeli jet taking off in Kenya in November 2002.

Many in the security community are pushing officials and U.S. airlines to develop high-tech countermeasures to shoulder-fired missiles . But government reports indicate that it will probably take decades before passenger aircraft are outfitted with such systems.

"TSA always seems to be at least two steps behind every threat we face," said Rep. Steve Israel (D-N.Y.). "I have spent the last four years trying to get TSA to acknowledge the threat of shoulder-fired missiles, which are one of our biggest vulnerabilities, and they have responded with denials at first, then with begrudging acceptance, then one study after another."

Hawley and other TSA officials defended his agency's response to other threats, saying it deploys several layers of security, such as air marshals on planes, screeners and bomb-sniffing dogs.

"I call them the movie-script plots, that there are many, many, many scenarios that you can come up with and then look for individual solutions," Hawley said. "The answer is to have layered solutions that bring in intelligence, law enforcement, all the partners working together to make it impossible for someone to get off a successful attack."

TSA Plans To Test Enhanced Carry-On Scanners (WSJ)

By Laura Meckler

The Wall Street Journal, August 16, 2006

WASHINGTON -- Federal officials hope to begin airport testing of machines able to detect many types of explosives in carry-on bags in the next several months.

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The difficulty in stopping explosives at checkpoints is considered the weakest link in the nation's airport-security system. Computed-tomography technology, commonly used in medical imaging, is now used to scan checked luggage but not carry-ons. So-called CT scanners can detect many explosives, but those used for luggage are too big and heavy for checkpoints and, at about $1 million each, would be expensive to deploy widely.

The Transportation Security Administration is trying to fill the gap by developing a smaller CT scanner that can be used at a checkpoint and would cost closer to $300,000 to $350,000. It has been in lab testing for months. "We are very, very optimistic," TSA chief Kip Hawley said in an interview. "It is a very, very high priority of mine."

The new CT machines are manufactured by Analogic Corp. and closely held Reveal Imaging Technologies Inc. The machines are small enough to fit at a standard checkpoint, said Randy Null, the TSA's chief technology officer.

Testing in four or five airports should begin in three to six months, he said. If all goes well, they could be deployed widely by summer or fall of 2007.

The lack of explosives detection at checkpoints is what persuaded federal officials to ban most liquids and gels from carry-on bags after British investigators foiled a plot to blow up trans-Atlantic aircraft with liquid explosives. Mr. Hawley says he will reconsider the rules as more technology becomes available, something airlines will be pressing for as well.

Technology now at airport checkpoints can test any given bottle for explosive residue, and special detectors are available that can analyze contents of bottles one at a time. But using these machines is time-consuming and can't realistically be used routinely. "I am completely confident that when presented with a single bottle, we can determine if it is explosive or not," Mr. Hawley said. "As you [increase] the volume, that becomes an inefficient process. The question is not how you find explosives. It's how you find explosives efficiently."

CT scanners use X-ray images to create a three-dimensional picture, allowing automatic detection of various objects. The machines automatically measure the density of material inside a bag and flag those whose contents suggest explosives. The CT machines that scan checked baggage can detect some but not all liquid explosives, Mr. Null said. In addition to explosives, the new machines will be able to automatically detect weapons and suspicious containers, another improvement over traditional X-ray systems.

The project has hit a bump, though, as Analogic's funding has been put on hold. Peter W. Harris, the company's vice president for security strategy, said it was told that more money needed to be put in the appropriate account. He blamed "contract logistics." But a TSA official said the funding is on hold because Analogic overran its costs. A review is pending.

No "silver Bullet" For Improving Air Security (USAT)

By Alan Levin

USA Today, August 16, 2006

Machines that check carry-on bags for explosives and devices that look for bombs under people's clothing have already been produced, but it is likely to be years before a method of detecting liquid explosives is in widespread use at U.S. airports, according to manufacturers and government leaders.

The new devices could add security to a U.S. aviation system that is vulnerable to explosives and to bombs brought aboard planes as separate chemical components. Such weaknesses were allegedly targeted by terrorists in a plot British authorities said they stopped last week. The plot reportedly sought to blow up jets over the Atlantic Ocean.

Scientists and academics are developing ways to identify liquid explosives, including a swab that could detect hydrogen peroxide, a key ingredient in the explosive that terrorists allegedly planned to use in the planes plot. But shortfalls in research funding and bureaucratic in-fighting have slowed development of new systems, said Tony Fainberg, a retired manager of the Department of Homeland Security's explosive detection research.

Fainberg said some new devices could have been tested sooner if the department had not diverted funding for its testing lab. In 2003, $61 million out of the $110 million Congress gave Homeland Security for research was diverted to pay for things such as new airport screeners, according to the Government Accountability Office.

Homeland Security Secretary Michael Chertoff cautioned that no one technology is a “silver bullet.”

“The difficulty is not detecting such chemicals at screening checkpoints,” Chertoff wrote in a column published today on USA TODAY's Forum page. “It's that existing detection processes either yield substantial false positives or require items to be screened one at a time.”

Chertoff said that placing these devices in airports could create massive security backups.

Among the devices:

·Baggage-screening machines that use CT-scan technology may be approved soon for carry-on luggage. Large CT machines now examine all checked bags. Homeland Security is testing devices that are small enough to fit at airport screener checkpoints.

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·A technology known as quadrupole resonance could also be placed in machines that are about the size of current checkpoint X-ray machines. Quadrupole resonance uses technology similar to magnetic resonance imaging, or MRI, to identify different types of explosives.

·Technology known as backscatter X-ray is being developed for use on bags and people. Unlike traditional X-ray systems, the backscatter devices can see skin through people's clothes or hidden liquid items in luggage.

These devices have come under harsh criticism from civil liberties groups that fear they will compromise people's privacy.

The Transportation Security Administration has also tested devices that can detect liquid explosives or use radio waves to find bombs.

Bomb-sniffing dogs could also be used. Dogs can be trained to smell bomb components that screening devices might miss, said Jeff Cottle, a canine trainer with Explosive Countermeasures International.

TSA Administrator Kip Hawley said that he believes CT scan and quadrupole resonance machines are very promising, but he is hesitant to rely solely on technology.

He said he thinks it is just as important to better train TSA's airport screeners to spot explosives. Another program that he is pushing has created special teams of screeners trained to spot suspicious behavior among passengers.

"It is all about the layers (of security) and not about the sales brochure for some new technology," Hawley said.

Airline Bombing Plot Puts TSA In A Tight Squeeze (USAT)

USA Today, August 16, 2006

For frequent fliers, the hassles of air travel just got a lot worse. In the wake of the foiled airline bombing plot in London, passengers are subjected to longer delays and more likely to miss their flights. Road warriors, grandmothers and toddlers alike are ordered to shed their shoes and sacrifice their toothpaste, shampoo and other seemingly innocuous liquids and gels to the cause of combating terror.

It all seems disturbingly out of proportion. A threat posed by a relatively small number of suspected terrorists, mostly based abroad, disrupts the lives of millions who transparently pose no threat at all.

And yet it is hard to fault the Transportation Security Administration (TSA) for acting aggressively. Some suspects might still be at large, and Islamic extremists remain obsessed with trying to stage spectacular attacks involving airplanes. Further, their alleged complex plan to bring down jetliners through onboard chemistry is evidence that tight security — however inconvenient — is deterring simpler attacks.

The truth is that the TSA is in a no-win situation. Had the suspected plot involving liquid explosives succeeded, U.S. and British authorities would have been roundly criticized for failing to avert it. Absent a plan as well-advanced as the recent one was said to be, though, TSA would have found it almost impossible to convince the public of the need to restrict liquids.

That is not an excuse, however, for TSA's failure to make security more focused. Common sense says that when an elderly woman can be arbitrarily singled out for special scrutiny, something is out of whack.

Once the immediate crisis passes, the obvious first step is to trim the list of restricted carry-on items to a safe minimum. But the agency has also experimented with a number of broader ideas. None is perfect, or a replacement for intelligence and police work. They do, however, provide additional layers of security that can keep potential terrorists off-balance without causing air travel to grind to a halt. Among them:

· A Registered Traveler program Those most inconvenienced are business travelers, particularly those who fly every week. For those willing to provide fingerprints and submit to a background check, the program promises an expedited trip through security. Now being tested in Orlando, it allows TSA screeners to focus more on those travelers who have not had a background check. But it can't be launched until TSA is confident that it can't be penetrated by terrorists.

· Behavioral profiling. An experimental program called SPOT, or Screening Passengers by Observation Techniques, has screeners looking for unusual behavior, such as excessive amounts of perspiration and involuntary muscle contractions. This allows the TSA to zero in on the most suspicious people without having to engage in ethnic profiling. It is currently only used in select airports. Some simple pragmatism wouldn't hurt either. TSA picks out people for random searches and is vague about the criteria it uses. Letting screeners select those whose actions they deem most suspicious would be smarter.

·Better cargo screening. Air cargo and checked bags in the bellies of planes that aren't screened for explosives continue to be an obvious vulnerability. TSA needs to accelerate a more rigorous inspection regime and develop better scanning technology.

In addition to actions by the TSA, the airlines can help, too. Slow check-ins and delays in delivering checked bags have contributed to a surge in the number and size of carry-on bags. A reduction in carry-on luggage is welcome; a ban is not. Better baggage service would not only be a competitive advantage for an airline, it also would reduce the volume of bags TSA agents have to deal with.

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Anyone who has been in an airport in the past few days knows that these are not halcyon days for air travelers. They'll have to be patient. But they also have every reason to demand a security system more closely matched to the threat.

The Real Threat: Bombs (WSJ)

By Randall Larsen

The Wall Street Journal, August 16, 2006

Members of Congress and the commentariat have consistently complained that airline passenger screening is only 80% effective in detecting handguns, knives and box-cutters. They demand that we make a significant improvement. But they have it backwards. Instead of a system that is more effective at detecting these unauthorized items, a system that is less so will, counterintuitively, make our airlines more secure.

A majority of security experts agree that the most serious threat involving our transportation system is a 9/11 scenario, with hijackers using a passenger airliner as an instrument of destruction. Yet there is also general agreement that the multiple security layers currently in place -- passenger screening (albeit less than perfect), reinforced cockpit doors, armed sky marshals and pilots, in addition to the likelihood of passenger resistance if a plane is taken over in midair -- have all but eliminated a repeat of 9/11.

Since the costs, economic and otherwise, of bringing our 80%-effective screening system up to 100% would be enormous, we need to reduce the focus on handguns, knives and box-cutters. Why? Even suicide-bombers want better than one-in-five odds of smuggling these items on board; and they know their chances of pulling off a 9/11-style attack are even worse. Achieving a 100% effective screening system against 9/11 weaponry would require the banning of all carry-on luggage and require a strip search of all passengers, a notion as unnecessary as it is ridiculous. Indeed, even if our current system were only 50% effective, it would still be enough to avoid a 9/11 reprise. Holding airport security hostage to this scenario is a serious mistake.

While the Department of Homeland Security sometimes seems to be a step behind al Qaeda, this is not the case for liquid bombs, the kind the London plotters had in mind. The head of the Transportation Security Administration, Kip Hawley, has been trying to move TSA's focus to this new threat since he took office last year. His initial attempts to do so were met with scorn. "TSA says it is OK to take knives on airplanes." Remember the headlines and guffaws, the lambasting from many in Congress? Of course, that was not what Mr. Hawley really meant. Rather, it was a matter of priorities: Shift the focus away from nail files and grade-school scissors and toward the far greater risk -- bombs that are virtually undetectable by the technology currently in use.

He was right; we should make the best use of our limited resources to block this more likely avenue of attack. Foiling suicide passengers will require a new approach to security: psychological profiling; better identity verification systems; better technology to detect bombs in the cargo hold (not all of this cargo is checked luggage). The key is to invest in research and development, instead of rolling out systems that don't work but inspire unrealistic expectations. We've seen enough of that since 9/11. We may remain vulnerable for a good while, but this is a fact of life. Knee-jerk reactions to last week's headlines will make us no more secure. In fact, they will make us less secure by squandering valuable resources that could be put to better use.

Kip Hawley's priorities for TSA were spot on, though he was hamstrung by grandstanding congressmen and the press. Let us give him credit for being one or two steps ahead of the Islamofascist thugs, and let us support his current efforts. When defending passenger airlines, less is more -- less focus on the type of weapons people would use to hijack airplanes will mean more security against the real threat: bombs.

Col. Larsen, USAF (Ret.), is director of the Institute for Homeland Security and the author of "Our Own Worst Enemy," forthcoming from Warner Books.

Terrorism Stories May Fade, But The Threat Never Does (USAT)

USA Today, August 16, 2006

"Example is the school of mankind," noted Edmund Burke, "and they will learn at no other." Alas, Burke didn't say how many examples it would take. The recent foiled terror plot in Britain, the memory of which is already starting to evaporate in the heat of 24-hour television, is merely the latest installment in what is a very familiar story: A broad and deep coalition of Islamic extremists is determined to murder very large numbers of Americans, Westerners, Christians, Jews and — let us not forget — insufficiently committed Muslims.

Their reasons vary within a narrow gamut of fanatical mumbo jumbo and half-baked nostrums about Western imperialism, plentiful virgins and restoring the Muslim caliphate. However cracked their pots may be, it has been amply demonstrated that they are deadly serious and will not give up any time soon.

And yet, you can be sure, the example of last week will fade into the fog of barely remembered previous terrorist attacks like the road to Brigadoon. Indeed, who recalls that barely two months ago, a cell of would-be jihadists was arrested in Miami for

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plotting to translate its dream of blowing up the Sears Tower into reality? Meanwhile, the U.S. embassy bombings of the late 1990s, the Bali attacks and the London subway massacres seem like ancient history to many.

The depth of Western denial can be measured in the staleness of the "debate" over terrorism, which is dominated by those who've convinced themselves that President Bush is the central cause of the war on terror because somehow it's "his" war. This is like blaming the rooster for the sunrise. Those whom Bush now calls Islamic fascists have been killing Americans for decades. Al-Qaeda declared war on America when Bush was still in Texas. On the other side of the debate are Republicans who've taken the bait and gotten bogged down in a largely partisan argument about "supporting the president."

Whatever the merits of the charge that Iraq is a "distraction" from the war on terror, the reality is that arguments about Bush are a larger distraction from the war on terror. For much of the past five years, Democrats not in the Joe Lieberman wing of the party — which is to say the Democratic Party, minus one — have repeatedly pointed to Osama bin Laden's ability to elude capture (as opposed to, say, his inability to once again murder thousands on American soil) as proof that Bush's anti-terror efforts have been a failure. It would surely be nice to see bin Laden's head on a pike, but this is childishly partisan.

When U.S. forces killed Abu Musab al-Zarqawi, bin Laden's "prince" in Iraq, Democrats presented Zarqawi's demise as good but trivial news. Rep. Alcee Hastings, D-Fla. — who might (shudder) take over the House Intelligence Committee should the GOP lose the Congress — explained, "It won't stop the insurgency. I have found if you liken it to the drug lords, for example, as soon as you imprison one, kill one, another takes his place."

Why shouldn't this same logic apply to bin Laden and the global Islamic insurgency? Does anyone believe that this polyglot army of jihadist murderers will disband and become TV repairmen the moment bin Laden is dead? This is as naive as believing that U.S. withdrawal from Iraq wouldn't be scored as another jihadist victory. Not only have Hezbollah, Hamas and the rest of the League of Extraordinary Murderers never taken marching orders from bin Laden, but like all jihadist groups they always view such withdrawals as an invitation to even more brazen terrorism.

The terrorist threat is here to stay whether we like it or not. That means the debates over racial profiling, wiretapping and the structural deficiencies of the Middle East — no matter how wearisome compared with news about Brangelina's baby they may be — are not going away. (Britain's vindicated anti-terror laws, by the way, make the USA Patriot Act look like an ACLU directive.) We'll all learn this because, again, example is the school of mankind, and our enemy has an ambitious lesson plan.

Jonah Goldberg is editor at large of National Review Online. He is a syndicated columnist and a member of USA TODAY's board of contributors.

U.S. Issues Chip-Equipped Passports (WP)

By Christopher Lee

The Washington Post, August 16, 2006

From the Files of Lessons Learned

The digital era arrived in Foggy Bottom this week when the State Department began issuing new "electronic passports" to the public. The passport has a special chip in the rear cover bearing the same biographical information found in the front cover. Authorities will be able to access information such as the passport holder's name, date and place of birth, sex, passport number and date of expiration, as well as a digital photograph.

In issuing the new passports, the department is matching a requirement it is imposing on visitors from several other countries. Countries whose citizens do not need visas to enter the United States must begin issuing chip-equipped passports by Oct. 26, said Laura Tischler, a spokeswoman for the department's Bureau of Consular Affairs. These passports are hard to counterfeit and provide an extra layer of security, Tischler said. They include "anti-skimming" technology to prevent the personal information from being intercepted by identity thieves, according to the department.

Passport fees have not changed -- $67 for a renewal, $97 for a new passport for anyone 16 or older and $82 for a new passport for anyone under 16. Previously issued passports are still valid and can be used for travel. More information about electronic passports can be found at http://travel.state.gov/passport/eppt/eppt_2788.html .

Banking on Reid

Giving money to Sen. Harry M. Reid (D-Nev.) proved to be a good investment for lobbyist and former Texas lieutenant governor Ben Barnes (D).

In 1998, Barnes contributed $3,000 to a legal defense fund Reid had set up to pay for the costs of his 1998 Senate race recount. (Reid won, defeating Republican John Ensign.) Problem is, congressional ethics rules ban donations from lobbyists to legal defense funds.

The Reid fund shut down in 2001. No one made a fuss about Barnes's contribution until August 2005, when the Center for Public Integrity issued a report about improper donations to lawmakers' defense funds.

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Reid told the Senate ethics committee and repaid Barnes in October 2005, the Associated Press reported. The committee later told him to pay the interest as well, which Reid did May 22. It all totaled $4,611.47, including interest, about 54 percent more than Barnes's initial contribution.

The payments are reflected in new filings with the secretary of the Senate and were disclosed on Monday by PoliticalMoneyLine.

Homeowners Lose Katrina Insurance Flood Case (USAT)

By Kathy Chu

USA Today, August 16, 2006

In a decision that could set the tone for thousands of pending lawsuits, a federal judge ruled Tuesday that homeowner policies from Nationwide Mutual don't cover storm-surge damage caused by Hurricane Katrina.

The ruling, by L.T. Senter — a district court judge presiding over a raft of similar cases in Mississippi — could be appealed. Still, it's at least a temporary setback for many homeowners waiting to have their cases heard. The ruling could also complicate fledgling rebuilding efforts in the hurricane-ravaged Gulf Coast region, where home-foreclosure rates have been rising.

The decision is the first to come down in a flurry of lawsuits against insurers for Katrina-related storm damage. The continuing battle between insurers and policyholders over property-damage claims "will hurt the recovery efforts, because those that need to rebuild are not going to have the resources to do so," says Joanne Doroshow of the Center for Justice & Democracy, a consumer advocacy group.

Homeowner policies typically pay for wind and rain damage, but not for flood damage. At issue in many of these lawsuits is whether hurricane-fueled storm surges are covered by these policies.

Government-issued policies do insure against flood damage, but most homeowners don't have them. In the Katrina-hit region, only about one-third of homes and one-fourth of businesses carried this federal policy. Those homeowners can recover up to $250,000 in damage to the property and $100,000 for its contents. But that's often not enough to replace the home.

In the Nationwide case, the plaintiffs, Paul and Julie Leonard, said their insurance agent told them they didn't need flood insurance. As a result, they said, they thought storm surges and other water damage were covered if caused by a hurricane's wind.

Senter said that's not the case. He found that the homeowner policy excluded flood damage and that "almost all of the damage" to the Leonards' property was due to flooding from storm surges. The agent didn't mislead them about their coverage, the judge said, because there had been no "discussion of specific policy provisions and coverages."

But Senter did order Nationwide to pay the Leonards $1,228 for unrecovered damages the judge deemed caused by wind. In total, the couple estimates the home suffered more than $130,000 in storm damage. Nationwide, which insures 45,000 homes in Mississippi, has already paid the Leonards $1,661 for wind damage to their property.

Nationwide, in a statement, said it was "very pleased" that the court had "upheld the long-standing flood exclusion language" common in homeowner policies across the country.

Insurer Wins First Case In Slew Of Katrina Suits (WSJ)

By Ian Mcdonald

The Wall Street Journal, August 16, 2006

The first decision among hundreds of post-Hurricane Katrina insurance-claim lawsuits came down in favor of the insurer. The decision will likely cast a shadow over coming cases and cheer insurance-company attorneys, but the wide-ranging nature of the various suits could limit the precedent-setting value of the ruling.

In the decision, the first of many "wind vs. water" suits, a Mississippi federal judge found that Nationwide Mutual Insurance Co. was correct to deny the majority of a claim filed by a Gulf Coast couple.

In these disputes, homeowners allege their claims were underpaid by billions of dollars because their homes were damaged or destroyed by the storm's high winds, which are covered under their insurance policies. Insurers, however, claim the damage was the result of flooding, which isn't covered in most standard homeowner policies. More than 100,000 homes were damaged or destroyed in Hurricane Katrina, which cost insurers about $41 billion in claims.

Nationwide is one of several insurers named in similar suits, and the industry will likely see yesterday's decision as a weight off its back. "It's a very positive ruling for insurers doing business in the Gulf," said Joseph Annotti, a spokesman for the Property Casualty Insurers Association of America.

In yesterday's ruling, Judge L.T. Senter Jr. found that Nationwide owed Paul and Julie Leonard of Pascagoula, Miss., $1,228.16 for wind damage to their home. After applying a $500 deductible, Nationwide originally paid the Leonards $1,661.17.

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However, the couple were seeking more than $158,000 to cover damage to their home and its contents, plus interest, attorney's fees and expenses. The Leonards' experts estimated that the damage totaled more than $130,000, with more than $47,000 attributed to wind, but Judge Senter attributed the damages to water that rose to five feet in the first floor of their home.

"Almost all of the damage to the Leonard residence is attributable to the incursion of water," Judge Senter wrote in his opinion filed in U.S. District Court in Gulfport. As a result, Nationwide was following the "express terms" of the policy, the judge wrote.

Additionally, Judge Senter found that the Leonards' local Nationwide insurance agent didn't mislead the couple in 1999 when he said they didn't need flood insurance, because the agent didn't say the Nationwide policy would cover flood damage.

The Leonards' lawyer, Richard Scruggs, didn't return several calls to his office seeking comment.

In a statement, Nationwide said it was "very pleased" with the ruling, adding that it "underscores just how important it is for all policyholders to carefully read and understand the terms of the coverage they purchase."

The influence of yesterday's decision could be less than expected, however, because the facts of the Leonard case differ from some others. In this case, the plaintiffs' house, more than 500 feet from the water, according to the judge's decision, remained standing after the storm. As a result, there was evidence that could be examined to determine whether wind or water had caused the damage. In many other cases, homes were more or less washed away, leaving only concrete slabs that were the homes' foundations.

"It's a big win for Nationwide in this case, but it doesn't really change the rules for other cases," says Randy Maniloff, an attorney who represents insurers in policy disputes with White and Williams in Philadelphia. "Here you see a judge who recognizes that these cases are going to be decided on their individual facts."

If cases are looked at individually, outcomes will be tough to predict. In "slab" cases, for instance, Mr. Maniloff says variables like eyewitness accounts come into play. Mr. Annotti, the insurance industry spokesman, said the wind-water debate can be a tricky affair when only a slab is left. Investigators might look at the bolts that attached a destroyed house to the slab, for instance. Bent bolts can indicate the house was blown over, while straight bolts can be a sign that a house was washed away, he said.

Storm Surge Is Flood, Judge Says (WP)

By Kathleen Day

The Washington Post, August 16, 2006

A federal judge sided with the insurance industry yesterday and against water-battered victims of Hurricane Katrina by ruling that storm-induced surges are floods and therefore not covered by standard homeowner policies.

Paul and Julie Leonard of Pascagoula, Miss., in a case watched closely by Gulf Coast residents battered by Katrina a year ago, sued Nationwide Mutual Insurance Co. for more than $47,000 of the $130,253 in damage to their home they say was caused by the storm.

The ruling by U.S. District Court Judge L. T. Senter Jr. is one of the first to address thousands of similar claims that have been filed by Mississippi and Louisiana residents in Katrina's aftermath. If upheld, it could save the industry -- and cost policyholders -- tens of billions of dollars in unpaid claims.

It is the clearest ruling, lawyers on both sides agree, on the pivotal issue of whether a water surge caused by a hurricane falls under the definition of "flood." For more than 40 years the private insurance industry has specifically excluded flood damage from standard property policies. A Nationwide spokesman applauded the decision, as did the rest of industry.

"In the insurance coverage debate over wind versus water, Judge Senter's ruling has taken much of the wind, literally and figuratively out of the plaintiff attorney's argument," Ernie Csiszar, president of the Property Casualty Insurers Association of America, said in a prepared statement. "Judge Senter has made it very clear that the flood exclusion applies to storm surge."

The judge cited "similar" interpretations of law in other cases involving "damage caused by high water associated with hurricanes."

Neither the Leonards nor their lawyer, Richard F. Scruggs, could be reached for comment. But other lawyers representing policyholders, including commercial property owners, decried the judge's decision and said they expected Scruggs, a litigator known for taking on the tobacco and asbestos industries, would appeal it.

Gary Thompson, a lawyer at Reed Smith in Washington who specializes in representing policyholders, said he agrees with Scruggs's argument that a storm surge is inextricably intertwined with a hurricane and the force and damage it delivers and so should be covered under hurricane protection policies.

"This is an unfair attempt to dodge coverage obligations, and on an unprecedented scale," Thompson said.

The judge did hand the Leonards, and possibly other policyholders, one victory, ruling that Nationwide could not avoid paying wind damage just because water damage was also present.

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He ordered the company to pay the Leonards $1,228.16 of the $47,000 they sought to cover wind damage. That is in addition to the $1,661.17 Nationwide had already paid the couple on their policy but far short of the tens of thousands in estimated damage to their home.

To fill the gap in private insurance for flood damage, the federal government offers homeowner policies under the National Flood Insurance Program. The Leonards said they did not seek coverage under that program after their Nationwide agent advised them they did not need it.

In yesterday's ruling the judge also said it was not the Nationwide agent's fault that the Leonards interpreted his advice to mean their existing policy would cover any hurricane water damage. "This was an erroneous inference," the judge said.

Judge Rules For Insurers In Katrina (NYT)

By Joseph B. Treaster

The New York Times, August 16, 2006

A federal judge in Mississippi sided with home insurance companies yesterday and ruled that they did not have to pay for the flooding that destroyed tens of thousands of homes in Hurricane Katrina.

Insurers have already paid $17.6 billion for damage to homes from Katrina that was attributed to wind only. But this was a victory for the companies, because they could have been forced to pay out untold billions more if they had been required to cover damage from flooding caused by the storm. Several hundred thousand homes were damaged or destroyed by Katrina.

It was not a total victory, however. The judge rejected attempts by the insurers to cancel coverage for wind damage when it occurred in combination with the flooding.

That aspect of his decision, in the first trial over disputed claims of damage from the hurricane, favored storm victims and could cost the insurers hundreds of millions of dollars. Now homeowners whose claims have been denied may have the opportunity to present proof in court that at least some of the damage resulted from wind — which is the main protection provided by home insurance policies in hurricanes.

For the couple who brought the lawsuit, Paul and Julie Leonard of Pascagoula, Miss., the ruling means that they will receive about $3,000 to cover damage to their home, rather than the more than $130,000 they had sought. But their lawyer, Richard F. Scruggs, said the ruling was “going to open the door for recovery for thousands of Mississippi homeowners.”

Lawyers for both the insurers and the plaintiffs saw good news in the decision. “We’re gratified that the major provisions of the standard homeowners insurance policy were upheld,” said Robert P. Hartwig, the chief economist for the Insurance Information Institute, a trade group in New York. Mr. Hartwig said the issue of paying for combined wind and water damage “will probably be the subject of further judicial review.”

Mr. Scruggs said he disagreed with the decision that exempted insurers from flood coverage in general. But he said the ruling against the insurers had “so much upside for the homeowners on the Gulf” of Mexico.

Homeowners and the insurance industry had watched the case closely as the first test of whether insurers are responsible for paying for damages caused by both wind and water.

The insurers had claimed their policies ruled out coverage for flooding. Lawyers representing homeowners argued that in selling home insurance with many references to windstorms and hurricanes, the insurance companies led customers to believe that any hurricane damage — from wind or water — would be covered.

The ruling therefore upholds a longstanding practice of insurers of not covering flood damage, which is typically insured through the federal government.

The ruling, by Judge L. T. Senter Jr. of Federal District Court in Gulfport, applied directly to Nationwide Mutual Insurance, which had been sued by the Leonards.

Judge Senter presided over the trial as judge and jury. He is also presiding over nearly all of the hundreds of lawsuits that are pending in federal court in Gulfport over insurance claims from Hurricane Katrina.

His ruling in the Nationwide case is expected to guide his handling of the other disputes. Hundreds of other cases are pending in state court.

“For other judges hearing these cases, this is obviously going to be the most important decision they look to,” said Adam F. Scales, who teaches insurance law at the Washington and Lee University School of Law.

Randy J. Maniloff, a lawyer who represents insurance companies, said that while many would see the verdict as a victory for insurers, “Judge Senter has also laid the groundwork for homeowners to do very well in these cases.”

Judge Senter said Nationwide’s home insurance policy was clear in its refusal to cover flood damage. But he said the section that asserted that Nationwide had no liability for either wind or water damage when they occurred in combination or within a few hours of each other was ambiguous.

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In earlier, less definitive rulings, Judge Senter found that similar language in the policies of State Farm and Allstate, which are fighting hundreds of their own lawsuits, was also ambiguous.

"The judge rejected the most extreme position offered by both sides," Mr. Scales said. "The position that storm surge or hurricane flooding is covered was never very plausible. But it was just as implausible that if there is any water involved, the insurers don't have to pay anything."

In his ruling yesterday, Judge Senter said that the wind damage was covered "even if the wind damage occurred concurrently or in sequence with the excluded water damage." Judge Senter said most of the damage to the Leonards' home in Pascagoula was the result of flooding, and thus Nationwide was not required to pay the full amount the Leonards were demanding.

Nationwide had paid the Leonards $1,661.17 for wind damage. Judge Senter said that, because of what he determined to be additional wind damage, they were entitled to another $1,228.16.

"We didn't bring home the full measure of damages for the Leonard family," Mr. Scruggs said. "But they cleared a big path for all the other homeowners on the Gulf Coast."

In the Nationwide lawsuit, Mr. Scruggs, representing the Leonards, asserted that his clients had been misled by their insurance agent. Mr. Leonard testified that the agent had told him that he did not need to buy flood insurance from the federal government.

Mr. Scruggs argued that Mr. Leonard, a police lieutenant, had reasonably concluded that his home insurance policy provided everything he needed to protect him in a hurricane. But Judge Senter said that while he believed that the agent had advised against buying flood insurance, he did not agree that the agent had, in effect, verbally expanded the coverage of the home insurance policy to include flood damage.

Nationwide said that it was "very pleased" by the decision. It did not comment on Judge's Senter's ruling that some of the language in its policies was ambiguous and that claims for wind damage could not be rejected merely because the damage had occurred in combination with flooding.

The company said it would "continue to adjust claims on a case-by-case basis." The ruling, it added, "underscores just how important it is for all policyholders to carefully read and understand the terms of the coverage they purchase."

The insurance industry had argued that a ruling requiring insurers to pay all flood damage would have meant that their policies or contracts could be rewritten by the courts, and might have led some of them to withdraw from the home insurance business.

Federal Judge Rules Policy Excluded Katrina Flood Damage (LAW/AP)

By Michael Kunzelman, The Associated Press

AP, August 16, 2006

A federal judge ruled Tuesday that an insurance company's policies do not cover damage from flood waters or storm surge in a decision that could affect hundreds of upcoming cases related to property damage from Hurricane Katrina.

Northern District of Mississippi Judge L.T. Senter Jr. ruled that a Mississippi Gulf Coast couple cannot collect damages from storm surge caused by Katrina because Nationwide Mutual Insurance Co.'s policies do not cover wind-driven water damage.

Senter said Paul and Julie Leonard of Pascagoula, Miss., could be compensated for damage that they could prove was caused by high winds, however.

"Almost all the damage to the Leonard residence is attributable to the incursion of water," Senter wrote in the 13-page decision.

Senter's ruling could set a precedent for hundreds of other court challenges to the insurance industry for denying billions of dollars in claims after the Aug. 29 hurricane ravaged the coasts of Louisiana and Mississippi.

Although Senter ruled that Nationwide's policies do not cover damage from storm surge, the judge also concluded a key policy provision the company has used to deny coverage is ambiguous.

Nationwide and other insurers say their homeowners policies cover damage from a hurricane's wind, but not in cases where it resulted from a combination of wind and water.

"This reading of the policy would mean that an insured whose dwelling lost its roof in high winds and at the same time suffered an incursion of even an inch of water could recover nothing under his Nationwide policy," he wrote.

"From our perspective, it lifts a very large cloud of uncertainty that has been hanging over the insurance market of the Gulf Coast," Joseph Annotti, spokesman for the Property Casualty Insurers Association of America, said in reaction to the ruling. "A healthy insurance market is absolutely key to a rejuvenated economy down there."

Shares of most property and casualty insurers rose following the ruling, amid a generally surging stock market.

American International Group Inc. shares added 73 cents to $62.43. Allstate Corp. shares gained 80 cents to $57.22, St. Paul Travelers Cos. shares rose 93 cents, or 2.1 percent, to $44.02, and Hartford Financial Services Group Inc. shares jumped $1.01 to $82.49, all on the New York Stock Exchange.

"It's a favorable first decision for the industry," said Fox-Pitt Kelton analyst Gary Ransom. "I never really had much doubt that this was the way it was going to work out. There's a lot of precedent for this. It's not like we're interpreting these contracts for the first time."

The Leonards had estimated the total damage to their home at $130,253. They said $47,365 in damage was caused by wind. Nationwide paid only $1,661, blaming the remainder on the storm surge.

The couple's attorneys had asked for more than $158,000 for the damage to the house and its contents, plus interest and attorney fees and expenses. Senter, however, ruled that Nationwide only owed the Leonards about $1,228 more than what the company already has paid them for wind damage.

Both sides claimed victory in the wake of Senter's ruling.

"The Leonards did not win as much money as I hoped they would have, but they won this case," said one of their attorneys, Richard "Dickie" Scruggs. "It's always great to get a win in the first game of the season, whether it's by one point or 30 points."

Paul Leonard, a police lieutenant, acknowledged that an extra $1,228 only covers a fraction of the repair costs for his home, but he also considered Senter's ruling a victory.

"I believe anybody in a civil trial asks for the moon and is able to live with what they get," he said.

Nationwide spokesman Joe Case said the company is pleased that Senter upheld the terms of the flood exclusion language in its policies.

"While it is unfortunate that the Leonards did not choose to purchase flood insurance, insurance carriers have an obligation on behalf of all policyholders to adjust claims based on factual evidence that supports coverage payments," Case said in a prepared statement.

The Leonards claimed a Nationwide agent, Jay Fletcher, told them they didn't need flood insurance.

Senter rejected the Leonards' claim that the agent's alleged assurances make Nationwide liable for damage from both wind and water. Paul Leonard mistakenly inferred that his policy covered water damage, the judge ruled.

"Fletcher did not materially misrepresent the terms of the Nationwide homeowners policy to the Leonards, and Fletcher did not make any statements which could be reasonably understood to alter the terms of the Nationwide policy," Senter wrote.

The couple's lawsuit was the first among hundreds of Katrina insurance cases to be tried since the storm slammed into the Gulf Coast nearly a year ago, demolishing tens of thousands of homes.

Senter presided over an eight-day trial without a jury last month. He is hearing virtually all the Katrina insurance cases in Mississippi, so his ruling will be scrutinized by thousands of Gulf Coast homeowners as well as the nation's top insurers.

WAR NEWS:

Bush Said To Be Frustrated By Level Of Public Support In Iraq (NYT)

By Thom Shanker And Mark Mazzetti

The New York Times, August 16, 2006

WASHINGTON, Aug. 15 — President Bush made clear in a private meeting this week that he was concerned about the lack of progress in Iraq and frustrated that the new Iraqi government — and the Iraqi people — had not shown greater public support for the American mission, participants in the meeting said Tuesday.

Those who attended a Monday lunch at the Pentagon that included the president's war cabinet and several outside experts said Mr. Bush carefully avoided expressing a clear personal view of the new prime minister of Iraq, Nuri Kamal al-Maliki.

But in what participants described as a telling line of questioning, Mr. Bush did ask each of the academic experts for their assessment of the prime minister's effectiveness.

"I sensed a frustration with the lack of progress on the bigger picture of Iraq generally — that we continue to lose a lot of lives, it continues to sap our budget," said one person who attended the meeting. "The president wants the people in Iraq to get more on board to bring success."

Another person who attended the session said he interpreted Mr. Bush's comments less as an expression of frustration than as uncertainty over the prospects of the new Iraqi government. "He said he really didn't quite have a sense yet of how effective the government was," said this person, who, like several who discussed the session, agreed to speak only anonymously because it was a private lunch.

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More generally, the participants said, the president expressed frustration that Iraqis had not come to appreciate the sacrifices the United States had made in Iraq, and was puzzled as to how a recent anti-American rally in support of Hezbollah in Baghdad could draw such a large crowd. "I do think he was frustrated about why 10,000 Shiites would go into the streets and demonstrate against the United States," said another person who attended.

The White House would not comment on the details of the discussion but a senior official warned against drawing conclusions on what the president thinks based on questions he asked in the process of drawing out the invited guests.

Participants said Mr. Bush appeared serious and engaged during the lunch, which lasted more than 90 minutes, as the experts went through a lengthy discussion of the political, ethnic, religious and security challenges in Iraq. And through it all, Mr. Bush showed no signs of veering from the administration's policies to support the new government and train Iraqi security forces to take over the fight, and only then bring American troops home.

One participant in the lunch, Carole A. O'Leary, a professor at American University who is also doing work in Iraq with a State Department grant, said Mr. Bush expressed the view that "the Shia-led government needs to clearly and publicly express the same appreciation for United States efforts and sacrifices as they do in private."

The White House began to open its doors to a wider range of views earlier this year, after acknowledging that months of complaints after Hurricane Katrina that the president and his team were isolated — "living in a bubble" was a frequent refrain — had gotten through. But that accelerated after Joshua B. Bolten became White House chief of staff in the spring.

One of the participants at the Monday lunch, Eric Davis, a Rutgers University political science professor who previously served as director of the university's Center for Middle Eastern Studies, released a text of his remarks.

Mr. Davis said he discussed the regional upheaval that could follow if Iraq descended into chaos or was allowed to divide along ethnic lines. "I believe that the American people do not fully understand the potential domino effects that the collapse of Iraq into disorder and anarchy would have on the Middle East and the global political system," he said.

Mr. Davis said he urged the creation of more jobs for younger Iraqis, and proposed a major reconstruction fund to be underwritten by Saudi Arabia and other Arab oil states seeking regional stability.

Although none of the academics openly criticized Bush administration policy, according to those in attendance, Mr. Davis did take issue with the administration's order to remove Baath Party members from public service, and he urged the hiring of more qualified Baathists in Iraq or living abroad, and inviting retired army officers back into service.

Vali R. Nasr, an expert on Shia Islam, said the Pentagon meeting appeared to be an effort to give White House, Pentagon and State Department officials better insight into Iraq's religious and ethnic mix.

"They wanted new insight, so they could better understand the arena in which they are making policy," said Mr. Nasr, author of "The Shia Revival." He said he got no sense that the Bush administration was contemplating a shift in its Iraq policy.

Some who have been brought into past meetings with President Bush, even fierce critics of the conduct of the Iraq war, give credit to the White House for beginning to listen to alternate viewpoints.

Gen. Barry R. McCaffrey, a retired Army commander who went to the White House in May, said he believed that Mr. Bolten has been largely responsible for bringing in new voices to counsel the president.

"They're listening to new ideas and they're listening to the reality," said General McCaffrey, who has criticized Defense Secretary Donald H. Rumsfeld and believes that the Iraq war could break the United States Army.

But one critic of the administration's management of the war effort said he remained unconvinced that the White House was actually listening to alternative viewpoints.

The critic, Senator Carl Levin of Michigan, the ranking Democrat on the Armed Services Committee, said in a telephone interview that "one of the hallmarks of this administration has been stubbornness to any change of approach."

Bush Dismisses The Idea Of Partitioning Iraq (LAT)

By Paul Richter And Peter Wallsten

The Los Angeles Times, August 16, 2006

WASHINGTON — President Bush told Middle East experts at a private meeting this week that a three-way division of Iraq would only worsen sectarian violence and was not an option for solving the country's problems, the analysts said Tuesday.

Rejecting a policy alternative that has been gaining support in the U.S. and abroad, Bush told the experts that dividing Iraq would be "like pouring oil on fire," said Eric M. Davis of Rutgers University, one of the experts who met with the president Monday over Texas brisket and iced tea at the Pentagon.

The experts said in interviews that Bush signaled that he intended to make no policy changes in Iraq, despite warnings from military leaders and election-year arguments from Democrats that the war is a drain on resources and a distraction from the administration's campaign against terrorism.

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Although only a minority has been in favor of dividing Iraq into Shiite, Sunni and Kurdish sections since the 2003 invasion, the unrelenting pace of sectarian killings and a stalled reconstruction effort have sparked rethinking among many U.S. officials, their allies and Iraqis.

Some Iraqi Shiite and Kurdish leaders recently expressed support for the idea. In the United States, so have Sen. Joseph R. Biden Jr. of Delaware, the senior Democrat on the Senate Foreign Relations Committee and a potential 2008 presidential candidate, and former State Department officials Peter Galbraith and Leslie H. Gelb.

Davis said that when he began enumerating the reasons it would be a mistake to divide Iraq, Bush interrupted. "He was going, 'Yes, yes,' while I was making that point," Davis said.

Reuel Marc Gerecht, a Mideast analyst at American Enterprise Institute, said Bush asserted that the partition idea was "not even a starter," and that he also made it clear that "as long as he's president, we're in Iraq."

Carole O'Leary, an American University research professor and Iraq expert, said Bush "was adamant that, despite any conspiracy theories out there in the Islamic world or anywhere else, the United States is not in there to break up the place."

White House Press Secretary Tony Snow elaborated later Tuesday.

"It may provide kind of a nice construct — break it apart, and then it won't be a problem," Snow said. "Iraqis look upon themselves … as Iraqis, as the descendants of a Mesopotamian civilization that has been around for a very long time. And they see themselves as a nationality, rather than unmeltable ethnic groups."

Bush met with the experts during two days of sessions with Cabinet officials and others focusing on Iraq, terrorism and national security issues.

The sessions were held as White House strategists are taking every opportunity to focus — for the third election cycle in a row — on national security as the winning issue.

Republicans seized on the results of the Connecticut Democratic primary last week, in which the pro-Iraq war Sen. Joe Lieberman lost to political newcomer Ned Lamont, as evidence of a "defeatist" Democratic Party. The GOP, struggling to overcome sour approval ratings on Iraq and other issues, then circled around the British investigation of an alleged plot to bomb U.S.-bound airliners as a campaign issue.

Democrats said the alleged terrorist plot showed that the U.S. was not any safer since the Sept. 11 attacks.

The political dynamic was evident throughout this week's presidential meetings. Photo opportunities depicted a president at work while he reiterated election-year themes, such as the controversial domestic spying program that the White House says is crucial for investigating terrorists.

"America is safer than it has been," Bush said Tuesday after a meeting at the National Counterterrorism Center outside Washington. "But it's not yet safe."

Vice President Dick Cheney touched on the same themes Tuesday at a fundraising event in Arizona.

"Here in the U.S., we have not had another 9/11," Cheney said. "No one can guarantee that we won't be hit again. But the relative safety of recent years was not an accident. It's because we've waged an effort on every front — diplomacy, finance, intelligence, homeland security and, when necessary, military action."

Bush has brought in experts for previous sessions apparently designed to show that, contrary to what critics say, he is open to new ideas. Snow said the idea was to avoid appearances before "amen choruses."

"These are not meetings where he comes in and gets cheerleaders," Snow said.

But the analysts who attended the Pentagon lunch, which lasted nearly two hours, said it was arranged as a fact-gathering session, rather than a policy debate. Although at least three of the four experts have criticized U.S. policy in the Middle East, none has called for U.S. withdrawal from Iraq.

The fourth analyst, Vali R. Nasr, of the Naval Postgraduate School, said Bush wasn't interested in a specific policy discussion.

"I didn't give an opinion about policy," said Nasr, who is the author of "The Shia Revival: How Conflicts Within Islam Will Shape the Future." "They didn't ask if it was a good policy or not."

Nasr added that "nothing I heard suggests an immediate policy shift."

Gerecht, of the American Enterprise Institute, said that though there was no policy debate, "I think it's fair to say that there is an awareness that there are some serious problems and they need to deal with them."

The experts each volunteered that they were impressed by Bush's knowledge of the complexities of the situation in Iraq. American University's O'Leary said she was not sure Bush or his aides learned anything new.

"I believe he was very open to what everybody said," she said. "It just happened that what we expressed, each of our sets of points, are things that they're already thinking about."

Group Says Iran Is 'Not A Crisis' (LAT)

DOJ_NMG_0049074

By Peter Spiegel

The Los Angeles Times, August 16, 2006

WASHINGTON — Seeking to counter the White House's depiction of its Middle East policies as crucial to the prevention of terrorist attacks at home, 21 former generals, diplomats and national security officials will release an open letter tomorrow arguing that the administration's "hard line" has actually undermined U.S. security.

The letter comes as President Bush has made a series of appearances and statements, including a visit Tuesday to the National Counterterrorism Center in McLean, Va., seeking to promote the administration's record on security issues in advance of November's midterm congressional elections.

The rhetoric has increased since last week's Democratic primary in Connecticut, in which antiwar political newcomer Ned Lamont defeated three-term Sen. Joe Lieberman to become the party's Senate candidate — a victory that senior administration officials are describing as a sign that Democrats are embracing their party's extreme left.

Retired Army Lt. Gen. Robert G. Gard, one of the letter's signers and a former military assistant to Defense Secretary Robert S. McNamara in the 1960s, said the group was particularly concerned about administration policies toward Iran, believing them to be a possible prelude to a military attack on suspected nuclear sites in that country.

Gard said the signatories — who included retired Marine Corps Gen. Joseph P. Hoar, head of U.S. Central Command from 1991 to 1994, and Morton H. Halperin, a senior State Department and National Security Council official during the Clinton administration — did not believe that Iran had the wherewithal to build a nuclear weapon in the immediate future and would push the administration to open negotiations with Tehran on the issue.

"It's not a crisis," Gard said in a telephone interview. "To call the Iranian situation a 'crisis' connotes you have to do something right now, like bomb them."

He noted that Iran had sought to open negotiations with the U.S. through Swiss intermediaries, efforts that the letter-signers said were worth exploring as a means of defusing tensions in the region.

But Gard said the administration appeared to be going in the opposite direction, adding that he was particularly concerned by recent warnings from former Israeli military officials that a strike against Iran may be needed to disable that country's nuclear program.

He noted that the Bush administration's unabashedly pro-Israel stance during the recent conflict with Hezbollah was an indication that the White House may accede to such assessments.

"This administration is clearly so beholden to Israel that it raises the concern we might go along" with a military strike, Gard said.

Organizers of the letter said the White House's recent efforts to belittle Democrats for seeking a timetable for withdrawing troops in Iraq may lead the signers to include criticism of the administration's Iraq policy.

The letter is expected to call for a complete overhaul of U.S. policy toward both Iran and Iraq.

Meanwhile, In Baghdad ... (NYT)

The New York Times, August 16, 2006

As everyone with a television is aware, Lebanon has just suffered through a terrible month, with more than 1,000 people killed, most of them innocent civilians. But Iraq has suffered through an even worse month. Since June, more than 3,000 Iraqis have been killed each month, and the rate continues to rise. While Lebanon is now trying to pick up the pieces, Iraq is falling apart at an accelerating pace.

As Americans debate where to go from here on Iraq, one thing should be clear. Staying the course until President Bush leaves office 29 months from now is not an option. It is no longer even clear just what course America is on. Most of what Washington now claims to be doing cannot withstand the most elementary reality test.

Just this week, Mr. Bush defined America's purpose as supporting an inclusive national unity government. Every day, it becomes increasingly clear that there is no such unity government, that there never has been and that the various branches of the Iraqi leadership are not trying to create one.

Iraq's elected government is dominated by two Iranian-backed Shiite fundamentalist parties. They are backed on the streets of Baghdad and in the Shiite south by two Hezbollah-like armed militias. In Parliament, their power is reinforced by two Kurdish separatist parties, also with their own militias, which have been allowed to run the Kurdish northeast like an independent state within a state.

Washington doesn't complain too loudly about these militias, because without them, the Iraqi government would be even weaker than it is now. But so long as they are allowed to enforce their murderous brand of vigilante justice, it is ludicrous to claim that Iraqis enjoy democracy or the rule of law.

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Some Sunni parties also participate in the government, but without any real policy-making power. This week, the Sunni speaker of Parliament considered quitting to protest his isolation.

Outside Shiite and Kurdish areas, the authority of Iraq's government is barely felt. There, Sunni insurgents fight and kill American troops. That insurgency did not die down after Saddam Hussein was captured, as Mr. Bush once hoped it would. Nor did it die down when elections were held, when the constitution was ratified, when the government was formed or when the local leader of Al Qaeda, Abu Musab al-Zarqawi, was killed. The insurgency rages on, and no one knows when, how or if it might end.

The other key element of Mr. Bush's policy is his promise that as Iraqi forces stand up, American forces will stand down. Even on the rare occasions that Iraqi forces have stood up, they have often been unreliable and ineffective. In June, Prime Minister Nuri Kamal al-Maliki announced a drive by Iraqi and American troops to secure Baghdad. Baghdad became even less secure, and more American troops had to be called in to do a job they were supposed to be phasing out of. More Iraqis were killed in July than in any other month of the war.

And the mayhem in Baghdad continues unabated. Local policing is, in fact, a job that only Iraqis can do successfully. But almost three and a half years after the toppling of Saddam Hussein, there is still no Iraqi force capable of taking this on. And it is hard to see how the present Iraqi government will ever field such a force, so long as its power depends on armed sectarian militias that fuel the Baghdad violence.

Things in Iraq are not going to get better by themselves. The answer is not blind perseverance in staying a course that has demonstrably failed.

Suicide Bombing, Street Battles Kill 16 In Iraq (USAT/AP)

By Robert H. Reid

USA Today, August 16, 2006

BAGHDAD — A suicide bombing in the north and street battles hundreds of miles away in a Shiite holy city in the south claimed 16 lives Tuesday. The incidents demonstrated the tenuous security in Iraq as the United States focuses on curbing sectarian violence in Baghdad.

Nine people died in the suicide attack outside the regional party headquarters of Iraq's president in the northern city of Mosul. Seven were killed in the fighting between Iraqi forces and followers of an anti-American cleric in Karbala.

In Baghdad, meanwhile, the U.S. military said car bombs triggered deadly explosions in a Shiite neighborhood on Sunday, backing away from assertions that the blasts were caused by a gas leak.

The suicide driver detonated his vehicle at the Mosul office of the Patriotic Union of Kurdistan, the party of President Jalal Talabani, killing five civilians and four security guards, police Col. Abdul-Kareem Ahmed al-Jibouri said.

Forty-one people were wounded in the blast, which heavily damaged the one-story building and set 17 cars on fire, he said.

In Karbala, a Shiite holy city 270 miles south of Mosul, gunbattles broke out after police raided the office of Mahmoud al-Hassani, a Shiite cleric known for anti-American and anti-Iranian views. Police said they were searching for weapons.

Al-Hassani's followers responded by attacking police stations and checkpoints in at least five areas of the city, residents and officials said. Gunmen in civilian clothing fired Kalashnikov rifles, machine guns and rocket-propelled grenades at Iraqi army patrols.

A regional health official told the Associated Press three Iraqi policemen and four gunmen were killed and 17 people were wounded. The official spoke on condition of anonymity because he is not authorized to speak to the media.

Officials ordered an indefinite curfew on the city, which contains some of the world's most sacred shrines for Shiite Muslims. But the curfew was widely ignored as gunmen roamed the streets, firing at police and soldiers.

"We have asked for extra forces from neighboring provinces to control the situation after clashes erupted between al-Hassani's supporters and the security forces," said Ghalib al-Daami, a member of Karbala's provincial council.

Al-Hassani gained prominence for his nationalistic stand, calling for an Iraq free of influence from the United States and Shiite-dominated Iran. Other key Shiite figures have sought to dampen his influence, which is mostly in Karbala and Basra.

The U.S. Command is rushing 12,000 additional U.S. and Iraqi forces to Baghdad to curb violence there, which U.S. Ambassador Zalmay Khalilzad has described as the greatest threat to Iraq's future.

So far, the security operation has not resulted in a significant reduction in violence. On Sunday, dozens of people were killed in a series of explosions in Zafraniyah, a Shiite district of southeastern Baghdad.

Iraqi officials said the blasts were caused by car bombs and a rocket barrage from Dora, a mostly Sunni area where U.S. troops operate.

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On Monday, Maj. Gen. William Caldwell, a U.S. military spokesman, had said the destruction was caused by a gas line explosion. However, a U.S. military statement said Tuesday that the blasts were triggered by two car bombs that "detonated in the vicinity of a building, causing a gas explosion."

The combination of the explosions "resulted in the collapse of a residential building," the statement said. It said two more car bombs went off in a 1-mile radius within a short time span. Four buildings were destroyed, it said.

16 Killed In Bombing, Gunbattle In Iraq (AP)

By Sameer N. Yacoub, Associated Press Writer

AP, August 16, 2006

A suicide bombing in the north and street battles hundreds of miles away in a Shiite holy city in the south claimed 16 lives Tuesday, demonstrating the tenuous security in Iraq as the U.S. focuses on curbing sectarian violence in Baghdad.

Nine people died in the suicide attack outside the regional party headquarters of Iraq's president in the northern city of Mosul; seven were killed in the fighting between Iraqi forces and followers of an anti-American cleric in Karbala.

In Baghdad, meanwhile, the U.S. military said car bombs triggered deadly explosions in a Shiite neighborhood Sunday, backing away from assertions that the blasts were caused by an accidental gas leak.

The suicide driver detonated his vehicle at the Mosul office of the Patriotic Union of Kurdistan party of President Jalal Talabani, killing five civilians and four security guards, police Col. Abdul-Kareem Ahmed al-Jibouri said. Forty-one people were wounded by the blast, which heavily damaged the one-story building and set 17 cars on fire, he said.

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"We have asked for extra forces from neighboring provinces to control the situation after clashes erupted between al-Hassani's supporters and the security forces," said Ghalib al-Daami, a member of Karbala's provincial council.

Late Tuesday, residents said tensions were rising in another Shiite city, Nasiriyah, with al-Hassani's followers brandishing weapons and blocking some streets.

Al-Hassani gained prominence for his nationalistic stand, calling for an Iraq free of influence from the Americans and Shiite-dominated Iran. Other key Shiite figures have sought to dampen his influence, which is mostly in Karbala and Basra, Iraq's second-largest city.

The U.S. command is rushing 12,000 U.S. and Iraqi reinforcements to curb unrest in the capital, which U.S. Ambassador Zalmay Khalilzad has described as the greatest threat to Iraq's future.

However, many other parts of the country remain unstable after three years of the U.S.-led international military presence, including the Sunni insurgent stronghold of Anbar and Basra, where British forces have failed to prevent Shiite militias from infiltrating the police and security services.

In Baghdad, U.S. and Iraqi forces have surrounded the Sunni neighborhoods of Amariyah and Ghazaliyah and the Shiite area of Shula, systematically searching houses and shops for weapons, residents said Tuesday.

One resident of Amariyah said the troops have allowed people to move about the streets but food and other goods were running low in the shops because the extra security had prevented merchants from restocking their shelves.

Those neighborhoods have been the scene of many killings, shootings and other violent incidents between Sunni and Shiite extremists.

Many Sunnis do not trust the Shiite-dominated police and army, and the presence of the Americans is aimed at reassuring them that the law will be enforced without regard to religious affiliation.

So far, however, the security operation has not resulted in a significant reduction in violence. On Sunday, 63 people were killed and about 140 were wounded in a series of explosions in Zafraniyah, a Shiite district of southeastern Baghdad.

Iraqi officials said the blasts were caused by car bombs and a rocket barrage from Dora, a mostly Sunni area where U.S. troops operate.

On Monday, U.S. military spokesman Maj. Gen. William B. Caldwell had said the destruction in Zafraniyah was caused by a gas line explosion and there was no evidence of car bombs or rockets.

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However, a U.S. military statement said Tuesday the blasts were triggered by two car bombs that "detonated in the vicinity of a building, causing a gas explosion." The combination of the explosions "resulted in the collapse of a residential building."

It said two more car bombs went off in a one-mile radius within a short span of time. Four buildings and 20 shops were destroyed, it said.

Associated Press correspondents Qais al-Bashir, Sameer N. Yacoub, Rawya Rageh, Vijay Joshi, Bushra Juhi and Sinan Salaheddin contributed to this report.

Strife Moving Out From Baghdad To Villages (WP)

By Ann Scott Tyson

The Washington Post, August 16, 2006

KHAN BANI SAD, Iraq -- Telba Khalif was in the vineyard when the mortar shell crashed down, sending her running terrified toward her house. Day and night, similar explosions had rocked her village -- on the road, by the canal, in the fields -- in what U.S. and Iraqi military officials call a bleeding of sectarian strife out from Baghdad.

"We can't sleep every night because this is happening," Khalif said in her stucco home, surrounded by other veiled women and girls. "We're very scared."

Mortar attacks that erupted last month between Sunni and Shiite villages around Khan Bani Sad are part of a complex power struggle in the demographically mixed province of Diyala, a contested area stretching from Baghdad to Iran. Sunni fighters are trying to push Shiite families out of the region, while Shiite militiamen from Baghdad are moving in aggressively to attack Sunnis and expand their turf, the officials say.

U.S. commanders had planned on withdrawing hundreds of American troops from this province, but instead this month they ordered an increase in troop levels to help stem the spread of sectarian violence. The Iraqi army has grown more capable in Diyala, and took over a large portion of the province last month. But the decision to add American troops underscored the limitations of their Iraqi counterparts, particularly the police, who must overcome mistrust fostered by the sectarian tensions.

"Our mission is not to let them fail catastrophically," one U.S. officer, speaking on condition of anonymity, said of the Iraqi troops.

Attacks in Diyala have more than doubled since last summer, with more than 60 percent now directed at Iraqi civilians. Thousands of Shiite and Sunni residents have fled their neighborhoods after receiving death threats, U.S. and Iraqi officials say.

The officials also noted that the province's mixed population, its long border with Iran, and its rivers and fruit production make it attractive for a land grab. In Khan Bani Sad, in particular, the Mahdi Army, the Shiite militia of cleric Moqtada al-Sadr, is intent on moving in while also pushing the Sunnis out, they said.

The situation is not unlike the one in the Iraqi capital.

"We see the challenges of Baghdad being exported," said Maj. John Digiambattista, operations officer for a U.S. Army battalion here.

The rising influence of the Mahdi Army is clearly on display in Khan Bani Sad, located about 12 miles northeast of Baghdad. The militia's black flags flutter from light poles, and the scowling visage of Sadr glares down from posters along the main road.

More than 100 militiamen operate here in cells, setting up illegal checkpoints on the highways to Baghdad, robbing trucks, kidnapping and murdering Sunnis, and staging attacks on Sunni villages, U.S. and Iraqi officials say. In May, dozens of Mahdi Army militiamen disguised in Iraqi army uniforms and driving muddied trucks traveled north to attack the nearby village of Arab Jabar, said Capt. Colin Tansey, intelligence officer for the U.S. battalion in western Diyala. About 30 militiamen were captured, he said.

Often, however, the militiamen elude capture, U.S. and Iraqi soldiers say. The Mahdi Army sets up its checkpoints every day and kidnaps Sunni residents, "but usually when we go to arrest them, they aren't there," said Capt. Salah Bakery, 24, who commands the Iraqi army company in Khan Bani Sad. The militia is "ghost-like," one U.S. officer agreed.

"It's very hard with random murdering and killing to get there" in time to stop it, said Digiambattista, who advises Iraqis to try to defend themselves until help arrives.

Complicating the problem is the widespread belief that some Iraqi forces are taking sides in the sectarian violence.

As mortar attacks pounded villages here late last month, scores of Sunni and Shiite tribal and religious leaders gathered in a dim hall in Khan Bani Sad to try to reach a peace agreement. But the meeting dissolved into rancor after the chief of police, Col. Hashim Hussein Abid, took to the podium. "Honestly, today I didn't want to come to this meeting," Abid admitted. "It's like we're going around in an empty circle" of revenge killing, he said.

A sheik in white and gold robes stood up and charged that Iraqi police and soldiers were allowing armed men to pass through checkpoints. "The Iraqi army and Iraqi police aren't good," he shouted, challenging Abid to "swear he doesn't know about

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this situation." A Sunni religious leader, Mohammed Isa Allami, decried the escalating violence and blamed the Iraqi army for "allowing militia to kill innocent people on the roads."

U.S. and Iraqi officials acknowledge that Iraqi police in Khan Bani Sad are heavily infiltrated by Mahdi Army militiamen and that some soldiers also are sympathetic to the group. "They could be doing it as a matter of survival," Tansey said. "If you're Shiite, you cooperate with them or they'll kill you in the middle of the night."

Unsure of the loyalties of Iraqi forces, U.S. officers sometimes lie to Iraqi army commanders about where they are going on joint missions and require Iraqi soldiers to give up their cellphones before leaving camp. Police are distrusted even more.

Ironically, as Iraqis increasingly fight among themselves, many look to the U.S. military to broker their conflicts. For example, Iraqi officials moved the Khan Bani Sad meeting from a mosque to a public hall to ensure that American officers could attend.

But Iraqi army leaders here are working hard to win public trust as mediators. In a blunt exchange at the meeting, Brig. Gen. Saman Talabany, 38, commander of the Iraqi army brigade overseeing the region, told the agitated room of sheiks and imams that despite criticisms, his soldiers offer them their best hope.

"We were traitors because we worked with the coalition. Now we're bastards because we are securing no one, and the Americans are the friends," he said, acknowledging the complaints. But in the end, he said, "no one will help you but the Iraqi army."

"We aren't wearing hoods. We aren't killing kids," Talabany said. " . . . We are the true mujaheddin."

Talabany, a former fighter for the Kurdish militia known as the pesh merga , was trained at the Australian Defense College and is an aggressive commander, willing to kick down doors in firefights and harass the Defense Ministry in Baghdad for pay for his men.

But Talabany's challenges are many. He is short hundreds of soldiers and crucial supplies such as water -- he recently went for days without a shower in 120-degree heat. His soldiers vary in skill from expert scouts to privates who barely know how to hold a weapon, and accidental discharges have wounded several fellow soldiers, U.S. military advisers say.

Overall, the brigade's confidence and capabilities are growing, aided by platoon-level training by a U.S. Special Forces team. Talabany's soldiers recently captured a top al-Qaeda operative on their own. To operate without U.S. help, however, the brigade will need helicopters, intelligence assets such as unmanned aerial vehicles, and artillery.

All the while, Talabany must strive to appear impartial to feuding Shiite and Sunni leaders. "General Talabany is walking a tightrope of religious, political and military influences," said Lt. Col. Frank Muggeo, head of a U.S. military team that advises Talabany's brigade. But ultimately, Muggeo said, he believes the Iraqi army has "a better chance of taking care of any sectarian violence and defusing it than anyone else."

In a major operation late last month, Talabany's forces, backed by U.S. tanks and attack helicopters, swept through villages involved in the back-and-forth mortar strikes, capturing several suspects and mortar rounds. The show of force, coupled with tighter security at checkpoints and more-frequent Iraqi army and U.S. military patrols in Khan Bani Sad, quieted the bombardments.

Searching a farm, Mohammed ali Ahmed, a 26-year-old Shiite soldier, shook his head. "In this area, all the Sunnis are killing Shiites," he said, dragging a finger across his throat. "The Sunnis are upset and want to destroy the new government. God willing, we will get control and civil war won't happen."

July Was Deadliest Month Of War For Iraqi Civilians (NYT)

By Edward Wong And Damien Cave

The New York Times, August 16, 2006

BAGHDAD, Iraq, Aug. 15 — July appears to have been the deadliest month of the war for Iraqi civilians, according to figures from the Health Ministry and the Baghdad morgue, reinforcing criticism that the Baghdad security plan started in June by the new government has failed.

An average of more than 110 Iraqis were killed each day in July, according to the figures. The total number of civilian deaths that month, 3,438, is a 9 percent increase over the tally in June and nearly double the toll in January.

The rising numbers suggested that sectarian violence is spiraling out of control, and seemed to bolster an assertion many senior Iraqi officials and American military analysts have made in recent months: that the country is already embroiled in a civil war, not just slipping toward one, and that the American-led forces are caught between Sunni Arab guerrillas and Shiite militias.

The numbers also provide the most definitive evidence yet that the Baghdad security plan started by Prime Minister Nuri Kamal al-Maliki on June 14 has not quelled the violence. The plan, promoted by top Iraqi and American officials at the time, relied on setting up more Iraqi-run checkpoints to stymie insurgents.

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The officials have since acknowledged that the plan has fallen far short of its aims, forcing the American military to add thousands of soldiers to the capital this month and to back away from proposals for a withdrawal of some troops by year's end.

The Baghdad morgue reported receiving 1,855 bodies in July, more than half of the total deaths recorded in the country. The morgue tally for July was an 18 percent increase over June.

The American ambassador said in an interview last week that Iraq's political leaders had failed to use their influence fully to rein in the soaring violence, and that people associated with the government were stoking the flames of sectarian hatred.

"I think the time has come for these leaders to take responsibility with regard to sectarian violence, to the security of Baghdad at the present time," said the ambassador, Zalmay Khalilzad

The American military in recent weeks has been especially eager to prove that Baghdad can be tamed if American troops are added to the streets and take a more active role — in effect, a repudiation of earlier efforts to turn over security more quickly to Iraqis.

The American command has added nearly 4,000 American soldiers to Baghdad by extending the tour of a combat brigade. Under a new security plan aimed at overhauling Mr. Maliki's efforts, some of the city's most violent southern and western areas are now virtually occupied block-to-block by American and Iraqi forces, with entire neighborhoods transformed into miniature police states after being sealed off by blast walls and concertina wire.

When the tally for civilian deaths in July is added to the Iraqi government numbers for earlier months obtained by the United Nations, the total indicates that at least 17,776 Iraqi civilians died violently in the first seven months of this year, or an average of 2,539 per month.

The Health Ministry did not provide figures for people wounded by attacks in Baghdad but said that at least 3,597 Iraqis were hurt outside the city in July, a 25 percent increase over June.

United Nations officials and military analysts say the morgue and ministry numbers almost certainly reflect severe undercounting, caused by the haphazard nature of information in a war zone.

Many casualties in areas outside Baghdad probably never appear in the official count, said Anthony H. Cordesman, a military analyst at the Center for Strategic and International Studies, a research group in Washington. That helps explain why fatalities in Baghdad appear to account for such a large percentage of the total number, he said in a recent report.

The United Nations has been tracking civilian casualty figures by collating numbers from the Health Ministry and Baghdad morgue. Last month, it announced that the Iraqi government's numbers indicated that 3,149 violent deaths had occurred in June, or an average of more than 100 per day.

The statistics were significantly higher than previous civilian death tolls, and indicated that the news media had drastically underreported the level of violence in Iraq. The United States government and military have declined to release overall figures on Iraqi civilian casualties, or even say whether they are keeping count.

But Iraqi and American officials agree that civilian deaths had been much lower before wide-scale sectarian violence erupted after the Feb. 22 bombing of a Shiite shrine in Samarra, and has only gotten worse.

In recent weeks, Ambassador Khalilzad and top generals have warned that the country could slide toward full-blown civil war, especially if the capital continued fragmenting into ethnic or sectarian enclaves controlled by militias, as has been happening for months.

Much of the responsibility rests on Iraqi politicians, many of whom have ties to militias, Mr. Khalilzad said. "I believe that there have been forces associated with people in the government from both the Shia and Sunni sides that have participated in this," he said of the violence.

Iraqi politicians are furiously lashing out at one another. On Monday, the speaker of Parliament, a conservative Sunni Arab, said he was considering stepping down because of animosity from the Kurdish and Shiite political blocs.

The move to oust the speaker, Mahmoud al-Mashhadani, appears to have thrown the Sunni Arab bloc he belongs to, the Iraqi Consensus Front, into disarray. On Tuesday, a senior member of the bloc, Khalaf al-Elayan, said the bloc rejected any call for Mr. Mashhadani's resignation. Another Sunni leader, Adnan al-Dulaimi, said in an interview that Mr. Mashhadani should step down. Mr. Dulaimi is considered a possible replacement.

In Karbala, Shiite gunmen and Iraqi military forces exchanged gunfire for several hours near one of Iraq's holiest Shiite shrines. Witnesses said the fighting forced the Iraqi Army to block entrances to the city and impose a curfew, prohibiting all cars and warning residents not to carry guns.

In Mosul, a suicide bomber detonated a truck packed with explosives, killing at least 5 civilians and wounding nearly 50 near the offices of the Patriotic Union of Kurdistan, the party of President Jalal Talabani.

One of the deadliest attacks in recent weeks took place in southern Baghdad on Sunday night, when bombs, mortars and rockets killed at least 57 people in a Shiite neighborhood, according to Iraqi officials. The American military said Tuesday that the death toll had grown to at least 63 and that the cause had been identified: two car bombs that ignited a gas line.

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A day earlier, the American military had said the deaths were due solely to a gas-main explosion and not to any attack. A spokesman now says that conclusion was based on “incomplete information.”

The well-organized attack came despite the fact that American and Iraqi troops have flooded areas of southern Baghdad.

Evidence Points To One Ring For Five Abductions In Iraq (CSM)

By Dan Murphy

The Christian Science Monitor, August 16, 2006

BAGHDAD

Jill Carroll's captors appear to be involved in some of the most high-profile kidnappings of Westerners in Iraq during the past two years.

A Monitor investigation - including interviews with other kidnap victims, US, Iraqi, and Italian investigators, as well as court testimony in Iraq - ties her abductors, or others close to them, to at least five kidnapping incidents, including Ms. Carroll:

· The Oct. 19, 2004 abduction and subsequent murder of Irish aid worker Margaret Hassan.

· The abduction of French journalist Florence Aubenas on Jan. 5, 2005.

· The abduction of Italian journalist Giuliana Sgrena on Feb. 4, 2005.

· The Nov. 26, 2005 abduction of four members of the Christian Peacemakers Team and the subsequent murder of American Tom Fox.

While the investigation yielded corroboration of key details, it couldn't conclusively prove that the leader of the ring that kidnapped Ms. Carroll also orchestrated the other four abductions. Iraq's insurgent groups operate in small cells. They often collaborate on the basis of overlapping interests, family and tribal ties, but don't have the direct command and control of a regular army.

Evan Kohlmann, a US terrorism consultant, also notes that Iraqi insurgents typically use misdirection in their propaganda - sometimes disavowing attacks for which they are responsible, at other times claiming attacks in which they were not involved.

Still, the strongest evidence suggests that the same group that took Carroll also abducted Ms. Sgrena, the Italian journalist. In early March, Abu Rasha, the leader of one of the three cells handling Carroll's kidnapping, went into great detail about Sgrena's captivity. Since Carroll's release, Sgrena has corroborated some of those details, although with some discrepancies.

For example, Abu Rasha told Carroll that Sgrena had shouted at them that they shouldn't be kidnapping her when their stated goal was to attack soldiers and police, not journalists. In his version of that shouting match, Sgrena ultimately obeyed orders to be quiet and gave an apology.

In a phone interview from Rome, Sgrena confirms that she did yell at them just as Abu Rasha described. But she says she never apologized to her kidnappers.

Abu Rasha described Sgrena as "like a mother" to her captors and that because of that they didn't harm her. Sgrena says she told them they shouldn't harm her because she was old enough to be their mother.

Abu Rasha said they gave her a gold necklace shortly before her release, something Sgrena confirmed. Carroll was also given a gold necklace when she was released.

There were other similarities in how the captors behaved and treated the two Western women. Each was held in Iraqi homes, in dark rooms. Their captors pretended to be Shiite, when they were devout Sunnis. They encouraged the women to convert to Islam. In the final videos of Sgrena and Carroll, made just before their release, their captors ordered them to say they were well treated, and voiced their support for journalists.

Though Carroll and Sgrena discussed the appearance and demeanor of their captors, neither could be certain if the men were the same. Nevertheless, the many similarities in their experiences convinced Carroll that the same men were involved.

Sgrena and Ms. Hassan were the only hostages Carroll's captors referred to by name, but they alluded to Ms. Aubenas and Mr. Fox.

On the third day of Carroll's captivity, for example, Abu Nour, the leader of Carroll's kidnappers, told her that he had also kidnapped a female French journalist almost exactly one year earlier. Aubenas was kidnapped Jan. 5, 2005 and held for more than five months.

Aubenas declined to give the Monitor details about her captivity, saying she had spoken enough at the time of her release and wants to put the experience behind her. The public descriptions she has given of her captivity are starkly different from the conditions under which Carroll was held. Aubenas was frequently bound and blindfolded in a basement, while Sgrena's and Carroll's environment in captivity was generally less threatening.

But there is other evidence that ties Aubenas to Sgrena's and Hassan's abductions.

Aubenas was kidnapped after interviewing refugees at a tent camp for Sunni refugees from Fallujah on the grounds of the Mustafa Mosque on the Baghdad University campus. A month later, on Feb. 4, 2005, Sgrena was taken from the same location.

Proximity alone wouldn't be enough to link the two. But US, Iraqi, and Italian investigators say that the man that ran that mosque, Sheikh Hussein al-Zubayi, is the prime suspect in the abductions of Sgrena, Aubenas, and Hassan, the deceased director of Care International in Iraq.

Sheikh Zubayi is a wealthy Baghdad cleric. Until last year, he was also a member of the Muslim Scholars Association, a hard-line Sunni group that was involved in both successful and unsuccessful ransom negotiations for foreign hostages in 2004. He's been in hiding since shortly after the Sgrena kidnapping.

Iraqi police investigators and prosecutors, as well as the Italian government, say captured insurgents have told them that Zubayi was involved in the Aubenas and Sgrena abductions, as well as with the kidnapping and murder of Hassan. Hassan was murdered by her kidnappers near Fallujah in 2004, who were apparently angry over an ongoing US offensive in Fallujah.

In early June, a minor figure in the Hassan kidnapping, Mustafa Salman al-Jibouri, was sentenced to life in prison by a Baghdad court. At his trial, Mr. Jibouri said that Zubayi gave him a bag containing Hassan's purse and ID cards for safekeeping. Jibouri said in his defense that he didn't know they were Hassan's at the time.

Jibouri's court statements, and an interview with the Iraqi prosecutor in the case, paint Zubayi's role as that of a ruthless and mercurial individual, determined to squeeze as much propaganda value as possible out of his kidnapping operations.

Jibouri also said in court that Zubayi was involved in Aubenas's and Sgrena's kidnapping.

Italian and Iraqi intelligence also tie Zubayi to Sgrena. Just before her release in a Baghdad neighborhood, Sgrena's captors' last words to her were to "be careful: the Americans don't want you to return to Italy alive," according to "Friendly Fire," Sgrena's own book about her abduction.

Her captors also gave the same warning to Nicola Calipari, the Italian intelligence officer who negotiated her release, according to a Western intelligence official and an Iraqi investigator. The Italians rushed directly to the Baghdad airport. US soldiers manning a checkpoint mistook the car for a suicide car bomb and opened fire, killing Mr. Calipari and wounding Sgrena.

Investigators say that Zubayi effectively orchestrated the shooting. He called a US tip hotline shortly after Sgrena and Calipari drove off and said a car matching the description of their sedan, carrying a bomb, would soon be on the airport road, according to Jibouri's court testimony. This was also confirmed by an Iraqi investigator contacted by the Monitor, and an Italian police report leaked to Corriere della Sera, an Italian newspaper.

The 42-page US report on the shooting incident says an intelligence warning that both a black car and a white car were likely to be carrying bombs on the airport road at the time of the incident was passed to the soldiers who opened fire. Sgrena's car, a Toyota Corolla, was white.

Carroll was also told by her captors at the time of her release that the US military would try to kill her.

Iraqi investigators, who asked not to be identified, say Zubayi kidnapped women because they made for good propaganda videos and were seen as an opportunity to raise money for Sunni Arab fighters.

European and Iraqi officials say that multimillion-dollar ransoms were paid in both the Sgrena and Aubenas cases. In Hassan's case, a $10 million ransom was sought by Abdel Salam al-Qubaisy, a senior leader of the Muslim Scholars Association, according to Italian police wiretaps, transcripts of which were leaked to Italy's La Repubblica newspaper in January. Monitor editors and the Carroll family say they paid no money to secure her release.

What role, if any, Zubayi played in Carroll's kidnapping isn't known. He has been on the run from the authorities for more than a year. Christian Peacemaker links, too

Jill Carroll is persuaded that her captors had close ties, if not direct involvement, with the kidnappers of the Christian Peacemakers Team.

"Since my captors viewed all mujahideen as part of the same worldwide movement... it is unclear how many of these kidnappings were carried out by the same individuals who took me, and how many were carried out by separate but allied groups," she says.

It seems likely that Ms. Carroll's captors and those holding the Christian Peacemakers, including American Tom Fox, were at least communicating with one another.

On or around Feb. 27, Carroll's captors made a video of her pleading for the release of a Jordanian prisoner. Later the same day, her chief captor, Abu Nour, told her: "We killed an American today." He said the hostage was killed because the US government failed to meet a 48-hour deadline to release Sheikh Omar Abdel-Rahman, the blind Egyptian cleric serving a life sentence in the US for organizing the 1993 bombing of the World Trade Center.

At the time, Carroll had no idea who the victim might be.

But about two weeks later, she saw a television news report saying that the body of Mr. Fox, the American member of the Christian Peacemakers Team, was found in Baghdad. The Iraqi police say he was killed within 24 hours of his body being recovered on March 9.

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While the discrepancy in the date of Fox's murder is odd, it may just point to the fact that Abu Nour had infrequent contact with the cell that held the Christian Peacemakers and didn't know they'd changed their plans.

In a phone interview from his home in Canada, CPT member James Loney says that he and the other CPT hostages were told on March 7 that their captors were demanding the release of a blind man in a US prison, and mentioned Omar Abdul-Rahman.

The demand for Mr. Rahman's release in exchange for Fox's life has never been made public before. Unless they were in close communication, how did Carroll's captors know what Mr. Loney's captors were demanding?

Carroll's captors often talked openly around her in Arabic. While her Arabic is not fluent, she understood much of what was said. After about a month in captivity, her guards complained to their leader about having to guard her. He replied: "She isn't the only one."

After that, she heard them mention on multiple occasions something about the Canadians and British. At the time, Carroll didn't know the nationalities (two Canadians, a Brit, and an American) of the Christian Peacemakers Team. At one point, Abu Rasha told her: "We have another Jill."

But Carroll didn't know what that meant. Another woman? Another journalist? Another American?

Later one of her guards claimed the mujahideen had released the Christian Peacemaker Team. "Three days ago they paid [a ransom] to let them go," he told Carroll, quoting his boss and countering a TV news report he was watching that said the three men had been rescued by coalition forces on March 23.

Hostage: The Jill Carroll Story - Part 3: The First Video (CSM)

By Jill Carroll And Peter Grier

The Christian Science Monitor, August 16, 2006

Monday morning - two days after the kidnapping - my captors began trying to convert me to Islam.

At first, they sat me down in front of the television and turned on a satellite channel which airs programs about Islam in English. After a while Abu Ali - the salt-and-pepper bearded man who had helped kidnap me - came into the room carrying a Koran.

He was eager to show me the similarities between Islam and Christianity, so he was telling me how many stories from the Bible are actually in the Koran. I was anxious to make him like me and feel I was sympathetic to him, so much so that I began using more of my Arabic.

He and the others marveled at how much of their language I seemed to have picked up in just one day.

I tried to listen to Abu Ali's lesson attentively as he translated complicated Koranic Arabic into more basic Arabic he thought I could understand. He was very pleased that I showed interest in learning. He kept saying there was no pressure, no pressure in Islam, that they were forbidden from forcing people to convert. True acceptance must come from a free will.

They'd kidnapped me, and they all had guns ready to kill me, but, oh no, no pressure there. I falsely assured him that I felt no pressure. I have always been interested in learning about Islam. But only so that I can understand the people I'm covering as a journalist.

Later on, this would come back to haunt me.

. . .

Meanwhile, the rest of the world was just beginning to hear about Jill Carroll's kidnapping. Journalists in Baghdad had learned of it minutes after it happened, but most held off on reporting the attack. The reason: the Monitor had asked the media to temporarily remain quiet about the crime.

As he hopped from airport to airport on his way into Baghdad, staff writer Scott Peterson had called Boston to add his voice to those of TV network executives and Baghdad reporters who were forcefully arguing for a news blackout. It was a question of Jill's safety and hostage value. If the kidnappers had made a mistake, and hadn't known they were snatching a young US female reporter, a blackout might provide them space to release her unharmed. If they had targeted her - a scenario that seemed more likely - the blackout might buy time for a quick negotiation, and make Jill seem less valuable.

More critically, a blackout might protect Jill if she was hiding her Arabic or lying to her kidnappers about her name or background.

The Western media who live in Baghdad are a tight group and consult on everything from security to parties; thus they're easy to reach en masse. On Jan. 7, managing editor Marshall Ingwerson sent them a formal request to sit on stories about Jill. From his small office off the Monitor newsroom, Mr. Ingwerson fielded a steady stream of inquiries.

"We'd prefer you not write," he told callers. "Most of your colleagues are respecting this blackout."

That was true - most did. Some helped enforce it, alerting the Monitor to isolated stories popping up on the Web.

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But Jill wasn't quickly released. And after two days had passed, editors around the world began to grumble. The executive editor of the Associated Press contacted Ingwerson to argue it was time to go public.

Finally, the Monitor agreed. It issued a statement identifying Jill as a "freelance reporter." Her work for foreign publications, rather than her US clients, was emphasized. The point, again, was to lower her perceived value.

The blackout taught editors something about the degree of cooperation they could expect from media colleagues. Some hadn't expected it to last five minutes, yet it had lasted for days. Monitor editors began to formulate a plan - something strategic - for shaping Jill's image in the Middle East.

- P.G.

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Monday afternoon the kidnappers called me into the sitting room. Sitting against a wall was a man wearing a kaffiyeh - the traditional Arab men's headdress, made of checked fabric - wrapped around his head and face. All I could see were his ink-black eyes.

Ink Eyes addressed me in English. His voice had a familiar, gravelly quality.

"Are you happy here?" he asked. "Is everything OK?"

I knew that voice - it was the interpreter, the man who'd grilled me about my background in the initial hours of my captivity. I soon learned that he was more than an interpreter; he was their leader.

He went on to say that his group had kidnapped a French journalist a year earlier, and that she'd asked why she was treated so well. "So you'll say you were treated well when you go home," he'd told her.

Another shock - these were the men who'd taken Florence Aubenas. A French foreign correspondent for the paper Liberation, she was kidnapped in Baghdad in January 2005.

Well, at least she'd been released, though at the time I didn't know it was after a five-month ordeal.

Ink Eyes kept talking. "We need to make a video of you," he said. "We want your family to see this. We want to make them see you in a bad way so that they want to move quickly."

A vision flashed through my head: I was going to be one of those hostages surrounded by men with guns in a video broadcast on Al Jazeera. I'd always worried about becoming one of them.

Seeing my alarm, they said I didn't have to make the video if I didn't want to. I assured them I did want to. They were armed, I didn't want to know the consequences if I said no.

Then the man with the black eyes said, "Jill, where is your mobile [phone]? Yesterday, the American soldiers came very close, very close to this place where you were. Why did they do that?"

Again, they were accusing me of communicating with the US military. This was bad.

"I am the leader of this little group, and I'm a little more sophisticated than my friends here," he continued. "Do you have something in your body, something to send a signal to your government?"

Then he told me a story: He'd had a friend held at the US prison at Abu Ghraib. This friend claimed that Marines had given him medicine that put him to sleep, many times. After he got out, he went to the doctor, had an X-ray, and they'd found an electronic tracking device implanted in his body.

"If you have this in your body, tell me now and we'll go and take it out," Ink Eyes said, making a plucking gesture with his hand.

"No, I don't have this! I don't have this!" I nearly shouted through tears. "Bring a woman. We'll go in the bathroom right now, and I'll take all my clothes off and she can look at me and see that I don't have anything."

He waved his hand and said that wouldn't prove I didn't have a transmitter implanted in my body. Then he changed the subject, apparently letting go of the issue. Eventually, dinner for the men arrived - fish, an expensive treat in Iraq, in honor of me.

I left the room to go eat with the women and children. But it was clear that this suspicion was not going away.

After dinner they told me to put on a track suit they'd given me two days earlier and remove my head scarf. I wanted to wear my hijab if they were going to film me; they said no, they wanted to make my hair messy, make me look bad.

They brought me back into the sitting room, and men began filing in, carrying AK-47s and RPGs. They were cavalier about their weapons; one AK was lying on the ground, pointed right at me. I thought, "If that thing goes off, it's going to blow off my leg."

They were holding up a sheet, moving it here and there, trying to find the best light. There were maybe 10 men in the room, and each had an opinion; it was "no, no, no, here," and then "no, no, no, over here."

Ink Eyes had written up a short speech, but he wasn't going to deliver it. Abu Rasha, the man who'd fought soldiers the day before in Baghdad, was going to do it instead. He kept practicing it aloud; I didn't understand most of it, except for when he said "CIA."

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Then the leader turned and coached me intently. I was to say that they were mujahideen fighting to defend their country, that they wanted women freed from Abu Ghraib prison, and the US military, particularly the Marines, were killing and arresting their women and destroying their houses.

And I must cry, on cue.

Abu Rasha donned a jumpsuit and wrapped his head in a kaffiyeh. Two others did the same. I sat down in front of them and the camera rolled.

I started to give my speech. Abu Ali standing behind the camera ran his fingers down his cheeks, to signal that I needed to cry.

It took me a while to work up to the crying part. But I had a lot of pent-up emotion and stress, and by the time we finished, I was crying for real. (Later, I learned that Al Jazeera only aired about 30 seconds - without audio - of that first four-minute tape. The tears were never broadcast.)

As the taping ended, I put my head down and I just kept crying. I heard Abu Rasha sigh behind me in a sympathetic way, like he felt bad, and some of the other men were making little noises like they felt bad that I was sitting there crying in front of them.

Ink Eye's reaction was different. He showed no sympathy. And I knew his opinion of me - my personal character - might make the difference in whether I lived or died.

He said, "We have to do this again."

He wanted me to cry more and talk longer, and say how the Marines were destroying things, destroying their homes.

They had a special enmity for the US Marines. What they didn't know - and I hoped they would never find out - was that I had been embedded with the Marines for five weeks in November and December.

Back then, the lieutenant of the platoon I was with had said that if anyone ever kidnapped me, a platoon of Marines would come to my rescue.

So, in the retake of the video I made a point of emphasizing the word "Marines." I said, "Their government isn't of the Iraqi people. It is a government brought by the American government and by the MARINES..."

I wanted them to know I was thinking of them. Come get me, guys. Please, come save me.

Next part: A mother as a suicide bomber. Cast of captors

Abu Nour - Leader of Jill Carroll's kidnappers. Aka Ink Eyes. English/Arabic interpreter during her first day of captivity. Abu Nour is a nom de guerre. Abu means father, and in the Middle East it is followed by the first name of the oldest offspring: "Father of Nour."

Abu Rasha - Nom de guerre of No. 2 kidnapper. Boss of Carroll's guards. During her first night of captivity, she was kept at his house in Baghdad.

Abu Ali - Nom de guerre of man in charge of an insurgent cell under Abu Nour. Participated in Carroll's abduction. Has a stubble beard.

Um Ali - Wife of Ali. Guarded Carroll at all times in the three weeks of captivity.

Abu Hassan - Nom de guerre of No. 1 guard of Carroll. Trim, veteran.

Abu Qarrar - Nom de guerre of No. 2 guard of Carroll. Rotund, new recruit.

For a complete list of important people involved in this story, go to www.csmonitor.com/specials/carroll/cast/index.html.

U.S. Amends Account Of Iraq Blasts (WP)

By Sudarsan Raghavan And Saad Al-izzi

The Washington Post, August 16, 2006

BAGHDAD, Aug.15 -- The U.S. military said Tuesday that a series of four vehicle bombs killed 63 Iraqis and wounded 140 Sunday night, reversing its initial claims that the deaths were the result of an accidental gas explosion in an apartment building.

The attack in Baghdad's predominantly Shiite neighborhood of Zafraniya was one of the deadliest in recent weeks, underscoring the security challenges facing U.S. forces as they attempt to quell the sectarian violence gripping the capital.

On Monday, U.S. Maj. Gen. William B. Caldwell IV told reporters that the U.S. explosive experts at the scene found "no evidence" of bombs or rockets, as police and witnesses described Sunday night. But senior Iraqi officials insisted that the blasts were related to the ongoing sectarian strife. On Tuesday, the U.S. military corrected its conclusion.

"Major General Caldwell was speaking in good faith, but had incomplete information," Lt. Col. Barry Johnson, a spokesman for the U.S. military, wrote in an e-mail message.

In a statement Tuesday, the U.S. military said two vehicle bombs exploded near the apartment building, triggering a gas explosion in the nearby Hawra market.

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Caldwell had seen the initial report that referred to the "unusually destructive nature of the blast," but the report did not identify the cause, Johnson said.

"We recognize that this has caused a good deal of confusion and reinforces why we are normally so cautious to gather all the facts before releasing parts of what we know," Johnson said. "He was simply trying to be forthright with what he knew."

In total, there were four vehicle explosions that occurred within a half-hour, all within two kilometers, or about a mile and a quarter, of one another, the U.S. military said. Four buildings and several shops were destroyed.

Police and witnesses said the attacks began with a flurry of rockets that bombarded several buildings after a nighttime curfew. Then a roadside bomb exploded, followed minutes later by another bomb strapped to a motorcycle.

In the southern Shiite holy city of Karbala, fierce clashes erupted in the pre-dawn hours Tuesday between the followers of anti-American cleric Mahmoud Sarkhi al-Hassani and Iraqi security forces who raided his office near the mausoleum of Imam Hussein, one of Iraq's holiest shrines.

The Iraqi forces had sought to take control of a garage being used by the cleric's supporters, sources said. At least four Iraqi security force members and three of the cleric's followers died in the gun battles, which injured an additional 17 people, officials said.

The fighting spread to other parts of Karbala, and officials ordered an indefinite curfew. By evening, the clashes had spread south to Basra and Nasiriyah, where more people were reported killed, according to the U.S.-backed al-Hurra television network.

In the northwest city of Mosul on Tuesday, a suicide bomber drove a Volvo truck into the headquarters of Iraqi President Jalal Talabani's Patriotic Union of Kurdistan, killing at least nine people, including four party members, and wounding 36.

Ghayath Sourchi, a party spokesman, said the attack occurred during a clash between guards at the headquarters and insurgents driving two Opel cars.

"As the firing was going on, the suicide bomber drove his truck into the central court of the headquarters," Sourchi said. "The guards opened fire on the driver, wounding him, but he was able to detonate the explosives-laden truck, inflicting large-scale devastation on the building as well as setting 18 civilian cars on fire." The cars were in line waiting to be supplied with fuel from a nearby gas station, he said.

The Mujaheddin al-Shura Council, a collection of insurgent factions led by the al-Qaeda in Iraq group, asserted responsibility for the attack in a statement posted on an insurgent Web site.

In Baghdad, Jordanian and Iraqi officials signed an agreement under which Iraq will sell oil to neighboring Jordan at steeply discounted prices.

Jordan also offered to host a conference to reconcile Iraq's warring political and religious groups.

"Jordan is Iraq's western lung, and Iraq is Jordan's eastern lung," said Jordanian Prime Minister Marouf al-Bakhit.

Special correspondents K.I. Ibrahim, Saad Sarhan and other Washington Post staff contributed to this report.

Raid By Army Sparks Clash With Iraqi Cleric's Followers; 4 Killed (LAT)

By Solomon Moore

The Los Angeles Times, August 16, 2006

BAGHDAD — Armed followers of Shiite Muslim cleric Mahmoud Hassani Sarkhi opened fire on Iraqi forces with rifles and grenade launchers in Karbala on Tuesday after the army raided his offices.

At least four men were killed during an extended gunfight and 50 of Sarkhi's followers were detained. Iraqi police closed off the city and put a three-day curfew into effect.

The fighting came on a day of violent clashes around Iraq.

Sarkhi, who claims to be a descendant of the prophet Muhammad, is a controversial figure because of his criticism of other, more influential Shiite clerics such as Grand Ayatollah Ali Sistani and Muqtada Sadr.

The clash began after the Iraqi army attempted to seize an empty building next to Sarkhi's headquarters, leading to a raid on his office.

"We had fears that we might be targeted through this building," a Sarkhi follower said.

In the northern city of Mosul, an explosives-laden cement truck blew up outside the headquarters of Iraqi President Jalal Talabani's party, killing at least eight members of the Patriotic Union of Kurdistan and injuring 37 people.

Flames engulfed at least a dozen cars.

In addition, U.S. military officials reversed their earlier denial of an Iraqi police claim that an insurgent attack caused explosions Sunday that killed 63 people.

Army Maj. Gen. William B. Caldwell IV said Monday that an internal gas explosion was the cause of the deaths, but the military said Tuesday that two car bombs ruptured a gas line and triggered other explosions.

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In the southern city of Basra, demonstrators protested for the second day over fuel shortages in the oil-rich region, burning tires and demanding that the government address the problem.

British troops said Katyusha rockets were fired at three of their bases but reported no casualties.

In Baghdad, Iraqi Prime Minister Nouri Maliki met with Jordanian dignitaries to announce an agreement to provide cheaper petroleum products in exchange for greater cooperation on cultural, economic and security matters. Jordan has played a key role in combating insurgents who have used its territory to stage attacks against Iraq.

Maliki's Cabinet also announced a $213-million deal to purchase more gasoline and diesel from Turkey and Iran. Iraq's oil reserves are among the world's largest, but insurgent attacks on the aging infrastructure have crippled the government's ability to provide fuel to the domestic market.

Elsewhere in Iraq, a shoulder-fired rocket damaged a U.S. Humvee in Fallouja, sparking a melee between Marines and gunmen that left an Iraqi dead. Iraqi police said three Marines were injured.

In Baqubah, about 35 miles northeast of Baghdad, a bomb struck an Iraqi police convoy, killing an officer and injuring two. In Muqdadiya, 60 miles northeast of the capital, attackers shot to death three bakers who supply the Iraqi army.

Pakistan Says It Arrested 29 Taliban Who Fought In Afghanistan (NYT)

By Carlotta Gall

The New York Times, August 16, 2006

ISLAMABAD, Pakistan, Aug. 15 — Pakistani police officers arrested 29 Taliban fighters in a private hospital in the southwestern town of Quetta on Tuesday, the Interior Ministry said.

The arrests came after growing pressure from NATO countries on the Pakistani government to do more to round up Taliban fighters and commanders, who, the local police say, rest and recover in Pakistan between bouts of fighting in Afghanistan. British, Canadian and Dutch troops are in southern Afghanistan as part of a NATO force and have encountered fierce resistance from Taliban insurgents, losing 36 soldiers in six months.

Ten of the arrested Taliban fighters had been wounded in combat with NATO forces in Helmand Province in Afghanistan last week and the others were caring for them, said Chaudhry Mohammed Yacoub, the local police chief. He said they were all Afghans.

Two local Taliban commanders were among the arrested, said the interior minister, Aftab Khan Sherpao.

Pakistan has twice rounded up Afghans in and around Quetta, most recently last month, but most were students at religious colleges or refugees rather than fighters, and many were later released. The arrests on Tuesday, at the privately run Al Khair Hospital in downtown Quetta, were the first of wounded fighters, local journalists said. The Taliban had been there for two or three days when the police learned of their presence, the police chief said.

A Western diplomat in Pakistan said that while the threat from the Taliban remained largely inside Afghanistan, a significant element was based in Pakistan. Asking not to be identified because his comments would upset the Pakistani government, he said the ease with which Taliban fighters cross into Pakistan to rest and recuperate was “very unhelpful.” There was definitely a level of command of the insurgency operating out of Quetta as well, he said.

Violence continued in Afghanistan on Tuesday as a district police chief and five of his men were killed in a Taliban ambush in the southwest, news agencies reported. ...

Lockheed Says F-35 Could Fly Pilotless (WP)

By Renae Merle

The Washington Post, August 16, 2006

Lockheed Martin Corp. has proposed an unmanned version of its Joint Strike Fighter, the F-35, which would make it the first full-scale fighter to operate without a pilot and signal the Bethesda weapons maker's push into the growing market for drone aircraft.

The idea has been in the works for two years, Lockheed Vice President Frank Mauro said at a briefing yesterday. He provided few details but said the plane could be built as an interchangeable hybrid -- manned by a pilot for some missions and operated remotely for others.

The Joint Strike Fighter, funded with help from several other countries, is meant to replace the F-16 as the workhorse fighter of the United States and its close allies. Less powerful than the F-22 Raptor that Lockheed developed to give the United States an advantage in air combat, the Joint Strike Fighter is still designed to travel at supersonic speed and carry up to 15,000 pounds of bombs and missiles.

Test flights of the F-35 are expected to begin later this year. The idea of a remote-control version of the plane has not been pitched to the Air Force, though it has been through the company's conceptual design phase, Lockheed officials said.

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Air Force officials could not be reached for comment yesterday.

Yesterday's briefing marked a strategic turn for Lockheed, which for years has stayed publicly on the sidelines as the Pentagon increased its spending on unmanned systems.

Such competitors as Northrop Grumman Corp. and Boeing Co. are entrenched in the market, with products such as Northrop Grumman's Global Hawk surveillance drone, which is deployed overseas.

Lockheed ceded the market in the late 1990s while it focused on winning the contract to build what many predict will be the Air Force's last manned fighter jet, the F-35. Lockheed then feared that the unmanned market could diminish demand for its more expensive fighter jets, analysts said.

"When you think about unmanned combat systems, I think about Boeing," said John E. Pike, executive director of GlobalSecurity.org.

But in the past three to four years, Lockheed's aeronautics division has spent 30 to 40 percent of its internal research-and-development budget on unmanned systems, company officials said. That includes $21 million the company has spent on the Polecat, a prototype drone that Lockheed plans to test at 60,000 feet or above this year. At a briefing yesterday, the firm trumpeted a stable of unmanned systems that can run on the ground, hauling equipment and supplies for troops, and underwater, searching for submarines and mines. Some of the systems are still being developed and some are deployed in Iraq.

Much of the work is being done at Lockheed's research-and-development lab in California, known as the Skunk Works, where the U-2 spy plane was developed in secret in the 1950s.

Some of the company's investment "is playing catch-up for all those big dollars that the government has invested" in unmanned technology, and some is "leapfrogging" existing systems, Mauro said.

The Pentagon, looking to save money, has accelerated spending on unmanned systems since the Sept. 11, 2001, terrorist attacks. This year, it allocated $2 billion for unmanned aircraft and millions more in the supplemental budget, compared with $363 million in 2001. The figure is projected to reach more than $3 billion by the end of the decade.

What has resulted is a hodgepodge of unmanned vehicles, such as small, bomb-seeking robots that can be carried in a backpack, and airplanes that provide surveillance for days at a time. The systems have become bigger and more expensive in recent years, such as the Predator, built by General Atomics Aeronautical Systems Inc., and the Global Hawk, which has a 134-foot wingspan, comparable to the Boeing 737.

"Lockheed is playing catch-up and acknowledging that unmanned vehicles is a trend that is not going to go away," said Loren B. Thompson Jr., a defense industry analyst and Lockheed consultant. "It's going to be hard to penetrate a market where competitors are already established."

"We're looking at picking it up when we get enough customer interest, and that's the way they want to go," Mauro said. "Right now we're focused on getting the manned version of the F-35 flying."

While some analysts called the idea improbable, it could be an acknowledgment that the Pentagon's initial plan to buy about 2,000 F-35s is now considered likely to change -- in part because of improved drone technology. The decision to propose an unmanned F-35 may anticipate the day when all military aircraft are pilotless, analysts said.

The F-35 program has run into problems, including a rising price that is expected to reach $276 billion, up from the original estimate of $201 billion.

"I think they would be crazy not be looking at this," Pike said. "It's a foregone conclusion that at some point in the F-35 production program that [the Air Force is] going to decide we're going to replace the rest with unmanned systems." It would be smart "if Lockheed can come in and say, 'We have a solution for this.' "

DOJ:

Justice Department Looks To Lock Down Databases (INFOWEEK)

By Larry Greenemeier, InformationWeek

InformationWeek, August 16, 2006

The Justice Department Monday said it plans to launch a comprehensive program to inventory all of its databases and examine those applications for vulnerabilities that could be exploited either from the inside or by external attackers.

It's a move that's long overdue, given that many older databases and applications used throughout the government and industry weren't written with security in mind; certainly not security from today's Web-based attacks.

"Now that people are getting better at defending networks with intrusion prevention systems, a lot of attacks are being directed against applications, such as database applications," says Dennis Heretick, Justice Department chief information security officer. "We have a specific requirement to provide database application security."

Firewalls, intrusion prevention systems, and other types of network protection have an important role in any organization's defense strategy, but "application-layer vulnerabilities are really easy to exploit," says Heretick. As chief information security officer since 2003, he oversees such security-related issues as the maintenance of security policies and procedures, the acquisition of security-related products, the establishment of implementation requirements, and the defense of Justice's network environment.

Database developers wrestle with the seemingly paradoxical problem of locking down systems to minimize access and improve security while at the same time needing to let users have access to the data they need to do their jobs. To help make this a workable situation, Justice has purchased a department-wide license for Application Security Inc.'s AppDetective.

AppDetective is scanning technology that's used to find and inventory databases located throughout a company's network and assess those databases for security problems. The security assessment is done by running a series of simulated attacks against the database, after which AppDetective provides a report indicating areas where a database might be misconfigured or contain other vulnerabilities.

Today, only about 30% of the department's databases are scrutinized by AppDetective, which parts of Justice, including the Federal Bureau of Investigation, have been using since February 2004. Heretick hasn't established a timeframe for the completion of this project, as first he wants all of Justice's system administrators trained on AppDetective before the technology is more broadly rolled out.

Each agency within Justice will retain its own information generated by its AppDetective scans, although they will report to Heretick their progress in fixing any database vulnerabilities found. The department's expanded use of AppDetective will allow Justice to for the first time inventory all of the databases used throughout the department and determine its security posture.

Government and businesses alike have proved susceptible to the dangers of poorly managed data security. In March, an employee of defense contractor BAE Systems who worked out of the FBI's Springfield, Ill., office pleaded guilty to four counts of "intentionally accessing a computer while exceeding authorized access and obtaining information from any department of the United States." In this case, it was the Justice Department, according to court documents. Last month, a judge sentenced the employee, Joseph Thomas Colon, now no longer with BAE Systems, to six months of home detention. He could have received up to 18 years in prison.

During 2004, Colon accessed the FBI's Security Account Manager, a database on the FBI's classified network that contains encrypted user and group account password information for more than 38,000 user accounts. He accessed this four times. Colon's hacks were less a case of a flawed database and more an example of Justice's inability to account for access to its databases. It's a mistake the department wants to avoid repeating.

CORPORATE SCANDALS:

Former Comverse CEO Branded A Fugitive (FT)

By Kevin Allison In San Francisco

Financial Times, August 16, 2006

Jacob "Kobi" Alexander, the former chief executive of Comverse Technology, was branded a fugitive from justice on Tuesday by US authorities seeking his arrest in connection with alleged securities fraud at the maker of voicemail software.

The Federal Bureau of Investigation and the US Marshals requested the public's assistance in apprehending Mr Alexander, who is alleged to have reaped millions in ill-gotten gains by engaging in a scheme to change the grant dates of stock options to coincide with low points in the value of Comverse's shares.

FBI Says Ex-Comverse Chief Is A Fugitive; Seeks Help (Update1) (BLOOM)

By Karen Freifeld

Bloomberg, August 16, 2006

Aug. 15 (Bloomberg) -- U.S. authorities said former Comverse Technology Inc. Chief Executive Officer Jacob ``Kobi'' Alexander is a fugitive and asked the public's help in finding him so he can be prosecuted for stock-option fraud.

The Federal Bureau of Investigation and the U.S. Marshal's Service said in a joint statement today that Alexander is being sought ``for his role in a multimillion dollar stock options scheme.'' It also said an Interpol notice was issued for Alexander's arrest on July 31.

``I have no idea where he is,'' his lawyer, Robert Morvillo, said in a telephone interview. ``I've been in Hawaii. He's not in Hawaii. The last time I talked to him, he talked to me from Israel, three weeks to a month ago.'' Noting the warrant for Alexander's arrest, Morvillo said he's been unable to reach his client, ``so you can draw whatever inference you want from that fact.''

Alexander, 54, was the second former CEO charged in the government crackdown on stock-option manipulation. Gregory Reyes, ex-CEO of Brocade Communications Systems Inc., was charged Aug. 10 along with a former human resources manager. A 12-count indictment accused them of conspiracy and false securities filings at the San Jose, California-based computer equipment maker.

An arrest warrant was issued for Alexander last week after federal prosecutors in Brooklyn, New York, charged him and two other officials of New York-based Comverse, the world's largest maker of voice-mail software.

Alexander, David Kreinberg, 41, a former Comverse finance chief; and William Sorin, 56, a former general counsel, were accused Aug. 9 of backdating ``millions of stock options'' so employees could buy shares at low prices.

Dual Citizenship

Alexander, a native of Israel, has dual American and Israeli citizenship, according to federal authorities.

Kreinberg and Sorin were arraigned in Brooklyn federal court and released on $1 million bail each.

All three men were charged with conspiracy to commit securities fraud, mail fraud and wire fraud from 1998 to 2001. Those crimes are punishable by as much as five years in prison.

The FBI said last week it was investigating 45 backdating cases. More than 100 companies have said they started internal stock-option inquiries or are under investigation by the government.

Alexander wired almost $60 million to Israel last month from an account at Citigroup Inc.'s Smith Barney Unit, the government said, calling the transfer an effort to ``launder the proceeds of the fraud.''

Morvillo said today he didn't see anything wrong with the transfer.

`Entitled to Transfer'

``It sounds to me like if, in fact, he has $60 million, he's entitled to transfer it from wherever he wants to wherever he wants,'' the lawyer said.

The authorities described Alexander as 5 feet, 8 inches tall, with green eyes. Their advisory was accompanied by a photograph of the ex-CEO, smiling broadly and wearing glasses and a black bow tie.

``We're declining to say where we think he is,'' said James Margolin, a spokesman for the New York office of the FBI.

The case is U.S. v. Alexander, 06-mj-817, U.S. District Court, Eastern District of New York (Brooklyn).

FBI Hunts For Former Comverse Chief (NSDY/AP)

By Tom Hays, Associated Press Writer

Long Island Newsday, August 16, 2006

NEW YORK -- The FBI issued an alert on Tuesday calling for the arrest of a former chief executive for leading voicemail software maker Comverse Technology Inc. who may have fled the country with nearly $60 million amid a stock option scandal.

An international manhunt was launched late last month shortly before authorities unsealed a criminal complaint accusing Kobi Alexander and two other former top executives of secretly manipulating stock options for personal profit, the FBI said.

The alert, seeking the public's help in finding Alexander, 54, describes him as being 5-foot-8 with green eyes and dual citizenship in the United States and Israel. Before he disappeared, he transferred $57 million to Israel, fueling speculation he may have fled there, authorities said.

Asked on Tuesday about Alexander's whereabouts, defense attorney Robert Morvillo said, "I don't know where he is."

The two other defendants, former finance chief David Kreinberg and former senior general counsel William Sorin, surrendered last week, were released on $1 million bond each and left a courthouse without speaking to reporters.

The complaint unsealed in federal court accuses the three men of making stock options more lucrative by backdating their exercise price to a low point in the stock's value. Usually, a stock option's exercise price coincides with the market value at the time of a grant to give the recipient an incentive to drive the price higher.

From 1991 through 2005, Alexander exercised options and sold stocks worth approximately $150 million, making $138 million profit, according to the complaint. Of that, about $6.4 million was generated by backdating options, it said.

Prosecutors allege Kreinberg and Sorin earned about $1 million each on backdated options.

In addition, the company awarded thousands of stock options to fictional employees, then secretly transferred the awards to an internal account under the name I.M. Fanton, which stood for phantom, court papers said. The scheme allowed Alexander to award those options to real "favored employees" and to himself without board of directors approval, the papers added.

Comverse Ex-CEO A Fugitive From FBI (NSDY)

By Robert E. Kessler And Kristina Fiore, Newsday Staff Writer

Long Island Newsday, August 16, 2006

The FBI yesterday asked the public for help in finding Jacob Alexander, the indicted former head of Comverse Technology, as his attorney said his client was last known to be in Israel several weeks ago.

A federal warrant was issued for Alexander, 54, who also used the first name of Kobi, after he failed to show up in U.S. District Court in Brooklyn on Aug. 9, following his being charged with illegally making millions of dollars through a scheme to backdate stock options.

One of Alexander's attorneys, Robert Morvillo of Manhattan, said he had last been in contact with his client two weeks ago in a telephone call to Israel. Morvillo said since then his office has been unable to contact Alexander, and he does not know where he is. Another of Alexander's attorneys, Keith Krakaur of Manhattan, declined to comment.

Morvillo declined to discuss the specific conversation with Alexander. But Morvillo said, as a general rule, he always counsels his clients who are out of the country or are considered fugitives to return to the United States to face charges.

"I tell all my clients, it's better to be inside the system so you have some voice in your destiny than being outside the system," Morvillo said.

The warrant for Alexander's arrest said that he had recently transferred $57 million to Israel, apparently as he became aware of the culmination of the investigation into his conduct at Comverse. In court actions, the government seized another $45 million from several of Alexander's accounts in the United States.

Alexander grew up in Tel Aviv and has U.S. and Israeli citizenships. Comverse has offices in Israel, which Alexander frequently visited.

David Kreinberg, Comverse's former chief financial officer, and William Sorin, former senior general counsel, were released on $1 million bail. Alexander allegedly made $6.4 million from the scheme, and Sorin and Kreinberg each made $1 million, court documents say.

It is unclear what will happen to Alexander if he is arrested in Israel. Although Israel usually declines to extradite Jews to other countries, it allows them to be prosecuted there for crimes committed abroad. In some cases, though, it has extradited citizens to the United States for trial.

Comverse, originally based in Woodbury before a move to Manhattan, makes communications software. It reported $1 billion in sales last year.

The FBI asked anyone with information about Alexander's to call 212-384-3910, or the Fugitive Task Force at 888-861-4393.

Ex-Comverse CEO Declared A Fugitive (LAT/BLOOM)

From Bloomberg News

The Los Angeles Times, August 16, 2006

U.S. authorities declared Tuesday that Jacob "Kobi" Alexander, the former Comverse Technology Inc. chief executive charged in a stock-option backdating case, is a fugitive and asked for the public's help in finding him.

In a joint statement, the FBI and U.S. Marshal's Service said Alexander was being sought "for his role in a multimillion-dollar stock options scheme." It also said an Interpol notice for Alexander's arrest was issued July 31.

"I have no idea where he is," said his lawyer, Robert Morvillo. "I've been in Hawaii. He's not in Hawaii. The last time I talked to him, he talked to me from Israel, three weeks to a month ago."

Noting the warrant for Alexander's arrest, Morvillo said he had been unable to reach his client, "so you can draw whatever inference you want from that fact."

Alexander, 54, was the second former CEO charged in the government crackdown on stock-option manipulation.

Gregory Reyes, ex-CEO of Brocade Communications Systems Inc., was charged Thursday along with a former human resources manager.

A 12-count indictment accused them of conspiracy and false securities filings at the San Jose-based maker of computer equipment.

Xilinx Finds No Stock Options Fraud (AP-YBIZ)

AP, August 16, 2006

Xilinx to Take Added $700,000 Charge After Completing Review; Finds No Timing Manipulation

NEW YORK (AP) -- Xilinx Inc., a maker of programmable chips, said it has completed an internal review of its stock option granting practices, and found no evidence of fraud or timing manipulation.

In its 10-Q filing with the Securities and Exchange Commission Tuesday, San Jose, Calif.-based Xilinx said it will, however, record additional charges of $700,000 related to added facts and analysis stemming from the probe.

On July 25, the company issued its earnings release which included a $1.5 million charge related to minor differences between approval documentation and certain recorded stock option grants. The additional $700,000 brings total stock option related costs to $2.2 million.

Xilinx noted that its investigation further found no issues of management integrity in the issuance of stock options, and determined that in nearly all cases, stock options were issued as of pre-set dates.

The one-time charge didn't materially affect historical financial statements, and therefore no restatement is necessary, the company said.

Including Xilinx, there are nearly 70 companies currently under scrutiny by the SEC or Justice Department regarding a practice known as backdating, in which stock options are issued retroactively to coincide with low points in a company's share price. Such a move can fatten profits for options recipients when they sell their shares at higher market prices.

Backdating options can be legal so long as the practice is properly disclosed to investors and approved by the company's board, experts say. But backdating can run afoul of federal accounting and tax laws in some cases.

Xilinx shares closed up 59 cents, or 3 percent, at $20.65 on the Nasdaq, and rose 65 cents, or 3.2 percent, to $21.30 in aftermarket activity on the INET electronic exchange.

How Backdating Is Like A 1980s 'Rockumentary' (WSJ)

By Holman W. Jenkins, Jr.

The Wall Street Journal, August 16, 2006

DiBergi: "Why don't you just make 10 louder and make 10 be the top number, and make that a little louder?"

Nigel (after a pause): "These go to 11."

--from the satirical film "This Is Spinal Tap."

The backdating scandal gets bigger and smaller at the same time. Some 100 companies are under investigation, and Iowa economist Erik Lie says his data show that 2,200 firms "engaged in backdating or similar manipulation of grants to top executives at some point between 1996 and 2005."

Now we have the first two indictments, of Brocade and Comverse. What do the facts show? The first thing to notice is that the universal charge that executives were inflating their own pay and stealing from shareholders can no more be assumed in these cases than in any case of any company issuing any options to any employee.

Instead, the evident crimes were document fraud and improper accounting in pursuit of an otherwise legitimate corporate goal. But why?

On to the facts: Brocade and Comverse each had a consistent, calculated policy of using "in the money" options in its compensation dealings. Comverse's chief kept a fund of options under false names so he would have a ready supply to entice recruits or potential ship jumpers. Brocade went so far as to record employees as having started earlier than they did so the firm could -- let's be precise -- account for their "in the money" options as "at the money" options.

Knowing when an options package has been "granted" is a stickier matter than you might suspect, but the clear goal was to dangle in front of employees options that appeared to be profitable from the moment they were issued.

Now CEOs may be greedy, but they have no incentive to overpay their underlings; they have every incentive to meet their personnel goals at the lowest cost. Thus a reasonable inference here is that management realized that employees have a strong preference for "in the money" options, and by satisfying this preference, the firm could achieve its goals at less cost than if it issued "at the money" options.

This part of the scandal is no mystery. Prospect theory, a founding insight of behavioral economics, shows that people overvalue a bird in the hand versus one in the bush. So here's a new job for economists: Put an estimate on an employee's propensity to overweight the illusory bird in the hand of an "in the money" stock option.

For the deeper mystery here is why managements felt such a strong need to meet demand for "in the money" options and duck the prescribed accounting.

Yes, the then-regnant accounting rule was absurd, even imbecilic: It allowed companies to transfer infinite wealth to employees in the form of "at the money" options without recording an expense. Issue one option at a penny below the current stock price, however, and you had to expense it. Nonetheless, a rule is a rule.

Companies would likely have preferred not to issue any "in the money" options than account for them properly. Doing so would have meant not only dinging earnings every quarter for each new grant, but also endless backward-looking revisions as old option packages were canceled or modified in Silicon Valley's overheated scramble for talent.

Well, you say, perhaps CEOs went through all the trouble of backdating every document for every option for every employee just to increase their own pay? Look at the Comverse complaint: Of the $138 million in option profits collected by Kobi

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Alexander, a mere $6.4 million was the result of backdating. He could have realized the same gain (or more) just by asking his board to award him a few additional "at the money" options.

A staple of the pay critique is that CEOs set their own pay, and Brocade's and Comverse's certainly had broad authority over options issuance. No document fraud is needed for executives to receive towering compensation, or for their companies to avoid expensing it.

A few readers will instantly have understood the relevance of the opening quote. Bless them.

To those not sophisticated in matters of options valuation and '80s cinema, it may be useful to offer some perspective on the role of strike price in the value of an options contract. Because of the vesting period and underlying stock volatility, a few dollars more or less has a smaller impact on the initial value than one might suppose.

Say your boss offers you a choice of two options packages, each with a three-year vesting period and 10-year expiration. One consists of 1,000 shares priced at $5 below par, the other 2,000 shares priced at par.

The first shows a "paper" gain of $5,000, but you can't realize this gain and it may well have vanished before you're vested. Meanwhile, it would take only a $6 increase in the share price before the "at the money" package begins to pay off better than the "in the money" package.

Yet the same faulty thinking that led employees to overvalue "in the money" options now seems to influence the press coverage, which has often treated strike price as the sole determinant of an option package's value. The scandal arises, however, not because there's anything wrong with "in the money" options, but because of accounting contortions used to avoid expensing them.

And embroiled are not just a few bad apples (pun alert) but Apple, Pixar, Microsoft, Juniper Networks and, if Prof. Lie is to be believed, 29.2% of all listed companies. In such circumstances, "the CEO is a crook" is an explanation that quickly loses power. * * *

Ex-InVision Executive To Pay $65,000 To Settle With SEC (AP)

AP, August 16, 2006

WASHINGTON, (AP) -- A former executive at InVision Technologies Inc., a maker of airport scanners that is now a unit of General Electric Co., has agreed to pay a $65,000 civil penalty to settle charges that he was partly responsible for the company's failure to prevent bribery, federal regulators announced on Tuesday.

The Securities and Exchange Commission simultaneously filed and settled charges against David Pillor, the former senior vice president for sales and marketing and a board member at InVision, based in Newark, Calif. He settled without admitting or denying the allegations. His attorney couldn't immediately be reached.

The SEC said that from 2001 through late 2004, InVision completed sales to airports in China, the Philippines, and Thailand. Pillor received e-mails from his Asian regional sales manager that suggested InvVision's overseas sales agents and distributors intended to make improper payments or other gifts to foreign government officials, the SEC said.

InVision didn't have adequate internal controls to detect and prevent such conduct, the SEC said. The sales department failed to monitor employees and foreign agents to ensure that they didn't violate the Foreign Corrupt Practices Act, the SEC said. As head of the department, Pillor aided and abetted InVision's failure, the SEC said.

In February 2005, InVision agreed to pay $1.1 million to settle with the SEC. Earlier, it paid $800,000 in penalties to settle similar charges brought by the Justice Department.

InVision was acquired by GE in December 2004.

ABA Criticizes Government On Legal Fees Advancement Policy (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, August 16, 2006

The American Bar Association continues to assail federal prosecutors for taking what it regards as an overly aggressive approach to the investigation of corporate crime.

Last week, the group's House of Delegates, meeting in Honolulu, passed a resolution -- a joint proposal with the New York State Bar Association -- opposing the U.S. Justice Department guidelines that many lawyers say have the effect of discouraging the payment of legal fees by companies to employees targeted in such probes.

"The American Bar Association opposes government policies, practices and procedures that have the effect of eroding the Constitution and other legal rights of current or former employees, officers, directors, or agents," the ABA said.

Specifically, the ABA criticized the government's consideration of "whether an organization provided counsel to an employee or agreed to pay an employee's legal fees and expenses" in evaluating corporate cooperation with its investigations.

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It also said prosecutors should not consider an organization's decision to enter into a joint defense, to share its records or other information, or its choice to retain "or otherwise decline to sanction" an employee who has exercised his or her Fifth Amendment right against self-incrimination in deciding whether or not to prosecute a company.

The resolution was supported by the New York Bar Association.

"That people have a right to legal counsel and that government has no business interfering with that right are fundamental concepts of our legal system," state bar President Mark H. Alcott of Paul Weiss Rifkind Wharton & Garrison said. "These days, however, it is a concept that the government has chosen to attack."

Alcott said the ABA resolution was the result of a joint proposal of the New York State Bar Association and the ABA's task force on attorney-client privilege. He noted that the government's attempt to "cripple" the attorney-client privilege has been a key issue of the state bar for the past two years.

The practices decried in the ABA resolution are listed in the Department of Justice's Thompson Memorandum, a document written in 2003 by then-Deputy U.S. Attorney General Larry Thompson to establish "principles of federal prosecution of business organizations."

The memo says that one factor to be weighed by prosecutors involved in corporate fraud cases is whether the corporation has promised "support to culpable employees and agents ... through the advancing of attorneys fees."

One vocal opponent to the legal fees portion of the Thompson Memo has been Southern District Judge Lewis A. Kaplan. Last month, the judge rebuked prosecutors for coercing KPMG into limiting attorney fees for employees accused of accounting fraud.

"KPMG refused to pay because the government held the proverbial gun to its head," Kaplan wrote in United States v. Stein, S1 05 Crim. 0888.

In addressing the advancement of legal fees issue, the ABA task force concluded in its report that the "practices instituted by federal and state prosecutors pursuant to the Thompson Memorandum and its principles, as well as similar practices instituted by civil enforcement authorities, have contributed to an erosion of ... individual rights."

This was the second time this year that the ABA has issued a policy statement opposing a Thompson Memo guideline. Last August, it issued a resolution opposing the government's practice of giving companies "cooperation credit" for waiving their attorney-client and work product privileges.

CRIMINAL LAW:

Slain Student's Boyfriend Tells Of Mysterious Cell Phone Call (AP)

By By: DAVE KOLPACK

AP, August 16, 2006

FARGO, N.D. (AP) - Dru Sjodin's boyfriend testified Tuesday about his final conversation with the University of North Dakota student, saying he tried to call her back several times after their cell phone conversation abruptly ended, but could not reach her.

Chris Lang took the witness stand in the trial of Alfonso Rodriguez Jr., 53, of Crookston, Minn., who is charged in federal court with kidnapping resulting in Sjodin's death. She disappeared from a Grand Forks mall parking lot on Nov. 22, 2003, and her body was found the following April in a ravine near Crookston, Minn., where Rodriguez lived with his mother. Authorities said her cell phone was found a couple of metres from her body.

Lang testified Tuesday that he spoke to Sjodin late on the afternoon she disappeared, as she was leaving the mall. He estimated they chatted for about four minutes, and he remembered she said something like "OK, OK," before the phone hung up.

"It kind of came out of nowhere," Lang testified. He said he tried to call Sjodin back immediately, and several times over the next few hours. He got a call from her cell phone about 7:40 p.m. that night, he said, but "I just heard static." That was followed by three beeps, he said.

Grand Forks police dispatcher Terry Bayne testified that the cell phone signal was traced to a tower near Crookston.

Sjodin, 22, of Pequot Lakes, Minn., worked at a Victoria's Secret store at the Grand Forks mall. Her boss, Michele Kostrzewski, testified Tuesday that Sjodin had worked at the cash register and then greeted customers in the front of the store during her shift, which ended about 4 p.m. Jane Amundson, a clerk at the Marshall Field's store in the mall, said Sjodin bought a purse there later, and said she walked Sjodin toward the mall exit.

Defence lawyer Robert Hoy asked no questions of Lang. He asked Amundson if the mall was busy that weekend, and she said it was busy because it was the week before Thanksgiving.

Prosecutors told a jury on Monday that Sjodin was abducted in the parking lot and left to die in a rural Minnesota ditch after Rodriguez bound her, put a plastic bag over her head, stabbed her and slashed her.

Federal prosecutors have said they will seek the death penalty if Rodriguez is convicted, making it the state's first capital punishment case in 100 years. North Dakota and Minnesota do not have the death penalty but it is allowed in federal cases.

Rodriguez has pleaded not guilty.

His lawyers said the case should not be argued in federal court because they believe Sjodin died in North Dakota.

Prosecutors said an autopsy shows that Sjodin's hands had been bound behind her back and she was nude from the waist down, in a black and blue coat with a rope tied around her neck and remnants of the plastic bag. She had bruises on her arms, her right eye and her lower right cheek, prosecutors said.

Sjodin died of suffocation, the wound to her neck, or possibly from exposure to elements, Assistant U.S. Attorney Keith Reisenauer told jurors.

Sjodin's roommate, Meg Flategraff, testified Monday that she last saw Sjodin on the morning of Nov. 22, 2003, when Sjodin gave her a ride to pick up her car. Flategraff said she called police later that night to report Sjodin missing.

One of Sjodin's sorority sisters, Danielle Mark, testified that she noticed no bruises on Sjodin's arms or face the day before she disappeared. Under questioning from Hoy, Mark said investigators first asked her about the bruises last month.

In his opening statement, Hoy said prosecutors cannot prove when or where Sjodin died, or the "precise cause of death." U.S. Attorney Drew Wrigley said at a hearing in December that Sjodin was "in distress for several hours."

Sjodin's Boyfriend: 'She Didn't Say Goodbye' (MINNST)

By Chuck Haga, Star Tribune

Minneapolis Star Tribune, August 16, 2006

Chris Lang wasn't alarmed when a call from Dru ended abruptly, until another, wordless call came in from her phone.

FARGO, N.D. - Three times on Nov. 22, 2003, Chris Lang's cell phone rang and the message screen lit up with the words, "Dru's cell."

But on the third call, Dru Sjodin wasn't there.

Lang, 35, had been Sjodin's boyfriend since the previous fall, but it had been a long-distance relationship from the start. She attended the University of North Dakota in Grand Forks. He worked in Crosslake, Minn., and on Nov. 22 he was moving into a new apartment in Minneapolis.

"I spoke to her in the early afternoon, about 2 p.m.," Lang said Tuesday, testifying in U.S. District Court here, where Alfonso Rodriguez Jr. is on trial for allegedly kidnapping Sjodin, 22, and causing her death.

"We spoke a lot on the phone," Lang said. "We kept in touch on the phone."

Ten other people testified Tuesday: law officers who participated in the investigation into Sjodin's disappearance, the store clerk who sold her a purse minutes before she was abducted, and a supervisor at the Victoria's Secret store where Sjodin worked at the Columbia Mall in Grand Forks.

Sjodin was scheduled to work from noon to 4 p.m. on Nov. 22, 2003. She clocked in at 11:57 a.m., the supervisor said.

"She was always on time for work," Lang testified later.

They had met in December 2002 in Crosslake, where Lang was working at a bar owned by a friend. Sjodin was on a holiday visit with her mother, Linda Walker, of nearby Pequot Lakes, and Walker's husband, Sid Walker. Allan Sjodin, her father, also was there.

They were in the courtroom Tuesday.

"It was a slow time," Lang said of the season he and Dru met. There was little snow that winter, so there weren't many visitors at area resorts.

"One night there was a pretty young gal playing pool with her father, mother and stepfather," he said. "We talked a lot. We had an interest in graphic arts together."

But Sjodin said she would be leaving for Colorado soon, then returning to UND. Lang had plans, too.

"I didn't know if I'd see her again," Lang said.

But in late June 2003, Sjodin came into the bar again. She was in town for a wedding.

"Hey, I remember you," Lang said he told her, and again they talked for a long time.

"We hit it off," he said. "It was long-distance. She was at school, working two jobs. I was in Crosslake," a three-hour drive from Grand Forks.

In September, he quit the bar and went on a long road trip with a friend. When he got back, he and Dru got together a few times, and they talked regularly by phone.

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For reasons that may become clearer later in the trial, an assistant U.S. attorney asked more probing questions about the relationship.

Did they have sex?

"On two occasions," Lang said, appearing not to be surprised by the query.

They were together in Grand Forks the first weekend in November 2003, he said.

"That was our first time."

A week later, they met for a weekend in Park Rapids, Minn., a halfway point.

"That Monday, I said goodbye to her," Lang said. "I said 'I love you,' and that was the last time I saw her."

He said he went to Minneapolis to look for work and a place to live. He was moving in on Nov. 22, and he smiled as he recalled juggling his phone and boxes when Sjodin called.

"At 5 p.m., she called me again," he told the court. "We were just chatty. She said she had gotten done with work and done some shopping."

She was excited about a purchase. "No surprise," Lang said. "It was a purse. And she had gotten a discount."

He told her a little about the apartment. But about four minutes into the call, "she uttered a few words and the phone cut off," he said.

"I don't have a definite recollection of her exact last words," Lang said, adding that it was something like, "OK, OK."It kind of came out of nowhere," he said. "She didn't say goodbye."

He tried to call her back several times. No answer. But he wasn't alarmed at that point.

"It was just to say, 'Where'd you go?' I figured something else was going on, [such as] she had dropped the phone. Her tone of voice -- I didn't get a sense of urgency."

The third and final call was more alarming.

"Her phone called my phone at 7:42 p.m.," Lang said. "It said 'Dru's cell,' but I just heard static. It sounded like wind and static. I said, 'OK, where are you? Move to where I can hear you.' "

But there were no voices? the prosecutor asked.

"No voices at all," Lang said.

"I heard a few tones pressed, a staggering of three beeps. It didn't sound as if she was dialing. Just a random beep, beep.

"I was concerned, but elated that she had called my phone. Yet I hadn't heard her voice."

He called Sjodin's roommate in Grand Forks. When Sjodin didn't show up for work at her second part-time job, at the El Roco Lounge, the roommate called police.

Sjodin's partially nude body was found nearly five months later, in a ditch outside Crookston, Minn., a few miles from a cell phone tower that had relayed the last, voiceless call from her cell phone.

The phone was found a few feet from her body.

Chuck Haga · 612-673-4514

Witnesses Tell Of Sjodin's Last Hour At Mall (GFH)

By Stephen J. Lee

The Grand Forks Herald, August 16, 2006

FARGO - Jane Amundson, Sharon, N.D., sold Dru Sjodin an expensive black purse moments before the UND student walked out of Marshall Field's and Columbia Mall and met the person who kidnapped and killed her.

Amundson apparently was the last person, other than her abductor, to speak to Sjodin face-to-face before she was kidnapped Nov. 22, 2003.

Amundson testified Tuesday on the second day of the federal trial here of Alfonso Rodriguez Jr., charged with kidnapping resulting in Sjodin's death.

She works part time at Marshall Field's, as well as working at the grain elevator in Sharon, which is about 60 miles southwest of Grand Forks, Amundson said.

On that Saturday before Thanksgiving, Amundson saw Sjodin looking at "higher-end brand" purses in a locked display case, unlocked the case and sold her a black Coach purse.

Amundson rang up the sale, at a clearance price of $137.97.

"It was a clearance price, so it was a good price and she was happy to be getting it," Amundson said.

The sales receipt, received as evidence Tuesday in court, shows the price, the last four digits of Sjodin's Marshall Field's credit card and the time of the purchase, 4:57 p.m. Nov. 22, Amundson testified.

She did not know Sjodin, but saw her name come up on the computer screen when she typed in the credit card information, Amundson testified.

"I walked her part of the way," to the door of Marshall Field's that led back into the mall.

Prosecutors allege that Sjodin then left the mall, walked into the parking lot to her car while calling her boyfriend Chris Lang on her cell phone at 5 p.m. Lang testified Tuesday he talked to Sjodin for about four minutes before the call ended abruptly, with Sjodin saying something like OK, OK, to someone else.

Assistant U.S. Attorney Keith Reisenauer asked Lang how he met Sjodin, how long they dated and if they had been sexually intimate.

Chris Lang testified he began dating Sjodin in the summer of 2003, and that he had sexual intercourse with her twice.

The last time he saw Sjodin was the morning of Nov. 17, a Monday, five days before her abduction, Lang testified. The couple had gotten together in Grand Rapids, Minn., a midpoint between Grand Forks and Cross Lake, Minn., where Lang was living at the time.

"I said goodbye to her and said, 'I love you,' and that was the last time I saw her," Lang said.

Presumably, the prosecution's interest in Lang's testimony about the couple's intimacy has something to do with DNA evidence involved in the case, although no explanation was given in court Tuesday.

Later Tuesday, Grand Forks Police officer Duane Simon testified Tuesday that he obtained a swab of Lang's saliva three days after her disappearance for purposes of DNA comparison as part of the investigation.

The prosecution alleges that Rodriguez took Sjodin across the state line alive for purposes of sexually assaulting her.

Lang was talking to Sjodin on his cell phone at the moment she was kidnapped, according to prosecutors' allegations.

He testified that Sjodin was telling him about her purchase of the black purse when she said something like, 'OK, OK,' and the call then ended abruptly. Lang was in Minneapolis at the time with two other men who were helping him move into an apartment. Despite trying to call Sjodin back several times that evening, he never reached her.

At 7:42 p.m. Nov. 22, he received a call from Sjodin's cell phone, but all he could hear was static, the wind blowing and three phone buttons being pressed, apparently randomly. "There were no voices," he said. "Just, 'Beep ... beep-beep.'"

Shortly after 9 p.m. that day, Lang had called Sjodin's roommate Meg Murphy (now Flategraff) who, after learning that Sjodin didn't show up for her shift at the El Roco bar, called police to report her missing.

By 11 p.m., Sjodin's car was found in the northeast parking lot of Columbia Mall, north of the JCPenny's store. Inside on the back seat was a Marshall Field's shopping bag with a black Coach purse inside, several law enforcement officers testified. Alongside the front passenger seat was a plaid wallet with Sjodin's UND ID card, her Minnesota driver's license and a Marshall Field's credit card that matched the numbers on the store receipt prepared by Amundson, officers testified.

For the second day, the trial took much less time than scheduled. Between about 9:15 a.m. and 1:30 p.m., including a 90-minute lunch break, the prosecution had questioned 10 of its witnesses and had only to wait for its final one of the day to arrive from out of town.

U.S. District Judge Ralph Erickson explained to the jury of 16, including four alternates, that it's a matter of lawyers misestimating how long questioning each witness might take. "It's an art, not a science," he said, and things should go more as planned as the trial, expected to take up to six weeks, moves on.

Defense attorney Robert Hoy declined to cross examine many of the witnesses, and spent little time cross examining others.

Seven of the witnesses are law enforcement officers from UND and Grand Forks police departments, the North Dakota Bureau of Criminal Investigation and the FBI who were involved in the first hours of investigating Sjodin's disappearance.

Rodriguez' mother and sister, as well as a Catholic nun who regularly has visited Rodriguez in jail, sat in the same pew on the gallery of the courtroom. Ileanna Noyes, Rodriguez' sister, takes notes on a yellow legal pad.

Hinckley Seeks More Time On The Outside (CNN)

CNN.com, August 16, 2006

Attorneys ask judge to extend order granting family visits

WASHINGTON (CNN) -- Presidential assailant John Hinckley is asking a federal judge to allow him to continue visits to his parents' home without supervision. Hinckley was committed to a mental hospital after being found not guilty by reason of insanity in the 1981 assassination attempt on President Ronald Reagan.

Last year Hinckley was granted seven unsupervised visits to his parents' home in Williamsburg, Virginia. In a court filing this month, lawyers for Hinckley say he has completed all but one of those trips.

"On each of these trips, Mr. Hinckley has complied fully with all of the conditions of release, and not a single negative occurrence has been reported in connection with any of the trips," wrote attorney Barry Levine in a memorandum filed with U.S. District Court.

DOJ_NMG_0049097

Hinckley's lawyers are asking for further visits to the parents' home while they prepare a legal motion asking that the terms for his stays outside the mental hospital be expanded. They did not give details of what they will be requesting.

The Justice Department responded with a legal filing saying it opposes the request for continued conditional releases for Hinckley because it "is concerned about the lack of reliable" personnel who have the responsibility of monitoring him.

Government officials argued they have not seen reports filed by a psychiatrist or assessed the quality of that doctor's evaluation.

"The government is unable to evaluate Mr. Hinckley's condition until it has the ability to subpoena Mr. Hinckley's medical records, something which must await Mr. Hinckley's request for a hearing," prosecutors stated.

Levine, in his filing, argued, "It would be detrimental to Mr. Hinckley's constitutionally guaranteed treatment if Mr. Hinckley's conditional releases were to be discontinued, even temporarily."

U.S. District Court Judge Paul Friedman has scheduled a hearing November 6.

Jury Begins Deliberating Ex-FBI Leader's Case (EPT)

By Tammy Fonce-Olivas

El Paso Times, August 16, 2006

Jury deliberations were expected to begin at 8:45 a.m. today in the trial of the former head of the FBI in El Paso accused of hiding information about his friendship with a Juárez racetrack owner suspected of drug trafficking.

Hardrick Crawford is on trial in U.S. District Court in El Paso on four counts of making false statements and one count of concealing material facts during an investigation into his relationship with Jose Maria Guardia. Each count is punishable by up to five years in prison and a $250,000 fine.

In his closing arguments, Assistant U.S. Attorney James Blankinship said Crawford continued his relationship with Guardia even after FBI agents told Crawford about Guardia's alleged involvement with drug trafficking and money laundering.

"Instead of trusting them ... and following the FBI's guidelines to tell the truth, who is (Crawford) listening to? Mr. Guardia," Blankinship said.

Crawford was the special agent in charge of the FBI office in El Paso from July 2001 through November 2003.

In the indictment, Crawford is accused of socializing with and accepting gifts from Guardia -- including a job for Crawford's wife, Linda, lawn maintenance, membership at the Coronado Country Club and three family trips to Las Vegas.

Crawford, who was the last person to testify for the defense, said that he paid Guardia back for his trips and that the membership to the country club was part of his wife's compensation for working for Guardia.

Crawford said he was introduced to Guardia in February 2002 by Special Agent Art Werge. Guardia then was an FBI informant.

"When I met Guardia, he was a good guy, at least on paper," Crawford said, explaining that Guardia had passed background checks for visas into the United States.

Crawford was questioned extensively by the prosecution about the kind of work his wife did for Guardia's company, Cesta Punta Deportes.

He said that in 2002 she began working as a consultant for Guardia. Crawford added he didn't initially discourage

Advertisement

her from working for Guardia because she was good at it.

Blankinship said Crawford's wife wasn't qualified to earn up to $5,000 a month after she was out of the work force for 15 to 18 years, calling the job a "hoax."

However, Crawford's lawyer Mary Stillinger said prosecutors couldn't prove that Linda Crawford's job wasn't real.

"If they can't prove it wasn't a job, then they don't have a case," Stillinger said.

Crawford said his wife stopped working for Guardia, but he continued to associate with him even after learning that Guardia and Sandoval Iñiguez, the former Roman Catholic bishop of Juárez and now a cardinal in Guadalajara, were suspected of being involved in drug trafficking and money laundering activity.

Crawford said he even defended Guardia publicly against the accusations allegedly linking him to drug trafficking at a May 27, 2003, news conference in Juárez, which was not planned.

Crawford testified that he had gone to Juárez the day of the news conference to meet with the Juárez mayor at the racetrack, but that the meeting didn't happen. While in Juárez, he was lobbied by Guardia to make a public statement in his favor, and he agreed to do so.

Blankinship asked why Crawford didn't mention to his superiors that Guardia and the cardinal lobbied him successfully to speak to the news media about the allegations against them.

"It didn't seem important," Crawford testified. "What was important was that I was accused of associating with two men who were accused of very serious crimes."

Tammy Fonce-Olivas may be reached at tfonce@elpasotimes.com; 546-6362.

Reporter Adriana M. Chávez contributed to this story.

U.S. Death Sentence Overturned In Shooting Of Sikh After 9-11 Terrorist Attacks (FINDLAW/AP)

By Paul Davenport, Associated Press Writer

AP, August 16, 2006

(AP) - PHOENIX-The Arizona Supreme Court overturned a man's death sentence and instead sentenced him to life in prison without possibility of release for the murder of an Indian immigrant just days after the 9-11 terrorist attacks.

The Supreme Court on Monday unanimously upheld Frank Silva Roque's convictions for murder and other crimes that included attempted murder, drive-by shooting and endangerment. The court also upheld prison sentences that add up to 36 years for the other crimes.

Roque was convicted of killing Balbir Singh Sodhi, a gas station owner of Mesa, Arizona, whom prosecutors said was targeted because Roque thought Sodhi was Arab. Sodhi wore a turban and beard as part of his Sikh faith.

After shooting Sodhi on Sept. 15, 2001, Roque shot at another gas station where the clerk was a man of Lebanese descent, and shot at the home of an Afghan family. They were not injured.

"I'm a patriot," Roque told officers the day of his arrest, according to police reports.

Sodhi's death touched off protests in India and prompted India's prime minister to call President George W. Bush. About 3,000 people also attended a memorial service for Sodhi at the Phoenix Civic Plaza shortly after he was killed.

The Supreme Court said it overturned the death sentence because of "substantial mitigating evidence" that included Roque's low IQ and experts' testimony that Roque was either insane or suffering a mental disorder.

"Because of the serious nature of Roque's crimes, however, we conclude that he should be imprisoned for the rest of his natural life and never be released," Vice Chief Justice Rebecca White Berch wrote for the court.

Roque expressed remorse during his 2003 sentencing hearing. "Just that I'm sorry that all this happened," Roque told Judge Mark Aceto of Maricopa County Superior Court.

Lakhwinder "Rana" Singh Sodhi, a brother of the victim, said Monday that family members respect the criminal justice system and accept the Supreme Court's ruling.

"I think justice is still served because he spends life in prison. It's not as though he's free and on the street hurting somebody else," he said during an interview.

The brother said he does not believe Roque was mentally ill. "He targeted certain people. That made it very clear he was doing a hate crime."

One of Roque's attorneys in the Maricopa County Public Defenders Office declined immediate comment Monday on the ruling. His second attorney did not immediately return a call for comment.

The Maricopa County Attorney's Office had no immediate comment, a spokesman said.

During Roque's trial, defense attorneys argued that their client suffered from a mental illness and that the terrorist attacks triggered an episode of insanity. They sought unsuccessfully to have him ruled guilty-but-insane, which would have forced him into a mental hospital.

Prosecutor Vince Imbordino said during the trial that Roque was motivated by anger and hatred following the terrorist attacks, not insanity. Roque took the time to practice shooting and reloading his weapons before killing Sodhi, the prosecutor said.

On the Net:

Arizona Supreme Court: http://www.supreme.state.az.us

A Gotti Approaches The Bench (NYT)

By Alan Feuer

The New York Times, August 16, 2006

It is safe to assume that, after 39 years on the federal bench, Judge Jack B. Weinstein has had his share of fan mail. Jurists may not receive as many letters as, say, movie stars or rock 'n' rollers, but it would be unlikely for a legal giant who has issued rulings on everything from Agent Orange to asbestos not to have received at least a couple of mash notes.

DOJ_NMG_0049099

Yesterday, in fact, the judge released a strange piece of mail he received last month in connection with his stunning decision to dismiss the guilty verdicts of Louis Eppolito and Stephen Caracappa, the two retired detectives at the heart of the so-called Mafia cops corruption case.

The subject of the letter was fairly run-of-the-mill: A heartfelt pat on the back for having the heart to dismiss what looked to many like an open and shut case.

The writer of the letter was Victoria Gotti, the mother of John A. Gotti, who is now on trial on racketeering charges in a Manhattan courthouse, just across the river from where Judge Weinstein works.

In her letter, Mrs. Gotti praises Judge Weinstein and his decision, saying it “takes a tremendous amount of courage to do what you did” in dismissing the guilty verdicts against Mr. Eppolito and Mr. Caracappa.

Mrs. Gotti says in the letter that she had been disillusioned with the justice system but that Judge Weinstein has given her hope that her son may have a second chance at life in his third trial, which follows two deadlocked juries.

She writes that Mr. Eppolito and Mr. Caracappa “need to thank their lucky stars for your wisdom and fairness.”

The two retired detectives were acquitted of a murder conspiracy when Judge Weinstein ruled in June that the five-year statute of limitations in their case had effectively run out.

The same statute is likely to be an issue in Mr. Gotti’s trial, which opened on Monday in Federal District Court in Manhattan.

As a rule, judges do not discuss their reasons for releasing documents, and attempts to reach Judge Weinstein were stymied yesterday when his courtroom deputy was unavailable for comment on the phone.

Judge In ‘Mafia Cops' Trial Received Angry Letters After Decision (NYS)

New York Sun, August 16, 2006

A federal judge in Brooklyn received a smattering of angry letters after he reversed a jury's conviction in June and ruled in favor of the "mafia cops," two men who allegedly murdered for the mob while serving as detectives.

The judge, Jack Weinstein, earlier had said that the crimes the men, Louis Eppolito and Stephen Caracappa, were accused of may have been the worst ever tried in the federal courthouse in Brooklyn.

It thus follows that Judge Weinstein, one of New York's most famous federal trial judges, certainly could not have expected any fan mail when he threw out the convictions on a statute of limitations technicality.

Not all of the mail was negative. Judge Weinstein yesterday placed an unusual letter of thanks in the case file. The letter came from a mother on the eve of her son's trial in a different courthouse before a different judge. The mother is Victoria Gotti Sr. Her son, John Gotti Jr., is now on trial in court in federal court in Manhattan.

The eight-line note, written last month, represents a strange convergence of two of this year's highest profile mob cases.

She writes: "Those two men, Epolitta and Carracappa need to thank their lucky stars for your wisdom and fairness."

Victoria Gotti Hails 'Mob Cops' Judge (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, August 16, 2006

Victoria Gotti's late husband, Gambino mob boss John J. Gotti, was dogged by prosecutors for years until he was convicted and sent to federal prison, where he died of cancer. Her son, John A. Gotti, known as "Junior," currently is fighting for his freedom in what she views as a vindictive retrial on racketeering charges.

But despite her strong misgivings, Victoria Gotti says in a recent letter that her faith in the criminal justice system has been restored -- and she credits the federal judge in the "Mafia Cops" case.

In a letter to U.S. District Court Judge Jack B. Weinstein, disclosed in court records Tuesday, the Gotti matriarch applauded the judge's June dismissal of the racketeering convictions of ex-NYPD detectives Louis Eppolito and Stephen Caracappa.

"It takes a tremendous amount of courage to do what you did," Victoria Gotti wrote in the undated letter.

Weinstein threw out the most serious racketeering charge against Eppolito and Caracappa despite a finding by a jury in April that they were involved in eight gangland hits. Weinstein ruled that the statute of limitations caused a problem with the rackets conviction, and ordered a retrial on lesser narcotics charges. Federal prosecutors are appealing.

Victoria Gotti also wrote about her son John's current racketeering trial, now in the jury selection phase in federal court in Manhattan. Since last September, two trials in which he was accused of racketeering and involvement in the Gambino crime family have ended in mistrials.

"I am a person that was totally, totally disillusioned with the justice system," Gotti wrote to Weinstein. "You have restored my hope that my own son may have a chance, or should I say a second chance at life."

"With two hung juries and a third trial in August, I am beyond desolate," she stated. "I continue to hope for a better day for him."

Lawyers for Junior Gotti, 42, have argued that he quit the mob in 1999 before he pleaded guilty to racketeering and was sentenced to 77 months in prison.

Ma Gotti Hails Judge Who Whacked 'Mafia Cop' Case (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 16, 2006

Brooklyn Federal Judge Jack Weinstein has a new unexpected fan: Victoria Gotti.

The matriarch of the Gotti clan wrote a letter to Weinstein, praising him for showing a "tremendous amount of courage" in knocking out the convictions of the "Mafia cops."

"I am a person that was totally, totally disillusioned with the justice system," Victoria Gotti wrote in an undated letter to Weinstein. "You have restored my hope that my own son may have a chance, or should I say a second chance at life."

The letter was entered into a court file yesterday.

Gotti has been silent since attending each day of her son John A. (Junior) Gotti's trial this winter, when he scored his second mistrial.

Then she attacked a government witness who testified against her son, and defended her late husband, John (Dapper Don) Gotti, amid allegations that he'd fathered a love child.

She's expected back in court later this week for opening statements in a racketeering conspiracy case that centers on claims that Gotti, 42, ordered the assault on radio host Curtis Sliwa in 1992.

"With two hung juries and a third trial in August, I am beyond [despondent]," Gotti said. "I continue to hope for a better day for him."

Last month, Weinstein tossed out the federal murder convictions of Mafia cops Louis Eppolito and Stephen Caracappa. In April a jury found that the former NYPD detectives participated in eight gangland slayings while still on the job.

Weinstein ruled that the statute of limitations on the racketeering conspiracy had expired.

She began the letter by saying: "I want to applaud you on your decision in regard to the Eppolito and Caracappa case, it takes a tremendous amount of courage to do what you did."

"Those two men, Eppolito and Caracappa need to thank their lucky stars for your wisdom and fairness," Gotti wrote.

There happens to be a Gambino family connection with Eppolito: Two of his relatives, Ralph (Fat the Gangster) Eppolito and Jimmy (The Clam) Eppolito were Gambino family members.

Ruling On Testimony In Aryan Brotherhood Case Could Set Precedent (SDUT/AP)

By Linda Deutsch, Associated Press

The San Diego Union-Tribune, August 16, 2006

SANTA ANA – For two Aryan Brotherhood leaders convicted of murder, the next phase of their trial means life or death. But a federal judge said Tuesday it could also have critical impact on American law.

U.S. District Judge David O. Carter told lawyers his upcoming interpretation of a 2004 U.S. Supreme Court decision would be the first to answer a key issue: Do convicted defendants have the right to confront their accusers in the death penalty sentencing phase of their trials?

Carter delayed the start of sentencing testimony against Barry “The Baron” Mills and Tyler “The Hulk” Bingham until Aug. 28, saying his final ruling could significantly impact the prosecution's presentation.

The two kingpins of the white supremacist prison gang were convicted of murder, conspiracy and racketeering charges in crimes that go back as far as 30 years.

The judge suggested his final ruling could set a precedent because high courts across the nation have avoided the issue raised in Crawford v. Washington.

“There is no guidance,” he said. “It's a case of unique impression.”

Thom Mrozek, a spokesman for the U.S. attorney's office, has said the government's sentencing case was built entirely on documentary evidence. That could include letters, court transcripts, disciplinary records and other paperwork.

Assistant U.S. Attorney Stephen Wolfe argued Tuesday that prosecutors should be able to present that evidence rather than having to call witnesses.

“It's not a trial any longer,” Wolfe said. “These men are multiple murderers.”

Wolfe noted that in an effort to document one alleged crime for presentation during the sentencing hearing, he found that one witness was dead and two others had disappeared.

Carter tentatively ruled last month that the Crawford case applies to sentencing but said Tuesday he could change his mind in light of the arguments.

Defense attorneys were the first to raise the issue, arguing that the government must present live witnesses or nothing at all.

The judge made his tentative ruling in the defense's favor on July 28, the day the jury returned the verdicts against Mills, Bingham and two other men.

Defense lawyers then filed motions in support of the tentative ruling and prosecutors replied with more briefing papers.

The Supreme Court ruling in Crawford v. Washington harkens back to English law that asserts the right of defendants to confront their accusers was absolute, even before this nation was founded.

The Aryan Brotherhood trial is part of one of the largest federal capital cases, with more than a dozen people potentially facing the death penalty. More defendants face trials in Los Angeles later this year.

Richard Dieter, executive director of the Death Penalty Information Center in Washington, D.C., said for now the ruling by Carter would apply only to his federal district but added that it could eventually influence other cases if it makes its way to the high court through the appeals process.

Only 37 people have been executed by the federal government since 1927 – and only three since the federal death penalty was reinstated in 1988, Dieter said.

Mills and Bingham were convicted under Racketeer Influenced and Corrupt Organizations law, and offenses known as Violent Crime in Aid of Racketeering.

The so-called VICAR verdicts make Mills and Bingham eligible for the death penalty for ordering a race riot at a federal prison in Lewisburg, Pa., that resulted in the deaths of two black inmates.

In Crawford v. Washington, the Supreme Court ruled that petitioner Michael Crawford had the right to cross-examine his wife, who gave a tape-recorded interview with police after Crawford stabbed a man who allegedly tried to rape her.

In the taped interview, which was played for the jury, Crawford's wife testified that she couldn't be sure the victim was holding a weapon at the time of the stabbing, contradicting her husband who said he acted in self-defense.

His wife did not testify during the trial because of the state marital privilege.

Hotel Worker Guilty Of Fraud (TEXGAZ)

By Lori Dunn, Texarkana Gazette

Texarkana Gazette, August 16, 2006

Dena Fuselier deceived Red Cross into paying for evacuees not at inn

A Texarkana hotel manager has pleaded guilty to hurricane-related fraud in the Eastern District of Texas.

Dena Fuselier, 64, of Atlanta, Texas, general manager of Ramada Inn, pleaded guilty Aug. 7 to five counts of wire fraud before U.S. Magistrate Judge Caroline M. Craven, said federal attorney Matthew D. Orwig.

According to information presented in court, shortly after Hurricane Katrina in August 2005, Ramada made an agreement with the American Red Cross to house evacuees. The Red Cross agreed to pay for or reimburse Ramada at a rate of $54 per night for each room provided to an evacuee.

Prosecutors said Fuselier instructed hotel employees to check in each evacuee for a 14-day period. According to information from the U.S. Attorney's Office, Fuselier also instructed employees to keep evacuees in the hotel's computer system as if they were still guests if the evacuees should check out before the end of the 14 days.

Fuselier then instructed hotel employees to transfer the checked-out evacuees from their original room to an off-market room. Off-market rooms are those under renovation or used for storage and not available to guests.

False billing statements were then sent to the Red Cross. The total amount of overbilling was $19,980.

Fuselier was indicted by a federal grand jury on May 4.

She faces up to 20 years in federal prison and a fine of up to $250,000 at sentencing.

A sentencing date has not been set.

The case is being investigated by the Federal Bureau of Investigation and prosecuted by Assistant U.S. attorney Barry Bryant.

Texarkana attorney Paul Miller represents Fuselier.

Police Say Crime Scene Was Altered (WP)

By Allison Klein And Henri E. Cauvin, Washington Post Staff Writers

The Washington Post, August 16, 2006

Two weeks after a prominent lawyer was killed in a Washington townhouse, D.C. police are still searching the home for clues, and they believe crime scene evidence was cleaned, according to court documents.

The body of Robert Wone, 32, general counsel for Radio Free Asia, was found Aug. 2 in a Swann Street NW townhouse. He had been stabbed three times in the chest. The house is owned by two men who are well known in the gay community. They and a third resident at home the night of Wone's killing have hired criminal defense lawyers.

Police said Wone was spending the night at the townhouse near Dupont Circle because he had worked late and did not want to drive home to Virginia, where he lived with his wife. She has declined to speak publicly since his death.

Wone was a college friend of one of the townhouse's owners, Joseph Price, a lawyer.

In an affidavit to search Price's office at the law firm of Arent Fox, police assert that the scene had been altered.

"Technicians were able to determine that the crime scene had been tampered with, including that the area where the victim's body was located had been cleaned," said the document, which was first reported in Legal Times.

Police said they also were struck by what they did not find.

"A lot of evidence we should have seen at the house, we didn't see," Capt. C.V. Morris, head of the police department's violent crime unit, said yesterday.

Police used chemicals and an artificial light to detect trace blood on the walls, floors, door frame and sofa bed near where Wone's body was found, according to the affidavit.

Police took a computer from Price's office, looking for e-mails to and from Wone, the document says.

Three men, including Price, were at the house when Wone was killed. The second man is Victor Zaborsky, who owns the home with Price, according to property records. The third is Dylan Ward, who works for a software company in Virginia.

Kathleen E. Voelker, an attorney for Price and Zaborsky, did not return a phone call yesterday.

David Schertler, who is representing Ward, said that his client had been living in the Swann Street home for more than a year and that he was acquainted with Wone through Price.

Schertler, a former homicide chief for the U.S. attorney in the District, said Ward had nothing to do with Wone's slaying. Schertler said Ward told police that neither of the other two men was involved, either.

Doctoring a crime scene could lead to criminal charges of obstruction of justice or accessory after the fact.

Police are trying to determine a motive in the slaying, according to a law enforcement official who did not want to be identified because the case is open.

Shortly after the killing, one of the three men told police that an intruder had broken in through the back door and killed Wone, according to the affidavit. Schertler also said the slaying was committed by an intruder.

But investigators said there were no signs of forced entry into the house, nothing was ransacked and nothing appeared to have been taken.

Morris said the three men told police they did not see an intruder or hear Wone being killed.

The FBI is helping investigators, providing technicians with expertise in blood spatter, Morris said. The agency also brought in a behavioral scientist who specializes in crime scene reconstruction.

Investigators say they are not sure Wone was killed in the second-floor guest room where he was discovered.

Price and Zaborsky were identified as a couple in a 2004 article in USA Today about gay parents. They had donated sperm to a lesbian couple, the article said. Price is general counsel to Equality Virginia, a gay rights organization.

Galante Remains Free After Reprimand By Judge (DANNT)

Danbury News Times, August 16, 2006

Allegedly met with potential witness Sunday

NEW HAVEN -- A federal judge reprimanded Danbury businessman James Galante today, but did not grant a request from prosecutors to revoke his bond.

Galante is under house arrest as the federal racketeering case against him winds its way though the system. Violating the conditions of his release could have landed him behind bars.

Prosecutors allege that Galante, who lives in New Fairfield, orchestrated a price-rigging scheme in the local trash hauling industry – and relied on organized crime figures to enforce the rules.

Prosecutors allege that Galante violated the terms of his release Sunday when he met with a woman at his New Fairfield house. The woman, prosecutors said, is a potential witness in the court case – and a woman Galante has a "romantic relationship" with. The woman is not Galante's wife.

Galante's lawyer argued in court today that the episode was nothing more than a misunderstanding.

Galante is scheduled to appear in court again Wednesday, where his lawyers will ask the court to allow him to return to AWD, his Danbury-based sanitation company.

AWD is currently being operated by a company brought in by the federal government.

Oregon Man To Stay Behind Bars For Contempt Of Court (AP)

AP, August 16, 2006

EUGENE, Ore. (AP) — An environmental activist who has been jailed since May for refusing to testify before a grand jury told a federal court judge Tuesday that he believes his rights have been violated.

Jeffrey Hogg, 32, a nursing student, said he does not believe in the grand jury system due the potential for abuse in the secretive process. He said the court's decision to jail him for refusing to testify in a sweeping ecosabotage investigation violates his First Amendment rights.

"I mean no disrespect to the court," Hogg said. "I have long-held beliefs about the grand jury system and I'm not willing to compromise them."

Hogg's attorney, Paul Loney, argued that the government no longer needs Hogg's testimony, because six people have pleaded guilty to involvement in acts of environmental sabotage and have pledged to cooperate with the investigation.

"This is an improper use of the grand jury," he said. "They can get their evidence elsewhere."

But U.S. District Court Judge Michael Hogan decided to keep Hogg in jail, saying grand juries exist to keep prosecutors from charging people without justification. Hogan said more time behind bars for contempt of court might persuade Hogg to cooperate.

The grand jury's 18-month term will end next month, at which time Hogg normally would be released. Assistant U.S. Attorney Stephen Peifer said the government will soon request a six-month extension.

The "Operation Backfire" investigation has resulted in indictments against more than a dozen people in connection with a string of firebombings from 1996 to 2001. The Earth Liberation Front and Animal Liberation Front claimed responsibility.

Peifer said a number of witnesses have provided information about Hogg's involvement, including allegations that he attended meetings where tactics and strategies for acts of sabotage were discussed.

"If he thinks he's protecting someone, he's not," Peifer said. "No one's protecting him."

Judge Rejects Vigil Defense Team's Change Of Venue Request (AP)

By Tim Korte

AP, August 16, 2006

ALBUQUERQUE (AP) - It appears Robert Vigil's retrial is staying in Albuquerque.

U.S. District Judge James Browning on Tuesday denied an effort by lawyers for the former state treasurer to move the public corruption proceedings outside New Mexico. The defense team vowed an immediate appeal.

"We are committed to pursuing every avenue to ensure Mr. Vigil gets a fair trial," lead defense attorney Sam Bregman said outside the courthouse.

During a three-hour motions hearing, Browning said he's confident 12 jurors and two alternates can be found from within New Mexico.

Later, in a written order, Browning said Vigil's lawyers didn't show "that the publicity and media attention related to this case are so nefarious as to make empaneling a fair jury impossible or that the media coverage has effectively displaced the judicial process."

Bregman said he will take the matter to the 10th U.S. Circuit Court of Appeals, but the judge rejected a defense request to halt the proceedings while the change of venue decision is appealed.

"We're going to keep on track," Browning said.

Time is important because Vigil's retrial is scheduled to begin Sept. 5.

Vigil resigned last October, weeks after charges were filed. He has pleaded not guilty to two dozen racketeering and extortion counts, accused of steering state business to investment advisers in exchange for kickbacks.

After consulting both sides, Browning decided 120 potential jurors will be summoned from across New Mexico for jury selection on Sept. 5. Sixty will be in the courtroom for questioning by attorneys, with the other 60 available if needed.

"We'll have plenty in the wings," said Browning, who rejected Bregman's request to stage jury selection over two days.

Bregman argued extensive media coverage and a barrage of congressional campaign advertisements that prominently mention Vigil have tainted the pool of potential jurors and made it impossible for Vigil to get a fair trial anywhere in New Mexico.

"If you haven't seen these ads, you probably don't watch TV," Bregman said.

Assistant U.S. Attorneys Jonathon Gerson agreed there has been extensive publicity surrounding the case, but insisted it will be possible through the jury selection process to seat an unbiased jury. He also argued the case belongs here.

"The people of New Mexico have a right to come into the courtroom in Albuquerque and see this case," Gerson said.

Bregman used television monitors in the courtroom to play advertisements by candidates in the 1st Congressional District race. In an ad for incumbent Republican Heather Wilson, Bregman noted Vigil's name was mentioned four times and his picture displayed once.

Bregman also played an ad by Democratic challenger Patricia Madrid that indicated Madrid, as New Mexico's attorney general, is _ according to the text _ "prosecuting Vigil's co-conspirators while the government prosecutes him."

"It's not a fair environment when a congressional campaign makes the entire campaign about whether one of them has done enough about Robert Vigil and corruption in the state treasurer's office," Bregman said.

Bregman also said initial jury questionnaires returned so far have indicated about one-third of respondents know about Vigil's case and believe he's guilty.

"There is a fierceness in their opinion," Bregman told Browning. "It is pretty incredible the veracity of their beliefs."

Hooks Considers Guilty Plea (MCA)

By Marc Perrusquia

Memphis Commercial Appeal, August 16, 2006

Days before he's set to stand trial on bribery charges, County Commissioner Michael Hooks Sr. is weighing a guilty plea.

Defense lawyer Steve Farese confirmed Tuesday that Hooks is thinking of changing his plea and calling off the trial -- a decision expected as early as today.

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"We're considering it, but it's not a done deal," Farese said. "We plan on making our mind up by (today)."

A guilty plea by Hooks would be huge for Operation Tennessee Waltz, the undercover FBI sting that's netted corruption charges statewide against 12 current and former public officials.

Most of the Memphis defendants -- all of them black -- have held out for jury trials amid contentions by some that the sting was racially biased.

Facing damning videotapes and other evidence, however, six of the defendants have been convicted, two by juries and four by guilty pleas.

Scheduled to go on trial in federal court Monday, Hooks is one of eight Waltz defendants who've opted to hold out for jury trials. The two who've gone to trial -- former state senator Roscoe Dixon and former Hamilton County commissioner William Cotton -- were found guilty.

Hooks said this week he will resign his commisison seat effective Monday.

Farese confirmed that Hooks is considering a plea after a court calendar listed his scheduled appearance for Monday as a "change of plea" hearing. Farese said he has no written plea agreement before him, but said a plea is possible. "There's a lot more to it," the lawyer said.

Hooks Announces Resignation (MDN)

Memphis Daily News, August 16, 2006

Michael Hooks Sr. announced at Monday's Shelby County Commissioners meeting that he plans to resign his post effective Monday at 12:01 a.m., the day he's set to go on trial for his role in the Tennessee Waltz scandal. His term, along with seven other commissioners, would have ended on Aug. 31, anyway.

Hooks said he decided to resign because he doesn't want publicity from his trial to be a distraction to other outgoing commissioners.

Hooks was indicted in September for allegedly accepting $24,000 in bribes from undercover FBI agents posing as executives from the fictitious company E-Cycle Management. Hooks requested a trial delay earlier this month, but the request was denied by U.S. District Court Judge J. Daniel Breen.

Hooks is one of 11 defendants charged in the investigation.

Former Sen. Roscoe Dixon, D-Memphis, was convicted of extortion in June and is awaiting sentencing. Former Rep. Chris Newton, R-Cleveland, pleaded guilty last summer to accepting bribes and began serving a one-year sentence in April.

Marlinga Gets Mail Fraud Charge Tossed, But Trial Stays On Schedule (MACOMBD)

By Chad Halcom, Macomb Daily Staff Writer

Macomb (MI) Daily, August 16, 2006

Ex-prosecutor now faces five federal charges

One of six federal charges against former Macomb County Prosecutor Carl Marlinga is dismissed based on a judge's misgivings about the logic behind it, but the other five counts remain for next month's trial.

Advertisement

In a court ruling recently received by both sides in the case, U.S. District Court Judge Victoria Roberts in Detroit ruled that a mail fraud charge against Marlinga arising from his written pleadings to the Michigan Supreme Court on behalf of a rape defendant should be dismissed.

The U.S. Attorney's Office in Detroit alleged that Marlinga committed mail fraud when he sent the written brief on behalf of exonerated defendant Jeffrey Moldowan because Marlinga didn't disclose an alleged financial connection to some of Moldowan's supporters. But the judge found that Justice Department officials couldn't substantiate that Marlinga's conduct was a crime.

"If the Court were to accept the Government's assertion that a prosecuting attorney's general duty of honesty is sufficient to bring him or her within the bounds of (federal law and prosecution), countless Michigan lawyers (including those working in other capacities that involve an element of public service) would be subject to prosecution for conduct which the State of Michigan has not clearly indicated an intent to criminalize," the judge's written ruling states.

Following Roberts' decision, attorneys for both sides had a pretrial conference with the judge Tuesday to make preparations and handle scheduling matters for Marlinga's trial Sept. 12. Defense attorney Mark Kriger said the hearing did not involve Roberts' ruling or any other weighty legal matters.

"It wasn't even a hearing, it was just a pretrial conference," he said. "Nothing substantive was done like that."

Kriger and co-counsel N.C. Deday LaRene made legal arguments on behalf of Marlinga earlier this year seeking to dismiss all six charges -- the mail fraud count, plus two counts of bribery, two counts of giving false statements to federal investigators or officials, and a wire fraud charge involving monies from another rape defendant, James Hulet.

But Roberts' ruling essentially rejects all of the defense arguments, except the one involving mail fraud.

Gina Balaya, a spokeswoman for the U.S. Attorney's office in Detroit, said Tuesday she had not had a chance to read or review the judge's ruling and she could not say whether federal prosecutors will try to appeal or seek reinstatement of the mail fraud charge. But court officials said Tuesday there were no delays or accommodations made to allow the prosecution an appeal, and the trial is still set for Sept. 12.

The allegations in federal court revolve around some $34,000 in various alleged contributions to Marlinga's failed 2002 election bid for the congressional seat now held by U.S. Rep. Candice Miller, R-Harrison Township.

Federal attorneys contend Marlinga exercised favorable influence in the case of Moldowan, who successfully gained a new trial for his 1991 rape conviction and won an acquittal in his new trial at Macomb County Circuit Court.

Marlinga also allegedly received contributions in exchange for his influence in the outcome of a criminal case against Hulet, a St. Clair Shores resident, who eventually pleaded guilty and was sentenced to two years in prison in January 2004. He was released this year and is on probation.

The other counts revolve around reporting campaign contributions to the Federal Election Commission, and wire fraud in connection with the Hulet case.

CIVIL LAW:

Bush Administration, In Series Of Federal Lawsuits Against New York Agencies, Gains Creeping Oversight Of Local Government (NYS)

By Joseph Goldstein, Staff Reporter of the Sun

New York Sun, August 16, 2006

When President Bush flew into John F. Kennedy International Airport June 19, Mayor Bloomberg was out on the tarmac to greet him. The two engaged in some friendly backslapping and reporters wrote stories about the occasion.

The president's relationship with New York City, however, is not always as amicable. In federal courts in Manhattan and Brooklyn, Mr. Bush's Justice Department has brought half a dozen cases against the city's public agencies. With each settlement, the federal government has won a degree of oversight over local government.

Because of the lawsuits, federal attorneys in Manhattan now monitor job promotions at the Department of Parks and Recreation to guard against racial discrimination. In May, the Justice Department required the city to notify welfare-to-work employees that they have the same protections against harassment as full-time municipal workers. Just one day after the president's June visit, Mr. Bush's lawyers accused the New York City Transit Authority of harassing a Sikh employee.

Last week, the Justice Department forced the transit authority to cough up $165,000 for failing to repair leaky airconditioning units on old subway cars. That settlement came six years after one with the sanitation department over the city's disposal of discarded appliances containing Freon.

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"The feds are the biggest bureaucracy of all, and when they make rules and try to make other people follow their rules it takes forever to untangle," the president of New York Civic, Henry Stern, said. "The public is unaware of the substantial invasion of traditional local government prerogatives by federal agencies and their attorneys."

Mr. Stern, who, as a former parks commissioner, was accused of racial discrimination in a Justice Department suit, called the federal efforts against the city an affront to taxpayers.

"The taxpayer pays for both sides and no matter who wins, we lose," he said.

A list compiled by The New York Sun shows that the Justice Department has filed five lawsuits against the city or the New York City Transit Authority since Mr. Bush became president in 2001.Also, it filed criminal charges against the city's Department of Environmental Protection for a mercury spill that was ignored. The city agency pleaded guilty in 2001.

In each lawsuit, the city and the federal government have arrived at a settlement, the terms of which generally allow the federal government to monitor the city's conduct for a period of three years. When the allegations involve discrimination, the federal government generally requires the city to take corrective actions, such as sending out public notices or putting in place a person responsible for fielding complaints. Large cash penalties rarely accompany the settlements.

This is an arrangement that likely suits both sides, a senior fellow at the Manhattan Institute, Walter Olson, said.

"City agencies would rather have some marching orders— even ones they don't like — than being entirely uncertain of what the law is going to demand of them in court," Mr. Olson said. "And prosecutors like the kind of track record that shows they can compel quick capitulations."

The strategy often prevents a public accounting, because most of the discussions take place out of court. In one case, involving Lafayette High School in Brooklyn, Justice Department attorneys filed a settlement on the same day as the legal complaint, indicating that the lawyers for the two sides had hammered out an agreement before they ever went before a judge.

The only open case the Justice Department still has in courts against a city public agency is a challenge to the transit authority's dress code. The lawsuit claims that a ban against turbans for employees who interact with passengers is discriminatory against Sikh and Muslim workers. The transit authority's dress code has been changed: Employees are now permitted to wear transit authority-issued turbans bearing the MTA logo.

The federal government is arguing with the transit authority over an informational flyer that features a photograph of a Sikh transit authority employee wearing a turban with the logo. Since July, the Justice Department has demanded the photograph of the employee, station agent Trilok Arora, be removed from the flyer. Mr. Arora said he disagrees with the dress code. The transit authority is willing to remove the photograph only if the Justice Department pays a model to don the turban and appear in Mr. Arora's place, according to court papers filed by the government.

When the federal government presses the city in court, it often files a complaint similar to one that private attorneys have already filed. In a dispute over job promotions at the parks department, the Justice Department followed the lead of a class action filed in 2001. Both lawsuits accused the parks department of passing over career employees, many of whom are black or Hispanic, for promotions that went to young and mostly white recruits who just graduated from college.

Under a settlement reached in 2005, the Parks Department must post all job openings and expand personnel files to provide a better basis for promotional decisions. The city also began sending records of recent promotions at the department to the federal government for review, a lawyer familiar with the case said.

An attorney for the class action against the Parks Department, Lewis Steel, said the Justice Department's decision to file suit adds credibility to the claims made in the private lawsuit, which has not yet been resolved.

The Justice Department has taken the city to court over allegations of assaults and harassment against Asians in a Brooklyn school, Lafayette High School in Bensonhurst. Three years after initiating an investigation, the federal government reached a settlement with educators in 2004 that required the school to keep a detailed record of every complaint of harassment.The settlement also set guidelines meant to bolster the English Language Learner program. The school continues, through next year, to be under the watch of the federal government.

Perhaps the largest degree of control the Justice Department has gained through the courts over any current city undertaking involves the water filtration plant under construction in the Bronx.The $1.2 billion plant, which is to be placed beneath Van Cortlandt Park, will eventually treat all city water from Croton watershed in Westchester County. Throughout the 1990s, the city had sought to avoid building the water treatment center, claiming that the city could protect the water by guarding against pollution at the sources. Although a 1998 court settlement with the Environmental Protection Agency required the city to build the plant, choosing a location required legislation from Albany, which passed in 2003.The city's law department now files monthly reports to the EPA and holds quarterly meetings to provide updates on its progress, a lawyer familiar with the case said. The city has been hit with more than $6 million in penalties following the settlement.

Despite these lawsuits, some New Yorkers think the Justice Department occasionally shies away from a fight. A vice president with the Vulcan Society, the city's fraternity of black firefighters, Michael Marshall, said the Justice Department "has

never been really receptive" to his organization's claims that the department's hiring practices are discriminatory. Conversations between the Justice Department and the Vulcan Society over the small number of black firefighters extend back nearly two decades, Mr. Marshall said. Last year, the Justice Department confirmed that it had begun an inquiry into the fire department.

Legal observers warn against judging the track record of either the city or the Justice Department from the docket of cases the federal government has brought against the city.

"It could mean the Department of Justice is handling everything exactly right and policing what needs to be policed,"a law professor at New York University, Samuel Issacharoff, said. "Or it could mean they are asleep at the switch."

CIVIL RIGHTS:

Dozens Held As Sex-slave Ring Hit (NYDN)

New York Daily News, August 16, 2006

The Feds and the NYPD broke up a major human-trafficking ring that smuggled women and men into the country to work as sex slaves, law enforcement sources said yesterday.

Investigators rounded up dozens of suspects yesterday in New York, New Jersey, Connecticut, Pennsylvania, Maryland, Rhode Island and Washington, D.C., in the multistate sting, which will be detailed in a news conference today.

The joint probe by the FBI, NYPD and U.S. Immigration and Customs Enforcement began more than a year ago and in March led to the arrest of two Queens cops charged with protecting a Flushing brothel from police raids in exchange for bribes and sex with hookers.

Pimps Geeho Chae and Gina Kim told investigators they paid rogue cops Dennis Kim, 29, and Jerry Svoronos, 30, for tips on when to expect raids and for help in shutting down competing cathouses. The two decorated cops were arrested and the $4,000-a-day brothel on 164th St. was shuttered.

The corruption probe led to a wider investigation into the young women and men working in this and other Asian brothels.

Neighbors said Asian men in fancy cars and limos patronized the sex den.

In the initial investigation, an undercover detective met with the pimps and pocketed some $126,500 in bribes to keep the law at bay. Sixteen Korean and Chinese women were rounded up in the earlier sting.

Alison Gendar

Fed Court Dismisses ACLU Case Against FBI (UPI/UPI)

United Press International, August 16, 2006

WASHINGTON, Aug. 15 (UPI) -- A U.S. federal court in the District of Columbia has dismissed a civil-liberties group's request against the FBI.

The ruling marked a defeat for the American Civil Liberties Union in its battle against alleged FBI spying on peace, political and religious activists, National Journal's Technology Daily reported Friday.

On Aug. 9, Judge Ellen Segal Huvelle dismissed an ACLU request from the American Civil Liberties Union to review about 40 pages of redacted documents as part of a two-year crusade to shed light on U.S. government surveillance of Greenpeace, People for the Ethical Treatment of Animals, and other organizations,GovExec.com reported.

ACLU attorney Scott Michelman claimed the ruling was the "tail end of a much larger litigation that has already produced thousands of pages demonstrating that the FBI has been spying" on activists.

In the filing, the ACLU asked the court to make sure the U.S. government was not redacting too much. Huvelle found that the FBI was "playing by the rules," but previous examinations showed that some information had been wrongfully withheld by the Bush administration, Michelman said.

FBI Agent Testifies That Officer Admitted Earlier Account Wrong (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), August 16, 2006

A former Prichard police officer accused of beating a suspect last year filed a report depicting the man as the aggressor and then later admitted the account was wrong, an FBI agent testified Tuesday.

Special Agent George Glaser said Jason Hardy Hunt, whom Glaser questioned on Feb. 8, initially stood by his report accusing James Allen Woodard of grabbing him around the waist during the March 22, 2005, altercation near the Pride Stop and Save off of Martin Luther King Jr. Avenue.

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Two days later, Glaser said, Hunt told him that he was the one who initiated contact. Glaser testified that Hunt said he had been instructed by a superior officer to arrest Woodard and then took Woodard down when the suspect would not cooperate.

The agent also told jurors at Mobile's federal courthouse that Hunt told him he did not mean to injure Woodard and denied slamming his head against the pavement, as other witnesses have testified.

Glaser testified that Hunt said his revised account was the result of a changing recollection from a "heat of the moment" memory and not any purposeful misstatement.

Prosecutors contend Hunt's original incident report was intentionally false and was an attempt to cover up a willful attack on Woodard, who spent eight days in the hospital, suffered a skull fracture and sustained permanent hearing loss in his right ear.

The confrontation prompted Prichard, after its own investigation, to fire Hunt. The city also agreed last week to pay Woodard $100,000 to settle a civil lawsuit.

If convicted of the criminal charges, Hunt faces a sentence of between three years, 10 months and four years, nine months, according to a preliminary calculation of his possible punishment under advisory sentencing guidelines.

On Tuesday, other officers at the scene that early evening in March 2005 testified about their recollection of the events, with prosecutors and defense lawyers pouncing on every perceived inconsistency.

Jonathan Waite, who earlier had put Woodard on the ground, testified that Woodard was not threatening Hunt in any way when the officer grabbed him in a bear hug before knocking him over.

"There was no reason for one person to take him down at that time," Waite testified. "(Hunt) approached the subject by himself and tried to apprehend the subject by himself when there were eight officers there."

Federal Defender Carlos Williams challenged Waite about why he filed no report that day indicating Hunt had done anything wrong. In a report filed at the request of superior officers four days later, Williams said, Waite still did not indicate Hunt was at fault. It was not until supervisors asked for a second report that Waite included allegations against Hunt, Williams said.

"I didn't know the severity of the injury of the subject," Waite said. "I have to work with these people, also."

Former Police Chief Sammie Brown, testifying for the defense, said that Hunt previously had not drawn a complaint of excessive force in his year-plus with the department.

"I thought a lot of Mr. Hunt. I felt like he had the knowledge and ability and desire to progress far in law enforcement," Brown said.

Backing Hunt's account in part, Cpl. Walter Knight said he is the one who gave the order to arrest Woodard after he failed to leave the area. He called Hunt a "real gung-ho officer" but also said during cross-examination that Woodard was not resisting arrest or posing a threat when Hunt grabbed him.

Republican Hispanics Blast Democrats' Ad (AP-Y)

By Suzanne Gamboa

AP, August 16, 2006

A Democratic political ad is under fire from Hispanics who say it unfairly compares Latino immigrants to terrorists.

The Democratic Senatorial Campaign Committee sponsored a 35-second ad on its Web site that shows footage of two people scaling a border fence mixed with images of Osama Bin Laden and North Korea President Kim Jong Il.

Pedro Celis, chairman of the Republican National Hispanic Assembly, said in a statement Tuesday that the DSCC should remove the ad because it vilifies illegal Hispanic immigrants and is "appalling."

Houston City Councilwoman Carol Alvarado, a Democrat, sent a letter to DSCC Chairman Sen. Charles Schumer of New York asking that the ad be pulled. She said it could alienate Latino voters.

"To liken Latino immigrants to bazooka-toting terrorists not only undermines the positive relationship our party has with this community, but also lowers us to a despicable level as breeders of unfounded fear and hatred," Alvarado wrote.

The ad opens with the words "Security Under Bush and GOP?" It features scenes of a masked man with a bazooka, scenes from terrorist attacks and police inspecting a subway train. It also shows Osama bin Laden, Iran President Mahmoud Ahmadinejad and a docked ship as it claims "4 times as many terrorist attacks in 2005."

Then comes footage of a person climbing over a corrugated metal border fence and another preparing to climb it as the words "millions more illegal immigrants" form on-screen. In the following scene, viewers see the words "North Korea has quadrupled its nuclear arsenal" with footage of a tank and North Korea President Kim Jong Il.

The ad ends with the words, "Feel safer? Vote for change."

"Equating these undocumented migrants to the very real threats of terrorism is inexcusable and only serves to fan the flames of anti-immigrant sentiment in our country," Celis said in the statement.

The faces of the people climbing over the fence are not clearly visible and there is nothing in the ad confirming the people in the ad are Hispanic. Such scenes are often captured in footage of the U.S.-Mexican border.

Bettina Inclan, the assembly's executive director, said the people in the ad appeared Hispanic, "not just to us, but to other people who saw the video."

DSCC spokesman Phil Singer dismissed the group's criticism as a Republican group "trying to gloss over the White House's abysmal record on security."

"This group's time would be better spent pressuring reluctant Republicans to support comprehensive immigration reform," Singer said in an emailed statement.

Inclan said the group was among supporters of the bipartisan Senate immigration bill, which passed the Senate but has been criticized in the House.

The ad drew rebuke from other Hispanics.

"This is the same kind of fear mongering we condemn in the extreme media and now we are seeing it at the DSCC," said Lisa Navarrete, spokeswoman for the National Council of La Raza. "It's appalling."

Husband Takes Schiavo Fight Back To Politicians (NYT)

By Abby Goodnough

The New York Times, August 16, 2006

CLEARWATER, Fla. — The curtains are still drawn tight at Michael Schiavo's home on a quiet cul-de-sac here, and in some ways he remains as private and unknowable as when his wife Terri was the focus of a fervent national debate last year about life and death.

Yet Mr. Schiavo, who won a scorching legal battle to remove his brain-damaged wife's feeding tube, also remains furious at lawmakers in Tallahassee and Washington who intervened in the case. Hence the creation last winter of TerriPAC, a federal political action committee aimed against politicians who tried to stop Ms. Schiavo's death, and the debut of Mr. Schiavo, a newly remarried, self-described normal guy, as a political weapon in this year's midterm elections.

He is an unpolished speaker, sometimes abandoning sentences midstream or grasping for the right words. He did not vote or follow the news until recently, he says, and had never heard of a PAC until strangers suggested he start one late last year.

Still, Mr. Schiavo flew to Connecticut last month to help Ned Lamont, who defeated Senator Joseph I. Lieberman in the Democratic primary. Mr. Schiavo reminded voters that Mr. Lieberman had supported an emergency bill asking a federal court to consider reinserting Ms. Schiavo's feeding tube days before she died in March 2005. Ms. Schiavo's parents, who adamantly opposed her death and rejected Mr. Schiavo's claim that she would have wished it, had pleaded with Congress and President Bush to intervene.

Mr. Schiavo also hand-delivered a caustic letter to Representative Marilyn Musgrave, Republican of Colorado, who outspokenly opposed Ms. Schiavo's death, and endorsed her Democratic opponent, Angie Paccione. He attended a bloggers' convention in Las Vegas in June to raise his profile in the online pundit world, being host of a "privacy roundtable" at the Riviera Hotel.

"He is the human face of government intrusion," said Ms. Paccione, explaining why she accepted Mr. Schiavo's offer to appear with her at a news conference July 12. "We need more individual citizens like him to step up and put an end to it. People trust somebody who looks like them, talks like them and has their experience."

Representative Jim Davis, a Tampa Democrat running to replace Gov. Jeb Bush, a Republican, widely distributed a letter that Mr. Schiavo wrote after endorsing him in June. Mr. Davis was among the most vigorous opponents of intervention in the Schiavo case, criticizing it on the House floor before Congress enacted the now-famous measure that President Bush cut short his vacation to sign.

Mr. Schiavo said his hastily written book, "Terri: the Truth" (Dutton Adult, 2006), was meant to be his final say on the events that dominated his life for 15 years. But Democratic operatives looking toward the November elections saw gold in his lingering anger.

When those operatives encouraged Mr. Schiavo not to disappear from the public eye, the man who had kept his mouth tightly shut throughout his quest to end his wife's life — once even jumping an eight-foot-high fence behind his house to avoid the news media throng out front — decided he had more to share.

Driving him, he said, were television and newspaper clips from the end of the case, which he did not scrutinize until several months after his wife died.

"I didn't pay attention to a lot of it in the last couple weeks because I spent my time with Terri," Mr. Schiavo, 43, said at his preferred meeting place, a T.G.I. Friday's near his house in a neighborhood misleadingly called Countryside. "But when I saw it all, I thought, this is absolutely out of control.

"I had to remind people that what this government did to me, they can do to you."

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Mr. Schiavo's PAC has made no direct solicitations, but it has raised more than $26,000 in eight months, mostly in contributions of $100 or less made through its Web site, www.terripac.com. The committee is nearly broke at the moment, having contributed a total $4,000 to five Democratic candidates in Florida, Colorado and Texas and spent most of the rest on travel, Web site design and production of a video to help with fund-raising down the road.

"We are not a big financially powerful PAC yet," said Derek Newton, a Democratic consultant in Miami who sold Mr. Schiavo on the PAC and now serves as its director. "We are just looking at what makes sense and how we can do it."

Like Mr. Schiavo, Mr. Newton, 34, is learning as he goes. At first he did not realize that federal PAC's must disclose donations only of $200 or more, and filed reams of unnecessary paperwork. Though working with Mr. Schiavo could perhaps raise his own profile, Mr. Newton, who ran a mayoral race in Miami in 2004, said he was motivated only by disgust for the politics of the Schiavo case.

The PAC is not just devoted to politics. Its Web site also provides information about living wills, which Ms. Schiavo did not have when her heart briefly stopped one night in 1990, causing her brain damage. Organizers say information on eating disorders will be added to the site.

Mr. Schiavo believes his wife's cardiac arrest was due to a vitamin deficiency brought on by bulimia, though her autopsy could not prove that. His former in-laws, Robert and Mary Schindler, have accused him of strangling her, though the courts rejected that claim.

The Schindlers and their surviving children, Bobby and Suzanne, are raising money through the Terri Schindler Schiavo Foundation Center for Health Care Ethics, a nonprofit group whose stated goal is to protect "the rights of disabled, elderly and vulnerable citizens against care rationing, euthanasia and medical killing."

The foundation collected $379,855 in contributions last year, its lawyer said. Bobby Schindler, its director, said his family was not paying attention to Mr. Schiavo's activities.

"Our family believes our fight with Michael is over," he said.

Mr. Schiavo will focus on Florida candidates like Mr. Davis in the coming months, Mr. Newton said, but he may also offer help to James Webb, the Democratic challenger to Senator George Allen of Virginia; Claire McCaskill, the Democratic challenger to Senator Jim Talent of Missouri; and several Congressional candidates in Pennsylvania, his home state.

Mr. Schiavo said he would also make overtures to State Senator James E. King Jr., a Jacksonville Republican whose primary opponent, Randall Terry, led protests outside Ms. Schiavo's hospice in the weeks before her death and rallied the anti-abortion movement against it.

A spokeswoman for Mr. King, whose North Florida district has many religious conservatives, said: "We are not making the events that surrounded the Terri Schiavo case here in Florida a focus of our race."

Indeed, some campaign officials worry that joining up with the polarizing Mr. Schiavo could cut both ways. One person with a campaign that enlisted his help said the campaign received a number of angry phone calls afterward.

One of five brothers, Mr. Schiavo said he was raised to be a fighter, a quality on display throughout his book, which was written with Michael Hirsh. In it, he acknowledges losing his temper a lot during his court battle and repeatedly attacks his former in-laws.

His appetite for combat, which helps explain why he would sacrifice some of the privacy he demanded while Ms. Schiavo was alive, is also evident in his intense gaze and in the words he chose for her gravestone: "I kept my promise."

Mr. Schiavo, who switched his voter registration to Democrat from Republican last year, said people had asked him repeatedly to run for office after his wife's death.

But while the prospect holds allure, he said he was content with a lower-key role for now. He married Jodi Centonze, whom he met and started dating three years after Ms. Schiavo's collapse, in January. He works three 12-hour shifts a week as a nursing supervisor at the Pinellas County Jail and helps raise his children, Olivia, 3, and Nicholas, 2.

"Maybe down the road," he said of becoming a political candidate. "Maybe when everybody understands and everything is fixed."

FBI Settles Sex-Bias Suit Involving Non-Agents And Management Posts (WP)

By Stephen Barr

The Washington Post, August 16, 2006

M arijke van der Heide worked at FBI headquarters from 1982 through 1999 but could never get a promotion into a top-tier job. So she left the FBI and went to work in the administrative arm of the federal court system.

"I enjoyed all my years in the FBI," she said in an interview. "I also felt that I could have still made some career moves if there were possibilities for me. But I didn't have the opportunity."

Van der Heide, a General Schedule 14 program manager for foreign-language testing and training, found closed doors when she tried to move up to the next level, GS-15. She was told that "only agents can talk to agents," an apparent justification for keeping "support," or non-agent, staffers from rising into the FBI's management ranks.

Today, Van der Heide is one of about 3,000 potential members of a class-action settlement that began in 1998 when an FBI employee, Patricia Boord , filed a sex-discrimination complaint on behalf of GS-12 and above female support employees who had applied for but were not selected for GS-14 and GS-15 administrative and managerial positions or who were deterred from applying.

Van der Heide's experience "was an instance of hitting a glass ceiling," said Maia Caplan , a lawyer with Kator, Parks & Weiser PLLC, who represented the Boord class.

The Boord complaint alleged that women were discriminated against because administrative and managerial positions were open to only FBI special agents, even if the responsibilities of the position could have been done by a non-agent.

The complaint asked why positions were reserved for agents when there were lawyers, laboratory scientists, accountants, linguists and other support staffers who could do the job as well and might even be better qualified.

Litigation and mediation in the case took nearly a decade, ending with an agreement in May between the government and the class-action members.

In a decision approving the settlement, Administrative Judge Richard E. Schneider noted that the FBI disputed statistical evidence presented in the case and had asserted that the agency "appropriately restricted" certain jobs for special agents, who carry weapons and conduct investigations.

FBI spokesman Stephen Kodak Jr. said in an e-mail that the agency, during settlement negotiations, began reviewing GS-14 and GS-15 jobs held by special agents in the headquarters division and had converted "a number of the positions" so that they could be filled by non-agents. The FBI's internal determinations will be reviewed by an independent expert as part of the settlement agreement.

The settlement agreement, which is being implemented, permits eligible employees and former employees to file for individual relief, including promotions and back pay, Kodak said. The agreement applies to "female professional support staff" employed from June 1996 to May 2006.

Two class representatives, Boord and Maryvictoria Pyne , have been awarded payments, he said. The FBI will not disclose the amount of the payments for Privacy Act reasons, he said.

Van der Heide said she hopes the class-action complaint, which was filed at the Equal Employment Opportunity Commission, helps ensure that "people have equal job opportunity when they have equal skills and doesn't mix in requirements that have nothing to do with skills."

She added: "The FBI may lose opportunities to get or maintain the type of employees who are very valuable to the FBI if they don't change their ways. By not making the FBI a competitive place, some of the best women may pass up a job in the FBI and go elsewhere."Retirements

Susan B. Miller , director of academic investments at the NASA Dryden Flight Research Center, retired July 1 after 36 years of public service.

Ross Simons , director of the Smithsonian Environmental Research Center at the Smithsonian Institution, retired July 21 after 35 years of federal service.

Commandments Set For Idaho Vote (WT)

By Joyce Howard Price

The Washington Times, August 16, 2006

The Idaho Supreme Court has authorized the nation's first ballot initiative to let voters decide whether a Boise public park should be allowed to have a Ten Commandments monument, like the one removed two years ago.

The court's 4-1 ruling Monday overturned an October 2004 decision by a lower court and an earlier decision by the Boise City Council. The council had refused to put the initiative on the Nov. 7 ballot, even though citizens had collected the 19,000 signatures required to do so.

The council said the matter was not a proper subject for an initiative because the petition sought to implement an administrative act, not a legislative one. In late 2004, state 4th District Judge Ronald Wilper affirmed the council's decision, ruling that the city was not required to have a ballot initiative in this case.

Supporters of the monument appealed to the state's highest court, which ruled that "it is premature to rule on whether the initiative is valid or not, until it actually exists," said the Rev. Bryan Fischer. The court also held that a qualifying question should be on the ballot, said Mr. Fischer, co-chairman of the Keep the Commandments Coalition, which brought the lawsuit against the city.

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The court said in its majority opinion: "Just as the court would not interrupt the legislature in the consideration of a bill prior to enactment, the court will not interrupt the consideration of a properly qualified initiative. The petition qualifies for the ballot for consideration by the voters."

Mr. Fischer called the ruling "a dramatic reversal of the tide" in which many courts have ordered the removal of Ten Commandments displays from public places.

"This could be a way to generate fresh energy in the direction of acknowledging God again in the public square," Mr. Fischer, who also is executive director of the Idaho Values Alliance, said yesterday in a telephone interview.

The American Civil Liberties Union has been a force in many court cases concerning such displays -- which the ACLU deems unconstitutional -- but the legal organization was not involved in this case, Mr. Fischer said.

In the 1960s, Boise was one of hundreds of U.S. cities to receive a granite Ten Commandments monument as a donation from the Fraternal Order of Eagles.

"It was not given by a religious organization but by a secular organization. The gift was in response to a rising tide of juvenile delinquency, and the Fraternal Order of Eagles felt the Ten Commandments would be fine standards to govern the conduct" of youths, Mr. Fischer said.

When Boise's Ten Commandments display was removed from the public park in 2004, it was relocated to the grounds of a cathedral in the city. It will remain there, regardless of the outcome of the initiative.

If the ballot measure passes, Mr. Fischer said, a new display will be erected in Julia Davis Park "on the same site" as the old monument. He said the new display will be identical to one in Pocatello, Idaho, which was ruled constitutional by a federal judge when challenged in court by the ACLU 11 years ago.

The new version will include two monuments. One will list the Ten Commandments, and the second will commemorate Thomas Jefferson's 1786 Virginia Statute for Religious Freedom.

Mr. Fischer said he is confident of an Election Day victory, "as all the polling data show 70 to 80 percent of the residents of Boise are in favor of returning the Ten Commandments" to the municipal park.

ANTITRUST:

Monsanto To Pay $1.5 Billion To Purchase Cotton-seed Company (AP)

By Jim Salter

AP, August 16, 2006

ST. LOUIS - Monsanto Co. will pay $1.5 billion in cash to purchase Delta and Pine Land Co. in a merger of two of the world's largest seed companies.

The deal, announced Tuesday, comes eight years after Monsanto first announced plans to buy Scott, Miss.-based Delta and Pine Land. Monsanto backed out of that deal, prompting a legal dispute that continued up until the new agreement. Monsanto said the case will be dismissed once the merger is complete.

"It's admittedly a transaction with some history, and some complexity," Monsanto chairman, president and chief executive Hugh Grant said in a conference call with investors. "This is a business deal first," one that he said that makes commercial sense. He called removing the legal issue "a bonus."

Delta and Pine Land shareholders will receive $42 per share in cash, a premium of 16 percent over the stock's closing price of $36.24 Monday.

Directors for both companies have approved the deal, which must still be approved by Delta and Pine Land shareholders and pass antitrust clearance.

Delta and Pine Land is a leading cottonseed company and operates the largest and longest running private cottonseed breeding program in the world. St. Louis-based Monsanto is one of the world's largest agricultural products companies and makes Roundup, the world's best-selling herbicide.

"Delta and Pine Land represents an excellent fit for our company as we look to bring value-added traits and high-quality seed to cotton growers around the world," Monsanto chairman, president and chief executive officer Hugh Grant said in a statement.

Monsanto said the acquisition will allow for more investment in breeding, giving cotton farmers who plant Delta and Pine Land seed varieties more choices.

D&PL president and CEO Tom Jagodinski called the companies "a natural fit that will provide a complete platform of cutting-edge seed technologies to our global farmer customer base for years to come."

DOJ_NMG_0049113

Delta and Pine Land shares rose $3.74, or 10.3 percent, to $39.98 in morning trading on the New York Stock Exchange, while Monsanto shares dropped 6 cents, or 0.1 percent, to $45.11.

Monsanto said it will finance the purchase through a combination of cash on hand and a debt offering.

The company has told the Justice Department it will divest the U.S. assets of its Stoneville cottonseed business if necessary to gain approval for the purchase, and Grant said he believes that move will be necessary. Monsanto took on the Stoneville brand in February 2005 as part of its purchase of Emergent Genetics Inc.

Monsanto said it expects the deal to add to its bottom line by the second year after closing.

Monsanto has been buying smaller seed companies over the past year or so in an effort to boost access to U.S. farmers. Spurred largely by sales of seeds and genomics, the company's revenue grew 15 percent to $2.35 billion in third-quarter results announced June 29, and profits rose more than 600 percent to $334 million, or $1.21 per share.

Sales of Monsanto's ag products, including Roundup, rose a more modest 3 percent in the quarter.

In the 1998 deal, Monsanto would have paid $1.9 billion for Delta and Pine Land. Monsanto backed out, citing the Justice Department's unwillingness to approve the transaction "on commercially reasonable terms."

D&PL sued Monsanto in 2000, claiming Monsanto didn't make a reasonable effort to get antitrust clearance.

This time around, Monsanto officials said they expect approval of the transaction.

The two companies have waged other battles, too. In 2004, Monsanto sought to end 8-year-old cotton seed licensing agreements with Delta and Pine Land, saying efforts to resolve long-standing disputes over royalty payments and use of property rights proved unsuccessful.

ON THE NET

http://www/monsanto.com.

http://www.deltaandpine.com/

Monsanto, Delta & Pine Will Try Again (SLPD)

By Rachel Melcer, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, August 16, 2006

This sounds like old news, but it's not: Monsanto Co. has agreed to buy the nation's leading cottonseed firm, Delta & Pine Land Co., for more than $1 billion.

The companies announced their second-time engagement Tuesday -- Monsanto, based in Creve Coeur, will buy D&PL of Scott, Miss., for $1.5 billion in cash, pending shareholder and regulatory approval.

In 1998, the companies had said they would wed in a stock deal valued at about $1.9 billion, but Monsanto called it quits after more than a year of negotiations with the Justice Department over antitrust concerns.

Much wrath ensued, with the companies trading lawsuits and demands for arbitration in technology licensing deals.

Most notably, D&PL sued Monsanto for $2 billion in a Mississippi state court, claiming Monsanto intentionally delayed consummation and failed to put the same effort into making it happen as it did in other seed-company deals. That case was pending, with a key hearing set to begin Tuesday, but it is on hold and will be dismissed if the companies do indeed merge. Other disputes also will be set aside.

Both parties -- and U.S. agriculture -- have changed a lot in eight years. But one thing is constant: Monsanto and D&PL need each other.

Monsanto is the world's leading biotech seed company, with the genetic traits for disease resistance and herbicide tolerance most desired by most U.S. farmers and a growing number abroad. D&PL, with 50 percent of the U.S. cottonseed market and a small but growing presence in emerging markets abroad, has the array of seeds that farmers want to plant -- if they contain Monsanto's technology.

About 90 percent of seeds sold by D&PL contain a Monsanto trait, for which Monsanto receives licensing payments and technology fees. But the biotech giant is rolling out a second generation of genetic traits for cotton -- and it wants to directly reach as many acres as it can, as quickly as possible, said Chairman and Chief Executive Hugh Grant in a conference call with analysts. Buying D&PL gives it that reach.

"It's admittedly a transaction with some history and, hence, some complexity," he said. "We've been down this path before. We're not naive to the history between the parties, but we're both genuinely committed to make our business relationship work, so that farmers everywhere benefit."

Shareholders in both companies also stand to gain. On Tuesday, D&PL shares gained 11 percent to close at $40.34. Monsanto's stock rose 39 cents to close at $45.56.

Monsanto said it will pay $42 for each D&PL share, financing the purchase with cash on hand and a debt offering. The acquired company will contribute to operating cash in the first year after closing and add to earnings per share a year later.

Monsanto expects cost-synergy savings of "north of $20 million annually," mostly from eliminating the cost of running two public companies, cutting corporate overhead and not having to pay legal fees related to their disputes, said Chief Financial Officer Terry Crews. D&PL said it has spent more than $50 million on legal fees following the firms' falling out.

This time, it was a whirlwind romance. The companies said they met on Thursday in New York, worked through the weekend and wrapped up at 7:30 a.m. Tuesday.

"Things started to unfold once everybody sat down in a room and put the animosity outside the door for a little while," said D&PL President and Chief Executive Tom Jagodinski. The companies know each other well, so there was no need to swap histories or share business basics, he said.

One party is likely to be left out: the U.S. cottonseed business that had been Emergent Genetics Inc., a D&PL competitor bought by Monsanto for $300 million in February 2005. Monsanto said it is prepared to divest the unit -- which sells Stoneville and NexGen brands -- to alleviate antitrust concerns over its D&PL buy.

It is a familiar refrain. Monsanto previously had owned Stoneville, but sold it to make way for D&PL in their first attempted merger.

Grant said the cotton marketplace has changed in ways that should alleviate other concerns the Justice Department had in the proposed 1998 D&PL deal: D&PL's U.S. market share has dropped to about 50 percent from nearly 80 percent. More brands have entered the U.S. market. Biotech crops then were new and untested, but Monsanto has since shown it can own brands and also license technology to independent companies.

Monsanto and D&PL have laid out a range of penalties, ranging from no-cost to a $600 million payment by Monsanto, in case the deal should again fall through -- but both CEOs deemed that eventuality highly unlikely.

Grant said the acquisition has the added benefit of doing away with lawsuits and disputes between Monsanto and D&PL. But it is "first and foremost about the business opportunity, and that we genuinely believe that the combination … has the opportunity to revitalize the cotton industry."

The background

May 8, 1998: Monsanto Co. agrees to buy Delta and Pine Land Co. in a stock deal valued at $1.9 billion.

December 1999: Monsanto calls off the merger, saying it cannot resolve antitrust issues. D&PL responds by suing Monsanto in Mississippi's Bolivar County seeking an $81 million termination fee plus damages.

January 2000: D&PL withdraws the lawsuit as both sides seek to negotiate the dispute. After Monsanto agrees to pay termination fee, negotiations falter. D&PL then renews its lawsuit, seeking $1 billion in punitive damages plus $1 billion in compensatory damages.

March 2000: Monsanto merges with Pharmacia & Upjohn Inc. to form Pharmacia Corp.

Oct. 2000: Pharmacia spins out its agriculture subsidiary to form the new Monsanto, which takes on defense of the D&PL lawsuit.

Sept. 12, 2003: Monsanto countersues D&PL, seeking unspecified damages including the $81 million fee.

Oct. 8, 2004: Bolivar County court grants partial summary judgment in favor of Monsanto, saying D&PL had no right to seek roughly $1 billion in damages for lost stock-market value. D&PL appeals ruling.

Aug. 15, 2006: Oral arguments before the Mississippi Supreme Court were set to begin, but are put on hold as the companies again announce plans to merge. If the deal closes, the suit will be withdrawn.

Delta & Pine Land Co.

Description: The company breeds, pro-duces, conditions and markets proprietary cotton planting varieties for the U.S. and other cotton-producing nations. It also breeds, produces and distributes soybean seeds, primarily in the U.S. More than 90 percent of its revenue is tied to cotton.

Monsanto To Buy Delta & Pine Land For $1.5 Billion (Update4) (BLOOM)

By Jack Kaskey

Bloomberg, August 16, 2006

Aug. 15 (Bloomberg) -- Monsanto Co., the world's biggest developer of genetically modified corn and soybeans, agreed to buy cotton-seed maker Delta & Pine Land Co. for $1.5 billion, ending a six-year dispute that started when their last merger accord failed.

Delta & Pine Land investors will get $42 a share, 16 percent above yesterday's closing share prices. Cash and debt will be used to finance the deal, St. Louis-based Monsanto said today in a statement.

The seed industry ``is much more competitive than it was a decade ago," and both companies ``feel the agreement will be consummated," Monsanto Chief Executive Officer Hugh Grant said. Monsanto abandoned its 1998 accord, saying U.S.

regulators wouldn't approve a deal ``on commercially reasonable terms." Delta & Pine sued in 2000, saying the cancellation cost investors $1 billion.

Delta & Pine, based in Scott, Mississippi, has 50 percent of U.S. cotton-seed sales, less than in 1999, Grant said on a conference call. Monsanto also licenses its genetics technologies to rival companies, which should help win U.S. antitrust approval, he said.

Shares of Monsanto rose 8 cents to $45.25 at 1:01 p.m. in New York Stock Exchange composite trading. They have climbed 40 percent from a year ago. Delta & Pine Land surged $3.96, or 11 percent, to $40.20. Before today, the stock had jumped 58 percent this year.

The acquisition will ``modestly" boost earnings after one year, Chief Financial Officer Terrell Crews said on the call.

`Strategic Sense'

``It makes a lot strategic sense," Gulley & Associates analyst Mark Gulley said. ``In cotton they were very small. This gives them a market share that you are accustomed to a leader having in a major row crop." He recommends buying Monsanto shares.

Monsanto probably will shed its Stoneville cotton-seed business to gain antitrust approval, Grant said. The company acquired Stoneville with its $300 million purchase of Emergent Genetics Inc., which had 12 percent of U.S. cotton-seed sales when the deal was announced last year.

``Combined U.S. market share of more than 60 percent will likely attract antitrust scrutiny," Banc of America Securities analyst Kevin McCarthy said in a report. McCarthy, who rates the shares ``neutral," said the ``valuation appears steep" at 16.3 times estimated pretax earnings this year.

The acquisition of Delta & Pine Land would boost Monsanto's sales by 6 percent, Gulley of Gulley & Associates said. Seeds will benefit from Monsanto's gene technology because the crops face a large variety of pests, he said.

`Leadership'

``Delta & Pine Land has strong cotton genetics, and we believe Monsanto's leadership in providing the best cotton traits can improve on this already strong base," Grant said in the statement.

To enhance Delta & Pine Land seeds, Monsanto plans to increase modifications including Roundup Ready Flex for withstanding Monsanto's weed killer and Bollgard II for resisting the bollworm insect, Grant said on the call.

Genetically modified cotton seeds account for 11 percent of about 220 million acres sown with seeds engineered by Monsanto, the company said in June.

The opportunity to buy Delta & Pine Land emerged last week, Grant said.

``This came together very quickly," Grant said. ``You have to grasp opportunities when they are there."

The Mississippi Supreme Court was scheduled to begin hearing oral arguments this morning on Delta & Pine Land's claim against Monsanto on the 1998 accord. The court has taken the case off its docket for now, Grant said.

``Our expectation is that it will be dismissed," Grant said.

Even should the merger fail, litigation between the two companies would be dissolved under most scenarios, he said.

In March 2005, Grant bought Seminis Inc., the world's biggest producer of vegetable and fruit seeds, and he has acquired more than a dozen makers of corn seeds and soybean seeds since last year.

Monsanto's Crews said it is too early to say how much of the transaction will be funded with debt.

Class Action Claims BAR/BRI Overcharged Law Students (FCDR)

By Greg Land, Fulton County Daily Report

Fulton County (GA) Daily Report, August 16, 2006

A trial in a California federal courtroom next year could mean thousands of Georgia lawyers will share with their counterparts around the country an estimated $300 million award for being charged inflated bar exam prep fees—less, of course, attorney fees and related expenses.

The suit for a class of about 300,000 lawyers claims West Publishing, the corporate owner of BAR/BRI, the national bar review program, colluded with Kaplan Inc., one of the country's largest prep companies for the Legal Scholastic Aptitude Test (LSAT), to scuttle a 1997 deal in which Kaplan would have entered the bar review business.

In return, according to the complaint, BAR/BRI agreed to cease its own LSAT operations and pay Kaplan more than $500,000 a year, allowing each to control hefty chunks of their respective markets.

The result, according the suit, was about $1,000 in higher fees for each participant in BAR/BRI classes—and an antitrust violation.

Thomas Arthur, who teaches antitrust law at Emory University, knows a lot about the BAR/BRI course these days, given he just wrote a check for $2,295 for his son to take one.

Even if the plaintiffs can prove the arrangement actually occurred as described in the complaint, said Arthur, the plaintiffs may have a hard time proving damages.

"They'll have to prove that Kaplan could indeed have entered the market and succeeded, and that may be difficult," he said.

The case, set for a February trial in the U.S. District Court for the Central District of California, stems from events in the mid-1990s, when BAR/BRI had a small LSAT prep business and was in hot competition with West's newly formed bar review section, West Bar.

In 1996, West was purchased by Thomson, which shortly thereafter agreed to sell West Bar to Kaplan, which then and now offered a wide range of training courses but none in the bar review field.

But in August 1997, according to the suit, just as Kaplan was preparing to buy West Bar, "an executive of Kaplan communicated with an executive of BAR/BRI" that "if Kaplan stayed out of the bar review business, BAR/BRI would exit at least the LSAT market in which it competed, plus pay to Kaplan a sum in excess of $500,000 per year, on the pretext that it would be compensation for some service Kaplan would be providing for BAR/BRI, but which, in fact, was part of the continuing consideration to be provided to Kaplan, on the condition that it stay out of the full-service bar review course market so long as such payments are made."

BAR/BRI then absorbed West Bar's assets and course materials, enabling it to become "the only company providing bar review courses preparing for virtually every state in the United States," says the suit.

The suit says, as a result of its virtual monopoly, BAR/BRI—which claims to provide more than 95 percent of the bar review courses in the country—has systematically raised prices and reduced the quality of its offerings. It accuses BAR/BRI and Kaplan of "per se illegal market division," charging violations of the U.S. Sherman and Clayton antitrust acts. In 2001, Thomson/West bought BAR/BRI.

In addition to five named plaintiffs, the class includes any law student or law school graduate who purchased the courses after August 1997.

Attempts to reach attorneys for any of the involved parties were unsuccessful, but in court filings both West and Kaplan deny any illegal activities and rebuff claims that their actions "resulted in any supra-competitive pricing," as alleged in the suit. Ryan Rodriguez et al. v West Publishing Corp., et al., No. CV-05-3222 R(MCx).

If the case sounds familiar, there's good reason: In 1990, BAR/BRI—which was then owned by Harcourt Brace Jovanovich, and a Georgia bar review company, BRG Georgia, were sued for antitrust violations. According to court files, a 1980 deal allowed BRG exclusive license to market BAR/BRI materials in Georgia, in return for which BAR/BRI received a guarantee that BRG would stay in Georgia and out of other markets and pay the Georgia company $100 per student and 40 percent of any fees over $350.

"Immediately after the 1980 agreement, the price of BRG's course increased from $150 to over $400," says the record of Palmer v. BRG of Georgia, 498 U.S. 46, which accused the parties of Sherman Act violations.

U.S District Judge Orinda Evans ruled for the defense, as did the 11th U.S Circuit Court of Appeals. But in 1990, the U.S. Supreme Court overturned the ruling.

University of Georgia law professor James Ponsoldt, who served as plaintiffs' counsel in the case, said he could not speak to the factual allegations of this case.

But Ponsoldt, who has spoken to the plaintiffs' attorneys in the current suit, said in the 1980s, "there was a continuing pattern by BAR/BRI to eliminate competition through buyouts or agreements for market allocation ... This sounds like what they were up to in a number of cases in several states."

Ponsoldt, who served as Justice Department antirust lawyer in the Carter and Ford administrations, said if the facts laid out in Rodriguez are true, "it's certainly illegal under existing law. Even though they aren't fixing prices, they are paying a competitor not to compete in the market, and that's been illegal for centuries," he said.

The key to winning this case, he said, is convincing a jury that the arrangement and payments were designed to keep competition out of specific markets.

Alston & Bird partner Kevin Grady, who opposed Ponsoldt in that case—and who still complains, albeit good-naturedly, that the U.S. justices didn't even bother to read his arguments before overturning his victory—agreed the suit claims facts that constitute per se illegal market allocation.

But he echoed Emory's Arthur in suggesting proving damages will be difficult.

"One issue that's going to be important is the extent of market power exerted [by the arrangement], and the ease of entry as to other companies that want to get into the business."

"It seems that this business is sort of a cottage industry—but a very lucrative one—and you have to wonder why more companies don't get into it," he added.

Greg Land can be reached at gland@alm.com.

U.S. Federal Trade Commission Extends Antitrust Review Of Barr's Proposed Pliva Buy (FINDLAW/AP)

AP, August 16, 2006

(AP) - NEW YORK-The Federal Trade Commission has extended its antitrust review of Barr Pharmaceuticals Inc.'s proposed tender offer to acquire Pliva d.d., a Croatian generic-drug maker, Barr said Tuesday.

Barr still expects to receive FTC clearance of its proposed takeover, but it might have to sell off minor, generic-drug product lines to satisfy the FTC, Barr spokeswoman Carol Cox said. Also, Barr's ability to complete the tender offer is not contingent upon receiving FTC clearance.

Barr, a maker of generic and branded drugs, has bid about $2.3 billion (â‚¬1.8 billion) in cash for Pliva, an offer Pliva supports. The bid is slightly higher than a rival bid submitted by Actavis Group HF of Iceland, which is pending.

Barr filed with the FTC July 7 for antitrust clearance under the Hart-Scott-Rodino law. That triggered a 30-day review period, but before it expired, the FTC asked to extend it, Cox said.

Barr Chief Executive Bruce Downey said on a conference call with analysts Tuesday the company has received a "second request" for more information from the FTC. He said Barr is working with the FTC to resolve its concerns.

"Our discussions with the FTC have progressed to the point where we're confident that we have an agreement that will solve any FTC problems, and that is not a condition to our bid," Downey said. "We expect to wrap up the FTC discussions fairly quickly."

Barr and Pliva make competing, generic versions of some drugs, and have competing drugs in the development pipeline. The FTC would want to insure the combined companies don't get too large of a market share for certain products and stifle competition.

"We might need to divest a couple products," Cox said, but declined to say which ones. She said there was "very minor overlap" in the companies' product lines.

Barr previously said a Croatian regulatory agency approved for publication Barr's offer for Pliva. That could clear the way for the tender offer to commence at the end of this week or early next week, Cox said. The offer would run for 30 days, or until the end of a rival tender offer from Actavis, assuming Actavis's bid is approved for publication by Croatia.

If Barr is successful in acquiring more than 50 percent of the outstanding Pliva shares through the tender offer, it expects the acquisition to close in October.

Peter Loftus is a correspondent of Dow Jones Newswires

Big Phone Companies Win Round In Court Over Rights To Access (WSJ)

By Siobhan Hughes

The Wall Street Journal, August 16, 2006

WASHINGTON -- A federal appeals court has upheld a Federal Communications Commission decision to allow big telephone companies to keep some high-speed lines from being accessible to rivals on an unbundled basis.

"We deny the petition for review," wrote Judge Janice Rogers Brown for the three-member panel of the U.S. Court of Appeals for the District of Columbia Circuit in a decision made public yesterday.

A 1996 law forced the big phone companies to unbundle their local phone networks and lease them to rivals at wholesale prices. When the FCC implemented the law, it decided against forcing the big telephone companies to share some new high-capacity data lines on an unbundled basis -- such as fiber lines extending to new residential areas where they previously hadn't existed.

The FCC's rationale was that the phone companies would be discouraged from making such investments if they were forced to share the new lines. The policy limiting access to high-speed broadband lines in general benefits the big phone companies, such as AT&T Inc. and Verizon Communications Inc.

EarthLink Inc. had argued that the FCC's rules were harmful to competition. Dave Baker, the general counsel for EarthLink, declined to comment on the decision. An FCC spokesman also declined to comment.

Norwegian Regulators Appeal Ruling (AP-YBIZ)

AP, August 16, 2006

Norwegian Regulators Appeal Ruling Clearing Scandinavian Airline SAS of Antitrust Violations

DOJ_NMG_0049118

OSLO, Norway (AP) -- Norwegian regulators will appeal a court ruling clearing Scandinavian airline operator SAS AB of violating antitrust laws, the agency said Tuesday.

The Oslo City Court in July quashed a demand from the Norwegian Competition Authority that SAS pay 20 million kroner (US$3.24 million; euro2.54 million) in fines on a claim that the company breached antitrust laws by dumping prices and squeezing out a smaller commuter airline, Coast Air, on a national route linking Oslo and the western city of Haugesund.

The court said SAS had shown its actions had not violated any law.

"We disagree with the grounds and the conclusion of the Oslo City Court and will appeal the ruling to a higher court," said Eivind Kloster-Jensen, a unit director at the competition authority.

The appeal must be filed by Aug. 28, said agency spokesman Andreas Pihl.

"We stand by our claim that SAS AB has practiced unlawful underpricing on the route," Pihl said.

The agency said the appeal was filed against SAS AB, not its Norwegian branch SAS Braathens as stated in a previous news release.

SAS did not immediately comment on the statement.

ENVIRONMENT/INDIAN AFFAIRS:

Sunoco, Mid-Valley To Pay $2.87 Mln In Spill Settlement: DOJ (MRKTWTCH)

By Katherine Hunt

Market Watch, August 16, 2006

SAN FRANCISCO (MarketWatch) -- Mid-Valley Pipeline Co. and Sunoco Logistics Partners L.P.'s Sunoco Pipeline L.P. have agreed to pay a $2.57 million penalty relating to a January 2005 spill that dumped more than 260,000 gallons of crude oil into the Kentucky and Ohio Rivers, the Justice Department said in a statement on Tuesday.

The complaint and consent decree also address the government's claim under the Clean Water Act against Mid-Valley and the pipeline operator, Sun Pipe Line Co., for the spill of 63,000 gallons of crude oil due to pipeline corrosion in November 2000, into Campit Lake in Claiborne Parish, La.

The settlement also requires Mid-Valley and Sun to pay a federal civil penalty of $300,000 for that spill.

Pipeline Firms To Pay $2.57 Million (LEXHL)

By Andy Mead, HERALD-LEADER STAFF WRITER

Lexington Herald-Leader (KY), August 16, 2006

JANUARY 2005 SPILL DUMPED CRUDE OIL IN KENTUCKY AND OHIO RIVERS

Two pipeline companies have agreed to pay $2.57 million for a January 2005 spill that poured more than 260,000 gallons of crude oil into the Kentucky and Ohio rivers.

Hundreds of water birds and some beavers were harmed by the spill, which created a 17-mile slick on the rivers, the Justice Department said in announcing the settlement yesterday.

The spill spawned a state task force on pipeline safety, but it has met infrequently and not issued a report.

Shortly after the spill, Pipeline Safety Trust, an advocacy group, released a report that said Kentucky suffered far more damage from pipeline breaks than the national average.

In documents filed in U.S. District Court in Lexington, Mid-Valley Pipeline Co. and Sunoco Pipeline LP agree to pay $1.4 million to the federal government and $1.17 million to the state of Kentucky. Mid-Valley owns the pipeline; Sunoco operates it.

Carl Weimer, executive director of the Pipeline Safety Trust, characterized the federal penalty as "a pretty large settlement" for a pipeline break.

York said the penalty to be paid to the state is "significant," but added that the cabinet keeps no record of large fines. Andrew Ames, a justice department spokesman, called it "a significant spill and a significant settlement."

The companies also will pay the state more than $120,000 to reimburse cleanup costs and will donate $230,000 to a non-profit environmental group. The environmental group will be based in Kentucky, but a specific group has not been chosen, said Mark York, a spokesman for the Kentucky Environmental and Public Protection Cabinet.

The companies already have reimbursed the federal government for at least $234,000 in cleanup costs. They also have spent $9.5 million on the cleanup, the U.S. Justice Department said. They will hold a training exercise with state and federal regulators to learn how to better respond to spills.

York said it took several hours for state regulators to be notified that oil was floating down the Kentucky. "The company not notifying us immediately -- that's a big deal to us," he said.

The pipeline that broke runs from Longview, Texas, to Lima, Ohio, carrying crude oil from the Gulf states.

John McCann, a spokesman for Sunoco, said yesterday that the company had negotiated with the state and federal government in good faith and intended to comply with the agreement.

The public has 30 days to comment on the settlement. It also requires court review and approval. To see the agreement, go to the Justice Department Web site at www.usdoj.gov/ enrd/Consent_Decrees.html.

The spill, originally thought to have been much smaller, occurred in the early-morning hours of Jan. 26, 2005, when a weld failed on a 22-inch pipe that was laid in 1950. It happened on the bank of the Kentucky River near the community of Perry Park in Owen County, 17 miles from the Kentucky's confluence with the Ohio.

The oil soon spread downstream and into the Ohio. But because the weather was cold, the crude clumped and much of it was caught in booms stretched across the water, officials said.

There were no drinking water supply intakes nearby. But, three days later, small amounts of benzene, toluene and other components of crude oil were detected in Louisville, 57 miles downstream on the Ohio. The Louisville Water Co. treated the water to remove the taste and odor of the oil.

Shortly after the spill, the Kentucky River Watershed Watch, the Sierra Club and the Kentucky Waterways Alliance asked Gov. Ernie Fletcher to appoint a task force to look into toxic releases from pipelines.

The Kentucky Pipeline Safety Committee, made up of representatives of state agencies that deal with pipelines, was appointed, York said. The committee has met four times, he said. Another meeting is to be scheduled this fall. York said it will issue a report, but he didn't know when that would be.

Hank Graddy, a Midway lawyer associated with the Water Watch group, spoke to the committee in February, but had heard nothing since. "We've asked that something be done; now we're just waiting to see if anything will be done," he said.

Regulators Look To Plug Holes In Pipeline Rules (WP)

By Steven Mufson

The Washington Post, August 16, 2006

Even as BP PLC works to patch up its image and its leaky Alaska pipelines, environmentalists, the oil industry, Congress and federal officials are trying to figure out how to plug the holes in petroleum pipeline regulations.

BP's 22 miles of transit pipelines carried 8 percent of the nation's crude oil, but they were not subject to the same Transportation Department requirements as other pipelines, experts say. Those requirements exempt pipelines that operate at low pressure in rural areas and far from commercially navigable waters.

Although BP has admitted that it let as much as 14 years lapse without using cleaning and diagnostic devices known as "pigs" in key transit pipelines, it is not clear that the company violated any federal regulations.

That has not mollified Thomas Barrett, head of the Transportation Department's Pipeline and Hazardous Materials Safety Administration. In an interview yesterday, he said that the maintenance of the BP pipelines was "well below the standard of care I would expect from a company like BP -- regulations or not." He said his agency would soon propose new rules to cover low-pressure lines like these near sensitive areas.

State regulators failed to fill the oversight gap that's existed until now. Kurt Fredriksson, commissioner of Alaska's Department of Environmental Conservation, said that his agency knew that BP had not used the pigs on its 30- to 34-inch transit lines since 1992 in one case and 1998 in another, but that it accepted the company's reasoning about why that was not necessary and why the company could rely on more narrow ultrasound examinations.

"BP missed something, and we need to become more vigilant about those lines, and that's our intent," Fredriksson said last week. Regarding the use of the pig devices, he said "we didn't have any reason to think it was necessary."

The number of spills from pipelines in the United States has declined by half since 1999, according to an industry survey that included data through 2004. But large low-pressure lines like the ones where BP discovered severe corrosion problems last week account for about 50 percent of the total volume of oil spilled from pipelines nationwide, said Peter T. Lidiak, director of the pipeline segment of the American Petroleum Institute.

"Pipeline safety is typically a very obscure issue," said Lois N. Epstein, senior engineer and pipeline expert with the Cook Inletkeeper, an environmental group in Alaska. "But the dollar implications for consumers are huge." BP has said it would spend nearly $200 million fixing its Prudhoe Bay pipelines.

Federal and state regulations focus on public safety, not economics, and thus target oil pipelines that operate at higher pressure and in densely populated areas. Federal regulations require high-pressure oil pipelines to use diagnostic pigs at least once every five years. These lines can operate at pressures of 800 pounds per square inch or so. BP's transit lines in Prudhoe Bay operate at about one-tenth that pressure level. Low-pressure, low-stress lines operate at less than 20 percent of their maximum pressure capacity.

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Epstein said that even though BP's transit lines were not high pressure, they should have fallen under federal regulations that govern pipelines in "high-consequence areas." That usually means densely populated areas, but Epstein said it could also apply to environmentally sensitive ones. "If the pipelines were low-pressure or low-stress, it was thought you don't have as much of a safety issue, but it is certainly still an environmental issue," she said.

Barrett said the new rules would govern 966 miles of low-stress lines and 625 of lines that begin at the wells, or 22 percent of the currently unregulated low-stress pipelines, all in rural areas.

Epstein said that federal regulation is needed because states often have conflicts of interest in dealing with big oil companies. Alaska, for instance, relies on oil royalties for nearly 90 percent of state government revenue, and it is in the middle of negotiations with BP and other big oil companies over whether to build a natural gas pipeline that could cost more than $20 billion. The oil companies are seeking concessions from the state and guarantees that certain taxes and royalties would remain frozen for long periods of time.

There are 200,000 miles of oil pipelines in the United States. The Transportation Department has the authority to regulate them through its Pipeline and Hazardous Materials Safety Administration (PHMSA). It has fewer than 100 inspectors, however. As a result it relies heavily on reports from oil and pipeline companies. But pipelines like BP's transit lines are not even required to report spills.

The Transportation Department is considering an extension of its rules to low-pressure lines, and some industry sources believe a proposed rule could be issued next week. The Association of Oil Pipe Lines and the American Petroleum Institute have put forward a plan that would extend PHMSA rules to low-pressure pipelines as small as eight inches in diameter or pipelines in "unusually sensitive areas." Raymond Paul, a spokesman for the pipeline group, said 3,000 to 4,000 miles of additional pipelines would then be covered by PHMSA requirements.

Epstein believes that the PHMSA rules should cover all low-pressure pipelines, a proposal the pipeline association would want to review further. Paul of the pipeline group said applying the regulations to smaller lines "gets tricky."

Barrett said that the proposed rules will focus on the location of pipelines, not their diameter. He said they would not be identical to rules for high-pressure lines.

Pipeline regulators have gradually extended the scope of their rules. After a 500,000-gallon oil spill in Arthur Kill between New Jersey and Staten Island on Jan. 1, 1990, rules were expanded to cover commercial waterways. Regulations were revised again in 2002.

Some environmentalists believe that big oil companies should be fined for spills, and BP and other oil companies have had other spills on the North Slope. Corrosion at a caribou crossing on another BP line caused a 6,000-gallon spill in 2003, one of the biggest in Alaska that year. ConocoPhillips had two bigger spills that year. But neither company was fined, Epstein said.

But after BP's pace of repairs following its spill in March this year failed to satisfy Barrett, additional federal pipeline inspectors have been sent to oversee BP. Barrett said that when he visited Prudhoe Bay in July, "they were not moving fast enough, in my mind."

And he said that he remains puzzled that the company did nothing to clean or test its lines after realizing that sediment was building up in them. "When they were unable to complete the pigging because of concern about pushing sediment . . . that should have set off alarm bells in BP. And they should have gotten on top of the situation."

He said the agency has checked with other North Slope operators, including ConocoPhillips, and found better maintenance practices. "This is just not the standard of care I would expect and we typically don't see," he said.

BP Facing Lawsuit From US Investor (FT)

By Rebecca Bream In London And Daniel Pimlott In New York

Financial Times, August 16, 2006

BP executives are facing a lawsuit in the US following the group's sudden shutdown of corroded oil pipelines in Alaska.

A US shareholder has filed a lawsuit in federal court in New York against Lord Browne, BP's chief executive, and all of the company's directors.

The suit accuses BP management of harming the company by allowing the Prudhoe oil field in Alaska to run into problems.

"Despite their awareness of the dangerous effect of the corrosion in the pipeline, defendants repeatedly failed to fund the work necessary to correct the problem," the complaint says.

"BP now faces hundreds of millions of dollars in costs to remedy the damage, lost earnings, significant civil and criminal liability, regulatory scrutiny and action and the wrath of customers nationwide."

Shareholders' lawsuits are common in the US and it is unclear how seriously this one will be taken by the courts.

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The suit is filed by Stull, Stull & Brody, a leading New York litigation firm specialising in shareholders' complaints who have recently filed suits on behalf of shareholders in Rambus, Mattel and Novellus, all companies caught up in the stock options backdating scandal. In the case against BP, the complaint is made in the name of a shareholder called Sue Pincus.

BP said on Tuesday night that it was aware of the reports of the lawsuit but would not comment further.

It is understood that Lord Browne and other executives had not yet been served with the lawsuit on Tuesday night.

The Prudhoe Bay field was the site of a serious oil spill in March and, earlier this month, BP was forced to shut down production after admitting that serious corrosion had been found during an inspection.

BP said last week that it would continue to pump crude oil from the western half of the field while it replaces the pipeline.

The group has estimated that repair and replacement costs at Prudhoe Bay could reach $200m (£106m).

The problems at Prudhoe Bay are the latest blow for BP in the US.

Earlier this year, it was accused of price-fixing in the propane market and last year 15 BP workers were killed in an explosion at the group's Texas City oil refinery.

BP, which gets 40 per cent of its sales from the US, has pledged to increase its spending on safety and maintenance.

Separately, BP said on Yuesday that it had agreed to buy Greenlight Energy, a US wind energy company, for $98m.

Federal Judge: Officials Cut Corners With Biotech Crop Permits (FINDLAW/AP)

By Tara Godvin, Associated Press Writer

AP, August 16, 2006

(AP) - HONOLULU-A federal judge has ruled that U.S. agriculture officials violated environmental laws in permitting four companies to plant genetically modified crops in Hawaii to produce experimental drugs.

The order involves plantings of corn or sugarcane on the islands of Kauai, Maui, Molokai and Oahu between 2001 and 2003.

U.S. District Judge Michael Seabright said the Department of Agriculture's Animal and Plant Health Inspection Service flouted both the Endangered Species Act and National Environmental Policy Act by not conducting preliminary environmental reviews before issuing the planting permits.

"APHIS's utter disregard for this simple investigation requirement, especially given the extraordinary number of endangered and threatened plants and animals in Hawaii, constitutes an unequivocal violation of a clear congressional mandate," the judge said in the order issued late last week.

The islands are home to 329 rare species - a quarter of all threatened and endangered species in America, Seabright noted.

Even if the agency is correct in its assertion that no habitats or species listed as endangered were harmed by the plantings, the agency's actions still are "tainted" because it failed to comply with a basic procedural requirement, Seabright said.

EarthJustice, which represents plaintiffs in the cases, said in a news release Monday that the decision is the first federal court ruling involving biofarming.

On the Net:

Animal and Plant Health Inspection Service: http://www.aphis.usda.gov

EarthJustice: http://www.earthjustice.org/

Center for Food Safety: http://www.centerforfoodsafety.org/

'Cubby' Killed, Singer Charged (STPPP)

By Tad Vezner

The St. Paul Pioneer-Press, August 16, 2006

Between singing and strumming his guitar, country vocalist Troy Lee Gentry has billed himself as a hunting enthusiast and avid archer.

But the U.S. government believes it's partly a show, according to court documents released Tuesday in Minnesota.

Gentry appeared Tuesday in federal court in connection with the killing of a tame black bear that federal officials say he bought, shot in an enclosed pen with a bow and arrow, and then tagged as if it had been killed in the wild.

Gentry, 39, of Franklin, Tenn., and Lee Marvin Greenly, 46, owner of a Sandstone, Minn., wildlife refuge, made their initial appearances Tuesday before a federal judge in Duluth, Minn. The appearance was in connection with a sealed indictment returned by a federal grand jury last month in Minneapolis.

Gentry could not be reached for comment through his Nashville, Tenn.-based agent, Steve Dahl, who did not return a phone call Tuesday.

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The government alleged that Gentry and Greenly tagged a captive-raised bear named "Cubby," killed on Greenly's property in October 2004, with a Minnesota hunting license and registered the animal with the state Department of Natural Resources as if it had been killed from the wild population. The false tagging would be a violation of the federal Lacey Act.

Gentry allegedly bought the bear from Greenly for about $4,650. The bear's death was videotaped, and the tape later edited so Gentry appeared to shoot the bear with a bow and arrow in a "fair chase"-hunting situation. The pair then shipped the bear's hide to a Kentucky taxidermist, the indictment said.

Both Gentry and Greenly face a maximum penalty of five years in federal prison and a $20,000 fine if convicted. The two were booked by U.S. marshals and released on a signature bond Tuesday.

Gentry is half of the hit Kentucky duo Montgomery Gentry , which won the Country Music Association's title for Vocal Duo of the Year in 2000. Gentry, along with co-singer Gerald "Eddie" Edward Montgomery, recently released the song "Some People Change."

In an August 2005 interview published in the Sikeston, Mo.-based Standard Democrat, Gentry said he went on his first bear hunt in Minnesota that year, but had been unsuccessful.

"I did get to see a bear and had a great hunt. I am looking forward to going back next year," he said in the interview.

Greenly's mother, Lavonne, reached by telephone Tuesday night, called her son an "all-American outdoor kid" who had been running a "wildlife refuge" at his 80-acre property in Pine County for 15 years. The refuge 80 miles north of the Twin Cities is billed primarily as a place to shoot photographs.

"He started just showing people animals, then got talked into photography," she said.

According to court documents, Greenly kept multiple animals, including wolves and bears, on his property, called the Minnesota Wildlife Connection. Of the bears, "Cubby" was the biggest.

"Sometimes things go wrong. It hurts me he has to go through all this," Lavonne Greenly added, declining to talk further about the case.

Greenly himself could not be reached for comment.

The government further alleged that Greenly also worked as a commercial bear guide for those wanting to hunt in the Sandstone National Wildlife Refuge, close to his property, where it is illegal to hunt black bears. One client, authorities said, killed two black bears during a hunt in late August and early September 2005.

Greenly faces an additional five years in prison and $20,000 fine for each of those deaths, if convicted.

In 2004, Gentry made news locally when he said he would pay for the passage of a herd of deer onto Greenly's property, after the deer became trapped on Minneapolis Water Works property in Columbia Heights and the DNR moved to kill them.

At the time, Greenly called Gentry a frequent visitor to his preserve.

"He's gone fishing with me. We've gone on motorcycles. I've been to tour dates with him," Greenly told the Pioneer Press.

Troy Lee Gentry

Member of country music duo "Montgomery Gentry" with Gerald "Eddie" Edward Montgomery

Age: 39

Birthplace: Lexington, Ky.

Popular songs: "Lonely and Gone," "She Couldn't Change Me," "My Town"

Awards: The pair won the 2000 Country Music Association's award for Vocal Duo of the Year.

Hobbies: Hunting, fishing, motorcycle riding, horseback riding

Tad Vezner can be reached at tvezner@pioneerpress.com or 651-228-5461.

State Creates Marine Havens (LAT)

By Kenneth R. Weiss, Times Staff Writer

The Los Angeles Times, August 16, 2006

The protected areas will either ban or severely limit fishing in 18% of Central Coast waters. Other reserves are likely for the rest of the coast.

MONTEREY — The California Fish and Game Commission on Tuesday banned or severely restricted fishing across nearly 18% of the waters off Central California, beginning to roll out the nation's first network of marine reserves next to a heavily populated coastline.

The commissioners settled on a network of 29 marine protected areas, stretching from Santa Barbara to Santa Cruz counties, that collectively cover about 200 square miles of state waters. About half are reserves that forbid any fishing; the other protected areas ban commercial fishing or impose other restrictions. Some of the areas are off Point Sur along the Big Sur coast, Año Nuevo in northern Santa Cruz County, Piedras Blancas near San Simeon and Vandenberg Air Force Base near Lompoc.

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This set of reserves, more than six years in the making, is expected to be a model as additional reserves are created along the entire California coast to help depleted fish populations rebound.

"This is a landmark day, an historic day in California," said Commissioner Cindy Gustafson of Tahoe City. "We need to take great pride in our efforts to protect the coast of California."

Although the Legislature passed a law in 1999 calling for a statewide network of reserves, the plans have been stalled for years by budget cuts, staffing shortages and ferocious opposition from commercial and recreational fishermen who argued that the closures would imperil their livelihoods or pastimes.

Gov. Arnold Schwarzenegger, with funding from private conservation foundations, revived the process by focusing first on the Central Coast before considering reserves along four other sections of the state's 1,100-mile coastline.

"Today's milestone makes California a national leader in oceans management and is proof of what can be done when all those involved — the fishing industry, environmentalists and others — work together," Schwarzenegger said in a statement.

Southern California waters, from Point Conception in western Santa Barbara County to the Mexican border, will be the next battleground in this innovative approach to ocean management.

Marine reserves represent the most restrictive effort to revive plummeting fish stocks, some of which, experts say, have fallen by as much as 95% in recent decades. Regulations that limit the number of various types of fish that can be caught have failed to stave off the decline marine scientists fear could lead to a collapse of marine life. The reserves, by making all fishing off-limits, are designed to protect every marine creature in them — from the biggest bass to the smallest snail — and their oceanic habitat.

In recent months and years, marine reserves have been set up around the Channel Islands off Ventura and Santa Barbara counties, some remote islands of the Florida Keys and the northwest Hawaiian Islands.

Tuesday's unanimous vote by the five-member commission is the first attempt to set up such a network of reserves in near-shore waters along the continental United States. It means closures next to urban centers with harbors and many fishermen who depend on these waters to make a living or for recreation.

Schwarzenegger, who has been courting conservation groups as part of his bid for reelection, has pushed for full implementation of the state's Marine Life Protection Act of 1999, which sets up the mechanism to establish the statewide reserve network.

The reserves are designed to provide sanctuary for rockfish and halibut, lobster, abalone and shellfish that remain in the same area as opposed to albacore tuna, salmon, sardines and other pelagic fish that swim great distances in the ocean. The protected areas are also expected to benefit the endangered sea otter and other imperiled marine mammals by increasing available food.

Most of the reserves also offer protection for undersea habitat, including kelp forests, rocky reefs, sandy seafloors and deep ocean canyons, such as those in Monterey Bay. For the most part, these areas will be marked off by straight lines on nautical maps. Tuesday's vote came after six hours of impassioned testimony from fishermen who said they would be put out of business, from scuba divers who complained about the dramatic loss of fish to photograph, and conservationists who insisted that the reserves were the only way to save the remnants of formerly robust fish populations off the coast.

Fred Keeley, a former Democratic assemblyman who represented the Santa Cruz area and a co-author of the 1999 law, asked the commissioners to adopt the strongest possible protections and relax them at a later date, if needed.

"It took a long time for the oceans to get in this perilous condition," Keeley told the commissioners. "It's going to take a long time for them to heal."

After years of resisting the plan, fishermen at the meeting appeared largely resigned to its inevitability. Instead of the boisterous jeering and booing that have characterized past meetings on the issue, commercial and recreational fishermen joined forces to recommend their own plan with minimal closures.

Zeke Grader, executive director of the Pacific Coast Federation of Fishermen's Associations, noted that the areas where fishing will be banned will still be vulnerable to another major assault on coastal marine life around the world: coastal pollution.

He urged the commissioners to coordinate with state water officials to clamp down on urban and farm runoff as well as sewage discharges that force-feed the oceans toxic chemicals and nutrients that stimulate growth of harmful algae.

"You can have all of the no-fishing zones you want, but we are going to end up with [low-oxygen] dead zones or places that are highly toxic to fish," Grader said.

Not all recreational fishermen opposed the closures.

The Cambria Fishing Club pushed to close waters just south of town. "We hope that's a fish factory that will kick out fish for us to catch," said Jim Webb, the club's president. "We think it's a great idea to create an opportunity to fish forever."

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Only about 1% of the world's oceans are off limits to fishing. But marine reserves have been popping up all over the world as scientists, regulators — and some fishermen — have recognized that traditional catch limits have failed to halt steady declines of fish. More than two-thirds of commercially important fish are fully exploited or in steep decline.

President Bush in June created the Northwest Hawaiian Islands National Monument. The largest marine reserve in the world, it is a strip about 100 miles wide and 1,200 miles long.

Steve Palumbi, a Stanford marine scientist, said California's latest reserve system is a smart approach because it would provide havens for fish to grow older. These older, larger fish can produce many more eggs than their smaller counterparts and, thus, do more to help restock areas that have suffered from excessive fishing.

Palumbi said the new network of reserves should act like a "safety net" to protect remnant fish populations against catastrophic collapse. "If we ever take a deep fall into that net, we have to make sure it doesn't break."

Gene-Altered Crops Denounced (WP)

By Rick Weiss

The Washington Post, August 16, 2006

Environmental groups yesterday called for a moratorium on open-air tests of crops genetically engineered to produce medicines and vaccines, citing a federal court's conclusion last week that the Agriculture Department repeatedly broke the law by allowing companies to plant such crops on hundred of acres in Hawaii.

In a toughly worded 52-page decision released without fanfare late last week, a U.S. District judge in Hawaii concluded that USDA's Animal and Plant Health Inspection Service (APHIS), which grants permits for the planting of genetically engineered crops, should have first investigated whether the plants posed a threat to any of that state's hundreds of endangered species.

The corn and sugar cane plants, already harvested because the experiments involving them were completed before the case was decided, had been modified to produce human hormones, drugs and ingredients for vaccines against AIDS and hepatitis B.

"APHIS's utter disregard for this simple investigation requirement, especially given the extraordinary number of endangered and threatened plants and animals in Hawaii, constitutes an unequivocal violation of a clear congressional mandate," wrote Judge J. Michael Seabright in his Aug. 10 decision.

The ruling is the first by a federal court on the controversial practice of "bio-pharming," in which crops are engineered to produce potentially therapeutic human proteins. But it is not the first damning federal critique of APHIS's oversight. A December 2005 audit by the Agriculture Department's Office of Inspector General found multiple failings in the agency's enforcement of research rules for gene-altered plants.

APHIS spokeswoman Rachel Iadicicco said yesterday that the agency had already corrected the major problems cited in the 2005 report and had recently made policy changes to satisfy the court's concerns, as well. In addition, she said, APHIS is crafting a sweeping "programmatic" environmental impact statement addressing larger, long-standing concerns about its oversight of biotech crops.

But opponents said they have heard such assurances before.

"We are asking the judge to enjoin the issuance of any biopharma permits anywhere in the country unless and until APHIS completes a programmatic analysis of their regulatory program," said Paul H. Achitoff, managing attorney for Earthjustice in Honolulu, which litigated the case with the Washington-based Center for Food Safety.

The judge has scheduled a hearing for Tuesday to decide what remedies to impose.

The court ruling is the latest in a decade-long struggle that has pitted biotech companies against an uneasy coalition of environmentalists and conventional food producers and distributors.

Advocates believe that some drugs and vaccines may be produced more economically in crops than in the laboratory cultures that are commonly used today. Some even envision "edible vaccines," such as bananas laden with proteins that would boost blood levels of protective antibodies -- an attractive strategy for developing countries, where the refrigeration needed for many conventional vaccines is often not available.

But opponents fear that ordinary crops may become contaminated with drug-spiked versions grown in open fields, and that unwanted drug exposures from foods could trigger allergic reactions or other problems in people or animals.

Fears of admixture gained credence in 2002 when a Texas company was found to have broken rules in its cultivation of corn plants engineered to make a pig diarrhea vaccine. The error necessitated the destruction of 500,000 bushels of potentially contaminated soybeans, and left the now defunct company, ProdiGene, stuck with millions of dollars in cleanup costs.

"The use of food crops to produce materials not intended to be in the food supply must only proceed under systems proven to prevent any contamination or adulteration of the food supply," said Jeffrey Barach of the Food Products Association in Washington. "To date, effective control programs have not been demonstrated to our satisfaction."

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The federal court decision responds to a 2003 lawsuit filed by several public interest groups. Taking a novel tack, the groups charged that APHIS failed to consider the potential impacts on endangered species when it approved four Hawaii field studies in the previous three years. The plants were produced by ProdiGene, Monsanto, the Hawaii Agriculture Research Center and Garst Seed of Slater, Iowa.

The plaintiffs -- including Friends of the Earth, Pesticide Action Network North America and Kahea, a Hawaiian environmental alliance -- noted that Hawaii is home to 329 endangered or threatened species, more than any other state, including many birds with easy access to test plots.

Seabright agreed with the groups that, although proof of harm is lacking, APHIS's issuance of the permits for 800 acres on four Hawaiian islands without consideration of those potential impacts was "arbitrary and capricious."

"This is probably the strongest message yet to USDA that they need to do a much better job at regulating all genetically engineered crop field trials," said Bill Freese of the Center for Food Safety, noting that about a dozen pharma permits are approved in a typical year. "They've been rubber-stamping for too long, and they need to get serious about these crops."

But the judge rejected the groups' broader claim that APHIS had broken its promise to improve its overall system of oversight.

"Although the Plaintiffs are understandably upset by the fact that this process has taken over three years, the court accepts APHIS's representations" that the delay is justified and progress is under way.

Stephanie A. Whalen, president of the Hawaii Agriculture Research Center, which ran the studies involving sugar cane engineered to make a human blood protein, said the ruling "looks backward" at problems already corrected.

"The idea that this has got the potential for harm has been all blown out of proportion," she said. "We're really proud of the work we do, and we know how important it is to safeguard the environment."

Washington State Governor, Tribe Announce Settlement Over Indian Burial Site (FINDLAW/AP)

AP, August 16, 2006

(AP) - PORT ANGELES, Washington-Washington state will pay more than $17 million (â,¬13.37 million) to tribal and local officials to settle lingering disputes over the state's disturbance of an ancient American Indian village and burial ground, Gov. Chris Gregoire announced Monday.

The settlement gives the Lower Elwha Klallam tribe control over most of the site and ends litigation surrounding the state Department of Transportation's abandoned bridge project.

Work on a bridge construction yard stopped in 2003 after officials discovered human remains in the area. Construction resumed less than a year later, but was halted for good in December 2004.

More than 350 skeletal remains and numerous Indian artifacts eventually were found at the site, where Lower Elwha Klallam members had lived in a village called Tse-whit-zen.

The error cost the state an estimated $87 million (â,¬68.41 million). The bridge construction yard was later transferred to the city of Tacoma.

"This agreement brings positive closure to a difficult and painful experience and new hope for a brighter economic future for the entire community," Gregoire said.

Under the settlement, the state will pay the tribe $2.5 million (â,¬1.97 million) and remove leftover materials from partial construction.

The state also will give the tribe 11 acres (4.45 hectares) at the site, and will lease about six acres to the tribe for a possible location to promote the area's cultural heritage.

The ancient village itself will be preserved, partly as a cemetery, Gregoire said. Human remains and other artifacts removed from the site will be reburied, and some excavated soil will be brought back to the site and screened for more possible remains or artifacts.

"We look forward to when our ancestors will return to their final resting place. For us, reburial is what this has always been about," Lower Elwha Klallam Tribal Chairwoman Frances Charles said.

Archaeologists say Tse-whit-zen, which stood for 1,700 years before it was leveled in the 1920s to make way for a sawmill, is the largest such settlement discovered in Washington state.

On the Net:

Governor: http://www.governor.wa.gov

Lower Elwha Klallam tribe: http://www.elwha.org/

DOJ_NMG_0049126

FBI/DEA/ATF/USMS:

Heroin Ring Busted In 15 Cities, Including Charlotte (AP)

By Michael J. Sniffen

AP, August 16, 2006

WASHINGTON - Federal agents arrested more than 130 alleged drug traffickers from coast-to-coast Tuesday, including North Carolina, and U.S. officials said they smuggled heroin from Mexico and offered phone-up home delivery like a takeout pizza shop.

Beginning before dawn, Drug Enforcement Administration agents conducted arrest raids and searches from Charleston, S.C., to Los Angeles. They were seeking up to 150 people, about half of them illegal aliens, named in 10 federal indictments and state charges carrying penalties from 5 years to life in prison.

By afternoon, the investigation had produced 138 arrests in 15 U.S. cities, seized more than 47 pounds of Mexican black tar heroin and confiscated more than $500,000 in illegal profits, officials said at a news conference to describe their Operation Black Gold Rush. Among the 15 cities was Charlotte, N.C., where a federal indictment was released Tuesday in U.S. District Court.

The federal indictment was filed Aug. 9 in Asheville, N.C., and charged 11 people, eight of whom had been arrested as of Tuesday.

"We were able to cripple a sophisticated black tar heroin group from the retail level street dealers up to the regional distribution level," said Michele Leonhart, deputy DEA administrator. "But just as real businesses have CEOs, there's someone higher up in this criminal organization who is calling the shots. And we will continue our efforts until that person is in custody."

Leonhart said brothers Javier and Alberto Sanchez managed the distribution ring. She said Javier was arrested in Nashville, Tenn., but Alberto, under indictment, remains at large in Mexico. She added that people who supplied them with heroin also were at large in Mexico. No arrests were made in Mexico.

"Today we have shut down a U.S. distribution network of the Sanchez organization. We've seized their heroin, taken their money and cut off their ability to distribute illegal drugs in this country," said Alice Fisher, assistant attorney general in charge of the criminal division.

Officials gave this account of how the ring operated:

Among other marketing strategies, the gang preyed on recovering heroin addicts. It sent street dealers out from 8 a.m. to 8 p.m. They worked near methadone clinics where addicts receive treatment.

Packaging a quarter to half a gram of heroin in balloons for convenience, the dealers would offer addicts two free balloons if they bought two balloons.

More sophisticated techniques were available for trusted clients. Agents conducted surveillance that showed the gang distributed telephone numbers clients could call. At first a courier would be sent to deliver the heroin to the customer in a car in parking lot, but later, after several sales, clients could call and order delivery of heroin to the front door of their home or to their offices.

The ring smuggled black tar heroin made from poppies grown and refined in Nayarit state on Mexico's west coast to a distribution center in Nashville and from there around the United States, including more cities east of the Mississippi than have been reached by previous Mexican heroin gangs.

Mexican black tar heroin, a dark and sticky substance, is usually only 30 percent to 40 percent pure, well below the purity of Colombian heroin. But some heroin seized in this case was 85 percent pure, officials said. Diluted to street purity, a kilogram or 2.2 pounds of heroin produces more than 1,000 doses.

The gang brought in more than 17 pounds a month, worth about $2 million a month in street sales, officials said. Mexicans illegally entering this country smuggled the heroin by foot and vehicle across the border in Arizona, Texas and California.

Couriers bringing money back were told to buy a clunker vehicle and stash cash throughout its body, drive across the border and dump the vehicle. Other profits were sent back by wire.

The federal investigation began last November after a single heroin seizure in Texarkana, Texas, in cooperation with state and local police.

The investigation was conducted in Nashville, Memphis and Knoxville, Tenn.; Indianapolis; Columbus and Cincinnati, Ohio; Denver, Los Angeles and Riverside, Calif.; Charlotte, N.C.; Columbia, Greenville, Charleston and Florence, S.C., and Phoenix.

More Than 130 Arrested In Breakup Of Heroin Ring (NYT)

By Eric Lichtblau

DOJ_NMG_0049127

The New York Times, August 16, 2006

WASHINGTON, Aug. 15 — More than 130 people were arrested around the country on Tuesday in connection with a Mexican heroin-trafficking ring that federal officials said offered door-to-door deliveries and preyed on recovering addicts.

The network, run out of Tennessee, used illegal immigrants from Mexico as couriers to smuggle a potent variety of black tar heroin across Southwest borders and distribute it in rural and urban areas around the United States, the officials said.

Armed with about 150 arrest warrants, Drug Enforcement Administration agents along with state and local authorities fanned out in 15 cities from Nashville to Los Angeles and had arrested 138 people on drug charges as of late Tuesday afternoon. Some leaders of the network are still believed to be at large in the United States and in Mexico. The authorities seized more than 17 kilograms of black tar heroin and $500,000 in cash.

Officials from the Justice Department and the drug administration said the arrests had broken up what they believed to be the biggest distribution operation for black tar heroin in the United States. The network is thought to have operated for the last two years, bringing into the United States about $2 million worth of heroin each month; it had filled a void left by the breakup of an earlier ring in 2000, D.E.A. officials said.

Black tar heroin is a dark, sticky form of heroin usually melted on a spoon and injected by syringe. The drug ring had trafficked in a particularly potent variety, with purity as high as 80 percent, the officials said.

Alice S. Fisher, the assistant attorney general in charge of the Justice Department's criminal division, described the network as a sophisticated operation of Mexican brothers, Javier and Alberto Sánchez.

Ms. Fisher said the network had offered a system that allowed customers to order heroin by phone and have it delivered to their doors. The network tried to recruit customers by sending dealers to work the streets at methadone clinics to lure recovering addicts, the officials said.

Heroin Probe Leads To 130 Arrests (WT)

By Jerry Seper, The Washington Times

The Washington Times, August 16, 2006

More than 130 people have been arrested nationwide and hundreds of thousands of dollars seized as part of "Operation Black Gold Rush," an international undercover investigation that targeted the trafficking of black tar heroin in the United States.

Assistant Attorney General Alice S. Fisher, who heads the Justice Department's criminal division, and Drug Enforcement Administration (DEA) chief Karen P. Tandy said the multistate investigation resulted in arrests in 15 U.S. cities and 10 indictments in eight federal judicial districts -- with more than 17 kilograms of black tar heroin seized in separate raids.

"As this operation demonstrates, the Department of Justice is as committed as ever to eradicating the flood of illegal and dangerous narcotics like black tar heroin," Mrs. Fisher said. "Law enforcement across the country will continue to work diligently to shut down these operations and keep our neighborhoods free of the poison being spread by these criminals."

Mrs. Tandy said Operation Black Gold Rush exposed a network of more than 100 illegal aliens who controlled a pipeline of heroin operating from Nayarit, Mexico, to Nashville, Tenn., and at least 14 cities in between. She said the arrests by DEA agents across the country had "ruptured that pipeline, stopping the flow of heroin to our streets."

DEA spokesman Rusty Payne said the investigation began in November with a single seizure of heroin, and DEA agents reached out to state and local law-enforcement agencies for assistance.

He said suspected members of the drug-trafficking organization charged in the indictments are accused of importing and distributing 10 to 15 kilograms of black tar heroin monthly from Mexico into the United States. The narcotic can be sold on the street for more than $3 million.

Mr. Payne said the organization is accused of using illegal aliens as couriers, part of a "call-and-deliver" system of drug distribution in which a buyer could have heroin delivered to the front door. The illicit proceeds are thought to have been laundered by the organization's financial managers using a combination of wire remitters and bulk currency transport, he said.

Agents have seized more than $380,000 in cash, Mr. Payne said.

Indictments in the case were returned in Indiana, where 13 persons were charged with conspiracy to distribute 1 kilogram or more of heroin. Additionally, 15 others were charged in Indiana, and 28 were arrested and indicted in Ohio, 47 in Tennessee, seven in Colorado and 11 in North Carolina.

Operation Black Gold Rush targeted suspected drug traffickers in Nashville, Memphis and Knoxville, Tenn.; Indianapolis; Columbus and Cincinnati, Ohio; Denver; Los Angeles and Riverside, Calif.; Charlotte, N.C.; Columbia, Greenville, Charleston and Florence, S.C.; and Phoenix.

Off To The Races (WSJ)

By Tim Annett

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The Wall Street Journal, August 15, 2006

Crumpling vehicle prices helped quash core wholesale inflation last month, in a development that left stock markets honking with delight. But if the consumer-price index turns out to be a lemon, the rally could quickly spin into a ditch.

The Labor Department reported this morning that wholesale prices excluding food and energy dropped 0.3% in July1. For financial markets all jittery with worry that another elevated inflation reading might lead the Federal Reserve to resume pumping up interest rates, that was welcome news indeed, and stocks rallied2. All the same, a peek beneath the hood of the producer-prices report hinted that perhaps inflation wasn't running so smoothly after all, as virtually all of the decline in core producer prices could be traced to falling prices for cars and especially light trucks. To be sure, the acceleration in energy prices which has recently concerned the Fed and businesses seemed to be leveling off. Gasoline prices rose 0.7% after soaring 6.3% in June. Food prices stabilized too, especially for dairy and seafood. But farther up the production pipeline, inflation appeared as stubborn as ever. Prices of raw materials, a source of complaint throughout the recent corporate earnings season, jumped 3.1% in July after declining 1.7% in June. Core crude-goods prices surged 34.4% from a year ago. "My advice to Fed Chairman Bernanke: Don't pop any champagne corks yet," Ken Mayland of Clearview Economics wrote in a note to clients.

Indeed, the drop in truck prices seemed more indicative of the tumult gripping the nation's autos sector than any unfolding "soft landing" for the economy. Car makers have been left with large inventories of gasoline-swilling sport utility vehicles and pickups, and while some makers have said they intend to scale down production of such models, they still need to clear existing stocks from dealer lots. Manufacturers have thus been heavily discounting cars and trucks, and the way that incentives present in producer-prices data is somewhat subtle. "Auto prices at the producer level are tricky because some incentives show up (those that are offered from manufacturers to dealers) and other do not (those offered directly to consumers)," Stephen Stanley, chief economist at RBS Greenwich Capital, wrote in a note. That could mean that today's data may not be very revealing when it comes to making sense of broader inflation trends. Mr. Stanley says all the statistical noise on prices at the various stages of production argues for focusing on core consumer-price yardsticks instead.

To that end, the Labor Department will release its consumer-price index for July before the start of trading tomorrow. After today's news, some economists were optimistic. Merrill Lynch economist David Rosenberg, citing those falling car prices as well as cheaper prescription drugs, detected signs that consumer inflation may be slipping. "All in, the stage is set for a lower-than-expected core CPI release tomorrow -- and the consensus had already raised the bar." Indeed, economists polled by Dow Jones Newswires expect consumer prices excluding food and energy rose 0.3% last month. A hot core reading like that could lead a revved-up market to skid. But if Mr. Rosenberg is right, and the CPI looks softer than many expect, Wall Street's race higher could continue.

* * *

PPI Report Gives Stocks a Boost

The Dow Jones Industrial Average vaulted more than 100 points in morning trade and hovered there for the remainder of the session, ending the day higher by 132.39 points3, or 1.2%, at 11230.26. The Nasdaq Composite Index climbed by 45.97 points, or 2.2%, to 2115.01, and the Standard & Poor's 500 rose 17.37 points, or 1.4%, to 1285.58. A day after issuing one of the biggest recalls in PC history because of defective batteries in some of its laptops, Dell shares rose 3.95% to $22.084. Treasury prices rose5, with the 10-year yield ending at 4.93%. Yields move inversely to prices. The dollar weakened6 against the yen and the euro. Crude-oil prices fell7 on the New York Mercantile Exchange, slipping 48 cents to settle at $73.05 a barrel. Stocks in Europe8 fell amid light trading on the Assumption Day holiday, while Asia9 shares ended mixed.

* * *

More Grim Portents for Housing

Housing bears got reinforcement for their gloomy outlooks on the sector today, as a pair of reports suggested further weakening in housing is in the cards. First, the National Association of Realtors reported that existing-home sales fell 7% during the second quarter10 from a year ago. Demand in 28 states and the District of Columbia posted outright declines. Among the states seeing slower sales were once-hot markets like Florida, California and Arizona. Then, the National Association of Home Builders said builders are in their darkest mood in fifteen years. The housing market index, compiled by the NAHB and Wells Fargo, was down seven points from July's unrevised level of 39. August marked the seventh straight month of declining builder confidence, as gauged by the index. As builders have lapsed into a funk, so have investors in builder stocks. The Dow Jones Home Construction Index is down more than 40% in the last year.

* * *

Another Arrest in U.K. Terror Probe

British authorities said they had arrested another suspect11 in connection with the investigation of a foiled terror plot to blow up U.S.-bound jetliners, bringing the number of people detained in the probe to 25. The announcement came after police said they raided two Internet cafes and a news report said officers found firearms in a search of woodlands near where some of

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the suspects were arrested. Airlines in the U.K. are considering seeking compensation from the British airports operator for costs incurred during the emergency. In the U.S., President Bush cautioned that the plot is evidence the U.S. could be fighting terrorists for years to come. "America is safer than it has been, yet it is not yet safe," Mr. Bush said at an operations center at the National Counterterrorism Center in McLean, Va.

* * *

Wal-Mart, Home Depot Report Earnings

Wal-Mart, the world's largest retailer, reported that its net income dropped an eye-popping 26%12 during its just-ended quarter, though the decline was due to Wal-Mart's recent retreat from Germany. Still, it was the first time Wal-Mart saw its quarterly profit fall since 1996, and the result comes at a time when the retail giant is contending with howling economic headwinds. "In the United States, customers tell us that they're most concerned about gas prices," said Lee Scott, Wal-Mart's chief executive. Separately, home-improvement giant Home Depot said its earnings rose 5.3%13 from last year during the second quarter. Home Depot has been locked in a bruising battle for market share with rival Lowe's and dealing with complaints about declining customer service. The company said that its earnings for the full year would come in at the low end of earlier guidance. In January, Home Depot said it expected annual sales growth of 14% to 17% and earnings growth of 10% to 14%.

* * *

Peltz Takes Tribune Stake

Activist investor Nelson Peltz has accumulated a 1.15% stake14 in newspaper company Tribune, which is already facing pressure for change from its biggest shareholder, the Chandler family. The Chandlers have called for drastic steps to shore up the company. Mr. Peltz is also pressing for changes at H.J. Heinz and Wendy's International. Tribune, publisher of the Chicago Tribune and Los Angeles Times and owner of the Chicago Cubs baseball team, among other businesses, also reported Tuesday that its revenues fell 1.4% in July.

* * *

Nationwide Wins Katrina Suit

A federal judge ruled that Nationwide Mutual Insurance acted appropriately in denying the bulk of a claim15 by a Mississippi couple whose home was destroyed by Hurricane Katrina. The case was the first since Katrina crashed ashore last summer to test insurers' contentions that their policies don't cover hurricane-fueled storm surge. The judge appeared underwhelmed by the couple's argument that their Nationwide agent told them in 1999 that they didn't need separate flood coverage and misled them to believe that their homeowners policy was enough to cover hurricane damage.

* * *

World Bank Sees Faster China Growth

The World Bank once again cranked up its forecast16 for China's economic growth, saying it now expects the nation's full-year growth in gross domestic product to come in at a red-hot 10.4%, up from the 9.5% previously forecast. It was the third time this year that the bank raised its view. China has attempted to brake growth before it causes a bout of runaway inflation, but so far, policy makers haven't had much luck in slowing things down. Economists believe the government could take further steps, such as tightening reserve requirements or even raising interest rates, in the second half. China's foreign direct investment in the first seven months of 2006 fell 1.2% to $32.71 billion17. Separately, China offered new details about the legal structure18 it wants foreign banks to adopt to accept local-currency deposits from individuals.

* * *

Monsanto Snaps Up Seed Maker

Monsanto said it will buy Delta & Pine Land for $1.5 billion19, in an effort to expand the company's seed business. Monsanto said shareholders of Delta, a Scott, Miss., cotton-seed producer, would receive $42 a share in cash, which would also be financed by a new debt offering. Delta closed yesterday at $36.24 a share. Since the deal has to clear regulatory hurdles, Monsanto didn't announce a time frame for closing. Monsanto would divest the U.S. assets of its Stoneville cotton-seed business if required to close the transaction.

* * *

More Chemo Side Effects Seen

Researchers at Boston's Dana Farber Cancer Institute have found that younger breast-cancer patients seem to suffer more serious side effects from chemotherapy20 than previously thought. According to a study released today, approximately one in six women wind up in the emergency room or hospitalized because of a range of side effects including infection, dehydration and nausea. Most side-effect information comes from clinical trials, and those studies can underestimate toxicity.

* * *

Gun Battles Rattle Karbala

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Fierce gunfights between supporters of Shiite cleric Mahmoud al Hassani and Iraqi security forces gripped Karbala, leaving many people injured21, following an army raid on the cleric's offices. The fighting spread rapidly and led officials to impose a curfew in the city which lies 50 miles to the south of Baghdad. In other violence, a suicide bomber in Mosul detonated a truck outside the party headquarters of Iraq's Kurdish president, killing nine people and wounding 35. The head of Iraq's main Sunni bloc in parliament called for the Sunni speaker of parliament to step down after Shiite and Kurdish parties called for his ouster.

* * *

Japanese Tanker Spills Crude

A Japanese tanker spilled about 1.4 million gallons of crude oil in the eastern Indian Ocean near the Nicobar islands following a collision with a cargo ship22, but no injuries were reported and the environmental impact from the accident is believed to be limited. The Bright Artemis tanker spilled the oil after colliding with the Amar, a smaller ship in distress about 300 miles west of the Nicobars. There was said to be no risk of further leaks and the tanker had left the scene to seek a port for repairs.

* * *

IAC Buys Stake in Humor Site

IAC/InterActiveCorp acquired a majority stake23 and full voting control of humor Web site CollegeHumor.com, which offers videos, photos and jokes aimed at college students and recent graduates. IAC didn't disclose how much it paid for the 51% stake.

* * *

Not Exactly Domino's

Housebound heroin addicts will need to find a new way to get a fix, after federal agents made 130 arrests nationwide in breaking up a drug-trafficking ring that offered users phone-up home deliveries. The gang was nothing if not aggressive in expanding its market share; among other strategies, it preyed on recovering heroin addicts by sending dealers out to methadone clinics where addicts receive treatment. The dealers also offered buy-two get-two specials, where users purchasing two balloons full of heroin could get two more balloons at no charge. Many of those arrested in the raids were illegal immigrants, and much of the trafficking took place between Mexico and Arizona.

20 Arrested As Local Distributors Of Mexican Heroin (CD)

Columbus Dispatch, August 15, 2006

Federal drug-enforcement agents and local police and deputies have rounded up 20 men and women accused of being key distributors of a form of heroin that comes from Mexico.

The arrests are part of a 14-city sweep of sellers and users in 11 states. All are accused of conspiracy to distribute black tar heroin. The heroin looks like roofing tar instead of white powder and is usually dissolved with other liquids before being injected, according to the Drug Enforcement Administration.

The local investigation began when the Franklin County sheriff's office asked the Columbus DEA office for help in a growing number of heroin cases. The DEA linked the distributors here to others across the country and in Mexico.

The U.S. attorney's office has indicted 28 men and women here. Investigators continue to seek the eight who are still free.

Mexico-Memphis Heroin Ring Cut (CA)

Commercial Appeal, August 16, 2006

Federal authorities here said Tuesday a multiagency, multistate investigation has dismantled the head, the body and the tail of a Mexico-based heroin ring that used Memphis and 14 other American cities as distribution points.

The heroin pipeline stretched from Nayarit, Mexico, to Tennessee and seven other states and included couriers who were part of a "call and deliver" service that allowed valued customers to have drugs delivered to their front door, officials said.

Advertisement

In some cases, couriers were recruited from among recovering drug addicts at methadone clinics.

Dubbed Operation Black Gold Rush, the sting began with a single case in Nashville in November and has led to 138 arrests nationwide. Agents also seized more than $500,000 in illegal drug proceeds and some 50 pounds of black tar heroin, according to federal authorities here and in Washington.

"We went for the heads of the organization, the body and the tail -- the suppliers and the users," Frank Seib, agent in charge for the U.S. Drug Enforcement Administration in Atlanta, said in a Memphis press conference. "We're still dismantling."

Black tar heroin -- a potent form that is dark and sticky -- came from poppies grown by the ring in Mexico where it was refined and smuggled across the border into the United States.

U.S. Atty. David Kustoff of Memphis said 10 arrests were made Tuesday in the Memphis area and four vehicles, $16,000 in cash and a small amount of heroin were seized.

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He said this was the first major heroin bust in Memphis in years and said the structure of the illegal operation was complex. Branches in each city involved were run almost like individual franchises, with street dealers working regular shifts from 8 a.m. to 8 p.m., he added.

Kustoff said dealers arranged for their Mexican connections to ship large quantities of heroin to houses in the Memphis area where it would be repackaged for resale in balloons containing a fraction of a gram. Authorities said the street price for a single dose typically ran between $20 to $25.

Couriers then drove bundles of cash from drug sales back to Mexico by hiding it in various compartments of old vehicles, he said.

In intercepted telephone conversations between dealers and suppliers, heroin was sometimes referred to as "food" or "pants" and in some cases authorization for a sale had to be approved by phone calls to operatives in Mexico, according to the indictments.

Most of those arrested in Memphis live along Summer Avenue, officials said.

"This is a significant operation and a significant capture," said local DEA agent in charge Andy Dimond.

Named in the Memphis-area drug conspiracy indictments are Alberto 'Uncle Beto' Sanchez, Baston, also known as 'Tono,' Ernesto 'Gordo' Azpietia-Mojica, Javier, Memito, Franklin 'Cowboy' Callahan, Albert Sims, Tim Deaton, Dana Childers, Jame Ledes, John 'Jack' Digel, Cary Spain, Dennis Coker, Kendra Touchstone and Ronald 'Red' Eugene Conaway.

Other cities involved in the investigation include Knoxville; Indianapolis; Columbus and Cincinnati, Ohio; Denver; Los Angeles and Riverside, Calif.; Charlotte, N.C.; Columbia, Greenville, Charleston and Florence, S.C.; and Phoenix.

Arrests Tied To Nationwide Cartel (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), August 16, 2006

Authorities say Knoxville ring made ordering heroin easy

An illegal immigrant and two alleged heroin junkies accused of turning to dealing were nabbed in Knoxville on Tuesday as part of a nationwide sweep of a drug cartel authorities said made ordering dope as easy as ringing out for a pizza.

Roberto Rojas Andrade, 26, was arraigned before U.S. Magistrate Judge Bruce Guyton on charges that he was a minion of a Mexican drug cartel that stationed him and other illegal immigrants in Knoxville to peddle black-tar heroin.

"He and other defendants were placed here as a cell to this organization," Assistant U.S. Attorney David Jennings said. "We allege he is a member of a large organization out of Mexico that is responsible for multiple kilogram (drug sales)."

Also arraigned at a hearing in U.S. District Court in Knoxville on Tuesday were Brooke M. Tipton, 30, and Terry R. Strange, 29, both of whom Jennings said were recruited to sell the drug.

"I know for a fact these two are severely addicted to heroin," Jennings told Guyton. "(Strange) is obviously ill. He has open sores on his body. Judge, these defendants, I would have bet money they were using heroin as late as last night."

Guyton ordered all three defendants, named in a conspiracy indictment handed up by a federal grand jury in secret last week, jailed pending trial.

The arrests were part of a coast-to-coast operation led by the U.S. Drug Enforcement Administration dubbed Operation Black Gold Rush.

Beginning before dawn, authorities conducted arrest raids and searches, seeking up to 150 people, about half of them illegal immigrants, according to senior drug enforcement officials, who spoke on condition of anonymity before the official announcement.

By early afternoon, the investigation had produced 131 arrests in 15 cities, from Charleston, S.C., to Los Angeles, based on 10 federal indictments and state charges, the officials said.

Officials gave this account of how the ring operated:

The ring grew its own poppies and refined them in Mexico, smuggling an unusually pure variety of black-tar heroin across the U.S.-Mexican border, mostly in Arizona, with couriers on foot or in vehicles. Mexican black-tar heroin, a dark and sticky substance, is usually only about 30 percent to 40 percent pure. But among the more than 37 pounds of heroin seized in this case, some was 85 percent pure, officials said.

Among other marketing strategies, the gang preyed on recovering heroin addicts like Tipton and Strange, officials said. It sent street dealers out from 8 a.m. to 8 p.m. and operated outside methadone clinics where addicts receive treatment.

More sophisticated techniques were available for trusted clients. Agents conducted surveillance that showed the gang distributed telephone numbers for clients to call. At first, a courier would be sent to deliver the heroin to the customer in a car in a parking lot, but later, after several sales, clients could call and order delivery of heroin to the front door of their home.

Jamie Satterfield may be reached at 865-342-6308. The Associated Press contributed to this report.

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U.S. Authorities Arrest Nearly 140 People In Heroin Roundup (XNA)

Xinhua News Agency, August 16, 2006

U.S. authorities arrested 138 people on Tuesday in a nationwide crackdown on a heroin trafficking organization, officials said.

Agents from the Drug Enforcement Administration (DEA) and other agencies conducted arrest raids and searches for up to 150 people, beginning before dawn, and arrests were made from Charleston of South Carolina to Los Angeles of California.

Federal agents were targeting a ring that grew its own poppies and refined them in Mexico and smuggled an unusually pure variety of black tar heroin across the U.S.-Mexican border, officials said at a press conference.

The drugs were sold by illegal immigrants, mainly from Mexico, who set up shops in smaller cities, and the ring also used illegal immigrants as couriers to deliver drugs, according to the officials.

"They purposely and shamelessly sold heroin in areas near methadone clinics," said Michele Leonhart, deputy administrator of DEA.

Drugs dealers convinced people already struggling to get rid of drugs addiction to resume using drugs, sometimes by a "buy two drugs, get two free" marketing scheme, he said.

The organization imported and distributed about 8 kg of black tar heroin each month from Mexico into the United States, Leonhart said.

The federal investigation, known as Operation Black Gold Rush, started last November after a single heroin seizure and the raids on Tuesday were aimed at breaking down the ring's entire U.S. distribution system.

Twelve Indicted In Heroin Bust (WTHR)

WTHR-TV, August 15, 2006

Indianapolis - Twelve people face charges following a heroin ring bust that involved the Drug Enforcement Administration and the Indianapolis Police Department.

Susan W. Brooks, United States Attorney for the Southern District of Indiana, made the announcement Tuesday. She said the 12 are charged with conspiracy to possess with intent to distribute more than one kilogram of heroin. The charges come after a seven-month investigation that involved IPD as well as investigations in Nashville, Tennessee and other locations.

Six defendants were arrested Tuesday in Indianapolis. A search warrant turned up an ounce of heroin. Three others were arrested in Bloomington.

Police say Julio Rodriguez Perez, also known as "Rambo" and "Paul Ramirez," is a leader and organizer of a heroin distribution group that operates in Indianapolis and Bloomington. They also say another man, Hector Escobar, also had a leadership role, while Jose Rubio did the day-to-day distribution. Police say Jorge Madrigal took over from Rubio, and Maria Emilia Diaz-Garcia acted as a courier who brought heroin to Indianapolis and transported drug money. Glenn Harris is accused of buying heroin for distribution.

Leif Johnson, Floyd Warriner, Bennie Ponds, Travis Sutherlin, Dean Williams and Christopher Metz acted as distributors, police say.

Brooks said, "We our fortunate that the Southern District of Indiana has not been plagued by widespread heroin abuse. By working in collaboration, federal and local law enforcement can sharply curtail the supply of the drug to help protect our citizens from a prevalent heroin problem."

According to Assistant United States Attorney Melanie C. Conour, who is prosecuting the case for the government, the defendants, if convicted, face a maximum possible prison sentence of life imprisonment and a maximum possible fine of $4,000,000.00.

Police: International Heroin Trafficking Group Dismantled (WLTX)

WLTX-TV, August 16, 2006

(Columbia) - United States Attorney Reginald T. Lloyd and Assistant Special Agent in Charge, John Ozaluk of the Drug Enforcement Administration, stated today that an international drug investigation has resulted in arrests across South Carolina and throughout the United States.

On August 2, a federal grand jury in Columbia returned two indictments charging 26 individuals with a black tar heroin conspiracy.

Lloyd and Ozaluk stated that Tuesday morning teams of federal, state, and local agents travelled across the state to conduct arrests and execute eight search warrants.

Twenty individuals were arrested in early morning raids throughout South Carolina. Two defendants charged in South Carolina were arrested in Los Angeles, California.

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The arrests made in California included 37-year-old Leonicio Garcia and 38-year-old Hilda De La Mora Ruelas.

Columbia arrests included 34-year-old Bule Garcia-Rodriguez, 23-year-old Ibrahim Garcia-Reyes, 21-year-old Israel Delgado Luis, 32-year-old Carlos Ortiz-Salas, and 27-year-old Alejandro Moreno-Cortez.

Charleston arrests included 34-year-old Jose Manuel Oseguerra-Jiminez, 31-year-old Victor Maneul Monserrate, 23-year-old Alexey Ernestovich Valkovich, 36-year-old Savador Vallin-Cernas, 37-year-old Estaban Lopez-Reyes, 20-year-old Frederick Munoz, 32-year-old Octavia Martinex, 26-year-old Tracy Tumlinson-Smith, 24-year-old David Henry Tumlinson, III, and 47-year-old Joseph Thomas Lambinus.

In Greenville, arrests included 41-year-old Augustine Ceja-Jaime, and 43-year-old Martin Sanabria-Bueno.

Myrtle Beach arrests included 24-year-old Sigfriedo Garcia-Lopez, 22-year-old Jorge Eduardo Velazquez-Guerrero, and 27-year-old Jesus Sanches Pelayo.

Lloyd said the conspiracy operated in the metropolitan areas of Columbia, Charleston, North Charleston, Greenville and Myrtle Beach.

Investigators say this case is the first recent case where their office has charged a single narcotics enterprise with operating simultaneously in multiple regions across the state.

Lloyd said the investigation is continuing and other arrests and charges are expected.

Nationwide, more than 130 defendants have been indicted and hundreds of thousands of dollars seized as part of an international operation targeting the trafficking of black tar heroin in the United States, Assistant Attorney General Alice S. Fisher of the Criminal Division and Administrator Karen P. Tandy for the Drug Enforcement Administration announced today.

The multi-state investigation, called “Operation Black Gold Rush,” included arrests in 15 U.S. cities and 10 indictments in eight federal judicial districts, along with state charges. More than 17 kilograms of black tar heroin – a potent form of heroin that is dark and sticky in appearance -- were also seized in the operation.

As of today, a total of 138 people have been arrested on federal and state charges in connection with the operation. In the Southern District of Indiana, an indictment charges 13 defendants with conspiracy to distribute one kilogram or more of heroin. Additionally, 15 individuals have been charged in the state of Indiana, 28 individuals have been arrested and indicted in Ohio, 47 individuals in Tennessee, seven in Colorado and 11 individuals in North Carolina.

"As this operation demonstrates, the Department of Justice is as committed as ever to eradicating the flood of illegal and dangerous narcotics like black tar heroin," said Assistant Attorney General Alice S. Fisher of the Criminal Division. "Law enforcement across the country will continue to work diligently to shut down these operations and keep our neighborhoods free of the poison being spread by these criminals."

"Operation Black Gold Rush exposed a network of over 100 illegal aliens who controlled a pipeline of heroin operating from Nayarit, Mexico to Nashville, Tennessee and at least 14 cities in between," said DEA Administrator Karen P. Tandy. "Today, DEA ruptured that pipeline, stopping the flow of heroin to our streets."

To date, the government has seized more than $500,000 in cash representing illegal proceeds from this operation. Investigators say that they had $260,000 prior to Tuesday, and collected $250,000 on Tuesday alone.

"Operation Black Gold Rush" is a joint investigation involving operations in 15 cities: Nashville, Memphis and Knoxville in Tennessee; Indianapolis; Columbus and Cincinnati, Ohio; Denver; Los Angeles and Riverside, California; Charlotte, North Carolina; Columbia, Greenville, Charleston and Florence in South Carolina; and Phoenix, Arizona.

The investigation also involved eight U.S. Attorney’s Offices, the Criminal Division’s Narcotic and Dangerous Drug Section, Special Operations Division, and the Justice Department’s Organized Crime and Drug Enforcement Task Force, along with U.S. Immigration and Customs Enforcement, the Internal Revenue Service, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and various state and local law enforcement agencies.

Lloyd said that the South Carolina case was investigated by agents of the Drug Enforcement Administration, along with the Internal Revenue Service, South Carolina Law Enforcement Division, Richland County Sheriff’s Office, Columbia Police Department, Lexington County Sheriff’s Office and Multi-Agency Narcotics Enforcement Team, Cayce Department of Public Safety, Kershaw County Sheriff’s Office, Sumter County Sheriff’s Office, Myrtle Beach Police Department, Horry County Police Department, North Myrtle Beach Department of Public Safety, Florence Police Department, Charleston County Sheriff’s Office, Charleston City Police Department, Summerville Police Department, North Charleston Police Department, Mt. Pleasant Police Department, Orangeburg County Sheriff’s Office, Greenville City Police Department, Greenville County Sheriff’s Office, and South Carolina Highway Patrol, and that he has assigned the case to Assistant United States Attorney Jane B. Taylor of the Columbia office for prosecution.

Officials say the majority of the defendants arrested in South Carolina are scheduled to appear in federal court in Columbia before Magistrate Judge Bristow Marchant on Thursday, August 17, 2006 at 1:30 p.m.

James Gilbert, Assignment Desk/Editor

Reporters Must Testify In Bonds Steroid Probe (AP)

AP, August 15, 2006

SAN FRANCISCO — A federal judge told two San Francisco Chronicle reporters they must comply with a subpoena and tell a grand jury who leaked them secret testimony of Barry Bonds and other elite athletes ensnared in the government's steroid probe.

The decision by U.S. District Judge Jeffrey White means reporters Lance Williams and Mark Fainaru-Wada must appear before a grand jury investigating the leak unless a higher court blocks the ruling. The pair have said they would not testify and would go to jail rather than reveal their source or sources.

The two reporters published a series of articles and a book based partly on transcripts of testimony by Bonds, Jason Giambi and others who testified in the grand jury investigation of the Bay Area Laboratory Co-Operative, a Burlingame-based nutritional supplement company exposed as a steroid ring that netted five convictions.

The criminal conduct being investigated in the Bonds leak case includes possible perjury and obstruction of justice by government officials, defendants in the BALCO probe and their attorneys. All have sworn they weren't the source of the leak.

The government told White that its investigation has turned up empty, and that Williams and Fainaru-Wada are the last hope of finding the culprit or culprits.

Judge Rules Chronicle Reporters Must Name Their BALCO Sources (SFC)

San Francisco Chronicle, August 16, 2006

Two Chronicle reporters must disclose their sources of grand jury testimony by Barry Bonds and other prominent athletes about the use of performance-enhancing drugs, a federal judge in San Francisco said Tuesday in a ruling that could lead to the jailing of the reporters.

Neither the constitutional right of freedom of the press nor federal law shields journalists from testifying to a federal grand jury about confidential sources, U.S. District Judge Jeffrey White said.

"The court finds itself bound by the law to subordinate (the reporters') interests to the interests of the grand jury" in discovering the source of the leaks, White wrote. "The grand jury is inquiring into matters that involve a legitimate need of law enforcement."

The Chronicle will appeal the ruling, the newspaper's editor, Phil Bronstein, said.

White rejected The Chronicle's argument that reporters should not be compelled to testify if the public benefit of their reporting outweighs the harm caused by the disclosure of grand jury material. Articles by the reporters, Mark Fainaru-Wada and Lance Williams, helped prompt professional baseball to adopt new rules to police steroid use by players.

A court, White wrote, should not engage in "a balancing test that would require it to place greater value on the reporting of certain news stories over others."

The ruling allows federal prosecutors to summon the reporters before a grand jury that is looking into the leaking of athletes' testimony before another grand jury that was investigating the Bay Area Laboratory Co-Operative. If they refuse to testify, prosecutors can then ask White to hold them in contempt of court and jail them until they agree to talk.

After the ruling, Fainaru-Wada said, "We're steadfast and resolute in that we're going to stand behind the sources." He and Williams remain hopeful, he said, that "at some point there's going to be a judge or judges who recognize the public good of the stories ... and ultimately we will prevail."

The reporters will seek a stay that would protect them while they appeal White's ruling to the Ninth U.S. Circuit Court of Appeals in San Francisco, said Eve Burton, general counsel of the Hearst Corp., which owns The Chronicle.

Bronstein said the newspaper will continue to back the reporters in resisting grand jury subpoenas that seek their testimony.

"We will not comply with the government's effort, which we believe is not in the best interests of an informed public," Bronstein said. He said the ruling "does not change our complete commitment to Mark and Lance. We support them fully in maintaining the confidentiality of their sources. We will pursue all judicial avenues available to us."

White's ruling is the latest in a series of legal and political setbacks for reporters in the federal system, where state shield laws do not apply. Nearly every state has such a law, either by legislation or by court decision. California's voter-approved law, one of the strongest, protects journalists from being held in contempt of court for refusing to disclose confidential sources or unpublished material.

Former New York Times reporter Judith Miller was held in contempt and jailed for 85 days last year for refusing to say who told her that Valerie Wilson, the wife of Bush administration critic Joseph Wilson, was a CIA operative. Two weeks ago, a federal

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appeals court ruled that the government could examine phone records of Miller and a second Times reporter in another leak investigation.

Josh Wolf, a part-time freelance journalist, has been in federal prison since Aug. 1 after another federal judge in San Francisco held him in contempt for refusing to turn over videos of a protest rally in which an attempt allegedly was made to burn a police car. Meanwhile, legislation that would establish a federal shield law is stalled in Congress.

Fainaru-Wada and Williams wrote articles in 2004 quoting closed-door testimony by baseball's Jason Giambi, sprinter Tim Montgomery and other athletes saying they had been supplied performance-enhancing drugs by the Bay Area Laboratory Co-Operative. Fainaru-Wada and Williams also reported that Bonds testified that he received substances from BALCO, but that he believed the substances were flaxseed oil and arthritis balm.

Five defendants, including BALCO founder Victor Conte, later pleaded guilty to supplying performance-enhancing drugs. Separate grand juries now are investigating the disclosure of testimony to the reporters and the possibility that Bonds committed perjury when he denied knowingly using steroids.

Disclosure of the athletes' testimony, which had been kept secret by prosecutors, prompted a congressional investigation and new steroid-testing policies in professional baseball.

Williams, 56, and Fainaru-Wada, 41, are veteran reporters who have been with The Chronicle since 2000. Bronstein, in his statement Tuesday, stressed the value of their work on the BALCO case.

"We believe they performed a service by creating public awareness of the use of performance-enhancing drugs by some of the best athletes in the world," the editor said. "As a result of their work, significant reforms have been instituted from Major League Baseball to high school sports."

Federal prosecutors have disagreed -- saying it was their investigation, not the news articles, that raised public awareness of the issue -- and have argued that, in any event, the alleged value of the reporting does not excuse the reporters from testifying about the leak.

A grand jury supervised by the U.S. attorney's office in Los Angeles issued subpoenas, which were received by the reporters and the newspaper on May 5, demanding the sources of the transcripts.

In Tuesday's ruling, White noted that another federal judge issued orders in March 2004, before the first Chronicle story appeared, prohibiting the BALCO defendants as well as government personnel from disclosing grand jury transcripts and other confidential material to the news media.

Prosecutors say everyone with legal access to the transcripts has signed a sworn statement denying that he or she was a source of the leak.

The government "has exhausted all reasonable alternatives" to summoning the reporters, White said, as their testimony "would appear to be the only firsthand evidence" of the source's identity.

While confidential sources often play an essential role in helping the press expose the workings of government, the judge said, the grand jury and its rules of secrecy also serve an important function in investigating crimes. He said the Supreme Court, in 1972, and the Ninth U.S. Circuit Court of Appeals, in 1993, have ruled that journalists have no constitutional right to withhold evidence from a grand jury.

The Chronicle's lawyers have argued that a 1996 Supreme Court ruling allowed federal judges to follow the trend of state laws and recognize a need for confidentiality in certain professions -- psychotherapy, the clergy or the press -- that could outweigh the government's need for grand jury testimony.

But White said neither the Supreme Court nor the Ninth Circuit, whose rulings are binding on federal judges in California, has backed away from refusing to recognize a journalist's right to remain silent before a grand jury.

Burton, the Hearst Corp. attorney, said, "We are deeply disappointed with the court's decision but note that the court acknowledged the important First Amendment interests at stake.

"Judge White clearly felt constrained by the Court of Appeals' decisions, and that is where we are headed next," she said. "We believe we will ultimately prevail, and that is clearly what is in the public's best interest."

Chronicle Reporters Ordered To Reveal Sources In Bonds Case (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, August 16, 2006

A federal judge rules the writers must identify those who leaked secret grand jury testimony in the BALCO steroid probe.

A federal judge in San Francisco ruled Tuesday that two reporters must reveal who provided them with secret grand jury testimony of Barry Bonds and other star athletes on steroid use.

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Attorneys for the San Francisco Chronicle reporters had tried to quash a subpoena to appear before a grand jury investigating the leak. They argued that forcing journalists to disclose their sources would undermine the 1st Amendment and the ability of the news media to gather news.

U.S. District Judge Jeffrey S. White acknowledged the importance of the news media in "bringing issues to the forefront of public attention" and how confidential sources "are often essential … in that task."

But he ultimately agreed with federal prosecutors that journalists have no special protection from grand jury inquiries, citing the 1972 Supreme Court decision in Branzburg vs. Hayes, as well as subsequent rulings from appellate courts.

"The court finds itself bound by the law governing this case to subordinate the [reporters'] interests to the interests of the grand jury," White wrote.

He noted that the secrecy of grand jury proceedings was critical to the system of justice and outweighed the news media's need to promise confidentiality to sources possessing vital information.

The reporters plan to appeal the decision to the U.S. 9th Circuit Court of Appeals.

"We are deeply disappointed with the court's decision but note that the court acknowledged the important 1st Amendment interests at stake," said Eve Burton, counsel for Hearst Newspapers, which owns the Chronicle.

"Judge White clearly felt constrained by the court of appeals' decisions, and that is where we are headed next. We believe we will ultimately prevail, and that is clearly what is in the public's best interest."

Phil Bronstein, editor of the Chronicle, said Tuesday, "We will not comply with the government's effort, which we believe is not in the best interests of an informed public.

"We will pursue all judicial avenues available to us," he said, according to the newspaper's website.

Reporters Mark Fainaru-Wada, 41, and Lance Williams, 56, were subpoenaed to a federal grand jury in May to reveal who provided them with testimony of baseball stars Bonds, Jason Giambi and Gary Sheffield in the federal probe of the Bay Area Laboratory Co-Operative.

The reporters used the testimony as part of a series of stories on steroid abuse that sparked national debate and pushed Major League Baseball to impose punishments on steroid users.

Both said they would not reveal their sources, even if that meant that a judge held them in contempt of court and sent them to jail.

The Justice Department has increasingly sought to compel journalists to give up confidential sources in recent years, most notably when it subpoenaed former New York Times reporter Judith Miller and Time magazine correspondent Matthew Cooper to testify in the investigation over the leak of the identity of CIA operative Valerie Plame.

But media advocates say the BALCO case has lowered the bar for subpoenaing journalists.

"This kind of case does not rise to the level of the Judith Miller case," said Joel Campbell, co-chairman of the Freedom of Information Committee of the Society of Professional Journalists, which argued against the government action in the Miller case.

Campbell said the harm to society is not just an abstraction.

"As a journalist, if your sources know you're going to be pulled into court to testify, the sources are going to dry up. And there's going to be a chilling effect on the ability of the press to perform its role in society."

At a hearing on Aug. 4, attorneys for Fainaru-Wada and Williams argued that the 1972 Supreme Court ruling left some latitude, and that numerous subsequent court decisions had created a common law privilege for reporters to protect their sources in all but the most extraordinary circumstances, such as threats to national security.

Attorney Jonathan Donnellan said that the leak in this case did not hinder the BALCO investigation.

But White took umbrage with the assertion that the leak was innocuous. He noted that Greg Anderson, Bonds' trainer, cited the leaks when he refused to testify before a grand jury.

White also read the case law differently, saying the 9th Circuit concluded in 1993, citing an earlier ruling, that "it would be difficult to argue for a common law reporter's privilege to withhold confidential information from a federal grand jury."

And White said that other circuits that have recognized a privilege for reporters to maintain the confidentiality of their sources have made clear that those cases did not involve grand jury inquiries.

Reporters Must Reveal Sources For Steroid Allegations Or Risk Jail (MCT)

By Christian Red And Teri Thompson

McClatchy Newspapers, August 16, 2006

NEW YORK - The authors of "Game of Shadows" moved one step closer to a jail cell Tuesday. A federal judge ruled that the two San Francisco Chronicle reporters who wrote the bombshell book detailing steroid use by Barry Bonds and other prominent athletes must reveal the sources of grand jury testimony or face a prison sentence.

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Mark Fainaru-Wada and Lance Williams, could be held in contempt of court and jailed if they refuse to testify before a grand jury investigating the leaking of testimony before a separate grand jury that was investigating the Bay Area Laboratory Co-Operative (BALCO).

The reporters also chronicled the BALCO investigation in the pages of their newspaper. In San Francisco, U.S. District Judge Jeffrey White said in his ruling that neither the constitutional right of freedom of the press nor federal law shields journalists from testifying to a federal grand jury about confidential sources.

"The court finds itself bound by the law to subordinate (the reporters') interests to the interests of the grand jury" in discovering the source of the leaks, White wrote. "The grand jury is inquiring into matters that involve a legitimate need of law enforcement."

After a hearing before White on Aug. 4 in which lawyers for the Hearst Corp., which owns the Chronicle and is defending the reporters, appealed to the judge to apply a balancing test weighing the importance of the information in the fight against steroid use with the harm done by the leaks, both reporters said they would keep their promise of confidentiality, even if it meant imprisonment.

Eve Burton, general counsel for the Hearst Corp., noted Tuesday that the court acknowledged the important First Amendment interests at stake in the case, and vowed to appeal.

"We are deeply disappointed with the Court's decision," she said, "but Judge White clearly felt constrained by the Court of Appeals' decisions and that is where we are headed next. We believe we will ultimately prevail and that is clearly what is in the public's best interest."

The Hearst lawyers had hoped that a shield law - the Free Flow of Information Act - sponsored by Sen. Arlen Specter (R-Pa.) would make it through Congress in time to help protect the reporters. But that bill is not scheduled to be reviewed until Sept. 14 in a House subcommittee hearing. Phil Bronstein, editor of The Chronicle, said the newspaper "will not comply with the government's effort, which we believe is not in the best interests of an informed public."

He said the ruling "does not change our complete commitment to Mark and Lance. We support them fully in maintaining the confidentiality of their sources."

The reporters wrote articles in 2004 quoting closed-door testimony by Bonds, Jason Giambi, sprinter Tim Montgomery and other athletes saying they had been supplied drugs by BALCO. The investigation netted five convictions, including that of BALCO founder Victor Conte, who pleaded guilty to supplying performance-enhancing drugs.

Separate grand juries are now investigating the disclosure of testimony to the reporters and the possibility that Bonds committed perjury when he denied knowingly using steroids. The criminal conduct being investigated in the Bonds leak case includes possible perjury and obstruction of justice by government officials, defendants in the BALCO probe and their attorneys.

All of them have sworn they had access to the documents but weren't the source of any leaks.

The government told White that its investigation has turned up empty, and that Williams and Fainaru-Wada are the last hope of finding the culprit or culprits. If the reporters are sent to jail, they could stay there as long as they refuse to testify or until the term of the grand jury expires.

Judge Orders Chronicle Reporters To Reveal Source (Update1) (BLOOM)

By Karen Gullo

Bloomberg, August 15, 2006

(Bloomberg) -- A federal judge ordered two San Francisco Chronicle reporters to reveal who leaked them grand jury testimony by athletes including baseball player Barry Bonds that was used for stories about a steroids probe.

U.S. District Judge Jeffrey White said in a ruling today in San Francisco federal court that Mark Fainaru-Wada and Lance Williams must comply with subpoenas to testify before a grand jury investigating leaks in the case involving Bay Area Laboratory Co-Operative, or Balco, a California lab at the center of a federal investigation into steroid use by athletes.

``The First Amendment does not provide a news gatherer a privilege to refuse to testify before a federal grand jury regarding information received in confidence," White said in the ruling.

The decision means Fainaru-Wada and Williams must testify or face possible contempt of court proceedings and jail. The Chronicle could also face potential fines. Fainaru-Wada and Williams said Aug. 4 that they won't reveal their source.

Jonathan Donnellan, an attorney for Chronicle owner Hearst Corp. and the reporters, didn't immediately return a message left after hours seeking comment. Thomas Mrozek, a spokesman for the U.S. Attorney in Los Angeles, which is investigating the leaks, declined to comment.

Series of Articles

In a series of stories starting in 2003, Fainaru-Wada and Williams reported on the Balco investigation, disclosing secret grand jury testimony of several athletes, including Bonds, a seven-time National League Most Valuable Player.

The San Francisco Giants outfielder hit his 715th home run on May 28, passing Babe Ruth to take over sole possession of second place on Major League Baseball's all-time home run list. He is now 32 home runs behind Henry Aaron's record.

Fainaru-Wada, 41, and Williams, 56, reported in December 2004 that Bonds told the grand jury he might have unknowingly used substances that contained steroids. Bonds said he thought the substances were flax seed oil and a legal ointment, the articles said. Bonds has denied using steroids.

The articles about Balco led U.S. lawmakers to hold hearings on steroid use and urge tougher rules against performance-enhancing drugs in Major League Baseball, which instituted stricter testing and penalties.

A federal judge overseeing the Balco case ordered an investigation into the leaks, and Fainaru-Wada and Williams received subpoenas ordering them to testify before a grand jury. They refused and asked White to throw out the subpoenas.

Shouldn't Reveal

Lawyers for the reporters and New York-based Hearst had argued Aug. 4 that Fainaru-Wada and Williams shouldn't be forced to reveal their sources because the articles were a public service and their disclosure of secret grand jury testimony wasn't a serious crime.

Five people, including Balco founder Victor Conte and Greg Anderson, Bonds's trainer, have pleaded guilty to giving anabolic steroids to athletes and money laundering.

The ruling is the latest against journalists fighting subpoenas. A federal judge in San Francisco jailed a freelance journalist on Aug. 1 for refusing to turn over to a federal grand jury a film he took of a street protest as part of U.S. investigation into the burning of a police car.

The case is In Re Grand Jury Subpoenas to Mark Fainaru-Wada and Lance Williams, 06-90225, U.S. District Court, San Francisco.

Lawman, Cleared Of Shoplifting, Accuses Store Of Damaging Career (NYT)

By Ronald Smothers

The New York Times, August 16, 2006

WEST LONG BRANCH, N.J., Aug. 10 — For 26 years, Thomas M. Jobes was an F.B.I. agent, reaching the pinnacle of his career during a four-year-long sting operation that in 2005 led to corruption charges against more than two dozen developers and public officials in Monmouth County.

Then, on a day off in May 2005, Mr. Jobes went to a Home Depot store here to pick up some items to work on his house in Rumson.

Amid the $33.40 worth of PVC pipe, joints and fittings was a four-and-a-half-foot piece of insulated wire that Mr. Jobes said he had cut from a spool marked 9 cents a foot. He wedged the wire in the back of his shopping cart and, he said, forgot about it by the time he reached the self-checkout line. As he left the store, a security guard approached him, pointed to the wire and dismissed Mr. Jobes's insistence that he had simply overlooked it.

And so Mr. Jobes, a 52-year-old F.B.I. agent who worked out of the agency's Red Bank office, was charged with stealing.

Almost immediately, he was removed from the Monmouth investigation, called Operation Bid Rig, while awaiting trial on the shoplifting charge. During that time he was given desk jobs, first in Trenton and then in Newark, that he described as being barely more than that of a receptionist.

In a nonjury trial in Red Bank municipal court in December 2005, Mr. Jobes was found not guilty of shoplifting. But with his spirit crushed and a career he thought was ruined, one of his lawyers said, he retired from the agency in June and filed a lawsuit against Home Depot last week for malicious prosecution.

"Tom Jobes had to tell his family and friends that a man who investigates and prosecutes criminals was being charged with shoplifting, and it was demoralizing," said the lawyer, Andrew J. Calcagno, who is representing Mr. Jobes in his civil suit. "Knowing all of the facts, Home Depot should have just dropped the case. But instead they added fuel to the fire."

A spokesman for Home Depot, Jerry Shields, said recently that immediately after he was stopped by store security, Mr. Jobes signed "a voluntary statement that he intended to take the wire without paying for it." Mr. Shields declined to comment on assertions during the trial that the prosecution took place despite a company policy of not going to court for theft of items valued below $20.

Home Depot is the sole focus of the lawsuit because under an unusual New Jersey law, it was the company, and not a municipal prosecutor, that prosecuted Mr. Jobes. Under state law, a private complainant can prosecute cases in municipal court when local municipal prosecutors decline to prosecute cases that they consider minor. In this instance, when the municipal prosecutor chose not to press the case against Mr. Jobes, Home Depot brought in a lawyer whom it retains for such purposes.

A 1995 New Jersey Supreme Court decision, which upheld the practice with some restrictions, noted that it dated from "ancient England" and "derives from the practice of trial by combat between private parties." But in the context of today's courts,

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the decision said, such private prosecutions can be problematic because they can undermine a defendant's sense of having an impartial trial.

Operation Bid Rig was always in the background as Mr. Jobes's shoplifting case went forward, whether in news accounts or in his lawyer's legal maneuvers to resolve the case.

The corruption scandal had led to the arrest of Paul Zambrano, the mayor of West Long Branch, and Councilman Joseph DeLisa, who appointed the judge of the municipal court in West Long Branch, who was initially set to hear the shoplifting charges.

In that atmosphere, Charles Uliano, Mr. Jobes's lawyer at the time, was successful in having the West Long Branch judge recuse himself and in having the case transferred to Red Bank.

Then he sought in a higher court — the Monmouth County Superior Court — to have the case dismissed as too trivial to prosecute. But in that court, Mr. Uliano's opponent would have been the county prosecutor's office — an office that was at that time being investigated by the F.B.I. on charges that it had attempted to hinder the Operation Bid Rig investigation.

Citing a potential conflict of interest, Mr. Uliano sought the removal of the county prosecutor's office from any aspect of the case, a request that was denied by the Superior Court judge who eventually ordered the case to trial.

In a recent interview, Mr. Uliano said that in the interval between Mr. Jobes's arrest and his trial, the possible effect of the corruption investigation on the shoplifting case had been a concern for him. "But in the end," he said, "the case was decided on issues that had nothing to do with that investigation."

Indeed, he said, the judge found that the case involved a mere 40 cents and a defendant who did not intend to steal anything.

The trial lasted only one day. The main questions focused on Mr. Jobes's intent and whether the piece of wire came from a bin where a label instructed customers to cut the wire to their desired length, or from a spool that was not to be cut and that sold for $24.75.

A store detective testified that Mr. Jobes had cut the length of wire from the spool that was to be sold intact. And as proof of his intent to conceal his deed, the detective said, he placed the spool back in the merchandise stacks, but about 10 feet from where he had found it.

Mr. Uliano disputed this, saying that the signs in the self-service area were confusing and that only after Mr. Jobes was unable to find a salesperson did he cut the wire off and place the spool back in the bins.

As for signing a statement that he deliberately took the wire, Mr. Calcagno, the lawyer in the civil suit against Home Depot, insisted that Mr. Jobes was distraught and eager to comply with any request that resolved the issue, and had signed the statement without reading it.

In addition, Mr. Calcagno said that Mr. Jobes complied with F.B.I. regulations by not identifying himself as a law enforcement officer — a regulation intended to prevent bureau personnel from taking advantage of their position.

During that time, store personnel said that Mr. Jobes kept saying: "Cut me a break here. I have four kids."

Once the police arrived he identified himself as an F.B.I. agent, which he is also required to do, and store personnel reports quote him as saying, "You're going to ruin my career."

Judge William Himelman of Red Bank municipal court found Mr. Jobes not guilty, saying that he could not imagine him deliberately putting a career in law enforcement on the line for a 40-cent length of wire, though he added that he remained puzzled about why the agent would voluntarily sign a statement admitting he shoplifted.

Yet despite being found not guilty, Mr. Jobes retired from the bureau six months after the case ended because, Mr. Calcagno said, he felt that he would never again be assigned to the kinds of cases he had been handling before the situation arose.

Furthermore, he said, Mr. Jobes suffered ridicule and embarrassment on a local television news broadcast that joked about how the F.B.I. usually listened in on the wire, not took it, and that Howard Stern had a made fun of Mr. Jobes on his nationally syndicated radio show.

"This was a malicious prosecution that didn't have to go this far," Mr. Calcagno said.

Evidence Shows Pot Farms Lucrative (TT)

Tampa Tribune, August 16, 2006

TAMPA - They were just like any other businessmen with an idea.

They brought potential investors to Tampa from Atlanta and toured the area with a real estate agent. They talked about franchises, employees and profits.

They were schooled in the ways of the business and how to get the highest yield.

Indoor marijuana farms in residential neighborhoods across the Tampa Bay region were bringing in big money, according to testimony and evidence presented Tuesday in the trial of Herbert Ferrell Jr. in U.S. District Court.

The prosecution says Ferrell was a leader in a ring that grew the weed in at least 10 houses in upscale areas. Ferrell's attorney has said Ferrell was entrapped by snitches working for law enforcement, including a musician, Harvey "Duke" Faglier, whom the attorney described as a tattoo-covered monster.

All 10 of Farrell's co-defendants have pleaded guilty and agreed to cooperate.

One of them, Mynor Bonilla, testified Tuesday, giving jurors an inside view of the ring. As Assistant U.S. Attorney Anthony Porcelli showed photographs of lush indoor farms, Bonilla described an operation that wired houses specially and equipped them with intensely hot lights, using winches to raise the lights as the plants grew.

Bonilla testified he left a $32,000-a-year job at Chase Bank to work for the ring, where he earned $105,000 in 2005.

Bonilla said he went with Ferrell to Georgia to meet with potential investors, not knowing the investors were police informants. Bonilla said he also accompanied Ferrell and other members of the ring as they showed the investors a growing operation in Tampa and houses they were considering buying to outfit as farms.

Bonilla has pleaded guilty to drug conspiracy charges and is scheduled to be sentenced in November.

Porcelli played recordings of conversations involving Ferrell, Bonilla and the Georgia investor, Dan Delpiano. Ferrell can be heard talking about hydraulic lifts, reverse osmosis and automatic winches. Ferrell discusses setups involving either four or nine plants per light. He also talks about putting lights underneath plants so the rays reach buds on the bottom.

Ferrell also can be heard discussing young plants as babies.

Faglier was an informant from Georgia who wound up moving into a house on Crooked Lane in Lutz with his wife and dog, Rambo. The house was operated as a grow farm under the supervision of the Drug Enforcement Administration.

Defense attorney Joseph Bodiford has told jurors Faglier was a tattoo-covered beast who forced Ferrell into participating in the pot-growing business.

Dressed in a smart, gray business suit, Faglier described himself as a former law enforcement officer in Georgia and Tennessee. He said he has worked as an informant for law enforcement since 1973. But he said he is a musician by profession and has played with Jerry Lee Lewis and others.

Thick-necked, with a gentle voice and a shock of white hair, Faglier said he played the role of an eager student, taking notes as Ferrell gave him information about marijuana growing and introduced him to others in the ring, who showed him how it worked.

The idea, Faglier said, was that he was going to learn and then set up franchises in the Atlanta area.

U.S.-supplied Planes Spray Coca At Colombian Park, Amid Doubts Over Strategy (AP)

AP, August 16, 2006

BOGOTA, Colombia -- Colombian authorities have for the first time used U.S.-supplied planes to spray a pristine national park used by leftist rebels to grow coca -- the raw ingredient for cocaine -- despite environmental concerns.

Anti-narcotics police chemically fumigated the Sierra Macarena national park -- 170 kilometers (105 miles) south of the capital of Bogota -- last week, clearing its entire 4,600 hectares (11,370 acres) of coca.

The spraying destroyed coca capable of producing 16 metric tons (17.5 tons) of high-grade cocaine and was likely a major blow to the Revolutionary Armed Forces of Colombia, or FARC.

But environmentalists complain that the spraying of herbicides harms the environment and causes health problems for those living in the area. Local groups have promised a court battle to prevent any spraying in 11 of Colombia's other 50 protected preserves known to have coca.

President Alvaro Uribe announced the park would be fumigated by air after a 100-kilogram (220-pound) bomb planted by leftist rebels exploded on Aug. 2, killing six peasants hired by the government to uproot the coca by hand.

The "world will have to understand that we must fumigate," he said.

Uribe said he wants to double aerial spraying, and his top military advisers want to expand the practice to the 11 other parks known to have coca.

"It's the most efficient way to do our job," Gen. Jorge Baron, head of the anti-narcotic police, told The Associated Press.

In addition to those killed by the bomb, 26 workers, soldiers, and police guards have been killed at the Sierra Macarena park since December, when the government launched a manual eradication drive there involving 3,000 troops -- its biggest ever. Some 200 other workers quit, fearing for their lives.

Washington has long urged Uribe to extend spraying to parks and provided the glyphosate herbicide, as well as Black Hawk helicopters used for protection, during the missions.

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The U.S. said in a March indictment of FARC leaders that the rebel group is the world's largest drug cartel, responsible for more than half of the cocaine produced in the world.

"If the FARC thought the government would allow coca to grow untrammeled in its national parks, they've obviously miscalculated," said James O'Gara, deputy director of supply reduction for the White House's Office of National Drug Control Policy.

But the chemical fumigation of a park in one of the world's most biodiverse countries drew sharp criticism from environmentalists and others.

"Those who think fumigating La Macarena, and perhaps other parks, will wipe out coca production are wrong," the normally pro-government newspaper El Tiempo said last week. "Instead, there will be more coca, and less park, as rebels destroy more forests, deeper inside the park, to continue planting."

The editorial echoed the belief of a growing number of Colombians and key U.S. Congress members that aerial spraying -- a cornerstone of the drug war -- is failing.

Despite a record fumigation of 140,000 hectares (345,000 acres) last year in Colombia, the latest U.S. government survey found that 26 percent more land was dedicated to coca production -- a major rise due in part to a near doubling of the satellite survey area on which the estimate was based.

Critics say that the anti-narcotic program known as Plan Colombia -- which has cost American taxpayers more than US$4 billion since 2000 -- is falling well short of its goal of halving coca production in five years.

The coca in Colombia's protected nature reserves represents only 7 percent of last year's total crop of 144,000 hectares (355,000 acres) -- an area 25 times the size of Manhattan. But the government's previous reluctance to spray in those areas means coca crops are growing at a faster-than-average rate -- more than 14 percent last year, according to a United Nations report.

"The drug trade is dynamic and traffickers are always looking for weak spots and areas that have traditionally been off-limits," O'Gara said. (AP)

Gang Summit: Building A Safer Tulsa: Gathering To Focus On Prevention (TULSAW)

By David Harper, World Staff Writer

Tulsa World, August 16, 2006

At least 13 homicides this year in Tulsa have been linked to gangs or illegal drug sales. Prevention will be the theme next month when community groups and law enforcement officials come together to address Tulsa's gang problem.

Mayor Kathy Taylor and U.S. Attorney David O'Meilia announced Monday that a gang-prevention summit will be held Sept. 20 and 21 at the Maxwell Convention Center.

Called "Building a Safer Tulsa," the event is expected to attract as many as 200 members of the community representing a variety of organizations and interests that work to stem participation in violent street gangs.

The groups will include not only those who work in the court systems and law enforcement but also representatives of area churches, schools and neighborhood groups.

Monday's press conference took place against the backdrop of a playground in Tulsa's Kendall-Whittier neighborhood.

Taylor said children such as those playing just a few yards away are the "future of the community" and that the summit is designed to add to efforts already under way to steer them away from gang life.

With 43 homicides so far this year, Tulsa is on pace for a record-setting 70 homicides. Police have said at least

13 of the killings were directly tied to gangs and/or illegal drug sales.The city's record for homicides -- 69 -- was set in 2003.

Within Taylor's first 30 days in the Mayor's Office, she said, four groups contacted her regarding their anti-gang work.

"A number of agencies and organizations in the Tulsa area currently work to divert youth and adults from participating in gangs," Taylor said. "The purpose of this summit is to help provide coordination, reduce overlap and create a dialogue among these groups.

"By bringing everyone to the table and working together, we can leverage our resources," she said. "This summit allows us to create an actionable plan to effectively tackle this growing problem."

O'Meilia announced in June the founding of the Tulsa Area Gang Strike Force to better coordinate efforts targeting gang members who "menace and terrorize" the community."

He said Monday that besides law enforcement efforts, it is important to engage in community outreach to prevent people from getting involved in gangs.

"This working summit will lay a foundation for a permanent and comprehensive strategy to reduce the impact of street gangs and make our Tulsa-area communities safer," O'Meilia said.

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Last spring, U.S. Attorney General Alberto Gonzales directed each U.S. attorney to convene a gang-prevention summit in each federal district to explore "additional opportunities in the area of gang prevention."

These summits were to be held this year and are designed to bring together law enforcement and community leaders to discuss best practices, identify gaps in services and create a prevention plan to target at-risk youth within each community, according to a U.S. Department of Justice press release.

O'Meilia said the meeting also will address the reintegration of formerly incarcerated gang members into the community.

Those interested in participating in the summit or wanting more information can call Carol Bush at 585-5209.

Bomb-case Evidence Is Sent To Lab (SSJ)

By ALAN GUSTAFSON And DENNIS THOMPSON

Salem (OR) Statesman-Journal, August 16, 2006

Investigators hope to find out who put bombs under cars

Lab work might help investigators figure out who strapped four pipe bombs to vehicles last week.

Evidence gathered in the Salem-area case was turned over Monday to a Walnut Creek, Calif., laboratory run by the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, officials said.

Speedy results are sought, said Colene Domenech, the supervisor of the ATF's arson and explosives office in Portland, but she gave no specific time frame.

"We have some good people down there that understand the immediacy of the situation," she said.

All four bombs were found Thursday, two still wired to the undercarriages of cars and two lying on the ground. Investigators have not revealed how the bombs were meant to be triggered or why they failed to explode.

The devices could have been deadly if they had detonated, officials said. Police bomb squads disabled all the bombs without injury.

ATF agents and Salem police are leading a task force investigating the case. Because the four pipe bombs were built in similar fashion, investigators think they were made by the same person.

Two of the bombs were found attached to SUVs, one in the Salem Hospital parking lot and the other in the parking lot of the Tyco electronics plant in Dallas, west of Salem. Officials suspect that the bomb found in Dallas was attached in Salem to the vehicle of an employee who lives in Salem.

The two bombs found on the ground -- one in the parking lot at the Roth's grocery store on Lancaster Drive NE and one in a South Salem residential neighborhood -- are presumed to have fallen off moving cars.

The driver of one of those cars has approached police, officers said Monday.

The South Salem woman contacted police Friday evening after looking under her car and finding an odd wire dangling down, Salem police Lt. Bill Kohlmeyer said.

The woman checked under her car in the driveway, prompted by media attention given to the case, and discovered the loose wire, Kohlmeyer said. He declined to say what kind of vehicle she owned.

All three known potential victims are from South Salem, the only apparent link police have discovered among them. The fourth potential victim remains unknown. That person might not have known about a bomb before it fell off his or her vehicle.

Investigators have no reason to think that there might be more bombs that have not been found, Domenech said Monday.

Even so, authorities advised Salem-area residents to continue checking under their cars for suspicious-looking wires or pipes.

"If I lived in that area, I would check my car," Domenech said.

Domenech, a veteran ATF official who recently arrived in Oregon from New York, said that she had not encountered another case in which four pipe bombs were recovered during a single day.

"One, maybe two," she said. "This is the most I've seen."

Officials have not revealed possible motives for the attempted bombings.

"There's really not one motive that stands out when it comes to bombings," Domenech said. "It's revenge, it's politically motivated, it can be kids blowing up each other's cars just for the fun of it."

The motivation of a bomber can make a big difference for investigators trying to catch the culprit or culprits.

"That's kind of a tricky situation," Domenech said. "It all depends on the bomber's state of mind and how they're selecting their victims. If they're indiscriminate, it's harder to pin down. If they have an intended victim, like a revenge bombing, it's a lot quicker."

Nationally, pipe-bomb incidents are about 30 percent of the bombing incidents investigated by the ATF.

In 2003, 386 bombing incidents were reported nationwide, resulting in seven deaths, 55 injuries and $5.4 million in property damage, ATF statistics show.

Investigators continue to seek public assistance that might help solve the attempted bombings in Salem.

"We're committed to following up on all the leads," said special agent Julianne Marshall, a spokeswoman for the ATF in Seattle. "We're still encouraging people to be alert, and if they have any information at all, we would appreciate that. It's like a puzzle. We don't always have all the pieces at once. You never know when something will drop into place."

Fugitive Task Force Will Open Satellite Office In Hudson (JJ)

By Michaelangelo Conte, Journal Staff Writer

Jersey Journal (NJ), August 16, 2006

The U.S. Marshals Service's New York/New Jersey Regional Fugitive Task Force is tightening its cooperation with Hudson County law enforcement by opening its first county satellite office in Secaucus, officials said.

"It will help us go after the worst of the worst in the Jersey City area," said U.S. Marshal for the District of New Jersey James T. Plousis at a press conference in the office of Hudson County Prosecutor Edward DeFazio yesterday.

"We extend the long arm of the law for the prosecutor's office," Plousis quipped.

The county satellite office is expected to open in September in office space the county is providing in Secaucus' Meadowview Complex, DeFazio said. It will be staffed by officers on loan from the Hudson County Sheriff's Office, Jersey City Police officers, investigators from the Hudson County Prosecutor's Office, U.S. Marshals and Hudson County corrections officers, he said.

DeFazio said he is hopeful officers from other Hudson County municipal police departments will be loaned to the satellite office.

DeFazio presented plaques to U.S. Marshals Senior Inspector Tim Hein and Inspector Daniel Potucek for their service to Hudson County.

"We really couldn't have caught some of these guys without the resources of the marshals," DeFazio said. "This will help us focus on our indigenous fugitives. Let's face it, we have a number of fugitives from Hudson County."

IMMIGRATION:

Immigrants Admit Guilt In Nuptials Scam (KCS)

By Tony Rizzo

The Kansas City Star, August 16, 2006

"Until death do us part" did not extend beyond the courthouse steps for three members of an immigrant family after each member married U.S. citizens in Kansas City.

Their vows were hollow, part of a scheme to deceive immigration officials so the family could become permanent U.S. residents, federal prosecutors alleged.

On Monday, all three pleaded guilty in U.S. District Court in Kansas City to conspiracy to commit marriage fraud.

Mohamed Elouerrassi, 54, his wife, Saadia Gourche, 52, and their 24-year-old daughter, Fadoua Elouerrassi, admitted they lied to immigration officials when they claimed to reside with their American spouses. The crime is punishable by up to five years in federal prison and could result in their deportation.

Charges are pending against Gourche's brother, Rachid Gourche, who allegedly undertook a similar sham marriage.

One of the American "spouses," Joyce R. Porter, pleaded guilty earlier this month to entering into a false marriage with Mohamed Elouerrassi.

The family initially lived in California after arriving from Morocco in 1997 with visitor visas.

The three moved to Kansas City in 1998. Each married U.S. citizens in Jackson County. In subsequent dealings with immigration officials, they provided information under oath that they resided with those spouses, when in fact they did not, according to their written plea deals.

The conspiracy occurred between October 1999 and December 2003.

Sentencing dates will be scheduled after presentence investigations completed.

City's Rules On Illegal Immigrants Draw First Lawsuit Of Its Kind (WSJ)

By Miriam Jordan

The Wall Street Journal, August 16, 2006

The former coal-mining city of Hazleton, Pa., faces the country's first lawsuit against a municipality that has passed an anti-illegal-immigration ordinance in an attempt to mitigate the perceived cost of absorbing undocumented newcomers.

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Hazleton's ordinance, passed last month, bans renting property to illegal immigrants, fines employers for hiring them and makes English the official language. Now, a group of civil rights and Hispanic organizations has filed a lawsuit in U.S. District Court in Pennsylvania, saying the ordinance is unconstitutional and should be immediately blocked.

"Blaming many of its ills, including crime, failing schools, rising tax rates and decaying neighborhoods on 'illegal aliens', Hazleton passed the ordinance with the express goal to drive what it calls illegal aliens out of town," says the complaint filed yesterday.

The lawsuit also says the ordinance infringes on the constitutional rights of all Hazleton residents who look or sound like foreigners, not just those in the U.S. illegally. The Puerto Rican Legal Defense and Education Fund, the American Civil Liberties Union and several attorneys sued on behalf of 11 Hazleton residents and business owners as well as three nonprofit groups.

Hazleton Mayor Louis Barletta says his city of 31,000 "won't be bullied by those threatening lawsuits" and plans to "take this as far as we have to go, to the highest court."

Amid failure by the federal government to formulate a new immigration policy, six municipalities -- four in Pennsylvania, one in New Jersey and one in Missouri -- have passed ordinances to crack down on illegal immigration. Three towns have rejected proposed ordinances, and more than 15 others have published or are considering similar legislation.

"Federal immigration reform doesn't look like it's going anywhere," says Broderick Bagert, an organizer with the Houston-based Industrial Areas Foundation, a network of grassroots religious and community groups. Therefore, "all over the country we see attempts by anti-immigrant activists to force states and localities to draw mean-spirited legislation against immigrants." In Houston, a group called Protect Our Citizens is trying to gather 20,000 signatures in order to put on the November ballot a charter amendment that would enlist local police to enforce immigration law.

The Hazleton ordinance, approved by the council by a margin of 4-1 on July 13, is to take effect at the end of the month after undergoing minor amendments. Under its provisions, property owners are subject to fines of $1,000 a day for renting property to individuals classified as "illegal aliens." Business owners face fines and suspension of their operating licenses for hiring them. The ordinance states that the town isn't required to print official documents in a language other than English.

Advocates for immigration hope that the cost of fighting lawsuits could have a damping effect on cities considering similar ordinances. "The city will... face major litigation costs," said Cesar Perales, president and general counsel of the New York-based Puerto Rican group steering the legal challenge to Hazleton's ordinance.

But Hazleton council president Joe Yannuzzi says that illegal immigrants moving to the area have been responsible for "some very serious crimes." Mr. Yannuzzi said that "the only way we could help ourselves was to penalize people who employ them or rent to them."

Hispanic Activists Sue Over Illegal-immigrant Crackdown In U.S. City (FINDLAW/AP)

By Michael Rubinkam, Associated Press Writer

AP, August 16, 2006

(AP) - ALLENTOWN, Pennsylvania-Hispanic activists and the American Civil Liberties Union sued a U.S. city on Tuesday over one of the toughest crackdowns on illegal immigrants.

Hazleton, Pennsylvania, a city of about 31,000 people 80 miles (130 kilometers) from Philadelphia, voted last month to fine landlords $1,000 (â‚¬780) for renting to illegal immigrants, deny business permits to companies that give them jobs, and make English the city's official language.

The lawsuit contends that the Constitution gives the federal government exclusive power to regulate immigration and that the city's ordinance is discriminatory and unworkable.

"It makes every person who looks or sounds foreign a suspect, including those who are here legally," Witold Walczak, legal director of the ACLU of Pennsylvania, said in a statement. "You might as well just paint a target on every foreigner's forehead or a sign saying, 'Please treat me differently.'"

Mayor Lou Barletta, who proposed the ordinance after two illegal immigrants were charged with shooting and killing a man, said Hazleton would stand its ground.

"They are attempting to scare the city into backing off. It's not going to work. We're not going to be bullied," he said. "We're confident the ordinance will stand up to judicial scrutiny and we'll fight it as far as we have to."

Frustrated by inaction in Washington, many cities and states have passed their own measures to restrict or punish illegal immigrants and those who do business with them. Some local officials see the Hazleton lawsuit as a test of their ability to take immigration matters into their own hands.

"I believe this will be a landmark case. A line has been drawn here in Hazleton. This will impact cities all across the country," the mayor said.

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Separately, another group of civil rights activists Tuesday filed a lawsuit against Riverside, New Jersey, a Philadelphia suburb that passed an ordinance similar to Hazleton's.

The Congressional Research Service, a nonpartisan agency that writes reports for lawmakers, said in a recent analysis that federal law probably precludes municipalities from enforcing such measures.

The Puerto Rican Legal Defense and Education Fund, the ACLU and other groups filed the lawsuit on behalf of 11 Hazleton residents and business owners and three nonprofit groups.

Among the plaintiffs are landlords who say they lost tenants and a Mexican immigrant who says her grocery store and restaurant have fallen on hard times since the ordinance was passed.

It is not clear how many illegal immigrants live in Hazleton, but the city's Hispanic population has soared in recent years.

Activist Refuses Deportation, Takes Refuge In Church (CHIT)

By Oscar Avila

Chicago Tribune, August 16, 2006

Taking refuge in a church, a prominent advocate for illegal immigrants publicly defied federal authorities in Chicago who were trying to deport her Tuesday.

Elvira Arellano, who became a national spokeswoman for families facing deportation, had been ordered to report to the Department of Homeland Security by 9 a.m.

Instead, Arellano appeared at the pulpit of Adalberto United Methodist Church in the Humboldt Park neighborhood, vowing before dozens of supporters that she would not return to Mexico "like a coward." She said she would stay in the church indefinitely with her 7-year-old son, a U.S. citizen.

Arellano's move, which apparently took many of her supporters by surprise, recalled the 1980s sanctuary movement, in which many liberal congregations around the U.S. took in illegal immigrants who were fleeing war in Central America.

Her supporters invoked the notion that lawbreakers can be protected in a house of worship, a tradition that dates to the ancient Greeks.

"If Homeland Security chooses to send agents to a holy place, I would know that God wants me to serve as an example of the hatred and hypocrisy of the current administration," Arellano said.

But defying the order also puts Arellano, 31, at risk of even stiffer punishment, including detention.

Because Arellano ignored her deportation order, officials with U.S. Immigration and Customs Enforcement said she is now considered a fugitive. Spokesman Tim Counts said agents have the authority to go into a church or anywhere else to make an arrest.

"We will take action at the time and place of our choosing," Counts said.

Legal experts agree that a church offers no formal protection, but they say it could put the government in an awkward position.

"Just because you are in a church doesn't mean you are less deportable in a legal sense," said Joel Fetzer, associate professor of political science at Pepperdine University. "But in a political sense, it looks very bad to be hauling people out of churches as the camera rolls."

Arellano, a cleaning woman at O'Hare International Airport, was arrested in 2002 during an immigration sweep aimed at securing the nation's aviation system after the Sept. 11, 2001, attacks. Authorities discovered she had been using a fake Social Security number to work and had previously been deported and re-entered the country illegally.

U.S. Sen. Dick Durbin (D-Ill.) and other members of the state's congressional delegation urged homeland security officials to let Arellano remain in Chicago to care for her son, Saul, born in the U.S., who has ADHD and other health problems. She was granted three stays of deportation starting in 2003.

No longer in hiding, she began to speak openly about her own experiences and became a symbol for the state's 400,000 illegal immigrants.

She took her case to Mexico President Vicente Fox and to the Statehouse in Springfield. She helped found and became president of United Latino Family, a Pilsen-based group that lobbies for families that could be split by deportation.

But some of those sympathetic to her cause, including Durbin, suggested that another stay of deportation would be harder to justify because her son's condition has improved. Immigration officials say that without a U.S. senator's request, they cannot grant such a stay.

"It is an unfortunate truth that scores of people are in the same situation as Elvira and her family," Durbin said in a statement Tuesday. "We cannot fix the injustices of this system with private bills. Only comprehensive immigration reform can permanently remedy this situation."

Now Arellano says her only option is to seek sanctuary.

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In a 2003 article in a Harvard Law School journal, law professor Wayne Logan recounted how the Greeks and Romans offered limited protections to criminals who sought shelter in temples. In the 10th Century, England's civil authorities designated sanctuaries marked by a series of crosses, Logan said.

But the tradition faded, and these days, those who invoke sanctuary typically do so as a form of civil disobedience.

When churches and synagogues harbored illegal immigrants fleeing civil war in El Salvador and Guatemala in the 1980s, U.S. authorities charged and convicted several ministers. The U.S. Supreme Court in 1987 upheld the arrests, saying they did not violate freedom of religion.

But some religious leaders have said recently they are not bound to follow tough immigration laws they consider immoral. In March, Cardinal Roger Mahony in Los Angeles said he would urge priests to ignore a proposed federal law that would increase criminal penalties against those who assist illegal immigrants.

Fetzer, who has researched sanctuary movements, said that as more people face deportation, some may choose to follow Arellano's example.

Carlina Tapia-Ruano, a Chicago immigration attorney, said the defiance might make homeland security officials more determined to take action so they aren't viewed as soft on illegal immigration.

"Any attention given to this case makes the next step unpredictable, whether it is by the agency or whether it is by Elvira," said Tapia-Ruano, president of the American Immigration Lawyers Association.

Arellano's supporters say that if agents do try to make an arrest at the church, they want it to be a chaotic scene, much like the 2000 raid in which federal agents seized 6-year-old Elian Gonzalez to return him to his father in Cuba.

As her backers offered hugs and kind words, Arellano said she is prepared to pay the consequences of defying the U.S. government.

"If I have to spend 10 or 20 years in jail, I don't care," Arellano insisted. "Because I am going to fight."

Border Patrol Agents' Conviction Riles Union Chief (WT)

By Jerry Seper

The Washington Times, August 16, 2006

Two U.S. Border Patrol agents facing 20 years in prison for shooting in the buttocks a drug-smuggling suspect should get a new trial because they are "victims of prosecutorial misconduct," including an unjust grant of immunity, says the head of the National Border Patrol Council.

NBPC President T.J. Bonner said exonerating evidence was withheld during the March trial of Senior Agents Ignacio "Nacho" Ramos and Jose A. Compean, whose sentencing is set for Tuesday, adding that the agents followed long-established Border Patrol policies in the incident.

He also said the suspect fled into Mexico after the shooting but later was given immunity on drug-smuggling charges to testify against the agents.

"This thing stinks to high heaven," Mr. Bonner said. "I am outraged and at a loss to explain why there were so many irregularities in this case. The only thing that is clear is that the prosecutors pointed their guns at the wrong guys, the good guys, and they let the bad guy walk. Now they want to send these agents to prison for doing their job.

"That offends me, and I believe most Americans would agree," he said.

On Friday, two of the 12 jurors who convicted the agents told the Inland Valley Daily Bulletin in Ontario, Calif., that they were pressured by prosecutors to return guilty verdicts and that other jurors sought a quick verdict because spring break was a week away and they wanted to avoid a long deliberation.

Osbaldo Aldrete-Davila was wounded as he ran from the agents along the Rio Grande near El Paso, Texas. The agents said he pointed what appeared to be a gun at them as they tried to apprehend him. More than 800 pounds of marijuana, worth $1 million, was found in the van he abandoned at the river's edge.

Aldrete-Davila is suing the federal government for $5 million, saying his civil rights were violated.

A federal jury in El Paso convicted Ramos, 37, and Compean, 28, in March of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation. The shooting occurred Feb. 17.

Spotted in his van near the Rio Grande, records show Ramos gave chase while Compean circled around to head off the suspect. When Aldrete-Davila jumped out of the van and ran south to the river, he was confronted by Compean, who was thrown to the ground as the two men fought. Ramos said he saw Compean on the ground and chased Aldrete-Davila to the river, where the suspect suddenly turned toward him, pointing what looked like a gun.

"I shot, but I didn't think he was hit because he kept running into the brush and then disappeared into it," Ramos said. "Later, we all watched as he jumped into a van waiting for him. He seemed fine. It didn't look like he had been hit at all."

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Mr. Bonner said that two weeks later, Aldrete-Davila called a Border Patrol agent in Arizona to say he was "forming a hunting party" to track down and shoot some agents for revenge. Mr. Bonner said the agent, who lived in Mexico and knew Aldrete-Davila before immigrating to the United States and becoming a citizen, advised against the plan and said he would report the incident to the Department of Homeland Security.

An investigator from the Office of Inspector General tracked down Aldrete-Davila in Mexico, where he was offered immunity in exchange for testimony. Assistant U.S. Attorney Deborah Kanof, who prosecuted the case, was not available yesterday for comment. During the trial, she argued it was a violation of Border Patrol policy for agents to pursue fleeing suspects.

Mr. Bonner, a 28-year Border Patrol veteran, also said the NBPC, which represents all 10,000 of the agency's nonsupervisory agents, opposed efforts under way in California by Friends of the Border Patrol and Grassfire.org to petition President Bush for a pardon, saying that would suggest the agents did something wrong. He said the NBPC "is confident the agents will be exonerated at a fair trial."

Border Patrol officials have declined to comment on the case, citing pending litigation.

TAX:

Dentist Convicted Of Hiding $300K Of Taxable Income In Secret Accounts (AP)

AP, August 16, 2006

SAN FRANCISCO (AP) - A dentist from Danville, California, faces up to five years in prison and $250,000 in fines for hiding $300,000 from the IRS in a secret offshore bank account.

Roy Albert Lewis was convicted of income tax evasion and conspiracy to defraud the government last week in US District Court.

The Justice Department says Lewis' medical practice paid expenses over a ten-year period to Denver-based Tower Executive Resources to generate huge tax deductions.

Two tower operators were convicted earlier this year of conspiracy and assisting in the preparation of fraudulent tax returns after a trial in Denver.

Prosecutors say Lewis' father, 72-year-old Leroy Albert Lewis, still awaits trial on fraud and tax-evasion charges.

Warrant Issued For CEO Who Failed To Show Up For Trial (AP)

AP, August 16, 2006

MINNEAPOLIS - An arrest warrant has been issued for the millionaire chief executive of a Maple Grove computer products company who failed to appear for the opening of his federal tax evasion trial, The U.S. Attorney's Office said Tuesday.

U.S. District Judge Ann D. Montgomery issued the arrest warrant for Robert B. Beale shortly after his trial was scheduled to begin Monday.

Beale, 63, of North Oaks, founder and CEO of the Comtrol Corp., was indicted in January on one count of conspiracy to defraud the United States and five counts of tax evasion for allegedly failing to pay personal income tax on more than $5.6 million, authorities said.

The Internal Revenue Service says Beale owes $1.6 million in federal taxes plus interest and penalties.

Beale has written to President Bush and U.S. Attorney General Alberto Gonzales asking that charges against him be dismissed. If convicted, he faces up to 30 years in prison.

"He fundamentally believes, and has stuck to his belief since this case started, that the federal income tax is illegal," said Bradford Beale, his son and vice president of Comtrol.

Bradford Beale said family members were in court Monday for the start of jury selection and were surprised when his father failed to show up. Lee Stagni, Comtrol's former president and chief operating officer, who also is indicted in the case, was there.

In a trial brief filed last week, Assistant U.S. Attorney Timothy Rank wrote that the elder Beale "engaged in a concerted effort with others at Comtrol to conceal and disguise the source, location and amount of Beale's income."

Rank wrote that it was common knowledge at the company that Beale was opposed to paying taxes and was encouraging people at Comtrol not to pay their taxes

In federal documents he filed himself, Beale has accused the government of engaging in fraud and seeking to deprive him of his liberty.

He fired his attorney, Dan Scott, saying that for Scott to represent Beale, the person, is "an absurdity." He has kept Scott on to represent him as a "corporate entity."

Family members and Scott said they didn't know Beale's whereabouts.

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In addition to a large house in North Oaks that a real estate Web site showed was for rent, Beale has a home in Naples, Fla., that he claims as his legal residence. He also owns property near Mora, authorities said.

Bradford Beale said that from the perspective of Comtrol, which employs 75 people in Minnesota, the case is "an entirely personal matter between Robert Beale and the IRS, and the company is no way involved. ... The company pays its taxes as joyfully as one can."

Agents of the U.S. Marshal's Service and the IRS are looking for Beale, who is believed to be driving a 2000 black S-500 Mercedes Benz, Florida license plant number 198MYL or a 1998 green GMC Yukon, Florida license plate number H55RAL.

Charities Begin At Home (WSJ)

By Jennifer S. Forsyth

The Wall Street Journal, August 16, 2006

In 1984, Raymond and Eleanor Devereaux paid $100,000 for 11 acres atop a small mountain about 35 miles from San Diego. By last year the property -- with its log home and views of Cleveland National Forest -- was worth $1.3 million.

When it came time to plan their estate, Mr. Devereaux, 90 years old, and Mrs. Devereaux, 84, decided to give their mountaintop retreat to charity. In exchange for donating the property to Consumers Union, the nonprofit publisher of Consumer Reports, they got a $60,000-a-year annuity and the right to live there for the rest of their lives. The deal also helped them avoid some capital-gains taxes, eliminated estate taxes on the property and gave them a federal income-tax deduction. And, of course, they got a free lifetime subscription to the magazine.

"We get quite a good income from it and a tax break. I knew about Consumers Union and always thought well of them," says Mr. Devereaux, who retired at 57 from a career in construction and engineering, adding that the charity "looked as good as any other."

The Devereauxs are part of a growing wave of philanthropists looking to avoid or reduce bigger tax bites created by the rapid run-up in real estate values. Nonprofit groups, which once shied away from real-estate donations because they feared getting stuck with swamp land or lacked the expertise to handle complex land transactions, are seizing the opportunity with new marketing programs. Their target: World War II-era property owners finalizing estate planning and baby-boomers who have seen their second-home and other real-estate investments balloon in value.

Consumers Union is featuring the Devereauxs, standing on their Descanso, Calif., mountaintop, in ads in its magazine, urging others to follow their example and offering "peace of mind and fixed-income for life." On Sept. 1, Long Island University will launch a direct-mail campaign soliciting real estate-donations. In a brochure issued last week, the Foundation for Vassar Brothers Medical Center in Poughkeepsie, N.Y., urged potential donors "to consider the possibilities of what real estate can do for you!" One particular focus: retiring doctors unsure of what to do with their offices.

"Real estate in almost all cases is a major gift, probably the asset that's worth the most in a person's estate," says David Clough, director of endowment and planned gifts for the Educational Broadcasting Corp., which is ramping up property contribution appeals for its public-television channels in the New York area.

Charities often sell donated properties quickly and reap the proceeds, though some that provide community services may be able to adapt a building for their programs. And some -- such as the Trust for Public Land, which preserves open space, and Habitat for Humanity, which builds homes for low-income residents -- expressly need land to fulfill their mission.

Charities still turn down many offers of real estate, perhaps as high as 80%, some experts estimate. They are likely to turn down property with environmental problems, that can't be sold quickly or that has multiple owners who aren't in agreement on the donation. If a donor wishes to give property that has a mortgage, typically the charity must be willing to pay off the mortgage, known in the industry as a bargain sale, says Caroline Camougis, co-managing director of Delphi Partners, a New York-based real-estate donation advisory firm.

Long Island University rejected an offer of property in the Pocono Mountains of Pennsylvania after an engineering firm determined that it wouldn't be possible to build a house on the property, thus minimizing its resale value. Yet, the university still believes the benefits of soliciting real-estate donations outweigh the risks.

"We're not Princeton. So certainly a $500,000 house would be a fabulous donation for us," says Jennifer Goodwin, the university's director of major gifts and planned giving. "It could go a long way to helping us fulfill our mission."

For many people, their home is their biggest asset, and it has soared in value in recent years: the median home price in the U.S. rose to $217,900 from $180,200, almost 21% from 2003 to 2006.

The potential tax hit of selling one of these rapidly appreciating properties has become more painful. Under a 1997 law, most married couples who file jointly can exclude as much as $500,000 of their gain -- $250,000 for singles -- on the sale of a home that qualifies as their principal residence. But that exclusion hasn't been enough to avoid capital-gains taxes for many homeowners in markets with the highest price appreciation, such as parts of California and Florida. And these exclusions don't

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apply for gains on property not qualifying as a principal residence -- such as a vacation home. Capital-gains tax rates typically can be as high as 15% at the federal level, says Neal Myerberg, a principal in the Old Greenwich, Conn.-based firm of Myerberg Shain & Associates, which advises charities.

Property donors generally can deduct the fair-market value as an itemized deduction on their federal income taxes -- amounting to up to 30% of their adjusted gross income. However, any real-property donation of more than $5,000 must have a qualified independent appraisal and if it's worth more than $500,000, the donor must attach the appraisal to their income tax return, says Alan Weiner, a tax partner at the accounting firm of Holtz Rubenstein Reminick LLP, in Melville, N.Y.

To be sure, such contributions still are driven partly by altruism: 97% of all charitable bequests are based primarily on a desire to support the charity compared with 35% who are looking to reduce their taxes, according to a 2000 survey by the National Committee on Planned Giving.

Charmaine DeNoyer, 73, whose mother died in June at age 94 after a long struggle with colon cancer, wanted to help the American Cancer Society. But donating her condo in Milwaukee to the charity also helped her out of a tax bind, though the idea first seemed ludicrous to her sister. "She said, 'Are you crazy? You're giving it away?'" recalls Ms. DeNoyer.

She owned a condo in Milwaukee, but wanted a larger one. Yet because she had spent several years retired in Florida before returning to care for her sick mother, Ms. DeNoyer could not claim the Milwaukee condo as her primary residence under tax rules.

If the condo had sold for its appraised value of about $106,000 -- up from the $28,000 she paid in 1975 -- Ms. DeNoyer would have owed taxes on capital gains of about $70,000. Under a so-called flexible charitable gift, the American Cancer Society sold the condo and set up an annuity for Ms. DeNoyer of $45,397. The rest -- $60,602 -- was considered a taxable donation that she could claim as a deduction on her federal income taxes. She will be eligible to start drawing from the annuity in 2010, at an annual amount of $9,120. That would be extra income -- in addition to her teacher's pension, her social security and another annuity she set up -- to ensure she'll never be a burden to anyone, she says.

Douglass Stein, 49, a contractor in Chattanooga, Tenn., who believes individuals and not the government, should take the lead in conservation, has donated and sold at a discount several parcels of land over the past decade to the Trust for Public Land to enhance the Chattanooga's trail system on the Tennessee River system. Mr. Stein says he didn't get the kind of tax breaks he'd hoped for, but that the cause is important enough to him that he is working on more such deals with the trust. "It's not worth doing if taxes are your only consideration," he says.

For charities such as the Trust for Public Land, donations like Mr. Stein's have been especially beneficial, as the rise in land and housing prices made real-estate acquisition more difficult. Easter Seals Southern California is launching a new campaign asking people to donate their houses so they can be retrofitted to provide free housing for people with disabilities because housing is so costly there.

Habitat for Humanity of Metro Denver, an organization that helps low-income families buy homes at no interest, also has struggled in recent years as land donations or offers of discounted plots dried up amid rapid price appreciation. Now, however, with the housing market cooling, the difference between the market price and what Habitat can pay (about $40,000 per developed lot) is less. Heather Lafferty, director of development, says the organization is getting more calls from people interested in selling the group land below market value or even donating property now that the market is softening.

While it's too early to say for sure, James Perlmutter, co-managing director of Delphi, believes the slowing market, particularly for second homes, could lead even more people to opt for a tax break through a charitable donation. "As people are having to lower their asking price in many cases, they may go that route when they aren't getting what they wanted," he says.

Bill Is Likely To Encourage Spread Of Roth 401(k)s (WSJ)

By Tom Herman And Rachel Emma Silverman

The Wall Street Journal, August 16, 2006

A tax-favored retirement-savings plan known as a Roth 401(k), which made its debut in January, soon will look far more attractive.

Part of a bill approved recently by Congress and expected to be signed into law by President Bush tomorrow makes Roth 401(k) plans permanent, instead of allowing them to expire after 2010. Some employers already offer these plans as part of their retirement-savings programs. This change is part of landmark pension legislation that includes new incentives to donate to charity, as well as charitable-giving restrictions designed to curb abuses such as taking inflated deductions for gifts of used clothing, household items and even stuffed hunting trophies.

"Americans are very generous with their donations," said Senate Finance Committee Chairman Charles Grassley, an Iowa Republican. "They deserve to know that their money helps the needy, not the greedy."

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The new bill includes other provisions that already have attracted headlines, including making permanent the higher dollar limits for retirement-plan contributions. It also allows many older people to contribute as much as $100,000 each year to charity, tax-free, directly from their individual retirement accounts in 2006 and 2007. And it makes permanent key federal tax-savings features of 529 college-savings plans. For more details on this wide-ranging bill, see a publication (JCX-38-06) by Congress's Joint Committee on Taxation (www.house.gov/jct1).

Here are some notable provisions that haven't attracted much attention:

Roth 401(k) accounts. With a regular 401(k), the amounts you contribute aren't subject to current income tax, but withdrawals are taxable. With a Roth 401(k), the amounts you contribute are subject to tax, but withdrawals generally are tax free.

Many employers have been leery about offering Roth 401(k)s because they weren't sure Congress would make the plans permanent, says Martha Priddy Patterson, a director at Deloitte Consulting LLP in Washington. In a survey early this year, Deloitte found only about 12% of employers were planning to offer Roth 401(k)s in 2006. The new legislation "will definitely encourage the adoption of Roth 401(k) features in 401(k) plans," Ms. Patterson says.

The maximum amount that can be contributed to either kind of 401(k) this year typically is $15,000 if you are under age 50 by the end of this year. If you are 50 or older, you can contribute an additional $5,000 this year, for a total of $20,000. This also is the maximum if you are combining contributions to both types of 401(k).

Gifts of clothing and household items. Under the new bill, you generally can't deduct charitable donations of used clothing or many household items unless the items are in "good" condition or better. (Congress didn't define "good.") But even if an item doesn't meet that test and you are claiming it is valued at more than $500, you can deduct it if you include a qualified appraisal with your tax return, says Congress's Joint Committee on Taxation. This change will be effective for gifts starting the day after President Bush signs the bill. "Household items" include furnishings, electronics, appliances and linens. Excluded from the new rule are such items as paintings, antiques and other objects of art, jewelry and gems.

The new bill authorizes the Treasury to issue regulations denying any deduction at all for contributions of clothing or household items that have "minimal monetary value," such as used socks or underwear.

Large amounts of money are at issue. The IRS recently reported that deductions for gifts of clothing and household items totaling more than $9 billion were claimed on tax returns for 2003 on a form showing noncash charitable gifts that exceed $500.

Gifts of art. The bill changes the rules for "fractional" gifts, such as when wealthy art collectors give museums a share of their valuable works, rather than donating an entire painting or collection all at once. Lawmakers were concerned that donors claimed big deductions for these donations, but still kept the art on their walls most of the time.

The new rules, effective for contributions made after the date of enactment, make important changes in how the tax deductions for fractional gifts are calculated. They also make other changes that, in sum, will make fractional donations "far less desirable" and probably will discourage most would-be donors from making such gifts, says Ralph Lerner, a lawyer in New York at Sidley Austin LLP and co-author, with his wife, Judith Bresler, of a three-volume treatise on art law.

Donor-advised funds. The bill includes rules to improve the accountability of so-called donor-advised funds and supporting organizations. These two types of charitable-giving vehicles, often used by wealthy donors, have been subject to abuses in which some donors have taken tax deductions for gifts that ultimately benefited themselves or their families. * * *

Some charities hope to revive efforts to allow taxpayers who don't itemize to deduct charitable donations.

Currently, taxpayers can deduct charitable gifts only if they itemize their deductions. Nearly two-thirds claim the standard deduction instead. Some charitable groups, including United Way of America, had hoped to include a provision in the recent pension bill that would allow non-itemizers to deduct at least some of their gifts. That provision didn't make it but may reappear as part of other legislation.

"We hope there will be an opportunity to revisit" this issue in the future, says Diana Aviv, chief executive of Independent Sector, a coalition of about 550 charities and foundations. * * *

Most states expect continued revenue gains, a report says.

But growth is expected to be slower in fiscal 2007, according to a survey by the National Conference of State Legislatures (www.ncsl.org2). Based on results from 49 states, state revenues are projected to rise around 3%. That would be down from about 7.7% in fiscal 2006. Many states used unexpectedly strong revenues to replenish reserves, bolster funding for state programs and cut taxes, the survey says.

The report, by Corina Eckl and Bert Waisanen, says 28 states expect spending in fiscal 2007 to rise 5% or more from 2006 levels. * * *

BRIEFS: The Congressional Budget Office (www.cbo.gov3) plans to release tomorrow an update to its 2006 budget and economic outlook. ... Taxing humor: "The History Boys," a prize-winning play by Alan Bennett, focuses on eight boys at a British

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boarding school. At the end, a faculty member tells what happens to each boy later in life. One, named Dakin, becomes "a tax lawyer, telling highly paid fibs and making frequent trips to the Gulf States." Dakin explains: "I like money. It's fun."

CONGRESS-ADMINISTRATION:

Airline Ownership By Foreigners Delayed (AP-Y)

By Leslie Miller
AP, August 16, 2006

The Bush administration is delaying a plan to give foreigners more say in running U.S. airlines.

The House and Senate voted earlier this year to prevent the administration from going forward with the plan.

Opponents say the administration doesn't have the constitutional right to undo a law that restricts foreign ownership of U.S. airlines to 25 percent. They also say it will undermine safety, security, national defense and U.S. jobs.

Jeffrey Shane, the Transportation Department's undersecretary for policy, said Tuesday that the Bush administration recognizes it needs to spend more time discussing it with Congress.

The Bush administration also wants to sign an aviation treaty with the European Union to liberalize commercial aviation between the U.S. and Europe.

"The Europeans have suggested in their minds that there's a linkage between a final rule and their willingness to sign a treaty," Shane said.

Shane said the administration planned to issue a final rule this month allowing more foreign control. The delay will prevent EU ministers of transport from reviewing it at their Oct. 12 meeting, he said.

The treaty would let European and U.S. airlines fly wherever they want between European cities and the U.S., and charge whatever they want.

Shane listed the benefits of the proposed treaty as "a lot more competition, a lot more variety of service in the trans-Atlantic marketplace, more destinations served more conveniently, more economic opportunity for the airlines on both sides."

Labor unions and some airlines oppose more foreign control, fearing it would damage U.S. security and cost U.S. jobs.

"I am opposed to the change because it will result in the loss of American jobs, will hurt rural and small communities and could severely jeopardize our safety and security," said Illinois Rep. Jerry Costello, ranking Democrat on the House aviation subcommittee.

U.S. Move Delays 'Open-Skies' Pact With Europeans (WSJ)

By Laura Meckler
The Wall Street Journal, August 16, 2006

WASHINGTON -- The Bush administration told Europeans that it will delay a move to let foreigners exercise more control over U.S. airlines, pushing back plans to issue new regulations by early September.

That puts off European approval of an "open-skies" deal, which proponents had hoped for in October.

The administration is moving cautiously on the issue amid opposition in Congress, where lawmakers concerned about foreign control of U.S. assets and other matters have inserted language into a spending bill that would put the regulation on hold.

The regulation is opposed by labor unions, which fear that some of the best airline jobs will go overseas.

"After careful review, the Department of Transportation has determined that the timeline originally envisioned for concluding the rule making on control of U.S. air carriers would not allow us to address adequately the concerns raised by Congress," said a memo used to brief the Europeans, congressional staffers and industry officials yesterday.

The pending open-skies agreement would lift regulations on flights across the Atlantic Ocean and open London's Heathrow Airport to more flights to the U.S.

Europeans have said they won't finalize it unless the U.S. allows greater foreign control of American carriers.

Current U.S. law bars foreigners, including foreign investors, from exercising any "semblance of control."

The Bush administration said it plans to issue the regulation on foreign control but not in time for the European Union Transport Council to consider the open-skies deal at its Oct. 12 meeting.

Medicare Sees No Increase In Premium For Drugs (NYT)

By Robert Pear
The New York Times, August 16, 2006

DOJ_NMG_0049152

WASHINGTON, Aug. 15 — Federal officials announced Tuesday that the average premium for Medicare prescription drug coverage next year would be about $24 a month, which is the same as this year and 40 percent less than first estimated for 2007.

Beneficiaries showed a strong preference for low-cost plans this year. In many regions, Humana offered the lowest premium — as little as $1.87 a month in seven states including Iowa, Minnesota and North Dakota. Many plans charged less than $20 a month, though at least one charged more than $100 a month.

The drug benefit is delivered by private insurance companies under contract to Medicare. Insurers compete with one another by offering lower premiums and more extensive benefits. The competition and the choices made by beneficiaries evidently drove down the average premiums for this year and next.

"Competition and choice in health care are working," said Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services.

Premiums for a particular plan may rise next year. But, Dr. McClellan said, "the vast majority of beneficiaries will have access to Medicare drug plans that cost them the same as or less than their coverage in 2006."

In March 2005, the government predicted that the average drug premium would be $37 a month in 2006, rising to $41 in 2007. In August 2005, federal officials lowered the estimate for this year to $32, based on the proposals submitted by drug plan sponsors. In June, after seeing which plans were chosen by beneficiaries, the administration said the average premium turned out to be about $24.

Dr. McClellan said the average premium would remain around $24 if beneficiaries stayed in the same drug plans in 2007 and could decline if they again chose less costly plans.

Lower premiums save money for beneficiaries and the government. Medicare pays insurers a subsidy, which is about three times as much as the beneficiary's premiums.

Premiums are not the only measure of cost. Drug plans also charge co-payments, and different plans cover different drugs. So a beneficiary who takes nine drugs might find that a plan with a premium of $55 a month costs less over all than one with a $12 premium.

Many insurers set premiums low this year in the hope that they could entice beneficiaries to sign up, so the companies would win large shares of the potentially huge, lucrative market for Medicare drug coverage.

"Some plans decided to operate at cost, or below cost, to get a substantial share of the market," said Babette S. Edgar, a former Medicare official who is now a consultant at the Gorman Health Group. "But plans cannot sustain that strategy and still make a profit."

Plans would eventually have to increase premiums to become or remain profitable, Ms. Edgar said.

Vicki Gottlich, a lawyer at the Center for Medicare Advocacy, a nonprofit group that counsels beneficiaries, said: "We do not know enough to determine whether the low premiums in 2007 are good for beneficiaries. Plans may be keeping costs low by unduly restricting access to the drugs they cover."

About 16.5 million beneficiaries are in free-standing prescription drug plans. More than 6 million beneficiaries are in managed care plans that cover hospital care and doctors' services as well as prescription drugs. People can sign up for drug coverage or switch plans from Nov. 15 to Dec. 31.

Companies that want to offer drug coverage submit proposals specifying the total amount they need to be paid by the government and beneficiaries. Dr. McClellan said the bids submitted by drug plans for 2007 were, on average, 10 percent lower than those for 2006. And the bids for drug coverage offered by managed care plans were lower still — about 18 percent less than in 2006, he said.

Managed care plans, known as Medicare Advantage plans, can coordinate a patient's care, and the skillful use of medications can help control spending on other services, Dr. McClellan said. Insurers can use some of those savings to reduce premiums for drug coverage.

People with low incomes pay no premiums or reduced premiums for drug coverage, if they sign up for low-cost plans charging less than a specified amount. Medicare officials said they were using their authority to minimize the number of low-income beneficiaries who would need to shift plans next year. Seven out of eight beneficiaries receiving extra help can stay in their current plans and will not have to pay any premium for drug coverage in 2007, the officials said.

Feds Looking For DOT Laptop That Disappeared At Orlando Fraud Confab (FLSUNSEN/AP)

By Associated Press

South Florida Sun-Sentinel, August 16, 2006

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MIAMI -- The U.S. Transportation Department's inspector general, already searching for a stolen laptop computer containing sensitive information on thousands of people, is looking for a second laptop that went missing during a fraud conference in Orlando.

Theft of the second laptop was reported in April by Barbara Barnet, special agent in charge of the DOT's inspector general field office in Miami.

Her Dell laptop had been left in a locked Orlando hotel conference room on April 24, but when Barnet returned the door was unlocked and the computer was missing, according to a theft report filed with the Orange County Sheriff's Office. A hotel employee in the room said the laptop was gone when he arrived.

The report went on to say that the computer ``contained several case files which are not encrypted due to computer conversions at work.'' The files were not further described.

In the other case, a $10,000 reward is being offered for information leading to recovery of a laptop stolen July 27 from the vehicle of a Miami-based DOT agent. That laptop contained personal information, including names, birthdates and Social Security numbers, of about 133,000 Florida pilots and truck drivers.

The information was part of an investigation into allegations of fraud used to obtain commercial drivers licenses and pilots licenses, said Todd Zinser, acting DOT inspector general, in a letter to members of Congress.

Access to both computers was protected by passwords and officials have no evidence that the thieves have tried to use any of the information stored on them. Zinser said his office is taking steps to ensure that such personal data are longer stored in laptops or other portable devices.

The DOT thefts are the latest in a string of incidents involving government computers that have placed at risk information about thousands of people. The most serious occurred in May when a Veterans Affairs Department analyst's home in Maryland was burglarized and a laptop containing information about millions of veterans was stolen.

Poll Says Bush Would Not Win Do-over Elections (SH)

By Thomas Hargrove And Guido H. Stempel

Scripps Howard Bush Wouldn't Win Do-Over Vote, August 16, 2006

President Bush has become so unpopular in recent months that he'd have a hard time beating Al Gore or John Kerry if he had to face his former Democratic rivals again this year, according to a Scripps Howard/Ohio University poll.

And the president would be thrashed if he had to run against his own father, George Herbert Walker Bush, losing by more than a 3-1 margin in a theoretical matchup in which people were asked to pick between father and son.

The 2000 and 2004 elections are among a very few presidential races that Americans would change, according to interviews with 1,010 adult residents of the United States conducted last month by the Scripps Survey Research Center. The poll asked people how they would vote "knowing what you know now" in every presidential race starting with 1960.

"In 75 percent of these elections, those who won before have won again," concluded Brookings Institution scholar Charles Jones, who has published histories of the presidencies of Carter, Reagan and Clinton.

"The top vote-getters in this poll are Kennedy and Reagan, which also generally concurs with rankings made by historians," Jones said. "Although the more recent rankings for Kennedy by historians have been declining while Reagan's rankings lately have been going up."

Participants in the poll were asked how they'd vote in the 1960 election between John F. Kennedy and Richard Nixon. Although historically a very close race, 75 percent of people in the survey said they'd pick Kennedy while only 14 percent selected Nixon and 11 percent were undecided or said they'd refuse to vote in the election.

The second largest victory margin in these reruns of recent presidential campaigns was President Reagan's 1984 trouncing of Democrat Walter Mondale, who carried only his home state of Minnesota. The poll found Reagan winning re-election 64 percent to Mondale's 24 percent

At the other end of the scale, however, are the reruns of President Bush's 2000 and 2004 elections. The poll found him running 8 percentage points behind former Vice President Al Gore and 6 points behind Massachusetts Democratic Sen. John Kerry.

Participants in the poll were also asked, "How would you vote if the race were between George Herbert Walker Bush and his son, George W. Bush?" Only 18 percent selected the incumbent president while 58 percent preferred his one-term father, and 24 percent were undecided or said they wouldn't vote in such a race.

"Of course, Bush is doing rather poorly these days, although not as badly as was Harry Truman in 1951 and 1952," concluded Alonzo Hamby, presidential scholar at the Contemporary History Institute at Ohio University. Like Truman, who was mired in the stalemated conflict in Korea, Bush could eventually have a resurgence in popularity.

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"Who can say? There may be more hope for Bush that we might think," Hamby said. "But if we are still bogged in Iraq when he leaves office, so that another president has to pull us out, he'll look something like a goat."

The poll found that the only other presidential race that might have a different outcome today was President Nixon's re-election to a second term in 1972. At the time, Nixon overwhelmed Democrat George McGovern in a landslide. But the poll found 42 percent supporting McGovern, 39 percent picking Nixon and 19 percent were undecided.

The poll found Nixon beating Hubert Humphrey by 3 percentage points in the 1968 election, a finding that surprised the historians.

"People apparently are willing to see Nixon in his first term as the president who got us out of Vietnam and who opened up China," said Hamby. "But they see Nixon's second term as the era of Watergate, so he doesn't do as well."

Clinton's 1996 re-election had the third strongest showing in the poll, winning support for 56 percent against 25 percent for former Republican Senate Leader Bob Dole and 12 percent for Texas billionaire H. Ross Perot, while 7 percent were undecided or said they would not vote.

As with the Bush family, the poll found a decided favorite in the Clinton family. When asked to pick if a presidential election were held between Bill Clinton and his wife, New York's Democratic Sen. Hillary Rodham Clinton, the former president won 53 percent to 24 percent for his wife with 23 percent undecided or unwilling to vote in such a contest.

The survey also offered a theoretical matchup between Kennedy and Reagan, the two most popular presidents in the poll. Participants were asked: "Although they never ran against each other, how would you vote if you had to pick between Democrat John F. Kennedy and Republican Ronald Reagan?"

Kennedy beat Reagan 52 percent to 42 percent, with only 6 percent undecided.

Other public opinion polls in recent years have shown Kennedy and Reagan to be the most popular presidents of modern times, usually with Kennedy leading.

The Scripps survey was based on attitudes of adult residents of the United States, not on likely voters, the usual standard used in political polling. Questions used to determine likely voters - how often voters have thought about an upcoming campaign or how certain they are to vote - could not be used in these theoretical rematches of historical presidential campaigns.

The survey was conducted by telephone from July 6-24 at the Scripps Survey Research Center at Ohio University under a grant from the Scripps Howard Foundation.

The poll has a margin of error of 4 percentage points.

Since the 1960 election was the cutoff, attitudes on elections involving Presidents Franklin Roosevelt, Truman and Eisenhower were not taken.

Camus Comes To Crawford (NYT)

By Maureen Dowd

The New York Times, August 16, 2006

WASHINGTON

Strangely enough, we find two famous men reading Albert Camus's "The Stranger" this summer.

One is Jean Girard, the villainous gay French race car driver hilariously played by Sacha Baron Cohen (a k a Ali G and Borat) — the sinuous rival to Will Ferrell's stocky Ricky Bobby in "Talladega Nights."

Girard, a jazz-loving, white-silk-scarf-wearing, America-disdaining Formula Un driver sponsored by Perrier, is so smooth he can sip macchiato from a china cup, smoke Gitanes and read "L'Etranger" behind the wheel and still lead the Nascar pack.

Frenchie contemptuously informs "cowboy" Bobby that America merely gave the world George Bush, Cheerios and the ThighMaster while France invented democracy, existentialism and the ménage à trois.

The other guy kindling to Camus is none other than the aforementioned George Bush, who read "The Stranger" in English on his Crawford vacation and, Tony Snow told me, "liked it." Name-dropping existentialists is good for picking up girls, as Woody Allen's schlemiels found, or getting through the clove-cigarette fog of Humanities 101. But it does seem odd that W., who once mocked NBC's David Gregory as "intercontinental" for posing a question in French to the French president in France, would choose Camus over Grisham.

Camus is not beach reading — or brush reading. How on earth did this book make it into the hands of our proudly anti-intellectual president?

"I don't know how 'L'Etranger' made it onto his list," Mr. Snow said. "I must confess, I read 'L'Etranger' 25 years ago." The rest of W.'s reading list was presidentially correct: two books on Lincoln and the Pulitzer Prize-winning "Polio: An American Story," by David Oshinsky. (Not a word by Merleau-Ponty.)

Debunking the theory that W. had a sports section or Mad magazine's "Spy vs. Spy" tucked inside the 1946 classic of angst, Mr. Snow noted that he and the president had "a brief conversation on the origins of French existentialism, Camus and

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Sartre." Pressed for more details by an astonished columnist having trouble envisioning Waco as the Left Bank, the press secretary laughed. "Confidential conversation," he said, extending the administration's lack of transparency to literature.

He brushed off suggestions that the supremely unself-reflective W. was going through a Carteresque malaise-in-the-gorge moment: "He doesn't feel like an existentialist trapped in Algeria during the unpleasantness."

It takes a while to adjust to the idea of W., who has created chaos trying to impose moral order on the globe, perusing Camus, who wrote about the eternal frustration of moral order in human affairs. What does W., the archenemy of absurdity as a view of life, kindle to in C., the apostle of absurdity as a view of life? What can W., the born-again monogamist, spark to in C., the amorous atheist? In some ways, Mr. Bush is supremely not a Camus man. Camus hated the blindness caused by ideology, and Mr. Bush wallows in it. Camus celebrated lucidity while the president keeps seeing only what he wants to see.

Mr. Bush's life has been premised on his confidence that he will always be insulated from the consequences and the cruelties of existence, unlike Meursault. W. or his people always work to change fate, whether it's an election or the Middle East.

If you think about it long enough, though, it begins to make a sort of wacky sense.

"The Stranger" is about the emotionally detached Meursault, who makes a lot of bad decisions and pre-emptively kills an Arab in the sand. Get it? Camus's protagonist moves through an opaque, obscure and violent world that is indifferent to his beliefs and desires. Get it?

If there was ever a moment when this president could regard the unanticipated consequences of his actions, behold the world littered with the very opposite of what he intended for it and appreciate the gritty stoicism of the philosophy of absurdism, this is it. Iraq in civil war. Al Qaeda metastasizing and plotting. Hezbollah, Iran and Syria knitting closer, celebrating a "victory" in standing up to Israel, the U.S. and Britain, and mocking W.'s plan for a "new Middle East." The North Koreans luxuriating in their nuclear capability. Chávez becoming the new Castro on a global scale.

Maybe next the president should pick up Camus's other classic, "The Myth of Sisyphus." Was there ever a national enterprise more Sisyphean than the war in Iraq?

If there was ever a confirmation of Camus's sense of the absurdity of life, it's that the president is reading him.

OTHER NEWS:

Job Losses Lead To Drop In Home Prices (USAT)

By Noelle Knox

USA Today, August 16, 2006

The loss of manufacturing jobs helped drive down home prices in 26 metro areas between April and June compared with the same period last year, the National Association of Realtors said Tuesday.

That's 10 more areas than in the first quarter, and it spotlights how joblessness in industrial states such as Illinois, Michigan, Ohio and Indiana is rippling through housing markets.

The hardest-hit this year: Danville, Ill., where prices at which existing homes were sold fell 11% in the second quarter after a 12% drop in the first quarter.

General Motors, General Electric and Hyster, a maker of forklifts, were among the companies to close plants in Danville, leaving behind hundreds of unemployed residents. The median price for a home has fallen to $65,200 — the cheapest in the country.

The exodus of auto, textile and other factory jobs has a direct effect on home prices. People leave town to look for work, boosting the supply of homes for sale. Others sell their homes because they can't keep up with the mortgage. At the same time, foreclosure rates in these cities are among the highest in the country, and banks are quick to cut prices to get the homes off their books.

"There were a lot of divorces, a lot of single mothers — all they could do is refinance their house or put it on the market and let it go cheap," says Jerry Urich of Century 21 Home Team Realty in Danville.

Still, nationwide there's no sign of any bursting real estate bubble.

The most expensive areas, including Miami, San Francisco and Chicago, saw modest price gains last quarter, though the rate of increase has slowed, and a few costly cities have seen prices dip.

The median price for a home in the USA rose 3.7% to $227,500, while home sales fell 7% in the second quarter. Sales fell in 28 states and the District of Columbia.

But just as the real estate boom wasn't a nationwide phenomenon, the cool-down isn't affecting areas uniformly either. In 37 metro areas, home prices rose by double digits in the second quarter.

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In Baton Rouge, for example, prices shot up 27% from the second quarter last year. In Florida, where few middle-class families can afford a home in the coastal cities, buyers are migrating to such places as Ocala, Gainesville, Jacksonville and Tampa.

"We're getting a lot of people from California and from South Florida — people tired of the chaos, crowded conditions and overpriced homes," says Donna Delegal, a Jacksonville agent.

California has five of the top 10 most expensive cities led by San Francisco with a median price of $751,900. But gone are the days of multiple offers and "as is" sales. Homes are sitting on the market longer. Sellers are starting to cut prices and offer incentives.

"The pressure on home prices has evaporated in most areas" says David Lereah, NAR's chief economist.

Region's Home Sales Tumble (WT)

By Patrice Hill

The Washington Times, August 16, 2006

Home sales are plummeting at double-digit rates in the Washington area, and house and condo prices are flattening, but the region is doing better than some other cities getting bludgeoned by the housing bust, the National Association of Realtors reported yesterday.

States such as California, Florida and Arizona, where housing sales and prices flew the highest during the boom years, are experiencing the biggest comedowns in the rapid downturn from record highs set only a year ago. The same principle is true locally, where heady markets, particularly those in Virginia that enjoyed the most rapid appreciation during the boom, are now experiencing a faster decline and tougher adjustment than slower-to-bloom markets, including many in Maryland.

Virginia home sales plunged 23.9 percent in the spring quarter, compared with a year earlier, the association said, while Maryland and D.C. sales fell by 16.5 percent and 15.6 percent, respectively. Home prices also have held up better in Maryland. The sales decline in Virginia put it in the same league as California, Florida and Arizona, where the biggest run-ups occurred.

"The U.S. housing market is entrenched in a slowdown," said Ryan Sweet, analyst with Economy.com, noting that the pronounced and often sudden decline in most areas of the country is starting to have ripple effects on consumer spending and psychology, as well as on construction and finance jobs.

The increasingly depressed market conditions are the result of speculators exiting the market because they can no longer make money, combined with a toxic mix of high prices, rising interest rates and worries about the outlook conspiring to keep potential first-time buyers on the sidelines.

The fall has been steepest in the condominium market, where investors and first-time buyers have a large presence. Scattered metropolitan areas and resorts with overbuilt condo markets are seeing outright price drops, including the District; Virginia Beach; Reno, Nev.; San Diego; Portland, Maine; Worcester, Mass.; and South Florida.

The 0.1 percent decline in Washington-area condo prices in the past year was tame, however, compared with a 12 percent drop in Palm Bay, Fla., and a 6 percent fall in Virginia Beach, among other hard-hit areas.

The prices of houses, which people buy primarily to live in, have withstood the downturn better. Buoyed by steady growth in jobs and population in the Washington area, home prices in the region managed to post a 3.3 percent rise over the last year.

Although that is down dramatically from gains averaging more than 20 percent in previous years, it compares favorably with drops of 5.5 percent in Rockford, Ill.; 2.6 percent in Toledo, Ohio; and other large declines in Midwestern manufacturing centers.

The housing market is at a tipping point, where it could level off and remain stagnant for a while, or the rapid demise could continue in overheated areas and lead to some significant hardships and dislocations, according to Economy.com.

"So far, all indications are that the housing market is slowing in an orderly fashion," Mr. Sweet said, "but we are still early in the housing slowdown."

David Wyss, economist with Standard & Poor's Corp., said the housing fall has been cushioned by the historically low levels of 30-year mortgage rates, which are hovering over 6 percent.

"Although sales and starts will drop, they are not likely to drop as far or as fast as in most recessions," he said.

Yesterday's reports from the Realtors showed that the unwinding of the housing boom is unfolding as expected, with the most rapid deceleration in areas that saw the biggest run-ups.

"The previously high-flying coastal markets in California and Florida are showing signs of fatigue," Mr. Sweet said. "These metro areas bear close watch, as they are at the highest risk of a price correction."

But the reports also revealed an unexpected development: large price drops in a dozen Midwestern cities, he said.

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"The top five largest declines occurred in Illinois and Ohio metro areas, which were hit hard" by layoffs in the auto industry, he noted. "Price declines in the Midwest are intriguing as house-price growth never gained traction across much of this region. That said, the region's weak economy relative to the West and Northeast is the likely catalyst driving prices lower."

David Lereah, chief economist at the Realtors association, said the reports show divergent trends across the country. Although once-booming areas are now in decline, other regions that were slow to take off, including Texas, Arkansas, South Carolina, Vermont, Rhode Island and Alaska, are now enjoying robust growth in sales and prices.

The areas in decline are those "with high housing costs or that have experienced a prolonged period of rapid price gains," he said. "By contrast, states with moderately priced areas that have experienced healthy job creation are seeing sales gains."

Producer Prices Show A Small Rise (WSJ)

By Christopher Conkey

The Wall Street Journal, August 16, 2006

In a rare bit of good news on the inflation front, the government offered a tame estimate of wholesale-price movement in July.

The Labor Department's producer-price index for finished goods barely rose last month, increasing 0.1% after a 0.5% jump the previous month, as price declines for food, cars and prescription drugs offset increases for gasoline and electricity. It was the smallest increase in the wholesale-inflation gauge in five months, and it reduced the price index, which reflects wholesale prices charged by manufacturers and other suppliers, to 4.2% higher than a year ago, on an unadjusted basis, down from 4.9% in June.

The closely watched "core" measure of producer prices, excluding food and energy, fell 0.3% in July, the first decrease since October.

Markets cheered that number as an early sign that the decision by Federal Reserve policy makers to hold interest rates steady this month -- a calculated gamble that past rate increases and slower economic expansion will keep inflation contained -- was the right one, and that future rate increases may not be necessary. Stock and bond prices rose as a result.

The news wasn't all positive. While producer prices for finished goods were benign last month, inflationary pressures were evident further up the supply chain. Prices for crude goods were up 3.1% in July and were 6.6% higher than a year ago, while intermediate materials rose 0.5% last month and were up 8.9% from last year.

Producer and retail prices don't move in lockstep, and some reassuring measures of wholesale inflation in recent months were subsumed by more worrisome readings on consumer prices. The Labor Department today will release its estimate of consumer-price changes in July.

Discounting by auto makers sent wholesale prices for passenger cars and light trucks lower last month, and food prices dropped, too. The price of eggs for fresh use has been particularly volatile -- plunging 26% last month following a 28% surge in June -- and is down nearly 17% during the last year. A surplus of chickens, the ebbing of the high-protein diet craze and competition from farmers selling processed-egg products are forcing fresh-egg producers to curb supply. "Economics is going to make that happen," said Paul Sauder, president of Sauder's Eggs, of Lititz, Pa.

Separately, the National Association of Home Builders said its index of builder sentiment plummeted to a 15-year low. NAHB Chief Economist David Seiders attributed the drop to "potential buyers adopting a wait-and-see attitude because of uncertainty."

That uncertainty was echoed yesterday, when the National Association of Realtors reported the rate of existing-home sales was 7% lower in the second quarter compared with a year ago. A total of 28 states and the District of Columbia experienced a slower sales pace in the April-through-June period, while 20 states saw increased sales. Data were unavailable on the other two states. Three states with sizzling housing markets in recent years -- Arizona, Florida and California -- had the steepest declines.

Stocks Shoot Up On Prices Report (WP/AP)

The Washington Post, August 16, 2006

NEW YORK, Aug. 15 -- An unexpected drop in wholesale prices sent stocks soaring Tuesday, with the Dow Jones industrials climbing more than 130 points as Wall Street gained renewed confidence in the Federal Reserve's management of inflation and the economy.

The Dow rose 132.39, or 1.2 percent, to 11,230.26. The Standard & Poor's 500-stock index rose 17.37, or 1.4 percent, to 1285.58, while the Nasdaq composite index gained 45.97, or 2.2 percent, to 2115.01.

Prices at the wholesale level, with food and fuel prices removed, fell 0.3 percent in July, according to the Labor Department, the best showing for core inflation in nine months. Including energy and food, wholesale prices edged up 0.1 percent, well below the 0.5 percent jump in June.

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The report lifted the pall that has hung over the markets this summer, brought on as investors fretted about inflation and whether the Federal Reserve's pause in rate hikes last week would be short-lived.

The markets got additional support from a New York Federal Reserve report showing that manufacturing activity in the region declined this month. The news added to growing evidence of a moderating economy.

Still, another Labor Department pricing report, the consumer price index, is due Wednesday, and while the wholesale number bodes well for the CPI, there's still a chance that lower prices have yet to work their way through to the average consumer.Movers

Dell rose 84 cents, to $22.08, despite its announcement that it would recall some 4.1 million notebook batteries made by Sony because they can burst into flames.

Wal-Mart Stores slid 55 cents, to $44.55, after it posted its first profit decline in a decade as the cost of selling its German operation pulled second-quarter earnings down 26 percent.

Jones Apparel Group lost 48 cents, to $29.07, after a report Tuesday indicated that the apparel maker and retailer would stop seeking to auction itself off after no buyer came forward.

Home Depot rose $1.18, to $34.44, after the home improvement retailer posted strong earnings.Indexes

New York Stock Exchange composite index rose 126.34, to 8296.02.

American Stock Exchange index rose 18.07, to 1986.18.

Russell 2000 index of smaller-company stocks rose 16.10, to 697.83.Volume

NYSE: 2.38 billion shares, up from 2.14 billion on Monday. Advancers outnumbered decliners 5 to 1.

Nasdaq: 1.79 billion shares, up from 1.5 billion. Advancers outnumbered decliners 3 to 1.Commodities

Crude oil for September delivery: $73.05, down 48 cents.

Gold for current delivery: $622.50 a troy ounce, down from $628.50 on Monday.

Stocks Rally As Inflation Eases Off (NYT)

By Jeremy W. Peters

The New York Times, August 16, 2006

Wall Street rallied yesterday after a government report showing inflation softening at the wholesale level encouraged hopes among investors that the Federal Reserve might be able to avoid further interest rate increases.

The benchmark Standard & Poor's 500-stock index closed at its highest point in two and a half months and the technology-driven Nasdaq composite index jumped 2.2 percent, to just over 2,115 points.

The Labor Department reported yesterday that prices for goods leaving the factory grew in July at the slowest rate in more than a year. But several analysts questioned whether the slowdown was anything more than a statistical blip, raising the possibility that the consumer price report to be released today could send a different signal.

Investors were so cheered by the unexpected slowdown in producer price inflation that they kicked off a surge in stock prices at the opening of the market and, further encouraged by robust earnings reports, kept it going as the day went on.

The Labor Department's index of producer prices, which measures what manufacturers charge for goods ready for sale, rose a slight 0.1 percent last month, down from 0.5 percent in June. At the same time, the core measure of inflation, which excludes volatile energy and food prices, fell 0.3 percent, its first decline since last October.

Taken together, both figures pointed to the possibility that inflation pressures were easing.

If inflation is on the verge of retreating, the Fed's job will be much easier, allowing it to avoid additional increases in interest rates that might threaten to put the brakes on economic growth. In leaving interest rates untouched for the first time in two years, the Fed's policy-setting committee said last week that it expected inflation would be tempered as the economy slowed naturally.

But many economists argued that the numbers could be presenting a distorted picture of inflation. The pace of wholesale price increases last month was held in check largely by falling auto prices, and there were signs in the data that prices are rising in the early phases of manufacturing.

"In terms of what it actually tells us about overall inflation, I'm not sure it's all that important," said Jan Hatzius, chief United States economist at Goldman Sachs.

Ethan Harris, chief United States economist with Lehman Brothers, said, "It looks to us like this is a fluke."

The figures surprised economists, who had generally forecast a larger gain in the overall index and a rise in the core index.

With opinion divided on yesterday's report, attention will shift to the Labor Department's more important measure of consumer prices, which includes services as well as goods. While overall prices in June probably continued to advance, analysts said the core Consumer Price Index might not show much change.

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Producer prices in July fell in numerous categories, but were particularly weighed down by lower vehicle prices, reflecting heavy discounting by American automakers. Passenger car prices fell 0.8 percent. Prices of light trucks, including sport utility vehicles and pickup trucks, dropped 3.1 percent.

Food prices also fell widely. Egg prices were down 26.1 percent, processed turkeys fell 3.9 percent and shellfish fell 9.1 percent.

The cost of home heating oil also dropped, but gasoline rose.

What was more troublesome to many economists was the upturn in prices further up the manufacturing chain. So-called intermediate prices, which include everything from refined sugar to plywood to auto parts, rose 0.5 percent, after a 0.7 rise in June. "There are a lot of pipeline inflation pressures," said Julia Coronado, senior United States economist for Barclays Capital.

A concern among some economists is that those inflation pressures will not ease unless interest rates rise further and the economy slows sharply enough that unemployment turns up.

"The Fed is basically betting that economic weakness is going to do away with these inflation pressures," Mr. Hatzius of Goldman Sachs said. "I agree, although I think you may actually need more economic weakness than the Fed is anticipating."

Many economists expect economic weakness to come in large part from a slowdown in the housing sector. Yesterday, there was further evidence of a softening housing market in a new report from the National Association of Realtors, which said sales of existing homes fell from April through June in 28 states. The decline was led by states once at the top of the housing boom, like Arizona, California and Florida, which all experienced declines of more than 25 percent.

The National Association of Home Builders also reported yesterday that confidence among builders fell to the lowest level in 15 years.

And despite the evidence that the housing sector is deteriorating rapidly, investors looked favorably at Home Depot, which yesterday reported profits that topped Wall Street's expectations. Its shares jumped 3.6 percent after the company said it earned $1.86 billion in the second quarter, up from $1.77 billion a year earlier.

Following are the results of yesterday's auction of four-week Treasury bills:

Positive Reports Cheer Investors, Send Stocks Up (WSJ)

By Peter A. Mckay

The Wall Street Journal, August 16, 2006

Investors got a look at the first set of a couple of key inflation reports, liked what they saw and sent stocks and bonds higher.

But the main event comes this morning at 8:30 a.m. EDT, when the Labor Department releases the government's latest look at the change in prices paid for a range of finished goods. Wall Street is predicting that the consumer-price index rose 0.3% in July from the prior month when volatile food and energy prices are left out of the mix.

Yesterday the market's focus was on the producer price index, an important but less prominent measure tracking wholesale prices. That index fell 0.3% in July, contrary to expectations for a 0.2% rise. Even when food and energy prices were factored in, the PPI rose just 0.1%.

News of a lack of inflation at the producer level boosted investors' confidence that the economy is not overheating, a state of affairs that would allow the Federal Reserve to hold off any more inflation-fighting interest-rate increases. The central bank steadily nudged up short-term rates for two years before pausing in that cycle earlier this month.

The Dow Jones Industrial Average soared 132.39 points, or 1.2% , to end at 11230.26, up 4.8% on the year. Among the blue-chip average's 30 components, Home Depot was among the strongest performers. The retailer announced profits that beat analysts' expectations.

The Dow's only two decliners were Wal-Mart Stores, which announced its first decline in quarterly profits in a decade, and Exxon Mobil, which was hurt by a pullback in crude oil prices.

The technology-heavy Nasdaq Composite Index did even better in percentage terms, adding 45.97 points, or 2.2%, to 2115.01. That index is off 4.1% on the year. And the broad Standard & Poor's 500-stock index climbed 1.4%, or 17.37 points, to 1285.58, up 3% on the year.

Treasury bonds, which do best in a low-inflation environment, also rallied. The Treasury's benchmark 10-year note gained 18/32 point, or $5.625 for each $1,000 invested, pushing the yield down to 4.935%.

The dollar fell to 116.10 yen, compared to 116.70 yen. The euro rose to $1.2785, compared to 1.2723.

"The market is breathing a sigh of relief that, at last, there's some positive news," said David P. Prokupek, chief executive of asset-management firm Geronimo Partners in Denver.

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Mr. Prokupek, however, was not in a very euphoric mood himself. He believes the stock market is unlikely to return to its May highs. His firm has been bulking up its holdings of short-term Treasury bills, a cash-like asset long used by stock-market bears to preserve capital.

Study Finds States Saving More Money (AP-Y)

By Erik Schelzig

AP, August 16, 2006

State lawmakers are saving lots of money for a rainy day because of improving economies and conservative economic forecasts, a report released Tuesday says.

State governments saved about $1 out of every $10 in their budgets in the most recent fiscal year, according to a survey released at the annual meeting of the National Conference of State Legislatures.

The $57 billion total saved by legislatures around the country marks a 25 percent jump from the previous budget year and is one of the highest levels in decades.

The study credits conservative forecasting for the year-end balances, which are considered a top indicator of states' fiscal health.

Cumulative revenues had been projected to grow by 2.7 percent for last budget year, but they ended up growing by 7.7 percent instead, nearly three times more than expected, the study said.

Nationwide, state lawmakers have been closely watching the bottom line since an economic downturn in 2001 launched many states into consecutive years of falling revenue that forced painful spending cuts, tax increases and borrowing. Their revenue forecasts are made up to 18 months in advance, so many state budgets were based on more conservative expectations.

"State legislators have learned from the budget crisis of the early part of the decade, as we can see by the prudent choices they're making now," said NCSL President Steve Rauschenberger, an Illinois state senator.

Twenty-eight states' year-end balances increased over the 2004-2005 budget year, 19 states' balances declined and two experienced no change. No state ended with a deficit, though Arkansas was expected to end with a zero balance.

Nearly half the states' surpluses went into rainy day and other reserve funds:

· Florida left $1.6 billion in its General Revenue Fund Reserve.

· Maryland increased its rainy day fund by $593 million, Connecticut added $440 million, Georgia planned to add $430 million, and Virginia prepaid deposits for future years. Tennessee added $172 million.

· Alaska put $300 million into its Public Education Fund while placing another $300 million in a new reserve fund.

· Wyoming sent $200 million to its Permanent Mineral Trust Fund, and New Mexico placed $40 million into its Water Trust Fund.

Only three states — Nevada, New Hampshire and New Jersey — reported a decrease in spending compared with the previous year.

Thirty-nine states, meanwhile, boosted spending by at least 5 percent, with 16 of them spending at least 10 percent more than the previous year.

The report by the NCSL, a bipartisan organization that provides research and technical assistance to state leaders, found that even in good economic times, many state economic forecasters are reluctant to boost revenue projections.

Forecasters cite the unpredictability of income tax collections as a reason for expecting a 29 percent decrease in balances at the end of the current budget year — including a 14 percent drop in rainy day fund balances.

Those expected decreases in year-end balances come as states have budgeted a 7.6 percent hike of their general fund spending levels. Louisiana, New Mexico and Oregon are the only states planning to spend less this year than last.

For the first time in six years, Medicaid spending is not expected to be the fastest growing budget category, the study found. The top spot has been taken by K-12 education costs, which are budgeted to grow 7.6 percent, followed by higher education and Medicaid at 6.3 percent each. Corrections spending is slated to grow by 5.7 percent.

Forty-four states combined to raise $1.4 billion in new tax collections — well below the $2.6 billion increase last year. The slower rate of tax increases indicate "that states are throttling back on new revenue actions," according to the report.

Three states account for a $478 million in cigarette tax increases: Texas raised its cigarette tax by $1 per pack, Vermont hiked its tax by 60 cents and New Jersey approved a 17.5 cent increase.

What's Driving Differences In Gas Prices? (WP)

By Tomoeh Murakami Tse

The Washington Post, August 16, 2006

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Frustrated motorists looking for low gasoline prices in the Washington area often know the cheapest spots. What is less clear is why prices vary so much neighborhood to neighborhood and why they have risen so much faster in some places than others.

Consider the range across the region, which has among the highest gas prices in the country.

In the District, the average price of a gallon of regular gasoline last week was $3.22. In Virginia, the average was $2.95, although motorists in much of Fairfax or Arlington counties would have been lucky to pay less than $3. In Maryland, a Potomac service station posted a price of $3.49, while one on the Eastern Shore charged $2.75. Nationally, the average price of regular gasoline fell to less than $3 for the first time since mid-July, to $2.997 a gallon, according to AAA.

Often, the distance between locations with different prices is not so great. Prices can range by as much as 25 cents a gallon between gas stations on opposite ends of a city, and often those prices vary from block to block within the same neighborhoods.

So what gives?

The reasons, say those who study the gasoline industry, are varied and often complex. Some experts cite a costly emissions-reducing additive that is used in gasoline sold in some parts of the country. Others blame varying gasoline taxes and a technique known as zone-pricing, essentially raising wholesale prices in areas that can absorb it.

And a few note that the market for setting prices, which is virtually unregulated, changes because of little more than the whims of gas station managers based on their own finances and street-level evaluation of supply and demand.

"Each of these local areas are a market in of themselves," said John Cook, director of the petroleum division of the Energy Information Administration, a statistical agency of the Energy Department. "Generally speaking, the closer the locality is to a refinery or a central distribution point, all other things being equal, the lower the price ought to be."

But things are often not so equal. A look at how prices have changed across the nation in the past year provides evidence of how turbulent they are.

Much of the Rocky Mountain region managed to get away with price increases of 60 cents or less in July compared with a year ago. The Southern California coastal region and much of the East Coast from Richmond to New England, however, have seen average prices increases of 90 cents or more, according to a Washington Post analysis of data provided by the Oil Price Information Service, a New Jersey firm that tracks energy prices.

Big gaps exist at the neighborhood level as well. In Bladensburg, for example, the average price of gas one week last month was $3.11, 86 cents higher than the same time last year. Back then, it was one of the few neighborhoods in the region offering gas at below the national average. A year later, it was among the pricier places to get gas in the region.

It's difficult to pin down exactly what caused such a surge, but about half of the stations in the Washington area are independent, unbranded dealers who analysts said are sometimes squeezed more by changing market conditions than are branded franchisees.

That is because, typically, brand-name stations like BP or Exxon have contracts to buy gasoline from oil companies, while independent stations can shop around. So when the market is stable, those with no brand loyalty can usually offer lower prices. When there is a shortage, however, they may have difficulty finding gas to sell.

"Off-brand stations usually have lower prices because they're buying on the spot market," said Severin Borenstein, director of the University of California Energy Institute. "They don't have the branded additives and they aren't financing a national advertising campaign. But when wholesale prices go up, those places get hit the most, and so you sometimes get an inversion, where non-branded gets more expensive."

Jassim Aligabi, owner of JK Gas in Bladensburg, said he can still offer better prices than his branded competitors, although the discount has narrowed considerably. Last week he sold regular gasoline at $3.04 a gallon, about 7 cents less than the Chevron and Exxon stations charged a few blocks away. Even after trimming his profit to just pennies per gallon, Aligabi said, that was less than the savings of 12 to 15 cents he often was able to offer his customers last year. But he was making up for it by selling more.

"We make it work," he said. "If we are 1 cent cheaper, people are coming. We have people coming from five miles away."

Another culprit market observers point to as a cause of different gas prices is ethanol.

The Energy Policy Act passed by Congress last summer prompted oil companies to phase in the corn-based additive in their reformulated gasoline in place of methyl tertiary-butyl ether (MTBE). Reformulated gasoline is required in parts of the country with the worst ozone air pollution, mainly large cities and their suburbs in California and the Northeast, including the District. MTBE which was found to contaminate ground water.

While reformulated gas has traditionally been more expensive than conventional gas, analysts said, the price differential has been amplified because ethanol prices shot up earlier this year with the sudden increase in demand.

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That could help explain why gas prices drop noticeably when metro drivers head into Fauquier or Clarke counties in Virginia, or Maryland's Eastern Shore, which are just outside of the reformulated gasoline zone.

"Ethanol rose to $4.75 cents a gallon. A year ago, MTBE was going for $2 a gallon," said Philip K. Verleger Jr., a Colorado-based oil consultant. "That's 30 or 35 cents a gallon right there."

Analysts differ on just how much of the price increase was caused by ethanol; some say it was pennies, others say it was much more. Ethanol prices have receded recently as more plants have come online.

State taxes on gas also lead to price variations at the pump, and how fast prices rise.

For starters, every state has a set excise tax -- in Maryland it is 23.5 cents per gallon of regular gasoline; in the District, it is 20 cents. Some states have additional taxes, and their structure has the effect of amplifying the disparities. For example, in Virginia, the excise tax is 17.5 cents per gallon, but there is also a 2 percent sales tax in locations that are part of a Northern Virginia Transportation District.

Thus, when gas was $2 a gallon, Northern Virginians were taxed 4 cents more per gallon than those who pump gas elsewhere in the state. Now, with $3 gas, they must pay 6 cents more (If that sounds bad, consider that drivers in Georgia pay a 4 percent sales tax and those in Illinois pay 6.25 percent).

Consumers in states with certain markup laws are similarly affected. In Wisconsin, where average gas prices have risen faster than in neighboring states in the past year, wholesalers who buy gas from refiners are required add on a 3 percent markup. Gas stations must add 6 percent more.

But what about price differences at the local level?

For that, many point the finger at a long-standing and controversial industry practice called zone pricing, in which oil companies charge different prices for the same gasoline to dealers in different neighborhoods. It is unclear where the zones lie in Washington, but several station managers in Prince George's County said they were getting a better price than their peers in more affluent Montgomery County, while one gas station owner in Vienna said he is charged more than another station in the same city.

Critics say zone pricing is price gouging, and want it banned.

"It's practically impossible to compete when you have that big a variance," said Michael J. Fox, executive director of Gasoline & Automotive Service Dealers of America Inc. Fox said he sold his station in Connecticut six years ago in part because of the practice. "Before, it was pennies. Today we are talking about differences of 30 to a documented 40 cents a gallon."

Others say that getting rid of zone pricing would simply shift profits from oil companies to dealers, and would not change what consumers pay. They defend the practice as similar to what occurs in the real estate market where the same house would be sold for a different price in a different location.

"What zone pricing represents is an attempt by the wholesalers to capture some of the profits that might otherwise have gone to the more well-located outlets," said Jerry Taylor, a senior fellow at the Cato Institute, which advocates free-market policies.

With all these economic and corporate forces at work, can drivers do anything to influence what they pay?

Borenstein, of the University of California Energy Institute, thinks so. The answer? Comparison shop.

Historically, as incomes grew and gasoline became a smaller part of the household budget, motorists became less likely to drive across the street for gas that is a few pennies cheaper, Borenstein said. That, in turn, has lead to further price disparities. "What keeps all that under control," he said, "is shopping."

Companies Explore Overseas Healthcare (CSM)

By Patrik Jonsson

The Christian Science Monitor, August 16, 2006

ATLANTA

Carl Garrett, a paper-mill technician in Leicester, N.C., is scheduled to travel Sept. 2 to New Delhi, where he will undergo two operations. Though American individuals have gone abroad for cheaper operations, Mr. Garrett is a pioneer of sorts.

He is a test case for his company, Blue Ridge Paper Products, Inc., in North Carolina, which is set to provide a health benefit plan that allows its employees and their dependents to obtain medical care overseas beginning in 2007.

"It's brand-new and nobody's ever heard of going to India or even South Carolina for an operation, so it's all pretty foreign to people here," says Garrett. "It's a frontier."

Garrett's medical care alone may save the company $50,000. And instead of winding up $20,000 in debt to have the operations in the US, he may now get up to $10,000 back as a share of the savings. He'll also get to see the Taj Mahal as part of a two-day tour before the surgery.

His two operations could cost $100,000 in the US; they'll run about $20,000 in India.

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With US health insurance costs soaring, cash-squeezed companies such as Blue Ridge and poor states such as West Virginia are considering affordable plans that may require their employees to travel to India, Thailand, or Indonesia.

Critics say that limited malpractice laws in foreign countries makes such travel risky as well as the prospect of spending 20 hours on an airplane after invasive surgery. Despite the concerns, "medical tourism" is morphing into "global healthcare."

"Global healthcare is coming and American healthcare, which is pricing itself out of reach, needs to know there are alternatives" in order to improve, says Alain Enthoven, senior fellow at the Center for Health Policy in Stanford, Calif.

The average American hospital bill was $6,280 in 2004, twice that of other Western countries, according to the National Coalition on Health Care (NCHC) in Washington.

The cost savings have prompted a few hundred Americans this year to fly to India, Jakarta, or Bangkok for serious medical conditions, receiving heart stints and hip replacements. But most of the some 150,000 "medical tourists" nationwide go for a tooth filling or plastic surgery and a week at a sunny beach resort where the dollar stretches like lycra.

More companies - especially those with smaller company-run plans - are investigating people's claims of good overseas hospital care. The International Standards Organization in Geneva accredits these hospitals and audits American hospitals, too.

Companies are also attracted to the relatively inexpensive price tag for care at foreign hospitals, which have been reported to be up to 80 percent less than in the US. In New Delhi, for example, the Apollo chain of hospitals gives resort-style convalescence care for $87 a night.

· Insurers Health Net of California already contracts with medical clinics on the Mexico side of the US border.

· A West Virginia state legislator introduced a bill this year that would encourage state workers to seek treatment overseas using incentives such as cash bonuses and family travel.

· United Group Programs in Florida, which administers self-insurance programs for small companies, has contracted with a Thailand hospital for its employer clients.

· Inquiries from self-insured employers are brisk at IndUShealth in Raleigh, N.C., which specializes in offshoring serious medical cases such as rotator cuff surgery and gall bladder removal to India.

"We're dealing mostly with companies that are self-funded and have essentially run out of options," says IndUShealth president Tom Keesling. "It's an amazing trend, and it speaks to the tremendous frustration people feel with how to provide healthcare services in our current environment."

Blue Ridge Paper Products, which makes the DairyPak milk carton, pleaded unsuccessfully with providers for discounts for its 5,000 covered workers. In the past five years, the company established its own clinic and pharmacy. Blue Ridge decided to try overseas healthcare after it heard that hospitals "rolled out the red carpet" to American patients based on news reports and personal accounts from a North Carolina medical traveler brought in by IndUShealth.

"We want to help our company but also help to drive healthcare reform," says Darrell Douglas, vice president of human resources. "We're very much homebodies ... and the idea of going abroad for fun, let alone healthcare, is foreign to some people. But we do have some adventuresome people, and [Mr. Garrett] is one."

For critics, Americans heading overseas for care shows the severity of the country's healthcare crisis - especially as employers' health insurance premiums have risen 73 percent while average employee contributions have risen 143 percent since 2000, according to the NCHC. Rising costs stem from poor management, inefficiences, waste, fraud, and lack of competition, critics say.

"We're seeing some employers who are seriously beginning to think about doing [global healthcare] and not giving employees an option," says Joel Miller, vice president of operations at the NCHC. "And that has implications for quality of care, and what recourse people have if something goes wrong overseas."

Hospital officials say only a sliver of business will be lost to overseas providers. Yet going overseas for expensive medical services, such as heart bypass surgery, cut into US hospitals profit centers - such as heart units - that are used to underwrite emergency rooms and indigent care.

"[Global healthcare] will limit the amount of money that's available for everybody else to have access to the system and starts to jeopardize access to healthcare for everybody in the community," says Don Dalton, a spokesman for the North Carolina Hospital Association.

Garrett, meanwhile, anticipates movie-star treatment in India. Doctors will operate on his gall bladder and left shoulder, he says, and he will have a 24-hour nurse working only for him while he's recovering. Garrett's experience could affect whether Blue Ridge will proceed with its plan to give its workers the option of going overseas for medical care, the company says. "Everyone can see this thing could really become a big thing, so they're going to go out of their way to make sure everything is above and beyond the average in the United States," Garrett says.

McCain: Resentment Remains In 2000 Race (AP-Y)

By Mike Glover, Associated Press Writer

AP, August 16, 2006

Sen. John McCain said Tuesday there is "lingering resentment" among some Republicans because of his primary fight in 2000 with George W. Bush.

Those feelings may complicate his decision whether to seek the presidential nomination for 2008, said McCain, R-Ariz.

"If I run, and we'll decide that early next year, there's a lot of work to do," McCain said as he began a two-day visit to Iowa, which traditionally holds leadoff caucuses in January of presidential election years.

"Here in Iowa there are parts of the party where there's still lingering resentment over the bitterness of the 2000 race," he said.

In 2000, McCain skipped the Iowa caucuses and opened his campaign with the New Hampshire primary. He beat Bush there, but the Texas governor overtook him in later primaries.

As he considers a possible bid for the GOP nomination in 2008, McCain has visited Iowa often. Most polls show him better known that other possible Republican candidates.

"Since we haven't decided whether or not to run, we haven't decided whether to compete here, but I think you could make the argument that it's very different than 2000," he said. "In 2000, I was the outsider and, you know, we could afford to pass up on Iowa."

This time, he said, "I think the nomination would be up for grabs, I really do."

McCain has worked to deflect criticism of his opposition to subsidies for ethanol, an important issue in corn-growing Iowa.

"My position on ethanol is support for ethanol when oil went over $40 a barrel," he said. He said soaring gasoline prices make ethanol competitive in the marketplace.

"I do not support subsidies, but I support ethanol and I think it is a vital alternative energy source, not only because of our dependence on foreign oil but because of its greenhouse reduction effects," he said.

McCain's visit included a stop Tuesday in Grinnell, where he campaigned for state Rep. Danny Carroll.

Political Circus Travels To Iowa Fair (USAT)

By Judy Keen

USA Today, August 16, 2006

DES MOINES — Karl Swanson took one look at the media herd surrounding Sen. Evan Bayh, D-Ind., outside the cattle barn at the Iowa State Fair and headed in the opposite direction.

Does Swanson, 58, a retiree from Creston, think it's too early for presidential politics? “Yeah,” he said. “I'm going to breakfast.”

Ready or not, the 2008 presidential campaign is well underway in Iowa. The state caucuses that launch the nominating process are almost a year and a half away. Voters won't choose the next president for more than two years.

The race in both parties is wide open and attracting plenty of interest already, because for the first time since 1928, neither a sitting president nor vice president is seeking his party's nomination.

Many of the prospective candidates find the state fair here irresistible. It gives them a chance to mingle with as many as 100,000 people each day of the fair, which runs Aug. 10-20, and a good shot at coverage on local TV. Iowa voters accustomed to regular visits from presidential candidates tend to notice who shows up — and who doesn't.

State Sen. Dick Dearden, a Democrat who accompanied Bayh during his fifth visit to the state this year, said cruising the midway is good politics. Bayh “will get on TV, and that will help with name recognition,” Dearden said.

Many Iowa Democrats, he said, are waiting for New York Sen. Hillary Rodham Clinton — the front-runner in most polls of possible Democratic presidential hopefuls — to make her first visit. Should she put Iowa on her itinerary soon? “As an Iowan, I say yes,” Dearden said.

Republicans Newt Gingrich, a former House speaker, and New York Gov. George Pataki were at the fair last week. Bayh and Sen. Joe Biden, D-Del., visited this week. Republican Sens. Bill Frist of Tennessee, John McCain of Arizona and Sam Brownback of Kansas might drop by this week. Iowa Gov. Tom Vilsack, a Democrat who's thinking about running for president, will visit the fair more than once.

If fairgoers' reactions to Bayh and Biden are any indication, the presidential hopefuls need some time to introduce themselves to Iowans.

When Biden walked into the pork producers' dining hall on Sunday, Jim Medberry of Union Grove Lake was confident when he misidentified the veteran senator as Jim Nussle, an Iowa congressman and Republican candidate for governor.

Medberry, 56, a factory worker, said between bites of pork barbecue that it's not too soon to get up to speed about the candidates. “I want to be educated before it's time to vote,” he said. “You've got to tune in now.”

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John Manson, 56, a teacher from Maquoketa, admitted he could identify Biden only because someone told him that's who was surrounded by reporters and TV cameras. “It's plenty early for politics,” Manson said.

Monica Soe encountered Bayh on Monday as he walked from the cattle barn to an exhibit hall, where he waited in line to see the life-size cow and Superman sculptures made of butter.

Soe, 40, a teacher from Des Moines, said she thought Bayh was good-looking. “We'd love to know more about his issues,” she said. She was surprised to learn that he's from Indiana. “I thought he was from the East Coast.”

Biden and Bayh each dressed in “politician casual” for their separate visits: brown loafers with tassels, khaki pants and a blue shirt. Biden wore a navy polo; Bayh a pinstriped dress shirt with rolled-up sleeves and no tie.

They each headed for the pork producers' hall, though Bayh never made it because he would have had to cut through a parade honoring veterans to get to it.

Bayh still managed to find a pork chop on a stick. Biden, making his first trip to the state as a presidential candidate, paid $7.50 for a pork chop dinner. He ate very little of it.

Both said they regularly visit fairs in their home states. Biden said those appearances are mandatory for candidates in Delaware. Bayh praised the fair's cleanliness and landscaping. “It feels a lot like home,” he said, noting one exception. “I see you serve beer at your fair and we don't” in Indiana.

Both men were available to reporters but had different replies when asked if they're definitely running for president. “I know you're supposed to be coy and say, ‘I don't know,' but I'm running,” Biden said. Bayh's response: “I'm not making an announcement today.”

Bayh and Biden moved through the crowd and talked with people. Biden chatted for several minutes with Delaware County Pork Queen Alyssa Feldmann about the identical names of his home state and her home county.

George Mackey, 71, watched as Bayh and Chet Culver, Iowa's secretary of State and the Democratic candidate for governor, conducted a news conference for three TV cameras and a half-dozen reporters.

“I haven't seen Bayh before,” said Mackey, a retiree from Story City. “Being at the fair will definitely help him. He's getting exposure.”

Pat Brice, 65, of Des Moines, and her sister, Alice Lowe, 68, who's from Ames, also listened to Bayh. Asked if the fuss over a possible presidential contender is premature, Brice said, “Oh, no, no, no. We want to hear it all.”

In Iowa, she said, politics is serious business: “We want to know everything.”

First Lady A 'Critical Asset' At Republican Fundraisers (WP)

By Michael A. Fletcher

The Washington Post, August 16, 2006

Laura Bush is scheduled to headline three events for Republican candidates in Kentucky, Ohio and West Virginia today, capping a stretch of five fundraisers this week for a first lady who often jokes that she does not much like politics.

The frequent use of the first lady by Republican candidates as a fundraising draw underscores the ferocious battle they face to retain control of Congress, and also reflects the standing of a woman whose popularity has endured even as public antipathy toward her husband has grown. A Gallup/USA Today poll in June found that 69 percent of Americans had a favorable view of the first lady, much higher than the president's 40 percent favorability rating.

So far this election cycle, the first lady has spoken at 24 political events, raising a total of $10.7 million, according to the Republican National Committee. "That is obviously an increase of activity from 2002," said Tracey Schmitt, an RNC spokeswoman. "Because of her broad appeal, she is a significant draw wherever she goes, and she is a critical asset to Republican candidates across the country."

Headlining a luncheon on Monday in suburban Chicago that raised $225,000 for GOP congressional candidate Peter Roskam, Bush said that politics is just part of her role as first lady. "You know, politics really is a family business," she said. "Everyone gets involved, whether they want to or not. It's just a fact of life."

Not that she lacked enthusiasm. Her 11-minute speech endorsing Roskam, who is running against Democrat Tammy Duckworth, a disabled Iraq war veteran, touched on many of the themes emphasized by her husband. She said that Roskam had built a track record as a tax cutter in the Illinois state legislature, while promising that he would "be a champion of the men and women of the United States military" if elected to Congress.

After the Roskam event, Bush traveled to St. Louis to head an RNC fundraiser. Today, she is scheduled to attend a breakfast for congressional candidate Geoff Davis in Lexington, Ky. After that, she is slated to deliver a speech at a luncheon for embattled Sen. Mike DeWine (Ohio), and then campaign with Rep. Mike Turner in Dayton, Ohio. She is scheduled to end her day by speaking at a reception for congressional candidate Chris Wakim in Fairmont, W.Va.

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"She has been very generous in this cycle, as she was in 2004," said Sara M. Taylor, White House political director, adding: "She is a great messenger for our party."

Bush's political profile has steadily grown during her tenure as first lady. Through the years she has become a more regular campaigner. Also, during the State of the Union address earlier this year, President Bush named her to head a national initiative aimed at steering young people away from bad choices.

While the president remains a potent fundraiser, many GOP candidates are reluctant to campaign with him because of his low approval rating -- making the first lady all the more valuable as a political commodity.

"We certainly get a lot of requests for her," said press secretary Susan Whitson, adding that the first lady harbors few illusions about her appeal. "She always says, 'I'm popular because I don't have to make all the hard decisions.' "

Allen On Damage Control After Remarks To Webb Aide (WP)

By Michael D. Shear And Tim Craig

The Washington Post, August 16, 2006

RICHMOND, Aug. 15 -- Sen. George Allen on Tuesday sought to contain the political damage from remarks he made to a Fairfax County man that dredged up charges of racial insensitivity -- allegations that have dogged him for years as governor, senator and now presidential hopeful.

Despite a quick apology Monday, criticism poured in about Allen's use of the word "Macaca" to address a volunteer for the campaign of his Democratic opponent, James Webb, and also about another Allen comment, "Welcome to America." Democrats, left-wing bloggers and civil rights groups called him "insensitive" and "racist," while some conservatives called him "foolish" and "mean."

The question was fiercely debated all day: Was "Macaca," which literally means a genus of monkey, a deliberate racist epithet or a weird ad-libbed word with no meaning? And what was Allen trying to say by singling out the young man of Indian descent?

Allen's defenders rushed to his side, saying the comments, though careless, do not reflect what is inside the senator's heart. Sudhakar Shenoy, an Indian business executive from Fairfax who has known Allen for years, said he "has been an incredible friend to Indians" and is not a racist. "I'd stake everything I have that George is not that kind of a guy," Shenoy said.

In a statement released Tuesday afternoon, Allen (R-Va.) said his remarks Friday to S.R. Sidarth, who at the time was videotaping an Allen campaign event on Webb's behalf, "have been greatly misunderstood by members of the media." He said Monday that "Macaca" was a play on "Mohawk," a nickname given to Sidarth by the Allen campaign because of his hairstyle. In Tuesday's statement, Allen said he "made up a nickname for the cameraman, which was in no way intended to be racially derogatory. Any insinuations to the contrary are completely false."

The comments were made at a campaign stop in the southwestern Virginia town of Breaks, where Allen spoke to about 100 supporters. Moments after greeting the crowd, Allen repeatedly pointed at Sidarth, called him "Macaca, or whatever his name is" and went on to say, "Welcome to America and the real world of Virginia," as the crowd laughed.

With the video of Allen's remarks available around the globe via Youtube.com and other Web sites, the Virginia controversy became one of the most blogged-about topics on the Internet, according to the Technorati Web site, which tracks entries on 51.3 million blogs.

That thrust Sidarth, 20, a volunteer working as the Democratic eyes and ears on Allen's campaign, into the national spotlight. He was interviewed Tuesday by several major newspapers and appeared on CNN and other television networks.

Meanwhile, Allen's past -- which includes a youthful admiration of the Confederate flag and an office that once displayed a noose -- lurched back into the public spotlight during the Republican's senatorial battle against Webb, a Navy secretary during the Reagan administration.

During the past two years, as Allen has flirted with the idea of running for president in 2008, he has introduced symbolic anti-lynching legislation in the Senate and promised to lead the charge for an official apology for slavery. Political pundits who follow Allen closely said the new comments threaten that well-planned effort.

"There are very few issues in American politics that are more sensitive than race. Senator Allen has just plunked himself down in the middle of it," said Geoffrey D. Garin, a leading Democratic pollster. "Allen's comments take him back to a place he was trying to escape from."

Avoiding the subjects of race and Allen's history was proving unlikely in the short term as the odd story of the senator's comments bounced around the nation's capital.

Sanjay Puri, the leader of the nation's largest Indian political action committee and a longtime Allen supporter, said he will lead a delegation of Indian business executives and community leaders to meet with Allen on Wednesday to express dismay.

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"The comments are very insensitive. That's what we want to find out: How can we continue working with him?" Puri said. "The senator has had a very good relationship with our community. I was pretty surprised -- you can say shocked."

Mark Potok, director of the intelligence project for the Southern Poverty Law Center, based in Montgomery, Ala., said it was "simply impossible to believe" that Allen did not intend the comments as a racial insult.

"To me, it looks like yet another case of a politician pandering to the worst instincts in an all-white crowd," Potok said.

Virginia Gov. Timothy M. Kaine (D), who during his campaign last year was dogged by young GOP operatives with video cameras -- usually called trackers -- chided Allen.

"It's insensitive," Kaine said. "Campaigns are tough. But George has been in campaigns. He knows there's trackers. It's just a fact of life. You should just do your thing and not single them out."

Big-time campaigns often assign trackers to shadow their opponents, hoping to catch the candidate making a gaffe or shifting the message to accommodate different audiences. Virginia Republicans have tracked Webb this year. Often, videos can end up in campaign commercials.

That was the job of Sidarth, a University of Virginia senior who attended Thomas Jefferson High School in Fairfax County. His father, Shekar Narasimhan, is a mortgage banker who has contributed more than $35,000 to Democratic causes in the past decade, according to a review of state and federal campaign finance reports.

Sidarth joined Webb's effort this summer, initially working as a field organizer. Last week, when Allen kicked off his statewide "listening tour," Sidarth was asked to trail Allen, he said. Driving his 1996 Volvo, he followed Allen from Charlottesville to Richmond to the Northern Neck. He said he was "shocked" when Allen began talking about him.

"I didn't believe that he had gone to using race in the political arena," he said.

Rich Lowry, editor of the conservative National Review, wrote on the magazine's Web site Tuesday that he did not think Allen was "trying to speak a coded racist language." But Lowry said Allen showed he "has a mean streak."

Allen Sorry For Calling Man 'Macaca' (STPPP)

By Larry O'dell

The St. Paul Pioneer-Press, August 16, 2006

RICHMOND, Va. - Sen. George Allen apologized Tuesday for remarks that offended a man of Indian descent who was tracking the Republican's re-election campaign for Democratic challenger Jim Webb.

S.R. Sidarth said he felt Allen was singling him out because of his race when the senator called him "Macaca" during a GOP rally Friday at Breaks, Va., near the Kentucky border.

"In no way was it meant to demean him, and I'm sorry if he was offended," Allen said in a telephone interview.

Allen, who is positioning himself for a possible run for president in 2008, said the name was "just made up" and that he had no idea that macaca is a genus of monkeys including macaques. The name also could be spelled Makaka, which is a city in South Africa.

Webb's campaign distributed to reporters a video clip of Allen's remarks about Sidarth, a 20-year-old University of Virginia senior who spent last week videotaping Allen's "listening tour" for the Webb campaign.

"This fellow over here with the yellow shirt - Macaca or whatever his name is - he's with my opponent," Allen said. "He's following us around everywhere."

After mentioning that Webb was in California on a fundraising trip, Allen exhorted the crowd: "Let's give a welcome to Macaca here. Welcome to America and the real world of Virginia."

Sidarth, who was born and raised in Fairfax County, has said he felt Allen was singling him out because he was the only nonwhite in the audience, but an Allen campaign spokesman said not all of the rest of the crowd was white.

On Tuesday, Sidarth said he took little comfort in Allen's attempted amends.

"If he wants to make an apology to me, he can talk to me personally rather than doing this through the press," Sidarth said.

Allen said he would speak personally to Sidarth the next time he sees him at a campaign event.

"I look forward to seeing him," Allen said. "The point of the matter was to chide and poke fun at my opponent, not any of his staff."

Allen, a former Virginia governor, said Tuesday that he was trying to point out that Sidarth was providing Webb "a travelogue" of places the Democrat would never visit.

Sidarth, however, said that "calling me whatever name is the first thing to come into his head has nothing to do with making a travelogue for Mr. Webb."

On Monday, Allen spokesman Dick Wadhams said the name "Macaca" was a variation of "Mohawk," the nickname Allen campaign staffers gave Sidarth for his partially cropped haircut. Allen, however, said Tuesday that he made up the name himself.

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Allen has been accused of racial insensitivity before. He wore a Confederate flag pin in his high school yearbook photo, used to keep a Confederate flag in his living room, a noose in his law office and a picture of Confederate troops in his governor's office, but has said he has grown since then.

Senator Says He Meant No Insult By Remark (NYT)

By David Stout

The New York Times, August 16, 2006

WASHINGTON, Aug. 15 — If Senator George Allen of Virginia is thinking of running for president in 2008, as is widely believed, what he said in a little town in southwestern Virginia several nights ago may haunt him.

"This fellow here, over here with the yellow shirt, Macaca, or whatever his name is, he's with my opponent," Mr. Allen said on Friday night at a rally in Breaks, next to the Kentucky border. "He's following us around everywhere. And it's just great."

Mr. Allen, a Republican running for re-election, was singling out S. R. Sidarth, a 20-year-old volunteer for Mr. Allen's Democratic challenger, James Webb. Mr. Sidarth's mission was to trail Mr. Allen and videotape his speeches, in the hope they would yield grist for Mr. Webb's campaign.

But it was Mr. Allen who supplied grist for his rival with his use of the term "macaca," a genus that includes numerous species of monkeys found in Asia.

Mr. Allen said Monday that he had meant no insult, that he was sorry if he hurt anyone's feelings and that he did not know what "macaca" meant, according to The Washington Post, which reported the incident on Tuesday.

Mr. Sidarth, who is of Indian descent, was not convinced.

"I think he was doing it because he could, and I was the only person of color there, and it was useful for him in inciting his audience," Mr. Sidarth told The Post.

The senator's communications director, John Reid, said in an interview Tuesday that Allen campaign workers had good-naturedly nicknamed Mr. Sidarth "Mohawk" because he would not disclose his name and the sobriquet seemed appropriate for Mr. Sidarth's hairstyle.

Perhaps, Mr. Reid suggested, "Mohawk" morphed into "macaca," with results that turned out to be regrettable.

After his initial use of the term, Mr. Allen went on to urge the crowd to "give a welcome to Macaca here. Welcome to America and the real world of Virginia."

Mr. Reid said those words were not an effort to stamp a "foreigner" label on Mr. Sidarth, who was born in Fairfax County, Va. People who follow the campaign of Mr. Allen, who was born in California, know that he often talks about "the real America, real people in the real world," meaning people outside the Washington Beltway, Mr. Reid said.

Mr. Allen expressed further regrets on Tuesday, saying, "I apologize if my comments offended this young man."

Mr. Webb's communications director, Kristian Denny Todd, was skeptical of the explanations from the Allen camp. "I think it's reaching, at best," Ms. Todd said.

Jessica Smith, press secretary for the Webb campaign, said that Mr. Sidarth had been introduced to Mr. Allen in the past and that the senator's staff knew who he was.

Several Virginia polls show Mr. Webb, a Vietnam War hero, novelist and former Navy secretary under President Ronald Reagan, trailing Mr. Allen. Yet Ms. Todd said there was no discouragement in the Webb camp.

"We have a fantastic candidate," she said, adding that he was one who offered leadership instead of a rubber stamp for President Bush.

Larry J. Sabato, director of the Center for Politics at the University of Virginia, said Tuesday that Mr. Allen was strong enough in Virginia that the verbal gaffe would probably not keep him from being elected to a second term.

But should Mr. Allen run for president, the word "macaca" will hurt him, Mr. Sabato said, "not only because it is offensive on its face but also because it fits into a long pattern of insensitivity by Allen on racial and ethnic matters."

In 1984, as a member of the Virginia House of Delegates, Mr. Allen opposed a state holiday honoring the Rev. Dr. Martin Luther King Jr. After being elected governor in 1993, he issued a proclamation honoring Confederate History Month. He also kept a Confederate battle flag in his home, according to The Almanac of American Politics.

The almanac also notes that as a senator Mr. Allen sponsored legislation to award $1.25 billion in grants for computers and technology for historically black colleges and universities — the measure died in the House — and that he proposed that the Senate apologize for its failure to enact antilynching laws in the 1930's and 40's.

"I have worked very hard in the Senate to reach out to all Americans, regardless of their race, religion, ethnicity or gender," Mr. Allen said on Tuesday.

A Discouraging Word (NYT)

DOJ_NMG_0049169

The New York Times, August 16, 2006

If, as many politicians suspect, Senator George Allen's re-election bid in Virginia is a warm-up for his run in the next presidential race, the ever ambitious Republican is demonstrating he has a lot to learn about playing what campaign cynics like to call the race card. Speaking to a largely white crowd in the southern reaches of the state, Mr. Allen got a laugh by suddenly ridiculing a young Democrat of Indian descent who was videotaping the event for opposition research.

"Let's give a welcome to Macaca, here," the senator said, using an odd, derogatory-sounding word that can mean monkey, by one insulting definition. "Welcome to America and the real world of Virginia," Mr. Allen continued, beaming at S. R. Sidarth, a 20-year-old born and bred in Virginia who is a student at the University of Virginia.

At first the Allen campaign firmly defended the remark as deserving no apology. Spinners pathetically sought to convince the real world beyond the campaign fringe that no slur could be perceived, only a joshing allusion to the student's haircut. Macaca = Mohawk? Eventually, Senator Allen had to offer an apology, saying he meant nothing demeaning. "I don't know what it means," he said of "macaca," even though he had repeated the word with great delight. Understandably, the student, for all his Democratic partisanship, took the word and the senator's "welcome to America" line as a bit of xenophobic raw meat for the audience.

In his younger years, Senator Allen flirted with offensive symbols like the Confederate flag. As he looks beyond Virginia, Mr. Allen should get used to the idea that people are noticing his behavior.

Poll Shows Pa. Senate Race Tightening (AP-Y)

By Kimberly Hefling, Associated Press Writer

AP, August 16, 2006

Democrat Bob Casey's lead is shrinking over Republican Sen. Rick Santorum in one of the nation's hottest Senate races, a poll released Tuesday shows.

Santorum has narrowed the gap from an 18-point difference in June, according to the poll, and a recent appearance of a Green Party candidate also is considered a spoiler for the Democrat.

In a three-way contest, the new poll found Casey leading Santorum 45 percent to 39 percent, with Green Party candidate Carl Romanelli picking up 5 percent. Eleven percent said they were undecided or did not plan to vote, according to the Quinnipiac University poll.

As a two-way race, without Romanelli, 47 percent of the same respondents favored Casey to 40 percent for Santorum, with 13 percent undecided or expressing another opinion.

The results of the poll, based on telephone interviews with 1,384 Pennsylvania registered voters from Aug. 8 through Monday, carry a sampling margin of error of plus or minus 2.5 percentage points. The June poll showing Casey leading Santorum by 18 points, 52 percent to 34 percent, was also conducted by Quinnipiac University.

The Casey campaign said Tuesday it expected the race to tighten.

"Obviously there was a reason Rick Santorum and his supporters bankrolled the petition drive, why his staff was so eager to collect petitions and encourage Romanelli's candidacy," said Larry Smar, Casey's campaign spokesman.

Romanelli, a railroad industry consultant from Wilkes-Barre and a former family court support officer, submitted enough signatures to get on the November ballot. He has said most of his financial backing came from Republicans. Democrats have challenged the signatures in court.

Some Democratic voters could find Romanelli an attractive choice because he supports a woman's right to an abortion, while Casey, currently the state treasurer, and Santorum do not.

"The voters are looking at the totality of the race. They're really paying attention for the first time," said Clay F. Richards, assistant director of the Connecticut-based university's polling institute.

Romanelli said he was pleased with the poll results because normally Green Party candidates poll at 2 percent or less and "we haven't even really gotten started yet."

Santorum campaign spokeswoman Virginia Davis said "it's hard to ignore that some of these polls are showing a trend in favor of Santorum."

But she said the campaign doesn't expect to see "a real dramatic shift until voters have the opportunity to see the candidates debate." So far, only one debate is scheduled, on NBC's "Meet the Press" over Labor Day weekend. Santorum has called for 10 debates.

A Democrat For Main Street (WP)

By Harold Meyerson

The Washington Post, August 16, 2006

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If you're looking for a land that time forgot, you couldn't do much better than the mountain country of central Pennsylvania. On a sparkling summer day it's a tableau of lazy rivers and deeply green forested hills, of cornfields and farmhouses (some abandoned) and steel mills (many shuttered), and one little town after another where the buildings on Main Street look pretty much as they did in the 1940s (except those that are boarded up). Many prospects please here, but nothing bespeaks either newness or prosperity (except the occasional Wal-Mart, which bespeaks newness and the absence of prosperity).

Politically, north-central Pennsylvania is one of the most venerable Republican terrains in the land, and it's grown more Republican in recent decades with the closing of unionized steel and textile mills. James Carville once famously observed that Pennsylvania is Philadelphia and Pittsburgh with Alabama in between. As if to confirm Carville's thesis, when I attended the Mifflin County Youth Fair and Hog Auction last Saturday in the company of Bob Casey, the state treasurer and the Democratic challenger to Republican Sen. Rick Santorum, there was a pickup truck in the parking lot with an illustration, in the front license-plate frame, of a nekkid woman in front of a Confederate flag. (My immediate reaction, I must confess, was to suspect that Carville had planted the truck there for the benefit of any stray political reporters.)

Mifflin County is not the kind of place that many statewide Democratic candidates visit, but Casey is hardly your standard-issue Democrat. A devout, Jesuit-educated Catholic, Casey is anti-abortion and pro-gun, and when he is asked about national security, he begins by stating his desire to double the size of our Special Forces (Army Rangers, Green Berets, Delta Force, Navy SEALs).

He is also studiedly vague about what we should do in Iraq -- though he's not vague at all when finding fault with Santorum's willingness to stay the course with George W. Bush, whatever that course may be. "Rick Santorum never asked any tough questions of the president about the war, about our strategy, about our exit and occupation strategies, about the body armor we gave our troops," Casey tells an appreciative audience at a Steelworkers union hall in Lewistown (where the steel mill that once employed thousands of workers now employs 500).

No intellectual sleight-of-hand is required to link Santorum to Bush. "Rick Santorum has voted with George W. Bush 98 percent of the time," Casey tells his listeners at every campaign stop. "When two politicians agree 98 percent of the time, one of them is not necessary."

With Northeastern and Middle Atlantic states clearly moving in a more Democratic direction, Santorum -- whose voting record and social philosophy are more suited to an Alabama Republican -- heads the list of Republican senators whom the Democrats think they can defeat this year. But there are enough places like Mifflin County in Pennsylvania to make it a real fight, which is why the Democrats have rallied to the socially conservative, economically progressive Casey. Early on, the Senate Democratic leadership (Harry Reid and Chuck Schumer) and the state's Democratic governor, Ed Rendell (a onetime Casey opponent), made it clear that Casey was their guy.

Which, if you believe all the nonsense that's been written since Joe Lieberman's primary defeat about those crazy blogistas rebelling against the Democratic establishment and pushing the party to the left, should mean that the bloggers and their ilk ought to be wailing about Casey. In fact, they're doing nothing of the sort. For one thing, the authors of such partisan blogs as the Daily Kos understand that the Democrats have to beat Santorum in order to retake the Senate and raise the political discourse above the level of Santorum's deliberate primitivism (Santorum once equated gay relationships to "man-on-dog" sex). They understand that Casey is the Democrat best suited to the task. Most liberal groups are campaigning mightily for Casey (though support for a Green Party candidate among Naderistic nihilists has cut Casey's lead over Santorum in yesterday's Quinnipiac Poll to 6 percentage points).

And the liberal case for Casey is a strong one -- particularly on trade. A critic of both the North American and Central American free-trade agreements, Casey wants trade pacts that require signatory nations to enforce worker rights and environmental protections. A number of leading Democratic senatorial candidates this year -- Ohio's Sherrod Brown, Vermont's Bernie Sanders (an independent who's in effect a Democrat) and, yes, Connecticut's Ned Lamont -- share Casey's perspective on trade. Their victories would shift, perhaps decisively, the Senate Democratic caucus toward a trade policy in which Main Street is taken at least as seriously as Wall Street. It's a shift, if the Main Streets of central Pennsylvania are any indication, that would come not a moment too soon.

New Lieberman Retooling Race As Independent (NYT)

By Patrick Healy And Nicholas Confessore

The New York Times, August 16, 2006

Just one week ago, national Democrats united to try to nudge Senator Joseph I. Lieberman out of his race for re-election after his defeat at the hands of his antiwar rival, Ned Lamont, in the Connecticut Democratic primary.

But today Mr. Lieberman appears to be in the race to stay, running as a retooled independent candidate who is taking on both political parties, and Connecticut is already seeing a full-throated re-enactment of the men's blistering primary battle.

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Far from sulking in defeat, Senator Lieberman has fired most of his senior aides, energized his broad base of donors from his campaigns for president and vice president, produced a new television advertisement explaining his political intentions, and attacked Mr. Lamont over the London terror plot.

The senator appears so emboldened that in spite of the Democratic unity around Mr. Lamont, some Washington Democrats are now acknowledging that a Lieberman victory in November is a distinct possibility. According to guests at a fund-raiser for Senator Hillary Rodham Clinton in the Hamptons on Saturday, Mrs. Clinton — who is supporting Mr. Lamont — said that Mr. Lieberman had more than a 50-50 chance of winning re-election. (Clinton aides said they could not confirm or deny the remark; one of the aides said that if Mrs. Clinton had discussed the race, she might have been referring to a new poll that had Mr. Lieberman slightly ahead.)

To help Mr. Lamont, national Democrats are providing ideas to his campaign on policy issues and staffing, as well as a steady flow of donations, Lamont aides said.

In a state where Republican and independent voters make up a majority of the electorate, Mr. Lieberman is still developing a message about bipartisanship, but his aides say it will involve adopting positions from both parties and being willing to criticize Democrats as well as Republicans. Meanwhile, Mr. Lamont, a Greenwich millionaire, now has to calibrate his own identity as self-described liberal.

"Given the demographics of Connecticut, it's still an uphill battle for Lamont, even as the Democratic nominee," said Donna Brazile, a Democratic consultant and official with the Democratic National Committee, which is supporting Mr. Lamont.

"Ned came out of nowhere to beat an incumbent, but now he has to rally the party and reach out to independents," Ms. Brazile said. "Joe Lieberman won 48 percent of the Democrats in the primary. Now he has to maintain that and build on it. Can he? Sure he can. It's way too soon to call this race, because it's going to be a dogfight to the finish."

Mr. Lieberman also faces a Republican candidate, Alan Schlesinger, but on Monday President Bush's spokesman refused to say that the White House was endorsing him, reinforcing concerns about his viability and suggesting that Mr. Lieberman could mine Republican votes.

Lamont advisers said that they had hoped Democratic pressure on Mr. Lieberman to quit would have been unbearable. Howard Dean, the chairman of the Democratic National Committee, has called on Mr. Lieberman to drop out, but other Democratic leaders have questioned whether it makes sense to take on the senator — and perhaps anger him — when he appears determined to run and relatively formidable right now.

"No one is going to say anything that is directly related to trying to hurt Joe Lieberman," Senator Harry Reid of Nevada, the Democratic leader, said to reporters on Friday. "However, I just have to say that Joe has to play on the field of Connecticut."

In the absence of Democratic pressure, the Lamont campaign is seeking and receiving other forms of help. Several Democratic senators have donated to Mr. Lamont, including Mr. Reid, who contributed $5,000 the day after the primary. Former President Bill Clinton and Mrs. Clinton have offered to campaign for Mr. Lamont — his aides say the offer will be accepted — and the Lamont campaign is setting up meetings with Mrs. Clinton and Senator Charles E. Schumer of New York, who is chairman of the Democratic Senatorial Campaign Committee.

As the newly proclaimed Democratic nominee, Mr. Lamont is moving to adopt a general election strategy that attracts more moderate voters, who are crucial to victory in Connecticut elections. He is also seeking at least two experienced fund-raising aides to tap more donors in Connecticut and nationwide, particularly those who are excited by the antiwar message.

Yet Mr. Lamont's staffing needs are also one of several signs that his rookie bid for statewide election is still evolving: He lacks such basic political tools as an opposition research effort to ferret out the sources of Mr. Lieberman's campaign contributions and other tidbits that might embarrass the senator. Mr. Lamont's communications and advance operations also need to be expanded, said Tom Swan, the campaign manager.

"There is a need for us to adjust a lot, to adjust significant pieces of the campaign and tap our thousands of volunteers," Mr. Swan said. "Having said that, I believe we have a lot to build off of to make that easier."

Some Lamont allies have privately expressed disdain for the idea of bringing on any outside consultants, noting that most big-name Democratic consultants had shown little willingness to help Mr. Lamont when he was an obscure businessman running a long-shot campaign.

"I don't want to hire any of those big-fee consultant types from Washington who just want to come in and make money off of Ned," Mr. Swan said. "We won the primary on Ned's message; we can win the general in a similar way."

While Mr. Lieberman faces the challenge of running as a man without a party, at least he is widely known in Connecticut; Mr. Lamont is still introducing himself to swaths of voters, and has to hone his political pitch to appeal to those who are not liberal or primarily concerned with the war in Iraq. During the primary, Mr. Lamont favored an expanded federal role in health care and education; his advisers say he will stick with those ideas and find ways to sell them to new audiences.

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"There isn't a Republicans for Lamont group yet, but I'm confident that we'll have the message to organize one pretty quickly," Mr. Swan said.

At the same time, Mr. Lamont is not abandoning his liberal allies, even those who might be polarizing figures in a state like Connecticut. The Rev. Al Sharpton, who drew notice for appearing on television behind Mr. Lamont during the candidate's primary victory speech, said yesterday that he spoke to the candidate by phone earlier in the day.

"I told Lamont, don't listen to the right wing saying you can't win with Sharpton and Jesse Jackson by your side, because you already did win with Sharpton and Jackson with you," Mr. Sharpton said. "He can't let the right wing pressure him in subtracting supporters from his side — he has to focus on addition."

Lieberman aides said that Mr. Lamont's association with Mr. Sharpton and Mr. Jackson — both of whom campaigned vigorously for Mr. Lamont — was a political albatross that helped explain why Mr. Lieberman believed he could win over a majority of voters.

"Primary night was the first time that many Connecticut voters saw Lamont on TV, and he's surrounding himself with two of the more divisive and problematic figures in the Democratic Party," said Dan Gerstein, a veteran Lieberman aide who was appointed communications director for the campaign last week.

Mr. Swan said that Mr. Lamont welcomed the support from the two men, but added that the tableau on primary night was not purposeful.

"We wanted folks from Connecticut up there with Ned, but plans sometimes don't happen," Mr. Swan said. "Folks decided to go up to the party and get up on stage. And you couldn't see supporters like Lowell Weicker because they were in the audience, Lowell because of his hip replacement," Mr. Swan added, referring to the former senator.

For the most part, the Lamont campaign and its allies see Mr. Lamont's relative lack of polish as an asset and not a weakness, and see little need to sand the edges of his image or deportment. Mr. Lamont has developed a reputation for speaking his mind and admitting mistakes, like apologizing yesterday for Mr. Swan's remark the other day about Waterbury, a Lieberman stronghold, as a place where "the forces of slime meet the forces of evil."

"I'm sure he'll become better at the political stuff as time goes by," said Sharon Palmer, the president of the American Federation of Teachers' Connecticut branch. "But I think that that element of not being a slick politician is appealing to a lot of people."

Clinton Gives Lieberman A Lesson In Independence (WP)

By Dan Balz

The Washington Post, August 16, 2006

Just three weeks ago, former president Bill Clinton was in Connecticut campaigning for Sen. Joseph I. Lieberman (Conn.) in the Democratic primary against Ned Lamont. But in an interview yesterday, Clinton gave Lieberman a vivid lesson in how life is different now that the senator has lost to Lamont and is running as an independent.

The former president slapped Lieberman over the latter's suggestion that he lost because party liberals wanted to purge a politician who shared Clinton's overall philosophy of being progressive on domestic issues while supporting a robust national security policy.

"If I were Joe, and I was running as an independent, that's what I'd say, too," Clinton told ABC's "Good Morning America." "But that's not quite right. That is, there were almost no Democrats who agreed with his position, which was, 'I want to attack Iraq whether or not they have weapons of mass destruction.' "

Lieberman is having better success with the current president than the former one. President Bush will not be backing Republican nominee Alan Schlesinger, who is lagging far behind in the polls, in the Connecticut general election. "We are not making any endorsement in Connecticut," said White House press secretary Tony Snow. "The Republican Party of Connecticut has suggested that we not make an endorsement in that race and so we're not."

When it comes to Iraq, Lieberman may not be as far apart from Clinton and his wife, Sen. Hillary Rodham Clinton (D-N.Y.), as the former president implied. Both Clintons supported the resolution authorizing the war. Neither has renounced that position, despite the absence of weapons of mass destruction.

Lieberman spokesman Dan Gerstein, in an e-mailed response, said Lieberman's posture was not the Bush-Cheney-Rumsfeld position, but one signed into law by Clinton himself in 1998 as the Iraq Liberation Act. That measure called for regime change there but not solely because then-Iraqi President Saddam Hussein harbored a desire for weapons of mass destruction.

Gerstein noted that Clinton had told an Aspen Institute audience last month that he agreed with Lieberman that it would be a mistake to set a timetable for withdrawal, as Lamont favors, and said Clinton had called efforts to punish Democrats who backed the war "the nuttiest strategy I ever heard in my life."McKinney Is Anti-Machine

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Rep. Cynthia McKinney (Ga.), who also lost a primary to a fellow Democrat this month, is not running as an independent. Like Lieberman, however, she does not seem entirely at peace with the voters' verdict.

In remarks to the National Dialogue and Revival for Social Justice in the Black Church, meeting in Georgia, McKinney warned that African Americans need to stand up against electronic voting machines, which she suggested may be responsible for her loss.

"You won't know who won as long as we have those electronic voting machines, with the problems that have been manifested by them," she said in remarks quoted by the Associated Press.

McKinney, known over six terms in Congress for her confrontational style, said she considers herself a "black political paramedic," and warned that the "black body politic is near comatose."

Former DeKalb County commissioner Hank Johnson won the primary by 59 percent to 41 percent. Like McKinney, he is black.

The Democrats Mean Business (WSJ)

By Ned Lamont

The Wall Street Journal, August 16, 2006

In the past week, my victory in the Connecticut Senate primary has been labeled everything from the death knell of the Democratic Party to the signal of our party's rebirth. Beneath all of this punditry is a question that I want to face directly: how the experience I will bring to the U.S. Senate will help Connecticut and the Democratic Party during this time of testing for our country.

I ran at a time when people said "you can't beat a three-term incumbent," because I believed that President Bush, enabled by Sen. Joseph Lieberman, had weakened our country at home and abroad. We're weaker economically, because we're more dependent on foreign energy and foreign capital. Our national security has also been weakened, because we stopped fighting a real war on terror when we made the costly and counterproductive decision to go to war in Iraq.

My confidence that Connecticut was ready for a real debate and a real choice this year was founded not only on current events but also past experience. It was my career in business that shaped my outlook, and helped prepare me to run the race I did.

In 1984, with a loan from People's Bank, I started Campus TeleVideo from scratch. Our offer was unique: Rather than provide a one-size-fits-all menu of channels, we let the customers design their cable system based on the character of the community being served.

From the moment I filled out that loan application, I've been in every part of the business -- pulling cable, hiring workers, picking a good health-care plan, closing deals, listening to customers and fixing problems. It's been profitable, and it's been instructive, a quintessentially American experience. Here, entrepreneurs have the freedom to be successful in ways the rest of the world admires.

These defining lessons of my business experience are central in my campaign: identifying the challenges that face our state and offering real solutions. Something clearly worked, because the voters decided to do what our Founding Fathers envisioned; they put their trust not in a career politician but in a concerned citizen and experienced businessman who promises to rock the boat down in Washington.

Here are the four lessons of my business life that I talked about every day on the campaign trail, and that have resonated with Connecticut Democrats:

· First, entrepreneurs are frugal beasts, because the bottom line means everything. In Connecticut, voters are convinced that Washington has utterly lost touch with fiscal reality. We talked about irresponsible budget policies that have driven the annual federal deficit above $300 billion and the debt ceiling to $9 trillion. Meanwhile, the government is spending $250 million a day on an unprovoked war in Iraq while starving needed social investment at home. I am a fiscal conservative and our people want their government to be sparing and sensible with their tax dollars.

· Second, entrepreneurs invest in human resources. Our business strives to pay good wages and provide good health benefits so that we can attract employees that give us an edge in a competitive marketplace. Well-trained and well-cared-for people are essential for every business these days, particularly in a global economy. It's getting harder and harder for American businesses to compete on price, but we innovate and change better than any economy on the planet. The quality of our work force is one of America's competitive advantages -- if our education system fails our children and our employers, we'll lose the future.

That's why I talked about my work as a volunteer teacher in the Bridgeport public schools, which can't afford to be open later than 2:30 p.m., schools that send children home to an empty house. That's why my campaign offered a strong alternative to

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standardized tests and No Child Left Behind. That's why I believe in an employer-based health-care system that covers everyone, and providing tax benefits to small businesses so they can provide insurance without risking bankruptcy.

· Third, in a market-driven economy, entrepreneurs can never lose touch with what customers, suppliers and workers are saying. A great strength of our campaign is that we embraced the grassroots and netroots, suburbs and inner cities, and used the most advanced technology to empower our door-knockers and activists. We listened hard and respectfully to what voters told us, and gave them the confidence to trust someone new.

· Finally, entrepreneurs are pragmatic. Unlike some politicians, we don't draw a false strength from closed minds, and we don't step on the accelerator when the car is headed off the cliff.

By every available metric, the "stay the course" strategy in Iraq is not a winning strategy. Changing course is neither extreme nor weak; it is essential for our national security.

We start with the strongest, best-trained military in the world, and we'll keep it that way. But here's how we'll get stronger by changing course. We must work closely with our allies and treat the rest of the world with respect. We must implement the recommendations of the 9/11 Commission and put in place real protections for ports, airports, nuclear facilities and public transit.

Good judgment is an essential part of good governance. But we're bogged down in Iraq, and hamstrung in the war against terror, by leaders who lacked judgment, historical perspective, openness to other cultures and plain old common sense. We offer something different.

But in the final analysis, the results of this election say less about me, and more about the people of Connecticut. They turned out in record numbers; they spoke every day with a simple eloquence and urgency about the country we love. They oppose the war and the fiscal nightmare crafted by President Bush and his allies. But their vote, finally, was one based on pragmatism and reality, on optimism and hope. And it is to these ideals and values that we plan to address my campaign in the months until November.

Collins Endorses Lieberman In His Re-election Bid (BOS)

The Boston Globe, August 16, 2006

PORTLAND, Maine --Sen. Joseph Lieberman's bid for re-election as an independent received a solid endorsement from the chairwoman of the Homeland Security Committee on Tuesday.

Sen. Susan Collins, R-Maine, said she fully supports Lieberman, ranking Democrat on the committee, who's running as an independent after losing the Democratic primary to political newcomer Ned Lamont.

"I very much hope that Sen. Lieberman will be re-elected in the fall. His is an important voice of moderation and experience in the Senate," she said.

Lamont managed to defeat the Democratic party's 2000 vice presidential nominee in an election that was viewed by many as a referendum on Iraq and President Bush's handling of the war. Lieberman's decision to run as an independent sets up a three-way race between Lieberman, Lamont and Republican Alan Schlesinger.

Interviewed on the WCSH-TV show "207," Collins said it's unusual that she would endorse someone from another party, but she said Lieberman has been an important partner on homeland security measures.

She noted that she has worked with Lieberman on all important homeland security issues. "It would be a real loss not only to the people of Connecticut but to the people of this country were he not re-elected," she said.

Politicial Ad Pairs Clinton, Bin Laden (AP-Y)

By Beth Fouhy

AP, August 16, 2006

A Republican hoping to challenge Sen. Hillary Rodham Clinton this fall is running a television ad that pairs Clinton's face with Osama bin Laden's and accuses her of opposing national security programs that may have helped thwart a terror plot on U.S.-bound flights from London.

The ad by former Yonkers Mayor John Spencer's campaign suggests Clinton is "playing politics with national security." It shows images of newspaper headlines about the terror plot, followed by photos of Clinton and bin Laden.

"Senator Hillary Clinton opposed the Patriot Act and the NSA program that helped stop another 9/11. She'd leave us vulnerable," the narrator says.

Clinton adviser Howard Wolfson called the ad factually inaccurate. Clinton voted for the Patriot Act, which expanded the federal government's ability to track terror suspects, in 2001. Last year, she was part of a Democrat-led filibuster that forced Republicans to accept curbs on the government's power to investigate suspects, but she then voted to renew expiring sections of the Patriot Act.

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"Mr. Spencer's history of making wild-eyed angry falsehoods like these are among the many reasons why no one takes him or his campaign seriously," Wolfson said.

In the past, political ads linking lawmakers to bin Laden, the al-Qaida mastermind of the Sept. 11, 2001, attacks, have been highly controversial.

In 2002, Republicans used an image of bin Laden in an ad questioning whether Georgia Sen. Max Cleland, who opposed a Bush homeland security bill, had the courage to lead. Cleland, a Democrat who lost three limbs in the Vietnam War, was ultimately defeated by Republican Saxby Chambliss.

Spencer spokesman Rob Ryan defended the Clinton ad Tuesday.

"The ad speaks for itself," he said. "It's about the failure of Senator Clinton to take proper action to defend the state in a time of war."

Spencer faces Kathleen Troia "KT" McFarland for the GOP nomination to challenge the heavily favored Clinton. The primary is Sept. 12.

Cardin Woos Seniors With Anti-Bush Rhetoric (WT)

By S.a. Miller

The Washington Times, August 16, 2006

Rep. Benjamin L. Cardin yesterday courted the senior-citizen vote in his run to represent Maryland in the U.S. Senate.

Meanwhile, his chief rivals for the Democratic nomination -- Kweisi Mfume, former president of the National Association for the Advancement of Colored People, and Bethesda businessman Josh Rales -- started their final push to the Sept. 12 primary.

During a campaign stop at Ring House Retirement Community in Rockville, Mr. Cardin touted his record of opposing President Bush on the Iraq war and on tax cuts, the Medicare drug plan and a proposal to privatize Social Security.

"It is helping me in the Senate campaign that the voters know that I stood up to George Bush," he told about 70 of the mostly Jewish residents.

"Democrats are not going to win just because George Bush's popularity is around 35 percent," Mr. Cardin said. "Democrats are going to win because we do have a positive message for America's future.

"We do know how to balance the budget by taking on special interests in health care. We do know how to provide energy independence by taking on the special interests in the oil industry," he said.

Mr. Cardin received more applause for his attacks on the president than for his health care proposals, which were the focus of the event.

"What I came away with is to be sure to vote Democrat," said Charlotte Shapiro, 84, a registered Democrat who said she would vote for Mr. Cardin. "The war is what I'm against. It is a war that we didn't have to be involved with."

Mr. Cardin's primary opponents also are tapping the strong anti-war sentiment among Maryland Democrats, and Cardin critics point out that he voted to fund the war after having voted against the invasion of Iraq.

The winner in the Democratic primary likely will face Lt.Gov. Michael S. Steele, a Republican, in the Nov. 7 general election.

Mr. Steele has voiced support for the war but also has called for an exit strategy.

Mr. Mfume, a former congressman, is calling for an exit strategy for U.S. troops in the "unnecessary war" in Iraq and Afghanistan.

"It's an issue he feels passionate about. It is time to start ending this," Mfume campaign spokesman Steve Marinoff said.

Mr. Mfume campaigned from Westminster to Hagerstown yesterday, speaking about the need to protect U.S. workers from losing their jobs to globalization and trade agreements.

"We want to do what we can to help them and make sure their voices are heard," Mr. Marinoff said.

Mr. Mfume will be back in Western Maryland today to meet with the Frederick County Women's Democratic League.

Mr. Rales, who raised his profile in the race by spending his personal fortune on a statewide TV ad campaign, advocates a complete troop withdraw from Iraq by March.

He took his "Driving Change" bus tour to Howard and Anne Arundel counties yesterday and spoke about health care reform. He is scheduled to travel to Western Maryland today and tomorrow.

"What he is telling the voters is that he is a different kind of candidate," Rales campaign manager Robin D. Rorapaugh said. "He's not tied to special interests."

DeLay's Seat Up For Grabs, Texas Republicans Will Meet To Weigh Write-Ins (NYT)

By Ralph Blumenthal

The New York Times, August 16, 2006

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SUGAR LAND, Tex., Aug. 15 — With dwindling hopes of keeping Tom DeLay's longtime House seat from falling to a Democrat in November, Texas Republicans on Tuesday called an urgent meeting for Thursday to exercise their only option: agreeing on a write-in candidate.

But that slender prospect — no such write-in campaign has succeeded in the state — seemed to suffer a blow when a leading candidate facing party opposition disparaged the meeting, saying "that may have worked in Moscow," and vowed to keep running even if it meant two Republican write-in candidates.

"I'm in the race and I'm in it to win," said the candidate, David G. Wallace, the part-time mayor of this booming Houston suburb named for its onetime Imperial sugar factory. He said he might be too busy campaigning to attend the meeting.

But Mr. Wallace, 45, a businessman and an investor in partnership for a time with Mark Thatcher, son of the former British Prime Minister Margaret Thatcher, has detractors, including his City Hall predecessor, Dean A. Hrbacek, a lawyer whom Mr. Wallace defeated in 2002.

"Dave is hoping to steamroll everyone in the process," said Mr. Hrbacek, who will be a precinct chairman at the meeting on Thursday. "What he's finding is that's not acceptable to most folks."

Challenging Mr. Wallace for the party designation are Dr. Shelley Sekula-Gibbs, 53, a dermatologist and a Houston City Council member, and Tim Turner, a Houston businessman. The Harris County tax assessor and collector, Paul Bettencourt, 47, said he was also willing to be considered but is restricted from campaigning because of his high state office, which he would have to resign to run.

Still, Mr. Bettencourt said, "when your party calls and says you're the only one who could do something, I took the phone call."

The Republican National Committee and the traveling White House in Crawford last week also voiced some urgency about the selection of a candidate, said Ted Delisi, a leading Republican political consultant.

Mr. Wallace jumped into the race within minutes of Mr. DeLay's surprise announcement in April after winning the primary that he was abandoning his campaign in order to move to Virginia and would resign the 22nd Congressional District seat he had held since 1985.

The Texas Republican Party quickly tried to replace Mr. DeLay on the ballot, but the Democrats, eager to keep the focus on Mr. DeLay as he faces charges of campaign spending violations and an investigation of Jack Abramoff, his lobbying associate, sued to prevent that, saying Mr. DeLay had been chosen by voters and any switch was improper voting manipulation.

Three courts agreed, and the United States Supreme Court declined to intervene. Mr. DeLay said he would not campaign, leaving the Republicans with little choice but to come up with a write-in candidate to face the Democratic challenger, former Representative Nick Lampson, on Nov. 7.

The campaign has taken bizarre turns, appropriate perhaps in a Texas election season already featuring the oddest governor's race in recent times. Gov. Rick Perry faces three rivals: the country music jokester Kinky Friedman; the ex-Democrat, ex-Republican independent state comptroller, Carol Keeton Strayhorn, who is fighting for the right to be called "grandma" on the ballot; and the Democrat, former Representative Chris Bell, who is struggling to stave off the ignominy of finishing anything worse than second.

Now there is the strangely lopsided race in the 22nd District, where, some political commentators say, it is not so much about 2006 but 2008.

"Lampson's going to win, that's all there is to that," said Bill Miller, an Austin lobbyist and political consultant close to the Republicans.

The Republicans are not officially conceding that, citing some rare successful write-in campaigns in several other states. "My hope is that we can unify behind one candidate," said Tina J. Benkiser, the Texas Republican chairwoman, who called for the Thursday meeting of 150 precinct leaders and other party officials. But, she said, "this is going to be a challenge at best."

Mr. Wallace said he saw Ms. Benkiser as no friend of his campaign, but she insisted she was neutral. "I don't have a dog in this race," she said.

Mr. DeLay has not announced any endorsements.

Party leaders acknowledged that whoever is chosen would have a leg up on the 2008 race, when the Republicans will undoubtedly be better positioned to contest the seat in the staunchly Republican district.

Mr. Delisi, whose wife, Deirdre, is deputy chief of staff for Governor Perry, said a strong write-in effort could make Mr. Lampson spend more of his war chest, last accounted at close to $3 million, and leave him with less to devote to re-election.

The Democrats need to pick up 15 House seats to unseat the Republican majority, and up to 38 Republican seats are often listed as vulnerable. The Democrats have 10 seats considered vulnerable.

The bleak prospects for Republicans in the 22nd District has prompted some to consider an alliance with the Libertarian candidate, Bob Smither, an electrical engineer, who does have a place on the ballot. "I'm not convinced a write-in will succeed,"

said Jerry Patterson, commissioner of the Texas General Land Office and a Republican running for re-election. At least Mr. Smither, he said, would vote with the House Republican leadership, “denying Nancy Pelosi a vote for speaker.”

McKinney Criticizes Electronic Voting (AP-Y)

By Kate Brumback, Associated Press Writer

AP, August 16, 2006

Rep. Cynthia McKinney, in her first public appearance since losing her re-election bid last week, said Tuesday that the black community needs to oppose electronic voting machines, which she warned can be used to steal elections.

McKinney also said the state of Georgia should prohibit crossover voting among political parties in primary elections and end its system of runoff elections.

The fiery Democratic congresswoman, who scuffled with a Capitol Hill police officer earlier this year and has accused the Bush administration of having advance knowledge of the Sept. 11 attacks, said she considers herself a "black political paramedic," and the "black body politic is near comatose."

McKinney made the remarks during the National Dialogue and Revival for Social Justice in the Black Church, sponsored by the Rev. Al Sharpton's group, the National Action Network. The Augusta crowd, estimated at fewer than 200 people, gave her a standing ovation when she was introduced and again when she finished speaking.

Last week McKinney lost her bid for a seventh term in Congress. Hank Johnson, a former DeKalb County commissioner, defeated her 59 percent to 41 percent in the Democratic runoff. Johnson, like McKinney, is black, and so are most people in the suburban Atlanta district.

In her concession speech on election night, McKinney blamed her defeat on the news media and electronic voting machines. She continued to criticize both Tuesday.

"You won't know who won as long as we have those electronic voting machines, with the problems that have been manifested by them," she said, criticizing Georgia officials for not requiring that paper records be kept of all votes.

She also blamed her loss in part on Republican crossover voting. She said open primaries — where voters can choose to vote in either party's primary election, regardless of how they are registered — should not be allowed.

McKinney also charged that Georgia's system of runoff elections, where winners must always receive more than 50 percent of the vote, violates the Voting Rights Act.

As for the media, she said: "What I have learned from the corporate media is that they are there to protect the status quo. They are there to protect the powers that be, and anyone who becomes a threat in any kind of way by providing information that will go directly to the survival of the community, to the uplifting of the people, will become an enemy."

Black churches, she said, need to act as an alternative source of information.

She refused to answer reporters' questions after her speech. A woman in McKinney's entourage got between the representative and a reporter. A male bodyguard said McKinney would not take questions.

Group To Rally Evangelical Voters (WP)

By Alan Cooperman

The Washington Post, August 16, 2006

Conservative Christian radio host James C. Dobson's national organization, Focus on the Family, said yesterday that it will work with affiliated groups in eight battleground states to mobilize evangelical voters in the November elections.

In targeting individual churches the way political organizers traditionally pinpointed certain wards, Focus on the Family is filling a void left by the near-collapse of the Christian Coalition and stepping into an area where recent Republican Party efforts have created resentment among evangelicals.

As a nonprofit, tax-exempt organization, Focus on the Family is barred from endorsing candidates. Tom Minnery, vice president of the Colorado-based group, said its efforts would be nonpartisan.

During the 1990s, the Christian Coalition distributed millions of voter guides through churches and played a major role in mobilizing evangelicals. After the Christian Coalition suffered financial and management problems, the Republican Party directly organized conservative Christian congregations in key states in the 2004 presidential race.

When memos leaked about the Bush-Cheney campaign's effort to collect church membership directories, however, the GOP came under sharp criticism from some evangelical leaders. Neither the Federal Election Commission nor the Internal Revenue Service charged Republican officials with any violation, and the GOP never backed away from the tactic. But political strategists came to view church-based organizing as both effective and controversial.

In an e-mail message to supporters last week, Focus on the Family said it would partner with its state-level "family policy councils" to "combat voter apathy and encourage Christians to go to the polls" in Maryland, Pennsylvania, Michigan, Ohio, New

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Jersey, Minnesota, Montana and Tennessee. Minnery, in a telephone interview, said those states were chosen for their "live, hotly contested races."

The e-mail said Focus on the Family is looking for volunteer county coordinators whose duties would include "recruiting key evangelical churches." It also is seeking "church coordinators" who would encourage pastors to "speak about Christian citizenship," conduct voter-registration drives, distribute voter guides and run get-out-the-vote efforts.

In mid-September, Focus on the Family and other conservative groups are planning to hold a "Value Voters Summit" in Washington.

Phil Burress, president of Ohio-based Citizens for Community Values, one of the state-level groups working with Dobson, said the summit will be a "pep rally" similar to the "Road to Victory" conferences that the Christian Coalition used to run in election years.

The Rev. Barry W. Lynn, executive director of the Washington-based group Americans United for Separation of Church and State, charged that "Dobson's drive to build a church-based political machine will jeopardize the tax exemption of participating congregations."

Minnery, in response, called Lynn "a bully who wants to clear the field of conservative voices" in politics. "Doing nonpartisan voter registration is perfectly acceptable and legitimate and legal -- and matches what has been done in liberal churches for years," Minnery said.

AP: House GOP Plans $40M Ad Campaign (AP-Y)

By Liz Sidoti

AP, August 16, 2006

House Republicans have reserved more than $40 million worth of television advertising time for the fall, most of it aimed at holding seats they control, particularly in the Midwest and Northeast.

Republican incumbents in the Philadelphia area — Reps. Jim Gerlach, Curt Weldon and Mike Fitzpatrick — as well as Connecticut Reps. Rob Simmons and Nancy Johnson are slated to get roughly $10 million combined in party advertising.

In the Ohio River Valley, Reps. Steve Chabot of Ohio, Geoff Davis of Kentucky and Mike Sodrel of Indiana also are to benefit from advertising by the National Republican Congressional Committee.

While most of the airtime reserved so far is meant to help GOP incumbents fend off Democratic challenges, House Republicans also plan to spend millions of dollars to try to unseat several Democrats, including Chet Edwards of Texas, John Spratt of South Carolina and Leonard Boswell of Iowa. The NRCC plans to spend at least $1 million in each of those races to help GOP candidates.

House Democrats, for their part, previously reserved roughly $50 million in advertising time for the fall as they seek to pick up the 15 seats they need to win control of the House after a dozen years in the minority.

Generally, the two advertising blueprints overlap.

Democrats, for instance, have reserved advertising time to run barrages of commercials in most of the same GOP-held districts in the Midwest and Northeast where Republicans plan to defend their turf.

House Republicans' plan calls for spending money on commercials in more than two dozen competitive congressional districts across the country as the GOP seeks to retain control of the House on Nov. 7.

Political advertising reservations are publicly available, providing a window into campaign playbooks that candidates and groups typically keep under wraps.

"We don't talk about our strategy," Carl Forti, an NRCC spokesman, said Tuesday.

Bill Burton, a Democratic Congressional Campaign Committee spokesman, said: "With a mess in Iraq, gas prices at new highs and public confidence in the White House and Congress at new lows, it's no surprise that Republicans are on defense at an unprecedented level around the country."

Public information available to date shows that other GOP incumbents who are to benefit from the NRCC's ad campaign include Reps. Heather Wilson in New Mexico and Clay Shaw in Florida, who Democrats are targeting for defeat.

Plans also call for Republicans to run commercials in hopes of winning two open seats in Ohio that Democrats currently control, as well as one in Vermont being vacated by an independent who typically votes with Democrats.

However, the GOP has not reserved advertising time to aid Rep. Chris Chocola in Indiana even though House Democrats plan to spend at least $700,000 to win the district. House Republicans have told Chocola that he must fend for himself, given his personal wealth and his ability to raise large amounts of money.

Also, no advertising dollars are slated so far to help GOP Rep. Christopher Shays of Connecticut keep his Connecticut district even though Democrats have reserved $2 million to try to unseat him. The southern Connecticut district watches television from the New York City media market that's among the most expensive in the country.

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The NRCC's plans could change. The committee continues to reserve airtime and it may adjust its strategy if the political landscape shifts between now and Election Day.

The same goes for Democrats.

Placing reservations this far in advance allows congressional campaign committees to lock in lower advertising rates available at some television stations in the summer and ensure there is enough space left on the airwaves to run commercials benefiting their own candidates in the final days of the midterm election.

There are other strategic benefits as well.

Under the law, the NRCC, the DCCC and both parties' Senate campaign committees must conduct their multimillion dollar ad campaigns independently from the candidates they are designed to help.

By reserving airtime now, House Republicans are legally letting their own candidates know how much advertising help they can expect to get from the party, if any at all. Those candidates then can plan their campaigns accordingly.

Still, there can be risks.

GOP candidates and state political parties planning their own advertising can end up counting on the NRCC's help and become angry if the national committee doesn't follow through.

Also, because the public information is widely available, Democrats are tipped off to the GOP strategy — and can adjust their own plans to be more competitive.

Tycoon's Gift To School Raises Hopes, Questions (USAT)

By Steve Wieberg

USA Today, August 16, 2006

STILLWATER, Okla. — On the Depression-era night when Boone Pickens was born, the attending doctor gave his father a grim choice: There were complications, and he could save the life of his wife or the baby. But not both.

Thomas Boone Pickens would have none of it. There had to be another option, he insisted, and the physician sweated — successfully — through the first cesarean section performed at the hospital in Holdenville, Okla.

Like his father, the son does not concede easily. In life. In business. Or on the playing field, where Boone Pickens, now 78, has made it his mission to lift his beloved Oklahoma State Cowboys from decades of low-budget mediocrity in all but a handful of sports to eminence in football and beyond. Money's what it takes? Money, the Cowboys now have. Just after Christmas last year, the famed oilman-turned-master investor wired $165 million to a school-connected account.

The donation was the biggest by far in the history of college athletics, a stunning windfall enhanced by a $31 million kick-in from the OSU golf foundation and careful investing that has swollen the total amount to more than $250 million. By the time it's spent, the pot is expected to grow to $343 million.

To a get-results guy such as Pickens, OSU Class of 1951, it's simple cause and effect. “I've had a lot of experience,” he says. “I've had a lot of winners — I'm not talking about athletics, I've had winners in business — and when you get down to it, it's funding and leadership (that make a difference). If you can provide the funding and you get the leadership, you'll have a competitive team.”

And if win-loss records fail to reflect that logic? That's one of the hundred-million-dollar questions.

The football team is coming off a four-win season and last-place finish in the Big 12 Conference's cutthroat South Division, and prospects for this year are barely improved. The Cowboys are forecast by media covering the conference to finish next-to-last in the South, ahead of Baylor.

Mike Gundy is entering his second season as coach. He had Pickens' backing when hired in January 2005 and professes to feel no more than the standard major-college pressure to win. Pickens' gift, he says, is “a great opportunity for us.”

OSU men's tennis coach James Wadley is more frank about Pickens' donation. “You'll see a bunch of coaches squirming. It raises the bar. It takes away some excuses,” he says. “But that's what we all want. You want to compete, and you want to compete at the highest level. If you don't, you shouldn't be in this business.”

The money, all of it, is earmarked for facilities. The next seven years will see a remarkable building boom that will provide the track, baseball, tennis and women's soccer and equestrian teams with new stadiums and quarters.

Football will get upwards of $120 million for new offices, new locker and training rooms and additional seating in a newly enclosed west end of its stadium. Gundy and his team will be the primary tenants of a multipurpose indoor practice facility, planned along with probably three practice fields at a cost of $54 million.

All that's atop two sprucing-up and expansion projects undertaken since 2003. By 2008, upgrades to the stadium will have totaled more than $220 million. Counting previous gifts, Pickens (whose name now adorns the stadium) will have underwritten roughly two-thirds of that amount.

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“Word has gotten out,” says Gundy, a record-setting, four-year starting quarterback for the Cowboys in the 1980s and later their offensive coordinator under Bob Simmons and then Les Miles.

Walk into a high school coach's office during a recruiting trip to talent-rich Texas, “and the first thing they say is, ‘You guys are going to build big-time facilities up there,' ” Gundy says. “That trickles down to the prospects.

“It's great marketing. It's great advertisement. And it's put us in position to have a lot of success.”

Wadley says he's getting the same response: “I can get in a lot of houses I couldn't get in before.”

OSU's longest-tenured coach at 31 years, Wadley has long had to make do with perhaps its poorest athletics facilities. His team uses the school's recreational courts, which have no locker rooms or restrooms. There isn't an indoor court anywhere on campus or even in Stillwater, and Wadley and his players must drive 45 minutes to an hour or more to Tulsa, Oklahoma City or Ponca City to practice during the winter.

From that poorhouse, the program will move into a $15 million, state-of-the-art facility sometime in the next five or so years.

Then, Wadley acknowledges, “The winning better come.”

To put Pickens' $165 million gift in perspective, consider that athletics giving at Oklahoma State had averaged $7 million to $9 million yearly, most from donations tied to priority football seating. Non-athletics giving to the university for the fiscal year ending June 30 totaled $100 million.

Pickens' generosity didn't end with the $165 million. That, along with $6 million he'd donated earlier last December and the $31 million from the golf foundation, immediately was invested in his successful hedge fund, BP Capital Management, and Pickens waived all fees (2% of the original amount plus 20% of the profits).

Say this: He knows money management. BP Capital coaxed first- and second-quarter returns totaling $50 million, according to athletics director Mike Holder. Waiving the fees had saved the school roughly $14 million through the middle of July, Pickens estimates.

Which raises a second question: What sort of influence in OSU athletics does that buy Pickens?

“With a gift like that, of course, they're going to be respectful and I'm going to be asked my opinion on things. It doesn't mean that I'm running anything,” he says. “I don't want to get into personnel. I've never told a football coach at OSU, ever, ‘Hey, you should play that guy at quarterback.' Or, ‘You ought to run more up the middle or pass more.' I'd never be over there jerking people around or something like that. That's not my personality.”

Still, a close relationship with Pickens did Holder no harm when Oklahoma State went looking for a replacement for retiring athletics director Harry Birdwell last year.

“Boone didn't pick Mike. He didn't try to pick Mike,” says Oklahoma State President David Schmidly, who did choose Holder, then the OSU men's golf coach and a longtime quail-hunting buddy of Pickens. “But … why wouldn't you want an athletic director that your top donor likes?”

Holder, who won eight national championships in 32 years in charge of the Cowboys golf program and just as notably built a $37 million endowment and debt-free, first-class university golf course, took over as vice president for athletic programs and AD in September. Pickens came through with his big gift three months later.

Gundy was running the football program by then. But Pickens, as a member of OSU's screening committee, was among those who'd championed him during a short search after Miles left for LSU in January 2005.

Pickens was growing increasingly impatient with a program that had won one league title (and that a tie) in 46 years in the Big Eight and Big 12, hadn't played in a top-tier bowl since 1946 and had never put together more than two consecutive years with at least eight wins. When the Cowboys came across gifted coaches — Jimmy Johnson and Miles — they'd soon lose them to other college programs.

“It was just a steppingstone. Miles no sooner got there than he was looking for another job,” Pickens says. “What I proposed to the regents and the president of the university (was) if Gundy can do it, he's an OSU guy, he likes to live in Stillwater, he was a great football player for us and it's a natural place to go. That's the kind of advice I try to provide.”

Robert Darcy, a regents professor of political science and statistics and past chairman of OSU's Faculty Council, nonetheless has complained about Pickens' heavy hand in school affairs. He was publicly critical of the $165 million gift, painting it as an example of the university's overemphasis on athletics.

“That, to me, is amusing. You give the money where you want it,” Pickens says, and he tacks on a caveat. “If you're telling me that somebody in the faculty said that, I'd be careful if I were they because I've said I was going to give more money to the school. I'd want to be a supporter, not a critic.”

The timing of Pickens' donation also drew attention from media outlets, including The New York Times. Because of congressional legislation related to Hurricane Katrina recovery efforts, taxpayers making a charitable donation before the end of 2005 received a one-time opportunity to deduct up to 100% of their adjusted gross income, double the usual limit.

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"Boone gave to OSU for one reason — to make the school more competitive in athletics and academics," Pickens' spokesman, Jay Rosser, said Tuesday via e-mail. "The notion that taxes factored into his thinking is laughable, and the actual tax benefits he received as a result of his giving have been dramatically overstated."

With Pickens' gift, OSU's spending on athletics facilities in the next five to seven years is projected at $316 million — slightly eclipsing the $314 million planned for a new science building, expansion and renovation of the business and architecture schools and other academic-side projects.

It also dwarfs the $11.7 million the university spent on sports facilities in a more than three-decade period from 1967 to 1999, when it began $56 million in improvements to basketball's Gallagher-Iba Arena. Pickens' gift essentially will lead to upgrades for every sport other than men's and women's basketball and golf, the only ones with facilities already up to snuff.

All of the new facilities, except for the equestrian team's, will be clustered onto newly purchased land north of the football stadium, fulfilling Pickens' vision of a sprawling sports complex.

And then … what?

Do good times inevitably roll?

Oklahoma State has won 48 national team championships, but 34 have come in wrestling and 10 in golf. Two more belong to the Henry Iba-coached basketball teams of the mid-1940s.

"If you follow the argument that facilities attract recruits, obviously this is a quantum leap forward for Oklahoma State," says Chuck Neinas, the former Big Eight commissioner and College Football Association executive director.

"Money doesn't buy happiness, and it can't necessarily buy victories. But it certainly creates a platform to develop a program."

Gundy and his staff hit recruiting pay dirt last winter, signing a class that by most assessments ranked among the nation's 20 best. He says the facilities promised by Pickens' gift were a factor.

There remains a gap between Oklahoma State and much of the rest of the Big 12 in operational spending on such necessities as equipment, travel, recruiting, salaries and scholarships.

OSU typically ranks ninth in the conference, and the roughly $8.5 million it spent on football last year was dwarfed by Texas' $15.5 million outlay en route to the national title, according to figures provided by the schools. With facilities covered, however, other donors can kick into those other areas, particularly scholarships.

"It was obvious to me and everyone else associated with OSU that we'd been playing with a short stick forever and someone needed to do something unprecedented to change the paradigm around here," Holder says. "All we've done for decades is just talk. Finally, there's more than just talk."

It's a $165 million bounce that Schmidly says is being felt beyond the university's playing fields and courts. "I'm getting ready to do a huge campaign for student scholarships," the OSU president says, "and I can go to donors and say, 'Look what Boone did to help us with athletics. Can you help us with academics?' So it's made my job a hell of lot easier.

"And let's face it. This is America. People like to be associated with winners. They like to be associated with things that are on the upswing, and this institution is on the upswing. In many ways, Boone gave us that momentum."

Gerald Ford In Minn. Hospital For Tests (AP-Y)

AP, August 16, 2006

Former President Ford was admitted to the Mayo Clinic in Minnesota on Tuesday for "testing and evaluation," his office said in a statement.

The statement gave no details about why the 93-year-old former chief executive went to the clinic in Rochester, about 75 miles southeast of Minneapolis.

"No further releases or updates are anticipated prior to early next week," said the statement issued from Ford's office in Beaver Creek, Colo. Ford also has a home in Rancho Mirage, Calif.

Mayo Clinic spokesman John Murphy confirmed the statement but said he had no additional information.

A message seeking comment from Ford's chief of staff, Penny Circle, was not immediately returned.

Last month, Ford spent a few days in Colorado's Vail Valley Medical Center because of shortness of breath. In January, he was hospitalized for 12 days in Rancho Mirage for treatment of pneumonia.

Ford suffered two small strokes five years ago and spent about a week in a hospital.

He became the nation's oldest living former president after the death of Ronald Reagan in 2004.

Ford was House minority leader when President Nixon chose him to replace the resigned Spiro Agnew as vice president in 1973. Ford became president on Aug. 9, 1974, when Nixon resigned amid the Watergate scandal.

New Jersey Attorney General Quits In Ethics Breach (NYT)

DOJ_NMG_0049182

By Laura Mansnerus And David W. Chen
The New York Times, August 16, 2006

TRENTON, Aug. 15 — The attorney general of New Jersey, Zulima V. Farber, resigned on Tuesday night after a state investigation found that she had violated her own department's code of ethics by going to the aid of her companion during a routine traffic stop.

"I am steadfast in my conviction that the findings do not compel my resignation, and no one has asked for it," Ms. Farber said, before conceding that staying on would cause too much of a disruption and prevent her from serving effectively.

As she spoke, her eyes visibly moist and her tone at times defiant, Ms. Farber stood next to Gov. Jon S. Corzine, who was enduring the first personnel crisis of his administration.

The accusations that Ms. Farber might have influenced officers when the police stopped her companion in late May had revived criticism of her selection earlier this year. At the time, her driving record — including 12 speeding tickets, 4 bench warrants and 3 license suspensions — was questioned, but Mr. Corzine dismissed such criticisms.

At a news conference on Tuesday at the State House, the governor said that Ms. Farber, "after thoughtful and truly painful consideration," had decided "to do more than ordinarily would be required for a lapse in judgment."

Mr. Corzine insisted that he had not asked for Ms. Farber's resignation. The two received the report on Monday and met that night in Hoboken, according to a high-ranking official of the Corzine administration, and again on Tuesday morning in Newark. It was not until hours later, the official said, that Ms. Farber decided to step down.

On May 26, Ms. Farber received a call from her companion, Hamlet E. Goore, saying that he had been stopped at a seat-belt enforcement checkpoint in Fairview, in Bergen County, and the police determined that he had a suspended license and an expired registration.

Ms. Farber was taken to Fairview in her state car, driven by a trooper. But she has said she did not intercede in any way and did not speak to any police officers. She did acknowledge, however, that Mr. Goore had told the police that his companion was coming to help remove some items from his van — and that his companion was the attorney general.

The investigation, led by a former state appeals court judge from Atlantic County, Richard J. Williams, found that although Ms. Farber broke no laws at the scene, her appearance there raised "serious ethical questions." Judge Williams's report cited three specific violations of the Department of Law and Public Safety's code of ethics that prohibit officers and employees from accepting favors because of their position or appearing to influence others.

The report made no recommendations as to whether Ms. Farber should remain in office, but the language that was used was stern. As attorney general, Judge Williams wrote, "coming to the scene of a traffic stop where you have a personal interest in the outcome of police decisions made at the scene creates a serious risk of raising public suspicion about the legitimacy of those decisions."

The report continued: "It also creates a risk of inhibiting the local police officers at the scene. It does not appear that the attorney general ever considered those risks."

In response to reporters' questions on Tuesday night, Ms. Farber said she went to the scene of the traffic stop "to remove valuable stuff from the back of the van that was about to be impounded."

The governor's office ordered the investigation on July 5, about a week after the first news reports about the traffic stop.

Those reports prompted some Republicans to demand Ms. Farber's resignation, and even some Democrats on the Senate Judiciary Committee — which had approved her nomination seven months ago — called for her to reappear before the panel.

While she never did explain herself to the committee, she did make personal entreaties to some legislators. State Senator John H. Adler, a Democrat from Camden County who is the chairman of the committee, said that Ms. Farber came to his house in Cherry Hill last month — in a car driven by a state trooper — to ask for his help. At his kitchen table, Mr. Adler said, he told her that she should resign, and Ms. Farber, accompanied by two lawyers, resisted.

After watching her resignation announcement, Mr. Adler said, "I'm glad that we can put this sad chapter behind us and look for an attorney general of the highest intelligence, competence and integrity to restore a department that's once again been disappointed by failed leadership."

Ms. Farber's resignation is effective Aug. 31, and the first assistant attorney general, Anne Milgram, will become acting attorney general.

Ms. Farber, 61, immigrated from Cuba when she was a teenager. As a lawyer, she served as the state's public advocate and in several other posts in Democratic administrations. When she was nominated by Mr. Corzine in January, she was a partner at Lowenstein Sandler, a large law firm with offices in Roseland, N.J., and Manhattan.

Three years ago, Gov. James E. McGreevey considered her a candidate for a State Supreme Court vacancy, but never went forward with a nomination after he learned of her troubled driving record.

Judge Williams was designated a special deputy attorney general, since Ms. Farber's office could not participate in investigating her. He had a staff of two lawyers and two investigators. According to their report, Mr. Goore's 1995 Oldsmobile van was stopped at 9:40 a.m. in Fairview, near the home he shared with Ms. Farber in North Bergen.

Mr. Goore was not wearing a seat belt, and the police also discovered that he was not carrying a valid driver's license, which had been suspended since April 2005, or vehicle registration, which expired in January 2005. Officer Albert Napolitano told Mr. Goore that he could not operate the car and that it would be impounded. But the officer told Mr. Goore that he could call someone to help retrieve items from the van and drive him home, and the person he called was Ms. Farber.

Mr. Goore did not return a call placed to his office on Tuesday in Irvington, where he is acting director of the city's Department of Community Development and Planning.

The judge's report recommended that three officers involved in the traffic stop be suspended without pay for two weeks, and all three accepted.

Joseph T. Afflitto Sr., a lawyer for one of the officers, said: "You're dealing with what you consider to be the highest-ranking law enforcement officer in the state, so you're inclined to accept it. If the boss says this is what I'd like, you do it."

N.J. Attorney General Quits Over Ethics Issues (USAT)

By Gregory J. Volpe Special For

USA Today, August 16, 2006

TRENTON, N.J. — New Jersey's attorney general resigned Tuesday hours after a special prosecutor found she violated three ethics rules in responding to a traffic stop in which her boyfriend got preferential treatment from local police.

Gov. Jon Corzine tapped retired appellate judge Richard Williams last month to examine the events surrounding a traffic stop May 26 in Fairview. Williams found that no criminal conduct took place but that Zulima Farber's "conduct does raise significant ethical questions that must be addressed."

In a joint news conference with Corzine, Farber, whose own driving record has been a political issue, said that she did not believe the contents of Tuesday's report required her to resign but that continuing in office would not have been possible.

"Anyone who knows me knows that I relish a good fight. In this case, however … such a fight would be a tremendous distraction from the very agenda the governor and I laid out," Farber said.

Farber, 61, was born in Cuba and is the state's first Hispanic attorney general. Her tenure will last less than eight months. Farber's record with the state Motor Vehicle Commission shows 13 speeding tickets, three suspensions of her driver's license and a bench warrant for failing to pay a fine.

Corzine said Farber has been an effective attorney general and was "giving up a lifelong dream" by resigning.

"She has decided to do more than might ordinarily be required for a lapse in judgment and to make a larger personal sacrifice for the greater good. And let me be clear: This is her decision," Corzine said.

Hamlet Goore, Farber's live-in boyfriend, was pulled over at a checkpoint near their North Bergen home because he was driving his minivan without a seat belt. Motor vehicle records showed his license was suspended and the van was unregistered. Police issued tickets and prepared to tow the van.

Goore called Farber to recover personal and work materials from the van. Police did not hand the tickets to Goore, and they agreed to let Farber follow Goore as he drove home.

Williams' report found Farber violated the Department of Law and Public Safety ethics code by creating the appearance of personal bias.

"The attorney general's purpose in going to the scene of a motor vehicle stop was to come to the aid of a loved one," Williams wrote. "That intent does not negate her responsibilities as attorney general."

The officers involved agreed to be disciplined: 14-day suspensions without pay.

New Jersey AG Resigns After Boyfriend's Traffic Stop Raises Ethics Issues (LAW/AP)

By Beth Defalco, The Associated Press

AP, August 16, 2006

New Jersey's attorney general resigned Tuesday after a special prosecutor concluded she violated state ethics laws by intervening in a traffic stop involving her boyfriend.

Zulima Farber, who will step down at the end of the month, said she is leaving office "out of respect for the governor" and not because she was asked to do so.

"I admit to being human and making that error. I am truly sorry and apologize to all New Jerseyans for that mistake," said Farber, who appeared at a Statehouse news conference alongside Gov. Jon S. Corzine.

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Farber's live-in boyfriend, lawyer Hamlet Goore, was pulled over by police in Fairview for a traffic violation in May, and Farber showed up at the scene in her state car. Goore's van was found to be improperly registered and his license appeared to be suspended, but he was allowed to drive home.

In recent weeks, Farber denied doing anything to influence the police. But a special prosecutor appointed by the governor said in a report issued Tuesday that Farber violated state ethics laws by "approving actions which allowed Mr. Goore to drive his vehicle home."

"The attorney general knowingly acted to secure a benefit for Mr. Goore that was violative of the motor vehicle laws and obviously not available to the general public," Richard J. Williams wrote in his report.

Corzine appointed Farber to the state's top law-enforcement post upon taking office earlier this year. But in New Jersey, a governor can only remove an attorney general "for cause," a murky standard in the opinion of some legal experts.

Motor vehicle records show that Farber, 61, has had at least 12 speeding tickets, four bench warrants issued for her arrest and three license suspensions.

The report led to renewed calls for the resignation of the New Jersey's first Hispanic attorney general.

"She is incapable of leading the fight against official misconduct and abuse of power because her conduct indicates that she does not even recognize what those things are," said state Republican chairman Tom Wilson.

New Jersey Attorney General Quits On Ethics Violation (Update2) (BLOOM)

By David Voreacoscatherine Larkin

Bloomberg, August 16, 2006

Aug. 15 (Bloomberg) -- New Jersey Attorney General Zulima Farber resigned today after a special prosecutor said she violated the state's ethics code by improperly helping her boyfriend at police traffic stop.

Farber, 61, quit hours after retired state judge Richard Williams released a report that while she broke no criminal laws, she failed to ``ensure that the laws were faithfully and fairly enforced." Farber, the state's first Hispanic attorney general, said at a news conference with Governor Jon Corzine that she would leave office after seven months rather than defend herself.

``I resign out of respect for the governor and for the goals we both share for the success of this administration," Farber told reporters at the statehouse in Trenton. ``Such a fight would be a tremendous distraction."

The resignation of Farber is a setback for Corzine, a Democrat who won election last November after pledging to clean up the ethics of state government. Corzine, 59, said that he didn't ask Farber to resign, although he said her decision was correct. The resignation followed calls from state politicians including Democratic State Senator John Adler, chairman of the Judiciary Committee, for Farber to quit.

``While Zulima has been strong and effective as attorney general, the report from Judge Williams would inevitably impair that effectiveness and risk undermining people's confidence in this office and in our state government," Corzine said. ``She recognizes that. I recognize that."

`High Standard'

The governor said that ``in the context of some of the historical failures in our state, we have to be operating at a very high standard."

The Williams report details Farber's actions on May 26, 2006, to help Hamlet E. Goore, who lived with her in North Bergen, New Jersey.

On that day, a police officer in nearby Fairview stopped Goore at a ``Click-It or Ticket" checkpoint designed to encourage seat belt use. The officer found that Goore's driver's license was suspended and his van's registration was expired, prompting him to write two tickets. Officers told Goore that his van would be towed, and he called Farber, the report said.

Farber, who was preparing to deliver a speech in Edison, New Jersey, directed her driver, a New Jersey State Police lieutenant, to take her to Goore, the report said. Farber arrived at the scene, where Goore had asked if the van could be towed to his home in nearby North Bergen, New Jersey, instead of being impounded, the report said.

No Tickets

After Farber spoke to officers at the scene, the report said, police canceled the tow and allowed Goore to drive his van home. Police never gave Goore the tickets, and a Fairview officer voided them. Williams wrote the evidence was ``inconclusive" on whether Farber talked with police about the tickets.

Farber also made phone calls that morning to administrators at the state Motor Vehicle Commission to have Goore's driving privileges restored. They were restored that morning.

Williams wrote that Farber's decision to go to the traffic stop was ``most unusual," given her position of power.

``Coming to the scene of a traffic stop, where you have a personal interest in the outcome of police decisions made at the scene, creates a serious risk of raising public suspicion about the legitimacy of those decisions," Williams wrote.

`Preferential Treatment'

``There is no evidence that the attorney general explicitly asked for preferential treatment of Mr. Goore at any time,'' Williams wrote. ``However, Hamlet Goore did, in fact, receive preferential treatment.''

``The conclusion is inescapable that her personal relationship with Hamlet Goore caused her to act in a partial manner,'' Williams said.

Farber said she didn't dispute most of the report -- only the conclusion by lawmakers that it required her resignation.

``I might quibble with some of the details, but I think it was fairly done,'' Farber said about the report. ``This much is undisputed -- I did not fix any tickets or ask for any tickets to be fixed for me,'' she said.

``I long ago apologized for not appreciating that my mere presence might lead police officers to behave differently than normal, and I do so again today.''

Acting Successor

The report said that Goore and Farber intended to go to the Jersey Shore for the weekend, and the van carried two bicycles, golf clubs, tennis racquets, clothes and other personal items.

Asked at the news conference why she went to the scene, Farber said: ``To remove valuable stuff from the back of the van that was about to be impounded. That's what I was doing at the scene.''

After Farber's resignation takes effect Aug. 31, First Assistant Attorney General Anne Milgram will assume the post on an acting basis, Corzine said.

Milgram, 35, is a former prosecutor who worked on human trafficking cases at the U.S. Justice Department, according to the attorney general's website. She also served as counsel to Corzine when he was in the U.S. Senate and worked as a prosecutor under Manhattan District Attorney Robert Morgenthau.

AOL Looking For Gold In Spam Case (WP/AP)

By Ted Bridis

The Washington Post, August 16, 2006

AOL is preparing to dig for buried gold and platinum on property in Massachusetts owned by the parents of a man it sued for sending millions of unwanted spam e-mails to its customers.

AOL said yesterday that it intends to search for gold and platinum bars it thinks are hidden near the home of Davis Wolfgang Hawke's parents on two acres in Medfield, Mass. The family said it will fight AOL's plan in court.

AOL won a $12.8 million judgment last year in U.S. District Court in Virginia against Hawke but has been unable to contact Hawke to collect any of the money he was ordered to pay.

"I don't care if they dig up the entire yard. They're just going to make fools of themselves," said Peggy Greenbaum, Hawke's mother.

She said AOL's lawyer notified the family that the company intends to use bulldozers and geological teams to hunt for gold and platinum on their property.

Greenbaum said she has not talked with her son in more than a year and complained about the embarrassment and humiliation he brought to the family.

Greenbaum said the family thinks Hawke buried gold in the White Mountains 130 miles north of Boston. She said he once confided to her that he bought gold -- rather than expensive homes or cars -- because it would be more difficult to seize in lawsuits.

"We don't know where he is," she said. "We certainly wouldn't allow him to put any gold on our property."

AOL defended its efforts.

"This exercise isn't something out of . . . 'Treasure Island,' " AOL spokesman Nicholas Graham said. "This is a court-directed, judge-approved legal process that is simply aimed at responsibly recovering hidden assets."

To win a judge's permission for the search, AOL submitted receipts reflecting large purchases by Hawke of gold and platinum bars, Graham said. The company indicated that it thinks Hawke buried the gold and platinum on his parents' property.

AOL said it will try to accommodate Hawke's parents by not being too obtrusive.

Big Box Rebellion (WSJ)

The Wall Street Journal, August 16, 2006

Well, that didn't take long. Just as Mayor Richard Daley and these columns predicted, the law recently passed by Chicago's City Council requiring a super-minimum wage is driving big retailers out of the city.

Target was the first big chain to react, recently cancelling plans to open a new superstore in a run-down area on the city's North side. Only a few months ago the project was hailed by city leaders as an anchor for redeveloping that depressed

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neighborhood. Now it gets to stay depressed. Wal-Mart has also announced that its plans to build 20 new stores in the city over the next five years are "on hold" until the wage issue is resolved.

This isn't what the politicians said would happen when they mandated that certain mostly non-union "big-box" retailers pay a minimum of $13 in wage and health benefits by 2010, or more than two-and-a-half times the national minimum wage. "This is a great day for working men and women of Chicago," said Alderman Joseph Moore, who sponsored the ordinance but clearly doesn't think very far ahead, if he thinks at all. The Council was warned that stores would flee to the suburbs or not be built. But instead it heeded such activists as Annette Bernhardt, chief economist at New York University Law School, who claimed that "We're very confident that retailers want and need to be in Chicago." Whoops.

This liberal red-lining may yet be overcome by common sense. Mayor Daley seems intent on vetoing the bill, which he says would result in higher property taxes to compensate for lost sales-tax revenue once stores leave. Alderman Shirley Coleman voted for the law but has since changed her mind now that a Wal-Mart in her district may never be built. At least three other aldermen who voted for the measure are also reportedly now open to giving Mr. Daley the votes he needs to sustain his veto.

The entire "living-wage" movement is the latest product of upper-income politicians who want to stick it to non-union companies in the name of helping the poor. But the working poor lose twice in Chicago: first, in lost retail jobs and then in less access to low-cost goods. Alderman Carrie Austin, who represents the area where the Target store was supposed to locate, puts it this way: "My colleagues are saying, 'Don't worry they [the big box retailers] will come.' Well, mine just left."

Rhode Island Rhapsody (WSJ)

The Wall Street Journal, August 16, 2006

When a state sues an industry -- think tobacco -- any settlement money typically goes directly to that state. But when Rhode Island dropped the DuPont Corporation from a lead paint lawsuit last year, after the defendant agreed to donate $12 million to charity, most of the money ended up at organizations based in Washington, D.C., and Boston. Which is why Rhode Island Attorney General Patrick Lynch has some explaining to do.

Rhode Island's "public nuisance" lawsuit against DuPont and several other former lead paint companies predates General Lynch, but the decisions to continue the litigation and settle were entirely his call. When Mr. Lynch announced the agreement just over a year ago, he said "this money will go straight to cleaning up this mess," so that "the children of Rhode Island -- particularly those in the inner-cities -- are protected from the hazards of lead poisoning." But it turns out Mr. Lynch also had other uses for the money.

The Associated Press reports that Mr. Lynch accepted campaign contributions from DuPont's chief negotiator in the settlement "at the same time the deal was being discussed." Moreover, most of the money -- $9 million -- is going to the Children's Health Forum, a Washington, D.C., nonprofit that has agreed to dole it out to groups back in Rhode Island for lead paint clean-up.

Why not cut out this middleman? Well, perhaps because the Children's Health Fund was incorporated as a lobbying group three years ago and received nearly all of its seed money from DuPont. "When the state's deal with DuPont was struck," reports AP, "four of the Children's Health Forum's five board members had current or previous business ties to the company." If DuPont's trangressions are as dastardly as Mr. Lynch claims, it's strange he's allowing a DuPont-backed nonprofit to oversee millions in spending to combat lead poisoning.

Some $2.5 million is going to the Brigham and Women's Hospital, another curious choice because that Massachusetts medical center has no lead-poisoning prevention program to speak of. What the Boston hospital does have is a program devoted to mesothelioma, an asbestos-related cancer. The connection here is that Mr. Lynch had hired the private law firm of Motley Rice to try the Rhode Island lead paint case on a contingency-fee basis. Motley Rice happens to represent patients against asbestos manufacturers and had earlier pledged $3 million to the Brigham and Women's meso clinic. In other words, Mr. Lynch agreed to allow money from DuPont that would otherwise go to lead-paint cleanup in Rhode Island to be used instead by a private law firm to fulfill its pledge to an out-of-state institution.

State AGs regularly hire outside counsel for help in prosecuting cases, but these outside attorneys are typically paid by the hour. By contrast, contingency-fee deals introduce a profit motive that has no place in state-sponsored litigation. Mr. Lynch didn't originate this practice, which has become increasingly common. Writing in Legal Times last month, former Virginia AG Jerry Kilgore notes that the trend emerged in the mid-1990s with lawsuits against Big Tobacco.

"The settlements that resulted from state tobacco litigation generated hundreds of millions in fees for the private lawyers involved," writes Mr. Kilgore. "It also pioneered a new model for state-sponsored litigation that combines the prosecutorial power of the government with private lawyers aggressively pursuing litigation that has the potential to generate hundreds of millions -- or billions -- of dollars in contingent fees."

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Contingency deals also raise the question of whether prosecutors are rewarding campaign donors with lucrative business. In 2001, West Virginia Attorney General Darrell McGraw used four outside law firms -- three based outside of the state -- to sue Purdue Pharmaceuticals, the maker of OxyContin. The lawsuit was brought on behalf of the state's workers' compensation fund and other state agencies. But when Purdue settled the case for $10 million, a third of the money went to the lawyers instead of the state. The one in-state law firm used by Mr. McGraw turned out to be a major contributor to his re-election campaign.

Later this month, the Rhode Island Ethics Commission will hold a hearing to determine whether to launch a full investigation into the deal, and a thorough vetting of Mr. Lynch's motives seems appropriate. It would also help policy makers decide if they want to follow other states, such as Louisiana, that have banned or limited contingency-fee arrangements with the AG's office. At the very least, Mr. Lynch might explain how sending millions of dollars to Boston helps children in Providence.

Vote Early, Not Often (WP)

The Washington Post, August 16, 2006

DURING THE past year, a nasty little battle has raged in Annapolis over Maryland law on early voting. This spring, Democrats used their upper hand in the General Assembly to write legislation that unfairly favored their party and to exclude Republicans from the conference committee considering the measure. Gov. Robert L. Ehrlich Jr. (R) vetoed the bill; the Democrats overrode his veto. Now a judge has accepted a Republican-backed court challenge to the constitutionality of early voting, turning the tide.

It is an unfortunate fate for what should have been -- and still could be -- a fair measure that increases voter turnout.

Maryland's early-voting procedure, scheduled to take effect for the coming September primaries, would open selected polling stations a week early. It would also allow eligible Maryland residents to cast ballots at those polling places even if the polling stations aren't in voters' assigned precincts. Democrats insist that this merely gives voters more opportunity to cast ballots. Republican opponents point to the way the General Assembly passed the law and accuse Democrats of trying to manipulate state elections -- many of the polling places that would open early happen to be in Democratic-leaning areas.

Anne Arundel County Circuit Court Judge Ronald A. Silkworth weighed in last week, ruling that the General Assembly does not have the authority under the Maryland constitution to alter the date votes are cast in the state. He also ruled that voters must cast ballots at their local polling places.

Giving all Maryland voters four more days to cast a ballot could help day laborers, doctors on call and others whose professional obligations might preclude them from exercising their franchise on a specific day. It also would dilute the effectiveness of perennial excuses for voter laziness -- such as the classic "I forgot today was Election Day."

Republicans may fear higher voter turnout in firmly blue Maryland, but that's no justification for opposing the measure. There is concern that early voting might foster voter fraud, but as long as state election officials have their new electronic voting machines operating properly by the time polls open, ballot-box stuffing should not be a problem.

Should the law survive on appeal, the General Assembly in its next session can, and should, amend it to keep all of the state's polling places open for the full five days. If Judge Silkworth's ruling stands, on the other hand, then the legislature might contemplate making slight changes to the Maryland constitution to allow early voting. After all, the document already makes specific provision for absentee voting, and voting early at polling places is a kind of expansion on the right to vote early by mail.

A Path To Lasting Peace (WP)

By Condoleezza Rice

The Washington Post, August 16, 2006

For the past month the United States has worked urgently to end the violence that Hezbollah and its sponsors have imposed on the people of Lebanon and Israel. At the same time, we have insisted that a truly effective cease-fire requires a decisive change from the status quo that produced this war. Last Friday we took an important step toward that goal with the unanimous passage of U.N. Resolution 1701. Now the difficult, critical task of implementation begins.

The agreement we reached has three essential components:

First, it puts in place a full cessation of hostilities. We also insisted on the unconditional release of the abducted Israeli soldiers. Hezbollah must immediately cease its attacks on Israel, and Israel must halt its offensive military operations in Lebanon, while reserving the right of any sovereign state to defend itself. This agreement went into effect on Monday, after the Israeli and Lebanese cabinets agreed to its conditions.

Second, this resolution will help the democratic government of Lebanon expand its sovereign authority. The international community is imposing an embargo on all weapons heading into Lebanon without the government's consent. We are also enhancing UNIFIL, the current U.N. force in Lebanon. The new UNIFIL will have a robust mandate, better equipment and as many as 15,000 soldiers -- a sevenfold increase from its current strength. Together with this new international force, the

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Lebanese Armed Forces will deploy to the south of the country to protect the Lebanese people and prevent armed groups such as Hezbollah from destabilizing the area. As this deployment occurs, Israel will withdraw behind the "Blue Line" and a permanent cease-fire will take hold.

Finally, this resolution clearly lays out the political principles to secure a lasting peace: no foreign forces, no weapons and no authority in Lebanon other than that of the sovereign Lebanese government. These principles represent a long-standing international consensus that has been affirmed and reaffirmed for decades -- but never fully implemented. Now, for the first time, the international community has put its full weight behind a practical political framework to help the Lebanese government realize these principles, including the disarmament of all militias operating on its territory.

The implementation of Resolution 1701 will not only benefit Lebanon and Israel; it also has important regional implications. Simply put: This is a victory for all who are committed to moderation and democracy in the Middle East -- and a defeat for those who wish to undermine these principles with violence, particularly the governments of Syria and Iran.

While the entire world has spent the past month working for peace, the Syrian and Iranian regimes have sought to prolong and intensify the war that Hezbollah started. The last time this happened, 10 years ago, the United States brokered a cease-fire between Israel and Syria. The game of diplomacy was played by others, over the heads of the Lebanese. Now Syria no longer occupies Lebanon, and the international community is helping the Lebanese government create the conditions of lasting peace -- full independence, complete sovereignty, effective democracy and a weakened Hezbollah with fewer opportunities to rearm and regroup. Once implemented, this will be a strategic setback for the Syrian and Iranian regimes.

The agreement we reached last week is a good first step, but it is only a first step. Though we hope that it will lead to a permanent cease-fire, no one should expect an immediate stop to all acts of violence. This is a fragile cease-fire, and all parties must work to strengthen it. Our diplomacy has helped end a war. Now comes the long, hard work to secure the peace.

Looking ahead, our most pressing challenge is to help the hundreds of thousands of displaced people within Lebanon to return to their homes and rebuild their lives. This reconstruction effort will be led by the government of Lebanon, but it will demand the generosity of the entire world.

For our part, the United States is helping to lead relief efforts for the people of Lebanon, and we will fully support them as they rebuild their country. As a first step, we have increased our immediate humanitarian assistance to $50 million. To secure the gains of peace, the Lebanese people must emerge from this conflict with more opportunities and greater prosperity.

Already, we hear Hezbollah trying to claim victory. But others, in Lebanon and across the region, are asking themselves what Hezbollah's extremism has really achieved: hundreds of thousands of people displaced from their homes. Houses and infrastructure destroyed. Hundreds of innocent lives lost. The blame of the world for causing this war.

Innocent people in Lebanon, in Israel and across the Middle East have suffered long enough at the hands of extremists. It is time to overcome old patterns of violence and secure a just, lasting and comprehensive peace. This is our goal, and now we have laid out the steps to achieve it. Our policy is ambitious, yes, and difficult to achieve. But it is right. It is realistic. And ultimately, it is the only effective path to a more hopeful future.

The writer is secretary of state.

Rice: Not U.N.'s Job To Disarm Hezbollah (USAT)

By Susan Page

USA Today, August 16, 2006

WASHINGTON — The 15,000-member U.N. force being created for southern Lebanon will keep the peace and enforce an international arms embargo, Secretary of State Condoleezza Rice said Tuesday, but it won't be charged with disarming Hezbollah guerrillas.

That “political agreement” will be the responsibility of the Lebanese, Rice said in an interview with USA TODAY. In the past, the Lebanese government has been unwilling or unable to disarm Hezbollah, a movement that is now part of the government itself. A United Nations resolution on the books since September 2004 has called for all Lebanese militias to disarm.

“I don't think there is an expectation that this (U.N.) force is going to physically disarm Hezbollah,” Rice said. “I think it's a little bit of a misreading about how you disarm a militia. You have to have a plan, first of all, for the disarmament of the militia, and then the hope is that some people lay down their arms voluntarily.”

If Hezbollah resists international demands to disarm, Rice said, “one would have to assume that there will be others who are willing to call Hezbollah what we are willing to call it, which is a terrorist organization.”

Hezbollah would find itself increasingly isolated from European and other nations, she said, and the weapons embargo would prevent it from being rearmed by its sponsors in Syria and Iran.

The first announcements of countries volunteering troops for the French-led U.N. force are likely within days, she said. The initial deployment of troops to the region could come within weeks.

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The foreign ministers of Turkey, Pakistan, Malaysia and France were to be in Beirut today as details of the force were being worked out. The Israeli army withdrew part of its force from southern Lebanon on Tuesday, and the first Lebanese troops are to move across the Litani River on Thursday to take control of the area.

The U.N. troops will have a “quite robust mandate,” Rice said. They will be able to defend themselves and to use force “to keep the south clear of arms and armed groups.” An early goal, she said, will be reopening ports and Beirut's airport.

Rice, who took the lead in negotiating the Security Council resolution, spoke for a half-hour in her ornate State Department office about the conflict.

She denied that the United States had been eager for Israel to go after Hezbollah. It was “not an issue of, you know, how much damage could the Israelis do,” she said. Instead, the Bush administration saw the conflict as an opportunity to create “a fundamentally different situation” along the Israel-Lebanon border.

Critics argued that Hezbollah's political support has soared in the region for its success in standing up to Israel's armed forces. “The resolution calls for Hezbollah to stop all attacks,” conservative columnist George Will wrote Tuesday. “The United Nations has twice resolved that Hezbollah should be disarmed but has not willed the means to that end.”

Rice said Hezbollah's military strength had been undercut and predicted that any political benefit for the group would “be very short-lived.”

“We need to let the dust settle, literally, and then the question will be asked of Hezbollah: Exactly what did they achieve?” she said. “They achieved the displacement of hundreds of thousands of Lebanese. They achieved the destruction of Lebanese infrastructure and housing and neighborhoods.”

She dismissed the idea that Hezbollah leader Hassan Nasrallah has emerged with new standing. “Nasrallah is going to have to face what has become of those populations in the south and the great devastation that Hezbollah brought on,” she said.

Syria, Iran Leaders Praise Hezbollah (AP)

By Donna Abu-Nasr And Ali Akbar Dareini, Associated Press Writers

AP, August 16, 2006

The leaders of Iran and Syria crowed Tuesday that Hezbollah defeated Israel, with the Iranian president telling a cheering crowd that "God's promises have come true" and the Syrian chief saying U.S. plans for reshaping the Middle East have been ruined.

Tehran and Damascus may be the biggest winners from the 34 days of fighting in Lebanon — buoyed by the ability of ally Hezbollah to stand up to Israel's punishing assaults and by the new, widespread popularity of the guerrillas across the Middle East.

Hezbollah didn't come out of the war unscathed as a fighting force, and its domination of southern Lebanon and attacks on Israel are likely to be hampered by the deployment of the Lebanese army and international troops in that territory.

But the Shiite Muslim movement appears to have been strengthened inside Lebanon thanks to broadened support across the country's ethnic and religious communities.

Syria and Iran both ridiculed U.S. hopes for eliminating the guerrillas and belittled Israel's high-tech military as useless against Hezbollah.

"The Middle East they (the Americans) aspire to ... has become an illusion," Syrian President Bashar Assad said in Damascus.

"We tell them (Israelis) that after tasting humiliation in the latest battles, your weapons are not going to protect you — not your planes, or missiles, or even your nuclear bombs ... The future generations in the Arab world will find a way to defeat Israel," Assad added.

A few hours later, Iran's leader, Mahmoud Ahmadinejad, saluted Hezbollah for hoisting "the banner of victory" over Israel.

"God's promises have come true," Ahmadinejad told a huge crowd in Arbadil in northwestern Iran. "On one side, it's corrupt powers of the criminal U.S. and Britain and the Zionists ... with modern bombs and planes. And on the other side is a group of pious youth relying on God."

Analysts said both countries now feel stronger in their own individual disputes with the West and that the alliance of their hard-line governments is stronger now, in contrast to the Mideast bloc of pro-U.S. governments.

"Both Syria and Iran have achieved a political victory," said Dawood al-Shirian, a Saudi Arabian who hosts a talk show on Dubai television. "Lebanon once again has paid a heavy price, and Syria and Iran have once again taken credit."

Iran may also feel its bargaining hand has become stronger as it approaches the Aug. 31 deadline set by the U.N. Security Council for a halt in Iranian uranium enrichment. Iran says it will announce Aug. 22 its reply to a package of incentives offered by the U.S. and Europe aimed at enticing it to suspend enrichment.

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Mostly Shiite, Persian Iran may also try to ride the increased popularity of the Shiite Arabs of Hezbollah to make inroads with the Arab world's Sunni Muslims. The popularity of Hezbollah's chief, Hassan Nasrallah, has grown even among Sunnis in Saudi Arabia, whose strict school of Islam considers Shiites as heretics.

Arab countries — particularly in the Persian Gulf — are wary of Iran and its nuclear program, and the stronger that Iran is seen to be, the more nervous its regional rivals get.

Syria, in turn, may feel it can play a more influential role after years of isolation. It had been under even more international pressure since last year's assassination of former Lebanese Prime Minister Rafik Hariri, which was widely blamed on Syria despite its denials.

Arab, U.S. and Western diplomats generally snubbed Syria during negotiations over halting the Lebanon fighting, but they may have to turn to the Syrian regime in the next big tussle, the issue of disarming Hezbollah.

A strong Hezbollah gives Syria a window to regain influence it lost in Lebanon last year when international pressure forced it to withdraw its troops from Lebanon after a 29-year presence.

In his speech, Assad lashed out at Arab regimes that criticized Hezbollah for capturing two Israeli soldiers July 12 and setting off the war. Saudi Arabia, Egypt and Jordan — all U.S. allies — opposed Hezbollah's actions at the start of the conflict.

"We do not ask anyone to fight with us or for us ... But he should at least not adopt the enemy's views," Assad said.

Oqab Sakr, a Lebanese analyst, said Assad's remarks were tantamount to "a final divorce from the Arab regimes and a full marriage with Iran."

Egypt and Saudi Arabia are already pushing back.

Saudi King Abdullah met with Iranian Foreign Minister Manouchehr Mottaki and underlined that the U.N. cease-fire resolution, which calls for disarming Hezbollah, be implemented.

A front page editorial in a state-run Egyptian newspaper derided Assad's speech — a rare overt criticism by one Arab government of another. Al-Gomhuria daily scoffed at Assad, saying he was celebrating "a victory scored by others."

"You should be prepared now for political and economic pressure put on you because of this speech," it said.

Ali Akbar Dareini reported from Tehran; Donna Abu-Nasr reported from Beirut.

German Minister Cancels Syria Trip (FT)

By Roula Khalaf And Hugh Williamson

Financial Times, August 16, 2006

Frank-Walter Steinmeier, Germany's foreign minister, on Tuesday abruptly cancelled a planned visit to Syria after President Bashar al-Assad, the Syrian leader, delivered a hard-hitting speech that ridiculed Israel's military offensive in Lebanon and warned against disarming Hizbollah.

Mr Steinmeier, who had already boarded his aircraft in Jordan, en route for Syria, when he cancelled his trip, criticised the speech as "going in completely the wrong direction" on the need for regional peace and containing no constructive references to the United Nations ceasefire resolution.

Despite warnings from Paris and Washington against trying to enrol Syria's support, Mr Steinmeier has led European efforts to draw the Assad regime into plans to end the Lebanon-Israel crisis, giving Damascus an opportunity to break out of its international isolation.

His spokesman said Germany's view – that Syria could not be excluded from long-term peace efforts – had not changed, but Berlin's overtures would be suspended "for the foreseeable future".

German officials hinted that the minister was particularly upset because Berlin believed it had received positive signals from Damascus in recent days that suggested that the country was ready to play a more moderate and constructive role.

The German spokesman said the incident did not reflect badly on Mr Steinmeier. "If he had only been interested in saving face he would have gone ahead with the visit" he said.

Damascus and Tehran – the main backers of Hizbollah – yesterday sought to reap political capital from Israel's failure to destroy the Lebanese Shia militant movement after weeks of fighting.

Both governments celebrated the end of the Lebanon war as a defeat of US policy in the region, focused on isolating them and weakening Arab militant groups allied to them.

Speaking to a journalists' association conference, Mr Assad said US plans for a "new Middle East" had collapsed in light of Hizbollah's defiance against Israel. The Middle East the US was hoping to create, he said, "has become an illusion."

Iran's President Mahmoud Ahmadi-Nejad said in a speech broadcast on state television that the US and Britain, which he described as the "main associates of the Zionist regime in its offensive in Lebanon", should compensate the country for the damage and answer "for their crimes".

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The Syrian president also criticised moderate Arab regimes, which had blamed the start of the conflict on Hizbollah, and insisted that Israel had emerged from the war “a subject of ridicule”. He portrayed the Lebanon war as a campaign that had long been planned by Israel and was part of the US strategy of pre-emptive war.

Solution And Resolution (WSJ)

By Abraham D. Sofaer

The Wall Street Journal, August 16, 2006

Security Council Resolution 1701, adopted unanimously on Aug. 12, contains the bases upon which a lasting peace could be established along the Lebanon/Israel border, and true sovereign authority transferred to Lebanon's government. But these objectives will succeed only if the resolution's demands are met. And while the new resolution has elements that make it stronger in some ways than its predecessor, Resolution 1559, those new elements -- and Israel's effort to weaken Hezbollah -- are unlikely in themselves to bring about a different outcome. Successful implementation depends on convincing Syria to end its policy of allowing Hezbollah to be used by Iran to destabilize Israel's security.

Resolution 1701 calls for Israel to withdraw from Lebanon only as the Lebanese Army and an expanded United Nations force assume control. It calls on Lebanon and Israel to support a "permanent cease-fire and a long-term solution" based on full respect for the Blue Line border between Israel and Lebanon; an arms-free zone south of the Litani River; Hezbollah's disarmament; and an end to the importation of weapons. These outcomes, however, are all dependent on the Lebanese government's determination and capacity.

The U.N. force (which has yet to be formed) is authorized only to assist the Lebanese government, and has no authority to act on its own in enforcing the resolution's demands. Furthermore, while Hezbollah said it would comply with Resolution 1701, Sheikh Hassan Nasrallah has already used language in the resolution to link Hezbollah's obligation to disarm with the solution of both the Shebaa Farm and the Lebanese prisoner issues. Regarding the former, 1701 (while confirming the border agreed to by Israel and the Lebanese government) calls on the secretary-general to develop proposals for the delineation of the international borders of Lebanon, especially in those areas where the border is disputed or uncertain, including by dealing with the Shebaa farms area. On prisoners, the resolution encourages the efforts aimed at urgently settling the issue of Lebanese prisoners detained in Israel. The Shebaa Farm and prisoner issues, after all, were the principal bases upon which Hezbollah carried out its attack, and its abduction of Israeli soldiers.

The resolution may also limit Israel's capacity to defend itself. The U.N. force will have greater authority than it has had in the past to use force "to ensure that its area of operations is not utilized for hostile activities of any kind." But it will also have authority to use force "to protect civilians under imminent threat of physical violence." This obligation is not qualified to allow Israel to act in its reasonable self-defense. Hezbollah will be able again to infiltrate the communities in southern Lebanon, and use residents as shields in attacking Israel. The U.N. force is likely to regard itself as required to stop Israel from harming those civilians. Moreover, 30,000 troops is a larger number than were in southern Lebanon before the new resolution, but a small force to control 900 square kilometers.

The underlying problem that must be addressed to create stability in the area is the fact that the Lebanese government has been incapable of controlling Hezbollah, which has been armed by Iran with Syria's cooperation. It is difficult to believe that the Lebanese government will now be able to control Hezbollah without their acquiescence, which is likely to depend, not so much on what Lebanon, Israel and the United Nations Interim Force in Lebanon do, but on whether Syria supports the changes.

Resolution 1701 pointedly calls on all states to "take the necessary measures to prevent" the supply by their nationals or from their territories of all forms of military equipment and training to any entity or individual in Lebanon, other than to the government of Lebanon or to the U.N. force. Iran and Syria will violate this provision if they continue their policy of supplying and supporting Hezbollah. But the resolution does not authorize any sanction for violating this provision, and Syria and Iran are already violating with impunity a similar resolution adopted after the attacks of 9/11.

Condoleezza Rice put it well when she noted that it was her "turn" to negotiate a peace between Israel and one of its neighbors. She has done well so far in putting in place a resolution that contains sound principles on the basic issues. She must now proceed with the part of the process on which future stability depends: determining how to bring Syria to end its policy of using Hezbollah to create instability. This will be a two-way process in which she must tell Damascus what Washington wants, while also listening to what Damascus wants -- though not to give it what it seeks. It would be to engage Syria, to warn it of the consequences of continuing a policy that must someday soon be forced to end (not only in Lebanon but in Gaza and Iraq as well), and to offer assistance in securing legitimate ends.

To that end, Ms. Rice might consider Henry Kissinger's reaction to Anwar Sadat's attack on Israel in 1973. Egypt would have destroyed Israel then if it could have. But Sadat's aim was to get back all Egyptian territory lost in the 1967 war. Rather than condemning Sadat for invading Sinai, Mr. Kissinger acknowledged that the U.S. had paid too little attention to the fact that Israel

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was occupying Egyptian territory, and that Sadat had "got our attention." He secured a cease-fire, and then brought about a series of disengagements by Israel, with reciprocal commitments by Egypt, laying the groundwork for the Camp David talks and the treaty that has now held for almost 30 years.

Ms. Rice will not secure Syria's cooperation by simply asserting that Damascus "knows what it has to do." Indeed, Damascus has done what it believes it has had to do to get the attention it seeks. And it will presumably continue to do this until it succeeds in getting Israel's withdrawal from Syrian territory lost in 1967. Israel has legitimate concerns in surrendering the Golan Heights, but they are not insurmountable, and do not justify a stance that in effect tells Syria that it will never regain sovereignty.

Despite the difficulties involved, the key objective of Israel and its allies, as well as of any state or group interested in securing progress in the Middle East, is to make it possible for Israel to withdraw from non-Israeli territory without causing increased insecurity and danger for its people. While some of Israel's supporters speak of destroying and subjugating its enemies, the Israeli people know better than to pursue so futile a policy, and have shown a willingness to return territory for peace. Treaties now exist between Israel and both Egypt and Jordan.

When it became clear to then Prime Minister Ariel Sharon that the Palestinians were determined to make war on Israel, he established the policy of withdrawing from Gaza and building a fence to separate Israelis from Palestinian areas. He did not expect peace because of disengagement; he disengaged because he concluded that peace was unobtainable, and that separation was a more effective way to fight. The Olmert government was elected to continue the process of disengagement begun by Mr. Sharon, and its ability to do so will depend on the international community's understanding of its need to suppress the attacks that continue from Gaza.

Resolutions 242 and 338, which establish the principle of territory for peace, are cited in the final operative paragraph of 1701 as the ultimate objective for "a comprehensive, just and lasting peace." That principle applies as much to Syrian territory as it does to Lebanese or Egyptian territory. As uncomfortable as it may be to recognize, Syria must be given our attention. Fighting Hezbollah is indeed part of the war on terror that must be fought and won. But if victory over Hezbollah can best be assured by turning Damascus away from its current policies (along with an end to Syrian support for terror in Gaza and Iraq), then that is what we should try to do, conveying both a willingness to deal with Damascus fairly, as well as a determination to hold it accountable for failing to comply with Resolution 1701's demands.

Mr. Sofaer, George P. Shultz Senior Fellow at the Hoover Institution, was legal adviser to the U.S. Department of State from 1985 to 1990.

Treasury Freezes U.S. Assets Of Syrians (AP-Y)

By Martin Crutsinger, Ap Economics Writer

AP, August 16, 2006

The Treasury Department froze the assets of two Syrian officials on Tuesday, alleging they had played key roles in support of terrorist organizations.

"Until Syria takes concrete steps to become a responsible member of the international community, the United States will make known rogue actors supporting the country's destabilizing agenda," Pat O'Brien, Treasury's assistant secretary for terrorist financing, said in a statement announcing the action.

The designation means that U.S. financial institutions must freeze any U.S. bank deposits held by the individuals, Maj. Gen. Hisham Ikhtiyar and Brig. Gen. Jama'a Jama'a.

Presidential spokesman Tony Snow said the action was taken under an executive order that President Bush signed in May 2004.

"It's aimed at financially isolating individuals and entities that are directly or significantly contributing to Syria's support for designated terrorist groups," Snow told reporters at the White House.

The Treasury said that Ikhtiyar was designated for contributing to the Syrian government's support for designated terrorist organizations, including Hezbollah.

Treasury said that Ikhtiyar had supported Syria's military and security presence in Lebanon from 2001 to 2005 when he headed the General Intelligence Directorate, the government's central intelligence service.

Treasury said that Jama'a contributed to the Syrian government's military presence in Lebanon while serving as commander of the Syrian Military Intelligence headquarters in Beirut, Lebanon.

The Treasury designation freezes any assets the two may have in the United States and prohibits Americans from engaging in transactions with the two men.

U.S. Targets Assets Of Syrians Tied To Hezbollah (WSJ)

By Jay Solomon

DOJ_NMG_0049193

The Wall Street Journal, August 16, 2006

WASHINGTON -- The Bush administration placed financial sanctions on two senior Syrian intelligence officials who the U.S. charges played a central role in arming and funding the Shiite militia Hezbollah in Lebanon.

The Treasury Department said Maj. Gen. Hisham Ikhtiyar and Brig. Gen. Jama'a Jama'a also supported Syria's drive to dominate Lebanon's political and economic affairs in recent years, including destabilizing Beirut's elected government.

Last year, a United Nations investigation into the assassination of Lebanon's former prime minister, Rafik Hariri, found that elements of Syria's intelligence services were complicit in the attack.

"Until Syria takes concrete steps to become a responsible member of the international community, the United States will make known rogue actors supporting the country's destabilizing agenda," said the Treasury's assistant secretary for terrorist financing, Pat O'Brien.

Gen. Ikhtiyar, the former head of Syria's General Intelligence Directorate, helped to lead Damascus's program of funding militant groups fighting against Israel, including Hezbollah and Palestinian Islamic Jihad, said the Treasury Department. It said he also serves as a senior adviser to Mr. Bashar. Gen. Jama'a, meanwhile, also supported efforts to fund Hezbollah and coordinated Damascus's security and intelligence activities inside Lebanon until Syria's military withdrew last year, said the statement.

The Treasury's designation immediately freezes any U.S. accounts held by the men and makes it illegal for American entities to do business with them. The Treasury can also take action against banks known to be holding these men's funds overseas. A Treasury official said the administration can't disclose how much money may have been frozen in the operation.

Hezbollah and Israel entered into a United Nations-mandated cease-fire Monday after nearly a month of fighting. Many Lebanese and American officials believe that cutting off Syria's and Iran's support for Hezbollah is key to ensuring long-term stability in Lebanon.

For nearly 30 years, Syria had extensive influence over Lebanese affairs as a result of its formal military presence in the country. The U.N. called this week for the disarming of Hezbollah and the empowering of Beirut's recently elected government.

After The Bombs, Politics (WP)

By David Ignatius

The Washington Post, August 16, 2006

The Lebanon war was damaging for Israel, the United States and, most of all, Lebanon itself. But it may have taught everyone a lesson that will be immensely important to the future of the Middle East: The solutions to the big problems that afflict the region are not military but political.

Israeli Prime Minister Ehud Olmert is getting bashed at home for failing to deliver a quick victory over Hezbollah. But he deserves credit for recognizing the need for a political settlement that enhanced the authority of the Lebanese state. He wisely resisted pressure from his generals to mount a major ground offensive north of the Litani River, understanding that this quest for a decisive military solution would only take Israel deeper into the Lebanese quagmire.

The surprise hero of the conflict was Lebanese Prime Minister Fouad Siniora. He was a forceful advocate for the Lebanese people and for the very idea of the Lebanese state -- no small achievement in a nation still recovering from civil war. He managed to hold his government together, including the two Cabinet members from Hezbollah. And he was the architect of key elements of the final cease-fire deal: He urged one quick U.N. resolution rather than the two the Americans and French favored, and he successfully argued for an expansion of the existing UNIFIL force to accompany the Lebanese army in the south, rather than an entirely new international force.

What Siniora crafted was a very Lebanese deal -- full of the ambiguities necessary to get all the players on board. He blocked U.S. and French efforts to put the expanded UNIFIL force under the United Nations' Chapter 7 military authorization because of Hezbollah's fears that it would create an Iraq-like occupation force in southern Lebanon. He persuaded the United States, over strong Israeli objections, to have the United Nations study the dispute about Shebaa Farms, an Israeli-occupied area near the Golan Heights that has been one of Hezbollah's excuses for continuing its armed resistance against Israel.

The wild card in the deal is Hezbollah. As the war dragged on, most pundits judged the group's leader, Hasan Nasrallah, the big winner. But that will be true, paradoxically, only if he abides by the deal Siniora made and withdraws his armed fighters from southern Lebanon. If he tries to resume the war or continues to operate as Iran's proxy, he will lose his new halo. U.S. officials believe that Nasrallah may have resisted Iranian pressure to continue the fight when he agreed to Siniora's package. Meanwhile, the Syrians, Nasrallah's other patron, played no role at all in the diplomatic outcome, deepening their isolation.

I've interviewed Nasrallah twice in the past three years, and in both sessions, the key issue we discussed was how Hezbollah's armed might could be successfully absorbed into the fabric of the Lebanese state. Each time, he insisted that Hezbollah would never threaten Lebanon. But of course, that's precisely what Nasrallah did when his forces recklessly seized

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two Israeli soldiers July 12, triggering the Israeli attacks. If Nasrallah doesn't behave more responsibly and abide by the new U.N. framework, both he and Lebanon are doomed.

What, finally, is the war's legacy for the Bush administration? Secretary of State Condoleezza Rice was lamentably slow in her initial diplomatic efforts, and the United States has paid a severe price in the credibility of its Middle East "democracy agenda." But Rice and her colleagues improved their performance as the crisis deepened, and they did well in brokering the final deal. And I sense the administration has learned a big lesson -- which is that America must continue the aggressive diplomatic role it belatedly embraced over the past month. The Middle East has become too dangerous for problems to be left to fester.

History shows that the aftermath of war can open unlikely doors to peace, and administration officials recognize they have a moment of opportunity. There's talk of a broad U.S.-led initiative that would make a new push on defusing the Palestinian conflict, rebuilding the economies of Lebanon and other lagging Arab nations, exploring new regional structures for security in Iraq and elsewhere, and encouraging a broad process of Arab-Israeli reconciliation.

There's fear within the administration that this sort of American peacemaking will further traumatize the Israelis in the painful aftermath of the Lebanon conflict. But the best way to keep faith with Olmert is to build on the premise that led him to resist the generals' demands for a wider war: The way out of the Middle East mess is through political agreements, not unilateral moves or quixotic military campaigns. Iran and its proxies have been marking one bloody path to the future; America and its allies must work urgently to construct an alternative.

Countries Ready To Fortify U.N. Force (AP-Y)

By Angela Charlton, Associated Press Writer

AP, August 16, 2006

The international community was scrambling Tuesday to put together a fortified U.N. peacekeeping force for southern Lebanon as Israeli forces began a pullout from the volatile region.

The United Nations has not received any formal offers of troops for the U.N. force, known as UNIFIL, although France, Italy, Turkey, Malaysia and Indonesia have indicated they will make significant contributions. A dozen other countries have also expressed a willingness to help.

"We would like to get firm commitments of troops as soon as possible," U.N. spokesman Stephane Dujarric said.

France is expected to lead the enhanced force, which is to grow from the current 2,000 troops to 15,000 troops. An estimated 15,000 Lebanese troops are to join the strengthened U.N. force, which is to move south of the Litani River, about 18 miles from the Israeli border.

U.N. officials and diplomats said France has not yet made any announcement of how many troops it plans to send, and this was holding up announcements of troop commitments from other countries.

"It's a chicken and egg situation, as it often is in our efforts to generate a force," Dujarric said. "We're dependent on the member states to come up with firm offers. ... We're in intensive discussions with them, and hopefully we'll flush out and get some firm commitments."

France is demanding a more specific mandate for the force, including when it may use firepower.

The resolution authorizes the force to use "all necessary action" to ensure the movement of aid workers and protect civilians in imminent danger, among other situations. But the Security Council said UNIFIL's mandate could be "enhanced" in a later resolution.

U.N. officials said they were hopeful the first announcements of new troops will be made at a formal meeting expected to take place Thursday.

The region needs a robust force fast. A fragile U.N. cease-fire went into effect Monday, ending more than a month of fighting. On Tuesday, Israeli forces began slowly pulling out from southern Lebanon and made plans to hand over territory.

The existing UNIFIL force of 2,000 now faces the daunting task of coordinating the Israeli pullout and Lebanese troops' arrival.

Lebanese troops could start moving into the region Wednesday, Israeli military officials and Lebanon's communications minister have said.

But many questions remain about southern Lebanon's ravaged infrastructure and the ability of its army to keep the peace between Hezbollah and Israel. France has sent military engineers to evaluate roads and what the Lebanese army needs to deploy in the troubled south, a spokesman for the French general staff said Tuesday.

The general leading the UNIFIL force, which has been in the region since 1978 and watched helplessly as fighting raged over the past month, said Monday he wants rapid reinforcements before the cease-fire unravels.

Turkey has said it would send soldiers, but not how many. It wants details on where the force would be deployed and under what conditions they could open fire.

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The United States and European Union hope the force includes Turkey, which is the only Muslim member of NATO and has good relations with Israel and its Arab neighbors.

U.S. Assistant Secretary of State David Welch, who is in charge of the Mideast bureau, said Tuesday that the United States does not plan to participate in the force. The U.S. has played a role in past peacekeeping efforts, but "our history in Lebanon has not been a happy one," he said.

The United States often provides logistics for U.N. peacekeeping forces — which it is expected to do in Lebanon — but as a rule it does not provide troops unless it is commanding the force.

Largely Muslim Malaysia has said it could send between 850 and 1,000 troops, and is dispatching its foreign minister to Lebanon this week with counterparts from Pakistan and Qatar for talks on implementing the U.N. resolution.

Italy could send up to 3,000 troops, Foreign Minister Massimo D'Alema said Tuesday, but added that the exact number will be worked out with other countries contributing to the mission.

Domestic politics and summer legislative recess appeared to be holding up some countries' decisions.

Spain's government is talking to opposition parties about sending 700-800 troops and most parties sound supportive — but any decision needs approval by parliament, not expected before the end of the month.

Norway has said it could send 100 marines and four missile torpedo boats to patrol the coast. Denmark says it cannot send ground troops but could offer a navy ship. Finland reportedly could send 100-200 troops.

Ireland, New Zealand and Indonesia have also said they could contribute.

The current force includes troops from France, China, Ghana, India, Ireland, Italy, Poland and Ukraine.

U.N. Peace Efforts Threatened (WP)

By Colum Lynch

The Washington Post, August 16, 2006

UNITED NATIONS, Aug. 15 -- U.N. and U.S. officials warned Tuesday that governments that have pledged to assemble a peacekeeping force for southern Lebanon are not moving swiftly enough to fill a dangerous power vacuum there.

Four days after the Security Council authorized 15,000 U.N. peacekeepers to help the Lebanese army intervene between Israeli troops and Hezbollah fighters, not one country has formally committed to sending troops.

Senior U.N. officials said that while many countries have expressed interest in participating, key powers such as France, Italy, Turkey and others must commit to a vanguard force of as many as 3,500 peacekeepers within two weeks to avert a resumption of violence.

"I think the next few days are still indeed quite dangerous," Jean-Marie Guehenno, a French national who heads the U.N. peacekeeping department, said Tuesday. "You can see things going out of control on the ground that jeopardize the whole thing."

France, which has been asked to provide the "backbone" of a new force, has expressed "some hesitancy" about committing to lead it before knowing which other countries will serve, a senior U.N. official said. But the official, who briefed reporters on the condition of anonymity because of the delicate negotiations, said other countries will not sign on until France agrees to lead the operation.

A spokesman from the French mission to the United Nations declined to comment, saying that a decision would have to be made by French President Jacques Chirac.

Guehenno voiced confidence that France will agree to participate in the peacekeeping operation, noting that a French general is scheduled to arrive in New York on Wednesday to begin discussions on operational details. Another senior U.N. official said that the world body is hopeful that France and other countries will offer formal promises to send troops at a meeting Thursday.

The difficulties highlighted the challenge of moving a large U.N. force into place on short notice. Past U.N. efforts to send foreign troops to hot spots around the world have required several months of preparation. Guehenno said it could take months before the full U.N. force is in place.

State Department spokesman Sean McCormack voiced concern at the prospect of a sluggish deployment. "Nobody believes that deploying the force in months is acceptable," he said. "This needs to be done on a much more urgent basis than that."

C. David Welch, assistant secretary of state for Near Eastern affairs, said the United States is planning to provide significant reconstruction aid to Lebanon and training for the Lebanese army. In an op-ed article in Wednesday's Washington Post, Secretary of State Condoleezza Rice wrote that the United States is increasing immediate humanitarian aid to $50 million.

U.S. officials, however, have ruled out placing American troops under U.N. command in Lebanon.

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The United States already is slated to spend $10.6 million to aid the Lebanese armed forces and provide vehicle and helicopter parts, body armor and small-arms ammunition, according to the Pentagon. The focus of the training, Pentagon officials said, would be to deter Hezbollah attacks and infiltration of the military, as well as to provide improved border security in the ravaged southern areas of the country.

U.N. officials in New York said they are prepared to scrap many of their procedures -- including the lengthy negotiation of "status of forces" agreements -- to speed up the deployment. They also said the first peacekeeping forces should be from countries prepared to quickly equip and transport the troops without assistance.

Guehenno said a meeting between Israeli and Lebanese army officers in Ras Naqoura, Lebanon, went smoothly. Guehenno said that the Lebanese army was prepared to move its troops south to the Litani River as soon as Wednesday and could begin moving into southern Lebanon as soon as Thursday.

The two sides agreed to a phased withdrawal of Israeli troops, beginning just south of the Litani River in the village of Marjayoun and then spreading toward Lebanon's border with Israel.

It calls for Israeli troops to hand over control of Lebanese territory to U.N. peacekeepers, who would then help the Lebanese army enforce a demilitarized zone. The process could start as soon as this week, with some of the 2,000 U.N. peacekeepers already stationed in southern Lebanon.

Israeli Deputy Prime Minister Shimon Peres said the ultimate presence of 15,000 U.N. peacekeepers, in support of an additional 15,000 Lebanese army troops, "creates a density which has a strategic meaning."

"You don't have perfects," Peres said after a meeting with Rice in Washington. "But if . . . the Lebanese army will deploy itself along the border with Israel in the southern part of Lebanon, and there will be as many soldiers as promised, with new authorities to handle weapons, it can be a great help to Lebanon and to peace."

As U.N. officials struggled to assemble the new peacekeeping force, they also sought to diminish expectations about its role. On Monday, President Bush said the U.N. force would help undercut the ability of Iran and Syria to supply arms to Hezbollah by securing the Syrian border and ports. "In other words, part of the mandate and part of the mission of the troops, the UNIFIL troops, will be to seal off the Syrian border," Bush said.

Guehenno described a more modest U.N. role. He said he is considering sending a small number of customs experts and special police to advise Lebanese customs officials at some key entry points.

Sealing the Lebanese borders "is not something that the U.N. can do," he said. "What the U.N. can do is help the government of Lebanon manage its border in a way that is in conformity with the resolutions of the council."

Guehenno also cautioned that while U.N. peacekeepers are authorized to use force, they "are not going to forcibly disarm Hezbollah," adding: "That is not in the resolution. I don't think there would be many troop contributors who would think that would be a wise approach."

As Israel Begins To Pull Troops Out, Lebanon And The U.N. Prepare To Replace Them (NYT)

By Steven Erlanger

The New York Times, August 16, 2006

JERUSALEM, Aug. 15 — Israel began to pull many of its reserve troops out of southern Lebanon on Tuesday and hopes to be out of the country altogether in the next week or 10 days, the military chief of staff, Lt. Gen. Dan Halutz, said.

The Lebanese Army, which is supposed to join with a strengthened United Nations force to establish order as the Israelis withdraw, is expected to begin moving into the area south of the Litani River in a couple of days, supported by an early deployment of foreign troops, said Jean-Marie Guéhenno, the French head of United Nations peacekeeping forces, speaking to French radio.

At the United Nations, Hedi Annabi, the assistant secretary general for peacekeeping, said he hoped for an initial deployment of up to 3,500 troops within 10 to 15 days.

That move, he said, will “start the process” of Israeli withdrawal and replacement by Lebanese troops. “The initial steps can be taken even before the deployment if the political will is there,” he added.

But there was no guarantee that the process called for in the Security Council resolution that established a cease-fire would go smoothly. Leaders of Hezbollah have said that their men will not be disarmed, as called for in the resolution, and that the deployment of the Lebanese Army in the south needs further discussion inside the government.

The cease-fire itself is considered fragile. Israel killed at least three Hezbollah fighters inside Lebanon on Tuesday after killing six on Monday, and Hezbollah fired some rockets at Israeli positions.

The Hezbollah leader, Sheik Hassan Nasrallah, has said his forces will not stop fighting until all Israeli troops leave Lebanon, and the Israelis say their current positions will allow them to continue their advance if necessary.

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In addition, the Israeli foreign minister, Tzipi Livni, told CNN on Tuesday that her government had evidence that Iran and Syria were already rearming Hezbollah, with shipments coming from Syria.

But the Israeli Army left the largely Christian town of Merj 'Uyun, the site of fierce fighting over the weekend, and began to talk to the Lebanese Army about coordinating the broader withdrawal.

In Damascus, Syria's president, Bashar al-Assad, said Israel "is in front of a historic crossroads."

"Either it moves toward peace and gives back rights or faces constant instability," he said, "until a generation comes and puts an end to the issue," an apparent reference to the possible future elimination of Israel.

He sharply criticized the Bush administration, saying, "It is evident that after six years of this administration that there is no peace and will be none in the foreseeable future."

After the speech, the German foreign minister, Frank-Walter Steinmeier, canceled a planned trip to Syria. In a statement, he called Mr. Assad's address "a negative contribution that is not in any way justified" and urged Syria, which maintains important influence over Hezbollah and Lebanon, to play "a constructive role."

Lebanese displaced by the fighting continued to stream home to southern Lebanon despite warnings from Israel that it remained unsafe, and aid agencies worked to move supplies of medicine and food along roads that had been bombed or were clogged with vehicles. United Nations officials said one convoy of 24 trucks had taken five hours to reach Tyre from Sidon, a trip that normally takes 45 minutes.

Cars packed with families, with their possessions strapped to the roof or bursting from open trunks, sat in traffic for hours in the broiling heat. Many cars overheated, fueling angry honking sessions and roadside fights. Emergency fuel deliveries were held up for hours.

Dozens of yellow Hezbollah flags flew from the windows of cars heading south, and few of the returning exiles seemed to hold Hezbollah responsible for their troubles.

"This traffic — what right does Bush have to make us live like this?" said Bilal Masri, 50, who had just spent five hours on a 15-mile drive down the coast. Mr. Masri, a Sunni, works at a fuel storage plant that was bombed by Israel, but blames President Bush. "By what right did he bomb us?" he asked. "Bush says he likes democracy and human rights; where is democracy now?"

Before, he said, he hated Israel a little, but "now I truly hate it and want to cancel its existence."

The future size and shape of the United Nations International Force in Lebanon, known as Unifil, remain unclear. Its current commander, Maj. Gen. Alain Pellegrini, said it could be a year before the force reached its maximum strength of 15,000, up from the current 2,000.

United Nations peacekeeping officials in New York said they still had no firm commitments from any countries on joining the force but hoped to receive them on Thursday at meeting of potential contributors. Among countries mentioned as expressing interest were France, Germany, Italy, Indonesia, Malaysia and, from the region, Turkey, Jordan, Morocco and Egypt.

Asked which country he expected to head the military mission, Mr. Annabi said, "We will be very happy if France agrees to provide a significant contribution that will provide the backbone of the force."

Peacekeeping officials said the initial force would include engineering, signal and transport companies, a maritime patrol unit, a mine removal operation and a medical unit. They also said it would have to be more "robust" than normal United Nations forces, with a large complement of highly capable, rapidly deployable troops of the kind found in Western militaries.

The fragility of the cease-fire is a prime reason that Israel has already pulled out several thousand of the estimated 30,000 troops it had in Lebanon. Israeli troops are redeploying to more easily defensible areas, wary of becoming easy targets for Hezbollah gunmen.

Early Tuesday morning, a reserve infantry unit walked out of Lebanon after a week of battle. As they crossed through the border gate, the soldiers threw their arms around one another, their M-16 rifles slapping against their sweaty uniforms.

Amir, 29, who did not want to give his surname, works for a security firm in Jerusalem. "I want to know that we did not go in for nothing," he said. He expressed disappointment that the cease-fire resolution did not call for the immediate return of two captured Israeli soldiers.

Yaniv Melder, 28, tall and ginger-haired, is from a northern village, Meron, where the Katyusha rockets have been falling. "People in my village have died, so despite all our fears we went in," he said. "It's clear we achieved something. Putting so many soldiers inside is a statement in itself."

But Yoni Kassous, 30, who works for a technology company near Tel Aviv, was troubled by the war and its management. "We say that we won," he said. "But I think: 'What did we win? What did we accomplish?' " Like many of the reserves, he expects to return to Lebanon sometime in the future to again try to face down Hezbollah.

General Halutz, the chief of staff, found himself the center of a heated scandal on Tuesday after the daily Maariv disclosed that he had sold more than $26,000 in stock on July 12, within three hours of Hezbollah's capture of two Israeli soldiers. As the country's leadership prepared for war, the paper said, the general told his stockbroker to sell. Stocks then fell sharply.

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Politicians called on him to resign. “When the country was in flames, all he was concerned about was his investment portfolio,” said Colette Avital, a legislator from the Labor Party.

General Halutz confirmed the sale, which was not illegal. He decried the publication of a private financial transaction as “a cynical move on someone’s part” and insisted, “As far as my values are concerned, I am prepared to deal with anyone in Israel.”

Hezbollah’s foreign backers, Iran and Syria, declared victory over Israel. The Iranian president, Mahmoud Ahmadinejad, said in a televised speech that Hezbollah had “hoisted the banner of victory” over Israel and thwarted American plans to create a new Middle East dominated by “the United States, Britain and Zionists.” He said Iran was ready to help the Lebanese with reconstruction aid.

He told a large crowd in Ardabil that “on one side, it’s corrupt powers with modern bombs and planes, and on the other side is a group of pious youth relying on God.” He did not mention Hezbollah’s ample stores of modern rockets and antitank weapons, most of them supplied by Iran.

In the Gaza Strip, where Israeli troops continue to try to secure the release of a soldier captured on June 25, Palestinian security forces searched for two Fox News journalists — Steve Centanni, 60, an American, and his cameraman, Olaf Wiig, 36, from New Zealand — who were kidnapped at gunpoint on Monday outside the headquarters of the Palestinian security services.

The Palestinian president, Mahmoud Abbas of Fatah, and prime minister, Ismail Haniya of Hamas, ordered police and security forces to find and release the journalists.

...

Mr. Abbas and Mr. Haniya have been discussing reorganizing the Palestinian government to include members of Fatah, hoping to break a Western and Israeli embargo against the Hamas-led Palestinian Authority.

Mr. Haniya has succeeded in persuading Hamas militants not to fire more Qassam rockets into Israel, but other militant groups, like Islamic Jihad and Fatah’s own Al Aksa Martyrs Brigades, have said they will continue the rocket fire.

Enhanced U.N. Force Likely To Deploy Within Weeks (WT)

By Sharon Behn

The Washington Times, August 16, 2006

A United Nations international force is expected to land in Lebanon within two weeks, but analysts said yesterday that U.N. troops will be unable to disarm Hezbollah against its will.

"We would like to see 3,000 to 3,500 troops within 10 days to two weeks," Hedi Annabi, assistant secretary-general for U.N. peacekeeping operations, told reporters in New York.

"That would be ideal to help consolidate the cessation of hostilities and start the process of withdrawal and deployment of the Lebanese forces," Mr. Annabi said.

Stephane Dujarric, spokesman for U.N. Secretary-General Kofi Annan, said the current U.N. Interim Force in Lebanon (UNIFIL) yesterday sent out several patrols in its area of operations to assess the situation.

"There were no reports of incidents or breaches" of the cease-fire, which went into effect at 8 a.m. Monday, Mr. Dujarric said.

He said UNIFIL commander Gen. Alain Pellegrini had met with senior officers of the Lebanese and Israeli armies yesterday to discuss implementation of and compliance with the U.N. resolution to end the cross-border conflict.

Gen. Pellegrini likely will lead the enhanced international force, Mr. Dujarric said.

"There's no plans that I'm aware of to replace Gen. Pellegrini, who has done an outstanding job," the spokesman said.

Under the resolution, the 2,000-strong UNIFIL force would be augmented to 15,000 and about 15,000 Lebanese forces would move toward southern Lebanon, establishing authority over the region and allowing Israeli troops to gradually withdraw.

But few think that the combined force will be able to forcibly disarm Hezbollah, which has proven a much tougher foe than expected.

"This force is not going to be able to force it to disarm any more than the Israeli army was able to do it -- it really is contingent on a certain amount of strategic consent from Hezbollah," said William Durch of the Henry L. Stimson Center.

Kamal Nawash of the Free Muslims Coalition said Hezbollah -- which considers itself the victor in the conflict that started July 12 -- probably would concentrate on rebuilding. Iran, Hezbollah's patron, would foot the bill, he said.

"Hezbollah does not have to fire another shot," Mr. Nawash said.

"They did what no one else has done: They caused major damage to the image of the Israeli military, and they have shown that in one-to-one combat, they can take on the Israeli military and win."

Mr. Annan has been working the phones since Saturday to get world leaders to commit to creating a robust international force, but there have been no formal commitments, Mr. Dujarric said.

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C. David Welch, assistant secretary of state for Near Eastern affairs, said the U.S. would send a senior interagency team to the United Nations today and tomorrow to help shape the enhanced UNIFIL force.

The United Nations, he said, "is on a fast track to try and supplement and enhance" the force in Lebanon. "They are meeting every day in preparation for that."

The current UNIFIL force has troops from China, France, Ghana, India, Ireland, Italy, Poland and Ukraine. Mr. Welch said other countries, including Turkey, might participate in the enhanced force.

Paris Seeks Assurances On Hizbollah (FT)

By Martin Arnold , Roula Khalaf And Harvey Morris

Financial Times, August 16, 2006

French officials on Tuesday insisted Paris would resist leading a bolstered international force in southern Lebanon without Lebanese government assurances that Hizbollah, the militant Shia group, would be disarmed.

Paris' requirements were spelled out on the eve of Wednesday's visit by Philippe Douste-Blazy, French foreign minister, to Beirut – a visit likely to prove pivotal in deciding the fate of the multinational UN force proposed to police the fragile ceasefire between Hizbollah and Israel.

Aides to Mr Douste-Blazy said he wanted to hear the Lebanese army's plan for removing Hizbollah's missiles from a "buffer zone" in south Lebanon. French officials accept that disarming Hizbollah would not happen overnight but say an international force could not be deployed until a demilitarised zone was created.

But the French minister's trip comes as the Lebanese government struggles to convince Hizbollah to move its weapons from a 20km zone in southern Lebanon, an area effectively under the militant movement's control.

Aides to Fouad Siniora, Lebanon's prime minister, said on Tuesday discussions were continuing to find a national consensus over the demilitarised zone and prepare the ground for the deployment of the Lebanese army and international forces.

Officials in Beirut made clear that the army would not clash with Hizbollah and risk provoking internal conflict. Late on Monday, Elias Murr, Lebanon's defence minister, told the local LBC television that the army had no intention of disarming Hizbollah in the south.

He suggested that Hizbollah understood that weapons could no longer be visible in the buffer zone, but said that if troops came across missiles they would not take them away.

Israel is due to hand over a "buffer zone" to the Lebanese army and a UN-backed force that reinforces the existing 2,000-strong Unifil peacekeepers.

Diplomats in Paris are worried that Hizbollah, which has de-clared the ceasefire a "historic victory" for Arabs, has been emboldened and is now less likely to lay down its weapons.

But French officials said that Mr Douste-Blazy would not accept any Lebanese plan short of a full disarmament of Hizbollah, starting with the 20 km-wide zone south of the Litani river.

"We want an application of UN resolution 1701 in all its aspects," said a French diplomatic aide. He said the planned "buffer zone" must be "free of all arms".

"It is up to the Lebanese government to ensure the disarmament of Hizbollah," the aide said.

France is expected to deploy the largest contingent of about 5,000 troops in the proposed multinational force, while Italy, Spain, Germany, Malaysia, Indonesia, Australia and New Zealand have also indicated they could participate.

Cease-fire Solidifies After Shaky Start (AP)

By Oded Balilty And Sam F. Ghattas

AP, August 16, 2006

Hundreds of Israeli soldiers walked out of Lebanon on Tuesday — some smiling broadly and pumping their fists, others weeping or carrying wounded comrades — as a cease-fire with Hezbollah solidified after a shaky start. The process was expected to accelerate over the coming days.

The international community looked to build a U.N. peacekeeping force for south Lebanon, but it remained unclear how quickly such a force could be deployed. The guerrillas' patrons, Syria and Iran, proclaimed that Hezbollah won its fight with Israel — claims the Bush administration dismissed as shameful blustering.

Many of the infantry soldiers smiled with joy as they crossed back into Israel. Members of one unit carried a billowing Israeli flag. Some sang a traditional Hebrew song with the lyric: "We brought peace to you." Others wept as they returned to their country, exhausted by the fighting.

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Some of the troops had been so disconnected from the news that they asked if Israel had managed to free two soldiers whose capture by Hezbollah on July 12 sparked the fighting. Israel had not. Several tanks headed back into Israel as well, including one that had been damaged and was being towed by a military bulldozer.

At times as they headed south, the soldiers crossed paths with Israeli civilians traveling in the opposite direction, back to the homes they abandoned weeks ago under Hezbollah rocket fire.

Areas of northern Israel that were turned into closed military zones weeks ago were reopened to civilian traffic, and the tanks, bulldozers and other heavy military vehicles that had lined the roads were gone. At one main junction, teenage girls handed out flowers to returning soldiers, thanking them for protecting their homes.

In the battered Israeli town of Kiryat Shemona, residents emerged from grimy bomb shelters and began cleaning up the wreckage caused by more than a month of Hezbollah rocket attacks.

The partial Israeli withdrawal came in preparation for a Lebanese troop deployment across the Litani River, some 18 miles north of the Israeli border. Lebanon's deployment was expected to begin Thursday and eventually put its army in control of war-ravaged south Lebanon with the help of U.N. peacekeepers, military officials on both sides of the conflict said.

The United Nations hopes that 3,500 well-equipped troops can deploy to Lebanon within two weeks as the vanguard of a robust U.N. peacekeeping force to start the process of deploying the Lebanese army and withdrawing Israeli troops, a senior U.N. peacekeeping official said Tuesday.

But Assistant Secretary-General for Peacekeeping Hedi Annabi stressed that the Lebanese deployment and Israeli withdrawal can start even sooner using the current 2,000-strong U.N. force "if the political will is there."

The foreign ministers of Turkey, Pakistan, Malaysia and France were due in the Lebanese capital Wednesday, and it was widely believed they would work out details of assembling a 15,000-strong international force. Indonesia and a dozen other countries also have expressed a willingness to help.

That force would work with an equal number of Lebanese soldiers. Together, they are expected to police the cease-fire that took hold Monday and ended 34 days of brutal combat, Israeli airstrikes and Hezbollah rocket barrages.

France, which was expected to lead the force, was demanding a clearer U.N. mandate, including details on when the troops can use firepower. France had not yet made any announcement of how many troops it plans to send, holding up announcements of troop commitments from other countries.

In the short term and before international forces arrive, the process involves three armies on the ground and is complicated, given that the Lebanese and Israeli armies do not have direct contact and a third and central player — Hezbollah guerrillas — will not be involved.

The current U.N. observer force, known as UNIFIL, stationed permanently in the 18-mile band of territory between the Litani and the Israeli frontier, was to take up positions temporarily along the border.

The zone along the frontier would then be handed to Lebanese troops and the bolstered UNIFIL force once all Israeli soldiers have withdrawn, military officials on both sides of the conflict said. They spoke on condition of anonymity because of the delicate nature of the operation.

"It will be a gradual withdrawal. ... It will take couple of days, even up to one week," a UNIFIL officer told The Associated Press on condition of anonymity because he was not authorized to speak to reporters.

"We agreed with the Lebanese army that it will start deploying as the Israelis start withdrawing. It could be as early as Thursday, maybe a slight delay," he said.

Those plans, however, depend on the Lebanese government's giving the order for the army to move south of the Litani. The Cabinet has been unable to meet on the issue since the cease-fire took hold because of deep divisions over what should be done about Hezbollah's arms in the south.

The arrangement that appears to be coming together among Lebanese politicians, military officials and Hezbollah would call not for the disarmament of Hezbollah, but instead for the guerrillas to avoid carrying weapons or using their heavily fortified bunkers to fire rockets. There would be no requirement to move the weapons north of the Litani, for the time being.

Israel's military officials made a first gesture at possible post-conflict negotiations. It said it has 13 Hezbollah prisoners and the bodies of dozens of guerrillas that could be offered in exchange for the two captive soldiers.

Meanwhile, the Israeli army said its forces killed a senior Hezbollah leader just before the U.N. cease-fire took effect. It identified the guerrilla as Sajed Dawayer, the head of Hezbollah's special forces. A Hezbollah official in the southern Lebanese port city of Sidon dismissed the report as "baseless," saying he had not heard of a Hezbollah military leader by that name.

Despite Israeli warnings that Lebanese refugees should avoid returning south until international forces arrive, families packed in cars loaded with salvaged possessions streamed back to learn what had become of their homes and livelihoods. Many found near total destruction.

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At least 15 more bodies were found in two villages near the border, Ainata and Taibeh. The newly discovered victims raised to at least 809 the number of people killed in Lebanon during the 34-day campaign, most of them civilians. Israel suffered 157 dead — including 118 soldiers, according to the Israeli military and government officials.

The Lebanese figures are assembled from police and security officials, hospital workers, doctors and morgue attendants as well as witnesses such as Associated Press reporters and photographers. The AP count is considerably lower than that of the Lebanese government, which says 1,110 have been killed.

Children are particularly at risk in the aftermath of war, and the U.N. Children's Fund is mounting a campaign to warn young Lebanese to stay away from shiny, strange objects in the rubble. Lebanese authorities and Hezbollah sent teams across south Lebanon to clear unexploded ordnance. A 12-year-old girl was wounded when an object exploded in her village east of Nabatiyeh.

Relief agencies struggled to move supplies to the south over bombed roads and others clogged with traffic. U.N. officials said 24 U.N. trucks took more than five hours to reach the port of Tyre from Sidon, a trip that normally takes 45 minutes.

Hezbollah Balks At Withdrawal From The South (WP)

By Edward Cody And Doug Struck

The Washington Post, August 16, 2006

BEIRUT, Aug. 15 -- Hezbollah refused to disarm and withdraw its fighters from the battle-scarred hills along the border with Israel on Tuesday, threatening to delay deployment of the Lebanese army and endangering a fragile cease-fire.

The makings of a compromise emerged from all-day meetings in Beirut, according to senior officials involved in the negotiations, and Prime Minister Fouad Siniora scheduled a cabinet session Wednesday for what he hoped would be formal approval of the deal. Hezbollah indicated it would be willing to pull back its fighters and weapons in exchange for a promise from the army not to probe too carefully for underground bunkers and weapons caches, the officials said.

Hasan Nasrallah, the Hezbollah leader, had insisted that any disarmament of his militia -- even in the border area -- should be handled in longer-term discussions within the Lebanese government, according to government ministers. But the Lebanese army, backed by key political leaders, refused to send troops into the just-becalmed battle zone until Hezbollah's missiles, rockets and other weapons were taken north of the Litani River, the ministers said.

At stake in the standoff was implementation of a crucial provision of the U.N. Security Council cease-fire that went into effect Monday. The accord called for quick deployment of 15,000 Lebanese army troops south of the Litani River along the border with Israel. They were to take up positions under the aegis of a reinforced contingent of the United Nations Interim Force in Lebanon, or UNIFIL, to form a peacekeeping corps with a total strength of about 30,000.

Hezbollah's reluctance to get its men and arms out of the border zone reflected nervousness over the continuing presence of Israeli soldiers on Lebanese soil. But it also demonstrated the militant Shiite Muslim movement's increased assertiveness here after a war of more than a month during which it stood off the Israeli army while Lebanon's national army stood aside.

In a televised speech Monday evening, Nasrallah accused those who are pushing Hezbollah for immediate disarmament of "insensitivity and immorality." He recalled that Lebanon's Shiite-inhabited areas took the worst battering and suffered the highest number of casualties during 33 days of warfare in which at least 800 Lebanese civilians were killed and 750,000 were driven from their homes, with some estimates substantially higher.

"Those people have performed veritable miracles," he said, referring to the Shiite Muslims who are the largest sect among Lebanon's 4 million inhabitants.

"And at this emotionally difficult and fateful time, some individuals speaking with wooden tongues sit behind desks in their air-conditioned offices and talk about these issues," he added. "This is inappropriate and wrong. I advise that no one exert pressure, bearing in mind that the most ferocious battle in the history of Lebanon has just been waged south of the river."

The Israeli military said it would begin handing over its positions in Lebanon to UNIFIL officers before the end of the week. A UNIFIL spokesman, Milos Strugar, said U.N. observers reported no significant Israeli withdrawals along the border on the second day of the cease-fire.

Israel television, however, showed troops walking and riding military vehicles back into Israel and dozens of tanks taking up positions on the Israeli side of the border.

"We are hoping the last IDF soldiers will cross the border in a matter of days," Maj. Jonathan Davis of the Israel Defense Forces said in an interview near the border. "We want to do it as quickly and swiftly as possible. As soon as UNIFIL and the Lebanese army are ready to assume responsibility in the area, which we hope is as soon as possible, we will leave."

Israeli officials have declined to say how many of their soldiers are inside Lebanon. Strugar said that whatever the number, their withdrawal has to be coordinated with UNIFIL and Lebanese army officers in the coming days. "This is a complicated issue," he said.

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Israeli soldiers killed three armed men who approached their positions in southern Lebanon, the military announced. But there were no reports of rockets being fired or sustained clashes, despite the existence of Hezbollah and Israeli positions at relatively close distances.

[The army said early Wednesday that Israeli forces killed the head of Hezbollah's special forces, identified as Sajed Dawayer, just before the U.N. cease-fire took effect, but a Hezbollah official dismissed the announcement as "baseless," the Associated Press reported from Jerusalem.]

The political repercussions of the war continued with the disclosure by Maariv newspaper that the Israeli military's chief of staff, Lt. Gen. Dan Halutz, sold his stock portfolio, worth about $27,600, just hours after learning that two Israeli soldiers were seized July 12. The newspaper reported that he phoned his stockbroker as the Israeli cabinet was meeting to decide to go to war.

The number of Hezbollah fighters in the border zone also was unclear, largely because the movement keeps its presence secret and many militia members are local residents who take up arms only when called on by their leaders. Their departure has not been envisaged, Lebanese officials said, and only the militia's officers and their weapons must be pulled back north of the Litani as part of the U.N. cease-fire.

Thousands of Lebanese families again filled the roads leading south, heeding a call from Hezbollah that they return immediately to their often-shattered villages. Leaflets dropped by Israeli aircraft warned them to stay away, but cars loaded with children and household belongings streamed down the coastal road.

Hezbollah activists provided money for the trip to many refugees leaving centers around the country. In his televised talk, Nasrallah promised they also would receive money on the spot to help them rebuild their homes, starting an immediate aid program for displaced people while the government was still holding meetings and appealing for funds.

The Lebanese army would like UNIFIL troops to deploy first in southern Lebanon and for the Israelis to pull out, which would then remove Hezbollah's reason for remaining there under arms, according to a government minister who spoke on condition that he not be named. Once Hezbollah's militia pulls back from the border zone, he suggested, the question of its full disarmament or incorporation into the army can be debated.

"As the defense minister said, where there are Lebanese army troops, there can be no other armed presence," he added. "The position of Hezbollah, at best, is ambiguous. They seem to have a fundamental problem with surrendering their arms and moving out of the south. That is very disappointing. The best spin you can put on it is that Nasrallah wants it sorted out in private."

Nasrallah, in his television address, suggested that for the time being the Hezbollah militia in southern Lebanon is the only way to defend Lebanon's sovereignty against Israel. Although the long-term solution is state authority over the entire territory, he said, that has to be worked out carefully and cannot happen overnight given the war that has just been fought.

On the ground, Hezbollah's militia and social welfare infrastructure were the only things still functioning in dozens of devastated villages across the border zone. Army troops in the village of Srifa, for example, were seen working under the orders of Hezbollah militia officers during a search for bodies buried under the rubble of buildings destroyed by Israeli bombing.

"What are the alternatives you have come up with?" Nasrallah asked. "Can the Lebanese army and the United Nations troops step up to the plate to defend the nation? Haste and simplification are out of the question. We were ready and will always be ready for dialogue to extend the authority of the state. We are part of the government and a basic part of it."

Struck reported from Jerusalem. Correspondent Nora Boustany in Beirut and special correspondent Tal Zipper in Kiryat Shemona contributed to this report.

Israeli Army Pulling Out Of Lebanon; Foreign Officials Head To Beirut Today (USAT/AP)

By Sam F. Ghattas

USA Today, August 16, 2006

BEIRUT — The Israeli army withdrew part of its force from southern Lebanon on Tuesday, and Lebanese troops were expected to start moving across the Litani River on Thursday to eventually take control of the war-ravaged region with help from United Nations peacekeepers, military officials on both sides of the conflict told the Associated Press.

About 500 Israeli soldiers walked across the border near the Israeli town of Malkiya.

Also, the foreign ministers of Turkey, Pakistan, Malaysia and France were to be in the Lebanese capital today, possibly to work out details of assembling a 15,000-strong international force. Indonesia and a dozen other countries have also expressed a willingness to help.

That force would work with an equal number of Lebanese soldiers to police the cease-fire that began Monday, ending 34 days of combat, Israeli airstrikes and Hezbollah rocket barrages.

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France was likely to lead the force. Italy's foreign minister, Massimo D'Alema, has already visited Beirut and has pledged as many as 3,000 troops.

The process involves three armies on the ground and is complicated. The Lebanese and Israeli armies do not have direct contact. A third and central player — Hezbollah guerrillas — will not be involved.

Hezbollah's two patrons, Syria and Iran, proclaimed on Tuesday that the guerrillas had won the fight with Israel — a reflection of the two countries' boosted confidence amid Hezbollah's increased popularity around the Arab and Islamic world.

Nevertheless, Hezbollah was forced to accept deployment of the Lebanese and international troops, which will deeply undermine the guerrillas' longtime domination of southern Lebanon. Israeli Prime Minister Ehud Olmert and President Bush said that meant Hezbollah — and by extension, Iran and Syria — were the losers.

Israeli Forces Begin Leaving South Lebanon (FT)

By Ferry Biedermann And Harvey Morris

Financial Times, August 16, 2006

More Israeli troops left south Lebanon on Tuesday, although the armed forces did not say how many remained of the 30,000 soldiers deployed at the height of the offensive between Israel and Hizbollah.

Lieutenant General Dan Halutz, chief of staff, told Army Radio the Israeli withdrawal would be complete in 7-10 days.

The army was expected to begin handing over forward positions to units of the UN's Unifil force by Thursday. The 2,000-strong Unifil observer force, stationed in south Lebanon since 1978 with headquarters in Naqoura, would be expanded by some 13,000 if resolution 1701 is implemented.

But while many refugees from the fighting were still returning home on Tuesday on the damaged roads north of the southern port city of Tyre, along the border with Israel, traffic thinned out.

Mayor Hussein Darwish estimated that 90 per cent of Naqoura's people had left and that not all of them were rushing back, "because we are so close to the border". Indeed, Israeli aircraft dropped leaflets over Tyre, warning the population not to move back into the south until the Lebanese army was deployed to the area, which some reports say could be as early as Thursday.

Between Naqoura on the coast and Yarin 13km to the east, the Israelis were very much in evidence.

On a hilltop, a unit was waiting, "for the Lebanese army or Unifil to come and to take over", said First Sergeant Arik, the loader of a Merkava battle tank occupying the hill.

Sgt Arik, 39, who worked as a civil engineer in Tel Aviv, said he hoped he would be too old to serve when the next round of fighting came around. "No, I don't think it is finished. This is the nature of Lebanon, it is never finished."

The battle had been hard, said the tank sergeant, and Israel had paid "a heavy price".

The hill had been occupied just a few days previously, without a fight, because it overlooks a valley from where Hizbollah had fired rockets at northern Israel, he said.

A unit of Chinese UN soldiers, clearing the road along the border with Israel, was the only sign of reconstruction in that part of the country. The soldiers worked beside an unexploded mortar round, its finned tail sticking out of the tarmac, and brought in a bulldozer to fill up a crater farther down the road.

Just around the corner, Mahmoud Abdel Karim Abdel Rahman stood disconsolately in front of his heavily hit house in the village of Yarin, from where Israeli houses can be seen on the other side of the border. "Where am I going to sleep now, in the fields?" protested Mr Abdel Rahman. He had returned in the morning, leaving his family in Sidon, where they had sought refuge. Now they would have to stay there longer.

The damage along the border is in some places extensive. In Naqoura 10 houses, 5 per cent of the total, have been destroyed while another 60 were badly damaged, said Mr Darwish.

A yellow Hizbollah flag flew defiantly from a mast next to the town hall, in full sight of Israeli border positions. In Naqoura, people are confident that Hizbollah will take care of reconstruction. "Hizbollah will help, they get a lot of money from Iran," the mayor said.

He referred to the speech the previous day by Hizbollah's leader, Sayyed Hassan Nasrallah, in which he had promised aid. "Hizbollah has a lot of credibility. They also helped in the past."

He did not expect much from the government, which, he pointed out, is saddled with a $40bn debt.

Mr Abdel Rahman was a lot less confident. A neighbour, Ahmed Abu Dallah, said he had rebuilt his house four times since the late 1970s.

"Not once did anybody help me. Hizbollah only looks after its own people."

He said he and Mr Abdel Rahman were both Sunni Muslims but many Shia who were not close supporters of the Shia movement did not get compensated either.

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Israeli Reservists Return From Front (WT)

By Joshua Mitnick

The Washington Times, August 16, 2006

KIRYAT SHEMONA, Israel -- Several hundred foot-weary reservists trudged home across the border yesterday as Israel began thinning its troop presence in Lebanon less than 48 hours into a tenuous cease-fire.

Wire services said the Israelis would turn over some vulnerable positions in southern Lebanon as early as today to U.N. forces already based in Lebanon, seeking to reduce their exposure to any Hezbollah action that could restart hostilities.

Israel had originally said it would hold its ground until a robust international force was in place between the Islamist militia and the Israeli border, but that deployment now looks to be three weeks or longer away.

Relieved to be back in Israel, the returning soldiers described an enemy that had controlled the battlefield and enjoyed the element of surprise.

"The fighters of Hezbollah had six years to prepare. It's their stage. They are the director, and you are the actor," said Yaron Yaniv, a sniper who spent the last five days in Lebanon. "It's their land. They know the disadvantages and the advantages."

Only a few scattered incidents disrupted the cease-fire that took effect at 8 a.m. Monday. Israel said its forces killed five Hezbollah fighters yesterday in defensive actions.

No casualty report was available from Hezbollah, but its allies took to the airwaves proclaiming a victory for the Iranian-armed organization and a changed Middle East.

In a strident post-war address, Syrian President Bashar Assad said Israel risked defeat unless it sought peace with Arab countries. He declared the war a "failure for Israeli and its ally," referring to the United States.

Mr. Assad also pledged to "liberate" the Golan Heights, captured by Israel from Syria in 1967, "with our hands and determination," according to wire service reports from Damascus. He declared the Arab-Israeli peace process dead and said "the next generations in the Arab world will find a way to defeat Israel."

In Berlin, German Foreign Minister Frank-Walter Steinmeier canceled a trip to Damascus in protest over the Syrian president's praise of Hezbollah and warning to Israel.

The German diplomat had planned to fly to the Syrian capital from Amman, Jordan, for a round of talks aimed at resolving the crisis between Israel and Hezbollah militants in Lebanon.

But he called off the Syrian leg at short notice, saying Mr. Assad's comments were a "negative contribution."

Iranian President Mahmoud Ahmadinejad told a large crowd in the Iranian city of Arbadil that "God's promises have come true."

"On one side, it is corrupt powers of the criminal U.S. and Britain and the Zionists ... with modern bombs and planes. And on the other side is a group of pious youth relying on God."

In Kiryat Shemona and other towns in northern Israel, residents who had spent long weeks in bomb shelters or further south began surveying the damage from the daily rain of Hezbollah missiles.

At one road junction, teenaged girls handed flowers to Israeli soldiers as they passed on foot.

Foreign Minister Tzipi Livni announced in Jerusalem that she will travel to New York to pursue the release of two Israeli soldiers in a meeting with U.N. Secretary-General Kofi Annan. The U.N. cease-fire resolution called for an unconditional return of the two soldiers, whose July 12 abduction sparked the war.

"From this point on, the process of bringing the soldiers home will continue," she said. "As long as the abducted soldiers haven't been returned, the operation hasn't been completed."

The Associated Press quoted unnamed Israeli military officials proposing to swap 13 Hezbollah prisoners and "dozens" of bodies for the two soldiers. Before the war, Israel had ruled out any such swap.

Israeli army Chief of Staff Lt. Gen. Dan Halutz found himself fighting on a new front yesterday, facing calls for his dismissal after reports that he sold off investments in the first hours of the monthlong crisis.

The Israeli military has come under a torrent of criticism saying it was unprepared to fight Hezbollah in Lebanon. Israeli news Web sites said lawmakers spanning the political spectrum were pressing for Gen. Halutz to resign.

Sitting in a wheelchair with stitches after being injured by an anti-tank missile that struck his tank, Cpl. Michael Mizrahi said Hezbollah had displayed a high level of training in its use of advanced weapons. "They know how to fire and where to fire," he said.

Cpl. Mizrahi's tank was hit after he and his crew had given up the search for a Hezbollah squad firing rockets into Israel. The gunner complained that Hezbollah fighters shoot and then melt into the population or dive into a bunker. Driving a tank in southern Lebanon exposed the crew to severe danger, he said.

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Laid up in a ward of Haifa's main hospital, Capt. Arik Dayan said Hezbollah was fighting a different sort of war, in which the goal was not to conquer territory, but to inflict maximum casualties.

"They say, 'Come take the village,' then they come to you," he said. "They work in small groups. Simplicity wins."

Mossad Missed Hezbollah Threat (WT)

By Bill Gertz

The Washington Times, August 16, 2006

Israel's storied foreign-intelligence service failed to fully understand the threat posed by Hezbollah in southern Lebanon, based on a view among many analysts that the guerrilla organization was an evolving political group, according to U.S. officials and private intelligence specialists.

The Mossad had intelligence about most Hezbollah weapons, including rockets fired into Israel and other hardware. But the service knew little about the military and intelligence side of Hezbollah, a diverse organization made up of Islamic terrorists, conventionally armed militia forces, a charity wing and a political movement.

Mossad is famous for past exploits, including the global campaign in the 1970s to track down and kill Palestinian terrorists in retaliation for the deaths of 11 Israeli athletes and coaches at the 1972 Munich Olympics. Its specialty has been recruiting agents inside terrorist groups and using their information to effectively counter or limit attacks.

However, the recent fighting in southern Lebanon revealed major shortcomings in the agency's intelligence on the precise locations of Hezbollah leaders and rocket launchers, said officials who spoke on the condition of anonymity.

"This was an intelligence failure, but not on the same scale as those of the United States prior to 9/11," said one U.S. official long involved in intelligence matters.

The U.S. official said Mossad's lack of intelligence about Hezbollah dates back to 1998, when the terrorist group began a strategy of conducting clandestine attacks while also seeking public support through charitable work and joining the political process in Lebanon.

The bias regarding Hezbollah's evolving nature had an effect on the activities of Israeli spies and agents in the field, which contributed to misperceptions about the group, the officials said.

Robert Baer, a former CIA operations officer who is familiar with Mossad, said the Israeli intelligence agency failed to gather good intelligence on Hezbollah, in stark contrast to its very successful efforts against Palestinian terrorists.

Israeli intelligence, mainly the Shin Bet domestic service, thoroughly penetrated many Palestinian terrorist groups. But Hezbollah employs extremely tight operational security to prevent penetration by Mossad or other intelligence services, Mr. Baer said.

Hezbollah operates its military and intelligence wings in utmost secrecy, and they are completely separate from the charitable and political wings, he said.

"Military-intelligence people do not talk to political leadership or rank-and-file people who do social work," he said.

Dennis Pluchinsky, a former State Department intelligence analyst, said Mossad may have been "counting on the Lebanese population and government to turn on Hezbollah."

Mr. Pluchinsky said the government in Beirut failed to take on the group, and there was a reluctance to "delegitimize Hezbollah."

"I do not believe that the fault lies with Israeli military strategic and tactical failures, as much as a political strategic failure," he said.

Retired Air Force Lt. Gen. Thomas McInerney said Mossad knew details three years ago about Hezbollah's Katyusha and other rockets.

"They knew what they had," he said.

He said Israel's war plan was undermined by political leaders, not by a lack of intelligence.

"Israel's plan was that if they were fired upon, they would respond with a [leadership] decapitation program and massive air and ground campaigns into Lebanon," Gen. McInerney said.

However, Israeli Prime Minister Ehud Olmert did not order the decapitation plan and was slow to carry out the ground campaign.

"It was not the intelligence," he said. "There's no question they did not take the heart out of Hezbollah."

Although they are technically not intelligence components, Israeli special-operations commandos were effective in conducting covert attacks against Hezbollah leaders and fighters, but failed to kill or capture the group's leader, Sheik Hassan Nasrallah, mainly because of a lack of intelligence.

About 20 Hezbollah leaders were captured by Israeli commandos.

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An Israeli air force officer told the Jerusalem Post that a lack of real-time intelligence hindered efforts to target Hezbollah leaders.

For example, Israel bombed a car last week in Lebanon that was thought to be carrying a senior Hezbollah leader. The bombing, however, killed three Lebanese soldiers.

In one air strike, the Israelis dropped 23 tons of bombs on a Beirut bunker thought to be a hide-out for Sheik Nasrallah and other Hezbollah leaders, but the leaders were not there.

Secretary of State Condoleezza Rice declined to comment in a recent television interview on whether Mossad and the CIA failed to understand Hezbollah's military capability. However, she told the Fox News Channel that "if you think about how these terrorist organizations operate, they go in with the population, they hide their capabilities inside of villages. They're very hard to detect."

At War, Israeli Reservists Wield New Weapon: Opinion Polls (CSM)

By Ilene R. Prusher

The Christian Science Monitor, August 16, 2006

METULLA, ISRAEL

To those on a family vacation and hard at work, the call came: Tzav 8, code name for the emergency mobilization order from the Israeli military.

Soon, reservists found themselves on a Lebanese battlefield, at a disadvantage to Hizbullah guerrillas fighting on home turf. And in the midst of combat, they did what anyone wanting to influence decisionmakers here would do: get on their cellphones and commission an opinion poll.

And so, from somewhere south of the Litani River in Lebanon to the Tel Aviv headquarters of one of Israel's most prominent polling groups, a hyperdemocratic dynamic was put into play: Soldiers wielding the weapon of public opinion to try to influence how the war is being waged.

"We realize that we have to do something because it's a life-or-death situation, and so many soldiers were getting killed. We got upset, but we didn't know what to do," says Intelligence Corps Officer Shmuel Yannay, who has emerged as a kind of spokesman for the reservists - some of whom asked to have their identities withheld - who contacted the Dahaf Institute a week ago and commissioned the poll on the direction of the war.

"It's the first time ever it's been done, and I think it's a new tool," he says. "It's not refusal of orders or officers. If you do that, you abandon your friends in the field," explains Mr. Yannay, talking in a phone interview days before his next military assignment. Although he didn't get sent to Lebanon, he'd done perilous duty in Gaza, and recently got his call-up for service that will take him away from his day job - a lawyer for an investment club. "We tried to find an alternative way to put pressure on the political process," he says, and "to pressure the prime minister" to reconsider the course of the war.

Not, that is, the war itself. Israel went to war hours after Hizbullah's July 12 attack on Israeli soldiers, killing eight of them and kidnapping two others. Public opinion sat squarely behind that decision. But as the casualty count climbed, support for the war - and more specifically, its handling - declined. A poll released on Tuesday by a different group, Globes-Smith, found that 52 percent of the public believes the IDF did not succeed in the war, while 44 percent think it did.

The question the reservists posed was of a more tactical nature. The soldiers felt they were being sent into Lebanese villages like so much cannon fodder, and wondered why the Israeli military wasn't first calling in airstrikes on houses that were confirmed Hizbullah hide-outs.

"It's not supposed to be a moral dispute. There weren't any villagers left there at that point, just Hizbullah men," says Yannay. The soldiers began to question the wisdom of their orders.

"The answers they got didn't satisfy them. They were told that world public opinion wouldn't tolerate it," he says. "We got into this war, they told us, to prove to Hamas and Hizbullah that the blood of our soldiers doesn't come for free. But we proved in the war the very opposite thing: The blood of the soldiers seems less important than public opinion."

In the poll, published in the Yedioth Ahronoth newspaper on Friday, 91 percent of respondents - all civilians - said that the IDF should bomb villages from the air, while 8 percent said they should depend on ground forces. The poll was on the verge of swaying the war's execution when news of a cease-fire deal broke.

The wisdom of any one particular war strategy can be capricious. At first, many Israelis criticized the army for relying too heavily on air bombardments, particularly after the bombing in Qana, which killed 27. The strategy shifted to ground troops, and soldier casualties began to skyrocket. On Saturday alone, 24 Israeli troops were killed, and 115 overall died in the fighting.

As reserve soldiers began pouring back back into Israel, many through this border town, some looked jubilant, others bitter. A famous entertainer played for troops, cracking jokes about how leaders seemed to create a domestic refugee crisis every

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summer - a jab at disengagement from Gaza last year and the recent exodus of civilians here. He got rousing applause and a few boos.

Many Israelis have called for a commission of inquiry. Newspapers have carried investigative stories about the army. The Maariv newspaper carried an article indicating that the chief of staff took his shares out of the stock market on the day of the July 12 attack by Hizbullah, while a Jerusalem Post report indicated that some soldier deaths appeared to be the result of a friendly-fire incident.

The common thread through many of these stories is the complex overlap of technology and democracy on the battlefield. Never before have so many Israeli soldiers had the ability to be in touch with friends and family back home.

But calling home from the front to commission a poll, one analyst says, is an unprecedented example of the keen understanding of how influential public perceptions in wartime have become.

"The polls can create a climate of opinion," says Raphael Ventura, an expert at the Israel Democracy Institute in Jerusalem. "Polls can enhance the legitimacy of views that were considered unorthodox. When people believe that they are holding opinions outside the consensus, they hide these opinions. But if they see polls, they're more likely to express these opinions openly."

"We saw it in Vietnam and in Bosnia," he adds. "The more you had negative reports in the media, showing that mistakes are being made ... people begin to think maybe the war is not going so well," he says.

Though the poll was instigated by those at war, an army spokeswoman says that it was commissioned by private individuals, which includes off-duty reservists. "Any reserve officer is a private citizen," the officer says, "and can say whatever he wants to say - until he's in uniform again."

Jackson Tries For Prisoner Exchange (AP)

By Barry Schweid

AP, August 16, 2006

Trying to build on a cease-fire in Lebanon, civil rights leader Jesse Jackson launched an effort Tuesday to arrange the release of prisoners held by Hezbollah and Israel.

"The cease-fire is a step in the right direction," Jackson said after talking to the Israeli and Syrian ambassadors here. "Release of prisoners would reinforce the positive direction."

Jackson, an experienced go-between, has brought Americans home from Syria, Cuba, Iraq and Yugoslavia. And, he said in an interview, "in each instance we had a no-talk policy in that country."

The cease-fire resolution approved unanimously last week by the U.N. Security Council did not demand that Hezbollah release two Israeli soldiers whose abduction touched off the 34-day conflict. Nor did it demand Israel release Arab prisoners. But in the preamble to the resolution, the council said the situation should be addressed urgently.

Jackson began his effort with a telephone conversation with Daniel Ayalon, the Israeli ambassador, appealing to his government to consider "some exchange of prisoners" as a goodwill gesture "if there is movement on the two abducted Israelis," Jackson said.

He then called on Syrian Ambassador Iyad Moustapha, whose government has strong ties to the Hezbollah militia.

"I asked him to make an appeal to his president, Bashar Assad, on a humanitarian basis to appeal to whoever is appropriate, maybe Hezbollah, to seek the whereabouts and grant the release of the two Israeli soldiers," Jackson said.

"He was positive and said he would convey the message," Jackson said. Although Jackson said he couldn't find out about the health of the prisoners, he said he had the impression they were "all right."

Jackson said he and other religious leaders would go to Syria "if we had the notion we could gain the release of prisoners on both sides. ... Such an effort would not be in conflict with our present policies because it would be humanitarian."

However, Jackson said the United States should be talking to Syria and to Iran, which it accuses of being the principal source of Hezbollah's weapons.

"We are negotiating with one hand tied behind our back. We talked to Russia through the height of the Cold War," he said.

A State Department spokesman, Justin Higgins, said Jackson's intervention with Syria and Israel was undertaken as a private individual.

On several occasions, Jackson has successfully intervened on behalf of Americans and others held hostage or prisoner in foreign lands.

In January 1984, he met with President Hafez Assad of Syria and arranged the release of a Navy pilot whose plane was shot down over Lebanon during an American air strike against a Syrian anti-aircraft position a month earlier. Later that year, Jackson traveled to Cuba and persuaded Fidel Castro to release 48 American and Cuban political prisoners.

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Jackson, in 1990, helped win the release from Iraq of more than 700 foreign women and children detained as human shields against an American military attack after Iraq's invasion of Kuwait. He persuaded Yugoslav President Slobodan Milosevic in 1999 to free three Americans he was holding prisoner.

Hezbollah Leads Work To Rebuild, Gaining Stature (NYT)

By John Kifner

The New York Times, August 16, 2006

BEIRUT, Lebanon, Aug. 15 — As stunned Lebanese returned Tuesday over broken roads to shattered apartments in the south, it increasingly seemed that the beneficiary of the destruction was most likely to be Hezbollah.

A major reason — in addition to its hard-won reputation as the only Arab force that fought Israel to a standstill — is that it is already dominating the efforts to rebuild with a torrent of money from oil-rich Iran.

Nehme Y. Tohme, a member of Parliament from the anti-Syrian reform bloc and the country's minister for the displaced, said he had been told by Hezbollah officials that when the shooting stopped, Iran would provide Hezbollah with an "unlimited budget" for reconstruction.

In his victory speech on Monday night, Hezbollah's leader, Sheik Hassan Nasrallah, offered money for "decent and suitable furniture" and a year's rent on a house to any Lebanese who lost his home in the month-long war.

"Completing the victory," he said, "can come with reconstruction."

On Tuesday, Israel began to pull many of its reserve troops out of southern Lebanon, and its military chief of staff said all of the soldiers could be back across the border within 10 days. Lebanese soldiers are expected to begin moving in a couple of days, supported by the first of 15,000 foreign troops. [Page A8.]

While the Israelis began their withdrawal, hundreds of Hezbollah members spread over dozens of villages across southern Lebanon began cleaning, organizing and surveying damage. Men on bulldozers were busy cutting lanes through giant piles of rubble. Roads blocked with the remnants of buildings are now, just a day after a cease-fire began, fully passable.

In Sreifa, a Hezbollah official said the group would offer an initial $10,000 to residents to help pay for the year of rent, to buy new furniture and to help feed families.

In Taibe, a town of fighting so heavy that large chunks were missing from walls and buildings where they had been sprayed with bullets, the Audi family stood with two Hezbollah volunteers, looking woefully at their windowless, bullet- and shrapnel-torn house.

In Bint Jbail, Hezbollah ambulances — large, new cars with flashing lights on the top — ferried bodies of fighters to graves out of mountains of rubble.

Hezbollah's reputation as an efficient grass-roots social service network — as opposed to the Lebanese government, regarded by many here as sleek men in suits doing well — was in evidence everywhere. Young men with walkie-talkies and clipboards were in the battered Shiite neighborhoods on the southern edge of Bint Jbail, taking notes on the extent of the damage.

"Hezbollah's strength," said Amal Saad-Ghorayeb, a professor at the Lebanese American University here, who has written extensively about the organization, in large part derives from "the gross vacuum left by the state."

Hezbollah was not, she said, a state within a state, but rather "a state within a nonstate, actually."

Sheik Nasrallah said in his speech that "the brothers in the towns and villages will turn to those whose homes are badly damaged and help rebuild them.

"Today is the day to keep up our promises," he said. "All our brothers will be in your service starting tomorrow."

Some southern towns were so damaged that on Tuesday residents had not yet begun to return. A fighter for the Amal movement, another Shiite militia group, said he had been told that Hezbollah members would begin to catalog damages in his town, Kafr Kila, on the Israeli border.

Hezbollah men also traveled door to door checking on residents and asking them what help they needed.

Although Hezbollah is a Shiite organization, Sheik Nasrallah's message resounded even with a Sunni Muslim, Ghaleb Jazi, 40, who works at the oil storage plant at Jiyeh, 15 miles south of Beirut. It was bombed by the Israelis and spewed pollution northward into the Mediterranean.

"The government may do some work on bridges and roads, but when it comes to rebuilding houses, Hezbollah will have a big role to play," he said. "Nasrallah said yesterday he would rebuild, and he will come through."

Sheik Nasrallah's speech was interpreted by some as a kind of watershed in Lebanese politics, establishing his group on an equal footing with the official government.

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"It was a coup d'état," said Jad al-Akjaoui, a political analyst aligned with the democratic reform bloc. He was among the organizers of the anti-Syrian demonstrations after the assassination of former Prime Minister Rafik Hariri two years ago that led to international pressure to rid Lebanon of 15 years of Syrian control.

Rami G. Khouri, a columnist for The Daily Star in Beirut, wrote that Sheik Nasrallah "seemed to take on the veneer of a national leader rather than the head of one group in Lebanon's rich mosaic of political parties."

"In tone and content, his remarks seemed more like those of a president or a prime minister should be making while addressing the nation after a terrible month of destruction and human suffering," Mr. Khouri wrote. "His prominence is one of the important political repercussions of this war."

Defense Minister Elias Murr said Tuesday that the government would not seek to disarm Hezbollah.

"The army is not going to the south to strip the Hezbollah of its weapons and do the work that Israel did not," he said, showing just how difficult reining in the militia will most likely be in the coming weeks and months. He added that "the resistance," meaning Hezbollah, had been cooperating with the government and there was no need to confront it.

Sheik Nasrallah sounded much like a governor responding to a disaster when he said, "So far, the initial count available to us on completely demolished houses exceeds 15,000 residential units.

"We cannot of course wait for the government and its heavy vehicles and machinery because they could be a while," he said. He also cautioned, "No one should raise prices due to a surge in demand."

Support for Hezbollah was likely to become stronger, Professor Saad-Ghorayeb said, because of the weakness of the central government.

"Hezbollah has two pillars of support," she said, "the resistance and the social services. What this war has illustrated is that it is best at both.

Referring to Shiek Nasrallah, she said: "He tells the people, 'Don't worry, we're going to protect you. And we're going to reconstruct. This has happened before. We will deliver.' "

Armed With Iran's Millions, Fighters Turn To Rebuilding (WP)

By Anthony Shadid

The Washington Post, August 16, 2006

KHIAM, Lebanon, Aug. 15 -- In military-style black shirt and pants, Abu Shaker had a gait that was a little light for someone in combat boots. He smiled through his red-tinted beard, as returning residents waved and shouted greetings. And he pointed with authority, guiding a bulldozer plowing the streets of this Shiite Muslim town, blocked by refuse from a month-long barrage of air raids and shelling.

For 34 days, Abu Shaker was a Hezbollah fighter. By 6:30 a.m. Tuesday, he had taken charge as a relief worker.

"We're going to work until we open all the streets in the city," he said, as the bulldozer thundered across a road.

He looked around at the town, nearly every house scarred. "Whatever the people need, we'll do it for them," he said.

A day after a cease-fire quieted the guns in Lebanon, Hezbollah opened another front in its struggle: rebuilding its state within a state in the poor southern suburbs of Beirut and the tattered villages of southern Lebanon and the Bekaa Valley. Hundreds of activists fanned out across the country; in Khiam, at times, they outnumbered the residents. Acting on the orders of Hasan Nasrallah, the group's secretary general, they began clearing rubble, pulling bodies from collapsed homes, cataloguing damage house by house, securing truckloads of food and water, and preparing to provide tens of millions of dollars in compensation.

"We're waiting for Hezbollah to undo all this destruction," said Hussein Kalash, a fighter in Khiam for another Shiite movement, Amal. "Sayyid Hasan said he would compensate the people, so we're waiting to see his promises come true," he said, referring to Nasrallah with a religious honorific.

"We shared in the war," he added, "but now they have to pay for the peace."

More than simple reconstruction, the task before Hezbollah could decide the shape of postwar Lebanon. Nasrallah's order Monday to begin rebuilding -- without government coordination or approval -- poses one of the biggest tests for Lebanon's already weak government, which in the aftermath of the war has pledged to exercise its uncontested control all the way to the Israeli border. In just a day, the question has become: Can both the Lebanese state and Hezbollah wield authority in Lebanon?

Hezbollah activists here were respectful; they said they were only buttressing the government's role. Some residents, though, spoke in blunter terms, reflecting the popular support Hezbollah enjoys -- often more as guardian than militia.

"Sayyid Hasan will help us before our country does," said Mehdi Awada, a 25-year-old resident.

As he spoke, Um Hussein Tanaki sprang out of her damaged, four-story pink stone building. It was gutted, the furniture destroyed. "You work and work and work your whole life, and in the end, there's nothing. That's not a pity?" the 61-year-old

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mother of three said. Cars passed, Hezbollah's yellow banners sometimes flying from the windows, and she smiled. "This is my sacrifice."

Young men around her nodded their heads. "God protect Sayyid Hasan," she said.

In his speech Monday, Nasrallah outlined Hezbollah's reconstruction. Activists would begin work immediately to repair damaged homes and clear the rubble from the hardest-hit villages like Bint Jbeil, Aitaroun and Khiam. For families whose houses were destroyed, a number he estimated at 15,000, Hezbollah would provide money to rent another house for a year as well as buy furniture. An informed source said the group planned to spend $150 million, already provided by Iran, in coming days.

"You will not have to ask for anyone's help, you will not have to stand in lines or go anywhere," Nasrallah said. "Of course, we can't wait for the order of the state and the tools that it uses, as it could consume some time."

He said Hezbollah and the government would work in "two parallel lines."

In the Beirut suburbs, a half-dozen bulldozers removed rubble Tuesday, throwing up clouds of dust. Along one stretch were the remains of a nine-story building, in front of a newly hung banner that read: "Made in the USA." Lebanese flags were planted in other piles. Residents walked around the devastation, some taking pictures, others with new Hezbollah flags wrapped around their necks.

Among them was Leila Atwi, a 26-year-old newlywed. Her voice was matter-of-fact. Only Hezbollah would help, she said, suggesting the deep credibility Hezbollah enjoys among its Shiite Muslim constituency.

"Where is the government? Do you see anyone from the state here?" she asked. "Sayyid Hasan is our state."

"This war may not be over, but we are not afraid. The sayyid will protect us, and any new war will make us just stronger," Atwi said. "Look at us now. We're much stronger than we were a month ago."

The work began in Khiam in the morning, as Hezbollah activists raced around the town driving mopeds, motorcycles, white pickup trucks and cars, some the newest models. Sprinkled glass swept into the street sounded like wind chimes. Ten roaring bulldozers plowed to the side pulverized stone, splintered cinder blocks and the detritus of daily life -- cans, bottles and plastic crates.

"We came here to see what we need to do in the town," said the 18-year-old driver, Hussein Abdullah.

To the side was Abu Shaker, the 35-year-old guerrilla turned relief worker. He fought elsewhere during the war -- he declined to say where -- and had returned by early morning to his home town. As he directed the bulldozer, he was greeted by deferential policemen, whose station was destroyed. Other residents sprang down the steps and into the street to shake his hand.

"When Sayyid Hasan promises, then we adhere to it," he said. "He promised we'd start today, so we began at 6:30 a.m."

He passed an ambulance of a Hezbollah-affiliated health organization, then a poster that declared: "Khiam 2005 Tourist City." Nearly every car that passed called out to him.

"Do you need anything?" Abu Shaker shouted. "Just your safety," the driver of one car yelled back.

He turned his head away. "When someone needs help, they come to us," he said.

Along the street he walked, Hezbollah brought in the first relief -- trucks carrying steel water containers and others, "God" written on the front, with loaves of bread wrapped in plastic and black crates of peppers, grapes, peaches, sardines and processed cheese.

A few buildings down was the office of Abu Jassim, another Hezbollah activist, dressed in khaki military-style pants and carrying a walkie-talkie that crackled with short bursts of communication. A few hours before, he said, a 10-person Hezbollah committee staffed with engineers had begun its work surveying each damaged building in the province. The crew would document the work with photographs and a prepared form. He expected the committee would finish its work within a week, "at the most." It would determine which houses would be repaired and which demolished, then work would begin immediately.

Another committee was working on water, electricity and other infrastructure, he said.

"The party has a lot of money," said another activist, 30-year-old Abu Jaafar, standing next to a white Honda motorcycle, with a knot of other men. "How did it defeat Israel? You can't get weapons without money."

He predicted the work might take as many as two or three years. "If we said sooner than that, people would laugh at us," he said.

Hezbollah has long had a reputation inside Lebanon as one of the country's most efficient organizations, sometimes outstripping the government's meager capacity in the poorer areas like southern Lebanon. Into the 1970s, some of the villagers here had no roads, hospitals or schools.

In that environment, Hezbollah distinguished itself as a social organization by its lack of corruption, ability to mobilize its people and success in fulfilling its promises. After the last Israeli campaign in 1996, Hezbollah said it repaired 5,000 Lebanese homes, rebuilt roads and provided compensation to 2,300 farmers. After the Israeli withdrawal from southern Lebanon in 2000, ending an 18-year occupation, its teams sprayed insecticides in 35 villages and dispatched veterinarians to check on cattle.

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That record has incubated dissonant perceptions of the group: best remembered in the West for its role in the attacks on the Marine barracks and U.S. Embassy in Beirut during Lebanon's civil war, and designated a terrorist organization by the United States; often cited here for its charity and perceived role in defending the Shiite community in a country where individual rights are usually subsumed in the collective interests of Lebanon's religious sects.

"What Sayyid Hasan says, he does. Has he not done that from the first day of the war?" asked Hussein Heidar, a 29-year-old sitting with friends in a bombed-out swath of Khiam. A tire was tossed in the street, next to a sign for Nour Shoes. Beside him was Mohammed Amin, a 52-year-old resident who had returned Tuesday and was slumped in a red plastic chair along the sidewalk.

"We're going to rebuild at the fastest pace possible," he said.

"Better than before and quicker than before," Heidar added.

Both took phone calls. "Everyone in Beirut is coming back. Everyone in the Bekaa Valley is coming back," Amin cried into his phone.

Another friend approached, 55-year-old Ali Shuaib. He had just returned from the Bekaa, where his six children remained.

"The party works correctly," he said. "And the state? We don't know anything about the state."

Down the street, Abdullah Khatoun leaned against a car. Like most in the village, he seemed unfazed by the destruction around him. It had happened before, in the 1982 Israeli invasion, and Khiam was rebuilt. Besides, he said, Nasrallah promised.

He recalled Nasrallah's words as "Honey, honey, honey."

"What he sews, we'll wear."

Fractured Land Vast Rebuilding Job Looms In Lebanon; It, Too, Is Political (WSJ)

By Karby Leggett

The Wall Street Journal, August 16, 2006

BEIRUT, Lebanon -- With the fighting here finally stopped, the battle that Nabil Jisr is leading swings into full gear.

Mr. Jisr, a senior aide to Lebanon's prime minister, is in charge of the almost overwhelming task of reconstructing the shattered country.

An estimated 35,000 homes and business places have been destroyed by fighting and Israeli bombs. Perhaps a quarter of the country's four million residents were in temporary housing when the cease-fire took hold Monday. Some 400 miles of Lebanese roadway have been destroyed, along with about 150 bridges and interchanges -- one of every four in the country. Now, as residents pour back into Lebanon's ravaged south, hundreds of thousands will need food, water and shelter in the coming weeks.

And wrapped in the reconstruction challenge is a critical struggle for Lebanon's weak government: seizing the political initiative from a Hezbollah energized by its battlefield performance against Israel. "The postwar period...is the real war," says Jihad Azour, Lebanon's finance minister.

The rebuilding of Lebanon, and who gets credit for it, are part of a larger battle for influence between the central government and Hezbollah, a Shiite Muslim group so powerful it is a virtual state-within-a-state. Reconstruction is the first real postwar test of wills between Hezbollah -- whose ambush and capture of two Israeli soldiers set off the conflict -- and those in the Lebanese government who want Hezbollah to become purely a political party. How it goes could set the tone for whether Hezbollah emerges from the conflict an even stronger social force, still armed and with continuing ties to Syria and Iran, or ultimately bows to international demands and abolishes its military wing.

If Lebanon's government can gain the political upper hand over Hezbollah, this success could have region-wide implications. Hassan Nasrallah, Hezbollah's leader, has become a folk hero in much of the Muslim world. His organization, a militia and social support group with a foot planted firmly in national politics, is the model that Islamist groups in the Middle East are adopting, from Hamas in the Palestinian territories to Iraqi firebrand Muqtada al Sadr and his Mahdi Army.

Even in Egypt and Jordan, where the politically active Islamist groups aren't armed, Muslim Brotherhood organizations use their religion-based charity and humanitarian networks to challenge the government. Lebanon's reconstruction battle thus mirrors one of the region's emerging rifts. It is between, on one side, U.S. allies Jordan, Egypt and Saudi Arabia, and, on the other, the Iranian and Syrian regimes that provide arms and money to Hezbollah. Saudi Arabia, for example, is already pouring funds into the Lebanese government.

"Lebanon's reconstruction is going to be a microcosm for trends across the region," says Rami Khouri, a Beirut-based columnist and leading political commentator.

Designated a terrorist group by the U.S., Europe and Israel, Hezbollah has seen its popularity soar well beyond its core supporters in Lebanon. The group has ramped up its own formidable aid and reconstruction program, giving it a big role the humanitarian and reconstruction effort among Lebanon's poor Shiite Muslims, who account for nearly 80% of those displaced by

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the war. Hezbollah volunteers are ever-present even in many government-managed shelters, gathering detailed information on each displaced family, from specific medical requirements to how many mattresses each family needs. "Everyone must enter the battle to rebuild," said Mr. Nasrallah, Hezbollah's leader, in a televised speech the day of the cease-fire.

During the month of fighting, Hezbollah set up more than a dozen soup kitchens and medical relief centers across Beirut, spending well over $100,000 a day, its officials say. While leaders won't detail where the cash comes from, members say it's raised through direct contributions from Lebanese supporters as well as abroad, including in Syria and Iran.

Mr. Jisr says his Lebanese-government operation doled out more than 6,000 tons of aid, worth tens of millions of dollars, during the fighting. This week he began detailed talks with potential foreign donors for a reconstruction package that he hopes could reach $3 billion. But the effort has also bumped into the kind of corruption and poor execution that have long hobbled the government more broadly and made Hezbollah look better by comparison.

"Lets face it, Hezbollah is working hard, too," says Mr. Jisr. With a thin smile, he adds: "Maybe I'll send them a thank-you note."

A lanky man of 61 with a taste for expensive suits, Mr. Jisr says the Lebanese government has little desire -- or ability -- to limit Hezbollah's role in reconstruction. Like many of Hezbollah's critics in Lebanon, he doesn't want to wipe out the group but rather bring it more fully into the Lebanese body politic. The cabinet of Mr. Jisr's boss, Lebanese Prime Minister Fuad Siniora, includes two elected Hezbollah representatives. They are directly involved in the government's reconstruction plan. One, the energy minister, has authority to approve imports of fuel and sits on the reconstruction committee Mr. Jisr helps manage.

Mr. Jisr also says Hezbollah's efforts can dovetail with the government's, even if Hezbollah winds up with part of the credit. For instance, many displaced Shiites have taken refuge in public buildings in Christian and Sunni areas, including schools that will soon be needed for classes. Hezbollah's efforts to rebuild homes may help ease sectarian tensions.

Even so, Mr. Jisr views the months ahead as a crucial test for government leaders, an opportunity to rewrite Lebanon's history of sectarian conflict. "We need an awakening in our country," he says. "We need people to understand that only the government can fix things."

Mr. Jisr grew up in Lebanon, studied engineering at the University of Tennessee and went to work at the construction conglomerate of Rafik Hariri, a former prime minister. At the peak, Mr. Jisr managed 31,000 employees. In the early 1990s, Mr. Hariri recruited Mr. Jisr to help rebuild Lebanon after its 15-year civil war. A Sunni Muslim, Mr. Jisr oversaw construction of a lavish new central business district, a marina and a soaring stone-and-tile compound that houses the offices of the prime minister.

Lebanon entered a new era when Mr. Hariri was killed in a car bombing 18 months ago. The slaying caused a political uprising that forced Syria, which was suspected of involvement, to end its long military occupation of Lebanon. It also brought to power a group of pro-West political reformers. The new prime minister, Mr. Siniora, asked Mr. Jisr to join his team.

The day after fighting between Israel and Hezbollah began, Mr. Jisr was put in charge of the emergency relief effort, and he has been working practically round the clock ever since.

His first step was to establish a central base to collect and distribute aid that began flowing in, mostly food, water and medicine. It arrived overland from Syria and by air from Jordan, the planes landing on the one runway at the Beirut airport that Israel hadn't destroyed. Some was moved about the city in small trucks to avoid being targeted by Israel.

Mr. Jisr ordered public schools and universities to open their doors to refugees. Within days, they were packed. His staff of 70 monitored the 850 sites daily.

Mr. Jisr says his marching orders were to avoid any hint of politicizing the process. That meant aid parcels were handed directly to district government officials -- including many affiliated with Hezbollah. "Our goal was simple: Be completely fair with everyone and help as many people as possible," he says.

In some ways, that policy has been a boon for Hezbollah. The group already had its own extensive relief operation, and in some cases government-controlled aid landed in Hezbollah's centers. Hezbollah also has sent hundreds of volunteers, including dozens of doctors, to the government's refugee centers. There, they've often competed with Mr. Jisr's staff for the loyalty of those being served.

One afternoon last week, an aid truck organized by Mr. Jisr's team arrived at a school in central Beirut. As packages of rice, flour and cooking oil were unloaded, milling about nearby were Hezbollah security guards wearing military pants, with radios strapped to their waists. After the truck left, the Hezbollah members approached families to see what else they needed.

In contrast to the government's bulk drop, Hezbollah's workers spoke at length with refugees. They also handed out medicine. The effort impressed Jihad Klet, a 34-year-old baker from southern Lebanon who was at the school with his wife and young daughter. Already a fan of Hezbollah, Mr. Klet said he supports it even more now. "Without Hezbollah, we wouldn't be able to survive," he said.

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Mr. Jisr shrugs off concern that Hezbollah is turning the government's aid program to its own gain. "The entire relief process is managed by the government, and Hezbollah knows that," he says.

In the past two weeks, Mr. Jisr has turned his focus to assessing the infrastructure damage, gaining an understanding that he says will speed the reconstruction and thus score points with the citizenry. He puts the country's total economic loss from the 34 days of fighting at roughly $15 billion. In heavily bombarded suburbs south of Beirut, where Mr. Nasrallah kept an office, an area known as Security Square has been all but flattened. Even buildings still standing are in need of repairs such as foundation work or new windows.

Mr. Jisr is drawing up a menu of specific projects to present to potential foreign donors. He hopes, for instance, that some governments will help finance new high-voltage electric transmission cables and transformers, while others will pay for road work. He says projects that draw the least interest might be farmed out to France, Kuwait and Saudi Arabia, all of which have historical and religious ties with Lebanon, particularly its Christian and its Sunni Muslim communities.

"The Saudis are giving a lot," says Mr. Jisr, noting that Saudi Arabia has already provided $1 billion in emergency funding for Lebanon's central bank and has pledged a further $500 million for reconstruction. He says neither the U.S. nor Iran has offered financial assistance so far.

With the cease-fire holding, and signs that Israeli troops may soon leave, Mr. Jisr is setting reconstruction priorities. At the top is Beirut's airport, which Israel struck repeatedly. He aims to have the runways repaired within a week so more relief and construction material can arrive. It will take longer for the airport to resume full commercial operations.

The south of Lebanon is his biggest concern. Damage is so extensive it could take weeks just to clear some areas of unexploded bombs and mortars. Water mains, sewage pipes and electrical wires need repair to avert possible disease outbreaks.

Mr. Jisr says the government will set up temporary living space for the most destitute, with prefabricated homes. When school starts, many children in the area will attend in temporary quarters.

Southern Lebanon's heavily Shiite population has long turned to Hezbollah before the government to meet its needs and to have its grievances heard. Hezbollah has an extensive program to eulogize those killed in the fighting against Israel and pays subsidies to their families, estimated at nearly $100 million a year. The group also helps arrange marriages for widows and new homes for orphans. Now, its activists are pouring in to do their own damage surveys and begin reconstruction. Hezbollah says it plans to offer low-cost financing to rebuild homes.

It says the neediest families of all will have their homes rebuilt free. "We'll never let our people live on the streets," says Abbas Noun, a 38-year-old Hezbollah activist who says he has been running a Hezbollah soup kitchen in Beirut for the past month. The owner of a construction and trade company, Mr. Noun says that he gives 20% of his income to Hezbollah, and this year may hand over all his profits. "We in Hezbollah will do whatever it takes to rebuild," he says.

Clustered In Fear, And Now Death (LAT)

By Bruce Wallace

The Los Angeles Times, August 16, 2006

AINATA, Lebanon — All the dead were neighbors, killed as they huddled together in the basement of the Fadlallah family house in the old quarter of this southern Lebanese town. The Fadlallahs' two-story home had offered false hope against Israeli shells fired from the terraced hills above, blasts that scattered concrete blocks like dice and smashed the shelter into a tomb.

Now, with fighting suspended, the rubble gave them up: at least 14 bodies with perhaps more still buried, pulled free by neighbors' hands tearing at the stones. The dead were old men and old women, teenage girls and children as young as 3, postscripts to the roll call of victims from this summer's spasm of war.

"That's what we do here: When people get scared, they get together — 30, 40 people," said Hassan Mansour, who grew up in Ainata and still comes back with his family every summer, even though he lives in Miami. "I had 30 people in my house when it was hit. And in the center of town, hundreds of people would come together to wait out the shelling."

Ainata is a middle-class Shiite Muslim town surrounded by tobacco and olive farms with a winter population that the residents estimate at 15,000 to 20,000. These are the people who elected a Hezbollah member to the Lebanese parliament when they got a chance after the Israeli occupation ended in 2000.

Yet Ainata also displays shades in its beliefs and politics that make it more than a simple pro-Hezbollah bastion. It changes character in summer, when the town swells with thousands of its sons and daughters who have gone abroad to work in North America, Africa and across the Middle East. They are a well-educated and well-paid expatriate class who love to return to Ainata's quiet and climate.

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"We say here that every house has an engineer or a doctor in it," said Mansour, who runs a variety of businesses in Florida and has built an expensive house in the hills overlooking the town for his annual summer return. "These are mostly secular people, not religious people. We are not fanatics. We are hard-working, 100% law-abiding good people.

"These are the people Israel has hit badly."

It was the traditional people who elected the Hezbollah lawmaker, he explained, because the religious organization had led the Israeli resistance during the occupation and, unlike so many Lebanese political parties, remained free of corruption. The election was also held in winter, he said, when the more cosmopolitan summer crowd was out of the country and barred from voting.

The sights and, it must be said, smells in this pretty town offered a glimpse Tuesday of what occurred behind the lines during a month of fighting between Israel and the Hezbollah militia.

Israeli forces pummeled Ainata with bombs and mortars. The barrage tore up roads and left electrical wires dangling over alleyways strewn with the carcasses of cars. Many of Ainata's houses were flattened — a few defy gravity to stand — and all but the rarest exception were splattered with shrapnel.

Many here insisted Tuesday that there was no reason for Israel to target these homes.

"I wish Hezbollah had been firing rockets from here," Mansour said. "Then at least I could be satisfied that there was some excuse for what has happened to us."

"I don't like Hezbollah and I don't like the Israelis," Mohammed Arbid, 36, an optometrist, said as he walked through the shattered glass and plaster of the home he had shared with his mother, and where he had planned to bring his bride after their July 30 wedding.

"But Hezbollah fighters never entered this town," he insisted. "One day they came to the border of the village and people said: 'We don't want you here. We have children.' "

Like most of the residents, Arbid fled north after a few days when there seemed to be no imminent end to the Israeli shelling. Most of the rest used a 48-hour truce early this month to get out, leaving just a few stubborn families and several dozen fighters in the town when the heaviest beating came. It was not clear whether the fighters had always been in the town, unknown to some summer residents, or arrived after most families had left.

"Some people had to be forced to leave because women and children are a burden on warriors," said a man who identified himself only as Nassim and claimed to be the regional military commander of the Amal militia, which fought alongside Hezbollah in Ainata.

On Tuesday, the wiry 42-year-old commander walked through the twisting alleys of the old town, pointing out places where house-to-house fighting occurred. The Lebanese militias held off the Israelis using antitank weapons, he said, shuffling up Ainata's main street, which had been bulldozed of debris and, hopefully, was free of any unexploded ordnance.

The Israelis flew F-16s over the town in close support so troops could get in to take away their dead, he said, with the worst destruction delivered in the last two days before the cease-fire. That is when most of the houses in the heart of the town crumbled under the bombing. Nine militiamen died in the fighting, he said.

Just yards away, the rescue workers were shutting down their excavation of the Fadlallah house. The signs of family life were mixed in the debris: a newspaper, carpets and a child's school exercise book.

And as evening closed in, a column of Israeli tanks withdrew from positions in the hills around Ainata. They drove past the blasted city, towing one of their crippled tanks with them.

Going home.

Lebanese Return To Ruins (WT)

By Betsy Pisik

The Washington Times, August 16, 2006

BINT JBEIL, Lebanon -- Lebanese sifted through the ruins of shattered towns and villages yesterday, looking for survivors or simply fragments of their former lives, with scant regard for Israeli warnings that it is not yet safe to return.

Rescue crews digging with shovels and bare hands pulled out bodies that could not be recovered while the fighting raged.

Hardly a building remained intact in Bint Jbeil, a Hezbollah stronghold that became the scene of more than a week of intense ground combat.

"My God, my God," said an elderly woman, her voice so hoarse it was almost inaudible. She stood at the crest of town to look down at the destruction, weeping.

Rescue workers and young men scrambled over the wreckage to reach the rubble of a home that had entombed an entire family.

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Doctors from Qatar worked beside townspeople to pry loose huge rocks and twisted steel. They labored for hours, with the smell of decay growing more intense as they got closer.

Despite the thousands of returning residents who have clogged roads since dawn on Monday, only a handful of visibly shocked returnees could be seen in the streets of this and other villages.

"There are very few people here, and they are hiding," said Mathias Lenggenhager, a Geneva-based relief manager and agronomist for the International Committee of the Red Cross (ICRC).

The ICRC estimates that fewer than 300 families stayed in southern Lebanon throughout the siege.

Israeli aircraft dropped leaflets warning civilians not to return home until international troops are deployed because "the situation will remain dangerous."

Relief workers yesterday made it to villages where they fear some residents have been sheltering for a month without provisions. But the agency found few residents to accept food, blankets and hygiene kits. Wire services said relief workers found 15 bodies across southern Lebanon.

Returning to Bint Jbeil is no easy matter, which explains why so few families have made it back.

There is a three- to four-hour traffic jam to get across the Litani River, and the roads are so badly bombed that every few miles the surface gives way to a crater deep enough to swallow a school bus.

Once inside the town, one finds entire streets lost under rubble and pieces of furniture visible through sheared off walls.

The mosque is awash in broken concrete and accented with burned, flipped-over cars.

For the Dbaga family, the pain was overwhelming.

They returned yesterday afternoon to their home in nearby Ainata, but found it leveled.

With nothing left to claim, the family piled back into their car, and spent their last bit of money on gasoline and tried to drive away. But the car bottomed-out on the rough road, the gas tank ruptured.

Despite the assistance of a half-dozen strangers, the car hemorrhaged fuel and the family was stranded.

Strangers passed food and water between vehicles and freely shared cigarettes.

Lebanese soldiers, who are to be deployed in the south as part of a peace agreement brokered by the United Nations, have been working round-the-clock to patch roads and build crossings over the Litani River.

Traditionally, the Lebanese army has maintained only a cosmetic presence in an area controlled by Hezbollah guerrillas.

As Cease-Fire Holds, Lebanese Dig For The War's Victims In The Rubble Of Many Towns (NYT)

By Hassan M. Fattah

The New York Times, August 16, 2006

SREIFA, Lebanon, Aug. 15 — The reality of the war came out of the rubble in bits and pieces on Tuesday — an army boot in one town, a gold wedding ring in another, a pair of jeans elsewhere — all the pieces of lives lost in the destruction wrought by the monthlong conflict that came to a halt on Monday in a tenuous cease-fire.

On Tuesday, secrets buried in southern Lebanon's ruins began to emerge as Lebanese Red Cross workers, health workers and Hezbollah members set upon the heaps of stone and concrete in towns along the Israeli border, digging out bodies of men, women and children trapped there for weeks. The work will last for weeks in towns with names that have become synonymous with tragedy.

In Ainata, about three miles from the Israeli border, Red Cross workers pulled out eight decomposed bodies buried in a home that was bombed 10 days after the war began. In Bint Jbail, a few miles away, rescue workers tried to dig out at least four bodies from a house near the old market and, in Ait al Shaab, Hezbollah members reportedly removed the bodies of five of their fighters from the debris.

They were just a small portion of the estimated hundreds of bodies thought to have been lying in the wreckage, but the act of digging promised some closure for a country struggling to rebuild. Bodies wrapped in clear plastic tarpaulins were carted away in ambulances with the horns blaring, most of them ending up in the central morgue in Tyre, where the piles of dead have continued to grow.

Late Tuesday, Lebanese Army soldiers removed 31 bodies from a refrigerator truck near the morgue and buried them in a temporary mass grave adjacent to two other mass graves that were set up weeks earlier.

In Ainata, Abbas Khanafer trembled as rescue workers began digging out at least 16 people buried in a house near the town center, including 7 members of his own family who had taken shelter there. In half a day of digging, eight bodies, some of them in pieces, emerged. Among them were the remains of an elderly woman and a younger one, and workers removed a gold wedding band and jewelry in hopes of identifying them. But as Mr. Khanafer examined the bodies, he could find nothing he recognized.

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Mr. Khanafer lost three other relatives in the town of Marun al Ras in another bombing, as well as his elder sister, who he said was shot by Israeli troops in their parents' home in Ainata when Israeli troops clashed with Hezbollah fighters in the vicinity.

"I did everything they told us to do, I tried to do it all right," Mr. Khanafer said, referring to Israeli warnings to civilians to evacuate southern Lebanon. He asked a friend what he should do to have his relatives buried in a temporary grave. "Now, everything I have left is in Sidon," he said.

Mr. Khanafer had fled north to Sidon with his elderly parents, his wife and children and a niece four days after the bombing in Ainata, and two weeks ago returned in hopes of digging up the bodies of his relatives when Israel called a 48-hour suspension of airstrikes. But there was not enough time to retrieve them.

On Tuesday, he came back to Ainata to try again. As the Red Cross workers continued digging, he drove with Hezbollah officials with an ambulance in tow to his parents' home overlooking the Israeli border, where his sister's body lay. The stench permeated the house and the floor crawled with maggots, as her body was wrapped in a plastic tarpaulin to be transported to a hospital in the nearby village of Tibnin.

Nowhere was the scene as stark as in Sreifa, where workmen picked through fields of rubble were the Hay el-Birki neighborhood once stood. Up to 18 buildings were pulverized when Israeli warplanes struck the neighborhood on July 19, killing dozens, said Hussein Kamaleldin, a local official.

Just days ago, Israeli warplanes pounded the town again as Hezbollah fighters moved into the area to face off with Israeli troops who landed in the hills nearby. Fierce fighting and bombing continued even into early Monday morning, until the United Nations cease-fire took hold at 8 a.m., residents said.

Muhammad Jaber looked on quietly as a crowd of men gathered around an excavator reaching deep into the rubble of what was once a three-story building here in Sreifa on Tuesday, wondering what he might have done differently to induce his son to leave.

"I told him to come with me, but he wouldn't," Mr. Jaber said, speaking of his 27-year-old son Bilal. He said he had a hunch why his son wouldn't leave, but he refused to elaborate.

"He said he wanted to stay with his friends," Mr. Jaber said. "I called him after we left, but he said he just wouldn't leave."

Within minutes, several men dove into an opening in the rubble and pulled out an army boot, then a walkie-talkie, a bulletproof vest and a machine gun. They belonged to one of Bilal's friends. The jovial workmen went silent as Hezbollah security men told photographers to stop taking pictures, and Mr. Jaber's hunch was confirmed: his son was one of the militia fighters.

Mr. Kamaleldin, the Sreifa official, estimated that up to two-thirds of the town's homes and buildings were demolished, leaving more than 43 people buried in the rubble. A majority of them were fighters belonging to Hezbollah and the allied Amal Party, residents said.

"This will now be a place of tragedy and sorrow," said Hussein Nazzal, who survived unscathed in his house, while all the buildings behind his house were destroyed. "Who could possibly deserve to die a death like this?"

Hours later, Mr. Jaber sat with his wife on the family porch grieving for his dead son, who was married with three children.

"I have seen all the wars and survived them, and three of my boys battled the Israelis in 1996," he said. "I was lucky then, because they all came home. But this time, it seems, God decided to take one away."

In Congress, Lonely On Lebanon (WP)

By Dana Milbank

The Washington Post, August 16, 2006

If you're trying to quantify the U.S. policy in the Middle East, here's a useful statistic: Since the fighting between Israel and Hezbollah started, 22 members of Congress have flown to Israel. Only one went to Lebanon.

"Logistically, it was difficult," Rep. Darrell Issa (R-Calif.), the lone Lebanon traveler, explained as he drove his Lexus to his Capitol Hill office yesterday. "The Israelis were shooting at vehicles and so on."

And it's only marginally safer for Issa at home. One of five Lebanese Americans in Congress, Issa occupies a no man's land in U.S. politics: a conservative Republican with a powerful sympathy for the Arab cause. He supports the Iraq war and voted for a resolution backing Israel in its fight with Hezbollah, but he has also accused Israel of "apartheid" and scolds the Bush administration for "missed opportunities" to win Arab friends.

His reward? Al-Jazeera propagandists ridicule him, and the radical Jewish Defense League tried to bomb his office after a WorldNetDaily.com commentator dubbed him "Jihad Darrell."

But Issa persists. Yesterday, he was at the National Press Club under the banner of the "American Task Force for Lebanon," giving a bleak slide show from his weekend trip to Lebanon, and scolding all parties in the conflict.

He condemned Israel's "wanton" violation of Lebanese territory and its "somewhat failed attempt" to defeat Hezbollah: "You can't end an idea or a terrorist organization by guns alone."

He disparaged the "few million dollars" the United States gave Lebanon after last year's eviction of its Syrian masters: "The Cedar Revolution was our opportunity, our opportunity to seize, and we did not."

And he dismissed an al-Jazeera correspondent who argued the Hezbollah line that Israel caused the war by occupying land called Shebaa Farms. "Al-Jazeera may believe that," Issa said, but "the return of Shebaa is in the hands of the United Nations."

Al-Jazeera's Mohammad al-Alami was evidently unsatisfied with Issa's demand for vast U.S. spending to rebuild Lebanon, or by his photos of Lebanon's fallen bridges and oil-soaked coastline. "You mentioned the oil slick and your concern about the eggs for the fish, and you didn't mention 1,000 civilians who got killed," Alami charged, "children seen all over the Arab world, you know, torn to pieces by Israelis with the American blessings and the American weapons."

"Yeah, that's usual," Issa said of the harangue as he got in his car with the "United We Stand" bumper sticker. "Classic Arab propaganda."

Playing Middle East peacemaker was not the role Issa, a former car-alarm magnate who favors slicked-back hair, had planned when he was elected to Congress in 2000. He's known best as the anti-tax activist who led the effort to recall Gov. Gray Davis, then wept when he announced that he himself would not be a candidate for governor.

But after coming to Washington, he felt the pull of the land his grandfather left in 1914. "When your last name is Arabic for Jesus," he explained, "you sort of get a natural ability to go through the region and be accepted a little bit more quickly." But only a little bit. Issa says that as an Arab American with generally pro-Bush views, he isn't trusted by either side, an awkwardness that dates back to his time as a Lebanese Christian delivery boy for a kosher butcher.

The awkwardness continues. He complained about a House resolution last month condemning Israel's enemies, but voted for it anyway after his alternative version failed. He opposed sanctions against Syria, but he vigorously supports the U.S. campaign in Iraq.

Some might see these as contradictions. Issa portrays it as evenhandedness. One minute he's condemning Israel's targeting in Lebanon ("they blew up all the fuel tanks just to see them burn!") and the next, he's bemoaning Arab intransigence ("they never focus [on] what is a legitimate compromise").

Safely returned from his wayfaring (he also stopped in Israel and Egypt, which gave him a ride to Beirut on a C-130), the congressman has developed some proposals for the Middle East. First, he calls for a "dramatic difference" in aid to Lebanon in the form of a supplemental spending bill. Next, have the United Nations draw new boundaries for the region if Israel and its neighbors can't do it themselves by a U.N.-imposed deadline.

"Let's not stay with the tradition that the parties shall agree," Issa said, sipping a Coke Zero as he parked his Lexus in the Cannon building garage. "We've drawn artificial lines before, not the least of which is the very creation of the state of Israel, so let's finish drawing that part of the map."

Call it the Issa Peace Plan. It is, of course, a non-starter in Washington: Israel has long rejected such an approach. But, for a car-alarm mogul, it's not a bad diplomatic debut.

War Emboldens Iran Ahead Of Nuclear Talks (WSJ)

By Neil King Jr.

The Wall Street Journal, August 16, 2006

The ambiguous conclusion to Israel's latest battle with Hezbollah looks to have weakened Washington's hand, and strengthened Iran's, in the escalating showdown over Tehran's nuclear ambitions.

While the recent fighting diverted attention from Iran's nuclear program, the tussle is now returning to the diplomatic forefront. The Bush administration faces several pivotal moments in coming weeks, including a likely push next month to impose sanctions on Tehran if it spurns an Aug. 31 United Nations deadline to suspend uranium-enrichment work.

Hezbollah's ability to withstand a monthlong onslaught -- while inflicting considerable casualties and launching a continuous rocket barrage on Israel -- has dented the U.S. diplomatic effort by weakening its key ally in the region, Israel, while providing at least a symbolic victory to the Shiite Muslim militia and its Iranian sponsors. The administration's strong support of Israel's military campaign in Lebanon has also angered some of Washington's important Arab and European partners, who objected to the widespread destruction of Lebanon's infrastructure.

In Israel, prominent critics of Prime Minister Ehud Olmert accused his government of a long list of failures, buttressing the argument that Hezbollah had emerged the victor from -- or at least not lost -- the 33-day war.

In Iran, President Mahmoud Ahmadinejad told a massive rally that Hezbollah had "hoisted the banner of victory" over Lebanon. He also used his speech to repeat assertions that Iran won't give in to international demands to alter its nuclear program. "We are fully mastering the nuclear fuel cycle for our peaceful atomic activities," he said. "No one can take it away from us."

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Despite such aggressive rhetoric, senior Bush-administration officials say it is too early to assume Hezbollah or Iran will emerge strengthened. If the cease-fire holds and eventually results in the disarmament of Hezbollah, says one administration official, "a big arrow will have been taken from Iran's quiver."

President Bush and his top diplomat, Condoleezza Rice, hope in the weeks ahead to point to Hezbollah's actions against Israel as Exhibit A in arguing that Tehran's growing military power poses a dire threat to the region. "We can only imagine how much more dangerous this conflict would be if Iran had the nuclear weapon it seeks," Mr. Bush said Monday, putting the blame for the fighting on Hezbollah and "Iranian sponsorship" of the organization.

That approach is sure to gain some traction. Arab and European allies were deeply alarmed by Hezbollah's massive missile attacks on Israel, which were seen as further proof of Iran's growing influence across the Middle East. Iran's Shiite leaders are also supporting militias in Iraq as well as the Palestinian territories, unnerving governments in majority Sunni countries such as Egypt and Saudi Arabia. "Through this conflict, the world has a better sense of the foreign-policy challenge that Iran poses for Middle East coexistence and stability," says David Makovsky, an analyst at the Washington Institute for Near East Policy.

Yet at the same time, the administration's steadfast defense of Israel's open-ended drive into Lebanon has created deep diplomatic fissures that could hurt the U.S. and help Iran. Qatar -- representing the Arab League -- was the only country last month to vote against a U.N. Security Council resolution threatening Iran with sanctions if it doesn't suspend its uranium-enrichment program by Aug. 31. China and Russia, which have been hesitant to back the threat of sanctions on Iran, were also angered by the U.S. refusal to back a quicker cease-fire, U.N. diplomats say.

European officials also worry that the destruction in Lebanon has stirred within the Muslim world still deeper distrust of the U.N. and Western intentions in the Middle East, further complicating diplomacy within the Security Council. "Iran will definitely try to capitalize on the very polarized public opinion to portray whatever we do as the work of the West against the Islamic world," said one French diplomat.

At the start of the Israel-Hezbollah fighting, Mr. Bush and his aides said it was crucial that Israel's military eliminate the "root cause" of the conflict -- which it defined as Hezbollah -- and further isolate Syria and Iran. But it remains to be seen whether either objective was achieved.

Hezbollah has emerged from the wreckage as a battered victor in the eyes of many, leaving Iran with a potent tool to respond to any attacks on its nuclear programs. It also is an open question whether the U.N. cease-fire agreement will lead to the militia's disarmament.

"Hezbollah did what no Arab government ever has: They fought Israel and didn't lose," says Kenneth Pollack, an Iran expert at the Brookings Institution's Saban Center for Middle East Policy.

Still, senior Bush administration officials say they are confident that the Security Council will move to back at least limited sanctions against Iran early next month if Tehran refuses to suspend its enrichment work. Undersecretary of State Nicholas Burns says "there has been no indication at all that the will to isolate Iran has weakened among our allies." The war, he says, "has only heightened concerns over Iran and strengthened our hand."

General To Recommend US Missile Defense Sites In Europe Soon (AFP)

By Jim Mannion

AFP, August 16, 2006

The head of the US missile defense agency said he expects to make recommendations in a matter of months on where to position interceptor missiles and radar in Europe to best protect against the threat of Iranian missiles.

The European site would be the first expansion outside of the United States of an unproven US missile defense system that currently is aimed at thwarting a limited long-range missile attack by North Korea.

"We are facing a real threat," General Henry Obering said in a speech here. "It is one that is growing. It is one that I consider to be one of the preeminent threats we'll face in the 21st century."

Obering's comments came just weeks after North Korea test fired a long-range Taepo-dong 2 missile and six shorter range Nodong and Scud-type missiles.

Although the long-range missile test failed early in flight, the others were successful.

"And so we have to be careful that we don't jump to the wrong conclusions about it. Even though they had a failure in a long range test does not mean they don't have capability," Obering said.

"I don't take a lot of solace that they had a failed test. It shows their intent to get out their systems," he said.

Iran has tested a medium range Shahab-3 missile with a reported range of some 1,300 kilometers (800 miles) but not missiles capable of reaching the United States.

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"From Iran, we know they've expressed their intent to develop more capable missiles," he told reporters after the speech to a conference on missile defense.

US officials said last month that Iranian officials were present at the North Korean test launches.

Obering said US teams have been inspecting possible sites in several European countries to base interceptor missiles and a forward-based radar, General Henry Obering told reporters here.

US teams visited sites in the Czech Republic last month. Poland also has been in close consultation with the Americans on a site on their soil.

Ideally, the site selected would protect both the United States and Europe against the threat of a long-range missile attack by Iran, Obering said.

But he said other factors such as soil conditions for missile silos, the infrastructure needed to support the installations, and the possible future sites for a future powerful X-band targeting radar have to be weighed.

"All that information is being gathered and should be available to us in the next several months," he said.

"We will have recommendations with respect to alternative sites," he said. "In terms of a decision, I don't know the decision timeline."

US plans call for stationing 10 interceptor missiles in Europe by 2011.

But Obering noted that funding for a European missile defense has not yet passed through Congress, where the House of Representatives voted to withhold funding for it this year.

Funding, he said, is "a major factor in terms of our timing, our scheduling of activity that may occur."

Meanwhile, it remains unclear whether the missile defense system will work under real world conditions.

President George W. Bush said it had a "reasonable chance" of shooting down a North Korean missile, but a recently retired Pentagon weapons evaluator put the odds at no better than five to one. Obering said he had higher confidence in the system.

The Missile Defense Agency will conduct its next flight test at the end of the month, he said. An interceptor missile will be launched from Vandenberg Air Force Base in California at a target missile fired from Alaska.

"It's about as close as we can come to an end-to-end complete operational rig-out of the system. And then we will have another flight against a target in the November, December timeframe that will be a planned intercept," he said.

The system has succeeded in only five of 10 attempts to intercept a mock warhead in space. The last intercept occurred in 2002, and that was followed by two failures.

The Latest Crises Do Little For Blair's Political Standing (NYT)

By Alan Cowell

The New York Times, August 16, 2006

LONDON, Aug. 15 — There should, perhaps, be some relief here at two events that have become entwined in British politics and its perennial questioning of Tony Blair's standing.

One is the cease-fire in Lebanon, which many in London's political village were angrily demanding. The other was the easing of London's terror alert after the roundup last Thursday of two dozen terrorism suspects accused of plotting to bomb trans-Atlantic airliners.

Both episodes might have been welcomed as a retreat from real or threatened violence on a tremendous scale. Yet both left a curious aftertaste, fueling rather than calming the public debate over Mr. Blair's performance.

The Lebanese crisis and the diplomacy to reach a cease-fire led to accusations by Mr. Blair's foes that he had forfeited British influence by standing too close to President Bush.

And the terror alert provoked criticism by David Cameron, leader of the opposition Conservatives, who broke an unspoken compact with the government in a time of supposed national crisis to play the tough-on-terror card so familiar in the United States. "I do not believe that our government is doing enough to fight Islamist extremists at home or to protect our security," he said Tuesday.

What linked the two debates was an assertion by some Muslims that Britain's actions as an American ally in the Islamic world — in Iraq, in Afghanistan and in Lebanon — had contributed to the rage of young British-born Muslims, goading them into conspiracies of the kind said to have been uncovered last week.

Indeed, Mr. Blair's alliance with the White House in the Lebanon crisis inspired some Muslim leaders to argue in an open letter last weekend that British foreign policy had again provided "ammunition to extremists that threaten us all."

That notion is contentious. "What exactly does it mean, this message of 'peace'?" Janet Daley asked in a column in the conservative Daily Telegraph. "That you can only be safe if we get the foreign policy we want — otherwise some of us might feel justified in blowing you out of the sky?"

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Similarly, Shahid Malik, a Muslim legislator from Mr. Blair's Labor Party whose own Yorkshire constituency was home to some of last year's London bombers, argued, "Yes, foreign policy causes anger among many British Muslims, but this does not in itself cause terrorism."

On Monday and Tuesday, Muslim leaders met with government ministers to discuss ways of improving a relationship with the British authorities that has unraveled since the two sides sought some political cohesion after the London subway and bus bombings on July 7, 2005.

Specifically, government leaders have complained that so-called moderate Muslim leaders have not done enough to confront extremism or help the police identify potential terrorists in their own mosques and neighborhoods. For their part, Islamic leaders accuse the government of failing to heed their recommendations, like those for a public inquiry into last year's bombings, or the introduction of Shariah, the Koran-based legal code, into family law cases involving Muslims.

"The time for talking is over," said Yousif Alkhoei, a participant in Monday's discussions. "We need to have a coordinated attempt to tackle the problem. If we don't, we may regret this for generations to come."

Mistrust of Mr. Blair's alliance with Mr. Bush goes far beyond the Muslim minority of 1.6 million. Since the invasion of Iraq, when more than one million Britons took to the streets in protest, suspicion of the trans-Atlantic bond sought by Mr. Blair has been central to public discourse and may be one reason for the recent criticism he has faced.

As the military historian and columnist Max Hastings put it, "One could nowadays fit into an old-fashioned telephone box those who believe anything Bush or Tony Blair says about foreign policy."

In reality, the complaints about British policy contained a certain poignancy: Mr. Blair was being accused of failing to use influence he did not really have.

Throughout the nine years of his premiership, he has portrayed himself as a major international force. His argument was always that by standing close to the White House, he could mold its policies. While many deny it, Mr. Blair's aides take credit, for example, for nudging Mr. Bush toward the so-called road map for peace between Israel and the Palestinians.

But Lebanon, never an area of British influence, stripped that argument away. The United States worked with France, the historic Western influence in Lebanon, not Britain, to mold a cease-fire resolution.

Indeed, if the Lebanon conflict said anything about what some Britons like to call their special relationship with America, it seemed to be this: in this Middle East war, the only special relationship bound the United States to Israel, not Britain.

Far from influencing events at home or abroad, Mr. Blair and his wife, Cherie Booth, remained on vacation in the Caribbean, stalked by paparazzi who snapped them hanging out their laundry aboard a rented yacht while the nation confronted what his government called a "major, major" terrorist conspiracy.

The timing is perilous. The Labor Party holds its annual conference next month, and Mr. Blair is under pressure from supporters of his rival, Chancellor of the Exchequer Gordon Brown, to say when he will redeem his longstanding pledge to step down. He has said he will not run in a fourth election, due by 2010 at the latest. This summer of discontent is likely to amplify calls for a timetable to depart.

There is, of course, a more complicated element. Mr. Blair may be a weakened leader within the politics of the Labor Party and of Britain as a whole. But he is still an ardent believer in the same world view that inspires the Bush administration. Virtually every public statement Mr. Blair has made in recent days has evoked an "elemental struggle" between moderation and terror, between democracy and extremism, between moderates and reactionaries within Islam itself.

Last week's alleged terror plot should have garnered support for Mr. Blair's depiction of an "arc of extremism" stretching across the Muslim world to the glum row houses of East London, where many of last week's arrests were made. But the political climate and the national mood have shifted toward skepticism.

"Once, the British public did not raise such a quizzical eyebrow," The Independent, which is usually critical of the government, said in an editorial. "They took the view that their politicians were a phlegmatic bunch who routinely and unsensationally acted in the best interest of their citizens. But such good will has been spent."

Turkey Builds Ties To Arab Countries (WT)

By Andrew Borowiec, The Washington Times

The Washington Times, August 16, 2006

NICOSIA, Cyprus -- Turkey's moves to increase economic ties with the Persian Gulf countries are seen by diplomats as yet another indication of Ankara's waning enthusiasm for the European Union.

Some Turkish analysts feel that in view of the slow pace of accession talks with the European Union, Turkey's interests would be better served by improved relations with the Arab countries of the Middle East, an area for centuries ruled by Ottoman sultans.

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At the same time, diplomats in Ankara and Athens discern a low ebb in Turkey's relations with the United States, attributed to Turkish opposition to U.S. policies in Iraq and Washington's unconditional support for Israel during the war against Hezbollah guerrillas. "U.S.-Turkish alliance is crumbling," Kathimerini, a conservative Greek daily, headlined recently.

Turkish officials say relations with Washington are merely in a state of "temporary chill," and point to a "shared vision document" signed by the two countries last month. The United States has always considered Turkey to be a major link between the West and the Muslim world and an example of coexistence between Islam and secularism.

At this time, however, Turkey's political and economic attention is centering on the Arab world, particularly after a three-day visit last week by Saudi King Abdullah and the announcement by Turkish Prime Minister Recep Tayyip Erdogan of plans to double trade with the Saudi kingdom.

Mr. Erdogan said Saudi Arabia is "one of the priority countries with which we aim to increase our cooperation." He said the bilateral trade should grow to $7 billion within three years. Abdullah echoed this view, calling for a joint economic effort that would benefit both countries.

The visit by the monarch of an arch-conservative Muslim state to Muslim but secular Turkey was regarded as a major development, particularly as Mr. Erdogan's governing Justice and Development Party has strong Islamic roots.

Opposition politicians often have accused Mr. Erdogan of turning his back on secular values.

The Saudi king visited after intensified Turkish efforts to woo the Arab countries of the Persian Gulf, awash with petrodollars after the rise of the price of oil. Earlier this year Mr. Erdogan traveled to several Muslim countries, including Pakistan and Indonesia, and was the first Turkish leader to address a meeting of the 22-state Arab League.

An increasing number of Turkish analysts feel that the prime minister's pro-Europe policies have not received adequate acknowledgment from the European Union, which is pressing Turkey for more sweeping reforms and has threatened to break off accession talks unless Turkey recognizes the authority of the Greek Cypriot government.

Turkey maintains about 30,000 troops in the Turkish Republic of Northern Cyprus. The Erdogan government feels the problem of Cyprus should not be linked to its application for EU membership.

China Tries Journalist In Spy Case (WP)

By Maureen Fan And K.C. Ng

The Washington Post, August 16, 2006

BEIJING, Aug. 15 -- A Hong Kong-based journalist accused by China of spying for Taiwan went on trial in Beijing on Tuesday, but it was unknown when a verdict would be delivered, according to news media in Hong Kong.

Ching Cheong, a correspondent for the Straits Times in Singapore, was detained in China in April 2005 after traveling to the city of Guangzhou to collect documents related to Zhao Ziyang, a former Communist Party leader who was purged for opposing the 1989 Tiananmen Square massacre. The details of the case, being tried in secret, were not known.

Ching has denied any attempt to spy for Taiwan, the self-ruled island that China insists must reunite with the mainland.

Radio Television Hong Kong, the government-run broadcast station, quoted a spokeswoman for the Straits Times on Tuesday as saying Ching's trial had ended. She said lawyers for Ching, who holds a British passport and has Hong Kong residency, did not go into the details of the court proceedings.

The trial was one of several cases in China in which journalists have recently been charged in a crackdown on news media. China jails more journalists than any other country, with at least 32 in custody, according to the rights group Reporters Without Borders.

Li Jianping, an Internet essayist and Shandong-based dissident, remains detained four months after his April 12 trial on charges on "incitement to subvert state power," according to the New York-based group Human Rights in China. Zhao Yan, a Beijing-based researcher for the New York Times, has been detained for allegedly providing state secrets to foreigners.

About 100 Hong Kong and Hong Kong-based journalists for overseas media staged a rally Tuesday night to protest the secret trial of Ching. Allen Lee Peng-fei, a Hong Kong deputy to China's parliament and a longtime friend of Ching's, said he hoped the government would be lenient.

Ching's wife, Mary Lau, asserted her husband's innocence in a recorded message broadcast during the rally.

"He is a patriot. He loves his country and has done a lot to promote the communications between and unification of both sides of the strait," she said, referring to the Taiwan Strait. "I trust he will not do anything that harms national interest or national safety."

The recording was made early Tuesday before the trial began, according to the Hong Kong Journalists Association, which organized the rally. The group said it also took out a full-page ad in a Hong Kong newspaper saying that Ching's family had been banned from attending his trial.

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Beijing Rally Targets Japan's Leader (WP)

By Maureen Fan

The Washington Post, August 16, 2006

BEIJING, Aug. 15 -- As uniformed and plainclothes police looked on, Chinese protesters incensed at the Japanese prime minister for visiting a controversial war shrine gathered Tuesday in front of the Japanese Embassy in Beijing, chanting "Down with Japanese imperialism!" and "An eye for an eye, blood for blood!"

The demonstration followed Prime Minister Junichiro Koizumi's trip earlier Tuesday to the Yasukuni Shrine in Tokyo, which honors Japan's war dead, including 14 officers judged as World War II criminals. He had made visits to the shrine before but never on such a symbolic date, the anniversary of the end of World War II in the Pacific.

The Chinese Foreign Ministry condemned the visit in a statement, but it also restated China's commitment to peaceful coexistence with Japan. The demonstration outside the Japanese Embassy appeared small and lasted only 20 minutes. Taken together, the statement and the protest represented a response far more muted than in years past, when Koizumi's visits to the shrine set off widespread anger among the Chinese public.

"On the one hand, the Chinese government is strongly against the visit. On the other hand, the government is strongly controlling the emotions of the anti-Japanese protesters. They will not allow what happened last year to happen again," said Shi Yinhong, professor of international relations at People's University in Beijing. "The protests last year had some negative effects. It wasn't good for stability inside China, and it wasn't good for the relationship between China and Japan. We can solve many problems without protesting."

Many Chinese, as well as Koreans, say Japan has glorified its militaristic past. During Tuesday's demonstration, about 30 protesters unfurled a red banner offering congratulations "on the 61st anniversary of Japan's fascist surrender!" A protester then read aloud a letter.

"Listen, Prime Minister Koizumi, we are Chinese citizens. Today, we are coming to protest your sixth visit to the Yasukuni shrine, which severely endangers the relationship between China and Japan," the protester said through a bullhorn. "Chinese do not expect war, but we are not afraid of war. If you really want to put China into war, we will have the honor to keep you company until the end."

Ma Yan, 32, a clerk with an architecture and design company, said she asked for the morning off to join the protest. "Prime Minister Koizumi is challenging the justice of human society," said Ma, who has protested at the embassy two or three times before.

Zhang Tianle, who sells electrical instruments, said he heard about Koizumi's visit while watching a Hong Kong-based television news program. He called a few friends to join him in protesting.

"What we are doing now is good for the development of the relationship between China and Japan," Zhang said. "I have a lot of Japanese friends, and we are quite harmonious as individuals. But when it comes to ideology, people's emotions and historic problems, the two nations are far apart."

Researcher Jiang Fei contributed to this report.

Experts Warn Scientific Gains On H.I.V. Not Enough (NYT)

By Lawrence K. Altman

The New York Times, August 16, 2006

TORONTO, Aug. 15 — An array of promising new methods to prevent the spread of H.I.V. may become reality in the near future, but most countries are unprepared to provide them to the hundreds of millions of people at risk of becoming infected, an international panel of experts reported here on Tuesday.

Findings from large studies of some prevention methods, like the use of microbicides and male circumcision, are expected within the next five years, some possibly in about a year, the panel said at the 16th International Conference on AIDS.

But the studies are complex, the methods will not offer a magic bullet to prevent the disease, and whatever preventive techniques are found to be effective will probably be combined with existing prevention strategies, the panel of 50 experts cautioned. The experts also urged the world to address the practical and ethical challenges that they said threatened to slow or derail critical research projects on many prevention measures.

In addition to vaccines, circumcision and microbicides — gels and creams that could be inserted vaginally or rectally to block H.I.V. infection — the report focused on three methods:

-Diaphragms and other cervical barriers that could help protect women from H.I.V. and other sexually transmitted diseases;

-A drug to suppress herpes, which infects up to 70 percent of people in some parts of Africa;

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-Antiretroviral pills like tenofovir to prevent infection among prostitutes, drug injectors and other people at high risk of becoming infected. An analogy would be taking antimalarial drugs before traveling to a malaria-infected area. A study of 400 at-risk women in Ghana, to be reported at the AIDS conference, found that tenofovir was safe for uninfected women. Findings about the drug's effectiveness are expected later.

There is an urgent need to make proven prevention measures widely available, because four million people are infected with H.I.V. each year but fewer than one in five people who are at high risk for infection have access to such preventive measures.

As treatments have proved effective, "the harsh reality is we are quickly falling behind in H.I.V. prevention," Dr. Helene Gayle, the president of the International AIDS Society, which is the main organizer of the conference, said at a news conference.

No new preventive measure under study is likely to be 100 percent effective, a fact that will increase the difficulty of putting the methods into practice, the panel said, adding that educational campaigns will be needed to integrate the new methods with effective older ones.

The panel members cautioned AIDS workers to take steps to avert the complacency about risky behavior that could follow the broader use of effective preventions.

More donor financing will be needed to introduce and deliver the new methods, the panel, known as the Global H.I.V. Prevention Working Group, concluded. The panel members made a number of recommendations, including finding ways to help poor countries train enough health workers to carry out male circumcision safely.

Last year, a study conducted in South Africa found that circumcised men were 60 percent less likely than noncircumcised men to be infected with H.I.V. by women who are sex partners. In 2007, the findings should begin to come in from three studies under way in Kenya and Uganda. The studies are aimed at confirming the South African study and determining whether male circumcision also reduces the risk of H.I.V. transmission from men to women.

Continuing prevention studies involve about 80,000 people, and tens of thousands more people will be needed for future studies that are intended to confirm early findings and to test newer versions of old methods, the panel said. It warned that the wide array of studies was rapidly exhausting the number of sites adequate for them, the pool of potential volunteer participants and the trained staff members necessary to carry them out.

The panel also recommended the development of new ethical guidelines for conducting clinical trials in poor countries.

Embarrassed officials in Cameroon and other countries have stopped a small number of prevention trials because of incidents involving poor communication between researchers, trial participants, community leaders and government officials.

No formal agreement exists on which prevention services should be provided to participants in trials. Another ethical issue is determining whose responsibility it is to treat participants who become infected during a trial. Infections inevitably occur in such trials, Dr. Gayle said.

Black Gold South Africa Has A Way To Get More Oil: Make It From Coal (WSJ)

By Patrick Barta

The Wall Street Journal, August 16, 2006

SECUNDA, South Africa -- Every day, conveyor belts haul about 120,000 metric tons of coal into an industrial complex here two hours east of Johannesburg.

The facility -- resembling a nuclear power plant, with concrete silos looming over nearby potato farms -- superheats the coal to more than 2,000 degrees Fahrenheit. It adds steam and oxygen, cranks up the pressure, and pushes the coal through a series of chemical reactions.

Then it spits out something extraordinary: 160,000 barrels of oil a day.

For decades, scientists have known how to convert coal into a liquid that can be refined into gasoline or diesel fuel. But everyone thought the process was too expensive to be practical.

The lone exception was South Africa, a one-time pariah state that had huge reserves of coal and, thanks to anti-apartheid sanctions, limited access to foreign oil. Sasol Ltd., a partly state-owned company, built several coal-to-liquids plants, including the ones at Secunda, and became the world's leading purveyor of coal-to-liquids technology.

Now, oil prices are above $70 a barrel, and Sasol has emerged as the key player at the center of the world's latest alternative-energy boom.

China is building a coal-to-oil plant costing several billion dollars in Inner Mongolia and may add as many as 27 facilities -- including some with Sasol's help -- over the next several years, according to a recent tally by Credit Suisse.

In the U.S., the Defense Department is studying coal-to-oil technology as a way to reduce the American military's dependence on Middle Eastern crude oil. And the National Coal Council, an industry association, is pushing for government incentives to help generate some 2.6 million barrels of liquid fuel a day from coal by 2025. That would satisfy some 10% of

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America's expected oil demand that year. The plan would require 475 million tons of coal a year, which represents more than 40% of current annual U.S. production. Industry officials believe America's coal reserves are big enough to allow for the extra production.

Coal-to-liquids "is not going to replace oil," says Lean Strauss, a Sasol executive who directs the company's overseas energy business. "But it's an important substitute. It is one of the solutions to energy security."

In June, two senators from coal-producing states, Barack Obama of Illinois and Jim Bunning of Kentucky, introduced a bill to offer loan guarantees and tax incentives for U.S. coal-to-liquid plants.

Sasol has found a particularly receptive audience in Montana's Democratic governor, Brian Schweitzer, who says he carries a lump of coal and a vial of liquefied coal with him at all times. He is lobbying coal companies and others to build coal-to-liquid plants across his state, which has some of the biggest coal reserves in the U.S.

Current estimates indicate the world has just 41 years of known oil reserves and 65 years of natural-gas supplies. It has enough coal reserves to last an estimated 155 years, with some of the largest reserves in the two biggest oil-consuming countries, the U.S. and China.

It's far from clear, however, that the world would be better off -- economically or environmentally -- by burning more coal to fuel cars and trucks.

One problem is that coal-to-oil projects are extremely expensive. A single plant capable of producing about 80,000 barrels of oil equivalent a day -- less than 0.5% of America's daily oil diet -- would cost an estimated $6 billion or more to build.

Energy analysts reckon that some coal-to-liquids projects can offer an acceptable return on investment when oil is priced as low as $30 or $35 a barrel, though such ventures might require government tax incentives to reduce operating costs. It seems likely that oil prices will stay above that level for a while, but the longer-term outlook is anyone's guess. An earlier flurry of interest in coal-to-oil facilities in the U.S. during the Carter administration in the late 1970s died after oil prices collapsed.

Coal-to-oil projects also pose serious environmental questions. When the South African facility superheats coal and turns it into a gas, one of the main waste products is carbon dioxide, thought to be a significant cause of global warming.

The Natural Resources Defense Council, a U.S.-based environmental advocacy group, estimates that the production and use of gasoline, diesel fuel, jet fuel and other fuels from crude oil release about 27.5 pounds of carbon dioxide per gallon. The production and use of a gallon of liquid fuel originating in coal emit about 49.5 pounds of carbon dioxide, they estimate. Even some boosters of the coal-to-oil plants describe them as carbon-dioxide factories that produce energy on the side.

"Before deciding whether to invest scores -- perhaps hundreds -- of billions of dollars in a new industry like coal-to-liquids, we need a much more serious assessment of whether this is an industry that should proceed at all," said David Hawkins, director of the Climate Center at the Natural Resources Defense Council, at a recent U.S. Senate hearing.

Coal-to-oil is one of several promising but potentially polluting technologies that are receiving new attention amid high oil prices. Energy companies are trying to unlock natural gas trapped in shale and other difficult rock formations. They're also tapping oil-soaked sands in Canada and so-called heavy oils in politically challenging places such as Venezuela. Environmentalists fear these new sources will outshine conservation as the way to address the world's growing thirst for energy.

In South Africa, environmental groups say Sasol's facilities have emitted huge volumes of carbon dioxide and pollutants, including sulfur dioxide. They say these have caused a host of respiratory problems in nearby communities. Sasol says its emissions of these pollutants are small compared to emissions by other companies' coal-burning electricity plants in the region.

Sasol officials acknowledge their facilities emit greenhouse gases and that building more coal-to-liquids facilities around the world "could have potentially significant implications, in the long run, for our commitment to reducing carbon intensity," according to a recent company report on its social and environmental programs.

Sasol says it plans to reduce its greenhouse-gas emissions per ton of product by 10% by 2015. Sasol and many other coal-to-oil proponents say that future coal-to-liquids plants can be built with newer technologies that trap carbon dioxide and store it, sharply reducing their emissions.

Success Story

To many South Africans, Sasol is a huge success story. The company's daily production now meets about 30% of South Africa's transport-fuel needs. The country's 50-rand bank note even features a picture of one of Sasol's plants.

Sasol's share price has more than tripled over the past three years. Analysts estimate it earned about $2 billion in the year ended June 30, about 35% higher than the year before -- such a sharp rise that South African authorities are contemplating a "windfall tax" on the company.

Coal-to-oil technology dates back to the 1920s, when two German chemists, Franz Fischer and Hans Tropsch, developed a process to convert coal into a gas and then use it to make synthetic fuels. Coal-to-oil technology helped fuel the Nazi war machine, which lacked access to sufficient crude oil. International oil companies also experimented with the process but put it aside because oil was cheaper.

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South Africa took a different view. The country lacked oil, but had enormous deposits of coal, much of which had limited market value because of its poor quality. In 1950, the government set up Sasol as a state-owned company and authorized funding for its first project, a coal-to-liquids facility called Sasolburg in the South African countryside.

When oil prices soared in the 1970s, South African officials decided to up the ante. They lent Sasol $6 billion to build two new facilities at Secunda -- each 10 times as large as Sasolburg. The government also privatized the company, listing it on the Johannesburg Stock Exchange in 1979. (The government maintains a 23.5% stake).

By the time the facilities were completed in the early 1980s, international oil prices were collapsing. The project was nonetheless a success for the white-dominated apartheid government because international sanctions were restricting South Africa's ability to buy foreign oil. The plants managed to stay profitable by continually boosting efficiency and expanding their end products to include plastics, fertilizers and explosives.

Besides the government loans, Sasol at various times received cash payments from the government when oil prices fell below a certain level. It eventually paid back the loans and stopped receiving subsidies for its coal-to-oil business by 2000.

Today, Secunda is a buzzing industrial hub with 16,000 employees, miles of interlocking pipes and cables, and eight colossal silos. The silos, each big enough to contain a football field, cool steam involved in the conversion process. Fuel trucks wait along the edge of the facility to fill up with gasoline. Nearby mines produce more than 40 million metric tons of coal a year -- as much as all of Illinois.

Outside the plant gates, Secunda has a boomtown feel. It has some 35,000 people, a BMW dealership and a multistory casino hotel called Graceland designed to evoke the "grand old age of Colonial America."

A growing focus for Sasol is marketing its technology overseas. The company first tried to do so in the 1990s, after apartheid ended, but executives found doors slammed in their faces. Oil was trading for less than $25 a barrel at the time. "We sat in corridors waiting for meetings that never happened because they didn't even know who Sasol was," recalls Pat Davies, Sasol's chief executive.

First Inroads

Sasol made its first inroads in countries such as Qatar that have big stockpiles of hard-to-transport natural gas. These countries were interested in Sasol's technology for turning natural gas into liquid fuel.

As oil prices began to perk up, Sasol drew interest on the coal front from China, with its big coal reserves and energy needs. In marketing materials produced for Chinese government officials and investors, Sasol offers a simple message: By 2015, 70% of China's oil imports will come from the Middle East. Yet the country has coal reserves equivalent to more than half the oil in the Middle East.

By 2004, Chinese energy planners began meeting with Sasol executives in Beijing to discuss the coal-to-oil process. That was followed by a series of meetings with policy makers and Chinese companies, capped by a gathering in Cape Town in June attended by visiting Chinese Premier Wen Jiabao.

Coal-generated pollution is emerging as a major environmental crisis in China. Yet Chinese officials are apparently willing to accept more coal use if it means improving the country's energy security, especially if local companies can design facilities to use relatively clean-burning varieties of coal.

Shenhua Group, China's largest coal producer, has started work on China's first commercial coal-to-oil facility, designed eventually to produce as many as 200,000 barrels of oil equivalent a day. Although that plant uses a different process from Sasol's at Secunda, Shenhua officials are in negotiations with Sasol to jointly build at least one additional 80,000-barrel-a-day plant using the South African company's technique.

While Sasol would charge a fee for licensing its technology, its main interest is to share ownership in the facilities once they're built because it wants a share of the long-term profits. In China, Sasol is asking for a 50% equity stake in the projects. A Shenhua official says negotiations are going smoothly and the company hopes to begin construction soon.

In Montana, at least two companies, including the world's largest private-sector coal company, Peabody Energy Corp. of St. Louis, have said they are looking at potential coal-to-oil sites. Montana's Gov. Schweitzer says any excess carbon dioxide from a facility could be given to oil companies to be injected back into the ground to enhance recovery from old wells.

Bringing Sasol on board is critical, says Gov. Schweitzer. He says Wall Street banks want the South Africans to play a role because Sasol is the only company with a track record in the business. To woo Sasol executives, he says, he took them on a flight over Montana coal country last year.

"These are the guys everyone wants to take to the prom," Gov. Schweitzer says.

Sasol officials say they're interested in Montana and other potential sites in the U.S., provided they can find a suitable partner and receive tax or other incentives.

Coal-to-oil "is coming to the United States," Gov. Schweitzer proclaims. When it does, he says, other countries "will be scrambling to protect their oil supplies -- and we'll be energy independent."

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Toward A Greater Albania (WT)

By Michael Djordjevic

The Washington Times, August 16, 2006

Part two in a three-part series.

With the fall of communism and emergence of America as the only world superpower, the hope for peace, freedom and progress was high. Nonetheless, in the twilight of the old order lurked a new global danger: fundamentalist Islam. This new challenge to world peace and stability is rooted in a cosmology older and stronger than ideologies of fascism or communism or ideas of the New World Order.

The Balkans have historically been the key battlefield between Islam and European civilization since the battle at Kosovo, where the Ottoman Turks clashed with the Serbs in 1389, to the present. At its apex, the Islamic tide reached and was stopped at the gates of Vienna (1683). It was finally pushed out in the Balkan War of 1912, when the combined armies of Greece, Serbia, Montenegro and Bulgaria were stopped at the Gates of Istanbul (Constantinople) by the intervention of the great European powers of that period.

Although not admitted in the capitals of the West, the real and the first clash with this revived expansionist force took place in the Balkans in the 1990s. In reality we have fought on the side of our enemies.

As in Bosnia before, now in Kosovo, the West has again failed to deal with the basic and overarching Balkan problem — the Serbian Question. Simply, this issue originated from the fact that with the fall of Yugoslavia, nearly overnight one-third of the Serbs found themselves in a new sovereign state hastily recognized by the EU and then the United States. Due to years of experience of genocide and ethnic cleansing during WW II by the Croats, Bosnian and Albanian Muslims, the large Serbian minorities in these two countries demanded self-determination. This was denied as the West took the stand that "borders are inviolable." Yet now the Albanians in Kosovo are encouraged to violate the Serbian borders via self-determination, while the Bosnian Serbs in the entity of Republika Srpska are still denied the same right.

Kosovo, a province in Serbia, is about 15 percent of her territory. Within only two generations (1929-1980) from 15 percent of Kosovo population, Albanians reached 80 percent; the Serbs declined from 60 percent to 18 percent in the same period. This is a clear-cut example of what open borders, a high birthrate and wrong politics can produce.

After Serbia was bombed to submission in a "humanitarian" war in 1999, Kosovo was given to the United Nations for administration — with catastrophic results. Quickly, the province was methodically and ethically cleansed. It is now monoethnic. More than 150 Christian churches and old monasteries have been destroyed, while some 200 new mosques and a number of schools for the young were feverishly built by Wahhabi funds. Violent and corrupt, Kosovo has become a den of thieves, arm smugglers and white slavers and the key narcotics transfer point to Europe.

Threatening violence, the Islamists demand independence from Serbia. America and Europe are seriously considering forcing Serbia to cede her land in contravention to all international norms and laws and U.N. Resolution 1244. This would be the second Moslem sovereign state created in the Balkans in one decade by the international community. As correctly asserted, "even as Western societies worry about the rise of Islamic fundamentalism, the international community's ill-conceived policies for Kosovo...may prove to be directly responsible for production of Europe's own Taliban."

Independence for Kosovo will likely pave the tormenting road to "Greater Albania," thus assuring a permanent instability and turmoil in the Balkans.

The idea of a "Greater Albania" is essentially a mono-ethnic nationalistic construct originated in 1878 by the Albanian League. To many Albanians, an independent and monoethnic Kosovo is nothing but a phase of the process leading to fulfillment of these nationalistic aspirations. Of course, changing the now existing borders of four sovereign states in the volatile Balkans is nothing short of creating conditions for permanent instability and new cycles of wars. These conflicts would readily and easily be exploited by outside parties, particularly terrorists and international criminal networks.

So long as we fail to recognize Serbia's legitimate interests and continue to violate the moral norms and international legal system, the Kosovo problem cannot be solved. As Ambassador Jack Matlock correctly concluded in the New York Times in 1999: "Neither partition nor independence nor indefinite foreign occupation will win in the long run without the acquiescence of the Serbian people." As the Serbs have already waited five centuries to regain the cradle of their civilization and identity, they will certainly try to do so again, and in much shorter time.

Part I

Michael Djordjevich, an American of Serbian origin, founded and served as the first president of the Serbian Unity Congress.

Now Some Good News (NYT)

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The New York Times, August 16, 2006

In 1995, civil war ended in Bosnia, leaving 200,000 dead, half of those who survived displaced, and 90 percent of the infrastructure destroyed. When the United States and Europe began trying to put Bosnia back together, critics said nation-building was a fool's errand. They were wrong. Today Bosnia is a mostly harmonious, increasingly prosperous country on the way to becoming normal.

The international community, once it got involved, did not stint. After Slobodan Milosevic, the war's perpetrator, was pressured into signing a peace accord, Bosnia became an international protectorate. A country of only four million was policed by 60,000 NATO troops and governed by a series of international High Representatives, who had near total control over the bitterly divided ethnic groups.

It was hard. Even the task of getting refugees safely back into their houses seemed nearly impossible. But things improved. The robust international force established security. The High Representative sacked mayors and held back aid from villages that refused to reintegrate. The international tribunal in The Hague removed many war criminals — the very men causing postwar problems.

By 2000, Bosnia was speedily reintegrating, and it is now free of ethnic violence. Even the rate of common crime is low by European standards. Bosnia's politicians lag, but are increasingly working together. Some government tasks, like customs and tax collection, have been centralized. In the army, soldiers of all ethnic groups serve together. Serb Republic politicians still talk of breaking away, but are pragmatically working with the federation.

The Office of the High Representative will close next year, and it is time for the country to stand on its own. Bosnians, of all ethnic groups, are eager to join the European Union, which should provide pressure for further political and economic reform.

Living in a good neighborhood (Europe) is part of the reason for Bosnia's good news. But nation-building also succeeded because no one scrimped. It is impossible to say if a much larger peacekeeping force or more attentive leadership would have made the same difference in Iraq. But the Bush administration chose to ignore plenty of early warnings — much of them drawn from the lessons of Bosnia.

Mexico's Moment Of Truth (WP)

The Washington Post, August 16, 2006

IN THE 6 1/2 weeks since he narrowly lost Mexico's presidential election, AndrÃ©s Manuel LÃ³pez Obrador has turned the nation's politics into a public spectacle. A fiery populist with a messianic streak, Mr. LÃ³pez Obrador has led thousands of his supporters to pitch tent cities in downtown Mexico City, occupying the Zocalo, its main square, and a two-mile stretch of the Paseo De La Reforma, one of its major boulevards. He has denounced the election as a fraud and the product of a vast conspiracy, without furnishing even remotely convincing proof. Now, after a partial recount has apparently failed to yield any significant shift in his favor, he threatens to paralyze Mexico with a campaign of civil disobedience "for years, if that is what circumstances warrant."

His goal, Mr. LÃ³pez Obrador nobly insists, is to "save" Mexico's fragile democracy. In fact, by daily demonstrating his disdain for the country's electoral institutions while showing no actual failure on their part, Mr. LÃ³pez Obrador threatens to subvert the democracy he claims to champion.

As Mr. LÃ³pez Obrador recklessly toys with the stability of a nation that emerged from one-party rule just this decade, it is worth examining the election he has been so busy maligning. Although he trailed Felipe CalderÃ³n, a center-right candidate, by 244,000 votes in the presidential tally -- barely 0.59 percent of the 41 million votes cast -- the vote yielded big gains for Mr. LÃ³pez Obrador's left-leaning Party of the Democratic Revolution; it picked up seats in the nation's Congress. When some members of Mr. LÃ³pez Obrador's own party disputed his allegations of fraud, he publicly accused them of having been bought. Although there was no evidence of widespread irregularities, let alone fraud, on Aug. 5, Mexico's independent Federal Electoral Tribunal, a seven-judge panel, ordered a recount at 11,839 polling stations, about 9 percent of the total.

That recount is complete. According to Mexican press reports, it has yielded no major change in the presidential results -- certainly nothing sufficient to justify Mr. LÃ³pez Obrador's wild allegations. The Federal Electoral Tribunal now has until Sept. 6 to either annul the election or certify the results and declare a winner.

Mexico, for years a party-led dictatorship, is at a turning point. Will its relatively new and untested democratic institutions be able to resolve a contested election, or will it descend into chaos and weak central authority as a result of a failed candidate's cult of personality? One hopeful sign is that lately Mr. LÃ³pez Obrador's crowds have dwindled in the streets of Mexico City. That may mean that even his partisans have begun to recognize that Mexico's continuing progress toward democracy is more important than one man's unbridled ambition.

Tin Moralist (WSJ)

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The Wall Street Journal, August 16, 2006

Nobel laureate Günter Grass, author of the postwar classic "The Tin Drum" and self-styled conscience of Germany, is a darling of the anti-American and anti-globalization set. He is also a former member of Hitler's Waffen SS.

This previously unknown biographical tidbit emerged Saturday, 61 years after the fact. In an interview with the German daily Frankfurter Allgemeine Zeitung to promote his forthcoming autobiography, Mr. Grass offered that he volunteered for a U-boat unit in 1943 at age 15, but was turned down. A year later, he was drafted into the Waffen SS, a special unit notorious for its role in the Holocaust. He served in the closing year of the war but the details are still fuzzy. He didn't explain why he kept all this secret, except to say he felt ashamed. Cynics smelled a PR stunt to boost book sales. Others rushed to forgive him. Mr. Grass, after all, was only a teenager in a country at war, and by his own account never fired a shot.

Harder to ignore is Mr. Grass's silence all these years. His fiction as well as his political activism is built around the facts of his life, from his birth in "Free Danzig" to his experiences in wartime and postwar Germany. The new detail on his resume is not exactly small. But it does shed some interesting light on his public moralizing, for which his passion has often seemed greater than for his fiction.

To wit: In that same interview, Mr. Grass remembers that as an American prisoner of war he saw white GIs mistreat black comrades. "All of a sudden," he says, "I was confronted with direct racism." Let's see if we get this straight. A man who just confessed to serving in an elite Nazi unit, who belonged to the Hitler youth and who may have found it hard not to notice the disappearance of Jews from his native Danzig, claims that his first experience of racism came in a U.S. camp. Even in the Waffen SS, Mr. Grass felt morally superior to those damn Yanks, and he still does six decades later.

In 1968, he claimed the U.S. was "continuing war crimes in Vietnam, which, as German war crimes, had been rightly condemned at the Nuremberg Tribunal, including by American judges." Perhaps lowering Americans to the level of Nazis helped Mr. Grass's personal catharsis. Next he sought to establish German moral superiority as a direct result of having once been a Nazi state. In Saturday's interview, Mr. Grass muses about his country's accomplishment in confronting its past, concluding that "winning makes you dumb. The victors think they don't have to deal with the sins of the past."

This is an old Grass theory. Shortly after the start of the Iraq war in 2003, he said that "The word of the current American President 'You are either with us or against us' weighs as an echo of a barbaric era on all current events." He contrasts America's war for "economic interests" and moral decline with Germany's new superiority. "After two world wars with criminal consequences, for which we have to assume responsibility, we have, and it was difficult enough, learned from history and understood the lessons."

Had the U.S. followed Mr. Grass's advice 65 years ago, his career in the Waffen SS might have lasted longer than several months. But in a Continent liberated by American blood and treasure, this "peace" activist can, along with fellow European Nobelists Harold Pinter, Dario Fo and José Saramago, bash the U.S. in comfort and freedom.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Gonzales: Broad Network Cracked Plot (AP)....4
U.S. May Be Terror Frontier, Gonzales Says (PTR)....5
U.S. Attorney General: We're Safer, But Not Yet Safe (PPG)....6
Attorney General Addresses Pittsburgh Conference (PITTBIZ)....6
THE SITUATION ROOM (CNN)....7
Extremists Are Homing In On The Internet, Says Gonzales (LAT)....18
Queues Caused By Airport Searches Spur Calls For Passenger Profiling (WSJ)....19
Homeland Security Chairman Endorsing Racial Profiling (NSDY)....21
Airline Terror Suspects Can Be Held, British Judge Says (CHIT)....21
Plane-plot Suspects To Be Kept In Jail (AP)....23
British Court Gives Police More Leeway To Probe Plot (WP/AP)....24
Pakistan Confirms Many Details About Key Figure Under Arrest (NYT)....24
Europe Says It Will Unify Effort In Fight On Terrorism (NYT)....25
Europe Unites On Tougher Airport Security (FT)....27
EU Discusses Anti-terror Efforts, Balance Of Liberty And Security (USAT)....27
The Tyranny Of Fear (NYT)....28
'Islamofascism' (WSJ)....29

Homeland Response:

U.S. Beefing Up Air Passenger Checks (AP)....31
Flying Is Safe, Bush Says (USAT)....32
Faces, Too, Are Searched At U.S. Airports (NYT)....32
Feds Say No Terrorism On Diverted Flight (AP-Y)....34
Flight Diverted Over Passenger's Behavior (WP)....35
Unruly Passenger Causes Diversion Of A Flight From London (NYT)....36
Unruly Passenger Forces Emergency Landing (USAT)....37
Disruptive Passenger Causes Plane's Emergency Landing (LAT)....37
United Plane Diverted From Dulles (WT)....38
Mich. Prosecutor Dropping Terror Case (AP)....39
Terror Charges Dropped (DEN)....40
In Terror War, Phone Sales Raise Alarm (CSM)....41
No Explosives Found At Seattle Port (AP)....42
More Tapes From Sept. 11: 'They Have Exits In There?' (NYT)....43
New Tapes Reveal Last Voices From World Trade Center (LAT)....45
1,631 Calls To Dispatchers On 9/11 Released (USAT)....46
More Voices From 9/11: 'I'm Going To Die, Aren't I?' (WP)....47
Poisoned Heroes (NYT)....49
Dubai Ports Seeking U.S. Bids (WT)....50
Group Urges Disaster Planning For Pregnant Women, Babies (WP)....50
Legal Storm The Gulf Coast, Still Wrecked, Grapples With Insurance Suits (WSJ)....52
Legal Flood Control (WSJ)....54

War News:

21 Die In Baghdad In Latest Spasm Of Violence (USAT/AP)....55
Iraqi And British Troops Clash With Shiite Militias (NYT)....56
Rival Shiite Militias Clash In Southern Iraq (WP)....57
Insurgent Bombs Directed At G.I.'s Increase In Iraq (NYT)....58
A New Blast At A Horrific Memory Salts A Father's Wounds (NYT)....60
A Mother As Suicide Bomber (CSM)....61
Bodies Yield Evidence Of Hussein-Era Killings (NYT)....64
A War With Flags But No Faces (USAT)....65

DOJ:

Prosecutor Tapped For D.C. Stint (RMA)....67

Corporate Scandals:

Ex-Engineered Support Board Member Resists Investigation (SLPD) 67
SEC Probes Berkshire Deals With St. Paul, Prudential (Update3) (BLOOM) 68
Lawyers Try To Expunge Lay Verdict (WP) 69
Prosecutors Oppose Clearing Lay's Record (AP) 70
She Stood By Her Man - Until Now (USAT) 71

Criminal Law:

Suspect In JonBenet Ramsey Case Calls Her Death 'An Accident' (AP) 72
Suspect Held In JonBenét's Death (USAT) 73
Breakthrough After 10 Years: Man Is Arrested In JonBenet Ramsey Slaying (FINDLAW/AP) 74
Arrest Made In JonBenet Slaying (WT) 76
Schoolteacher Arrested In JonBenet Ramsey Case (NYT) 77
Suspect Held In Ramsey Slaying (WP) 78
Suspect Is Held In Ramsey Slaying (LAT) 80
Prison For Consultant Who Coached Witnesses In Hired Truck Probe (CHIT) 82
Consultant Who Spoke Of Breaking A Witness's Leg Sentenced (AP) 83
Ex-Laski Aide Gets 30 Months (CHIST) 84
Former BetOnSports CEO Free On Bail (FINDLAW/AP) 84
BetonSports' Former Chief Out On $1m Bail (FT) 85
Miami Man Charged In Alleged Western Pa. Katrina Relief Scam (AP) 86
Bush Pardons 17 Minor Criminals (AP) 86
Child Porn Probe Spurs Feud Over Retaining Online Data (NEWHOUSE) 87
Ex-NBA Player Arrested Near White House (AP) 89
Ex-Terp Baxter Arrested Near White House (BSUN) 89
Athlete Arrested On Gun Charge (WP) 90
Doctor's Widow Indicted In Slaying (PPG) 91
Trail Of Blood Leads To L.A. Fire Capt. (LAT) 92
Espionage Acting (WSJ) 92

Civil Law:

Column: Newsom Business Partner Is Lead Lawyer In Lawsuit Against Cheney (SFC) 94
Privacy Rights Group Files FTC Complaint Against AOL (FINDLAW/AP) 95
Judge Refuses New Orleans' Request To Dismiss Lawsuit By Gun Owners' Lobbying Groups (FINDLAW/AP) 96

Civil Rights:

Federal Appeals Court Upholds Michigan High School Sports Ruling (AP) 96
Donors Defend School's Jesus (WT) 97
Breaking Through Adoption's Racial Barriers (NYT) 98

Antitrust:

France's Danone Hungers To Acquire, But Its Portfolio May Make It A Target (WSJ) 101
Teck Drops Plan To Raise Inco Bid, Leaving CVRD As Likely Buyer (WSJ) 102
R.R. Donnelley To Consider Buyout Offers (WSJ) 103
Tabcorp Holdings Withdraws A$1.9 Billion Unitab Offer (Update5) (BLOOM) 104

Environment:

New Alaska Oil Leases Being Offered Despite Uproar Over Pipeline Corrosion (FINDLAW/AP) 104
That Eerie Green Glow (WP) 105
A Debt Unpaid (NYT) 106

FBI/DEA/ATF/USMS:

Old-School Academy In Post-9/11 World (WP) 107
Over 18 Weeks, An Arduous Path To The Badge (WP) 109
Firearms Prosecutions Double Under Federal Initiative (AP) 113
Federal Agents Arrest Mexican Drug Kingpin (AP) 114
Alleged Mexican Drug Kingpin Said To Be Cartel's 'Violent Hand' (AP) 114
D.E.A. Arrests Mexican Drug Ring Leader (NYT) 115
U.S. Officials Arrest Suspect In Top Mexican Drug Gang (NYT) 116
Accused Mexican Crime Cartel Leader Arrested (LAT) 117
U.S. Reels In Major Drug Cartel Leader Arellano Felix On Fishing Trip (SDUT/AP) 118
U.S. Arrests Mexican Cartel Leader Off Baja Coast (WP) 119
Reputed Drug Kingpin Nabbed (WT) 120
Accused Mexican Drug Lord Arrested By U.S. Coast Guard On Yacht (BLOOM) 121
Reputed Drug Lord Nabbed Off Mexican Coast: U.S. Officials (CBC) 121
Mexican Cartel Leader Captured At Sea (CNN) 122
Feds Net Major Drug Kingpin Off Southern CA Coast (KPBS) 123
US Holds Top Mexico Drug Suspect (BBC) 123
Coast Guard Captures Drug Kingpin Off Mexican Coast (ABC) 124
US Captures Mexican Drug Lord (AFP-Y) 124
Drug Kingpin Captured Off Coast Of California (MCT) 125

DOJ_NMG_0049232

Feds Ask Again To Jail Bonds' Trainer If He Refuses To Testify (AP) ... 126
Bonds' Trainer Anderson Faces Another Prison Term (MERCN) ... 127
Bill Would Allow Hemp Farming In California (AP) ... 128
Afghan Opium Cultivation Hits A Record (AP) ... 129
FBI Names Head Of Criminal Investigation (NSDY/AP) ... 130
First Woman Named To Head FBI Division (SFC) ... 130
First Female Put In Charge Of SF FBI Bureau (BCNW) ... 131
New SF FBI Chief Will Be First Woman To Hold Top Post (MERCN) ... 131
Former El Paso FBI Chief Convicted Of Lying (HC/AP) ... 131

Immigration:

Sex Ring Broken Up, Officials Say (NYT) ... 132
Feds Raid 20 Brothels In Breakup Of Korean Sex Slave Ring (NSDY/AP) ... 133
Human Trafficking Ring Busted (NSDY) ... 134
Sex Ring Bugged (NYDN) ... 134
Officials Shut Down Two Manhattan Brothels (NYSUN) ... 135
'NEW YORK' KOREAN SEX-SLAVE RING SMASHED (NYPOST) ... 135
4 Held In Raids On NW Brothels (WT) ... 136
Massage Spa Part Of Wide Sex Ring (BSUN) ... 137
A New Role For The Undermanned Border Patrol (WT) ... 138
Activist Defies Deportation, Takes Refuge In Church (CHIT) 139
Church Is Sanctuary As Deportation Nears (WP) ... 140

Tax:

Two Orlandoans Ordered To Stop Preparing Tax Returns (ORLBIZ) ... 141

Congress-Administration:

Lynn Swann, Happy To Be On The President's Team (WP) 141
President Joins In G.O.P. Attacks On Democrats About Terrorism (NYT) ... 143
Bush Touts U.S. Economy On Visit (WT/AP) ... 143
On The Harley Free-trade Brigade (USAT) ... 144
Rockin' Harley (YDRPA) ... 146
A Presidential Visit To Harley (YD) ... 148
Bush: Critics Back 'Cut And Run' Strategy (AP-Y) ... 149
Swann Gets Boost From Bush (PPG) ... 149
Will Bush's Help Stop Swann's Dive? (PAPN) ... 151
Bush Boosts Swann At Lancaster Fund-raiser (PHI) ... 152
President Says U.S. Must Stay In Iraq (LIJ) ... 153
Bush Hopes Terror War Trumps Iraq In '06 (CSM) ... 154
Politicians Jousting Over Terrorism Are Missing The Point, Pollsters Say (MCT) ... 155
Cheney Stumps For Burns (AP) ... 156
Punishments Stemming From IG Probes On The Rise (GOVEXEC) ... 158
Legal Services Executives Living Large On Tax Dollars (WP/AP) ... 158
Legal Services Chairman Rebuts Criticism That Nonprofit Wasted Public Money (LAW) ... 160
Bush White House Fires Back At Critics (AP-Y) ... 161
Regulators Confident U.S. Open-Skies Deal Is Likely By Year-End (WSJ) ... 162
States Fall Short On Teacher Quality (AP) ... 162
Amid Shortage, States Scramble To Hire Teachers (WSJ) .164
Support For New High-school Test Fades (AP) ... 165
Exit Exams Become Part Of High School Landscape (USAT) ... 166
Costly Textbooks Get A Closer Look (USAT) ... 167
Putting The Pork In One Barrel (WP) ... 168
Re: What You Say In Work E-Mails (WP) ... 169
Pension Reform Adds Cushions But No Guarantees (USAT) 170

Other News:

Inflation Reports Rev Up Stocks (USAT) ... 171
Wall Street Gains As Inflation Slows Down (FT) ... 171
Inflation Exhale: Dow Industrials Rally 96 Points (WSJ) ... 172
Inflation Gives Signs Of Slowing (NYT) ... 173
Growth In Consumer Prices Slows (WSJ) ... 175
Less-than-expected Rise In Consumer Prices Backs Up Fed's Rate Pause (USAT) ... 176
Cost Of Living Gets Costlier (WP) ... 177
Latest Custody Battle: Who Gets Mom (WSJ) ... 178
Fight Over A Child's Care Ends In Compromise (WP) ... 180
First Lady Campaigns In Three States (ABJ) ... 181
A Test Of Republican Resiliency (WSJ) ... 181
Allen Meets With Indian PAC Over Remark (AP) ... 183
Indians' Trust In Allen Wanes After Comment (WT) ... 184
Allen Gets Help For Vets' Votes (WP) ... 184
Democrats' Stock Is Rising On K Street (WP) ... 186
Democrats Counter G.O.P. And Lieberman On Iraq (NYT) .. 187
For The GOP, A Heartland Plunge (WP) ... 188
Top Vote Counter Becomes Prize Job (USAT) ... 189
Eye On Election, Democrats Run As Wal-Mart Foe (NYT) ... 190
Hispanics Scold Democrats For Ad Mixing Illegals, Terrorists (WT) ... 192
Chafee Vs. Laffey (WSJ) ... 192
Kerry Backing Anti-war Candidates (AP-Y) ... 194
The New Jersey Follies (NYT) ... 194
Too Late For Maryland Voters (WP) ... 195

DOJ_NMG_0049233

Dissing Pluto And The Other Plutons (NYT).....195
What Planet Are You On? (WSJ) 196
To Find The Answer To Our Illiteracy Crisis, Americans Must Look Within (USAT) 196
From The Dust Of War, A More Potent Hezbollah? (USAT).197
Lebanon To Deploy Troops But Hezbollah's Role Questioned (CHIT) 199
Lebanon Sending Troops Into South (WP).....201
Lebanon Sends National Army To Patrol South (NYT) 203
Lebanese Decry Lack Of U.S. Humanitarian Aid (WSJ).....205
Hezbollah Leads Lebanon Cleanup (LAT) 206
Hezbollah Workers Rush To Help Victims Rebuild (USAT).208
Hezbollah Takes Lead In Rebuilding (WT) 208
Israeli Politicians' Popularity Falls In Wake Of War (FT).....209
Abducted Soldiers Are Still Missing (LAT).....210
For Many Israelis, A Bitter Homecoming (WP).....211
France To Lead UN Force In Lebanon (FT) 213
Paris Sees Lebanon Role As Big Gamble (FT).....213
South Lebanon Towns Reclaim Their Dead And Hold Funerals (NYT).....214
For War Reporters, They're The News (WT).....216
Winning The Peace (WP).....217
Already Falling Behind (NYT) 217
A Cease-Fire Reality: Dealing With Syria (WP).....218
Is Hamas Ready To Deal? (NYT).....219
Newsman's Wife Makes Plea To Gaza Kidnappers (WP/AP)221
White House Backing New Plan To Defuse Insurrection In Pakistan (MCT).....222
Bush To Welcome South Korea's Roh September 14 (AFP)223
Iran Softens Stance On Nuclear Talks (FT).....223
Iran Leader Praises Hezbollah Resistance (AP-Y).....224
Aids Chief Denies Morality Comes Before Life (FT).....224
Evangelist Joins Global Fund Chief In Battle Against AIDS (USAT).....225
Children Slip Through Cracks Of AIDS Efforts (NYT) 226
Japan-Russia Territorial Dispute Escalates (FT).....227
Mexico Protest May Splinter As Leftists Take Office (WSJ)..228
Chávez Threatens To Nationalize Telephone Company (WSJ).....229
US Steps Up Anti-Castro TV (CSM).....229
Ukraine Wins Russian Assurance To Forgo Steep Gas Price Increase (WSJ).....230
A Book About East Timor Jabs Indonesia's Conscience (NYT).....231
Out Of Boston An Entrepreneur Has Quixotic Goal Of Wiring Rwanda (WSJ) 233
Japan's History Problem (WP).....236

TERRORISM NEWS:

Gonzales: Broad Network Cracked Plot (AP)

By Michael Cowden, Associated Press Writer

AP, August 17, 2006

PITTSBURGH --It takes a network of international intelligence and law enforcement agencies to defeat terror groups such as al-Qaida, and last week's disruption of a terror plot in Britain is an example of how that cooperation can work, Attorney General Alberto Gonzales said Wednesday.

Gonzales sidestepped the question of the whether the United States moves to quickly to break up suspected terror plots. Some critics have said British agents were able to round up more suspects by watching the alleged plot to blow up U.S.-bound jetliners unfold.

"Decisions about arrest are difficult ones that must be made on a case-by-case basis," Gonzales said in a speech to the World Affairs Council of Pittsburgh.

He didn't discuss a U.S. role in disrupting the British terror plot, but said 200 FBI agents are working with the British to investigate leads in the U.S. and agents are assisting with evidence analysis overseas.

Gonzales also stressed the importance of closely monitoring extremist Web sites, prisons and other venues that have been used to recruit radicals. Academic settings, mosques and community centers could also be potential hubs for radicals, he said.

"Isolated souls may be as dangerous as al-Qaida, if not more so," he said.

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During a question-and-answer session following a tour of the Allegheny County Emergency Operations Center, Gonzales repeated also that detaining suspects without charge for up to 28 days is one of several British anti-terror "tools" the U.S. could adopt. Suspects arrested in the U.S. generally must be charged within 48 hours.

The Department of Justice has stressed that such a change in the law is not imminent. Gonzales said any new practices must first be found to be in line with the Constitution.

Responding to written questions after his speech, Gonzales denied that the U.S. engaged in torture as part of its anti-terror policies. He said prisoners are treated humanely in accordance with the spirit of the Geneva convention, which he called a "very important document."

Gonzales also insisted the U.S. prison at Guantanamo Bay, Cuba, is necessary even though it might be black eye for the U.S. image abroad.

"The perception is much worse than the reality," he said.

Some prisoners released from Guantanamo Bay already have begun fighting U.S. forces again, he said. He did not give any specific details.

U.S. May Be Terror Frontier, Gonzales Says (PTR)

By Jason Cato

Pittsburgh Tribune-Review, August 17, 2006

Americans lulled into a false sense of security since the 9/11 attacks should heed last week's foiled plot in London as a wake-up call, U.S. Attorney General Alberto Gonzales said Wednesday during his first visit to Pittsburgh.

The country's chief law enforcement official said homegrown terrorists could be a menace to the United States.

"We are safer than we were on Sept. 11, but we are not yet safe," Gonzales told members of the World Affairs Council of Pittsburgh at the Omni William Penn Hotel, Downtown. "The threat of homegrown cells -- radicalized online, in prisons and in other groups of socially isolated souls -- may be as dangerous as al-Qaida, if not more so."

The investigation into the plan to take down U.S.-bound flights from the United Kingdom that was disrupted on Aug. 10 has revealed no sister plot on this side of the Atlantic, Gonzales said, yet numerous tips and leads here have kept more than 200 FBI agents busy during the past week.

On Tuesday, British authorities announced the arrest of a 24th person in connection with the plot. The majority of those arrested are British citizens.

Americans could figure centrally in future plots in the U.S., Gonzales said later after touring the Allegheny County Emergency Response Center in Point Breeze.

"The radicalization of people in this country is something we're looking at," Gonzales said.

British officials were aided in defusing the plot by more lenient laws, Homeland Security Director Michael Chertoff said this week.

"Certainly the ability to be as nimble as possible with surveillance, and their ability to hold people for a period of time, gives them a legal advantage," Chertoff said on "Fox News Sunday." "We have to have a legal system to allow us to do that rather than punishing people after the fact."

Gonzales said the goal of U.S. officials is to head off terrorist attacks before they happen, but he stopped short of saying new laws are needed to accomplish that. He said the U.S. has different laws to help in that effort compared to those at the disposal of British authorities, who can hold suspects up to 28 days without charging them.

"Those concerned with civil liberties should be reassured, and all Americans should find satisfaction in knowing that we are fighting terrorists according to our Constitution," Gonzales said.

U.S. military action has toppled and fractured al-Qaida forces in Afghanistan and Iraq, but the terrorist group and others like it have shifted recruitment and information networks to the Internet. There are more than 5,000 Islamic extremist Web sites, Gonzales said, "each one encouraging extremists to cultivate relationships with like-minded people. These are the home-grown terrorists that you have heard about."

Gonzales said academic settings, mosques, community centers and prisons are playing a role in nurturing radicalization.

"Anywhere that the disaffected can gather can become a home base for the development of radicalism," he said.

Gonzales reiterated the Bush administration's long-held position that the war on terrorism isn't a war on Muslims.

"This is not a war against a religious group or a nationality," Gonzales said. "This is a war against killers who attempt to hijack ideology."

FBI officials held a nationwide conference call with Muslim leaders after the London plot was thwarted to tell them what they were looking for and what they planned to do, Gonzales said. Similar conversations are held throughout the year, he said.

Jason Cato can be reached at jcato@tribweb.com or 412-320-7840.

U.S. Attorney General: We're Safer, But Not Yet Safe (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, August 17, 2006

Attorney General Alberto Gonzales said the United States is safer now than it was before the Sept. 11, 2001, attacks, but it is not yet safe.

The top law enforcement official in the country visited Pittsburgh this morning, making a speech to the World Affairs Council and then touring the Allegheny County Emergency Operations Center.

Mr. Gonzales, who was sworn in on Feb. 3, 2005, was formerly a justice on the Texas state supreme court and is a graduate of Harvard Law School.

His speech before the World Affairs Council breakfast meeting at the Omni William Penn focused on the efforts by the Department of Justice to protect the United States from terrorism.

"During this period, our way of life has changed very much," Mr. Gonzales said. "The most dramatic change is the nature of the enemy our country now faces."

The new enemy, he said, is patient and smart. It also has the capacity to recruit new members from around the world simply by using the Internet.

"Winning the war on terrorism requires us to win the war of information."

Since the 9/11 attacks, Mr. Gonzales said, communication and intelligence-sharing among governmental agencies has vastly improved.

The FBI has doubled the number of intelligence analysts it employs and increased the number of linguists, he said.

"We are safer than we were on Sept. 11. But we are not yet safe," he said. "Every day is Sept. 12. Every day is that day after. Prevention is the goal of all goals."

He noted that the United States is not at war with any one religion, or any one nationality.

"It is a war against a group of killers who have attempted to hijack a religion," he said. "Here in America, we have great respect for the Muslim religion."

More details in tomorrow's Pittsburgh Post-Gazette.

Attorney General Addresses Pittsburgh Conference (PITTBIZ)

Pittsburgh Business Times, August 17, 2006

Attorney General Alberto Gonzales said the recent thwarted plot to hijack several planes bound for the United States from Britain is a "chilling reminder that threats still exist."

Gonzales was in Pittsburgh on Wednesday to address the World Affairs Council of Pittsburgh, a nonprofit focused on highlighting international issues and their effect on the region, before touring the Allegheny County Emergency Operations Center and meeting with state and local law enforcement officials.

The nation's 80th attorney general, who took only written questions read by council president Schuyler Foerster, said the arrests of 24 people involved with the alleged terror plot was an "international success," but that the investigation into the plan is ongoing.

"We have to approach every day like it's Sept. 12," Gonzales said. "Every day is that day after."

Gonzales said the Department of Justice has several challenges in "facing a stateless enemy" such as Al Qaeda, and that it "takes a network to defeat a network."

One of Gonzales' goals in the wake of the uncovered highjacking plot is increased cooperation with local law enforcement, which he said will involve the "constant sharing of information with state and local partners."

"Prevention has to be the goal of all goals," Gonzales said. "Investigating and prosecuting terrorists after they have killed our countrymen would be an unworthy goal."

THE SITUATION ROOM (CNN)

CNN's "The Situation Room, August 17, 2006

WOLF BLITZER, CNN ANCHOR: Thanks very much and to our viewers, you're in THE SITUATION ROOM, where new pictures and information are arriving all the time. Standing by, CNN reporters across the United States and around the world to bring you today's top stories.

Happening now, new questions about airline security after an in- flight scare. It's 4:00 p.m. in Boston where a plane from London was diverted because of an unruly passenger. In the wake of the British airline bomb plot, are there lessons to be learned?

Also this hour, the Attorney General Alberto Gonzales on the state of homeland security. And the politics of terror. Right now Senator Hillary Clinton is the target of a Republican commercial featuring Osama bin Laden. We'll bring you the interview and the ad.

Plus, Lebanese officials tackle critical decisions about sending troops to the south and about the future of Hezbollah fighters. It's 11:00 p.m. in Beirut where new efforts are now underway to make sure the Middle East cease-fire sticks. I'm Wolf Blitzer in Jerusalem. You're in THE SITUATION ROOM.

Lebanese troops are now poised to move into southern Lebanon beginning in a matter of hours to help uphold a fragile cease-fire. We have reports on all the new developments here in the Middle East. That's coming up.

But first, the ordeal isn't over yet for people on board United Airlines flight 923 from London. It was diverted to Boston today because a passenger on board got into a confrontation with other people on the plane. Now it's due at its final destination. That would be Washington's Dulles International Airport, in the next few hours.

Officials say the incident was not -- repeat, not related to terrorism. But it did add to security jitters with that foiled British terror plot still fresh on many people's minds. Our Brian Todd is standing by at Boston's Logan's International Airport, but let's start with Gary Nurenberg. He's live at Dulles Airport outside Washington -- Gary?

GARY NURENBERG, CNN CORRESPONDENT: Good afternoon, Wolf. At last report, United Airlines was still waiting for federal investigators to finish their questioning of the 182 passengers and 12 crew members who were aboard that Boeing 767 flight from London to Dulles that was diverted to Boston, landing there at 10:13 this morning.

Investigators wanted to know what was happening with a woman described as about 60-years-old, who had a confrontation either with other passengers and/or with crew members. That confrontation serious enough that the pilot diverted to Boston, informed the military and that flight was escorted to Boston Logan by military fighter jets that followed it down until it was safely on the ground.

When passengers were there, they were escorted off the plane and onto the tarmac, taken away for questioning by federal investigators. All of the luggage was taken off the plane, put on the airport runway and was gone over by bomb sniffing dogs. At this point, investigators are still completing their questioning, putting them through customs in Boston, so when they reach their final destination of Dulles sometime later this evening, they will not have to go through that process here.

United has had different stories during the day in terms of when federal authorities had imagined that the plane would be freed up to return here. The most recent guess is that it should get here sometime around 6:00 or 6:30 this afternoon. A United spokesperson says that process of interrogation and customs is in its final stages now and he expected passengers to be onboard the plane sometime within the next hour.

There are conflicting reports to CNN about what that woman had in her possession. Earlier in the day there were reports that she had banned like hand cream, matches, and report of two notes, one in English, one in Arabic. The English note apparently making reference to al Qaeda. But there's now conflicting information about exactly what items she did have in her possession.

We can only tell you that fellow authorities are trying to determine that right now. We are told that she apparently did have some kind of hand cream which, as you know, was banned and some kind of matches. In this particular case, we're told it was legal for her to have that particular kind of matches.

In any event, Wolf, the exact details of what that confrontation was like on the plane are still being held by federal authorities. When we can figure it out, we'll bring you that information as soon as we get it.

BLITZER: Gary, thank you very much. Let's go up to Boston's Logan Airport right now. Our Brian Todd is on the scene. He's joining us on the phone. Brian, I take it you've spoken with some of the passengers on that flight?

BRIAN TODD, CNN CORRESPONDENT (on phone): Yes, we have, Wolf. We've spoken to three passengers on the flight, including one who was sitting right behind the woman. This gentleman from Wales described the woman as very non-threatening, but was very anxious. She was getting up and down, he says, trying to get as much attention as possible, handing notes to the flight crew to take to the captain and was asking, in his words -- asking a lot of questions about customs and immigration. When we asked him if she ever posed any kind of a threat or made any kind of a threatening gesture, he says she did not. We are told, Wolf, now, that the woman in question is now in the custody of Massachusetts State Police. We spoke to other passengers on board the plane. Some of them said that they did see the fighter jets escorting the plane down and were a little bit anxious. But others said that they really saw and heard nothing out of the ordinary. Some of them said they didn't even know what was going on until the plane landed in Boston and said that the cabin -- the flight crew was very calm about it and handled it very well.

BLITZER: Brian, originally, there were suggestions that some of the passengers actually encountered this woman, brought her down, that she had been not only there with notes, presumably something referring to al Qaeda in English or Arabic, but she actually had a screwdriver with her. Has anyone confirmed any of that to you?

TODD: Wolf, we're trying to hash out a little bit more of the information that you just talked about, about the screwdriver and the notes. We're getting conflicting information on those items. And we're going to hopefully get that confirmed or taken down a little bit later.

But what we can tell you is that the woman is in custody right now. The references to al Qaeda we're not positive of. She was very anxious. She was getting up and down, asking a lot of questions. She was in a very anxious state. She's apparently being questioned now by Massachusetts State Police. Some of the people on board the plane were trickling out as we got to them, trying to get on another flight to Dulles International Airport. But that is what we can tell you right now.

BLITZER: All right, Brian, we'll stay on top of this story. Brian Todd is on the scene for us at Logan International Airport in Boston.

And if you're flying, just what can and can't you bring on board? The items keep changing and the rules can be confusing. Our Internet reporter Jacki Schechner is standing by with information you need to know -- Jacki?

JACKI SCHECHNER, CNN INTERNET REPORTER: Wolf, that's right, the rules do keep changing. But if you're flying from the United States, the Transportation Security Administration Web site is the place to go. They have a full list of what you can and can't bring on board. It's very specific.

I want to point out a couple of things for you. As for eye drops or contact lens solution, you can have up to four ounces on board with you. Anything more than that has to be checked. As for gel shoe inserts, you're not allowed to wear those on the plane. If there is gel in the heels of your shoe, that is all right, but you're going to have to take the shoes off for screening.

What about lighters? Well you're not allowed to have a lighter in your carry-on. You are allowed to have up to two Zippo lighters in the checked baggage, but those have to be specifically sealed. The TSA is now recommending that you get to your airport at least two hours before any flight, domestic or international, allowing more time for international. The rules are a little different in the U.K. If you go to baa.com, they will have all of the information for you there -- Wolf?

BLITZER: All right Jacki and thank you.

And following up on now the terror plot arrests in Britain, police went to court in London today to renew permission to detain 23 suspects. They were arrested last week and under British law, they can be held without charge for 28 days. Authorities must periodically make the case to keep them in custody. The 24th suspect was arrested yesterday.

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Coming up, I'll ask the Attorney General Alberto Gonzales about the plane diverted today, the London airline bomb plot and the different terror fighting tactics used by Britain and the U.S. And remember, stay tuned to CNN day and night for the most reliable news about your security.

Let's move on to the situation right here in the Middle East. Lebanon's prime minister says he's proud of the battle Hezbollah guerrillas fought against Israel, but he says it's time for his government to take control of southern Lebanon. The Lebanese cabinet today unanimously approved sending 15,000 troops to southern Lebanon beginning tomorrow.

Soldiers could start moving out in a matter of hours. Lebanon is hoping to speed up the arrival of U.N.-led forces that will uphold the cease-fire between Israel and Hezbollah. And a top Israeli military official now says Israeli troops will not fully withdraw from Lebanon until that multinational force is in place, even if it takes, in his word, months.

Also today, Israel's defense minister appointed a committee to investigate how the nation handled the war against Hezbollah. Lebanon today upped its death toll to 989, most of them civilians. Israel's death toll during the month of fighting stands at 159, 41 of them civilians.

CNN's Jim Clancy is standing by live in Beirut with more now on that critical cabinet decision, the Lebanese cabinet decision and the state of this rather fragile cease fire. Jim, what's the latest?

JIM CLANCY, CNN CORRESPONDENT: Well, Wolf, you know we had the French foreign minister and Turkish foreign minister, two countries that are going to contributing peacekeeping forces in the south here today.

And in the words of one of the cabinet ministers, Marwan Hamadi, this was a decision unanimously taken by the cabinet to send the troops to the south that had to be done, because apparently the international forces were not going to move toward deployment until and unless the Lebanese army was going to south Lebanon. So that's the situation that we have today. We talked a little bit earlier with the justice minister, Charles Rizic (ph).

(END VIDEO CLIP)

UNIDENTIFIED MALE: The army will take control of the situation there and every arms will be under the control of the Lebanese army. She will have the monopoly of the arms.

(END VIDEO CLIP)

CLANCY: Did the cabinet really tackle the arms issue? The answer has to be no. They're saying it is between the Lebanese army now and Hezbollah. There is apparently an agreement that is already in effect that Hezbollah is not going to bear any arms south of the Litani and has been authorized -- they more or less said if anyone is found with any arms, they would support those arms being taken off the people and the same punishment being meted out to them as to anyone else with illegal arms.

So we have a situation here that may satisfy the Lebanese dilemma. Whether it satisfies international peacekeepers and Israel, that may be another question, Wolf.

BLITZER: All right, Jim. Thank you very much.

In Israel today, tough questions are being asked about the war against Hezbollah and what it did or did not accomplish.

CNN's Paula Hancocks is here in Jerusalem -- Paula.

PAULA HANCOCKS, CNN CORRESPONDENT: Well, Wolf, it's day three of the cease-fire. It's still holding, and it's still fragile. But it's given the Israeli public and politicians a chance to assess what was achieved during this conflict, and more importantly, what was not achieved.

(BEGIN VIDEOTAPE)

HANCOCKS (voice-over): Israel's border with Lebanon is busy again, but the traffic is going the other way, back into Israel. The conflict in southern Lebanon is over, but Hezbollah has not been crippled, their rockets not stopped by Israel's military might, and the two Israeli soldiers whose kidnapping sparked four weeks of deadly fighting are still in enemy hands.

But most worrying of all for Israel, believe some analysts, is damage done to its military deterrence in the Arab world.

UNIDENTIFIED MALE: Deterrence is a question of perception. And the way the war is perceived in the Arab world at this point is that the small band of sturdy guerrillas was able to stand up to Israel and blunt the military might of what is probably the most powerful army in the Middle East.

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HANCOCKS: But Israel's deputy prime minister sees things differently. He believes the perception of Israel's military might is intact. UNIDENTIFIED MALE: We estimate that Hezbollah lost something like 600 fighters. And if they lost 600 fighters, one could imagine there is another 600 that were wounded.

HANCOCKS: So what did Israel achieve? The political echelon here consistently refers back to the United Nations resolution, considering it a diplomatic victory.

TZIPI LIVNI, ISRAELI FOREIGN MINISTER: Only a month ago, nobody could have believed that the Lebanese army will be deployed to the south part. Nobody could have believed that Hezbollah will agree to this kind of understanding of deployment of the Lebanese army, plus international forces.

HANCOCKS: Foreign Minister Livni calls Hezbollah fighters captured during the war assets. Politicians still balk at the term prisoner swap though political sources say it's certainly an option.

(END VIDEOTAPE)

HANCOCKS: New opinion polls published today make very depressing reading for the Israeli leaders. Seventy percent believe Israel should not have agreed to a cease-fire without the release of the soldiers, and only 30 percent believe that Israel won the war, the same percentage that believe Hezbollah won -- Wolf.

BLITZER: Paula, thank you.

Let's go to New York. Jack Cafferty standing by with "The Cafferty File." Hi, Jack.

JACK CAFFERTY, CNN ANCHOR: Wolf, the American Civil Liberties Union and Hispanic activists are suing a Pennsylvania city for cracking down on illegal aliens. Hazleton was one of the first communities to get a bellyful of the federal government's unwillingness to enforce this nation's immigration laws.

Mayor Lou Barletta says as influx of illegal aliens increased crime, overburdened schools and hospitals and lowered the quality of life. So they took matters into their own hands in Hazleton. Last month the city council voted to fine landlords $1,000 for renting to illegal aliens, to deny business permits to companies who hire illegal aliens, and to make English the city's official language.

These are all things that might actually go a long way toward solving the problem. Well, not so fast. Along comes the ACLU with its lawsuit, claiming the Constitution allows only the federal government the power to regulate immigration, that Hazleton's immigration laws are discriminatory and unworkable. But Mayor Barletta says the city will stand its ground and, quote, "fight it as far as we have to."

So here's the question: Should the ACLU keep its nose of out Hazleton, Pennsylvania's immigration laws? E-mail your thoughts to CaffertyFile@CNN.com or go to CNN.com/CaffertyFile -- Wolf.

BLITZER: Jack, thank you.

And if you want a sneak preview of Jack's questions, plus an early read on the day's political news and what's ahead right here in THE SITUATION ROOM, you can sign up for our daily e-mail alert. Just go to CNN.com/SituationRoom.

We want to check in with Zain Verjee. She's got news that's coming into CNN right now. What are you picking up, Zain?

ZAIN VERJEE, CNN ANCHOR: Wolf, CNN's affiliate KUSA in Denver, Colorado is saying that sources close to the investigation of the murder of JonBenet Ramsey says an arrest was made on Wednesday morning in Thailand in relation to the case. We're not getting any more details, but NBC News is reporting that JonBenet's father told NBC that an arrest will be made.

We're following the story and will bring you details when we get them, Wolf. As you know, her murder shocked the core of America back in 1996 when she was found brutally murdered and, before that, sexually assaulted and beaten to death in the basement of her house in Boulder, Colorado. We'll bring you more details when we get them, wolf, as this story develops.

BLITZER: It was a shocking, shocking story 10 years ago. So many questions unanswered. No one was ever arrested, a lot of suspicions. We're going to follow this story and bring our viewers up to speed as the information comes in. Once again, as Zain just reported, an arrest apparently has been made in connection with the murder of JonBenet Ramsey 10 years ago in Colorado. We'll watch this story together with you.

Coming up, much more on the fragile cease-fire here in the Middle East. We'll go live to the Israeli-Lebanese border where troops on both sides remain in place.

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Plus, the other even deadlier conflict that's here in the Middle East as well. We're going to tell you about another very, very bloody day today in Baghdad. It's been a deadly summer in Iraq.

And later, Hillary Clinton finds herself front and center in the political fight over the war on terror.

Live from Jerusalem, you're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: And this just coming in from the Associated Press. We're getting word that Iran's supreme leader, the Ayatollah Khomeini has issued a statement to the Hezbollah leader, saying that Hezbollah's victory, victory over Israel and in the words of the Iran's supreme leader, a victory for Islam. We're following the story. We'll get more information for you, as well as what's the latest on this very, very fragile cease-fire between Israel and Hezbollah.

Meantime, let's check back in with Zain for a closer look at some other important stories making news, Zain.

VERJEE: Wolf, dozens of people are dead or wounded today in the ongoing wave of violence in Iraq. These are pictures of the aftermath of one of several deadly bombings carried out in Baghdad just today.

Listen to this. Iraq's deputy health minister says about 3,500 Iraqis died in sectarian or political violence just last month alone. He says it is the highest one month civilian death toll since the war started back in March of 2003.

U.S. federal agents say they have nabbed a notorious Mexican drug kingpin in an off-shore operation in the Pacific. They say Javier Arellano-Felix was aboard the fishing vessel "Doc Holliday" 15 miles off the Mexican coast when he was taken into custody by the Coast Guard. Officials say his cartel was responsible for the recently discovered elaborate tunnel system under the Mexican/California border.

Gerald Ford's office says the former president checked into the Mayo Clinic in Rochester, Minnesota, for testing and evaluation. The statement discloses little else about his condition, except to say the 93-year-old Ford was admitted yesterday. He's been in frail health in recent years and five years ago he suffered two small strokes. He became the oldest living former president after Ronald Reagan died in 2004. Wolf.

BLITZER: Zain, thanks very much. We're also following that developing story out of Colorado. Our affiliate in Denver, KUSA reporting that an arrest has been made in the JonBenet Ramsey murder case of ten years ago. An arrest has been made in Thailand. We're getting more information. We'll bring it to you as it comes in, more information from our affiliate KUSA in Denver, Colorado.

Also coming up, are we prepared to deal with a terror attack? I'll ask the attorney general of the United States. You don't want to miss our conversation. Alberto Gonzales, that's coming up.

And later, the fighting stopped but tensions remain sky high along the Israeli/Lebanese border. We're going to go live to the front lines in this very, very fragile peace. Live from Jerusalem, you're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Our affiliate in (INAUDIBLE) an arrest has been made in the case of JonBenet Ramsey, that little girl who was murdered some 10 years ago in her home in Boulder, Colorado. Zain Verjee is watching the story, getting more information for us. Zain, what are we learning?

VERJEE: Wolf, CNN affiliate KUSA is reporting this. A Boulder County D.A. investigator is bringing back a suspect in the JonBenet Ramsey murder case to the United States. The suspect was arrested in Bangkok, Thailand this morning. Now this suspect has apparently confessed to certain elements of this crime that are apparently unknown to the general public. KUSA is reporting that this suspect is expected to arrive in the United States maybe within the next two days, accompanied by an investigator from the Boulder D.A.'s office.

Now the D.A.'s office there, the county D.A.'s office hasn't actually confirmed the identity of the suspect, but they are expected to hold a press conference a little bit later today. And we'll bring you more details when we get them, Wolf.

BLITZER: Thank you very much, Zain. We'll follow this story, a story of huge interest to our viewers ten years ago, the unanswered question, who may have been responsible for the murder of JonBenet Ramsey. We'll watch the story with you Zain. Thanks very much.

Meanwhile, the flight at the center of a new scare is due to arrive at Washington's Dulles International Airport within the next couple of hours. It was heading from London to Washington, D.C. when a passenger got unruly and the pilot diverted the plane to

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Boston. Authorities say there was no security or terror threat but this comes amid a heightened terror alert and days after Britain announced it had foiled an airline bomb plot that could have rivaled the 9/11 attacks.

Joining us now, the attorney general of the United States, Alberto Gonzales. Attorney general, thanks very much for coming into THE SITUATION ROOM. It's been almost a week since we learned about this alleged airline terror plot, planes coming to the United States from the United Kingdom, supposedly with bombs on board. Do you know for sure now that this is an al Qaeda related plot?

ALBERTO GONZALES, ATTORNEY GENERAL: Wolf, we're still gathering up information. We're working with the British authorities, looking at the evidence. I don't want to confirm today that this is al Qaeda related. But as we've said before, if you look at the facts and the circumstances of this particular plot, as we understand it, it is certainly suggestive of previous al Qaeda plots and certainly suggestive of previous al Qaeda thinking about how to carry out a deadly plot. So it's something that we're still evaluating. And, obviously, as soon as we're able to confirm one way or the other, we will do so.

BLITZER: There's a story in the "L.A. Times" that authorities in Britain are looking for a suspect who may have had a role in 9/11, being, having a role in this plot, this alleged plot as well. Is there an individual out there that you think fits the bill, who may have had a role in both?

GONZALES: Wolf, you know, I spoke with the attorney general of the United Kingdom yesterday and a few days ago. I did speak with Home Secretary Reid about the fact that they believe it is very, very important that we be careful about confirming, not confirming facts.

So this is the kind of information that I wish we could provide more information to the American public, but we are in a sensitive stage now of the investigation in the United Kingdom and we don't want to say anything that would inadvertently compromise the investigation or harm subsequent prosecution. So as soon as we can confirm these kinds of facts, we will do so.

BLITZER: Are there any suspects in the United States in connection with this alleged airline terror plot that you're looking for?

GONZALES: Well, what I can say is that there have been a number of tips and leads that tie to the United States, and that's why we have had over 200 FBI agents involved and following up on every tip and every lead, to ensure that there is not an on-going plot here in the United States.

As we have said repeatedly, we're not aware of a plot here in the United States, but we're not prepared, also, to say that we've ended this threat. We've certainly disrupted the threat, but we're still involved in investigations to ensure that there is not currently a threat here in the United States.

BLITZER: Let me read to you what former President Bill Clinton said this morning. He said: "The Republicans should be very careful in trying to play politics with this London airport thing, because they're going to have a hard time with the facts. They seem to be anxious to tie the plot to al Qaeda. If that's true, how come we've got seven times as many troops in Iraq as in Afghanistan?"

Do you want to comment on what Bill Clinton said?

GONZALES: Well, I haven't seen his comments, and I don't know what context those comments were made.

My reaction is, is that no one should be playing politics with this particular situation. We're not trying to tie it to al Qaeda. You just asked me a question as to the ties of al Qaeda. We want to be very, very careful in the information that we disclose to the American people. We want the facts -- the information -- to be accurate.

We want the information to be disclosed in a way that doesn't jeopardize an ongoing investigation or prosecution. And, so, I think we have been very measured and careful within the administration about how to inform the American public about this particular threat.

BLITZER: This notion of copycats, are you concerned that there could be copycats out there in the United States, or elsewhere around the world, that might want to use liquid explosives to blow up planes?

GONZALES: Of course we're concerned about that. And that's why, while we believe that we took important steps to disrupt this plot, we were concerned about copycats. And that's why, despite the arrests, the threat level was raised, both in the United Kingdom and in the United States.

And obviously, it's something we will continue to monitor very carefully.

BLITZER: The alleged plotters in this case, supposedly, were only days away from what they described as a dry run. There are reports out there that U.S. authorities and Pakistani authorities tried to discourage the British authorities from going up and rolling up this plot, because they wanted to get more information, see if there were other big fish out there. Is that true?

GONZALES: I'm not going to -- Wolf, the British authorities took action when they believed it was absolutely necessary to do so. I'm not aware of any pressure by the United States upon the British to take action when they did.

These are very difficult decisions that have to be made by prosecutors all the time, exercising their best judgment as to when you have enough information for a successful prosecution. You don't want to wait too long, where you put innocent lives at risk.

We support the actions of the British authorities in this particular case.

BLITZER: If it were constitutional in the United States to hold a suspect, a U.S. citizen, for 28 days -- which is the law, as you know, in the United Kingdom -- would you support changing the current rules of the game? Right now, 48 hours, you can hold someone without filing formal charges. Would you like to change those laws?

GONZALES: Wolf, I think that there are serious questions as to whether or not that would be constitutional. And, obviously, as to whether or not a particular tool or enforcement mechanism would be something that we would want, we would have to answer the question: Is it constitutional? Is it effective? Is it something that we absolutely need?

And, as we do with respect to every plot that's uncovered, as with respect to every response to a plot, we evaluate the changing nature of the threat and the ways -- the mechanism and tools that are currently in place to defeat that threat.

And that's what we're doing in this particular case, as we have done in response to the London bombings, to the arrests in Canada. We're always evaluating, OK, what is the enemy doing, and do we have the tools to adequately address this -- to adequately address the emerging threat?

BLITZER: But, if it were constitutional, you would be open minded about changing the rules to emulate the British rules?

GONZALES: Well, of course, the British, there's a different legal system, that there are additional tools that they have. We have additional tools that they don't have.

And, so, whether or not that that is something that we should pursue, assuming it's constitutional -- and, again, I think that there are serious questions that we have that would have to be addressed with respect to that.

You know, we would have to make a determination: Is this something that we really need?

BLITZER: The whole issue of changing the rules of the game, as far as racial and ethnic profiling, is it a good idea?

GONZALES: I think that, you know, taking action against someone solely because of their race and solely because of their religion, I think, is problematic. I do believe it is appropriate to engage in threat profiling, that you have -- if you have information about a particular threat, if you have certain facts that we ought to be looking for, I think we have an obligation to the American people to use that information to try to disrupt the threat.

The president, however, believes very strongly -- and he's against racial profiling. Again, this is profiling based solely on race, for no other reason. But if there is a reason to engage in threat profiling, you know, during a time of war, in these very dangerous times, I think we have an obligation, in the law enforcement community, to use the facts that we have and to protect this country the best way that we can.

BLITZER: Attorney General Gonzales, thanks very much for joining us.

GONZALES: Thank you, Wolf.

(END VIDEOTAPE)

BLITZER: And our justice correspondent, Kelli Arena, has just confirmed that an arrest has indeed been made in the murder of JonBenet Ramsey, the little girl who was murdered some 10 years ago in her home in Boulder, Colorado -- Kelli Arena confirming that with two sources back in the United States.

Rusty Dornin is covering this story for us as well. She's trying to get some additional information.

Rusty, what are you picking up?

RUSTY DORNIN, CNN CORRESPONDENT: Wolf, from what we understand, the Boulder district attorney's office sent an investigator to Bangkok, Thailand, and has arrested a suspect there, apparently someone who knew too many details about the case, in this case, details that only the police knew about the murder of 6-year-old JonBenet Ramsey in 1996.

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We understand that they are bringing that suspect back to the United States, but they are not identifying who it is. This, of course, comes not long after the little girl's mother, Patsy Ramsey, died of cancer. It was her second bout fighting cancer. John -- Patsy Ramsey and her husband, John, had left Boulder right after the murder, came here to Atlanta, Georgia, and lived for a period of time.

Patsy Ramsey's parents still live here. CNN did contact them. They did not give us a comment. However, they were very upset on the phone. They obviously had heard some kind of news recently. Also, Patsy Ramsey's sister, when we reached her, she did not have any comment.

So, from what we understand, they are bringing a suspect back to the United States who will be charged. And, Wolf, remember, the Boulder police, just as early as this past Monday, were not ruling out the Ramsey family as being involved in this.

But a federal judge did give a declaration this past Monday, saying that he did not believe the Ramsey family was involved in that little girl's murder -- Wolf.

BLITZER: And, Rusty, we have no idea who this suspect may be, the suspect picked up in Bangkok, Thailand, and, presumably, being brought to the United States right now.

It was there -- and I know you have covered this story. I remember covering it myself back in 1996. I don't remember anybody from Thailand who was either involved or implicated, or anything along those lines. Do you?

DORNIN: No. And this all comes as a great surprise -- as I said a little earlier, just this past Monday, a federal judge ruling that the Ramsey family had nothing to do with it, that it was likely some kind of intruder.

And the Boulder police just have not commented on it at all this week, and right now are refusing to comment on it. So, it really came as a surprise, Wolf, when this -- news of this arrest.

BLITZER: We don't know if the person arrested is from Thailand, could be an American who happened to have been in Thailand.

We will continue to watch this story -- much more coming up. But we have confirmed now that an arrest has been made now in connection with the murder of 6-year-old JonBenet Ramsey back in her home in Boulder, Colorado, in 1996. We are going to get you more information and bring it to you as it comes in.

Rusty, thanks very much.

Also, we're following the situation here in the Middle East. Israeli troops halt their pullout from Lebanon, at least for now. We are going to tell you why -- all that coming up.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: An arrest has been made in connection with the murder of JonBenet Ramsey some 10 years ago in her home in Boulder, Colorado.

Our justice correspondent, Kelli Arena, is also watching this story for us.

Kelli Arena, what are you picking up?

KELLI ARENA, CNN JUSTICE CORRESPONDENT: Well, Wolf, I'm being told by law enforcement officials that this arrest warrant was issued last night in Bangkok, that the male -- male is in custody.

He has been described to me by several officials as a possible suspect. I'm also told that this person will be removed from Thailand, brought back to the United States. This is an investigation, Wolf, that's being led by the Boulder, Colorado, DA's office, in conjunction with agents from Immigration and Customs Enforcement.

When this individual is brought to the United States, he will most likely be escorted by those ICE agents. We don't have any information on an age, Wolf, or a nationality at this point. I'm still trying to get that information, but arrest warrant handed down, person in custody, described as a possible suspect in the murder of JonBenet Ramsey, the most notorious cold case, Wolf, that's out there.

BLITZER: The Associated Press, Kelli, reporting right now that this individual being held in Thailand, in Bangkok, Thailand, on unrelated sex charges. We're watching the story carefully.

The -- our affiliate in Denver, KUSA, had reported earlier, Kelli, that this individual, apparently, in talking to authorities there, knew specific details about the murder of JonBenet Ramsey that only someone on the inside, presumably, could have known. And that caused all sorts of alarm bells to come up.

But this case is being taken very, very seriously, I take it.

ARENA: Yes, it is, Wolf.

As I said, the officials that I spoke to describe this individual as a possible suspect. At first, we thought maybe this was someone who just had information about the case. But, no, this is someone who, you know, could eventually be charged.

Now, no one is going into what happened in that interrogation, Wolf. That information is not coming out at this time. But, you know, the more that we find out, we will bring it to you.

BLITZER: And we don't know the nationality of this possible suspect?

ARENA: That's right. I don't know if he's Thai or American or something else. We just do not have any confirmation on any of the identifiers at this point.

BLITZER: Kelli, thanks very much. We have got Kelli Arena working the story, Rusty Dornin working the story. We're getting information from our affiliate KUSA in Denver, Colorado, as well. We will bring you up-to-date information. Apparently, an arrest has been made in connection with the murder of 6-year-old JonBenet Ramsey 10 years ago in her home in Boulder, Colorado, this coming only a few weeks after her mother, Patsy Ramsey, died from cancer in Georgia.

We will watch this story, and update you with information, as it comes into THE SITUATION ROOM.

Other important news we're following, though, here: the crisis in the Middle East. Israel has now begun withdrawing its troops from southern Lebanon, three days into a cease-fire with Hezbollah. An Israeli military chief says some soldiers, though, may remain in the area for months, if necessary.

Let's bring in our Chris Lawrence. He's in northern Israel. He's watching the situation unfold along the border with Lebanon.

Chris, what are you picking up right now, as far as the duration, the length of time Israeli troops might wind up staying in south Lebanon?

CHRIS LAWRENCE, CNN CORRESPONDENT: Indeed, Wolf, we have heard that they could be there for months, because what they are insisting on is, they will not entirely withdraw until two conditions are met: The Lebanese army moves its troops down south of the Litani River and takes up position there, and that multinational force that the U.N. resolution required, that those troops also take up their positions.

Only then will Israel totally move its troops out of the area. Now, as we first reported yesterday, Israel has been moving back to a line about five kilometers from the border, still inside Lebanon. And they were prepared to wait at that line until all those forces came and took over.

Hezbollah has refused to disarm, and even reasserted its right to attack and fight Israeli soldiers while they're still patrolling in Lebanon. So, this move may have been designed -- this pullback to this line may have been designed to allow Israeli forces to have less contact, both with the returning refugees in Lebanon and Hezbollah.

As we have been reporting for the past couple days, Israeli troops have already shot at least 10 Hezbollah guerrillas since the cease-fire went into effect, killing several of them. So, as one Israeli soldier described it to me today, a cease-fire is not the same as peace, especially when it comes to this part of the world -- Wolf.

BLITZER: You're in northern Israel, Chris. In the past month or so, nearly a million Israelis in Haifa and the other cities and towns in the northern part of the country either went underground, into shelters, or moved south, to get away from those incoming Katyusha rockets. What's it like there now?

I know you have had a chance to go out and about, and try to get a flavor of life presumably returning to some semblance of normality.

LAWRENCE: Yes, it's a tremendous difference from just a couple of days ago, where you just hear a constant boom, boom. And just about everywhere we would drive, we would see fires from Katyusha rockets. We would hear the artillery outgoing.

Now it is quiet. But the Israelis that you talk to have this sense of dread. One Israeli woman said, it's like the Katyushas did more than just damage homes and -- and injury people. They damaged this myth that -- that some Israelis were living under that they were safe from Hezbollah, that that has been shattered now.

We spent some time at a hospital today, where doctors tell us that post-traumatic stress cases are soaring in the country. And it's surreal to watch mothers and their daughters and people walking out of stores and sitting in cafes, and, a few feet away, there is a huge crater from a Katyusha missile -- or a Katyusha rocket just buried right there in the middle of a busy street.

BLITZER: Chris Lawrence, reporting for us from northern Israel -- Chris, thanks very much.

Coming up: an eye-popping new attack ad targeting Senator Hillary Clinton and featuring Osama bin Laden. We have a brand-new response from the senator -- all that coming up, as well as we will update you on the latest of an arrest apparently been made in Bangkok, Thailand, in connection with the murder of JonBenet Ramsey.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: CNN has now confirmed that an arrest has been made in the case of the murder of JonBenet Ramsey, that little 6-year-old girl who was murdered in her home in Boulder, Colorado, nearly 10 years ago, an arrest having been made in Bangkok, Thailand. We're following the story.

Tom Foreman is following for it, as well.

Tom, you covered this story 10 years ago. And, as so many of our viewers will remember, it caused a huge, huge amount of concern. But this mystery has never been resolved.

TOM FOREMAN, CNN CORRESPONDENT: I can't think of anybody who is more flabbergasted than I am to hear about an arrest right now, because this was so thoroughly researched and so thoroughly covered, as you recall, 10 years ago. It was on the news around the clock.

The police were working on it like they have never worked on anything before in Boulder, Colorado. The DA's office was working on it. And, time and time again, people said, certainly, it must come down to arrests for somebody. And it never did.

Now to hear about this news, frankly, I'm fascinated to hear who this person is and what would make this person a suspect. I'm very keen to the notion that Kelli Arena just said this is a possible suspect. There have been possible suspects before, but none of them have ever panned out -- Wolf.

BLITZER: And we're expecting to get more information on this possible suspect arrested in Bangkok, Thailand. Apparently, according to our affiliate KUSA in Denver, he knew specific information about the case that had not been made public, raising all sorts of alarm bells -- and Associated Press now reporting this possible suspect being held on other sex unrelated charges.

Remind our viewers about this story, Tom, because so much of it had spread shadows and cast doubts on the parents and others. There was always a suspicion, though, that perhaps an intruder had come into that beautiful home.

FOREMAN: There was always a suspicion, Wolf.

But I have to tell you that the investigators involved in this case, all of those who were closest to it, had the biggest problem with the idea that there was an intruder, because, simply put, they continued to come back and look at Patsy Ramsey, principally, but the Ramsey parents.

Now, there has never been any charges against them. They have never been convicted of anything, charged of anything in this whole case. They have always said they were innocent.

But investigators constantly came back to them, specifically because of details of the case. She died on Christmas night. Her body was found in the house. There were no clear signs of forced entry. The ransom note that was found was found in the house by Patsy Ramsey. It was written on a pad of paper that apparently came from the house.

There was another shortened version of this note, which seemed to be a practice version, still in the house. The rope and the -- or at least the little stick that was used to choke her all came from a painting kit that was kept by Patsy Ramsey. There were all these details that made investigators not look at that intruder. And, yet, they always said there could be such a person. Now maybe they have found him.

BLITZER: Tom, stand by.

We're going to have our reporters watching this story, this new information coming in on a possible arrest in connection with the murder of JonBenet Ramsey. We're going to get back to it.

But I want to move on to some other important news we're following, including some political news.

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Senator Hillary Clinton is calling a new attack ad against her outrageous. Her Republican Senate rival in New York, John Spencer, is airing the spot. It accuses Senator Clinton of being soft on terror. And it features a photo of Osama bin Laden to try to drive home that charge.

Senator Clinton calls it a -- quote -- "terrible injustice" to her. And she is accusing -- a terrible injustice -- accused of being accused of being in league, somehow, with Osama bin Laden.

A leading House Republican from New York is accusing Spencer of wild-eyed and angry rantings.

Meanwhile, the Homeland Security Committee chairman, Peter King, says he would never question Senator Clinton's commitment to the war on terror.

Let's bring in our senior analyst, Jeff Greenfield. He has more now on the politics of this war on terror -- Jeff.

JEFF GREENFIELD, CNN SENIOR ANALYST: Wolf, the surest way to spot a key theme in any campaign is to watch and listen to the ads, because that's where the most money is spent and where a message has to be honed down to 30 seconds.

This season, one of the most significant trends isn't just what's being said, but what's not being said.

(BEGIN VIDEOTAPE)

(BEGIN VIDEO CLIP, FORD FOR TENNESSEE AD)

REP. HAROLD FORD (D-TN), TENNESSEE SENATORIAL CANDIDATE: ... whose banks wired money to the terrorists.

(END VIDEO CLIP)

GREENFIELD (voice-over): First, instead of changing the subject away from Iraq and terror, a lot of Democrats are taking these issues on directly.

For instance, in a Democratic primary in an Iowa congressional district, candidate Bruce Braley tried to tie his opponent to Bush's Iraq policy.

(BEGIN VIDEO CLIP, BRALEY FOR CONGRESS AD)

NARRATOR: We need a timetable to turn the fighting over to the Iraqis and bring our troops home. But Rick Dickinson agrees with President Bush and is against setting a timetable for getting our troops out of Iraq.

(END VIDEO CLIP)

GREENFIELD: In Vermont, Congressman Bernie Sanders, running for the Senate as an independent, puts his opposition to the war front and center.

(BEGIN VIDEO CLIP, SANDERS FOR SENATE AD)

REP. BERNIE SANDERS (I-VT), VERMONT SENATORIAL CANDIDATE: I think the evidence is very clear that Bush's war in Iraq has been counterproductive, in terms of fighting international terrorism.

(END VIDEO CLIP)

GREENFIELD: And the Democrats' Senate Campaign Committee has an ad up that argues America is less safe now than it was five years ago.

In Ohio, here's Senator Mike DeWine talking about his Democratic opponent.

(BEGIN VIDEO CLIP, DEWINE FOR SENATE AD)

NARRATOR: Where does Sherrod Brown stand on protecting America's homeland? In Congress, Brown voted to slash national intelligence programs. He voted against strengthening criminal laws for terrorist attacks. He voted against the Patriot Act, which gives law enforcement the tools to fight terrorism.

(END VIDEO CLIP)

GREENFIELD: And here's John Spencer, who wants to oppose Senator Hillary Clinton in New York. Note the visual aid here.

(BEGIN VIDEO CLIP, SPENCER FOR SENATE AD)

ANNOUNCER: But Senator Hillary Clinton opposes the Patriot Act and the NSA program that helped stop another 9/11. She would leave us vulnerable.

UNIDENTIFIED MALE: That's wrong.

(END VIDEO CLIP)

GREENFIELD: And here's Republican Richard Tarrant, running against independent Bernie Sanders in Vermont.

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(BEGIN VIDEO CLIP, TARRANT FOR SENATE AD)

NARRATOR: For seven consecutive years, and over President Clinton's objection, Congressman Sanders sponsored legislation to cut our intelligence budget. Even today, Sanders' official Web site states his strong opposition to budget increases for our intelligence community.

(END VIDEO CLIP)

(END VIDEOTAPE)

GREENFIELD: So, what is it that these Republican ads don't say? None of them mention Iraq. They're all aimed at voters -- at votes and propositions, rather, they claim weaken America's ability to fight the broader war.

This is a sure sign that these Republican candidates believe that the argument that President Bush made two years ago, that the war in Iraq made America safer, simply is not going to fly this fall -- Wolf.

BLITZER: All right, Jeff Greenfield reporting for us.

And the breaking news that we have been following this past hour, the arrest -- apparent arrest of someone in Bangkok, Thailand, in connection with the murder of JonBenet Ramsey, we're watching this story -- much more coming up at the top of the hour.

Let's check in with Jack Cafferty, though, first, for "The Cafferty File" -- Jack.

CAFFERTY: Wolf, the ACLU is suing the town of Hazleton, Pennsylvania, for cracking down on illegal aliens. They claim, the Constitution allows only the federal government the power to regulate immigration. But the mayor of Hazleton, Lou Barletta, says his city will stand its ground and fight on. The question is: Should the ACLU keep its nose out of Hazleton, Pennsylvania's immigration laws? Technically, they probably have a role there, because it probably is the federal government's job. But it just seems like, if this town is willing to do this on its own, maybe they ought to be left alone.

Anyway, Tammy in West Virginia writes: "The ACLU should keep its nose out of everyone's business, especially Hazleton, Pennsylvania, and that saint of a mayor, Lou Barletta. If they are so concerned about illegal alien rights, why don't they hang up their shingle in Mexico? The ACLU is about as useful to decent Americans with real problems as" -- well, I can't read the rest of that to you. It's a family show.

Bima in Los Angeles: "The ACLU must continue unhindered. I disagree passionately with many of their positions, but who else is defending our basic human and civil rights? Certainly not our president, attorney general, Congress, or Supreme Court."

Jim in Rochelle, Illinois: "The ACLU, first and foremost, should realize the laws enacted in Hazleton are the direct result of the will of the people. I thought that is how democracy is supposed to work. The ACLU, at one time, garnered respect and kudos for their work. Those days are gone."

Alfred, Claremore, Oklahoma: "The ACLU should be suing the U.S. government for not enforcing our immigration laws, not the cities who are trying to. They got their priorities backwards."

Rob in Baltimore: "In principle, the laws in Hazleton sound like they're reasonable and potentially effective. However, enforcing them could -- and probably would -- lead to discriminatory practices. Landlords would likely only require citizenship documentation from people who fit the profile of illegal aliens, namely Hispanics, or they might simply choose to be safe, and not rent to Hispanics at all."

And Judy in Dekalb, Illinois: "I never realized the ACLU charter has a provision seeking to overturn the laws enacted democratically by the people of a U.S. city. It's the voice of the people, you morons. Perhaps the ACLU should set up shop in Iran, North Korea, or China. That would keep this pack of whiners busy for a few centuries" -- Wolf.

BLITZER: Jack, thank you.

Extremists Are Homing In On The Internet, Says Gonzales (LAT)

By Josh Meyer

The Los Angeles Times, August 17, 2006

WASHINGTON — Atty. Gen. Alberto R. Gonzales said Wednesday that more than 5,000 Internet sites were being used by extremists to train and coordinate internationally, filling the gap caused by the crackdown on the Al Qaeda terrorist network.

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He also rebutted allegations circulating in recent days that the United States somehow prompted British authorities to move prematurely against a suspected London-area cell allegedly planning attacks on airliners with homemade liquid bombs.

Gonzales' estimate suggests a significant expansion of the Internet infrastructure used by Islamic extremists in recent years to mobilize their efforts. Several counter-terrorism officials inside and outside the U.S. government said they were not familiar with the specific numbers quoted by the nation's top law enforcement official, but added that they had seen a dramatic increase in Internet use by Islamic extremists.

Since late 2001, the United States and its allies have demolished Al Qaeda's home base in Afghanistan, killed or captured some of its leaders, cut off many outside funding channels and disrupted some means of communication.

But those efforts have driven Al Qaeda members to the Internet, "where their ideology has inspired and radicalized others," Gonzales said in a speech to the World Affairs Council of Pittsburgh.

"There are between 5,000 and 6,000 extremist websites on the Internet, each one encouraging extremists to cultivate relationships with like-minded people," he said.

"This radicalization is happening online and can therefore develop anywhere, in virtually any neighborhood, and in any country."

Militants radicalized on the Internet may be more dangerous than those trained in Al Qaeda camps in Afghanistan before the Sept. 11 attacks, Gonzales said.

"These are the home-grown terrorists that you have heard about," he said, referring to the alleged plot in Britain and to other recent plots and attacks by Al Qaeda sympathizers.

Gonzales said radicalization may also be occurring in academic settings, mosques, community centers and — of particular and growing concern — in prisons.

In an appearance later Wednesday on CNN's "The Situation Room," he said the FBI continued to pursue tendrils of the investigation in the United States.

"There have been a number of tips and leads that tie to the United States, and that's why we have had over 200 FBI agents involved in following up on every tip and every lead," Gonzales said. "We're not aware of a plot here in the United States, but we're not prepared also to say that we've ended this threat."

In his speech in Pittsburgh, Gonzales said last week's disruption of the alleged British bomb plot came as a result of both countries cross-training their prosecutors and sharing information and sensitive intelligence.

Gonzales also said that Britain and the U.S. favored stopping terrorists before they could act, even if that meant ultimately losing convictions in court.

"Simply put, we need to gather enough information and evidence during our investigations to ensure a successful prosecution," he said. "But we absolutely cannot wait too long, allowing a plot to develop to its deadly fruition."

A senior Justice Department official said those remarks were intended to rebut allegations that U.S. officials pressured their British counterparts into rounding up the suspects before they were ready.

The attorney general is saying "there is no schism between the philosophies of the two countries as to when to take down a plot," said the senior official, who spoke on condition of anonymity because of the international aspects of the British-led investigation.

"I don't believe the plot was taken down because of American pressure. This was a British-run operation. As far as I know, there was little difference of opinion in this case on when to take down the plotters."

Asked whether the United States pressured Pakistan into arresting one of the suspects, Rashid Rauf, on its soil, forcing British authorities to scramble to roll up other members, the official said: "I'm just not comfortable talking about the Pakistan end of this. That doesn't mean the U.S. leaned on the Pakistanis. We just don't want to discuss operational aspects of the investigation."

Queues Caused By Airport Searches Spur Calls For Passenger Profiling (WSJ)

By Daniel Michaels

The Wall Street Journal, August 17, 2006

Continued delays at London airports following last week's foiled terrorist plot are prompting some airline officials and security specialists to call for passenger-profiling techniques to reduce the number of travelers subject to intensive searches.

Advocates of the measures say trained airport and airline staff at security checkpoints should be allowed to judge which passengers aren't likely to pose a terrorist threat -- such as old women and families with small children -- and let them pass quickly through security.

Screeners could then focus more carefully on inspecting other travelers. Passengers behaving oddly or with unusual travel details would also be subject to more thorough screening, advocates of profiling say.

But opponents have two basic objections: They say passenger profiling is an infringement of civil rights, and not effective in the long run.

The debate about passenger profiling is re-emerging, because in the wake of the foiled plot to blow up jetliners over the Atlantic, United Kingdom airports have stepped up security measures at hand-baggage screening points.

In the days after suspects in the alleged plot were arrested in the U.K. last Thursday, screeners at British airports began body-searching every passenger placing hand luggage into X-ray machines. They have reduced searches to every other passenger -- compared with around one in four before last week.

The measures continue to prompt huge holdups and are overwhelming screeners. Irish budget carrier Ryanair Holdings PLC yesterday faced delays from London's Stansted Airport with 30 of its 40 earliest flights.

QUESTION OF THE DAY

1 • Vote: Should profiling of airline passengers based on ethnicity or race be allowed?2

Frustration with the havoc is helping spur calls for passenger profiling. "Let's be a lot less politically correct," said Ryanair Chief Executive Michael O'Leary.

Some experts say that indiscriminate person-by-person searches are ineffective. "The system based on the premise that to catch one person out of 100, you must pass all 100 through a search isn't working, and will miss the one person," said Offer Einav, a former head of security at El Al Israel Airlines and now chief executive of IS4 Ltd., a security consulting firm. Profiling is widespread in Israel, which has faced terrorist threats for years.

Franco Frattini, the European Union justice and internal-affairs commissioner, wants to create a "trusted traveler" program across the EU similar to the Registered Traveler program under development in the U.S., according to his spokesman. Under such a plan, sometimes referred to as "positive profiling," fliers who supply extensive personal information to be kept on file can breeze through airports with only a basic security check.

Most airlines in Europe and the U.S. analyze passenger behavior during check-in procedures. But at airport security checkpoints, staff who X-ray hand baggage are much less likely to do so.

Proponents of profiling at security checkpoints say the technique isn't aimed at searching people based on race or nationality. They say successful passenger profiling covers issues such as body language, physical appearance and travel details.

After the terrorist attacks of Sept. 11, 2001, some U.S. police forces and security officials began training staff in profiling techniques. The U.S. Transportation Security Administration has a modest program aimed at spotting suspicious passengers based on their behavior at the airport. It doesn't consider race, and therefore, officials say, avoids the minefields of racial profiling. The program, now at about 12 airports, looks for obvious oddities such as a big coat on a summer day, and for subtle signals such as odd gestures and split-second expressions suggesting that people are trying to conceal emotions. Identified travelers are approached to see if an innocent explanation accounts for the suspicious behavior.

"If you racially profile in this day and age, you're going to miss the terrorists," said the TSA's Carl Maccario, who helps run the program.

That is in part because the task of defining profiles has grown increasingly complex. Among the people arrested by British police for alleged involvement in the plot were a woman with an eight-month-old baby and several university-educated, middle-class men, according to authorities. None fit the classic mold of a disaffected male in his 20s.

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Proponents also say the technique can pick out terrorists who don't fit a stereotype. For example, American Airlines staff at Charles de Gaulle Airport in Paris identified "shoebomber" Richard Reid as a suspicious passenger in December 2001, even though he held a British passport and wasn't obviously tied to Islamic extremists.

Still, critics insist that any attempt to divide travelers into good and bad people will be circumvented by adaptable terrorists. "I don't buy the little old ladies and families with children stuff," because terrorists are resorting to increasingly ruthless and creative methods, said Shami Chakrabarti, director of Britain's National Council for Civil Liberties.

Homeland Security Chairman Endorsing Racial Profiling (NSDY)

By J. Jioni Palmer, Newsday Washington Bureau

Long Island Newsday, August 17, 2006

WASHINGTON -- Declaring that airport screeners shouldn't be hampered by "political correctness," House Homeland Security Chairman Peter King has endorsed requiring people of "Middle Eastern and South Asian" descent to undergo additional security checks because of their ethnicity and religion.

Discussing the recent revelation of an alleged plot in England to blow up U.S.-bound airliners, the Seaford Republican said yesterday that, "if the threat is coming from a particular group, I can understand why it would make sense to single them out for further questioning."

King, who has said that all Muslims aren't terrorists but that all recent terrorists are Muslim, favors an ethnic and religious profiling scheme that would include foreign and American-born travelers. "I would give the investigators and screeners a lot of discretion as to where it ends," he said.

Despite King's endorsement of such a process, it is a technique that has been widely dismissed as a legitimate law enforcement tool.

NYPD Commissioner Ray Kelly, a childhood friend of King's whom the congressman calls one of the nation's leading counter-terrorism officials, has previously called racial profiling "nuts" and "ineffective," and eliminated the practice when he oversaw the U.S. Customs Service.

The U.S. Justice Department issued a policy three years ago banning racial profiling and Attorney General Alberto Gonzales said yesterday that he doesn't favor the practice.

"I think that, you know, taking action against someone solely because of their race and solely because of their religion I think is problematic," Gonzales said.

Bob Levy, senior fellow in constitutional studies with the Washington-based Cato Institute, a conservative-libertarian think tank, said racial profiling gradually came into disfavor among law enforcement officials because "they discovered that this kind of profiling was very rarely effective in ferreting out useful information."

He said targeting people based on a range of criteria is a more operative and constitutionally legitimate tool to stop wrongdoers than relying on a blanket profile.

"Simply to profile all Muslims with nothing more than that, I think, would be considered a constitutional problem," Levy said. "Besides, if you are using a profile it doesn't follow that a profile is always effective."

Besides being ineffective, profiling ostracizes a community that could be essential in helping to combat terrorism, said Ahmed Younis of the Muslim Public Affairs Council.

"In many ways, it is allowing the terrorists what they want, which is the betrayal of our constitutional principles and the disenfranchisement of the communities that we need the most in the war against extremism and terrorism," he said. "American Muslims are on the front lines in the war on terrorism and Mr. King's approach deprives America of her strongest weapon."

Airline Terror Suspects Can Be Held, British Judge Says (CHIT)

By Stephen J. Hedges And Aamer Madhani

Chicago Tribune, August 17, 2006

LONDON -- A British magistrate ruled for the government Wednesday and declined to release any of the 23 suspects held in the alleged plot to detonate liquid explosives aboard trans-Atlantic flights bound for United States.

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Instead, the magistrate found that under Britain's tough new terrorism law, the government may continue to hold the suspects until later this month without filing charges.

Twenty-one of the suspects may be held until Aug. 23 without being charged, the court ruled. Two others may be held until Aug. 21 under similar circumstances.

The men, all of them British citizens of the Muslim faith, were arrested Aug. 9 as part of a months-long investigation by anti-terrorism police here.

Since then, one suspect has been released and another arrested, bringing the total number held to 24. The court did not consider the detention of the newest detainee, who was arrested Tuesday.

Since those initial arrests, police and British government officials have given few details of the alleged plot, other than noting that "this was a plan by terrorists to cause untold death and destruction and commit mass murder," according to Deputy Metropolitan Police Commissioner Paul Stephenson.

In the meantime, an extensive period of evidence gathering has followed.

Police have spent nearly a week inside the homes of some of the men, many of whom lived in Walthamstow, a working-class neighbhorhood in northeast London.

Others who were arrested lived in the modestly upscale area of High Wycombe, west of the city. Police have been involved for several days in an extensive a search of a dense woods nearby.

Police have so far executed 46 search warrants on homes and businesses and vehicles, included three Internet cafes. They have been photographed removing computers and bottles from some of the suspects' homes. In the week after the sweeping arrests, 24 of the searches have been completed but 22 are still under way.

Defense attorneys leaving the hearing, a portion of which was held at London's Paddington Green Police Station, declined to discuss the proceedings inside, which were closed to the public.

One solicitor, however, said on the condition of anonymity that "they [the government] have got to start explaining some of this. They haven't said anything and they're going to owe people an explanation."

Family and friends of nearly all those arrested have expressed astonishment at the charges.

When the arrests were first announced, Stephenson said that a group of Muslim extremists had planned to "smuggle explosives onto airplanes in hand luggage and to detonate these in flight." The explosives, police said, were to have been made up of liquid chemicals that, when mixed together, would make a volatile bomb.

The explosives, they said, were to be triggered by electronic devices, such as camera flashes and handheld electronic devices.

As many as 10 flights had been targeted, officials said. Since that initial flood of information, however, British authorities have declined to say anything about the continuing investigation or the case they are building against those in detention.

Under a law enacted after July 7, 2005, when four suicide bombers killed 52 London commuters, police may now request that terror suspects be held for 28 days without being charged, a time span that allows for collection of evidence in what are often complicated cases.

Currently, there are about 60 terror suspects awaiting trial in Britain, according to the London Metropolitan Police. If the plane-bombing plot suspects are charged, they would add significantly to that number.

The hearing occurred on the same day that Britain's Home Secretary, John Reid, met with his European counterparts to discuss terrorism, which he described at the meeting as "unconstrained in its evil intention."

The officials agreed to fund additional research into the detection of liquid explosives.

Reid, who has become the public face of the government effort to prosecute the alleged terrorist plot — Prime Minister Tony Blair has remained on vacation — faces growing public scrutiny over the course of the inquiry, which remains largely secret, and its repercussions with the British public.

New luggage restrictions, for instance, led to the cancellation of hundreds of flights in England the misplacement of about 10,000 bags by British Airways. Airline chiefs have lambasted the government's new, strict travel regimen, which initially stranded thousands of passengers.

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Plane-plot Suspects To Be Kept In Jail (AP)

By Matt Moore, Associated Press Writer

AP, August 17, 2006

A district judge ruled Wednesday that British investigators have until next week to investigate the suspects arrested in an alleged plot to blow up as many as 10 trans-Atlantic jetliners, saying they could be kept in custody without charge.

Scotland Yard later said a person arrested on Tuesday as part of its investigation into the foiled plot was released without charge. Another detainee was released without charge Friday.

The judicial order was the first major test of a new terrorism law that lets suspects be held for as long as 28 days without charge so investigators can solidify their cases.

The hearing, which addressed the cases of 23 suspects arrested in Britain's initial sweep last week, was held behind closed doors and attended only by the suspects' lawyers, investigators and government officials.

Scotland Yard said that 21 of the suspects could be detained for questioning through Aug. 23, while another two could be detained until Aug. 21. No reason was given for the difference in the length of time.

Experts say the primary reason police could use nearly a month to complete a probe is because of the complexity of investigations into the alleged plot to smuggle liquid explosives hidden in hand luggage aboard flights.

"You've got laptops, you have to bring in translators to translate all the documents in there, and sometimes it's inopportune to release all your suspects — particularly terrorism suspects — while all that is being downloaded and translated," said Cliff Knuckey, a retired police detective who has worked on terrorism investigations.

"Terrorism investigations are different, simply because you're dealing with people who will do their best not to compromise their plans and who will do anything not to be compromised."

When police officials appeared in February before a House of Commons committee looking at Britain's terror legislation, they told lawmakers much the same thing. And Deputy Assistant Commissioner Peter Clarke, who commands the anti-terrorist police branch, said officers had found terrorist training videos spliced in the middle of normal Hollywood films, meaning hours spent scrutinizing videotapes.

Previously, police were able to detain people suspected of terrorism offenses for 14 days only. But the new legislation, which became law earlier this year, also created new offenses, including preparing a terrorist act, giving or receiving terrorist training, and selling or spreading terrorist publications.

Prime Minister Tony Blair failed to receive parliamentary approval for his own plan to interrogate terrorist suspects for up to 90 days.

The British probe of a plot to destroy U.S.-bound jetliners with chemical explosions is the highest-profile case to be conducted under the new legislation.

Home Secretary John Reid, Britain's chief law-and-order official, acknowledged that some of the suspects would likely not be charged with major criminal offenses, but said there was mounting evidence of a "substantial nature" to back the allegations.

His comments came after he met with the French, German and Finnish interior ministers, Nicolas Sarkozy, Wolfgang Schaeuble and Kari Rajamaki, respectively, and EU Commission Vice President Franco Frattini. They later announced the allocation of $235,000 to research the best ways to detect liquid-based explosives.

Twenty-four suspects have been arrested in Britain in the liquid explosives plot and as many as 17 people in Pakistan, including alleged ringleader Rashid Rauf. British national Rauf's 22-year-old brother, Tayib, is among those in British custody. Those detained in Britain whose assets were frozen range in age from 17 to 35.

Two top Pakistani intelligence agents said Wednesday that the would-be bombers wanted to carry out an al-Qaida-style attack to mark the fifth anniversary of the Sept. 11 strikes, but were too "inexperienced" to carry out the plot.

The two senior agents, who spoke on condition of anonymity, said that if the terror cell members arrested in Pakistan and Britain had appropriate weapons and explosives training, they could have emulated massive attacks like those five years ago in New York and Washington as well as the July 7, 2005, London bombings.

The detainees in Britain and Pakistan had not attended terror-training camps in Pakistan or Afghanistan and had relied on information gleaned from text books on how to make bombs, the officials said.

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Their comments offer a different perspective from that given by U.S. Homeland Security Secretary Michael Chertoff. "Certainly in terms of the complexity, the sophistication, the international dimension and the number of people involved, this plot has the hallmarks of an al-Qaida-type plot," Chertoff said Friday.

The Pakistani officials said Rashid Rauf met with al-Qaida figures inside Pakistan before his arrest last week.

They said Rauf, a British national of Pakistani descent in his 30s, had also been in contact — through intermediaries — with the purported No. 3-ranked al-Qaida leader at large in neighboring Afghanistan. The officials declined to give the al-Qaida leader's name.

Meanwhile, air service nudged closer to normal at major London airports, but British Airways said it canceled 35 flights from Heathrow and another 11 at Gatwick.

There was new concern about security after a 12-year-old boy managed to board a plane at Gatwick Airport on Monday without a passport, ticket or boarding pass. He was detected by cabin crew and removed before the flight took off. Authorities said he went through a full security screening before boarding the flight and he didn't pose a threat at any time.

AP writers Munir Ahmad and Paul Garwood contributed from Islamabad, Pakistan.

British Court Gives Police More Leeway To Probe Plot (WP/AP)

By Matt Moore

The Washington Post, August 17, 2006

LONDON, Aug. 16 -- A district judge ruled Wednesday that British investigators have until next week to investigate the suspects arrested in an alleged plot to blow up as many as 10 transatlantic jetliners, saying they could be kept in custody without charge.

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Previously, police were able to detain people suspected of terrorism offenses for only 14 days. The new legislation, which became law earlier this year, also created new offenses, including preparing a terrorist act, giving or receiving terrorist training, and selling or spreading terrorist publications.

Home Secretary John Reid, Britain's chief law enforcement official, acknowledged that some of the suspects would likely not be charged with major crimes, but said there was mounting and "substantial" evidence to support the allegations.

Pakistan Confirms Many Details About Key Figure Under Arrest (NYT)

By Carlotta Gall

The New York Times, August 17, 2006

ISLAMABAD, Pakistan, Aug. 16 — New details unfolded Wednesday about the main figure arrested in the London bombing plot, Rashid Rauf. They included a confirmation by Pakistani officials that Mr. Rauf had married and settled in Bahawalpur, a southern town that is home to a notorious jihadist group, Jaish-e-Mohammed.

The background included accounts that he used to be at least an active member of the organization, which has been banned.

Pakistani officials confirmed that Mr. Rauf, a British citizen born in Pakistan, returned from Britain to settle in Bahawalpur in 2002 and that he married and had children there. Bahawalpur is a small town in southern Punjab, far from Mirpur, in Pakistani-administered Kashmir, the town Mr. Rauf's family comes from.

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Members of Jaish-e-Mohammed, insisting on anonymity, said Mr. Rauf had stayed a member of the group throughout its reincarnations.

...

The father, Hafiz Allah Bukhsh, said Mr. Rauf was related by marriage to one of his younger sons. The two men were married to two sisters, Mr. Bukhsh said. A former Pakistani official with close ties to intelligence agencies confirmed the details and said Mr. Rauf had "longstanding links with Jaish-e-Mohammed and also had Al Qaeda connections."

Mr. Rauf has emerged as the main coordinating figure of the London case. His arrest led to the arrests of 24 people in Britain last Thursday.

"He became a central figure in all this," said a senior government official who insisted on anonymity because of the investigation. "He was a connecting figure and central to it."

Mr. Rauf came to the notice of British investigators who traced telephone calls between him and people in Britain who were under surveillance, the official said.

"There were frequent calls from there and to him," the official said, adding that the British had asked Pakistan to watch Mr. Rauf, who had been under surveillance for a few weeks.

...

He remains in custody, appearing before a judge over the weekend, said a spokeswoman for the Foreign Ministry, Tasneem Aslam.

Interior Minister Aftab Ahmed Khan Sherpao said Tuesday that Britain had not requested Mr. Rauf's extradition. Pakistan does not have an extradition treaty with Britain, but Mr. Sherpao said that international conventions covered such requests and that a special case could be made.

The senior official here said that a senior Qaeda agent still at large was the mastermind of the plot and that Mr. Rauf was the main contact for the would-be bombers in Britain. Pakistani officials have implied that the Qaeda figure is based in Afghanistan, but the official said he was not Afghan, adding that all the group's top leaders were from Arab countries. He also said a third country was connected because of the financial trail.

Mr. Rauf, reportedly 29 years old, was born in Pakistan and lived nearly all his life in England, until 2002, when he returned to Pakistan after having been implicated in the stabbing death of an uncle in Britain, the official said. Mr. Rauf was arrested in Bahawalpur, the official said.

His connection to Jaish-e-Mohammed would explain much about any involvement with the bombing plot or Al Qaeda. The group was founded by Maulana Masood Azhar in February 2000 to support mujahedeen fighting in Kashmir and Afghanistan. It became closely associated with the Taliban and Al Qaeda.

As Pakistan cracked down on jihadi groups after Sept. 11, 2001, Jaish-e-Mohammed changed its name and split into two groups. Those groups were also banned because of continued pressure from the United States. A splinter group of Jaish-e-Mohammed was blamed for masterminding an assassination attempt against President Pervez Musharraf of Pakistan in 2003.

Europe Says It Will Unify Effort In Fight On Terrorism (NYT)

By Heather Timmons And Eric Pfanner

The New York Times, August 17, 2006

LONDON, Aug. 16 — European ministers in charge of security pledged Wednesday to increase their cooperation to fight terrorism, saying they may begin by blocking certain Internet sites, using fingerprinting or iris-scanning technology, and training Muslim preachers to discourage militancy.

Ministers from Finland, Germany, Portugal, Slovenia and France met here with the British home secretary, John Reid, to map out new anti-terrorism measures. Afterward, in a news conference, they laid out proposals that signaled a shift for Europe, which has been loath to limit individual freedoms or to try to impose a uniform set of values.

"We face a persistent and very real threat across Europe," said Mr. Reid. Would-be terrorists are hoping to "abuse our open societies," he said, and have "no regard for human life and human rights."

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Ultimately, the "rights of the individual must and will be balanced against the collective rights of security and protection of life and limb," he said.

The ministers said they would speed up plans to increase cooperation between the intelligence forces in their home countries, and allow them to share information directly with their counterparts. They also plan to step up cooperation on research into explosives, particularly liquid explosives. European Union nations may establish "rapid response" antiterrorism teams that could rush to the aid of member states, the ministers said.

While sharing information may be desirable, some governments have resisted it because of varying law enforcement and counterterrorism practices, said Martin R. Pollner, senior partner at the law firm Loeb & Loeb in New York and a former United States representative to Interpol, the international police network.

British law enforcement officials, for instance, typically wait longer to arrest terrorism suspects than do American authorities, he said, because the British want to let a plot develop further so they have stronger evidence when it comes to prosecuting a case. That may have made them reluctant in the past to share information with European or other colleagues, Mr. Pollner said.

So far, in response to the British announcement that it had uncovered a plot to blow up as many as 10 trans-Atlantic airliners, possibly using liquid explosives, European countries have imposed a patchwork of makeshift rules with varying levels of security restrictions.

The haphazard response has raised concerns in Britain that terrorists could simply board a plane elsewhere and cause the same damage they would have if they had managed to breach security in Britain.

Mr. Reid said at the news conference that European governments should coordinate their response to ensure "that it is no easier to get through security in Paris or Frankfurt than it is in London."

The European Union members are discussing the possibility of blocking Web sites that incite people to "commit terrorist activities" or provide details about how to make bombs, Franco Frattini, vice president of the European Commission, the executive arm of the European Union, said at the news conference. "There are borders between freedom of expression and incitement of terrorism," he said of the possibility of blockades.

Plans to shut down Web sites that incite terrorism have already been discussed in the Council of the European Union. How such a plan would be carried out raises a host of questions, though, including how to define terrorism.

Passengers on flights to or from European nations may be subject to "biometric" screening, Mr. Frattini said, which could include fingerprint and iris scans. The ministers did not discuss racial profiling, he said, and any new airline screens would have "nothing to do with religious beliefs."

In addition, ministers are proposing closer cooperation between governments and their Muslim populations. Mr. Frattini outlined a plan to organize meetings of Muslim teachers to "eradicate violence from inside." Governments may also work to train imams to attempt to prevent the development of militancy.

"We do want a European Islam," Mr. Frattini said. "That is very important, not only to show to the Muslim communities that we fully respect other religions, other faiths, but we also want them to respect national laws, European laws and fundamental rights, and first of all the right to life."

At the moment, there are two fundamentally different sets of values in play in Europe, Mr. Reid said. One is the values of the European Union, including "democracy, freedom and justice to all." The second is the values of "totalitarianism," which hopes to "subvert a religion whose very name stands for peace," he said, referring to Islam.

Fears about continuing security lapses were heightened Wednesday by reports that a 12-year-old boy managed on Monday to pass through security checks at Gatwick Airport outside London. He had slipped onto a Lisbon-bound plane without a boarding pass or a passport before the cabin crew spotted him. The boy had apparently run away from home in Liverpool and traveled to London by train.

"The boy had passed through our full security screening process, so he had passed through the search process," a spokesman for the airport operator, BAA, told BBC radio. "I'm confident there was no threat at any stage to passengers and staff or to the aircraft."

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British Airways had said that it would operate 90 percent of its scheduled flights on Wednesday. The airline said it would return to normal on Friday.

Airport workers struggled to clear a backlog of thousands of undelivered checked bags at Heathrow and other airports. Theft of baggage has reportedly been a growing problem, as passengers were initially required to check everything except essentials like passports and wallets. That meant that valuable items like cameras and laptop computers were consigned to checked baggage.

On Wednesday the police also obtained permission from the judicial system for extra time to detain and question suspects arrested in the alleged plot. The initial warrants to hold 23 of 24 suspects were to expire Wednesday, but under British antiterror laws, the authorities can detain suspects for up to 28 days without charge. A police statement said the warrants for 21 suspects were extended until Aug. 23 and for the two others until Monday.

Scotland Yard later said a person arrested on Tuesday as part of its investigation had been released without charge, The Associated Press reported. Another detainee was released without charge on Friday.

Europe Unites On Tougher Airport Security (FT)

By Christopher Adams And Farhan Bokhari

Financial Times, August 17, 2006

Travellers across Europe face tougher airport security and new restrictions on hand luggage after interior ministers from France and Germany on Wednesday supported British calls for tighter standards.

John Reid, Britain's home secretary, urged all European countries to adopt a similar approach to that of the UK, which has banned liquids and gels from being carried on board aircraft since last week's terrorism alert.

The ministers discussed a range of anti-terrorism measures, including unified airport security standards and funding for research into liquid and other explosives.

After a meeting in London with ministers from six other European Union member states, Mr Reid said Europe faced "a persistent and very real threat" from terrorism.

His comments came as the US scrambled two F-15 fighter jets to escort a Washington-bound United Airlines flight from London that was diverted to Boston airport after a disturbance involving an unruly passenger. The Transport Security Administration later said there was no evidence to suggest a terrorist link.

It also emerged on Wednesday that the investigation into an alleged plot to blow up US-bound airliners flying from London's Heathrow Airport had been expanded beyond the UK and Pakistan.

In Islamabad, senior government officials said that countries elsewhere in Europe and north Africa might be involved. One Arab diplomat said the investigation had widened to include Germany and Belgium.

Security officials and diplomats in Pakistan believe al-Qaeda, which has been linked to the alleged plot, has been planning attacks on the transport systems of European capitals before the end of the year.

After the European ministers' meeting, Franco Frattini, the EU justice commissioner, pledged €350,000 ($450,000) for research into liquid explosives and promised concrete proposals for a meeting in Finland next month of all EU interior ministers.

¦Michael Chertoff, the US homeland security secretary, on Wednesday said the administration hoped to introduce a new rule early next year requiring all airlines to provide passenger data for all flights into the US before take-off, Demetri Sevastopulo adds from Washington. Under current regulations, the information must be provided within 15 minutes of take-off. Airlines have previously raised concerns that the new requirements would result in costly delays to flights.

Separately, Mr Chertoff dismissed suggestions that the US had put pressure on the UK to arrest the terror suspects earlier than MI5 – the UK domestic intelligence service – would have liked, saying both countries were on "the same page".

Additional reporting by Hugh Williamson in Berlin and Tobias Buck in Brussels

EU Discusses Anti-terror Efforts, Balance Of Liberty And Security (USAT)

By Jeffrey Stinson

USA Today, August 17, 2006

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LONDON — European ministers said Wednesday that they will explore requiring uniform airport security checks, identifying passengers by fingerprints or other physical distinctions and exchanging information on everyone flying in Europe to combat terrorism in the skies.

Security checks at European airports vary from country to country. Biometric identification, which checks fingerprints or other physical markers, is limited to frequent travelers in some nations. No exchange of passenger information, similar to that required by U.S. authorities on people flying into the USA, exists across Europe.

British Home Secretary John Reid said civil liberties must be re-examined in the face of possible "mass murder" by terrorists.

"As we face the threat of mass murder, we have to accept that the rights of the individual that we enjoy must and will be balanced with the collective right of security and the protection of life and limb that our citizens demand," said Reid, Britain's top law enforcement official.

Reid and six of his European Union counterparts made the announcement here six days after British police said they had thwarted a plot to blow up passenger jets leaving Britain for the USA. They said the plot involved smuggling liquid bomb components aboard the planes, assembling them and then setting them off.

On Wednesday, a judge ruled that 23 of 24 suspects in the case will be kept in custody through next week. Under British law, terrorism suspects can be held up to 28 days without being charged, but police must periodically go to court and convince a judge that there is sufficient evidence to keep holding them.

A suspect who was arrested Tuesday remained in police custody but was not part of the hearing.

After the ministers' meeting, Franco Frattini, the European Commission's vice president in charge of justice, said Europe would consider:

•Policing the Internet and possibly banning websites that foment terrorism and give explicit details on bombmaking.

•Developing rapid-response teams of counterterrorism experts from across Europe that could be deployed quickly when a nation faces a threat.

•Researching explosive materials, especially liquid explosives, and developing ways to detect them and restrict their flow.

Finnish Interior Minister Kari Rajamaki said Europe needs to do more to crack down on "gray and black markets" that finance terrorism. Finland holds the rotating EU presidency.

Frattini said the European Commission, the executive body of the 25-nation EU, would push quickly for member nations to more readily share "unfiltered" intelligence on possible terrorists and threats.

Frattini also said nations need to work more closely with Europe's Muslim communities to attack the root cause of radicalization and violence by young people.

In addition, he said it was time to examine whether biometric identification of people by fingerprints or the irises of their eyes should be expanded to track individuals crossing borders and traveling through airports.

The Tyranny Of Fear (NYT)

By Bob Herbert

The New York Times, August 17, 2006

Abdallah Higazy was on the phone from Cairo. "To describe it as frustrating would be an understatement," he said, "because you know you're telling the truth. And you know the people speaking to you have incorrect information about you."

On the morning of Sept. 11, 2001, Mr. Higazy, the son of a former Egyptian diplomat, was in a room on the 51st floor of the Millenium Hilton Hotel, directly across the street from the World Trade Center. He was a student at the time, having won a scholarship to study computer engineering at Polytechnic University in Brooklyn. The Institute of International Education had arranged for him to stay at the hotel while he looked for permanent housing.

Like everyone else, Mr. Higazy fled the hotel after the planes hit the towers. He left behind his passport and other personal items. When he returned to collect his belongings three months later, he was arrested by the F.B.I. A hotel security guard claimed to have found an aviation radio, which could be used to communicate with airborne pilots, in the safe in Mr. Higazy's room.

"That's impossible," said Mr. Higazy.

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It's a fact, said the F.B.I.

Mr. Higazy was handcuffed, strip-searched and thrown into prison — as a material witness. No one knew what to charge him with. They just knew they wanted to hold him.

Mr. Higazy was all but overwhelmed with fear. "I didn't sleep that first night," he told me. "I was shivering, and it wasn't from the cold."

Like an accused witch in Salem, Mr. Higazy was dangerously close to being sacrificed on the altar of hysteria. He kept telling authorities he knew nothing about the radio. But the assumption was that he was lying.

As there was no evidence that he had committed a crime, it was considered important that Mr. Higazy confess to something. He said an F.B.I. agent, Michael Templeton, told him during an interview that if he didn't cooperate, his family in Cairo would be put at the mercy of Egyptian security, which Mr. Templeton would later acknowledge has a reputation for torture. He said the agent also threatened to report that in his "expert opinion" Mr. Higazy was a terrorist.

Fear turned to panic. Mr. Higazy began to search frantically for a story that would satisfy Mr. Templeton. His first few attempts were preposterous. He said he had found the radio outside J&R Music World in lower Manhattan. Then he said he'd stumbled across it on the other side of the Brooklyn Bridge. The story finally decided upon was that he had stolen the radio from the Egyptian Air Force.

He was charged with lying to federal agents — the lie being his initial claim that the radio wasn't his. Clueless prosecutors stressed in court that Mr. Higazy should be subject to more than 20 years imprisonment.

A month after Mr. Higazy was arrested, a miracle occurred — in the form of a pilot who strolled into the Millenium Hilton Hotel, looking for his radio. The pilot was an American citizen, and thus believable. He had left the radio in his room on the 50th floor, one flight down from Mr. Higazy's room. Mr. Higazy had been telling the truth all along.

It turned out that the security guard, Ronald Ferry, had been lying. He hadn't found the radio in Mr. Higazy's safe. He had made up that story, hoping to steal a bit part in one of the biggest investigations ever. It seems a co-worker had actually found the radio, on a table somewhere. Mr. Ferry was charged with making false statements to the F.B.I. and sentenced to six months of weekends in prison.

Mr. Higazy filed a lawsuit against Mr. Templeton, claiming he had illegally coerced his confession. But an in-house investigation by the F.B.I. found there was no evidence of wrongdoing, and a federal judge — while acknowledging that the confession had been coerced — threw out the suit.

All the authorities have to do nowadays is claim that a case is linked to terror and they can get away with just about anything. The rule of law is succumbing to the tyranny of fear. (There's no telling how many Abdallah Higazys have been swept up in the so-called war on terror and imprisoned, or worse.)

Jonathan Abady, a lawyer for Mr. Higazy, said an appeal has been filed on his behalf.

Mr. Higazy, who has since married and is now a teacher in Cairo, told me he is angry with Mr. Ferry and Mr. Templeton, but that he's not bitter. He offered his thanks to those Americans "who stood by me and believed in my innocence."

'Islamofascism' (WSJ)

By Roger Scruton

The Wall Street Journal, August 17, 2006

The term "Islamofascism" was introduced by the French writer Maxine Rodinson (1915-2004) to describe the Iranian Revolution of 1978. Rodinson was a Marxist, who described as "fascist" any movement of which he disapproved. But we should be grateful to him for coining a word that enables people on the left to denounce our common enemy. After all, other French leftists -- Michel Foucault, for example -- had welcomed the revolution as an amusing threat to Western interests. It is only now that people on the left can acknowledge that they are just as much a target as the rest of us, in a war that has global chaos as its goal.

The word has therefore caught on, not least because it provides a convenient way of announcing that you are not against Islam but only against its perversion by the terrorists. But this prompts the question whether terrorism is really as alien to Islam as we should all like to believe. Despite his communist sympathies, Rodinson was a peaceful soul, who spent seven years teaching

in a Muslim school in Lebanon and wrote a biography of Muhammad in which the prophet is portrayed as a mild-mannered campaigner for social justice. But this biography was denounced by the Egyptian authorities as an offense to Islam, was withdrawn from the curriculum of the American University in Cairo, and has ever since been banned in Muslim countries.

This readiness to take offense is not yet terrorism -- but it is a sign of the deep-down insecurity of the Muslim psyche in the modern world. In the presence of Islam, we all feel, you have to tread carefully, as though humoring a dangerous animal. The Koran must never be questioned; Islam must be described as a religion of peace -- isn't that the meaning of the word? -- and jokes about the prophet are an absolute no-no. If religion comes up in conversation, best to slip quietly away, accompanying your departure with abject apologies for the Crusades. And in Europe this pussyfooting is now being transcribed into law, with "Islamophobia" already a crime in Belgium and movements across the continent to censor everything at which a Muslim might take offence, including articles like this one. * * *

The majority of European Muslims do not approve of terrorism. But there are majorities and majorities. According to a recent poll, a full quarter of British Muslims believe that the bombs of last summer in London were a legitimate response to the "war on terror." Public pronouncements from Muslim leaders treat Islamist terrorism as a lamentable but understandable response to the West's misguided policies. And the blood-curdling utterances of the Wahhabite clergy, when occasionally reported in the press, sit uneasily with the idea of a "religion of peace." All this leads to a certain skepticism among ordinary people, whose "racist" or "xenophobic" prejudices are denounced by the media as the real cause of Muslim disaffection.

Now of course it is wrong to give gratuitous offence to people of other faiths; it is right to respect people's beliefs, when these beliefs pose no threat to civil order; and we should extend toward resident Muslims all the toleration and neighborly goodwill that we hope to receive from them. But recent events have caused people to wonder exactly where Muslims stand in such matters. Although "islam" is derived from the same root as "salaam," it does not mean peace but submission. And although the Koran tells us that there shall be no compulsion in matters of religion, it does not overflow with kindness toward those who refuse to submit to God's will. The best they can hope for is to be protected by a treaty (dhimmah), and the privileges of the dhimmi are purchased by onerous taxation and humiliating rites of subservience. As for apostates, it remains as dangerous today as it was in the time of the prophet publicly to renounce the Muslim faith. Even if you cannot be compelled to adopt the faith, you can certainly be compelled to retain it. And the anger with which public Muslims greet any attempt to challenge, to ridicule or to marginalize their faith is every bit as ferocious as that which animated the murderer of Theo Van Gogh. Ordinary Christians, who suffer a daily diet of ridicule and skepticism, cannot help feeling that Muslims protest too much, and that the wounds, which they ostentatiously display to the world, are largely self-inflicted.

To recognize such facts is not to give up hope for a tolerant Islam. But there is a matter that needs to be clarified. Christians and Jews are heirs to a long tradition of secular government, which began under the Roman Empire and was renewed at the Enlightenment: Human societies should be governed by human laws, and these laws must take precedence over religious edicts. The primary duty of citizens is to obey the state; what they do with their souls is a matter between themselves and God, and all religions must bow down to the sovereign authority if they are to exist within its jurisdiction.

The Ottoman Empire evolved systems of law which to some extent replicated that wise provision. But after the Ottoman collapse the Muslim sects rebelled against the idea, since it contradicts the claims of the shariah to be the final legal authority. The Egyptian writer and leader of the Muslim Brotherhood, Sayyid Qutb, went so far as to denounce all secular law as blasphemy. Mortals who make laws for their own government, he argued, usurp a power which is God's alone. And although few Muslim leaders will publicly endorse Qutb's argument, few will publicly condemn it either. What to us is a proof of Qutb's fanaticism and egomania is, for many Muslims, a proof of his piety.

Whenever I consider this matter I am struck by a singular fact about the Christian religion, a fact noticed by Kierkegaard and Hegel but rarely commented upon today, which is that it is informed by a spirit of irony. Irony means accepting "the other," as someone other than you. It was irony that led Christ to declare that his "kingdom is not of this world," not to be achieved through politics. Such irony is a long way from the humorless incantations of the Koran. Yet it is from a posture of irony that every real negotiation, every offer of peace, every acceptance of the other, begins. The way forward, it seems to me, is to encourage the re-emergence of an ironical Islam, of the kind you find in the philosophy of Averroës, in Persian poetry and in "The Thousand and One Nights." We should also encourage those ethnic and religious jokes which did so much to defuse tension in the days before

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political correctness. And maybe, one day, the rigid face of some puritanical mullah will crack open in a hesitant smile, and negotiations can at last begin.

Mr. Scruton is the author, most recently, of "A Political Philosophy: Arguments for Conservatism," just published by Continuum.

HOMELAND RESPONSE:

U.S. Beefing Up Air Passenger Checks (AP)

By Lara Jakes Jordan

AP, August 16, 2006

Airline passengers soon will have their names checked against the U.S. "no-fly" list before flights take off for the United States, the homeland security chief said Wednesday.

The requirement, resisted by the airline industry for fear of costly delays, could be in place by early next year. It would make permanent a security measure temporarily put in place for flights from Britain after last week's foiled plot to bomb trans-Atlantic flights.

Currently, airlines have to submit their passenger lists for international flights 15 minutes after takeoff.

"This is part of our border authority," Homeland Security Secretary Michael Chertoff said in an interview with The Associated Press.

"The reason we haven't moved this is because the airlines were concerned about what they would do about passengers who would come up at the last minute, and they don't want to hold the flights up," Chertoff said.

"Our position has been: Isn't it better to know before the plane takes off than to turn the plane around? Which I think is correct. So we're on a course to getting this piece nailed down."

Airlines fear that requiring the checks before takeoff would delay flights because of problems with information technology, staffing and privacy concerns among European Union countries, industry spokesman James May said.

That prediction was borne out after the department demanded to check passenger lists before U.S.-bound flights left British airports because of last week's threat alert.

"There were very large numbers of very lengthy delays," said May, president of the Air Transport Association. "We're now well under a 30-minute average."

Chertoff said the change was being discussed even before British authorities said they had cracked a monthslong plot to bomb as many as 10 flights headed for the United States from London.

Congress required the department to begin work in early 2005 on a plan to check U.S.-bound passengers against the "no-fly" list before their flights left international airports, said Massachusetts Rep. Ed Markey, a top Democrat on the House Homeland Security Committee.

Chertoff's comments came a few hours after fighter jets escorted a London-to-Washington flight to Boston after the pilot declared an emergency. Federal officials concluded the flight did not pose a terrorism threat after the disturbance was attributed to an apparently claustrophobic passenger who got into a confrontation with the flight crew.

Three days before the Britain plot was disclosed, a London-to-Boston flight was called back to Heathrow Airport after U.S. authorities discovered a passenger's name was on their "no-fly" list. Four passengers were questioned by border control officers.

The Bush administration also is considering permanently banning passengers from bringing liquids on flights and requiring all passengers to remove their shoes when passing through security checkpoints, Chertoff said.

Dozens of people have been held or questioned in Britain and Pakistan in connection with the plot, but there remains no indication that any of the plans involved people in the United States, Chertoff said.

He said he is concerned that attacks could be launched "because they believe we're currently distracted."

"My emphatic message to everybody has been: 'This is not the time to let your guard down,'" Chertoff said. "This is the time to increase your guard for everything, because we don't want someone who wants to seize the moment to be able to do something."

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Flying Is Safe, Bush Says (USAT)

USA Today, August 17, 2006

YORK, Pa. — President Bush said Wednesday that he believes flying is safe and not a big inconvenience, even after an alleged terrorist plot to blow up jets headed to the USA was thwarted and new security measures were put in place.

"I think most people clearly understand that government, when it reacts to a threat, does so for their own interests," Bush said in an interview.

Bush said he is often asked whether he would let his family fly. "The answer is, yes, I would."

Since British officials revealed the alleged plot, U.S. travelers have been banned from taking liquids and gels on domestic flights. The security measures caused longer lines at some airports.

Bush said he believes Americans have adapted. "People are able to make the adjustments necessary to deal with the current situation," he said.

Faces, Too, Are Searched At U.S. Airports (NYT)

By Eric Lipton

The New York Times, August 17, 2006

DULLES, Va., Aug. 16 — As the man approached the airport security checkpoint here on Wednesday, he kept picking up and putting down his backpack, touching his fingers to his chin, rubbing some object in his hands and finally reaching for his pack of cigarettes, even though smoking was not allowed.

Two Transportation Security Administration officers stood nearby, nearly motionless and silent, gazing straight at him. Then, with a nod, they moved in, chatting briefly with the man, and then swiftly pulled him aside for an intense search.

Another airline passenger had just made the acquaintance of the transportation agency's "behavior detection officers."

Taking a page from Israeli airport security, the transportation agency has been experimenting with this new squad, whose members do not look for bombs, guns or knives. Instead, the assignment is to find anyone with evil intent.

So far, these specially trained officers are working in only about a dozen airports nationwide, including Dulles International Airport here outside Washington, and they represent just a tiny percentage of the transportation agency's 43,000 screeners.

But after the reported liquid bomb plot in Britain, agency officials say they want to have hundreds of behavior detection officers trained by the end of next year and deployed at most of the nation's biggest airports.

"The observation of human behavior is probably the hardest thing to defeat," said Waverly Cousin, a former police officer and checkpoint screener who is now the supervisor of the behavior detection unit at Dulles. "You just don't know what I am going to see."

Even in its infancy, the program has elicited some protests.

At one airport, passengers singled out solely because of their behavior have at times been threatened with detention if they did not cooperate, raising constitutional issues that are already being argued in court. Some civil liberties experts said that the program, if not run properly, could turn into another version of racial profiling.

Other concerns were raised this week by two of the foremost proponents of the techniques, a former Israeli security official and a behavioral psychologist who developed the system of observing involuntarily muscular reactions to gauge a person's state of mind.

They said in interviews that the agency's approach puts too little emphasis on the follow-up interview and relies on a behavior-scoring system that is not necessarily applicable to airports.

"It may be the best that can be done now, but it is not nearly good enough," said Paul Ekman, a retired psychology professor from the University of California, San Francisco, who specializes in detecting lies and deceit, and has helped the T.S.A. set up its program. "We could do much better, and we should because it could save lives."

Agency officials said they recognize that the program, which they call Screening Passengers by Observation Technique, or SPOT, may not yet be perfect. But they added that they were constantly making adjustments and that they were convinced that it was a valuable addition to their security tool chest.

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"There are infinite ways to find things to use as a weapon and infinite ways to hide them," said the director of the T.S.A., Kip Hawley, in an interview this week. "But if you can identify the individual, it is by far the better way to find the threat."

The American version of the airport behavior observation program got its start in Boston, said Thomas G. Robbins, former commander of the Logan International Airport police.

After the Sept. 11 attacks in 2001, he said, state police officers there wondered whether a technique they had long used to try to identify drug couriers at the airport might also work for terrorists. The officers observed travelers' facial expressions, body and eye movements, changes in vocal pitch and other indicators of stress or disorientation. If the officers' suspicions were aroused, they began a casual conversation with the person, asking questions like "What did you see in Boston?" followed perhaps by "Oh, you've been sightseeing. What did you like best?"

The questions themselves are not significant, Mr. Robbins said. It is the way the person answers, particularly whether the person shows any sign of trying to conceal the truth.

The Transportation Security Administration, starting last December, decided to try out the approach at about a dozen airports, including Logan. At each airport, it used six officers who had once been routine screeners, had received an extra four days of classroom training in observation and questioning techniques, and had three days of field practice.

T.S.A. officers do not have law enforcement powers, so if they observe someone suspicious, they can chat with the person but cannot conduct a more formal interrogation. That leaves them with the option of requiring the passenger to go through a more intense checkpoint search, as they did with the man at Dulles on Wednesday. Or if the suspicion is serious enough, they call the local police assigned to the airport to take over the inquiry.

In nine months — a period in which about seven million people have flown out of Dulles — several hundred people have been referred for intense screening, and about 50 have been turned over to the police for follow-up questioning, said John F. Lenihan, the transportation agency's security director at Dulles.

Of those, half a dozen have faced charges or other law enforcement follow-up, he said, because the behavior detection officials succeeded in picking out people who had a reason to be nervous, generally because of immigration matters, outstanding warrants or forged documents.

"It is an extra layer of security that is on top of what we have," Mr. Hawley said of the program.

But Rafi Ron, the former director of security at Ben-Gurion International Airport in Tel Aviv, who was a consultant who helped train the officers at Logan Airport, said that the agency's system, while a welcome improvement to airport security, was still flawed. Most importantly, he said, too few of the passengers pulled aside were more formally questioned as in the Israeli system, and when questioning was done, it was handled by local police officers who might not have had the necessary behavioral analysis skills.

He cited the case of Richard Reid, known as the shoe bomber, who aroused suspicion when he arrived at Charles de Gaulle International Airport outside Paris, but was ultimately allowed to board after the police had questioned him.

"If you don't do the interviews properly, you are missing what is probably the most important and powerful part of the procedure," he said.

Another concern was raised by Mr. Ekman, who developed some of the facial analysis tools that the T.S.A. screeners were being trained to use — for example, fear is manifested by eyebrows raised and drawn together, a raised upper eyelid and lips drawn back toward the ears. He said the point system that the T.S.A. had set up was based on facial reactions that occurred in sit-down interviews, not while people were standing in line at the airport.

"We have no basis other than the seat of our pants to know how many points should be given to any one thing," he said.

The technique has already produced at least one lawsuit, filed in Boston. The state police at Logan Airport there happened to pick out, based on behavior observations, the national coordinator of the American Civil Liberties Union's Campaign Against Racial Profiling.

The coordinator, King Downing, who is black, had just left a flight when he stopped to make a phone call and noticed that a police officer was listening in, the lawsuit says. When the call ended, the officer demanded Mr. Downing's identification, asking again as he approached a taxi and then telling him he would be "going downtown" unless he provided it. Mr. Downing was let go after he showed his identification, but the encounter led to the lawsuit.

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"There is a significant prospect this security method is going to be applied in a discriminatory manner," said John Reinstein, an A.C.L.U. lawyer handling Mr. Downing's case. "It introduces into the screening system a number of highly subjec tive elements left to the discretion of the individual officer."

T.S.A. officials, who were not involved in the incident with Mr. Downing, said they recognized that people at airports were often agitated — they may be late for flights, taking an emergency trip or simply scared of flying.

They said they were committed to ensuring the program was not discriminatory and would be monitoring the work of the SPOT teams to ensure that the officers were acting upon the established indicators and not any racial or ethnic bias.

But they acknowledged that some entirely innocent parties, like the man at Dulles on Wednesday, would probably be pulled aside. That passenger, whom officials would not identify, was allowed to catch his flight after a thorough search.

"It is like throwing a big fishing net over the side of the boat: You catch what you catch," said Carl Maccario, an agency official helping manage the SPOT teams. "But hopefully within that net is a terrorist."

Feds Say No Terrorism On Diverted Flight (AP-Y)

By Brooke Donald

AP, August 17, 2006

Two fighter jets were scrambled Wednesday to escort a London-to-Washington flight to an emergency landing in Boston after a disturbance in which passengers said a woman in a jogging suit paced up and down the aisle, peppering her incoherent mutterings with the word "Pakistan."

The federal official for Boston's Logan International Airport said there was no indication of terrorism, but passengers said they were unnerved by the woman and by the military response, just a week after authorities in London said they foiled a terror plot to blow up flights to the U.S.

"It was a harrowing two hours," said Antony Nash, 31, who was on his way home to San Diego and was seated near the woman.

"I noticed F-15s next to the plane. I said, 'Oh my God.' And then we saw the emergency vehicles" waiting on the tarmac, Nash said.

Gov. Mitt Romney said the 59-year-old woman was from Vermont and became so claustrophobic and upset that she needed to be restrained. The FBI in Boston said the woman, a U.S. citizen, was arrested on charges of interfering with a flight crew.

Passengers said two plainclothes men on board and flight attendants ran up the aisle and tackled the petite woman, slamming her into the bathroom door, throwing her to the ground and putting her in handcuffs, passengers said.

The disturbance was enough of a concern that the pilot declared an emergency, which activated two fighter jets to escort the plane into Logan, said George Naccara, security director for the Transportation Security Administration for Massachusetts' airports.

Two F-15s were sent from Otis Air National Guard Base on Cape Cod to escort the airliner, said Master Sgt. Anthony Hill, spokesman for the North American Aerospace Defense Command in Colorado Springs, Colo. He said the fighter pilots can intercept, shadow or escort commercial aircraft and, if ordered, shoot down an aircraft deemed to be a threat.

State police and federal agencies took control of the plane after it landed.

Passengers were taken off the plane, put on a bus and taken to a terminal to be interviewed, Naccara said. Their luggage was spread out on the tarmac, where it was rechecked by security officials and trained dogs.

Joan Bartko, of Manassas, Va., said everyone on the plane did as they were told.

"It was sort of surreal," she said. "You just know the best thing to do is stay calm."

Officials expected the passengers would be allowed onto another flight to Washington later Wednesday.

Nash said he noticed the woman's oversized handbag appeared to contain items such as lotion that he believed should not have been allowed on the plane since the new safety regulations were put in place after last week's terror plot revelations.

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Romney said a search of the woman's bag turned up matches and a gelatin-like substance, which he did not define, but there was no indication the items were related to terrorism. Naccara said he did not believe any items she was carrying were the cause of the emergency.

An airport spokesman, Phil Orlandella, previously confirmed broadcast reports that the woman was carrying Vaseline, a screw driver and a note referring to al-Qaida, but later backed off the statement. Naccara said it was not true.

The woman was to remain in federal custody overnight and was expected to be charged in a federal criminal complaint early Thursday, the U.S. attorney and FBI said in a joint statement. The statement did not elaborate on specific charges expected, except to say there was no evidence the incident was related to terrorism.

The flight from London's Heathrow Airport to Washington's Dulles Airport had 182 passengers and 12 crew members, said Brandon Borrman, spokesman for United Airlines parent UAL Corp.

Since the foiled terror plot surfaced in London last week, airports have tightened security in both the United Kingdom and the U.S. Liquids and gels have been banned from carry-on luggage, and even tighter restrictions are in place in the U.K.

Terror scares garner particular attention in Boston because of Logan's history. Members of al-Qaida hijacked two planes from Logan on Sept. 11, 2001, and flew them into the World Trade Center towers in New York.

Flight Diverted Over Passenger's Behavior (WP)

By Del Quentin Wilber And Candace Rondeaux

The Washington Post, August 17, 2006

A claustrophobic passenger who apparently suffered a panic attack on a transatlantic flight yesterday from London to Dulles International Airport caused the airliner to be diverted to Boston with a fighter jet escort, authorities said.

Transportation Security Administration officials and other federal authorities said the incident, prompted by a woman described as a 59-year-old American citizen, had no connection to terrorism. Federal authorities said that the woman was being processed last night and would be charged today with interfering with a flight crew.

The diversion of the United Airlines jet with 182 passengers aboard underscored the nervous state of air travel since authorities beefed up security measures in response to an alleged terror plot uncovered last week by British police.

Officials have banned gels and liquids from carry-on luggage because authorities said they were concerned that the British plot involved explosives fashioned from those substances.

There were conflicting reports yesterday about what the woman brought on the aircraft. TSA officials said she carried hand cream and matches, raising questions about how she slipped the products past security. Matches are generally allowed in passenger cabins.

TSA officials in Washington and Boston denied early news reports that the woman also had a screwdriver. But an FBI spokeswoman said last night that investigators had discovered one among the woman's belongings but could not say whether it had been discovered in carry-on or checked baggage. Screwdrivers of less than seven inches are allowed in carry-on bags, according to the TSA's Web site.

During the flight, passengers said, the woman began acting strangely and going back and forth to the bathroom or trying to get into business class, which is not allowed on most flights for security reasons. TSA officials said the woman appeared to be claustrophobic. Passengers said they were shocked by what then unfolded.

Cathy Koch, 46, was sitting with two children a few rows from the woman. She said she thought the woman was drunk but realized something was wrong when the woman kept trying to walk into business class.

"It was kind of annoying," Koch said in an interview after arriving at Dulles. "We're in heightened security. Enough with trying to get to the front -- you need to stop."

After the woman caused more of a disturbance, two men and flight attendants ran up the aisle and tackled her, slamming her into the bathroom door, throwing her to the ground and putting her in handcuffs, according to news service reports.

The disturbance prompted the pilots to declare an emergency and head for Boston, authorities said. The emergency declaration triggered an escort of two F-15s from Otis Air National Guard Base on Cape Cod, said Master Sgt. Anthony Hill, spokesman for the North American Aerospace Defense Command (NORAD) in Colorado Springs.

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Hill said he could not provide operational details about scrambling the jets but said that in such situations, fighter pilots are sent to identify, shadow and escort the aircraft. "They don't have the authority to fire on an airliner," Hill said. "That comes from a narrow line of authority at a much higher level."

In the past five years, NORAD has scrambled fighter jets more than 2,100 times as part of Operation Noble Eagle, the mission to defend the United States after the Sept. 11, 2001, attacks.

After the plane landed in Boston, authorities ordered it to a remote area of the tarmac and took the disruptive woman off for questioning. The other passengers were put aboard buses, and all checked bags were removed. They were placed in rows on the tarmac, and bomb-sniffing dogs checked each one.

The passengers were kept in a secure area of Logan International Airport for nearly eight hours. Many had been stranded in Europe for days because airlines canceled flights after the British arrests.

Passengers said they were exhausted. Still, many said they appreciated the steps taken by the flight crew and authorities.

"It's frustrating and annoying, but at the end of the day, it has to be done," said Peter Lee, a passenger who was returning home to La Plata, Md. "We have to stay safe."

Family members and friends of passengers who had arrived at Dulles to meet the plane seemed confused about the delay until informed that the flight had been diverted.

Chintha Rajakaruna of Gaithersburg held a "Welcome home" balloon for her 21-year-old daughter, a student at George Washington University who was returning from a study program in London.

"This was the first time she traveled by herself," she said. "I was so worried."

Unruly Passenger Causes Diversion Of A Flight From London (NYT)

By Katie Zezima

The New York Times, August 17, 2006

BOSTON, Aug. 16 — A flight from London to Washington was diverted Wednesday morning and escorted by F-15 fighters to Logan Airport here after an unruly female passenger had to be subdued, officials said.

Officials said the incident was not terrorism related. The woman, a 59-year-old American, told the authorities she had felt claustrophobic on the plane. She was detained shortly after the plane landed about 10:30 a.m. and was being held overnight.

“We anticipate charges of interference with a flight crew,” said Gail Marcinkiewicz, a spokeswoman for the Federal Bureau of Investigation.

The authorities said the woman had lotion and matches with her. They said the lotion, but not the matches, was prohibited on the plane.

The incident came less than a week after British officials announced they had broken up a plot to detonate liquid explosives on trans-Atlantic flights, prompting new restrictions on carry-on luggage and heightened alerts regarding travel to the United States from Britain.

The flight, United Airlines 923, was headed to Dulles International Airport from London Heathrow Airport with 182 passengers and 12 crew members. A United spokesman said an “altercation” between the passenger and a crew member led to a declaration of emergency by the pilot about a half-hour from Boston.

“Any time there is an anomaly during a flight, the pilot is in communication with authorities and has the discretion to land the plane,” a statement from the Transportation Security Administration said.

Passengers said the woman was unruly for much of the flight, refusing to sit down, pacing through the plane, repeatedly trying to get into the restroom and mumbling incoherently about coins in her pockets, bottled water and claustrophobia.

“I knew pretty shortly, even before we took off, that she was claustrophobic,” said Carolyn Brown, 54, of Grafton, Ill., who was seated next to the woman in Seat 15B. “She wanted to stand up and do things, but they wanted her to sit down, and it just escalated.”

Ms. Brown said the woman, who she described as a “flower child,” became more agitated and anxious as the flight progressed, and kept leaving her seat. The woman insisted on doing stretching to relieve her claustrophobia, which consisted of

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placing her hands on the overhead compartments, Ms. Brown said. Flight attendants insisted that the woman sit down and, when she refused, told Ms. Brown to move to first class.

"She wanted to stand in whatever position to ease her anxiety," Ms. Brown said. "I think she was just an irrational person."

Officials said they did not know if the woman was on medication or whether she had any psychiatric problems. They did not release her name, but Gov. Mitt Romney said at a news conference that she was from Vermont.

Martin Drinkwater, a passenger from London who was bound for Florida, said he saw flight attendants try to discourage the woman from entering the restroom.

"All of a sudden, she started mouthing obscenities and pulled down her trousers," Mr. Drinkwater said, saying the woman threatened to relieve herself on the floor. At that point, he said, two male passengers subdued her, and a flight attendant handcuffed her and placed her in the last row of the aircraft.

"Every instinct was that something was really wrong. They had her flat on the ground," said Joan Bartko, 59, of Manassas, Va. "She was saying a lot of loud things, and you could see it going on in the back."

After the plane landed, passengers were told that the state police would be boarding.

"We just landed and were told welcome to Boston," said Candice Elasmar, 26, of Sydney, Australia. "Everyone was out there, the F.B.I., the police."

Some passengers said their travel plans had already been delayed for days because of backlogs and security concerns at Heathrow.

Unruly Passenger Forces Emergency Landing (USAT)

By Alan Levin And Kevin Johnson

USA Today, August 17, 2006

Fighter jets escorted a trans-Atlantic United Airlines flight to Boston on Wednesday after an unruly passenger in the throes of claustrophobia had to be restrained, authorities said.

The woman, a 59-year-old U.S. citizen whose name wasn't released, was in federal custody awaiting a hearing before a magistrate today, according to the U.S. attorney's office for Massachusetts. The passenger could face charges of interfering with a flight crew.

United Flight 923 from London's Heathrow Airport was heading to Dulles International Airport near Washington when the captain of the Boeing 767 reported a security emergency at 9:30 a.m., United spokesman Brandon Borrman said. Two F-15s were sent from a Cape Cod air base to escort the airliner to Boston, where the plane made an emergency landing.

"It was a harrowing two hours," said Antony Nash, 31, who was on his way home to San Diego and was seated near the woman. "I noticed F-15s next to the plane. I said, 'Oh my God.' "

The flight diversion came six days after authorities in England said they had broken up a plot by Muslim extremists to bomb flights between that country and the USA.

Massachusetts Gov. Mitt Romney said the woman was from Vermont and became so claustrophobic and upset that she needed to be restrained.

"There is no evidence that this is a terrorist-related incident," said a joint statement from Michael J. Sullivan, U.S. attorney for Massachusetts, and the FBI's Kenneth Kaiser.

Since the Sept. 11 hijackings, numerous flights have been diverted or ordered to fly back to Europe for security reasons. There have been more than 2,000 fighter escorts of airline or general aviation flights since 2001, said Maj. April Cunningham of the North American Aerospace Defense Command.

The jet in Wednesday's incident left Boston for Washington later in the day after passengers' bags were examined by a bomb-sniffing dog.

Investigators found that the woman had carried hand lotion and a screwdriver aboard the flight, FBI spokeswoman Gail Marcinkiewicz said. Lotion is one of the items that passengers were prohibited from carrying onto planes after the alleged bomb plot was revealed, out of concern that terrorists might use liquid or gel explosives.

Disruptive Passenger Causes Plane's Emergency Landing (LAT)

By Elizabeth Mehren

The Los Angeles Times, August 17, 2006

BOSTON — Escorted by fighter jets, a plane bound for the U.S. from London made an emergency landing here Wednesday after a female passenger became disruptive.

The unidentified woman — 59 years old and a U.S. citizen — was removed from United Airlines Flight 923, which left London's Heathrow Airport bound for Washington Dulles International Airport and then Denver.

Federal and airline officials discounted initial reports that the passenger was carrying prohibited items or that she had a notebook with references to Al Qaeda.

Air travelers on both sides of the Atlantic have encountered enhanced security since British authorities announced last week that they thwarted an attempt to blow up planes bound from London to the U.S. British police have made two dozen arrests in that alleged plot.

"There is no information regarding this event having any nexis to terrorism," said Christopher White, a spokesman for the Transportation Security Administration.

White said Wednesday that local and federal officials were continuing to interview the disruptive passenger.

He said the passenger "did have hand cream and matches on her person. Matches are not a prohibited item."

Special Agent Gail A. Marcinkiewicz of the FBI's Boston office said Wednesday that the woman who was taken into custody stated that she suffered from claustrophobia.

State police would not confirm an arrest Wednesday, and Marcinkiewicz said federal authorities were still determining whether charges would be brought.

Marcinkiewicz said alcohol did not appear to be a factor. "This was not a drunken person, to my knowledge," she said.

United Airlines spokesman Brandon Borrman said Wednesday, "There was an altercation with this one passenger, and at some point our crew became involved. I don't know if she was subdued by passenger or crew."

He added: "Our flight crew made the determination that this situation warranted a diversion."

The Boeing 767 aircraft carried 182 passengers and a crew of 12, according to Phil Orlandella, a spokesman for Massport, the agency that oversees Logan International Airport in Boston.

The plane landed without incident on a remote runway at Logan at about 10:20 a.m., Orlandella said. The disruptive passenger was taken into custody, and other passengers were bused to a terminal for questioning and customs inspection.

All checked and carry-on luggage was inspected by explosives-detecting dogs, TSA officials said.

Denver-bound passengers were placed on a different plane that left Boston at midday, Borrman said. The original aircraft was cleared to fly to Dulles late Wednesday afternoon, he said.

United Plane Diverted From Dulles (WT)

By Audrey Hudson And Matthew Cella

The Washington Times, August 17, 2006

Military jets helped divert a London flight bound for Washington Dulles International Airport to Boston yesterday after an American woman created a disturbance and was subdued by passengers.

The crew of United Flight 923 requested the emergency landing at Logan International Airport. The plane carrying 182 passengers landed at 10:20 a.m. and taxied to a remote location, where all luggage was removed and examined by bomb-sniffing dogs. No explosive material was found.

Passengers said the women, dressed in a jogging suit, paced up and down the aisle, peppering her incoherent mutterings with the word "Pakistan," according to the Associated Press.

"She was just writing notes to the crew to give to the captain. And she was standing when she was supposed to be sitting," said passenger Mackie Christenson of Bedhampton Hill, England, who described the experience to The Washington Times as "scary."

Homeland Security officials would not identify the woman except to say she is from Vermont and 59 years old.

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"It appears there was never any danger to passengers," the Transportation Security Administration (TSA) said in a statement released six hours after the incident. "We currently have no identifiable nexus to terrorism in this incident."

Officials said the woman had a panic attack, brought on by claustrophobia, and she was restrained in the rear of the plane.

The incident set in motion widespread security responses involving local, state and federal officials.

Two F-15 fighter jets from Otis Air National Guard Base scrambled within minutes to escort the plane, a precaution resulting from last week's arrest in London of 24 suspects accused of a plot to smuggle liquid explosives onto trans-Atlantic flights to construct bombs that would bring down as many as 10 planes simultaneously. Although most restrictions have been lifted, such as carrying a purse on board, the ban on liquids remains in effect.

Several passengers said they were unaware during the flight that the plane was being escorted by fighter jets or was being diverted to Boston.

"We didn't know what was going on. They didn't say anything. We landed almost without notice," said passenger Doug Klabec of Bethesda.

The suspect was questioned for hours while passengers waited in a nearby terminal, and the flight resumed to Dulles Airport last night. Upon arriving at Dulles from Boston, passengers described the woman as disheveled.

Katie Bartko said the woman, who "definitely had some sort of look about her that was odd," was carrying a black case up and down the aisle before two men overtook her near the bathroom, handcuffed her and made her sit down.

After the woman was seated, Miss Bartko said, "she was just kind of mumbling, talking about her water bottle. She was very concerned about her water bottle."

Miss Bartko's mother, Joan, said that "my wonder is how she got on the plane" and that strange behavior from the woman began before boarding in London.

The Boston Globe identified the two men who subdued the woman as an unidentified corrections officer and a federal air marshal in training.

Even if the pilots were federal flight deck officers trained to carry guns, no weapons were aboard the plane because there is no agreement in place with United Kingdom officials to allow those officers to carry the weapons on international flights.

Mich. Prosecutor Dropping Terror Case (AP)

By Sarah Karush

AP, August 17, 2006

BAY CITY, Mich. - Three Palestinian-American men who were found with nearly 1,000 cell phones were charged Wednesday with federal fraud conspiracy and money laundering after a county prosecutor backed off from terrorism charges filed earlier.

Maruan Muhareb, 18; Adham Othman, 21; and Louai Othman, 23, all of the Dallas area, were charged in Bay City with conspiracy to defraud consumers and telephone providers by trafficking in counterfeit goods. They also were charged with money laundering on suspicion that they used proceeds from the counterfeit cell phone transactions to buy more phones.

Magistrate Judge Charles Binder ordered the men held at least until a detention hearing Friday. They were arrested last Friday after buying dozens of cell phones at a Wal-Mart store in nearby Tuscola County.

The three in Michigan had been charged there with collecting or providing materials for terrorist acts and surveillance of a vulnerable target for terrorist purposes.

Prosecutor Mark E. Reene asked a judge Wednesday to dismiss those charges.

Nabih Ayad, an attorney for the three men, called the charges "outrageous" and accused state and federal officials of "scratching each other's backs" by shifting jurisdictions.

"This is a clear indication of racial profiling: Picking someone up and holding them for days and trying to find something to charge them with. It's supposed to be the other way around," he said.

The federal complaint contains no mention of terrorism. It alleges that the three men defrauded consumers, TracFone Wireless Inc. and Nokia Corp.

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Florida-based TracFone sells prepaid cell phones with a limited number of minutes at subsidized prices. It makes money when buyers purchase additional minutes.

The government alleges the men are part of a scheme to buy up phones that Nokia makes for TracFone and then remove TracFone's proprietary software, enabling use of the handsets with any cellular provider.

When the phones are altered, they are no longer genuine Nokia products.

People involved in the trade of so-called "unlocked" cell phones maintain that the practice is legal.

All the information in the federal complaint came from the defendants' statements to the FBI in interviews before they were charged in Tuscola County, Ayad said.

Supporters of the Texas men say they were targeted because of their ethnicity. They say that the three were hoping to resell phones for a profit and that their purchases had nothing to do with terrorism.

Photos the men took of the 5-mile-long Mackinac Bridge, which led to the surveillance charge, were tourist snapshots, advocates contend.

The FBI said this week there was no imminent threat to the bridge and no information linking the men to known terrorist groups. The head of the Michigan State Police said there was no indication the men were plotting any kind of attack.

Reene said Wednesday that he was "deeply troubled" by the FBI's statement. He called it "a very peculiar development" and complained that he found about it through the media.

The conspiracy charge is punishable by five years in prison. The men could face 20 years in prison if convicted of money laundering.

In the other case, two men from Michigan were released from jail Tuesday - the same day a prosecutor in Ohio dropped similar charges against them. They were arrested with a dozen cell phones, passenger lists and $11,000 in cash during a traffic violation in Marietta, Ohio, on Aug. 8.

Authorities said they found airplane passenger lists and information on airport security checkpoints along with the cash and cell phones in the car.

The men initially were charged with supporting terrorism after buying large numbers of cell phones. Those charges were dropped, but the men still face misdemeanor counts stemming from allegations that they lied to deputies.

Terror Charges Dropped (DEN)

By Paul Egan

Detroit News, August 17, 2006

But three men in Caro case now face federal fraud charges

CARO -- A prosecutor on Wednesday dropped terrorism-related charges against three Texas men found with about 1,000 cell phones and photos of the Mackinac Bridge in their van, but the federal government brought new fraud-related charges against the men.

Tuscola County Prosecutor Mark E. Reene, who brought the charges of supporting terrorism Saturday and was criticized after both the FBI and Michigan State Police said Monday the men had no links to terrorism, withdrew those charges in Tuscola County District Court.

But Reene told reporters he dropped the charges only because the federal government is taking over the case and said: "We won't back up even a quarter-inch on those charges."

The new federal charges do not allege Maruan Awad Muhareb, 18, Adham Abdelhamid Othman, 21, and Louai Abdelhamied Othman, 23, have any links to terrorism.

But the federal complaint filed in U.S. District Court in Bay City alleges the men were involved in a scheme to defraud cell phone companies and consumers.

The complaint charges the men with conspiracy to traffic in counterfeit goods and money laundering. A U.S. magistrate judge ordered the men held at the Saginaw County Jail, where they were moved Wednesday from Caro, pending a detention hearing on Friday.

Nabih Ayad, the Dearborn Heights lawyer representing the three men, said the new charges are absurd.

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"They have the feds stepping in to bail the county prosecutor out," Ayad said.

It's the second terrorism case to collapse this week involving bulk cell phone purchases and men of Middle Eastern descent. On Tuesday, prosecutors in Ohio dropped similar charges against two 20-year-old Dearborn men, Ali Houssaiky and Osama Abulhassan. They spent a week in jail after purchasing large numbers of cell phones.

Arab leaders say all of the men are victims of ethnic profiling and a form of terrorism hysteria.

Ayad said the pictures of the bridge linking Michigan's Upper and Lower peninsulas were tourist shots, not evidence of terrorist surveillance.

FBI Special Agent Andrea Kinzig said in a complaint filed Wednesday the Texas men were among several small groups of individuals traveling around the country and buying large numbers of cell phones at major retailers such as Wal-Mart and Kmart.

The phones contain software that restricts their use to a certain type of prepaid phone card, Kinzig said. Companies sell them at low cost knowing they will make up the lost money on the future sale of phone cards to make the phones work, she said in the complaint.

The fraud scheme relies on removing the restrictive software so the phones are not tied to a particular type of phone card and can be sold for a profit, she said.

The practice violates trademarks and is a form of counterfeiting, she said.

TracFone, the nation's leading provider of prepaid telephone services, "has estimated to investigators that to date, more than 800,000 of their telephones have been fraudulently converted as described," Kinzig said in the complaint.

After receiving a tip from a Wal-Mart clerk in Caro in Michigan's Thumb, police stopped the men's van early in the morning of Aug. 11 and found $1,800 in cash, a laptop computer, a GPS tracking system, a digital camera and about 1,000 cell phones, mostly Nokia models that are sold to work with TracFone cards, the complaint alleges.

The men said they could buy the phones for about $21 each and sell them in Texas for about $38.50 each, according to the complaint.

"The men reported that they had spent more than $20,000 in cash buying cellular telephones since they left Texas in early August."

The money-laundering charge, which carries a maximum penalty of 20 years in prison, relates to using profits from earlier fraudulent cell phone sales to buy more cell phones, the complaint alleges. Ayad said the men were involved in legitimate business transactions.

Though they had hoped to be released Wednesday, they remained in good spirits, he said.

The father of two of the men, Abdar Othman, and a cousin traveled from Texas to attend Wednesday's hearing in Caro.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

In Terror War, Phone Sales Raise Alarm (CSM)

By Brad Knickerbocker, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, August 17, 2006

Cellphones have become a tool for those wanting to avoid detection by the government.

The arrests and release of five young Arab-American men who bought hundreds of cellphones in the Midwest show broader concerns about wireless technology in an era of global terrorism.

• In February, the FBI and the Department of Homeland Security sent a bulletin to law enforcement agencies around the country warning that people who buy cellphones in bulk quantities could have links to terrorist organizations.

• British authorities said that mobile phones, or some other device using batteries, might have been part of the recently discovered suicide plot to mix liquids into an explosive chemical aboard airliners headed for the US.

• In Ohio and Michigan, the Arab men - all US citizens - were originally charged with terrorism-related offenses and money laundering after they were stopped last week with hundreds of cheap cellphones in their vehicles.

Nearly as cheap as the mundane box cutter and potentially just as dangerous, cellphones have become a tool of choice for those wanting to stay a step ahead of government wiretappers as well as for insurgents triggering bombs. Reselling them on the black market also has become a way of funding illicit activities.

In the Michigan case, local prosecutors backed off charges that one target for possible attack may have been the five-mile-long Mackinac Bridge connecting the upper and lower peninsulas of Michigan.

"There is no imminent threat to the Mackinac Bridge. There is no information to indicate that the individuals arrested have any direct nexus to terrorism," the FBI's Detroit office said Monday.

On Tuesday, charges against two 20-year-old men, children of Muslim immigrants from Lebanon, arrested in Ohio also were dropped and they were released.

This was no surprise to the young mens' families, who said buying and selling cellphones for profit had been a homegrown business venture. They also suggested that ethnic profiling may have been a factor in the arrests, as was alleged in similar cases that occurred in Texas and California earlier this year.

Still, law-enforcement officials are wary. The men had bought the cellphones at retail stores such as Wal-Mart and Radio Shack. Mobile phones with prepaid calling time can sell for as little as $20 each. Many thousands have then been resold on the black market, earning enough profit to make a business worthwhile, they say. In some cases, the phone's battery, charger, and card holding air time are sold separately.

Selling such phones can be a way for terrorists to raise money as well as provide a means of communication that is very difficult to trace, US authorities say. So it's necessary to be able to use "roving wiretaps" under the USA Patriot Act to conduct counterterrorism and counterintelligence operations, federal law-enforcement officials say.

In Florida, for example, prosecutors and FBI agents investigating a cell of Colombian drug dealers had gotten 23 separate wiretaps against cell members and leaders, but failed to make a strong enough case because the suspects were constantly changing cellphones.

"Our people ultimately cracked the case when they got a roving wiretap that allowed them to continue surveillance as the cell members changed phones, and the suspects were ultimately arrested and convicted of distributing over 1,000 kilograms of cocaine," Kenneth Wainstein, US attorney for the District of Columbia, told a House judiciary subcommittee last year.

Meanwhile, a legal debate rages over "unlocking" cellphones. The technology allows cellphone users to, say, switch their cellphone to a different provider when they travel abroad by manipulating the internal software, thereby avoiding roaming and long-distance fees.

TracFone and other prepaid wireless service and phone providers claim copyright infringement and have sued companies that will unlock cellphones in some cases. Electronic privacy advocates say locking cellphones itself is illegal.

In March, a federal court in Florida issued a permanent injunction halting the unlocking of TracFone prepaid cellphones by a company that subsequently went out of business. Although similar cases are pending, courts have not ruled definitively on the issue.

The Federal Communications Commission and the Federal Aviation Administration have been considering lifting the ban on certain electronic devices, including cellphones, aboard commercial aircraft.

This effort may have been slowed by the recent terrorist threat to airliners that was foiled by authorities in England.

On a British Airways flight from London to New York last week, a cellphone suddenly began ringing. When none of the passengers claimed the phone, the pilot turned the aircraft around and returned to Heathrow airport. Everybody was seven hours late to their destination.

No Explosives Found At Seattle Port (AP)

AP, August 17, 2006

Suspicion prompted evacuation

SEATTLE, Washington (AP) -- Two suspicious cargo containers that prompted the evacuation of the Port of Seattle do not contain explosives or radioactive materials, port officials said Wednesday.

Bomb-sniffing dogs indicated that two containers from Pakistan could contain explosives.

Officials are still trying to determine exactly what is in the containers. It was not immediately clear why the dogs were mistaken.

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Dozens of personnel were evacuated from Terminal 18, south of downtown, and nearby businesses were advised to keep their workers indoors.

U.S. Customs and Border Protection agents used a "gamma-ray" device to peer through the containers' steel walls to determine what they contained, said spokesman Mike Milne. It detected some of the items did not appear to match what was listed on the containers' manifest, he added.

Officials said the containers were supposed to contain oily rags, which are often shipped internationally for recycling or use in packaging.

The Port of Seattle bomb squad used explosive charges to cut into the containers, which may have detonated any explosives therein, said spokesman Mick Shultz. Milne said the ship had originated in Hong Kong and made stops in China before arriving in Seattle on Monday.

Terminal 18 covers nearly 200 acres, making it the port's largest container terminal and one of the largest in the nation. It serves more than 20 steamship lines and receives more than 40 vessels each month.

More Tapes From Sept. 11: 'They Have Exits In There?' (NYT)

By Jim Dwyer

The New York Times, August 17, 2006

In what might be the final major disclosure of records from New York's worst calamity, the city yesterday released recordings of 1,600 emergency calls made on Sept. 11, 2001. With the voices of callers removed for privacy considerations, only the 911 operators can be heard on most of the calls.

Even so, the day resonates in short bursts of words on the recordings, providing glimpses of struggle, loss and valor.

Many people inside the World Trade Center's twin towers were told to stay put, because the 911 operators did not know that a full evacuation had been ordered. They also did not realize that one stairway remained passable in the south tower, providing an escape route that took 18 people above the fire to safety while hundreds of others waited for help. And some operators who did tell callers to leave were surprised to learn that emergency exits in the towers were hard to reach.

Fire commanders used telephones because they had trouble with their radios, a problem that would have devastating consequences. And firefighters were ready to go up in police helicopters to battle the fires or at least get a better look at them, but the two departments never connected that morning.

Then there are the stories of people fighting to live, some of them half-told in these tapes, others excruciatingly detailed.

One caller reported that a woman in a wheelchair was trapped on the 68th floor of the north tower. Her predicament is catalogued by the 911 operators, but not her fate: two strangers carried a woman and her wheelchair from the 68th floor to safety, according to other accounts of the day.

Another young woman pleaded for help, asking that her mother be called, and finally was consoled by a 911 operator, even after the woman and the people with her slipped into a snoring unconsciousness.

The recordings were released in response to a freedom of information request for a variety of city records made by The New York Times in January 2002. After the administration of Mayor Michael R. Bloomberg refused to release the records, citing privacy and law-enforcement concerns, families of Sept. 11 victims joined a lawsuit filed by The Times. The state Court of Appeals ruled more than a year ago that most of the material should be disclosed, but agreed with the city's position that the voices of callers to the 911 system should not be made public, citing privacy considerations.

One batch of records was released in March, but because of what Mayor Bloomberg called a "breakdown" at the Fire Department, many other recordings were not collected until recently.

Sally Regenhard, whose son, Christian, a firefighter, died at the trade center, said she learned from one of the recorded calls made by a fire chief that her son's truck had been sent to the south tower.

"It took five years to hear a scintilla of confirmed information," Mrs. Regenhard said, adding that many public officials had demanded fast explanations for Con Edison's performance during the recent blackout in Queens, but that few had broached the question of the emergency response on Sept. 11.

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Mr. Bloomberg yesterday said he regretted the failure to release the recordings earlier this year, saying that a Fire Department manager was to blame for the delay. He did not address any problems in the emergency response that were disclosed by the recordings, instead urging the news media to present the material with restraint. "I think the real issue here is to protect the families," Mr. Bloomberg said.

Mrs. Regenhard said the tapes provided clues to needed changes. "The fire service and the operators did the best possible job they could to manage a situation they were unprepared for," she said. "The operators lacked information. The firefighters lacked the technical equipment."

From the earliest moments of the crisis, the 911 operators turned to the standard script used during high-rise fires. "Stay where you are," an operator told a caller on the 92nd floor of the north tower shortly before 9 a.m. Almost at the same time, the fire chiefs on the ground and the commander of the Port Authority police at the trade center ordered an evacuation of all the buildings at the trade center. However, that word never got to the 911 operators.

One operator, however, spoke for 24 minutes with Melissa Doi, a woman who was trapped on the 83rd floor of the south tower, which was directly damaged by one of the planes. Part of Ms. Doi's call was played earlier this year at the trial of Zacarias Moussaoui, who was accused of participating in the terror conspiracy.

More of the operator's comments were released yesterday. At one point, having listened to Ms. Doi's distress, the operator remarked: "They have exits in there, ma'am? Do they have ways to get out of there?"

Ms. Doi's response cannot be heard. A federal investigation found that the three exit stairwells in each of the towers at the trade center were not enough to satisfy the 1968 building code that was in effect when they were built. The owner of the trade center, the Port Authority of New York and New Jersey, had promised to meet that code although it was exempt from it as a government agency.

Among the calls released yesterday was one from Battalion Chief Dennis L. Devlin, who was at the command post in the south tower, the second of the two buildings to be hit. He called a fire dispatch office to get a list of the companies that had been assigned to help.

He also asked that a messenger be sent to the trade center with additional handy-talkie radios and a chief's helmet. In strikingly clear and composed tones, Chief Devlin took pains to be sure that every one of his requests was understood, repeating them twice, and gave specific instructions on how the messenger should find him in the south tower, No 2.

"He has to go through Tower 1," Chief Devlin says. "He can take the West Side Highway straight down." Chief Devlin was killed in the collapse.

Another of the calls provides the confused opening notes of what became one of the day's most stirring rescues. Minutes after the first plane struck the north tower, two 911 operators are heard speaking to each other and a caller.

"Do you know the apartment number on the 68th floor?" the operator asks, apparently not realizing that the building was an office tower. One of the operators can be heard describing the situation.

"South side of the World Trade Center on the 68th floor," the operator says. "Female in a wheelchair."

The call ends soon after that. Not long afterward, two men coming down the stairs in the north tower, Michael Benfante and John Cerqueira, noticed a woman in a wheelchair on the 68th floor. They picked up the woman, Tina Hansen, a Port Authority employee, and carried her down 68 stories, with help along the way from others.

Yesterday's release also made public what turned out to be prescient words of Capt. Fred Ill of Ladder Company 2 in Midtown, who, like many fire officers who work in Manhattan, had trained for high-rise fires. In particular, he had taken part in drills on police helicopters.

"I know you have your hands full with the trade center," Captain Ill told the dispatcher a few minutes into the crisis, "but keep in mind about the helicopter units that have been trained for this. They didn't do it the last time, with the last explosion at the trade center. In case nobody prompts you on that. We do have these helicopter units that are available."

Due to a communication breakdown between the Police and Fire Departments, neither Captain Ill not any other firefighters were sent to join the police in the helicopters. Federal investigators later concluded that fire commanders on the ground did not have a good view of the extent of the fires, and would have benefited from having the perspective of fire officers in helicopters.

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Captain Ill and his company reported to the north tower, and they died in a collapse that police officers in the helicopter had warned for 29 minutes was on the verge of happening. That warning was not heard by many firefighters.

New Tapes Reveal Last Voices From World Trade Center (LAT)

By Ellen Barry

The Los Angeles Times, August 17, 2006

New York — In what has become a ritual, New Yorkers got fresh and horrific glimpses Wednesday of what happened inside the World Trade Center buildings the morning of Sept. 11.

A surprise cache of 1,613 calls recorded on Sept. 11 were released Wednesday here. Since 2001, lawyers for The New York Times, joined in a lawsuit by a group of victims' relatives, have pushed the city to release the calls, saying they contain vital information about how emergency services functioned.

Among the recorded voices that were released are panicked pleas for help and sweet, hollow reassurances.

Few callers sound calmer than Dennis Devlin, chief of the New York Fire Department's Ninth Battalion, who was standing in the chaotic lobby of the south tower. Speaking to a dispatcher, he listed the things he needed for a proper rescue operation: Hand-held radios, an open telephone line, a chief's helmet.

"I gotta get a rundown of the companies. We're in a state of confusion," he told the dispatcher. "We have no cell phone service because of the disaster."

Devlin, 51, would die minutes later in the tower's collapse.

The most agonizing call came at 9:17 a.m. from 32-year-old Melissa Doi, who spoke from the 83rd floor of the south tower, where it was scorching hot and difficult to breathe.

"Holy Mary, Mother of God," said Doi, a manager at IQ Financial Systems, when the operator picked up the phone. "There's no one here yet, and the floor's completely engulfed. We are on the floor, and we can't breathe and it's very, very hot."

Over the next four minutes, as the operator advised her to stay calm and wait for help, Doi panicked: "I'm going to die, aren't I?" she asked.

"No, no, no," said the dispatcher.

"I'm going to die," Doi said.

"Ma'am, say your prayers," the dispatcher replied.

"Oh, God, it's so hot. I'm burning up," Doi said.

Several minutes later, Doi's voice went silent, but the dispatcher continued to speak, soothingly, for about 20 minutes, repeating her name over and over and calling her "dear."

"I don't know if she's unconscious or just out of breath, but it sounds like they are unconscious and snoring. That's why I keep talking to her," the dispatcher said. "The line is dead now. They hung up. The line is now dead."

Doi's call was not released earlier because an excerpt was used as evidence in the trial of Zacharias Moussaoui in April.

In March 2005, the New York State Court of Appeals ordered the city to comply with the requests to release the tapes, and on March 31 of this year, the city's law department distributed recordings of 353 calls.

Then, on Tuesday, Fire Commissioner Nicholas Scoppetta announced that members of his staff had overlooked a large number of recordings. Fire department officials say they are confident they have provided all the recordings sought in the lawsuit.

Attorney Norman Siegel, who represented nine family members in the lawsuit, said the release should not have taken five years. The question, he said, is "why this happened.

"The families are angry -- angry that they had to go to court, and angry that they're getting this information piecemeal," he said. "So hovering over all this is the question of whether there are further tapes hidden away in someone's cabinet."

Unlike the first batch of emergency calls, which came from people inside the buildings, most of the calls released on Wednesday were brief exchanges between dispatchers, or between firefighters and dispatchers. Many are from firefighters who were off duty that day and volunteered for duty; 343 firefighters died at the scene.

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At 9:21 a.m., Capt. Patrick Brown called a dispatcher from the 35th floor to relay this to the command post in the lobby: "We're trying to get up, you know. There's numerous civilians in all the stairwells, and numerous burn injuries are coming down. I'm trying to send them down first."

Brown died in the building's collapse.

Retired FNDY Capt. Al Fuentes, who listened to some of the recordings on Wednesday, said he was overwhelmed by the calm, self-possessed voices of the firefighters.

"The way Paddy Brown put it -- 'we're going up,'" he said.

But the recordings also reminded him how primitive communications were that day, when firefighters resorted to using hand-signals or runners.

"When you think about it, it's archaic," said Fuentes. "I mean, in 1969, we could talk to our people on the moon."

Siegel has argued that the recordings contain information that is important to the families of people who died, and two of his clients -- Sally Regenhard and Barbara Hetzel -- recognized their son's units when Chief Devlin cataloged which were in the South Tower. Regenhard had not known this. She called it a "scintilla" of information, but "more than I've gotten from the City of New York in five years."

But many of the calls give only glimpses of rescue workers scrambling to keep up. After the first tower collapsed, at 9:59, an unidentified lieutenant called in with an urgent tone:

"Everyone's got to be inside of it," he said. "There's got to be thousands of people inside of it. One of the towers just came down on top of everyone."

"All right," said the dispatcher. "We got that here. OK, thanks."

A few minutes later, an off-duty dispatcher called her supervisor, who asked why she was crying.

"The World Trade Center collapsed," she said.

"Everything is collapsed, baby," said her supervisor.

"All those people -- what about the EMTs and paramedics and firefighters in there helping people get out?" she asked.

"I don't know, sweetie," her supervisor replied. "I really don't know."

1,631 Calls To Dispatchers On 9/11 Released (USAT)

By Martha T. Moore

USA Today, August 17, 2006

NEW YORK — Nearly five years after their deaths in the fiery destruction of the World Trade Center, 21 rescuers and one frightened woman spoke again Wednesday.

As smoke and heat began to overcome her, Melissa Doi, 32, gave a 911 operator her mother's name and phone number in hopes of passing on a last message. Trapped on the 83rd floor as the south tower burned, she asked the nameless woman on the other end of the phone, “Can I stay on the line with you, please? I feel like I'm dying.”

She was.

Audiotapes of 1,631 calls to fire dispatchers, which were released under court order by the fire department, include the voices of 19 New York City firefighters and two emergency medical techs who were among the 343 fire department personnel killed in the Sept. 11, 2001, terrorist attack. The tapes include 10 911 calls from office workers trapped in the towers.

The tapes were newly discovered after a court in March ordered the fire department to release all recordings of communications that morning. They were not found sooner because of “misinterpretation” of the court order, the fire department said.

The 28 hours of audio are the fourth wave of transcripts and recordings released since the attack.

Relatives of the dead got the tapes earlier. Barbara Hetzel, whose firefighter son Thomas died in the attack, listened with family members Wednesday. Hearing it again, she said, “It's even deeper and sadder.”

The tapes reveal firefighters struggling against the chaos of two burning skyscrapers, thousands of trapped people and hundreds of firefighters and police racing to the scene from all over the city.

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At the scene, Chief Dennis Devlin, who died in the attack, called the fire dispatcher from the command post in the lobby of the south tower, the second tower to be hit but the first tower to collapse. He asked for a rundown of the fire companies assigned to the south tower. “We're in a state of confusion,” he says calmly.

At 9:21 a.m., a half-hour before the first collapse, Capt. Patrick Brown reported that his company had climbed to the 35th floor of the north tower. “Numerous civilians in all stairwells, numerous burn (victims) are coming down. We're trying to send them down first,” he says. The fire appears to be above the 75th floor, he says. “We're still heading up.”

His sister, Carolyn Brown Negron, said the tape is a perfect if painful portrait of her big brother. “I still cry, of course, when I hear them, but I listen to it once in a while because it's him being him, and being the amazing fireman he was. That's how I see it: him being strong,” she said Wednesday. “I feel kind of lucky that we still have his voice.”

In all of the 911 calls except a portion of the one from Doi, the callers' voices were bleeped out by court order for privacy reasons, leaving only the operators' responses. But even four minutes of Doi's voice, which were submitted as evidence for the sentencing of Zacarias Moussaoui after he was convicted in May as a conspirator in the 9/11 attack, reveal the horror.

“The floor is completely engulfed. We're on the floor, and we can't breathe, and it's very, very, very hot,” Doi says in a frantic voice. “I'm going to die, I know it. Please, God, no. It's so hot, I'm burning up,” she says, sobbing.

About halfway through the 24-minute call, Doi is saying little. Soon, all that can be heard is the operator calling her name: “Please do not give up, Melissa. Oh, my God. Melissa. Melissa. Melissa.”

More Voices From 9/11: 'I'm Going To Die, Aren't I?' (WP)

By Michael Powell And Michelle Garcã-a

The Washington Post, August 17, 2006

NEW YORK, Aug. 16 -- The calls haunt even five years later, the last panicked pleas for help from people trapped in the upper reaches of the 110-story World Trade Center towers.

There's a call from the 100th-floor conference room, where a man lies on the floor, struggling to draw a breath. And another from the 103rd floor, where the caller asks about tossing a chair through a window to get more air.

And then there's 32-year-old Melissa Doi on the 83rd floor of the south tower. Panic in her voice, she asks the dispatcher over and over again: "I'm going to die, aren't I?"

Less than a month shy of the fifth anniversary of the terrorist attack on the World Trade Center, New York City officials released the tapes of 1,613 emergency calls made as the towers burned. The tapes cast an ear back to the confusion, panic and heroism as thousands unwittingly drew closer to the moment of their death.

The tapes include 31 phone calls from inside the burning towers, made by 10 civilians, 19 firefighters and two emergency medical technicians. City officials released another batch of tapes this spring -- the city's fire commissioner said officials had overlooked the tapes released Wednesday.

On the latest tapes, fire and EMS dispatchers can be heard talking to firefighters struggling up dozens of flights of stairs to rescue trapped office workers. There are constant calls for surgeons, for nurses, for rescue workers. Chief Dennis Devlin of Battalion 9 is heard as he stands inside the lobby of the south tower and desperately tries to figure out where his men are and how to get help to those above.

"We are in state of confusion," Devlin said to a dispatcher. "I need you do me something because we have no cellphone service anywhere because this is a disaster. I need you to call Division 3 and have the messenger van and bring all the additional handy-talkies he can."

Devlin tried to get a list of all the companies dispatched. He was standing inside the south tower when it collapsed at 9:59 a.m.

Another fire lieutenant, who is not identified, shouts into the phone: "One of the towers just collapsed. . . . There's got to be thousands of people inside. One of the towers just came down on everybody."

Former mayor Rudolph W. Giuliani testified several years ago that the firefighters who died were "standing their ground" to help victims.

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But the release of the tapes Wednesday reinforced what earlier tapes, investigations and a new book -- "Grand Illusion: The Untold Story of Rudy Giuliani and 9/11" -- have made clear: That Giuliani and his top aides did not put in place a clear chain of command for police officers and firefighters, which led to much confusion at the scene. And firefighters never heard calls to leave because they carried outmoded radios that did not work inside the stairwells of the burning towers.

After the south tower collapsed, pilots in police helicopters used their radios to warn that the north tower, too, was near collapse. But most of the 121 firefighters who died in the north tower never heard those broadcasts. Indeed, some firefighters were not even aware that the south tower had fallen.

The chairmen of the Sept. 11 commission, Thomas H. Kean and Lee H. Hamilton, have acknowledged that they did not ask tough questions of Giuliani and his top advisers, terming this a "low point."

"It proved difficult, if not impossible, to raise hard questions about 9/11 in New York without it being perceived as criticism of the individual police and firefighters or of Mayor Giuliani," the chairmen wrote in their book, "Without Precedent: The Inside Story of the 9/11 Commission."

"We did not . . . get all of the information we needed to put on the public record."

More than a dozen family members of Sept. 11 victims listened Wednesday to the tapes in a Midtown Manhattan conference room. The New York Times and family members had sued for access to the tapes and to hundreds of oral histories taken from firefighters.

City officials initially resisted such demands, and they have deleted the voices of the victims. They argue that the calls for help are too emotional and disturbing to be released without the consent of every family.

Dorine Ettzel lost her brother Thomas, a firefighter. She said that the tapes paint a fuller picture of that terrible day and suggest how the city might prevent another.

"These tapes help to learn what we can do differently," Ettzel said. "You're listening to hours of dispatch callers not knowing where to send people."

The tapes also make clear the terrible role that fell to the 911 and fire dispatchers, who found themselves talking and counseling and praying with dozens of people as death approached. So you listen to a dispatcher calmly taking cellphone calls from 30 people trapped on the 103rd floor, where it's getting smoky.

"Ma'am, if you need to break a window, break it," a fire dispatcher says. "If you don't have to break it, don't. Ma'am, I'm going to try and get someone there as fast as I can."

Another fire dispatcher talks to an unidentified caller on the 105th floor of the south tower, where 60 people are trapped. "Tell them to try and stay as low to the ground as possible," the dispatcher says. "And not too much talking -- you're going to waste your breath."

There were no survivors from either floor.

Then there is the dispatcher who spoke with Melissa Doi, a 5-foot-2 fiscal systems manager who lived in Queens. The dispatcher, an unidentified woman, tried to comfort Doi over the course of a 20-minute phone call. A four-minute portion of Doi's end of the conversation was played for jurors in April at the trial of Sept. 11 conspirator Zacarias Moussaoui.

"It's so hot, I'm burning up," Doi tells the dispatcher at about 9:18 a.m. "I don't see any air anymore."

"Okay, dear, I'm so sorry," the dispatcher replies. "Listen, the call is --"

"I'm going to die!"

"No, no, no," the dispatcher tells her. "Ma'am, you're not going to die. Say your prayers. You're doing great. We're going to get help."

Later, the dispatcher takes the name of Doi's mother and promises to call her. The dispatcher remains on the line even as Doi's answers become faint. As she appears to fall unconscious, the dispatcher repeats over and over: "Hold on, baby, hold on. You're going to be fine, baby, can you hear me? You're going to be fine, you're going to be fine."

Then there is a long silence.

"Melissa? Melissa? Melissa? Hold on, honey."

More silence.

"Oh, my God," the dispatcher says eventually. "The line is dead."

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Poisoned Heroes (NYT)

By Stan Altman

The New York Times (opinion), August 17, 2006

ONE New York City firefighter recently told me about the health problems he has suffered since working at the World Trade Center site nearly five years ago: skin rashes, an inflamed colon, coughing and trouble breathing. He showed me a six-page list of the antibiotics and steroids doctors had prescribed over the years. These drugs helped mask his symptoms. But the problems never went away — until he began a new treatment to rid his body of the toxic substances he had inhaled and absorbed at Ground Zero.

This firefighter is among an estimated 40,000 police, firefighters and other workers who did rescue and cleanup on "the pile" after Sept. 11, 2001, while the remains of the buildings — not to mention their contents, jet fuel and other debris — smoldered for weeks, poisoning the air with mercury, lead, dioxin, asbestos, copper and dozens of other substances.

Today, increasing numbers of emergency service workers are reporting breathing and digestive problems and rashes, and their incidence of cancer is higher than normal. At least one death, that of Detective James Zadroga in January, from heart and lung complications, has been linked by a medical examiner to work at Ground Zero; six other responders in their 30's and 40's have died from causes like heart failure and lung cancer.

On Monday, Gov. George E. Pataki signed a law ordering New York City to pay more generous death benefits to the families of Sept. 11 responders who die from these illnesses. This measure, like the one passed last year granting disability pensions to Sept. 11 workers who develop respiratory problems or cancers, properly acknowledges the government's responsibility for their health.

Still needed, however, even more urgently, is an effort to address the health problems these workers face. Many of the thousands of sufferers, like the firefighter who spoke to me, are getting treatments that offer only temporary relief. We need to figure out the best ways of curing what really ails the Sept. 11 responders.

Too often, discussions about the health of these workers have met with official denials that their problems can be directly linked to Ground Zero.

The denial began only a week after the tragedy, when Christine Todd Whitman, then head of the Environmental Protection Agency, declared that tests showed the air was safe to breathe. Later scientific studies showed that the air was in fact heavily polluted. And while it is true that the workers' health problems have not been definitively linked to the environment, a wealth of evidence suggests that the air the workers breathed took its toll.

A study of more than 12,000 firemen and emergency medical workers at the site, recently published in the American Journal of Respiratory and Critical Care Medicine, found that on average they had a reduction in lung function equivalent to what would be caused by 12 years of aging.

Doctors and other health practitioners at the Olive Leaf Wholeness Center, in downtown New York (where I work as a volunteer), have detected heavy-metal poisoning in many of the Ground Zero workers they have seen. They have given these workers detoxification treatments — including chelation for many patients. Chelation, a treatment often used on children exposed to lead paint, involves giving the patient a sulfur compound that draws heavy metals from the tissues.

These practitioners have found that after three to four months of detoxification therapy, the afflicted Ground Zero workers see most of their symptoms diminish or disappear.

Chelation is not the only detoxification method. No doubt, other doctors may have found treatments that work better on certain patients.

The federal government has provided New York City with $1 billion to cover the cost of liability claims brought by Ground Zero workers. Some of these funds have paid the legal costs of fighting disability and other claims filed by city workers. But no money has yet been appropriated for treatment of heavy metal toxicity.

There seems to be an assumption that the workers would prefer a large financial settlement to regaining their health. Political leaders should bring together medical experts who could determine the most effective protocols for ridding the body of heavy metals and make them known to Ground Zero workers and their doctors.

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Dubai Ports Seeking U.S. Bids (WT)

By Jeffrey Sparshott

The Washington Times, August 17, 2006

Dubai Ports World is moving ahead with a plan to spin off its recently acquired U.S. operations, with preliminary bids from suitors due tomorrow.

DP World officials promised to sell P&O Ports North America Inc. to an American buyer by September after Congress protested the takeover of U.S. port terminal operations by the state-owned company from the Middle East.

The Dubai company acquired the operations in March when it purchased Peninsular and Oriental Steam Navigation Co., a British company that had owned P&O Ports North America Inc. since 1999.

DP World in mid-July sent a description of port terminal operations in Baltimore, Philadelphia, Miami, New Orleans, New York and Newark, N.J., to potential bidders.

DP World is not commenting on the sale, and potential buyers had to sign confidentiality agreements before receiving a detailed description of the U.S. operations.

"Mergers and acquisitions are, by their nature, confidential," said Ted Meyer, spokesman for Deutsche Bank Securities, which is advising DP World on the sale.

DP World pledged to sell the U.S. operations to an American buyer, although there is still room for foreign investors to participate in the sale. The company's paperwork noted that the buyer must be palatable to the U.S. government.

Port terminal operations are dominated by non-U.S. companies, and there are few U.S. port terminal operators that could purchase and run P&O's assets.

SSA Marine, owned by Seattle company Carrix Inc., is one possible suitor. Maher Terminals of Port Elizabeth, N.J., also would be capable of running the port operations, though the company is small by international standards.

Analysts said U.S. investment banks also are likely to enter the bidding process.

"A few years ago, the main interested parties were other container terminals. Today, the financial sector, institutional investors, infrastructure funds are major players," said Neil Davidson, research director for London firm Drewry Shipping Consultants Ltd.

Goldman Sachs, the U.S. investment bank, and Borealis Infrastructure Management, a Canadian investor, in July bought Associated British Ports, Britain's largest port operator. The Goldman-led team beat out a rival group led by Australia's Macquarie Bank Ltd.

The Carlyle Group, a private equity firm in the District, in March established a team to invest in ports, transportation and other infrastructure.

"Fundamentally, the driver is the fact that ports and terminal operations are a very solid and profitable businesses," Mr. Davidson said.

DP World initially valued its U.S. assets at almost $700 million, although analysts said the company is unlikely to find a bidder willing to pay that much. One source with knowledge of the sale process said DP World has emphasized that revenues are growing rapidly because of strong international trade, but cautioned that the U.S. operations still did not make enough money to justify such a high price tag.

The Baltimore Sun reported that DP World's U.S. holdings in 2005 posted an income of $39 million before taxes, interest, depreciation and amortization on revenue of $447 million.

Group Urges Disaster Planning For Pregnant Women, Babies (WP)

By Rama Lakshmi

The Washington Post, August 17, 2006

In the days after Hurricane Katrina struck Louisiana, about 125 critically ill newborn babies and 154 pregnant women were evacuated to Woman's Hospital in Baton Rouge. Some of the fragile newborns arrived without their mothers, and some of the women were already in labor. It was at least 10 days before some of the infants and mothers were reunited.

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Katrina focused unprecedented attention on pregnant women and newborns as an acutely vulnerable population during emergencies. A year later, those concerns are driving a push to add provisions for both groups to national preparedness guidelines for disasters, epidemics or terrorist attacks.

No accurate data are available on the number of babies born during the Katrina crisis, but officials at both hospitals in Baton Rouge described vivid scenes of distraught pregnant women arriving with no records, of desperate mothers searching for their babies and of women who delivered on their way to the facility.

Heidi Wigley, 26, was three months pregnant when the storm struck. She lost her home, including her medications, in St. Bernard Parish, and her doctor was evacuated to Florida.

"I was evacuated to another town and could not contact my doctor, who had all the information about my pregnancy," Wigley said in a telephone interview from Mandeville, La., where she now lives. "I was worried I may miscarry. The relief teams did not have any gynecologist and no prenatal vitamins. I told them I wanted more food and more money because I was pregnant, and they said no."

Two months later, Wigley developed high blood pressure, a common complication of pregnancy, and delivered prematurely in February. At 5 1/2 months, her son is now healthy.

"Pregnant women face greater risks -- like premature births, low-birth-weight babies and infant deaths -- during the stressful conditions of a disaster. This can make delivering a child difficult and potentially life-threatening," said Theresa Shaver, executive director of the District-based White Ribbon Alliance for Safe Motherhood.

"International relief agencies have detailed guidelines for helping pregnant women, infants and new mothers in disasters around the world," she said. "But in the United States, it is not yet integral to our preparedness plans."

The alliance has set up a working group to develop domestic guidelines in association with groups of pediatricians, gynecologists, obstetricians, nurses and midwives. Representatives from the Centers for Disease Control and Prevention and the National Association of County and City Health Officials are also taking part.

Shaver noted that in the past few years, health-care providers and officials have worked on disaster preparedness plans focusing on other vulnerable groups, including children, the elderly, heart patients, those on dialysis and disabled people. These efforts were accelerated in response to the Sept. 11, 2001, terrorist attacks and the anthrax attacks later that year, and concerns about bioterrorism and pandemic flu.

But several public health advocates said it was not until Katrina exposed the lack of provisions for pregnant women and new mothers and their babies that those groups were included on the preparedness agenda.

"Pregnant women and newborns are just entering the radar, and that is a post-Katrina development," said Georges C. Benjamin, executive director of the American Public Health Association.

National organizations cite the public health departments of South Carolina and Fort Worth, Tex., for being among the first to incorporate maternal and child-care needs into their preparedness plans.

The White Ribbon Alliance working group hopes to release by the end of August proposals to address the needs of newborn babies in disasters and present those recommendations at emergency planning meetings across the country. It is also exploring the option of introducing federal legislation.

The proposed guidelines, called the Women and Infants Service Package (WISP), advocate training first responders in the special needs of pregnant and new mothers and babies, preparing birth-complication readiness packages, keeping mothers and infants together during evacuations, and setting up dedicated toll-free numbers that pregnant women can call for assistance. The guidelines also recommend that emergency teams include certified midwives and have supplies of baby formula, bottles, diapers, vaccines, and folate and iron supplements.

The alliance believes that disaster situations call for a shift in the thinking of American women, who generally expect to give birth in a hospital or clinical setting. In the early phase of a disaster, officials said, births will often take place outside a health facility and without the assistance of trained health personnel.

"We will be in situations where there are no health-care facilities. In fact, if there is a pandemic flu, a hospital is not where you take a pregnant woman or an infant to," said Robbie Prepas, a certified midwife who heads disaster preparedness at the

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American College of Nurse-Midwives. During Katrina, Prepas helped many pregnant women with deliveries in airports and ambulances.

"We will have to retrain care providers to be comfortable with assisting deliveries outside hospitals," she said.

Legal Storm The Gulf Coast, Still Wrecked, Grapples With Insurance Suits (WSJ)

By Liam Pleven

The Wall Street Journal, August 17, 2006

GULFPORT, Miss. -- In the federal courthouse here, U.S. District Court Judge Louis Guirola Jr. is playing an unusual role: plaintiff.

Thousands of Mississippi homeowners are suing their insurers saying they were unfairly denied compensation for destruction wreaked a year ago by Hurricane Katrina. Judge Guirola and his wife, whose two-story home was leveled during the storm, are among them.

Their case -- like that of many others -- revolves around a key issue: Was the nearly $650,000 worth of damage caused by the storm's winds, making it an event covered by most policies? Or was it caused by the wall of water that slammed ashore, something that insurers typically exclude?

Like many Mississippi homeowners, the Guirolas had no flood-insurance policy, which is usually obtained through a federally backed program. The suit says their house and possessions were "completely destroyed by hurricane wind." Their insurer, Nationwide Mutual Insurance Co., says the home was in essence washed away and denied the claim. In thousands of such cases, the courts are just starting to try to figure out who's right.

The outcomes will ultimately help determine the pace and scope of rebuilding as the Aug. 29 anniversary of Katrina nears. It will also affect the price and availability of disaster insurance, especially along this debris-clogged coastline. If they lose, insurers say rates may rise for everyone else to cover billions in unexpected liabilities. They could also decide to scale back such coverage.

Whatever the result, policy makers will likely have to consider just who should cover hurricane damages in the first place: the government, private insurers or homeowners. The current system, in which both public and private sectors cover a piece, helps create the disputes clogging the legal system.

On Tuesday, one of Judge Guirola's colleagues, Judge L.T. Senter, issued the first verdict in one of the Mississippi cases, which also involved Nationwide. Judge Senter ruled that the insurer did not have to pay most of the policyholder's claim, just the portion that could be attributed to wind damage, a tiny amount in this instance. But the precedent may be limited because the house was still standing, making evidence easier to gather, whereas many others are not. Also, the judge said the insurer was liable for the wind damage, a small portion of the claim.

In Mississippi, the cases are complicated by the fact that much of the state's legal and political leadership has chips in the game. In addition to Judge Guirola, Sen. Trent Lott, U.S. Rep. Gene Taylor and a federal magistrate judge have sued their insurers. Richard Scruggs, a prominent plaintiff's attorney whose firm represents Judge Guirola, also plans to file suit; his house near the water was damaged.

Three federal judges have already disqualified themselves from hearing Judge Guirola's case, which has since been assigned to a federal judge in eastern Michigan. One of those three was Judge Senter.

Insurance companies have settled 90% of Katrina-related cases nationwide, with 1.24 million homeowners receiving $17.6 billion, according to the Insurance Information Institute. Many of these claims were for properties located inland.

Yet in Mississippi alone, there are 3,000 cases pending in federal courts, according to Mr. Scruggs. Thousands of homeowners are also suing their insurers in Louisiana, where a higher percentage of residents, especially in New Orleans, also had flood insurance. Cases there have moved even more slowly.

One problem is lack of evidence. Many homes were, in post-Katrina parlance, "slabbed," wiped away down to their flat, concrete foundations. "There was nothing left ... but rubble" of Judge Guirola's wood-frame, brick-faced house, his suit contends. Inside the house, before the storm, sat a baby grand piano. Judge Guirola played for pocket money as a young man.

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In 1968, the federal government created the National Flood Insurance Program after insurers complained that flooding was too costly and unpredictable to cover. It sells flood policies to homeowners at low rates that cover damage up to $250,000. Homeowners can purchase additional flood insurance from a private company, but that kind of coverage is relatively rare.

Wind vs. water cases existed before the flood program, but its creation helped set the stage for the current legal battles. With insurers on the hook for wind damage, they have an incentive to argue that water is to blame. When flood policies don't cover the damage, homeowners will cite the wind. In some cases, insurers that cover floods have battled insurers that cover wind.

Heart of the Cases

At the heart of many of these cases are questions of timing, cause and effect. What came first, the wind or the water? Was the flooding enabled by the wind? Can flooding damage be distinguished from that of heavy rain?

Many insurance policies, including that of Judge Guirola, contain an obscure clause that subtly widens insurers' exclusions and in effect could pre-empt wind vs. water arguments. It essentially says insurers don't have to pay when flooding happens along with other forces.

The debate over such "anti-concurrent causation" clauses intensified after Katrina destroyed and drenched the Gulf coast. Every hurricane spawns wind vs. water cases, says Randy Maniloff, an attorney for insurance companies at Philadelphia's White and Williams LLC, "but not on this scale."

Judge Guirola, 55 years old, the son of Cuban immigrants, got a law degree from the University of Mississippi and worked as an attorney before becoming a magistrate judge in Texas and later, Mississippi.

In 2000, as a Mississippi magistrate judge, he ruled against a Biloxi couple who sued their insurer after Hurricane Georges of 1998. The homeowners wanted compensation for damage to the structure. Judge Guirola found that the cause of the damage -- a settling in their underlying soil -- was excluded in the couple's insurance contract.

Three years ago, he was nominated by President Bush to a lifetime appointment as a district court judge. Judge Guirola was confirmed by the Senate 92-0.

The Guirolas' home sat along a crescent-shaped driveway in Long Beach, Miss., a community just west of Gulfport. The house where the judge lived was within walking distance of the Gulf of Mexico's sandy beaches and the Gulf Coast Highway.

As Katrina approached late last August, the Guirolas, who have three daughters, evacuated the area along with most people along the coast, leaving few witnesses to the devastation that followed.

By 5 a.m. on Aug. 29, Category 1 winds of at least 74 mph reached the waters off Long Beach, rising to at least 96 mph by about 7 a.m., according to a report citing government data prepared by an inspector hired by the Guirolas. The wind blew as high as 147 mph.

The report says the waters were less than five feet above sea level at the coast by 5 a.m. and "rapidly rose" to roughly 26 feet by 11 a.m. The mayor of nearby Biloxi, Miss., was quoted in the local newspaper calling the storm "our tsunami."

The report, based on a Nov. 5 inspection, describes uprooted trees, scattered shingles and other debris. It estimates that the Guirola residence was located 15 feet above sea level, with the second floor at 26 feet. "It is reasonable to hypothesize that flood water did not reach the ground floor elevation until about 9 a.m. and barely touched the second floor level," if at all, said the report, dated March 10.

The inspector's "firm opinion [was] that wind substantially damaged the Guirola residence prior to the time that flood water reached the elevated structure."

Less than two months after Katrina, the suit contends, a Nationwide adjuster inspected the damage and told Judge Guirola he thought the house and property were "damaged by hurricane wind and that he would 'write it up that way.' "

In papers filed in response to the suit, Nationwide disputes that recollection. It says the adjuster inspected the damage and that the Guirolas gave the adjuster "photos and documents related to the property."

On March 13, Nationwide denied the insurance claim. "It appears that your loss was caused by water or water-borne material as defined in your policy," Nationwide said in a letter filed with the court.

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Nationwide said the Guirolas' policy had a version of the anti-concurrent causation clause that says such water damage is not covered even if other forces, such as wind, contributed "in any sequence." Nationwide noted in its denial that the Guirolas' policy doesn't cover losses caused by rising water in a storm.

Judge Guirola and his wife, Stephanie, filed suit about a month after Nationwide denied their claim and requested a jury trial. Their suit argues that the policy explicitly covers hurricanes and damage caused by rain if wind caused an opening that let it inside.

In court papers, Nationwide asked the suit be dismissed. It also asked the case be moved to an "impartial" venue, away from the hurricane-ravaged coast. Even though a Michigan-based judge is presiding, the case is being heard in Mississippi.

A spokesman for Nationwide, Joe Case, declines to comment on Judge Guirola's suit in particular. In general, he says: "We remain committed to vigorously defending the flood-exclusion language in our homeowners' policies." If that language were struck down, Mr. Case says, homeowners around the country could be harmed if insurers decide to scale back such coverage or raise prices.

Through his office, Judge Guirola also declines to comment, citing the pending litigation. Mr. Scruggs, whose firm represents the judge, says the Guirolas are still paying a mortgage on the destroyed house. "He agonized over it for a long time but finally felt like he had no choice," Mr. Scruggs says of Judge Guirola's decision to file the suit.

Fate of Homeowners

The fate of many Mississippi homeowners is in the hands of Judge Guirola's colleague, Judge Senter, who served for most of his career in the northern district of Mississippi, far from the coast.

Judge Senter's first pre-trial ruling, issued days before Judge Guirola filed suit, backed Allstate Corp. and a flood-damage exclusion contained in one of its policies. Though that case is still pending on other issues, the ruling was a victory for the insurance industry, which feared that a decision striking down flood exclusions would expose it to billions of dollars in liabilities.

In another case, Judge Senter issued a pre-trial ruling that gave homeowners an opportunity to pursue claims. In late May, he ruled that State Farm Fire & Casualty Co.'s anti-concurrent causation clause was "ambiguous." The ruling said damage caused by wind and rain would be covered and that caused by floodwaters would not. How much an insurer might have to pay would depend on the evidence both sides could produce at trial. In cases like Judge Guirola's, where so little is left, that presents a whole new challenge.

"Most people aren't standing around watching the damage to their house as the hurricane is rolling through," says John Elliott, an attorney at New York-based Anderson, Kill & Olick PC, who is co-lead counsel for plaintiffs in a Louisiana case that is seeking class-action status.

Meanwhile, most of the hurricane debris has been removed from Judge Guirola's street. Between their plot and the Gulf, there are mostly battered trees and weeds, and more than half a dozen for-sale signs.

Legal Flood Control (WSJ)

The Wall Street Journal, August 17, 2006

Legendary trial lawyer Dickie Scruggs's home was damaged in Hurricane Katrina, and let's hope his manse is repaired. But everyone who insures a home, or anything else for that matter, should cheer his failure in court this week to rewrite insurance contracts after the fact.

That's the bottom line of Leonard v. Nationwide, a high-profile test of whether Katrina victims can rewrite their insurance contracts in a way that amounts to political robbery. Private insurers have long had "flood exclusions" in their contracts -- which is one reason the federal government has offered flood insurance for nearly 40 years. When Katrina hit, these private insurers offered to pay homeowners for wind damage -- as their contracts required -- but not for destruction due to flooding.

Enter Mr. Scruggs, who adopted the highly novel legal theory that because the wind had "pushed" the water into homes, flood damage should be covered. Mr. Scruggs found a couple to represent in front of Judge L.T. Senter Jr. at the U.S. District Court of Southern Mississippi, and by some counts he and other trial lawyers have lined up about 700 similar suits. Meanwhile, Mississippi Attorney General Jim Hood filed his own politically opportunistic suit, claiming the flood exclusions were "unconscionable," which is a word that more appropriately applies to his own behavior.

Judge Senter didn't buy it, and with any luck his well-reasoned decision will take the wind out of these suits. The judge took a hard look at the precise language in the contracts and pronounced that the flood exclusions were clear. He added that Paul Leonard, one of the claimants, "knew [separate] flood insurance was available and optional," but he chose not to purchase it. The judge also rejected the plaintiffs' argument that Nationwide's insurance agents had misrepresented the terms of their policy. The couple had been seeking $158,000, but the judge awarded $1,228.16 for wind damage and ordered them to pay their own legal fees. Mr. Scruggs should pick up that tab.

This all matters because the suits threaten to raise the cost of insurance, if not deny coverage entirely, to millions of Americans beyond those hurt by Katrina. Private companies are reluctant to offer flood insurance because it is not a typical insurable risk.

Property and casualty insurance only works when companies can collect premiums from many policy holders, most of whom will never file a major claim and whose premiums can cover those who suffer catastrophic damage. However, the only people who buy flood insurance are those who are very likely to be flooded, making it difficult to spread risk. Floods also tend to be repeat events, because people (being people) tend to rebuild in flood-prone areas where they expect the feds will bail them out anyway.

Because the federal government long ago stepped into this breach, private insurers haven't collected a penny in flood premiums in years. Yet if the Scruggs theory prevails, these companies could be stuck with an estimated $15 billion in claims. The only way to cover that bill would be to raise premiums for homeowners far and wide. That, or stop selling policies in states (like Mississippi) with higher than normal flood risks.

This legal threat isn't done yet, because Judge Senter tailored his decision to the specifics of this case. But his ruling is a sign that contracts will count for something at least in his court, and it should tell other trial lawyers and Mr. Hood that their claims are legal nonsense.

WAR NEWS:

21 Die In Baghdad In Latest Spasm Of Violence (USAT/AP)

USA Today, August 17, 2006

BAGHDAD — Bombs killed 21 people in central Baghdad on Wednesday, and gunmen attacked the governor's office in Basra, Iraq's second-largest city.

One bomb exploded late in the morning near day laborers waiting for work in the central Nahda district, killing eight people and wounding 28, police Lt. Bilal Ali said.

Two nearly simultaneous car bombs exploded Wednesday evening in the Batayween area of central Baghdad, killing 13 people and wounding 55, police Lt. Ali Mutaab said. The blasts sent a huge cloud of black smoke over the troubled city.

The attacks underscored the challenge facing U.S. and Iraqi officials as they seek to quell the surge in Sunni-Shiite violence that has been rising steadily since the Feb. 22 explosion at a Shiite shrine in Samarra. The shrine attack triggered a wave of reprisal killings.

Deputy Health Minister Adel Muhsin said about 3,500 Iraqis died last month in sectarian or political violence nationwide. He said it was the highest monthly death toll for civilians since the war started in March 2003.

Last week, the ministry said about 1,500 violent deaths were reported in the Baghdad area in July. U.S. commanders are rushing nearly 12,000 U.S. and Iraqi troops to the capital to try to end the carnage.

In the southern city of Basra, gunmen from the Bani Assad tribe attacked the provincial governor's office. The tribesmen fled after British armored vehicles arrived. Basra province Gov. Mohammed al-Waeli said one policeman was killed and four were wounded. Seven attackers were arrested, he said.

Authorities imposed an indefinite curfew on the city.

Also Wednesday:

•In the northern city of Mosul, 225 miles northwest of the capital, armed clashes erupted between police and assailants in three neighborhoods on the mostly Sunni Arab western side of the Tigris River, police Lt. Col. Abdul-Karim Ahmed Khalaf said.

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At least five gunmen were killed and six were arrested, he said.

•A roadside bomb exploded near an Iraqi army patrol north of Hillah, killing three soldiers and wounding four, police 1st Lt. Osama Ahmed said. Hillah is a mostly Shiite city about 60 miles south of Baghdad.

Iraqi And British Troops Clash With Shiite Militias (NYT)

By Paul Von Zielbauer

The New York Times, August 17, 2006

BAGHDAD, Iraq, Aug. 16 — Iraqi security forces and British troops fought Shiite militias and tribesmen in two major cities south of Baghdad on Wednesday in sustained battles that left two policemen and a dozen militiamen dead. The violence underscored the tenuous grip the Iraqi government maintains even in regions not under the sway of Sunni Arab insurgents.

Also on Wednesday, as American and Iraqi Army soldiers continued a security sweep through hostile neighborhoods in western Baghdad, bombings in other parts of the city killed 21 people and wounded 59 others.

Violent eruptions in Karbala, a Shiite holy city about 60 miles southwest of here, and Basra, Iraq's second largest city, demonstrated the destabilizing power of internecine conflicts that have little to do with the anti-American insurgency or sectarian killings.

In Basra, a gun battle erupted between Iraqi Army troops and members of the dominant local tribe, the Bani Asad, apparently angered by the killing on Tuesday of a tribal leader, Faisal Raji al-Asadi, government officials in Basra said.

In a battle that lasted the better part of an hour, tribesmen clad in black clothing fired fusillades of bullets and grenades at the provincial government building, local police and government officials said, and eventually occupied the parts of the government complex.

"The building was in the hands of Bani Asad tribe," an Iraqi government official in Basra said in a telephone interview, speaking over the sustained crackle of gunfire in the background. He said that the fighting, which killed six, including two policemen and two tribesmen, started because the tribe believed that the government was involved in Mr. Asadi's killing.

A prominent member of the tribe who called himself Ayatollah al-Asadi suggested in an interview with Al Jazeera on Wednesday afternoon that British forces, which have struggled to maintain control of Basra in the midst of warring Shiite militias, may have been responsible for the assassination. Faisal Raji al-Asadi "contributed to throwing the British out," he said. "Maybe they are taking revenge now."

A spokesman for the British military in Basra denied any involvement in the killing and gave a much different account of the hostilities on Wednesday.

Bani Asad tribesmen arrived at the government building armed but peaceful and demanded to see the governor, Muhammad al-Waili, a member of a different tribe, said the spokesman, Maj. Charlie Burbridge. "The protesters arrived and walked in the door," he said, "It wasn't an attack."

Iraqi Army soldiers and local police succeeded in moving the armed men out of Mr. Waili's offices, he said, though an Iraqi police officer appears to have been killed in a skirmish that followed. As the tribesmen were leaving the area, they passed a British military encampment and fired at it, provoking "quite an exchange of small-arms fire" that lasted 20 minutes, Major Burbridge said.

In Karbala, the violence on Wednesday took on a different hue, as security forces controlled by Shiites who are aligned with the main pro-Iranian bloc, the Supreme Council for the Islamic Revolution in Iraq, fought militiamen loyal to a local Shiite cleric opposed to Iran's influence in Iraq. The battle led security forces to cordon off the city to most nonresidents and impose a curfew.

Sheik Ali Badir al-Aboudi, an aide of the cleric, Mahmoud al-Hassani, said in an interview that the attack on Wednesday was in retaliation for a car bomb that exploded near one of the cleric's schools. "We know that Iranian intelligence helped them to do this attack," Mr. Aboudi said, "and now they are sending in troops to kill and arrest everyone they can."

Ten militia fighters were killed and 281 were arrested, according to a statement from the prime minister, Nuri Kamal al-Maliki.

Anthony H. Cordesman, a Middle East analyst at the Center for Strategic and International Studies in Washington, said in an interview on Wednesday that the majority of police forces in southern Iraq were more loyal to Shiite leaders than the Iraqi

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government, and he suggested earlier this month that power struggles among Shiite factions in Iraq could further destabilize the country.

"Intra-Shiite political struggles are becoming a source of violence," he wrote in an Aug. 1 analysis. "It is unclear how bad this Shiite factionalism really is," he added, though it "may surface as a major new problem."

In Baghdad, three bombs in the central part of the city killed 21 people on Wednesday, officials said. Around 9 a.m., a roadside bomb in the Nahdad district in central Baghdad killed 8 people and wounded 17 others, an Interior Ministry official said. At 7 p.m., two car bombs killed 13 people and left 43 others wounded, the official said.

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Rival Shiite Militias Clash In Southern Iraq (WP)

By Sudarsan Raghavan

The Washington Post, August 17, 2006

BAGHDAD, Aug. 16 -- Clashes between rival Shiite Muslim militias erupted Wednesday in Basra, Iraq's second-largest city, when scores of gunmen stormed the governor's office after accusing his supporters of assassinating their tribal leader. Meanwhile, car bombs in Baghdad killed 25 people.

The gunmen in Basra, a predominantly Shiite city, laid siege to the office for two hours, lobbing mortar shells and barricading nearby bridges, before British troops and Iraqi police pushed them back. The fighting left at least four policemen dead, police said. Authorities imposed a curfew on the city.

As U.S. and Iraqi forces focus their efforts on taming sectarian violence in Baghdad, Wednesday's bloodshed served as a reminder of the tenuous security conditions across Iraq, and how precariously the country teeters on the edge of civil war.

In once calm southern cities such as Basra and Karbala, a Shiite holy city, fighting between Shiite militias and U.S.-backed Iraqi security forces, as well as among rival Shiite militias, appears to be on the rise. Meanwhile, northern cities such as Mosul, which had faced constant attacks, are experiencing new waves of violence along ethnic and political fault lines.

Tensions also are rising between U.S. and Iraqi forces and the powerful anti-American cleric Moqtada al-Sadr, who is emerging as the main Shiite obstacle to U.S. efforts to establish order and security in Baghdad as well as in the south.

Many of the militias are affiliated with radicalized clerics or political parties in Iraq's fragile coalition government. Some leaders, such as Abdul Aziz al-Hakim, head of the influential Supreme Council for the Islamic Revolution in Iraq, have called for neighborhood militias to provide security, a move that would strengthen their power bases.

On Tuesday, the deputy governor of Najaf, Abdul Hussain Abtan, a follower of Hakim, advocated such self-defense units and said he would begin selecting candidates to head them, according to reports in Iraqi media. Last week, a suicide bomber in the city killed more than 30 people in front of one of Shiite Islam's holiest shrines.

When asked whether the recent militia fighting in the south was coordinated and potentially destabilizing for the country, a U.S. military spokesman, Maj. Gen. William B. Caldwell, replied: "I don't have the complete picture to give you right now, but it did not appear to be anything that was out of control. It appeared to be something that was being brought back under control."

Lately, though, the Shiite-dominated south appears to be spiraling into an abyss of violence, fueled largely by power struggles within the religious sect.

In Karbala, fierce gun battles erupted Tuesday between the followers of radical cleric Mahmoud Sarkhi al-Hassani and Iraqi security forces who raided his office, leaving seven people dead. The clashes quickly spread to nearby towns. The crackdown on Hassani came after his followers apparently tried to take over several districts in Karbala, authorities said.

Wahab Razouki, a senior official of the Fadhila party, another Shiite group, accused Hassani's armed followers of planning to take over religious shrines in the city. The Iraqi army said in a statement that it had restored order to Karbala by Wednesday and had arrested 281 participants in the unrest. But Hassani's supporters gathered in several nearby towns and threatened to march on Karbala, police said.

The clashes Wednesday in Basra were sparked by the assassination of Sheik Faisal, the leader of the Shiite Beni Assad tribe, by unidentified gunmen on Monday, authorities said. His supporters, who reside in a neighborhood north of the city,

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accused the rival Fadhila party of orchestrating the attack. They charged the office of the governor, also a Fadhila party member, to demand that he arrest and hand over the killers.

The clashes were the latest in a series of violent incidents among Shiite groups in Basra in recent months.

After British forces entered Basra in April 2003 during the U.S.-led invasion of Iraq, the city held the promise of becoming the most stable in Iraq. For months, the British maintained order, while Baghdad descended into chaos.

But by last year, dozens of assassinations had taken place in Basra. The police internal affairs division was shuttered last year after accusations that it ran death squads. In recent months, rival Shiite militias, such as Sadr's Mahdi Army and Fadhila's armed wing, have fought openly in the streets of Basra.

In June, hundreds of Hassani's followers attacked the Iranian Consulate in Basra, hurling stones and setting fire to a building after another Shiite cleric criticized Hassani on Iranian television as a fake cleric and pawn of Israel, according to news reports.

With deaths mounting, Iraqi Prime Minister Nouri al-Maliki declared a state of emergency in Basra in June and dispatched several thousand troops to crack down on the militias with an "iron fist."

On Wednesday, Maliki dispatched Brig. Gen. Abdul Khidhir al-Tahir, a member of his security committee, to Basra.

"There was an anticipation that Basra is facing problems and security violations because of its tribal and social structure, and also because of the presence of unharmonious powers in the city," Tahir told al-Iraqiya television.

In Mosul, where relations between Arabs and Kurds are tense, violence has also risen steadily. In June, authorities reported that 25 Iraqis, most of them Kurds, had been shot and killed.

On Aug. 4, insurgents attacked local police with car bombs, killing four officers and wounding eight, before police fought them off.

"Now we have total control over the security situation, and we are in complete control over all the streets and areas of Mosul," Wathiq al-Hamadani, the city's police commander, said at the time.

Yet on Tuesday, a suicide bomber rammed his explosives-laden truck into the headquarters of Iraqi President Jalal Talabani's Patriotic Union of Kurdistan, killing at least nine people, including four party members, and wounding 36. And on Wednesday, gun battles raged between Iraqi police and armed men in several neighborhoods, police said.

In Baghdad, 14 people were killed and 39 were injured in roughly two hours Wednesday morning, according to Col. Basim Mohammed, an Interior Ministry official.

Three mortar rounds fell at 8:15 a.m. in central Baghdad's al-Fadhil area, seriously injuring five people and damaging shops and houses. A few minutes later, three mortar shells struck the Health Ministry building, injuring three people.

At 10 a.m., an improvised bomb exploded under a memorial to two dozen children killed last year in a car bombing, killing two people and injuring three. About 30 minutes later, a car bomb detonated in the al-Nahdha district, a mixed Sunni-Shiite neighborhood, killing 12 people, mostly day laborers waiting for work, and injuring 28.

In the evening, two more car bombs exploded in central Baghdad, killing 11 and wounding 44, police said.

Insurgent Bombs Directed At G.I.'s Increase In Iraq (NYT)

By Michael R. Gordon, Mark Mazzetti And Thom Shanker

The New York Times, August 17, 2006

WASHINGTON, Aug. 16 — The number of roadside bombs planted in Iraq rose in July to the highest monthly total of the war, offering more evidence that the anti-American insurgency has continued to strengthen despite the killing of the terrorist leader Abu Musab al-Zarqawi.

Along with a sharp increase in sectarian attacks, the number of daily strikes against American and Iraqi security forces has doubled since January. The deadliest means of attack, roadside bombs, made up much of that increase. In July, of 2,625 explosive devices, 1,666 exploded and 959 were discovered before they went off. In January, 1,454 bombs exploded or were found.

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The bomb statistics — compiled by American military authorities in Baghdad and made available at the request of The New York Times — are part of a growing body of data and intelligence analysis about the violence in Iraq that has produced somber public assessments from military commanders, administration officials and lawmakers on Capitol Hill.

"The insurgency has gotten worse by almost all measures, with insurgent attacks at historically high levels," said a senior Defense Department official who agreed to discuss the issue only on condition of anonymity because he was not authorized to speak for attribution. "The insurgency has more public support and is demonstrably more capable in numbers of people active and in its ability to direct violence than at any point in time."

A separate, classified report by the Defense Intelligence Agency, dated Aug. 3, details worsening security conditions inside the country and describes how Iraq risks sliding toward civil war, according to several officials who have read the document or who have received a briefing on its contents.

The nine-page D.I.A. study, titled "Iraq Update," compiles the most recent empirical data on the number of attacks, bombings, murders and other violent acts, as well as diagrams of the groups carrying out insurgent and sectarian attacks, the officials said.

The report's contents are being widely discussed among Pentagon officials, military commanders and, in particular, on Capitol Hill, where concern among senior lawmakers of both parties is growing over a troubling dichotomy: even as Iraq takes important steps toward democracy — including the election of a permanent government this spring — the violence has gotten worse.

Senior Bush administration officials reject the idea that Iraq is on the verge of civil war, and state with unwavering confidence that the broad American strategy in Iraq remains on course. But American commanders in Iraq have shifted thousands of soldiers from outlying provinces to Baghdad to combat increased violence in the Iraqi capital.

The increased attacks have taken their toll. While the number of Americans killed in action per month has declined slightly — to 38 killed in action in July, from 42 in January, in part reflecting improvements in armor and other defenses — the number of Americans wounded has soared, to 518 in July from 287 in January. Explosive devices accounted for slightly more than half the deaths.

An analysis of the 1,666 bombs that exploded in July shows that 70 percent were directed against the American-led military force, according to a spokesman for the military command in Baghdad. Twenty percent struck Iraqi security forces, up from 9 percent in 2005. And 10 percent of the blasts struck civilians, twice the rate from last year.

Taken together, the new assessments by the military and the intelligence community provide evidence that violence in Iraq is at its highest level yet. And they describe twin dangers facing the country: insurgent violence against Americans and Iraqi security forces, which has continued to increase since the killing on June 7 of Mr. Zarqawi, the leader of the insurgent group Al Qaeda in Mesopotamia, and the primarily sectarian violence seen in Iraqi-on-Iraqi attacks being aimed at civilians.

Iraq is now locked in a cycle in which strikes by Sunni Arab militants have prompted the rise of Shiite militias, which have in turn aggravated Sunni fears. Beyond that, many Sunnis say they believe that the new Shiite-dominated government has not made sufficient efforts to create a genuine unity government. As a result, Sunni attitudes appear to have hardened.

As the politics in Iraq have grown more polarized since the elections in December, in which many Sunni Arabs voted, attacks have soared, including sectarian clashes that have killed an average of more than 100 Iraqi civilians per day over the past two months.

In addition to bombs, attacks with mortars, rocket-propelled grenades and small-caliber weapons against American and Iraqi military forces have also increased, according to American military officials. But the number of roadside bombs — or improvised explosive devices as they are known by the military — is an especially important indicator of enemy activity. Bomb attacks are the largest killer of American troops. They also require a network: a bomb maker; financiers to pay for the effort; and operatives to dig holes in the road, plant the explosives, watch for approaching American and Iraqi forces and set off the blast when troops approach.

With the violence growing in Iraq, American intelligence agencies are working to produce a National Intelligence Estimate about the security conditions there — the first such formal governmentwide assessment about the situation in Iraq since the summer of 2004.

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In late July, D.I.A. officials briefed several Senate committees about the insurgent and sectarian violence. The presentation was based on a draft version of what became the Aug. 3 study, and one recipient described it as "extremely negative." That presentation was followed by public testimony on Aug. 3 by Gen. John P. Abizaid, the top American military commander in the Middle East, who told the Senate Armed Services Committee that the sectarian violence was "probably as bad as I've seen it, in Baghdad in particular" and said if it was not stopped, "it is possible that Iraq could move towards civil war." General Abizaid later emphasized that he was "optimistic" that the slide toward civil war could be prevented.

Officials who have read or been briefed on the new D.I.A. analysis said its assessments paralleled both aspects of General Abizaid's testimony.

The newest accounts of the risks of civil war may already be altering the political dynamic in Washington. After General Abizaid's testimony, the chairman of the Armed Services Committee, Senator John W. Warner of Virginia, said that if Iraq fell into civil war, the committee might need to examine whether the authorization provided by Congress for the use of American force in Iraq would still be valid. The comments by Senator Warner, a senior Republican who is a staunch supporter of the president, have reverberated loudly across Congress.

Bush administration officials now admit that Iraqi government's original plan to rein in the violence in Baghdad, announced in June, has failed. The Pentagon has decided to rush more American troops into the capital, and the new military operation to restore security there is expected to begin in earnest next month.

Yet some outside experts who have recently visited the White House said Bush administration officials were beginning to plan for the possibility that Iraq's democratically elected government might not survive.

"Senior administration officials have acknowledged to me that they are considering alternatives other than democracy," said one military affairs expert who received an Iraq briefing at the White House last month and agreed to speak only on condition of anonymity.

"Everybody in the administration is being quite circumspect," the expert said, "but you can sense their own concern that this is drifting away from democracy."

A New Blast At A Horrific Memory Salts A Father's Wounds (NYT)

By Damien Cave

The New York Times, August 17, 2006

BAGHDAD, Iraq, Aug. 16 — The explosion that awakened Muhammad Khaitan at dawn on Wednesday seemed sadly routine. The dust rising skyward a few blocks from his home suggested yet another attack on a police checkpoint.

But for Mr. Khaitan, the target proved far more personal and depraved. Two bombs, witnesses said, shredded a memorial commemorating the death of his 14-year-old son and two dozen other children who were killed last summer when a car bomber sped into a crowd receiving candy from American troops.

A monument to life — a statue of debris from the attack set on a pedestal with the victims' names — had become another casualty of what many here now consider an undeclared civil war.

"All they left was the foundation," said Mr. Khaitan, 41. "They don't want the next generation to remember how we suffered."

If grief comes in waves, the memorial's destruction clearly yanked Mr. Khaitan, like an undertow, back into the sorrows of the past. During an interview at a Baghdad hospital where he works as a medical assistant, his eyes glossed with tears. Though his boss looked on, he relived his past and current horror without being asked.

"I was at the market, shopping as usual," he said. "And my son was with his uncle, my brother."

Suddenly, he said, he heard an explosion. Sectarian violence had already started to erupt in the capital but his neighborhood of New Baghdad, a predominantly poor Shiite area to the south, still seemed safe. He didn't panic. "When anything happens, we depend on God," he said.

The calm quickly shattered. His aunt and a cousin ran to his car when he arrived home, frantically shouting. Mr. Khaitan's son, Saif Muhammad, and his best friend, Hassan Mujid, who lived with the family, had been injured, they said, and possibly killed in the blast.

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Not knowing if they were dead, “I lost it,” Mr. Khaitan said. He threw the bags of food in anger and rushed a few blocks away to where the attack occurred. Colored slippers, car parts and bloodied flesh covered the street. The bomber had used a sport utility vehicle, and the blast shattered the windows of several buildings.

Mr. Khaitan discovered from neighbors that his brother had taken Saif to a local hospital. “I tried to go,” he said, widening his eyes to keep from crying, “but I didn’t get there in time.”

The doctors told him his son died minutes after the attack from two pieces of shrapnel that punctured his chest.

Mr. Khaitan paused. Unlike many Iraqis who appear far older than their age, he looked young, in striped acid-washed jeans, with only a few strands of gray hair. Dr. Shaalan al-Abboudi, the director general of the hospital, Ibn Rushid, looked up and shuffled a few papers. He said another one of his employees had been missing for eight days, and appeared to have been kidnapped. Mr. Khaitan’s tragedy, he said, was one of many among the hospital’s staff members.

“I feel like his pain is my pain,” Dr. Abboudi said. “This is the life we live here. We must face it.”

Mr. Khaitan held up the cover of an old copy of a local newspaper showing snapshots of his son and the other children killed. They all smiled from within small circles that would fit in a locket.

This, he said, was what the monument represented. He said he didn’t know who the attackers might be, but he had his suspicions. “All I can say is that the police checkpoint was only 150 meters away,” he said.

There was no anger in his voice. He said that he kept despair and vengeance at bay with the help of God. A few months ago, he said, he was saved from death while on his way to a funeral for an in-law. At a fake checkpoint run by insurgents, a man in a police uniform, in a moment of mercy, told him to flee. Minutes later, shots rang out.

Mr. Khaitan said he trusted that it was God’s will to protect his life and take his son’s. In Iraq, he added, after so much war, how could anyone be surprised by death and destruction.

“It is the fate of humankind always to suffer,” he said. “Nothing happens without the order of God.”

A Mother As Suicide Bomber (CSM)

By Jill Carroll, Peter Grier

The Christian Science Monitor, August 17, 2006

Exhausted, Jim Carroll walked the streets of Washington, headed back to his hotel. He'd hardly eaten all day, so he ducked into a bar for dinner. He hadn't been there long when his cellphone rang. It was the FBI. They wanted to know the family's decision.

The previous day, Jan. 17, a video demanding the release of Iraqi women prisoners had aired on Al Jazeera. A 72-hour deadline was given.

This wasn't going to be pleasant. "We're not going your way," Jim told his FBI contact. "We're going to go with the sympathy statement."

What do you say to your daughter's kidnappers? It was a question Carroll felt woefully unqualified to answer. He was a software person, an entrepreneur, not a hostage negotiator. Insurgents had seized Jill Carroll in Baghdad 11 days ago; it was time for her parents to publicly plead for her life. But how? That was something on which experts - all well-meaning - couldn't agree.

The FBI wanted the father - him - to shake his fist, in essence; to go on TV and address the men who held Jill as murderers and thugs.

In Baghdad, Jill's colleagues at The Christian Science Monitor thought that would misfire in the Middle East. They said the words should reflect how much Jill's family loved and missed her. And the message should come from Jill's mother, Mary Beth.

Well, Jim and Mary Beth and Katie, Jill's twin sister, had been over this and over this and over it again. They couldn't thrash any more. Katie insisted that they should trust people Jill trusted; so be it. They'd go with the Monitor's Baghdad correspondents, and the softer appeal from her mother.

On the other end of the phone, Jim's FBI contact sounded very unhappy. He was polite, but clear: The bureau did not think this was a good idea. Not a good idea at all.

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Jim hung up. He felt he was living in a new world, where you got 1 percent of the data you needed to make a decision, but it didn't matter; you had to decide anyway, you couldn't walk away, and you had to do it now, right now - and the price of a misstep might be a vibrant young woman's life.

Jill's life. Despair billowed over him. (J.C.) As we stood in the small kitchen, Abu Ali, the insurgent with the salt-and-pepper beard who had abducted me, proudly declared that his wife wanted to die.

"Um Ali wants to be a martyr. She wants to drive a car bomb!" he said, beaming.

Of course, she'd have to wait, since she was now four months pregnant. It is forbidden in Islam to kill a fetus at that age, he explained.

"Oh, OK, OK, oh wow," I said. I feigned confusion while I tried to think of what to say.

The chaos of dinner preparation swirled around us. The kitchen was typically Iraqi: a cramped space with thin metal countertops that have no cabinets beneath.

Someone had sewed a skirt for the countertop out of gaudy fabric, but one part had torn away. Next to the refrigerator was a giant freezer, covered all over with stickers advertising Maggi-brand soups.

Three children played around our feet - all progeny of the would-be bomber.

I was still unused to captivity, still learning the boundaries, both physical and mental, that my kidnappers had imposed. I didn't want to offend. But I was shocked at the talk of a mother's suicide; shocked that Um Ali would blush at her husband's praise of this plan.

"Oh, I didn't know women could be car bombers," was all I could muster.

Later I was told that this was the only way women could be part of the mujahideen. The men could have the glory of fighting in battle. Women got to blow themselves up.

Meanwhile, the big silver platters of food were ready. Men carried them out to the group of insurgents meeting behind the closed door of the sitting room. Based on their comments, this house seemed to be in western Baghdad or near Abu Ghraib (view interactive map).

I talked with Um Ali and other women in the kitchen. Yes, I traveled back and forth between countries for my job, I said. They replied that it was wrong for them to work, that they left school at age 12 to learn to cook and keep house.

Then the dinner platters returned, with the food ravaged - rice everywhere, bones with the chicken chewed off, nothing left but scraps, really.

And the women sat and began to eat the scraps.

I couldn't believe it! After all the time they'd spent preparing the meal, they got leftovers.

But I sat down with them. And, as I would often do with women over the next three months, I ate from the remains of the communal stew. P.G.) It was a surreal experience. Alone in the Al Jazeera television studio, Jim Carroll stared at the camera, aware that at any moment it would switch on and broadcast his image around the world. He didn't want that image to be him scratching his nose, so he stayed unnaturally still as the minutes ticked away.

A day earlier, Mary Beth had appeared on CNN, making the family's first televised response to the kidnappers' demands. "They've picked the wrong person ... if they're looking for someone who is an enemy of Iraq," she said, adding to her scripted statement.

Now, it was Jim's turn.

Finally, after a quarter of an hour, the light blipped, and, on Jan. 20, Jill Carroll's father made his global TV debut. Live, for the 6:00 a.m. news feed in the Middle East.

"I want to speak directly to the men holding my daughter Jill because they also may be fathers like me...."

When he left the studio after finishing, the woman who had produced the shoot came up to him. Tears were running down her cheeks. "Bingo," thought Jim. His message appeared to have gotten through. Maybe other tears were running down other cheeks right now, in Iraq.

It had been a busy week. Three days ago, the first video of Jill as a hostage had appeared on Al Jazeera; she'd looked tired and stressed.

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On the positive side, the video had been followed by an outpouring of statements calling for Jill's release, from Egypt's Muslim Brotherhood, Iraq's Muslim Scholars Association, and Sunni political leader Adnan al-Dulaimi, among others. In Baghdad, Monitor reporter Dan Murphy had been on the phone working his contacts in the Arab world, tapping into a growing disapproval of insurgents taking innocent civilians.

Mr. Dulaimi perhaps was a particularly important catch. Jill had been seeking to interview him just prior to her abduction. Some Westerners in Baghdad suspected that he, or someone who worked in his office, had been involved in the crime.

Jim was worn out by the struggle over family statements. That had been intense. The FBI's position - that it was best the father talk strongly in a man-to-man manner - was the considered opinion of bureau counterterror experts, who'd tested it before focus groups of Arabs. Iraq was a male-dominated society, after all.

But the Monitor's correspondents in Baghdad, plus the British security firm there, thought that approach was culturally insensitive. Iraqi men revere their mothers, they insisted, so the first appeal should come from Mary Beth. And it should depict Jill, not as a lone adult, but as the missing piece of a family - another point they felt would appeal to Iraqi hearts.

In the end the family opted for the mother-first tactics. A day after Mary Beth's appearance, Jim made his own televised appeal, albeit with words watered down from the FBI's language. He appeared on both Al Jazeera, the most popular Arabic network, and its more reserved competitor, Al Arabiya.

Neither Mary Beth nor Jim were afraid of the camera. But they were afraid of saying the wrong thing.

In her first appearance, Mary Beth took a few questions, and in answering one said that Jill was a good "ambassador" for Iraq, since she'd reported the struggles of Iraqis' daily lives. But later someone told her that the word "ambassador," in Arabic, translates as "government official," not "general emissary." And the last thing the family wanted to imply was that Jill worked for any government.

So the family limited media appearances to scripted statements. They asked friends not to speak to the press. Almost without exception, their friends complied, with some even slamming the door on reporters.

But for all their attention to the subject, there was one important thing about their appearances that Jim and Mary Beth didn't know: Would Jill's captors be watching? (J.C.) Held against my will, I learned more about Iraqi insurgents than I would have dreamed possible. On one level, I got a firsthand look at the way they live. While I was imprisoned alone in rooms for long periods, I was also allowed to mix with insurgent families in some of the houses where I was held. I even played with their youngest children - a small joy that helped me endure.

On another level, I heard a lot about what they think, both about themselves and the US. I wanted them to see me as more valuable alive than dead, so I told them that as a reporter I could write their story if I was freed.

They seized on this idea, perhaps to a degree I hadn't anticipated. After dinner, some of the men drew up plastic chairs in a walkway area in the middle of the house and held an impromptu press conference - minus questions, and with me as the lone member of the press.

They insisted that they weren't terrorists, that they were just defending their country against an occupation. They had nothing against Americans, they said. It was the US government that was their enemy.

"If you come to us as a guest to our country, we will open all of our homes to you and feed you and you are welcome," said one of the men that night. "But if you come to us as an enemy, we will drink your blood and there will not be one of you left standing."

I hoped the little briefing would help establish my persona as a reporter. To placate them, I'd memorized verses in the Koran. But I never seriously considered the idea of converting. As I learned more about this brand of Islam, and the life of women tied by marriage or family to the insurgency, the more convinced I was that I couldn't even pretend to convert. As long as I was seen as a reporter and a Christian woman, I figured they might tolerate my missteps. But if I acquiesced to conversion, even if it was insincere, would a "good Muslim" - like Um Ali - also be required to embrace martyrdom?

At moments like this, I thought they were becoming more comfortable with me. Perhaps they wouldn't kill me.

Um Ali's son, Bakr, was 3 years old, cute, and spoiled rotten. He'd jump in my lap, and we'd play a little game: He'd put his nose against mine, his head against my head, and we would whisper really quietly together, him in Arabic, me in English. In the

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early days of my captivity, we'd do it often, and I'd look in his little eyes, and it really comforted me. It felt so good just to hug somebody.

Still, getting through each hour was an accomplishment. Every day was so long. Um Ali would do something nice, like bring me some tea, and I'd try to react normally. But then I'd remember that they'd killed Alan, my interpreter.

That refrain was constantly in my head: Don't be fooled, Jill. They killed Alan. Don't be fooled.

Bodies Yield Evidence Of Hussein-Era Killings (NYT)

By Kirk Semple

The New York Times, August 17, 2006

BAGHDAD, Iraq, Aug. 11 — Beneath the clinical glare of fluorescent lights in a collection of makeshift laboratories here, the victims of mass murder under Saddam Hussein are slowly brought back to life.

For two years, a team of forensic scientists from around the world has sifted through bones, clothes, identity papers and spent bullet casings exhumed from mass graves to build criminal cases against Mr. Hussein and to reconstruct the victims' final moments.

"I made a decision we're going to give the individual a voice," Michael K. Trimble, the director of the mass graves team, said during a recent tour of the laboratories, on a secret site in western Baghdad.

That voice, he said, is captured in a four-page file, one for each victim, describing the data that the scientists have been able to glean from the skeletal remains and other evidence.

In all, the investigators have excavated nine mass graves — from among the more than 200 scattered around the country containing, by some estimates, tens of thousands of victims — and have completed more than 330 files.

The forensic files will come into play for the first time on Aug. 21, when Mr. Hussein is to stand trial on genocide charges, accused of trying to annihilate the Kurdish people in 1988. He is alleged to have ordered military operations that wiped out entire villages, sometimes with chemical weapons, killing at least 50,000 people.

The team, part of the Regime Crimes Liaison Office organized by the United States Justice Department, has been helping the Iraqi judicial system try Mr. Hussein and members of his government.

It is also preparing files on Mr. Hussein's brutal suppression of the Shiite uprising across southern Iraq at the end of the Persian Gulf war in early 1991. At least 100,000 Shiites, and possibly twice that number, died, according to court officials.

Those would be the second and third trials of Mr. Hussein before an Iraqi special tribunal. The first concerned the deaths of 148 men and boys in the mostly Shiite town of Dujail after an assassination attempt against Mr. Hussein in 1982. It has been adjourned until October, when a verdict is expected. The forensic team did not participate in that case.

The forensic case files are a result of painstaking work that began on barren sweeps of desert where the team was led by informants or by satellite imagery that suggested that the ground had been disturbed.

In a meticulous process of documentation, the investigators used sophisticated imaging technology to map the contents of the graves, including the location of each body, spent cartridge and bullet. The remains were then flown by helicopter to the team's laboratories in a fortified compound in western Baghdad.

On a gray wooden work table in the Forensic Anthropology Laboratory, two yellowing skeletons lay side by side. One was that of a woman between the ages of 35 and 50 with a bullet hole in the back of her skull. Next to her were the tiny bones of an infant no older than a year. A separate bullet had shattered the baby's skull, which investigators reassembled using surgical tape.

These were Case No. 19 (the baby) and No. 20 (the woman), two of the 123 victims whose bodies Mr. Trimble's team pulled from a mass grave in a remote area about 60 miles from the northern town of Hatra.

The grave, known as Nineveh 2, is one of three sites the investigators are using to help build the Kurdish genocide case against Mr. Hussein. The skeletal remains, still clothed, were found lying face up, the woman's left arm around the child, who was wrapped in a blanket decorated with a bunny appliqué.

The woman may have been the child's mother, or perhaps a relative or a neighbor — the investigators cannot say for sure. But what is certain is that they died in an embrace.

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Raad Juhi, the chief investigative judge, said the victims had been told that they were being relocated from their villages near Sulaimaniya to a residential complex elsewhere.

Case No. 20 was dressed in five layers of clothing, suggesting that she had not been allowed to pack a suitcase and had left home in a hurry. She was carrying a handbag with some baby clothes and personal items: a spool of thread, a tube of antibiotic ointment, matches, a metal container, some coins, a barrette and five pairs of gold earrings.

The child was dressed in soft white pants, a red pullover and a white long-sleeved shirt decorated with red trim, a drawing of a red sun hat and the word "summer."

Like thousands of other victims, Mr. Juhi said, the victims were herded aboard buses and driven to a holding camp near Kirkuk called Topzawa. From there they were driven into the remote desert, separated into groups — men in one, women and children in another — and then corralled into trenches.

It all "was very systematic, highly organized," Mr. Trimble said

In some cases, gunmen stood above the mass graves and sprayed their victims with automatic gunfire. The women and children in Nineveh 2, though, were executed in a far more meticulous fashion: one by one, with gunshots to the back of the head, the investigators said. Of the 123 victims, 95 were children, 88 of them no older than 12.

In another tent, Mark Smith, the team's archaeological field director, stood before a computer screen and demonstrated how researchers had reduced the tragedy to digitized data to aid prosecutors in constructing a precise narrative of those final gruesome minutes.

He went through several different graphic renderings of a mass grave associated with the Shiite uprising: one showed the outlines of all the bodies, others the bodies color-coded by age range, the number of gunshots they suffered and whether they were wearing blindfolds or had their hands bound.

Those maps help investigators analyze how the victims were marched in, where the gunmen were standing, the trajectory of the bullets and how the bodies fell. "We're looking for patterns," Mr. Smith said.

Several yards away, in the Cultural Objects Laboratory, Ariana Fernández, a cultural anthropologist from Costa Rica, studied the clothes and artifacts found on the bodies in an effort to draw further clues about their identities and their fates.

Mannequins dressed in recovered clothing populate the laboratory, giving it the look of a wardrobe workshop. On a large plywood board, Ms. Fernández had laid out the clothing that Case No. 19 and Case No. 20 were wearing when they were murdered.

"You take them from the ground, you lift them up and they're individuals again," she said. "It humanizes them."

The researchers have given some of the victims nicknames: Quinn — after the Bob Dylan song "Quinn the Eskimo" — for a boy who was found in a ski jacket with a fluffy hood; Pochahontas for a girl wearing a shirt with a beaded design; and Gray Guy, Brown Guy and the Blue Man.

"It's not a deliberate thing," explained Kerrie Grant, an archaeologist on the mass graves team. "We get attached to them. It gives them some of their humanity back."

There was also "The Little Girl With the Ball." She was found in Nineveh 2 with a red-and-white ball in her hands. "You spend enough time with these individuals, you really want to see them go home," Mr. Trimble said.

But it is a cold reality of the job that the team's mandate — and budget — do not encompass the return of the victims' remains to their home villages.

That work, they hope, will be taken up by other organizations if the violence eases. But so far no group has come forward, and until then, the hundreds exhumed by the mass graves team will have to speak for the tens of thousands of others who remain buried.

A War With Flags But No Faces (USAT)

USA Today, August 17, 2006

Dan Frazier seems an unlikely sort to spark a national firestorm. The soft-spoken former journalist runs a left-leaning website in Flagstaff, Ariz., offering political T-shirts and other items with such slogans as "Be Nice to America or We'll Bring Democracy to Your Country." It was one T-shirt, however, that made Frazier the Thomas Paine of the ready-to-wear rebel set.

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Last year, Frazier produced a T-shirt that read "Bush Lied ... They Died." He then listed the names of the fallen in Iraq: at the time 1,700 names (more than 800 short of the latest total).

One of those names belonged to Marine Cpl. Scott Vincent, who was killed in April 2004 by a suicide bomber. When his mother, Judy Vincent, saw her son's name on the T-shirt, she was outraged and demanded legislative action in her state of Oklahoma. Various state legislators promptly made it a crime to use a soldier's name or likeness for commercial gain without consent. Louisiana followed suit, and other states are considering such bills. Now, U.S. Rep. Dan Boren, D-Okla., has introduced a federal bill that would prohibit the use of the name or image of any current or former member of the military without permission.

The federal and state legislation raises serious constitutional questions.

In direct conflict with the First Amendment, the federal law would effectively prevent war critics from personalizing the true costs of the war. It is far more powerful for Frazier to say "Bush Lied ... They Died" than the more common "Bush Lied ... People Died." It is precisely the type of personalization that war advocates have tried to prevent.

Draping the reality

When Ted Koppel announced that he would read the names and show the pictures of the (then 700) dead on Nightline in 2004, conservatives denounced him for undermining public support for the war, and Sinclair Broadcast Group refused to air the program. When the news media tried to photograph the returning caskets from Iraq, the administration barred them and later barred photographers from funerals without consent.

Politicians know that a war — particularly an unpopular war — is far easier to maintain in the abstract. It is often the personal images of war that change minds. One such mind was Rep. Walter Jones, R-N.C., who had voted for the war in 2002. Jones recently told me how he began to question the war after he attended the funeral of Marine Sgt. Michael Bitz, a 31-year-old amphibian assault vehicle driver killed in Iraq in March 2003 while trying to evacuate the wounded.

Even years later, Jones fought back tears as he described sitting at the funeral with Bitz's wife, Janina, and their four sons (ages 7 and 2 as well as twin baby boys whom Bitz never met). As Jones gradually concluded that he had been misled on the evidence of weapons of mass destruction, the Bitz funeral continued to gnaw at him, and he began to question the real costs and purpose of this war — eventually going public with his opposition in June 2005.

When people such as Koppel or Jones or Frazier publish the names or likenesses of the fallen, they are trying to reveal the raw realities of this war as well as their sense of national grief over the loss of our best and our bravest citizens. After all, covering or overseeing or opposing this war is no abstract exercise. Too often, our national discourse becomes deadened to the real costs. It is too antiseptic, too clinical to have real meaning or relevance. Just as it is hard to imagine more than $300 billion spent on the war, it is hard to fully appreciate the meaning of nearly 2,600 dead and more than 19,000 wounded troops.

Frazier has learned something about the costs of personalizing war. He has received threatening calls and could be prosecuted. Yet, his message has resonated with many. Frazier told me that he has run out of the T-shirts but that he still sells magnetic vehicle signs with the design. Recently, a woman who lost a loved one in Iraq bought two dozen signs.

War as a weapon

When Congress starts to regulate the images that can be used to oppose the war, you know things are not going well on the home front. It wants to deny opponents of any face or name that would remind citizens of the true costs. Of course, members who support the war will continue to use men and women in Iraq as justifications for their re-election. Likewise, when President Bush turned an aircraft carrier and its personnel into a giant photo op to declare "Mission Accomplished" in 2003, there was not a whimper of opposition from these self-righteous members.

Whether it is caskets, funerals or even T-shirts, the politicians would prefer to keep the fallen out of sight and out of mind. If he doesn't want to go to jail, Dan Frazier will just have to speak for the fallen without mentioning any names; a war with all flags but no faces. Ironically, the administration might have succeeded on a practical, if not a political, level. There are now so many names, Frazier is not sure he can fit them on a T-shirt.

Jonathan Turley is a law professor at George Washington University and a member of USA TODAY's board of contributors.

DOJ:

Prosecutor Tapped For D.C. Stint (RMA)

By Stephanie Barry, Sbarry@repub.com

The Republican (MA), August 17, 2006

SPRINGFIELD - A federal prosecutor who has won more than a dozen convictions in city corruption cases has accepted a high-level post with the U.S. Department of Justice's public integrity office, which combats fraud on the national stage.

While refusing to discuss details of the move, Assistant U.S. Attorney William M. Welch II yesterday confirmed he has accepted a temporary assignment as acting deputy chief in the division probing former Republican lobbyist Jack Abramoff's dealings with elected officials. Abramoff pleaded guilty to federal corruption charges in January, agreeing to testify against lawmakers and others who allegedly accepted graft.

"My court docket permitting, I am going down there for a six-month detail and nothing more," Welch said yesterday during a brief phone interview, squelching speculation about his long-term future. "Any other rumor or conjecture is not appropriate."

Welch is shuttling between here and the nation's capital, for now.

A spokesman for the Justice Department did not return calls. There was some shuffling of leadership in the public integrity office after division chief Noel L. Hillman took a federal judgeship in New Jersey earlier this year.

Welch, 43, will work under Hillman's successor, Edward Nucci, and a principal deputy chief. He will work alongside two other deputy chiefs supervising white collar prosecutions.

A Northampton native and Princeton graduate, Welch gained notice here in 2001 with first- and second-degree murder convictions against serial killer Kristen H. Gilbert. The nurse at the Veterans Affairs Medical Center in Northampton killed a string of patients with lethal doses of epinephrine.

He later turned his attention to influence peddling and corruption at Springfield City Hall and other public agencies.

Working with federal agents, Welch has led an ongoing probe yielding convictions of ex-city employees involved in numerous scams, including plundering a small business loan fund and a no-show job scheme at a city trade school. The latter case ensnared the former Police Commission chairman.

He is involved in plea negotiations in a case against former Springfield Housing Authority executives, family members and associates accused of stealing millions from that agency. Five guilty pleas have been scheduled. There are 13 defendants.

"I'm sad to see him go. He was good for business," criminal defense lawyer Vincent A. Bongiorni said during an interview. "I told him that and got a wry little smile. He has a pretty good sense of humor; it's just hard to get him to show it to you."

A colleague at the U.S. attorney's office yesterday heaped on praise.

"Bill is the best assistant U.S. attorney I've ever worked with. He combines the qualities of great intelligence, hard work and tenacity," fellow prosecutor Kevin O'Regan said. Welch joined the Springfield office in 1995.

One law enforcement official said the Washington appointment is a testament to his skill.

"To be solicited for that really esteemed position ... it's a tribute to him and a tribute to his office which has supported him and the agents working along with him," Springfield FBI supervisor Michael G. O'Reilly said yesterday.

O'Reilly said he believes Welch will remain an asset in Washington, adding that the local probe will not stall. "I plan to sustain the momentum of the investigation whether Bill Welch is prosecuting or not," he said.

Stephen Breslow, a federal prosecutor from New York, recently joined Springfield's U.S. attorney's office. He will be the lead lawyer in the September trial of a housing authority contractor, according to acting Chief Karen Goodwin.

CORPORATE SCANDALS:

Ex-Engineered Support Board Member Resists Investigation (SLPD)

By Tim McLaughlin And Robert Patrick

St. Louis Post-Dispatch, August 17, 2006

A former director at Engineered Support Systems is resisting attempts by federal investigators to secure information about the defense contractor's stock option program, the Post-Dispatch has learned.

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The U.S. attorney's office in St. Louis and the Securities and Exchange Commission are investigating whether the timing of stock option grants at Engineered Support was manipulated to boost the pay of top executives. Earl W. Wims, a former Engineered Support director and compensation committee member, recently received a grand jury subpoena regarding the government's investigation into the backdating of options.

Backdating occurs when hindsight is used to determine grant dates, essentially cherry-picking dates to pinpoint depressed stock prices. Backdating can be legal, if properly disclosed.

A compensation committee, consisting of outside board members, administered the stock option program at

Engineered Support. Recent members of the committee have told the Post-Dispatch that backdating did not occur.

Several dozen U.S. corporations are being investigated for backdating. Last week, the Justice Department brought criminal charges against three former executives at Comverse Technology Inc., including the company's former chief executive, who is considered an FBI fugitive.

At Engineered Support, the federal investigation centers on stock options awarded in the years before the company was sold in January to New Jersey-based DRS Technologies Inc. for about $2 billion.

Wims argues in his court filing that the government has better sources than him for internal documents and information since he has been off the board since the acquisition. He joined the board in 1992.

Richard Greenberg, a lawyer for Wims, recently filed a motion in U.S. District Court in St. Louis to quash the subpoena, the Post-Dispatch learned after reviewing the filing. Greenberg declined to comment, saying it was a confidential matter.

A Post-Dispatch analysis showed that executives several times received options after sharp declines in Engineered Support stock. In the days and weeks afterward, Engineered Support's stock often soared, enhancing executive payouts, SEC records showed.

Experts interviewed by the Post-Dispatch said the timing -- getting in when the stock price was depressed -- was likely more than just luck.

Engineered Support executives gained tens of millions of dollars when they cashed in their options amid explosive stock and revenue growth.

Wims, 67, of St. Albans, has close ties to Michael F. Shanahan Sr., who co-founded the defense contractor and served as its chairman. Wims' daughter, Paula, is married to Shanahan Sr.'s son, Michael F. Shanahan Jr., who also was an Engineered Support director and member of the compensation committee at the same time as his father-in-law, SEC filings show.

Shanahan Sr. was the biggest beneficiary of the stock option program. From 2000 to 2004, Shanahan Sr. realized $59.3 million from stock option exercises, SEC filings show.

In May, DRS learned that the SEC's enforcement division and the U.S. attorney's office had each expanded its investigations of Engineered Support to include possible backdating of option grants. The SEC and U.S. attorney already were investigating whether the defense contractor adequately disclosed problems with a military contract to investors.

SEC Probes Berkshire Deals With St. Paul, Prudential (Update3) (BLOOM)

By George Stein

Bloomberg, August 17, 2006

Aug. 16 (Bloomberg) -- U.S. securities regulators probing Berkshire Hathaway Inc.'s reinsurance units are examining transactions with a predecessor of St. Paul Travelers Cos. and former subsidiaries of Prudential Financial Inc., a filing shows.

Berkshire's General Re Corp., the largest U.S. reinsurer, briefed the Securities and Exchange Commission about the deals on June 13, the Stamford, Connecticut-based company said in a second-quarter filing with state insurance regulators. Two former General Re executives invoked their Fifth Amendment right not to testify about the Prudential agreement, according to the filing.

Prudential, the second-largest U.S. life insurer, and St. Paul, the No. 2 commercial insurer, are among more than a dozen companies to become entangled in probes of a type of reinsurance regulators say can be used to manipulate earnings. At General Re, five former managers, including the company's previous chief executive officer, have been criminally charged over transactions with American International Group Inc.

DOJ_NMG_0049298

``As evidence comes in, more questions arise and the scope of the inquiry becomes broader," said Christopher Bebel, a former federal prosecutor in Houston not involved in the investigations.

Prudential, based in Newark, New Jersey, previously said the SEC was examining contracts that its property and casualty units entered into between 1997 and 2002 with an unidentified counterparty. The units were sold to Palisades Safety & Insurance Association and Liberty Mutual Group in 2003. Spokesman Bob DeFillippo declined to comment further.

Shane Boyd, a spokesman for St. Paul Travelers, declined to comment, as did SEC spokesman John Nester. General Re identified transactions with St. Paul Cos., which merged with Travelers Property Casualty Corp. in 2004.

Criminal Investigation

The SEC attempted to question Christopher Garand, who had been a senior vice president in charge of finite reinsurance at General Re, and Robert McGowan, a former account executive at the company, General Re said in the state filing.

Richard Spinogatti, Garand's attorney, declined to comment beyond confirming that his client refused to testify about the Prudential transaction on advice of counsel. McGowan couldn't be reached for comment, and Stanley Twardy, an attorney for General Re, didn't return a phone call.

Garand is the Justice Department's latest target in a probe of 2000 and 2001 transactions with AIG, the world's largest insurer, according to an Aug. 4 SEC filing from Omaha, Nebraska- based Berkshire. Regulators say the deals, which were later corrected by AIG, inflated AIG's reported reserves for claims by $500 million.

$74 Million

Probes of General Re have touched managers as senior as Berkshire's billionaire chairman, Warren Buffett, who was interviewed about the AIG transactions last year.

Two former General Re executives pleaded guilty to criminal charges in 2005 and another three -- former CEO Ronald Ferguson, former Chief Financial Officer Elizabeth Monrad, and Robert Graham, who had been assistant general counsel, were indicted this year. Christian Milton, former head of reinsurance at AIG, also awaits trial.

Insurers buy reinsurance to limit their losses. The accounting treatment on non-traditional policies such as finite helps buyers smooth their earnings and boost policyholders' surplus. Regulators say the treatment encourages companies to misclassify low-cost loans as reinsurance even when there isn't enough risk transferred.

Prudential's 2005 annual report, filed to the SEC in February, said any potential restatement may reduce income by about $74 million in 2001 and 2002 and wouldn't affect periods since. The company said it intends to cooperate with any further requests.

St. Paul Settlement

St. Paul Travelers resolved state allegations earlier this month that St. Paul Cos. used non-traditional reinsurance to enhance its own earnings and those of its clients. The $77 million settlement with attorneys general in New York, Connecticut and Illinois, which also ended probes of bid-rigging, didn't mention Berkshire or General Re. The company didn't admit to any violation of federal or state law.

General Re said the SEC is also investigating municipal bond covered calls involving General Re Financial Products and affiliates of New York-based AIG. AIG corrected the accounting on unidentified transactions involving covered calls as part of its $3.4 billion restatement of 2000 to 2005 earnings. AIG spokesman Chris Winans declined to comment.

The General Re-AIG transactions contributed to last year's ouster of Maurice ``Hank" Greenberg, who had been AIG's CEO since 1967. AIG in February agreed to pay $1.64 billion to settle probes of the General Re deals and other transactions. The company didn't admit or deny wrongdoing in the settlement. Greenberg, 81, is fighting related allegations from New York Attorney General Eliot Spitzer.

Lawyers Try To Expunge Lay Verdict (WP)

By Carrie Johnson

The Washington Post, August 17, 2006

Lawyers for Enron Corp. founder Kenneth L. Lay yesterday asked a judge to erase his conviction on fraud and conspiracy charges, citing his death last month before he could appeal a jury verdict.

DOJ_NMG_0049299

The request signals that Lay's record soon could be wiped clean, seriously complicating the government's attempts to seize his remaining assets. Legal experts explain that the system hesitates to label people guilty if they have not had a chance to appeal and that it is loath to punish dead people or their estates.

A federal jury convicted Lay of six criminal counts in May, at the same time that a judge found him guilty of four more charges stemming from personal bank loans. Lay, 64, faced the prospect of spending the rest of his life in prison. But he died before he could be sentenced or mount an appeal.

"The court should enter an order vacating his conviction and dismissing the indictment," defense lawyers Michael W. Ramsey and Samuel J. Buffone wrote in papers filed in Houston.

Despite a flurry of rumors suggesting that Lay met with foul play or took his own life, a coroner's report and an autopsy concluded that he died July 5 from heart disease. Legal doctrines in place in the U.S. Court of Appeals for the 5th Circuit and in other parts of the country allow courts to vacate the convictions of defendants who have died before their cases could wend their way through the justice system.

Lay left the bulk of his assets -- including a multimillion-dollar insurance policy, an investment fund containing more than $6 million and a penthouse apartment in Houston -- to his wife, according to his will.

Kirby D. Behre, a partner at Paul, Hastings, Janofsky & Walker LLP who closely followed the Enron case, said it is "all but guaranteed" that Lay's heirs will be able to strike his conviction. But, Behre said, civil cases filed by the company's shareholders and the Securities and Exchange Commission may yet succeed in recovering some money from Lay's estate for investors.

Defense lawyers said Kathryn H. Ruemmler, deputy director of the Justice Department's Enron Task Force, indicated that prosecutors will oppose their request, which requires the approval of U.S. District Judge Simeon T. Lake III.

"The Department of Justice remains committed to pursuing all available legal remedies to reclaim for victims the proceeds of crimes committed by Ken Lay," agency spokeswoman Jaclyn Lesch said.

Prosecutors filed court papers last week affirming that they want to hold Jeffrey K. Skilling responsible for covering more than $43 million in financial penalties for Lay, because government lawyers claim that both men engaged in the same conspiracy. In May, the federal jury in Houston that convicted Lay also convicted Skilling, 53, of 19 criminal charges, including conspiracy, false statements and a single count of insider trading.

Skilling's defense lawyer vigorously opposes the effort to wrest a total of $182.8 million from his client, arguing that government estimates of his take from the alleged accounting fraud are overblown. Daniel M. Petrocelli also has said that his law firm, O'Melveny & Myers LLP, is owed $12 million in unpaid, out-of-pocket costs from the four-month-long trial and millions more in fees.

Skilling, who left the Houston energy trading company months before it filed for bankruptcy protection in December 2001, is to be sentenced Oct. 23. He has vowed to appeal.

Prosecutors Oppose Clearing Lay's Record (AP)

By Kristen Hays, AP BUSINESS WRITER

AP, August 17, 2006

HOUSTON -- Federal prosecutors will oppose a request by lawyers for Kenneth Lay to legally clear the late convicted Enron Corp. founder's name.

Lawyers for Lay's estate filed court papers Wednesday formally asking a judge to erase Lay's convictions and dismiss the indictment against him because he died before he had appealed. Lay was convicted of 10 counts of fraud, conspiracy and lying to banks in two separate cases on May 25, and died of heart disease July 5.

However, a one-sentence addition to the filing revealed that prosecutors aren't willing to rubber-stamp the request.

The filing noted that Lay's attorney Michael Ramsey had "conferred with (prosecutor) Kathy Ruemmler who indicated the government will oppose this motion."

If U.S. District Judge Sim Lake clears Lay's record, that would thwart the government's bid to seek $43.5 million in ill-gotten gains prosecutors allege he pocketed by participating in Enron's fraud. The government could still pursue those gains in civil court, but they would have to compete with other litigants, if any, also pursuing Lay's estate.

"The Department of Justice remains committed to pursuing all available legal remedies and to reclaim for victims the proceeds of crimes committed by Ken Lay," said Justice Department spokesman Bryan Sierra.

Sierra said prosecutors would respond further in court filings.

Philip Hilder, a former federal prosecutor who represents several Enron witnesses, said that likely means prosecutors will look for a way to allow Lay's convictions to stand despite his death before appeal and sentencing.

"I think it's quite clear what the government's signaling, that they're not quite throwing in the towel and they're looking to be creative in trying to hold on to that verdict," Hilder said.

Lay's lawyers said in Wednesday's filing that Lay's death "necessitates" erasing his convictions. They cited a 2004 ruling from the 5th U.S. Circuit Court of Appeals that found that a defendant's death pending appeal extinguished his entire case because he hadn't had a full opportunity to challenge the conviction and the government shouldn't be able to punish a dead defendant or his estate.

"Mr. Lay died prior to his ability to complete an appeal. He had planned an appeal and retained counsel to pursue it on his behalf," the filing said.

A federal jury in Houston convicted Lay in May of six counts of fraud and conspiracy in the government's foremost criminal case to emerge from one of the biggest corporate frauds in U.S. history. Lay's co-defendant, former Enron CEO Jeffrey Skilling, was convicted of 19 of 28 counts of fraud, conspiracy, insider trading and lying to auditors. He faces sentencing in October.

Prosecutors sought to show Lay and Skilling repeatedly lied about Enron's financial health when they knew an illusion of success was propped up by accounting maneuvers that hid debt and inflated profits. The defendants countered that no fraud occurred at Enron and they did nothing wrong.

Enron crumbled into bankruptcy proceedings in December 2001, obliterating thousands of jobs and $60 billion in market value.

Lake also convicted Lay of one count of bank fraud and three counts of lying to banks in a separate, non-jury trial related to the company founder's personal banking.

Lay died six weeks later while vacationing with his wife, Linda, in Aspen, Colo.

She Stood By Her Man - Until Now (USAT)

By Greg Farrell And Kevin Mccoy

USA Today, August 17, 2006

Karen Mayo Kozlowski, the wife of former Tyco CEO Dennis Kozlowski and the woman whose $2 million birthday party in Sardinia came to represent an era of executive excess, wants a divorce.

Her husband is serving a sentence of 8? to 25 years in prison after being convicted last year of stealing hundreds of millions of dollars from Tyco.

In a court filing in Palm Beach, Fla., Karen Kozlowski declares the marriage “irretrievably broken,” seeks half of her husband's assets and attempts to put a lien on their mansion and estate in Boca Raton, Fla., purchased with a $30 million interest-free loan from Tyco.

Karen Kozlowski's attempt to get half of her husband's property, as well as a promise of future financial support, could run into trouble. During sentencing in New York last September, State Supreme Court Justice Michael Obus ordered Dennis Kozlowski to pay $167 million in restitution and fines. Since then, Kozlowski has sold an expensive New York apartment and put the proceeds in escrow, according to the Manhattan District Attorney's office.

Steven Kessler, an expert in forfeiture law, thinks Karen Kozlowski has a good chance to keep some of the assets she shared with her husband. The reason: He was convicted in New York, and the divorce filing is in Florida. If he had been convicted in federal court, federal rules of forfeiture and asset distribution would apply, but because his prosecution occurred at the state level, “There are some competing interests,” says Kessler.

Karen Kozlowski has certain rights to property held jointly with her husband, he says. “There's no allegation that she was in any way involved in criminal activity,” he says. “Under New York law, as a non-criminal defendant, she's got substantial rights. One … is that you can't get a money judgment against anyone but the criminal defendant.”

John Moscow, the former New York assistant district attorney who initially prosecuted Dennis Kozlowski, stressed that the ex-CEO used funds looted from Tyco for many purchases, including the Boca Raton estate cited in the divorce filing.

Karen Mayo met her husband in the 1990s when she was a waitress at Ron's Beach House, a high-end restaurant frequented by Tyco executives near the company's offices in Exeter, N.H. After she and Kozlowski began dating (they were both in the process of ending their previous marriages), he helped her buy a beachfront condominium and put up the funds for her to open a restaurant in Florida.

In May 2001, after they divorced their spouses, the couple were married on the island of Antigua. A month later, for her 40th birthday, Dennis Kozlowski hosted an opulent, $2 million bash on Sardinia. The bacchanalia featured performers dressed as Roman servants and a vodka bar featuring an ice sculpture of Michelangelo's David with vodka flowing out of the sculpture's male member.

Because several Tyco executives attended, Dennis Kozlowski charged half of the bill for the affair to the company.

The couple also lived sumptuously in Manhattan. Using Tyco funds, Dennis Kozlowski bought an apartment on Fifth Avenue for $17 million and spent $3 million to upgrade it. He paid a decorator $11 million to furnish the place. The lavish decorations included a $6,000 shower curtain in the maid's room, a $15,000 umbrella stand and a $17,000 traveling toilette box.

Manhattan District Attorney Robert Morgenthau indicted Dennis Kozlowski and Mark Swartz, Tyco's former chief financial officer, accusing them of stealing $600 million from the company. The first trial, which began in 2003, ended in a mistrial. But in the retrial last year, both men were convicted.

During the trials, Karen Kozlowski stood by her man, attending court almost every day. Fearful of taking elevators in the lower Manhattan courthouse where the trials were held, the athletic blonde routinely climbed the steps to the 13th floor courtroom of Judge Obus.

At her husband's sentencing last September, Karen Kozlowski doubled over in her seat several times, fighting back emotion. Brushing away tears, she and other relatives and friends left the sentencing hearing without comment after the disgraced former CEO was led away in handcuffs to prison. Dennis Kozlowski, whose lawyers are planning to appeal the conviction, is currently an inmate at the Mid-State Correctional Facility, a medium-security prison in Marcy, N.Y.

CRIMINAL LAW:

Suspect In JonBenet Ramsey Case Calls Her Death 'An Accident' (AP)

By Sutin Wannabovorn

AP, August 17, 2006

BANGKOK, Thailand - The American suspect in the JonBenet Ramsey murder case said publicly Thursday he was with the 6-year-old when she died and called her death "an accident," a stunning admission that will help answer 10 years of questions in the unsolved murder case.

"I was with JonBenet when she died," John Mark Karr told reporters in Bangkok, visibly nervous and stuttering as he spoke. "Her death was an accident."

Police said Karr, 41, admitted to the killing after he was arrested Wednesday at his downtown Bangkok apartment by Thai and American authorities.

Karr will be taken to Colorado within the next week where he will face charges of murder, kidnapping and child sexual assault, Ann Hurst, Department of Homeland Security attache at the American Embassy in Bangkok, said at a news conference in Bangkok.

Karr, speaking to reporters after the news conference, declined to say what his connection was to the Ramsey family or how long he had known JonBenet. Wearing a blue, short-sleeved shirt, he appeared ashen with an expressionless look on his face.

JonBenet was found beaten and strangled in the basement of the family's home in Boulder on Dec. 26, 1996.

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The image of blonde-haired little JonBenet in a cowgirl costume and other beauty pageant outfits has haunted TV talk shows ever since, helping feed myriad theories about her killer, and the case became one of the most sensational unsolved murder cases in the nation.

Lt. Gen. Suwat Tumrongsiskul said U.S. authorities informed Thai police on Aug. 11 that an arrest warrant had been issued for Karr on charges of premeditated murder. The warrant was sent to Thai police on Wednesday.

At the press conference, Suwat said Karr insisted after his arrest that his crime was not first-degree murder. "He said it was second-degree murder. He said it was unintentional. He said he was in love with the child. She was a pageant queen," Suwat said.

The Thai officer quoted the suspect as saying he tried to kidnap JonBenet for a $118,000 ransom but that his plan went awry and he strangled her to death. Patsy Ramsey, JonBenet's mother, reported finding a ransom note in the house demanding $118,000 for her daughter.

Hurst said Karr has been "very cooperative" with authorities and that he's shown a "variety of emotions." She said he has been a suspect "for a while" but wouldn't specify how long.

Suwat said Karr arrived in Bangkok on June 6 from Malaysia to look for a teaching job. It was not clear whether he had gotten a job, the police officer said.

Suspect Held In JonBenét's Death (USAT)

By Tom Kenworthy

USA Today, August 17, 2006

DENVER — A former schoolteacher was arrested Wednesday in Thailand in the slaying of 6-year-old beauty queen JonBenét Ramsey, a sensational murder case that frustrated police for nearly a decade.

The suspect was identified as John Mark Karr, 42, by Lin Wood, the Ramsey family attorney, as well as a law enforcement official familiar with the case who asked not to be identified because he is not authorized to discuss the case.

Wood said Karr is a schoolteacher who once lived in Conyers, Ga., outside Atlanta. The Ramseys lived in the Atlanta suburb of Dunwoody for several years before moving to Colorado in 1991.

Wood declined to discuss whether Karr and the Ramseys had a previous relationship.

The official said Karr was a teacher at an international school in Thailand. Another law enforcement official familiar with the case who asked for anonymity said Karr's arrest warrant was issued by the Boulder County district attorney's office and charges him with murder.

Karr's brother, Nate, told Fox News' On the Record with Greta Van Susteren that he does not believe his brother killed JonBenét. He said his brother was researching a never-completed book “about men who commit these horrible crimes against children,” including JonBenét.

JonBenét was found beaten and strangled in the basement of the family's home in Boulder, Colo., on Dec. 26, 1996. Her mother, Patsy Ramsey, reported finding a ransom note demanding $118,000 for her daughter. Ramsey and her husband, John, struggled for years under what a former Boulder police chief said was “an umbrella of suspicion” in the case. Patsy Ramsey died in June of ovarian cancer.

On Wednesday, John Ramsey expressed gratitude for the arrest. “Patsy was aware that authorities were close to making an arrest in this case, and had she lived to see this day, would no doubt have been as pleased as I am with today's development almost 10 years after our daughter's murder,” he said in a statement released by Wood.

The Ramseys had always insisted that JonBenét was killed by an intruder who broke into their expensive home on Christmas night.

Boulder County District Attorney Mary Lacy officially announced the arrest of an unnamed suspect in a statement Wednesday. She said no details would be discussed until today.

U.S. Immigration and Customs Enforcement officers assisted Boulder County authorities and the Royal Thai Police in locating the suspect, the federal agency said.

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Wood credited Lacy with doggedly pursuing the case after others had concluded it might never be solved. “The public mind was so poisoned against this family” that few took “an objective look at the evidence,” Wood told MSNBC.

The case thwarted the efforts of police, private investigators, and amateur sleuths for nearly 10 years. JonBenét's killing became a public obsession that spawned a flood of books, documentaries and lawsuits.

Pictures and videos of the pretty blonde posing coquettishly in her beauty contest costumes were widely printed in newspapers and broadcast on television.

An autopsy report the month after she was killed revealed she had suffered severe head injuries and may have been sexually assaulted.

For years, suspicion focused on her parents, a wealthy businessman and his homemaker wife. The parents had initially refused to submit to police interviews, and in 1997, Boulder Police Chief Mark Beckner said the family was under an “umbrella of suspicion.”

In September 1998, a Boulder County grand jury began a new probe into the case after many months of inconclusive investigation by Boulder police. Thirteen months later, Boulder County District Attorney Alex Hunter announced that no indictments would be issued. Hunter said there was insufficient evidence to indict anyone.

Breakthrough After 10 Years: Man Is Arrested In JonBenet Ramsey Slaying (FINDLAW/AP)

By Catherine Tsai, Associated Press Writer

AP, August 17, 2006

(AP) - BOULDER, Colorado-A former schoolteacher was arrested in Thailand in the slaying of 6-year-old beauty queen JonBenet Ramsey - a surprise breakthrough in a lurid, decade-old murder mystery that had cast a cloud of suspicion over her parents.

Ramsey family attorney Lin Wood identified the suspect as John Mark Karr, 41. Federal officials, speaking on condition of anonymity Wednesday, confirmed the name, and one law enforcement official told The Associated Press that Boulder police had tracked him down online.

Wood said the arrest vindicated JonBenet's parents, John and Patsy Ramsey. Patsy Ramsey died of ovarian cancer June 24.

"John and Patsy lived their lives knowing they were innocent, trying to raise a son despite the furor around them," Lin Wood said. "The story of this family is a story of courage, and story of an American injustice and tragedy that ultimately people will have to look back on and hopefully learn from."

The attorney said the Ramseys learned about the suspect at least a month before Patsy Ramsey's death. "It's been a very long 10 years, and I'm just sorry Patsy isn't here for me to hug her neck," Wood said.

Karr was a teacher who once lived in Conyers, Georgia, according to Wood. The attorney said the Ramseys gave police information about Karr before he was identified as a suspect.

Wood would not say how the Ramseys knew Karr. But JonBenet was born in Atlanta in 1990, and the Ramseys lived in the Atlanta suburb of Dunwoody for several years before moving to Colorado in 1991.

A source close to the investigation said Karr confessed to elements of the crime. Also, a law enforcement source, speaking on condition of anonymity, told the AP that Karr had been communicating periodically with somebody in Boulder who had been following the case and cooperating with law enforcement officials.

District Attorney Mary Lacy said the arrest followed several months of work, but she said no details would be released until Thursday.

U.S. authorities said Karr was being held in Bangkok on unrelated sex charges, but Thai police Lt. Gen. Suwat Tumrongsiskul said he was unaware of any criminal charges the suspect faced in Thailand.

Karr was arrested in his apartment in downtown Bangkok at the request of U.S. officials, and was being held until they arrived in the country, Thai police said. Suwat said he expected U.S. officials to bring Karr back to America in the next few days.

JonBenet was found beaten and strangled in the basement of the family's home in Boulder on Dec. 26, 1996. Patsy Ramsey reported finding a ransom note in the house demanding $118,000 (â‚¬92,200) for her daughter.

The image of blonde-haired little JonBenet in a cowgirl costume and other beauty pageant outfits has haunted U.S. TV talk shows ever since, helping feed myriad theories about her killer, and the case became one of the most sensational unsolved murder cases in America.

Over the years, some experts suggested that investigators had botched the case so thoroughly that it might never be solved.

Investigators at one point said JonBenet's parents were under an "umbrella of suspicion" in the slaying. And some news accounts cast suspicion on JonBenet's older brother. But the Ramseys insisted an intruder killed their daughter, and no one was ever charged.

In the months after the slaying, Patsy Ramsey went before the cameras, vigorously defending herself and her husband, chastising the media and blasting local law enforcement as incompetent.

In a statement Wednesday, John Ramsey said: "Patsy was aware that authorities were close to making an arrest in the case, and had she lived to see this day, would no doubt have been as pleased as I am with today's development almost 10 years after our daughter's murder."

The Ramseys moved back to Atlanta after their daughter's slaying.

Wood lashed out at the frenzy that long surrounded the case, and he accused the media of "the most obscene false accusations." "I think the public's mind was so poisoned against this family that no one was able for too many years to look at the evidence," he said.

Patsy Ramsey's sister, Pam Paugh, of Roswell, Georgia, said the family was celebrating the news of the arrest. "We are elated. We are elated. If this is, in fact, the killer, then we have a very heinous killer off the streets to never harm another child," Paugh said.

Lib Waters of Marietta, Georgia, visited the gravesites of Patsy and JonBenet Ramsey in the Atlanta suburb immediately after hearing news reports about the arrest.

Waters, who described herself as a longtime friend of the Ramsey family, taped a piece of notebook paper to JonBenet Ramsey's headstone that read: "Dearest Patsy, Justice has come for you and Jon. Rest in peace."

In 2003, a federal judge in Atlanta concluded that the evidence she reviewed suggested an intruder killed JonBenet. That opinion came with the judge's decision to dismiss a libel and slander lawsuit against the Ramseys by a freelance journalist, whom the Ramseys had named as a suspect in their daughter's murder. The Boulder district attorney at the time said she agreed with the judge's declaration.

"Today is additional vindication of the family," Wood said.

Wood said he and the Ramseys "have been totally amazed and impressed with the professionalism of law enforcement" under Lacy's direction. Lacy became district attorney in 2001.

Lawrence Schiller, author of the 1999 book "Perfect Murder, Perfect Town" about the case, said Wednesday he understood the man had been on a list of sexual offenders who were suspects for a long time.

"There are a lot of facts about her actual death that the public does not know." Schiller said. "If he did confess to some facts of the murder, to reveal those facts of the case, that would finish the puzzle."

Among the facts he said were not generally known was the murder weapon and what the killer did with it.

DNA was found beneath JonBenet's fingernails and inside her underwear, but Wood said two years ago that detectives were unable to match it to anyone in an FBI database. It was not immediately known Wednesday whether investigators had any DNA evidence against Karr.

Bob Grant, a former Adams County district attorney who worked on the case, said there was never enough evidence to convince him that any potential suspect could be successfully prosecuted.

"I wasn't convinced it was an inside job, nor was I convinced it was an outside job," he said. "All the outside suspects were cleared after exhaustive investigation, and there were a whole lot of outside suspects."

Associated Press Writers Suzanne Gamboa and Lara Jakes Jordan in Washington; Jon Sarche, Judith Kohler, Robert Weller and Chase Squires in Denver; Harry R. Weber in Atlanta; and Doug Gross in Marietta, Georgia, contributed to this report.

DOJ_NMG_0049305

Arrest Made In JonBenet Slaying (WT)

By Valerie Richardson

The Washington Times, August 17, 2006

BOULDER, Colo. -- Investigators arrested a suspect in Thailand yesterday in the JonBenet Ramsey slaying nearly a decade after the 6-year-old girl was found strangled in her home and well after many had given up hope that the case would ever be solved.

The suspect was identified by Ramsey family attorney Lin Wood as John Mark Karr, a 41-year-old former elementary-school teacher.

U.S. authorities said he confessed to the crime after he was arrested in Bangkok on an unrelated sexual-assault charge, adding that he knew certain details about the crime that had not been released publicly.

A Boulder County investigator was expected to fly Mr. Karr to Colorado in the next day or so. He was assisted in the arrest by agents with Immigration and Customs Enforcement and Thai police.

Boulder County District Attorney Mary Lacy is scheduled to hold a press conference about the arrest at 2 p.m. today. One law-enforcement official told the Associated Press that Boulder police had tracked Mr. Karr down online.

The arrest is the first in one of the most widely publicized murder cases in U.S. history. The Boulder County District Attorney's Office said the confession came after "several months of a focused and complex investigation."

Patsy Ramsey, JonBenet's mother, had been told that authorities were closing in on a suspect before her death of ovarian cancer on June 24, according to a statement released yesterday by her husband, John Ramsey.

"Patsy was aware that authorities were close to making an arrest in the case, and had she lived to see this day, would no doubt have been as pleased as I am with today's development almost 10 years after our daughter's murder," Mr. Ramsey said.

"Words cannot adequately express my gratitude for the efforts of Boulder District Attorney Mary Lacy and the members of her investigative team," he said.

Mr. Wood claimed vindication for his clients after years of vilification.

"John and Patsy lived their lives knowing they were innocent, trying to raise a son despite the furor around them," Mr. Wood told a press conference in Georgia. "The story of this family is a story of courage, and a story of an American injustice and tragedy that ultimately people will have to look back on and hopefully learn from."

Thai police said Mr. Karr was arrested at his apartment in downtown Bangkok at the request of U.S. officials and was being held until they arrived. Lt. Gen. Suwat Tumrongsiskul said that he was unaware of any criminal charges pending against Mr. Karr in Thailand and that he expected U.S. officials to take Mr. Karr back to America in the next few days.

Mr. Wood also said the Ramseys gave police information about Mr. Karr. Although he would not say how the Ramseys knew him, he did say Mr. Karr had lived in the Atlanta suburb of Conyers. JonBenet was born in Atlanta in 1990, and the Ramseys lived in the Atlanta suburb of Dunwoody for several years before moving to Colorado in 1991.

The Ramseys moved back to the Atlanta area after their daughter's slaying.

The Ramseys became the primary suspects in their daughter's killing soon after her body was found the day after Christmas 1996 in a room off the family's basement. She had been bound, gagged and strangled.

Boulder police quickly zeroed in on the Ramseys, primarily because JonBenet's body was found at home in a hidden room. Only her parents and 9-year-old brother, Burke, were at home that evening.

Mrs. Ramsey called police early the next morning after finding JonBenet missing and a three-page ransom note demanding $118,000 for her return. Boulder police approached the case as a kidnapping until Mr. Ramsey found his daughter's body during a search of the house a few hours later.

Shortly thereafter, the Boulder police chief said the Ramseys were "under an umbrella of suspicion." They vehemently proclaimed their innocence and urged the police to look into whether JonBenet had been killed by an intruder.

The case was soon front-page international news, largely because it had elements other slayings didn't. For one, the Ramseys were millionaires living a seemingly charmed life until JonBenet's death. Then there was JonBenet, a strikingly beautiful girl who had won a number of child-beauty pageants.

DOJ_NMG_0049306

Her pageant career was apparently driven by her mother, a former Miss West Virginia. JonBenet had also been extensively photographed by professionals, and those photos frequently made their way to the front page of national tabloids.

In 1999, after a three-year investigation, a Boulder grand jury declined to indict the Ramseys for lack of evidence, and the case appeared to go cold.

Mr. Wood also blamed the press coverage in part for the investigation's length and difficulties.

"I think the public's mind was so poisoned against this family that no one was able for too many years to look at the evidence," the lawyer said.

Schoolteacher Arrested In JonBenet Ramsey Case (NYT)

By James Barron

The New York Times, August 17, 2006

An American identified as a schoolteacher was arrested in Bangkok yesterday in the death of JonBenet Ramsey, the 6-year-old beauty pageant princess who was found strangled in her home on Dec. 26, 1996.

The district attorney in Boulder, Colo., where the Ramseys lived when JonBenet's body was found, said the arrest yesterday came after "several months of a focused and complex investigation."

The district attorney, Mary Lacy, added in a three-paragraph statement on the Boulder County Web site that JonBenet's parents, John and Patsy Ramsey, had been consulted during the investigation and that the family had been told of the arrest.

Mrs. Ramsey died of ovarian cancer in June. Mr. Ramsey said in a statement that they had been notified before Mrs. Ramsey's death that an arrest was close. "Had she lived to see this day," he said, she "would no doubt have been as pleased as I am."

Ms. Lacy's statement provided no details about what had led investigators to the suspect or why, if they had been on his trail for some time, they swooped down on him yesterday. Nor did she spell out what charges he would face, and it was not clear how soon he would be returned to this country. Ms. Lacy's statement said she would not comment further until a news conference this morning, and calls to her office were not returned.

The suspect was identified by a law enforcement official, speaking on condition of anonymity because he was not authorized to discuss the case publicly, as John M. Karr. The Associated Press quoted a lawyer who represented the Ramseys in the 1990's as saying Mr. Karr had lived in Conyers, Ga. The Ramseys lived in an Atlanta suburb, Dunwoody, about 30 miles away, before they moved to Colorado.

The Associated Press initially reported that Mr. Karr, 42, was already in custody in Bangkok on an unrelated sex charge when he was arrested in the Ramsey case. Later The A.P. quoted Lt. Gen. Suwat Tumrongsiskul, the head of Thailand's immigration police, as saying he was unaware of any criminal charges against Mr. Karr in Thailand. The A.P. quoted another Thai official as saying Mr. Karr had denied committing a crime at home.

The arrest put a fresh spotlight on a case that once dominated newspaper headlines, television newscasts and supermarket tabloids. For years, as investigators followed hundreds of leads but seemingly made little headway, John and Patsy Ramsey lived under what Ms. Lacy's predecessor once called "the umbrella of suspicion."

The Ramseys repeatedly denied any involvement in their daughter's death, on Christmas night in 1996, even as one detective who had worked on the case speculated that Mrs. Ramsey had struck JonBenet by accident and then wrote a ransom note to deflect attention.

The Ramseys' lawyer, L. Lin Wood, would not say whether the Ramseys had known Mr. Karr, The A.P. reported. It was not immediately clear when investigators began focusing on Mr. Karr as a potential suspect in a widely talked about case that some commentators had compared to the kidnapping and killing of the Lindbergh baby in 1932.

Dan Boyd, a spokesman for Immigration and Customs Enforcement, part of the Department of Homeland Security in Washington, said his agency's attaché in Bangkok had assisted officers from the Boulder district attorney's office and the Royal Thai Police in identifying and arresting Mr. Karr.

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A federal official involved in the investigation said that a hearing in Bangkok today could give the authorities access to Mr. Karr's computer. The official said the authorities had been looking at him in connection with a child pornography investigation. The official also said he expected that Mr. Karr would be returned to this country quickly, though it was not clear how soon.

JonBenet was garroted with a paintbrush and a nylon cord. The police found a ransom note, 370 words written with a pen and paper from the Ramseys' house. In the note demanding $118,000 for JonBenet's return were details that only someone close to the Ramseys could have known — the amount of Mr. Ramsey's annual bonus, for example.

The note, addressed to Mr. Ramsey, added, "You are not the only fat cat around so don't think that killing will be difficult."

Both of JonBenet's parents submitted handwriting samples for police scrutiny, and Mr. Ramsey was quickly eliminated as a suspect. Articles in Denver newspapers and Vanity Fair magazine said that the Colorado Bureau of Investigation believed that Mrs. Ramsey had written the note. But the investigators also believed that the evidence fell short of being definitive.

The Ramseys maintained their innocence, though they refused to talk to the police for months after JonBenet's body was found, instead hiring lawyers, private investigators, handwriting analysts and publicists.

"I did not kill my daughter, JonBenet," John Ramsey declared in 1997. His wife, sitting next to him as television cameras zoomed in on them, said: "I did not have anything to do with it. I loved that child with the whole of my heart and soul."

The police in Boulder faced criticism for appearing to bungle the early stages of the investigation. The Ramseys first called the police to say JonBenet had been kidnapped. Hours later, a detective let Mr. Ramsey go inside without accompanying him. He soon checked a windowless room in the basement where Christmas gifts had been stored, and emerged carrying JonBenet's body.

The detective also allowed 10 other people into the house, fueling complaints that the crime scene had been contaminated.

The case dragged on, with rank-and-file officers taking a no-confidence vote on the police chief at the time. He and a detective assigned to the case later resigned. The district attorney at the time, Alexander M. Hunter, did not seek re-election in 2000. That was two years after the mayor of Boulder, Bob Greenlee, demanded an investigation into charges by another detective that the district attorney's office had "effectively crippled" the investigation.

That was also two years after the case had gone to a grand jury. But Mr. Hunter dismissed the panel 13 months later. It did not hand up indictments, and he was unapologetic.

The Ramseys eventually released the results of polygraph tests. The expert who administered the tests said the polygraph did not register deception. The Ramseys maintained in a book, "Death of Innocence," that the slaying had been the work of an intruder. In 2003, a federal judge in Atlanta reached the same conclusion in dismissing a lawsuit against the Ramseys. Ms. Lacy later released a statement saying she concurred with the ruling.

Suspect Held In Ramsey Slaying (WP)

By T.r. Reid And Spencer S. Hsu

The Washington Post, August 17, 2006

DENVER, Aug. 16 -- An American man was arrested in Bangkok as a suspect in the 1996 death of JonBenet Ramsey, the 6-year-old girl from Boulder, Colo., whose unsolved killing became a media obsession, prosecutors said Wednesday.

Local officials would not name the suspect, but two sources familiar with the arrest, including the lawyer for the Ramsey family, identified him as John Mark Karr, 41, a former schoolteacher who once lived in Conyers, Ga.

Karr was arrested on sex charges unrelated to JonBenet's slaying after several months of investigation, officials said. Boulder County District Attorney Mary Lacy said investigators from her office were heading to Thailand to question the suspect and bring him to Colorado. Lawyers said this could take days or weeks, depending on whether Karr contests his extradition and whether Thailand decides to expel him.

Officials said that John and Patsy Ramsey, who were at one point suspected in their daughter's death, had been consulted during the investigation. Patsy Ramsey died of cancer in June but was told before her death that an arrest might be imminent, her husband said.

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"Patsy was aware that authorities were close to making an arrest in the case," Ramsey said in a statement, "and had she lived to see this day, would no doubt have been as pleased as I am with today's development almost 10 years after our daughter's murder."

Ramsey expressed the family's "gratitude" to investigators who worked on the case for nearly a decade.

Lin Wood, the Ramseys' lawyer, would not say whether any connection existed between Karr and the victim's parents. He did note that Karr, like the Ramseys, had lived in suburban Atlanta.

Nathaniel Karr, 34, who lives in the Atlanta area, said he had been contacted by scores of news organizations and told that his brother had been arrested. In a telephone interview, he said his brother had lived in Alabama and California but "to my knowledge had never set foot in Colorado." Public records indicate that John Karr had lived in Conyers and Petaluma, Calif. It is not clear when he went to Thailand.

Nathaniel Karr said the family had been close, getting together at Christmas, for example, but he has not been in contact with his brother in the past two or three years since he moved to the West Coast. He added that he knew of no prior legal or personal problems his brother had similar to those alleged in the Ramsey case. "I have no idea what his legal status is" or whether he has a lawyer, Karr said.

Officials declined to say how John Karr became a suspect in the case. One law enforcement official told the Associated Press that Karr had been communicating with somebody in Boulder who had been following the investigation and was cooperating with law enforcement officials there.

Lacy said in a statement that the arrest came "following several months of a focused and complex investigation," and she said more information would be released Thursday.

The killing transfixed the media, producing years of splashy headlines in supermarket tabloids and endless replays of a brief video of JonBenet parading across a pageant stage in a lavish costume.

The case began in confusion in an upscale neighborhood of Boulder.

JonBenet, a regular participant in child beauty contests, was found beaten and strangled in the family home the day after Christmas in 1996. Male DNA residue was found in her underwear, but police never reported a match for the sample.

Police found no signs of forced entry into the house and no suspicious footprints outside. The girl's father reportedly carried her body upstairs before police arrived, making initial investigation more difficult. The discovery of a ransom note, asking for $118,000 for the return of JonBenet, was another unexplained element in the case.

Police found that the Ramsey family had given more than a dozen keys to the house -- to maids, workmen and others. Scores of neighbors and family friends were interviewed.

Investigators from the Boulder Police Department and the county prosecutor's office argued bitterly about different theories in the case.

Police focused on the girl's family, saying that the parents and JonBenet's older brother, Burke, were all under an "umbrella of suspicion." The county prosecutor openly rejected that idea, saying the killer was more likely not part of the family and charging that the police attention to the family had hampered a broader investigation.

The Ramseys left Boulder, but articles, television reports and books suggesting their involvement followed them. In one national TV interview, John Ramsey looked into the camera and said: "We're not guilty. We're innocent."

In a 2003 libel case, U.S. District Judge Julie E. Carnes in Atlanta concluded that "the weight of the evidence is more consistent with a theory that an intruder killed JonBenet than it is with a theory that Mrs. Ramsey did so." Lacy, the district attorney in Boulder, issued a statement saying she shared that view.

Wood, the Ramseys' lawyer, said the arrest of Karr is potentially another milestone toward clearing the parents' names. "I don't think that I have characterized the arrest of Mr. Karr as vindication of the Ramseys," he said in an interview. "More accurately, I would describe it as another step toward a complete vindication."

In the statement he issued after the arrest, John Ramsey recalled the family's ordeal.

"I want to have only very limited comment on today's arrest because I feel it is extremely important to not only let the justice system operate to its conclusion in an orderly manner, but also to avoid feeding the type of media speculation that my wife and I were subjected to for so many years," the statement said.

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"Words cannot adequately express my gratitude for the efforts of Boulder District Attorney Mary Lacy and the members of her investigative team."

Hsu reported from Washington. Researcher Madonna Lebling in Washington contributed to this report.

Suspect Is Held In Ramsey Slaying (LAT)

By Richard Fausset And Stuart Silverstein, Times Staff Writers

The Los Angeles Times, August 17, 2006

Nearly 10 years after the 6-year-old beauty queen was found dead in her family's Colo. basement, an American man is arrested in Thailand.

ATLANTA — Authorities in Thailand arrested an American man Wednesday in the slaying of 6-year-old JonBenet Ramsey, a major breakthrough in a decade-long mystery. The case has outlasted numerous investigators, spawned bitter lawsuits and media frenzies, and riveted a public that has followed a shifting cloud of suspicion that settled for a time over the young girl's parents.

A source close to the investigation identified the suspect as John Mark Karr. He is believed to be in his early 40s and to have worked briefly as a substitute teacher in Petaluma, Calif. The office of Boulder, Colo., Dist. Atty. Mary T. Lacy said in a statement that the suspect in the case was found in Bangkok after a "focused and complex" investigation that lasted several months.

The arrest — which was made by the Royal Thai Police with the assistance of U.S. immigration officials — opens a new chapter in the unsolved mystery. Little was known Wednesday about Karr's alleged motive, or his relationship, if any, with the Ramseys. It also is unclear whether he is the sole suspect in the 1996 Colorado slaying. The district attorney's office refused to grant interviews Wednesday. A news conference is planned for today. The Associated Press reported late Wednesday that, according to the head of Thailand immigration police, Karr admitted to the killing after he was arrested at his downtown Bangkok apartment. Karr arrived in Bangkok on June 6 from Malaysia to look for a teaching job, Lt. Gen. Suwat Tumrongsiskul told the news service.

During the course of the investigation, the girl's parents, John and Patsy Ramsey, were consulted by the district attorney's office, Lacy's statement said. Patsy Ramsey died of ovarian cancer in June.

Officials notified her husband of the arrest Wednesday morning. In an interview with Denver TV station KUSA, John Ramsey was asked whether he knew the suspect.

"To my knowledge, no, I didn't," he said. "But I don't know enough yet."

Paulette Davis, 42, a sister of Patsy Ramsey, said she was overwhelmed by emotion when she received news that a suspect had been arrested.

"I couldn't believe it," said Davis, a resident of Marietta, Ga. "I actually fell to my knees and praised God and just really went to pieces."

Still, she said, members of the family aren't sure what to expect next. "Everybody is waiting patiently to find out what the next move is, or what is going to be going on."

Details of Karr's background remained unverified. However, he is believed to have once lived in Conyers, Ga., about 25 miles east-southeast of Atlanta, as well as Northern California. JonBenet was born in Atlanta in 1990, and the family moved to Colorado in 1991.

In Atlanta on Wednesday, Nate Karr, identified as the brother of the suspect, said in an interview with WAGA-TV that accusations of John Karr's involvement with the JonBenet slaying were "ridiculous, without a doubt."

But records indicated that a man named John Mark Karr, apparently the suspect, had a past brush with the law.

According to Sgt. Clint Shubel of the Sonoma County Sheriff's Department, a John Mark Karr was arrested in April 2001 on five charges of possessing child pornography. He failed to show up for a court appearance and a warrant was issued for his arrest, Shubel said.

Records also show that a John M. Karr, who would now be 41, briefly worked as a substitute teacher at "several" of the seven elementary schools in the Petaluma City Schools system but was terminated for unspecified reasons, according to Steve

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Bolman, the district's deputy superintendent for business and administration. Bolman said Karr worked for the district for 11 days between Dec. 8, 2000, and April 2, 2001. That was about the time of his arrest, but Bolman said Karr's file did not indicate the reason for his termination.

For years after their daughter's death, the Ramseys remained under what Boulder authorities called an "umbrella of suspicion" as the investigation unfolded under intense media scrutiny. All the while, the Ramseys vigorously maintained their innocence. At one point, they identified as a suspect a freelance journalist, who in turn filed a libel and slander lawsuit against them. The suit was dismissed in 2003 by a federal judge who concluded that an intruder killed the girl.

In a prepared statement Wednesday, John Ramsey said he would limit his comments on the case "to avoid feeding the type of media speculation that my wife and I were subjected to for so many years."

His wife, he said, "was aware that authorities were close to making an arrest in the case, and had she lived to see this day would no doubt have been as pleased as I am with today's development almost 10 years after our daughter's murder."

John Ramsey, a wealthy computer entrepreneur, and his wife, Patsy, a former Miss West Virginia, were unknown to the broader public when their daughter was discovered on the concrete floor of the family's basement the day after Christmas 1996. There was duct tape on her mouth and a garrote around her throat.

The case quickly became a national phenomenon. JonBenet was a perky, blond contestant in child beauty pageants — she had been named, among other things, "National Tiny Miss Beauty" — and cable news channels repeatedly played footage of her dancing and exuding a Shirley Temple-like charm. The slaying was the only one recorded that year in the prosperous college town of Boulder. Tabloids and mainstream media dissected the investigation, which took a number of controversial turns.

Former Boulder Police Det. Linda Arndt, the first investigator on the scene, initially assumed JonBenet was a kidnap victim. The detective was later criticized for allowing John Ramsey to leave the house, return and then search it for his daughter. He found her body in the basement. Experts said his decision to remove the tape that covered her mouth could have destroyed key evidence.

As the investigation wore on, the office of Boulder's then-Dist. Atty. Alex Hunter was criticized for being too cozy with the Ramseys' attorneys, while police were said to be more suspicious of the couple.

Worried that the police were not impartial, the Ramseys hired attorneys and publicists, and did not consent to formal police interviews until four months after the crime. Authorities said that Patsy Ramsey could not be ruled out as the author of a ransom note left in the house.

In September 1998, a grand jury began investigating the case, reviewing 30,000 pieces of evidence. Thirteen months later, they declined to return an indictment.

Hunter, Boulder's top prosecutor for a quarter century, declined to seek reelection soon after. In 2000, voters elected a sex-crimes prosecutor from Hunter's office, Mary T. Lacy, to the post. (At the time, she went by the name Mary T. Keenan.)

After the slaying, the Ramseys left Boulder, splitting time between Michigan and Georgia. They wrote a book, "The Death of Innocence," about their ordeal, and fought their detractors vigorously in court. They sued at least half a dozen media outlets, including Time magazine and Court TV, for reporting allegations that their young son, Burke, who was 9 years old at the time, was the killer. Five of those cases resulted in confidential settlements.

John Ramsey mounted an unsuccessful campaign for a seat in the Michigan state House of Representatives.

In early 2003, the Boulder Police Department ended its investigation, unequivocally handing the reins to the district attorney's office. The Ramseys had threatened to sue the department for ignoring leads and tips.

On Wednesday, the Ramseys' attorney, L. Lin Wood of Atlanta, singled out Lacy for praise, saying he was "totally amazed and impressed" with the effort she headed up.

"This was obviously an incredibly complex task but one that has been carried out in almost textbook fashion with the investigation of this individual going on for several months, without any leaks in the case," he said.

As the sun set Wednesday over the tiny St. James Episcopal Cemetery in Marietta, Ga., news crews from across the country pointed their cameras at JonBenet Ramsey's carefully tended marble headstone. Her mother's grave, fresh and as yet unmarked, was a few feet away.

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A friend had left a handwritten note for Patsy Ramsey. "Dearest Patsy, Justice has come," it said. "Rest in peace!"

Fausset reported from Atlanta and Silverstein from Los Angeles. Contributing to this report were Times staff writers Jenny Jarvie in Atlanta, Ralph Vartabedian in Los Angeles, Lynn Marshall in Seattle, and the Associated Press.

*

(INFOBOX BELOW)

Timeline

Key dates in the JonBenet Ramsey case:

1996

Dec. 26: JonBenet Ramsey, 6, is found dead in the basement of her Boulder, Colo., home. Patsy Ramsey says she found a ransom note demanding $118,000 for her daughter.

Dec. 31: Ramsey family hires an attorney, publicist and investigators.

1997

Feb. 24: Ramsey spokesman says family members know they are "at the top of the list of possible suspects."

April 18: Dist. Atty. Alex Hunter says Ramseys are under an "umbrella of suspicion."

April 30: Ramseys are interviewed by police in first formal sessions.

May 14: Two detectives, including the first to arrive at the Ramsey home, are removed from the case.

Oct. 10: Police Chief Tom Koby admits mistakes were made early in the case.

1998

June 23-25: Ramseys are questioned by police, their first interviews in more than a year. JonBenet's brother, Burke, who was 9 at the time of her death, is interviewed for six hours.

Sept. 15: Grand jury begins investigation.

1999

Oct. 13: District attorney says no indictments will be issued and cites a lack of sufficient evidence.

2002

Dec. 20: New Dist. Atty. Mary Keenan (now Mary Lacy) takes over the investigation and promises a fresh look.

2003

March 31: A federal judge in Atlanta concludes that the weight of the evidence is more consistent with the intruder theory than with the theory that Patsy Ramsey killed JonBenet.

April 7: Lacy issues a statement agreeing with the judge.

June: Retired Det. Tom Bennett is hired by the Boulder district attorney's office to lead a refocused investigation.

2004

June 4: The Ramseys' attorney says DNA found in JonBenet's underwear did not match any samples in an FBI database of convicted violent offenders.

2006

June 24: Patsy Ramsey dies at 49 after a long battle with ovarian cancer.

Aug. 16: Lacy says a suspect in JonBenet's slaying has been arrested in Thailand.

Source: Associated Press

Los Angeles Times

Prison For Consultant Who Coached Witnesses In Hired Truck Probe (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, August 17, 2006

Salvatore "Sam" Gammicchia's last-minute attempt to claim he told witnesses in the Hired Truck investigation not to lie to federal investigators did not impress a federal judge Wednesday.

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U.S. District Judge Charles Norgle sentenced the onetime political adviser to former City Clerk James Laski to 30 months in prison for obstruction of justice. Gammicchia, 62, had pleaded guilty in May to attempting to influence a witness going before a grand jury to testify about paying Laski to get city business for trucks in the scandal-plagued program.

Prosecutors played tapes of Gammicchia coaching one witness, Traci Jones, the wife of a Laski friend who operated a trucking business, about what to say in her testimony. Gammicchia then told the judge portions of the conversation that weren't taped included him telling Jones to be truthful.

"I was just trying to keep friendships together," Gammicchia said of the 2005 meeting in his basement.

Norgle said he was unconvinced.

"I don't believe that as far as I could throw the Dirksen building," Norgle said. "It totally contradicts your taped words."

Assistant U.S. Atty. Manish Shah had asked the judge for a sentence within federal guidelines for the crime, a range of 30 to 37 months.

Shah played two tapes of secretly recorded conversations between Gammicchia, Traci Jones and her husband, Michael C. "Mick" Jones.

In the basement meeting, where all three were present, Gammicchia told Traci Jones there were "certain things you don't say" in front of the grand jury, the tape revealed.

Traci Jones should not tell federal authorities she gave Laski money to keep trucks in the program, Gammicchia said.

"I mean, you could say you, you bought some tickets or whatever, I don't know," Gammicchia could be heard to say. "But, ah, I mean you can't say you, you, you gave cash."

Later Shah played a second tape where Gammicchia apparently threatened Michael Jones after suspecting he could be cooperating with the government in the probe.

"The only thing, if I go to jail, you have to go under witness protection, and that would be the thing," Gammicchia said, according to the recording.

Gammicchia's lawyer, Alexander Salerno, said his client never intended to harm anyone. He's a man with a gruff exterior, Salerno said.

"He's just a neighborhood guy who talks like that," Salerno said.

Salerno had asked Norgle to sentence Gammicchia to probation or house arrest, saying he takes care of his wife, who is suffering from cancer and back problems.

Consultant Who Spoke Of Breaking A Witness's Leg Sentenced (AP)

By Mike Robinson

AP, August 17, 2006

CHICAGO - A political consultant who spoke of breaking a federal witness's leg to help Chicago's former city clerk was sentenced Wednesday to 30 months for obstructing an investigation of corruption at City Hall.

"This is a very clear case of the defendant doing what he could to get others to lie to the grand jury," U.S. District Judge Charles R. Norgle said in sentencing Sam Gammicchia. "He is not a truth teller."

Gammicchia, 62, had pleaded guilty to efforts to thwart an investigation of City Clerk James Laski, who has admitted taking payoffs in return for business in the city's scandal-plagued Hired Truck Program.

Gammicchia told agents he once promised Laski that he would threaten to break Laski aide Michael Jones's leg and actually did warn Jones that if he talked he would have to go into the witness protection program.

Laski and Jones have pleaded guilty and have been sentenced to prison.

Gammicchia - besides being a $1,400-a.m.onth consultant whose job included collecting campaign cash from Laski's office staffers - was also an employee at the Cook County Jail and a member of the ironworkers union.

At the sentencing, federal prosecutor Manish Shah played a tape of Gammicchia coaching Jones's wife, Tracy, on how to lie to investigators about the money she paid to get a truck into the Hired Truck Program.

Tracy Jones has been charged with no wrongdoing.

The city outsources hauling work under the program. The investigation already has shown widespread payoffs to officials by trucking operators.

"You can't say you gave cash," Gammicchia is heard saying on tape.

"Even though I did?" Mrs. Jones says.

"Right," Gammicchia says.

Gammicchia, clad in a gray business suit and black T-shirt, probably didn't help his cause much when after pleading guilty to obstruction and listening to the tape he told Norgle he counseled Mrs. Jones not to lie.

Norgle stared at him, apparently dumbfounded for a moment.

"Under oath you're saying you told these people not to lie - that's what you're telling me?" Norgle said.

"Yes, Sir," Gammicchia said. "I wasn't sure what was going on. I was just trying to keep friendship together."

He said that in a portion of the conversation that Mrs. Jones taped while wearing a hidden wire he urged her to lie, but he advised her to tell the truth in a portion of the conversation that she did not record.

"I don't believe that as far as I could throw the Dirksen Building," said the judge, referring to the 28-story, block-long federal courthouse.

Defense attorney Alexander Salerno told Norgle that his client wouldn't break anyone's leg and didn't mean it when he warned Jones that talking might mean he'd have to go into the witness protection program.

Salerno also scoffed at one federal witness's claim that Gammicchia once told him: "I would kill for Laski."

"He wouldn't kill for Laski," Salerno said. "He wouldn't hurt anybody, Judge. He is a gruff guy." But the attorney said Gammicchia is also "a sweet, kind, generous older man" whose bark was worse than his bite.

Ex-Laski Aide Gets 30 Months (CHIST)

By Natasha Korecki, Federal Courts Reporter

Chicago Sun-Times, August 17, 2006

A former political aide to fallen City Clerk James Laski was sentenced to 30 months in prison Wednesday -- the most time handed down to any defendant tied to the investigation of Laski.

But it was appropriate for Salvatore "Sam" Gammicchia Sr., 62, Assistant U.S. Attorney Manish Shah argued, because he threatened a witness and obstructed justice as the feds stepped up their case against Laski.

In a sentencing hearing before U.S. District Judge Charles R. Norgle Sr., Shah played recordings in which Gammicchia can be heard at one point trying to coach a witness to lie to the grand jury and at another threatening the witness.

"If you wanna put me in a trick bag bein' wired that's, that's fine. The only thing, if I go to jail, you have to go under witness protection and that would be the thing," Gammicchia told Mick Jones. Jones, who pleaded guilty to paying Laski bribes, wore a wire as part of his cooperation in the probe.

Gammicchia told Jones to lie to the grand jury about giving Laski cash.

Prosecutors say he also threatened Jones and his wife. Gammicchia's lawyer argued that the two didn't feel threatened, then played a voicemail Jones' wife left last week wishing Gammicchia luck in his sentencing.

Former BetOnSports CEO Free On Bail (FINDLAW/AP)

By Christopher Leonard, Ap Business Writer

AP, August 17, 2006

(AP) - ST. LOUIS-The former chief executive of online gambling company BetOnSports was freed on $1 million bond Wednesday after spending nearly a month behind bars following his arrest on racketeering and fraud charges.

David Carruthers, 48, was released after a hearing before U.S. District Judge Mary Ann Medler. He had been expected to be freed as early as Monday but it took days to work out technical details. Among those details: A dedicated phone line had to be installed at the residence where he will stay.

Carruthers must remain in the St. Louis area until his trial. According to the terms of his bond, Carruthers will live at a hotel in the suburb Clayton. He will not be allowed to leave the hotel except for court appearances, meetings with his attorney or medical emergencies.

During the hearing, Carruthers asked the judge if the home-incarceration was 24 hours a day. She said it was.

The charges against Carruthers are part of a 22-count indictment against London-based BetOnSports PLC being prosecuted by U.S. Attorney Catherine Hanaway in St. Louis. Carruthers was chief executive of the company until shortly after his arrest, when he was fired.

The case is one of the largest U.S. prosecutions of an online gambling company and has caused BetOnSports to close all of its U.S.-focused operations.

Federal prosecutors insisted that none of Carruthers' bond money come from the treasury of BetOnSports, according to his attorney, Scott Rosenblum. He wouldn't say how Carruthers came up with the full payment, but said all the money was raised through legal means.

Hanaway said she will continue to prosecute the case against BetOnSports regardless of the company's decision to close its offices and stop accepting U.S.-based bets. She said the move does not absolve the company from taking illegal bets in the past.

On the Net:

U.S. Attorney Catherine Hanaway: http://www.usdoj.gov/usao/moe/

BetOnSports: http://www.betonsports.com

BetonSports' Former Chief Out On $1m Bail (FT)

By Daniel Pimlott In New York

Financial Times, August 17, 2006

David Carruthers, the former chief executive of embattled online gambling company BetonSports, was released on bail on Wednesday after spending a month in US jails.

Mr Carruthers is charged with racketeering, fraud and tax evasion for his part in running the company's sports betting operations and accepting wagers from the US. He pleaded not guilty.

Mr Carruthers was released on a $1m bond after appearing before District Judge Mary Ann Medler and will have to live in a court-approved hotel in the Clayton suburb of St Louis, Missouri.

He will not be allowed to leave the hotel while he awaits trial in the midwestern town except for court appearances, meetings with his legal team or medical emergencies. He will also have to wear an electronic tracking tag.

Federal prosecutors demanded that Mr Carruthers' $1m bond should not come from the BetonSports, but his lawyer would not say where the money came from.

The Department of Justice alleges that BetonSports has failed to pay federal betting taxes of $3.3bn and is seeking forfeiture of $4.5bn from the company.

The company also has to repay a unspecified amount of customers' bets currently frozen in US banks and online businesses which transfer funds.

Last week, the company announced that it was shutting its US operations, which make up about 95 per cent of its profits, in response to the ongoing legal action against it.

The decision to abandon its business has left many analysts and industry observers questioning whether the company could survive. The company has itself mooted the possibility of liquidating its remaining assets in Asia, Europe and Latin America in order to pay off debtors.

But the DoJ said it would continue with its prosecution of BetonSports despite the possibly mortal blow its prosecution has struck to the company, which had described itself as the largest internet gambling website.

Earlier this week, a US court extended the restraining order banning the company from taking bets from US punters to the beginning of September.

The public company suspended its shares, listed in London, at the end of last month after Mr Carruthers was arrested while on a stopover in Fort Worth, Texas, on a flight between London and Costa Rica, where BetonSports is based.

BetonSports fired Mr Carruthers shortly after his arrest in order to avoid being served with court papers.

The charges against BetonSports were brought by the US Attorney's office in the Eastern District of Missouri, which has prosecuted a number companies and individuals under US sports gambling laws in recent years. In 2003, Paypal had to pay a $10m fine for processing bets for online gambling businesses.

Miami Man Charged In Alleged Western Pa. Katrina Relief Scam (AP)

AP, August 17, 2006

PITTSBURGH (AP) — A federal grand jury has accused a Florida man of creating a bogus Hurricane Katrina relief Web site and several other bogus sites meant to gather sensitive financial information from would-be donors.

Jovany Desir, 20, of Miami, was charged with wire fraud in the five-count indictment issued Wednesday. The investigation was undertaken in Pittsburgh because the purported relief effort was said to be linked to an American Red Cross chapter in western Pennsylvania, authorities said. Another bogus site mimicked the Web site for Pittsburgh-based PNC Bank, they said.

Desir is accused of creating "phishing" Web sites over several months last year. Phishing sites look like legitimate Web sites, but are bogus and meant to fool people into entering their personal financial information on the Internet.

Authorities alleged that Desir sold the sites for $150 to would-be scammers who planned to use the financial information for identity theft and related crimes. In addition to the Katrina and PNC sites, authorities alleged that Desir created bogus sites for eBay, Paypal, and two Canadian financial institutions, Banque Nationale and Desjardins Credit Union.

About 50 people downloaded the Katrina site, but the Banque Nationale site registered more than 8,000 "hits" by computer users. Prosecutors did not say whether anyone who accessed the sites lost money or otherwise had their financial information used illegally.

A listed phone number for Desir could not be located Wednesday, and it was not immediately clear whether he had an attorney or whether he was in custody.

Desir was the first person charged by federal prosecutors in western Pennsylvania with a Katrina-related scam, U.S. Attorney Mary Beth Buchanan said.

Bush Pardons 17 Minor Criminals (AP)

By Michael J. Sniffen

AP, August 17, 2006

WASHINGTON - President Bush pardoned 17 minor criminals Wednesday. Most weren't even sentenced to prison. The longest sentence any of the 17 received was five years behind bars.

Bush has now issued 99 pardons and sentence commutations during five years and seven months in office, mainly to clear the name of people who committed relatively minor offenses and served their sentences long ago.

He remains the stingiest of postwar presidents in this regard. By comparison, Bill Clinton issued 457 in eight years in office; Bush's father, George H. W. Bush, issued 77 in four years in office; Ronald Reagan issued 406 in eight years, and Jimmy Carter issued 563 in four years. Since World War II, the largest number of pardons and commutations - 2,031 - was issued by Harry S. Truman, who served 82 days short of eight years.

Those pardoned Wednesday were:

_James Leon Adams, Simpsonville, S.C., selling firearms to out-of-state residents and falsifying firearms records. Sentenced Jan. 27, 1976, to two years probation and a $1,000 fine.

_Tony Dale Ashworth, Winnsboro, S.C., unlawful transfer of a firearm. Sentenced July 19, 1989, to three years probation conditioned on the performance of 300 hours community service.

_Randall Leece Deal, Clayton, Ga., liquor law violations and conspiracy to violate the liquor laws. Sentenced June 23, 1960, to two years probation and April 29, 1964, and May 8, 1964, to 18 months imprisonment, suspended, and two years probation.

_William Henry Eagle, Wenatchee, Wash., possessing an unregistered still, carrying on the business of a distiller without the required bond, and manufacturing mash on other than lawfully qualified premises. Sentenced March 23, 1972, to two years probation.

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_Robert Carter Eversole, Summerville, Ga., conspiracy to commit theft from an interstate shipment. Sentenced June 18, 1984, to five years probation, with the special conditions that he pay $4,038 in restitution and perform 100 hours of community service.

_Kenneth Clifford Foner, Niobrara, Neb., conspiracy to impede the functions of the Federal Deposit Insurance Corp., commit embezzlement as a bank officer, make false entries in the records of an FDIC-insured bank, and commit bank fraud. Sentenced July 19, 1991, to five years probation, conditioned upon performance of 1,000 hours of community service and payment of $17,750 in restitution.

_Victoria Diane Frost, Medina, Ohio, conspiracy to possess and distribute L-Ephedrine Hydrochloride. Sentenced April 25, 1994, to three years probation, including six months' home confinement, and fined $3,000.

_William Grover Frye, Indianapolis, Ind., absence without leave (two specifications), escape from lawful confinement, sale of a stolen motor vehicle in interstate commerce. Sentenced Oct. 3, 1968, by U.S. Army general court-martial to confinement at hard labor for one year, forfeiture of all pay and allowances, and a bad conduct discharge. Sentenced Oct. 15, 1973, in U.S. District Court to two years probation.

_Stanley Bernard Hamilton, Richton Park, Ill., altering U.S. postal money orders. Sentenced Sept. 13, 1990, to three years probation, conditioned upon confinement for 30 days in a community treatment center and payment of a $1,000 fine.

_Melodie Jean Hebert, Scituate, R.I., conspiracy to defraud the United States by making false claims. Sentenced Feb. 23, 1984, to two years probation, conditioned upon payment of $1,250 in restitution.

_James Ernest Kinard, Jr., Stuart, Fla., failure by a licensed firearms dealer to make appropriate entries in firearms records required to be kept by law (four counts); making false entries by a licensed firearms dealer in firearms records required to be kept by law. Sentenced March 26, 1984, to five years' probation conditioned upon performance of 1,000 hours community service and payment of restitution in an amount to be determined by the U.S. Probation Officer and a $12,000 fine.

_Devin Timothy Kruse, San Clemente, Calif., unauthorized absence. Sentenced Nov. 28, 1978, by U.S. Coast Guard special court-martial to reduction to pay grade E-2 and a $450 fine.

_Gerard Murphy, Rayne, La., theft of a motor vehicle from a U.S. Air Force base. Sentenced March 14, 1972, to one year probation.

_Joseph Mathew Novak, Kent, Ohio, possession and transfer of an illegal weapon. Sentenced Dec. 2, 1994, to two years probation, with the special condition that he serve six months home confinement, and a $2,000 fine.

_John Louis Ribando, Le Mars, Ia., possession with intent to distribute marijuana, conspiracy to possess with intent to distribute marijuana; importing marijuana. Sentenced Nov. 15, 1976, to five years imprisonment followed by five years special parole. Sentenced July 11, 1978, to six months confinement in a jail-type institution, 10 years special parole, and five years probation, conditioned upon performance of 1,200 hours of charitable work and payment of a $1,000 fine (to run consecutive to the first sentence).

_Edward Rodriguez Trevino, Jr., Honolulu, Hawaii, larceny. Sentenced Sept. 19, 1997 by U.S. Navy special court-martial to three months confinement, forfeiture of pay and allowance for three months, and reduction in pay grade.

_Jerry Dean Walker, Newark, Del., possession with intent to distribute cocaine Sentenced April 10, 1989, to three years imprisonment, as amended Oct. 19, 1989.

ON THE NET

Justice Department Pardon Attorney: http://www.usdoj.gov/pardon/

Child Porn Probe Spurs Feud Over Retaining Online Data (NEWHOUSE)

By J. SCOTT ORR, Newhouse News Service

Newhouse News Service, August 17, 2006

WASHINGTON -- Flint Waters, a Wyoming lawman, was hot on the trail of one of the most disturbing pieces of child pornography he could have imagined, a video depicting the rape of a 2-year-old.

He followed the digital trail to a computer in Colorado, but when he asked the Internet Service Provider, Comcast, to identify the source of the file, the company said it could not comply because it had already deleted the crucial identifying data.

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For investigators, it was a digital dead end. A year later, the video, the rapist and the little girl are still out there somewhere.

"It would really be beneficial to us if this information is there as long as possible," said Waters, a Wyoming special agent who heads the technical committee of the Internet Crimes Against Children Task Force.

"A year is probably a pretty decent compromise," he added.

Waters, the Justice Department and other law enforcement officials want ISPs like Comcast to warehouse data on their subscribers' online activities. Some are suggesting the information be held as long as two years.

But whoa, say privacy advocates, who see mandatory data retention as unnecessarily extending the government's reach into people's online private lives.

"What the government wants to do is something that is not at all consistent with Fourth Amendment principles," said Tim Sparapani, legislative counsel for privacy rights at the American Civil Liberties Union.

"They are going to use it for any other purpose that they want. The goal is to do data-mining of perfectly innocent citizens. It makes everybody in America a suspect every time they go online," he said.

Currently, ISPs are not required to maintain records of the data that courses ceaselessly through their servers, and most do not disclose how long they keep identifying data.

Comcast has acknowledged publicly that before the Colorado case became known, it retained user data for 31 days before releasing it to the ether. It has since increased that timeframe nearly six-fold, holding data for 180 days.

Gerald Lewis, Comcast's chief privacy officer, told a House hearing recently that the company was driven to re-evaluate its data-retention policies after the Colorado case.

"I am a parent of two small children myself. And what's depicted in that video, as I understand it, is horrifying," Lewis said.

At the same time, however, Lewis was careful to point out that Comcast will be retaining only information that will identify individual customers by the Internet Protocol numbers that are typically assigned to users each time they log on.

It will not retain, for example, click streams, e-mails, Web site visits and other data that could more significantly compromise Americans' privacy.

Justice Department officials have held several closed-door meetings with major Internet players -- AOL, Comcast, Verizon, Google, Microsoft -- as well as with privacy advocates. While the companies and groups oppose data retention, some of those invited to attend said they were surprised and grateful to be included in the process.

"We're happy to be at the table, at least," said Jim Harper, director of information policy studies at the libertarian CATO Institute. Harper attended one of the sessions.

"There are some people at the Justice Department, at the policy level, who were really interested in studying this issue and said that they hadn't come to a conclusion yet," he said.

"Well-intentioned though they are, the folks in the Justice Department who want data retention don't understand that they are talking about designing surveillance into society," Harper said.

In a recent letter to "interested parties," the Center for Democracy & Technology said a mandatory data-retention law would severely undermine privacy and have broad implications for ISPs, Web operators, wireless carriers, telephone and cable companies and many other entities.

The letter, from staff counsel Nancy Libin and policy director Jim Dempsey, said retaining data for lengthy periods of times would be burdensome on industry, could put individuals' personal information at risk and could give law enforcement and trial attorneys access to a vast store of information on Americans.

"It is all but certain that the vast databases that ISPs and telecom providers will create will be tapped by law enforcement for other purposes unrelated to child porn investigations," they wrote.

Law enforcement officials already have the power to tell ISPs to retain data on individual accounts when they believe a crime has been committed. The current system, privacy advocates say, gives law enforcement the power to track bad guys online without compromising the privacy of others.

Law enforcement authorities have said they will access retained data only in cases where legitimate suspicions of wrongdoing exist and under court supervision.

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Lt. Anthony Ritter, of the New Jersey State Police's Computer Crimes and High Technology Surveillance Bureau, told a congressional panel last month the data would not be used for fishing expeditions.

"The law enforcement process begins with reasonable suspicion to develop required probable cause and operates under legal guidance and court orders," Ritter said in calling for retention of data for a minimum of two years.

Ex-NBA Player Arrested Near White House (AP)

AP, August 17, 2006

WASHINGTON -- Former NBA player Lonny Baxter was arrested by uniformed Secret Service agents on Wednesday after shots were fired from a vehicle about two blocks from the White House.

Baxter, who played with the Charlotte Bobcats last season, was taken into custody around 2:30 a.m. after a witness flagged down a Secret Service agent and reported shots fired from a white sport-utility vehicle, said Secret Service spokesman Eric Zahren.

Officers stopped the vehicle, which Baxter was driving, near the intersection of 17th and I streets in Northwest Washington.

"There were spent shell casings in plain view inside the vehicle," Zahren said. Officers also recovered a handgun.

Both Baxter, 27, and the vehicle's passenger, 35-year-old Irvin Martin, were charged with carrying a pistol without a license and other firearms charges. It wasn't immediately clear why they were allegedly firing the gun.

"We're not sure at this point," Zahren said. "There may be some subsequent charges if we discover some additional information."

The two suspects are being held by District of Columbia police.

Bobcats spokesman Scott Leightman said Baxter is no longer with the team. "His contract ran out, and we opted not to resign him," Leightman said.

Baxter signed a one-year deal earlier this month with Italian team Montepaschi Siena.

Baxter starred at Maryland before being drafted by the Chicago Bulls in the second round of the 2002 NBA draft. The native of Silver Spring, Md., just outside of Washington, also played briefly for the Wizards.

He joined the Bobcats in the middle of last season in a trade with Houston.

Ex-Terp Baxter Arrested Near White House (BSUN)

By Nicole Fuller, Sun Reporter

The Baltimore Sun, August 17, 2006

Former UM basketball player held after Secret Service finds gun, shell casings in vehicle

WASHINGTON -- Former University of Maryland basketball player Lonny Baxter, who prosecutors say had a recently fired .40-caliber gun in his SUV early Wednesday morning near the White House, was ordered held Wednesday in D.C. Superior Court.

Baxter, 27, was taken into custody by uniformed Secret Service officers shortly after 2:30 a.m. Wednesday, after someone flagged down a cruiser and reported gunshots coming from a white sport utility vehicle, said Eric Zahren, a Secret Service spokesman. The arrest was made at 17th and - I streets NW, a couple of blocks from the White House.

Towering over everyone in the courtroom Wednesday afternoon, the 6-foot-8 Baxter - who was clad in a spotless pair of white and blue Nike basketball sneakers and a police-issued plastic suit - stood silently with his hands cuffed behind his back and his ankles shackled as he was formally charged with carrying a pistol without a license.

His passenger, Francis I. Martin, 35, of Temple Hills, was also charged, but was released on his own recognizance. At times during the hearing, five U.S. marshals flanked the men, who were told once, "Don't talk, guys," as they attempted to whisper to each other.

According to charging documents, Secret Service police in downtown Washington heard two gunshots about 2:30 a.m. in the vicinity of 17th and H streets NW.

The Secret Service protects the president, his family and high-ranking officials. Its Uniformed Division - along with the Metropolitan Police Department and the U.S. Park Police patrols the area around the White House.

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Baxter, of Rockville, who apparently had spent part of his evening at the Washington nightclub Eyebar, was stopped by police about 10 minutes later in his white Range Rover, which was traveling southbound on 17th street.

Baxter and Martin were ordered out of the vehicle, the charging documents said, and police spotted two shell casings on the rear floorboard. Police searched the vehicle and discovered the loaded .40-caliber Glock pistol in the center console. The gun, which can hold nine rounds, contained six rounds, the charging documents said. An officer found a bullet matching the caliber and characteristics of the round found in the weapon at 17th and K streets NW.

Arguing that both Baxter and Martin be held in the D.C. jail until a preliminary hearing Friday, Assistant U.S. Attorney Tim Kelly acknowledged authorities had not yet determined who fired the gun.

"We have very strong evidence that the gun was discharged very recently from when the car was stopped," Kelly said. "The evidence is so strong that the gun was discharged. ... We don't know who discharged it."

Referring to a 2004 charge for an unregistered firearm in which Baxter received nine months' probation, Magistrate Judge Frederick Sullivan said: "I don't have any problem [holding] Mr. Baxter. He's the driver of the automobile. He's in control of the premises."

But Sullivan ruled that Martin, who, according to court documents, was incarcerated three times for cocaine-related offenses in the early 1990s, should be released on his own recognizance. He was ordered to undergo weekly drug testing.

Outside the courthouse, Baxter's lawyer, Harold Martin, said he hadn't yet had a chance to talk extensively with his client.

"A lot of information is sketchy," Martin said. "I only talked to him briefly in the cell block."

But, he added, "I'm sure nobody feels worse about this whole scenario than Mr. Baxter himself.

"Reading his body language and having had an experience with him in the past, and knowing how he thinks, I'm sure he's embarrassed to be in the public eye. I can only imagine it's pretty devastating."

The Charlotte Bobcats acquired Baxter in the middle of last season after a trade with the Houston Rockets. Bobcats spokesman Scott Leightman said Baxter's contract expired in April, but declined to say if he had presented any discipline problems while with the club.

"He's not a member of our team," Leightman said. "His contract expired. We opted not to re-sign him. There's really nothing to comment on."

There was also no comment from athletic department officials at Maryland or coach Gary Williams.

Baxter, who was a member of Maryland's 2001-02 national championship team before being drafted by the Chicago Bulls in 2002, signed a one-year deal earlier this month with Italian team Montepaschi Siena. The Silver Spring native also played briefly for the Washington Wizards.

Baxter is the second member of Maryland's national championship team to be arrested on a handgun charge. Chris Wilcox was arrested in June 2005. Police arrested Wilcox after they reportedly found a gun in his car during a traffic stop, but the charges were dismissed in August.

Sun reporters Julie Hirschfeld Davis and Heather A. Dinich contributed to this article.

Athlete Arrested On Gun Charge (WP)

By Allison Klein And Henri E. Cauvin

The Washington Post, August 17, 2006

Former University of Maryland basketball star Lonny Baxter, a journeyman professional player in recent years, was arrested on a gun charge yesterday after witnesses said shots were fired near the White House from a vehicle matching the description of an SUV that Baxter was driving in the area, police said.

Nobody was injured in the predawn incident. After the shots were fired, police stopped Baxter and a passenger in Baxter's white Range Rover. Police said they found a .40-caliber Glock pistol and two spent shells in the vehicle.

Baxter, 27, of Rockville, and the passenger, Francis I. Martin, 35, of Prince George's County, were charged with illegally possessing a handgun, according to documents filed by police in D.C. Superior Court.

Superior Court Magistrate Judge Frederick Sullivan ordered Baxter held without bail in the D.C. jail at least until a preliminary hearing tomorrow. Sullivan released Martin on his own recognizance, noting that Baxter, as the driver, was presumed to be in control of the vehicle and what was inside.

Harold Martin, Baxter's attorney, said in an interview that he could not address the specific allegations in yesterday's arrest. He said Baxter is "devastated and deeply embarrassed to be in this position."

"Nobody feels worse about this than him," Martin said of his client, a Silver Spring native who was a forward for the NBA's Charlotte Bobcats last season and recently signed a contract to play professionally in Italy.

Baxter, who helped lead his University of Maryland team to a national championship in 2002 and has since played for five National Basketball Association teams, including the Washington Wizards, was arrested once before on a firearms charge.

In July 2004, he was arrested at his condominium on Connecticut Avenue NW after his shotgun went off and the round shattered a neighbor's window across the street. Baxter, who told police the weapon had fired accidentally, was placed on probation for nine months after pleading guilty to possessing an unregistered gun. No one was injured in the incident.

Also in the summer of 2004, Baxter was found guilty in Arlington County of having an improper window tint on his car and was fined $50, court records show.

Police said they found receipts in the Range Rover indicating that the men had been in a bar not long before the shots were fired. Martin said there was no evidence that Baxter was intoxicated when police stopped him. He and Francis Martin were arrested at 2:30 a.m. by uniformed Secret Service officers who were patrolling near the White House.

Officers heard gunshots, and someone flagged them down in the area of 18th and H streets NW, saying the shots had come from a white SUV, which had driven off, according to the charging documents. Officers stopped Baxter's Range Rover at 17th and K streets NW and saw two spent casings on the back floorboard, the documents state. Officers said they found the handgun in the center console.

Neither man was charged with firing the weapon. Kim Bruce, a Secret Service spokeswoman, said the investigation is continuing.

Before the shooting, Baxter had apparently been at Eye Bar, at 17th and I streets NW, based on the receipts officers found, according to the court documents. Baxter's agent, Mark Bartelstein, said yesterday that he had no comment on the arrest.

Known for his quiet demeanor and consistent play at Maryland, the 6-foot-8 Baxter was selected by the Chicago Bulls in the second round of the 2002 NBA draft. He also has played for the Toronto Raptors, New Orleans Hornets and Houston Rockets. He recently signed a one-year deal with the Italian team Montepaschi Siena.

Doctor's Widow Indicted In Slaying (PPG)

By Milan Simonich, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, August 17, 2006

Accused of hiring lover to kill husband on Ohio Turnpike

Donna Moonda ended her 14-year marriage to a wealthy doctor by hiring a gunman to murder him, a grand jury in Cleveland charged yesterday.

The grand jurors indicted her on four felonies, two more than she was held on when she was arrested last month.

The indictments allege that Mrs. Moonda, 47, of Hermitage, Mercer County, hired the young drug dealer she was having an affair with to kill her husband on the Ohio Turnpike.

In return, Damian Bradford, 25, said she promised him half of the inheritance and life insurance proceeds she expected to collect.

Dr. Gulam Moonda, 69, a Mercer County urologist, had willed her his mansion and 20 percent of his estate. She thought her portion was worth at least $3 million, according to Mr. Bradford.

He pleaded guilty last month to shooting Dr. Moonda. Now he hopes to receive a sentence of no more than 17 1/2 years in prison in return for his testimony against Mrs. Moonda.

U.S. District Judge David Dowd has delayed a decision on punishment for Mr. Bradford to see whether he cooperates with prosecutors in their case against Mrs. Moonda.

Roger Synenberg, one of her lawyers, declined yesterday to discuss the indictment, saying he had not seen the charges.

He previously said Mrs. Moonda had nothing to do with her husband's death. Rather, Mr. Synenberg suggested that Mr. Bradford killed the doctor on his own, then implicated her to lessen his punishment.

But prosecutors say Mrs. Moonda and Mr. Bradford, motivated by greed, committed the crime together.

Chief among the new charges against Mrs. Moonda was murder for hire. She also was indicted for aiding Mr. Bradford as he stalked the doctor, aiding in the use of a firearm in a contract murder, and aiding in the use of a gun in interstate stalking.

Federal prosecutors in the Northern District of Ohio still must decide whether they will seek the death penalty or a life prison sentence against Mrs. Moonda.

They will forward their recommendation to the U.S. Justice Department's death penalty committee. Even if prosecutors and the committee favor the death penalty, U.S. Attorney General Alberto Gonzales has the final decision.

Dr. Moonda's murder on May 13, 2005, became the most notorious crime ever on the 50-year-old Ohio Turnpike.

Mrs. Moonda and her mother, Dorothy Smouse, now 76, witnessed the killing. Mrs. Moonda pulled the family Jaguar into an emergency pull-off lane of the turnpike about 15 miles south of Cleveland. Her mother said Mrs. Moonda had complained of a stomachache and wanted Dr. Moonda to drive.

Just then, Mr. Bradford pulled in behind the Moondas, stole the doctor's wallet and shot him in the face.

Though Mrs. Moonda had been communicating with Mr. Bradford by cell phone that day, she did not call 911 for help. The emergency call was made about eight minutes after the shooting by a passer-by who stopped to help. He said Mrs. Moonda told him her husband had a severe nose bleed, not that he had been shot.

Later, when questioned by police, Mrs. Moonda said the killer was a slight man, no taller than 5-feet-4. She told them she could not tell whether the gunman was black or white. Her description was nothing like Mr. Bradford, a black man who stands about 6 feet tall.

He said part of their conspiracy was that she would provide inaccurate details to investigators, hoping to throw them off track.

Mrs. Moonda is being held without bail in the Medina County, Ohio, jail.

Trail Of Blood Leads To L.A. Fire Capt. (LAT)

By Andrew Blankstein And Ashley Surdin

The Los Angeles Times, August 17, 2006

A 23-year veteran Los Angeles city fire captain was arrested today for allegedly killing a woman after police said they found a trail of blood that stretched nearly a half-mile between the suspect's home and the crime scene.

LAPD Lt. Paul Vernon said that a resident called police after finding the nude body of the woman about 1:30 a.m. today in the 5100 block of Loleta Avenue in Eagle Rock.

The fire captain, David Jaime Deltoro, 50, was booked on suspicion of murder after being questioned for several hours by detectives from the LAPD Robbery-Homicide Division. FOR THE RECORD:

Based on information provided by the LAPD, an earlier version of this story incorrectly stated that the location of the house where David Jaime Deltoro lived was on the 5100 block of Hill Drive.

"We are going to have to wait for the coroner's investigation to determine the cause of death," Vernon said. "We will be looking at whether she was killed in the home, in the truck, or at the location where the body was found."

The victim, whose name has not been released, was pronounced dead at the scene. Investigators followed tire tracks and a trail of blood and body tissue from the location of the woman's body for several blocks to the home of the fire captain in the 5100 block of Vincent Avenue.

"Part of our investigation is to determine whether the trail originated from the house to the body or from the body to the house," Vernon said.

Los Angeles city fire Capt. Carlos Calvillo said the agency had placed Deltoro, who was assigned to Fire Station 1 in Lincoln Heights, on administrative leave and that the department was cooperating with the police investigation.

Espionage Acting (WSJ)

The Wall Street Journal, August 17, 2006

The prosecution of government "leaks" that began with the Valerie Plame case has already sent one reporter to jail and limited the ability of all journalists to protect their sources. But now things are getting worse, as the Justice Department is prosecuting a pair of lobbyists for doing what journalists do every day.

We're talking about the indictment under the 1917 Espionage Act of two former lobbyists for the American Israel Public Affairs Committee, or AIPAC. Prosecutions under the Espionage Act have been very rare, but at least government officials swear not to leak secrets when they take the job. In this case Justice has already squeezed a guilty plea from former Pentagon analyst Lawrence Franklin for leaking classified information. He's been sentenced to 12 years in jail, or two more than Andrew Fastow received for fleecing Enron.

Where Justice is breaking all precedent is by indicting Steven Rosen and Keith Weissman, the former AIPAC staffers, for a "conspiracy" to pass on information from Mr. Franklin to at least one journalist and one employee of the Israeli Embassy. To our knowledge no such secondary sources have ever been prosecuted in this fashion, even during World War II when the Chicago Tribune disclosed highly classified military secrets.

One of the more important details about this case is that it doesn't involve the transmission of, say, microfiche or any classified documents. Rather, the defendants appear merely to have told others some of what they heard from Mr. Franklin -- about U.S. Iran policy, for instance. They thus stand accused of doing exactly what hundreds of journalists do in Washington to make a living, albeit for a much larger audience.

Perhaps sensing a problem, Justice sought to amend its original charges to suggest Mr. Weissman knowingly sought a classified document. But seeking classified documents is also what journalists do every day. In any case, federal Judge Thomas Ellis III ruled that this amendment was outside the bounds of the indictment approved by the grand jury.

Last week, Judge Ellis also declined the defendants' request to dismiss the case on the grounds that the Espionage Act is unconstitutionally vague and that the prosecution abridges their First Amendment rights to free speech and to petition the government. But one doesn't have to read too much between the lines to see that the judge is troubled by the government's conduct. He acknowledges that the case "implicates the core values of the 1st Amendment." And he has set a high bar for prosecutors, asking them to prove the defendants knew that Mr. Franklin was not authorized to give them the information he did and that passing it on could harm national security. He also added an extraordinary footnote to last week's opinion saying nothing in it is "intended to suggest or intimate any view about the wisdom of the government's decision to pursue this prosecution."

We realize that few of our readers have much sympathy for the press these days, and with ample cause. As we recently wrote after the Swift terror financing disclosure by the New York Times, we think the press sometimes has an obligation not to publish everything it knows. By revealing security secrets for no apparent reason other than its own partisan and ideological agenda, the Times has invited a government backlash against the entire press corps.

But these Espionage Act prosecutions are dangerous to more than the media. The statute is notably vague, meaning it is ripe for selective prosecution and misuse against political or partisan enemies. On any given day in Washington, numerous classified details are whispered across lunch tables and many of them make it into print or on the air. Many of these "secrets" aren't truly vital to national security but have been classified for political reasons, or because information is power and many bureaucrats like to control the flow of information. Is Justice going to investigate and prosecute every one of those leaks? The potential for political abuse is obvious.

The current prosecution has its own suspicious political beginnings, with some of the early leaks to the media suggesting that Mr. Franklin deserved his fate because he was one of those "neocons" who got us into Iraq. Some of the more breathless media reports seemed to cheer the FBI and Justice on, again for partisan reasons, and again ignoring the dangers to the press itself. This is the same mistake that liberal newspapers made as they campaigned for a special counsel in the Plame probe because the journalist in the dock was merely conservative columnist Robert Novak.

More broadly, this use of the Espionage Act amounts to the imposition, by executive fiat, of a U.S. version of Britain's Official Secrets Act. That law criminalizes the publication -- and even the re-publication -- of certain kinds of information. This kind of "prior restraint" on the press is alien to the American legal tradition of First Amendment rights. If Attorney General Alberto

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Gonzales thinks we need an Official Secrets Act, then he ought to say so and ask Congress to debate and pass it, rather than let his prosecutors impose one by the back door.

CIVIL LAW:

Column: Newsom Business Partner Is Lead Lawyer In Lawsuit Against Cheney (SFC)

San Francisco Chronicle, August 17, 2006

Phillip Matier & Andrew Ross

Joe Cotchett, a top Democratic fundraiser, trial lawyer and longtime wine and restaurant partner of San Francisco Mayor Gavin Newsom, has just been named to lead ex-CIA officer Valerie Plame Wilson's big lawsuit against Vice President Dick Cheney, his former chief of staff Lewis "Scooter" Libby and presidential adviser Karl Rove.

And with the ex-Army Special Forces Col. Cotchett's take-no-prisoners approach to lawyering, you can bet this case will be a doozy.

In the suit, Wilson and her husband, former Ambassador Joe Wilson, accuse Rove, Cheney and Libby of intentionally exposing Valerie Wilson's classified CIA status to reporters in retaliation for ex-envoy Joe Wilson publicly challenging President Bush's evidence justifying the war in Iraq.

"Money is not what this case is about," Cotchett said Tuesday. "It's (about) a little piece of paper -- sometimes known as our Constitution."

There is already speculation that Cheney, citing executive immunity, will go untouched -- and that the real target is Republican kingmaker Rove.

Still, Cotchett said he intends to pull Cheney into the fray, as well.

"I'm going to take his deposition," said Cotchett.

No sooner was it announced that Cotchett would be leading the case than word came that Cheney would be represented by no less than Attorney General Alberto Gonzales and Washington lawyer Emmet T. Flood -- one of the attorneys who defended President Bill Clinton against impeachment charges.

Flood didn't return our call Tuesday, and the White House has been mum -- but Rove has called the lawsuit "absolutely and utterly without merit."

Daly dish: It was tough enough when Daly City Council candidate Leah Berlanga learned that her ex-husband Frank -- now sitting in jail for violating a restraining order -- had filed papers in a last-minute bid to compete in her race.

But what really shocked the co-founder of the Domestic Violence Survivors Network was when she discovered that ex-hubby Frank's filing papers had been circulated and signed by the family and supporters of a rival candidate, neighborhood activist and Jefferson School Board member Annette Hipona.

"I knew this was going to be a contentious race," said Berlanga, one of seven candidates running for three seats. "But I never thought they'd stoop this low."

Hipona didn't return calls for comment, but there are sure some interesting connections between her campaign and the surprise entrance of Berlanga's ex.

For starters, the papers for the jailed Berlanga's candidacy were circulated by Dana Smith, a Daly City Planning commissioner and sister of Daly City Councilwoman Judith Christensen, who also signed the ex's papers.

Smith, her sister Christensen and Hipona have been active with the Original Daly City Protective Association, a grassroots growth group that has opposed the city's redevelopment projects.

In an added twist, rival candidate Hipona's mother, father, brother and sister-in-law Laura all signed on in support of Frank Berlanga's candidacy, as well.

"I'm just shocked that they even did this," Leah Berlanga said. "I mean, I grew up with all these people."

Neither Smith, Councilwoman Christensen or Hipona returned calls for comment.

As for ex-husband Frank -- he was still in jail Tuesday and declined to be interviewed.

And you thought San Francisco politics were rough.

Fast play: It took a trip to the political emergency room and some pretty heavy surgery, but San Francisco's $450 million school fix-up bond appears to have come back from the dead.

For months now, school officials -- under the gun to comply with the settlement terms of a disability access lawsuit -- have been pushing to get the megabond on the November ballot.

But the shaky findings of the district's own poll -- combined with open criticisms from everyone from Mayor Gavin Newsom to landlords to the business community -- suggested they had moved too quickly for their own good, leaving so many stepped-on toes in their wake that even the measure's consultants were threatening not to take the campaign unless they cleaned up the mess.

Hence the rush for some political doctoring.

First up: A big sitdown a couple weeks back with the city's major landlords who were talking up an anti-bond campaign unless the accompanying tax hike could be passed on to tenants.

On one side was a delegation led by acting school Superintendent Gwen Chan and veteran school board member Jill Wynns -- on the other, major apartment owners and landlords represented by Coalition for Better Housing executive Brook Turner and political strategist Jack Davis.

"He (Davis) barked at them, and they jumped like trained Chihuahuas," is how one insider described the meeting.

By last week, Supervisor Tom Ammiano was carrying a bill at the Board of Supervisors (with a promise of backing by no less than six board members) to close a loophole in a 2002 piece of legislation and allow the costs of the school bond to be split 50-50 between landlords and tenants. Even tenant activists had signed on in support.

Next up, the Service Employees International Union, which was threatening to withhold its support of the bond over some recent layoffs -- most notably a couple of employees assigned to asbestos removal.

Quicker than you can say lung cancer, a new agreement was hammered out to allow the two workers to be rehired in other jobs.

The district also cut a deal with the San Francisco Building and Construction Trades Council for a new agreement ensuring that any nonunion contractors doing school construction work would abide by union rules.

Then there was the teachers union, which was unhappy with being left out of the planning process for the new bond. After school board members reminded the teachers that they would need the district's support down the road for the passage of a parcel tax to help pay for higher salaries and the like, the teachers quickly got in line.

Finally, there was the unfinished business of getting the mayor and Board of Supervisors on board. The mayor, in particular, was unhappy about being kept out of the loop -- particularly when it came to the size of the bond. So school reps fanned out across City Hall, meeting with the mayor and just about every supervisor to win over their support.

Now, the school gang is finishing up meetings with downtown business interests -- everyone from the Chamber of Commerce to the Committee on Jobs to San Francisco Restaurant Association -- the folks whose support and money they'll need to eventually get the bond over the finish line.

Chronicle columnists Phillip Matier and Andrew Ross appear Sundays, Mondays and Wednesdays. They can also be heard on KGO Radio. Phil Matier can be seen regularly on KRON 4 News. Got a tip? Call them at (415) 777-8815 or drop them an e-mail at matierandross@sfchronicle.com.

Page B - 1

Privacy Rights Group Files FTC Complaint Against AOL (FINDLAW/AP)

AP, August 17, 2006

(AP) - SAN FRANCISCO-The backlash against AOL's recent release of its subscribers' search requests continued Wednesday as a privacy rights group filed a Federal Trade Commission complaint alleging the breach was intentional.

AOL spokesman Andrew Weinstein scoffed at the allegation made by the World Privacy Forum, reiterating earlier descriptions of the breakdown as a "mistaken release" by a bumbling researcher.

The San Diego-based World Privacy Forum's filing follows a similar complaint by the Electronic Frontier Foundation,a civil liberties group in San Francisco.

Both groups are urging the FTC to investigate and possibly penalize AOL for its unauthorized release of about 19 million search requests made by about 658,000 subscribers during a three-month period ending in May.

The files containing the search requests were publicly accessible for 10 days before AOL removed the information, giving people time to fetch copies that continue to circulate on Web sites like http://www.aolstalker.com.

The FTC complaints allege AOL - owned by Time Warner Inc. -engaged in unfair or deceptive business practices by exposing its subscribers' information, which included requests for online pornography, murder tips and medical advice.

Although no names were attached to the search requests, some of the data was revealing enough to figure out the identities of the people behind the queries.

The FTC so far has not indicated whether it intends to investigate AOL.

Judge Refuses New Orleans' Request To Dismiss Lawsuit By Gun Owners' Lobbying Groups (FINDLAW/AP)

By Mary Foster, Associated Press

AP, August 17, 2006

(AP) - NEW ORLEANS-A federal lawsuit accusing the city of illegally confiscating firearms during the chaos that followed Hurricane Katrina was kept alive by a federal judge Wednesday.

U.S. District Judge Carl Barbier denied a motion by the city of New Orleans to dismiss a suit by the National Rifle Association and the Second Amendment Foundation. The groups sued Mayor Ray Nagin and New Orleans Police Chief Warren Riley over the confiscation of guns following Hurricane Katrina.

The city asked the judge to dismiss the suit for lack of jurisdiction, saying "the states, and by extension their political subdivisions, are free to proscribe the possession of firearms."

The court rejected the motion, ruling the city did nothing to back up "the brazen assertion" that the second amendment did not apply.

"I'm delighted to see that the second amendment still applies in Louisiana," said Wayne LaPierre, executive vice president of the NRA.

The suit says that during and after the Aug. 29 storm, "Mayor Nagin ordered the New Orleans police and other law enforcement entities under his authority to evict persons from their homes and to confiscate the lawfully possessed firearms."

By pursuing it, the NRA hopes to prevent any such action in the future, LaPierre said. The organization also hopes the court will order police to return guns in their possession to the rightful owners, he said.

In April, police made about 700 weapons available to owners. Those seeking a weapon must bring either a bill of sale or an affidavit with the weapon's serial number, which LaPierre called an "impossible requirement."

Police spokesman Sgt. Carlton L. Lewis said Wednesday he could not say how many weapons remained. He said people can still claim them.

Several efforts to get comment from the city on the lawsuit were not answered.

CIVIL RIGHTS:

Federal Appeals Court Upholds Michigan High School Sports Ruling (AP)

AP, August 17, 2006

GRAND RAPIDS, Mich. (AP) — A court ruling on the scheduling of the state's prep athletic seasons will not affect the sports calendar for the 2006-07 school year, the Michigan High School Athletic Association says.

A three-judge panel of the 6th U.S. Circuit Court of Appeals in Cincinnati upheld a lower court's opinion that the schedule discriminates against girls in some sports.

The decision issued Wednesday stemmed from a 1998 federal lawsuit filed against the MHSAA by Diane Madsen and Jay Roberts-Eveland, both Grand Rapids-area mothers of female athletes, in conjunction with their group, Communities for Equity.

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After the 6th Circuit released the ruling, the East Lansing-based MHSAA issued a statement saying it "will be studying its options following this decision." It has two weeks to ask the full appeals court to hear the matter.

The organization also said there will be no changes to sport schedules for the approaching school year. That drew criticism from the co-president of the National Women's Law Center.

Even though practice has started for girls basketball and other fall sports, the MHSAA and its 1,800 member schools should take "a serious look" at making at least some schedule changes this year, said Marcia Greenberger, whose Washington-based organization has helped the plaintiffs in the case.

"The burden should be on MHSAA and the schools to justify why things have to remain as they are when they are illegally and unfairly discriminating against female athletes in the state of Michigan," Greenberger said.

Madsen said if the MHSAA appealed again, her group would continue its fight.

"It should be over, but unfortunately it's not," she said. "I'm very confident that sooner or later justice will prevail. It's just a matter of how long it takes and how much money it will cost."

The focus of the lawsuit was the scheduling of high school sports seasons involving girls teams. In particular, girls in Michigan play basketball in the fall and volleyball in the winter, the opposite of collegiate schedules.

Critics say that limits the exposure of Michigan's female prep athletes and may hurt their chances to win sports scholarships, but the MHSAA argues the opposite.

Communities for Equity won its federal lawsuit in December 2001. U.S. District Judge Richard Enslen in Kalamazoo said the scheduling policies violated the equal-protection clause of the 14th Amendment, the federal Title IX statute and Michigan civil rights law.

Enslen directed the MHSAA to propose a realigned sports schedule that would meet with his approval. In August 2003, the judge rejected an MHSAA proposal because it did not include a swap of the girls' basketball and girls' volleyball seasons.

Enslen amended the plan to flip-flop the two seasons, and the MHSAA appealed to the 6th Circuit, which denied that appeal in July 2004.

The association then appealed to the Supreme Court, which told the appeals court in Cincinnati to reconsider the case. Arguments were presented to the three appellate judges in March.

The MHSAA reiterated its stance that the purpose of separate athletic seasons for boys and girls is to maximize opportunities for participation. Having both sexes playing the same sports at the same time would tax many schools' athletic facilities, it said.

Appellate Judge Ronald Lee Gilman, who wrote the opinion, said: "MHSAA's claim that the inadequate facilities require the female athletes to always play in the disadvantageous seasons is without merit. MHSAA could, after all, rearrange the schedules and require some of the male sports to play in disadvantageous seasons without increasing the overall use of the facilities."

Gilman also wrote that the MHSAA failed to "establish that separate seasons for boys and girls — let alone scheduling that results in the girls bearing all of the burden of playing during disadvantageous seasons — maximizes opportunities for participation."

Judge R. Guy Cole Jr. concurred with Gilman's opinion. Judge Cornelia G. Kennedy concurred in part and dissented in part.

Donors Defend School's Jesus (WT)

By Joyce Howard Price

The Washington Times, August 17, 2006

A divided school board in West Virginia has decided to use about $150,000 in donated money to fund a legal fight to keep a print of Jesus Christ on display in one of its high schools that has been there for more than 40 years.

Two weeks ago, the board voted 3 to 2 to proceed with a court battle to retain the picture at Bridgeport High School, if $150,000 in private funding was raised. "We raised that amount in nine days," board member Mike Queen said yesterday.

He said one family contributed $53,000, and there were also donations from celebrities, such as Pat Boone and country singer Stella Parton.

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The school board is fighting a lawsuit filed earlier this summer by Americans United for Separation of Church and State and the ACLU of West Virginia, which argues that the religious display in the public school is a violation of requirements for the separation of church and state.

"What's wrong with having role models with religious beliefs in schools? Children should understand the religions of the world," given the conflicts that exist today in the name of religion, said Mr. Queen, who has led efforts to retain the print.

But the Rev. Barry Lynn, executive director of Americans United for Separation of Church and State, said the picture "depicts the leader and founder of the Christian faith. How can they act like a portrait of Jesus that is hanging in a public school be anything but a promotion of the Christian religion?"

The board set the $150,000 threshold for legal expenses in this case after deciding not to spend tax dollars.

The board's president and vice president are unwilling participants in the legal battle. On June 6, they voted to remove the print, a rendering of a 1941 work by artist Warren Sallman. But one board member was absent, and that motion failed in a tie vote.

"This is an issue over which people are quite passionate," Harrison County School Superintendent Carl Friebel said.

School board attorney Richard Yurko said one legal group predicted the board's chances of winning to be about 1 percent.

Mr. Yurko cited a case decided by a federal appeals court in Michigan a decade ago, which dealt with a copy of the same painting of Jesus in a public school. The appeals courtruled the picture unconstitutional.

"If the court follows that ruling, we will probably lose," the lawyer said.

But he said the majority of the board feels that the views of courts in cases such as this are changing, noting that questions have been raised about the validity of legal standards used in the earlier decision.

"They say the picture has never been used to proselytize," so there is no reason to remove it, Mr. Yurko said.

But Board President Wilson W. Currey said the effort is a waste of time.

"I feel personally we are wasting a lot of time, money and effort," he said. "We're on this board to make educational decisions and to improve things for kids."

Breaking Through Adoption's Racial Barriers (NYT)

By Lynette Clemetson And Ron Nixon

The New York Times, August 17, 2006

When Martina Brockway and Mike Timble, a white couple in Chicago, decided to adopt a child, Ms. Brockway went to an adoption agency presentation at a black church to make it clear they wanted an African-American baby.

Their biological daughter, Rumeur, 3, is accumulating black dolls in preparation for her new brother or sister. Black-themed children's books like "Please, Baby, Please" by the filmmaker Spike Lee and his wife, Tonya Lewis Lee, share shelf space with Elmo and Dr. Seuss.

But the couple's decision provoked some uneasy responses. One of Mr. Timble's white friends asked, "Aren't there any white kids available?"

Ms. Brockway's black friends were supportive. "But," she said, "I also sensed that there was maybe something they weren't saying."

Mr. Timble cut in. "Like maybe they were thinking, 'What do these people think they are doing?' "

Ms. Brockway and Mr. Timble are among a growing number of white couples pushing past longtime cultural resistance to adopt black children. In 2004, 26 percent of black children adopted from foster care, about 4,200, were adopted transracially, nearly all by whites. That is up from roughly 14 percent, or 2,200, in 1998, according to a New York Times analysis of data from the National Data Archive on Child Abuse and Neglect at Cornell University and from the Department of Health and Human Services.

"It is a significant increase," said Rita Simon, a sociologist at American University, who has written several books on transracial adoption. "It is getting easier, bureaucratically and socially. With so many people going overseas, people are also increasingly saying, Wait a minute, there are children here who need to be adopted, too."

The 2000 census — the first in which information on adoptions was collected — showed that just over 16,000 white households included adopted black children. Adoption experts say there has been a notable increase since 2000.

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The reasons for the increase are varied. The Multiethnic Placement Act and its amendments prohibited federally financed agencies from denying adoption based on race. The foster care system has sharply changed in recent years and now includes financial incentives for finding more adoptive families.

The combination of legal changes and greater embracing of multicultural families — Americans have adopted more than 200,000 children from overseas in the past 15 years — have lessened resistance from both blacks and whites. The long wait for white children and the high costs of international adoptions — typically $15,000 to $35,000 — also play a role.

And agencies are offering courses to help adoptive parents enter the process with more cultural openness and awareness.

Ms. Brockway and Mr. Timble decided to adopt after a physically and emotionally wrenching first pregnancy — their daughter was delivered at 25 weeks. They did not want to deal with the long wait for a white infant, and adopting from overseas did not appeal to them.

"Some people see Asian or other ethnicities as closer to white, more acceptable, easier," said Ms. Brockway, a teacher. "That's just not us. We feel like we have the open arms and minds to be a good match to an African-American child."

In practice, however, decisions about adoption placements are still influenced by racial considerations, many families say. Since 1994, white prospective parents have filed, and largely won, more than two dozen discrimination lawsuits, according to state and federal court records. Many more disputes have been settled in arbitration.

The loaded jumble of viewpoints and anxieties related to transracial adoptions of black children are complex and often contradictory.

Rhetoric around the issue has softened considerably since the National Association of Black Social Workers, in 1972, likened whites adopting black children to "cultural genocide." The group removed the genocide reference from its policy statement in 1994, but it still recommends same-race placements. And organizations like the Child Welfare League have argued in recent years that while race need not be the primary consideration in placements, it should not be disregarded.

Many blacks still worry that white families cannot equip black children to navigate the country's complicated racial landscape.

"Adoption, like everything else in this country, gets filtered through the lens of race," said Joseph Crumbley, a black social worker in Philadelphia and a consultant on transracial adoptions. "For blacks, it is about how comfortable can whites be in dealing with the issue of race when their race is in conflict with the race of the child."

At the same time, some blacks view international adoptions by whites as a slight to black children in need of permanent and stable homes. "I can't help but wonder why Angelina and Brad can't adopt an African-American baby here with so many in need," said Ishia Granger, 36, a black friend of Ms. Brockway.

More than 45,000 black children were waiting to be adopted from foster care in 2004. There are no reliable national figures for private adoptions.

Advocates of black adoption criticize adoption agencies as not doing enough to recruit black families. But one strategy agencies use, in part, to recruit black families — reducing fees for African-American adoptions — seems to some critics like a literal devaluing of black children. And while current adoption laws impose penalties on federally financed agencies that discriminate, there are no penalties for failure to identify black adoptive families.

Both black and white families, at times, feel discriminated against. Charlene White, a black adoptive mother in Richmond, Va., said that when she and her husband, Malachi, began the process in 1997, a counselor asked them about drug and criminal records — questions a white couple they knew who were also adopting were not asked.

"It was definitely because we were black," Ms. White said.

A white judge initially denied Nick and Emily Mebruer's petition to adopt a black child, ruling that the Mebruers, a white couple who live in rural Lebanon, Mo., were "uniquely unqualified" to parent a black child because of their limited interaction with black people and culture. The ruling was overturned, and their daughter, Maggie, is now 3.

"We felt like it was an indictment of us and our entire community," said Mrs. Mebruer, a family doctor, as Maggie played with a black doll in the center of the living room and danced to the Australian children's group the Wiggles. "It was assuming that we didn't have the desire or the capacity to learn."

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The Mebruers did not explicitly set out to adopt a black child. But when the Kansas City office of Catholic Charities called one spring afternoon to say that an infant was available and that they needed the couple's decision within hours, the race of the child, Mr. Mebruer said, was secondary.

White families adopting black children are increasingly learning that the "love is enough" approach to adoption that families bring to the process is often met with skepticism.

Psychologists, researchers and adoptees themselves say many children adopted transracially in past decades suffered from philosophies focused on assimilation, with little or no acknowledgment of racial and cultural conflict.

Robert O'Connor, 39, who was raised by a white family in Rush City, Minn., recalled his struggles growing up in a small town with few other blacks. Throughout his youth, he said, he felt awkward around other blacks. He did not understand black trends in fashion or music or little things like playing the dozens, the oral tradition of dueling insults.

"I always felt like I had this 'A' on my forehead, this adoptee, that people could see from a far distance that I was different," said Mr. O'Connor, who now researches transracial adoptions as assistant professor of social work at Metropolitan State University in St. Paul.

Today, some agencies are working to avoid mistakes of the past. Ms. Brockway and Mr. Timble are adopting through the Cradle, a Chicago agency that gives transracial adoptive parents extensive counseling as well as a course on "conspicuous families."

One exercise meant to assess parents' comfort level in confronting racial issues lists a roster of stereotypes including, "lazy," "passive" and "athletic," and asks parents to assign them to the race or ethnic group to which they are often applied.

Judy Stigger, a counselor at the Cradle and herself a white adoptive mother of two black children, now adults, makes the issues tangible to prospective parents by relating personal stories. She tells about the time when her son, then a teenager, reached into her purse at a McDonald's and a clerk called security; and the time when her daughter began crying while looking through congratulatory cards sent by family and friends when they took her home.

"Was I supposed to have been white?" her daughter, then in the third grade, asked. Ms. Stigger had never noticed that the children on all of the cards were white.

"It's about getting people to realize that they should not be thinking about being, as one 8-year-old put it to me, 'a white family with a weird child,' but a multiracial family," Ms. Stigger said. "The way most white people use the term 'colorblind' is just silly. We want to create color aware families, not colorblind families."

Ms. Brockway worked for years in predominantly black schools and now tutors children in foster care. Mr. Timble, who owns a promotional printing business, has a cousin who has adopted four black children. They live in an ethnically diverse section of northwest Chicago.

But after working through the adoption process, Ms. Brockway said, they are considering moving to a neighborhood with more black professionals and finding a more diverse church.

For some adopting families, public reaction defies assumptions. Katherine and Ryan Liebl were dining recently in the Oak Park neighborhood of Chicago, where they live, when a black family asked them where they had adopted their son, Matthew, now 8 months old.

They responded that he was from Chicago and steeled for disapproval. Instead, they said, the family cheered: "Yeah, domestic baby. Good for you!"

The Liebls, who adopted through the Cradle, were chosen by black birth parents from profiles submitted by black and white adoptive families. The same birth parents had previously chosen a black couple, Dana and Drayden Hilliard, to adopt two older children. So the Liebls' son Matthew has two biological siblings being raised by a black family in a nearby suburb.

The two families have become friends and are raising the children as siblings, getting them together about once a month.

The Hilliards said they were surprised that the birth mother chose a white family. "But wherever a child can find love, black, white or purple, that is all right with me," said Ms. Hilliard, 39, a program analyst. "I do feel that if parents adopt transracially they owe it to their child to keep them connected with their heritage. But we are happy to be a resource for that."

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The two families do not know for sure what attracted the birth mother to them, but they said worldliness seemed to have trumped race. The birth mother commented to each that their expressed love for travel would offer her children a chance to explore the world that she never had.

"We feel like we struck gold," said Mr. Liebl, 31, a lawyer. "Matthew has these siblings that he will know and this level of contact between us that is authentic and not forced."

In the personal letters that the Cradle requires adoptive parents to submit to birth parents, those adopting transracially are asked to include examples of how they would bring diversity to a child's life.

Ms. Brockway said it had been a difficult exercise. She wants to include pictures with black friends, but not too many. She wants to write about her black students, Mike's black relatives and co-workers, their activities in black communities — but not too much.

"I don't want to appear over the top, trying too hard, like we think we're cool because we have black friends." she said. "And who is to say what any birth mother will think is important or how any one views or defines diversity and culture. These things are different for everyone."

ANTITRUST:

France's Danone Hungers To Acquire, But Its Portfolio May Make It A Target (WSJ)

By Jenny Clevstrom

The Wall Street Journal, August 17, 2006

PARIS -- After a decade-long reorganization, Groupe Danone SA is hungry for acquisitions. But many say the French dairy, beverage and biscuit firm remains itself a tasty morsel.

Danone plans to spend between €500 million and €1 billion, or between about $640 million and $1.3 billion, a year over the next three to five years on acquisitions, Danone Chief Financial Officer Antoine Giscard D'Estaing said in an interview.

The added spending, which compares with about €200 million for acquisitions in 2005, will be channeled into small and medium purchases aimed at expanding Danone's operations to around 80 countries from the current 40. Among the markets Danone is examining are Chile, Tunisia, Thailand, China and Eastern Europe, Mr. Giscard D'Estaing said.

It could be the right time for a new strategy: The maker of Evian water, Danone yogurt and Lu cookies has spent the past 10 years cleaning up its portfolio, selling noncore assets in the beer, pasta and sauces sectors.

Danone's business is today focused on three core activities: fresh dairy, beverages and biscuits. It is a world leader in fresh dairy-product sales and bottled water. In the first half of 2006, the company's net income rose to €704 million from €346 million in the first half of 2005.

"By simple virtue of its portfolio, it's clearly, in Europe, the best-positioned in health and wellness among the large food companies," says Michael Steib, an analyst at Morgan Stanley. Mr. Steib rates Danone "outperform." Morgan Stanley doesn't have an investment-banking relationship with Danone.

Yet Danone is still a relatively small player. With a market capitalization of €28 billion, the French company is dwarfed by rivals like Swiss food titan Nestlé SA, which has a market capitalization of €105 billion.

Moreover, unlike Nestlé, Danone's business is concentrated in a few markets. A decade ago, when Chief Executive Officer Franck Riboud took the helm of the group, 80% of Danone's sales were generated in Western Europe.

Mr. Riboud has reduced Danone's dependence on Western Europe, but it still accounts for around 50% of sales -- a potential problem given the region's slow growth. In the first half of 2006, sales from a year earlier grew 4.5% in Europe compared with 17.8% in Asia and 16% in the rest of the world, including the U.S.

Danone's new acquisition strategy is aimed at building up its business in faster-growing emerging markets, said Mr. Giscard D'Estaing, who is a nephew of former French President Valery Giscard D'Estaing.

China, where the company generates around 9% of its overall sales, is also a fertile acquisition market. Mr. Giscard D'Estaing said Danone's dairy-product sales in China could total between €200 million and €400 million a year within three to five years. Danone's consolidated sales in 2005 totaled €13 billion.

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The French company also hopes to make acquisitions that will expand its product offering, particularly in the high-growth and high-margin health-foods sector.

Danone already sells products like low-cholesterol yogurt Danacol and the probiotic Activia yogurt, which alone posted a 36% rise in sales last year to €845 million. Probiotic yogurt contains bacteria, which helps the body's natural defenses and improves the digestive system. Danone also recently bought a 22.2% stake in Chinese juice firm China Hui Yuan Juice Holdings Co.

The U.S. is a major growth market for the health-food sector and for the company as a whole. Danone purchased a 40% stake in organic-food maker Stonyfield Farm in 2001, and raised its share to 80% in 2004 -- an acquisition that has greatly strengthened its position against Minneapolis-based competitor General Mills Inc., maker of Yoplait yogurt. Danone and Stonyfield together accounted for 33% of the U.S. yogurt market in 2005, compared with Yoplait's 30%, both in terms of overall sales value, according to data firm Euromonitor.

This year, Danone launched Activia yogurt products in the U.S., and sales are expected to reach $100 million within a year, Mr. Giscard D'Estaing said. He added that teaming up with a pharmaceutical company in order to deepen Danone's knowledge on the use of natural ingredients is also a possibility.

Danone's ambitious expansion plans have another potential benefit: By bulking up, the company could make itself harder to swallow for potential suitors.

Many of the world's biggest food and beverage companies have long seen Danone as a prime takeover candidate. The company doesn't have a controlling shareholder and is one of the few midsize food companies left in an industry dominated by titans such as Nestlé, Kraft Foods Inc. and Coca-Cola Co.

"Danone will probably remain on the radar screen of many companies," said Arnaud Langlois, an analyst at J.P. Morgan.

For all of Danone's international expansion, its best protection from an eventual takeover bid could be home-grown.

A year ago, when rumors circulated that PepsiCo Inc. was planning a bid for the company, the French government clearly warned off potential suitors. The country's prime minister hailed the company as a "crown jewel" that would be defended in the national interest of France. A bid never materialized.

Mr. Giscard D'Estaing said Pepsi never formally approached Danone. He said the company would discuss a friendly bid from a company if it ever came, but added: "This is not on our agenda today. Our agenda is to develop our company."

Teck Drops Plan To Raise Inco Bid, Leaving CVRD As Likely Buyer (WSJ)

By Mark Heinzl

The Wall Street Journal, August 17, 2006

TORONTO -- In a sign that investor appetite for surging mining stocks amid a world-wide industry merger frenzy may be sated for now, Teck Cominco Ltd. said it won't proceed with a planned increased offer of 20.03 billion Canadian dollars (US$17.83 billion) for Inco Ltd.

The development appears to leave Brazil's Cia. Vale do Rio Doce -- with its all-cash offer of C$19.35 billion, or C$86 an Inco share -- in the driver's seat to acquire the big Canadian nickel producer. Inco continues to endorse a cash-and-stock bid by Phoenix copper producer Phelps Dodge Corp., though investors are likely to prefer the all-cash bid. Phelps Dodge's offer was valued at about C$89.31 an Inco share as of yesterday's closing prices.

Teck, a Vancouver, British Columbia, mining concern, attempted to sell C$5.73 billion of shares to institutional investors in order to help finance its bid for Inco, but Teck said it wasn't able to complete the share issue "on terms that made sense" for the company. A Teck spokesman said some investors that balked at Teck's terms for the share issue would have agreed to buy shares at a price lower than what Teck was seeking. He declined to say what price Teck was seeking.

Teck had said its planned cash-and-stock offer of C$89 a share for Inco would be its "best and final." Its previous cash-and-stock bid, of C$87.74 per Inco share with a smaller cash component, was set to expire at midnight yesterday.

Mining-industry bidding wars and share prices have escalated amid predictions of long-term demand for metals like nickel and copper from China and elsewhere. But investors are proving to have less of an appetite for mining stocks amid fears of a correction, at least in the short term.

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Citing Teck's troubles selling the shares, Carol Levenson, director of research for credit-research firm Gimme Credit, said in a research note that "it appears that raising this magnitude of cash through an equity offering is more difficult than it seems."

Natcan Investment Management fund manager Benoit Brillon said he was offered part of Teck's share issue but declined, since about 2% of his C$6 billion portfolio already is in Teck shares. "I didn't really need more, but I'm really happy with my shares," which he acquired years ago in the C$10-C$12 range, he said. Teck should have used the occasion to remove its dual-class share-voting structure, which limits the stock's valuation and gives voting control to Canada's Keevil family and Japan's Sumitomo Metal Mining Co., Mr. Brillon said.

Shares of Inco fell 3% to 77.33 each at 4 p.m. in New York Stock Exchange composite trading. American depositary shares of CVRD rose 2.4% to 22.34. Teck's class B shares were up 3.1% to $73.38 on the NYSE.

A Phelps Dodge spokesman declined to comment. A CVRD spokesman said the company was assessing the news.

CVRD's offer lacks Inco's support, and Inco may seek a higher offer from CVRD. Still, CVRD may not see a need to boost its offer if it feels Inco shareholders will support the existing bid.

Though Teck said it would let its offer expire last night , it will be rewarded for its efforts. Teck had acquired 8.9 million shares of Inco before launching its initial bid in May, and Inco shares have soared since.

If Phelps Dodge doesn't win Inco, its attempt could still earn it a big payday. Inco agreed to pay Phelps Dodge a breakup fee of $475 million in the event Inco endorses a different bidder.

R.R. Donnelley To Consider Buyout Offers (WSJ)

By Dennis K. Berman And Henny Sender

The Wall Street Journal, August 17, 2006

Giant printer R.R. Donnelley & Sons Co. is entertaining offers to be bought by leveraged buyout firms, people familiar with the matter said yesterday.

The Chicago-based company -- with a market capitalization of $7.4 billion -- is a logical target for these buyout shops, which seek companies with steady cash flows that can be used to pay down debt used to fund an acquisition.

At least two buyout groups are considering offers, said one person familiar with the matter. One group is comprised of Carlyle Group, Madison Dearborn Partners and Thomas H. Lee Partners. A second bidding group includes Blackstone Group and Texas Pacific Group, according to another person familiar with the matter. Details of the discussions were previously reported by the Mergermarket news service and Bloomberg News.

One person familiar with the matter said that R.R. Donnelley has been discussing such a move for about three to four months, but another person familiar with the matter described the negotiations as still in a preliminary stage. The different interpretations underscore the tenuous nature of publicly-disclosed buyout talks. A leak can send a target's stock price higher, which can in turn erode conditions for getting a deal done in the first place. R.R. Donnelley's stock price has already reached levels that some private-equity analysts think makes the deal unattractive.

"The issue is that the world thinks the private-equity firms have too much money," says one analyst. "And the dogs have been fed every time the bell rings. But things are getting pricey and it is possible that investors who bet that the private-equity firms will pay any price may get burned."

Momentum around a possible deal sent R.R. Donnelley shares higher yesterday by 62 cents, or 1.8%, to at $34.36 in 4 p.m. New York Stock Exchange composite trading. That price falls into roughly the middle part of the company's 52-week trading range, which posted an intraday low of $28.50 and a high of $38.13.

R.R. Donnelley is working with Morgan Stanley in evaluating potential offers.

Private-equity firms have been moving aggressively to identify ever-larger target companies, given that they have raised $282 billion in funds since 2004, according to J.P. Morgan Chase & Co. data. But sometimes their ambitions prove greater than their ability to execute, as negotiations can falter amid pricing differences. That was the case with Computer Sciences Corp., which conducted different rounds of discussions with buyout groups but ultimately elected not to sell. Jones Apparel Group Inc. also ran an auction process for private-equity shops that died just this week.

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R.R. Donnelley's bonds were on the move early yesterday amid the takeover speculation. Its 4.95% bonds due 2014, the most actively traded, saw its spread against safer Treasurys rise more than 27% this week, according to MarketAxess, an electronic trading system for corporate bonds.

Credit protection on R.R. Donnelley, meanwhile, was also getting more expensive, taking the five-year credit default swap, or CDS, 60 basis points wider to a bid of 220 basis points, traders say. That means an investor would have to pay $220,000 a year to protect $10 million of R.R. Donnelley debt for five years. R.R. Donnelley CDS traded as wide as 255 basis points yesterday morning. If a bid actually materializes, that cost is likely to go up to $400,000 a year, giving early buyers huge profits.

Tabcorp Holdings Withdraws A$1.9 Billion Unitab Offer (Update5) (BLOOM)

By Paul Waide

Bloomberg, August 17, 2006

Aug. 17 (Bloomberg) -- Tabcorp Holdings Ltd., Australia's biggest gaming company, withdrew its A$1.9 billion ($1.5 billion) hostile offer for Unitab Ltd. after antitrust opposition, leaving Tattersall's Ltd. the only bidder for the sports betting chain.

Tabcorp said it won't challenge the regulatory ruling that ends its plan to control off-track betting on horse races in the country's three most populous states.

Buying Brisbane-based Unitab would reduce Tattersall's dependence on lotteries and slot machines and allow it to bid for Tabcorp's wagering license in Victoria state when it expires in 2012. To succeed, it may have to raise it's A$1.8 billion stock offer, which values Unitab shares at less than their current price.

``It is a takeover by Tattersall's of Unitab without a premium for control," said Mark Wilson, a Sydney-based analyst at Deutsche Bank. The Melbourne-based company needs to raise its bid to win approval from Unitab shareholders, who vote on the offer Aug. 21, Wilson said.

Tabcorp shares rose 45 cents, or 3 percent, to A$15.35 at 1:28 p.m. in Sydney. Tattersall's shares rose 7 cents, or 2.3 percent, to $3.14 and Unitab fell 1 cent to A$13.79.

While the Unitab board has recommended shareholders accept Tattersall's bid, the company's chief executive officer, Dick McIlwain, has said Tabcorp's A$14.25 a share offer was too low and that for a takeover to succeed the price would have to be higher than A$15.

`Pretty Astute'

``Dick's pretty astute in calculating the worth of the company and I wouldn't disagree with that," said Kevin Seymour, Unitab's biggest individual shareholder. Seymour is a non- executive director of Unitab and holds more than A$120 million in Unitab stock.

The antitrust regulator has said it won't block a deal between Tattersall's and Unitab.

Ben Smith at Investec Wentworth is advising Unitab. Tattersall's is being advised by Alastair Lucas, Tim Burroughs and Joseph Fayyad at Goldman Sachs JBWere Pty. Peter Scott, Tim Antonie, and Kelvin Barry of UBS AG were advising Tabcorp.

Australians spend more of their entertainment dollars per person on gambling than any other country. The nation's 20 million people will gamble A$17.9 billion in 2006, according to Tabcorp, or A$895 for every man, woman and child.

ENVIRONMENT:

New Alaska Oil Leases Being Offered Despite Uproar Over Pipeline Corrosion (FINDLAW/AP)

By H. Josef Hebert, Associated Press Writer

AP, August 17, 2006

(AP) - WASHINGTON-The Interior Department is set to open a vast area of environmentally sensitive wetlands in Alaska to new oil drilling, even as opponents point to corroding pipelines to the east at Prudhoe Bay as a reason to keep the area off-limits.

The tens of thousands of acres in and around Lake Teshekpuk on Alaska's North Slope are part of the oil-rich Barrow Arch that also includes the Prudhoe Bay fields that have kept oil flowing for decades.

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The lease sale, opposed by environmentalists and some members of Congress, comes as federal regulators and a House committee investigate inspection and maintenance programs of BP Alaska, where widespread pipeline corrosion forced the partial shutdown of Prudhoe Bay oil production Aug. 6.

BP Alaska is a subsidiary of London-based BP PLC.

Government geologists believe at least 2 billion barrels of oil and huge amounts of natural gas lie beneath the coastal lagoons, river deltas and sedge grass meadows - an area also where caribou give birth to their calves and thousands of geese migrate each summer to molt.

Within days, the Interior Department will open tracts in the lake area for leasing, with the winning bids to be announced in late September.

The lake and its surrounding wetlands are within the federal National Petroleum Reserve-Alaska (NPRA), a vast area of 22 million acres (8.9 million hectares)set aside in 1923 by the federal government for its oil and gas resources.

Unlike the Arctic National Wildlife Refuge farther to the east, the NPRA is acknowledged by all sides to be an area for energy development. But environmentalists argue that parts of it - especially the region around Lake Teshekpuk - should be excluded from the lease sales.

They contend that the risks to the environment were reinforced by the recent disclosure of shoddy maintenance, inadequate inspections and corroded pipes that led to the partial shutdown of North Slope oil production. BP Alaska has said it is replacing two thirds of its 22-mile Prudhoe Bay feeder pipeline system because of corrosion.

The company has acknowledged it was wrong to rely on ultrasonic tests to monitor the pipes and not internal tests using so-called smart pig technology, while also allowing a buildup of sludge in the pipes.

But the oil industry says it spends tens of millions of dollars for environmental protection on the North Slope and using modern technology can explore and develop oil fields in sensitive areas without a risk to wildlife and the environment.

"Oil is inherently a dirty business and there are some places where it should not be OK to go," countered Aurah Landau of the Alaska Coalition, an environmental advocacy group. She contends BP's pipeline corrosion and inspection and maintenance lapses are not an aberration and that there are frequent oil spills on the North Slope.

Recently, 19 senators and 66 House members separately urged Interior Secretary Dirk Kempthorne to reconsider offering leases in the Lake Teshekpuk area.

"Industry already has access to 87 percent of the Northeast area of the Reserve and providing them access to the remainder jeopardizes caribou and waterfowl populations and subsistence resources in one of the most important wetland complexes in the Arctic," the House letter says.

Interior's Bureau of Land Management said that in its upcoming lease offering it will limit the surface areas within the nearly 500,000 acres to protect geese molting and caribou calving areas. The restrictions apply to roads and drilling pads, but not to elevated 30-inch pipelines.

It is just such pipes that are the focus of BP Alaska's Prudhoe Bay problems, including a spill of 270,000 gallons (1 02,203 lites) of oil last March and another spill discovered recently, resulting in the shutdown of pipes BP's Prudhoe Bay production.

On the Net:

Bureau of Land Management-Alaska: http://www.blm.gov/ak/npra.html

Alaska Wilderness League: http://www.alaskawild.org/campaigns-other-npra.html

That Eerie Green Glow (WP)

The Washington Post, August 17, 2006

NOW THAT greenhouse gases are the pollutants to fear, nuclear power may be making a comeback; British Petroleum's failings in Prudhoe Bay, revealed last week, only enhance the attractiveness of alternatives to oil. But as the nation rushes back to the future by embracing atomic energy, the industry and government have to solve one little problem left over from the past: how to deal with nuclear waste.

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Energy Secretary Samuel W. Bodman recently announced that his agency would provide $2 billion in federal risk insurance to companies applying to build nuclear power plants. It's part of a package of government incentives designed to encourage the building of the country's first nuclear reactors since the 1970s. The Energy Department aims to insure at least six new power plants, and 19 companies have announced they will seek licenses to build nuclear power stations, according to Per F. Peterson, a professor of nuclear engineering at the University of California at Berkeley.

Nuclear power can produce electricity without generating the greenhouse gases that contribute to global warming. Industry spokesmen claim nuclear power plants can do so cheaply and efficiently, even taking subsidies into account, and, if properly monitored, safely; Chernobyl-style accidents can be avoided. Given the environmental and geopolitical disadvantages of dependence on oil, gas and coal, these arguments are persuasive.

But the Energy Department must prove early on that it has a politically and technically viable plan for storing the deadly radioactive waste that nuclear power plants produce. That has been a smoldering problem for the agency, which for years has tried to build a permanent waste storage site inside Nevada's Yucca Mountain. All the while, nuclear waste continues to pile up on sites next to reactors, in many cases close to population centers.

The Energy Department's current plan is to open the Yucca Mountain facility by 2017, ready to take the waste the new power plants will create. But construction at Yucca isn't fully authorized yet. The department has encountered stiff political and legal opposition in Nevada, and faulty scientific reviews of the site have also delayed the building. Who knows what kinds of problems construction will bring? The Yucca storage site is still the safest long-term solution to America's nuclear-waste problem. But given the project's history of delay, we're not counting on it opening on time. Neither should the federal government.

The Energy Department's assistant secretary for nuclear energy, Dennis Spurgeon, says the agency has contingency plans. If it begins its program to reprocess spent nuclear fuel in time -- and that seems unlikely -- nuclear waste can go to reprocessing sites. If that doesn't work, the government has two options: It can keep waste at reactor sites longer than would be ideal, or it can build secure and isolated interim storage sites. The first option shouldn't be on the table; utilities legally are not -- and should not be -- responsible for storing radioactive sludge longer than the few years it takes for it to cool, especially when many of the plants are close to cities. The second option sounds more promising, but as of now the Energy Department doesn't have the authority to conduct interim storage of nuclear waste itself -- that would take an act of Congress.

The federal government needs a foolproof plan to dispose properly of the waste. Otherwise, Americans won't have confidence in nuclear power.

A Debt Unpaid (NYT)

The New York Times, August 17, 2006

Vieques, a small island off the coast of Puerto Rico, made headlines a few years back when environmental activists engaged in civil disobedience aimed at forcing the Navy to stop using it for bombing practice. The Navy bowed to the pressure and departed in May 2003, leaving behind 60 years worth of bomb fragments and an untold amount of unexploded ordnance.

It also left behind an obligation to clean the place up, an obligation made more urgent by the possibility of a link between the damage on the ground — the pollution of the soil and the local water supply — and a variety of physical ailments that have been detected among residents.

Neither the Navy nor the Environmental Protection Agency is prepared to say for sure that this link exists. The desperate poverty in which Vieques residents live may be at least partly responsible for the high disease rates, and no study by federal authorities has established a clear connection between the contaminants and various illnesses.

But studies by the Puerto Rican Health Department and universities show the need for further investigation. Cancer rates among Vieques's 9,300 inhabitants run 27 percent higher than the rates in other parts of Puerto Rico. There also are unusually high levels of heavy metals in the plant, animal and human population, as well as high levels of childhood asthma and mercury contamination.

There needs to be a more precise picture of what contaminants exist on the bombing range, and what their levels are. But such measurements have been hard to come by because the range is covered with thick jungle growth that must first be cleared — a task complicated by unexploded ordnance.

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Nevertheless, the job has to be done and the necessary tests conducted, the sooner the better. And the ultimate responsibility for this falls to the Navy. Vieques is a Superfund site, and under Superfund law, the responsible party is obliged to do the cleanup and to pay for it. But there have been charges of foot-dragging that the Navy has not convincingly answered. There is also some question about whether the Navy is using the most effective methods, or just the cheapest ones.

Without a thorough cleanup, the economic redevelopment of Vieques cannot proceed, and there will always be the fear — if not the reality itself — of a link between contamination and disease. And without the Navy's help in meeting the island's special health care needs, there will always be a debt to the people of Vieques.

FBI/DEA/ATF/USMS:

Old-School Academy In Post-9/11 World (WP)

By Sari Horwitz

The Washington Post, August 17, 2006

In a classroom at the FBI Academy in Quantico, instructor Rodney Loose was trying to introduce the history of Islam to a new group of future agents. He had one hour.

The 50 men and women would be joining the ranks of an agency whose top officials have declared fighting terrorism to be its No. 1 priority. They listened intently as Loose rushed through his topics: Sunnis and Shiites, the Koran, Mecca and Medina, four-part Arabic names, and the five pillars of Islam.

"Can you tell us about sleeper cells?" a recruit asked.

"I'm sorry, I don't think we're going to have time to get into this," a frustrated Loose said. "I wish I had more time to go through this. But it's just not possible."

Since the FBI came under withering criticism for its part in the intelligence community's failure to prevent the Sept. 11, 2001, attacks on the World Trade Center and the Pentagon, the bureau has added 37 hours of counterterrorism training at Quantico for new agents. But that represents just 5 percent of the curriculum, and only one hour is about Islam, Arabic culture and understanding the terrorist mind-set

With so little time, Loose could just make it through Page 7 of his 14-page handout. No time to discuss suicide bombers, Islamic extremism or terrorist psychology.

In a graduation speech at the U.S. Military Academy at West Point this May, President Bush declared: "We have transformed the FBI into an agency whose primary focus is stopping terrorism." But Loose's predicament goes to the heart of whether the tradition-bound bureau, famously resistant to change, has fulfilled that mandate.

In the aftermath of Sept. 11, some of the FBI's harshest critics concluded that trying to restructure the agency was pointless and called instead for creating an entirely new domestic intelligence agency. But FBI Director Robert S. Mueller III convinced Congress and the administration that the bureau should be the lead domestic counterterrorism agency, combining traditional law enforcement duties with the intelligence-gathering necessary to penetrate terrorist cells and prevent attacks. He promised the training would reflect that new role.

Sen. Charles E. Grassley (R-Iowa), a senior member of the Judiciary Committee, said the year after the attacks: "The FBI deserves a chance to get its act together." He added: "But their time to move from investigating Bonnie-and-Clyde-type crimes to preventing terrorist activities is getting shorter."

Last fall, the FBI granted a Washington Post reporter unprecedented post-9/11 access to a class of recruits as the students underwent 18 weeks of training at Quantico. Here, on a 385-acre portion of the giant Marine Corps base 40 miles south of Washington, is where 750 recruits this year will be imbued with the FBI's culture, tested by physical challenges and taught basic skills in a nationally renowned law enforcement program. Here, too, terrorism and intelligence experts say, is where the bureau must translate the rhetoric of its director and the president into a curriculum that prepares future agents for a new mission.Teaching the Past

Some changes in the academy's approach are evident. More recruits have advanced degrees and stronger backgrounds in science and computers. They no longer memorize the names of New York's five organized-crime families, and classes on the

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mob, health-care fraud and white-collar crime have been replaced by lectures and hands-on training in investigative techniques. The agents-in-training stay longer at Quantico than past recruits to take the week of new classes on terrorism and intelligence.

"It's way beyond what it's been in the past," said Keith Slotter, the academy's deputy assistant director for training. "We didn't have any intelligence training before 9/11."

But the majority of the 701.5 hours is devoted, as it has been for decades, to traditional law enforcement skills, a fact that is underscored by the constant sound of gunfire from more than a dozen firing ranges. In all, 114.5 hours of training are devoted to learning to shoot.

Additionally, 78 hours are dedicated to teaching arrest techniques and defensive tactics, and 36 hours to forensics. Recruits also undergo rigorous physical fitness tests, study law and ethics, learn to identify drugs, hone computer skills, and investigate a practice criminal case and present the evidence in moot court.

FBI officials say the academy is "minting" new agents who need basic skills to enforce more than 200 federal statutes covering such diverse topics as public corruption, bank robberies and the protection of bald eagles.

"We've got to do the same things the FBI has been doing forever and does very well," said Supervisory Special Agent John Kerr, chief of Quantico's physical training unit. "Look at the cases being made across the country, the same old-fashioned way. Interviews and informants on the street. Some of the rules have changed, but it's the same investigative strategy. . . . It's really the same bureau. The same FBI."

To bureau critics, the approach is more appropriate for chasing John Dillinger than Osama bin Laden. They say the training shows that the FBI culture is still too focused on solving crimes after they occur and collecting evidence to support prosecution rather than working to recruit informants or develop intelligence about a terrorist cell before it can attack.

"Chasing criminals, you have to be armed," said U.S. Court of Appeals Judge Richard A. Posner, author of "Preventing Surprise Attacks: Intelligence Reform in the Wake of 9/11." Posner supports the idea of creating a separate domestic intelligence agency like Britain's MI5, which last week uncovered a plot to blow up as many as 10 planes bound for the United States.

"You also have to know about bank robbers. You have to know rules of evidence. But there's this completely different job called gathering intelligence. That's snooping, not chasing criminals."

The FBI's new intelligence mission is similar to the CIA's, but at "The Farm," as the CIA's operations training center near Williamsburg is known, agents-in-the-making train for a year, focusing on how to identify, recruit and manage foreign informants with access to intelligence the agency wants. A separate track for operatives assigned to penetrate terrorist organizations is heavy on language and cultural indoctrination.

Thomas J. Harrington, deputy assistant director of the FBI's counterterrorism division, called the anti-terrorism and intelligence training at Quantico "a work in progress."

"We are trying to upgrade it," he said. "But it takes time to get to the point where the instructors are as competent as we want them to be."

Daniel Coleman, until his retirement the FBI's foremost expert on bin Laden, said that counterterrorism is too complex a subject to be taught in much depth during basic training at Quantico, but that it should be taught by the FBI. "If they are going to be devoted to counterterrorism," he said, "there should be a basic counterterrorism school" after Quantico.

What additional training the FBI does provide is, as one official acknowledged, "somewhat ad hoc." Instructors from West Point help the FBI train some agents assigned to joint terrorism task forces, and there are conferences as well as some language training.

Harrington said the bureau is creating a more formal program in which agents who have been with the FBI for three years will specialize in an area, such as counterterrorism and intelligence, and receive more training. But Harrington said that a curriculum is not yet in place.

The FBI has also been trying to upgrade training for analysts, who don't carry badges or guns or investigate cases but have the critical job of connecting bits of intelligence. Since last October, future analysts have attended a new five-to-nine-week basic training course at Quantico, a breakthrough for a group of FBI employees who have long felt like second-class citizens in the bureau's hierarchy.

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In 2003, as the centerpiece of his effort to update the bureau, Mueller reorganized intelligence operations and began hiring analysts in unprecedented numbers. But there was no comprehensive intelligence training or system to support their work. Last year, Justice Department Inspector General Glenn A. Fine found that analysts were being assigned to escort duty, collecting trash and answering telephones -- and they were leaving in droves.Old Technology

The training course at Quantico has graduated more than 650 analysts, joining the 2,000 analysts and 12,000 agents already in the field. But they train separately from future agents and have only one four-hour class together. The lack of classified computer access at the academy means they have to be sent to dorms at an adjunct academy 10 miles away so they can work on secure computers.

An obsolete computer system is also a problem for new-agents-in-training, or "NATS," as they are called at Quantico.

"That is one of the big frustrations here," said Supervisory Special Agent Karen E. Gardner, chief of investigative training at Quantico. "If the American people expect us to connect the dots, we've got to train to do it. We don't have the computer networks here to do that."

FBI officials said the bureau plans to build a multimillion-dollar state-of-the-art intelligence center at Quantico equipped with secure classrooms and classified computers. But it won't be ready for eight years.

For now, agents attend classes in the academy's maze of aging buildings. They spend many days role-playing in "Hogan's Alley," a replica of a 1950s small town created by Hollywood set designers that Keith Slotter acknowledge "served us well for the bank-robbery scenario" but not so well for counterterrorism.

While some critics say that the FBI is not giving its recruits enough intelligence training to mold them into domestic spies, others caution that the agency's intelligence-gathering in the 1950s and '60s led to many serious abuses, including the wiretapping of civil rights leaders and the targeting of communists and any other groups that then-Director J. Edgar Hoover considered a threat.

Civil libertarians argue that the FBI's focus on law enforcement and the fact that it has to make its cases stand up in court are critical limitations on its power.

Fourteen hours of the new training is dedicated to teaching recruits about the Intelligence Information Report (IIR), a new form to write up raw intelligence with other agents, analysts and intelligence agencies. A reporter was not allowed to see some of the other new counterterrorism courses because the FBI said they were classified.

Gardner said the classes covered "Secret Squirrel stuff": the guidelines and regulations for doing basic paperwork on a terrorism case; terrorism financial networks; obtaining wiretaps through the secret Foreign Intelligence Surveillance Court; and using "national security letters," which give agents access to library, Internet, telephone and financial records without a subpoena.

The recruits also learn about the techniques used in several terrorism investigations, including "Operation Smokescreen," a cigarette-smuggling case that led to the breakup of a financing ring for Hezbollah.'Learn . . . Read'

After Loose finished his class, D. Vincent Sullivan, another longtime agent, gave a quick lecture on building relationships with Arabs. Like the class Loose teaches in the history of Islam, it was limited to an hour.

Sullivan held up three recommended books, beginning with "The Complete Idiot's Guide to Understanding Islam."

The trainees laughed, but Sullivan was serious.

"Don't wait for the bureau to give you the information and understanding you think you need to do your job," he said. "Don't assume that if you need to know, we're going to tell you about it. Take courses outside the bureau, learn another language and read."

"When the next boom goes off -- and it will go off -- we will all be terrorism agents, so it behooves us all to have a minimum knowledge of the culture and history."

Tomorrow: Scrapping a $170 million computer system.

Over 18 Weeks, An Arduous Path To The Badge (WP)

By Sari Horwitz

The Washington Post, August 17, 2006

DOJ_NMG_0049339

They gathered anxiously that first October morning, the 50 members of class "06-01," the first of 750 agents-in-training who will graduate from the FBI Academy this year.

In the first of many traditions they would encounter at Quantico, the recruits, still dressed in their dark civilian suits, were asked to stand and describe their backgrounds and explain why they wanted to join the FBI. For many, the amphitheater-style classroom was not a surprising destination. Thirty students -- 60 percent of the class -- had been in the military or law enforcement, traditional recruiting grounds for the FBI.

But others came from the highly educated nontraditional backgrounds the bureau has tried to emphasize.

The recruits, whom the FBI would not allow to be fully identified in this article, included Jenny, 27, a biomedical engineer with a doctoral degree in pathogenesis; Michelle, 28, a lawyer from a white-shoe Manhattan law firm who was taking a 75 percent pay cut; Alex, 32, a lawyer and college instructor from Georgia with a doctorate in forestry; and Elvis, 36, a Chinese American with degrees in chemical engineering and chemistry. There were no Arab Americans and only one black recruit.

If the FBI answered a call that many of the recruits had heard for years, it was something different for Elvis, who had left behind in Sacramento a pregnant wife, a 15-month-old daughter and an ill father who worried that his son -- who had never handled a gun -- might accidentally shoot himself. Elvis had a lucrative job in Silicon Valley and felt set for life until terrorists attacked the Pentagon and World Trade Center. "I thought, 'Man, what am I doing here? I'm making computer chips.' It all felt so heartless. I thought, 'What can I do to help?' "

On a tour of the academy their first night, the recruits had passed by a reminder of the FBI's new mandate to fight terrorism -- two 10-foot black granite towers formed in the shape of the World Trade Center and bathed in soft light. At the base sat a jagged stone from Ground Zero and a concrete piece of the Pentagon. On the ground nearby rested a blue metal fragment of the airplane that crashed in Pennsylvania.

Yet everywhere the students went in the ensuing 4 1/2 months there were also reminders of the FBI's past and the culture into which they were being initiated. The street leading into the sprawling academy is named Hoover Road. A portrait of the agency's controversial first director, J. Edgar Hoover, hangs in the reading room named after him. On the walls near the cafeteria and gym are posters of famous FBI movies. The one from "The FBI Story" is autographed by its star, Jimmy Stewart.

A few days into the course, Elvis and the other recruits received a pointed lesson that whatever their backgrounds -- science, law, computers or intelligence -- there could be no doubt about what they had signed on to do. It was an FBI tradition called "Reality Check." For the next hour and a half, Chuck Hauber, the firearms instructor, told the recruits -- by now wearing FBI-issue uniforms of blue polo shirts, khaki pants and hiking boots -- that there were to be no questions. Just listen, he said.

Hauber showed the class a collection of handguns he had removed from the academy's gun vault. The first was the partly melted remains of a .40-caliber Glock 22 that had been carried by an FBI agent who rushed into the World Trade Center.

You are volunteering to put yourself in harm's way, Hauber said. When everyone is running away from danger, you must run toward it.

The Glock was followed by a 9mm Smith & Wesson with a bullet hole through the middle. The gun belonged to a special agent who was killed with another FBI agent during a gun battle in Miami in 1986. Then a 9mm SIG Sauer that a criminal wrested away from a female agent at D.C. police headquarters in 1994. He shot her in the head.

Hauber then asked the recruits to look under the firearms manuals in front of them. Everyone who found a slip of paper with a name and age scrawled on it was to stand and read them. The 16 names read off were of agents killed in the line of duty, Hauber said, agents who once sat in this room. In those exact seats, he said. They were just like you. Don't think it can't happen to you. You need to think about it.

To reinforce the message, he played a grainy black-and-white video of a South Carolina highway trooper pulling over a car. In seconds, the video ended with the trooper being shot by the driver and screaming into a radio for help. A gurgling sound could be heard through a microphone the officer was wearing.

The trainees stared in stunned silence.

Think about this over the weekend, Hauber told the recruits. Make sure this is the job for you. If it is, I'll see you next week.

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By the end of the weekend, two of the class's nine women had dropped out. One was Lisa, a 33-year-old Asian American corporate lawyer from Oregon who had dreamed of becoming an FBI agent since she was a teenager. When she arrived at Quantico, however, she quickly felt that she didn't belong.

"Until you get there, it's hard to explain," Lisa said. "It was the demands, the pressure, the lifestyle. It's much more of a military-type organization than I expected. A lot of the agents are police or military. I wasn't used to calling people 'sir' and 'ma'am.' I felt like it was going to be 18 weeks of boot camp."

Even with those feelings of doubt, Lisa stuck with it for a couple of days. After all, it had taken so long to get there. But after the firearms class, she knew she had to leave. It hit her that being an FBI agent also really meant being a cop.'Just Don't Quit'

"Orders," another ritual, sent a different but equally powerful message about the FBI and the agents who serve in it.

During the first week of class, recruits had been asked to rank preferences for their first assignments among the FBI's 56 field offices. Five weeks later, at Orders, they very publicly learned their fates.

By tradition, recruits had to go to the front of the room and tell their classmates their first choice before receiving the sealed envelope with their assignments. Each one then had to open the envelope, call out where he was going, collect himself and pin his picture on a giant map of the United States.

Elvis was one of the few to get his first choice -- San Francisco. One woman said she wanted Honolulu and the class laughed. She didn't get it. Jenny asked for Atlanta but received Washington. One trainee muttered under his breath, "Boy, I didn't see that coming," as he pinned his photo on New Haven, Conn. On the map, clusters of pictures were concentrated on each coast, with 18 of the trainees headed to New York, Washington or Los Angeles. But most of the class was scattered across the country, from Anchorage to Kansas City. Every three to five years, they must be ready to pick up their families and move again.

The recruits did not complain. They were becoming part of the FBI culture, ready to serve wherever the bureau sent them. Geoffrey, a former Marine, looked at the FBI instructors, who had lined up in the back of the room to watch the ritual. "I really don't mind wherever I go as long as I can have a job and keep doing work like the people in the back," he said, opening his envelope. "And it's an honor to be here."

Besides reinforcing any lingering doubt about being at the bottom of a rigidly hierarchical system, the assignments also illustrated a cardinal precept of the training -- that agents will be responsible for enforcing a wide range of federal laws.

"Some agents may go to a two-man office in Montana or five-man office in Victorville. Some may go to WFO [Washington field office] or New York. WFO has dozens of counterterrorism squads. But if you are in a two-man office in Montana, the focus won't be on foreign intelligence," said Supervisory Special Agent Michael Esposito Jr., who oversaw class 06-01.

One day in January, the class waited in a muddy yard behind the gym for "OC Spray," remembered by just about everyone as the worst day of training.

Jenny, the biomedical engineer, stepped forward and stood ramrod straight in anticipation. The instructor raised a canister of a derivative of cayenne pepper known as oleoresin capsicum, or OC. Pepper spray. From four feet away, the instructor let loose a big burst.

Jenny choked, coughed and gagged. "Open your eyes!" the instructor screamed. "Open your eyes!"

To pass, Jenny had to open at least one eye, protect her gun from a trainee trying to grab it and force the trainee down spread-eagle onto the ground before yelling "FBI! Don't move!"

One by one, the sprayed trainees, hunched over in agony, were led away to rinse their swollen faces and red-rimmed eyes. The point of the exercise was not merely to toughen them; the instructor wanted them to understand what OC spray felt like before they used it on someone else and to know that they could survive if it's used against them.

The next day, there was "Bull in the Ring," an ordeal designed to bring the recruits face to face with the old-fashioned culture of toughness that has long been part of the FBI. The trainees who had never been in a fight would experience one now.

Wearing boxing gloves, headgear and mouth guards, they were arranged in five circles in the academy gym, according to weight. "We're classmates, pals and friends," an instructor told the trainees. "But for the next hour, we're not. Just don't quit. Do not turn your back. It's going to hurt. It's not fun. You can't duck. You have to survive. Work your way through it. Keep going."

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Jenny stood in the middle of the circle, surrounded by nine other trainees. One man moved into the circle and sent his fist into Jenny's face. She took the punch and tentatively hit back. He hit her in the shoulder and kept pounding. Then he backed up and another trainee moved in and began pummeling Jenny. For two minutes, she took and threw punches.

The instructors ordered them to do it all again for another two minutes each. Afterward, they had to punch each other as hard as they could while fighting on the ground.

The "Rocky" theme song was blaring.

Elvis jabbed cautiously at Michelle, the former corporate lawyer. He was uncomfortable punching a woman, especially one who had become a good friend.

"Hit her harder," an instructor yelled.The Art of Interrogation

Inside an interview room, Michael, 36, an Atlanta computer specialist and former professional football player, casually chatted up an actor playing "Pat Taylor," an employee of a defense contractor building top-secret radar systems. It was week 12. While their instructors watched them on video monitors, the trainees were learning how to elicit confessions.

The recruits received 70 hours of instruction on what is perhaps the most critical FBI skill: the art of interviewing and interrogation. FBI agents rarely use their guns or get into street fights, but they do spend most of their time talking to people. In the most basic sense, an agent's job is to get information that can be used to solve crimes or stop terrorism.

Michael asked Taylor, suspected of stealing a blueprint to sell to a North Korean intelligence agent, about his family, job and two children. The Washington Redskins came up and Michael said he used to play football professionally, "but I'm new to the area and I'm not a Redskins fan yet."

In a room nearby, several FBI instructors groaned and laughed. Great way to build a rapport with someone from around here, they joked.

Despite the Redskins comment, Michael seemed to connect with Taylor, showing respect and learning about his life. He smoothly asked him to sign away his Miranda rights.

After leaving the room to let Taylor stew, Michael returned, removed his jacket and rolled his chair closer to Taylor. Using information gleaned from the interview, he now had to go for the confession.

"At this point, they need to move in," said the instructor, Supervisory Special Agent Christopher J. Zisi. "Invade their comfort zone. Let them smell the chili you had for lunch. They can't think straight."

Michael said: "Now, Pat, I understand you are a single father. You have a lot of responsibility and you have a lot of bills. I understand that, Pat."

Taylor tried to say something, but Michael cut him off. The trainee is supposed to show who's in control with a 10-minute monologue.

"Listen to me, Pat," Michael said. "You took the prints simply because your son needs more money. I understand that. I'm a father and I would do almost everything for my kids, I really would."

The technique is called "rationalization" and expresses sympathy with the suspect. But Michael got the confession by bluffing with a blank videotape that he says captured Pat in the act.

That's a risky move, Zisi said. If there were a video machine in the room, the suspect could have called Michael's bluff.Under Fire

During week 17, with the end in sight, the trainees lined up to take their final firearms exam at the outdoor range. Each had to fire a gun from four positions at four distances, 150 shots in all. To pass, each trainee had to put at least 120 shots in the target.

When he finished, Jason, a 25-year-old Army lieutenant planning to get married the day after graduation, had a sinking feeling. There were not as many bullet holes in the in the target as he had hoped. A somber instructor carried over his scored target. Jason had failed by one shot. Tears filled his eyes. He knew what that meant: He would not graduate with his class.

Growing up in small-town Kentucky, Jason was familiar with guns and cut from the traditional mold of an ideal FBI agent. He won a Bronze Star in combat in Iraq. He was the top scorer in the final physical fitness test. He peppered his language with "Yes, Sirs" and "Yes, Ma'ams" and described himself as a Type A personality.

Jason was immediately placed with a new class and given special instruction. If he failed the next firearms qualification test, he would be out. (He passed a month later.)

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For his former classmates, there was one more firearms exercise -- FATS -- a firearms training simulation. In a darkened room, with classmates sitting behind, each trainee was called forward to face a movie screen with a video simulating a potential crime unfolding. The trainee had to decide whether to shoot. Act too quickly and an innocent person could be killed. Hesitate and it could be the trainee.

It was Elvis's turn. He had worked as hard as anyone in the class, waking at 5 a.m. to work out and lifting weights at lunchtime. He was also one of the class's most outgoing and popular trainees. His nickname was "The King."

On the video, his partner knocked at an apartment door looking for a fugitive's girlfriend. But the suspect himself opened the door. Elvis's partner pulled his gun. Lunging, the suspect took away the gun and the two men rolled on the ground, fighting for it.

Elvis, the chemical engineer who had never fired a gun before Quantico, leapt onto a table. His heart racing, he shot at the suspect, who was still on the ground tussling with his partner. The suspect's girlfriend suddenly appeared at the door. Elvis yelled for her to stay back. It happened so fast that it was hard to see where the bullets landed.

The lights came on. The instructor felt Elvis's pulse, to comic effect. Then the instructor became serious. "Did you shoot your partner?" he asked.

Elvis's face fell. "I don't think so," he said.

When the computer simulation was rerun in slow motion to track each bullet, it was clear: Elvis had missed his partner and killed the criminal with a shot to the head. His classmates cheered.Crossing Over

On the morning of Feb. 17, parents, grandparents, spouses and children streamed into the huge FBI auditorium. It was graduation day. Class 06-01 lined up for a photograph with FBI Director Robert S. Mueller III, who swore members in as special agents.

""We are on the front lines for America," he told them. "Will you develop the source that provides the intelligence we need to disrupt a terrorist plot? We must continue to change because the terrorists certainly will."

They walked down the long glass-enclosed corridors for the last time. They crossed the grassy quad, past the granite twin towers and the piece of United Airlines Flight 93. They headed toward the gun vault, where their firearms instructor was waiting for them.

Eighteen weeks earlier, he had gone into the vault to get something to show the class: the burned Glock 22 handgun that an agent had carried into the World Trade Center. Now, he handed each of them something of their own. A brand-new Glock 22.

Firearms Prosecutions Double Under Federal Initiative (AP)

By Sue Lindsey, Associated Press Writer

AP, August 17, 2006

ROANOKE, Va. -- Federal prosecutions of firearms charges have more than doubled in the Western District of Virginia since an initiative aimed at reducing gun violence was launched five years ago, Attorney General Alberto R. Gonzales said Wednesday.

Gonzales visited Roanoke to meet briefly with members of the Project Safe Neighborhoods task force, which includes representatives from 25 local, state and federal law enforcement agencies. He said he was grateful for its work.

"It really has made a difference in communities in this part of Virginia," he said at a news conference afterward.

Gonzales, who took office in 2005, said law enforcement's biggest obligation is to create environments where children can feel safe.

"It is hard to have big dreams if you grow up in a neighborhood where you're scared," he told police chiefs from around the district and other task force members.

From 1996 to 2000, federal gun prosecutions in the district averaged 87 a year, according to Heidi Coy, a spokeswoman for the U.S. attorney's office. Since 2001, when Project Safe Neighborhoods was approved, they have averaged 193 annually. There were 215 firearms cases prosecuted in 2005, and 144 have been filed so far this year.

Local and state officials often want gun violations prosecuted at the federal level because the penalties are stiffer, Gonzales said.

Where there are violent gun crimes, the attorney general said, a community often has drug and gang problems as well.

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In Lynchburg, for instance, project funds were used to buy a new vehicle for an anti-drug program.

A lack of resources is law enforcement agencies' biggest challenge, Gonzales said, and praised initiatives that combine local, state and federal representatives.

Federal Agents Arrest Mexican Drug Kingpin (AP)

AP, August 17, 2006

WASHINGTON -- Federal drug agents arrested Mexican drug lord Francisco Javier Arellano-Felix, a leader of a major violent gang responsible for digging elaborate tunnels to smuggle drugs under the U.S. border.

Mr. Arellano-Felix, 37 years old, was captured by Drug Enforcement Administration agents and the U.S. Coast Guard on Monday while he was deep-sea fishing about 15 miles off the coast of Mexico's Baja California peninsula, said Deputy Attorney General Paul McNulty.

Mr. Arellano-Felix is wanted in both the U.S. and Mexico for his role as a leader in the violent and sophisticated Tijuana-based Arellano-Felix gang, which includes seven brothers and four sisters from the Arellano family. Mr. McNulty said the gang was blamed for 20 murders in the U.S. and Mexico.

The Arellano-Felix gang is one of the three large Mexican drug cartels, along with the Gulf Cartel and the Federacion. The gang is believed to be responsible for the massive, sophisticated drug tunnels discovered last January.

The tunnels ended in a warehouse in San Diego's Otay Mesa industrial district. The DEA says the gang is responsible for the smuggling of tons of marijuana, cocaine, heroin and methamphetamines over the last decade.

Federal agents began preparing for the operation 14 months ago after learning that Mr. Arellano-Felix was planning to go fishing aboard the vessel off La Paz, Mexico, the law-enforcement official said. They enlisted the help of the Coast Guard in mounting the operation.

Mr. Arellano-Felix was named in a federal indictment that was unsealed in July 2003 that charged him with participating in a drug-trafficking conspiracy. The State Department has offered $5 million rewards for the capture of him or his brother Eduardo.

Two suspected assassins for the gang -- Arturo Villareal-Heredia and Marco "El Catoro" Fernandez -- were among the eight adults and three juveniles on the sport fishing boat, the Dock Holiday.

Alleged Mexican Drug Kingpin Said To Be Cartel's 'Violent Hand' (AP)

By Elliot Spagat

AP, August 16, 2006

SAN DIEGO - Francisco Javier Arellano Felix was a suspected strongman in one of Mexico's oldest and most notorious drug cartels until his capture aboard a U.S.-registered sport fishing boat.

"In the underworld, he was known as the enforcer. He was the violent hand, the one in charge of executions," said Victor Clark Alfaro, director of the Binational Center for Human Rights in Tijuana, Mexico, the home to the cartel.

"He was no financier, he was no businessman," Clark said.

Arellano Felix, 36, also known as El Tigrillo, was en route Wednesday to San Diego, where he will be formally arrested after being captured by the U.S. Coast Guard on Monday off Mexico's Baja California coast.

Jesus Blancornelas, co-founder of the Zeta newspaper in Tijuana, said Arellano Felix was overshadowed by other family members in the cartel that emerged as Mexico's dominant drug gang in the 1980s.

"Francisco Javier was a sort of playboy," said Blancornelas, who has chronicled the Tijuana drug trade for decades. "He likes to spend money and enjoy his fame. He drives around in luxury cars."

Arellano Felix is suspected of ordering many killings but typically was not the triggerman, Blancornelas said.

Arellano Felix was charged in 2003 with conspiracy and racketeering in an indictment that describes a string of killings orchestrated by the gang in northern Mexico and Southern California.

He also conspired to assassinate Roman Catholic Cardinal Juan Jesus Posadas Ocampo in 1993 at the airport in Guadalajara, U.S. officials said.

John Kirby, a former federal prosecutor in San Diego who worked on the 2003 indictment, said Arellano Felix led the Tijuana clan almost by default after his older brother Benjamin was jailed in 2002 and brother Ramon was killed that same year.

"He was the little brother thug," Kirby said. "He did not handle finances as far as I'm aware. He was Benjamin's and Ramon's younger brother who was learning the business and ordering killings."

Benjamin Arellano Felix continued to issue orders from jail in Mexico, but his younger brother was the top lieutenant in the field, said Kirby, who is now in private practice.

Francisco Javier Arellano Felix "was the guy holding it together," Kirby said. "There are other people (in the cartel), but they will likely change sides, run away or get killed."

The cartel is believed to have lost influence in recent years. It recently ceded control of Mexicali, an important drug corridor about 120 miles east of Tijuana, Kirby said.

Mexico's top drug gangs are now believed to be the Juarez cartel, based in Ciudad Juarez, across the border from El Paso, Texas, and the Gulf cartel, based in Matamoros, across from Brownsville, Texas.

Benjamin Arellano Felix has allegedly formed an alliance with suspected Gulf cartel leader Osiel Cardenas. Both are being held at the top-security La Palma prison, west of Mexico City.

Others said it was premature to predict the demise of the Arellano Felix clan.

The group is often linked to kidnappings. In addition, U.S. authorities suspect it may have orchestrated construction of the longest cross-border tunnel ever discovered along the U.S.-Mexico border, a 2,400-foot secret passageway found in January linking warehouses in Tijuana and San Diego.

"Their golden age was in the '90s, but they have a remarkable capacity to reinvent themselves and confront adversity," Clark said.

D.E.A. Arrests Mexican Drug Ring Leader (NYT)

By David Stout

The New York Times, August 16, 2006

WASHINGTON, Aug. 16 — Federal agents have arrested a leader of a Mexican drug ring that has smuggled tons of cocaine, heroin and other drugs into the United States and has terrorized its foes with unbridled cruelty, the Justice Department said today.

Officials announced the capture of Francisco Javier Arellano Felix, 37, whose family has been accused of running a smuggling operation along the border of the United States and Mexico. The authorities have said they used tunnels under the border to move some of their illicit traffic.

“This is not your average arrest, and Javier is not your average drug-trafficker,” said Michael Braun, assistant administrator for operations of the Drug Enforcement Administration.

Mr. Arellano Felix was one of 11 suspects caught on Monday morning by D.E.A. agents and Coast Guard members while they were fishing about 15 miles off the Baja Peninsula, the Justice Department said. The 11 were being taken to San Diego by Coast Guard cutter today.

Deputy Attorney General Paul McNulty said the Arellano Felix family enterprise is responsible for 20 murders in the United States and Mexico, as specified in an indictment unsealed in Southern California in 2003 that accused family members of running a wide-ranging drug-smuggling business.

Mr. McNulty said the capture of Mr. Arellano Felix, while not a death blow to the organization, is equivalent to getting “the head of the snake, if you will.” He said punishment for the crimes listed in the indictment could be life in prison. He said he could not say whether the Justice Department might seek the death penalty.

The State Department had offered $5 million rewards for the capture of Mr. Arellano Felix or his brother Eduardo, who is believed to be “out and about in Mexico,” as Mr. Braun put it. Another brother, Ramon, has been killed, and still another, Benjamin, is in prison in Mexico.

The federal officials declined to say who, if anyone, may get a reward for the capture of Mr. Arellano Felix or who, if anyone, may have tipped off his pursuers that he was going fishing on Monday. Mr. Braun said the operation involved “very complex” undercover work that was backed up by “highly technical means and support.”

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The officials praised the cooperation of their Mexican counterparts in arresting Mr. Arellano Felix. Gang members are suspected of killing Mexican lawmen as well as rival drug-dealers, sometimes after torture. The gang was also linked to the murder of a Roman Catholic cardinal in 1993.

Officials said they could not provide details on what charges may be lodged against the other people arrested on the fishing boat, three of whom were described as juveniles.

Mr. Braun said his pursuers believe that that Eduardo Arellano Felix does not have what it takes to head the family enterprise, so the arrest of his brother on Monday was truly significant.

On the other hand, he conceded, other ambitious smugglers will try to fill the vacuum. "Absolutely, without question, someone will; some organization will."

U.S. Officials Arrest Suspect In Top Mexican Drug Gang (NYT)

By Jennifer Steinhauer And James C. McKinley Jr.

The New York Times, August 17, 2006

LOS ANGELES, Aug. 16 — Federal drug enforcement agents, aided by the United States Coast Guard, arrested a man they said was a top figure in one of Mexico's most notorious drug gangs on a fishing boat off Baja California on Wednesday.

Federal officials said the man, Francisco Javier Arellano Félix, 37, was one of the last remaining ring leaders of the Arellano Félix gang. The group, based in Tijuana, is charged in several killings, including that of a Roman Catholic cardinal.

In a federal indictment unsealed in 2003, Mr. Arellano Félix was charged with importing and distributing drugs in the United States. The arrest on Wednesday riveted Mexico, a nation long weary of intransigent drug violence. It was expected to deal a blow to the gang, though the authorities acknowledged that associates were probably waiting to take Mr. Arellano Félix's place.

Michael Braun, an assistant administrator for the Drug Enforcement Administration, said at a news conference in Washington that Mr. Arellano Félix was "one of the 45 most notorious, most wanted drug traffickers in the world."

The power of the Arellano Félix gang — a family cartel that was the model for the one in the film "Traffic" — has waned since its two most powerful brothers were removed, one imprisoned and one killed. At the same time, smaller, more efficient gangs have risen around Mexico.

Many experts on drug cartels viewed Mr. Arellano Félix as far from competent. Nonetheless, his arrest was seen as a symbolic victory for officials in Mexico and the United States, who have been working together to stem the escalating gang violence in Mexico, and it was viewed by some experts as important because of the cartel's infamy.

"His arrest is significant because it shows that the organization continues to operate in Tijuana," said Bruce M. Bagley, the chairman of international studies at the University of Miami.

Mr. Arellano Félix's arrest stemmed from a 14-month investigation, the authorities said. He was among eight adults — two of whom officials described as suspected assassins — and three children seen aboard the fishing boat Dock Holiday on Monday near the Baja California coast. The Drug Enforcement Administration asked the Coast Guard to stop the boat, and Mr. Arellano Félix was taken into custody. He now awaits indictment in San Diego.

The arrest was major news in Mexico, where a war among rival drug cartels over the last two years has left hundreds dead and terrorized towns across the country.

Mexican law enforcement officials say they have dealt serious blows to the Arellano Félix gang in recent years. But federal agents in Mexico have been unable to dismantle the cartel on its home turf in Tijuana, one of the world's busiest border crossings. The gang is believed to be behind several smuggling tunnels found in recent years, including a huge tunnel uncovered in a warehouse in San Diego in January.

The organization suffered a major setback in 2002, when the two brothers who led it were taken out of action. In February, Ramón Arellano Félix, the brawn of the operation, was killed in a shootout with the police in Mazatlán. A month later, his brother Benjamín, said to be the mastermind of the outfit, was arrested and sent to a maximum-security prison near Mexico City.

Law enforcement officials say Benjamín Arellano Félix has continued to direct the organization from prison and has forged an alliance with Osiel Cárdenas, the leader of the rival Gulf Cartel, who is in the same prison.

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Together the two gang leaders have been battling a loose confederation of drug dealers who control the border crossing at Ciudad Juárez for control of Mexico's lucrative cocaine, heroin and marijuana trade.

"This murderous conflict between these two crime rings that are on the rise have cut the Arellano Félix group down to size in the wake of the busts of the two older brothers," said Professor Bagley, an expert on drug trading.

Francisco Javier Arellano Félix is believed by some American officials to have taken over the reins of the Tijuana cartel in 2002, transmitting instructions from his jailed brother, Benjamín. Among other crimes, he is under indictment in Mexico for conspiring to murder Cardinal Juan Jesús Posadas Ocampo in 1993.

But some Mexican officials and independent analysts say another brother, Eduardo, a medical student, and a sister, Enedina, are more important to the operation, overseeing its finances.

"Javier was not an important capo," said Jesús Blancornelas, the editor of Zeta, a Tijuana magazine, who has devoted his life to writing about the cartels. "He's a member of the family, nothing more, dedicated to partying. I'd call him a playboy."

Accused Mexican Crime Cartel Leader Arrested (LAT)

By Sam Enriquez And Greg Krikorian

The Los Angeles Times, August 17, 2006

Mexico City — The accused leader of a violent Tijuana crime family that allegedly smuggled hundreds of tons of cocaine and marijuana into the United States was captured by the U.S. Coast Guard while deep-sea fishing off the southern tip of Baja California, officials said Wednesday.

Francisco Javier Arellano Felix, 36, nicknamed "The Wildcat," was taken into custody aboard a U.S.-registered boat, "Dock Holiday" in international waters about 15 miles off the Baja California peninsula, U.S. authorities said. He was traveling under an alias, but confessed his identity to his captors, officials said.

The arrest was based on a 2003 U.S. indictment that charged him with conspiracy, smuggling and murder. A $5 million bounty had been offered for his capture, as the reputed leader of the so-called Arellano Felix Organization.

At its height in the late-1990s, the cartel was believed responsible for supplying nearly half of the cocaine sold in the United States, a significant chunk of what officials estimate is a $60 billion-a-year illegal drug trade.

U.S. and Mexican authorities blame the cartel for at least a score of murders of police officers, journalists, and rivals, as well as the accidental killing of Roman Catholic Cardinal Juan Jesus Posadas Ocampo during a 1993 shootout among cartel rivals at the Guadalajara airport.

Although weakened with the killing of one brother and the imprisonment of another, the Arellano Felix gang remained one of Mexico's largest drug smuggling organizations after joining forces last year with the Gulf Cartel, authorities say.

The gang hired assassins to kidnap, torture and kill adversaries in a struggle to dominate lucrative smuggling routes that link Mexico with California, say prosecutors.

"The Arellano Felix organization is the largest and most violent drug trafficking operation in the Tijuana, Baja California area," U.S. Deputy Attorney General Paul McNulty said at a Washington news conference Wednesday announcing the arrests.

Acting on a tip, the U.S. Drug Enforcement Administration asked Coast Guard officers to board the Dock Holiday while it was in international waters in the Gulf of California on Monday, McNulty said. Seven other adults and three juveniles also were taken into custody, he said.

U.S. authorities had hoped to delay announcement of the arrests until they brought Arellano Felix to San Diego on Thursday, but Mexican news stories surfaced Wednesday.

"This was a perfectly planned and perfectly executed operation," said U.S. Attorney Carol C. Lam of the San Diego office, where the 2003 indictment was filed. Authorities gave no further details of how they knew about the fishing trip, or what was found aboard the vessel. Mexican government officials declined comment.

The indictment against Arellano Felix "specifies his role in the enterprise as the one who participated in the most major decisions," McNulty said. He began working for the family cartel when he was 22, authorities said.

He now faces life in prison if convicted on charges that cover the cartel's purchase of tons of cocaine from Colombia that, beginning in 1986, were smuggled into California through Mexico via tunnels, vehicles, airplanes, helicopters and in backpacks.

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The cartel is accused of trading money and guns for cocaine from the leftist Revolutionary Armed Forces of Colombia guerrilla group.

Arellano Felix is "one of the 45 most notorious, most wanted drug traffickers in the world," said Michael Braun, the DEA's assistant administrator for operations in Washington. The government is seeking forfeitures from him of nearly $290 million.

Arellano Felix and his drug cartel are accused of 20 homicides in the United States and Mexico, McNulty said, and allegedly "recruited, trained and armed groups of body guards and assassins" to carry out their day-to-day work. One alleged victim was Francisco J. Ortiz Franco, an editor at Tijuana's crusading weekly newspaper Zeta, who was killed two years ago after a series of stories on their drug business.

The Tijuana-based cartel is accused of smuggling heroin and methamphetamine and, authorities believe, built an elaborate 2,400-foot underground tunnel, discovered in January, that stretched over the U.S. border to a San Diego-area warehouse.

Tijuana Mayor Jorge Hank Rhon said through a spokesman that the arrest of the youngest Arellano Felix brother was good news, but the city should expect killings to follow. "Lamentably, when this happens, waves of violence hit the city," the spokesman said.

While Javier Arellano reigned over a declining empire, the cartel still enjoyed protection from law enforcement, according to U.S. authorities and border experts. It was no surprise to many that he was arrested outside the city. His brothers also met with trouble when they left Tijuana -- Ramon was murdered in Mazatlan, and Benjamin was arrested in Mexico City.

"I don't think (Javier) was comfortable outside Tijuana. ... He knew he was being hunted," said John D. Kirby, the former federal prosecutor who co-wrote the 2003 indictment.

While this latest arrest is significant, it's immediate impact on either the cartel or the flow of illegal drugs is unclear. One remaining brother, Eduardo, is still at large and also carries a $5 million bounty.

"Anytime you have arrests like this, it is certainly going to disrupt the organization," said Timothy Coughlin, chief of the U.S. Attorney's narcotics unit in San Diego. "Whether this throws them into chaos, or whether they'll get into a fight with another cartel, those are things we'll know in time."

Enriquez reported from Mexico City and Krikorian from Los Angeles. Times staff writer Richard Marosi in Tijuana contributed to this report.

U.S. Reels In Major Drug Cartel Leader Arellano Felix On Fishing Trip (SDUT/AP)

By Greg Gross, Union-tribune Breaking News Team

The San Diego Union-Tribune, August 16, 2006

SAN DIEGO – The third of three brothers long suspected of running one of the world's most powerful drug cartels is in American hands, U.S. officials announced Wednesday.

Javier Arellano Felix was intercepted Monday by the U.S. Coast Guard aboard a sport fishing vessel off the southern Baja California peninsula. The announcement was made in Washington by Deputy U.S. Attorney General Paul J. McNulty.

When authorities got word that Arellano was aboard the sport fisher Dock Holiday, about 15 miles off the coast of La Paz in the Sea of Cortez, the U.S. Coast Guard moved in to intercept her in international waters, McNulty said.

A Coast Guard boarding party found eight adults and three juveniles aboard the boat. Arellano at first tried to use a false identity, but later admitted who he really was, McNulty said.

“All 11 individuals are being transported by the Coast Guard to San Diego,” he said.

Mike Braun of the U.S. Drug Enforcement Administration characterized Arellano as “the last stronghold of a declining family cartel.” He was one of 11 alleged cartel leaders indicted in federal court in San Diego in 2003 on narcotics, racketeering and conspiracy charges.

“Javier was one of the most ruthless thugs that was involved in drug trafficking around the world,” he said. “Today, we've got this brutal organization in a chokehold and we're not letting up.”

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For two decades, the name Arellano Felix has been synonymous among U.S. and Mexican law enforcement with large-scale drug trafficking – and with money, power and murder – on both sides of the border. Hundreds of murders in Baja California have been attributed to the group, as well as the attempt to kill noted Tijuana journalist Jesus Blancornelas.

After an older brother, Francisco, was arrested in Mexico in 1993,the cartel, based just across the border from San Diego in Tijuana, was controlled by three brothers – Benjamin, Ramon and Javier. Javier Arellano was said to control the cartel's finances.

They were suspected of having tunnels dug under the border between Tijuana and San Diego to move cocaine, heroin, marijuana and methamphetamine into the United States.

Their reach allegedly extended as far south as Colombia, where they are suspected of forming ties to Colombian cartels and even guerrilla armies engaged in producing and shipping vast quantities of cocaine, McNulty said.

"The leadership of the Arellano Felix Organization negotiated directly with Colombian cocaine trafficking organizations . . . for the purchase of multi-ton cocaine shipments, and received those shipments by sea and air in Mexico, and then arranged for shipments into the United States," he said.

Benjamin Arellano was arrested in Mexico in March 2002 and remains in prison there. In prison interviews with U.S. journalists, he has maintained his innocence, at one point telling the Washington Post he was a only a "simple" housing contractor.

Ramon, long claimed by authorities to head up the cartel's band of heavily armed bodyguards and ruthless assassins, was killed in a shootout with Mexican police a month earlier.

U.S. Arrests Mexican Cartel Leader Off Baja Coast (WP)

By John Pomfret, Washington Post Staff Writer

The Washington Post, August 17, 2006

LOS ANGELES, Aug. 16 -- The U.S. Coast Guard and Drug Enforcement Administration have arrested the kingpin of a Mexican drug cartel blamed for 20 murders, the trafficking of billions of dollars of cocaine and marijuana, and the construction of a high-tech, half-mile narcotics tunnel that connected Tijuana with the United States, authorities announced Wednesday.

Francisco Javier Arellano Felix, 36, was nabbed about 15 miles off the coast of Mexico's Baja California peninsula Monday morning as he and two of the cartel's alleged assassins were deep-sea fishing on a U.S.-registered pleasure boat called the Dock Holiday, law enforcement officials said.

"We've taken the head off the snake," Michael Braun, chief of operations for the DEA, said at a news conference in Washington. "This guy happens to be . . . one of the 45 most notorious, most wanted drug traffickers in the world."

Braun said DEA agents discovered Arellano Felix's fishing plans, and the Coast Guard cutter Monsoon intercepted the 43-foot boat in international waters, arresting Arellano Felix and 11 others, including three juveniles. While declining to release details of the action, Braun characterized it as "part of a very long, very complex undercover operation that was backstopped by highly technical means and support."

The arrest constitutes another major blow to the Arellano Felix organization, commonly known as the AFO, which for more than a decade had "dominated the Mexican drug trade and flooded our nation with literally . . . hundreds of tons of a variety of drugs," Braun said.

One brother, the gang's chief enforcer, Ramon Arellano Felix, was killed by Mexican police in 2002. That same year, another brother, Benjamin, considered the brains behind the organization, was jailed in Mexico. A fourth brother, Eduardo, is not believed to be "capable of leading the organization at this point and time," Braun said.

Since the 1980s, the seven brothers have recruited foot soldiers and wives from some of the best families in the Mexican boomtown of Tijuana, prompting one U.S. attorney to dub them the 90210 of drug cartels. Family members first hit law enforcement's radar in the early 1980s, when the Tijuana-based newsweekly Zeta identified Benjamin and Ramon Arellano Felix in connection with a warehouse of marijuana guarded by municipal police.

U.S. authorities estimated that the cartel paid out millions of dollars a year in bribes to local police in Mexico. Since then, the AFO's notoriety has skyrocketed.

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In May 1993, Cardinal Juan Jesus Posadas Ocampo, the archbishop of Guadalajara, was shot to death at the Guadalajara airport. Mexican police blamed Ramon Arellano Felix, a bodybuilder and steroid user known for his uncontrollable rages.

At the time, Mexican authorities speculated that Ramon mistook the archbishop's car for that of a rival drug lord, Joaquin "El Chapo" ("Shorty") Guzman. Competition between the two drug empires and another gang, the Federacion, is believed to have left scores of people dead on both sides of the border and was a subplot in the film "Traffic."

Javier Arellano Felix was also indicted in Mexico for the archbishop's killing, and the United States slapped a $5 million bounty on his head.

"The AFO killed their competitors. They didn't do what many other smuggling operations do -- ignore the other guy. They killed them," said John Kirby, a former federal prosecutor in San Diego.

Other high-profile murders would follow, including the slayings of eight senior prosecutors from Baja California in one year, along with a Mexican federal prosecutor and a Mexican federal police commander.

Javier Arellano Felix, known as " El Tigrillo" ("The Little Tiger"), has been arrested before. In March 1994, Mexican federal police detained him in Tijuana, but his state police bodyguards opened fire and spirited him to freedom, killing a federal police commander and four others.

Javier Arellano Felix will be arraigned on conspiracy and racketeering charges in federal court in San Diego, officials said. Two other people on the boat, Arturo Villareal Heredia and Marco Fernandez, were detained as material witnesses before being formally charged, the DEA said.

Though known widely for cocaine and for its drug tunnel, the AFO recently had been focusing on marijuana and kidnappings, with a twist. After receiving ransoms, the gang would usually kill the victim, Kirby said.

Staff writers Dan Eggen in Washington and Sonya Geis in Los Angeles contributed to this report.

Reputed Drug Kingpin Nabbed (WT)

By Jerry Seper, The Washington Times

The Washington Times, August 17, 2006

Mexican drug lord Francisco Javier Arellano-Felix, who oversaw the construction of sophisticated tunnels to smuggle drugs under the U.S.-Mexico border, was arrested yesterday by U.S. authorities while deep-sea fishing, U.S. officials said.

The U.S. Coast Guard apprehended the reputed drug boss aboard a boat known as the "Dock Holiday," about 15 miles off the shore of La Paz, Mexico.

Deputy Attorney General Paul J. McNulty said Javier Arellano-Felix, 37, was "one of the world's major drug traffickers," and faces life in prison and forfeitures of almost $300 million.

Arellano-Felix, wanted in the United States and Mexico for his role as a leader of a brutal international drug gang that included seven brothers and four sisters from the Arellano family, was indicted in 2003 on federal charges of racketeering, operating a continuing criminal enterprise and conspiracy to import and distribute a controlled substance.

The State Department had offered a $5 million reward for the capture of him or his brother Eduardo.

Mr. McNulty said the Arellano-Felix organization negotiated directly with Colombian cocaine-trafficking organizations, including the Revolutionary Armed Forces of Colombia, or FARC, for the purchase of multiton shipments of cocaine, received those shipments by sea and air in Mexico, and then arranged for smuggling the cocaine into the United States.

He said the organization recruited, trained and armed groups of bodyguards and assassins responsible for protecting the leaders and to kill off rival drug traffickers, suspected informants and Mexican law-enforcement and military personnel, along with members of the news media. He said 20 killings are thought to have been carried out by the gang.

Michael Braun, U.S. Drug Enforcement Agency (DEA) assistant administrator for operations, said the Arellano-Felix organization dominated the Mexican drug trade for more than a decade and had "flooded our nation with literally tons and hundreds of tons of a variety of drugs: cocaine, marijuana, methamphetamine and heroin."

"That dynasty, built on drugs and ruthless violence, began to topple in 2002 with the death of one of the Arellano-Felix brothers and the arrest of another, and was further weakened with the 2003 indictment of the major remaining organization leaders," Mr. Braun said.

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"Today, we've got this brutal organization in a chokehold, and we are not letting up," he said.

DEA officials said agents became aware of the planned fishing trip on Monday and contacted the Coast Guard for help in the arrest.

Two others taken into custody on the boat were identified as Arturo Villareal-Heredia and Marco Fernandez, described as hired assassins and were charged with conspiracy to distribute narcotics and other related crimes.

Arellano-Felix was charged in Mexico in 1993 with conspiring to assassinate Roman Catholic Cardinal Juan Posadas Ocampo. Cardinal Posadas Ocampo, along with six other persons, was assassinated on May 24, 1993, in the parking lot at Guadalajara International Airport. He was shot 14 times.

In January, federal agents located a 2,400-foot-long tunnel built by the Tijuana-based Arellano-Felix organization, filled with two tons of marijuana and connecting warehouses in Tijuana, Mexico, to San Diego.

Accused Mexican Drug Lord Arrested By U.S. Coast Guard On Yacht (BLOOM)

By James Rowley

Bloomberg, August 16, 2006

Aug. 16 (Bloomberg) -- An accused leader of a Mexican drug gang, one of the most-wanted fugitives sought by authorities, was arrested after the U.S. Coast Guard seized a boat off the coast of Baja California, law enforcement officials said.

Francisco Javier Arellano-Felix, an alleged leader of a Tijuana-based drug ring, was captured after the Coast Guard, acting on an Aug. 14 tip to U.S. drug agents, interdicted the boat ``Dock Holiday'' in Pacific Ocean waters 15 miles from the resort town of La Paz, the officials said.

The arrest was announced by Coast Guard and Drug Enforcement Administration officials in Washington.

Arellano-Felix had been placed on the drug agency's top fugitive list in 2002 along with his three brothers, the DEA said. They are accused of operating a drug ring that ships cocaine and marijuana to the U.S.

He was among 11 people aboard the boat when it was seized by the Coast Guard, authorities said. Two other passengers, Arturo Villareal-Heredia and Marco Fernandez, were detained as material witnesses before being formally charged, the DEA said.

Reputed Drug Lord Nabbed Off Mexican Coast: U.S. Officials (CBC)

CBC News, August 17, 2006

A suspected Mexican drug lord linked to 20 murders was captured Wednesday off the coast of Mexico's Baja California peninsula, said American officials.

Francisco Javier Arellano-Felix, 37, was captured by U.S. Coast Guard and Drug Enforcement Administration officials while on board a boat about 24 kilometres off the Mexican coast, said U.S. Deputy Attorney Paul McNulty.

U.S. and Mexican authorities allege he heads the Tijuana-based Arellano-Felix organization (AFO), a gang they say is one of the most dangerous and violent in the California-Mexico area. The group is believed to include seven brothers and four sisters from the Arellano family.

"We've taken the head off the snake," said Michael Braun, chief of operations for the DEA.

American DEA officials said they received a tip concerning the boat's location and asked the coast guard to intercept it while in international waters. Eleven people on board the Dock Holiday, including Arellano-Felix, were detained and are being taken to San Diego.

"This case is the result of extraordinary co-operation between the governments of Mexico and the United States," said McNulty.

Arellano-Felix, who was named in an indictment that was unsealed in California in July 2003, will be arraigned in "the very near future," said McNulty.

The indictment alleges Arellano-Felix is a key leader in the AFO, which is believed responsible for smuggling massive shipments of cocaine and marijuana across the U.S. border from the Tijuana area.

The leaders were indicted on charges of racketeering, conspiracy to import and distribute cocaine and marijuana and conspiracy to money launder.

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American officials also allege the leaders of the organization bought cocaine from suppliers in Colombia, including the revolutionary group known as FARC, which has been trying to overthrow the Colombian government for 40 years.

U.S. authorities believe the AFO recruits, trains and arms groups of bodyguards to protect key leaders and kill rivals, Mexican law-enforcement officers and certain members of the news media.

The group is believed responsible for at least 20 murders in the U.S. and Mexico, said McNulty.

Elaborate drug tunnel linked to group

It is also believed responsible for a sophisticated drug tunnel discovered in January.

Running between a Tijuana airport and a warehouse in San Diego, the 750-metre long tunnel was equipped with electric lights, air piped from the surface and a system of pulleys at the Mexican entrance. It was 18 metres below ground.

American authorities have found 21 tunnels under the border since they began keeping track of them in September 2001.

The State Department had offered $5 million rewards for the capture of Arellano-Felix, or his brother Eduardo, who remains at large.

The Arellano-Felix gang is one of the three large Mexican drug cartels, along with the Gulf Cartel and the Federacion.

Mexican Cartel Leader Captured At Sea (CNN)

CNN, August 17, 2006

Offshore operation by DEA, Coast Guard led to capture

WASHINGTON (CNN) -- One of the world's most wanted drug lords was captured Wednesday aboard a recreational fishing boat off Mexico's Baja peninsula, federal law enforcement officials said.

The Drug Enforcement Administration's Michael Braun described the man captured, Javier Arellano-Felix, as "one of the most ruthless thugs that was involved in drug trafficking around the world."

Law enforcement officials say Arellano-Felix led a violent Tijuana-based cartel that brought multi-ton shipments of marijuana and cocaine into the United States and trained body guards and assassins to protect turf and eliminate rivals.

"We feel like we've taken the head off the snake," said Braun, the DEA's chief of operations. "This is not your average arrest ... It's what our job is all about. It's what we live for."

The Arellano-Felix organization was responsible for a recently discovered, elaborately constructed tunnel under the Mexico-California border, law enforcement officials said.

And, Deputy Attorney General Paul McNulty said, the cartel was sophisticated enough to negotiate directly with Colombian drug lords and paramilitary groups for multi-ton shipments of cocaine.

The DEA lists rewards of $5 million each for the capture of Arellano-Felix and his brother, Eduardo, who federal officials said plays a lesser leadership role in the cartel. Gone fishing

Coast Guard Commandant Thad Allen said the DEA alerted him Monday morning that intelligence showed Arellano-Felix was aboard the chartered 43-foot recreational fishing vessel Dock Holiday, 15 miles off the coast near La Paz, Mexico.

Arellano-Felix was traveling under an alias, but eventually confirmed his identity, officials said. Eight other adults and three juveniles also were detained.

Officials said two of the men in custody are believed to be Arturo Villareal-Heredia and Marco Fernandez, both described by the DEA as "assassins" for the Arellano-Felix organization. Authorities said the two will initially be held as material witnesses, but later will be charged with conspiracy to distribute narcotics and other counts.

Arellano-Felix is in the custody of the U.S. Coast Guard on board the cutter Monsoon. He will be brought ashore in San Diego, where he has been indicted and will be arraigned.

His brother and several other indicted cartel members remain at large.2003 indictment

According to the DEA's Web site, members of the Arellano-Felix organization were named in a July 2003 indictment alleging federal racketeering offenses, conspiracy to import marijuana and cocaine and launder money.

The indictment also listed 20 murders in the U.S. and Mexico as part of the conspiracy, McNulty said.

The Arellano-Felix organization, often referred to as the Tijuana Cartel, was considered one of the most powerful and violent drug trafficking organizations in Mexico, according to the DEA.

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At the beginning of 2002, the cartel was dealt two blows, the DEA said: Ramon Arellano-Felix, the cartel's enforcer and assassin, died in a street fight with drug trafficking competitors and Mexican police. A month later, Benjamin Arellano-Felix, who the DEA says played the role of the cartel's CEO, was arrested by the Mexican Military.

The loss of two cartel leaders was "the beginning of the end" for the organization, the DEA's Braun said. With Javier Arellano-Felix's capture, he added, "We've got this brutal organization in a choke hold."

Feds Net Major Drug Kingpin Off Southern CA Coast (KPBS)

KPBS, August 17, 2006

KPBS SAN DIEGO (2006-08-16) Federal officials have arrested one of Mexico's top drug kingpins. Francisco Javier Arellano Felix is said to be a boss of the Arellano Felix Drug Cartel that's responsible for smuggling tons of drugs into the United States during the last two decades. KPBS reporter Amy Isackson has more.

Working off a tip, U.S. Coast Guard officials arrested Francisco Javier Arellano Felix on a recreational fishing boat 15 miles off the coast of La Paz, Mexico on Monday afternoon.

Federal officials say Franciso Javier is one of the most wanted drug traffickers in the world. According to a federal indictment he is responsible for 20 murders in the United States and Mexico and is believed to be connected to elaborate tunnels used to smuggle drugs under the border.

Drug Enforcement Administration Chief of Operations Mike Braun says his agency has the cartel in a chokehold.

Braun: "We're piling on and moving this ongoing investigation even more forward. This huge success for law enforcement it's what we live for."

The Coast Guard is transporting Francisco Javier Arellano Felix and two other suspected cartel hit men to San Diego. Amy Isackson, KPBS News.

US Holds Top Mexico Drug Suspect (BBC)

BBC News, August 17, 2006

Javier Arellano Felix was allegedly using an alias The US says it has crippled a major Mexican drugs gang with the arrest of Javier Arellano Felix, said to be a leader of a cartel based in Tijuana.

At its height, the so-called "Arellano Felix Organisation" is thought to have been the main supplier of cocaine and marijuana to the US.

Mr Arellano Felix was arrested on a boat in a joint US-Mexican operation off Mexico's Baja California peninsula.

Washington had offered a reward of $5m (£2.6m) for his capture.

"Javier was one of the most ruthless thugs that was involved in drug-trafficking around the world," said Michael Braun, chief of operations of the US drug enforcement administration.

"We feel like we've taken the head off the snake here."

US Deputy Attorney General Paul McNulty said the suspect had been caught on Monday morning after a tip that he was aboard the boat.

He was found by the US Coast Guard travelling under an alias, he added.

Family business

Mr Arellano Felix's arrest will be seen as a significant setback to the organisation that is believed to behind more than a 100 drug-related murders, the BBC's Duncan Kennedy reports from Mexico City.

Despite its business-sounding acronym Afo, the Arellano Felix Organisation was no faceless capitalist enterprise, our correspondent says.

It was very much a family-run affair: seven brothers and four sisters who took on the organisation in 1989.

Each sibling had his or her position and Benjamin Arellano Felix assumed the role of cartel boss until his arrest in 2002.

Then there was Ramon, who was said to organise the murders of rivals. He himself was shot dead four years ago.

The family even ran its own counter-espionage system, our correspondent adds.

It used scanners and other devices in several Mexican cities to try to keep one step ahead of the law enforcement agencies.

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Crime wave

The US justice department said the cartel had recruited, trained and armed bodyguards to protect its leaders.

They also violently despatched rival drug-traffickers, police officers and journalists who printed unfavourable stories.

The task of dismantling the group was not helped by disagreements over extradition, our correspondent notes.

The Mexican authorities were opposed to capital punishment and wanted guarantees from the Americans that those arrested wouldn't be given the death penalty if sent back to the US.

Though the capture of Javier Arellano Felix is a blow to drug-traffickers, the current wave of extreme drug-related violence in Mexico shows any power vacuum is already being filled by those intoxicated by the lure of big money, our correspondent says.

Coast Guard Captures Drug Kingpin Off Mexican Coast (ABC)

By Z. BYRON WOLF

ABC News, August 17, 2006

Drug Family Flooded U.S. With Hundreds of Tons of Drugs

Aug. 16, 2006 — Authorities captured a notorious drug smuggler in a boat off the Pacific coast of Mexico Monday. Javier Arellano Felix is believed to be one of four brothers in charge of the brutal Arellano Felix drug syndicate that has vied to control the drug trade from Tijuana to San Diego for the past decade.

"We have cut the head off the snake," Deputy Attorney General Paul McNulty told reporters at the Justice Department in Washington, D.C., Tuesday.

A tip led the Coast Guard to board Javier Arellano Felix's 43-foot recreational boat — the U.S.-registered Doc Holliday — Monday morning after authorities conducted undercover operations aimed at his arrest for the past 14 months, according to Michael Braun, chief of operations for the Drug Enforcement Agency.

"For more than a decade, the Arellano Felix organization has flooded the United States with hundreds of tons of cocaine, marijuana and other drugs," Braun said. "Now, we have got this brutal organization in a choke hold."

Neither Braun nor McNulty would elaborate on the circumstances surrounding the tip that led to Javier Arellano Felix's arrest, nor would they identify any of the seven adults and three minors who were onboard the Doc Holliday with Arellano Felix.

"This was the result of a long, complex undercover operation," said Braun. He said no determination had been made about any distribution of the $5 million reward, and it's even possible that none of the money could be paid.

Javier Arellano Felix was traveling under an alias, but, following his capture, he admitted his identity, according to authorities. He is currently onboard the Coast Guard clipper Monsoon, en route to San Diego, where he will face conspiracy, drug distribution, racketeering and possibly murder charges, all spelled out in an unsealed 2003 federal indictment.

McNulty said the Arellano Felix organization is believed to be responsible for more than 20 murders over the past decade, and it's possible that Arellano Felix could also be charged in connection with some of those.

US Captures Mexican Drug Lord (AFP-Y)

By Paul Handley

AFP, August 17, 2006

US Justice Department officials said they had severely crippled a leading Mexican drug gang with the arrest of Tijuana cartel head Francisco Javier Arellano Felix.

Arellano Felix, who had a five-million-dollar reward on his head, was arrested early Monday by the US Coast Guard aboard a fishing boat in international waters off the Mexican coast, Deputy Attorney General Paul McNulty said.

He was arrested with 10 others, including three juveniles, who were also on the US-registered fishing vessel.

"Javier was one of the most ruthless thugs that was involved in drug trafficking around the world," said Michael Braun, chief of operations of the US Drug Enforcement Administration.

"We feel like we've taken the head off the snake here."

McNulty said the United States had received a tip that Arellano Felix was aboard the boat and sent the Coast Guard to interdict it. They found Arellano Felix on board traveling under an alias.

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He also credited Arellano Felix's capture to "extraordinary coordination and cooperation" between Mexico and the United States.

"The Arellano Felix organization is one of the largest drug trafficking organizations operating in the Tijuana, California-Mexico area," he said.

Braun said that for over a decade the violent gang has dominated the Mexican drug trade and flooded the United States with "hundreds of tonnes of a variety of drugs, cocaine, marijuana, methamphetamine and heroin, to name a few."

Known as "El Tigrillo," or the little tiger, Arellano Felix was involved in the 1993 assassination of Roman Catholic Cardinal Juan Jesus Posadas Ocampo at the Guadalajara airport, according to Mexican authorities.

He allegedly took the leadership of the gang after the arrest in 2003 of his brother Benjamin and the death of another brother, Ramon.

Braun said those changes weakened the group. "Today, we got this brutal organization in a choke-hold and we're not letting up."

"They are extremely vulnerable right now," Braun said, while admitting that another drug syndicate was certain to fill the gap left by the weakened Arellano Felix cartel.

A US indictment for 11 top members of the group unveiled in July 2003 charged them with racketeering, conspiracy to import and distribute cocaine and marijuana, and with money laundering.

Shortly afterward the US State Department announced a reward of five million dollars for Francisco Javier Arellano Felix, and the same amount for his brother Eduardo, who remains at large.

Braun said Wednesday he did not know yet if anyone would receive the reward for Francisco Javier Arellano Felix's capture.

Some Mexicans played down the arrest Wednesday.

"He is not the head of the cartel, he is a cocaine-using playboy who only thinks about having a good time," said Jesus Blancornelas, the owner of the Tijuana magazine Zeta.

"He lives in the United States and often travels to Brazil and Hawaii," Blancornelas said.

The 2003 indictment says the Tijuana operation received multi-tonne shipments of cocaine by sea and air from other traffickers, including Colombia's rebel Revolutionary Armed Forces of Colombia (FARC), and then arranged to smuggle the drugs into the United States, according to McNulty.

It also says the group "recruited, trained and armed groups of bodyguards and assassins responsible for protecting the leaders of the organization and for conducting assassinations of rival drug traffickers."

The charges could bring up to life in prison and forfeiture of nearly 300 million dollars, McNulty said.

Drug Kingpin Captured Off Coast Of California (MCT)

By Lennox Samuels

McClatchy Newspapers, August 16, 2006

MEXICO CITY - U.S. authorities acting on a tip boarded a 43-foot fishing boat off the coast of Baja California this week and hooked a highly wanted drug-trafficking kingpin, Francisco Javier Arellano Felix.

The Mexican fugitive is a reputed leader of the Arellano Felix organization, described by American and Mexican law enforcement as the largest and most violent drug-trafficking organization operating in the Tijuana/Baja California area.

Arellano Felix, 36, was arrested by U.S. Coast Guard officials and was being transported to San Diego. He was expected to be arraigned there in connection with a 2003 indictment that charged him and 10 others in the organization with racketeering, conspiracy to import and distribute cocaine and marijuana, and conspiracy to commit money laundering.

The charges carry penalties of up to life in prison as well as forfeitures totaling $300 million.

"The indictment specifies the role of Francisco Javier Arellano Felix in the enterprise as one who participated in the most major decisions of the (Arellano Felix organization) and specifies that he was in charge of the organization's Tijuana and Mexicali operations," Deputy Attorney General Paul McNulty said at a news conference Wednesday in Washington.

Mike Braun, an assistant administrator with the Drug Enforcement Administration, said the arrest was very significant.

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"This guy happens to be ... one of the 45 most notorious, most wanted drug traffickers in the world," he said at the news conference.

But the longtime editor of the Tijuana weekly newspaper Zeta, Jesus Blancornelas, dismissed the characterization of Arellano Felix as the leader of the group. Blancornelas, who nearly died in 1997 at the hands of the cartel, said the youngest member of the Arellano Felix family plays no significant role in the organization.

"He's the playboy of the family. He is not the leader. He has never been the leader. He's a man who spends his time in discotheques having a good time," said Blancornelas, a pioneer in the dangerous business of writing about drug traffickers. "He's the youngest and he's the craziest; he likes parties, girls and he has even stolen drugs" from his family.

Perhaps the more significant capture, Blancornelas said, is the reported arrest of another cartel operative, Arturo Villareal, who apparently was with Arellano Felix. "His job was to receive the drugs and get them into the United States," Blancornelas said.

Arellano Felix, whose arrest culminates a 14-month investigation, was caught when the Coast Guard boarded a vessel called the Dock Holiday about 15 nautical miles off the coast of La Paz, Mexico. He was apprehended with 10 other people, including three juveniles, McNulty said.

The U.S.-registered boat was in international waters when the Coast Guard boarded it Monday morning, Vice Admiral Thad Allen, commandant of the guard, said at the briefing. He added that the action was part of a joint operation of the Justice Department, Coast Guard and DEA, in cooperation with Mexican law enforcement.

Officials with Mexico's attorney general's office said they had no information about the operation, even though U.S. authorities lauded the agency's involvement.

Arellano Felix was one of several brothers reputed to lead a family-run gang that trafficked in millions of dollars worth of drugs each year in Mexico and the United States. One brother, Ramon, is dead, and another, Benjamin, is incarcerated in La Palma prison outside Mexico City. A fourth brother, Eduardo, is at large.

Following the killing of Ramon in 2002 and the jailing of Benjamin, the Tijuana cartel transformed itself into a "narco-corporation" allegedly under the control of a sister, Enedina, an accountant, and Eduardo, a surgeon, Blancornelas said.

Both prefer business tactics over the raw violence that has been the trademarks of rivals like the Gulf and Sinaloa cartels.

Feds Ask Again To Jail Bonds' Trainer If He Refuses To Testify (AP)

By Paul Elias, Associated Press

AP, August 17, 2006

SAN FRANCISCO — Federal prosecutors will ask a judge to throw Barry Bonds' personal trainer back in jail Thursday if he again refuses to testify, this time before a newly assembled grand jury that is reportedly also investigating track coach Trevor Graham.

In a statement to prosecutors about his intentions to stay mum, Greg Anderson also evoked the name of New England Patriots quarterback Tom Brady, saying the two had spoken over the phone but never made further contact.

"I had only one brief conversation with Tom Brady regarding a potential future workout," Anderson said in the statement to prosecutors that was included in court documents unsealed Wednesday. "I never had another phone conversation with him and never discussed it with anyone."

Paula Canny, an Anderson attorney and friend, said Brady's name appears along with "10 to 20" other athletes that Anderson's grand jury subpoena lists as people the trainer should be prepared to answer questions about. Canny said investigators may have gotten Brady's name from Anderson phone records seized by the government, though Anderson doesn't refer to any other athletes in his brief statement.

Brady attended the same Bay Area high school as Bonds. His agent, Donald Yee, couldn't be reached for comment Wednesday, and the New England Patriots declined comment on Anderson's statement.

"I don't have any information on it," Patriots spokesman Stacey James said. "I'm not going on hearsay."

Anderson has refused on four different occasions to testify before federal grand juries investigating Bonds. He was released from prison July 20 after serving 15 days for refusing to testify, but only after that grand jury's term expired.

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"I will not ever make statements about other people," Anderson said in the June 23 statement filed with the court. "That has always been my position and will continue to be."

On Thursday, prosecutors planned to ask U.S. District Judge William Alsup to send Anderson to prison if he stands by that policy.

Government lawyers are investigating whether Bonds lied under oath when he told an earlier grand jury he didn't know whether the substances given to him by Anderson were steroids. The grand jury probe also reportedly is focused on whether the San Francisco Giants slugger paid taxes on the sale of hundreds of thousands of dollars worth of sports memorabilia.

The New York Times reported last month that the grand jury is also looking into the possible involvement of Graham, the track coach of Marion Jones and Justin Gatlin, who tested positive earlier this year for elevated testosterone.

Anderson previously served three months in prison after pleading guilty to steroid distribution and money laundering stemming from the government's investigation of the Bay Area Laboratory Co-Operative, which that allegedly supplied Bonds and other elite athletes with performance-enhancing drugs.

Some legal experts see Anderson as the key to proving the perjury allegations, since Bonds reportedly testified that the trainer gave him two substances that fit the description of "the cream" and "the clear" — two performance-enhancing drugs linked to BALCO.

In 2003, Bonds reportedly testified to the grand jury investigating BALCO that he believed the substances were flaxseed oil and arthritis balm, not steroids.

Anderson also could offer insight into the doping calendars bearing Bonds' name that were seized when federal agents raided Anderson's house, according to court papers connected to the steroids probe.

But Anderson's lawyers say he shouldn't have to testify because of the numerous leaks of secret grand jury testimony to the San Francisco Chronicle during the course of the four-year investigation. Chronicle reporters Lance Williams and Mark Fainaru-Wada have written a book based largely on leaked testimony.

A federal judge has told the reporters they must tell a grand jury who leaked them secret testimony. The pair have said they would go to jail rather than reveal their source or sources.

Anderson's lawyers also say the agreement he made with prosecutors to plead guilty last year in the BALCO case stipulated he wouldn't have to cooperate in the investigation. Anderson also shouldn't have to testify because he was the target of an illegal wiretap, they argue.

The new grand jury ordering Anderson's testimony can stay in session for as long as 18 months. By law, an intransigent Anderson can be locked up for the grand jury's full term, though a judge can free him sooner if convinced he never will talk.

Bonds' Trainer Anderson Faces Another Prison Term (MERCN)

By Elliott Almond

McClatchy Newspapers, August 17, 2006

SAN FRANCISCO - Barry Bonds' personal trainer faces a third prison term Thursday when he appears in U.S. District court to argue why he shouldn't testify in front of a federal grand jury investigating the Giants left fielder for perjury and tax evasion.

The case is scheduled to be heard by U.S. District Judge William Alsup, who in July sent Greg Anderson to prison for refusing to answer questions in front of another grand jury investigating the same case. Anderson, 40, was released 15 days later when that grand jury's term expired.

Now the trainer could be held for the remainder of the new grand jury's 18-month term; legal experts say Anderson probably would be released after a few months when it becomes apparent he won't talk.

Anderson also spent three months in prison last winter after pleading guilty for distributing steroids and laundering money as part of the Balco Laboratories case.

Although Alsup rejected Anderson's reasons for not testifying last month in a similar hearing, the trainer's attorney, Mark Geragos, said: "It's a new grand jury, new subpoena and new facts."

He also criticized the government's case.

"This isn't following the evidence," he said. "This is targeting a specific person, or persons, and trying to backfill."

A spokeswoman with the U.S. Attorney's office in San Francisco declined to comment. But in court papers filed Wednesday, prosecutors called Anderson's defense "a smorgasbord of distorted facts and frivolous legal argument."

The government believes Bonds intentionally lied under oath in 2003 when he told another grand jury he didn't knowingly take steroids. He said he took substances he thought were flaxseed oil and an arthritis balm; authorities say those products were steroids known as "the clear" and "the cream."

Anderson could help the government's perjury case by explaining drug calendars and other documents with Bonds' name that were seized from the trainer's Burlingame home in 2003.

According to a redacted copy of Anderson's subpoena, unsealed Wednesday, the trainer also was ordered to produce contracts, records of drugs provided and administered, e-mails, video or audio recordings and medical records of clients whose names were blacked out.

One of those identified, however, was New England Patriots quarterback Tom Brady in a declaration filed by Anderson. The trainer said he had a brief telephone conversation with Peninsula player about a potential workout.

"I had only one brief conversation with Tom Brady regarding a potential future workout," Anderson said in a document filed with court. "I never had another phone conversation with him and never discussed it with anyone."

Investigators also are examining whether Bonds failed to pay taxes on tens of thousands of dollars of income made on the sales of sports memorabilia items.

Bill Would Allow Hemp Farming In California (AP)

By Don Thompson

AP, August 16, 2006

SACRAMENTO - California farmers could legally grow industrial hemp under a bill approved Wednesday by the state Senate that distinguishes hemp from its widely grown distant cousin: marijuana.

Hemp "bears no more resemblance to marijuana than a poodle bears to a wolf," said Sen. Tom McClintock, R-Thousand Oaks. "You would die from smoke inhalation before you would get high."

He said industrial hemp was improperly lumped into the ban on marijuana in 1937 after it had been grown commercially for decades by American farmers, including George Washington and Thomas Jefferson.

But Sen. Dennis Hollingsworth, R-La Mesa, said he hadn't seen much support from California farmers for the bill. If farmers support legalization, Hollingsworth asked, "why is it the calls and letters I get (supporting the bill) are from San Francisco and not Fresno?"

The legislation would require that the hemp crop be tested before harvesting to make sure it has only a trace amount of tetrahydrocannabinols, or THC, the drug in marijuana.

No matter the concentration of THC, hemp currently can't be legally grown in the United States without a difficult-to-get permit from the U.S. Drug Enforcement Administration.

The bill attempts to avoid federal restrictions by requiring farmers to sell the hemp only to California processors to avoid any interstate commerce that could bring federal intervention.

The crop can be used in a variety of products, including clothing, cosmetics, food, paper, rope, jewelry, luggage, sports equipment and toys. As food, supporters say it is high in essential fatty acids, protein, B vitamins and fiber.

The advocacy group Vote Hemp estimates that sales of legal hemp products in the United States now tops $270 million a year, using hemp grown in other nations.

The Office of National Drug Control Policy has opposed legalizing hemp cultivation, saying hemp crops could be used to hide marijuana cultivation by mixing the two plants in the field.

But Sen. Sheila Kuehl, D-Santa Monica, said testimony during committee hearings on the bill showed that industrial hemp could contaminate and diminish the potency of nearby marijuana crops.

The Senate debate produced a bumper crop of California stereotype jokes, several aimed at McClintock, an outspoken conservative who carried the bill in the Senate for it author, liberal Democratic Assemblyman Mark Leno of San Francisco.

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"There must be some mistake," Senate President Pro Tem Don Perata, D-Oakland, told McClintock, the Republican nominee for lieutenant governor. "You'll get a parade in San Francisco."

The measure was approved by a 26-13 vote, sending it back to the Assembly for a vote on Senate amendments. The Assembly passed a somewhat different version in January, 44-32.

Gov. Arnold Schwarzenegger has not decided whether he would sign the bill, said spokesman Darrel Ng.

The Senate also approved bills that would:

_ Allow parents to anonymously abandon newborns at hospitals, fire stations and other designated "safe surrender" sites for 30 days after birth, instead of the current 72 hours, under a bill passed on a 27-9 vote. The Senate sponsor, Sen. Jackie Speier, D-Daly City, said the extra time would save babies' lives by encouraging parents to give up unwanted children for adoption instead of abandoning them to die in remote locations. The 27-9 vote sent the measure back to the Assembly for consideration of Senate amendments.

_ Make it illegal to let passengers ride in car trunks. Sen. Bob Margett, R-Arcadia, said he agreed to carry the bill in the Senate because the growing practice has recently resulted in several tragic accidents. A first offense would bring a $100 fine, with $250 fines for repeat offenders. A 31-2 vote sent the measure back to the Assembly for consideration of Senate amendments.

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On the Net:

Read AB1147, AB1873, AB1850, at http://www.assembly.ca.gov

Afghan Opium Cultivation Hits A Record (AP)

AP, August 17, 2006

KABUL, Afghanistan (AP) -- Opium cultivation in Afghanistan has hit record levels -- up by more than 40 percent from 2005 -- despite hundreds of millions in counternarcotics money, Western officials told The Associated Press.

The increase could have serious repercussions for an already grave security situation, with drug lords joining the Taliban-led fight against Afghan and international forces.

A Western anti-narcotics official in Kabul said about 370,650 acres of opium poppy was cultivated this season -- up from 257,000 acres in 2005 -- citing their preliminary crop projections. The previous record was 323,700 acres in 2004, according to the U.N. Office on Drugs and Crime.

"It is a significant increase from last year ... unfortunately, it is a record year," said a senior U.S. government official based in Kabul, who like the other Western officials would speak only on condition of anonymity because of the sensitive topic.

Final figures, and an estimate of the yield of opium resin from the poppies, will be clear only when the U.N. agency completes its assessment of the crop, based on satellite imagery and ground surveys. Its report is due in September.

The U.N. reported last year that Afghanistan produced an estimated 4,500 tons of opium -- enough to make 450 tons of heroin -- nearly 90 percent of world supply.

This year's preliminary findings indicate a failure in attempts to eradicate poppy cultivation and continuing corruption among provincial officials and police -- problems acknowledged by President Hamid Karzai.

Karzai told Fortune magazine in a recent interview that "lots of people" in his administration profited from the narcotics trade and that he had underestimated the difficulty of eradicating opium production.

The U.N. Office on Drugs and Crime estimate that opium accounted for 52 percent of Afghanistan's gross domestic product in 2005.

"Now what they have is a narco-economy. If they do not get corruption sorted they can slip into being a narco-state," the U.S. official warned.

Opium cultivation has surged since the ouster of the Taliban in late 2001. The former regime enforced an effective ban on poppy growing by threatening to jail farmers -- virtually eradicating the crop in 2000.

But Afghan and Western counternarcotics officials say Taliban-led militants are now implicated in the drug trade, encouraging poppy cultivation and using the proceeds to help fund their insurgency.

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"(That) kind of revenue from that kind of crop aids and abets the enemy," Chief Master Sgt. Curtis L. Brownhill, a senior adviser to the head of the U.S. Central Command, during a recent visit to Afghanistan. "They count on having that sort of resource and money."

Afghanistan has seen its deadliest bout of fighting this year since U.S.-backed forces toppled the Taliban for harboring Osama bin Laden. Officials believe the insurgency, most vicious in the south -- Afghanistan's main poppy belt -- includes die-hard Taliban, warlords and drug lords and smugglers.

Fears of fanning the insurgency has constrained efforts to destroy the poppy crops of impoverished farmers -- particularly in Helmand, where the area being cultivated for poppies has increased most sharply. The province now accounts for more than 40 percent of the poppy cultivation nationwide.

"We know that if we start eradicating the whole surface of poppy cultivation in Helmand, we will increase the activity of the insurgency and increase the number of insurgents," said Tom Koenigs, the top U.N. official in Afghanistan.

He said the international community needs to provide alternative livelihoods for farmers, but warned against expecting quick results. "The problem has increased, and the remedy has to adjust," he told reporters recently.

Since the fall of the Taliban, the international community, led by the U.S. and Britain, has invested hundreds of millions of dollars to combat the drugs trade.

There have been some successes. Nangahar province, with the help of a strong governor and police chief, reduced opium output by 96 percent in 2005. Since March, anti-drug police units have raided 10 drug labs throughout the country, seizing 2,700 pounds of heroin and nearly 1,763 pounds of opium.

Next week, the Afghan government will present a wide-ranging anti-drugs strategy. Officials are moving to amend laws, train judges and prosecutors, build high security prisons and establish special courts for drug barons and senior drug smugglers.

This year's increased poppy cultivation follows a 21 percent drop the previous year, suggesting the government has not followed through on warnings to farmers against planting poppies. Although 37,065 acres of poppies were eradicated this year, according to the Ministry for Counternarcotics, a campaign by police to destroy crops fell short of expectation.

Gen. Khodaidad, a top official at the ministry, said virtually all cultivated land in Helmand -- including government-owned land -- has been planted with opium poppies.

"We expected a large number (crop) this year but Helmand unfortunately exceeded even our predictions," the U.S. official said.

FBI Names Head Of Criminal Investigation (NSDY/AP)

By Associated Press, August 16, 2006, 11:36 Pm Edt

Long Island Newsday, August 17, 2006

Burrus, who has been acting chief of the division since February, will supervise investigations of public corruption, civil rights violations, gangs, organized crime, financial crimes and violent crimes. He was appointed by FBI Director Robert S. Mueller, the bureau announced Wednesday.

Since joining the FBI in 1983, Burrus has served on the security detail for three attorneys general, won an FBI director's award for work in Indian country as assistant chief of the Minneapolis office, assisted with the recovery of kidnaping victim Elizabeth Smart as chief of the Salt Lake City office and spent a year and a half as deputy chief of the criminal investigative division.

Burrus obtained undergraduate and law degrees from Wake Forest University.

First Woman Named To Head FBI Division (SFC)

San Francisco Chronicle, August 17, 2006

A veteran FBI agent who led offices in Arizona and Alabama will soon become the first woman to head the FBI's San Francisco division, which covers 15 counties from Monterey to the Oregon border, an agency spokeswoman said Tuesday.

Charlene Thornton will replace Joe Ford, who led the San Francisco office from August 2005 to April, when he was assigned to FBI headquarters in Washington, D.C. Ford recently was selected as the agency's associate deputy director, the third-ranking official.

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FBI Director Robert Mueller officially designated Thornton for her new assignment as special agent in charge on Aug. 4. Her start date has not yet been determined, said Special Agent LaRae Quy, a spokeswoman for the San Francisco division. Arthur Balizan has been acting as the office's chief.

Thornton, a Wisconsin native with a law degree, joined the FBI in 1979. She now serves as assistant director of the inspection division at FBI headquarters, where she investigates employee misconduct and evaluates agency programs to make sure that they are lawful and effective.

First Female Put In Charge Of SF FBI Bureau (BCNW)

Bay City News Wires, August 17, 2006

SAN FRANCISCO -- The San Francisco bureau of the FBI will have its first female special agent in charge, spokeswoman LaRae Quy said today.

Charlene Thornton has been selected by FBI Director Robert Mueller to lead FBI operations in the Northern District of California, which has jurisdiction over the northern and central coast regions of California.

Thornton will be replacing Joseph L. Ford who was transferred to FBI headquarters in Washington D.C. where he serves as associate deputy director, the third highest position in the FBI.

Since Ford's departure, the San Francisco bureau has been led by Acting Special Agent In Charge Arthur Balizan.

Quy said she does not know when Thornton will begin her new position in the San Francisco bureau, but looks forward to her arrival. Quy said Thornton's previous experience as special agent in charge both in Birmingham and Phoenix should prove useful in her new position.

Thornton's most recent title was assistant director of the inspection division at FBI headquarters, where she investigated internal employee misconduct and managed FBI operations to ensure their economic value and compliance with FBI objectives.

Thornton was born and raised in Wisconsin and is married to a retired special agent.

New SF FBI Chief Will Be First Woman To Hold Top Post (MERCN)

The San Jose Mercury News, August 17, 2006

SAN FRANCISCO - For the first time, a woman will head the FBI's San Francisco office, covering a territory that spans from Monterey to the Oregon border.

Charlene Thornton currently serves as assistant director of the inspection division at FBI headquarters in Washington, where she oversees investigations of employee misconduct and evaluates internal programs.

FBI Director Robert Mueller officially picked Thornton for her new assignment as special agent in charge earlier this month.

Thornton's start date has not been determined, but probably will not be before the end of September. She will replace Joe Ford, who recently was selected as the agency's associate deputy director.

Former El Paso FBI Chief Convicted Of Lying (HC/AP)

Associated Press

Houston Chronicle, August 17, 2006

EL PASO — A federal jury convicted the former head of the FBI in El Paso today of two counts of lying to investigators about his relationship with a Mexican race track owner.

Hardrick Crawford Jr. was convicted of concealing material facts about his association with Jose Maria Guardia and of making false statements about gifts he received from Guardia on federal financial disclosure reports.

Crawford, who left his job in 2003, was acquitted of three other charges of lying to investigators. He has denied any wrongdoing.

Crawford's lawyer, Mary Stillinger, called the verdict "disappointing."

"It's very hard to accept," Stillinger said in a story in the online edition of the El Paso Times.

Crawford faces up to five years in prison for each conviction and a $250,000 fine when he is sentenced Nov. 9.

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IMMIGRATION:

Sex Ring Broken Up, Officials Say (NYT)

By Emily Vasquez

The New York Times, August 17, 2006

Law enforcement officials yesterday announced the arrest of 31 people who they said were involved in running an international prostitution ring that operated at least 19 brothels in the Northeast.

Officials said they also took 67 young Korean women into protective custody, all of whom they believe were brought to the United States illegally and forced to work as prostitutes, victims of human trafficking.

Many of the houses in what officials described as a "network of Korean-owned brothels stretching from Rhode Island to Washington, D.C.," claimed to be legitimate businesses like massage parlors, health spas and acupuncture clinics.

Among those, they said, were the Crystal Spa on West Avenue in Norwalk, Conn., and Cleveland Park Holistic Health on Connecticut Avenue in Washington. In Manhattan, authorities said they found unnamed brothels on West 26th Street and 59th Street.

"This exploitation is not a back-alley business," said Michael Garcia, United States attorney for the Southern District of New York. "It happens in residential areas of our nation's capital, it happens in the West 20's in New York City."

The brothels catered chiefly to Asian customers who learned about the illicit services through word of mouth, officials said. Some of the houses were making tens of thousands of dollars a month, officials said.

The ring's recruiters in Korea sought women who wanted to come to the United States, officials said. The women were then helped to travel here with false documents or were helped to be smuggled across the Mexican or Canadian borders.

Drivers carried the women from a point of entry to a brothel, and sometimes moved them between brothels within the network, officials said. Once the women were delivered to a brothel, officials said, managers would typically take away their identification and travel documents and threaten to turn them in to the authorities or hurt their relatives in Korea if they tried to leave. The women were forced to work to pay off tens of thousands of dollars of debt they had accumulated in their travel from Korea, officials said.

Some of the brothels had special rooms or compartments where the women were hidden in case of a raid, officials said.

Arrests began Tuesday morning, and those charged included brothel owners and managers, drivers, and money handlers who helped illegally send the women's proceeds back to Korea, officials said.

The arrests are connected to the breakup of a brothel operation in March in Flushing, Queens. In that case, an undercover New York Police Department detective discovered that the operation flourished because the owners had bribed two veteran police officers. Those officers were charged with public corruption and are awaiting prosecution in Federal District Court in Brooklyn.

After those arrests, officials obtained court authorization to monitor and intercept the cellphone transmissions of a transporter and middleman, leading to the discovery of the network of Korean-owned brothels, the officials said.

Ten brothel owners or managers face broad conspiracy charges that could bring five years in prison, officials said. The transporter and middleman whose cellphone was monitored, identified as Tae Hoon Kim, 39, could face up to 15 years in prison if convicted of money laundering and transporting the women.

The women who worked in the various locations will be interviewed to determine whether they unknowingly entered into prostitution. Victims of human trafficking may be given short-term immigration relief and helped to pursue legal options for longer-term immigration status later, said Julie L. Myers, assistant secretary of homeland security for immigration and customs enforcement.

The interview process can be lengthy, she said.

"These are women who have been mentally and physically broken down in every way possible in order to achieve a mental state in which they can no longer fight against their captors or try to escape," she said. "They are scared of the traffickers — they are also scared of law enforcement. It can take weeks to build enough trust with these victims that they will speak to us."

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Feds Raid 20 Brothels In Breakup Of Korean Sex Slave Ring (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, August 17, 2006

NEW YORK -- Twenty brothels posing as legitimate businesses from Connecticut to North Carolina were shut down and 31 people were arrested, freeing more than 70 sex workers enslaved by a large human trafficking ring, officials said Wednesday.

The arrests Tuesday capped a 15-month probe that began when a Korean couple who owned and operated a chain of brothels in Queens tried to bribe an undercover New York Police Department detective, said Julie L. Myers, assistant secretary for U.S. Immigration and Customs Enforcement.

Those arrested on federal charges including conspiracy to engage in human trafficking, prostitution and conspiracy to transport illegal aliens included brothel owners and managers, middlemen who worked as transporters and individuals who handled the money.

Myers said the victims who were working in brothels throughout the Northeast were being interviewed by ICE agents at secret non-detention locations, where they were receiving health care, clothing, food and other services as they were being questioned.

She said it was disheartening to hear agents describe stories "of women who were promised a better life and instead held as sex slaves" at brothels posing as massage parlors, health spas and acupuncture clinics in New York, Washington D.C., Connecticut, Pennsylvania, North Carolina, Maryland and Rhode Island.

Yet, she said, she was encouraged to know "these same women had been rescued and freed from their shadowy existence and that we could help bring to justice those criminals who enslaved them."

The arrests occurred in Washington D.C., New York, Connecticut, New Jersey, Pennsylvania, North Carolina, Maryland, California and Rhode Island. If convicted, those charged faced maximum sentences of five to 10 years.

Federal court papers show the government intercepted calls from the Bally Sauna and Ginja Spa in Stamford, the Crystal Spa and Liberty Spa in Norwalk and the Magic hair salon in Waterbury. In each case, someone at the business was ordering girls from the ring, according to the documents.

Myers said the Flushing, Queens, couple who touched off the probe paid at least $125,000 to the undercover detective as investigators tapped telephones and exposed an international scheme to smuggle women from Korea to the United States to work in brothels.

The couple was arrested in March along with two police officers who were discovered during the investigation to be accepting bribes, authorities said.

Myers said the United States was seeking to break the backs of the human trafficking rings by increasing the number of investigations of smugglers and traffickers and targeting the financial proceeds of the criminal organizations.

"Some of these criminals look upon people as cargo, just something that must be moved," she said. "But we know that the victims of trafficking and smuggling are not cargo. They are human beings who often have been mentally and physically broken down in every way possible to achieve a mental state in which they can no longer fight against their captors and try to escape."

She said it might take weeks to build enough trust with wary victims to get them to speak to investigators, and she acknowledged that some of the 70 suspected victims might turn out to have known the risks of the brothel trade and chose to work in it anyway.

U.S. Attorney Michael Garcia said the smuggling organization relied on recruiters who went to Korea and found young women eager to live in the United States.

The recruiters then charged the women tens of thousands of dollars to provide false documentation to enter the country or to smuggle them in, he said.

Once in the United States, the women were placed in brothels along the eastern seaboard, unable to leave the business until their debt was paid, he said.

Identity and travel documents were seized from the women, threats were made that they would be turned over to authorities or that family members would be harmed in Korea if they tried to leave, Garcia said.

DOJ_NMG_0049363

"Raids on these locations show that this exploitation is not a back alley business. It happens on Main Street in Stamford, Conn. It happens in residential neighborhoods of our nation's capitol and it happens in the West 20s in New York City, not far from here," Garcia said at a news conference at FBI headquarters in lower Manhattan.

He added: "Human traffickers profit by turning dreams into nightmares. These women sought a better life in America and found instead forced prostitution and misery."

Human Trafficking Ring Busted (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, August 17, 2006

Police, federal agents use case versus reputed madam to break up suspected prostitution operation

Police and federal agents yesterday said they used the case against a reputed Flushing madam to break up a suspected sex smuggling ring believed to have used Korean immigrant women in a series of East Coast brothels.

A total of 31 Korean nationals, many in New York City, were arrested late Tuesday on prostitution and human trafficking-related charges, officials said. In addition 71 Korean immigrant women were taken to special locations by agents of U.S. Immigration and Customs Enforcement for in-depth interviews to see if they were coerced or forced to work as prostitutes to pay off their travel debts.

None of the 71 women were arrested and they were being given medical attention and other assistance, said Julie L. Myers, assistant secretary of the Department of Homeland Security in charge of the ICE agency. She said the women could be eligible for special visas if they cooperate in the probe and were found to be forced sex workers.

At a news conference announcing the arrests, Myers labeled the alleged conspiracy as being a "large-scale human trafficking operation" involving brothels in Flushing, Manhattan, Connecticut, Washington and elsewhere. The modus operandi spelled out in the charges mirrored the kind of immigration and brothel operations portrayed in a March 2001 series in Newsday titled "Smuggled for Sex."

The case began in May 2005 when Gina Kim, 38, a suspected Flushing madam, allegedly bribed an undercover cop to get protection for a brothel in Queens. She was arrested in March and her case is pending. Wiretap evidence from various cell phones was used to build the latest case.

Investigators were reluctant to put a dollar value on the 19 sex businesses busted. But FBI special agent Andrew Arena said the individual women could expect to earn $2,000 to $20,000 a month at the brothels. Investigators said many of the women sent part of their earnings back to South Korea.

As sketched out in two federal criminal complaints filed yesterday in Brooklyn and Manhattan federal courts, the conspiracy involved recruiters in South Korea and the United States who helped women travel here and get false immigration documents. The women often traveled first to Canada and Mexico and then to the United States, where they were controlled by supervisors - usually women - who gave them jobs in massage parlors and health spas. The immigrant women were then expected to have earnings credited against their tens of thousands of dollars of travel debts.

Though the complaints said some of the women were threatened not to leave the prostitution businesses before paying back their debts, officials indicated it was still too early in the probe to say definitively that the immigrants had been coerced. Myers said some of the women may not turn out to be trafficking victims but couldn't comment further.

Sex Ring Bugged (NYDN)

By Peter Kadushin And Thomas Zambito, Daily News Writers

New York Daily News, August 17, 2006

As Tae Hoon Kim paced the sidewalk outside his Queens apartment building, using a cell phone to broker jobs for dozens of Korean prostitutes, the feds were listening in, according to court papers filed yesterday in Manhattan Federal Court.

A bug placed in Kim's phone in March helped city cops and federal agents unravel an international trade in Korean sex slaves forced to work in brothels along the East Coast, including ones in Manhattan and Queens.

"This case is a reminder that large-scale human trafficking occurs every day, right in our own cities and neighborhoods," said Manhattan U.S. Attorney Michael Garcia.

Thirty-one suspected traffickers and brothel operators were arrested in early-morning raids in several states yesterday as part of a 15-month investigation. The probe began when an undercover NYPD detective uncovered a bribery scheme involving two city cops and husband-and-wife brothel owners from Queens.

The couple, Gina Kim and Geeho Chae, were arrested in March along with two cops they allegedly paid $125,000 to tip them off to police raids.

Brothels operated in six states and the District of Columbia, from Rhode Island to North Carolina.

They operated as massage parlors, acupuncture clinics and health spas using names like "Smile," "Happiness" and "Nirvana" and lured men with ads in local newspapers.

Korean women were recruited overseas and lured to the U.S. with promises of jobs and visas. When they arrived here they were forced to work as prostitutes, although yesterday prosecutors said some might have been aware they were being recruited for the sex trade.

More than 70 women are receiving health care at nondetention facilities and will be evaluated to see whether they qualify for visas granted those who aid in the investigation of trafficking rings.

Kim, also known as Tae Won, was at the center of the trade, acting as a middleman by driving women to brothel jobs, helping them get phony travel documents and wiring their money overseas, authorities said.

Neighbors said Kim seldom left his Bowne St. apartment in Flushing to work but could be seen outside with a cell phone and a briefcase. He lived with his wife and daughter.

"They were a perfect family," one neighbor said.

Near the E. 59th St. location of one Manhattan brothel, shop owners reported a steady flow of women coming and going in limousines and hired cars at all hours of the night.

"I always saw lots of parties," said Lisette Mallary, who owns a business downstairs from the brothel between Second and Third Aves. "They constantly threw out mattresses and liquor."

Officials Shut Down Two Manhattan Brothels (NYSUN)

By Joseph Goldstein

New York Sun, August 17, 2006

Federal law enforcement officials announced yesterday that they have closed 19 brothels across the Northeast, including two in Manhattan.

The women working in the brothels had been smuggled in from Korea, and federal agents yesterday were investigating whether the women were held at the brothels against their will. More than 30 people have been arrested and nearly 70 women are being held as authorities conduct interviews.

The loose network of brothels extended to Georgia from Massachusetts, according to an indictment unsealed in U.S. District Court in Manhattan on Tuesday.In Manhattan, brothels were located at 221 E. 59th St. and West 26th Street between Sixth Avenue and Broadway, according to a law enforcement source and the criminal complaint.

Federal authorities learned of the network of brothels while investigating possible police corruption last year in Flushing, Queens, an FBI agent, Andrew Arena, said at a news conference yesterday.

That probe, which resulted in the arrests of two Police Department officers in March, investigated whether police officers were accepting bribes in return for allowing a brothel to operate. Based on a wiretap of one of the brothel operators, federal law enforcement officials learned that the brothel they were investigating was exchanging women with other brothels located across the Eastern seaboard, prosecutors said.

Each brothel had between two and eight Korean women, according to court papers. The women entered America with false immigration papers prepared by middlemen or were smuggled across the Canadian or Mexican border, the complaint said.

'NEW YORK' KOREAN SEX-SLAVE RING SMASHED (NYPOST)

By Neil Graves

The New York Post, August 17, 2006

A prostitution ring involving dozens of young Korean women who were forced to work as sex slaves in New York and other East Coast brothels was broken up this week, law-enforcement sources said yesterday.

Federal agents swooped down on 19 sex businesses from Connecticut to Washington, D.C., Tuesday and arrested 19 people, mostly Koreans.

They were charged with human trafficking, prostitution, and conspiracy to transport illegal aliens.

The probe began taking off after a Flushing husband-and-wife team attempted to bribe two NYPD detectives, plying them with $126,500 over a one-year period, officials said yesterday at a press conference at the Department of Homeland Security's offices at Federal Plaza.

Three of the 19 raided businesses were located in New York City, on West 59th Street, West 26th Street and 35th Avenue in Flushing, the indictment said.

Once here, the women were kept in line by having their visas withheld and by implied threats to their families back in Korea.

neil.graves@nypost.com

4 Held In Raids On NW Brothels (WT)

By Matthew Cella And Jerry Seper

The Washington Times, August 17, 2006

Federal agents yesterday said they raided five brothels and arrested four persons in Northwest as part of a multistate human-trafficking and prostitution operation involving women recruited from South Korea with the promise of making money to support their families back home.

The arrests took place during raids by U.S. Immigration and Customs Enforcement (ICE) and FBI agents at locations in Baltimore, New York, Pennsylvania, Connecticut, Rhode Island, North Carolina and California.

In the District, federal agents targeted five brothels that were masquerading as massage parlors or spas.

The establishments were 14K Spot, which operated in a basement in the 1400 block of K Street Northwest; Downtown Spa, in the 1000 block of Vermont Avenue Northwest; OK Spa, in the 2400 block of Wisconsin Avenue Northwest; Cleveland Park Holistic Health, on the second floor of a building in the 3500 block of Connecticut Avenue Northwest; and Royal Spa, in the 500 block of 10th Street Northwest.

Authorities said that four persons were arrested at those locations and that 23 women were taken into custody.

Agents also raided a Baltimore spa called Moonlight, arrested three persons and took two women into custody.

Nationwide, agents made 31 arrests and took more than 70 women into custody. Officials said the women who were taken into custody were being interviewed and declined to comment on what would happen to them.

"To those individuals who are found to be victims of trafficking, federal law provides a range of benefits and services," ICE spokesman Dean Boyd said.

Telephone calls intercepted by investigators revealed that the women were routinely traded and exchanged among the various brothel owners and managers, sometimes as often as several times a month, until they worked off debts they were charged for passage to America.

Several of the people charged were identified in court documents by nicknames such as "Texas Imo," "Patty Kim," "Niko" and "Big Sister Lillie."

Authorities said that when a new worker was needed, an owner or manager simply placed a call to a middleman or transporter who located a woman who fit the manager's need and arranged for the transportation of the woman to the brothel.

In addition, the middlemen assisted the brothel owners in sending prostitution proceeds and other funds overseas through unlicensed Korean money transmitters.

"This case is a reminder that large-scale human trafficking occurs every day, right in our own cities and neighborhoods. The United States government is dedicated to putting an end to this type of trafficking, and to punishing those who seek to profit from the sexual exploitation of others," said U.S. Attorney Michael J. Garcia in New York.

Mr. Garcia said the arrested people were charged with conspiracy to engage in human trafficking, conspiracy to engage in interstate transportation of women for the purpose of prostitution, interstate transportation of women for the purpose of prostitution,

conspiracy to transport illegal aliens and the transportation of illegal aliens, and conspiracy to operate an unlicensed money-transmitting business.

Massage Spa Part Of Wide Sex Ring (BSUN)

By Matthew Dolan

The Baltimore Sun, August 17, 2006

The Moonlight Spa across from Woodlawn High School advertised massage services alongside its tanning booths. Federal authorities said Wednesday that the suite at the strip mall once offered much, much more.

Inside, authorities allege, had been the local outpost for a prostitution ring that stretched from Rhode Island to Washington, D.C. Prosecutors in New York have charged 31 people, including at least four from Maryland, with using seemingly lawful businesses to house prostitutes imported from Korea, transport them up and down the East Coast and amass millions of dollars from sex services.

Security was so elaborate at the Baltimore County operation that authorities said it had not one, but two hidden compartments to stash prostitutes in case of a police raid.

Court-approved wiretaps on cell phones revealed the location of one secret closet at Moonlight, according to court papers.

But Mark Bastan, acting special agent in charge of the Baltimore office of U.S. Immigration and Customs Enforcement, said his agents didn't immediately know about a second one behind a kitchen cabinet when they stormed the storefront Tuesday afternoon.

"We counted up the number of suitcases and the number of people we had, and we realized we had people missing," Bastan said.

Agents targeted people suspected of being brothel owners and managers, middlemen who worked as transporters and prostitutes. Charges include conspiracy to transport illegal immigrants and to transport women for the purpose of prostitution.

At their homes in Maryland, Kum Ok Lowery, 53; Mi Ja Park, 41, of Montgomery Village and Sun Im An, 44, of Upper Marlboro were all arrested early Tuesday, accused of running brothels, officials said.

During the raid at Moonlight, immigration agents arrested another five people, including two who had overstayed their visas, Bastan said.

"This case is a reminder that large-scale human trafficking occurs every day, right in our own cities and neighborhoods," said Michael J. Garcia, U.S. attorney for the Southern District of New York.

Neighboring proprietors said Wednesday that men entered the dark-tinted glass door of the Moonlight at all hours. Employees, mostly young Asian women, always entered through a back door.

"Everybody kind of knew what was going on there," said Ron Mariano, whose guitar and music shop is across the parking lot from the spa.

There were few disturbances, although neighbors said local police had visited the spa in the recent past. "They didn't bother us so we didn't say anything," said Iyabo Fagbayi, the owner of Abek's International Food.

According to complaints unsealed in federal court in Manhattan and Brooklyn, the investigation began in May 2005 when a Korean couple who owned and operated a chain of brothels in Queens attempted to bribe an undercover New York City Police Department detective.

Working undercover, the detective began accepting bribes from the couple, according to prosecutors. In March, the couple and two officers accused of accepting bribes were charged.

The government then expanded its investigation and obtained a wiretap on the telephone of Tae Hoon Kim, a Flushing, N.Y., resident accused of being a middleman and transporter of prostitutes. The wiretap led to the discovery of an extensive network of Korean-owned brothels, authorities said.

In some cases, authorities said, the recruiters provided women from Korea with false immigration documents to enable them to enter the United States. In other instances, the women were taken into the custody of handlers in Canada or Mexico and then smuggled into the United States, according to court papers.

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Effectively indentured servants, the women were placed by middlemen into the network's brothels, court papers say. The brothel owner or manager frequently took women's identification and travel documents, including passports, so it would be difficult for the women to leave, according to prosecutors.

The women were sometimes threatened or led to believe their families in Korea would be harmed if their debts weren't satisfied, according to authorities.

In Baltimore, activity centered around Moonlight at a strip mall bookended by a temple and a mosque.

Scoping out the business on the 1800 of Woodlawn Drive, immigration agents had already suspected money laundering and prostitution, according to court papers.

Tapping phones, they listened to at least seven conversations involving a woman identified as Mi Sun Hayes earlier this year.

On Feb. 13, Hayes, who authorities allege owned Moonlight, said during a call that she been robbed of cash the night before. She told an unidentified person on the other end of the phone that she thought one of the girls might have stolen the money.

Hayes also said her lawyers told her she could not go to the police because she was employing girls who were in the country illegally, according to the criminal complaint. Hayes was arrested and charged with conspiracy to engage in human trafficking, according to federal authorities in New York.

In March and April, Yong Chong, known as Ra Ra, said in tapped phone conversations that she was working at an unspecified "Oasis," and later at Moonlight.

During several calls, Chong negotiated with an unidentified person to provide her with girls. Criminal records show that Chong was convicted in Queens in 2004 and 2005 for promoting prostitution.

matthew.dolan@baltsun.com

Sun reporter Lynn Anderson contributed to this article.

A New Role For The Undermanned Border Patrol (WT)

By Jerry Seper

The Washington Times, August 17, 2006

National Guard troops deployed along the U.S.-Mexico border as part of President Bush's plan to free U.S. Border Patrol agents have been assigned bodyguards -- some of the same agents the soldiers were sent to relieve.

Several veteran Border Patrol agents in Arizona told The Washington Times they were issued standing orders to be within five minutes of National Guard troops along the border and that Border Patrol units were pulled from other regions to protect the Guard units -- leaving their own areas short-handed.

The agents, who refer to the assignment as "the nanny patrol," said most of the Guard troops are not allowed to carry loaded weapons, despite a significant increase in border violence directed at Border Patrol agents and other law-enforcement personnel over the past year.

The National Border Patrol Council (NBPC), which represents all 10,000 of the agency's nonsupervisory agents, said the presence of more than 6,000 Guard troops on the border has allowed a few hundred agents to be reassigned from administrative to field duties, but that "about the same number are now assigned to guard the National Guard troops."

"Other agents are being assigned to supervise the National Guard troops, who are performing different administrative tasks," said NBPC President T.J. Bonner, a 28-year Border Patrol veteran.

"Overtime has been authorized for these duties, but was not authorized for patrolling the border prior to the arrival of the National Guard."

Nearly 6,200 Guard troops have been deployed along the border from California to Texas as part of "Operation Jump Start," Mr. Bush's $760 million plan to increase the number of Border Patrol agents actually patrolling the 1,951-mile Southwest border.

U.S. Customs and Border Protection (CBP) spokesman Mike Friel yesterday said National Guard troops are not at the border in a law-enforcement capacity, but only to report illegal entries to the Border Patrol.

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"The Border Patrol's priority mission is to detect, deter and apprehend individuals crossing illegally into the United States," Mr. Friel said.

"It makes sense that agents would be nearby the National Guard members who are there to be our eyes and ears in order to respond immediately and apprehended the illegal aliens."

About a third of the Guard force is assigned to entry-identification teams, which monitor major illegal-immigration and drug-smuggling corridors along the border -- mostly in Arizona. Using binoculars, night-vision equipment and Global Positioning Systems, the teams seek to spot anyone entering the country illegally and report their position to the Border Patrol.

The troops also are building roads and fences, adding cameras and sensors, conducting aerial reconnaissance, providing medical aid and communications support, performing administrative duties, gathering intelligence from border cameras, assisting at highway checkpoints, and working as mechanics to repair the agency's trucks and cars.

The operation was designed to give the Border Patrol time to recruit and train 6,000 new agents to bring its field strength to 17,000.

CBP Commissioner Ralph Basham has said the Guard's deployment had "made a powerful impact on the security of our southern border," adding that fewer people were crossing illegally into the United States. He also said the Guard's deployment had enabled more than 315 agents to be moved from back-office administrative functions to frontline border-enforcement duties.

Mr. Bonner also said Border Patrol agents were ordered to chase away the "scouts" posted by alien and drug smugglers in the hills on the border, who report by radio the location of law-enforcement personnel. He said that assignment began a few days before the National Guard troops were deployed.

"While I'm sure that Border Patrol management will claim these measures are being undertaken to ensure the safety of the National Guard troops, it is obvious they will also push the smuggling traffic to other areas," he said. "Since many areas of the border are still not being observed or patrolled, it is no more difficult today to avoid detection and apprehension than it was before the deployment of the National Guard."

"This should not be interpreted as criticism of these dedicated soldiers. Unfortunately, they are being used as political pawns by this administration in its ill-advised quest to sell its myopic and harmful immigration-reform package," he said.

Mr. Bonner also said he doubted there was a "legitimate need" for 6,000 administrative personnel to support a work force of fewer than 12,000 agents.

He and the senior agents also questioned whether Operation Jump Start has been as successful as Bush administration and Border Patrol officials have suggested, challenging estimates last week that the apprehension of illegals aliens dropped by 45 percent since the National Guard's arrival.

"The statistics they cite in support of their claims of success are extremely misleading," Mr. Bonner said, adding that apprehensions from May to July were compared with those from March to May.

"There always is a significant seasonal decline in apprehensions at that time of the year, generally about 30 percent. This year's decline was somewhat higher, about 45 percent, primarily because of the record-breaking heat in June and July, not the presence of the National Guard troops."

Mr. Bonner said in comparing apprehensions from Oct. 1 to July 31 with the same period in 2004-2005, apprehensions are down 3 percent, which he called "statistically insignificant."

"It is much more accurate to say that a million illegal aliens were caught trying to sneak across our borders this year, and several million more did so successfully," he said.

Activist Defies Deportation, Takes Refuge In Church (CHIT)

By Oscar Avila

Chicago Tribune, August 17, 2006

Immigrant activist Elvira Arellano braced herself Wednesday for a lengthy standoff with the government as she holed up in a Humboldt Park church, defying a deportation order.

Ministers, friends and U.S. Rep. Luis Gutierrez (D-Ill.) came by to offer support to an illegal immigrant now considered a fugitive by the U.S. Department of Homeland Security.

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By Wednesday night, about 100 supporters had massed on the Division Street sidewalk in front of the church under a forest of television satellite towers. Some signed a poster-sized letter of support while others used a bullhorn to trumpet her cause.

Inside the steamy church, a drained Arellano said she was battling the flu but was grateful for the support.

"I am surrounded by my community," she said. "We are united. As long as we are united, we are content."

Arellano, 31, was arrested in 2002 for working illegally at O'Hare International Airport. As lawmakers helped her get temporary stays of deportation, Arellano became a vocal advocate for illegal immigrants.

Arellano was supposed to report to immigration authorities in the Loop on Tuesday but instead went to Adalberto United Methodist Church, hoping for sanctuary from arrest. Legal experts and the government say the church offers no protection.

With immigration authorities saying they plan to arrest Arellano, Gutierrez on Tuesday sent a letter to President Bush begging him to extend Arellano's right to remain in the U.S.

Also on Tuesday, U.S. Sen. Barack Obama (D-Ill.) echoed U.S. Sen. Dick Durbin (D-Ill.) in expressing sympathy for Arellano but agreed with him that it was not appropriate to intervene.

"I don't feel comfortable carving out an exception for one person when there are hundreds of thousands of people just in the Chicago region alone who would want a similar exemption. And I think that if we're going to deal with these issues, we've got to deal with them in a comprehensive way that affects all people, not one by one," Obama told reporters in Springfield.

Mayor Richard Daley, also in Springfield, sounded a sympathetic note.

"You have to sit down and look at her and her family and how long she's been here and look at it in a personal way, not just another number," Daley said. "And Chicago, it's a city of immigrants. Our past, our present, our future will be immigrants."

Church Is Sanctuary As Deportation Nears (WP)

By Kari Lydersen

The Washington Post, August 17, 2006

CHICAGO, Aug. 16 -- A 31-year-old illegal immigrant who has become a spokeswoman for undocumented workers is defying a deportation order and has taken sanctuary in a church on this city's West Side.

Elvira Arellano refused to comply with the order directing her to return to her native Mexico on Tuesday. She is camped out in the Adalberto United Methodist Church in Chicago's Humboldt Park, a predominantly Hispanic neighborhood.

The church's storefront and pulpit are plastered with signs declaring it a holy sanctuary, invoking the sanctuary movement of the 1980s in which churches sheltered undocumented refugees from civil wars in El Salvador and Guatemala.

"This is the house of God," Arellano said Wednesday. "What man would enter the house of God to arrest me?"

In 2002, Arellano was arrested during sweeps at O'Hare International Airport, where, using a false Social Security number, she had gotten a job cleaning planes. She was ordered deported but obtained an extension to stay to care for her American-born son, Saul. Now 7, he suffers from Attention Deficit Hyperactivity Disorder and other health problems. The extension was granted because of private bills introduced by Sen. Richard L. Durbin and Rep. Luis V. Gutierrez, both Illinois Democrats.

Arellano has since become a vocal leader of the burgeoning immigrant rights movement. She has visited Washington to lobby lawmakers, and she spoke with Mexican President Vicente Fox during a Chicago area visit in 2004. She founded an organization of undocumented parents with U.S. citizen children, marched with thousands in Chicago and Boston, and recently participated in a 24-day hunger strike to oppose deportations.

Her extension was denied this year by the Office of Immigration and Customs Enforcement (ICE).

"ICE is required to enforce the nation's laws fairly without any regard for a person's ability to generate publicity and support," said Gail Montenegro, ICE spokeswoman in Chicago.

Montenegro would not say whether agents will go to the church.

"ICE has the authority to arrest anyone in violation of immigration law anywhere in the U.S.," she said.

Arellano entered the country twice illegally. She was deported after her first attempt, then entered near Mexicali in 1997. She first worked in Washington state and gave birth to Saul, then separated from his father and came to Chicago in 2000.

Chicago Mayor Richard M. Daley and Gutierrez have sent letters to President Bush asking that Arellano be allowed to remain in the country. But in a statement, Durbin appeared to be pulling back on his original support.

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Durbin said that since her son's health has improved, Arellano's situation is now no different from "scores of people." Durbin added: "We cannot fix the injustices of this system with private bills; only comprehensive immigration reform can permanently remedy this situation."

Arellano said she will not be separated from her son, who played with toy trucks as she talked to reporters. She asked him if he would go back to Mexico with her, and he didn't want to, so she decided to stay in Chicago despite the deportation order.

The Rev. Walter "Slim" Coleman, pastor of the church where Arellano is taking refuge, believes she has been targeted because of her activism.

"Before, her extension was renewed as a matter of course, and now the conditions are the same, but it hasn't been renewed," he said. "That shows they're hardening" immigration enforcement. "I think it's retribution for her bringing to the forefront the issue of family unity."

Supporters have been crowding the pews and holding vigils outside the church.

"She is inspiring other people, and we need it because people are being deported by the minute," said Toribio Barreras, a 34-year-old volunteer firefighter and college student from Mexico who is also fighting deportation.

He was among the supporters who slept on the church's second floor with Arellano so he could be there if immigration agents came. Supporters said they will not cause trouble if agents come, but they want the world to see images on TV.

TAX:

Two Orlandoans Ordered To Stop Preparing Tax Returns (ORLBIZ)

Orlando Business Journal, August 17, 2006

A federal judge ruled on Aug. 8 that Jean-Marie Boucicaut and Marie Thelemarque of Orlando, and Boucicaut's Tax Review Corp. company, can no longer prepare federal tax returns for others.

In addition, the Department of Justice ordered Boucicaut and Thelemarque to return $772,449 plus interest to the United States its says they fraudulently got by intercepting and cashing 593 tax refund checks of other people.

"The Justice Department and the Internal Revenue Service are working vigorously to halt the preparation and filing of false and fraudulent income tax returns," says Eileen J. O'Connor, assistant attorney general for the Justice Department's tax division, in a release. "People who prepare fraudulent refund claims are cheating honest taxpayers and often their customers, as well."

The defendants filed amended income tax returns without authorization for people who did not know that returns had been filed on their behalf, Chief Judge William J. Zloch of the U.S. District Court for the Southern district of Florida in Miami found.

The government alleged that the defendants obtained tax information from copies of old tax returns given to them after the defendants offered to help taxpayers recover money allegedly owed to them by the IRS. The defendants used this information to prepare returns requesting tax refunds based on false credits and bogus deductions and directed the IRS to send the requested refund checks directly to them, the court said.

Previously, in the civil action, the court ordered the defendants to stop preparing federal tax returns for others during the case's proceedings. Boucicaut and Thelemarque notified their customers and provided the government a list identifying their customers and their addresses, phone numbers and taxpayer identification numbers.

CONGRESS-ADMINISTRATION:

Lynn Swann, Happy To Be On The President's Team (WP)

By Michael A. Fletcher

The Washington Post, August 17, 2006

LANCASTER, Pa., Aug. 16 -- Gerry Robinson slowly made his way between the small, round tables set up in an exhibition hall here, as he and a couple hundred supporters of NFL Hall of Famer Lynn Swann awaited the arrival of President Bush.

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Bush spent the afternoon in southeastern Pennsylvania, where he also visited a Harley-Davidson plant, in an effort to shine a light on his handling of the economy and boost Swann's candidacy for governor. Both have been struggling lately.

Polls have found that high gasoline prices and flat wages have left most Americans anxious about the economy. Meanwhile, Swann, a Republican, is facing a 20-point deficit and a huge fundraising gap in his race against incumbent Edward G. Rendell (D).

Sporting Bono-style shades, Bush hopped on a Harley and held an economic roundtable with workers at the company's plant in nearby York. Later, he took a helicopter here to headline a fundraiser that drew 350 people and raised $700,000 for Swann.

Given Bush's flagging popularity, it is open to question whether his appearance could boost confidence in the economy or bring more than money to Swann, the Pittsburgh Steeler wide receiver-turned-television broadcaster.

But for Robinson, who with Swann was among the handful of African Americans in the room, Bush's visit made for a good day.

"The fact that the president is here speaks loudly to the commitment of the Republican Party to black political office-seekers," said Robinson, 55, a divorce lawyer who lives here.

Robinson said he supports Swann because he shares what he calls Swann's conservative values and likes his platform, which features calls for tax cuts, opposition to abortion, and a proposal to increase incentives for private firms to fund public education. But he readily acknowledges that his is hardly a popular position among African Americans.

"If you ask most African Americans, their social values line right up with the Republican Party," said Robinson, repeating an assertion often made by GOP pollsters. "But ask them if they would vote Republican, they say, 'No way. I can't do that.' "

Robinson said it was the old glue of politics -- patronage -- that affixed him to the GOP. When he was growing up in the housing projects in Reading, Pa., his mother dated a guy she saw only on weekends, because he worked in New Jersey.

She volunteered for a Republican candidate, who was elected mayor. One thing led to another, and her boyfriend was appointed town clerk. They got married, and later Robinson's stepfather was installed as executive director of the housing authority.

"For me, it showed that you have opportunities in the Republican Party that you don't have in the Democratic Party," he said.

But for many black voters, the history has been far different. For them, the GOP came to symbolize opposition to many policies they largely supported, from school busing to affirmative action. The result has been overwhelming black support for the Democratic Party, something the Republican Party is making an unprecedented effort to change.

Republican National Committee Chairman Ken Mehlman has been speaking before African American groups, asking for their support and apologizing for a Republican history of ignoring black voters -- or worse, leveraging white support by exploiting racial fears.

The party has generated great fanfare by embracing black candidates for major offices in Maryland, Ohio and Pennsylvania. But those campaigns are not going well. Not only is Swann lagging in the polls, but so is Ohio Secretary of State J. Kenneth Blackwell, who is running for governor.

Meanwhile, Senate candidate Michael S. Steele, Maryland's lieutenant governor, has said that being a Republican is like being marked with a scarlet letter, largely because of the public dissatisfaction with the president's Iraq policy.

For his part, Swann hardly treated Bush as a liability. He said that it was "cool" to be standing with the president of the United States, and he lauded Bush as a strong leader in difficult times.

Beaming and looking fit as he and his running mate, businessman Jim Matthews, flanked Bush, Swann said: "This is going to be your team, folks. This is going to be your team."

Bush seemed pleased. "The people of Pennsylvania know that when you draft Lynn Swann, you get a man who performs," he said.

The president also seems determined to stay the course. He was unyielding when speaking about those who say the United States should set a timetable for withdrawal from Iraq.

"There are some good people in our country who believe we should cut and run. They're not bad people when they say that, they're decent people," he said. "I just happen to believe they're wrong."

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Warming up, Bush repeated his frequent assertion that the nation can ill afford to change course on Iraq, regardless of public opinion.

"If we cut and run, if we don't complete the mission, what would that say to those brave men and women who have volunteered to wear the uniform of the United States of America?" Bush added. "If we leave before the mission is complete, if we withdraw, the enemy will follow us home."

President Joins In G.O.P. Attacks On Democrats About Terrorism (NYT)

By Jim Rutenberg

The New York Times, August 17, 2006

LANCASTER, Pa., Aug. 16 — In a campaign swing here, President Bush on Wednesday picked up his party's attack against Democrats for having what the Republicans have called the wrong approach to the fight against terrorism. But his was a kinder, gentler approach than the one used by Vice President Dick Cheney and others in recent days.

Referring to the war in Iraq, Mr. Bush said: "There's some good people in our country who believe we should cut and run. They're not bad people when they say that, they're decent people."

But he added, "I just happen to believe they're wrong, and they're wrong for this reason: this would be a defeat for the United States in a key battleground in the global war on terror."

Mr. Bush was speaking at a fund-raising event for the former football star Lynn Swann, the Republican trying to unseat Gov. Edward G. Rendell. It was Mr. Bush's first public political address since news broke last week that the British had disrupted a major terrorism plot.

The White House and the Republican Party had pounced on that news, along with the defeat of Senator Joseph I. Lieberman in the Connecticut Democratic primary by an antiwar candidate, Ned Lamont, to paint the Democrats as weak on national security. Mr. Cheney had gone so far as to imply that the defeat of Mr. Lieberman, a strong backer of the war, would embolden "Al Qaeda types."

Mr. Bush did not specifically mention the Democrats in his address.

Referring to the disruption of the plot in Britain, he said, "And so we've got to use new tactics, new efforts, new assets to protect ourselves against an enemy that will strike us at any moment."

Mr. Bush denounced those who have called for a law enforcement approach to fighting terrorism.

"Some people say, Well, this may be a law enforcement matter," he said. "No, these are people that are politically driven. They want to impose their vision on other people. That's what they're trying to do. And the United States of America must never retreat and let them have their way."

There was no mistaking the president's target when he said success in Iraq was crucial in the fight against terrorism, adding, to loud applause: "They want us to leave. They want us to cut and run."

Phil Singer, a spokesman for the Democratic Senatorial Campaign Committee, responded by saying, "Misstating the Democrats' position on Iraq doesn't change the fact that the White House's Iraq policy has been a tragic failure."

Bush Touts U.S. Economy On Visit (WT/AP)

The Washington Times, August 17, 2006

YORK, Pa. (AP) -- President Bush hopped on a Harley-Davidson at a motorcycle factory yesterday as he made an election-year pitch for Republican stewardship of the economy.

The president also was in Pennsylvania to raise cash for former Pittsburgh Steelers star Lynn Swann, who is running for governor.

Cheers and applause erupted inside the Harley-Davidson Inc. vehicle operations plant when Mr. Bush sat on a high-end model painted blue and white and revved its engine again and again. Climbing down, he ripped off blue-tinted safety glasses that he insisted made him look like rock star Bono and jokingly struck a pose intended to show a hip side.

"I'm just looking so far," Mr. Bush said during a tour of the plant, which employs 3,200 persons. "I'll let Josh Bolten ride these things," he said of his chief of staff, known as a motorcycle enthusiast.

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After the tour, Mr. Bush held a round-table discussion with Harley-Davidson workers about the U.S. economy, which has showed recent signs of slowing. The president said he discussed with the workers the need for government to open up markets for U.S. products around the world.

"The more Harleys sold in a place like Vietnam or China or India, the more likely that somebody is going to be able to find work," Mr. Bush said.

An AP-Ipsos poll in early August showed about 37 percent supported the president's handling of the economy. That matches his lowest level in May 2006 and November 2005, but not that different from the past few months.

The Labor Department yesterday reported that consumer inflation accelerated in July, reflecting a big jump in gasoline and other energy prices. In evidence that the economy is slowing, industrial output in July slipped to just half the June pace.

Later, Mr. Bush traveled to Lancaster to raise money for Mr. Swann, who is hoping to defeat incumbent Democratic Gov. Edward G. Rendell. Mr. Swann trails Mr. Rendell in fundraising and the polls.

Mr. Swann, who was co-chairman of the Bush-Cheney campaign's African-American steering committee in 2004, says he is not worried about Mr. Bush's lukewarm popularity. Mr. Bush was speaking at a fundraiser where donors will pay $10,000 for a private reception and photo opportunity with the president and $650 a person or $1,000 a couple for a general reception.

As of early June, Mr. Rendell had raised nearly $20 million -- less than half of what he spent in his 2002 campaign and roughly four times the amount Mr. Swann has amassed.

"Swann needs President Bush to help win back those Republicans who are backing Rendell," said Clay F. Richards, assistant director of Quinnipiac University's polling institute. "Also, the president can help raise the kind of money Swann needs to take on a well-financed Democratic incumbent."

On The Harley Free-trade Brigade (USAT)

By David J. Lynch

USA Today, August 17, 2006

YORK, Pa. — For two decades, when presidents have wanted to demonstrate to skeptical constituents the benefits of free trade, they've come here to southern Pennsylvania.

Textile factories in North Carolina may shut their doors. Auto plants in the Midwest may totter in the face of foreign rivals. But a 232-acre Harley-Davidson factory here remains a gleaming shrine for the free-trade faithful.

The venerable motorcycle maker, battered by Japanese rivals, came within an eyelash of bankruptcy in 1985. Harley slashed payroll, overhauled its factories and engineered a remarkable turnaround. The company has been profitable for 20 years and, in a nice irony, now enjoys the largest market share in Japan.

But as President Bush flew here Wednesday to cultivate support for free trade, he did so against darkening sentiment at home and abroad. Negotiations over a new global trade deal are moribund.

“My concern is that this kind of fear of globalization causes a reaction that will cause us to lurch toward protectionism. That's my biggest concern,” the president said in a 25-minute interview with USA TODAY. “I am worried that may be where a country that is concerned about the future heads.”

In an April USA TODAY poll, only 30% of those polled said global trade “mostly helps” American workers vs. 65% who said it “mostly hurts.”

The evidence is at odds with public sentiment. A study by the Institute for International Economics says the typical American household gained $10,000 annually from postwar trade liberalization. Yet, as Americans peer beyond their borders, they see an insecure world increasingly characterized by conflict, not commerce. The desire for free movement of goods and capital is imperiled by controversies over illegal immigration, security worries about foreign investments and the outsourcing of even high-skill-level technology jobs.

Treasury Secretary Henry Paulson earlier this month called for “thinking more creatively” about helping those who lose out from globalization.

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But in the interview Wednesday, the president dismissed the need for new initiatives to address worker unease. Existing trade-adjustment funds, which provide retaining aid for some workers who lose their jobs because of foreign competition, and community college programs are adequate, he said.

(Treasury spokesman Tony Fratto said Paulson has a long-term goal of studying the issue and does not intend to propose any new policies.)

Robert Scott, an economist with the left-of-center Economic Policy Institute, said the president's trade policies benefit corporations and investors while leaving workers to fend for themselves.

"There's a rapidly growing number of workers in this country and around the world who are being threatened by the kind of globalization we're pursuing. … It's a race to the bottom," he says.

Since the 2000 presidential campaign, Bush has voiced strong support for free trade. His pro-trade record, however, is marred by what Daniel Griswold, an analyst at the libertarian Cato Institute, calls "unfortunate lapses."

In 2002, the president imposed steep tariffs on imported steel. The measure, which was criticized even by many conservative economists, was regarded as a political gesture to win support for Republicans in swing political states such as West Virginia, Pennsylvania and Ohio, which are big steel producers.

That same year, the president signed a new farm bill that contained billions of dollars in government subsidies for crop exports. Such payments encourage excess production of corn, cotton and other products, flooding world markets and depressing the income of farmers in poor countries.

Harley-Davidson's example also is something less than a pure free-trade success. In 1983, the company won special trade protection from the Reagan administration that raised tariffs on imported Japanese bikes to 49% from 4%. That gave Harley critical time to retool.

The president said such temporary protection is sometimes warranted. And Harley's robust workforce of more than 9,000 — roughly double the 1995 figure — underscores the point.

Also in the interview, which focused on trade and globalization, Bush said:

•The death of Cuban President Fidel Castro by itself will trigger no change in the United States' 40-year-old trade embargo on the communist island. "The system has to change," he said. "Trade (with Cuba) doesn't directly benefit the people. Trade benefits the elite."

•Americans underestimate the challenges facing Chinese leaders as they seek to modernize their sprawling nation of 1.3 billion people. "I don't think people in the United States really understand," he said. "They've got enormous internal problems that they are working hard to deal with. Frankly, it's in our interest that we help them deal with them."

•Paulson has told him to expect China this fall to make changes to its currency policy along the lines long sought by the United States.

The aim of Wednesday's presidential drop-by was to highlight one of globalization's winners. Indeed, Harley is welcome evidence there's more to trade than cheap Chinese T-shirts.

Harleys have been the preferred ride of motorcycle enthusiasts from Jordan's late King Hussein to Bush's own chief of staff, Josh Bolten, who accompanied him Wednesday.

That's why the president flew here aboard the Marine One helicopter Wednesday for a quick assembly-line tour and later joined eight Harley employees, from CEO Jim Ziemer, to second-generation factory worker Ryan Britton, 25, for a roundtable on the economy.

Sitting around a U-shaped table, the group got a dose of the president's wry humor. When Ziemer wrapped up a list of requests for government action on opening new markets and reducing health care costs by saying, "I could go on and on," Bush shot back: "You wouldn't be the first guy."

Last year, Harley sold 329,000 motorcycles. About four out of five were bought by Americans. But its overseas business is growing at an annual rate of 15% vs. about 4% here. In April, Harley opened an office in Beijing; it has equally high hopes for India and, further in the future, Vietnam.

"Asia is the largest motorcycle market in the world. … There's great opportunities for long-term growth," says Timothy Hoelter, Harley vice president.

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Big bikes with cruise control, heated seats and monikers like “screaming eagle” may be hard to imagine on Asia's clogged streets, but the lure of the open road apparently carries global appeal.

“Harley is selling brand, image and lifestyle. They're selling Americana,” says Tim Conder, an analyst at A.G. Edwards in St. Louis.

For the quarter ended June 30, Harley had $1.37 billion in revenue, up 3% from the same period one year earlier. The company's stock — ticker symbol HOG — closed Wednesday at $58.94. Year to date, it's up about 10% vs. a 4% gain for the S&P 500.

Harley's plant here is almost a mandatory stop for trade-boosting presidents. President Reagan came here in 1987 to rev the throttle on a big bike and praise the company's competitive comeback.

In November 1999, President Clinton followed, speaking to workers gathered under a tent and holding a roundtable like the one his successor convened Wednesday. Clinton's theme was the need to cultivate political support for free trade. “People are afraid that Americans always get a raw deal,” Clinton said, in words that echo today.

Just weeks later, the World Trade Organization summit in Seattle was brought to a standstill by street protests, dealing a blow to hopes of further trade liberalization.

The current president likewise faces buffeting political winds. Negotiations for a global trade deal in the so-called Doha Round, named for the Qatari capital where the talks began, collapsed late last month. Bush said he remains interested in a deal but does not plan to unveil a new offer.

“The way I view the way Doha has worked is that the whole round was fairly stagnant until I went to the United Nations last fall and made a very generous offer. Now I think the best way for us to proceed is for all of us to continue making offers simultaneously. … We want to play our cards simultaneously with other people playing their cards,” he said.

The president's authority to negotiate trade deals that Congress can accept or reject without amending expires next summer. He said he won't make a decision on requesting an extension, which likely would trigger a tough political fight, until early next year.

In the wake of a fierce controversy earlier this year over the proposed takeover of some port operations by a Dubai-based company, Congress has been weighing changes in the government-approval process for proposed foreign investments. Business groups object to changes in the Committee on Foreign Investment in the United States (CFIUS) that would lead to excessive delays or prompt other countries to retaliate by blocking U.S. acquisitions in their markets.

“We don't want a sign up that says, ‘Not open for business,' ” the president says.

Some analysts, like Daniel Rosen of China Strategic Advisory, say other countries already are tightening up in response to the darker U.S. mood. The Carlyle Group's proposed acquisition of Xugong is being delayed by Chinese regulators, as is Citibank's takeover of Guangdong Development Bank.

“The Chinese … have been watching the U.S. and Europe blocking foreign investment in their markets and are wondering whether this is the way sophisticated economies behave,” said Rosen. “They're wondering whether they should be doing the same thing.”

But Bush said he expected that congressional negotiators will produce CFIUS reform that he could sign. “We will have a deal we will live with,” he said.

Rockin' Harley (YDRPA)

York Daily Record (Pennsylvania), August 17, 2006

At Harley-Davidson's Springettsbury Township plant, George W. Bush may as well have been a rock star.

Donning sunglasses similar to the ones worn by U2 front man Bono, President Bush strutted into the motorcycle maker's Softail plant Wednesday afternoon for a two-hour foray.

He stopped to sign an autograph, frequently shook hands with workers and later straddled a shiny blue-and-white Softail Deluxe, revving the engine to workers' screams and hollers.

After dismounting, he looked directly into the press cameras, took off his sunglasses, posed, nodded his head and laughed before stepping out of the test booth.

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Bush's security detail was in every nook and cranny of the 350,000-square-foot facility some in suits and talking into their wrists, others wearing black boots and bulletproof vests as 150 Harley employees worked the first shift.

It was the third visit to Harley by an incumbent president in

"I'm impressed by the quality of the product," Bush said as he walked one of the production lines with U.S. Rep. Todd Platts, R-York County, Harley President and Chief Executive Officer James L. Ziemer and York Vehicle Operations General Manager Fred C. Gates.

Jeff Merrill, 47, a process leader for Softail assembly, snagged Bush's autograph as the president walked into the plant.

"It was perfect timing," Merrill said with a smile.

The eight-year Harley employee had printed out a picture of himself taken with Bush in 2001, when Merrill worked at Harley's Milwaukee headquarters. Back then, Bush autographed a piece of paper for Merrill's daughter, Molly, who had just turned 14.

"He told me that he remembered," Merrill said. "He's a good guy. He takes time to talk."

Merrill added: "Hopefully other people get to meet him and shake his hand, and he can make their day, too."

Motorcycle test technician Joel Toner, 40, had the distinction of

President Bush shakes the hands of line workers as he tours an assembly line at Harley-Davidson in York Wednesday.

"He actually asked me if he could sit on the bike, and I said, 'sure,' and then I asked him if he wanted to start it. And then he started it and revved it up," Toner said.

"He thanked me for my hospitality. ... He said, 'You must have a great job, riding motorcycles.' I agreed and said, 'Yeah, I think I got one of the greatest jobs in the world.'"

Following his roughly 40-minute tour, Bush then participated in a closed-door roundtable discussion with Ziemer, Gates, Harley Vice President of Government Affairs Tim Hoelter and five manufacturing employees. The employees included Gordie Spangler, president of the International Association of Machinists and Aerospace Workers Local 175.

The discussion included what government can do to help Harley-Davidson, Bush said after the roundtable. One was opening foreign markets and the other was continuing research and development tax credits.

Harley gets shut out of certain markets, Bush said, and it only makes sense that if there is demand for the company's motorcycles, those markets should be opened.

"It's a direct correlation between exports and jobs. In other words the more Harleys that are sold in a place like Vietnam or China or India, the more likely that somebody's going to be able to find work," the president said.

Harley representatives also stressed the importance of research and development tax credits for the company.

"We hope Congress makes the research and development tax credit a permanent part of the tax code," Bush said. "That encourages folks here at Harley to make new investments. It means that the work force becomes more productive. It means that the product is more likely to be able to compete."

Gates, who admitted he was excited to meet Bush, said he believed Harley's message got through to the president.

"I think we got our point across on the things we need his help on," he said. "I think that it gives us an opportunity to share with the president things that will help Harley-Davidson, as well as manufacturers."

Bush spoke of the importance of community colleges in providing job training to suit the communities in which they're located, and the necessity of dealing with Social Security sooner rather than later for the sake of future generations, said Platts, who did not participate in the discussion but observed.

"It helped me as a congressman to hear what the people of our local community and the CEO of one of our major employers had to say," he said.

Bush later headed to Lancaster County to attend a fundraiser for Pennsylvania Republican gubernatorial candidate Lynn Swann.

Toner, who was working at Harley when President Clinton visited in 1999, said he considered meeting Bush an honor.

"Not everybody gets to meet the president," he noted. "Talking with him, he seems like a normal down-to-earth person."

Bush said he had long been impressed with Harley's motorcycles, referring to them as "one of America's finest products."

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"I really enjoyed walking the floor and shaking hands with the people who work here. I'm impressed by the esprit de corps. I'm impressed by the fact that these people really enjoy what they're doing. I'm impressed by the fact that they're impressed by the product they make," he said.

"I come away from this plant with a lot of very positive impressions, and it is a joy to be here."

A Presidential Visit To Harley (YD)

By Charles Schillinger

York Dispatch, August 17, 2006

After meeting with officials from Harley-Davidson Inc. at its Springettsbury Township facility, President George W. Bush said Wednesday he supports opening more international markets for the company's products.

With a backdrop of a dozen Harley employees and several motorcycles - including a purple Screamin Eagle Ultra Classic Electra Glide bike that got nearly as much attention as the president - Bush also promised to help make permanent business tax credits for research and development.

Bush is the third president to visit the Harley-Davidson plant, using the company as a model for, as the president put it, "one of America's finest products."

"I'm impressed by the fact that these people really enjoy what they're doing," Bush told national and local media in a 2½-minute statement.

The statement came after a meet-and-greet with employees at the Softail motorcycle assembly plant and an economic sit-down with workers and management.

The president spent a little more than an hour at the plant before jumping back on his helicopter, Marine One, and heading to Lancaster for a fund-raising reception for Republican gubernatorial candidate Lynn Swann.

Eight Harley-Davidson employees - from company CEO Jim Ziemer to an assembly line worker Ryan Britton - sat down with the president.

The president said he assured the company he agrees there is a need to open more markets for American products such as motorcycles made by Harley-Davidson.

"There's a direct correlation between exports and jobs," Bush said. "The more Harleys that are sold in places like Vietnam, China and India, the more likely someone is going to be able to find work."

Harley-Davidson's worldwide dealer network sold more than 125,000 motorcycles in the second quarter of the year, a 10 percent increase from the prior year. International retail motorcycle sales grew by 17.3 percent.

The motorcycle maker also set a milestone this year when it opened its first dealership in China, a large new market for the company.

Fred Gates, general manager of Harley-Davidson's York operations, said opening foreign markets to the company was the crux of the meeting.

"We tried to make sure we were up front about the things we'd like to see in the government to help us sell more motorcycles in foreign markets," Gates said. "I think we got our point across on things we need his help on."

Harley employees also asked the president about health benefits for single mothers, worker retraining programs, and making business tax credits for research and development permanent, Gates said.

Bush addressed the latter concern with press after the roundtable discussion.

"And I assured them that when I said I'm for it being permanent, I meant I was for it being permanent," Bush said. "And we hope Congress makes the research and development tax credit a permanent part of the tax code."

As Marine One landed at Harley-Davidson earlier, a White House adviser standing with the media waved at the president as he exited the helicopter; then gestured as though he was turning the throttle on a motorcycle.

That brought a brief smile to the president's face before a limousine whisked him off to the Harley plant where workers were busily assembling a mix of Softail motorcycles.

After 15 minutes of meeting and greeting with employees, the president shouted, "I'm impressed with the quality of the product here," over the sounds of a conveyer belt running overhead.

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Moving on to the area where Harley tests motorcycles, the former Texas governor mounted York's version of a horse and revved the engine.

The sound of the revving engine brought a loud cheer from the crowd of employees as Bush struck a cowboyish pose on the motorcycle.

That was followed by the closed-door economic talk with employees.

Before the president left for Lancaster, Harley-Davidson presented him with a special plaque with a gas tank attached and a nylon jacket with the Harley-Davidson, York Operations logo on the back. Bush already received the iconic Harley leather jacket when he visited the company's headquarter and operations in Milwaukee in 2001.

Bush: Critics Back 'Cut And Run' Strategy (AP-Y)

By Deb Riechmann, Associated Press Writer

AP, August 17, 2006

President Bush said critics of his Iraq policies are advocating a "cut and run" strategy that would draw terrorists to American soil.

"Leaving before we complete our mission would create a terrorist state in the heart of the Middle East, a country with huge oil reserves that the terrorist network would be willing to use to extract economic pain from those of us who believe in freedom," Bush said Wednesday.

"If we leave before the mission is complete, if we withdraw, the enemy will follow us home," he said.

Even though he spoke at a political event, Bush kept the criticism of his opponents gentle, and left partisan politics out of it. His critics are mostly Democrats who contend he has not outlined a plan for success in Iraq. They are increasingly supportive of a timetable for bringing troops home.

"There are some good people in our country who believe we should cut and run," the president said at a fundraiser for former Pittsburgh Steelers star Lynn Swann, who is carrying GOP hopes for an upset over Pennsylvania's Democratic governor, Ed Rendell. "They're not bad people when they say that. They're decent people. I just happen to believe they're wrong."

At the fundraiser, Bush raised an estimated $650,000 in much-needed cash for Swann, who trails Rendell in fundraising and the polls.

The upset of three-term Democratic Sen. Joe Lieberman last week in Connecticut's primary has brought renewed attention to the issue of Iraq and how it might affect this fall's midterm elections, in which GOP control of Congress is at stake. Lieberman was bested by Ned Lamont, a political newcomer who ran on an anti-Iraq war platform.

Both parties have sought to portray the Connecticut results as evidence that their side is heading into November with an advantage with voters, who give Bush low marks for his handling of Iraq.

Earlier in York, Bush hopped on a Harley-Davidson at a motorcycle factory as he made an election-year pitch for Republican stewardship of the economy.

Cheers and applause erupted inside the Harley-Davidson Inc. vehicle operations plant when Bush straddled a high-end model painted blue and white and revved its engine again and again. Climbing down, he ripped off blue-tinted safety glasses that he insisted made him look like rock star Bono and jokingly struck a pose intended to show a hip side.

"I'm just looking so far," Bush said during a tour of the plant where 3,200 employees work around the clock on shiny motorcycles that move slowly around the assembly floor on tracks. "I'll let Josh Bolten ride these things," Bush said of his chief of staff, a motorcycle enthusiast.

After the tour, Bush held a round-table discussion with Harley-Davidson workers about the economy, which has showed signs of slowing.

An AP-Ipsos poll in early August showed about 37 percent supported Bush's handling of the economy. That matches his lowest level in May 2006 and November 2005, but not that different from the last few months.

Swann Gets Boost From Bush (PPG)

By Tracie Mauriello

Pittsburgh Post-Gazette, August 17, 2006

DOJ_NMG_0049379

LANCASTER -- Lynn Swann yesterday got some needed help from President Bush, who stumped for the Republican gubernatorial hopeful yesterday in Pennsylvania's GOP stronghold.

Good governors set priorities, create strong business climates, improve schools and ensure quality medical care, Mr. Bush said. Mr. Swann has a vision to accomplish that and more, the president told a crowd of 400 at the Lancaster Host Resort.

"He's not running for his ego. He's running because he wants to help the people of this state and he's got a platform that makes a lot of sense," Mr. Bush said.

Mr. Swann has said he wants to cut property taxes, reduce hospitals' liability in malpractice lawsuits, ensure more welfare recipients return to the work force and tie teachers' raises to student performance.

"It is going to be good for this state to have a governor who sets the right priorities," Mr. Bush said. "It starts with faith and family and then you can get into politics."

Earlier in the day, Mr. Bush and Mr. Swann toured a thriving Harley-Davidson plant in York to meet with workers to hear their views on his national economic policies. The president jumped on one of the motorcycles and revved the engine and the executives.

At the fund-raiser, the president spoke about the war on terror, holding firm that the country cannot adopt the "cut-and-run strategy" that he said some of his critics advocate.

Leaving Iraq now would only draw terrorists to the United States and destroy the country's credibility, Mr. Bush said, speaking a week after the foiled terror plot to blow up planes bound for the United States from London.

"Who would want to stand with the U.S. if we don't complete this mission, a mission that can be completed and will be completed?" the president said. "What would we say to those brave men and women who have volunteered to wear the uniform of the United States of America?"

Mr. Bush and fellow supporters of the war in Iraq have come under fire lately. The discontent manifested itself at the polls last week with political newcomer Ned Lamont's primary win over longtime Connecticut U.S. Sen. Joe Lieberman, a Democrat who supported the war.

Nationwide, various opinion polls now show Mr. Bush's job approval rating between 34 percent and 40 percent, the lowest since he took office.

The president's declining popularity does not make his stumping for Swann any less valuable, political analysts said. That's because yesterday's presidential visit was more about fund raising than politics, they said.

"The downside of bringing in an unpopular president? There isn't any, not when you're down [almost] 20 points and you don't have any money," said G. Terry Madonna, director of the Center for Politics and Public Affairs at Franklin & Marshall College.

The latest poll from Quinnipiac University in Connecticut shows that 57 percent of likely voters support incumbent Gov. Ed Rendell and 38 percent support Mr. Swann.

During a news conference earlier in the week, Mr. Rendell said he wasn't concerned he would lose ground because of Mr. Bush's support of his opponent.

"The best thing the president can do for Lynn is to raise some money," Mr. Rendell said. "I don't think [voters] are going to make up their minds based on a third-party endorsement."

Mr. Swann already has high visibility stemming from his pro football career. What he doesn't have is the campaign cash he needs to spread his political message.

Yesterday's presidential visit boosted his coffers by roughly $700,000, said Swann's campaign spokesman, Leonardo Alcivar. "It's a significant step toward our fund-raising goal," Mr. Alcivar said.

Attendees paid $650 each or $1,000 per couple for the general reception, and $10,000 each for a private cocktail reception and a photo with the president.

Mr. Swann will need every bit of that to campaign against Mr. Rendell, said Dr. Madonna.

As of the last campaign finance filings two months ago, Mr. Swann had raised $3.25 million to Mr. Rendell's $13.8 million.

As a result, Mr. Rendell's campaign commercials have dominated the airwaves.

"One of the linchpins in this race is the ability to raise money to get on TV," Dr. Madonna said. "Rendell took a very close election and blew it open, in part because he could spend $5 million on TV commercials, particularly in the western part of the state, to remind voters of what he's done for them and to dispel this myth that he's the governor of Philadelphia."

The Swann campaign is expected to launch an aggressive television campaign within the next few weeks.

Attendees, who came dressed in everything from fancy gowns to football jerseys, said they left feeling more confident in the president's wartime decision-making.

"When you hear about all the criticism and all the death, you question, 'Was it the right thing? Did he make a mistake?' But I feel optimistic now," said Alecia Alecxih, a Lancaster County Republican.

"He's not concerned about his popularity right at this moment; he's got a bigger vision," she said. "We have no idea what would have transpired had we not gone on the offensive."

Meanwhile, Mrs. Alecxih's 12-year-old son, Landon, who left with the president's autograph, was eager to tell his friends he shook the president's hand.

He wasn't the only one in awe of his presidential encounter. Even Mr. Swann, the event's man of honor, couldn't hide feeling star-struck.

"My mother and father, Mildred and Willie Swann, are so happy because this is cool. This is cool because the president of the United States is here for their baby boy, Lynn," he said.

Will Bush's Help Stop Swann's Dive? (PAPN)

By Sharon Smith

Harrisburg Patriot-News, August 17, 2006

LANCASTER - President Bush has his detractors, but not many can dispute that he does two things well: raise money and rally the Republican base.

The president did both yesterday at a fundraiser in Lancaster for Republican gubernatorial candidate Lynn Swann, who faces Democratic Gov. Ed Rendell in November. Swann trails Rendell in the polls and in fundraising.

While some candidates have avoided appearing close to Bush, Swann did not mask his enthusiasm over the president's visit at the Lancaster Host Resort & Conference Center. With a smile, Swann told the crowd how impressed his parents were by the president's support of their son.

"This is cool," Swann said, "because the president of the United States is here for their baby boy Lynn."

Swann kept his remarks short and handed the podium over to the man people paid between $650 and $1,000 to see. Swann's campaign estimated the presidential visit raised $700,000 for the campaign. Some paid as much as $10,000 to have their picture taken with Bush.

"There's no doubt in my mind that Lynn Swann has got the characteristics necessary to be a great governor," Bush said. Bush also commended Swann on his choice of Jim Matthews as a running mate, noting his experience as a Montgomery County commissioner.

"In Pennsylvania, to run on this ticket, you've got vision and you've got experience," Bush said. "Side by side, it makes a powerful ticket."

After urging the audience to support Swann, Bush spent the bulk of his half-hour speech explaining why he feels the country should stay the course in Iraq.

"If we withdraw, the enemy will follow us home. ... The best way to defeat the enemy is to spread freedom," Bush said.

"There are some good people in our country who believe we should cut and run," he said. "They're not bad people when they say that. They're decent people. I just happen to believe they're wrong."

Most of those in attendance said they are optimistic that Swann can beat Rendell.

"I think he has a chance," said John Smucker, who paid $650 to see Bush. "A lot of people don't understand what he stands for yet."

Heather Heagy, a Millersville resident, said she didn't put a lot of stock in the polls and believes that Swann is a good man.

"We can only hope and pray that a good man gets in," she said.

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Rendell, who was busy yesterday promoting a work program for veterans, wasn't concerned about Bush's visit.

"In high-level races like governor, senator and mayor, people make up their minds themselves," Rendell said. "The best thing the president can do for Lynn is to raise some money. But I don't think people are going to make up their minds based on third-party endorsements."

A group of protesters were across the street from the GOP event, most with signs opposing the war and attacking Bush.

Two members of the group, Tom and Stephanie Yentsch, also made clear they are not voting for Swann. Tom Yentsch held up a sign directed at Swann. It read: "Swann's numbers don't fly."

"Rendell is doing a good job," Yentsch said. "We don't need to switch."

State Sens. Jeff Piccola, R-Dauphin, Pat Vance, R-Cumberland and U.S. Rep. Todd Platts, R-York, were on hand to hear Bush speak. U.S. Sen. Rick Santorum, R-Pa., who faces a challenge from Democrat Robert P. Casey Jr. to retain his seat, did not attend.

Earlier in the day, Bush visited the Harley-Davidson plant in Springettsbury Twp. Cheers and applause erupted inside the plant when Bush straddled a model painted blue and white and revved its engine.

"I'm just looking so far," Bush said.

After the tour, Bush held a round-table discussion with Harley-Davidson workers about the economy. Noting the company's willingness to invest in new technologies, Bush said he hoped that Congress would make tax credits for research and development permanent.

Bush Boosts Swann At Lancaster Fund-raiser (PHI)

By Amy Worden And Angela Couloumbis

The Philadelphia Inquirer, August 17, 2006

LANCASTER - President Bush's visit to Pennsylvania today could not have come at a more opportune moment for gubernatorial candidate Lynn Swann.

Unable to break the double-digit lead that separates him from Gov. Rendell in the polls and trailing by $10 million in campaign dollars, Swann needs a boost to raise his profile and pad his campaign bank account.

And this evening, Swann got it. Bush traveled to the Lancaster Host Resort for a big-ticket fund-raiser for Swann, for which couples paid $1,000 for general admission and $10,000 for a private reception and photo opportunity with the President.

After a brief introduction by Swann, Bush took the stage and told the more than 400 supporters who had gathered at the resort that Swann is a "noble and decent" person with a vision for the future of the state.

"The people of Pennsylvania know when you draft Lynn Swann, you get a man who performs," Bush told the crowd. "There is no question in my mind that Lynn Swann has got the characteristics necessary to be a great governor of this important state."

It was the president's first visit to Pennsylvania since he appeared at a fund-raiser for U.S. Reps. Mike Fitzpatrick of Bucks County and Jim Gerlach of Chester County in late May. Bush also traveled to a Pittsburgh fund-raiser for Sen. Rick Santorum in March, where he raised about $700,000 for the incumbent's campaign.

Tonight's fund-raiser, which was moved to a larger hotel here to accommodate supporters, also was expected to raise almost $700,000, Swann's campaign said - a cash boost that could allow Swann to begin airing television advertisements as early as the end of the month.

Mike Young, a former Pennsylvania State University political science professor, said Swann needs the dollars and the exposure.

"The clock is ticking," he said, adding: "It's a dramatic moment in the campaign. This is Bush and his surrogates sending out a message that this campaign may have looked like it was on life support, but that it's alive and still here."

The latest poll, released today, shows Rendell with a commanding 19 point lead over Swann. The Quinnipiac University survey has Rendell with a 57 to 38 percent lead among likely voters.

Rendell, a veteran - and prolific - fund-raiser, is also leading Swann in the money race. The governor has outraised Swann 4-to-1, with $13.7 million in his campaign account as of mid-June to Swann's $3.2 million.

Still, some political analysts say a visit from Bush could also be a gamble for Swann.

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The President's approval ratings in Pennsylvania have sunk dramatically this year. A separate Quinnipiac poll released this week showed Pennsylvania voters disapprove 64-to-33 percent of the job Bush is doing overall, with similar disapproval rates for the President's handling of the situation in Iraq.

Swann says he has no reason to be worried about a Bush backlash.

"Why would I be concerned?" Swann said during a campaign stop Monday in Harrisburg. "My race is about Pennsylvania. The president is helping me raise funds, which is a very positive thing."

Asked Tuesday about Bush's visit to Pennsylvania, Rendell said: "The best thing the president can do for Lynn is to raise some money. I don't think people are going to make up their minds based on third-party endorsements."

Dan Fee, campaign spokesman for Rendell, added that the race is not about money, but experience.

"Lynn Swann's biggest problem isn't that he doesn't have enough money to run an effective campaign. It's that he is unqualified to be governor," Fee said.

President Says U.S. Must Stay In Iraq (LIJ)

Lancaster(PA) Intelligencer Journal, August 17, 2006

LANCASTER COUNTY, PA - President Bush spent half of his speech at a Wednesday fundraiser for Republican gubernatorial candidate Lynn Swann talking about the war on terror.

Bush told the 400 people gathered at the Lancaster Host Resort on Lincoln Highway East that previous administrations implemented failed policies in the Middle East.

“That policy came home on Sept. 11,” he said, referencing terror attacks that killed 3,000 people in New York, Pennsylvania and Washington, D.C., in 2001.

The 3-year-old U.S. mission in Iraq must continue or the battleground against terrorists will change from the Middle East to American shores.

“If we withdraw, the enemy will follow us home,” he said.

Bush’s appearance on behalf of Swann — the former wide receiver for the Pittsburgh Steelers making his first run at public office — raised $700,000 for the GOP nominee, Swann spokesman Leonard Alcivar said.

The influx of cash comes at a welcome time for Swann as the Republican trails Rendell by 20 percentage points, according to a poll released by Quinnipiac University.

The Connecticut school this month polled about 1,400 voters, who favored Rendell over Swann by a margin of 54 percent to 34 percent.

Swann supporters at the Host said the numbers will turn more favorably toward the Republican when television and radio advertisements appear after Labor Day.

“The Quinnipiac poll is relatively meaningless in mid-August,” Alcivar said. Raising $700,000 Wednesday “is a significant step in the evolution of our campaign.”

During his speech, Bush asked Swann's supporters to donate money and talk up his candidacy in their communities.

“You can’t run unless people are willing to contribute,” the president said. “That’s just the way it is.”

Earlier in the day, Bush toured the Harley-Davidson plant and participated in an economic forum in York County. He then flew in Marine One, the presidential helicopter, to Lancaster Mennonite High School in East Lampeter Township.

After landing, the president rode in a motorcade that traveled eastbound on Lincoln Highway East, passing Tanger Factory Outlet Center at Millstream and other Lancaster County attractions.

Bush bypassed 120 protesters camped out at the Host’s main entrance when the motorcade turned off the highway and proceeded to the fundraiser by way of an alternative entrance.

People paid $650 individually or $1,000 per couple to attend the fundraiser. An undisclosed number of people paid $10,000 to meet Bush and have their pictures taken with him.

A standing and cheering crowd greeted Bush when he walked onto the stage about 5:15 p.m. with Swann and Jim Matthews, the Republican running for lieutenant governor.

Bush spoke for 25 minutes, spent 10 minutes shaking hands and left the Host about 6 p.m to return to the White House.

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Bush talked about cutting property taxes, raising education expectations and curbing frivolous medical malpractice lawsuits in Pennsylvania; achievable goals if Swann is elected, he said.

Swann "has plenty of accolades," Bush said. "Just ask the Dallas Cowboys."

Dan Fee, a spokesman for Rendell, said those goals sound great because Rendell has achieved many of them in his first term.

"Those are such good ideas; that's why Ed Rendell just did it," Fee said. "But unlike President Bush, Gov. Rendell respects a balanced budget. He doesn't just cut taxes and create deficits."

U.S. Rep. Joseph Pitts, a Chester County Republican who represents Lancaster County, said Bush will help Swann catch Rendell.

"He gave him a real boost," Pitts said. "He energized the base here, and the base will make a difference in the fall. You'll see the polls tighten up. Once the ads start in September and October, that will make a difference."

After talking Pennsylvania issues, Bush focused most of his speech on the global war on terror.

"We face an enemy that knows no bounds of cruelty," Bush said.

"They do not believe in freedom. They don't believe in the freedom of religion. They don't believe in the freedom of dissent. They don't believe in women's rights. They have a backward view of the world."

Bush said the United States cannot leave Iraq until a stabilized government is formed. To abandon the military mission — U.S. military deaths in Iraq since 2003 are at 2,601 — would undermine U.S. credibility worldwide, he said.

"It's hard on the American people, I understand that" Bush said. "But we shouldn't let the difficulties of facing this war force us to retreat from the world.

"If your most important responsibility is to protect the American people, the best way to do so is to stay on the offense and bring these people to justice."

Thank you for your visit Mr. President! Lancaster is Bush Country!! speak for yourself. The days of all you simpleminded bible thumpers from hicksville are over.

Ah yes, if I could only be as educated and eloquent as you. I stand in awe at your deep thought posted above. Oh yeah that's right, I only attended 4 years of college, 4 years of Medical school, 4 years of residency and 2 years of MBA school, but you know us simpleminded folks, always taking the easy way out.....

Thank you for your visit Mr. President! Lancaster is Bush Country!! And they tried to tell us the radiation leaks from Three Mile Island had no effect on the local population.

I'd love to hear the words of thanks that were uttered by working Pennsylvanians stuck on Rt 30 coming home or going to work.

Ah yes, if I could only be as educated and eloquent as you. I stand in awe at your deep thought posted above. Oh yeah that's right, I only attended 4 years of college, 4 years of Medical school, 4 years of residency and 2 years of MBA school, but you know us simpleminded folks, always taking the easy way out..... I didn't relize doctors had so little common sense. I guess we really are gifted in some areas and robbed in others. Then again, there are good doctors and quacks.

Bush Hopes Terror War Trumps Iraq In '06 (CSM)

By Linda Feldmann

The Christian Science Monitor, August 17, 2006

WASHINGTON

With each passing day in the run-up to the fall midterm elections, the political dimension of every news point gains in significance. And so, as Republicans struggle to keep control of Congress, each new headline that relates some sign of progress in battling terrorism - President Bush's strongest issue - is a boon.

It's not that the US public pays close attention to every detail. But Tuesday's announcement that British police had arrested one more terror suspect in the alleged airliner plot served as a reminder that the threat is still out there, that authorities are still on the case, and that no attacks have taken place on US soil in nearly five years.

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Mr. Bush's political team, led by Karl Rove, has made clear that for the third straight election, it will play the national security issue hard. The strategy worked in 2002 and 2004, but with the Iraq war - a central front in the war on terror - and Bush himself persistently unpopular, prospects for 2006 remain uncertain. And this time, the Democrats are not ceding the national-security mantle to the GOP.

In the end, voters' focus in November could depend on events well beyond any politician's control.

"The war on terror is still an advantage for Bush, but it's very much an open question whether it will be enough to overcome Iraq," says Jack Pitney, a political analyst at Claremont McKenna College in Claremont, Calif., and a former Republican aide. "If things in Iraq get worse, it's hard to see anything that would balance off the damage."

Polls have been mixed as to whether Bush gained in the public's eye after the announcement last week that a close US ally, Britain, had foiled a plot to hijack up to 10 transatlantic airliners. A Newsweek poll taken Aug. 10-11 showed 55 percent of Americans supporting Bush's handling of terrorism, an 11-point jump from May. A CBS News poll taken Aug. 11-13 showed no change in Bush's terrorism numbers compared to late July, holding steady at 51 percent. It was a five-point bump from May.

Whether or not the terrorism/national security issue can help Bush and his party in November, it's been clear for weeks that Bush is better off avoiding certain congressional districts. In many of the closest House races, Republican incumbents are openly distancing themselves from Bush on Iraq and on wedge issues such as stem-cell research - with the party leadership's blessing.

"We've been given permission to approach [the election] our way," says Sarah Chamberlain Resnick, executive director of the moderate Republican Main Street Partnership. "They have decided to allow our members to run the campaign that they need to run to get elected."

Rep. Jim Gerlach (R) of Pennsylvania, one of the Democrats' top targets, is "running a lot of ads - I don't agree with the president on this and this," says Ms. Resnick.

Bush traveled to battleground state Pennsylvania Wednesday to talk up the economy and help struggling Republican gubernatorial challenger Lynn Swann raise money, but he stuck to GOP-friendly parts of the state, York and Lancaster. Still, the state also features one of the Senate's most endangered incumbents - Rick Santorum - and Bush's visit to Pennsylvania will get media coverage in suburban areas, where Senator Santorum needs votes.

"The bottom line is folks in Philadelphia [oppose] Bush, whether he's in the market or not," says Ken Smukler, a political strategist who used to advise Democrats. "But he may get more Republicans in York and Harrisburg and Lancaster to come and vote, so on balance, it's a good move."

In appearing with Mr. Swann, a former star wide receiver for the Pittsburgh Steelers who is African-American, Bush also may be seeking to mend fences with the black community, after the damage of hurricane Katrina. Bush has also appeared recently with Ohio's GOP African-American candidate for governor, Secretary of State Ken Blackwell.

Another high-profile black candidate, Lt. Gov. Michael Steele (R) of Maryland, running for the Senate, admitted last month that it probably wouldn't be a good idea for Bush to campaign for him in blue Maryland. In an embarrassing episode, Mr. Steele made unflattering comments about Bush and the Republican Party on background to journalists as a "Republican Senate candidate," but soon owned up to the remarks. He spoke of wearing his Republican "R" as a "scarlet letter."

Maybe Steele's gaffe was a calculated risk, as he runs upstream in a Democratic state. But the incident fed into the developing story line that Republicans in tight races more often than not are steering clear of the president.

Bush and his political team, for their part, seem vigilant in their countdown to Nov. 7 not to make the GOP's challenge any more difficult than it already is. The president took his shortest summer vacation since taking office, keeping himself to just 10 days at his ranch in Crawford, Texas, and limiting the risk that may have come with too many shots of him clearing brush and bike-riding while a new war raged in the Middle East - on top of all his other urgent challenges. His slow reaction to hurricane Katrina a year ago marked a devastating slide in his public approval rating, still in the mid-to-high 30s, from which he has not recovered.

Politicians Jousting Over Terrorism Are Missing The Point, Pollsters Say (MCT)

By Ron Hutcheson

McClatchy Newspapers, August 17, 2006

DOJ_NMG_0049385

WASHINGTON - Republicans and Democrats are beating each other up on the issue of terrorism in the wake of the alleged London airplane plot, but polls show that most Americans are far more worried about the war in Iraq.

That's bad news for President Bush and his Republican allies because, with congressional elections less than 100 days away, most voters don't think the war was worth it and don't like Bush's handling of it. Pollsters say that any boost the president gets from the alleged plot to blow up trans-Atlantic aircraft isn't likely to alter negative opinions about the war.

"Iraq is far and away the Number 1 issue. Nothing comes even close," pollster John Zogby said. "It's the elephant in the living room."

Strategists in both parties have gone into overdrive to seek political gain from allegations that terrorists in London were plotting an operation to rival the attacks on Sept. 11, 2001.

Democrats say the developments highlight the nation's vulnerability under Bush's leadership. Republicans say the news from London shows that the president's policies are working.

Voters don't seem particularly impressed with either argument.

Bush's job-approval rating has barely budged since last week's arrests of some two dozen suspected plotters. Three nonpartisan national polls taken after the arrests in London - for CBS, for Newsweek and Zogby - found the president's job-approval rating in the mid- to upper-30s, unchanged from last month.

Andrew Kohut, the director of the Pew Research Center for the People and the Press, said voters didn't necessarily count victories in the war on terrorism as relevant to Iraq.

"The indicators there (in Iraq) aren't terrorist bomb plots. The indicators are casualties and chaos, which people can see on their TV screens," he said. "It is one of the biggest problems for the president. What's not good for the president is not good for Republicans."

While headlines diverted attention over the past month to Israel's conflict in Lebanon and then the alleged airliner plot, Iraq accelerated its drift toward all-out civil war.

Escalating sectarian violence pushed the death toll among Iraqi civilians to more than 3,400 in July, an all-time high, according to figures from Iraq's Health Ministry and the Baghdad morgue, as reported Wednesday by The New York Times. That's up 9 percent over June and nearly double January's death toll.

American casualties are down, but the spreading violence pitting Iraqi against Iraqi has virtually eliminated any prospect of U.S. troop withdrawals before November's congressional elections.

Zogby said the challenge for Democrats was to convince voters that they had a plan to bring the troops home.

"Democrats have got to do better than `We care, too,'" he said. "They've got to be able to come up with a credible exit strategy."

Republicans expressed confidence that the renewed focus on terrorism would benefit their party in November. Bush has held a series of events on national security and terrorism since last week's arrests in the alleged plot, all aimed at driving home the message that he's working hard to protect Americans.

There was at least a glimmer of good news for the president in recent polls. The Newsweek poll found that 55 of Americans approve of his handling of terrorism, up 11 percentage points from the magazine's May poll. But his overall approval rating was essentially unchanged at 38 percent.

White House spokesman Tony Snow said Bush's standing would improve if voters could see more progress in Iraq.

"The American people see headlines, they hear about these appalling acts of violence and they are rightly concerned," he said Wednesday. "What they don't see are the operations ongoing, the apprehensions of terrorists, the seizure of weapons caches, all of which are going on on a daily basis."

Cheney Stumps For Burns (AP)

AP, August 17, 2006

WHITEFISH, Mont. - Vice President Dick Cheney blasted Democrats for not supporting the war in Iraq, and said Montanans need to re-elect Republican Conrad Burns to make sure the administration can carry out its wartime plans.

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The vice president, speaking at a fundraiser for Burns on Wednesday, said the administration is sticking by its plan to stay in Iraq as long as it takes to make sure the country is stable. He said it would be wrong to set deadlines for withdrawing troops.

Cheney said the U.S. sent the wrong message when it withdrew from Beirut in the 1980s and Somalia in the 1990s.

"In both cases the United States responded to those attacks by withdrawing our forces," Cheney said. "The terrorists concluded that if they killed Americans they could change U.S. policy, because they had."

Backing out of Iraq now would only encourage terrorists and embolden al-Qaida, he said.

"They fundamentally believe that we don't have the stomach for the fight," Cheney said.

About 160 people paid at least $250 to attend the fundraiser for Burns, who finds himself locked in a tough re-election battle with farmer and state Sen. Jon Tester.

Burns supporters could pay $2,100 to attend a reception before the lunch and get a photo with the vice president. A $5,000 donation allowed a photo with Cheney and some fly fishing with Burns.

National defense and the war on terror took center stage in Cheney's speech.

"Here in the U.S. we have not had another 9-11," the vice president said. "No one can guarantee we will not be hit again. But the relative safety in recent years is not an accident."

Cheney said the foiled plot to bring down airliners serves as a reminder of the constant threat.

Burns said Democrats are full of "a lot of negativism, but we don't hear any new ideas."

Tester has blasted the administration for leading the nation into Iraq on false pretenses.

Democrats are banking that Cheney, whose image has suffered in recent years, will hurt the GOP campaigns more than help them.

"I think it's ironic that while Montana families and farmers are paying $3.25 for gas, the chief architect of the country's failed energy policy is here raising money for Sen. Burns," Tester spokesman Matt McKenna said. "There is a lack of leadership in Washington, and Montanans are paying for it at the pump.

"What we need in Iraq is a plan, we cannot afford an open ended commitment."

Burns said the GOP is planning a new agriculture and energy bill that will promote energy independence and renewable fuels grown on farms.

The Burns-Tester race is viewed as a toss-up, despite the three-term incumbent's big advantage in money and name recognition. Democrats have hit Burns hard by trying to link him to the Washington D.C. lobbying scandal and indicted lobbyist Jack Abramoff.

Burns, who has recently been under fire for criticizing a group of firefighters, is widely seen as one of the most vulnerable incumbents going into this year's elections.

Cheney has attended 80 fundraisers for midterm election candidates and helped raise more than $24 million.

President Bush helped raise money for Burns in March, saying at the fundraiser that he was proud to stand by Burns.

Attendees at that event paid the Burns campaign at least $1,000 a couple for cocktails, light snacks and the chance to mingle with the president and the senator at a downtown hotel.

The Burns campaign says Senate Majority Leader Bill Frist, R-Tenn., is scheduled to attend a fundraiser for Burns on Aug. 28 in Billings.

Rep. Denny Rehberg, R-Mont., opened the Whitefish event by telling Burns supporters the race against Tester will become ugly. A record sum of money is expected to flow into the state for the purchase of television commercials, Rehberg said.

"Montana is kind of the hot spot," he said. "You are going to see a lot of activity over the next few months."

Rehberg seemingly gave a nod to the recent flap over a run-in between Burns and firefighters at the Billings airport as the firefighters prepared to fly home after a fire in Montana.

"He's a funny guy _ sometimes it doesn't seem as funny when you read it in the press," Rehberg said.

Cheney said the Burns race is very important to the administration. Cheney said Bush tax breaks are working for the country and the nation is seeing a high level of prosperity marked by low unemployment

"The president and I need Conrad to continue to meet the priorities we have set for the country," he said. "Every time you vote for this man, you are voting for a strong confident voice for the West."

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The IR welcomes comments of all points of view. We post as many comments as possible unless they are defamatory, in poor taste, contain significant inaccuracies, poetry, or are too long. Please limit comments to 200 words. Writers must include their E-Mail address for verification.

Punishments Stemming From IG Probes On The Rise (GOVEXEC)

By Jenny Mandel

Government Executive, August 17, 2006

Suspensions and debarments resulting from inspector general actions nearly doubled in 2005, and personnel actions rose more than 40 percent, according to a report released Tuesday by two IG groups.

Suspensions and debarments, which are proceedings to exclude parties from federal contracts, grants, loans and other transactions, rose 97 percent in fiscal 2005 to 9,918 from 5,045 the previous year, the report from the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency stated. Those groups are composed of presidentially appointed and agency-appointed inspectors general, respectively.

Personnel actions including reprimands, suspensions, demotions and firings of government, contractor and grantee employees increased to 2,819 in 2005, from 1,989 the previous year.

Marilyn Richardson, liaison for the PCIE vice chairman, said the increases did not necessarily indicate a spike in malfeasance compared with the year before, noting that some proceedings can take more than a year to complete. But "the OIGs have been more aggressive," she said. Richardson declined to elaborate on the agency breakdown of the figures or in what areas the offices had concentrated on.

In addition to the suspensions and debarments, the report noted that 57 IG offices secured $20 billion in 2005 in potential savings from audit recommendations and investigative recoveries.

That amounted to $15.7 billion in funds that agency managers agreed could be put to better use, according to the recommendations of their IG offices, and $4.3 billion in payments from investigations with IG involvement. Those figures represented funds agreed to in fiscal 2005, but include funding and payments stemming from old investigations that were finalized in 2005.

Savings based on new recommendations amounted to $13.9 billion in 2005, a 6.7 percent drop from the $14.9 billion newly identified in 2004. New receivables and recoveries came to $1.48 billion, above the $90 million recovered the previous year.

IG offices completed 7,703 successful prosecutions in 2005, in which a subject was convicted or made a pretrial agreement with the Justice Department. That marked a 19 percent increase over 2004. They also obtained 6,847 criminal indictments and complaints resulting from their activities, a slight rise over the 6,231 cases in 2004. The number of successful civil actions resulting from OIG activities fell slightly in 2005 to 551, from 594 the previous year.

Although the inspectors general provided little explanation of changes in performance, the report said the community had focused considerable attention on the government's recovery efforts in the Gulf Coast region. Auditors flooded into the area shortly after Hurricane Katrina struck last year, but agencies still were sharply criticized by Congress for costly oversight failures.

The report said auditors also focused on counterterrorism measures, including efforts to assist the Office of Management and Budget in developing compliance guidelines for the 2002 Federal Information Security Management Act.

In presenting the report, Greg Friedman, PCIE vice chairman and inspector general for the Energy Department, and Barry Snyder, ECIE vice chairman and inspector general of the Federal Reserve Board, said, "The 11,600 people of the PCIE and ECIE remain committed to addressing future challenges facing the federal government and to continuing our record of service to the people of this nation."

Legal Services Executives Living Large On Tax Dollars (WP/AP)

By Larry Margasak

The Washington Post, August 17, 2006

The federal program that provides legal help to poor Americans turns away half its applicants for lack of resources. But that has not stopped executives from lavishing expensive meals, chauffeur-driven rides and foreign trips on themselves.

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Agency documents obtained by the Associated Press detail the luxuries that executives of the Legal Services Corp. have given themselves with federal money -- from $14 "Death by Chocolate" desserts to $400 chauffeured drives to locations within taxicab distance of their offices.

The government-funded corporation has spacious headquarters in Georgetown -- with views of the Potomac and rent significantly higher than that of other tenants in the same building.

And Legal Services board members wrote themselves a policy that doubled the amount they can claim for meals, compared with staff employees.

Congress created Legal Services as a nonprofit corporation run with federal money to provide legal help in civil matters for Americans who cannot afford lawyers. It funds neighborhood clinics across the country that have lawyers to provide such help.

Three congressional committees have questioned the program's spending, as has the corporation's internal watchdog. The chairman of the Senate Finance Committee is threatening to withhold money if the corporation does not trim extravagance.

"It's waste and abuse," said Sen. Charles E. Grassley (R-Iowa), citing the board's doubling of the meal money as an example. "At 200 percent, it seems to me what we would call in Iowa living high off the hog."

Legal Services officials defend their program, saying administrative expenses are kept separate from money distributed to the local, independently run legal outlets.

Spokesman Thomas C. Polgar said LSC President Helaine M. Barnett and Chairman Frank B. Strickland "are aware they are using taxpayer funds and try to operate in a manner that is frugal and appropriate." Barnett is a former legal services attorney in New York; Strickland is an Atlanta lawyer.

Barnett declined to be interviewed; Strickland did not return phone messages seeking comment.

The scrutiny of Legal Services' spending comes as the corporation says it does not have enough resources to meet many poor clients' needs.

A Legal Services study in October found that for every client who receives service, one applicant is turned away for lack of resources. Because only those who contacted the program for assistance were included in the study, it is likely the study underestimated the unmet need, the corporation said.

Nine recent state studies demonstrated that less than 20 percent of the legal needs of low-income Americans were being met, LSC said.

Neighborhood Legal Services, at 701 Fourth St. NW, the local program that serves the poor in Washington, is a refuge where a federally funded lawyer can help a client stave off homelessness, fight an unscrupulous landlord, file for divorce or receive help with a host of other legal problems.

The carpet in the lobby is worn and stained. Some small offices can barely contain a desk. Unlike Legal Services headquarters' well-stocked library, filled with criminal code books and Supreme Court opinions, the local library has mostly bare walls. The conference table doubles as a staff lunch table.

Legal Services' internal watchdog, Inspector General Richard "Kirt" West, has questioned whether the corporation's headquarters at 3333 K St. NW has more space than it needs and whether it pays too much rent.

The headquarters has multiple conference rooms and kitchen/pantry areas. Yet, the corporation's 11-member board meets at hotels around the country, including Washington, at costs ranging from $20,145 to $55,125 -- the latter in San Juan, Puerto Rico.

The decision not to use the headquarters conference room was explained in an October 2004 memo from Strickland. He said board members, who work outside the corporation, preferred the Melrose Hotel in the same upscale neighborhood as the headquarters. The hotel is located on Pennsylvania Avenue, between the White House and Georgetown.

The board members sought "convenience to their rooms" and did not want to "feel confined" to headquarters for two days, Strickland said. He also said he was worried that the headquarters lacks privacy because "all meeting rooms at LSC have glass walls."

Bills from the Melrose, with all costs per person, included a $59 three-entree buffet, an $18 breakfast featuring scrambled eggs with chives, a $17 breakfast including Belgian waffles, a $28 deli buffet, a $13 "high tea" service, a $12 "bagel break," a $12 "Crazy for Cookies" assortment and $14 "Death by Chocolate" desserts.

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Polgar and Charles Jeffress, the LSC's chief administrative officer, said that the headquarters conference room can hold about 80 people, but that it is too small to accommodate the 11-member board, the staff, the media and the public.

They also contended that meal costs for board members could be just as expensive if catered at headquarters.

The board has fashioned for itself an expense policy that permits members to receive as much as 200 percent of the allowable meal expense, as long as board members dine together. "The only time it was ever used was in conjunction with a board meeting," Jeffress said. The policy was recently rescinded after congressional investigators questioned it.

Then there were the limousine services. Strickland had a packed schedule on April 25, so the agency ordered a car and driver to take him and Barnett to meetings on Capitol Hill, about a 15-minute ride from headquarters. The car also took them to Arlington National Cemetery for a funeral and to a separate memorial service in Arlington -- all short rides.

Even the Legal Services Corp. comptroller, David Richardson, questioned the expense. "With cab fares from our office to Capitol Hill costing $20 and the nominal cost of a cab to Arlington Cemetery and return, this $423.99 seems to be an extraordinary cost," he said in an internal memo.

Polgar, who acknowledged making the decision to hire the car, said he was concerned that Strickland would not meet his schedule.

Barnett also used a hired car and driver to attend a funeral service for a former board member in Harrisburg, Pa., about a two-hour drive. The cost: $400. Polgar said Barnett, who does not have a car in Washington, wanted to work during the trip rather than rent a car and drive herself. Polgar said the cost was competitive with train and airline fares.

The Legal Services headquarters in Georgetown was purchased by a nonprofit group, Friends of the Legal Services Corp., that was formed to secure a permanent headquarters.

Thomas F. Smegal, the board chairman of Friends of the LSC, said the $38 per-square-foot rent charged Legal Services is a good deal -- even though other tenants are paying less than $30.

Smegal said LSC's rent is fixed for the 10-year lease, while other tenants' rents will rise. The tenants paying lower rent already had those leases when Friends took over the building, said Smegal, a San Francisco lawyer. When the building is paid off, he said, it will be turned over debt-free to the Legal Services Corp.

Legal Services Chairman Rebuts Criticism That Nonprofit Wasted Public Money (LAW)

By Jonathan Ringel, Fulton County Daily Report

Fulton County Daily Report, August 17, 2006

Frank B. Strickland, the chairman of the board of the Legal Services Corp., on Tuesday vigorously defended the group from charges of wasting taxpayer dollars.

"These are legitimate costs," said Strickland, who has chaired the LSC, a congressionally established nonprofit that funds legal aid programs around the country, since 2003. Strickland also is a partner in the Atlanta firm Strickland Brockington Lewis.

A story by The Associated Press said that LSC board members lavished money on trips to Puerto Rico, expensive meals and chauffeur-driven cars.

Sen. Charles Grassley, R-Iowa, said Legal Services executives were "living high off the hog" by permitting board members to receive up to 200 percent of an allowable meal expense as long as they ate together.

Strickland bristled at criticism of the board's holding three of their four annual meetings outside of Washington. He said that visiting cities around the country is "vastly more beneficial" than meeting in Washington because the trips allow board members to hear from local legal aid attorneys, clients and judges who have a personal knowledge of legal aid needs.

He explained the board's trip to Puerto Rico allowed the members to see the largest single program served by the Legal Services Corp., one that had not been visited in the three decades since the LSC was established.

Strickland also provided a point-by-point response prepared by the LSC to other aspects of the AP story and a similar story aired on CBS News.

Regarding criticism of how much rent the LSC pays for its Georgetown offices, the LSC response said that the $38 per square foot is less than it would have paid in its former location on Capitol Hill.

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Regarding costs at the Melrose Hotel in Washington, where LSC board members stayed for a board meeting, the LSC's response was that the board got government rates for hotel rooms and that "the $17 and $18 breakfasts, the $12, $13, and $14 per-person break services are not unusual hotel catering prices for the Washington area."

The rule allowing board members who meet over a meal to spend 200 percent of the normal per diem was, according to the LSC, less than the 300 percent allowed by federal regulations. But the 200 percent policy was eliminated in July.

Strickland is a former general counsel to the Georgia Republican Party who in the 1980s received awards for organizing hundreds of volunteer lawyers to represent Cuban detainees.

He said that no board member was interested in doing anything other than "assuring the delivery of legal services to low-income Americans."

Bush White House Fires Back At Critics (AP-Y)

By Deb Riechmann

AP, August 17, 2006

President Truman got so upset when a newspaper panned his daughter's singing that he wrote the critic: "Someday I hope to meet you. When that happens, you'll need a new nose, a lot of beefsteak for black eyes, and perhaps a supporter below!"

Today, the Bush White House punches back with virtual boxing gloves.

It fires off electronic rebuttals when it has a beef with news stories, broadcasts or statements by its critics, shooting its retorts directly into reporters' e-mail inboxes and posting them on the Internet.

Bush officials say their "Setting the Record Straight" memos, which dispute passages in stories aired and printed about the president, are about seeking the truth. Democrats and other targets of the memos say they're more about spin than rebuttal.

"The primary purpose is that un-rebutted charges on important issues sometimes become viewed as fact," said Dan Bartlett, who is counselor to the president and oversees the White House communications operation.

Even if attempts are made to fix mistakes, corrections published in newspapers or broadcast on TV aren't always seen, Bartlett said. It's essential, especially in today's era of Internet chat rooms and 24-hour news, that the White House issue its rebuttal as soon as possible, he said.

"If it's a day late, it's not very useful," he said.

Democrats dismiss the aggressive tactic, and say it suggests the Bush White House is on the defense, fighting an uphill battle over ratings.

"They're attacking everybody — the media, the Democrats, government auditors, nonpartisan interest groups," said Phil Singer, a spokesman for the Democratic Senatorial Campaign Committee and the person who provided the party's rapid response to the GOP during the 2004 presidential race.

"It's as though they are the sole arbitrators of the truth. This is yet another step of the politicization of the White House. It's less a bastion of policymaking and more of a traditional permanent campaign," Singer said.

Kathleen Hall Jamieson, director of the Annenberg Public Policy Center at the University of Pennsylvania, disagrees that the "Setting the Record Straight" memos are just part of a Republican attempt to spin public opinion in their favor. This is increasingly going to be the way that presidential administrations — both Republican and Democrat — communicate, she said.

"The Internet facilitates it," she said. "Why wouldn't you post your side of things?"

She said the memos run parallel to Rush Limbaugh's conservative talk radio show. "Limbaugh will systematically take on a reporter he thinks is unfair to George Bush, or unfair to Bush's perspective," Jamieson said.

The administration is hoping the targeted reporter will feel scolded and adapt in a way that pleases the White House and get other reporters to self-censor their stories and broadcasts to avoid being singled out.

"If it accomplishes that, and nothing else, that's a very powerful effect," Jamieson said.

Decisions about when to issue a "Setting the Record Straight" typically are made during morning senior staff or communications team meetings at the White House.

Nearly half of the 32 issued so far were released in November 2005 and May of this year, two months when Bush's job approval numbers plummeted. Ten of the 32 were leveled against Democrats on Capitol Hill. Twenty took issue with newspaper,

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magazine or broadcast reports on subjects ranging from climate change to tax cuts to prewar intelligence on weapons of mass destruction.

In the first one, issued in March 2004, the White House took to task Richard Clarke, former Bush administration counterterrorism adviser who accused the Bush administration of ignoring terrorist threats.

The White House didn't issue its second one — attacking a story in The Washington Post on personal retirement accounts — for nearly a year.

Late last year, the White House started sending them on a more regular basis.

In November 2005, the White House unleashed a barrage of "Setting the Record Straight" memos, all on Iraq. That was the month that Bush's job approval rating fell to 37 percent — the lowest level of his presidency at that time. The drop in the polls was driven by worries about the war, the fumbled Supreme Court nomination of Harriet Miers and the indictment of Vice President Dick Cheney's former chief of staff, I. Lewis "Scooter" Libby, in the CIA leak case.

The seven consecutive memos on the war were part of an effort by Bush officials to hit back at the president's critics. There were divisions within the GOP over the war at the time and Republicans were beginning to worry that the president's problems and low approval rating could impede their re-elections just one year away.

Another seven memos were issued in May when Bush's job approval rating fell to 33 percent — the lowest ever in the AP-Ipsos poll. All were on domestic issues, including tax relief, the nation's economic health and the Medicare prescription drug benefit.

It's hard to know if the Bush White House's setting-the-record straight campaign is having any effect.

Bartlett said he thinks it's useful, and that Bush allies have responded with positive feedback, saying the memos provide them with talking points and a context for debating issues.

Democratic strategist Stephanie Cutter isn't so sure. "Unfortunately, facts are troublesome things, and refuting things on paper is not going to go very far," she said. "People are living through the reality of this administration, and a piece of paper is not going to clear it up."

Regulators Confident U.S. Open-Skies Deal Is Likely By Year-End (WSJ)

By Anne Jolis

The Wall Street Journal, August 17, 2006

BRUSSELS -- An open-skies agreement between the European Union and the U.S. can be salvaged and signed by the end of the year, an EU transport official said.

The announcement comes one day after the U.S. said it would delay relaxing restrictions on foreign ownership of its airlines, which the EU said was needed for any open-skies deal to be signed.

"The commission regrets the delay," transportation spokesman Stefaan De Rynck said. "But the deal will be finished by the end of this year."

He said U.S. Deputy Secretary of Transportation Maria Cino promised EU Transport Commissioner Jacques Barrot that the U.S. will have eased its ownership regulations by then. The U.S. had planned to have relaxed rules in place in time for an October open-skies deal.

Late last year, EU and U.S. negotiators agreed to allow their airlines to fly without restrictions between any U.S. and EU cities. The deal has yet to be approved by EU transport ministers.

The U.S. restricts foreigners from owning more than 25% of a U.S. carrier. The government has proposed expanding this to 49%, despite strong congressional opposition.

Fraser Cameron, a senior adviser with the European Policy Center, a think tank in Brussels, said the delay "is a sign of bad faith on the American side," and he charged that the U.S. is becoming increasingly protectionist.

States Fall Short On Teacher Quality (AP)

By Ben Feller, Ap Education Writer

AP, August 17, 2006

DOJ_NMG_0049392

Having missed one deadline already, states still face an enormous challenge in putting qualified teachers in all major classes, a federal review says.

Some states are in much better shape than others, the Education Department said Wednesday. Most meet only some criteria in required new plans. Four fail altogether.

Under the No Child Left Behind law, states were supposed to have highly qualified teachers in every core academic class by the end of the last school year. None made it.

So the Education Department demanded new state plans. They were to include details on how states would improve their teaching corps and ensure fairness for poor and minority children.

The federal analysis of those plans yields a mixed picture.

Most states got credit for showing serious effort. Yet a few were ordered to start over. Every state was given specific recommendations and told to follow them.

Overall, most failed to provide all the answers the department asked for. Still, Education Secretary Margaret Spellings said she was encouraged.

"Many states took this very seriously, recognizing that good teachers make all the difference in whether or not our children succeed in their studies," she said in a statement.

Meanwhile, for parents and students, more patience will be required. The new goal is 100 percent compliance by the end of the 2006-07 school year, but some states may be years away.

Most of the states — 37 of them, plus the District of Columbia and Puerto Rico — met only some of the criteria. They must submit new data or plans this fall or risk facing penalties.

Four states failed altogether: Hawaii, Missouri, Utah and Wisconsin. They must submit new plans and undergo monthly auditing of their teacher quality data, the department says.

The remaining nine states got favorable reviews for handing in complete plans and creative ideas about how they will improve. Those nine are Kansas, Louisiana, Maryland, New Jersey, New Mexico, Nevada, Ohio, South Carolina and South Dakota.

South Carolina, for example, was praised for paying incentives to teachers in high-need schools. Louisiana was credited for collecting clear, meaningful data on teacher quality.

All the plans were examined by outside review teams, mainly state officials.

"We're pretty hopeful that if states seriously implement these plans — and we intend to monitor that — then change will happen," said Rene Islas, chief of staff for the department's elementary and secondary education office.

The promise of better teachers is a huge part of President Bush's education law. Every new development, though, underscores how daunting the mission is.

The law defines "highly qualified" teachers as those who have a bachelor's degree, a state license and proven competency in every subject they teach. It is often regarded as a minimum qualification, because it requires teachers to know what they teach.

Many teachers find the edict to be well intentioned but poorly defined. It does not measure attributes parents like, such as a teacher's creativity or ability to reach students.

The law also orders equity, a point gaining more attention of late. Poor and minority kids are not supposed to have an unfair share of unqualified, inexperienced teachers.

The Education Trust, which advocates for underprivileged children, says states largely ignored the provision in their new plans. The group issued its own analysis last week. It found that most states are doing little to fix inequities in the teaching force.

Department officials acknowledged Wednesday that equity was the biggest snag for states. Many states couldn't provide data on the quality of teachers serving poor and minority kids.

The department can withhold money from states that fall short on teacher quality.

Based on a separate review earlier this year, seven states, the District of Columbia and Puerto Rico face the loss of federal aid if they don't improve their compliance.

Those states are Idaho, Iowa, Missouri, Montana, Nebraska, Virginia and Washington.

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On The Net:
Education Department's letters to states:
http://www.ed.gov/programs/teacherqual/hqtplans/index.html

Amid Shortage, States Scramble To Hire Teachers (WSJ)

By Anne Marie Chaker
The Wall Street Journal, August 17, 2006

School starts next week in Martinsville, Ill. But until recently, superintendent Jill Rogers didn't have a high-school Spanish teacher. She received just two applications for the $28,352-a-year job, and as the deadline loomed, she finally hired a native Spanish speaker from Argentina without the proper teaching credentials. The new hire will start to teach even before finishing an accelerated certification program at a local university.

"We're desperate," says Ms. Rogers. "Our only other choice is to not offer the class, and we need to offer foreign language to the students."

It is a problem that increasingly bedevils school districts around the country. Nationally, the demand for teachers continues to rise in a number of fields, such as physics, math, chemistry and bilingual education. At the same time, a flood of experienced, baby-boomer teachers who entered the profession in the 1960s and 1970s are retiring, and relatively few new teachers are sticking with the profession. One analysis of Education Department data by Richard Ingersoll, an education professor at the University of Pennsylvania, showed that 46% of new teachers leave the profession after only five years.

To help fill vacant teaching slots, a number of states are taking action, passing legislation with incentives to attract, train and retain more teachers. So far this year, 18 states, including Illinois, Connecticut, Virginia and Kansas, have passed measures encouraging teaching, according to the Education Commission of the States, which tracks education policy for state governments. The initiatives ranged from luring teachers out of retirement to offering scholarships to programs that forgive education loans. Tricia Coulter, director of the commission's Teaching Quality and Leadership Institute, says legislative efforts gained momentum in 2000, with 21 to 42 state measures each year targeting teacher recruitment and retention.

As these measures take hold, questions are being raised about the quality and experience of the new hires. The upshot is that pupils are often getting a teacher with less experience in the classroom. "The quality has changed," says Prof. Ingersoll at the University of Pennsylvania.

In Bristol, Conn., deputy superintendent Sue Moreau says that more than half of the district's teachers have been on staff less than seven years. "That's huge," she says, noting that younger hires seem easily wooed by more lucrative offers from other schools.

To be sure, experience isn't everything. It is important that both generations be represented in a school district, says Linda Borquist, associate superintendent of human resources in Oregon's Beaverton School District. Younger teachers offer enthusiasm, a fresh perspective, and can sometimes relate better to young students. "They're at the stage of their careers where everything is exciting," she says.

Still, to address concerns about experience, some schools are implementing mentoring and other programs to help young staffers. The goal of such programs -- including one in Beaverton -- is not only to bring teachers up to speed but also retention: The thinking is, the sooner new teachers feel at ease, the greater the likelihood that they won't get frustrated and flee. Adding to the changing dynamics, the federal No Child Left Behind law of 2002 is tightening requirements for teachers to meet certain standards, such as passing a test, in core subject areas including math and reading.

Some of the state initiatives to lure new people into teaching are targeting retirees. Virginia adopted legislation last April that encourages state or local government retirees without previous teaching experience to become teachers in "critical shortage" fields determined by each school district -- typically math, science and special education. As long as the retirees become licensed by the Board of Education, which might require additional schooling, they continue receiving retirement benefits from their old jobs while earning a teaching salary. They don't get additional retirement benefits from their new teaching job when they leave it. (In recent months, Illinois and Vermont enacted similar laws giving retired teachers incentives to go back to work.)

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Tom Freeman retired as an administrator for the police force in Chesapeake, Va., in 1999. While the 61-year-old owns a farm that requires tending to 100 sheep, "I needed something else," he says. He received his teaching license in 2003 to teach elementary and middle school. The Virginia law, which he lobbied for, will allow him to teach without losing retirement benefits he earned for his 25 years on the city police force. He is already interviewing for middle-school teaching jobs.

Other states are offering money. An Illinois initiative adopted recently provides loans of up to $25,000 to candidates in a state program that encourages more school-district parents to become teachers, in order to complete their training. Any candidate who completes five years of service in a hard-to-staff school or teaching position gets his or her loans fully forgiven. Kansas's governor signed a law last May providing full scholarships for state residents studying to become teachers who agree to teach in the state for a certain period of time.

Still other states are offering ways to get people on the fast track to teaching. A Connecticut law that went into effect July 1 allows for an accelerated program for applicants who want certification in early-childhood education, another hard-to-staff field.

It is particularly hard filling certain categories and much easier in others. Michigan's Vicksburg Community Schools district, reports an "onslaught" of applications for elementary-school teaching positions. But it has proven particularly challenging to fill a middle-school Spanish/French position. Human-resources coordinator Christine Veld says the school ended up reshuffling teaching responsibilities in French and hired only a Spanish teacher instead.

Data from the American Association for Employment in Education show that the number of teaching categories in "some" or "considerable" shortage is 30. While that is down from the high of 41 categories that were considered to be in shortage in 2001, it is up notably from 10 years ago, when 22 categories were in shortage.

Subjects such as physics, chemistry and bilingual education have moved up to "considerable" shortage from "some" shortage last year. A range of special-education teachers remain on the "considerable shortage" list.

Some areas where there is actually a surplus include health, dance, gym and social studies.

Support For New High-school Test Fades (AP)

By Ben Feller

AP, August 17, 2006

WASHINGTON (AP) - After years of momentum, the drive to make students pass a test to graduate from high school has stalled - and it's likely to stay that way, a private study contends.

Not a single state adopted a new graduation-exam requirement in 2006, and one state even took a step back, abandoning plans to withhold diplomas for kids who failed the test.

In total, 22 states require students to pass a test to graduate high school, and three others are phasing in these "exit exams" by 2012. But no other states are close to joining in, said Jack Jennings, president of the Center on Education Policy, which released the study Wednesday.

"It shows that there's been a kickback against testing," Jennings said. "And some states are pretty satisfied with their schools. They aren't lining up to follow the same policy."

Even still, graduation exams remain an influential part of U.S. education. About two-thirds of the nation's 15 million public high school students are required to pass one.

But most of the tests don't cover a full high school education. To get a diploma in many states, students must only show they can handle 10th-grade level content.

In Idaho, the passing score is at 8th-grade level this year. The state plans to raise it.

Unlike testing under the federal No Child Left Behind law, in which testing is used to grade schools, graduation exams have personal consequences. And that can cause backlash.

In California, for example, state officials stuck with their exam despite protests and legal challenges. Last week, a state appeals court upheld the test. Roughly 40,000 students from the class of 2006 have had their diplomas withheld because they didn't pass the test.

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Utah, meanwhile, was to start withholding diplomas this year. But the state changed course as it became clear how many students would be left behind, the study says. The state opted instead to note on a diploma whether a student had passed the graduation exam.

The states that use the exams generally run from New England to the South to the West Coast. "It's the inner part of the country that's not affected," Jennings said.

The goal of these tests it to ensure that students have mastered at least basic knowledge in math and reading, and perhaps social studies and science, before they graduate.

Yet critics say students are often penalized because the education they receive doesn't prepare them for the exams. Higher numbers of poor, minority and disabled students tend to fail the tests.

States have come up with ways to try to address that. Many offer remedial courses, particularly when the tests are new and a state is about to deny diplomas for the first time.

States have backup plans too. They let students take the test a few times. Some allow class grades or other test scores to be substituted. Waivers and appeals are common.

"It's a matter of which strategy you want," Jennings said. "Do you want to start out low and raise the bar? Or do you want to set the bar high and take your lumps in court and with public resistance?"

Half the states don't chose either one.

They say they measure achievement in their own ways, but not with a high-stakes test.

Based in Washington, the Center on Education Policy advocates for public schools and researches issues that affect them.

Exit Exams Become Part Of High School Landscape (USAT)

By Ledyard King, Gannett News Service

USA Today, August 17, 2006

WASHINGTON — Nearly two-thirds of American public high school students live in states that expect them to pass a competency test before they get a diploma, though not all states require the same level of proficiency.

A report issued Wednesday by the non-profit Center on Education Policy says exit exams have survived legal and political challenges to become an integral part of the high school experience for millions of students.

"This is a major force in American education. It's affecting a vast number of children," said Jack Jennings, director of the center. "The exam is seen as a way to increase rigor in American high schools."

The exams are administered in 22 states with three more coming on line in the next few years: Washington (2008), Maryland (2009) and Oklahoma (2012).

But not a single state adopted a new graduation-exam requirement in 2006, and one state even took a step back, abandoning plans to withhold diplomas for kids who failed the test.

"It shows that there's been a kickback against testing," Jennings said. "And some states are pretty satisfied with their schools. They aren't lining up to follow the same policy."

What states require of students can vary greatly, according to the report. Most are aligned to 10th-grade standards, but New Mexico and North Carolina test on eighth-grade material while Alabama and New Jersey tie it to the 11th grade. Most states test just for writing, reading and math, but Mississippi, New York and several other states test for subjects such as history and science.

Most states administer the test in the 10th grade. All states give students who fail an exit exam several chances to pass.

The business community has pushed for exit exams as a way to ensure that high school graduates have a basic set of skills that will prepare them for college or work.

But the idea that high school seniors can pass all their courses and still be denied a diploma has drawn sharp criticism from those representing poor and immigrant students, many of whom do not count English as their first language. They claim those students attend schools that haven't provided the same quality of education available to students in wealthier areas who have access to more academic programs and a higher percentage of qualified teachers.

Last week, a California appeals court ruled against a group of students who tried to scuttle the exams.

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Chris Lee, a high school junior in suburban Los Angeles has already taken — and passed — his exit exam. The 16-year-old from Walnut thinks having the test is fair but says it should be even tougher.

"It's really basic math and basic reading," he said. "If you don't have the skills, it's hard for me to imagine you can go out and get a job."

Education reform advocates aren't sold on the exams, either, partly because many states don't provide much money to help struggling students improve. And passing an exit exam doesn't mean a student is ready for life after high school, said Bethany Little with the Alliance for Excellent Education. The group examines ways to improve high school.

"The jury is still out on exit exams as an important part of high school reform," she said. "But what we do know is that if you're going to use an exit exam, than it certainly needs to be an exit exam that measures skills and knowledge that students will need when they leave high school."

Utah was to start withholding diplomas this yea, but the state changed course as it became clear how many students would be left behind, the center's study says. The state opted instead to note on a diploma whether a student had passed the graduation exam.

States that use the exams generally run from New England to the South to the West Coast. "It's the inner part of the country that's not affected," Jennings said.

Based in Washington, the Center on Education Policy advocates for public schools and researches issues that affect them.

Contributing: The Associated Press

Costly Textbooks Get A Closer Look (USAT)

By Mary Beth Marklein And Beth Walton

USA Today, August 17, 2006

Concerns over spiraling college textbook prices have prompted state legislators to introduce more than 40 bills and resolutions in 15 states this year.

And other states have looked into making textbooks more affordable, the National Association of College Stores says.

In June, Congress asked a federal advisory panel to "shed light on this issue." Hearings begin next month; a report is due in May.

A report last August by the Government Accountability Office said students could spend as much as $900 a year on new textbooks and supplies. It blames publishers for driving up costs by "bundling" workbooks or CD-ROMs and by making unnecessary updates. Publishers say the report is flawed.

"Textbooks are a niche market, and the price to produce them is incredibly high, compared to, say, a novel, where thousands of copies are printed on cheaper paper and ink," says Bruce Hildebrand of the Association of American Publishers. "You don't realize how much it costs when you pay for rights for all the content, all the charts and art."

Estimates vary on what students actually pay. A survey of 1,200 undergraduates on 100 campuses by Student Monitor, a New Jersey polling firm, said they averaged $644 last year on new and used texts.

To rein in costs, states are taking a range of approaches. Some, including Illinois and New Jersey, are looking into rental programs. Proposals in Maryland and New York would exempt textbooks from the state sales tax. A key focus this year has been on faculty:

•Virginia requires faculty to acknowledge prices in writing and disclose whether they use bundled items. An earlier law prohibits faculty at state universities from accepting publisher incentives.

•Washington requires state schools to ensure that faculty consider lower-cost options and stores try to offer unbundled materials.

•Connecticut requires that publishers disclose prices to faculty as well as the history of revisions.

The American Association of University Professors has not objected to recent initiatives, but "would have some problems … if people start dictating that you must use a particular book or that no textbook can cost more than" a certain amount, spokesman Martin Snyder says.

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"Professors are not the problem, but are (part of) the solution," says Dave Rosenfeld of Student Public Interest Research Groups, which is pushing for lower prices. It's too soon for the laws to have an effect this fall, but laws are "an incentive for faculty and universities to work together," he says.

Richard Hershman, director of government relations for the National Association of College Stores, says publishers have the most control over books' cost, but interstate commerce laws make it difficult for legislators to target publishers.

"It's not an easy thing to legislate," says William Simpson of the University of Connecticut's bookstore. He and others suggest the issue is an easy way for lawmakers to address college costs without spending taxpayer money. "These same legislators are responsible for the massive (budget) cuts," Eric Weil of Student Monitor says.

Putting The Pork In One Barrel (WP)

By Judy Sarasohn

The Washington Post, August 17, 2006

One legislator's "pork," of course, is another's vital public works project. But all are earmarks, those tax and spending directions added to money bills at the behest of anonymous lawmakers -- anonymous, that is, until the legislation is passed and they can boast of it to constituents.

A coalition of odd bedfellows is trying to bring more transparency to earmarking by encouraging citizens to get involved in tracking who is trying to get what money for which special interest. And all of this will be online and available to the public.

The coalition includes the Sunlight Foundation, Citizens Against Government Waste, Porkbusters.org, Human Events Online and the Washington Examiner newspaper. They created a single database of earmarks, but each organization is presenting the database on its own Web site and asking the public to participate in different ways. Generally, however, they are asking citizens to investigate the earmarks that grab their attention, then report back. They plan to share their information with each other.

The initial database includes the more than 1,800 earmarks in the 2007 appropriations bill for the departments of Labor, Health and Human Services, and Education.

The Sunlight Foundation is asking folks to report back by blog and e-mail. The group's Web site (http://www.sunlightfoundation.com/exposingearmarks) connects with Google Maps, and plots the destination of most of the earmarks. For example, let your mouse wander over the dollar sign outside Sacramento, and up pops McClellan, Calif., and $500,000 for "a new interactive exhibit" for the Aerospace Museum of California Foundation Inc.

Zephyr Teachout , Sunlight's national director, said the foundation will vet any contributed information before including it in a report.

Teachout, who was director of online organizing for Howard Dean's presidential bid in 2004, said the project is attempting to make the earmark process more transparent and get citizens to take responsibility for demanding information on appropriations.

"We feel the public should get involved in appropriations when it matters -- before the legislation is passed," she said. Teachout noted that some money mandates "are wonderful earmarks," but said, "It's our money," and secrecy invites bad governing.Opposing Predatory Lending

The Center for Community Self-Help, a Durham, N.C., community development financial institution, and its Center for Responsible Lending (CRL) have fought lending practices that hurt the people they've been trying to help build businesses and buy homes. In recent years, they've become involved in some lobbying for federal and state legislation to fight predatory lending, but now they believe that "advancing CRL's issues in Congress and nationwide is becoming increasingly important."

To that end, Self-Help has promoted Michael D. Calhoun from general counsel and lead lobbyist to president of CRL.

"Increasingly, industry is coming to Capitol Hill and the regulatory agencies, and [this requires] more voice for consumers," he said.

Although most of CRL's work involves research and education, Calhoun said the organization could not "close our eyes" to predatory lending practices, such as unduly high interest rates. He referred to the group's "reluctant participation" in lobbying.

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Calhoun said language included in the Senate-passed defense authorization bill would cap interest rates on loans to military service personnel.

CRL has been pushing for more consumer protections in mortgages for the last couple of years. Calhoun said he is more optimistic about the legislation's prospects, most likely for next year, because of the recent decision by Rep. Robert W. Ney (R-Ohio) not to seek reelection.

Ney, a senior member of the Financial Services Committee, has co-sponsored legislation supported by the housing industry but opposed by many community groups. The new lead on the legislation is being taken by Rep. Spencer Bachus (R-Ala.), also a senior committee member.Here and There

Harold "Terry" McGraw III , chairman and chief executive of the McGraw-Hill Companies, is the new chairman of the Business Roundtable, succeeding Hank McKinnell , chairman of Pfizer.

Nathan Koble has signed on with the National Association of Manufacturers as director of Internet strategies, a new post. He'll be responsible for getting NAM's word out via the Internet and other media. Koble previously worked for Lockheed Martin on assignment at the National Institute of Justice.

Chris Stenrud , who ran the Democratic Communications Committee in the Senate for then-Democratic leader Thomas A. Daschle (S.D.) and later went to work for GMMB on policy communications and public relations, has opened a D.C. office for a San Francisco PR and public affairs shop, Allison & Partners . Also at the new office: Katrin Olson , a former communications aide at Environmental Defense and an energy reporter for Hart Publications. Clients include the Delta Air Lines Retirement Committee, whose interest is pension legislation.

Re: What You Say In Work E-Mails (WP)

By Stephen Barr

The Washington Post, August 17, 2006

A lawyer at the Small Business Administration received and sent more than 100 e-mails through his government computer in support of the Green Party in California. A federal board has ordered his firing.

A former chief of staff at the General Services Administration traded e-mails with lobbyist Jack Abramoff . Prosecutors used the e-mails to link the two, and a federal jury convicted the ex-government official of lying and obstructing justice.

A recent audit by the inspector general for tax administration found e-mail at the Internal Revenue Service that violated agency policy. The audit turned up a large percentage of chain letters, jokes and pictures that, while harmless, increased the risk of computer virus infections, the report said. Other e-mails contained hate speech and sexual content or facilitated commercial activities, such as outside employment.

Inappropriate workplace use of e-mail is not new. But as e-mail increasingly substitutes for face-to-face conversation, it seems that more employees send messages that get them into trouble.

"When people are on the Internet or using e-mail, there is almost an unconscious dimension they have entered," said Scott Bloch , the head of the federal Office of Special Counsel.

As a general rule, each federal agency sets out guidelines for the use of government resources, including office computers. The guidelines take into account that employees occasionally need to use their government phones and computers to check up on their children after school or deal with a personal matter during normal business hours. But the idea is to steer clear of computer activities that can interfere with agency operations or can slow down a system, such as downloading large picture files.

E-mail "is the quintessential sword that cuts both ways," said Carl Fillichio , a vice president at the nonprofit Council for Excellence in Government and a former Labor Department official.

"What is great about technology and e-mail is that you can use it to create buzz," Fillichio said. "What is dangerous about e-mail is that it can create a buzz. How many times have you had an e-mail forwarded to you with, 'Hey, get a load of this.' "

As the inspector general report on IRS employees noted, offensive and inappropriate e-mail can damage employee relationships, lead to disciplinary action and prompt lawsuits.

Improper e-mail, of course, is also a problem in the private sector. A recently released survey by the American Management Association found that 26 percent of private-sector employers have fired workers for e-mail misuse and that an additional 2

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percent have fired workers for inappropriate chats via instant messaging, or IM. Nearly 2 percent have fired workers for posting offensive blog content, even when the Internet posting originated on home computers.

In the federal sector, Bloch's office has brought cases against public employees who have been accused of violating the Hatch Act, a law that restricts certain partisan activities by government workers. In some of the cases, e-mail served as evidence of electioneering or advocating for a candidate.

"It's pretty well understood that you can't come to work [in a federal office] wearing a button for a candidate," Bloch said. "Why is it any different to send an e-mail to several employees?"

E-mail also may not be an effective substitute for "water cooler" confabs or formal meetings. A study last year in the Journal of Personality and Social Psychology found that emotion and tone do not always convey in e-mail. What a sender thinks is funny, for instance, may not come across that way to recipients because it is not accompanied by body language or vocal clues.

"One's e-mail message may be more ambiguous than one realizes," the study found.

Brad Phillips , founder of Phillips Media Relations, recommends that employees have co-workers look at e-mails before hitting the send button.

"In a large organization like the government, if you are reliant on e-mail because it is the medium of choice, before you fire off that e-mail to hundreds of people, have a couple of people in the office take time to parse it and to look for anything that can be taken out of context . . . to make sure there is nothing in the e-mail that could be read negatively," he said. "Ask them to try to take it out of context, and if they can't, then it is ready to be sent out."

Pension Reform Adds Cushions But No Guarantees (USAT)

USA Today, August 17, 2006

Traditional "defined benefit" pensions are a wonderful retirement tool. They give retirees a set amount of money every month for life. But they're increasingly a relic of an era when large companies in established industries — steel, airlines, autos — enjoyed healthy profits, robust market share and limited competition. As those companies have run into financial problems, managements have sought ways to trim or shed their pension obligations.

Thursday, President Bush is set to sign a bill that was intended to safeguard those traditional pensions for the estimated 44 million Americans covered by private sector plans. Vice President Cheney said in March that the goal was to make sure that if you "put in your hours ... your promised pension will be there for you when you retire."

Does the bill guarantee that? No.

Does it modestly improve retirement security? Yes.

The legislation does nothing to prevent companies from converting traditional pensions to less generous plans, or from entering bankruptcy and dumping their pension plans on the Pension Benefit Guaranty Corp. (PBGC), which makes good on at least a portion of pension commitments when companies default.

What the legislation does is toughen the rules so companies that do offer traditional pensions fully fund them and pay reasonable premiums to the PBGC to make sure the agency has funds to absorb plans that go belly up.

It's a delicate balance. If the rules are too tight, companies that might have kept their plans will find a way to get rid of them. Too loose, and companies can deliberately raid or underfund their plans.

The pension reform bill does a pretty good job of striking the right balance. A fair analysis is that the protections it adds won't dramatically accelerate the disappearance of traditional pensions.

In lieu of those traditional pensions, companies are now likelier to offer "defined contribution" plans, in which employers and employees put a certain amount into a 401(k) account every pay period. Retirees walk away with an investment account, and if it lasts them until they die, great. If not, tough. Increasingly, you're on your own.

One of the best things the bill does is acknowledge this you're-on-your-own reality of retirement planning by making a long overdue change. Now when workers join a company, they have to opt in to the company's 401(k) plan. Many workers never do, and they never get started on the savings they'll need for retirement. The bill allows the company to sign workers up automatically, while giving them the right to opt out.

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At Thursday's signing ceremony, you'll hear about this and the other positive things the legislation does. What you won't hear then, or on the campaign trail this fall, is what it doesn't do.

OTHER NEWS:

Inflation Reports Rev Up Stocks (USAT)

By Adam Shell

USA Today, August 17, 2006

NEW YORK — Stocks hit their highest levels in three months Wednesday after a second tame inflation reading in as many days increased hopes on Wall Street that the Federal Reserve will be able to ward off inflation without doing major harm to the economy.

The government reported Wednesday that consumer prices, excluding volatile food and energy costs, rose just 0.2% in July, below the 0.3% gain analysts had expected. Couple that with Tuesday's sharper-than-expected decline in prices at the wholesale level, and evidence is building that inflation risks may be receding.

That's good news for Wall Street. A reduction in inflation jitters makes it less likely that the Fed, which left short-term interest rates unchanged earlier this month for the first time in more than two years, will have to resume its rate-tightening campaign.

"The inflation reports over the past couple of days have been encouraging," says Stuart Schweitzer, global markets strategist at J.P. Morgan Asset & Wealth Management. "This buys some breathing room for the Fed and makes it look like they have done enough" already to contain price pressures.

Both the stock and Treasury market reacted Wednesday as if the Fed was out of the picture and investors were growing more confident, says Todd Leone, head of listed trading at Cowen & Co.

The Dow Jones industrials rallied 97 points, or 0.9%, to 11,327, its highest since May 16. The Dow is still 316 points off of its May peak despite rebounding 621 points since mid-June. In a sign some investors are willing to take risks again, the tech-laden Nasdaq composite jumped 1.6%.

The benchmark 10-year Treasury note also rallied, knocking down the yield, which moves in the opposite direction from price, to 4.87%, the lowest since April 5.

Ever since the Fed, under new chief Ben Bernanke, said it would base future monetary policy decisions on incoming data, Wall Street has been reacting violently to every piece of new economic data.

The latest benign readings on inflation have proved bullish, given that it jibes with Bernanke's thesis that slowing economic growth and a dip in oil prices would reduce inflation pressures. That viewpoint was bolstered Wednesday when a housing starts report showed more weakness and a barrel of light crude fell $1.16 to $71.89.

"The two (inflation) data points rebuild the credibility of the Fed and Bernanke," says Jeff Kleintop, strategist at PNC Wealth Management. It also reduces fears that the Fed's past 17 interest rate increases might cause a recession. "The slowdown may be developing into the soft landing that's on everyone's wish list," says Schweitzer.

Wall Street Gains As Inflation Slows Down (FT)

By John O'doherty

Financial Times, August 17, 2006

Wall Street notched up more gains on Wednesday as investors were cheered by a second round of weaker-than-expected inflation data, that pushed the S&P 500 and Dow Jones Industrial Average to their highest levels in three months.

The five biggest gainers on the S&P 500 for the day were chipmakers. The Philadelphia Stock Exchange's semiconductor index has risen more than 7 per cent in the past three days.

Broadcom leapt 8.9 per cent to $30.38 on news that the International Trade Commission had extended by 50 days an investigation into the alleged infringement of a Broadcom patent by wireless technology group Qualcomm.

Qualcomm was not adversely affected, instead jumping 6.7 per cent to $37.83 following bullish comments by Merrill Lynch.

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Another chipmaker, Xilinx, announced late on Tuesday that it had uncovered no evidence of fraud in its stock options grants. Its shares rose 10 per cent to $22.71.

PMC-Sierra gained 9.5 per cent to $6.11 after a Taiwanese company said it would use PMC processors for its internet telephony service.

At the close, the S&P 500 was up 0.8 per cent, or 9.85 points, at 1,295.43, while the Nasdaq Composite was up 1.6 per cent, or 34.53 points, at 2,149.54. The Dow Jones Industrial Average gained 0.9 per cent, or 96.86 points, at 11,327.12.

However, Merrill Lynch's Mary Ann Bartels sounded a cautionary note about recent gains in equity markets.

"We continue to believe that while the S&P 500 and Dow Jones Industrial Average are positioned for a rally that could carry these indexes to or through their May highs, the technical underpinnings for the rally are weak," she said.

"The possibility exists that the highs for the year and the bull market are in, and that a cyclical correction that could approach 15-20 per cent has begun, with the Nasdaq at risk for a 25-30 per cent pullback."

The only main sector to show weakness was oil, which sank as crude fell to its lowest level in six weeks. Chevron tumbled 1.4 per cent to $65.11, and Hess dropped 2.2 per cent to $49.20.

Energy's one bright spot was coal, which steamed higher after television stock commentator Jim Cramer said the sector was poised for a bounce. Peabody Energy leapt 7.1 per cent to $47.83 and Arch Coal rose 5 per cent to $36.42.

Lower oil buoyed transport stocks. United Parcel Service added 4.5 per cent to $72.13, and the S&P airlines index had its best day in a month, with Continental Airlines gaining 6 per cent to $24.50.

In spite of data showing a slowdown in new housing starts for July, homebuilders rallied. The stocks were boosted by a fall in 10-year bond yields to four-month lows. Pulte gained 5 per cent to $29.75, while Toll Brothers added 3.9 per cent to $25.49 .

Inflation Exhale: Dow Industrials Rally 96 Points (WSJ)

By E.s. Browning

The Wall Street Journal, August 17, 2006

Another jolt of positive inflation news propelled the Dow Jones Industrial Average up almost 100 points, to its highest finish in three months.

After surging 132 points Tuesday when July wholesale prices came in weaker than expected, the Dow industrials yesterday added 96.86 points, or 0.86%, as July consumer prices also were benign.

That left the blue-chip average at 11327.12, its highest finish since May 16. It is up 5.7% for 2006, and is less than 400 points, or 3.5%, from its record close of 11722.98, which dates from Jan. 14, 2000. The Dow industrials now have rebounded 5.5% since bottoming out in mid-July.

After hunkering down in June and July amid fears of a slowing economy and rising inflation, investors have begun buying stocks again amid hopes for what economists call a soft landing -- a mild economic slowdown that curtails inflation, but doesn't lead the economy into recession.

The good news yesterday was that July consumer-price inflation, not counting food and energy, was just 0.2%, compared with the previous month. That was below the 0.3% economists had forecast. In addition, July industrial production was up only half as much as in June, and July new-home construction fell more than expected, all supporting the idea that the economy is cooling off.

Although some economists warned that inflation could return, or that the economic slowdown could be worse than the optimists think, the consumer-inflation data seemed to validate Federal Reserve policy makers' controversial Aug. 8 decision, led by Fed Chairman Ben Bernanke, to leave interest rates unchanged for the first time in two years. Mr. Bernanke maintained that the built-in impact of the Fed's two-year rate-raising program would slowly bring inflation back to acceptable levels, and now the data seem to support him. Hopes are spreading that Fed officials will leave rates unchanged again when they meet Sept. 20.

"A lot of people are thinking that the Fed is going to sit on its hands for the rest of the year, and I think as long as the daily and weekly statistics prove to be benign on the inflation front, maybe that is the way we are headed," said Tim Heekin, director of trading at San Francisco brokerage firm Thomas Weisel Partners. An end to rate increases is positive for stocks, because it encourages consumer spending and makes it easier for businesses to continue borrowing.

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Bond yields dropped on the inflation news, sending bond prices higher, amid talk that the Fed's next move will be to cut rates, perhaps sometime next year. The dollar weakened, as an end to U.S. interest-rate increases makes the dollar less attractive to hold.

Richard Fisher, president of the Federal Reserve Bank of Dallas, said in a speech that "the economy has downshifted" and is growing at "a slower, more sustainable pace," without any signs of recession. He reiterated the Fed's hope that the cumulative impact of two years of interest-rate increases will gradually bring inflation under control, all of which reinforced hopes for a soft economic landing.

Further supporting that thesis, crude-oil futures continued to retreat amid growing hopes that the Middle East cease-fire will hold and that more oil than expected will continue to be produced in Alaska. Oil futures fell $1.16 to $71.89 a barrel, the lowest close since June 26.

More good news came after the closing bell. Dow industrials component Hewlett-Packard released strong quarterly results and announced a share buyback, and the stock rose 5.5% in after-hours trading.

Among the beneficiaries of the market's rebound have been volatile technology stocks, most of which are in the Nasdaq Composite Index. Yesterday and Tuesday, the Nasdaq Composite surged 3.9%, its strongest two-day gain in three years. Yesterday, it jumped 1.63%, or 34.53 points, to 2149.54. The index, which has been one of the few to be stuck in the red for the year to date, is now within reach of climbing into the black, down just 2.5% for 2006.

The Standard & Poor's 500-stock index rose 0.77%, or 9.85 points, to 1295.43 yesterday, knocking on the door of the much-watched 1300 level. Whether it can break 1300, or instead begins to fall again, will be closely watched as a signal of how much longer then current rally can run.

Investors also will be watching data on consumer sentiment, due tomorrow, and on home sales and durable-good orders, due next week.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 1.19%, or 2.59 points, to 219.56.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.51 billion shares, as 2,531 stocks rose and 790 fell.

Bond prices gained. The 10-year Treasury note rose 16/32, or $5 for each $1,000 invested, pushing the yield down to 4.871%. The 30-year bond was up 24/32 to yield 4.998%.

The dollar weakened. Late in New York, it traded at 115.83 yen, down from 116.10, while the euro rose against the dollar to $1.2843 from $1.2785.

Inflation Gives Signs Of Slowing (NYT)

By Louis Uchitelle

The New York Times, August 17, 2006

The government's latest report on consumer prices, issued yesterday, suggests that inflation is slowing.

The overall rise came to a seasonally adjusted 0.4 percent in July, mainly because of a surge in gasoline prices and in the monthly cost of renting a home, even as the housing market itself deteriorated.

Nothing else went up very much, the government reported, and apparel prices plunged because of deep discounts in women's summer clothing as retailers sought to work down inventories.

This latest reading for the Consumer Price Index comes a week after the Federal Reserve halted its string of 17 consecutive interest rate increases.

The Fed argued that a slowing economy, in response to the accumulating rate increases, justified the pause — and that the slowdown, in turn, would moderate inflation. Yesterday's report seemed to support that contention.

"What has started as a pause is maturing into a full stop," said Chris Varvares, president of Macroeconomic Advisers in St. Louis.

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The mild inflation data sent stocks sharply higher yesterday. The Dow Jones industrial average rose 0.86 percent to reach its highest level in three months, and the Nasdaq climbed 1.63 percent. [Page C14.]

A surge in gasoline prices last month — not yet repeated in August — accounted for much of the 0.4 percent increase. Excluding energy and similarly volatile food prices, the so-called core inflation rate rose 0.2 percent, the smallest increase in five months.

Core inflation "was on the tamer side of what people on Wall Street expected," said James Glassman, senior United States economist at J. P. Morgan Chase & Company.

The bond market seemed to agree. Yields fell on the 10-year Treasury note, apparently in anticipation of milder inflation. Mortgage rates often move in tandem with 10-year Treasury yields.

The Fed's policy makers focus on core inflation, and so do most forecasters. Not only was the 0.2 percent increase less than expected, but more than half of it was a result of a jump in the monthly cost of renting a home, said Patrick Jackman, a senior economist at the Bureau of Labor Statistics, which calculates the monthly Consumer Price Index.

"You had a sharp movement from renters to buyers with the advent of low interest rates and now you are getting the converse," Mr. Jackman said. "The rising interest rates have made it more difficult for renters to become homeowners, and that has tightened the rental market."

Reflecting the declining demand for home ownership, new single-family home construction fell 2.5 percent last month, to an annual rate of 1.795 million starts, the Commerce Department reported yesterday. The number of building permits filed for future construction fell 6.5 percent, the largest monthly decline since September 1999.

In yet another report issued yesterday measuring the economy, the government said that industrial production rose 0.4 percent in July on top of a 0.8 percent increase in June.

Some of the July rise was a result of an increase in the output of electricity to keep air-conditioners going during a particularly hot month. But factories also operated at a faster pace, prompting Richard Berner, chief United States economist for Morgan Stanley, to argue that many companies still have enough pricing power to keep inflation front-and-center as an issue.

"This new consumer price report does not mark the beginning of lower inflation," Mr. Berner said.

That is true. Core inflation in July was up 2.7 percent year over year. By comparison, the annualized rate was 2.1 percent in January. Most of the increase came in the spring. The rise in the annual rate was only 0.1 percent last month, but it has not yet fallen.

Mr. Berner predicted that the Fed would raise rates at least one more time this year, and then at some point next year, its policy makers "will back off, but the circumstances will be when they begin to see inflation come down."

That is already happening to over-all inflation; prices were 4.3 percent higher in June than 12 months earlier, and 4.1 percent higher in July. The downward trend is likely to continue in August, if for no other reason than gasoline prices.

They rose 5.3 percent in July, but were up only 1.3 percent, on average, in the first two weeks of August.

In the case of core inflation, housing dominated the 0.2 percent increase. The Consumer Price Index does not measure fluctuations in housing prices. Rather, the Bureau of Labor Statistics relies on a survey of 6,000 rental properties in representative neighborhoods to determine the cost of living in a home.

Rent, in effect, becomes a proxy for the monthly cost of home ownership. What homes sell for plays no role.

Each month's survey is compared with a similar rental survey six months earlier, and the result is weighted to represent 30 percent of the entire Consumer Price Index. Housing in July, measured this way, rose 0.3 percent.

That rise represented more than half of the 0.2 percent increase in the core inflation rate, which is so much a focus of the Fed and of Wall Street's forecasters.

"It's a quirky way of measuring the cost of shelter," Mr. Glassman said, "at a time when home prices are going down and most mortgage payments are fixed."

Elsewhere in the monthly index, airline fares were up in July, mainly because of rising fuel costs. But with the summer travel season ending, discounted fares are starting to be advertised, Mr. Jackman said.

Medical care, another source of rising prices, went up only 0.2 percent in July, the smallest rise in six months. That easing may continue in August as patent protection — and pricing power — ends for two big-selling drugs: Zocor and Zoloft.

"We were getting inflationary pressure from the medical sector," Mr. Glassman said, "and now we are getting some relief."

Growth In Consumer Prices Slows (WSJ)

By Christopher Conkey

The Wall Street Journal, August 17, 2006

Underlying inflation eased in July for the first time in several months, a reprieve for the economy that suggests the Federal Reserve's campaign of interest-rate increases may be at an end.

The Labor Department said its "core" measure of consumer prices, which excludes food and energy, increased by 0.2% last month from June, breaking a string of four consecutive 0.3% increases that had raised fears of a sustained inflationary spiral. Core prices were 2.7% higher in July than a year ago on an unadjusted basis, up from 2.6% in June. Overall, consumer prices rose 0.4% last month, in line with this year's trend, and were 4.1% above year-ago levels, down from 4.3% in June.

While prices are rising, and could pick up again in the months ahead, the slower pace of underlying inflation in July offers support for the Fed's decision earlier this month to leave interest rates unchanged. More importantly, with the economy appearing to downshift to moderate growth, the tamer July reading on price changes is an early hint that future rate increases may not be necessary to curb inflation. "There's a sense the Fed may be truly done," said Peter Kretzmer, senior economist at Bank of America Corp.

Markets rallied on the news. The Dow Jones Industrial Average was up 96.86 points, or 0.9%, to 11327.12, hitting a three-month high.

Fed Chairman Ben Bernanke and a majority of Fed policy makers chose to leave the federal-funds rate unchanged at 5.25% this month after 17 consecutive quarter-point increases, viewing this year's inflationary swell as more of a temporary byproduct of higher energy prices than a fundamental overheating of the economy. By holding rates steady, the Fed calculated that the impact of its two-year campaign of rate increases, in tandem with slower economic growth and stabilizing energy prices, would likely be enough to curb inflation in the months ahead.

The other consideration, of course, was that raising rates further would run the risk of aggravating the housing-market slowdown and pushing the economy into recession. News on that front yesterday from the Commerce Department suggested the real-estate market is in for more weakening, another validation of the Fed's decision.

Housing starts fell 2.5% in July to an annual rate of nearly 1.8 million units following a 5.7% plunge in June. The pace of new-home construction is off nearly 21% from its peak in January and is 13.3% lower than a year ago. Similarly, permits for new construction, an indication of building activity a couple months down the road, were down 6.5% from June to an annual rate of 1.75 million, and are running almost 21% lower compared with last year.

"This is more evidence the market is still on a downward path," said David Seiders, chief economist at the National Association of Home Builders. "There are still some things that need to be corrected."

Among those, he said, is the rising rate of cancellations, which by his latest estimate has increased to 7.4% of new sales, up from 3.5% a year ago. "Builders are giving stuff away all over the place," Mr. Seiders said.

MORE ON INFLATION

• Economists React: Does Inflation Data Bolster Fed Pause?1

• Producer Prices Show a Small Rise2

08/16/06

• Key Inflation Index May Get Greater Precision3

08/14/06

• Fed Pause Aims to Balance Risks4

08/09/06

• With Costs Rising, Companies Move to Increase Prices5

07/29/06

One byproduct of the weakening housing market is a rise in the number of potential buyers who decide to rent instead, pushing up the rental market. By the Labor Department's estimate, rents rose 0.4% last month, the biggest factor boosting the

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consumer-price index. Elevated energy prices continued to push inflation up, too. Gasoline prices rose again last month, sending transportation prices up 1.6% from June.

Apparel prices, on the other hand, fell 1.2% in July as retailers discounted spring and summer lines even more than usual to make way for fall fashions. In announcing a July decrease in comparable-store sales from a year earlier, for example, Gap Inc. this month emphasized the pressure it faced to move inventory by lowering prices. "Gap and Old Navy decided to take aggressive markdowns in July to clear product and enable a clean presentation of fall assortments," said Sabrina Simmons, senior vice president of treasury and investor relations for the company.

Meanwhile, the Fed yesterday also reported that industrial production rose 0.4% in July -- following a 0.8% surge in June -- on the strength of an uptick in utility output due to heightened electricity demand. The rate of capacity utilization, watched closely for signs the economy is straining its limits, was essentially unchanged.

Despite signs of moderating economic growth and softer inflation in July, it is far from certain the Fed is done raising interest rates. Policy makers will have another month's data before them when they meet on Sept. 20, including figures on employment and inflation for August. In a speech yesterday, Richard Fisher, president of the Federal Reserve Bank of Dallas and a nonvoting member of the Fed's monetary-policy committee, underscored the uncertainty: "If anybody tells you with absolute conviction that the Fed is done raising interest rates or with equal conviction that they have only paused and will raise rates more starting in September or October, remind yourself that at best ... they are only guessing."

The Labor Department also said it will begin publishing the CPI out to three decimal places beginning in January in order to eliminate any confusion stemming from rounding differences. By the new system, core inflation this month would have been reported as a 0.194% rise in July.

Less-than-expected Rise In Consumer Prices Backs Up Fed's Rate Pause (USAT)

By Sue Kirchhoff

USA Today, August 17, 2006

WASHINGTON — The rate of consumer inflation rose in July, though a bit less than many economists expected, while industrial output slowed, according to government reports Wednesday.

The data appear to validate the Federal Reserve's prediction that slowing growth will eventually reduce inflation, and its decision last week to pause from further increases in short-term interest rates, some economists said.

The markets certainly saw it that way. Stock and bond prices jumped on the news, which followed Tuesday's report that wholesale inflation was also milder than forecast. The Dow Jones industrial average rose 96.86 points to close at 11,327.12.

Roger Kubarych of HVB Group says the data increased the odds that the Fed's next move would be to cut interest rates.

Others caution that the Fed, which has raised its target for short-term rates to 5.25% from 1% in mid-2004, could be forced to resume increases down the line. They note, for example, that consumer inflation was held down in July by some one-time factors, including a drop in clothing prices.

Mike Englund at Action Economics says he expects inflation to speed up a bit in coming months. "Though the Fed may be right on moderating inflation 'over time,' there will be some difficult explaining to do to Richmond Fed President (Jeffrey) Lacker at the next meeting," he said. Lacker voted against the Fed decision to hold steady on rates, preferring another increase to combat inflation.

The Labor Department said Wednesday that the consumer price index rose 0.4% in July, up from 0.2% in June. The CPI was pushed higher by a 2.9% surge in energy prices. Energy prices have jumped more than 20% in the past 12 months.

Core inflation, which leaves out food and energy prices, was 0.2%, after four months of sitting at 0.3%. The Fed is closely watching core inflation. Overall consumer prices advanced 4.1% in the past 12 months, while core inflation has been 2.7%, including a 3.2% pace the past three months. That's above Fed Chairman Ben Bernanke's informal 1%-2% comfort zone.

Starting next year, the Labor Department announced it will start publishing the consumer price index out to three decimal places, rather than one, to give more precise information on price changes.

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Also Wednesday, the Fed said production at U.S. factories, utilities and mines rose 0.4% in July, down from a robust 0.8% the previous month. While the July figure was still healthy, it was bolstered by a 2% jump in utility usage during a heat wave. Manufacturing output rose by 0.1% during the month.

Dan Meckstroth, chief economist of the Manufacturers Alliance/MAPI, notes that most of the slowdown in the factory sector was because of slower sales of autos and parts. He says auto sales could rise in August because of sales incentives, though that will come out of year-end sales.

"The general economy has slowed, and the industrial economy is in the process of decelerating growth," he said. "This, of course, is what the Federal Reserve wants in its quest to contain rising inflation."

Cost Of Living Gets Costlier (WP)

By Nell Henderson

The Washington Post, August 17, 2006

After poring over reams of data, the Labor Department reported yesterday that inflation rose last month, eating into people's paychecks and savings at a quickening clip.

Emerging from the Georgetown University bookstore in a rush, Linda Dodd didn't need a government report to tell her that. "I just spent $85 and $90 on two books," she said with a shrug.

Textbooks, whose prices have risen at a brisk 6.2 percent pace in the past year, are among the many goods and services that are becoming more expensive as inflation persists at some of the highest levels in 15 years. Despite efforts by the Federal Reserve to bring the increases under control, consumer prices rose twice as fast in July as in the month before. So far this year, inflation is running at an annual rate of 4.8 percent, higher than any yearly increase since 1991.

Fruits and vegetables are up 3.7 percent for the year ending in July. Airfares are up. Hospital bills rose. Hotel room rates are rising. Rents are up.

When the Federal Reserve suspended its series of interest rate increases last week after two years of steady increases, many consumers and investors hoped that was a signal that inflation would soon retreat. Central bank policymakers indicated then that they hope the same thing, but they are not sure.

The economy and Fed policy are "at something of a crossroads," Richard W. Fisher, president of the Federal Reserve Bank of Dallas, said yesterday, in the first public comments by a central bank policymaker since the Federal Open Market Committee met last week.

The economy is slowing, in large part because of past interest rate increases, and should continue to lose steam over the next year as those increases gradually work their way through, Fisher said. He and his colleagues want to slow the economy enough to weaken inflation without pitching the nation into recession.

But they do not know if more interest rate increases will be needed to finish the job, Fisher indicated. He said observers who say the Fed is done "are only guessing."

The data yesterday provided reasons for concern about inflation -- and hope that it may be headed lower in the months ahead, economists said.

The Labor Department's consumer price index, a widely followed inflation gauge, rose 0.4 percent in July, double its 0.2 percent increase the month before. The index rose 4.1 percent in the 12 months ended in July, compared with a 3.4 percent increase for all of last year.

Much of the inflation pick-up last month reflected a 2.9 percent jump in energy prices. Crude oil prices spiked to $77.03 a barrel July 14, and gasoline pump prices exceeded $3 a gallon across much of the country. Those prices have been falling back in recent days.

Prices rose for many other items, however, suggesting to economists that inflation is being fanned by more than energy costs. The "core" consumer price index, which excludes volatile food and energy prices, rose 0.2 percent in July and was up 2.7 percent for the 12 months ended in July, the highest yearly increase since late 1991.

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Still, the July increase in core inflation was milder than many financial analysts and traders had expected after four consecutive months of 0.3 percent increases, and it boosted confidence in the Fed's forecast that inflation would eventually abate.

Stocks and bonds rallied yesterday on expectations that the core inflation figure, combined with other reports showing the economy slowing, will help persuade the Fed not to raise interest rates further.

A Fed report released yesterday showed that the nation's industrial production -- the output of its factories, mines and utilities -- rose more slowly in July than in June. The Commerce Department said yesterday that construction of new homes and permits for new construction declined last month, adding to other signs of a cooling housing market.

But Fed policymakers also said last week that "some inflation risks remain," citing high prices for energy and raw materials, tightening labor markets, and other constraints on businesses' ability to produce goods and services. Businesses' usage of their production capacity, for example, rose to 82.4 percent from 82.3 percent, the Fed report said yesterday.

With unemployment low and wages rising, "we see it a bit too soon to celebrate the demise of inflation," said Stuart G. Hoffman, chief economist at PNC Financial Services Group. Wages have risen, but more slowly than prices, the Labor Department said in another report yesterday. Average weekly earnings fell 0.1 percent last month and bought 0.1 percent less in July than a year earlier, after adjusting for inflation, the department said.

Education expenses account for a small portion of the consumer price index, but they loom large in the budgets of many students and their families this time of the year and help illustrate how broadly inflation pressures are being felt.

Education bills, including tuition, books and school supplies, rose 0.6 percent last month, as many students and their families started preparing for the coming academic year. And they were 5.9 percent higher in July than a year before, rising faster than overall inflation.

"The books are very expensive," said Dodd, 30, of Arlington. So are tuition, room and board, she said.

One bright spot for students and other consumers has been falling prices for personal computers and related equipment, which dropped 0.9 percent in July. Prices also fell by a record 7.3 percent last month for women's and girls' clothing, even after adjusting for seasonal variation, the Labor Department said

On campus, "a lot of people are living on loans to pay their bills," Dodd said of her Georgetown classmates. "I think it's hard if you don't have the backing of your family."

Latest Custody Battle: Who Gets Mom (WSJ)

By Rachel Emma Silverman

The Wall Street Journal, August 17, 2006

Mark Glasser and Suzanne Mathews are in a bitter battle over the care of Lillian Glasser. But they're not divorcing spouses, fighting over a child. They are siblings, fighting over whether their 86-year-old mother, Lillian Glasser, needs a guardian, and if so, who should play that role. Mrs. Glasser has an estimated fortune of $25 million, and the case has already generated more than $3 million in legal and other fees amid court battles in two states.

Some of the thorniest custody battles these days are over the care of elderly parents, spouses or grandparents. As longevity increases, a growing number of siblings and other family members are fighting over where elderly parents should live, who should be their primary caregiver, and who should control their finances.

The custody fights are shining a spotlight on adult guardianship, in which a person is named by a court to manage an incapacitated adult's finances or personal care. Amid a patchwork of different state laws on the subject, more states are updating their guardianship laws and are seeking to make battles less complicated by making their laws more uniform.

There are no reliable national statistics on the number of guardianships -- let alone disputes -- but some attorneys who focus on elder law say that such feuds are on the rise. Bernard A. Krooks, a New York elder lawyer, says he has seen "a tremendous uptick" in caregiver disputes in his practice over the past five years.

Terry Hammond, an El Paso, Texas, guardianship attorney and executive director of the National Guardianship Association, based in State College, Penn., says that he typically handles about 100 guardianship cases a year. About 25% of those are contested, up from about 10% a decade ago. He expects that percentage to rise as the population ages.

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Just last month, New York society doyenne Brooke Astor, 104 years old, became the subject of one such battle when her grandson, Philip Marshall, sought to remove his father, Anthony Marshall, as Mrs. Astor's caregiver. In court papers filed last month, Philip Marshall has accused his father of ignoring Mrs. Astor's health and personal needs and requested that a friend of Mrs. Astor's be appointed as a guardian. Anthony Marshall strenuously denies the allegations, according to Kenneth E. Warner, one of his lawyers.

Senior custody battles are being propelled by a number of demographic shifts. As the population ages and more people live longer, more seniors are likely to eventually lose their mental or physical capacity, leaving decisions over their finances and personal care to others. What's more, families have grown increasingly fractured, with divorce and second marriages leading to tension among children and stepfamilies over the care of aging relatives.

Custody feuds, lawyers say, are often driven by longstanding family rifts, and the control of family assets often plays a role. "It's a will contest while the parents are still alive," says Mr. Krooks, the New York attorney.

At the same time, family members are more likely to live far from each other, making it tougher to monitor the condition and care of elderly relatives. Interstate custody battles are particularly complicated because guardianship laws vary markedly by state. Lawyers say there have even been "parent-snatching" cases in which children whisk their parents to states that may have more favorable laws.

In response, many states have recently revised their guardianship laws. Often, the new laws give courts authority to limit guardians' powers and provide more court oversight over guardians' activities. Last year, some 25 adult-guardianship bills were passed in 15 states, after 19 guardianship bills in 14 states passed in 2004, according to the American Bar Association Commission on Law and Aging. New Jersey recently overhauled its guardianship laws for the first time in more than 30 years, now providing, for instance, for judges to appoint "limited" guardians, allowing wards to continue to be involved in some decisions about their own lives.

Meanwhile, the Uniform Law Commissioners, a national group of state-appointed lawyers who draft model laws for states on a variety of issues, are working to create a model law specifically on interstate guardianship feuds. The model law won't be ready for states' consideration until next year.

In the Glasser feud, Ms. Mathews and Mr. Glasser had been disputing who Mrs. Glasser's guardian should be. Ms. Mathews, who lives in San Antonio, Texas, is seeking to become guardian over her mother's personal care. Mr. Glasser isn't seeking guardianship of his mother, but supports the petition of a family friend in New Jersey to be his mother's personal-care guardian. Mrs. Glasser has lived in Highland Park, N.J., for many years.

The long case has involved multiple states. In one episode, a New Jersey court last fall issued an order forbidding the removal of Mrs. Glasser outside the state. Hours later, Ms. Mathews chartered a private jet which carried her mother to Texas from a New York airport. Ms. Mathews, in court filings, has said she was unaware of the court order. Now, the guardianship case is being heard in New Jersey, after a Texas judge agreed to let a New Jersey court consider the matter.

Mrs. Glasser, for her part, says she just wants "my life and my house to be put together again" and to "get back to my way of life again."

For some advocates for the elderly, the lesson to be learned from such custody fights is that it's important to plan carefully for the future. Being under guardianship can be very restrictive -- in some cases not only limiting the person's right to make financial or health-care decisions but also potentially keeping him or her from voting, marrying or entering contracts. In many cases, "you are reduced to the legal status of an infant," says Sally Hurme, a lawyer with AARP Financial Security, a unit of AARP in Washington.

Often, guardianship proceedings take place because no one has been designated ahead of time to handle an incapacitated adult's finances or health-care decisions, so a court must name someone to take on that responsibility. Guardianship proceedings can also happen if someone accuses a caregiver of neglect or financial impropriety and petitions the court to name a protective guardian.

If family members are feuding fiercely, a court might name a third party, such as a lawyer, a social worker or a specially trained professional guardian, to step in. Professional guardian fees must be approved by the court, but are generally about $45 to $100 an hour, which is typically paid out of the incapacitated person's estate, says Mr. Hammond.

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Because guardianship can be so restrictive, elder-law attorneys say that petitioning a court for guardianship should be a last resort. The good news: There are a number of steps families can take ahead of time to avert conflicts or guardianship proceedings. For starters, advisers say adults in good health should create both a power-of-attorney document for finances and an advance directive for health care. Mr. Hammond says that the cost of creating simple advanced-planning documents typically ranges from a few hundred dollars to a couple thousand dollars.

A financial power-of-attorney document authorizes an agent -- typically a spouse, another family member, or a trusted adviser -- to make financial decisions if you become unable to make them yourself. It's important to designate someone trustworthy, since your agent has wide latitude over your finances. Because a power-of-attorney arrangement is a private contract between you and your agent, there is no court supervision. "Access to someone else's money is very tempting," says Ms. Hurme of AARP.

Currently, few people plan ahead. A 2003 AARP study of 1,500 adults age 45 and older found that only 27% had created a financial power-of-attorney document, while 39% had a durable power-of-attorney for health-care decisions.

One simple step to take while you're in good health is to sit down and talk with your agents or trustees, as well as other family members and heirs. To prevent bigger battles later, "the main thing that you can do is talk, talk, talk," says Erica Wood, assistant director of the American Bar Association Commission on Law and Aging.

Fight Over A Child's Care Ends In Compromise (WP)

By Jerry Markon

The Washington Post, August 17, 2006

The family of a Virginia teenager who has refused conventional medical treatment for cancer reached a settlement yesterday with state officials, agreeing that he will be seen by a new oncologist while continuing his alternative therapy.

The compromise means that Starchild Abraham Cherrix, 16, will not have to undergo chemotherapy against his will, as a judge had ordered. Officials in Accomack County on Virginia's Eastern Shore had accused his parents of medical neglect for allowing him to seek alternative treatment from a clinic in Mexico.

The settlement, reached the day the dispute was to go to trial, ended a case that has attracted attention nationally and pitted parental rights against the government's obligation to protect the health of children. With politicians of both major parties weighing in, the battle began to take on overtones of the controversy surrounding Terri Schiavo, the brain-damaged Florida woman whose medical care led to multiple court decisions and high-profile political involvement.

Under state and federal court decisions, parents are usually allowed to make medical decisions for their children, legal and medical experts said. But some states, including Virginia, allow judges to override parental decisions if they believe a child's health is endangered -- as initially happened to Cherrix.

It is uncommon for such disputes about treatment to go to court, experts said. When they do, they often involve matters of religious principle, such as when Jehovah's Witnesses refuse to allow children to have blood transfusions.

In Cherrix's case, the issues were over the best course of treatment and who should make that decision. Under yesterday's settlement, Cherrix will be seen by an oncologist in Mississippi who uses alternative therapies emphasizing nutrition, said John Stepanovich, an attorney for the family. The teenager may eventually be treated with radiation, but he will also continue the therapy from Mexico that triggered the dispute.

"We're glad it's over," his father, Jay Cherrix, said yesterday. "This shows that if you stand up and fight, government has to respond. If you love your children, you have to have a say in their welfare."

Officials from the Accomack County Department of Social Services, which brought the charges of medical neglect but agreed to yesterday's settlement, did not return telephone calls.

Virginia Attorney General Robert F. McDonnell (R), who filed legal briefs on behalf of Cherrix's parents and championed their cause, hailed the agreement. "Parental responsibility for the care, control and custody of children has long been viewed as a fundamental constitutional right, and is a foundational belief of all Virginians," McDonnell said. "This is the kind of difficult personal decision that the state must allow parents to make, absent a clear case of neglect."

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Cherrix's medical journey began when he was diagnosed with Hodgkin's disease last August after a mass was found on his neck. A pediatric oncologist at Children's Hospital of the King's Daughters in Norfolk recommended chemotherapy for the teenager and then, if needed, radiation. A hospital spokeswoman declined to comment yesterday.

The family lives in Chincoteague, a resort-like community known for holding a wild pony swim each year. Jay Cherrix runs a canoe and kayak rental business and home-schools his five children. He has a history of anti-government activism: Several years ago, he led residents in opposition to what they thought was a plan to bring commercial development to Assateague Island, the federally protected 37-mile beach near his shop.

An initial round of chemotherapy ravaged Abraham Cherrix, he and his parents have said, reducing his 6-foot frame to 122 pounds and causing his hair to fall out. After the therapy shrank his tumors but did not eliminate all signs of the disease, an oncologist at the Norfolk hospital recommended radiation and more chemotherapy.

Instead, Cherrix began an alternative treatment he had researched in Mexico consisting of herbal supplements and an organic diet free of processed sugar. The treatment was initiated by Harry Hoxsey, a former Texas cancer clinic operator who was accused by the Food and Drug Administration of peddling worthless medicine -- and who later died of cancer.

Abraham Cherrix's oncologist reported the family to social services, and a juvenile court judge agreed that his parents were neglecting him. The judge ordered the parents to bring Cherrix to the Norfolk hospital last month and to consent to whatever treatment the hospital deemed necessary. A circuit judge reversed that order and set the trial that was to start yesterday.

The settlement was entered in Accomack County Circuit Court as a consent decree, Stepanovich said. Cherrix's new doctor will send follow-up reports, and Circuit Court Judge Glen Tyler will monitor the teenager's progress.

First Lady Campaigns In Three States (ABJ)

By Dan Sewell

Akron Beacon Journal, August 17, 2006

DAYTON, Ohio - First lady Laura Bush helped raise money for Republican candidates in three states Wednesday in crucial midterm elections.

She campaigned in Ohio, Kentucky and West Virginia, headlining a fundraising luncheon for U.S. Sen. Mike DeWine in suburban Kettering. President Bush has been at two Ohio fundraisers this year for DeWine, being challenged by Democratic U.S. Rep. Sherrod Brown.

In the fall election, Democrats are trying to gain 15 seats to win back control of the House.

Mrs. Bush raised money in Lexington, Ky., for Rep. Geoff Davis, being opposed by Democratic former Rep. Ken Lucas, and Fairmont, W.Va., for congressional candidate Chris Wakim, facing Democratic incumbent Rep. Alan Mollohan.

DeWine's campaign expected about 200 people at his $1,000-a-plate fundraiser.

Mrs. Bush, honorary chair of the Preserve America campaign, toured the museum and interpretive center in Dayton's Wright-Dunbar Village. In the late 19th and early 20th century, the area was home to black poet Paul Laurence Dunbar and aviation pioneers Wilbur and Orville Wright.

The community this year received a $70,000 federal grant through Preserve America.

"This area is really a wonderful example for the rest of the country for the way to use your historic assets and literary assets to try to revitalize neighborhoods," Mrs. Bush said.

The first lady also appeared with U.S. Rep. Mike Turner, whose campaign for a third term took an unusual turn this week when his Democratic opponent, Stephanie Studebaker, said she was withdrawing from the race after her arrest on a domestic violence charge. A special primary election will be scheduled.

Turner said he wasn't fretting about who his new opponent will be.

"My campaign is going to be about my record, and that won't change regardless of who is on the other side," Turner said.

A Test Of Republican Resiliency (WSJ)

By Sarah Lueck

The Wall Street Journal, August 17, 2006

DOJ_NMG_0049411

FRANKLIN, Pa. -- Democratic Senate candidate Robert Casey Jr. strides to the lectern beneath an unlit bingo board at a veterans' hall and gets a standing ovation in this Republican-leaning town. The veterans applaud him six more times as he rails against President Bush and Sen. Rick Santorum, the two-term Republican he is trying to unseat this fall.

Among the supporters in the audience were at least a few Republican defectors. "I'm fed up with what's going on," says Donald Kleck, a Korean War veteran. He says he backed Mr. Santorum before, but frustration with Iraq and the economy has led him to consider switching his longtime Republican registration to Democratic.

Another Casey supporter, Pamela Clerici, says she did switch her party registration after voting "straight-ticket" Republican for years. For her, the issue was corruption. She tells bystanders about Mr. Casey's work as state auditor on a county compensation scandal, despite pressure from local leaders to back off. She worked as a county auditor who helped to blow the whistle on the affair. "I owe him," Ms. Clerici says.

The Pennsylvania Senate race is a barometer for a crucial question this election year: Will widespread public anger -- about Mr. Bush and issues ranging from war to scandal -- lead voters to toss out large numbers of Republican incumbents and end Republican control of Congress? Or can Republicans do enough to distance themselves from their party's leader and his track record to hang on?

This campaign suggests it could go either way. Polls have consistently shown Mr. Casey, now state treasurer, with a strong lead throughout the year. But two recent surveys have shown Mr. Santorum closing the gap. A Quinnipiac University poll released Tuesday shows Mr. Casey leading 47% to 40% in a two-way race, down from a 52% to 34% lead in June. In a three-way race, including a Green Party candidate who has received funds from Mr. Santorum's supporters, Mr. Casey leads 48% to 42%.

Mr. Santorum's gains came after an advertising and campaigning blitz that played down his ties to the White House and the congressional Republican leadership. When President Bush arrived in Lancaster, Pa., yesterday to campaign for the Republican gubernatorial candidate, Mr. Santorum was 130 miles away campaigning at an agricultural event.

Mr. Santorum's campaign spokeswoman said it wasn't a snub, "just a time conflict." But Mr. Santorum hasn't been going out of his way to link himself to the president.

During a recent campaign swing, the senator rarely mentioned Mr. Bush, and when he did, it was generally to point out where they differed -- even if the differences were modest. He criticized the Bush phrase "war on terror" as like calling World War II a "war on blitzkrieg" -- declaring war on a tactic, not an enemy. The senator advocates what he says is a tougher line, declaring war on Islamic fundamentalism.

Mr. Santorum also spoke of his support for a tougher stance on Iran and legislation punishing countries that help it with its nuclear program -- a bill the State Department opposed. "I disagree with the president on how we should conduct the war on terror," Mr. Santorum said. When Mr. Santorum talked about immigration, he said he had voted against a bill that both Mr. Casey and Mr. Bush favored.

In a year of anti-incumbency, Mr. Santorum tries to turn his Washington power -- he rose quickly in his second Senate term to become the third-ranking Republican in the chamber -- into a strength. At a recent visit to a fire station in Kittanning, about 40 miles northeast of Pittsburgh in Armstrong County, Mr. Santorum highlighted the "more than $1 million" in federal grants he helped get for the county. "Pennsylvania has done better than any other state," in terms of both number and amount of grants for its fire departments, Mr. Santorum said. "Sen. Specter and I worked hard," he added, referring to Arlen Specter, the other, more moderate Republican senator from Pennsylvania.

Inevitably, national issues creep into the campaign -- particularly national security -- and Mr. Santorum, like many Republicans, tries to frame Iraq largely in the context of a broader struggle. He criticizes Mr. Casey for being soft on illegal immigration and the Iraq war -- two issues he ties together in a stump speech. Mr. Santorum criticized Mr. Casey and other Democrats for not understanding the threat of "Islamic fascism," before 60 enthusiastic supporters at the fire station.

Mr. Casey tries to use Iraq as an example of Mr. Santorum working in lock step with the White House. He says Mr. Santorum failed to "ask tough questions" about body armor for troops and whether there was enough support from allied countries. But Mr. Casey also takes care not to go too far to the left on Iraq, mindful of appearing too liberal for Pennsylvania's voters. Mr. Casey doesn't support immediate withdrawal of troops from Iraq or the setting of a timetable for such a move.

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The Democrat tries to stake out a similar place on the spectrum on social issues. In prior campaigns, Mr. Santorum's reputation as a social conservative -- he's a staunch Catholic who tries to take his family to church every day and whose wife home-schools their children -- helped him win support from conservative Democrats and independents.

But this time, Mr. Casey is aided by the reputation of his late father, Robert P. Casey, the popular former governor of Pennsylvania, who opposed abortion rights, a position that put him at odds with his party's national leaders. The younger Mr. Casey's opposition to abortion rights and support of gun rights helps neutralize what would otherwise be appealing issues for Mr. Santorum.

Mr. Santorum dubbed his campaign trip through Pennsylvania in a recreational vehicle the "Keep Up the Fight" tour, and he gamely did so, despite a series of symbolic setbacks. He smiled even as his canoe in Clear Creek State Park, with four children as passengers, got lodged on some rocks and had to be pulled in by a campaign aide. A flat tire on the RV also didn't seem to faze him. He left the RV by the side of the road, and its passengers piled into other vehicles in his motorcade. "I think it's going to be very close," Mr. Santorum told supporters at a picnic before the canoe trip. "It's going to be the people who want it the most" that win, he said.

Allen Meets With Indian PAC Over Remark (AP)

By Matthew Barakat

AP, August 17, 2006

ARLINGTON, Va. - Sen. George Allen met Wednesday with Indian-American political leaders concerned that he referred to a rival's campaign staffer as "Macaca" and told the Virginia native of Indian descent, "Welcome to America."

Members of the US Indian Political Action Committee said they have received hundreds of e-mails about the comments Allen made Friday at a speech that S.R. Sidarth was videotaping for his Democratic challenger, Jim Webb.

"Obviously this is something that has us very, very concerned," said Sonjay Puri, a northern Virginia businessman and founder and director of the PAC, which claims 30,000 members. "The remarks are very insensitive."

Sidarth and others consider the remark offensive. Macaca is a genus of monkeys including macaques, but Allen has said he just made up a word that sounds similar to "Mohawk," a nickname Allen staffers gave Sidarth because of his partially cropped hair.

"This fellow over here with the yellow shirt - Macaca or whatever his name is - he's with my opponent," Allen said during a GOP rally at Breaks, Va., near the Kentucky border. "He's following us around everywhere."

After mentioning that Webb was in California on a fundraising trip, Allen exhorted the crowd: "Let's give a welcome to Macaca here. Welcome to America and the real world of Virginia."

Allen has said he apologizes to Sidarth if he took any offense, but the 20-year-old college student has said he thinks Allen's remarks were an attempt to highlight Sidarth's race in what he says was an all-white crowd.

Puri said before the meeting that the context of Allen's remarks are intended to offend.

"If you read his comments in their totality, it becomes very clear now matter how you explain the phrasing it is insensitive to a young kid who is of Indian American descent," Puri said.

Puri, who described himself as nonpartisan, said the PAC has had good relations with Allen and he has been receptive to the group's political interests on issues including the economy and immigration. But he added that said Allen faces a "lot of bridges to be mended."

Allen's campaign declined to comment on the meeting, deferring to Puri and other organizers.

Webb, for his part, said he hadn't spent much time looking into the incident because he had been busy preparing to outline his foreign policy agenda, which he did in a speech Wednesday in Arlington. But reporters were more interested in getting his reaction to Allen's remarks.

Webb said Allen was wrong to bully a young campaign volunteer, especially since Allen has used the same tactic of videotaping Webb appearances.

And Webb said he was particularly irritated that, during the video clip, Allen insinuates that Webb has never been to towns in far southwest Virginia like Breaks.

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"I've spent a good part of my life going down there not because of politics but because I have family there," Webb said, noting that Sidarth had actually stayed with some of those relatives the night before Allen's speech.

Webb, an early outspoken opponent of the Iraq war, called for getting American troops out of Iraq "in the short term" and moving them to friendly Arab nations like Jordan and Kuwait. That way, he said, the U.S. could respond to crises in Iraq but also reassure the Arab world that it has no long-term designs there.

Webb said American misadventures in Iraq have strengthened Iran and Hezbollah militants in Lebanon, as well as China, which he said has been seeking inroads in the Middle East for decades.

"We have to face the fact that China represents our greatest strategic challenge," Webb said.

Indians' Trust In Allen Wanes After Comment (WT)

By Seth Mclaughlin

The Washington Times, August 17, 2006

The leader of an Indian-American political group said yesterday that Sen. George Allen has been supportive of his community's concerns but will have to regain its trust and votes after making a racially insensitive comment.

"This kind of statement puts everything into a wash, so we need to work with him so we can rebuild the relationship," said Sanjay Puri, chairman of the U.S. India Political Action Committee.

Mr. Allen, a Republican, has since apologized to the Indian-American community and to S.R. Sidarth, a staffer for challenger James H. Webb Jr. Mr. Allen called Mr. Sidarth a "macaca" at a rally last week in the southwestern Virginia town of Breaks.

"This fellow here, over here with the yellow shirt, macaca, or whatever his name is, he's with my opponent," Mr. Allen said. "He's following us around everywhere. And it's just great. ... Let's give a welcome to macaca, here. Welcome to America and the real world of Virginia."

Mr. Sidarth, a Virginia native of Indian descent, was recording Mr. Allen's speech for Mr. Webb, a Democrat.

One interpretation of macaca is a species of monkey.

"I never want to embarrass or demean anyone," Mr. Allen said earlier this week. "I apologize if my comments offended this young man."

Mr. Allen also said he was attempting to refer to Mr. Sidarth's haircut, which has prompted Allen staffers to give him the nickname "Mohawk."

Mr. Puri said he has received hundreds of e-mails in which Indian-Americans voiced "anger, hurt" and said they were "upset." There are about 48,000 Indian-Americans in Virginia, according to the 2000 census.

Political analyst Robert Holsworth is not sure whether the comments will hurt Mr. Allen in the Senate race. According to the most recent poll, he leads Mr. Webb by double digits.

"It's not so clear that the election is going to turn on this at all," said Mr. Holsworth, dean of the College of Humanities and Sciences at Virginia Commonwealth University.

He said a big factor is whether Mr. Webb has enough campaign money to take advantage of the political gaffe.

Dave "Mudcat" Saunders, a Democratic strategist from the southwestern part of the state, said Mr. Allen's remarks will hurt him at the polls.

"He is not a Southerner, and for him to tarnish our culture when he is not a part of it is offensive," Mr. Saunders said. "He comes here trying to talk like he is one of us, but this will do a good job to separate him from our culture because our culture is not about racism."

Mr. Webb said after a speech yesterday at the Kiwanis Club of Arlington that he did not know whether he would use the video as part of his campaign.

"The only thing I have to say about that is: [Mr. Allen] knew what he was saying because he said it twice, and it's up to him to clarify it."

Allen Gets Help For Vets' Votes (WP)

By Tim Craig And Michael D. Shear

The Washington Post, August 17, 2006

NORFOLK, Aug. 16 -- Sen. John McCain (R-Ariz.) came to the heart of Virginia's military community Wednesday to boost the fortunes of Sen. George Allen (R), hours after Democratic candidate James Webb issued his harshest critique to date of how Republicans have handled Iraq and the fight against terrorism.

The dueling events highlighted the central themes of Virginia's Senate race -- Iraq, terror and foreign policy -- while focusing on the state's large contingent of veterans, who make up about 10 percent of eligible voters.

McCain's endorsement at a rally in Norfolk was designed to showcase Allen's support for the military and veterans. But the event was partly overshadowed by continuing criticism over comments Allen made last week to a Webb volunteer of Indian descent that many have said were demeaning and insensitive.

Webb commented about the controversy for the first time Wednesday, saying that he thinks Allen "knew what he was saying" when he addressed S.R. Sidarth, a 20-year-old from Fairfax County, as "Macaca" at a GOP rally Friday. The term, which refers to a genus of monkey, is an ethnic slur in some cultures.

Allen has apologized and has said "Macaca" was a play on "Mohawk," a nickname given to Sidarth by the Allen campaign because of his hairstyle. Before traveling to Norfolk, Allen met for more than an hour at the Tysons Corner Ritz-Carlton with a group of Indian American business leaders, who expressed dismay over his statements.

At the rally, Allen focused on McCain's visit.

"We're in the midst of a war. This is not a debate. This is not a political game we are in," Allen said. "We don't need plans for retreat or surrender. "

In his speech to the Arlington Kiwanis Club, Webb accused Allen and President Bush of committing a "double strategic blunder" in Iraq -- diverting attention from the war on terror and tying down the military in what he called a costly occupation.

"I'm very, very concerned about the state of national security posture. It is in total disarray," Webb told an audience of about 40.

Webb said Bush's handling of Iraq has strengthened Iran and China, escalated tensions between Israel and Hezbollah and emboldened North Korea.

"We need to end the occupation of Iraq so we can repair our relationships around the world," said Webb, later adding, "What this government desperately needs is people of reason and intellect."

Webb, a former Marine who served as secretary of the Navy during the Reagan administration, stopped short of calling for an immediate U.S. pullout from Iraq. But he said the United States should shift troops from Iraq to other Arab countries to signal that they are not an occupying force. In an attempt to isolate Iran, Webb called for direct talks with Syria.

Webb also accused Bush of "slash-and-burn rhetoric" for repeatedly contending that war critics want to "cut and run."

In response to a question from the audience, Webb said he is frustrated that leaders of his own party have not come out more strongly against the war.

Dick Wadhams, Allen's campaign manager, said Webb is "advocating a policy of surrender."

Six years ago, McCain, Allen and Webb were on the same side. McCain and Webb, both decorated Vietnam veterans, are longtime friends, and Webb endorsed Allen in his Senate race.

At the event Wednesday at the Norfolk Marriott, McCain told about 100 veterans that Allen "works hard. He believes in what he does. He's dedicated." He praised Allen's "leadership, his vision and his courage."

From the moment Democrats nominated Webb, who was among the earliest critics of the war in Iraq, the Senate race was destined to focus on the military.

Demographics also demanded it. Virginia is home to the Pentagon and one of the world's largest military bases, in Hampton Roads. Its 750,000 veterans are among the largest concentration of former military officers and enlisted personnel in the country.

Allen has long courted those voters and this year formed Veterans for Allen, led by Paul Galanti, a Vietnam veteran who was part of the Swift Boat Veterans for Truth campaign that criticized Sen. John Kerry (D-Mass.) in 2004.

Webb has also sought to appeal to veterans, in part by enlisting the support of such military friends as retired Gen. Wesley K. Clark, the former NATO commander and Democratic presidential candidate.

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"John McCain, George Allen and all the rest of the Republicans have let down the veterans in this country," Clark said Wednesday.

Democrats' Stock Is Rising On K Street (WP)

By Jeffrey H. Birnbaum

The Washington Post, August 17, 2006

Washington lobbying firms, trade associations and corporate offices are moving to hire more well-connected Democrats in response to rising prospects that the opposition party will wrest control of at least one chamber of Congress from Republicans in the November elections.

In what lobbyists are calling a harbinger of possible upheaval on Capitol Hill, many who make a living influencing government have gone from mostly shunning Democrats to aggressively recruiting them as lobbyists over the past six months or so.

"We've seen a noticeable shift," said Beth Solomon, director of the Washington office of Christian & Timbers, an executive search firm that helps to place senior lobbyists and trade association heads.

In June, one of Washington's largest lobbying law firms, DLA Piper Rudnick Gray Cary LLP, transferred the chairmanship of its government affairs practice from a Republican, Thomas F. O'Neil III, to a prominent Democrat, James J. Blanchard, a former governor and congressman from Michigan.

"Being a Democrat didn't hurt me, that's for sure," Blanchard said. "This is going to be a big Democratic year."

At Patton Boggs LLP, another lobbying powerhouse, the calculation is similar. "Democrats' stock has clearly risen in the interviewing process this year as the chances for a Democratic takeover [of the House] have increased," said John F. Jonas, the head of Patton Boggs's health practice. "Serious hiring" of Democrats, he added, has become "a high priority here at Patton Boggs."

"Earlier this year, the propensity was to look mostly at Republicans" as candidates for lobbying jobs, said W. Michael House, director of the legislative group at the law firm Hogan & Hartson. "Now, we're looking at both Republicans and Democrats closely."

Lobbying managers have for years tended to hire Republicans because both Congress and the White House are controlled by the GOP, and access to officials at both places is lobbying's stock in trade. But, in recent months, many of Washington's top lobbyists said in interviews that their decision-making has been altered by an emerging consensus among election experts that the Democrats will boost their numbers in the House and the Senate in the midterm elections Nov. 7 and have a strong shot of winning a majority in the House.

As a result, the job market for Democrats has expanded, and the K Street Project -- shorthand for efforts by Republican lawmakers and lobbyists to pressure corporations and trade groups to hire GOP lobbyists only -- has faded away.

For example, earlier this month, the Biotechnology Industry Organization, or Bio, named Jeffrey A. Joseph, a well-known Democrat, as its vice president of communications. This followed other, high-profile Democratic hires this spring and summer, including Cory Alexander, former chief of staff to Rep. Steny H. Hoyer (D-Md.), who joined housing finance giant Fannie Mae, and Mark Schuermann, former chief of staff to Rep. Harold E. Ford Jr. (D-Tenn.), who went to Public Strategies Inc., a large government relations firm.

In the spring, former Democratic congressman Calvin M. Dooley of California was named to head the major trade association that will result from the merger of the Food Products Association and the Grocery Manufacturers Association. The longtime and soon-to-retire chief executive of the Grocery Manufacturers Association, C. Manly Molpus, is a Republican.

Lobbying firms have also increased their Democratic numbers. Venn Strategies LLC, a bipartisan lobbying firm that specializes in tax legislation, lost a junior Democratic lobbyist earlier this year but replaced her in recent months with two senior Democrats, Jessica Battaglia, a former counsel to Rep. John Lewis (D-Ga.), and Lori A. Neal, previously a legislative assistant to Sen. Blanche Lincoln (D-Ark.). Stephanie E. Silverman, a principal of Venn Strategies, explained the move: "We fully expect that the political outcome this fall will be such that we will have to deal on a more senior level with Democrats."

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Even some all-Republican lobbying firms are starting to hire Democrats this year. The Federalist Group has added three Democrats to its once-all-GOP roster, including former representative Chris John (D-La.). And Tarplin, Downs & Young LLC, an all-Republican, all-female health lobbying company, is actively looking for a Democratic lobbyist. Both firms said the election outlook had nothing to do with their decision to bring in Democrats.

Indeed, most Washington lobbying outfits already employ lobbyists affiliated with both parties. But Democrats are being sought more eagerly in lobbying offices than they have been for years. "A couple of years ago, there was a bias against hiring Democrats for practical reasons," said Peter T. Metzger, vice chairman of Christian & Timbers, the executive search company. "Now there's an openness to both sides of the aisle."

The prospect of partisan change in Congress has also altered the way lawmakers and their aides are thinking about jobs on K Street. Some Democrats who had been looking for work "downtown" have postponed their switch, thinking that they might want to experience being in the majority for a change, according to Eric Vautour, who leads the Washington office of Russell Reynolds Associates Inc., an executive search firm.

In addition, Vautour said, a sizable pool of Republicans -- including two lawmakers seeking reelection whom he declined to identify -- "are willing to talk about becoming a lobbyist or an association head" even before Election Day.

At the same time, some lobbying managers see peril in trying to guess which way voters will turn. "Reading tea leaves can be tough; it's hard to time the political market," said David M. Carmen, president the lobbying firm the Carmen Group Inc. "There will always be time to make adjustments if that needs to happen after the election."

That is one reason some firms are putting off their hiring until after November. "People haven't been rushing to hire lobbyists anyway; it hasn't been the bang-up year," said Gregg L. Hartley, chief operating officer of Cassidy & Associates. "To the extent I can hold off hiring until the first of next year, I will."

In the meantime, Democrats are finding K Street a much more hospitable place. "There are certainly a growing number of groups that are much more open to hiring Democrats than they were six months to a year ago," said Nels B. Olson of Korn/Ferry International, an executive search firm.

Democrats Counter G.O.P. And Lieberman On Iraq (NYT)

By Jennifer Medina

The New York Times, August 17, 2006

NEW HAVEN, Aug. 16 — Democratic leaders supporting Ned Lamont's Senate campaign struck back yesterday at attacks suggesting that their party's support of him portrayed the Democrats as weak on national security.

White House officials, national Republican leaders and Mr. Lamont's opponent, Senator Joseph I. Lieberman, have said that Mr. Lamont's position on the war — calling for a timeline for troop withdrawal in Iraq — would embolden terrorists.

Mr. Lamont's campaign has sought to identify Mr. Lieberman with the Republicans, saying that the senator's criticism of Mr. Lamont shows his alignment with the Bush administration's policy in Iraq.

Asked about the attacks in an appearance in New York City, Senator Hillary Rodham Clinton said she had "deep regret that there's any effort to politicize the war on terror," but she did not actually name Mr. Lieberman or criticize Republicans directly.

"I think every American wants to successfully prosecute this war, to bring to justice those who would attack us and our friends and allies around the world," she said. "I just think we have to be united as a country."

Mr. Lamont held a press conference Wednesday afternoon specifically to counter the attacks from Republicans, calling them "outrageous" and "disrespectful" of Connecticut voters.

"We don't need any sermons on the meaning of 9/11," Mr. Lamont said of remarks by Vice President Dick Cheney, adding that Mr. Lieberman was "becoming more and more the de facto Republican candidate."

Alan Schlesinger, the Republican running for Senate, has received little support from national and state party leaders and polls show him badly trailing both Mr. Lieberman and Mr. Lamont.

While national Democrats lined up behind Mr. Lamont the day after the primary, it was unclear who would actively campaign on his behalf, either through appearances here or through fund-raising.

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Senator John Kerry, Democrat of Massachusetts, sent a fund-raising appeal via e-mail to millions of his supporters, imploring them to send contributions to Mr. Lamont, along with Senator Robert Menendez of New Jersey and Senator Daniel K. Akaka of Hawaii.

"Each of these candidates is making the mess in Iraq a central issue in their campaigns for the Senate," Mr. Kerry wrote.

"In the Senate," he added, "Ned Lamont will go head to head with Don Rumsfeld, and our troops will benefit from Lamont's leadership. He knows that patriotism isn't reserved for those who defend a president's position; patriotism is doing what's right for our troops and our country."

Dan Gerstein, the spokesman for the Lieberman campaign, said that the support from Democrats like Mr. Kerry would have little sway in Connecticut.

"This is no surprise, just partisan politics as usual," Mr. Gerstein said, "We're focused on speaking to voters in Connecticut about the issues that matter most to them and building a broad coalition of Democrats, Independents and Republicans."

The Lamont campaign, he added, was "twisting" Mr. Lieberman's statements.

"It's the height of chutzpah of the Lamont campaign to talk about politicizing the issues of national security," Mr. Gerstein said.

For The GOP, A Heartland Plunge (WP)

By David S. Broder

The Washington Post, August 17, 2006

COLUMBUS, Ohio -- When the Columbus Dispatch's respected poll recently reported that Republican Secretary of State Ken Blackwell was trailing Democratic Rep. Ted Strickland by 20 points in the race for governor of Ohio, there was dismay but no shock among his fellow Republicans. Those I interviewed during a recent visit here said they had seen it coming for a long time.

But it is a political earthquake. Democrats have not been able to win a single statewide office in Ohio for most of the past decade -- and are completely shut out of power in the capitol at this moment. Strickland has never run a statewide campaign and is trying to become the first person since Rutherford B. Hayes to go from Congress to Ohio's governorship. Blackwell has won election in Ohio and led the successful campaign that gave George Bush this state -- and the presidency -- over John Kerry in 2004.

And yet, when the Dispatch poll came out, the best that Blackwell could say was that his own internal surveys showed him trailing by only 11 points -- as if that were a consolation.

What I heard here -- and in subsequent interviews at the National Governors Association convention in Charleston, S.C. -- from one Republican after another signaled serious trouble for the GOP across a broad swath of states from Pennsylvania to Oklahoma in key midterm election contests for House, Senate and governor.

The impression these Republicans had is that support for GOP candidates had nose-dived this summer -- in part because of the chaos conveyed by the daily televised scenes of destruction in Iraq and Lebanon and in part because of the dismal reputation built by the Republican Congress that is home to many of the endangered GOP candidates.

It may be that the cease-fire in the Israel-Lebanon war and the shift of focus to the terrorist plot thwarted last week by the British will change the political environment. But Republicans were deeply worried as August began.

I had dinner one night with a group of Ohio Republicans, all with many years of experience in state politics and none directly engaged in this year's gubernatorial race. One of them said, "I'm afraid this could be another 1982," a year when recession pushed unemployment to 15 percent and cost the Republicans the governorship. Another said, "I'd settle right now for another 1982. I'm afraid it will be another 1974," the year of the Watergate election, when Democrats swept everything in sight.

Ohio may be particularly vulnerable because the economy in parts of the state where the auto industry remains vital has been hurt by layoffs, and because a series of scandals has left retiring Gov. Bob Taft with approval ratings in the teens. But similar concerns are voiced across the Midwest.

A leading Minnesota Republican told me that polls there show "the bottom has dropped out" of Rep. Mark Kennedy's challenge to Hennepin County Attorney Amy Klobuchar, the Democratic candidate for an open Democratic Senate seat.

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Kennedy has company among the corps of Republican congressmen who thought this would be a good year to move up. In Wisconsin, Rep. Mark Green is lagging slightly behind Democratic Gov. Jim Doyle. In Oklahoma, Rep. Ernest J. Istook Jr. is far worse off in his challenge to Democratic Gov. Brad Henry. And in Iowa, Rep. Jim Nussle, the strong early favorite to capture the open governorship from the Democrats, now finds himself in a real battle with Democrat Chet Culver.

For all of them, service in this Congress has turned out to be a handicap rather than a benefit to their chances of advancement. The reason was explained in blunt terms by the Republican governor of one of the states where a congressman of his party is struggling for statewide office. "What has this Congress done that anyone should applaud?" he asked scornfully. "Nothing on immigration, nothing on health care, nothing on energy -- and nothing on the war. They deserve a good kick in the pants, and that's what they're going to get."

That prediction is supported by the AP-Ipsos poll released last week. It showed a 33 percent job approval score for Bush and a 29 percent job approval score for the Republican Congress. On a test of voter preference for the midterm congressional elections, Democrats had a staggering 18-point lead, 55 percent to 37 percent. You can see why Republicans are worried.

Top Vote Counter Becomes Prize Job (USAT)

By Jill Lawrence

USA Today, August 17, 2006

The political battle for control of the federal government has opened up a new front: the obscure but vital state offices that determine who votes and how those votes are counted.

The state post of secretary of State was a backwater until 2000, when Florida's Katherine Harris became a central figure in the presidential recount controversy. Now national Democratic groups and White House prospects, unhappy about Harris' decisions and those of Republican Kenneth Blackwell in Ohio two years ago, are pouring resources into contests for the job.

At least three Democratic political action committees are spotlighting secretary of State candidates, most of them in states where they expect the presidential vote to be close. Colorado, Iowa, Michigan, Minnesota, Nevada and Ohio top their lists.

Secretaries of State control most voting regulations and influence state purchases of voting machines. Looking ahead to 2008, Democrats say they want people they trust in those offices.

“There's a growing concern about whether votes are cast and, if so, whether they're properly counted. We have to restore people's confidence in the system,” says Iowa Gov. Tom Vilsack, a 2008 presidential prospect whose Heartland PAC is helping several secretary of State candidates.

Heartland and the new San Francisco-based Secretary of State (SOS) Project are focused on swing states, where close races pose “the greatest likelihood of abuse and the greatest consequences,” SOS strategist James Rucker says. His project aims to raise several hundred thousand dollars from liberals online for candidates in six states.

The 21st Century Democrats PAC, which raised nearly $7 million for the 2004 election, has endorsed four secretary of State candidates, including a California Democrat and one of two Democrats in a Massachusetts primary. Early last year, the liberal group set a goal of 98% voter participation by 2024 and targeted secretary of State races for the first time since its founding in 1985.

While serving as secretaries of State, Harris and Blackwell were also top officials in George W. Bush's campaigns. Democrats alleged that their rulings on matters from recounts to the weight of registration forms thwarted voters and helped put Bush in the White House.

Harris and Blackwell say they were following state laws and regulations and did not suppress votes.

Vilsack and other Democrats say their goal is to increase voter participation, not gain an advantage. But some acknowledge that when it's easier to vote, more minorities and low-income people turn out — and often vote Democratic. “The cause of opening up elections has partisan consequences,” Rucker says.

At least four Democrats with presidential aspirations — Vilsack, Indiana Sen. Evan Bayh, Massachusetts Sen. John Kerry and former Virginia governor Mark Warner — have donated to secretary of State candidates. Among Republicans, Arizona Sen. John McCain has helped candidates in Michigan, South Carolina and New Mexico; national party chairman Ken Mehlman also helped out in New Mexico.

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Overall, however, the GOP is not highlighting these contests. "Our strategic imperative of 2006 is to maintain control of the (U.S.) House and Senate," national party spokeswoman Tracey Schmitt says. "We've got a massive turnout operation designed to help Republicans up and down the ballot."

Eye On Election, Democrats Run As Wal-Mart Foe (NYT)

By Adam Nagourney And Michael Barbaro

The New York Times, August 17, 2006

DES MOINES, Aug. 16 — Senator Joseph R. Biden Jr. of Delaware, a likely Democratic presidential candidate in 2008, delivered a 15-minute, blistering attack to warm applause from Democrats and union organizers here on Wednesday. But Mr. Biden's main target was not Republicans in Washington, or even his prospective presidential rivals.

It was Wal-Mart, the nation's largest private employer.

Among Democrats, Mr. Biden is not alone. Across Iowa this week and across much of the country this month, Democratic leaders have found a new rallying cry that many of them say could prove powerful in the midterm elections and into 2008: denouncing Wal-Mart for what they say are substandard wages and health care benefits.

Six Democratic presidential contenders have appeared at rallies like the one Mr. Biden headlined, along with some Democratic candidates for Congress in some of the toughest-fought races in the country.

"My problem with Wal-Mart is that I don't see any indication that they care about the fate of middle-class people," Mr. Biden said, standing on the sweltering rooftop of the State Historical Society building here. "They talk about paying them $10 an hour. That's true. How can you live a middle-class life on that?"

The focus on Wal-Mart is part of a broader strategy of addressing what Democrats say is general economic anxiety and a growing sense that economic gains of recent years have not benefited the middle class or the working poor.

Their alliance with the anti-Wal-Mart campaign dovetails with their emphasis in Washington on raising the minimum wage and doing more to make health insurance affordable. It also suggests they will go into the midterm Congressional elections this fall and the 2008 presidential race striking a populist tone.

Some Democrats expressed concern about the direction the party was heading, saying it could turn back efforts by such party leaders as former President Bill Clinton to erase the image of the party as anti-business and scare off corporations that might be inclined to make contributions.

Still, what is striking about this campaign is the ideological breadth of the Democrats who have joined in, including some who in the past have warned the party against appearing hostile to business interests.

Senator Hillary Rodham Clinton of New York, who was a member of Wal-Mart's board when she lived in Arkansas, the corporation's home state, returned a $5,000 campaign contribution from the company last year. Mrs. Clinton said she did so to protest Wal-Mart's health care benefits, and she has continued to distance herself from the policies of a company she was close to when she was the first lady of Arkansas.

Scheduling conflicts prevented Mrs. Clinton from attending any of the rallies being organized, her aides said. But she supported many of the campaign's goals, they added.

"It's not anti-business," said Senator Evan Bayh of Indiana, a former head of the moderate Democratic Leadership Council, appearing at an anti-Wal-Mart rally on Tuesday. "Wal-Mart has become emblematic of the anxiety around the country, and the middle-class squeeze."

"All you need to know is Joe Lieberman and Ned Lamont have appeared at these events," Mr. Bayh said, speaking of the Connecticut senator and the man who defeated him in the Democratic primary on Aug. 8. "That's pretty good evidence that Democrats across the country are rallying around this issue."

Yet there are clear risks for Democrats, not least in alienating Wal-Mart employees and customers.

Wal-Mart has begun a counterattack. In interviews on Wednesday, company executives warned that they would alert their 1.3 million American employees to the anti-Wal-Mart campaign. They also pointed to a poll the company financed that reported that Americans were generally supportive of the company.

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"There is far more evidence to show that this short-sighted political strategy will backfire than that it will actually work," said Mona Williams, a spokeswoman for Wal-Mart Stores. "We believe our associates vote, and it is our responsibility to let them know when a politician speaks out for or against our company."

In a letter to its workers in Iowa, Wal-Mart warned of the political events, including appearances by Mr. Bayh, Mr. Biden and Gov. Bill Richardson of New Mexico.

Wal-Mart "would never suggest to you how to vote," the letter said, "but we have an obligation to tell you when politicians are saying something about your company that isn't true. After all, you are Wal-Mart."

Some Republicans said Democrats were trying to appease liberal bloggers, union leaders and an Democratic left wing invigorated by Mr. Lieberman's defeat in the primary.

But Democrats say they are sure they have a message that will resonate. John Edwards, the former North Carolina senator and Democratic vice-presidential nominee in 2004, appeared at an anti-Wal-Mart rally in Pittsburgh two weeks ago. Mr. Edwards said in an interview that his party was not vulnerable to a backlash for this criticism so long as Democrats made clear that their main goal was improving policies for the poor and the middle class.

"Wal-Mart as an example of the problems that exist in America today is a powerful political issue," he said in an interview on Wednesday. "I think our party pretty much across the board agrees that people who work hard should be able to support their families. When a company like Wal-Mart fails to meet its corporate responsibility, it make it impossible for that to occur."

Democrats say Wal-Mart is a potent symbol of corporate excess. The company earned $11 billion in profit last year, but fewer than half of its employees in the United States are covered by its health care plan, and the average worker earns less than $20,000 a year.

Wal-Mart counters that its average wage is more than $10 an hour, and that more than 150,000 Americans who had no health insurance now have it through the company. It also says it has saved consumers billions of dollars by squeezing costs.

The challenges to Wal-Mart are hardly new: it has been the target of political attacks as far back as when Patrick J. Buchanan ran for the Republican presidential nomination in 1996, and said Wal-Mart was guilty of "gigantism" for crushing smaller businesses.

The criticism has become more intense as Wal-Mart has grown into an increasingly major influence on the American economy and culture. For example, there is an ongoing cross-country bus tour, now in Iowa, organized by Wake Up Wal-Mart, a union-financed group highly critical of the retailer. The campaign includes news conferences with elected leaders in 19 states, may be the most ambitious tactic to date.

Wake Up Wal-Mart's communications director, Chris Kofinis, said a large cast of Democratic candidates was joining the rallies. They include candidates in Senate races in Ohio and Maryland, and the governor's race in Maryland, where Wal-Mart's practices have been the subject of a legislative battle. "Who can disagree with the proposition that corporations should provide affordable health care, pay decent wages, protect American jobs and help provide a safe and just workplace?" Mr. Kofinis said.

Ms. Williams, the Wal-Mart spokeswoman, said the rallies would not resonate with voters. Democrats, she said, were "attending a union-sponsored protest with small crowds of faithful union activists, and there is not a swing vote in sight.''

"They are preaching to the choir," Ms. Williams said.

For years, labor activists have characterized Wal-Mart as beholden to Republicans. In the last election cycle, they note, the company gave 80 percent of its contributions to Republicans. Many of its stores are in Republican-dominated territory in the rural South.

But as Wal-Mart has grown in size and power, it has tried to establish ties to the Democratic party. Its chief executive, H. Lee Scott Jr., has grown close to Mr. Clinton, who personally thanked him for Wal-Mart's relief work after Hurricane Katrina and played host to Mr. Scott at his home in New York last month. In addition, Mr. Scott recently played host to the former Democratic presidential nominee Al Gore, to talk about the environment, and he appeared on the New York radio show of the Democratic activist Al Sharpton.

Even the Democrats who have been at the forefront of the recent attacks have not always had difficult relations with the corporation. Mr. Bayh, for example, took a total of $10,000 in contributions from Wal-Mart in the 2002 and 2004 campaigns.

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"It's clear that the contributions did not have any influence on how he has approached this issue," said Dan Pfieffer, a spokesman for Mr. Bayh.

Hispanics Scold Democrats For Ad Mixing Illegals, Terrorists (WT)

By Charles Hurt

The Washington Times, August 17, 2006

The Democratic Senatorial Campaign Committee (DSCC) yesterday pulled an ad from its Web site after Hispanic groups accused Democrats of unfairly equating illegal aliens to terrorists.

"To liken Latino immigrants to bazooka-toting terrorists not only undermines the positive relationship our party has with this community, but it also lowers us to a despicable level as breeders of unfounded fear and hatred," Houston City Council member Carol Alvarado, a Democrat, said in a letter to Sen. Charles E. Schumer, the New York Democrat who heads the DSCC.

The 35-second ad, released on its Web site earlier this week, criticizes the Bush administration as leaving America unsecured by showing illegal aliens scaling a border fence. That scene is mixed with images of Osama bin Laden and North Korean President Kim Jong-il.

While the DSCC did not publicly apologize for the ad, it had been removed from the site by last night and replaced with another. All links to the ad that had worked throughout the day also went dead.

The ad is part of a Democratic effort to bolster support on security issues, on which they have long been perceived as weak and Republicans have been perceived as strong.

"Security Under Bush and GOP?" flashes on the screen at the start, followed by scenes of terrorists, bin Laden, Iranian President Mahmoud Ahmadinejad and footage from recent terrorist attacks. With disconcerting music in the background, the words "4 times as many terrorist attacks in 2005" appears on screen.

As the music continues, the ad goes directly into footage of a person climbing over a border fence as the words "millions more illegal immigrants" appear on the screen. In the next scene, Mr. Kim appears with a passing tank. "North Korea has quadrupled its nuclear arsenal" flashes across the screen.

Pedro Celis, chairman of the Republican National Hispanic Assembly, said: "Equating these undocumented migrants to the very real threats of terrorism is inexcusable and only serves to fan the flames of anti-immigrant sentiment in our country."

The last frames of the ad contain the words, "Feel safer? Vote for change."

"This is the same kind of fear mongering we condemn in the extreme media, and now we are seeing it at the DSCC," said Lisa Navarrete, spokeswoman for the National Council of La Raza. "It's appalling."

Gerry Birnberg, chairman of the Harris County, Texas, Democratic Party, also wrote Mr. Schumer to denounce the ad, according to the Houston Chronicle. He called for an end to donations to the DSCC.

"Give money to the candidates, but not the [committee] because they're just wasting it," he said.

DSCC spokesman Phil Singer told the Associated Press in an e-mailed statement that the Republican National Hispanic Assembly was "trying to gloss over the White House's abysmal record on security."

"This group's time would be better spent pressuring reluctant Republicans to support comprehensive immigration reform," he said.

Chafee Vs. Laffey (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, August 17, 2006

PROVIDENCE, R.I. -- If Lincoln Chafee has one thing going for him in his upcoming primary, it's fear -- and don't think this perennial thorn in the GOP's side doesn't know it. In a recent debate against his more conservative primary challenger, he made the choice clear to voters: "Who can win in November?"

Rhode Island's few Republicans have been thinking of little else ever since Steve Laffey, the pork-busting mayor of Cranston, challenged the Senate's most liberal Republican to a showdown. The duel has forced upon them one of the more noteworthy choices in this year's election. Do they renominate Mr. Chafee, whose irritating voting record may make him more

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electable in this state that went 59% for John Kerry? Or do they vote their conscience for the upstart, and potentially lose a Senate seat -- and even the majority?

Northeast "moderates" such as Mr. Chafee might comprise a dwindling bloc in the GOP, but in recent years they've been acting like they own the party. The Rhode Islander set the standard, using his crucial vote to help stymie an extension of the Bush tax cuts, death-tax repeal and budget reform -- not to mention protest a partial-birth abortion ban and Supreme Court Justice Sam Alito. When this crew isn't blocking, it's pushing left, as evidenced by the recent House capitulation on a higher minimum wage.

Northeasterners explain that this is the price of re-election, and by extension the GOP's hold on Congress. But has it backfired? Despite a steady march to the left, Mr. Chafee and a dozen Northeast House members are on the brink of being routed this November. High gas prices, rising interest rates, concern over Iraq, these play some part. Yet there's something else going on, in particular in those highly gerrymandered Northeast districts that have often delivered Republican incumbents upward of 60% of the vote. GOP voters, frustrated by Washington earmarking, scandal and obstructionism, may have decided their particular breed of Republicans just aren't worth the trouble.

That's the mood up here in Rhode Island, where I heard the phrase "We might as well have a Democrat" so many times I quit writing it down. Mr. Laffey is seeking to capitalize on this frustration with a populist agenda that delicately walks between the Democratic contender, former state Attorney General Sheldon Whitehouse, and Mr. Chafee. On tax and spending issues, the former investment banker tracks Milton Friedman, wild about marginal rate cuts, an extension of the dividend and capital gains cuts, and torpedoing a few Alaskan bridges to nowhere. He backs the president in Iraq, supports free trade and is passionate about school choice.

On everything else, the blunt Mr. Laffey tracks Bill O'Reilly, bashing "too powerful" drug companies and oil firms, and demanding an enforcement-only immigration bill. In a nod to his state's Mother Earth quality, he opposes drilling in ANWR and enthuses about solar panels. His campaign drips with class-war rhetoric, which the newbie is hoping will fire up the lingering resentments of blue-collar Italian and Irish Democrats against their state's patrician families (i.e., the Chafees). "This race is between a hard-knock guy who pulled himself up by his bootstraps and someone who's had everything handed to him," he tells me.

Populist streak notwithstanding, the free-market Club for Growth has come out swinging for Mr. Laffey, pouring more into this race than any other. Activists have sniffed out voter discontent and are hoping to use this primary to send a message to other Northeast senators -- Maine's Olympia Snowe and Susan Collins -- that there is a price for defection. It's a high-stakes gamble; should Mr. Chafee win, the message will instead be that the party will ride to the rescue, no matter what the record.

As it's doing at the moment, with a fervor. If this fall goes as badly as the GOP establishment fears, Rhode Island could be the race that decides whether Harry Reid gets to reprint his business cards. No one is in the mood for a throw-down with their troublesome Northeasterners. Bill Frist led a list of Senate heavyweights holding Chafee fundraisers and the National Republican Senatorial Committee is meanwhile dumping money into Laffey attack ads. It even filed a complaint about the Cranston mayor to the Federal Election Commission. Joe Lieberman should have been so lucky.

Mr. Chafee's saving grace may, poetically, be the Democrats. The senator has also clearly sensed the mood, and hired the campaign team that helped Pennsylvania Senator Arlen Specter fend off a conservative challenge from Pat Toomey in 2004. More telling was his wife, who in April got caught sending an email to Democrats encouraging them to "disaffiliate" from their own party so that they could vote in the Republican primary for "Linc." By some counts, more than 12,000 have, which could prove decisive in a primary with about 70,000 registered Republicans and low turnouts.

Democrats are watching this with glee, though hardly sitting back. The executive director of the Democratic Senatorial Campaign Committee, J.B. Poersch, is a Rhode Island native who worked for Sen. Jack Reed for 14 years and has made his home-state race a top priority. Mr. Whitehouse is no dynamo, but sports the liberal bona fides that many Rhode Islanders reflexively trust. He's nearly even with Mr. Chafee in the polls, and can't even see Mr. Laffey for the dust.

Yet it says something about GOP frustration that even these long odds haven't fazed many. Laffey supporters are betting that if he wins the primary, the GOP establishment will offer its support. They note that Rhode Islanders are willing to elect more conservative Republicans to statewide office, evidenced by the party's long hold on the governorship. Mostly, they turn to Mr.

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Laffey's near-miraculous wins in Cranston, where only 14% of voters are Republican. He won by 52% in 2002, and after turning around the near-bankrupt city's finances (which, it should be said, he did by raising taxes) -- won with nearly 65% in 2004. He says Republican membership in the city is up 30% since he took over.

It's still a long shot, although at least some Republican strategists are nonplussed. They've long argued the party should write off the Northeast, and focus on consolidating its gains in the South and Midwest. If voters are as angry as seems, it may have no choice.

Ms. Strassel is a member of the Journal's editorial board.

Kerry Backing Anti-war Candidates (AP-Y)

By Andrew Miga

AP, August 17, 2006

Sen. John Kerry is revving up his online political machine to raise campaign cash for Democratic Senate nominee Ned Lamont.

Kerry tapped his 3 million-person e-mail list on Wednesday to deliver a fundraising appeal for Lamont, the anti-Iraq war political newcomer who beat three-term Sen. Joe Lieberman last week in Connecticut's hard-fought Democratic primary contest.

"Ned Lamont has caused a national stir by successfully challenging the Bush position on Iraq that ignores the utter failure of the President's policy," Kerry's message said.

The Kerry e-mail also touted two Democratic Senate incumbents facing tough fights this fall, Robert Menendez of New Jersey and Daniel Akaka of Hawaii. Both oppose the war.

"Ned, Dan and Bob have been attacked mercilessly for acting with such conviction and are locked in close must-win races," said Kerry, D-Mass. "It's time to reward their courage."

The Massachusetts Democrat who was the party's 2004 presidential nominee, as well as many other prominent Democrats, are lining up behind Lamont in a three-way fall race that includes Lieberman, who is running as an independent, and Republican Alan Schlesinger.

Kerry has traveled widely to raise money and help candidates as he considers a possible 2008 White House bid, and he praised Lamont, Akaka and Menendez for taking a hard line against Bush's Iraq policies in their campaigns for Senate seats.

"Despite the `warnings' coming from consultants, political pundits and naysayers in Washington, each of these candidates is making the mess in Iraq a central issue in their campaigns," Kerry said. "If we want to reward their courage, we've got to commit ourselves to pulling them through to victory."

Lamont's upset victory last week was viewed by many as a referendum on Iraq and Bush's handling of the war.

The New Jersey Follies (NYT)

The New York Times, August 17, 2006

There are some public officials for whom you can feel sympathy when they get caught in ethics violations that are clearly fleeting errors of judgment. Zulima Farber, the New Jersey attorney general, is not one of them.

Ms. Farber, who resigned this week after inappropriately intervening in a police traffic stop of her companion in May, had no excuse for not knowing how important it was to avoid even the appearance of impropriety. After all, she had served as one of the leaders of Gov. Jon Corzine's ethics advisory group during his pre-inauguration transition.

Yet she dug in her heels after the incident came to light, insisting she had done nothing wrong. Her obtuseness has been costly to Mr. Corzine, draining momentum from his drive to tighten New Jersey's notoriously lax standards of governmental ethics.

Compared with such multimillion-dollar abuses as turning the state's university of medicine and dentistry into a political patronage mill, or years of pay-for-play governmental contracting, Ms. Farber's lapses may seem minor league. After hearing that her companion had been stopped by the local police for driving with an expired license and suspended registration, she had a state trooper drive her to the scene in her official car. Once she showed up, the local officers, who had been about to impound her companion's car, instead let him drive it home.

But her actions mattered because she was the state's highest-ranking law enforcement officer, and whatever her intentions, she was abusing the authority of her office and undermining the public's faith that she could do her job impartially. Her

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effectiveness ended that day. The longer she hung on, trying to spin the story her way, the more she distracted attention from the continued challenge of fighting corruption to her own personal melodrama.

Mr. Corzine now needs to name a successor who will put the focus back where it belongs.

Too Late For Maryland Voters (WP)

The Washington Post, August 17, 2006

MARYLAND voters got their first glimpse this week into who is providing the money to power the campaigns of candidates in state and local elections. That the information came this late does not reflect well on the state. Maryland's rules for campaign finance disclosure are so inadequate that information provided to the public is neither timely nor comprehensive.

Between January and August candidates were not required to provide any information on their finances, despite a frenzy of fundraising during which some candidates collected hundreds of thousands of dollars. Worse: Before voting in the Sept. 12 primary, voters will have no idea who contributed to campaigns after Aug. 25. And again, when they vote in the general election Nov. 7, they will have no information about transactions after Oct. 20. Contributors can donate in the days leading up to an election, but voters will not have the information until after the election -- when it is too late to matter.

Compounding the problem is that Maryland does not require campaigns to report the occupation or employer of donors, making it hard to analyze patterns of giving. Voters have a right to know if a candidate is getting a lot of money from a particular special interest.

Maryland law flies against a nationwide movement toward more frequent and fuller disclosure. Candidates running for federal office, for example, must file more timely reports and are required to report large donations in the days leading up to elections. Some states, including Virginia, have adopted similar rules mandating the reporting of big contributions before election day as well as naming the employer and occupation of a donor. Past arguments about the burden caused to campaigns and state election offices by frequent filings have been erased by technology and the ease of online reporting.

Maryland's political leaders should strengthen its law -- or explain to the public the benefits of secrecy and delayed disclosure.

Dissing Pluto And The Other Plutons (NYT)

The New York Times, August 17, 2006

A panel appointed by the International Astronomical Union thinks it has come up with a dandy compromise to the years-long struggle over whether we should continue to count Pluto as a planet. The trouble is, the new definition of a planet will include an awful mélange of icy rocks found on the outer fringes of the solar system. It would be far better to expel Pluto from the planetary ranks altogether, leaving us to bask in the comfortable presence of the eight classical planets that were discovered before 1900 and have excited wonder ever since.

Pluto, discovered in 1930, never deserved to be called a planet. It is far smaller than first thought, smaller in fact than our own moon. Its orbit is more elliptical and tilted in a different plane than those of the other planets, and its icy, rocky body is more like a comet's core. If Pluto were discovered today, it seems highly unlikely that anyone would consider it a planet. But Pluto has emotional partisans who resent anyone picking on the puniest planet, so efforts to demote it invariably meet resistance.

Now a panel of astronomers and historians has come up with a new definition of the word "planet" that will keep Pluto in the club. Under the new definition, a planet would be any celestial body that orbits around a star and is large enough for its own gravity to pull it into a spherical shape. That definition would produce an ugly porridge of 12 old and new planets, with dozens more on the way.

Ceres, heretofore considered the largest of the asteroids, would qualify. The panel suggests that people might want to call it a "dwarf planet," raising the question of why bother to call it a planet at all.

Pluto would still count as a planet but would be shunted into a new category called "Plutons," which would include any object that meets the definition and has an orbit beyond Neptune's. Two other bodies already qualify as plutons, namely Charon, which had been considered a moon of Pluto, and a recently discovered ice ball somewhat bigger than Pluto. Many dozens of distant ice balls may ultimately qualify for planethood.

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All this just to keep Pluto as a planet. Whatever merit the new definition may have scientifically, it is an abomination culturally. When the astronomical union votes on the matter next week, it ought to reject the new definition and summon the courage to scratch Pluto from the list of planets.

What Planet Are You On? (WSJ)

The Wall Street Journal, August 17, 2006

Assuming you aced the fourth grade, you probably grew up thinking our solar system has nine planets, the first being Mercury, the largest Jupiter and the last tiny Pluto, only 1,400 miles in diameter and never closer than 2,670,000,000 miles from Earth.

But soon you may have to put that comforting certainty aside. At a meeting of the International Astronomical Union in Prague, a committee has unanimously adopted a new definition of planet that would expand the size of the solar system to 12 planets and possibly more. The new entrants are Ceres, long considered an asteroid but now primed for a promotion, and the newly discovered Xena (yes, of Warrior Princess fame). There is also Charon, which used to be known as Pluto's largest moon. But it turns out that, unlike true moons whose center of gravity lies within the planet they orbit, Charon's lies somewhere between it and Pluto, making it more of a fellow traveler than a true satellite.

Within the Kuiper Belt, a debris field beyond Neptune, are at least 43 objects large enough that gravity has formed them into a spherical shape and that orbit the sun -- the two defining traits of a planet, according to the new definition. The committee proposes calling these minor planets "Plutons."

Scientists being what they are, not everyone is happy with the new definition, and the Astronomical Union will put it to a formal vote next week. We neither endorse nor oppose the candidacies of Xena, Charon and others to the planetary union. But we do think that science needs to be open to new discoveries and information that challenge old views. There hasn't been much of that lately in some of the earthly sciences, so it's good to see openness flourishing in the heavenly ones.

To Find The Answer To Our Illiteracy Crisis, Americans Must Look Within (USAT)

USA Today, August 17, 2006

A half-century ago, Rudolf Flesch wrote his classic Why Johnny Can't Read: And What You Can Do About It, in which he described how a growing confusion in American academic circles was undermining the literacy of future generations.

In the years since, the malady revealed by Flesch has grown to epidemic proportions in which nearly one-third of all U.S. school children have serious literacy deficits. If you think this is just a problem of poor children, think again. Among first-year college students, one-quarter require remediation for literacy deficiencies.

Actually, poor children do quite well regarding literacy — as long as they don't live in the USA. As former U.S. Education secretary Rod Paige frequently pointed out, all of the generally impoverished English-speaking nations of the Caribbean have higher literacy rates than the USA's. Similarly, studies among poor children in Africa show levels of English literacy that would be the envy of any U.S. city. Throughout the 20th century, the U.S. economy not only sustained global dominance but provided satisfactory employment for the marginally literate. Today, that economy is being replaced by an increasingly complex information-based economy that will reward only those who have the skills to serve its changing needs.

Beyond the lower rung of the agricultural and service sectors, this economy has ever fewer places for the marginally literate. In short, the person who cannot read will be disconnected from the promise of the American Dream.

As the ominous implications for our future gradually emerge, U.S. policymakers to ordinary citizens will be left wondering how to explain this education deficit. How can a nation where education spending is nearly twice the average of those in European Union countries produce such woeful results? Furthermore, if one of the most common excuses for educational dysfunction — poverty — cannot be invoked, what can explain the inferior performance of U.S. students in virtually all international comparisons?

In the past year, two books have appeared that, taken together, not only capture the full dimensions of our problem but also offer useful advice on possible solutions.

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In The World Is Flat: A Brief History of the Twenty-First Century, Thomas Friedman introduces readers to the looming economic tsunami best exemplified by the Asian giants India and China, now riding their powerhouse educational systems toward an international dominance in the 21st century that has the potential to equal the U.S. dominance in the 20th century.

While Friedman compellingly describes the educational strength of America's economic competitors, the second book — The Knowledge Deficit by E. D. Hirsch — provides an equally persuasive analysis of the educational weakness of the USA. Blending both intellectual history and cognitive psychology, Hirsch unmasks the faddishness, incoherence and hostility to research-based practice that characterizes most of the U.S. reading establishment.

Anybody who doubts Hirsch's devastating critique should look at the recently released report of the National Council on Teacher Quality, "What Education Schools Aren't Teaching About Reading — and What Elementary Teachers Aren't Learning." This study examines 72 schools across the nation and measures them against the extent to which they teach the five common tenets of reading research (phonemic awareness, phonics, guided oral fluency, vocabulary building and reading comprehension). The result: 31% use none of those tenets, and only 15% employ all.

These figures help explain the assertion of the National Institute of Child Health and Human Development that 85% of U.S. reading teachers were never properly trained.

When those who teach our teachers are clueless about or even outright hostile to reading research, is it any wonder that our children become the victims of a monumental literacy deficit traceable not to problems of poverty or funding, but to an unwillingness or inability to grasp realities that have been clear to professional educators in every other industrial nation?

Robert Kennedy once said that the "fate we impose on our children today shall be the fate of all of us tomorrow."

Absent dramatic corrective action in America's classrooms, the fate of our nation is in serious peril. Not because of what others have done to us, but because of what we have done to ourselves.

William J. Moloney is Colorado's commissioner of education.

From The Dust Of War, A More Potent Hezbollah? (USAT)

By Rick Jervis And Andrea Stone

USA Today, August 17, 2006

BEIRUT — Hiyam al-Ameh surveyed the pile of splintered wood and crushed concrete that, before Israeli jets pulverized it, was her home in south suburban Beirut.

Al-Ameh, 42, says her two sons, ages 21 and 16, were never involved with the Hezbollah militants who for the past month battled Israeli forces in Lebanon. Now, she says she will insist both join the Shiite Muslim militia. “They don't want to, but I'll make them,” says al-Ameh, an accountant. “There's a cause now. And you have to carry it on, even if you die for it.”

As residents of Beirut's suburbs returned this week to their ruined neighborhoods after the start of a cease-fire, they came back to a place dramatically transformed by Hezbollah, whose military branch proved far tougher and better armed than even its staunchest supporters could have imagined.

By holding out for more than a month against Israel, the most powerful military in the Middle East, “Hezbollah showed it is a powerhouse,” says Fawas Gerges, a Middle East expert who teaches at Sarah Lawrence College in Bronxville, N.Y.

An early sign of Hezbollah's new political strength: The Lebanese Cabinet announced Wednesday that its soldiers won't try to disarm the guerrillas, as demanded by the United Nations cease-fire resolution, when the 15,000 government troops start deploying in the south today. Instead, the soldiers will collect any weapons Hezbollah fighters agree to give up. Sheik Nabil Kaouk, the group's top leader in the south, indicated Wednesday that the guerrillas would hide their weapons. He said Hezbollah would have “no visible military presence.”

Already a formidable social and political force in Lebanon, where it is part of Prime Minister Fuad Saniora's government, Hezbollah has emerged as a credible antagonist to Israel in the region. Michael Oren, an Israeli military historian and author of Six Days of War: June 1967 and the Making of the Modern Middle East, says Hezbollah has become “the champion of the Arab world.”

The United States is taking a different lesson from the conflict. President Bush said this week that Hezbollah lost. Secretary of State Condoleezza Rice on Tuesday gave an assessment of Hezbollah's achievements: “They achieved the displacement of

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hundreds of thousands of Lebanese," she told USA TODAY. "They achieved the destruction of Lebanese infrastructure and housing and neighborhoods."

Rice said Hezbollah's military strength had been undercut by the conflict and predicted that any political benefit for the group would "be very short-lived."

The United States strongly backed Israel's 34-day military campaign to dislodge Hezbollah once and for all from southern Lebanon. The failure to eliminate Hezbollah's arsenal and leaders and win the release of two Israeli soldiers whose capture sparked the conflict, however, left Israel's leadership reeling. Israeli Prime Minister Ehud Olmert has acknowledged "deficiencies" in the way the war was waged.

"Hezbollah has demonstrated that total Arab defeat is not inevitable. … Israel has lost its tremendous psychological advantage," says George Friedman, an intelligence analyst and CEO of Stratfor, a private intelligence firm in Austin.

That could embolden Israel's old adversaries, especially Syria, which wants the Golan Heights that Israel captured in 1967 and later annexed. "Israel will be perceived by its enemies as weak, constrained and dysfunctional," says Aaron David Miller, a former U.S. Middle East negotiator now at the Woodrow Wilson Center in Washington.

The conflict also has dealt a blow to Bush's campaign to bring democracy to the region. It bolstered Iran, Hezbollah's main patron, and Shiites elsewhere — including in Iraq, where, "having first experienced the limits of American power, (the Shiites) are now seeing the expanding boundaries of Iranian power," Friedman says.

As for U.S. and Israeli hopes that the conflict would create a strong Lebanese government capable of neutralizing Hezbollah and dousing Syrian and Iranian influence here, the opposite appears to be unfolding. On Monday, Hezbollah leader Hassan Nasrallah vowed that his group would not be disarmed by "intimidation or pressure" — a reference to the U.N. resolution passed last week that demanded Hezbollah give up its weapons.

Over the years, Hezbollah has defied international and local pressure to disarm, claiming it was protecting the country from Israel, says Misbah Ahdab, a Sunni Muslim lawmaker close to Lebanon's prime minister. The recent conflict will increase that defiance, he says.

"Not even the battle is over yet, let alone the war," says Amal Saad-Ghorayeb, a leading Lebanese expert on Hezbollah. "Hezbollah is going to stick to its guns, literally."

Hezbollah, or "Party of God," was formed in 1982 by Shiite militants and Iranian Revolutionary Guards sent to the Syrian-controlled Bekaa Valley of eastern Lebanon to fight Israel's invasion.

Drawing on Lebanon's large, disaffected Shiite community, Hezbollah recruited religious extremists willing to die for their cause. Hezbollah suicide soldiers have been blamed for the 1983 bombing of the U.S. Marine barracks in Beirut that killed 241. Hezbollah's leaders deny involvement in the attack.

After Israel pulled its forces out of Lebanon in 2000 — a withdrawal that Hezbollah claimed credit for — the group spent the next six years stockpiling weapons and training with Iranian military experts, say military analysts such as Jacob Amidror, a retired Israeli general and former deputy military intelligence chief. Amidror and others say Iran funneled Russian, Iranian and Chinese weaponry through Syria, flying equipment into Damascus and then smuggling it into Lebanon in truck convoys.

By the time fighting broke out July 12, the militia's arsenal included about 13,000 rockets, including "the best state-of-the-art weapons" in the world, Amidror says. Hezbollah fired nearly 4,000 short- and medium-range missiles into northern Israel.

Perhaps more central to Hezbollah's resilience, says Barak Ben-Zur, a former officer with Israel's Shin Bet security service, is its 3,000 highly trained "regular" army members. Another 10,000 to 12,000 supporters throughout southern Lebanon provide logistical and military support.

"They have their mission, and it doesn't matter what is happening in other places," he says. "They have the state of mind of jihad, martyrdom, and they will continue to fight until the last one."

Militants have been recruited to protect their own villages. During the fighting, specialized units trained in anti-tank warfare or explosives shuttled from village to village on scooters to launch attacks. Many took cover in well-stocked underground bunkers and tunnels.

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The tactics robbed Israel of a quick and overwhelming victory. During their 1982 offensive against Palestinian fighters in Lebanon, Israeli forces pushed through to Beirut in just nine days. This time, they encountered a well-organized guerrilla network armed with Russian anti-tank missiles that easily demolished Israel's heavily armored Merkava main battle tanks.

The Shiite militia ran the fighting from sophisticated, computerized command posts. Hezbollah's al-Manar TV station, which remained on the air despite constant Israeli airstrikes against its facilities, waged the public relations war.

Although Lebanon's infrastructure and fledgling economy were devastated by Israeli attacks and at least 800 Lebanese died, Hezbollah did something no other Arab army has: "It proved they can stand firmly against the much mightier Israeli army," says Robert Malley, Middle East director of the International Crisis Group, a Brussels-based research group focused on conflict resolution.

Hezbollah's strongest weapon is its organization and discipline, says Timor Goksel, a longtime adviser of U.N. forces in Lebanon and now a political science professor at American University in Beirut. After each Israeli strike on Beirut's southern suburbs, for example, Hezbollah workers swept in and cleared away rubble from streets and blown-up bridges — a level of coordination not seen in the civil war of the 1970s and '80s, Goksel says.

Now, Hezbollah is trying to solidify its image as a humanitarian organization and protector of the country's disaffected Shiites, who make up about 20% of the population. In a televised speech Monday, Nasrallah pledged to pay rent for a year in furnished apartments to the families living in the 15,000 homes he said were destroyed by the war.

Nasrallah did not say where the money would come from. Speaking at a Senate hearing this month, Defense Secretary Donald Rumsfeld said Iran is Hezbollah's "principal financial and military supplier."

Hezbollah already runs an extensive social welfare program that includes hospitals, clinics and schools across the south. The charity work has created a zealous following, which, combined with its recent standoff with Israel's military, has made Hezbollah a formidable political force in the region, says Walid Jumblatt, leader of Lebanon's Druze community.

Some Lebanese, including those from Christian, Sunni Muslim and other groups, as well as from inside Hezbollah's own Shiite community, may soon question whether the conflict was worth the extensive destruction and death toll brought on by Hezbollah's actions, Goksel says. "They're going to have to explain to the people why it was worth it," he says.

Lebanon's government consists of a cross-section of the country's numerous groups, including Shiites, Sunnis, Christians, Druze and others. Hezbollah, which until 1992 had no political representation in the government, now controls more than 14 seats in the 128-seat parliament, holds two Cabinet positions and endorses a third.

Nasrallah and other Hezbollah leaders, including the Cabinet members, are demanding that other issues be resolved before they consider disarming. Among them, says Saad-Ghorayeb, the Lebanese expert: Sheba Farms, a disputed area that Lebanon wants but that the U.N. declared was part of Syria after Israel occupied it in 1967, and the fate of Lebanese prisoners held in Israeli jails. She says forcing the militia to surrender its weapons could create dangerous rifts in the Lebanese government.

Says Jumblatt: "Lebanese society cannot afford to go and fight with a guy (Nasrallah) who represents 20% of the Lebanese population, maybe more now."

"If Israel couldn't disarm them, who … can?" Saad-Ghorayeb says. "Domestically, they have a lot of support."

To mark the start of the cease-fire Monday, residents in Beirut's bomb-scarred southern suburbs waved oversized yellow Hezbollah flags or portraits of Nasrallah.

Among them was Lubna Hamze, 23, who came to see the destroyed apartment she once shared with her sister.

Despite the loss of her home — she now lives with relatives in Beirut — and the indefinite hold the fighting put on her sociology studies at Lebanese University, Hamze says she supports Hezbollah's fight. "I'll go through it again," she says, smiling. "A million times more."

Lebanon To Deploy Troops But Hezbollah's Role Questioned (CHIT)

By Christine Spolar

Chicago Tribune, August 17, 2006

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BEIRUT -- The Lebanese Army was expected to begin deploying thousands of troops Thursday near the war-battered border with Israel even as questions mounted over Hezbollah's influence in the border area and whether the guerrilla group still would operate freely there.

The Lebanese Cabinet approved the troop deployment but announced no demands for Hezbollah's disarmament, a key provision in a hard-fought United Nations resolution last week that ended a 34-day cross-border war between Israel and the Shiite Muslim militia. About 3,500 Lebanese soldiers are expected to move south of the Litani River in the next few days.

Instead, Prime Minister Fuad Siniora, in a nationally televised address Wednesday night, promised that there would be "no dual authority in Lebanon" and no display of weapons in the south except by Lebanon's military. Information Minister Ghazi al-Aridi, in a news briefing, added that he anticipated "no confrontation between the army and the brothers of Hezbollah."

For years, the Lebanese army has ceded control of the south to Hezbollah, a shadowy and nimble fighting force that has targeted Israel. No army official would discuss deployment orders Wednesday, but Hezbollah's top official in southern Lebanon made it clear that the guerrilla force felt no threat from the government's traditional, thinly equipped force.

Hezbollah will be part of the land that it spent weeks defending, said the official, Sheik Nabil Kaouk.

"Just like in the past, Hezbollah had no visible military presence, and there will not be any visible presence now," Kaouk told reporters in Tyre.

Hezbollah's intentions were among the difficult issues still clouding a cease-fire approved by the UN Security Council last week. Lebanon's army deployment—aimed to eventually reach 15,000 troops—is just the first step toward enhancing border security.

The United Nations is to provide another 15,000 troops from member nations to help the army. As of Wednesday, no country had formally offered troops—in part, analysts said, because the mandate of such a force had not been clearly spelled out.

Israel considers the expanded UN force to be a tool to enforce a prior UN resolution that demands the end of Hezbollah's militia. But countries that could volunteer manpower—those with robust armed forces that could move quickly inside Lebanon—are seeking assurances that the UN force is designed for peacekeeping rather than brute enforcement, analysts said.

Possible contributing nations also are pressing for explicit rules of engagement. According to The Associated Press, a draft of the rules would call for "forceful means" against anyone trying to prevent the UN peacekeepers from doing their job. Such wording is too vague for some, analysts said.

"Those countries who can provide troops quickly—France, Italy, Greece—have questions," said Timur Goksel, a former senior adviser to the current UN Interim Force that operates near the Lebanon-Israel border.

"They want to know: What is the job? What is the mandate? Which means they don't want to be part of a fighting force," he said.

Goksel added that Hezbollah, riding a wave of popularity in the Arab worldsince the war, would probably resist any challenge—militarily or politically—to give up its weapons.

"It's a pipe dream," Goksel, who worked for the UN for 24 years and now teaches at American University in Beirut, said of the proposed disarmament.

Another wrinkle in the effort is purely logistical. UN military planners are trying to send troops into Lebanon within weeks, not in the usual three-month time period given for such major action.

That means that only those countries that can quickly ship their own food, water and all supplies for soldiers—necessities that the UN usually provides in such cases—will be able to contribute. France, Italy, Turkey, Greece, Malaysia and Indonesia have expressed some interest, but none has yet made formal commitments.

France is expected to lead the force. According to a statement by the French Foreign Ministry, its military recently sent a five-man engineering team to Lebanon to assess roads in the south for use in transporting supplies and equipment.

Also at issue is how arms traffic—believed to be flowing into Lebanon from Syria—would be stopped. Israeli Foreign Minister Tzipi Livni, in New York for meetings to discuss practical matters related to the resolution, said that UN soldiers would be pivotal in preventing a further arming of Hezbollah.

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Analysts said Wednesday that Israel's bombing campaign probably had not destroyed many of Hezbollah's weapons but had choked off much of the flow. At the UN, Livni said that preventing all arms shipments is crucial and should be pursued by the UN forces.

Livni said Hezbollah should not be able to use the cease-fire as a way to restock its arsenal. At the beginning of the conflict, army analysts in Israel believed Hezbollah had about 13,000 rockets, many which were lobbed into northern Israel.

"It is crucial that the international community, that the Lebanese government, prevent rearmament … because in a week, they can come back," Livni said. Israel has long blamed Iran and Syria for providing money and weapons to Hezbollah.

Hezbollah's stamina against the heavily armed Israelis has raised its stature among some in the region, including Lebanon's own political elite. Hezbollah's new status appeared to play a role in delaying Lebanese talks over how to implement the UN resolution.

"Hezbollah is much stronger than it was last month," said Amal Saad-Ghorayeb, an assistant professor at Lebanese American University whose book "Hezbollah: Politics and Religion" explains the movement's appeal. "And [after this war] Hezbollah knows full well that no one can disarm them."

Lebanon Sending Troops Into South (WP)

By Edward Cody And Colum Lynch

The Washington Post, August 17, 2006

BEIRUT, Aug. 16 -- Breaking an impasse, the Lebanese government on Wednesday ordered army troops to deploy across southern Lebanon under a compromise arrangement that allows the Hezbollah militia to retain some of its arms caches near the border with Israel.

Military authorities said as many as 15,000 troops would begin taking up positions in devastated southern villages, seeking to defuse a threat to the U.N. cease-fire that went into effect Monday morning after 33 days of warfare between Hezbollah fighters and the Israeli military.

[Early Thursday, the Israeli army began handing over positions to the United Nations, stepping up its withdrawal from southern Lebanon, according to the Associated Press. Hours later, Lebanon's army moved south and began deploying below the Litani River, the AP reported, citing a senior military official.]

At the United Nations in New York on Wednesday, Israeli Foreign Minister Tzipi Livni urged Secretary General Kofi Annan to ensure the complete disarmament of Hezbollah and to prevent it from being rearmed by Iran and Syria.

This is a "moment of truth" for the international community, she said. The world cannot "allow Hezbollah to rise again and threaten the future of the region."

Hezbollah, a militant Shiite Muslim movement, had refused to disarm and withdraw its fighters as long as Israeli troops remained on Lebanese soil. That stand risked undercutting the cease-fire accord, because the Lebanese military had declared it would deploy in the border hills only if Hezbollah fighters and weapons were pulled back. And without the Lebanese army to join U.N. forces along the border, Israeli officials said, they would not order the remaining Israeli soldiers to return home.

Lebanese political leaders tried to overcome the standoff with a compromise whose contours remained indistinct.

The government said in a statement that only the army would be allowed to carry weapons in the area. "There will be no authority or weapons besides those of the state," Information Minister Ghazi Aridi said in explaining the decision. But the declaration skipped over the question of whether Hezbollah's weapons, many of them hidden underground, had to be removed or destroyed. Aridi said there would be no confrontation with Hezbollah fighters, who in any case do not carry weapons except in battle and often live in the border villages.

Hezbollah welcomed the army deployment and its ministers voted with the cabinet majority. But political sources involved in the decision said Hezbollah did so on condition that the army pledge not to look closely at whether all of the militia's armaments and missile stores were carried out of the border zone.

The jockeying over postwar arrangements reflected Hezbollah's concern about the Israeli troops still manning hilltop observer posts inside Lebanon. But it also betrayed increased sectarian tensions within Lebanon's fractured leadership, according to a number of officials participating in sometimes angry discussions.

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Hezbollah, widely seen here as a victor in the month-long war, was reluctant to cede complete military control over south Lebanon to the army, which stood by as Hezbollah militiamen battled Israeli forces. On the other side, some Lebanese politicians, particularly Maronite Christians, were eager to get started on disarming Hezbollah, not only in the border zone but in the entire country. In a sign of the postwar balance of power, they did not prevail.

Hezbollah asserted itself politically as soon as the cease-fire began. Fighters put down their guns and turned into relief organizers, and the group immediately started handing out money to families for reconstructing their destroyed homes. Prime Minister Fouad Siniora was outraged to see the government get outstripped in such a visible way, according to a political official who saw his display of anger.

In New York, Livni, the Israeli foreign minister, expressed concern that Hezbollah's intensified relief efforts could strengthen its political standing and future electoral prospects in Lebanon.

She said Israelis "expect" the international community to invest generously in the reconstruction of Lebanese villages "that Israel attacked." The alternative, she said, was an influx of Iranian cash to fund Hezbollah humanitarian activities. "The Iranians can send a check the next day to finance the places that were attacked by Israel," she said.

To find a long-term political settlement, the United Nations on Wednesday announced plans to send a high-level delegation to Lebanon and Israel on Thursday. The team -- headed by envoys Vijay Nambiar and Terje Roed-Larsen -- will try to develop a plan to ensure the eventual disarmament of Hezbollah and the demarcation of Lebanon's borders with Israel and Syria.

The United Nations Interim Force in Lebanon, or UNIFIL, has had about 2,000 soldiers posted along the border for two decades. But Israel dismissed this force as insufficient to prevent Hezbollah from building up its fighters and weapons in the area and launching attacks on northern Israel. As a result, the cease-fire agreement provides for reinforcing UNIFIL by as many as 13,000 additional troops.

France has offered to lead the reinforced UNIFIL detachment and contribute troops. The French foreign minister, Philippe Douste-Blazy, after conferring with Siniora in Beirut, urged swift deployment of Lebanese army troops to provide reinforcement for the international peacekeepers as soon as possible.

Turkey also has offered to send troops. Its foreign minister, Abdullah Gul, also conferred with Lebanese officials in Beirut, along with the foreign ministers of Malaysia and Pakistan. Malaysia has said it, too, might send soldiers, along with Italy and several others. The Bush administration has said no U.S. troops will be involved.

Livni said that "Israel's enemies" should be prohibited from participating in a U.N. force.

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The governments that have expressed willingness to participate have demanded that the Lebanese army first get into place in cooperation with UNIFIL and that the United Nations work out a clear mandate for the newly expanded force, Lebanese officials said. The last thing anyone wants, they added, is for the foreign troops to be regarded as a hostile force by Hezbollah fighters, many of whom will remain in place in their border villages with their weapons in storage but ready to be used again.

The Israeli military has refused to say how many Israeli soldiers were in Lebanon during the fighting and how many remain. Israeli sources acknowledged that the absence of large columns withdrawing suggested that a force closer to 10,000 -- rather than the published estimate of 30,000 -- had been in Lebanon at the height of the conflict. In any case, said a military spokesman in northern Israel, Capt. Mitch Pilcer, most of those leaving now are reservists who had been called up for active duty.

During his stay in Beirut, Douste-Blazy called on Israel to lift its air, sea and land blockade of Lebanon so the Beirut airport and seaport can reopen for relief shipments and commercial traffic. Lebanese security forces should reinforce their monitoring of cross-border traffic to calm Israeli fears that Hezbollah could replenish its weapons stores, he said.

Syria, which borders Lebanon on the north and east, has been the main transit point for Hezbollah weapons, most of which come from Iran, according to Lebanese intelligence.

The blockade held up relief supplies, commercial imports and fuel for Lebanon's electricity generators during the conflict. Electricity has been rationed in most of the country for the last several weeks; the distribution network was largely destroyed by Israeli bombing in the south. Lebanese authorities announced Wednesday, however, that two tanker ships were on the way after long delays to deliver much-needed fuel for the generators.

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In Israel, Defense Minister Amir Peretz created a committee to investigate Israel's conduct during the war, the Associated Press reported, quoting unnamed senior defense officials.

The committee, made up of business executives and retired generals, will be chaired by former army chief of staff Amnon Lipkin-Shahak and is scheduled to present its preliminary findings within three weeks, the news agency said.

Lebanon Sends National Army To Patrol South (NYT)

By John Kifner And Robert F. Worth

The New York Times, August 17, 2006

BEIRUT, Lebanon, Aug. 16 — Lebanon's cabinet voted Wednesday night to send the national army into the south beginning on Thursday under a United Nations-mandated cease-fire, but finessed the delicate issue of disarming Hezbollah.

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The militia's fighters were not expected to resist the soldiers, nor to hand over their weapons. Instead, they probably would simply put their weapons into hiding and melt away into the civilian population.

The top Hezbollah field commander in the south, Sheik Nabil Qaouk, said as much.

"Just like in the past, Hezbollah had no visible military presence and there will not be any presence now," Sheik Qaouk told reporters in the hard-hit port city of Tyre.

He praised the army's deployment south of the Litani, but said Hezbollah would maintain its presence without publicly displaying its arms. He added that since there were still Israeli tanks in Lebanon, the guerrillas reserved the right to respond accordingly. A Hezbollah representative in Parliament, Hassan Fadlallah, was equally insistent, telling Al Jazeera television that his organization would not pull back over the Litani, that the fate of its arsenal was not open to public debate and that the army deployment had nothing to do with Hezbollah's presence.

Whether this approach would satisfy the terms of the Security Council resolution that calls for the disarming of nongovernment forces, particularly in the eyes of Israel, the United States and potential contributors to an international peacekeeping force, remained in doubt. In Israel, skepticism about the plan was evident. Nonetheless, the Israeli Army reported that it had started to hand over positions in southern Lebanon to United Nations troops.

Hezbollah guerrillas, known in Lebanon as "the resistance," have operated in the south for years. They are almost entirely local men hardened by 18 years of Israeli occupation after its 1982 invasion.

During that time, they lived and worked in their native villages, building an elaborate social-service network and extensive underground fortifications and stashes of modern weaponry that astounded Israeli in a month of bitter fighting. "No one knew they had these things, not the military, not the intelligence," said an equally astonished Lebanese Army general, speaking privately.

After the vote by the cabinet, which has two Hezbollah ministers, Prime Minister Fouad Siniora went on television with a lengthy, sometimes emotional, appeal for unity, expressing a wan hope that Hezbollah's arms would somehow disappear. The army deployment, he said, would end a "mentality of statelets."

"There will be a single state," he said, "with the sole decision-making power. There will be no dual authority. There will be no armed presence outside state authority," he said without referring to Hezbollah by name. "Any failure to carry out this right will risk our country's becoming the scene of regional and international conflicts."

In Israel there were, to say the least, strong doubts about the plan.

Danny Yatom, a Parliament member who is a former director of the Mossad intelligence service, said, "There is no doubt that Hezbollah must follow the decision in its entirety, and it is the responsibility of the Americans and the French as well as the other members of the Security Council and the government of Lebanon to bring about the disarmament of Hezbollah and have it driven up north past the Litani."

A Likud member, Yuval Stienmetz, said: "Whoever does not complete the annihilation of the enemy must not be surprised that the enemy does not volunteer to annihilate itself. Israel should have taken over southern Lebanon and cleaned out Hezbollah several weeks ago, and unless this is done now, Israel will be forced to do it sometime in the future."

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Amid the growing debate in Israel over the handling of the war, Israel's defense minister, Amir Peretz, appointed a panel to investigate how the military and the ministry had performed. The panel will be headed by Ammon Lipkin-Shahak, a former army chief of staff, and will include a number of other retired generals.

Foreign Minister Philippe Douste-Blazy of France met in Beirut with Mr. Siniora to discuss the possible composition and dispatch of a strengthened United Nations force. France is expected to form the backbone of the force, but it is still uncertain what other nations will join the effort, which is expected to number about 15,000 troops. Some 45 countries have expressed interest.

In Berlin, the German government said it would not send troops but would provide policing for the Syrian border, naval patrols and engineers to rebuild bombed bridges. Many Germans have said their own history bars exposing their troops to potential combat situations.

In the hard-hit Shiite suburbs south of Beirut, Hezbollah supporters fanned out to assess war damage. Around them, residents and visitors wandered in stunned silence through a charred, bombed-out landscape. Someone had hung a banner with the words "Made in U.S.A." over the ruins of a collapsed building.

Here and there, gunmen could be seen watching over the streets. But the group's army of civilian volunteers and its advance plans for rebuilding were far more apparent.

One man walked down a rubble-strewn street holding a stack of damage assessment forms. He carried a baseball cap with the name and symbol of Jihad al Binaa, the Hezbollah reconstruction committee. "This not overnight work," said the volunteer, a 30-year-old architect who declined to give his name. "The work being done now was prepared over the past month, with the collaboration of architects and engineers."

His map included numbers for each building on the small sector he had been assigned. There were forms for each building, with spaces for the names of every resident and a description of damage to the units and needs. Photographs were being taken, to be used as comparison after the rebuilding has been done, he said.

He is one of 250 to 300 architects and engineers who are already assessing damage, the architect said, and the group hopes to finish 70 percent of its assessments in the Dahia, or Shiite suburban area, by the end of the week. Then will come the second and third phases, he said, in which the group will reimburse residents for damage, and start rebuilding.

The plans also include a strong dose of publicity for Hezbollah. A few blocks away, volunteers had set up a tent and plastic chairs for the news media, and Ghassan Darwish, the group's Beirut information officer, was giving interviews.

The group divided the Dahia into 70 districts, each with two to four buildings in it, Mr. Darwish said. The goal was to get people back into their homes, or into alternative houses, or to give them enough cash to rent another apartment, within 72 hours, he said. In the meantime, a team of architects was being assembled, he said, from Dubai, Qatar, Egypt and Syria as well as Lebanon, to reconstruct the entire Dahia within a year. The money, he said, was coming from "people who hate Israel and believe in the resistance."

"There is contact between us and the government," Mr. Darwish said. "But we won't wait for the bureaucracy. These are the people who protected the resistance, and we believe they have the right to roofs over their heads within 24 hours."

Down the street, Amina Qausan, a 39-year-old shopkeeper in a gray abaya, looked through the ruins of her clothing store. The floor was littered with glass and rubble, and the walls had come down in the back of the shop. The women's dresses she sells were covered with dust.

"There has been no theft, and this is because of the good men of the resistance," she said. "In every place there are people who commit crimes, but with Hezbollah patrolling that cannot happen."

At least 200,000 people have already returned to the Dahia area, said Robin Lodge of the United Nations World Food Program, which is providing aid throughout Lebanon.

Although Hezbollah is aiming to draw new support with its rebuilding campaign, some say the group could suffer as the reality of the war's damage sinks in with suffering Shiite families, most of them poor.

"For the next two or three years, Hezbollah will be like the Salvation Army, tied up in rebuilding," said Michael Young, the opinion editor at The Daily Star, an English-language newspaper published in Beirut. "But the party cannot put Shiites through such trauma again for the foreseeable future, maybe a decade, which means its ability to attack Israel will be limited. The reason

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Hezbollah is so eager to rebuild is that they know the condition of Shiites today could turn the community against them if it's not dealt with effectively."

Lebanese Decry Lack Of U.S. Humanitarian Aid (WSJ)

By Jay Solomon And Sally Beatty

The Wall Street Journal, August 17, 2006

International aid is starting to flow into Lebanon as a three-day-old cease-fire takes hold, but U.S. hopes of winning the peace are plagued by logistical hurdles, political tensions and an absence of cash from Western sources that could ultimately undermine the war-ravaged country's rehabilitation.

The World Food Program, the humanitarian-aid arm of the United Nations, has managed to get some of its first convoys into hard-hit south Lebanon. But the group said its delivery efforts could soon grind to a halt for lack of money: It has raised less than half the $21 million it says it needs to help roughly one million displaced Lebanese. U.S. aid groups have also struggled to raise money, with corporations and individuals donating far less than they have in response to recent natural disasters.

The lack of public and private American largess has bred bitterness among some Lebanese officials. They say that compared with the massive amounts of money Iran has funneled into southern Lebanon through its Hezbollah allies, the response from the U.S. and other Western nations has been negligible. In the battle for regional influence, these officials say, Tehran and its theocratic leaders are clearly trumping the Bush administration.

The Americans "ask us to do a lot, and they don't help us to do it, which is so different from what the Iranians have done to help Hezbollah," Lebanon's interior minister, Ahmad Fatfat, said in a recent interview. "Our people are comparing what the Iranians are doing and the Americans are doing for their friends."

Arab governments also have helped make up for the small amount of Western aid. Saudi Arabia provided Beirut with $1.5 billion of financial assistance and reconstruction aid, while Kuwait has chipped in more than $800 million. The United Arab Emirates, Jordan and Egypt have also been central in supplying logistical support to the Beirut government.

Private groups in the U.S., meanwhile, have raised far larger sums for relief efforts in Israel, where a half million people were displaced by rocket barrages -- though the physical damage was far less extensive than in Lebanon, and nearly all can now return to their homes. The United Jewish Communities, comprising 155 Jewish federations across the U.S., has raised more than $187 million since July 17. One member group, the UJA-Federation of New York, raised $20 million in an hour on its first day of fund raising, officials from the group said.

Glenn Rosenkrantz, a UJC spokesman, said the group's fund raising is helped by its ability to tap into existing donors ready to step up "when Israel is under attack." He said the group helps all Israelis, including Arab and other minority communities victimized by many of Hezbollah's recent missile attacks into Israeli cities.

Getting aid and reconstruction funds to the Lebanese government is crucial to more than just the Lebanese victims of the war. Under the United Nations-brokered cease-fire, the international community has told the Lebanese government to undertake the tricky task of disarming Hezbollah, a Shiite Muslim group with political, social-services and military wings. The group is extremely popular and a social force, especially among Shiite communities in the south. The government will need all the political capital it can accrue in the communities hit hardest by the war.

Yet for Lebanon, where the damage is estimated by the government at $15 billion, getting humanitarian relief into the country and in the hands of displaced citizens has been very difficult since the hostilities began last month. Both solicitations for aid and delivery have been hampered by the political complexities of the war, which pitted Israel, with its strong support base in the U.S., against Hezbollah, which is designated a terrorist organization by the U.S., Europe and Israel.

From the very first days, the nature of the fighting seriously hamstrung relief efforts. Hezbollah fired many of its rockets at Israel from civilian centers and made stands against the Israeli military from inside southern Lebanese cities. Israel relentlessly bombed population centers and civilian structures in an attempt to hit Hezbollah's fighters there. Israel, concerned about Hezbollah receiving new supplies of arms, also bombed nearly every roadway and bridge that aid convoys could use to reach refugees in the southern part of the country, regularly refused aid groups' requests to allow them safe passage to the south and targeted truck traffic.

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Washington also delayed the response of groups such as USAID, the humanitarian relief arm of the State Department, when it waited almost two weeks before designating the war a humanitarian emergency on July 25. That designation often happens within hours or days of a major population displacement during a war or natural disaster, a number of aid officials say.

All that has left some aid groups and the Lebanese government sharply critical of Israel and the U.S. "The U.S. government should have weighed in much earlier and heavier to obtain a cease-fire and open humanitarian corridors to deliver assistance to people affected by the war in Lebanon," said Peter Gubser, president of American Near East Refugee Aid, which works in Israel, the West Bank, Gaza, Jordan and Lebanon. Anera has received $400,000 in cash so far for Lebanese aid, plus a commitment for an additional $500,000. It has also delivered $2.5 million of donated medicine; a further $5 million in such supplies are due to arrive in Beirut this weekend.

A State Department official said allegations that the U.S. has been slow to react are unfair. "It was a highly fluid situation in the middle of a combat zone," said one official. He added that the U.S. was also eager to create ways for aid to get through, and that Washington was quick to "express to the Israelis their need for caution and not to harm civilians."

But relief problems haven't eased with the fighting's end. While convoys have been able to inch along, they have to navigate bombed-out roads and use makeshift bridges to get to the hard-hit south.

Lack of access to the south has also helped slow fund raising in indirect ways. International aid workers say many groups are refraining from general appeals to donors until they have had a chance to thoroughly assess needs on the ground.

"A war raises less money than a natural disaster," said Adrienne Leicester Smith, a spokeswoman for Oxfam America in Boston. So far, Oxfam America has received about $30,000 from U.S. donors for humanitarian aid to Lebanon.

Other aid groups have raised funds as well. The American Red Cross has raised $79,906.89 for humanitarian aid to Lebanon through Aug. 10. It has also sent an "initial" $500,000 to the International Committee of the Red Cross, which supports the Lebanese Red Cross's medical and ambulance services, as well as providing other supplies on the ground.

Mercy Corps said it has raised about $1.2 million in aid for Lebanon from U.S. individuals, corporations and foundations, and about $4 million from various U.S. and European Union government sources. World Vision, a Christian relief group, raised $613,226 as of Aug. 14, including $238,226 in private donations from individuals and a $375,000 grant for Lebanon from a foundation that insisted it remain anonymous because of the "highly politicized nature" of the war, said Steve Panton of World Vision.

But the sums are moderate compared with those collected after recent wars and natural disasters. The American Red Cross, for example, raised $574.7 million for the Asian tsunami through the end of June of this year.

In other war-related crises, including Iraq, where the U.S. has committed billions of dollars to rebuilding efforts, "the U.S. government has promoted humanitarian aid as an arm of foreign policy," said Mr. Panton. The U.S. government has committed to sending $50 million for Lebanese aid.

Looking ahead, many U.S. aid organizations say their drive to help rebuild Lebanon could be complicated by the State Department's designation of Hezbollah as a terrorist organization, which bars them from providing any financial assistance.

Hezbollah Leads Lebanon Cleanup (LAT)

By Bruce Wallace

The Los Angeles Times, August 17, 2006

AIT A SHAAB, Lebanon -- To enter southern Lebanon these days, you drive down roads where traffic is directed by young men in gray Hezbollah civil-defense-corps T-shirts, and past bulldozers from the Holy War for Reconstruction Company.

Only days after guns fell silent, Hezbollah has emerged as the lead player in the cleanup in the towns and villages of southern Lebanon. It has the volunteers, owns the equipment, and has spent years burnishing its image as the champion of ordinary people, from poor tobacco farmers to doctors and lawyers, who see Hezbollah as much more than a militia.

Men who were fighting Israeli troops a few days ago are working beside the Lebanese Red Cross on the grisly job of pulling bodies from the rubble.

Nowhere across this blasted, pitted landscape is there any sign of the Lebanese government, or its authority.

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"There is no government here," said an agitated Abdul Muhsen Husseini, president of the Union of Municipalities of the Tyre region -- the man who is supposed to be in charge -- as he handled requests in his office from a stream of petitioners asking for money to buy medicine and what to do with the dead.

"We asked the government in Beirut to accompany the returning people to their villages, to repair water and prepare the roads. They said to me: `God willing, we will come.' And they didn't come."

The Lebanese army was scheduled to cross the Litani River into southern Lebanon on Thursday morning, under a Security Council resolution that demands Lebanese forces take up positions in the south and Israeli troops withdraw.

The Israeli Army announced that it had transferred several positions to U.N. troops, and that the withdrawal process was under way.

In Beirut, the Lebanese Cabinet issued a statement Wednesday saying it would "prevent the establishment of any authority outside the state" in southern Lebanon, and vowed to hold a monopoly on carrying weapons.

On the ground in southern Lebanon, it is the Shiite Muslin organization Hezbollah, emerging from a month of ferocious fighting with its micro-state of health, education and civil services apparently intact, that calls the shots.

The civilian face of Hezbollah re-emerged quickly after the cease-fire began Monday, when the business of cleaning up from war supplanted the carnage of waging it.

"We are not terrorists," said Faras Jamil, 39, a restaurant owner who was helping the cleanup of the community center in this Shiite border town, its crumbled stones still tinged with what residents said were streaks of an Israeli soldier's blood. "My wife is Hezbollah," he said. "My children are Hezbollah. Hezbollah is all the people from this town."

While government officials complain that they are expected to clear shattered towns with nothing but shovels and a few small bulldozers, Hezbollah owns or is in the process of renting the necessary heavy machinery.

More important, it can draw on the manpower needed to get a start on the massive reconstruction job.

Those factors present a serious challenge to both the central government in Beirut and the Bush administration, which is scrambling to launch its own rebuilding effort and deny Hezbollah a public-relations dividend.

In Aita Shaab, a still-smoldering ruin just across the valley from Israel, a Hezbollah member in a Firestone baseball cap moved through the streets Wednesday with a videocamera to record the condition of each of the town's 700 houses. His survey divided them into buildings that were destroyed and those with only limited damage; he said Hezbollah construction officials would decide whether to fix or rebuild each house.

"That one has limited damage," said Abu Hassan, pointing to a two-story house that had gaping holes in the walls and was tipping precariously to one side. He categorized 85 percent of the houses in Aita Shaab as "destroyed." And that is just one town. Southern Lebanon is a travelogue of destruction: town after town pummeled by bombs and mortars that left them in shambles.

The destruction will present an expensive bill for Hezbollah leader Sheik Hassan Nasrallah, who has promised to rebuild every shattered house and pay each displaced family's rent for a year while the rebuilding goes on. Families of those who were killed will receive salaries for life, Hezbollah members say.

It is not clear where the money will come from, but the Bush administration has accused Iran of bankrolling the group for years. Iran denies the charge.

Critics portray Nasrallah's offering as a balm to the civilian victims of this war, to stave off a political backlash from those who have seen friends and family killed during the Israeli bombardment, which Israel said was aimed at suppressing Hezbollah rocket fire.

But even critics acknowledge Hezbollah's strategic savvy.

"I was not surprised (by this tactic), because I have seen them do it before after previous wars in 1993 and 1996," said a senior United Nations observer in the south who did not want to be quoted by name. "And they will do it again: rich Shiites from outside Lebanon will fund it. And Hezbollah has the manpower."

In his office in Tyre, Husseini, the regional government official, begrudgingly credited Hezbollah and its Shiite allies in the Amal militia.

"At least they are on the ground helping," he said. "If you call them at midnight, they come out to help. They are the government."

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Hezbollah Workers Rush To Help Victims Rebuild (USAT)

By Rick Jervis

USA Today, August 17, 2006

NABATIYEH, Lebanon — Two days after agreeing to a cease-fire to end 34 days of fighting with Israeli forces, Hezbollah deployed its army of social workers and engineers throughout this southern Lebanese city.

They visited wrecked homes and businesses, surveyed damage, gave compensation estimates and coordinated relief efforts with city officials. "Hezbollah workers were here even before the bombing stopped," said Mustafa Badreddine, 50, the mayor. "They have offices here. They have municipal resources. And the people trust them."

The Shiite Muslim militia's network of social workers serving its mostly Shiite following rivals the group's military component. The assistance is a cornerstone of Hezbollah's strategy to gain popular support.

Sheik Hassan Nasrallah, the group's leader, has pledged to help rebuild the homes lost during the month-long war. He didn't specify the source of the funding. Hezbollah also is helping residents coordinate reconstruction efforts with assessments and contractors, Badreddine said.

Nabatiyeh, a city of 60,000 about 35 miles south of Beirut, lost 270 homes and businesses to Israeli airstrikes, the mayor said. Some cinder-block homes were cut in half or had their front walls sheathed off. Others were pounded into thigh-high heaps of jagged concrete.

Zuhair Nahle, 37, a civil servant, was asleep on July 16 when a rocket slammed into his three-story home. He said it sent him flying across the room. He was stunned but otherwise unhurt. Nahle and his family moved to a nearby village to wait out the war with relatives. Four more rocket attacks later in the month reduced his home to rubble, he said.

On Tuesday, the second day of the cease-fire, Nahle said Hezbollah workers visited his ruined home, surveyed the damage and promised to call soon to tell him how to receive money for repairs.

As a backhoe chewed through the remains of his home, Nahle said the destruction he suffered was worthwhile. "Sayyed Hassan gave us a victory," he said, referring to Nasrallah's honorary title. "We beat the strongest army in the Middle East. Even if they kill our women and children and parents, we will still support him."

Like its military wing, which relies on secrecy to prevent infiltration by outside agents, Hezbollah engineers avoid contact with strangers. They were not seen when reporters toured the city.

Badreddine explained how they work. He said a team of up to five workers is assigned to a city district. They coordinate efforts with a local contractor and city officials. Workers at the contracting firm declined an interview request. They said only designated Hezbollah leaders are authorized to speak to the news media.

After visiting sites and making assessments, the workers connect residents with contractors, who begin rebuilding, Badreddine said. He said the Hezbollah teams out-hustle and out-finance government officials working on the same task. "The government is waiting for Hezbollah to give them the information," the mayor said. "If you let the government do it, half the money will go into their pockets."

Farther south and closer to the front lines where Hezbollah guerrillas fought Israeli tank divisions last week, Hezbollah's work is heavier. Two-story homes are smashed into piles of rubble, bridges are blasted apart and roads are riddled with 20-foot craters from Israeli rocket strikes. In Srifa, a village just south of the Litani River, entire blocks of concrete homes are leveled.

In nearby El Ghandouriye, Jamal Deeb, 40, a taxi driver, said he watched from his balcony last week as Israeli and Hezbollah forces fought in the valley below. He evacuated to a nearby village before his home was destroyed by rockets.

On Wednesday, two Hezbollah workers he had never seen before showed up at his home, surveyed the damage and told him to expect a call soon from a team of engineers, Deeb said.

"Even if there's only a piece of rock left standing in my home, it's no problem," he said. "The most important thing is victory. Praise be to God."

Hezbollah Takes Lead In Rebuilding (WT)

By David R. Sands

The Washington Times, August 17, 2006

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Hezbollah leaders vowed this week to lead the reconstruction of Lebanon but insisted that they will hold on to their guns as they rebuild their shattered homeland -- a neat symbol of the checkered and contradictory role that the Islamist movement has played almost since its inception.

The militant Shi'ite group pulled off a string of spectacular attacks on U.S. and Western military and diplomatic sites in the 1980s, and launched bloody attacks on the Israeli Embassy and a Jewish cultural center in Buenos Aires in the 1990s. It trains and equips Palestinian militant groups targeting Israel. Hezbollah now stands accused of provoking a monthlong war with Israel that has left much of Lebanon in ruins and hundreds of civilians dead on both sides of the border.

Deputy Secretary of State Richard L. Armitage in 2002 deemed Hezbollah the "A team of terrorists" -- ahead of al Qaeda -- and the group has long been on the State Department's official list of foreign terrorist organizations. It has close ties to Iran's Islamic republic and cites the late Ayatollah Ruhollah Khomeini, who was virulently anti-U.S., as a prime ideological inspiration.

Hezbollah is even credited with pioneering the modern use of suicide bombers, a tactic adopted by al Qaeda operatives, Sri Lankan rebels and Sunni insurgents in Iraq, among others.

Terror analysts say another side to Hezbollah makes a simple policy of eliminating the group problematic.

Despite its bloody past and its often antagonistic relations with the government in Beirut, Hezbollah has participated in Lebanon's political system for more than a decade as the acknowledged representative of the country's Shi'ite Muslims. It holds 14 seats in the Lebanese parliament and two Cabinet posts.

Hezbollah operates hospitals, social-service offices, clinics and schools across Lebanon -- many funded by Iran -- creating a welfare network widely considered more effective and efficient than that of the central government's.

The shaky cease-fire imposed by the United Nations has inspired a race between Lebanon's Western allies and Hezbollah over who can be the "hero of the reconstruction," said former State Department peacekeeping specialist James Dobbins, now a security analyst with the Rand Corp.

"Right now, I'd say Hezbollah is clearly in the lead," he said.

Despite the terrorist designation, Hezbollah leader Sheik Hassan Nasrallah has sharply criticized al Qaeda, a radical Sunni Muslim organization, and denounced the September 11 attacks. The State Department reports that the last major Hezbollah-linked terrorist operation that targeted the United States occurred 21 years ago with the hijacking of a TWA flight in which a U.S. Navy diver was killed.

Both Russia and the European Union have declined to place Hezbollah on their lists of acknowledged terrorist organizations.

"Making sense of [Hezbollah] is a challenging and ... uncertain science," says a report on the war in Lebanon by the International Crisis Group, a private think tank based in Brussels. "The movement has joined the government and is ever more present in the political system, yet at the same time, it increasingly perceives that system as tainted from the inside."

While pushing for more seats in the Cabinet and running more candidates for the National Assembly, Hezbollah "determined to maintain its image as a national movement and is as committed as ever to its revolutionary agenda," the report says.

Complicating the task of the planned international peacekeeping force proposed for southern Lebanon is the fact that Hezbollah is widely seen in the victor in the recent conflict, having held its own against the powerful Israeli military.

Retired Lt. Col. Mike Bailey, a former top Pentagon adviser on peacekeeping missions, said Hezbollah's strength on the Lebanese political landscape makes it vital that any long-term strategy for Lebanon accommodate the group's interests and demands.

"For these Hezbollah fighters, their weapons right now are the source of their authority," he said. "We have to give them a reason to break with that."

Israeli Politicians' Popularity Falls In Wake Of War (FT)

By Sharmila Devi

Financial Times, August 17, 2006

DOJ_NMG_0049439

The Israeli politicians most closely associated with the conflict in Lebanon on Wednesday saw their popularity ratings further eroded amid intensifying demands for an official inquiry into the war's management.

In the early days of the conflict with Hizbollah, Ehud Olmert, prime minister, and Amir Peretz, defence minister – both of whom have little military experience in contrast to many previous Israeli leaders – saw their ratings rise.

But Mr Olmert's approval has fallen to 40 per cent from 78 per cent at the height of the war and Mr Peretz to 28 per cent from 61 per cent, according to a poll by TNS-Teleseker published on Wednesday.

The 34-day conflict ended with a shaky ceasefire that came into force on Monday.

In a separate poll, 70 per cent of Israelis were opposed to the ceasefire, which did not include the return of the two soldiers captured by the militant group – the incident that sparked the crisis. Two-thirds of those polled also backed an official inquiry into the war's management, according to the Dahaf Research Institute.

The criticism came as Israel said it would not fully withdraw from southern Lebanon until the deployment of the Lebanese army – which was agreed by the Lebanese cabinet on Wednesday night – amid growing disquiet among many Israelis who believe further conflict with Hizbollah is inevitable.

Dan Halutz, Israel's chief of staff, said the army was prepared to keep troops in southern Lebanon for months if it took that long for local forces to deploy. Just 24 hours earlier Lt Gen Halutz had said the withdrawal could be complete within seven to 10 days.

In the meantime, Israeli media reflected internal divisions about the conduct of the war, with most outrage focused on Lt Gen Halutz's decision to sell his stock portfolio hours after Hizbollah captured two Israeli soldiers on July 12, triggering the Israeli offensive.

Lt Gen Halutz said on Wednesday: "If the Lebanese army does not move down within a number of days to the south . . . the way I see it, we must stop our withdrawal."

He attacked the Israeli media over its fierce criticism of his personal financial transactions. He admitted he sold Shk120,000 ($28,000, €22,000, £15,000) of stocks on July 12, hours before the start of the army's offensive, including the bombing of Beirut airport. But he said the sale could not be linked with the war.

One of the few voices in his defence was Tzachi Hanegbi, a member of the Israeli parliament who faces legal charges of giving government jobs to friends without suitable qualifications.

"The feeling is that a culture of passing judgment has developed among us . . . a fashion that is befitting the operators of the guillotine during the French revolution and not [befitting] our culture," Mr Hanegbi was quoted as telling parliament's foreign affairs and defence committee. He is chairman of the committee.

Israel's economy suffered a 1 percentage point fall in gross domestic product to 4 per cent this year as a direct result of damage to tourism and industrial activity because of the conflict, according to an estimate by the Bank of Israel.

In the longer-term, Mr Olmert's Kadima party appeared bereft of a political platform given the strength of parliamentary opposition to his election campaign to unilaterally withdraw from parts of the West Bank if talks failed.

Abducted Soldiers Are Still Missing (LAT)

By Henry Chu

The Los Angeles Times, August 17, 2006

NAHARIYA, Israel -- The guns have stopped smoking and the troops are trickling home. But among those preparing to return, two Israeli soldiers are most conspicuous by their absence.

They are Ehud Goldwasser and Eldad Regev, and it was in their name that Israel went to war in Lebanon five weeks ago. The mission, officials declared at the time, was clear: to rescue the two young reservists, who were captured July 12 while on border patrol by Hezbollah guerrillas.

Now, as a tenuous cease-fire takes hold, the people of this tiny country are faced with the painful realization that their army, the most powerful in the Middle East, failed to achieve that objective, despite more than a month of bloodshed and grievous losses on both sides.

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The missing soldiers' families are determined that the fate of their loved ones does not get lost in the vortex of debate and recrimination now swirling in the corridors of power, where the young men's predicament has, at times, been drowned out by talk of political issues such as the disarmament of Hezbollah and the mandate of United Nations peacekeepers.

The missing soldiers' families are determined that the men are not forgotten amid the debate and recrimination now swirling in the corridors of power. Their predicament has, at times, been drowned out by talk of political issues such as the disarmament of Hezbollah and the mandate of United Nations peacekeepers.

"The cease-fire was a disappointment for us; our brother was left in Lebanon," said Benny Regev, the eldest of four sons. Eldad was the youngest. "All our soldiers that are in left in Lebanon will come home in a few weeks. Our brother will stay there, in the hands of the Hezbollah."

On Wednesday, Israel's foreign minister called on the Shiite Muslim militant group to release the two captured soldiers.

At the same time, Defense Minister Amir Peretz, whose performance has drawn sharp criticism at home, appointed a committee to investigate the government's conduct of the war and the military's preparedness amid complaints of inadequate equipment and poor coordination.

For many Israelis, it is the continued captivity of Goldwasser, 31, and Regev, 26, that resonates most deeply in a nation whose reverence of its military is almost impossible to overstate.

The role of Jewish armed fighters in the battle for statehood, the compulsory army service for all young Israelis and a fierce military ethos of no soldier left behind have lent the Israel Defense Forces almost mythic status here. Israelis do not speak of "our soldiers" in battle; they speak of "our sons."

Concern has thus arisen in some quarters that the plight of the two captured men, the stated cause of the war in the first place, received short shrift in the negotiations leading to the cease-fire and in the final U.N. resolution ordering it. Although the measure calls on Hezbollah to set free the soldiers, it lays out no timetable, no procedure and no binding conditions for that to happen.

A poll in Israel on Wednesday showed that 70 percent of respondents were against a diplomatic settlement that did not guarantee the soldiers' release.

"Personally, I believe there is no war-prisoners exchange or kidnapped-persons exchange before a cease-fire. So a cease-fire is a first positive step in bringing back my son," said Shlomo Goldwasser, 59, who with his wife raised Ehud and two younger sons in this northern Israeli city, on the Mediterranean coast.

"I hope my government will act correctly in getting him back," he added. "They promised they would. I didn't send my son there."

The Maariv newspaper reported that Prime Minister Ehud Olmert is considering offering 13 captured Hezbollah fighters and an unknown number of bodies of dead militants as a trade for the two Israeli soldiers. He also has appointed a close confidant to take charge of the negotiations.

Officials have advised the families that the back-channel talks are best kept quiet. But the relatives have no intention of letting the public conscience lose sight of the obligation owed to their vanished sons, even though official rhetoric about the war has shifted and expanded over the past several weeks to include other rationales, such as the need to crush Hezbollah, besides the original casus belli of rescuing Goldwasser and Regev.

"What it (falls) to the government to do, I'll let them do it. I trust my government," Miki Goldwasser said of official efforts to free her son. "On the other hand, I will keep speaking out to the media about it. I won't let it fade."

For Many Israelis, A Bitter Homecoming (WP)

By Doug Struck

The Washington Post, August 17, 2006

METULA, Israel, Aug. 16 -- From her dining room window, Zvia Drori looks into Lebanon, less than a mile away from this border town, and sees the yellow flags of Hezbollah stirring slightly in the hot sun. For Drori and her neighbors, the banners seem to taunt Israel for its failure to wipe out the Shiite militia.

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"I don't want to stay here anymore," said Drori, 60, who came home Tuesday after fleeing for a month to Tel Aviv. "You see my beautiful view. But you still see Hezbollah."

Thousands of Israelis are returning now to their homes near the Lebanese border. They are bitter and angry about what many call a futile war, and what others call an outright loss.

"Israel lost big-time," said Ravit Ben-Simon, 25, glumly reopening her cellphone store on Wednesday in nearby Kiryat Shemona. "It wasn't a worthwhile war at all. It all started because of the kidnapped soldiers. Where are they now? Still kidnapped. It was all for nothing."

That view was reflected in a national poll released Wednesday, showing that public support for the government of Israeli Prime Minister Ehud Olmert has plummeted. The poll by the Maariv newspaper showed that Olmert's support had dropped from 78 percent on July 19, shortly after the war began, to 40 percent.

Here in what Israelis call the "frontline towns" -- the kibbutz farming communities of the settlers who arrived decades ago and the hardscrabble towns that became home to immigrants -- the view is harsh. The rain of Hezbollah rockets emptied these places, sending most residents fleeing to the south and forcing the remainder into grim bomb shelters in their basements.

They emerged with Monday's cease-fire to sweep up the broken window glass, haul away the burned cars and -- in Kiryat Shemona on Wednesday -- bury the dead. Hundreds of residents watched in the cemetery as uniformed soldiers fired a formal salute for Sgt. 1st Class David Amar, 24, a local who had been called up for the reserves. He was killed in Lebanon by an antitank missile Sunday, the day before the fighting stopped.

"He was always smiling. So happy," said a red-eyed soldier who would not give her name. "Was the war worth this? No. We don't think so."

Israel Television on Wednesday aired interviews with returning reservists offering scathing criticisms of the army, complaining that supplies and armaments were missing, orders were confused, and food and water were in short supply.

During the war, 118 Israeli soldiers and 39 civilians were killed. More than 5,000 were injured, and at least 12,000 homes were damaged. Estimates of the civilian death toll in Lebanon range from about 700 to more than 1,000, and Israeli bombardment left a path of destruction in southern Lebanon that is unmatched here.

But for Israel, accustomed to military domination of its Arab foes, the failure of its army to crush Hezbollah, or even to reduce the shelling, was a bitter pill.

"Our government was unprepared. They didn't know what they were getting into," said Gital Lahyani, 36, as she reopened her cafe in Kiryat Shemona. "The situation is even worse now. Now the Lebanese, and the Syrians and the Iranians, perceive us as weak. It just set the ground for the next war."

Lahyani, who had left Kiryat Shemona with her three children during the fighting, said her Mon Cheri cafe lost its crucial summer business, when thousands of tourists typically come to the cooler hills of northern Israel.

"Usually, at this time, you have to wait a week for a table" at her restaurant, she said. The government will reimburse her about $2,500 for her losses; she figures she lost closer to $25,000. "For businesses like us, the war is just beginning," she said. "I don't think we can survive."

Across town, in a bleak stand of block-style apartments normally filled with immigrants sent here by the government, David Biton, 44, drew hard on a cigarette as he waited for the government assessors to look at the damage to his place. The tobacco smoke fought the foul odor of rotting trash. Outside his apartment, a chunk of asphalt was missing and the burned hulk of a car offered testimony of a Katyusha rocket's fall.

All but an estimated 3,000 of Kiryat Shemona's 24,000 residents had left. Biton had stayed. It was "like a Warsaw ghetto. It was a catastrophe," he said. Beneath his building, a few residents had huddled in the claustrophobia-inducing concrete shelter until the tension drove them out. A child's painted handprints were the only sign of cheer left in the place. Affixed to the shelter's steel door was a sticker, handed out early in the conflict by a newspaper company: "We will win," it boasted in patriotic blue.

"This war didn't do anything," Biton said, waving the cigarette in disgust. "We lost over 100 soldiers. . . . What did we do? We failed."

More civilians were killed in Lebanon, he acknowledged, but he noted that Israel had dropped leaflets in Lebanon, telling residents to leave before the attacks.

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"I didn't get any leaflet from Hasan Nasrallah," he said, referring to Hezbollah's leader.

In Metula, Yitzak Ben-Nun, a 42-year-old factory worker, watched much of the fighting from his manicured and watered lawn overlooking a valley into Lebanon. "It was like a war movie," he said, but one with a bad ending.

"Hezbollah is like a cancer in Lebanon," he said. "We didn't get rid of it. We just pushed it around a bit."

Others tried to assess the conflict in a more positive way. "We didn't lose. But we didn't win, like we did in 1967," said an army major who gave his name only as Chi. He stood on a hilltop in Metula and looked toward the rocky hills of Lebanon, now devoid of Israeli soldiers in this area.

"We thought when we withdrew from Lebanon six years ago, everything would be fine. It wasn't," he said. "Was it worth the price? I don't know." He shrugged. "Time will tell."

Haim Barbibay, the mayor of Kiryat Shemona, said more than 30 percent of the buildings in town had been damaged by more than 1,000 Hezbollah shells. But he said that if Israel had not responded to Hezbollah's seizing of two soldiers on July 12, the consequences would have increased.

"We had no choice but to do this war," the mayor said in the city cemetery, his voice low under the mourners' wailing that continued after Amar's funeral. "We should have done it three years ago. If not now, it would have been even worse later."

France To Lead UN Force In Lebanon (FT)

By Roula Khalaf, Martin Arnold, Jonathan Birchall And Neil MacDonald

Financial Times, August 17, 2006

France announced on Wednesday that it would take command of a strengthened United Nations force in Lebanon, throwing its weight behind the Lebanese government's plan to send its army into the south of the country on Thursday.

The decision by Paris to accept a leading role in the peacekeeping force is an important boost for the UN, which meets on Thursday in New York to finalise the operational details of its new Middle East peace plan.

Michele Alliot-Marie, France's defence minister, said on Wednesday night that Paris would continue to lead Unifil, the UN's existing force in Lebanon, even after it was significantly reinforced, at least until its mandate expired in February.

Her announcement came after the Lebanese cabinet approved a plan to send the army to the south of the country as required by the UN ceasefire resolution, paving the way for the deployment of international forces and full withdrawal of Israeli troops.

However, Ms Alliot-Marie warned the UN must learn from the mistakes of previous peacekeeping operations and give the new 15,000 strong force a "very precise" mission with "sufficiently important" resources, or it risked being a "catastrophe".

The first official commitments to the UN force in southern Lebanon are expected to emerge from a meeting in New York today, at which it will lay out the operational structure and rules of engagement of the new enhanced version of Unifil.

France, the former colonial power in Lebanon, is expected to provide the biggest contingent of 2,000 to 4,000 troops. Ms Alliot-Marie said she hoped as many European and Muslim countries would take part, adding that Malaysia, Indonesia, Brunei, Turkey and Australia had already agreed in principle.

The Lebanese government's decision to send in troops came after an apparent compromise was reached with Hizbollah, the Shia militant movement that fought Israel's month-long offensive, over the group's military presence in a southern buffer zone demanded by the UN ceasefire decision.

The government on Wednesday said the army would be the only military authority in the 20km area south of the Litani river and would not allow the presence of any armed group – but it also made clear that there would be no confrontation with Hizbollah over its weapons.

But Sheikh Nabil Kaouk, a top Hizbollah leader in the south, suggested earlier the deal with the government did not include disarming the group south of the Litani river, but rather ensuring that Hizbollah weapons were kept off the streets. "The resistance, as before, will not show its weapons in the south," he said.

Paris Sees Lebanon Role As Big Gamble (FT)

By Martin Arnold, Roula Khalaf, Jonathan Birchall, And Neil MacDonald

Financial Times, August 17, 2006

DOJ_NMG_0049443

France's decision to take command of a beefed-up United Nations force in Lebanon is being viewed in Paris as a high-stakes gamble that could salvage the end of Jacques Chirac's presidency, but could also end in bloody failure.

Western diplomats said that Thursday's dispatch of Lebanese troops and the agreement of the French government to maintain leadership of Unifil, the UN's existing presence in Lebanon, would accelerate the deployment of the international force.

But one diplomat in Beirut warned that a failure to remove Hizbollah's arsenal of rockets from the area close to the Israeli border would be a damaging fudge. "This would leave incredible instability, with the potential for conflict this year or next."

Wednesday's decision by the Lebanese government to send its troops into the south of the country – previously occupied by Hizbollah and now largely held by Israel - followed the visit of Philippe Douste-Blazy, the French foreign minister.

Paris has been pressing for the disarmament of the Shia group in the south before making a firm commitment on contributions to the international force.

Mr Chirac's ailing government has been given a boost in opinion polls ahead of next year's elections reflecting its high-profile involvement in resolving the Lebanon crisis. But analysts in France are warning of the risk of getting bogged down in an impossible peacekeeping operation.

"Morally laudable, this initiative is strategically dangerously and seemingly doomed to failure," said Etienne de Durand, analyst at France's institute of international relations, in Le Figaro.

Memories are still fresh terrorist attacks in 1983, when 58 French paratroopers were killed at their Drakkar base in Beirut and 241 US marines died in a similar attack in the capital, both attributed to Hizbollah. Mr de Durand warned the UN force would be "at the mercy of a new 'Drakkar'".

But Lebanon's government seemed to have done enough on Wednesday to convince France it was committed to disarming Hizbollah. However, the militant Shia group, which is a member of the government, showed no sign of wanting to put down its weapons, suggesting it would hide them instead.

"There will be no authority or weapons other than those of the state," Ghazi Aridi, the information minister, said. "If any weapon is found, even the brothers in Hizbollah have said 'Let it be in the hands of the army. No problem'."

Dan Halutz, Israel's chief of staff, on Wednesday said the army was prepared to keep troops in southern Lebanon for months if it took that long for local forces, backed by international troops, to deploy there.

One senior European diplomat said he expected the first French troops to arrive in Lebanon next week, with the rest of the initial force deployed "within two weeks".

Michele Alliot-Marie, France defence minister, said in a televised interview on Wednesday night: "France is asking for more resources. When we give difficult missions to armies we must also give them the material and legal means to accompany that."

One French official played down rumours that France could send as many as 5,000 troops to the planned 15,000-strong new force. He said the 250,000-strong army was already stretched by its commitments around the world, including in Afghanistan, Kosovo, Haiti, Gabon and Ivory Coast.

Discussions are also continuing on providing support for moving Lebanese army units south, including help with replacing damaged bridges, and the possible use of foreign navy vessels to transport troops to Tyre.

John Bolton, US ambassador to the UN, said the US, with Britain, France and others, "would wish to assist the Lebanese forces, and steps are under way to see if that can be done".

The UN resolution gives the Lebanese army responsibility for disarming Hizbollah south of the Litani river, but it also gives the planned 15,000 strong international force

Additional reporting by Ferry Biedermann in Tyre

South Lebanon Towns Reclaim Their Dead And Hold Funerals (NYT)

By Hassan M. Fattah

The New York Times, August 17, 2006

HALUSIEH, Lebanon, Aug. 16 — For weeks the bodies were symbols of the helplessness many felt in the face of Israel's bombs.

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But on Wednesday, Lebanon's dead became symbols of closure as towns and villages throughout the south began burying their loved ones.

Families mourned for relatives and towns honored the bodies of Hezbollah fighters in ceremonies in the rubble-strewn villages of the south, vowing never to forget the price they paid in the fight against Israel.

In Halusieh, about a 30-minute drive east of Tyre, residents carried the coffins of 11 men, women and children through town before holding an emotional ceremony led by a prominent sheik whose relatives were among the dead.

In Shabiye, hundreds marched behind the coffin of Mostafa Rakin, 16, a Hezbollah fighter who died in a firefight with Israeli soldiers on Sunday. In other towns and villages, bodies uncovered in the rubble were buried in solemn ceremonies.

Health officials on Wednesday began releasing bodies from the main morgue in Tyre, calling on families to begin burying their loved ones in their home villages instead of a mass grave near the morgue, where more than 200 others have been buried until families can claim them.

The bodies, some in pine coffins and others wrapped in blankets, were given their last respects and buried in open fields and cemeteries on Wednesday afternoon, some beside the graves of fighters from wars past, others beside relatives.

The largest funeral was in Halusieh, where the bodies of five members of the Mouanes family and six members of the Hamed family were cleansed and wrapped for burial in a makeshift mortuary on Wednesday evening.

All 11 were killed on July 24, when Israeli warplanes bombed two houses in which more than 40 people had taken refuge. When one of the houses was bombed, the families inside escaped into the one next door, residents said. But minutes later, bombs struck that home too, killing most of those who had run inside.

Three generations of the Mouanes family were among the dead, including Kalthoum al-Haj Ali, 85, her daughter Nahya Mouanes, 65, and a granddaughter, Ibtisssam Khamees, 43, as well as Mrs. Khamees's nephew and niece. The wife of Sheik Muhammad Hamed, a village leader, was also buried in the rubble, as well as two of his sons and three of his daughters.

"We couldn't save our children and we couldn't feed our families," cried Wansa Mouanes, 40, as she marched in a funeral procession. When the bombs went off she scrambled to try to save her sister and relatives, but she was no match for the weight of the rubble in which they were buried. "If the Israelis thought they could force us to flee this way, they failed," she said defiantly.

The bodies lay there for three weeks before they could be recovered, Ms. Mouanes said, serving as a constant reminder of the tragedy here. Five were removed Tuesday and taken to the morgue, she said, and another six were dug out Wednesday. All 11 were buried together on Wednesday in a grave that had 11 compartments, one for each body, fashioned out of cinder blocks.

"Mama, listen to me!" Fatima Mouanes cried as several young men lowered her mother's body before her in the mortuary. "We are thinking of you. We will never forget you. Your death will not be in vain."

The crowd lifted the bodies on stretchers and in coffins and marched through the town's back streets as people looked on. A group of women who had gathered in a community center nearby threw rice at the bodies as they were carried past and soon fell into a loud wail.

Minutes later Sheik Hamed, a portly man in his 50's, stood stoically before the bodies of his wife and children and called on the men in the crowd to open their hearts and pray for the souls of the dead, speaking in a matter-of-fact tone, as if praying for any other member of the community.

Then, one by one, the bodies were carried to the grave site yards away and lowered into each compartment, as Sheik Hamed guided the young men carrying the bodies and led further prayers.

"Bring me Abbas!" he said, speaking of the body of his 7-year-old son, which was lowered in.

"Now Khadija!" he shouted, as the body of his 6-year-old daughter was lowered in, the crowd breaking out in calls of "God is Great!"

"Now Zeinab here!" he exclaimed, speaking of his 22-year-old daughter.

When all the bodies were in place, the crowd broke into a final wail as the sheik dipped down to each body to read a prayer. When he reached his wife's body, he kissed the shroud wrapping her and stopped briefly, grimacing, then composing himself.

A tractor began scraping mounds of dirt into the grave, and within minutes the burial was over. As Sheik Hamed greeted well-wishers, he blessed them.

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“The history of this town is built on resistance,” said Adil Mahmoud, Halusieh’s mayor. “Today we offered 11 martyrs, but we know we will continue to give more.”

For War Reporters, They're The News (WT)

By Stephanie Mansfield

The Washington Times, August 17, 2006

Safari shirt? Check. Flak jacket? Check. Faux bronzer, Ray-Bans, camo pants, boots, laptop? Check.

Where there's a war, there are war correspondents. And during the past four weeks, with round-the-clock coverage of the skirmishes between Israel and Hezbollah, various faces have emerged as marquee players -- not only appearing on the daily news, but blogging on the various Internet sites and producing in-depth specials.

People such as CNN's Anderson Cooper (now in London for the foiled bombing plot), John Roberts and Brig. Gen. James "Spider" Marks, Fox News' Jennifer Griffin, NBC's Richard Engel, CBS' Lara Logan and, of course, the nightly news anchormen, including NBC's Brian Williams and CNN's Wolf Blitzer, have dropped in and out of the war zones.

"They look very crisp coming off the plane," said Mrs. Griffin, 37, a veteran reporter who was calling from Jerusalem. With all their sartorial on-air Audie Murphy gear, "It does look a little silly. I only wear a flak jacket when I know I need it."

Insiders refer to the newbies as "Katyusha catchers," ducking and weaving while sirens wail and their modern epaulets unravel, putting themselves in harm's way for the sake of a good live shot. "They're literally trying to get struck on air," Mrs. Griffin said.

Sometimes the fresh-on-the-ground correspondents can't tell one boom from another.

During one stand-up report from Israel, the correspondent yelled, "We've got incoming!" and ducked for cover.

His cameraman remained calm. "Dude," he said under his breath, "That's an F-16. It's outgoing."

Making your name while reporting a big story has become a surefire way to ascend the career ladder. CNN's Christiane Amanpour and Peter Arnett became world-famous in the early 1990s for their coverage of the Persian Gulf War. Ashleigh Banfield was a little-known reporter for MSNBC in New York when the terrorist attacks on the World Trade Center occurred on September 11. She won an Emmy for her work.

Certainly, there is jealousy and sniping among the pack covering Israel vs. Hezbollah, but for the most part, the journalists say they are too tired to do anything but work. "It's beyond exhausting," Mrs. Griffin said. "And there's no end in sight."

Still, it's what they want.

"I've always had the drive and desire to be at the center of a big story," said Mr. Roberts in an e-mail message. "That's why I got into this business."

Then there's Gen. Marks, a 53-year-old retired Army general and military consultant for CNN, who was hired a year ago. He made "no more" than 50 appearances in all of last year, compared with the same number in the recent weeks since the conflict started.

With his chiseled features and close-cropped hair, he often wears gold-buttoned jackets and made-for-TV ties, which his daughters pick out for him to wear.

"They don't trust their dad," he said. "I have to get 'clearance' before I leave the house."

He uses a "Google Earth" digital map that he says is the same device the military uses when assessing a military situation. He has no fan clubs yet, as blossomed for "Scud Stud" Arthur Kent of Persian Gulf War fame, but there's still time for him.

But for Lara Logan of CBS, a comely blonde, that time is now.

The 35-year-old South African-born correspondent has her own fan Web site, was named chief foreign correspondent in February and contributes to "60 Minutes."

Technology also has changed the way Americans receive the news from overseas. With digital cameras and laptops, even average citizens can become war correspondents -- like the fellow who snapped a burning building on his cell-phone camera, which was replayed on CNN that night.

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"We're looking at what people are putting on their blogs," said Abbi Tatton, who, among other things, monitors blogs for CNN's "The Situation Room." "In this conflict, you're seeing the most coverage because of the number of cameras people have. It's turned into a place for war reporting."

Winning The Peace (WP)

The Washington Post, August 17, 2006

WHO WON the 34-day war in Lebanon? Hezbollah says it did; President Bush claims the opposite. In fact, much of the answer depends on what happens next. It's more than possible that Hezbollah will rearm, resume its prior positions and present an even greater threat to Israel in a year or two than it did before. But things could go differently if Lebanon's government, the United Nations and the major powers of the Security Council keep the promises they made last week.

Those looking for gloomy signs would not have been disappointed yesterday. Hezbollah, the radical Shiite militia and political party, was violating U.N. Security Council Resolution 1701 in numerous ways, including by failing to disarm and by failing to free the Israeli soldiers with whose kidnapping it precipitated the war last month. Neither Iran nor Syria, Hezbollah's financial backers and arms suppliers, had accepted the terms of the resolution, which the Security Council adopted on a 15-to-0 vote with the support of Lebanon's government. In fact, on Tuesday Syrian President Bashar al-Assad delivered a speech of such venomous intransigence ("The fact that Israel should know is that each new generation will hate Israel more than the generation which preceded it.") that Germany's foreign minister, a leading advocate within the West for engaging Mr. Assad, canceled a trip to Damascus for which he had already boarded his jet. Meanwhile, Israel's coalition government, never strong, faces a period of internal investigation and second-guessing of its conduct of the war.

But there was also progress yesterday toward implementation of Resolution 1701. Lebanon's government ordered the deployment of 15,000 of its national troops into southern Lebanon, territory previously occupied only by Hezbollah, and said the first soldiers would arrive today. It repeated that it would not tolerate the presence of other armed groups, though it also pointedly did not demand Hezbollah's disarmament. France's defense minister said her nation would lead an expanded international mission in support of those Lebanese forces if it is given a clear, strong mandate. Other nations with capable militaries, including several Muslim-majority countries, also were talking about providing troops.

The key now is to move beyond talking, and fast. No one expects the weak Lebanese army forcibly to disarm Hezbollah, but if the army, backed by a U.N. force, becomes the sole visible armed presence in the south, the impact would be significant. International forces that do not want to deploy to the front lines could help enforce the plank of the U.N. resolution that bars arms shipments to Hezbollah. Rather than pressing Israel to completely lift its blockade of Lebanon's ports and airports, as he did yesterday, France's foreign minister should work to deploy a force to those places and to the Lebanon-Syria border. And as Iran ships cash to Hezbollah so that it can take credit for reconstruction, nations with a different agenda, including Saudi Arabia and the United States, should accelerate their aid to Lebanon's government so that it can play in the same game.

The shooting war has ended, at least for now, but the intensity of struggle between the forces of moderation and radicalism has not waned. Nor has the urgency of action.

Already Falling Behind (NYT)

The New York Times, August 17, 2006

Hezbollah is taking charge of reconstruction in south Lebanon, while the world is still dithering over the makeup of a peacekeeping force.

After a month of war, large swaths of the country are in ruins. Hundreds of thousands of people are without homes. Many Lebanese are furiously blaming the United States as well as Israel for their suffering. Whatever anger they may also harbor toward Hezbollah for provoking the war is being more than neutralized by the militia's swift on-the-scene response and the large piles of cash it is handing out, courtesy of Iran.

No one should be surprised that there would be a political as well as military vacuum in Lebanon once the fighting stopped. The Lebanese government is too weak, and too intimidated by Hezbollah, to even try to fill it on its own.

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The Bush administration provided $30 million in relief aid in the midst of the war, but got little credit while it was doing nothing to stop Israel's bombing. Late last week Washington committed another $20 million, and officials say they'll pledge a lot more at a conference at the end of this month.

Promises, even the best-intentioned, can't compete with the visible aid Hezbollah is already delivering, in some cases house to house. Washington's pledges must be quickly translated into tangible on-the-ground help or Hezbollah will clinch the battle for Lebanese hearts and minds even before the peacekeepers arrive. The American aid bureaucracy proved that it can move quickly after the Asian tsunami of 2004. The same sense of urgency needs to be brought to bear now.

The military news is little better. Ever since the Security Council approved its cease-fire resolution last Friday, the world has waited for France to commit to taking the lead on a United Nations peacekeeping force. Until France announces how many troops it is sending, and when, no other countries are going to ante up. Meanwhile, the Israelis are threatening to dig in until the international force arrives.

Paris's jitters are understandable. But it has pushed too far down the road to pull out now.

The cease-fire resolution, which France negotiated along with the United States, has enormous holes in it. Most notably it leaves unanswered who, if anyone, will be responsible for disarming Hezbollah. It's unlikely that any international force will be willing to shed its blood to do something the far more motivated Israelis couldn't pull off.

It may turn out that the most that can be hoped for is a slow political marginalization of Hezbollah. Even that will take all the outside aid, technical support and spine-stiffening for Lebanon's government that the international community can provide. The race has begun, and Hezbollah is already ahead.

A Cease-Fire Reality: Dealing With Syria (WP)

By Dennis Ross

The Washington Post, August 17, 2006

In 1993 and 1996 I helped broker understandings that brought conflicts between Hezbollah and Israel to an end. Both times Hezbollah instigated warfare with Katyusha rocket fire into Israel and Israel retaliated, determined to damage Hezbollah's capacity for making war and to demonstrate to the Lebanese the cost of Hezbollah's adventures. And both times, to bring about an enduring cease-fire, we needed to deal with Syria.

This time, however, the cease-fire deal was done without the Syrians. The question is: Can the terms of U.N. Security Council Resolution 1701 be fulfilled without Syria being part of the equation? It doesn't seem likely. Implementation of this resolution will depend to a large degree on the Syrians -- unless, of course, the new international force deployed with the Lebanese army can both prevent resupply to Hezbollah and bolster Lebanon's military so it can fulfill the role envisioned for it in the resolution.

The more determined Syria is to frustrate implementation of the resolution, the more the international force will need a capability and a mandate to be aggressive in stopping efforts to get arms to Hezbollah and in preventing its restoration as a fighting force. Will the international force have intensive inspection capability? Will it be deployed along all routes into Lebanon from Syria and be able to inspect all relevant vehicular traffic? Will it set up checkpoints on north-south access routes in Lebanon to do the same? And can 15,000 soldiers be organized to perform these roles while also preventing Hezbollah from training and rebuilding its fortifications in the area from the Litani River to the Israeli border?

In theory it's possible that the multinational force will be able to meet these challenges. But given how quickly it must be constituted and deployed, there is every reason to believe it will not be able to accomplish such a mission anytime soon. Even in the best case, the forces are not likely to be aggressive if it means disrupting commerce between Syria and Lebanon or actively depriving Hezbollah of weapons that it seeks. (Already the French foreign minister has declared that he does not foresee disarming Hezbollah.)

To be sure, the implementation of the letter and the spirit of the resolution will also depend on the Lebanese government and army. Both institutions remain fragile, and Syrian opposition could exploit ongoing sectarian differences. With the international community ready to bolster the Lebanese government with forces and reconstruction assistance, there has never

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been a more promising moment for the Lebanese to act on their national obligations. They need to know that assistance, while forthcoming, will be tied over time to their government and their army living up to their responsibilities.

But there should be no illusions. History is full of good resolutions on Lebanon that have not been implemented because the Syrians had the power to block them. At a time when Syrian President Bashar al-Assad is calling Hezbollah's victory a defeat for U.S. plans in the Middle East, and Secretary of State Condoleezza Rice is proclaiming that implementation of Resolution 1701 will constitute a strategic setback for the Syrian regime, can Syria's behavior be altered to make this U.N. resolution's fate different from those of its predecessors?

It can if we take advantage of the new basis that exists to exercise much more leverage on Syria this time. Consider that the French and other Europeans will now be putting forces on the ground in Lebanon. If Hezbollah is being resupplied with arms and can be reconstituted militarily, those forces will become very vulnerable. That gives the French a powerful stake in preventing Hezbollah from rearming.

Working in tandem, the Bush administration and the French should try to change the Syrian calculus. Syria sees Hezbollah as a card -- something to be exploited to make Syria a factor in the region or to be traded in the right circumstances. We should create a one-two punch with the French to make clear that Syria has something significant to lose by not cutting off Hezbollah, and that it has something meaningful to gain from changing course.

Surely, if the international force is seen as credible and determined, it can convince Assad that Hezbollah is going to be contained and that its value to Syria could diminish. But Assad must also see that Syria will pay an unmistakable price if it tries to block implementation of Resolution 1701. That price could be a joint French-E.U. and American effort to isolate Syria economically if it is unwilling to end its material support for Hezbollah.

The Europeans currently provide a critical economic lifeline to the Syrians. French President Jacques Chirac could credibly warn Assad that if arms flow to Hezbollah and threaten French troops, then Europe will cut all economic ties to Syria. Conversely, if Syria ended its military relationship with Hezbollah and accepted the Lebanese government's effort to reestablish its authority, the European Union could promise new and meaningful economic benefits to Damascus.

In such a scenario, the European Union would be Act 1. Act 2 would involve the United States. The Bush administration, which has expressed an interest in weaning Syria away from Iran, won't be able to do that without talking to the Syrians. And it won't be able to do it by continuing to make threats that have no consequences. It will not be enough to continue saying, "The Syrians know what they need to do."

The United States must reinforce a tough E.U. message with one of its own to Assad, namely this: We are prepared to implement a range of sanctions, including the Syrian Accountability Act and executive orders that would make it difficult for companies and financial institutions that do business in Syria to conduct business in the United States.

This would have the potential of choking off European, Asian (and even Arab) countries and businesses from having any commercial or investment relations with Syria -- and it could be devastating for an already weak economy. That's a lever that should be deployed to build the Syrian interest in cooperating.

No doubt the Syrians would want to know what they'd get from such cooperation. They should be told that the page can be turned in our relations, that economic benefits could be forthcoming, and that even a resumption of the peace process between Syria and Israel on the Golan Heights could be in the offing. None of these things can be available if Syria is not prepared to cut off Hezbollah and Hamas. Why, after all, would we invest anything in a peace process when those two organizations retain the means -- with Syrian support -- of subverting that process at a time of their choosing?

History is littered with well-intentioned efforts to transform Lebanon. If the current effort is to be different, we will need a credible international force shaped by real, not symbolic, missions and a new approach to Syria -- one that gives the Syrians a reason to calculate their interests differently.

The writer was director for policy planning in the State Department under President George H.W. Bush and special Middle East coordinator under President Bill Clinton. He is counselor of the Washington Institute for Near East Policy.

Is Hamas Ready To Deal? (NYT)

By Scott Atran

DOJ_NMG_0049449

The New York Times, August 17, 2006

Paris

WHATEVER the endgame between Israel, Hezbollah and Hamas, one thing is certain: Israel's hopes of ensuring its security by walling itself off from resentful neighbors are dead. One lesson from Israel's assault on Lebanon and its military operation in Gaza is that the missiles blow back.

We can hope that multinational cooperation will help to secure Israel's border with Lebanon. But what about the Palestinian issue, which has been seemingly pushed to the back burner by the war in Lebanon?

A bold gesture now by Israel would surprise its adversaries, convey strength, and even catch domestic political opposition off guard. And as strange as it may seem, were the United States able to help Israel help Hamas, it might turn the rising tide of global Muslim resentment.

Recent discussions I've had with Hamas leaders and their supporters around the globe indicate that Israel might just find a reasonable and influential bargaining partner.

Hamas's top elected official, Prime Minister Ismail Haniya, now accepts that to stop his people's suffering, his government must forsake its all-or-nothing call for Israel's destruction. "We have no problem with a sovereign Palestinian state over all our lands within the 1967 borders, living in calm," Mr. Haniya told me in his Gaza City office in late June, shortly before an Israeli missile destroyed it. "But we need the West as a partner to help us through."

Mr. Haniya's government had just agreed to a historic compromise with Fatah and its leader, President Mahmoud Abbas, forming a national coalition that implicitly accepts the coexistence alongside Israel. But this breakthrough was quickly overshadowed by Israel's offensive into Gaza in retaliation for the kidnapping of an Israeli soldier, Cpl. Gilad Shalit, by Palestinian militants, including members of Hamas's military wing.

Many Israelis consider the rescue of a soldier a "sacred value," worth almost any cost, including military action leading to other Israeli soldiers dying. But the Israeli offensive also had a larger strategic goal: to destroy whatever potential the Hamas government had to prevent Israel from unilaterally redrawing its boundaries to include some West Bank settlements. Doing so was something that Israel had intended as soon as it could convince the United States that with Hamas having defeated Fatah at the polls, there was no legitimate Palestinian partner to negotiate with.

Khaled Meshal, the Damascus-based head of the Hamas politburo, refused to release Corporal Shalit unless Israel freed hundreds of prisoners. While it is true that Israel has shown willingness to release hundreds of Palestinian detainees in return for a single Israeli in the past, Mr. Meshal's stand might have been part of a larger political game.

As a senior adviser to President Abbas told me of Mr. Meshal: "He has tried to undermine the Haniya government's authority by presenting himself as Hamas's true decision maker, and he will not be remembered as the person who legitimized Israel and sacrificed sacred land."

Prime Minster Haniya and many of Hamas's other Sunni leaders are known to be uncomfortable with the loose coalition that Mr. Meshal has been forging with Shiite Iran and Hezbollah. Hasan Yusuf, a Hamas official held in Israel's Ketziot prison, doesn't think President Mahmoud Ahmadinejad of Iran's declaration that the main solution to the Middle East crisis is for the elimination of the "Zionist regime" is practical or wise. "The outcome in Lebanon doesn't change our view," Mr. Yusuf informed me last weekend. "We believe in two states living side by side."

He also said that "all Hamas factions have agreed to a unilateral cease-fire, including halting Qassam rockets; the movement is ready to go farther if it receives any encouraging responses from Israel and the West."

But even moderate Hamas figures feel that as long as Israel, the United States and Europe boycott the elected government in Gaza and the West Bank, there is little choice but to accept whatever help comes along.

This is doubly unfortunate. While Mr. Meshal says Islam allows only a long-term truce with Israel, Hamas officials closer to Prime Minister Haniya believe that a formal peace deal is possible, especially if negotiations can begin out of the spotlight and proceed by degrees.

"You can't expect us to take off all of our clothes at once," one Hamas leader told me, "or we'll be naked in the cold, like Arafat in his last years." This official said that if Hamas moved too fast, it would alienate its base, but if his government continued to be isolated, the base would radicalize. "Either way, you could wind up with a bunch of little Al Qaedas."

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Although Prime Minister Haniya has more popular support, Mr. Meshal controls the militias and the money. If financing — perhaps from moderate Arab states — could be channeled to Mr. Haniya's government for social services like salaries, fuel, food, building repairs, garbage collection and so forth, then Mr. Meshal's (mostly Iranian) bankroll would be less of a factor, and popular pressure could help rein in Hamas's military wing.

Prime Minister Haniya's position comes down to this: "We need you, as you need us." For the United States and Europe, the stakes are also high. Mr. Haniya wants Americans and Europeans to recognize that the region has welcomed Hamas's election to power as a genuine exercise in democracy.

If America were to engage his government, he believes, it would be the West's best opportunity to reverse its steep decline in the esteem of Arabs and Muslims everywhere. "We need a dialogue of civilizations," he said, "not a clash of civilizations."

A survey by the Pew Center's Global Attitudes Project released in June found that Muslim opinions about the West had worsened drastically over the past year.

This month President Susilo Bambang Yudhoyono of Indonesia, the world's most populous Muslim country, warned that continued Middle East hostilities involving Israel "will radicalize the Muslim world, even those of us who are moderate today. From there, it will be just one step away to that ultimate nightmare: a clash of civilizations."

But Khurshid Ahmad, a senator in Pakistan and leader of Jamaat-e-Islami, one of the world's oldest and most important Islamist movements, recently told me that if Hamas accepted a two-state solution, "with both Palestine and Israel having full economic, political and military sovereignty over their pre-1967 territories, and with Palestinians allowed into Palestine and Jews into Israel, then I would recommend this solution to the entire Muslim community."

Tangible results, like prisoner exchanges, are important. However, so are symbolic actions. Hamas officials have stressed the importance of Israel's recognizing their suffering from the original loss of Palestinian land. And survey research of Palestinian refugees and Hamas by my colleagues and I, supported by the National Science Foundation, reliably finds that violent opposition to peace decreases if the adversary is seen to compromise its own moral position, even if the compromise has no material value.

"Israel freeing some of our prisoners will help us to stop others from attacking it," said the Hamas government spokesman, Ghazi Hamad. "But Israel must apologize for our tragedy in 1948 before we can talk about negotiating over our right of return to historic Palestine."

As the Pew survey made clear, the Israel-Palestinian issue has become the principal fault line in world conflict. There would be some sad satisfaction if the bloodshed in Gaza and at the Lebanon border served as a starting point for bringing the larger conflict to an end.

Newsman's Wife Makes Plea To Gaza Kidnappers (WP/AP)

By Diaa Hadid

The Washington Post, August 17, 2006

GAZA CITY, Aug. 16 -- The wife of a kidnapped Fox News cameraman made a public plea Wednesday to his kidnappers to release him and a fellow journalist. Palestinian officials said they had no firm leads on where the two men are being held.

The cameraman, Olaf Wiig, 36, of New Zealand, and American reporter Steve Centanni, 60, were taken Monday from their TV van near the Palestinian security services headquarters.

Major radical groups in Gaza have denied involvement, and the kidnappers have yet to make any demands, which Palestinian officials is unusual after two days.

Wiig's wife, Anita McNaught, appealed to the kidnappers to free her husband and Centanni.

"The bottom line is, there is no good reason for these two men to be held," said McNaught, a freelance television journalist. "They are friends of the Palestinians. They are here telling the Palestinian story for weeks now, when the rest of the world's media has not been here."

In Washington, State Department spokeswoman Julie Reside said the United States was working with Palestinian officials and called for the journalists to be released immediately.

Jan Henderson, New Zealand's ambassador to Israel and Turkey, met with Palestinian Authority President Mahmoud Abbas in Gaza to discuss the incident.

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White House Backing New Plan To Defuse Insurrection In Pakistan (MCT)

By Jonathan S. Landay

McClatchy, August 17, 2006

WASHINGTON - A U.S.-backed plan to defeat Islamist militants in Pakistan's autonomous tribal areas has backfired badly, and the Bush administration is working with Pakistan to come up with a new strategy to defuse the insurrection.

Pakistani President Gen. Pervez Musharraf "sees that what he was doing wasn't working," said one U.S. official who's familiar with the new plan. "He really has a mess."

Now Musharraf's government is attempting to negotiate truces in the areas, expand local police forces and introduce development projects to reward tribal leaders who break with the militants. The Bush administration has pledged millions of dollars to the new effort, said the official, who, like others familiar with the plan, spoke only if granted anonymity.

Ending the uprising by Islamist militants aligned with Osama bin Laden and Taliban rebels is crucial to American-led efforts to contain the worst surge in Taliban violence in Afghanistan since 2001. The bloodshed is adding to the Bush administration's woes in the Middle East and other fronts in the war on terrorism.

Pakistan deployed 80,000 troops in the areas, which border Afghanistan, at Washington's behest to hunt down bin Laden and his sympathizers and secure Pakistan's side of the border. The Bush administration reportedly has spent nearly $1 billion since 2003 to underwrite the Pakistan army's operations.

But the army's use of artillery and helicopter gunships - as well as U.S. airstrikes on suspected al-Qaida hideouts - has killed numerous civilians and stoked popular ire.

That anger has given rise to a movement for an independent Taliban-style Islamist state. In some parts of the autonomous areas, militants have banned music, set up Islamic courts and executed opponents, including tribal leaders.

Fighting has claimed hundreds of lives on both sides, displaced thousands of civilians and stoked ethnic frictions because the tribes are minority Pashtuns and most of the troops are majority Punjabis.

The militants continue harboring al-Qaida fighters and providing recruits and refuge to Taliban rebels fighting in Afghanistan against government, U.S. and NATO forces. Afghan officials accuse Pakistan of doing little to halt cross-border infiltration or to close Taliban bases on its soil, a charge that Islamabad denies.

Some American officials and independent experts fear that it may be too late to defuse the uprising in two of the seven tribal areas, southern and northern Waziristan.

"I think it's a very shaky situation," Pakistani journalist Ahmed Rashid, the author of the book "Taliban," said in a telephone interview.

Musharraf wanted to pull back the troops to their home bases on the eastern border with India. The Bush administration was opposed, concerned that without the Pakistani army's presence there would be less incentive for militant groups to negotiate with the government. "You will have to keep the army in the game for when it is time to take out serious militants," the U.S. official said.

So Musharraf opened truce negotiations with militant leaders. Under the truces, the army would pull back into garrisons and towns and act only to thwart major threats.

In its place, the Bush administration would provide millions of dollars for a massive expansion of the Frontier Corps, a paramilitary police force recruited from the tribes and led by regular army officers, and other tribal police units.

"What they will do is static border posts, static police posts. That gets us lots of jobs and puts them (tribesmen) in uniform," the U.S. official said.

The Pentagon also has secretly been training and equipping a new Pakistani special operations force to pursue al-Qaida fighters hiding in the tribal areas. The force is being provided with night-vision equipment and helicopters.

Musharraf also is working with Washington on a plan for a massive development program, including construction of clinics, schools and roads, to reward tribal leaders who agree to end ties with the militants.

An industrial zone on the Afghan-Pakistani border would be created from which Pakistani and Afghan firms would export wares such as textiles tax-free to the United States. President Bush unveiled the so-called Reconstruction Opportunity Zone during a brief visit to Pakistan in March.

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It's hoped that such projects will create jobs and patronage for the region's new power brokers and the military regime. Musharraf is seeking $150 million annually over the next five years for the effort, the official said.

Some U.S. officials and independent experts doubt that the strategy will work.

They fear that Musharraf's regime will use it to squeeze more money out of Washington in the name of fighting terrorism while doing little to bring real change to the tribal areas.

The truces could break down easily, especially if more civilians are killed, they said.

Previous development efforts have failed because of corruption and the region's lack of infrastructure, trained manpower and security. Moreover, vested interests want the areas to remain a lawless corridor for smuggling foreign products and narcotics.

Bush To Welcome South Korea's Roh September 14 (AFP)

AFP, August 17, 2006

US President George W. Bush will welcome South Korean President Roh Moo-Hyun September 14 for talks on a bilateral trade pact and North Korea's nuclear ambitions, the White House said.

Bush "looks forward to reviewing with President Roh progress in relations since their last bilateral meeting on issues including our free trade agreement negotiations and the six-party talks" on Pyongyang's nuclear programs, said spokesman Tony Snow.

"The two leaders also will discuss critical regional and global issues, including winning the war on terror, stopping the proliferation of weapons of mass destruction, and promoting an open international economic order," said Snow.

The South Korean leader will visit Washington and San Francisco from September 12-15 and the summit will be on the 14th in the US capital, Roh's office said.

The two leaders will have "broad and in-depth talks on strengthening their alliance, handling North Korea's nuclear and missile issue and other issues in Northeast Asia," Roh's office said in a statement.

The two sides are already engaged in talks on revamping their military alliance dating back to the 1950-1953 Korean War and on reaching a free trade agreement.

Tensions over North Korea's nuclear weapons and missile programs will be a pressing issue, with the communist state boycotting nuclear disarmament talks and test-launching missiles last month.

It will be Roh's third visit to the United States and his sixth meeting with Bush while in office, according to his office.

"The alliance between the United States and the Republic of Korea is deeply rooted in common values and common interests. Together the two countries have stood against common threats and worked for the promotion of democracy, free markets and universal human rights," said Snow.

Iran Softens Stance On Nuclear Talks (FT)

By Negar Roshanzamir And Gareth Smyth

Financial Times, August 17, 2006

Manouchehr Mottaki, Iran's foreign minister, said on Wednesday Tehran was ready to negotiate about suspending uranium enrichment, the most sensitive part of its nuclear programme.

Iranian officials had previously ruled out the step, which the UN security council has demanded Iran take by August 31 before agreeing to talks about its atomic programme. Tehran is also due by August 22 to respond to an incentive package offered by the P5+1 – the permanent five members of the security council plus Germany – to persuade it to curb the programme.

"We have reiterated many times . . . we are ready to negotiate over all issues stated in the proposed package," Mr Mottaki told reporters. "One of the points in the package is the issue of suspension. We are ready to negotiate over all issues including suspension."

But Mr Mottaki suggested Iran was not ready to suspend enrichment before talks, as the P5+1 has demanded.

"Suspension is among the main conditions attached to the package of incentives – we see no reason for suspension but will decide on it in talks," he said. Mr Mottaki also stressed Iran would not "withdraw from its nuclear right", which officials have previously stressed involved access to the whole of the atomic process, including at least some enrichment.

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A British foreign office spokesman said the security council had “made it very clear” what Iran should do.

“It’s not a question of discussing suspension; it’s a question of actual suspension,” he said. “Once Iran complies with the security council, then we can negotiate a way forward.”

Mr Mottaki’s conciliatory remarks also clashed with Tuesday’s speech by Iran’s president Mahmoud Ahmadi-Nejad, who said Iran had lost trust in the Europeans – meaning France, Britain and Germany, the so-called EU3 who are working closely with Washington in regard to Tehran’s nuclear programme.

Mr Ahmadi-Nejad on Wednesday said the US and Britain should lose their permanent status in the UN security council for blocking any early call for a ceasefire in Lebanon and any criticism of Israel.

“The world should know that perpetrators of crimes . . . particularly those who waged the inhuman war or supported it, are criminals and should be brought to trial in international courts,” he said.

Iran Leader Praises Hezbollah Resistance (AP-Y)

By Hussein Dakroub, Associated Press Writer

AP, August 17, 2006

Iran's supreme leader Ayatollah Ali Khamenei, in a message to Hezbollah head Sheik Hassan Nasrallah, described the militant group's clashes with Israel as a "victory" for Islam.

"Your unprecedented holy war and steadfastness are beyond the limits of my description. It's a divine victory. It is a victory of Islam," Khamenei said in the message read by an announcer on Hezbollah's Al-Manar television.

Hezbollah is heavily financed and backed by Iran's Shiite Muslim theocracy.

"With God's help you were able to prove that military superiority is not (measured) in the number (of soldiers), planes, warships and tanks. Rather, it depends on the power of faith and holy war," Khamenei said.

"You have ridiculed the myth that the Zionist army is invincible," he said.

Khamenei said the U.S.-Israeli plan for "a new Middle East" had been shattered by Hezbollah's resistance against Israel's 34-day military offensive in Lebanon.

"Lebanon has emerged (from the war) shining and beaming as a result of its people's determination and heroism," he said.

"The (Israeli) enemy has made a mistake in imagining that by attacking Lebanon, it is targeting the weakest chain of the region's states to inaugurate its illusory Middle East plan as it desires," Khamenei said.

"But the American-Israeli enemy was oblivious to the Lebanese people's patience, intelligence and heroism. It was also oblivious to the strength of Lebanon's big arms," he said.

Secretary of State Condoleezza Rice has said that the U.S. administration was working with its allies for "a new Middle East" where anti-Israeli militant groups, like Hezbollah and the Palestinian groups Hamas and Islamic Jihad, have no place. All three groups are on a U.S. list of terror organizations.

Khamenei said Israeli attacks that killed Lebanese civilians and destroyed much of the country's infrastructure have exposed "the real face of America and some European countries, side-by-side with the hated and repugnant Zionist face."

"They (Israeli attacks) have also uncovered the level of falsehood surrounding the hollow slogans ... about human rights and democracy," Khamenei said.

He lashed out at President Bush for declaring that the Israeli assault in Lebanon was self-defense and had defeated the Shiite guerrillas.

Khamenei is the supreme religious authority to Hezbollah followers.

Aids Chief Denies Morality Comes Before Life (FT)

By Andrew Jack

Financial Times, August 17, 2006

The new head of President George W. Bush’s agency for tackling the world’s Aids epidemic denied on Wednesday allegations that the agency was putting morality before saving lives.

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In an interview with the Financial Times, Mark Dybul, who was sworn in last week as US global aids co-ordinator, argued that US policies were inspired by scientific evidence and not morality, with critics using "sound bites rather than a nuanced public health approach".

His comments came on the sidelines of the International Aids Conference in Toronto, where the US administration has come under attack from scientists, health officials and activists.

They have criticised the US President's Emergency Plan for Aids Relief for focusing on abstinence and monogamous relationships over condom distribution in the prevention of HIV/Aids. Pepfar also refuses to fund needle exchange programmes for drug addicts or any activities "promoting prostitution".

However, Mr Dybul, a 42-year-old scientist, said there was "no public health basis" for a traditional approach of "just throwing condoms at people". At the same time, he stressed the US was giving out more condoms – 477m so far this year, up from 320m in 2001.

Nor did he feel constrained by his mandate to spend a third of Pepfar's prevention budget on discouraging sexual promiscuity. "Overall we have flexibility," he said, adding that Pepfar offered a "compassionate response" to prostitution.

Jodi Jacobson, head of Change, a US charity that scrutinises Pepfar activities, said the proportion of prevention funds allocated to promoting no sex or monogamy was far greater than one-third.

She added that US distribution of condoms had fallen from 900m since 1990, even as the epidemic spread.

She said there was a lot of "self-censorship" among groups seeking funding from Pepfar to avoid working with prostitutes – a key group – and a growth in local "vigilante" groups ensuring compliance with US guidelines.

Former US president Clinton was careful to avoid direct public criticism of Pepfar in a speech at the conference, stressing the significance of its funding. The agency expects to spend $4bn (€3.1bn, £2.1bn) this year.

But Mr Clinton said that while abstinence programmes deferred the age at which people began having sex, a failure to educate them about condoms meant they took fewer precautions once they did begin to have sex.

Mr Dybul stressed continuity with his predecessor, Randall Tobias, a veteran former pharmaceutical executive who now runs USAid, the US foreign development agency.

He also planned to continue a shift towards purchases of lower-priced generic Aids drugs, usually produced in China or India, and away from higher-priced US equivalents, provided they were deemed "safe and effective" by the Food & Drug Administration.

Evangelist Joins Global Fund Chief In Battle Against AIDS (USAT)

By Steve Sternberg

USA Today, August 17, 2006

TORONTO — Evangelist and best-selling author Rick Warren and Richard Feachem, who oversees billions in AIDS spending, said Wednesday that they'll team up to channel more money to faith-based groups in Warren's global church network.

Warren, founding pastor of the Saddleback Church in Lake Forest, Calif., claims a network of 400,000 churches of various denominations with similar social concerns. Feachem directs the Global Fund to Fight AIDS, Tuberculosis and Malaria, which was founded to channel AIDS funding to worthy projects. He has raised nearly $10 billion from donor nations and private groups to fund prevention and treatment efforts in 131 countries.

Together, Warren and Feachem represent a mix of money and influence, and their agreement is typical of the off-stage brokering at the 16th International AIDS Conference.

Feachem says his organization has long sought to fund more faith-based groups, but too few religious groups apply, though in many countries they provide as much as half of all medical services.

Harnessing the power of local churches, Warren says, can put a major dent in HIV, the virus that infects more than 40 million people worldwide and has killed 25 million. "The church is the biggest network in the world," he says. "I can bring you to 10 million villages in the world that don't have a doctor, don't have a post office, they have nothing but a church. But it's already on the ground, and we don't have to hire staff."

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Warren is a master at getting his message across. His latest book, The Purpose-Driven Life: What on Earth Am I Here For?, has sold more than 20 million copies. His newsletter goes out each Wednesday to more than 200,000 pastors around the world, he says.

He says he decided to tackle AIDS four years ago, after his wife, Kay, realized the magnitude of the tragedy. His mega-church has begun working in Rwanda to fight poverty, disease and corruption.

Feachem cites Zambia as an example of how a partnership between the Global Fund and faith-based groups might work. Through the Churches Health Association of Zambia, the fund provides $145 million to Christian, Muslim and Bahai groups for AIDS, TB and malaria services.

The association's director, Simon Mphuka, says the Global Fund works well with religious groups, which provide 60% of the rural medical care in Zambia. He said, however, that some groups "spoil the good work that they do" because they don't understand that telling people not to have sex until marriage isn't enough for AIDS prevention.

Warren says he believes the only way to stop AIDS is to "save sex for marriage" and train men to respect women. "Everyone knows this is a women's pandemic driven by behavior in men," he says.

He says he won't dictate to others. "Let's everyone do what they can do," he says. "I don't insist a Muslim change his belief to mine before I'll work with him."

Children Slip Through Cracks Of AIDS Efforts (NYT)

By Lawrence K. Altman

The New York Times, August 17, 2006

TORONTO, Aug. 16 — Efforts to greatly expand antiretroviral treatment for AIDS in poor countries are not reaching a vast majority of children who need it, a World Health Organization official said here on Wednesday.

The official, Dr. Kevin M. De Cock, who directs the organization's AIDS program, said that an estimated 2.3 million children 15 and under around the world are infected with H.I.V., the virus that causes AIDS, and that 800,000 of them needed antiretro viral drugs to stay alive. Of the 800,000, only 60,000 to 100,000 are receiving therapy. While the children account for 14 percent of AIDS deaths, they make up only 6 percent of recipients of antiretroviral drug therapy. Many of the children are orphans.

"We must conclude that scale-up has so far left children behind," Dr. De Cock said in a featured talk at the 16th International Conference on AIDS, which has attracted 24,000 participants. His comments drew on an extensive review of progress in efforts to step up antiretroviral treatment.

At the same time, Dr. De Cock said, fewer than 10 percent of pregnant women with H.I.V. in poor and middle-income countries are receiving the simple regimen of pills that can prevent the transmission of the AIDS virus to their newborns. By contrast, rich countries have virtually eliminated pediatric AIDS.

Dr. De Cock also described an inequity in antiretroviral treatment for injecting drug users, particularly in Eastern Europe and Central Asia. There, these users account for more than 70 percent of people infected with H.I.V. but about a quarter of those receiving treatment.

"An urgent priority is improving access to antiretroviral therapy for children, especially in sub-Saharan Africa, and for injecting drug users everywhere," Dr. De Cock said.

He also said that women in developing countries were receiving therapy in proportion to the female infection rate. But in an interview, he added that women's access to follow-up care could still be inhibited.

Of the 38.6 million people with H.I.V., about 6.8 million in low- and middle-income countries would be expected to die within two years without antiretroviral therapy. Of these, about 1.7 million are now receiving it, Dr. De Cock said, but for many it is coming too late to get the full benefit of the drugs.

The one million now receiving therapy in Africa is 10 times the number who were being treated in December 2003. Still, that figure is two million fewer than the number Dr. Lee Jong-wook had set as a goal when he became director general of the health organization in 2003. The aim was to treat three million by the end of 2005, in a program nicknamed "three by five."

Since Dr. Lee's unexpected death in May, his supporters have said that he deserved credit for forcing the world to bring antiretroviral therapy to the world's poor people.

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"Three by five was not a failure," Prof. Ruth Nduati, an epidemiologist at the University of Nairobi in Kenya, said at a news conference. She added that the current efforts would not have been possible without "the clarion call of three by five."

Asked when the goal of treating three million people might be reached, Dr. De Cock said he did not want to link a date and number. The first million patients are the easiest to reach, he said, because rapid scale-up programs tend to start in cities, where there are relatively large numbers of patients.

Reaching people in rural areas in poor countries "is a more difficult task and may take longer," Dr. De Cock said.

Moreover, delivering antiretrovirals requires a cadre of trained health workers, and they are in short supply in many poor countries.

Still, the limited success so far is a concrete rebuttal to the pessimism expressed by many officials in recent years.

In 2001, for example, Andrew S. Natsios, then administrator of the United States Agency for International Development, stirred worldwide criticism when he declared that treatment in Africa would not work because the drugs had to be taken every few hours, and that Africans "don't know what Western time is. Many people have never seen a clock or a watch their entire lives."

Many critics also said H.I.V. would develop a resistance to the drugs if people in poor countries did not take them as prescribed. Dr. De Cock said that the World Health Organization was watching for resistance among patients taking the medicines and that the information would start to become available later this year.

In an interview here on Wednesday, Dr. Mark R. Dybul, the United States' global AIDS coordinator, said, "Three years ago, people were talking about how antiretroviral therapy was not cost-effective, and now the talk is about how can we do more."

Proponents for wider availability of antiretroviral therapy say that AIDS drugs have saved more than three million years of life in the United States alone.

But, Dr. Dybul cautioned, "We're not guaranteed billions of dollars more, and we need to work" for any additional funds. "There are a lot of important priorities in the world."

Japan-Russia Territorial Dispute Escalates (FT)

By David Pilling

Financial Times, August 17, 2006

A Russian border patrol boat shot dead a Japanese crab fisherman in Russian-controlled waters near Japan's northern island of Hokkaido, highlighting continued tension between the countries over ownership of four disputed islands.

The Japanese foreign ministry protested against the shooting, saying it reserved the right to press for an apology, punishment of the perpetrators and compensation. Taro Aso, foreign minister, said he "would approach the matter with serious concern".

The ministry was also on Wednesday night pressing for the immediate release of three other Japanese crewman, all from the Nemuro peninsula on the eastern tip of Hokkaido, who were being held by Russian authorities.

Tokyo dispatched coast guard vessels to waters nearby the Russian island of Kaigara to investigate the incident.

Japan's Kyodo news agency quoted Hokkaido officials as saying that crab fishing was banned at the scene of the shooting. Officials had been told of Russian concerns about illegal Japanese fishing and had relayed the warning to local fishing co-operatives, they said.

Even if it is confirmed the Japanese crew of the boat, the No 31 Kisshin Maru, was fishing illegally, the incident will stir anger in Japan. Tokyo claims sovereignty of four nearby islands - referred to as the northern territories in Japan and the southern Kuriles in Russia - that have been administered by Moscow since the end of the war.

Return of the islands, which were occupied by Moscow while Japan was being bombed by nuclear weapons during the second world war, is a cause celebre of the Japanese right and a long-standing goal of Japan's foreign ministry. Shinzo Abe, who is almost certain to succeed Junichiro Koizumi as prime minister next month, is also a strong proponent of stepping up diplomatic efforts to press for the islands' return.

Several of the banners held up when Mr Koizumi visited the controversial Yasukuni shrine on Tuesday pressed for the return of the islands. Recently, a commercial has been aired in Japanese cinemas urging the population, the majority of which has little interest in the sparsely populated islands, to press for their return.

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Failure to resolve the long-simmering dispute over the four islands has hampered diplomatic relations between Tokyo and Moscow. Commercial relations, while fast expanding in recent years, are still small compared with their potential, experts say.

In theory, energy-dependent Japan and energy-rich Russia would be strong commercial partners, particularly given their mutual concern about the growing regional power of China. Plans to bring Russian oil by pipeline from Siberia to Pacific ports within easy reach of Japan have been hampered by the diplomatic stand-off.

Mexico Protest May Splinter As Leftists Take Office (WSJ)

By John Lyons

The Wall Street Journal, August 17, 2006

MEXICO CITY -- Mexico City's mayor-elect, Marcelo Ebrard, has spent the past few weeks sleeping in a tent on the city's central boulevard, helping to create a traffic nightmare in the city he was elected to run. Sleeping nearby are a number of newly elected congressmen.

The politicians are allies of Andrés Manuel Lopez Obrador, who has tied the capital in knots in his quest to undo the presidential vote he narrowly lost on July 2. But while they vow to back his pledge to continue protests for "years," if necessary, some in the leftist camp are tiring of his tactics and worrying they are putting their movement's historic electoral gains at risk. Indeed, unlike their standard bearer, many on the left won their races by wide margins.

Mr. Lopez Obrador's foes are betting the protest will dissipate in coming months as his camp's interests splinter and winning politicians are sworn into office -- and are expected to show they can rule, not disrupt.

Congressmen get sworn in Sept. 1; the capital's mayor takes office Dec. 1, the same day as the president. While Mr. López Obrador will certainly retain a big following, defections by a few key supporters could undermine his movement and smooth the way for Felipe Calderon, the conservative who won the presidential balloting, to take office and begin cobbling together a governing coalition.

There are signs of fissures already. On Monday, Jesús Martínez Alvarez, a congressman whose Convergence party backed Mr. López Obrador's presidential run, said he had had enough of the protest and accused Mr. López Obrador of "squandering" the left's political gains. Mr. López Obrador's Party of the Democratic Revolution, or PRD, long a congressional bit player, is due to become the No. 2 party in the Senate and the lower house, behind Mr. Calderón's National Action Party.

At least three governors from Mr. López Obrador's PRD have also turned their backs on the protests, as public opinion has turned against his tactics. One in five Mexico City residents who voted for Mr. López Obrador now regret it, according to a poll this week in the Universal newspaper, and would vote against him if they could. Two-thirds of those polled disapprove of the street blockades.

To keep his movement going, Mr. López Obrador, 52 years old, is counting on the emotional and personal bonds he has forged with supporters, which were only strengthened when several newly elected PRD congressmen were beaten by Federal police as they tried to blockade Congress on Tuesday. The protesters vow to obstruct the Sept. 1 state of the union address at Congress, with the hardest-line PRD lawmakers making their protests from their congressional seats.

Even so, politicians with long-term aspirations may be increasingly compelled to distance themselves from the protest movement for the sake of their careers. Consider the situation of Mr. Ebrard, 48, a bespectacled man who towers over his fellow Mexicans. Observers believe he would like to become the PRD's presidential candidate in 2012, which could put him in competition with Mr. López Obrador, who might try a second run.

The Mexico City mayor's support is critical for the protest because the city supplies the demonstrators with water, electricity and police protection. Unhappiness with the protests has sent the approval ratings of the current Mexico City mayor plummeting.

So far, Mr. Ebrard has lent his support. He has spent three rain-soaked weeks in a tent on the Paseo de la Reforma, instead of honeymooning with his new bride, soap-opera star Mariagna Prats. She is passing her days in the tent too. "Sometimes politics is uncomfortable," Mr. Ebrard said, puffing on a Marlboro cigarette.

He affirmed his support for Mr. López Obrador and scoffed at reports of a split in the party. "Andrés Manuel retains the moral authority in the party, and so ruptures won't happen," he said. "There won't be a lot of negotiation going on between the PRD and the PAN." Even so, he said he expects the protest tents to be disassembled by the time he takes office.

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Stylistically, Mr. Ebrard differs from Mr. López Obrador, who was Mexico City mayor before his presidential run. Mr. Ebrard is pragmatic and willing to make deals; Mr. López Obrador is a stubborn idealist. Mr. López Obrador is an ascetic who drives an inexpensive Toyota; Mr. Ebrard asked for a $25,000 plasma television on his wedding registry. He appears with his wife on the cover of this month's Caras, a society magazine that costs $4, or about a day's minimum wage.

Politically, Mr. Ebrard has already put some daylight between himself and Mr. López Obrador. Although he appeared on stage with Mr. López Obrador at a massive rally on the Saturday after the vote, Mr. Ebrard didn't address the crowd. After the rally, Mr. Ebrard dashed off to his wedding, which was attended by many local business leaders whom Mr. López Obrador considers foes.

Among the guests: Manuel Compean, the chief spokesman for Grupo Televisa SA, the media company that Mr. López Obrador says illegally backed Mr. Calderón's campaign, and Juan Francisco Ealy, whose Universal newspaper had been accused of publishing polls that pumped up Mr. Calderón's support. Among the missing: Mr. López Obrador, who said he was too tired to attend and needed to prepare his protest strategy. Some observers took it as the first signs of a fissure.

Mr. Ebrard's political roots are in the Institutional Revolutionary Party, which ran Mexico for 71 years until it was unseated in the 2000 election. He dropped out of the PRI in 1995 to start a new party, and in 2000 helped Mr. López Obrador win the Mexico City mayoralty. Later, Mr. Ebrard held several top posts in the city government before running for mayor this year.

In the current battle, Mr. Ebrard, conscious of potential damage to approval ratings, has tried to moderate the protest movement. He opposed a plan by some on the left to shut down the Mexico City airport, for instance. "There was never a formal debate, but the idea was out there, and I was against it," he said. "We have to do the protests in a way that gets the point across, but does not affect too many people."

Chávez Threatens To Nationalize Telephone Company (WSJ)

The Wall Street Journal, August 17, 2006

CARACAS, Venezuela -- President Hugo Chavez threatened to nationalize Venezuela's largest telecommunications company if it doesn't comply with a court order to make pension payments to former employees.

In a televised speech, Mr. Chávez said he had given executives of Compania Anonima Nacional Telefonos de Venezuela, or CANTV, a "prudent" grace period to comply, but he didn't specify how long that period would be.

Verizon Communications Inc. owns a 28.5% stake in CANTV, according to its last annual filing with the Securities and Exchange Commission. Spokesman Peter Thonis declined to comment on the situation.

The Venezuelan Supreme Court ruled in July 2005 in favor of more than 3,400 unionized CANTV workers in a long-running pension dispute. The court said the workers' pensions had to be increased to take into account currency devaluations, inflation and minimum-wage increases since 1999.

CANTV has contested part of the court ruling and is awaiting a study from Venezuelan authorities to determine how much it will make in back payments to retired workers.

Company officials couldn't be reached for comment.

US Steps Up Anti-Castro TV (CSM)

By Warren Richey

The Christian Science Monitor, August 17, 2006

MIAMI

Every evening from Monday to Saturday, a small twin-engine prop plane taxis down the runway past combat-ready jet-fighters at Naval Air Station, Key West.

The commuter aircraft takes off and banks to the south over the deep-blue Florida Straits as pilot and crew prepare for their nightly invasion of Cuba.

Their mission: to spread democracy there by serving as an airborne broadcast platform for a US Spanish-language television network known as TV Martí.

DOJ_NMG_0049459

Welcome to the newest front in Washington's propaganda war against Fidel Castro and his brother, Raúl. With Cuba's leader said to be frail but recovering from surgery and his brother provisionally designated as his successor, US officials are stepping up efforts to encourage the Cuban people to end Mr. Castro's 47-year revolution with a revolution of their own.

Officials with the Miami-based Office of Cuba Broadcasting (OCB), an arm of the US government, are quick to point out that their twin-prop Grumman G-1 at no time leaves international air space. Nonetheless, the Cuban government views the operation as the equivalent of a full-on invasion of Cuban sovereignty.

How effective this information 'invasion' may be is a matter of considerable debate. The Cubans have worked to jam TV Martí for years. The new plane and its high-powered transmitter were pressed into action Aug. 5 and are still in the testing phase. But officials say initial indications are positive.

"It is getting through. We have reports from Havana [and] Matanzas ... that it is being seen," says Alberto Mascaro, OCB's chief of staff. "Every day, it is getting better as they fine-tune the equipment."

Critics scoff at such claims. They see information warfare directed at Cuba as an expensive boondoggle related more to the political power of anti-Castro Cuban-Americans than to any demonstrable impact on bringing free elections to Cuba.

The US government has spent nearly $500 million to fund Radio Martí since 1985 and TV Martí since 1990. The Cuban government responded with an array of frequency jammers in and around Havana, and opponents of the propaganda effort say it has achieved little more than bringing very expensive "snow" to Cuban television screens.

"The bottom line is that TV Martí since the day it went on the air, regardless of the technology used, has virtually no audience. Every new technology that they have announced has not worked; it is very easy to jam," says John Nichols, a communications professor at Penn State University and coauthor of the book "Clandestine Radio Broadcasting."

Last month, a presidential commission recommended measures aimed at hastening the transition to democracy in post-Castro Cuba. One recommendation was to break Castro's information blockade. "The regime fears the day that the Cuban people have full access to independent information," it said.

Radio Martí programming has been somewhat more successful than TV Martí in evading jamming, but analysts say it nonetheless has failed to attract a large and loyal audience after more than 20 years in operation. One government estimate in 2005 said only 1.7 percent of Cubans were regular listeners.

But that hasn't slowed US efforts to find new and better ways to get information into Cuba. When TV Martí first started, it was broadcast from a blimp attached to a cable 10,000 feet above Cudjoe Key in the Florida Keys.

After the signals were easily blocked in Havana, the US responded with transmissions from a C-130 transport plane. Those broadcasts were also blocked. Now, TV Martí officials hope the new plane - with state-of-the-art equipment - will generate a signal strong enough to punch through the jammers.

That's not the only front in this information warfare. In 2003, TV Martí began beaming its signal throughout the island via satellite. The Cuban government tightly controls access to satellite broadcasts. But estimates are that there are perhaps 10,000 black- market satellite dishes island-wide.

"Now is the time to gear up and take action," says Stephen Johnson, a Cuba policy expert at the Heritage Foundation. He says the key to success at Radio and TV Martí is building credibility by offering reliable and useful information.

"What they need is information to help them realize that there are different ways of living out in the rest of the world, and that there are things they are missing out on," he says. "It is not to be anti-Castro, but to help plant seeds of change."

Professor Nichols says it won't work because no one in Cuba is listening. "The audience is the sender, not the receiver. The [attempted broadcasts] are making Cuba mad and the Cuban exile community happy," he says. "That is the real message."

Ukraine Wins Russian Assurance To Forgo Steep Gas Price Increase (WSJ)

By Alan Cullison

The Wall Street Journal, August 17, 2006

MOSCOW -- Ukraine's new pro-Russian prime minister said that he has secured Moscow's assurance that it will forgo any steep price increase for natural gas this year, and that he is moving toward an agreement that would guarantee deliveries for next year as well.

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Prime Minister Viktor Yanukovych's progress should allay fears of another disruptive gas dispute between Moscow and Kiev; a January spat led to a supply shutoff and sent thermostats falling in Europe. The tentative accord announced yesterday also hints at the benefits of warm relations with the Kremlin when it comes to securing energy: Mr. Yanukovych's rapid progress in gas talks contrasts with that of the previous government, which was dominated by Western-leaning members of the Orange Revolution who were pressured by Moscow to pay sharply higher prices.

Ukraine pays $95 per 1,000 cubic meters for gas -- or roughly $2.60 per million British thermal units -- but Russian gas giant OAO Gazprom had told Kiev that prices could jump to $230 next year. Natural gas has traded near $7 per million BTUs in recent weeks on U.S. futures markets.

In his first trip abroad since being named prime minister two weeks ago, Mr. Yanukovych, whose pro-Russian political party performed well in parliamentary elections this year, said he managed to stave off radical price increases, which analysts say would be ruinous to Ukraine's energy-hungry economy.

"We don't think there will be any race upwards in the gas price," Mr. Yanukovych told reporters at the Black Sea resort city of Sochi, where he was warmly greeted by Russian President Vladimir Putin. "In the course of negotiations, I didn't get the feeling that our partners wanted to supercharge the situation."

Officials said it is too early to name exactly what price would be paid in 2007. But Russian Prime Minister Mikhail Fradkov said terms for the winter would be "based on the agreements we reached in January" -- suggesting the price would stay around the $95 level agreed at that time.

This year Moscow accused Ukraine of laying the groundwork for a new gas crisis by failing to build up its winter supplies fast enough. Ukraine's natural-gas storage facilities are important to the smooth supply from Russia to Central and Western Europe in the peak demand season.

Mr. Fradkov said yesterday that the parties had resolved the storage problem, too, and would be increasing the natural-gas reserves in Ukraine's underground facilities by 24.5 billion cubic meters, a hefty buffer.

Analysts and diplomats have watched closely to see how far Mr. Yanukovych plans to go in fulfilling campaign promises to repair relations with Russia. Ties between the nations were badly strained by 2004's Orange Revolution, a popular revolt that kept Mr. Yanukovych from the presidency after a court ruled his election had been tainted by fraud. His rival, Viktor Yushchenko, was subsequently elected.

Like many prominent Ukrainian leaders, Mr. Yanukovych so far has taken a multivectored course. He campaigned actively against Ukraine's entrance into the North Atlantic Treaty Organization but now says he would allow the question to be settled by a referendum. His newly appointed energy minister said Ukraine will continue to use a murky trading company criticized in the West, RosUkrEnergo, as a go-between in gas deals with Russia, but Mr. Yanukovych has promised that all dealings with the company will be transparent.

Last week he signaled a weakening resolve to pursue economic liberalizations, saying Ukraine's entrance into the World Trade Organization should be delayed until next year. Moscow would see Ukraine's entrance into the organization as an affront, since its efforts were recently stymied in talks with the U.S.

But in Moscow, commentators have expressed some disappointment with Mr. Yanukovych, because they think he has been backsliding on a promise to make Russia a second official language of the Ukrainian government. In a recent trip to the Russian-dominated Crimea in southern Ukraine, the prime minister was reported to have said such a proposal is "unrealistic at the current stage." And Mr. Yanukovych has resisted proposals to resolve Ukraine's gas debts by ceding control of the country's gas-transport system to Moscow.

Ukraine's economy, while growing rapidly, depends on heavy industries that are largely unreformed since Soviet times. Any rise in gas prices above $120 could put a serious dent in economic growth, analysts say.

A Book About East Timor Jabs Indonesia's Conscience (NYT)

By Jane Perlez

The New York Times, August 17, 2006

DOJ_NMG_0049461

JAKARTA, Indonesia, Aug. 14 — For more than two decades, the brutal military occupation of East Timor, a distant, impoverished territory, brought Indonesia little but disdain and dishonor on the world stage.

The ending, a bloody rampage by Indonesian-backed militias after a vote for independence in 1999, further curdled the nation's reputation and left a bitter mood at home, where the loss of East Timor was treated as a subject best left untouched.

The seemingly closed chapter was reopened this month with a new book by Ali Alatas, the former longtime foreign minister and ambassador to the United Nations. It is the first account by an Indonesian insider who tried to steer some of the events — which at critical moments involved the United States, the United Nations and, at all times, the heavy hand of the Indonesian Army.

Mr. Alatas, always amicable, always accessible, was respected in New York as a quintessential diplomat handed the tricky task of representing his country during the rule of a secretive and authoritarian leader, President Suharto.

In "The Pebble in the Shoe: The Diplomatic Struggle for East Timor," Mr. Alatas traces events from the Indonesian invasion in 1975 to the army's exit in September 1999, and the transfer of control to a United Nations peacekeeping force.

For the most part, he sticks to the narrow diplomatic history, rarely veering into what the army was doing on the ground, and mostly hinting rather than asserting that the army's actions made the diplomatic track so tortuous.

"I decided I would try to open up a debate and leave it to the reader to draw his conclusions," Mr. Alatas said in a recent interview.

The debate came immediately. A ceremony to celebrate the book's publication — fashioned as a public seminar in the stately courtyard of the National Archives and attended by former army generals, Indonesian officials and foreign diplomats — turned into an initial round of soul-searching, even catharsis.

Dino Patti Djalal, who served under Mr. Alatas and is now President Susilo Bambang Yudhoyono's most senior foreign policy adviser, told the audience that Indonesia had many stark lessons to learn from East Timor, describing the period leading up to the United Nations-administered referendum of Aug. 30, 1999, when the East Timorese voted overwhelmingly for independence.

Mr. Djalal said he had been sent by Mr. Alatas to visit the East Timorese leader, Xanana Gusmão, when Mr. Gusmão was still being held in a Jakarta prison.

Mr. Djalal had passed along a warning from Mr. Gusmão that the militias backed by the Indonesian Army would create mayhem after the vote, but Indonesia did nothing to prevent it, he said.

"He said, 'Dino, this thing about the militias is going to be a cancer,' " Mr. Djalal said.

"We never had the heart or the will to rein in the militia,'' he said, and added, "We paid very dearly." The United Nations estimates that about 1,000 people died in the violence that many say was turned on and off like a spigot by the military.

In his book, Mr. Alatas says the looting, burning and killing after the voting was so bad that a delegation of Indonesian officials, including Mr. Alatas, was unable to leave the airport when the group flew to East Timor for a firsthand look.

He goes on to say, "I began to have serious doubts whether, even under martial law,'' the Indonesian troops "could control the situation, not because of technical incapability but because of wavering and indecisiveness to act strongly against the militias."

Mr. Djalal said Indonesia fooled itself during its rule of East Timor. "We spoke of winning the hearts and minds, but we didn't know what we were doing," he said. "East Timor became a police state. We were bribing people we thought were loyal to us, and doing horrible things to people we thought were not loyal to us."

At another point in the seminar, a former Indonesian ambassador to Australia, Sabam Siagian, said Secretary of State Henry A. Kissinger had visited Jakarta just before the invasion of East Timor and had told President Suharto that the plans for East Timor were acceptable as long as the operation was done "quickly and cleanly." But, Mr. Siagian said, "it was neither quick nor clean."

In his account, Mr. Alatas says that the shootings of East Timorese protesters in November 1991 by the Indonesian military at a cemetery in Santa Cruz district was a "turning point" from which Indonesia never recovered.

The massacre was captured on videotape by a British filmmaker and shown worldwide. "Since that date, international support for Indonesia's position inexorably declined while that for the independence movement in East Timor markedly increased," he writes. Soon afterward, the United States cut military assistance to the Suharto government.

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With Indonesia's image suffering so much in the international arena, Mr. Alatas writes, he tried in 1994 to persuade President Suharto of the wisdom of granting East Timor autonomy, a status that Mr. Alatas had long favored. He was listened to patiently, he records, but turned down.

If autonomy had been granted in the 1980's or 1990's, independence would not have been necessary, Mr. Alatas suggests. To the astonishment of many, including Mr. Alatas, after President Suharto's downfall the new president, B. J. Habibie, quickly set the path for independence.

The title of his book comes from a remark Mr. Alatas once made to a Portuguese journalist who had asked him how he felt about the international stigma over East Timor.

Yes, he had answered, it was a problem for Indonesia, "but only as bothersome as a pebble in a shoe," Mr. Alatas says. "In retrospect, however, I have to admit that in its final years, the East Timor problem was no longer a mere pebble in the shoe but had become a veritable boulder, dragging down Indonesia's international reputation to one of its lowest points."

The troubles of East Timor came at a personal cost to Mr. Alatas. In the 1990's, he was a serious candidate for secretary general of the United Nations.

But, he has said, President Suharto did not want him to pursue his candidacy. And friends of Mr. Alatas have said that the president did not want the exposure on East Timor that a campaign for Mr. Alatas would have attracted.

Out Of Boston An Entrepreneur Has Quixotic Goal Of Wiring Rwanda (WSJ)

By Christopher Rhoads

The Wall Street Journal, August 17, 2006

MOUNT KARISIMBI, Rwanda -- Greg Wyler, an American tech entrepreneur, dreams of bringing the Internet to this troubled country. There are a few hurdles. One is a battered communications tower atop this 14,787-foot volcanic peak. The air is too thin for helicopters to transport the several tons of equipment needed for repairs. Instead, it has to go by hand.

One recent morning, as mist covered the mountain, a group of 20 Rwandans lugged a 1,300-pound transformer with ropes and pulleys through deep mud. Rains had turned part of the trail into swamp. Mr. Wyler, 36 years old, was checking on their progress. He had recently hired a South African mountain-rescue company to advise on navigating the steeper sections.

"We are pushing the boundaries of technology here," Mr. Wyler said, as the muck oozed up around his knees.

Mr. Wyler's company, Terracom, expects the tower to start beaming services in the coming months, including, for the first time, cellphone coverage, Internet access and television. Rwanda is among the least-connected countries in the world. Mr. Wyler wants it to be the first completely wired African nation, with citizens paying $80 a month for Terracom's Internet service.

Right now, Rwandans earn on average an annual income of about $200. Outside Rwanda's major towns, few homes have power. Rwanda still bears the scars of the genocide that consumed this nation 12 years ago when ruling Hutus slaughtered more than 800,000 Tutsis in a 100-day period. The country's telecom minister, Albert Butare, supports Mr. Wyler's efforts but acknowledges the obvious.

"We've had to rebuild everything from nothing," Mr. Butare says. "So when people need shelter, water and energy, they ask, 'Do I really need a computer?' "

On a recent break-neck tour by Land Cruiser of Terracom's projects around the country, Mr. Wyler stopped at his northwest regional office where clothes salesman Edward Rugamba had come to get his phone line fixed.

The 33-year-old Mr. Rugamba mentioned he'd once tried to start an Internet café. It folded after customers complained about the poor connections. On a whim, Mr. Wyler took Mr. Rugamba to see one of Terracom's new solar-powered towers, a journey that took an hour up a twisting, narrow dirt road. He wanted to persuade Mr. Rugamba to re-launch his café. "There are some damn good Java programmers out there!" Mr. Wyler shouted over the thick forest below.

On the ride back down the mountain, Mr. Wyler pitched his visitor the job of running regional sales for Terracom. The car zipped past barefoot children playing among goats.

"I need you on my team to show these guys how to use the Internet," he said. "We'll make this a booming metropolis!" Mr. Wyler put Mr. Rugamba in touch with Terracom's sales team, but hasn't learned if he accepted the offer.

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Until three years ago, Mr. Wyler had never been to Africa. In the early part of the decade, he was investing in tech startups and real estate after making a fortune from a technology that cools computers. In 1998, the 28-year-old Mr. Wyler sold his company, Silent Systems Inc., for about $15 million.

Then a family tragedy intervened. In 2002, Mr. Wyler's parents were in the midst of an ugly divorce, rife with accusations of physical abuse, according to reports in the Boston Herald and Boston Globe. In October of that year, Mr. Wyler's mother, Susann, was murdered in the family's home near Boston. Widespread media coverage at the time identified Mr. Wyler's father, Geoffrey Wyler Sr., a prominent Boston lawyer, as a suspect. Local law authorities won't comment and to this day no one has been charged with the crime.

Geoffrey Wyler did not respond to calls seeking comment.

Around this time, at the wedding of a friend, Mr. Wyler met a Rwandan government official who invited him to visit the country. Eager for a new venture to occupy his time and mind, Mr. Wyler readily accepted and visited Rwanda that spring.

The government official was the chief-of-staff for President Paul Kagame, whom Mr. Wyler soon met. Mr. Kagame quizzed Mr. Wyler about a $50-million government project to give schools Internet access via satellite. Mr. Wyler says he told the president the deal was overpriced and that satellite Internet access was slow and unreliable.

"I told him if he wanted real infrastructure, he needed fiber," recalls Mr. Wyler. Mr. Wyler drew Mr. Kagame a map showing how fiber cables connect much of the developed world and bypass Africa. The government scrapped the satellite deal. Mr. Kagame and other government officials urged Mr. Wyler to take on a project wiring 300 schools, which he accepted.

Rwanda has tried to forge connections to the global economy under the leadership Mr. Kagame, the Tutsi military leader who led the army that defeated the genocidal Hutu government. His ultimate goal is to transform Rwanda into a Singapore-like hub for business and investment in east Africa. He has lured back from abroad several million Rwandans -- many with Western skills and education -- to help the country catch up with the modern world.

Yet government-owned phone monopolies throughout Africa have stifled competition, keeping innovation limited and prices high. Western companies and carriers have mostly shunned Africa, with its poverty, disease and instability. Recently, both France Télécom and Vivendi SA have scaled back their ambitions in the area.

Rwanda got its first dial-up connection in 1999 and, like most of the region, relied on expensive satellite links to access the Internet. When Mr. Wyler first visited, Rwanda counted just 22 broadband connections, each costing more than $1,000 a month, which were used mostly by embassies and nongovernmental organizations. Even at those prices, the connections were faulty and slow.

Mr. Wyler glimpsed an opportunity. Most of the recent growth in Internet users has come from developing nations. The world-wide number has more than doubled in the past five years to one billion.

In December 2003, Mr. Wyler started his own Rwandan Internet service provider and named it Terracom. With about $15 million, which came from his own funds and another investor, he began building a fiber network using the same technology that forms the U.S.'s Internet and data backbone.

Mr. Wyler says he is focusing on access first, profits later. He's starting with schools, institutions, and small businesses such as coffee cooperatives hoping to sell to U.S. coffee houses. Eventually, he'll get to individual consumers.

During 2004, Mr. Wyler hired 45 full-time workers and about 1,000 part-time laborers. They laid a 100-mile stretch of fiber in the ground from the capital Kigali southwest to Butare, the second-largest city and home of the country's biggest university. "We're on a mission here to see what happens when we drive prices down and quality up," says Mr. Wyler.

Last October, Mr. Wyler solved the problem of what to do with the country's telecom monopoly: He bought it. With a $20-million bid, Mr. Wyler won an auction that privatized Rwandatel. The acquisition included an antiquated fixed-line phone network, about 25,000 customers and 530 employees.

Mr. Wyler was now running a bloated government monopoly with little technical knowledge and no idea how to compete. Rwandatel had no customer-service department and 12 employees whose sole job was to play on the company soccer team.

"It wasn't expected to turn out this way," says Mr. Wyler, who on some days relies on a steady consumption of Gummi bears that he brings with him from the U.S. "It just sort of happened." Mr. Wyler spends one week of every six in Rwanda and most of the remainder at the home near Boston he shares with his wife and young daughter.

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Back in the Land Cruiser, Mr. Wyler checked emails on his laptop. Terracom offers wireless broadband access wherever its cellular network has coverage -- he says it currently covers about 60% of the population -- for $60 a month, $20 less than the company's regular Internet access offering. The wireless technology is similar to what Verizon Inc. and Sprint Corp. are rolling out in the U.S.

As Mr. Wyler answered email, the SUV careened around mountain roads lined with banana trees, and narrowly swerved past people on foot. One email came from Terracom's new head of DSL, a technology that turns basic phone lines into high-speed ones.

"There is something that I would like to tell you," wrote Christian Mulola, 25, a Rwandatel employee Mr. Wyler promoted to run DSL operations. "It is that I do not feel confident enough to handle the installation all alone."

Mr. Wyler ignored the email, having given his employee a pep talk months earlier. "Greg told me my work would seem like a mountain on the first day," Mr. Mulola recalls. "But that tomorrow it would seem like a hill, and then seem smaller and smaller after that." Mr. Wyler later received another message announcing that the job had been completed after all.

Next, Mr. Wyler visited Terracom's Internet café in Gisenyi, a dusty city in western Rwanda on the border with the Democratic Republic of Congo.

The café has 12 computers in wooden stalls but its Internet connection was down. The café is the main and perhaps only way for tens of thousands of residents here to access the Internet. Emile Munyandamusta, the Gisenyi manager, had not addressed the problem for about a day.

Mr. Wyler was furious. "Did you know about this?" he shouted. He explained through a translator that each minute the Internet café was closed Terracom was losing money. Startled, Mr. Munyandamusta made a call on his cellphone to check on the repair work. Mr. Wyler became further exasperated when he noticed Mr. Munyandamusta using a cellphone from a Terracom competitor, South Africa's MTN Group Ltd.

Mr. Wyler demanded the employee running the café email him the moment the problem was fixed, which happened the following day. On his way out the door, Mr. Wyler noticed the employee was wearing an MTN T-shirt. "We've got to get him a new shirt," Mr. Wyler said to his translator.

Terracom now has about 220 miles of fiber in the ground, bringing broadband to more than 150 locations, Mr. Wyler says. He wants to install another 700 miles of fiber during the next two years. The price of Internet access is still well beyond the reach of most Rwandans, but is a fraction of earlier offerings and for much higher speeds. In Terracom's Internet cafés, users pay 20 cents per 15 minutes.

Terracom's cellphone service, meanwhile, costs about a third of the rate offered by MTN. Mr. Wyler reckons he can reach more than a million customers within the next five years, offsetting the low margins with volume. By comparison, it took MTN eight years to win about 220,000 Rwandan customers.

In late July, Terracom, which Mr. Wyler says is now a "sustainable" business, merged with GV Telecom, a regional telecom company incorporated in the British Virgin Islands. The new company plans to extend Terracom's model of low-cost high tech throughout Nigeria, Kenya and Congo, Mr. Wyler says. Initially, Mr. Butare, the Rwandan telecom minister, denounced the deal in a news conference, stating that his office had not been consulted. He calmed down after Mr. Wyler called to explain he was not simply flipping the company for a quick profit.

Mr. Wyler says he has no intention of stepping down and will run strategy for the new company as well as its Rwandan operations.

One of Terracom's biggest tasks was making operational the Mount Karisimbi communications tower. The lush, mountainous area, where gorillas roam, has seen little but warfare since the 130-foot tower was built in 1989, initially to provide FM radio.

When the country plunged into civil war in 1990, Mr. Kagame's invading Tutsi army hunkered down here. The tower had never worked when the systematic killing of Tutsis by Hutus began four years later. The work crew left. When defeated Hutu militants fled across the border into Congo, they destroyed much of the equipment around the tower.

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The tower, which sits in the northwest of the country, sat unused, surrounded by chunks of charred metal, covered in graffiti and the debris of war. The area remained in a communications blackout. Nearby airports couldn't even talk to pilots flying through the region.

About a year ago, the government asked Terracom to bring the tower to life. The company imported tons of telecom equipment from overseas and shipped it four hours by truck from Kigali to a grass airstrip near the mountain where mud huts dot the landscape.

From there, a military helicopter made more than 50 trips hauling equipment to a base camp at about 12,000 feet. Then, it was taken by hand to the top. One piece -- the 1,300 pound transformer -- took a week to haul to the summit.

To speed up the work, Mr. Wyler suggested having workers sleep and eat at the camp. For their down-time during the evenings, he suggested providing laptops.

Japan's History Problem (WP)

By G. John Ikenberry

The Washington Post, August 17, 2006

Japan has a serious geopolitical problem -- and increasingly it is an American problem as well.

Essentially, the problem is that Japan has not been able to eliminate the suspicions and grievances that still linger in China and Korea about Japan's militarist past. While postwar Germany has somehow been able to put the "history issue" to rest, postwar Japan has not. The result is that Japan -- 61 years after its surrender and the inauguration of its long, peaceful return to the international community -- remains isolated and incapable of providing leadership in a region that is quickly transforming in the shadow of a rising China.

The most visible manifestation of Japan's history problem is the controversy that erupts each year when the Japanese prime minister visits the Yasukuni Shrine in central Tokyo -- the Shinto memorial where the names of 14 World War II-era Class A war criminals are listed among the honored dead. In China and Korea these visits evoke the memory of Japanese war and imperial aggression, trigger popular protests and official condemnation, and provide a readily available tool to push Japan on the defensive and shrink its regional influence and appeal.

This problem was again on display Tuesday -- the anniversary of the end of the Pacific War -- when Prime Minister Junichiro Koizumi made his expected pilgrimage, covered live on Japanese television, to the Yasukuni Shrine.

Complicating matters, the United States has urged Tokyo along the course of great power "normalization." Indeed, some Washington strategists envisage Japan as America's "Britain in the East" -- a normalized and militarily capable ally that can stand should-to-shoulder with the United States as it operates around the world. This is in essence the vision of the very influential Armitage Report of October 2000 (named for former deputy secretary of state Richard Armitage), issued by a bipartisan group of American security specialists, and it is the dominant view today among both Democratic and Republican thinkers concerned with Japanese security.

The problem is that "normalization" and "historical reconciliation" are working at cross-purposes. Normalization requires amending the constitution, acquiring new sorts of military capabilities and breaking longstanding pacifist norms against the use of force. Historical reconciliation requires symbolic gestures of apology and redoubled commitments to restraint and peaceful intent. This will be a tricky game to play. It is certainly going to take more enlightened and imaginative thinking than Tokyo has yet exhibited. And the United States will need to rethink its own vision of East Asia and the U.S.-Japan alliance.

There is a grand irony in the geopolitical hole that Japan has dug for itself.

The irony is that Japan has actually been remarkably successful in defining a postwar identity for itself. Turning a necessity into a virtue, Japan celebrated its "peace constitution" and defined itself as a "civilian" great power that would invest in international peace and security under the auspices of the United Nations. It provided funding for the United Nations, supported international commitments to human security and became a generous provider of official development assistance. But while the wider world admires and respects Japan -- and its distinctive civilian-style great power role -- its neighbors do not.

Koizumi's term as prime minister will end after next month's elections -- and this will be a moment when both Japan and the United States might rethink their policies.

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Japan needs to find an honorable way to end the visits by prime ministers to Yasukuni -- or quietly encourage the Shinto officials who run the shrine to remove the 14 names. But more than this, the next prime minister should try to make historical reconciliation a hallmark of his time in office. Japan's ability to exert leadership in the region depends on it. Symbolic politics must be part of this strategy of reconciliation. So, too, must be Japan's approach to "normalization."

Germany should be a model. Germany has normalized, but it has done so by redoubling its commitments to European unification and institutionalized cooperation with neighbors. This dual-track approach -- normalization plus regional integration and order-building -- has helped reassure neighbors and strengthen Germany's leadership position.

Japan does not have a regional organization like the European Union to tie itself to and reassure neighbors as it normalizes. In this sense, its path forward is more fraught and complicated than Germany's. What Japan can do is pursue reconciliation through regional diplomacy, offering a vision of a future East Asian security community. It would be a brilliant masterstroke if the next Japanese prime minister announced the end of visits to Yasukuni and invited Chinese and South Korean leaders to a summit in Tokyo.

Japan should make itself the regional leader in defining the parameters of a new cooperative East Asian order -- one that includes a growing Chinese role but also a central Japanese and American role. The alternative is to do what it is doing now, which is to normalize, antagonize and grow increasingly isolated.

The United States also needs to rethink its vision of the U.S.-Japan alliance. The Armitage Report idea of turning Japan into a British-style alliance partner is not the answer because it would inflame regional antagonisms. Washington should encourage Japan to pursue the German path, tying "normalization" to redoubled commitments to regional security cooperation. What is missing in East Asia, of course, is a regional organization that can be used to embody strengthened commitments -- by Japan but also China and Korea -- to peaceful regional order. The United States should work with Japan to help lay the groundwork for such a regional order.

Today the Middle East burns -- but East Asia simmers. Tokyo and Washington should use the coming months to turn down the heat and add some new ingredients to the pot.

The writer is Albert G. Milbank Professor of Politics and International Affairs at Princeton University. His most recent book is "Liberal Order and Imperial Ambition."

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Gonzales: Broad Network Cracked Plot (AP) ... 4
U.S. May Be Terror Frontier, Gonzales Says (PTR) ... 4
U.S. Attorney General: We're Safer, But Not Yet Safe (PPG) ... 5
Attorney General Addresses Pittsburgh Conference (PITTBIZ) ... 5
THE SITUATION ROOM (CNN) ... 6
Extremists Are Homing In On The Internet, Says Gonzales (LAT) ... 16
Queues Caused By Airport Searches Spur Calls For Passenger Profiling (WSJ) ... 17
Homeland Security Chairman Endorsing Racial Profiling (NSDY) 18
Airline Terror Suspects Can Be Held, British Judge Says (CHIT) 19
Plane-plot Suspects To Be Kept In Jail (AP) ... 20
British Court Gives Police More Leeway To Probe Plot (WP/AP) 21
Pakistan Confirms Many Details About Key Figure Under Arrest (NYT) ... 21
Europe Says It Will Unify Effort In Fight On Terrorism (NYT) ... 22
Europe Unites On Tougher Airport Security (FT) ... 23
EU Discusses Anti-terror Efforts, Balance Of Liberty And Security (USAT) ... 24
The Tyranny Of Fear (NYT) ... 25
'Islamofascism' (WSJ) ... 25

Homeland Response:

U.S. Beefing Up Air Passenger Checks (AP) ... 27
Flying Is Safe, Bush Says (USAT) ... 27
Faces, Too, Are Searched At U.S. Airports (NYT) ... 28
Feds Say No Terrorism On Diverted Flight (AP-Y) ... 29
Flight Diverted Over Passenger's Behavior (WP) ... 30
Unruly Passenger Causes Diversion Of A Flight From London (NYT) ... 31
Unruly Passenger Forces Emergency Landing (USAT) ... 32
Disruptive Passenger Causes Plane's Emergency Landing (LAT) ... 33
United Plane Diverted From Dulles (WT) ... 33
Mich. Prosecutor Dropping Terror Case (AP) ... 34
Terror Charges Dropped (DEN) ... 35
In Terror War, Phone Sales Raise Alarm (CSM) ... 36
No Explosives Found At Seattle Port (AP) ... 37
More Tapes From Sept. 11: 'They Have Exits In There?' (NYT). 37
New Tapes Reveal Last Voices From World Trade Center (LAT) 39
1,631 Calls To Dispatchers On 9/11 Released (USAT) ... 40
More Voices From 9/11: 'I'm Going To Die, Aren't I?' (WP) ... 41
Poisoned Heroes (NYT) ... 42
Dubai Ports Seeking U.S. Bids (WT) ... 43
Group Urges Disaster Planning For Pregnant Women, Babies (WP) ... 44
Legal Storm The Gulf Coast, Still Wrecked, Grapples With Insurance Suits (WSJ) ... 45
Legal Flood Control (WSJ) ... 47

War News:

21 Die In Baghdad In Latest Spasm Of Violence (USAT/AP) ... 48
Iraqi And British Troops Clash With Shiite Militias (NYT) ... 48
Rival Shiite Militias Clash In Southern Iraq (WP) ... 49
Insurgent Bombs Directed At G.I.'s Increase In Iraq (NYT) ... 51
A New Blast At A Horrific Memory Salts A Father's Wounds (NYT) ... 52
A Mother As Suicide Bomber (CSM) ... 53
Bodies Yield Evidence Of Hussein-Era Killings (NYT) ... 55
A War With Flags But No Faces (USAT) ... 57

DOJ:

Prosecutor Tapped For D.C. Stint (RMA) ... 58

Corporate Scandals:

Ex-Engineered Support Board Member Resists Investigation (SLPD) ... 59
SEC Probes Berkshire Deals With St. Paul, Prudential (Update3) (BLOOM) ... 59
Lawyers Try To Expunge Lay Verdict (WP) ... 60
Prosecutors Oppose Clearing Lay's Record (AP) ... 61
She Stood By Her Man - Until Now (USAT) ... 62

Criminal Law:

Suspect In JonBenet Ramsey Case Calls Her Death 'An Accident' (AP) ... 63
Suspect Held In JonBenét's Death (USAT) ... 63
Breakthrough After 10 Years: Man Is Arrested In JonBenet Ramsey Slaying (FINDLAW/AP) ... 64
Arrest Made In JonBenet Slaying (WT) ... 66
Schoolteacher Arrested In JonBenet Ramsey Case (NYT) ... 67
Suspect Held In Ramsey Slaying (WP) ... 68
Suspect Is Held In Ramsey Slaying (LAT) ... 69

Prison For Consultant Who Coached Witnesses In Hired Truck Probe (CHIT) ... 72
Consultant Who Spoke Of Breaking A Witness's Leg Sentenced (AP) ... 72
Ex-Laski Aide Gets 30 Months (CHIST) ... 73
Former BetOnSports CEO Free On Bail (FINDLAW/AP) ... 73
BetonSports' Former Chief Out On $1m Bail (FT) ... 74
Miami Man Charged In Alleged Western Pa. Katrina Relief Scam (AP) ... 74
Bush Pardons 17 Minor Criminals (AP) ... 75
Child Porn Probe Spurs Feud Over Retaining Online Data (NEWHOUSE) ... 76
Ex-NBA Player Arrested Near White House (AP) ... 77
Ex-Terp Baxter Arrested Near White House (BSUN) ... 77
Athlete Arrested On Gun Charge (WP) ... 79
Doctor's Widow Indicted In Slaying (PPG) ... 79
Trail Of Blood Leads To L.A. Fire Capt. (LAT) ... 80
Espionage Acting (WSJ) ... 80

Civil Law:

Column: Newsom Business Partner Is Lead Lawyer In Lawsuit Against Cheney (SFC) ... 81
Privacy Rights Group Files FTC Complaint Against AOL (FINDLAW/AP) ... 83
Judge Refuses New Orleans' Request To Dismiss Lawsuit By Gun Owners' Lobbying Groups (FINDLAW/AP) ... 83

Civil Rights:

Federal Appeals Court Upholds Michigan High School Sports Ruling (AP) ... 84
Donors Defend School's Jesus (WT) ... 85
Breaking Through Adoption's Racial Barriers (NYT) ... 85

Antitrust:

France's Danone Hungers To Acquire, But Its Portfolio May Make It A Target (WSJ) ... 88
Teck Drops Plan To Raise Inco Bid, Leaving CVRD As Likely Buyer (WSJ) ... 89
R.R. Donnelley To Consider Buyout Offers (WSJ) ... 90
Tabcorp Holdings Withdraws A$1.9 Billion Unitab Offer (Update5) (BLOOM) ... 90

Environment:

New Alaska Oil Leases Being Offered Despite Uproar Over Pipeline Corrosion (FINDLAW/AP) ... 91
That Eerie Green Glow (WP) ... 92
A Debt Unpaid (NYT) ... 92

FBI/DEA/ATF/USMS:

Old-School Academy In Post-9/11 World (WP) ... 93
Over 18 Weeks, An Arduous Path To The Badge (WP) ... 95
Firearms Prosecutions Double Under Federal Initiative (AP) ... 98
Federal Agents Arrest Mexican Drug Kingpin (AP) ... 99
Alleged Mexican Drug Kingpin Said To Be Cartel's 'Violent Hand' (AP) ... 99
D.E.A. Arrests Mexican Drug Ring Leader (NYT) ... 100
U.S. Officials Arrest Suspect In Top Mexican Drug Gang (NYT) 101
Accused Mexican Crime Cartel Leader Arrested (LAT) ... 102
U.S. Reels In Major Drug Cartel Leader Arellano Felix On Fishing Trip (SDUT/AP) ... 103
U.S. Arrests Mexican Cartel Leader Off Baja Coast (WP) ... 103
Reputed Drug Kingpin Nabbed (WT) ... 104
Accused Mexican Drug Lord Arrested By U.S. Coast Guard On Yacht (BLOOM) ... 105
Reputed Drug Lord Nabbed Off Mexican Coast: U.S. Officials (CBC) ... 105
Mexican Cartel Leader Captured At Sea (CNN) ... 106
Feds Net Major Drug Kingpin Off Southern CA Coast (KPBS) . 107
US Holds Top Mexico Drug Suspect (BBC) ... 107
Coast Guard Captures Drug Kingpin Off Mexican Coast (ABC) 108
US Captures Mexican Drug Lord (AFP-Y) ... 108
Drug Kingpin Captured Off Coast Of California (MCT) ... 109
Feds Ask Again To Jail Bonds' Trainer If He Refuses To Testify (AP) ... 110
Bonds' Trainer Anderson Faces Another Prison Term (MERCN) 111
Bill Would Allow Hemp Farming In California (AP) ... 111
Afghan Opium Cultivation Hits A Record (AP) ... 112
FBI Names Head Of Criminal Investigation (NSDY/AP) ... 113
First Woman Named To Head FBI Division (SFC) ... 114
First Female Put In Charge Of SF FBI Bureau (BCNW) ... 114
New SF FBI Chief Will Be First Woman To Hold Top Post (MERCN) ... 114
Former El Paso FBI Chief Convicted Of Lying (HC/AP) ... 114

Immigration:

Sex Ring Broken Up, Officials Say (NYT) ... 115
Feds Raid 20 Brothels In Breakup Of Korean Sex Slave Ring (NSDY/AP) ... 115
Human Trafficking Ring Busted (NSDY) ... 116
Sex Ring Bugged (NYDN) ... 117
Officials Shut Down Two Manhattan Brothels (NYSUN) ... 118
'NEW YORK' KOREAN SEX-SLAVE RING SMASHED (NYPOST) ... 118
4 Held In Raids On NW Brothels (WT) ... 118
Massage Spa Part Of Wide Sex Ring (BSUN) ... 119
A New Role For The Undermanned Border Patrol (WT) ... 120
Activist Defies Deportation, Takes Refuge In Church (CHIT) ... 121
Church Is Sanctuary As Deportation Nears (WP) ... 122

Tax:

Two Orlandoans Ordered To Stop Preparing Tax Returns (ORLBIZ) ... 123

Congress-Administration:

Lynn Swann, Happy To Be On The President's Team (WP) ... 123
President Joins In G.O.P. Attacks On Democrats About Terrorism (NYT) ... 124
Bush Touts U.S. Economy On Visit (WT/AP) ... 125
On The Harley Free-trade Brigade (USAT) ... 125
Rockin' Harley (YDRPA) ... 127
A Presidential Visit To Harley (YD) ... 129
Bush: Critics Back 'Cut And Run' Strategy (AP-Y) ... 130
Swann Gets Boost From Bush (PPG) ... 130

DOJ_NMG_0049469

Will Bush's Help Stop Swann's Dive? (PAPN)..... 131
Bush Boosts Swann At Lancaster Fund-raiser (PHI) 132
President Says U.S. Must Stay In Iraq (LIJ) 133
Bush Hopes Terror War Trumps Iraq In '06 (CSM) 134
Politicians Jousting Over Terrorism Are Missing The Point, Pollsters Say (MCT)..... 135
Cheney Stumps For Burns (AP) 136
Punishments Stemming From IG Probes On The Rise (GOVEXEC)..... 137
Legal Services Executives Living Large On Tax Dollars (WP/AP)138
Legal Services Chairman Rebuts Criticism That Nonprofit Wasted Public Money (LAW)..... 139
Bush White House Fires Back At Critics (AP-Y)..... 140
Regulators Confident U.S. Open-Skies Deal Is Likely By Year-End (WSJ)..... 141
States Fall Short On Teacher Quality (AP)..... 142
Amid Shortage, States Scramble To Hire Teachers (WSJ) 143
Support For New High-school Test Fades (AP) 144
Exit Exams Become Part Of High School Landscape (USAT).. 145
Costly Textbooks Get A Closer Look (USAT)..... 145
Putting The Pork In One Barrel (WP) 146
Re: What You Say In Work E-Mails (WP) 147
Pension Reform Adds Cushions But No Guarantees (USAT) .. 148

Other News:

Inflation Reports Rev Up Stocks (USAT)..... 149
Wall Street Gains As Inflation Slows Down (FT) 149
Inflation Exhale: Dow Industrials Rally 96 Points (WSJ)..... 150
Inflation Gives Signs Of Slowing (NYT) 151
Growth In Consumer Prices Slows (WSJ)..... 152
Less-than-expected Rise In Consumer Prices Backs Up Fed's Rate Pause (USAT)..... 153
Cost Of Living Gets Costlier (WP) 154
Latest Custody Battle: Who Gets Mom (WSJ) 155
Fight Over A Child's Care Ends In Compromise (WP) 157
First Lady Campaigns In Three States (ABJ) 158
A Test Of Republican Resiliency (WSJ) 158
Allen Meets With Indian PAC Over Remark (AP)..... 159
Indians' Trust In Allen Wanes After Comment (WT)..... 160
Allen Gets Help For Vets' Votes (WP) 161
Democrats' Stock Is Rising On K Street (WP)..... 162
Democrats Counter G.O.P. And Lieberman On Iraq (NYT) 163
For The GOP, A Heartland Plunge (WP)..... 164
Top Vote Counter Becomes Prize Job (USAT) 165
Eye On Election, Democrats Run As Wal-Mart Foe (NYT) 165
Hispanics Scold Democrats For Ad Mixing Illegals, Terrorists (WT) 167
Chafee Vs. Laffey (WSJ) 168
Kerry Backing Anti-war Candidates (AP-Y) 169
The New Jersey Follies (NYT)..... 169
Too Late For Maryland Voters (WP)..... 170
Dissing Pluto And The Other Plutons (NYT)..... 170
What Planet Are You On? (WSJ) 170
To Find The Answer To Our Illiteracy Crisis, Americans Must Look Within (USAT)..... 171
From The Dust Of War, A More Potent Hezbollah? (USAT)..... 172
Lebanon To Deploy Troops But Hezbollah's Role Questioned (CHIT) 174
Lebanon Sending Troops Into South (WP)..... 175
Lebanon Sends National Army To Patrol South (NYT) 177
Lebanese Decry Lack Of U.S. Humanitarian Aid (WSJ) 178
Hezbollah Leads Lebanon Cleanup (LAT)..... 180
Hezbollah Workers Rush To Help Victims Rebuild (USAT) 181
Hezbollah Takes Lead In Rebuilding (WT) 182
Israeli Politicians' Popularity Falls In Wake Of War (FT) 182
Abducted Soldiers Are Still Missing (LAT) 183
For Many Israelis, A Bitter Homecoming (WP)..... 184
France To Lead UN Force In Lebanon (FT) 185
Paris Sees Lebanon Role As Big Gamble (FT) 186
South Lebanon Towns Reclaim Their Dead And Hold Funerals (NYT) 187
For War Reporters, They're The News (WT)..... 188
Winning The Peace (WP) 189
Already Falling Behind (NYT) 189
A Cease-Fire Reality: Dealing With Syria (WP)..... 190
Is Hamas Ready To Deal? (NYT) 191
Newsman's Wife Makes Plea To Gaza Kidnappers (WP/AP)... 193
White House Backing New Plan To Defuse Insurrection In Pakistan (MCT)..... 193
Bush To Welcome South Korea's Roh September 14 (AFP).... 194
Iran Softens Stance On Nuclear Talks (FT)..... 194
Iran Leader Praises Hezbollah Resistance (AP-Y)..... 195
Aids Chief Denies Morality Comes Before Life (FT)..... 195
Evangelist Joins Global Fund Chief In Battle Against AIDS (USAT)..... 196
Children Slip Through Cracks Of AIDS Efforts (NYT) 197
Japan-Russia Territorial Dispute Escalates (FT) 198
Mexico Protest May Splinter As Leftists Take Office (WSJ)..... 198
Chávez Threatens To Nationalize Telephone Company (WSJ) 199
US Steps Up Anti-Castro TV (CSM)..... 200
Ukraine Wins Russian Assurance To Forgo Steep Gas Price Increase (WSJ)..... 201
A Book About East Timor Jabs Indonesia's Conscience (NYT) 202
Out Of Boston An Entrepreneur Has Quixotic Goal Of Wiring Rwanda (WSJ)..... 203
Japan's History Problem (WP)..... 205

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TERRORISM NEWS:

Gonzales: Broad Network Cracked Plot (AP)

By Michael Cowden, Associated Press Writer

AP, August 17, 2006

PITTSBURGH --It takes a network of international intelligence and law enforcement agencies to defeat terror groups such as al-Qaida, and last week's disruption of a terror plot in Britain is an example of how that cooperation can work, Attorney General Alberto Gonzales said Wednesday.

Gonzales sidestepped the question of the whether the United States moves to quickly to break up suspected terror plots. Some critics have said British agents were able to round up more suspects by watching the alleged plot to blow up U.S.-bound jetliners unfold.

"Decisions about arrest are difficult ones that must be made on a case-by-case basis," Gonzales said in a speech to the World Affairs Council of Pittsburgh.

He didn't discuss a U.S. role in disrupting the British terror plot, but said 200 FBI agents are working with the British to investigate leads in the U.S. and agents are assisting with evidence analysis overseas.

Gonzales also stressed the importance of closely monitoring extremist Web sites, prisons and other venues that have been used to recruit radicals. Academic settings, mosques and community centers could also be potential hubs for radicals, he said.

"Isolated souls may be as dangerous as al-Qaida, if not more so," he said.

During a question-and-answer session following a tour of the Allegheny County Emergency Operations Center, Gonzales repeated also that detaining suspects without charge for up to 28 days is one of several British anti-terror "tools" the U.S. could adopt. Suspects arrested in the U.S. generally must be charged within 48 hours.

The Department of Justice has stressed that such a change in the law is not imminent. Gonzales said any new practices must first be found to be in line with the Constitution.

Responding to written questions after his speech, Gonzales denied that the U.S. engaged in torture as part of its anti-terror policies. He said prisoners are treated humanely in accordance with the spirit of the Geneva convention, which he called a "very important document."

Gonzales also insisted the U.S. prison at Guantanamo Bay, Cuba, is necessary even though it might be black eye for the U.S. image abroad.

"The perception is much worse than the reality," he said.

Some prisoners released from Guantanamo Bay already have begun fighting U.S. forces again, he said. He did not give any specific details.

U.S. May Be Terror Frontier, Gonzales Says (PTR)

By Jason Cato

Pittsburgh Tribune-Review, August 17, 2006

Americans lulled into a false sense of security since the 9/11 attacks should heed last week's foiled plot in London as a wake-up call, U.S. Attorney General Alberto Gonzales said Wednesday during his first visit to Pittsburgh.

The country's chief law enforcement official said homegrown terrorists could be a menace to the United States.

"We are safer than we were on Sept. 11, but we are not yet safe," Gonzales told members of the World Affairs Council of Pittsburgh at the Omni William Penn Hotel, Downtown. "The threat of homegrown cells -- radicalized online, in prisons and in other groups of socially isolated souls -- may be as dangerous as al-Qaida, if not more so."

The investigation into the plan to take down U.S.-bound flights from the United Kingdom that was disrupted on Aug. 10 has revealed no sister plot on this side of the Atlantic, Gonzales said, yet numerous tips and leads here have kept more than 200 FBI agents busy during the past week.

On Tuesday, British authorities announced the arrest of a 24th person in connection with the plot. The majority of those arrested are British citizens.

Americans could figure centrally in future plots in the U.S., Gonzales said later after touring the Allegheny County Emergency Response Center in Point Breeze.

"The radicalization of people in this country is something we're looking at," Gonzales said.

British officials were aided in defusing the plot by more lenient laws, Homeland Security Director Michael Chertoff said this week.

"Certainly the ability to be as nimble as possible with surveillance, and their ability to hold people for a period of time, gives them a legal advantage," Chertoff said on "Fox News Sunday." "We have to have a legal system to allow us to do that rather than punishing people after the fact."

Gonzales said the goal of U.S. officials is to head off terrorist attacks before they happen, but he stopped short of saying new laws are needed to accomplish that. He said the U.S. has different laws to help in that effort compared to those at the disposal of British authorities, who can hold suspects up to 28 days without charging them.

"Those concerned with civil liberties should be reassured, and all Americans should find satisfaction in knowing that we are fighting terrorists according to our Constitution," Gonzales said.

U.S. military action has toppled and fractured al-Qaida forces in Afghanistan and Iraq, but the terrorist group and others like it have shifted recruitment and information networks to the Internet. There are more than 5,000 Islamic extremist Web sites, Gonzales said, "each one encouraging extremists to cultivate relationships with like-minded people. These are the home-grown terrorists that you have heard about."

Gonzales said academic settings, mosques, community centers and prisons are playing a role in nurturing radicalization.

"Anywhere that the disaffected can gather can become a home base for the development of radicalism," he said.

Gonzales reiterated the Bush administration's long-held position that the war on terrorism isn't a war on Muslims.

"This is not a war against a religious group or a nationality," Gonzales said. "This is a war against killers who attempt to hijack ideology."

FBI officials held a nationwide conference call with Muslim leaders after the London plot was thwarted to tell them what they were looking for and what they planned to do, Gonzales said. Similar conversations are held throughout the year, he said.

Jason Cato can be reached at jcato@tribweb.com or 412-320-7840.

U.S. Attorney General: We're Safer, But Not Yet Safe (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, August 17, 2006

Attorney General Alberto Gonzales said the United States is safer now than it was before the Sept. 11, 2001, attacks, but it is not yet safe.

The top law enforcement official in the country visited Pittsburgh this morning, making a speech to the World Affairs Council and then touring the Allegheny County Emergency Operations Center.

Mr. Gonzales, who was sworn in on Feb. 3, 2005, was formerly a justice on the Texas state supreme court and is a graduate of Harvard Law School.

His speech before the World Affairs Council breakfast meeting at the Omni William Penn focused on the efforts by the Department of Justice to protect the United States from terrorism.

"During this period, our way of life has changed very much," Mr. Gonzales said. "The most dramatic change is the nature of the enemy our country now faces."

The new enemy, he said, is patient and smart. It also has the capacity to recruit new members from around the world simply by using the Internet.

"Winning the war on terrorism requires us to win the war of information."

Since the 9/11 attacks, Mr. Gonzales said, communication and intelligence-sharing among governmental agencies has vastly improved.

The FBI has doubled the number of intelligence analysts it employs and increased the number of linguists, he said.

"We are safer than we were on Sept. 11. But we are not yet safe," he said. "Every day is Sept. 12. Every day is that day after. Prevention is the goal of all goals."

He noted that the United States is not at war with any one religion, or any one nationality.

"It is a war against a group of killers who have attempted to hijack a religion," he said. "Here in America, we have great respect for the Muslim religion."

More details in tomorrow's Pittsburgh Post-Gazette.

Attorney General Addresses Pittsburgh Conference (PITTBIZ)

Pittsburgh Business Times, August 17, 2006

Attorney General Alberto Gonzales said the recent thwarted plot to hijack several planes bound for the United States from Britain is a "chilling reminder that threats still exist."

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Gonzales was in Pittsburgh on Wednesday to address the World Affairs Council of Pittsburgh, a nonprofit focused on highlighting international issues and their effect on the region, before touring the Allegheny County Emergency Operations Center and meeting with state and local law enforcement officials.

The nation's 80th attorney general, who took only written questions read by council president Schuyler Foerster, said the arrests of 24 people involved with the alleged terror plot was an "international success," but that the investigation into the plan is ongoing.

"We have to approach every day like it's Sept. 12," Gonzales said. "Every day is that day after."

Gonzales said the Department of Justice has several challenges in "facing a stateless enemy" such as Al Qaeda, and that it "takes a network to defeat a network."

One of Gonzales' goals in the wake of the uncovered highjacking plot is increased cooperation with local law enforcement, which he said will involve the "constant sharing of information with state and local partners."

"Prevention has to be the goal of all goals," Gonzales said. "Investigating and prosecuting terrorists after they have killed our countrymen would be an unworthy goal."

THE SITUATION ROOM (CNN)

CNN's "The Situation Room, August 17, 2006

WOLF BLITZER, CNN ANCHOR: Thanks very much and to our viewers, you're in THE SITUATION ROOM, where new pictures and information are arriving all the time. Standing by, CNN reporters across the United States and around the world to bring you today's top stories.

Happening now, new questions about airline security after an in- flight scare. It's 4:00 p.m. in Boston where a plane from London was diverted because of an unruly passenger. In the wake of the British airline bomb plot, are there lessons to be learned?

Also this hour, the Attorney General Alberto Gonzales on the state of homeland security. And the politics of terror. Right now Senator Hillary Clinton is the target of a Republican commercial featuring Osama bin Laden. We'll bring you the interview and the ad.

Plus, Lebanese officials tackle critical decisions about sending troops to the south and about the future of Hezbollah fighters. It's 11:00 p.m. in Beirut where new efforts are now underway to make sure the Middle East cease-fire sticks. I'm Wolf Blitzer in Jerusalem. You're in THE SITUATION ROOM.

Lebanese troops are now poised to move into southern Lebanon beginning in a matter of hours to help uphold a fragile cease-fire. We have reports on all the new developments here in the Middle East. That's coming up.

But first, the ordeal isn't over yet for people on board United Airlines flight 923 from London. It was diverted to Boston today because a passenger on board got into a confrontation with other people on the plane. Now it's due at its final destination. That would be Washington's Dulles International Airport, in the next few hours.

Officials say the incident was not -- repeat, not related to terrorism. But it did add to security jitters with that foiled British terror plot still fresh on many people's minds. Our Brian Todd is standing by at Boston's Logan's International Airport, but let's start with Gary Nurenberg. He's live at Dulles Airport outside Washington -- Gary?

GARY NURENBERG, CNN CORRESPONDENT: Good afternoon, Wolf. At last report, United Airlines was still waiting for federal investigators to finish their questioning of the 182 passengers and 12 crew members who were aboard that Boeing 767 flight from London to Dulles that was diverted to Boston, landing there at 10:13 this morning.

Investigators wanted to know what was happening with a woman described as about 60-years-old, who had a confrontation either with other passengers and/or with crew members. That confrontation serious enough that the pilot diverted to Boston, informed the military and that flight was escorted to Boston Logan by military fighter jets that followed it down until it was safely on the ground.

When passengers were there, they were escorted off the plane and onto the tarmac, taken away for questioning by federal investigators. All of the luggage was taken off the plane, put on the airport runway and was gone over by bomb sniffing dogs. At this point, investigators are still completing their questioning, putting them through customs in Boston, so when they reach their final destination of Dulles sometime later this evening, they will not have to go through that process here.

United has had different stories during the day in terms of when federal authorities had imagined that the plane would be freed up to return here. The most recent guess is that it should get here sometime around 6:00 or 6:30 this afternoon. A United spokesperson says that process of interrogation and customs is in its final stages now and he expected passengers to be onboard the plane sometime within the next hour.

There are conflicting reports to CNN about what that woman had in her possession. Earlier in the day there were reports that she had banned like hand cream, matches, and report of two notes, one in English, one in Arabic. The English note

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apparently making reference to al Qaeda. But there's now conflicting information about exactly what items she did have in her possession.

We can only tell you that fellow authorities are trying to determine that right now. We are told that she apparently did have some kind of hand cream which, as you know, was banned and some kind of matches. In this particular case, we're told it was legal for her to have that particular kind of matches.

In any event, Wolf, the exact details of what that confrontation was like on the plane are still being held by federal authorities. When we can figure it out, we'll bring you that information as soon as we get it.

BLITZER: Gary, thank you very much. Let's go up to Boston's Logan Airport right now. Our Brian Todd is on the scene. He's joining us on the phone. Brian, I take it you've spoken with some of the passengers on that flight?

BRIAN TODD, CNN CORRESPONDENT (on phone): Yes, we have, Wolf. We've spoken to three passengers on the flight, including one who was sitting right behind the woman. This gentleman from Wales described the woman as very non-threatening, but was very anxious. She was getting up and down, he says, trying to get as much attention as possible, handing notes to the flight crew to take to the captain and was asking, in his words -- asking a lot of questions about customs and immigration. When we asked him if she ever posed any kind of a threat or made any kind of a threatening gesture, he says she did not. We are told, Wolf, now, that the woman in question is now in the custody of Massachusetts State Police. We spoke to other passengers on board the plane. Some of them said that they did see the fighter jets escorting the plane down and were a little bit anxious. But others said that they really saw and heard nothing out of the ordinary. Some of them said they didn't even know what was going on until the plane landed in Boston and said that the cabin -- the flight crew was very calm about it and handled it very well.

BLITZER: Brian, originally, there were suggestions that some of the passengers actually encountered this woman, brought her down, that she had been not only there with notes, presumably something referring to al Qaeda in English or Arabic, but she actually had a screwdriver with her. Has anyone confirmed any of that to you?

TODD: Wolf, we're trying to hash out a little bit more of the information that you just talked about, about the screwdriver and the notes. We're getting conflicting information on those items. And we're going to hopefully get that confirmed or taken down a little bit later.

But what we can tell you is that the woman is in custody right now. The references to al Qaeda we're not positive of. She was very anxious. She was getting up and down, asking a lot of questions. She was in a very anxious state. She's apparently being questioned now by Massachusetts State Police. Some of the people on board the plane were trickling out as we got to them, trying to get on another flight to Dulles International Airport. But that is what we can tell you right now.

BLITZER: All right, Brian, we'll stay on top of this story. Brian Todd is on the scene for us at Logan International Airport in Boston.

And if you're flying, just what can and can't you bring on board? The items keep changing and the rules can be confusing. Our Internet reporter Jacki Schechner is standing by with information you need to know -- Jacki?

JACKI SCHECHNER, CNN INTERNET REPORTER: Wolf, that's right, the rules do keep changing. But if you're flying from the United States, the Transportation Security Administration Web site is the place to go. They have a full list of what you can and can't bring on board. It's very specific.

I want to point out a couple of things for you. As for eye drops or contact lens solution, you can have up to four ounces on board with you. Anything more than that has to be checked. As for gel shoe inserts, you're not allowed to wear those on the plane. If there is gel in the heels of your shoe, that is all right, but you're going to have to take the shoes off for screening.

What about lighters? Well you're not allowed to have a lighter in your carry-on. You are allowed to have up to two Zippo lighters in the checked baggage, but those have to be specifically sealed. The TSA is now recommending that you get to your airport at least two hours before any flight, domestic or international, allowing more time for international. The rules are a little different in the U.K. If you go to baa.com, they will have all of the information for you there -- Wolf?

BLITZER: All right Jacki and thank you.

And following up on now the terror plot arrests in Britain, police went to court in London today to renew permission to detain 23 suspects. They were arrested last week and under British law, they can be held without charge for 28 days. Authorities must periodically make the case to keep them in custody. The 24th suspect was arrested yesterday.

Coming up, I'll ask the Attorney General Alberto Gonzales about the plane diverted today, the London airline bomb plot and the different terror fighting tactics used by Britain and the U.S. And remember, stay tuned to CNN day and night for the most reliable news about your security.

Let's move on to the situation right here in the Middle East. Lebanon's prime minister says he's proud of the battle Hezbollah guerrillas fought against Israel, but he says it's time for his government to take control of southern Lebanon. The Lebanese cabinet today unanimously approved sending 15,000 troops to southern Lebanon beginning tomorrow.

Soldiers could start moving out in a matter of hours. Lebanon is hoping to speed up the arrival of U.N.-led forces that will uphold the cease-fire between Israel and Hezbollah. And a top Israeli military official now says Israeli troops will not fully withdraw from Lebanon until that multinational force is in place, even if it takes, in his word, months.

Also today, Israel's defense minister appointed a committee to investigate how the nation handled the war against Hezbollah. Lebanon today upped its death toll to 989, most of them civilians. Israel's death toll during the month of fighting stands at 159, 41 of them civilians.

CNN's Jim Clancy is standing by live in Beirut with more now on that critical cabinet decision, the Lebanese cabinet decision and the state of this rather fragile cease fire. Jim, what's the latest?

JIM CLANCY, CNN CORRESPONDENT: Well, Wolf, you know we had the French foreign minister and Turkish foreign minister, two countries that are going to contributing peacekeeping forces in the south here today.

And in the words of one of the cabinet ministers, Marwan Hamadi, this was a decision unanimously taken by the cabinet to send the troops to the south that had to be done, because apparently the international forces were not going to move toward deployment until and unless the Lebanese army was going to south Lebanon. So that's the situation that we have today. We talked a little bit earlier with the justice minister, Charles Rizic (ph).

(END VIDEO CLIP)

UNIDENTIFIED MALE: The army will take control of the situation there and every arms will be under the control of the Lebanese army. She will have the monopoly of the arms.

(END VIDEO CLIP)

CLANCY: Did the cabinet really tackle the arms issue? The answer has to be no. They're saying it is between the Lebanese army now and Hezbollah. There is apparently an agreement that is already in effect that Hezbollah is not going to bear any arms south of the Litani and has been authorized -- they more or less said if anyone is found with any arms, they would support those arms being taken off the people and the same punishment being meted out to them as to anyone else with illegal arms.

So we have a situation here that may satisfy the Lebanese dilemma. Whether it satisfies international peacekeepers and Israel, that may be another question, Wolf.

BLITZER: All right, Jim. Thank you very much.

In Israel today, tough questions are being asked about the war against Hezbollah and what it did or did not accomplish.

CNN's Paula Hancocks is here in Jerusalem -- Paula.

PAULA HANCOCKS, CNN CORRESPONDENT: Well, Wolf, it's day three of the cease-fire. It's still holding, and it's still fragile. But it's given the Israeli public and politicians a chance to assess what was achieved during this conflict, and more importantly, what was not achieved.

(BEGIN VIDEOTAPE)

HANCOCKS (voice-over): Israel's border with Lebanon is busy again, but the traffic is going the other way, back into Israel. The conflict in southern Lebanon is over, but Hezbollah has not been crippled, their rockets not stopped by Israel's military might, and the two Israeli soldiers whose kidnapping sparked four weeks of deadly fighting are still in enemy hands.

But most worrying of all for Israel, believe some analysts, is damage done to its military deterrence in the Arab world.

UNIDENTIFIED MALE: Deterrence is a question of perception. And the way the war is perceived in the Arab world at this point is that the small band of sturdy guerrillas was able to stand up to Israel and blunt the military might of what is probably the most powerful army in the Middle East.

HANCOCKS: But Israel's deputy prime minister sees things differently. He believes the perception of Israel's military might is intact. UNIDENTIFIED MALE: We estimate that Hezbollah lost something like 600 fighters. And if they lost 600 fighters, one could imagine there is another 600 that were wounded.

HANCOCKS: So what did Israel achieve? The political echelon here consistently refers back to the United Nations resolution, considering it a diplomatic victory.

TZIPI LIVNI, ISRAELI FOREIGN MINISTER: Only a month ago, nobody could have believed that the Lebanese army will be deployed to the south part. Nobody could have believed that Hezbollah will agree to this kind of understanding of deployment of the Lebanese army, plus international forces.

HANCOCKS: Foreign Minister Livni calls Hezbollah fighters captured during the war assets. Politicians still balk at the term prisoner swap though political sources say it's certainly an option.

(END VIDEOTAPE)

HANCOCKS: New opinion polls published today make very depressing reading for the Israeli leaders. Seventy percent believe Israel should not have agreed to a cease-fire without the release of the soldiers, and only 30 percent believe that Israel won the war, the same percentage that believe Hezbollah won -- Wolf.

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BLITZER: Paula, thank you.

Let's go to New York. Jack Cafferty standing by with "The Cafferty File." Hi, Jack.

JACK CAFFERTY, CNN ANCHOR: Wolf, the American Civil Liberties Union and Hispanic activists are suing a Pennsylvania city for cracking down on illegal aliens. Hazleton was one of the first communities to get a bellyful of the federal government's unwillingness to enforce this nation's immigration laws.

Mayor Lou Barletta says as influx of illegal aliens increased crime, overburdened schools and hospitals and lowered the quality of life. So they took matters into their own hands in Hazleton. Last month the city council voted to fine landlords $1,000 for renting to illegal aliens, to deny business permits to companies who hire illegal aliens, and to make English the city's official language.

These are all things that might actually go a long way toward solving the problem. Well, not so fast. Along comes the ACLU with its lawsuit, claiming the Constitution allows only the federal government the power to regulate immigration, that Hazleton's immigration laws are discriminatory and unworkable. But Mayor Barletta says the city will stand its ground and, quote, "fight it as far as we have to."

So here's the question: Should the ACLU keep its nose of out Hazleton, Pennsylvania's immigration laws? E-mail your thoughts to CaffertyFile@CNN.com or go to CNN.com/CaffertyFile -- Wolf.

BLITZER: Jack, thank you.

And if you want a sneak preview of Jack's questions, plus an early read on the day's political news and what's ahead right here in THE SITUATION ROOM, you can sign up for our daily e-mail alert. Just go to CNN.com/SituationRoom.

We want to check in with Zain Verjee. She's got news that's coming into CNN right now. What are you picking up, Zain?

ZAIN VERJEE, CNN ANCHOR: Wolf, CNN's affiliate KUSA in Denver, Colorado is saying that sources close to the investigation of the murder of JonBenet Ramsey says an arrest was made on Wednesday morning in Thailand in relation to the case. We're not getting any more details, but NBC News is reporting that JonBenet's father told NBC that an arrest will be made.

We're following the story and will bring you details when we get them, Wolf. As you know, her murder shocked the core of America back in 1996 when she was found brutally murdered and, before that, sexually assaulted and beaten to death in the basement of her house in Boulder, Colorado. We'll bring you more details when we get them, wolf, as this story develops.

BLITZER: It was a shocking, shocking story 10 years ago. So many questions unanswered. No one was ever arrested, a lot of suspicions. We're going to follow this story and bring our viewers up to speed as the information comes in. Once again, as Zain just reported, an arrest apparently has been made in connection with the murder of JonBenet Ramsey 10 years ago in Colorado. We'll watch this story together with you.

Coming up, much more on the fragile cease-fire here in the Middle East. We'll go live to the Israeli-Lebanese border where troops on both sides remain in place.

Plus, the other even deadlier conflict that's here in the Middle East as well. We're going to tell you about another very, very bloody day today in Baghdad. It's been a deadly summer in Iraq.

And later, Hillary Clinton finds herself front and center in the political fight over the war on terror.

Live from Jerusalem, you're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: And this just coming in from the Associated Press. We're getting word that Iran's supreme leader, the Ayatollah Khomeini has issued a statement to the Hezbollah leader, saying that Hezbollah's victory, victory over Israel and in the words of the Iran's supreme leader, a victory for Islam. We're following the story. We'll get more information for you, as well as what's the latest on this very, very fragile cease-fire between Israel and Hezbollah.

Meantime, let's check back in with Zain for a closer look at some other important stories making news, Zain.

VERJEE: Wolf, dozens of people are dead or wounded today in the ongoing wave of violence in Iraq. These are pictures of the aftermath of one of several deadly bombings carried out in Baghdad just today.

Listen to this. Iraq's deputy health minister says about 3,500 Iraqis died in sectarian or political violence just last month alone. He says it is the highest one month civilian death toll since the war started back in March of 2003.

U.S. federal agents say they have nabbed a notorious Mexican drug kingpin in an off-shore operation in the Pacific. They say Javier Arellano-Felix was aboard the fishing vessel "Doc Holliday" 15 miles off the Mexican coast when he was taken into custody by the Coast Guard. Officials say his cartel was responsible for the recently discovered elaborate tunnel system under the Mexican/California border.

Gerald Ford's office says the former president checked into the Mayo Clinic in Rochester, Minnesota, for testing and evaluation. The statement discloses little else about his condition, except to say the 93-year-old Ford was admitted yesterday. He's been in frail health in recent years and five years ago he suffered two small strokes. He became the oldest living former president after Ronald Reagan died in 2004. Wolf.

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BLITZER: Zain, thanks very much. We're also following that developing story out of Colorado. Our affiliate in Denver, KUSA reporting that an arrest has been made in the JonBenet Ramsey murder case of ten years ago. An arrest has been made in Thailand. We're getting more information. We'll bring it to you as it comes in, more information from our affiliate KUSA in Denver, Colorado.

Also coming up, are we prepared to deal with a terror attack? I'll ask the attorney general of the United States. You don't want to miss our conversation. Alberto Gonzales, that's coming up.

And later, the fighting stopped but tensions remain sky high along the Israeli/Lebanese border. We're going to go live to the front lines in this very, very fragile peace. Live from Jerusalem, you're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Our affiliate in (INAUDIBLE) an arrest has been made in the case of JonBenet Ramsey, that little girl who was murdered some 10 years ago in her home in Boulder, Colorado. Zain Verjee is watching the story, getting more information for us. Zain, what are we learning?

VERJEE: Wolf, CNN affiliate KUSA is reporting this. A Boulder County D.A. investigator is bringing back a suspect in the JonBenet Ramsey murder case to the United States. The suspect was arrested in Bangkok, Thailand this morning. Now this suspect has apparently confessed to certain elements of this crime that are apparently unknown to the general public. KUSA is reporting that this suspect is expected to arrive in the United States maybe within the next two days, accompanied by an investigator from the Boulder D.A.'s office.

Now the D.A.'s office there, the county D.A.'s office hasn't actually confirmed the identity of the suspect, but they are expected to hold a press conference a little bit later today. And we'll bring you more details when we get them, Wolf.

BLITZER: Thank you very much, Zain. We'll follow this story, a story of huge interest to our viewers ten years ago, the unanswered question, who may have been responsible for the murder of JonBenet Ramsey. We'll watch the story with you Zain. Thanks very much.

Meanwhile, the flight at the center of a new scare is due to arrive at Washington's Dulles International Airport within the next couple of hours. It was heading from London to Washington, D.C. when a passenger got unruly and the pilot diverted the plane to Boston. Authorities say there was no security or terror threat but this comes amid a heightened terror alert and days after Britain announced it had foiled an airline bomb plot that could have rivaled the 9/11 attacks.

Joining us now, the attorney general of the United States, Alberto Gonzales. Attorney general, thanks very much for coming into THE SITUATION ROOM. It's been almost a week since we learned about this alleged airline terror plot, planes coming to the United States from the United Kingdom, supposedly with bombs on board. Do you know for sure now that this is an al Qaeda related plot?

ALBERTO GONZALES, ATTORNEY GENERAL: Wolf, we're still gathering up information. We're working with the British authorities, looking at the evidence. I don't want to confirm today that this is al Qaeda related. But as we've said before, if you look at the facts and the circumstances of this particular plot, as we understand it, it is certainly suggestive of previous al Qaeda plots and certainly suggestive of previous al Qaeda thinking about how to carry out a deadly plot. So it's something that we're still evaluating. And, obviously, as soon as we're able to confirm one way or the other, we will do so.

BLITZER: There's a story in the "L.A. Times" that authorities in Britain are looking for a suspect who may have had a role in 9/11, being, having a role in this plot, this alleged plot as well. Is there an individual out there that you think fits the bill, who may have had a role in both?

GONZALES: Wolf, you know, I spoke with the attorney general of the United Kingdom yesterday and a few days ago. I did speak with Home Secretary Reid about the fact that they believe it is very, very important that we be careful about confirming, not confirming facts.

So this is the kind of information that I wish we could provide more information to the American public, but we are in a sensitive stage now of the investigation in the United Kingdom and we don't want to say anything that would inadvertently compromise the investigation or harm subsequent prosecution. So as soon as we can confirm these kinds of facts, we will do so.

BLITZER: Are there any suspects in the United States in connection with this alleged airline terror plot that you're looking for?

GONZALES: Well, what I can say is that there have been a number of tips and leads that tie to the United States, and that's why we have had over 200 FBI agents involved and following up on every tip and every lead, to ensure that there is not an on-going plot here in the United States.

As we have said repeatedly, we're not aware of a plot here in the United States, but we're not prepared, also, to say that we've ended this threat. We've certainly disrupted the threat, but we're still involved in investigations to ensure that there is not currently a threat here in the United States.

BLITZER: Let me read to you what former President Bill Clinton said this morning. He said: "The Republicans should be very careful in trying to play politics with this London airport thing, because they're going to have a hard time with the facts. They seem to be anxious to tie the plot to al Qaeda. If that's true, how come we've got seven times as many troops in Iraq as in Afghanistan?"

Do you want to comment on what Bill Clinton said?

GONZALES: Well, I haven't seen his comments, and I don't know what context those comments were made.

My reaction is, is that no one should be playing politics with this particular situation. We're not trying to tie it to al Qaeda. You just asked me a question as to the ties of al Qaeda. We want to be very, very careful in the information that we disclose to the American people. We want the facts -- the information -- to be accurate.

We want the information to be disclosed in a way that doesn't jeopardize an ongoing investigation or prosecution. And, so, I think we have been very measured and careful within the administration about how to inform the American public about this particular threat.

BLITZER: This notion of copycats, are you concerned that there could be copycats out there in the United States, or elsewhere around the world, that might want to use liquid explosives to blow up planes?

GONZALES: Of course we're concerned about that. And that's why, while we believe that we took important steps to disrupt this plot, we were concerned about copycats. And that's why, despite the arrests, the threat level was raised, both in the United Kingdom and in the United States.

And obviously, it's something we will continue to monitor very carefully.

BLITZER: The alleged plotters in this case, supposedly, were only days away from what they described as a dry run. There are reports out there that U.S. authorities and Pakistani authorities tried to discourage the British authorities from going up and rolling up this plot, because they wanted to get more information, see if there were other big fish out there. Is that true?

GONZALES: I'm not going to -- Wolf, the British authorities took action when they believed it was absolutely necessary to do so. I'm not aware of any pressure by the United States upon the British to take action when they did.

These are very difficult decisions that have to be made by prosecutors all the time, exercising their best judgment as to when you have enough information for a successful prosecution. You don't want to wait too long, where you put innocent lives at risk.

We support the actions of the British authorities in this particular case.

BLITZER: If it were constitutional in the United States to hold a suspect, a U.S. citizen, for 28 days -- which is the law, as you know, in the United Kingdom -- would you support changing the current rules of the game? Right now, 48 hours, you can hold someone without filing formal charges. Would you like to change those laws?

GONZALES: Wolf, I think that there are serious questions as to whether or not that would be constitutional. And, obviously, as to whether or not a particular tool or enforcement mechanism would be something that we would want, we would have to answer the question: Is it constitutional? Is it effective? Is it something that we absolutely need?

And, as we do with respect to every plot that's uncovered, as with respect to every response to a plot, we evaluate the changing nature of the threat and the ways -- the mechanism and tools that are currently in place to defeat that threat.

And that's what we're doing in this particular case, as we have done in response to the London bombings, to the arrests in Canada. We're always evaluating, OK, what is the enemy doing, and do we have the tools to adequately address this -- to adequately address the emerging threat?

BLITZER: But, if it were constitutional, you would be open minded about changing the rules to emulate the British rules?

GONZALES: Well, of course, the British, there's a different legal system, that there are additional tools that they have. We have additional tools that they don't have.

And, so, whether or not that that is something that we should pursue, assuming it's constitutional -- and, again, I think that there are serious questions that we have that would have to be addressed with respect to that.

You know, we would have to make a determination: Is this something that we really need?

BLITZER: The whole issue of changing the rules of the game, as far as racial and ethnic profiling, is it a good idea? GONZALES: I think that, you know, taking action against someone solely because of their race and solely because of their religion, I think, is problematic. I do believe it is appropriate to engage in threat profiling, that you have -- if you have information about a particular threat, if you have certain facts that we ought to be looking for, I think we have an obligation to the American people to use that information to try to disrupt the threat.

The president, however, believes very strongly -- and he's against racial profiling. Again, this is profiling based solely on race, for no other reason. But if there is a reason to engage in threat profiling, you know, during a time of war, in these very dangerous times, I think we have an obligation, in the law enforcement community, to use the facts that we have and to protect this country the best way that we can.

BLITZER: Attorney General Gonzales, thanks very much for joining us.

GONZALES: Thank you, Wolf.

(END VIDEOTAPE)

BLITZER: And our justice correspondent, Kelli Arena, has just confirmed that an arrest has indeed been made in the murder of JonBenet Ramsey, the little girl who was murdered some 10 years ago in her home in Boulder, Colorado -- Kelli Arena confirming that with two sources back in the United States.

Rusty Dornin is covering this story for us as well. She's trying to get some additional information.

Rusty, what are you picking up?

RUSTY DORNIN, CNN CORRESPONDENT: Wolf, from what we understand, the Boulder district attorney's office sent an investigator to Bangkok, Thailand, and has arrested a suspect there, apparently someone who knew too many details about the case, in this case, details that only the police knew about the murder of 6-year-old JonBenet Ramsey in 1996.

We understand that they are bringing that suspect back to the United States, but they are not identifying who it is. This, of course, comes not long after the little girl's mother, Patsy Ramsey, died of cancer. It was her second bout fighting cancer. John -- Patsy Ramsey and her husband, John, had left Boulder right after the murder, came here to Atlanta, Georgia, and lived for a period of time.

Patsy Ramsey's parents still live here. CNN did contact them. They did not give us a comment. However, they were very upset on the phone. They obviously had heard some kind of news recently. Also, Patsy Ramsey's sister, when we reached her, she did not have any comment.

So, from what we understand, they are bringing a suspect back to the United States who will be charged. And, Wolf, remember, the Boulder police, just as early as this past Monday, were not ruling out the Ramsey family as being involved in this.

But a federal judge did give a declaration this past Monday, saying that he did not believe the Ramsey family was involved in that little girl's murder -- Wolf.

BLITZER: And, Rusty, we have no idea who this suspect may be, the suspect picked up in Bangkok, Thailand, and, presumably, being brought to the United States right now.

It was there -- and I know you have covered this story. I remember covering it myself back in 1996. I don't remember anybody from Thailand who was either involved or implicated, or anything along those lines. Do you?

DORNIN: No. And this all comes as a great surprise -- as I said a little earlier, just this past Monday, a federal judge ruling that the Ramsey family had nothing to do with it, that it was likely some kind of intruder.

And the Boulder police just have not commented on it at all this week, and right now are refusing to comment on it. So, it really came as a surprise, Wolf, when this -- news of this arrest.

BLITZER: We don't know if the person arrested is from Thailand, could be an American who happened to have been in Thailand.

We will continue to watch this story -- much more coming up. But we have confirmed now that an arrest has been made now in connection with the murder of 6-year-old JonBenet Ramsey back in her home in Boulder, Colorado, in 1996. We are going to get you more information and bring it to you as it comes in.

Rusty, thanks very much.

Also, we're following the situation here in the Middle East. Israeli troops halt their pullout from Lebanon, at least for now. We are going to tell you why -- all that coming up.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: An arrest has been made in connection with the murder of JonBenet Ramsey some 10 years ago in her home in Boulder, Colorado.

Our justice correspondent, Kelli Arena, is also watching this story for us.

Kelli Arena, what are you picking up?

KELLI ARENA, CNN JUSTICE CORRESPONDENT: Well, Wolf, I'm being told by law enforcement officials that this arrest warrant was issued last night in Bangkok, that the male -- male is in custody.

He has been described to me by several officials as a possible suspect. I'm also told that this person will be removed from Thailand, brought back to the United States. This is an investigation, Wolf, that's being led by the Boulder, Colorado, DA's office, in conjunction with agents from Immigration and Customs Enforcement.

When this individual is brought to the United States, he will most likely be escorted by those ICE agents. We don't have any information on an age, Wolf, or a nationality at this point. I'm still trying to get that information, but arrest warrant handed down, person in custody, described as a possible suspect in the murder of JonBenet Ramsey, the most notorious cold case, Wolf, that's out there.

BLITZER: The Associated Press, Kelli, reporting right now that this individual being held in Thailand, in Bangkok, Thailand, on unrelated sex charges. We're watching the story carefully.

The -- our affiliate in Denver, KUSA, had reported earlier, Kelli, that this individual, apparently, in talking to authorities there, knew specific details about the murder of JonBenet Ramsey that only someone on the inside, presumably, could have known. And that caused all sorts of alarm bells to come up.

But this case is being taken very, very seriously, I take it.

ARENA: Yes, it is, Wolf.

As I said, the officials that I spoke to describe this individual as a possible suspect. At first, we thought maybe this was someone who just had information about the case. But, no, this is someone who, you know, could eventually be charged.

Now, no one is going into what happened in that interrogation, Wolf. That information is not coming out at this time. But, you know, the more that we find out, we will bring it to you.

BLITZER: And we don't know the nationality of this possible suspect?

ARENA: That's right. I don't know if he's Thai or American or something else. We just do not have any confirmation on any of the identifiers at this point.

BLITZER: Kelli, thanks very much. We have got Kelli Arena working the story, Rusty Dornin working the story. We're getting information from our affiliate KUSA in Denver, Colorado, as well. We will bring you up-to-date information. Apparently, an arrest has been made in connection with the murder of 6-year-old JonBenet Ramsey 10 years ago in her home in Boulder, Colorado, this coming only a few weeks after her mother, Patsy Ramsey, died from cancer in Georgia.

We will watch this story, and update you with information, as it comes into THE SITUATION ROOM.

Other important news we're following, though, here: the crisis in the Middle East. Israel has now begun withdrawing its troops from southern Lebanon, three days into a cease-fire with Hezbollah. An Israeli military chief says some soldiers, though, may remain in the area for months, if necessary.

Let's bring in our Chris Lawrence. He's in northern Israel. He's watching the situation unfold along the border with Lebanon.

Chris, what are you picking up right now, as far as the duration, the length of time Israeli troops might wind up staying in south Lebanon?

CHRIS LAWRENCE, CNN CORRESPONDENT: Indeed, Wolf, we have heard that they could be there for months, because what they are insisting on is, they will not entirely withdraw until two conditions are met: The Lebanese army moves its troops down south of the Litani River and takes up position there, and that multinational force that the U.N. resolution required, that those troops also take up their positions.

Only then will Israel totally move its troops out of the area. Now, as we first reported yesterday, Israel has been moving back to a line about five kilometers from the border, still inside Lebanon. And they were prepared to wait at that line until all those forces came and took over.

Hezbollah has refused to disarm, and even reasserted its right to attack and fight Israeli soldiers while they're still patrolling in Lebanon. So, this move may have been designed -- this pullback to this line may have been designed to allow Israeli forces to have less contact, both with the returning refugees in Lebanon and Hezbollah.

As we have been reporting for the past couple days, Israeli troops have already shot at least 10 Hezbollah guerrillas since the cease-fire went into effect, killing several of them. So, as one Israeli soldier described it to me today, a cease-fire is not the same as peace, especially when it comes to this part of the world -- Wolf.

BLITZER: You're in northern Israel, Chris. In the past month or so, nearly a million Israelis in Haifa and the other cities and towns in the northern part of the country either went underground, into shelters, or moved south, to get away from those incoming Katyusha rockets. What's it like there now?

I know you have had a chance to go out and about, and try to get a flavor of life presumably returning to some semblance of normality.

LAWRENCE: Yes, it's a tremendous difference from just a couple of days ago, where you just hear a constant boom, boom. And just about everywhere we would drive, we would see fires from Katyusha rockets. We would hear the artillery outgoing.

Now it is quiet. But the Israelis that you talk to have this sense of dread. One Israeli woman said, it's like the Katyushas did more than just damage homes and -- and injury people. They damaged this myth that -- that some Israelis were living under that they were safe from Hezbollah, that that has been shattered now.

We spent some time at a hospital today, where doctors tell us that post-traumatic stress cases are soaring in the country. And it's surreal to watch mothers and their daughters and people walking out of stores and sitting in cafes, and, a few feet away, there is a huge crater from a Katyusha missile -- or a Katyusha rocket just buried right there in the middle of a busy street.

BLITZER: Chris Lawrence, reporting for us from northern Israel -- Chris, thanks very much.

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Coming up: an eye-popping new attack ad targeting Senator Hillary Clinton and featuring Osama bin Laden. We have a brand-new response from the senator -- all that coming up, as well as we will update you on the latest of an arrest apparently been made in Bangkok, Thailand, in connection with the murder of JonBenet Ramsey.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: CNN has now confirmed that an arrest has been made in the case of the murder of JonBenet Ramsey, that little 6-year-old girl who was murdered in her home in Boulder, Colorado, nearly 10 years ago, an arrest having been made in Bangkok, Thailand. We're following the story.

Tom Foreman is following for it, as well.

Tom, you covered this story 10 years ago. And, as so many of our viewers will remember, it caused a huge, huge amount of concern. But this mystery has never been resolved.

TOM FOREMAN, CNN CORRESPONDENT: I can't think of anybody who is more flabbergasted than I am to hear about an arrest right now, because this was so thoroughly researched and so thoroughly covered, as you recall, 10 years ago. It was on the news around the clock.

The police were working on it like they have never worked on anything before in Boulder, Colorado. The DA's office was working on it. And, time and time again, people said, certainly, it must come down to arrests for somebody. And it never did.

Now to hear about this news, frankly, I'm fascinated to hear who this person is and what would make this person a suspect. I'm very keen to the notion that Kelli Arena just said this is a possible suspect. There have been possible suspects before, but none of them have ever panned out -- Wolf.

BLITZER: And we're expecting to get more information on this possible suspect arrested in Bangkok, Thailand. Apparently, according to our affiliate KUSA in Denver, he knew specific information about the case that had not been made public, raising all sorts of alarm bells -- and Associated Press now reporting this possible suspect being held on other sex unrelated charges.

Remind our viewers about this story, Tom, because so much of it had spread shadows and cast doubts on the parents and others. There was always a suspicion, though, that perhaps an intruder had come into that beautiful home.

FOREMAN: There was always a suspicion, Wolf.

But I have to tell you that the investigators involved in this case, all of those who were closest to it, had the biggest problem with the idea that there was an intruder, because, simply put, they continued to come back and look at Patsy Ramsey, principally, but the Ramsey parents.

Now, there has never been any charges against them. They have never been convicted of anything, charged of anything in this whole case. They have always said they were innocent.

But investigators constantly came back to them, specifically because of details of the case. She died on Christmas night. Her body was found in the house. There were no clear signs of forced entry. The ransom note that was found was found in the house by Patsy Ramsey. It was written on a pad of paper that apparently came from the house.

There was another shortened version of this note, which seemed to be a practice version, still in the house. The rope and the -- or at least the little stick that was used to choke her all came from a painting kit that was kept by Patsy Ramsey. There were all these details that made investigators not look at that intruder. And, yet, they always said there could be such a person. Now maybe they have found him.

BLITZER: Tom, stand by.

We're going to have our reporters watching this story, this new information coming in on a possible arrest in connection with the murder of JonBenet Ramsey. We're going to get back to it.

But I want to move on to some other important news we're following, including some political news.

Senator Hillary Clinton is calling a new attack ad against her outrageous. Her Republican Senate rival in New York, John Spencer, is airing the spot. It accuses Senator Clinton of being soft on terror. And it features a photo of Osama bin Laden to try to drive home that charge.

Senator Clinton calls it a -- quote -- "terrible injustice" to her. And she is accusing -- a terrible injustice -- accused of being accused of being in league, somehow, with Osama bin Laden.

A leading House Republican from New York is accusing Spencer of wild-eyed and angry rantings.

Meanwhile, the Homeland Security Committee chairman, Peter King, says he would never question Senator Clinton's commitment to the war on terror.

Let's bring in our senior analyst, Jeff Greenfield. He has more now on the politics of this war on terror -- Jeff.

JEFF GREENFIELD, CNN SENIOR ANALYST: Wolf, the surest way to spot a key theme in any campaign is to watch and listen to the ads, because that's where the most money is spent and where a message has to be honed down to 30 seconds.

This season, one of the most significant trends isn't just what's being said, but what's not being said.

(BEGIN VIDEOTAPE)

(BEGIN VIDEO CLIP, FORD FOR TENNESSEE AD)

REP. HAROLD FORD (D-TN), TENNESSEE SENATORIAL CANDIDATE: ... whose banks wired money to the terrorists.

(END VIDEO CLIP)

GREENFIELD (voice-over): First, instead of changing the subject away from Iraq and terror, a lot of Democrats are taking these issues on directly.

For instance, in a Democratic primary in an Iowa congressional district, candidate Bruce Braley tried to tie his opponent to Bush's Iraq policy.

(BEGIN VIDEO CLIP, BRALEY FOR CONGRESS AD)

NARRATOR: We need a timetable to turn the fighting over to the Iraqis and bring our troops home. But Rick Dickinson agrees with President Bush and is against setting a timetable for getting our troops out of Iraq.

(END VIDEO CLIP)

GREENFIELD: In Vermont, Congressman Bernie Sanders, running for the Senate as an independent, puts his opposition to the war front and center.

(BEGIN VIDEO CLIP, SANDERS FOR SENATE AD)

REP. BERNIE SANDERS (I-VT), VERMONT SENATORIAL CANDIDATE: I think the evidence is very clear that Bush's war in Iraq has been counterproductive, in terms of fighting international terrorism.

(END VIDEO CLIP)

GREENFIELD: And the Democrats' Senate Campaign Committee has an ad up that argues America is less safe now than it was five years ago.

In Ohio, here's Senator Mike DeWine talking about his Democratic opponent.

(BEGIN VIDEO CLIP, DEWINE FOR SENATE AD)

NARRATOR: Where does Sherrod Brown stand on protecting America's homeland? In Congress, Brown voted to slash national intelligence programs. He voted against strengthening criminal laws for terrorist attacks. He voted against the Patriot Act, which gives law enforcement the tools to fight terrorism.

(END VIDEO CLIP)

GREENFIELD: And here's John Spencer, who wants to oppose Senator Hillary Clinton in New York. Note the visual aid here.

(BEGIN VIDEO CLIP, SPENCER FOR SENATE AD)

ANNOUNCER: But Senator Hillary Clinton opposes the Patriot Act and the NSA program that helped stop another 9/11. She would leave us vulnerable.

UNIDENTIFIED MALE: That's wrong.

(END VIDEO CLIP)

GREENFIELD: And here's Republican Richard Tarrant, running against independent Bernie Sanders in Vermont.

(BEGIN VIDEO CLIP, TARRANT FOR SENATE AD)

NARRATOR: For seven consecutive years, and over President Clinton's objection, Congressman Sanders sponsored legislation to cut our intelligence budget. Even today, Sanders' official Web site states his strong opposition to budget increases for our intelligence community.

(END VIDEO CLIP)

(END VIDEOTAPE)

GREENFIELD: So, what is it that these Republican ads don't say? None of them mention Iraq. They're all aimed at voters -- at votes and propositions, rather, they claim weaken America's ability to fight the broader war.

This is a sure sign that these Republican candidates believe that the argument that President Bush made two years ago, that the war in Iraq made America safer, simply is not going to fly this fall -- Wolf.

BLITZER: All right, Jeff Greenfield reporting for us.

And the breaking news that we have been following this past hour, the arrest -- apparent arrest of someone in Bangkok, Thailand, in connection with the murder of JonBenet Ramsey, we're watching this story -- much more coming up at the top of the hour.

Let's check in with Jack Cafferty, though, first, for "The Cafferty File" -- Jack.

CAFFERTY: Wolf, the ACLU is suing the town of Hazleton, Pennsylvania, for cracking down on illegal aliens. They claim, the Constitution allows only the federal government the power to regulate immigration. But the mayor of Hazleton, Lou Barletta, says his city will stand its ground and fight on. The question is: Should the ACLU keep its nose out of Hazleton, Pennsylvania's

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immigration laws? Technically, they probably have a role there, because it probably is the federal government's job. But it just seems like, if this town is willing to do this on its own, maybe they ought to be left alone.

Anyway, Tammy in West Virginia writes: "The ACLU should keep its nose out of everyone's business, especially Hazleton, Pennsylvania, and that saint of a mayor, Lou Barletta. If they are so concerned about illegal alien rights, why don't they hang up their shingle in Mexico? The ACLU is about as useful to decent Americans with real problems as" -- well, I can't read the rest of that to you. It's a family show.

Bima in Los Angeles: "The ACLU must continue unhindered. I disagree passionately with many of their positions, but who else is defending our basic human and civil rights? Certainly not our president, attorney general, Congress, or Supreme Court."

Jim in Rochelle, Illinois: "The ACLU, first and foremost, should realize the laws enacted in Hazleton are the direct result of the will of the people. I thought that is how democracy is supposed to work. The ACLU, at one time, garnered respect and kudos for their work. Those days are gone."

Alfred, Claremore, Oklahoma: "The ACLU should be suing the U.S. government for not enforcing our immigration laws, not the cities who are trying to. They got their priorities backwards."

Rob in Baltimore: "In principle, the laws in Hazleton sound like they're reasonable and potentially effective. However, enforcing them could -- and probably would -- lead to discriminatory practices. Landlords would likely only require citizenship documentation from people who fit the profile of illegal aliens, namely Hispanics, or they might simply choose to be safe, and not rent to Hispanics at all."

And Judy in Dekalb, Illinois: "I never realized the ACLU charter has a provision seeking to overturn the laws enacted democratically by the people of a U.S. city. It's the voice of the people, you morons. Perhaps the ACLU should set up shop in Iran, North Korea, or China. That would keep this pack of whiners busy for a few centuries" -- Wolf.

BLITZER: Jack, thank you.

Extremists Are Homing In On The Internet, Says Gonzales (LAT)

By Josh Meyer

The Los Angeles Times, August 17, 2006

WASHINGTON — Atty. Gen. Alberto R. Gonzales said Wednesday that more than 5,000 Internet sites were being used by extremists to train and coordinate internationally, filling the gap caused by the crackdown on the Al Qaeda terrorist network.

He also rebutted allegations circulating in recent days that the United States somehow prompted British authorities to move prematurely against a suspected London-area cell allegedly planning attacks on airliners with homemade liquid bombs.

Gonzales' estimate suggests a significant expansion of the Internet infrastructure used by Islamic extremists in recent years to mobilize their efforts. Several counter-terrorism officials inside and outside the U.S. government said they were not familiar with the specific numbers quoted by the nation's top law enforcement official, but added that they had seen a dramatic increase in Internet use by Islamic extremists.

Since late 2001, the United States and its allies have demolished Al Qaeda's home base in Afghanistan, killed or captured some of its leaders, cut off many outside funding channels and disrupted some means of communication.

But those efforts have driven Al Qaeda members to the Internet, "where their ideology has inspired and radicalized others," Gonzales said in a speech to the World Affairs Council of Pittsburgh.

"There are between 5,000 and 6,000 extremist websites on the Internet, each one encouraging extremists to cultivate relationships with like-minded people," he said.

"This radicalization is happening online and can therefore develop anywhere, in virtually any neighborhood, and in any country."

Militants radicalized on the Internet may be more dangerous than those trained in Al Qaeda camps in Afghanistan before the Sept. 11 attacks, Gonzales said.

"These are the home-grown terrorists that you have heard about," he said, referring to the alleged plot in Britain and to other recent plots and attacks by Al Qaeda sympathizers.

Gonzales said radicalization may also be occurring in academic settings, mosques, community centers and — of particular and growing concern — in prisons.

In an appearance later Wednesday on CNN's "The Situation Room," he said the FBI continued to pursue tendrils of the investigation in the United States.

"There have been a number of tips and leads that tie to the United States, and that's why we have had over 200 FBI agents involved in following up on every tip and every lead," Gonzales said. "We're not aware of a plot here in the United States, but we're not prepared also to say that we've ended this threat."

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In his speech in Pittsburgh, Gonzales said last week's disruption of the alleged British bomb plot came as a result of both countries cross-training their prosecutors and sharing information and sensitive intelligence.

Gonzales also said that Britain and the U.S. favored stopping terrorists before they could act, even if that meant ultimately losing convictions in court.

"Simply put, we need to gather enough information and evidence during our investigations to ensure a successful prosecution," he said. "But we absolutely cannot wait too long, allowing a plot to develop to its deadly fruition."

A senior Justice Department official said those remarks were intended to rebut allegations that U.S. officials pressured their British counterparts into rounding up the suspects before they were ready.

The attorney general is saying "there is no schism between the philosophies of the two countries as to when to take down a plot," said the senior official, who spoke on condition of anonymity because of the international aspects of the British-led investigation.

"I don't believe the plot was taken down because of American pressure. This was a British-run operation. As far as I know, there was little difference of opinion in this case on when to take down the plotters."

Asked whether the United States pressured Pakistan into arresting one of the suspects, Rashid Rauf, on its soil, forcing British authorities to scramble to roll up other members, the official said: "I'm just not comfortable talking about the Pakistan end of this. That doesn't mean the U.S. leaned on the Pakistanis. We just don't want to discuss operational aspects of the investigation."

Queues Caused By Airport Searches Spur Calls For Passenger Profiling (WSJ)

By Daniel Michaels

The Wall Street Journal, August 17, 2006

Continued delays at London airports following last week's foiled terrorist plot are prompting some airline officials and security specialists to call for passenger-profiling techniques to reduce the number of travelers subject to intensive searches.

Advocates of the measures say trained airport and airline staff at security checkpoints should be allowed to judge which passengers aren't likely to pose a terrorist threat -- such as old women and families with small children -- and let them pass quickly through security.

Screeners could then focus more carefully on inspecting other travelers. Passengers behaving oddly or with unusual travel details would also be subject to more thorough screening, advocates of profiling say.

But opponents have two basic objections: They say passenger profiling is an infringement of civil rights, and not effective in the long run.

The debate about passenger profiling is re-emerging, because in the wake of the foiled plot to blow up jetliners over the Atlantic, United Kingdom airports have stepped up security measures at hand-baggage screening points.

In the days after suspects in the alleged plot were arrested in the U.K. last Thursday, screeners at British airports began body-searching every passenger placing hand luggage into X-ray machines. They have reduced searches to every other passenger -- compared with around one in four before last week.

The measures continue to prompt huge holdups and are overwhelming screeners. Irish budget carrier Ryanair Holdings PLC yesterday faced delays from London's Stansted Airport with 30 of its 40 earliest flights.

QUESTION OF THE DAY

1 · Vote: Should profiling of airline passengers based on ethnicity or race be allowed?2

Frustration with the havoc is helping spur calls for passenger profiling. "Let's be a lot less politically correct," said Ryanair Chief Executive Michael O'Leary.

Some experts say that indiscriminate person-by-person searches are ineffective. "The system based on the premise that to catch one person out of 100, you must pass all 100 through a search isn't working, and will miss the one person," said Offer Einav, a former head of security at El Al Israel Airlines and now chief executive of IS4 Ltd., a security consulting firm. Profiling is widespread in Israel, which has faced terrorist threats for years.

Franco Frattini, the European Union justice and internal-affairs commissioner, wants to create a "trusted traveler" program across the EU similar to the Registered Traveler program under development in the U.S., according to his spokesman. Under such a plan, sometimes referred to as "positive profiling," fliers who supply extensive personal information to be kept on file can breeze through airports with only a basic security check.

Most airlines in Europe and the U.S. analyze passenger behavior during check-in procedures. But at airport security checkpoints, staff who X-ray hand baggage are much less likely to do so.

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Proponents of profiling at security checkpoints say the technique isn't aimed at searching people based on race or nationality. They say successful passenger profiling covers issues such as body language, physical appearance and travel details.

After the terrorist attacks of Sept. 11, 2001, some U.S. police forces and security officials began training staff in profiling techniques. The U.S. Transportation Security Administration has a modest program aimed at spotting suspicious passengers based on their behavior at the airport. It doesn't consider race, and therefore, officials say, avoids the minefields of racial profiling. The program, now at about 12 airports, looks for obvious oddities such as a big coat on a summer day, and for subtle signals such as odd gestures and split-second expressions suggesting that people are trying to conceal emotions. Identified travelers are approached to see if an innocent explanation accounts for the suspicious behavior.

"If you racially profile in this day and age, you're going to miss the terrorists," said the TSA's Carl Maccario, who helps run the program.

That is in part because the task of defining profiles has grown increasingly complex. Among the people arrested by British police for alleged involvement in the plot were a woman with an eight-month-old baby and several university-educated, middle-class men, according to authorities. None fit the classic mold of a disaffected male in his 20s.

Proponents also say the technique can pick out terrorists who don't fit a stereotype. For example, American Airlines staff at Charles de Gaulle Airport in Paris identified "shoebomber" Richard Reid as a suspicious passenger in December 2001, even though he held a British passport and wasn't obviously tied to Islamic extremists.

Still, critics insist that any attempt to divide travelers into good and bad people will be circumvented by adaptable terrorists. "I don't buy the little old ladies and families with children stuff," because terrorists are resorting to increasingly ruthless and creative methods, said Shami Chakrabarti, director of Britain's National Council for Civil Liberties.

Homeland Security Chairman Endorsing Racial Profiling (NSDY)

By J. Jioni Palmer, Newsday Washington Bureau

Long Island Newsday, August 17, 2006

WASHINGTON -- Declaring that airport screeners shouldn't be hampered by "political correctness," House Homeland Security Chairman Peter King has endorsed requiring people of "Middle Eastern and South Asian" descent to undergo additional security checks because of their ethnicity and religion.

Discussing the recent revelation of an alleged plot in England to blow up U.S.-bound airliners, the Seaford Republican said yesterday that, "if the threat is coming from a particular group, I can understand why it would make sense to single them out for further questioning."

King, who has said that all Muslims aren't terrorists but that all recent terrorists are Muslim, favors an ethnic and religious profiling scheme that would include foreign and American-born travelers. "I would give the investigators and screeners a lot of discretion as to where it ends," he said.

Despite King's endorsement of such a process, it is a technique that has been widely dismissed as a legitimate law enforcement tool.

NYPD Commissioner Ray Kelly, a childhood friend of King's whom the congressman calls one of the nation's leading counter-terrorism officials, has previously called racial profiling "nuts" and "ineffective," and eliminated the practice when he oversaw the U.S. Customs Service.

The U.S. Justice Department issued a policy three years ago banning racial profiling and Attorney General Alberto Gonzales said yesterday that he doesn't favor the practice.

"I think that, you know, taking action against someone solely because of their race and solely because of their religion I think is problematic," Gonzales said.

Bob Levy, senior fellow in constitutional studies with the Washington-based Cato Institute, a conservative-libertarian think tank, said racial profiling gradually came into disfavor among law enforcement officials because "they discovered that this kind of profiling was very rarely effective in ferreting out useful information."

He said targeting people based on a range of criteria is a more operative and constitutionally legitimate tool to stop wrongdoers than relying on a blanket profile.

"Simply to profile all Muslims with nothing more than that, I think, would be considered a constitutional problem," Levy said. "Besides, if you are using a profile it doesn't follow that a profile is always effective."

Besides being ineffective, profiling ostracizes a community that could be essential in helping to combat terrorism, said Ahmed Younis of the Muslim Public Affairs Council.

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"In many ways, it is allowing the terrorists what they want, which is the betrayal of our constitutional principles and the disenfranchisement of the communities that we need the most in the war against extremism and terrorism," he said. "American Muslims are on the front lines in the war on terrorism and Mr. King's approach deprives America of her strongest weapon."

Airline Terror Suspects Can Be Held, British Judge Says (CHIT)

By Stephen J. Hedges And Aamer Madhani

Chicago Tribune, August 17, 2006

LONDON -- A British magistrate ruled for the government Wednesday and declined to release any of the 23 suspects held in the alleged plot to detonate liquid explosives aboard trans-Atlantic flights bound for United States.

Instead, the magistrate found that under Britain's tough new terrorism law, the government may continue to hold the suspects until later this month without filing charges.

Twenty-one of the suspects may be held until Aug. 23 without being charged, the court ruled. Two others may be held until Aug. 21 under similar circumstances.

The men, all of them British citizens of the Muslim faith, were arrested Aug. 9 as part of a months-long investigation by anti-terrorism police here.

Since then, one suspect has been released and another arrested, bringing the total number held to 24. The court did not consider the detention of the newest detainee, who was arrested Tuesday.

Since those initial arrests, police and British government officials have given few details of the alleged plot, other than noting that "this was a plan by terrorists to cause untold death and destruction and commit mass murder," according to Deputy Metropolitan Police Commissioner Paul Stephenson.

In the meantime, an extensive period of evidence gathering has followed.

Police have spent nearly a week inside the homes of some of the men, many of whom lived in Walthamstow, a working-class neighbhorhood in northeast London.

Others who were arrested lived in the modestly upscale area of High Wycombe, west of the city. Police have been involved for several days in an extensive a search of a dense woods nearby.

Police have so far executed 46 search warrants on homes and businesses and vehicles, included three Internet cafes. They have been photographed removing computers and bottles from some of the suspects' homes. In the week after the sweeping arrests, 24 of the searches have been completed but 22 are still under way.

Defense attorneys leaving the hearing, a portion of which was held at London's Paddington Green Police Station, declined to discuss the proceedings inside, which were closed to the public.

One solicitor, however, said on the condition of anonymity that "they [the government] have got to start explaining some of this. They haven't said anything and they're going to owe people an explanation."

Family and friends of nearly all those arrested have expressed astonishment at the charges.

When the arrests were first announced, Stephenson said that a group of Muslim extremists had planned to "smuggle explosives onto airplanes in hand luggage and to detonate these in flight." The explosives, police said, were to have been made up of liquid chemicals that, when mixed together, would make a volatile bomb.

The explosives, they said, were to be triggered by electronic devices, such as camera flashes and handheld electronic devices.

As many as 10 flights had been targeted, officials said. Since that initial flood of information, however, British authorities have declined to say anything about the continuing investigation or the case they are building against those in detention.

Under a law enacted after July 7, 2005, when four suicide bombers killed 52 London commuters, police may now request that terror suspects be held for 28 days without being charged, a time span that allows for collection of evidence in what are often complicated cases.

Currently, there are about 60 terror suspects awaiting trial in Britain, according to the London Metropolitan Police. If the plane-bombing plot suspects are charged, they would add significantly to that number.

The hearing occurred on the same day that Britain's Home Secretary, John Reid, met with his European counterparts to discuss terrorism, which he described at the meeting as "unconstrained in its evil intention."

The officials agreed to fund additional research into the detection of liquid explosives.

Reid, who has become the public face of the government effort to prosecute the alleged terrorist plot — Prime Minister Tony Blair has remained on vacation — faces growing public scrutiny over the course of the inquiry, which remains largely secret, and its repercussions with the British public.

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New luggage restrictions, for instance, led to the cancellation of hundreds of flights in England the misplacement of about 10,000 bags by British Airways. Airline chiefs have lambasted the government's new, strict travel regimen, which initially stranded thousands of passengers.

Plane-plot Suspects To Be Kept In Jail (AP)

By Matt Moore, Associated Press Writer

AP, August 17, 2006

A district judge ruled Wednesday that British investigators have until next week to investigate the suspects arrested in an alleged plot to blow up as many as 10 trans-Atlantic jetliners, saying they could be kept in custody without charge.

Scotland Yard later said a person arrested on Tuesday as part of its investigation into the foiled plot was released without charge. Another detainee was released without charge Friday.

The judicial order was the first major test of a new terrorism law that lets suspects be held for as long as 28 days without charge so investigators can solidify their cases.

The hearing, which addressed the cases of 23 suspects arrested in Britain's initial sweep last week, was held behind closed doors and attended only by the suspects' lawyers, investigators and government officials.

Scotland Yard said that 21 of the suspects could be detained for questioning through Aug. 23, while another two could be detained until Aug. 21. No reason was given for the difference in the length of time.

Experts say the primary reason police could use nearly a month to complete a probe is because of the complexity of investigations into the alleged plot to smuggle liquid explosives hidden in hand luggage aboard flights.

"You've got laptops, you have to bring in translators to translate all the documents in there, and sometimes it's inopportune to release all your suspects — particularly terrorism suspects — while all that is being downloaded and translated," said Cliff Knuckey, a retired police detective who has worked on terrorism investigations.

"Terrorism investigations are different, simply because you're dealing with people who will do their best not to compromise their plans and who will do anything not to be compromised."

When police officials appeared in February before a House of Commons committee looking at Britain's terror legislation, they told lawmakers much the same thing. And Deputy Assistant Commissioner Peter Clarke, who commands the anti-terrorist police branch, said officers had found terrorist training videos spliced in the middle of normal Hollywood films, meaning hours spent scrutinizing videotapes.

Previously, police were able to detain people suspected of terrorism offenses for 14 days only. But the new legislation, which became law earlier this year, also created new offenses, including preparing a terrorist act, giving or receiving terrorist training, and selling or spreading terrorist publications.

Prime Minister Tony Blair failed to receive parliamentary approval for his own plan to interrogate terrorist suspects for up to 90 days.

The British probe of a plot to destroy U.S.-bound jetliners with chemical explosions is the highest-profile case to be conducted under the new legislation.

Home Secretary John Reid, Britain's chief law-and-order official, acknowledged that some of the suspects would likely not be charged with major criminal offenses, but said there was mounting evidence of a "substantial nature" to back the allegations.

His comments came after he met with the French, German and Finnish interior ministers, Nicolas Sarkozy, Wolfgang Schaeuble and Kari Rajamaki, respectively, and EU Commission Vice President Franco Frattini. They later announced the allocation of $235,000 to research the best ways to detect liquid-based explosives.

Twenty-four suspects have been arrested in Britain in the liquid explosives plot and as many as 17 people in Pakistan, including alleged ringleader Rashid Rauf. British national Rauf's 22-year-old brother, Tayib, is among those in British custody. Those detained in Britain whose assets were frozen range in age from 17 to 35.

Two top Pakistani intelligence agents said Wednesday that the would-be bombers wanted to carry out an al-Qaida-style attack to mark the fifth anniversary of the Sept. 11 strikes, but were too "inexperienced" to carry out the plot.

The two senior agents, who spoke on condition of anonymity, said that if the terror cell members arrested in Pakistan and Britain had appropriate weapons and explosives training, they could have emulated massive attacks like those five years ago in New York and Washington as well as the July 7, 2005, London bombings.

The detainees in Britain and Pakistan had not attended terror-training camps in Pakistan or Afghanistan and had relied on information gleaned from text books on how to make bombs, the officials said.

Their comments offer a different perspective from that given by U.S. Homeland Security Secretary Michael Chertoff. "Certainly in terms of the complexity, the sophistication, the international dimension and the number of people involved, this plot has the hallmarks of an al-Qaida-type plot," Chertoff said Friday.

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The Pakistani officials said Rashid Rauf met with al-Qaida figures inside Pakistan before his arrest last week.

They said Rauf, a British national of Pakistani descent in his 30s, had also been in contact — through intermediaries — with the purported No. 3-ranked al-Qaida leader at large in neighboring Afghanistan. The officials declined to give the al-Qaida leader's name.

Meanwhile, air service nudged closer to normal at major London airports, but British Airways said it canceled 35 flights from Heathrow and another 11 at Gatwick.

There was new concern about security after a 12-year-old boy managed to board a plane at Gatwick Airport on Monday without a passport, ticket or boarding pass. He was detected by cabin crew and removed before the flight took off. Authorities said he went through a full security screening before boarding the flight and he didn't pose a threat at any time.

AP writers Munir Ahmad and Paul Garwood contributed from Islamabad, Pakistan.

British Court Gives Police More Leeway To Probe Plot (WP/AP)

By Matt Moore

The Washington Post, August 17, 2006

LONDON, Aug. 16 -- A district judge ruled Wednesday that British investigators have until next week to investigate the suspects arrested in an alleged plot to blow up as many as 10 transatlantic jetliners, saying they could be kept in custody without charge.

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Previously, police were able to detain people suspected of terrorism offenses for only 14 days. The new legislation, which became law earlier this year, also created new offenses, including preparing a terrorist act, giving or receiving terrorist training, and selling or spreading terrorist publications.

Home Secretary John Reid, Britain's chief law enforcement official, acknowledged that some of the suspects would likely not be charged with major crimes, but said there was mounting and "substantial" evidence to support the allegations.

Pakistan Confirms Many Details About Key Figure Under Arrest (NYT)

By Carlotta Gall

The New York Times, August 17, 2006

ISLAMABAD, Pakistan, Aug. 16 — New details unfolded Wednesday about the main figure arrested in the London bombing plot, Rashid Rauf. They included a confirmation by Pakistani officials that Mr. Rauf had married and settled in Bahawalpur, a southern town that is home to a notorious jihadist group, Jaish-e-Mohammed.

The background included accounts that he used to be at least an active member of the organization, which has been banned.

Pakistani officials confirmed that Mr. Rauf, a British citizen born in Pakistan, returned from Britain to settle in Bahawalpur in 2002 and that he married and had children there. Bahawalpur is a small town in southern Punjab, far from Mirpur, in Pakistani-administered Kashmir, the town Mr. Rauf's family comes from.

Members of Jaish-e-Mohammed, insisting on anonymity, said Mr. Rauf had stayed a member of the group throughout its reincarnations.

...

The father, Hafiz Allah Bukhsh, said Mr. Rauf was related by marriage to one of his younger sons. The two men were married to two sisters, Mr. Bukhsh said. A former Pakistani official with close ties to intelligence agencies confirmed the details and said Mr. Rauf had "longstanding links with Jaish-e-Mohammed and also had Al Qaeda connections."

Mr. Rauf has emerged as the main coordinating figure of the London case. His arrest led to the arrests of 24 people in Britain last Thursday.

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"He became a central figure in all this," said a senior government official who insisted on anonymity because of the investigation. "He was a connecting figure and central to it."

Mr. Rauf came to the notice of British investigators who traced telephone calls between him and people in Britain who were under surveillance, the official said.

"There were frequent calls from there and to him," the official said, adding that the British had asked Pakistan to watch Mr. Rauf, who had been under surveillance for a few weeks.

...

He remains in custody, appearing before a judge over the weekend, said a spokeswoman for the Foreign Ministry, Tasneem Aslam.

Interior Minister Aftab Ahmed Khan Sherpao said Tuesday that Britain had not requested Mr. Rauf's extradition. Pakistan does not have an extradition treaty with Britain, but Mr. Sherpao said that international conventions covered such requests and that a special case could be made.

The senior official here said that a senior Qaeda agent still at large was the mastermind of the plot and that Mr. Rauf was the main contact for the would-be bombers in Britain. Pakistani officials have implied that the Qaeda figure is based in Afghanistan, but the official said he was not Afghan, adding that all the group's top leaders were from Arab countries. He also said a third country was connected because of the financial trail.

Mr. Rauf, reportedly 29 years old, was born in Pakistan and lived nearly all his life in England, until 2002, when he returned to Pakistan after having been implicated in the stabbing death of an uncle in Britain, the official said. Mr. Rauf was arrested in Bahawalpur, the official said.

His connection to Jaish-e-Mohammed would explain much about any involvement with the bombing plot or Al Qaeda. The group was founded by Maulana Masood Azhar in February 2000 to support mujahedeen fighting in Kashmir and Afghanistan. It became closely associated with the Taliban and Al Qaeda.

As Pakistan cracked down on jihadi groups after Sept. 11, 2001, Jaish-e-Mohammed changed its name and split into two groups. Those groups were also banned because of continued pressure from the United States. A splinter group of Jaish-e-Mohammed was blamed for masterminding an assassination attempt against President Pervez Musharraf of Pakistan in 2003.

Europe Says It Will Unify Effort In Fight On Terrorism (NYT)

By Heather Timmons And Eric Pfanner

The New York Times, August 17, 2006

LONDON, Aug. 16 — European ministers in charge of security pledged Wednesday to increase their cooperation to fight terrorism, saying they may begin by blocking certain Internet sites, using fingerprinting or iris-scanning technology, and training Muslim preachers to discourage militancy.

Ministers from Finland, Germany, Portugal, Slovenia and France met here with the British home secretary, John Reid, to map out new anti-terrorism measures. Afterward, in a news conference, they laid out proposals that signaled a shift for Europe, which has been loath to limit individual freedoms or to try to impose a uniform set of values.

"We face a persistent and very real threat across Europe," said Mr. Reid. Would-be terrorists are hoping to "abuse our open societies," he said, and have "no regard for human life and human rights."

Ultimately, the "rights of the individual must and will be balanced against the collective rights of security and protection of life and limb," he said.

The ministers said they would speed up plans to increase cooperation between the intelligence forces in their home countries, and allow them to share information directly with their counterparts. They also plan to step up cooperation on research into explosives, particularly liquid explosives. European Union nations may establish "rapid response" antiterrorism teams that could rush to the aid of member states, the ministers said.

While sharing information may be desirable, some governments have resisted it because of varying law enforcement and counterterrorism practices, said Martin R. Pollner, senior partner at the law firm Loeb & Loeb in New York and a former United States representative to Interpol, the international police network.

British law enforcement officials, for instance, typically wait longer to arrest terrorism suspects than do American authorities, he said, because the British want to let a plot develop further so they have stronger evidence when it comes to prosecuting a case. That may have made them reluctant in the past to share information with European or other colleagues, Mr. Pollner said.

So far, in response to the British announcement that it had uncovered a plot to blow up as many as 10 trans-Atlantic airliners, possibly using liquid explosives, European countries have imposed a patchwork of makeshift rules with varying levels of security restrictions.

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The haphazard response has raised concerns in Britain that terrorists could simply board a plane elsewhere and cause the same damage they would have if they had managed to breach security in Britain.

Mr. Reid said at the news conference that European governments should coordinate their response to ensure "that it is no easier to get through security in Paris or Frankfurt than it is in London."

The European Union members are discussing the possibility of blocking Web sites that incite people to "commit terrorist activities" or provide details about how to make bombs, Franco Frattini, vice president of the European Commission, the executive arm of the European Union, said at the news conference. "There are borders between freedom of expression and incitement of terrorism," he said of the possibility of blockades.

Plans to shut down Web sites that incite terrorism have already been discussed in the Council of the European Union. How such a plan would be carried out raises a host of questions, though, including how to define terrorism.

Passengers on flights to or from European nations may be subject to "biometric" screening, Mr. Frattini said, which could include fingerprint and iris scans. The ministers did not discuss racial profiling, he said, and any new airline screens would have "nothing to do with religious beliefs."

In addition, ministers are proposing closer cooperation between governments and their Muslim populations. Mr. Frattini outlined a plan to organize meetings of Muslim teachers to "eradicate violence from inside." Governments may also work to train imams to attempt to prevent the development of militancy.

"We do want a European Islam," Mr. Frattini said. "That is very important, not only to show to the Muslim communities that we fully respect other religions, other faiths, but we also want them to respect national laws, European laws and fundamental rights, and first of all the right to life."

At the moment, there are two fundamentally different sets of values in play in Europe, Mr. Reid said. One is the values of the European Union, including "democracy, freedom and justice to all." The second is the values of "totalitarianism," which hopes to "subvert a religion whose very name stands for peace," he said, referring to Islam.

Fears about continuing security lapses were heightened Wednesday by reports that a 12-year-old boy managed on Monday to pass through security checks at Gatwick Airport outside London. He had slipped onto a Lisbon-bound plane without a boarding pass or a passport before the cabin crew spotted him. The boy had apparently run away from home in Liverpool and traveled to London by train.

"The boy had passed through our full security screening process, so he had passed through the search process," a spokesman for the airport operator, BAA, told BBC radio. "I'm confident there was no threat at any stage to passengers and staff or to the aircraft."

British Airways had said that it would operate 90 percent of its scheduled flights on Wednesday. The airline said it would return to normal on Friday.

Airport workers struggled to clear a backlog of thousands of undelivered checked bags at Heathrow and other airports. Theft of baggage has reportedly been a growing problem, as passengers were initially required to check everything except essentials like passports and wallets. That meant that valuable items like cameras and laptop computers were consigned to checked baggage.

On Wednesday the police also obtained permission from the judicial system for extra time to detain and question suspects arrested in the alleged plot. The initial warrants to hold 23 of 24 suspects were to expire Wednesday, but under British antiterror laws, the authorities can detain suspects for up to 28 days without charge. A police statement said the warrants for 21 suspects were extended until Aug. 23 and for the two others until Monday.

Scotland Yard later said a person arrested on Tuesday as part of its investigation had been released without charge, The Associated Press reported. Another detainee was released without charge on Friday.

Europe Unites On Tougher Airport Security (FT)

By Christopher Adams And Farhan Bokhari

Financial Times, August 17, 2006

Travellers across Europe face tougher airport security and new restrictions on hand luggage after interior ministers from France and Germany on Wednesday supported British calls for tighter standards.

John Reid, Britain's home secretary, urged all European countries to adopt a similar approach to that of the UK, which has banned liquids and gels from being carried on board aircraft since last week's terrorism alert.

The ministers discussed a range of anti-terrorism measures, including unified airport security standards and funding for research into liquid and other explosives.

After a meeting in London with ministers from six other European Union member states, Mr Reid said Europe faced "a persistent and very real threat" from terrorism.

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His comments came as the US scrambled two F-15 fighter jets to escort a Washington-bound United Airlines flight from London that was diverted to Boston airport after a disturbance involving an unruly passenger. The Transport Security Administration later said there was no evidence to suggest a terrorist link.

It also emerged on Wednesday that the investigation into an alleged plot to blow up US-bound airliners flying from London's Heathrow Airport had been expanded beyond the UK and Pakistan.

In Islamabad, senior government officials said that countries elsewhere in Europe and north Africa might be involved. One Arab diplomat said the investigation had widened to include Germany and Belgium.

Security officials and diplomats in Pakistan believe al-Qaeda, which has been linked to the alleged plot, has been planning attacks on the transport systems of European capitals before the end of the year.

After the European ministers' meeting, Franco Frattini, the EU justice commissioner, pledged €350,000 ($450,000) for research into liquid explosives and promised concrete proposals for a meeting in Finland next month of all EU interior ministers.

¦Michael Chertoff, the US homeland security secretary, on Wednesday said the administration hoped to introduce a new rule early next year requiring all airlines to provide passenger data for all flights into the US before take-off, Demetri Sevastopulo adds from Washington. Under current regulations, the information must be provided within 15 minutes of take-off. Airlines have previously raised concerns that the new requirements would result in costly delays to flights.

Separately, Mr Chertoff dismissed suggestions that the US had put pressure on the UK to arrest the terror suspects earlier than MI5 – the UK domestic intelligence service – would have liked, saying both countries were on "the same page".

Additional reporting by Hugh Williamson in Berlin and Tobias Buck in Brussels

EU Discusses Anti-terror Efforts, Balance Of Liberty And Security (USAT)

By Jeffrey Stinson

USA Today, August 17, 2006

LONDON — European ministers said Wednesday that they will explore requiring uniform airport security checks, identifying passengers by fingerprints or other physical distinctions and exchanging information on everyone flying in Europe to combat terrorism in the skies.

Security checks at European airports vary from country to country. Biometric identification, which checks fingerprints or other physical markers, is limited to frequent travelers in some nations. No exchange of passenger information, similar to that required by U.S. authorities on people flying into the USA, exists across Europe.

British Home Secretary John Reid said civil liberties must be re-examined in the face of possible "mass murder" by terrorists.

"As we face the threat of mass murder, we have to accept that the rights of the individual that we enjoy must and will be balanced with the collective right of security and the protection of life and limb that our citizens demand," said Reid, Britain's top law enforcement official.

Reid and six of his European Union counterparts made the announcement here six days after British police said they had thwarted a plot to blow up passenger jets leaving Britain for the USA. They said the plot involved smuggling liquid bomb components aboard the planes, assembling them and then setting them off.

On Wednesday, a judge ruled that 23 of 24 suspects in the case will be kept in custody through next week. Under British law, terrorism suspects can be held up to 28 days without being charged, but police must periodically go to court and convince a judge that there is sufficient evidence to keep holding them.

A suspect who was arrested Tuesday remained in police custody but was not part of the hearing.

After the ministers' meeting, Franco Frattini, the European Commission's vice president in charge of justice, said Europe would consider:

·Policing the Internet and possibly banning websites that foment terrorism and give explicit details on bombmaking.

·Developing rapid-response teams of counterterrorism experts from across Europe that could be deployed quickly when a nation faces a threat.

·Researching explosive materials, especially liquid explosives, and developing ways to detect them and restrict their flow.

Finnish Interior Minister Kari Rajamaki said Europe needs to do more to crack down on "gray and black markets" that finance terrorism. Finland holds the rotating EU presidency.

Frattini said the European Commission, the executive body of the 25-nation EU, would push quickly for member nations to more readily share "unfiltered" intelligence on possible terrorists and threats.

Frattini also said nations need to work more closely with Europe's Muslim communities to attack the root cause of radicalization and violence by young people.

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In addition, he said it was time to examine whether biometric identification of people by fingerprints or the irises of their eyes should be expanded to track individuals crossing borders and traveling through airports.

The Tyranny Of Fear (NYT)

By Bob Herbert

The New York Times, August 17, 2006

Abdallah Higazy was on the phone from Cairo. "To describe it as frustrating would be an understatement," he said, "because you know you're telling the truth. And you know the people speaking to you have incorrect information about you."

On the morning of Sept. 11, 2001, Mr. Higazy, the son of a former Egyptian diplomat, was in a room on the 51st floor of the Millenium Hilton Hotel, directly across the street from the World Trade Center. He was a student at the time, having won a scholarship to study computer engineering at Polytechnic University in Brooklyn. The Institute of International Education had arranged for him to stay at the hotel while he looked for permanent housing.

Like everyone else, Mr. Higazy fled the hotel after the planes hit the towers. He left behind his passport and other personal items. When he returned to collect his belongings three months later, he was arrested by the F.B.I. A hotel security guard claimed to have found an aviation radio, which could be used to communicate with airborne pilots, in the safe in Mr. Higazy's room.

"That's impossible," said Mr. Higazy.

It's a fact, said the F.B.I.

Mr. Higazy was handcuffed, strip-searched and thrown into prison — as a material witness. No one knew what to charge him with. They just knew they wanted to hold him.

Mr. Higazy was all but overwhelmed with fear. "I didn't sleep that first night," he told me. "I was shivering, and it wasn't from the cold."

Like an accused witch in Salem, Mr. Higazy was dangerously close to being sacrificed on the altar of hysteria. He kept telling authorities he knew nothing about the radio. But the assumption was that he was lying.

As there was no evidence that he had committed a crime, it was considered important that Mr. Higazy confess to something. He said an F.B.I. agent, Michael Templeton, told him during an interview that if he didn't cooperate, his family in Cairo would be put at the mercy of Egyptian security, which Mr. Templeton would later acknowledge has a reputation for torture. He said the agent also threatened to report that in his "expert opinion" Mr. Higazy was a terrorist.

Fear turned to panic. Mr. Higazy began to search frantically for a story that would satisfy Mr. Templeton. His first few attempts were preposterous. He said he had found the radio outside J&R Music World in lower Manhattan. Then he said he'd stumbled across it on the other side of the Brooklyn Bridge. The story finally decided upon was that he had stolen the radio from the Egyptian Air Force.

He was charged with lying to federal agents — the lie being his initial claim that the radio wasn't his. Clueless prosecutors stressed in court that Mr. Higazy should be subject to more than 20 years imprisonment.

A month after Mr. Higazy was arrested, a miracle occurred — in the form of a pilot who strolled into the Millenium Hilton Hotel, looking for his radio. The pilot was an American citizen, and thus believable. He had left the radio in his room on the 50th floor, one flight down from Mr. Higazy's room. Mr. Higazy had been telling the truth all along.

It turned out that the security guard, Ronald Ferry, had been lying. He hadn't found the radio in Mr. Higazy's safe. He had made up that story, hoping to steal a bit part in one of the biggest investigations ever. It seems a co-worker had actually found the radio, on a table somewhere. Mr. Ferry was charged with making false statements to the F.B.I. and sentenced to six months of weekends in prison.

Mr. Higazy filed a lawsuit against Mr. Templeton, claiming he had illegally coerced his confession. But an in-house investigation by the F.B.I. found there was no evidence of wrongdoing, and a federal judge — while acknowledging that the confession had been coerced — threw out the suit.

All the authorities have to do nowadays is claim that a case is linked to terror and they can get away with just about anything. The rule of law is succumbing to the tyranny of fear. (There's no telling how many Abdallah Higazys have been swept up in the so-called war on terror and imprisoned, or worse.)

Jonathan Abady, a lawyer for Mr. Higazy, said an appeal has been filed on his behalf.

Mr. Higazy, who has since married and is now a teacher in Cairo, told me he is angry with Mr. Ferry and Mr. Templeton, but that he's not bitter. He offered his thanks to those Americans "who stood by me and believed in my innocence."

'Islamofascism' (WSJ)

By Roger Scruton

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The Wall Street Journal, August 17, 2006

The term "Islamofascism" was introduced by the French writer Maxine Rodinson (1915-2004) to describe the Iranian Revolution of 1978. Rodinson was a Marxist, who described as "fascist" any movement of which he disapproved. But we should be grateful to him for coining a word that enables people on the left to denounce our common enemy. After all, other French leftists -- Michel Foucault, for example -- had welcomed the revolution as an amusing threat to Western interests. It is only now that people on the left can acknowledge that they are just as much a target as the rest of us, in a war that has global chaos as its goal.

The word has therefore caught on, not least because it provides a convenient way of announcing that you are not against Islam but only against its perversion by the terrorists. But this prompts the question whether terrorism is really as alien to Islam as we should all like to believe. Despite his communist sympathies, Rodinson was a peaceful soul, who spent seven years teaching in a Muslim school in Lebanon and wrote a biography of Muhammad in which the prophet is portrayed as a mild-mannered campaigner for social justice. But this biography was denounced by the Egyptian authorities as an offense to Islam, was withdrawn from the curriculum of the American University in Cairo, and has ever since been banned in Muslim countries.

This readiness to take offense is not yet terrorism -- but it is a sign of the deep-down insecurity of the Muslim psyche in the modern world. In the presence of Islam, we all feel, you have to tread carefully, as though humoring a dangerous animal. The Koran must never be questioned; Islam must be described as a religion of peace -- isn't that the meaning of the word? -- and jokes about the prophet are an absolute no-no. If religion comes up in conversation, best to slip quietly away, accompanying your departure with abject apologies for the Crusades. And in Europe this pussyfooting is now being transcribed into law, with "Islamophobia" already a crime in Belgium and movements across the continent to censor everything at which a Muslim might take offence, including articles like this one. * * *

The majority of European Muslims do not approve of terrorism. But there are majorities and majorities. According to a recent poll, a full quarter of British Muslims believe that the bombs of last summer in London were a legitimate response to the "war on terror." Public pronouncements from Muslim leaders treat Islamist terrorism as a lamentable but understandable response to the West's misguided policies. And the blood-curdling utterances of the Wahhabite clergy, when occasionally reported in the press, sit uneasily with the idea of a "religion of peace." All this leads to a certain skepticism among ordinary people, whose "racist" or "xenophobic" prejudices are denounced by the media as the real cause of Muslim disaffection.

Now of course it is wrong to give gratuitous offence to people of other faiths; it is right to respect people's beliefs, when these beliefs pose no threat to civil order; and we should extend toward resident Muslims all the toleration and neighborly goodwill that we hope to receive from them. But recent events have caused people to wonder exactly where Muslims stand in such matters. Although "islam" is derived from the same root as "salaam," it does not mean peace but submission. And although the Koran tells us that there shall be no compulsion in matters of religion, it does not overflow with kindness toward those who refuse to submit to God's will. The best they can hope for is to be protected by a treaty (dhimmah), and the privileges of the dhimmi are purchased by onerous taxation and humiliating rites of subservience. As for apostates, it remains as dangerous today as it was in the time of the prophet publicly to renounce the Muslim faith. Even if you cannot be compelled to adopt the faith, you can certainly be compelled to retain it. And the anger with which public Muslims greet any attempt to challenge, to ridicule or to marginalize their faith is every bit as ferocious as that which animated the murderer of Theo Van Gogh. Ordinary Christians, who suffer a daily diet of ridicule and skepticism, cannot help feeling that Muslims protest too much, and that the wounds, which they ostentatiously display to the world, are largely self-inflicted.

To recognize such facts is not to give up hope for a tolerant Islam. But there is a matter that needs to be clarified. Christians and Jews are heirs to a long tradition of secular government, which began under the Roman Empire and was renewed at the Enlightenment: Human societies should be governed by human laws, and these laws must take precedence over religious edicts. The primary duty of citizens is to obey the state; what they do with their souls is a matter between themselves and God, and all religions must bow down to the sovereign authority if they are to exist within its jurisdiction.

The Ottoman Empire evolved systems of law which to some extent replicated that wise provision. But after the Ottoman collapse the Muslim sects rebelled against the idea, since it contradicts the claims of the shariah to be the final legal authority. The Egyptian writer and leader of the Muslim Brotherhood, Sayyid Qutb, went so far as to denounce all secular law as blasphemy. Mortals who make laws for their own government, he argued, usurp a power which is God's alone. And although few Muslim leaders will publicly endorse Qutb's argument, few will publicly condemn it either. What to us is a proof of Qutb's fanaticism and egomania is, for many Muslims, a proof of his piety.

Whenever I consider this matter I am struck by a singular fact about the Christian religion, a fact noticed by Kierkegaard and Hegel but rarely commented upon today, which is that it is informed by a spirit of irony. Irony means accepting "the other," as someone other than you. It was irony that led Christ to declare that his "kingdom is not of this world," not to be achieved through politics. Such irony is a long way from the humorless incantations of the Koran. Yet it is from a posture of irony that every real

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negotiation, every offer of peace, every acceptance of the other, begins. The way forward, it seems to me, is to encourage the re-emergence of an ironical Islam, of the kind you find in the philosophy of Averroës, in Persian poetry and in "The Thousand and One Nights." We should also encourage those ethnic and religious jokes which did so much to defuse tension in the days before political correctness. And maybe, one day, the rigid face of some puritanical mullah will crack open in a hesitant smile, and negotiations can at last begin.

Mr. Scruton is the author, most recently, of "A Political Philosophy: Arguments for Conservatism," just published by Continuum.

HOMELAND RESPONSE:

U.S. Beefing Up Air Passenger Checks (AP)

By Lara Jakes Jordan

AP, August 16, 2006

Airline passengers soon will have their names checked against the U.S. "no-fly" list before flights take off for the United States, the homeland security chief said Wednesday.

The requirement, resisted by the airline industry for fear of costly delays, could be in place by early next year. It would make permanent a security measure temporarily put in place for flights from Britain after last week's foiled plot to bomb trans-Atlantic flights.

Currently, airlines have to submit their passenger lists for international flights 15 minutes after takeoff.

"This is part of our border authority," Homeland Security Secretary Michael Chertoff said in an interview with The Associated Press.

"The reason we haven't moved this is because the airlines were concerned about what they would do about passengers who would come up at the last minute, and they don't want to hold the flights up," Chertoff said.

"Our position has been: Isn't it better to know before the plane takes off than to turn the plane around? Which I think is correct. So we're on a course to getting this piece nailed down."

Airlines fear that requiring the checks before takeoff would delay flights because of problems with information technology, staffing and privacy concerns among European Union countries, industry spokesman James May said.

That prediction was borne out after the department demanded to check passenger lists before U.S.-bound flights left British airports because of last week's threat alert.

"There were very large numbers of very lengthy delays," said May, president of the Air Transport Association. "We're now well under a 30-minute average."

Chertoff said the change was being discussed even before British authorities said they had cracked a monthslong plot to bomb as many as 10 flights headed for the United States from London.

Congress required the department to begin work in early 2005 on a plan to check U.S.-bound passengers against the "no-fly" list before their flights left international airports, said Massachusetts Rep. Ed Markey, a top Democrat on the House Homeland Security Committee.

Chertoff's comments came a few hours after fighter jets escorted a London-to-Washington flight to Boston after the pilot declared an emergency. Federal officials concluded the flight did not pose a terrorism threat after the disturbance was attributed to an apparently claustrophobic passenger who got into a confrontation with the flight crew.

Three days before the Britain plot was disclosed, a London-to-Boston flight was called back to Heathrow Airport after U.S. authorities discovered a passenger's name was on their "no-fly" list. Four passengers were questioned by border control officers.

The Bush administration also is considering permanently banning passengers from bringing liquids on flights and requiring all passengers to remove their shoes when passing through security checkpoints, Chertoff said.

Dozens of people have been held or questioned in Britain and Pakistan in connection with the plot, but there remains no indication that any of the plans involved people in the United States, Chertoff said.

He said he is concerned that attacks could be launched "because they believe we're currently distracted."

"My emphatic message to everybody has been: 'This is not the time to let your guard down,'" Chertoff said. "This is the time to increase your guard for everything, because we don't want someone who wants to seize the moment to be able to do something."

Flying Is Safe, Bush Says (USAT)

USA Today, August 17, 2006

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YORK, Pa. — President Bush said Wednesday that he believes flying is safe and not a big inconvenience, even after an alleged terrorist plot to blow up jets headed to the USA was thwarted and new security measures were put in place.

"I think most people clearly understand that government, when it reacts to a threat, does so for their own interests," Bush said in an interview.

Bush said he is often asked whether he would let his family fly. "The answer is, yes, I would."

Since British officials revealed the alleged plot, U.S. travelers have been banned from taking liquids and gels on domestic flights. The security measures caused longer lines at some airports.

Bush said he believes Americans have adapted. "People are able to make the adjustments necessary to deal with the current situation," he said.

Faces, Too, Are Searched At U.S. Airports (NYT)

By Eric Lipton

The New York Times, August 17, 2006

DULLES, Va., Aug. 16 — As the man approached the airport security checkpoint here on Wednesday, he kept picking up and putting down his backpack, touching his fingers to his chin, rubbing some object in his hands and finally reaching for his pack of cigarettes, even though smoking was not allowed.

Two Transportation Security Administration officers stood nearby, nearly motionless and silent, gazing straight at him. Then, with a nod, they moved in, chatting briefly with the man, and then swiftly pulled him aside for an intense search.

Another airline passenger had just made the acquaintance of the transportation agency's "behavior detection officers."

Taking a page from Israeli airport security, the transportation agency has been experimenting with this new squad, whose members do not look for bombs, guns or knives. Instead, the assignment is to find anyone with evil intent.

So far, these specially trained officers are working in only about a dozen airports nationwide, including Dulles International Airport here outside Washington, and they represent just a tiny percentage of the transportation agency's 43,000 screeners.

But after the reported liquid bomb plot in Britain, agency officials say they want to have hundreds of behavior detection officers trained by the end of next year and deployed at most of the nation's biggest airports.

"The observation of human behavior is probably the hardest thing to defeat," said Waverly Cousin, a former police officer and checkpoint screener who is now the supervisor of the behavior detection unit at Dulles. "You just don't know what I am going to see."

Even in its infancy, the program has elicited some protests.

At one airport, passengers singled out solely because of their behavior have at times been threatened with detention if they did not cooperate, raising constitutional issues that are already being argued in court. Some civil liberties experts said that the program, if not run properly, could turn into another version of racial profiling.

Other concerns were raised this week by two of the foremost proponents of the techniques, a former Israeli security official and a behavioral psychologist who developed the system of observing involuntarily muscular reactions to gauge a person's state of mind.

They said in interviews that the agency's approach puts too little emphasis on the follow-up interview and relies on a behavior-scoring system that is not necessarily applicable to airports.

"It may be the best that can be done now, but it is not nearly good enough," said Paul Ekman, a retired psychology professor from the University of California, San Francisco, who specializes in detecting lies and deceit, and has helped the T.S.A. set up its program. "We could do much better, and we should because it could save lives."

Agency officials said they recognize that the program, which they call Screening Passengers by Observation Technique, or SPOT, may not yet be perfect. But they added that they were constantly making adjustments and that they were convinced that it was a valuable addition to their security tool chest.

"There are infinite ways to find things to use as a weapon and infinite ways to hide them," said the director of the T.S.A., Kip Hawley, in an interview this week. "But if you can identify the individual, it is by far the better way to find the threat."

The American version of the airport behavior observation program got its start in Boston, said Thomas G. Robbins, former commander of the Logan International Airport police.

After the Sept. 11 attacks in 2001, he said, state police officers there wondered whether a technique they had long used to try to identify drug couriers at the airport might also work for terrorists. The officers observed travelers' facial expressions, body and eye movements, changes in vocal pitch and other indicators of stress or disorientation. If the officers' suspicions were aroused, they began a casual conversation with the person, asking questions like "What did you see in Boston?" followed perhaps by "Oh, you've been sightseeing. What did you like best?"

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The questions themselves are not significant, Mr. Robbins said. It is the way the person answers, particularly whether the person shows any sign of trying to conceal the truth.

The Transportation Security Administration, starting last December, decided to try out the approach at about a dozen airports, including Logan. At each airport, it used six officers who had once been routine screeners, had received an extra four days of classroom training in observation and questioning techniques, and had three days of field practice.

T.S.A. officers do not have law enforcement powers, so if they observe someone suspicious, they can chat with the person but cannot conduct a more formal interrogation. That leaves them with the option of requiring the passenger to go through a more intense checkpoint search, as they did with the man at Dulles on Wednesday. Or if the suspicion is serious enough, they call the local police assigned to the airport to take over the inquiry.

In nine months — a period in which about seven million people have flown out of Dulles — several hundred people have been referred for intense screening, and about 50 have been turned over to the police for follow-up questioning, said John F. Lenihan, the transportation agency's security director at Dulles.

Of those, half a dozen have faced charges or other law enforcement follow-up, he said, because the behavior detection officials succeeded in picking out people who had a reason to be nervous, generally because of immigration matters, outstanding warrants or forged documents.

"It is an extra layer of security that is on top of what we have," Mr. Hawley said of the program.

But Rafi Ron, the former director of security at Ben-Gurion International Airport in Tel Aviv, who was a consultant who helped train the officers at Logan Airport, said that the agency's system, while a welcome improvement to airport security, was still flawed. Most importantly, he said, too few of the passengers pulled aside were more formally questioned as in the Israeli system, and when questioning was done, it was handled by local police officers who might not have had the necessary behavioral analysis skills.

He cited the case of Richard Reid, known as the shoe bomber, who aroused suspicion when he arrived at Charles de Gaulle International Airport outside Paris, but was ultimately allowed to board after the police had questioned him.

"If you don't do the interviews properly, you are missing what is probably the most important and powerful part of the procedure," he said.

Another concern was raised by Mr. Ekman, who developed some of the facial analysis tools that the T.S.A. screeners were being trained to use — for example, fear is manifested by eyebrows raised and drawn together, a raised upper eyelid and lips drawn back toward the ears. He said the point system that the T.S.A. had set up was based on facial reactions that occurred in sit-down interviews, not while people were standing in line at the airport.

"We have no basis other than the seat of our pants to know how many points should be given to any one thing," he said.

The technique has already produced at least one lawsuit, filed in Boston. The state police at Logan Airport there happened to pick out, based on behavior observations, the national coordinator of the American Civil Liberties Union's Campaign Against Racial Profiling.

The coordinator, King Downing, who is black, had just left a flight when he stopped to make a phone call and noticed that a police officer was listening in, the lawsuit says. When the call ended, the officer demanded Mr. Downing's identification, asking again as he approached a taxi and then telling him he would be "going downtown" unless he provided it. Mr. Downing was let go after he showed his identification, but the encounter led to the lawsuit.

"There is a significant prospect this security method is going to be applied in a discriminatory manner," said John Reinstein, an A.C.L.U. lawyer handling Mr. Downing's case. "It introduces into the screening system a number of highly subjective elements left to the discretion of the individual officer."

T.S.A. officials, who were not involved in the incident with Mr. Downing, said they recognized that people at airports were often agitated — they may be late for flights, taking an emergency trip or simply scared of flying.

They said they were committed to ensuring the program was not discriminatory and would be monitoring the work of the SPOT teams to ensure that the officers were acting upon the established indicators and not any racial or ethnic bias.

But they acknowledged that some entirely innocent parties, like the man at Dulles on Wednesday, would probably be pulled aside. That passenger, whom officials would not identify, was allowed to catch his flight after a thorough search.

"It is like throwing a big fishing net over the side of the boat: You catch what you catch," said Carl Maccario, an agency official helping manage the SPOT teams. "But hopefully within that net is a terrorist."

Feds Say No Terrorism On Diverted Flight (AP-Y)

By Brooke Donald
AP, August 17, 2006

DOJ_NMG_0049496

Two fighter jets were scrambled Wednesday to escort a London-to-Washington flight to an emergency landing in Boston after a disturbance in which passengers said a woman in a jogging suit paced up and down the aisle, peppering her incoherent mutterings with the word "Pakistan."

The federal official for Boston's Logan International Airport said there was no indication of terrorism, but passengers said they were unnerved by the woman and by the military response, just a week after authorities in London said they foiled a terror plot to blow up flights to the U.S.

"It was a harrowing two hours," said Antony Nash, 31, who was on his way home to San Diego and was seated near the woman.

"I noticed F-15s next to the plane. I said, 'Oh my God.' And then we saw the emergency vehicles" waiting on the tarmac, Nash said.

Gov. Mitt Romney said the 59-year-old woman was from Vermont and became so claustrophobic and upset that she needed to be restrained. The FBI in Boston said the woman, a U.S. citizen, was arrested on charges of interfering with a flight crew.

Passengers said two plainclothes men on board and flight attendants ran up the aisle and tackled the petite woman, slamming her into the bathroom door, throwing her to the ground and putting her in handcuffs, passengers said.

The disturbance was enough of a concern that the pilot declared an emergency, which activated two fighter jets to escort the plane into Logan, said George Naccara, security director for the Transportation Security Administration for Massachusetts' airports.

Two F-15s were sent from Otis Air National Guard Base on Cape Cod to escort the airliner, said Master Sgt. Anthony Hill, spokesman for the North American Aerospace Defense Command in Colorado Springs, Colo. He said the fighter pilots can intercept, shadow or escort commercial aircraft and, if ordered, shoot down an aircraft deemed to be a threat.

State police and federal agencies took control of the plane after it landed.

Passengers were taken off the plane, put on a bus and taken to a terminal to be interviewed, Naccara said. Their luggage was spread out on the tarmac, where it was rechecked by security officials and trained dogs.

Joan Bartko, of Manassas, Va., said everyone on the plane did as they were told.

"It was sort of surreal," she said. "You just know the best thing to do is stay calm."

Officials expected the passengers would be allowed onto another flight to Washington later Wednesday.

Nash said he noticed the woman's oversized handbag appeared to contain items such as lotion that he believed should not have been allowed on the plane since the new safety regulations were put in place after last week's terror plot revelations.

Romney said a search of the woman's bag turned up matches and a gelatin-like substance, which he did not define, but there was no indication the items were related to terrorism. Naccara said he did not believe any items she was carrying were the cause of the emergency.

An airport spokesman, Phil Orlandella, previously confirmed broadcast reports that the woman was carrying Vaseline, a screw driver and a note referring to al-Qaida, but later backed off the statement. Naccara said it was not true.

The woman was to remain in federal custody overnight and was expected to be charged in a federal criminal complaint early Thursday, the U.S. attorney and FBI said in a joint statement. The statement did not elaborate on specific charges expected, except to say there was no evidence the incident was related to terrorism.

The flight from London's Heathrow Airport to Washington's Dulles Airport had 182 passengers and 12 crew members, said Brandon Borrman, spokesman for United Airlines parent UAL Corp.

Since the foiled terror plot surfaced in London last week, airports have tightened security in both the United Kingdom and the U.S. Liquids and gels have been banned from carry-on luggage, and even tighter restrictions are in place in the U.K.

Terror scares garner particular attention in Boston because of Logan's history. Members of al-Qaida hijacked two planes from Logan on Sept. 11, 2001, and flew them into the World Trade Center towers in New York.

Flight Diverted Over Passenger's Behavior (WP)

By Del Quentin Wilber And Candace Rondeaux

The Washington Post, August 17, 2006

A claustrophobic passenger who apparently suffered a panic attack on a transatlantic flight yesterday from London to Dulles International Airport caused the airliner to be diverted to Boston with a fighter jet escort, authorities said.

Transportation Security Administration officials and other federal authorities said the incident, prompted by a woman described as a 59-year-old American citizen, had no connection to terrorism. Federal authorities said that the woman was being processed last night and would be charged today with interfering with a flight crew.

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The diversion of the United Airlines jet with 182 passengers aboard underscored the nervous state of air travel since authorities beefed up security measures in response to an alleged terror plot uncovered last week by British police.

Officials have banned gels and liquids from carry-on luggage because authorities said they were concerned that the British plot involved explosives fashioned from those substances.

There were conflicting reports yesterday about what the woman brought on the aircraft. TSA officials said she carried hand cream and matches, raising questions about how she slipped the products past security. Matches are generally allowed in passenger cabins.

TSA officials in Washington and Boston denied early news reports that the woman also had a screwdriver. But an FBI spokeswoman said last night that investigators had discovered one among the woman's belongings but could not say whether it had been discovered in carry-on or checked baggage. Screwdrivers of less than seven inches are allowed in carry-on bags, according to the TSA's Web site.

During the flight, passengers said, the woman began acting strangely and going back and forth to the bathroom or trying to get into business class, which is not allowed on most flights for security reasons. TSA officials said the woman appeared to be claustrophobic. Passengers said they were shocked by what then unfolded.

Cathy Koch, 46, was sitting with two children a few rows from the woman. She said she thought the woman was drunk but realized something was wrong when the woman kept trying to walk into business class.

"It was kind of annoying," Koch said in an interview after arriving at Dulles. "We're in heightened security. Enough with trying to get to the front -- you need to stop."

After the woman caused more of a disturbance, two men and flight attendants ran up the aisle and tackled her, slamming her into the bathroom door, throwing her to the ground and putting her in handcuffs, according to news service reports.

The disturbance prompted the pilots to declare an emergency and head for Boston, authorities said. The emergency declaration triggered an escort of two F-15s from Otis Air National Guard Base on Cape Cod, said Master Sgt. Anthony Hill, spokesman for the North American Aerospace Defense Command (NORAD) in Colorado Springs.

Hill said he could not provide operational details about scrambling the jets but said that in such situations, fighter pilots are sent to identify, shadow and escort the aircraft. "They don't have the authority to fire on an airliner," Hill said. "That comes from a narrow line of authority at a much higher level."

In the past five years, NORAD has scrambled fighter jets more than 2,100 times as part of Operation Noble Eagle, the mission to defend the United States after the Sept. 11, 2001, attacks.

After the plane landed in Boston, authorities ordered it to a remote area of the tarmac and took the disruptive woman off for questioning. The other passengers were put aboard buses, and all checked bags were removed. They were placed in rows on the tarmac, and bomb-sniffing dogs checked each one.

The passengers were kept in a secure area of Logan International Airport for nearly eight hours. Many had been stranded in Europe for days because airlines canceled flights after the British arrests.

Passengers said they were exhausted. Still, many said they appreciated the steps taken by the flight crew and authorities.

"It's frustrating and annoying, but at the end of the day, it has to be done," said Peter Lee, a passenger who was returning home to La Plata, Md. "We have to stay safe."

Family members and friends of passengers who had arrived at Dulles to meet the plane seemed confused about the delay until informed that the flight had been diverted.

Chintha Rajakaruna of Gaithersburg held a "Welcome home" balloon for her 21-year-old daughter, a student at George Washington University who was returning from a study program in London.

"This was the first time she traveled by herself," she said. "I was so worried."

Unruly Passenger Causes Diversion Of A Flight From London (NYT)

By Katie Zezima

The New York Times, August 17, 2006

BOSTON, Aug. 16 — A flight from London to Washington was diverted Wednesday morning and escorted by F-15 fighters to Logan Airport here after an unruly female passenger had to be subdued, officials said.

Officials said the incident was not terrorism related. The woman, a 59-year-old American, told the authorities she had felt claustrophobic on the plane. She was detained shortly after the plane landed about 10:30 a.m. and was being held overnight.

“We anticipate charges of interference with a flight crew,” said Gail Marcinkiewicz, a spokeswoman for the Federal Bureau of Investigation.

The authorities said the woman had lotion and matches with her. They said the lotion, but not the matches, was prohibited on the plane.

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The incident came less than a week after British officials announced they had broken up a plot to detonate liquid explosives on trans-Atlantic flights, prompting new restrictions on carry-on luggage and heightened alerts regarding travel to the United States from Britain.

The flight, United Airlines 923, was headed to Dulles International Airport from London Heathrow Airport with 182 passengers and 12 crew members. A United spokesman said an "altercation" between the passenger and a crew member led to a declaration of emergency by the pilot about a half-hour from Boston.

"Any time there is an anomaly during a flight, the pilot is in communication with authorities and has the discretion to land the plane," a statement from the Transportation Security Administration said.

Passengers said the woman was unruly for much of the flight, refusing to sit down, pacing through the plane, repeatedly trying to get into the restroom and mumbling incoherently about coins in her pockets, bottled water and claustrophobia.

"I knew pretty shortly, even before we took off, that she was claustrophobic," said Carolyn Brown, 54, of Grafton, Ill., who was seated next to the woman in Seat 15B. "She wanted to stand up and do things, but they wanted her to sit down, and it just escalated."

Ms. Brown said the woman, who she described as a "flower child," became more agitated and anxious as the flight progressed, and kept leaving her seat. The woman insisted on doing stretching to relieve her claustrophobia, which consisted of placing her hands on the overhead compartments, Ms. Brown said. Flight attendants insisted that the woman sit down and, when she refused, told Ms. Brown to move to first class.

"She wanted to stand in whatever position to ease her anxiety," Ms. Brown said. "I think she was just an irrational person."

Officials said they did not know if the woman was on medication or whether she had any psychiatric problems. They did not release her name, but Gov. Mitt Romney said at a news conference that she was from Vermont.

Martin Drinkwater, a passenger from London who was bound for Florida, said he saw flight attendants try to discourage the woman from entering the restroom.

"All of a sudden, she started mouthing obscenities and pulled down her trousers," Mr. Drinkwater said, saying the woman threatened to relieve herself on the floor. At that point, he said, two male passengers subdued her, and a flight attendant handcuffed her and placed her in the last row of the aircraft.

"Every instinct was that something was really wrong. They had her flat on the ground," said Joan Bartko, 59, of Manassas, Va. "She was saying a lot of loud things, and you could see it going on in the back."

After the plane landed, passengers were told that the state police would be boarding.

"We just landed and were told welcome to Boston," said Candice Elasmar, 26, of Sydney, Australia. "Everyone was out there, the F.B.I., the police."

Some passengers said their travel plans had already been delayed for days because of backlogs and security concerns at Heathrow.

Unruly Passenger Forces Emergency Landing (USAT)

By Alan Levin And Kevin Johnson

USA Today, August 17, 2006

Fighter jets escorted a trans-Atlantic United Airlines flight to Boston on Wednesday after an unruly passenger in the throes of claustrophobia had to be restrained, authorities said.

The woman, a 59-year-old U.S. citizen whose name wasn't released, was in federal custody awaiting a hearing before a magistrate today, according to the U.S. attorney's office for Massachusetts. The passenger could face charges of interfering with a flight crew.

United Flight 923 from London's Heathrow Airport was heading to Dulles International Airport near Washington when the captain of the Boeing 767 reported a security emergency at 9:30 a.m., United spokesman Brandon Borrman said. Two F-15s were sent from a Cape Cod air base to escort the airliner to Boston, where the plane made an emergency landing.

"It was a harrowing two hours," said Antony Nash, 31, who was on his way home to San Diego and was seated near the woman. "I noticed F-15s next to the plane. I said, 'Oh my God.' "

The flight diversion came six days after authorities in England said they had broken up a plot by Muslim extremists to bomb flights between that country and the USA.

Massachusetts Gov. Mitt Romney said the woman was from Vermont and became so claustrophobic and upset that she needed to be restrained.

"There is no evidence that this is a terrorist-related incident," said a joint statement from Michael J. Sullivan, U.S. attorney for Massachusetts, and the FBI's Kenneth Kaiser.

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Since the Sept. 11 hijackings, numerous flights have been diverted or ordered to fly back to Europe for security reasons. There have been more than 2,000 fighter escorts of airline or general aviation flights since 2001, said Maj. April Cunningham of the North American Aerospace Defense Command.

The jet in Wednesday's incident left Boston for Washington later in the day after passengers' bags were examined by a bomb-sniffing dog.

Investigators found that the woman had carried hand lotion and a screwdriver aboard the flight, FBI spokeswoman Gail Marcinkiewicz said. Lotion is one of the items that passengers were prohibited from carrying onto planes after the alleged bomb plot was revealed, out of concern that terrorists might use liquid or gel explosives.

Disruptive Passenger Causes Plane's Emergency Landing (LAT)

By Elizabeth Mehren

The Los Angeles Times, August 17, 2006

BOSTON — Escorted by fighter jets, a plane bound for the U.S. from London made an emergency landing here Wednesday after a female passenger became disruptive.

The unidentified woman — 59 years old and a U.S. citizen — was removed from United Airlines Flight 923, which left London's Heathrow Airport bound for Washington Dulles International Airport and then Denver.

Federal and airline officials discounted initial reports that the passenger was carrying prohibited items or that she had a notebook with references to Al Qaeda.

Air travelers on both sides of the Atlantic have encountered enhanced security since British authorities announced last week that they thwarted an attempt to blow up planes bound from London to the U.S. British police have made two dozen arrests in that alleged plot.

"There is no information regarding this event having any nexis to terrorism," said Christopher White, a spokesman for the Transportation Security Administration.

White said Wednesday that local and federal officials were continuing to interview the disruptive passenger.

He said the passenger "did have hand cream and matches on her person. Matches are not a prohibited item."

Special Agent Gail A. Marcinkiewicz of the FBI's Boston office said Wednesday that the woman who was taken into custody stated that she suffered from claustrophobia.

State police would not confirm an arrest Wednesday, and Marcinkiewicz said federal authorities were still determining whether charges would be brought.

Marcinkiewicz said alcohol did not appear to be a factor. "This was not a drunken person, to my knowledge," she said.

United Airlines spokesman Brandon Borrman said Wednesday, "There was an altercation with this one passenger, and at some point our crew became involved. I don't know if she was subdued by passenger or crew."

He added: "Our flight crew made the determination that this situation warranted a diversion."

The Boeing 767 aircraft carried 182 passengers and a crew of 12, according to Phil Orlandella, a spokesman for Massport, the agency that oversees Logan International Airport in Boston.

The plane landed without incident on a remote runway at Logan at about 10:20 a.m., Orlandella said. The disruptive passenger was taken into custody, and other passengers were bused to a terminal for questioning and customs inspection.

All checked and carry-on luggage was inspected by explosives-detecting dogs, TSA officials said.

Denver-bound passengers were placed on a different plane that left Boston at midday, Borrman said. The original aircraft was cleared to fly to Dulles late Wednesday afternoon, he said.

United Plane Diverted From Dulles (WT)

By Audrey Hudson And Matthew Cella

The Washington Times, August 17, 2006

Military jets helped divert a London flight bound for Washington Dulles International Airport to Boston yesterday after an American woman created a disturbance and was subdued by passengers.

The crew of United Flight 923 requested the emergency landing at Logan International Airport. The plane carrying 182 passengers landed at 10:20 a.m. and taxied to a remote location, where all luggage was removed and examined by bomb-sniffing dogs. No explosive material was found.

Passengers said the women, dressed in a jogging suit, paced up and down the aisle, peppering her incoherent mutterings with the word "Pakistan," according to the Associated Press.

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"She was just writing notes to the crew to give to the captain. And she was standing when she was supposed to be sitting," said passenger Mackie Christenson of Bedhampton Hill, England, who described the experience to The Washington Times as "scary."

Homeland Security officials would not identify the woman except to say she is from Vermont and 59 years old.

"It appears there was never any danger to passengers," the Transportation Security Administration (TSA) said in a statement released six hours after the incident. "We currently have no identifiable nexus to terrorism in this incident."

Officials said the woman had a panic attack, brought on by claustrophobia, and she was restrained in the rear of the plane.

The incident set in motion widespread security responses involving local, state and federal officials.

Two F-15 fighter jets from Otis Air National Guard Base scrambled within minutes to escort the plane, a precaution resulting from last week's arrest in London of 24 suspects accused of a plot to smuggle liquid explosives onto trans-Atlantic flights to construct bombs that would bring down as many as 10 planes simultaneously. Although most restrictions have been lifted, such as carrying a purse on board, the ban on liquids remains in effect.

Several passengers said they were unaware during the flight that the plane was being escorted by fighter jets or was being diverted to Boston.

"We didn't know what was going on. They didn't say anything. We landed almost without notice," said passenger Doug Klabec of Bethesda.

The suspect was questioned for hours while passengers waited in a nearby terminal, and the flight resumed to Dulles Airport last night. Upon arriving at Dulles from Boston, passengers described the woman as disheveled.

Katie Bartko said the woman, who "definitely had some sort of look about her that was odd," was carrying a black case up and down the aisle before two men overtook her near the bathroom, handcuffed her and made her sit down.

After the woman was seated, Miss Bartko said, "she was just kind of mumbling, talking about her water bottle. She was very concerned about her water bottle."

Miss Bartko's mother, Joan, said that "my wonder is how she got on the plane" and that strange behavior from the woman began before boarding in London.

The Boston Globe identified the two men who subdued the woman as an unidentified corrections officer and a federal air marshal in training.

Even if the pilots were federal flight deck officers trained to carry guns, no weapons were aboard the plane because there is no agreement in place with United Kingdom officials to allow those officers to carry the weapons on international flights.

Mich. Prosecutor Dropping Terror Case (AP)

By Sarah Karush

AP, August 17, 2006

BAY CITY, Mich. - Three Palestinian-American men who were found with nearly 1,000 cell phones were charged Wednesday with federal fraud conspiracy and money laundering after a county prosecutor backed off from terrorism charges filed earlier.

Maruan Muhareb, 18; Adham Othman, 21; and Louai Othman, 23, all of the Dallas area, were charged in Bay City with conspiracy to defraud consumers and telephone providers by trafficking in counterfeit goods. They also were charged with money laundering on suspicion that they used proceeds from the counterfeit cell phone transactions to buy more phones.

Magistrate Judge Charles Binder ordered the men held at least until a detention hearing Friday. They were arrested last Friday after buying dozens of cell phones at a Wal-Mart store in nearby Tuscola County.

The three in Michigan had been charged there with collecting or providing materials for terrorist acts and surveillance of a vulnerable target for terrorist purposes.

Prosecutor Mark E. Reene asked a judge Wednesday to dismiss those charges.

Nabih Ayad, an attorney for the three men, called the charges "outrageous" and accused state and federal officials of "scratching each other's backs" by shifting jurisdictions.

"This is a clear indication of racial profiling: Picking someone up and holding them for days and trying to find something to charge them with. It's supposed to be the other way around," he said.

The federal complaint contains no mention of terrorism. It alleges that the three men defrauded consumers, TracFone Wireless Inc. and Nokia Corp.

Florida-based TracFone sells prepaid cell phones with a limited number of minutes at subsidized prices. It makes money when buyers purchase additional minutes.

The government alleges the men are part of a scheme to buy up phones that Nokia makes for TracFone and then remove TracFone's proprietary software, enabling use of the handsets with any cellular provider.

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When the phones are altered, they are no longer genuine Nokia products.

People involved in the trade of so-called "unlocked" cell phones maintain that the practice is legal.

All the information in the federal complaint came from the defendants' statements to the FBI in interviews before they were charged in Tuscola County, Ayad said.

Supporters of the Texas men say they were targeted because of their ethnicity. They say that the three were hoping to resell phones for a profit and that their purchases had nothing to do with terrorism.

Photos the men took of the 5-mile-long Mackinac Bridge, which led to the surveillance charge, were tourist snapshots, advocates contend.

The FBI said this week there was no imminent threat to the bridge and no information linking the men to known terrorist groups. The head of the Michigan State Police said there was no indication the men were plotting any kind of attack.

Reene said Wednesday that he was "deeply troubled" by the FBI's statement. He called it "a very peculiar development" and complained that he found about it through the media.

The conspiracy charge is punishable by five years in prison. The men could face 20 years in prison if convicted of money laundering.

In the other case, two men from Michigan were released from jail Tuesday - the same day a prosecutor in Ohio dropped similar charges against them. They were arrested with a dozen cell phones, passenger lists and $11,000 in cash during a traffic violation in Marietta, Ohio, on Aug. 8.

Authorities said they found airplane passenger lists and information on airport security checkpoints along with the cash and cell phones in the car.

The men initially were charged with supporting terrorism after buying large numbers of cell phones. Those charges were dropped, but the men still face misdemeanor counts stemming from allegations that they lied to deputies.

Terror Charges Dropped (DEN)

By Paul Egan

Detroit News, August 17, 2006

But three men in Caro case now face federal fraud charges

CARO -- A prosecutor on Wednesday dropped terrorism-related charges against three Texas men found with about 1,000 cell phones and photos of the Mackinac Bridge in their van, but the federal government brought new fraud-related charges against the men.

Tuscola County Prosecutor Mark E. Reene, who brought the charges of supporting terrorism Saturday and was criticized after both the FBI and Michigan State Police said Monday the men had no links to terrorism, withdrew those charges in Tuscola County District Court.

But Reene told reporters he dropped the charges only because the federal government is taking over the case and said: "We won't back up even a quarter-inch on those charges."

The new federal charges do not allege Maruan Awad Muhareb, 18, Adham Abdelhamid Othman, 21, and Louai Abdelhamied Othman, 23, have any links to terrorism.

But the federal complaint filed in U.S. District Court in Bay City alleges the men were involved in a scheme to defraud cell phone companies and consumers.

The complaint charges the men with conspiracy to traffic in counterfeit goods and money laundering. A U.S. magistrate judge ordered the men held at the Saginaw County Jail, where they were moved Wednesday from Caro, pending a detention hearing on Friday.

Nabih Ayad, the Dearborn Heights lawyer representing the three men, said the new charges are absurd.

"They have the feds stepping in to bail the county prosecutor out," Ayad said.

It's the second terrorism case to collapse this week involving bulk cell phone purchases and men of Middle Eastern descent. On Tuesday, prosecutors in Ohio dropped similar charges against two 20-year-old Dearborn men, Ali Houssaiky and Osama Abulhassan. They spent a week in jail after purchasing large numbers of cell phones.

Arab leaders say all of the men are victims of ethnic profiling and a form of terrorism hysteria.

Ayad said the pictures of the bridge linking Michigan's Upper and Lower peninsulas were tourist shots, not evidence of terrorist surveillance.

FBI Special Agent Andrea Kinzig said in a complaint filed Wednesday the Texas men were among several small groups of individuals traveling around the country and buying large numbers of cell phones at major retailers such as Wal-Mart and Kmart.

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The phones contain software that restricts their use to a certain type of prepaid phone card, Kinzig said. Companies sell them at low cost knowing they will make up the lost money on the future sale of phone cards to make the phones work, she said in the complaint.

The fraud scheme relies on removing the restrictive software so the phones are not tied to a particular type of phone card and can be sold for a profit, she said.

The practice violates trademarks and is a form of counterfeiting, she said.

TracFone, the nation's leading provider of prepaid telephone services, "has estimated to investigators that to date, more than 800,000 of their telephones have been fraudulently converted as described," Kinzig said in the complaint.

After receiving a tip from a Wal-Mart clerk in Caro in Michigan's Thumb, police stopped the men's van early in the morning of Aug. 11 and found $1,800 in cash, a laptop computer, a GPS tracking system, a digital camera and about 1,000 cell phones, mostly Nokia models that are sold to work with TracFone cards, the complaint alleges.

The men said they could buy the phones for about $21 each and sell them in Texas for about $38.50 each, according to the complaint.

"The men reported that they had spent more than $20,000 in cash buying cellular telephones since they left Texas in early August."

The money-laundering charge, which carries a maximum penalty of 20 years in prison, relates to using profits from earlier fraudulent cell phone sales to buy more cell phones, the complaint alleges. Ayad said the men were involved in legitimate business transactions.

Though they had hoped to be released Wednesday, they remained in good spirits, he said.

The father of two of the men, Abdar Othman, and a cousin traveled from Texas to attend Wednesday's hearing in Caro.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

In Terror War, Phone Sales Raise Alarm (CSM)

By Brad Knickerbocker, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, August 17, 2006

Cellphones have become a tool for those wanting to avoid detection by the government.

The arrests and release of five young Arab-American men who bought hundreds of cellphones in the Midwest show broader concerns about wireless technology in an era of global terrorism.

· In February, the FBI and the Department of Homeland Security sent a bulletin to law enforcement agencies around the country warning that people who buy cellphones in bulk quantities could have links to terrorist organizations.

· British authorities said that mobile phones, or some other device using batteries, might have been part of the recently discovered suicide plot to mix liquids into an explosive chemical aboard airliners headed for the US.

· In Ohio and Michigan, the Arab men - all US citizens - were originally charged with terrorism-related offenses and money laundering after they were stopped last week with hundreds of cheap cellphones in their vehicles.

Nearly as cheap as the mundane box cutter and potentially just as dangerous, cellphones have become a tool of choice for those wanting to stay a step ahead of government wiretappers as well as for insurgents triggering bombs. Reselling them on the black market also has become a way of funding illicit activities.

In the Michigan case, local prosecutors backed off charges that one target for possible attack may have been the five-mile-long Mackinac Bridge connecting the upper and lower peninsulas of Michigan.

"There is no imminent threat to the Mackinac Bridge. There is no information to indicate that the individuals arrested have any direct nexus to terrorism," the FBI's Detroit office said Monday.

On Tuesday, charges against two 20-year-old men, children of Muslim immigrants from Lebanon, arrested in Ohio also were dropped and they were released.

This was no surprise to the young mens' families, who said buying and selling cellphones for profit had been a homegrown business venture. They also suggested that ethnic profiling may have been a factor in the arrests, as was alleged in similar cases that occurred in Texas and California earlier this year.

Still, law-enforcement officials are wary. The men had bought the cellphones at retail stores such as Wal-Mart and Radio Shack. Mobile phones with prepaid calling time can sell for as little as $20 each. Many thousands have then been resold on the black market, earning enough profit to make a business worthwhile, they say. In some cases, the phone's battery, charger, and card holding air time are sold separately.

Selling such phones can be a way for terrorists to raise money as well as provide a means of communication that is very difficult to trace, US authorities say. So it's necessary to be able to use "roving wiretaps" under the USA Patriot Act to conduct counterterrorism and counterintelligence operations, federal law-enforcement officials say.

In Florida, for example, prosecutors and FBI agents investigating a cell of Colombian drug dealers had gotten 23 separate wiretaps against cell members and leaders, but failed to make a strong enough case because the suspects were constantly changing cellphones.

"Our people ultimately cracked the case when they got a roving wiretap that allowed them to continue surveillance as the cell members changed phones, and the suspects were ultimately arrested and convicted of distributing over 1,000 kilograms of cocaine," Kenneth Wainstein, US attorney for the District of Columbia, told a House judiciary subcommittee last year.

Meanwhile, a legal debate rages over "unlocking" cellphones. The technology allows cellphone users to, say, switch their cellphone to a different provider when they travel abroad by manipulating the internal software, thereby avoiding roaming and long-distance fees.

TracFone and other prepaid wireless service and phone providers claim copyright infringement and have sued companies that will unlock cellphones in some cases. Electronic privacy advocates say locking cellphones itself is illegal.

In March, a federal court in Florida issued a permanent injunction halting the unlocking of TracFone prepaid cellphones by a company that subsequently went out of business. Although similar cases are pending, courts have not ruled definitively on the issue.

The Federal Communications Commission and the Federal Aviation Administration have been considering lifting the ban on certain electronic devices, including cellphones, aboard commercial aircraft.

This effort may have been slowed by the recent terrorist threat to airliners that was foiled by authorities in England.

On a British Airways flight from London to New York last week, a cellphone suddenly began ringing. When none of the passengers claimed the phone, the pilot turned the aircraft around and returned to Heathrow airport. Everybody was seven hours late to their destination.

No Explosives Found At Seattle Port (AP)

AP, August 17, 2006

Suspicion prompted evacuation

SEATTLE, Washington (AP) -- Two suspicious cargo containers that prompted the evacuation of the Port of Seattle do not contain explosives or radioactive materials, port officials said Wednesday.

Bomb-sniffing dogs indicated that two containers from Pakistan could contain explosives.

Officials are still trying to determine exactly what is in the containers. It was not immediately clear why the dogs were mistaken.

Dozens of personnel were evacuated from Terminal 18, south of downtown, and nearby businesses were advised to keep their workers indoors.

U.S. Customs and Border Protection agents used a "gamma-ray" device to peer through the containers' steel walls to determine what they contained, said spokesman Mike Milne. It detected some of the items did not appear to match what was listed on the containers' manifest, he added.

Officials said the containers were supposed to contain oily rags, which are often shipped internationally for recycling or use in packaging.

The Port of Seattle bomb squad used explosive charges to cut into the containers, which may have detonated any explosives therein, said spokesman Mick Shultz. Milne said the ship had originated in Hong Kong and made stops in China before arriving in Seattle on Monday.

Terminal 18 covers nearly 200 acres, making it the port's largest container terminal and one of the largest in the nation. It serves more than 20 steamship lines and receives more than 40 vessels each month.

More Tapes From Sept. 11: 'They Have Exits In There?' (NYT)

By Jim Dwyer

The New York Times, August 17, 2006

In what might be the final major disclosure of records from New York's worst calamity, the city yesterday released recordings of 1,600 emergency calls made on Sept. 11, 2001. With the voices of callers removed for privacy considerations, only the 911 operators can be heard on most of the calls.

Even so, the day resonates in short bursts of words on the recordings, providing glimpses of struggle, loss and valor.

Many people inside the World Trade Center's twin towers were told to stay put, because the 911 operators did not know that a full evacuation had been ordered. They also did not realize that one stairway remained passable in the south tower, providing an escape route that took 18 people above the fire to safety while hundreds of others waited for help. And some operators who did tell callers to leave were surprised to learn that emergency exits in the towers were hard to reach.

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Fire commanders used telephones because they had trouble with their radios, a problem that would have devastating consequences. And firefighters were ready to go up in police helicopters to battle the fires or at least get a better look at them, but the two departments never connected that morning.

Then there are the stories of people fighting to live, some of them half-told in these tapes, others excruciatingly detailed.

One caller reported that a woman in a wheelchair was trapped on the 68th floor of the north tower. Her predicament is catalogued by the 911 operators, but not her fate: two strangers carried a woman and her wheelchair from the 68th floor to safety, according to other accounts of the day.

Another young woman pleaded for help, asking that her mother be called, and finally was consoled by a 911 operator, even after the woman and the people with her slipped into a snoring unconsciousness.

The recordings were released in response to a freedom of information request for a variety of city records made by The New York Times in January 2002. After the administration of Mayor Michael R. Bloomberg refused to release the records, citing privacy and law-enforcement concerns, families of Sept. 11 victims joined a lawsuit filed by The Times. The state Court of Appeals ruled more than a year ago that most of the material should be disclosed, but agreed with the city's position that the voices of callers to the 911 system should not be made public, citing privacy considerations.

One batch of records was released in March, but because of what Mayor Bloomberg called a "breakdown" at the Fire Department, many other recordings were not collected until recently.

Sally Regenhard, whose son, Christian, a firefighter, died at the trade center, said she learned from one of the recorded calls made by a fire chief that her son's truck had been sent to the south tower.

"It took five years to hear a scintilla of confirmed information," Mrs. Regenhard said, adding that many public officials had demanded fast explanations for Con Edison's performance during the recent blackout in Queens, but that few had broached the question of the emergency response on Sept. 11.

Mr. Bloomberg yesterday said he regretted the failure to release the recordings earlier this year, saying that a Fire Department manager was to blame for the delay. He did not address any problems in the emergency response that were disclosed by the recordings, instead urging the news media to present the material with restraint. "I think the real issue here is to protect the families," Mr. Bloomberg said.

Mrs. Regenhard said the tapes provided clues to needed changes. "The fire service and the operators did the best possible job they could to manage a situation they were unprepared for," she said. "The operators lacked information. The firefighters lacked the technical equipment."

From the earliest moments of the crisis, the 911 operators turned to the standard script used during high-rise fires. "Stay where you are," an operator told a caller on the 92nd floor of the north tower shortly before 9 a.m. Almost at the same time, the fire chiefs on the ground and the commander of the Port Authority police at the trade center ordered an evacuation of all the buildings at the trade center. However, that word never got to the 911 operators.

One operator, however, spoke for 24 minutes with Melissa Doi, a woman who was trapped on the 83rd floor of the south tower, which was directly damaged by one of the planes. Part of Ms. Doi's call was played earlier this year at the trial of Zacarias Moussaoui, who was accused of participating in the terror conspiracy.

More of the operator's comments were released yesterday. At one point, having listened to Ms. Doi's distress, the operator remarked: "They have exits in there, ma'am? Do they have ways to get out of there?"

Ms. Doi's response cannot be heard. A federal investigation found that the three exit stairwells in each of the towers at the trade center were not enough to satisfy the 1968 building code that was in effect when they were built. The owner of the trade center, the Port Authority of New York and New Jersey, had promised to meet that code although it was exempt from it as a government agency.

Among the calls released yesterday was one from Battalion Chief Dennis L. Devlin, who was at the command post in the south tower, the second of the two buildings to be hit. He called a fire dispatch office to get a list of the companies that had been assigned to help.

He also asked that a messenger be sent to the trade center with additional handy-talkie radios and a chief's helmet. In strikingly clear and composed tones, Chief Devlin took pains to be sure that every one of his requests was understood, repeating them twice, and gave specific instructions on how the messenger should find him in the south tower, No 2.

"He has to go through Tower 1," Chief Devlin says. "He can take the West Side Highway straight down." Chief Devlin was killed in the collapse.

Another of the calls provides the confused opening notes of what became one of the day's most stirring rescues. Minutes after the first plane struck the north tower, two 911 operators are heard speaking to each other and a caller.

"Do you know the apartment number on the 68th floor?" the operator asks, apparently not realizing that the building was an office tower. One of the operators can be heard describing the situation.

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“South side of the World Trade Center on the 68th floor,” the operator says. “Female in a wheelchair.”

The call ends soon after that. Not long afterward, two men coming down the stairs in the north tower, Michael Benfante and John Cerqueira, noticed a woman in a wheelchair on the 68th floor. They picked up the woman, Tina Hansen, a Port Authority employee, and carried her down 68 stories, with help along the way from others.

Yesterday’s release also made public what turned out to be prescient words of Capt. Fred Ill of Ladder Company 2 in Midtown, who, like many fire officers who work in Manhattan, had trained for high-rise fires. In particular, he had taken part in drills on police helicopters.

“I know you have your hands full with the trade center,” Captain Ill told the dispatcher a few minutes into the crisis, “but keep in mind about the helicopter units that have been trained for this. They didn’t do it the last time, with the last explosion at the trade center. In case nobody prompts you on that. We do have these helicopter units that are available.”

Due to a communication breakdown between the Police and Fire Departments, neither Captain Ill not any other firefighters were sent to join the police in the helicopters. Federal investigators later concluded that fire commanders on the ground did not have a good view of the extent of the fires, and would have benefited from having the perspective of fire officers in helicopters.

Captain Ill and his company reported to the north tower, and they died in a collapse that police officers in the helicopter had warned for 29 minutes was on the verge of happening. That warning was not heard by many firefighters.

New Tapes Reveal Last Voices From World Trade Center (LAT)

By Ellen Barry

The Los Angeles Times, August 17, 2006

New York — In what has become a ritual, New Yorkers got fresh and horrific glimpses Wednesday of what happened inside the World Trade Center buildings the morning of Sept. 11.

A surprise cache of 1,613 calls recorded on Sept. 11 were released Wednesday here. Since 2001, lawyers for The New York Times, joined in a lawsuit by a group of victims' relatives, have pushed the city to release the calls, saying they contain vital information about how emergency services functioned.

Among the recorded voices that were released are panicked pleas for help and sweet, hollow reassurances.

Few callers sound calmer than Dennis Devlin, chief of the New York Fire Department's Ninth Battalion, who was standing in the chaotic lobby of the south tower. Speaking to a dispatcher, he listed the things he needed for a proper rescue operation: Hand-held radios, an open telephone line, a chief's helmet.

"I gotta get a rundown of the companies. We're in a state of confusion," he told the dispatcher. "We have no cell phone service because of the disaster."

Devlin, 51, would die minutes later in the tower's collapse.

The most agonizing call came at 9:17 a.m. from 32-year-old Melissa Doi, who spoke from the 83rd floor of the south tower, where it was scorching hot and difficult to breathe.

"Holy Mary, Mother of God," said Doi, a manager at IQ Financial Systems, when the operator picked up the phone. "There's no one here yet, and the floor's completely engulfed. We are on the floor, and we can't breathe and it's very, very hot."

Over the next four minutes, as the operator advised her to stay calm and wait for help, Doi panicked: "I'm going to die, aren't I?" she asked.

"No, no, no," said the dispatcher.

"I'm going to die," Doi said.

"Ma'am, say your prayers," the dispatcher replied.

"Oh, God, it's so hot. I'm burning up," Doi said.

Several minutes later, Doi's voice went silent, but the dispatcher continued to speak, soothingly, for about 20 minutes, repeating her name over and over and calling her "dear."

"I don't know if she's unconscious or just out of breath, but it sounds like they are unconscious and snoring. That's why I keep talking to her," the dispatcher said. "The line is dead now. They hung up. The line is now dead."

Doi's call was not released earlier because an excerpt was used as evidence in the trial of Zacharias Moussaoui in April.

In March 2005, the New York State Court of Appeals ordered the city to comply with the requests to release the tapes, and on March 31 of this year, the city's law department distributed recordings of 353 calls.

Then, on Tuesday, Fire Commissioner Nicholas Scoppetta announced that members of his staff had overlooked a large number of recordings. Fire department officials say they are confident they have provided all the recordings sought in the lawsuit.

Attorney Norman Siegel, who represented nine family members in the lawsuit, said the release should not have taken five years. The question, he said, is "why this happened.

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"The families are angry -- angry that they had to go to court, and angry that they're getting this information piecemeal," he said. "So hovering over all this is the question of whether there are further tapes hidden away in someone's cabinet."

Unlike the first batch of emergency calls, which came from people inside the buildings, most of the calls released on Wednesday were brief exchanges between dispatchers, or between firefighters and dispatchers. Many are from firefighters who were off duty that day and volunteered for duty; 343 firefighters died at the scene.

At 9:21 a.m., Capt. Patrick Brown called a dispatcher from the 35th floor to relay this to the command post in the lobby: "We're trying to get up, you know. There's numerous civilians in all the stairwells, and numerous burn injuries are coming down. I'm trying to send them down first."

Brown died in the building's collapse.

Retired FNDY Capt. Al Fuentes, who listened to some of the recordings on Wednesday, said he was overwhelmed by the calm, self-possessed voices of the firefighters.

"The way Paddy Brown put it -- 'we're going up,'" he said.

But the recordings also reminded him how primitive communications were that day, when firefighters resorted to using hand-signals or runners.

"When you think about it, it's archaic," said Fuentes. "I mean, in 1969, we could talk to our people on the moon."

Siegel has argued that the recordings contain information that is important to the families of people who died, and two of his clients -- Sally Regenhard and Barbara Hetzel -- recognized their son's units when Chief Devlin cataloged which were in the South Tower. Regenhard had not known this. She called it a "scintilla" of information, but "more than I've gotten from the City of New York in five years."

But many of the calls give only glimpses of rescue workers scrambling to keep up. After the first tower collapsed, at 9:59, an unidentified lieutenant called in with an urgent tone:

"Everyone's got to be inside of it," he said. "There's got to be thousands of people inside of it. One of the towers just came down on top of everyone."

"All right," said the dispatcher. "We got that here. OK, thanks."

A few minutes later, an off-duty dispatcher called her supervisor, who asked why she was crying.

"The World Trade Center collapsed," she said.

"Everything is collapsed, baby," said her supervisor.

"All those people -- what about the EMTs and paramedics and firefighters in there helping people get out?" she asked.

"I don't know, sweetie," her supervisor replied. "I really don't know."

1,631 Calls To Dispatchers On 9/11 Released (USAT)

By Martha T. Moore

USA Today, August 17, 2006

NEW YORK — Nearly five years after their deaths in the fiery destruction of the World Trade Center, 21 rescuers and one frightened woman spoke again Wednesday.

As smoke and heat began to overcome her, Melissa Doi, 32, gave a 911 operator her mother's name and phone number in hopes of passing on a last message. Trapped on the 83rd floor as the south tower burned, she asked the nameless woman on the other end of the phone, “Can I stay on the line with you, please? I feel like I'm dying.”

She was.

Audiotapes of 1,631 calls to fire dispatchers, which were released under court order by the fire department, include the voices of 19 New York City firefighters and two emergency medical techs who were among the 343 fire department personnel killed in the Sept. 11, 2001, terrorist attack. The tapes include 10 911 calls from office workers trapped in the towers.

The tapes were newly discovered after a court in March ordered the fire department to release all recordings of communications that morning. They were not found sooner because of “misinterpretation” of the court order, the fire department said.

The 28 hours of audio are the fourth wave of transcripts and recordings released since the attack.

Relatives of the dead got the tapes earlier. Barbara Hetzel, whose firefighter son Thomas died in the attack, listened with family members Wednesday. Hearing it again, she said, “It's even deeper and sadder.”

The tapes reveal firefighters struggling against the chaos of two burning skyscrapers, thousands of trapped people and hundreds of firefighters and police racing to the scene from all over the city.

At the scene, Chief Dennis Devlin, who died in the attack, called the fire dispatcher from the command post in the lobby of the south tower, the second tower to be hit but the first tower to collapse. He asked for a rundown of the fire companies assigned to the south tower. “We're in a state of confusion,” he says calmly.

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At 9:21 a.m., a half-hour before the first collapse, Capt. Patrick Brown reported that his company had climbed to the 35th floor of the north tower. “Numerous civilians in all stairwells, numerous burn (victims) are coming down. We're trying to send them down first,” he says. The fire appears to be above the 75th floor, he says. “We're still heading up.”

His sister, Carolyn Brown Negron, said the tape is a perfect if painful portrait of her big brother. “I still cry, of course, when I hear them, but I listen to it once in a while because it's him being him, and being the amazing fireman he was. That's how I see it: him being strong,” she said Wednesday. “I feel kind of lucky that we still have his voice.”

In all of the 911 calls except a portion of the one from Doi, the callers' voices were bleeped out by court order for privacy reasons, leaving only the operators' responses. But even four minutes of Doi's voice, which were submitted as evidence for the sentencing of Zacarias Moussaoui after he was convicted in May as a conspirator in the 9/11 attack, reveal the horror.

“The floor is completely engulfed. We're on the floor, and we can't breathe, and it's very, very, very hot,” Doi says in a frantic voice. “I'm going to die, I know it. Please, God, no. It's so hot, I'm burning up,” she says, sobbing.

About halfway through the 24-minute call, Doi is saying little. Soon, all that can be heard is the operator calling her name: “Please do not give up, Melissa. Oh, my God. Melissa. Melissa. Melissa.”

More Voices From 9/11: 'I'm Going To Die, Aren't I?' (WP)

By Michael Powell And Michelle Garcã-a

The Washington Post, August 17, 2006

NEW YORK, Aug. 16 -- The calls haunt even five years later, the last panicked pleas for help from people trapped in the upper reaches of the 110-story World Trade Center towers.

There's a call from the 100th-floor conference room, where a man lies on the floor, struggling to draw a breath. And another from the 103rd floor, where the caller asks about tossing a chair through a window to get more air.

And then there's 32-year-old Melissa Doi on the 83rd floor of the south tower. Panic in her voice, she asks the dispatcher over and over again: "I'm going to die, aren't I?"

Less than a month shy of the fifth anniversary of the terrorist attack on the World Trade Center, New York City officials released the tapes of 1,613 emergency calls made as the towers burned. The tapes cast an ear back to the confusion, panic and heroism as thousands unwittingly drew closer to the moment of their death.

The tapes include 31 phone calls from inside the burning towers, made by 10 civilians, 19 firefighters and two emergency medical technicians. City officials released another batch of tapes this spring -- the city's fire commissioner said officials had overlooked the tapes released Wednesday.

On the latest tapes, fire and EMS dispatchers can be heard talking to firefighters struggling up dozens of flights of stairs to rescue trapped office workers. There are constant calls for surgeons, for nurses, for rescue workers. Chief Dennis Devlin of Battalion 9 is heard as he stands inside the lobby of the south tower and desperately tries to figure out where his men are and how to get help to those above.

"We are in state of confusion," Devlin said to a dispatcher. "I need you do me something because we have no cellphone service anywhere because this is a disaster. I need you to call Division 3 and have the messenger van and bring all the additional handy-talkies he can."

Devlin tried to get a list of all the companies dispatched. He was standing inside the south tower when it collapsed at 9:59 a.m.

Another fire lieutenant, who is not identified, shouts into the phone: "One of the towers just collapsed. . . . There's got to be thousands of people inside. One of the towers just came down on everybody."

Former mayor Rudolph W. Giuliani testified several years ago that the firefighters who died were "standing their ground" to help victims.

But the release of the tapes Wednesday reinforced what earlier tapes, investigations and a new book -- "Grand Illusion: The Untold Story of Rudy Giuliani and 9/11" -- have made clear: That Giuliani and his top aides did not put in place a clear chain of command for police officers and firefighters, which led to much confusion at the scene. And firefighters never heard calls to leave because they carried outmoded radios that did not work inside the stairwells of the burning towers.

After the south tower collapsed, pilots in police helicopters used their radios to warn that the north tower, too, was near collapse. But most of the 121 firefighters who died in the north tower never heard those broadcasts. Indeed, some firefighters were not even aware that the south tower had fallen.

The chairmen of the Sept. 11 commission, Thomas H. Kean and Lee H. Hamilton, have acknowledged that they did not ask tough questions of Giuliani and his top advisers, terming this a "low point."

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"It proved difficult, if not impossible, to raise hard questions about 9/11 in New York without it being perceived as criticism of the individual police and firefighters or of Mayor Giuliani," the chairmen wrote in their book, "Without Precedent: The Inside Story of the 9/11 Commission."

"We did not . . . get all of the information we needed to put on the public record."

More than a dozen family members of Sept. 11 victims listened Wednesday to the tapes in a Midtown Manhattan conference room. The New York Times and family members had sued for access to the tapes and to hundreds of oral histories taken from firefighters.

City officials initially resisted such demands, and they have deleted the voices of the victims. They argue that the calls for help are too emotional and disturbing to be released without the consent of every family.

Dorine Ettzel lost her brother Thomas, a firefighter. She said that the tapes paint a fuller picture of that terrible day and suggest how the city might prevent another.

"These tapes help to learn what we can do differently," Ettzel said. "You're listening to hours of dispatch callers not knowing where to send people."

The tapes also make clear the terrible role that fell to the 911 and fire dispatchers, who found themselves talking and counseling and praying with dozens of people as death approached. So you listen to a dispatcher calmly taking cellphone calls from 30 people trapped on the 103rd floor, where it's getting smoky.

"Ma'am, if you need to break a window, break it," a fire dispatcher says. "If you don't have to break it, don't. Ma'am, I'm going to try and get someone there as fast as I can."

Another fire dispatcher talks to an unidentified caller on the 105th floor of the south tower, where 60 people are trapped. "Tell them to try and stay as low to the ground as possible," the dispatcher says. "And not too much talking -- you're going to waste your breath."

There were no survivors from either floor.

Then there is the dispatcher who spoke with Melissa Doi, a 5-foot-2 fiscal systems manager who lived in Queens. The dispatcher, an unidentified woman, tried to comfort Doi over the course of a 20-minute phone call. A four-minute portion of Doi's end of the conversation was played for jurors in April at the trial of Sept. 11 conspirator Zacarias Moussaoui.

"It's so hot, I'm burning up," Doi tells the dispatcher at about 9:18 a.m. "I don't see any air anymore."

"Okay, dear, I'm so sorry," the dispatcher replies. "Listen, the call is --"

"I'm going to die!"

"No, no, no," the dispatcher tells her. "Ma'am, you're not going to die. Say your prayers. You're doing great. We're going to get help."

Later, the dispatcher takes the name of Doi's mother and promises to call her. The dispatcher remains on the line even as Doi's answers become faint. As she appears to fall unconscious, the dispatcher repeats over and over: "Hold on, baby, hold on. You're going to be fine, baby, can you hear me? You're going to be fine, you're going to be fine."

Then there is a long silence.

"Melissa? Melissa? Melissa? Hold on, honey."

More silence.

"Oh, my God," the dispatcher says eventually. "The line is dead."

Poisoned Heroes (NYT)

By Stan Altman

The New York Times (opinion), August 17, 2006

ONE New York City firefighter recently told me about the health problems he has suffered since working at the World Trade Center site nearly five years ago: skin rashes, an inflamed colon, coughing and trouble breathing. He showed me a six-page list of the antibiotics and steroids doctors had prescribed over the years. These drugs helped mask his symptoms. But the problems never went away — until he began a new treatment to rid his body of the toxic substances he had inhaled and absorbed at Ground Zero.

This firefighter is among an estimated 40,000 police, firefighters and other workers who did rescue and cleanup on “the pile” after Sept. 11, 2001, while the remains of the buildings — not to mention their contents, jet fuel and other debris — smoldered for weeks, poisoning the air with mercury, lead, dioxin, asbestos, copper and dozens of other substances.

Today, increasing numbers of emergency service workers are reporting breathing and digestive problems and rashes, and their incidence of cancer is higher than normal. At least one death, that of Detective James Zadroga in January, from heart and lung complications, has been linked by a medical examiner to work at Ground Zero; six other responders in their 30’s and 40’s have died from causes like heart failure and lung cancer.

On Monday, Gov. George E. Pataki signed a law ordering New York City to pay more generous death benefits to the families of Sept. 11 responders who die from these illnesses. This measure, like the one passed last year granting disability pensions to Sept. 11 workers who develop respiratory problems or cancers, properly acknowledges the government's responsibility for their health.

Still needed, however, even more urgently, is an effort to address the health problems these workers face. Many of the thousands of sufferers, like the firefighter who spoke to me, are getting treatments that offer only temporary relief. We need to figure out the best ways of curing what really ails the Sept. 11 responders.

Too often, discussions about the health of these workers have met with official denials that their problems can be directly linked to Ground Zero.

The denial began only a week after the tragedy, when Christine Todd Whitman, then head of the Environmental Protection Agency, declared that tests showed the air was safe to breathe. Later scientific studies showed that the air was in fact heavily polluted. And while it is true that the workers' health problems have not been definitively linked to the environment, a wealth of evidence suggests that the air the workers breathed took its toll.

A study of more than 12,000 firemen and emergency medical workers at the site, recently published in the American Journal of Respiratory and Critical Care Medicine, found that on average they had a reduction in lung function equivalent to what would be caused by 12 years of aging.

Doctors and other health practitioners at the Olive Leaf Wholeness Center, in downtown New York (where I work as a volunteer), have detected heavy-metal poisoning in many of the Ground Zero workers they have seen. They have given these workers detoxification treatments — including chelation for many patients. Chelation, a treatment often used on children exposed to lead paint, involves giving the patient a sulfur compound that draws heavy metals from the tissues.

These practitioners have found that after three to four months of detoxification therapy, the afflicted Ground Zero workers see most of their symptoms diminish or disappear.

Chelation is not the only detoxification method. No doubt, other doctors may have found treatments that work better on certain patients.

The federal government has provided New York City with $1 billion to cover the cost of liability claims brought by Ground Zero workers. Some of these funds have paid the legal costs of fighting disability and other claims filed by city workers. But no money has yet been appropriated for treatment of heavy metal toxicity.

There seems to be an assumption that the workers would prefer a large financial settlement to regaining their health. Political leaders should bring together medical experts who could determine the most effective protocols for ridding the body of heavy metals and make them known to Ground Zero workers and their doctors.

Dubai Ports Seeking U.S. Bids (WT)

By Jeffrey Sparshott

The Washington Times, August 17, 2006

Dubai Ports World is moving ahead with a plan to spin off its recently acquired U.S. operations, with preliminary bids from suitors due tomorrow.

DP World officials promised to sell P&O Ports North America Inc. to an American buyer by September after Congress protested the takeover of U.S. port terminal operations by the state-owned company from the Middle East.

The Dubai company acquired the operations in March when it purchased Peninsular and Oriental Steam Navigation Co., a British company that had owned P&O Ports North America Inc. since 1999.

DP World in mid-July sent a description of port terminal operations in Baltimore, Philadelphia, Miami, New Orleans, New York and Newark, N.J., to potential bidders.

DP World is not commenting on the sale, and potential buyers had to sign confidentiality agreements before receiving a detailed description of the U.S. operations.

"Mergers and acquisitions are, by their nature, confidential," said Ted Meyer, spokesman for Deutsche Bank Securities, which is advising DP World on the sale.

DP World pledged to sell the U.S. operations to an American buyer, although there is still room for foreign investors to participate in the sale. The company's paperwork noted that the buyer must be palatable to the U.S. government.

Port terminal operations are dominated by non-U.S. companies, and there are few U.S. port terminal operators that could purchase and run P&O's assets.

SSA Marine, owned by Seattle company Carrix Inc., is one possible suitor. Maher Terminals of Port Elizabeth, N.J., also would be capable of running the port operations, though the company is small by international standards.

Analysts said U.S. investment banks also are likely to enter the bidding process.

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"A few years ago, the main interested parties were other container terminals. Today, the financial sector, institutional investors, infrastructure funds are major players," said Neil Davidson, research director for London firm Drewry Shipping Consultants Ltd.

Goldman Sachs, the U.S. investment bank, and Borealis Infrastructure Management, a Canadian investor, in July bought Associated British Ports, Britain's largest port operator. The Goldman-led team beat out a rival group led by Australia's Macquarie Bank Ltd.

The Carlyle Group, a private equity firm in the District, in March established a team to invest in ports, transportation and other infrastructure.

"Fundamentally, the driver is the fact that ports and terminal operations are a very solid and profitable businesses," Mr. Davidson said.

DP World initially valued its U.S. assets at almost $700 million, although analysts said the company is unlikely to find a bidder willing to pay that much. One source with knowledge of the sale process said DP World has emphasized that revenues are growing rapidly because of strong international trade, but cautioned that the U.S. operations still did not make enough money to justify such a high price tag.

The Baltimore Sun reported that DP World's U.S. holdings in 2005 posted an income of $39 million before taxes, interest, depreciation and amortization on revenue of $447 million.

Group Urges Disaster Planning For Pregnant Women, Babies (WP)

By Rama Lakshmi

The Washington Post, August 17, 2006

In the days after Hurricane Katrina struck Louisiana, about 125 critically ill newborn babies and 154 pregnant women were evacuated to Woman's Hospital in Baton Rouge. Some of the fragile newborns arrived without their mothers, and some of the women were already in labor. It was at least 10 days before some of the infants and mothers were reunited.

Katrina focused unprecedented attention on pregnant women and newborns as an acutely vulnerable population during emergencies. A year later, those concerns are driving a push to add provisions for both groups to national preparedness guidelines for disasters, epidemics or terrorist attacks.

No accurate data are available on the number of babies born during the Katrina crisis, but officials at both hospitals in Baton Rouge described vivid scenes of distraught pregnant women arriving with no records, of desperate mothers searching for their babies and of women who delivered on their way to the facility.

Heidi Wigley, 26, was three months pregnant when the storm struck. She lost her home, including her medications, in St. Bernard Parish, and her doctor was evacuated to Florida.

"I was evacuated to another town and could not contact my doctor, who had all the information about my pregnancy," Wigley said in a telephone interview from Mandeville, La., where she now lives. "I was worried I may miscarry. The relief teams did not have any gynecologist and no prenatal vitamins. I told them I wanted more food and more money because I was pregnant, and they said no."

Two months later, Wigley developed high blood pressure, a common complication of pregnancy, and delivered prematurely in February. At 5 1/2 months, her son is now healthy.

"Pregnant women face greater risks -- like premature births, low-birth-weight babies and infant deaths -- during the stressful conditions of a disaster. This can make delivering a child difficult and potentially life-threatening," said Theresa Shaver, executive director of the District-based White Ribbon Alliance for Safe Motherhood.

"International relief agencies have detailed guidelines for helping pregnant women, infants and new mothers in disasters around the world," she said. "But in the United States, it is not yet integral to our preparedness plans."

The alliance has set up a working group to develop domestic guidelines in association with groups of pediatricians, gynecologists, obstetricians, nurses and midwives. Representatives from the Centers for Disease Control and Prevention and the National Association of County and City Health Officials are also taking part.

Shaver noted that in the past few years, health-care providers and officials have worked on disaster preparedness plans focusing on other vulnerable groups, including children, the elderly, heart patients, those on dialysis and disabled people. These efforts were accelerated in response to the Sept. 11, 2001, terrorist attacks and the anthrax attacks later that year, and concerns about bioterrorism and pandemic flu.

But several public health advocates said it was not until Katrina exposed the lack of provisions for pregnant women and new mothers and their babies that those groups were included on the preparedness agenda.

"Pregnant women and newborns are just entering the radar, and that is a post-Katrina development," said Georges C. Benjamin, executive director of the American Public Health Association.

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National organizations cite the public health departments of South Carolina and Fort Worth, Tex., for being among the first to incorporate maternal and child-care needs into their preparedness plans.

The White Ribbon Alliance working group hopes to release by the end of August proposals to address the needs of newborn babies in disasters and present those recommendations at emergency planning meetings across the country. It is also exploring the option of introducing federal legislation.

The proposed guidelines, called the Women and Infants Service Package (WISP), advocate training first responders in the special needs of pregnant and new mothers and babies, preparing birth-complication readiness packages, keeping mothers and infants together during evacuations, and setting up dedicated toll-free numbers that pregnant women can call for assistance. The guidelines also recommend that emergency teams include certified midwives and have supplies of baby formula, bottles, diapers, vaccines, and folate and iron supplements.

The alliance believes that disaster situations call for a shift in the thinking of American women, who generally expect to give birth in a hospital or clinical setting. In the early phase of a disaster, officials said, births will often take place outside a health facility and without the assistance of trained health personnel.

"We will be in situations where there are no health-care facilities. In fact, if there is a pandemic flu, a hospital is not where you take a pregnant woman or an infant to," said Robbie Prepas, a certified midwife who heads disaster preparedness at the American College of Nurse-Midwives. During Katrina, Prepas helped many pregnant women with deliveries in airports and ambulances.

"We will have to retrain care providers to be comfortable with assisting deliveries outside hospitals," she said.

Legal Storm The Gulf Coast, Still Wrecked, Grapples With Insurance Suits (WSJ)

By Liam Pleven

The Wall Street Journal, August 17, 2006

GULFPORT, Miss. -- In the federal courthouse here, U.S. District Court Judge Louis Guirola Jr. is playing an unusual role: plaintiff.

Thousands of Mississippi homeowners are suing their insurers saying they were unfairly denied compensation for destruction wreaked a year ago by Hurricane Katrina. Judge Guirola and his wife, whose two-story home was leveled during the storm, are among them.

Their case -- like that of many others -- revolves around a key issue: Was the nearly $650,000 worth of damage caused by the storm's winds, making it an event covered by most policies? Or was it caused by the wall of water that slammed ashore, something that insurers typically exclude?

Like many Mississippi homeowners, the Guirolas had no flood-insurance policy, which is usually obtained through a federally backed program. The suit says their house and possessions were "completely destroyed by hurricane wind." Their insurer, Nationwide Mutual Insurance Co., says the home was in essence washed away and denied the claim. In thousands of such cases, the courts are just starting to try to figure out who's right.

The outcomes will ultimately help determine the pace and scope of rebuilding as the Aug. 29 anniversary of Katrina nears. It will also affect the price and availability of disaster insurance, especially along this debris-clogged coastline. If they lose, insurers say rates may rise for everyone else to cover billions in unexpected liabilities. They could also decide to scale back such coverage.

Whatever the result, policy makers will likely have to consider just who should cover hurricane damages in the first place: the government, private insurers or homeowners. The current system, in which both public and private sectors cover a piece, helps create the disputes clogging the legal system.

On Tuesday, one of Judge Guirola's colleagues, Judge L.T. Senter, issued the first verdict in one of the Mississippi cases, which also involved Nationwide. Judge Senter ruled that the insurer did not have to pay most of the policyholder's claim, just the portion that could be attributed to wind damage, a tiny amount in this instance. But the precedent may be limited because the house was still standing, making evidence easier to gather, whereas many others are not. Also, the judge said the insurer was liable for the wind damage, a small portion of the claim.

In Mississippi, the cases are complicated by the fact that much of the state's legal and political leadership has chips in the game. In addition to Judge Guirola, Sen. Trent Lott, U.S. Rep. Gene Taylor and a federal magistrate judge have sued their insurers. Richard Scruggs, a prominent plaintiff's attorney whose firm represents Judge Guirola, also plans to file suit; his house near the water was damaged.

Three federal judges have already disqualified themselves from hearing Judge Guirola's case, which has since been assigned to a federal judge in eastern Michigan. One of those three was Judge Senter.

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Insurance companies have settled 90% of Katrina-related cases nationwide, with 1.24 million homeowners receiving $17.6 billion, according to the Insurance Information Institute. Many of these claims were for properties located inland.

Yet in Mississippi alone, there are 3,000 cases pending in federal courts, according to Mr. Scruggs. Thousands of homeowners are also suing their insurers in Louisiana, where a higher percentage of residents, especially in New Orleans, also had flood insurance. Cases there have moved even more slowly.

One problem is lack of evidence. Many homes were, in post-Katrina parlance, "slabbed," wiped away down to their flat, concrete foundations. "There was nothing left ... but rubble" of Judge Guirola's wood-frame, brick-faced house, his suit contends. Inside the house, before the storm, sat a baby grand piano. Judge Guirola played for pocket money as a young man.

In 1968, the federal government created the National Flood Insurance Program after insurers complained that flooding was too costly and unpredictable to cover. It sells flood policies to homeowners at low rates that cover damage up to $250,000. Homeowners can purchase additional flood insurance from a private company, but that kind of coverage is relatively rare.

Wind vs. water cases existed before the flood program, but its creation helped set the stage for the current legal battles. With insurers on the hook for wind damage, they have an incentive to argue that water is to blame. When flood policies don't cover the damage, homeowners will cite the wind. In some cases, insurers that cover floods have battled insurers that cover wind.

Heart of the Cases

At the heart of many of these cases are questions of timing, cause and effect. What came first, the wind or the water? Was the flooding enabled by the wind? Can flooding damage be distinguished from that of heavy rain?

Many insurance policies, including that of Judge Guirola, contain an obscure clause that subtly widens insurers' exclusions and in effect could pre-empt wind vs. water arguments. It essentially says insurers don't have to pay when flooding happens along with other forces.

The debate over such "anti-concurrent causation" clauses intensified after Katrina destroyed and drenched the Gulf coast. Every hurricane spawns wind vs. water cases, says Randy Maniloff, an attorney for insurance companies at Philadelphia's White and Williams LLC, "but not on this scale."

Judge Guirola, 55 years old, the son of Cuban immigrants, got a law degree from the University of Mississippi and worked as an attorney before becoming a magistrate judge in Texas and later, Mississippi.

In 2000, as a Mississippi magistrate judge, he ruled against a Biloxi couple who sued their insurer after Hurricane Georges of 1998. The homeowners wanted compensation for damage to the structure. Judge Guirola found that the cause of the damage -- a settling in their underlying soil -- was excluded in the couple's insurance contract.

Three years ago, he was nominated by President Bush to a lifetime appointment as a district court judge. Judge Guirola was confirmed by the Senate 92-0.

The Guirolas' home sat along a crescent-shaped driveway in Long Beach, Miss., a community just west of Gulfport. The house where the judge lived was within walking distance of the Gulf of Mexico's sandy beaches and the Gulf Coast Highway.

As Katrina approached late last August, the Guirolas, who have three daughters, evacuated the area along with most people along the coast, leaving few witnesses to the devastation that followed.

By 5 a.m. on Aug. 29, Category 1 winds of at least 74 mph reached the waters off Long Beach, rising to at least 96 mph by about 7 a.m., according to a report citing government data prepared by an inspector hired by the Guirolas. The wind blew as high as 147 mph.

The report says the waters were less than five feet above sea level at the coast by 5 a.m. and "rapidly rose" to roughly 26 feet by 11 a.m. The mayor of nearby Biloxi, Miss., was quoted in the local newspaper calling the storm "our tsunami."

The report, based on a Nov. 5 inspection, describes uprooted trees, scattered shingles and other debris. It estimates that the Guirola residence was located 15 feet above sea level, with the second floor at 26 feet. "It is reasonable to hypothesize that flood water did not reach the ground floor elevation until about 9 a.m. and barely touched the second floor level," if at all, said the report, dated March 10.

The inspector's "firm opinion [was] that wind substantially damaged the Guirola residence prior to the time that flood water reached the elevated structure."

Less than two months after Katrina, the suit contends, a Nationwide adjuster inspected the damage and told Judge Guirola he thought the house and property were "damaged by hurricane wind and that he would 'write it up that way.' "

In papers filed in response to the suit, Nationwide disputes that recollection. It says the adjuster inspected the damage and that the Guirolas gave the adjuster "photos and documents related to the property."

On March 13, Nationwide denied the insurance claim. "It appears that your loss was caused by water or water-borne material as defined in your policy," Nationwide said in a letter filed with the court.

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Nationwide said the Guirolas' policy had a version of the anti-concurrent causation clause that says such water damage is not covered even if other forces, such as wind, contributed "in any sequence." Nationwide noted in its denial that the Guirolas' policy doesn't cover losses caused by rising water in a storm.

Judge Guirola and his wife, Stephanie, filed suit about a month after Nationwide denied their claim and requested a jury trial. Their suit argues that the policy explicitly covers hurricanes and damage caused by rain if wind caused an opening that let it inside.

In court papers, Nationwide asked the suit be dismissed. It also asked the case be moved to an "impartial" venue, away from the hurricane-ravaged coast. Even though a Michigan-based judge is presiding, the case is being heard in Mississippi.

A spokesman for Nationwide, Joe Case, declines to comment on Judge Guirola's suit in particular. In general, he says: "We remain committed to vigorously defending the flood-exclusion language in our homeowners' policies." If that language were struck down, Mr. Case says, homeowners around the country could be harmed if insurers decide to scale back such coverage or raise prices.

Through his office, Judge Guirola also declines to comment, citing the pending litigation. Mr. Scruggs, whose firm represents the judge, says the Guirolas are still paying a mortgage on the destroyed house. "He agonized over it for a long time but finally felt like he had no choice," Mr. Scruggs says of Judge Guirola's decision to file the suit.

Fate of Homeowners

The fate of many Mississippi homeowners is in the hands of Judge Guirola's colleague, Judge Senter, who served for most of his career in the northern district of Mississippi, far from the coast.

Judge Senter's first pre-trial ruling, issued days before Judge Guirola filed suit, backed Allstate Corp. and a flood-damage exclusion contained in one of its policies. Though that case is still pending on other issues, the ruling was a victory for the insurance industry, which feared that a decision striking down flood exclusions would expose it to billions of dollars in liabilities.

In another case, Judge Senter issued a pre-trial ruling that gave homeowners an opportunity to pursue claims. In late May, he ruled that State Farm Fire & Casualty Co.'s anti-concurrent causation clause was "ambiguous." The ruling said damage caused by wind and rain would be covered and that caused by floodwaters would not. How much an insurer might have to pay would depend on the evidence both sides could produce at trial. In cases like Judge Guirola's, where so little is left, that presents a whole new challenge.

"Most people aren't standing around watching the damage to their house as the hurricane is rolling through," says John Elliott, an attorney at New York-based Anderson, Kill & Olick PC, who is co-lead counsel for plaintiffs in a Louisiana case that is seeking class-action status.

Meanwhile, most of the hurricane debris has been removed from Judge Guirola's street. Between their plot and the Gulf, there are mostly battered trees and weeds, and more than half a dozen for-sale signs.

Legal Flood Control (WSJ)

The Wall Street Journal, August 17, 2006

Legendary trial lawyer Dickie Scruggs's home was damaged in Hurricane Katrina, and let's hope his manse is repaired. But everyone who insures a home, or anything else for that matter, should cheer his failure in court this week to rewrite insurance contracts after the fact.

That's the bottom line of Leonard v. Nationwide, a high-profile test of whether Katrina victims can rewrite their insurance contracts in a way that amounts to political robbery. Private insurers have long had "flood exclusions" in their contracts -- which is one reason the federal government has offered flood insurance for nearly 40 years. When Katrina hit, these private insurers offered to pay homeowners for wind damage -- as their contracts required -- but not for destruction due to flooding.

Enter Mr. Scruggs, who adopted the highly novel legal theory that because the wind had "pushed" the water into homes, flood damage should be covered. Mr. Scruggs found a couple to represent in front of Judge L.T. Senter Jr. at the U.S. District Court of Southern Mississippi, and by some counts he and other trial lawyers have lined up about 700 similar suits. Meanwhile, Mississippi Attorney General Jim Hood filed his own politically opportunistic suit, claiming the flood exclusions were "unconscionable," which is a word that more appropriately applies to his own behavior.

Judge Senter didn't buy it, and with any luck his well-reasoned decision will take the wind out of these suits. The judge took a hard look at the precise language in the contracts and pronounced that the flood exclusions were clear. He added that Paul Leonard, one of the claimants, "knew [separate] flood insurance was available and optional," but he chose not to purchase it. The judge also rejected the plaintiffs' argument that Nationwide's insurance agents had misrepresented the terms of their policy. The couple had been seeking $158,000, but the judge awarded $1,228.16 for wind damage and ordered them to pay their own legal fees. Mr. Scruggs should pick up that tab.

This all matters because the suits threaten to raise the cost of insurance, if not deny coverage entirely, to millions of Americans beyond those hurt by Katrina. Private companies are reluctant to offer flood insurance because it is not a typical insurable risk.

Property and casualty insurance only works when companies can collect premiums from many policy holders, most of whom will never file a major claim and whose premiums can cover those who suffer catastrophic damage. However, the only people who buy flood insurance are those who are very likely to be flooded, making it difficult to spread risk. Floods also tend to be repeat events, because people (being people) tend to rebuild in flood-prone areas where they expect the feds will bail them out anyway.

Because the federal government long ago stepped into this breach, private insurers haven't collected a penny in flood premiums in years. Yet if the Scruggs theory prevails, these companies could be stuck with an estimated $15 billion in claims. The only way to cover that bill would be to raise premiums for homeowners far and wide. That, or stop selling policies in states (like Mississippi) with higher than normal flood risks.

This legal threat isn't done yet, because Judge Senter tailored his decision to the specifics of this case. But his ruling is a sign that contracts will count for something at least in his court, and it should tell other trial lawyers and Mr. Hood that their claims are legal nonsense.

WAR NEWS:

21 Die In Baghdad In Latest Spasm Of Violence (USAT/AP)

USA Today, August 17, 2006

BAGHDAD — Bombs killed 21 people in central Baghdad on Wednesday, and gunmen attacked the governor's office in Basra, Iraq's second-largest city.

One bomb exploded late in the morning near day laborers waiting for work in the central Nahda district, killing eight people and wounding 28, police Lt. Bilal Ali said.

Two nearly simultaneous car bombs exploded Wednesday evening in the Batayween area of central Baghdad, killing 13 people and wounding 55, police Lt. Ali Mutaab said. The blasts sent a huge cloud of black smoke over the troubled city.

The attacks underscored the challenge facing U.S. and Iraqi officials as they seek to quell the surge in Sunni-Shiite violence that has been rising steadily since the Feb. 22 explosion at a Shiite shrine in Samarra. The shrine attack triggered a wave of reprisal killings.

Deputy Health Minister Adel Muhsin said about 3,500 Iraqis died last month in sectarian or political violence nationwide. He said it was the highest monthly death toll for civilians since the war started in March 2003.

Last week, the ministry said about 1,500 violent deaths were reported in the Baghdad area in July. U.S. commanders are rushing nearly 12,000 U.S. and Iraqi troops to the capital to try to end the carnage.

In the southern city of Basra, gunmen from the Bani Assad tribe attacked the provincial governor's office. The tribesmen fled after British armored vehicles arrived. Basra province Gov. Mohammed al-Waeli said one policeman was killed and four were wounded. Seven attackers were arrested, he said.

Authorities imposed an indefinite curfew on the city.

Also Wednesday:

·In the northern city of Mosul, 225 miles northwest of the capital, armed clashes erupted between police and assailants in three neighborhoods on the mostly Sunni Arab western side of the Tigris River, police Lt. Col. Abdul-Karim Ahmed Khalaf said.

At least five gunmen were killed and six were arrested, he said.

·A roadside bomb exploded near an Iraqi army patrol north of Hillah, killing three soldiers and wounding four, police 1st Lt. Osama Ahmed said. Hillah is a mostly Shiite city about 60 miles south of Baghdad.

Iraqi And British Troops Clash With Shiite Militias (NYT)

By Paul Von Zielbauer

The New York Times, August 17, 2006

BAGHDAD, Iraq, Aug. 16 — Iraqi security forces and British troops fought Shiite militias and tribesmen in two major cities south of Baghdad on Wednesday in sustained battles that left two policemen and a dozen militiamen dead. The violence underscored the tenuous grip the Iraqi government maintains even in regions not under the sway of Sunni Arab insurgents.

Also on Wednesday, as American and Iraqi Army soldiers continued a security sweep through hostile neighborhoods in western Baghdad, bombings in other parts of the city killed 21 people and wounded 59 others.

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Violent eruptions in Karbala, a Shiite holy city about 60 miles southwest of here, and Basra, Iraq's second largest city, demonstrated the destabilizing power of internecine conflicts that have little to do with the anti-American insurgency or sectarian killings.

In Basra, a gun battle erupted between Iraqi Army troops and members of the dominant local tribe, the Bani Asad, apparently angered by the killing on Tuesday of a tribal leader, Faisal Raji al-Asadi, government officials in Basra said.

In a battle that lasted the better part of an hour, tribesmen clad in black clothing fired fusillades of bullets and grenades at the provincial government building, local police and government officials said, and eventually occupied the parts of the government complex.

"The building was in the hands of Bani Asad tribe," an Iraqi government official in Basra said in a telephone interview, speaking over the sustained crackle of gunfire in the background. He said that the fighting, which killed six, including two policemen and two tribesmen, started because the tribe believed that the government was involved in Mr. Asadi's killing.

A prominent member of the tribe who called himself Ayatollah al-Asadi suggested in an interview with Al Jazeera on Wednesday afternoon that British forces, which have struggled to maintain control of Basra in the midst of warring Shiite militias, may have been responsible for the assassination. Faisal Raji al-Asadi "contributed to throwing the British out," he said. "Maybe they are taking revenge now."

A spokesman for the British military in Basra denied any involvement in the killing and gave a much different account of the hostilities on Wednesday.

Bani Asad tribesmen arrived at the government building armed but peaceful and demanded to see the governor, Muhammad al-Waili, a member of a different tribe, said the spokesman, Maj. Charlie Burbridge. "The protesters arrived and walked in the door," he said, "It wasn't an attack."

Iraqi Army soldiers and local police succeeded in moving the armed men out of Mr. Waili's offices, he said, though an Iraqi police officer appears to have been killed in a skirmish that followed. As the tribesmen were leaving the area, they passed a British military encampment and fired at it, provoking "quite an exchange of small-arms fire" that lasted 20 minutes, Major Burbridge said.

In Karbala, the violence on Wednesday took on a different hue, as security forces controlled by Shiites who are aligned with the main pro-Iranian bloc, the Supreme Council for the Islamic Revolution in Iraq, fought militiamen loyal to a local Shiite cleric opposed to Iran's influence in Iraq. The battle led security forces to cordon off the city to most nonresidents and impose a curfew.

Sheik Ali Badir al-Aboudi, an aide of the cleric, Mahmoud al-Hassani, said in an interview that the attack on Wednesday was in retaliation for a car bomb that exploded near one of the cleric's schools. "We know that Iranian intelligence helped them to do this attack," Mr. Aboudi said, "and now they are sending in troops to kill and arrest everyone they can."

Ten militia fighters were killed and 281 were arrested, according to a statement from the prime minister, Nuri Kamal al-Maliki.

Anthony H. Cordesman, a Middle East analyst at the Center for Strategic and International Studies in Washington, said in an interview on Wednesday that the majority of police forces in southern Iraq were more loyal to Shiite leaders than the Iraqi government, and he suggested earlier this month that power struggles among Shiite factions in Iraq could further destabilize the country.

"Intra-Shiite political struggles are becoming a source of violence," he wrote in an Aug. 1 analysis. "It is unclear how bad this Shiite factionalism really is," he added, though it "may surface as a major new problem."

In Baghdad, three bombs in the central part of the city killed 21 people on Wednesday, officials said. Around 9 a.m., a roadside bomb in the Nahdad district in central Baghdad killed 8 people and wounded 17 others, an Interior Ministry official said. At 7 p.m., two car bombs killed 13 people and left 43 others wounded, the official said.

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Rival Shiite Militias Clash In Southern Iraq (WP)

By Sudarsan Raghavan

The Washington Post, August 17, 2006

BAGHDAD, Aug. 16 -- Clashes between rival Shiite Muslim militias erupted Wednesday in Basra, Iraq's second-largest city, when scores of gunmen stormed the governor's office after accusing his supporters of assassinating their tribal leader. Meanwhile, car bombs in Baghdad killed 25 people.

The gunmen in Basra, a predominantly Shiite city, laid siege to the office for two hours, lobbing mortar shells and barricading nearby bridges, before British troops and Iraqi police pushed them back. The fighting left at least four policemen dead, police said. Authorities imposed a curfew on the city.

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As U.S. and Iraqi forces focus their efforts on taming sectarian violence in Baghdad, Wednesday's bloodshed served as a reminder of the tenuous security conditions across Iraq, and how precariously the country teeters on the edge of civil war.

In once calm southern cities such as Basra and Karbala, a Shiite holy city, fighting between Shiite militias and U.S.-backed Iraqi security forces, as well as among rival Shiite militias, appears to be on the rise. Meanwhile, northern cities such as Mosul, which had faced constant attacks, are experiencing new waves of violence along ethnic and political fault lines.

Tensions also are rising between U.S. and Iraqi forces and the powerful anti-American cleric Moqtada al-Sadr, who is emerging as the main Shiite obstacle to U.S. efforts to establish order and security in Baghdad as well as in the south.

Many of the militias are affiliated with radicalized clerics or political parties in Iraq's fragile coalition government. Some leaders, such as Abdul Aziz al-Hakim, head of the influential Supreme Council for the Islamic Revolution in Iraq, have called for neighborhood militias to provide security, a move that would strengthen their power bases.

On Tuesday, the deputy governor of Najaf, Abdul Hussain Abtan, a follower of Hakim, advocated such self-defense units and said he would begin selecting candidates to head them, according to reports in Iraqi media. Last week, a suicide bomber in the city killed more than 30 people in front of one of Shiite Islam's holiest shrines.

When asked whether the recent militia fighting in the south was coordinated and potentially destabilizing for the country, a U.S. military spokesman, Maj. Gen. William B. Caldwell, replied: "I don't have the complete picture to give you right now, but it did not appear to be anything that was out of control. It appeared to be something that was being brought back under control."

Lately, though, the Shiite-dominated south appears to be spiraling into an abyss of violence, fueled largely by power struggles within the religious sect.

In Karbala, fierce gun battles erupted Tuesday between the followers of radical cleric Mahmoud Sarkhi al-Hassani and Iraqi security forces who raided his office, leaving seven people dead. The clashes quickly spread to nearby towns. The crackdown on Hassani came after his followers apparently tried to take over several districts in Karbala, authorities said.

Wahab Razouki, a senior official of the Fadhila party, another Shiite group, accused Hassani's armed followers of planning to take over religious shrines in the city. The Iraqi army said in a statement that it had restored order to Karbala by Wednesday and had arrested 281 participants in the unrest. But Hassani's supporters gathered in several nearby towns and threatened to march on Karbala, police said.

The clashes Wednesday in Basra were sparked by the assassination of Sheik Faisal, the leader of the Shiite Beni Assad tribe, by unidentified gunmen on Monday, authorities said. His supporters, who reside in a neighborhood north of the city, accused the rival Fadhila party of orchestrating the attack. They charged the office of the governor, also a Fadhila party member, to demand that he arrest and hand over the killers.

The clashes were the latest in a series of violent incidents among Shiite groups in Basra in recent months.

After British forces entered Basra in April 2003 during the U.S.-led invasion of Iraq, the city held the promise of becoming the most stable in Iraq. For months, the British maintained order, while Baghdad descended into chaos.

But by last year, dozens of assassinations had taken place in Basra. The police internal affairs division was shuttered last year after accusations that it ran death squads. In recent months, rival Shiite militias, such as Sadr's Mahdi Army and Fadhila's armed wing, have fought openly in the streets of Basra.

In June, hundreds of Hassani's followers attacked the Iranian Consulate in Basra, hurling stones and setting fire to a building after another Shiite cleric criticized Hassani on Iranian television as a fake cleric and pawn of Israel, according to news reports.

With deaths mounting, Iraqi Prime Minister Nouri al-Maliki declared a state of emergency in Basra in June and dispatched several thousand troops to crack down on the militias with an "iron fist."

On Wednesday, Maliki dispatched Brig. Gen. Abdul Khidhir al-Tahir, a member of his security committee, to Basra.

"There was an anticipation that Basra is facing problems and security violations because of its tribal and social structure, and also because of the presence of unharmonious powers in the city," Tahir told al-Iraqiya television.

In Mosul, where relations between Arabs and Kurds are tense, violence has also risen steadily. In June, authorities reported that 25 Iraqis, most of them Kurds, had been shot and killed.

On Aug. 4, insurgents attacked local police with car bombs, killing four officers and wounding eight, before police fought them off.

"Now we have total control over the security situation, and we are in complete control over all the streets and areas of Mosul," Wathiq al-Hamadani, the city's police commander, said at the time.

Yet on Tuesday, a suicide bomber rammed his explosives-laden truck into the headquarters of Iraqi President Jalal Talabani's Patriotic Union of Kurdistan, killing at least nine people, including four party members, and wounding 36. And on Wednesday, gun battles raged between Iraqi police and armed men in several neighborhoods, police said.

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In Baghdad, 14 people were killed and 39 were injured in roughly two hours Wednesday morning, according to Col. Basim Mohammed, an Interior Ministry official.

Three mortar rounds fell at 8:15 a.m. in central Baghdad's al-Fadhil area, seriously injuring five people and damaging shops and houses. A few minutes later, three mortar shells struck the Health Ministry building, injuring three people.

At 10 a.m., an improvised bomb exploded under a memorial to two dozen children killed last year in a car bombing, killing two people and injuring three. About 30 minutes later, a car bomb detonated in the al-Nahdha district, a mixed Sunni-Shiite neighborhood, killing 12 people, mostly day laborers waiting for work, and injuring 28.

In the evening, two more car bombs exploded in central Baghdad, killing 11 and wounding 44, police said.

Insurgent Bombs Directed At G.I.'s Increase In Iraq (NYT)

By Michael R. Gordon, Mark Mazzetti And Thom Shanker

The New York Times, August 17, 2006

WASHINGTON, Aug. 16 — The number of roadside bombs planted in Iraq rose in July to the highest monthly total of the war, offering more evidence that the anti-American insurgency has continued to strengthen despite the killing of the terrorist leader Abu Musab al-Zarqawi.

Along with a sharp increase in sectarian attacks, the number of daily strikes against American and Iraqi security forces has doubled since January. The deadliest means of attack, roadside bombs, made up much of that increase. In July, of 2,625 explosive devices, 1,666 exploded and 959 were discovered before they went off. In January, 1,454 bombs exploded or were found.

The bomb statistics — compiled by American military authorities in Baghdad and made available at the request of The New York Times — are part of a growing body of data and intelligence analysis about the violence in Iraq that has produced somber public assessments from military commanders, administration officials and lawmakers on Capitol Hill.

"The insurgency has gotten worse by almost all measures, with insurgent attacks at historically high levels," said a senior Defense Department official who agreed to discuss the issue only on condition of anonymity because he was not authorized to speak for attribution. "The insurgency has more public support and is demonstrably more capable in numbers of people active and in its ability to direct violence than at any point in time."

A separate, classified report by the Defense Intelligence Agency, dated Aug. 3, details worsening security conditions inside the country and describes how Iraq risks sliding toward civil war, according to several officials who have read the document or who have received a briefing on its contents.

The nine-page D.I.A. study, titled "Iraq Update," compiles the most recent empirical data on the number of attacks, bombings, murders and other violent acts, as well as diagrams of the groups carrying out insurgent and sectarian attacks, the officials said.

The report's contents are being widely discussed among Pentagon officials, military commanders and, in particular, on Capitol Hill, where concern among senior lawmakers of both parties is growing over a troubling dichotomy: even as Iraq takes important steps toward democracy — including the election of a permanent government this spring — the violence has gotten worse.

Senior Bush administration officials reject the idea that Iraq is on the verge of civil war, and state with unwavering confidence that the broad American strategy in Iraq remains on course. But American commanders in Iraq have shifted thousands of soldiers from outlying provinces to Baghdad to combat increased violence in the Iraqi capital.

The increased attacks have taken their toll. While the number of Americans killed in action per month has declined slightly — to 38 killed in action in July, from 42 in January, in part reflecting improvements in armor and other defenses — the number of Americans wounded has soared, to 518 in July from 287 in January. Explosive devices accounted for slightly more than half the deaths.

An analysis of the 1,666 bombs that exploded in July shows that 70 percent were directed against the American-led military force, according to a spokesman for the military command in Baghdad. Twenty percent struck Iraqi security forces, up from 9 percent in 2005. And 10 percent of the blasts struck civilians, twice the rate from last year.

Taken together, the new assessments by the military and the intelligence community provide evidence that violence in Iraq is at its highest level yet. And they describe twin dangers facing the country: insurgent violence against Americans and Iraqi security forces, which has continued to increase since the killing on June 7 of Mr. Zarqawi, the leader of the insurgent group Al Qaeda in Mesopotamia, and the primarily sectarian violence seen in Iraqi-on-Iraqi attacks being aimed at civilians.

Iraq is now locked in a cycle in which strikes by Sunni Arab militants have prompted the rise of Shiite militias, which have in turn aggravated Sunni fears. Beyond that, many Sunnis say they believe that the new Shiite-dominated government has not made sufficient efforts to create a genuine unity government. As a result, Sunni attitudes appear to have hardened.

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As the politics in Iraq have grown more polarized since the elections in December, in which many Sunni Arabs voted, attacks have soared, including sectarian clashes that have killed an average of more than 100 Iraqi civilians per day over the past two months.

In addition to bombs, attacks with mortars, rocket-propelled grenades and small-caliber weapons against American and Iraqi military forces have also increased, according to American military officials. But the number of roadside bombs — or improvised explosive devices as they are known by the military — is an especially important indicator of enemy activity. Bomb attacks are the largest killer of American troops. They also require a network: a bomb maker; financiers to pay for the effort; and operatives to dig holes in the road, plant the explosives, watch for approaching American and Iraqi forces and set off the blast when troops approach.

With the violence growing in Iraq, American intelligence agencies are working to produce a National Intelligence Estimate about the security conditions there — the first such formal governmentwide assessment about the situation in Iraq since the summer of 2004.

In late July, D.I.A. officials briefed several Senate committees about the insurgent and sectarian violence. The presentation was based on a draft version of what became the Aug. 3 study, and one recipient described it as "extremely negative." That presentation was followed by public testimony on Aug. 3 by Gen. John P. Abizaid, the top American military commander in the Middle East, who told the Senate Armed Services Committee that the sectarian violence was "probably as bad as I've seen it, in Baghdad in particular" and said if it was not stopped, "it is possible that Iraq could move towards civil war." General Abizaid later emphasized that he was "optimistic" that the slide toward civil war could be prevented.

Officials who have read or been briefed on the new D.I.A. analysis said its assessments paralleled both aspects of General Abizaid's testimony.

The newest accounts of the risks of civil war may already be altering the political dynamic in Washington. After General Abizaid's testimony, the chairman of the Armed Services Committee, Senator John W. Warner of Virginia, said that if Iraq fell into civil war, the committee might need to examine whether the authorization provided by Congress for the use of American force in Iraq would still be valid. The comments by Senator Warner, a senior Republican who is a staunch supporter of the president, have reverberated loudly across Congress.

Bush administration officials now admit that Iraqi government's original plan to rein in the violence in Baghdad, announced in June, has failed. The Pentagon has decided to rush more American troops into the capital, and the new military operation to restore security there is expected to begin in earnest next month.

Yet some outside experts who have recently visited the White House said Bush administration officials were beginning to plan for the possibility that Iraq's democratically elected government might not survive.

"Senior administration officials have acknowledged to me that they are considering alternatives other than democracy," said one military affairs expert who received an Iraq briefing at the White House last month and agreed to speak only on condition of anonymity.

"Everybody in the administration is being quite circumspect," the expert said, "but you can sense their own concern that this is drifting away from democracy."

A New Blast At A Horrific Memory Salts A Father's Wounds (NYT)

By Damien Cave

The New York Times, August 17, 2006

BAGHDAD, Iraq, Aug. 16 — The explosion that awakened Muhammad Khaitan at dawn on Wednesday seemed sadly routine. The dust rising skyward a few blocks from his home suggested yet another attack on a police checkpoint.

But for Mr. Khaitan, the target proved far more personal and depraved. Two bombs, witnesses said, shredded a memorial commemorating the death of his 14-year-old son and two dozen other children who were killed last summer when a car bomber sped into a crowd receiving candy from American troops.

A monument to life — a statue of debris from the attack set on a pedestal with the victims' names — had become another casualty of what many here now consider an undeclared civil war.

"All they left was the foundation," said Mr. Khaitan, 41. "They don't want the next generation to remember how we suffered."

If grief comes in waves, the memorial's destruction clearly yanked Mr. Khaitan, like an undertow, back into the sorrows of the past. During an interview at a Baghdad hospital where he works as a medical assistant, his eyes glossed with tears. Though his boss looked on, he relived his past and current horror without being asked.

"I was at the market, shopping as usual," he said. "And my son was with his uncle, my brother."

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Suddenly, he said, he heard an explosion. Sectarian violence had already started to erupt in the capital but his neighborhood of New Baghdad, a predominantly poor Shiite area to the south, still seemed safe. He didn't panic. "When anything happens, we depend on God," he said.

The calm quickly shattered. His aunt and a cousin ran to his car when he arrived home, frantically shouting. Mr. Khaitan's son, Saif Muhammad, and his best friend, Hassan Mujid, who lived with the family, had been injured, they said, and possibly killed in the blast.

Not knowing if they were dead, "I lost it," Mr. Khaitan said. He threw the bags of food in anger and rushed a few blocks away to where the attack occurred. Colored slippers, car parts and bloodied flesh covered the street. The bomber had used a sport utility vehicle, and the blast shattered the windows of several buildings.

Mr. Khaitan discovered from neighbors that his brother had taken Saif to a local hospital. "I tried to go," he said, widening his eyes to keep from crying, "but I didn't get there in time."

The doctors told him his son died minutes after the attack from two pieces of shrapnel that punctured his chest.

Mr. Khaitan paused. Unlike many Iraqis who appear far older than their age, he looked young, in striped acid-washed jeans, with only a few strands of gray hair. Dr. Shaalan al-Abboudi, the director general of the hospital, Ibn Rushid, looked up and shuffled a few papers. He said another one of his employees had been missing for eight days, and appeared to have been kidnapped. Mr. Khaitan's tragedy, he said, was one of many among the hospital's staff members.

"I feel like his pain is my pain," Dr. Abboudi said. "This is the life we live here. We must face it."

Mr. Khaitan held up the cover of an old copy of a local newspaper showing snapshots of his son and the other children killed. They all smiled from within small circles that would fit in a locket.

This, he said, was what the monument represented. He said he didn't know who the attackers might be, but he had his suspicions. "All I can say is that the police checkpoint was only 150 meters away," he said.

There was no anger in his voice. He said that he kept despair and vengeance at bay with the help of God. A few months ago, he said, he was saved from death while on his way to a funeral for an in-law. At a fake checkpoint run by insurgents, a man in a police uniform, in a moment of mercy, told him to flee. Minutes later, shots rang out.

Mr. Khaitan said he trusted that it was God's will to protect his life and take his son's. In Iraq, he added, after so much war, how could anyone be surprised by death and destruction.

"It is the fate of humankind always to suffer," he said. "Nothing happens without the order of God."

A Mother As Suicide Bomber (CSM)

By Jill Carroll, Peter Grier

The Christian Science Monitor, August 17, 2006

Exhausted, Jim Carroll walked the streets of Washington, headed back to his hotel. He'd hardly eaten all day, so he ducked into a bar for dinner. He hadn't been there long when his cellphone rang. It was the FBI. They wanted to know the family's decision.

The previous day, Jan. 17, a video demanding the release of Iraqi women prisoners had aired on Al Jazeera. A 72-hour deadline was given.

This wasn't going to be pleasant. "We're not going your way," Jim told his FBI contact. "We're going to go with the sympathy statement."

What do you say to your daughter's kidnappers? It was a question Carroll felt woefully unqualified to answer. He was a software person, an entrepreneur, not a hostage negotiator. Insurgents had seized Jill Carroll in Baghdad 11 days ago; it was time for her parents to publicly plead for her life. But how? That was something on which experts - all well-meaning - couldn't agree.

The FBI wanted the father - him - to shake his fist, in essence; to go on TV and address the men who held Jill as murderers and thugs.

In Baghdad, Jill's colleagues at The Christian Science Monitor thought that would misfire in the Middle East. They said the words should reflect how much Jill's family loved and missed her. And the message should come from Jill's mother, Mary Beth.

Well, Jim and Mary Beth and Katie, Jill's twin sister, had been over this and over this and over it again. They couldn't thrash any more. Katie insisted that they should trust people Jill trusted; so be it. They'd go with the Monitor's Baghdad correspondents, and the softer appeal from her mother.

On the other end of the phone, Jim's FBI contact sounded very unhappy. He was polite, but clear: The bureau did not think this was a good idea. Not a good idea at all.

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Jim hung up. He felt he was living in a new world, where you got 1 percent of the data you needed to make a decision, but it didn't matter; you had to decide anyway, you couldn't walk away, and you had to do it now, right now - and the price of a misstep might be a vibrant young woman's life.

Jill's life. Despair billowed over him. (J.C.) As we stood in the small kitchen, Abu Ali, the insurgent with the salt-and-pepper beard who had abducted me, proudly declared that his wife wanted to die.

"Um Ali wants to be a martyr. She wants to drive a car bomb!" he said, beaming.

Of course, she'd have to wait, since she was now four months pregnant. It is forbidden in Islam to kill a fetus at that age, he explained.

"Oh, OK, OK, oh wow," I said. I feigned confusion while I tried to think of what to say.

The chaos of dinner preparation swirled around us. The kitchen was typically Iraqi: a cramped space with thin metal countertops that have no cabinets beneath.

Someone had sewed a skirt for the countertop out of gaudy fabric, but one part had torn away. Next to the refrigerator was a giant freezer, covered all over with stickers advertising Maggi-brand soups.

Three children played around our feet - all progeny of the would-be bomber.

I was still unused to captivity, still learning the boundaries, both physical and mental, that my kidnappers had imposed. I didn't want to offend. But I was shocked at the talk of a mother's suicide; shocked that Um Ali would blush at her husband's praise of this plan.

"Oh, I didn't know women could be car bombers," was all I could muster.

Later I was told that this was the only way women could be part of the mujahideen. The men could have the glory of fighting in battle. Women got to blow themselves up.

Meanwhile, the big silver platters of food were ready. Men carried them out to the group of insurgents meeting behind the closed door of the sitting room. Based on their comments, this house seemed to be in western Baghdad or near Abu Ghraib (view interactive map).

I talked with Um Ali and other women in the kitchen. Yes, I traveled back and forth between countries for my job, I said. They replied that it was wrong for them to work, that they left school at age 12 to learn to cook and keep house.

Then the dinner platters returned, with the food ravaged - rice everywhere, bones with the chicken chewed off, nothing left but scraps, really.

And the women sat and began to eat the scraps.

I couldn't believe it! After all the time they'd spent preparing the meal, they got leftovers.

But I sat down with them. And, as I would often do with women over the next three months, I ate from the remains of the communal stew. P.G.) It was a surreal experience. Alone in the Al Jazeera television studio, Jim Carroll stared at the camera, aware that at any moment it would switch on and broadcast his image around the world. He didn't want that image to be him scratching his nose, so he stayed unnaturally still as the minutes ticked away.

A day earlier, Mary Beth had appeared on CNN, making the family's first televised response to the kidnappers' demands. "They've picked the wrong person ... if they're looking for someone who is an enemy of Iraq," she said, adding to her scripted statement.

Now, it was Jim's turn.

Finally, after a quarter of an hour, the light blipped, and, on Jan. 20, Jill Carroll's father made his global TV debut. Live, for the 6:00 a.m. news feed in the Middle East.

"I want to speak directly to the men holding my daughter Jill because they also may be fathers like me...."

When he left the studio after finishing, the woman who had produced the shoot came up to him. Tears were running down her cheeks. "Bingo," thought Jim. His message appeared to have gotten through. Maybe other tears were running down other cheeks right now, in Iraq.

It had been a busy week. Three days ago, the first video of Jill as a hostage had appeared on Al Jazeera; she'd looked tired and stressed.

On the positive side, the video had been followed by an outpouring of statements calling for Jill's release, from Egypt's Muslim Brotherhood, Iraq's Muslim Scholars Association, and Sunni political leader Adnan al-Dulaimi, among others. In Baghdad, Monitor reporter Dan Murphy had been on the phone working his contacts in the Arab world, tapping into a growing disapproval of insurgents taking innocent civilians.

Mr. Dulaimi perhaps was a particularly important catch. Jill had been seeking to interview him just prior to her abduction. Some Westerners in Baghdad suspected that he, or someone who worked in his office, had been involved in the crime.

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Jim was worn out by the struggle over family statements. That had been intense. The FBI's position - that it was best the father talk strongly in a man-to-man manner - was the considered opinion of bureau counterterror experts, who'd tested it before focus groups of Arabs. Iraq was a male-dominated society, after all.

But the Monitor's correspondents in Baghdad, plus the British security firm there, thought that approach was culturally insensitive. Iraqi men revere their mothers, they insisted, so the first appeal should come from Mary Beth. And it should depict Jill, not as a lone adult, but as the missing piece of a family - another point they felt would appeal to Iraqi hearts.

In the end the family opted for the mother-first tactics. A day after Mary Beth's appearance, Jim made his own televised appeal, albeit with words watered down from the FBI's language. He appeared on both Al Jazeera, the most popular Arabic network, and its more reserved competitor, Al Arabiya.

Neither Mary Beth nor Jim were afraid of the camera. But they were afraid of saying the wrong thing.

In her first appearance, Mary Beth took a few questions, and in answering one said that Jill was a good "ambassador" for Iraq, since she'd reported the struggles of Iraqis' daily lives. But later someone told her that the word "ambassador," in Arabic, translates as "government official," not "general emissary." And the last thing the family wanted to imply was that Jill worked for any government.

So the family limited media appearances to scripted statements. They asked friends not to speak to the press. Almost without exception, their friends complied, with some even slamming the door on reporters.

But for all their attention to the subject, there was one important thing about their appearances that Jim and Mary Beth didn't know: Would Jill's captors be watching? (J.C.) Held against my will, I learned more about Iraqi insurgents than I would have dreamed possible. On one level, I got a firsthand look at the way they live. While I was imprisoned alone in rooms for long periods, I was also allowed to mix with insurgent families in some of the houses where I was held. I even played with their youngest children - a small joy that helped me endure.

On another level, I heard a lot about what they think, both about themselves and the US. I wanted them to see me as more valuable alive than dead, so I told them that as a reporter I could write their story if I was freed.

They seized on this idea, perhaps to a degree I hadn't anticipated. After dinner, some of the men drew up plastic chairs in a walkway area in the middle of the house and held an impromptu press conference - minus questions, and with me as the lone member of the press.

They insisted that they weren't terrorists, that they were just defending their country against an occupation. They had nothing against Americans, they said. It was the US government that was their enemy.

"If you come to us as a guest to our country, we will open all of our homes to you and feed you and you are welcome," said one of the men that night. "But if you come to us as an enemy, we will drink your blood and there will not be one of you left standing."

I hoped the little briefing would help establish my persona as a reporter. To placate them, I'd memorized verses in the Koran. But I never seriously considered the idea of converting. As I learned more about this brand of Islam, and the life of women tied by marriage or family to the insurgency, the more convinced I was that I couldn't even pretend to convert. As long as I was seen as a reporter and a Christian woman, I figured they might tolerate my missteps. But if I acquiesced to conversion, even if it was insincere, would a "good Muslim" - like Um Ali - also be required to embrace martyrdom?

At moments like this, I thought they were becoming more comfortable with me. Perhaps they wouldn't kill me.

Um Ali's son, Bakr, was 3 years old, cute, and spoiled rotten. He'd jump in my lap, and we'd play a little game: He'd put his nose against mine, his head against my head, and we would whisper really quietly together, him in Arabic, me in English. In the early days of my captivity, we'd do it often, and I'd look in his little eyes, and it really comforted me. It felt so good just to hug somebody.

Still, getting through each hour was an accomplishment. Every day was so long. Um Ali would do something nice, like bring me some tea, and I'd try to react normally. But then I'd remember that they'd killed Alan, my interpreter.

That refrain was constantly in my head: Don't be fooled, Jill. They killed Alan. Don't be fooled.

Bodies Yield Evidence Of Hussein-Era Killings (NYT)

By Kirk Semple

The New York Times, August 17, 2006

BAGHDAD, Iraq, Aug. 11 — Beneath the clinical glare of fluorescent lights in a collection of makeshift laboratories here, the victims of mass murder under Saddam Hussein are slowly brought back to life.

For two years, a team of forensic scientists from around the world has sifted through bones, clothes, identity papers and spent bullet casings exhumed from mass graves to build criminal cases against Mr. Hussein and to reconstruct the victims' final moments.

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"I made a decision we're going to give the individual a voice," Michael K. Trimble, the director of the mass graves team, said during a recent tour of the laboratories, on a secret site in western Baghdad.

That voice, he said, is captured in a four-page file, one for each victim, describing the data that the scientists have been able to glean from the skeletal remains and other evidence.

In all, the investigators have excavated nine mass graves — from among the more than 200 scattered around the country containing, by some estimates, tens of thousands of victims — and have completed more than 330 files.

The forensic files will come into play for the first time on Aug. 21, when Mr. Hussein is to stand trial on genocide charges, accused of trying to annihilate the Kurdish people in 1988. He is alleged to have ordered military operations that wiped out entire villages, sometimes with chemical weapons, killing at least 50,000 people.

The team, part of the Regime Crimes Liaison Office organized by the United States Justice Department, has been helping the Iraqi judicial system try Mr. Hussein and members of his government.

It is also preparing files on Mr. Hussein's brutal suppression of the Shiite uprising across southern Iraq at the end of the Persian Gulf war in early 1991. At least 100,000 Shiites, and possibly twice that number, died, according to court officials.

Those would be the second and third trials of Mr. Hussein before an Iraqi special tribunal. The first concerned the deaths of 148 men and boys in the mostly Shiite town of Dujail after an assassination attempt against Mr. Hussein in 1982. It has been adjourned until October, when a verdict is expected. The forensic team did not participate in that case.

The forensic case files are a result of painstaking work that began on barren sweeps of desert where the team was led by informants or by satellite imagery that suggested that the ground had been disturbed.

In a meticulous process of documentation, the investigators used sophisticated imaging technology to map the contents of the graves, including the location of each body, spent cartridge and bullet. The remains were then flown by helicopter to the team's laboratories in a fortified compound in western Baghdad.

On a gray wooden work table in the Forensic Anthropology Laboratory, two yellowing skeletons lay side by side. One was that of a woman between the ages of 35 and 50 with a bullet hole in the back of her skull. Next to her were the tiny bones of an infant no older than a year. A separate bullet had shattered the baby's skull, which investigators reassembled using surgical tape.

These were Case No. 19 (the baby) and No. 20 (the woman), two of the 123 victims whose bodies Mr. Trimble's team pulled from a mass grave in a remote area about 60 miles from the northern town of Hatra.

The grave, known as Nineveh 2, is one of three sites the investigators are using to help build the Kurdish genocide case against Mr. Hussein. The skeletal remains, still clothed, were found lying face up, the woman's left arm around the child, who was wrapped in a blanket decorated with a bunny appliqué.

The woman may have been the child's mother, or perhaps a relative or a neighbor — the investigators cannot say for sure. But what is certain is that they died in an embrace.

Raad Juhi, the chief investigative judge, said the victims had been told that they were being relocated from their villages near Sulaimaniya to a residential complex elsewhere.

Case No. 20 was dressed in five layers of clothing, suggesting that she had not been allowed to pack a suitcase and had left home in a hurry. She was carrying a handbag with some baby clothes and personal items: a spool of thread, a tube of antibiotic ointment, matches, a metal container, some coins, a barrette and five pairs of gold earrings.

The child was dressed in soft white pants, a red pullover and a white long-sleeved shirt decorated with red trim, a drawing of a red sun hat and the word "summer."

Like thousands of other victims, Mr. Juhi said, the victims were herded aboard buses and driven to a holding camp near Kirkuk called Topzawa. From there they were driven into the remote desert, separated into groups — men in one, women and children in another — and then corralled into trenches.

It all "was very systematic, highly organized," Mr. Trimble said

In some cases, gunmen stood above the mass graves and sprayed their victims with automatic gunfire. The women and children in Nineveh 2, though, were executed in a far more meticulous fashion: one by one, with gunshots to the back of the head, the investigators said. Of the 123 victims, 95 were children, 88 of them no older than 12.

In another tent, Mark Smith, the team's archaeological field director, stood before a computer screen and demonstrated how researchers had reduced the tragedy to digitized data to aid prosecutors in constructing a precise narrative of those final gruesome minutes.

He went through several different graphic renderings of a mass grave associated with the Shiite uprising: one showed the outlines of all the bodies, others the bodies color-coded by age range, the number of gunshots they suffered and whether they were wearing blindfolds or had their hands bound.

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Those maps help investigators analyze how the victims were marched in, where the gunmen were standing, the trajectory of the bullets and how the bodies fell. “We’re looking for patterns,” Mr. Smith said.

Several yards away, in the Cultural Objects Laboratory, Ariana Fernández, a cultural anthropologist from Costa Rica, studied the clothes and artifacts found on the bodies in an effort to draw further clues about their identities and their fates.

Mannequins dressed in recovered clothing populate the laboratory, giving it the look of a wardrobe workshop. On a large plywood board, Ms. Fernández had laid out the clothing that Case No. 19 and Case No. 20 were wearing when they were murdered.

“You take them from the ground, you lift them up and they’re individuals again,” she said. “It humanizes them.”

The researchers have given some of the victims nicknames: Quinn — after the Bob Dylan song “Quinn the Eskimo” — for a boy who was found in a ski jacket with a fluffy hood; Pochahontas for a girl wearing a shirt with a beaded design; and Gray Guy, Brown Guy and the Blue Man.

“It’s not a deliberate thing,” explained Kerrie Grant, an archaeologist on the mass graves team. “We get attached to them. It gives them some of their humanity back.”

There was also “The Little Girl With the Ball.” She was found in Nineveh 2 with a red-and-white ball in her hands. “You spend enough time with these individuals, you really want to see them go home,” Mr. Trimble said.

But it is a cold reality of the job that the team’s mandate — and budget — do not encompass the return of the victims’ remains to their home villages.

That work, they hope, will be taken up by other organizations if the violence eases. But so far no group has come forward, and until then, the hundreds exhumed by the mass graves team will have to speak for the tens of thousands of others who remain buried.

A War With Flags But No Faces (USAT)

USA Today, August 17, 2006

Dan Frazier seems an unlikely sort to spark a national firestorm. The soft-spoken former journalist runs a left-leaning website in Flagstaff, Ariz., offering political T-shirts and other items with such slogans as "Be Nice to America or We'll Bring Democracy to Your Country." It was one T-shirt, however, that made Frazier the Thomas Paine of the ready-to-wear rebel set. Last year, Frazier produced a T-shirt that read "Bush Lied ... They Died." He then listed the names of the fallen in Iraq: at the time 1,700 names (more than 800 short of the latest total).

One of those names belonged to Marine Cpl. Scott Vincent, who was killed in April 2004 by a suicide bomber. When his mother, Judy Vincent, saw her son's name on the T-shirt, she was outraged and demanded legislative action in her state of Oklahoma. Various state legislators promptly made it a crime to use a soldier's name or likeness for commercial gain without consent. Louisiana followed suit, and other states are considering such bills. Now, U.S. Rep. Dan Boren, D-Okla., has introduced a federal bill that would prohibit the use of the name or image of any current or former member of the military without permission.

The federal and state legislation raises serious constitutional questions.

In direct conflict with the First Amendment, the federal law would effectively prevent war critics from personalizing the true costs of the war. It is far more powerful for Frazier to say "Bush Lied ... They Died" than the more common "Bush Lied ... People Died." It is precisely the type of personalization that war advocates have tried to prevent.

Draping the reality

When Ted Koppel announced that he would read the names and show the pictures of the (then 700) dead on Nightline in 2004, conservatives denounced him for undermining public support for the war, and Sinclair Broadcast Group refused to air the program. When the news media tried to photograph the returning caskets from Iraq, the administration barred them and later barred photographers from funerals without consent.

Politicians know that a war — particularly an unpopular war — is far easier to maintain in the abstract. It is often the personal images of war that change minds. One such mind was Rep. Walter Jones, R-N.C., who had voted for the war in 2002. Jones recently told me how he began to question the war after he attended the funeral of Marine Sgt. Michael Bitz, a 31-year-old amphibian assault vehicle driver killed in Iraq in March 2003 while trying to evacuate the wounded.

Even years later, Jones fought back tears as he described sitting at the funeral with Bitz's wife, Janina, and their four sons (ages 7 and 2 as well as twin baby boys whom Bitz never met). As Jones gradually concluded that he had been misled on the evidence of weapons of mass destruction, the Bitz funeral continued to gnaw at him, and he began to question the real costs and purpose of this war — eventually going public with his opposition in June 2005.

When people such as Koppel or Jones or Frazier publish the names or likenesses of the fallen, they are trying to reveal the raw realities of this war as well as their sense of national grief over the loss of our best and our bravest citizens. After all, covering or overseeing or opposing this war is no abstract exercise. Too often, our national discourse becomes deadened to the

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real costs. It is too antiseptic, too clinical to have real meaning or relevance. Just as it is hard to imagine more than $300 billion spent on the war, it is hard to fully appreciate the meaning of nearly 2,600 dead and more than 19,000 wounded troops.

Frazier has learned something about the costs of personalizing war. He has received threatening calls and could be prosecuted. Yet, his message has resonated with many. Frazier told me that he has run out of the T-shirts but that he still sells magnetic vehicle signs with the design. Recently, a woman who lost a loved one in Iraq bought two dozen signs.

War as a weapon

When Congress starts to regulate the images that can be used to oppose the war, you know things are not going well on the home front. It wants to deny opponents of any face or name that would remind citizens of the true costs. Of course, members who support the war will continue to use men and women in Iraq as justifications for their re-election. Likewise, when President Bush turned an aircraft carrier and its personnel into a giant photo op to declare "Mission Accomplished" in 2003, there was not a whimper of opposition from these self-righteous members.

Whether it is caskets, funerals or even T-shirts, the politicians would prefer to keep the fallen out of sight and out of mind. If he doesn't want to go to jail, Dan Frazier will just have to speak for the fallen without mentioning any names; a war with all flags but no faces. Ironically, the administration might have succeeded on a practical, if not a political, level. There are now so many names, Frazier is not sure he can fit them on a T-shirt.

Jonathan Turley is a law professor at George Washington University and a member of USA TODAY's board of contributors.

DOJ:

Prosecutor Tapped For D.C. Stint (RMA)

By Stephanie Barry, Sbarry@repub.com

The Republican (MA), August 17, 2006

SPRINGFIELD - A federal prosecutor who has won more than a dozen convictions in city corruption cases has accepted a high-level post with the U.S. Department of Justice's public integrity office, which combats fraud on the national stage.

While refusing to discuss details of the move, Assistant U.S. Attorney William M. Welch II yesterday confirmed he has accepted a temporary assignment as acting deputy chief in the division probing former Republican lobbyist Jack Abramoff's dealings with elected officials. Abramoff pleaded guilty to federal corruption charges in January, agreeing to testify against lawmakers and others who allegedly accepted graft.

"My court docket permitting, I am going down there for a six-month detail and nothing more," Welch said yesterday during a brief phone interview, squelching speculation about his long-term future. "Any other rumor or conjecture is not appropriate."

Welch is shuttling between here and the nation's capital, for now.

A spokesman for the Justice Department did not return calls. There was some shuffling of leadership in the public integrity office after division chief Noel L. Hillman took a federal judgeship in New Jersey earlier this year.

Welch, 43, will work under Hillman's successor, Edward Nucci, and a principal deputy chief. He will work alongside two other deputy chiefs supervising white collar prosecutions.

A Northampton native and Princeton graduate, Welch gained notice here in 2001 with first- and second-degree murder convictions against serial killer Kristen H. Gilbert. The nurse at the Veterans Affairs Medical Center in Northampton killed a string of patients with lethal doses of epinephrine.

He later turned his attention to influence peddling and corruption at Springfield City Hall and other public agencies.

Working with federal agents, Welch has led an ongoing probe yielding convictions of ex-city employees involved in numerous scams, including plundering a small business loan fund and a no-show job scheme at a city trade school. The latter case ensnared the former Police Commission chairman.

He is involved in plea negotiations in a case against former Springfield Housing Authority executives, family members and associates accused of stealing millions from that agency. Five guilty pleas have been scheduled. There are 13 defendants.

"I'm sad to see him go. He was good for business," criminal defense lawyer Vincent A. Bongiorni said during an interview. "I told him that and got a wry little smile. He has a pretty good sense of humor; it's just hard to get him to show it to you."

A colleague at the U.S. attorney's office yesterday heaped on praise.

"Bill is the best assistant U.S. attorney I've ever worked with. He combines the qualities of great intelligence, hard work and tenacity," fellow prosecutor Kevin O'Regan said. Welch joined the Springfield office in 1995.

One law enforcement official said the Washington appointment is a testament to his skill.

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"To be solicited for that really esteemed position ... it's a tribute to him and a tribute to his office which has supported him and the agents working along with him," Springfield FBI supervisor Michael G. O'Reilly said yesterday.

O'Reilly said he believes Welch will remain an asset in Washington, adding that the local probe will not stall. "I plan to sustain the momentum of the investigation whether Bill Welch is prosecuting or not," he said.

Stephen Breslow, a federal prosecutor from New York, recently joined Springfield's U.S. attorney's office. He will be the lead lawyer in the September trial of a housing authority contractor, according to acting Chief Karen Goodwin.

CORPORATE SCANDALS:

Ex-Engineered Support Board Member Resists Investigation (SLPD)

By Tim McLaughlin And Robert Patrick

St. Louis Post-Dispatch, August 17, 2006

A former director at Engineered Support Systems is resisting attempts by federal investigators to secure information about the defense contractor's stock option program, the Post-Dispatch has learned.

The U.S. attorney's office in St. Louis and the Securities and Exchange Commission are investigating whether the timing of stock option grants at Engineered Support was manipulated to boost the pay of top executives. Earl W. Wims, a former Engineered Support director and compensation committee member, recently received a grand jury subpoena regarding the government's investigation into the backdating of options.

Backdating occurs when hindsight is used to determine grant dates, essentially cherry-picking dates to pinpoint depressed stock prices. Backdating can be legal, if properly disclosed.

A compensation committee, consisting of outside board members, administered the stock option program at

Engineered Support. Recent members of the committee have told the Post-Dispatch that backdating did not occur.

Several dozen U.S. corporations are being investigated for backdating. Last week, the Justice Department brought criminal charges against three former executives at Comverse Technology Inc., including the company's former chief executive, who is considered an FBI fugitive.

At Engineered Support, the federal investigation centers on stock options awarded in the years before the company was sold in January to New Jersey-based DRS Technologies Inc. for about $2 billion.

Wims argues in his court filing that the government has better sources than him for internal documents and information since he has been off the board since the acquisition. He joined the board in 1992.

Richard Greenberg, a lawyer for Wims, recently filed a motion in U.S. District Court in St. Louis to quash the subpoena, the Post-Dispatch learned after reviewing the filing. Greenberg declined to comment, saying it was a confidential matter.

A Post-Dispatch analysis showed that executives several times received options after sharp declines in Engineered Support stock. In the days and weeks afterward, Engineered Support's stock often soared, enhancing executive payouts, SEC records showed.

Experts interviewed by the Post-Dispatch said the timing -- getting in when the stock price was depressed -- was likely more than just luck.

Engineered Support executives gained tens of millions of dollars when they cashed in their options amid explosive stock and revenue growth.

Wims, 67, of St. Albans, has close ties to Michael F. Shanahan Sr., who co-founded the defense contractor and served as its chairman. Wims' daughter, Paula, is married to Shanahan Sr.'s son, Michael F. Shanahan Jr., who also was an Engineered Support director and member of the compensation committee at the same time as his father-in-law, SEC filings show.

Shanahan Sr. was the biggest beneficiary of the stock option program. From 2000 to 2004, Shanahan Sr. realized $59.3 million from stock option exercises, SEC filings show.

In May, DRS learned that the SEC's enforcement division and the U.S. attorney's office had each expanded its investigations of Engineered Support to include possible backdating of option grants. The SEC and U.S. attorney already were investigating whether the defense contractor adequately disclosed problems with a military contract to investors.

SEC Probes Berkshire Deals With St. Paul, Prudential (Update3) (BLOOM)

By George Stein

Bloomberg, August 17, 2006

Aug. 16 (Bloomberg) -- U.S. securities regulators probing Berkshire Hathaway Inc.'s reinsurance units are examining transactions with a predecessor of St. Paul Travelers Cos. and former subsidiaries of Prudential Financial Inc., a filing shows.

DOJ_NMG_0049526

Berkshire's General Re Corp., the largest U.S. reinsurer, briefed the Securities and Exchange Commission about the deals on June 13, the Stamford, Connecticut-based company said in a second-quarter filing with state insurance regulators. Two former General Re executives invoked their Fifth Amendment right not to testify about the Prudential agreement, according to the filing.

Prudential, the second-largest U.S. life insurer, and St. Paul, the No. 2 commercial insurer, are among more than a dozen companies to become entangled in probes of a type of reinsurance regulators say can be used to manipulate earnings. At General Re, five former managers, including the company's previous chief executive officer, have been criminally charged over transactions with American International Group Inc.

``As evidence comes in, more questions arise and the scope of the inquiry becomes broader," said Christopher Bebel, a former federal prosecutor in Houston not involved in the investigations.

Prudential, based in Newark, New Jersey, previously said the SEC was examining contracts that its property and casualty units entered into between 1997 and 2002 with an unidentified counterparty. The units were sold to Palisades Safety & Insurance Association and Liberty Mutual Group in 2003. Spokesman Bob DeFillippo declined to comment further.

Shane Boyd, a spokesman for St. Paul Travelers, declined to comment, as did SEC spokesman John Nester. General Re identified transactions with St. Paul Cos., which merged with Travelers Property Casualty Corp. in 2004.

Criminal Investigation

The SEC attempted to question Christopher Garand, who had been a senior vice president in charge of finite reinsurance at General Re, and Robert McGowan, a former account executive at the company, General Re said in the state filing.

Richard Spinogatti, Garand's attorney, declined to comment beyond confirming that his client refused to testify about the Prudential transaction on advice of counsel. McGowan couldn't be reached for comment, and Stanley Twardy, an attorney for General Re, didn't return a phone call.

Garand is the Justice Department's latest target in a probe of 2000 and 2001 transactions with AIG, the world's largest insurer, according to an Aug. 4 SEC filing from Omaha, Nebraska- based Berkshire. Regulators say the deals, which were later corrected by AIG, inflated AIG's reported reserves for claims by $500 million.

$74 Million

Probes of General Re have touched managers as senior as Berkshire's billionaire chairman, Warren Buffett, who was interviewed about the AIG transactions last year.

Two former General Re executives pleaded guilty to criminal charges in 2005 and another three -- former CEO Ronald Ferguson, former Chief Financial Officer Elizabeth Monrad, and Robert Graham, who had been assistant general counsel, were indicted this year. Christian Milton, former head of reinsurance at AIG, also awaits trial.

Insurers buy reinsurance to limit their losses. The accounting treatment on non-traditional policies such as finite helps buyers smooth their earnings and boost policyholders' surplus. Regulators say the treatment encourages companies to misclassify low-cost loans as reinsurance even when there isn't enough risk transferred.

Prudential's 2005 annual report, filed to the SEC in February, said any potential restatement may reduce income by about $74 million in 2001 and 2002 and wouldn't affect periods since. The company said it intends to cooperate with any further requests.

St. Paul Settlement

St. Paul Travelers resolved state allegations earlier this month that St. Paul Cos. used non-traditional reinsurance to enhance its own earnings and those of its clients. The $77 million settlement with attorneys general in New York, Connecticut and Illinois, which also ended probes of bid-rigging, didn't mention Berkshire or General Re. The company didn't admit to any violation of federal or state law.

General Re said the SEC is also investigating municipal bond covered calls involving General Re Financial Products and affiliates of New York-based AIG. AIG corrected the accounting on unidentified transactions involving covered calls as part of its $3.4 billion restatement of 2000 to 2005 earnings. AIG spokesman Chris Winans declined to comment.

The General Re-AIG transactions contributed to last year's ouster of Maurice ``Hank" Greenberg, who had been AIG's CEO since 1967. AIG in February agreed to pay $1.64 billion to settle probes of the General Re deals and other transactions. The company didn't admit or deny wrongdoing in the settlement. Greenberg, 81, is fighting related allegations from New York Attorney General Eliot Spitzer.

Lawyers Try To Expunge Lay Verdict (WP)

By Carrie Johnson

The Washington Post, August 17, 2006

DOJ_NMG_0049527

Lawyers for Enron Corp. founder Kenneth L. Lay yesterday asked a judge to erase his conviction on fraud and conspiracy charges, citing his death last month before he could appeal a jury verdict.

The request signals that Lay's record soon could be wiped clean, seriously complicating the government's attempts to seize his remaining assets. Legal experts explain that the system hesitates to label people guilty if they have not had a chance to appeal and that it is loath to punish dead people or their estates.

A federal jury convicted Lay of six criminal counts in May, at the same time that a judge found him guilty of four more charges stemming from personal bank loans. Lay, 64, faced the prospect of spending the rest of his life in prison. But he died before he could be sentenced or mount an appeal.

"The court should enter an order vacating his conviction and dismissing the indictment," defense lawyers Michael W. Ramsey and Samuel J. Buffone wrote in papers filed in Houston.

Despite a flurry of rumors suggesting that Lay met with foul play or took his own life, a coroner's report and an autopsy concluded that he died July 5 from heart disease. Legal doctrines in place in the U.S. Court of Appeals for the 5th Circuit and in other parts of the country allow courts to vacate the convictions of defendants who have died before their cases could wend their way through the justice system.

Lay left the bulk of his assets -- including a multimillion-dollar insurance policy, an investment fund containing more than $6 million and a penthouse apartment in Houston -- to his wife, according to his will.

Kirby D. Behre, a partner at Paul, Hastings, Janofsky & Walker LLP who closely followed the Enron case, said it is "all but guaranteed" that Lay's heirs will be able to strike his conviction. But, Behre said, civil cases filed by the company's shareholders and the Securities and Exchange Commission may yet succeed in recovering some money from Lay's estate for investors.

Defense lawyers said Kathryn H. Ruemmler, deputy director of the Justice Department's Enron Task Force, indicated that prosecutors will oppose their request, which requires the approval of U.S. District Judge Simeon T. Lake III.

"The Department of Justice remains committed to pursuing all available legal remedies to reclaim for victims the proceeds of crimes committed by Ken Lay," agency spokeswoman Jaclyn Lesch said.

Prosecutors filed court papers last week affirming that they want to hold Jeffrey K. Skilling responsible for covering more than $43 million in financial penalties for Lay, because government lawyers claim that both men engaged in the same conspiracy. In May, the federal jury in Houston that convicted Lay also convicted Skilling, 53, of 19 criminal charges, including conspiracy, false statements and a single count of insider trading.

Skilling's defense lawyer vigorously opposes the effort to wrest a total of $182.8 million from his client, arguing that government estimates of his take from the alleged accounting fraud are overblown. Daniel M. Petrocelli also has said that his law firm, O'Melveny & Myers LLP, is owed $12 million in unpaid, out-of-pocket costs from the four-month-long trial and millions more in fees.

Skilling, who left the Houston energy trading company months before it filed for bankruptcy protection in December 2001, is to be sentenced Oct. 23. He has vowed to appeal.

Prosecutors Oppose Clearing Lay's Record (AP)

By Kristen Hays, AP BUSINESS WRITER

AP, August 17, 2006

HOUSTON -- Federal prosecutors will oppose a request by lawyers for Kenneth Lay to legally clear the late convicted Enron Corp. founder's name.

Lawyers for Lay's estate filed court papers Wednesday formally asking a judge to erase Lay's convictions and dismiss the indictment against him because he died before he had appealed. Lay was convicted of 10 counts of fraud, conspiracy and lying to banks in two separate cases on May 25, and died of heart disease July 5.

However, a one-sentence addition to the filing revealed that prosecutors aren't willing to rubber-stamp the request.

The filing noted that Lay's attorney Michael Ramsey had "conferred with (prosecutor) Kathy Ruemmler who indicated the government will oppose this motion."

If U.S. District Judge Sim Lake clears Lay's record, that would thwart the government's bid to seek $43.5 million in ill-gotten gains prosecutors allege he pocketed by participating in Enron's fraud. The government could still pursue those gains in civil court, but they would have to compete with other litigants, if any, also pursuing Lay's estate.

"The Department of Justice remains committed to pursuing all available legal remedies and to reclaim for victims the proceeds of crimes committed by Ken Lay," said Justice Department spokesman Bryan Sierra.

Sierra said prosecutors would respond further in court filings.

Philip Hilder, a former federal prosecutor who represents several Enron witnesses, said that likely means prosecutors will look for a way to allow Lay's convictions to stand despite his death before appeal and sentencing.

"I think it's quite clear what the government's signaling, that they're not quite throwing in the towel and they're looking to be creative in trying to hold on to that verdict," Hilder said.

Lay's lawyers said in Wednesday's filing that Lay's death "necessitates" erasing his convictions. They cited a 2004 ruling from the 5th U.S. Circuit Court of Appeals that found that a defendant's death pending appeal extinguished his entire case because he hadn't had a full opportunity to challenge the conviction and the government shouldn't be able to punish a dead defendant or his estate.

"Mr. Lay died prior to his ability to complete an appeal. He had planned an appeal and retained counsel to pursue it on his behalf," the filing said.

A federal jury in Houston convicted Lay in May of six counts of fraud and conspiracy in the government's foremost criminal case to emerge from one of the biggest corporate frauds in U.S. history. Lay's co-defendant, former Enron CEO Jeffrey Skilling, was convicted of 19 of 28 counts of fraud, conspiracy, insider trading and lying to auditors. He faces sentencing in October.

Prosecutors sought to show Lay and Skilling repeatedly lied about Enron's financial health when they knew an illusion of success was propped up by accounting maneuvers that hid debt and inflated profits. The defendants countered that no fraud occurred at Enron and they did nothing wrong.

Enron crumbled into bankruptcy proceedings in December 2001, obliterating thousands of jobs and $60 billion in market value.

Lake also convicted Lay of one count of bank fraud and three counts of lying to banks in a separate, non-jury trial related to the company founder's personal banking.

Lay died six weeks later while vacationing with his wife, Linda, in Aspen, Colo.

She Stood By Her Man - Until Now (USAT)

By Greg Farrell And Kevin Mccoy

USA Today, August 17, 2006

Karen Mayo Kozlowski, the wife of former Tyco CEO Dennis Kozlowski and the woman whose $2 million birthday party in Sardinia came to represent an era of executive excess, wants a divorce.

Her husband is serving a sentence of 8? to 25 years in prison after being convicted last year of stealing hundreds of millions of dollars from Tyco.

In a court filing in Palm Beach, Fla., Karen Kozlowski declares the marriage “irretrievably broken,” seeks half of her husband's assets and attempts to put a lien on their mansion and estate in Boca Raton, Fla., purchased with a $30 million interest-free loan from Tyco.

Karen Kozlowski's attempt to get half of her husband's property, as well as a promise of future financial support, could run into trouble. During sentencing in New York last September, State Supreme Court Justice Michael Obus ordered Dennis Kozlowski to pay $167 million in restitution and fines. Since then, Kozlowski has sold an expensive New York apartment and put the proceeds in escrow, according to the Manhattan District Attorney's office.

Steven Kessler, an expert in forfeiture law, thinks Karen Kozlowski has a good chance to keep some of the assets she shared with her husband. The reason: He was convicted in New York, and the divorce filing is in Florida. If he had been convicted in federal court, federal rules of forfeiture and asset distribution would apply, but because his prosecution occurred at the state level, “There are some competing interests,” says Kessler.

Karen Kozlowski has certain rights to property held jointly with her husband, he says. “There's no allegation that she was in any way involved in criminal activity,” he says. “Under New York law, as a non-criminal defendant, she's got substantial rights. One … is that you can't get a money judgment against anyone but the criminal defendant.”

John Moscow, the former New York assistant district attorney who initially prosecuted Dennis Kozlowski, stressed that the ex-CEO used funds looted from Tyco for many purchases, including the Boca Raton estate cited in the divorce filing.

Karen Mayo met her husband in the 1990s when she was a waitress at Ron's Beach House, a high-end restaurant frequented by Tyco executives near the company's offices in Exeter, N.H. After she and Kozlowski began dating (they were both in the process of ending their previous marriages), he helped her buy a beachfront condominium and put up the funds for her to open a restaurant in Florida.

In May 2001, after they divorced their spouses, the couple were married on the island of Antigua. A month later, for her 40th birthday, Dennis Kozlowski hosted an opulent, $2 million bash on Sardinia. The bacchanalia featured performers dressed as Roman servants and a vodka bar featuring an ice sculpture of Michelangelo's David with vodka flowing out of the sculpture's male member.

Because several Tyco executives attended, Dennis Kozlowski charged half of the bill for the affair to the company.

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The couple also lived sumptuously in Manhattan. Using Tyco funds, Dennis Kozlowski bought an apartment on Fifth Avenue for $17 million and spent $3 million to upgrade it. He paid a decorator $11 million to furnish the place. The lavish decorations included a $6,000 shower curtain in the maid's room, a $15,000 umbrella stand and a $17,000 traveling toilette box.

Manhattan District Attorney Robert Morgenthau indicted Dennis Kozlowski and Mark Swartz, Tyco's former chief financial officer, accusing them of stealing $600 million from the company. The first trial, which began in 2003, ended in a mistrial. But in the retrial last year, both men were convicted.

During the trials, Karen Kozlowski stood by her man, attending court almost every day. Fearful of taking elevators in the lower Manhattan courthouse where the trials were held, the athletic blonde routinely climbed the steps to the 13th floor courtroom of Judge Obus.

At her husband's sentencing last September, Karen Kozlowski doubled over in her seat several times, fighting back emotion. Brushing away tears, she and other relatives and friends left the sentencing hearing without comment after the disgraced former CEO was led away in handcuffs to prison. Dennis Kozlowski, whose lawyers are planning to appeal the conviction, is currently an inmate at the Mid-State Correctional Facility, a medium-security prison in Marcy, N.Y.

CRIMINAL LAW:

Suspect In JonBenet Ramsey Case Calls Her Death 'An Accident' (AP)

By Sutin Wannabovorn

AP, August 17, 2006

BANGKOK, Thailand - The American suspect in the JonBenet Ramsey murder case said publicly Thursday he was with the 6-year-old when she died and called her death "an accident," a stunning admission that will help answer 10 years of questions in the unsolved murder case.

"I was with JonBenet when she died," John Mark Karr told reporters in Bangkok, visibly nervous and stuttering as he spoke. "Her death was an accident."

Police said Karr, 41, admitted to the killing after he was arrested Wednesday at his downtown Bangkok apartment by Thai and American authorities.

Karr will be taken to Colorado within the next week where he will face charges of murder, kidnapping and child sexual assault, Ann Hurst, Department of Homeland Security attache at the American Embassy in Bangkok, said at a news conference in Bangkok.

Karr, speaking to reporters after the news conference, declined to say what his connection was to the Ramsey family or how long he had known JonBenet. Wearing a blue, short-sleeved shirt, he appeared ashen with an expressionless look on his face.

JonBenet was found beaten and strangled in the basement of the family's home in Boulder on Dec. 26, 1996.

The image of blonde-haired little JonBenet in a cowgirl costume and other beauty pageant outfits has haunted TV talk shows ever since, helping feed myriad theories about her killer, and the case became one of the most sensational unsolved murder cases in the nation.

Lt. Gen. Suwat Tumrongsiskul said U.S. authorities informed Thai police on Aug. 11 that an arrest warrant had been issued for Karr on charges of premeditated murder. The warrant was sent to Thai police on Wednesday.

At the press conference, Suwat said Karr insisted after his arrest that his crime was not first-degree murder. "He said it was second-degree murder. He said it was unintentional. He said he was in love with the child. She was a pageant queen," Suwat said.

The Thai officer quoted the suspect as saying he tried to kidnap JonBenet for a $118,000 ransom but that his plan went awry and he strangled her to death. Patsy Ramsey, JonBenet's mother, reported finding a ransom note in the house demanding $118,000 for her daughter.

Hurst said Karr has been "very cooperative" with authorities and that he's shown a "variety of emotions." She said he has been a suspect "for a while" but wouldn't specify how long.

Suwat said Karr arrived in Bangkok on June 6 from Malaysia to look for a teaching job. It was not clear whether he had gotten a job, the police officer said.

Suspect Held In JonBenét's Death (USAT)

By Tom Kenworthy

USA Today, August 17, 2006

DOJ_NMG_0049530

DENVER — A former schoolteacher was arrested Wednesday in Thailand in the slaying of 6-year-old beauty queen JonBenét Ramsey, a sensational murder case that frustrated police for nearly a decade.

The suspect was identified as John Mark Karr, 42, by Lin Wood, the Ramsey family attorney, as well as a law enforcement official familiar with the case who asked not to be identified because he is not authorized to discuss the case.

Wood said Karr is a schoolteacher who once lived in Conyers, Ga., outside Atlanta. The Ramseys lived in the Atlanta suburb of Dunwoody for several years before moving to Colorado in 1991.

Wood declined to discuss whether Karr and the Ramseys had a previous relationship.

The official said Karr was a teacher at an international school in Thailand. Another law enforcement official familiar with the case who asked for anonymity said Karr's arrest warrant was issued by the Boulder County district attorney's office and charges him with murder.

Karr's brother, Nate, told Fox News' On the Record with Greta Van Susteren that he does not believe his brother killed JonBenét. He said his brother was researching a never-completed book "about men who commit these horrible crimes against children," including JonBenét.

JonBenét was found beaten and strangled in the basement of the family's home in Boulder, Colo., on Dec. 26, 1996. Her mother, Patsy Ramsey, reported finding a ransom note demanding $118,000 for her daughter. Ramsey and her husband, John, struggled for years under what a former Boulder police chief said was "an umbrella of suspicion" in the case. Patsy Ramsey died in June of ovarian cancer.

On Wednesday, John Ramsey expressed gratitude for the arrest. "Patsy was aware that authorities were close to making an arrest in this case, and had she lived to see this day, would no doubt have been as pleased as I am with today's development almost 10 years after our daughter's murder," he said in a statement released by Wood.

The Ramseys had always insisted that JonBenét was killed by an intruder who broke into their expensive home on Christmas night.

Boulder County District Attorney Mary Lacy officially announced the arrest of an unnamed suspect in a statement Wednesday. She said no details would be discussed until today.

U.S. Immigration and Customs Enforcement officers assisted Boulder County authorities and the Royal Thai Police in locating the suspect, the federal agency said.

Wood credited Lacy with doggedly pursuing the case after others had concluded it might never be solved. "The public mind was so poisoned against this family" that few took "an objective look at the evidence," Wood told MSNBC.

The case thwarted the efforts of police, private investigators, and amateur sleuths for nearly 10 years. JonBenét's killing became a public obsession that spawned a flood of books, documentaries and lawsuits.

Pictures and videos of the pretty blonde posing coquettishly in her beauty contest costumes were widely printed in newspapers and broadcast on television.

An autopsy report the month after she was killed revealed she had suffered severe head injuries and may have been sexually assaulted.

For years, suspicion focused on her parents, a wealthy businessman and his homemaker wife. The parents had initially refused to submit to police interviews, and in 1997, Boulder Police Chief Mark Beckner said the family was under an "umbrella of suspicion."

In September 1998, a Boulder County grand jury began a new probe into the case after many months of inconclusive investigation by Boulder police. Thirteen months later, Boulder County District Attorney Alex Hunter announced that no indictments would be issued. Hunter said there was insufficient evidence to indict anyone.

Breakthrough After 10 Years: Man Is Arrested In JonBenet Ramsey Slaying (FINDLAW/AP)

By Catherine Tsai, Associated Press Writer

AP, August 17, 2006

(AP) - BOULDER, Colorado-A former schoolteacher was arrested in Thailand in the slaying of 6-year-old beauty queen JonBenet Ramsey - a surprise breakthrough in a lurid, decade-old murder mystery that had cast a cloud of suspicion over her parents.

Ramsey family attorney Lin Wood identified the suspect as John Mark Karr, 41. Federal officials, speaking on condition of anonymity Wednesday, confirmed the name, and one law enforcement official told The Associated Press that Boulder police had tracked him down online.

Wood said the arrest vindicated JonBenet's parents, John and Patsy Ramsey. Patsy Ramsey died of ovarian cancer June 24.

"John and Patsy lived their lives knowing they were innocent, trying to raise a son despite the furor around them," Lin Wood said. "The story of this family is a story of courage, and story of an American injustice and tragedy that ultimately people will have to look back on and hopefully learn from."

The attorney said the Ramseys learned about the suspect at least a month before Patsy Ramsey's death. "It's been a very long 10 years, and I'm just sorry Patsy isn't here for me to hug her neck," Wood said.

Karr was a teacher who once lived in Conyers, Georgia, according to Wood. The attorney said the Ramseys gave police information about Karr before he was identified as a suspect.

Wood would not say how the Ramseys knew Karr. But JonBenet was born in Atlanta in 1990, and the Ramseys lived in the Atlanta suburb of Dunwoody for several years before moving to Colorado in 1991.

A source close to the investigation said Karr confessed to elements of the crime. Also, a law enforcement source, speaking on condition of anonymity, told the AP that Karr had been communicating periodically with somebody in Boulder who had been following the case and cooperating with law enforcement officials.

District Attorney Mary Lacy said the arrest followed several months of work, but she said no details would be released until Thursday.

U.S. authorities said Karr was being held in Bangkok on unrelated sex charges, but Thai police Lt. Gen. Suwat Tumrongsiskul said he was unaware of any criminal charges the suspect faced in Thailand.

Karr was arrested in his apartment in downtown Bangkok at the request of U.S. officials, and was being held until they arrived in the country, Thai police said. Suwat said he expected U.S. officials to bring Karr back to America in the next few days.

JonBenet was found beaten and strangled in the basement of the family's home in Boulder on Dec. 26, 1996. Patsy Ramsey reported finding a ransom note in the house demanding $118,000 (â‚¬92,200) for her daughter.

The image of blonde-haired little JonBenet in a cowgirl costume and other beauty pageant outfits has haunted U.S. TV talk shows ever since, helping feed myriad theories about her killer, and the case became one of the most sensational unsolved murder cases in America.

Over the years, some experts suggested that investigators had botched the case so thoroughly that it might never be solved.

Investigators at one point said JonBenet's parents were under an "umbrella of suspicion" in the slaying. And some news accounts cast suspicion on JonBenet's older brother. But the Ramseys insisted an intruder killed their daughter, and no one was ever charged.

In the months after the slaying, Patsy Ramsey went before the cameras, vigorously defending herself and her husband, chastising the media and blasting local law enforcement as incompetent.

In a statement Wednesday, John Ramsey said: "Patsy was aware that authorities were close to making an arrest in the case, and had she lived to see this day, would no doubt have been as pleased as I am with today's development almost 10 years after our daughter's murder."

The Ramseys moved back to Atlanta after their daughter's slaying.

Wood lashed out at the frenzy that long surrounded the case, and he accused the media of "the most obscene false accusations." "I think the public's mind was so poisoned against this family that no one was able for too many years to look at the evidence," he said.

Patsy Ramsey's sister, Pam Paugh, of Roswell, Georgia, said the family was celebrating the news of the arrest. "We are elated. We are elated. If this is, in fact, the killer, then we have a very heinous killer off the streets to never harm another child," Paugh said.

Lib Waters of Marietta, Georgia, visited the gravesites of Patsy and JonBenet Ramsey in the Atlanta suburb immediately after hearing news reports about the arrest.

Waters, who described herself as a longtime friend of the Ramsey family, taped a piece of notebook paper to JonBenet Ramsey's headstone that read: "Dearest Patsy, Justice has come for you and Jon. Rest in peace."

In 2003, a federal judge in Atlanta concluded that the evidence she reviewed suggested an intruder killed JonBenet. That opinion came with the judge's decision to dismiss a libel and slander lawsuit against the Ramseys by a freelance journalist, whom the Ramseys had named as a suspect in their daughter's murder. The Boulder district attorney at the time said she agreed with the judge's declaration.

"Today is additional vindication of the family," Wood said.

Wood said he and the Ramseys "have been totally amazed and impressed with the professionalism of law enforcement" under Lacy's direction. Lacy became district attorney in 2001.

Lawrence Schiller, author of the 1999 book "Perfect Murder, Perfect Town" about the case, said Wednesday he understood the man had been on a list of sexual offenders who were suspects for a long time.

"There are a lot of facts about her actual death that the public does not know." Schiller said. "If he did confess to some facts of the murder, to reveal those facts of the case, that would finish the puzzle."

Among the facts he said were not generally known was the murder weapon and what the killer did with it.

DNA was found beneath JonBenet's fingernails and inside her underwear, but Wood said two years ago that detectives were unable to match it to anyone in an FBI database. It was not immediately known Wednesday whether investigators had any DNA evidence against Karr.

Bob Grant, a former Adams County district attorney who worked on the case, said there was never enough evidence to convince him that any potential suspect could be successfully prosecuted.

"I wasn't convinced it was an inside job, nor was I convinced it was an outside job," he said. "All the outside suspects were cleared after exhaustive investigation, and there were a whole lot of outside suspects."

Associated Press Writers Suzanne Gamboa and Lara Jakes Jordan in Washington; Jon Sarche, Judith Kohler, Robert Weller and Chase Squires in Denver; Harry R. Weber in Atlanta; and Doug Gross in Marietta, Georgia, contributed to this report.

Arrest Made In JonBenet Slaying (WT)

By Valerie Richardson

The Washington Times, August 17, 2006

BOULDER, Colo. -- Investigators arrested a suspect in Thailand yesterday in the JonBenet Ramsey slaying nearly a decade after the 6-year-old girl was found strangled in her home and well after many had given up hope that the case would ever be solved.

The suspect was identified by Ramsey family attorney Lin Wood as John Mark Karr, a 41-year-old former elementary-school teacher.

U.S. authorities said he confessed to the crime after he was arrested in Bangkok on an unrelated sexual-assault charge, adding that he knew certain details about the crime that had not been released publicly.

A Boulder County investigator was expected to fly Mr. Karr to Colorado in the next day or so. He was assisted in the arrest by agents with Immigration and Customs Enforcement and Thai police.

Boulder County District Attorney Mary Lacy is scheduled to hold a press conference about the arrest at 2 p.m. today. One law-enforcement official told the Associated Press that Boulder police had tracked Mr. Karr down online.

The arrest is the first in one of the most widely publicized murder cases in U.S. history. The Boulder County District Attorney's Office said the confession came after "several months of a focused and complex investigation."

Patsy Ramsey, JonBenet's mother, had been told that authorities were closing in on a suspect before her death of ovarian cancer on June 24, according to a statement released yesterday by her husband, John Ramsey.

"Patsy was aware that authorities were close to making an arrest in the case, and had she lived to see this day, would no doubt have been as pleased as I am with today's development almost 10 years after our daughter's murder," Mr. Ramsey said.

"Words cannot adequately express my gratitude for the efforts of Boulder District Attorney Mary Lacy and the members of her investigative team," he said.

Mr. Wood claimed vindication for his clients after years of vilification.

"John and Patsy lived their lives knowing they were innocent, trying to raise a son despite the furor around them," Mr. Wood told a press conference in Georgia. "The story of this family is a story of courage, and a story of an American injustice and tragedy that ultimately people will have to look back on and hopefully learn from."

Thai police said Mr. Karr was arrested at his apartment in downtown Bangkok at the request of U.S. officials and was being held until they arrived. Lt. Gen. Suwat Tumrongsiskul said that he was unaware of any criminal charges pending against Mr. Karr in Thailand and that he expected U.S. officials to take Mr. Karr back to America in the next few days.

Mr. Wood also said the Ramseys gave police information about Mr. Karr. Although he would not say how the Ramseys knew him, he did say Mr. Karr had lived in the Atlanta suburb of Conyers. JonBenet was born in Atlanta in 1990, and the Ramseys lived in the Atlanta suburb of Dunwoody for several years before moving to Colorado in 1991.

The Ramseys moved back to the Atlanta area after their daughter's slaying.

The Ramseys became the primary suspects in their daughter's killing soon after her body was found the day after Christmas 1996 in a room off the family's basement. She had been bound, gagged and strangled.

Boulder police quickly zeroed in on the Ramseys, primarily because JonBenet's body was found at home in a hidden room. Only her parents and 9-year-old brother, Burke, were at home that evening.

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Mrs. Ramsey called police early the next morning after finding JonBenet missing and a three-page ransom note demanding $118,000 for her return. Boulder police approached the case as a kidnapping until Mr. Ramsey found his daughter's body during a search of the house a few hours later.

Shortly thereafter, the Boulder police chief said the Ramseys were "under an umbrella of suspicion." They vehemently proclaimed their innocence and urged the police to look into whether JonBenet had been killed by an intruder.

The case was soon front-page international news, largely because it had elements other slayings didn't. For one, the Ramseys were millionaires living a seemingly charmed life until JonBenet's death. Then there was JonBenet, a strikingly beautiful girl who had won a number of child-beauty pageants.

Her pageant career was apparently driven by her mother, a former Miss West Virginia. JonBenet had also been extensively photographed by professionals, and those photos frequently made their way to the front page of national tabloids.

In 1999, after a three-year investigation, a Boulder grand jury declined to indict the Ramseys for lack of evidence, and the case appeared to go cold.

Mr. Wood also blamed the press coverage in part for the investigation's length and difficulties.

"I think the public's mind was so poisoned against this family that no one was able for too many years to look at the evidence," the lawyer said.

Schoolteacher Arrested In JonBenet Ramsey Case (NYT)

By James Barron

The New York Times, August 17, 2006

An American identified as a schoolteacher was arrested in Bangkok yesterday in the death of JonBenet Ramsey, the 6-year-old beauty pageant princess who was found strangled in her home on Dec. 26, 1996.

The district attorney in Boulder, Colo., where the Ramseys lived when JonBenet's body was found, said the arrest yesterday came after "several months of a focused and complex investigation."

The district attorney, Mary Lacy, added in a three-paragraph statement on the Boulder County Web site that JonBenet's parents, John and Patsy Ramsey, had been consulted during the investigation and that the family had been told of the arrest.

Mrs. Ramsey died of ovarian cancer in June. Mr. Ramsey said in a statement that they had been notified before Mrs. Ramsey's death that an arrest was close. "Had she lived to see this day," he said, she "would no doubt have been as pleased as I am."

Ms. Lacy's statement provided no details about what had led investigators to the suspect or why, if they had been on his trail for some time, they swooped down on him yesterday. Nor did she spell out what charges he would face, and it was not clear how soon he would be returned to this country. Ms. Lacy's statement said she would not comment further until a news conference this morning, and calls to her office were not returned.

The suspect was identified by a law enforcement official, speaking on condition of anonymity because he was not authorized to discuss the case publicly, as John M. Karr. The Associated Press quoted a lawyer who represented the Ramseys in the 1990's as saying Mr. Karr had lived in Conyers, Ga. The Ramseys lived in an Atlanta suburb, Dunwoody, about 30 miles away, before they moved to Colorado.

The Associated Press initially reported that Mr. Karr, 42, was already in custody in Bangkok on an unrelated sex charge when he was arrested in the Ramsey case. Later The A.P. quoted Lt. Gen. Suwat Tumrongsiskul, the head of Thailand's immigration police, as saying he was unaware of any criminal charges against Mr. Karr in Thailand. The A.P. quoted another Thai official as saying Mr. Karr had denied committing a crime at home.

The arrest put a fresh spotlight on a case that once dominated newspaper headlines, television newscasts and supermarket tabloids. For years, as investigators followed hundreds of leads but seemingly made little headway, John and Patsy Ramsey lived under what Ms. Lacy's predecessor once called "the umbrella of suspicion."

The Ramseys repeatedly denied any involvement in their daughter's death, on Christmas night in 1996, even as one detective who had worked on the case speculated that Mrs. Ramsey had struck JonBenet by accident and then wrote a ransom note to deflect attention.

The Ramseys' lawyer, L. Lin Wood, would not say whether the Ramseys had known Mr. Karr, The A.P. reported. It was not immediately clear when investigators began focusing on Mr. Karr as a potential suspect in a widely talked about case that some commentators had compared to the kidnapping and killing of the Lindbergh baby in 1932.

Dan Boyd, a spokesman for Immigration and Customs Enforcement, part of the Department of Homeland Security in Washington, said his agency's attaché in Bangkok had assisted officers from the Boulder district attorney's office and the Royal Thai Police in identifying and arresting Mr. Karr.

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A federal official involved in the investigation said that a hearing in Bangkok today could give the authorities access to Mr. Karr's computer. The official said the authorities had been looking at him in connection with a child pornography investigation. The official also said he expected that Mr. Karr would be returned to this country quickly, though it was not clear how soon.

JonBenet was garroted with a paintbrush and a nylon cord. The police found a ransom note, 370 words written with a pen and paper from the Ramseys' house. In the note demanding $118,000 for JonBenet's return were details that only someone close to the Ramseys could have known — the amount of Mr. Ramsey's annual bonus, for example.

The note, addressed to Mr. Ramsey, added, "You are not the only fat cat around so don't think that killing will be difficult."

Both of JonBenet's parents submitted handwriting samples for police scrutiny, and Mr. Ramsey was quickly eliminated as a suspect. Articles in Denver newspapers and Vanity Fair magazine said that the Colorado Bureau of Investigation believed that Mrs. Ramsey had written the note. But the investigators also believed that the evidence fell short of being definitive.

The Ramseys maintained their innocence, though they refused to talk to the police for months after JonBenet's body was found, instead hiring lawyers, private investigators, handwriting analysts and publicists.

"I did not kill my daughter, JonBenet," John Ramsey declared in 1997. His wife, sitting next to him as television cameras zoomed in on them, said: "I did not have anything to do with it. I loved that child with the whole of my heart and soul."

The police in Boulder faced criticism for appearing to bungle the early stages of the investigation. The Ramseys first called the police to say JonBenet had been kidnapped. Hours later, a detective let Mr. Ramsey go inside without accompanying him. He soon checked a windowless room in the basement where Christmas gifts had been stored, and emerged carrying JonBenet's body.

The detective also allowed 10 other people into the house, fueling complaints that the crime scene had been contaminated.

The case dragged on, with rank-and-file officers taking a no-confidence vote on the police chief at the time. He and a detective assigned to the case later resigned. The district attorney at the time, Alexander M. Hunter, did not seek re-election in 2000. That was two years after the mayor of Boulder, Bob Greenlee, demanded an investigation into charges by another detective that the district attorney's office had "effectively crippled" the investigation.

That was also two years after the case had gone to a grand jury. But Mr. Hunter dismissed the panel 13 months later. It did not hand up indictments, and he was unapologetic.

The Ramseys eventually released the results of polygraph tests. The expert who administered the tests said the polygraph did not register deception. The Ramseys maintained in a book, "Death of Innocence," that the slaying had been the work of an intruder. In 2003, a federal judge in Atlanta reached the same conclusion in dismissing a lawsuit against the Ramseys. Ms. Lacy later released a statement saying she concurred with the ruling.

Suspect Held In Ramsey Slaying (WP)

By T.r. Reid And Spencer S. Hsu

The Washington Post, August 17, 2006

DENVER, Aug. 16 -- An American man was arrested in Bangkok as a suspect in the 1996 death of JonBenet Ramsey, the 6-year-old girl from Boulder, Colo., whose unsolved killing became a media obsession, prosecutors said Wednesday.

Local officials would not name the suspect, but two sources familiar with the arrest, including the lawyer for the Ramsey family, identified him as John Mark Karr, 41, a former schoolteacher who once lived in Conyers, Ga.

Karr was arrested on sex charges unrelated to JonBenet's slaying after several months of investigation, officials said. Boulder County District Attorney Mary Lacy said investigators from her office were heading to Thailand to question the suspect and bring him to Colorado. Lawyers said this could take days or weeks, depending on whether Karr contests his extradition and whether Thailand decides to expel him.

Officials said that John and Patsy Ramsey, who were at one point suspected in their daughter's death, had been consulted during the investigation. Patsy Ramsey died of cancer in June but was told before her death that an arrest might be imminent, her husband said.

"Patsy was aware that authorities were close to making an arrest in the case," Ramsey said in a statement, "and had she lived to see this day, would no doubt have been as pleased as I am with today's development almost 10 years after our daughter's murder."

Ramsey expressed the family's "gratitude" to investigators who worked on the case for nearly a decade.

Lin Wood, the Ramseys' lawyer, would not say whether any connection existed between Karr and the victim's parents. He did note that Karr, like the Ramseys, had lived in suburban Atlanta.

Nathaniel Karr, 34, who lives in the Atlanta area, said he had been contacted by scores of news organizations and told that his brother had been arrested. In a telephone interview, he said his brother had lived in Alabama and California but "to my

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knowledge had never set foot in Colorado." Public records indicate that John Karr had lived in Conyers and Petaluma, Calif. It is not clear when he went to Thailand.

Nathaniel Karr said the family had been close, getting together at Christmas, for example, but he has not been in contact with his brother in the past two or three years since he moved to the West Coast. He added that he knew of no prior legal or personal problems his brother had similar to those alleged in the Ramsey case. "I have no idea what his legal status is" or whether he has a lawyer, Karr said.

Officials declined to say how John Karr became a suspect in the case. One law enforcement official told the Associated Press that Karr had been communicating with somebody in Boulder who had been following the investigation and was cooperating with law enforcement officials there.

Lacy said in a statement that the arrest came "following several months of a focused and complex investigation," and she said more information would be released Thursday.

The killing transfixed the media, producing years of splashy headlines in supermarket tabloids and endless replays of a brief video of JonBenet parading across a pageant stage in a lavish costume.

The case began in confusion in an upscale neighborhood of Boulder.

JonBenet, a regular participant in child beauty contests, was found beaten and strangled in the family home the day after Christmas in 1996. Male DNA residue was found in her underwear, but police never reported a match for the sample.

Police found no signs of forced entry into the house and no suspicious footprints outside. The girl's father reportedly carried her body upstairs before police arrived, making initial investigation more difficult. The discovery of a ransom note, asking for $118,000 for the return of JonBenet, was another unexplained element in the case.

Police found that the Ramsey family had given more than a dozen keys to the house -- to maids, workmen and others. Scores of neighbors and family friends were interviewed.

Investigators from the Boulder Police Department and the county prosecutor's office argued bitterly about different theories in the case.

Police focused on the girl's family, saying that the parents and JonBenet's older brother, Burke, were all under an "umbrella of suspicion." The county prosecutor openly rejected that idea, saying the killer was more likely not part of the family and charging that the police attention to the family had hampered a broader investigation.

The Ramseys left Boulder, but articles, television reports and books suggesting their involvement followed them. In one national TV interview, John Ramsey looked into the camera and said: "We're not guilty. We're innocent."

In a 2003 libel case, U.S. District Judge Julie E. Carnes in Atlanta concluded that "the weight of the evidence is more consistent with a theory that an intruder killed JonBenet than it is with a theory that Mrs. Ramsey did so." Lacy, the district attorney in Boulder, issued a statement saying she shared that view.

Wood, the Ramseys' lawyer, said the arrest of Karr is potentially another milestone toward clearing the parents' names. "I don't think that I have characterized the arrest of Mr. Karr as vindication of the Ramseys," he said in an interview. "More accurately, I would describe it as another step toward a complete vindication."

In the statement he issued after the arrest, John Ramsey recalled the family's ordeal.

"I want to have only very limited comment on today's arrest because I feel it is extremely important to not only let the justice system operate to its conclusion in an orderly manner, but also to avoid feeding the type of media speculation that my wife and I were subjected to for so many years," the statement said.

"Words cannot adequately express my gratitude for the efforts of Boulder District Attorney Mary Lacy and the members of her investigative team."

Hsu reported from Washington. Researcher Madonna Lebling in Washington contributed to this report.

Suspect Is Held In Ramsey Slaying (LAT)

By Richard Fausset And Stuart Silverstein, Times Staff Writers

The Los Angeles Times, August 17, 2006

Nearly 10 years after the 6-year-old beauty queen was found dead in her family's Colo. basement, an American man is arrested in Thailand.

ATLANTA — Authorities in Thailand arrested an American man Wednesday in the slaying of 6-year-old JonBenet Ramsey, a major breakthrough in a decade-long mystery. The case has outlasted numerous investigators, spawned bitter lawsuits and media frenzies, and riveted a public that has followed a shifting cloud of suspicion that settled for a time over the young girl's parents.

A source close to the investigation identified the suspect as John Mark Karr. He is believed to be in his early 40s and to have worked briefly as a substitute teacher in Petaluma, Calif. The office of Boulder, Colo., Dist. Atty. Mary T. Lacy said in a

statement that the suspect in the case was found in Bangkok after a "focused and complex" investigation that lasted several months.

The arrest — which was made by the Royal Thai Police with the assistance of U.S. immigration officials — opens a new chapter in the unsolved mystery. Little was known Wednesday about Karr's alleged motive, or his relationship, if any, with the Ramseys. It also is unclear whether he is the sole suspect in the 1996 Colorado slaying. The district attorney's office refused to grant interviews Wednesday. A news conference is planned for today. The Associated Press reported late Wednesday that, according to the head of Thailand immigration police, Karr admitted to the killing after he was arrested at his downtown Bangkok apartment. Karr arrived in Bangkok on June 6 from Malaysia to look for a teaching job, Lt. Gen. Suwat Tumrongsiskul told the news service.

During the course of the investigation, the girl's parents, John and Patsy Ramsey, were consulted by the district attorney's office, Lacy's statement said. Patsy Ramsey died of ovarian cancer in June.

Officials notified her husband of the arrest Wednesday morning. In an interview with Denver TV station KUSA, John Ramsey was asked whether he knew the suspect.

"To my knowledge, no, I didn't," he said. "But I don't know enough yet."

Paulette Davis, 42, a sister of Patsy Ramsey, said she was overwhelmed by emotion when she received news that a suspect had been arrested.

"I couldn't believe it," said Davis, a resident of Marietta, Ga. "I actually fell to my knees and praised God and just really went to pieces."

Still, she said, members of the family aren't sure what to expect next. "Everybody is waiting patiently to find out what the next move is, or what is going to be going on."

Details of Karr's background remained unverified. However, he is believed to have once lived in Conyers, Ga., about 25 miles east-southeast of Atlanta, as well as Northern California. JonBenet was born in Atlanta in 1990, and the family moved to Colorado in 1991.

In Atlanta on Wednesday, Nate Karr, identified as the brother of the suspect, said in an interview with WAGA-TV that accusations of John Karr's involvement with the JonBenet slaying were "ridiculous, without a doubt."

But records indicated that a man named John Mark Karr, apparently the suspect, had a past brush with the law.

According to Sgt. Clint Shubel of the Sonoma County Sheriff's Department, a John Mark Karr was arrested in April 2001 on five charges of possessing child pornography. He failed to show up for a court appearance and a warrant was issued for his arrest, Shubel said.

Records also show that a John M. Karr, who would now be 41, briefly worked as a substitute teacher at "several" of the seven elementary schools in the Petaluma City Schools system but was terminated for unspecified reasons, according to Steve Bolman, the district's deputy superintendent for business and administration. Bolman said Karr worked for the district for 11 days between Dec. 8, 2000, and April 2, 2001. That was about the time of his arrest, but Bolman said Karr's file did not indicate the reason for his termination.

For years after their daughter's death, the Ramseys remained under what Boulder authorities called an "umbrella of suspicion" as the investigation unfolded under intense media scrutiny. All the while, the Ramseys vigorously maintained their innocence. At one point, they identified as a suspect a freelance journalist, who in turn filed a libel and slander lawsuit against them. The suit was dismissed in 2003 by a federal judge who concluded that an intruder killed the girl.

In a prepared statement Wednesday, John Ramsey said he would limit his comments on the case "to avoid feeding the type of media speculation that my wife and I were subjected to for so many years."

His wife, he said, "was aware that authorities were close to making an arrest in the case, and had she lived to see this day would no doubt have been as pleased as I am with today's development almost 10 years after our daughter's murder."

John Ramsey, a wealthy computer entrepreneur, and his wife, Patsy, a former Miss West Virginia, were unknown to the broader public when their daughter was discovered on the concrete floor of the family's basement the day after Christmas 1996. There was duct tape on her mouth and a garrote around her throat.

The case quickly became a national phenomenon. JonBenet was a perky, blond contestant in child beauty pageants — she had been named, among other things, "National Tiny Miss Beauty" — and cable news channels repeatedly played footage of her dancing and exuding a Shirley Temple-like charm. The slaying was the only one recorded that year in the prosperous college town of Boulder. Tabloids and mainstream media dissected the investigation, which took a number of controversial turns.

Former Boulder Police Det. Linda Arndt, the first investigator on the scene, initially assumed JonBenet was a kidnap victim. The detective was later criticized for allowing John Ramsey to leave the house, return and then search it for his daughter. He found her body in the basement. Experts said his decision to remove the tape that covered her mouth could have destroyed key evidence.

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As the investigation wore on, the office of Boulder's then-Dist. Atty. Alex Hunter was criticized for being too cozy with the Ramseys' attorneys, while police were said to be more suspicious of the couple.

Worried that the police were not impartial, the Ramseys hired attorneys and publicists, and did not consent to formal police interviews until four months after the crime. Authorities said that Patsy Ramsey could not be ruled out as the author of a ransom note left in the house.

In September 1998, a grand jury began investigating the case, reviewing 30,000 pieces of evidence. Thirteen months later, they declined to return an indictment.

Hunter, Boulder's top prosecutor for a quarter century, declined to seek reelection soon after. In 2000, voters elected a sex-crimes prosecutor from Hunter's office, Mary T. Lacy, to the post. (At the time, she went by the name Mary T. Keenan.)

After the slaying, the Ramseys left Boulder, splitting time between Michigan and Georgia. They wrote a book, "The Death of Innocence," about their ordeal, and fought their detractors vigorously in court. They sued at least half a dozen media outlets, including Time magazine and Court TV, for reporting allegations that their young son, Burke, who was 9 years old at the time, was the killer. Five of those cases resulted in confidential settlements.

John Ramsey mounted an unsuccessful campaign for a seat in the Michigan state House of Representatives.

In early 2003, the Boulder Police Department ended its investigation, unequivocally handing the reins to the district attorney's office. The Ramseys had threatened to sue the department for ignoring leads and tips.

On Wednesday, the Ramseys' attorney, L. Lin Wood of Atlanta, singled out Lacy for praise, saying he was "totally amazed and impressed" with the effort she headed up.

"This was obviously an incredibly complex task but one that has been carried out in almost textbook fashion with the investigation of this individual going on for several months, without any leaks in the case," he said.

As the sun set Wednesday over the tiny St. James Episcopal Cemetery in Marietta, Ga., news crews from across the country pointed their cameras at JonBenet Ramsey's carefully tended marble headstone. Her mother's grave, fresh and as yet unmarked, was a few feet away.

A friend had left a handwritten note for Patsy Ramsey. "Dearest Patsy, Justice has come," it said. "Rest in peace!"

Fausset reported from Atlanta and Silverstein from Los Angeles. Contributing to this report were Times staff writers Jenny Jarvie in Atlanta, Ralph Vartabedian in Los Angeles, Lynn Marshall in Seattle, and the Associated Press.

*

(INFOBOX BELOW)

Timeline

Key dates in the JonBenet Ramsey case:

1996

Dec. 26: JonBenet Ramsey, 6, is found dead in the basement of her Boulder, Colo., home. Patsy Ramsey says she found a ransom note demanding $118,000 for her daughter.

Dec. 31: Ramsey family hires an attorney, publicist and investigators.

1997

Feb. 24: Ramsey spokesman says family members know they are "at the top of the list of possible suspects."

April 18: Dist. Atty. Alex Hunter says Ramseys are under an "umbrella of suspicion."

April 30: Ramseys are interviewed by police in first formal sessions.

May 14: Two detectives, including the first to arrive at the Ramsey home, are removed from the case.

Oct. 10: Police Chief Tom Koby admits mistakes were made early in the case.

1998

June 23-25: Ramseys are questioned by police, their first interviews in more than a year. JonBenet's brother, Burke, who was 9 at the time of her death, is interviewed for six hours.

Sept. 15: Grand jury begins investigation.

1999

Oct. 13: District attorney says no indictments will be issued and cites a lack of sufficient evidence.

2002

Dec. 20: New Dist. Atty. Mary Keenan (now Mary Lacy) takes over the investigation and promises a fresh look.

2003

March 31: A federal judge in Atlanta concludes that the weight of the evidence is more consistent with the intruder theory than with the theory that Patsy Ramsey killed JonBenet.

April 7: Lacy issues a statement agreeing with the judge.

June: Retired Det. Tom Bennett is hired by the Boulder district attorney's office to lead a refocused investigation.

2004

June 4: The Ramseys' attorney says DNA found in JonBenet's underwear did not match any samples in an FBI database of convicted violent offenders.

2006

June 24: Patsy Ramsey dies at 49 after a long battle with ovarian cancer.

Aug. 16: Lacy says a suspect in JonBenet's slaying has been arrested in Thailand.

Source: Associated Press

Los Angeles Times

Prison For Consultant Who Coached Witnesses In Hired Truck Probe (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, August 17, 2006

Salvatore "Sam" Gammicchia's last-minute attempt to claim he told witnesses in the Hired Truck investigation not to lie to federal investigators did not impress a federal judge Wednesday.

U.S. District Judge Charles Norgle sentenced the onetime political adviser to former City Clerk James Laski to 30 months in prison for obstruction of justice. Gammicchia, 62, had pleaded guilty in May to attempting to influence a witness going before a grand jury to testify about paying Laski to get city business for trucks in the scandal-plagued program.

Prosecutors played tapes of Gammicchia coaching one witness, Traci Jones, the wife of a Laski friend who operated a trucking business, about what to say in her testimony. Gammicchia then told the judge portions of the conversation that weren't taped included him telling Jones to be truthful.

"I was just trying to keep friendships together," Gammicchia said of the 2005 meeting in his basement.

Norgle said he was unconvinced.

"I don't believe that as far as I could throw the Dirksen building," Norgle said. "It totally contradicts your taped words."

Assistant U.S. Atty. Manish Shah had asked the judge for a sentence within federal guidelines for the crime, a range of 30 to 37 months.

Shah played two tapes of secretly recorded conversations between Gammicchia, Traci Jones and her husband, Michael C. "Mick" Jones.

In the basement meeting, where all three were present, Gammicchia told Traci Jones there were "certain things you don't say" in front of the grand jury, the tape revealed.

Traci Jones should not tell federal authorities she gave Laski money to keep trucks in the program, Gammicchia said.

"I mean, you could say you, you bought some tickets or whatever, I don't know," Gammicchia could be heard to say. "But, ah, I mean you can't say you, you, you gave cash."

Later Shah played a second tape where Gammicchia apparently threatened Michael Jones after suspecting he could be cooperating with the government in the probe.

"The only thing, if I go to jail, you have to go under witness protection, and that would be the thing," Gammicchia said, according to the recording.

Gammicchia's lawyer, Alexander Salerno, said his client never intended to harm anyone. He's a man with a gruff exterior, Salerno said.

"He's just a neighborhood guy who talks like that," Salerno said.

Salerno had asked Norgle to sentence Gammicchia to probation or house arrest, saying he takes care of his wife, who is suffering from cancer and back problems.

Consultant Who Spoke Of Breaking A Witness's Leg Sentenced (AP)

By Mike Robinson

AP, August 17, 2006

CHICAGO - A political consultant who spoke of breaking a federal witness's leg to help Chicago's former city clerk was sentenced Wednesday to 30 months for obstructing an investigation of corruption at City Hall.

"This is a very clear case of the defendant doing what he could to get others to lie to the grand jury," U.S. District Judge Charles R. Norgle said in sentencing Sam Gammicchia. "He is not a truth teller."

Gammicchia, 62, had pleaded guilty to efforts to thwart an investigation of City Clerk James Laski, who has admitted taking payoffs in return for business in the city's scandal-plagued Hired Truck Program.

Gammicchia told agents he once promised Laski that he would threaten to break Laski aide Michael Jones's leg and actually did warn Jones that if he talked he would have to go into the witness protection program.

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Laski and Jones have pleaded guilty and have been sentenced to prison.

Gammicchia - besides being a $1,400-a.m.onth consultant whose job included collecting campaign cash from Laski's office staffers - was also an employee at the Cook County Jail and a member of the ironworkers union.

At the sentencing, federal prosecutor Manish Shah played a tape of Gammicchia coaching Jones's wife, Tracy, on how to lie to investigators about the money she paid to get a truck into the Hired Truck Program.

Tracy Jones has been charged with no wrongdoing.

The city outsources hauling work under the program. The investigation already has shown widespread payoffs to officials by trucking operators.

"You can't say you gave cash," Gammicchia is heard saying on tape.

"Even though I did?" Mrs. Jones says.

"Right," Gammicchia says.

Gammicchia, clad in a gray business suit and black T-shirt, probably didn't help his cause much when after pleading guilty to obstruction and listening to the tape he told Norgle he counseled Mrs. Jones not to lie.

Norgle stared at him, apparently dumbfounded for a moment.

"Under oath you're saying you told these people not to lie - that's what you're telling me?" Norgle said.

"Yes, Sir," Gammicchia said. "I wasn't sure what was going on. I was just trying to keep friendship together."

He said that in a portion of the conversation that Mrs. Jones taped while wearing a hidden wire he urged her to lie, but he advised her to tell the truth in a portion of the conversation that she did not record.

"I don't believe that as far as I could throw the Dirksen Building," said the judge, referring to the 28-story, block-long federal courthouse.

Defense attorney Alexander Salerno told Norgle that his client wouldn't break anyone's leg and didn't mean it when he warned Jones that talking might mean he'd have to go into the witness protection program.

Salerno also scoffed at one federal witness's claim that Gammicchia once told him: "I would kill for Laski."

"He wouldn't kill for Laski," Salerno said. "He wouldn't hurt anybody, Judge. He is a gruff guy." But the attorney said Gammicchia is also "a sweet, kind, generous older man" whose bark was worse than his bite.

Ex-Laski Aide Gets 30 Months (CHIST)

By Natasha Korecki, Federal Courts Reporter

Chicago Sun-Times, August 17, 2006

A former political aide to fallen City Clerk James Laski was sentenced to 30 months in prison Wednesday -- the most time handed down to any defendant tied to the investigation of Laski.

But it was appropriate for Salvatore "Sam" Gammicchia Sr., 62, Assistant U.S. Attorney Manish Shah argued, because he threatened a witness and obstructed justice as the feds stepped up their case against Laski.

In a sentencing hearing before U.S. District Judge Charles R. Norgle Sr., Shah played recordings in which Gammicchia can be heard at one point trying to coach a witness to lie to the grand jury and at another threatening the witness.

"If you wanna put me in a trick bag bein' wired that's, that's fine. The only thing, if I go to jail, you have to go under witness protection and that would be the thing," Gammicchia told Mick Jones. Jones, who pleaded guilty to paying Laski bribes, wore a wire as part of his cooperation in the probe.

Gammicchia told Jones to lie to the grand jury about giving Laski cash.

Prosecutors say he also threatened Jones and his wife. Gammicchia's lawyer argued that the two didn't feel threatened, then played a voicemail Jones' wife left last week wishing Gammicchia luck in his sentencing.

Former BetOnSports CEO Free On Bail (FINDLAW/AP)

By Christopher Leonard, Ap Business Writer

AP, August 17, 2006

(AP) - ST. LOUIS-The former chief executive of online gambling company BetOnSports was freed on $1 million bond Wednesday after spending nearly a month behind bars following his arrest on racketeering and fraud charges.

David Carruthers, 48, was released after a hearing before U.S. District Judge Mary Ann Medler. He had been expected to be freed as early as Monday but it took days to work out technical details. Among those details: A dedicated phone line had to be installed at the residence where he will stay.

Carruthers must remain in the St. Louis area until his trial. According to the terms of his bond, Carruthers will live at a hotel in the suburb Clayton. He will not be allowed to leave the hotel except for court appearances, meetings with his attorney or medical emergencies.

During the hearing, Carruthers asked the judge if the home-incarceration was 24 hours a day. She said it was.

The charges against Carruthers are part of a 22-count indictment against London-based BetOnSports PLC being prosecuted by U.S. Attorney Catherine Hanaway in St. Louis. Carruthers was chief executive of the company until shortly after his arrest, when he was fired.

The case is one of the largest U.S. prosecutions of an online gambling company and has caused BetOnSports to close all of its U.S.-focused operations.

Federal prosecutors insisted that none of Carruthers' bond money come from the treasury of BetOnSports, according to his attorney, Scott Rosenblum. He wouldn't say how Carruthers came up with the full payment, but said all the money was raised through legal means.

Hanaway said she will continue to prosecute the case against BetOnSports regardless of the company's decision to close its offices and stop accepting U.S.-based bets. She said the move does not absolve the company from taking illegal bets in the past.

On the Net:

U.S. Attorney Catherine Hanaway: http://www.usdoj.gov/usao/moe/

BetOnSports: http://www.betonsports.com

BetonSports' Former Chief Out On $1m Bail (FT)

By Daniel Pimlott In New York

Financial Times, August 17, 2006

David Carruthers, the former chief executive of embattled online gambling company BetonSports, was released on bail on Wednesday after spending a month in US jails.

Mr Carruthers is charged with racketeering, fraud and tax evasion for his part in running the company's sports betting operations and accepting wagers from the US. He pleaded not guilty.

Mr Carruthers was released on a $1m bond after appearing before District Judge Mary Ann Medler and will have to live in a court-approved hotel in the Clayton suburb of St Louis, Missouri.

He will not be allowed to leave the hotel while he awaits trial in the midwestern town except for court appearances, meetings with his legal team or medical emergencies. He will also have to wear an electronic tracking tag.

Federal prosecutors demanded that Mr Carruthers' $1m bond should not come from the BetonSports, but his lawyer would not say where the money came from.

The Department of Justice alleges that BetonSports has failed to pay federal betting taxes of $3.3bn and is seeking forfeiture of $4.5bn from the company.

The company also has to repay a unspecified amount of customers' bets currently frozen in US banks and online businesses which transfer funds.

Last week, the company announced that it was shutting its US operations, which make up about 95 per cent of its profits, in response to the ongoing legal action against it.

The decision to abandon its business has left many analysts and industry observers questioning whether the company could survive. The company has itself mooted the possibility of liquidating its remaining assets in Asia, Europe and Latin America in order to pay off debtors.

But the DoJ said it would continue with its prosecution of BetonSports despite the possibly mortal blow its prosecution has struck to the company, which had described itself as the largest internet gambling website.

Earlier this week, a US court extended the restraining order banning the company from taking bets from US punters to the beginning of September.

The public company suspended its shares, listed in London, at the end of last month after Mr Carruthers was arrested while on a stopover in Fort Worth, Texas, on a flight between London and Costa Rica, where BetonSports is based.

BetonSports fired Mr Carruthers shortly after his arrest in order to avoid being served with court papers.

The charges against BetonSports were brought by the US Attorney's office in the Eastern District of Missouri, which has prosecuted a number companies and individuals under US sports gambling laws in recent years. In 2003, Paypal had to pay a $10m fine for processing bets for online gambling businesses.

Miami Man Charged In Alleged Western Pa. Katrina Relief Scam (AP)

AP, August 17, 2006

DOJ_NMG_0049541

PITTSBURGH (AP) — A federal grand jury has accused a Florida man of creating a bogus Hurricane Katrina relief Web site and several other bogus sites meant to gather sensitive financial information from would-be donors.

Jovany Desir, 20, of Miami, was charged with wire fraud in the five-count indictment issued Wednesday. The investigation was undertaken in Pittsburgh because the purported relief effort was said to be linked to an American Red Cross chapter in western Pennsylvania, authorities said. Another bogus site mimicked the Web site for Pittsburgh-based PNC Bank, they said.

Desir is accused of creating "phishing" Web sites over several months last year. Phishing sites look like legitimate Web sites, but are bogus and meant to fool people into entering their personal financial information on the Internet.

Authorities alleged that Desir sold the sites for $150 to would-be scammers who planned to use the financial information for identity theft and related crimes. In addition to the Katrina and PNC sites, authorities alleged that Desir created bogus sites for eBay, Paypal, and two Canadian financial institutions, Banque Nationale and Desjardins Credit Union.

About 50 people downloaded the Katrina site, but the Banque Nationale site registered more than 8,000 "hits" by computer users. Prosecutors did not say whether anyone who accessed the sites lost money or otherwise had their financial information used illegally.

A listed phone number for Desir could not be located Wednesday, and it was not immediately clear whether he had an attorney or whether he was in custody.

Desir was the first person charged by federal prosecutors in western Pennsylvania with a Katrina-related scam, U.S. Attorney Mary Beth Buchanan said.

Bush Pardons 17 Minor Criminals (AP)

By Michael J. Sniffen

AP, August 17, 2006

WASHINGTON - President Bush pardoned 17 minor criminals Wednesday. Most weren't even sentenced to prison. The longest sentence any of the 17 received was five years behind bars.

Bush has now issued 99 pardons and sentence commutations during five years and seven months in office, mainly to clear the name of people who committed relatively minor offenses and served their sentences long ago.

He remains the stingiest of postwar presidents in this regard. By comparison, Bill Clinton issued 457 in eight years in office; Bush's father, George H. W. Bush, issued 77 in four years in office; Ronald Reagan issued 406 in eight years, and Jimmy Carter issued 563 in four years. Since World War II, the largest number of pardons and commutations - 2,031 - was issued by Harry S. Truman, who served 82 days short of eight years.

Those pardoned Wednesday were:

_James Leon Adams, Simpsonville, S.C., selling firearms to out-of-state residents and falsifying firearms records. Sentenced Jan. 27, 1976, to two years probation and a $1,000 fine.

_Tony Dale Ashworth, Winnsboro, S.C., unlawful transfer of a firearm. Sentenced July 19, 1989, to three years probation conditioned on the performance of 300 hours community service.

_Randall Leece Deal, Clayton, Ga., liquor law violations and conspiracy to violate the liquor laws. Sentenced June 23, 1960, to two years probation and April 29, 1964, and May 8, 1964, to 18 months imprisonment, suspended, and two years probation.

_William Henry Eagle, Wenatchee, Wash., possessing an unregistered still, carrying on the business of a distiller without the required bond, and manufacturing mash on other than lawfully qualified premises. Sentenced March 23, 1972, to two years probation.

_Robert Carter Eversole, Summerville, Ga., conspiracy to commit theft from an interstate shipment. Sentenced June 18, 1984, to five years probation, with the special conditions that he pay $4,038 in restitution and perform 100 hours of community service.

_Kenneth Clifford Foner, Niobrara, Neb., conspiracy to impede the functions of the Federal Deposit Insurance Corp., commit embezzlement as a bank officer, make false entries in the records of an FDIC-insured bank, and commit bank fraud. Sentenced July 19, 1991, to five years probation, conditioned upon performance of 1,000 hours of community service and payment of $17,750 in restitution.

_Victoria Diane Frost, Medina, Ohio, conspiracy to possess and distribute L-Ephedrine Hydrochloride. Sentenced April 25, 1994, to three years probation, including six months' home confinement, and fined $3,000.

_William Grover Frye, Indianapolis, Ind., absence without leave (two specifications), escape from lawful confinement, sale of a stolen motor vehicle in interstate commerce. Sentenced Oct. 3, 1968, by U.S. Army general court-martial to confinement at hard labor for one year, forfeiture of all pay and allowances, and a bad conduct discharge. Sentenced Oct. 15, 1973, in U.S. District Court to two years probation.

DOJ_NMG_0049542

_Stanley Bernard Hamilton, Richton Park, Ill., altering U.S. postal money orders. Sentenced Sept. 13, 1990, to three years probation, conditioned upon confinement for 30 days in a community treatment center and payment of a $1,000 fine.

_Melodie Jean Hebert, Scituate, R.I., conspiracy to defraud the United States by making false claims. Sentenced Feb. 23, 1984, to two years probation, conditioned upon payment of $1,250 in restitution.

_James Ernest Kinard, Jr., Stuart, Fla., failure by a licensed firearms dealer to make appropriate entries in firearms records required to be kept by law (four counts); making false entries by a licensed firearms dealer in firearms records required to be kept by law. Sentenced March 26, 1984, to five years' probation conditioned upon performance of 1,000 hours community service and payment of restitution in an amount to be determined by the U.S. Probation Officer and a $12,000 fine.

_Devin Timothy Kruse, San Clemente, Calif., unauthorized absence. Sentenced Nov. 28, 1978, by U.S. Coast Guard special court-martial to reduction to pay grade E-2 and a $450 fine.

_Gerard Murphy, Rayne, La., theft of a motor vehicle from a U.S. Air Force base. Sentenced March 14, 1972, to one year probation.

_Joseph Mathew Novak, Kent, Ohio, possession and transfer of an illegal weapon. Sentenced Dec. 2, 1994, to two years probation, with the special condition that he serve six months home confinement, and a $2,000 fine.

_John Louis Ribando, Le Mars, Ia., possession with intent to distribute marijuana, conspiracy to possess with intent to distribute marijuana; importing marijuana. Sentenced Nov. 15, 1976, to five years imprisonment followed by five years special parole. Sentenced July 11, 1978, to six months confinement in a jail-type institution, 10 years special parole, and five years probation, conditioned upon performance of 1,200 hours of charitable work and payment of a $1,000 fine (to run consecutive to the first sentence).

_Edward Rodriguez Trevino, Jr., Honolulu, Hawaii, larceny. Sentenced Sept. 19, 1997 by U.S. Navy special court-martial to three months confinement, forfeiture of pay and allowance for three months, and reduction in pay grade.

_Jerry Dean Walker, Newark, Del., possession with intent to distribute cocaine Sentenced April 10, 1989, to three years imprisonment, as amended Oct. 19, 1989.

ON THE NET

Justice Department Pardon Attorney: http://www.usdoj.gov/pardon/

Child Porn Probe Spurs Feud Over Retaining Online Data (NEWHOUSE)

By J. SCOTT ORR, Newhouse News Service

Newhouse News Service, August 17, 2006

WASHINGTON -- Flint Waters, a Wyoming lawman, was hot on the trail of one of the most disturbing pieces of child pornography he could have imagined, a video depicting the rape of a 2-year-old.

He followed the digital trail to a computer in Colorado, but when he asked the Internet Service Provider, Comcast, to identify the source of the file, the company said it could not comply because it had already deleted the crucial identifying data.

For investigators, it was a digital dead end. A year later, the video, the rapist and the little girl are still out there somewhere.

"It would really be beneficial to us if this information is there as long as possible," said Waters, a Wyoming special agent who heads the technical committee of the Internet Crimes Against Children Task Force.

"A year is probably a pretty decent compromise," he added.

Waters, the Justice Department and other law enforcement officials want ISPs like Comcast to warehouse data on their subscribers' online activities. Some are suggesting the information be held as long as two years.

But whoa, say privacy advocates, who see mandatory data retention as unnecessarily extending the government's reach into people's online private lives.

"What the government wants to do is something that is not at all consistent with Fourth Amendment principles," said Tim Sparapani, legislative counsel for privacy rights at the American Civil Liberties Union.

"They are going to use it for any other purpose that they want. The goal is to do data-mining of perfectly innocent citizens. It makes everybody in America a suspect every time they go online," he said.

Currently, ISPs are not required to maintain records of the data that courses ceaselessly through their servers, and most do not disclose how long they keep identifying data.

Comcast has acknowledged publicly that before the Colorado case became known, it retained user data for 31 days before releasing it to the ether. It has since increased that timeframe nearly six-fold, holding data for 180 days.

Gerald Lewis, Comcast's chief privacy officer, told a House hearing recently that the company was driven to re-evaluate its data-retention policies after the Colorado case.

"I am a parent of two small children myself. And what's depicted in that video, as I understand it, is horrifying," Lewis said.

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At the same time, however, Lewis was careful to point out that Comcast will be retaining only information that will identify individual customers by the Internet Protocol numbers that are typically assigned to users each time they log on.

It will not retain, for example, click streams, e-mails, Web site visits and other data that could more significantly compromise Americans' privacy.

Justice Department officials have held several closed-door meetings with major Internet players -- AOL, Comcast, Verizon, Google, Microsoft -- as well as with privacy advocates. While the companies and groups oppose data retention, some of those invited to attend said they were surprised and grateful to be included in the process.

"We're happy to be at the table, at least," said Jim Harper, director of information policy studies at the libertarian CATO Institute. Harper attended one of the sessions.

"There are some people at the Justice Department, at the policy level, who were really interested in studying this issue and said that they hadn't come to a conclusion yet," he said.

"Well-intentioned though they are, the folks in the Justice Department who want data retention don't understand that they are talking about designing surveillance into society," Harper said.

In a recent letter to "interested parties," the Center for Democracy & Technology said a mandatory data-retention law would severely undermine privacy and have broad implications for ISPs, Web operators, wireless carriers, telephone and cable companies and many other entities.

The letter, from staff counsel Nancy Libin and policy director Jim Dempsey, said retaining data for lengthy periods of times would be burdensome on industry, could put individuals' personal information at risk and could give law enforcement and trial attorneys access to a vast store of information on Americans.

"It is all but certain that the vast databases that ISPs and telecom providers will create will be tapped by law enforcement for other purposes unrelated to child porn investigations," they wrote.

Law enforcement officials already have the power to tell ISPs to retain data on individual accounts when they believe a crime has been committed. The current system, privacy advocates say, gives law enforcement the power to track bad guys online without compromising the privacy of others.

Law enforcement authorities have said they will access retained data only in cases where legitimate suspicions of wrongdoing exist and under court supervision.

Lt. Anthony Ritter, of the New Jersey State Police's Computer Crimes and High Technology Surveillance Bureau, told a congressional panel last month the data would not be used for fishing expeditions.

"The law enforcement process begins with reasonable suspicion to develop required probable cause and operates under legal guidance and court orders," Ritter said in calling for retention of data for a minimum of two years.

Ex-NBA Player Arrested Near White House (AP)

AP, August 17, 2006

WASHINGTON -- Former NBA player Lonny Baxter was arrested by uniformed Secret Service agents on Wednesday after shots were fired from a vehicle about two blocks from the White House.

Baxter, who played with the Charlotte Bobcats last season, was taken into custody around 2:30 a.m. after a witness flagged down a Secret Service agent and reported shots fired from a white sport-utility vehicle, said Secret Service spokesman Eric Zahren.

Officers stopped the vehicle, which Baxter was driving, near the intersection of 17th and I streets in Northwest Washington.

"There were spent shell casings in plain view inside the vehicle," Zahren said. Officers also recovered a handgun.

Both Baxter, 27, and the vehicle's passenger, 35-year-old Irvin Martin, were charged with carrying a pistol without a license and other firearms charges. It wasn't immediately clear why they were allegedly firing the gun.

"We're not sure at this point," Zahren said. "There may be some subsequent charges if we discover some additional information."

The two suspects are being held by District of Columbia police.

Bobcats spokesman Scott Leightman said Baxter is no longer with the team. "His contract ran out, and we opted not to resign him," Leightman said.

Baxter signed a one-year deal earlier this month with Italian team Montepaschi Siena.

Baxter starred at Maryland before being drafted by the Chicago Bulls in the second round of the 2002 NBA draft. The native of Silver Spring, Md., just outside of Washington, also played briefly for the Wizards.

He joined the Bobcats in the middle of last season in a trade with Houston.

Ex-Terp Baxter Arrested Near White House (BSUN)

By Nicole Fuller, Sun Reporter

The Baltimore Sun, August 17, 2006

Former UM basketball player held after Secret Service finds gun, shell casings in vehicle

WASHINGTON -- Former University of Maryland basketball player Lonny Baxter, who prosecutors say had a recently fired .40-caliber gun in his SUV early Wednesday morning near the White House, was ordered held Wednesday in D.C. Superior Court.

Baxter, 27, was taken into custody by uniformed Secret Service officers shortly after 2:30 a.m. Wednesday, after someone flagged down a cruiser and reported gunshots coming from a white sport utility vehicle, said Eric Zahren, a Secret Service spokesman. The arrest was made at 17th and - I streets NW, a couple of blocks from the White House.

Towering over everyone in the courtroom Wednesday afternoon, the 6-foot-8 Baxter - who was clad in a spotless pair of white and blue Nike basketball sneakers and a police-issued plastic suit - stood silently with his hands cuffed behind his back and his ankles shackled as he was formally charged with carrying a pistol without a license.

His passenger, Francis I. Martin, 35, of Temple Hills, was also charged, but was released on his own recognizance. At times during the hearing, five U.S. marshals flanked the men, who were told once, "Don't talk, guys," as they attempted to whisper to each other.

According to charging documents, Secret Service police in downtown Washington heard two gunshots about 2:30 a.m. in the vicinity of 17th and H streets NW.

The Secret Service protects the president, his family and high-ranking officials. Its Uniformed Division - along with the Metropolitan Police Department and the U.S. Park Police patrols the area around the White House.

Baxter, of Rockville, who apparently had spent part of his evening at the Washington nightclub Eyebar, was stopped by police about 10 minutes later in his white Range Rover, which was traveling southbound on 17th street.

Baxter and Martin were ordered out of the vehicle, the charging documents said, and police spotted two shell casings on the rear floorboard. Police searched the vehicle and discovered the loaded .40-caliber Glock pistol in the center console. The gun, which can hold nine rounds, contained six rounds, the charging documents said. An officer found a bullet matching the caliber and characteristics of the round found in the weapon at 17th and K streets NW.

Arguing that both Baxter and Martin be held in the D.C. jail until a preliminary hearing Friday, Assistant U.S. Attorney Tim Kelly acknowledged authorities had not yet determined who fired the gun.

"We have very strong evidence that the gun was discharged very recently from when the car was stopped," Kelly said. "The evidence is so strong that the gun was discharged. ... We don't know who discharged it."

Referring to a 2004 charge for an unregistered firearm in which Baxter received nine months' probation, Magistrate Judge Frederick Sullivan said: "I don't have any problem [holding] Mr. Baxter. He's the driver of the automobile. He's in control of the premises."

But Sullivan ruled that Martin, who, according to court documents, was incarcerated three times for cocaine-related offenses in the early 1990s, should be released on his own recognizance. He was ordered to undergo weekly drug testing.

Outside the courthouse, Baxter's lawyer, Harold Martin, said he hadn't yet had a chance to talk extensively with his client.

"A lot of information is sketchy," Martin said. "I only talked to him briefly in the cell block."

But, he added, "I'm sure nobody feels worse about this whole scenario than Mr. Baxter himself.

"Reading his body language and having had an experience with him in the past, and knowing how he thinks, I'm sure he's embarrassed to be in the public eye. I can only imagine it's pretty devastating."

The Charlotte Bobcats acquired Baxter in the middle of last season after a trade with the Houston Rockets. Bobcats spokesman Scott Leightman said Baxter's contract expired in April, but declined to say if he had presented any discipline problems while with the club.

"He's not a member of our team," Leightman said. "His contract expired. We opted not to re-sign him. There's really nothing to comment on."

There was also no comment from athletic department officials at Maryland or coach Gary Williams.

Baxter, who was a member of Maryland's 2001-02 national championship team before being drafted by the Chicago Bulls in 2002, signed a one-year deal earlier this month with Italian team Montepaschi Siena. The Silver Spring native also played briefly for the Washington Wizards.

Baxter is the second member of Maryland's national championship team to be arrested on a handgun charge. Chris Wilcox was arrested in June 2005. Police arrested Wilcox after they reportedly found a gun in his car during a traffic stop, but the charges were dismissed in August.

Sun reporters Julie Hirschfeld Davis and Heather A. Dinich contributed to this article.

DOJ_NMG_0049545

Athlete Arrested On Gun Charge (WP)

By Allison Klein And Henri E. Cauvin

The Washington Post, August 17, 2006

Former University of Maryland basketball star Lonny Baxter, a journeyman professional player in recent years, was arrested on a gun charge yesterday after witnesses said shots were fired near the White House from a vehicle matching the description of an SUV that Baxter was driving in the area, police said.

Nobody was injured in the predawn incident. After the shots were fired, police stopped Baxter and a passenger in Baxter's white Range Rover. Police said they found a .40-caliber Glock pistol and two spent shells in the vehicle.

Baxter, 27, of Rockville, and the passenger, Francis I. Martin, 35, of Prince George's County, were charged with illegally possessing a handgun, according to documents filed by police in D.C. Superior Court.

Superior Court Magistrate Judge Frederick Sullivan ordered Baxter held without bail in the D.C. jail at least until a preliminary hearing tomorrow. Sullivan released Martin on his own recognizance, noting that Baxter, as the driver, was presumed to be in control of the vehicle and what was inside.

Harold Martin, Baxter's attorney, said in an interview that he could not address the specific allegations in yesterday's arrest. He said Baxter is "devastated and deeply embarrassed to be in this position."

"Nobody feels worse about this than him," Martin said of his client, a Silver Spring native who was a forward for the NBA's Charlotte Bobcats last season and recently signed a contract to play professionally in Italy.

Baxter, who helped lead his University of Maryland team to a national championship in 2002 and has since played for five National Basketball Association teams, including the Washington Wizards, was arrested once before on a firearms charge.

In July 2004, he was arrested at his condominium on Connecticut Avenue NW after his shotgun went off and the round shattered a neighbor's window across the street. Baxter, who told police the weapon had fired accidentally, was placed on probation for nine months after pleading guilty to possessing an unregistered gun. No one was injured in the incident.

Also in the summer of 2004, Baxter was found guilty in Arlington County of having an improper window tint on his car and was fined $50, court records show.

Police said they found receipts in the Range Rover indicating that the men had been in a bar not long before the shots were fired. Martin said there was no evidence that Baxter was intoxicated when police stopped him. He and Francis Martin were arrested at 2:30 a.m. by uniformed Secret Service officers who were patrolling near the White House.

Officers heard gunshots, and someone flagged them down in the area of 18th and H streets NW, saying the shots had come from a white SUV, which had driven off, according to the charging documents. Officers stopped Baxter's Range Rover at 17th and K streets NW and saw two spent casings on the back floorboard, the documents state. Officers said they found the handgun in the center console.

Neither man was charged with firing the weapon. Kim Bruce, a Secret Service spokeswoman, said the investigation is continuing.

Before the shooting, Baxter had apparently been at Eye Bar, at 17th and I streets NW, based on the receipts officers found, according to the court documents. Baxter's agent, Mark Bartelstein, said yesterday that he had no comment on the arrest.

Known for his quiet demeanor and consistent play at Maryland, the 6-foot-8 Baxter was selected by the Chicago Bulls in the second round of the 2002 NBA draft. He also has played for the Toronto Raptors, New Orleans Hornets and Houston Rockets. He recently signed a one-year deal with the Italian team Montepaschi Siena.

Doctor's Widow Indicted In Slaying (PPG)

By Milan Simonich, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, August 17, 2006

Accused of hiring lover to kill husband on Ohio Turnpike

Donna Moonda ended her 14-year marriage to a wealthy doctor by hiring a gunman to murder him, a grand jury in Cleveland charged yesterday.

The grand jurors indicted her on four felonies, two more than she was held on when she was arrested last month.

The indictments allege that Mrs. Moonda, 47, of Hermitage, Mercer County, hired the young drug dealer she was having an affair with to kill her husband on the Ohio Turnpike.

In return, Damian Bradford, 25, said she promised him half of the inheritance and life insurance proceeds she expected to collect.

Dr. Gulam Moonda, 69, a Mercer County urologist, had willed her his mansion and 20 percent of his estate. She thought her portion was worth at least $3 million, according to Mr. Bradford.

DOJ_NMG_0049546

He pleaded guilty last month to shooting Dr. Moonda. Now he hopes to receive a sentence of no more than 17 1/2 years in prison in return for his testimony against Mrs. Moonda.

U.S. District Judge David Dowd has delayed a decision on punishment for Mr. Bradford to see whether he cooperates with prosecutors in their case against Mrs. Moonda.

Roger Synenberg, one of her lawyers, declined yesterday to discuss the indictment, saying he had not seen the charges.

He previously said Mrs. Moonda had nothing to do with her husband's death. Rather, Mr. Synenberg suggested that Mr. Bradford killed the doctor on his own, then implicated her to lessen his punishment.

But prosecutors say Mrs. Moonda and Mr. Bradford, motivated by greed, committed the crime together.

Chief among the new charges against Mrs. Moonda was murder for hire. She also was indicted for aiding Mr. Bradford as he stalked the doctor, aiding in the use of a firearm in a contract murder, and aiding in the use of a gun in interstate stalking.

Federal prosecutors in the Northern District of Ohio still must decide whether they will seek the death penalty or a life prison sentence against Mrs. Moonda.

They will forward their recommendation to the U.S. Justice Department's death penalty committee. Even if prosecutors and the committee favor the death penalty, U.S. Attorney General Alberto Gonzales has the final decision.

Dr. Moonda's murder on May 13, 2005, became the most notorious crime ever on the 50-year-old Ohio Turnpike.

Mrs. Moonda and her mother, Dorothy Smouse, now 76, witnessed the killing. Mrs. Moonda pulled the family Jaguar into an emergency pull-off lane of the turnpike about 15 miles south of Cleveland. Her mother said Mrs. Moonda had complained of a stomachache and wanted Dr. Moonda to drive.

Just then, Mr. Bradford pulled in behind the Moondas, stole the doctor's wallet and shot him in the face.

Though Mrs. Moonda had been communicating with Mr. Bradford by cell phone that day, she did not call 911 for help. The emergency call was made about eight minutes after the shooting by a passer-by who stopped to help. He said Mrs. Moonda told him her husband had a severe nose bleed, not that he had been shot.

Later, when questioned by police, Mrs. Moonda said the killer was a slight man, no taller than 5-feet-4. She told them she could not tell whether the gunman was black or white. Her description was nothing like Mr. Bradford, a black man who stands about 6 feet tall.

He said part of their conspiracy was that she would provide inaccurate details to investigators, hoping to throw them off track.

Mrs. Moonda is being held without bail in the Medina County, Ohio, jail.

Trail Of Blood Leads To L.A. Fire Capt. (LAT)

By Andrew Blankstein And Ashley Surdin

The Los Angeles Times, August 17, 2006

A 23-year veteran Los Angeles city fire captain was arrested today for allegedly killing a woman after police said they found a trail of blood that stretched nearly a half-mile between the suspect's home and the crime scene.

LAPD Lt. Paul Vernon said that a resident called police after finding the nude body of the woman about 1:30 a.m. today in the 5100 block of Loleta Avenue in Eagle Rock.

The fire captain, David Jaime Deltoro, 50, was booked on suspicion of murder after being questioned for several hours by detectives from the LAPD Robbery-Homicide Division. FOR THE RECORD:

Based on information provided by the LAPD, an earlier version of this story incorrectly stated that the location of the house where David Jaime Deltoro lived was on the 5100 block of Hill Drive.

"We are going to have to wait for the coroner's investigation to determine the cause of death," Vernon said. "We will be looking at whether she was killed in the home, in the truck, or at the location where the body was found."

The victim, whose name has not been released, was pronounced dead at the scene. Investigators followed tire tracks and a trail of blood and body tissue from the location of the woman's body for several blocks to the home of the fire captain in the 5100 block of Vincent Avenue.

"Part of our investigation is to determine whether the trail originated from the house to the body or from the body to the house," Vernon said.

Los Angeles city fire Capt. Carlos Calvillo said the agency had placed Deltoro, who was assigned to Fire Station 1 in Lincoln Heights, on administrative leave and that the department was cooperating with the police investigation.

Espionage Acting (WSJ)

The Wall Street Journal, August 17, 2006

DOJ_NMG_0049547

The prosecution of government "leaks" that began with the Valerie Plame case has already sent one reporter to jail and limited the ability of all journalists to protect their sources. But now things are getting worse, as the Justice Department is prosecuting a pair of lobbyists for doing what journalists do every day.

We're talking about the indictment under the 1917 Espionage Act of two former lobbyists for the American Israel Public Affairs Committee, or AIPAC. Prosecutions under the Espionage Act have been very rare, but at least government officials swear not to leak secrets when they take the job. In this case Justice has already squeezed a guilty plea from former Pentagon analyst Lawrence Franklin for leaking classified information. He's been sentenced to 12 years in jail, or two more than Andrew Fastow received for fleecing Enron.

Where Justice is breaking all precedent is by indicting Steven Rosen and Keith Weissman, the former AIPAC staffers, for a "conspiracy" to pass on information from Mr. Franklin to at least one journalist and one employee of the Israeli Embassy. To our knowledge no such secondary sources have ever been prosecuted in this fashion, even during World War II when the Chicago Tribune disclosed highly classified military secrets.

One of the more important details about this case is that it doesn't involve the transmission of, say, microfiche or any classified documents. Rather, the defendants appear merely to have told others some of what they heard from Mr. Franklin -- about U.S. Iran policy, for instance. They thus stand accused of doing exactly what hundreds of journalists do in Washington to make a living, albeit for a much larger audience.

Perhaps sensing a problem, Justice sought to amend its original charges to suggest Mr. Weissman knowingly sought a classified document. But seeking classified documents is also what journalists do every day. In any case, federal Judge Thomas Ellis III ruled that this amendment was outside the bounds of the indictment approved by the grand jury.

Last week, Judge Ellis also declined the defendants' request to dismiss the case on the grounds that the Espionage Act is unconstitutionally vague and that the prosecution abridges their First Amendment rights to free speech and to petition the government. But one doesn't have to read too much between the lines to see that the judge is troubled by the government's conduct. He acknowledges that the case "implicates the core values of the 1st Amendment." And he has set a high bar for prosecutors, asking them to prove the defendants knew that Mr. Franklin was not authorized to give them the information he did and that passing it on could harm national security. He also added an extraordinary footnote to last week's opinion saying nothing in it is "intended to suggest or intimate any view about the wisdom of the government's decision to pursue this prosecution."

We realize that few of our readers have much sympathy for the press these days, and with ample cause. As we recently wrote after the Swift terror financing disclosure by the New York Times, we think the press sometimes has an obligation not to publish everything it knows. By revealing security secrets for no apparent reason other than its own partisan and ideological agenda, the Times has invited a government backlash against the entire press corps.

But these Espionage Act prosecutions are dangerous to more than the media. The statute is notably vague, meaning it is ripe for selective prosecution and misuse against political or partisan enemies. On any given day in Washington, numerous classified details are whispered across lunch tables and many of them make it into print or on the air. Many of these "secrets" aren't truly vital to national security but have been classified for political reasons, or because information is power and many bureaucrats like to control the flow of information. Is Justice going to investigate and prosecute every one of those leaks? The potential for political abuse is obvious.

The current prosecution has its own suspicious political beginnings, with some of the early leaks to the media suggesting that Mr. Franklin deserved his fate because he was one of those "neocons" who got us into Iraq. Some of the more breathless media reports seemed to cheer the FBI and Justice on, again for partisan reasons, and again ignoring the dangers to the press itself. This is the same mistake that liberal newspapers made as they campaigned for a special counsel in the Plame probe because the journalist in the dock was merely conservative columnist Robert Novak.

More broadly, this use of the Espionage Act amounts to the imposition, by executive fiat, of a U.S. version of Britain's Official Secrets Act. That law criminalizes the publication -- and even the re-publication -- of certain kinds of information. This kind of "prior restraint" on the press is alien to the American legal tradition of First Amendment rights. If Attorney General Alberto Gonzales thinks we need an Official Secrets Act, then he ought to say so and ask Congress to debate and pass it, rather than let his prosecutors impose one by the back door.

CIVIL LAW:

Column: Newsom Business Partner Is Lead Lawyer In Lawsuit Against Cheney (SFC)

San Francisco Chronicle, August 17, 2006

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Phillip Matier & Andrew Ross

Joe Cotchett, a top Democratic fundraiser, trial lawyer and longtime wine and restaurant partner of San Francisco Mayor Gavin Newsom, has just been named to lead ex-CIA officer Valerie Plame Wilson's big lawsuit against Vice President Dick Cheney, his former chief of staff Lewis "Scooter" Libby and presidential adviser Karl Rove.

And with the ex-Army Special Forces Col. Cotchett's take-no-prisoners approach to lawyering, you can bet this case will be a doozy.

In the suit, Wilson and her husband, former Ambassador Joe Wilson, accuse Rove, Cheney and Libby of intentionally exposing Valerie Wilson's classified CIA status to reporters in retaliation for ex-envoy Joe Wilson publicly challenging President Bush's evidence justifying the war in Iraq.

"Money is not what this case is about," Cotchett said Tuesday. "It's (about) a little piece of paper -- sometimes known as our Constitution."

There is already speculation that Cheney, citing executive immunity, will go untouched -- and that the real target is Republican kingmaker Rove.

Still, Cotchett said he intends to pull Cheney into the fray, as well.

"I'm going to take his deposition," said Cotchett.

No sooner was it announced that Cotchett would be leading the case than word came that Cheney would be represented by no less than Attorney General Alberto Gonzales and Washington lawyer Emmet T. Flood -- one of the attorneys who defended President Bill Clinton against impeachment charges.

Flood didn't return our call Tuesday, and the White House has been mum -- but Rove has called the lawsuit "absolutely and utterly without merit."

Daly dish: It was tough enough when Daly City Council candidate Leah Berlanga learned that her ex-husband Frank -- now sitting in jail for violating a restraining order -- had filed papers in a last-minute bid to compete in her race.

But what really shocked the co-founder of the Domestic Violence Survivors Network was when she discovered that ex-hubby Frank's filing papers had been circulated and signed by the family and supporters of a rival candidate, neighborhood activist and Jefferson School Board member Annette Hipona.

"I knew this was going to be a contentious race," said Berlanga, one of seven candidates running for three seats. "But I never thought they'd stoop this low."

Hipona didn't return calls for comment, but there are sure some interesting connections between her campaign and the surprise entrance of Berlanga's ex.

For starters, the papers for the jailed Berlanga's candidacy were circulated by Dana Smith, a Daly City Planning commissioner and sister of Daly City Councilwoman Judith Christensen, who also signed the ex's papers.

Smith, her sister Christensen and Hipona have been active with the Original Daly City Protective Association, a grassroots growth group that has opposed the city's redevelopment projects.

In an added twist, rival candidate Hipona's mother, father, brother and sister-in-law Laura all signed on in support of Frank Berlanga's candidacy, as well.

"I'm just shocked that they even did this," Leah Berlanga said. "I mean, I grew up with all these people."

Neither Smith, Councilwoman Christensen or Hipona returned calls for comment.

As for ex-husband Frank -- he was still in jail Tuesday and declined to be interviewed.

And you thought San Francisco politics were rough.

Fast play: It took a trip to the political emergency room and some pretty heavy surgery, but San Francisco's $450 million school fix-up bond appears to have come back from the dead.

For months now, school officials -- under the gun to comply with the settlement terms of a disability access lawsuit -- have been pushing to get the megabond on the November ballot.

But the shaky findings of the district's own poll -- combined with open criticisms from everyone from Mayor Gavin Newsom to landlords to the business community -- suggested they had moved too quickly for their own good, leaving so many stepped-on toes in their wake that even the measure's consultants were threatening not to take the campaign unless they cleaned up the mess.

Hence the rush for some political doctoring.

First up: A big sitdown a couple weeks back with the city's major landlords who were talking up an anti-bond campaign unless the accompanying tax hike could be passed on to tenants.

On one side was a delegation led by acting school Superintendent Gwen Chan and veteran school board member Jill Wynns -- on the other, major apartment owners and landlords represented by Coalition for Better Housing executive Brook Turner and political strategist Jack Davis.

"He (Davis) barked at them, and they jumped like trained Chihuahuas," is how one insider described the meeting.

By last week, Supervisor Tom Ammiano was carrying a bill at the Board of Supervisors (with a promise of backing by no less than six board members) to close a loophole in a 2002 piece of legislation and allow the costs of the school bond to be split 50-50 between landlords and tenants. Even tenant activists had signed on in support.

Next up, the Service Employees International Union, which was threatening to withhold its support of the bond over some recent layoffs -- most notably a couple of employees assigned to asbestos removal.

Quicker than you can say lung cancer, a new agreement was hammered out to allow the two workers to be rehired in other jobs.

The district also cut a deal with the San Francisco Building and Construction Trades Council for a new agreement ensuring that any nonunion contractors doing school construction work would abide by union rules.

Then there was the teachers union, which was unhappy with being left out of the planning process for the new bond. After school board members reminded the teachers that they would need the district's support down the road for the passage of a parcel tax to help pay for higher salaries and the like, the teachers quickly got in line.

Finally, there was the unfinished business of getting the mayor and Board of Supervisors on board. The mayor, in particular, was unhappy about being kept out of the loop -- particularly when it came to the size of the bond. So school reps fanned out across City Hall, meeting with the mayor and just about every supervisor to win over their support.

Now, the school gang is finishing up meetings with downtown business interests -- everyone from the Chamber of Commerce to the Committee on Jobs to San Francisco Restaurant Association -- the folks whose support and money they'll need to eventually get the bond over the finish line.

Chronicle columnists Phillip Matier and Andrew Ross appear Sundays, Mondays and Wednesdays. They can also be heard on KGO Radio. Phil Matier can be seen regularly on KRON 4 News. Got a tip? Call them at (415) 777-8815 or drop them an e-mail at matierandross@sfchronicle.com.

Page B - 1

Privacy Rights Group Files FTC Complaint Against AOL (FINDLAW/AP)

AP, August 17, 2006

(AP) - SAN FRANCISCO-The backlash against AOL's recent release of its subscribers' search requests continued Wednesday as a privacy rights group filed a Federal Trade Commission complaint alleging the breach was intentional.

AOL spokesman Andrew Weinstein scoffed at the allegation made by the World Privacy Forum, reiterating earlier descriptions of the breakdown as a "mistaken release" by a bumbling researcher.

The San Diego-based World Privacy Forum's filing follows a similar complaint by the Electronic Frontier Foundation,a civil liberties group in San Francisco.

Both groups are urging the FTC to investigate and possibly penalize AOL for its unauthorized release of about 19 million search requests made by about 658,000 subscribers during a three-month period ending in May.

The files containing the search requests were publicly accessible for 10 days before AOL removed the information, giving people time to fetch copies that continue to circulate on Web sites like http://www.aolstalker.com.

The FTC complaints allege AOL - owned by Time Warner Inc. -engaged in unfair or deceptive business practices by exposing its subscribers' information, which included requests for online pornography, murder tips and medical advice.

Although no names were attached to the search requests, some of the data was revealing enough to figure out the identities of the people behind the queries.

The FTC so far has not indicated whether it intends to investigate AOL.

Judge Refuses New Orleans' Request To Dismiss Lawsuit By Gun Owners' Lobbying Groups (FINDLAW/AP)

By Mary Foster, Associated Press

AP, August 17, 2006

(AP) - NEW ORLEANS-A federal lawsuit accusing the city of illegally confiscating firearms during the chaos that followed Hurricane Katrina was kept alive by a federal judge Wednesday.

U.S. District Judge Carl Barbier denied a motion by the city of New Orleans to dismiss a suit by the National Rifle Association and the Second Amendment Foundation. The groups sued Mayor Ray Nagin and New Orleans Police Chief Warren Riley over the confiscation of guns following Hurricane Katrina.

The city asked the judge to dismiss the suit for lack of jurisdiction, saying "the states, and by extension their political subdivisions, are free to proscribe the possession of firearms."

The court rejected the motion, ruling the city did nothing to back up "the brazen assertion" that the second amendment did not apply.

"I'm delighted to see that the second amendment still applies in Louisiana," said Wayne LaPierre, executive vice president of the NRA.

The suit says that during and after the Aug. 29 storm, "Mayor Nagin ordered the New Orleans police and other law enforcement entities under his authority to evict persons from their homes and to confiscate the lawfully possessed firearms."

By pursuing it, the NRA hopes to prevent any such action in the future, LaPierre said. The organization also hopes the court will order police to return guns in their possession to the rightful owners, he said.

In April, police made about 700 weapons available to owners. Those seeking a weapon must bring either a bill of sale or an affidavit with the weapon's serial number, which LaPierre called an "impossible requirement."

Police spokesman Sgt. Carlton L. Lewis said Wednesday he could not say how many weapons remained. He said people can still claim them.

Several efforts to get comment from the city on the lawsuit were not answered.

CIVIL RIGHTS:

Federal Appeals Court Upholds Michigan High School Sports Ruling (AP)

AP, August 17, 2006

GRAND RAPIDS, Mich. (AP) — A court ruling on the scheduling of the state's prep athletic seasons will not affect the sports calendar for the 2006-07 school year, the Michigan High School Athletic Association says.

A three-judge panel of the 6th U.S. Circuit Court of Appeals in Cincinnati upheld a lower court's opinion that the schedule discriminates against girls in some sports.

The decision issued Wednesday stemmed from a 1998 federal lawsuit filed against the MHSAA by Diane Madsen and Jay Roberts-Eveland, both Grand Rapids-area mothers of female athletes, in conjunction with their group, Communities for Equity.

After the 6th Circuit released the ruling, the East Lansing-based MHSAA issued a statement saying it "will be studying its options following this decision." It has two weeks to ask the full appeals court to hear the matter.

The organization also said there will be no changes to sport schedules for the approaching school year. That drew criticism from the co-president of the National Women's Law Center.

Even though practice has started for girls basketball and other fall sports, the MHSAA and its 1,800 member schools should take "a serious look" at making at least some schedule changes this year, said Marcia Greenberger, whose Washington-based organization has helped the plaintiffs in the case.

"The burden should be on MHSAA and the schools to justify why things have to remain as they are when they are illegally and unfairly discriminating against female athletes in the state of Michigan," Greenberger said.

Madsen said if the MHSAA appealed again, her group would continue its fight.

"It should be over, but unfortunately it's not," she said. "I'm very confident that sooner or later justice will prevail. It's just a matter of how long it takes and how much money it will cost."

The focus of the lawsuit was the scheduling of high school sports seasons involving girls teams. In particular, girls in Michigan play basketball in the fall and volleyball in the winter, the opposite of collegiate schedules.

Critics say that limits the exposure of Michigan's female prep athletes and may hurt their chances to win sports scholarships, but the MHSAA argues the opposite.

Communities for Equity won its federal lawsuit in December 2001. U.S. District Judge Richard Enslen in Kalamazoo said the scheduling policies violated the equal-protection clause of the 14th Amendment, the federal Title IX statute and Michigan civil rights law.

Enslen directed the MHSAA to propose a realigned sports schedule that would meet with his approval. In August 2003, the judge rejected an MHSAA proposal because it did not include a swap of the girls' basketball and girls' volleyball seasons.

Enslen amended the plan to flip-flop the two seasons, and the MHSAA appealed to the 6th Circuit, which denied that appeal in July 2004.

The association then appealed to the Supreme Court, which told the appeals court in Cincinnati to reconsider the case. Arguments were presented to the three appellate judges in March.

The MHSAA reiterated its stance that the purpose of separate athletic seasons for boys and girls is to maximize opportunities for participation. Having both sexes playing the same sports at the same time would tax many schools' athletic facilities, it said.

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Appellate Judge Ronald Lee Gilman, who wrote the opinion, said: "MHSAA's claim that the inadequate facilities require the female athletes to always play in the disadvantageous seasons is without merit. MHSAA could, after all, rearrange the schedules and require some of the male sports to play in disadvantageous seasons without increasing the overall use of the facilities."

Gilman also wrote that the MHSAA failed to "establish that separate seasons for boys and girls — let alone scheduling that results in the girls bearing all of the burden of playing during disadvantageous seasons — maximizes opportunities for participation."

Judge R. Guy Cole Jr. concurred with Gilman's opinion. Judge Cornelia G. Kennedy concurred in part and dissented in part.

Donors Defend School's Jesus (WT)

By Joyce Howard Price

The Washington Times, August 17, 2006

A divided school board in West Virginia has decided to use about $150,000 in donated money to fund a legal fight to keep a print of Jesus Christ on display in one of its high schools that has been there for more than 40 years.

Two weeks ago, the board voted 3 to 2 to proceed with a court battle to retain the picture at Bridgeport High School, if $150,000 in private funding was raised. "We raised that amount in nine days," board member Mike Queen said yesterday.

He said one family contributed $53,000, and there were also donations from celebrities, such as Pat Boone and country singer Stella Parton.

The school board is fighting a lawsuit filed earlier this summer by Americans United for Separation of Church and State and the ACLU of West Virginia, which argues that the religious display in the public school is a violation of requirements for the separation of church and state.

"What's wrong with having role models with religious beliefs in schools? Children should understand the religions of the world," given the conflicts that exist today in the name of religion, said Mr. Queen, who has led efforts to retain the print.

But the Rev. Barry Lynn, executive director of Americans United for Separation of Church and State, said the picture "depicts the leader and founder of the Christian faith. How can they act like a portrait of Jesus that is hanging in a public school be anything but a promotion of the Christian religion?"

The board set the $150,000 threshold for legal expenses in this case after deciding not to spend tax dollars.

The board's president and vice president are unwilling participants in the legal battle. On June 6, they voted to remove the print, a rendering of a 1941 work by artist Warren Sallman. But one board member was absent, and that motion failed in a tie vote.

"This is an issue over which people are quite passionate," Harrison County School Superintendent Carl Friebel said.

School board attorney Richard Yurko said one legal group predicted the board's chances of winning to be about 1 percent.

Mr. Yurko cited a case decided by a federal appeals court in Michigan a decade ago, which dealt with a copy of the same painting of Jesus in a public school. The appeals courtruled the picture unconstitutional.

"If the court follows that ruling, we will probably lose," the lawyer said.

But he said the majority of the board feels that the views of courts in cases such as this are changing, noting that questions have been raised about the validity of legal standards used in the earlier decision.

"They say the picture has never been used to proselytize," so there is no reason to remove it, Mr. Yurko said.

But Board President Wilson W. Currey said the effort is a waste of time.

"I feel personally we are wasting a lot of time, money and effort," he said. "We're on this board to make educational decisions and to improve things for kids."

Breaking Through Adoption's Racial Barriers (NYT)

By Lynette Clemetson And Ron Nixon

The New York Times, August 17, 2006

When Martina Brockway and Mike Timble, a white couple in Chicago, decided to adopt a child, Ms. Brockway went to an adoption agency presentation at a black church to make it clear they wanted an African-American baby.

Their biological daughter, Rumeur, 3, is accumulating black dolls in preparation for her new brother or sister. Black-themed children's books like "Please, Baby, Please" by the filmmaker Spike Lee and his wife, Tonya Lewis Lee, share shelf space with Elmo and Dr. Seuss.

But the couple's decision provoked some uneasy responses. One of Mr. Timble's white friends asked, "Aren't there any white kids available?"

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Ms. Brockway's black friends were supportive. "But," she said, "I also sensed that there was maybe something they weren't saying."

Mr. Timble cut in. "Like maybe they were thinking, 'What do these people think they are doing?' "

Ms. Brockway and Mr. Timble are among a growing number of white couples pushing past longtime cultural resistance to adopt black children. In 2004, 26 percent of black children adopted from foster care, about 4,200, were adopted transracially, nearly all by whites. That is up from roughly 14 percent, or 2,200, in 1998, according to a New York Times analysis of data from the National Data Archive on Child Abuse and Neglect at Cornell University and from the Department of Health and Human Services.

"It is a significant increase," said Rita Simon, a sociologist at American University, who has written several books on transracial adoption. "It is getting easier, bureaucratically and socially. With so many people going overseas, people are also increasingly saying, Wait a minute, there are children here who need to be adopted, too."

The 2000 census — the first in which information on adoptions was collected — showed that just over 16,000 white households included adopted black children. Adoption experts say there has been a notable increase since 2000.

The reasons for the increase are varied. The Multiethnic Placement Act and its amendments prohibited federally financed agencies from denying adoption based on race. The foster care system has sharply changed in recent years and now includes financial incentives for finding more adoptive families.

The combination of legal changes and greater embracing of multicultural families — Americans have adopted more than 200,000 children from overseas in the past 15 years — have lessened resistance from both blacks and whites. The long wait for white children and the high costs of international adoptions — typically $15,000 to $35,000 — also play a role.

And agencies are offering courses to help adoptive parents enter the process with more cultural openness and awareness.

Ms. Brockway and Mr. Timble decided to adopt after a physically and emotionally wrenching first pregnancy — their daughter was delivered at 25 weeks. They did not want to deal with the long wait for a white infant, and adopting from overseas did not appeal to them.

"Some people see Asian or other ethnicities as closer to white, more acceptable, easier," said Ms. Brockway, a teacher. "That's just not us. We feel like we have the open arms and minds to be a good match to an African-American child."

In practice, however, decisions about adoption placements are still influenced by racial considerations, many families say. Since 1994, white prospective parents have filed, and largely won, more than two dozen discrimination lawsuits, according to state and federal court records. Many more disputes have been settled in arbitration.

The loaded jumble of viewpoints and anxieties related to transracial adoptions of black children are complex and often contradictory.

Rhetoric around the issue has softened considerably since the National Association of Black Social Workers, in 1972, likened whites adopting black children to "cultural genocide." The group removed the genocide reference from its policy statement in 1994, but it still recommends same-race placements. And organizations like the Child Welfare League have argued in recent years that while race need not be the primary consideration in placements, it should not be disregarded.

Many blacks still worry that white families cannot equip black children to navigate the country's complicated racial landscape.

"Adoption, like everything else in this country, gets filtered through the lens of race," said Joseph Crumbley, a black social worker in Philadelphia and a consultant on transracial adoptions. "For blacks, it is about how comfortable can whites be in dealing with the issue of race when their race is in conflict with the race of the child."

At the same time, some blacks view international adoptions by whites as a slight to black children in need of permanent and stable homes. "I can't help but wonder why Angelina and Brad can't adopt an African-American baby here with so many in need," said Ishia Granger, 36, a black friend of Ms. Brockway.

More than 45,000 black children were waiting to be adopted from foster care in 2004. There are no reliable national figures for private adoptions.

Advocates of black adoption criticize adoption agencies as not doing enough to recruit black families. But one strategy agencies use, in part, to recruit black families — reducing fees for African-American adoptions — seems to some critics like a literal devaluing of black children. And while current adoption laws impose penalties on federally financed agencies that discriminate, there are no penalties for failure to identify black adoptive families.

Both black and white families, at times, feel discriminated against. Charlene White, a black adoptive mother in Richmond, Va., said that when she and her husband, Malachi, began the process in 1997, a counselor asked them about drug and criminal records — questions a white couple they knew who were also adopting were not asked.

"It was definitely because we were black," Ms. White said.

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A white judge initially denied Nick and Emily Mebruer's petition to adopt a black child, ruling that the Mebruers, a white couple who live in rural Lebanon, Mo., were "uniquely unqualified" to parent a black child because of their limited interaction with black people and culture. The ruling was overturned, and their daughter, Maggie, is now 3.

"We felt like it was an indictment of us and our entire community," said Mrs. Mebruer, a family doctor, as Maggie played with a black doll in the center of the living room and danced to the Australian children's group the Wiggles. "It was assuming that we didn't have the desire or the capacity to learn."

The Mebruers did not explicitly set out to adopt a black child. But when the Kansas City office of Catholic Charities called one spring afternoon to say that an infant was available and that they needed the couple's decision within hours, the race of the child, Mr. Mebruer said, was secondary.

White families adopting black children are increasingly learning that the "love is enough" approach to adoption that families bring to the process is often met with skepticism.

Psychologists, researchers and adoptees themselves say many children adopted transracially in past decades suffered from philosophies focused on assimilation, with little or no acknowledgment of racial and cultural conflict.

Robert O'Connor, 39, who was raised by a white family in Rush City, Minn., recalled his struggles growing up in a small town with few other blacks. Throughout his youth, he said, he felt awkward around other blacks. He did not understand black trends in fashion or music or little things like playing the dozens, the oral tradition of dueling insults.

"I always felt like I had this 'A' on my forehead, this adoptee, that people could see from a far distance that I was different," said Mr. O'Connor, who now researches transracial adoptions as assistant professor of social work at Metropolitan State University in St. Paul.

Today, some agencies are working to avoid mistakes of the past. Ms. Brockway and Mr. Timble are adopting through the Cradle, a Chicago agency that gives transracial adoptive parents extensive counseling as well as a course on "conspicuous families."

One exercise meant to assess parents' comfort level in confronting racial issues lists a roster of stereotypes including, "lazy," "passive" and "athletic," and asks parents to assign them to the race or ethnic group to which they are often applied.

Judy Stigger, a counselor at the Cradle and herself a white adoptive mother of two black children, now adults, makes the issues tangible to prospective parents by relating personal stories. She tells about the time when her son, then a teenager, reached into her purse at a McDonald's and a clerk called security; and the time when her daughter began crying while looking through congratulatory cards sent by family and friends when they took her home.

"Was I supposed to have been white?" her daughter, then in the third grade, asked. Ms. Stigger had never noticed that the children on all of the cards were white.

"It's about getting people to realize that they should not be thinking about being, as one 8-year-old put it to me, 'a white family with a weird child,' but a multiracial family," Ms. Stigger said. "The way most white people use the term 'colorblind' is just silly. We want to create color aware families, not colorblind families."

Ms. Brockway worked for years in predominantly black schools and now tutors children in foster care. Mr. Timble, who owns a promotional printing business, has a cousin who has adopted four black children. They live in an ethnically diverse section of northwest Chicago.

But after working through the adoption process, Ms. Brockway said, they are considering moving to a neighborhood with more black professionals and finding a more diverse church.

For some adopting families, public reaction defies assumptions. Katherine and Ryan Liebl were dining recently in the Oak Park neighborhood of Chicago, where they live, when a black family asked them where they had adopted their son, Matthew, now 8 months old.

They responded that he was from Chicago and steeled for disapproval. Instead, they said, the family cheered: "Yeah, domestic baby. Good for you!"

The Liebls, who adopted through the Cradle, were chosen by black birth parents from profiles submitted by black and white adoptive families. The same birth parents had previously chosen a black couple, Dana and Drayden Hilliard, to adopt two older children. So the Liebls' son Matthew has two biological siblings being raised by a black family in a nearby suburb.

The two families have become friends and are raising the children as siblings, getting them together about once a month.

The Hilliards said they were surprised that the birth mother chose a white family. "But wherever a child can find love, black, white or purple, that is all right with me," said Ms. Hilliard, 39, a program analyst. "I do feel that if parents adopt transracially they owe it to their child to keep them connected with their heritage. But we are happy to be a resource for that."

The two families do not know for sure what attracted the birth mother to them, but they said worldliness seemed to have trumped race. The birth mother commented to each that their expressed love for travel would offer her children a chance to explore the world that she never had.

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"We feel like we struck gold," said Mr. Liebl, 31, a lawyer. "Matthew has these siblings that he will know and this level of contact between us that is authentic and not forced."

In the personal letters that the Cradle requires adoptive parents to submit to birth parents, those adopting transracially are asked to include examples of how they would bring diversity to a child's life.

Ms. Brockway said it had been a difficult exercise. She wants to include pictures with black friends, but not too many. She wants to write about her black students, Mike's black relatives and co-workers, their activities in black communities — but not too much.

"I don't want to appear over the top, trying too hard, like we think we're cool because we have black friends." she said. "And who is to say what any birth mother will think is important or how any one views or defines diversity and culture. These things are different for everyone."

ANTITRUST:

France's Danone Hungers To Acquire, But Its Portfolio May Make It A Target (WSJ)

By Jenny Clevstrom

The Wall Street Journal, August 17, 2006

PARIS -- After a decade-long reorganization, Groupe Danone SA is hungry for acquisitions. But many say the French dairy, beverage and biscuit firm remains itself a tasty morsel.

Danone plans to spend between €500 million and €1 billion, or between about $640 million and $1.3 billion, a year over the next three to five years on acquisitions, Danone Chief Financial Officer Antoine Giscard D'Estaing said in an interview.

The added spending, which compares with about €200 million for acquisitions in 2005, will be channeled into small and medium purchases aimed at expanding Danone's operations to around 80 countries from the current 40. Among the markets Danone is examining are Chile, Tunisia, Thailand, China and Eastern Europe, Mr. Giscard D'Estaing said.

It could be the right time for a new strategy: The maker of Evian water, Danone yogurt and Lu cookies has spent the past 10 years cleaning up its portfolio, selling noncore assets in the beer, pasta and sauces sectors.

Danone's business is today focused on three core activities: fresh dairy, beverages and biscuits. It is a world leader in fresh dairy-product sales and bottled water. In the first half of 2006, the company's net income rose to €704 million from €346 million in the first half of 2005.

"By simple virtue of its portfolio, it's clearly, in Europe, the best-positioned in health and wellness among the large food companies," says Michael Steib, an analyst at Morgan Stanley. Mr. Steib rates Danone "outperform." Morgan Stanley doesn't have an investment-banking relationship with Danone.

Yet Danone is still a relatively small player. With a market capitalization of €28 billion, the French company is dwarfed by rivals like Swiss food titan Nestlé SA, which has a market capitalization of €105 billion.

Moreover, unlike Nestlé, Danone's business is concentrated in a few markets. A decade ago, when Chief Executive Officer Franck Riboud took the helm of the group, 80% of Danone's sales were generated in Western Europe.

Mr. Riboud has reduced Danone's dependence on Western Europe, but it still accounts for around 50% of sales -- a potential problem given the region's slow growth. In the first half of 2006, sales from a year earlier grew 4.5% in Europe compared with 17.8% in Asia and 16% in the rest of the world, including the U.S.

Danone's new acquisition strategy is aimed at building up its business in faster-growing emerging markets, said Mr. Giscard D'Estaing, who is a nephew of former French President Valery Giscard D'Estaing.

China, where the company generates around 9% of its overall sales, is also a fertile acquisition market. Mr. Giscard D'Estaing said Danone's dairy-product sales in China could total between €200 million and €400 million a year within three to five years. Danone's consolidated sales in 2005 totaled €13 billion.

The French company also hopes to make acquisitions that will expand its product offering, particularly in the high-growth and high-margin health-foods sector.

Danone already sells products like low-cholesterol yogurt Danacol and the probiotic Activia yogurt, which alone posted a 36% rise in sales last year to €845 million. Probiotic yogurt contains bacteria, which helps the body's natural defenses and improves the digestive system. Danone also recently bought a 22.2% stake in Chinese juice firm China Hui Yuan Juice Holdings Co.

The U.S. is a major growth market for the health-food sector and for the company as a whole. Danone purchased a 40% stake in organic-food maker Stonyfield Farm in 2001, and raised its share to 80% in 2004 -- an acquisition that has greatly strengthened its position against Minneapolis-based competitor General Mills Inc., maker of Yoplait yogurt. Danone and

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Stonyfield together accounted for 33% of the U.S. yogurt market in 2005, compared with Yoplait's 30%, both in terms of overall sales value, according to data firm Euromonitor.

This year, Danone launched Activia yogurt products in the U.S., and sales are expected to reach $100 million within a year, Mr. Giscard D'Estaing said. He added that teaming up with a pharmaceutical company in order to deepen Danone's knowledge on the use of natural ingredients is also a possibility.

Danone's ambitious expansion plans have another potential benefit: By bulking up, the company could make itself harder to swallow for potential suitors.

Many of the world's biggest food and beverage companies have long seen Danone as a prime takeover candidate. The company doesn't have a controlling shareholder and is one of the few midsize food companies left in an industry dominated by titans such as Nestlé, Kraft Foods Inc. and Coca-Cola Co.

"Danone will probably remain on the radar screen of many companies," said Arnaud Langlois, an analyst at J.P. Morgan.

For all of Danone's international expansion, its best protection from an eventual takeover bid could be home-grown.

A year ago, when rumors circulated that PepsiCo Inc. was planning a bid for the company, the French government clearly warned off potential suitors. The country's prime minister hailed the company as a "crown jewel" that would be defended in the national interest of France. A bid never materialized.

Mr. Giscard D'Estaing said Pepsi never formally approached Danone. He said the company would discuss a friendly bid from a company if it ever came, but added: "This is not on our agenda today. Our agenda is to develop our company."

Teck Drops Plan To Raise Inco Bid, Leaving CVRD As Likely Buyer (WSJ)

By Mark Heinzl

The Wall Street Journal, August 17, 2006

TORONTO -- In a sign that investor appetite for surging mining stocks amid a world-wide industry merger frenzy may be sated for now, Teck Cominco Ltd. said it won't proceed with a planned increased offer of 20.03 billion Canadian dollars (US$17.83 billion) for Inco Ltd.

The development appears to leave Brazil's Cia. Vale do Rio Doce -- with its all-cash offer of C$19.35 billion, or C$86 an Inco share -- in the driver's seat to acquire the big Canadian nickel producer. Inco continues to endorse a cash-and-stock bid by Phoenix copper producer Phelps Dodge Corp., though investors are likely to prefer the all-cash bid. Phelps Dodge's offer was valued at about C$89.31 an Inco share as of yesterday's closing prices.

Teck, a Vancouver, British Columbia, mining concern, attempted to sell C$5.73 billion of shares to institutional investors in order to help finance its bid for Inco, but Teck said it wasn't able to complete the share issue "on terms that made sense" for the company. A Teck spokesman said some investors that balked at Teck's terms for the share issue would have agreed to buy shares at a price lower than what Teck was seeking. He declined to say what price Teck was seeking.

Teck had said its planned cash-and-stock offer of C$89 a share for Inco would be its "best and final." Its previous cash-and-stock bid, of C$87.74 per Inco share with a smaller cash component, was set to expire at midnight yesterday.

Mining-industry bidding wars and share prices have escalated amid predictions of long-term demand for metals like nickel and copper from China and elsewhere. But investors are proving to have less of an appetite for mining stocks amid fears of a correction, at least in the short term.

Citing Teck's troubles selling the shares, Carol Levenson, director of research for credit-research firm Gimme Credit, said in a research note that "it appears that raising this magnitude of cash through an equity offering is more difficult than it seems."

Natcan Investment Management fund manager Benoit Brillon said he was offered part of Teck's share issue but declined, since about 2% of his C$6 billion portfolio already is in Teck shares. "I didn't really need more, but I'm really happy with my shares," which he acquired years ago in the C$10-C$12 range, he said. Teck should have used the occasion to remove its dual-class share-voting structure, which limits the stock's valuation and gives voting control to Canada's Keevil family and Japan's Sumitomo Metal Mining Co., Mr. Brillon said.

Shares of Inco fell 3% to 77.33 each at 4 p.m. in New York Stock Exchange composite trading. American depositary shares of CVRD rose 2.4% to 22.34. Teck's class B shares were up 3.1% to $73.38 on the NYSE.

A Phelps Dodge spokesman declined to comment. A CVRD spokesman said the company was assessing the news.

CVRD's offer lacks Inco's support, and Inco may seek a higher offer from CVRD. Still, CVRD may not see a need to boost its offer if it feels Inco shareholders will support the existing bid.

Though Teck said it would let its offer expire last night , it will be rewarded for its efforts. Teck had acquired 8.9 million shares of Inco before launching its initial bid in May, and Inco shares have soared since.

If Phelps Dodge doesn't win Inco, its attempt could still earn it a big payday. Inco agreed to pay Phelps Dodge a breakup fee of $475 million in the event Inco endorses a different bidder.

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R.R. Donnelley To Consider Buyout Offers (WSJ)

By Dennis K. Berman And Henny Sender

The Wall Street Journal, August 17, 2006

Giant printer R.R. Donnelley & Sons Co. is entertaining offers to be bought by leveraged buyout firms, people familiar with the matter said yesterday.

The Chicago-based company -- with a market capitalization of $7.4 billion -- is a logical target for these buyout shops, which seek companies with steady cash flows that can be used to pay down debt used to fund an acquisition.

At least two buyout groups are considering offers, said one person familiar with the matter. One group is comprised of Carlyle Group, Madison Dearborn Partners and Thomas H. Lee Partners. A second bidding group includes Blackstone Group and Texas Pacific Group, according to another person familiar with the matter. Details of the discussions were previously reported by the Mergermarket news service and Bloomberg News.

One person familiar with the matter said that R.R. Donnelley has been discussing such a move for about three to four months, but another person familiar with the matter described the negotiations as still in a preliminary stage. The different interpretations underscore the tenuous nature of publicly-disclosed buyout talks. A leak can send a target's stock price higher, which can in turn erode conditions for getting a deal done in the first place. R.R. Donnelley's stock price has already reached levels that some private-equity analysts think makes the deal unattractive.

"The issue is that the world thinks the private-equity firms have too much money," says one analyst. "And the dogs have been fed every time the bell rings. But things are getting pricey and it is possible that investors who bet that the private-equity firms will pay any price may get burned."

Momentum around a possible deal sent R.R. Donnelley shares higher yesterday by 62 cents, or 1.8%, to at $34.36 in 4 p.m. New York Stock Exchange composite trading. That price falls into roughly the middle part of the company's 52-week trading range, which posted an intraday low of $28.50 and a high of $38.13.

R.R. Donnelley is working with Morgan Stanley in evaluating potential offers.

Private-equity firms have been moving aggressively to identify ever-larger target companies, given that they have raised $282 billion in funds since 2004, according to J.P. Morgan Chase & Co. data. But sometimes their ambitions prove greater than their ability to execute, as negotiations can falter amid pricing differences. That was the case with Computer Sciences Corp., which conducted different rounds of discussions with buyout groups but ultimately elected not to sell. Jones Apparel Group Inc. also ran an auction process for private-equity shops that died just this week.

R.R. Donnelley's bonds were on the move early yesterday amid the takeover speculation. Its 4.95% bonds due 2014, the most actively traded, saw its spread against safer Treasurys rise more than 27% this week, according to MarketAxess, an electronic trading system for corporate bonds.

Credit protection on R.R. Donnelley, meanwhile, was also getting more expensive, taking the five-year credit default swap, or CDS, 60 basis points wider to a bid of 220 basis points, traders say. That means an investor would have to pay $220,000 a year to protect $10 million of R.R. Donnelley debt for five years. R.R. Donnelley CDS traded as wide as 255 basis points yesterday morning. If a bid actually materializes, that cost is likely to go up to $400,000 a year, giving early buyers huge profits.

Tabcorp Holdings Withdraws A$1.9 Billion Unitab Offer (Update5) (BLOOM)

By Paul Waide

Bloomberg, August 17, 2006

Aug. 17 (Bloomberg) -- Tabcorp Holdings Ltd., Australia's biggest gaming company, withdrew its A$1.9 billion ($1.5 billion) hostile offer for Unitab Ltd. after antitrust opposition, leaving Tattersall's Ltd. the only bidder for the sports betting chain.

Tabcorp said it won't challenge the regulatory ruling that ends its plan to control off-track betting on horse races in the country's three most populous states.

Buying Brisbane-based Unitab would reduce Tattersall's dependence on lotteries and slot machines and allow it to bid for Tabcorp's wagering license in Victoria state when it expires in 2012. To succeed, it may have to raise it's A$1.8 billion stock offer, which values Unitab shares at less than their current price.

``It is a takeover by Tattersall's of Unitab without a premium for control," said Mark Wilson, a Sydney-based analyst at Deutsche Bank. The Melbourne-based company needs to raise its bid to win approval from Unitab shareholders, who vote on the offer Aug. 21, Wilson said.

Tabcorp shares rose 45 cents, or 3 percent, to A$15.35 at 1:28 p.m. in Sydney. Tattersall's shares rose 7 cents, or 2.3 percent, to $3.14 and Unitab fell 1 cent to A$13.79.

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While the Unitab board has recommended shareholders accept Tattersall's bid, the company's chief executive officer, Dick McIlwain, has said Tabcorp's A$14.25 a share offer was too low and that for a takeover to succeed the price would have to be higher than A$15.

`Pretty Astute'

``Dick's pretty astute in calculating the worth of the company and I wouldn't disagree with that," said Kevin Seymour, Unitab's biggest individual shareholder. Seymour is a non- executive director of Unitab and holds more than A$120 million in Unitab stock.

The antitrust regulator has said it won't block a deal between Tattersall's and Unitab.

Ben Smith at Investec Wentworth is advising Unitab. Tattersall's is being advised by Alastair Lucas, Tim Burroughs and Joseph Fayyad at Goldman Sachs JBWere Pty. Peter Scott, Tim Antonie, and Kelvin Barry of UBS AG were advising Tabcorp.

Australians spend more of their entertainment dollars per person on gambling than any other country. The nation's 20 million people will gamble A$17.9 billion in 2006, according to Tabcorp, or A$895 for every man, woman and child.

ENVIRONMENT:

New Alaska Oil Leases Being Offered Despite Uproar Over Pipeline Corrosion (FINDLAW/AP)

By H. Josef Hebert, Associated Press Writer

AP, August 17, 2006

(AP) - WASHINGTON-The Interior Department is set to open a vast area of environmentally sensitive wetlands in Alaska to new oil drilling, even as opponents point to corroding pipelines to the east at Prudhoe Bay as a reason to keep the area off-limits.

The tens of thousands of acres in and around Lake Teshekpuk on Alaska's North Slope are part of the oil-rich Barrow Arch that also includes the Prudhoe Bay fields that have kept oil flowing for decades.

The lease sale, opposed by environmentalists and some members of Congress, comes as federal regulators and a House committee investigate inspection and maintenance programs of BP Alaska, where widespread pipeline corrosion forced the partial shutdown of Prudhoe Bay oil production Aug. 6.

BP Alaska is a subsidiary of London-based BP PLC.

Government geologists believe at least 2 billion barrels of oil and huge amounts of natural gas lie beneath the coastal lagoons, river deltas and sedge grass meadows - an area also where caribou give birth to their calves and thousands of geese migrate each summer to molt.

Within days, the Interior Department will open tracts in the lake area for leasing, with the winning bids to be announced in late September.

The lake and its surrounding wetlands are within the federal National Petroleum Reserve-Alaska (NPRA), a vast area of 22 million acres (8.9 million hectares)set aside in 1923 by the federal government for its oil and gas resources.

Unlike the Arctic National Wildlife Refuge farther to the east, the NPRA is acknowledged by all sides to be an area for energy development. But environmentalists argue that parts of it - especially the region around Lake Teshekpuk - should be excluded from the lease sales.

They contend that the risks to the environment were reinforced by the recent disclosure of shoddy maintenance, inadequate inspections and corroded pipes that led to the partial shutdown of North Slope oil production. BP Alaska has said it is replacing two thirds of its 22-mile Prudhoe Bay feeder pipeline system because of corrosion.

The company has acknowledged it was wrong to rely on ultrasonic tests to monitor the pipes and not internal tests using so-called smart pig technology, while also allowing a buildup of sludge in the pipes.

But the oil industry says it spends tens of millions of dollars for environmental protection on the North Slope and using modern technology can explore and develop oil fields in sensitive areas without a risk to wildlife and the environment.

"Oil is inherently a dirty business and there are some places where it should not be OK to go," countered Aurah Landau of the Alaska Coalition, an environmental advocacy group. She contends BP's pipeline corrosion and inspection and maintenance lapses are not an aberration and that there are frequent oil spills on the North Slope.

Recently, 19 senators and 66 House members separately urged Interior Secretary Dirk Kempthorne to reconsider offering leases in the Lake Teshekpuk area.

"Industry already has access to 87 percent of the Northeast area of the Reserve and providing them access to the remainder jeopardizes caribou and waterfowl populations and subsistence resources in one of the most important wetland complexes in the Arctic," the House letter says.

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Interior's Bureau of Land Management said that in its upcoming lease offering it will limit the surface areas within the nearly 500,000 acres to protect geese molting and caribou calving areas. The restrictions apply to roads and drilling pads, but not to elevated 30-inch pipelines.

It is just such pipes that are the focus of BP Alaska's Prudhoe Bay problems, including a spill of 270,000 gallons (102,203 lites) of oil last March and another spill discovered recently, resulting in the shutdown of pipes BP's Prudhoe Bay production.

On the Net:

Bureau of Land Management-Alaska: http://www.blm.gov/ak/npra.html

Alaska Wilderness League: http://www.alaskawild.org/campaigns-other-npra.html

That Eerie Green Glow (WP)

The Washington Post, August 17, 2006

NOW THAT greenhouse gases are the pollutants to fear, nuclear power may be making a comeback; British Petroleum's failings in Prudhoe Bay, revealed last week, only enhance the attractiveness of alternatives to oil. But as the nation rushes back to the future by embracing atomic energy, the industry and government have to solve one little problem left over from the past: how to deal with nuclear waste.

Energy Secretary Samuel W. Bodman recently announced that his agency would provide $2 billion in federal risk insurance to companies applying to build nuclear power plants. It's part of a package of government incentives designed to encourage the building of the country's first nuclear reactors since the 1970s. The Energy Department aims to insure at least six new power plants, and 19 companies have announced they will seek licenses to build nuclear power stations, according to Per F. Peterson, a professor of nuclear engineering at the University of California at Berkeley.

Nuclear power can produce electricity without generating the greenhouse gases that contribute to global warming. Industry spokesmen claim nuclear power plants can do so cheaply and efficiently, even taking subsidies into account, and, if properly monitored, safely; Chernobyl-style accidents can be avoided. Given the environmental and geopolitical disadvantages of dependence on oil, gas and coal, these arguments are persuasive.

But the Energy Department must prove early on that it has a politically and technically viable plan for storing the deadly radioactive waste that nuclear power plants produce. That has been a smoldering problem for the agency, which for years has tried to build a permanent waste storage site inside Nevada's Yucca Mountain. All the while, nuclear waste continues to pile up on sites next to reactors, in many cases close to population centers.

The Energy Department's current plan is to open the Yucca Mountain facility by 2017, ready to take the waste the new power plants will create. But construction at Yucca isn't fully authorized yet. The department has encountered stiff political and legal opposition in Nevada, and faulty scientific reviews of the site have also delayed the building. Who knows what kinds of problems construction will bring? The Yucca storage site is still the safest long-term solution to America's nuclear-waste problem. But given the project's history of delay, we're not counting on it opening on time. Neither should the federal government.

The Energy Department's assistant secretary for nuclear energy, Dennis Spurgeon, says the agency has contingency plans. If it begins its program to reprocess spent nuclear fuel in time -- and that seems unlikely -- nuclear waste can go to reprocessing sites. If that doesn't work, the government has two options: It can keep waste at reactor sites longer than would be ideal, or it can build secure and isolated interim storage sites. The first option shouldn't be on the table; utilities legally are not -- and should not be -- responsible for storing radioactive sludge longer than the few years it takes for it to cool, especially when many of the plants are close to cities. The second option sounds more promising, but as of now the Energy Department doesn't have the authority to conduct interim storage of nuclear waste itself -- that would take an act of Congress.

The federal government needs a foolproof plan to dispose properly of the waste. Otherwise, Americans won't have confidence in nuclear power.

A Debt Unpaid (NYT)

The New York Times, August 17, 2006

Vieques, a small island off the coast of Puerto Rico, made headlines a few years back when environmental activists engaged in civil disobedience aimed at forcing the Navy to stop using it for bombing practice. The Navy bowed to the pressure and departed in May 2003, leaving behind 60 years worth of bomb fragments and an untold amount of unexploded ordnance.

It also left behind an obligation to clean the place up, an obligation made more urgent by the possibility of a link between the damage on the ground — the pollution of the soil and the local water supply — and a variety of physical ailments that have been detected among residents.

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Neither the Navy nor the Environmental Protection Agency is prepared to say for sure that this link exists. The desperate poverty in which Vieques residents live may be at least partly responsible for the high disease rates, and no study by federal authorities has established a clear connection between the contaminants and various illnesses.

But studies by the Puerto Rican Health Department and universities show the need for further investigation. Cancer rates among Vieques's 9,300 inhabitants run 27 percent higher than the rates in other parts of Puerto Rico. There also are unusually high levels of heavy metals in the plant, animal and human population, as well as high levels of childhood asthma and mercury contamination.

There needs to be a more precise picture of what contaminants exist on the bombing range, and what their levels are. But such measurements have been hard to come by because the range is covered with thick jungle growth that must first be cleared — a task complicated by unexploded ordnance.

Nevertheless, the job has to be done and the necessary tests conducted, the sooner the better. And the ultimate responsibility for this falls to the Navy. Vieques is a Superfund site, and under Superfund law, the responsible party is obliged to do the cleanup and to pay for it. But there have been charges of foot-dragging that the Navy has not convincingly answered. There is also some question about whether the Navy is using the most effective methods, or just the cheapest ones.

Without a thorough cleanup, the economic redevelopment of Vieques cannot proceed, and there will always be the fear — if not the reality itself — of a link between contamination and disease. And without the Navy's help in meeting the island's special health care needs, there will always be a debt to the people of Vieques.

FBI/DEA/ATF/USMS:

Old-School Academy In Post-9/11 World (WP)

By Sari Horwitz

The Washington Post, August 17, 2006

In a classroom at the FBI Academy in Quantico, instructor Rodney Loose was trying to introduce the history of Islam to a new group of future agents. He had one hour.

The 50 men and women would be joining the ranks of an agency whose top officials have declared fighting terrorism to be its No. 1 priority. They listened intently as Loose rushed through his topics: Sunnis and Shiites, the Koran, Mecca and Medina, four-part Arabic names, and the five pillars of Islam.

"Can you tell us about sleeper cells?" a recruit asked.

"I'm sorry, I don't think we're going to have time to get into this," a frustrated Loose said. "I wish I had more time to go through this. But it's just not possible."

Since the FBI came under withering criticism for its part in the intelligence community's failure to prevent the Sept. 11, 2001, attacks on the World Trade Center and the Pentagon, the bureau has added 37 hours of counterterrorism training at Quantico for new agents. But that represents just 5 percent of the curriculum, and only one hour is about Islam, Arabic culture and understanding the terrorist mind-set

With so little time, Loose could just make it through Page 7 of his 14-page handout. No time to discuss suicide bombers, Islamic extremism or terrorist psychology.

In a graduation speech at the U.S. Military Academy at West Point this May, President Bush declared: "We have transformed the FBI into an agency whose primary focus is stopping terrorism." But Loose's predicament goes to the heart of whether the tradition-bound bureau, famously resistant to change, has fulfilled that mandate.

In the aftermath of Sept. 11, some of the FBI's harshest critics concluded that trying to restructure the agency was pointless and called instead for creating an entirely new domestic intelligence agency. But FBI Director Robert S. Mueller III convinced Congress and the administration that the bureau should be the lead domestic counterterrorism agency, combining traditional law enforcement duties with the intelligence-gathering necessary to penetrate terrorist cells and prevent attacks. He promised the training would reflect that new role.

Sen. Charles E. Grassley (R-Iowa), a senior member of the Judiciary Committee, said the year after the attacks: "The FBI deserves a chance to get its act together." He added: "But their time to move from investigating Bonnie-and-Clyde-type crimes to preventing terrorist activities is getting shorter."

Last fall, the FBI granted a Washington Post reporter unprecedented post-9/11 access to a class of recruits as the students underwent 18 weeks of training at Quantico. Here, on a 385-acre portion of the giant Marine Corps base 40 miles south of Washington, is where 750 recruits this year will be imbued with the FBI's culture, tested by physical challenges and taught basic skills in a nationally renowned law enforcement program. Here, too, terrorism and intelligence experts say, is where the bureau

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must translate the rhetoric of its director and the president into a curriculum that prepares future agents for a new mission.Teaching the Past

Some changes in the academy's approach are evident. More recruits have advanced degrees and stronger backgrounds in science and computers. They no longer memorize the names of New York's five organized-crime families, and classes on the mob, health-care fraud and white-collar crime have been replaced by lectures and hands-on training in investigative techniques. The agents-in-training stay longer at Quantico than past recruits to take the week of new classes on terrorism and intelligence.

"It's way beyond what it's been in the past," said Keith Slotter, the academy's deputy assistant director for training. "We didn't have any intelligence training before 9/11."

But the majority of the 701.5 hours is devoted, as it has been for decades, to traditional law enforcement skills, a fact that is underscored by the constant sound of gunfire from more than a dozen firing ranges. In all, 114.5 hours of training are devoted to learning to shoot.

Additionally, 78 hours are dedicated to teaching arrest techniques and defensive tactics, and 36 hours to forensics. Recruits also undergo rigorous physical fitness tests, study law and ethics, learn to identify drugs, hone computer skills, and investigate a practice criminal case and present the evidence in moot court.

FBI officials say the academy is "minting" new agents who need basic skills to enforce more than 200 federal statutes covering such diverse topics as public corruption, bank robberies and the protection of bald eagles.

"We've got to do the same things the FBI has been doing forever and does very well," said Supervisory Special Agent John Kerr, chief of Quantico's physical training unit. "Look at the cases being made across the country, the same old-fashioned way. Interviews and informants on the street. Some of the rules have changed, but it's the same investigative strategy. . . . It's really the same bureau. The same FBI."

To bureau critics, the approach is more appropriate for chasing John Dillinger than Osama bin Laden. They say the training shows that the FBI culture is still too focused on solving crimes after they occur and collecting evidence to support prosecution rather than working to recruit informants or develop intelligence about a terrorist cell before it can attack.

"Chasing criminals, you have to be armed," said U.S. Court of Appeals Judge Richard A. Posner, author of "Preventing Surprise Attacks: Intelligence Reform in the Wake of 9/11." Posner supports the idea of creating a separate domestic intelligence agency like Britain's MI5, which last week uncovered a plot to blow up as many as 10 planes bound for the United States.

"You also have to know about bank robbers. You have to know rules of evidence. But there's this completely different job called gathering intelligence. That's snooping, not chasing criminals."

The FBI's new intelligence mission is similar to the CIA's, but at "The Farm," as the CIA's operations training center near Williamsburg is known, agents-in-the-making train for a year, focusing on how to identify, recruit and manage foreign informants with access to intelligence the agency wants. A separate track for operatives assigned to penetrate terrorist organizations is heavy on language and cultural indoctrination.

Thomas J. Harrington, deputy assistant director of the FBI's counterterrorism division, called the anti-terrorism and intelligence training at Quantico "a work in progress."

"We are trying to upgrade it," he said. "But it takes time to get to the point where the instructors are as competent as we want them to be."

Daniel Coleman, until his retirement the FBI's foremost expert on bin Laden, said that counterterrorism is too complex a subject to be taught in much depth during basic training at Quantico, but that it should be taught by the FBI. "If they are going to be devoted to counterterrorism," he said, "there should be a basic counterterrorism school" after Quantico.

What additional training the FBI does provide is, as one official acknowledged, "somewhat ad hoc." Instructors from West Point help the FBI train some agents assigned to joint terrorism task forces, and there are conferences as well as some language training.

Harrington said the bureau is creating a more formal program in which agents who have been with the FBI for three years will specialize in an area, such as counterterrorism and intelligence, and receive more training. But Harrington said that a curriculum is not yet in place.

The FBI has also been trying to upgrade training for analysts, who don't carry badges or guns or investigate cases but have the critical job of connecting bits of intelligence. Since last October, future analysts have attended a new five-to-nine-week basic training course at Quantico, a breakthrough for a group of FBI employees who have long felt like second-class citizens in the bureau's hierarchy.

In 2003, as the centerpiece of his effort to update the bureau, Mueller reorganized intelligence operations and began hiring analysts in unprecedented numbers. But there was no comprehensive intelligence training or system to support their work. Last year, Justice Department Inspector General Glenn A. Fine found that analysts were being assigned to escort duty, collecting trash and answering telephones -- and they were leaving in droves.Old Technology

The training course at Quantico has graduated more than 650 analysts, joining the 2,000 analysts and 12,000 agents already in the field. But they train separately from future agents and have only one four-hour class together. The lack of classified computer access at the academy means they have to be sent to dorms at an adjunct academy 10 miles away so they can work on secure computers.

An obsolete computer system is also a problem for new-agents-in-training, or "NATS," as they are called at Quantico.

"That is one of the big frustrations here," said Supervisory Special Agent Karen E. Gardner, chief of investigative training at Quantico. "If the American people expect us to connect the dots, we've got to train to do it. We don't have the computer networks here to do that."

FBI officials said the bureau plans to build a multimillion-dollar state-of-the-art intelligence center at Quantico equipped with secure classrooms and classified computers. But it won't be ready for eight years.

For now, agents attend classes in the academy's maze of aging buildings. They spend many days role-playing in "Hogan's Alley," a replica of a 1950s small town created by Hollywood set designers that Keith Slotter acknowledge "served us well for the bank-robbery scenario" but not so well for counterterrorism.

While some critics say that the FBI is not giving its recruits enough intelligence training to mold them into domestic spies, others caution that the agency's intelligence-gathering in the 1950s and '60s led to many serious abuses, including the wiretapping of civil rights leaders and the targeting of communists and any other groups that then-Director J. Edgar Hoover considered a threat.

Civil libertarians argue that the FBI's focus on law enforcement and the fact that it has to make its cases stand up in court are critical limitations on its power.

Fourteen hours of the new training is dedicated to teaching recruits about the Intelligence Information Report (IIR), a new form to write up raw intelligence with other agents, analysts and intelligence agencies. A reporter was not allowed to see some of the other new counterterrorism courses because the FBI said they were classified.

Gardner said the classes covered "Secret Squirrel stuff": the guidelines and regulations for doing basic paperwork on a terrorism case; terrorism financial networks; obtaining wiretaps through the secret Foreign Intelligence Surveillance Court; and using "national security letters," which give agents access to library, Internet, telephone and financial records without a subpoena.

The recruits also learn about the techniques used in several terrorism investigations, including "Operation Smokescreen," a cigarette-smuggling case that led to the breakup of a financing ring for Hezbollah.'Learn . . . Read'

After Loose finished his class, D. Vincent Sullivan, another longtime agent, gave a quick lecture on building relationships with Arabs. Like the class Loose teaches in the history of Islam, it was limited to an hour.

Sullivan held up three recommended books, beginning with "The Complete Idiot's Guide to Understanding Islam."

The trainees laughed, but Sullivan was serious.

"Don't wait for the bureau to give you the information and understanding you think you need to do your job," he said. "Don't assume that if you need to know, we're going to tell you about it. Take courses outside the bureau, learn another language and read."

"When the next boom goes off -- and it will go off -- we will all be terrorism agents, so it behooves us all to have a minimum knowledge of the culture and history."

Tomorrow: Scrapping a $170 million computer system.

Over 18 Weeks, An Arduous Path To The Badge (WP)

By Sari Horwitz

The Washington Post, August 17, 2006

They gathered anxiously that first October morning, the 50 members of class "06-01," the first of 750 agents-in-training who will graduate from the FBI Academy this year.

In the first of many traditions they would encounter at Quantico, the recruits, still dressed in their dark civilian suits, were asked to stand and describe their backgrounds and explain why they wanted to join the FBI. For many, the amphitheater-style classroom was not a surprising destination. Thirty students -- 60 percent of the class -- had been in the military or law enforcement, traditional recruiting grounds for the FBI.

But others came from the highly educated nontraditional backgrounds the bureau has tried to emphasize.

The recruits, whom the FBI would not allow to be fully identified in this article, included Jenny, 27, a biomedical engineer with a doctoral degree in pathogenesis; Michelle, 28, a lawyer from a white-shoe Manhattan law firm who was taking a 75 percent pay cut; Alex, 32, a lawyer and college instructor from Georgia with a doctorate in forestry; and Elvis, 36, a Chinese American with degrees in chemical engineering and chemistry. There were no Arab Americans and only one black recruit.

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If the FBI answered a call that many of the recruits had heard for years, it was something different for Elvis, who had left behind in Sacramento a pregnant wife, a 15-month-old daughter and an ill father who worried that his son -- who had never handled a gun -- might accidentally shoot himself. Elvis had a lucrative job in Silicon Valley and felt set for life until terrorists attacked the Pentagon and World Trade Center. "I thought, 'Man, what am I doing here? I'm making computer chips.' It all felt so heartless. I thought, 'What can I do to help?' "

On a tour of the academy their first night, the recruits had passed by a reminder of the FBI's new mandate to fight terrorism -- two 10-foot black granite towers formed in the shape of the World Trade Center and bathed in soft light. At the base sat a jagged stone from Ground Zero and a concrete piece of the Pentagon. On the ground nearby rested a blue metal fragment of the airplane that crashed in Pennsylvania.

Yet everywhere the students went in the ensuing 4 1/2 months there were also reminders of the FBI's past and the culture into which they were being initiated. The street leading into the sprawling academy is named Hoover Road. A portrait of the agency's controversial first director, J. Edgar Hoover, hangs in the reading room named after him. On the walls near the cafeteria and gym are posters of famous FBI movies. The one from "The FBI Story" is autographed by its star, Jimmy Stewart.

A few days into the course, Elvis and the other recruits received a pointed lesson that whatever their backgrounds -- science, law, computers or intelligence -- there could be no doubt about what they had signed on to do. It was an FBI tradition called "Reality Check." For the next hour and a half, Chuck Hauber, the firearms instructor, told the recruits -- by now wearing FBI-issue uniforms of blue polo shirts, khaki pants and hiking boots -- that there were to be no questions. Just listen, he said.

Hauber showed the class a collection of handguns he had removed from the academy's gun vault. The first was the partly melted remains of a .40-caliber Glock 22 that had been carried by an FBI agent who rushed into the World Trade Center.

You are volunteering to put yourself in harm's way, Hauber said. When everyone is running away from danger, you must run toward it.

The Glock was followed by a 9mm Smith & Wesson with a bullet hole through the middle. The gun belonged to a special agent who was killed with another FBI agent during a gun battle in Miami in 1986. Then a 9mm SIG Sauer that a criminal wrested away from a female agent at D.C. police headquarters in 1994. He shot her in the head.

Hauber then asked the recruits to look under the firearms manuals in front of them. Everyone who found a slip of paper with a name and age scrawled on it was to stand and read them. The 16 names read off were of agents killed in the line of duty, Hauber said, agents who once sat in this room. In those exact seats, he said. They were just like you. Don't think it can't happen to you. You need to think about it.

To reinforce the message, he played a grainy black-and-white video of a South Carolina highway trooper pulling over a car. In seconds, the video ended with the trooper being shot by the driver and screaming into a radio for help. A gurgling sound could be heard through a microphone the officer was wearing.

The trainees stared in stunned silence.

Think about this over the weekend, Hauber told the recruits. Make sure this is the job for you. If it is, I'll see you next week.

By the end of the weekend, two of the class's nine women had dropped out. One was Lisa, a 33-year-old Asian American corporate lawyer from Oregon who had dreamed of becoming an FBI agent since she was a teenager. When she arrived at Quantico, however, she quickly felt that she didn't belong.

"Until you get there, it's hard to explain," Lisa said. "It was the demands, the pressure, the lifestyle. It's much more of a military-type organization than I expected. A lot of the agents are police or military. I wasn't used to calling people 'sir' and 'ma'am.' I felt like it was going to be 18 weeks of boot camp."

Even with those feelings of doubt, Lisa stuck with it for a couple of days. After all, it had taken so long to get there. But after the firearms class, she knew she had to leave. It hit her that being an FBI agent also really meant being a cop.'Just Don't Quit'

"Orders," another ritual, sent a different but equally powerful message about the FBI and the agents who serve in it.

During the first week of class, recruits had been asked to rank preferences for their first assignments among the FBI's 56 field offices. Five weeks later, at Orders, they very publicly learned their fates.

By tradition, recruits had to go to the front of the room and tell their classmates their first choice before receiving the sealed envelope with their assignments. Each one then had to open the envelope, call out where he was going, collect himself and pin his picture on a giant map of the United States.

Elvis was one of the few to get his first choice -- San Francisco. One woman said she wanted Honolulu and the class laughed. She didn't get it. Jenny asked for Atlanta but received Washington. One trainee muttered under his breath, "Boy, I didn't see that coming," as he pinned his photo on New Haven, Conn. On the map, clusters of pictures were concentrated on each coast, with 18 of the trainees headed to New York, Washington or Los Angeles. But most of the class was scattered across the country, from Anchorage to Kansas City. Every three to five years, they must be ready to pick up their families and move again.

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The recruits did not complain. They were becoming part of the FBI culture, ready to serve wherever the bureau sent them. Geoffrey, a former Marine, looked at the FBI instructors, who had lined up in the back of the room to watch the ritual. "I really don't mind wherever I go as long as I can have a job and keep doing work like the people in the back," he said, opening his envelope. "And it's an honor to be here."

Besides reinforcing any lingering doubt about being at the bottom of a rigidly hierarchical system, the assignments also illustrated a cardinal precept of the training -- that agents will be responsible for enforcing a wide range of federal laws.

"Some agents may go to a two-man office in Montana or five-man office in Victorville. Some may go to WFO [Washington field office] or New York. WFO has dozens of counterterrorism squads. But if you are in a two-man office in Montana, the focus won't be on foreign intelligence," said Supervisory Special Agent Michael Esposito Jr., who oversaw class 06-01.

One day in January, the class waited in a muddy yard behind the gym for "OC Spray," remembered by just about everyone as the worst day of training.

Jenny, the biomedical engineer, stepped forward and stood ramrod straight in anticipation. The instructor raised a canister of a derivative of cayenne pepper known as oleoresin capsicum, or OC. Pepper spray. From four feet away, the instructor let loose a big burst.

Jenny choked, coughed and gagged. "Open your eyes!" the instructor screamed. "Open your eyes!"

To pass, Jenny had to open at least one eye, protect her gun from a trainee trying to grab it and force the trainee down spread-eagle onto the ground before yelling "FBI! Don't move!"

One by one, the sprayed trainees, hunched over in agony, were led away to rinse their swollen faces and red-rimmed eyes. The point of the exercise was not merely to toughen them; the instructor wanted them to understand what OC spray felt like before they used it on someone else and to know that they could survive if it's used against them.

The next day, there was "Bull in the Ring," an ordeal designed to bring the recruits face to face with the old-fashioned culture of toughness that has long been part of the FBI. The trainees who had never been in a fight would experience one now.

Wearing boxing gloves, headgear and mouth guards, they were arranged in five circles in the academy gym, according to weight. "We're classmates, pals and friends," an instructor told the trainees. "But for the next hour, we're not. Just don't quit. Do not turn your back. It's going to hurt. It's not fun. You can't duck. You have to survive. Work your way through it. Keep going."

Jenny stood in the middle of the circle, surrounded by nine other trainees. One man moved into the circle and sent his fist into Jenny's face. She took the punch and tentatively hit back. He hit her in the shoulder and kept pounding. Then he backed up and another trainee moved in and began pummeling Jenny. For two minutes, she took and threw punches.

The instructors ordered them to do it all again for another two minutes each. Afterward, they had to punch each other as hard as they could while fighting on the ground.

The "Rocky" theme song was blaring.

Elvis jabbed cautiously at Michelle, the former corporate lawyer. He was uncomfortable punching a woman, especially one who had become a good friend.

"Hit her harder," an instructor yelled.The Art of Interrogation

Inside an interview room, Michael, 36, an Atlanta computer specialist and former professional football player, casually chatted up an actor playing "Pat Taylor," an employee of a defense contractor building top-secret radar systems. It was week 12. While their instructors watched them on video monitors, the trainees were learning how to elicit confessions.

The recruits received 70 hours of instruction on what is perhaps the most critical FBI skill: the art of interviewing and interrogation. FBI agents rarely use their guns or get into street fights, but they do spend most of their time talking to people. In the most basic sense, an agent's job is to get information that can be used to solve crimes or stop terrorism.

Michael asked Taylor, suspected of stealing a blueprint to sell to a North Korean intelligence agent, about his family, job and two children. The Washington Redskins came up and Michael said he used to play football professionally, "but I'm new to the area and I'm not a Redskins fan yet."

In a room nearby, several FBI instructors groaned and laughed. Great way to build a rapport with someone from around here, they joked.

Despite the Redskins comment, Michael seemed to connect with Taylor, showing respect and learning about his life. He smoothly asked him to sign away his Miranda rights.

After leaving the room to let Taylor stew, Michael returned, removed his jacket and rolled his chair closer to Taylor. Using information gleaned from the interview, he now had to go for the confession.

"At this point, they need to move in," said the instructor, Supervisory Special Agent Christopher J. Zisi. "Invade their comfort zone. Let them smell the chili you had for lunch. They can't think straight."

Michael said: "Now, Pat, I understand you are a single father. You have a lot of responsibility and you have a lot of bills. I understand that, Pat."

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Taylor tried to say something, but Michael cut him off. The trainee is supposed to show who's in control with a 10-minute monologue.

"Listen to me, Pat," Michael said. "You took the prints simply because your son needs more money. I understand that. I'm a father and I would do almost everything for my kids, I really would."

The technique is called "rationalization" and expresses sympathy with the suspect. But Michael got the confession by bluffing with a blank videotape that he says captured Pat in the act.

That's a risky move, Zisi said. If there were a video machine in the room, the suspect could have called Michael's bluff.Under Fire

During week 17, with the end in sight, the trainees lined up to take their final firearms exam at the outdoor range. Each had to fire a gun from four positions at four distances, 150 shots in all. To pass, each trainee had to put at least 120 shots in the target.

When he finished, Jason, a 25-year-old Army lieutenant planning to get married the day after graduation, had a sinking feeling. There were not as many bullet holes in the in the target as he had hoped. A somber instructor carried over his scored target. Jason had failed by one shot. Tears filled his eyes. He knew what that meant: He would not graduate with his class.

Growing up in small-town Kentucky, Jason was familiar with guns and cut from the traditional mold of an ideal FBI agent. He won a Bronze Star in combat in Iraq. He was the top scorer in the final physical fitness test. He peppered his language with "Yes, Sirs" and "Yes, Ma'ams" and described himself as a Type A personality.

Jason was immediately placed with a new class and given special instruction. If he failed the next firearms qualification test, he would be out. (He passed a month later.)

For his former classmates, there was one more firearms exercise -- FATS -- a firearms training simulation. In a darkened room, with classmates sitting behind, each trainee was called forward to face a movie screen with a video simulating a potential crime unfolding. The trainee had to decide whether to shoot. Act too quickly and an innocent person could be killed. Hesitate and it could be the trainee.

It was Elvis's turn. He had worked as hard as anyone in the class, waking at 5 a.m. to work out and lifting weights at lunchtime. He was also one of the class's most outgoing and popular trainees. His nickname was "The King."

On the video, his partner knocked at an apartment door looking for a fugitive's girlfriend. But the suspect himself opened the door. Elvis's partner pulled his gun. Lunging, the suspect took away the gun and the two men rolled on the ground, fighting for it.

Elvis, the chemical engineer who had never fired a gun before Quantico, leapt onto a table. His heart racing, he shot at the suspect, who was still on the ground tussling with his partner. The suspect's girlfriend suddenly appeared at the door. Elvis yelled for her to stay back. It happened so fast that it was hard to see where the bullets landed.

The lights came on. The instructor felt Elvis's pulse, to comic effect. Then the instructor became serious. "Did you shoot your partner?" he asked.

Elvis's face fell. "I don't think so," he said.

When the computer simulation was rerun in slow motion to track each bullet, it was clear: Elvis had missed his partner and killed the criminal with a shot to the head. His classmates cheered.Crossing Over

On the morning of Feb. 17, parents, grandparents, spouses and children streamed into the huge FBI auditorium. It was graduation day. Class 06-01 lined up for a photograph with FBI Director Robert S. Mueller III, who swore members in as special agents.

""We are on the front lines for America," he told them. "Will you develop the source that provides the intelligence we need to disrupt a terrorist plot? We must continue to change because the terrorists certainly will."

They walked down the long glass-enclosed corridors for the last time. They crossed the grassy quad, past the granite twin towers and the piece of United Airlines Flight 93. They headed toward the gun vault, where their firearms instructor was waiting for them.

Eighteen weeks earlier, he had gone into the vault to get something to show the class: the burned Glock 22 handgun that an agent had carried into the World Trade Center. Now, he handed each of them something of their own. A brand-new Glock 22.

Firearms Prosecutions Double Under Federal Initiative (AP)

By Sue Lindsey, Associated Press Writer

AP, August 17, 2006

ROANOKE, Va. -- Federal prosecutions of firearms charges have more than doubled in the Western District of Virginia since an initiative aimed at reducing gun violence was launched five years ago, Attorney General Alberto R. Gonzales said Wednesday.

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Gonzales visited Roanoke to meet briefly with members of the Project Safe Neighborhoods task force, which includes representatives from 25 local, state and federal law enforcement agencies. He said he was grateful for its work.

"It really has made a difference in communities in this part of Virginia," he said at a news conference afterward.

Gonzales, who took office in 2005, said law enforcement's biggest obligation is to create environments where children can feel safe.

"It is hard to have big dreams if you grow up in a neighborhood where you're scared," he told police chiefs from around the district and other task force members.

From 1996 to 2000, federal gun prosecutions in the district averaged 87 a year, according to Heidi Coy, a spokeswoman for the U.S. attorney's office. Since 2001, when Project Safe Neighborhoods was approved, they have averaged 193 annually. There were 215 firearms cases prosecuted in 2005, and 144 have been filed so far this year.

Local and state officials often want gun violations prosecuted at the federal level because the penalties are stiffer, Gonzales said.

Where there are violent gun crimes, the attorney general said, a community often has drug and gang problems as well.

In Lynchburg, for instance, project funds were used to buy a new vehicle for an anti-drug program.

A lack of resources is law enforcement agencies' biggest challenge, Gonzales said, and praised initiatives that combine local, state and federal representatives.

Federal Agents Arrest Mexican Drug Kingpin (AP)

AP, August 17, 2006

WASHINGTON -- Federal drug agents arrested Mexican drug lord Francisco Javier Arellano-Felix, a leader of a major violent gang responsible for digging elaborate tunnels to smuggle drugs under the U.S. border.

Mr. Arellano-Felix, 37 years old, was captured by Drug Enforcement Administration agents and the U.S. Coast Guard on Monday while he was deep-sea fishing about 15 miles off the coast of Mexico's Baja California peninsula, said Deputy Attorney General Paul McNulty.

Mr. Arellano-Felix is wanted in both the U.S. and Mexico for his role as a leader in the violent and sophisticated Tijuana-based Arellano-Felix gang, which includes seven brothers and four sisters from the Arellano family. Mr. McNulty said the gang was blamed for 20 murders in the U.S. and Mexico.

The Arellano-Felix gang is one of the three large Mexican drug cartels, along with the Gulf Cartel and the Federacion. The gang is believed to be responsible for the massive, sophisticated drug tunnels discovered last January.

The tunnels ended in a warehouse in San Diego's Otay Mesa industrial district. The DEA says the gang is responsible for the smuggling of tons of marijuana, cocaine, heroin and methamphetamines over the last decade.

Federal agents began preparing for the operation 14 months ago after learning that Mr. Arellano-Felix was planning to go fishing aboard the vessel off La Paz, Mexico, the law-enforcement official said. They enlisted the help of the Coast Guard in mounting the operation.

Mr. Arellano-Felix was named in a federal indictment that was unsealed in July 2003 that charged him with participating in a drug-trafficking conspiracy. The State Department has offered $5 million rewards for the capture of him or his brother Eduardo.

Two suspected assassins for the gang -- Arturo Villareal-Heredia and Marco "El Catoro" Fernandez -- were among the eight adults and three juveniles on the sport fishing boat, the Dock Holiday.

Alleged Mexican Drug Kingpin Said To Be Cartel's 'Violent Hand' (AP)

By Elliot Spagat

AP, August 16, 2006

SAN DIEGO - Francisco Javier Arellano Felix was a suspected strongman in one of Mexico's oldest and most notorious drug cartels until his capture aboard a U.S.-registered sport fishing boat.

"In the underworld, he was known as the enforcer. He was the violent hand, the one in charge of executions," said Victor Clark Alfaro, director of the Binational Center for Human Rights in Tijuana, Mexico, the home to the cartel.

"He was no financier, he was no businessman," Clark said.

Arellano Felix, 36, also known as El Tigrillo, was en route Wednesday to San Diego, where he will be formally arrested after being captured by the U.S. Coast Guard on Monday off Mexico's Baja California coast.

Jesus Blancornelas, co-founder of the Zeta newspaper in Tijuana, said Arellano Felix was overshadowed by other family members in the cartel that emerged as Mexico's dominant drug gang in the 1980s.

"Francisco Javier was a sort of playboy," said Blancornelas, who has chronicled the Tijuana drug trade for decades. "He likes to spend money and enjoy his fame. He drives around in luxury cars."

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Arellano Felix is suspected of ordering many killings but typically was not the triggerman, Blancornelas said.

Arellano Felix was charged in 2003 with conspiracy and racketeering in an indictment that describes a string of killings orchestrated by the gang in northern Mexico and Southern California.

He also conspired to assassinate Roman Catholic Cardinal Juan Jesus Posadas Ocampo in 1993 at the airport in Guadalajara, U.S. officials said.

John Kirby, a former federal prosecutor in San Diego who worked on the 2003 indictment, said Arellano Felix led the Tijuana clan almost by default after his older brother Benjamin was jailed in 2002 and brother Ramon was killed that same year.

"He was the little brother thug," Kirby said. "He did not handle finances as far as I'm aware. He was Benjamin's and Ramon's younger brother who was learning the business and ordering killings."

Benjamin Arellano Felix continued to issue orders from jail in Mexico, but his younger brother was the top lieutenant in the field, said Kirby, who is now in private practice.

Francisco Javier Arellano Felix "was the guy holding it together," Kirby said. "There are other people (in the cartel), but they will likely change sides, run away or get killed."

The cartel is believed to have lost influence in recent years. It recently ceded control of Mexicali, an important drug corridor about 120 miles east of Tijuana, Kirby said.

Mexico's top drug gangs are now believed to be the Juarez cartel, based in Ciudad Juarez, across the border from El Paso, Texas, and the Gulf cartel, based in Matamoros, across from Brownsville, Texas.

Benjamin Arellano Felix has allegedly formed an alliance with suspected Gulf cartel leader Osiel Cardenas. Both are being held at the top-security La Palma prison, west of Mexico City.

Others said it was premature to predict the demise of the Arellano Felix clan.

The group is often linked to kidnappings. In addition, U.S. authorities suspect it may have orchestrated construction of the longest cross-border tunnel ever discovered along the U.S.-Mexico border, a 2,400-foot secret passageway found in January linking warehouses in Tijuana and San Diego.

"Their golden age was in the '90s, but they have a remarkable capacity to reinvent themselves and confront adversity," Clark said.

D.E.A. Arrests Mexican Drug Ring Leader (NYT)

By David Stout

The New York Times, August 16, 2006

WASHINGTON, Aug. 16 — Federal agents have arrested a leader of a Mexican drug ring that has smuggled tons of cocaine, heroin and other drugs into the United States and has terrorized its foes with unbridled cruelty, the Justice Department said today.

Officials announced the capture of Francisco Javier Arellano Felix, 37, whose family has been accused of running a smuggling operation along the border of the United States and Mexico. The authorities have said they used tunnels under the border to move some of their illicit traffic.

“This is not your average arrest, and Javier is not your average drug-trafficker,” said Michael Braun, assistant administrator for operations of the Drug Enforcement Administration.

Mr. Arellano Felix was one of 11 suspects caught on Monday morning by D.E.A. agents and Coast Guard members while they were fishing about 15 miles off the Baja Peninsula, the Justice Department said. The 11 were being taken to San Diego by Coast Guard cutter today.

Deputy Attorney General Paul McNulty said the Arellano Felix family enterprise is responsible for 20 murders in the United States and Mexico, as specified in an indictment unsealed in Southern California in 2003 that accused family members of running a wide-ranging drug-smuggling business.

Mr. McNulty said the capture of Mr. Arellano Felix, while not a death blow to the organization, is equivalent to getting “the head of the snake, if you will.” He said punishment for the crimes listed in the indictment could be life in prison. He said he could not say whether the Justice Department might seek the death penalty.

The State Department had offered $5 million rewards for the capture of Mr. Arellano Felix or his brother Eduardo, who is believed to be “out and about in Mexico,” as Mr. Braun put it. Another brother, Ramon, has been killed, and still another, Benjamin, is in prison in Mexico.

The federal officials declined to say who, if anyone, may get a reward for the capture of Mr. Arellano Felix or who, if anyone, may have tipped off his pursuers that he was going fishing on Monday. Mr. Braun said the operation involved “very complex” undercover work that was backed up by “highly technical means and support.”

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The officials praised the cooperation of their Mexican counterparts in arresting Mr. Arellano Felix. Gang members are suspected of killing Mexican lawmen as well as rival drug-dealers, sometimes after torture. The gang was also linked to the murder of a Roman Catholic cardinal in 1993.

Officials said they could not provide details on what charges may be lodged against the other people arrested on the fishing boat, three of whom were described as juveniles.

Mr. Braun said his pursuers believe that that Eduardo Arellano Felix does not have what it takes to head the family enterprise, so the arrest of his brother on Monday was truly significant.

On the other hand, he conceded, other ambitious smugglers will try to fill the vacuum. "Absolutely, without question, someone will; some organization will."

U.S. Officials Arrest Suspect In Top Mexican Drug Gang (NYT)

By Jennifer Steinhauer And James C. McKinley Jr.

The New York Times, August 17, 2006

LOS ANGELES, Aug. 16 — Federal drug enforcement agents, aided by the United States Coast Guard, arrested a man they said was a top figure in one of Mexico's most notorious drug gangs on a fishing boat off Baja California on Wednesday.

Federal officials said the man, Francisco Javier Arellano Félix, 37, was one of the last remaining ring leaders of the Arellano Félix gang. The group, based in Tijuana, is charged in several killings, including that of a Roman Catholic cardinal.

In a federal indictment unsealed in 2003, Mr. Arellano Félix was charged with importing and distributing drugs in the United States. The arrest on Wednesday riveted Mexico, a nation long weary of intransigent drug violence. It was expected to deal a blow to the gang, though the authorities acknowledged that associates were probably waiting to take Mr. Arellano Félix's place.

Michael Braun, an assistant administrator for the Drug Enforcement Administration, said at a news conference in Washington that Mr. Arellano Félix was "one of the 45 most notorious, most wanted drug traffickers in the world."

The power of the Arellano Félix gang — a family cartel that was the model for the one in the film "Traffic" — has waned since its two most powerful brothers were removed, one imprisoned and one killed. At the same time, smaller, more efficient gangs have risen around Mexico.

Many experts on drug cartels viewed Mr. Arellano Félix as far from competent. Nonetheless, his arrest was seen as a symbolic victory for officials in Mexico and the United States, who have been working together to stem the escalating gang violence in Mexico, and it was viewed by some experts as important because of the cartel's infamy.

"His arrest is significant because it shows that the organization continues to operate in Tijuana," said Bruce M. Bagley, the chairman of international studies at the University of Miami.

Mr. Arellano Félix's arrest stemmed from a 14-month investigation, the authorities said. He was among eight adults — two of whom officials described as suspected assassins — and three children seen aboard the fishing boat Dock Holiday on Monday near the Baja California coast. The Drug Enforcement Administration asked the Coast Guard to stop the boat, and Mr. Arellano Félix was taken into custody. He now awaits indictment in San Diego.

The arrest was major news in Mexico, where a war among rival drug cartels over the last two years has left hundreds dead and terrorized towns across the country.

Mexican law enforcement officials say they have dealt serious blows to the Arellano Félix gang in recent years. But federal agents in Mexico have been unable to dismantle the cartel on its home turf in Tijuana, one of the world's busiest border crossings. The gang is believed to be behind several smuggling tunnels found in recent years, including a huge tunnel uncovered in a warehouse in San Diego in January.

The organization suffered a major setback in 2002, when the two brothers who led it were taken out of action. In February, Ramón Arellano Félix, the brawn of the operation, was killed in a shootout with the police in Mazatlán. A month later, his brother Benjamín, said to be the mastermind of the outfit, was arrested and sent to a maximum-security prison near Mexico City.

Law enforcement officials say Benjamín Arellano Félix has continued to direct the organization from prison and has forged an alliance with Osiel Cárdenas, the leader of the rival Gulf Cartel, who is in the same prison.

Together the two gang leaders have been battling a loose confederation of drug dealers who control the border crossing at Ciudad Juárez for control of Mexico's lucrative cocaine, heroin and marijuana trade.

"This murderous conflict between these two crime rings that are on the rise have cut the Arellano Félix group down to size in the wake of the busts of the two older brothers," said Professor Bagley, an expert on drug trading.

Francisco Javier Arellano Félix is believed by some American officials to have taken over the reins of the Tijuana cartel in 2002, transmitting instructions from his jailed brother, Benjamín. Among other crimes, he is under indictment in Mexico for conspiring to murder Cardinal Juan Jesús Posadas Ocampo in 1993.

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But some Mexican officials and independent analysts say another brother, Eduardo, a medical student, and a sister, Enedina, are more important to the operation, overseeing its finances.

"Javier was not an important capo," said Jesús Blancornelas, the editor of Zeta, a Tijuana magazine, who has devoted his life to writing about the cartels. "He's a member of the family, nothing more, dedicated to partying. I'd call him a playboy."

Accused Mexican Crime Cartel Leader Arrested (LAT)

By Sam Enriquez And Greg Krikorian

The Los Angeles Times, August 17, 2006

Mexico City — The accused leader of a violent Tijuana crime family that allegedly smuggled hundreds of tons of cocaine and marijuana into the United States was captured by the U.S. Coast Guard while deep-sea fishing off the southern tip of Baja California, officials said Wednesday.

Francisco Javier Arellano Felix, 36, nicknamed "The Wildcat," was taken into custody aboard a U.S.-registered boat, "Dock Holiday" in international waters about 15 miles off the Baja California peninsula, U.S. authorities said. He was traveling under an alias, but confessed his identity to his captors, officials said.

The arrest was based on a 2003 U.S. indictment that charged him with conspiracy, smuggling and murder. A $5 million bounty had been offered for his capture, as the reputed leader of the so-called Arellano Felix Organization.

At its height in the late-1990s, the cartel was believed responsible for supplying nearly half of the cocaine sold in the United States, a significant chunk of what officials estimate is a $60 billion-a-year illegal drug trade.

U.S. and Mexican authorities blame the cartel for at least a score of murders of police officers, journalists, and rivals, as well as the accidental killing of Roman Catholic Cardinal Juan Jesus Posadas Ocampo during a 1993 shootout among cartel rivals at the Guadalajara airport.

Although weakened with the killing of one brother and the imprisonment of another, the Arellano Felix gang remained one of Mexico's largest drug smuggling organizations after joining forces last year with the Gulf Cartel, authorities say.

The gang hired assassins to kidnap, torture and kill adversaries in a struggle to dominate lucrative smuggling routes that link Mexico with California, say prosecutors.

"The Arellano Felix organization is the largest and most violent drug trafficking operation in the Tijuana, Baja California area," U.S. Deputy Attorney General Paul McNulty said at a Washington news conference Wednesday announcing the arrests.

Acting on a tip, the U.S. Drug Enforcement Administration asked Coast Guard officers to board the Dock Holiday while it was in international waters in the Gulf of California on Monday, McNulty said. Seven other adults and three juveniles also were taken into custody, he said.

U.S. authorities had hoped to delay announcement of the arrests until they brought Arellano Felix to San Diego on Thursday, but Mexican news stories surfaced Wednesday.

"This was a perfectly planned and perfectly executed operation," said U.S. Attorney Carol C. Lam of the San Diego office, where the 2003 indictment was filed. Authorities gave no further details of how they knew about the fishing trip, or what was found aboard the vessel. Mexican government officials declined comment.

The indictment against Arellano Felix "specifies his role in the enterprise as the one who participated in the most major decisions," McNulty said. He began working for the family cartel when he was 22, authorities said.

He now faces life in prison if convicted on charges that cover the cartel's purchase of tons of cocaine from Colombia that, beginning in 1986, were smuggled into California through Mexico via tunnels, vehicles, airplanes, helicopters and in backpacks. The cartel is accused of trading money and guns for cocaine from the leftist Revolutionary Armed Forces of Colombia guerrilla group.

Arellano Felix is "one of the 45 most notorious, most wanted drug traffickers in the world," said Michael Braun, the DEA's assistant administrator for operations in Washington. The government is seeking forfeitures from him of nearly $290 million.

Arellano Felix and his drug cartel are accused of 20 homicides in the United States and Mexico, McNulty said, and allegedly "recruited, trained and armed groups of body guards and assassins" to carry out their day-to-day work. One alleged victim was Francisco J. Ortiz Franco, an editor at Tijuana's crusading weekly newspaper Zeta, who was killed two years ago after a series of stories on their drug business.

The Tijuana-based cartel is accused of smuggling heroin and methamphetamine and, authorities believe, built an elaborate 2,400-foot underground tunnel, discovered in January, that stretched over the U.S. border to a San Diego-area warehouse.

Tijuana Mayor Jorge Hank Rhon said through a spokesman that the arrest of the youngest Arellano Felix brother was good news, but the city should expect killings to follow. "Lamentably, when this happens, waves of violence hit the city," the spokesman said.

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While Javier Arellano reigned over a declining empire, the cartel still enjoyed protection from law enforcement, according to U.S. authorities and border experts. It was no surprise to many that he was arrested outside the city. His brothers also met with trouble when they left Tijuana -- Ramon was murdered in Mazatlan, and Benjamin was arrested in Mexico City.

"I don't think (Javier) was comfortable outside Tijuana. ... He knew he was being hunted," said John D. Kirby, the former federal prosecutor who co-wrote the 2003 indictment.

While this latest arrest is significant, it's immediate impact on either the cartel or the flow of illegal drugs is unclear. One remaining brother, Eduardo, is still at large and also carries a $5 million bounty.

"Anytime you have arrests like this, it is certainly going to disrupt the organization," said Timothy Coughlin, chief of the U.S. Attorney's narcotics unit in San Diego. "Whether this throws them into chaos, or whether they'll get into a fight with another cartel, those are things we'll know in time."

Enriquez reported from Mexico City and Krikorian from Los Angeles. Times staff writer Richard Marosi in Tijuana contributed to this report.

U.S. Reels In Major Drug Cartel Leader Arellano Felix On Fishing Trip (SDUT/AP)

By Greg Gross, Union-tribune Breaking News Team

The San Diego Union-Tribune, August 16, 2006

SAN DIEGO – The third of three brothers long suspected of running one of the world's most powerful drug cartels is in American hands, U.S. officials announced Wednesday.

Javier Arellano Felix was intercepted Monday by the U.S. Coast Guard aboard a sport fishing vessel off the southern Baja California peninsula. The announcement was made in Washington by Deputy U.S. Attorney General Paul J. McNulty.

When authorities got word that Arellano was aboard the sport fisher Dock Holiday, about 15 miles off the coast of La Paz in the Sea of Cortez, the U.S. Coast Guard moved in to intercept her in international waters, McNulty said.

A Coast Guard boarding party found eight adults and three juveniles aboard the boat. Arellano at first tried to use a false identity, but later admitted who he really was, McNulty said.

“All 11 individuals are being transported by the Coast Guard to San Diego,” he said.

Mike Braun of the U.S. Drug Enforcement Administration characterized Arellano as “the last stronghold of a declining family cartel.” He was one of 11 alleged cartel leaders indicted in federal court in San Diego in 2003 on narcotics, racketeering and conspiracy charges.

“Javier was one of the most ruthless thugs that was involved in drug trafficking around the world,” he said. “Today, we've got this brutal organization in a chokehold and we're not letting up.”

For two decades, the name Arellano Felix has been synonymous among U.S. and Mexican law enforcement with large-scale drug trafficking – and with money, power and murder – on both sides of the border. Hundreds of murders in Baja California have been attributed to the group, as well as the attempt to kill noted Tijuana journalist Jesus Blancornelas.

After an older brother, Francisco, was arrested in Mexico in 1993,the cartel, based just across the border from San Diego in Tijuana, was controlled by three brothers – Benjamin, Ramon and Javier. Javier Arellano was said to control the cartel's finances.

They were suspected of having tunnels dug under the border between Tijuana and San Diego to move cocaine, heroin, marijuana and methamphetamine into the United States.

Their reach allegedly extended as far south as Colombia, where they are suspected of forming ties to Colombian cartels and even guerrilla armies engaged in producing and shipping vast quantities of cocaine, McNulty said.

“The leadership of the Arellano Felix Organization negotiated directly with Colombian cocaine trafficking organizations . . . for the purchase of multi-ton cocaine shipments, and received those shipments by sea and air in Mexico, and then arranged for shipments into the United States,” he said.

Benjamin Arellano was arrested in Mexico in March 2002 and remains in prison there. In prison interviews with U.S. journalists, he has maintained his innocence, at one point telling the Washington Post he was a only a “simple” housing contractor.

Ramon, long claimed by authorities to head up the cartel's band of heavily armed bodyguards and ruthless assassins, was killed in a shootout with Mexican police a month earlier.

U.S. Arrests Mexican Cartel Leader Off Baja Coast (WP)

By John Pomfret, Washington Post Staff Writer

The Washington Post, August 17, 2006

DOJ_NMG_0049570

LOS ANGELES, Aug. 16 -- The U.S. Coast Guard and Drug Enforcement Administration have arrested the kingpin of a Mexican drug cartel blamed for 20 murders, the trafficking of billions of dollars of cocaine and marijuana, and the construction of a high-tech, half-mile narcotics tunnel that connected Tijuana with the United States, authorities announced Wednesday.

Francisco Javier Arellano Felix, 36, was nabbed about 15 miles off the coast of Mexico's Baja California peninsula Monday morning as he and two of the cartel's alleged assassins were deep-sea fishing on a U.S.-registered pleasure boat called the Dock Holiday, law enforcement officials said.

"We've taken the head off the snake," Michael Braun, chief of operations for the DEA, said at a news conference in Washington. "This guy happens to be . . . one of the 45 most notorious, most wanted drug traffickers in the world."

Braun said DEA agents discovered Arellano Felix's fishing plans, and the Coast Guard cutter Monsoon intercepted the 43-foot boat in international waters, arresting Arellano Felix and 11 others, including three juveniles. While declining to release details of the action, Braun characterized it as "part of a very long, very complex undercover operation that was backstopped by highly technical means and support."

The arrest constitutes another major blow to the Arellano Felix organization, commonly known as the AFO, which for more than a decade had "dominated the Mexican drug trade and flooded our nation with literally . . . hundreds of tons of a variety of drugs," Braun said.

One brother, the gang's chief enforcer, Ramon Arellano Felix, was killed by Mexican police in 2002. That same year, another brother, Benjamin, considered the brains behind the organization, was jailed in Mexico. A fourth brother, Eduardo, is not believed to be "capable of leading the organization at this point and time," Braun said.

Since the 1980s, the seven brothers have recruited foot soldiers and wives from some of the best families in the Mexican boomtown of Tijuana, prompting one U.S. attorney to dub them the 90210 of drug cartels. Family members first hit law enforcement's radar in the early 1980s, when the Tijuana-based newsweekly Zeta identified Benjamin and Ramon Arellano Felix in connection with a warehouse of marijuana guarded by municipal police.

U.S. authorities estimated that the cartel paid out millions of dollars a year in bribes to local police in Mexico. Since then, the AFO's notoriety has skyrocketed.

In May 1993, Cardinal Juan Jesus Posadas Ocampo, the archbishop of Guadalajara, was shot to death at the Guadalajara airport. Mexican police blamed Ramon Arellano Felix, a bodybuilder and steroid user known for his uncontrollable rages.

At the time, Mexican authorities speculated that Ramon mistook the archbishop's car for that of a rival drug lord, Joaquin "El Chapo" ("Shorty") Guzman. Competition between the two drug empires and another gang, the Federacion, is believed to have left scores of people dead on both sides of the border and was a subplot in the film "Traffic."

Javier Arellano Felix was also indicted in Mexico for the archbishop's killing, and the United States slapped a $5 million bounty on his head.

"The AFO killed their competitors. They didn't do what many other smuggling operations do -- ignore the other guy. They killed them," said John Kirby, a former federal prosecutor in San Diego.

Other high-profile murders would follow, including the slayings of eight senior prosecutors from Baja California in one year, along with a Mexican federal prosecutor and a Mexican federal police commander.

Javier Arellano Felix, known as " El Tigrillo" ("The Little Tiger"), has been arrested before. In March 1994, Mexican federal police detained him in Tijuana, but his state police bodyguards opened fire and spirited him to freedom, killing a federal police commander and four others.

Javier Arellano Felix will be arraigned on conspiracy and racketeering charges in federal court in San Diego, officials said. Two other people on the boat, Arturo Villareal Heredia and Marco Fernandez, were detained as material witnesses before being formally charged, the DEA said.

Though known widely for cocaine and for its drug tunnel, the AFO recently had been focusing on marijuana and kidnappings, with a twist. After receiving ransoms, the gang would usually kill the victim, Kirby said.

Staff writers Dan Eggen in Washington and Sonya Geis in Los Angeles contributed to this report.

Reputed Drug Kingpin Nabbed (WT)

By Jerry Seper, The Washington Times

The Washington Times, August 17, 2006

Mexican drug lord Francisco Javier Arellano-Felix, who oversaw the construction of sophisticated tunnels to smuggle drugs under the U.S.-Mexico border, was arrested yesterday by U.S. authorities while deep-sea fishing, U.S. officials said.

The U.S. Coast Guard apprehended the reputed drug boss aboard a boat known as the "Dock Holiday," about 15 miles off the shore of La Paz, Mexico.

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Deputy Attorney General Paul J. McNulty said Javier Arellano-Felix, 37, was "one of the world's major drug traffickers," and faces life in prison and forfeitures of almost $300 million.

Arellano-Felix, wanted in the United States and Mexico for his role as a leader of a brutal international drug gang that included seven brothers and four sisters from the Arellano family, was indicted in 2003 on federal charges of racketeering, operating a continuing criminal enterprise and conspiracy to import and distribute a controlled substance.

The State Department had offered a $5 million reward for the capture of him or his brother Eduardo.

Mr. McNulty said the Arellano-Felix organization negotiated directly with Colombian cocaine-trafficking organizations, including the Revolutionary Armed Forces of Colombia, or FARC, for the purchase of multiton shipments of cocaine, received those shipments by sea and air in Mexico, and then arranged for smuggling the cocaine into the United States.

He said the organization recruited, trained and armed groups of bodyguards and assassins responsible for protecting the leaders and to kill off rival drug traffickers, suspected informants and Mexican law-enforcement and military personnel, along with members of the news media. He said 20 killings are thought to have been carried out by the gang.

Michael Braun, U.S. Drug Enforcement Agency (DEA) assistant administrator for operations, said the Arellano-Felix organization dominated the Mexican drug trade for more than a decade and had "flooded our nation with literally tons and hundreds of tons of a variety of drugs: cocaine, marijuana, methamphetamine and heroin."

"That dynasty, built on drugs and ruthless violence, began to topple in 2002 with the death of one of the Arellano-Felix brothers and the arrest of another, and was further weakened with the 2003 indictment of the major remaining organization leaders," Mr. Braun said.

"Today, we've got this brutal organization in a chokehold, and we are not letting up," he said.

DEA officials said agents became aware of the planned fishing trip on Monday and contacted the Coast Guard for help in the arrest.

Two others taken into custody on the boat were identified as Arturo Villareal-Heredia and Marco Fernandez, described as hired assassins and were charged with conspiracy to distribute narcotics and other related crimes.

Arellano-Felix was charged in Mexico in 1993 with conspiring to assassinate Roman Catholic Cardinal Juan Posadas Ocampo. Cardinal Posadas Ocampo, along with six other persons, was assassinated on May 24, 1993, in the parking lot at Guadalajara International Airport. He was shot 14 times.

In January, federal agents located a 2,400-foot-long tunnel built by the Tijuana-based Arellano-Felix organization, filled with two tons of marijuana and connecting warehouses in Tijuana, Mexico, to San Diego.

Accused Mexican Drug Lord Arrested By U.S. Coast Guard On Yacht (BLOOM)

By James Rowley

Bloomberg, August 16, 2006

Aug. 16 (Bloomberg) -- An accused leader of a Mexican drug gang, one of the most-wanted fugitives sought by authorities, was arrested after the U.S. Coast Guard seized a boat off the coast of Baja California, law enforcement officials said.

Francisco Javier Arellano-Felix, an alleged leader of a Tijuana-based drug ring, was captured after the Coast Guard, acting on an Aug. 14 tip to U.S. drug agents, interdicted the boat ``Dock Holiday'' in Pacific Ocean waters 15 miles from the resort town of La Paz, the officials said.

The arrest was announced by Coast Guard and Drug Enforcement Administration officials in Washington.

Arellano-Felix had been placed on the drug agency's top fugitive list in 2002 along with his three brothers, the DEA said. They are accused of operating a drug ring that ships cocaine and marijuana to the U.S.

He was among 11 people aboard the boat when it was seized by the Coast Guard, authorities said. Two other passengers, Arturo Villareal-Heredia and Marco Fernandez, were detained as material witnesses before being formally charged, the DEA said.

Reputed Drug Lord Nabbed Off Mexican Coast: U.S. Officials (CBC)

CBC News, August 17, 2006

A suspected Mexican drug lord linked to 20 murders was captured Wednesday off the coast of Mexico's Baja California peninsula, said American officials.

Francisco Javier Arellano-Felix, 37, was captured by U.S. Coast Guard and Drug Enforcement Administration officials while on board a boat about 24 kilometres off the Mexican coast, said U.S. Deputy Attorney Paul McNulty.

U.S. and Mexican authorities allege he heads the Tijuana-based Arellano-Felix organization (AFO), a gang they say is one of the most dangerous and violent in the California-Mexico area. The group is believed to include seven brothers and four sisters from the Arellano family.

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"We've taken the head off the snake," said Michael Braun, chief of operations for the DEA.

American DEA officials said they received a tip concerning the boat's location and asked the coast guard to intercept it while in international waters. Eleven people on board the Dock Holiday, including Arellano-Felix, were detained and are being taken to San Diego.

"This case is the result of extraordinary co-operation between the governments of Mexico and the United States," said McNulty.

Arellano-Felix, who was named in an indictment that was unsealed in California in July 2003, will be arraigned in "the very near future," said McNulty.

The indictment alleges Arellano-Felix is a key leader in the AFO, which is believed responsible for smuggling massive shipments of cocaine and marijuana across the U.S. border from the Tijuana area.

The leaders were indicted on charges of racketeering, conspiracy to import and distribute cocaine and marijuana and conspiracy to money launder.

American officials also allege the leaders of the organization bought cocaine from suppliers in Colombia, including the revolutionary group known as FARC, which has been trying to overthrow the Colombian government for 40 years.

U.S. authorities believe the AFO recruits, trains and arms groups of bodyguards to protect key leaders and kill rivals, Mexican law-enforcement officers and certain members of the news media.

The group is believed responsible for at least 20 murders in the U.S. and Mexico, said McNulty.

Elaborate drug tunnel linked to group

It is also believed responsible for a sophisticated drug tunnel discovered in January.

Running between a Tijuana airport and a warehouse in San Diego, the 750-metre long tunnel was equipped with electric lights, air piped from the surface and a system of pulleys at the Mexican entrance. It was 18 metres below ground.

American authorities have found 21 tunnels under the border since they began keeping track of them in September 2001.

The State Department had offered $5 million rewards for the capture of Arellano-Felix, or his brother Eduardo, who remains at large.

The Arellano-Felix gang is one of the three large Mexican drug cartels, along with the Gulf Cartel and the Federacion.

Mexican Cartel Leader Captured At Sea (CNN)

CNN, August 17, 2006

Offshore operation by DEA, Coast Guard led to capture

WASHINGTON (CNN) -- One of the world's most wanted drug lords was captured Wednesday aboard a recreational fishing boat off Mexico's Baja peninsula, federal law enforcement officials said.

The Drug Enforcement Administration's Michael Braun described the man captured, Javier Arellano-Felix, as "one of the most ruthless thugs that was involved in drug trafficking around the world."

Law enforcement officials say Arellano-Felix led a violent Tijuana-based cartel that brought multi-ton shipments of marijuana and cocaine into the United States and trained body guards and assassins to protect turf and eliminate rivals.

"We feel like we've taken the head off the snake," said Braun, the DEA's chief of operations. "This is not your average arrest ... It's what our job is all about. It's what we live for."

The Arellano-Felix organization was responsible for a recently discovered, elaborately constructed tunnel under the Mexico-California border, law enforcement officials said.

And, Deputy Attorney General Paul McNulty said, the cartel was sophisticated enough to negotiate directly with Colombian drug lords and paramilitary groups for multi-ton shipments of cocaine.

The DEA lists rewards of $5 million each for the capture of Arellano-Felix and his brother, Eduardo, who federal officials said plays a lesser leadership role in the cartel. Gone fishing

Coast Guard Commandant Thad Allen said the DEA alerted him Monday morning that intelligence showed Arellano-Felix was aboard the chartered 43-foot recreational fishing vessel Dock Holiday, 15 miles off the coast near La Paz, Mexico.

Arellano-Felix was traveling under an alias, but eventually confirmed his identity, officials said. Eight other adults and three juveniles also were detained.

Officials said two of the men in custody are believed to be Arturo Villareal-Heredia and Marco Fernandez, both described by the DEA as "assassins" for the Arellano-Felix organization. Authorities said the two will initially be held as material witnesses, but later will be charged with conspiracy to distribute narcotics and other counts.

Arellano-Felix is in the custody of the U.S. Coast Guard on board the cutter Monsoon. He will be brought ashore in San Diego, where he has been indicted and will be arraigned.

His brother and several other indicted cartel members remain at large.2003 indictment

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According to the DEA's Web site, members of the Arellano-Felix organization were named in a July 2003 indictment alleging federal racketeering offenses, conspiracy to import marijuana and cocaine and launder money.

The indictment also listed 20 murders in the U.S. and Mexico as part of the conspiracy, McNulty said.

The Arellano-Felix organization, often referred to as the Tijuana Cartel, was considered one of the most powerful and violent drug trafficking organizations in Mexico, according to the DEA.

At the beginning of 2002, the cartel was dealt two blows, the DEA said: Ramon Arellano-Felix, the cartel's enforcer and assassin, died in a street fight with drug trafficking competitors and Mexican police. A month later, Benjamin Arellano-Felix, who the DEA says played the role of the cartel's CEO, was arrested by the Mexican Military.

The loss of two cartel leaders was "the beginning of the end" for the organization, the DEA's Braun said. With Javier Arellano-Felix's capture, he added, "We've got this brutal organization in a choke hold."

Feds Net Major Drug Kingpin Off Southern CA Coast (KPBS)

KPBS, August 17, 2006

KPBS SAN DIEGO (2006-08-16) Federal officials have arrested one of Mexico's top drug kingpins. Francisco Javier Arellano Felix is said to be a boss of the Arellano Felix Drug Cartel that's responsible for smuggling tons of drugs into the United States during the last two decades. KPBS reporter Amy Isackson has more.

Working off a tip, U.S. Coast Guard officials arrested Francisco Javier Arellano Felix on a recreational fishing boat 15 miles off the coast of La Paz, Mexico on Monday afternoon.

Federal officials say Franciso Javier is one of the most wanted drug traffickers in the world. According to a federal indictment he is responsible for 20 murders in the United States and Mexico and is believed to be connected to elaborate tunnels used to smuggle drugs under the border.

Drug Enforcement Administration Chief of Operations Mike Braun says his agency has the cartel in a chokehold.

Braun: "We're piling on and moving this ongoing investigation even more forward. This huge success for law enforcement it's what we live for."

The Coast Guard is transporting Francisco Javier Arellano Felix and two other suspected cartel hit men to San Diego. Amy Isackson, KPBS News.

US Holds Top Mexico Drug Suspect (BBC)

BBC News, August 17, 2006

Javier Arellano Felix was allegedly using an alias The US says it has crippled a major Mexican drugs gang with the arrest of Javier Arellano Felix, said to be a leader of a cartel based in Tijuana.

At its height, the so-called "Arellano Felix Organisation" is thought to have been the main supplier of cocaine and marijuana to the US.

Mr Arellano Felix was arrested on a boat in a joint US-Mexican operation off Mexico's Baja California peninsula.

Washington had offered a reward of $5m (£2.6m) for his capture.

"Javier was one of the most ruthless thugs that was involved in drug-trafficking around the world," said Michael Braun, chief of operations of the US drug enforcement administration.

"We feel like we've taken the head off the snake here."

US Deputy Attorney General Paul McNulty said the suspect had been caught on Monday morning after a tip that he was aboard the boat.

He was found by the US Coast Guard travelling under an alias, he added.

Family business

Mr Arellano Felix's arrest will be seen as a significant setback to the organisation that is believed to behind more than a 100 drug-related murders, the BBC's Duncan Kennedy reports from Mexico City.

Despite its business-sounding acronym Afo, the Arellano Felix Organisation was no faceless capitalist enterprise, our correspondent says.

It was very much a family-run affair: seven brothers and four sisters who took on the organisation in 1989.

Each sibling had his or her position and Benjamin Arellano Felix assumed the role of cartel boss until his arrest in 2002.

Then there was Ramon, who was said to organise the murders of rivals. He himself was shot dead four years ago.

The family even ran its own counter-espionage system, our correspondent adds.

It used scanners and other devices in several Mexican cities to try to keep one step ahead of the law enforcement agencies.

Crime wave

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The US justice department said the cartel had recruited, trained and armed bodyguards to protect its leaders.

They also violently despatched rival drug-traffickers, police officers and journalists who printed unfavourable stories.

The task of dismantling the group was not helped by disagreements over extradition, our correspondent notes.

The Mexican authorities were opposed to capital punishment and wanted guarantees from the Americans that those arrested wouldn't be given the death penalty if sent back to the US.

Though the capture of Javier Arellano Felix is a blow to drug-traffickers, the current wave of extreme drug-related violence in Mexico shows any power vacuum is already being filled by those intoxicated by the lure of big money, our correspondent says.

Coast Guard Captures Drug Kingpin Off Mexican Coast (ABC)

By Z. BYRON WOLF

ABC News, August 17, 2006

Drug Family Flooded U.S. With Hundreds of Tons of Drugs

Aug. 16, 2006 — Authorities captured a notorious drug smuggler in a boat off the Pacific coast of Mexico Monday. Javier Arellano Felix is believed to be one of four brothers in charge of the brutal Arellano Felix drug syndicate that has vied to control the drug trade from Tijuana to San Diego for the past decade.

"We have cut the head off the snake," Deputy Attorney General Paul McNulty told reporters at the Justice Department in Washington, D.C., Tuesday.

A tip led the Coast Guard to board Javier Arellano Felix's 43-foot recreational boat — the U.S.-registered Doc Holliday — Monday morning after authorities conducted undercover operations aimed at his arrest for the past 14 months, according to Michael Braun, chief of operations for the Drug Enforcement Agency.

"For more than a decade, the Arellano Felix organization has flooded the United States with hundreds of tons of cocaine, marijuana and other drugs," Braun said. "Now, we have got this brutal organization in a choke hold."

Neither Braun nor McNulty would elaborate on the circumstances surrounding the tip that led to Javier Arellano Felix's arrest, nor would they identify any of the seven adults and three minors who were onboard the Doc Holliday with Arellano Felix.

"This was the result of a long, complex undercover operation," said Braun. He said no determination had been made about any distribution of the $5 million reward, and it's even possible that none of the money could be paid.

Javier Arellano Felix was traveling under an alias, but, following his capture, he admitted his identity, according to authorities. He is currently onboard the Coast Guard clipper Monsoon, en route to San Diego, where he will face conspiracy, drug distribution, racketeering and possibly murder charges, all spelled out in an unsealed 2003 federal indictment.

McNulty said the Arellano Felix organization is believed to be responsible for more than 20 murders over the past decade, and it's possible that Arellano Felix could also be charged in connection with some of those.

US Captures Mexican Drug Lord (AFP-Y)

By Paul Handley

AFP, August 17, 2006

US Justice Department officials said they had severely crippled a leading Mexican drug gang with the arrest of Tijuana cartel head Francisco Javier Arellano Felix.

Arellano Felix, who had a five-million-dollar reward on his head, was arrested early Monday by the US Coast Guard aboard a fishing boat in international waters off the Mexican coast, Deputy Attorney General Paul McNulty said.

He was arrested with 10 others, including three juveniles, who were also on the US-registered fishing vessel.

"Javier was one of the most ruthless thugs that was involved in drug trafficking around the world," said Michael Braun, chief of operations of the US Drug Enforcement Administration.

"We feel like we've taken the head off the snake here."

McNulty said the United States had received a tip that Arellano Felix was aboard the boat and sent the Coast Guard to interdict it. They found Arellano Felix on board traveling under an alias.

He also credited Arellano Felix's capture to "extraordinary coordination and cooperation" between Mexico and the United States.

"The Arellano Felix organization is one of the largest drug trafficking organizations operating in the Tijuana, California-Mexico area," he said.

Braun said that for over a decade the violent gang has dominated the Mexican drug trade and flooded the United States with "hundreds of tonnes of a variety of drugs, cocaine, marijuana, methamphetamine and heroin, to name a few."

Known as "El Tigrillo," or the little tiger, Arellano Felix was involved in the 1993 assassination of Roman Catholic Cardinal Juan Jesus Posadas Ocampo at the Guadalajara airport, according to Mexican authorities.

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He allegedly took the leadership of the gang after the arrest in 2003 of his brother Benjamin and the death of another brother, Ramon.

Braun said those changes weakened the group. "Today, we got this brutal organization in a choke-hold and we're not letting up."

"They are extremely vulnerable right now," Braun said, while admitting that another drug syndicate was certain to fill the gap left by the weakened Arellano Felix cartel.

A US indictment for 11 top members of the group unveiled in July 2003 charged them with racketeering, conspiracy to import and distribute cocaine and marijuana, and with money laundering.

Shortly afterward the US State Department announced a reward of five million dollars for Francisco Javier Arellano Felix, and the same amount for his brother Eduardo, who remains at large.

Braun said Wednesday he did not know yet if anyone would receive the reward for Francisco Javier Arellano Felix's capture.

Some Mexicans played down the arrest Wednesday.

"He is not the head of the cartel, he is a cocaine-using playboy who only thinks about having a good time," said Jesus Blancornelas, the owner of the Tijuana magazine Zeta.

"He lives in the United States and often travels to Brazil and Hawaii," Blancornelas said.

The 2003 indictment says the Tijuana operation received multi-tonne shipments of cocaine by sea and air from other traffickers, including Colombia's rebel Revolutionary Armed Forces of Colombia (FARC), and then arranged to smuggle the drugs into the United States, according to McNulty.

It also says the group "recruited, trained and armed groups of bodyguards and assassins responsible for protecting the leaders of the organization and for conducting assassinations of rival drug traffickers."

The charges could bring up to life in prison and forfeiture of nearly 300 million dollars, McNulty said.

Drug Kingpin Captured Off Coast Of California (MCT)

By Lennox Samuels

McClatchy Newspapers, August 16, 2006

MEXICO CITY - U.S. authorities acting on a tip boarded a 43-foot fishing boat off the coast of Baja California this week and hooked a highly wanted drug-trafficking kingpin, Francisco Javier Arellano Felix.

The Mexican fugitive is a reputed leader of the Arellano Felix organization, described by American and Mexican law enforcement as the largest and most violent drug-trafficking organization operating in the Tijuana/Baja California area.

Arellano Felix, 36, was arrested by U.S. Coast Guard officials and was being transported to San Diego. He was expected to be arraigned there in connection with a 2003 indictment that charged him and 10 others in the organization with racketeering, conspiracy to import and distribute cocaine and marijuana, and conspiracy to commit money laundering.

The charges carry penalties of up to life in prison as well as forfeitures totaling $300 million.

"The indictment specifies the role of Francisco Javier Arellano Felix in the enterprise as one who participated in the most major decisions of the (Arellano Felix organization) and specifies that he was in charge of the organization's Tijuana and Mexicali operations," Deputy Attorney General Paul McNulty said at a news conference Wednesday in Washington.

Mike Braun, an assistant administrator with the Drug Enforcement Administration, said the arrest was very significant.

"This guy happens to be ... one of the 45 most notorious, most wanted drug traffickers in the world," he said at the news conference.

But the longtime editor of the Tijuana weekly newspaper Zeta, Jesus Blancornelas, dismissed the characterization of Arellano Felix as the leader of the group. Blancornelas, who nearly died in 1997 at the hands of the cartel, said the youngest member of the Arellano Felix family plays no significant role in the organization.

"He's the playboy of the family. He is not the leader. He has never been the leader. He's a man who spends his time in discotheques having a good time," said Blancornelas, a pioneer in the dangerous business of writing about drug traffickers. "He's the youngest and he's the craziest; he likes parties, girls and he has even stolen drugs" from his family.

Perhaps the more significant capture, Blancornelas said, is the reported arrest of another cartel operative, Arturo Villareal, who apparently was with Arellano Felix. "His job was to receive the drugs and get them into the United States," Blancornelas said.

Arellano Felix, whose arrest culminates a 14-month investigation, was caught when the Coast Guard boarded a vessel called the Dock Holiday about 15 nautical miles off the coast of La Paz, Mexico. He was apprehended with 10 other people, including three juveniles, McNulty said.

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The U.S.-registered boat was in international waters when the Coast Guard boarded it Monday morning, Vice Admiral Thad Allen, commandant of the guard, said at the briefing. He added that the action was part of a joint operation of the Justice Department, Coast Guard and DEA, in cooperation with Mexican law enforcement.

Officials with Mexico's attorney general's office said they had no information about the operation, even though U.S. authorities lauded the agency's involvement.

Arellano Felix was one of several brothers reputed to lead a family-run gang that trafficked in millions of dollars worth of drugs each year in Mexico and the United States. One brother, Ramon, is dead, and another, Benjamin, is incarcerated in La Palma prison outside Mexico City. A fourth brother, Eduardo, is at large.

Following the killing of Ramon in 2002 and the jailing of Benjamin, the Tijuana cartel transformed itself into a "narco-corporation" allegedly under the control of a sister, Enedina, an accountant, and Eduardo, a surgeon, Blancornelas said.

Both prefer business tactics over the raw violence that has been the trademarks of rivals like the Gulf and Sinaloa cartels.

Feds Ask Again To Jail Bonds' Trainer If He Refuses To Testify (AP)

By Paul Elias, Associated Press

AP, August 17, 2006

SAN FRANCISCO — Federal prosecutors will ask a judge to throw Barry Bonds' personal trainer back in jail Thursday if he again refuses to testify, this time before a newly assembled grand jury that is reportedly also investigating track coach Trevor Graham.

In a statement to prosecutors about his intentions to stay mum, Greg Anderson also evoked the name of New England Patriots quarterback Tom Brady, saying the two had spoken over the phone but never made further contact.

"I had only one brief conversation with Tom Brady regarding a potential future workout," Anderson said in the statement to prosecutors that was included in court documents unsealed Wednesday. "I never had another phone conversation with him and never discussed it with anyone."

Paula Canny, an Anderson attorney and friend, said Brady's name appears along with "10 to 20" other athletes that Anderson's grand jury subpoena lists as people the trainer should be prepared to answer questions about. Canny said investigators may have gotten Brady's name from Anderson phone records seized by the government, though Anderson doesn't refer to any other athletes in his brief statement.

Brady attended the same Bay Area high school as Bonds. His agent, Donald Yee, couldn't be reached for comment Wednesday, and the New England Patriots declined comment on Anderson's statement.

"I don't have any information on it," Patriots spokesman Stacey James said. "I'm not going on hearsay."

Anderson has refused on four different occasions to testify before federal grand juries investigating Bonds. He was released from prison July 20 after serving 15 days for refusing to testify, but only after that grand jury's term expired.

"I will not ever make statements about other people," Anderson said in the June 23 statement filed with the court. "That has always been my position and will continue to be."

On Thursday, prosecutors planned to ask U.S. District Judge William Alsup to send Anderson to prison if he stands by that policy.

Government lawyers are investigating whether Bonds lied under oath when he told an earlier grand jury he didn't know whether the substances given to him by Anderson were steroids. The grand jury probe also reportedly is focused on whether the San Francisco Giants slugger paid taxes on the sale of hundreds of thousands of dollars worth of sports memorabilia.

The New York Times reported last month that the grand jury is also looking into the possible involvement of Graham, the track coach of Marion Jones and Justin Gatlin, who tested positive earlier this year for elevated testosterone.

Anderson previously served three months in prison after pleading guilty to steroid distribution and money laundering stemming from the government's investigation of the Bay Area Laboratory Co-Operative, which that allegedly supplied Bonds and other elite athletes with performance-enhancing drugs.

Some legal experts see Anderson as the key to proving the perjury allegations, since Bonds reportedly testified that the trainer gave him two substances that fit the description of "the cream" and "the clear" — two performance-enhancing drugs linked to BALCO.

In 2003, Bonds reportedly testified to the grand jury investigating BALCO that he believed the substances were flaxseed oil and arthritis balm, not steroids.

Anderson also could offer insight into the doping calendars bearing Bonds' name that were seized when federal agents raided Anderson's house, according to court papers connected to the steroids probe.

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But Anderson's lawyers say he shouldn't have to testify because of the numerous leaks of secret grand jury testimony to the San Francisco Chronicle during the course of the four-year investigation. Chronicle reporters Lance Williams and Mark Fainaru-Wada have written a book based largely on leaked testimony.

A federal judge has told the reporters they must tell a grand jury who leaked them secret testimony. The pair have said they would go to jail rather than reveal their source or sources.

Anderson's lawyers also say the agreement he made with prosecutors to plead guilty last year in the BALCO case stipulated he wouldn't have to cooperate in the investigation. Anderson also shouldn't have to testify because he was the target of an illegal wiretap, they argue.

The new grand jury ordering Anderson's testimony can stay in session for as long as 18 months. By law, an intransigent Anderson can be locked up for the grand jury's full term, though a judge can free him sooner if convinced he never will talk.

Bonds' Trainer Anderson Faces Another Prison Term (MERCN)

By Elliott Almond

McClatchy Newspapers, August 17, 2006

SAN FRANCISCO - Barry Bonds' personal trainer faces a third prison term Thursday when he appears in U.S. District court to argue why he shouldn't testify in front of a federal grand jury investigating the Giants left fielder for perjury and tax evasion.

The case is scheduled to be heard by U.S. District Judge William Alsup, who in July sent Greg Anderson to prison for refusing to answer questions in front of another grand jury investigating the same case. Anderson, 40, was released 15 days later when that grand jury's term expired.

Now the trainer could be held for the remainder of the new grand jury's 18-month term; legal experts say Anderson probably would be released after a few months when it becomes apparent he won't talk.

Anderson also spent three months in prison last winter after pleading guilty for distributing steroids and laundering money as part of the Balco Laboratories case.

Although Alsup rejected Anderson's reasons for not testifying last month in a similar hearing, the trainer's attorney, Mark Geragos, said: "It's a new grand jury, new subpoena and new facts."

He also criticized the government's case.

"This isn't following the evidence," he said. "This is targeting a specific person, or persons, and trying to backfill."

A spokeswoman with the U.S. Attorney's office in San Francisco declined to comment. But in court papers filed Wednesday, prosecutors called Anderson's defense "a smorgasbord of distorted facts and frivolous legal argument."

The government believes Bonds intentionally lied under oath in 2003 when he told another grand jury he didn't knowingly take steroids. He said he took substances he thought were flaxseed oil and an arthritis balm; authorities say those products were steroids known as "the clear" and "the cream."

Anderson could help the government's perjury case by explaining drug calendars and other documents with Bonds' name that were seized from the trainer's Burlingame home in 2003.

According to a redacted copy of Anderson's subpoena, unsealed Wednesday, the trainer also was ordered to produce contracts, records of drugs provided and administered, e-mails, video or audio recordings and medical records of clients whose names were blacked out.

One of those identified, however, was New England Patriots quarterback Tom Brady in a declaration filed by Anderson. The trainer said he had a brief telephone conversation with Peninsula player about a potential workout.

"I had only one brief conversation with Tom Brady regarding a potential future workout," Anderson said in a document filed with court. "I never had another phone conversation with him and never discussed it with anyone."

Investigators also are examining whether Bonds failed to pay taxes on tens of thousands of dollars of income made on the sales of sports memorabilia items.

Bill Would Allow Hemp Farming In California (AP)

By Don Thompson

AP, August 16, 2006

SACRAMENTO - California farmers could legally grow industrial hemp under a bill approved Wednesday by the state Senate that distinguishes hemp from its widely grown distant cousin: marijuana.

Hemp "bears no more resemblance to marijuana than a poodle bears to a wolf," said Sen. Tom McClintock, R-Thousand Oaks. "You would die from smoke inhalation before you would get high."

DOJ_NMG_0049578

He said industrial hemp was improperly lumped into the ban on marijuana in 1937 after it had been grown commercially for decades by American farmers, including George Washington and Thomas Jefferson.

But Sen. Dennis Hollingsworth, R-La Mesa, said he hadn't seen much support from California farmers for the bill. If farmers support legalization, Hollingsworth asked, "why is it the calls and letters I get (supporting the bill) are from San Francisco and not Fresno?"

The legislation would require that the hemp crop be tested before harvesting to make sure it has only a trace amount of tetrahydrocannabinols, or THC, the drug in marijuana.

No matter the concentration of THC, hemp currently can't be legally grown in the United States without a difficult-to-get permit from the U.S. Drug Enforcement Administration.

The bill attempts to avoid federal restrictions by requiring farmers to sell the hemp only to California processors to avoid any interstate commerce that could bring federal intervention.

The crop can be used in a variety of products, including clothing, cosmetics, food, paper, rope, jewelry, luggage, sports equipment and toys. As food, supporters say it is high in essential fatty acids, protein, B vitamins and fiber.

The advocacy group Vote Hemp estimates that sales of legal hemp products in the United States now tops $270 million a year, using hemp grown in other nations.

The Office of National Drug Control Policy has opposed legalizing hemp cultivation, saying hemp crops could be used to hide marijuana cultivation by mixing the two plants in the field.

But Sen. Sheila Kuehl, D-Santa Monica, said testimony during committee hearings on the bill showed that industrial hemp could contaminate and diminish the potency of nearby marijuana crops.

The Senate debate produced a bumper crop of California stereotype jokes, several aimed at McClintock, an outspoken conservative who carried the bill in the Senate for it author, liberal Democratic Assemblyman Mark Leno of San Francisco.

"There must be some mistake," Senate President Pro Tem Don Perata, D-Oakland, told McClintock, the Republican nominee for lieutenant governor. "You'll get a parade in San Francisco."

The measure was approved by a 26-13 vote, sending it back to the Assembly for a vote on Senate amendments. The Assembly passed a somewhat different version in January, 44-32.

Gov. Arnold Schwarzenegger has not decided whether he would sign the bill, said spokesman Darrel Ng.

The Senate also approved bills that would:

_ Allow parents to anonymously abandon newborns at hospitals, fire stations and other designated "safe surrender" sites for 30 days after birth, instead of the current 72 hours, under a bill passed on a 27-9 vote. The Senate sponsor, Sen. Jackie Speier, D-Daly City, said the extra time would save babies' lives by encouraging parents to give up unwanted children for adoption instead of abandoning them to die in remote locations. The 27-9 vote sent the measure back to the Assembly for consideration of Senate amendments.

_ Make it illegal to let passengers ride in car trunks. Sen. Bob Margett, R-Arcadia, said he agreed to carry the bill in the Senate because the growing practice has recently resulted in several tragic accidents. A first offense would bring a $100 fine, with $250 fines for repeat offenders. A 31-2 vote sent the measure back to the Assembly for consideration of Senate amendments.

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On the Net:

Read AB1147, AB1873, AB1850, at http://www.assembly.ca.gov

Afghan Opium Cultivation Hits A Record (AP)

AP, August 17, 2006

KABUL, Afghanistan (AP) -- Opium cultivation in Afghanistan has hit record levels -- up by more than 40 percent from 2005 -- despite hundreds of millions in counternarcotics money, Western officials told The Associated Press.

The increase could have serious repercussions for an already grave security situation, with drug lords joining the Taliban-led fight against Afghan and international forces.

A Western anti-narcotics official in Kabul said about 370,650 acres of opium poppy was cultivated this season -- up from 257,000 acres in 2005 -- citing their preliminary crop projections. The previous record was 323,700 acres in 2004, according to the U.N. Office on Drugs and Crime.

"It is a significant increase from last year ... unfortunately, it is a record year," said a senior U.S. government official based in Kabul, who like the other Western officials would speak only on condition of anonymity because of the sensitive topic.

Final figures, and an estimate of the yield of opium resin from the poppies, will be clear only when the U.N. agency completes its assessment of the crop, based on satellite imagery and ground surveys. Its report is due in September.

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The U.N. reported last year that Afghanistan produced an estimated 4,500 tons of opium -- enough to make 450 tons of heroin -- nearly 90 percent of world supply.

This year's preliminary findings indicate a failure in attempts to eradicate poppy cultivation and continuing corruption among provincial officials and police -- problems acknowledged by President Hamid Karzai.

Karzai told Fortune magazine in a recent interview that "lots of people" in his administration profited from the narcotics trade and that he had underestimated the difficulty of eradicating opium production.

The U.N. Office on Drugs and Crime estimate that opium accounted for 52 percent of Afghanistan's gross domestic product in 2005.

"Now what they have is a narco-economy. If they do not get corruption sorted they can slip into being a narco-state," the U.S. official warned.

Opium cultivation has surged since the ouster of the Taliban in late 2001. The former regime enforced an effective ban on poppy growing by threatening to jail farmers -- virtually eradicating the crop in 2000.

But Afghan and Western counternarcotics officials say Taliban-led militants are now implicated in the drug trade, encouraging poppy cultivation and using the proceeds to help fund their insurgency.

"(That) kind of revenue from that kind of crop aids and abets the enemy," Chief Master Sgt. Curtis L. Brownhill, a senior adviser to the head of the U.S. Central Command, during a recent visit to Afghanistan. "They count on having that sort of resource and money."

Afghanistan has seen its deadliest bout of fighting this year since U.S.-backed forces toppled the Taliban for harboring Osama bin Laden. Officials believe the insurgency, most vicious in the south -- Afghanistan's main poppy belt -- includes die-hard Taliban, warlords and drug lords and smugglers.

Fears of fanning the insurgency has constrained efforts to destroy the poppy crops of impoverished farmers -- particularly in Helmand, where the area being cultivated for poppies has increased most sharply. The province now accounts for more than 40 percent of the poppy cultivation nationwide.

"We know that if we start eradicating the whole surface of poppy cultivation in Helmand, we will increase the activity of the insurgency and increase the number of insurgents," said Tom Koenigs, the top U.N. official in Afghanistan.

He said the international community needs to provide alternative livelihoods for farmers, but warned against expecting quick results. "The problem has increased, and the remedy has to adjust," he told reporters recently.

Since the fall of the Taliban, the international community, led by the U.S. and Britain, has invested hundreds of millions of dollars to combat the drugs trade.

There have been some successes. Nangahar province, with the help of a strong governor and police chief, reduced opium output by 96 percent in 2005. Since March, anti-drug police units have raided 10 drug labs throughout the country, seizing 2,700 pounds of heroin and nearly 1,763 pounds of opium.

Next week, the Afghan government will present a wide-ranging anti-drugs strategy. Officials are moving to amend laws, train judges and prosecutors, build high security prisons and establish special courts for drug barons and senior drug smugglers.

This year's increased poppy cultivation follows a 21 percent drop the previous year, suggesting the government has not followed through on warnings to farmers against planting poppies. Although 37,065 acres of poppies were eradicated this year, according to the Ministry for Counternarcotics, a campaign by police to destroy crops fell short of expectation.

Gen. Khodaidad, a top official at the ministry, said virtually all cultivated land in Helmand -- including government-owned land -- has been planted with opium poppies.

"We expected a large number (crop) this year but Helmand unfortunately exceeded even our predictions," the U.S. official said.

FBI Names Head Of Criminal Investigation (NSDY/AP)

By Associated Press, August 16, 2006, 11:36 Pm Edt

Long Island Newsday, August 17, 2006

Burrus, who has been acting chief of the division since February, will supervise investigations of public corruption, civil rights violations, gangs, organized crime, financial crimes and violent crimes. He was appointed by FBI Director Robert S. Mueller, the bureau announced Wednesday.

Since joining the FBI in 1983, Burrus has served on the security detail for three attorneys general, won an FBI director's award for work in Indian country as assistant chief of the Minneapolis office, assisted with the recovery of kidnaping victim Elizabeth Smart as chief of the Salt Lake City office and spent a year and a half as deputy chief of the criminal investigative division.

Burrus obtained undergraduate and law degrees from Wake Forest University.

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First Woman Named To Head FBI Division (SFC)

San Francisco Chronicle, August 17, 2006

A veteran FBI agent who led offices in Arizona and Alabama will soon become the first woman to head the FBI's San Francisco division, which covers 15 counties from Monterey to the Oregon border, an agency spokeswoman said Tuesday.

Charlene Thornton will replace Joe Ford, who led the San Francisco office from August 2005 to April, when he was assigned to FBI headquarters in Washington, D.C. Ford recently was selected as the agency's associate deputy director, the third-ranking official.

FBI Director Robert Mueller officially designated Thornton for her new assignment as special agent in charge on Aug. 4. Her start date has not yet been determined, said Special Agent LaRae Quy, a spokeswoman for the San Francisco division. Arthur Balizan has been acting as the office's chief.

Thornton, a Wisconsin native with a law degree, joined the FBI in 1979. She now serves as assistant director of the inspection division at FBI headquarters, where she investigates employee misconduct and evaluates agency programs to make sure that they are lawful and effective.

First Female Put In Charge Of SF FBI Bureau (BCNW)

Bay City News Wires, August 17, 2006

SAN FRANCISCO -- The San Francisco bureau of the FBI will have its first female special agent in charge, spokeswoman LaRae Quy said today.

Charlene Thornton has been selected by FBI Director Robert Mueller to lead FBI operations in the Northern District of California, which has jurisdiction over the northern and central coast regions of California.

Thornton will be replacing Joseph L. Ford who was transferred to FBI headquarters in Washington D.C. where he serves as associate deputy director, the third highest position in the FBI.

Since Ford's departure, the San Francisco bureau has been led by Acting Special Agent In Charge Arthur Balizan.

Quy said she does not know when Thornton will begin her new position in the San Francisco bureau, but looks forward to her arrival. Quy said Thornton's previous experience as special agent in charge both in Birmingham and Phoenix should prove useful in her new position.

Thornton's most recent title was assistant director of the inspection division at FBI headquarters, where she investigated internal employee misconduct and managed FBI operations to ensure their economic value and compliance with FBI objectives.

Thornton was born and raised in Wisconsin and is married to a retired special agent.

New SF FBI Chief Will Be First Woman To Hold Top Post (MERCN)

The San Jose Mercury News, August 17, 2006

SAN FRANCISCO - For the first time, a woman will head the FBI's San Francisco office, covering a territory that spans from Monterey to the Oregon border.

Charlene Thornton currently serves as assistant director of the inspection division at FBI headquarters in Washington, where she oversees investigations of employee misconduct and evaluates internal programs.

FBI Director Robert Mueller officially picked Thornton for her new assignment as special agent in charge earlier this month.

Thornton's start date has not been determined, but probably will not be before the end of September. She will replace Joe Ford, who recently was selected as the agency's associate deputy director.

Former El Paso FBI Chief Convicted Of Lying (HC/AP)

Associated Press

Houston Chronicle, August 17, 2006

EL PASO — A federal jury convicted the former head of the FBI in El Paso today of two counts of lying to investigators about his relationship with a Mexican race track owner.

Hardrick Crawford Jr. was convicted of concealing material facts about his association with Jose Maria Guardia and of making false statements about gifts he received from Guardia on federal financial disclosure reports.

Crawford, who left his job in 2003, was acquitted of three other charges of lying to investigators. He has denied any wrongdoing.

Crawford's lawyer, Mary Stillinger, called the verdict "disappointing."

"It's very hard to accept," Stillinger said in a story in the online edition of the El Paso Times.

Crawford faces up to five years in prison for each conviction and a $250,000 fine when he is sentenced Nov. 9.

DOJ_NMG_0049581

IMMIGRATION:

Sex Ring Broken Up, Officials Say (NYT)

By Emily Vasquez

The New York Times, August 17, 2006

Law enforcement officials yesterday announced the arrest of 31 people who they said were involved in running an international prostitution ring that operated at least 19 brothels in the Northeast.

Officials said they also took 67 young Korean women into protective custody, all of whom they believe were brought to the United States illegally and forced to work as prostitutes, victims of human trafficking.

Many of the houses in what officials described as a "network of Korean-owned brothels stretching from Rhode Island to Washington, D.C.," claimed to be legitimate businesses like massage parlors, health spas and acupuncture clinics.

Among those, they said, were the Crystal Spa on West Avenue in Norwalk, Conn., and Cleveland Park Holistic Health on Connecticut Avenue in Washington. In Manhattan, authorities said they found unnamed brothels on West 26th Street and 59th Street.

"This exploitation is not a back-alley business," said Michael Garcia, United States attorney for the Southern District of New York. "It happens in residential areas of our nation's capital, it happens in the West 20's in New York City."

The brothels catered chiefly to Asian customers who learned about the illicit services through word of mouth, officials said. Some of the houses were making tens of thousands of dollars a month, officials said.

The ring's recruiters in Korea sought women who wanted to come to the United States, officials said. The women were then helped to travel here with false documents or were helped to be smuggled across the Mexican or Canadian borders.

Drivers carried the women from a point of entry to a brothel, and sometimes moved them between brothels within the network, officials said. Once the women were delivered to a brothel, officials said, managers would typically take away their identification and travel documents and threaten to turn them in to the authorities or hurt their relatives in Korea if they tried to leave. The women were forced to work to pay off tens of thousands of dollars of debt they had accumulated in their travel from Korea, officials said.

Some of the brothels had special rooms or compartments where the women were hidden in case of a raid, officials said.

Arrests began Tuesday morning, and those charged included brothel owners and managers, drivers, and money handlers who helped illegally send the women's proceeds back to Korea, officials said.

The arrests are connected to the breakup of a brothel operation in March in Flushing, Queens. In that case, an undercover New York Police Department detective discovered that the operation flourished because the owners had bribed two veteran police officers. Those officers were charged with public corruption and are awaiting prosecution in Federal District Court in Brooklyn.

After those arrests, officials obtained court authorization to monitor and intercept the cellphone transmissions of a transporter and middleman, leading to the discovery of the network of Korean-owned brothels, the officials said.

Ten brothel owners or managers face broad conspiracy charges that could bring five years in prison, officials said. The transporter and middleman whose cellphone was monitored, identified as Tae Hoon Kim, 39, could face up to 15 years in prison if convicted of money laundering and transporting the women.

The women who worked in the various locations will be interviewed to determine whether they unknowingly entered into prostitution. Victims of human trafficking may be given short-term immigration relief and helped to pursue legal options for longer-term immigration status later, said Julie L. Myers, assistant secretary of homeland security for immigration and customs enforcement.

The interview process can be lengthy, she said.

"These are women who have been mentally and physically broken down in every way possible in order to achieve a mental state in which they can no longer fight against their captors or try to escape," she said. "They are scared of the traffickers — they are also scared of law enforcement. It can take weeks to build enough trust with these victims that they will speak to us."

Feds Raid 20 Brothels In Breakup Of Korean Sex Slave Ring (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, August 17, 2006

NEW YORK -- Twenty brothels posing as legitimate businesses from Connecticut to North Carolina were shut down and 31 people were arrested, freeing more than 70 sex workers enslaved by a large human trafficking ring, officials said Wednesday.

DOJ_NMG_0049582

The arrests Tuesday capped a 15-month probe that began when a Korean couple who owned and operated a chain of brothels in Queens tried to bribe an undercover New York Police Department detective, said Julie L. Myers, assistant secretary for U.S. Immigration and Customs Enforcement.

Those arrested on federal charges including conspiracy to engage in human trafficking, prostitution and conspiracy to transport illegal aliens included brothel owners and managers, middlemen who worked as transporters and individuals who handled the money.

Myers said the victims who were working in brothels throughout the Northeast were being interviewed by ICE agents at secret non-detention locations, where they were receiving health care, clothing, food and other services as they were being questioned.

She said it was disheartening to hear agents describe stories "of women who were promised a better life and instead held as sex slaves" at brothels posing as massage parlors, health spas and acupuncture clinics in New York, Washington D.C., Connecticut, Pennsylvania, North Carolina, Maryland and Rhode Island.

Yet, she said, she was encouraged to know "these same women had been rescued and freed from their shadowy existence and that we could help bring to justice those criminals who enslaved them."

The arrests occurred in Washington D.C., New York, Connecticut, New Jersey, Pennsylvania, North Carolina, Maryland, California and Rhode Island. If convicted, those charged faced maximum sentences of five to 10 years.

Federal court papers show the government intercepted calls from the Bally Sauna and Ginja Spa in Stamford, the Crystal Spa and Liberty Spa in Norwalk and the Magic hair salon in Waterbury. In each case, someone at the business was ordering girls from the ring, according to the documents.

Myers said the Flushing, Queens, couple who touched off the probe paid at least $125,000 to the undercover detective as investigators tapped telephones and exposed an international scheme to smuggle women from Korea to the United States to work in brothels.

The couple was arrested in March along with two police officers who were discovered during the investigation to be accepting bribes, authorities said.

Myers said the United States was seeking to break the backs of the human trafficking rings by increasing the number of investigations of smugglers and traffickers and targeting the financial proceeds of the criminal organizations.

"Some of these criminals look upon people as cargo, just something that must be moved," she said. "But we know that the victims of trafficking and smuggling are not cargo. They are human beings who often have been mentally and physically broken down in every way possible to achieve a mental state in which they can no longer fight against their captors and try to escape."

She said it might take weeks to build enough trust with wary victims to get them to speak to investigators, and she acknowledged that some of the 70 suspected victims might turn out to have known the risks of the brothel trade and chose to work in it anyway.

U.S. Attorney Michael Garcia said the smuggling organization relied on recruiters who went to Korea and found young women eager to live in the United States.

The recruiters then charged the women tens of thousands of dollars to provide false documentation to enter the country or to smuggle them in, he said.

Once in the United States, the women were placed in brothels along the eastern seaboard, unable to leave the business until their debt was paid, he said.

Identity and travel documents were seized from the women, threats were made that they would be turned over to authorities or that family members would be harmed in Korea if they tried to leave, Garcia said.

"Raids on these locations show that this exploitation is not a back alley business. It happens on Main Street in Stamford, Conn. It happens in residential neighborhoods of our nation's capitol and it happens in the West 20s in New York City, not far from here," Garcia said at a news conference at FBI headquarters in lower Manhattan.

He added: "Human traffickers profit by turning dreams into nightmares. These women sought a better life in America and found instead forced prostitution and misery."

Human Trafficking Ring Busted (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, August 17, 2006

Police, federal agents use case versus reputed madam to break up suspected prostitution operation

Police and federal agents yesterday said they used the case against a reputed Flushing madam to break up a suspected sex smuggling ring believed to have used Korean immigrant women in a series of East Coast brothels.

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A total of 31 Korean nationals, many in New York City, were arrested late Tuesday on prostitution and human trafficking-related charges, officials said. In addition 71 Korean immigrant women were taken to special locations by agents of U.S. Immigration and Customs Enforcement for in-depth interviews to see if they were coerced or forced to work as prostitutes to pay off their travel debts.

None of the 71 women were arrested and they were being given medical attention and other assistance, said Julie L. Myers, assistant secretary of the Department of Homeland Security in charge of the ICE agency. She said the women could be eligible for special visas if they cooperate in the probe and were found to be forced sex workers.

At a news conference announcing the arrests, Myers labeled the alleged conspiracy as being a "large-scale human trafficking operation" involving brothels in Flushing, Manhattan, Connecticut, Washington and elsewhere. The modus operandi spelled out in the charges mirrored the kind of immigration and brothel operations portrayed in a March 2001 series in Newsday titled "Smuggled for Sex."

The case began in May 2005 when Gina Kim, 38, a suspected Flushing madam, allegedly bribed an undercover cop to get protection for a brothel in Queens. She was arrested in March and her case is pending. Wiretap evidence from various cell phones was used to build the latest case.

Investigators were reluctant to put a dollar value on the 19 sex businesses busted. But FBI special agent Andrew Arena said the individual women could expect to earn $2,000 to $20,000 a month at the brothels. Investigators said many of the women sent part of their earnings back to South Korea.

As sketched out in two federal criminal complaints filed yesterday in Brooklyn and Manhattan federal courts, the conspiracy involved recruiters in South Korea and the United States who helped women travel here and get false immigration documents. The women often traveled first to Canada and Mexico and then to the United States, where they were controlled by supervisors - usually women - who gave them jobs in massage parlors and health spas. The immigrant women were then expected to have earnings credited against their tens of thousands of dollars of travel debts.

Though the complaints said some of the women were threatened not to leave the prostitution businesses before paying back their debts, officials indicated it was still too early in the probe to say definitively that the immigrants had been coerced. Myers said some of the women may not turn out to be trafficking victims but couldn't comment further.

Sex Ring Bugged (NYDN)

By Peter Kadushin And Thomas Zambito, Daily News Writers

New York Daily News, August 17, 2006

As Tae Hoon Kim paced the sidewalk outside his Queens apartment building, using a cell phone to broker jobs for dozens of Korean prostitutes, the feds were listening in, according to court papers filed yesterday in Manhattan Federal Court.

A bug placed in Kim's phone in March helped city cops and federal agents unravel an international trade in Korean sex slaves forced to work in brothels along the East Coast, including ones in Manhattan and Queens.

"This case is a reminder that large-scale human trafficking occurs every day, right in our own cities and neighborhoods," said Manhattan U.S. Attorney Michael Garcia.

Thirty-one suspected traffickers and brothel operators were arrested in early-morning raids in several states yesterday as part of a 15-month investigation. The probe began when an undercover NYPD detective uncovered a bribery scheme involving two city cops and husband-and-wife brothel owners from Queens.

The couple, Gina Kim and Geeho Chae, were arrested in March along with two cops they allegedly paid $125,000 to tip them off to police raids.

Brothels operated in six states and the District of Columbia, from Rhode Island to North Carolina.

They operated as massage parlors, acupuncture clinics and health spas using names like "Smile," "Happiness" and "Nirvana" and lured men with ads in local newspapers.

Korean women were recruited overseas and lured to the U.S. with promises of jobs and visas. When they arrived here they were forced to work as prostitutes, although yesterday prosecutors said some might have been aware they were being recruited for the sex trade.

More than 70 women are receiving health care at nondetention facilities and will be evaluated to see whether they qualify for visas granted those who aid in the investigation of trafficking rings.

Kim, also known as Tae Won, was at the center of the trade, acting as a middleman by driving women to brothel jobs, helping them get phony travel documents and wiring their money overseas, authorities said.

Neighbors said Kim seldom left his Bowne St. apartment in Flushing to work but could be seen outside with a cell phone and a briefcase. He lived with his wife and daughter.

"They were a perfect family," one neighbor said.

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Near the E. 59th St. location of one Manhattan brothel, shop owners reported a steady flow of women coming and going in limousines and hired cars at all hours of the night.

"I always saw lots of parties," said Lisette Mallary, who owns a business downstairs from the brothel between Second and Third Aves. "They constantly threw out mattresses and liquor."

Officials Shut Down Two Manhattan Brothels (NYSUN)

By Joseph Goldstein

New York Sun, August 17, 2006

Federal law enforcement officials announced yesterday that they have closed 19 brothels across the Northeast, including two in Manhattan.

The women working in the brothels had been smuggled in from Korea, and federal agents yesterday were investigating whether the women were held at the brothels against their will. More than 30 people have been arrested and nearly 70 women are being held as authorities conduct interviews.

The loose network of brothels extended to Georgia from Massachusetts, according to an indictment unsealed in U.S. District Court in Manhattan on Tuesday.In Manhattan, brothels were located at 221 E. 59th St. and West 26th Street between Sixth Avenue and Broadway, according to a law enforcement source and the criminal complaint.

Federal authorities learned of the network of brothels while investigating possible police corruption last year in Flushing, Queens, an FBI agent, Andrew Arena, said at a news conference yesterday.

That probe, which resulted in the arrests of two Police Department officers in March, investigated whether police officers were accepting bribes in return for allowing a brothel to operate. Based on a wiretap of one of the brothel operators, federal law enforcement officials learned that the brothel they were investigating was exchanging women with other brothels located across the Eastern seaboard, prosecutors said.

Each brothel had between two and eight Korean women, according to court papers. The women entered America with false immigration papers prepared by middlemen or were smuggled across the Canadian or Mexican border, the complaint said.

'NEW YORK' KOREAN SEX-SLAVE RING SMASHED (NYPOST)

By Neil Graves

The New York Post, August 17, 2006

A prostitution ring involving dozens of young Korean women who were forced to work as sex slaves in New York and other East Coast brothels was broken up this week, law-enforcement sources said yesterday.

Federal agents swooped down on 19 sex businesses from Connecticut to Washington, D.C., Tuesday and arrested 19 people, mostly Koreans.

They were charged with human trafficking, prostitution, and conspiracy to transport illegal aliens.

The probe began taking off after a Flushing husband-and-wife team attempted to bribe two NYPD detectives, plying them with $126,500 over a one-year period, officials said yesterday at a press conference at the Department of Homeland Security's offices at Federal Plaza.

Three of the 19 raided businesses were located in New York City, on West 59th Street, West 26th Street and 35th Avenue in Flushing, the indictment said.

Once here, the women were kept in line by having their visas withheld and by implied threats to their families back in Korea.

neil.graves@nypost.com

4 Held In Raids On NW Brothels (WT)

By Matthew Cella And Jerry Seper

The Washington Times, August 17, 2006

Federal agents yesterday said they raided five brothels and arrested four persons in Northwest as part of a multistate human-trafficking and prostitution operation involving women recruited from South Korea with the promise of making money to support their families back home.

The arrests took place during raids by U.S. Immigration and Customs Enforcement (ICE) and FBI agents at locations in Baltimore, New York, Pennsylvania, Connecticut, Rhode Island, North Carolina and California.

In the District, federal agents targeted five brothels that were masquerading as massage parlors or spas.

The establishments were 14K Spot, which operated in a basement in the 1400 block of K Street Northwest; Downtown Spa, in the 1000 block of Vermont Avenue Northwest; OK Spa, in the 2400 block of Wisconsin Avenue Northwest; Cleveland

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Park Holistic Health, on the second floor of a building in the 3500 block of Connecticut Avenue Northwest; and Royal Spa, in the 500 block of 10th Street Northwest.

Authorities said that four persons were arrested at those locations and that 23 women were taken into custody.

Agents also raided a Baltimore spa called Moonlight, arrested three persons and took two women into custody.

Nationwide, agents made 31 arrests and took more than 70 women into custody. Officials said the women who were taken into custody were being interviewed and declined to comment on what would happen to them.

"To those individuals who are found to be victims of trafficking, federal law provides a range of benefits and services," ICE spokesman Dean Boyd said.

Telephone calls intercepted by investigators revealed that the women were routinely traded and exchanged among the various brothel owners and managers, sometimes as often as several times a month, until they worked off debts they were charged for passage to America.

Several of the people charged were identified in court documents by nicknames such as "Texas Imo," "Patty Kim," "Niko" and "Big Sister Lillie."

Authorities said that when a new worker was needed, an owner or manager simply placed a call to a middleman or transporter who located a woman who fit the manager's need and arranged for the transportation of the woman to the brothel.

In addition, the middlemen assisted the brothel owners in sending prostitution proceeds and other funds overseas through unlicensed Korean money transmitters.

"This case is a reminder that large-scale human trafficking occurs every day, right in our own cities and neighborhoods. The United States government is dedicated to putting an end to this type of trafficking, and to punishing those who seek to profit from the sexual exploitation of others," said U.S. Attorney Michael J. Garcia in New York.

Mr. Garcia said the arrested people were charged with conspiracy to engage in human trafficking, conspiracy to engage in interstate transportation of women for the purpose of prostitution, interstate transportation of women for the purpose of prostitution, conspiracy to transport illegal aliens and the transportation of illegal aliens, and conspiracy to operate an unlicensed money-transmitting business.

Massage Spa Part Of Wide Sex Ring (BSUN)

By Matthew Dolan

The Baltimore Sun, August 17, 2006

The Moonlight Spa across from Woodlawn High School advertised massage services alongside its tanning booths. Federal authorities said Wednesday that the suite at the strip mall once offered much, much more.

Inside, authorities allege, had been the local outpost for a prostitution ring that stretched from Rhode Island to Washington, D.C. Prosecutors in New York have charged 31 people, including at least four from Maryland, with using seemingly lawful businesses to house prostitutes imported from Korea, transport them up and down the East Coast and amass millions of dollars from sex services.

Security was so elaborate at the Baltimore County operation that authorities said it had not one, but two hidden compartments to stash prostitutes in case of a police raid.

Court-approved wiretaps on cell phones revealed the location of one secret closet at Moonlight, according to court papers.

But Mark Bastan, acting special agent in charge of the Baltimore office of U.S. Immigration and Customs Enforcement, said his agents didn't immediately know about a second one behind a kitchen cabinet when they stormed the storefront Tuesday afternoon.

"We counted up the number of suitcases and the number of people we had, and we realized we had people missing," Bastan said.

Agents targeted people suspected of being brothel owners and managers, middlemen who worked as transporters and prostitutes. Charges include conspiracy to transport illegal immigrants and to transport women for the purpose of prostitution.

At their homes in Maryland, Kum Ok Lowery, 53; Mi Ja Park, 41, of Montgomery Village and Sun Im An, 44, of Upper Marlboro were all arrested early Tuesday, accused of running brothels, officials said.

During the raid at Moonlight, immigration agents arrested another five people, including two who had overstayed their visas, Bastan said.

"This case is a reminder that large-scale human trafficking occurs every day, right in our own cities and neighborhoods," said Michael J. Garcia, U.S. attorney for the Southern District of New York.

Neighboring proprietors said Wednesday that men entered the dark-tinted glass door of the Moonlight at all hours. Employees, mostly young Asian women, always entered through a back door.

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"Everybody kind of knew what was going on there," said Ron Mariano, whose guitar and music shop is across the parking lot from the spa.

There were few disturbances, although neighbors said local police had visited the spa in the recent past. "They didn't bother us so we didn't say anything," said Iyabo Fagbayi, the owner of Abek's International Food.

According to complaints unsealed in federal court in Manhattan and Brooklyn, the investigation began in May 2005 when a Korean couple who owned and operated a chain of brothels in Queens attempted to bribe an undercover New York City Police Department detective.

Working undercover, the detective began accepting bribes from the couple, according to prosecutors. In March, the couple and two officers accused of accepting bribes were charged.

The government then expanded its investigation and obtained a wiretap on the telephone of Tae Hoon Kim, a Flushing, N.Y., resident accused of being a middleman and transporter of prostitutes. The wiretap led to the discovery of an extensive network of Korean-owned brothels, authorities said.

In some cases, authorities said, the recruiters provided women from Korea with false immigration documents to enable them to enter the United States. In other instances, the women were taken into the custody of handlers in Canada or Mexico and then smuggled into the United States, according to court papers.

Effectively indentured servants, the women were placed by middlemen into the network's brothels, court papers say. The brothel owner or manager frequently took women's identification and travel documents, including passports, so it would be difficult for the women to leave, according to prosecutors.

The women were sometimes threatened or led to believe their families in Korea would be harmed if their debts weren't satisfied, according to authorities.

In Baltimore, activity centered around Moonlight at a strip mall bookended by a temple and a mosque.

Scoping out the business on the 1800 of Woodlawn Drive, immigration agents had already suspected money laundering and prostitution, according to court papers.

Tapping phones, they listened to at least seven conversations involving a woman identified as Mi Sun Hayes earlier this year.

On Feb. 13, Hayes, who authorities allege owned Moonlight, said during a call that she been robbed of cash the night before. She told an unidentified person on the other end of the phone that she thought one of the girls might have stolen the money.

Hayes also said her lawyers told her she could not go to the police because she was employing girls who were in the country illegally, according to the criminal complaint. Hayes was arrested and charged with conspiracy to engage in human trafficking, according to federal authorities in New York.

In March and April, Yong Chong, known as Ra Ra, said in tapped phone conversations that she was working at an unspecified "Oasis," and later at Moonlight.

During several calls, Chong negotiated with an unidentified person to provide her with girls. Criminal records show that Chong was convicted in Queens in 2004 and 2005 for promoting prostitution.

matthew.dolan@baltsun.com

Sun reporter Lynn Anderson contributed to this article.

A New Role For The Undermanned Border Patrol (WT)

By Jerry Seper

The Washington Times, August 17, 2006

National Guard troops deployed along the U.S.-Mexico border as part of President Bush's plan to free U.S. Border Patrol agents have been assigned bodyguards -- some of the same agents the soldiers were sent to relieve.

Several veteran Border Patrol agents in Arizona told The Washington Times they were issued standing orders to be within five minutes of National Guard troops along the border and that Border Patrol units were pulled from other regions to protect the Guard units -- leaving their own areas short-handed.

The agents, who refer to the assignment as "the nanny patrol," said most of the Guard troops are not allowed to carry loaded weapons, despite a significant increase in border violence directed at Border Patrol agents and other law-enforcement personnel over the past year.

The National Border Patrol Council (NBPC), which represents all 10,000 of the agency's nonsupervisory agents, said the presence of more than 6,000 Guard troops on the border has allowed a few hundred agents to be reassigned from administrative to field duties, but that "about the same number are now assigned to guard the National Guard troops."

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"Other agents are being assigned to supervise the National Guard troops, who are performing different administrative tasks," said NBPC President T.J. Bonner, a 28-year Border Patrol veteran.

"Overtime has been authorized for these duties, but was not authorized for patrolling the border prior to the arrival of the National Guard."

Nearly 6,200 Guard troops have been deployed along the border from California to Texas as part of "Operation Jump Start," Mr. Bush's $760 million plan to increase the number of Border Patrol agents actually patrolling the 1,951-mile Southwest border.

U.S. Customs and Border Protection (CBP) spokesman Mike Friel yesterday said National Guard troops are not at the border in a law-enforcement capacity, but only to report illegal entries to the Border Patrol.

"The Border Patrol's priority mission is to detect, deter and apprehend individuals crossing illegally into the United States," Mr. Friel said.

"It makes sense that agents would be nearby the National Guard members who are there to be our eyes and ears in order to respond immediately and apprehended the illegal aliens."

About a third of the Guard force is assigned to entry-identification teams, which monitor major illegal-immigration and drug-smuggling corridors along the border -- mostly in Arizona. Using binoculars, night-vision equipment and Global Positioning Systems, the teams seek to spot anyone entering the country illegally and report their position to the Border Patrol.

The troops also are building roads and fences, adding cameras and sensors, conducting aerial reconnaissance, providing medical aid and communications support, performing administrative duties, gathering intelligence from border cameras, assisting at highway checkpoints, and working as mechanics to repair the agency's trucks and cars.

The operation was designed to give the Border Patrol time to recruit and train 6,000 new agents to bring its field strength to 17,000.

CBP Commissioner Ralph Basham has said the Guard's deployment had "made a powerful impact on the security of our southern border," adding that fewer people were crossing illegally into the United States. He also said the Guard's deployment had enabled more than 315 agents to be moved from back-office administrative functions to frontline border-enforcement duties.

Mr. Bonner also said Border Patrol agents were ordered to chase away the "scouts" posted by alien and drug smugglers in the hills on the border, who report by radio the location of law-enforcement personnel. He said that assignment began a few days before the National Guard troops were deployed.

"While I'm sure that Border Patrol management will claim these measures are being undertaken to ensure the safety of the National Guard troops, it is obvious they will also push the smuggling traffic to other areas," he said. "Since many areas of the border are still not being observed or patrolled, it is no more difficult today to avoid detection and apprehension than it was before the deployment of the National Guard."

"This should not be interpreted as criticism of these dedicated soldiers. Unfortunately, they are being used as political pawns by this administration in its ill-advised quest to sell its myopic and harmful immigration-reform package," he said.

Mr. Bonner also said he doubted there was a "legitimate need" for 6,000 administrative personnel to support a work force of fewer than 12,000 agents.

He and the senior agents also questioned whether Operation Jump Start has been as successful as Bush administration and Border Patrol officials have suggested, challenging estimates last week that the apprehension of illegals aliens dropped by 45 percent since the National Guard's arrival.

"The statistics they cite in support of their claims of success are extremely misleading," Mr. Bonner said, adding that apprehensions from May to July were compared with those from March to May.

"There always is a significant seasonal decline in apprehensions at that time of the year, generally about 30 percent. This year's decline was somewhat higher, about 45 percent, primarily because of the record-breaking heat in June and July, not the presence of the National Guard troops."

Mr. Bonner said in comparing apprehensions from Oct. 1 to July 31 with the same period in 2004-2005, apprehensions are down 3 percent, which he called "statistically insignificant."

"It is much more accurate to say that a million illegal aliens were caught trying to sneak across our borders this year, and several million more did so successfully," he said.

Activist Defies Deportation, Takes Refuge In Church (CHIT)

By Oscar Avila

Chicago Tribune, August 17, 2006

Immigrant activist Elvira Arellano braced herself Wednesday for a lengthy standoff with the government as she holed up in a Humboldt Park church, defying a deportation order.

Ministers, friends and U.S. Rep. Luis Gutierrez (D-Ill.) came by to offer support to an illegal immigrant now considered a fugitive by the U.S. Department of Homeland Security.

By Wednesday night, about 100 supporters had massed on the Division Street sidewalk in front of the church under a forest of television satellite towers. Some signed a poster-sized letter of support while others used a bullhorn to trumpet her cause.

Inside the steamy church, a drained Arellano said she was battling the flu but was grateful for the support.

"I am surrounded by my community," she said. "We are united. As long as we are united, we are content."

Arellano, 31, was arrested in 2002 for working illegally at O'Hare International Airport. As lawmakers helped her get temporary stays of deportation, Arellano became a vocal advocate for illegal immigrants.

Arellano was supposed to report to immigration authorities in the Loop on Tuesday but instead went to Adalberto United Methodist Church, hoping for sanctuary from arrest. Legal experts and the government say the church offers no protection.

With immigration authorities saying they plan to arrest Arellano, Gutierrez on Tuesday sent a letter to President Bush begging him to extend Arellano's right to remain in the U.S.

Also on Tuesday, U.S. Sen. Barack Obama (D-Ill.) echoed U.S. Sen. Dick Durbin (D-Ill.) in expressing sympathy for Arellano but agreed with him that it was not appropriate to intervene.

"I don't feel comfortable carving out an exception for one person when there are hundreds of thousands of people just in the Chicago region alone who would want a similar exemption. And I think that if we're going to deal with these issues, we've got to deal with them in a comprehensive way that affects all people, not one by one," Obama told reporters in Springfield.

Mayor Richard Daley, also in Springfield, sounded a sympathetic note.

"You have to sit down and look at her and her family and how long she's been here and look at it in a personal way, not just another number," Daley said. "And Chicago, it's a city of immigrants. Our past, our present, our future will be immigrants."

Church Is Sanctuary As Deportation Nears (WP)

By Kari Lydersen

The Washington Post, August 17, 2006

CHICAGO, Aug. 16 -- A 31-year-old illegal immigrant who has become a spokeswoman for undocumented workers is defying a deportation order and has taken sanctuary in a church on this city's West Side.

Elvira Arellano refused to comply with the order directing her to return to her native Mexico on Tuesday. She is camped out in the Adalberto United Methodist Church in Chicago's Humboldt Park, a predominantly Hispanic neighborhood.

The church's storefront and pulpit are plastered with signs declaring it a holy sanctuary, invoking the sanctuary movement of the 1980s in which churches sheltered undocumented refugees from civil wars in El Salvador and Guatemala.

"This is the house of God," Arellano said Wednesday. "What man would enter the house of God to arrest me?"

In 2002, Arellano was arrested during sweeps at O'Hare International Airport, where, using a false Social Security number, she had gotten a job cleaning planes. She was ordered deported but obtained an extension to stay to care for her American-born son, Saul. Now 7, he suffers from Attention Deficit Hyperactivity Disorder and other health problems. The extension was granted because of private bills introduced by Sen. Richard L. Durbin and Rep. Luis V. Gutierrez, both Illinois Democrats.

Arellano has since become a vocal leader of the burgeoning immigrant rights movement. She has visited Washington to lobby lawmakers, and she spoke with Mexican President Vicente Fox during a Chicago area visit in 2004. She founded an organization of undocumented parents with U.S. citizen children, marched with thousands in Chicago and Boston, and recently participated in a 24-day hunger strike to oppose deportations.

Her extension was denied this year by the Office of Immigration and Customs Enforcement (ICE).

"ICE is required to enforce the nation's laws fairly without any regard for a person's ability to generate publicity and support," said Gail Montenegro, ICE spokeswoman in Chicago.

Montenegro would not say whether agents will go to the church.

"ICE has the authority to arrest anyone in violation of immigration law anywhere in the U.S.," she said.

Arellano entered the country twice illegally. She was deported after her first attempt, then entered near Mexicali in 1997. She first worked in Washington state and gave birth to Saul, then separated from his father and came to Chicago in 2000.

Chicago Mayor Richard M. Daley and Gutierrez have sent letters to President Bush asking that Arellano be allowed to remain in the country. But in a statement, Durbin appeared to be pulling back on his original support.

Durbin said that since her son's health has improved, Arellano's situation is now no different from "scores of people." Durbin added: "We cannot fix the injustices of this system with private bills; only comprehensive immigration reform can permanently remedy this situation."

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Arellano said she will not be separated from her son, who played with toy trucks as she talked to reporters. She asked him if he would go back to Mexico with her, and he didn't want to, so she decided to stay in Chicago despite the deportation order.

The Rev. Walter "Slim" Coleman, pastor of the church where Arellano is taking refuge, believes she has been targeted because of her activism.

"Before, her extension was renewed as a matter of course, and now the conditions are the same, but it hasn't been renewed," he said. "That shows they're hardening" immigration enforcement. "I think it's retribution for her bringing to the forefront the issue of family unity."

Supporters have been crowding the pews and holding vigils outside the church.

"She is inspiring other people, and we need it because people are being deported by the minute," said Toribio Barreras, a 34-year-old volunteer firefighter and college student from Mexico who is also fighting deportation.

He was among the supporters who slept on the church's second floor with Arellano so he could be there if immigration agents came. Supporters said they will not cause trouble if agents come, but they want the world to see images on TV.

TAX:

Two Orlandoans Ordered To Stop Preparing Tax Returns (ORLBIZ)

Orlando Business Journal, August 17, 2006

A federal judge ruled on Aug. 8 that Jean-Marie Boucicaut and Marie Thelemarque of Orlando, and Boucicaut's Tax Review Corp. company, can no longer prepare federal tax returns for others.

In addition, the Department of Justice ordered Boucicaut and Thelemarque to return $772,449 plus interest to the United States its says they fraudulently got by intercepting and cashing 593 tax refund checks of other people.

"The Justice Department and the Internal Revenue Service are working vigorously to halt the preparation and filing of false and fraudulent income tax returns," says Eileen J. O'Connor, assistant attorney general for the Justice Department's tax division, in a release. "People who prepare fraudulent refund claims are cheating honest taxpayers and often their customers, as well."

The defendants filed amended income tax returns without authorization for people who did not know that returns had been filed on their behalf, Chief Judge William J. Zloch of the U.S. District Court for the Southern district of Florida in Miami found.

The government alleged that the defendants obtained tax information from copies of old tax returns given to them after the defendants offered to help taxpayers recover money allegedly owed to them by the IRS. The defendants used this information to prepare returns requesting tax refunds based on false credits and bogus deductions and directed the IRS to send the requested refund checks directly to them, the court said.

Previously, in the civil action, the court ordered the defendants to stop preparing federal tax returns for others during the case's proceedings. Boucicaut and Thelemarque notified their customers and provided the government a list identifying their customers and their addresses, phone numbers and taxpayer identification numbers.

CONGRESS-ADMINISTRATION:

Lynn Swann, Happy To Be On The President's Team (WP)

By Michael A. Fletcher

The Washington Post, August 17, 2006

LANCASTER, Pa., Aug. 16 -- Gerry Robinson slowly made his way between the small, round tables set up in an exhibition hall here, as he and a couple hundred supporters of NFL Hall of Famer Lynn Swann awaited the arrival of President Bush.

Bush spent the afternoon in southeastern Pennsylvania, where he also visited a Harley-Davidson plant, in an effort to shine a light on his handling of the economy and boost Swann's candidacy for governor. Both have been struggling lately.

Polls have found that high gasoline prices and flat wages have left most Americans anxious about the economy. Meanwhile, Swann, a Republican, is facing a 20-point deficit and a huge fundraising gap in his race against incumbent Edward G. Rendell (D).

Sporting Bono-style shades, Bush hopped on a Harley and held an economic roundtable with workers at the company's plant in nearby York. Later, he took a helicopter here to headline a fundraiser that drew 350 people and raised $700,000 for Swann.

Given Bush's flagging popularity, it is open to question whether his appearance could boost confidence in the economy or bring more than money to Swann, the Pittsburgh Steeler wide receiver-turned-television broadcaster.

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But for Robinson, who with Swann was among the handful of African Americans in the room, Bush's visit made for a good day.

"The fact that the president is here speaks loudly to the commitment of the Republican Party to black political office-seekers," said Robinson, 55, a divorce lawyer who lives here.

Robinson said he supports Swann because he shares what he calls Swann's conservative values and likes his platform, which features calls for tax cuts, opposition to abortion, and a proposal to increase incentives for private firms to fund public education. But he readily acknowledges that his is hardly a popular position among African Americans.

"If you ask most African Americans, their social values line right up with the Republican Party," said Robinson, repeating an assertion often made by GOP pollsters. "But ask them if they would vote Republican, they say, 'No way. I can't do that.' "

Robinson said it was the old glue of politics -- patronage -- that affixed him to the GOP. When he was growing up in the housing projects in Reading, Pa., his mother dated a guy she saw only on weekends, because he worked in New Jersey.

She volunteered for a Republican candidate, who was elected mayor. One thing led to another, and her boyfriend was appointed town clerk. They got married, and later Robinson's stepfather was installed as executive director of the housing authority.

"For me, it showed that you have opportunities in the Republican Party that you don't have in the Democratic Party," he said.

But for many black voters, the history has been far different. For them, the GOP came to symbolize opposition to many policies they largely supported, from school busing to affirmative action. The result has been overwhelming black support for the Democratic Party, something the Republican Party is making an unprecedented effort to change.

Republican National Committee Chairman Ken Mehlman has been speaking before African American groups, asking for their support and apologizing for a Republican history of ignoring black voters -- or worse, leveraging white support by exploiting racial fears.

The party has generated great fanfare by embracing black candidates for major offices in Maryland, Ohio and Pennsylvania. But those campaigns are not going well. Not only is Swann lagging in the polls, but so is Ohio Secretary of State J. Kenneth Blackwell, who is running for governor.

Meanwhile, Senate candidate Michael S. Steele, Maryland's lieutenant governor, has said that being a Republican is like being marked with a scarlet letter, largely because of the public dissatisfaction with the president's Iraq policy.

For his part, Swann hardly treated Bush as a liability. He said that it was "cool" to be standing with the president of the United States, and he lauded Bush as a strong leader in difficult times.

Beaming and looking fit as he and his running mate, businessman Jim Matthews, flanked Bush, Swann said: "This is going to be your team, folks. This is going to be your team."

Bush seemed pleased. "The people of Pennsylvania know that when you draft Lynn Swann, you get a man who performs," he said.

The president also seems determined to stay the course. He was unyielding when speaking about those who say the United States should set a timetable for withdrawal from Iraq.

"There are some good people in our country who believe we should cut and run. They're not bad people when they say that, they're decent people," he said. "I just happen to believe they're wrong."

Warming up, Bush repeated his frequent assertion that the nation can ill afford to change course on Iraq, regardless of public opinion.

"If we cut and run, if we don't complete the mission, what would that say to those brave men and women who have volunteered to wear the uniform of the United States of America?" Bush added. "If we leave before the mission is complete, if we withdraw, the enemy will follow us home."

President Joins In G.O.P. Attacks On Democrats About Terrorism (NYT)

By Jim Rutenberg

The New York Times, August 17, 2006

LANCASTER, Pa., Aug. 16 — In a campaign swing here, President Bush on Wednesday picked up his party's attack against Democrats for having what the Republicans have called the wrong approach to the fight against terrorism. But his was a kinder, gentler approach than the one used by Vice President Dick Cheney and others in recent days.

Referring to the war in Iraq, Mr. Bush said: "There's some good people in our country who believe we should cut and run. They're not bad people when they say that, they're decent people."

But he added, "I just happen to believe they're wrong, and they're wrong for this reason: this would be a defeat for the United States in a key battleground in the global war on terror."

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Mr. Bush was speaking at a fund-raising event for the former football star Lynn Swann, the Republican trying to unseat Gov. Edward G. Rendell. It was Mr. Bush's first public political address since news broke last week that the British had disrupted a major terrorism plot.

The White House and the Republican Party had pounced on that news, along with the defeat of Senator Joseph I. Lieberman in the Connecticut Democratic primary by an antiwar candidate, Ned Lamont, to paint the Democrats as weak on national security. Mr. Cheney had gone so far as to imply that the defeat of Mr. Lieberman, a strong backer of the war, would embolden "Al Qaeda types."

Mr. Bush did not specifically mention the Democrats in his address.

Referring to the disruption of the plot in Britain, he said, "And so we've got to use new tactics, new efforts, new assets to protect ourselves against an enemy that will strike us at any moment."

Mr. Bush denounced those who have called for a law enforcement approach to fighting terrorism.

"Some people say, Well, this may be a law enforcement matter," he said. "No, these are people that are politically driven. They want to impose their vision on other people. That's what they're trying to do. And the United States of America must never retreat and let them have their way."

There was no mistaking the president's target when he said success in Iraq was crucial in the fight against terrorism, adding, to loud applause: "They want us to leave. They want us to cut and run."

Phil Singer, a spokesman for the Democratic Senatorial Campaign Committee, responded by saying, "Misstating the Democrats' position on Iraq doesn't change the fact that the White House's Iraq policy has been a tragic failure."

Bush Touts U.S. Economy On Visit (WT/AP)

The Washington Times, August 17, 2006

YORK, Pa. (AP) -- President Bush hopped on a Harley-Davidson at a motorcycle factory yesterday as he made an election-year pitch for Republican stewardship of the economy.

The president also was in Pennsylvania to raise cash for former Pittsburgh Steelers star Lynn Swann, who is running for governor.

Cheers and applause erupted inside the Harley-Davidson Inc. vehicle operations plant when Mr. Bush sat on a high-end model painted blue and white and revved its engine again and again. Climbing down, he ripped off blue-tinted safety glasses that he insisted made him look like rock star Bono and jokingly struck a pose intended to show a hip side.

"I'm just looking so far," Mr. Bush said during a tour of the plant, which employs 3,200 persons. "I'll let Josh Bolten ride these things," he said of his chief of staff, known as a motorcycle enthusiast.

After the tour, Mr. Bush held a round-table discussion with Harley-Davidson workers about the U.S. economy, which has showed recent signs of slowing. The president said he discussed with the workers the need for government to open up markets for U.S. products around the world.

"The more Harleys sold in a place like Vietnam or China or India, the more likely that somebody is going to be able to find work," Mr. Bush said.

An AP-Ipsos poll in early August showed about 37 percent supported the president's handling of the economy. That matches his lowest level in May 2006 and November 2005, but not that different from the past few months.

The Labor Department yesterday reported that consumer inflation accelerated in July, reflecting a big jump in gasoline and other energy prices. In evidence that the economy is slowing, industrial output in July slipped to just half the June pace.

Later, Mr. Bush traveled to Lancaster to raise money for Mr. Swann, who is hoping to defeat incumbent Democratic Gov. Edward G. Rendell. Mr. Swann trails Mr. Rendell in fundraising and the polls.

Mr. Swann, who was co-chairman of the Bush-Cheney campaign's African-American steering committee in 2004, says he is not worried about Mr. Bush's lukewarm popularity. Mr. Bush was speaking at a fundraiser where donors will pay $10,000 for a private reception and photo opportunity with the president and $650 a person or $1,000 a couple for a general reception.

As of early June, Mr. Rendell had raised nearly $20 million -- less than half of what he spent in his 2002 campaign and roughly four times the amount Mr. Swann has amassed.

"Swann needs President Bush to help win back those Republicans who are backing Rendell," said Clay F. Richards, assistant director of Quinnipiac University's polling institute. "Also, the president can help raise the kind of money Swann needs to take on a well-financed Democratic incumbent."

On The Harley Free-trade Brigade (USAT)

By David J. Lynch

USA Today, August 17, 2006

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YORK, Pa. — For two decades, when presidents have wanted to demonstrate to skeptical constituents the benefits of free trade, they've come here to southern Pennsylvania.

Textile factories in North Carolina may shut their doors. Auto plants in the Midwest may totter in the face of foreign rivals. But a 232-acre Harley-Davidson factory here remains a gleaming shrine for the free-trade faithful.

The venerable motorcycle maker, battered by Japanese rivals, came within an eyelash of bankruptcy in 1985. Harley slashed payroll, overhauled its factories and engineered a remarkable turnaround. The company has been profitable for 20 years and, in a nice irony, now enjoys the largest market share in Japan.

But as President Bush flew here Wednesday to cultivate support for free trade, he did so against darkening sentiment at home and abroad. Negotiations over a new global trade deal are moribund.

"My concern is that this kind of fear of globalization causes a reaction that will cause us to lurch toward protectionism. That's my biggest concern," the president said in a 25-minute interview with USA TODAY. "I am worried that may be where a country that is concerned about the future heads."

In an April USA TODAY poll, only 30% of those polled said global trade "mostly helps" American workers vs. 65% who said it "mostly hurts."

The evidence is at odds with public sentiment. A study by the Institute for International Economics says the typical American household gained $10,000 annually from postwar trade liberalization. Yet, as Americans peer beyond their borders, they see an insecure world increasingly characterized by conflict, not commerce. The desire for free movement of goods and capital is imperiled by controversies over illegal immigration, security worries about foreign investments and the outsourcing of even high-skill-level technology jobs.

Treasury Secretary Henry Paulson earlier this month called for "thinking more creatively" about helping those who lose out from globalization.

But in the interview Wednesday, the president dismissed the need for new initiatives to address worker unease. Existing trade-adjustment funds, which provide retaining aid for some workers who lose their jobs because of foreign competition, and community college programs are adequate, he said.

(Treasury spokesman Tony Fratto said Paulson has a long-term goal of studying the issue and does not intend to propose any new policies.)

Robert Scott, an economist with the left-of-center Economic Policy Institute, said the president's trade policies benefit corporations and investors while leaving workers to fend for themselves.

"There's a rapidly growing number of workers in this country and around the world who are being threatened by the kind of globalization we're pursuing. … It's a race to the bottom," he says.

Since the 2000 presidential campaign, Bush has voiced strong support for free trade. His pro-trade record, however, is marred by what Daniel Griswold, an analyst at the libertarian Cato Institute, calls "unfortunate lapses."

In 2002, the president imposed steep tariffs on imported steel. The measure, which was criticized even by many conservative economists, was regarded as a political gesture to win support for Republicans in swing political states such as West Virginia, Pennsylvania and Ohio, which are big steel producers.

That same year, the president signed a new farm bill that contained billions of dollars in government subsidies for crop exports. Such payments encourage excess production of corn, cotton and other products, flooding world markets and depressing the income of farmers in poor countries.

Harley-Davidson's example also is something less than a pure free-trade success. In 1983, the company won special trade protection from the Reagan administration that raised tariffs on imported Japanese bikes to 49% from 4%. That gave Harley critical time to retool.

The president said such temporary protection is sometimes warranted. And Harley's robust workforce of more than 9,000 — roughly double the 1995 figure — underscores the point.

Also in the interview, which focused on trade and globalization, Bush said:

·The death of Cuban President Fidel Castro by itself will trigger no change in the United States' 40-year-old trade embargo on the communist island. "The system has to change," he said. "Trade (with Cuba) doesn't directly benefit the people. Trade benefits the elite."

·Americans underestimate the challenges facing Chinese leaders as they seek to modernize their sprawling nation of 1.3 billion people. "I don't think people in the United States really understand," he said. "They've got enormous internal problems that they are working hard to deal with. Frankly, it's in our interest that we help them deal with them."

·Paulson has told him to expect China this fall to make changes to its currency policy along the lines long sought by the United States.

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The aim of Wednesday's presidential drop-by was to highlight one of globalization's winners. Indeed, Harley is welcome evidence there's more to trade than cheap Chinese T-shirts.

Harleys have been the preferred ride of motorcycle enthusiasts from Jordan's late King Hussein to Bush's own chief of staff, Josh Bolten, who accompanied him Wednesday.

That's why the president flew here aboard the Marine One helicopter Wednesday for a quick assembly-line tour and later joined eight Harley employees, from CEO Jim Ziemer, to second-generation factory worker Ryan Britton, 25, for a roundtable on the economy.

Sitting around a U-shaped table, the group got a dose of the president's wry humor. When Ziemer wrapped up a list of requests for government action on opening new markets and reducing health care costs by saying, “I could go on and on,” Bush shot back: “You wouldn't be the first guy.”

Last year, Harley sold 329,000 motorcycles. About four out of five were bought by Americans. But its overseas business is growing at an annual rate of 15% vs. about 4% here. In April, Harley opened an office in Beijing; it has equally high hopes for India and, further in the future, Vietnam.

“Asia is the largest motorcycle market in the world. … There's great opportunities for long-term growth,” says Timothy Hoelter, Harley vice president.

Big bikes with cruise control, heated seats and monikers like “screaming eagle” may be hard to imagine on Asia's clogged streets, but the lure of the open road apparently carries global appeal.

“Harley is selling brand, image and lifestyle. They're selling Americana,” says Tim Conder, an analyst at A.G. Edwards in St. Louis.

For the quarter ended June 30, Harley had $1.37 billion in revenue, up 3% from the same period one year earlier. The company's stock — ticker symbol HOG — closed Wednesday at $58.94. Year to date, it's up about 10% vs. a 4% gain for the S&P 500.

Harley's plant here is almost a mandatory stop for trade-boosting presidents. President Reagan came here in 1987 to rev the throttle on a big bike and praise the company's competitive comeback.

In November 1999, President Clinton followed, speaking to workers gathered under a tent and holding a roundtable like the one his successor convened Wednesday. Clinton's theme was the need to cultivate political support for free trade. “People are afraid that Americans always get a raw deal,” Clinton said, in words that echo today.

Just weeks later, the World Trade Organization summit in Seattle was brought to a standstill by street protests, dealing a blow to hopes of further trade liberalization.

The current president likewise faces buffeting political winds. Negotiations for a global trade deal in the so-called Doha Round, named for the Qatari capital where the talks began, collapsed late last month. Bush said he remains interested in a deal but does not plan to unveil a new offer.

“The way I view the way Doha has worked is that the whole round was fairly stagnant until I went to the United Nations last fall and made a very generous offer. Now I think the best way for us to proceed is for all of us to continue making offers simultaneously. … We want to play our cards simultaneously with other people playing their cards,” he said.

The president's authority to negotiate trade deals that Congress can accept or reject without amending expires next summer. He said he won't make a decision on requesting an extension, which likely would trigger a tough political fight, until early next year.

In the wake of a fierce controversy earlier this year over the proposed takeover of some port operations by a Dubai-based company, Congress has been weighing changes in the government-approval process for proposed foreign investments. Business groups object to changes in the Committee on Foreign Investment in the United States (CFIUS) that would lead to excessive delays or prompt other countries to retaliate by blocking U.S. acquisitions in their markets.

“We don't want a sign up that says, ‘Not open for business,' ” the president says.

Some analysts, like Daniel Rosen of China Strategic Advisory, say other countries already are tightening up in response to the darker U.S. mood. The Carlyle Group's proposed acquisition of Xugong is being delayed by Chinese regulators, as is Citibank's takeover of Guangdong Development Bank.

“The Chinese … have been watching the U.S. and Europe blocking foreign investment in their markets and are wondering whether this is the way sophisticated economies behave,” said Rosen. “They're wondering whether they should be doing the same thing.”

But Bush said he expected that congressional negotiators will produce CFIUS reform that he could sign. “We will have a deal we will live with,” he said.

Rockin' Harley (YDRPA)

DOJ_NMG_0049594

York Daily Record (Pennsylvania), August 17, 2006

At Harley-Davidson's Springettsbury Township plant, George W. Bush may as well have been a rock star.

Donning sunglasses similar to the ones worn by U2 front man Bono, President Bush strutted into the motorcycle maker's Softail plant Wednesday afternoon for a two-hour foray.

He stopped to sign an autograph, frequently shook hands with workers and later straddled a shiny blue-and-white Softail Deluxe, revving the engine to workers' screams and hollers.

After dismounting, he looked directly into the press cameras, took off his sunglasses, posed, nodded his head and laughed before stepping out of the test booth.

Bush's security detail was in every nook and cranny of the 350,000-square-foot facility some in suits and talking into their wrists, others wearing black boots and bulletproof vests as 150 Harley employees worked the first shift.

It was the third visit to Harley by an incumbent president in

"I'm impressed by the quality of the product," Bush said as he walked one of the production lines with U.S. Rep. Todd Platts, R-York County, Harley President and Chief Executive Officer James L. Ziemer and York Vehicle Operations General Manager Fred C. Gates.

Jeff Merrill, 47, a process leader for Softail assembly, snagged Bush's autograph as the president walked into the plant.

"It was perfect timing," Merrill said with a smile.

The eight-year Harley employee had printed out a picture of himself taken with Bush in 2001, when Merrill worked at Harley's Milwaukee headquarters. Back then, Bush autographed a piece of paper for Merrill's daughter, Molly, who had just turned 14.

"He told me that he remembered," Merrill said. "He's a good guy. He takes time to talk."

Merrill added: "Hopefully other people get to meet him and shake his hand, and he can make their day, too."

Motorcycle test technician Joel Toner, 40, had the distinction of

President Bush shakes the hands of line workers as he tours an assembly line at Harley-Davidson in York Wednesday.

"He actually asked me if he could sit on the bike, and I said, 'sure,' and then I asked him if he wanted to start it. And then he started it and revved it up," Toner said.

"He thanked me for my hospitality. ... He said, 'You must have a great job, riding motorcycles.' I agreed and said, 'Yeah, I think I got one of the greatest jobs in the world.'"

Following his roughly 40-minute tour, Bush then participated in a closed-door roundtable discussion with Ziemer, Gates, Harley Vice President of Government Affairs Tim Hoelter and five manufacturing employees. The employees included Gordie Spangler, president of the International Association of Machinists and Aerospace Workers Local 175.

The discussion included what government can do to help Harley-Davidson, Bush said after the roundtable. One was opening foreign markets and the other was continuing research and development tax credits.

Harley gets shut out of certain markets, Bush said, and it only makes sense that if there is demand for the company's motorcycles, those markets should be opened.

"It's a direct correlation between exports and jobs. In other words the more Harleys that are sold in a place like Vietnam or China or India, the more likely that somebody's going to be able to find work," the president said.

Harley representatives also stressed the importance of research and development tax credits for the company.

"We hope Congress makes the research and development tax credit a permanent part of the tax code," Bush said. "That encourages folks here at Harley to make new investments. It means that the work force becomes more productive. It means that the product is more likely to be able to compete."

Gates, who admitted he was excited to meet Bush, said he believed Harley's message got through to the president.

"I think we got our point across on the things we need his help on," he said. "I think that it gives us an opportunity to share with the president things that will help Harley-Davidson, as well as manufacturers."

Bush spoke of the importance of community colleges in providing job training to suit the communities in which they're located, and the necessity of dealing with Social Security sooner rather than later for the sake of future generations, said Platts, who did not participate in the discussion but observed.

"It helped me as a congressman to hear what the people of our local community and the CEO of one of our major employers had to say," he said.

Bush later headed to Lancaster County to attend a fundraiser for Pennsylvania Republican gubernatorial candidate Lynn Swann.

Toner, who was working at Harley when President Clinton visited in 1999, said he considered meeting Bush an honor.

"Not everybody gets to meet the president," he noted. "Talking with him, he seems like a normal down-to-earth person."

Bush said he had long been impressed with Harley's motorcycles, referring to them as "one of America's finest products."

"I really enjoyed walking the floor and shaking hands with the people who work here. I'm impressed by the esprit de corps. I'm impressed by the fact that these people really enjoy what they're doing. I'm impressed by the fact that they're impressed by the product they make," he said.

"I come away from this plant with a lot of very positive impressions, and it is a joy to be here."

A Presidential Visit To Harley (YD)

By Charles Schillinger

York Dispatch, August 17, 2006

After meeting with officials from Harley-Davidson Inc. at its Springettsbury Township facility, President George W. Bush said Wednesday he supports opening more international markets for the company's products.

With a backdrop of a dozen Harley employees and several motorcycles - including a purple Screamin Eagle Ultra Classic Electra Glide bike that got nearly as much attention as the president - Bush also promised to help make permanent business tax credits for research and development.

Bush is the third president to visit the Harley-Davidson plant, using the company as a model for, as the president put it, "one of America's finest products."

"I'm impressed by the fact that these people really enjoy what they're doing," Bush told national and local media in a 2½-minute statement.

The statement came after a meet-and-greet with employees at the Softail motorcycle assembly plant and an economic sit-down with workers and management.

The president spent a little more than an hour at the plant before jumping back on his helicopter, Marine One, and heading to Lancaster for a fund-raising reception for Republican gubernatorial candidate Lynn Swann.

Eight Harley-Davidson employees - from company CEO Jim Ziemer to an assembly line worker Ryan Britton - sat down with the president.

The president said he assured the company he agrees there is a need to open more markets for American products such as motorcycles made by Harley-Davidson.

"There's a direct correlation between exports and jobs," Bush said. "The more Harleys that are sold in places like Vietnam, China and India, the more likely someone is going to be able to find work."

Harley-Davidson's worldwide dealer network sold more than 125,000 motorcycles in the second quarter of the year, a 10 percent increase from the prior year. International retail motorcycle sales grew by 17.3 percent.

The motorcycle maker also set a milestone this year when it opened its first dealership in China, a large new market for the company.

Fred Gates, general manager of Harley-Davidson's York operations, said opening foreign markets to the company was the crux of the meeting.

"We tried to make sure we were up front about the things we'd like to see in the government to help us sell more motorcycles in foreign markets," Gates said. "I think we got our point across on things we need his help on."

Harley employees also asked the president about health benefits for single mothers, worker retraining programs, and making business tax credits for research and development permanent, Gates said.

Bush addressed the latter concern with press after the roundtable discussion.

"And I assured them that when I said I'm for it being permanent, I meant I was for it being permanent," Bush said. "And we hope Congress makes the research and development tax credit a permanent part of the tax code."

As Marine One landed at Harley-Davidson earlier, a White House adviser standing with the media waved at the president as he exited the helicopter; then gestured as though he was turning the throttle on a motorcycle.

That brought a brief smile to the president's face before a limousine whisked him off to the Harley plant where workers were busily assembling a mix of Softail motorcycles.

After 15 minutes of meeting and greeting with employees, the president shouted, "I'm impressed with the quality of the product here," over the sounds of a conveyer belt running overhead.

Moving on to the area where Harley tests motorcycles, the former Texas governor mounted York's version of a horse and revved the engine.

The sound of the revving engine brought a loud cheer from the crowd of employees as Bush struck a cowboyish pose on the motorcycle.

That was followed by the closed-door economic talk with employees.

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Before the president left for Lancaster, Harley-Davidson presented him with a special plaque with a gas tank attached and a nylon jacket with the Harley-Davidson, York Operations logo on the back. Bush already received the iconic Harley leather jacket when he visited the company's headquarter and operations in Milwaukee in 2001.

Bush: Critics Back 'Cut And Run' Strategy (AP-Y)

By Deb Riechmann, Associated Press Writer

AP, August 17, 2006

President Bush said critics of his Iraq policies are advocating a "cut and run" strategy that would draw terrorists to American soil.

"Leaving before we complete our mission would create a terrorist state in the heart of the Middle East, a country with huge oil reserves that the terrorist network would be willing to use to extract economic pain from those of us who believe in freedom," Bush said Wednesday.

"If we leave before the mission is complete, if we withdraw, the enemy will follow us home," he said.

Even though he spoke at a political event, Bush kept the criticism of his opponents gentle, and left partisan politics out of it. His critics are mostly Democrats who contend he has not outlined a plan for success in Iraq. They are increasingly supportive of a timetable for bringing troops home.

"There are some good people in our country who believe we should cut and run," the president said at a fundraiser for former Pittsburgh Steelers star Lynn Swann, who is carrying GOP hopes for an upset over Pennsylvania's Democratic governor, Ed Rendell. "They're not bad people when they say that. They're decent people. I just happen to believe they're wrong."

At the fundraiser, Bush raised an estimated $650,000 in much-needed cash for Swann, who trails Rendell in fundraising and the polls.

The upset of three-term Democratic Sen. Joe Lieberman last week in Connecticut's primary has brought renewed attention to the issue of Iraq and how it might affect this fall's midterm elections, in which GOP control of Congress is at stake. Lieberman was bested by Ned Lamont, a political newcomer who ran on an anti-Iraq war platform.

Both parties have sought to portray the Connecticut results as evidence that their side is heading into November with an advantage with voters, who give Bush low marks for his handling of Iraq.

Earlier in York, Bush hopped on a Harley-Davidson at a motorcycle factory as he made an election-year pitch for Republican stewardship of the economy.

Cheers and applause erupted inside the Harley-Davidson Inc. vehicle operations plant when Bush straddled a high-end model painted blue and white and revved its engine again and again. Climbing down, he ripped off blue-tinted safety glasses that he insisted made him look like rock star Bono and jokingly struck a pose intended to show a hip side.

"I'm just looking so far," Bush said during a tour of the plant where 3,200 employees work around the clock on shiny motorcycles that move slowly around the assembly floor on tracks. "I'll let Josh Bolten ride these things," Bush said of his chief of staff, a motorcycle enthusiast.

After the tour, Bush held a round-table discussion with Harley-Davidson workers about the economy, which has showed signs of slowing.

An AP-Ipsos poll in early August showed about 37 percent supported Bush's handling of the economy. That matches his lowest level in May 2006 and November 2005, but not that different from the last few months.

Swann Gets Boost From Bush (PPG)

By Tracie Mauriello

Pittsburgh Post-Gazette, August 17, 2006

LANCASTER -- Lynn Swann yesterday got some needed help from President Bush, who stumped for the Republican gubernatorial hopeful yesterday in Pennsylvania's GOP stronghold.

Good governors set priorities, create strong business climates, improve schools and ensure quality medical care, Mr. Bush said. Mr. Swann has a vision to accomplish that and more, the president told a crowd of 400 at the Lancaster Host Resort.

"He's not running for his ego. He's running because he wants to help the people of this state and he's got a platform that makes a lot of sense," Mr. Bush said.

Mr. Swann has said he wants to cut property taxes, reduce hospitals' liability in malpractice lawsuits, ensure more welfare recipients return to the work force and tie teachers' raises to student performance.

"It is going to be good for this state to have a governor who sets the right priorities," Mr. Bush said. "It starts with faith and family and then you can get into politics."

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Earlier in the day, Mr. Bush and Mr. Swann toured a thriving Harley-Davidson plant in York to meet with workers to hear their views on his national economic policies. The president jumped on one of the motorcycles and revved the engine and the executives.

At the fund-raiser, the president spoke about the war on terror, holding firm that the country cannot adopt the "cut-and-run strategy" that he said some of his critics advocate.

Leaving Iraq now would only draw terrorists to the United States and destroy the country's credibility, Mr. Bush said, speaking a week after the foiled terror plot to blow up planes bound for the United States from London.

"Who would want to stand with the U.S. if we don't complete this mission, a mission that can be completed and will be completed?" the president said. "What would we say to those brave men and women who have volunteered to wear the uniform of the United States of America?"

Mr. Bush and fellow supporters of the war in Iraq have come under fire lately. The discontent manifested itself at the polls last week with political newcomer Ned Lamont's primary win over longtime Connecticut U.S. Sen. Joe Lieberman, a Democrat who supported the war.

Nationwide, various opinion polls now show Mr. Bush's job approval rating between 34 percent and 40 percent, the lowest since he took office.

The president's declining popularity does not make his stumping for Swann any less valuable, political analysts said. That's because yesterday's presidential visit was more about fund raising than politics, they said.

"The downside of bringing in an unpopular president? There isn't any, not when you're down [almost] 20 points and you don't have any money," said G. Terry Madonna, director of the Center for Politics and Public Affairs at Franklin & Marshall College.

The latest poll from Quinnipiac University in Connecticut shows that 57 percent of likely voters support incumbent Gov. Ed Rendell and 38 percent support Mr. Swann.

During a news conference earlier in the week, Mr. Rendell said he wasn't concerned he would lose ground because of Mr. Bush's support of his opponent.

"The best thing the president can do for Lynn is to raise some money," Mr. Rendell said. "I don't think [voters] are going to make up their minds based on a third-party endorsement."

Mr. Swann already has high visibility stemming from his pro football career. What he doesn't have is the campaign cash he needs to spread his political message.

Yesterday's presidential visit boosted his coffers by roughly $700,000, said Swann's campaign spokesman, Leonardo Alcivar. "It's a significant step toward our fund-raising goal," Mr. Alcivar said.

Attendees paid $650 each or $1,000 per couple for the general reception, and $10,000 each for a private cocktail reception and a photo with the president.

Mr. Swann will need every bit of that to campaign against Mr. Rendell, said Dr. Madonna.

As of the last campaign finance filings two months ago, Mr. Swann had raised $3.25 million to Mr. Rendell's $13.8 million.

As a result, Mr. Rendell's campaign commercials have dominated the airwaves.

"One of the linchpins in this race is the ability to raise money to get on TV," Dr. Madonna said. "Rendell took a very close election and blew it open, in part because he could spend $5 million on TV commercials, particularly in the western part of the state, to remind voters of what he's done for them and to dispel this myth that he's the governor of Philadelphia."

The Swann campaign is expected to launch an aggressive television campaign within the next few weeks.

Attendees, who came dressed in everything from fancy gowns to football jerseys, said they left feeling more confident in the president's wartime decision-making.

"When you hear about all the criticism and all the death, you question, 'Was it the right thing? Did he make a mistake?' But I feel optimistic now," said Alecia Alecxih, a Lancaster County Republican.

"He's not concerned about his popularity right at this moment; he's got a bigger vision," she said. "We have no idea what would have transpired had we not gone on the offensive."

Meanwhile, Mrs. Alecxih's 12-year-old son, Landon, who left with the president's autograph, was eager to tell his friends he shook the president's hand.

He wasn't the only one in awe of his presidential encounter. Even Mr. Swann, the event's man of honor, couldn't hide feeling star-struck.

"My mother and father, Mildred and Willie Swann, are so happy because this is cool. This is cool because the president of the United States is here for their baby boy, Lynn," he said.

Will Bush's Help Stop Swann's Dive? (PAPN)

DOJ_NMG_0049598

By Sharon Smith

Harrisburg Patriot-News, August 17, 2006

LANCASTER - President Bush has his detractors, but not many can dispute that he does two things well: raise money and rally the Republican base.

The president did both yesterday at a fundraiser in Lancaster for Republican gubernatorial candidate Lynn Swann, who faces Democratic Gov. Ed Rendell in November. Swann trails Rendell in the polls and in fundraising.

While some candidates have avoided appearing close to Bush, Swann did not mask his enthusiasm over the president's visit at the Lancaster Host Resort & Conference Center. With a smile, Swann told the crowd how impressed his parents were by the president's support of their son.

"This is cool," Swann said, "because the president of the United States is here for their baby boy Lynn."

Swann kept his remarks short and handed the podium over to the man people paid between $650 and $1,000 to see. Swann's campaign estimated the presidential visit raised $700,000 for the campaign. Some paid as much as $10,000 to have their picture taken with Bush.

"There's no doubt in my mind that Lynn Swann has got the characteristics necessary to be a great governor," Bush said. Bush also commended Swann on his choice of Jim Matthews as a running mate, noting his experience as a Montgomery County commissioner.

"In Pennsylvania, to run on this ticket, you've got vision and you've got experience," Bush said. "Side by side, it makes a powerful ticket."

After urging the audience to support Swann, Bush spent the bulk of his half-hour speech explaining why he feels the country should stay the course in Iraq.

"If we withdraw, the enemy will follow us home. ... The best way to defeat the enemy is to spread freedom," Bush said.

"There are some good people in our country who believe we should cut and run," he said. "They're not bad people when they say that. They're decent people. I just happen to believe they're wrong."

Most of those in attendance said they are optimistic that Swann can beat Rendell.

"I think he has a chance," said John Smucker, who paid $650 to see Bush. "A lot of people don't understand what he stands for yet."

Heather Heagy, a Millersville resident, said she didn't put a lot of stock in the polls and believes that Swann is a good man.

"We can only hope and pray that a good man gets in," she said.

Rendell, who was busy yesterday promoting a work program for veterans, wasn't concerned about Bush's visit.

"In high-level races like governor, senator and mayor, people make up their minds themselves," Rendell said. "The best thing the president can do for Lynn is to raise some money. But I don't think people are going to make up their minds based on third-party endorsements."

A group of protesters were across the street from the GOP event, most with signs opposing the war and attacking Bush.

Two members of the group, Tom and Stephanie Yentsch, also made clear they are not voting for Swann. Tom Yentsch held up a sign directed at Swann. It read: "Swann's numbers don't fly."

"Rendell is doing a good job," Yentsch said. "We don't need to switch."

State Sens. Jeff Piccola, R-Dauphin, Pat Vance, R-Cumberland and U.S. Rep. Todd Platts, R-York, were on hand to hear Bush speak. U.S. Sen. Rick Santorum, R-Pa., who faces a challenge from Democrat Robert P. Casey Jr. to retain his seat, did not attend.

Earlier in the day, Bush visited the Harley-Davidson plant in Springettsbury Twp. Cheers and applause erupted inside the plant when Bush straddled a model painted blue and white and revved its engine.

"I'm just looking so far," Bush said.

After the tour, Bush held a round-table discussion with Harley-Davidson workers about the economy. Noting the company's willingness to invest in new technologies, Bush said he hoped that Congress would make tax credits for research and development permanent.

Bush Boosts Swann At Lancaster Fund-raiser (PHI)

By Amy Worden And Angela Couloumbis

The Philadelphia Inquirer, August 17, 2006

LANCASTER - President Bush's visit to Pennsylvania today could not have come at a more opportune moment for gubernatorial candidate Lynn Swann.

Unable to break the double-digit lead that separates him from Gov. Rendell in the polls and trailing by $10 million in campaign dollars, Swann needs a boost to raise his profile and pad his campaign bank account.

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And this evening, Swann got it. Bush traveled to the Lancaster Host Resort for a big-ticket fund-raiser for Swann, for which couples paid $1,000 for general admission and $10,000 for a private reception and photo opportunity with the President.

After a brief introduction by Swann, Bush took the stage and told the more than 400 supporters who had gathered at the resort that Swann is a "noble and decent" person with a vision for the future of the state.

"The people of Pennsylvania know when you draft Lynn Swann, you get a man who performs," Bush told the crowd. "There is no question in my mind that Lynn Swann has got the characteristics necessary to be a great governor of this important state."

It was the president's first visit to Pennsylvania since he appeared at a fund-raiser for U.S. Reps. Mike Fitzpatrick of Bucks County and Jim Gerlach of Chester County in late May. Bush also traveled to a Pittsburgh fund-raiser for Sen. Rick Santorum in March, where he raised about $700,000 for the incumbent's campaign.

Tonight's fund-raiser, which was moved to a larger hotel here to accommodate supporters, also was expected to raise almost $700,000, Swann's campaign said - a cash boost that could allow Swann to begin airing television advertisements as early as the end of the month.

Mike Young, a former Pennsylvania State University political science professor, said Swann needs the dollars and the exposure.

"The clock is ticking," he said, adding: "It's a dramatic moment in the campaign. This is Bush and his surrogates sending out a message that this campaign may have looked like it was on life support, but that it's alive and still here."

The latest poll, released today, shows Rendell with a commanding 19 point lead over Swann. The Quinnipiac University survey has Rendell with a 57 to 38 percent lead among likely voters.

Rendell, a veteran - and prolific - fund-raiser, is also leading Swann in the money race. The governor has outraised Swann 4-to-1, with $13.7 million in his campaign account as of mid-June to Swann's $3.2 million.

Still, some political analysts say a visit from Bush could also be a gamble for Swann.

The President's approval ratings in Pennsylvania have sunk dramatically this year. A separate Quinnipiac poll released this week showed Pennsylvania voters disapprove 64-to-33 percent of the job Bush is doing overall, with similar disapproval rates for the President's handling of the situation in Iraq.

Swann says he has no reason to be worried about a Bush backlash.

"Why would I be concerned?" Swann said during a campaign stop Monday in Harrisburg. "My race is about Pennsylvania. The president is helping me raise funds, which is a very positive thing."

Asked Tuesday about Bush's visit to Pennsylvania, Rendell said: "The best thing the president can do for Lynn is to raise some money. I don't think people are going to make up their minds based on third-party endorsements."

Dan Fee, campaign spokesman for Rendell, added that the race is not about money, but experience.

"Lynn Swann's biggest problem isn't that he doesn't have enough money to run an effective campaign. It's that he is unqualified to be governor," Fee said.

President Says U.S. Must Stay In Iraq (LIJ)

Lancaster(PA) Intelligencer Journal, August 17, 2006

LANCASTER COUNTY, PA - President Bush spent half of his speech at a Wednesday fundraiser for Republican gubernatorial candidate Lynn Swann talking about the war on terror.

Bush told the 400 people gathered at the Lancaster Host Resort on Lincoln Highway East that previous administrations implemented failed policies in the Middle East.

“That policy came home on Sept. 11,” he said, referencing terror attacks that killed 3,000 people in New York, Pennsylvania and Washington, D.C., in 2001.

The 3-year-old U.S. mission in Iraq must continue or the battleground against terrorists will change from the Middle East to American shores.

“If we withdraw, the enemy will follow us home,” he said.

Bush’s appearance on behalf of Swann — the former wide receiver for the Pittsburgh Steelers making his first run at public office — raised $700,000 for the GOP nominee, Swann spokesman Leonard Alcivar said.

The influx of cash comes at a welcome time for Swann as the Republican trails Rendell by 20 percentage points, according to a poll released by Quinnipiac University.

The Connecticut school this month polled about 1,400 voters, who favored Rendell over Swann by a margin of 54 percent to 34 percent.

Swann supporters at the Host said the numbers will turn more favorably toward the Republican when television and radio advertisements appear after Labor Day.

"The Quinnipiac poll is relatively meaningless in mid-August," Alcivar said. Raising $700,000 Wednesday "is a significant step in the evolution of our campaign."

During his speech, Bush asked Swann's supporters to donate money and talk up his candidacy in their communities.

"You can't run unless people are willing to contribute," the president said. "That's just the way it is."

Earlier in the day, Bush toured the Harley-Davidson plant and participated in an economic forum in York County. He then flew in Marine One, the presidential helicopter, to Lancaster Mennonite High School in East Lampeter Township.

After landing, the president rode in a motorcade that traveled eastbound on Lincoln Highway East, passing Tanger Factory Outlet Center at Millstream and other Lancaster County attractions.

Bush bypassed 120 protesters camped out at the Host's main entrance when the motorcade turned off the highway and proceeded to the fundraiser by way of an alternative entrance.

People paid $650 individually or $1,000 per couple to attend the fundraiser. An undisclosed number of people paid $10,000 to meet Bush and have their pictures taken with him.

A standing and cheering crowd greeted Bush when he walked onto the stage about 5:15 p.m. with Swann and Jim Matthews, the Republican running for lieutenant governor.

Bush spoke for 25 minutes, spent 10 minutes shaking hands and left the Host about 6 p.m to return to the White House.

Bush talked about cutting property taxes, raising education expectations and curbing frivolous medical malpractice lawsuits in Pennsylvania; achievable goals if Swann is elected, he said.

Swann "has plenty of accolades," Bush said. "Just ask the Dallas Cowboys."

Dan Fee, a spokesman for Rendell, said those goals sound great because Rendell has achieved many of them in his first term.

"Those are such good ideas; that's why Ed Rendell just did it," Fee said. "But unlike President Bush, Gov. Rendell respects a balanced budget. He doesn't just cut taxes and create deficits."

U.S. Rep. Joseph Pitts, a Chester County Republican who represents Lancaster County, said Bush will help Swann catch Rendell.

"He gave him a real boost," Pitts said. "He energized the base here, and the base will make a difference in the fall. You'll see the polls tighten up. Once the ads start in September and October, that will make a difference."

After talking Pennsylvania issues, Bush focused most of his speech on the global war on terror.

"We face an enemy that knows no bounds of cruelty," Bush said.

"They do not believe in freedom. They don't believe in the freedom of religion. They don't believe in the freedom of dissent. They don't believe in women's rights. They have a backward view of the world."

Bush said the United States cannot leave Iraq until a stabilized government is formed. To abandon the military mission — U.S. military deaths in Iraq since 2003 are at 2,601 — would undermine U.S. credibility worldwide, he said.

"It's hard on the American people, I understand that" Bush said. "But we shouldn't let the difficulties of facing this war force us to retreat from the world.

"If your most important responsibility is to protect the American people, the best way to do so is to stay on the offense and bring these people to justice."

Thank you for your visit Mr. President! Lancaster is Bush Country!! speak for yourself. The days of all you simpleminded bible thumpers from hicksville are over.

Ah yes, if I could only be as educated and eloquent as you. I stand in awe at your deep thought posted above. Oh yeah that's right, I only attended 4 years of college, 4 years of Medical school, 4 years of residency and 2 years of MBA school, but you know us simpleminded folks, always taking the easy way out.....

Thank you for your visit Mr. President! Lancaster is Bush Country!! And they tried to tell us the radiation leaks from Three Mile Island had no effect on the local population.

I'd love to hear the words of thanks that were uttered by working Pennsylvanians stuck on Rt 30 coming home or going to work.

Ah yes, if I could only be as educated and eloquent as you. I stand in awe at your deep thought posted above. Oh yeah that's right, I only attended 4 years of college, 4 years of Medical school, 4 years of residency and 2 years of MBA school, but you know us simpleminded folks, always taking the easy way out..... I didn't relize doctors had so little common sense. I guess we really are gifted in some areas and robbed in others. Then again, there are good doctors and quacks.

Bush Hopes Terror War Trumps Iraq In '06 (CSM)

By Linda Feldmann

The Christian Science Monitor, August 17, 2006

DOJ_NMG_0049601

WASHINGTON

With each passing day in the run-up to the fall midterm elections, the political dimension of every news point gains in significance. And so, as Republicans struggle to keep control of Congress, each new headline that relates some sign of progress in battling terrorism - President Bush's strongest issue - is a boon.

It's not that the US public pays close attention to every detail. But Tuesday's announcement that British police had arrested one more terror suspect in the alleged airliner plot served as a reminder that the threat is still out there, that authorities are still on the case, and that no attacks have taken place on US soil in nearly five years.

Mr. Bush's political team, led by Karl Rove, has made clear that for the third straight election, it will play the national security issue hard. The strategy worked in 2002 and 2004, but with the Iraq war - a central front in the war on terror - and Bush himself persistently unpopular, prospects for 2006 remain uncertain. And this time, the Democrats are not ceding the national-security mantle to the GOP.

In the end, voters' focus in November could depend on events well beyond any politician's control.

"The war on terror is still an advantage for Bush, but it's very much an open question whether it will be enough to overcome Iraq," says Jack Pitney, a political analyst at Claremont McKenna College in Claremont, Calif., and a former Republican aide. "If things in Iraq get worse, it's hard to see anything that would balance off the damage."

Polls have been mixed as to whether Bush gained in the public's eye after the announcement last week that a close US ally, Britain, had foiled a plot to hijack up to 10 transatlantic airliners. A Newsweek poll taken Aug. 10-11 showed 55 percent of Americans supporting Bush's handling of terrorism, an 11-point jump from May. A CBS News poll taken Aug. 11-13 showed no change in Bush's terrorism numbers compared to late July, holding steady at 51 percent. It was a five-point bump from May.

Whether or not the terrorism/national security issue can help Bush and his party in November, it's been clear for weeks that Bush is better off avoiding certain congressional districts. In many of the closest House races, Republican incumbents are openly distancing themselves from Bush on Iraq and on wedge issues such as stem-cell research - with the party leadership's blessing.

"We've been given permission to approach [the election] our way," says Sarah Chamberlain Resnick, executive director of the moderate Republican Main Street Partnership. "They have decided to allow our members to run the campaign that they need to run to get elected."

Rep. Jim Gerlach (R) of Pennsylvania, one of the Democrats' top targets, is "running a lot of ads - I don't agree with the president on this and this," says Ms. Resnick.

Bush traveled to battleground state Pennsylvania Wednesday to talk up the economy and help struggling Republican gubernatorial challenger Lynn Swann raise money, but he stuck to GOP-friendly parts of the state, York and Lancaster. Still, the state also features one of the Senate's most endangered incumbents - Rick Santorum - and Bush's visit to Pennsylvania will get media coverage in suburban areas, where Senator Santorum needs votes.

"The bottom line is folks in Philadelphia [oppose] Bush, whether he's in the market or not," says Ken Smukler, a political strategist who used to advise Democrats. "But he may get more Republicans in York and Harrisburg and Lancaster to come and vote, so on balance, it's a good move."

In appearing with Mr. Swann, a former star wide receiver for the Pittsburgh Steelers who is African-American, Bush also may be seeking to mend fences with the black community, after the damage of hurricane Katrina. Bush has also appeared recently with Ohio's GOP African-American candidate for governor, Secretary of State Ken Blackwell.

Another high-profile black candidate, Lt. Gov. Michael Steele (R) of Maryland, running for the Senate, admitted last month that it probably wouldn't be a good idea for Bush to campaign for him in blue Maryland. In an embarrassing episode, Mr. Steele made unflattering comments about Bush and the Republican Party on background to journalists as a "Republican Senate candidate," but soon owned up to the remarks. He spoke of wearing his Republican "R" as a "scarlet letter."

Maybe Steele's gaffe was a calculated risk, as he runs upstream in a Democratic state. But the incident fed into the developing story line that Republicans in tight races more often than not are steering clear of the president.

Bush and his political team, for their part, seem vigilant in their countdown to Nov. 7 not to make the GOP's challenge any more difficult than it already is. The president took his shortest summer vacation since taking office, keeping himself to just 10 days at his ranch in Crawford, Texas, and limiting the risk that may have come with too many shots of him clearing brush and bike-riding while a new war raged in the Middle East - on top of all his other urgent challenges. His slow reaction to hurricane Katrina a year ago marked a devastating slide in his public approval rating, still in the mid-to-high 30s, from which he has not recovered.

Politicians Jousting Over Terrorism Are Missing The Point, Pollsters Say (MCT)

By Ron Hutcheson

McClatchy Newspapers, August 17, 2006

DOJ_NMG_0049602

WASHINGTON - Republicans and Democrats are beating each other up on the issue of terrorism in the wake of the alleged London airplane plot, but polls show that most Americans are far more worried about the war in Iraq.

That's bad news for President Bush and his Republican allies because, with congressional elections less than 100 days away, most voters don't think the war was worth it and don't like Bush's handling of it. Pollsters say that any boost the president gets from the alleged plot to blow up trans-Atlantic aircraft isn't likely to alter negative opinions about the war.

"Iraq is far and away the Number 1 issue. Nothing comes even close," pollster John Zogby said. "It's the elephant in the living room."

Strategists in both parties have gone into overdrive to seek political gain from allegations that terrorists in London were plotting an operation to rival the attacks on Sept. 11, 2001.

Democrats say the developments highlight the nation's vulnerability under Bush's leadership. Republicans say the news from London shows that the president's policies are working.

Voters don't seem particularly impressed with either argument.

Bush's job-approval rating has barely budged since last week's arrests of some two dozen suspected plotters. Three nonpartisan national polls taken after the arrests in London - for CBS, for Newsweek and Zogby - found the president's job-approval rating in the mid- to upper-30s, unchanged from last month.

Andrew Kohut, the director of the Pew Research Center for the People and the Press, said voters didn't necessarily count victories in the war on terrorism as relevant to Iraq.

"The indicators there (in Iraq) aren't terrorist bomb plots. The indicators are casualties and chaos, which people can see on their TV screens," he said. "It is one of the biggest problems for the president. What's not good for the president is not good for Republicans."

While headlines diverted attention over the past month to Israel's conflict in Lebanon and then the alleged airliner plot, Iraq accelerated its drift toward all-out civil war.

Escalating sectarian violence pushed the death toll among Iraqi civilians to more than 3,400 in July, an all-time high, according to figures from Iraq's Health Ministry and the Baghdad morgue, as reported Wednesday by The New York Times. That's up 9 percent over June and nearly double January's death toll.

American casualties are down, but the spreading violence pitting Iraqi against Iraqi has virtually eliminated any prospect of U.S. troop withdrawals before November's congressional elections.

Zogby said the challenge for Democrats was to convince voters that they had a plan to bring the troops home.

"Democrats have got to do better than `We care, too,'" he said. "They've got to be able to come up with a credible exit strategy."

Republicans expressed confidence that the renewed focus on terrorism would benefit their party in November. Bush has held a series of events on national security and terrorism since last week's arrests in the alleged plot, all aimed at driving home the message that he's working hard to protect Americans.

There was at least a glimmer of good news for the president in recent polls. The Newsweek poll found that 55 of Americans approve of his handling of terrorism, up 11 percentage points from the magazine's May poll. But his overall approval rating was essentially unchanged at 38 percent.

White House spokesman Tony Snow said Bush's standing would improve if voters could see more progress in Iraq.

"The American people see headlines, they hear about these appalling acts of violence and they are rightly concerned," he said Wednesday. "What they don't see are the operations ongoing, the apprehensions of terrorists, the seizure of weapons caches, all of which are going on on a daily basis."

Cheney Stumps For Burns (AP)

AP, August 17, 2006

WHITEFISH, Mont. - Vice President Dick Cheney blasted Democrats for not supporting the war in Iraq, and said Montanans need to re-elect Republican Conrad Burns to make sure the administration can carry out its wartime plans.

The vice president, speaking at a fundraiser for Burns on Wednesday, said the administration is sticking by its plan to stay in Iraq as long as it takes to make sure the country is stable. He said it would be wrong to set deadlines for withdrawing troops.

Cheney said the U.S. sent the wrong message when it withdrew from Beirut in the 1980s and Somalia in the 1990s.

"In both cases the United States responded to those attacks by withdrawing our forces," Cheney said. "The terrorists concluded that if they killed Americans they could change U.S. policy, because they had."

Backing out of Iraq now would only encourage terrorists and embolden al-Qaida, he said.

"They fundamentally believe that we don't have the stomach for the fight," Cheney said.

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About 160 people paid at least $250 to attend the fundraiser for Burns, who finds himself locked in a tough re-election battle with farmer and state Sen. Jon Tester.

Burns supporters could pay $2,100 to attend a reception before the lunch and get a photo with the vice president. A $5,000 donation allowed a photo with Cheney and some fly fishing with Burns.

National defense and the war on terror took center stage in Cheney's speech.

"Here in the U.S. we have not had another 9-11," the vice president said. "No one can guarantee we will not be hit again. But the relative safety in recent years is not an accident."

Cheney said the foiled plot to bring down airliners serves as a reminder of the constant threat.

Burns said Democrats are full of "a lot of negativism, but we don't hear any new ideas."

Tester has blasted the administration for leading the nation into Iraq on false pretenses.

Democrats are banking that Cheney, whose image has suffered in recent years, will hurt the GOP campaigns more than help them.

"I think it's ironic that while Montana families and farmers are paying $3.25 for gas, the chief architect of the country's failed energy policy is here raising money for Sen. Burns," Tester spokesman Matt McKenna said. "There is a lack of leadership in Washington, and Montanans are paying for it at the pump.

"What we need in Iraq is a plan, we cannot afford an open ended commitment."

Burns said the GOP is planning a new agriculture and energy bill that will promote energy independence and renewable fuels grown on farms.

The Burns-Tester race is viewed as a toss-up, despite the three-term incumbent's big advantage in money and name recognition. Democrats have hit Burns hard by trying to link him to the Washington D.C. lobbying scandal and indicted lobbyist Jack Abramoff.

Burns, who has recently been under fire for criticizing a group of firefighters, is widely seen as one of the most vulnerable incumbents going into this year's elections.

Cheney has attended 80 fundraisers for midterm election candidates and helped raise more than $24 million.

President Bush helped raise money for Burns in March, saying at the fundraiser that he was proud to stand by Burns.

Attendees at that event paid the Burns campaign at least $1,000 a couple for cocktails, light snacks and the chance to mingle with the president and the senator at a downtown hotel.

The Burns campaign says Senate Majority Leader Bill Frist, R-Tenn., is scheduled to attend a fundraiser for Burns on Aug. 28 in Billings.

Rep. Denny Rehberg, R-Mont., opened the Whitefish event by telling Burns supporters the race against Tester will become ugly. A record sum of money is expected to flow into the state for the purchase of television commercials, Rehberg said.

"Montana is kind of the hot spot," he said. "You are going to see a lot of activity over the next few months."

Rehberg seemingly gave a nod to the recent flap over a run-in between Burns and firefighters at the Billings airport as the firefighters prepared to fly home after a fire in Montana.

"He's a funny guy _ sometimes it doesn't seem as funny when you read it in the press," Rehberg said.

Cheney said the Burns race is very important to the administration. Cheney said Bush tax breaks are working for the country and the nation is seeing a high level of prosperity marked by low unemployment

"The president and I need Conrad to continue to meet the priorities we have set for the country," he said. "Every time you vote for this man, you are voting for a strong confident voice for the West."

The IR welcomes comments of all points of view. We post as many comments as possible unless they are defamatory, in poor taste, contain significant inaccuracies, poetry, or are too long. Please limit comments to 200 words. Writers must include their E-Mail address for verification.

Punishments Stemming From IG Probes On The Rise (GOVEXEC)

By Jenny Mandel

Government Executive, August 17, 2006

Suspensions and debarments resulting from inspector general actions nearly doubled in 2005, and personnel actions rose more than 40 percent, according to a report released Tuesday by two IG groups.

Suspensions and debarments, which are proceedings to exclude parties from federal contracts, grants, loans and other transactions, rose 97 percent in fiscal 2005 to 9,918 from 5,045 the previous year, the report from the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency stated. Those groups are composed of presidentially appointed and agency-appointed inspectors general, respectively.

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Personnel actions including reprimands, suspensions, demotions and firings of government, contractor and grantee employees increased to 2,819 in 2005, from 1,989 the previous year.

Marilyn Richardson, liaison for the PCIE vice chairman, said the increases did not necessarily indicate a spike in malfeasance compared with the year before, noting that some proceedings can take more than a year to complete. But "the OIGs have been more aggressive," she said. Richardson declined to elaborate on the agency breakdown of the figures or in what areas the offices had concentrated on.

In addition to the suspensions and debarments, the report noted that 57 IG offices secured $20 billion in 2005 in potential savings from audit recommendations and investigative recoveries.

That amounted to $15.7 billion in funds that agency managers agreed could be put to better use, according to the recommendations of their IG offices, and $4.3 billion in payments from investigations with IG involvement. Those figures represented funds agreed to in fiscal 2005, but include funding and payments stemming from old investigations that were finalized in 2005.

Savings based on new recommendations amounted to $13.9 billion in 2005, a 6.7 percent drop from the $14.9 billion newly identified in 2004. New receivables and recoveries came to $1.48 billion, above the $90 million recovered the previous year.

IG offices completed 7,703 successful prosecutions in 2005, in which a subject was convicted or made a pretrial agreement with the Justice Department. That marked a 19 percent increase over 2004. They also obtained 6,847 criminal indictments and complaints resulting from their activities, a slight rise over the 6,231 cases in 2004. The number of successful civil actions resulting from OIG activities fell slightly in 2005 to 551, from 594 the previous year.

Although the inspectors general provided little explanation of changes in performance, the report said the community had focused considerable attention on the government's recovery efforts in the Gulf Coast region. Auditors flooded into the area shortly after Hurricane Katrina struck last year, but agencies still were sharply criticized by Congress for costly oversight failures.

The report said auditors also focused on counterterrorism measures, including efforts to assist the Office of Management and Budget in developing compliance guidelines for the 2002 Federal Information Security Management Act.

In presenting the report, Greg Friedman, PCIE vice chairman and inspector general for the Energy Department, and Barry Snyder, ECIE vice chairman and inspector general of the Federal Reserve Board, said, "The 11,600 people of the PCIE and ECIE remain committed to addressing future challenges facing the federal government and to continuing our record of service to the people of this nation."

Legal Services Executives Living Large On Tax Dollars (WP/AP)

By Larry Margasak

The Washington Post, August 17, 2006

The federal program that provides legal help to poor Americans turns away half its applicants for lack of resources. But that has not stopped executives from lavishing expensive meals, chauffeur-driven rides and foreign trips on themselves.

Agency documents obtained by the Associated Press detail the luxuries that executives of the Legal Services Corp. have given themselves with federal money -- from $14 "Death by Chocolate" desserts to $400 chauffeured drives to locations within taxicab distance of their offices.

The government-funded corporation has spacious headquarters in Georgetown -- with views of the Potomac and rent significantly higher than that of other tenants in the same building.

And Legal Services board members wrote themselves a policy that doubled the amount they can claim for meals, compared with staff employees.

Congress created Legal Services as a nonprofit corporation run with federal money to provide legal help in civil matters for Americans who cannot afford lawyers. It funds neighborhood clinics across the country that have lawyers to provide such help.

Three congressional committees have questioned the program's spending, as has the corporation's internal watchdog. The chairman of the Senate Finance Committee is threatening to withhold money if the corporation does not trim extravagance.

"It's waste and abuse," said Sen. Charles E. Grassley (R-Iowa), citing the board's doubling of the meal money as an example. "At 200 percent, it seems to me what we would call in Iowa living high off the hog."

Legal Services officials defend their program, saying administrative expenses are kept separate from money distributed to the local, independently run legal outlets.

Spokesman Thomas C. Polgar said LSC President Helaine M. Barnett and Chairman Frank B. Strickland "are aware they are using taxpayer funds and try to operate in a manner that is frugal and appropriate." Barnett is a former legal services attorney in New York; Strickland is an Atlanta lawyer.

Barnett declined to be interviewed; Strickland did not return phone messages seeking comment.

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The scrutiny of Legal Services' spending comes as the corporation says it does not have enough resources to meet many poor clients' needs.

A Legal Services study in October found that for every client who receives service, one applicant is turned away for lack of resources. Because only those who contacted the program for assistance were included in the study, it is likely the study underestimated the unmet need, the corporation said.

Nine recent state studies demonstrated that less than 20 percent of the legal needs of low-income Americans were being met, LSC said.

Neighborhood Legal Services, at 701 Fourth St. NW, the local program that serves the poor in Washington, is a refuge where a federally funded lawyer can help a client stave off homelessness, fight an unscrupulous landlord, file for divorce or receive help with a host of other legal problems.

The carpet in the lobby is worn and stained. Some small offices can barely contain a desk. Unlike Legal Services headquarters' well-stocked library, filled with criminal code books and Supreme Court opinions, the local library has mostly bare walls. The conference table doubles as a staff lunch table.

Legal Services' internal watchdog, Inspector General Richard "Kirt" West, has questioned whether the corporation's headquarters at 3333 K St. NW has more space than it needs and whether it pays too much rent.

The headquarters has multiple conference rooms and kitchen/pantry areas. Yet, the corporation's 11-member board meets at hotels around the country, including Washington, at costs ranging from $20,145 to $55,125 -- the latter in San Juan, Puerto Rico.

The decision not to use the headquarters conference room was explained in an October 2004 memo from Strickland. He said board members, who work outside the corporation, preferred the Melrose Hotel in the same upscale neighborhood as the headquarters. The hotel is located on Pennsylvania Avenue, between the White House and Georgetown.

The board members sought "convenience to their rooms" and did not want to "feel confined" to headquarters for two days, Strickland said. He also said he was worried that the headquarters lacks privacy because "all meeting rooms at LSC have glass walls."

Bills from the Melrose, with all costs per person, included a $59 three-entree buffet, an $18 breakfast featuring scrambled eggs with chives, a $17 breakfast including Belgian waffles, a $28 deli buffet, a $13 "high tea" service, a $12 "bagel break," a $12 "Crazy for Cookies" assortment and $14 "Death by Chocolate" desserts.

Polgar and Charles Jeffress, the LSC's chief administrative officer, said that the headquarters conference room can hold about 80 people, but that it is too small to accommodate the 11-member board, the staff, the media and the public.

They also contended that meal costs for board members could be just as expensive if catered at headquarters.

The board has fashioned for itself an expense policy that permits members to receive as much as 200 percent of the allowable meal expense, as long as board members dine together. "The only time it was ever used was in conjunction with a board meeting," Jeffress said. The policy was recently rescinded after congressional investigators questioned it.

Then there were the limousine services. Strickland had a packed schedule on April 25, so the agency ordered a car and driver to take him and Barnett to meetings on Capitol Hill, about a 15-minute ride from headquarters. The car also took them to Arlington National Cemetery for a funeral and to a separate memorial service in Arlington -- all short rides.

Even the Legal Services Corp. comptroller, David Richardson, questioned the expense. "With cab fares from our office to Capitol Hill costing $20 and the nominal cost of a cab to Arlington Cemetery and return, this $423.99 seems to be an extraordinary cost," he said in an internal memo.

Polgar, who acknowledged making the decision to hire the car, said he was concerned that Strickland would not meet his schedule.

Barnett also used a hired car and driver to attend a funeral service for a former board member in Harrisburg, Pa., about a two-hour drive. The cost: $400. Polgar said Barnett, who does not have a car in Washington, wanted to work during the trip rather than rent a car and drive herself. Polgar said the cost was competitive with train and airline fares.

The Legal Services headquarters in Georgetown was purchased by a nonprofit group, Friends of the Legal Services Corp., that was formed to secure a permanent headquarters.

Thomas F. Smegal, the board chairman of Friends of the LSC, said the $38 per-square-foot rent charged Legal Services is a good deal -- even though other tenants are paying less than $30.

Smegal said LSC's rent is fixed for the 10-year lease, while other tenants' rents will rise. The tenants paying lower rent already had those leases when Friends took over the building, said Smegal, a San Francisco lawyer. When the building is paid off, he said, it will be turned over debt-free to the Legal Services Corp.

Legal Services Chairman Rebuts Criticism That Nonprofit Wasted Public Money (LAW)

By Jonathan Ringel, Fulton County Daily Report

Fulton County Daily Report, August 17, 2006

Frank B. Strickland, the chairman of the board of the Legal Services Corp., on Tuesday vigorously defended the group from charges of wasting taxpayer dollars.

"These are legitimate costs," said Strickland, who has chaired the LSC, a congressionally established nonprofit that funds legal aid programs around the country, since 2003. Strickland also is a partner in the Atlanta firm Strickland Brockington Lewis.

A story by The Associated Press said that LSC board members lavished money on trips to Puerto Rico, expensive meals and chauffeur-driven cars.

Sen. Charles Grassley, R-Iowa, said Legal Services executives were "living high off the hog" by permitting board members to receive up to 200 percent of an allowable meal expense as long as they ate together.

Strickland bristled at criticism of the board's holding three of their four annual meetings outside of Washington. He said that visiting cities around the country is "vastly more beneficial" than meeting in Washington because the trips allow board members to hear from local legal aid attorneys, clients and judges who have a personal knowledge of legal aid needs.

He explained the board's trip to Puerto Rico allowed the members to see the largest single program served by the Legal Services Corp., one that had not been visited in the three decades since the LSC was established.

Strickland also provided a point-by-point response prepared by the LSC to other aspects of the AP story and a similar story aired on CBS News.

Regarding criticism of how much rent the LSC pays for its Georgetown offices, the LSC response said that the $38 per square foot is less than it would have paid in its former location on Capitol Hill.

Regarding costs at the Melrose Hotel in Washington, where LSC board members stayed for a board meeting, the LSC's response was that the board got government rates for hotel rooms and that "the $17 and $18 breakfasts, the $12, $13, and $14 per-person break services are not unusual hotel catering prices for the Washington area."

The rule allowing board members who meet over a meal to spend 200 percent of the normal per diem was, according to the LSC, less than the 300 percent allowed by federal regulations. But the 200 percent policy was eliminated in July.

Strickland is a former general counsel to the Georgia Republican Party who in the 1980s received awards for organizing hundreds of volunteer lawyers to represent Cuban detainees.

He said that no board member was interested in doing anything other than "assuring the delivery of legal services to low-income Americans."

Bush White House Fires Back At Critics (AP-Y)

By Deb Riechmann

AP, August 17, 2006

President Truman got so upset when a newspaper panned his daughter's singing that he wrote the critic: "Someday I hope to meet you. When that happens, you'll need a new nose, a lot of beefsteak for black eyes, and perhaps a supporter below!"

Today, the Bush White House punches back with virtual boxing gloves.

It fires off electronic rebuttals when it has a beef with news stories, broadcasts or statements by its critics, shooting its retorts directly into reporters' e-mail inboxes and posting them on the Internet.

Bush officials say their "Setting the Record Straight" memos, which dispute passages in stories aired and printed about the president, are about seeking the truth. Democrats and other targets of the memos say they're more about spin than rebuttal.

"The primary purpose is that un-rebutted charges on important issues sometimes become viewed as fact," said Dan Bartlett, who is counselor to the president and oversees the White House communications operation.

Even if attempts are made to fix mistakes, corrections published in newspapers or broadcast on TV aren't always seen, Bartlett said. It's essential, especially in today's era of Internet chat rooms and 24-hour news, that the White House issue its rebuttal as soon as possible, he said.

"If it's a day late, it's not very useful," he said.

Democrats dismiss the aggressive tactic, and say it suggests the Bush White House is on the defense, fighting an uphill battle over ratings.

"They're attacking everybody — the media, the Democrats, government auditors, nonpartisan interest groups," said Phil Singer, a spokesman for the Democratic Senatorial Campaign Committee and the person who provided the party's rapid response to the GOP during the 2004 presidential race.

"It's as though they are the sole arbitrators of the truth. This is yet another step of the politicization of the White House. It's less a bastion of policymaking and more of a traditional permanent campaign," Singer said.

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Kathleen Hall Jamieson, director of the Annenberg Public Policy Center at the University of Pennsylvania, disagrees that the "Setting the Record Straight" memos are just part of a Republican attempt to spin public opinion in their favor. This is increasingly going to be the way that presidential administrations — both Republican and Democrat — communicate, she said.

"The Internet facilitates it," she said. "Why wouldn't you post your side of things?"

She said the memos run parallel to Rush Limbaugh's conservative talk radio show. "Limbaugh will systematically take on a reporter he thinks is unfair to George Bush, or unfair to Bush's perspective," Jamieson said.

The administration is hoping the targeted reporter will feel scolded and adapt in a way that pleases the White House and get other reporters to self-censor their stories and broadcasts to avoid being singled out.

"If it accomplishes that, and nothing else, that's a very powerful effect," Jamieson said.

Decisions about when to issue a "Setting the Record Straight" typically are made during morning senior staff or communications team meetings at the White House.

Nearly half of the 32 issued so far were released in November 2005 and May of this year, two months when Bush's job approval numbers plummeted. Ten of the 32 were leveled against Democrats on Capitol Hill. Twenty took issue with newspaper, magazine or broadcast reports on subjects ranging from climate change to tax cuts to prewar intelligence on weapons of mass destruction.

In the first one, issued in March 2004, the White House took to task Richard Clarke, former Bush administration counterterrorism adviser who accused the Bush administration of ignoring terrorist threats.

The White House didn't issue its second one — attacking a story in The Washington Post on personal retirement accounts — for nearly a year.

Late last year, the White House started sending them on a more regular basis.

In November 2005, the White House unleashed a barrage of "Setting the Record Straight" memos, all on Iraq. That was the month that Bush's job approval rating fell to 37 percent — the lowest level of his presidency at that time. The drop in the polls was driven by worries about the war, the fumbled Supreme Court nomination of Harriet Miers and the indictment of Vice President Dick Cheney's former chief of staff, I. Lewis "Scooter" Libby, in the CIA leak case.

The seven consecutive memos on the war were part of an effort by Bush officials to hit back at the president's critics. There were divisions within the GOP over the war at the time and Republicans were beginning to worry that the president's problems and low approval rating could impede their re-elections just one year away.

Another seven memos were issued in May when Bush's job approval rating fell to 33 percent — the lowest ever in the AP-Ipsos poll. All were on domestic issues, including tax relief, the nation's economic health and the Medicare prescription drug benefit.

It's hard to know if the Bush White House's setting-the-record straight campaign is having any effect.

Bartlett said he thinks it's useful, and that Bush allies have responded with positive feedback, saying the memos provide them with talking points and a context for debating issues.

Democratic strategist Stephanie Cutter isn't so sure. "Unfortunately, facts are troublesome things, and refuting things on paper is not going to go very far," she said. "People are living through the reality of this administration, and a piece of paper is not going to clear it up."

Regulators Confident U.S. Open-Skies Deal Is Likely By Year-End (WSJ)

By Anne Jolis

The Wall Street Journal, August 17, 2006

BRUSSELS -- An open-skies agreement between the European Union and the U.S. can be salvaged and signed by the end of the year, an EU transport official said.

The announcement comes one day after the U.S. said it would delay relaxing restrictions on foreign ownership of its airlines, which the EU said was needed for any open-skies deal to be signed.

"The commission regrets the delay," transportation spokesman Stefaan De Rynck said. "But the deal will be finished by the end of this year."

He said U.S. Deputy Secretary of Transportation Maria Cino promised EU Transport Commissioner Jacques Barrot that the U.S. will have eased its ownership regulations by then. The U.S. had planned to have relaxed rules in place in time for an October open-skies deal.

Late last year, EU and U.S. negotiators agreed to allow their airlines to fly without restrictions between any U.S. and EU cities. The deal has yet to be approved by EU transport ministers.

The U.S. restricts foreigners from owning more than 25% of a U.S. carrier. The government has proposed expanding this to 49%, despite strong congressional opposition.

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Fraser Cameron, a senior adviser with the European Policy Center, a think tank in Brussels, said the delay "is a sign of bad faith on the American side," and he charged that the U.S. is becoming increasingly protectionist.

States Fall Short On Teacher Quality (AP)

By Ben Feller, Ap Education Writer

AP, August 17, 2006

Having missed one deadline already, states still face an enormous challenge in putting qualified teachers in all major classes, a federal review says.

Some states are in much better shape than others, the Education Department said Wednesday. Most meet only some criteria in required new plans. Four fail altogether.

Under the No Child Left Behind law, states were supposed to have highly qualified teachers in every core academic class by the end of the last school year. None made it.

So the Education Department demanded new state plans. They were to include details on how states would improve their teaching corps and ensure fairness for poor and minority children.

The federal analysis of those plans yields a mixed picture.

Most states got credit for showing serious effort. Yet a few were ordered to start over. Every state was given specific recommendations and told to follow them.

Overall, most failed to provide all the answers the department asked for. Still, Education Secretary Margaret Spellings said she was encouraged.

"Many states took this very seriously, recognizing that good teachers make all the difference in whether or not our children succeed in their studies," she said in a statement.

Meanwhile, for parents and students, more patience will be required. The new goal is 100 percent compliance by the end of the 2006-07 school year, but some states may be years away.

Most of the states — 37 of them, plus the District of Columbia and Puerto Rico — met only some of the criteria. They must submit new data or plans this fall or risk facing penalties.

Four states failed altogether: Hawaii, Missouri, Utah and Wisconsin. They must submit new plans and undergo monthly auditing of their teacher quality data, the department says.

The remaining nine states got favorable reviews for handing in complete plans and creative ideas about how they will improve. Those nine are Kansas, Louisiana, Maryland, New Jersey, New Mexico, Nevada, Ohio, South Carolina and South Dakota.

South Carolina, for example, was praised for paying incentives to teachers in high-need schools. Louisiana was credited for collecting clear, meaningful data on teacher quality.

All the plans were examined by outside review teams, mainly state officials.

"We're pretty hopeful that if states seriously implement these plans — and we intend to monitor that — then change will happen," said Rene Islas, chief of staff for the department's elementary and secondary education office.

The promise of better teachers is a huge part of President Bush's education law. Every new development, though, underscores how daunting the mission is.

The law defines "highly qualified" teachers as those who have a bachelor's degree, a state license and proven competency in every subject they teach. It is often regarded as a minimum qualification, because it requires teachers to know what they teach.

Many teachers find the edict to be well intentioned but poorly defined. It does not measure attributes parents like, such as a teacher's creativity or ability to reach students.

The law also orders equity, a point gaining more attention of late. Poor and minority kids are not supposed to have an unfair share of unqualified, inexperienced teachers.

The Education Trust, which advocates for underprivileged children, says states largely ignored the provision in their new plans. The group issued its own analysis last week. It found that most states are doing little to fix inequities in the teaching force.

Department officials acknowledged Wednesday that equity was the biggest snag for states. Many states couldn't provide data on the quality of teachers serving poor and minority kids.

The department can withhold money from states that fall short on teacher quality.

Based on a separate review earlier this year, seven states, the District of Columbia and Puerto Rico face the loss of federal aid if they don't improve their compliance.

Those states are Idaho, Iowa, Missouri, Montana, Nebraska, Virginia and Washington.

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On The Net:
Education Department's letters to states:
http://www.ed.gov/programs/teacherqual/hqtplans/index.html

Amid Shortage, States Scramble To Hire Teachers (WSJ)

By Anne Marie Chaker
The Wall Street Journal, August 17, 2006

School starts next week in Martinsville, Ill. But until recently, superintendent Jill Rogers didn't have a high-school Spanish teacher. She received just two applications for the $28,352-a-year job, and as the deadline loomed, she finally hired a native Spanish speaker from Argentina without the proper teaching credentials. The new hire will start to teach even before finishing an accelerated certification program at a local university.

"We're desperate," says Ms. Rogers. "Our only other choice is to not offer the class, and we need to offer foreign language to the students."

It is a problem that increasingly bedevils school districts around the country. Nationally, the demand for teachers continues to rise in a number of fields, such as physics, math, chemistry and bilingual education. At the same time, a flood of experienced, baby-boomer teachers who entered the profession in the 1960s and 1970s are retiring, and relatively few new teachers are sticking with the profession. One analysis of Education Department data by Richard Ingersoll, an education professor at the University of Pennsylvania, showed that 46% of new teachers leave the profession after only five years.

To help fill vacant teaching slots, a number of states are taking action, passing legislation with incentives to attract, train and retain more teachers. So far this year, 18 states, including Illinois, Connecticut, Virginia and Kansas, have passed measures encouraging teaching, according to the Education Commission of the States, which tracks education policy for state governments. The initiatives ranged from luring teachers out of retirement to offering scholarships to programs that forgive education loans. Tricia Coulter, director of the commission's Teaching Quality and Leadership Institute, says legislative efforts gained momentum in 2000, with 21 to 42 state measures each year targeting teacher recruitment and retention.

As these measures take hold, questions are being raised about the quality and experience of the new hires. The upshot is that pupils are often getting a teacher with less experience in the classroom. "The quality has changed," says Prof. Ingersoll at the University of Pennsylvania.

In Bristol, Conn., deputy superintendent Sue Moreau says that more than half of the district's teachers have been on staff less than seven years. "That's huge," she says, noting that younger hires seem easily wooed by more lucrative offers from other schools.

To be sure, experience isn't everything. It is important that both generations be represented in a school district, says Linda Borquist, associate superintendent of human resources in Oregon's Beaverton School District. Younger teachers offer enthusiasm, a fresh perspective, and can sometimes relate better to young students. "They're at the stage of their careers where everything is exciting," she says.

Still, to address concerns about experience, some schools are implementing mentoring and other programs to help young staffers. The goal of such programs -- including one in Beaverton -- is not only to bring teachers up to speed but also retention: The thinking is, the sooner new teachers feel at ease, the greater the likelihood that they won't get frustrated and flee. Adding to the changing dynamics, the federal No Child Left Behind law of 2002 is tightening requirements for teachers to meet certain standards, such as passing a test, in core subject areas including math and reading.

Some of the state initiatives to lure new people into teaching are targeting retirees. Virginia adopted legislation last April that encourages state or local government retirees without previous teaching experience to become teachers in "critical shortage" fields determined by each school district -- typically math, science and special education. As long as the retirees become licensed by the Board of Education, which might require additional schooling, they continue receiving retirement benefits from their old jobs while earning a teaching salary. They don't get additional retirement benefits from their new teaching job when they leave it. (In recent months, Illinois and Vermont enacted similar laws giving retired teachers incentives to go back to work.)

Tom Freeman retired as an administrator for the police force in Chesapeake, Va., in 1999. While the 61-year-old owns a farm that requires tending to 100 sheep, "I needed something else," he says. He received his teaching license in 2003 to teach elementary and middle school. The Virginia law, which he lobbied for, will allow him to teach without losing retirement benefits he earned for his 25 years on the city police force. He is already interviewing for middle-school teaching jobs.

Other states are offering money. An Illinois initiative adopted recently provides loans of up to $25,000 to candidates in a state program that encourages more school-district parents to become teachers, in order to complete their training. Any candidate who completes five years of service in a hard-to-staff school or teaching position gets his or her loans fully forgiven.

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Kansas's governor signed a law last May providing full scholarships for state residents studying to become teachers who agree to teach in the state for a certain period of time.

Still other states are offering ways to get people on the fast track to teaching. A Connecticut law that went into effect July 1 allows for an accelerated program for applicants who want certification in early-childhood education, another hard-to-staff field.

It is particularly hard filling certain categories and much easier in others. Michigan's Vicksburg Community Schools district, reports an "onslaught" of applications for elementary-school teaching positions. But it has proven particularly challenging to fill a middle-school Spanish/French position. Human-resources coordinator Christine Veld says the school ended up reshuffling teaching responsibilities in French and hired only a Spanish teacher instead.

Data from the American Association for Employment in Education show that the number of teaching categories in "some" or "considerable" shortage is 30. While that is down from the high of 41 categories that were considered to be in shortage in 2001, it is up notably from 10 years ago, when 22 categories were in shortage.

Subjects such as physics, chemistry and bilingual education have moved up to "considerable" shortage from "some" shortage last year. A range of special-education teachers remain on the "considerable shortage" list.

Some areas where there is actually a surplus include health, dance, gym and social studies.

Support For New High-school Test Fades (AP)

By Ben Feller

AP, August 17, 2006

WASHINGTON (AP) - After years of momentum, the drive to make students pass a test to graduate from high school has stalled - and it's likely to stay that way, a private study contends.

Not a single state adopted a new graduation-exam requirement in 2006, and one state even took a step back, abandoning plans to withhold diplomas for kids who failed the test.

In total, 22 states require students to pass a test to graduate high school, and three others are phasing in these "exit exams" by 2012. But no other states are close to joining in, said Jack Jennings, president of the Center on Education Policy, which released the study Wednesday.

"It shows that there's been a kickback against testing," Jennings said. "And some states are pretty satisfied with their schools. They aren't lining up to follow the same policy."

Even still, graduation exams remain an influential part of U.S. education. About two-thirds of the nation's 15 million public high school students are required to pass one.

But most of the tests don't cover a full high school education. To get a diploma in many states, students must only show they can handle 10th-grade level content.

In Idaho, the passing score is at 8th-grade level this year. The state plans to raise it.

Unlike testing under the federal No Child Left Behind law, in which testing is used to grade schools, graduation exams have personal consequences. And that can cause backlash.

In California, for example, state officials stuck with their exam despite protests and legal challenges. Last week, a state appeals court upheld the test. Roughly 40,000 students from the class of 2006 have had their diplomas withheld because they didn't pass the test.

Utah, meanwhile, was to start withholding diplomas this year. But the state changed course as it became clear how many students would be left behind, the study says. The state opted instead to note on a diploma whether a student had passed the graduation exam.

The states that use the exams generally run from New England to the South to the West Coast. "It's the inner part of the country that's not affected," Jennings said.

The goal of these tests it to ensure that students have mastered at least basic knowledge in math and reading, and perhaps social studies and science, before they graduate.

Yet critics say students are often penalized because the education they receive doesn't prepare them for the exams. Higher numbers of poor, minority and disabled students tend to fail the tests.

States have come up with ways to try to address that. Many offer remedial courses, particularly when the tests are new and a state is about to deny diplomas for the first time.

States have backup plans too. They let students take the test a few times. Some allow class grades or other test scores to be substituted. Waivers and appeals are common.

"It's a matter of which strategy you want," Jennings said. "Do you want to start out low and raise the bar? Or do you want to set the bar high and take your lumps in court and with public resistance?"

Half the states don't chose either one.

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They say they measure achievement in their own ways, but not with a high-stakes test.

Based in Washington, the Center on Education Policy advocates for public schools and researches issues that affect them.

Exit Exams Become Part Of High School Landscape (USAT)

By Ledyard King, Gannett News Service

USA Today, August 17, 2006

WASHINGTON — Nearly two-thirds of American public high school students live in states that expect them to pass a competency test before they get a diploma, though not all states require the same level of proficiency.

A report issued Wednesday by the non-profit Center on Education Policy says exit exams have survived legal and political challenges to become an integral part of the high school experience for millions of students.

"This is a major force in American education. It's affecting a vast number of children," said Jack Jennings, director of the center. "The exam is seen as a way to increase rigor in American high schools."

The exams are administered in 22 states with three more coming on line in the next few years: Washington (2008), Maryland (2009) and Oklahoma (2012).

But not a single state adopted a new graduation-exam requirement in 2006, and one state even took a step back, abandoning plans to withhold diplomas for kids who failed the test.

"It shows that there's been a kickback against testing," Jennings said. "And some states are pretty satisfied with their schools. They aren't lining up to follow the same policy."

What states require of students can vary greatly, according to the report. Most are aligned to 10th-grade standards, but New Mexico and North Carolina test on eighth-grade material while Alabama and New Jersey tie it to the 11th grade. Most states test just for writing, reading and math, but Mississippi, New York and several other states test for subjects such as history and science.

Most states administer the test in the 10th grade. All states give students who fail an exit exam several chances to pass.

The business community has pushed for exit exams as a way to ensure that high school graduates have a basic set of skills that will prepare them for college or work.

But the idea that high school seniors can pass all their courses and still be denied a diploma has drawn sharp criticism from those representing poor and immigrant students, many of whom do not count English as their first language. They claim those students attend schools that haven't provided the same quality of education available to students in wealthier areas who have access to more academic programs and a higher percentage of qualified teachers.

Last week, a California appeals court ruled against a group of students who tried to scuttle the exams.

Chris Lee, a high school junior in suburban Los Angeles has already taken — and passed — his exit exam. The 16-year-old from Walnut thinks having the test is fair but says it should be even tougher.

"It's really basic math and basic reading," he said. "If you don't have the skills, it's hard for me to imagine you can go out and get a job."

Education reform advocates aren't sold on the exams, either, partly because many states don't provide much money to help struggling students improve. And passing an exit exam doesn't mean a student is ready for life after high school, said Bethany Little with the Alliance for Excellent Education. The group examines ways to improve high school.

"The jury is still out on exit exams as an important part of high school reform," she said. "But what we do know is that if you're going to use an exit exam, than it certainly needs to be an exit exam that measures skills and knowledge that students will need when they leave high school."

Utah was to start withholding diplomas this yea, but the state changed course as it became clear how many students would be left behind, the center's study says. The state opted instead to note on a diploma whether a student had passed the graduation exam.

States that use the exams generally run from New England to the South to the West Coast. "It's the inner part of the country that's not affected," Jennings said.

Based in Washington, the Center on Education Policy advocates for public schools and researches issues that affect them.

Contributing: The Associated Press

Costly Textbooks Get A Closer Look (USAT)

By Mary Beth Marklein And Beth Walton

USA Today, August 17, 2006

Concerns over spiraling college textbook prices have prompted state legislators to introduce more than 40 bills and resolutions in 15 states this year.

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And other states have looked into making textbooks more affordable, the National Association of College Stores says.

In June, Congress asked a federal advisory panel to “shed light on this issue.” Hearings begin next month; a report is due in May.

A report last August by the Government Accountability Office said students could spend as much as $900 a year on new textbooks and supplies. It blames publishers for driving up costs by “bundling” workbooks or CD-ROMs and by making unnecessary updates. Publishers say the report is flawed.

“Textbooks are a niche market, and the price to produce them is incredibly high, compared to, say, a novel, where thousands of copies are printed on cheaper paper and ink,” says Bruce Hildebrand of the Association of American Publishers. “You don't realize how much it costs when you pay for rights for all the content, all the charts and art.”

Estimates vary on what students actually pay. A survey of 1,200 undergraduates on 100 campuses by Student Monitor, a New Jersey polling firm, said they averaged $644 last year on new and used texts.

To rein in costs, states are taking a range of approaches. Some, including Illinois and New Jersey, are looking into rental programs. Proposals in Maryland and New York would exempt textbooks from the state sales tax. A key focus this year has been on faculty:

·Virginia requires faculty to acknowledge prices in writing and disclose whether they use bundled items. An earlier law prohibits faculty at state universities from accepting publisher incentives.

·Washington requires state schools to ensure that faculty consider lower-cost options and stores try to offer unbundled materials.

·Connecticut requires that publishers disclose prices to faculty as well as the history of revisions.

The American Association of University Professors has not objected to recent initiatives, but “would have some problems … if people start dictating that you must use a particular book or that no textbook can cost more than” a certain amount, spokesman Martin Snyder says.

“Professors are not the problem, but are (part of) the solution,” says Dave Rosenfeld of Student Public Interest Research Groups, which is pushing for lower prices. It's too soon for the laws to have an effect this fall, but laws are “an incentive for faculty and universities to work together,” he says.

Richard Hershman, director of government relations for the National Association of College Stores, says publishers have the most control over books' cost, but interstate commerce laws make it difficult for legislators to target publishers.

“It's not an easy thing to legislate,” says William Simpson of the University of Connecticut's bookstore. He and others suggest the issue is an easy way for lawmakers to address college costs without spending taxpayer money. “These same legislators are responsible for the massive (budget) cuts,” Eric Weil of Student Monitor says.

Putting The Pork In One Barrel (WP)

By Judy Sarasohn

The Washington Post, August 17, 2006

One legislator's "pork," of course, is another's vital public works project. But all are earmarks, those tax and spending directions added to money bills at the behest of anonymous lawmakers -- anonymous, that is, until the legislation is passed and they can boast of it to constituents.

A coalition of odd bedfellows is trying to bring more transparency to earmarking by encouraging citizens to get involved in tracking who is trying to get what money for which special interest. And all of this will be online and available to the public.

The coalition includes the Sunlight Foundation, Citizens Against Government Waste, Porkbusters.org, Human Events Online and the Washington Examiner newspaper. They created a single database of earmarks, but each organization is presenting the database on its own Web site and asking the public to participate in different ways. Generally, however, they are asking citizens to investigate the earmarks that grab their attention, then report back. They plan to share their information with each other.

The initial database includes the more than 1,800 earmarks in the 2007 appropriations bill for the departments of Labor, Health and Human Services, and Education.

The Sunlight Foundation is asking folks to report back by blog and e-mail. The group's Web site (http://www.sunlightfoundation.com/exposingearmarks) connects with Google Maps, and plots the destination of most of the earmarks. For example, let your mouse wander over the dollar sign outside Sacramento, and up pops McClellan, Calif., and $500,000 for "a new interactive exhibit" for the Aerospace Museum of California Foundation Inc.

Zephyr Teachout , Sunlight's national director, said the foundation will vet any contributed information before including it in a report.

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Teachout, who was director of online organizing for Howard Dean's presidential bid in 2004, said the project is attempting to make the earmark process more transparent and get citizens to take responsibility for demanding information on appropriations.

"We feel the public should get involved in appropriations when it matters -- before the legislation is passed," she said. Teachout noted that some money mandates "are wonderful earmarks," but said, "It's our money," and secrecy invites bad governing.Opposing Predatory Lending

The Center for Community Self-Help, a Durham, N.C., community development financial institution, and its Center for Responsible Lending (CRL) have fought lending practices that hurt the people they've been trying to help build businesses and buy homes. In recent years, they've become involved in some lobbying for federal and state legislation to fight predatory lending, but now they believe that "advancing CRL's issues in Congress and nationwide is becoming increasingly important."

To that end, Self-Help has promoted Michael D. Calhoun from general counsel and lead lobbyist to president of CRL.

"Increasingly, industry is coming to Capitol Hill and the regulatory agencies, and [this requires] more voice for consumers," he said.

Although most of CRL's work involves research and education, Calhoun said the organization could not "close our eyes" to predatory lending practices, such as unduly high interest rates. He referred to the group's "reluctant participation" in lobbying.

Calhoun said language included in the Senate-passed defense authorization bill would cap interest rates on loans to military service personnel.

CRL has been pushing for more consumer protections in mortgages for the last couple of years. Calhoun said he is more optimistic about the legislation's prospects, most likely for next year, because of the recent decision by Rep. Robert W. Ney (R-Ohio) not to seek reelection.

Ney, a senior member of the Financial Services Committee, has co-sponsored legislation supported by the housing industry but opposed by many community groups. The new lead on the legislation is being taken by Rep. Spencer Bachus (R-Ala.), also a senior committee member.Here and There

Harold "Terry" McGraw III , chairman and chief executive of the McGraw-Hill Companies, is the new chairman of the Business Roundtable, succeeding Hank McKinnell , chairman of Pfizer.

Nathan Koble has signed on with the National Association of Manufacturers as director of Internet strategies, a new post. He'll be responsible for getting NAM's word out via the Internet and other media. Koble previously worked for Lockheed Martin on assignment at the National Institute of Justice.

Chris Stenrud , who ran the Democratic Communications Committee in the Senate for then-Democratic leader Thomas A. Daschle (S.D.) and later went to work for GMMB on policy communications and public relations, has opened a D.C. office for a San Francisco PR and public affairs shop, Allison & Partners . Also at the new office: Katrin Olson , a former communications aide at Environmental Defense and an energy reporter for Hart Publications. Clients include the Delta Air Lines Retirement Committee, whose interest is pension legislation.

Re: What You Say In Work E-Mails (WP)

By Stephen Barr

The Washington Post, August 17, 2006

A lawyer at the Small Business Administration received and sent more than 100 e-mails through his government computer in support of the Green Party in California. A federal board has ordered his firing.

A former chief of staff at the General Services Administration traded e-mails with lobbyist Jack Abramoff . Prosecutors used the e-mails to link the two, and a federal jury convicted the ex-government official of lying and obstructing justice.

A recent audit by the inspector general for tax administration found e-mail at the Internal Revenue Service that violated agency policy. The audit turned up a large percentage of chain letters, jokes and pictures that, while harmless, increased the risk of computer virus infections, the report said. Other e-mails contained hate speech and sexual content or facilitated commercial activities, such as outside employment.

Inappropriate workplace use of e-mail is not new. But as e-mail increasingly substitutes for face-to-face conversation, it seems that more employees send messages that get them into trouble.

"When people are on the Internet or using e-mail, there is almost an unconscious dimension they have entered," said Scott Bloch , the head of the federal Office of Special Counsel.

As a general rule, each federal agency sets out guidelines for the use of government resources, including office computers. The guidelines take into account that employees occasionally need to use their government phones and computers to check up on their children after school or deal with a personal matter during normal business hours. But the idea is to steer clear of computer activities that can interfere with agency operations or can slow down a system, such as downloading large picture files.

E-mail "is the quintessential sword that cuts both ways," said Carl Fillichio , a vice president at the nonprofit Council for Excellence in Government and a former Labor Department official.

"What is great about technology and e-mail is that you can use it to create buzz," Fillichio said. "What is dangerous about e-mail is that it can create a buzz. How many times have you had an e-mail forwarded to you with, 'Hey, get a load of this.' "

As the inspector general report on IRS employees noted, offensive and inappropriate e-mail can damage employee relationships, lead to disciplinary action and prompt lawsuits.

Improper e-mail, of course, is also a problem in the private sector. A recently released survey by the American Management Association found that 26 percent of private-sector employers have fired workers for e-mail misuse and that an additional 2 percent have fired workers for inappropriate chats via instant messaging, or IM. Nearly 2 percent have fired workers for posting offensive blog content, even when the Internet posting originated on home computers.

In the federal sector, Bloch's office has brought cases against public employees who have been accused of violating the Hatch Act, a law that restricts certain partisan activities by government workers. In some of the cases, e-mail served as evidence of electioneering or advocating for a candidate.

"It's pretty well understood that you can't come to work [in a federal office] wearing a button for a candidate," Bloch said. "Why is it any different to send an e-mail to several employees?"

E-mail also may not be an effective substitute for "water cooler" confabs or formal meetings. A study last year in the Journal of Personality and Social Psychology found that emotion and tone do not always convey in e-mail. What a sender thinks is funny, for instance, may not come across that way to recipients because it is not accompanied by body language or vocal clues.

"One's e-mail message may be more ambiguous than one realizes," the study found.

Brad Phillips , founder of Phillips Media Relations, recommends that employees have co-workers look at e-mails before hitting the send button.

"In a large organization like the government, if you are reliant on e-mail because it is the medium of choice, before you fire off that e-mail to hundreds of people, have a couple of people in the office take time to parse it and to look for anything that can be taken out of context . . . to make sure there is nothing in the e-mail that could be read negatively," he said. "Ask them to try to take it out of context, and if they can't, then it is ready to be sent out."

Pension Reform Adds Cushions But No Guarantees (USAT)

USA Today, August 17, 2006

Traditional "defined benefit" pensions are a wonderful retirement tool. They give retirees a set amount of money every month for life. But they're increasingly a relic of an era when large companies in established industries — steel, airlines, autos — enjoyed healthy profits, robust market share and limited competition. As those companies have run into financial problems, managements have sought ways to trim or shed their pension obligations.

Thursday, President Bush is set to sign a bill that was intended to safeguard those traditional pensions for the estimated 44 million Americans covered by private sector plans. Vice President Cheney said in March that the goal was to make sure that if you "put in your hours ... your promised pension will be there for you when you retire."

Does the bill guarantee that? No.

Does it modestly improve retirement security? Yes.

The legislation does nothing to prevent companies from converting traditional pensions to less generous plans, or from entering bankruptcy and dumping their pension plans on the Pension Benefit Guaranty Corp. (PBGC), which makes good on at least a portion of pension commitments when companies default.

What the legislation does is toughen the rules so companies that do offer traditional pensions fully fund them and pay reasonable premiums to the PBGC to make sure the agency has funds to absorb plans that go belly up.

It's a delicate balance. If the rules are too tight, companies that might have kept their plans will find a way to get rid of them. Too loose, and companies can deliberately raid or underfund their plans.

The pension reform bill does a pretty good job of striking the right balance. A fair analysis is that the protections it adds won't dramatically accelerate the disappearance of traditional pensions.

In lieu of those traditional pensions, companies are now likelier to offer "defined contribution" plans, in which employers and employees put a certain amount into a 401(k) account every pay period. Retirees walk away with an investment account, and if it lasts them until they die, great. If not, tough. Increasingly, you're on your own.

One of the best things the bill does is acknowledge this you're-on-your-own reality of retirement planning by making a long overdue change. Now when workers join a company, they have to opt in to the company's 401(k) plan. Many workers never do,

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and they never get started on the savings they'll need for retirement. The bill allows the company to sign workers up automatically, while giving them the right to opt out.

At Thursday's signing ceremony, you'll hear about this and the other positive things the legislation does. What you won't hear then, or on the campaign trail this fall, is what it doesn't do.

OTHER NEWS:

Inflation Reports Rev Up Stocks (USAT)

By Adam Shell

USA Today, August 17, 2006

NEW YORK — Stocks hit their highest levels in three months Wednesday after a second tame inflation reading in as many days increased hopes on Wall Street that the Federal Reserve will be able to ward off inflation without doing major harm to the economy.

The government reported Wednesday that consumer prices, excluding volatile food and energy costs, rose just 0.2% in July, below the 0.3% gain analysts had expected. Couple that with Tuesday's sharper-than-expected decline in prices at the wholesale level, and evidence is building that inflation risks may be receding.

That's good news for Wall Street. A reduction in inflation jitters makes it less likely that the Fed, which left short-term interest rates unchanged earlier this month for the first time in more than two years, will have to resume its rate-tightening campaign.

"The inflation reports over the past couple of days have been encouraging," says Stuart Schweitzer, global markets strategist at J.P. Morgan Asset & Wealth Management. "This buys some breathing room for the Fed and makes it look like they have done enough" already to contain price pressures.

Both the stock and Treasury market reacted Wednesday as if the Fed was out of the picture and investors were growing more confident, says Todd Leone, head of listed trading at Cowen & Co.

The Dow Jones industrials rallied 97 points, or 0.9%, to 11,327, its highest since May 16. The Dow is still 316 points off of its May peak despite rebounding 621 points since mid-June. In a sign some investors are willing to take risks again, the tech-laden Nasdaq composite jumped 1.6%.

The benchmark 10-year Treasury note also rallied, knocking down the yield, which moves in the opposite direction from price, to 4.87%, the lowest since April 5.

Ever since the Fed, under new chief Ben Bernanke, said it would base future monetary policy decisions on incoming data, Wall Street has been reacting violently to every piece of new economic data.

The latest benign readings on inflation have proved bullish, given that it jibes with Bernanke's thesis that slowing economic growth and a dip in oil prices would reduce inflation pressures. That viewpoint was bolstered Wednesday when a housing starts report showed more weakness and a barrel of light crude fell $1.16 to $71.89.

"The two (inflation) data points rebuild the credibility of the Fed and Bernanke," says Jeff Kleintop, strategist at PNC Wealth Management. It also reduces fears that the Fed's past 17 interest rate increases might cause a recession. "The slowdown may be developing into the soft landing that's on everyone's wish list," says Schweitzer.

Wall Street Gains As Inflation Slows Down (FT)

By John O'doherty

Financial Times, August 17, 2006

Wall Street notched up more gains on Wednesday as investors were cheered by a second round of weaker-than-expected inflation data, that pushed the S&P 500 and Dow Jones Industrial Average to their highest levels in three months.

The five biggest gainers on the S&P 500 for the day were chipmakers. The Philadelphia Stock Exchange's semiconductor index has risen more than 7 per cent in the past three days.

Broadcom leapt 8.9 per cent to $30.38 on news that the International Trade Commission had extended by 50 days an investigation into the alleged infringement of a Broadcom patent by wireless technology group Qualcomm.

Qualcomm was not adversely affected, instead jumping 6.7 per cent to $37.83 following bullish comments by Merrill Lynch.

Another chipmaker, Xilinx, announced late on Tuesday that it had uncovered no evidence of fraud in its stock options grants. Its shares rose 10 per cent to $22.71.

PMC-Sierra gained 9.5 per cent to $6.11 after a Taiwanese company said it would use PMC processors for its internet telephony service.

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At the close, the S&P 500 was up 0.8 per cent, or 9.85 points, at 1,295.43, while the Nasdaq Composite was up 1.6 per cent, or 34.53 points, at 2,149.54. The Dow Jones Industrial Average gained 0.9 per cent, or 96.86 points, at 11,327.12.

However, Merrill Lynch's Mary Ann Bartels sounded a cautionary note about recent gains in equity markets.

"We continue to believe that while the S&P 500 and Dow Jones Industrial Average are positioned for a rally that could carry these indexes to or through their May highs, the technical underpinnings for the rally are weak," she said.

"The possibility exists that the highs for the year and the bull market are in, and that a cyclical correction that could approach 15-20 per cent has begun, with the Nasdaq at risk for a 25-30 per cent pullback."

The only main sector to show weakness was oil, which sank as crude fell to its lowest level in six weeks. Chevron tumbled 1.4 per cent to $65.11, and Hess dropped 2.2 per cent to $49.20.

Energy's one bright spot was coal, which steamed higher after television stock commentator Jim Cramer said the sector was poised for a bounce. Peabody Energy leapt 7.1 per cent to $47.83 and Arch Coal rose 5 per cent to $36.42.

Lower oil buoyed transport stocks. United Parcel Service added 4.5 per cent to $72.13, and the S&P airlines index had its best day in a month, with Continental Airlines gaining 6 per cent to $24.50.

In spite of data showing a slowdown in new housing starts for July, homebuilders rallied. The stocks were boosted by a fall in 10-year bond yields to four-month lows. Pulte gained 5 per cent to $29.75, while Toll Brothers added 3.9 per cent to $25.49 .

Inflation Exhale: Dow Industrials Rally 96 Points (WSJ)

By E.s. Browning

The Wall Street Journal, August 17, 2006

Another jolt of positive inflation news propelled the Dow Jones Industrial Average up almost 100 points, to its highest finish in three months.

After surging 132 points Tuesday when July wholesale prices came in weaker than expected, the Dow industrials yesterday added 96.86 points, or 0.86%, as July consumer prices also were benign.

That left the blue-chip average at 11327.12, its highest finish since May 16. It is up 5.7% for 2006, and is less than 400 points, or 3.5%, from its record close of 11722.98, which dates from Jan. 14, 2000. The Dow industrials now have rebounded 5.5% since bottoming out in mid-July.

After hunkering down in June and July amid fears of a slowing economy and rising inflation, investors have begun buying stocks again amid hopes for what economists call a soft landing -- a mild economic slowdown that curtails inflation, but doesn't lead the economy into recession.

The good news yesterday was that July consumer-price inflation, not counting food and energy, was just 0.2%, compared with the previous month. That was below the 0.3% economists had forecast. In addition, July industrial production was up only half as much as in June, and July new-home construction fell more than expected, all supporting the idea that the economy is cooling off.

Although some economists warned that inflation could return, or that the economic slowdown could be worse than the optimists think, the consumer-inflation data seemed to validate Federal Reserve policy makers' controversial Aug. 8 decision, led by Fed Chairman Ben Bernanke, to leave interest rates unchanged for the first time in two years. Mr. Bernanke maintained that the built-in impact of the Fed's two-year rate-raising program would slowly bring inflation back to acceptable levels, and now the data seem to support him. Hopes are spreading that Fed officials will leave rates unchanged again when they meet Sept. 20.

"A lot of people are thinking that the Fed is going to sit on its hands for the rest of the year, and I think as long as the daily and weekly statistics prove to be benign on the inflation front, maybe that is the way we are headed," said Tim Heekin, director of trading at San Francisco brokerage firm Thomas Weisel Partners. An end to rate increases is positive for stocks, because it encourages consumer spending and makes it easier for businesses to continue borrowing.

Bond yields dropped on the inflation news, sending bond prices higher, amid talk that the Fed's next move will be to cut rates, perhaps sometime next year. The dollar weakened, as an end to U.S. interest-rate increases makes the dollar less attractive to hold.

Richard Fisher, president of the Federal Reserve Bank of Dallas, said in a speech that "the economy has downshifted" and is growing at "a slower, more sustainable pace," without any signs of recession. He reiterated the Fed's hope that the cumulative impact of two years of interest-rate increases will gradually bring inflation under control, all of which reinforced hopes for a soft economic landing.

Further supporting that thesis, crude-oil futures continued to retreat amid growing hopes that the Middle East cease-fire will hold and that more oil than expected will continue to be produced in Alaska. Oil futures fell $1.16 to $71.89 a barrel, the lowest close since June 26.

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More good news came after the closing bell. Dow industrials component Hewlett-Packard released strong quarterly results and announced a share buyback, and the stock rose 5.5% in after-hours trading.

Among the beneficiaries of the market's rebound have been volatile technology stocks, most of which are in the Nasdaq Composite Index. Yesterday and Tuesday, the Nasdaq Composite surged 3.9%, its strongest two-day gain in three years. Yesterday, it jumped 1.63%, or 34.53 points, to 2149.54. The index, which has been one of the few to be stuck in the red for the year to date, is now within reach of climbing into the black, down just 2.5% for 2006.

The Standard & Poor's 500-stock index rose 0.77%, or 9.85 points, to 1295.43 yesterday, knocking on the door of the much-watched 1300 level. Whether it can break 1300, or instead begins to fall again, will be closely watched as a signal of how much longer then current rally can run.

Investors also will be watching data on consumer sentiment, due tomorrow, and on home sales and durable-good orders, due next week.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 1.19%, or 2.59 points, to 219.56.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.51 billion shares, as 2,531 stocks rose and 790 fell.

Bond prices gained. The 10-year Treasury note rose 16/32, or $5 for each $1,000 invested, pushing the yield down to 4.871%. The 30-year bond was up 24/32 to yield 4.998%.

The dollar weakened. Late in New York, it traded at 115.83 yen, down from 116.10, while the euro rose against the dollar to $1.2843 from $1.2785.

Inflation Gives Signs Of Slowing (NYT)

By Louis Uchitelle

The New York Times, August 17, 2006

The government's latest report on consumer prices, issued yesterday, suggests that inflation is slowing.

The overall rise came to a seasonally adjusted 0.4 percent in July, mainly because of a surge in gasoline prices and in the monthly cost of renting a home, even as the housing market itself deteriorated.

Nothing else went up very much, the government reported, and apparel prices plunged because of deep discounts in women's summer clothing as retailers sought to work down inventories.

This latest reading for the Consumer Price Index comes a week after the Federal Reserve halted its string of 17 consecutive interest rate increases.

The Fed argued that a slowing economy, in response to the accumulating rate increases, justified the pause — and that the slowdown, in turn, would moderate inflation. Yesterday's report seemed to support that contention.

"What has started as a pause is maturing into a full stop," said Chris Varvares, president of Macroeconomic Advisers in St. Louis.

The mild inflation data sent stocks sharply higher yesterday. The Dow Jones industrial average rose 0.86 percent to reach its highest level in three months, and the Nasdaq climbed 1.63 percent. [Page C14.]

A surge in gasoline prices last month — not yet repeated in August — accounted for much of the 0.4 percent increase. Excluding energy and similarly volatile food prices, the so-called core inflation rate rose 0.2 percent, the smallest increase in five months.

Core inflation "was on the tamer side of what people on Wall Street expected," said James Glassman, senior United States economist at J. P. Morgan Chase & Company.

The bond market seemed to agree. Yields fell on the 10-year Treasury note, apparently in anticipation of milder inflation. Mortgage rates often move in tandem with 10-year Treasury yields.

The Fed's policy makers focus on core inflation, and so do most forecasters. Not only was the 0.2 percent increase less than expected, but more than half of it was a result of a jump in the monthly cost of renting a home, said Patrick Jackman, a senior economist at the Bureau of Labor Statistics, which calculates the monthly Consumer Price Index.

"You had a sharp movement from renters to buyers with the advent of low interest rates and now you are getting the converse," Mr. Jackman said. "The rising interest rates have made it more difficult for renters to become homeowners, and that has tightened the rental market."

Reflecting the declining demand for home ownership, new single-family home construction fell 2.5 percent last month, to an annual rate of 1.795 million starts, the Commerce Department reported yesterday. The number of building permits filed for future construction fell 6.5 percent, the largest monthly decline since September 1999.

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In yet another report issued yesterday measuring the economy, the government said that industrial production rose 0.4 percent in July on top of a 0.8 percent increase in June.

Some of the July rise was a result of an increase in the output of electricity to keep air-conditioners going during a particularly hot month. But factories also operated at a faster pace, prompting Richard Berner, chief United States economist for Morgan Stanley, to argue that many companies still have enough pricing power to keep inflation front-and-center as an issue.

"This new consumer price report does not mark the beginning of lower inflation," Mr. Berner said.

That is true. Core inflation in July was up 2.7 percent year over year. By comparison, the annualized rate was 2.1 percent in January. Most of the increase came in the spring. The rise in the annual rate was only 0.1 percent last month, but it has not yet fallen.

Mr. Berner predicted that the Fed would raise rates at least one more time this year, and then at some point next year, its policy makers "will back off, but the circumstances will be when they begin to see inflation come down."

That is already happening to over-all inflation; prices were 4.3 percent higher in June than 12 months earlier, and 4.1 percent higher in July. The downward trend is likely to continue in August, if for no other reason than gasoline prices.

They rose 5.3 percent in July, but were up only 1.3 percent, on average, in the first two weeks of August.

In the case of core inflation, housing dominated the 0.2 percent increase. The Consumer Price Index does not measure fluctuations in housing prices. Rather, the Bureau of Labor Statistics relies on a survey of 6,000 rental properties in representative neighborhoods to determine the cost of living in a home.

Rent, in effect, becomes a proxy for the monthly cost of home ownership. What homes sell for plays no role.

Each month's survey is compared with a similar rental survey six months earlier, and the result is weighted to represent 30 percent of the entire Consumer Price Index. Housing in July, measured this way, rose 0.3 percent.

That rise represented more than half of the 0.2 percent increase in the core inflation rate, which is so much a focus of the Fed and of Wall Street's forecasters.

"It's a quirky way of measuring the cost of shelter," Mr. Glassman said, "at a time when home prices are going down and most mortgage payments are fixed."

Elsewhere in the monthly index, airline fares were up in July, mainly because of rising fuel costs. But with the summer travel season ending, discounted fares are starting to be advertised, Mr. Jackman said.

Medical care, another source of rising prices, went up only 0.2 percent in July, the smallest rise in six months. That easing may continue in August as patent protection — and pricing power — ends for two big-selling drugs: Zocor and Zoloft.

"We were getting inflationary pressure from the medical sector," Mr. Glassman said, "and now we are getting some relief."

Growth In Consumer Prices Slows (WSJ)

By Christopher Conkey

The Wall Street Journal, August 17, 2006

Underlying inflation eased in July for the first time in several months, a reprieve for the economy that suggests the Federal Reserve's campaign of interest-rate increases may be at an end.

The Labor Department said its "core" measure of consumer prices, which excludes food and energy, increased by 0.2% last month from June, breaking a string of four consecutive 0.3% increases that had raised fears of a sustained inflationary spiral. Core prices were 2.7% higher in July than a year ago on an unadjusted basis, up from 2.6% in June. Overall, consumer prices rose 0.4% last month, in line with this year's trend, and were 4.1% above year-ago levels, down from 4.3% in June.

While prices are rising, and could pick up again in the months ahead, the slower pace of underlying inflation in July offers support for the Fed's decision earlier this month to leave interest rates unchanged. More importantly, with the economy appearing to downshift to moderate growth, the tamer July reading on price changes is an early hint that future rate increases may not be necessary to curb inflation. "There's a sense the Fed may be truly done," said Peter Kretzmer, senior economist at Bank of America Corp.

Markets rallied on the news. The Dow Jones Industrial Average was up 96.86 points, or 0.9%, to 11327.12, hitting a three-month high.

Fed Chairman Ben Bernanke and a majority of Fed policy makers chose to leave the federal-funds rate unchanged at 5.25% this month after 17 consecutive quarter-point increases, viewing this year's inflationary swell as more of a temporary byproduct of higher energy prices than a fundamental overheating of the economy. By holding rates steady, the Fed calculated that the impact of its two-year campaign of rate increases, in tandem with slower economic growth and stabilizing energy prices, would likely be enough to curb inflation in the months ahead.

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The other consideration, of course, was that raising rates further would run the risk of aggravating the housing-market slowdown and pushing the economy into recession. News on that front yesterday from the Commerce Department suggested the real-estate market is in for more weakening, another validation of the Fed's decision.

Housing starts fell 2.5% in July to an annual rate of nearly 1.8 million units following a 5.7% plunge in June. The pace of new-home construction is off nearly 21% from its peak in January and is 13.3% lower than a year ago. Similarly, permits for new construction, an indication of building activity a couple months down the road, were down 6.5% from June to an annual rate of 1.75 million, and are running almost 21% lower compared with last year.

"This is more evidence the market is still on a downward path," said David Seiders, chief economist at the National Association of Home Builders. "There are still some things that need to be corrected."

Among those, he said, is the rising rate of cancellations, which by his latest estimate has increased to 7.4% of new sales, up from 3.5% a year ago. "Builders are giving stuff away all over the place," Mr. Seiders said.

MORE ON INFLATION

· Economists React: Does Inflation Data Bolster Fed Pause?1

· Producer Prices Show a Small Rise2

08/16/06

· Key Inflation Index May Get Greater Precision3

08/14/06

· Fed Pause Aims to Balance Risks4

08/09/06

· With Costs Rising, Companies Move to Increase Prices5

07/29/06

One byproduct of the weakening housing market is a rise in the number of potential buyers who decide to rent instead, pushing up the rental market. By the Labor Department's estimate, rents rose 0.4% last month, the biggest factor boosting the consumer-price index. Elevated energy prices continued to push inflation up, too. Gasoline prices rose again last month, sending transportation prices up 1.6% from June.

Apparel prices, on the other hand, fell 1.2% in July as retailers discounted spring and summer lines even more than usual to make way for fall fashions. In announcing a July decrease in comparable-store sales from a year earlier, for example, Gap Inc. this month emphasized the pressure it faced to move inventory by lowering prices. "Gap and Old Navy decided to take aggressive markdowns in July to clear product and enable a clean presentation of fall assortments," said Sabrina Simmons, senior vice president of treasury and investor relations for the company.

Meanwhile, the Fed yesterday also reported that industrial production rose 0.4% in July -- following a 0.8% surge in June -- on the strength of an uptick in utility output due to heightened electricity demand. The rate of capacity utilization, watched closely for signs the economy is straining its limits, was essentially unchanged.

Despite signs of moderating economic growth and softer inflation in July, it is far from certain the Fed is done raising interest rates. Policy makers will have another month's data before them when they meet on Sept. 20, including figures on employment and inflation for August. In a speech yesterday, Richard Fisher, president of the Federal Reserve Bank of Dallas and a nonvoting member of the Fed's monetary-policy committee, underscored the uncertainty: "If anybody tells you with absolute conviction that the Fed is done raising interest rates or with equal conviction that they have only paused and will raise rates more starting in September or October, remind yourself that at best ... they are only guessing."

The Labor Department also said it will begin publishing the CPI out to three decimal places beginning in January in order to eliminate any confusion stemming from rounding differences. By the new system, core inflation this month would have been reported as a 0.194% rise in July.

Less-than-expected Rise In Consumer Prices Backs Up Fed's Rate Pause (USAT)

By Sue Kirchhoff

USA Today, August 17, 2006

WASHINGTON — The rate of consumer inflation rose in July, though a bit less than many economists expected, while industrial output slowed, according to government reports Wednesday.

The data appear to validate the Federal Reserve's prediction that slowing growth will eventually reduce inflation, and its decision last week to pause from further increases in short-term interest rates, some economists said.

The markets certainly saw it that way. Stock and bond prices jumped on the news, which followed Tuesday's report that wholesale inflation was also milder than forecast. The Dow Jones industrial average rose 96.86 points to close at 11,327.12.

Roger Kubarych of HVB Group says the data increased the odds that the Fed's next move would be to cut interest rates.

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Others caution that the Fed, which has raised its target for short-term rates to 5.25% from 1% in mid-2004, could be forced to resume increases down the line. They note, for example, that consumer inflation was held down in July by some one-time factors, including a drop in clothing prices.

Mike Englund at Action Economics says he expects inflation to speed up a bit in coming months. “Though the Fed may be right on moderating inflation ‘over time,' there will be some difficult explaining to do to Richmond Fed President (Jeffrey) Lacker at the next meeting,” he said. Lacker voted against the Fed decision to hold steady on rates, preferring another increase to combat inflation.

The Labor Department said Wednesday that the consumer price index rose 0.4% in July, up from 0.2% in June. The CPI was pushed higher by a 2.9% surge in energy prices. Energy prices have jumped more than 20% in the past 12 months.

Core inflation, which leaves out food and energy prices, was 0.2%, after four months of sitting at 0.3%. The Fed is closely watching core inflation. Overall consumer prices advanced 4.1% in the past 12 months, while core inflation has been 2.7%, including a 3.2% pace the past three months. That's above Fed Chairman Ben Bernanke's informal 1%-2% comfort zone.

Starting next year, the Labor Department announced it will start publishing the consumer price index out to three decimal places, rather than one, to give more precise information on price changes.

Also Wednesday, the Fed said production at U.S. factories, utilities and mines rose 0.4% in July, down from a robust 0.8% the previous month. While the July figure was still healthy, it was bolstered by a 2% jump in utility usage during a heat wave. Manufacturing output rose by 0.1% during the month.

Dan Meckstroth, chief economist of the Manufacturers Alliance/MAPI, notes that most of the slowdown in the factory sector was because of slower sales of autos and parts. He says auto sales could rise in August because of sales incentives, though that will come out of year-end sales.

“The general economy has slowed, and the industrial economy is in the process of decelerating growth,” he said. “This, of course, is what the Federal Reserve wants in its quest to contain rising inflation.”

Cost Of Living Gets Costlier (WP)

By Nell Henderson

The Washington Post, August 17, 2006

After poring over reams of data, the Labor Department reported yesterday that inflation rose last month, eating into people's paychecks and savings at a quickening clip.

Emerging from the Georgetown University bookstore in a rush, Linda Dodd didn't need a government report to tell her that. "I just spent $85 and $90 on two books," she said with a shrug.

Textbooks, whose prices have risen at a brisk 6.2 percent pace in the past year, are among the many goods and services that are becoming more expensive as inflation persists at some of the highest levels in 15 years. Despite efforts by the Federal Reserve to bring the increases under control, consumer prices rose twice as fast in July as in the month before. So far this year, inflation is running at an annual rate of 4.8 percent, higher than any yearly increase since 1991.

Fruits and vegetables are up 3.7 percent for the year ending in July. Airfares are up. Hospital bills rose. Hotel room rates are rising. Rents are up.

When the Federal Reserve suspended its series of interest rate increases last week after two years of steady increases, many consumers and investors hoped that was a signal that inflation would soon retreat. Central bank policymakers indicated then that they hope the same thing, but they are not sure.

The economy and Fed policy are "at something of a crossroads," Richard W. Fisher, president of the Federal Reserve Bank of Dallas, said yesterday, in the first public comments by a central bank policymaker since the Federal Open Market Committee met last week.

The economy is slowing, in large part because of past interest rate increases, and should continue to lose steam over the next year as those increases gradually work their way through, Fisher said. He and his colleagues want to slow the economy enough to weaken inflation without pitching the nation into recession.

But they do not know if more interest rate increases will be needed to finish the job, Fisher indicated. He said observers who say the Fed is done "are only guessing."

The data yesterday provided reasons for concern about inflation -- and hope that it may be headed lower in the months ahead, economists said.

The Labor Department's consumer price index, a widely followed inflation gauge, rose 0.4 percent in July, double its 0.2 percent increase the month before. The index rose 4.1 percent in the 12 months ended in July, compared with a 3.4 percent increase for all of last year.

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Much of the inflation pick-up last month reflected a 2.9 percent jump in energy prices. Crude oil prices spiked to $77.03 a barrel July 14, and gasoline pump prices exceeded $3 a gallon across much of the country. Those prices have been falling back in recent days.

Prices rose for many other items, however, suggesting to economists that inflation is being fanned by more than energy costs. The "core" consumer price index, which excludes volatile food and energy prices, rose 0.2 percent in July and was up 2.7 percent for the 12 months ended in July, the highest yearly increase since late 1991.

Still, the July increase in core inflation was milder than many financial analysts and traders had expected after four consecutive months of 0.3 percent increases, and it boosted confidence in the Fed's forecast that inflation would eventually abate.

Stocks and bonds rallied yesterday on expectations that the core inflation figure, combined with other reports showing the economy slowing, will help persuade the Fed not to raise interest rates further.

A Fed report released yesterday showed that the nation's industrial production -- the output of its factories, mines and utilities -- rose more slowly in July than in June. The Commerce Department said yesterday that construction of new homes and permits for new construction declined last month, adding to other signs of a cooling housing market.

But Fed policymakers also said last week that "some inflation risks remain," citing high prices for energy and raw materials, tightening labor markets, and other constraints on businesses' ability to produce goods and services. Businesses' usage of their production capacity, for example, rose to 82.4 percent from 82.3 percent, the Fed report said yesterday.

With unemployment low and wages rising, "we see it a bit too soon to celebrate the demise of inflation," said Stuart G. Hoffman, chief economist at PNC Financial Services Group. Wages have risen, but more slowly than prices, the Labor Department said in another report yesterday. Average weekly earnings fell 0.1 percent last month and bought 0.1 percent less in July than a year earlier, after adjusting for inflation, the department said.

Education expenses account for a small portion of the consumer price index, but they loom large in the budgets of many students and their families this time of the year and help illustrate how broadly inflation pressures are being felt.

Education bills, including tuition, books and school supplies, rose 0.6 percent last month, as many students and their families started preparing for the coming academic year. And they were 5.9 percent higher in July than a year before, rising faster than overall inflation.

"The books are very expensive," said Dodd, 30, of Arlington. So are tuition, room and board, she said.

One bright spot for students and other consumers has been falling prices for personal computers and related equipment, which dropped 0.9 percent in July. Prices also fell by a record 7.3 percent last month for women's and girls' clothing, even after adjusting for seasonal variation, the Labor Department said

On campus, "a lot of people are living on loans to pay their bills," Dodd said of her Georgetown classmates. "I think it's hard if you don't have the backing of your family."

Latest Custody Battle: Who Gets Mom (WSJ)

By Rachel Emma Silverman

The Wall Street Journal, August 17, 2006

Mark Glasser and Suzanne Mathews are in a bitter battle over the care of Lillian Glasser. But they're not divorcing spouses, fighting over a child. They are siblings, fighting over whether their 86-year-old mother, Lillian Glasser, needs a guardian, and if so, who should play that role. Mrs. Glasser has an estimated fortune of $25 million, and the case has already generated more than $3 million in legal and other fees amid court battles in two states.

Some of the thorniest custody battles these days are over the care of elderly parents, spouses or grandparents. As longevity increases, a growing number of siblings and other family members are fighting over where elderly parents should live, who should be their primary caregiver, and who should control their finances.

The custody fights are shining a spotlight on adult guardianship, in which a person is named by a court to manage an incapacitated adult's finances or personal care. Amid a patchwork of different state laws on the subject, more states are updating their guardianship laws and are seeking to make battles less complicated by making their laws more uniform.

There are no reliable national statistics on the number of guardianships -- let alone disputes -- but some attorneys who focus on elder law say that such feuds are on the rise. Bernard A. Krooks, a New York elder lawyer, says he has seen "a tremendous uptick" in caregiver disputes in his practice over the past five years.

Terry Hammond, an El Paso, Texas, guardianship attorney and executive director of the National Guardianship Association, based in State College, Penn., says that he typically handles about 100 guardianship cases a year. About 25% of those are contested, up from about 10% a decade ago. He expects that percentage to rise as the population ages.

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Just last month, New York society doyenne Brooke Astor, 104 years old, became the subject of one such battle when her grandson, Philip Marshall, sought to remove his father, Anthony Marshall, as Mrs. Astor's caregiver. In court papers filed last month, Philip Marshall has accused his father of ignoring Mrs. Astor's health and personal needs and requested that a friend of Mrs. Astor's be appointed as a guardian. Anthony Marshall strenuously denies the allegations, according to Kenneth E. Warner, one of his lawyers.

Senior custody battles are being propelled by a number of demographic shifts. As the population ages and more people live longer, more seniors are likely to eventually lose their mental or physical capacity, leaving decisions over their finances and personal care to others. What's more, families have grown increasingly fractured, with divorce and second marriages leading to tension among children and stepfamilies over the care of aging relatives.

Custody feuds, lawyers say, are often driven by longstanding family rifts, and the control of family assets often plays a role. "It's a will contest while the parents are still alive," says Mr. Krooks, the New York attorney.

At the same time, family members are more likely to live far from each other, making it tougher to monitor the condition and care of elderly relatives. Interstate custody battles are particularly complicated because guardianship laws vary markedly by state. Lawyers say there have even been "parent-snatching" cases in which children whisk their parents to states that may have more favorable laws.

In response, many states have recently revised their guardianship laws. Often, the new laws give courts authority to limit guardians' powers and provide more court oversight over guardians' activities. Last year, some 25 adult-guardianship bills were passed in 15 states, after 19 guardianship bills in 14 states passed in 2004, according to the American Bar Association Commission on Law and Aging. New Jersey recently overhauled its guardianship laws for the first time in more than 30 years, now providing, for instance, for judges to appoint "limited" guardians, allowing wards to continue to be involved in some decisions about their own lives.

Meanwhile, the Uniform Law Commissioners, a national group of state-appointed lawyers who draft model laws for states on a variety of issues, are working to create a model law specifically on interstate guardianship feuds. The model law won't be ready for states' consideration until next year.

In the Glasser feud, Ms. Mathews and Mr. Glasser had been disputing who Mrs. Glasser's guardian should be. Ms. Mathews, who lives in San Antonio, Texas, is seeking to become guardian over her mother's personal care. Mr. Glasser isn't seeking guardianship of his mother, but supports the petition of a family friend in New Jersey to be his mother's personal-care guardian. Mrs. Glasser has lived in Highland Park, N.J., for many years.

The long case has involved multiple states. In one episode, a New Jersey court last fall issued an order forbidding the removal of Mrs. Glasser outside the state. Hours later, Ms. Mathews chartered a private jet which carried her mother to Texas from a New York airport. Ms. Mathews, in court filings, has said she was unaware of the court order. Now, the guardianship case is being heard in New Jersey, after a Texas judge agreed to let a New Jersey court consider the matter.

Mrs. Glasser, for her part, says she just wants "my life and my house to be put together again" and to "get back to my way of life again."

For some advocates for the elderly, the lesson to be learned from such custody fights is that it's important to plan carefully for the future. Being under guardianship can be very restrictive -- in some cases not only limiting the person's right to make financial or health-care decisions but also potentially keeping him or her from voting, marrying or entering contracts. In many cases, "you are reduced to the legal status of an infant," says Sally Hurme, a lawyer with AARP Financial Security, a unit of AARP in Washington.

Often, guardianship proceedings take place because no one has been designated ahead of time to handle an incapacitated adult's finances or health-care decisions, so a court must name someone to take on that responsibility. Guardianship proceedings can also happen if someone accuses a caregiver of neglect or financial impropriety and petitions the court to name a protective guardian.

If family members are feuding fiercely, a court might name a third party, such as a lawyer, a social worker or a specially trained professional guardian, to step in. Professional guardian fees must be approved by the court, but are generally about $45 to $100 an hour, which is typically paid out of the incapacitated person's estate, says Mr. Hammond.

Because guardianship can be so restrictive, elder-law attorneys say that petitioning a court for guardianship should be a last resort. The good news: There are a number of steps families can take ahead of time to avert conflicts or guardianship proceedings. For starters, advisers say adults in good health should create both a power-of-attorney document for finances and an advance directive for health care. Mr. Hammond says that the cost of creating simple advanced-planning documents typically ranges from a few hundred dollars to a couple thousand dollars.

A financial power-of-attorney document authorizes an agent -- typically a spouse, another family member, or a trusted adviser -- to make financial decisions if you become unable to make them yourself. It's important to designate someone

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trustworthy, since your agent has wide latitude over your finances. Because a power-of-attorney arrangement is a private contract between you and your agent, there is no court supervision. "Access to someone else's money is very tempting," says Ms. Hurme of AARP.

Currently, few people plan ahead. A 2003 AARP study of 1,500 adults age 45 and older found that only 27% had created a financial power-of-attorney document, while 39% had a durable power-of-attorney for health-care decisions.

One simple step to take while you're in good health is to sit down and talk with your agents or trustees, as well as other family members and heirs. To prevent bigger battles later, "the main thing that you can do is talk, talk, talk," says Erica Wood, assistant director of the American Bar Association Commission on Law and Aging.

Fight Over A Child's Care Ends In Compromise (WP)

By Jerry Markon

The Washington Post, August 17, 2006

The family of a Virginia teenager who has refused conventional medical treatment for cancer reached a settlement yesterday with state officials, agreeing that he will be seen by a new oncologist while continuing his alternative therapy.

The compromise means that Starchild Abraham Cherrix, 16, will not have to undergo chemotherapy against his will, as a judge had ordered. Officials in Accomack County on Virginia's Eastern Shore had accused his parents of medical neglect for allowing him to seek alternative treatment from a clinic in Mexico.

The settlement, reached the day the dispute was to go to trial, ended a case that has attracted attention nationally and pitted parental rights against the government's obligation to protect the health of children. With politicians of both major parties weighing in, the battle began to take on overtones of the controversy surrounding Terri Schiavo, the brain-damaged Florida woman whose medical care led to multiple court decisions and high-profile political involvement.

Under state and federal court decisions, parents are usually allowed to make medical decisions for their children, legal and medical experts said. But some states, including Virginia, allow judges to override parental decisions if they believe a child's health is endangered -- as initially happened to Cherrix.

It is uncommon for such disputes about treatment to go to court, experts said. When they do, they often involve matters of religious principle, such as when Jehovah's Witnesses refuse to allow children to have blood transfusions.

In Cherrix's case, the issues were over the best course of treatment and who should make that decision. Under yesterday's settlement, Cherrix will be seen by an oncologist in Mississippi who uses alternative therapies emphasizing nutrition, said John Stepanovich, an attorney for the family. The teenager may eventually be treated with radiation, but he will also continue the therapy from Mexico that triggered the dispute.

"We're glad it's over," his father, Jay Cherrix, said yesterday. "This shows that if you stand up and fight, government has to respond. If you love your children, you have to have a say in their welfare."

Officials from the Accomack County Department of Social Services, which brought the charges of medical neglect but agreed to yesterday's settlement, did not return telephone calls.

Virginia Attorney General Robert F. McDonnell (R), who filed legal briefs on behalf of Cherrix's parents and championed their cause, hailed the agreement. "Parental responsibility for the care, control and custody of children has long been viewed as a fundamental constitutional right, and is a foundational belief of all Virginians," McDonnell said. "This is the kind of difficult personal decision that the state must allow parents to make, absent a clear case of neglect."

Cherrix's medical journey began when he was diagnosed with Hodgkin's disease last August after a mass was found on his neck. A pediatric oncologist at Children's Hospital of the King's Daughters in Norfolk recommended chemotherapy for the teenager and then, if needed, radiation. A hospital spokeswoman declined to comment yesterday.

The family lives in Chincoteague, a resort-like community known for holding a wild pony swim each year. Jay Cherrix runs a canoe and kayak rental business and home-schools his five children. He has a history of anti-government activism: Several years ago, he led residents in opposition to what they thought was a plan to bring commercial development to Assateague Island, the federally protected 37-mile beach near his shop.

An initial round of chemotherapy ravaged Abraham Cherrix, he and his parents have said, reducing his 6-foot frame to 122 pounds and causing his hair to fall out. After the therapy shrank his tumors but did not eliminate all signs of the disease, an oncologist at the Norfolk hospital recommended radiation and more chemotherapy.

Instead, Cherrix began an alternative treatment he had researched in Mexico consisting of herbal supplements and an organic diet free of processed sugar. The treatment was initiated by Harry Hoxsey, a former Texas cancer clinic operator who was accused by the Food and Drug Administration of peddling worthless medicine -- and who later died of cancer.

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Abraham Cherrix's oncologist reported the family to social services, and a juvenile court judge agreed that his parents were neglecting him. The judge ordered the parents to bring Cherrix to the Norfolk hospital last month and to consent to whatever treatment the hospital deemed necessary. A circuit judge reversed that order and set the trial that was to start yesterday.

The settlement was entered in Accomack County Circuit Court as a consent decree, Stepanovich said. Cherrix's new doctor will send follow-up reports, and Circuit Court Judge Glen Tyler will monitor the teenager's progress.

First Lady Campaigns In Three States (ABJ)

By Dan Sewell

Akron Beacon Journal, August 17, 2006

DAYTON, Ohio - First lady Laura Bush helped raise money for Republican candidates in three states Wednesday in crucial midterm elections.

She campaigned in Ohio, Kentucky and West Virginia, headlining a fundraising luncheon for U.S. Sen. Mike DeWine in suburban Kettering. President Bush has been at two Ohio fundraisers this year for DeWine, being challenged by Democratic U.S. Rep. Sherrod Brown.

In the fall election, Democrats are trying to gain 15 seats to win back control of the House.

Mrs. Bush raised money in Lexington, Ky., for Rep. Geoff Davis, being opposed by Democratic former Rep. Ken Lucas, and Fairmont, W.Va., for congressional candidate Chris Wakim, facing Democratic incumbent Rep. Alan Mollohan.

DeWine's campaign expected about 200 people at his $1,000-a-plate fundraiser.

Mrs. Bush, honorary chair of the Preserve America campaign, toured the museum and interpretive center in Dayton's Wright-Dunbar Village. In the late 19th and early 20th century, the area was home to black poet Paul Laurence Dunbar and aviation pioneers Wilbur and Orville Wright.

The community this year received a $70,000 federal grant through Preserve America.

"This area is really a wonderful example for the rest of the country for the way to use your historic assets and literary assets to try to revitalize neighborhoods," Mrs. Bush said.

The first lady also appeared with U.S. Rep. Mike Turner, whose campaign for a third term took an unusual turn this week when his Democratic opponent, Stephanie Studebaker, said she was withdrawing from the race after her arrest on a domestic violence charge. A special primary election will be scheduled.

Turner said he wasn't fretting about who his new opponent will be.

"My campaign is going to be about my record, and that won't change regardless of who is on the other side," Turner said.

A Test Of Republican Resiliency (WSJ)

By Sarah Lueck

The Wall Street Journal, August 17, 2006

FRANKLIN, Pa. -- Democratic Senate candidate Robert Casey Jr. strides to the lectern beneath an unlit bingo board at a veterans' hall and gets a standing ovation in this Republican-leaning town. The veterans applaud him six more times as he rails against President Bush and Sen. Rick Santorum, the two-term Republican he is trying to unseat this fall.

Among the supporters in the audience were at least a few Republican defectors. "I'm fed up with what's going on," says Donald Kleck, a Korean War veteran. He says he backed Mr. Santorum before, but frustration with Iraq and the economy has led him to consider switching his longtime Republican registration to Democratic.

Another Casey supporter, Pamela Clerici, says she did switch her party registration after voting "straight-ticket" Republican for years. For her, the issue was corruption. She tells bystanders about Mr. Casey's work as state auditor on a county compensation scandal, despite pressure from local leaders to back off. She worked as a county auditor who helped to blow the whistle on the affair. "I owe him," Ms. Clerici says.

The Pennsylvania Senate race is a barometer for a crucial question this election year: Will widespread public anger -- about Mr. Bush and issues ranging from war to scandal -- lead voters to toss out large numbers of Republican incumbents and end Republican control of Congress? Or can Republicans do enough to distance themselves from their party's leader and his track record to hang on?

This campaign suggests it could go either way. Polls have consistently shown Mr. Casey, now state treasurer, with a strong lead throughout the year. But two recent surveys have shown Mr. Santorum closing the gap. A Quinnipiac University poll released Tuesday shows Mr. Casey leading 47% to 40% in a two-way race, down from a 52% to 34% lead in June. In a three-way race, including a Green Party candidate who has received funds from Mr. Santorum's supporters, Mr. Casey leads 48% to 42%.

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Mr. Santorum's gains came after an advertising and campaigning blitz that played down his ties to the White House and the congressional Republican leadership. When President Bush arrived in Lancaster, Pa., yesterday to campaign for the Republican gubernatorial candidate, Mr. Santorum was 130 miles away campaigning at an agricultural event.

Mr. Santorum's campaign spokeswoman said it wasn't a snub, "just a time conflict." But Mr. Santorum hasn't been going out of his way to link himself to the president.

During a recent campaign swing, the senator rarely mentioned Mr. Bush, and when he did, it was generally to point out where they differed -- even if the differences were modest. He criticized the Bush phrase "war on terror" as like calling World War II a "war on blitzkrieg" -- declaring war on a tactic, not an enemy. The senator advocates what he says is a tougher line, declaring war on Islamic fundamentalism.

Mr. Santorum also spoke of his support for a tougher stance on Iran and legislation punishing countries that help it with its nuclear program -- a bill the State Department opposed. "I disagree with the president on how we should conduct the war on terror," Mr. Santorum said. When Mr. Santorum talked about immigration, he said he had voted against a bill that both Mr. Casey and Mr. Bush favored.

In a year of anti-incumbency, Mr. Santorum tries to turn his Washington power -- he rose quickly in his second Senate term to become the third-ranking Republican in the chamber -- into a strength. At a recent visit to a fire station in Kittanning, about 40 miles northeast of Pittsburgh in Armstrong County, Mr. Santorum highlighted the "more than $1 million" in federal grants he helped get for the county. "Pennsylvania has done better than any other state," in terms of both number and amount of grants for its fire departments, Mr. Santorum said. "Sen. Specter and I worked hard," he added, referring to Arlen Specter, the other, more moderate Republican senator from Pennsylvania.

Inevitably, national issues creep into the campaign -- particularly national security -- and Mr. Santorum, like many Republicans, tries to frame Iraq largely in the context of a broader struggle. He criticizes Mr. Casey for being soft on illegal immigration and the Iraq war -- two issues he ties together in a stump speech. Mr. Santorum criticized Mr. Casey and other Democrats for not understanding the threat of "Islamic fascism," before 60 enthusiastic supporters at the fire station.

Mr. Casey tries to use Iraq as an example of Mr. Santorum working in lock step with the White House. He says Mr. Santorum failed to "ask tough questions" about body armor for troops and whether there was enough support from allied countries. But Mr. Casey also takes care not to go too far to the left on Iraq, mindful of appearing too liberal for Pennsylvania's voters. Mr. Casey doesn't support immediate withdrawal of troops from Iraq or the setting of a timetable for such a move.

The Democrat tries to stake out a similar place on the spectrum on social issues. In prior campaigns, Mr. Santorum's reputation as a social conservative -- he's a staunch Catholic who tries to take his family to church every day and whose wife home-schools their children -- helped him win support from conservative Democrats and independents.

But this time, Mr. Casey is aided by the reputation of his late father, Robert P. Casey, the popular former governor of Pennsylvania, who opposed abortion rights, a position that put him at odds with his party's national leaders. The younger Mr. Casey's opposition to abortion rights and support of gun rights helps neutralize what would otherwise be appealing issues for Mr. Santorum.

Mr. Santorum dubbed his campaign trip through Pennsylvania in a recreational vehicle the "Keep Up the Fight" tour, and he gamely did so, despite a series of symbolic setbacks. He smiled even as his canoe in Clear Creek State Park, with four children as passengers, got lodged on some rocks and had to be pulled in by a campaign aide. A flat tire on the RV also didn't seem to faze him. He left the RV by the side of the road, and its passengers piled into other vehicles in his motorcade. "I think it's going to be very close," Mr. Santorum told supporters at a picnic before the canoe trip. "It's going to be the people who want it the most" that win, he said.

Allen Meets With Indian PAC Over Remark (AP)

By Matthew Barakat

AP, August 17, 2006

ARLINGTON, Va. - Sen. George Allen met Wednesday with Indian-American political leaders concerned that he referred to a rival's campaign staffer as "Macaca" and told the Virginia native of Indian descent, "Welcome to America."

Members of the US Indian Political Action Committee said they have received hundreds of e-mails about the comments Allen made Friday at a speech that S.R. Sidarth was videotaping for his Democratic challenger, Jim Webb.

"Obviously this is something that has us very, very concerned," said Sonjay Puri, a northern Virginia businessman and founder and director of the PAC, which claims 30,000 members. "The remarks are very insensitive."

Sidarth and others consider the remark offensive. Macaca is a genus of monkeys including macaques, but Allen has said he just made up a word that sounds similar to "Mohawk," a nickname Allen staffers gave Sidarth because of his partially cropped hair.

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"This fellow over here with the yellow shirt - Macaca or whatever his name is - he's with my opponent," Allen said during a GOP rally at Breaks, Va., near the Kentucky border. "He's following us around everywhere."

After mentioning that Webb was in California on a fundraising trip, Allen exhorted the crowd: "Let's give a welcome to Macaca here. Welcome to America and the real world of Virginia."

Allen has said he apologizes to Sidarth if he took any offense, but the 20-year-old college student has said he thinks Allen's remarks were an attempt to highlight Sidarth's race in what he says was an all-white crowd.

Puri said before the meeting that the context of Allen's remarks are intended to offend.

"If you read his comments in their totality, it becomes very clear now matter how you explain the phrasing it is insensitive to a young kid who is of Indian American descent," Puri said.

Puri, who described himself as nonpartisan, said the PAC has had good relations with Allen and he has been receptive to the group's political interests on issues including the economy and immigration. But he added that said Allen faces a "lot of bridges to be mended."

Allen's campaign declined to comment on the meeting, deferring to Puri and other organizers.

Webb, for his part, said he hadn't spent much time looking into the incident because he had been busy preparing to outline his foreign policy agenda, which he did in a speech Wednesday in Arlington. But reporters were more interested in getting his reaction to Allen's remarks.

Webb said Allen was wrong to bully a young campaign volunteer, especially since Allen has used the same tactic of videotaping Webb appearances.

And Webb said he was particularly irritated that, during the video clip, Allen insinuates that Webb has never been to towns in far southwest Virginia like Breaks.

"I've spent a good part of my life going down there not because of politics but because I have family there," Webb said, noting that Sidarth had actually stayed with some of those relatives the night before Allen's speech.

Webb, an early outspoken opponent of the Iraq war, called for getting American troops out of Iraq "in the short term" and moving them to friendly Arab nations like Jordan and Kuwait. That way, he said, the U.S. could respond to crises in Iraq but also reassure the Arab world that it has no long-term designs there.

Webb said American misadventures in Iraq have strengthened Iran and Hezbollah militants in Lebanon, as well as China, which he said has been seeking inroads in the Middle East for decades.

"We have to face the fact that China represents our greatest strategic challenge," Webb said.

Indians' Trust In Allen Wanes After Comment (WT)

By Seth Mclaughlin

The Washington Times, August 17, 2006

The leader of an Indian-American political group said yesterday that Sen. George Allen has been supportive of his community's concerns but will have to regain its trust and votes after making a racially insensitive comment.

"This kind of statement puts everything into a wash, so we need to work with him so we can rebuild the relationship," said Sanjay Puri, chairman of the U.S. India Political Action Committee.

Mr. Allen, a Republican, has since apologized to the Indian-American community and to S.R. Sidarth, a staffer for challenger James H. Webb Jr. Mr. Allen called Mr. Sidarth a "macaca" at a rally last week in the southwestern Virginia town of Breaks.

"This fellow here, over here with the yellow shirt, macaca, or whatever his name is, he's with my opponent," Mr. Allen said. "He's following us around everywhere. And it's just great. ... Let's give a welcome to macaca, here. Welcome to America and the real world of Virginia."

Mr. Sidarth, a Virginia native of Indian descent, was recording Mr. Allen's speech for Mr. Webb, a Democrat.

One interpretation of macaca is a species of monkey.

"I never want to embarrass or demean anyone," Mr. Allen said earlier this week. "I apologize if my comments offended this young man."

Mr. Allen also said he was attempting to refer to Mr. Sidarth's haircut, which has prompted Allen staffers to give him the nickname "Mohawk."

Mr. Puri said he has received hundreds of e-mails in which Indian-Americans voiced "anger, hurt" and said they were "upset." There are about 48,000 Indian-Americans in Virginia, according to the 2000 census.

Political analyst Robert Holsworth is not sure whether the comments will hurt Mr. Allen in the Senate race. According to the most recent poll, he leads Mr. Webb by double digits.

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"It's not so clear that the election is going to turn on this at all," said Mr. Holsworth, dean of the College of Humanities and Sciences at Virginia Commonwealth University.

He said a big factor is whether Mr. Webb has enough campaign money to take advantage of the political gaffe.

Dave "Mudcat" Saunders, a Democratic strategist from the southwestern part of the state, said Mr. Allen's remarks will hurt him at the polls.

"He is not a Southerner, and for him to tarnish our culture when he is not a part of it is offensive," Mr. Saunders said. "He comes here trying to talk like he is one of us, but this will do a good job to separate him from our culture because our culture is not about racism."

Mr. Webb said after a speech yesterday at the Kiwanis Club of Arlington that he did not know whether he would use the video as part of his campaign.

"The only thing I have to say about that is: [Mr. Allen] knew what he was saying because he said it twice, and it's up to him to clarify it."

Allen Gets Help For Vets' Votes (WP)

By Tim Craig And Michael D. Shear

The Washington Post, August 17, 2006

NORFOLK, Aug. 16 -- Sen. John McCain (R-Ariz.) came to the heart of Virginia's military community Wednesday to boost the fortunes of Sen. George Allen (R), hours after Democratic candidate James Webb issued his harshest critique to date of how Republicans have handled Iraq and the fight against terrorism.

The dueling events highlighted the central themes of Virginia's Senate race -- Iraq, terror and foreign policy -- while focusing on the state's large contingent of veterans, who make up about 10 percent of eligible voters.

McCain's endorsement at a rally in Norfolk was designed to showcase Allen's support for the military and veterans. But the event was partly overshadowed by continuing criticism over comments Allen made last week to a Webb volunteer of Indian descent that many have said were demeaning and insensitive.

Webb commented about the controversy for the first time Wednesday, saying that he thinks Allen "knew what he was saying" when he addressed S.R. Sidarth, a 20-year-old from Fairfax County, as "Macaca" at a GOP rally Friday. The term, which refers to a genus of monkey, is an ethnic slur in some cultures.

Allen has apologized and has said "Macaca" was a play on "Mohawk," a nickname given to Sidarth by the Allen campaign because of his hairstyle. Before traveling to Norfolk, Allen met for more than an hour at the Tysons Corner Ritz-Carlton with a group of Indian American business leaders, who expressed dismay over his statements.

At the rally, Allen focused on McCain's visit.

"We're in the midst of a war. This is not a debate. This is not a political game we are in," Allen said. "We don't need plans for retreat or surrender. "

In his speech to the Arlington Kiwanis Club, Webb accused Allen and President Bush of committing a "double strategic blunder" in Iraq -- diverting attention from the war on terror and tying down the military in what he called a costly occupation.

"I'm very, very concerned about the state of national security posture. It is in total disarray," Webb told an audience of about 40.

Webb said Bush's handling of Iraq has strengthened Iran and China, escalated tensions between Israel and Hezbollah and emboldened North Korea.

"We need to end the occupation of Iraq so we can repair our relationships around the world," said Webb, later adding, "What this government desperately needs is people of reason and intellect."

Webb, a former Marine who served as secretary of the Navy during the Reagan administration, stopped short of calling for an immediate U.S. pullout from Iraq. But he said the United States should shift troops from Iraq to other Arab countries to signal that they are not an occupying force. In an attempt to isolate Iran, Webb called for direct talks with Syria.

Webb also accused Bush of "slash-and-burn rhetoric" for repeatedly contending that war critics want to "cut and run."

In response to a question from the audience, Webb said he is frustrated that leaders of his own party have not come out more strongly against the war.

Dick Wadhams, Allen's campaign manager, said Webb is "advocating a policy of surrender."

Six years ago, McCain, Allen and Webb were on the same side. McCain and Webb, both decorated Vietnam veterans, are longtime friends, and Webb endorsed Allen in his Senate race.

At the event Wednesday at the Norfolk Marriott, McCain told about 100 veterans that Allen "works hard. He believes in what he does. He's dedicated." He praised Allen's "leadership, his vision and his courage."

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From the moment Democrats nominated Webb, who was among the earliest critics of the war in Iraq, the Senate race was destined to focus on the military.

Demographics also demanded it. Virginia is home to the Pentagon and one of the world's largest military bases, in Hampton Roads. Its 750,000 veterans are among the largest concentration of former military officers and enlisted personnel in the country.

Allen has long courted those voters and this year formed Veterans for Allen, led by Paul Galanti, a Vietnam veteran who was part of the Swift Boat Veterans for Truth campaign that criticized Sen. John Kerry (D-Mass.) in 2004.

Webb has also sought to appeal to veterans, in part by enlisting the support of such military friends as retired Gen. Wesley K. Clark, the former NATO commander and Democratic presidential candidate.

"John McCain, George Allen and all the rest of the Republicans have let down the veterans in this country," Clark said Wednesday.

Democrats' Stock Is Rising On K Street (WP)

By Jeffrey H. Birnbaum

The Washington Post, August 17, 2006

Washington lobbying firms, trade associations and corporate offices are moving to hire more well-connected Democrats in response to rising prospects that the opposition party will wrest control of at least one chamber of Congress from Republicans in the November elections.

In what lobbyists are calling a harbinger of possible upheaval on Capitol Hill, many who make a living influencing government have gone from mostly shunning Democrats to aggressively recruiting them as lobbyists over the past six months or so.

"We've seen a noticeable shift," said Beth Solomon, director of the Washington office of Christian & Timbers, an executive search firm that helps to place senior lobbyists and trade association heads.

In June, one of Washington's largest lobbying law firms, DLA Piper Rudnick Gray Cary LLP, transferred the chairmanship of its government affairs practice from a Republican, Thomas F. O'Neil III, to a prominent Democrat, James J. Blanchard, a former governor and congressman from Michigan.

"Being a Democrat didn't hurt me, that's for sure," Blanchard said. "This is going to be a big Democratic year."

At Patton Boggs LLP, another lobbying powerhouse, the calculation is similar. "Democrats' stock has clearly risen in the interviewing process this year as the chances for a Democratic takeover [of the House] have increased," said John F. Jonas, the head of Patton Boggs's health practice. "Serious hiring" of Democrats, he added, has become "a high priority here at Patton Boggs."

"Earlier this year, the propensity was to look mostly at Republicans" as candidates for lobbying jobs, said W. Michael House, director of the legislative group at the law firm Hogan & Hartson. "Now, we're looking at both Republicans and Democrats closely."

Lobbying managers have for years tended to hire Republicans because both Congress and the White House are controlled by the GOP, and access to officials at both places is lobbying's stock in trade. But, in recent months, many of Washington's top lobbyists said in interviews that their decision-making has been altered by an emerging consensus among election experts that the Democrats will boost their numbers in the House and the Senate in the midterm elections Nov. 7 and have a strong shot of winning a majority in the House.

As a result, the job market for Democrats has expanded, and the K Street Project -- shorthand for efforts by Republican lawmakers and lobbyists to pressure corporations and trade groups to hire GOP lobbyists only -- has faded away.

For example, earlier this month, the Biotechnology Industry Organization, or Bio, named Jeffrey A. Joseph, a well-known Democrat, as its vice president of communications. This followed other, high-profile Democratic hires this spring and summer, including Cory Alexander, former chief of staff to Rep. Steny H. Hoyer (D-Md.), who joined housing finance giant Fannie Mae, and Mark Schuermann, former chief of staff to Rep. Harold E. Ford Jr. (D-Tenn.), who went to Public Strategies Inc., a large government relations firm.

In the spring, former Democratic congressman Calvin M. Dooley of California was named to head the major trade association that will result from the merger of the Food Products Association and the Grocery Manufacturers Association. The longtime and soon-to-retire chief executive of the Grocery Manufacturers Association, C. Manly Molpus, is a Republican.

Lobbying firms have also increased their Democratic numbers. Venn Strategies LLC, a bipartisan lobbying firm that specializes in tax legislation, lost a junior Democratic lobbyist earlier this year but replaced her in recent months with two senior Democrats, Jessica Battaglia, a former counsel to Rep. John Lewis (D-Ga.), and Lori A. Neal, previously a legislative assistant to

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Sen. Blanche Lincoln (D-Ark.). Stephanie E. Silverman, a principal of Venn Strategies, explained the move: "We fully expect that the political outcome this fall will be such that we will have to deal on a more senior level with Democrats."

Even some all-Republican lobbying firms are starting to hire Democrats this year. The Federalist Group has added three Democrats to its once-all-GOP roster, including former representative Chris John (D-La.). And Tarplin, Downs & Young LLC, an all-Republican, all-female health lobbying company, is actively looking for a Democratic lobbyist. Both firms said the election outlook had nothing to do with their decision to bring in Democrats.

Indeed, most Washington lobbying outfits already employ lobbyists affiliated with both parties. But Democrats are being sought more eagerly in lobbying offices than they have been for years. "A couple of years ago, there was a bias against hiring Democrats for practical reasons," said Peter T. Metzger, vice chairman of Christian & Timbers, the executive search company. "Now there's an openness to both sides of the aisle."

The prospect of partisan change in Congress has also altered the way lawmakers and their aides are thinking about jobs on K Street. Some Democrats who had been looking for work "downtown" have postponed their switch, thinking that they might want to experience being in the majority for a change, according to Eric Vautour, who leads the Washington office of Russell Reynolds Associates Inc., an executive search firm.

In addition, Vautour said, a sizable pool of Republicans -- including two lawmakers seeking reelection whom he declined to identify -- "are willing to talk about becoming a lobbyist or an association head" even before Election Day.

At the same time, some lobbying managers see peril in trying to guess which way voters will turn. "Reading tea leaves can be tough; it's hard to time the political market," said David M. Carmen, president the lobbying firm the Carmen Group Inc. "There will always be time to make adjustments if that needs to happen after the election."

That is one reason some firms are putting off their hiring until after November. "People haven't been rushing to hire lobbyists anyway; it hasn't been the bang-up year," said Gregg L. Hartley, chief operating officer of Cassidy & Associates. "To the extent I can hold off hiring until the first of next year, I will."

In the meantime, Democrats are finding K Street a much more hospitable place. "There are certainly a growing number of groups that are much more open to hiring Democrats than they were six months to a year ago," said Nels B. Olson of Korn/Ferry International, an executive search firm.

Democrats Counter G.O.P. And Lieberman On Iraq (NYT)

By Jennifer Medina

The New York Times, August 17, 2006

NEW HAVEN, Aug. 16 — Democratic leaders supporting Ned Lamont's Senate campaign struck back yesterday at attacks suggesting that their party's support of him portrayed the Democrats as weak on national security.

White House officials, national Republican leaders and Mr. Lamont's opponent, Senator Joseph I. Lieberman, have said that Mr. Lamont's position on the war — calling for a timeline for troop withdrawal in Iraq — would embolden terrorists.

Mr. Lamont's campaign has sought to identify Mr. Lieberman with the Republicans, saying that the senator's criticism of Mr. Lamont shows his alignment with the Bush administration's policy in Iraq.

Asked about the attacks in an appearance in New York City, Senator Hillary Rodham Clinton said she had "deep regret that there's any effort to politicize the war on terror," but she did not actually name Mr. Lieberman or criticize Republicans directly.

"I think every American wants to successfully prosecute this war, to bring to justice those who would attack us and our friends and allies around the world," she said. "I just think we have to be united as a country."

Mr. Lamont held a press conference Wednesday afternoon specifically to counter the attacks from Republicans, calling them "outrageous" and "disrespectful" of Connecticut voters.

"We don't need any sermons on the meaning of 9/11," Mr. Lamont said of remarks by Vice President Dick Cheney, adding that Mr. Lieberman was "becoming more and more the de facto Republican candidate."

Alan Schlesinger, the Republican running for Senate, has received little support from national and state party leaders and polls show him badly trailing both Mr. Lieberman and Mr. Lamont.

While national Democrats lined up behind Mr. Lamont the day after the primary, it was unclear who would actively campaign on his behalf, either through appearances here or through fund-raising.

Senator John Kerry, Democrat of Massachusetts, sent a fund-raising appeal via e-mail to millions of his supporters, imploring them to send contributions to Mr. Lamont, along with Senator Robert Menendez of New Jersey and Senator Daniel K. Akaka of Hawaii.

"Each of these candidates is making the mess in Iraq a central issue in their campaigns for the Senate," Mr. Kerry wrote.

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"In the Senate," he added, "Ned Lamont will go head to head with Don Rumsfeld, and our troops will benefit from Lamont's leadership. He knows that patriotism isn't reserved for those who defend a president's position; patriotism is doing what's right for our troops and our country."

Dan Gerstein, the spokesman for the Lieberman campaign, said that the support from Democrats like Mr. Kerry would have little sway in Connecticut.

"This is no surprise, just partisan politics as usual," Mr. Gerstein said, "We're focused on speaking to voters in Connecticut about the issues that matter most to them and building a broad coalition of Democrats, Independents and Republicans."

The Lamont campaign, he added, was "twisting" Mr. Lieberman's statements.

"It's the height of chutzpah of the Lamont campaign to talk about politicizing the issues of national security," Mr. Gerstein said.

For The GOP, A Heartland Plunge (WP)

By David S. Broder

The Washington Post, August 17, 2006

COLUMBUS, Ohio -- When the Columbus Dispatch's respected poll recently reported that Republican Secretary of State Ken Blackwell was trailing Democratic Rep. Ted Strickland by 20 points in the race for governor of Ohio, there was dismay but no shock among his fellow Republicans. Those I interviewed during a recent visit here said they had seen it coming for a long time.

But it is a political earthquake. Democrats have not been able to win a single statewide office in Ohio for most of the past decade -- and are completely shut out of power in the capitol at this moment. Strickland has never run a statewide campaign and is trying to become the first person since Rutherford B. Hayes to go from Congress to Ohio's governorship. Blackwell has won election in Ohio and led the successful campaign that gave George Bush this state -- and the presidency -- over John Kerry in 2004.

And yet, when the Dispatch poll came out, the best that Blackwell could say was that his own internal surveys showed him trailing by only 11 points -- as if that were a consolation.

What I heard here -- and in subsequent interviews at the National Governors Association convention in Charleston, S.C. -- from one Republican after another signaled serious trouble for the GOP across a broad swath of states from Pennsylvania to Oklahoma in key midterm election contests for House, Senate and governor.

The impression these Republicans had is that support for GOP candidates had nose-dived this summer -- in part because of the chaos conveyed by the daily televised scenes of destruction in Iraq and Lebanon and in part because of the dismal reputation built by the Republican Congress that is home to many of the endangered GOP candidates.

It may be that the cease-fire in the Israel-Lebanon war and the shift of focus to the terrorist plot thwarted last week by the British will change the political environment. But Republicans were deeply worried as August began.

I had dinner one night with a group of Ohio Republicans, all with many years of experience in state politics and none directly engaged in this year's gubernatorial race. One of them said, "I'm afraid this could be another 1982," a year when recession pushed unemployment to 15 percent and cost the Republicans the governorship. Another said, "I'd settle right now for another 1982. I'm afraid it will be another 1974," the year of the Watergate election, when Democrats swept everything in sight.

Ohio may be particularly vulnerable because the economy in parts of the state where the auto industry remains vital has been hurt by layoffs, and because a series of scandals has left retiring Gov. Bob Taft with approval ratings in the teens. But similar concerns are voiced across the Midwest.

A leading Minnesota Republican told me that polls there show "the bottom has dropped out" of Rep. Mark Kennedy's challenge to Hennepin County Attorney Amy Klobuchar, the Democratic candidate for an open Democratic Senate seat. Kennedy has company among the corps of Republican congressmen who thought this would be a good year to move up. In Wisconsin, Rep. Mark Green is lagging slightly behind Democratic Gov. Jim Doyle. In Oklahoma, Rep. Ernest J. Istook Jr. is far worse off in his challenge to Democratic Gov. Brad Henry. And in Iowa, Rep. Jim Nussle, the strong early favorite to capture the open governorship from the Democrats, now finds himself in a real battle with Democrat Chet Culver.

For all of them, service in this Congress has turned out to be a handicap rather than a benefit to their chances of advancement. The reason was explained in blunt terms by the Republican governor of one of the states where a congressman of his party is struggling for statewide office. "What has this Congress done that anyone should applaud?" he asked scornfully. "Nothing on immigration, nothing on health care, nothing on energy -- and nothing on the war. They deserve a good kick in the pants, and that's what they're going to get."

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That prediction is supported by the AP-Ipsos poll released last week. It showed a 33 percent job approval score for Bush and a 29 percent job approval score for the Republican Congress. On a test of voter preference for the midterm congressional elections, Democrats had a staggering 18-point lead, 55 percent to 37 percent. You can see why Republicans are worried.

Top Vote Counter Becomes Prize Job (USAT)

By Jill Lawrence

USA Today, August 17, 2006

The political battle for control of the federal government has opened up a new front: the obscure but vital state offices that determine who votes and how those votes are counted.

The state post of secretary of State was a backwater until 2000, when Florida's Katherine Harris became a central figure in the presidential recount controversy. Now national Democratic groups and White House prospects, unhappy about Harris' decisions and those of Republican Kenneth Blackwell in Ohio two years ago, are pouring resources into contests for the job.

At least three Democratic political action committees are spotlighting secretary of State candidates, most of them in states where they expect the presidential vote to be close. Colorado, Iowa, Michigan, Minnesota, Nevada and Ohio top their lists.

Secretaries of State control most voting regulations and influence state purchases of voting machines. Looking ahead to 2008, Democrats say they want people they trust in those offices.

"There's a growing concern about whether votes are cast and, if so, whether they're properly counted. We have to restore people's confidence in the system," says Iowa Gov. Tom Vilsack, a 2008 presidential prospect whose Heartland PAC is helping several secretary of State candidates.

Heartland and the new San Francisco-based Secretary of State (SOS) Project are focused on swing states, where close races pose "the greatest likelihood of abuse and the greatest consequences," SOS strategist James Rucker says. His project aims to raise several hundred thousand dollars from liberals online for candidates in six states.

The 21st Century Democrats PAC, which raised nearly $7 million for the 2004 election, has endorsed four secretary of State candidates, including a California Democrat and one of two Democrats in a Massachusetts primary. Early last year, the liberal group set a goal of 98% voter participation by 2024 and targeted secretary of State races for the first time since its founding in 1985.

While serving as secretaries of State, Harris and Blackwell were also top officials in George W. Bush's campaigns. Democrats alleged that their rulings on matters from recounts to the weight of registration forms thwarted voters and helped put Bush in the White House.

Harris and Blackwell say they were following state laws and regulations and did not suppress votes.

Vilsack and other Democrats say their goal is to increase voter participation, not gain an advantage. But some acknowledge that when it's easier to vote, more minorities and low-income people turn out — and often vote Democratic. "The cause of opening up elections has partisan consequences," Rucker says.

At least four Democrats with presidential aspirations — Vilsack, Indiana Sen. Evan Bayh, Massachusetts Sen. John Kerry and former Virginia governor Mark Warner — have donated to secretary of State candidates. Among Republicans, Arizona Sen. John McCain has helped candidates in Michigan, South Carolina and New Mexico; national party chairman Ken Mehlman also helped out in New Mexico.

Overall, however, the GOP is not highlighting these contests. "Our strategic imperative of 2006 is to maintain control of the (U.S.) House and Senate," national party spokeswoman Tracey Schmitt says. "We've got a massive turnout operation designed to help Republicans up and down the ballot."

Eye On Election, Democrats Run As Wal-Mart Foe (NYT)

By Adam Nagourney And Michael Barbaro

The New York Times, August 17, 2006

DES MOINES, Aug. 16 — Senator Joseph R. Biden Jr. of Delaware, a likely Democratic presidential candidate in 2008, delivered a 15-minute, blistering attack to warm applause from Democrats and union organizers here on Wednesday. But Mr. Biden's main target was not Republicans in Washington, or even his prospective presidential rivals.

It was Wal-Mart, the nation's largest private employer.

Among Democrats, Mr. Biden is not alone. Across Iowa this week and across much of the country this month, Democratic leaders have found a new rallying cry that many of them say could prove powerful in the midterm elections and into 2008: denouncing Wal-Mart for what they say are substandard wages and health care benefits.

Six Democratic presidential contenders have appeared at rallies like the one Mr. Biden headlined, along with some Democratic candidates for Congress in some of the toughest-fought races in the country.

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"My problem with Wal-Mart is that I don't see any indication that they care about the fate of middle-class people," Mr. Biden said, standing on the sweltering rooftop of the State Historical Society building here. "They talk about paying them $10 an hour. That's true. How can you live a middle-class life on that?"

The focus on Wal-Mart is part of a broader strategy of addressing what Democrats say is general economic anxiety and a growing sense that economic gains of recent years have not benefited the middle class or the working poor.

Their alliance with the anti-Wal-Mart campaign dovetails with their emphasis in Washington on raising the minimum wage and doing more to make health insurance affordable. It also suggests they will go into the midterm Congressional elections this fall and the 2008 presidential race striking a populist tone.

Some Democrats expressed concern about the direction the party was heading, saying it could turn back efforts by such party leaders as former President Bill Clinton to erase the image of the party as anti-business and scare off corporations that might be inclined to make contributions.

Still, what is striking about this campaign is the ideological breadth of the Democrats who have joined in, including some who in the past have warned the party against appearing hostile to business interests.

Senator Hillary Rodham Clinton of New York, who was a member of Wal-Mart's board when she lived in Arkansas, the corporation's home state, returned a $5,000 campaign contribution from the company last year. Mrs. Clinton said she did so to protest Wal-Mart's health care benefits, and she has continued to distance herself from the policies of a company she was close to when she was the first lady of Arkansas.

Scheduling conflicts prevented Mrs. Clinton from attending any of the rallies being organized, her aides said. But she supported many of the campaign's goals, they added.

"It's not anti-business," said Senator Evan Bayh of Indiana, a former head of the moderate Democratic Leadership Council, appearing at an anti-Wal-Mart rally on Tuesday. "Wal-Mart has become emblematic of the anxiety around the country, and the middle-class squeeze."

"All you need to know is Joe Lieberman and Ned Lamont have appeared at these events," Mr. Bayh said, speaking of the Connecticut senator and the man who defeated him in the Democratic primary on Aug. 8. "That's pretty good evidence that Democrats across the country are rallying around this issue."

Yet there are clear risks for Democrats, not least in alienating Wal-Mart employees and customers.

Wal-Mart has begun a counterattack. In interviews on Wednesday, company executives warned that they would alert their 1.3 million American employees to the anti-Wal-Mart campaign. They also pointed to a poll the company financed that reported that Americans were generally supportive of the company.

"There is far more evidence to show that this short-sighted political strategy will backfire than that it will actually work," said Mona Williams, a spokeswoman for Wal-Mart Stores. "We believe our associates vote, and it is our responsibility to let them know when a politician speaks out for or against our company."

In a letter to its workers in Iowa, Wal-Mart warned of the political events, including appearances by Mr. Bayh, Mr. Biden and Gov. Bill Richardson of New Mexico.

Wal-Mart "would never suggest to you how to vote," the letter said, "but we have an obligation to tell you when politicians are saying something about your company that isn't true. After all, you are Wal-Mart."

Some Republicans said Democrats were trying to appease liberal bloggers, union leaders and an Democratic left wing invigorated by Mr. Lieberman's defeat in the primary.

But Democrats say they are sure they have a message that will resonate. John Edwards, the former North Carolina senator and Democratic vice-presidential nominee in 2004, appeared at an anti-Wal-Mart rally in Pittsburgh two weeks ago. Mr. Edwards said in an interview that his party was not vulnerable to a backlash for this criticism so long as Democrats made clear that their main goal was improving policies for the poor and the middle class.

"Wal-Mart as an example of the problems that exist in America today is a powerful political issue," he said in an interview on Wednesday. "I think our party pretty much across the board agrees that people who work hard should be able to support their families. When a company like Wal-Mart fails to meet its corporate responsibility, it make it impossible for that to occur."

Democrats say Wal-Mart is a potent symbol of corporate excess. The company earned $11 billion in profit last year, but fewer than half of its employees in the United States are covered by its health care plan, and the average worker earns less than $20,000 a year.

Wal-Mart counters that its average wage is more than $10 an hour, and that more than 150,000 Americans who had no health insurance now have it through the company. It also says it has saved consumers billions of dollars by squeezing costs.

The challenges to Wal-Mart are hardly new: it has been the target of political attacks as far back as when Patrick J. Buchanan ran for the Republican presidential nomination in 1996, and said Wal-Mart was guilty of "gigantism" for crushing smaller businesses.

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The criticism has become more intense as Wal-Mart has grown into an increasingly major influence on the American economy and culture. For example, there is an ongoing cross-country bus tour, now in Iowa, organized by Wake Up Wal-Mart, a union-financed group highly critical of the retailer. The campaign includes news conferences with elected leaders in 19 states, may be the most ambitious tactic to date.

Wake Up Wal-Mart's communications director, Chris Kofinis, said a large cast of Democratic candidates was joining the rallies. They include candidates in Senate races in Ohio and Maryland, and the governor's race in Maryland, where Wal-Mart's practices have been the subject of a legislative battle. "Who can disagree with the proposition that corporations should provide affordable health care, pay decent wages, protect American jobs and help provide a safe and just workplace?" Mr. Kofinis said.

Ms. Williams, the Wal-Mart spokeswoman, said the rallies would not resonate with voters. Democrats, she said, were "attending a union-sponsored protest with small crowds of faithful union activists, and there is not a swing vote in sight."

"They are preaching to the choir," Ms. Williams said.

For years, labor activists have characterized Wal-Mart as beholden to Republicans. In the last election cycle, they note, the company gave 80 percent of its contributions to Republicans. Many of its stores are in Republican-dominated territory in the rural South.

But as Wal-Mart has grown in size and power, it has tried to establish ties to the Democratic party. Its chief executive, H. Lee Scott Jr., has grown close to Mr. Clinton, who personally thanked him for Wal-Mart's relief work after Hurricane Katrina and played host to Mr. Scott at his home in New York last month. In addition, Mr. Scott recently played host to the former Democratic presidential nominee Al Gore, to talk about the environment, and he appeared on the New York radio show of the Democratic activist Al Sharpton.

Even the Democrats who have been at the forefront of the recent attacks have not always had difficult relations with the corporation. Mr. Bayh, for example, took a total of $10,000 in contributions from Wal-Mart in the 2002 and 2004 campaigns.

"It's clear that the contributions did not have any influence on how he has approached this issue," said Dan Pfieffer, a spokesman for Mr. Bayh.

Hispanics Scold Democrats For Ad Mixing Illegals, Terrorists (WT)

By Charles Hurt

The Washington Times, August 17, 2006

The Democratic Senatorial Campaign Committee (DSCC) yesterday pulled an ad from its Web site after Hispanic groups accused Democrats of unfairly equating illegal aliens to terrorists.

"To liken Latino immigrants to bazooka-toting terrorists not only undermines the positive relationship our party has with this community, but it also lowers us to a despicable level as breeders of unfounded fear and hatred," Houston City Council member Carol Alvarado, a Democrat, said in a letter to Sen. Charles E. Schumer, the New York Democrat who heads the DSCC.

The 35-second ad, released on its Web site earlier this week, criticizes the Bush administration as leaving America unsecured by showing illegal aliens scaling a border fence. That scene is mixed with images of Osama bin Laden and North Korean President Kim Jong-il.

While the DSCC did not publicly apologize for the ad, it had been removed from the site by last night and replaced with another. All links to the ad that had worked throughout the day also went dead.

The ad is part of a Democratic effort to bolster support on security issues, on which they have long been perceived as weak and Republicans have been perceived as strong.

"Security Under Bush and GOP?" flashes on the screen at the start, followed by scenes of terrorists, bin Laden, Iranian President Mahmoud Ahmadinejad and footage from recent terrorist attacks. With disconcerting music in the background, the words "4 times as many terrorist attacks in 2005" appears on screen.

As the music continues, the ad goes directly into footage of a person climbing over a border fence as the words "millions more illegal immigrants" appear on the screen. In the next scene, Mr. Kim appears with a passing tank. "North Korea has quadrupled its nuclear arsenal" flashes across the screen.

Pedro Celis, chairman of the Republican National Hispanic Assembly, said: "Equating these undocumented migrants to the very real threats of terrorism is inexcusable and only serves to fan the flames of anti-immigrant sentiment in our country."

The last frames of the ad contain the words, "Feel safer? Vote for change."

"This is the same kind of fear mongering we condemn in the extreme media, and now we are seeing it at the DSCC," said Lisa Navarrete, spokeswoman for the National Council of La Raza. "It's appalling."

Gerry Birnberg, chairman of the Harris County, Texas, Democratic Party, also wrote Mr. Schumer to denounce the ad, according to the Houston Chronicle. He called for an end to donations to the DSCC.

"Give money to the candidates, but not the [committee] because they're just wasting it," he said.

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DSCC spokesman Phil Singer told the Associated Press in an e-mailed statement that the Republican National Hispanic Assembly was "trying to gloss over the White House's abysmal record on security."

"This group's time would be better spent pressuring reluctant Republicans to support comprehensive immigration reform," he said.

Chafee Vs. Laffey (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, August 17, 2006

PROVIDENCE, R.I. -- If Lincoln Chafee has one thing going for him in his upcoming primary, it's fear -- and don't think this perennial thorn in the GOP's side doesn't know it. In a recent debate against his more conservative primary challenger, he made the choice clear to voters: "Who can win in November?"

Rhode Island's few Republicans have been thinking of little else ever since Steve Laffey, the pork-busting mayor of Cranston, challenged the Senate's most liberal Republican to a showdown. The duel has forced upon them one of the more noteworthy choices in this year's election. Do they renominate Mr. Chafee, whose irritating voting record may make him more electable in this state that went 59% for John Kerry? Or do they vote their conscience for the upstart, and potentially lose a Senate seat -- and even the majority?

Northeast "moderates" such as Mr. Chafee might comprise a dwindling bloc in the GOP, but in recent years they've been acting like they own the party. The Rhode Islander set the standard, using his crucial vote to help stymie an extension of the Bush tax cuts, death-tax repeal and budget reform -- not to mention protest a partial-birth abortion ban and Supreme Court Justice Sam Alito. When this crew isn't blocking, it's pushing left, as evidenced by the recent House capitulation on a higher minimum wage.

Northeasterners explain that this is the price of re-election, and by extension the GOP's hold on Congress. But has it backfired? Despite a steady march to the left, Mr. Chafee and a dozen Northeast House members are on the brink of being routed this November. High gas prices, rising interest rates, concern over Iraq, these play some part. Yet there's something else going on, in particular in those highly gerrymandered Northeast districts that have often delivered Republican incumbents upward of 60% of the vote. GOP voters, frustrated by Washington earmarking, scandal and obstructionism, may have decided their particular breed of Republicans just aren't worth the trouble.

That's the mood up here in Rhode Island, where I heard the phrase "We might as well have a Democrat" so many times I quit writing it down. Mr. Laffey is seeking to capitalize on this frustration with a populist agenda that delicately walks between the Democratic contender, former state Attorney General Sheldon Whitehouse, and Mr. Chafee. On tax and spending issues, the former investment banker tracks Milton Friedman, wild about marginal rate cuts, an extension of the dividend and capital gains cuts, and torpedoing a few Alaskan bridges to nowhere. He backs the president in Iraq, supports free trade and is passionate about school choice.

On everything else, the blunt Mr. Laffey tracks Bill O'Reilly, bashing "too powerful" drug companies and oil firms, and demanding an enforcement-only immigration bill. In a nod to his state's Mother Earth quality, he opposes drilling in ANWR and enthuses about solar panels. His campaign drips with class-war rhetoric, which the newbie is hoping will fire up the lingering resentments of blue-collar Italian and Irish Democrats against their state's patrician families (i.e., the Chafees). "This race is between a hard-knock guy who pulled himself up by his bootstraps and someone who's had everything handed to him," he tells me.

Populist streak notwithstanding, the free-market Club for Growth has come out swinging for Mr. Laffey, pouring more into this race than any other. Activists have sniffed out voter discontent and are hoping to use this primary to send a message to other Northeast senators -- Maine's Olympia Snowe and Susan Collins -- that there is a price for defection. It's a high-stakes gamble; should Mr. Chafee win, the message will instead be that the party will ride to the rescue, no matter what the record.

As it's doing at the moment, with a fervor. If this fall goes as badly as the GOP establishment fears, Rhode Island could be the race that decides whether Harry Reid gets to reprint his business cards. No one is in the mood for a throw-down with their troublesome Northeasterners. Bill Frist led a list of Senate heavyweights holding Chafee fundraisers and the National Republican Senatorial Committee is meanwhile dumping money into Laffey attack ads. It even filed a complaint about the Cranston mayor to the Federal Election Commission. Joe Lieberman should have been so lucky.

Mr. Chafee's saving grace may, poetically, be the Democrats. The senator has also clearly sensed the mood, and hired the campaign team that helped Pennsylvania Senator Arlen Specter fend off a conservative challenge from Pat Toomey in 2004. More telling was his wife, who in April got caught sending an email to Democrats encouraging them to "disaffiliate" from their own party so that they could vote in the Republican primary for "Linc." By some counts, more than 12,000 have, which could prove decisive in a primary with about 70,000 registered Republicans and low turnouts.

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Democrats are watching this with glee, though hardly sitting back. The executive director of the Democratic Senatorial Campaign Committee, J.B. Poersch, is a Rhode Island native who worked for Sen. Jack Reed for 14 years and has made his home-state race a top priority. Mr. Whitehouse is no dynamo, but sports the liberal bona fides that many Rhode Islanders reflexively trust. He's nearly even with Mr. Chafee in the polls, and can't even see Mr. Laffey for the dust.

Yet it says something about GOP frustration that even these long odds haven't fazed many. Laffey supporters are betting that if he wins the primary, the GOP establishment will offer its support. They note that Rhode Islanders are willing to elect more conservative Republicans to statewide office, evidenced by the party's long hold on the governorship. Mostly, they turn to Mr. Laffey's near-miraculous wins in Cranston, where only 14% of voters are Republican. He won by 52% in 2002, and after turning around the near-bankrupt city's finances (which, it should be said, he did by raising taxes) -- won with nearly 65% in 2004. He says Republican membership in the city is up 30% since he took over.

It's still a long shot, although at least some Republican strategists are nonplussed. They've long argued the party should write off the Northeast, and focus on consolidating its gains in the South and Midwest. If voters are as angry as seems, it may have no choice.

Ms. Strassel is a member of the Journal's editorial board.

Kerry Backing Anti-war Candidates (AP-Y)

By Andrew Miga

AP, August 17, 2006

Sen. John Kerry is revving up his online political machine to raise campaign cash for Democratic Senate nominee Ned Lamont.

Kerry tapped his 3 million-person e-mail list on Wednesday to deliver a fundraising appeal for Lamont, the anti-Iraq war political newcomer who beat three-term Sen. Joe Lieberman last week in Connecticut's hard-fought Democratic primary contest.

"Ned Lamont has caused a national stir by successfully challenging the Bush position on Iraq that ignores the utter failure of the President's policy," Kerry's message said.

The Kerry e-mail also touted two Democratic Senate incumbents facing tough fights this fall, Robert Menendez of New Jersey and Daniel Akaka of Hawaii. Both oppose the war.

"Ned, Dan and Bob have been attacked mercilessly for acting with such conviction and are locked in close must-win races," said Kerry, D-Mass. "It's time to reward their courage."

The Massachusetts Democrat who was the party's 2004 presidential nominee, as well as many other prominent Democrats, are lining up behind Lamont in a three-way fall race that includes Lieberman, who is running as an independent, and Republican Alan Schlesinger.

Kerry has traveled widely to raise money and help candidates as he considers a possible 2008 White House bid, and he praised Lamont, Akaka and Menendez for taking a hard line against Bush's Iraq policies in their campaigns for Senate seats.

"Despite the `warnings' coming from consultants, political pundits and naysayers in Washington, each of these candidates is making the mess in Iraq a central issue in their campaigns," Kerry said. "If we want to reward their courage, we've got to commit ourselves to pulling them through to victory."

Lamont's upset victory last week was viewed by many as a referendum on Iraq and Bush's handling of the war.

The New Jersey Follies (NYT)

The New York Times, August 17, 2006

There are some public officials for whom you can feel sympathy when they get caught in ethics violations that are clearly fleeting errors of judgment. Zulima Farber, the New Jersey attorney general, is not one of them.

Ms. Farber, who resigned this week after inappropriately intervening in a police traffic stop of her companion in May, had no excuse for not knowing how important it was to avoid even the appearance of impropriety. After all, she had served as one of the leaders of Gov. Jon Corzine's ethics advisory group during his pre-inauguration transition.

Yet she dug in her heels after the incident came to light, insisting she had done nothing wrong. Her obtuseness has been costly to Mr. Corzine, draining momentum from his drive to tighten New Jersey's notoriously lax standards of governmental ethics.

Compared with such multimillion-dollar abuses as turning the state's university of medicine and dentistry into a political patronage mill, or years of pay-for-play governmental contracting, Ms. Farber's lapses may seem minor league. After hearing that her companion had been stopped by the local police for driving with an expired license and suspended registration, she had a state trooper drive her to the scene in her official car. Once she showed up, the local officers, who had been about to impound her companion's car, instead let him drive it home.

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But her actions mattered because she was the state's highest-ranking law enforcement officer, and whatever her intentions, she was abusing the authority of her office and undermining the public's faith that she could do her job impartially. Her effectiveness ended that day. The longer she hung on, trying to spin the story her way, the more she distracted attention from the continued challenge of fighting corruption to her own personal melodrama.

Mr. Corzine now needs to name a successor who will put the focus back where it belongs.

Too Late For Maryland Voters (WP)

The Washington Post, August 17, 2006

MARYLAND voters got their first glimpse this week into who is providing the money to power the campaigns of candidates in state and local elections. That the information came this late does not reflect well on the state. Maryland's rules for campaign finance disclosure are so inadequate that information provided to the public is neither timely nor comprehensive.

Between January and August candidates were not required to provide any information on their finances, despite a frenzy of fundraising during which some candidates collected hundreds of thousands of dollars. Worse: Before voting in the Sept. 12 primary, voters will have no idea who contributed to campaigns after Aug. 25. And again, when they vote in the general election Nov. 7, they will have no information about transactions after Oct. 20. Contributors can donate in the days leading up to an election, but voters will not have the information until after the election -- when it is too late to matter.

Compounding the problem is that Maryland does not require campaigns to report the occupation or employer of donors, making it hard to analyze patterns of giving. Voters have a right to know if a candidate is getting a lot of money from a particular special interest.

Maryland law flies against a nationwide movement toward more frequent and fuller disclosure. Candidates running for federal office, for example, must file more timely reports and are required to report large donations in the days leading up to elections. Some states, including Virginia, have adopted similar rules mandating the reporting of big contributions before election day as well as naming the employer and occupation of a donor. Past arguments about the burden caused to campaigns and state election offices by frequent filings have been erased by technology and the ease of online reporting.

Maryland's political leaders should strengthen its law -- or explain to the public the benefits of secrecy and delayed disclosure.

Dissing Pluto And The Other Plutons (NYT)

The New York Times, August 17, 2006

A panel appointed by the International Astronomical Union thinks it has come up with a dandy compromise to the years-long struggle over whether we should continue to count Pluto as a planet. The trouble is, the new definition of a planet will include an awful mélange of icy rocks found on the outer fringes of the solar system. It would be far better to expel Pluto from the planetary ranks altogether, leaving us to bask in the comfortable presence of the eight classical planets that were discovered before 1900 and have excited wonder ever since.

Pluto, discovered in 1930, never deserved to be called a planet. It is far smaller than first thought, smaller in fact than our own moon. Its orbit is more elliptical and tilted in a different plane than those of the other planets, and its icy, rocky body is more like a comet's core. If Pluto were discovered today, it seems highly unlikely that anyone would consider it a planet. But Pluto has emotional partisans who resent anyone picking on the puniest planet, so efforts to demote it invariably meet resistance.

Now a panel of astronomers and historians has come up with a new definition of the word "planet" that will keep Pluto in the club. Under the new definition, a planet would be any celestial body that orbits around a star and is large enough for its own gravity to pull it into a spherical shape. That definition would produce an ugly porridge of 12 old and new planets, with dozens more on the way.

Ceres, heretofore considered the largest of the asteroids, would qualify. The panel suggests that people might want to call it a "dwarf planet," raising the question of why bother to call it a planet at all.

Pluto would still count as a planet but would be shunted into a new category called "Plutons," which would include any object that meets the definition and has an orbit beyond Neptune's. Two other bodies already qualify as plutons, namely Charon, which had been considered a moon of Pluto, and a recently discovered ice ball somewhat bigger than Pluto. Many dozens of distant ice balls may ultimately qualify for planethood.

All this just to keep Pluto as a planet. Whatever merit the new definition may have scientifically, it is an abomination culturally. When the astronomical union votes on the matter next week, it ought to reject the new definition and summon the courage to scratch Pluto from the list of planets.

What Planet Are You On? (WSJ)

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The Wall Street Journal, August 17, 2006

Assuming you aced the fourth grade, you probably grew up thinking our solar system has nine planets, the first being Mercury, the largest Jupiter and the last tiny Pluto, only 1,400 miles in diameter and never closer than 2,670,000,000 miles from Earth.

But soon you may have to put that comforting certainty aside. At a meeting of the International Astronomical Union in Prague, a committee has unanimously adopted a new definition of planet that would expand the size of the solar system to 12 planets and possibly more. The new entrants are Ceres, long considered an asteroid but now primed for a promotion, and the newly discovered Xena (yes, of Warrior Princess fame). There is also Charon, which used to be known as Pluto's largest moon. But it turns out that, unlike true moons whose center of gravity lies within the planet they orbit, Charon's lies somewhere between it and Pluto, making it more of a fellow traveler than a true satellite.

Within the Kuiper Belt, a debris field beyond Neptune, are at least 43 objects large enough that gravity has formed them into a spherical shape and that orbit the sun -- the two defining traits of a planet, according to the new definition. The committee proposes calling these minor planets "Plutons."

Scientists being what they are, not everyone is happy with the new definition, and the Astronomical Union will put it to a formal vote next week. We neither endorse nor oppose the candidacies of Xena, Charon and others to the planetary union. But we do think that science needs to be open to new discoveries and information that challenge old views. There hasn't been much of that lately in some of the earthly sciences, so it's good to see openness flourishing in the heavenly ones.

To Find The Answer To Our Illiteracy Crisis, Americans Must Look Within (USAT)

USA Today, August 17, 2006

A half-century ago, Rudolf Flesch wrote his classic Why Johnny Can't Read: And What You Can Do About It, in which he described how a growing confusion in American academic circles was undermining the literacy of future generations.

In the years since, the malady revealed by Flesch has grown to epidemic proportions in which nearly one-third of all U.S. school children have serious literacy deficits. If you think this is just a problem of poor children, think again. Among first-year college students, one-quarter require remediation for literacy deficiencies.

Actually, poor children do quite well regarding literacy — as long as they don't live in the USA. As former U.S. Education secretary Rod Paige frequently pointed out, all of the generally impoverished English-speaking nations of the Caribbean have higher literacy rates than the USA's. Similarly, studies among poor children in Africa show levels of English literacy that would be the envy of any U.S. city. Throughout the 20th century, the U.S. economy not only sustained global dominance but provided satisfactory employment for the marginally literate. Today, that economy is being replaced by an increasingly complex information-based economy that will reward only those who have the skills to serve its changing needs.

Beyond the lower rung of the agricultural and service sectors, this economy has ever fewer places for the marginally literate. In short, the person who cannot read will be disconnected from the promise of the American Dream.

As the ominous implications for our future gradually emerge, U.S. policymakers to ordinary citizens will be left wondering how to explain this education deficit. How can a nation where education spending is nearly twice the average of those in European Union countries produce such woeful results? Furthermore, if one of the most common excuses for educational dysfunction — poverty — cannot be invoked, what can explain the inferior performance of U.S. students in virtually all international comparisons?

In the past year, two books have appeared that, taken together, not only capture the full dimensions of our problem but also offer useful advice on possible solutions.

In The World Is Flat: A Brief History of the Twenty-First Century, Thomas Friedman introduces readers to the looming economic tsunami best exemplified by the Asian giants India and China, now riding their powerhouse educational systems toward an international dominance in the 21st century that has the potential to equal the U.S. dominance in the 20th century.

While Friedman compellingly describes the educational strength of America's economic competitors, the second book — The Knowledge Deficit by E. D. Hirsch — provides an equally persuasive analysis of the educational weakness of the USA. Blending both intellectual history and cognitive psychology, Hirsch unmasks the faddishness, incoherence and hostility to research-based practice that characterizes most of the U.S. reading establishment.

Anybody who doubts Hirsch's devastating critique should look at the recently released report of the National Council on Teacher Quality, "What Education Schools Aren't Teaching About Reading — and What Elementary Teachers Aren't Learning." This study examines 72 schools across the nation and measures them against the extent to which they teach the five common tenets of reading research (phonemic awareness, phonics, guided oral fluency, vocabulary building and reading comprehension). The result: 31% use none of those tenets, and only 15% employ all.

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These figures help explain the assertion of the National Institute of Child Health and Human Development that 85% of U.S. reading teachers were never properly trained.

When those who teach our teachers are clueless about or even outright hostile to reading research, is it any wonder that our children become the victims of a monumental literacy deficit traceable not to problems of poverty or funding, but to an unwillingness or inability to grasp realities that have been clear to professional educators in every other industrial nation?

Robert Kennedy once said that the "fate we impose on our children today shall be the fate of all of us tomorrow."

Absent dramatic corrective action in America's classrooms, the fate of our nation is in serious peril. Not because of what others have done to us, but because of what we have done to ourselves.

William J. Moloney is Colorado's commissioner of education.

From The Dust Of War, A More Potent Hezbollah? (USAT)

By Rick Jervis And Andrea Stone

USA Today, August 17, 2006

BEIRUT — Hiyam al-Ameh surveyed the pile of splintered wood and crushed concrete that, before Israeli jets pulverized it, was her home in south suburban Beirut.

Al-Ameh, 42, says her two sons, ages 21 and 16, were never involved with the Hezbollah militants who for the past month battled Israeli forces in Lebanon. Now, she says she will insist both join the Shiite Muslim militia. “They don't want to, but I'll make them,” says al-Ameh, an accountant. “There's a cause now. And you have to carry it on, even if you die for it.”

As residents of Beirut's suburbs returned this week to their ruined neighborhoods after the start of a cease-fire, they came back to a place dramatically transformed by Hezbollah, whose military branch proved far tougher and better armed than even its staunchest supporters could have imagined.

By holding out for more than a month against Israel, the most powerful military in the Middle East, “Hezbollah showed it is a powerhouse,” says Fawas Gerges, a Middle East expert who teaches at Sarah Lawrence College in Bronxville, N.Y.

An early sign of Hezbollah's new political strength: The Lebanese Cabinet announced Wednesday that its soldiers won't try to disarm the guerrillas, as demanded by the United Nations cease-fire resolution, when the 15,000 government troops start deploying in the south today. Instead, the soldiers will collect any weapons Hezbollah fighters agree to give up. Sheik Nabil Kaouk, the group's top leader in the south, indicated Wednesday that the guerrillas would hide their weapons. He said Hezbollah would have “no visible military presence.”

Already a formidable social and political force in Lebanon, where it is part of Prime Minister Fuad Saniora's government, Hezbollah has emerged as a credible antagonist to Israel in the region. Michael Oren, an Israeli military historian and author of Six Days of War: June 1967 and the Making of the Modern Middle East, says Hezbollah has become “the champion of the Arab world.”

The United States is taking a different lesson from the conflict. President Bush said this week that Hezbollah lost. Secretary of State Condoleezza Rice on Tuesday gave an assessment of Hezbollah's achievements: “They achieved the displacement of hundreds of thousands of Lebanese,” she told USA TODAY. “They achieved the destruction of Lebanese infrastructure and housing and neighborhoods.”

Rice said Hezbollah's military strength had been undercut by the conflict and predicted that any political benefit for the group would “be very short-lived.”

The United States strongly backed Israel's 34-day military campaign to dislodge Hezbollah once and for all from southern Lebanon. The failure to eliminate Hezbollah's arsenal and leaders and win the release of two Israeli soldiers whose capture sparked the conflict, however, left Israel's leadership reeling. Israeli Prime Minister Ehud Olmert has acknowledged “deficiencies” in the way the war was waged.

“Hezbollah has demonstrated that total Arab defeat is not inevitable. … Israel has lost its tremendous psychological advantage,” says George Friedman, an intelligence analyst and CEO of Stratfor, a private intelligence firm in Austin.

That could embolden Israel's old adversaries, especially Syria, which wants the Golan Heights that Israel captured in 1967 and later annexed. “Israel will be perceived by its enemies as weak, constrained and dysfunctional,” says Aaron David Miller, a former U.S. Middle East negotiator now at the Woodrow Wilson Center in Washington.

The conflict also has dealt a blow to Bush's campaign to bring democracy to the region. It bolstered Iran, Hezbollah's main patron, and Shiites elsewhere — including in Iraq, where, “having first experienced the limits of American power, (the Shiites) are now seeing the expanding boundaries of Iranian power,” Friedman says.

As for U.S. and Israeli hopes that the conflict would create a strong Lebanese government capable of neutralizing Hezbollah and dousing Syrian and Iranian influence here, the opposite appears to be unfolding. On Monday, Hezbollah leader

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Hassan Nasrallah vowed that his group would not be disarmed by “intimidation or pressure” — a reference to the U.N. resolution passed last week that demanded Hezbollah give up its weapons.

Over the years, Hezbollah has defied international and local pressure to disarm, claiming it was protecting the country from Israel, says Misbah Ahdab, a Sunni Muslim lawmaker close to Lebanon's prime minister. The recent conflict will increase that defiance, he says.

“Not even the battle is over yet, let alone the war,” says Amal Saad-Ghorayeb, a leading Lebanese expert on Hezbollah. “Hezbollah is going to stick to its guns, literally.”

Hezbollah, or “Party of God,” was formed in 1982 by Shiite militants and Iranian Revolutionary Guards sent to the Syrian-controlled Bekaa Valley of eastern Lebanon to fight Israel's invasion.

Drawing on Lebanon's large, disaffected Shiite community, Hezbollah recruited religious extremists willing to die for their cause. Hezbollah suicide soldiers have been blamed for the 1983 bombing of the U.S. Marine barracks in Beirut that killed 241. Hezbollah's leaders deny involvement in the attack.

After Israel pulled its forces out of Lebanon in 2000 — a withdrawal that Hezbollah claimed credit for — the group spent the next six years stockpiling weapons and training with Iranian military experts, say military analysts such as Jacob Amidror, a retired Israeli general and former deputy military intelligence chief. Amidror and others say Iran funneled Russian, Iranian and Chinese weaponry through Syria, flying equipment into Damascus and then smuggling it into Lebanon in truck convoys.

By the time fighting broke out July 12, the militia's arsenal included about 13,000 rockets, including “the best state-of-the-art weapons” in the world, Amidror says. Hezbollah fired nearly 4,000 short- and medium-range missiles into northern Israel.

Perhaps more central to Hezbollah's resilience, says Barak Ben-Zur, a former officer with Israel's Shin Bet security service, is its 3,000 highly trained “regular” army members. Another 10,000 to 12,000 supporters throughout southern Lebanon provide logistical and military support.

“They have their mission, and it doesn't matter what is happening in other places,” he says. “They have the state of mind of jihad, martyrdom, and they will continue to fight until the last one.”

Militants have been recruited to protect their own villages. During the fighting, specialized units trained in anti-tank warfare or explosives shuttled from village to village on scooters to launch attacks. Many took cover in well-stocked underground bunkers and tunnels.

The tactics robbed Israel of a quick and overwhelming victory. During their 1982 offensive against Palestinian fighters in Lebanon, Israeli forces pushed through to Beirut in just nine days. This time, they encountered a well-organized guerrilla network armed with Russian anti-tank missiles that easily demolished Israel's heavily armored Merkava main battle tanks.

The Shiite militia ran the fighting from sophisticated, computerized command posts. Hezbollah's al-Manar TV station, which remained on the air despite constant Israeli airstrikes against its facilities, waged the public relations war.

Although Lebanon's infrastructure and fledgling economy were devastated by Israeli attacks and at least 800 Lebanese died, Hezbollah did something no other Arab army has: “It proved they can stand firmly against the much mightier Israeli army,” says Robert Malley, Middle East director of the International Crisis Group, a Brussels-based research group focused on conflict resolution.

Hezbollah's strongest weapon is its organization and discipline, says Timor Goksel, a longtime adviser of U.N. forces in Lebanon and now a political science professor at American University in Beirut. After each Israeli strike on Beirut's southern suburbs, for example, Hezbollah workers swept in and cleared away rubble from streets and blown-up bridges — a level of coordination not seen in the civil war of the 1970s and '80s, Goksel says.

Now, Hezbollah is trying to solidify its image as a humanitarian organization and protector of the country's disaffected Shiites, who make up about 20% of the population. In a televised speech Monday, Nasrallah pledged to pay rent for a year in furnished apartments to the families living in the 15,000 homes he said were destroyed by the war.

Nasrallah did not say where the money would come from. Speaking at a Senate hearing this month, Defense Secretary Donald Rumsfeld said Iran is Hezbollah's “principal financial and military supplier.”

Hezbollah already runs an extensive social welfare program that includes hospitals, clinics and schools across the south. The charity work has created a zealous following, which, combined with its recent standoff with Israel's military, has made Hezbollah a formidable political force in the region, says Walid Jumblatt, leader of Lebanon's Druze community.

Some Lebanese, including those from Christian, Sunni Muslim and other groups, as well as from inside Hezbollah's own Shiite community, may soon question whether the conflict was worth the extensive destruction and death toll brought on by Hezbollah's actions, Goksel says. “They're going to have to explain to the people why it was worth it,” he says.

Lebanon's government consists of a cross-section of the country's numerous groups, including Shiites, Sunnis, Christians, Druze and others. Hezbollah, which until 1992 had no political representation in the government, now controls more than 14 seats in the 128-seat parliament, holds two Cabinet positions and endorses a third.

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Nasrallah and other Hezbollah leaders, including the Cabinet members, are demanding that other issues be resolved before they consider disarming. Among them, says Saad-Ghorayeb, the Lebanese expert: Sheba Farms, a disputed area that Lebanon wants but that the U.N. declared was part of Syria after Israel occupied it in 1967, and the fate of Lebanese prisoners held in Israeli jails. She says forcing the militia to surrender its weapons could create dangerous rifts in the Lebanese government.

Says Jumblatt: “Lebanese society cannot afford to go and fight with a guy (Nasrallah) who represents 20% of the Lebanese population, maybe more now.”

“If Israel couldn't disarm them, who … can?” Saad-Ghorayeb says. “Domestically, they have a lot of support.”

To mark the start of the cease-fire Monday, residents in Beirut's bomb-scarred southern suburbs waved oversized yellow Hezbollah flags or portraits of Nasrallah.

Among them was Lubna Hamze, 23, who came to see the destroyed apartment she once shared with her sister.

Despite the loss of her home — she now lives with relatives in Beirut — and the indefinite hold the fighting put on her sociology studies at Lebanese University, Hamze says she supports Hezbollah's fight. “I'll go through it again,” she says, smiling. “A million times more.”

Lebanon To Deploy Troops But Hezbollah's Role Questioned (CHIT)

By Christine Spolar

Chicago Tribune, August 17, 2006

BEIRUT -- The Lebanese Army was expected to begin deploying thousands of troops Thursday near the war-battered border with Israel even as questions mounted over Hezbollah's influence in the border area and whether the guerrilla group still would operate freely there.

The Lebanese Cabinet approved the troop deployment but announced no demands for Hezbollah's disarmament, a key provision in a hard-fought United Nations resolution last week that ended a 34-day cross-border war between Israel and the Shiite Muslim militia. About 3,500 Lebanese soldiers are expected to move south of the Litani River in the next few days.

Instead, Prime Minister Fuad Siniora, in a nationally televised address Wednesday night, promised that there would be "no dual authority in Lebanon" and no display of weapons in the south except by Lebanon's military. Information Minister Ghazi al-Aridi, in a news briefing, added that he anticipated "no confrontation between the army and the brothers of Hezbollah."

For years, the Lebanese army has ceded control of the south to Hezbollah, a shadowy and nimble fighting force that has targeted Israel. No army official would discuss deployment orders Wednesday, but Hezbollah's top official in southern Lebanon made it clear that the guerrilla force felt no threat from the government's traditional, thinly equipped force.

Hezbollah will be part of the land that it spent weeks defending, said the official, Sheik Nabil Kaouk.

"Just like in the past, Hezbollah had no visible military presence, and there will not be any visible presence now," Kaouk told reporters in Tyre.

Hezbollah's intentions were among the difficult issues still clouding a cease-fire approved by the UN Security Council last week. Lebanon's army deployment—aimed to eventually reach 15,000 troops—is just the first step toward enhancing border security.

The United Nations is to provide another 15,000 troops from member nations to help the army. As of Wednesday, no country had formally offered troops—in part, analysts said, because the mandate of such a force had not been clearly spelled out.

Israel considers the expanded UN force to be a tool to enforce a prior UN resolution that demands the end of Hezbollah's militia. But countries that could volunteer manpower—those with robust armed forces that could move quickly inside Lebanon—are seeking assurances that the UN force is designed for peacekeeping rather than brute enforcement, analysts said.

Possible contributing nations also are pressing for explicit rules of engagement. According to The Associated Press, a draft of the rules would call for "forceful means" against anyone trying to prevent the UN peacekeepers from doing their job. Such wording is too vague for some, analysts said.

"Those countries who can provide troops quickly—France, Italy, Greece—have questions," said Timur Goksel, a former senior adviser to the current UN Interim Force that operates near the Lebanon-Israel border.

"They want to know: What is the job? What is the mandate? Which means they don't want to be part of a fighting force," he said.

Goksel added that Hezbollah, riding a wave of popularity in the Arab worldsince the war, would probably resist any challenge—militarily or politically—to give up its weapons.

"It's a pipe dream," Goksel, who worked for the UN for 24 years and now teaches at American University in Beirut, said of the proposed disarmament.

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Another wrinkle in the effort is purely logistical. UN military planners are trying to send troops into Lebanon within weeks, not in the usual three-month time period given for such major action.

That means that only those countries that can quickly ship their own food, water and all supplies for soldiers—necessities that the UN usually provides in such cases—will be able to contribute. France, Italy, Turkey, Greece, Malaysia and Indonesia have expressed some interest, but none has yet made formal commitments.

France is expected to lead the force. According to a statement by the French Foreign Ministry, its military recently sent a five-man engineering team to Lebanon to assess roads in the south for use in transporting supplies and equipment.

Also at issue is how arms traffic—believed to be flowing into Lebanon from Syria—would be stopped. Israeli Foreign Minister Tzipi Livni, in New York for meetings to discuss practical matters related to the resolution, said that UN soldiers would be pivotal in preventing a further arming of Hezbollah.

Analysts said Wednesday that Israel's bombing campaign probably had not destroyed many of Hezbollah's weapons but had choked off much of the flow. At the UN, Livni said that preventing all arms shipments is crucial and should be pursued by the UN forces.

Livni said Hezbollah should not be able to use the cease-fire as a way to restock its arsenal. At the beginning of the conflict, army analysts in Israel believed Hezbollah had about 13,000 rockets, many which were lobbed into northern Israel.

"It is crucial that the international community, that the Lebanese government, prevent rearmament … because in a week, they can come back," Livni said. Israel has long blamed Iran and Syria for providing money and weapons to Hezbollah.

Hezbollah's stamina against the heavily armed Israelis has raised its stature among some in the region, including Lebanon's own political elite. Hezbollah's new status appeared to play a role in delaying Lebanese talks over how to implement the UN resolution.

"Hezbollah is much stronger than it was last month," said Amal Saad-Ghorayeb, an assistant professor at Lebanese American University whose book "Hezbollah: Politics and Religion" explains the movement's appeal. "And [after this war] Hezbollah knows full well that no one can disarm them."

Lebanon Sending Troops Into South (WP)

By Edward Cody And Colum Lynch

The Washington Post, August 17, 2006

BEIRUT, Aug. 16 -- Breaking an impasse, the Lebanese government on Wednesday ordered army troops to deploy across southern Lebanon under a compromise arrangement that allows the Hezbollah militia to retain some of its arms caches near the border with Israel.

Military authorities said as many as 15,000 troops would begin taking up positions in devastated southern villages, seeking to defuse a threat to the U.N. cease-fire that went into effect Monday morning after 33 days of warfare between Hezbollah fighters and the Israeli military.

[Early Thursday, the Israeli army began handing over positions to the United Nations, stepping up its withdrawal from southern Lebanon, according to the Associated Press. Hours later, Lebanon's army moved south and began deploying below the Litani River, the AP reported, citing a senior military official.]

At the United Nations in New York on Wednesday, Israeli Foreign Minister Tzipi Livni urged Secretary General Kofi Annan to ensure the complete disarmament of Hezbollah and to prevent it from being rearmed by Iran and Syria.

This is a "moment of truth" for the international community, she said. The world cannot "allow Hezbollah to rise again and threaten the future of the region."

Hezbollah, a militant Shiite Muslim movement, had refused to disarm and withdraw its fighters as long as Israeli troops remained on Lebanese soil. That stand risked undercutting the cease-fire accord, because the Lebanese military had declared it would deploy in the border hills only if Hezbollah fighters and weapons were pulled back. And without the Lebanese army to join U.N. forces along the border, Israeli officials said, they would not order the remaining Israeli soldiers to return home.

Lebanese political leaders tried to overcome the standoff with a compromise whose contours remained indistinct.

The government said in a statement that only the army would be allowed to carry weapons in the area. "There will be no authority or weapons besides those of the state," Information Minister Ghazi Aridi said in explaining the decision. But the declaration skipped over the question of whether Hezbollah's weapons, many of them hidden underground, had to be removed or destroyed. Aridi said there would be no confrontation with Hezbollah fighters, who in any case do not carry weapons except in battle and often live in the border villages.

Hezbollah welcomed the army deployment and its ministers voted with the cabinet majority. But political sources involved in the decision said Hezbollah did so on condition that the army pledge not to look closely at whether all of the militia's armaments and missile stores were carried out of the border zone.

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The jockeying over postwar arrangements reflected Hezbollah's concern about the Israeli troops still manning hilltop observer posts inside Lebanon. But it also betrayed increased sectarian tensions within Lebanon's fractured leadership, according to a number of officials participating in sometimes angry discussions.

Hezbollah, widely seen here as a victor in the month-long war, was reluctant to cede complete military control over south Lebanon to the army, which stood by as Hezbollah militiamen battled Israeli forces. On the other side, some Lebanese politicians, particularly Maronite Christians, were eager to get started on disarming Hezbollah, not only in the border zone but in the entire country. In a sign of the postwar balance of power, they did not prevail.

Hezbollah asserted itself politically as soon as the cease-fire began. Fighters put down their guns and turned into relief organizers, and the group immediately started handing out money to families for reconstructing their destroyed homes. Prime Minister Fouad Siniora was outraged to see the government get outstripped in such a visible way, according to a political official who saw his display of anger.

In New York, Livni, the Israeli foreign minister, expressed concern that Hezbollah's intensified relief efforts could strengthen its political standing and future electoral prospects in Lebanon.

She said Israelis "expect" the international community to invest generously in the reconstruction of Lebanese villages "that Israel attacked." The alternative, she said, was an influx of Iranian cash to fund Hezbollah humanitarian activities. "The Iranians can send a check the next day to finance the places that were attacked by Israel," she said.

To find a long-term political settlement, the United Nations on Wednesday announced plans to send a high-level delegation to Lebanon and Israel on Thursday. The team -- headed by envoys Vijay Nambiar and Terje Roed-Larsen -- will try to develop a plan to ensure the eventual disarmament of Hezbollah and the demarcation of Lebanon's borders with Israel and Syria.

The United Nations Interim Force in Lebanon, or UNIFIL, has had about 2,000 soldiers posted along the border for two decades. But Israel dismissed this force as insufficient to prevent Hezbollah from building up its fighters and weapons in the area and launching attacks on northern Israel. As a result, the cease-fire agreement provides for reinforcing UNIFIL by as many as 13,000 additional troops.

France has offered to lead the reinforced UNIFIL detachment and contribute troops. The French foreign minister, Philippe Douste-Blazy, after conferring with Siniora in Beirut, urged swift deployment of Lebanese army troops to provide reinforcement for the international peacekeepers as soon as possible.

Turkey also has offered to send troops. Its foreign minister, Abdullah Gul, also conferred with Lebanese officials in Beirut, along with the foreign ministers of Malaysia and Pakistan. Malaysia has said it, too, might send soldiers, along with Italy and several others. The Bush administration has said no U.S. troops will be involved.

Livni said that "Israel's enemies" should be prohibited from participating in a U.N. force.

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The governments that have expressed willingness to participate have demanded that the Lebanese army first get into place in cooperation with UNIFIL and that the United Nations work out a clear mandate for the newly expanded force, Lebanese officials said. The last thing anyone wants, they added, is for the foreign troops to be regarded as a hostile force by Hezbollah fighters, many of whom will remain in place in their border villages with their weapons in storage but ready to be used again.

The Israeli military has refused to say how many Israeli soldiers were in Lebanon during the fighting and how many remain. Israeli sources acknowledged that the absence of large columns withdrawing suggested that a force closer to 10,000 -- rather than the published estimate of 30,000 -- had been in Lebanon at the height of the conflict. In any case, said a military spokesman in northern Israel, Capt. Mitch Pilcer, most of those leaving now are reservists who had been called up for active duty.

During his stay in Beirut, Douste-Blazy called on Israel to lift its air, sea and land blockade of Lebanon so the Beirut airport and seaport can reopen for relief shipments and commercial traffic. Lebanese security forces should reinforce their monitoring of cross-border traffic to calm Israeli fears that Hezbollah could replenish its weapons stores, he said.

Syria, which borders Lebanon on the north and east, has been the main transit point for Hezbollah weapons, most of which come from Iran, according to Lebanese intelligence.

The blockade held up relief supplies, commercial imports and fuel for Lebanon's electricity generators during the conflict. Electricity has been rationed in most of the country for the last several weeks; the distribution network was largely destroyed by Israeli bombing in the south. Lebanese authorities announced Wednesday, however, that two tanker ships were on the way after long delays to deliver much-needed fuel for the generators.

In Israel, Defense Minister Amir Peretz created a committee to investigate Israel's conduct during the war, the Associated Press reported, quoting unnamed senior defense officials.

The committee, made up of business executives and retired generals, will be chaired by former army chief of staff Amnon Lipkin-Shahak and is scheduled to present its preliminary findings within three weeks, the news agency said.

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Lebanon Sends National Army To Patrol South (NYT)

By John Kifner And Robert F. Worth

The New York Times, August 17, 2006

BEIRUT, Lebanon, Aug. 16 — Lebanon's cabinet voted Wednesday night to send the national army into the south beginning on Thursday under a United Nations-mandated cease-fire, but finessed the delicate issue of disarming Hezbollah.

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The militia's fighters were not expected to resist the soldiers, nor to hand over their weapons. Instead, they probably would simply put their weapons into hiding and melt away into the civilian population.

The top Hezbollah field commander in the south, Sheik Nabil Qaouk, said as much.

"Just like in the past, Hezbollah had no visible military presence and there will not be any presence now," Sheik Qaouk told reporters in the hard-hit port city of Tyre.

He praised the army's deployment south of the Litani, but said Hezbollah would maintain its presence without publicly displaying its arms. He added that since there were still Israeli tanks in Lebanon, the guerrillas reserved the right to respond accordingly. A Hezbollah representative in Parliament, Hassan Fadlallah, was equally insistent, telling Al Jazeera television that his organization would not pull back over the Litani, that the fate of its arsenal was not open to public debate and that the army deployment had nothing to do with Hezbollah's presence.

Whether this approach would satisfy the terms of the Security Council resolution that calls for the disarming of nongovernment forces, particularly in the eyes of Israel, the United States and potential contributors to an international peacekeeping force, remained in doubt. In Israel, skepticism about the plan was evident. Nonetheless, the Israeli Army reported that it had started to hand over positions in southern Lebanon to United Nations troops.

Hezbollah guerrillas, known in Lebanon as "the resistance," have operated in the south for years. They are almost entirely local men hardened by 18 years of Israeli occupation after its 1982 invasion.

During that time, they lived and worked in their native villages, building an elaborate social-service network and extensive underground fortifications and stashes of modern weaponry that astounded Israeli in a month of bitter fighting. "No one knew they had these things, not the military, not the intelligence," said an equally astonished Lebanese Army general, speaking privately.

After the vote by the cabinet, which has two Hezbollah ministers, Prime Minister Fouad Siniora went on television with a lengthy, sometimes emotional, appeal for unity, expressing a wan hope that Hezbollah's arms would somehow disappear. The army deployment, he said, would end a "mentality of statelets."

"There will be a single state," he said, "with the sole decision-making power. There will be no dual authority. There will be no armed presence outside state authority," he said without referring to Hezbollah by name. "Any failure to carry out this right will risk our country's becoming the scene of regional and international conflicts."

In Israel there were, to say the least, strong doubts about the plan.

Danny Yatom, a Parliament member who is a former director of the Mossad intelligence service, said, "There is no doubt that Hezbollah must follow the decision in its entirety, and it is the responsibility of the Americans and the French as well as the other members of the Security Council and the government of Lebanon to bring about the disarmament of Hezbollah and have it driven up north past the Litani."

A Likud member, Yuval Stienmetz, said: "Whoever does not complete the annihilation of the enemy must not be surprised that the enemy does not volunteer to annihilate itself. Israel should have taken over southern Lebanon and cleaned out Hezbollah several weeks ago, and unless this is done now, Israel will be forced to do it sometime in the future."

Amid the growing debate in Israel over the handling of the war, Israel's defense minister, Amir Peretz, appointed a panel to investigate how the military and the ministry had performed. The panel will be headed by Ammon Lipkin-Shahak, a former army chief of staff, and will include a number of other retired generals.

Foreign Minister Philippe Douste-Blazy of France met in Beirut with Mr. Siniora to discuss the possible composition and dispatch of a strengthened United Nations force. France is expected to form the backbone of the force, but it is still uncertain what other nations will join the effort, which is expected to number about 15,000 troops. Some 45 countries have expressed interest.

In Berlin, the German government said it would not send troops but would provide policing for the Syrian border, naval patrols and engineers to rebuild bombed bridges. Many Germans have said their own history bars exposing their troops to potential combat situations.

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In the hard-hit Shiite suburbs south of Beirut, Hezbollah supporters fanned out to assess war damage. Around them, residents and visitors wandered in stunned silence through a charred, bombed-out landscape. Someone had hung a banner with the words "Made in U.S.A." over the ruins of a collapsed building.

Here and there, gunmen could be seen watching over the streets. But the group's army of civilian volunteers and its advance plans for rebuilding were far more apparent.

One man walked down a rubble-strewn street holding a stack of damage assessment forms. He carried a baseball cap with the name and symbol of Jihad al Binaa, the Hezbollah reconstruction committee. "This not overnight work," said the volunteer, a 30-year-old architect who declined to give his name. "The work being done now was prepared over the past month, with the collaboration of architects and engineers."

His map included numbers for each building on the small sector he had been assigned. There were forms for each building, with spaces for the names of every resident and a description of damage to the units and needs. Photographs were being taken, to be used as comparison after the rebuilding has been done, he said.

He is one of 250 to 300 architects and engineers who are already assessing damage, the architect said, and the group hopes to finish 70 percent of its assessments in the Dahia, or Shiite suburban area, by the end of the week. Then will come the second and third phases, he said, in which the group will reimburse residents for damage, and start rebuilding.

The plans also include a strong dose of publicity for Hezbollah. A few blocks away, volunteers had set up a tent and plastic chairs for the news media, and Ghassan Darwish, the group's Beirut information officer, was giving interviews.

The group divided the Dahia into 70 districts, each with two to four buildings in it, Mr. Darwish said. The goal was to get people back into their homes, or into alternative houses, or to give them enough cash to rent another apartment, within 72 hours, he said. In the meantime, a team of architects was being assembled, he said, from Dubai, Qatar, Egypt and Syria as well as Lebanon, to reconstruct the entire Dahia within a year. The money, he said, was coming from "people who hate Israel and believe in the resistance."

"There is contact between us and the government," Mr. Darwish said. "But we won't wait for the bureaucracy. These are the people who protected the resistance, and we believe they have the right to roofs over their heads within 24 hours."

Down the street, Amina Qausan, a 39-year-old shopkeeper in a gray abaya, looked through the ruins of her clothing store. The floor was littered with glass and rubble, and the walls had come down in the back of the shop. The women's dresses she sells were covered with dust.

"There has been no theft, and this is because of the good men of the resistance," she said. "In every place there are people who commit crimes, but with Hezbollah patrolling that cannot happen."

At least 200,000 people have already returned to the Dahia area, said Robin Lodge of the United Nations World Food Program, which is providing aid throughout Lebanon.

Although Hezbollah is aiming to draw new support with its rebuilding campaign, some say the group could suffer as the reality of the war's damage sinks in with suffering Shiite families, most of them poor.

"For the next two or three years, Hezbollah will be like the Salvation Army, tied up in rebuilding," said Michael Young, the opinion editor at The Daily Star, an English-language newspaper published in Beirut. "But the party cannot put Shiites through such trauma again for the foreseeable future, maybe a decade, which means its ability to attack Israel will be limited. The reason Hezbollah is so eager to rebuild is that they know the condition of Shiites today could turn the community against them if it's not dealt with effectively."

Lebanese Decry Lack Of U.S. Humanitarian Aid (WSJ)

By Jay Solomon And Sally Beatty

The Wall Street Journal, August 17, 2006

International aid is starting to flow into Lebanon as a three-day-old cease-fire takes hold, but U.S. hopes of winning the peace are plagued by logistical hurdles, political tensions and an absence of cash from Western sources that could ultimately undermine the war-ravaged country's rehabilitation.

The World Food Program, the humanitarian-aid arm of the United Nations, has managed to get some of its first convoys into hard-hit south Lebanon. But the group said its delivery efforts could soon grind to a halt for lack of money: It has raised less than half the $21 million it says it needs to help roughly one million displaced Lebanese. U.S. aid groups have also struggled to raise money, with corporations and individuals donating far less than they have in response to recent natural disasters.

The lack of public and private American largess has bred bitterness among some Lebanese officials. They say that compared with the massive amounts of money Iran has funneled into southern Lebanon through its Hezbollah allies, the response from the U.S. and other Western nations has been negligible. In the battle for regional influence, these officials say, Tehran and its theocratic leaders are clearly trumping the Bush administration.

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The Americans "ask us to do a lot, and they don't help us to do it, which is so different from what the Iranians have done to help Hezbollah," Lebanon's interior minister, Ahmad Fatfat, said in a recent interview. "Our people are comparing what the Iranians are doing and the Americans are doing for their friends."

Arab governments also have helped make up for the small amount of Western aid. Saudi Arabia provided Beirut with $1.5 billion of financial assistance and reconstruction aid, while Kuwait has chipped in more than $800 million. The United Arab Emirates, Jordan and Egypt have also been central in supplying logistical support to the Beirut government.

Private groups in the U.S., meanwhile, have raised far larger sums for relief efforts in Israel, where a half million people were displaced by rocket barrages -- though the physical damage was far less extensive than in Lebanon, and nearly all can now return to their homes. The United Jewish Communities, comprising 155 Jewish federations across the U.S., has raised more than $187 million since July 17. One member group, the UJA-Federation of New York, raised $20 million in an hour on its first day of fund raising, officials from the group said.

Glenn Rosenkrantz, a UJC spokesman, said the group's fund raising is helped by its ability to tap into existing donors ready to step up "when Israel is under attack." He said the group helps all Israelis, including Arab and other minority communities victimized by many of Hezbollah's recent missile attacks into Israeli cities.

Getting aid and reconstruction funds to the Lebanese government is crucial to more than just the Lebanese victims of the war. Under the United Nations-brokered cease-fire, the international community has told the Lebanese government to undertake the tricky task of disarming Hezbollah, a Shiite Muslim group with political, social-services and military wings. The group is extremely popular and a social force, especially among Shiite communities in the south. The government will need all the political capital it can accrue in the communities hit hardest by the war.

Yet for Lebanon, where the damage is estimated by the government at $15 billion, getting humanitarian relief into the country and in the hands of displaced citizens has been very difficult since the hostilities began last month. Both solicitations for aid and delivery have been hampered by the political complexities of the war, which pitted Israel, with its strong support base in the U.S., against Hezbollah, which is designated a terrorist organization by the U.S., Europe and Israel.

From the very first days, the nature of the fighting seriously hamstrung relief efforts. Hezbollah fired many of its rockets at Israel from civilian centers and made stands against the Israeli military from inside southern Lebanese cities. Israel relentlessly bombed population centers and civilian structures in an attempt to hit Hezbollah's fighters there. Israel, concerned about Hezbollah receiving new supplies of arms, also bombed nearly every roadway and bridge that aid convoys could use to reach refugees in the southern part of the country, regularly refused aid groups' requests to allow them safe passage to the south and targeted truck traffic.

Washington also delayed the response of groups such as USAID, the humanitarian relief arm of the State Department, when it waited almost two weeks before designating the war a humanitarian emergency on July 25. That designation often happens within hours or days of a major population displacement during a war or natural disaster, a number of aid officials say.

All that has left some aid groups and the Lebanese government sharply critical of Israel and the U.S. "The U.S. government should have weighed in much earlier and heavier to obtain a cease-fire and open humanitarian corridors to deliver assistance to people affected by the war in Lebanon," said Peter Gubser, president of American Near East Refugee Aid, which works in Israel, the West Bank, Gaza, Jordan and Lebanon. Anera has received $400,000 in cash so far for Lebanese aid, plus a commitment for an additional $500,000. It has also delivered $2.5 million of donated medicine; a further $5 million in such supplies are due to arrive in Beirut this weekend.

A State Department official said allegations that the U.S. has been slow to react are unfair. "It was a highly fluid situation in the middle of a combat zone," said one official. He added that the U.S. was also eager to create ways for aid to get through, and that Washington was quick to "express to the Israelis their need for caution and not to harm civilians."

But relief problems haven't eased with the fighting's end. While convoys have been able to inch along, they have to navigate bombed-out roads and use makeshift bridges to get to the hard-hit south.

Lack of access to the south has also helped slow fund raising in indirect ways. International aid workers say many groups are refraining from general appeals to donors until they have had a chance to thoroughly assess needs on the ground.

"A war raises less money than a natural disaster," said Adrienne Leicester Smith, a spokeswoman for Oxfam America in Boston. So far, Oxfam America has received about $30,000 from U.S. donors for humanitarian aid to Lebanon.

Other aid groups have raised funds as well. The American Red Cross has raised $79,906.89 for humanitarian aid to Lebanon through Aug. 10. It has also sent an "initial" $500,000 to the International Committee of the Red Cross, which supports the Lebanese Red Cross's medical and ambulance services, as well as providing other supplies on the ground.

Mercy Corps said it has raised about $1.2 million in aid for Lebanon from U.S. individuals, corporations and foundations, and about $4 million from various U.S. and European Union government sources. World Vision, a Christian relief group, raised $613,226 as of Aug. 14, including $238,226 in private donations from individuals and a $375,000 grant for Lebanon from a

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foundation that insisted it remain anonymous because of the "highly politicized nature" of the war, said Steve Panton of World Vision.

But the sums are moderate compared with those collected after recent wars and natural disasters. The American Red Cross, for example, raised $574.7 million for the Asian tsunami through the end of June of this year.

In other war-related crises, including Iraq, where the U.S. has committed billions of dollars to rebuilding efforts, "the U.S. government has promoted humanitarian aid as an arm of foreign policy," said Mr. Panton. The U.S. government has committed to sending $50 million for Lebanese aid.

Looking ahead, many U.S. aid organizations say their drive to help rebuild Lebanon could be complicated by the State Department's designation of Hezbollah as a terrorist organization, which bars them from providing any financial assistance.

Hezbollah Leads Lebanon Cleanup (LAT)

By Bruce Wallace

The Los Angeles Times, August 17, 2006

AITA SHAAB, Lebanon -- To enter southern Lebanon these days, you drive down roads where traffic is directed by young men in gray Hezbollah civil-defense-corps T-shirts, and past bulldozers from the Holy War for Reconstruction Company.

Only days after guns fell silent, Hezbollah has emerged as the lead player in the cleanup in the towns and villages of southern Lebanon. It has the volunteers, owns the equipment, and has spent years burnishing its image as the champion of ordinary people, from poor tobacco farmers to doctors and lawyers, who see Hezbollah as much more than a militia.

Men who were fighting Israeli troops a few days ago are working beside the Lebanese Red Cross on the grisly job of pulling bodies from the rubble.

Nowhere across this blasted, pitted landscape is there any sign of the Lebanese government, or its authority.

"There is no government here," said an agitated Abdul Muhsen Husseini, president of the Union of Municipalities of the Tyre region -- the man who is supposed to be in charge -- as he handled requests in his office from a stream of petitioners asking for money to buy medicine and what to do with the dead.

"We asked the government in Beirut to accompany the returning people to their villages, to repair water and prepare the roads. They said to me: `God willing, we will come.' And they didn't come."

The Lebanese army was scheduled to cross the Litani River into southern Lebanon on Thursday morning, under a Security Council resolution that demands Lebanese forces take up positions in the south and Israeli troops withdraw.

The Israeli Army announced that it had transferred several positions to U.N. troops, and that the withdrawal process was under way.

In Beirut, the Lebanese Cabinet issued a statement Wednesday saying it would "prevent the establishment of any authority outside the state" in southern Lebanon, and vowed to hold a monopoly on carrying weapons.

On the ground in southern Lebanon, it is the Shiite Muslin organization Hezbollah, emerging from a month of ferocious fighting with its micro-state of health, education and civil services apparently intact, that calls the shots.

The civilian face of Hezbollah re-emerged quickly after the cease-fire began Monday, when the business of cleaning up from war supplanted the carnage of waging it.

"We are not terrorists," said Faras Jamil, 39, a restaurant owner who was helping the cleanup of the community center in this Shiite border town, its crumbled stones still tinged with what residents said were streaks of an Israeli soldier's blood. "My wife is Hezbollah," he said. "My children are Hezbollah. Hezbollah is all the people from this town."

While government officials complain that they are expected to clear shattered towns with nothing but shovels and a few small bulldozers, Hezbollah owns or is in the process of renting the necessary heavy machinery.

More important, it can draw on the manpower needed to get a start on the massive reconstruction job.

Those factors present a serious challenge to both the central government in Beirut and the Bush administration, which is scrambling to launch its own rebuilding effort and deny Hezbollah a public-relations dividend.

In Aita Shaab, a still-smoldering ruin just across the valley from Israel, a Hezbollah member in a Firestone baseball cap moved through the streets Wednesday with a videocamera to record the condition of each of the town's 700 houses. His survey divided them into buildings that were destroyed and those with only limited damage; he said Hezbollah construction officials would decide whether to fix or rebuild each house.

"That one has limited damage," said Abu Hassan, pointing to a two-story house that had gaping holes in the walls and was tipping precariously to one side. He categorized 85 percent of the houses in Aita Shaab as "destroyed." And that is just one town. Southern Lebanon is a travelogue of destruction: town after town pummeled by bombs and mortars that left them in shambles.

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The destruction will present an expensive bill for Hezbollah leader Sheik Hassan Nasrallah, who has promised to rebuild every shattered house and pay each displaced family's rent for a year while the rebuilding goes on. Families of those who were killed will receive salaries for life, Hezbollah members say.

It is not clear where the money will come from, but the Bush administration has accused Iran of bankrolling the group for years. Iran denies the charge.

Critics portray Nasrallah's offering as a balm to the civilian victims of this war, to stave off a political backlash from those who have seen friends and family killed during the Israeli bombardment, which Israel said was aimed at suppressing Hezbollah rocket fire.

But even critics acknowledge Hezbollah's strategic savvy.

"I was not surprised (by this tactic), because I have seen them do it before after previous wars in 1993 and 1996," said a senior United Nations observer in the south who did not want to be quoted by name. "And they will do it again: rich Shiites from outside Lebanon will fund it. And Hezbollah has the manpower."

In his office in Tyre, Husseini, the regional government official, begrudgingly credited Hezbollah and its Shiite allies in the Amal militia.

"At least they are on the ground helping," he said. "If you call them at midnight, they come out to help. They are the government."

Hezbollah Workers Rush To Help Victims Rebuild (USAT)

By Rick Jervis

USA Today, August 17, 2006

NABATIYEH, Lebanon — Two days after agreeing to a cease-fire to end 34 days of fighting with Israeli forces, Hezbollah deployed its army of social workers and engineers throughout this southern Lebanese city.

They visited wrecked homes and businesses, surveyed damage, gave compensation estimates and coordinated relief efforts with city officials. “Hezbollah workers were here even before the bombing stopped,” said Mustafa Badreddine, 50, the mayor. “They have offices here. They have municipal resources. And the people trust them.”

The Shiite Muslim militia's network of social workers serving its mostly Shiite following rivals the group's military component. The assistance is a cornerstone of Hezbollah's strategy to gain popular support.

Sheik Hassan Nasrallah, the group's leader, has pledged to help rebuild the homes lost during the month-long war. He didn't specify the source of the funding. Hezbollah also is helping residents coordinate reconstruction efforts with assessments and contractors, Badreddine said.

Nabatiyeh, a city of 60,000 about 35 miles south of Beirut, lost 270 homes and businesses to Israeli airstrikes, the mayor said. Some cinder-block homes were cut in half or had their front walls sheathed off. Others were pounded into thigh-high heaps of jagged concrete.

Zuhair Nahle, 37, a civil servant, was asleep on July 16 when a rocket slammed into his three-story home. He said it sent him flying across the room. He was stunned but otherwise unhurt. Nahle and his family moved to a nearby village to wait out the war with relatives. Four more rocket attacks later in the month reduced his home to rubble, he said.

On Tuesday, the second day of the cease-fire, Nahle said Hezbollah workers visited his ruined home, surveyed the damage and promised to call soon to tell him how to receive money for repairs.

As a backhoe chewed through the remains of his home, Nahle said the destruction he suffered was worthwhile. “Sayyed Hassan gave us a victory,” he said, referring to Nasrallah's honorary title. “We beat the strongest army in the Middle East. Even if they kill our women and children and parents, we will still support him.”

Like its military wing, which relies on secrecy to prevent infiltration by outside agents, Hezbollah engineers avoid contact with strangers. They were not seen when reporters toured the city.

Badreddine explained how they work. He said a team of up to five workers is assigned to a city district. They coordinate efforts with a local contractor and city officials. Workers at the contracting firm declined an interview request. They said only designated Hezbollah leaders are authorized to speak to the news media.

After visiting sites and making assessments, the workers connect residents with contractors, who begin rebuilding, Badreddine said. He said the Hezbollah teams out-hustle and out-finance government officials working on the same task. “The government is waiting for Hezbollah to give them the information,” the mayor said. “If you let the government do it, half the money will go into their pockets.”

Farther south and closer to the front lines where Hezbollah guerrillas fought Israeli tank divisions last week, Hezbollah's work is heavier. Two-story homes are smashed into piles of rubble, bridges are blasted apart and roads are riddled with 20-foot craters from Israeli rocket strikes. In Srifa, a village just south of the Litani River, entire blocks of concrete homes are leveled.

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In nearby El Ghandouriye, Jamal Deeb, 40, a taxi driver, said he watched from his balcony last week as Israeli and Hezbollah forces fought in the valley below. He evacuated to a nearby village before his home was destroyed by rockets.

On Wednesday, two Hezbollah workers he had never seen before showed up at his home, surveyed the damage and told him to expect a call soon from a team of engineers, Deeb said.

"Even if there's only a piece of rock left standing in my home, it's no problem," he said. "The most important thing is victory. Praise be to God."

Hezbollah Takes Lead In Rebuilding (WT)

By David R. Sands

The Washington Times, August 17, 2006

Hezbollah leaders vowed this week to lead the reconstruction of Lebanon but insisted that they will hold on to their guns as they rebuild their shattered homeland -- a neat symbol of the checkered and contradictory role that the Islamist movement has played almost since its inception.

The militant Shi'ite group pulled off a string of spectacular attacks on U.S. and Western military and diplomatic sites in the 1980s, and launched bloody attacks on the Israeli Embassy and a Jewish cultural center in Buenos Aires in the 1990s. It trains and equips Palestinian militant groups targeting Israel. Hezbollah now stands accused of provoking a monthlong war with Israel that has left much of Lebanon in ruins and hundreds of civilians dead on both sides of the border.

Deputy Secretary of State Richard L. Armitage in 2002 deemed Hezbollah the "A team of terrorists" -- ahead of al Qaeda -- and the group has long been on the State Department's official list of foreign terrorist organizations. It has close ties to Iran's Islamic republic and cites the late Ayatollah Ruhollah Khomeini, who was virulently anti-U.S., as a prime ideological inspiration.

Hezbollah is even credited with pioneering the modern use of suicide bombers, a tactic adopted by al Qaeda operatives, Sri Lankan rebels and Sunni insurgents in Iraq, among others.

Terror analysts say another side to Hezbollah makes a simple policy of eliminating the group problematic.

Despite its bloody past and its often antagonistic relations with the government in Beirut, Hezbollah has participated in Lebanon's political system for more than a decade as the acknowledged representative of the country's Shi'ite Muslims. It holds 14 seats in the Lebanese parliament and two Cabinet posts.

Hezbollah operates hospitals, social-service offices, clinics and schools across Lebanon -- many funded by Iran -- creating a welfare network widely considered more effective and efficient than that of the central government's.

The shaky cease-fire imposed by the United Nations has inspired a race between Lebanon's Western allies and Hezbollah over who can be the "hero of the reconstruction," said former State Department peacekeeping specialist James Dobbins, now a security analyst with the Rand Corp.

"Right now, I'd say Hezbollah is clearly in the lead," he said.

Despite the terrorist designation, Hezbollah leader Sheik Hassan Nasrallah has sharply criticized al Qaeda, a radical Sunni Muslim organization, and denounced the September 11 attacks. The State Department reports that the last major Hezbollah-linked terrorist operation that targeted the United States occurred 21 years ago with the hijacking of a TWA flight in which a U.S. Navy diver was killed.

Both Russia and the European Union have declined to place Hezbollah on their lists of acknowledged terrorist organizations.

"Making sense of [Hezbollah] is a challenging and ... uncertain science," says a report on the war in Lebanon by the International Crisis Group, a private think tank based in Brussels. "The movement has joined the government and is ever more present in the political system, yet at the same time, it increasingly perceives that system as tainted from the inside."

While pushing for more seats in the Cabinet and running more candidates for the National Assembly, Hezbollah "determined to maintain its image as a national movement and is as committed as ever to its revolutionary agenda," the report says.

Complicating the task of the planned international peacekeeping force proposed for southern Lebanon is the fact that Hezbollah is widely seen in the victor in the recent conflict, having held its own against the powerful Israeli military.

Retired Lt. Col. Mike Bailey, a former top Pentagon adviser on peacekeeping missions, said Hezbollah's strength on the Lebanese political landscape makes it vital that any long-term strategy for Lebanon accommodate the group's interests and demands.

"For these Hezbollah fighters, their weapons right now are the source of their authority," he said. "We have to give them a reason to break with that."

Israeli Politicians' Popularity Falls In Wake Of War (FT)

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By Sharmila Devi

Financial Times, August 17, 2006

The Israeli politicians most closely associated with the conflict in Lebanon on Wednesday saw their popularity ratings further eroded amid intensifying demands for an official inquiry into the war's management.

In the early days of the conflict with Hizbollah, Ehud Olmert, prime minister, and Amir Peretz, defence minister – both of whom have little military experience in contrast to many previous Israeli leaders – saw their ratings rise.

But Mr Olmert's approval has fallen to 40 per cent from 78 per cent at the height of the war and Mr Peretz to 28 per cent from 61 per cent, according to a poll by TNS-Teleseker published on Wednesday.

The 34-day conflict ended with a shaky ceasefire that came into force on Monday.

In a separate poll, 70 per cent of Israelis were opposed to the ceasefire, which did not include the return of the two soldiers captured by the militant group – the incident that sparked the crisis. Two-thirds of those polled also backed an official inquiry into the war's management, according to the Dahaf Research Institute.

The criticism came as Israel said it would not fully withdraw from southern Lebanon until the deployment of the Lebanese army – which was agreed by the Lebanese cabinet on Wednesday night – amid growing disquiet among many Israelis who believe further conflict with Hizbollah is inevitable.

Dan Halutz, Israel's chief of staff, said the army was prepared to keep troops in southern Lebanon for months if it took that long for local forces to deploy. Just 24 hours earlier Lt Gen Halutz had said the withdrawal could be complete within seven to 10 days.

In the meantime, Israeli media reflected internal divisions about the conduct of the war, with most outrage focused on Lt Gen Halutz's decision to sell his stock portfolio hours after Hizbollah captured two Israeli soldiers on July 12, triggering the Israeli offensive.

Lt Gen Halutz said on Wednesday: "If the Lebanese army does not move down within a number of days to the south . . . the way I see it, we must stop our withdrawal."

He attacked the Israeli media over its fierce criticism of his personal financial transactions. He admitted he sold Shk120,000 ($28,000, €22,000, £15,000) of stocks on July 12, hours before the start of the army's offensive, including the bombing of Beirut airport. But he said the sale could not be linked with the war.

One of the few voices in his defence was Tzachi Hanegbi, a member of the Israeli parliament who faces legal charges of giving government jobs to friends without suitable qualifications.

"The feeling is that a culture of passing judgment has developed among us . . . a fashion that is befitting the operators of the guillotine during the French revolution and not [befitting] our culture," Mr Hanegbi was quoted as telling parliament's foreign affairs and defence committee. He is chairman of the committee.

Israel's economy suffered a 1 percentage point fall in gross domestic product to 4 per cent this year as a direct result of damage to tourism and industrial activity because of the conflict, according to an estimate by the Bank of Israel.

In the longer-term, Mr Olmert's Kadima party appeared bereft of a political platform given the strength of parliamentary opposition to his election campaign to unilaterally withdraw from parts of the West Bank if talks failed.

Abducted Soldiers Are Still Missing (LAT)

By Henry Chu

The Los Angeles Times, August 17, 2006

NAHARIYA, Israel -- The guns have stopped smoking and the troops are trickling home. But among those preparing to return, two Israeli soldiers are most conspicuous by their absence.

They are Ehud Goldwasser and Eldad Regev, and it was in their name that Israel went to war in Lebanon five weeks ago. The mission, officials declared at the time, was clear: to rescue the two young reservists, who were captured July 12 while on border patrol by Hezbollah guerrillas.

Now, as a tenuous cease-fire takes hold, the people of this tiny country are faced with the painful realization that their army, the most powerful in the Middle East, failed to achieve that objective, despite more than a month of bloodshed and grievous losses on both sides.

The missing soldiers' families are determined that the fate of their loved ones does not get lost in the vortex of debate and recrimination now swirling in the corridors of power, where the young men's predicament has, at times, been drowned out by talk of political issues such as the disarmament of Hezbollah and the mandate of United Nations peacekeepers.

The missing soldiers' families are determined that the men are not forgotten amid the debate and recrimination now swirling in the corridors of power. Their predicament has, at times, been drowned out by talk of political issues such as the disarmament of Hezbollah and the mandate of United Nations peacekeepers.

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"The cease-fire was a disappointment for us; our brother was left in Lebanon," said Benny Regev, the eldest of four sons. Eldad was the youngest. "All our soldiers that are in left in Lebanon will come home in a few weeks. Our brother will stay there, in the hands of the Hezbollah."

On Wednesday, Israel's foreign minister called on the Shiite Muslim militant group to release the two captured soldiers.

At the same time, Defense Minister Amir Peretz, whose performance has drawn sharp criticism at home, appointed a committee to investigate the government's conduct of the war and the military's preparedness amid complaints of inadequate equipment and poor coordination.

For many Israelis, it is the continued captivity of Goldwasser, 31, and Regev, 26, that resonates most deeply in a nation whose reverence of its military is almost impossible to overstate.

The role of Jewish armed fighters in the battle for statehood, the compulsory army service for all young Israelis and a fierce military ethos of no soldier left behind have lent the Israel Defense Forces almost mythic status here. Israelis do not speak of "our soldiers" in battle; they speak of "our sons."

Concern has thus arisen in some quarters that the plight of the two captured men, the stated cause of the war in the first place, received short shrift in the negotiations leading to the cease-fire and in the final U.N. resolution ordering it. Although the measure calls on Hezbollah to set free the soldiers, it lays out no timetable, no procedure and no binding conditions for that to happen.

A poll in Israel on Wednesday showed that 70 percent of respondents were against a diplomatic settlement that did not guarantee the soldiers' release.

"Personally, I believe there is no war-prisoners exchange or kidnapped-persons exchange before a cease-fire. So a cease-fire is a first positive step in bringing back my son," said Shlomo Goldwasser, 59, who with his wife raised Ehud and two younger sons in this northern Israeli city, on the Mediterranean coast.

"I hope my government will act correctly in getting him back," he added. "They promised they would. I didn't send my son there."

The Maariv newspaper reported that Prime Minister Ehud Olmert is considering offering 13 captured Hezbollah fighters and an unknown number of bodies of dead militants as a trade for the two Israeli soldiers. He also has appointed a close confidant to take charge of the negotiations.

Officials have advised the families that the back-channel talks are best kept quiet. But the relatives have no intention of letting the public conscience lose sight of the obligation owed to their vanished sons, even though official rhetoric about the war has shifted and expanded over the past several weeks to include other rationales, such as the need to crush Hezbollah, besides the original casus belli of rescuing Goldwasser and Regev.

"What it (falls) to the government to do, I'll let them do it. I trust my government," Miki Goldwasser said of official efforts to free her son. "On the other hand, I will keep speaking out to the media about it. I won't let it fade."

For Many Israelis, A Bitter Homecoming (WP)

By Doug Struck

The Washington Post, August 17, 2006

METULA, Israel, Aug. 16 -- From her dining room window, Zvia Drori looks into Lebanon, less than a mile away from this border town, and sees the yellow flags of Hezbollah stirring slightly in the hot sun. For Drori and her neighbors, the banners seem to taunt Israel for its failure to wipe out the Shiite militia.

"I don't want to stay here anymore," said Drori, 60, who came home Tuesday after fleeing for a month to Tel Aviv. "You see my beautiful view. But you still see Hezbollah."

Thousands of Israelis are returning now to their homes near the Lebanese border. They are bitter and angry about what many call a futile war, and what others call an outright loss.

"Israel lost big-time," said Ravit Ben-Simon, 25, glumly reopening her cellphone store on Wednesday in nearby Kiryat Shemona. "It wasn't a worthwhile war at all. It all started because of the kidnapped soldiers. Where are they now? Still kidnapped. It was all for nothing."

That view was reflected in a national poll released Wednesday, showing that public support for the government of Israeli Prime Minister Ehud Olmert has plummeted. The poll by the Maariv newspaper showed that Olmert's support had dropped from 78 percent on July 19, shortly after the war began, to 40 percent.

Here in what Israelis call the "frontline towns" -- the kibbutz farming communities of the settlers who arrived decades ago and the hardscrabble towns that became home to immigrants -- the view is harsh. The rain of Hezbollah rockets emptied these places, sending most residents fleeing to the south and forcing the remainder into grim bomb shelters in their basements.

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They emerged with Monday's cease-fire to sweep up the broken window glass, haul away the burned cars and -- in Kiryat Shemona on Wednesday -- bury the dead. Hundreds of residents watched in the cemetery as uniformed soldiers fired a formal salute for Sgt. 1st Class David Amar, 24, a local who had been called up for the reserves. He was killed in Lebanon by an antitank missile Sunday, the day before the fighting stopped.

"He was always smiling. So happy," said a red-eyed soldier who would not give her name. "Was the war worth this? No. We don't think so."

Israel Television on Wednesday aired interviews with returning reservists offering scathing criticisms of the army, complaining that supplies and armaments were missing, orders were confused, and food and water were in short supply.

During the war, 118 Israeli soldiers and 39 civilians were killed. More than 5,000 were injured, and at least 12,000 homes were damaged. Estimates of the civilian death toll in Lebanon range from about 700 to more than 1,000, and Israeli bombardment left a path of destruction in southern Lebanon that is unmatched here.

But for Israel, accustomed to military domination of its Arab foes, the failure of its army to crush Hezbollah, or even to reduce the shelling, was a bitter pill.

"Our government was unprepared. They didn't know what they were getting into," said Gital Lahyani, 36, as she reopened her cafe in Kiryat Shemona. "The situation is even worse now. Now the Lebanese, and the Syrians and the Iranians, perceive us as weak. It just set the ground for the next war."

Lahyani, who had left Kiryat Shemona with her three children during the fighting, said her Mon Cheri cafe lost its crucial summer business, when thousands of tourists typically come to the cooler hills of northern Israel.

"Usually, at this time, you have to wait a week for a table" at her restaurant, she said. The government will reimburse her about $2,500 for her losses; she figures she lost closer to $25,000. "For businesses like us, the war is just beginning," she said. "I don't think we can survive."

Across town, in a bleak stand of block-style apartments normally filled with immigrants sent here by the government, David Biton, 44, drew hard on a cigarette as he waited for the government assessors to look at the damage to his place. The tobacco smoke fought the foul odor of rotting trash. Outside his apartment, a chunk of asphalt was missing and the burned hulk of a car offered testimony of a Katyusha rocket's fall.

All but an estimated 3,000 of Kiryat Shemona's 24,000 residents had left. Biton had stayed. It was "like a Warsaw ghetto. It was a catastrophe," he said. Beneath his building, a few residents had huddled in the claustrophobia-inducing concrete shelter until the tension drove them out. A child's painted handprints were the only sign of cheer left in the place. Affixed to the shelter's steel door was a sticker, handed out early in the conflict by a newspaper company: "We will win," it boasted in patriotic blue.

"This war didn't do anything," Biton said, waving the cigarette in disgust. "We lost over 100 soldiers. . . . What did we do? We failed."

More civilians were killed in Lebanon, he acknowledged, but he noted that Israel had dropped leaflets in Lebanon, telling residents to leave before the attacks.

"I didn't get any leaflet from Hasan Nasrallah," he said, referring to Hezbollah's leader.

In Metula, Yitzak Ben-Nun, a 42-year-old factory worker, watched much of the fighting from his manicured and watered lawn overlooking a valley into Lebanon. "It was like a war movie," he said, but one with a bad ending.

"Hezbollah is like a cancer in Lebanon," he said. "We didn't get rid of it. We just pushed it around a bit."

Others tried to assess the conflict in a more positive way. "We didn't lose. But we didn't win, like we did in 1967," said an army major who gave his name only as Chi. He stood on a hilltop in Metula and looked toward the rocky hills of Lebanon, now devoid of Israeli soldiers in this area.

"We thought when we withdrew from Lebanon six years ago, everything would be fine. It wasn't," he said. "Was it worth the price? I don't know." He shrugged. "Time will tell."

Haim Barbibay, the mayor of Kiryat Shemona, said more than 30 percent of the buildings in town had been damaged by more than 1,000 Hezbollah shells. But he said that if Israel had not responded to Hezbollah's seizing of two soldiers on July 12, the consequences would have increased.

"We had no choice but to do this war," the mayor said in the city cemetery, his voice low under the mourners' wailing that continued after Amar's funeral. "We should have done it three years ago. If not now, it would have been even worse later."

France To Lead UN Force In Lebanon (FT)

By Roula Khalaf, Martin Arnold, Jonathan Birchall And Neil MacDonald

Financial Times, August 17, 2006

France announced on Wednesday that it would take command of a strengthened United Nations force in Lebanon, throwing its weight behind the Lebanese government's plan to send its army into the south of the country on Thursday.

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The decision by Paris to accept a leading role in the peacekeeping force is an important boost for the UN, which meets on Thursday in New York to finalise the operational details of its new Middle East peace plan.

Michele Alliot-Marie, France's defence minister, said on Wednesday night that Paris would continue to lead Unifil, the UN's existing force in Lebanon, even after it was significantly reinforced, at least until its mandate expired in February.

Her announcement came after the Lebanese cabinet approved a plan to send the army to the south of the country as required by the UN ceasefire resolution, paving the way for the deployment of international forces and full withdrawal of Israeli troops.

However, Ms Alliot-Marie warned the UN must learn from the mistakes of previous peacekeeping operations and give the new 15,000 strong force a "very precise" mission with "sufficiently important" resources, or it risked being a "catastrophe".

The first official commitments to the UN force in southern Lebanon are expected to emerge from a meeting in New York today, at which it will lay out the operational structure and rules of engagement of the new enhanced version of Unifil.

France, the former colonial power in Lebanon, is expected to provide the biggest contingent of 2,000 to 4,000 troops. Ms Alliot-Marie said she hoped as many European and Muslim countries would take part, adding that Malaysia, Indonesia, Brunei, Turkey and Australia had already agreed in principle.

The Lebanese government's decision to send in troops came after an apparent compromise was reached with Hizbollah, the Shia militant movement that fought Israel's month-long offensive, over the group's military presence in a southern buffer zone demanded by the UN ceasefire decision.

The government on Wednesday said the army would be the only military authority in the 20km area south of the Litani river and would not allow the presence of any armed group – but it also made clear that there would be no confrontation with Hizbollah over its weapons.

But Sheikh Nabil Kaouk, a top Hizbollah leader in the south, suggested earlier the deal with the government did not include disarming the group south of the Litani river, but rather ensuring that Hizbollah weapons were kept off the streets. "The resistance, as before, will not show its weapons in the south," he said.

Paris Sees Lebanon Role As Big Gamble (FT)

By Martin Arnold, Roula Khalaf, Jonathan Birchall, And Neil MacDonald

Financial Times, August 17, 2006

France's decision to take command of a beefed-up United Nations force in Lebanon is being viewed in Paris as a high-stakes gamble that could salvage the end of Jacques Chirac's presidency, but could also end in bloody failure.

Western diplomats said that Thursday's dispatch of Lebanese troops and the agreement of the French government to maintain leadership of Unifil, the UN's existing presence in Lebanon, would accelerate the deployment of the international force.

But one diplomat in Beirut warned that a failure to remove Hizbollah's arsenal of rockets from the area close to the Israeli border would be a damaging fudge. "This would leave incredible instability, with the potential for conflict this year or next."

Wednesday's decision by the Lebanese government to send its troops into the south of the country – previously occupied by Hizbollah and now largely held by Israel - followed the visit of Philippe Douste-Blazy, the French foreign minister.

Paris has been pressing for the disarmament of the Shia group in the south before making a firm commitment on contributions to the international force.

Mr Chirac's ailing government has been given a boost in opinion polls ahead of next year's elections reflecting its high-profile involvement in resolving the Lebanon crisis. But analysts in France are warning of the risk of getting bogged down in an impossible peacekeeping operation.

"Morally laudable, this initiative is strategically dangerously and seemingly doomed to failure," said Etienne de Durand, analyst at France's institute of international relations, in Le Figaro.

Memories are still fresh terrorist attacks in 1983, when 58 French paratroopers were killed at their Drakkar base in Beirut and 241 US marines died in a similar attack in the capital, both attributed to Hizbollah. Mr de Durand warned the UN force would be "at the mercy of a new 'Drakkar'".

But Lebanon's government seemed to have done enough on Wednesday to convince France it was committed to disarming Hizbollah. However, the militant Shia group, which is a member of the government, showed no sign of wanting to put down its weapons, suggesting it would hide them instead.

"There will be no authority or weapons other than those of the state," Ghazi Aridi, the information minister, said. "If any weapon is found, even the brothers in Hizbollah have said 'Let it be in the hands of the army. No problem'."

Dan Halutz, Israel's chief of staff, on Wednesday said the army was prepared to keep troops in southern Lebanon for months if it took that long for local forces, backed by international troops, to deploy there.

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One senior European diplomat said he expected the first French troops to arrive in Lebanon next week, with the rest of the initial force deployed "within two weeks".

Michele Alliot-Marie, France defence minister, said in a televised interview on Wednesday night: "France is asking for more resources. When we give difficult missions to armies we must also give them the material and legal means to accompany that."

One French official played down rumours that France could send as many as 5,000 troops to the planned 15,000-strong new force. He said the 250,000-strong army was already stretched by its commitments around the world, including in Afghanistan, Kosovo, Haiti, Gabon and Ivory Coast.

Discussions are also continuing on providing support for moving Lebanese army units south, including help with replacing damaged bridges, and the possible use of foreign navy vessels to transport troops to Tyre.

John Bolton, US ambassador to the UN, said the US, with Britain, France and others, "would wish to assist the Lebanese forces, and steps are under way to see if that can be done".

The UN resolution gives the Lebanese army responsibility for disarming Hizbollah south of the Litani river, but it also gives the planned 15,000 strong international force

Additional reporting by Ferry Biedermann in Tyre

South Lebanon Towns Reclaim Their Dead And Hold Funerals (NYT)

By Hassan M. Fattah

The New York Times, August 17, 2006

HALUSIEH, Lebanon, Aug. 16 — For weeks the bodies were symbols of the helplessness many felt in the face of Israel's bombs.

But on Wednesday, Lebanon's dead became symbols of closure as towns and villages throughout the south began burying their loved ones.

Families mourned for relatives and towns honored the bodies of Hezbollah fighters in ceremonies in the rubble-strewn villages of the south, vowing never to forget the price they paid in the fight against Israel.

In Halusieh, about a 30-minute drive east of Tyre, residents carried the coffins of 11 men, women and children through town before holding an emotional ceremony led by a prominent sheik whose relatives were among the dead.

In Shabiye, hundreds marched behind the coffin of Mostafa Rakin, 16, a Hezbollah fighter who died in a firefight with Israeli soldiers on Sunday. In other towns and villages, bodies uncovered in the rubble were buried in solemn ceremonies.

Health officials on Wednesday began releasing bodies from the main morgue in Tyre, calling on families to begin burying their loved ones in their home villages instead of a mass grave near the morgue, where more than 200 others have been buried until families can claim them.

The bodies, some in pine coffins and others wrapped in blankets, were given their last respects and buried in open fields and cemeteries on Wednesday afternoon, some beside the graves of fighters from wars past, others beside relatives.

The largest funeral was in Halusieh, where the bodies of five members of the Mouanes family and six members of the Hamed family were cleansed and wrapped for burial in a makeshift mortuary on Wednesday evening.

All 11 were killed on July 24, when Israeli warplanes bombed two houses in which more than 40 people had taken refuge. When one of the houses was bombed, the families inside escaped into the one next door, residents said. But minutes later, bombs struck that home too, killing most of those who had run inside.

Three generations of the Mouanes family were among the dead, including Kalthoum al-Haj Ali, 85, her daughter Nahya Mouanes, 65, and a granddaughter, Ibtisssam Khamees, 43, as well as Mrs. Khamees's nephew and niece. The wife of Sheik Muhammad Hamed, a village leader, was also buried in the rubble, as well as two of his sons and three of his daughters.

"We couldn't save our children and we couldn't feed our families," cried Wansa Mouanes, 40, as she marched in a funeral procession. When the bombs went off she scrambled to try to save her sister and relatives, but she was no match for the weight of the rubble in which they were buried. "If the Israelis thought they could force us to flee this way, they failed," she said defiantly.

The bodies lay there for three weeks before they could be recovered, Ms. Mouanes said, serving as a constant reminder of the tragedy here. Five were removed Tuesday and taken to the morgue, she said, and another six were dug out Wednesday. All 11 were buried together on Wednesday in a grave that had 11 compartments, one for each body, fashioned out of cinder blocks.

"Mama, listen to me!" Fatima Mouanes cried as several young men lowered her mother's body before her in the mortuary. "We are thinking of you. We will never forget you. Your death will not be in vain."

The crowd lifted the bodies on stretchers and in coffins and marched through the town's back streets as people looked on. A group of women who had gathered in a community center nearby threw rice at the bodies as they were carried past and soon fell into a loud wail.

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Minutes later Sheik Hamed, a portly man in his 50's, stood stoically before the bodies of his wife and children and called on the men in the crowd to open their hearts and pray for the souls of the dead, speaking in a matter-of-fact tone, as if praying for any other member of the community.

Then, one by one, the bodies were carried to the grave site yards away and lowered into each compartment, as Sheik Hamed guided the young men carrying the bodies and led further prayers.

"Bring me Abbas!" he said, speaking of the body of his 7-year-old son, which was lowered in.

"Now Khadija!" he shouted, as the body of his 6-year-old daughter was lowered in, the crowd breaking out in calls of "God is Great!"

"Now Zeinab here!" he exclaimed, speaking of his 22-year-old daughter.

When all the bodies were in place, the crowd broke into a final wail as the sheik dipped down to each body to read a prayer. When he reached his wife's body, he kissed the shroud wrapping her and stopped briefly, grimacing, then composing himself.

A tractor began scraping mounds of dirt into the grave, and within minutes the burial was over. As Sheik Hamed greeted well-wishers, he blessed them.

"The history of this town is built on resistance," said Adil Mahmoud, Halusieh's mayor. "Today we offered 11 martyrs, but we know we will continue to give more."

For War Reporters, They're The News (WT)

By Stephanie Mansfield

The Washington Times, August 17, 2006

Safari shirt? Check. Flak jacket? Check. Faux bronzer, Ray-Bans, camo pants, boots, laptop? Check.

Where there's a war, there are war correspondents. And during the past four weeks, with round-the-clock coverage of the skirmishes between Israel and Hezbollah, various faces have emerged as marquee players -- not only appearing on the daily news, but blogging on the various Internet sites and producing in-depth specials.

People such as CNN's Anderson Cooper (now in London for the foiled bombing plot), John Roberts and Brig. Gen. James "Spider" Marks, Fox News' Jennifer Griffin, NBC's Richard Engel, CBS' Lara Logan and, of course, the nightly news anchormen, including NBC's Brian Williams and CNN's Wolf Blitzer, have dropped in and out of the war zones.

"They look very crisp coming off the plane," said Mrs. Griffin, 37, a veteran reporter who was calling from Jerusalem. With all their sartorial on-air Audie Murphy gear, "It does look a little silly. I only wear a flak jacket when I know I need it."

Insiders refer to the newbies as "Katyusha catchers," ducking and weaving while sirens wail and their modern epaulets unravel, putting themselves in harm's way for the sake of a good live shot. "They're literally trying to get struck on air," Mrs. Griffin said.

Sometimes the fresh-on-the-ground correspondents can't tell one boom from another.

During one stand-up report from Israel, the correspondent yelled, "We've got incoming!" and ducked for cover.

His cameraman remained calm. "Dude," he said under his breath, "That's an F-16. It's outgoing."

Making your name while reporting a big story has become a surefire way to ascend the career ladder. CNN's Christiane Amanpour and Peter Arnett became world-famous in the early 1990s for their coverage of the Persian Gulf War. Ashleigh Banfield was a little-known reporter for MSNBC in New York when the terrorist attacks on the World Trade Center occurred on September 11. She won an Emmy for her work.

Certainly, there is jealousy and sniping among the pack covering Israel vs. Hezbollah, but for the most part, the journalists say they are too tired to do anything but work. "It's beyond exhausting," Mrs. Griffin said. "And there's no end in sight."

Still, it's what they want.

"I've always had the drive and desire to be at the center of a big story," said Mr. Roberts in an e-mail message. "That's why I got into this business."

Then there's Gen. Marks, a 53-year-old retired Army general and military consultant for CNN, who was hired a year ago. He made "no more" than 50 appearances in all of last year, compared with the same number in the recent weeks since the conflict started.

With his chiseled features and close-cropped hair, he often wears gold-buttoned jackets and made-for-TV ties, which his daughters pick out for him to wear.

"They don't trust their dad," he said. "I have to get 'clearance' before I leave the house."

He uses a "Google Earth" digital map that he says is the same device the military uses when assessing a military situation. He has no fan clubs yet, as blossomed for "Scud Stud" Arthur Kent of Persian Gulf War fame, but there's still time for him.

But for Lara Logan of CBS, a comely blonde, that time is now.

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The 35-year-old South African-born correspondent has her own fan Web site, was named chief foreign correspondent in February and contributes to "60 Minutes."

Technology also has changed the way Americans receive the news from overseas. With digital cameras and laptops, even average citizens can become war correspondents -- like the fellow who snapped a burning building on his cell-phone camera, which was replayed on CNN that night.

"We're looking at what people are putting on their blogs," said Abbi Tatton, who, among other things, monitors blogs for CNN's "The Situation Room." "In this conflict, you're seeing the most coverage because of the number of cameras people have. It's turned into a place for war reporting."

Winning The Peace (WP)

The Washington Post, August 17, 2006

WHO WON the 34-day war in Lebanon? Hezbollah says it did; President Bush claims the opposite. In fact, much of the answer depends on what happens next. It's more than possible that Hezbollah will rearm, resume its prior positions and present an even greater threat to Israel in a year or two than it did before. But things could go differently if Lebanon's government, the United Nations and the major powers of the Security Council keep the promises they made last week.

Those looking for gloomy signs would not have been disappointed yesterday. Hezbollah, the radical Shiite militia and political party, was violating U.N. Security Council Resolution 1701 in numerous ways, including by failing to disarm and by failing to free the Israeli soldiers with whose kidnapping it precipitated the war last month. Neither Iran nor Syria, Hezbollah's financial backers and arms suppliers, had accepted the terms of the resolution, which the Security Council adopted on a 15-to-0 vote with the support of Lebanon's government. In fact, on Tuesday Syrian President Bashar al-Assad delivered a speech of such venomous intransigence ("The fact that Israel should know is that each new generation will hate Israel more than the generation which preceded it.") that Germany's foreign minister, a leading advocate within the West for engaging Mr. Assad, canceled a trip to Damascus for which he had already boarded his jet. Meanwhile, Israel's coalition government, never strong, faces a period of internal investigation and second-guessing of its conduct of the war.

But there was also progress yesterday toward implementation of Resolution 1701. Lebanon's government ordered the deployment of 15,000 of its national troops into southern Lebanon, territory previously occupied only by Hezbollah, and said the first soldiers would arrive today. It repeated that it would not tolerate the presence of other armed groups, though it also pointedly did not demand Hezbollah's disarmament. France's defense minister said her nation would lead an expanded international mission in support of those Lebanese forces if it is given a clear, strong mandate. Other nations with capable militaries, including several Muslim-majority countries, also were talking about providing troops.

The key now is to move beyond talking, and fast. No one expects the weak Lebanese army forcibly to disarm Hezbollah, but if the army, backed by a U.N. force, becomes the sole visible armed presence in the south, the impact would be significant. International forces that do not want to deploy to the front lines could help enforce the plank of the U.N. resolution that bars arms shipments to Hezbollah. Rather than pressing Israel to completely lift its blockade of Lebanon's ports and airports, as he did yesterday, France's foreign minister should work to deploy a force to those places and to the Lebanon-Syria border. And as Iran ships cash to Hezbollah so that it can take credit for reconstruction, nations with a different agenda, including Saudi Arabia and the United States, should accelerate their aid to Lebanon's government so that it can play in the same game.

The shooting war has ended, at least for now, but the intensity of struggle between the forces of moderation and radicalism has not waned. Nor has the urgency of action.

Already Falling Behind (NYT)

The New York Times, August 17, 2006

Hezbollah is taking charge of reconstruction in south Lebanon, while the world is still dithering over the makeup of a peacekeeping force.

After a month of war, large swaths of the country are in ruins. Hundreds of thousands of people are without homes. Many Lebanese are furiously blaming the United States as well as Israel for their suffering. Whatever anger they may also harbor toward Hezbollah for provoking the war is being more than neutralized by the militia's swift on-the-scene response and the large piles of cash it is handing out, courtesy of Iran.

No one should be surprised that there would be a political as well as military vacuum in Lebanon once the fighting stopped. The Lebanese government is too weak, and too intimidated by Hezbollah, to even try to fill it on its own.

The Bush administration provided $30 million in relief aid in the midst of the war, but got little credit while it was doing nothing to stop Israel's bombing. Late last week Washington committed another $20 million, and officials say they'll pledge a lot more at a conference at the end of this month.

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Promises, even the best-intentioned, can't compete with the visible aid Hezbollah is already delivering, in some cases house to house. Washington's pledges must be quickly translated into tangible on-the-ground help or Hezbollah will clinch the battle for Lebanese hearts and minds even before the peacekeepers arrive. The American aid bureaucracy proved that it can move quickly after the Asian tsunami of 2004. The same sense of urgency needs to be brought to bear now.

The military news is little better. Ever since the Security Council approved its cease-fire resolution last Friday, the world has waited for France to commit to taking the lead on a United Nations peacekeeping force. Until France announces how many troops it is sending, and when, no other countries are going to ante up. Meanwhile, the Israelis are threatening to dig in until the international force arrives.

Paris's jitters are understandable. But it has pushed too far down the road to pull out now.

The cease-fire resolution, which France negotiated along with the United States, has enormous holes in it. Most notably it leaves unanswered who, if anyone, will be responsible for disarming Hezbollah. It's unlikely that any international force will be willing to shed its blood to do something the far more motivated Israelis couldn't pull off.

It may turn out that the most that can be hoped for is a slow political marginalization of Hezbollah. Even that will take all the outside aid, technical support and spine-stiffening for Lebanon's government that the international community can provide. The race has begun, and Hezbollah is already ahead.

A Cease-Fire Reality: Dealing With Syria (WP)

By Dennis Ross

The Washington Post, August 17, 2006

In 1993 and 1996 I helped broker understandings that brought conflicts between Hezbollah and Israel to an end. Both times Hezbollah instigated warfare with Katyusha rocket fire into Israel and Israel retaliated, determined to damage Hezbollah's capacity for making war and to demonstrate to the Lebanese the cost of Hezbollah's adventures. And both times, to bring about an enduring cease-fire, we needed to deal with Syria.

This time, however, the cease-fire deal was done without the Syrians. The question is: Can the terms of U.N. Security Council Resolution 1701 be fulfilled without Syria being part of the equation? It doesn't seem likely. Implementation of this resolution will depend to a large degree on the Syrians -- unless, of course, the new international force deployed with the Lebanese army can both prevent resupply to Hezbollah and bolster Lebanon's military so it can fulfill the role envisioned for it in the resolution.

The more determined Syria is to frustrate implementation of the resolution, the more the international force will need a capability and a mandate to be aggressive in stopping efforts to get arms to Hezbollah and in preventing its restoration as a fighting force. Will the international force have intensive inspection capability? Will it be deployed along all routes into Lebanon from Syria and be able to inspect all relevant vehicular traffic? Will it set up checkpoints on north-south access routes in Lebanon to do the same? And can 15,000 soldiers be organized to perform these roles while also preventing Hezbollah from training and rebuilding its fortifications in the area from the Litani River to the Israeli border?

In theory it's possible that the multinational force will be able to meet these challenges. But given how quickly it must be constituted and deployed, there is every reason to believe it will not be able to accomplish such a mission anytime soon. Even in the best case, the forces are not likely to be aggressive if it means disrupting commerce between Syria and Lebanon or actively depriving Hezbollah of weapons that it seeks. (Already the French foreign minister has declared that he does not foresee disarming Hezbollah.)

To be sure, the implementation of the letter and the spirit of the resolution will also depend on the Lebanese government and army. Both institutions remain fragile, and Syrian opposition could exploit ongoing sectarian differences. With the international community ready to bolster the Lebanese government with forces and reconstruction assistance, there has never been a more promising moment for the Lebanese to act on their national obligations. They need to know that assistance, while forthcoming, will be tied over time to their government and their army living up to their responsibilities.

But there should be no illusions. History is full of good resolutions on Lebanon that have not been implemented because the Syrians had the power to block them. At a time when Syrian President Bashar al-Assad is calling Hezbollah's victory a defeat for U.S. plans in the Middle East, and Secretary of State Condoleezza Rice is proclaiming that implementation of Resolution 1701 will constitute a strategic setback for the Syrian regime, can Syria's behavior be altered to make this U.N. resolution's fate different from those of its predecessors?

It can if we take advantage of the new basis that exists to exercise much more leverage on Syria this time. Consider that the French and other Europeans will now be putting forces on the ground in Lebanon. If Hezbollah is being resupplied with arms and can be reconstituted militarily, those forces will become very vulnerable. That gives the French a powerful stake in preventing Hezbollah from rearming.

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Working in tandem, the Bush administration and the French should try to change the Syrian calculus. Syria sees Hezbollah as a card -- something to be exploited to make Syria a factor in the region or to be traded in the right circumstances. We should create a one-two punch with the French to make clear that Syria has something significant to lose by not cutting off Hezbollah, and that it has something meaningful to gain from changing course.

Surely, if the international force is seen as credible and determined, it can convince Assad that Hezbollah is going to be contained and that its value to Syria could diminish. But Assad must also see that Syria will pay an unmistakable price if it tries to block implementation of Resolution 1701. That price could be a joint French-E.U. and American effort to isolate Syria economically if it is unwilling to end its material support for Hezbollah.

The Europeans currently provide a critical economic lifeline to the Syrians. French President Jacques Chirac could credibly warn Assad that if arms flow to Hezbollah and threaten French troops, then Europe will cut all economic ties to Syria. Conversely, if Syria ended its military relationship with Hezbollah and accepted the Lebanese government's effort to reestablish its authority, the European Union could promise new and meaningful economic benefits to Damascus.

In such a scenario, the European Union would be Act 1. Act 2 would involve the United States. The Bush administration, which has expressed an interest in weaning Syria away from Iran, won't be able to do that without talking to the Syrians. And it won't be able to do it by continuing to make threats that have no consequences. It will not be enough to continue saying, "The Syrians know what they need to do."

The United States must reinforce a tough E.U. message with one of its own to Assad, namely this: We are prepared to implement a range of sanctions, including the Syrian Accountability Act and executive orders that would make it difficult for companies and financial institutions that do business in Syria to conduct business in the United States.

This would have the potential of choking off European, Asian (and even Arab) countries and businesses from having any commercial or investment relations with Syria -- and it could be devastating for an already weak economy. That's a lever that should be deployed to build the Syrian interest in cooperating.

No doubt the Syrians would want to know what they'd get from such cooperation. They should be told that the page can be turned in our relations, that economic benefits could be forthcoming, and that even a resumption of the peace process between Syria and Israel on the Golan Heights could be in the offing. None of these things can be available if Syria is not prepared to cut off Hezbollah and Hamas. Why, after all, would we invest anything in a peace process when those two organizations retain the means -- with Syrian support -- of subverting that process at a time of their choosing?

History is littered with well-intentioned efforts to transform Lebanon. If the current effort is to be different, we will need a credible international force shaped by real, not symbolic, missions and a new approach to Syria -- one that gives the Syrians a reason to calculate their interests differently.

The writer was director for policy planning in the State Department under President George H.W. Bush and special Middle East coordinator under President Bill Clinton. He is counselor of the Washington Institute for Near East Policy.

Is Hamas Ready To Deal? (NYT)

By Scott Atran

The New York Times, August 17, 2006

Paris

WHATEVER the endgame between Israel, Hezbollah and Hamas, one thing is certain: Israel's hopes of ensuring its security by walling itself off from resentful neighbors are dead. One lesson from Israel's assault on Lebanon and its military operation in Gaza is that the missiles blow back.

We can hope that multinational cooperation will help to secure Israel's border with Lebanon. But what about the Palestinian issue, which has been seemingly pushed to the back burner by the war in Lebanon?

A bold gesture now by Israel would surprise its adversaries, convey strength, and even catch domestic political opposition off guard. And as strange as it may seem, were the United States able to help Israel help Hamas, it might turn the rising tide of global Muslim resentment.

Recent discussions I've had with Hamas leaders and their supporters around the globe indicate that Israel might just find a reasonable and influential bargaining partner.

Hamas's top elected official, Prime Minister Ismail Haniya, now accepts that to stop his people's suffering, his government must forsake its all-or-nothing call for Israel's destruction. "We have no problem with a sovereign Palestinian state over all our lands within the 1967 borders, living in calm," Mr. Haniya told me in his Gaza City office in late June, shortly before an Israeli missile destroyed it. "But we need the West as a partner to help us through."

Mr. Haniya's government had just agreed to a historic compromise with Fatah and its leader, President Mahmoud Abbas, forming a national coalition that implicitly accepts the coexistence alongside Israel. But this breakthrough was quickly

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overshadowed by Israel's offensive into Gaza in retaliation for the kidnapping of an Israeli soldier, Cpl. Gilad Shalit, by Palestinian militants, including members of Hamas's military wing.

Many Israelis consider the rescue of a soldier a "sacred value," worth almost any cost, including military action leading to other Israeli soldiers dying. But the Israeli offensive also had a larger strategic goal: to destroy whatever potential the Hamas government had to prevent Israel from unilaterally redrawing its boundaries to include some West Bank settlements. Doing so was something that Israel had intended as soon as it could convince the United States that with Hamas having defeated Fatah at the polls, there was no legitimate Palestinian partner to negotiate with.

Khaled Meshal, the Damascus-based head of the Hamas politburo, refused to release Corporal Shalit unless Israel freed hundreds of prisoners. While it is true that Israel has shown willingness to release hundreds of Palestinian detainees in return for a single Israeli in the past, Mr. Meshal's stand might have been part of a larger political game.

As a senior adviser to President Abbas told me of Mr. Meshal: "He has tried to undermine the Haniya government's authority by presenting himself as Hamas's true decision maker, and he will not be remembered as the person who legitimized Israel and sacrificed sacred land."

Prime Minster Haniya and many of Hamas's other Sunni leaders are known to be uncomfortable with the loose coalition that Mr. Meshal has been forging with Shiite Iran and Hezbollah. Hasan Yusuf, a Hamas official held in Israel's Ketziot prison, doesn't think President Mahmoud Ahmadinejad of Iran's declaration that the main solution to the Middle East crisis is for the elimination of the "Zionist regime" is practical or wise. "The outcome in Lebanon doesn't change our view," Mr. Yusuf informed me last weekend. "We believe in two states living side by side."

He also said that "all Hamas factions have agreed to a unilateral cease-fire, including halting Qassam rockets; the movement is ready to go farther if it receives any encouraging responses from Israel and the West."

But even moderate Hamas figures feel that as long as Israel, the United States and Europe boycott the elected government in Gaza and the West Bank, there is little choice but to accept whatever help comes along.

This is doubly unfortunate. While Mr. Meshal says Islam allows only a long-term truce with Israel, Hamas officials closer to Prime Minister Haniya believe that a formal peace deal is possible, especially if negotiations can begin out of the spotlight and proceed by degrees.

"You can't expect us to take off all of our clothes at once," one Hamas leader told me, "or we'll be naked in the cold, like Arafat in his last years." This official said that if Hamas moved too fast, it would alienate its base, but if his government continued to be isolated, the base would radicalize. "Either way, you could wind up with a bunch of little Al Qaedas."

Although Prime Minister Haniya has more popular support, Mr. Meshal controls the militias and the money. If financing — perhaps from moderate Arab states — could be channeled to Mr. Haniya's government for social services like salaries, fuel, food, building repairs, garbage collection and so forth, then Mr. Meshal's (mostly Iranian) bankroll would be less of a factor, and popular pressure could help rein in Hamas's military wing.

Prime Minister Haniya's position comes down to this: "We need you, as you need us." For the United States and Europe, the stakes are also high. Mr. Haniya wants Americans and Europeans to recognize that the region has welcomed Hamas's election to power as a genuine exercise in democracy.

If America were to engage his government, he believes, it would be the West's best opportunity to reverse its steep decline in the esteem of Arabs and Muslims everywhere. "We need a dialogue of civilizations," he said, "not a clash of civilizations."

A survey by the Pew Center's Global Attitudes Project released in June found that Muslim opinions about the West had worsened drastically over the past year.

This month President Susilo Bambang Yudhoyono of Indonesia, the world's most populous Muslim country, warned that continued Middle East hostilities involving Israel "will radicalize the Muslim world, even those of us who are moderate today. From there, it will be just one step away to that ultimate nightmare: a clash of civilizations."

But Khurshid Ahmad, a senator in Pakistan and leader of Jamaat-e-Islami, one of the world's oldest and most important Islamist movements, recently told me that if Hamas accepted a two-state solution, "with both Palestine and Israel having full economic, political and military sovereignty over their pre-1967 territories, and with Palestinians allowed into Palestine and Jews into Israel, then I would recommend this solution to the entire Muslim community."

Tangible results, like prisoner exchanges, are important. However, so are symbolic actions. Hamas officials have stressed the importance of Israel's recognizing their suffering from the original loss of Palestinian land. And survey research of Palestinian refugees and Hamas by my colleagues and I, supported by the National Science Foundation, reliably finds that violent opposition to peace decreases if the adversary is seen to compromise its own moral position, even if the compromise has no material value.

"Israel freeing some of our prisoners will help us to stop others from attacking it," said the Hamas government spokesman, Ghazi Hamad. "But Israel must apologize for our tragedy in 1948 before we can talk about negotiating over our right of return to historic Palestine."

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As the Pew survey made clear, the Israel-Palestinian issue has become the principal fault line in world conflict. There would be some sad satisfaction if the bloodshed in Gaza and at the Lebanon border served as a starting point for bringing the larger conflict to an end.

Newsman's Wife Makes Plea To Gaza Kidnappers (WP/AP)

By Diaa Hadid

The Washington Post, August 17, 2006

GAZA CITY, Aug. 16 -- The wife of a kidnapped Fox News cameraman made a public plea Wednesday to his kidnappers to release him and a fellow journalist. Palestinian officials said they had no firm leads on where the two men are being held.

The cameraman, Olaf Wiig, 36, of New Zealand, and American reporter Steve Centanni, 60, were taken Monday from their TV van near the Palestinian security services headquarters.

Major radical groups in Gaza have denied involvement, and the kidnappers have yet to make any demands, which Palestinian officials is unusual after two days.

Wiig's wife, Anita McNaught, appealed to the kidnappers to free her husband and Centanni.

"The bottom line is, there is no good reason for these two men to be held," said McNaught, a freelance television journalist. "They are friends of the Palestinians. They are here telling the Palestinian story for weeks now, when the rest of the world's media has not been here."

In Washington, State Department spokeswoman Julie Reside said the United States was working with Palestinian officials and called for the journalists to be released immediately.

Jan Henderson, New Zealand's ambassador to Israel and Turkey, met with Palestinian Authority President Mahmoud Abbas in Gaza to discuss the incident.

White House Backing New Plan To Defuse Insurrection In Pakistan (MCT)

By Jonathan S. Landay

McClatchy, August 17, 2006

WASHINGTON - A U.S.-backed plan to defeat Islamist militants in Pakistan's autonomous tribal areas has backfired badly, and the Bush administration is working with Pakistan to come up with a new strategy to defuse the insurrection.

Pakistani President Gen. Pervez Musharraf "sees that what he was doing wasn't working," said one U.S. official who's familiar with the new plan. "He really has a mess."

Now Musharraf's government is attempting to negotiate truces in the areas, expand local police forces and introduce development projects to reward tribal leaders who break with the militants. The Bush administration has pledged millions of dollars to the new effort, said the official, who, like others familiar with the plan, spoke only if granted anonymity.

Ending the uprising by Islamist militants aligned with Osama bin Laden and Taliban rebels is crucial to American-led efforts to contain the worst surge in Taliban violence in Afghanistan since 2001. The bloodshed is adding to the Bush administration's woes in the Middle East and other fronts in the war on terrorism.

Pakistan deployed 80,000 troops in the areas, which border Afghanistan, at Washington's behest to hunt down bin Laden and his sympathizers and secure Pakistan's side of the border. The Bush administration reportedly has spent nearly $1 billion since 2003 to underwrite the Pakistan army's operations.

But the army's use of artillery and helicopter gunships - as well as U.S. airstrikes on suspected al-Qaida hideouts - has killed numerous civilians and stoked popular ire.

That anger has given rise to a movement for an independent Taliban-style Islamist state. In some parts of the autonomous areas, militants have banned music, set up Islamic courts and executed opponents, including tribal leaders.

Fighting has claimed hundreds of lives on both sides, displaced thousands of civilians and stoked ethnic frictions because the tribes are minority Pashtuns and most of the troops are majority Punjabis.

The militants continue harboring al-Qaida fighters and providing recruits and refuge to Taliban rebels fighting in Afghanistan against government, U.S. and NATO forces. Afghan officials accuse Pakistan of doing little to halt cross-border infiltration or to close Taliban bases on its soil, a charge that Islamabad denies.

Some American officials and independent experts fear that it may be too late to defuse the uprising in two of the seven tribal areas, southern and northern Waziristan.

"I think it's a very shaky situation," Pakistani journalist Ahmed Rashid, the author of the book "Taliban," said in a telephone interview.

Musharraf wanted to pull back the troops to their home bases on the eastern border with India. The Bush administration was opposed, concerned that without the Pakistani army's presence there would be less incentive for militant groups to negotiate

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with the government. "You will have to keep the army in the game for when it is time to take out serious militants," the U.S. official said.

So Musharraf opened truce negotiations with militant leaders. Under the truces, the army would pull back into garrisons and towns and act only to thwart major threats.

In its place, the Bush administration would provide millions of dollars for a massive expansion of the Frontier Corps, a paramilitary police force recruited from the tribes and led by regular army officers, and other tribal police units.

"What they will do is static border posts, static police posts. That gets us lots of jobs and puts them (tribesmen) in uniform," the U.S. official said.

The Pentagon also has secretly been training and equipping a new Pakistani special operations force to pursue al-Qaida fighters hiding in the tribal areas. The force is being provided with night-vision equipment and helicopters.

Musharraf also is working with Washington on a plan for a massive development program, including construction of clinics, schools and roads, to reward tribal leaders who agree to end ties with the militants.

An industrial zone on the Afghan-Pakistani border would be created from which Pakistani and Afghan firms would export wares such as textiles tax-free to the United States. President Bush unveiled the so-called Reconstruction Opportunity Zone during a brief visit to Pakistan in March.

It's hoped that such projects will create jobs and patronage for the region's new power brokers and the military regime. Musharraf is seeking $150 million annually over the next five years for the effort, the official said.

Some U.S. officials and independent experts doubt that the strategy will work.

They fear that Musharraf's regime will use it to squeeze more money out of Washington in the name of fighting terrorism while doing little to bring real change to the tribal areas.

The truces could break down easily, especially if more civilians are killed, they said.

Previous development efforts have failed because of corruption and the region's lack of infrastructure, trained manpower and security. Moreover, vested interests want the areas to remain a lawless corridor for smuggling foreign products and narcotics.

Bush To Welcome South Korea's Roh September 14 (AFP)

AFP, August 17, 2006

US President George W. Bush will welcome South Korean President Roh Moo-Hyun September 14 for talks on a bilateral trade pact and North Korea's nuclear ambitions, the White House said.

Bush "looks forward to reviewing with President Roh progress in relations since their last bilateral meeting on issues including our free trade agreement negotiations and the six-party talks" on Pyongyang's nuclear programs, said spokesman Tony Snow.

"The two leaders also will discuss critical regional and global issues, including winning the war on terror, stopping the proliferation of weapons of mass destruction, and promoting an open international economic order," said Snow.

The South Korean leader will visit Washington and San Francisco from September 12-15 and the summit will be on the 14th in the US capital, Roh's office said.

The two leaders will have "broad and in-depth talks on strengthening their alliance, handling North Korea's nuclear and missile issue and other issues in Northeast Asia," Roh's office said in a statement.

The two sides are already engaged in talks on revamping their military alliance dating back to the 1950-1953 Korean War and on reaching a free trade agreement.

Tensions over North Korea's nuclear weapons and missile programs will be a pressing issue, with the communist state boycotting nuclear disarmament talks and test-launching missiles last month.

It will be Roh's third visit to the United States and his sixth meeting with Bush while in office, according to his office.

"The alliance between the United States and the Republic of Korea is deeply rooted in common values and common interests. Together the two countries have stood against common threats and worked for the promotion of democracy, free markets and universal human rights," said Snow.

Iran Softens Stance On Nuclear Talks (FT)

By Negar Roshanzamir And Gareth Smyth

Financial Times, August 17, 2006

Manouchehr Mottaki, Iran's foreign minister, said on Wednesday Tehran was ready to negotiate about suspending uranium enrichment, the most sensitive part of its nuclear programme.

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Iranian officials had previously ruled out the step, which the UN security council has demanded Iran take by August 31 before agreeing to talks about its atomic programme. Tehran is also due by August 22 to respond to an incentive package offered by the P5+1 – the permanent five members of the security council plus Germany – to persuade it to curb the programme.

"We have reiterated many times . . . we are ready to negotiate over all issues stated in the proposed package," Mr Mottaki told reporters. "One of the points in the package is the issue of suspension. We are ready to negotiate over all issues including suspension."

But Mr Mottaki suggested Iran was not ready to suspend enrichment before talks, as the P5+1 has demanded.

"Suspension is among the main conditions attached to the package of incentives – we see no reason for suspension but will decide on it in talks," he said. Mr Mottaki also stressed Iran would not "withdraw from its nuclear right", which officials have previously stressed involved access to the whole of the atomic process, including at least some enrichment.

A British foreign office spokesman said the security council had "made it very clear" what Iran should do.

"It's not a question of discussing suspension; it's a question of actual suspension," he said. "Once Iran complies with the security council, then we can negotiate a way forward."

Mr Mottaki's conciliatory remarks also clashed with Tuesday's speech by Iran's president Mahmoud Ahmadi-Nejad, who said Iran had lost trust in the Europeans – meaning France, Britain and Germany, the so-called EU3 who are working closely with Washington in regard to Tehran's nuclear programme.

Mr Ahmadi-Nejad on Wednesday said the US and Britain should lose their permanent status in the UN security council for blocking any early call for a ceasefire in Lebanon and any criticism of Israel.

"The world should know that perpetrators of crimes . . . particularly those who waged the inhuman war or supported it, are criminals and should be brought to trial in international courts," he said.

Iran Leader Praises Hezbollah Resistance (AP-Y)

By Hussein Dakroub, Associated Press Writer

AP, August 17, 2006

Iran's supreme leader Ayatollah Ali Khamenei, in a message to Hezbollah head Sheik Hassan Nasrallah, described the militant group's clashes with Israel as a "victory" for Islam.

"Your unprecedented holy war and steadfastness are beyond the limits of my description. It's a divine victory. It is a victory of Islam," Khamenei said in the message read by an announcer on Hezbollah's Al-Manar television.

Hezbollah is heavily financed and backed by Iran's Shiite Muslim theocracy.

"With God's help you were able to prove that military superiority is not (measured) in the number (of soldiers), planes, warships and tanks. Rather, it depends on the power of faith and holy war," Khamenei said.

"You have ridiculed the myth that the Zionist army is invincible," he said.

Khamenei said the U.S.-Israeli plan for "a new Middle East" had been shattered by Hezbollah's resistance against Israel's 34-day military offensive in Lebanon.

"Lebanon has emerged (from the war) shining and beaming as a result of its people's determination and heroism," he said.

"The (Israeli) enemy has made a mistake in imagining that by attacking Lebanon, it is targeting the weakest chain of the region's states to inaugurate its illusory Middle East plan as it desires," Khamenei said.

"But the American-Israeli enemy was oblivious to the Lebanese people's patience, intelligence and heroism. It was also oblivious to the strength of Lebanon's big arms," he said.

Secretary of State Condoleezza Rice has said that the U.S. administration was working with its allies for "a new Middle East" where anti-Israeli militant groups, like Hezbollah and the Palestinian groups Hamas and Islamic Jihad, have no place. All three groups are on a U.S. list of terror organizations.

Khamenei said Israeli attacks that killed Lebanese civilians and destroyed much of the country's infrastructure have exposed "the real face of America and some European countries, side-by-side with the hated and repugnant Zionist face."

"They (Israeli attacks) have also uncovered the level of falsehood surrounding the hollow slogans ... about human rights and democracy," Khamenei said.

He lashed out at President Bush for declaring that the Israeli assault in Lebanon was self-defense and had defeated the Shiite guerrillas.

Khamenei is the supreme religious authority to Hezbollah followers.

Aids Chief Denies Morality Comes Before Life (FT)

By Andrew Jack

Financial Times, August 17, 2006

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The new head of President George W. Bush's agency for tackling the world's Aids epidemic denied on Wednesday allegations that the agency was putting morality before saving lives.

In an interview with the Financial Times, Mark Dybul, who was sworn in last week as US global aids co-ordinator, argued that US policies were inspired by scientific evidence and not morality, with critics using "sound bites rather than a nuanced public health approach".

His comments came on the sidelines of the International Aids Conference in Toronto, where the US administration has come under attack from scientists, health officials and activists.

They have criticised the US President's Emergency Plan for Aids Relief for focusing on abstinence and monogamous relationships over condom distribution in the prevention of HIV/Aids. Pepfar also refuses to fund needle exchange programmes for drug addicts or any activities "promoting prostitution".

However, Mr Dybul, a 42-year-old scientist, said there was "no public health basis" for a traditional approach of "just throwing condoms at people". At the same time, he stressed the US was giving out more condoms – 477m so far this year, up from 320m in 2001.

Nor did he feel constrained by his mandate to spend a third of Pepfar's prevention budget on discouraging sexual promiscuity. "Overall we have flexibility," he said, adding that Pepfar offered a "compassionate response" to prostitution.

Jodi Jacobson, head of Change, a US charity that scrutinises Pepfar activities, said the proportion of prevention funds allocated to promoting no sex or monogamy was far greater than one-third.

She added that US distribution of condoms had fallen from 900m since 1990, even as the epidemic spread.

She said there was a lot of "self-censorship" among groups seeking funding from Pepfar to avoid working with prostitutes – a key group – and a growth in local "vigilante" groups ensuring compliance with US guidelines.

Former US president Clinton was careful to avoid direct public criticism of Pepfar in a speech at the conference, stressing the significance of its funding. The agency expects to spend $4bn (€3.1bn, £2.1bn) this year.

But Mr Clinton said that while abstinence programmes deferred the age at which people began having sex, a failure to educate them about condoms meant they took fewer precautions once they did begin to have sex.

Mr Dybul stressed continuity with his predecessor, Randall Tobias, a veteran former pharmaceutical executive who now runs USAid, the US foreign development agency.

He also planned to continue a shift towards purchases of lower-priced generic Aids drugs, usually produced in China or India, and away from higher-priced US equivalents, provided they were deemed "safe and effective" by the Food & Drug Administration.

Evangelist Joins Global Fund Chief In Battle Against AIDS (USAT)

By Steve Sternberg

USA Today, August 17, 2006

TORONTO — Evangelist and best-selling author Rick Warren and Richard Feachem, who oversees billions in AIDS spending, said Wednesday that they'll team up to channel more money to faith-based groups in Warren's global church network.

Warren, founding pastor of the Saddleback Church in Lake Forest, Calif., claims a network of 400,000 churches of various denominations with similar social concerns. Feachem directs the Global Fund to Fight AIDS, Tuberculosis and Malaria, which was founded to channel AIDS funding to worthy projects. He has raised nearly $10 billion from donor nations and private groups to fund prevention and treatment efforts in 131 countries.

Together, Warren and Feachem represent a mix of money and influence, and their agreement is typical of the off-stage brokering at the 16th International AIDS Conference.

Feachem says his organization has long sought to fund more faith-based groups, but too few religious groups apply, though in many countries they provide as much as half of all medical services.

Harnessing the power of local churches, Warren says, can put a major dent in HIV, the virus that infects more than 40 million people worldwide and has killed 25 million. "The church is the biggest network in the world," he says. "I can bring you to 10 million villages in the world that don't have a doctor, don't have a post office, they have nothing but a church. But it's already on the ground, and we don't have to hire staff."

Warren is a master at getting his message across. His latest book, The Purpose-Driven Life: What on Earth Am I Here For?, has sold more than 20 million copies. His newsletter goes out each Wednesday to more than 200,000 pastors around the world, he says.

He says he decided to tackle AIDS four years ago, after his wife, Kay, realized the magnitude of the tragedy. His mega-church has begun working in Rwanda to fight poverty, disease and corruption.

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Feachem cites Zambia as an example of how a partnership between the Global Fund and faith-based groups might work. Through the Churches Health Association of Zambia, the fund provides $145 million to Christian, Muslim and Bahai groups for AIDS, TB and malaria services.

The association's director, Simon Mphuka, says the Global Fund works well with religious groups, which provide 60% of the rural medical care in Zambia. He said, however, that some groups "spoil the good work that they do" because they don't understand that telling people not to have sex until marriage isn't enough for AIDS prevention.

Warren says he believes the only way to stop AIDS is to "save sex for marriage" and train men to respect women. "Everyone knows this is a women's pandemic driven by behavior in men," he says.

He says he won't dictate to others. "Let's everyone do what they can do," he says. "I don't insist a Muslim change his belief to mine before I'll work with him."

Children Slip Through Cracks Of AIDS Efforts (NYT)

By Lawrence K. Altman

The New York Times, August 17, 2006

TORONTO, Aug. 16 — Efforts to greatly expand antiretroviral treatment for AIDS in poor countries are not reaching a vast majority of children who need it, a World Health Organization official said here on Wednesday.

The official, Dr. Kevin M. De Cock, who directs the organization's AIDS program, said that an estimated 2.3 million children 15 and under around the world are infected with H.I.V., the virus that causes AIDS, and that 800,000 of them needed antiretroviral drugs to stay alive. Of the 800,000, only 60,000 to 100,000 are receiving therapy. While the children account for 14 percent of AIDS deaths, they make up only 6 percent of recipients of antiretroviral drug therapy. Many of the children are orphans.

"We must conclude that scale-up has so far left children behind," Dr. De Cock said in a featured talk at the 16th International Conference on AIDS, which has attracted 24,000 participants. His comments drew on an extensive review of progress in efforts to step up antiretroviral treatment.

At the same time, Dr. De Cock said, fewer than 10 percent of pregnant women with H.I.V. in poor and middle-income countries are receiving the simple regimen of pills that can prevent the transmission of the AIDS virus to their newborns. By contrast, rich countries have virtually eliminated pediatric AIDS.

Dr. De Cock also described an inequity in antiretroviral treatment for injecting drug users, particularly in Eastern Europe and Central Asia. There, these users account for more than 70 percent of people infected with H.I.V. but about a quarter of those receiving treatment.

"An urgent priority is improving access to antiretroviral therapy for children, especially in sub-Saharan Africa, and for injecting drug users everywhere," Dr. De Cock said.

He also said that women in developing countries were receiving therapy in proportion to the female infection rate. But in an interview, he added that women's access to follow-up care could still be inhibited.

Of the 38.6 million people with H.I.V., about 6.8 million in low- and middle-income countries would be expected to die within two years without antiretroviral therapy. Of these, about 1.7 million are now receiving it, Dr. De Cock said, but for many it is coming too late to get the full benefit of the drugs.

The one million now receiving therapy in Africa is 10 times the number who were being treated in December 2003. Still, that figure is two million fewer than the number Dr. Lee Jong-wook had set as a goal when he became director general of the health organization in 2003. The aim was to treat three million by the end of 2005, in a program nicknamed "three by five."

Since Dr. Lee's unexpected death in May, his supporters have said that he deserved credit for forcing the world to bring antiretroviral therapy to the world's poor people.

"Three by five was not a failure," Prof. Ruth Nduati, an epidemiologist at the University of Nairobi in Kenya, said at a news conference. She added that the current efforts would not have been possible without "the clarion call of three by five."

Asked when the goal of treating three million people might be reached, Dr. De Cock said he did not want to link a date and number. The first million patients are the easiest to reach, he said, because rapid scale-up programs tend to start in cities, where there are relatively large numbers of patients.

Reaching people in rural areas in poor countries "is a more difficult task and may take longer," Dr. De Cock said.

Moreover, delivering antiretrovirals requires a cadre of trained health workers, and they are in short supply in many poor countries.

Still, the limited success so far is a concrete rebuttal to the pessimism expressed by many officials in recent years.

In 2001, for example, Andrew S. Natsios, then administrator of the United States Agency for International Development, stirred worldwide criticism when he declared that treatment in Africa would not work because the drugs had to be taken every

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few hours, and that Africans "don't know what Western time is. Many people have never seen a clock or a watch their entire lives."

Many critics also said H.I.V. would develop a resistance to the drugs if people in poor countries did not take them as prescribed. Dr. De Cock said that the World Health Organization was watching for resistance among patients taking the medicines and that the information would start to become available later this year.

In an interview here on Wednesday, Dr. Mark R. Dybul, the United States' global AIDS coordinator, said, "Three years ago, people were talking about how antiretroviral therapy was not cost-effective, and now the talk is about how can we do more."

Proponents for wider availability of antiretroviral therapy say that AIDS drugs have saved more than three million years of life in the United States alone.

But, Dr. Dybul cautioned, "We're not guaranteed billions of dollars more, and we need to work" for any additional funds. "There are a lot of important priorities in the world."

Japan-Russia Territorial Dispute Escalates (FT)

By David Pilling

Financial Times, August 17, 2006

A Russian border patrol boat shot dead a Japanese crab fisherman in Russian-controlled waters near Japan's northern island of Hokkaido, highlighting continued tension between the countries over ownership of four disputed islands.

The Japanese foreign ministry protested against the shooting, saying it reserved the right to press for an apology, punishment of the perpetrators and compensation. Taro Aso, foreign minister, said he "would approach the matter with serious concern".

The ministry was also on Wednesday night pressing for the immediate release of three other Japanese crewman, all from the Nemuro peninsula on the eastern tip of Hokkaido, who were being held by Russian authorities.

Tokyo dispatched coast guard vessels to waters nearby the Russian island of Kaigara to investigate the incident.

Japan's Kyodo news agency quoted Hokkaido officials as saying that crab fishing was banned at the scene of the shooting. Officials had been told of Russian concerns about illegal Japanese fishing and had relayed the warning to local fishing co-operatives, they said.

Even if it is confirmed the Japanese crew of the boat, the No 31 Kisshin Maru, was fishing illegally, the incident will stir anger in Japan. Tokyo claims sovereignty of four nearby islands - referred to as the northern territories in Japan and the southern Kuriles in Russia - that have been administered by Moscow since the end of the war.

Return of the islands, which were occupied by Moscow while Japan was being bombed by nuclear weapons during the second world war, is a cause celebre of the Japanese right and a long-standing goal of Japan's foreign ministry. Shinzo Abe, who is almost certain to succeed Junichiro Koizumi as prime minister next month, is also a strong proponent of stepping up diplomatic efforts to press for the islands' return.

Several of the banners held up when Mr Koizumi visited the controversial Yasukuni shrine on Tuesday pressed for the return of the islands. Recently, a commercial has been aired in Japanese cinemas urging the population, the majority of which has little interest in the sparsely populated islands, to press for their return.

Failure to resolve the long-simmering dispute over the four islands has hampered diplomatic relations between Tokyo and Moscow. Commercial relations, while fast expanding in recent years, are still small compared with their potential, experts say.

In theory, energy-dependent Japan and energy-rich Russia would be strong commercial partners, particularly given their mutual concern about the growing regional power of China. Plans to bring Russian oil by pipeline from Siberia to Pacific ports within easy reach of Japan have been hampered by the diplomatic stand-off.

Mexico Protest May Splinter As Leftists Take Office (WSJ)

By John Lyons

The Wall Street Journal, August 17, 2006

MEXICO CITY -- Mexico City's mayor-elect, Marcelo Ebrard, has spent the past few weeks sleeping in a tent on the city's central boulevard, helping to create a traffic nightmare in the city he was elected to run. Sleeping nearby are a number of newly elected congressmen.

The politicians are allies of Andrés Manuel Lopez Obrador, who has tied the capital in knots in his quest to undo the presidential vote he narrowly lost on July 2. But while they vow to back his pledge to continue protests for "years," if necessary, some in the leftist camp are tiring of his tactics and worrying they are putting their movement's historic electoral gains at risk. Indeed, unlike their standard bearer, many on the left won their races by wide margins.

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Mr. Lopez Obrador's foes are betting the protest will dissipate in coming months as his camp's interests splinter and winning politicians are sworn into office -- and are expected to show they can rule, not disrupt.

Congressmen get sworn in Sept. 1; the capital's mayor takes office Dec. 1, the same day as the president. While Mr. López Obrador will certainly retain a big following, defections by a few key supporters could undermine his movement and smooth the way for Felipe Calderon, the conservative who won the presidential balloting, to take office and begin cobbling together a governing coalition.

There are signs of fissures already. On Monday, Jesús Martínez Alvarez, a congressman whose Convergence party backed Mr. López Obrador's presidential run, said he had had enough of the protest and accused Mr. López Obrador of "squandering" the left's political gains. Mr. López Obrador's Party of the Democratic Revolution, or PRD, long a congressional bit player, is due to become the No. 2 party in the Senate and the lower house, behind Mr. Calderón's National Action Party.

At least three governors from Mr. López Obrador's PRD have also turned their backs on the protests, as public opinion has turned against his tactics. One in five Mexico City residents who voted for Mr. López Obrador now regret it, according to a poll this week in the Universal newspaper, and would vote against him if they could. Two-thirds of those polled disapprove of the street blockades.

To keep his movement going, Mr. López Obrador, 52 years old, is counting on the emotional and personal bonds he has forged with supporters, which were only strengthened when several newly elected PRD congressmen were beaten by Federal police as they tried to blockade Congress on Tuesday. The protesters vow to obstruct the Sept. 1 state of the union address at Congress, with the hardest-line PRD lawmakers making their protests from their congressional seats.

Even so, politicians with long-term aspirations may be increasingly compelled to distance themselves from the protest movement for the sake of their careers. Consider the situation of Mr. Ebrard, 48, a bespectacled man who towers over his fellow Mexicans. Observers believe he would like to become the PRD's presidential candidate in 2012, which could put him in competition with Mr. López Obrador, who might try a second run.

The Mexico City mayor's support is critical for the protest because the city supplies the demonstrators with water, electricity and police protection. Unhappiness with the protests has sent the approval ratings of the current Mexico City mayor plummeting.

So far, Mr. Ebrard has lent his support. He has spent three rain-soaked weeks in a tent on the Paseo de la Reforma, instead of honeymooning with his new bride, soap-opera star Mariagna Prats. She is passing her days in the tent too. "Sometimes politics is uncomfortable," Mr. Ebrard said, puffing on a Marlboro cigarette.

He affirmed his support for Mr. López Obrador and scoffed at reports of a split in the party. "Andrés Manuel retains the moral authority in the party, and so ruptures won't happen," he said. "There won't be a lot of negotiation going on between the PRD and the PAN." Even so, he said he expects the protest tents to be disassembled by the time he takes office.

Stylistically, Mr. Ebrard differs from Mr. López Obrador, who was Mexico City mayor before his presidential run. Mr. Ebrard is pragmatic and willing to make deals; Mr. López Obrador is a stubborn idealist. Mr. López Obrador is an ascetic who drives an inexpensive Toyota; Mr. Ebrard asked for a $25,000 plasma television on his wedding registry. He appears with his wife on the cover of this month's Caras, a society magazine that costs $4, or about a day's minimum wage.

Politically, Mr. Ebrard has already put some daylight between himself and Mr. López Obrador. Although he appeared on stage with Mr. López Obrador at a massive rally on the Saturday after the vote, Mr. Ebrard didn't address the crowd. After the rally, Mr. Ebrard dashed off to his wedding, which was attended by many local business leaders whom Mr. López Obrador considers foes.

Among the guests: Manuel Compean, the chief spokesman for Grupo Televisa SA, the media company that Mr. López Obrador says illegally backed Mr. Calderón's campaign, and Juan Francisco Ealy, whose Universal newspaper had been accused of publishing polls that pumped up Mr. Calderón's support. Among the missing: Mr. López Obrador, who said he was too tired to attend and needed to prepare his protest strategy. Some observers took it as the first signs of a fissure.

Mr. Ebrard's political roots are in the Institutional Revolutionary Party, which ran Mexico for 71 years until it was unseated in the 2000 election. He dropped out of the PRI in 1995 to start a new party, and in 2000 helped Mr. López Obrador win the Mexico City mayoralty. Later, Mr. Ebrard held several top posts in the city government before running for mayor this year.

In the current battle, Mr. Ebrard, conscious of potential damage to approval ratings, has tried to moderate the protest movement. He opposed a plan by some on the left to shut down the Mexico City airport, for instance. "There was never a formal debate, but the idea was out there, and I was against it," he said. "We have to do the protests in a way that gets the point across, but does not affect too many people."

Chávez Threatens To Nationalize Telephone Company (WSJ)

The Wall Street Journal, August 17, 2006

DOJ_NMG_0049666

CARACAS, Venezuela -- President Hugo Chavez threatened to nationalize Venezuela's largest telecommunications company if it doesn't comply with a court order to make pension payments to former employees.

In a televised speech, Mr. Chávez said he had given executives of Compania Anonima Nacional Telefonos de Venezuela, or CANTV, a "prudent" grace period to comply, but he didn't specify how long that period would be.

Verizon Communications Inc. owns a 28.5% stake in CANTV, according to its last annual filing with the Securities and Exchange Commission. Spokesman Peter Thonis declined to comment on the situation.

The Venezuelan Supreme Court ruled in July 2005 in favor of more than 3,400 unionized CANTV workers in a long-running pension dispute. The court said the workers' pensions had to be increased to take into account currency devaluations, inflation and minimum-wage increases since 1999.

CANTV has contested part of the court ruling and is awaiting a study from Venezuelan authorities to determine how much it will make in back payments to retired workers.

Company officials couldn't be reached for comment.

US Steps Up Anti-Castro TV (CSM)

By Warren Richey

The Christian Science Monitor, August 17, 2006

MIAMI

Every evening from Monday to Saturday, a small twin-engine prop plane taxis down the runway past combat-ready jet-fighters at Naval Air Station, Key West.

The commuter aircraft takes off and banks to the south over the deep-blue Florida Straits as pilot and crew prepare for their nightly invasion of Cuba.

Their mission: to spread democracy there by serving as an airborne broadcast platform for a US Spanish-language television network known as TV Martí.

Welcome to the newest front in Washington's propaganda war against Fidel Castro and his brother, Raúl. With Cuba's leader said to be frail but recovering from surgery and his brother provisionally designated as his successor, US officials are stepping up efforts to encourage the Cuban people to end Mr. Castro's 47-year revolution with a revolution of their own.

Officials with the Miami-based Office of Cuba Broadcasting (OCB), an arm of the US government, are quick to point out that their twin-prop Grumman G-1 at no time leaves international air space. Nonetheless, the Cuban government views the operation as the equivalent of a full-on invasion of Cuban sovereignty.

How effective this information 'invasion' may be is a matter of considerable debate. The Cubans have worked to jam TV Martí for years. The new plane and its high-powered transmitter were pressed into action Aug. 5 and are still in the testing phase. But officials say initial indications are positive.

"It is getting through. We have reports from Havana [and] Matanzas ... that it is being seen," says Alberto Mascaro, OCB's chief of staff. "Every day, it is getting better as they fine-tune the equipment."

Critics scoff at such claims. They see information warfare directed at Cuba as an expensive boondoggle related more to the political power of anti-Castro Cuban-Americans than to any demonstrable impact on bringing free elections to Cuba.

The US government has spent nearly $500 million to fund Radio Martí since 1985 and TV Martí since 1990. The Cuban government responded with an array of frequency jammers in and around Havana, and opponents of the propaganda effort say it has achieved little more than bringing very expensive "snow" to Cuban television screens.

"The bottom line is that TV Martí since the day it went on the air, regardless of the technology used, has virtually no audience. Every new technology that they have announced has not worked; it is very easy to jam," says John Nichols, a communications professor at Penn State University and coauthor of the book "Clandestine Radio Broadcasting."

Last month, a presidential commission recommended measures aimed at hastening the transition to democracy in post-Castro Cuba. One recommendation was to break Castro's information blockade. "The regime fears the day that the Cuban people have full access to independent information," it said.

Radio Martí programming has been somewhat more successful than TV Martí in evading jamming, but analysts say it nonetheless has failed to attract a large and loyal audience after more than 20 years in operation. One government estimate in 2005 said only 1.7 percent of Cubans were regular listeners.

But that hasn't slowed US efforts to find new and better ways to get information into Cuba. When TV Martí first started, it was broadcast from a blimp attached to a cable 10,000 feet above Cudjoe Key in the Florida Keys.

After the signals were easily blocked in Havana, the US responded with transmissions from a C-130 transport plane. Those broadcasts were also blocked. Now, TV Martí officials hope the new plane - with state-of-the-art equipment - will generate a signal strong enough to punch through the jammers.

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That's not the only front in this information warfare. In 2003, TV Martí began beaming its signal throughout the island via satellite. The Cuban government tightly controls access to satellite broadcasts. But estimates are that there are perhaps 10,000 black- market satellite dishes island-wide.

"Now is the time to gear up and take action," says Stephen Johnson, a Cuba policy expert at the Heritage Foundation. He says the key to success at Radio and TV Martí is building credibility by offering reliable and useful information.

"What they need is information to help them realize that there are different ways of living out in the rest of the world, and that there are things they are missing out on," he says. "It is not to be anti-Castro, but to help plant seeds of change."

Professor Nichols says it won't work because no one in Cuba is listening. "The audience is the sender, not the receiver. The [attempted broadcasts] are making Cuba mad and the Cuban exile community happy," he says. "That is the real message."

Ukraine Wins Russian Assurance To Forgo Steep Gas Price Increase (WSJ)

By Alan Cullison

The Wall Street Journal, August 17, 2006

MOSCOW -- Ukraine's new pro-Russian prime minister said that he has secured Moscow's assurance that it will forgo any steep price increase for natural gas this year, and that he is moving toward an agreement that would guarantee deliveries for next year as well.

Prime Minister Viktor Yanukovych's progress should allay fears of another disruptive gas dispute between Moscow and Kiev; a January spat led to a supply shutoff and sent thermostats falling in Europe. The tentative accord announced yesterday also hints at the benefits of warm relations with the Kremlin when it comes to securing energy: Mr. Yanukovych's rapid progress in gas talks contrasts with that of the previous government, which was dominated by Western-leaning members of the Orange Revolution who were pressured by Moscow to pay sharply higher prices.

Ukraine pays $95 per 1,000 cubic meters for gas -- or roughly $2.60 per million British thermal units -- but Russian gas giant OAO Gazprom had told Kiev that prices could jump to $230 next year. Natural gas has traded near $7 per million BTUs in recent weeks on U.S. futures markets.

In his first trip abroad since being named prime minister two weeks ago, Mr. Yanukovych, whose pro-Russian political party performed well in parliamentary elections this year, said he managed to stave off radical price increases, which analysts say would be ruinous to Ukraine's energy-hungry economy.

"We don't think there will be any race upwards in the gas price," Mr. Yanukovych told reporters at the Black Sea resort city of Sochi, where he was warmly greeted by Russian President Vladimir Putin. "In the course of negotiations, I didn't get the feeling that our partners wanted to supercharge the situation."

Officials said it is too early to name exactly what price would be paid in 2007. But Russian Prime Minister Mikhail Fradkov said terms for the winter would be "based on the agreements we reached in January" -- suggesting the price would stay around the $95 level agreed at that time.

This year Moscow accused Ukraine of laying the groundwork for a new gas crisis by failing to build up its winter supplies fast enough. Ukraine's natural-gas storage facilities are important to the smooth supply from Russia to Central and Western Europe in the peak demand season.

Mr. Fradkov said yesterday that the parties had resolved the storage problem, too, and would be increasing the natural-gas reserves in Ukraine's underground facilities by 24.5 billion cubic meters, a hefty buffer.

Analysts and diplomats have watched closely to see how far Mr. Yanukovych plans to go in fulfilling campaign promises to repair relations with Russia. Ties between the nations were badly strained by 2004's Orange Revolution, a popular revolt that kept Mr. Yanukovych from the presidency after a court ruled his election had been tainted by fraud. His rival, Viktor Yushchenko, was subsequently elected.

Like many prominent Ukrainian leaders, Mr. Yanukovych so far has taken a multivectored course. He campaigned actively against Ukraine's entrance into the North Atlantic Treaty Organization but now says he would allow the question to be settled by a referendum. His newly appointed energy minister said Ukraine will continue to use a murky trading company criticized in the West, RosUkrEnergo, as a go-between in gas deals with Russia, but Mr. Yanukovych has promised that all dealings with the company will be transparent.

Last week he signaled a weakening resolve to pursue economic liberalizations, saying Ukraine's entrance into the World Trade Organization should be delayed until next year. Moscow would see Ukraine's entrance into the organization as an affront, since its efforts were recently stymied in talks with the U.S.

But in Moscow, commentators have expressed some disappointment with Mr. Yanukovych, because they think he has been backsliding on a promise to make Russia a second official language of the Ukrainian government. In a recent trip to the Russian-dominated Crimea in southern Ukraine, the prime minister was reported to have said such a proposal is "unrealistic at

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the current stage." And Mr. Yanukovych has resisted proposals to resolve Ukraine's gas debts by ceding control of the country's gas-transport system to Moscow.

Ukraine's economy, while growing rapidly, depends on heavy industries that are largely unreformed since Soviet times. Any rise in gas prices above $120 could put a serious dent in economic growth, analysts say.

A Book About East Timor Jabs Indonesia's Conscience (NYT)

By Jane Perlez

The New York Times, August 17, 2006

JAKARTA, Indonesia, Aug. 14 — For more than two decades, the brutal military occupation of East Timor, a distant, impoverished territory, brought Indonesia little but disdain and dishonor on the world stage.

The ending, a bloody rampage by Indonesian-backed militias after a vote for independence in 1999, further curdled the nation's reputation and left a bitter mood at home, where the loss of East Timor was treated as a subject best left untouched.

The seemingly closed chapter was reopened this month with a new book by Ali Alatas, the former longtime foreign minister and ambassador to the United Nations. It is the first account by an Indonesian insider who tried to steer some of the events — which at critical moments involved the United States, the United Nations and, at all times, the heavy hand of the Indonesian Army.

Mr. Alatas, always amicable, always accessible, was respected in New York as a quintessential diplomat handed the tricky task of representing his country during the rule of a secretive and authoritarian leader, President Suharto.

In "The Pebble in the Shoe: The Diplomatic Struggle for East Timor," Mr. Alatas traces events from the Indonesian invasion in 1975 to the army's exit in September 1999, and the transfer of control to a United Nations peacekeeping force.

For the most part, he sticks to the narrow diplomatic history, rarely veering into what the army was doing on the ground, and mostly hinting rather than asserting that the army's actions made the diplomatic track so tortuous.

"I decided I would try to open up a debate and leave it to the reader to draw his conclusions," Mr. Alatas said in a recent interview.

The debate came immediately. A ceremony to celebrate the book's publication — fashioned as a public seminar in the stately courtyard of the National Archives and attended by former army generals, Indonesian officials and foreign diplomats — turned into an initial round of soul-searching, even catharsis.

Dino Patti Djalal, who served under Mr. Alatas and is now President Susilo Bambang Yudhoyono's most senior foreign policy adviser, told the audience that Indonesia had many stark lessons to learn from East Timor, describing the period leading up to the United Nations-administered referendum of Aug. 30, 1999, when the East Timorese voted overwhelmingly for independence.

Mr. Djalal said he had been sent by Mr. Alatas to visit the East Timorese leader, Xanana Gusmão, when Mr. Gusmão was still being held in a Jakarta prison.

Mr. Djalal had passed along a warning from Mr. Gusmão that the militias backed by the Indonesian Army would create mayhem after the vote, but Indonesia did nothing to prevent it, he said.

"He said, 'Dino, this thing about the militias is going to be a cancer,' " Mr. Djalal said.

"We never had the heart or the will to rein in the militia,'' he said, and added, "We paid very dearly." The United Nations estimates that about 1,000 people died in the violence that many say was turned on and off like a spigot by the military.

In his book, Mr. Alatas says the looting, burning and killing after the voting was so bad that a delegation of Indonesian officials, including Mr. Alatas, was unable to leave the airport when the group flew to East Timor for a firsthand look.

He goes on to say, "I began to have serious doubts whether, even under martial law,'' the Indonesian troops "could control the situation, not because of technical incapability but because of wavering and indecisiveness to act strongly against the militias."

Mr. Djalal said Indonesia fooled itself during its rule of East Timor. "We spoke of winning the hearts and minds, but we didn't know what we were doing," he said. "East Timor became a police state. We were bribing people we thought were loyal to us, and doing horrible things to people we thought were not loyal to us."

At another point in the seminar, a former Indonesian ambassador to Australia, Sabam Siagian, said Secretary of State Henry A. Kissinger had visited Jakarta just before the invasion of East Timor and had told President Suharto that the plans for East Timor were acceptable as long as the operation was done "quickly and cleanly." But, Mr. Siagian said, "it was neither quick nor clean."

In his account, Mr. Alatas says that the shootings of East Timorese protesters in November 1991 by the Indonesian military at a cemetery in Santa Cruz district was a "turning point" from which Indonesia never recovered.

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The massacre was captured on videotape by a British filmmaker and shown worldwide. “Since that date, international support for Indonesia’s position inexorably declined while that for the independence movement in East Timor markedly increased,” he writes. Soon afterward, the United States cut military assistance to the Suharto government.

With Indonesia’s image suffering so much in the international arena, Mr. Alatas writes, he tried in 1994 to persuade President Suharto of the wisdom of granting East Timor autonomy, a status that Mr. Alatas had long favored. He was listened to patiently, he records, but turned down.

If autonomy had been granted in the 1980’s or 1990’s, independence would not have been necessary, Mr. Alatas suggests. To the astonishment of many, including Mr. Alatas, after President Suharto’s downfall the new president, B. J. Habibie, quickly set the path for independence.

The title of his book comes from a remark Mr. Alatas once made to a Portuguese journalist who had asked him how he felt about the international stigma over East Timor.

Yes, he had answered, it was a problem for Indonesia, “but only as bothersome as a pebble in a shoe,” Mr. Alatas says. “In retrospect, however, I have to admit that in its final years, the East Timor problem was no longer a mere pebble in the shoe but had become a veritable boulder, dragging down Indonesia’s international reputation to one of its lowest points.”

The troubles of East Timor came at a personal cost to Mr. Alatas. In the 1990’s, he was a serious candidate for secretary general of the United Nations.

But, he has said, President Suharto did not want him to pursue his candidacy. And friends of Mr. Alatas have said that the president did not want the exposure on East Timor that a campaign for Mr. Alatas would have attracted.

Out Of Boston An Entrepreneur Has Quixotic Goal Of Wiring Rwanda (WSJ)

By Christopher Rhoads

The Wall Street Journal, August 17, 2006

MOUNT KARISIMBI, Rwanda -- Greg Wyler, an American tech entrepreneur, dreams of bringing the Internet to this troubled country. There are a few hurdles. One is a battered communications tower atop this 14,787-foot volcanic peak. The air is too thin for helicopters to transport the several tons of equipment needed for repairs. Instead, it has to go by hand.

One recent morning, as mist covered the mountain, a group of 20 Rwandans lugged a 1,300-pound transformer with ropes and pulleys through deep mud. Rains had turned part of the trail into swamp. Mr. Wyler, 36 years old, was checking on their progress. He had recently hired a South African mountain-rescue company to advise on navigating the steeper sections.

"We are pushing the boundaries of technology here," Mr. Wyler said, as the muck oozed up around his knees.

Mr. Wyler's company, Terracom, expects the tower to start beaming services in the coming months, including, for the first time, cellphone coverage, Internet access and television. Rwanda is among the least-connected countries in the world. Mr. Wyler wants it to be the first completely wired African nation, with citizens paying $80 a month for Terracom's Internet service.

Right now, Rwandans earn on average an annual income of about $200. Outside Rwanda's major towns, few homes have power. Rwanda still bears the scars of the genocide that consumed this nation 12 years ago when ruling Hutus slaughtered more than 800,000 Tutsis in a 100-day period. The country's telecom minister, Albert Butare, supports Mr. Wyler's efforts but acknowledges the obvious.

"We've had to rebuild everything from nothing," Mr. Butare says. "So when people need shelter, water and energy, they ask, 'Do I really need a computer?' "

On a recent break-neck tour by Land Cruiser of Terracom's projects around the country, Mr. Wyler stopped at his northwest regional office where clothes salesman Edward Rugamba had come to get his phone line fixed.

The 33-year-old Mr. Rugamba mentioned he'd once tried to start an Internet café. It folded after customers complained about the poor connections. On a whim, Mr. Wyler took Mr. Rugamba to see one of Terracom's new solar-powered towers, a journey that took an hour up a twisting, narrow dirt road. He wanted to persuade Mr. Rugamba to re-launch his café. "There are some damn good Java programmers out there!" Mr. Wyler shouted over the thick forest below.

On the ride back down the mountain, Mr. Wyler pitched his visitor the job of running regional sales for Terracom. The car zipped past barefoot children playing among goats.

"I need you on my team to show these guys how to use the Internet," he said. "We'll make this a booming metropolis!" Mr. Wyler put Mr. Rugamba in touch with Terracom's sales team, but hasn't learned if he accepted the offer.

Until three years ago, Mr. Wyler had never been to Africa. In the early part of the decade, he was investing in tech startups and real estate after making a fortune from a technology that cools computers. In 1998, the 28-year-old Mr. Wyler sold his company, Silent Systems Inc., for about $15 million.

Then a family tragedy intervened. In 2002, Mr. Wyler's parents were in the midst of an ugly divorce, rife with accusations of physical abuse, according to reports in the Boston Herald and Boston Globe. In October of that year, Mr. Wyler's mother,

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Susann, was murdered in the family's home near Boston. Widespread media coverage at the time identified Mr. Wyler's father, Geoffrey Wyler Sr., a prominent Boston lawyer, as a suspect. Local law authorities won't comment and to this day no one has been charged with the crime.

Geoffrey Wyler did not respond to calls seeking comment.

Around this time, at the wedding of a friend, Mr. Wyler met a Rwandan government official who invited him to visit the country. Eager for a new venture to occupy his time and mind, Mr. Wyler readily accepted and visited Rwanda that spring.

The government official was the chief-of-staff for President Paul Kagame, whom Mr. Wyler soon met. Mr. Kagame quizzed Mr. Wyler about a $50-million government project to give schools Internet access via satellite. Mr. Wyler says he told the president the deal was overpriced and that satellite Internet access was slow and unreliable.

"I told him if he wanted real infrastructure, he needed fiber," recalls Mr. Wyler. Mr. Wyler drew Mr. Kagame a map showing how fiber cables connect much of the developed world and bypass Africa. The government scrapped the satellite deal. Mr. Kagame and other government officials urged Mr. Wyler to take on a project wiring 300 schools, which he accepted.

Rwanda has tried to forge connections to the global economy under the leadership Mr. Kagame, the Tutsi military leader who led the army that defeated the genocidal Hutu government. His ultimate goal is to transform Rwanda into a Singapore-like hub for business and investment in east Africa. He has lured back from abroad several million Rwandans -- many with Western skills and education -- to help the country catch up with the modern world.

Yet government-owned phone monopolies throughout Africa have stifled competition, keeping innovation limited and prices high. Western companies and carriers have mostly shunned Africa, with its poverty, disease and instability. Recently, both France Télécom and Vivendi SA have scaled back their ambitions in the area.

Rwanda got its first dial-up connection in 1999 and, like most of the region, relied on expensive satellite links to access the Internet. When Mr. Wyler first visited, Rwanda counted just 22 broadband connections, each costing more than $1,000 a month, which were used mostly by embassies and nongovernmental organizations. Even at those prices, the connections were faulty and slow.

Mr. Wyler glimpsed an opportunity. Most of the recent growth in Internet users has come from developing nations. The world-wide number has more than doubled in the past five years to one billion.

In December 2003, Mr. Wyler started his own Rwandan Internet service provider and named it Terracom. With about $15 million, which came from his own funds and another investor, he began building a fiber network using the same technology that forms the U.S.'s Internet and data backbone.

Mr. Wyler says he is focusing on access first, profits later. He's starting with schools, institutions, and small businesses such as coffee cooperatives hoping to sell to U.S. coffee houses. Eventually, he'll get to individual consumers.

During 2004, Mr. Wyler hired 45 full-time workers and about 1,000 part-time laborers. They laid a 100-mile stretch of fiber in the ground from the capital Kigali southwest to Butare, the second-largest city and home of the country's biggest university. "We're on a mission here to see what happens when we drive prices down and quality up," says Mr. Wyler.

Last October, Mr. Wyler solved the problem of what to do with the country's telecom monopoly: He bought it. With a $20-million bid, Mr. Wyler won an auction that privatized Rwandatel. The acquisition included an antiquated fixed-line phone network, about 25,000 customers and 530 employees.

Mr. Wyler was now running a bloated government monopoly with little technical knowledge and no idea how to compete. Rwandatel had no customer-service department and 12 employees whose sole job was to play on the company soccer team.

"It wasn't expected to turn out this way," says Mr. Wyler, who on some days relies on a steady consumption of Gummi bears that he brings with him from the U.S. "It just sort of happened." Mr. Wyler spends one week of every six in Rwanda and most of the remainder at the home near Boston he shares with his wife and young daughter.

Back in the Land Cruiser, Mr. Wyler checked emails on his laptop. Terracom offers wireless broadband access wherever its cellular network has coverage -- he says it currently covers about 60% of the population -- for $60 a month, $20 less than the company's regular Internet access offering. The wireless technology is similar to what Verizon Inc. and Sprint Corp. are rolling out in the U.S.

As Mr. Wyler answered email, the SUV careened around mountain roads lined with banana trees, and narrowly swerved past people on foot. One email came from Terracom's new head of DSL, a technology that turns basic phone lines into high-speed ones.

"There is something that I would like to tell you," wrote Christian Mulola, 25, a Rwandatel employee Mr. Wyler promoted to run DSL operations. "It is that I do not feel confident enough to handle the installation all alone."

Mr. Wyler ignored the email, having given his employee a pep talk months earlier. "Greg told me my work would seem like a mountain on the first day," Mr. Mulola recalls. "But that tomorrow it would seem like a hill, and then seem smaller and smaller after that." Mr. Wyler later received another message announcing that the job had been completed after all.

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Next, Mr. Wyler visited Terracom's Internet café in Gisenyi, a dusty city in western Rwanda on the border with the Democratic Republic of Congo.

The café has 12 computers in wooden stalls but its Internet connection was down. The café is the main and perhaps only way for tens of thousands of residents here to access the Internet. Emile Munyandamusta, the Gisenyi manager, had not addressed the problem for about a day.

Mr. Wyler was furious. "Did you know about this?" he shouted. He explained through a translator that each minute the Internet café was closed Terracom was losing money. Startled, Mr. Munyandamusta made a call on his cellphone to check on the repair work. Mr. Wyler became further exasperated when he noticed Mr. Munyandamusta using a cellphone from a Terracom competitor, South Africa's MTN Group Ltd.

Mr. Wyler demanded the employee running the café email him the moment the problem was fixed, which happened the following day. On his way out the door, Mr. Wyler noticed the employee was wearing an MTN T-shirt. "We've got to get him a new shirt," Mr. Wyler said to his translator.

Terracom now has about 220 miles of fiber in the ground, bringing broadband to more than 150 locations, Mr. Wyler says. He wants to install another 700 miles of fiber during the next two years. The price of Internet access is still well beyond the reach of most Rwandans, but is a fraction of earlier offerings and for much higher speeds. In Terracom's Internet cafés, users pay 20 cents per 15 minutes.

Terracom's cellphone service, meanwhile, costs about a third of the rate offered by MTN. Mr. Wyler reckons he can reach more than a million customers within the next five years, offsetting the low margins with volume. By comparison, it took MTN eight years to win about 220,000 Rwandan customers.

In late July, Terracom, which Mr. Wyler says is now a "sustainable" business, merged with GV Telecom, a regional telecom company incorporated in the British Virgin Islands. The new company plans to extend Terracom's model of low-cost high tech throughout Nigeria, Kenya and Congo, Mr. Wyler says. Initially, Mr. Butare, the Rwandan telecom minister, denounced the deal in a news conference, stating that his office had not been consulted. He calmed down after Mr. Wyler called to explain he was not simply flipping the company for a quick profit.

Mr. Wyler says he has no intention of stepping down and will run strategy for the new company as well as its Rwandan operations.

One of Terracom's biggest tasks was making operational the Mount Karisimbi communications tower. The lush, mountainous area, where gorillas roam, has seen little but warfare since the 130-foot tower was built in 1989, initially to provide FM radio.

When the country plunged into civil war in 1990, Mr. Kagame's invading Tutsi army hunkered down here. The tower had never worked when the systematic killing of Tutsis by Hutus began four years later. The work crew left. When defeated Hutu militants fled across the border into Congo, they destroyed much of the equipment around the tower.

The tower, which sits in the northwest of the country, sat unused, surrounded by chunks of charred metal, covered in graffiti and the debris of war. The area remained in a communications blackout. Nearby airports couldn't even talk to pilots flying through the region.

About a year ago, the government asked Terracom to bring the tower to life. The company imported tons of telecom equipment from overseas and shipped it four hours by truck from Kigali to a grass airstrip near the mountain where mud huts dot the landscape.

From there, a military helicopter made more than 50 trips hauling equipment to a base camp at about 12,000 feet. Then, it was taken by hand to the top. One piece -- the 1,300 pound transformer -- took a week to haul to the summit.

To speed up the work, Mr. Wyler suggested having workers sleep and eat at the camp. For their down-time during the evenings, he suggested providing laptops.

Japan's History Problem (WP)

By G. John Ikenberry

The Washington Post, August 17, 2006

Japan has a serious geopolitical problem -- and increasingly it is an American problem as well.

Essentially, the problem is that Japan has not been able to eliminate the suspicions and grievances that still linger in China and Korea about Japan's militarist past. While postwar Germany has somehow been able to put the "history issue" to rest, postwar Japan has not. The result is that Japan -- 61 years after its surrender and the inauguration of its long, peaceful return to the international community -- remains isolated and incapable of providing leadership in a region that is quickly transforming in the shadow of a rising China.

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The most visible manifestation of Japan's history problem is the controversy that erupts each year when the Japanese prime minister visits the Yasukuni Shrine in central Tokyo -- the Shinto memorial where the names of 14 World War II-era Class A war criminals are listed among the honored dead. In China and Korea these visits evoke the memory of Japanese war and imperial aggression, trigger popular protests and official condemnation, and provide a readily available tool to push Japan on the defensive and shrink its regional influence and appeal.

This problem was again on display Tuesday -- the anniversary of the end of the Pacific War -- when Prime Minister Junichiro Koizumi made his expected pilgrimage, covered live on Japanese television, to the Yasukuni Shrine.

Complicating matters, the United States has urged Tokyo along the course of great power "normalization." Indeed, some Washington strategists envisage Japan as America's "Britain in the East" -- a normalized and militarily capable ally that can stand should-to-shoulder with the United States as it operates around the world. This is in essence the vision of the very influential Armitage Report of October 2000 (named for former deputy secretary of state Richard Armitage), issued by a bipartisan group of American security specialists, and it is the dominant view today among both Democratic and Republican thinkers concerned with Japanese security.

The problem is that "normalization" and "historical reconciliation" are working at cross-purposes. Normalization requires amending the constitution, acquiring new sorts of military capabilities and breaking longstanding pacifist norms against the use of force. Historical reconciliation requires symbolic gestures of apology and redoubled commitments to restraint and peaceful intent. This will be a tricky game to play. It is certainly going to take more enlightened and imaginative thinking than Tokyo has yet exhibited. And the United States will need to rethink its own vision of East Asia and the U.S.-Japan alliance.

There is a grand irony in the geopolitical hole that Japan has dug for itself.

The irony is that Japan has actually been remarkably successful in defining a postwar identity for itself. Turning a necessity into a virtue, Japan celebrated its "peace constitution" and defined itself as a "civilian" great power that would invest in international peace and security under the auspices of the United Nations. It provided funding for the United Nations, supported international commitments to human security and became a generous provider of official development assistance. But while the wider world admires and respects Japan -- and its distinctive civilian-style great power role -- its neighbors do not.

Koizumi's term as prime minister will end after next month's elections -- and this will be a moment when both Japan and the United States might rethink their policies.

Japan needs to find an honorable way to end the visits by prime ministers to Yasukuni -- or quietly encourage the Shinto officials who run the shrine to remove the 14 names. But more than this, the next prime minister should try to make historical reconciliation a hallmark of his time in office. Japan's ability to exert leadership in the region depends on it. Symbolic politics must be part of this strategy of reconciliation. So, too, must be Japan's approach to "normalization."

Germany should be a model. Germany has normalized, but it has done so by redoubling its commitments to European unification and institutionalized cooperation with neighbors. This dual-track approach -- normalization plus regional integration and order-building -- has helped reassure neighbors and strengthen Germany's leadership position.

Japan does not have a regional organization like the European Union to tie itself to and reassure neighbors as it normalizes. In this sense, its path forward is more fraught and complicated than Germany's. What Japan can do is pursue reconciliation through regional diplomacy, offering a vision of a future East Asian security community. It would be a brilliant masterstroke if the next Japanese prime minister announced the end of visits to Yasukuni and invited Chinese and South Korean leaders to a summit in Tokyo.

Japan should make itself the regional leader in defining the parameters of a new cooperative East Asian order -- one that includes a growing Chinese role but also a central Japanese and American role. The alternative is to do what it is doing now, which is to normalize, antagonize and grow increasingly isolated.

The United States also needs to rethink its vision of the U.S.-Japan alliance. The Armitage Report idea of turning Japan into a British-style alliance partner is not the answer because it would inflame regional antagonisms. Washington should encourage Japan to pursue the German path, tying "normalization" to redoubled commitments to regional security cooperation. What is missing in East Asia, of course, is a regional organization that can be used to embody strengthened commitments -- by Japan but also China and Korea -- to peaceful regional order. The United States should work with Japan to help lay the groundwork for such a regional order.

Today the Middle East burns -- but East Asia simmers. Tokyo and Washington should use the coming months to turn down the heat and add some new ingredients to the pot.

The writer is Albert G. Milbank Professor of Politics and International Affairs at Princeton University. His most recent book is "Liberal Order and Imperial Ambition."

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USDOJ- Office of Public Affairs

From: USDOJ- Office of Public Affairs
Sent: Thursday, August 17, 2006 8:34 PM
To: USDOJ- Office of Public Affairs
Subject: DOJ Daily News Wrap

PUBLIC AFFAIRS DAILY NEWS WRAP
August 17, 2006

Contact: Brian Roehrkasse, Deputy Director, Office of Public Affairs (202) 514-2007

TOMORROW'S EXPECTED NEWS STORIES:

Attorney General Gonzales Participates in Press Conference Regarding Ruling in Terrorist Surveillance Program (OPA)

The Attorney General participated in a press conference regarding U.S. District Judge Anna Diggs Taylor's ruling on the NSA Terrorist Surveillance Program. Judge Taylor ordered the Bush administration to halt the Terrorist Surveillance Program, saying it violated the U.S. Constitution. The Attorney General expressed the Department's belief that the program is fully constitutional and said the case will be appealed.

The following statement was issued by the Justice Department in response to today's ruling:

- The Terrorist Surveillance Program is a critical tool that ensures we have in place an early warning system to detect and prevent a terrorist attack. In the ongoing conflict with al-Qaeda and its allies, the President has the primary duty under the Constitution to protect the American people. The Constitution gives the President the full authority necessary to carry out that solemn duty, and we believe the program is lawful and protects civil liberties. Because the Terrorist Surveillance Program is an essential tool for the intelligence community in the War on Terror, the Department of Justice has appealed the District Court's order. The parties have also agreed to a stay of the injunction until the District Court can hear the Department's motion for a stay pending appeal.

Media Inquiries on Arrest in JonBenet Ramsey Case (FBI)

The media continues to be interested in the arrest of John Mark Karr in Thailand in connection with the JonBenet Ramsey murder case. Media have inquired regarding details of Karr's arrest and possible return to the United States. The FBI's Atlanta Field Office participated in a press conference with the Roswell, Ga. Police Department to acknowledge the FBI's role in helping to identify the subject. There is no other DOJ connection to the investigation.

Dan Eggen to Run Story on Virtual Case File (FBI)

Tomorrow, *Washington Post* reporter Dan Eggen will run a story on the Virtual Case File, focusing on the role of the contractor, SAIC. It is expected that the story will rehash previously reported information.

Media Inquire into Arrest of Al-Qaeda Member Matiur Rehman (FBI)
Today, CNN and CBS inquired regarding an ABC news report yesterday that identified the capture and arrest in Pakistan of Matiur Rehman, a senior al-Qaeda leader associated with the recently disrupted UK plot. The FBI is not commenting on the matter.

Two City Council Members and a Political Consultant Plead Guilty to Participating in Bribery and Wire Fraud Conspiracy (Criminal)
Today, two sitting members of the Gadsden, Alabama City Council and a political consultant pleaded guilty to participating in a bribery and wire fraud conspiracy that operated from August 2005 through February 2006. All three defendants were charged with one count of conspiring to commit federal programs bribery and honest services wire fraud.

Talking Points

- Two members of the Gadsden City Council today admitted to a shocking betrayal of the public's trust – the selling of their Council votes for cash.

- There is no place in government for the buying or selling of an elected official's votes. The Department of Justice remains firmly committed to exposing and prosecuting such public corruption crimes at the federal, state and local level.

Federal Court Rules in Tobacco Case (Civil)
A federal court ruled today that the tobacco industry conspired for decades to deceive the public about the dangers of smoking and now must pay to help smokers kick the habit. The Justice Department issued a statement indicating that we are pleased with the courts finding, but disappointed that it did not impose all of the remedies sought by the government.

The following statement was issued by the Justice Department in response to today's ruling:

- We are pleased with the Court's finding of liability on the part of the defendants, but disappointed that the Court did not impose all of the remedies sought by the government. Nevertheless, we are hopeful that the remedies that were imposed by the Court can have a significant, positive impact on the health of the American public. We are continuing to review the Court's 1,652 page opinion.

Louisiana Medical Center to Pay United States $3.8 Million To Settle Allegations of Fraud (Civil)
Today, Our Lady of Lourdes Regional Medical Center agreed to pay the United States $3.8 million to settle claims that they defrauded Medicare, TRICARE and Medicaid from 1999 to 2003. The civil settlement resolves allegations that the Lafayette, La., facility violated the False Claims Act by submitting claims for medically unnecessary elective angiogram, medically unnecessary elective angioplasty, and medically unnecessary elective stenting procedures performed at the hospital by Dr. Mehmood Patel between from 1999 to 2003.

Talking Points

- Today's settlement demonstrates the United States' determination to make sure health care providers do not overcharge federal health care programs.

PONY Baseball Inc. Agrees to Provide Equal Opportunity to Players with Disabilities (Civil Rights)
Today, PONY Baseball Inc., a youth baseball and softball organization, has reached an agreement under the Americans with Disabilities Act to ensure that players who are disabled, including those who are deaf or hard of hearing, have an equal opportunity to participate in PONY's baseball and softball leagues. The settlement resolves a complaint by a PONY player who is deaf.

Justice Department Settles Allegations of Race Discrimination against Minneapolis Landlord (Civil Rights)
Today, the Justice Department announced an agreement with the owners and managers of two rental properties in Minneapolis, Minn., to resolve allegations of systemic discrimination against African-American tenants. Under the settlement, which must still be approved by the U.S. District Court in Minneapolis, the defendants must pay $525,000 to the affected households, hire an independent management company to operate the rental properties, post and publish non-discriminatory policy, and take steps to clear up the records of several persons who the United States alleges Kreisler attempted to evict for discriminatory reasons, so that the housing court records do not reflect adversely on their rental history. The defendants will also pay a $50,000 civil penalty.

Talking Points

- It is offensive and illegal to deny equal access to housing based on the color of one's skin.

- The Justice Department is committed to aggressively enforcing our civil rights laws that protect our most fundamental rights and values from such discriminatory practices.

Former Manager of Rental Apartments in Alabama Found Guilty of Race Discrimination (Civil Rights)
Today, Milburn Long, a former apartment manager in Boaz, Ala., was found guilty by a judge in federal court, of engaging in race discrimination due to his refusal to rent apartments to African-Americans. He was ordered to pay a civil penalty of $10,000 to the government.

Talking Points

- It is offensive and illegal to deny equal access to housing based on the color of one's skin.

- The Justice Department is committed to aggressively enforcing our civil rights laws that protect our most fundamental rights and values from such discriminatory practices.

FRIDAY'S EXPECTED EVENTS/RELEASES:

No public events scheduled.

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, August 18, 2006 8:08 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, August 18, 2006
Attachments:	agnb060818.pdf; agnb060818.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, AUGUST 18, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Federal Judge Strikes Down Warrantless Surveillance Program 3
Gonzales Says Terror Threats Continue Despite Successes ..8
UK Police Find Bomb Components In Woods Near Plot Suspect's Home 8
Longest-Held 9/11 Detainee Recounts Incarceration, Awaits Canadian Asylum 8
Pew Poll Finds Public Concern Over Terrorism Not Increasing 8
Ignatius Deconstructs Bush's "Islamic Fascists" Terminology 9

Homeland Response:

Chertoff Says US Does Not Need New MI5-Style Agency 9
Air Travelers Confused By New Security Rules 9
Mueller Says Seattle Should Not Let Guard Down On Terror Threats 10
Chertoff Pushes Real ID Act Before State Legislators, Who Balk At Cost 10
Airline Cargo Screening Faces Increasing Scrutiny 10
Simmons Proposes Privately-Funded Network Of Roadside Digital Alert Signs 11
UW-Madison Lecturer Believes US Government Planned, Executed 9/11 Attacks 11
Presbyterians Angry Over Book Alleging US Plotted 9/11 11
Nonprofit Partnership Creates "Government After Katrina" Initiative 11

War News:

Administration Said To Consider Iraq Reconstruction IG "Too Negative." 11
Doubt Cast On White House Statements About Iraq 12
Report Shows Marines Destroyed, Withheld Evidence In Haditha Killings 12
Violence Continues In Iraq 12
Maliki Says Iraqi Forces Ready To Take Over Security 13
New Survey Finds Iraqis Pessimistic, Cynical About Invasion 13
Radical Religious Leader Clashing With Other Shiites 13
Carroll Describes Realization That Captors Were Linked To Zarqawi 14
Karzai Condemns US Airstrike 14
Taliban Militants Release 17 Health Workers 14
NATO Commander Says Alliance Must Do More To Prevent Taliban From Using Opium Trade 14

DOJ:

Montana US Attorney In Line For Post At Main Justice 14

Corporate Scandals:

Comverse Cancels Job Pacts With Three Former Officials 15
Fund Shareholders Fighting Back In Private Buyouts 15
Time Warner Restatement Ends SEC Probe 15
Former DHB Officials Face Federal Charges 16
Foundry Networks, VeriSign Receive Nasdaq Delisting Notices 16

Criminal Law:

Questions Raised About Confession In JonBenet Ramsey Murder Case 16
Safavian Argues For New Trial 19
US Reaches Plea Deals With Three In Alabama Corruption Case 19
Opening Arguments Made At Third Gotti Trial 19
Reputed Canadian Mafia Godfather Extradited To US 20
Bonanno Capo Pleads Guilty To Mob Murder 20
Two Florida Men Convicted In Dot-Com Fraud Case 20
Minnesota Bank Executive Pleads Guilty To Lying In FBI Fraud Probe 20
Alabama Woman Sentenced To 19 Months In Prison For Katrina Relief Fraud 21

Massachusetts Families Blame FBI For Mob Murder Wrongful Convictions 21
Lessons From DC Sniper Probe Help Phoenix Police 21
DNA Links Two California Women To Dead Men 21

Civil Law:

Judge Rules Tobacco Firms Broke Anti-Racketeering Laws, But Limits Remedies 22
Bankruptcy Trustee Claims Departure Was Due To DOJ Interference 24

Civil Rights:

Old Florida Civil Rights Murder Probe Plagued By Dead Witnesses, False Leads 24
Former Alabama Apartment Manager Fined For Racial Bias 24
Florida Closes Five Clinics Over Charges Of Late-Term Abortions 25
New York City Sees Decline In Minority Enrollment At Top High Schools 25

Antitrust:

Bristol-Myers Claims No Evidence Plavix Talks Broke Law ... 25
New Jersey Officials Offer Counterproposal To Exelon-PSEG Merger 25
Bidders In Spectrum Auction See Jackpot Potential 26
Microsoft To Give $80 Million To Needy Florida Schools 26
Analyst Has Doubts About Lucent-Alcatel Merger 26
Russian Antitrust Regulators Probing Three Phone Operators 27

Environment:

7th Circuit Panel Rules For US In Pollution Control Case 27

FBI/DEA/ATF/USMS:

Kean, Hamilton Criticize Pace Of FBI Counter-Terrorism Capability Reform 27
Mueller Appoints Burrus Permanent Criminal Investigative Division Chief 28
Trainer Makes Fifth Appearance Before Federal Grand Jury In Bonds Investigation 28
Alleged Mexican Drug Kingpin Pleads Not Guilty 28
DOJ Considered Indicting Raul Castro On Drug Charges In 1993 29
Federal Grand Jury In Maryland Indicts 5 Following Drug Seizure 29
California Man Pleads Guilty After Posing As DEA Agent 29
Suspected Reservation Drug Dealers Charged In Arizona 29
ATF Probes California Mosque Fire 30

Tax:

FBI Informant In PA Corruption Probe Sentenced To Prison For Tax Evasion 30
IRS Reaches Deal With Hollywood Over Gifts 30

Congress-Administration:

Bush Signs Pension Reform Bill Into Law 31
Budget Deficit To Shrink In 2006 32
Snow Wants Reporters To Talk To White House Policy Makers 32
Historian Who Exposed Document Removal From Archives Was Court Martialed 33
Three NASA Council Members Who Spoke Against Science Cuts Quit 33
Announcement Date For Bush Presidential Library Pushed To Early Next Year 33

Other News:

Small Decline In Leading Indicators Seen As Good News 33
Judge Clears Way For Strike By Northwest Airlines Employees 34
Virginia Woman Wins Suit Against Abusive Husband 34
Polls Show GOP Losing "Security Moms." 34
Poll Shows Lieberman Ahead Of Lamont 53-41, With Strong Backing From GOP Voters 35
Chafee Bets On Support From Independents In GOP Primary 35
Talent Works To Solidify Support Among Rural Voters 35
Murtha Drawing Crowds, Support As He Campaigns For Fellow Democrats 36
GOP House Candidate Describes Bush Position On Iraq As "Extreme." 36
Lobbying By Cannon's Brother Draws Scrutiny 36
AFSCME Establishes 527 To Fight GOP Redistricting Efforts 37
DSCC Pulls Controversial Ad Seen As Offensive To Hispanics 37
Schwarzenegger Tries To Pacify Dissatisfied Conservatives 37
Ethics Complaint Against Ehrlich's Attorney Dismissed 37
Cost Of College Education Said To Threaten US Competitiveness 37
Public Housing Authorities Lack Strategy To Revamp Projects 37
Robinson Considers Allen's "Macaca" Gaffe 38
NYTimes, Dionne Back Reforms For Presidential Campaign Finance System 38
WSJournal Says San Diego Pension Fund Scandal Shows Need For Reform 38

DOJ_NMG_0049681

WPost Rejects Moratorium On DC Charter Schools 38
Intelligence Officers Say US Stopped Syrian Weapons Shipments To Hezbollah 39
Israelis Criticize War Leadership, Believe Hezbollah Won 39
Lebanese Troops Deploy To Control South 40
France Will Contribute Only 200 Troops To UN Force In Lebanon 41
US, Allies Competing With Hezbollah To Provide Aid 41
Abbas Says Palestinian Militants Agree To Suspend Attacks On Israel 42
Fox News Reporters Still Missing In Gaza 42
Musharraf Said to Be In "Serious" Political Bind 42
US Says Security Council Will Sanction Iran Next Month If Enrichment Continues 43
North Korea May Be Prepping For Nuclear Test 43
Britain's Prescott Denies Criticizing Bush 43
China Said To Be Engaged In "Massive" Electronic Eavesdropping Program 44
As UNSC Debates Darfur Force, Sudan May Seek New Military Offensive 44
US Military Rebuilds Tanzanian Clinic 44
Russian Prosecutor Probes Western Yukos Executives 45
Venezuelan Official Disputes WSJournal's Characterization Of Oil Firm 45
Castro Impersonators Change Routines To Match Events 45
Canadian Economist Touts Western Provinces' Pro-Growth Tax, Trade Policies 45
Author Says Worst Polluting Nations Have Few Incentives To Stop 45
NYTimes Urges Continuing International Commitment In Kosovo 46
NYTimes Says Grass' Lie Does Not Diminish Importance Of His Work 46

The Big Picture:
Headlines From Today's Front Pages 46

Washington's Schedule:
Today's Events In Washington 47

TERRORISM NEWS:

Federal Judge Strikes Down Warrantless Surveillance Program. The AP (8/18, Karush) reports, "A federal judge on Thursday struck down President Bush's warrantless surveillance program, saying it violated the rights to free speech and privacy, as well as the separation of powers enshrined in the Constitution." US District Judge Anna Diggs Taylor in Detroit "is the first judge to rule on the legality of the National Security Agency's program, which the White House says is a key tool for fighting terrorism that has already stopped attacks." The Administration "said it would appeal to the 6th US Circuit Court of Appeals in Cincinnati." USA Today (8/18, Jackson, 2.27M) notes Judge Riggs wrote in her opinion, "There are no hereditary kings in America and no powers not created by the Constitution."

The judge's ruling quickly became a political issue, with Democrats praising it and Republicans expressing their opposition to it. Media accounts, meanwhile, are portraying the decision as a blow to the Administration's conduct of the war on terror. McClatchy (8/18, Hutcheson, Talev), for example, terms the ruling "a scathing rebuke," while the Washington Post (8/18, A1, Eggen, Linzer, 748K), for example, calls the ruling "the latest courtroom setback for the Bush administration's controversial anti-terrorism and detention policies." The decision "could complicate efforts by the White House and Sen. Arlen Specter (R-Pa.) to win approval for a bill that would allow, but not require, Bush to submit the NSA program to a secret court for legal review." The Financial Times (8/18, Sevastopulo) refers to "a resounding rebuke of Mr Bush," and also notes "the court ruling is the second recent important indictment of the Bush administration's counter-terrorism tactics. … Only a week after the UK and US foiled an alleged plot to blow up airliners, the court ruling is likely to renew debate about national security policies before November's Congressional elections."

The story was covered by all three network newscasts, though CBS devoted only 20 seconds to it and NBC just 15. ABC ran a somewhat longer two-minute report. All three networks led with the JonBenet Ramsey story. The CBS Evening News (8/17, story 4, 0:20, Schieffer, 7.66M) reported, "The National Security Agency has of course, been monitoring without warrants the international phone calls and e-mails of Americans suspected of having ties to terrorists. The Judge in Detroit said this is a civil rights violation. The Administration disagrees, of course, and is appealing." NBC

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Nightly News (8/17, story 5, 0:15, Brown, 9.87M) says the judge "harshly contradicted the program saying it violates amendments and the FISA law. The White House said today the Administration couldn't disagree more with the ruling. For now the program will continue while the ruling is appealed."

On ABC World News Tonight (8/17, story 3, 2:00, Raddatz, 8.78M), Attorney General Alberto Gonzales was shown saying, "We have confidence in lawfulness of program. That's why appeal has been lodged. This is an important program." ABC called the ruling "a significant blow to the Bush Administration, which has strongly defended the legality and the necessity of the program since its disclosure last December." President Bush was shown saying, "I believe what I'm doing is constitutional. And I know it's necessary." ABC also showed a snippet of Vice President Chaney saying, "I can tell you the terrorist surveillance program has been absolutely essential to the security of the United States."

The Wall Street Journal (8/18, 2.03M) reports that after the ruling, the Justice Department issued a statement saying, "In the ongoing conflict with al-Qaeda and its allies, the President has the primary duty under the Constitution to protect the American people. The Constitution gives the President the full authority necessary to carry out that solemn duty, and we believe the program is lawful and protects civil liberties."

CNN's The Situation Room (8/17, Quijano) reported "even before today's ruling…Bush just this week, in comments at the State Department on Monday, singled out this very program as a vital tool in the terrorism fight. Well, today we are hearing that from the White House once again. White House Press Secretary Tony Snow, in a statement, saying, 'We couldn't disagree more with this ruling, and the Justice Department will seek an immediate stay of the opinion and appeal. The Terrorist Surveillance Program is firmly grounded in law and regularly reviewed to make sure steps are taken to protect civil liberties.'"

Fox News' Special Report (8/17, Hume) reported, "The ruling, which is immediately appealed, appears to be a victory for the American Civil Liberties Union, which brought the case on behalf of a group of plaintiffs who claim they had been harmed by the program." Fox News (Baier) added, "Opponents of the NSA program quickly jumped on the ruling, calling it a nail in the coffin in the administration's legal strategy in the war on terror." But the ruling "comes one week to the day after the British terror plot to blow up jetliners was thwarted. In a late afternoon news conference, the Attorney General called the terrorist surveillance program a critical tool to stop more terrorist plots." Attorney General Gonzales was shown saying, "I believe very strongly that the President does have the authority to authorize this kind of conduct and particularly in a time of war."

The Los Angeles Times (8/18, Weinstein, 918K) notes the judge "upheld the Justice Department's request to dismiss one aspect of the lawsuit filed by the American Civil Liberties Union. She threw out the part asking that the government's data-mining program be ruled unconstitutional, saying that litigation of that claim would violate the government's state secrets privilege."

On Fox News' Special Report (8/17, Hume), Nina Easton of National Public Radio said, "The feedback I got today was that this is going to be overturned by the Sixth Circuit."

The Detroit Free Press (8/18, Ashenfelter) reports, "The Justice Department immediately appealed the decision to the U.S. 6th Circuit Court of Appeals in Cincinnati. … Legal experts said the 6th Circuit Court of Appeals, which is overwhelmingly conservative, is likely to strike down her decision."

Long Island Newsday (8/18, Brune) reports, "Justice Department attorneys won a stay of the decision yesterday while they appeal it. Calling the five-year-old effort an important counterterrorism tool, Attorney General Alberto Gonzales said, 'We will continue to utilize the program to ensure that America is safer.'"

The San Francisco Chronicle (8/18, Page A1, Egelko) reports, "The ruling comes on the heels of a July 20 decision by Chief U.S. District Judge Vaughn Walker in San Francisco allowing a privacy-rights group to sue AT&T, on behalf of its customers, for allegedly collaborating in the surveillance program by allowing the government to monitor millions of phone calls and e-mails. … Last week, a federal court panel transferred dozens of similar lawsuits against telecommunications companies nationwide to Walker's court, rejecting requests by the companies and the government to send the cases to a judge in Washington, D.C. … And in June, the Supreme Court rejected another broad assertion of presidential powers, ruling that military tribunals established to try foreign captives in Guantanamo Bay, Cuba, must abide by the human rights guarantees of the Geneva Conventions."

U.S. News and World Report (8/18) reports, "Civil liberties advocates hailed Taylor's decision as a historic

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rebuke of President Bush's broad assertions of executive authority in the post-9/11 war on terror. Taylor found that the National Security Agency's monitoring of telephone and E-mail communications not only violates U.S. citizens' right to privacy and free speech but also illegally bypasses required review by a special court set up 28 years ago to monitor domestic spying. … Anthony Romero, executive director of the American Civil Liberties Union, a lead plaintiff in the case, called the ruling 'another nail in the coffin' of the administration's use of executive power to conduct controversial programs in the name of the war on terrorism. 'This is a reaffirmation of the system of checks and balances,' he said. … The administration, however, was quick to respond, calling the surveillance program a 'critical tool that ensures we have in place an early warning system to detect and prevent a terrorist attack.' In a hastily called afternoon press conference, Attorney General Alberto Gonzales said that 'we continue to believe that the program is lawful.'"

ABC News (8/18, Wolf) reports, "The injunction is the first decisive action by the federal court system against the warrantless domestic spying program since press reports of the program, which were leaked to the New York Times, were published late in 2005." ABC adds, "Attorney General Alberto Gonzales, at a press conference in Washington, defended the program as a vital part of the daily fight against terror. He said it is firmly rooted in established law and has been vetted on a regular, ongoing basis by lawyers both in the administration and at the National Security Agency, though not by outside attorneys. … Critics point out that Gonzales testified before a Senate committee in July that President Bush personally killed an internal Department of Justice inquiry into the program by declining to give the government lawyers at the Justice Department's Office of Professional Responsibility the security clearance to perform a review." ABC notes, "After initially declaring the program too important to national security to elaborate on it at all, the White House went on a public relations offensive with a number of speeches in which Bush, Gonzales and former NSA director (now CIA director) Gen. Michael V. Hayden used broad strokes to outline the program. … It was those very same speeches and fact sheets advertising the program as a tool in the war on terror that Taylor said contradicted the administration's claim that the program must remain secret. … Gonzales was asked at his press conference if he now regrets the public relations campaign. … 'Obviously, that was a tactical decision that had to be made early on in this matter,' he said. 'The decision by the president is that it was sufficiently important to reassure the American people about the program.'"

Bloomberg (8/18, Rowley) reports, "Bruce Fein, a former Justice Department official who has testified in Congress that the surveillance program is illegal, predicted that Taylor's decision would be overturned on appeal. Courts are traditionally reluctant to step into a 'feisty political debate' such as the current dispute between Congress and Bush over the legality of the surveillance, he said. … Fein said the ruling's weakest part is Taylor's finding that those who sued -- a group of lawyers, academics and activists -- could bring the suit to protect their free-speech rights. The Supreme Court in 1972 threw out a lawsuit by Vietnam war demonstrators who claimed their free-speech rights were hurt by an FBI program to monitor anti-war protests, he said."

Time (8/18, Bennett, Burger) reports, "The surprise ruling…raised new questions about the broad authority President Bush has claimed since the Sept. 11 attacks for secret new intelligence programs. Her decision came on the same day a federal jury in North Carolina convicted a former Central Intelligence Agency contract interrogator on charges of illegally beating a detainee shortly before the man died in Afghanistan in 2003. More important, the ruling followed a Supreme Court decision in June that the Administration's use of military tribunals in Guantanamo was illegal — until this week the biggest blow to Bush's assertion of broad unilateral powers in the war on terrorism." Time adds, "Attorneys for the Justice Department and the National Security Agency, the electronic eavesdropping shop, quickly won a stay allowing the NSA to continue its domestic spy program pending appeal. President Bush said in December, after disclosures in the media, that the so-called Terrorist Surveillance Program is used only to monitor calls between U.S. persons in phone contact with suspected al-Qaeda terrorists or supporters abroad. 'The decision is unreasoned and not supported by any analysis,' a senior, and bitter-sounding, Administration official complained to TIME. The decision most likely sent shudders through an intelligence community that runs numerous messy spy programs based on the guidance of the very Administration attorneys who had insisted the surveillance program is legal."

National Journal's Technology Daily (8/18, Noyes) reports, "Senate Judiciary Committee ranking Democrat Patrick Leahy of Vermont said Thursday that he has always believed the NSA program violated U.S. laws and that FISA is adequate. Committee Chairman Arlen Specter, R-Pa., whose

FISA reform bill is currently pending on Capitol Hill, was en route to Jerusalem and unavailable for comment, spokeswoman Courtney Boone said."

Democrats Applaud Ruling. The New York Times (8/18, Liptak, Lichtblau, 1.21M) reports Democrats "applauded the ruling as an important affirmation of the rule of law, while lawyers for the ACLU said Judge Taylor's decision was a sequel to the Supreme Court's decision in June in Hamdan v. Rumsfeld that struck down the administration's plans to try detainees held in Guantánamo Bay, Cuba, for war crimes."

The Washington Post (8/18, A1, Eggen, Linzer, 748K) reports "Senate Minority Leader Harry M. Reid (Nev.) and other leading Democrats hailed the ruling as a welcome check on the Bush administration. The decision shows that 'no one is above the law,' Sen. John F. Kerry (D-Mass.) said."

The Washington Times (8/18, Seper, 88K) reports Sen. Patrick J. Leahy, "the Senate Judiciary Committee's ranking Democrat, yesterday said the ruling highlighted 'another unfortunate example of how White House misdirection, arrogance and mismanagement have needlessly complicated our goal of protecting the American people.'" House Minority Leader Nancy Pelosi, "while calling the decision a 'repudiation' of the administration, invited the president 'to work with Congress to devise tough, effective, and lawful ways to monitor the communications of suspected terrorists.'"

On CNN's The Situation Room (8/17, Blitzer), CNN contributor Donna Brazile said, "There's no question this is a set back for the Bush Administration for the second time this year, they heard from a Federal judge that they need to get their secret programs under law."

Republicans Blast Judge's Decision. The Washington Post (8/18, A1, Eggen, Linzer, 748K) reports, "Congressional Republicans quickly condemned Taylor's ruling, and the Republican National Committee issued a news release titled, 'Liberal Judge Backs Dem Agenda To Weaken National Security.'" The Post adds "some Republicans sought to tie the ruling to last week's arrests in Britain and Pakistan of alleged conspirators in a plot to blow up airliners bound from London to the United States. The administration has not offered evidence that the NSA spying program played a role in the case. Sen. Mike DeWine (R-Ohio) said that halting the program 'would hamper our ability to foil terrorist plots.'"

The New York Times (8/18, Liptak, Lichtblau, 1.21M) also reports Republicans "attacked the decision. 'It is disappointing that a judge would take it upon herself to disarm America during a time of war,' said Representative Peter Hoekstra, Republican of Michigan, the chairman of the House Intelligence Committee." Republicans "said the decision was the work of a liberal judge advancing a partisan agenda."

Taylor, A Carter Appointee, Described As "Liberal Judge." The New York Times (8/18, Liptak, Lichtblau, 1.21M) reports Taylor, "73, worked in the civil rights movement, supported Jimmy Carter's presidential campaign and was appointed to the bench by him in 1979. She was the first black woman to serve on the Detroit federal trial court." She "has ruled for the ACLU in a lawsuit challenging religious displays on municipal property. But she has also struck down a Detroit ordinance favoring minority contractors."

On Fox News' Special Report (8/17, Hume), Nina Easton of National Public Radio said the judge was "a liberal Democrat, and it did read like an opinion of somebody who had -- was very happy to overturn a program that she really didn't like."

On CNN's The Situation Room (8/17, Blitzer), CNN contributor Bill Bennett said, "I don't think Democrats want to make an issue of this. … [CNN analyst] Jeff Toobin said this was a liberal judge, quoting other liberal judges. The reality of it, quite apart from the politics, is that we run programs which are more restrictive, more tight, not as liberal as what they do in England. England can do far more things that we can. They just broke that plot. We got a judge saying we have to be more restrictive than we are? I don't think it will fly in the courts, and don't think it flies in the court of common sense."

WPost, WSJournal Criticize Taylor's Opinion. Under the headline "A Judicial Misfire," the Washington Post (8/18, A20, 748K) editorializes, "The nation would benefit from a serious, scholarly and hard-hitting judicial examination of the National Security Agency's program of warrantless surveillance. … Unfortunately, the decision yesterday by a federal district court in Detroit, striking down the NSA's program, is neither careful nor scholarly, and it is hard-hitting only in the sense that a bludgeon is hard-hitting. The angry rhetoric of US District Judge Anna Diggs Taylor will no doubt grab headlines." But "as a piece of judicial work -- that is, as a guide to what the law requires and how it either restrains or permits the NSA's program -- her opinion will not be helpful.

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… Fortunately, as this case moves forward on appeal and as other cases progress in other courts, it won't be the last word."

The Wall Street Journal (8/18, 2.03M) editorializes, "We can at least be grateful that President Taylor's judgment won't be the last on the matter. The Justice Department immediately announced it will appeal and the injunction has been stayed for the moment." But "her decision is all the more noteworthy for coming on the heels of the surveillance-driven roll up of the terrorist plot in Britain to blow up US-bound airliners. In this environment, monitoring the communications of our enemies is neither a luxury nor some sinister plot to chill domestic dissent. It is a matter of life and death."

NYTimes, USA Today And LATimes Praise Ruling. The New York Times (8/18, 1.21M) titles its editorial "Ruling For The Law," and says, "The ruling eviscerated the absurd notion on which the administration's arguments have been based: that Congress authorized Mr. Bush to do whatever he thinks is necessary when it authorized the invasion of Afghanistan. It's good news that this ruling exists at all." The Times calls Taylor's opinion "careful" and "thoroughly grounded," adding that she "has reasserted the rule of law over a lawless administration and shown why issues of this kind belong within the constitutional process created more than two centuries ago to handle them."

USA Today (8/18, 2.27M) editorializes, "Much has changed since terrorists rammed planes into the World Trade Center and the Pentagon. But one thing that has not is that America is a constitutional democracy with checks and balances. A ruling such as Thursday's is a useful and forceful affirmation of that."

Under the headline "Bush: Unconstitutional, Again," the Los Angeles Times (8/18, 918K) editorializes, "The decision is an embarrassment for…Bush, but it also should be a source of shame for Congress." Congress "should reclaim its institutional prerogative and enact legislation making it clear that NSA spying on Americans is governed by FISA. Legislation proposed by Sen. Dianne Feinstein (D-Calif.) would do just that, while increasing from 72 hours to seven days the period in which investigators in an emergency could conduct surveillance without a warrant. Feinstein's bill made sense before Thursday's ruling. Its enactment is even more urgent now."

Avenue For Appeal Examined. Fox News' Special Report (8/17, Hume) interviewed Pepperdine University law professor Douglas Kmiec, who outlined a potential avenue for appeal: "In order to have constitutional standing, you have to prove an injury, in fact, that is concrete and palpable, that is traceable to the government and that is capable of being redressed by the government. With all due respect to Judge Taylor, that was not proven in this case." Kmiec added what "makes this opinion quite dramatic" is that the judge "is not merely saying this is in excess of statutory authority. The judge is striking it down on constitutional grounds, as well. I'm certain the administration will say, and I think with some credibility, that the FISA statute was not intended to apply in the context of war time and that in any event, the FISA statute itself contemplates additional statutory authority." Kmiec concluded, "So I think the government has considerable arguments on appeal."

More Commentary. MSNBC's Hardball (8/17, Matthews) interviewed 9/11 Commission co-chairmen Thomas Kean and Lee Hamilton. Asked about the Detroit NSA surveillance decision, Hamilton said, "I think that's going to be challenged in the appellate courts and it will be challenged in the Congress. But I do think the basic problem here is that as you fight the war on terror, you expand the intrusiveness of government in all kinds of ways. And I think probably in most of those ways, the American people accept. From my point of view what's necessary is that power ought to be checked so that no one person, even the President, should have the power to make the decision unilaterally. And therefore, action by the courts, by the Congress, to check the powers of the president on national surveillance makes sense to me. You should put it in that framework. Should they -- should government have that power? I think probably so."

CNN's The Situation Room (8/17, Blitzer) also interviewed Kean and Hamilton. Asked if US lives were at risk because of the decision, Kean said, "I don't think so, but the Administration may say something quite different. I think it's fairly easy to get a warrant, you can move fairly fast with a warrant. And we don't really know how often these are used. The Administration has never told us."

In his Wall Street Journal column (8/18), Daniel Henninger says that over the "past year the Democrats have built a political case that President Bush's conduct of the war on terror is trampling civil liberties and the rule of law. There is a list for the Bush assault on 'our values': the NSA's warrantless wiretaps, Guantanamo, phone-call datamining and of course his Supreme Court nominations." But even "allowing for election needs, why is it not possible for the congressional Democratic Party and its Amen corner in the

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punditocracy and blogosphere to overcome their George Bush phobia here? They should allow the creation of a civil-liberties regime that will genuinely (not hopefully) reduce our exposure to the risks now being rolled up by the surveillance and arrests in London."

James S. Robbins is senior fellow on national security affairs at the American Foreign Policy Council, writes in USA Today (8/18, 2.27M), "Taylor's decision, if it stands, will put out of commission a useful national security program that is no threat to anyone who is not already threatening the United States. Contrary to the hype, the administration has made no claim of a blanket privilege to intercept phone calls or e-mails without warrant."

Gonzales Says Terror Threats Continue Despite Successes. In an exclusive interview with the Pittsburgh Tribune-Review (8/18, Zito), Attorney General Alberto Gonzales discussed various anti-terror issues. Replying to a question about the recently foiled terror attempt in the UK, Gonzales said, "Let me just emphasize this: I don't view this threat as having ended -- we have disrupted the threat, (but) we still don't know yet everything there is to know about this threat. … We are in the process of evaluating (the attempted attack) and what almost happened here, and hopefully we are learning from it. The British have different authorities; they operate in a different legal system. We have a Constitution that we have to honor. We will continue to talk to our friends and allies. If we feel like there is something that we need in terms of gathering information, then we will have a discussion with the Congress and see if we can get it." When asked "What keeps you up at night?," Gonzales replied, "Well, you don't know, you just don't know and that is what keeps me up at night. … I wake up every morning, I look at the threat assessment, and we are on it, on those threats against the United States. Now at the end of the day, many of those threats have washed out. Many of them are nothing, but you see from the plots that we have an enemy that is very smart, very persistent and they are very determined. … They have great PR as well, and yes, yes, we do need to do a better job in the PR department. … But we are not safe yet, and that is what worries me. That is what keeps me up at night."

UK Police Find Bomb Components In Woods Near Plot Suspect's Home. The CBS Evening News (8/17, story 5, , Schieffer, 7.66M) reported, "British police investigating the transatlantic terror plot have discovered a suitcase containing component for a homemade bomb. A British intelligence source told CBS News today the suitcase was found in the home of one of the suspects," and "police have also found a number of firearms in the same woods 30 miles from London."

The New York Times (8/18, Fisher, 1.21M) notes, "A police spokesman declined to comment on the report," but "the BBC quoted an anonymous police official as saying that the suitcase contained 'everything you would need to make an improvised device.'" ABC World News Tonight (8/17, story 5, 0:10, Gibson, 8.78M) also briefly reported on the discovery.

Longest-Held 9/11 Detainee Recounts Incarceration, Awaits Canadian Asylum. In a widely-distributed story, the AP (8/18, Hays) reports, "The date was Sept. 12, 2001, but Benemar 'Ben' Benatta was clueless about the death and destruction that had unfolded a day earlier" because he was sitting in a US immigration lockup. When he learned of the attacks, "it slowly dawned on Benatta that his pedigree -- a Muslim man with a military background -- made him a target in the frenzied national dragnet that soon followed. The FBI didn't accuse him of being a terrorist -- at least not outright. But agents kept asking if he could fly an airplane. No, he said. It made no difference." The AP notes, "The veiled accusations and vehement denials would continue for nearly five years -- despite official findings in 2001 that he had no terrorist links and in 2003 that authorities had violated his rights by colluding to keep him in custody." After interviewing Benatta about his detention and release, the AP adds that he is awaiting word on his asylum application in Canada. He "wonders if he can regain enough spirit to start a new life. 'Now I'm not the same person,' he said. 'When I came to the United States, I was optimistic. … That's not the case now.'"

Pew Poll Finds Public Concern Over Terrorism Not Increasing. CNN's The Situation Room (8/17, Bash) reports, "We now know Americans paid more attention to that foiled plot to blow up airplanes than any terror-related event since 9/11," but "attitudes about terrorism haven't changed." A Pew Research Center poll finds "54 percent of Americans say they followed the London story very closely," but "just 23 percent say they are very worried about a terror attack in the US now, virtually the same as last summer. So far it hasn't changed the dynamic of the election some 80 days away." Approval "of how the president is handling

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terrorism went up only slightly, 50 percent now, versus only 47 percent in June," and "nearly seven in 10 people say they worry if Republicans keep control of Congress the US will become involved in too many military operations overseas. That's why Democrats continue to beat the political drum on Iraq."

Ignatius Deconstructs Bush's "Islamic Fascists" Terminology. In his Washington Post (8/18, A21, 748K) column, David Ignatius writes "in many ways," President Bush's use of the term "Islamic fascists" captures the "rage that fuels America's enemies," and underscores that, "as with European fascism, it has made Jews the symbol for larger forces that confound angry Muslims." Still, Ignatius writes, "I balk at the term. The notion that we are fighting 'Islamic fascists' blurs the conflict, widening the enemy to many if not all Muslims. It's as if we were to call Hitler and Mussolini 'Christian fascists,' implying that it is their religion, not resistance to transcendence, that is the root cause of the problem."

HOMELAND RESPONSE:

Chertoff Says US Does Not Need New MI5-Style Agency. The Financial Times (8/18, Sevastopulo, Luce) reports, "Washington is examining British counter-terrorism laws to see whether the US should import any UK police and intelligence service methods, according to Michael Chertoff, the US homeland security secretary." In a Financial Times interview, Chertoff said, "The experience we had observing and working with the British certainly has underlined some possible advantages of some of the approaches taken in Britain." The FT adds, "While some critics have suggested the US should form an independent domestic intelligence service, along the lines of MI5…Chertoff said it was not necessary. 'The FBI has done a superb job engineering itself to deal with the current threat,' he said."

Plot Highlights Repeated Failure Of UK Outreach To Muslim Youths. In a front-page story, the Wall Street Journal (8/18, Higgins, Mollenkamp, 2.03M) reports that "failure of…diverse approaches" by the Europeans to dissuade their Muslim youth from becoming extremists "creates a major quandary for Western governments trying to both understand and tackle the terrorists in their midst. Britain, more than any other European nation with a large Muslim minority, has put much energy and money into trying to do just that. Its efforts have been closely watched by other European countries and also by the U.S.," but "time and again…Britain's efforts have come unglued, stymied by divisions among Muslims and the local authorities' inability to find credible Muslim partners. Local mosques are often no help, not because they are hotbeds of political radicalism but, in most cases, the opposite: Their first-generation immigrant leaders disavow politics altogether."

Analysts Say Plot Shows War On Terror Driving Young Muslims To Extremism. The Christian Science Monitor (8/18, Murphy, 58K) reports the British and Pakistani suspects in the airliner bombing plot "reveals that the West's war on terror is attracting more and more young Muslims to militant circles, say terrorism experts. The US-led Iraq war and American support for Israel's bombardment of Lebanon are serving to fertilize anger in segments of the Muslim world. And, they say, this means that Al Qaeda may no longer be the primary enemy, but that disparate groups of young radicals who are imitating their tactics are emerging as equally potent threats.

Penn India Specialist Says Pakistan Must Crack Down On Terror Groups. In a Wall Street Journal (8/18, 2.03M) op-ed, Alyssa Ayres, deputy director of Penn's Center for the Advanced Study of India, writes that among the UK suspects, "the common thread appears to link the plot to Pakistan's Jama'at ud-Dawa (JUD), previously known as the Lashkar-e-Taiba (LET)." Ayres notes, "In 2002, Pakistan's Gen. Pervez Musharraf, under intense pressure from the U.S., banned several terrorist groups…including Lashkar. But the emptiness of this gesture became obvious when the group merely changed its name to escape arrests and asset seizure." Ayres adds, "Pakistan must take responsibility for the activities of these groups that operate from its soil, and cosmetic gestures…will not suffice. For its own sake, the sake of the neighborhood, and indeed the security of our homeland, it is time Islamabad backed its platitudes about fighting terror with real action."

Air Travelers Confused By New Security Rules. The Washington Post (8/18, D1, Shin, Joyce, 748K) says that if the "past few days are any guide, travelers at Washington area airports this weekend will encounter shorter lines than feared but more confusion than expected." Passengers this week "discovered that the landscape had shifted, in sometimes unpredictable ways. One woman found

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her single lipstick was fine in a carry-on; her colleague's four tubes of designer lip gloss were not. A baby with milk passed muster. A mom with a bottle of breast milk -- but no baby -- did not." One Dulles traveler said, "There doesn't seem to be consistency in the policy."

Restrictions Aid General Aviation Business Boom. The Washington Times (8/18, Lengell, 88K) reports the ban on liquids and other materials aboard commercial airliners "has led to a boom in business for air charter and air taxi services." The restrictions do not apply to general aviation flights, including charters and air taxis.

False Positive Test For Explosives Closes West Virginia Airport. ABC World News Tonight (8/17, story 4, 0:15, Gibson, 8.78M) reported, "A West Virginia airport near Huntington was closed when two bottles of liquid in a woman's bag twice tested positive for explosives. We're told the woman purchased a one-way ticket to Detroit. More definitive tests on the containers are being conducted."

The Washington Post (8/18, A9, Wilber, 748K) reports the two bottles in the carry-on bag "initially tested positive for explosive residue at a security checkpoint," but "chemical tests later yesterday turned up no explosives." TSA officials said the containers" were discovered about 9:15 a.m. as a woman was trying to pass through a checkpoint for her US Airways flight at Huntington Tri-State Airport. The woman, who had a ticket to Charlotte, was not identified. She was not arrested and 'was talking willingly' with authorities," according to the FBI.

Woman Subdued On Flight Acted Strangely On Board. ABC World News Tonight (8/17, story 6, 0:15, Gibson, 8.78M) reported the FBI said the "woman subdued aboard a London-to-Washington flight…urinated on the airplane floor, made comments about al Qaeda, and she did have a screwdriver, cigarette lighters, and matches, all items banned on planes flying out of Great Britain."

The New York Times (8/18, Zezima, 1.21M) reports Catherine Mayo also "said she had entered Pakistan illegally." Mayo "was ordered held in federal custody and will undergo a psychiatric evaluation before a court appearance on Thursday. 'She has a very serious mental illness,' said her court-appointed lawyer, Page Kelley. 'This is not a case about terrorism. This is a case about someone with a mental illness.'" An FBI affidavit said Mayo "had arrived in London from Pakistan," and that while on the plane, she "made a reference to 'there being six steps to building some unspecified thing,' which the crew took to be a bomb." The Washington Post (8/18, A9, Trujillo, 748K) says Mayo's son "described his mother as a peace activist and said she had been in Pakistan since March. She traveled there often since making a pen pal before Sept. 11."

Mueller Says Seattle Should Not Let Guard Down On Terror Threats. The Seattle Post-Intelligencer (8/18, 129K) reports, "FBI Director Robert Mueller visited the Seattle FBI office Thursday as part of a quick tour of three West Coast bureau offices. Mueller, in a brief session with reporters, said that while the terrorist threat against Seattle does not rise to the level of the threats against cities such as New York, Los Angeles and Washington, D.C., 'this is not an area where you can let down your guard.' Mueller took note of the Washington State Ferry System as a potential terrorist target to which the FBI and its law enforcement partners pay special attention." The Post-Intelligencer notes, "Mueller called the outcome of Wednesday's false alarm at the Port of Seattle…'good news,'" saying that DHS "was 'able to pick up a suspicious container and determine that it was not a threat.'"

Chertoff Pushes Real ID Act Before State Legislators, Who Balk At Cost. The AP (8/17, Schelzig) reports DHS Secretary Michael Chertoff called on state legislators to "embrace new federal driver's license requirements" under the federal Real ID Act, but they "demanded that Congress either fund the program or drop it." Addressing the National Conference of State Legislatures, Chertoff "sought to allay privacy concerns," saying "there are no plans to create a federal database of drivers' personal information." But he "did not address one of the biggest concerns raised in state legislatures about the Real ID requirements -- the cost. One estimate predicted that the program would cost Pennsylvania alone up to $85 million."

Airline Cargo Screening Faces Increasing Scrutiny. NBC Nightly News (8/17, story 7, 2:10, P. Williams, 9.87M) was the only network news broadcast to run a detailed report on air security Thursday, airing an "In Depth" feature on cargo screening. NBC said that "passengers filing onto airplanes today…probably didn't realize that as much as half the area beneath their seats was filled with cargo, sent by commercial shippers. But this week, some in Congress urged the government to screen much, much more of it." Rep. Edward Markey: "It is too risky to allow passengers to

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have cargo packages of this size under their feet, on passenger planes which have not been screened." Williams: "Passenger planes carry about six billion pounds of cargo a year. But only about 15% of it is physically inspected. … The director of the Transportation Security Administration says it doesn't make sense to inspect every single cargo package." TSA's Kip Hawley: "It would be a waste of resources, in that the threat might well be in the package. But it might be brought in by an insider. There are many other ways that you can get a bomb into the system." Williams: "TSA has dramatically increased the number of dog teams that check cargo and even go inside the plane's cargo hold. And it checks the background of airport employees with access to cargo. … At San Francisco international, TSA will soon start a test program to see whether nearly 90% of the cargo can be directly inspected, trying to answer how much screening is enough."

Simmons Proposes Privately-Funded Network Of Roadside Digital Alert Signs. In a Washington Times (8/18, 88K) op-ed, US Rep. Rob Simmons (R-Conn.) writes, "Our vision of U.S. information sharing…should go beyond traditional government-to-government communications. Imagine an information-sharing network that allows all Americans to avoid natural disasters, help victims of crime or even prevent the next terrorist attack. … We have the technology to provide real-time digital displays along our nation's highways that can make any driver a potential solution to our homeland security needs." Simmons adds, "The idea is a public-private initiative under which corporate partners provide funding to build, operate and maintain a network of digital message boards. … In return, each sponsor receives recognition on a separate board below the digital screen."

UW-Madison Lecturer Believes US Government Planned, Executed 9/11 Attacks. The Christian Science Monitor (8/18, Paulson, 58K) reports on Kevin Barrett, a lecturer at the University of Wisconsin, Madison who teaches that "the US government planned and carried out the 9/11 attacks, the World Trade Center imploded due to explosives set up ahead of time in the buildings, Minnesota Sen. Paul Wellstone's plane crash was no accident, and Osama bin Laden has probably been dead since 2001." Despite numerous complaints, the university "has stuck by the decision to have him teach a planned course on Islam this fall." The case is examined as a matter of "academic freedom."

Presbyterians Angry Over Book Alleging US Plotted 9/11. The Washington Times (8/18, Duin, 88K) reports the book "Christian Faith and the Truth Behind 9/11: A Call to Reflection and Action," which suggests the 9/11 attacks "were engineered by the U.S. government," is "raising hackles among the faithful because its publisher is an agency of the Presbyterian Church (USA), the largest of several Presbyterian denominations." The book accuses the Bush Administration "of plotting September 11 to justify war with Afghanistan and Iraq, and to expand an 'American empire.'" Its author is David Ray Griffin, a retired theology professor. Presbyterian Publishing Corp. (PPC) Board Chairman Kenneth Godshall said, "PPC provides a variety of viewpoints in the books we publish. A few of them from time to time are controversial. This particular book is the work of an independent author and in no way represents the views of the denomination or PPC itself."

Nonprofit Partnership Creates "Government After Katrina" Initiative. The Washington Post (8/18, Barr, 748K) "Federal Diary" reports the nonprofit Partnership for Public Service "is launching an initiative called 'Government After Katrina' to look for ideas that can help the government operate more effectively and polish an image that was tarnished by a sluggish response to the hurricane." The group's president Max Stier said, "We need to leverage the occasion of Katrina's anniversary to focus new energy to the issue of improved government performance." The initiative begins this morning with a breakfast discussion featuring FEMA Director R. David Paulison.

WAR NEWS:

Administration Said To Consider Iraq Reconstruction IG "Too Negative." The Washington Times' "Inside the Ring" column (8/18, Gertz, Scarborough) reports that there is a "battle" raging "between Stuart Bowen, the special inspector general for Iraq reconstruction (SIGIR), and bureaucrats responsible for thousands of rebuilding contracts in Iraq." Bowen "simply puts out a series of reports detailing failings in the reconstruction effort. The bureaucrats, who don't dare publicly speak against an IG who has wide support in

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Congress, fire back by issuing a stream of press releases recounting accomplishments in Iraq. Privately, Bush administration officials tell us that Mr. Bowen's quarterly reports and audits are too negative and that he glosses over what they have been able to achieve in the face of an extremist enemy who will kill anyone, at any time, to stop a project."

Waxman To Lead Investigation Of Alleged $100 Billion In Wasteful Spending. In its "Washington Wire" column the Wall Street Journal (8/18, Harwood, 2.03M) reports House minority leader Nancy Pelosi "will unveil task force headed by California Rep. Waxman to probe $100 billion in alleged wasteful or fraudulent spending on Iraq, Katrina and homeland security."

Doubt Cast On White House Statements About Iraq. The CBS Evening News (8/17, story 6, Schieffer, 7.66M) reported that there is "every indication the situation" in Iraq "is getting much worse. At least that's how it seems." But "the White House launched a campaign to say no matter what we are hearing and seeing, that's not the way it is." CBS (Plante) added, "In Iraq, the facts on the ground are grim, the situation getting steadily worse more roadside bombs than ever in July, double the number of daily attacks since January. In the US, with polls suggesting that war weariness may mean bad news for Republicans in November, there's major White House offensive. Listen to what the President said…at a campaign stop." Bush: "If we cut and run, if we leave before the mission is complete, if we withdraw, the enemy will follow us home." CBS continued, "But US military and intelligence assessments of the security situation in Iraq continue to reflect what the top US commanders said on Capitol Hill recently." CBS added, "Today the White House spokesman insisted that wasn't true." Tony Snow, White House Press secretary: "No major political figure in Iraq has described the situation as a civil war or advocated one." Plante: "Snow also denied a report in the 'New York Times' that the Administration fears Iraq's democratically elected government might not survive." Tony Snow: "There were reports that an unnamed military expert who received briefings at the White House that we were continuing alternatives other than democracy in Iraq. It's just not true." Plante: "That's the official line, that things will be getting better in Iraq. But unofficially there's much less optimism. A senior Pentagon official talking about the sectarian violence in Iraq tells CBS News, 'Our worst fears are being realized.' And top US generals are described privately as being weary and pessimistic."

Military Intelligence Report Points To Civil War Dangers. CNN's "The Situation Room" (8/17, Starr) reported "A new US military intelligence report says if the sectarian violence isn't controlled, Iraq could plunge into civil war. Last month, 2,625 improvised explosive devices were planted across Iraq. The highest number of roadside bombs this year, almost double the number seven months ago. On average, about half of all IEDs are found before they explode. But it is civilians paying the price. 110 Iraqis are killed in the war every day." The Pentagon "says it's a grim statistic that has doubled in the last year. By many measures, it is getting worse" and there is "no more talk of US troops coming home."

White House Says Klein Has Reversed Himself On Iraq. Fox News' Special Report (8/17, Hume) reported, "The White House is pointing the finger at commentator Joe Klein of Time magazine, saying that critic has completely reversed himself on the war in Iraq. In this week's issue, Klein writes that the President's 'disastrous decision to go to war in Iraq transformed that country into a terrorist Valhalla.' But just before the war, White House official Pete Wayner notes that Klein told NBC's Tim Russert that war was the right decision saying, Saddam Hussein has to be taken out."

Report Shows Marines Destroyed, Withheld Evidence In Haditha Killings. The New York Times (8/18, Cloud, 1.21M) reports a "high-level military investigation into the killings of 24 Iraqis in Haditha last November has uncovered instances in which American marines involved in the episode appear to have destroyed or withheld evidence, according to two Defense Department officials briefed on the case." The officials said the probe "found that an official company logbook of the unit involved had been tampered with and that an incriminating video taken by an aerial drone the day of the killings was not given to investigators until Lt. Gen. Peter W. Chiarelli, the second-ranking commander in Iraq, intervened." The findings, "contained in a long report that was completed last month but not made public, go beyond what has been previously reported about the case." It is "the first time details about possible concealment or destruction of evidence have been disclosed."

Violence Continues In Iraq. USA Today (8/18, 2.27M) reports, "Car bombs killed 10 people Thursday as

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Iraqi and US troops widened a security crackdown in the capital. Seven people were killed and 15 were wounded when a car bomb exploded midday near an outdoor market in Sadr City, Baghdad's biggest Shiite district, the Iraqi army general command said." Another car bomb "exploded near an Iraqi police patrol in the Mansour district of western Baghdad, killing three bystanders, police Capt. Jamil Hussein said." A US soldier "was killed when a roadside bomb exploded near a foot patrol south of Baghdad, the US military said. Another US soldier died Wednesday of wounds suffered in Anbar province, stronghold of the Sunni Arab insurgency." The Baghdad bombings "occurred in areas of the city not yet targeted in a new US-led security crackdown."

The New York Times (8/18, Cave, 1.21M) focuses its Iraq reporting on the "full-scale sectarian fighting" in Baghdad. A car bomb in Sadr City Thursday "was the latest of several recent attacks in the district" and "it signaled that full-scale sectarian fighting was continuing in the capital despite the extra American troops deployed there." Later, the Times says, "In addition to the Sadr City bombing, violence continued in the capital and across the country."

Maliki Says Iraqi Forces Ready To Take Over Security. The Washington Post (8/18, A17, Paley, 748K) reports Iraqi Prime Minister Nouri al-Maliki "said Thursday that Iraqi forces were prepared to take over security in most provinces if the U.S. military withdraws… The U.S.-led military coalition has set no timetable for removing troops from Iraq, but Maliki said in a statement that Iraqis 'have become capable of taking over security tasks in the majority of the provinces and that they will be able to fill the vacuum in case the Multi-National Forces withdraw.'" The Post also says Iraqi security forces "have taken full military control of only one province so far -- Muthanna, in a relatively calm area of southern Iraq -- but Maliki said they would soon take security responsibility of the area around Diwaniyah, in Qadisiyah province."

New Survey Finds Iraqis Pessimistic, Cynical About Invasion. The White House Bulletin/US News (8/17) reported the "unrelenting violence and chaos of Iraq have taken their toll on the people there, according to a new study of Iraqi public opinion. Based on two surveys of over 2,300 Iraqis in 2004 and 2006, the study finds increased feelings of powerlessness, insecurity, and pessimism, along with a striking level of distrust of US intentions. At the same time, the surveys found a surprising rise in support for secular politics, even as religious militias have grown more aggressive. Sponsored by the National Science Foundation, the project was done by professors Mansoor Moaddel of Eastern Michigan University and Ronald Inglehart and Mark Tessler of the University of Michigan."

The "growing sense of insecurity affected all three of Iraq's major ethnic and religious groups. The number of Iraqis who 'strongly agreed' that life is 'unpredictable and dangerous' jumped from 41% to 48% of Shiites, from 67% to 79% of Sunnis, and from 16% to 50% of Kurds. The most recent survey, done in April this year, also asked for 'the three main reasons for the US invasion of Iraq.' Less than 2% chose 'to bring democracy to Iraq' as their first choice. The list was topped by 'to control Iraqi oil' (76%), followed by 'to build military bases' (41%) and 'to help Israel' (32%)."

Iraqi attitudes "appear to be veering away from support for a religious regime, and towards support for secular politics and nationalism -- despite the lack of secular politicians and the growth of sectarian violence. Those agreeing it was 'very good to have an Islamic government where religious leaders have absolute power' declined from 30% to 22%, with a major fall off in support from Sunnis (from 20% to 6%), who fear the majority Shiites will impose an Iran-like theocracy on Iraq. But even Shiites showed a drop in support, to only about a third of those surveyed (from 39% to 34%)."

Radical Religious Leader Clashing With Other Shiites. The Los Angeles Times (8/18, Roug, 918K) reports a "little-known ayatollah has emerged at the center of a violent conflict among Shiite Muslims that is sweeping Iraq's southern desert." Mahmoud Hassani, "whose gunmen fought a competing Shiite faction in the holy city of Karbala this week, is a renegade in the mold of Muqtada Sadr. He has criticized the largest Shiite party for being too closely aligned with Iran, and his green-clad militia has attacked Americans as well as fellow Shiites." Though Baghdad "remains the center of the violence, assassinations and street fights between militias now also take place regularly in the majority-Shiite south. Iraqi security forces, which are dominated by rival Shiite groups, and gunmen affiliated with Hassani battled in Karbala for three hours Tuesday. An Iraqi army official said two soldiers, two police officers and three gunmen were killed."

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Carroll Describes Realization That Captors Were Linked To Zarqawi. The Christian Science Monitor (Carroll, Grier, 58K) reports on Monitor freelancer Jill Carroll's captivity in Iraq. Carroll says her that at "the beginning of my ordeal, I had hoped my kidnappers were amateurs who wouldn't really know what to do with me and would start to get very nervous after a few days. Then they'd let me go. I knew they were Iraqis, which was good. It was the foreign-born insurgents - such as Abu Musab al-Zarqawi, who beheaded hostages." But after "about a week in captivity - about the time of the showing of the jihadi videos - it became increasingly clear to me that they were the real deal." These "were Zarqawi people! I was an American. I thought again, there was no way I was getting out of this alive."

Karzai Condemns US Airstrike. The Washington Post/AP (8/18, A17, AP) reports from Kabul, "President Hamid Karzai condemned a US airstrike Thursday that Afghan officials said killed 10 border policemen." Said Karzai, "I have repeatedly asked the coalition forces to take maximum caution while carrying out operations."

The New York Times (8/18, Munadi, 1.21M) reports "a statement from the coalition forces said the plane had bombed two trucks that had been involved in the attack on the coalition forces and Afghan Army soldiers. A coalition spokesman in Kabul said he could not confirm whether the two vehicles attacked had belonged to the Afghan border police and whether those who were killed had been police officers."

CIA Contractor Found Guilty Of Beating Afghan Prisoner. The New York Times (8/18, Shane, 1.21M) reports, "A CIA contractor accused of severely beating an Afghan prisoner who died the next day was convicted Thursday of felony assault. The former contractor, David A. Passaro, 40, a onetime Special Forces medic who went to work for the Central Intelligence Agency in Afghanistan in 2003, is the only civilian ever charged as a result of accusations of prisoner abuse there, in Iraq and in the broader campaign against terrorism. He faces a maximum of 11½ years in prison." The trial, in federal court in Raleigh, NC, "included testimony from clandestine C.I.A. officers who wore disguises to protect their identities. It drew close attention from human rights advocates."

The Washington Post (8/18, A8, White, Linzer, 748K) reports, "Passaro, who has said publicly he believes he is a scapegoat for failed US interrogation policies, could face as much as 11 1/2 years in prison at sentencing." CIA Director Michael V. Hayden "informed agency employees of the verdict by e-mail yesterday. 'I think it is very important for all of us to bear in mind that Passaro's actions were unlawful, reprehensible, and neither authorized nor condoned by the Agency,' Hayden wrote." The AP (8/18, Thompson) and Bloomberg (8/18, Roland) also report on the verdict.

Taliban Militants Release 17 Health Workers. USA Today (8/18, 2.27M) reports, "Suspected Taliban militants released unharmed 17 health workers, including doctors and a nurse, abducted earlier Thursday in southern Afghanistan, NATO said." The 17 "were abducted at gunpoint while traveling to a refugee camp in Kandahar, said Maj. Quentin Innis, a spokesman for the NATO-led force."

NATO Commander Says Alliance Must Do More To Prevent Taliban From Using Opium Trade. The AP (8/18, Baldor) reports NATO "must do more to prevent Taliban militants from using the growing opium trade to fund their insurgency in Afghanistan, the alliance's top military commander said Thursday." US Gen. James Jones "said the military forces can take on a larger role in ferreting out information about the drug connection and locating opium production areas, but U.S. and NATO troops will not be used to eradicate crops." Jones said "the opium problem 'certainly cries out for more international focus.'"

DOJ:

Montana US Attorney In Line For Post At Main Justice. The AP (8/18) reports, "Montana's U.S. Attorney is on track to become the No. 3 official at the Justice Department. … A Justice Department official said that U.S. Attorney Bill Mercer is the leading candidate to be nominated for the department's No. 3 post, associate attorney general, but that he is still awaiting final approval from Justice and White House officials. The Justice official demanded anonymity because he was speaking in advance of a formal decision." The AP continues, "If Mercer is approved for the full-time post, he would likely have to resign as Montana's top federal prosecutor. … Mercer previously served a temporary term, starting in June 2005, as principal associate deputy general, the top deputy to the deputy U.S. attorney general. During that assignment, Mercer split his time between his U.S. attorney duties in Montana and his Washington job. .. .

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Chief U.S. District Judge Donald Molloy criticized Mercer for that double duty, saying he was neglecting his work in Montana. In a letter last October, Molloy urged U.S. Attorney General Alberto Gonzales to replace Mercer. … Molloy argued that Mercer's absence has led to a 'lack of leadership' in the U.S. attorney's office in Montana that is 'creating untoward difficulties for the court, and it appears for the prosecutors assigned to various tasks in Montana.. … Gonzales turned down Molloy's request."

CORPORATE SCANDALS:

Comverse Cancels Job Pacts With Three Former Officials. The Wall Street Journal (8/18, Maremont, Bandler) reports, "Comverse Technology Inc., acting in the wake of criminal charges leveled last week against its former three top officers related to options backdating, said it canceled the trio's employment agreements and revoked their stock options." The Journal continues, "Former Comverse Chief Executive Kobi Alexander held more than $49 million in exercisable options as of Jan. 31, 2005, according to the company's most recently filed proxy statement. He has since exercised less than 10% of the options he then held, according to a database operated by Thomson Financial. .. . Mr. Alexander, former chief financial officer David Kreinberg, and former senior general counsel William Sorin, were charged last week in federal court in Brooklyn, N.Y., with conspiracy related to a decade-long scheme to manipulate stock-options grants at Comverse, a New York telecommunications firm." The Journal adds, "Mr. Alexander failed to appear in court, and is considered a fugitive by the Federal Bureau of Investigation. A dual American and Israeli citizen, he wired $57 million from the U.S. to Israel in late July. The FBI said last week it had notified Interpol, the international police organization, that it was seeking to arrest Mr. Alexander. … The three men resigned from Comverse in May, but at the time continued to have consulting agreements with the company under which they weren't permitted to exercise any options."

Fund Shareholders Fighting Back In Private Buyouts. The Wall Street Journal (8/18, Singer) reports, "Last month VNU NV, owner of the Nielsen television-ratings service and Billboard magazine, was taken private by a group of private-equity firms that acquired the company in a $10 billion deal. … It appeared to be just the latest conquest for these private investment partnerships, which have been shaking up global finance in the past few years by purchasing companies, taking them private, restructuring them and selling them again for a profit. … But the sale of VNU of the Netherlands to a group of firms including Kohlberg Kravis Roberts & Co. of New York instead represents one of the first signs that private-equity groups are facing a backlash to their own success." The Journal continues, "VNU's board recommended in March that shareholders accept the private-equity firms' bid, but the shareholders instead rose up in a rare and vociferous revolt. The shareholders questioned why they should sell for a small premium to VNU's share price -- leaving on the table the profits the private-equity firms were likely to reap from quickly restructuring the company. Instead, the shareholders wanted to force the company to fix itself so they could enjoy the fruits of the changes themselves. … The rebels -- including some of the world's largest mutual funds -- proposed their own business plan and new executives, and tried to force the chairman to quit. … After a months-long battle, shareholders eventually won a modest increase of nearly $250 million from the private-equity firms -- or 2.5% more than the original deal. But that improvement was less significant than the fact that shareholders had rebelled, proposing a do-it-yourself restructuring plan that competed with a big private-equity offer accepted by management and the board." The Journal notes, "Ever since the heydays of the 1980s when buyout firms like KKR stormed in to make splashy acquisitions such as the record-breaking $25 billion purchase of RJR Nabisco Inc. in 1988, private dealmakers have had free rein to buy companies when the price is right. They offer shareholders cash at a premium to the target's share price, and often strike when the target company's stock price is in the doldrums. Corporate boards have typically recommended the offers, too, since they were reluctant to turn away private-equity advances for fear of offending shareholders looking to make a profit on their shares. … But after a handful of private-equity firms over the past two years generated massive quick profits -- sometimes more than $1 billion in just a few months -- the firms are facing rising discontent from the shareholders and directors they count on to approve company sales."

Time Warner Restatement Ends SEC Probe. The Washington Post (8/18, D4, Ahrens) reports, "For the second time since last year, Time Warner Inc. will restate earnings because of incorrectly recorded revenue at its AOL

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division, removing about $21 million from the company's books over the past six years." The Post continues, "The most recent restatement, reported yesterday in a filing with the Securities and Exchange Commission, involves $584 million in advertising revenue booked from June 1, 2000, to Dec. 31, 2001, and will affect reported earnings from 2000 through the first half of this year. … 'This is the last restatement and the end of the SEC investigation,' Time Warner spokesman Edward I. Adler said yesterday." The Post adds, "The restatement results from an audit ordered by the SEC as part of the company's March 2005 settlement of civil fraud charges stemming from online advertising deals struck at AOL. As part of the settlement, Dulles-based AOL also agreed to pay $300 million. … Those advertising deals helped AOL artificially inflate revenue before and after the company's 2001 merger with Time Warner. In December 2004, the company avoided criminal charges by agreeing to pay $510 million to the Justice Department and shareholders."

Former DHB Officials Face Federal Charges. USA Today (8/18, Farrell) reports, "Federal prosecutors here have accused two former executives of DHB Industries, which supplies body armor to the U.S. military, of inflating the company's gross profit by $30 million between 2003 and 2005. … In addition, the two executives netted $8 million in profits by selling DHB stock to unwitting investors, regulators say." USA continues, "The two, former chief financial officer Dawn Schlegel and former chief operating officer Sandra Hatfield, pleaded not guilty in federal court on Long Island Thursday. Schlegel's lawyer, Steve Kobre, vowed a 'vigorous' defense at trial, adding, 'DHB has done great things for this country.' … The Securities and Exchange Commission, which has been examining insider stock sales at the company, filed parallel charges. Ched Dumornay, an assistant regional director at the SEC's Miami office, says the investigation into DHB is "continuing."" USA adds, "According to the indictment handed up against the women in New York, Schlegel and Hatfield allegedly reclassified expenses as investments into research and development, boosting the company's operating profits. The executives also allegedly put millions of dollars worth of phantom inventory on the company's balance sheet in the form of bullet-proof vests that prosecutors claim didn't exist. … DHB, which is better known by the name of its body armor subsidiary Point Blank, has been the target of various shareholder lawsuits in recent years. Although the lawsuits vary, the claims assert that the company overstated its earnings and allowed corporate insiders to sell millions of dollars worth of overpriced stock."

Foundry Networks, VeriSign Receive Nasdaq Delisting Notices. The AP (8/18) reports, "Foundry Networks Inc., a maker of switches and routers, said Thursday it received a notice from Nasdaq on Monday warning that its shares may be delisted because of the company's late filing of its quarterly report with the Securities and Exchange Commission." The AP continues, "The company, which delayed the filing of the quarterly report because of an investigation into past stock option grants, said it will appeal to Nasdaq and request a hearing before the Listing Qualifications Panel, letting its shares remain listing during the appeal." The AP adds, "Foundry is one of dozens of company investigating whether past stock options were backdated, or retroactively set at favorable prices, making them more lucrative for executives. The company is the subject of an SEC inquiry and has received a subpoena from the Justice Department."

The AP (8/18) reports, "VeriSign Inc., a network services company that also administers Internet domain names, said Thursday it received a letter from the Nasdaq Stock Market saying it is not in compliance with the exchange's listing requirements because of the delayed filing of its 10-Q report for the quarter ended June 30." The AP continues, "The company's board is conducting a review of historical options practices, and it is also under investigation by the Securities and Exchange Commission and the Justice Department for options-related accounting. … VeriSign said it expected the Nasdaq letter, will request a hearing on the matter, and will post results when its options review is complete."

CRIMINAL LAW:

Questions Raised About Confession In JonBenet Ramsey Murder Case. The surprise confession in the JonBenet Ramsey murder case led the network news and received prominent coverage in newspapers nationwide. The confession of John Mark Karr, an American living in Thailand, raised many questions.

ABC World News Tonight (8/17,lead story, 3:15, Gibson) reported, "No one could have expected that the arrest for JonBenet's murder would come half a world away, in Thailand. Or year after year of almost no leads, a suspect would admit to everything. But that is what happened today,

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for the prosecution gathered in Boulder; it was an announcement that was ten years in the making." ABC continues, "When reporters showed up in Bangkok, where Karr was being held by Thai authorities, they were hoping for a glimpse of the accused. They got more than they expected." John Mark Karr: "I loved JonBenet and she died accidentally." Unidentified female: "Are you an innocent man?" Karr: "No."

ABC World News Tonight (8/17, story 2, 2:35, Gibson) reported, "Karr's statement of guilt today May make this look like an open and shut case. But some legal experts say Karr's story doesn't add up. For example -- Thai police say John Mark Karr told them he drugged JonBenet Ramsey. But the autopsy report found no drugs were detected. Karr also said he was with JonBenet when she died."

The CBS Evening News (8/17, lead story, 3:55, Schieffer) reported, "The schoolteacher was arrested at a low-rent hotel in Bangkok early Wednesday, a long way from where he grew up in Alabama. His family doesn't believe the confession."

The CBS Evening News (8/17, story 2, 3:00, Schieffer) reported, "We want to bring if CBS news correspondent Erin Moriarty of '48 Hours,' she's covered this case for so many years and conducted the last network interview with JonBenet's parents and I take it, Erin, you are not sure the case is close to being resolved." CBS (Moriarty) added, "I also want to urge a lot of caution on this story. Based on what we've been able to learn, investigators May have arrested John Karr now not because they have definitive evidence linking him to the Ramsey murder but because they feared he might hurt a child in Thailand. In the midst of cameras and chaos, John Mark Karr calmly took responsibility for the death of six-year-old JonBenet Ramsey. But authorities tonight could be a long way away from a trial let alone a conviction."

ABC World News Tonight (8/17, story 9, 2:40, Gibson) reported, "We learned, today, that the suspect in JonBenet Ramsey's death, John Mark Karr, had lost teaching jobs because of inappropriate behavior. And had charges against him involving child pornography. Still, he was able to find more teaching work."

NBC Nightly News (8/17, lead story, 3:00, Brown) reported, "Despite Karr's arrest, the DA here says the case against him is not yet complete. At this point, no charges have been filed and officially, there's no comment on the evidence." NBC adds, "The (Colorado) district attorney was tipped off by Michael Tracey, a journalism professor who has produced documentaries about JonBenet Ramsey's death. Tracey says he and Karr had exchanged many emails about the case over the past four years. He became suspicious of Karr in the last several months. Today Tracey declined to reveal what Karr wrote."

NBC Nightly News (8/17, story 2, 1:00, Brown) reported that Karr is "being held…(in) a holding cell together with a number of other foreigners. All of them, including him, accused of visa violations. By accusing him of those violations, the Thais effectively side-stepped the need for any time consuming extradition proceedings and we expect that he'll be on a plane back to the US within days, possibly as early as the beginning of next week."

NBC Nightly News (8/17, story 4, 0:50, Brown) reported, "DNA could be crucial in this case. There was DNA found in JonBenet's underwear and probably in her fingernails. If they're able to link the DNA to Karr, they've got a case. If the DNA does not match Karr's, that could be a problem. The lawyer for John Ramsey says those results are not in yet, but that is going to be crucial."

The AP (8/18, Wannabovorn) reports, "An attorney for the Ramsey family said Wednesday that Karr once lived near the family in Conyers, Ga." The AP adds, "DNA was found beneath JonBenet's fingernails and inside her underwear, but Lin Wood, the family's longtime attorney, said two years ago that detectives were unable to match it to anyone in an FBI database. It was not known whether investigators had any DNA evidence against Karr."

The AP (8/18) reports that "questions have already been raised about the details of his story, including whether he drugged the 6-year-old girl, sexually assaulted her or was even in Colorado at the time of the slaying. … Those questions led some to wonder whether Karr was the answer to the long-unsolved slaying or a disturbed wannabe trying to insert himself into a high-profile case. … 'We should all heed the poignant advice of John Ramsey,' Boulder County District Attorney Mary Lacy, quoting the little girl's father. 'Do not jump to conclusions, do not rush to judgment, do not speculate. Let the justice system take its course.'"

The Chicago Tribune (8/18, Graham) reports that Karr "sparked an international media spectacle Thursday by admitting he was with child beauty queen JonBenet Ramsey when she was killed in 1996, but the televised confession by the American in Thailand raised more questions than it answered in the decade-old mystery." The Tribune adds, "Karr has apparently been living abroad since being released

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from a California jail in 2001 after an arrest on child pornography charges. He is being brought to Colorado, where he will face charges of first-degree murder, kidnapping and child sexual assault, Ann Hurt, an official with the U.S. Department of Homeland Security, said in Thailand. … However, several inconsistencies arose in connection with Karr's statements to Thai officials and reporters, as detailed Thursday. To start, the man - who once lived near the Ramseys in Georgia -- reportedly claimed to have drugged JonBenet Ramsey and had sex with her before accidentally causing her death, according to a senior Thai police officer who spoke with the Associated Press. … But an autopsy report of the 6-year-old, who was found strangled in the basement of her family home on Dec. 26, 1996,, didn't turn up evidence of drugs or alcohol in her body. Sexual malfeasance was suggested by cuts in an area around her vagina." The Tribune notes, "Also, Karr's ex-wife, Lara Karr, told KGO-TV in California that she was vacationing with her former husband in Alabama when Ramsey was killed on the day after Christmas. And his father, Wexford Karr, told the Denver Post he did not believe his son had ever been in Colorado. Both confirmed that John Mark Karr had been fascinated by Ramsey's murder and conducted extensive research on the crime."

The Los Angeles Times (8/18, Muskal, Vartabedian) reports, "John Mark Karr, 41, met the press in Bangkok but he dodged answering details about the murder of the former child beauty queen, whose death had been one of the nation's riveting unsolved crimes and fodder for tabloids. … Wearing a buttoned bluish golf-type shirt, Karr appeared stone-faced as authorities led him before cameras and held him like a marionette whose strings had been severed. The televised event showed a clean shaven, thinish man, eyes darting as he slowly spoke." The Times adds, "Karr will be taken within the week to Colorado, where he could face charges of first-degree murder, kidnapping and child sexual assault, said Ann Hurst, the U.S. Department of Homeland Security attache in Bangkok"

The Washington Post (8/18, A1, Goldstein, Hull) reports, "With no public evidence linking" Karr to the slaying, "the Boulder County district attorney emphasized yesterday that the arrest had been made 'early in the investigation' and that 'the analysis of the evidence in this case continues on a day-to-day basis, on an hour-to-hour basis.'" The Post adds, "Meanwhile, the image of Karr that began to coalesce yesterday from public records and people who knew him is of a man who has long had what his ex-wife said in divorce papers was 'a tendency to be too affectionate with the children.' … Karr had an earlier marriage to a girl who was 13 when they wed. He had a peripatetic history of brief jobs in schools. He abruptly quit a teaching internship in Alabama his last semester of college, after complaints about his behavior in class. A year later in California, he was jailed -- though never convicted -- on child pornography charges, skipping out on a court appearance soon after his release and eluding police."

The Los Angeles Times (8/18, Fausset, Vartabedian, Romney) reports that Lacy "also indicated that 'public safety' concerns and fear that he might flee had prompted her to have Karr arrested before her investigation was complete. … Many investigators and lawyers who have been following the case for a decade said that while they were hopeful the authorities had the right person, they were skeptical of Karr's confession. … 'At this point, I haven't heard anything very reassuring that we have the right person,' said Trip DeMuth, former senior deputy district attorney for Boulder County who was on the Ramsey case from the start until 2000, when he left the office. 'It is disconcerting. I am hoping that they based the arrest on corroborating evidence.'"

USA Today (8/18, Kenworthy, Hampson) reports, "As details dribbled out around the globe Thursday — Thailand, Colorado, California, Georgia, Alabama — the specter of false confession haunted the case against Karr …" USA adds, "Lt. Gen. Suwat Tumrongsiskul, chief of Thailand's immigration police, said Karr had confessed to the murder of Ramsey while in custody. He said that when told the accusations against him included first-degree murder, Karr replied, 'No, it's not first-degree, it's second-degree. It wasn't intentional.' … 'When my officers asked him, he said he loved the girl,' Suwat said later." USA notes, "Besides his own words, other details raised questions about Karr. He was obsessed with the Ramsey murder (and had written to her parents), as well as that of 12-year-old Polly Klaas, who was abducted from her Petaluma, Calif., home and killed in 1993. Karr said he had a letter from Polly's killer and a copy of her death certificate. … He also was a fugitive on five charges of possessing child pornography, filed in 2001 when he lived in Petaluma."

The New York Times (8/18, Lyman, Blumenthal) reports that "it remained unclear whether Mr. Karr's confession was genuine or the product of a troubled, attention-seeking man who had already exhibited a fervent

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fascination in the sexual abuse of children in general and in the death of JonBenet Ramsey in particular. … In the 10 years since the murder of 6-year-old JonBenet in the basement of her parents' elegant home, her ghostly, smiling and perfectly made-up face became a fixture of cable-news conjecture. Book after book dissected the crime and speculated on suspects. With Mr. Karr's arrest, the unexpected prospect of a solution to the mystery has galvanized international attention and resuscitated, spectacularly, the dormant JonBenet industry. … But in the back of the minds of many who have followed the case was the nagging fear that this might not be the cathartic solution it seemed. … 'It's a wacky confession full of holes,' said Craig Silverman, a legal analyst in Colorado who has watched the case closely over the years. 'If that's all they've got, then they've got holes.'"

The Washington Times (8/18, Richardson) reports, "Some legal analysts, pointing to gaps in the case against him, suggested that he could be an attention-seeker or obsessive follower of the Ramsey case who has convinced himself that he was involved in her death. … 'A lot of people are very skeptical about what he's saying,' said Denver legal analyst Andrew Cohen on KCNC-TV, the local CBS affiliate. 'A lot of people are wondering whether he's trying to interject himself into the case.'"

Safavian Argues For New Trial. Government Executive (8/18, Palmer) reports, "An attorney for David Safavian, the former chief of the Office of Federal Procurement Policy who was convicted of obstruction of justice and other charges in June, filed a motion for a new trial last month. Government lawyers have responded with a 27-page document opposing the motion. A judge will hear arguments for both sides in court next Thursday." GE continues, "Safavian's lawyer, Barbara Van Gelder, argued that the admission of e-mails between lobbyist Jack Abramoff and Safavian as evidence was improper and unfairly prejudiced jurors. In the e-mails, Abramoff and Safavian discussed their 2002 golf trip to Scotland and property owned by the General Services Administration, where Safavian served as chief of staff at the time." GE adds, "Van Gelder claims the e-mails constitute hearsay, which should not be considered as evidence, because Abramoff was not available for cross-examination. Federal Rules of Evidence, which govern federal courts, prevent hearsay, or second-hand information, from being used in court except under certain circumstances. Van Gelder argues that although the judge instructed the jury to consider the e-mails only for a limited purpose, such as the fact that the communication occurred, jurors would likely consider the statements in the e-mails as facts. .. . In an interview Thursday, Van Gelder said she could have called Abramoff to testify herself, but the burden was on the prosecutors to make their own case. … In response, Justice Department prosecutors Nathaniel Edmonds and Peter Zeidenberg say the e-mails were properly admitted as evidence to show the effect they may have had on Safavian's state of mind. They also point out that the judge repeatedly warned jurors to consider the e-mails only in a limited way."

US Reaches Plea Deals With Three In Alabama Corruption Case. The AP (8/18) reports, "Two Gadsden (AL) councilmen and a consultant pleaded guilty Thursday to corruption charges in a bribery scheme over a real estate development, the Justice Department says." The AP continues, "Councilmen Jimmy L. Armstrong, 70, and Fred L. Huff, 66, and consultant Larry R. Thompson, 55, entered guilty pleas before U.S. District Judge L. Scott Coogler in Birmingham to participating in a bribery and wire fraud conspiracy. … A Gadsden city official has also agreed to plead guilty to conspiracy charges and testify in the continuing probe." The AP adds, "Cathy Back, director of the Commercial Development Authority, is charged with conspiracy to commit bribery and wire fraud to influence some City Council members to support the Lafferty's Landing development, according to court documents filed Wednesday. … Lafferty's Landing is a multimillion-dollar development near the Coosa River. … In a statement, Assistant Attorney General Alice S. Fisher said as part of their plea agreements, Armstrong and Huff each admitted that they agreed to enrich themselves by soliciting and accepting cash bribes from Thompson and a 'cooperating witness.' … They did so with the intent of being influenced and rewarded in connection with two votes they both cast that aided the mixed-use real estate development. … The case investigated by the FBI is being prosecuted by the Public Integrity Section in the Justice Department's Criminal Division in Washington, D.C."

Opening Arguments Made At Third Gotti Trial. The AP (8/18, McShane) reports, "The third trial of the last year against John 'Junior' Gotti began Thursday with a new batch of jurors left to resolve a lingering question: Did the mob scion really quit his position atop the Gambino family

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seven years ago? Absolutely, said defense attorney Charles Carnesi. Absolutely not, said Assistant U.S. Attorney Victor Hou during opening arguments in Manhattan federal court. … The prosecutor promised to play audio tapes of a jailed Gotti flying into a rage after his 2001 demotion from Gambino family boss, then threatening to beat his uncles Peter and Richie to death with 'padlocks and chains.'" The AP notes, "Carnesi promised to play a prison tape of Gotti, too -- one on which the reputed mobster flatly announces to a friend, 'I will never go back to that life.'" The New York Post (8/18, Cornell, 608K) adds, "Hou detailed how Gotti made millions from crime and continues to live large off illicit profits hidden in real estate and holding companies -- evidence that is the basis for two new racketeering charges added to the case in May. … Firing back as Gotti's mother Victoria and sister Angel listened…Carnesi called the feds' case a 'twisted, illogical perception of the evidence.'"

The New York Daily News (8/18, Zambito, 729K) reports, "New to this case is an allegation that in 2003, Gotti had a burly associate squire the son of mob snitch Michael (Mikey Scars) DiLeonardo to DiLeonardo's upstate New York prison cell to try to persuade the boy to talk his father out of testifying against him. DiLeonardo has already testified twice against Gotti and is expected to take the witness stand at this trial. Prosecutors also added charges that Gotti used mob cash to purchase two holding companies. 'Gotti never left the life because he never gave up his mob money,' Hou said.

Reputed Canadian Mafia Godfather Extradited To US. The AP (8/18, Hays) reports, "After losing a two-year extradition fight in Canada, the reputed godfather of the Montreal Mafia was taken into FBI custody on Thursday to face charges stemming from the killings of three U.S. mobsters in 1981, authorities said. Vito Rizzuto, 60, was ordered held without bail after pleading not guilty to racketeering conspiracy charges in federal court in Brooklyn. Known in media reports as the 'godfather' of the Montreal Mafia, Rizzuto was the lone Canadian among 30 suspects arrested in a 2004 crackdown on the Bonanno organized crime family. … An indictment charged Rizzuto with participating in the fatal shootings at a Brooklyn social club in May 1981 of three Bonanno captains," who "were suspected of plotting to take control of the organization, authorities said." The New York Daily News (8/18, Martinez, 729K) and Canadian Press (8/18) also report on Rizzuto's extradition.

Bonanno Capo Pleads Guilty To Mob Murder. The New York Post (8/18, Haberman, 608K) reports, "The laughter ended for Bonanno crime-family capo Louis 'Louie Ha Ha' Attanasio yesterday, when he pleaded guilty to whacking another mobster. 'I knowingly and intentionally agreed with others to cause the death of Cesar Bonventre,' Attanasio told Brooklyn federal Judge Nicholas Garaufis. The former acting underboss admitted to shooting Bonventre, who was part of the family's Sicilian faction, in the back of the head in 1984 after he fell out of favor with then-boss Joseph Massino." Attanasio "and family captain Peter 'Rabbit' Calabrese - who also pleaded guilty yesterday - then hacked Bonventre into pieces and stuffed his remains in steel drums inside a New Jersey glue factory." The New York Daily News (8/18, Martinez, 729K) also briefly reported on Attanasio's plea.

Two Florida Men Convicted In Dot-Com Fraud Case. The Daily Business Review (8/17, Hernandez) reported the "founder and a former executive of a bankrupt Internet software company have been convicted of fraud for duping more than 46,000 customers out of $15 million." A federal jury in Fort Lauderdale, Fla., "on Tuesday convicted Bernard Roemmele, 46, and Steve Hein, 53, of racketeering conspiracy, money-laundering conspiracy, and mail and wire fraud, prosecutors said." The case "evolved at the height of the dot-com craze when federal and state authorities began to crack down on Internet fraud and online investment scams. The U.S. Attorney's Office said the case was one of the largest Internet securities scams prosecuted in South Florida."

Minnesota Bank Executive Pleads Guilty To Lying In FBI Fraud Probe. The AP (8/18) reports Donald J. Peroutka, "a former executive of the State Bank of Cokato pleaded guilty Thursday to lying to a federal agent who was investigating fraud at the bank." Peroutka "entered his plea before U.S. District Judge David S. Doty, who did not set a sentencing date. Under sentencing guidelines Peroutka could face up to five years in prison and a $250,000 fine." Prosecutors "alleged that Peroutka authorized a guaranteed Small Business Administration loan for a bank customer and agreed in writing that the bank would ensure the customer had put at least $50,000 from other sources into the business before the SBA loan was awarded."

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Alabama Woman Sentenced To 19 Months In Prison For Katrina Relief Fraud. The AP (8/18) reports Gladys Mae Whitt of Birmingham, Ala., "was sentenced to 19 months in prison Thursday for defrauding the Federal Emergency Management Agency." Whitt "posed as a Hurricane Katrina evacuee, stole another woman's identity and forged her name to receive $2,000 in disaster relief funds, authorities said."

Massachusetts Families Blame FBI For Mob Murder Wrongful Convictions. The Boston Globe (8/17, Murphy, 425K) reported DOJ attorney Mary M. Leach on Wednesday "argued…that the FBI had no duty to share evidence with state prosecutors that might have prevented the wrongful conviction of four men for a 1965 gangland murder in Chelsea. … The government urged a US judge to dismiss a negligence suit filed against the federal government by Joseph Salvati and Peter Limone, who both spent more than 30 years in prison before they were exonerated in 2000 of killing Edward 'Teddy' Deegan." The Globe added, "US District Judge Nancy Gertner took the government's request under advisement, but questioned how the FBI could claim no liability when its agents failed to tell state prosecutors about wiretaps and informant information that suggested the four men were being framed for the slaying by Joseph 'The Animal' Barboza, a Mafia hitman who had turned government witness." Plaintiffs lawyer Michael Avery contended "that the FBI deliberately withheld information from state prosecutors so the government could continue using Barboza as a witness, and to protect both Flemmi brothers, who were FBI informants."

Lessons From DC Sniper Probe Help Phoenix Police. The Washington Times (8/18, Emerling) reports, "Lessons learned from the Washington-area sniper shootings helped Phoenix authorities track down the two men arrested in connection with a series of similar killings that terrorized residents for the past year. … 'What they've developed from [the D.C. sniper case], we've been garnering that information,' said Sgt. Andy Hill, a spokesman for the Phoenix Police Department. 'You have to learn from those other things. And I'm sure that after these cases, others will learn and glean from what we did.'" The Times continues, "Police on Aug. 3 arrested Dale Hausner, 33, and Samuel Dieteman, 30, in connection with 37 random shootings that killed seven and injured 17 in the Phoenix metropolitan area. … In the 2002 sniper spree, John Allen Muhammad and Lee Boyd Malvo were linked to 13 shootings, including 10 fatal, in the D.C. area. Muhammad, 45, was found guilty of several of the murders and has received the death penalty. Malvo, 21, was also found guilty of murder and is serving a life sentence." The Times adds, "The task force assembled to investigate the killings in Phoenix was similar to the one formed in Montgomery County in 2002 -- consisting of local police departments and federal agencies such as the FBI; Immigration and Customs Enforcement; and the Bureau of Alcohol, Tobacco, Firearms and Explosives. … Thomas Mangan, a spokesman for the ATF's Phoenix field office, said the agency sent six agents, analysts and a technical support staff that had worked the D.C. sniper case."

DNA Links Two California Women To Dead Men. The Los Angeles Times (8/18, Spano) reports, "Armed with fresh DNA evidence, prosecutors took two elderly women into custody today for befriending, insuring and then allegedly murdering two homeless men for $2.2 million in death benefits." The Times continues, "Investigators said biological evidence taken from a car linked to the women, which was allegedly used to run down one of the victims, contained traces of his DNA. .. . 'Our tests of biological material came back positive [to Kenneth McDavid, one of the victims] with a degree of certainty beyond a number that I can count to,' said LAPD Lt. Paul Vernon." The Times adds, "Helen Golay, 75, appeared in Los Angeles County Superior Court this morning wearing a blue jacket over a striped blouse, with her hair parted down the middle. She appeared animated as she consulted with her lawyer, Roger Jon Diamond. … Co-defendant Olga Rutterschmidt, 73, remained seated through most of the hearing, at which Los Angeles County Superior Court Commissioner James N. Bianco ordered their arraignment delayed until Aug. 29. … Prosecutors could seek the death penalty against the pair in the deaths of Paul Vados, 73, who was covered by more than a dozen life insurance policies when he was run down by a car on La Brea Avenue in 1999, and McDavid, 50, who was covered by 23 policies when he was run down and killed by an automobile."

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CIVIL LAW:

Judge Rules Tobacco Firms Broke Anti-Racketeering Laws, But Limits Remedies. In a partial victory for the Justice Department, a federal judge ruled Thursday that leading tobacco companies conspired to break federal anti-racketeering laws and deceived the American public for years about the dangers of smoking, but stopped short of forcing the firms to pay billions of dollars for anti-smoking programs and other measures.

ABC World News Tonight (8/17, story 10, 0:30, Gibson) reported that the ruling "amounts to something of a victory for big tobacco. The government was trying to force the industry to pay billions of dollars for anti-smoking programs and other measures. The judge agreed with the contention that cigarette companies lied to the public for decades about the dangers of smoking. But he says she was prohibited from forcing them to pay for anti-smoking campaigns now. The companies will be required to publish what are called corrective statements on the hazards of tobacco."

The CBS Evening News (8/17, story 3, 2:10, Schieffer) reported, "The Federal Government had sued the tobacco industry for $280 billion saying the industry's lies denying the dangers of smoking made big tobacco a racketeering enterprise just like the mob. Well, today a Federal judge did find big tobacco guilty, but the monetary award was zero. Almost ten years after the industry finally admitted that smoking was addictive, the Justice Department was still in court going for blood. The government argued the American people had suffered a 50-year fraud and on that point the judge agreed saying the industry 'suppressed research, destroyed documents, and manipulated nicotine to perpetuate addiction.' Still, the remedy didn't match the findings. Judge Gladys Kessler ordered the industry to stop marketing cigarettes as low tar, light, mild, ultra light or natural and to stop all claims that those products are less hazardous. The industry must also publish corrective statements about the danger of smoking in packages about advertising. But that was it. There were no monetary damages."

NBC Nightly News (8/17, story 10, 0:25, Brown) reported, "After a long court fight, a Federal judge in Washington today agreed with the government that the nation's top tobacco companies did break laws against racketeering by lying to the public about the health hazards of smoking and aggressively marketing to kids. The judge did not impose any fines but she did order tobacco companies to stop labeling cigarettes as light or low-tar."

USA Today (8/18, Iwata) reports, "The Justice Department's seven-year case against Phillip Morris USA and its parent company Altria Group, R.J. Reynolds Tobacco, Brown & Williamson Tobacco, British American Tobacco, Lorillard Tobacco and Liggett Group was one of the largest in the agency's history. … In a 1,650-page ruling, U.S. District Judge Gladys Kessler blasted the companies for selling 'a highly addictive product' that leads to 'a staggering number of deaths per year, an immeasurable amount of human suffering and economic loss, and a profound burden on our national health care system.' … Among other remedies, the judge ordered the companies to stop making false statements about the health effect of cigarettes, to stop stating that cigarettes advertised with descriptions such as 'light,' 'low-tar,' 'mild,' and 'natural' are less hazardous than other types and to run "corrective statements" about the health risks of cigarettes on TV, in newspapers and retail store displays."

The Wall Street Journal (8/18, O'Connell, Anderson, Fields) reports, "For most companies, a finding from a federal judge that they were racketeers would be a stinging blow. But cigarette companies have seen their image tarnished for years, and their efforts to hide the risks of smoking are well known. … As a result, the lawsuit's impact depended in part on whether U.S. District Judge Gladys Kessler would levy a significant penalty as punishment. The government had at one point requested a penalty of as much as $280 billion, though during the trial it scaled the request back to roughly $14 billion for smoking-cessation programs and antismoking advertising. … But Judge Kessler's reluctance to impose any penalty, which stems in part from an earlier appeals-court ruling mandating that remedies must be forward-looking, is a major reprieve for the industry. 'I think that the government came out short,' says Jonathan Turley, professor at George Washington University Law School. 'The judge essentially told the government lawyers the industry is every bit as bad as you say it is, but my hands are tied in what remedies I can award in response.'"

The New York Times (8/18, Shenon) reports that Judge Kessler "rejected a government proposal that the industry be forced to underwrite a multibillion-dollar program to help smokers quit and to educate young people about the hazards of tobacco. Judge Kessler said that under a recent appeals court ruling she had no power to impose such large financial

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damages. … The judge said she regretted not being able to punish the companies further." The Times notes, "The Justice Department, which brought the case in 1999 in the Clinton administration and had seemed less eager to pursue it under President Bush, said in a statement it was disappointed that the court did not impose all of the penalties the department had recommended. … But the department said that it was 'hopeful that the remedies that were imposed by the court have a significant, positive impact on the health of the American people.'"

The Washington Post (8/18, A1, Cauvin, Stein) reports, "Tobacco company officials indicated that they will appeal at least parts of the decision. David Howard, a spokesman for R.J. Reynolds Tobacco Co., said the judge was wrong. 'We are disappointed and disagree with the judge's ruling,' he said. .. At the same time, Howard said, the firm is 'gratified that the court did not award any unjustified and extraordinarily expensive monetary penalties that had been sought by the government.'" The Post notes, "Long-awaited, the ruling was a significant, if incomplete, victory for the government and for anti-smoking advocates. … 'It's an historic decision of major importance,' said David A. Kessler of the University of California at San Francisco, who as commissioner of the Food and Drug Administration during the Clinton administration led an unprecedented effort to regulate tobacco in the same way that agency places controls on some drugs. … 'It ends any debate about what the industry knew and what they did for decades,' said Kessler, who is not related to the judge. 'This was the greatest conspiracy to put the public's health at risk, and this decision makes that exceptionally clear.'"

The AP (8/18) reports, "Kessler said that adoption of a national stop-smoking program, as sought by the government, 'would unquestionably serve the public interest' but that she was barred by an appeals court ruling that said remedies must be forward-looking and not penalties for past actions. … The government had asked the judge to make the companies pay $10 billion for smoking cessation programs, though the Justice Department's own expert said $130 billion was needed. … That reduction in recommended remedies led to accusations that Robert McCallum, an associate attorney general appointed by President Bush, had tried to weaken the case. However, an internal Justice Department investigation cleared him of wrongdoing, saying he was supporting a figure he thought could be sustained on appeal. McCallum currently serves as U.S. ambassador to Australia."

The Richmond Times-Dispatch (8/18, Hardin, Blackwell) reports, "Altria Group Inc. said the company would seek a review of the ruling. … 'Philip Morris USA and Altria Group, Inc. believe much of today's decision and order are not supported by the law or the evidence presented at trial, and appear to be constitutionally impermissible or infringe on Congress' sole right to provide for the regulation of tobacco products,' said William S. Ohlemeyer, Altria Group vice president and associate general counsel. … 'Moreover, the conclusion that PM USA and Altria are reasonably likely to engage in future wrongdoing is flawed in light of the profound and permanent changes in the way cigarettes are marketed today, including requirements imposed by agreements with the state attorneys general and other voluntary -- and irrevocable -- changes made by our companies,' he said."

CNN.com (8/18) reports, "Ed Sweda, of the Tobacco Products Liability Project, an anti-tobacco group based at Northeastern University School of Law in Boston, said he was particularly pleased about the ruling on 'light' cigarettes. … 'That's critically important, since roughly 80 percent of U.S. smokers smoke cigarettes in that category,' he said. … He predicted that the Justice Department would now appeal the appeals court ruling, based on past conduct."

The Financial Times (8/18, Foster) reports, "The DoJ suit is considered the last major legal hurdle before the Altria board announces the beginning of the break-up of the company into two or three stand-alone entities. The board is due to hold its next regular meeting on August 30. … 'This is a home run for the tobacco industry, except for the part where they have to admit to the American people that they were lying for many years,' said Anthony Sebok, professor at Brooklyn Law School. 'It's a moral victory for the government, but not a decision with much financial consequence.'"

Dow Jones (8/18, Anderson, Blackstone, Berk) reports, "One of the anti-tobacco groups involved in the litigation said the racketeering ruling was significant. 'The tobacco companies have rightly been labeled racketeers for engaging in a decades-long scheme to defraud the American people to their tremendous financial benefit, but at a great cost to our nation,' said William Corr, executive director of the Campaign for Tobacco-Free Kids, an anti-tobacco advocate. … But reflecting the view Wall Street may take of the decision and remedies that amounted to something of a wrist-slap, University of Richmond Professor Carl Tobias asked, 'Where's the money?'"

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Bloomberg (8/18) reports, "The Clinton administration filed the suit in 1999, seeking to recover hundreds of billions of dollars the government claimed it spent treating sick smokers. The Justice Department suffered an early setback in 2000 when Kessler threw out the healthcare reimbursement claims. … At the same time, Kessler decided that the government was entitled to go forward with a claim that the industry violated the Racketeer Influenced and Corrupt Organizations Act, or RICO, which was passed in 1970 to target organized crime. … The tobacco industry appealed that decision, and the trial started in September 2004. Kessler heard the case without a jury."

Bankruptcy Trustee Claims Departure Was Due To DOJ Interference. The National Law Journal (8/18, Marek) reports, "The appointee who fills the U.S. trustee position in New York will follow in the footsteps of an official who said her superiors in Washington blocked some efforts to improve the bankruptcy process in a region that handles more major corporate bankruptcies than any other. … 'The increased oversight from the executive office impeded my ability to assist the restructuring community in streamlining and improving restructuring here in New York,' said Deirdre Martini, who left the trustee post in April. She declined to say which efforts were stymied. Martini is now a senior restructuring advisor at CIT Group Inc." The Journal continues, "Trustees, who supervise the administration of bankruptcy cases through regional offices across the country, are employees of the U.S. Department of Justice. The U.S. Bankruptcy Court in New York City, a part of the Southern District of New York, has tended to attract the biggest and most complex cases in the past two years." The Journal adds, "From the start of 2005 through May this year, eight of the nine largest Chapter 11 cases in the United States were filed in New York, according to data compiled by Lynn LoPucki, a law professor at the University of California at Los Angeles. Those cases had assets worth $145 billion and are worth billions of dollars in fees for lawyers, bankers and consultants who work on the cases. … Justice Department spokeswoman Jane Limprecht declined to comment on Martini's remarks. Diana Adams is the acting trustee for Region 2, which includes New York, Vermont and Connecticut. Justice has no date for appointing a permanent trustee, Limprecht said."

CIVIL RIGHTS:

Old Florida Civil Rights Murder Probe Plagued By Dead Witnesses, False Leads. The AP (8/18, Reed) reports, "The Florida Department of Law Enforcement sent its most aggressive agent to work on the case full time, armed with big stacks of previous files from the FBI and local sheriff's office. … Still, it took nearly two years to finally solve the 1951 murders of two black civil rights activists whose house was blown up by Ku Klux Klan members. It was a case prosecutors planned to bring before a grand jury back in 1978 using the same confession that proved key today." The AP continues, "Though the murder of Harry T. and Harriette Moore is finally solved, as officials announced Wednesday, the investigation proves how tough it can be to glean information from that bloody period in history - and how a small circumstance here or there could keep a case like this, and countless others like it across the South, forever mysterious. … 'I think that most of the major cases of the Civil Rights era have been thoroughly investigated at this point. I don't expect many more cases to come up,' said Mark Potok, director of the Intelligence Project, a hate-monitoring operation at the Southern Poverty Law Center. 'These cases are really bedeviled by in many cases by a lack of evidence and witnesses who are either dead or no longer remember details.'" The AP notes, "LFDLE Investigator Dennis Norred, tapped from Pensacola to lead the reopened Moore case, and Attorney General's Office investigator Frank Beisler inherited a chase taken up and abandoned at least three times previous. A half-century before them, 78 FBI special agents across Florida, Alabama, Georgia and the Carolinas conducted a four-year probe without producing a single murder charge."

Former Alabama Apartment Manager Fined For Racial Bias. The Birmingham News (AL) (8/17, Walton) reports, "A federal judge Wednesday ordered the former resident manager of a Boaz apartment complex to pay the government a $10,000 fine after finding the manager discriminated against black people seeking apartments." The News continues, "U.S. District Justice Lynwood Smith noted that 64-year-old Milburn Long is now retired and living on Social Security benefits, but said courts should not tolerate the loathsome act of discriminating among citizens because of race. Smith wrote that absent a civil penalty there will be no

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punishment for Long's wrongdoing in the case. … 'A civil penalty will serve the purpose of general deterrence by sending a message to other apartment owners and leasing agents that violation of the Fair Housing Act entails serious consequences,' Smith said in a 54-page decision. Civil penalties are paid to the government." The News adds, "Earlier this year, the apartment complex owner, Dawson Development Co., LLC., agreed to pay a $17,000 fine, set up a fund and take other steps to settle a housing discrimination lawsuit filed by U.S. Justice Department in 2005."

Florida Closes Five Clinics Over Charges Of Late-Term Abortions. The Washington Times (8/18, Price, 88K) reports Florida officials have "halted abortions at five clinics in the state -- two indefinitely -- and have suspended the medical license of the problem-plagued owner of the facilities in connection with accusations that he performed illegal late-term abortions." An "emergency order issued Wednesday by the Florida Department of Health suspending Dr. James S. Pendergraft IV's license stated he showed 'a flagrant disregard for the laws of the state of Florida and a willingness to endanger the lives and health of pregnant patients.'" The Times adds that in "separate action, the state Agency for Health Care Administration put an indefinite halt to abortions at Dr. Pendergraft's Orlando Women's Center and EPOC Clinic, also in Orlando. The agency also barred abortions at his clinics in Tampa, Fort Lauderdale and Ocala for a week."

New York City Sees Decline In Minority Enrollment At Top High Schools. The New York Times (8/18, Gootman, 1.21M) reports that despite New York City's creation of "a special institute to prepare black and Hispanic students" to take the test that "determines who gets into New York's three most elite specialized high schools the percentage of such students has not only failed to rise, it has declined." City school officials are "at a loss" to explain the drop. Two of the schools have also seen a decline in white enrollment while "the Asian population has reached as high as 60.6 percent at Bronx Science." While some leaders debate the question of whether the exam constitutes "institutional racism", Schools Chancellor Joel I. Klein has expanded the Specialized High School Institute to 17 locations serving 3,781 students and has tried to "increase the proportion of black and Hispanic students" in the institute. Mayor Michael R. Bloomberg "has also promised to create more elite high schools."

ANTITRUST:

Bristol-Myers Claims No Evidence Plavix Talks Broke Law. Dow Jones (8/18, Loftus) reports, "Bristol-Myers Squibb Co.'s board said Thursday an internal investigation by the company's outside lawyers hasn't found any evidence of unlawful conduct by the drug maker's employees in connection with the company's proposed settlement of Plavix litigation." Dow Jones continues, "In a statement posted on Bristol's Web site Thursday, the board also said the company hired attorney Mary Jo White in July, and she is conducting 'an independent and full investigation' of Bristol-Myers' negotiations with Apotex Inc. (APO.YY), the Canadian company that began selling a generic version of Plavix last week after a proposed settlement was rejected by regulators. … Also, the independent members of Bristol's board have hired attorney Kenneth Conboy, who is advising them on corporate governance and related matters." Dow Jones adds, "In July, Bristol-Myers disclosed that the U.S. Department of Justice's antitrust division had launched a criminal investigation of the Plavix settlement. That proposed settlement had called for Apotex to delay the launch of a generic version of Plavix until 2011 in exchange for certain payments."

New Jersey Officials Offer Counterproposal To Exelon-PSEG Merger. The AP (8/18) reports, "New Jersey utility regulators on Thursday submitted a counterproposal to the deal offered by two energy companies whose proposed, $17 billion merger would create the nation's largest utility company." The AP continues, "Neither the companies - Chicago-based Exelon Corp. and Newark-based Public Service Enterprise Group Inc. - nor the state Board of Public Utilities would release details of the proposal. … The board in a statement said its document 'addresses all important issues in the merger proceeding and is geared towards bringing positive benefits to the ratepayers and citizens of New Jersey.'" The AP adds, "Earlier this month, the board declined to rule on the merger, which has been approved by the U.S. Justice Department. The New Jersey officials at the time cited concerns a merger would lower the level of service provided to residents and said the companies needed to continue negotiating with the state before the deal

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could be approved. … Among PSEG's subsidiaries is Public Service Electric & Gas, New Jersey's largest utility." The AP notes, "The U.S. Department of Justice approved the deal in June but stipulated that Exelon and PSEG first must divest six electricity generating plants - four in New Jersey and two in Pennsylvania - within 150 days of the merger's closure. … Government, environmental and citizens' watch groups have decried the proposed deal. Some say it could lead to increased energy bills for customers when electricity bills are already rising rapidly. They also have questioned the reliability and quality of service."

Bidders In Spectrum Auction See Jackpot Potential. The Washington Post (8/18, D1, Mohammed) reports, "The country's biggest telephone and cable companies, already fighting a ground war to sell consumers TV, phone and Internet service, have taken their battle to the air." The Post continues, "Both sides have spent the past two weeks bidding billions of dollars against one another to buy electromagnetic spectrum -- the frequencies that carry cellphone calls, TV broadcasts and wireless Internet access. … While they cannot see, taste or touch what they're bidding on, the companies can smell profit if they can grab enough of the airwaves at a government auction. … It is an article of faith in the industry that, over time, more and more communications will become wireless -- making spectrum a must-have asset for any company that wants to be a player." The Post adds, "The federal government is expected to raise as much as $15 billion from its current auction. The airwaves up for grabs would be used to offer fast wireless Internet access and ever-more-elaborate cellphone service that puts e-mail, music and video into the palm of your hand. … This auction and another, due to be held by the end of January 2008, are regarded as the last, best chance over the next several years for companies to acquire 'beachfront' spectrum that is exceptionally well suited for wireless Internet and phone service. … What has been most striking about the Federal Communications Commission's Advanced Wireless Services auction -- which began Aug. 9 and could last for weeks -- is that satellite TV providers and cable companies were among the 168 bidders. … Both want to go head to head with the old-line phone providers by offering bundles of telephone, TV, high-speed Internet and wireless service -- known as the 'quadruple play' in industry jargon. … The major satellite players -- DirecTV Group Inc. and EchoStar Communications Corp. -- appear to be the most vulnerable because they lack their own mobile phone and high-speed Internet networks."

Microsoft To Give $80 Million To Needy Florida Schools. The AP (8/18, Press) reports, "Florida's most impoverished schools will get more than $80 million to buy computers, software and other services as part of the settlement of antitrust lawsuits against Microsoft Corp., Education Commissioner John Winn said today." The AP continues, "As part of the 2003 settlement, Microsoft agreed to donate half of any unclaimed benefits to Florida schools in which at least half the students qualify for free or reduced-price lunches. … The qualifying schools will get vouchers that can be used to receive reimbursements for purchases of any manufacturer's computers running any operating system and software used with those products." The AP adds, "State education officials estimate 1,790 schools with more than 1.1 million students will be eligible. Half the money must be used for software and the other half for hardware and other services including curriculum development, training and supplemental services for school administrators. … Microsoft was accused in class-action lawsuits of violating Florida antitrust laws through anticompetitive practices that increased the prices of its products purchased from Nov. 16, 1995, through Dec. 31, 2002. … Microsoft denied the allegations but agreed to settle for a maximum of $202 million. Florida consumers and businesses received vouchers to purchase computer hardware and software regardless of brand if they had purchased Microsoft items covered by the agreement. Those vouchers were worth $5 or $12 depending on the license purchased."

The Tampa Tribune (8/18, Dolinski) reports, "The new funding results from a 2003 settlement of a class-action suit in which Florida accused the computer giant of violating antitrust laws and driving up the cost of technology. Microsoft denied all allegations but settled for up to $202 million, paid out in the form of form of $5 and $12 technology vouchers to reimburse Florida consumers and businesses that had purchased Microsoft products. .. . Florida's schools were not among the plaintiffs in the case, but a twist in the settlement gives them one-half of all vouchers left unclaimed by April 2006. Microsoft retains the other half."

Analyst Has Doubts About Lucent-Alcatel Merger. The Wall Street Journal (8/18, Silver, Cheng) reports, "A series of research notes this week is stirring

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concern about the proposed merger of Lucent Technologies Inc. and Alcatel SA, three weeks before shareholders in both companies vote on the deal." The Journal continues, "Research analyst Per Lindberg of Dresdner Kleinwort questioned the terms of the merger, which shareholders are being asked to approve in meetings set for Sept. 7. Lucent's chief executive officer, Patricia Russo, is slated to run the combined firm. … Mr. Lindberg raised concern about Lucent's pension liabilities, and warned that Alcatel would face trouble running Lucent's Bell Labs arm, which does sensitive research for the government." The Journal adds, "The shares of both companies are down 20% since March 23, when news of their proposed combination became public. In composite trading on the New York Stock Exchange, Lucent shares were at $2.27 yesterday, a discount of 5.6% to the proposed exchange ratio of their stock for Alcatel's. The spread has widened in the past week, as critical reports started making the rounds. … A Lucent spokesperson declined to comment directly on the report, but said, 'We remain on track and are confident that the merger will be completed by the end of the calendar year.' A spokesperson for Alcatel also expressed confidence the deal would close by year end: 'We continue to make excellent progress toward the successful completion of the merger including clearing several major regulatory hurdles.'"

Russian Antitrust Regulators Probing Three Phone Operators. The AP (8/18) reports, "Russian federal antitrust officials said Thursday they are investigating alleged collusion over the prices the country's three largest mobile phone operators charge each other for connections between their networks." The AP continues, "OAO Mobile TeleSystems, or MTS, which is Russia's biggest cell phone operator; MTS's chief competitor, Vimpelcom; and Russia's No. 3 mobile operator Megafon; charged each other 16 percent less for interconnection fees than they charged other, smaller operators, according to a statement on the Web site of the Federal Anti-monopoly Service." The AP adds, "According to the statement, operators who transfer calls onto the networks of the big three companies are charged 1.1 ruble per minute (4 cents) while they charge each other 0.95 ruble per minute (3 cents). … The Federal Anti-monopoly service said that a hearing in the case would be held Sept. 28."

ENVIRONMENT:

7th Circuit Panel Rules For US In Pollution Control Case. The AP (8/18, Heilprin) reports, "The government won a round Thursday in a long-running dispute over how much authority it has to force industrial plants to cut air pollution. … Its victory over Cinergy Corp. in a federal appeals court in Chicago could help the Supreme Court decide the issue in a similar case this fall." The AP continues, "The Supreme Court's decision - which is shaping up as a test of the Bush and Clinton administrations' competing legal approaches for cutting air pollution - would affect up to 17,000 industrial plants and the unhealthy air breathed by 160 million Americans." The AP adds, "The facilities are major sources of nitrogen oxides and sulfur dioxide, which contribute to smog, acid rain, soot and other fine particles that lodge in people's lungs and cause asthma and other respiratory ailments. … The Cinergy case turned on whether its power plants could spew more pollutants into the air when they modernized to operate for longer hours. The Environmental Protection Agency said no, because Cinergy should have gone through a federal permit process, and the 7th U.S. Circuit Court of Appeals in Chicago agreed. … 'Cinergy's suggested interpretation, besides not conforming well to the language of the regulation ... would elude the permit requirement,' Circuit Judge Richard Posner wrote for a three-judge panel of the federal appeals court." The AP notes, "The Cinergy case is one of the lawsuits the Clinton administration filed in 1999 against electric utilities in the Midwest and South. The government contended that 51 aging, coal-burning power plants in 10 states, primarily in the Ohio Valley and the South, illegally polluted for two decades. … The cases were attempts to enforce a neglected and red tape-laden 1977 provision of the Clean Air Act. It requires a company to get a federal permit and install costly pollution controls when modernizing a facility and significantly increasing emissions."

FBI/DEA/ATF/USMS:

Kean, Hamilton Criticize Pace Of FBI Counter-Terrorism Capability Reform. Under the headline "9/11 Panel Chiefs: FBI Lags On Promised Improvements," USA Today (8/18, 3A, Levin, Johnson, 2.27M) reports that in an interview with USA Today and Gannett

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reporters, former 9/11 commission chairmen Thomas Kean and Lee Hamilton "said Thursday that the FBI has moved too slowly to improve its ability to prevent future terrorist plots and is plagued by turnover in its senior ranks." Kean added that two years after the commission's report, "they are not even close to where they said they would be." USA notes, "The FBI has strongly defended the pace of its 'transformation' since 9/11. On Thursday, the agency responded to requests for comment by referring reporters to FBI Director Robert Mueller's recent statements about the bureau's ongoing restructuring effort. … 'We are not simply moving boxes around the FBI organization chart,' Mueller said. 'These changes are institutionalizing the progress we have made to date.'"

Meanwhile, appearing with Hamilton on CNN's The Situation Room (8/17, Blitzer), Kean said their criticism of US counter-terror reforms was directed at "the government as a whole, including the United States Congress, because there are a number of things they can be doing that they're not doing as well. And you can go into any number of areas, from the fact that we're still five years after 9/11, we're still not distributing funds to the areas that need it the most. We're not doing it according to risk." Kean added, "I mean there's just a whole range of issues here that we addressed, and we addressed in the 9/11 report, and a number of our 41 recommendations are not yet in place."

Contractor Said To Be As Culpable As FBI For Failed Computer System. Under the headline "The FBI's Upgrade That Wasn't," the Washington Post (8/18, A1, Eggen, Witte, 748K) reports in another of its "Five Years Later" series, "As far as Zalmai Azmi was concerned, the FBI's technological revolution was only weeks away" with the expected deployment of Virtual Case File, but "software problem reports…numbered in the hundreds, Azmi recalled in an interview. … Within a few days, Azmi said, he warned FBI Director Robert S. Mueller III that the $170 million system was in serious trouble. … Lawmakers and experts have faulted the FBI for its part in the failed project. But less attention has been paid to the role that the contractor played in contributing to the problems. A previously unreleased audit -- completed in 2005 and obtained by The Washington Post -- found that the system delivered by SAIC was so incomplete and unusable that it left the FBI with little choice but to scuttle the effort altogether."

Mueller Appoints Burrus Permanent Criminal Investigative Division Chief. The Washington Times (8/18, Seper, 88K) reports, "James H. 'Chip' Burrus, who has headed the FBI's criminal investigative division in an acting capacity since February, has been named as its permanent chief, responsible for coordinating, managing and directing the bureau's criminal investigative programs nationwide. 'Chip brings an extensive background in criminal investigations and great leadership qualities to the [assistant director] position,' said FBI Director Robert S. Mueller III. 'He has the skills and vision to lead the intelligence and technology driven work of today's FBI, and I'm confident he will help us stay a step ahead of new threats and trends in the criminal arena.'"

Trainer Makes Fifth Appearance Before Federal Grand Jury In Bonds Investigation. According to the AP (8/18, Elias), Barry Bonds' personal trainer "again refused to testify before a grand jury investigating the Giants slugger Thursday, but a federal judge did not jail Greg Anderson for contempt of court. U.S. District Judge William Alsup said he must review the transcript of the brief grand jury hearing and hear arguments from lawyers before deciding if Anderson should go back to jail. He ordered Anderson to return to court Aug. 28."

USA Today (8/18, Nightengale) cites the AP story concerning Anderson's testimony.

However, the San Francisco Chronicle (8/17) reports Anderson "answered some questions, but a prosecutor said he refused to answer the important ones, such as whether he supplied steroids to the Giants' outfielder."

The New York Times (8/18, Jenkins) reports Anderson "told a federal grand jury just enough to stay out of prison." Alsup "said that because Anderson gave some testimony Thursday, he needed time to read the transcript."

Alleged Mexican Drug Kingpin Pleads Not Guilty. The AP (8/18, Hoffman) reports, "Suspected drug kingpin Francisco Javier Arellano Felix pleaded not guilty to racketeering and conspiracy charges Thursday after arriving on U.S. soil in a Coast Guard boat and being whisked to a downtown jail under heavy security." The AP continues, "Arellano Felix did not speak during the brief hearing. His court-appointed attorney, Leila Morgan, pleaded not guilty on his behalf to racketeering, racketeering conspiracy, conspiracy to import and distribute controlled substances,

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and money laundering. … Arellano Felix, 36, had been captured on a sport boat in international waters Monday along with seven other men, including Arturo Villarreal Heredia, who U.S. authorities said was probably his second-in-command. … 'There is no discernible leader left to fill the void' in the Tijuana-based Arellano Felix cartel, said John Fernandes, special agent in charge of the Drug Enforcement Administration's San Diego office. 'I don't consider this organization disrupted. I consider this organization defunct.'"

The Los Angeles Times (8/18, Marosi) reports, "At his afternoon arraignment, the gaunt-looking Arellano Felix -- still dressed in his orange flip-flops and checked green shorts -- grimly pressed his lips and nodded when his court-appointed attorney entered a not guilty plea to charges of smuggling, murder and conspiracy. … U.S. Magistrate Judge Leo Papas scheduled a bail hearing for Monday." The Times adds, "According to the indictment, filed in 2003, Arellano Felix is a member of an organization that during its height in the late 1990s was believed to be supplying nearly half the cocaine sold in the U.S. The cartel is blamed for scores of slayings of police officers, journalists and rivals, as well as the accidental killing of Roman Catholic Cardinal Juan Jesus Posados Ocampo at the Guadalajara airport in 1993. … U.S. and Mexican authorities, whose joint investigations have at times been marred by mistrust, held a news conference in San Diego, where they emphasized the close cooperation between the countries on the case. … Authorities, citing the ongoing investigation, released few details but said a key break in the 3-year manhunt came four months ago when Mexican authorities shared information with DEA agents that Arellano Felix had bought a fishing boat."

DOJ Considered Indicting Raul Castro On Drug Charges In 1993. The AP (8/18, Anderson) reports, "Federal prosecutors drafted a proposed indictment in 1993 charging Cuban military chief Raul Castro with cocaine trafficking but the case was dropped in part because it rested largely on the questionable testimony of admitted drug smugglers, former federal officials said." The AP continues, "The investigation was an outgrowth of the 1992 drug trial in Miami of deposed Panamanian leader Manuel Noriega, which included testimony implicating Raul from a top member of Colombia's notorious Medellin cartel - convicted cocaine kingpin Carlos Lehder. … 'There was substantial evidence generated in the Noriega case demonstrating that the Cuban military had been involved in narcotrafficking,' said former U.S. Attorney Guy Lewis, who was part of the Noriega prosecution team." The AP adds, "Raul Castro is now Cuba's acting head of state while his brother Fidel recovers from abdominal surgery. He has long been the chief of Cuba's Revolutionary Armed Forces, with control over the island's airports and ocean traffic. … Both Castro brothers have repeatedly and vehemently denied any Cuban involvement in drug trafficking."

Federal Grand Jury In Maryland Indicts 5 Following Drug Seizure. The Annapolis (MD) Capital (8/17) reports a federal grand jury "indicted five people on drug conspiracy charges yesterday, in what authorities said could be the biggest drug seizure in Anne Arundel County's history. Four of the five people were arrested in May and already have been charged in state court. But the federal charges could bring them much longer prison terms. … If convicted of the top count, which charges them with conspiring to distribute more than 1,000 kilograms of narcotics - well over a ton - all five would face a mandatory minimum of 10 years in prison and a maximum of life."

California Man Pleads Guilty After Posing As DEA Agent. The San Francisco Chronicle (8/17) reports a Manteca man "has pleaded guilty to charges that he posed as a federal Drug Enforcement Administration agent. John D. Cohen, 45, pleaded guilty this week in U.S. District Court in Sacramento to a charge of making false statements to federal officials. Cohen flashed a fake DEA badge Feb. 27 while entering the federal courthouse in Sacramento to look up bankruptcy records involving him and his wife, DEA Special Agent Gary Cummings wrote in an affidavit."

Suspected Reservation Drug Dealers Charged In Arizona. The East Valley Tribune (8/17) reports a seven-month undercover operation "led to the arrest of 30 people suspected of dealing meth and other drugs on the Salt River Pima-Maricopa Indian Community. Officials working in the sting seized about $1 million worth of methamphetamine, heroin, marijuana, cocaine and crack and disrupted seven drug organizations 'from the bottom up' that have targeted the reservation and surrounding areas such as Scottsdale. … The operation was part of a program started in July 2005 to stop the use and sale of methamphetamine on tribal land. The program is open to

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any American Indian community that wants to share resources with the U.S. Drug Enforcement Administration."

The Arizona Republic (8/17) reports more than 500,000 doses of meth "are off the Salt River Reservation after a seven-month investigation by tribal police and federal narcotics agents. Officials targeted drug dealers preying on addicts in Arizona's Indian country. … 'All credit goes to the DEA for having the foresight to establish a partnership in Indian country that will make an impact,' said Salt River Police Chief Stanley Kephart."

The Washington Times/UPI (8/17) reports U.S. drug agents "say an undercover operation with tribal police this summer led to charges against 16 people and the seizure of a cache of methamphetamine. The Drug Enforcement Administration announced Wednesday that the suspects charged in the operation had been taken into custody between January and mid-June and had all made their initial court appearances. … The Justice Department and tribal organizations agreed last year to cooperate on eradication of methamphetamine trafficking within Arizona's Native American community."

ATF Probes California Mosque Fire. The San Diego Union-Tribune (8/18, Baker) reports, "A fire ripped through a mosque and community center (in El Cajon, CA) early Thursday morning, destroying the building and causing more than $2 million damage." The Union-Tribune continues, "No one was injured in the blaze, which was reported at 2:09 a.m. at the Kurdish Community Islamic Center and Al-Madina Al-Munawara mosque on Magnolia Avenue, between Chamberlain and Camden Avenues, said El Cajon City fire spokeswoman Monica Zech." The Union-Tribune adds, "Investigators from the Federal Bureau of Investigation, the Bureau of Alcohol, Tobacco and Firearms, and the Sheriff's Department bomb and arson squad were looking into the cause of the blaze, Zech said. She said it was too early too say whether the fire was arson or accidental. … The ATF is automatically called in to help investigate fires in places of worship."

TAX:

FBI Informant In PA Corruption Probe Sentenced To Prison For Tax Evasion. The Philadelphia Inquirer (8/18, Shields, 399K) reports, "Joseph 'Cowboy Joe' Corropolese, who made a living off municipal corruption in Norristown before becoming a devastating weapon against it, was sentenced yesterday to 20 months in federal prison for tax evasion. His work as an FBI informer during the wide-ranging investigation meant that Corropolese, Norristown's long-time towing contractor, got less than the five-year prison term recommended by federal sentencing guidelines." He "recorded 40 conversations which helped obtain convictions and guilty pleas in cases against former Norristown Mayor Ted LeBlanc, former municipal administrator Anthony Biondi, and three local businessmen accused of corrupting them with bribes or secret business deals. … U.S. District Judge Petrese Tucker acknowledged at the sentencing hearing that Corropolese's case was 'the start of the unveiling of the corruption in Norristown.'"

IRS Reaches Deal With Hollywood Over Gifts. The New York Times (8/18, Waxman) reports, "Hollywood celebrities who show up at awards ceremonies and leave with armloads of booty can expect one more item with their gift baskets: a tax form." The Times continues, "The Internal Revenue Service announced Thursday that it had settled a tax matter with the Academy of Motion Picture Arts and Sciences over gift baskets — which this year were worth about $100,000 each — given to presenters and performers at the Oscar ceremony. … The academy, which votes on and distributes the Oscars, said it would send 1099 tax forms to those who received the gift baskets this year, and a representative confirmed that the organization had paid an undisclosed settlement to the I.R.S. to cover taxes owed by those who received gifts for previous years." The Times adds, "The organization also disclosed that its board decided in April to discontinue the practice of giving baskets filled with gifts provided by businesses promoting their goods and services. Still, the agreement with the I.R.S. sent a signal that other groups that shower celebrities with gifts will be expected to deal with the tax consequences. … 'The academy had an obligation to do the reporting to us,' said Mark W. Everson, the I.R.S. commissioner, in an interview. 'They have fulfilled that obligation.' … The academy contacted the I.R.S. earlier this year, concerned that there might be a tax obligation attached to the increasingly expensive gift bags given at the ceremony. This year the basket included a four-night stay at a Honolulu hotel and a Krups espresso machine. The organization sought to pay any tax bill that might eventually be charged to the presenters."

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The Washington Post (8/18, C1, Day) reports, "Typically, if the IRS finds someone has failed to pay taxes but no fraud is involved, it assesses back taxes, interest and penalties for only the preceding three years. In this instance, if 200 people received $100,000 baskets in each of the three years through 2005, the taxable non-cash income would be $60 million. … Neither IRS spokesmen nor Academy spokeswoman Leslie Unger would confirm or deny that number. Nor would they say whether, under the terms of the settlement, the IRS forgave back payment, interest and penalties. Nor would they say whether the Academy has paid a lump sum on behalf of past recipients." The Post adds, "If the agency forgave the debt, that means U.S. taxpayers are footing the bill. If the academy paid back taxes on behalf of past Oscar participants, these celebrities would have to count that as additional taxable income. .. . Albert Lauber, director of Georgetown law school's tax program, said he thinks it would be hard to collect money from the celebrities for past years. He said the IRS most likely agreed to settle the matter if the Motion Picture Academy paid a penalty for failure to file forms with the IRS."

CONGRESS-ADMINISTRATION:

Bush Signs Pension Reform Bill Into Law.

ABC World News Tonight (8/17, story 11, 2:00, Gibson, 8.78M) reported, "In Washington, today, President Bush signed into law some of the biggest changes to American pension rules in a generation. Reform that will impact workers in all ages. Right now, employers owe current and future retirees $2 trillion. But the system is $450 billion short. And traditional pensions are getting harder to find."

The CBS Evening News (8/17, story 7, :30, Schieffer, 7.66M) reported, "Among the key provisions, companies with traditional pensions must fully fund them, which should spare taxpayers a costly bailout. It will be easier for companies now to convert to less generous cash balance pensions and critics point out there is nothing in the law to prevent employers from freezing their pensions to help workers fund their own retirements, the law does allow bigger contributions to IRAs and 401K."

NBC Nightly News (8/17, story 8, 2:45, Brown, 9.87M) said "the new law closes loopholes in the pension system and addresses problems for the people covered by traditional pensions which offer a fixed payout at retirement. The President also pressed Congress to try again to overhaul the Social Security program."

USA Today (8/18, 2.27M) reports, "Most companies will have seven years to close funding gaps in their pension plans, but financially troubled companies, such as airlines, get an extra 10 years." Bush "said employers have an obligation 'to set aside enough money now so your workers will get what they've been promised when they retire.'"

The AP (8/18, Dalrymple) says Bush "added a stern instruction to corporate America. 'You should keep the promises you make to your workers,' the president said. 'If you offer a private pension plan to your employees, you have a duty to set aside enough money now so your workers will get what they've been promised when they retire.'"

The Washington Times (8/18, Curl, 88K) reports that "before a large crowd of supporters at the Old Executive Office Building, Mr. Bush called the legislation, passed in the House by a vote of 279-131, 'the most sweeping reform of America's pension laws in over 30 years.'"

The Washington Post (8/18, D1, Baker, 748K) reports, "The product of years of effort and a final round of intense negotiations, the Pension Protection Act of 2006 is one of the most significant bills to emerge from Congress in a year with particularly contentious elections. With Democrats accusing the Republican majority of running a 'Do Nothing Congress,' Bush and his allies were eager to showcase the bipartisan pension effort and flew lawmakers back from summer recess to stand behind him at a signing ceremony." Sen. Edward M. Kennedy, "a vociferous Bush critic, offered rare praise for the president's support of the pension legislation. 'In this case, Democrats and Republicans worked together and America's workers and retirees came out the winners,' he said." But "critics of the law, such as Rep. George Miller (D-Calif.), called it a smokescreen, warning that some companies would face fewer requirements to fund their pensions."

New Law Said To Erode "Future Of US Pensions." Under the headline "Reform Erodes The Future Of US Pensions." the Christian Science Monitor (8/18, Trumbull, 58K) reports, "The primary goal of America's new Pension Protection Act was to secure the health of traditional worker pension programs, but the 'fix' appears likely to hasten their slow decline." At a time "when barely half of American workers are covered by any form of workplace retirement plan, the law does little to entice more employers to offer traditional pensions. If anything, it adds new reasons for employers to do what they are already doing: Opting for

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401(k)-style benefits that shift the retirement burden onto workers. That's a troubling trend, some retirement analysts say."

Advocates Note Provision Will Benefit Gay Couples. The Los Angeles Times (8/18, Peterson, 918K) reports, "A little-noticed provision in a pension law signed Thursday by…Bush will for the first time allow anyone to inherit a 401(k) nest egg without immediately paying taxes on the windfall, a benefit that in the past was reserved for spouses. Gay advocates and other observers described the measure as a significant shift in how the government treats domestic partners who are not married, even though the provision was not written specifically for same-sex couples." The legal change "is an obscure element in a new 907-page law affecting pensions and workplace retirement accounts."

Budget Deficit To Shrink In 2006. In a story that received no network TV coverage, the Wall Street Journal (8/18, Solomon, 2.03M) reports, "Strong tax revenue will help shrink the federal deficit to $260 billion for fiscal-year 2006 compared with $318 billion in 2005, Congressional budget analysts said, noting that the shortfall will increase to $286 billion next year and continue rising in the subsequent four years." The figures "confirm what the Treasury Department has been reporting during the past few months: Higher-than-expected corporate and individual income-tax receipts are helping to reduce the deficit. The Congressional Budget Office said it now expects fiscal 2006 revenue to be $2.4 trillion, up from $2.15 trillion last year."

The New York Times (8/18, Andrews, 1.21M) headlines its report "Brighter '06 Deficit Outlook, But Grim Long Term," and says "the fiscal outlook for the next 10 years is as bleak as ever, the Congressional Budget Office said Thursday," adding "the nonpartisan agency also offered ample evidence that deficits would be above $300 billion, perhaps well above, for much of the next decade. Extending President Bush's tax cuts beyond 2010, as Republican leaders want, would cost $1.75 trillion over the next 10 years and widen annual deficits by about $250 billion from 2011 through 2016, the report said." The Times also reports, "On top of that, it said, the government will incur an additional $1 trillion in debt, nearly $100 billion a year, if it prevents an expansion of the alternative minimum tax." The Washington Post (8/18, D1, Weisman, 748K) also says "the deficit will begin to rise again next year and will improve substantially only if…Bush's tax cuts are allowed to expire, the Congressional Budget Office said yesterday." The Los Angeles Times (8/18, Simon, 918K) also reports the story under the headline "US Deficit Projected to Shrink, Then Grow."

Snow Wants Reporters To Talk To White House Policy Makers. The White House Bulletin/US News (8/17) reported White House Press Secretary Tony Snow "has only just begun revamping the press operation at the White House. Snow not only will hire more staff, he also wants to improve the administrative functions of his office so he can better serve President Bush and the press corps." Snow said, "What you've got to do is push out more information, get more information out to reporters [in a way that's credible, helpful, and efficient.]" The Bulletin adds one priority is "assigning staffers to arrange interviews with senior Bush advisers so reporters don't find themselves talking only to press officers, who frequently lack a wide and deep understanding of the topics they are asked about." Snow wants reporters "to talk to the policy makers themselves. This would be a big departure from past practice under Bush, in which the flow of information has been channeled through the press and communications officers. This was designed to control the 'message' as much as possible. But reporters complained that it led to superficial stories and didn't fully convey the thinking that has been going on in the White House." Snow is "credited in the West Wing with responding to breaking news considerably faster than occurred under his predecessor, Scott McClellan. As for the President, he is apparently happy to try some different approaches and is leaving the details to his new press secretary." Snow said, "I honestly think he doesn't spend his time worrying abut the press office. He has other things to think about."

Fratto Agrees To Serve As Tony Snow's Second Deputy. The White House Bulletin/US News (8/17) reported Administration officials "say that Treasury spokesman Tony Fratto has agreed to move across the street to the White House as Tony Snow's second deputy. He'll join chief deputy Dana Perino in the press shop, which Snow is considering expanding to three deputies." Fratto, Assistant Secretary for Public Affairs at Treasury, "is a score for Snow who, with Bush counselor Dan Bartlett, is revamping the communications operation he inherited from Scott McClellan. At Treasury, Fratto has handled key economic and terrorist financing issues and prior to joining the department in 2001 worked on the Bush campaign as well as for former Pennsylvania Gov. Tom Ridge and Sen. Rick Santorum." It is "unclear who

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would replace Fratto at Treasury, where a new secretary and chief of staff are making their mark. Insiders said that while the Treasury post is a major one in the administration, the White House job was more exciting and intriguing for Fratto. Snow had interviewed several top GOP communications officials for the post vacated recently by Ken Lisaius. Officials said that Snow hopes to pass off some of his daily jobs, like the morning press gaggle, to his deputies as he works on broader press and communications issues."

Historian Who Exposed Document Removal From Archives Was Court Martialed. The Washington Post (8/18, A19, Lee, 748K) reports amateur historian Matthew M. Aid "made news this spring by exposing a secret federal program to remove thousands of public documents from the National Archives. It turns out that Aid harbored a secret of his own." Twenty-one years ago, "while serving as a staff sergeant in the U.S. Air Force in England, Aid was court-martialed for unauthorized possession of classified information and impersonating an officer, according to Air Force documents. He received a bad-conduct discharge and was imprisoned for just over a year, he confirmed in an interview Monday." Aid "did not mention the incident when a Washington Post reporter interviewed him for a June profile. Aaron Lerner of Silver Spring, a Post reader whose wife, Rona, remembered hearing of the court-martial while working at the National Security Agency in the mid-1980s, recently obtained the records through a Freedom of Information Act request and provided copies to The Post last week."

Three NASA Council Members Who Spoke Against Science Cuts Quit. The Washington Post/AP (8/18, A8) reports, "Three NASA advisers who spoke out against budget cuts to the space agency's science programs turned in their resignations this week, officials said Thursday. Wesley T. Huntress Jr., Charles F. Kennel and Eugene H. Levy each served on the NASA Advisory Council's science committee." The AP adds that Kennel resigned voluntarily, while Huntress and Levy "were asked to leave by NASA Administrator Michael D. Griffin."

Announcement Date For Bush Presidential Library Pushed To Early Next Year. The White House Bulletin/US News (8/17) reported legal issues "involved in picking and building a new George W. Bush presidential library have forced the first family to push off selecting their site until early next year, just a few months longer than planned. Insiders say that undescribed legal issues are taking longer than planned to settle." First Lady Laura Bush "told the Dallas Morning News this week that the timeline had been put off but that the project is still on target. Insiders say that the goal is to get the library open about two years after President Bush leaves office." Three Texas colleges "are in the running to host the George W. Bush Presidential Library and Museum, though Baylor University and Southern Methodist University are thought to be the frontrunners over the third candidate, the University of Dallas in Irving."

OTHER NEWS:

Small Decline In Leading Indicators Seen As Good News. The Wall Street Journal (8/18, Conkey, 2.03M) reports, "Recent readings from a closely watched gauge of future economic activity suggest the economy will stabilize in the months ahead." The Conference Board "said its index of leading economic indicators declined 0.1% in July after a 0.1% gain in June. The recent movements left the index, which forecasts economic momentum three to six months down the road, lower than it was in January but roughly on par with its level in May." That "suggests the economy may run along a stable course of growth for the rest of the year after enduring some ups and downs in recent quarters." Ken Goldstein, an economist for the Conference Board, said, "The good news here is [the economy] might not get much worse. The bad news is it might take a while to get better. … We might be in that sort of position in mid-expansion where once the economy gets into a rhythm; it really takes something to jolt it out of that."

Stocks Up For Fourth Day. The Financial Times (8/18, O'Doherty) reports, "US stocks ticked higher for a fourth day in a row on Thursday, the longest streak of consecutive gains for the S&P 500 and Nasdaq Composite since March. The rally brought the Dow Jones Industrial Average and S&P 500 to fresh three-month highs. … At the close, the S&P 500 was up 0.2 per cent, or 2.05 points, at 1,297.48. The Nasdaq Composite was up 0.4 per cent, or 8.07 points, at 2,157.61. The Dow Jones Industrial Average was flat, up 7.84 points, at 11,334.96."

Krugman Says Economic "Inequality" Making Comeback As Political Issue. Paul Krugman writes in the

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New York Times (8/18, 1.21M), "Inequality seems to be an issue whose time has finally come, and if the growing movement to pressure Wal-Mart to treat its workers better is any indication, economic populism is making a comeback. It's still unclear when the Democrats might regain power, or what economic policies they'll pursue when they do." But "if and when we get a government that tries to do something about rising inequality, rather than responding with a mixture of denial and fatalism, we may find that Mr. Paulson's 'economic reality' is a lot easier to change than he supposes."

Judge Clears Way For Strike By Northwest Airlines Employees. The Washington Post/AP (8/18, D2, Freed) reports, "A bankruptcy judge said Thursday that he would not block a strike by Northwest Airlines flight attendants, a union victory that could lead to random, unannounced walkouts beginning Aug. 25 if the two sides do not make a deal." The AP continues, "Northwest has said even limited work stoppages could put it out of business for good. It said it planned to appeal the ruling Friday. … U.S. Bankruptcy Court Judge Allan L. Gropper in New York said that regardless of the danger of a strike to Northwest, labor law gave him no authority to stop one." The AP adds, "The union and the airline both said they would rather make a deal, and Gropper's ruling eight days before the strike deadline seemed to leave plenty of time. But no talks were scheduled."

USA Today (8/18, Reed) reports, "Mollie Reiley, interim head of the Northwest unit of the Association of Flight Attendants, Communications Workers of America, said management now 'has one more chance … set greed aside for once and agree to a fair and equitable contract, or they will face "Chaos".' Chaos stands for 'create havoc around our system' and is the trademark for the union's ministrike strategy. … Though the AFA has threatened Chaos actions many times, it has implemented the tactic only once, in 1993 against Alaska Airlines. Only a handful of flights were disrupted, but the attendants won a better contract."

Virginia Woman Wins Suit Against Abusive Husband. The Washington Post (8/18, B1, Jackman) reports, "When police arrived, Deborah Martin told them she didn't know if she'd been punched two or three times -- or two or three hundred. From the looks of the photos taken a few hours later, it was probably closer to the latter." The Post continues, "Martin's husband, Ernest John Lofgren, had pinned her to the kitchen floor in their Fairfax Station home in September 2003 and hit her repeatedly. He later pleaded guilty to assault and battery and served eight weeks in jail. Earlier this year, the couple divorced, which a court commissioner blamed on 'the husband's barbaric treatment of the wife.' … But before the divorce was final, Deborah Martin took one more step. She sued her husband. And this week, Fairfax County jurors decided Lofgren needed to do more than just a short jail stint. They ordered him to pay Martin $550,000, in part for the extensive bills to repair her face -- and mind -- and to make a statement that domestic violence is intolerable, jurors said." The Post adds, "Domestic violence victims in the Washington area rarely have stepped into the civil arena, experts said, for a variety of reasons, including reluctance to tangle with the legal system again, difficulty in finding a lawyer willing to take the case and inability to get money from a batterer even if they win. … But nationally, it is becoming more common, said Jeffrey R. Dion, director of the National Crime Victim Bar Association in Washington. … 'Domestic violence victims are increasingly using the civil justice system to hold their perpetrators accountable,' Dion said. If a batterer is arrested, he said, the victim often loses a key source of financial support and may need medical help, counseling or to move."

Polls Show GOP Losing "Security Moms." The Washington Post (8/18, A1, VandeHei, 748K) reports polls show "married women with children, the 'security moms' whose concerns about terrorism made them an essential part of Republican victories in 2002 and 2004, are taking flight from GOP politicians this year in ways that appear likely to provide a major boost for Democrats in the midterm elections." The "critical group of swing voters -- who are an especially significant factor in many of the most competitive suburban districts on which control of Congress will hinge -- is more inclined to vote Democratic than at any point since Sept. 11, 2001, according to data compiled for The Washington Post by the Pew Research Center." The study, "which examined the views of married women with children from April through this week, found that they support Democrats for Congress by a 12-point margin, 50 percent to 38 percent. That is nearly a mirror-image reversal from a similar period in 2002, when this group backed Republicans 53 percent to 36 percent."

Aides Say Republicans Will Cast Democrats As Weak On Terror. CNN's The Situation Room (8/17, Koppel)

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reports a "senior congressional aid tells CNN there will be lots of opportunities next month for Republicans to cast Democrats basically in the light as being weak on security. Now, meantime, a senior congressional aide goes on to say that Republicans plan to remind the American people they are the ones who have a proven record in fighting the war on terror."

Poll Shows Lieberman Ahead Of Lamont 53-41, With Strong Backing From GOP Voters. USA Today (8/18, 2.27M) reports Sen. Joe Lieberman leads Ned Lamont 53-41 according to a new Quinnipiac University poll. Republican Alan Schlesinger "was at 4%. … The poll of 1,083 likely voters Aug. 10-14 had a margin of error of +/-3 percentage points."

The Washington Times (8/18, Hurt, 88K) reports the poll "found that among likely Republican voters, Mr. Lieberman trounced his opponents with 75 percent of the vote, compared with Mr. Lamont's 13 percent and Mr. Schlesinger's 10 percent." Douglas Schwartz, Quinnipiac's polling director, is quoted as saying, "Lieberman's support among Republicans is nothing short of amazing. … As long as Lieberman maintains this kind of support among Republicans while holding on to a significant number of Democratic votes, the veteran senator will be hard to beat."

The AP (8/18, Haigh) says "one potentially troublesome indicator for Lamont lies in voters' opinions of the candidates: Only 23 percent in the new survey had a favorable opinion of Lamont, while 28 percent had an unfavorable opinion and the rest were mixed. Meanwhile, 43 percent viewed Lieberman favorably and 28 percent viewed him unfavorably, with the rest mixed." The AP adds, "The new poll showed that while 31 percent of Democrats are indeed upset with Lieberman over his war support and believe he should not be re-elected, only 7 percent of Republicans and 21 percent of independents hold that same view. When it came to character, 76 percent said the former vice presidential candidate has strong leadership qualities, 74 percent said he's trustworthy, and 63 percent said he cares about their needs and problems. The numbers for Lamont: 40 percent on strong leadership qualities, 39 percent on trustworthiness and 41 percent on caring."

Lieberman's Appeal To Independents Seen As Key For General Election. CNN's The Situation Room (8/17, Blitzer) reports, "Today some Democrats may be rethinking the Connecticut senator's race and the message it's sending about the politics of the war in Iraq. Political analyst Stuart Rothenberg: "The Connecticut general election is really about independence. Lieberman has to appeal to Independent voters, he has to get their support, and he has to continue to display his independence from both parties."

On CNN's The Situation Room (8/17, Blitzer), CNN contributor Bill Bennett said, "Could you have a better designed candidate for the Independent voter than Joe Lieberman? That's what he appeals to. He's obviously not a loyal Republican on every issue and obviously not a loyal Democrat on every issue. So, if this is a race for the Independent, Joe Lieberman is in very good shape. The Republican's not going anywhere."

On CNN's The Situation Room (8/17, Blitzer), CNN contributor Donna Brazile said, "Ned Lamont is rallying Democrats, but in addition to bringing Democrats back to the table, those who supported Joe Lieberman, it's clear that he has to go after the Independents and any disaffected Republicans that might appeal to his message on so many issues. But I think this is going to be a dogfight to the bitter end. And I do believe that Ned Lamont will come out victoriously, if he can reach out."

Chafee Bets On Support From Independents In GOP Primary. The Wall Street Journal (8/18, Cummings, 2.03M) reports on the GOP Senate primary pitting "antiwar" Sen. Lincoln Chafee against Steve Laffey – "a sharp-edged partisan conservative." According to the Journal, the campaign "is in many ways a byproduct of a strategy embraced by both parties in recent years to move away from courting swing voters and instead relying on core party activists to provide the volunteers, votes and energy for elections and legislative showdowns. Now, that approach could come back to haunt both. … Chafee's most urgent argument on the campaign trail is that the nomination of Mr. Laffey will tip the general election toward" Democrat Sheldon Whitehouse. Polls "show Mr. Whitehouse with a formidable lead over Mr. Laffey, but in a dead heat with Mr. Chafee. … The key for Mr. Chafee will be persuading enough unaffiliated voters to cast ballots in the Republican primary, which is allowed under state law, to balance his losses from his own party."

Talent Works To Solidify Support Among Rural Voters. The Washington Times (8/18, Bellantoni, 88K) reports Sen. Jim Talent "told rural voters at the state

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fair…that he is a better choice than" state Auditor Claire McCaskill, "whose national momentum has vaulted her into a dead heat with the Republican incumbent less than three months before the midterm elections. Mr. Talent said his experience helps small agricultural businesses and cattle ranchers, while Mrs. McCaskill accused her opponent of being too close to corporate farmers to the detriment of the average Missourian. 'I've been endorsed by the Farm Bureau and she has been endorsed by the Sierra Club, and that sums it all up,' Mr. Talent said, prompting bureau members to laugh." McCaskill is quoted as saying, "If we don't send somebody to Washington who is willing to stand up to corporate agriculture…we will never be able to have the family farmer in this state survive. Senator Talent has been the best friend of corporate agriculture." The Times notes the National Farmers Union Political Action Committee "yesterday endorsed Mrs. McCaskill."

Murtha Drawing Crowds, Support As He Campaigns For Fellow Democrats. McClatchy (8/18, Talev) reports that last year when Congressman John Murtha "thundered onto the national scene" and "called for pulling U.S. troops out of Iraq" some Democrats "considered his stance suicidal for their party when they're trying to regain control of Congress despite having long been seen as weak on national security. Now, Murtha is one of the most popular Democrats around. In recent weeks he's raised money for Democrats campaigning in New Hampshire, Connecticut, New York and California. In Tennessee, he was former Vice President Al Gore's guest at a fundraiser for local Democrats. After Labor Day, Murtha will head back out on the road, helping up to four dozen of his party's candidates." On Aug. 9 Murtha "appeared at a rally for Eric Massa, a retired Navy commander who's trying to unseat" Rep. Randy Kuhl. Massa said Murtha "couldn't speak, the applause and the standing ovation was so prolonged and intense."

Murtha Responds To Cheney Comments On US Commitment To Iraq. MSNBC's Hardball (8/17, Shuster) reported that Vice President Cheney "this week singled out…Murtha, arguing that his proposal for getting out of Iraq shared by other Democrats would harm American security." Vice President Cheney: "If we follow Congressman Murtha's advice and withdraw from Iraq, the same way we withdrew from Beirut in 1983, or Mogadishu in 1993, we will simply validate the al Qaeda strategy and invite more terrorist attacks in the future." MSNBC added, "Voters though are not buying it. When they were asked about Iraq's relationship to the war on terror, almost half said it was not even part of the war on terror at all." And the "number of Americans he who see Iraq as separate from the war on terror is growing." Host Chris Matthews interviewed Murtha, who said, "I disagree with the open-ended policy that this administration is adhering to and just because he says it's 'cut and run,' just because he says that if we withdraw it will be a disaster, doesn't necessarily mean it's true." Matthews also interviewed Republican Diana Irey, who is challenging Rep. Murtha

GOP House Candidate Describes Bush Position On Iraq As "Extreme." The Washington Times (8/18, Pfeiffer, 88K) reports that in a letter titled "America Needs a Better, Smarter Plan in Iraq," Rep. Michael Fitzpatrick "criticizes what he calls President Bush's 'extreme' policy in Iraq. In the letter, the Pennsylvania Republican also decries the 'cut-and-run' stance of his Democratic opponent, Patrick Murphy, an Iraq war veteran. … The cover of Mr. Fitzpatrick's mailing reads, 'Congressman Fitzpatrick says NO to both extremes: No to President Bush's "stay-the-course" strategy ... and no to Patrick Murphy's "cut-and-run" approach.'" In 2004, Fitzpatrick "was elected with 55 percent of the vote, while in the presidential race, Sen. John Kerry…carried the district with 51 percent of the vote to Mr. Bush's 48 percent." Murphy "is a Bronze Star winner who served with the 82nd Airborne Division in Iraq in 2003 and 2004. In December, he proposed a 12-month redeployment of troops from Iraq. … An internal poll conducted by the Murphy campaign shows him trailing Mr. Fitzpatrick by six percentage points."

Lobbying By Cannon's Brother Draws Scrutiny. The AP (8/18, Bridis) reports, "Three times this year, a lobbyist sought help from Rep. Christopher Cannon for his clients and got it. The lobbyist was the congressman's brother, Joseph Cannon. The Utah lawmaker acknowledges helping his brother's clients, including pressing Congress last month to intervene in a business dispute over an Internet contract estimated to be worth as much as $1.3 billion." Cannon "has a financial interest in his brother's success: The lobbyist owes him more than $250,000, according to the lawmaker's financial disclosure reports." Cannon is quoted as saying, "A lot of people I know are lobbyists. … I would put Joe in that category, not as a family member."

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AFSCME Establishes 527 To Fight GOP Redistricting Efforts. The AP (8/18, Lester) reports the American Federation of State, County and Municipal Employees, "joining with other Democratic-leaning groups, is forming a political committee to raise millions of dollars for redistricting fights with the GOP. The formation of the political group Foundation for the Future…was at least partially a response to aggressive redistricting tactics by Republicans. … The committee expects to spend about $17 million over the next five years on redistricting at the state and federal level, with more than half of that money provided by AFSCME." According to the AP, "The committee is being formed by AFSCME along with the Democratic Legislative Campaign Committee and the National Committee for an Effective Congress."

DSCC Pulls Controversial Ad Seen As Offensive To Hispanics. The AP (8/18) reports, "Democrats dropped an ad that Hispanics had criticized as unfairly depicting illegal immigrants as terrorists. The ad had disappeared from the Democratic Senatorial Campaign Committee's Web site Thursday. … No announcement was made about what happened to the ad. A DSCC spokesman did not return phone calls and an e-mail message seeking comment. Democratic and Republican Hispanics had complained Wednesday about the ad. The 35-second ad questioned GOP homeland security and anti-terrorism policies. It featured images of Osama bin Laden and North Korea's Kim Jong Il and two people scaling a border fence and the words 'Feel Safer?'"

Schwarzenegger Tries To Pacify Dissatisfied Conservatives. The Los Angeles Times (8/18, Finnegan, 918K) reports Gov. Arnold Schwarzenegger "faces a wave of conservative unrest that threatens the steady political recovery he has made this year by widening his appeal beyond his base of Republican supporters. To keep conservatives in line, Schwarzenegger campaign operatives have quietly launched efforts to rally support among Christian fundamentalists, gun owners and other Republicans who have long been wary of the governor and backed him only begrudgingly. His stands on illegal immigration, the state's swelling debt, gay rights and other matters continue to rankle many of them, and his high-profile courtship of Democrats and independents risks repelling them further as the campaign intensifies." The Times notes that if "what is now a wide Schwarzenegger lead over Angelides narrows after Labor Day, as many analysts expect, low conservative turnout will loom as a key peril for the governor and prime source of hope for Democrats."

Ethics Complaint Against Ehrlich's Attorney Dismissed. The Washington Post (8/18, B1, Rich, Mosk, 748K) reports, "Maryland's independent state ethics commission has dismissed a complaint alleging that the personal attorney to Gov. Robert L. Ehrlich Jr. improperly acted as an unregistered lobbyist. … The lawyer, David Hamilton, heads the government relations practice at the law firm Ober Kaler and, in that capacity, has accompanied clients to meetings with the Republican governor and other policymakers. Hamilton has said he acts as his clients' attorney in such situations, not as their lobbyist."

Cost Of College Education Said To Threaten US Competitiveness. Julianne Malveaux laments the rising cost of a college education in USA Today (8/18, 2.27M) writing, "We are creating a bifurcated system in which the best education will go to those who can pay for it. Students of color and those of modest means will most likely be the ones left behind." She concludes, "In the years ahead, there will be a global competition to find the most qualified workers. If our educational investment is any indication, they won't be found here."

Public Housing Authorities Lack Strategy To Revamp Projects. In a Wall Street Journal op-ed (8/18), Julia Vitullo-Martin of the Manhattan Institute says, "Public housing is urban government's largest orphan. It is an unloved recipient of tens of billions of dollars in funds, poured over decades by the federal government into housing projects in just about every city in the country. Neither the Republicans nor the Democrats want much to do with it anymore, and as a result physical plants are deteriorating while operating deficits soar. This failed experiment in government-financed, -built, -owned and -operated housing is over, yet the projects continue to house millions of Americans." But in the "midst of this decay, however, is huge opportunity. Hundreds of old projects stand on valuable real estate, making them potential beneficiaries of the great urban comeback. But the authorities that own them must have the vision to see these prospects -- and few do."

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Robinson Considers Allen's "Macaca" Gaffe. In his Washington Post column (8/18, A21), Eugene Robinson says, "You know a politician is having a bad week when he spends it trying to convince people he's too unsophisticated to have possibly understood the racial slur he tossed at a man who happened to be armed with a video camera." Sen. George Allen's "mental journey to the imaginary land of Macaca has brought the one-term Virginia Republican -- considered a presidential hopeful for 2008 -- more national attention than ever before. But not in a good way." Robinson adds he is "willing to believe the senator is ignorant of primate taxonomy and Belgian slang -- he's all about good-ol'-boy bonhomie, not Renaissance-man erudition. I don't buy the rest of his explanation, though -- that he was trying to refer to Sidarth's haircut, which he thought was a mohawk. I also don't buy his claim that he meant no offense. I think he was playing to the crowd by singling out the one person who didn't belong there, not because he was a spy from a rival campaign -- shadowing is standard campaign practice these days -- but because he looked 'foreign' (my word, not his)."

NYTimes, Dionne Back Reforms For Presidential Campaign Finance System. The New York Times (8/18, 1.21M) says in an editorial, "The historic Watergate reform of public financing for presidential candidates is near collapse. There's no stronger evidence than the fact that Senator John McCain, so often a leader in reform movements to rein in big-money politics, is not among the sponsors of a Congressional proposal to repair the current outdated system. Senator McCain is a likely candidate for president in 2008, and he is undoubtedly aware that both political parties believe their nominees will have to abandon public financing to stay competitive." Voters "should take note of the worthy repair plan offered by Senator Russell Feingold, Wisconsin Democrat, and Representatives Martin Meehan, Massachusetts Democrat, and Christopher Shays, Connecticut Republican."

In his Washington Post column (8/18, A21), E.J. Dionne says, "Americans are on the verge of making a non-decision about how we pay for presidential campaigns. If Congress does nothing, a system that succeeded in limiting the impact of special-interest money on elections for our highest office will collapse." Opponents of campaign finance reform "love to claim that the money-in-politics problem is insoluble. But the public financing of presidential campaigns, instituted in response to the Watergate scandals of the early 1970s, was that rare reform that accomplished exactly what it was supposed to achieve." Sen. Russell Feingold said, "I see this presidential financing system as one of the few things you can turn to and say: This was well conceived and it actually worked." The Post adds the "system has fallen victim to inflation (the spending limits are now too low) and the multiplication of loopholes, some created by flawed decisions from the Federal Election Commission." Feingold, "along with veteran House reformers Chris Shays (R-Conn.) and Marty Meehan (D-Mass.), has introduced a bill to update the system and make it relevant to today's prices and politics. The changes they propose are both practical and innovative."

WSJournal Says San Diego Pension Fund Scandal Shows Need For Reform. The Wall Street Journal (8/18, 2.03M) says in an editorial that the report by former SEC Chairman Arthur Levitt "on the City of San Diego's pension-fund scandal" was not "pretty. The report -- prepared with Lynn Turner, formerly the SEC's chief accountant, and investigator Troy Dahlberg -- tells of 'years of reckless and wrongful mismanagement,' 'non-transparency, obfuscation, and denial of fiscal reality.' In case anyone missed the point, it draws explicit analogies with Enron, HealthSouth and other recent scandals." San Diego's "pension-fund fiasco may be exceptional in that it involves criminal allegations -- five former pension-fund officials were indicted in January and the mayor resigned last year over the issue. But the overall storyline is all too typical among state and local pension plans, which are rife with opportunities for political mischief." Yesterday, President Bush "signed a private pension reform that, for all its warts, will encourage the transition to a retirement-savings system better suited to our 21st-century economy. Now it's time to focus attention on the crisis in public pensions -- unless our politicians want to see San Diego's blow-up repeated elsewhere and often."

WPost Rejects Moratorium On DC Charter Schools. The Washington Post (8/18, A20, 748K) writes in an editorial, "The call by DC School Superintendent Clifford B. Janey for a moratorium on new charter schools in the District is one part reasonable and one part self-serving." Charters "have developed into a threat to the traditional school system" but "the proper response to fleeing families is…for the traditional system to start delivering on quality education." Yet, Janey is "right that there ought to be available

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measurements so that parents, educators and the public know whether charter schools are providing the high-quality alternative advertised." But "a moratorium isn't necessary."

Intelligence Officers Say US Stopped Syrian Weapons Shipments To Hezbollah. USA Today (8/18, Diamond, 2.27M) reports the US "blocked an Iranian cargo plane's flight to Syria last month after intelligence analysts concluded it was carrying sophisticated missiles and launchers to resupply Hezbollah in southern Lebanon." The effort "illustrates the quiet support the United States gave Israel during the 34-day war, even enlisting help from Muslim nations where acting on Israel's behalf is politically anathema." A week into the fighting, US "diplomats persuaded Turkey and Iraq to deny the plane permission to cross their territory to Damascus, a transfer point for arms to Hezbollah." Explaining the sourcing, USA Today says the "episode was detailed by one US intelligence official who saw a report on the incident" and "was confirmed by a US official from a second intelligence agency and by a diplomat with a foreign government. … Their account could not be independently verified."

In another story, USA Today (8/18, Diamond, 2.27M) reports "the ability of US analysts to say with confidence what was in the boxes set off a chain of events that blocked the shipment to Syria, the US intelligence officials said. They said the weapons were to be forwarded to Hezbollah guerrillas fighting Israeli forces in Lebanon."

Turkey Said To Be Permitting Iran To Resupply Hezbollah. Fox News' Special Report (8/17, Rosen) reported, "Two Bush administration officials, a senior counterterrorism officer and an arms control official, confirmed to Fox News that US intelligence has detected Iran already attempting to rearm Hezbollah since the cease-fire began this past Monday. One official characterized those attempts as ongoing. Of particular concern, the prospect of a Muslim ally in the war on terror serving, as in the past, as a transshipment point." State Department spokesman Tom Casey was shown saying, "The issue of potential arms shipments through Turkey and through other countries are things that are have talked about with the Turkish government."

Friedman Links Price Of Oil, Iranian Support For Hezbollah. In his New York Times column (8/18), Thomas Friedman says, "I'm not sure yet who's the winner in the war between Hezbollah and Israel, but I know who's the big loser: Iran's taxpayers. What a bunch of suckers." As soon "as the reckless war he started was over, Hezbollah's leader, Hassan Nasrallah, declared that Hezbollah would begin paying out cash to the thousands of Lebanese families whose homes were destroyed." But "wait — where will Hezbollah get some of the $3 billion-plus needed to rebuild Lebanon?" The "answer, of course, is that Iran will dip into its oil income and ship cash to Nasrallah, so that he will not have to face the wrath of Lebanese for starting a war that reaped nothing but destruction." Yes, "thanks to $70-a-barrel oil you can have Katyusha rockets and butter at the same time. When oil money is so prevalent, why not?" Friedman adds, "This is why I am obsessed with bringing down the price of oil. Unless we take this issue seriously, we are never going to produce more transparent, accountable government in the Middle East. Just the opposite — we will witness even more reckless, unaccountable behavior like Nasrallah's and Iran's."

Israelis Criticize War Leadership, Believe Hezbollah Won. The New York Times (8/18, Myre, 1.21M) reports from Jerusalem, "In a country where raucous debate is the norm, Israelis set aside differences during war. They even have an expression for it: 'Quiet. We're shooting.'" But "the guns have gone silent, the debate has resumed and the wartime unity has shattered." Prime Minister Ehud Olmert, Defense Minister Amir Peretz and the military's chief of staff, Lt. Gen. Dan Halutz, "are all facing fierce, even vitriolic criticism in a country accustomed to swift and decisive battlefield triumphs against Arab enemies. … A sizable number of Israelis have challenged the claims of their leaders that Israel won the war against Hezbollah." The Times adds, "An Israeli radio poll released Thursday found that 28 percent of the 513 respondents believed Israel won, 24 percent believed Hezbollah won, and 36 percent thought neither side came out on top. The poll had a margin of sampling error of 4.5 percentage points. Two polls released Wednesday showed similar results."

The Washington Times (8/18, Rabinovich, 88K) runs a similar story under the headline "Israel Turns From War To Political Skirmishes," in which it says Olmert "is turning to religious and conservative parties in the hope of bolstering his governing coalition in the face of harsh criticism in parliament of the handling of the war." The Times adds, "Politicians from across the political spectrum have called for Gen. Halutz's dismissal since a newspaper revealed that he

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ordered his financial adviser to sell all his stocks -- worth about $27,000 -- on the first day of the war."

Administration Rhetoric Over Lebanon Criticized. The Los Angeles Times (8/18, 918K) says in an editorial, "Like the war in Lebanon itself, the war of words over who 'won' the bloody monthlong conflict cries out for a cease-fire. The Bush administration appears to have recognized this, if belatedly, with its tempered rhetoric in the aftermath of the United Nations resolution that ended the fighting." On Monday, "the president spun the U.N. Security Council resolution on Lebanon as a victory for Israel and taunted Hezbollah: 'How can you claim victory,' he asked, 'when, at one time, you were a state within a state, safe within southern Lebanon, and now you're going to be replaced by a Lebanese army and an international force?'" It "wasn't until Wednesday that Secretary of State Condoleezza Rice turned down the volume." This "war of words isn't as dangerous as the real war that thankfully has come to a halt in Lebanon. But, as the Bush administration surely realizes, escalating rhetoric carries its own dangers."

Lebanese Troops Deploy To Control South.

ABC World News Tonight (8/17, story 8, 0:15, Gibson, 8.78M) reported, "Two milestones to report in Lebanon's recovery. The first Lebanese troops entered south Lebanon to patrol Hezbollah strong holds that Israeli troops captured and agreed to give up under the cease-fire. And two commercial flights landed at Beirut's airport for the first time, when fighting broke out six weeks ago."

The Washington Post (8/18, A16, Shadid, 748K) reports, "For the first time in a generation, Lebanese troops, tanks and armored vehicles deployed in force Thursday into the country's south as part of a UN cease-fire," but "the deployment appeared to reflect the complicated reality of the Shiite Muslim militia's determined presence in southern Lebanon." The Post notes "occasional scenes of joy, but across much of the south, the deployment was a relatively sedate affair, as the extent of the damage became apparent in southern towns such as Bint Jbeil, Aitaroun and Khiam, and as tens of thousands of refugees continued to return home along jammed roads."

NBC Nightly News (8/17, story 6, 2:20, Brown, 9.87M) also reported, "In the Middle East tonight, a turning point perhaps more symbolic than anything else. But for the first time in four decades the Lebanese army is patrolling the southern part of its own country, part of the US peace deal that stopped the fighting there between Israel and Hezbollah." General Alan Pellegrini, United Nations Interim Force Lebanon, was shown saying, "For the moment its OK, but I cross my fingers."

The Financial Times (8/18, MacDonald, Biedermann) says the deployment is "a move described by government officials as the first step in re-establishing state authority over the troubled southern border zone… The army presence, almost non-existent in the area since the late 1960s, will grow to 15,000 in the days ahead, while Hizbollah fighters take a lower, visibly unarmed profile."

The New York Times (8/18, Tavernise, Kifner, 1.21M) says the deployment "was the potential beginning of a diplomatic way out of the bitter monthlong battle with Israel, whose vaunted army bogged down against a smaller force of skilled and entrenched guerrillas."

CNN's The Situation Room (8/17, Sadler) noted the "deployment has been demanded by the Israelis, otherwise they wouldn't have withdrawn." And Fox News' Special Report (8/17, Lewis) described the Lebanese as "hardly a sight to inspire fear, but an essential ingredient in the cease-fire with Israel." USA Today (8/18, Jervis, 2.27M), McClatchy (8/18, Fadel, Allam, Bengali) and Christian Science Monitor (8/18, Peterson, 58K) run similar reports.

Unusual Israeli, Lebanese Troop Meeting Noted. CNN's The Situation Room (8/17, Verjee) reported, "Two enemy armies sharing a cup of tea and casual conversation as war raged all around. Lebanese and Israeli soldiers in the town of Marjeyoun were showing a bizarre camaraderie. It's August 10, about 350 Lebanese troops are at this military base six miles from the Israeli border. This edited videotape shot by an Israeli shows Israeli troops and at least two tanks rolling into the base. There's no resistance. Only white flags. Lebanon's Brigadier General, Adnan Daoud, a Christian, is in charge and offers the Israelis tea. Then on the tape we hear this odd exchange. 'We need to brief our bosses on what happened,' says Daoud. The Israeli commander says, 'We briefed Bush. You brief whoever you want.' Daoud responds, 'We need to brief Bush too.'" The "acting Lebanese interior minister did give orders not to fight, saying the likely armed troops were not a combat force, but a humanitarian protection force. Lebanese army intelligence sources tell CNN that Daoud has not been formerly charged or arrested for treason, but an investigation is ongoing."

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France Will Contribute Only 200 Troops To UN Force In Lebanon. The Washington Post (8/18, A16, Lynch, 748K) reports French President Jacques Chirac "on Thursday rebuffed pleas by UN officials to make a major contribution to a peacekeeping mission in southern Lebanon, setting back efforts to deploy an international military force to help police a cease-fire between Israel and Hezbollah." While France still plans to lead the force, Chirac "said Thursday that France would contribute only 200 additional troops to the U.N. operation in southern Lebanon," while "a force of about 1,700 French troops and crew members on warships off the coast would provide logistical support." Chirac's announcement "sent US officials scrambling during a meeting here to find countries willing to fill the void."

Fox News' Special Report (8/17, Rosen) reported, "French President Jacques Chirac confirmed his country is prepared to lead the UN force, but he authorized a total of only 400 troops, far below what was expected of a nation offering to lead a force of 15,000 men." Chirac's announcement "followed a phone call between Secretary of State Rice and France's foreign minister, and a US official told Fox News the Americans will ask the French to increase their troop strength. For now, Rice's spokesman was circumspect in talking about it." State Department spokesman Tom Casey was shown saying, "The French have very clearly indicated to us that they do want to see this force be a success and do, as far as I know, intend to play a role in it."

The Wall Street Journal (8/18, Champion, 2.03M) reports "the French position…came as a blow to UN officials who had expected Paris to take the lead." Diplomats "worried yesterday that without the French lead, it will be hard to persuade other countries to offer the big contributions needed to create a force of 15,000, as called for in last Friday's UN Security Council resolution that France co-wrote. Italy, which has said it could offer as many as 3,000 troops, lined up behind France's wait-and-see position."

The AP (8/18, Lederer) reports the UN "got pledges Thursday of 3,500 troops for an expanded U.N. peacekeeping force in Lebanon, but it was unclear whether the soldiers represented the right mix of countries and units and could deploy very quickly."

UN Official Says Force Could Be Deployed In 10 Days. The New York Times (8/18, Hoge, 1.21M) says France "made a disappointing offer," but "by the end of the day a top United Nations official said the organization was on track to meet its goal of having 5,500 foreign troops on the ground there in 10 days. 'I would say the show is on the road, we're in business,' Mark Malloch Brown, the deputy secretary general, said after he emerged from a meeting of 49 countries that had expressed interest in contributing to the peacekeeping force."

WPost Criticizes France. The Washington Post (8/18, A20, 748K) editorializes, "Throughout this summer's crisis in relations between Israel and Lebanon, France has been liberal with its advice and admonitions, as befits the major power it claims to be. Now that the time has arrived to assume the responsibility of a major power, however, France appears suddenly bashful. The consequence for the peace deal it helped broker could be calamitous. … Other nations will be less likely to contribute if France remains on the sidelines, and without a substantial force the peace settlement -- fragile to begin with -- is far less likely to endure. That, in turn, would seem to offer precisely the wrong lesson for a European nation eager to provide international leadership and to prove that diplomacy and peacekeeping can accomplish more than war."

US, Allies Competing With Hezbollah To Provide Aid. The Washington Times (8/18, Behn, 88K) reports the US "and its allies are rushing billions of dollars for the reconstruction of Lebanon while Iran provides cash through its proxy, Hezbollah, in a race to establish long-term political influence among the country's war-ravaged Shi'ite communities." Saudi Arabia and Kuwait are "sending $2 billion, said a Lebanese source close to the majority party in government, and the United States has publicly promised $50 million in humanitarian assistance. That sum will likely be increased at an international pledging conference later this month." Hezbollah, "which successfully held off the Israeli military in the monthlong war that ended Monday, is already working with residents of the south to rebuild homes and businesses destroyed in the conflict."

UN Pledges About $64 Million To Clean Up Oil Spill Off Lebanon. The New York Times (8/18, Carassava, 1.21M) reports the United Nations Environment Program "on Thursday pledged 50 million euros, about $64 million, to help clean up and contain a major Mediterranean oil spill caused by the conflict in Lebanon." The "87-mile-long slick, described by experts as the worst environmental disaster in Lebanese history, stained Lebanon's shores after Israeli warplanes bombed an oil storage depot at Jiyeh, about 19 miles south of Beirut, on July 13 and 15." The spillage "could

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total 35,000 tons, close to the 1989 spill from the Exxon Valdez tanker accident in Alaska, officials said on the sidelines of the meeting here, in Greece's biggest port."

Brahimi Says Hezbollah Should Be Encouraged To Be Responsible. In a New York Times op-ed (8/18), Lakhdar Brahimi, a former special adviser to the United Nations Secretary General, said, "The international community should take several steps — some concrete, some conceptual — to address the current crisis. First, priority must be given to ensuring Lebanon's unity, sovereignty and territorial integrity and the full implementation of the 1989 Taif accord, which I helped negotiate on behalf of the Arab League. This agreement specifically required that the Lebanese government, like all states, have a monopoly over the possession of weapons and the use of force." Second, "we must recall that Hezbollah came into existence as a consequence of the Israeli invasion of Lebanon in 1982. Like all movements, it has evolved: it was initially a militia and a resistance movement against foreign occupation. It then developed into both a political party and a social organization, providing valuable services to its impoverished community." Rather than "trying to isolate Hezbollah, we should be encouraging it to play a responsible role in the internal dynamics of Lebanon."

Krauthammer Says Delays In Deployment Of International Force Strengthens Hezbollah. In his Washington Post column (8/18, A21), Charles Krauthammer says, "Ensuring that Hezbollah is cut down to size by a robust international force with very strict enforcement of its disarmament" is "critical. For all its boasts, Hezbollah has suffered grievously militarily, with enormous losses of fighters, materiel and infrastructure. Now is its moment of maximum weakness. That moment will not last long. Resupply and rebuilding have already begun. This is no time for the US ambassador to the United Nations to be saying, when asked about the creation of an international force, that 'this really is a responsibility of the Secretariat.' Maybe officially, but if we are not working frantically behind the scenes to make sure that this preposterously inappropriate body gets real troops in quickly, armed with the right equipment and the right mandate, the moment will be lost. And with it Lebanon."

Abbas Says Palestinian Militants Agree To Suspend Attacks On Israel. The AP (8/18, Hadid) reports Palestinian President Mahmoud Abbas "said Thursday that militant groups promised to suspend attacks on Israel in hopes of ending a nearly 2-month-long Israeli crackdown in the Gaza Strip." The militants "denied there was a formal agreement with Abbas, but left the door open to a possible halt in attacks. Only minor violence was reported Thursday, and there appears to have been a drop in rocket attacks on Israel in recent days." Abbas said "the groups reached their accord late Wednesday during renewed talks on forming a unity government including his Fatah Party and the rival Hamas group, which controls the Cabinet. The talks broke down after Hamas-linked militants captured an Israeli soldier in late June and Israel responded with a widescale offensive in Gaza."

Fox News Reporters Still Missing In Gaza. Fox News' Special Report (8/17, Hume) reported, "Our Fox News colleagues…national correspondent Steve Centanni and freelance cameraman Olaf Wiig remain missing tonight, three days after they were kidnapped in Gaza. Palestinian officials say the captors, whoever they are, are operating on their own, without any support from any known militant groups in the area or from any political organizations." There has been "no communication from their captors and no claim of responsibility. But we are encouraged and believe they have not yet been harmed, based on what little we know."

Musharraf Said to Be In "Serious" Political Bind. In a 1,458-word analysis piece, the New York Times (8/18, Sengupta, 1.21M) says, "Nearly five years after Sept. 11 turned Pakistan's president, Gen. Pervez Musharraf, into one of Washington's most indispensable allies, he finds himself squeezed from many directions, leading to one of the most serious political binds of his nearly seven-year tenure." While Musharraf's "two main political foes, who undermined each other for years, are linking arms in an effort to restore civilian rule," some of his "erstwhile" conservative partners "have stepped up their criticism." The Times notes that, while "no one doubts that" Musharraf "remains the most powerful man in Pakistan and enjoys the backing of" Washington, "there are signs of weakness." Among Pakistanis, Musharraf "has been criticized for having little to show for his overtures toward India," and "Afghanistan and India have been nipping at the general's heels for not doing enough to crack down on militants who they say export violence to their respective countries." Within the Bush Administration, "there are also simmering concerns. A series of planned terrorist attacks with links to Pakistan as well as a sharp rise in crossborder

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Taliban attacks in Afghanistan have prompted renewed debate within the Defense Department about Pakistan." However, the Times adds, "in Washington the official view remains strongly supportive. Richard A. Boucher, the assistant secretary of state for South and Central Asia, credited General Musharraf with having kept his promise to 'break' with the Taliban and their Qaeda allies."

US Says Security Council Will Sanction Iran Next Month If Enrichment Continues. The New York Times (8/18, Shanker, 1.21M) reports Undersecretary of State Nicholas Burns "said Thursday that he anticipated that the United Nations would move rapidly in September to impose sanctions on Iran if it refused to halt uranium enrichment, a process central to building nuclear weapons." Burns "said the punishment 'will be well deserved' if Iran failed to act by a looming deadline set by the Security Council. … 'It's not a mystery to the Iranians what is going to happen. I think we would want to move very quickly in the first part of September toward a debate in the Security Council about sanctions. They will be well deserved as this has gone on a long time." He "emphasized that the United States already had agreements from Russia and China and other Security Council members to move to economic sanctions under Chapter VII of the United Nations Charter if Iran failed to comply."

The AP (8/18, Schweid) also covers Burns' comments, and notes, "U.S. officials did not specify the proposed punishment." The Washington Times (8/18, Schweid, 88K) publishes the AP account.

The Los Angeles Times (8/18, Spiegel, 918K) reports Burns "said he believed the United States had the backing of fellow permanent members of the United Nations Security Council for economic and diplomatic sanctions and would push for them to be imposed early next month if Tehran failed to halt uranium enrichment at its Natanz facility." In addition, he "said he believed the war between Israel and Hezbollah…had strengthened the hand of the U.S. in the nuclear standoff because it laid bare Tehran's larger ambitions to gain power in the region." The Times say Tehran "has given mixed signals on whether it will respond by the U.N.-set date" and "has indicated it would not abandon its nuclear ambitions, which it has characterized as purely for civilian use."

North Korea May Be Prepping For Nuclear Test. The Wall Street Journal (8/18, Ramstad, 2.03M) says Washington and Seoul "are monitoring activity around a military site in North Korea that may indicate the North is preparing to test a bomb underground, government officials in the two countries said. Satellite images of a remote area in northeast North Korea show a number of trucks and coils of cables around a hole that U.S. officials have watched in the past for bomb testing, the officials said." The Journal says officials' "worst fear is that the activity signals plans for an underground nuclear-bomb test."

ABC World News Tonight (8/17, story 7, 1:15, Gibson, 8.78M) reported, "ABC News has learned that US government intelligence suggests that North Korea may be preparing to test a nuclear bomb. It's been believed that North Korea has the material up for a dozen bombs. But it has never tested one." ABC (Karl) continued, "US officials say they've picked up information that North Korea may be gearing up for a test. Suspicious vehicle movement, including the unloading of large reels of cables outside an underground facility. Now, those cables can be used to connect an underground test site with outside observation equipment. … [Officials] acknowledge that the intelligence is inconclusive. Underground tests are difficult to detect. They've been wrong about this in the past. But an underground test would prove that North Korea is a nuclear power. And for that reason, many analysts believe it will be North Korea's next move."

Britain's Prescott Denies Criticizing Bush. The Los Angeles Times (8/18, Murphy, 918K) notes, "Amid plummeting public support in Britain for backing America's policy in the war on terrorism, Deputy Prime Minister John Prescott denied Thursday that he called President Bush a 'cowboy with his Stetson hat' whose progress on a Middle East peace plan was 'crap.'" The Times says "the tempest" over the comments "underscored growing misgivings within the government of Prime Minister Tony Blair, who until now has been the Bush administration's strongest ally on Iraq, Afghanistan and, more recently, Lebanon." One Labor MP "said Prescott was expressing strong frustration over Washington's inability to make progress on a settlement of the Palestinian-Israeli conflict, a sentiment he said was shared by a growing number of lawmakers in Blair's camp." The Times adds, "The larger issue — sharply declining public support for Washington's lead in the U.S.-declared war on terrorism — was made clear with the release of a new poll that showed

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14% of respondents thought Britain should continue to closely align its foreign policy with that of the United States."

China Said To Be Engaged In "Massive" Electronic Eavesdropping Program. The Washington Times' "Inside the Ring" column (8/18, Gertz, Scarborough) reports Pentagon officials "tell us China is engaged in massive electronic eavesdropping through a series of ground stations, many in western China. Some stations can now be viewed without a security clearance for the first time from high-resolution satellite photographs recently made available on Google Earth. The officials said Chinese military and civilian intelligence units operate several key facilities in western China that are collecting hundreds of thousands of e-mails, among other electronic signals, that transit cyberspace through satellites. … By putting in key words, the Chinese eavesdroppers can gain valuable intelligence for both their military and commercial programs, the officials said."

Beijing Tries To Marginalize Unapproved Churches. The New York Times (8/18, French, 1.21M) says the destruction of a rural Chinese Protestant church and the harassment of its congregants "is part of a national wave of repression against independent, or underground, churches that are not registered with the government and do not recognize the authority of state-appointed spiritual leaders." Inspired by a 2005 religious "standardization" law, the "crackdown, which also affects other faiths, especially Buddhism in Tibet and Islam in the far western Xinjiang Province, comes at a time of booming growth in underground churches across the country." The Times cites human rights activists' claims that "local officials are forcing small, independent parishes to close or to merge under tighter government control. The new rules also make it harder to register with the authorities, even for those who wish to operate within the law." The Times adds, "Although the crackdown is decentralized, with each province and locality carrying out the repression on its own, the pattern is as unmistakable as the constant stream of incidents."

As UNSC Debates Darfur Force, Sudan May Seek New Military Offensive. The Washington Post (8/18, A16, Kessler, 748K) reports Khartoum "appears to be preparing a major military offensive in its troubled Darfur region, aid workers are increasingly at risk, and the population" may, in the words of UN peacekeeping chief Hedi Annabi, "be at risk." Annabi's "blunt assessment" was made while the UN Security Council considered a US-UK draft resolution "to send 17,000 U.N. peacekeepers to Darfur over the opposition of Khartoum. China and Russia, however, suggested they would reject the resolution, and the Sudanese government reiterated its opposition to a U.N. force." The Post notes that, despite former Secretary of State Colin Powell's 2004 condemnation of Khartoum-backed violence and former Deputy Secretary of State Robert Zoellick's witnessing of a peace agreement three months ago, "the administration has not named a replacement [for Zoellick, its point person on Sudan] and has ignored calls from Congress for a special Sudan envoy."

The AP (8/18, Lederer) notes a draft US-UK UNSCR "introduced Thursday would transfer peacekeeping in Sudan's conflict-wracked Darfur region from the African Union to a much larger U.N. force despite strong opposition from Sudan." UK PermRep Emyr Jones Parry "stressed that no U.N. force will deploy in Darfur without the consent of the government. … With violence escalating in Darfur, Jones Parry said he hopes the resolution can be adopted by the end of August." US Deputy PermRep Jackie Sanders "said the Sudanese government's consent is not required by the resolution, but 'practically speaking it's going to be useful to have the government on board to get this accomplished.'" Sudanese Deputy PermRep Omar Bashir Manis "questioned the Security Council's motives and said the resources to deploy a U.N. force should instead be spent on beefing-up the African Union force." Under the plan, the 7,000-person AU force would transition to a 22,600-person UN force including nearly 5,300 police officers. The UN force would take over on October 1, when the AU's mandate expires.

The Financial Times (8/18, Birchall, England) adds, "Diplomatic efforts to persuade Sudan to admit United Nations peacekeepers to Darfur intensified on Thursday, as Britain introduced a draft" UNSCR "that could lead to the deployment of up to 20,000 UN troops and police in the troubled region." The Times says the plan "would require the consent of President Bashir…but is seen as a way of increasing the pressure on him to do so."

US Military Rebuilds Tanzanian Clinic. The AP (8/18, Kennedy) explains a U.S. military civil action program that it "believes…could stamp out radicalism in remote parts of Africa where America needs friends, and fast." Recent, U.S. teams "helped refurbish a medical clinic [in Msata,

DOJ_NMG_0049723

Tanzania] and built another a few miles away. It provided medicine and did checkups for some 3,000 people, and performed similar humanitarian projects in rural areas of Uganda and neighboring Kenya." The AP notes, "The work comes at a time when America's reputation in Africa is foundering," including in Somalia. An Air Force Major "said 'we will continue to operate with a humanitarian focus' despite any rumblings of anti-U.S. sentiment in Africa. He noted he had not experienced any ill will during the project." The officer "acknowledged that extremist ideology is not readily apparent in Msata and the rest of Tanzania's Bagamoyo District, a rural area home mainly to nomadic herdsmen and Maasai tribespeople, more than 60 miles from Dar es Salaam. But he said the task force wants to build conditions that never let such a dangerous ideology take hold."

Russian Prosecutor Probes Western Yukos Executives. The Washington Post (8/18, Finn, 748K) reports, "The Russian prosecutor's office announced Thursday that it had opened a criminal probe into allegations of money laundering and embezzlement by Steven M. Theede, the American former chief executive of the embattled Yukos oil company, and three other expatriate executives." This is the first time the "sprawling and politically charged" Yukos investigation "has targeted the company's Western managers. They were resisting an effort by the state-controlled oil company Rosneft to drive Yukos into bankruptcy and secure the bulk of its assets." The prosecutor's office said in a statement that the managers "took advantage of their official positions to steal and legalize property that had been trusted to them."

Venezuelan Official Disputes WSJournal's Characterization Of Oil Firm. In a letter to the editor of the Wall Street Journal (8/17, 2.03M), Fadi Kabboul, the Minister Counselor for Petroleum Affairs at the Venezuelan embassy in Washington, writes that "the Journal's story on the Venezuelan national oil company Petroleos de Venezuela, S.A. (PDVSA), 'As Global Oil Demand Tightens, A Big Producer Has Own Agenda'...presented a distorted picture of Venezuela's oil operations and its commitment to sustainable production and refining of crude oil." Kabboul also writes, "The article failed to recognize the sovereign right of Venezuela, as any other resource owner, to use the oil wealth and revenues for its own development and the progress of its people. … In its mistaken effort to portray PDVSA as a social welfare organization as opposed to a socially responsive business corporation, the article ignored that other foreign oil and gas companies operating in Venezuela have also so far contributed more than $41 million to social projects."

Castro Impersonators Change Routines To Match Events. In a 1,270-word piece on today's front page, the Wall Street Journal (8/18, De Córdoba, 2.03M) reports, "Like most Cubans, Miami's small group of Fidel impersonators were taken by surprise when Havana announced that an ailing Mr. Castro had temporarily ceded power to his younger brother, Raúl. Now the comics have worked the succession drama into their acts."

Canadian Economist Touts Western Provinces' Pro-Growth Tax, Trade Policies. In an op-ed in today's Wall Street Journal (8/18, 2.03M), Niels Veldhuis writes, "Ontario and Quebec once reigned supreme as the economic hub of Canada, but no more. The western provinces of British Columbia, Alberta and Saskatchewan are quickly taking their place." Veldhuis attributes the shift to "pro-growth tax policy," and says "western Canadian governments of all political stripes…have reduced marginal personal income tax rates and overall business taxes. The tax policies pursued by western Canada over the past few years are quintessentially supply-side." He adds, "The economic results of tax reform based on improved incentives have been stunning," and "growth in the three provinces also outpaced the U.S. national average for the past two years." In addition, "patterns of success hold for other economic indicators," including employment growth and expanded investment. Veldhuis continues, "The gap between eastern and western growth rates has been facilitated by poor policies in Ontario and Quebec," including often-difficult inter-provincial trade. The western provinces "are establishing themselves as economic beacons in North America," he concludes, and "perhaps the success of western Canada will entice other provinces, the Canadian federal government, and even some of the states to the south that have poor tax structures to join the bandwagon of prosperity by implementing incentive-based tax relief and freer trade."

Author Says Worst Polluting Nations Have Few Incentives To Stop. In an op-ed in today's Washington Post (8/18, A21, 748K), professor and author

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Cass Sunstein says the "neglected obstacle" to reducing greenhouse gas emissions is the lack of "incentives" for Washington and Beijing to change behavior. "As the world's leading contributors to climate change, these are the two countries that would have to bear the lion's share of the cost of greenhouse gas reductions. At the same time, they are both expected to suffer less than many other nations from climate change -- and thus are less motivated to do something about it." Sunstein notes that China will, by 2026, "account for nearly one-quarter of the world's greenhouse gas emissions," easily supplanting the US as the chief producer. "It follows that if an international agreement requires reductions, China and the United States will have to bear the brunt of the expense." While US and Chinese health and agricultural losses "will be disproportionately small," the public health impact on India and Africa will be substantial. World leaders outside Washington and Beijing must develop incentives for the two powers, Sunstein says, because "without the participation of the two countries, no such efforts are likely to have a substantial effect on the problem."

NYTimes Urges Continuing International Commitment In Kosovo. In an editorial, the New York Times (8/18, 1.21M) says the "day is now at hand" to decide the political future of Kosovo, "and the main question facing the international community is not whether Kosovo will become independent, but when and how." Kosovo's current leaders "haven't really" made progress on economic and social integration standards established for them, "although they have made some grudging moves under international pressure." The province's "international wardship cannot be extended indefinitely. The most promising way to encourage further progress is by moving ahead to a carefully conditioned form of limited autonomy." The "powers of Kosovo's new government must be strictly limited," and the rights of the Serb minority protected. "A few thousand NATO-led troops should remain in Kosovo with the power to intervene when necessary to compel compliance." Despite a desire for KFOR contributing nations to remove their troops, "Kosovo's march toward independence is going to remain difficult and dangerous for years. The need for a continuing armed international presence should be non-negotiable."

NYTimes Says Grass' Lie Does Not Diminish Importance Of His Work. In an editorial, the New York Times (8/18, 1.21M) says German author Günter Grass' "central literary theme has always been Germany's struggle to come to terms with its past, and he has used his own life — and the realizations forced upon him after the war ended — as a platform for trenchant moral and social criticism." Now Grass "stands accused…of deceit and hypocrisy." The Times identifies "two critical questions here. First, does this revelation undermine the sharp criticisms Grass has leveled over the years against Germany and the United States? Grass's personal probity has been seriously damaged, but that does nothing to mitigate the very real crimes of thought and deed he has railed against. The second question is more important. Does this revelation annul or impair Grass's work?" While "everything he has written will now be reread with an ironic eye," the full "weight of the work will stand unchanged. With this revelation, Günter Grass has become, in a sense, his own final chapter."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Wiretap Project Ruled Illegal."
"Links to JonBenet Are Unclear."
"Manufacturers Taking Flight -- To Vietnam."
"A Blue Streak That Has L.A. Talking."
"Tax Break Extended To All 401(k) Heirs."
"Young To Quit Wal-Mart Group After Racial Remarks."

USA Today:

"Officials: U.S. Blocked Missiles To Hezbollah."
"Suspect's Answers Raise Questions About Credibility."
"Wiretap Program Illegal."

New York Times:

"Inquiry Suggests Marines Excised Files On Killings."
"U.S. Judge Finds Wiretapping Plan Violates The Law."
"Heart Procedure Is Off the Charts In An Ohio City."
"New Limits Set Over Marketing For Cigarettes."
"Arrest in Ramsey Case Presents More Questions."
"Minority Students Decline In Top New York Schools."
"New York's Tally Of Heat Deaths Draws Scrutiny."
"Lebanese Army Sets Up In Hezbollah's Territory."

Washington Post:

"Judge Rules Against NSA Wiretaps."
"Big Tobacco Lied to Public, Judge Says."
"Questions Surround JonBenet Suspect."

DOJ_NMG_0049725

"Republicans Losing The 'Security Moms'."
"Bicycling No Longer A Breeze."
"The FBI's Upgrade That Wasn't."

Washington Times:
"NSA Surveillance Struck Down."
"U.S., Hezbollah Vie To Rebuild For Lebanese."
"JonBenet Arrest Downplayed."
"Liquid ban Prompts Upswing In Charter Flights."
"9/11 Book Rankles Presbyterian Faith."
"U.S. Men, Women Still Worlds Apart."

Detroit Free Press:
"Ruling On Wiretaps Faces Fierce Challenge."
"Vroom Town"
"NWA Flight Attendants Are Allowed To Strike, Judge Says."
"JonBenet Confession May Not Solve 10-Year Mystery."

Atlanta Journal-Constitution:
"Evesdrop Program Is Ruled Illegal."
"Who Is John Mark Karr?"
"New Class Act."

Houston Chronicle:
"Airports Here Will Screen Behavior, Too."
"U.S. Court Rules Secret Wiretaps Unconstitutional."
"A Confession…And Now Questions."
"Court Order Most Of 285 Pit Bulls To Be Put to Death."
"State Progress report fails Three Area School Districts."
"Denver Arrest May Help Crack Killings In Juarez."

Story Lineup From Last Night's Network News:
ABC: JonBenet Case; Karr's Story; Surveillance Case Ruling; Terrorism Scare-Virginia; Terrorism Scare-London; Terrorism Airline Scare; Nuclear Bomb-North Korea; Cease-Fire; Child Sexual Abuse; Tobacco Ruling; Pension Rules Change; Blind Veterans.
CBS: JonBenet Case; Karr's Future; Karr's Story; Karr's DNA Match; Warrantless Wiretapping; Cease-Fire; Airline Security; Pension Rules Change; Worker Complaints Gas Prices; Tobacco Ruling; Gibson Drunk Driving Charge; Troops Extended Duty-Iraq.
NBC: JonBenet Case; Convicting Karr; Tobacco Ruling; Warrantless Wiretapping; Terrorist Plot Unfolded; Sectarian Violence Iraq; Pension Rules Change; Sunscreen Regulations; Gibson Drunk Driving Charge; Pigeons With Backpacks.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with economic advisors, Camp David, closed press; holds media availability with economic advisers, Camp David, pool coverage.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: KATRINA-FEMA _ 8:30 a.m. FEMA Director R. David Paulison participates in a news briefing on lessons the government learned from Hurricane Katrina. The Partnership for Public Service also will release a report on trends in Hurricane Katrina media coverage over the past year. Location: National Press Club.

PENTAGON-IRAQ BRIEFING _ 9 a.m. Army Col. Michael F. Beech, commander of 4th Brigade Combat Team, 4th Infantry Division, will brief live from Iraq to provide an update on ongoing operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

TERROR-PAINTBALL _ 9:30 a.m. Scheduled sentencing for Ali Asad Chandia, 29, a teacher at an Islamic school in College, who was convicted of lending aid to a Pakistani terrorist organization. Location: U.S. District Court, Alexandria.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, AUGUST 18, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Federal Judge Strikes Down Warrantless Surveillance Program.. 3
Gonzales Says Terror Threats Continue Despite Successes 7
UK Police Find Bomb Components In Woods Near Plot Suspect's Home 7
Longest-Held 9/11 Detainee Recounts Incarceration, Awaits Canadian Asylum 7
Pew Poll Finds Public Concern Over Terrorism Not Increasing 7
Ignatius Deconstructs Bush's "Islamic Fascists" Terminology 7

Homeland Response:

Chertoff Says US Does Not Need New MI5-Style Agency 8
Air Travelers Confused By New Security Rules 8
Mueller Says Seattle Should Not Let Guard Down On Terror Threats 9
Chertoff Pushes Real ID Act Before State Legislators, Who Balk At Cost 9
Airline Cargo Screening Faces Increasing Scrutiny 9
Simmons Proposes Privately-Funded Network Of Roadside Digital Alert Signs 9
UW-Madison Lecturer Believes US Government Planned, Executed 9/11 Attacks 9
Presbyterians Angry Over Book Alleging US Plotted 9/11 10
Nonprofit Partnership Creates "Government After Katrina" Initiative 10

War News:

Administration Said To Consider Iraq Reconstruction IG "Too Negative." 10
Doubt Cast On White House Statements About Iraq 10
Report Shows Marines Destroyed, Withheld Evidence In Haditha Killings 11
Violence Continues In Iraq 11
Maliki Says Iraqi Forces Ready To Take Over Security 11
New Survey Finds Iraqis Pessimistic, Cynical About Invasion 11
Radical Religious Leader Clashing With Other Shiites 12
Carroll Describes Realization That Captors Were Linked To Zarqawi 12
Karzai Condemns US Airstrike 12
Taliban Militants Release 17 Health Workers 12
NATO Commander Says Alliance Must Do More To Prevent Taliban From Using Opium Trade 12

DOJ:

Montana US Attorney In Line For Post At Main Justice 13

Corporate Scandals:

Comverse Cancels Job Pacts With Three Former Officials 13
Fund Shareholders Fighting Back In Private Buyouts 13
Time Warner Restatement Ends SEC Probe 14
Former DHB Officials Face Federal Charges 14
Foundry Networks, VeriSign Receive Nasdaq Delisting Notices 14

Criminal Law:

Questions Raised About Confession In JonBenet Ramsey Murder Case 14
Safavian Argues For New Trial 16
US Reaches Plea Deals With Three In Alabama Corruption Case 17
Opening Arguments Made At Third Gotti Trial 17
Reputed Canadian Mafia Godfather Extradited To US 17
Bonanno Capo Pleads Guilty To Mob Murder 18
Two Florida Men Convicted In Dot-Com Fraud Case 18
Minnesota Bank Executive Pleads Guilty To Lying In FBI Fraud Probe 18
Alabama Woman Sentenced To 19 Months In Prison For Katrina Relief Fraud 18
Massachusetts Families Blame FBI For Mob Murder Wrongful Convictions 18
Lessons From DC Sniper Probe Help Phoenix Police 18
DNA Links Two California Women To Dead Men 19

Civil Law:

Judge Rules Tobacco Firms Broke Anti-Racketeering Laws, But Limits Remedies 19
Bankruptcy Trustee Claims Departure Was Due To DOJ Interference 21

Civil Rights:

Old Florida Civil Rights Murder Probe Plagued By Dead Witnesses, False Leads 21
Former Alabama Apartment Manager Fined For Racial Bias 21
Florida Closes Five Clinics Over Charges Of Late-Term Abortions 22

New York City Sees Decline In Minority Enrollment At Top High Schools ... 22

Antitrust:

Bristol-Myers Claims No Evidence Plavix Talks Broke Law ... 22
New Jersey Officials Offer Counterproposal To Exelon-PSEG Merger ... 22
Bidders In Spectrum Auction See Jackpot Potential ... 22
Microsoft To Give $80 Million To Needy Florida Schools ... 23
Analyst Has Doubts About Lucent-Alcatel Merger ... 23
Russian Antitrust Regulators Probing Three Phone Operators ... 23

Environment:

7th Circuit Panel Rules For US In Pollution Control Case ... 24

FBI/DEA/ATF/USMS:

Kean, Hamilton Criticize Pace Of FBI Counter-Terrorism Capability Reform ... 24
Mueller Appoints Burrus Permanent Criminal Investigative Division Chief ... 25
Trainer Makes Fifth Appearance Before Federal Grand Jury In Bonds Investigation ... 25
Alleged Mexican Drug Kingpin Pleads Not Guilty ... 25
DOJ Considered Indicting Raul Castro On Drug Charges In 1993 ... 25
Federal Grand Jury In Maryland Indicts 5 Following Drug Seizure ... 25
California Man Pleads Guilty After Posing As DEA Agent ... 26
Suspected Reservation Drug Dealers Charged In Arizona ... 26
ATF Probes California Mosque Fire ... 26

Tax:

FBI Informant In PA Corruption Probe Sentenced To Prison For Tax Evasion ... 26
IRS Reaches Deal With Hollywood Over Gifts ... 26

Congress-Administration:

Bush Signs Pension Reform Bill Into Law ... 27
Budget Deficit To Shrink In 2006 ... 28
Snow Wants Reporters To Talk To White House Policy Makers 28
Historian Who Exposed Document Removal From Archives Was Court Martialed ... 29
Three NASA Council Members Who Spoke Against Science Cuts Quit ... 29
Announcement Date For Bush Presidential Library Pushed To Early Next Year ... 29

Other News:

Small Decline In Leading Indicators Seen As Good News ... 29
Judge Clears Way For Strike By Northwest Airlines Employees 29
Virginia Woman Wins Suit Against Abusive Husband ... 30
Polls Show GOP Losing "Security Moms." ... 30
Poll Shows Lieberman Ahead Of Lamont 53-41, With Strong Backing From GOP Voters ... 30
Chafee Bets On Support From Independents In GOP Primary .. 31
Talent Works To Solidify Support Among Rural Voters ... 31
Murtha Drawing Crowds, Support As He Campaigns For Fellow Democrats ... 31
GOP House Candidate Describes Bush Position On Iraq As "Extreme." ... 32
Lobbying By Cannon's Brother Draws Scrutiny ... 32
AFSCME Establishes 527 To Fight GOP Redistricting Efforts ... 32
DSCC Pulls Controversial Ad Seen As Offensive To Hispanics . 32
Schwarzenegger Tries To Pacify Dissatisfied Conservatives ... 32
Ethics Complaint Against Ehrlich's Attorney Dismissed ... 32
Cost Of College Education Said To Threaten US Competitiveness ... 33
Public Housing Authorities Lack Strategy To Revamp Projects .. 33
Robinson Considers Allen's "Macaca" Gaffe ... 33
NYTimes, Dionne Back Reforms For Presidential Campaign Finance System ... 33
WSJournal Says San Diego Pension Fund Scandal Shows Need For Reform ... 33
WPost Rejects Moratorium On DC Charter Schools ... 34
Intelligence Officers Say US Stopped Syrian Weapons Shipments To Hezbollah ... 34
Israelis Criticize War Leadership, Believe Hezbollah Won ... 34
Lebanese Troops Deploy To Control South ... 35
France Will Contribute Only 200 Troops To UN Force In Lebanon ... 35
US, Allies Competing With Hezbollah To Provide Aid ... 36
Abbas Says Palestinian Militants Agree To Suspend Attacks On Israel ... 37
Fox News Reporters Still Missing In Gaza ... 37
Musharraf Said to Be In "Serious" Political Bind ... 37
US Says Security Council Will Sanction Iran Next Month If Enrichment Continues ... 37
North Korea May Be Prepping For Nuclear Test ... 38
Britain's Prescott Denies Criticizing Bush ... 38
China Said To Be Engaged In "Massive" Electronic Eavesdropping Program ... 38
As UNSC Debates Darfur Force, Sudan May Seek New Military Offensive ... 38
US Military Rebuilds Tanzanian Clinic ... 39
Russian Prosecutor Probes Western Yukos Executives ... 39
Venezuelan Official Disputes WSJournal's Characterization Of Oil Firm ... 39
Castro Impersonators Change Routines To Match Events ... 39
Canadian Economist Touts Western Provinces' Pro-Growth Tax, Trade Policies ... 40
Author Says Worst Polluting Nations Have Few Incentives To Stop ... 40
NYTimes Urges Continuing International Commitment In Kosovo40
NYTimes Says Grass' Lie Does Not Diminish Importance Of His Work ... 40

The Big Picture:

Headlines From Today's Front Pages ... 40

Washington's Schedule:

Today's Events In Washington ... 41

DOJ_NMG_0049728

TERRORISM NEWS:

Federal Judge Strikes Down Warrantless Surveillance Program. The AP (8/18, Karush) reports, "A federal judge on Thursday struck down President Bush's warrantless surveillance program, saying it violated the rights to free speech and privacy, as well as the separation of powers enshrined in the Constitution." US District Judge Anna Diggs Taylor in Detroit "is the first judge to rule on the legality of the National Security Agency's program, which the White House says is a key tool for fighting terrorism that has already stopped attacks." The Administration "said it would appeal to the 6th US Circuit Court of Appeals in Cincinnati." USA Today (8/18, Jackson, 2.27M) notes Judge Riggs wrote in her opinion, "There are no hereditary kings in America and no powers not created by the Constitution."

The judge's ruling quickly became a political issue, with Democrats praising it and Republicans expressing their opposition to it. Media accounts, meanwhile, are portraying the decision as a blow to the Administration's conduct of the war on terror. McClatchy (8/18, Hutcheson, Talev), for example, terms the ruling "a scathing rebuke," while the Washington Post (8/18, A1, Eggen, Linzer, 748K), for example, calls the ruling "the latest courtroom setback for the Bush administration's controversial anti-terrorism and detention policies." The decision "could complicate efforts by the White House and Sen. Arlen Specter (R-Pa.) to win approval for a bill that would allow, but not require, Bush to submit the NSA program to a secret court for legal review." The Financial Times (8/18, Sevastopulo) refers to "a resounding rebuke of Mr Bush," and also notes "the court ruling is the second recent important indictment of the Bush administration's counter-terrorism tactics. … Only a week after the UK and US foiled an alleged plot to blow up airliners, the court ruling is likely to renew debate about national security policies before November's Congressional elections."

The story was covered by all three network newscasts, though CBS devoted only 20 seconds to it and NBC just 15. ABC ran a somewhat longer two-minute report. All three networks led with the JonBenet Ramsey story. The CBS Evening News (8/17, story 4, 0:20, Schieffer, 7.66M) reported, "The National Security Agency has of course, been monitoring without warrants the international phone calls and e-mails of Americans suspected of having ties to terrorists. The Judge in Detroit said this is a civil rights violation. The Administration disagrees, of course, and is appealing." NBC Nightly News (8/17, story 5, 0:15, Brown, 9.87M) says the judge "harshly contradicted the program saying it violates amendments and the FISA law. The White House said today the Administration couldn't disagree more with the ruling. For now the program will continue while the ruling is appealed."

On ABC World News Tonight (8/17, story 3, 2:00, Raddatz, 8.78M), Attorney General Alberto Gonzales was shown saying, "We have confidence in lawfulness of program. That's why appeal has been lodged. This is an important program." ABC called the ruling "a significant blow to the Bush Administration, which has strongly defended the legality and the necessity of the program since its disclosure last December." President Bush was shown saying, "I believe what I'm doing is constitutional. And I know it's necessary." ABC also showed a snippet of Vice President Chaney saying, "I can tell you the terrorist surveillance program has been absolutely essential to the security of the United States."

The Wall Street Journal (8/18, 2.03M) reports that after the ruling, the Justice Department issued a statement saying, "In the ongoing conflict with al-Qaeda and its allies, the President has the primary duty under the Constitution to protect the American people. The Constitution gives the President the full authority necessary to carry out that solemn duty, and we believe the program is lawful and protects civil liberties."

CNN's The Situation Room (8/17, Quijano) reported "even before today's ruling…Bush just this week, in comments at the State Department on Monday, singled out this very program as a vital tool in the terrorism fight. Well, today we are hearing that from the White House once again. White House Press Secretary Tony Snow, in a statement, saying, 'We couldn't disagree more with this ruling, and the Justice Department will seek an immediate stay of the opinion and appeal. The Terrorist Surveillance Program is firmly grounded in law and regularly reviewed to make sure steps are taken to protect civil liberties.'"

Fox News' Special Report (8/17, Hume) reported, "The ruling, which is immediately appealed, appears to be a victory for the American Civil Liberties Union, which brought the case on behalf of a group of plaintiffs who claim they had been harmed by the program." Fox News (Baier) added, "Opponents of the NSA program quickly jumped on the ruling, calling it a nail in the coffin in the administration's legal strategy in the war on terror." But the ruling "comes one week to the day after the British terror plot to blow up jetliners was thwarted. In a late afternoon news conference, the Attorney General called the terrorist surveillance program a critical tool to stop more terrorist plots." Attorney General Gonzales was shown saying, "I believe very strongly that the President does have the authority to authorize this kind of conduct and particularly in a time of war."

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The Los Angeles Times (8/18, Weinstein, 918K) notes the judge "upheld the Justice Department's request to dismiss one aspect of the lawsuit filed by the American Civil Liberties Union. She threw out the part asking that the government's data-mining program be ruled unconstitutional, saying that litigation of that claim would violate the government's state secrets privilege."

On Fox News' Special Report (8/17, Hume), Nina Easton of National Public Radio said, "The feedback I got today was that this is going to be overturned by the Sixth Circuit."

The Detroit Free Press (8/18, Ashenfelter) reports, "The Justice Department immediately appealed the decision to the U.S. 6th Circuit Court of Appeals in Cincinnati. … Legal experts said the 6th Circuit Court of Appeals, which is overwhelmingly conservative, is likely to strike down her decision."

Long Island Newsday (8/18, Brune) reports, "Justice Department attorneys won a stay of the decision yesterday while they appeal it. Calling the five-year-old effort an important counterterrorism tool, Attorney General Alberto Gonzales said, 'We will continue to utilize the program to ensure that America is safer.'"

The San Francisco Chronicle (8/18, Page A1, Egelko) reports, "The ruling comes on the heels of a July 20 decision by Chief U.S. District Judge Vaughn Walker in San Francisco allowing a privacy-rights group to sue AT&T, on behalf of its customers, for allegedly collaborating in the surveillance program by allowing the government to monitor millions of phone calls and e-mails. … Last week, a federal court panel transferred dozens of similar lawsuits against telecommunications companies nationwide to Walker's court, rejecting requests by the companies and the government to send the cases to a judge in Washington, D.C. … And in June, the Supreme Court rejected another broad assertion of presidential powers, ruling that military tribunals established to try foreign captives in Guantanamo Bay, Cuba, must abide by the human rights guarantees of the Geneva Conventions."

U.S. News and World Report (8/18) reports, "Civil liberties advocates hailed Taylor's decision as a historic rebuke of President Bush's broad assertions of executive authority in the post-9/11 war on terror. Taylor found that the National Security Agency's monitoring of telephone and E-mail communications not only violates U.S. citizens' right to privacy and free speech but also illegally bypasses required review by a special court set up 28 years ago to monitor domestic spying. … Anthony Romero, executive director of the American Civil Liberties Union, a lead plaintiff in the case, called the ruling 'another nail in the coffin' of the administration's use of executive power to conduct controversial programs in the name of the war on terrorism. 'This is a reaffirmation of the system of checks and balances,' he said. … The administration, however, was quick to respond, calling the surveillance program a 'critical tool that ensures we have in place an early warning system to detect and prevent a terrorist attack.' In a hastily called afternoon press conference, Attorney General Alberto Gonzales said that 'we continue to believe that the program is lawful.'"

ABC News (8/18, Wolf) reports, "The injunction is the first decisive action by the federal court system against the warrantless domestic spying program since press reports of the program, which were leaked to the New York Times, were published late in 2005." ABC adds, "Attorney General Alberto Gonzales, at a press conference in Washington, defended the program as a vital part of the daily fight against terror. He said it is firmly rooted in established law and has been vetted on a regular, ongoing basis by lawyers both in the administration and at the National Security Agency, though not by outside attorneys. … Critics point out that Gonzales testified before a Senate committee in July that President Bush personally killed an internal Department of Justice inquiry into the program by declining to give the government lawyers at the Justice Department's Office of Professional Responsibility the security clearance to perform a review." ABC notes, "After initially declaring the program too important to national security to elaborate on it at all, the White House went on a public relations offensive with a number of speeches in which Bush, Gonzales and former NSA director (now CIA director) Gen. Michael V. Hayden used broad strokes to outline the program. … It was those very same speeches and fact sheets advertising the program as a tool in the war on terror that Taylor said contradicted the administration's claim that the program must remain secret. … Gonzales was asked at his press conference if he now regrets the public relations campaign. … 'Obviously, that was a tactical decision that had to be made early on in this matter,' he said. 'The decision by the president is that it was sufficiently important to reassure the American people about the program.'"

Bloomberg (8/18, Rowley) reports, "Bruce Fein, a former Justice Department official who has testified in Congress that the surveillance program is illegal, predicted that Taylor's decision would be overturned on appeal. Courts are traditionally reluctant to step into a 'feisty political debate' such as the current dispute between Congress and Bush over the legality of the surveillance, he said. … Fein said the ruling's weakest part is Taylor's finding that those who sued -- a group of lawyers, academics and activists -- could bring the suit to protect their free-speech rights. The Supreme Court in 1972 threw out a lawsuit by Vietnam war demonstrators who claimed their free-speech rights were hurt by an FBI program to monitor anti-war protests, he said."

Time (8/18, Bennett, Burger) reports, "The surprise ruling…raised new questions about the broad authority President Bush has claimed since the Sept. 11 attacks for secret new intelligence programs. Her decision came on the

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same day a federal jury in North Carolina convicted a former Central Intelligence Agency contract interrogator on charges of illegally beating a detainee shortly before the man died in Afghanistan in 2003. More important, the ruling followed a Supreme Court decision in June that the Administration's use of military tribunals in Guantanamo was illegal — until this week the biggest blow to Bush's assertion of broad unilateral powers in the war on terrorism." Time adds, "Attorneys for the Justice Department and the National Security Agency, the electronic eavesdropping shop, quickly won a stay allowing the NSA to continue its domestic spy program pending appeal. President Bush said in December, after disclosures in the media, that the so-called Terrorist Surveillance Program is used only to monitor calls between U.S. persons in phone contact with suspected al-Qaeda terrorists or supporters abroad. 'The decision is unreasoned and not supported by any analysis,' a senior, and bitter-sounding, Administration official complained to TIME. The decision most likely sent shudders through an intelligence community that runs numerous messy spy programs based on the guidance of the very Administration attorneys who had insisted the surveillance program is legal."

National Journal's Technology Daily (8/18, Noyes) reports, "Senate Judiciary Committee ranking Democrat Patrick Leahy of Vermont said Thursday that he has always believed the NSA program violated U.S. laws and that FISA is adequate. Committee Chairman Arlen Specter, R-Pa., whose FISA reform bill is currently pending on Capitol Hill, was en route to Jerusalem and unavailable for comment, spokeswoman Courtney Boone said."

Democrats Applaud Ruling. The New York Times (8/18, Liptak, Lichtblau, 1.21M) reports Democrats "applauded the ruling as an important affirmation of the rule of law, while lawyers for the ACLU said Judge Taylor's decision was a sequel to the Supreme Court's decision in June in Hamdan v. Rumsfeld that struck down the administration's plans to try detainees held in Guantánamo Bay, Cuba, for war crimes."

The Washington Post (8/18, A1, Eggen, Linzer, 748K) reports "Senate Minority Leader Harry M. Reid (Nev.) and other leading Democrats hailed the ruling as a welcome check on the Bush administration. The decision shows that 'no one is above the law,' Sen. John F. Kerry (D-Mass.) said."

The Washington Times (8/18, Seper, 88K) reports Sen. Patrick J. Leahy, "the Senate Judiciary Committee's ranking Democrat, yesterday said the ruling highlighted 'another unfortunate example of how White House misdirection, arrogance and mismanagement have needlessly complicated our goal of protecting the American people.'" House Minority Leader Nancy Pelosi, "while calling the decision a 'repudiation' of the administration, invited the president 'to work with Congress to devise tough, effective, and lawful ways to monitor the communications of suspected terrorists.'"

On CNN's The Situation Room (8/17, Blitzer), CNN contributor Donna Brazile said, "There's no question this is a set back for the Bush Administration for the second time this year, they heard from a Federal judge that they need to get their secret programs under law."

Republicans Blast Judge's Decision. The Washington Post (8/18, A1, Eggen, Linzer, 748K) reports, "Congressional Republicans quickly condemned Taylor's ruling, and the Republican National Committee issued a news release titled, 'Liberal Judge Backs Dem Agenda To Weaken National Security.'" The Post adds "some Republicans sought to tie the ruling to last week's arrests in Britain and Pakistan of alleged conspirators in a plot to blow up airliners bound from London to the United States. The administration has not offered evidence that the NSA spying program played a role in the case. Sen. Mike DeWine (R-Ohio) said that halting the program 'would hamper our ability to foil terrorist plots.'"

The New York Times (8/18, Liptak, Lichtblau, 1.21M) also reports Republicans "attacked the decision. 'It is disappointing that a judge would take it upon herself to disarm America during a time of war,' said Representative Peter Hoekstra, Republican of Michigan, the chairman of the House Intelligence Committee." Republicans "said the decision was the work of a liberal judge advancing a partisan agenda."

Taylor, A Carter Appointee, Described As "Liberal Judge." The New York Times (8/18, Liptak, Lichtblau, 1.21M) reports Taylor, "73, worked in the civil rights movement, supported Jimmy Carter's presidential campaign and was appointed to the bench by him in 1979. She was the first black woman to serve on the Detroit federal trial court." She "has ruled for the ACLU in a lawsuit challenging religious displays on municipal property. But she has also struck down a Detroit ordinance favoring minority contractors."

On Fox News' Special Report (8/17, Hume), Nina Easton of National Public Radio said the judge was "a liberal Democrat, and it did read like an opinion of somebody who had -- was very happy to overturn a program that she really didn't like."

On CNN's The Situation Room (8/17, Blitzer), CNN contributor Bill Bennett said, "I don't think Democrats want to make an issue of this. … [CNN analyst] Jeff Toobin said this was a liberal judge, quoting other liberal judges. The reality of it, quite apart from the politics, is that we run programs which are more restrictive, more tight, not as liberal as what they do in England. England can do far more things that we can. They just broke that plot. We got a judge saying we have to be more restrictive than we are? I don't think it will fly in the courts, and don't think it flies in the court of common sense."

WPost, WSJournal Criticize Taylor's Opinion. Under the headline "A Judicial Misfire," the Washington Post

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(8/18, A20, 748K) editorializes, "The nation would benefit from a serious, scholarly and hard-hitting judicial examination of the National Security Agency's program of warrantless surveillance. … Unfortunately, the decision yesterday by a federal district court in Detroit, striking down the NSA's program, is neither careful nor scholarly, and it is hard-hitting only in the sense that a bludgeon is hard-hitting. The angry rhetoric of US District Judge Anna Diggs Taylor will no doubt grab headlines." But "as a piece of judicial work -- that is, as a guide to what the law requires and how it either restrains or permits the NSA's program -- her opinion will not be helpful. … Fortunately, as this case moves forward on appeal and as other cases progress in other courts, it won't be the last word."

The Wall Street Journal (8/18, 2.03M) editorializes, "We can at least be grateful that President Taylor's judgment won't be the last on the matter. The Justice Department immediately announced it will appeal and the injunction has been stayed for the moment." But "her decision is all the more noteworthy for coming on the heels of the surveillance-driven roll up of the terrorist plot in Britain to blow up US-bound airliners. In this environment, monitoring the communications of our enemies is neither a luxury nor some sinister plot to chill domestic dissent. It is a matter of life and death."

NYTimes, USA Today And LATimes Praise Ruling. The New York Times (8/18, 1.21M) titles its editorial "Ruling For The Law," and says, "The ruling eviscerated the absurd notion on which the administration's arguments have been based: that Congress authorized Mr. Bush to do whatever he thinks is necessary when it authorized the invasion of Afghanistan. It's good news that this ruling exists at all." The Times calls Taylor's opinion "careful" and "thoroughly grounded," adding that she "has reasserted the rule of law over a lawless administration and shown why issues of this kind belong within the constitutional process created more than two centuries ago to handle them."

USA Today (8/18, 2.27M) editorializes, "Much has changed since terrorists rammed planes into the World Trade Center and the Pentagon. But one thing that has not is that America is a constitutional democracy with checks and balances. A ruling such as Thursday's is a useful and forceful affirmation of that."

Under the headline "Bush: Unconstitutional, Again," the Los Angeles Times (8/18, 918K) editorializes, "The decision is an embarrassment for…Bush, but it also should be a source of shame for Congress." Congress "should reclaim its institutional prerogative and enact legislation making it clear that NSA spying on Americans is governed by FISA. Legislation proposed by Sen. Dianne Feinstein (D-Calif.) would do just that, while increasing from 72 hours to seven days the period in which investigators in an emergency could conduct surveillance without a warrant. Feinstein's bill made sense before Thursday's ruling. Its enactment is even more urgent now."

Avenue For Appeal Examined. Fox News' Special Report (8/17, Hume) interviewed Pepperdine University law professor Douglas Kmiec, who outlined a potential avenue for appeal: "In order to have constitutional standing, you have to prove an injury, in fact, that is concrete and palpable, that is traceable to the government and that is capable of being redressed by the government. With all due respect to Judge Taylor, that was not proven in this case." Kmiec added what "makes this opinion quite dramatic" is that the judge "is not merely saying this is in excess of statutory authority. The judge is striking it down on constitutional grounds, as well. I'm certain the administration will say, and I think with some credibility, that the FISA statute was not intended to apply in the context of war time and that in any event, the FISA statute itself contemplates additional statutory authority." Kmiec concluded, "So I think the government has considerable arguments on appeal."

More Commentary. MSNBC's Hardball (8/17, Matthews) interviewed 9/11 Commission co-chairmen Thomas Kean and Lee Hamilton. Asked about the Detroit NSA surveillance decision, Hamilton said, "I think that's going to be challenged in the appellate courts and it will be challenged in the Congress. But I do think the basic problem here is that as you fight the war on terror, you expand the intrusiveness of government in all kinds of ways. And I think probably in most of those ways, the American people accept. From my point of view what's necessary is that power ought to be checked so that no one person, even the President, should have the power to make the decision unilaterally. And therefore, action by the courts, by the Congress, to check the powers of the president on national surveillance makes sense to me. You should put it in that framework. Should they -- should government have that power? I think probably so."

CNN's The Situation Room (8/17, Blitzer) also interviewed Kean and Hamilton. Asked if US lives were at risk because of the decision, Kean said, "I don't think so, but the Administration may say something quite different. I think it's fairly easy to get a warrant, you can move fairly fast with a warrant. And we don't really know how often these are used. The Administration has never told us."

In his Wall Street Journal column (8/18), Daniel Henninger says that over the "past year the Democrats have built a political case that President Bush's conduct of the war on terror is trampling civil liberties and the rule of law. There is a list for the Bush assault on 'our values': the NSA's warrantless wiretaps, Guantanamo, phone-call datamining and of course his Supreme Court nominations." But even "allowing for election needs, why is it not possible for the congressional Democratic Party and its Amen corner in the punditocracy and blogosphere to overcome their George Bush phobia here? They should allow the creation of a civil-

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liberties regime that will genuinely (not hopefully) reduce our exposure to the risks now being rolled up by the surveillance and arrests in London."

James S. Robbins is senior fellow on national security affairs at the American Foreign Policy Council, writes in USA Today (8/18, 2.27M), "Taylor's decision, if it stands, will put out of commission a useful national security program that is no threat to anyone who is not already threatening the United States. Contrary to the hype, the administration has made no claim of a blanket privilege to intercept phone calls or e-mails without warrant."

Gonzales Says Terror Threats Continue Despite Successes. In an exclusive interview with the Pittsburgh Tribune-Review (8/18, Zito), Attorney General Alberto Gonzales discussed various anti-terror issues. Replying to a question about the recently foiled terror attempt in the UK, Gonzales said, "Let me just emphasize this: I don't view this threat as having ended -- we have disrupted the threat, (but) we still don't know yet everything there is to know about this threat. … We are in the process of evaluating (the attempted attack) and what almost happened here, and hopefully we are learning from it. The British have different authorities; they operate in a different legal system. We have a Constitution that we have to honor. We will continue to talk to our friends and allies. If we feel like there is something that we need in terms of gathering information, then we will have a discussion with the Congress and see if we can get it." When asked "What keeps you up at night?," Gonzales replied, "Well, you don't know, you just don't know and that is what keeps me up at night. … I wake up every morning, I look at the threat assessment, and we are on it, on those threats against the United States. Now at the end of the day, many of those threats have washed out. Many of them are nothing, but you see from the plots that we have an enemy that is very smart, very persistent and they are very determined. … They have great PR as well, and yes, yes, we do need to do a better job in the PR department. … But we are not safe yet, and that is what worries me. That is what keeps me up at night."

UK Police Find Bomb Components In Woods Near Plot Suspect's Home. The CBS Evening News (8/17, story 5, , Schieffer, 7.66M) reported, "British police investigating the transatlantic terror plot have discovered a suitcase containing component for a homemade bomb. A British intelligence source told CBS News today the suitcase was found in the home of one of the suspects," and "police have also found a number of firearms in the same woods 30 miles from London."

The New York Times (8/18, Fisher, 1.21M) notes, "A police spokesman declined to comment on the report," but "the BBC quoted an anonymous police official as saying that the suitcase contained 'everything you would need to make an improvised device.'" ABC World News Tonight (8/17, story 5, 0:10, Gibson, 8.78M) also briefly reported on the discovery.

Longest-Held 9/11 Detainee Recounts Incarceration, Awaits Canadian Asylum. In a widely-distributed story, the AP (8/18, Hays) reports, "The date was Sept. 12, 2001, but Benemar 'Ben' Benatta was clueless about the death and destruction that had unfolded a day earlier" because he was sitting in a US immigration lockup. When he learned of the attacks, "it slowly dawned on Benatta that his pedigree -- a Muslim man with a military background -- made him a target in the frenzied national dragnet that soon followed. The FBI didn't accuse him of being a terrorist -- at least not outright. But agents kept asking if he could fly an airplane. No, he said. It made no difference." The AP notes, "The veiled accusations and vehement denials would continue for nearly five years -- despite official findings in 2001 that he had no terrorist links and in 2003 that authorities had violated his rights by colluding to keep him in custody." After interviewing Benatta about his detention and release, the AP adds that he is awaiting word on his asylum application in Canada. He "wonders if he can regain enough spirit to start a new life. 'Now I'm not the same person,' he said. 'When I came to the United States, I was optimistic. … That's not the case now.'"

Pew Poll Finds Public Concern Over Terrorism Not Increasing. CNN's The Situation Room (8/17, Bash) reports, "We now know Americans paid more attention to that foiled plot to blow up airplanes than any terror-related event since 9/11," but "attitudes about terrorism haven't changed." A Pew Research Center poll finds "54 percent of Americans say they followed the London story very closely," but "just 23 percent say they are very worried about a terror attack in the US now, virtually the same as last summer. So far it hasn't changed the dynamic of the election some 80 days away." Approval "of how the president is handling terrorism went up only slightly, 50 percent now, versus only 47 percent in June," and "nearly seven in 10 people say they worry if Republicans keep control of Congress the US will become involved in too many military operations overseas. That's why Democrats continue to beat the political drum on Iraq."

Ignatius Deconstructs Bush's "Islamic Fascists" Terminology. In his Washington Post (8/18, A21, 748K) column, David Ignatius writes "in many ways," President Bush's use of the term "Islamic fascists" captures the "rage that fuels America's enemies," and underscores that, "as with European fascism, it has made Jews the symbol for larger forces that confound angry Muslims." Still,

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Ignatius writes, "I balk at the term. The notion that we are fighting 'Islamic fascists' blurs the conflict, widening the enemy to many if not all Muslims. It's as if we were to call Hitler and Mussolini 'Christian fascists,' implying that it is their religion, not resistance to transcendence, that is the root cause of the problem."

HOMELAND RESPONSE:

Chertoff Says US Does Not Need New MI5-Style Agency. The Financial Times (8/18, Sevastopulo, Luce) reports, "Washington is examining British counter-terrorism laws to see whether the US should import any UK police and intelligence service methods, according to Michael Chertoff, the US homeland security secretary." In a Financial Times interview, Chertoff said, "The experience we had observing and working with the British certainly has underlined some possible advantages of some of the approaches taken in Britain." The FT adds, "While some critics have suggested the US should form an independent domestic intelligence service, along the lines of MI5…Chertoff said it was not necessary. 'The FBI has done a superb job engineering itself to deal with the current threat,' he said."

Plot Highlights Repeated Failure Of UK Outreach To Muslim Youths. In a front-page story, the Wall Street Journal (8/18, Higgins, Mollenkamp, 2.03M) reports that "failure of…diverse approaches" by the Europeans to dissuade their Muslim youth from becoming extremists "creates a major quandary for Western governments trying to both understand and tackle the terrorists in their midst. Britain, more than any other European nation with a large Muslim minority, has put much energy and money into trying to do just that. Its efforts have been closely watched by other European countries and also by the U.S.," but "time and again…Britain's efforts have come unglued, stymied by divisions among Muslims and the local authorities' inability to find credible Muslim partners. Local mosques are often no help, not because they are hotbeds of political radicalism but, in most cases, the opposite: Their first-generation immigrant leaders disavow politics altogether."

Analysts Say Plot Shows War On Terror Driving Young Muslims To Extremism. The Christian Science Monitor (8/18, Murphy, 58K) reports the British and Pakistani suspects in the airliner bombing plot "reveals that the West's war on terror is attracting more and more young Muslims to militant circles, say terrorism experts. The US-led Iraq war and American support for Israel's bombardment of Lebanon are serving to fertilize anger in segments of the Muslim world. And, they say, this means that Al Qaeda may no longer be the primary enemy, but that disparate groups of young radicals who are imitating their tactics are emerging as equally potent threats.

Penn India Specialist Says Pakistan Must Crack Down On Terror Groups. In a Wall Street Journal (8/18, 2.03M) op-ed, Alyssa Ayres, deputy director of Penn's Center for the Advanced Study of India, writes that among the UK suspects, "the common thread appears to link the plot to Pakistan's Jama'at ud-Dawa (JUD), previously known as the Lashkar-e-Taiba (LET)." Ayres notes, "In 2002, Pakistan's Gen. Pervez Musharraf, under intense pressure from the U.S., banned several terrorist groups…including Lashkar. But the emptiness of this gesture became obvious when the group merely changed its name to escape arrests and asset seizure." Ayres adds, "Pakistan must take responsibility for the activities of these groups that operate from its soil, and cosmetic gestures…will not suffice. For its own sake, the sake of the neighborhood, and indeed the security of our homeland, it is time Islamabad backed its platitudes about fighting terror with real action."

Air Travelers Confused By New Security Rules. The Washington Post (8/18, D1, Shin, Joyce, 748K) says that if the "past few days are any guide, travelers at Washington area airports this weekend will encounter shorter lines than feared but more confusion than expected." Passengers this week "discovered that the landscape had shifted, in sometimes unpredictable ways. One woman found her single lipstick was fine in a carry-on; her colleague's four tubes of designer lip gloss were not. A baby with milk passed muster. A mom with a bottle of breast milk -- but no baby -- did not." One Dulles traveler said, "There doesn't seem to be consistency in the policy."

Restrictions Aid General Aviation Business Boom. The Washington Times (8/18, Lengell, 88K) reports the ban on liquids and other materials aboard commercial airliners "has led to a boom in business for air charter and air taxi services." The restrictions do not apply to general aviation flights, including charters and air taxis.

False Positive Test For Explosives Closes West Virginia Airport. ABC World News Tonight (8/17, story 4, 0:15, Gibson, 8.78M) reported, "A West Virginia airport near Huntington was closed when two bottles of liquid in a woman's bag twice tested positive for explosives. We're told the woman purchased a one-way ticket to Detroit. More definitive tests on the containers are being conducted."

The Washington Post (8/18, A9, Wilber, 748K) reports the two bottles in the carry-on bag "initially tested positive for explosive residue at a security checkpoint," but "chemical tests later yesterday turned up no explosives." TSA officials said the containers" were discovered about 9:15 a.m. as a woman was trying to pass through a checkpoint for her US Airways flight at Huntington Tri-State Airport. The woman, who had a ticket to Charlotte, was not identified. She was not arrested and 'was talking willingly' with authorities," according to the FBI.

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Woman Subdued On Flight Acted Strangely On Board. ABC World News Tonight (8/17, story 6, 0:15, Gibson, 8.78M) reported the FBI said the "woman subdued aboard a London-to-Washington flight…urinated on the airplane floor, made comments about al Qaeda, and she did have a screwdriver, cigarette lighters, and matches, all items banned on planes flying out of Great Britain."

The New York Times (8/18, Zezima, 1.21M) reports Catherine Mayo also "said she had entered Pakistan illegally." Mayo "was ordered held in federal custody and will undergo a psychiatric evaluation before a court appearance on Thursday. 'She has a very serious mental illness,' said her court-appointed lawyer, Page Kelley. 'This is not a case about terrorism. This is a case about someone with a mental illness.'" An FBI affidavit said Mayo "had arrived in London from Pakistan," and that while on the plane, she "made a reference to 'there being six steps to building some unspecified thing,' which the crew took to be a bomb." The Washington Post (8/18, A9, Trujillo, 748K) says Mayo's son "described his mother as a peace activist and said she had been in Pakistan since March. She traveled there often since making a pen pal before Sept. 11."

Mueller Says Seattle Should Not Let Guard Down On Terror Threats. The Seattle Post-Intelligencer (8/18, 129K) reports, "FBI Director Robert Mueller visited the Seattle FBI office Thursday as part of a quick tour of three West Coast bureau offices. Mueller, in a brief session with reporters, said that while the terrorist threat against Seattle does not rise to the level of the threats against cities such as New York, Los Angeles and Washington, D.C., 'this is not an area where you can let down your guard.' Mueller took note of the Washington State Ferry System as a potential terrorist target to which the FBI and its law enforcement partners pay special attention." The Post-Intelligencer notes, "Mueller called the outcome of Wednesday's false alarm at the Port of Seattle…'good news,'" saying that DHS "was 'able to pick up a suspicious container and determine that it was not a threat.'"

Chertoff Pushes Real ID Act Before State Legislators, Who Balk At Cost. The AP (8/17, Schelzig) reports DHS Secretary Michael Chertoff called on state legislators to "embrace new federal driver's license requirements" under the federal Real ID Act, but they "demanded that Congress either fund the program or drop it." Addressing the National Conference of State Legislatures, Chertoff "sought to allay privacy concerns," saying "there are no plans to create a federal database of drivers' personal information." But he "did not address one of the biggest concerns raised in state legislatures about the Real ID requirements -- the cost. One estimate predicted that the program would cost Pennsylvania alone up to $85 million."

Airline Cargo Screening Faces Increasing Scrutiny. NBC Nightly News (8/17, story 7, 2:10, P. Williams, 9.87M) was the only network news broadcast to run a detailed report on air security Thursday, airing an "In Depth" feature on cargo screening. NBC said that "passengers filing onto airplanes today…probably didn't realize that as much as half the area beneath their seats was filled with cargo, sent by commercial shippers. But this week, some in Congress urged the government to screen much, much more of it." Rep. Edward Markey: "It is too risky to allow passengers to have cargo packages of this size under their feet, on passenger planes which have not been screened." Williams: "Passenger planes carry about six billion pounds of cargo a year. But only about 15% of it is physically inspected. … The director of the Transportation Security Administration says it doesn't make sense to inspect every single cargo package." TSA's Kip Hawley: "It would be a waste of resources, in that the threat might well be in the package. But it might be brought in by an insider. There are many other ways that you can get a bomb into the system." Williams: "TSA has dramatically increased the number of dog teams that check cargo and even go inside the plane's cargo hold. And it checks the background of airport employees with access to cargo. … At San Francisco international, TSA will soon start a test program to see whether nearly 90% of the cargo can be directly inspected, trying to answer how much screening is enough."

Simmons Proposes Privately-Funded Network Of Roadside Digital Alert Signs. In a Washington Times (8/18, 88K) op-ed, US Rep. Rob Simmons (R-Conn.) writes, "Our vision of U.S. information sharing…should go beyond traditional government-to-government communications. Imagine an information-sharing network that allows all Americans to avoid natural disasters, help victims of crime or even prevent the next terrorist attack. … We have the technology to provide real-time digital displays along our nation's highways that can make any driver a potential solution to our homeland security needs." Simmons adds, "The idea is a public-private initiative under which corporate partners provide funding to build, operate and maintain a network of digital message boards. … In return, each sponsor receives recognition on a separate board below the digital screen."

UW-Madison Lecturer Believes US Government Planned, Executed 9/11 Attacks. The Christian Science Monitor (8/18, Paulson, 58K) reports on Kevin Barrett, a lecturer at the University of Wisconsin, Madison

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who teaches that "the US government planned and carried out the 9/11 attacks, the World Trade Center imploded due to explosives set up ahead of time in the buildings, Minnesota Sen. Paul Wellstone's plane crash was no accident, and Osama bin Laden has probably been dead since 2001." Despite numerous complaints, the university "has stuck by the decision to have him teach a planned course on Islam this fall." The case is examined as a matter of "academic freedom."

Presbyterians Angry Over Book Alleging US Plotted 9/11. The Washington Times (8/18, Duin, 88K) reports the book "Christian Faith and the Truth Behind 9/11: A Call to Reflection and Action," which suggests the 9/11 attacks "were engineered by the U.S. government," is "raising hackles among the faithful because its publisher is an agency of the Presbyterian Church (USA), the largest of several Presbyterian denominations." The book accuses the Bush Administration "of plotting September 11 to justify war with Afghanistan and Iraq, and to expand an 'American empire.'" Its author is David Ray Griffin, a retired theology professor. Presbyterian Publishing Corp. (PPC) Board Chairman Kenneth Godshall said, "PPC provides a variety of viewpoints in the books we publish. A few of them from time to time are controversial. This particular book is the work of an independent author and in no way represents the views of the denomination or PPC itself."

Nonprofit Partnership Creates "Government After Katrina" Initiative. The Washington Post (8/18, Barr, 748K) "Federal Diary" reports the nonprofit Partnership for Public Service "is launching an initiative called 'Government After Katrina' to look for ideas that can help the government operate more effectively and polish an image that was tarnished by a sluggish response to the hurricane." The group's president Max Stier said, "We need to leverage the occasion of Katrina's anniversary to focus new energy to the issue of improved government performance." The initiative begins this morning with a breakfast discussion featuring FEMA Director R. David Paulison.

WAR NEWS:

Administration Said To Consider Iraq Reconstruction IG "Too Negative." The Washington Times' "Inside the Ring" column (8/18, Gertz, Scarborough) reports that there is a "battle" raging "between Stuart Bowen, the special inspector general for Iraq reconstruction (SIGIR), and bureaucrats responsible for thousands of rebuilding contracts in Iraq." Bowen "simply puts out a series of reports detailing failings in the reconstruction effort. The bureaucrats, who don't dare publicly speak against an IG who has wide support in Congress, fire back by issuing a stream of press releases recounting accomplishments in Iraq. Privately, Bush administration officials tell us that Mr. Bowen's quarterly reports and audits are too negative and that he glosses over what they have been able to achieve in the face of an extremist enemy who will kill anyone, at any time, to stop a project."

Waxman To Lead Investigation Of Alleged $100 Billion In Wasteful Spending. In its "Washington Wire" column the Wall Street Journal (8/18, Harwood, 2.03M) reports House minority leader Nancy Pelosi "will unveil task force headed by California Rep. Waxman to probe $100 billion in alleged wasteful or fraudulent spending on Iraq, Katrina and homeland security."

Doubt Cast On White House Statements About Iraq. The CBS Evening News (8/17, story 6, Schieffer, 7.66M) reported that there is "every indication the situation" in Iraq "is getting much worse. At least that's how it seems." But "the White House launched a campaign to say no matter what we are hearing and seeing, that's not the way it is." CBS (Plante) added, "In Iraq, the facts on the ground are grim, the situation getting steadily worse more roadside bombs than ever in July, double the number of daily attacks since January. In the US, with polls suggesting that war weariness may mean bad news for Republicans in November, there's major White House offensive. Listen to what the President said…at a campaign stop." Bush: "If we cut and run, if we leave before the mission is complete, if we withdraw, the enemy will follow us home." CBS continued, "But US military and intelligence assessments of the security situation in Iraq continue to reflect what the top US commanders said on Capitol Hill recently." CBS added, "Today the White House spokesman insisted that wasn't true." Tony Snow, White House Press secretary: "No major political figure in Iraq has described the situation as a civil war or advocated one." Plante: "Snow also denied a report in the 'New York Times' that the Administration fears Iraq's democratically elected government might not survive." Tony Snow: "There were reports that an unnamed military expert who received briefings at the White House that we were continuing alternatives other than democracy in Iraq. It's just not true." Plante: "That's the official line, that things will be getting better in Iraq. But unofficially there's much less optimism. A senior Pentagon official talking about the sectarian violence in Iraq tells CBS News, 'Our worst fears are being realized.' And top US generals are described privately as being weary and pessimistic."

Military Intelligence Report Points To Civil War Dangers. CNN's "The Situation Room" (8/17, Starr) reported "A new US military intelligence report says if the sectarian violence isn't controlled, Iraq could plunge into civil war. Last

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month, 2,625 improvised explosive devices were planted across Iraq. The highest number of roadside bombs this year, almost double the number seven months ago. On average, about half of all IEDs are found before they explode. But it is civilians paying the price. 110 Iraqis are killed in the war every day." The Pentagon "says it's a grim statistic that has doubled in the last year. By many measures, it is getting worse" and there is "no more talk of US troops coming home."

White House Says Klein Has Reversed Himself On Iraq. Fox News' Special Report (8/17, Hume) reported, "The White House is pointing the finger at commentator Joe Klein of Time magazine, saying that critic has completely reversed himself on the war in Iraq. In this week's issue, Klein writes that the President's 'disastrous decision to go to war in Iraq transformed that country into a terrorist Valhalla.' But just before the war, White House official Pete Wayner notes that Klein told NBC's Tim Russert that war was the right decision saying, Saddam Hussein has to be taken out."

Report Shows Marines Destroyed, Withheld Evidence In Haditha Killings. The New York Times (8/18, Cloud, 1.21M) reports a "high-level military investigation into the killings of 24 Iraqis in Haditha last November has uncovered instances in which American marines involved in the episode appear to have destroyed or withheld evidence, according to two Defense Department officials briefed on the case." The officials said the probe "found that an official company logbook of the unit involved had been tampered with and that an incriminating video taken by an aerial drone the day of the killings was not given to investigators until Lt. Gen. Peter W. Chiarelli, the second-ranking commander in Iraq, intervened." The findings, "contained in a long report that was completed last month but not made public, go beyond what has been previously reported about the case." It is "the first time details about possible concealment or destruction of evidence have been disclosed."

Violence Continues In Iraq. USA Today (8/18, 2.27M) reports, "Car bombs killed 10 people Thursday as Iraqi and US troops widened a security crackdown in the capital. Seven people were killed and 15 were wounded when a car bomb exploded midday near an outdoor market in Sadr City, Baghdad's biggest Shiite district, the Iraqi army general command said." Another car bomb "exploded near an Iraqi police patrol in the Mansour district of western Baghdad, killing three bystanders, police Capt. Jamil Hussein said." A US soldier "was killed when a roadside bomb exploded near a foot patrol south of Baghdad, the US military said. Another US soldier died Wednesday of wounds suffered in Anbar province, stronghold of the Sunni Arab insurgency." The Baghdad bombings "occurred in areas of the city not yet targeted in a new US-led security crackdown."

The New York Times (8/18, Cave, 1.21M) focuses its Iraq reporting on the "full-scale sectarian fighting" in Baghdad. A car bomb in Sadr City Thursday "was the latest of several recent attacks in the district" and "it signaled that full-scale sectarian fighting was continuing in the capital despite the extra American troops deployed there." Later, the Times says, "In addition to the Sadr City bombing, violence continued in the capital and across the country."

Maliki Says Iraqi Forces Ready To Take Over Security. The Washington Post (8/18, A17, Paley, 748K) reports Iraqi Prime Minister Nouri al-Maliki "said Thursday that Iraqi forces were prepared to take over security in most provinces if the U.S. military withdraws… The U.S.-led military coalition has set no timetable for removing troops from Iraq, but Maliki said in a statement that Iraqis 'have become capable of taking over security tasks in the majority of the provinces and that they will be able to fill the vacuum in case the Multi-National Forces withdraw.'" The Post also says Iraqi security forces "have taken full military control of only one province so far -- Muthanna, in a relatively calm area of southern Iraq -- but Maliki said they would soon take security responsibility of the area around Diwaniyah, in Qadisiyah province."

New Survey Finds Iraqis Pessimistic, Cynical About Invasion. The White House Bulletin/US News (8/17) reported the "unrelenting violence and chaos of Iraq have taken their toll on the people there, according to a new study of Iraqi public opinion. Based on two surveys of over 2,300 Iraqis in 2004 and 2006, the study finds increased feelings of powerlessness, insecurity, and pessimism, along with a striking level of distrust of US intentions. At the same time, the surveys found a surprising rise in support for secular politics, even as religious militias have grown more aggressive. Sponsored by the National Science Foundation, the project was done by professors Mansoor Moaddel of Eastern Michigan University and Ronald Inglehart and Mark Tessler of the University of Michigan."

The "growing sense of insecurity affected all three of Iraq's major ethnic and religious groups. The number of Iraqis who 'strongly agreed' that life is 'unpredictable and dangerous' jumped from 41% to 48% of Shiites, from 67% to 79% of Sunnis, and from 16% to 50% of Kurds. The most recent survey, done in April this year, also asked for 'the three main reasons for the US invasion of Iraq.' Less than 2% chose 'to bring democracy to Iraq' as their first choice. The list was topped by 'to control Iraqi oil' (76%), followed by 'to build military bases' (41%) and 'to help Israel' (32%)."

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Iraqi attitudes "appear to be veering away from support for a religious regime, and towards support for secular politics and nationalism -- despite the lack of secular politicians and the growth of sectarian violence. Those agreeing it was 'very good to have an Islamic government where religious leaders have absolute power' declined from 30% to 22%, with a major fall off in support from Sunnis (from 20% to 6%), who fear the majority Shiites will impose an Iran-like theocracy on Iraq. But even Shiites showed a drop in support, to only about a third of those surveyed (from 39% to 34%)."

Radical Religious Leader Clashing With Other Shiites. The Los Angeles Times (8/18, Roug, 918K) reports a "little-known ayatollah has emerged at the center of a violent conflict among Shiite Muslims that is sweeping Iraq's southern desert." Mahmoud Hassani, "whose gunmen fought a competing Shiite faction in the holy city of Karbala this week, is a renegade in the mold of Muqtada Sadr. He has criticized the largest Shiite party for being too closely aligned with Iran, and his green-clad militia has attacked Americans as well as fellow Shiites." Though Baghdad "remains the center of the violence, assassinations and street fights between militias now also take place regularly in the majority-Shiite south. Iraqi security forces, which are dominated by rival Shiite groups, and gunmen affiliated with Hassani battled in Karbala for three hours Tuesday. An Iraqi army official said two soldiers, two police officers and three gunmen were killed."

Carroll Describes Realization That Captors Were Linked To Zarqawi. The Christian Science Monitor (Carroll, Grier, 58K) reports on Monitor freelancer Jill Carroll's captivity in Iraq. Carroll says her that at "the beginning of my ordeal, I had hoped my kidnappers were amateurs who wouldn't really know what to do with me and would start to get very nervous after a few days. Then they'd let me go. I knew they were Iraqis, which was good. It was the foreign-born insurgents - such as Abu Musab al-Zarqawi, who beheaded hostages." But after "about a week in captivity - about the time of the showing of the jihadi videos - it became increasingly clear to me that they were the real deal." These "were Zarqawi people! I was an American. I thought again, there was no way I was getting out of this alive."

Karzai Condemns US Airstrike. The Washington Post/AP (8/18, A17, AP) reports from Kabul, "President Hamid Karzai condemned a US airstrike Thursday that Afghan officials said killed 10 border policemen." Said Karzai, "I have repeatedly asked the coalition forces to take maximum caution while carrying out operations."

The New York Times (8/18, Munadi, 1.21M) reports "a statement from the coalition forces said the plane had bombed two trucks that had been involved in the attack on the coalition forces and Afghan Army soldiers. A coalition spokesman in Kabul said he could not confirm whether the two vehicles attacked had belonged to the Afghan border police and whether those who were killed had been police officers."

CIA Contractor Found Guilty Of Beating Afghan Prisoner. The New York Times (8/18, Shane, 1.21M) reports, "A CIA contractor accused of severely beating an Afghan prisoner who died the next day was convicted Thursday of felony assault. The former contractor, David A. Passaro, 40, a onetime Special Forces medic who went to work for the Central Intelligence Agency in Afghanistan in 2003, is the only civilian ever charged as a result of accusations of prisoner abuse there, in Iraq and in the broader campaign against terrorism. He faces a maximum of 11½ years in prison." The trial, in federal court in Raleigh, NC, "included testimony from clandestine C.I.A. officers who wore disguises to protect their identities. It drew close attention from human rights advocates."

The Washington Post (8/18, A8, White, Linzer, 748K) reports, "Passaro, who has said publicly he believes he is a scapegoat for failed US interrogation policies, could face as much as 11 1/2 years in prison at sentencing." CIA Director Michael V. Hayden "informed agency employees of the verdict by e-mail yesterday. 'I think it is very important for all of us to bear in mind that Passaro's actions were unlawful, reprehensible, and neither authorized nor condoned by the Agency,' Hayden wrote." The AP (8/18, Thompson) and Bloomberg (8/18, Roland) also report on the verdict.

Taliban Militants Release 17 Health Workers. USA Today (8/18, 2.27M) reports, "Suspected Taliban militants released unharmed 17 health workers, including doctors and a nurse, abducted earlier Thursday in southern Afghanistan, NATO said." The 17 "were abducted at gunpoint while traveling to a refugee camp in Kandahar, said Maj. Quentin Innis, a spokesman for the NATO-led force."

NATO Commander Says Alliance Must Do More To Prevent Taliban From Using Opium Trade. The AP (8/18, Baldor) reports NATO "must do more to prevent Taliban militants from using the growing opium trade to fund their insurgency in Afghanistan, the alliance's top military commander said Thursday." US Gen. James Jones "said the military forces can take on a larger role in ferreting out information about the drug connection and locating opium production areas, but U.S. and NATO troops will not be used to eradicate crops." Jones said "the opium problem 'certainly cries out for more international focus.'"

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Montana US Attorney In Line For Post At Main Justice. The AP (8/18) reports, "Montana's U.S. Attorney is on track to become the No. 3 official at the Justice Department. … A Justice Department official said that U.S. Attorney Bill Mercer is the leading candidate to be nominated for the department's No. 3 post, associate attorney general, but that he is still awaiting final approval from Justice and White House officials. The Justice official demanded anonymity because he was speaking in advance of a formal decision." The AP continues, "If Mercer is approved for the full-time post, he would likely have to resign as Montana's top federal prosecutor. … Mercer previously served a temporary term, starting in June 2005, as principal associate deputy general, the top deputy to the deputy U.S. attorney general. During that assignment, Mercer split his time between his U.S. attorney duties in Montana and his Washington job. .. . Chief U.S. District Judge Donald Molloy criticized Mercer for that double duty, saying he was neglecting his work in Montana. In a letter last October, Molloy urged U.S. Attorney General Alberto Gonzales to replace Mercer. … Molloy argued that Mercer's absence has led to a 'lack of leadership' in the U.S. attorney's office in Montana that is 'creating untoward difficulties for the court, and it appears for the prosecutors assigned to various tasks in Montana.. … Gonzales turned down Molloy's request."

CORPORATE SCANDALS:

Comverse Cancels Job Pacts With Three Former Officials. The Wall Street Journal (8/18, Maremont, Bandler) reports, "Comverse Technology Inc., acting in the wake of criminal charges leveled last week against its former three top officers related to options backdating, said it canceled the trio's employment agreements and revoked their stock options." The Journal continues, "Former Comverse Chief Executive Kobi Alexander held more than $49 million in exercisable options as of Jan. 31, 2005, according to the company's most recently filed proxy statement. He has since exercised less than 10% of the options he then held, according to a database operated by Thomson Financial. .. . Mr. Alexander, former chief financial officer David Kreinberg, and former senior general counsel William Sorin, were charged last week in federal court in Brooklyn, N.Y., with conspiracy related to a decade-long scheme to manipulate stock-options grants at Comverse, a New York telecommunications firm." The Journal adds, "Mr. Alexander failed to appear in court, and is considered a fugitive by the Federal Bureau of Investigation. A dual American and Israeli citizen, he wired $57 million from the U.S. to Israel in late July. The FBI said last week it had notified Interpol, the international police organization, that it was seeking to arrest Mr. Alexander. … The three men resigned from Comverse in May, but at the time continued to have consulting agreements with the company under which they weren't permitted to exercise any options."

Fund Shareholders Fighting Back In Private Buyouts. The Wall Street Journal (8/18, Singer) reports, "Last month VNU NV, owner of the Nielsen television-ratings service and Billboard magazine, was taken private by a group of private-equity firms that acquired the company in a $10 billion deal. … It appeared to be just the latest conquest for these private investment partnerships, which have been shaking up global finance in the past few years by purchasing companies, taking them private, restructuring them and selling them again for a profit. … But the sale of VNU of the Netherlands to a group of firms including Kohlberg Kravis Roberts & Co. of New York instead represents one of the first signs that private-equity groups are facing a backlash to their own success." The Journal continues, "VNU's board recommended in March that shareholders accept the private-equity firms' bid, but the shareholders instead rose up in a rare and vociferous revolt. The shareholders questioned why they should sell for a small premium to VNU's share price -- leaving on the table the profits the private-equity firms were likely to reap from quickly restructuring the company. Instead, the shareholders wanted to force the company to fix itself so they could enjoy the fruits of the changes themselves. … The rebels -- including some of the world's largest mutual funds -- proposed their own business plan and new executives, and tried to force the chairman to quit. … After a months-long battle, shareholders eventually won a modest increase of nearly $250 million from the private-equity firms -- or 2.5% more than the original deal. But that improvement was less significant than the fact that shareholders had rebelled, proposing a do-it-yourself restructuring plan that competed with a big private-equity offer accepted by management and the board." The Journal notes, "Ever since the heydays of the 1980s when buyout firms like KKR stormed in to make splashy acquisitions such as the record-breaking $25 billion purchase of RJR Nabisco Inc. in 1988, private dealmakers have had free rein to buy companies when the price is right. They offer shareholders cash at a premium to the target's share price, and often strike when the target company's stock price is in the doldrums. Corporate boards have typically recommended the offers, too, since they were reluctant to turn away private-equity advances for fear of offending shareholders looking to make a profit on their shares. … But after a handful of private-equity firms over the past two years generated massive quick profits -- sometimes more than $1

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billion in just a few months -- the firms are facing rising discontent from the shareholders and directors they count on to approve company sales."

Time Warner Restatement Ends SEC Probe. The Washington Post (8/18, D4, Ahrens) reports, "For the second time since last year, Time Warner Inc. will restate earnings because of incorrectly recorded revenue at its AOL division, removing about $21 million from the company's books over the past six years." The Post continues, "The most recent restatement, reported yesterday in a filing with the Securities and Exchange Commission, involves $584 million in advertising revenue booked from June 1, 2000, to Dec. 31, 2001, and will affect reported earnings from 2000 through the first half of this year. … 'This is the last restatement and the end of the SEC investigation,' Time Warner spokesman Edward I. Adler said yesterday." The Post adds, "The restatement results from an audit ordered by the SEC as part of the company's March 2005 settlement of civil fraud charges stemming from online advertising deals struck at AOL. As part of the settlement, Dulles-based AOL also agreed to pay $300 million. … Those advertising deals helped AOL artificially inflate revenue before and after the company's 2001 merger with Time Warner. In December 2004, the company avoided criminal charges by agreeing to pay $510 million to the Justice Department and shareholders."

Former DHB Officials Face Federal Charges. USA Today (8/18, Farrell) reports, "Federal prosecutors here have accused two former executives of DHB Industries, which supplies body armor to the U.S. military, of inflating the company's gross profit by $30 million between 2003 and 2005. … In addition, the two executives netted $8 million in profits by selling DHB stock to unwitting investors, regulators say." USA continues, "The two, former chief financial officer Dawn Schlegel and former chief operating officer Sandra Hatfield, pleaded not guilty in federal court on Long Island Thursday. Schlegel's lawyer, Steve Kobre, vowed a 'vigorous' defense at trial, adding, 'DHB has done great things for this country.' … The Securities and Exchange Commission, which has been examining insider stock sales at the company, filed parallel charges. Ched Dumornay, an assistant regional director at the SEC's Miami office, says the investigation into DHB is "continuing."" USA adds, "According to the indictment handed up against the women in New York, Schlegel and Hatfield allegedly reclassified expenses as investments into research and development, boosting the company's operating profits. The executives also allegedly put millions of dollars worth of phantom inventory on the company's balance sheet in the form of bullet-proof vests that prosecutors claim didn't exist. … DHB, which is better known by the name of its body armor subsidiary Point Blank, has been the target of various shareholder lawsuits in recent years. Although the lawsuits vary, the claims assert that the company overstated its earnings and allowed corporate insiders to sell millions of dollars worth of overpriced stock."

Foundry Networks, VeriSign Receive Nasdaq Delisting Notices. The AP (8/18) reports, "Foundry Networks Inc., a maker of switches and routers, said Thursday it received a notice from Nasdaq on Monday warning that its shares may be delisted because of the company's late filing of its quarterly report with the Securities and Exchange Commission." The AP continues, "The company, which delayed the filing of the quarterly report because of an investigation into past stock option grants, said it will appeal to Nasdaq and request a hearing before the Listing Qualifications Panel, letting its shares remain listing during the appeal." The AP adds, "Foundry is one of dozens of company investigating whether past stock options were backdated, or retroactively set at favorable prices, making them more lucrative for executives. The company is the subject of an SEC inquiry and has received a subpoena from the Justice Department."

The AP (8/18) reports, "VeriSign Inc., a network services company that also administers Internet domain names, said Thursday it received a letter from the Nasdaq Stock Market saying it is not in compliance with the exchange's listing requirements because of the delayed filing of its 10-Q report for the quarter ended June 30." The AP continues, "The company's board is conducting a review of historical options practices, and it is also under investigation by the Securities and Exchange Commission and the Justice Department for options-related accounting. … VeriSign said it expected the Nasdaq letter, will request a hearing on the matter, and will post results when its options review is complete."

CRIMINAL LAW:

Questions Raised About Confession In JonBenet Ramsey Murder Case. The surprise confession in the JonBenet Ramsey murder case led the network news and received prominent coverage in newspapers nationwide. The confession of John Mark Karr, an American living in Thailand, raised many questions.

ABC World News Tonight (8/17,lead story, 3:15, Gibson) reported, "No one could have expected that the arrest for JonBenet's murder would come half a world away, in Thailand. Or year after year of almost no leads, a suspect would admit to everything. But that is what happened today, for the prosecution gathered in Boulder; it was an announcement that was ten years in the making." ABC continues, "When reporters showed up in Bangkok, where

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Karr was being held by Thai authorities, they were hoping for a glimpse of the accused. They got more than they expected." John Mark Karr: "I loved JonBenet and she died accidentally." Unidentified female: "Are you an innocent man?" Karr: "No."

ABC World News Tonight (8/17, story 2, 2:35, Gibson) reported, "Karr's statement of guilt today May make this look like an open and shut case. But some legal experts say Karr's story doesn't add up. For example -- Thai police say John Mark Karr told them he drugged JonBenet Ramsey. But the autopsy report found no drugs were detected. Karr also said he was with JonBenet when she died."

The CBS Evening News (8/17, lead story, 3:55, Schieffer) reported, "The schoolteacher was arrested at a low-rent hotel in Bangkok early Wednesday, a long way from where he grew up in Alabama. His family doesn't believe the confession."

The CBS Evening News (8/17, story 2, 3:00, Schieffer) reported, "We want to bring if CBS news correspondent Erin Moriarty of '48 Hours,' she's covered this case for so many years and conducted the last network interview with JonBenet's parents and I take it, Erin, you are not sure the case is close to being resolved." CBS (Moriarty) added, "I also want to urge a lot of caution on this story. Based on what we've been able to learn, investigators May have arrested John Karr now not because they have definitive evidence linking him to the Ramsey murder but because they feared he might hurt a child in Thailand. In the midst of cameras and chaos, John Mark Karr calmly took responsibility for the death of six-year-old JonBenet Ramsey. But authorities tonight could be a long way away from a trial let alone a conviction."

ABC World News Tonight (8/17, story 9, 2:40, Gibson) reported, "We learned, today, that the suspect in JonBenet Ramsey's death, John Mark Karr, had lost teaching jobs because of inappropriate behavior. And had charges against him involving child pornography. Still, he was able to find more teaching work."

NBC Nightly News (8/17, lead story, 3:00, Brown) reported, "Despite Karr's arrest, the DA here says the case against him is not yet complete. At this point, no charges have been filed and officially, there's no comment on the evidence." NBC adds, "The (Colorado) district attorney was tipped off by Michael Tracey, a journalism professor who has produced documentaries about JonBenet Ramsey's death. Tracey says he and Karr had exchanged many emails about the case over the past four years. He became suspicious of Karr in the last several months. Today Tracey declined to reveal what Karr wrote."

NBC Nightly News (8/17, story 2, 1:00, Brown) reported that Karr is "being held…(in) a holding cell together with a number of other foreigners. All of them, including him, accused of visa violations. By accusing him of those violations, the Thais effectively side-stepped the need for any time consuming extradition proceedings and we expect that he'll be on a plane back to the US within days, possibly as early as the beginning of next week."

NBC Nightly News (8/17, story 4, 0:50, Brown) reported, "DNA could be crucial in this case. There was DNA found in JonBenet's underwear and probably in her fingernails. If they're able to link the DNA to Karr, they've got a case. If the DNA does not match Karr's, that could be a problem. The lawyer for John Ramsey says those results are not in yet, but that is going to be crucial."

The AP (8/18, Wannabovorn) reports, "An attorney for the Ramsey family said Wednesday that Karr once lived near the family in Conyers, Ga." The AP adds, "DNA was found beneath JonBenet's fingernails and inside her underwear, but Lin Wood, the family's longtime attorney, said two years ago that detectives were unable to match it to anyone in an FBI database. It was not known whether investigators had any DNA evidence against Karr."

The AP (8/18) reports that "questions have already been raised about the details of his story, including whether he drugged the 6-year-old girl, sexually assaulted her or was even in Colorado at the time of the slaying. … Those questions led some to wonder whether Karr was the answer to the long-unsolved slaying or a disturbed wannabe trying to insert himself into a high-profile case. … 'We should all heed the poignant advice of John Ramsey,' Boulder County District Attorney Mary Lacy, quoting the little girl's father. 'Do not jump to conclusions, do not rush to judgment, do not speculate. Let the justice system take its course.'"

The Chicago Tribune (8/18, Graham) reports that Karr "sparked an international media spectacle Thursday by admitting he was with child beauty queen JonBenet Ramsey when she was killed in 1996, but the televised confession by the American in Thailand raised more questions than it answered in the decade-old mystery." The Tribune adds, "Karr has apparently been living abroad since being released from a California jail in 2001 after an arrest on child pornography charges. He is being brought to Colorado, where he will face charges of first-degree murder, kidnapping and child sexual assault, Ann Hurt, an official with the U.S. Department of Homeland Security, said in Thailand. … However, several inconsistencies arose in connection with Karr's statements to Thai officials and reporters, as detailed Thursday. To start, the man - who once lived near the Ramseys in Georgia -- reportedly claimed to have drugged JonBenet Ramsey and had sex with her before accidentally causing her death, according to a senior Thai police officer who spoke with the Associated Press. … But an autopsy report of the 6-year-old, who was found strangled in the basement of her family home on Dec. 26, 1996,, didn't turn up evidence of drugs or alcohol in her body. Sexual malfeasance was suggested by cuts in an area around her

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vagina." The Tribune notes, "Also, Karr's ex-wife, Lara Karr, told KGO-TV in California that she was vacationing with her former husband in Alabama when Ramsey was killed on the day after Christmas. And his father, Wexford Karr, told the Denver Post he did not believe his son had ever been in Colorado. Both confirmed that John Mark Karr had been fascinated by Ramsey's murder and conducted extensive research on the crime."

The Los Angeles Times (8/18, Muskal, Vartabedian) reports, "John Mark Karr, 41, met the press in Bangkok but he dodged answering details about the murder of the former child beauty queen, whose death had been one of the nation's riveting unsolved crimes and fodder for tabloids. … Wearing a buttoned bluish golf-type shirt, Karr appeared stone-faced as authorities led him before cameras and held him like a marionette whose strings had been severed. The televised event showed a clean shaven, thinish man, eyes darting as he slowly spoke." The Times adds, "Karr will be taken within the week to Colorado, where he could face charges of first-degree murder, kidnapping and child sexual assault, said Ann Hurst, the U.S. Department of Homeland Security attache in Bangkok"

The Washington Post (8/18, A1, Goldstein, Hull) reports, "With no public evidence linking" Karr to the slaying, "the Boulder County district attorney emphasized yesterday that the arrest had been made 'early in the investigation' and that 'the analysis of the evidence in this case continues on a day-to-day basis, on an hour-to-hour basis.'" The Post adds, "Meanwhile, the image of Karr that began to coalesce yesterday from public records and people who knew him is of a man who has long had what his ex-wife said in divorce papers was 'a tendency to be too affectionate with the children.' … Karr had an earlier marriage to a girl who was 13 when they wed. He had a peripatetic history of brief jobs in schools. He abruptly quit a teaching internship in Alabama his last semester of college, after complaints about his behavior in class. A year later in California, he was jailed -- though never convicted -- on child pornography charges, skipping out on a court appearance soon after his release and eluding police."

The Los Angeles Times (8/18, Fausset, Vartabedian, Romney) reports that Lacy "also indicated that 'public safety' concerns and fear that he might flee had prompted her to have Karr arrested before her investigation was complete. … Many investigators and lawyers who have been following the case for a decade said that while they were hopeful the authorities had the right person, they were skeptical of Karr's confession. … 'At this point, I haven't heard anything very reassuring that we have the right person,' said Trip DeMuth, former senior deputy district attorney for Boulder County who was on the Ramsey case from the start until 2000, when he left the office. 'It is disconcerting. I am hoping that they based the arrest on corroborating evidence.'"

USA Today (8/18, Kenworthy, Hampson) reports, "As details dribbled out around the globe Thursday — Thailand, Colorado, California, Georgia, Alabama — the specter of false confession haunted the case against Karr …" USA adds, "Lt. Gen. Suwat Tumrongsiskul, chief of Thailand's immigration police, said Karr had confessed to the murder of Ramsey while in custody. He said that when told the accusations against him included first-degree murder, Karr replied, 'No, it's not first-degree, it's second-degree. It wasn't intentional.' … 'When my officers asked him, he said he loved the girl,' Suwat said later." USA notes, "Besides his own words, other details raised questions about Karr. He was obsessed with the Ramsey murder (and had written to her parents), as well as that of 12-year-old Polly Klaas, who was abducted from her Petaluma, Calif., home and killed in 1993. Karr said he had a letter from Polly's killer and a copy of her death certificate. … He also was a fugitive on five charges of possessing child pornography, filed in 2001 when he lived in Petaluma."

The New York Times (8/18, Lyman, Blumenthal) reports that "it remained unclear whether Mr. Karr's confession was genuine or the product of a troubled, attention-seeking man who had already exhibited a fervent fascination in the sexual abuse of children in general and in the death of JonBenet Ramsey in particular. … In the 10 years since the murder of 6-year-old JonBenet in the basement of her parents' elegant home, her ghostly, smiling and perfectly made-up face became a fixture of cable-news conjecture. Book after book dissected the crime and speculated on suspects. With Mr. Karr's arrest, the unexpected prospect of a solution to the mystery has galvanized international attention and resuscitated, spectacularly, the dormant JonBenet industry. … But in the back of the minds of many who have followed the case was the nagging fear that this might not be the cathartic solution it seemed. … 'It's a wacky confession full of holes,' said Craig Silverman, a legal analyst in Colorado who has watched the case closely over the years. 'If that's all they've got, then they've got holes.'"

The Washington Times (8/18, Richardson) reports, "Some legal analysts, pointing to gaps in the case against him, suggested that he could be an attention-seeker or obsessive follower of the Ramsey case who has convinced himself that he was involved in her death. … 'A lot of people are very skeptical about what he's saying,' said Denver legal analyst Andrew Cohen on KCNC-TV, the local CBS affiliate. 'A lot of people are wondering whether he's trying to interject himself into the case.'"

Safavian Argues For New Trial. Government Executive (8/18, Palmer) reports, "An attorney for David Safavian, the former chief of the Office of Federal Procurement Policy who was convicted of obstruction of justice and other charges in June, filed a motion for a new

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trial last month. Government lawyers have responded with a 27-page document opposing the motion. A judge will hear arguments for both sides in court next Thursday." GE continues, "Safavian's lawyer, Barbara Van Gelder, argued that the admission of e-mails between lobbyist Jack Abramoff and Safavian as evidence was improper and unfairly prejudiced jurors. In the e-mails, Abramoff and Safavian discussed their 2002 golf trip to Scotland and property owned by the General Services Administration, where Safavian served as chief of staff at the time." GE adds, "Van Gelder claims the e-mails constitute hearsay, which should not be considered as evidence, because Abramoff was not available for cross-examination. Federal Rules of Evidence, which govern federal courts, prevent hearsay, or second-hand information, from being used in court except under certain circumstances. Van Gelder argues that although the judge instructed the jury to consider the e-mails only for a limited purpose, such as the fact that the communication occurred, jurors would likely consider the statements in the e-mails as facts. .. . In an interview Thursday, Van Gelder said she could have called Abramoff to testify herself, but the burden was on the prosecutors to make their own case. … In response, Justice Department prosecutors Nathaniel Edmonds and Peter Zeidenberg say the e-mails were properly admitted as evidence to show the effect they may have had on Safavian's state of mind. They also point out that the judge repeatedly warned jurors to consider the e-mails only in a limited way."

US Reaches Plea Deals With Three In Alabama Corruption Case. The AP (8/18) reports, "Two Gadsden (AL) councilmen and a consultant pleaded guilty Thursday to corruption charges in a bribery scheme over a real estate development, the Justice Department says." The AP continues, "Councilmen Jimmy L. Armstrong, 70, and Fred L. Huff, 66, and consultant Larry R. Thompson, 55, entered guilty pleas before U.S. District Judge L. Scott Coogler in Birmingham to participating in a bribery and wire fraud conspiracy. … A Gadsden city official has also agreed to plead guilty to conspiracy charges and testify in the continuing probe." The AP adds, "Cathy Back, director of the Commercial Development Authority, is charged with conspiracy to commit bribery and wire fraud to influence some City Council members to support the Lafferty's Landing development, according to court documents filed Wednesday. … Lafferty's Landing is a multimillion-dollar development near the Coosa River. … In a statement, Assistant Attorney General Alice S. Fisher said as part of their plea agreements, Armstrong and Huff each admitted that they agreed to enrich themselves by soliciting and accepting cash bribes from Thompson and a 'cooperating witness.' … They did so with the intent of being influenced and rewarded in connection with two votes they both cast that aided the mixed-use real estate development. … The case investigated by the FBI is being prosecuted by the Public Integrity Section in the Justice Department's Criminal Division in Washington, D.C."

Opening Arguments Made At Third Gotti Trial. The AP (8/18, McShane) reports, "The third trial of the last year against John 'Junior' Gotti began Thursday with a new batch of jurors left to resolve a lingering question: Did the mob scion really quit his position atop the Gambino family seven years ago? Absolutely, said defense attorney Charles Carnesi. Absolutely not, said Assistant U.S. Attorney Victor Hou during opening arguments in Manhattan federal court. … The prosecutor promised to play audio tapes of a jailed Gotti flying into a rage after his 2001 demotion from Gambino family boss, then threatening to beat his uncles Peter and Richie to death with 'padlocks and chains.'" The AP notes, "Carnesi promised to play a prison tape of Gotti, too -- one on which the reputed mobster flatly announces to a friend, 'I will never go back to that life.'" The New York Post (8/18, Cornell, 608K) adds, "Hou detailed how Gotti made millions from crime and continues to live large off illicit profits hidden in real estate and holding companies -- evidence that is the basis for two new racketeering charges added to the case in May. … Firing back as Gotti's mother Victoria and sister Angel listened…Carnesi called the feds' case a 'twisted, illogical perception of the evidence.'"

The New York Daily News (8/18, Zambito, 729K) reports, "New to this case is an allegation that in 2003, Gotti had a burly associate squire the son of mob snitch Michael (Mikey Scars) DiLeonardo to DiLeonardo's upstate New York prison cell to try to persuade the boy to talk his father out of testifying against him. DiLeonardo has already testified twice against Gotti and is expected to take the witness stand at this trial. Prosecutors also added charges that Gotti used mob cash to purchase two holding companies. 'Gotti never left the life because he never gave up his mob money,' Hou said.

Reputed Canadian Mafia Godfather Extradited To US. The AP (8/18, Hays) reports, "After losing a two-year extradition fight in Canada, the reputed godfather of the Montreal Mafia was taken into FBI custody on Thursday to face charges stemming from the killings of three U.S. mobsters in 1981, authorities said. Vito Rizzuto, 60, was ordered held without bail after pleading not guilty to racketeering conspiracy charges in federal court in Brooklyn. Known in media reports as the 'godfather' of the Montreal Mafia, Rizzuto was the lone Canadian among 30 suspects arrested in a 2004 crackdown on the Bonanno organized crime family. … An indictment charged Rizzuto with participating in the fatal shootings at a Brooklyn social club in May 1981 of three Bonanno captains," who "were suspected of plotting to take control of the organization, authorities said."

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The New York Daily News (8/18, Martinez, 729K) and Canadian Press (8/18) also report on Rizzuto's extradition.

Bonanno Capo Pleads Guilty To Mob Murder. The New York Post (8/18, Haberman, 608K) reports, "The laughter ended for Bonanno crime-family capo Louis 'Louie Ha Ha' Attanasio yesterday, when he pleaded guilty to whacking another mobster. 'I knowingly and intentionally agreed with others to cause the death of Cesar Bonventre,' Attanasio told Brooklyn federal Judge Nicholas Garaufis. The former acting underboss admitted to shooting Bonventre, who was part of the family's Sicilian faction, in the back of the head in 1984 after he fell out of favor with then-boss Joseph Massino." Attanasio "and family captain Peter 'Rabbit' Calabrese - who also pleaded guilty yesterday - then hacked Bonventre into pieces and stuffed his remains in steel drums inside a New Jersey glue factory." The New York Daily News (8/18, Martinez, 729K) also briefly reported on Attanasio's plea.

Two Florida Men Convicted In Dot-Com Fraud Case. The Daily Business Review (8/17, Hernandez) reported the "founder and a former executive of a bankrupt Internet software company have been convicted of fraud for duping more than 46,000 customers out of $15 million." A federal jury in Fort Lauderdale, Fla., "on Tuesday convicted Bernard Roemmele, 46, and Steve Hein, 53, of racketeering conspiracy, money-laundering conspiracy, and mail and wire fraud, prosecutors said." The case "evolved at the height of the dot-com craze when federal and state authorities began to crack down on Internet fraud and online investment scams. The U.S. Attorney's Office said the case was one of the largest Internet securities scams prosecuted in South Florida."

Minnesota Bank Executive Pleads Guilty To Lying In FBI Fraud Probe. The AP (8/18) reports Donald J. Peroutka, "a former executive of the State Bank of Cokato pleaded guilty Thursday to lying to a federal agent who was investigating fraud at the bank." Peroutka "entered his plea before U.S. District Judge David S. Doty, who did not set a sentencing date. Under sentencing guidelines Peroutka could face up to five years in prison and a $250,000 fine." Prosecutors "alleged that Peroutka authorized a guaranteed Small Business Administration loan for a bank customer and agreed in writing that the bank would ensure the customer had put at least $50,000 from other sources into the business before the SBA loan was awarded."

Alabama Woman Sentenced To 19 Months In Prison For Katrina Relief Fraud. The AP (8/18) reports Gladys Mae Whitt of Birmingham, Ala., "was sentenced to 19 months in prison Thursday for defrauding the Federal Emergency Management Agency." Whitt "posed as a Hurricane Katrina evacuee, stole another woman's identity and forged her name to receive $2,000 in disaster relief funds, authorities said."

Massachusetts Families Blame FBI For Mob Murder Wrongful Convictions. The Boston Globe (8/17, Murphy, 425K) reported DOJ attorney Mary M. Leach on Wednesday "argued…that the FBI had no duty to share evidence with state prosecutors that might have prevented the wrongful conviction of four men for a 1965 gangland murder in Chelsea. … The government urged a US judge to dismiss a negligence suit filed against the federal government by Joseph Salvati and Peter Limone, who both spent more than 30 years in prison before they were exonerated in 2000 of killing Edward 'Teddy' Deegan." The Globe added, "US District Judge Nancy Gertner took the government's request under advisement, but questioned how the FBI could claim no liability when its agents failed to tell state prosecutors about wiretaps and informant information that suggested the four men were being framed for the slaying by Joseph 'The Animal' Barboza, a Mafia hitman who had turned government witness." Plaintiffs lawyer Michael Avery contended "that the FBI deliberately withheld information from state prosecutors so the government could continue using Barboza as a witness, and to protect both Flemmi brothers, who were FBI informants."

Lessons From DC Sniper Probe Help Phoenix Police. The Washington Times (8/18, Emerling) reports, "Lessons learned from the Washington-area sniper shootings helped Phoenix authorities track down the two men arrested in connection with a series of similar killings that terrorized residents for the past year. … 'What they've developed from [the D.C. sniper case], we've been garnering that information,' said Sgt. Andy Hill, a spokesman for the Phoenix Police Department. 'You have to learn from those other things. And I'm sure that after these cases, others will learn and glean from what we did.'" The Times continues, "Police on Aug. 3 arrested Dale Hausner, 33, and Samuel Dieteman, 30, in connection with 37 random shootings that killed seven and injured 17 in the Phoenix metropolitan area. … In the 2002 sniper spree, John Allen Muhammad and Lee Boyd Malvo were linked to 13 shootings, including 10 fatal, in the D.C. area. Muhammad, 45, was found guilty of several of the murders and has received the death penalty. Malvo, 21, was also found guilty of murder and is serving a life sentence." The Times adds, "The task force assembled to investigate the killings in Phoenix was similar to the one formed in Montgomery County in 2002 -- consisting of local police departments and federal agencies such as the FBI; Immigration and Customs Enforcement; and the Bureau of

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Alcohol, Tobacco, Firearms and Explosives. … Thomas Mangan, a spokesman for the ATF's Phoenix field office, said the agency sent six agents, analysts and a technical support staff that had worked the D.C. sniper case."

DNA Links Two California Women To Dead Men. The Los Angeles Times (8/18, Spano) reports, "Armed with fresh DNA evidence, prosecutors took two elderly women into custody today for befriending, insuring and then allegedly murdering two homeless men for $2.2 million in death benefits." The Times continues, "Investigators said biological evidence taken from a car linked to the women, which was allegedly used to run down one of the victims, contained traces of his DNA. .. . 'Our tests of biological material came back positive [to Kenneth McDavid, one of the victims] with a degree of certainty beyond a number that I can count to,' said LAPD Lt. Paul Vernon." The Times adds, "Helen Golay, 75, appeared in Los Angeles County Superior Court this morning wearing a blue jacket over a striped blouse, with her hair parted down the middle. She appeared animated as she consulted with her lawyer, Roger Jon Diamond. … Co-defendant Olga Rutterschmidt, 73, remained seated through most of the hearing, at which Los Angeles County Superior Court Commissioner James N. Bianco ordered their arraignment delayed until Aug. 29. … Prosecutors could seek the death penalty against the pair in the deaths of Paul Vados, 73, who was covered by more than a dozen life insurance policies when he was run down by a car on La Brea Avenue in 1999, and McDavid, 50, who was covered by 23 policies when he was run down and killed by an automobile."

CIVIL LAW:

Judge Rules Tobacco Firms Broke Anti-Racketeering Laws, But Limits Remedies. In a partial victory for the Justice Department, a federal judge ruled Thursday that leading tobacco companies conspired to break federal anti-racketeering laws and deceived the American public for years about the dangers of smoking, but stopped short of forcing the firms to pay billions of dollars for anti-smoking programs and other measures.

ABC World News Tonight (8/17, story 10, 0:30, Gibson) reported that the ruling "amounts to something of a victory for big tobacco. The government was trying to force the industry to pay billions of dollars for anti-smoking programs and other measures. The judge agreed with the contention that cigarette companies lied to the public for decades about the dangers of smoking. But he says she was prohibited from forcing them to pay for anti-smoking campaigns now. The companies will be required to publish what are called corrective statements on the hazards of tobacco."

The CBS Evening News (8/17, story 3, 2:10, Schieffer) reported, "The Federal Government had sued the tobacco industry for $280 billion saying the industry's lies denying the dangers of smoking made big tobacco a racketeering enterprise just like the mob. Well, today a Federal judge did find big tobacco guilty, but the monetary award was zero. Almost ten years after the industry finally admitted that smoking was addictive, the Justice Department was still in court going for blood. The government argued the American people had suffered a 50-year fraud and on that point the judge agreed saying the industry 'suppressed research, destroyed documents, and manipulated nicotine to perpetuate addiction.' Still, the remedy didn't match the findings. Judge Gladys Kessler ordered the industry to stop marketing cigarettes as low tar, light, mild, ultra light or natural and to stop all claims that those products are less hazardous. The industry must also publish corrective statements about the danger of smoking in packages about advertising. But that was it. There were no monetary damages."

NBC Nightly News (8/17, story 10, 0:25, Brown) reported, "After a long court fight, a Federal judge in Washington today agreed with the government that the nation's top tobacco companies did break laws against racketeering by lying to the public about the health hazards of smoking and aggressively marketing to kids. The judge did not impose any fines but she did order tobacco companies to stop labeling cigarettes as light or low-tar."

USA Today (8/18, Iwata) reports, "The Justice Department's seven-year case against Phillip Morris USA and its parent company Altria Group, R.J. Reynolds Tobacco, Brown & Williamson Tobacco, British American Tobacco, Lorillard Tobacco and Liggett Group was one of the largest in the agency's history. … In a 1,650-page ruling, U.S. District Judge Gladys Kessler blasted the companies for selling 'a highly addictive product' that leads to 'a staggering number of deaths per year, an immeasurable amount of human suffering and economic loss, and a profound burden on our national health care system.' … Among other remedies, the judge ordered the companies to stop making false statements about the health effect of cigarettes, to stop stating that cigarettes advertised with descriptions such as 'light,' 'low-tar,' 'mild,' and 'natural' are less hazardous than other types and to run "corrective statements" about the health risks of cigarettes on TV, in newspapers and retail store displays."

The Wall Street Journal (8/18, O'Connell, Anderson, Fields) reports, "For most companies, a finding from a federal judge that they were racketeers would be a stinging blow. But cigarette companies have seen their image tarnished for years, and their efforts to hide the risks of smoking are well known. … As a result, the lawsuit's impact depended in part on whether U.S. District Judge Gladys Kessler would levy a significant penalty as punishment. The government had at

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one point requested a penalty of as much as $280 billion, though during the trial it scaled the request back to roughly $14 billion for smoking-cessation programs and antismoking advertising. … But Judge Kessler's reluctance to impose any penalty, which stems in part from an earlier appeals-court ruling mandating that remedies must be forward-looking, is a major reprieve for the industry. 'I think that the government came out short,' says Jonathan Turley, professor at George Washington University Law School. 'The judge essentially told the government lawyers the industry is every bit as bad as you say it is, but my hands are tied in what remedies I can award in response.'"

The New York Times (8/18, Shenon) reports that Judge Kessler "rejected a government proposal that the industry be forced to underwrite a multibillion-dollar program to help smokers quit and to educate young people about the hazards of tobacco. Judge Kessler said that under a recent appeals court ruling she had no power to impose such large financial damages. … The judge said she regretted not being able to punish the companies further." The Times notes, "The Justice Department, which brought the case in 1999 in the Clinton administration and had seemed less eager to pursue it under President Bush, said in a statement it was disappointed that the court did not impose all of the penalties the department had recommended. … But the department said that it was 'hopeful that the remedies that were imposed by the court have a significant, positive impact on the health of the American people.'"

The Washington Post (8/18, A1, Cauvin, Stein) reports, "Tobacco company officials indicated that they will appeal at least parts of the decision. David Howard, a spokesman for R.J. Reynolds Tobacco Co., said the judge was wrong. 'We are disappointed and disagree with the judge's ruling,' he said. .. At the same time, Howard said, the firm is 'gratified that the court did not award any unjustified and extraordinarily expensive monetary penalties that had been sought by the government.'" The Post notes, "Long-awaited, the ruling was a significant, if incomplete, victory for the government and for anti-smoking advocates. … 'It's an historic decision of major importance,' said David A. Kessler of the University of California at San Francisco, who as commissioner of the Food and Drug Administration during the Clinton administration led an unprecedented effort to regulate tobacco in the same way that agency places controls on some drugs. … 'It ends any debate about what the industry knew and what they did for decades,' said Kessler, who is not related to the judge. 'This was the greatest conspiracy to put the public's health at risk, and this decision makes that exceptionally clear.'"

The AP (8/18) reports, "Kessler said that adoption of a national stop-smoking program, as sought by the government, 'would unquestionably serve the public interest' but that she was barred by an appeals court ruling that said remedies must be forward-looking and not penalties for past actions. … The government had asked the judge to make the companies pay $10 billion for smoking cessation programs, though the Justice Department's own expert said $130 billion was needed. … That reduction in recommended remedies led to accusations that Robert McCallum, an associate attorney general appointed by President Bush, had tried to weaken the case. However, an internal Justice Department investigation cleared him of wrongdoing, saying he was supporting a figure he thought could be sustained on appeal. McCallum currently serves as U.S. ambassador to Australia."

The Richmond Times-Dispatch (8/18, Hardin, Blackwell) reports, "Altria Group Inc. said the company would seek a review of the ruling. … 'Philip Morris USA and Altria Group, Inc. believe much of today's decision and order are not supported by the law or the evidence presented at trial, and appear to be constitutionally impermissible or infringe on Congress' sole right to provide for the regulation of tobacco products,' said William S. Ohlemeyer, Altria Group vice president and associate general counsel. … 'Moreover, the conclusion that PM USA and Altria are reasonably likely to engage in future wrongdoing is flawed in light of the profound and permanent changes in the way cigarettes are marketed today, including requirements imposed by agreements with the state attorneys general and other voluntary -- and irrevocable -- changes made by our companies,' he said."

CNN.com (8/18) reports, "Ed Sweda, of the Tobacco Products Liability Project, an anti-tobacco group based at Northeastern University School of Law in Boston, said he was particularly pleased about the ruling on 'light' cigarettes. … 'That's critically important, since roughly 80 percent of U.S. smokers smoke cigarettes in that category,' he said. … He predicted that the Justice Department would now appeal the appeals court ruling, based on past conduct."

The Financial Times (8/18, Foster) reports, "The DoJ suit is considered the last major legal hurdle before the Altria board announces the beginning of the break-up of the company into two or three stand-alone entities. The board is due to hold its next regular meeting on August 30. … 'This is a home run for the tobacco industry, except for the part where they have to admit to the American people that they were lying for many years,' said Anthony Sebok, professor at Brooklyn Law School. 'It's a moral victory for the government, but not a decision with much financial consequence.'"

Dow Jones (8/18, Anderson, Blackstone, Berk) reports, "One of the anti-tobacco groups involved in the litigation said the racketeering ruling was significant. 'The tobacco companies have rightly been labeled racketeers for engaging in a decades-long scheme to defraud the American people to their tremendous financial benefit, but at a great cost to our nation,' said William Corr, executive director of the Campaign for Tobacco-Free Kids, an anti-tobacco advocate. … But

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reflecting the view Wall Street may take of the decision and remedies that amounted to something of a wrist-slap, University of Richmond Professor Carl Tobias asked, 'Where's the money?'"

Bloomberg (8/18) reports, "The Clinton administration filed the suit in 1999, seeking to recover hundreds of billions of dollars the government claimed it spent treating sick smokers. The Justice Department suffered an early setback in 2000 when Kessler threw out the healthcare reimbursement claims. … At the same time, Kessler decided that the government was entitled to go forward with a claim that the industry violated the Racketeer Influenced and Corrupt Organizations Act, or RICO, which was passed in 1970 to target organized crime. … The tobacco industry appealed that decision, and the trial started in September 2004. Kessler heard the case without a jury."

Bankruptcy Trustee Claims Departure Was Due To DOJ Interference. The National Law Journal (8/18, Marek) reports, "The appointee who fills the U.S. trustee position in New York will follow in the footsteps of an official who said her superiors in Washington blocked some efforts to improve the bankruptcy process in a region that handles more major corporate bankruptcies than any other. … 'The increased oversight from the executive office impeded my ability to assist the restructuring community in streamlining and improving restructuring here in New York,' said Deirdre Martini, who left the trustee post in April. She declined to say which efforts were stymied. Martini is now a senior restructuring advisor at CIT Group Inc." The Journal continues, "Trustees, who supervise the administration of bankruptcy cases through regional offices across the country, are employees of the U.S. Department of Justice. The U.S. Bankruptcy Court in New York City, a part of the Southern District of New York, has tended to attract the biggest and most complex cases in the past two years." The Journal adds, "From the start of 2005 through May this year, eight of the nine largest Chapter 11 cases in the United States were filed in New York, according to data compiled by Lynn LoPucki, a law professor at the University of California at Los Angeles. Those cases had assets worth $145 billion and are worth billions of dollars in fees for lawyers, bankers and consultants who work on the cases. … Justice Department spokeswoman Jane Limprecht declined to comment on Martini's remarks. Diana Adams is the acting trustee for Region 2, which includes New York, Vermont and Connecticut. Justice has no date for appointing a permanent trustee, Limprecht said."

CIVIL RIGHTS:

Old Florida Civil Rights Murder Probe Plagued By Dead Witnesses, False Leads. The AP (8/18, Reed) reports, "The Florida Department of Law Enforcement sent its most aggressive agent to work on the case full time, armed with big stacks of previous files from the FBI and local sheriff's office. … Still, it took nearly two years to finally solve the 1951 murders of two black civil rights activists whose house was blown up by Ku Klux Klan members. It was a case prosecutors planned to bring before a grand jury back in 1978 using the same confession that proved key today." The AP continues, "Though the murder of Harry T. and Harriette Moore is finally solved, as officials announced Wednesday, the investigation proves how tough it can be to glean information from that bloody period in history - and how a small circumstance here or there could keep a case like this, and countless others like it across the South, forever mysterious. … 'I think that most of the major cases of the Civil Rights era have been thoroughly investigated at this point. I don't expect many more cases to come up,' said Mark Potok, director of the Intelligence Project, a hate-monitoring operation at the Southern Poverty Law Center. 'These cases are really bedeviled by in many cases by a lack of evidence and witnesses who are either dead or no longer remember details.'" The AP notes, "LFDLE Investigator Dennis Norred, tapped from Pensacola to lead the reopened Moore case, and Attorney General's Office investigator Frank Beisler inherited a chase taken up and abandoned at least three times previous. A half-century before them, 78 FBI special agents across Florida, Alabama, Georgia and the Carolinas conducted a four-year probe without producing a single murder charge."

Former Alabama Apartment Manager Fined For Racial Bias. The Birmingham News (AL) (8/17, Walton) reports, "A federal judge Wednesday ordered the former resident manager of a Boaz apartment complex to pay the government a $10,000 fine after finding the manager discriminated against black people seeking apartments." The News continues, "U.S. District Justice Lynwood Smith noted that 64-year-old Milburn Long is now retired and living on Social Security benefits, but said courts should not tolerate the loathsome act of discriminating among citizens because of race. Smith wrote that absent a civil penalty there will be no punishment for Long's wrongdoing in the case. … 'A civil penalty will serve the purpose of general deterrence by sending a message to other apartment owners and leasing agents that violation of the Fair Housing Act entails serious consequences,' Smith said in a 54-page decision. Civil penalties are paid to the government." The News adds,

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"Earlier this year, the apartment complex owner, Dawson Development Co., LLC., agreed to pay a $17,000 fine, set up a fund and take other steps to settle a housing discrimination lawsuit filed by U.S. Justice Department in 2005."

Florida Closes Five Clinics Over Charges Of Late-Term Abortions. The Washington Times (8/18, Price, 88K) reports Florida officials have "halted abortions at five clinics in the state -- two indefinitely -- and have suspended the medical license of the problem-plagued owner of the facilities in connection with accusations that he performed illegal late-term abortions." An "emergency order issued Wednesday by the Florida Department of Health suspending Dr. James S. Pendergraft IV's license stated he showed 'a flagrant disregard for the laws of the state of Florida and a willingness to endanger the lives and health of pregnant patients.'" The Times adds that in "separate action, the state Agency for Health Care Administration put an indefinite halt to abortions at Dr. Pendergraft's Orlando Women's Center and EPOC Clinic, also in Orlando. The agency also barred abortions at his clinics in Tampa, Fort Lauderdale and Ocala for a week."

New York City Sees Decline In Minority Enrollment At Top High Schools. The New York Times (8/18, Gootman, 1.21M) reports that despite New York City's creation of "a special institute to prepare black and Hispanic students" to take the test that "determines who gets into New York's three most elite specialized high schools the percentage of such students has not only failed to rise, it has declined." City school officials are "at a loss" to explain the drop. Two of the schools have also seen a decline in white enrollment while "the Asian population has reached as high as 60.6 percent at Bronx Science." While some leaders debate the question of whether the exam constitutes "institutional racism", Schools Chancellor Joel I. Klein has expanded the Specialized High School Institute to 17 locations serving 3,781 students and has tried to "increase the proportion of black and Hispanic students" in the institute. Mayor Michael R. Bloomberg "has also promised to create more elite high schools."

ANTITRUST:

Bristol-Myers Claims No Evidence Plavix Talks Broke Law. Dow Jones (8/18, Loftus) reports, "Bristol-Myers Squibb Co.'s board said Thursday an internal investigation by the company's outside lawyers hasn't found any evidence of unlawful conduct by the drug maker's employees in connection with the company's proposed settlement of Plavix litigation." Dow Jones continues, "In a statement posted on Bristol's Web site Thursday, the board also said the company hired attorney Mary Jo White in July, and she is conducting 'an independent and full investigation' of Bristol-Myers' negotiations with Apotex Inc. (APO.YY), the Canadian company that began selling a generic version of Plavix last week after a proposed settlement was rejected by regulators. … Also, the independent members of Bristol's board have hired attorney Kenneth Conboy, who is advising them on corporate governance and related matters." Dow Jones adds, "In July, Bristol-Myers disclosed that the U.S. Department of Justice's antitrust division had launched a criminal investigation of the Plavix settlement. That proposed settlement had called for Apotex to delay the launch of a generic version of Plavix until 2011 in exchange for certain payments."

New Jersey Officials Offer Counterproposal To Exelon-PSEG Merger. The AP (8/18) reports, "New Jersey utility regulators on Thursday submitted a counterproposal to the deal offered by two energy companies whose proposed, $17 billion merger would create the nation's largest utility company." The AP continues, "Neither the companies - Chicago-based Exelon Corp. and Newark-based Public Service Enterprise Group Inc. - nor the state Board of Public Utilities would release details of the proposal. … The board in a statement said its document 'addresses all important issues in the merger proceeding and is geared towards bringing positive benefits to the ratepayers and citizens of New Jersey.'" The AP adds, "Earlier this month, the board declined to rule on the merger, which has been approved by the U.S. Justice Department. The New Jersey officials at the time cited concerns a merger would lower the level of service provided to residents and said the companies needed to continue negotiating with the state before the deal could be approved. … Among PSEG's subsidiaries is Public Service Electric & Gas, New Jersey's largest utility." The AP notes, "The U.S. Department of Justice approved the deal in June but stipulated that Exelon and PSEG first must divest six electricity generating plants - four in New Jersey and two in Pennsylvania - within 150 days of the merger's closure. … Government, environmental and citizens' watch groups have decried the proposed deal. Some say it could lead to increased energy bills for customers when electricity bills are already rising rapidly. They also have questioned the reliability and quality of service."

Bidders In Spectrum Auction See Jackpot Potential. The Washington Post (8/18, D1, Mohammed) reports, "The country's biggest telephone and cable companies, already fighting a ground war to sell consumers TV, phone and Internet service, have taken their battle to the air." The Post continues, "Both sides have spent the past two

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weeks bidding billions of dollars against one another to buy electromagnetic spectrum -- the frequencies that carry cellphone calls, TV broadcasts and wireless Internet access. … While they cannot see, taste or touch what they're bidding on, the companies can smell profit if they can grab enough of the airwaves at a government auction. … It is an article of faith in the industry that, over time, more and more communications will become wireless -- making spectrum a must-have asset for any company that wants to be a player." The Post adds, "The federal government is expected to raise as much as $15 billion from its current auction. The airwaves up for grabs would be used to offer fast wireless Internet access and ever-more-elaborate cellphone service that puts e-mail, music and video into the palm of your hand. … This auction and another, due to be held by the end of January 2008, are regarded as the last, best chance over the next several years for companies to acquire 'beachfront' spectrum that is exceptionally well suited for wireless Internet and phone service. … What has been most striking about the Federal Communications Commission's Advanced Wireless Services auction -- which began Aug. 9 and could last for weeks -- is that satellite TV providers and cable companies were among the 168 bidders. … Both want to go head to head with the old-line phone providers by offering bundles of telephone, TV, high-speed Internet and wireless service -- known as the 'quadruple play' in industry jargon. … The major satellite players -- DirecTV Group Inc. and EchoStar Communications Corp. -- appear to be the most vulnerable because they lack their own mobile phone and high-speed Internet networks."

Microsoft To Give $80 Million To Needy Florida Schools. The AP (8/18, Press) reports, "Florida's most impoverished schools will get more than $80 million to buy computers, software and other services as part of the settlement of antitrust lawsuits against Microsoft Corp., Education Commissioner John Winn said today." The AP continues, "As part of the 2003 settlement, Microsoft agreed to donate half of any unclaimed benefits to Florida schools in which at least half the students qualify for free or reduced-price lunches. … The qualifying schools will get vouchers that can be used to receive reimbursements for purchases of any manufacturer's computers running any operating system and software used with those products." The AP adds, "State education officials estimate 1,790 schools with more than 1.1 million students will be eligible. Half the money must be used for software and the other half for hardware and other services including curriculum development, training and supplemental services for school administrators. … Microsoft was accused in class-action lawsuits of violating Florida antitrust laws through anticompetitive practices that increased the prices of its products purchased from Nov. 16, 1995, through Dec. 31, 2002. … Microsoft denied the allegations but agreed to settle for a maximum of $202 million. Florida consumers and businesses received vouchers to purchase computer hardware and software regardless of brand if they had purchased Microsoft items covered by the agreement. Those vouchers were worth $5 or $12 depending on the license purchased."

The Tampa Tribune (8/18, Dolinski) reports, "The new funding results from a 2003 settlement of a class-action suit in which Florida accused the computer giant of violating antitrust laws and driving up the cost of technology. Microsoft denied all allegations but settled for up to $202 million, paid out in the form of form of $5 and $12 technology vouchers to reimburse Florida consumers and businesses that had purchased Microsoft products. .. . Florida's schools were not among the plaintiffs in the case, but a twist in the settlement gives them one-half of all vouchers left unclaimed by April 2006. Microsoft retains the other half."

Analyst Has Doubts About Lucent-Alcatel Merger. The Wall Street Journal (8/18, Silver, Cheng) reports, "A series of research notes this week is stirring concern about the proposed merger of Lucent Technologies Inc. and Alcatel SA, three weeks before shareholders in both companies vote on the deal." The Journal continues, "Research analyst Per Lindberg of Dresdner Kleinwort questioned the terms of the merger, which shareholders are being asked to approve in meetings set for Sept. 7. Lucent's chief executive officer, Patricia Russo, is slated to run the combined firm. … Mr. Lindberg raised concern about Lucent's pension liabilities, and warned that Alcatel would face trouble running Lucent's Bell Labs arm, which does sensitive research for the government." The Journal adds, "The shares of both companies are down 20% since March 23, when news of their proposed combination became public. In composite trading on the New York Stock Exchange, Lucent shares were at $2.27 yesterday, a discount of 5.6% to the proposed exchange ratio of their stock for Alcatel's. The spread has widened in the past week, as critical reports started making the rounds. … A Lucent spokesperson declined to comment directly on the report, but said, 'We remain on track and are confident that the merger will be completed by the end of the calendar year.' A spokesperson for Alcatel also expressed confidence the deal would close by year end: 'We continue to make excellent progress toward the successful completion of the merger including clearing several major regulatory hurdles.'"

Russian Antitrust Regulators Probing Three Phone Operators. The AP (8/18) reports, "Russian federal antitrust officials said Thursday they are investigating alleged collusion over the prices the country's three largest

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mobile phone operators charge each other for connections between their networks." The AP continues, "OAO Mobile TeleSystems, or MTS, which is Russia's biggest cell phone operator; MTS's chief competitor, Vimpelcom; and Russia's No. 3 mobile operator Megafon; charged each other 16 percent less for interconnection fees than they charged other, smaller operators, according to a statement on the Web site of the Federal Anti-monopoly Service." The AP adds, "According to the statement, operators who transfer calls onto the networks of the big three companies are charged 1.1 ruble per minute (4 cents) while they charge each other 0.95 ruble per minute (3 cents). … The Federal Anti-monopoly service said that a hearing in the case would be held Sept. 28."

ENVIRONMENT:

7th Circuit Panel Rules For US In Pollution Control Case. The AP (8/18, Heilprin) reports, "The government won a round Thursday in a long-running dispute over how much authority it has to force industrial plants to cut air pollution. … Its victory over Cinergy Corp. in a federal appeals court in Chicago could help the Supreme Court decide the issue in a similar case this fall." The AP continues, "The Supreme Court's decision - which is shaping up as a test of the Bush and Clinton administrations' competing legal approaches for cutting air pollution - would affect up to 17,000 industrial plants and the unhealthy air breathed by 160 million Americans." The AP adds, "The facilities are major sources of nitrogen oxides and sulfur dioxide, which contribute to smog, acid rain, soot and other fine particles that lodge in people's lungs and cause asthma and other respiratory ailments. … The Cinergy case turned on whether its power plants could spew more pollutants into the air when they modernized to operate for longer hours. The Environmental Protection Agency said no, because Cinergy should have gone through a federal permit process, and the 7th U.S. Circuit Court of Appeals in Chicago agreed. … 'Cinergy's suggested interpretation, besides not conforming well to the language of the regulation ... would elude the permit requirement,' Circuit Judge Richard Posner wrote for a three-judge panel of the federal appeals court." The AP notes, "The Cinergy case is one of the lawsuits the Clinton administration filed in 1999 against electric utilities in the Midwest and South. The government contended that 51 aging, coal-burning power plants in 10 states, primarily in the Ohio Valley and the South, illegally polluted for two decades. … The cases were attempts to enforce a neglected and red tape-laden 1977 provision of the Clean Air Act. It requires a company to get a federal permit and install costly pollution controls when modernizing a facility and significantly increasing emissions."

FBI/DEA/ATF/USMS:

Kean, Hamilton Criticize Pace Of FBI Counter-Terrorism Capability Reform. Under the headline "9/11 Panel Chiefs: FBI Lags On Promised Improvements," USA Today (8/18, 3A, Levin, Johnson, 2.27M) reports that in an interview with USA Today and Gannett reporters, former 9/11 commission chairmen Thomas Kean and Lee Hamilton "said Thursday that the FBI has moved too slowly to improve its ability to prevent future terrorist plots and is plagued by turnover in its senior ranks." Kean added that two years after the commission's report, "they are not even close to where they said they would be." USA notes, "The FBI has strongly defended the pace of its 'transformation' since 9/11. On Thursday, the agency responded to requests for comment by referring reporters to FBI Director Robert Mueller's recent statements about the bureau's ongoing restructuring effort. … 'We are not simply moving boxes around the FBI organization chart,' Mueller said. 'These changes are institutionalizing the progress we have made to date.'"

Meanwhile, appearing with Hamilton on CNN's The Situation Room (8/17, Blitzer), Kean said their criticism of US counter-terror reforms was directed at "the government as a whole, including the United States Congress, because there are a number of things they can be doing that they're not doing as well. And you can go into any number of areas, from the fact that we're still five years after 9/11, we're still not distributing funds to the areas that need it the most. We're not doing it according to risk." Kean added, "I mean there's just a whole range of issues here that we addressed, and we addressed in the 9/11 report, and a number of our 41 recommendations are not yet in place."

Contractor Said To Be As Culpable As FBI For Failed Computer System. Under the headline "The FBI's Upgrade That Wasn't," the Washington Post (8/18, A1, Eggen, Witte, 748K) reports in another of its "Five Years Later" series, "As far as Zalmai Azmi was concerned, the FBI's technological revolution was only weeks away" with the expected deployment of Virtual Case File, but "software problem reports…numbered in the hundreds, Azmi recalled in an interview. … Within a few days, Azmi said, he warned FBI Director Robert S. Mueller III that the $170 million system was in serious trouble. … Lawmakers and experts have faulted the FBI for its part in the failed project. But less attention has been paid to the role that the contractor played in contributing to the problems. A previously unreleased audit -- completed in 2005 and obtained by The Washington Post -- found that the system delivered by SAIC was so incomplete and unusable that it left the FBI with little choice but to scuttle the effort altogether."

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Mueller Appoints Burrus Permanent Criminal Investigative Division Chief. The Washington Times (8/18, Seper, 88K) reports, "James H. 'Chip' Burrus, who has headed the FBI's criminal investigative division in an acting capacity since February, has been named as its permanent chief, responsible for coordinating, managing and directing the bureau's criminal investigative programs nationwide. 'Chip brings an extensive background in criminal investigations and great leadership qualities to the [assistant director] position,' said FBI Director Robert S. Mueller III. 'He has the skills and vision to lead the intelligence and technology driven work of today's FBI, and I'm confident he will help us stay a step ahead of new threats and trends in the criminal arena.'"

Trainer Makes Fifth Appearance Before Federal Grand Jury In Bonds Investigation. According to the AP (8/18, Elias), Barry Bonds' personal trainer "again refused to testify before a grand jury investigating the Giants slugger Thursday, but a federal judge did not jail Greg Anderson for contempt of court. U.S. District Judge William Alsup said he must review the transcript of the brief grand jury hearing and hear arguments from lawyers before deciding if Anderson should go back to jail. He ordered Anderson to return to court Aug. 28."

USA Today (8/18, Nightengale) cites the AP story concerning Anderson's testimony.

However, the San Francisco Chronicle (8/17) reports Anderson "answered some questions, but a prosecutor said he refused to answer the important ones, such as whether he supplied steroids to the Giants' outfielder."

The New York Times (8/18, Jenkins) reports Anderson "told a federal grand jury just enough to stay out of prison." Alsup "said that because Anderson gave some testimony Thursday, he needed time to read the transcript."

Alleged Mexican Drug Kingpin Pleads Not Guilty. The AP (8/18, Hoffman) reports, "Suspected drug kingpin Francisco Javier Arellano Felix pleaded not guilty to racketeering and conspiracy charges Thursday after arriving on U.S. soil in a Coast Guard boat and being whisked to a downtown jail under heavy security." The AP continues, "Arellano Felix did not speak during the brief hearing. His court-appointed attorney, Leila Morgan, pleaded not guilty on his behalf to racketeering, racketeering conspiracy, conspiracy to import and distribute controlled substances, and money laundering. … Arellano Felix, 36, had been captured on a sport boat in international waters Monday along with seven other men, including Arturo Villarreal Heredia, who U.S. authorities said was probably his second-in-command. … 'There is no discernible leader left to fill the void' in the Tijuana-based Arellano Felix cartel, said John Fernandes, special agent in charge of the Drug Enforcement Administration's San Diego office. 'I don't consider this organization disrupted. I consider this organization defunct.'"

The Los Angeles Times (8/18, Marosi) reports, "At his afternoon arraignment, the gaunt-looking Arellano Felix -- still dressed in his orange flip-flops and checked green shorts -- grimly pressed his lips and nodded when his court-appointed attorney entered a not guilty plea to charges of smuggling, murder and conspiracy. … U.S. Magistrate Judge Leo Papas scheduled a bail hearing for Monday." The Times adds, "According to the indictment, filed in 2003, Arellano Felix is a member of an organization that during its height in the late 1990s was believed to be supplying nearly half the cocaine sold in the U.S. The cartel is blamed for scores of slayings of police officers, journalists and rivals, as well as the accidental killing of Roman Catholic Cardinal Juan Jesus Posados Ocampo at the Guadalajara airport in 1993. … U.S. and Mexican authorities, whose joint investigations have at times been marred by mistrust, held a news conference in San Diego, where they emphasized the close cooperation between the countries on the case. … Authorities, citing the ongoing investigation, released few details but said a key break in the 3-year manhunt came four months ago when Mexican authorities shared information with DEA agents that Arellano Felix had bought a fishing boat."

DOJ Considered Indicting Raul Castro On Drug Charges In 1993. The AP (8/18, Anderson) reports, "Federal prosecutors drafted a proposed indictment in 1993 charging Cuban military chief Raul Castro with cocaine trafficking but the case was dropped in part because it rested largely on the questionable testimony of admitted drug smugglers, former federal officials said." The AP continues, "The investigation was an outgrowth of the 1992 drug trial in Miami of deposed Panamanian leader Manuel Noriega, which included testimony implicating Raul from a top member of Colombia's notorious Medellin cartel - convicted cocaine kingpin Carlos Lehder. … 'There was substantial evidence generated in the Noriega case demonstrating that the Cuban military had been involved in narcotrafficking,' said former U.S. Attorney Guy Lewis, who was part of the Noriega prosecution team." The AP adds, "Raul Castro is now Cuba's acting head of state while his brother Fidel recovers from abdominal surgery. He has long been the chief of Cuba's Revolutionary Armed Forces, with control over the island's airports and ocean traffic. … Both Castro brothers have repeatedly and vehemently denied any Cuban involvement in drug trafficking."

Federal Grand Jury In Maryland Indicts 5 Following Drug Seizure. The Annapolis (MD) Capital (8/17) reports a federal grand jury "indicted five people on

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drug conspiracy charges yesterday, in what authorities said could be the biggest drug seizure in Anne Arundel County's history. Four of the five people were arrested in May and already have been charged in state court. But the federal charges could bring them much longer prison terms. … If convicted of the top count, which charges them with conspiring to distribute more than 1,000 kilograms of narcotics - well over a ton - all five would face a mandatory minimum of 10 years in prison and a maximum of life."

California Man Pleads Guilty After Posing As DEA Agent. The San Francisco Chronicle (8/17) reports a Manteca man "has pleaded guilty to charges that he posed as a federal Drug Enforcement Administration agent. John D. Cohen, 45, pleaded guilty this week in U.S. District Court in Sacramento to a charge of making false statements to federal officials. Cohen flashed a fake DEA badge Feb. 27 while entering the federal courthouse in Sacramento to look up bankruptcy records involving him and his wife, DEA Special Agent Gary Cummings wrote in an affidavit."

Suspected Reservation Drug Dealers Charged In Arizona. The East Valley Tribune (8/17) reports a seven-month undercover operation "led to the arrest of 30 people suspected of dealing meth and other drugs on the Salt River Pima-Maricopa Indian Community. Officials working in the sting seized about $1 million worth of methamphetamine, heroin, marijuana, cocaine and crack and disrupted seven drug organizations 'from the bottom up' that have targeted the reservation and surrounding areas such as Scottsdale. … The operation was part of a program started in July 2005 to stop the use and sale of methamphetamine on tribal land. The program is open to any American Indian community that wants to share resources with the U.S. Drug Enforcement Administration."

The Arizona Republic (8/17) reports more than 500,000 doses of meth "are off the Salt River Reservation after a seven-month investigation by tribal police and federal narcotics agents. Officials targeted drug dealers preying on addicts in Arizona's Indian country. … 'All credit goes to the DEA for having the foresight to establish a partnership in Indian country that will make an impact,' said Salt River Police Chief Stanley Kephart."

The Washington Times/UPI (8/17) reports U.S. drug agents "say an undercover operation with tribal police this summer led to charges against 16 people and the seizure of a cache of methamphetamine. The Drug Enforcement Administration announced Wednesday that the suspects charged in the operation had been taken into custody between January and mid-June and had all made their initial court appearances. … The Justice Department and tribal organizations agreed last year to cooperate on eradication of methamphetamine trafficking within Arizona's Native American community."

ATF Probes California Mosque Fire. The San Diego Union-Tribune (8/18, Baker) reports, "A fire ripped through a mosque and community center (in El Cajon, CA) early Thursday morning, destroying the building and causing more than $2 million damage." The Union-Tribune continues, "No one was injured in the blaze, which was reported at 2:09 a.m. at the Kurdish Community Islamic Center and Al-Madina Al-Munawara mosque on Magnolia Avenue, between Chamberlain and Camden Avenues, said El Cajon City fire spokeswoman Monica Zech." The Union-Tribune adds, "Investigators from the Federal Bureau of Investigation, the Bureau of Alcohol, Tobacco and Firearms, and the Sheriff's Department bomb and arson squad were looking into the cause of the blaze, Zech said. She said it was too early too say whether the fire was arson or accidental. … The ATF is automatically called in to help investigate fires in places of worship."

TAX:

FBI Informant In PA Corruption Probe Sentenced To Prison For Tax Evasion. The Philadelphia Inquirer (8/18, Shields, 399K) reports, "Joseph 'Cowboy Joe' Corropolese, who made a living off municipal corruption in Norristown before becoming a devastating weapon against it, was sentenced yesterday to 20 months in federal prison for tax evasion. His work as an FBI informer during the wide-ranging investigation meant that Corropolese, Norristown's long-time towing contractor, got less than the five-year prison term recommended by federal sentencing guidelines." He "recorded 40 conversations which helped obtain convictions and guilty pleas in cases against former Norristown Mayor Ted LeBlanc, former municipal administrator Anthony Biondi, and three local businessmen accused of corrupting them with bribes or secret business deals. … U.S. District Judge Petrese Tucker acknowledged at the sentencing hearing that Corropolese's case was 'the start of the unveiling of the corruption in Norristown.'"

IRS Reaches Deal With Hollywood Over Gifts. The New York Times (8/18, Waxman) reports, "Hollywood celebrities who show up at awards ceremonies and leave with armloads of booty can expect one more item with their gift baskets: a tax form." The Times continues, "The Internal Revenue Service announced Thursday that it had settled a tax matter with the Academy of Motion Picture Arts and Sciences over gift baskets — which this year were worth about $100,000 each — given to presenters and performers at the Oscar ceremony. … The academy, which votes on

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and distributes the Oscars, said it would send 1099 tax forms to those who received the gift baskets this year, and a representative confirmed that the organization had paid an undisclosed settlement to the I.R.S. to cover taxes owed by those who received gifts for previous years." The Times adds, "The organization also disclosed that its board decided in April to discontinue the practice of giving baskets filled with gifts provided by businesses promoting their goods and services. Still, the agreement with the I.R.S. sent a signal that other groups that shower celebrities with gifts will be expected to deal with the tax consequences. … 'The academy had an obligation to do the reporting to us,' said Mark W. Everson, the I.R.S. commissioner, in an interview. 'They have fulfilled that obligation.' … The academy contacted the I.R.S. earlier this year, concerned that there might be a tax obligation attached to the increasingly expensive gift bags given at the ceremony. This year the basket included a four-night stay at a Honolulu hotel and a Krups espresso machine. The organization sought to pay any tax bill that might eventually be charged to the presenters."

The Washington Post (8/18, C1, Day) reports, "Typically, if the IRS finds someone has failed to pay taxes but no fraud is involved, it assesses back taxes, interest and penalties for only the preceding three years. In this instance, if 200 people received $100,000 baskets in each of the three years through 2005, the taxable non-cash income would be $60 million. … Neither IRS spokesmen nor Academy spokeswoman Leslie Unger would confirm or deny that number. Nor would they say whether, under the terms of the settlement, the IRS forgave back payment, interest and penalties. Nor would they say whether the Academy has paid a lump sum on behalf of past recipients." The Post adds, "If the agency forgave the debt, that means U.S. taxpayers are footing the bill. If the academy paid back taxes on behalf of past Oscar participants, these celebrities would have to count that as additional taxable income. .. . Albert Lauber, director of Georgetown law school's tax program, said he thinks it would be hard to collect money from the celebrities for past years. He said the IRS most likely agreed to settle the matter if the Motion Picture Academy paid a penalty for failure to file forms with the IRS."

CONGRESS-ADMINISTRATION:

Bush Signs Pension Reform Bill Into Law. ABC World News Tonight (8/17, story 11, 2:00, Gibson, 8.78M) reported, "In Washington, today, President Bush signed into law some of the biggest changes to American pension rules in a generation. Reform that will impact workers in all ages. Right now, employers owe current and future retirees $2 trillion. But the system is $450 billion short. And traditional pensions are getting harder to find."

The CBS Evening News (8/17, story 7, :30, Schieffer, 7.66M) reported, "Among the key provisions, companies with traditional pensions must fully fund them, which should spare taxpayers a costly bailout. It will be easier for companies now to convert to less generous cash balance pensions and critics point out there is nothing in the law to prevent employers from freezing their pensions to help workers fund their own retirements, the law does allow bigger contributions to IRAs and 401K."

NBC Nightly News (8/17, story 8, 2:45, Brown, 9.87M) said "the new law closes loopholes in the pension system and addresses problems for the people covered by traditional pensions which offer a fixed payout at retirement. The President also pressed Congress to try again to overhaul the Social Security program."

USA Today (8/18, 2.27M) reports, "Most companies will have seven years to close funding gaps in their pension plans, but financially troubled companies, such as airlines, get an extra 10 years." Bush "said employers have an obligation 'to set aside enough money now so your workers will get what they've been promised when they retire.'"

The AP (8/18, Dalrymple) says Bush "added a stern instruction to corporate America. 'You should keep the promises you make to your workers,' the president said. 'If you offer a private pension plan to your employees, you have a duty to set aside enough money now so your workers will get what they've been promised when they retire.'"

The Washington Times (8/18, Curl, 88K) reports that "before a large crowd of supporters at the Old Executive Office Building, Mr. Bush called the legislation, passed in the House by a vote of 279-131, 'the most sweeping reform of America's pension laws in over 30 years.'"

The Washington Post (8/18, D1, Baker, 748K) reports, "The product of years of effort and a final round of intense negotiations, the Pension Protection Act of 2006 is one of the most significant bills to emerge from Congress in a year with particularly contentious elections. With Democrats accusing the Republican majority of running a 'Do Nothing Congress,' Bush and his allies were eager to showcase the bipartisan pension effort and flew lawmakers back from summer recess to stand behind him at a signing ceremony." Sen. Edward M. Kennedy, "a vociferous Bush critic, offered rare praise for the president's support of the pension legislation. 'In this case, Democrats and Republicans worked together and America's workers and retirees came out the winners,' he said." But "critics of the law, such as Rep. George Miller (D-Calif.), called it a smokescreen, warning that some companies would face fewer requirements to fund their pensions."

New Law Said To Erode "Future Of US Pensions." Under the headline "Reform Erodes The Future Of US Pensions." the Christian Science Monitor (8/18, Trumbull, 58K) reports, "The primary goal of America's new Pension Protection Act was to secure the health of traditional worker

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pension programs, but the 'fix' appears likely to hasten their slow decline." At a time "when barely half of American workers are covered by any form of workplace retirement plan, the law does little to entice more employers to offer traditional pensions. If anything, it adds new reasons for employers to do what they are already doing: Opting for 401(k)-style benefits that shift the retirement burden onto workers. That's a troubling trend, some retirement analysts say."

Advocates Note Provision Will Benefit Gay Couples. The Los Angeles Times (8/18, Peterson, 918K) reports, "A little-noticed provision in a pension law signed Thursday by…Bush will for the first time allow anyone to inherit a 401(k) nest egg without immediately paying taxes on the windfall, a benefit that in the past was reserved for spouses. Gay advocates and other observers described the measure as a significant shift in how the government treats domestic partners who are not married, even though the provision was not written specifically for same-sex couples." The legal change "is an obscure element in a new 907-page law affecting pensions and workplace retirement accounts."

Budget Deficit To Shrink In 2006. In a story that received no network TV coverage, the Wall Street Journal (8/18, Solomon, 2.03M) reports, "Strong tax revenue will help shrink the federal deficit to $260 billion for fiscal-year 2006 compared with $318 billion in 2005, Congressional budget analysts said, noting that the shortfall will increase to $286 billion next year and continue rising in the subsequent four years." The figures "confirm what the Treasury Department has been reporting during the past few months: Higher-than-expected corporate and individual income-tax receipts are helping to reduce the deficit. The Congressional Budget Office said it now expects fiscal 2006 revenue to be $2.4 trillion, up from $2.15 trillion last year."

The New York Times (8/18, Andrews, 1.21M) headlines its report "Brighter '06 Deficit Outlook, But Grim Long Term," and says "the fiscal outlook for the next 10 years is as bleak as ever, the Congressional Budget Office said Thursday," adding "the nonpartisan agency also offered ample evidence that deficits would be above $300 billion, perhaps well above, for much of the next decade. Extending President Bush's tax cuts beyond 2010, as Republican leaders want, would cost $1.75 trillion over the next 10 years and widen annual deficits by about $250 billion from 2011 through 2016, the report said." The Times also reports, "On top of that, it said, the government will incur an additional $1 trillion in debt, nearly $100 billion a year, if it prevents an expansion of the alternative minimum tax." The Washington Post (8/18, D1, Weisman, 748K) also says "the deficit will begin to rise again next year and will improve substantially only if…Bush's tax cuts are allowed to expire, the Congressional Budget Office said yesterday." The Los Angeles Times (8/18, Simon, 918K) also reports the story under the headline "US Deficit Projected to Shrink, Then Grow."

Snow Wants Reporters To Talk To White House Policy Makers. The White House Bulletin/US News (8/17) reported White House Press Secretary Tony Snow "has only just begun revamping the press operation at the White House. Snow not only will hire more staff, he also wants to improve the administrative functions of his office so he can better serve President Bush and the press corps." Snow said, "What you've got to do is push out more information, get more information out to reporters [in a way that's credible, helpful, and efficient.]" The Bulletin adds one priority is "assigning staffers to arrange interviews with senior Bush advisers so reporters don't find themselves talking only to press officers, who frequently lack a wide and deep understanding of the topics they are asked about." Snow wants reporters "to talk to the policy makers themselves. This would be a big departure from past practice under Bush, in which the flow of information has been channeled through the press and communications officers. This was designed to control the 'message' as much as possible. But reporters complained that it led to superficial stories and didn't fully convey the thinking that has been going on in the White House." Snow is "credited in the West Wing with responding to breaking news considerably faster than occurred under his predecessor, Scott McClellan. As for the President, he is apparently happy to try some different approaches and is leaving the details to his new press secretary." Snow said, "I honestly think he doesn't spend his time worrying abut the press office. He has other things to think about."

Fratto Agrees To Serve As Tony Snow's Second Deputy. The White House Bulletin/US News (8/17) reported Administration officials "say that Treasury spokesman Tony Fratto has agreed to move across the street to the White House as Tony Snow's second deputy. He'll join chief deputy Dana Perino in the press shop, which Snow is considering expanding to three deputies." Fratto, Assistant Secretary for Public Affairs at Treasury, "is a score for Snow who, with Bush counselor Dan Bartlett, is revamping the communications operation he inherited from Scott McClellan. At Treasury, Fratto has handled key economic and terrorist financing issues and prior to joining the department in 2001 worked on the Bush campaign as well as for former Pennsylvania Gov. Tom Ridge and Sen. Rick Santorum." It is "unclear who would replace Fratto at Treasury, where a new secretary and chief of staff are making their mark. Insiders said that while the Treasury post is a major one in the administration, the White House job was more exciting and intriguing for Fratto. Snow had interviewed several top GOP communications officials for the post vacated recently by Ken Lisaius. Officials said that Snow hopes to pass off

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some of his daily jobs, like the morning press gaggle, to his deputies as he works on broader press and communications issues."

Historian Who Exposed Document Removal From Archives Was Court Martialed. The Washington Post (8/18, A19, Lee, 748K) reports amateur historian Matthew M. Aid "made news this spring by exposing a secret federal program to remove thousands of public documents from the National Archives. It turns out that Aid harbored a secret of his own." Twenty-one years ago, "while serving as a staff sergeant in the U.S. Air Force in England, Aid was court-martialed for unauthorized possession of classified information and impersonating an officer, according to Air Force documents. He received a bad-conduct discharge and was imprisoned for just over a year, he confirmed in an interview Monday." Aid "did not mention the incident when a Washington Post reporter interviewed him for a June profile. Aaron Lerner of Silver Spring, a Post reader whose wife, Rona, remembered hearing of the court-martial while working at the National Security Agency in the mid-1980s, recently obtained the records through a Freedom of Information Act request and provided copies to The Post last week."

Three NASA Council Members Who Spoke Against Science Cuts Quit. The Washington Post/AP (8/18, A8) reports, "Three NASA advisers who spoke out against budget cuts to the space agency's science programs turned in their resignations this week, officials said Thursday. Wesley T. Huntress Jr., Charles F. Kennel and Eugene H. Levy each served on the NASA Advisory Council's science committee." The AP adds that Kennel resigned voluntarily, while Huntress and Levy "were asked to leave by NASA Administrator Michael D. Griffin."

Announcement Date For Bush Presidential Library Pushed To Early Next Year. The White House Bulletin/US News (8/17) reported legal issues "involved in picking and building a new George W. Bush presidential library have forced the first family to push off selecting their site until early next year, just a few months longer than planned. Insiders say that undescribed legal issues are taking longer than planned to settle." First Lady Laura Bush "told the Dallas Morning News this week that the timeline had been put off but that the project is still on target. Insiders say that the goal is to get the library open about two years after President Bush leaves office." Three Texas colleges "are in the running to host the George W. Bush Presidential Library and Museum, though Baylor University and Southern Methodist University are thought to be the frontrunners over the third candidate, the University of Dallas in Irving."

OTHER NEWS:

Small Decline In Leading Indicators Seen As Good News. The Wall Street Journal (8/18, Conkey, 2.03M) reports, "Recent readings from a closely watched gauge of future economic activity suggest the economy will stabilize in the months ahead." The Conference Board "said its index of leading economic indicators declined 0.1% in July after a 0.1% gain in June. The recent movements left the index, which forecasts economic momentum three to six months down the road, lower than it was in January but roughly on par with its level in May." That "suggests the economy may run along a stable course of growth for the rest of the year after enduring some ups and downs in recent quarters." Ken Goldstein, an economist for the Conference Board, said, "The good news here is [the economy] might not get much worse. The bad news is it might take a while to get better. … We might be in that sort of position in mid-expansion where once the economy gets into a rhythm; it really takes something to jolt it out of that."

Stocks Up For Fourth Day. The Financial Times (8/18, O'Doherty) reports, "US stocks ticked higher for a fourth day in a row on Thursday, the longest streak of consecutive gains for the S&P 500 and Nasdaq Composite since March. The rally brought the Dow Jones Industrial Average and S&P 500 to fresh three-month highs. … At the close, the S&P 500 was up 0.2 per cent, or 2.05 points, at 1,297.48. The Nasdaq Composite was up 0.4 per cent, or 8.07 points, at 2,157.61. The Dow Jones Industrial Average was flat, up 7.84 points, at 11,334.96."

Krugman Says Economic "Inequality" Making Comeback As Political Issue. Paul Krugman writes in the New York Times (8/18, 1.21M), "Inequality seems to be an issue whose time has finally come, and if the growing movement to pressure Wal-Mart to treat its workers better is any indication, economic populism is making a comeback. It's still unclear when the Democrats might regain power, or what economic policies they'll pursue when they do." But "if and when we get a government that tries to do something about rising inequality, rather than responding with a mixture of denial and fatalism, we may find that Mr. Paulson's 'economic reality' is a lot easier to change than he supposes."

Judge Clears Way For Strike By Northwest Airlines Employees. The Washington Post/AP (8/18, D2, Freed) reports, "A bankruptcy judge said Thursday that he would not block a strike by Northwest Airlines flight attendants, a union victory that could lead to random, unannounced walkouts beginning Aug. 25 if the two sides do

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not make a deal." The AP continues, "Northwest has said even limited work stoppages could put it out of business for good. It said it planned to appeal the ruling Friday. … U.S. Bankruptcy Court Judge Allan L. Gropper in New York said that regardless of the danger of a strike to Northwest, labor law gave him no authority to stop one." The AP adds, "The union and the airline both said they would rather make a deal, and Gropper's ruling eight days before the strike deadline seemed to leave plenty of time. But no talks were scheduled."

USA Today (8/18, Reed) reports, "Mollie Reiley, interim head of the Northwest unit of the Association of Flight Attendants, Communications Workers of America, said management now 'has one more chance … set greed aside for once and agree to a fair and equitable contract, or they will face "Chaos".' Chaos stands for 'create havoc around our system' and is the trademark for the union's ministrike strategy. … Though the AFA has threatened Chaos actions many times, it has implemented the tactic only once, in 1993 against Alaska Airlines. Only a handful of flights were disrupted, but the attendants won a better contract."

Virginia Woman Wins Suit Against Abusive Husband. The Washington Post (8/18, B1, Jackman) reports, "When police arrived, Deborah Martin told them she didn't know if she'd been punched two or three times -- or two or three hundred. From the looks of the photos taken a few hours later, it was probably closer to the latter." The Post continues, "Martin's husband, Ernest John Lofgren, had pinned her to the kitchen floor in their Fairfax Station home in September 2003 and hit her repeatedly. He later pleaded guilty to assault and battery and served eight weeks in jail. Earlier this year, the couple divorced, which a court commissioner blamed on 'the husband's barbaric treatment of the wife.' … But before the divorce was final, Deborah Martin took one more step. She sued her husband. And this week, Fairfax County jurors decided Lofgren needed to do more than just a short jail stint. They ordered him to pay Martin $550,000, in part for the extensive bills to repair her face -- and mind -- and to make a statement that domestic violence is intolerable, jurors said." The Post adds, "Domestic violence victims in the Washington area rarely have stepped into the civil arena, experts said, for a variety of reasons, including reluctance to tangle with the legal system again, difficulty in finding a lawyer willing to take the case and inability to get money from a batterer even if they win. … But nationally, it is becoming more common, said Jeffrey R. Dion, director of the National Crime Victim Bar Association in Washington. … 'Domestic violence victims are increasingly using the civil justice system to hold their perpetrators accountable,' Dion said. If a batterer is arrested, he said, the victim often loses a key source of financial support and may need medical help, counseling or to move."

Polls Show GOP Losing "Security Moms." The Washington Post (8/18, A1, VandeHei, 748K) reports polls show "married women with children, the 'security moms' whose concerns about terrorism made them an essential part of Republican victories in 2002 and 2004, are taking flight from GOP politicians this year in ways that appear likely to provide a major boost for Democrats in the midterm elections." The "critical group of swing voters -- who are an especially significant factor in many of the most competitive suburban districts on which control of Congress will hinge -- is more inclined to vote Democratic than at any point since Sept. 11, 2001, according to data compiled for The Washington Post by the Pew Research Center." The study, "which examined the views of married women with children from April through this week, found that they support Democrats for Congress by a 12-point margin, 50 percent to 38 percent. That is nearly a mirror-image reversal from a similar period in 2002, when this group backed Republicans 53 percent to 36 percent."

Aides Say Republicans Will Cast Democrats As Weak On Terror. CNN's The Situation Room (8/17, Koppel) reports a "senior congressional aid tells CNN there will be lots of opportunities next month for Republicans to cast Democrats basically in the light as being weak on security. Now, meantime, a senior congressional aide goes on to say that Republicans plan to remind the American people they are the ones who have a proven record in fighting the war on terror."

Poll Shows Lieberman Ahead Of Lamont 53-41, With Strong Backing From GOP Voters. USA Today (8/18, 2.27M) reports Sen. Joe Lieberman leads Ned Lamont 53-41 according to a new Quinnipiac University poll. Republican Alan Schlesinger "was at 4%. … The poll of 1,083 likely voters Aug. 10-14 had a margin of error of +/-3 percentage points."

The Washington Times (8/18, Hurt, 88K) reports the poll "found that among likely Republican voters, Mr. Lieberman trounced his opponents with 75 percent of the vote, compared with Mr. Lamont's 13 percent and Mr. Schlesinger's 10 percent." Douglas Schwartz, Quinnipiac's polling director, is quoted as saying, "Lieberman's support among Republicans is nothing short of amazing. … As long as Lieberman maintains this kind of support among Republicans while holding on to a significant number of Democratic votes, the veteran senator will be hard to beat."

The AP (8/18, Haigh) says "one potentially troublesome indicator for Lamont lies in voters' opinions of the candidates: Only 23 percent in the new survey had a favorable opinion of Lamont, while 28 percent had an unfavorable opinion and the rest were mixed. Meanwhile, 43 percent viewed Lieberman favorably and 28 percent viewed him unfavorably, with the

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rest mixed." The AP adds, "The new poll showed that while 31 percent of Democrats are indeed upset with Lieberman over his war support and believe he should not be re-elected, only 7 percent of Republicans and 21 percent of independents hold that same view. When it came to character, 76 percent said the former vice presidential candidate has strong leadership qualities, 74 percent said he's trustworthy, and 63 percent said he cares about their needs and problems. The numbers for Lamont: 40 percent on strong leadership qualities, 39 percent on trustworthiness and 41 percent on caring."

Lieberman's Appeal To Independents Seen As Key For General Election. CNN's The Situation Room (8/17, Blitzer) reports, "Today some Democrats may be rethinking the Connecticut senator's race and the message it's sending about the politics of the war in Iraq. Political analyst Stuart Rothenberg: "The Connecticut general election is really about independence. Lieberman has to appeal to Independent voters, he has to get their support, and he has to continue to display his independence from both parties."

On CNN's The Situation Room (8/17, Blitzer), CNN contributor Bill Bennett said, "Could you have a better designed candidate for the Independent voter than Joe Lieberman? That's what he appeals to. He's obviously not a loyal Republican on every issue and obviously not a loyal Democrat on every issue. So, if this is a race for the Independent, Joe Lieberman is in very good shape. The Republican's not going anywhere."

On CNN's The Situation Room (8/17, Blitzer), CNN contributor Donna Brazile said, "Ned Lamont is rallying Democrats, but in addition to bringing Democrats back to the table, those who supported Joe Lieberman, it's clear that he has to go after the Independents and any disaffected Republicans that might appeal to his message on so many issues. But I think this is going to be a dogfight to the bitter end. And I do believe that Ned Lamont will come out victoriously, if he can reach out."

Chafee Bets On Support From Independents In GOP Primary. The Wall Street Journal (8/18, Cummings, 2.03M) reports on the GOP Senate primary pitting "antiwar" Sen. Lincoln Chafee against Steve Laffey – "a sharp-edged partisan conservative." According to the Journal, the campaign "is in many ways a byproduct of a strategy embraced by both parties in recent years to move away from courting swing voters and instead relying on core party activists to provide the volunteers, votes and energy for elections and legislative showdowns. Now, that approach could come back to haunt both. … Chafee's most urgent argument on the campaign trail is that the nomination of Mr. Laffey will tip the general election toward" Democrat Sheldon Whitehouse. Polls "show Mr. Whitehouse with a formidable lead over Mr. Laffey, but in a dead heat with Mr. Chafee. … The key for Mr. Chafee will be persuading enough unaffiliated voters to cast ballots in the Republican primary, which is allowed under state law, to balance his losses from his own party."

Talent Works To Solidify Support Among Rural Voters. The Washington Times (8/18, Bellantoni, 88K) reports Sen. Jim Talent "told rural voters at the state fair…that he is a better choice than" state Auditor Claire McCaskill, "whose national momentum has vaulted her into a dead heat with the Republican incumbent less than three months before the midterm elections. Mr. Talent said his experience helps small agricultural businesses and cattle ranchers, while Mrs. McCaskill accused her opponent of being too close to corporate farmers to the detriment of the average Missourian. 'I've been endorsed by the Farm Bureau and she has been endorsed by the Sierra Club, and that sums it all up,' Mr. Talent said, prompting bureau members to laugh." McCaskill is quoted as saying, "If we don't send somebody to Washington who is willing to stand up to corporate agriculture…we will never be able to have the family farmer in this state survive. Senator Talent has been the best friend of corporate agriculture." The Times notes the National Farmers Union Political Action Committee "yesterday endorsed Mrs. McCaskill."

Murtha Drawing Crowds, Support As He Campaigns For Fellow Democrats. McClatchy (8/18, Talev) reports that last year when Congressman John Murtha "thundered onto the national scene" and "called for pulling U.S. troops out of Iraq" some Democrats "considered his stance suicidal for their party when they're trying to regain control of Congress despite having long been seen as weak on national security. Now, Murtha is one of the most popular Democrats around. In recent weeks he's raised money for Democrats campaigning in New Hampshire, Connecticut, New York and California. In Tennessee, he was former Vice President Al Gore's guest at a fundraiser for local Democrats. After Labor Day, Murtha will head back out on the road, helping up to four dozen of his party's candidates." On Aug. 9 Murtha "appeared at a rally for Eric Massa, a retired Navy commander who's trying to unseat" Rep. Randy Kuhl. Massa said Murtha "couldn't speak, the applause and the standing ovation was so prolonged and intense."

Murtha Responds To Cheney Comments On US Commitment To Iraq. MSNBC's Hardball (8/17, Shuster) reported that Vice President Cheney "this week singled out…Murtha, arguing that his proposal for getting out of Iraq shared by other Democrats would harm American security." Vice President Cheney: "If we follow Congressman Murtha's advice and withdraw from Iraq, the same way we withdrew

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from Beirut in 1983, or Mogadishu in 1993, we will simply validate the al Qaeda strategy and invite more terrorist attacks in the future." MSNBC added, "Voters though are not buying it. When they were asked about Iraq's relationship to the war on terror, almost half said it was not even part of the war on terror at all." And the "number of Americans he who see Iraq as separate from the war on terror is growing." Host Chris Matthews interviewed Murtha, who said, "I disagree with the open-ended policy that this administration is adhering to and just because he says it's 'cut and run,' just because he says that if we withdraw it will be a disaster, doesn't necessarily mean it's true." Matthews also interviewed Republican Diana Irey, who is challenging Rep. Murtha

GOP House Candidate Describes Bush Position On Iraq As "Extreme." The Washington Times (8/18, Pfeiffer, 88K) reports that in a letter titled "America Needs a Better, Smarter Plan in Iraq," Rep. Michael Fitzpatrick "criticizes what he calls President Bush's 'extreme' policy in Iraq. In the letter, the Pennsylvania Republican also decries the 'cut-and-run' stance of his Democratic opponent, Patrick Murphy, an Iraq war veteran. … The cover of Mr. Fitzpatrick's mailing reads, 'Congressman Fitzpatrick says NO to both extremes: No to President Bush's "stay-the-course" strategy ... and no to Patrick Murphy's "cut-and-run" approach.'" In 2004, Fitzpatrick "was elected with 55 percent of the vote, while in the presidential race, Sen. John Kerry…carried the district with 51 percent of the vote to Mr. Bush's 48 percent." Murphy "is a Bronze Star winner who served with the 82nd Airborne Division in Iraq in 2003 and 2004. In December, he proposed a 12-month redeployment of troops from Iraq. … An internal poll conducted by the Murphy campaign shows him trailing Mr. Fitzpatrick by six percentage points."

Lobbying By Cannon's Brother Draws Scrutiny. The AP (8/18, Bridis) reports, "Three times this year, a lobbyist sought help from Rep. Christopher Cannon for his clients and got it. The lobbyist was the congressman's brother, Joseph Cannon. The Utah lawmaker acknowledges helping his brother's clients, including pressing Congress last month to intervene in a business dispute over an Internet contract estimated to be worth as much as $1.3 billion." Cannon "has a financial interest in his brother's success: The lobbyist owes him more than $250,000, according to the lawmaker's financial disclosure reports." Cannon is quoted as saying, "A lot of people I know are lobbyists. … I would put Joe in that category, not as a family member."

AFSCME Establishes 527 To Fight GOP Redistricting Efforts. The AP (8/18, Lester) reports the American Federation of State, County and Municipal Employees, "joining with other Democratic-leaning groups, is forming a political committee to raise millions of dollars for redistricting fights with the GOP. The formation of the political group Foundation for the Future…was at least partially a response to aggressive redistricting tactics by Republicans. … The committee expects to spend about $17 million over the next five years on redistricting at the state and federal level, with more than half of that money provided by AFSCME." According to the AP, "The committee is being formed by AFSCME along with the Democratic Legislative Campaign Committee and the National Committee for an Effective Congress."

DSCC Pulls Controversial Ad Seen As Offensive To Hispanics. The AP (8/18) reports, "Democrats dropped an ad that Hispanics had criticized as unfairly depicting illegal immigrants as terrorists. The ad had disappeared from the Democratic Senatorial Campaign Committee's Web site Thursday. … No announcement was made about what happened to the ad. A DSCC spokesman did not return phone calls and an e-mail message seeking comment. Democratic and Republican Hispanics had complained Wednesday about the ad. The 35-second ad questioned GOP homeland security and anti-terrorism policies. It featured images of Osama bin Laden and North Korea's Kim Jong Il and two people scaling a border fence and the words 'Feel Safer?'"

Schwarzenegger Tries To Pacify Dissatisfied Conservatives. The Los Angeles Times (8/18, Finnegan, 918K) reports Gov. Arnold Schwarzenegger "faces a wave of conservative unrest that threatens the steady political recovery he has made this year by widening his appeal beyond his base of Republican supporters. To keep conservatives in line, Schwarzenegger campaign operatives have quietly launched efforts to rally support among Christian fundamentalists, gun owners and other Republicans who have long been wary of the governor and backed him only begrudgingly. His stands on illegal immigration, the state's swelling debt, gay rights and other matters continue to rankle many of them, and his high-profile courtship of Democrats and independents risks repelling them further as the campaign intensifies." The Times notes that if "what is now a wide Schwarzenegger lead over Angelides narrows after Labor Day, as many analysts expect, low conservative turnout will loom as a key peril for the governor and prime source of hope for Democrats."

Ethics Complaint Against Ehrlich's Attorney Dismissed. The Washington Post (8/18, B1, Rich, Mosk, 748K) reports, "Maryland's independent state ethics commission has dismissed a complaint alleging that the personal attorney to Gov. Robert L. Ehrlich Jr. improperly

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acted as an unregistered lobbyist. … The lawyer, David Hamilton, heads the government relations practice at the law firm Ober Kaler and, in that capacity, has accompanied clients to meetings with the Republican governor and other policymakers. Hamilton has said he acts as his clients' attorney in such situations, not as their lobbyist."

Cost Of College Education Said To Threaten US Competitiveness. Julianne Malveaux laments the rising cost of a college education in USA Today (8/18, 2.27M) writing, "We are creating a bifurcated system in which the best education will go to those who can pay for it. Students of color and those of modest means will most likely be the ones left behind." She concludes, "In the years ahead, there will be a global competition to find the most qualified workers. If our educational investment is any indication, they won't be found here."

Public Housing Authorities Lack Strategy To Revamp Projects. In a Wall Street Journal op-ed (8/18), Julia Vitullo-Martin of the Manhattan Institute says, "Public housing is urban government's largest orphan. It is an unloved recipient of tens of billions of dollars in funds, poured over decades by the federal government into housing projects in just about every city in the country. Neither the Republicans nor the Democrats want much to do with it anymore, and as a result physical plants are deteriorating while operating deficits soar. This failed experiment in government-financed, -built, -owned and -operated housing is over, yet the projects continue to house millions of Americans." But in the "midst of this decay, however, is huge opportunity. Hundreds of old projects stand on valuable real estate, making them potential beneficiaries of the great urban comeback. But the authorities that own them must have the vision to see these prospects -- and few do."

Robinson Considers Allen's "Macaca" Gaffe. In his Washington Post column (8/18, A21), Eugene Robinson says, "You know a politician is having a bad week when he spends it trying to convince people he's too unsophisticated to have possibly understood the racial slur he tossed at a man who happened to be armed with a video camera." Sen. George Allen's "mental journey to the imaginary land of Macaca has brought the one-term Virginia Republican -- considered a presidential hopeful for 2008 -- more national attention than ever before. But not in a good way." Robinson adds he is "willing to believe the senator is ignorant of primate taxonomy and Belgian slang -- he's all about good-ol'-boy bonhomie, not Renaissance-man erudition. I don't buy the rest of his explanation, though -- that he was trying to refer to Sidarth's haircut, which he thought was a mohawk. I also don't buy his claim that he meant no offense. I think he was playing to the crowd by singling out the one person who didn't belong there, not because he was a spy from a rival campaign -- shadowing is standard campaign practice these days -- but because he looked 'foreign' (my word, not his)."

NYTimes, Dionne Back Reforms For Presidential Campaign Finance System. The New York Times (8/18, 1.21M) says in an editorial, "The historic Watergate reform of public financing for presidential candidates is near collapse. There's no stronger evidence than the fact that Senator John McCain, so often a leader in reform movements to rein in big-money politics, is not among the sponsors of a Congressional proposal to repair the current outdated system. Senator McCain is a likely candidate for president in 2008, and he is undoubtedly aware that both political parties believe their nominees will have to abandon public financing to stay competitive." Voters "should take note of the worthy repair plan offered by Senator Russell Feingold, Wisconsin Democrat, and Representatives Martin Meehan, Massachusetts Democrat, and Christopher Shays, Connecticut Republican."

In his Washington Post column (8/18, A21), E.J. Dionne says, "Americans are on the verge of making a non-decision about how we pay for presidential campaigns. If Congress does nothing, a system that succeeded in limiting the impact of special-interest money on elections for our highest office will collapse." Opponents of campaign finance reform "love to claim that the money-in-politics problem is insoluble. But the public financing of presidential campaigns, instituted in response to the Watergate scandals of the early 1970s, was that rare reform that accomplished exactly what it was supposed to achieve." Sen. Russell Feingold said, "I see this presidential financing system as one of the few things you can turn to and say: This was well conceived and it actually worked." The Post adds the "system has fallen victim to inflation (the spending limits are now too low) and the multiplication of loopholes, some created by flawed decisions from the Federal Election Commission." Feingold, "along with veteran House reformers Chris Shays (R-Conn.) and Marty Meehan (D-Mass.), has introduced a bill to update the system and make it relevant to today's prices and politics. The changes they propose are both practical and innovative."

WSJournal Says San Diego Pension Fund Scandal Shows Need For Reform. The Wall Street Journal (8/18, 2.03M) says in an editorial that the report by former SEC Chairman Arthur Levitt "on the City of San Diego's pension-fund scandal" was not "pretty. The report -- prepared with Lynn Turner, formerly the SEC's chief accountant, and investigator Troy Dahlberg -- tells of 'years of reckless and wrongful mismanagement,' 'non-transparency, obfuscation, and denial of fiscal reality.' In case anyone missed the point, it draws explicit analogies with Enron,

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HealthSouth and other recent scandals." San Diego's "pension-fund fiasco may be exceptional in that it involves criminal allegations -- five former pension-fund officials were indicted in January and the mayor resigned last year over the issue. But the overall storyline is all too typical among state and local pension plans, which are rife with opportunities for political mischief." Yesterday, President Bush "signed a private pension reform that, for all its warts, will encourage the transition to a retirement-savings system better suited to our 21st-century economy. Now it's time to focus attention on the crisis in public pensions -- unless our politicians want to see San Diego's blow-up repeated elsewhere and often."

WPost Rejects Moratorium On DC Charter Schools. The Washington Post (8/18, A20, 748K) writes in an editorial, "The call by DC School Superintendent Clifford B. Janey for a moratorium on new charter schools in the District is one part reasonable and one part self-serving." Charters "have developed into a threat to the traditional school system" but "the proper response to fleeing families is…for the traditional system to start delivering on quality education." Yet, Janey is "right that there ought to be available measurements so that parents, educators and the public know whether charter schools are providing the high-quality alternative advertised." But "a moratorium isn't necessary."

Intelligence Officers Say US Stopped Syrian Weapons Shipments To Hezbollah. USA Today (8/18, Diamond, 2.27M) reports the US "blocked an Iranian cargo plane's flight to Syria last month after intelligence analysts concluded it was carrying sophisticated missiles and launchers to resupply Hezbollah in southern Lebanon." The effort "illustrates the quiet support the United States gave Israel during the 34-day war, even enlisting help from Muslim nations where acting on Israel's behalf is politically anathema." A week into the fighting, US "diplomats persuaded Turkey and Iraq to deny the plane permission to cross their territory to Damascus, a transfer point for arms to Hezbollah." Explaining the sourcing, USA Today says the "episode was detailed by one US intelligence official who saw a report on the incident" and "was confirmed by a US official from a second intelligence agency and by a diplomat with a foreign government. … Their account could not be independently verified."

In another story, USA Today (8/18, Diamond, 2.27M) reports "the ability of US analysts to say with confidence what was in the boxes set off a chain of events that blocked the shipment to Syria, the US intelligence officials said. They said the weapons were to be forwarded to Hezbollah guerrillas fighting Israeli forces in Lebanon."

Turkey Said To Be Permitting Iran To Resupply Hezbollah. Fox News' Special Report (8/17, Rosen) reported, "Two Bush administration officials, a senior counterterrorism officer and an arms control official, confirmed to Fox News that US intelligence has detected Iran already attempting to rearm Hezbollah since the cease-fire began this past Monday. One official characterized those attempts as ongoing. Of particular concern, the prospect of a Muslim ally in the war on terror serving, as in the past, as a transshipment point." State Department spokesman Tom Casey was shown saying, "The issue of potential arms shipments through Turkey and through other countries are things that are have talked about with the Turkish government."

Friedman Links Price Of Oil, Iranian Support For Hezbollah. In his New York Times column (8/18), Thomas Friedman says, "I'm not sure yet who's the winner in the war between Hezbollah and Israel, but I know who's the big loser: Iran's taxpayers. What a bunch of suckers." As soon "as the reckless war he started was over, Hezbollah's leader, Hassan Nasrallah, declared that Hezbollah would begin paying out cash to the thousands of Lebanese families whose homes were destroyed." But "wait — where will Hezbollah get some of the $3 billion-plus needed to rebuild Lebanon?" The "answer, of course, is that Iran will dip into its oil income and ship cash to Nasrallah, so that he will not have to face the wrath of Lebanese for starting a war that reaped nothing but destruction." Yes, "thanks to $70-a-barrel oil you can have Katyusha rockets and butter at the same time. When oil money is so prevalent, why not?" Friedman adds, "This is why I am obsessed with bringing down the price of oil. Unless we take this issue seriously, we are never going to produce more transparent, accountable government in the Middle East. Just the opposite — we will witness even more reckless, unaccountable behavior like Nasrallah's and Iran's."

Israelis Criticize War Leadership, Believe Hezbollah Won. The New York Times (8/18, Myre, 1.21M) reports from Jerusalem, "In a country where raucous debate is the norm, Israelis set aside differences during war. They even have an expression for it: 'Quiet. We're shooting.'" But "the guns have gone silent, the debate has resumed and the wartime unity has shattered." Prime Minister Ehud Olmert, Defense Minister Amir Peretz and the military's chief of staff, Lt. Gen. Dan Halutz, "are all facing fierce, even vitriolic criticism in a country accustomed to swift and decisive battlefield triumphs against Arab enemies. … A sizable number of Israelis have challenged the claims of their leaders that Israel won the war against Hezbollah." The Times adds, "An Israeli radio poll released Thursday found that 28 percent of the 513 respondents believed Israel won, 24 percent believed Hezbollah won, and 36 percent thought neither side came out on top. The poll had a margin of sampling error of

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4.5 percentage points. Two polls released Wednesday showed similar results."

The Washington Times (8/18, Rabinovich, 88K) runs a similar story under the headline "Israel Turns From War To Political Skirmishes," in which it says Olmert "is turning to religious and conservative parties in the hope of bolstering his governing coalition in the face of harsh criticism in parliament of the handling of the war." The Times adds, "Politicians from across the political spectrum have called for Gen. Halutz's dismissal since a newspaper revealed that he ordered his financial adviser to sell all his stocks -- worth about $27,000 -- on the first day of the war."

Administration Rhetoric Over Lebanon Criticized. The Los Angeles Times (8/18, 918K) says in an editorial, "Like the war in Lebanon itself, the war of words over who 'won' the bloody monthlong conflict cries out for a cease-fire. The Bush administration appears to have recognized this, if belatedly, with its tempered rhetoric in the aftermath of the United Nations resolution that ended the fighting." On Monday, "the president spun the U.N. Security Council resolution on Lebanon as a victory for Israel and taunted Hezbollah: 'How can you claim victory,' he asked, 'when, at one time, you were a state within a state, safe within southern Lebanon, and now you're going to be replaced by a Lebanese army and an international force?'" It "wasn't until Wednesday that Secretary of State Condoleezza Rice turned down the volume." This "war of words isn't as dangerous as the real war that thankfully has come to a halt in Lebanon. But, as the Bush administration surely realizes, escalating rhetoric carries its own dangers."

Lebanese Troops Deploy To Control South. ABC World News Tonight (8/17, story 8, 0:15, Gibson, 8.78M) reported, "Two milestones to report in Lebanon's recovery. The first Lebanese troops entered south Lebanon to patrol Hezbollah strong holds that Israeli troops captured and agreed to give up under the cease-fire. And two commercial flights landed at Beirut's airport for the first time, when fighting broke out six weeks ago."

The Washington Post (8/18, A16, Shadid, 748K) reports, "For the first time in a generation, Lebanese troops, tanks and armored vehicles deployed in force Thursday into the country's south as part of a UN cease-fire," but "the deployment appeared to reflect the complicated reality of the Shiite Muslim militia's determined presence in southern Lebanon." The Post notes "occasional scenes of joy, but across much of the south, the deployment was a relatively sedate affair, as the extent of the damage became apparent in southern towns such as Bint Jbeil, Aitaroun and Khiam, and as tens of thousands of refugees continued to return home along jammed roads."

NBC Nightly News (8/17, story 6, 2:20, Brown, 9.87M) also reported, "In the Middle East tonight, a turning point perhaps more symbolic than anything else. But for the first time in four decades the Lebanese army is patrolling the southern part of its own country, part of the US peace deal that stopped the fighting there between Israel and Hezbollah." General Alan Pellegrini, United Nations Interim Force Lebanon, was shown saying, "For the moment its OK, but I cross my fingers."

The Financial Times (8/18, MacDonald, Biedermann) says the deployment is "a move described by government officials as the first step in re-establishing state authority over the troubled southern border zone… The army presence, almost non-existent in the area since the late 1960s, will grow to 15,000 in the days ahead, while Hizbollah fighters take a lower, visibly unarmed profile."

The New York Times (8/18, Tavernise, Kifner, 1.21M) says the deployment "was the potential beginning of a diplomatic way out of the bitter monthlong battle with Israel, whose vaunted army bogged down against a smaller force of skilled and entrenched guerrillas."

CNN's The Situation Room (8/17, Sadler) noted the "deployment has been demanded by the Israelis, otherwise they wouldn't have withdrawn." And Fox News' Special Report (8/17, Lewis) described the Lebanese as "hardly a sight to inspire fear, but an essential ingredient in the cease-fire with Israel." USA Today (8/18, Jervis, 2.27M), McClatchy (8/18, Fadel, Allam, Bengali) and Christian Science Monitor (8/18, Peterson, 58K) run similar reports.

Unusual Israeli, Lebanese Troop Meeting Noted. CNN's The Situation Room (8/17, Verjee) reported, "Two enemy armies sharing a cup of tea and casual conversation as war raged all around. Lebanese and Israeli soldiers in the town of Marjeyoun were showing a bizarre camaraderie. It's August 10, about 350 Lebanese troops are at this military base six miles from the Israeli border. This edited videotape shot by an Israeli shows Israeli troops and at least two tanks rolling into the base. There's no resistance. Only white flags. Lebanon's Brigadier General, Adnan Daoud, a Christian, is in charge and offers the Israelis tea. Then on the tape we hear this odd exchange. 'We need to brief our bosses on what happened,' says Daoud. The Israeli commander says, 'We briefed Bush. You brief whoever you want.' Daoud responds, 'We need to brief Bush too.'" The "acting Lebanese interior minister did give orders not to fight, saying the likely armed troops were not a combat force, but a humanitarian protection force. Lebanese army intelligence sources tell CNN that Daoud has not been formerly charged or arrested for treason, but an investigation is ongoing."

France Will Contribute Only 200 Troops To UN Force In Lebanon. The Washington Post (8/18, A16, Lynch, 748K) reports French President Jacques Chirac "on Thursday rebuffed pleas by UN officials to make a major

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contribution to a peacekeeping mission in southern Lebanon, setting back efforts to deploy an international military force to help police a cease-fire between Israel and Hezbollah." While France still plans to lead the force, Chirac "said Thursday that France would contribute only 200 additional troops to the U.N. operation in southern Lebanon," while "a force of about 1,700 French troops and crew members on warships off the coast would provide logistical support." Chirac's announcement "sent US officials scrambling during a meeting here to find countries willing to fill the void."

Fox News' Special Report (8/17, Rosen) reported, "French President Jacques Chirac confirmed his country is prepared to lead the UN force, but he authorized a total of only 400 troops, far below what was expected of a nation offering to lead a force of 15,000 men." Chirac's announcement "followed a phone call between Secretary of State Rice and France's foreign minister, and a US official told Fox News the Americans will ask the French to increase their troop strength. For now, Rice's spokesman was circumspect in talking about it." State Department spokesman Tom Casey was shown saying, "The French have very clearly indicated to us that they do want to see this force be a success and do, as far as I know, intend to play a role in it."

The Wall Street Journal (8/18, Champion, 2.03M) reports "the French position…came as a blow to UN officials who had expected Paris to take the lead." Diplomats "worried yesterday that without the French lead, it will be hard to persuade other countries to offer the big contributions needed to create a force of 15,000, as called for in last Friday's UN Security Council resolution that France co-wrote. Italy, which has said it could offer as many as 3,000 troops, lined up behind France's wait-and-see position."

The AP (8/18, Lederer) reports the UN "got pledges Thursday of 3,500 troops for an expanded U.N. peacekeeping force in Lebanon, but it was unclear whether the soldiers represented the right mix of countries and units and could deploy very quickly."

UN Official Says Force Could Be Deployed In 10 Days. The New York Times (8/18, Hoge, 1.21M) says France "made a disappointing offer," but "by the end of the day a top United Nations official said the organization was on track to meet its goal of having 5,500 foreign troops on the ground there in 10 days. 'I would say the show is on the road, we're in business,' Mark Malloch Brown, the deputy secretary general, said after he emerged from a meeting of 49 countries that had expressed interest in contributing to the peacekeeping force."

WPost Criticizes France. The Washington Post (8/18, A20, 748K) editorializes, "Throughout this summer's crisis in relations between Israel and Lebanon, France has been liberal with its advice and admonitions, as befits the major power it claims to be. Now that the time has arrived to assume the responsibility of a major power, however, France appears suddenly bashful. The consequence for the peace deal it helped broker could be calamitous. … Other nations will be less likely to contribute if France remains on the sidelines, and without a substantial force the peace settlement -- fragile to begin with -- is far less likely to endure. That, in turn, would seem to offer precisely the wrong lesson for a European nation eager to provide international leadership and to prove that diplomacy and peacekeeping can accomplish more than war."

US, Allies Competing With Hezbollah To Provide Aid. The Washington Times (8/18, Behn, 88K) reports the US "and its allies are rushing billions of dollars for the reconstruction of Lebanon while Iran provides cash through its proxy, Hezbollah, in a race to establish long-term political influence among the country's war-ravaged Shi'ite communities." Saudi Arabia and Kuwait are "sending $2 billion, said a Lebanese source close to the majority party in government, and the United States has publicly promised $50 million in humanitarian assistance. That sum will likely be increased at an international pledging conference later this month." Hezbollah, "which successfully held off the Israeli military in the monthlong war that ended Monday, is already working with residents of the south to rebuild homes and businesses destroyed in the conflict."

UN Pledges About $64 Million To Clean Up Oil Spill Off Lebanon. The New York Times (8/18, Carassava, 1.21M) reports the United Nations Environment Program "on Thursday pledged 50 million euros, about $64 million, to help clean up and contain a major Mediterranean oil spill caused by the conflict in Lebanon." The "87-mile-long slick, described by experts as the worst environmental disaster in Lebanese history, stained Lebanon's shores after Israeli warplanes bombed an oil storage depot at Jiyeh, about 19 miles south of Beirut, on July 13 and 15." The spillage "could total 35,000 tons, close to the 1989 spill from the Exxon Valdez tanker accident in Alaska, officials said on the sidelines of the meeting here, in Greece's biggest port."

Brahimi Says Hezbollah Should Be Encouraged To Be Responsible. In a New York Times op-ed (8/18), Lakhdar Brahimi, a former special adviser to the United Nations Secretary General, said, "The international community should take several steps — some concrete, some conceptual — to address the current crisis. First, priority must be given to ensuring Lebanon's unity, sovereignty and territorial integrity and the full implementation of the 1989 Taif accord, which I helped negotiate on behalf of the Arab League. This agreement specifically required that the Lebanese government, like all states, have a monopoly over the possession of weapons and the use of force." Second, "we must recall that Hezbollah came into existence as a consequence of the Israeli invasion of Lebanon in 1982.

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Like all movements, it has evolved: it was initially a militia and a resistance movement against foreign occupation. It then developed into both a political party and a social organization, providing valuable services to its impoverished community." Rather than "trying to isolate Hezbollah, we should be encouraging it to play a responsible role in the internal dynamics of Lebanon."

Krauthammer Says Delays In Deployment Of International Force Strengthens Hezbollah. In his Washington Post column (8/18, A21), Charles Krauthammer says, "Ensuring that Hezbollah is cut down to size by a robust international force with very strict enforcement of its disarmament" is "critical. For all its boasts, Hezbollah has suffered grievously militarily, with enormous losses of fighters, materiel and infrastructure. Now is its moment of maximum weakness. That moment will not last long. Resupply and rebuilding have already begun. This is no time for the US ambassador to the United Nations to be saying, when asked about the creation of an international force, that 'this really is a responsibility of the Secretariat.' Maybe officially, but if we are not working frantically behind the scenes to make sure that this preposterously inappropriate body gets real troops in quickly, armed with the right equipment and the right mandate, the moment will be lost. And with it Lebanon."

Abbas Says Palestinian Militants Agree To Suspend Attacks On Israel. The AP (8/18, Hadid) reports Palestinian President Mahmoud Abbas "said Thursday that militant groups promised to suspend attacks on Israel in hopes of ending a nearly 2-month-long Israeli crackdown in the Gaza Strip." The militants "denied there was a formal agreement with Abbas, but left the door open to a possible halt in attacks. Only minor violence was reported Thursday, and there appears to have been a drop in rocket attacks on Israel in recent days." Abbas said "the groups reached their accord late Wednesday during renewed talks on forming a unity government including his Fatah Party and the rival Hamas group, which controls the Cabinet. The talks broke down after Hamas-linked militants captured an Israeli soldier in late June and Israel responded with a widescale offensive in Gaza."

Fox News Reporters Still Missing In Gaza. Fox News' Special Report (8/17, Hume) reported, "Our Fox News colleagues…national correspondent Steve Centanni and freelance cameraman Olaf Wiig remain missing tonight, three days after they were kidnapped in Gaza. Palestinian officials say the captors, whoever they are, are operating on their own, without any support from any known militant groups in the area or from any political organizations." There has been "no communication from their captors and no claim of responsibility. But we are encouraged and believe they have not yet been harmed, based on what little we know."

Musharraf Said to Be In "Serious" Political Bind. In a 1,458-word analysis piece, the New York Times (8/18, Sengupta, 1.21M) says, "Nearly five years after Sept. 11 turned Pakistan's president, Gen. Pervez Musharraf, into one of Washington's most indispensable allies, he finds himself squeezed from many directions, leading to one of the most serious political binds of his nearly seven-year tenure." While Musharraf's "two main political foes, who undermined each other for years, are linking arms in an effort to restore civilian rule," some of his "erstwhile" conservative partners "have stepped up their criticism." The Times notes that, while "no one doubts that" Musharraf "remains the most powerful man in Pakistan and enjoys the backing of" Washington, "there are signs of weakness." Among Pakistanis, Musharraf "has been criticized for having little to show for his overtures toward India," and "Afghanistan and India have been nipping at the general's heels for not doing enough to crack down on militants who they say export violence to their respective countries." Within the Bush Administration, "there are also simmering concerns. A series of planned terrorist attacks with links to Pakistan as well as a sharp rise in crossborder Taliban attacks in Afghanistan have prompted renewed debate within the Defense Department about Pakistan." However, the Times adds, "in Washington the official view remains strongly supportive. Richard A. Boucher, the assistant secretary of state for South and Central Asia, credited General Musharraf with having kept his promise to 'break' with the Taliban and their Qaeda allies."

US Says Security Council Will Sanction Iran Next Month If Enrichment Continues. The New York Times (8/18, Shanker, 1.21M) reports Undersecretary of State Nicholas Burns "said Thursday that he anticipated that the United Nations would move rapidly in September to impose sanctions on Iran if it refused to halt uranium enrichment, a process central to building nuclear weapons." Burns "said the punishment 'will be well deserved' if Iran failed to act by a looming deadline set by the Security Council. … 'It's not a mystery to the Iranians what is going to happen. I think we would want to move very quickly in the first part of September toward a debate in the Security Council about sanctions. They will be well deserved as this has gone on a long time." He "emphasized that the United States already had agreements from Russia and China and other Security Council members to move to economic sanctions under Chapter VII of the United Nations Charter if Iran failed to comply."

The AP (8/18, Schweid) also covers Burns' comments, and notes, "U.S. officials did not specify the proposed punishment." The Washington Times (8/18, Schweid, 88K) publishes the AP account.

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The Los Angeles Times (8/18, Spiegel, 918K) reports Burns "said he believed the United States had the backing of fellow permanent members of the United Nations Security Council for economic and diplomatic sanctions and would push for them to be imposed early next month if Tehran failed to halt uranium enrichment at its Natanz facility." In addition, he "said he believed the war between Israel and Hezbollah…had strengthened the hand of the U.S. in the nuclear standoff because it laid bare Tehran's larger ambitions to gain power in the region." The Times say Tehran "has given mixed signals on whether it will respond by the U.N.-set date" and "has indicated it would not abandon its nuclear ambitions, which it has characterized as purely for civilian use."

North Korea May Be Prepping For Nuclear Test. The Wall Street Journal (8/18, Ramstad, 2.03M) says Washington and Seoul "are monitoring activity around a military site in North Korea that may indicate the North is preparing to test a bomb underground, government officials in the two countries said. Satellite images of a remote area in northeast North Korea show a number of trucks and coils of cables around a hole that U.S. officials have watched in the past for bomb testing, the officials said." The Journal says officials' "worst fear is that the activity signals plans for an underground nuclear-bomb test."

ABC World News Tonight (8/17, story 7, 1:15, Gibson, 8.78M) reported, "ABC News has learned that US government intelligence suggests that North Korea may be preparing to test a nuclear bomb. It's been believed that North Korea has the material up for a dozen bombs. But it has never tested one." ABC (Karl) continued, "US officials say they've picked up information that North Korea may be gearing up for a test. Suspicious vehicle movement, including the unloading of large reels of cables outside an underground facility. Now, those cables can be used to connect an underground test site with outside observation equipment. … [Officials] acknowledge that the intelligence is inconclusive. Underground tests are difficult to detect. They've been wrong about this in the past. But an underground test would prove that North Korea is a nuclear power. And for that reason, many analysts believe it will be North Korea's next move."

Britain's Prescott Denies Criticizing Bush. The Los Angeles Times (8/18, Murphy, 918K) notes, "Amid plummeting public support in Britain for backing America's policy in the war on terrorism, Deputy Prime Minister John Prescott denied Thursday that he called President Bush a 'cowboy with his Stetson hat' whose progress on a Middle East peace plan was 'crap.'" The Times says "the tempest" over the comments "underscored growing misgivings within the government of Prime Minister Tony Blair, who until now has been the Bush administration's strongest ally on Iraq, Afghanistan and, more recently, Lebanon." One Labor MP "said Prescott was expressing strong frustration over Washington's inability to make progress on a settlement of the Palestinian-Israeli conflict, a sentiment he said was shared by a growing number of lawmakers in Blair's camp." The Times adds, "The larger issue — sharply declining public support for Washington's lead in the U.S.-declared war on terrorism — was made clear with the release of a new poll that showed 14% of respondents thought Britain should continue to closely align its foreign policy with that of the United States."

China Said To Be Engaged In "Massive" Electronic Eavesdropping Program. The Washington Times' "Inside the Ring" column (8/18, Gertz, Scarborough) reports Pentagon officials "tell us China is engaged in massive electronic eavesdropping through a series of ground stations, many in western China. Some stations can now be viewed without a security clearance for the first time from high-resolution satellite photographs recently made available on Google Earth. The officials said Chinese military and civilian intelligence units operate several key facilities in western China that are collecting hundreds of thousands of e-mails, among other electronic signals, that transit cyberspace through satellites. … By putting in key words, the Chinese eavesdroppers can gain valuable intelligence for both their military and commercial programs, the officials said."

Beijing Tries To Marginalize Unapproved Churches. The New York Times (8/18, French, 1.21M) says the destruction of a rural Chinese Protestant church and the harassment of its congregants "is part of a national wave of repression against independent, or underground, churches that are not registered with the government and do not recognize the authority of state-appointed spiritual leaders." Inspired by a 2005 religious "standardization" law, the "crackdown, which also affects other faiths, especially Buddhism in Tibet and Islam in the far western Xinjiang Province, comes at a time of booming growth in underground churches across the country." The Times cites human rights activists' claims that "local officials are forcing small, independent parishes to close or to merge under tighter government control. The new rules also make it harder to register with the authorities, even for those who wish to operate within the law." The Times adds, "Although the crackdown is decentralized, with each province and locality carrying out the repression on its own, the pattern is as unmistakable as the constant stream of incidents."

As UNSC Debates Darfur Force, Sudan May Seek New Military Offensive. The Washington Post

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(8/18, A16, Kessler, 748K) reports Khartoum "appears to be preparing a major military offensive in its troubled Darfur region, aid workers are increasingly at risk, and the population" may, in the words of UN peacekeeping chief Hedi Annabi, "be at risk." Annabi's "blunt assessment" was made while the UN Security Council considered a US-UK draft resolution "to send 17,000 U.N. peacekeepers to Darfur over the opposition of Khartoum. China and Russia, however, suggested they would reject the resolution, and the Sudanese government reiterated its opposition to a U.N. force." The Post notes that, despite former Secretary of State Colin Powell's 2004 condemnation of Khartoum-backed violence and former Deputy Secretary of State Robert Zoellick's witnessing of a peace agreement three months ago, "the administration has not named a replacement [for Zoellick, its point person on Sudan] and has ignored calls from Congress for a special Sudan envoy."

The AP (8/18, Lederer) notes a draft US-UK UNSCR "introduced Thursday would transfer peacekeeping in Sudan's conflict-wracked Darfur region from the African Union to a much larger U.N. force despite strong opposition from Sudan." UK PermRep Emyr Jones Parry "stressed that no U.N. force will deploy in Darfur without the consent of the government. … With violence escalating in Darfur, Jones Parry said he hopes the resolution can be adopted by the end of August." US Deputy PermRep Jackie Sanders "said the Sudanese government's consent is not required by the resolution, but 'practically speaking it's going to be useful to have the government on board to get this accomplished.'" Sudanese Deputy PermRep Omar Bashir Manis "questioned the Security Council's motives and said the resources to deploy a U.N. force should instead be spent on beefing-up the African Union force." Under the plan, the 7,000-person AU force would transition to a 22,600-person UN force including nearly 5,300 police officers. The UN force would take over on October 1, when the AU's mandate expires.

The Financial Times (8/18, Birchall, England) adds, "Diplomatic efforts to persuade Sudan to admit United Nations peacekeepers to Darfur intensified on Thursday, as Britain introduced a draft" UNSCR "that could lead to the deployment of up to 20,000 UN troops and police in the troubled region." The Times says the plan "would require the consent of President Bashir…but is seen as a way of increasing the pressure on him to do so."

US Military Rebuilds Tanzanian Clinic. The AP (8/18, Kennedy) explains a U.S. military civil action program that it "believes…could stamp out radicalism in remote parts of Africa where America needs friends, and fast." Recent, U.S. teams "helped refurbish a medical clinic [in Msata, Tanzania] and built another a few miles away. It provided medicine and did checkups for some 3,000 people, and performed similar humanitarian projects in rural areas of Uganda and neighboring Kenya." The AP notes, "The work comes at a time when America's reputation in Africa is foundering," including in Somalia. An Air Force Major "said 'we will continue to operate with a humanitarian focus' despite any rumblings of anti-U.S. sentiment in Africa. He noted he had not experienced any ill will during the project." The officer "acknowledged that extremist ideology is not readily apparent in Msata and the rest of Tanzania's Bagamoyo District, a rural area home mainly to nomadic herdsmen and Maasai tribespeople, more than 60 miles from Dar es Salaam. But he said the task force wants to build conditions that never let such a dangerous ideology take hold."

Russian Prosecutor Probes Western Yukos Executives. The Washington Post (8/18, Finn, 748K) reports, "The Russian prosecutor's office announced Thursday that it had opened a criminal probe into allegations of money laundering and embezzlement by Steven M. Theede, the American former chief executive of the embattled Yukos oil company, and three other expatriate executives." This is the first time the "sprawling and politically charged" Yukos investigation "has targeted the company's Western managers. They were resisting an effort by the state-controlled oil company Rosneft to drive Yukos into bankruptcy and secure the bulk of its assets." The prosecutor's office said in a statement that the managers "took advantage of their official positions to steal and legalize property that had been trusted to them."

Venezuelan Official Disputes WSJournal's Characterization Of Oil Firm. In a letter to the editor of the Wall Street Journal (8/17, 2.03M), Fadi Kabboul, the Minister Counselor for Petroleum Affairs at the Venezuelan embassy in Washington, writes that "the Journal's story on the Venezuelan national oil company Petroleos de Venezuela, S.A. (PDVSA), 'As Global Oil Demand Tightens, A Big Producer Has Own Agenda'...presented a distorted picture of Venezuela's oil operations and its commitment to sustainable production and refining of crude oil." Kabboul also writes, "The article failed to recognize the sovereign right of Venezuela, as any other resource owner, to use the oil wealth and revenues for its own development and the progress of its people. … In its mistaken effort to portray PDVSA as a social welfare organization as opposed to a socially responsive business corporation, the article ignored that other foreign oil and gas companies operating in Venezuela have also so far contributed more than $41 million to social projects."

Castro Impersonators Change Routines To Match Events. In a 1,270-word piece on today's front page, the Wall Street Journal (8/18, De Córdoba, 2.03M)

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reports, "Like most Cubans, Miami's small group of Fidel impersonators were taken by surprise when Havana announced that an ailing Mr. Castro had temporarily ceded power to his younger brother, Raúl. Now the comics have worked the succession drama into their acts."

Canadian Economist Touts Western Provinces' Pro-Growth Tax, Trade Policies. In an op-ed in today's Wall Street Journal (8/18, 2.03M), Niels Veldhuis writes, "Ontario and Quebec once reigned supreme as the economic hub of Canada, but no more. The western provinces of British Columbia, Alberta and Saskatchewan are quickly taking their place." Veldhuis attributes the shift to "pro-growth tax policy," and says "western Canadian governments of all political stripes…have reduced marginal personal income tax rates and overall business taxes. The tax policies pursued by western Canada over the past few years are quintessentially supply-side." He adds, "The economic results of tax reform based on improved incentives have been stunning," and "growth in the three provinces also outpaced the U.S. national average for the past two years." In addition, "patterns of success hold for other economic indicators," including employment growth and expanded investment. Veldhuis continues, "The gap between eastern and western growth rates has been facilitated by poor policies in Ontario and Quebec," including often-difficult inter-provincial trade. The western provinces "are establishing themselves as economic beacons in North America," he concludes, and "perhaps the success of western Canada will entice other provinces, the Canadian federal government, and even some of the states to the south that have poor tax structures to join the bandwagon of prosperity by implementing incentive-based tax relief and freer trade."

Author Says Worst Polluting Nations Have Few Incentives To Stop. In an op-ed in today's Washington Post (8/18, A21, 748K), professor and author Cass Sunstein says the "neglected obstacle" to reducing greenhouse gas emissions is the lack of "incentives" for Washington and Beijing to change behavior. "As the world's leading contributors to climate change, these are the two countries that would have to bear the lion's share of the cost of greenhouse gas reductions. At the same time, they are both expected to suffer less than many other nations from climate change -- and thus are less motivated to do something about it." Sunstein notes that China will, by 2026, "account for nearly one-quarter of the world's greenhouse gas emissions," easily supplanting the US as the chief producer. "It follows that if an international agreement requires reductions, China and the United States will have to bear the brunt of the expense." While US and Chinese health and agricultural losses "will be disproportionately small," the public health impact on India and Africa will be substantial. World leaders outside Washington and Beijing must develop incentives for the two powers, Sunstein says, because "without the participation of the two countries, no such efforts are likely to have a substantial effect on the problem."

NYTimes Urges Continuing International Commitment In Kosovo. In an editorial, the New York Times (8/18, 1.21M) says the "day is now at hand" to decide the political future of Kosovo, "and the main question facing the international community is not whether Kosovo will become independent, but when and how." Kosovo's current leaders "haven't really" made progress on economic and social integration standards established for them, "although they have made some grudging moves under international pressure." The province's "international wardship cannot be extended indefinitely. The most promising way to encourage further progress is by moving ahead to a carefully conditioned form of limited autonomy." The "powers of Kosovo's new government must be strictly limited," and the rights of the Serb minority protected. "A few thousand NATO-led troops should remain in Kosovo with the power to intervene when necessary to compel compliance." Despite a desire for KFOR contributing nations to remove their troops, "Kosovo's march toward independence is going to remain difficult and dangerous for years. The need for a continuing armed international presence should be non-negotiable."

NYTimes Says Grass' Lie Does Not Diminish Importance Of His Work. In an editorial, the New York Times (8/18, 1.21M) says German author Günter Grass' "central literary theme has always been Germany's struggle to come to terms with its past, and he has used his own life — and the realizations forced upon him after the war ended — as a platform for trenchant moral and social criticism." Now Grass "stands accused…of deceit and hypocrisy." The Times identifies "two critical questions here. First, does this revelation undermine the sharp criticisms Grass has leveled over the years against Germany and the United States? Grass's personal probity has been seriously damaged, but that does nothing to mitigate the very real crimes of thought and deed he has railed against. The second question is more important. Does this revelation annul or impair Grass's work?" While "everything he has written will now be reread with an ironic eye," the full "weight of the work will stand unchanged. With this revelation, Günter Grass has become, in a sense, his own final chapter."

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"Wiretap Project Ruled Illegal."
"Links to JonBenet Are Unclear."
"Manufacturers Taking Flight -- To Vietnam."
"A Blue Streak That Has L.A. Talking."
"Tax Break Extended To All 401(k) Heirs."
"Young To Quit Wal-Mart Group After Racial Remarks."

USA Today:
"Officials: U.S. Blocked Missiles To Hezbollah."
"Suspect's Answers Raise Questions About Credibility."
"Wiretap Program Illegal."

New York Times:
"Inquiry Suggests Marines Excised Files On Killings."
"U.S. Judge Finds Wiretapping Plan Violates The Law."
"Heart Procedure Is Off the Charts In An Ohio City."
"New Limits Set Over Marketing For Cigarettes."
"Arrest in Ramsey Case Presents More Questions."
"Minority Students Decline In Top New York Schools."
"New York's Tally Of Heat Deaths Draws Scrutiny."
"Lebanese Army Sets Up In Hezbollah's Territory."

Washington Post:
"Judge Rules Against NSA Wiretaps."
"Big Tobacco Lied to Public, Judge Says."
"Questions Surround JonBenet Suspect."
"Republicans Losing The 'Security Moms'."
"Bicycling No Longer A Breeze."
"The FBI's Upgrade That Wasn't."

Washington Times:
"NSA Surveillance Struck Down."
"U.S., Hezbollah Vie To Rebuild For Lebanese."
"JonBenet Arrest Downplayed."
"Liquid ban Prompts Upswing In Charter Flights."
"9/11 Book Rankles Presbyterian Faith."
"U.S. Men, Women Still Worlds Apart."

Detroit Free Press:
"Ruling On Wiretaps Faces Fierce Challenge."
"Vroom Town"
"NWA Flight Attendants Are Allowed To Strike, Judge Says."
"JonBenet Confession May Not Solve 10-Year Mystery."

Atlanta Journal-Constitution:
"Evesdrop Program Is Ruled Illegal."
"Who Is John Mark Karr?"
"New Class Act."

Houston Chronicle:
"Airports Here Will Screen Behavior, Too."
"U.S. Court Rules Secret Wiretaps Unconstitutional."
"A Confession…And Now Questions."
"Court Order Most Of 285 Pit Bulls To Be Put to Death."
"State Progress report fails Three Area School Districts."
"Denver Arrest May Help Crack Killings In Juarez."

Story Lineup From Last Night's Network News:
ABC: JonBenet Case; Karr's Story; Surveillance Case Ruling; Terrorism Scare-Virginia; Terrorism Scare-London; Terrorism Airline Scare; Nuclear Bomb-North Korea; Cease-Fire; Child Sexual Abuse; Tobacco Ruling; Pension Rules Change; Blind Veterans.
CBS: JonBenet Case; Karr's Future; Karr's Story; Karr's DNA Match; Warrantless Wiretapping; Cease-Fire; Airline Security; Pension Rules Change; Worker Complaints Gas Prices; Tobacco Ruling; Gibson Drunk Driving Charge; Troops Extended Duty-Iraq.
NBC: JonBenet Case; Convicting Karr; Tobacco Ruling; Warrantless Wiretapping; Terrorist Plot Unfolded; Sectarian Violence Iraq; Pension Rules Change; Sunscreen Regulations; Gibson Drunk Driving Charge; Pigeons With Backpacks.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with economic advisors, Camp David, closed press; holds media availability with economic advisers, Camp David, pool coverage.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: KATRINA-FEMA _ 8:30 a.m. FEMA Director R. David Paulison participates in a news briefing on lessons the government learned from Hurricane Katrina. The Partnership for Public Service also will release a report on trends in Hurricane Katrina media coverage over the past year. Location: National Press Club.

PENTAGON-IRAQ BRIEFING _ 9 a.m. Army Col. Michael F. Beech, commander of 4th Brigade Combat Team, 4th Infantry Division, will brief live from Iraq to provide an update on ongoing operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

TERROR-PAINTBALL _ 9:30 a.m. Scheduled sentencing for Ali Asad Chandia, 29, a teacher at an Islamic school in College, who was convicted of lending aid to a Pakistani terrorist organization. Location: U.S. District Court, Alexandria.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: **THE ATTORNEY GENERAL AND SENIOR STAFF**

DATE: **FRIDAY, AUGUST 18, 2006 7:45 AM EDT**

TODAY'S EDITION

Terrorism News:

Judge Nixes Warrantless Surveillance (AP-Y) 5
Wiretap Program Illegal (USAT) 6
Judge Strikes Down The Warrantless Eavesdropping Program (MCT) 7
Judge Rules Against Wiretaps (WP) 8
NSA Ordered To Stop Wiretap Programme (FT) 9
Federal Judge Rules Warrantless Wiretapping Is Unconstitutional (WSJ) 10
Judge Orders Halt To Domestic Spying (LAT) 11
Bush Surveillance Program Violates Constitution, Judge Rules (FREEP) 13
Domestic Spying Declared Unconstitutional (NSDY) 13
Warrantless Wiretaps Ruled Unconstitutional (SFC) 14
Judge Finds Bush Warrantless Surveillance Unconstitutional (USNEWS) 16
Judge Orders Halt To Domestic Spying (ABC) 17
Judge Bars Warrantless Anti-Terrorism Surveillance (Update6) (BLOOM) 18
The Wiretapping Decision: Legal Blow Or Political Boon? (TIME) 20
Judge Rules Against NSA Eavesdropping Program (NJTD) 21
U.S. Judge Finds Wiretapping Plan Violates The Law (NYT) 21
NSA Surveillance Struck Down (WT) 24
Editorial: A Judicial Misfire (WP) 25
President Taylor (WSJ) 25
Editorial: Ruling For The Law (NYT) 26
Wiretap Ruling Affirms That Presidents Aren't Monarchs (USAT) 27
Bush: Unconstitutional, Again (LAT) 28
Our Bitter Politics May Drop The Gift Of A Foiled Plot (WSJ) 29
NSA Program Is Vital Tool (USAT) 30
Attorney General Exclusive Interview (PTR) 30
British Search Turns Up Parts For A Bomb (NYT) 32
Post-9/11 Detainee Returns To His Life (NSDY/AP) 32
Are We Fighting 'Islamic Fascists'? (WP) 34

Homeland Response:

Washington Seeks To Learn From MI5 (FT) 35
Home Delivery Terror Plot Exposes Flaws In How U.K. Tackles Extremism (WSJ) 36
A New Generation Of Jihad Seekers (CSM) 39
Regional Terror Goes Global (WSJ) 41
Air Travelers Discovering What Will And Won't Fly (WP) 42
Liquid Ban Prompts Upswing In Chartered Flights (WT) 43
W.Va. Airport Closed But No Explosive Found (WP) 44
Passenger's Behavior Suspicious Before Diversion, Affidavit Says (NYT) 45
Woman Charged In Flight Scare Was Barely Lucid (WP/AP) 46
Don't Let Guard Down, FBI Chief Says In Visit (SEAPI) 47
Chertoff Seeks Support On Real ID (AP) 47
Improved Information Sharing A Must (WT) 48
Teacher's Radical 9/11 Views Raise Red Flags (CSM) 49
9/11 Book Rankles Presbyterian Faith (WT) 50
Public Service Group Considers 'Government After Katrina' (WP) 51

War News:

Inside The Ring (WT) 52
White House Seeks To Boost Support For The War In Iraq (WSJ) 53
Inquiry Suggests Marines Excised Files On Killings (NYT) 55
10 Killed By Car Bombs In Baghdad (USAT) 56
7 Killed As Full-Scale Sectarian Fighting Rages In Baghdad (NYT) 57
Premier Calls Iraqi Forces Ready To Extend Control (WP) 58
Another Renegade Cleric Gains Clout (LAT) 58
Afghan President Blames U.S. Airstrike For 10 Deaths (WP/AP) 60

U.S. Coalition's Bombs Kill 10 Afghan Border Police (NYT) .. 60
C.I.A. Contractor Guilty In Beating Of Afghan (NYT) 61
Ex-Contractor Guilty Of Assaulting Detainee (WP) 61
Ex-CIA Contractor Found Guilty Of Assaulting Afghan Detainee Who Later Died (AP) 62
Ex-CIA Contractor Convicted Of Abusing Afghan Detainee (BLOOM) 63
Health Workers Freed Unhurt In Afghanistan (USAT) 63
General Says Opium Fuels Taliban (AP-Y) 64

DOJ:

Montana's U.S. Attorney In Line For No. 3 Post At Justice Department (AP) 65

Corporate Scandals:

Comverse Cancels Trio's Job Pacts And Revokes Their Stock Options (WSJ) 65
Raising The Stakes In Twist For Private Buyouts, Some Shareholders Fight Back (WSJ) 66
Time Warner To Adjust Profit Again (WP) 70
Ex-DHB Execs Face Financial Charges (USAT) 70
Foundry Networks Gets Nasdaq Notice (AP) 71
VeriSign Gets Nasdaq Noncompliance Note (AP) 71

Criminal Law:

Suspect Says He Drugged, Had Sex With JonBenet Ramsey (AP) 71
Prosecutor Tight-Lipped About Ramsey Suspect (AP) 73
Ramsey Confession Questioned (CHIT) 75
Suspect In Ramsey Slaying Says Death Was 'Accident' (LAT) 76
Questions Surround JonBenet Suspect (WP) 79
Complex Portrait Of Ramsey Murder Suspect Emerges (LAT) 82
Suspect's Answers Raise Questions About Credibility (USAT) 84
Arrest In Ramsey Case Presents More Questions (NYT) 86
JonBenet Arrest Downplayed (WT) 89
Ex-procurement Chief Argues For New Trial (GOVEXEC) 90
Prosecutors Reach Plea Deals In Gadsden Corruption Case (AP) 91
Opening Statements In Junior Gotti's 3rd Trial (NSDY/AP) 92
GOTTI TEMPER TANTRUM (NYPOST) 93
On Trial For The Life (NYDN) 94
Reputed Godfather Of Montreal Mafia Faces Charges In U.S. (NSDY/AP) 94
Mobster Cops To '84 Slay Of Capo (NYDN) 95
Reputed Montreal Mobster Faces U.S. Charges After Losing Extradition Battle (CP) 96
JUSTICE HAS LAST LAUGH ON MOB KILLER 'HA HA' (NYPOST) 97
Two Found Guilty In $15M Internet Software And Securities Scheme (LAW) 97
Former Cokato Bank Executive Pleads Guilty To Lying (DULNT) 98
Birmingham Woman Sentenced To 19 Months In FEMA Fraud Case (AP) 98
FBI Duty In Slaying Trial Of 4 Disputed (BOS) 99
Phoenix Police Took A Page From D.C. Sniper Case (WT) 100
DNA Links 2 Women To Dead Men (LAT) 101

Civil Law:

Judge's Ruling Slams Big Tobacco (USAT) 101
Cigarette Companies Escape Major Financial Penalty In Suit (WSJ) 102
New Limits Set Over Marketing For Cigarettes (NYT) 104
Big Tobacco Lied To Public, Judge Says (WP) 105
Judge: Tobacco Firms Deceived Smokers (AP) 107
Judge: Tobacco Firms Misled Public (RTD) 108
Judge Finds Tobacco Racketeering (CNN) 110
Tobacco Companies 'deceived Smokers' (FT) 111
Tobacco Gets Off Lightly In Federal Fraud Suit (DOW) 112
Cigarette Makers Lose In U.S. Racketeering Lawsuit (Update2) (BLOOM) 114
U.S. Trustee Says She Left Due To Interference (LAW) 115

Civil Rights:

Time, Dead Witnesses And Dead Ends Plague Old Murder Probes (AP) 116
Ex-apartment Manager Fined For Discrimination (BN) 117
5 Clinics Shut On Accusations Of Late-term Abortions (WT) 117
Minority Students Decline In Top New York Schools (NYT) . 118

Antitrust:

Bristol-Myers: No Evidence Plavix Talks Broke Law (DOW) . 120
New Jersey Regulators Offer Counterproposal To Exelon/PSEG Merger (AP) 121
Bidders Convinced Of Huge Pot At The End Of The Spectrum (WP) 122
Schools Get $80M From Microsoft Antitrust Case (AP) 123
Needy Schools To Get Windfall From Microsoft (TAMPTRIB) 124
Lucent's Merger With Alcatel Stirs Analyst's Doubts (WSJ) ... 125
Top 3 Russian Phone Operators Probed (AP) 125

Environment:

Government Wins Round In Pollution Fight (AP) 126

DOJ_NMG_0049771

FBI/DEA/ATF/USMS:

9/11 Panel Chiefs: FBI Lags On Promised Improvements (USAT) 127
The FBI's Upgrade That Wasn't (WP) 128
FBI Names Chief Of Criminal Investigations (WT) 132
Bonds Trainer Mum On Steroids Question (MERCN) 132
Bonds' Trainer Refuses To Testify, But Remains Free (USAT) 133
Bonds' Trainer Appears Before Grand Jury (SFC) 134
Bonds's Personal Trainer Reveals Little To Grand Jury (NYT) 134
Suspected Drug Kingpin Pleads Not Guilty (AP) 135
Alleged Mexican Drug Lord Pleads Not Guilty (LAT) 136
U.S. Considered '93 Indictment Of Raul Castro On Drug Charges (AP) 137
Feds Take Over Big Drug Case (AC) 138
Manteca Man Admits To Posing As DEA Agent (SFC) 139
30 Arrested In Reservation Meth Sting (EVT) 140
Feds, Tribal Police Unite In Meth Bust (AR) 140
Arizona Indian Country Meth Dealers Busted (WT/UPI) 141
El Cajon Mosque Destroyed By Fire (SDUT) 141

Tax:

Norristown Contractor Gets 20-month Term (PHI) 142
Hollywood, The I.R.S. Is Watching (NYT) 143
IRS Targets Award Show Goody Bags (WP) 144

Congress-Administration:

Bush Signs Measure To Shore Up Pensions (USAT) 146
President Bush Signs New Pension Bill (AP-Y) 146
Bush Signs Law To Fund Pensions (WT) 147
Bush Signs Sweeping Revision Of Pension Law (WP) 148
Reform Erodes The Future Of US Pensions (CSM) 149
Law Will Allow Anyone To Inherit 401(k), Get Tax Benefit (LAT) 151
Deficit Is Likely To Shrink In 2006 On Tax Revenue (WSJ) . 152
Brighter '06 Deficit Outlook, But Grim Long Term (NYT) 153
Tax Receipts Reduce 2006 Deficit Forecast (WP) 154
U.S. Deficit Projected To Shrink, Then Grow (LAT) 155
The Archives Sleuth Had A Secret (WP) 156
3 Critics Of NASA Cuts Quit Panel (WP/AP) 157

Other News:

Small Fall In Leading Indicators Offers Sign Of Increasing Stability (WSJ) 158
Wall Street Extends Four-day Rally (FT) 158
Wages, Wealth And Politics (NYT) 159
Judge Clears Northwest Workers To Strike (WP/AP) 160
Judge Won't Block Possible Flight Attendant Strike (USAT) . 160
Woman Beaten By Husband Wins Suit (WP) 161
Republicans Losing The 'Security Moms' (WP) 162
Latest Poll Shows Lieberman With Huge Lead (WT) 165
Poll: Lieberman Ahead, High Favorability (AP-Y) 165
Rebellion By Base Roils A Republican Race (WSJ) 167
Candidates Woo Farmers At State Fair In Missouri (WT) 168
Months After Making Headlines, John Murtha's Popularity Booming (MCT) 169
Pennsylvania Republican Walks Fine Line On Iraq War (WT) 170
Lawmaker Helped Brother's Lobby Clients (AP-Y) 171
Union Backing Redistricting Fights (AP-Y) 173
Ad Disappears From Democratic Web Site (AP-Y) 174
Schwarzenegger Hears Rumbles From The Right (LAT) 174
Ehrlich Attorney Cleared In Lobbying Complaint (WP) 176
Rising College Fees Will Cost Us In Time (USAT) 177
Project Vision (WSJ) 178
The 'Real World' Of Sen. Allen (WP) 179
A Retreat Toward Watergate (NYT) 180
Reform Worth Rescuing (WP) 181
The Other Pension Crisis (WSJ) 182
No Moratorium On Charters (WP) 183
Officials: U.S. Blocked Missiles To Hezbollah (USAT) 183
Trained Eye Can See Right Through Box Of Weapons (USAT) 184
War On Daddy's Dime (NYT) 185
With Guns Silent, Wartime Unity Unravels In Israel Amid Fierce Criticism Of War Effort (NYT) 186
Israel Turns From War To Political Skirmishes (WT) 187
Defining Victory In Lebanon (LAT) 188
Lebanese Army Begins To Deploy Across South (WP) 189
Lebanese Army Moves South (FT) 191
Lebanese Army Sets Up In Hezbollah's Territory (NYT) 192
Lebanese Troops Deploy In Hezbollah Territory (USAT) 194
Lebanese Soldiers Arrive In Southern Lebanon (MCT) 195
New Stature For Lebanese Military? (CSM) 196
The Situation Room (CNN) 198
France Declines To Contribute Major Force For U.N. Mission (WP) 209
France Hedges On Commitment To Lebanon Force (WSJ) 210
U.N. Gets 3,500 Troops For Mideast Force (AP) 211
U.N. Aide Says A Lebanon Peace Force Can Deploy In 10 Days (NYT) 212
Where Did The French Go? (WP) 213
U.N. Pledges $64 Million For Cleanup Of Oil Spill Off Lebanon (NYT) 214

DOJ_NMG_0049772

Start Talking To Hezbollah (NYT) 214
A Moment To Be Seized In Lebanon (WP) 215
Abbas: Militants Agree To Halt Attacks (AP-Y).....216
Pakistan's Leader Faces Increasing Political Challenges
(NYT) 217
U.S. Predicts Fast Action At U.N. If Sanctions On Iran Are
Needed (NYT).....220
U.S. To Move Quickly On Iran Sanctions (AP).....220
U.S. To Urge U.N. To Exact Penalties For Iran (WT/AP).....221
Iran Rebuff Of U.N. Likely, U.S. Official Says (LAT).....222
Signs In North Korea Point To Nuclear Test (WSJ).....223
Earthy Bush Gibe Denied (LAT).....223
China Adds Restrictions In Effort To Shake The Faith Of
Independent Congregations (NYT) 224
U.N. Official Warns Of Major New Sudanese Offensive In
Darfur (WP).....225
U.N. Resolution Considers Darfur Peace (AP).....226
Sudan Under Pressure To Admit UN Force (FT).....227
U.S. Rebuilds A Clinic In Tanzania (AP).....228
Yukos Probe Widens To Include Westerners (WP).....229
Children Need More Of Us, Not Less (WSJ).....230
Fidel Castro's Illness Has Impersonators Scrambling To
Adapt (WSJ).....230
Go West, Young Man . . . (WSJ).....232
Limiting Climate Change: The Neglected Obstacle (WP) ...233
Navigating Kosovo's Future (NYT).....235
The Betrayal Of Memory (NYT).....235

DOJ_NMG_0049773

TERRORISM NEWS:

Judge Nixes Warrantless Surveillance (AP-Y)

By Sarah Karush

AP, August 18, 2006

A federal judge on Thursday struck down President Bush's warrantless surveillance program, saying it violated the rights to free speech and privacy, as well as the separation of powers enshrined in the Constitution.

U.S. District Judge Anna Diggs Taylor in Detroit is the first judge to rule on the legality of the National Security Agency's program, which the White House says is a key tool for fighting terrorism that has already stopped attacks.

"Plaintiffs have prevailed, and the public interest is clear, in this matter. It is the upholding of our Constitution," Taylor wrote in her 43-page opinion.

The administration said it would appeal to the 6th U.S. Circuit Court of Appeals in Cincinnati.

"We're going to do everything we can do in the courts to allow this program to continue," Attorney General Alberto Gonzales said at a news conference in Washington.

White House press secretary Tony Snow said the Bush administration "couldn't disagree more with this ruling." He said the program carefully targets communications of suspected terrorists and "has helped stop terrorist attacks and saved American lives."

Taylor ordered an immediate halt to the program, but the government said it would ask for a stay of that order pending appeal. The American Civil Liberties Union, which brought the suit, said it would oppose a stay but agreed to delay enforcement of the injunction until Taylor hears arguments Sept. 7.

The ACLU filed the lawsuit in January on behalf of journalists, scholars and lawyers who say the program has made it difficult for them to do their jobs. They believe many of their overseas contacts are likely targets of the program, which monitors international phone calls and e-mails to or from the U.S. involving people the government suspects have terrorist links.

The ACLU says the 1978 Foreign Intelligence Surveillance Act, which set up a secret court to grant warrants for such surveillance, gave the government enough tools to monitor suspected terrorists.

The government argued that the NSA program is well within the president's authority but said proving that would require revealing state secrets.

The ACLU said the state-secrets argument was irrelevant because the Bush administration already had publicly revealed enough information about the program for Taylor to rule. The adminstration has decried leaks that led to a New York Times report about the existence of the program last year.

Taylor, a Carter appointee, said the government appeared to argue that the program is beyond judicial scrutiny.

"It was never the intent of the framers to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights," she wrote. "The three separate branches of government were developed as a check and balance for one another."

Administration officials said the program is essential to national security. The Justice Department said it "is lawful and protects civil liberties."

In Washington, Republicans expressed hope that the decision would be overturned, while many Democrats praised the ruling.

"It is disappointing that a judge would take it upon herself to disarm America during a time of war," Rep. Pete Hoekstra, R-Mich., chairman of the House Intelligence Committee, said in a statement.

West Virginia Sen. Jay Rockefeller, the top Democrat on the Senate Intelligence Committee, said the decision shows the executive branch needs more external reviews.

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"The administration is wrongly convinced that it can run the country without Congress or oversight. This is their tragic failure, and the courts understand it," Rockefeller said.

ACLU executive director Anthony Romero called Taylor's opinion "another nail in the coffin in the Bush administration's legal strategy in the war on terror."

"At its core, today's ruling addresses the abuse of presidential power and reaffirms the system of checks and balances that's necessary to our democracy," he told reporters.

One of the plaintiffs in the case, Detroit immigration attorney Noel Saleh, said the NSA program had made it difficult to represent his clients, some of whom the government accuses of terrorist connections.

Saleh, a leader in Michigan's large Arab-American community, also said he believes many conversations between people in the community and relatives in Lebanon were monitored in recent weeks as people here sought news of their families amid the violence in the Middle East.

"People have the right to be concerned about their family, to check on the welfare of their family and not be spied on by the government," he said.

Sen. Arlen Specter, R-Pa., the Senate Judiciary Committee chairman, is championing a compromise that would allow Bush to submit the surveillance program to the Foreign Intelligence Surveillance Court for a one-time test of its constitutionality. But under Thursday's ruling that would not be enough, said Richard Pildes, a professor at New York University School of Law.

Taylor suggests in her ruling that the program "would violate the Constitution even if Congress authorized it," Pildes said. "Until Congress actually addresses these questions, I would expect most appellate courts to be extremely reluctant to address many of the questions this judge was willing to weigh in on."

While siding with the ACLU on the surveillance issue, Taylor dismissed a separate claim by the group over NSA data-mining of phone records. She said not enough had been publicly revealed about that program to support the claim and further litigation would jeopardize state secrets.

The lawsuit alleged that the NSA "uses artificial intelligence aids to search for keywords and analyze patterns in millions of communications at any given time." Multiple lawsuits have been filed related to data-mining against phone companies, accusing them of improperly turning over records to the NSA.

The data-mining was only a small part of the Detroit suit, said Ann Beeson, the ACLU's associate legal director and the lead attorney on the case.

Wiretap Program Illegal (USAT)

By David Jackson

USA Today, August 18, 2006

WASHINGTON — President Bush's warrantless surveillance program is unconstitutional because it involves illegal searches, a federal judge ruled Thursday.

“There are no hereditary kings in America and no powers not created by the Constitution,” wrote U.S. District Judge Anna Diggs Taylor in Detroit.

The plaintiffs and the government agreed to a temporary stay of the decision until a Sept. 7 hearing, while the Bush administration vowed to appeal.

“We couldn't disagree more with this ruling,” White House spokesman Tony Snow said.

The program, started just days after the Sept. 11, 2001, terrorist attacks, involves communications between people in the USA and potential terrorism suspects abroad. Attorney General Alberto Gonzales called the surveillance “lawful” and said the administration will do “everything we can to allow this program to continue.”

In her 43-page opinion, Taylor said the program violates the 1978 Foreign Intelligence Surveillance Act (FISA). That law created a special court that issues wiretap warrants for cases in which the government says national security is involved.

The decision, the first public court ruling on the legality of the program, could spur Congress and the administration to complete negotiations on a deal placing the Bush program under FISA, said Michael Greenberger, director of the Center for

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Health and Homeland Security at the University of Maryland. One way or the other, he said, this case or similar lawsuits from around the country are likely headed to the Supreme Court.

The ACLU sued on behalf of journalists, scholars and lawyers who say they may have been ensnared in the program because of their contacts overseas.

The Bush administration had tried to block the lawsuit by claiming that any defense would force it to release secret information. It also said the program had been carefully monitored.

Taylor, who was appointed in 1979 by President Carter, a Democrat, wrote that Bush had already acknowledged the program's existence, and the plaintiffs needed no new information to pursue their claims. Stopping the case, she wrote, would immunize the administration from necessary judicial scrutiny.

The judge also rejected the administration's claim that a congressional resolution passed shortly after Sept. 11 gave Bush the authority to create the program. The resolution, Taylor wrote, "says nothing whatsoever of intelligence or surveillance."

Judge Strikes Down The Warrantless Eavesdropping Program (MCT)

By Ron Hutcheson And Margaret Talev

McClatchy Newspapers, August 18, 2006

WASHINGTON - In a scathing rebuke, a federal judge ruled Thursday that the Bush administration's warrantless eavesdropping program is unconstitutional and should be shut down, but legal scholars said the administration has a good chance of reversing the decision on appeal.

"There are no hereditary kings in America and no power not created by the Constitution," U.S. District Judge Anna Diggs Taylor of Detroit said in a 43-page opinion blasting the program.

Taylor said that the program, which President Bush secretly approved after the terrorist attacks of Sept. 11, 2001, violated the rights of free speech and privacy and went far beyond the president's authority. Administration officials say the surveillance program targets telephone calls and e-mails between the United States and suspected terrorists overseas.

The Justice Department immediately appealed the ruling, and all the parties agreed that the Bush administration is free to keep eavesdropping without warrants pending the Sept. 7 appeals-court hearing.

While the ruling was a clear victory for Bush's critics, it didn't end the legal battle over the government's secret eavesdropping. Legal scholars said the administration had a good chance of winning its appeal to the 6th U.S. Circuit Court of Appeals in Cincinnati, which handles cases from Michigan, Kentucky, Ohio and Tennessee.

"This isn't the definitive word," said Bruce Fein, a Washington lawyer who agreed with Taylor's conclusions. "This is going to the 6th Circuit. If the 6th Circuit goes against the government, it's going to the Supreme Court."

Carl Tobias, a constitutional scholar at the University of Richmond's law school, said the 6th Circuit tended to be sympathetic to the government's national-security concerns.

"There are more judges on that court who come down on the national security end of the spectrum than the civil liberties end," he said. "The majority probably would reverse this decision."

Administration officials suggested that the ruling, if it stands, will increase the risk of a terrorist attack.

"We couldn't disagree more with this opinion," White House spokesman Tony Snow said in a statement. "The whole point is to detect and prevent terrorist attacks before they can be carried out. That's what the American people expect from their government."

Snow noted that the ruling came a week after the alleged aircraft-bombing plot in London offered "a stark reminder that terrorists are still plotting to attack our country."

Government lawyers called the surveillance program "a critical tool" in the war on terrorism and "an early warning system" against attacks.

"We're going to do everything that we can in the courts to allow this program to continue," Attorney General Alberto Gonzales said.

The American Civil Liberties Union, which filed the Detroit lawsuit on behalf of plaintiffs, called the decision "a landmark victory against the abuse of power that has become the hallmark of the Bush administration."

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The ACLU sued on behalf of a group of journalists, lawyers and researchers, including several from Detroit, who suspected that government eavesdroppers had targeted their international calls.

Bush's decision to establish the warrantless surveillance program lets government agents bypass the Foreign Intelligence Surveillance Act, which requires court approval for domestic surveillance.

The law, enacted in 1978 in response to illegal wiretaps during the Nixon administration, includes emergency provisions that let investigators seek court approval up to 72 hours after the surveillance starts. Bush and his advisers say the law is too cumbersome when dealing with possible terrorist attacks.

The president contends that his constitutional power as commander in chief and the congressional resolution authorizing the use of military force against terrorists empowered him to establish the eavesdropping program. The New York Times revealed the secret surveillance late last year.

Taylor, a liberal Democrat whom President Jimmy Carter appointed to the court, concluded that Bush had overstepped his authority. She also rejected the government's argument that the case should be tossed out to avoid the risk of exposing government secrets.

"Plaintiffs have prevailed, and the public interest is clear, in this matter. It is the upholding of our Constitution," she wrote.

The ruling complicates efforts in Congress to come up with a compromise that could satisfy both sides in the dispute. Senate Judiciary Committee Chairman Arlen Specter, R-Pa., is pushing legislation that's intended to put the surveillance program under the jurisdiction of a special court established by the Foreign Intelligence Surveillance Act.

Democrats blocked a vote on Specter's bill before the August recess, saying it wouldn't guarantee sufficient court oversight. They appeared unlikely to back down now that a federal judge essentially has endorsed their views.

"We can and should wiretap terrorists under the current FISA law," Sen. Patrick Leahy of Vermont, the ranking Democrat on the Senate Judiciary Committee, said after Taylor's ruling. "The problem has been the Bush-Cheney administration's insistence on doing it illegally, without checks and balances to prevent abusing the rights of Americans."

Judge Rules Against Wiretaps (WP)

By Dan Eggen And Dafna Linzer

The Washington Post, August 18, 2006

A federal judge in Detroit ruled yesterday that the National Security Agency's warrantless surveillance program is unconstitutional, delivering the first decision that the Bush administration's effort to monitor communications without court oversight runs afoul of the Bill of Rights and federal law.

U.S. District Judge Anna Diggs Taylor ordered a halt to the wiretap program, secretly authorized by President Bush in 2001, but both sides in the lawsuit agreed to delay that action until a Sept. 7 hearing. Legal scholars said Taylor's decision is likely to receive heavy scrutiny from the U.S. Court of Appeals for the 6th Circuit when the Justice Department appeals, and some criticized her ruling as poorly reasoned.

Ruling in a lawsuit brought by the American Civil Liberties Union and other advocacy groups in the Eastern District of Michigan, Taylor said that the NSA wiretapping program, aimed at communications by potential terrorists, violates privacy and free speech rights and the constitutional separation of powers among the three branches of government. She also found that the wiretaps violate the Foreign Intelligence Surveillance Act, the 1978 law instituted to provide judicial oversight of clandestine surveillance within the United States.

"It was never the intent of the framers to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights," Taylor wrote in her 43-page opinion. ". . . There are no hereditary Kings in America and no powers not created by the Constitution. So all 'inherent powers' must derive from that Constitution."

The ruling is the latest courtroom setback for the Bush administration's controversial anti-terrorism and detention policies, which have frequently relied on broad assertions of presidential power. In a landmark case in June, the Supreme Court rejected Bush's claims of executive power, ruling 5 to 3 that special military trials for terrorism suspects were not authorized under federal law and ran afoul of the Geneva Conventions.

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The decision yesterday could complicate efforts by the White House and Sen. Arlen Specter (R-Pa.) to win approval for a bill that would allow, but not require, Bush to submit the NSA program to a secret court for legal review.

The eavesdropping program, revealed in news reports in December 2005, allows the NSA to intercept telephone calls and e-mails between the United States and overseas without court approval in cases in which the government suspects one party of having links to terrorism.

The NSA declined to discuss Taylor's ruling or whether it had suspended any surveillance activities. The office of John D. Negroponte, the director of national intelligence, also declined to comment.

Several dozen lawsuits have been filed around the country challenging the program's legality, but yesterday's ruling marked the first time that a judge had declared it unconstitutional. Experts in national security law argued, however, that Taylor offered meager support for her findings on separation of powers and other key issues.

"Regardless of what your position is on the merits of the issue, there's no question that it's a poorly reasoned decision," said Bobby Chesney, a national security law specialist at Wake Forest University who takes a moderate stance on the legal debate over the NSA program. "The opinion kind of reads like an outline of possible grounds to strike down the program, without analysis to fill it in."

White House press secretary Tony Snow said the Bush administration "couldn't disagree more with this ruling," calling it "carefully administered."

Congressional Republicans quickly condemned Taylor's ruling, and the Republican National Committee issued a news release titled, "Liberal Judge Backs Dem Agenda To Weaken National Security." Taylor, 73, was appointed to the bench in 1979 by President Jimmy Carter.

Some Republicans sought to tie the ruling to last week's arrests in Britain and Pakistan of alleged conspirators in a plot to blow up airliners bound from London to the United States. The administration has not offered evidence that the NSA spying program played a role in the case. Sen. Mike DeWine (R-Ohio) said that halting the program "would hamper our ability to foil terrorist plots."

Senate Minority Leader Harry M. Reid (Nev.) and other leading Democrats hailed the ruling as a welcome check on the Bush administration. The decision shows that "no one is above the law," Sen. John F. Kerry (D-Mass.) said.

ACLU Executive Director Anthony D. Romero called the decision "another nail in the coffin" of the Bush administration's anti-terrorism strategies. "The judge very clearly points out that this, at its core, is about presidential powers," he said.

The Justice Department argued that the NSA program is well within Bush's authority as president, but that proving it would require revealing state secrets. Taylor agreed with the ACLU and other plaintiffs that many details about the program had already been publicly acknowledged by numerous government officials, including Bush.

Taylor rejected one part of the ACLU's lawsuit seeking information about data mining -- the process of searching computer databases for information on individuals -- agreeing with the government that it would be impossible to allow that part of the case to go forward without divulging vital state secrets.

The ruling was hailed by lawyers involved in related, though legally separate, lawsuits elsewhere in the country. "We now have a ruling on the books that upholds what we've been saying all along: that this wiretapping program violates the Constitution," said Kevin Bankston, staff attorney for the Electronic Frontier Foundation in San Francisco, which has filed a class-action case against AT&T. The suit alleges that the telecommunications company collaborated with the NSA in its surveillance program.

NSA Ordered To Stop Wiretap Programme (FT)

By Demetri Sevastopulo In Washington

Financial Times, August 18, 2006

The White House on Thursday suffered another blow in its “war against terror” strategy when a federal court ruled its warrantless eavesdropping programme unconstitutional.

Judge Anna Diggs Taylor ruled that the “Terrorist Surveillance Programme” violated rights to free speech and privacy. The Bush administration immediately appealed against the decision.

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The American Civil Liberties Union said the ruling was “a landmark victory against the abuse of power that has become the hallmark of the Bush administration”.

“Government spying on innocent Americans without any kind of warrant and without Congressional approval runs counter to the very foundations of our democracy,” said Anthony Romero, executive director of the ACLU, which brought the lawsuit.

President George W. Bush authorised the eavesdropping programme after the September 11 2001 attacks. The highly classified programme allowed the National Security Agency to intercept the international phone calls and e-mails of Americans with links to suspected terrorists.

The White House argued that Mr Bush had the authority to order the programme, saying it was a crucial tool in the “war on terror”. But Arlen Specter, Republican chairman of the Senate judiciary committee, and many Democrats criticised Mr Bush for not seeking Congressional approval.

In a resounding rebuke of Mr Bush, Judge Taylor wrote: “There are no hereditary Kings in America and no powers not created by the Constitution.”

The court ruling is the second recent important indictment of the Bush administration’s counter-terrorism tactics. In June, the Supreme Court ruled that the military commissions formed to try prisoners at Guantánamo Bay violated US law and the Geneva conventions. The administration was forced to reverse policy and to allow that prisoners captured in the war against al-Qaeda were entitled to some Geneva protections.

Only a week after the UK and US foiled an alleged plot to blow up airliners, the court ruling is likely to renew debate about national security policies before November’s Congressional elections.

Federal Judge Rules Warrantless Wiretapping Is Unconstitutional (WSJ)

The Wall Street Journal, August 18, 2006

A federal judge ruled the government's warrantless wiretapping program is unconstitutional and ordered an immediate halt to it, a setback for the White House, which has defended the program as a key tool in its fight against terrorism.

U.S. District Judge Anna Diggs Taylor in Detroit became the first judge to strike down the National Security Agency's program, which she said violates the rights to free speech and privacy as well as the separation of powers enshrined in the Constitution.

1 JUDGE'S RULING

Read Judge Taylor's decision2 and injunction3, which side with the ACLU and orders a halt to the NSA's warrantless wiretapping program. POLL

See the results of a new Harris Interactive poll4 tracking public support for government surveillance efforts. RELATED STORIES

• Page One: Pentagon Steps Up Intelligence Efforts Inside U.S.5

4/27/06

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1/7/06

"Plaintiffs have prevailed, and the public interest is clear, in this matter. It is the upholding of our Constitution," Judge Taylor wrote in her 43-page opinion7.

The Justice Department appealed the decision, saying the surveillance program is "an essential tool for the intelligence community in the War on Terror."

The American Civil Liberties Union filed the lawsuit on behalf of journalists, scholars and lawyers who say the program has made it difficult for them to do their jobs. They believe many of their overseas contacts are likely targets of the program, which involves secretly listening to conversations between people in the U.S. and people in other countries.

President Bush authorized the NSA program after the Sept. 11 attacks on the U.S., and it became public following a report in the New York Times last year. The program allows the government to eavesdrop on the international phone calls and emails of U.S. citizens without obtaining a warrant, if one or both of the parties is suspected of being a terrorist threat.

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The program's disclosure stirred up a political firestorm. It has been widely criticized by civil rights activists and raised concern among lawmakers, including some Republicans, who say the president may have overstepped his powers by authorizing it. Mr. Bush defended the program, saying it is legal and necessary to protect Americans.

In the legal case, the government argued that the program is well within the president's authority, but said proving that would require revealing state secrets. The ACLU said the state-secrets argument was irrelevant because the Bush administration already had publicly revealed enough information about the program for Judge Taylor to rule.

"By holding that even the president is not above the law, the court has done its duty," said Ann Beeson, the ACLU's associate legal director and the lead attorney for the plaintiffs.

After the ruling, the Justice Department issued a statement saying: "In the ongoing conflict with al-Qaeda and its allies, the President has the primary duty under the Constitution to protect the American people. The Constitution gives the President the full authority necessary to carry out that solemn duty, and we believe the program is lawful and protects civil liberties."

While siding with the ACLU on the wiretapping issue, Judge Taylor dismissed a separate claim by the group over data-mining of phone records by the NSA. She said not enough had been publicly revealed about that program to support the claim and further litigation could jeopardize state secrets.

Judge Orders Halt To Domestic Spying (LAT)

By Henry Weinstein

The Los Angeles Times, August 18, 2006

A federal judge in Detroit ruled today that the government's warrantless wiretapping program is unconstitutional and must be stopped immediately.

U.S. District Judge Anna Diggs Taylor held that the wiretapping program violated the 1st and 4th Amendments to the Constitution, which protect free speech and prohibit unlawful searches. She also held that the surveillance program, run by the National Security Agency, violates the federal Administrative Procedures Act and the Separation of Powers doctrine.

However, she upheld the Justice Department's request to dismiss one aspect of the lawsuit filed by the American Civil Liberties Union. She threw out the part asking that the government's data-mining program be ruled unconstitutional, saying that litigation of that claim would violate the government's state secrets privilege.

The Bush administration immediately announced that it would appeal the ruling and asked that the decision be stayed until it has an opportunity to appeal. Taylor is expected to hold a hearing on the stay request on Sept. 7.

"We respectfully disagree with the decision of the judge," Atty. Gen Alberto R. Gonzales said.

He added that he was confident that the program was legal and "we will continue to utilize the program to ensure that America was safer."

Taylor, an appointee of President Jimmy Carter, became the first federal judge to rule that the surveillance program violated constitutional rights. She held two hearings on the issue this summer.

She said today that if the program was allowed to continue it clearly would irreparably harm the rights of the plaintiffs, which included the ACLU, the Council on American-Islamic Relations, Greenpeace and several individuals. "The public interest is clear," Taylor wrote.

In the response to the government's assertion that the program was needed for the defense of the nation, Taylor cited a 1967 decision of then-Chief Justice Earl Warren in her conclusion. "Implicit in the term 'national defense' is the notion of defending those values and ideas which set this nation apart It would indeed be ironic if, in the name of national defense, we would sanction the subversion of those liberties which makes the defense of the nation worthwhile."

She also quoted a 2004 opinion by Justice Sandra Day O'Connor, which rejected the Bush administration's claim that the war on terror gives him, as commander in chief, the unchecked power to imprison "enemy combatants."

O'Connor wrote: "It is during our most challenging and uncertain moments that our nation's commitment to due process is most severely tested; and it is in those times that we must preserve our commitment at home to the principles for which we fight abroad."

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After the program was revealed by the New York Times in December, the government admitted that it had launched a domestic wiretapping initiative after the Sept. 11 terrorist attacks. NSA personnel listen in on phone calls and obtain e-mails into and out of the U.S. involving suspected terrorist affiliates. The program bypasses the Foreign Intelligence Surveillance Court, created after government spying abuses in the 1970s. The court approves search and wiretapping warrants in some intelligence and terrorism-related investigations.

The ACLU and the other groups and several individuals, who expressed fears that the government was spying on them, filed a lawsuit in Detroit challenging the program. The Center for Constitutional Rights filed a similar suit in New York federal court the same day. That case is pending, as are others filed subsequently in Oregon and Texas.

The government has attempted to have the cases thrown out on two grounds. First, Justice Department lawyers have maintained that the plaintiffs have not demonstrated that they have been injured by the program. The government attorneys also argued that even if the plaintiffs could show that they were entitled to sue, the case should be barred because of the "state secrets" privilege.

That privilege, laid out in a Supreme Court decision in 1953, prohibits disclosure of information in legal proceedings when there is a "reasonable danger" that the evidence would "expose military matters which, in the interest of national security, should not be divulged."

Judge Taylor ruled for the plaintiffs on both issues. "Contrary to [the government's] arguments, the court is persuaded that plaintiffs are able to establish a prima facie case based solely" on the public admissions of government officials about the surveillance program, Taylor wrote.

Declarations submitted by the plaintiffs "establish that their communications would be monitored" under the surveillance program, the judge said. "Further, plaintiffs have shown that because of the existence of [the surveillance program] they have suffered a real and concrete harm. Plaintiffs' declarations state undisputedly that they are stifled in their ability to vigorously conduct research, interact with sources, talk with clients, and in the case of the attorney plaintiffs, uphold their oath of providing effective and ethical representation of their clients," the judge wrote.

Taylor flatly rejected the government lawyers' contention that they could not defend the case without the exposure of state secrets.

"The Bush administration has repeatedly told the general public that there is a valid basis" for the surveillance program, Taylor wrote, adding that government officials have contended that the president has the authority for the program under the congressional authorization for use of military force after the 9/11 attacks and the Constitution. She said government officials supported these arguments without revealing or relying on any classified information.

"Indeed, the court has reviewed the classified information [in private] and is of the opinion that this information is not necessary to any viable defense to" the surveillance program. "Consequently, the court finds defendants' argument that they cannot defend this case without the use of classified information to be disingenuous and without merit."

But Taylor agreed that the government's dating-mining program could not be defended without violating the state secrets doctrine.

The Justice Department issued a statement saying, "The Terrorist Surveillance Program is a critical tool that ensures we have in place an early warning system to detect and prevent a terrorist attack. In the ongoing conflict with Al Qaeda and its allies, the president has the primary duty under the Constitution to protect the American people. The Constitution gives the president the full authority necessary to carry out that solemn duty, and we believe the program is lawful and protects civil liberties."

The ruling was hailed immediately by Sen. Patrick Leahy (D-Vt.), the ranking Democrat on the Judiciary Committee. "This has become another unfortunate example of how White House misdirection, arrogance and mismanagement have needlessly complicated our goal of protecting the American people," Leahy said. "I have always believed that the Bush-Cheney warrantless domestic spying program violated our laws.... By following the Constitution and our laws, we can protect both our security and our American values."

Senate Majority leader Bill Frist (R-Tenn.) called the decision "unfortunate," saying, "Terrorists are the real threat to our constitutional and democratic freedoms, not the law enforcement and intelligence tools used to keep America safe."

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The Republican National Committee issued a more strident statement, headlined "Liberal Judge Backs Dem Agenda to Weaken National Security."

The ACLU agreed to stay the ruling until early September when Taylor is expected to hear the administration's request for a longer stay while it appeals. ACLU attorney Jameel Jaffer said the ACLU will oppose the request for a longer stay.

The administration's appeal will go to the U.S. 6th Circuit Court of Appeals. Based in Cincinnati, the 6th Circuit considers appeals from federal courts in Kentucky, Michigan, Ohio and Tennessee.

Times staff writers Rick Schmitt and Richard Simon in Washington contributed to this article.

Bush Surveillance Program Violates Constitution, Judge Rules (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, August 18, 2006

A federal judge in Detroit on Thursday stuck down the Bush Administrations' domestic spying program in a decision that could affect the civil rights of millions of Americans and alter the course of the war on terror.

"… The public interest is clear in this matter. It is upholding our Constitution," U.S. District Judge Anna Diggs Taylor said in a 43-page ruling.

Taylor said the program, which the Administration created after the 9/11 terrorist attacks violates the separation of powers doctrine , the First and Fourth Amendments to the U.S. Constitution.

Taylor permanently enjoined the government from intercepting international phone calls involving suspected Al Qaeda members without first obtaining search warrants from the Foreign Intelligence Surveillance Court in Washington.

The ACLU, which filed the lawsuit, called the ruling "a major rebuke" to the Bush Administration.

"By holding that even the president is not above the law, the court's done its duty,"

said Ann Beeson, the ACLU's associate legal director and the lead attorney for the

plaintiffs.

The Justice Department immediately appealed the decision to the U.S. 6th Circuit Court of Appeals in Cincinnati.

Legal experts said the 6th Circuit Court of Appeals, which is overwhelmingly conservative, is likely to strike down her decision.

The ACLU sued the NSA in January, calling unconstitutional its program of intercepting international phone calls and e-mails of suspected Al Qaeda members without obtaining search warrants from the Foreign Intelligence Surveillance Court in Washington, D.C.

The suit says the program has hampered journalists, scholars, lawyers and others trying to speak to sources overseas.

Justice Department lawyers said the program is vital and legal - created after Congress authorized the Bush administration to combat terrorism following the Sept. 11, 2001, attacks. They want Taylor to dismiss the suit, saying the case cannot proceed without divulging state secrets.

Although four other suits challenge the legality of the NSA program, the Detroit case was the farthest along.

The administration wants all of the cases, along with about 20 lawsuits filed against telecommunication companies suspected of giving phone records to the NSA, transferred to Washington.

Contact DAVID ASHENFELTER at 313-223-4490 or ashenf@freepress.com.

The Associated Press contributed to this report.

Domestic Spying Declared Unconstitutional (NSDY)

By Tom Brune, Newsday Washington Bureau

Long Island Newsday, August 18, 2006

WASHINGTON -- A federal judge in Detroit yesterday dealt the Bush administration a major setback, ruling for the first time that the president's warrantless wiretapping program is unconstitutional and ordering an immediate end to it.

In a 43-page decision that likely will affect this fall's congressional struggles over national security bills and the mid-term elections, U.S. District Court Judge Anna Diggs Taylor ruled that the controversial program violates privacy and free speech rights, the separation of powers, and the law passed to govern domestic surveillance.

"The public interest is clear, in this matter," she wrote. "It is the upholding of our Constitution."

Surprised by the stinging rebuke, White House spokesman Tony Snow said, "We couldn't disagree more with this ruling."

Justice Department attorneys won a stay of the decision yesterday while they appeal it. Calling the five-year-old effort an important counterterrorism tool, Attorney General Alberto Gonzales said, "We will continue to utilize the program to ensure that America is safer."

Anthony Romero, director of the American Civil Liberties Union, which filed the lawsuit, hailed the ruling as "another nail in the coffin in the Bush administration's legal strategy in the war on terror."

Yet some constitutional experts questioned whether Taylor's ruling will survive the government's appeal to the 6th Circuit in Cincinnati, and possibly to the Supreme Court.

Those courts could simply reject the case by saying the plaintiffs lack standing to bring the lawsuit, since they cannot prove the government eavesdropped on them because it is a state secret, the experts said.

The ACLU lawsuit is one of many filed after The New York Times revealed in December that after the Sept. 11 attacks President George W. Bush had authorized the National Security Agency to intercept the international calls and e-mails of suspected terrorists between contacts here and abroad.

The eavesdropping in what the administration calls the "terrorist surveillance program" does not seek warrants from a court created by the Foreign Intelligence Surveillance Act that oversees domestic surveillance.

In response, Bush, Gonzales and other officials publicly defended the program and issued legal "white papers" to back up their arguments, while keeping the operational details secret.

The ACLU asked the judge to rule based on what the government admitted doing, and Taylor did, rejecting the government's argument the case could not go forward because it would divulge state secrets.

She did dismiss the ACLU challenge to undisclosed data-mining programs, saying they fell under state secret privilege, which Pepperdine Law School professor Douglas Kmiec says actually limits the effect of the ruling, making it less than a total defeat for the administration.

But her ruling on the merits of the surveillance was extremely broad, said University of Chicago law professor Cass Sunstein, going far beyond the question of whether Bush violated the FISA law, and rejected a key Bush argument -- that the Constitution gives him inherent powers in wartime.

"There are no hereditary Kings in America and no powers not created by the Constitution. So all 'inherent powers' must derive from that Constitution," she wrote.

"It was never the intent of the Framers to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights."

The decision will complicate a bill pushed by Sen. Arlen Specter (R-Pa.) to permit the surveillance program and in return the White House submitting it to the FISA court for review. Gonzales said that deal is still on.

The ruling also touched off partisan political sniping. Sen. Harry Reid (D-Nev.), the Senate Democratic leader, charged, "The administration's decision to ignore the Constitution and the Congress has come at the expense of the security of the American people."

Republican National Committee Chairman Ken Mehlman responded in a statement attacking Democrats and the 73-year-old judge, who was appointed by President Jimmy Carter: "Liberal judge backs Dem agenda to weaken national security."

Warrantless Wiretaps Ruled Unconstitutional (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, August 18, 2006

A federal judge's emphatic rejection Thursday of the Bush administration's warrantless wiretapping of calls between Americans and alleged foreign terrorists is far from the last word on the legality of the program, which most likely will be determined by the Supreme Court or Congress.

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But the ruling by U.S. District Judge Anna Diggs Taylor of Detroit is one of a mounting series of judicial rebuffs of President Bush's claim of virtually absolute authority, as the leader of the nation's battle against terrorism, to redraw the boundaries between government power and individual rights.

"There are no hereditary kings in America and no powers not created by the Constitution," Taylor said in finding that the administration's wiretapping violates an array of constitutional rights and a 1978 law requiring court warrants for electronic surveillance related to terrorism or espionage. It was the first ruling in the nation on the legality of the program.

She granted the American Civil Liberties Union's request for a nationwide injunction halting the surveillance, which Bush secretly authorized shortly after the Sept. 11 terrorist attacks. The president acknowledged the program's existence after it was disclosed by the New York Times in December.

Bush said he had ordered the National Security Agency to monitor phone calls and e-mails between Americans and suspected members and supporters of al Qaeda overseas. The president claimed authority under his constitutional powers as commander-in-chief and under a post-Sept. 11 congressional resolution authorizing the use of military force in Afghanistan -- an assertion that Taylor said was unfounded.

The wiretapping program will remain in operation, at least temporarily. The Justice Department said the ACLU agreed Thursday to a stay until Sept. 7, when Taylor will hear the department's request to suspend her ruling while it is being appealed.

The ruling comes on the heels of a July 20 decision by Chief U.S. District Judge Vaughn Walker in San Francisco allowing a privacy-rights group to sue AT&T, on behalf of its customers, for allegedly collaborating in the surveillance program by allowing the government to monitor millions of phone calls and e-mails.

Last week, a federal court panel transferred dozens of similar lawsuits against telecommunications companies nationwide to Walker's court, rejecting requests by the companies and the government to send the cases to a judge in Washington, D.C.

And in June, the Supreme Court rejected another broad assertion of presidential powers, ruling that military tribunals established to try foreign captives in Guantanamo Bay, Cuba, must abide by the human rights guarantees of the Geneva Conventions.

Taylor's ruling was "another nail in the coffin in the Bush administration's legal strategy in the war on terror," said Anthony Romero, the ACLU's executive director. "It is a flat rejection of secret government ... a flat rejection of an all-powerful presidency."

Sen. Dianne Feinstein, D-Calif., said the ruling "upholds the basic principle that even the president is not outside the law."

The administration said it would appeal the ruling to the Sixth U.S. Circuit Court of Appeals in Cincinnati.

"We couldn't disagree more with this ruling," Bush's press secretary, Tony Snow, said in a statement. "The Terrorist Surveillance Program is firmly grounded in law and regularly reviewed to make sure steps are taken to protect civil liberties," he said, apparently referring to internal administration reviews. "The Terrorist Surveillance Program has proven to be one of our most critical and effective tools in the war against terrorism."

In a separate statement announcing the government's appeal, the Justice Department said the president has "the primary duty under the Constitution to protect the American people" from terrorists. "The Constitution gives the president the full authority to carry out that solemn duty, and we believe the program is lawful and protects civil liberties."

But Taylor said the president has no authority to order surveillance without warrants in the face of Congress' clear decision in 1978 that judicial approval is required for all electronic surveillance -- as well as the Fourth Amendment's ban on unreasonable searches.

"It was never the intent of the framers (of the Constitution) to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights," Taylor said.

The ACLU suit was filed on behalf of itself and other advocacy organizations, as well as individual lawyers, scholars and journalists, who claimed their communications with clients, news sources and other foreign contacts were likely to be intercepted. The suit is solely against government officials and was not affected by last week's order transferring cases against telecommunications companies to Walker.

Congress is discussing proposals to modify the 1978 Foreign Intelligence Surveillance Act and give the government more leeway to conduct electronic surveillance.

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One measure, introduced by Feinstein and Senate Judiciary Committee Chairman Arlen Specter, R-Pa., would retain the requirement of court approval for wiretaps but would give the government more time to conduct emergency surveillance before applying for a warrant. Feinstein said Thursday's ruling showed the need for such legislation to preserve the wiretap program in some form.

The 1978 law, passed in response to disclosures of illegal wiretapping during President Richard Nixon's administration, requires the government to seek a warrant, from a court that meets secretly in the nation's capital, before conducting a search or electronic surveillance related to foreign terrorism or espionage.

Taylor dismissed the administration's claim that Bush is empowered, by the Constitution or by post-Sept. 11 congressional action, to override the warrant requirement.

"The president has acted, undisputedly, as FISA forbids," she said. "FISA is the expressed statutory policy of our Congress. The presidential power, therefore, was exercised at its lowest ebb and cannot be sustained."

She said the post-Sept. 11 congressional authorization of military force did not mention surveillance or suspend federal law's requirement of court approval for wiretaps. Even if the military-force resolution had authorized wiretapping, Taylor said, Congress cannot override the Constitution.

By disregarding the warrant requirement, Taylor said, the government also is violating the Fourth Amendment, which prohibits unreasonable searches and requires warrants based on specific evidence of wrongdoing. She said the program also violates the First Amendment guarantees of free speech and association and the constitutional requirement of separation of powers.

Taylor also dismissed the administration's argument that the very existence of the lawsuit endangered national security. Although many details remain confidential, Taylor said the government's public admissions -- that overseas communications, allegedly connected to terrorism, have been intercepted without a warrant -- are enough to determine whether the program is legal or not.

Despite the secrecy of the surveillance, Taylor said, the plaintiffs have adequately proven that they are being harmed by its operations in their inability to communicate freely with clients and other sources overseas.

"The president indeed has publicly acknowledged that the types of calls plaintiffs are making are the types of conversations that would be subject" to the surveillance program, the judge said.

Judge Finds Bush Warrantless Surveillance Unconstitutional (USNEWS)

U.S. News and World Report, August 18, 2006

A senior federal judge in Detroit ruled today that the Bush administration's warrantless surveillance program is illegal and unconstitutional and should be halted. The Justice Department immediately moved for a stay of Judge Anna Diggs Taylor's ruling-the first directly addressing the legality of the program-and the judge's ruling will not be enforced until a September 7 hearing on the stay. The administration is expected to appeal the decision to the Sixth Circuit Court of Appeals.

Civil liberties advocates hailed Taylor's decision as a historic rebuke of President Bush's broad assertions of executive authority in the post-9/11 war on terror. Taylor found that the National Security Agency's monitoring of telephone and E-mail communications not only violates U.S. citizens' right to privacy and free speech but also illegally bypasses required review by a special court set up 28 years ago to monitor domestic spying.

Taylor wrote that the president's actions, which the government says target a communication only when one end of it is foreign, "blatantly disregard" the Bill of Rights and contravene the concept of separation of powers.

"It is within the court's duty to ensure that power is never condensed into a single branch of government," Taylor wrote, quoting from the U.S. Supreme Court's 2004 decision in Hamdi v. Rumsfeld, which gave detainees at Guantánamo Bay detention camp the right to challenge their incarceration.

Anthony Romero, executive director of the American Civil Liberties Union, a lead plaintiff in the case, called the ruling "another nail in the coffin" of the administration's use of executive power to conduct controversial programs in the name of the war on terrorism. "This is a reaffirmation of the system of checks and balances," he said.

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The administration, however, was quick to respond, calling the surveillance program a "critical tool that ensures we have in place an early warning system to detect and prevent a terrorist attack." In a hastily called afternoon press conference, Attorney General Alberto Gonzales said that "we continue to believe that the program is lawful." In a statement, Senate Majority Leader Bill Frist called for a "quick reversal of this unfortunate decision."

And career national security lawyer Bryan Cunningham, who filed an amicus brief for the Washington Legal Foundation supporting the administration's position, said the judge's order would shut down a government intelligence program without full examination of the evidence.

"This judge is obviously very upset about the program. She clearly wanted to shut it down," said Cunningham, who testified on the surveillance program before the Senate Judiciary Committee 2 1/2weeks ago. "This legal work is so sloppy I wouldn't accept it from a first-year law student."

But civil libertarians were ecstatic, expressing hope that the decision would influence debate on Capitol Hill this fall over both what to do about the surveillance program and how to address the Supreme Court's finding that the administration's military tribunals at Guantánamo Bay are unconstitutional.

"This decision very directly states that what has been going on is illegal and in violation of our Constitution," said Caroline Fredrickson, the ACLU's legislative director. "This will be a very important part of our debate in the fall."

Judge Orders Halt To Domestic Spying (ABC)

By Z. BYRON WOLF

ABC News, August 18, 2006

Bush Administration Rebuked on War on Terror Effort

WASHINGTON, Aug. 17, 2006 — - In a major legal rebuke to the Bush administration's assertive and often secretive handling of the war on terror, a federal judge in Michigan ordered the administration to immediately cease operation of its warrantless domestic surveillance program.

The decision by Judge Anna Diggs Taylor of the U.S. District Court for the Eastern District of Michigan, which comes in a lawsuit filed in January, will not be enforced until after a hearing on Sept. 7, when the federal government will have a chance to argue before the judge against today's decision.

Taylor refuted the government argument that the case be dismissed because a public defense of the program in court could jeopardize its efficacy as a tool in the war on terror.

"It was never the intent of the framers to give the president such unfettered control," she wrote in the opinion, "particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights. The three separate branches of government were developed as a check and balance for one another."

Even if Taylor rules after the Sept. 7 hearing that the injunction should stand and the program should be shut down, further appeals from the government seem a foregone conclusion.

Still, the plaintiffs in the lawsuit, which include the American Civil Liberties Union, several journalists, and the Council on American-Islamic Relations, said they feared the government was monitoring their communications without a warrant.

"Today's ruling is a landmark victory against the abuse of power that has become the hallmark of the Bush administration," ACLU executive director Anthony D. Romero said. "Government spying on innocent Americans without any kind of warrant and without congressional approval runs counter to the very foundations of our democracy. We hope that Congress follows the lead of the court and demands that the president adhere to the rule of law."

Advocates of the program, both in Congress and inside the administration, said immediately that the ruling would weaken the United States in the war on terror.

White House Press Secretary Tony Snow said in a written statement that the administration "could not disagree with this ruling more."

Snow also invoked the recent foiling by British and Pakistani authorities of an alleged plot to blow up planes flying from England to the United States, though he did not say whether the domestic surveillance program yielded information used in the investigation.

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The injunction is the first decisive action by the federal court system against the warrantless domestic spying program since press reports of the program, which were leaked to the New York Times, were published late in 2005.

In a 44-page decision, Taylor ruled that the terror surveillance program, as described by the White House and administration, violates both the Constitution and the Foreign Intelligence Surveillance Act of 1978.

Taylor disagreed with the Bush administration's argument that Congress had implicitly authorized the program when it authorized the use of force in executing the war on terror.

Attorney General Alberto Gonzales, at a press conference in Washington, defended the program as a vital part of the daily fight against terror. He said it is firmly rooted in established law and has been vetted on a regular, ongoing basis by lawyers both in the administration and at the National Security Agency, though not by outside attorneys.

Critics point out that Gonzales testified before a Senate committee in July that President Bush personally killed an internal Department of Justice inquiry into the program by declining to give the government lawyers at the Justice Department's Office of Professional Responsibility the security clearance to perform a review.

The program has become a political lightning rod on Capitol Hill, where lawmakers have grappled with how to oversee and potentially authorize a program that most of them know nothing about.

After initially declaring the program too important to national security to elaborate on it at all, the White House went on a public relations offensive with a number of speeches in which Bush, Gonzales and former NSA director (now CIA director) Gen. Michael V. Hayden used broad strokes to outline the program.

It was those very same speeches and fact sheets advertising the program as a tool in the war on terror that Taylor said contradicted the administration's claim that the program must remain secret.

Gonzales was asked at his press conference if he now regrets the public relations campaign.

"Obviously, that was a tactical decision that had to be made early on in this matter," he said. "The decision by the president is that it was sufficiently important to reassure the American people about the program."

It is unclear what effect today's ruling or the ensuing legal battle will have on Capitol Hill efforts to authorize it. After months of negotiations, the White House endorsed in July a bill written by Senate Judiciary Committee chairman Arlen Specter, R-Pa., that would essentially authorize the program blind (without the full Congress being involved) and would recognize the president's inherent constitutional authority to wiretap Americans he suspects of being terrorists without a warrant. The bill would be sent to the secret FISA court for a one-time review of the program's legality. If the FISA court ruled the program unconstitutional, the administration would have the opportunity to tweak it. It is unclear when or how that bill would come up for a vote this year.

Plaintiffs in the lawsuit are not happy with the Specter bill. ACLU legislative director Caroline Frederickson said she worries that because the bill would recognize that the president has the constitutional authority to wiretap, it would ignore checks and balances and offer only a "patina of oversight."

"When you pierce through, the document is much more window dressing," Frederickson said during a conference call with reporters after the ruling.

But one of the sponsors of Specter's bill, Sen. Dianne Feinstein, D-Calif., who is also a member of the Senate Intelligence Committee and so is fully briefed on the program, said the program is a necessary tool in the war on terror and could be made legal with a few legislative tweaks.

She criticized the Bush administration for not working with Congress earlier to find common ground.

"Now the federal judge in Detroit has rejected all of the administration's strained legal arguments and issued a ruling that this program violates FISA and is unconstitutional," Feinstein said in a written statement. "Because of the administration's strategy of brinkmanship, the NSA is staring at a permanent injunction that says this program must be shut down."

Judge Bars Warrantless Anti-Terrorism Surveillance (Update6) (BLOOM)

By James Rowley

Bloomberg, August 18, 2006

DOJ_NMG_0049787

Aug. 17 (Bloomberg) -- A federal judge ordered the U.S. government to stop warrantless wiretapping of international telephone calls between suspected terrorists and their U.S.-based affiliates, ruling that the eavesdropping violates the Constitution and federal law.

The U.S. is appealing the ruling and its effect is being temporarily blocked, Attorney General Alberto Gonzales said at a news conference in Washington. ``We will continue to utilize the program to ensure that America is safer," Gonzales said.

U.S. District Judge Anna Diggs Taylor in Detroit upheld a challenge by the American Civil Liberties Union and other advocacy groups to the surveillance program begun after the Sept. 11 terrorist attacks. By not seeking court permission for the surveillance, Taylor said, President George W. Bush violated the U.S. Constitution's separation of powers providing for the three branches of government to act as checks on each other's power.

``It was never the intent of the framers to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights," the judge wrote in the 43-page opinion.

``We couldn't disagree more with this ruling," White House Press Secretary Tony Snow said in a statement. ``United States intelligence officials have confirmed that the program has helped stop terrorist attacks and saved American lives."

`Feisty' Debate

Bruce Fein, a former Justice Department official who has testified in Congress that the surveillance program is illegal, predicted that Taylor's decision would be overturned on appeal. Courts are traditionally reluctant to step into a ``feisty political debate" such as the current dispute between Congress and Bush over the legality of the surveillance, he said.

Fein said the ruling's weakest part is Taylor's finding that those who sued -- a group of lawyers, academics and activists -- could bring the suit to protect their free-speech rights. The Supreme Court in 1972 threw out a lawsuit by Vietnam war demonstrators who claimed their free-speech rights were hurt by an FBI program to monitor anti-war protests, he said.

The ACLU said it agreed to a temporary block on Taylor's ruling until the court rules on the government's request for a longer-term order to keep the decision from taking effect during the appeal, a request the ACLU said it opposes.

Anthony Romero, the ACLU's executive director, hailed the ruling in an e-mailed statement as ``a landmark victory against the abuse of power that has become the hallmark of the Bush administration."

Military Force

Taylor's ruling rejected the government's argument that the program was authorized by a resolution empowering Bush to use military force in response to the terrorist attacks as well as the president's inherent powers as commander-in-chief.

``The office of the chief executive was itself created, with its powers, by the Constitution," wrote Taylor, a 73-year-old senior judge appointed by Democratic President Jimmy Carter. ``There are no hereditary kings in America and no powers not created by the Constitution. So all `inherent powers' must derive from the Constitution."

Gonzales said the program was narrowly focused on communications with the al-Qaeda terrorist organization.

``We have confidence in the lawfulness of this program," he said.

The ruling will fuel the election-year debate in Congress over placing Bush's surveillance program under court supervision.

`Real Threat'

Senate Majority Leader Bill Frist, a Tennessee Republican, called the ruling ``unfortunate" in a statement that said, ``Terrorists are the real threat to our constitutional and democratic freedoms, not the law enforcement and intelligence tools used to keep America safe."

The ruling is ``the latest example of how the Bush administration has jeopardized our efforts in the war on terror," Senate Minority Leader Harry Reid, a Nevada Democrat, said in a statement. ``It is time for the administration to work with the Congress to develop effective tools to defeat terrorists."

The National Security Agency surveillance program was disclosed last December by the New York Times. Since then, Congress has debated whether to place the surveillance program under court supervision like other intelligence-gathering covered by the Foreign Intelligence Surveillance Act.

Under the 1978 law, the Justice Department obtains warrants from a secret court to conduct wiretapping of telephone calls of suspected spies or terrorists by providing evidence the subjects of the eavesdropping are acting as agents of a foreign power.

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Last month, Bush agreed to support legislation sponsored by Republican Senator Arlen Specter of Pennsylvania that would submit the program for review by the secret court.

The legislation would authorize the court to review the program's constitutionality. It would not require the president to submit the program to the court. Still, Bush agreed to ask the Foreign Intelligence Surveillance Court to review the program if Congress passed the legislation in the form drafted by Specter.

The Wiretapping Decision: Legal Blow Or Political Boon? (TIME)

By Brian Bennett And Timothy J. Burger, Washington

Time, August 18, 2006

A federal rules deals another setback to President Bush's war powers. Now comes the maneuvering

Attorney General Alberto Gonzales seemed to reflect the fatigue of a politically and legally beleaguered White House when he paused for a sigh as he began a press conference Thursday afternoon to respond to a federal judge's ruling that the Administration's controversial domestic wiretapping program is illegal and should be stopped immediately. He said he was "disappointed" by the decision — and he looked it.

The surprise ruling — in which Judge Anna Diggs Taylor said it was "never the intent of the framers to give the President such unfettered control — raised new questions about the broad authority President Bush has claimed since the Sept. 11 attacks for secret new intelligence programs. Her decision came on the same day a federal jury in North Carolina convicted a former Central Intelligence Agency contract interrogator on charges of illegally beating a detainee shortly before the man died in Afghanistan in 2003. More important, the ruling followed a Supreme Court decision in June that the Administration's use of military tribunals in Guantanamo was illegal — until this week the biggest blow to Bush's assertion of broad unilateral powers in the war on terrorism.

Attorneys for the Justice Department and the National Security Agency, the electronic eavesdropping shop, quickly won a stay allowing the NSA to continue its domestic spy program pending appeal. President Bush said in December, after disclosures in the media, that the so-called Terrorist Surveillance Program is used only to monitor calls between U.S. persons in phone contact with suspected al-Qaeda terrorists or supporters abroad. " The decision is unreasoned and not supported by any analysis," a senior, and bitter-sounding, Administration official complained to TIME. The decision most likely sent shudders through an intelligence community that runs numerous messy spy programs based on the guidance of the very Administration attorneys who had insisted the surveillance program is legal.

Administration supporters almost immediately began raising questions about the political views of the federal judge who made the ruling. Taylor, a Carter appointee, was once married to the late ex-Congressman Charles Diggs, a Michigan Democrat, who after their divorce was convicted in 1978 and served seven months in prison in a $66,000 kickback scheme involving the payroll of his congressional office.The suit that Taylor ruled on was filed by the American Civil Liberties Union earlier this year. In an odd twist, Timothy Edgar, a senior ACLU leglislative aide at the time, has since joined the office of Director of National Intelligence John Negroponte as a privacy rights adviser charged with ensuring that intelligence methods do not violate Americans ' rights.

House intelligence committee chairman Peter Hoekstra, a Michigan Republican, led the Republican charge against Taylor's ruling. "It is disappointing that a judge would take it upon herself to disarm America during a time of war," Hoekstra said, an unusually strong criticism of a sitting federal judge by a congressman. "The very real threat posed by radical Islamists requires every tool at our disposal, including the ability to track financial activity and the communications of terrorists."

Hoekstra also appeared to hint at the uncertainty that U.S. intelligence operatives and officials may feel in their counter-terrorism efforts if this decision stands. "I hope that it is overturned for the sake of our law enforcement and intelligence professionals, who need every resource available to them to stop terrorist plots before they are carried out, " Hoekstra said.

How the ruling will play out politically is uncertain. Some Washington insiders expected that it would give Bush and the GOP another chance to play to his strength — waging war on terror — while appealing the ruling and seeking legislative changes to accommodate the eavesdropping program. But others said it could give Democrats yet another opening to charge that Bush ignores the law and is wielding vast power in secrecy, without legal authority or broad public support.

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Senator Diane Feinstein of California, a leading Democrat on the Senate intelligence committee, expressed support for the goals of the NSA program, while applauding the ruling. "I was briefed on the operational details of the NSA domestic surveillance program and believe that, with certain small changes, FISA can accommodate the program," she said. Yet she criticized Bush for using "brinksmanship" in his insistence on secrecy. "This court ruling upholds the basic principle that even the President is not outside the law and that he has exceeded his constitutional authority by implementing this warrantless domestic surveillance program," Feinstein said.

James Bamford, a respected author of books on the NSA and a plaintiff in the suit, called Taylor's ruling "very significant, because what you have here is a massive eavesdropping operation, the largest one in history. And it's a criminal statute that the President has violated. " with jail terms dictated for violations. "Nobody's talking about impeachment," Bamford added, "but if you had opposite parties in Congress, you'd have a situation, I think, very much like Watergate."

Judge Rules Against NSA Eavesdropping Program (NJTD)

By Andrew Noyes

National Journal's Technology Daily, August 18, 2006

A federal court in Michigan said Thursday that the National Security Agency cannot keep monitoring telephone calls and e-mails of millions of Americans without warrants.

The ruling by Judge Anna Diggs Taylor thrilled civil libertarians, who claimed the Bush administration's surveillance program violates citizens' constitutional rights to free speech and privacy.

The electronic surveillance program, which was exposed by The New York Times last December, also runs counter to the 1978 Foreign Intelligence Surveillance Act, Taylor said in a 44-page ruling. American Civil Liberties Union Executive Director Anthony Romero told reporters on a conference call that the decision was "another nail in the coffin" of the government's legal strategy in the war on terror.

The ACLU filed the case in January on behalf of a group of journalists, scholars, attorneys and nonprofits who routinely communicate by phone and e-mail with people in the Middle East. They say the nature of their calls and e-mails led them to believe they are being monitored by the NSA.

The plaintiffs included authors James Bamford, Christopher Hitchens and Tara McKelvey, as well as New York University scholar Barnett Rubin. The Council on American Islamic Relations, Greenpeace and the National Association of Criminal Defense Lawyers also joined the lawsuit on behalf of their staff and membership.

Greenpeace General Counsel Tom Wetterer said the ruling "exemplifies the beauty of our democracy." Rubin, who recently returned from a research trip to Afghanistan, said it was a victory for him and fellow litigants but also for national security, which he claimed is undermined by the warrantless spying.

The court dismissed requests made by the ACLU to learn more about government data-mining initiatives. ACLU Associate Legal Director Anne Beeson called that portion of the ruling "very narrow." Taylor found that laws governing state secrets prevented enough facts from being made public for her to rule. The ACLU is still discussing whether it will appeal on those grounds.

The NSA program is a "critical tool" in detecting and preventing terrorist attacks, the Justice Department said in a statement. The agency asked the district court to stay the ruling pending an appeal to the 6th U.S. Circuit Court of Appeals.

The Taylor decision "is going to be a very important part of [congressional] debate in the fall," ACLU Washington Legislative Office Director Caroline Fredrickson said. Many members of Congress have "already recognized that the spying program has been very troubling."

Senate Judiciary Committee ranking Democrat Patrick Leahy of Vermont said Thursday that he has always believed the NSA program violated U.S. laws and that FISA is adequate. Committee Chairman Arlen Specter, R-Pa., whose FISA reform bill is currently pending on Capitol Hill, was en route to Jerusalem and unavailable for comment, spokeswoman Courtney Boone said.

The Senate Intelligence Committee, which has held public and closed-door hearings about NSA e-surveillance, was reviewing the ruling, but committee Chairman Pat Roberts, R-Kan., was unavailable for comment, a spokeswoman said.

U.S. Judge Finds Wiretapping Plan Violates The Law (NYT)

By Adam Liptak And Eric Lichtblau

The New York Times, August 18, 2006

A federal judge ruled yesterday that the National Security Agency's program to wiretap the international communications of some Americans without a court warrant violated the Constitution, and she ordered it shut down.

The ruling was the first judicial assessment of the Bush administration's arguments in defense of the surveillance program, which has provoked fierce legal and political debate since it was disclosed last December. But the issue is far from settled, with the Justice Department filing an immediate appeal and succeeding in allowing the wiretapping to continue for the time being.

In a sweeping decision that drew on history, the constitutional separation of powers and the Bill of Rights, Judge Anna Diggs Taylor of United States District Court in Detroit rejected almost every administration argument.

Judge Taylor ruled that the program violated both the Fourth Amendment and a 1978 law that requires warrants from a secret court for intelligence wiretaps involving people in the United States. She rejected the administration's repeated assertions that a 2001 Congressional authorization and the president's constitutional authority allowed the program.

"It was never the intent of the framers to give the president such unfettered control, particularly when his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights," she wrote. "The three separate branches of government were developed as a check and balance for one another."

Republicans said the decision was the work of a liberal judge advancing a partisan agenda. Judge Taylor, 73, worked in the civil rights movement, supported Jimmy Carter's presidential campaign and was appointed to the bench by him in 1979. She was the first black woman to serve on the Detroit federal trial court.

She has ruled for the A.C.L.U. in a lawsuit challenging religious displays on municipal property. But she has also struck down a Detroit ordinance favoring minority contractors. "Her reputation is for being a real by-the-books judge," said Evan H. Caminker, the dean of the University of Michigan Law School.

The government said it would ask Judge Taylor to stay her order at a hearing on Sept. 7.

The Justice Department and the American Civil Liberties Union — which brought the case in Detroit on behalf of a group of lawyers, scholars, journalists and others — agreed that her order would not be enforced until then, but lawyers for the A.C.L.U. said they would oppose any further stay.

Administration officials made it clear that they would fight to have the ruling overturned because, they said, it would weaken the country's defenses if allowed to stand.

Attorney General Alberto R. Gonzales, at a hastily called news conference after the decision, said he was both surprised and disappointed by the ruling on the operation, which focuses on communications of people suspected of ties to Al Qaeda.

Administration officials "believe very strongly that the program is lawful," said Mr. Gonzales, a main architect of the program as White House counsel and the biggest defender of its legality in a series of public pronouncements that began after the program was disclosed by The New York Times last December.

"We're going to do everything we can do in the courts to allow this program to continue," he said, because it "has been effective in protecting America."

Tony Snow, the White House spokesman, also described the surveillance program as a vital and lawful tool. "The whole point is to detect and prevent terrorist attacks before they can be carried out," Mr. Snow said. "The terrorist surveillance program is firmly grounded in law and regularly reviewed to make sure steps are taken to protect civil liberties."

Democrats applauded the ruling as an important affirmation of the rule of law, while lawyers for the A.C.L.U. said Judge Taylor's decision was a sequel to the Supreme Court's decision in June in Hamdan v. Rumsfeld that struck down the administration's plans to try detainees held in Guantánamo Bay, Cuba, for war crimes.

"It's another nail in the coffin of executive unilateralism," said Jameel Jaffer, an A.C.L.U. lawyer.

But allies of the administration called the decision legally questionable and politically motivated.

"It is an appallingly bad opinion, bad from both a philosophical and technical perspective, manifesting strong bias," said David B. Rivkin, an official in the administrations of President Ronald Reagan and the first President Bush. "It is guaranteed to be overturned."

Mr. Gonzales would not say whether the program played any role in foiling a plot last week to set off bombs in airliners bound for the United States from Britain. But Speaker J. Dennis Hastert, Republican of Illinois, suggested that it did play a role in the investigation.

In a written statement criticizing Judge Taylor's ruling, Mr. Hastert defended the wiretapping operation and said that "our terrorist surveillance programs are critical to fighting the war on terror and saved the day by foiling the London terror plot."

His office declined to elaborate.

Mr. Gonzales said he expected that the ruling would play a role in the debate in Congress over how and whether to change federal eavesdropping laws. But he said the exact impact was "hard to predict."

Among competing proposals, Republican leaders have proposed legislation that would specifically permit the wiretapping program. Some Democrats, however, have introduced legislation that would restrict, or in some cases ban altogether, the government from conducting wiretaps on Americans without a warrant.

The White House is backing a plan, drafted by Senator Arlen Specter, Republican of Pennsylvania, with the blessing of President Bush, that would allow a secret court to review the legality of the operation.

But in the view of critics, it could also broaden the president's authority to conduct such operations. Mr. Gonzales said it appeared to administration lawyers that the Specter legislation, if passed by Congress, "would address some of the concerns raised by the judge in her opinion."

Another element of the Specter legislation would force other lawsuits over the program — like the one brought by the A.C.L.U. in Detroit — to be consolidated into a single action to be heard by the secret court.

Judge Taylor rejected the government's threshold argument that she should not hear the case at all because it concerned state secrets. Dismissal on those grounds was not required, she wrote, because the central facts in the case — the existence of the program, the lack of warrants and the focus on communications in which one party is in the United States — have been acknowledged by the government.

The government also argued that the plaintiffs lacked standing to sue because they had not suffered concrete harm from the program. Judge Taylor ruled that the plaintiffs "are stifled in their ability to vigorously conduct research, interact with sources, talk with clients and, in the case of the attorney plaintiffs, uphold their oath of providing effective and ethical representation of their clients."

Some plaintiffs, the judge wrote, have had to incur travel expenses to visit clients and others to avoid possible monitoring of their communications.

Going beyond the arguments offered against the wiretapping program by many legal scholars, Judge Taylor ruled that it violated not only the 1978 law, the Foreign Intelligence Surveillance Act, but also the Fourth Amendment, which prohibits unreasonable searches and seizures.

The Supreme Court has never addressed the question of whether electronic surveillance of partly domestic communication violates the Fourth Amendment. Judge Taylor concluded that the wiretapping program is "obviously in violation of the Fourth Amendment."

The president also violated the Constitution's separation of powers doctrines, Judge Taylor ruled. Neither a September 2001 Congressional authorization to use military force against Al Qaeda nor the president's inherent constitutional powers allow him to violate the 1978 law or the Fourth Amendment, she said.

"There are no hereditary kings in America and no powers not created by the Constitution," she wrote, rejecting what she called the administration's assertion that the president "has been granted the inherent power to violate not only the laws of the Congress but the First and Fourth Amendments of the Constitution itself."

Republicans attacked the decision. "It is disappointing that a judge would take it upon herself to disarm America during a time of war," said Representative Peter Hoekstra, Republican of Michigan, the chairman of the House Intelligence Committee.

Judge Taylor did give the government a minor victory, rejecting on national security grounds a challenge to a separate surveillance program involving data mining. That ruling is consistent with recent decisions of federal courts in San Francisco and Chicago.

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Judges in those cases drew a distinction between the wiretapping program, which the administration has acknowledged and defended, and the data mining program, which has not been officially confirmed.

NSA Surveillance Struck Down (WT)

By Jerry Seper

The Washington Times, August 18, 2006

A federal judge in Detroit yesterday ruled that President Bush's domestic terrorist surveillance program is unconstitutional, agreeing with a challenge from the American Civil Liberties Union and a group of lawyers, academics and journalists.

"The irreparable injury necessary to warrant injunctive relief is clear, as the First and Fourth Amendment rights of plaintiffs are violated" by the surveillance program, said U.S. District Judge Anna Diggs Taylor. "The irreparable injury conversely sustained by defendants under this injunction may be rectified by compliance with our Constitution.

"The public interest is clear in this matter," said Judge Diggs Taylor, who was appointed to the federal bench in 1979 by President Carter. "It is the upholding of our Constitution."

The judge granted a permanent injunction halting the program but delayed implementing her order pending the outcome of the Justice Department's appeal, which was filed immediately.

The Justice Department said the National Security Agency's terrorist surveillance program authorized by Mr. Bush was "an essential tool for the intelligence community" in the nation's ongoing war on terror. It called the program "a critical tool that ensures we have in place an early warning system to detect and prevent a terrorist attack.

"In the ongoing conflict with al Qaeda and its allies, the president has the primary duty under the Constitution to protect the American people," the department said. "The Constitution gives the president the full authority necessary to carry out that solemn duty, and we believe the program is lawful and protects civil liberties."

Attorney General Alberto R. Gonzales yesterday described the program's scope as "very narrow," saying it focused only on communications with al Qaeda.

He said that it has been "very effective" in protecting America and that reviews of it by lawyers at Justice and the NSA found it to be legal. He said he was "disappointed" by the ruling.

"We respectfully disagree with the decision of the judge, and we have appealed the decision. There is a stay in place, and so we will continue to utilize the program to ensure that America is safer," he said. "The president is doing what he believes is necessary, consistent with the Constitution, to protect this country from further attacks from al Qaeda."

White House spokesman Tony Snow said that the Bush administration's program, implemented after the September 11 terrorist attacks, is "firmly grounded in law and regularly reviewed to make sure steps are taken to protect civil liberties" and that the administration "couldn't disagree more" with the judge's ruling.

"Last week, America and the world received a stark reminder that terrorists are still plotting to attack our country and kill innocent people," Mr. Snow said. "United States intelligence officials have confirmed that the program has helped stop terrorist attacks and saved American lives.

"The program is carefully administered, and only targets international phone calls coming into or out of the United States where one of the parties on the call is a suspected al Qaeda or affiliated terrorist," he said. "The whole point is to detect and prevent terrorist attacks before they can be carried out. That's what the American people expect from their government, and it is the president's most solemn duty to ensure their protection."

The ruling came in a lawsuit by the ACLU, which challenged the legality of the NSA program, saying it intercepted "without benefit of warrant or other judicial approval" the international telephone and Internet communications of numerous people and organizations in the U.S. The ACLU said the program had substantially chilled and impaired its clients' constitutionally protected communications.

ACLU Executive Director Anthony Romero told reporters that the opinion was "another nail in the coffin in the Bush administration's legal strategy in the war on terror."

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Senate Majority Leader Bill Frist, Tennessee Republican, called the ruling an "unfortunate decision," adding that terrorists were "the real threat to our constitutional and democratic freedoms" and not the law-enforcement and intelligence tools used to keep America safe.

He said the country needed to "strengthen, not weaken" its ability to prevent terrorist plots.

Sen. Patrick J. Leahy of Vermont, the Senate Judiciary Committee's ranking Democrat, yesterday said the ruling highlighted "another unfortunate example of how White House misdirection, arrogance and mismanagement have needlessly complicated our goal of protecting the American people."

Critics of the program have argued that the administration should use the powers granted it under the Foreign Intelligence Surveillance Act (FISA).

"I have always believed that the Bush-Cheney warrantless domestic spying program violated our laws," Mr. Leahy said. "We can and should wiretap terrorists under the current FISA law. The problem has been the Bush-Cheney administration's insistence on doing it illegally, without checks and balances to prevent abusing the rights of Americans."

House Minority Leader Nancy Pelosi of California, while calling the decision a "repudiation" of the administration, invited the president "to work with Congress to devise tough, effective, and lawful ways to monitor the communications of suspected terrorists."

Editorial: A Judicial Misfire (WP)

The Washington Post, August 18, 2006

The first federal court opinion on warrantless NSA surveillance is full of sound and fury.

THE NATION would benefit from a serious, scholarly and hard-hitting judicial examination of the National Security Agency's program of warrantless surveillance. The program exists on ever-more uncertain legal ground; it is at least in considerable tension with federal law and the Bill of Rights. Careful judicial scrutiny could serve both to hold the administration accountable and to provide firmer legal footing for such surveillance as may be necessary for national security.

Unfortunately, the decision yesterday by a federal district court in Detroit, striking down the NSA's program, is neither careful nor scholarly, and it is hard-hitting only in the sense that a bludgeon is hard-hitting. The angry rhetoric of U.S. District Judge Anna Diggs Taylor will no doubt grab headlines. But as a piece of judicial work -- that is, as a guide to what the law requires and how it either restrains or permits the NSA's program -- her opinion will not be helpful.

Judge Taylor's opinion is certainly long on throat-clearing sound bites. "There are no hereditary Kings in America and no powers not created by the Constitution," she thunders. She declares that "the public interest is clear, in this matter. It is the upholding of our Constitution." And she insists that Mr. Bush has "undisputedly" violated the First and Fourth Amendments, the constitutional separation of powers, and federal surveillance law.

But the administration does, in fact, vigorously dispute these conclusions. Nor is its dispute frivolous. The NSA's program, about which many facts are still undisclosed, exists at the nexus of inherent presidential powers, laws purporting to constrict those powers, the constitutional right of the people to be free from unreasonable surveillance, and a broad congressional authorization to use force against al-Qaeda. That authorization, the administration argues, permits the wiretapping notwithstanding existing federal surveillance law; inherent presidential powers, it suggests, allow it to conduct foreign intelligence surveillance on its own authority. You don't have to accept either contention to acknowledge that these are complicated, difficult issues. Judge Taylor devotes a scant few pages to dismissing them, without even discussing key precedents.

The judge may well be correct in her bottom line that the program exceeds presidential authority, even during wartime. We harbor grave doubt both that Congress authorized warrantless surveillance as part of the war and that Mr. Bush has the constitutional power to act outside of normal surveillance statutes that purport to be the exclusive legal authorities for domestic spying. But her opinion, which as the first court venture into this territory will garner much attention, is unhelpful either in evaluating or in ensuring the program's legality. Fortunately, as this case moves forward on appeal and as other cases progress in other courts, it won't be the last word.

President Taylor (WSJ)

The Wall Street Journal, August 18, 2006

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In our current era of polarized politics, it was probably inevitable that some judge somewhere would strike down the National Security Agency's warrantless wiretaps as unconstitutional. The temptations to be hailed as Civil Libertarian of the Year are just too great.

So we suppose a kind of congratulations are due to federal Judge Anna Diggs Taylor, who won her 10 minutes of fame yesterday for declaring that President Bush had taken upon himself "the inherent power to violate not only the laws of the Congress but the First and Fourth Amendments of the Constitution, itself." Oh, and by the way, the Jimmy Carter appointee also avers that "there are no hereditary Kings in America." In case you hadn't heard.

The 44-page decision, which concludes by issuing a permanent injunction against the wiretapping program, will doubtless occasion much rejoicing among the "imperial Presidency" crowd. That may have been part of her point, as, early in the decision, Judge Taylor refers with apparent derision to "the war on terror of this Administration."

We can at least be grateful that President Taylor's judgment won't be the last on the matter. The Justice Department immediately announced it will appeal and the injunction has been stayed for the moment. But her decision is all the more noteworthy for coming on the heels of the surveillance-driven roll up of the terrorist plot in Britain to blow up U.S.-bound airliners. In this environment, monitoring the communications of our enemies is neither a luxury nor some sinister plot to chill domestic dissent. It is a matter of life and death.

So let's set aside the judge's Star Chamber rhetoric and try to examine her argument, such as it is. Take the Fourth Amendment first. The "unreasonable search and seizure" and warrant requirements of that amendment have their roots in the 18th-century abuses of the British crown. Those abuses involved the search and arrest of the King's political opponents under general and often secret warrants.

Judge Taylor sees an analogy here, but she manages to forget or overlook that no one is being denied his liberty and no evidence is being brought in criminal proceedings based on what the NSA might learn through listening to al Qaeda communications. The wiretapping program is an intelligence operation, not a law-enforcement proceeding. Congress was duly informed, and not a single specific domestic abuse of such a wiretap has yet been even alleged, much less found.

As for the First Amendment, Judge Taylor asserts that the plaintiffs -- a group that includes the ACLU and assorted academics, lawyers and journalists who believe their conversations may have been tapped but almost surely weren't -- had their free-speech rights violated because al Qaeda types are now afraid to speak to them on the phone.

But the wiretapping program is not preventing anyone from speaking on the phone. Quite the opposite -- if the terrorists stopped talking on the phone, there would be nothing to wiretap. Perhaps the plaintiffs should have sued the New York Times, as it was that paper's disclosure of the program that created the "chill" on "free speech" that Judge Taylor laments.

The real nub of this dispute is the Constitution's idea of "inherent powers," although those two pages of her decision are mostly devoted to pouring scorn on the very concept. But jurists of far greater distinction than Judge Taylor have recognized that the Constitution vests the bulk of war-making power with the President. It did so, as the Founders explained in the Federalist Papers, for reasons of energy, dispatch, secrecy and accountability.

Before yesterday, no American court had ever ruled that the President lacked the Constitutional right to conduct such wiretaps. President Carter signed the 1978 FISA statute that established the special court to approve domestic wiretaps even as his Administration declared it was not ceding any Constitutional power. And in the 2002 decision In Re: Sealed Case, the very panel of appellate judges that hears FISA appeals noted that in a previous FISA case (U.S. v. Truong), a federal "court, as did all the other courts to have decided the issue, held that the President did have inherent authority to conduct warrantless searches to obtain foreign intelligence information." We couldn't find Judge Taylor's attempt to grapple with those precedents, perhaps because they'd have interfered with the lilt of her purple prose.

Unlike Judge Taylor, Presidents are accountable to the voters for their war-making decisions, as the current White House occupant has discovered. Judge Taylor can write her opinion and pose for the cameras -- and no one can hold her accountable for any Americans who might die as a result.

Editorial: Ruling For The Law (NYT)

The New York Times, August 18, 2006

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Ever since President Bush was forced to admit that he was spying on Americans' telephone calls and e-mail without warrants, his lawyers have fought to keep challenges to the program out of the courts. Yesterday, that plan failed. A federal judge in Detroit declared the eavesdropping program to be illegal and unconstitutional. She also offered a scathing condemnation of what lies behind the wiretapping — Mr. Bush's attempt to expand his powers to the point that he can place himself beyond the reach of Congress, judges or the Constitution.

"There are no hereditary kings in America and no powers not created by the Constitution," wrote Judge Anna Diggs Taylor of the United States District Court in Detroit. Her decision was based on a lawsuit filed by the American Civil Liberties Union.

She said Mr. Bush violated the 1978 Foreign Intelligence Surveillance Act when he ordered the National Security Agency to spy without a warrant on international phone calls and e-mail by Americans and foreign residents of the United States. She noted that the surveillance law was passed to prohibit just this sort of presidential abuse of power and provided ample flexibility for gathering vital intelligence. She also said that the program violated the Fourth Amendment, which prohibits unreasonable searches and seizures, as well as the rights of free speech and association granted by the First Amendment.

The ruling eviscerated the absurd notion on which the administration's arguments have been based: that Congress authorized Mr. Bush to do whatever he thinks is necessary when it authorized the invasion of Afghanistan.

It's good news that this ruling exists at all. Mr. Bush's lawyers tried to have the entire suit thrown out on national security grounds, a tactic they have used in an alarming number of cases. In one particularly appalling example, they persuaded federal judges to refuse to hear a lawsuit filed by an innocent German citizen of Lebanese birth who was snatched out of his private life, illegally imprisoned for five months and tortured by American jailers.

In this case, the administration told Judge Taylor that merely arguing its case would expose top secret information. Judge Taylor said she had reviewed the secret material and concluded it was not relevant. The secrecy claim, she said, was "disingenuous and without merit."

No sooner had this ruling been issued than Mr. Bush's loyalists in Congress, who have been searching for ways to give legal cover to an illegal spying program, began calling for new laws to overcome Judge Taylor's objections. Republicans quickly pointed out that Judge Taylor was appointed by President Jimmy Carter and that some of the many precedents she cited were written by liberal judges. These efforts to undermine Judge Taylor's arguments will undoubtedly continue while the White House appeals the decision, and the outcome in the conservative Sixth Circuit Court of Appeals is uncertain.

But for now, with a careful, thoroughly grounded opinion, one judge in Michigan has done what 535 members of Congress have so abysmally failed to do. She has reasserted the rule of law over a lawless administration and shown why issues of this kind belong within the constitutional process created more than two centuries ago to handle them.

Wiretap Ruling Affirms That Presidents Aren't Monarchs (USAT)

USA Today, August 18, 2006

For the past five years, the Bush administration has operated as if the horrific events of 9/11 not only changed fundamental aspects of national security and public safety, but also changed the very nature of government.

OPPOSING VIEW: NSA program is vital tool

President Bush has unilaterally declared what parts of new laws he wishes to enforce. He has created military tribunals unauthorized by Congress. And, perhaps most ominously, he has authorized eavesdropping on phone calls to and from the USA without court orders.

Bush has done these things by simply asserting that the powers of the presidency enumerated in Article II of the Constitution — particularly the clause making him the "Commander in Chief of the Army and Navy" — are much more sweeping than previously imagined. In short, he has acted like a king.

Fortunately, the courts have begun to rein in his royal ambitions. In June, the U.S. Supreme Court threw out the military tribunals. And on Thursday, federal Judge Anna Diggs Taylor struck down the warrantless surveillance program, finding it to be a violation of the First and Fourth Amendments and the principle of separation of powers. "There are no hereditary Kings in America," she wrote.

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The ruling by Taylor, who was appointed by President Carter, is far from the final word. The wiretapping program will continue while the administration appeals. It is not hard to see other courts ruling differently by saying that the plaintiffs, led by the American Civil Liberties Union, should not have been given standing to bring the case because they could not show they were harmed by the eavesdropping.

But the ruling does undermine Bush's main argument — that the program is constitutional because the administration says it is constitutional. Taylor gives little credence to this argument, as one might expect from a representative of the judicial branch, the place where questions of constitutionality are properly resolved.

Since the Foreign Intelligence Surveillance Act was adopted in 1978, presidents have had an effective and constitutional way to speedy court approval for surveillance. FISA even allows for retroactive approval in urgent investigations.

If this law is overly restrictive or somehow unequal to the task of combating today's global terror threat, the president can and should go to Congress to make the case for new legislation. Given the mood of the country and the continuing threat exemplified by the alleged airline bombing plot in Britain last week, Congress would surely make addressing the problem a priority.

By ignoring the law, and making specious arguments that powers contained in Article II make the president virtually unaccountable to either the courts or Congress, the president shows contempt for the other branches and exposes his determination to concentrate power within his own — with no particular gain for the war on terrorism.

Much has changed since terrorists rammed planes into the World Trade Center and the Pentagon. But one thing that has not is that America is a constitutional democracy with checks and balances. A ruling such as Thursday's is a useful and forceful affirmation of that.

Bush: Unconstitutional, Again (LAT)

The Los Angeles Times, August 18, 2006

IN THE LATEST JUDICIAL REBUKE of the Bush administration's tactics against terrorism, a federal judge in Detroit ruled Thursday that warrantless wiretapping of U.S. citizens violates the Constitution and federal law. The decision is an embarrassment for President Bush, but it also should be a source of shame for Congress.

Eight months ago, the New York Times reported that the National Security Agency was monitoring the international phone calls and e-mail messages of some Americans without obtaining a court order as required by the Foreign Intelligence Surveillance Act, or FISA. Several proposals for reining in the NSA operation were offered. But none of them were enacted before members of Congress left town for the summer.

Thursday's ruling by U.S. District Judge Anna Diggs Taylor should jump-start that stalled effort. It came in a lawsuit brought by the American Civil Liberties Union on behalf of journalists, lawyers and other scholars with business contacts in the Mideast.

Her decision convincingly rebuts two of the Bush administration's legal positions: that the president has the inherent constitutional authority to engage in surveillance of Americans, and that Congress approved such eavesdropping in 2001 when it authorized Bush to use "all necessary and appropriate force" against individuals and nations implicated in the 9/11 attacks.

The decision also gives short shrift to the administration's argument that a lawsuit against the NSA's monitoring of telephone calls and e-mail messages couldn't go forward because it would result in the divulging of state secrets. The Bush administration, the ruling notes, had "repeatedly told the general public that there is a valid basis in law for the Terrorist Surveillance Program." (It does say that the state-secrets privilege barred recovery for plaintiffs based on their claim that the NSA was also engaging in "data mining" of phone records.)

Not surprisingly, the administration said it would appeal Thursday's ruling, insisting in a statement that "the Terrorist Surveillance Program is firmly grounded in law." It said the same thing about the military commissions Bush established to try accused enemy combatants at the Guantanamo Bay naval base. The Supreme Court disagreed. The justices may take a similarly skeptical view of administration assertions when it comes to warrantless wiretapping.

Meanwhile, Congress should reclaim its institutional prerogative and enact legislation making it clear that NSA spying on Americans is governed by FISA. Legislation proposed by Sen. Dianne Feinstein (D-Calif.) would do just that, while increasing

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from 72 hours to seven days the period in which investigators in an emergency could conduct surveillance without a warrant. Feinstein's bill made sense before Thursday's ruling. Its enactment is even more urgent now.

Our Bitter Politics May Drop The Gift Of A Foiled Plot (WSJ)

By Daniel Henninger

The Wall Street Journal, August 18, 2006

New York City on Wednesday released more audiotapes from September 11, the day whose realities won't go away no matter how corrosive and divided our national politics become.

What are the realities of 9/11? Oliver Stone's movie, "World Trade Center," released a few weeks ago, conveys the horror, valor and loss that day. That is one reality.

The more enduring reality is the one manifest last week when British authorities stopped a plot to destroy perhaps 10 passenger planes over the Atlantic Ocean: Five years after September 11, radical Islam remains an ideology whose active intention is to annihilate civilians around the world on a massive scale, and to do so repeatedly.

On Sunday, Homeland Security Secretary Michael Chertoff put before us the reality that should, but doesn't, transcend all the others now. "We've got to have a legal system that lets us . . . prevent things from happening rather than . . . reacting after the fact." But we don't.

Congress has before it two chances to begin the task of shaping a legal system appropriate to the threat: the Specter bill to revise the Foreign Intelligence Surveillance Act (FISA), and its responsibility after the Supreme Court's Hamdan decision to write rules and procedures for military commissions. Given the political climate, it's far from certain that Congress will get this right.

Over the past year the Democrats have built a political case that President Bush's conduct of the war on terror is trampling civil liberties and the rule of law. There is a list for the Bush assault on "our values": the NSA's warrantless wiretaps, Guantanamo, phone-call datamining and of course his Supreme Court nominations.

Whatever the merits of all this, Congress's Democrats are publicly committed to making this version of the Bush civil-liberties record a voting issue for their party in November and beyond. So presumably they will remain deaf to Secretary Chertoff's plea for a legal system tailored to fight Islamic terror, at least until after 2008.

A fair summary of the party's position on civil liberties just now may be found in Sen. Patrick Leahy's remarks after Mr. Bush nominated Samuel Alito to the Supreme Court. "This is a nomination," Sen. Leahy said, "that threatens the fundamental rights and liberties of all Americans now and for generations to come. This president is in the midst of a radical realignment of the powers of the government and its intrusiveness into the private lives of Americans. . . . I am concerned that if confirmed this nominee will further erode the checks and balances that have protected our constitutional rights for more than 200 years."

So a question: Which set of civil liberties do the Democrats have in mind -- those that existed in 1791? In 1896? 1942? 1965? 1976? Or now? British Prime Minister Tony Blair put this question bluntly in a speech in California last month: "The threat of global terrorism bent on mass slaughter means traditional civil liberty arguments are not so much wrong, as just made for another age." Which age does Sen. Leahy want to live in?

The Fourth Amendment -- affecting the status of warrants, probable cause and surveillance -- is an excellent proxy for how we should try to think about shaping a set of laws and legal procedures appropriate to our times.

In a compelling post-9/11 article that every member of Congress involved in this effort should read, "Local Policing After the Terror," Harvard constitutional scholar William J. Stuntz argued in the June 2002 Yale Law Review that an analysis of the Fourth Amendment the past 40 years makes clear that courts have tailored criminal-procedure rules to fit the threat at the time, tightening or relaxing criminal procedures in line with a fall or rise in crime.

After the low-crime '50s, it imposed the exclusionary rule on state courts. In very high-crime 1968, the Warren Court, in Terry v. Ohio, softened the probable cause standard for police street frisks to reasonable suspicion. For 20 years after 1970, the courts enacted various exceptions to the warrant requirement, i.e., allowed warrantless searches.

Here is Justice Sandra Day O'Connor in oral remarks during the stop-and-search Arvizu case argued on Nov. 27, 2001: "We live in perhaps a more dangerous age today than we did when this event took place . . . The Ninth Circuit opinion seemed to be a little more rigid than . . . common sense would dictate today."

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Just over a week ago, the Second Circuit Court upheld a district court ruling in favor of New York City's random subway searches, concluding that the program was a "special need" and "that need is weighty."

The Senate doesn't think so. The Senate is barely able to have a conversation about any of this. At the Judiciary Committee's hearing late last month to discuss Sen. Arlen Specter's bill to revise FISA, Sen. Ted Kennedy submitted that the Bush program wants to override "the core of our democracy" and "we should not yield to that arrogant request." The day before that hearing New York Rep. Jerry Nadler called again for a special counsel to investigate the warrantless wiretap program.

Criminologists will tell you that the reason street crime is down in the U.S. is because of proactive policing methods such as were instituted in New York by Rudy Giuliani and William Bratton. A reactive police force by definition lets crime happen and investigates afterward. Our bitter, give-no-quarter politics is going to leave us with a reactive, uncertain national security apparatus.

Even allowing for election needs, why is it not possible for the congressional Democratic Party and its Amen corner in the punditocracy and blogosphere to overcome their George Bush phobia here? They should allow the creation of a civil-liberties regime that will genuinely (not hopefully) reduce our exposure to the risks now being rolled up by the surveillance and arrests in London.

The foiling of the plot in Britain was a kind of public-policy miracle, a rare chance to rethink. The U.S. could have spent the past week with 4,000 funerals. We would have had calls for measures so stringent and draconian they would make the Bush program look like pattycake. We have none of that. But unless our politics changes, we will.

NSA Program Is Vital Tool (USAT)

USA Today, August 18, 2006

Judge Anna Diggs Taylor's decision, if it stands, will put out of commission a useful national security program that is no threat to anyone who is not already threatening the United States. Contrary to the hype, the administration has made no claim of a blanket privilege to intercept phone calls or e-mails without warrant. The NSA program applies only to international calls, and only those intercepted while tracking known or suspected al-Qaeda operatives.

OUR VIEW:Ruling affirms that presidents aren't monarchs

Courts have traditionally shown deference to the executive branch in determining when emergency action is needed to defend the nation. This is especially important when fighting the agile and adaptive enemy we face today. We cannot fight networked terrorism with legal interpretations more suited to the days of rotary phones and snail mail.

Taylor's decision imposes a comprehensive restriction on the National Security Agency program, regardless of the need for circumstances that might necessitate swift action. It also in essence extends First Amendment privileges to foreign terrorists living abroad, so long as they are talking to someone in the USA. This is not only an unprecedented interpretation of the rights of reporters, it also establishes hitherto unimagined avenues of privileged communications for terrorists.

The standing of the ACLU to sue on behalf of journalists and academics is particularly shaky ground. Rather than citing incidents of wrongs against individuals, the court has entertained a vague standard of injury to rights that might not even exist. The judge established a balancing test, weighing the importance of the information being collected against the risk that an innocuous conversation could be overheard. One might ask how the NSA can determine which conversations are important before they are collected.

Judge Taylor's comparison of President Bush to a "hereditary" king suggests an attempt to patch the holes in her substantive argument through rhetoric. It is ironic to hear an unelected judge with a lifetime appointment describing a term-limited president as a monarch. This highly abstract opinion is certain to be overturned by the 6th Circuit Court, and a good thing, too. The safety and security of the American people weigh more heavily in the balance than the alleged right of journalists to freely interview terrorists.

James S. Robbins is senior fellow on national security affairs at the American Foreign Policy Council and author of Last in Their Class: Custer, Picket and the Goats of West Point

Attorney General Exclusive Interview (PTR)

By Salena Zito, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, August 18, 2006

United States Attorney General Alberto Gonzales was in Pittsburgh on Wednesday speaking to the World Affairs Council of Pittsburgh, the same day the thwarted terrorists attacks that originated in London were scheduled to be carried out.

During the visit, Gonzales gave an exclusive interview to Pittsburgh Tribune-Review reporter Salena Zito.

Q: The British laws on surveillance are less stringent than ours. Looking back over this last major terror attempt, what lessons have we learned about our capabilities?

A: It is an ongoing process that we engage in; we are constantly looking to see if our tools are efficient involving a major threat.

Let me just emphasize this: I don't view this threat as having ended -- we have disrupted the threat, (but) we still don't know yet everything there is to know about this threat.

We are in the process of evaluating (the attempted attack) and what almost happened here, and hopefully we are learning from it. The British have different authorities; they operate in a different legal system. We have a Constitution that we have to honor. We will continue to talk to our friends and allies. If we feel like there is something that we need in terms of gathering information, then we will have a discussion with the Congress and see if we can get it.

Q: Does the Patriot Act go far enough?

A: It has obviously allowed us to close the gaps that existed before September 11th. And has allowed local law enforcement along with other agencies to talk to each other -- this is so, so important.

You know, every time there is a disrupted plot, it gives an opportunity to see what our enemy is doing and what they are thinking.

And when you see how the Brits responded last week, it makes us want to know, what tools do they have? Could we have done the same thing as they did? And it is not unique to this particular plot. We do it over and over again. It is an ongoing process as to whether or not we can track these terrorists.

Do we have what we need? Given the fact that this enemy is changing, do we have what we need to protect America? That is the question.

Q: What keeps you up at night?

A: Well, you don't know, you just don't know and that is what keeps me up at night.

I wake up every morning, I look at the threat assessment, and we are on it, on those threats against the United States. Now at the end of the day, many of those threats have washed out. Many of them are nothing, but you see from the plots that we have an enemy that is very smart, very persistent and they are very determined.

They have great PR as well, and yes, yes, we do need to do a better job in the PR department.

But we are not safe yet, and that is what worries me. That is what keeps me up at night.

Q: Since the events of 9/11 and the implementation of the Patriot Act, what benchmarks have we hit in terms of interoperability among federal, state and local law enforcement?

A: We have made tremendous strides since 9/11. I have talked about the number of agencies, as well as our local law enforcement and how important they are and what an important part they play on this war on terror.

They cannot be effective in helping us in the war on terror if they don't have the critical information. I think that we are much better able today to share information. There are still times when we have to make tough decisions -- decisions about how much information we are buying into and when to provide it. Here is an example:

We may get information about a terrorist plot in the city of Pittsburgh, but we may think, "Well, this is totally bogus, but do we go ahead and share it with the Pittsburgh authorities?" Those are still the issues and decisions that we are working through.

Q: In this war on terror, how difficult is it for our agents to develop sources?

A: We are much better today in developing sources than we were before September 11. We have people that can infiltrate these organizations and these cells -- not just al-Qaida, but terrorism generally. But we need to be more effective in this area.

Q: Centralized information-sharing -- a key capability for local law enforcement -- how available will it become to local law enforcement?

A: Local law enforcement has access to certain kinds of databases. There are a couple of conditions that we have to worry about in terms of access to databases; one is certain information on a database may be highly sensitive, highly classified. And that is protected. Only the people that have to have that information get it. Then there is the other issue of privacy. There are laws that exist in respect to how much information can be shared, and who that information can be shared with.

Our goal (with local law enforcement) is to try to share information, to make available as much relevant information to local law enforcement real-time so that they can make decisions, so that they can do their job, so that they can protect their communities.

So the Patriot Act allows them to close those gaps -- it has been a wonderful tool. I think that Congress should be commended, and the Office of the President, in utilizing this tool to protect America.

We are safer today because of it.

Salena Zito can be reached at szito@tribweb.com.

British Search Turns Up Parts For A Bomb (NYT)

By Ian Fisher

The New York Times, August 18, 2006

LONDON, Aug. 17 — British investigators have found a suitcase with bomb-making materials in the woods near the homes of several men suspected of plotting to blow up trans-Atlantic aircraft, the BBC reported Thursday.

A police spokesman declined to comment on the report.

Investigators have been searching the woods in High Wycombe, about 35 miles northwest of London, since the arrests last Thursday of 24 people suspected in the plot. At least five suspects are from High Wycombe. Since Thursday, one suspect has been released and another arrested.

The BBC quoted an anonymous police official as saying that the suitcase contained “everything you would need to make an improvised device.”

Under British law, few details of investigations are released, and publication of much information is barred for fear of prejudicing a suspect’s trial. As such, amid severe airport delays that are only now easing, a fearful public has learned little of the evidence in the sprawling case, which has included nearly 20 arrests in Pakistan.

The police did say Thursday that they had searched 49 homes and businesses, as well as the woods in High Wycombe. Of those searches, 36 have been completed, the police said, and investigations are continuing at the other sites.

New antiterrorism laws in Britain give the police extra time to question suspects before charging them. On Wednesday, a court gave permission for the police to question 21 suspects until next Wednesday before filing charges, and until Monday for 2 others.

Post-9/11 Detainee Returns To His Life (NSDY/AP)

By Tom Hays, Associated Press Writer

Long Island Newsday, August 18, 2006

TORONTO -- The date was Sept. 12, 2001, but Benemar "Ben" Benatta was clueless about the death and destruction that had unfolded a day earlier.

About a week before, Canadian officials had stopped Benatta as he entered the country from Buffalo to seek political asylum. On that Sept. 11, he was quietly transferred to a U.S. immigration lockup where a day passed before sullen FBI agents told him what the rest of the world already knew: Terrorists had attacked the World Trade Center and Pentagon.

It slowly dawned on Benatta that his pedigree -- a Muslim man with a military background -- made him a target in the frenzied national dragnet that soon followed. The FBI didn't accuse him of being a terrorist -- at least not outright.

But agents kept asking if he could fly an airplane.

No, he said.

It made no difference.

"They gave me a feeling that I was Suspect No. 1," he said in a recent interview.

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The veiled accusations and vehement denials would continue for nearly five years -- despite official findings in 2001 that he had no terrorist links and in 2003 that authorities had violated his rights by colluding to keep him in custody.

Of the estimated 1,200 mostly Arab and Muslim men detained nationwide as potential suspects or witnesses in the Sept. 11 investigation, Benatta would earn a dubious distinction: Human rights groups say the former Algerian air force lieutenant was locked up the longest.

His journey through the American justice system concluded July 20 when a deal was finalized for his return to Canada. In the words of his lawyer, the idea was to "turn back the clock" to when he first crossed the border.

But time did not stand still for Benatta. The clock ran for 1,780 days. The man detained at 27 was now 32.

"I say to myself from time to time, maybe what happened ... it was some kind of dream," he said. "I never believed things like that could happen in the United States."

In a nation reeling from unthinkable horrors inflicted by an unconventional enemy, it could.

And it did.

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Sporting a gray T-shirt and cargo shorts on a sizzling summer day, Benatta eased his muscular frame into a white plastic chair in the backyard of a Toronto halfway house for immigrant asylum-seekers. He sipped lemonade, then paused to taste freedom.

"You start to look around and take in everything -- the wind in your face, the breeze -- everything," he said.

The youngest of 10 children in a middle-class family, Benatta recalled always wanting to be military man like his father. But after he joined the air force, he grew disillusioned. Algerian soldiers, he said, were abusive toward civilians. And militant Muslims were out for blood.

"I was in harm's way in my country," he said.

In December 2000, Benatta entered a six-month training program for foreign air force engineers in Virginia, plotting from the start to desert and flee to Canada. In June 2001, the night before his scheduled flight back to Algeria, he stole out of a hotel. He lived briefly in New York before arriving Sept. 5 on Canada's doorstep.

A week later, Canadian authorities escorted him back over the Rainbow Bridge in Niagara Falls, where they turned him over to U.S. immigration officers. On Sept. 16, U.S. marshals took him into custody, put him on a small jet and flew him to a federal jail in Brooklyn that became a clearing house for detainees who were labeled "of interest" to the FBI following the Sept. 11 attacks.

One marshal's remark stuck in his head: "Where you're going, you won't need shoes anymore."

In Brooklyn, he was locked down -- minus his shoes -- 24 hours a day between FBI interrogations. When he continued to deny any involvement in the attacks, agents threatened to send him back to Algeria. As a deserter, he was certain he would be tortured.

"That was all my thinking all of the time -- they were signing my execution warrant," he said.

Prison guards, he said, dispensed humiliation in steady doses -- rapping on his cell door every half hour to interrupt his sleep, stepping on his leg shackles hard enough to scar his ankles, locking him in an outdoor exercise cage despite freezing temperatures, conducting arbitrary strip searches.

The alleged abuses would have been bad enough. But as a judge eventually pointed out, something else was amiss: Benatta was never charged with a crime.

The FBI grillings stopped sometime in November 2001, when an internal report was prepared saying he was cleared. On paper, he was no longer a terror suspect.

No one bothered to tell him.

* __

December turned to March with Benatta still under lockdown in Brooklyn, without any contact with the outside world. "Each day, with that kind of conditions, is like a year," he said.

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Finally, in April, he received word that he would be transferred to Buffalo to face federal charges of carrying a phony ID when first detained. Benatta was denied bail while he fought the case. But for the first time he was allowed into the general population of federal defendants housed at an immigration detention center.

He also had access to the news, and was shocked by the images accompanying anniversary stories about the Sept. 11 attacks.

"It was the first time I'd really seen what happened," he said.

It wasn't until the second anniversary of the attacks that U.S. Magistrate H. Kenneth Schroeder Jr. found that Benatta's detainment for a deportation hearing was "a charade."

Though terrible, the Sept. 11 attacks "do not constitute an acceptable basis for abandoning our constitutional principles and rule of law by adopting an 'end justifies the means' philosophy," Schroeder wrote. Based on that decision, another judge tossed out the case on Oct. 3, 2003.

"That gave me so much hope," Benatta said. "For me, it's like (the judge) had so much nerves. He gave me some kind of hope in the judicial system all over again."

His hopes were dashed by an ensuing standoff: Benatta demanded asylum. Immigration authorities wanted him deported for overstaying his visa.

An immigration court first set bail at $25,000, then ruled he should stay behind bars indefinitely -- a situation a United Nations human rights group decried as a "de facto prison sentence." Most asylum seekers are released pending the outcome of their cases.

It took another two years before a Manhattan attorney, Catherine M. Amirfar, found a solution: She persuaded Canadian authorities to let her client apply for asylum there without jailing him.

"Canada was willing to take him back and turn back the clock five years," she said. "Of course, Benemar will never get those five years back."

The last detainee was deported in his prison smock without an apology. He remembers cold stares when he ate his first meal at Wendy's and went to a mall to buy clothes.

Today, there's no more soul-numbing confinement. But he's still caught in waiting game, this time to see whether Canada will grant him asylum -- a decision at least six months away. He also wonders if he can regain enough spirit to start a new life.

"Now I'm not the same person," he said. "When I came to the United States, I was optimistic. I had so much energy. That's not the case now."

Are We Fighting 'Islamic Fascists'? (WP)

By David Ignatius

The Washington Post, August 18, 2006

"This nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom," President Bush said last week after Britain announced it had foiled a plot to blow up airliners over the Atlantic. I have been pondering since then his description of the enemy. What are "Islamic fascists," and does this phrase make sense in describing America's adversaries?

The judicious columnist's answer is, of course, yes and no. A look at the history of fascism produces some startling parallels to the revolutionary movements that have swept Iran and other Muslim countries over the past several decades. But the phrase is misleading, both in its broad reference to Islam and in its evocation of another century and another war.

One of the old college textbooks gathering dust in my basement is Ernst Nolte's "Three Faces of Fascism," a classic study of the social forces that created fascist movements in France, Italy and Germany during the 1920s and '30s. It's a dense book, but it concludes with one unforgettable insight. Fascism, Nolte said, is "resistance to transcendence." By that, he meant that fascism was a rebellion against the liberating but destabilizing transformations of modern society.

In the countries where it took root, fascism began as a middle-class assault on the liberal elites who were creating that era's version of globalization. Jews were a special target, but they were also symbols of a larger internationalist movement. In one passage, Nolte described the focus of fascist protest in language that might apply to today's globalized world: "The leading class

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performs its task of establishing the technical and economic unity of the world, and emancipating all men for participation in this undertaking, in ever new political and intellectual compromises with the hitherto ruling powers: It is the society of synthesis."

The fascist revolt against "transcendence" was driven in part by rage against the perceived corruption of the European elites, who were thought to have grown rich during the booming, inflationary years of the 1920s at the expense of the hardworking middle class. The final malign motivation in Germany was shame and indignation over the nation's defeat in World War I. Fascism gave ordinary people an explanation of what had gone wrong in their lives -- and someone to blame.

I do see many of these same factors in the growing popularity of radical Islam in the Middle East. The baseline for this movement remains the Iranian revolution of 1979, which exploded in the region's most modern and, if you will, "transcendent" state. The shah's Iran was rushing to embrace the global economy. Its elite was liberal, secular, international -- and also wretchedly corrupt. Ordinary Muslims felt, with some justice, that they were being left out of the spoils of this new Iran -- that their hard work was being used to buy mansions on the Cote d'Azur. That radical populism lives on in President Mahmoud Ahmadinejad, dressed in his ostentatiously humble golf jacket.

I remember how that revolutionary indignation swept the Middle East in the early 1980s, when I first began covering the region. The most popular preacher in Cairo in 1981 was Sheik Kishk, who would ridicule the corruption and Western ways of Egyptian President Anwar Sadat and his family. That same year, Sadat was murdered by Muslim terrorists.

Today's Muslim radicals, like the Nazis in Germany, gain support by promising dignity for a people who feel shamed by defeat in war. That's the appeal of Hezbollah's leader, Hasan Nasrallah: The Arabs feel they have suffered 40 years of military humiliation from Israel. Nasrallah offers the tonic of defiance and, for the moment at least, a sort of victory. That makes him a hero, even though he brought on the ruination of Lebanon.

Back to President Bush and his "Islamic fascists." In many ways, this phrase does capture the rage that fuels America's enemies. What is most pernicious about the movement is that, as with European fascism, it has made Jews the symbol for larger forces that confound angry Muslims. This is perverse: The corrupt elites who obstruct Iranians, Egyptians, Syrians and Saudis today are their own rulers and their legions of fixers and bagmen, not Israeli Jews.

Yet I balk at the term. The notion that we are fighting "Islamic fascists" blurs the conflict, widening the enemy to many if not all Muslims. It's as if we were to call Hitler and Mussolini "Christian fascists," implying that it is their religion, not resistance to transcendence, that is the root cause of the problem. The revolution that began in Iran in 1979 must be contained so that it doesn't destabilize the region more than it already has. But it will only be broken from within, by people who are at last ready to transcend.

HOMELAND RESPONSE:

Washington Seeks To Learn From MI5 (FT)

By Demetri Sevastopulo, Edward Luce

Financial Times, August 18, 2006

Washington is examining British counter-terrorism laws to see whether the US should import any UK police and intelligence service methods, according to Michael Chertoff, the US homeland security secretary.

In an interview with the Financial Times, Mr Chertoff said the US review of British tactics would identify any UK system advantages in dealing with terror threats, and examine whether they would be permissible under US law.

"The experience we had observing and working with the British certainly has underlined some possible advantages of some of the approaches taken in Britain," said Mr Chertoff.

"The British system in some respects is very nimble in terms of the ability to conduct certain kinds of . . . surveillance on very short notice. You have the ability in Britain to hold people for a brief period of time under court supervision before you charge them . . . In this case, that allowed the British government to do something that we might not have been able to do."

Under UK law, a judge can authorise the police to hold suspected terrorists for up to 28 days while they continue their investigation.

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Paul Wilkinson, an expert on terrorism at St Andrews University, says this gives the British authorities an advantage, particularly for investigating plots with an international dimension.

In the US, federal authorities generally have to charge suspects with a crime within 48 hours, although critics say the Central Intelligence Agency is holding suspected al-Qaeda members at secret prisons worldwide.

Any attempt to adopt British intelligence methods is also likely to invite more criticism from civil liberties advocates, who are already critical of the Bush administration's warrantless eavesdropping programme.

Some US intelligence officials have suggested that MI5 - the British domestic intelligence service - wanted to track the suspected terrorists for a longer period of time, but were forced, under pressure from the US, to close down the operation.

Mr Chertoff denied those claims, saying UK and US intelligence agencies were "on the same page".

He declined to provide fresh details about the foiled plot to explode airlines over the Atlantic, saying he wanted to avoid prejudicing any possible trial in the UK.

US officials have also been cautious about leaking information after British officials last year complained about their leaking details of the investigation into the London bombings.

Asked whether the leaks last year had damaged the trust between US and UK authorities, Mr Chertoff said: "I wouldn't say it was damaged. But I would say it's unhelpful and if a pattern of that were to develop it would become a problem. That is why it was very important in this case that we were able to preserve and continue to respect security needs in terms of confidence."

While some critics have suggested the US should form an independent domestic intelligence service, along the lines of MI5, which has no prosecutorial powers, Mr Chertoff said it was not necessary. "The FBI has done a superb job engineering itself to deal with the current threat," he said.

Home Delivery Terror Plot Exposes Flaws In How U.K. Tackles Extremism (WSJ)

By Andrew Higgins And Carrick Mollenkamp

The Wall Street Journal, August 18, 2006

LONDON -- Soon after last year's suicide attacks here, officials in Walthamstow, a shabby east London neighborhood, joined with the area's biggest mosque and a privately run Islamic youth center to try to counter the appeal of extremism. They organized a big party with live music and free food for around 500 local Muslim youth.

The event, which organizers named "Defending Da Hood," was held in the town hall and attended by police and politicians. It was a testy affair. The mosque's preacher stalked out in protest at music he considered un-Islamic. A radical Islamic group gate-crashed and harangued attendees for showing insufficient piety at the gathering.

Today, Walthamstow is a showcase for Britain's failure to absorb its restive Muslim youth as authorities scramble to unravel yet another alleged plot by home-grown terrorists. Of the 23 people currently detained in connection with what police say was a plan to blow up U.S.-bound airliners en route from the United Kingdom, about a dozen lived or worked in this heavily immigrant area with strong ties to Pakistan. None has been charged.

"Clearly, something is not working," says Afzal Akram, an elected council member responsible for community safety.

If the British approach isn't working, no one else is having much success either. The Netherlands, which has a similarly tolerant attitude toward cultural differences, has been scarred by the Islamist-inspired murder of a Dutch filmmaker. France, which has put heavy pressure on Muslim and other minorities to assimilate, experienced weeks of rioting by mainly Muslim youths late last year. And Spain's law-and-order policies didn't deter the Madrid train bombers. The failure of these diverse approaches creates a major quandary for Western governments trying to both understand and tackle the terrorists in their midst.

Britain, more than any other European nation with a large Muslim minority, has put much energy and money into trying to do just that. Its efforts have been closely watched by other European countries and also by the U.S., which since the Sept. 11 attacks, orchestrated in part by Muslims based in Germany, has viewed its security as closely linked to Europe's ability to root out extremism.

Time and again, though, Britain's efforts have come unglued, stymied by divisions among Muslims and the local authorities' inability to find credible Muslim partners. Local mosques are often no help, not because they are hotbeds of political radicalism but, in most cases, the opposite: Their first-generation immigrant leaders disavow politics altogether.

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The British government has churned out studies, set up task forces, recruited some controversial Muslim leaders as advisers and sent Cabinet ministers to meet with Muslims throughout the country. Its efforts have been accompanied by what many Muslims consider heavy-handed police methods. Any trust created after the July 2005 suicide attacks on the London transport system was dashed in June when police raided a house in east London and shot a Muslim man they described as a terror suspect. Prime Minister Tony Blair's solid support for U.S. foreign policy has further soured relations.

With the central government unable to make headway, much of the real work in combating extremism has fallen to local authorities and community leaders in places like Walthamstow. While traditionally focused on matters such as garbage collection, street crime and local parks, they have in effect become Britain's anti-terrorist vanguard.

Besides being ill-equipped and under-funded for such a task, local authorities also confront what even some prominent Muslims concede is a central problem: deep reluctance within local Muslim communities to acknowledge the threat posed by terrorism. In Walthamstow, for example, many believe Americans were behind the 2001 terrorist attacks in New York and Washington, D.C., and are convinced that last week's arrests are a repeat of the bungled June raid.

Communities are in "denial," says Tarique Ghaffur, the top-ranking Muslim at London's Metropolitan Police, and a speaker at last year's youth gathering in Walthamstow town hall. Mr. Ghaffur says no one truly understands what has radicalized Muslim youth. "It's a real worry to me because of the amount of anger that is increasing."

Appearing before a parliamentary committee in early July, Mr. Blair voiced frustration at what he called the failure of Muslim leaders to counter a "false sense of grievance" among many Muslims. The government alone, he said, "cannot go and root out extremism in these communities."

Unlike France, which was hit by a wave of terrorism by foreign Islamists in the 1980s and then again a decade later, Britain did not consider itself at risk until fairly recently. Indeed, in the 1990s authorities allowed a number of fiery, mostly foreign-born extremists to campaign openly. London became known as "Londonistan."

After the attacks in September 2001, British authorities began to crackdown on foreign zealots. They homed in on the threat posed by home-grown Muslim extremists in 2003 when the government secretly initiated a plan called "Contest." This laid the foundations for much of the government's subsequent work to counter radicalism among young Muslims: simultaneously cultivating moderate voices while at the same time refocusing the energies of security agencies such as MI5, the domestic intelligence service.

A confidential April 2004 Cabinet policy document warned that some Muslims, particularly young men, were vulnerable to extremism. "Al-Qaeda and its offshoots provide a dramatic pole of attraction for the most disaffected," it said.

The government's response mixed aggressive policing and surveillance with instructions on how to avoid offending Muslims. "We are preparing for circulation to departments guidance on Muslim sensitivities and appropriate non-inflammatory terminology," said one government memo on the subject in 2004.

The government also recommended ministers use the word "communities" rather than "community" in describing Muslim neighborhoods to show it was aware of different strains of Islam and different ethnic backgrounds.

While government officials unleashed a blizzard of memos, Walthamstow was grappling with more nitty-gritty matters -- street violence, gang brawls and drugs. After a gun-fight in a back-street nightclub called the Platinum Suite, police shut the place down and the landlord found a new tenant, Imtiaz Qadir, a former garage owner and devout Muslim. Like many of Walthamstow's British Muslim residents, he traces his roots back to Kashmir, a disputed region between India and Pakistan.

Mr. Qadir, 49 years old, opened an Islamic gym and sauna and called it Al-Badr after a battle fought by the Prophet Mohammed. His younger brother, Hanif, meanwhile, caught the eye of a local councilor impressed by his efforts to stop English kids of Pakistani descent mugging elderly residents. Hanif says he had planned to move to Pakistan, where he hoped to help the Taliban fight U.S. forces in Afghanistan. But he abandoned this flirtation after a relative who runs a religious school warned him that Afghanistan "is not your jihad." He says he sent some money to help Afghan "victims" but, after a visit to Pakistan, decided to focus on more immediate problems in Walthamstow.

"I know how young people feel," he says. "I was insecure and angry, too."

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In 2004, the brothers expanded the Al-Badr operation, renting a hall in the same building for use as a youth center. They set up a pool table, computers for games and a non-alcoholic bar. Waltham Forest council gave them around $17,000 to help fund events during Ramadan, the Muslim holy month.

Stella Creasy, a local councilor, paid a visit to play pool and, in comments to the local media, applauded the project. Police officers also dropped by to chat with Muslim youth, who, though not generally interested in politics, were often furious about the war in Iraq.

Mike Jervis, a youth worker with the local council, asked the Qadir brothers to help organize a gathering of black and Muslim kids to try and reduce ethnic tension, which had sometimes flared into violent clashes between the two groups. The first "Defending Da Hood" gathering in 2004 did not go well. Rival gangs started scuffling. The Muslim kids, fearing a full-scale battle, decided to leave, according to the Qadir brothers.

While winning kudos from local officials, the Al-Badr center also began to attract interest from groups that local and U.K. authorities considered dangerous or radical. One evening in January 2005 it served as the venue for a fund-raising dinner for victims of the tsunami in Indonesia, the world's most populous Muslim nation. One of the dinner's sponsors was Hizb ut-Tahrir, a group that preaches nonviolence but champions the primacy of Islamic law over that of Parliament. The group's activities have been banned in Germany for espousing anti-Semitic ideology.

A Hizb ut-Tahrir spokesman, Taji Mustafa, says the event was a joint effort sponsored by Muslim groups that rally together in times of need.

Imtiaz Qadir says he doesn't agree with Hizb ut-Tahrir but believes that attempts to ban radical groups only backfire because it forces radicals underground and makes them more dangerous. Mr. Akram, the Waltham Forest councilor, dismisses this "as the same as the argument for legalizing drugs," and advocates, "a policy of zero tolerance."

Later in 2005, the Al-Badr center invited Neil Gerrard, a member of parliament who represents Walthamstow, to meet with Muslim youth and answer their questions. Hizb ut-Tahrir members turned up, too, and tried to hijack the meeting, the brothers say. One denounced a requirement that Muslims, along with anyone else seeking British citizenship, must swear allegiance to the Crown. Another demanded that Muslims living in Britain be subject to Islamic rather than British law.

After four British suicide bombers killed 56 people, including themselves, in attacks on the London transport system, the local council turned again to Al-Badr and other groups to pre-empt extremism taking root among local Muslim youth. They decided to hold the Muslims-only "Defending Da Hood" party. The Waltham Forest Islamic Association, the big local mosque located near the Al-Badr center, agreed to help pay for some of the costs.

The evening got off to a rocky start when the imam of the mosque complained about music on the program. Organizers agreed to move the music to the end of the evening so people who objected could leave without causing disruption. Hizb ut-Tahrir activists caused further problems by arguing with less devout attendees.

"Something like that is never going to be easy," says Mr. Gerrard, the member of parliament and a speaker at the gathering. "There are some quite difficult issues."

The big mosque split into feuding factions, with some trustees condemning the gathering as immoral and demanding a refund. Imtiaz Qadir, a member of the mosque's board, helped engineer a purge of critics. Anonymous leaflets appeared condemning Al-Badr for its role in the event.

The national government meanwhile accelerated Operation Contest. Prime Minister Blair proposed a ban on Hizb ut-Tahrir but dropped the idea as the government struggled to gain Parliamentary approval for a new package of anti-terror measures.

The U.K.'s Home Office, meanwhile, relied heavily on the Muslim Council of Britain, which represents mosques across much of the country. But the Council, though stacked with Muslim luminaries, has little traction on the ground in places like Walthamstow. There, local officials were having trouble deciding which Muslim groups could be trusted and which ones had real influence. In the past, says Mr. Akram, the councilor, officials turned to mosques, but, "they clearly don't represent young people."

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Many mosques are run by elderly first-generation immigrants who avoid political discussion and as a result are often viewed with disdain by their more politically aware, British-born offspring. At the Waltham Forest Islamic Association a sign in Urdu in the prayer room bans all discussion of "worldly matters."

The terrorism suspects from Walthamstow are English-speaking, British-born, mostly of Pakistani descent. Some are middle class and university educated, many wear western clothing, and hold strong views about political issues.

At Masjid-e-Umer, another Walthamstow mosque visited regularly by some of the terror suspects, Musa Hariff, the establishment's 70-year-old president, laments the disobedience of young Muslims. "The problem is that this is a free country: you can't say anything to your sons; you can't touch them; you can't beat them. They don't listen."

Beyond the reach of traditional religious leaders, some angry young Muslims have drifted into the orbit of radical groups that authorities condemn but can't contain.

Late last year, Walthamstow's Asian Center, a council-run community center, agreed to lease a hall for an Islamic discussion. Authorities abruptly canceled the event after discovering that it was being hosted by Al-Ghurabaa, an offshoot of a banned extremist group. Officials pulled the plug after finding inflammatory leaflets advertising the event and calling for an Islamic state.

In February this year, Al-Ghurabaa, using a fake name, booked a room at the center and planned to use the event to denounce Danish newspaper cartoons about the prophet Muhammad. Authorities again stepped in. Later, the group landed a venue: the Al-Badr center. Imtiaz Qadir says he first learned what was going on when he got a call telling him police were outside in force. The government has since banned the group.

On June 2, the government's efforts took a huge blow when police launched a raid on a Muslim household in Forest Gate, a community in east London close to Walthamstow. Acting on a tip that a chemical bomb might be in the house, police stormed the residence and shot one of the residents, who was arrested along with one other. Police ransacked the house as they searched in vain for evidence. A week later the men were released. Scotland Yard, in a rare admission, apologized to the two men.

The raid appalled Muslims and many non-Muslims, too. Mr. Akram, the councilor, says Forest Gate helps explain why few locals believe that those detained last week are involved in terrorism. He declines to say what he thinks. "Let's wait and see ... People are innocent until proven guilty."

Among the visitors to the gym throughout this period, says Imtiaz Qadir, were five of those now under arrest. Imtiaz says that far from being terrorists they were model citizens -- polite, modest and well-dressed. "I would like my own son to be like these kids." Adds Hanif, "they wouldn't hurt a fly."

Local authorities, working with the Al-Badr center and others, were putting the finishing touches on plans for a July "Defending Da Hood." Leaflets were printed promising "VIP's and high-ranking officials," a three-course meal and music. Two days before the event, the authorities canceled it. Mr. Akram says this was because speakers, including a celebrated Pakistani cricket hero, dropped out. The Qadir brothers blame quarrels within the local Muslim community. (Read the flyer promoting the event.2)

A few days later, police poured into Walthamstow to grab suspects in the alleged airline plot. A day later, Hanif Qadir, the younger brother, invited the families of those arrested to the Al-Badr center to discuss what to do. He says he got an earful from parents furious with the police and with journalists swarming their residences.

Local officials complained they hadn't been invited to the meeting; the council launched its own effort to support families, promising counseling, personal panic alarms and immediate removal of hostile graffiti. This week, the local government set up a committee to handle the crisis. It is not clear what it will do exactly but it has a name, "The Community Cohesion Task Group."

The Qadir brothers meanwhile are looking for ways to keep the Al-Badr center open. They owe the landlord more than $19,000.

A New Generation Of Jihad Seekers (CSM)

By Dan Murphy

The Christian Science Monitor, August 18, 2006

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NEW YORK

While British investigators have revealed a trans-Atlantic plot to blow up as many as 12 US-bound planes, their case against British and Pakistani suspects also reveals that the West's war on terror is attracting more and more young Muslims to militant circles, say terrorism experts.

The US-led Iraq war and American support for Israel's bombardment of Lebanon are serving to fertilize anger in segments of the Muslim world. And, they say, this means that Al Qaeda may no longer be the primary enemy, but that disparate groups of young radicals who are imitating their tactics are emerging as equally potent threats.

"We haven't lost, but we're losing [the war on terror]," says Marc Sageman, the author of "Understanding Terror Networks" and a former CIA case officer who served as a liaison to the Afghan mujahideen in the late 1980s.

"The old Al Qaeda is basically neutralized. Now the danger comes from self- generated groups, they stay at home and they don't need to contact Al Qaeda - they know what Al Qaeda thinks. So in a way it's more ubiquitous and the theater of operations is now the whole world."

Mr. Sageman and other analysts say that while details on the alleged London plot are still scant, they would be surprised if it formally involved Al Qaeda in the manner that 9/11 did.

Instead, they say, satellite TV and the Internet have spread Al Qaeda's message across the globe, allowing admirers and imitators of the group to set up operations on their own.

For instance, young Arab and sometimes European Muslims have streamed into Iraq, seeking the perceived glory of becoming suicide bombers without being under command. The July 7, 2005, train attacks in London were carried by mostly British Muslims with no demonstrated ties to Al Qaeda.

"There is a new generation whom I would call jihad seekers, youngsters who are not waiting for Al Qaeda to recruit them, they are looking for jihad on their own," says Reuven Paz, the former head of research for Israel's Shin Bet security service and now director of the Project for the Research of Islamist Movements, an academic think tank.

Evidence available so far "leads to a conclusion that the initiative was theirs," says Mr. Paz. "One or two have might have gone to Pakistan and maintained links to Al Qaeda operatives, or operatives affiliated with the global jihad...but it looks again that we are talking of people who are looking to join jihad and who were not recruited. This, in my view, is a more severe phenomenon because it means there are more social, political, and economic sectors even that might contribute to this movement."

Evan Kohlmann, a terrorism consultant and author of "Al Qaeda's Jihad in Europe," disagrees on the question of Al Qaeda involvement, but also says that based on his monitoring of jihadi chat rooms and other research, the thirst for martyrdom among some Muslims has grown, not retreated, since 9/11.

"I'd be very surprised if senior leaders of [Al Qaeda] weren't involved, there's lots of talk on how amorphous these organizations are and that's true, but things like this - an effort to rival 9/11 - I find it hard to believe if no one senior at [Al Qaeda] wasn't informed," he says.

On Wednesday, the AP quoted an unnamed Pakistani intelligence officer as saying the planned attack was "probably" approved by Ayman al-Zawahiri, Al Qaeda's No. 2, who is believed to be in hiding near the Afghan-Pakistan border.

The link, if in fact it exists, would have been made through Rashid Rauf, a Briton of Pakistani decent who moved to Pakistan after the 2002 murder of his uncle in England. He was arrested in Pakistan two weeks ago and officials there have identified him as a key mover in the alleged plot.

The US government insists that major gains have been made against global terrorism in recent years, but also agrees that the day when civilians aren't menaced by terror tactics is far off. Earlier this week, Bush said the country's war on terrorism will last "for years to come."

The open-ended nature of this war, and feelings of public vulnerability generated by reports of plans like the one emanating from London, are creating great skepticism among US allies about the effectiveness of its tactics.

The populations of America's Arab allies, like Egypt and Jordan, are largely against US foreign policy and more inclined to blame America for the violence in the region than the terrorists who carry out attacks.

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Michael Radu, who helps lead the counterterrorism center at the Foreign Policy Research Institute in Philadelphia, agrees with the assessments above that the radicalization of Muslim communities has continued apace, but strongly disagrees with assertions that US policies have contributed to the problem.

Indeed, terror tactics has been used by Islamist groups for decades, over a host of grievances.

"These persistent images in the media, both by satellite TV in the Muslim world and among Muslims more generally portraying Muslim kids being killed all over the place plays a role, obviously," he says. "But we have to understand that the re-Islamicization of European Muslims started to happen a long time ago. Before 2001 we had British citizens conducting attacks in Kashmir, we had British citizens blowing themselves up in Israel. These things had nothing to do with Iraq or current events in Lebanon."

He largely blames a culture of denial among British and other Muslim communities themselves, and what he sees as a tendency of community leaders to ascribe blame for potential plots in the wrong places.

"The so-called Muslim leaders in Britain ... they paid for a [recent] ad that said the so-called root cause of this is the foreign policy of Britain," he says.

"They said the problem is Lebanon, it's Iraq, it's Afghanistan, in other words any action by the British government to counter Islamic terrorism ... is considered to be illegitimate and therefore an explanation, if not an excuse, for terrorism," he says.

Regional Terror Goes Global (WSJ)

By Alyssa Ayres

The Wall Street Journal, August 18, 2006

A week after the arrest of 23 would-be airline bombers in Britain, information about their background, networks and training continues to emerge. The common thread appears to link the plot to Pakistan's Jama'at ud-Dawa (JUD), previously known as the Lashkar-e-Taiba (LET). The New York Times reports that investigators are focusing on the group's role in funding the bombers. If so, this marks a new level of ambition for a terrorist outfit that has thus far restricted its mayhem to India. In the past, despite well-documented evidence of JUD/LET's activities, the international community has done little to impel Pakistan to shut it down. Now that must change. With this globalization of regional terror, a problem far away has made itself ours, and we must solve it.

Despite a flimsy attempt to disguise this, Jama'at ud-Dawa is simply a new name for Lashkar-e-Taiba -- which has battled India since 1997, when it began sending suicide-jihadists into Indian Kashmir to "free" the population. In effect this has meant butchering those who don't subscribe to their seventh-century worldview -- Hindus, Sikhs and Muslims alike -- a program to which the group brings flourishes such as slicing off the noses and ears of those deemed insufficiently pious. Lashkar's brutality and fervor injected a new instability into Kashmir. They also brought the region to the brink of war by attacking India's parliament in December 2001, in response to which India mobilized half a million troops on its border with Pakistan.

In 2002, Pakistan's Gen. Pervez Musharraf, under intense pressure from the U.S., banned several terrorist groups that had operated with impunity on Pakistani soil, including Lashkar. But the emptiness of this gesture became obvious when the group merely changed its name to escape arrests and asset seizure. Newly minted as the Jama'at ud-Dawa, with the same leader -- Hafiz Mohammad Saeed -- it continued to churn out jihad recruitment material, under the same titles, and to convene massive jihad jamborees to call more of the faithful to arms.

For a brief while, two years ago, it appeared as though the Pakistani military had finally become serious about stamping out terrorism emanating from its territory. A peace process between India and Pakistan moved forward bolstered by the growing confidence that this time bombings would not derail it. But the lull was shortlived. Last year serial bombings in a Delhi market on the eve of the Hindu new year, an attack on a temple in the holy city of Varanasi, and the murder of a mathematician at the Indian Institute of Science in Bangalore all bore Lashkar's fingerprints. And then, last month, came the Mumbai blasts that killed more than 200 train commuters and injured another 700. Indian officials have implicated Lashkar in this atrocity, and Indo-Pak relations have naturally suffered another sharp setback.

Like Hamas and Hezbollah, Lashkar excels at both terrorism and humanitarian relief. The funds for the airline bombers are alleged to have been diverted from those gathered in British mosques after last year's massive earthquake in South Asia. This

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combination of jihadism with social work makes tackling such groups infinitely more tricky, but tackle them we must, and for that Gen. Musharraf's regime must be held to account.

Five years after 9/11, Pakistan remains a deeply problematic ally in the war on terror. Despite regular promises of cooperation -- and the occasional arrest of an al Qaeda bigwig from a safehouse in Karachi or Lahore -- the country continues to draw terrorists from Birmingham to Bangalore. Gen. Musharraf presents himself as the last line of defense between the mullahs and Pakistan's nuclear arsenal, but in fact, as has been amply documented by the Pakistani diplomat and scholar Husain Haqqani, the relationship between the army and the jihadists is symbiotic rather than adversarial. The army plays up the terrorist threat in order to consolidate its position in Western capitals, while at best turning a blind eye to the violence they export.

All this was bad enough. But now with the airline bombing plot implicating the LET specifically, this problem has arrived on our doorstep. A coordinated trans-Atlantic effort must make the closure of Lashkar -- and also the resurgent Taliban, which increasingly uses Pakistani bases to launch attacks on NATO troops in Afghanistan -- the highest priority. Pakistan must take responsibility for the activities of these groups that operate from its soil, and cosmetic gestures, such as the recent house arrest of Saeed and the arrest of low-level Taliban in a Quetta hospital -- will not suffice. For its own sake, the sake of the neighborhood, and indeed the security of our homeland, it is time Islamabad backed its platitudes about fighting terror with real action.

Ms. Ayres is deputy director of the Center for the Advanced Study of India at the University of Pennsylvania.

Air Travelers Discovering What Will And Won't Fly (WP)

By Annys Shin, Amy Joyce

The Washington Post, August 18, 2006

If the past few days are any guide, travelers at Washington area airports this weekend will encounter shorter lines than feared but more confusion than expected.

As passengers made their way through the first week of a ban on carrying liquids aboard airplanes, they discovered that the landscape had shifted, in sometimes unpredictable ways. One woman found her single lipstick was fine in a carry-on; her colleague's four tubes of designer lip gloss were not. A baby with milk passed muster. A mom with a bottle of breast milk -- but no baby -- did not. Gel heels, yes; gel inserts, no. And don't even think about a bagel and cream cheese.

With an increase in the volume of checked baggage, more and more business travelers found themselves making the acquaintance of baggage carousels. The number of checked bags has risen 40 percent since Aug. 10 on Delta Air Lines, though other airlines reported lower figures.

Signs on the roads leading to Dulles International Airport warned against liquids, and more signs inside the terminal listed specific items that could not be carried on -- gels, toothpaste and shampoo among them -- but that didn't mean every security official would interpret the list in the same way.

On Monday, Carolyn Jondahl of Fairfax cleared security at Dulles with lipstick in her carry-on bag. But when her colleague Shelley Davenport of Vienna went through, security screeners confiscated four Laura Mercier lip gloss sticks worth more than $100.

"There doesn't seem to be consistency in the policy," Davenport said.

When the two women returned Wednesday from their business trip to Montgomery, Ala., they decided not to take any chances, so they checked everything and waited 30 minutes for their luggage instead of zipping out of the airport.

"So it's inconvenient," Jondahl said.

During the week, the Transportation Security Administration eased restrictions on medication and refined the list of forbidden items as travelers appealed for clarification. Despite the list of 33 items, now including liquid bubble bath and hair detangler, interpreting the ban fell largely to frontline security officers, with varying outcomes.

Beth B. Nolley of Vienna said she couldn't believe it when a gate agent at the Orlando airport warned passengers over the public address system that bagels with cream cheese would not be allowed onboard.

"Some teenage girls sitting next to me said: 'No cream cheese? Is the world coming to an end?' That's pretty much how I felt, too," she said.

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When Nolley flew out of Dulles on Saturday, security officials confiscated her crystal rock deodorant. When she arrived at her mother's home in Florida, she bought duplicate toiletries to leave there for her next visit.

Dineen Pashoukos Wasylik, a lawyer based near Tampa, confronted another wrinkle: what to do when you're breast feeding but traveling without your baby.

She brought a breast pump on a trip Tuesday to Fort Lauderdale so she could express milk for her 7-month-old son. She checked the pump along with a few ice packs and blushed when she told her older, male boss, "I'm really sorry, but I have to check this bag because of the liquids ban."

On the way back to Tampa, she ran into the Fort Lauderdale airport restroom to pump while her boss dropped off the rental car, then packed the milk with the ice and ran to check it again.

"It really was very stressful," she said.

Doug Clarke, general manager of the SuperShuttle that serves Dulles and Reagan National airports, said the company was picking up passengers 30 to 45 minutes earlier than before -- noon for a person in downtown D.C. with a 3 p.m. flight at Dulles.

Travelers have been complaining about the extra time, said Mohamed Bah, a SuperShuttle franchise owner. "But when we get them," he said, "they are still worried they will get there on time because of long lines."

When Kimberly De Vine, a consultant with Booz Allen Hamilton Inc., heard she had to arrive two hours early for her usual 6 a.m. Delta Shuttle to New York, she decided to fly up the night before, and she left behind her ink pen and mascara.

"The idea of having to arrive two hours before my normal flight was not something I was even willing to consider," she said.

In an attempt to keep lines at security moving, some airlines have been urging passengers to check bags. Delta's efforts on its Web site and through e-mails and its reservation line resulted in as much as a 40 percent increase since Aug. 10, spokeswoman Gina Laughlin said.

AirTran Airways has had a 20 percent increase, spokeswoman Judy Graham-Weaver said. So has ATA Airlines. Others have noticed a larger volume but did not have figures to document it.

The volume has produced longer waits at baggage claim, but it's too early to know whether that will also mean more lost or damaged suitcases. The Department of Transportation, which tracks complaints of "mishandled" luggage, won't release August data until early October

Despite the heavier flow, a handful of airlines, including Delta, Southwest and Virgin Atlantic, have increased the number of baggage handlers. Northwest is offering overtime pay to cope with the increased workload, spokesman Dean Breest said.

Mostly, people are resigned to their new circumstances.

Former Baltimore Orioles slugger Ken Singleton, now a broadcast analyst for the New York Yankees, took a seat on a bench inside Terminal D at Baltimore-Washington International Thurgood Marshall Airport on Wednesday morning with more than two hours to go before a flight to Rochester, N.Y. A resident of Baltimore, Singleton came early, in part to avoid traffic. He was also checking a bag he normally would have taken onboard.

"Things have changed," he said. "You do what you have to do."

Liquid Ban Prompts Upswing In Chartered Flights (WT)

By Sean Lengell

The Washington Times, August 18, 2006

A ban on liquids, gels and creams aboard commercial airline flights has led to a boom in business for air charter and air taxi services, company officials say.

The restrictions don't apply to general aviation flights, which include charters and air taxis -- typically small aircraft rented by the hour to corporate clients.

SATSair, which provides air taxi service in the Eastern and Southern United States, reported a significant increase in service since last Friday -- a day after the Transportation Security Administration (TSA) began prohibiting passengers on commercial flights from carrying liquids, gels and creams on board out of concern the containers could conceal explosives.

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The ban was implemented after British authorities last week said they foiled a plot to blow up more than 10 commercial airliners en route to the United States. The TSA this week eased those restrictions to allow some prescription medicines on planes.

"We received calls [last week] asking to 'come pick us up' so the traveler could avoid waiting in lines and possibly having flights canceled," said Phil Quist, SATSair's vice president of sales and marketing.

Mr. Quist said his company experienced its biggest demand for service at Washington Dulles International Airport and Charlotte Douglas International Airport in North Carolina.

SATSair flew 10 planes in or out of Dulles last Friday, which was about a 50 percent increase, Mr. Quist said. That pace has continued this week, he said.

The Greenville, S.C., company, which began flying in late 2004, has a fleet of 16 planes that can carry up to three passengers. Rates start at $595 an hour for the plane. About 90 percent of SATSair passengers are business travelers.

Landmark Aviation, which operates charter services from Dulles, Leesburg Executive Airport and other airports nationwide, has experienced a small increase in service since last week, President Shawn Vick said.

But Mr. Vick added he expects a steady increase in charter service in the months and years ahead.

"The likelihood is that we will see a measurable increase in our aircraft sales and charter business related to [commercial airline restrictions] as people re-evaluate travel strategies," Mr. Vick wrote in an e-mail. "This would be in addition to the growth we are already experiencing."

TAG Aviation USA, which has domestic and international air charter service, experienced a significant spike in requests for services immediately after the TSA announced the new restrictions on carry-on items last week.

"When the story broke, we had about a 100 percent increase in inquiries, and almost all of it was for international travel," said Gil Wolin, vice president of corporate communication for TAG Aviation USA.

Inquiries have cooled this week to about a 15 percent to 20 percent increase, Mr. Wolin said.

About 80 percent of business for the San Francisco company, which maintains a fleet of about 150 small jets, is from corporate clients.

Leesburg Airport Director Tim Deike said he hasn't noticed much of an increase in charter or air taxi service this week. But he added that the Loudoun County airport typically handles a steady charter demand, with some 200 charters and private planes taking off or landing daily.

"This morning I had a ramp full of [corporate jets], and this afternoon it was full of prop planes," he said.

But while increasing numbers of business travelers are seeking less-restrictive alternatives to commercial flights, others say they are taking the new rules in stride and have no plans to abandon flying on commercial flights.

"It's no big deal -- and the hotels give you everything you need anyway as far as shampoo and stuff," said Joseph Bernstein of Salisbury, Md., before a business meeting at Baltimore-Washington International Thurgood Marshall Airport Wednesday.

Bill Britz of Winchester, Va., who typically flies about three times a week, said the new restrictions make it easier to get on and off planes because passengers are carrying fewer items on board.

"I think the people that don't travel often get a little hysterical [about the restrictions], but it's really not a problem," Mr. Britz said while waiting to check a bag for a Southwest Airlines flight to Louisville, Ky., from BWI Wednesday. "This is a blip on the radar screen compared to right after 9/11, when it took three or four hours to clear security."

W.Va. Airport Closed But No Explosive Found (WP)

By Del Quentin Wilber

The Washington Post, August 18, 2006

A West Virginia airport was closed to air traffic and its terminal was evacuated yesterday after two containers of liquid in a carry-on bag initially tested positive for explosive residue at a security checkpoint, authorities said.

Chemical tests later yesterday turned up no explosives, said Capt. Jack Chambers, head of the State Police Special Operations unit, the Associated Press reported.

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Transportation Security Administration officials said the two containers were discovered about 9:15 a.m. as a woman was trying to pass through a checkpoint for her US Airways flight at Huntington Tri-State Airport.

The woman, who had a ticket to Charlotte, was not identified. She was not arrested and "was talking willingly" with authorities, said FBI Special Agent Jeff Killeen, a bureau spokesman. "There is no clear link to any terrorist group or act," he said. "This is a reflection of the tenor of the times."

Two screeners noticed the items in the woman's carry-on bag, and the contents of the bag were tested by a device that can detect trace amounts of explosive residue, TSA officials said. The initial test was positive for traces of explosives, TSA officials said, and a second test confirmed the results. A further examination by a bomb-sniffing dog also indicated that there were traces of explosive residue on the containers, TSA officials said.

The terminal was evacuated about 11:25 a.m., and air traffic at the airport was shut down about the same time, authorities said. The terminal was reopened about 7 p.m., but officials could not say last evening when air traffic would resume.

The woman's items were described by authorities as a glass bottle containing an unknown liquid and a container of gel-like facial cleanser.

Last week, the TSA banned passengers from bringing any liquids and gels into aircraft passenger cabins after British authorities said they had uncovered a terror plot to blow up airplanes. The plotters had planned to use liquid or gel-like explosives, authorities said.

Passenger's Behavior Suspicious Before Diversion, Affidavit Says (NYT)

By Katie Zezima

The New York Times, August 18, 2006

BOSTON, Aug. 17 — A woman who caused a flight from London to Washington to be diverted here on Wednesday made what the crew believed to be references to Al Qaeda and bomb making, said she had entered Pakistan illegally, and urinated on the floor of the airplane, an affidavit released on Thursday said.

The woman, Catherine C. Mayo, 59, of Braintree, Vt., was ordered held in federal custody and will undergo a psychiatric evaluation before a court appearance on Thursday.

"She has a very serious mental illness,'' said her court-appointed lawyer, Page Kelley. "This is not a case about terrorism. This is a case about someone with a mental illness."

Ms. Kelley did not specify the illness or say if Ms. Mayo takes medication, but said, "She has a history."

Ms. Mayo was charged with assault or intimidation of a flight crew member and interference with a flight crew. The charges carry a maximum penalty of 20 years in prison and a $250,000 fine.

Ms. Mayo appeared on Thursday before Magistrate Judge Timothy S. Hillman. Thin with long, light brown hair, Ms. Mayo wore a Rolling Stones T-shirt, black sweatpants and white socks with no shoes. She spoke animatedly with Ms. Kelley, fidgeting and gesturing. "She's very agitated," Ms. Kelley said of her client.

According to the affidavit of Special Agent Daniel Choldin of the F.B.I. Joint Terrorism Task Force, Ms. Mayo had arrived in London from Pakistan.

She came to the attention of the flight crew when she refused to sit down and demanded to speak to an air marshal. Ms. Mayo began writing notes to the captain and passing them to the flight attendants.

She requested a can of Pepsi, left it in a bathroom and told flight attendants there was "something in it." Ms. Mayo asked a flight attendant if "this is a training flight for United Flight 93." She returned to her seat but remained in a "constant state of movement," the affidavit said.

A passenger alerted the crew that Ms. Mayo had pulled from her carry-on luggage a bottle of water, an item banned since British officials announced they had foiled a plan involving liquid explosives. Ms. Mayo then accused the flight crew of going through her bags and told them she had "awful" pictures from the mountains of Pakistan, the affidavit said.

Ms. Mayo made a reference to "there being six steps to building some unspecified thing," which the crew took to be a bomb, the affidavit said. Ms. Mayo then said she had spent time with people "associated with two words" in Pakistan, which the crew thought was Al Qaeda. The captain decided the situation was "a potential threat to the aircraft."

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Later, Ms. Mayo tried to use a locked bathroom, and flight attendants directed her to another. After tussling with the crew, Ms. Mayo urinated on the floor. The captain ordered her restrained and diverted the plane to Boston. Flight attendants asked two men to assist, and they helped the flight attendants restrain Ms. Mayo with handcuffs. She was detained upon landing, when she told the authorities she had felt claustrophobic.

Ms. Mayo's 31-year-old son, Josh, told reporters in Vermont that his mother was a peace activist who had been visiting a Pakistani pen pal and that she had just had a "bad time" on the flight. It is unclear how long she was in Pakistan, but she wrote columns for The Daily Times of Pakistan, criticizing the war and American policy.

In her March 18, 2003, column, she spoke of the Cat Stevens song "Peace Train." "I am an American child of the 1960's," she wrote. "We defied the standards of our parents and declared that a war was unjust. And we were heard."

The column also said: "The folk songs of the 1960's will never be written again because of President George Bush. He has hampered the liberties of my country in the name of Sept. 11."

United States Attorney Michael J. Sullivan said the federal response was warranted. "This was an appropriate response based on the actions of that passenger on the flight," Mr. Sullivan said Thursday.

Woman Charged In Flight Scare Was Barely Lucid (WP/AP)

By Melissa Trujillo

The Washington Post, August 18, 2006

BOSTON, Aug. 17 -- A woman on a transatlantic flight diverted to Boston for security concerns passed several notes to crew members, urinated on the cabin floor and made comments the crew believed were references to al-Qaeda and the Sept. 11 attacks, according to an affidavit filed Thursday.

Catherine C. Mayo, 59, of Braintree, Vt., appeared in federal court Thursday on a charge of interfering with a flight crew on United 923 as it flew from London to Dulles International Airport on Wednesday.

Mayo was dressed in a Rolling Stones T-shirt, black pants and socks without shoes for the hearing. She was ordered held pending a detention and probable cause hearing next Thursday.

Her attorney, Page Kelley, a federal public defender, said Mayo was "just barely" lucid when they spoke. "She's got some very serious mental health problems."

U.S. Attorney Michael Sullivan said he hoped to learn more about Mayo's mental state before the next court appearance. "We believe it's important during that time period to have a doctor examine her," he said.

Mayo's son, Josh, 31, described his mother as a peace activist and said she had been in Pakistan since March. She traveled there often since making a pen pal before Sept. 11, 2001, he said. The pen pal hasn't been allowed to visit the United States, he added.

"I guess she just had a bit of a bad time on the plane, and everybody's a little paranoid," the son said.

The scare aboard United 923 came just a week after London authorities said they foiled a plot to blow up transatlantic flights. As many as 17 people have been arrested in Pakistan in connection with the plot, but federal officials have said they have no indication that Mayo had any links to terrorism.

The count against Mayo carries a maximum 20-year prison sentence and a $250,000 fine.

Mayo's passport indicates she left Pakistan and entered Britain on Tuesday, according to the affidavit by FBI Special Agent Daniel Choldin filed in U.S. District Court in Boston.

In the affidavit, Choldin says flight attendants noticed Mayo about 90 minutes into the flight because she was pushing against the aircraft bulkhead. When the attendant told her to return to her seat, Mayo said she wanted to speak to an air marshal and made statements about knowing that people wanted to see what was in her bag.

FBI spokeswoman Gail Marcinkiewicz confirmed Thursday that authorities found a screwdriver and an unspecified number of cigarette lighters and matches in Mayo's bag. Lighters and screwdrivers over seven inches long are banned as carry-on items. Up to four books of safety matches are allowed.

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She also had a bottle of water, which did not appear to have been supplied by the flight crew. Passengers are not allowed to carry on beverages. It wasn't clear how the items made it through airport security, which has been significantly tightened since the arrests in the alleged plot in London.

Later in the flight, according to the affidavit, Mayo asked an attendant: "Is this a training flight for United Flight 93?" The flight attendant didn't know if Mayo had made a mistake because the flight was actually Flight 923, or if she was referring to the hijacked plane that crashed in Pennsylvania on Sept. 11, 2001.

She was "biting her fingers, rubbing her feet and in a constant state of movement. She appeared very agitated," the affidavit said.

Mayo also wrote in a note and said to flight attendants that she had been in a country illegally, and later said she had photographs of Pakistan.

"She stated that the photographs would be awful, and she indicated that they related to the people that she had been with in the mountains of Pakistan," the affidavit said.

Flight attendants summoned the captain, who spoke to Mayo. During the conversation, she talked about "six steps to building some unspecified thing."

"She made reference to being with people associated with two words. She stated that she could not say what the two words were because the last time that she had said the two words, she had been kicked off of a flight in the United Arab Emirates," the affidavit states.

The captain and purser both believed that she was referring to al-Qaeda, Choldin wrote.

About 35 minutes later, when Mayo tried to go to the bathroom, the flight attendants directed her to a different lavatory. Instead, she pulled down her pants and urinated on the floor, Choldin wrote in the affidavit.

At that point, the captain ordered her restrained. Two male passengers helped a flight attendant tackle Mayo and restrain her in plastic cuffs.

The flight, with 182 passengers, landed safely at Logan Airport with the escort of two F-15 fighter jets.

Don't Let Guard Down, FBI Chief Says In Visit (SEAPI)

Seattle Post-Intelligencer, August 18, 2006

FBI Director Robert Mueller visited the Seattle FBI office Thursday as part of a quick tour of three West Coast bureau offices.

Mueller, in a brief session with reporters, said that while the terrorist threat against Seattle does not rise to the level of the threats against cities such as New York, Los Angeles and Washington, D.C., "this is not an area where you can let down your guard." Mueller took note of the Washington State Ferry System as a potential terrorist target to which the FBI and its law enforcement partners pay special attention.

Mueller called the outcome of Wednesday's false alarm at the Port of Seattle, where a terminal was evacuated in response to possible explosives in cargo containers, "good news." He said the Department of Homeland Security was "able to pick up a suspicious container and determine that it was not a threat."

Chertoff Seeks Support On Real ID (AP)

By Erik Schelzig

AP, August 17, 2006

Homeland Security Secretary Michael Chertoff called on state legislators Thursday to embrace new federal driver's license requirements to strengthen security, but state lawmakers later demanded that Congress either fund the program or drop it.

In a speech at the annual meeting of the National Conference of State Legislatures, Chertoff sought to allay privacy concerns about the federal Real ID Act, saying there are no plans to create a federal database of drivers' personal information.

"We don't want to have that kind of big-brother, federal-government-owns-it approach," he said.

The goal of the Real ID Act — which was motivated by the Sept. 11 terrorists who used legitimate driver's licenses — is to unify the patchwork of state licensing rules and make it harder to obtain a card fraudulently. The measure is scheduled to go into effect in 2008.

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"We've got literally hundreds of kinds of identification that we now allow people to use to cross borders, or get into federal buildings, or get on airplanes," Chertoff said.

But Chertoff did not address one of the biggest concerns raised in state legislatures about the Real ID requirements — the cost. One estimate predicted that the program would cost Pennsylvania alone up to $85 million.

NCSL members later voted to approve a resolution to demand Congress either find a way to pay for the Real ID Act — or to repeal it by the end of 2007.

"Basically we need to put our foot down and tell Congress that they need to fully fund it before they force the states to comply with the Real ID act," Georgia state Sen. Mitch Seabaugh, a Republican who introduced the resolution, said earlier this week. "If they can't do it, they need to repeal the law."

Improved Information Sharing A Must (WT)

By Rob Simmons

The Washington Times, August 18, 2006

It is by now conventional wisdom that improving information sharing is a critical homeland security task for our government in the 21st century. A risk we cannot afford is national security agencies ignorant of one another's operations.

Our vision of U.S. information sharing, however, should go beyond traditional government-to-government communications. Imagine an information-sharing network that allows all Americans to avoid natural disasters, help victims of crime or even prevent the next terrorist attack.

Sound good? Now, what if it cost the American taxpayer nothing?

We have the technology to provide real-time digital displays along our nation's highways that can make any driver a potential solution to our homeland security needs. A network of high resolution, color displays placed along our highways -- where billboards already exist -- could make an ancient advertising technique useful for up-to-the-minute public-safety purposes.

The idea is a public-private initiative under which corporate partners provide funding to build, operate and maintain a network of digital message boards. The main purpose of the display is to meet homeland security needs. In return, each sponsor receives recognition on a separate board below the digital screen.

The estimated cost of the nationwide network is between $500 million and $900 million, with all of the funding coming from the sponsors -- not the taxpayer. In a time of deficits and job loss, Washington needs to leverage private solutions to public problems.

The digital message boards would be useful in a host of homeland-security and law-enforcement situations. During a natural disaster, like a hurricane or flood, the boards could provide warnings and traffic routing directions. The same principle would apply during terrorist attacks that might disrupt our physical infrastructure.

Both natural disasters and terrorist attacks can render normal communication systems useless, whether because of infrastructure damage to nodes or user overload (recall September 11, when caller volume clogged the cell phone network).

The boards could also help find abductees or dangerous criminals. Kidnapping victims are usually harmed within three hours of their abduction. Instead of waiting for the evening newscast, the morning newspaper or a picture on a milk carton, a digital message board system offers the chance to disseminate real-time information to the public within minutes of the crime.

The message board posting could include a color photo of the child, the abductor and the car. It could also show the latest known location and direction of the vehicle. Like "America's Most Wanted," the average citizen could help catch a violent criminal or save a victim -- but on the car seat instead of the couch.

Such a system could be a truly shared asset, used by local, state and federal law enforcement; the Departments of Homeland Security and Transportation; and missing-children advocates. We have the opportunity to make the system joint from the beginning, before parochial interests and bureaucratic turf wars get in the way of information sharing.

Not often does a private-public partnership offer so much to so many. This is a rare case of innovation and creativity meeting the needs of multiple agencies and most Americans.

Who knows? Maybe a digital-displays message board along our nation's highways could teach federal agencies a thing or two about the usefulness of shared information.

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Rep. Rob Simmons, Connecticut Republican, is chairman of the House Subcommittee on Intelligence, Information Sharing and Terrorism Risk Assessment.

Teacher's Radical 9/11 Views Raise Red Flags (CSM)

By Amanda Paulson

The Christian Science Monitor, August 18, 2006

CHICAGO

According to Kevin Barrett, the US government planned and carried out the 9/11 attacks, the World Trade Center imploded due to explosives set up ahead of time in the buildings, Minnesota Sen. Paul Wellstone's plane crash was no accident, and Osama bin Laden has probably been dead since 2001.

Mr. Barrett is not a radical anarchist or a teenager peddling conspiracy theories; he's a lecturer at the University of Wisconsin, Madison - a fact that has outraged some state politicians.

The case has drawn national attention and provided grist for conservative talk-show hosts, while the university has been deluged with e-mails against Barrett. Yet it has stuck by the decision to have him teach a planned course on Islam this fall.

Beyond the emotional reactions, the case raises questions about academic freedom: Are there limits to what can be taught, and if so, who decides them? Are certain views indicative of incompetence, as some Wisconsin legislators have said, or does such criticism lead to censorship?

"There should be no limits at all as to what subjects can be subjected to academic analysis," says Stanley Fish, a law professor at Florida International University in Miami. "But you should be performing as an academic and not as a partisan or preacher or moral judge."

That's the view the administration took as well, when they investigated. They found that however outlandish his personal opinions, Barrett - who was given an $8,427 contract to teach this course - was given good reviews for his past teaching. He plans to look at 9/11, including his own views, during one week of the course, but through a range of lenses.

"He does a good job teaching that course, no matter what his views are," says John Wiley, the university's chancellor. Interference from legislators or the public sets a dangerous precedent, Chancellor Wiley adds. "If there's one place controversy should be welcomed, it's universities."

Such controversies are not new or rare. Taboo subjects have included sex, politics, and even butter - in the 1940s when dairy industry grew angry over research into alternatives. More recently, the University of Colorado faced criticism over its defense of Ward Churchill, an ethnic studies professor who called some 9/11 victims "little Eichmanns" in a 2001 essay. The university ultimately voted to fire Professor Churchill for professional misconduct, including plagiarism and fabrication of information - a decision he is contesting.

Earlier this year, an electrical engineering professor at Northwestern, Arthur Butz, raised the ire of some for denying the Holocaust. His critics said such views - even if not discussed in the classroom - showed an incompetence that shouldn't be tolerated.

That argument may be appropriate occasionally, says Jonathan Knight, of the department of academic freedom and governance at the American Association of University Professors. "The faculty member who devotes part of his course on physics to the proposition that the moon is made of cheese could rightly be accused of professional behavior that amounts to incompetence. But short of that, colleges and universities are places where ideas of the most unusual sort ought to be tested before students and peers."

Those sort of defenses seem like a cop-out to Steve Nass, the Wisconsin state representative who has led the charge against Barrett and gained 61 signatures from other legislators for a resolution calling for his dismissal.

"I have no problem with discussion on unpopular ideas in the classroom, but substantiate what you're talking about," Representative Nass says. "This isn't academic freedom. This person can't substantiate his views."

The legislature is on recess until January, but if Barrett is rehired, Nass says he'll introduce a proposal to cut funding to the administration.

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Barrett says he's surprised at the uproar, which began when he aired some of his views on a popular state radio show. He understands that they are divisive - although he points to a recent Zogby poll showing that 42 percent of Americans believe they were not told the whole truth about 9/11 as evidence of growing acceptance. He disagrees that they're unsubstantiated, citing experts who have looked into Mr. Wellstone's plane crash, Bin Laden and what could have caused the Twin Towers to fall.

Raising doubt over who caused the plane crashes on 9/11 is critical to understanding the Muslim world, he says. "I don't inflict my views on students, but it's important they understand that the vast majority of the world's Muslims believe that 9/11 was an inside job, and important to understand why they hold those beliefs."

He tends toward a Sophist technique, he says, in which he presents a wide variety of viewpoints and encourages debate on them.

So long as he sticks to that, Professor Fish says, Barrett should be fine.

But Fish says that professors do push their own politics or beliefs. "That doesn't mean you can't bring current political questions into the classroom," he says. "But they have to be academicized."

9/11 Book Rankles Presbyterian Faith (WT)

By Julia Duin

The Washington Times, August 18, 2006

A book suggesting the September 11 attacks were engineered by the U.S. government is raising hackles among the faithful because its publisher is an agency of the Presbyterian Church (USA), the largest of several Presbyterian denominations.

"Christian Faith and the Truth Behind 9/11: A Call to Reflection and Action" is already in its second printing after having sold 5,000 copies in its first month. It accuses the Bush administration -- in power only eight months at the time of the 2001 terrorist attacks -- of plotting September 11 to justify war with Afghanistan and Iraq, and to expand an "American empire."

The book has attracted volumes of criticism, boycott threats and attempted clarifications by various church officials.

"The views expressed in the book are Griffin's alone," says Presbyterian Publishing Corp. (PPC) Board Chairman Kenneth Godshall, referring to the author, David Ray Griffin, 67, a retired professor at the Claremont School of Theology in Claremont, Calif.

"PPC provides a variety of viewpoints in the books we publish. A few of them from time to time are controversial. This particular book is the work of an independent author and in no way represents the views of the denomination or PPC itself."

His statement was posted on the Presbyterian Church (USA) Web site (www.pcusa.org) directly under an ad for Presbyterian Publishing Corp. and the slogan, "All Things Presbyterian, All in One Place."

The book represents the latest conflict within a denomination that in June voted that local congregations could decide to ordain homosexual clergy and that the Trinity, described for centuries as "Father, Son and Holy Ghost," could also be called "Mother, Child and Womb."

Yesterday the book, listed under PPC's Westminster John Knox imprint, was ranked No. 779 on Amazon.com. Sales spiked higher Aug. 9, when the author appeared on MSNBC with interviewer Tucker Carlson. What sets Mr. Griffin and his book apart from other September 11 conspiracy theorists is his thesis that the church must "get involved in this issue."

"God is truth, and churches concerned with God should be concerned with truth," he said yesterday in a telephone interview. "If we decide 9/11 was an inside job as a pretext to enlarge the American empire, Christians above all should be opposed to empire and therefore be particularly concerned to expose the truth about 9/11."

He questions whether hijackers were even on the doomed planes and speculates that hidden explosives, not jetliners, brought down the Twin Towers of the World Trade Center in New York.

"Throughout the 1990s, the neocons had laid out the programs needed for a Pax Americana," he said. "It would appear," he added, they orchestrated the attacks as "9/11 enabled the neocon program to become official policy."

Certain critics question how the Presbyterians, one of the most staid denominations, became entangled in such theories. Although the publishing house is editorially independent from the denomination, its board is elected at the church's quadrennial conventions.

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"This is as legitimate as pet rocks," said John H. Adams, editor of the Lenoir, N.C.-based Presbyterian Layman. "We are wondering why our denominational press is picking up on something like this. This was written by a process theologian, which is quite alien to reform theology, which Presbyterians believe in. Before the publisher gives the book the Westminster John Knox imprimatur, they should determine the validity of these accusations."

The publishing house released a statement by its president, Davis Perkins, saying Mr. Griffin's claims "merit careful consideration by serious-minded Christians and Americans concerned with truth and the meaning of their faith." The publishers give the book top billing on its site, www.ppcbooks.com, along with favorable reviews.

During his 31 years at Claremont, Mr. Griffin was best known for espousing "process theology," a doctrine that denies the omnipotence and omniscience of God.

Public Service Group Considers 'Government After Katrina' (WP)

By Stephen Barr

The Washington Post (column), August 18, 2006

The nonprofit Partnership for Public Service is launching an initiative called "Government After Katrina" to look for ideas that can help the government operate more effectively and polish an image that was tarnished by a sluggish response to the hurricane.

"We need to leverage the occasion of Katrina's anniversary to focus new energy to the issue of improved government performance," said Max Stier , president of the partnership, a nonpartisan group that seeks to revitalize federal service and encourage young people to take up careers in government.

A year ago, on Aug. 29, Hurricane Katrina came ashore near the Louisiana-Mississippi border, leaving much of New Orleans submerged and parts of the Gulf Coast in ruins. It also delivered a blow to the government's reputation. Congressional investigators found breakdowns in the federal response that hampered rescue and recovery efforts and probably wasted millions of taxpayer dollars.

The partnership's initiative begins today with a breakfast discussion featuring R. David Paulison , director of the Federal Emergency Management Agency. Other officials scheduled to discuss Katrina include Donald E. Powell , federal coordinator for the Office of Gulf Coast Rebuilding, on Tuesday, and David M. Walker , head of the Government Accountability Office, on Sept. 6.

The Katrina project (http://www.governmentafterkatrina.org) will share information and highlight lessons from the disaster, including the need for "good people" in government who can produce "good results."

Hiring and keeping employees, however, appears to be turning into a difficult test for agencies operating in the New Orleans area. Housing and living costs have soared in recent months, creating a challenge for agencies trying to maintain a stable base of employees.

The federal workforce in New Orleans decreased 11 percent from March 2005 to March 2006, according to the Office of Personnel Management.

The Army Corps of Engineers, for example, has about 150 unfilled jobs in its New Orleans district office. In addition, it has only 22 engineering students in a training program, rather than the typical 80 to 100, because local colleges have cut back or eliminated engineering classes.

Cheryl Weber , director of the Corps civilian personnel advisory center in New Orleans, said that job applicants are asking more specific questions about housing, schools and living costs than before Katrina and that many decide against pursuing employment after taking such factors into consideration.

The Corps had about 1,230 employees in the New Orleans district before Katrina, and about 300 lost their homes. Many of the displaced are working full time and hope to rebuild, but they are exhausted by long workdays and long commutes, Weber said.

Retirements are picking up, she said, and the Corps is offering relocation and retention bonuses in a bid to keep critical jobs filled.

To keep up with its workload, the Corps also has been bringing in employees from other parts of the country, usually on 120-day temporary assignments, Weber said.

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For many New Orleans area employees, she said, the goal is to get through this hurricane season "without anything bad happening." She said, "A lot are on pause, waiting to see."Management Meet-Up

The Federal Section of the International Public Management Association for Human Resources will hold its annual conference on Sept. 5 and 6 at the Ronald Reagan building. This year's theme is "The Business of Human Resources: Building Capacity That Delivers Results." Speakers include Linda M. Springer , director of the OPM, and Claudia A. Cross , deputy chief human capital officer at the Energy Department. For more information, go to http://www.ipma-hr.org or call 703-549-7100.Talk Shows

Diana J. Veilleux and Lisa A. Bernstein , co-hosts of "FEDtalk" and lawyers at Shaw, Bransford, Veilleux & Roth PC, will discuss "Myths and Realities of the Federal Sector EEO Process" at 11 a.m. today on Federalnewsradio.com and WFED radio (1050 AM).

Jennifer Main , chief financial officer at the Small Business Administration, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

WAR NEWS:

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, August 18, 2006

China eavesdropping

Pentagon officials tell us China is engaged in massive electronic eavesdropping through a series of ground stations, many in western China. Some stations can now be viewed without a security clearance for the first time from high-resolution satellite photographs recently made available on Google Earth.

The officials said Chinese military and civilian intelligence units operate several key facilities in western China that are collecting hundreds of thousands of e-mails, among other electronic signals, that transit cyberspace through satellites. Using large dish antennas, the signals intelligence sites take the data and filter it using high-speed computers and commercial software obtained from U.S. companies.

By putting in key words, the Chinese eavesdroppers can gain valuable intelligence for both their military and commercial programs, the officials said.

One facility is located near Changi in northwestern China, which we first identified in this column in 2000 as it was being expanded with the addition of new satellite dishes. The Changi listening post is operated by the military intelligence unit known as the 3rd Department, 12th Bureau. It spies on foreign satellites and is thought to be part of China's anti-satellite program. A second major facility is located at Shule.

A third Chinese electronic spying facility at Kashi was able to predict the start of the U.S. ground war in Iraq in 1991 five days before it began by intercepting Saudi Arabian military communications, intelligence officials said.

Tim Brown, an imagery analyst with Talent-Keyhole.com, said the Chinese eavesdropping sites gather vast amounts of data transiting from Europe to Asia.

"They've got enough of a capability to selectively scoop up on a very narrow set of targets," Mr. Brown said, noting that the information is useful for economic espionage as well as military communications traffic analysis.

Undeclared war

There is a battle going on between Stuart Bowen, the special inspector general for Iraq reconstruction (SIGIR), and bureaucrats responsible for thousands of rebuilding contracts in Iraq.

But it's an undeclared war. As is his mission, Mr. Bowen simply puts out a series of reports detailing failings in the reconstruction effort. The bureaucrats, who don't dare publicly speak against an IG who has wide support in Congress, fire back by issuing a stream of press releases recounting accomplishments in Iraq.

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Privately, Bush administration officials tell us that Mr. Bowen's quarterly reports and audits are too negative and that he glosses over what they have been able to achieve in the face of an extremist enemy who will kill anyone, at any time, to stop a project.

A good example of the battle unfolded earlier this month. Mr. Bowen went to Capitol Hill to testify on his most recent reports: one a quarterly report that described rampant corruption on the part of Iraqis; the other a history of the missteps and wasted time and money in developing contracting procedures in Iraq.

Here is Mr. Bowen's description of a project to build the Basra Children's Hospital. The contractor is Bechtel and the government sponsor is the U.S. Agency for International Development (USAID). The hospital was supposed to be completed by Dec. 31 last year.

"For a variety of reasons, including an increasingly hostile security environment, the project fell well behind schedule. On March 26, 2006, Bechtel informed USAID that the hospital could not be completed until July 31, 2007. In addition, the contractor reported that its estimated cost-to-complete had increased by 96 percent, and that final costs were projected to be more than 200 percent above the initial estimated cost for construction. In its review, SIGIR identified many reporting anomalies, including weak accounting systems and poor cost-projection processes."

While Mr. Bowen's office was issuing reports leading up to his testimony, the Pentagon's Iraq Project and Contracting Office was sending out press releases telling another story.

An Aug. 2 release told of completion of the Pave Attia water canal project in Taji. Completed July 24, the newly paved canal "improves flow and quality of drinking and irrigation water for 50,000 residents and farmers."

Two days later, another press release told of the completion of the Mahalla water network in Sadr City, Baghdad. "The completed project brings potable water to approximately 60,000 residents of the Sadr City area."

The statement also referred reporters to an opinion piece by Jim Crum, the contracting office director, sent to major publications. Its title: "Untold Good News from Iraq."

We should point out that Mr. Bowen's latest report does include praise for the reconstruction effort. Little of those comments, however, make it into the press or the congressional debate.

Commander's choice

Perhaps the brightest spot in Iraq reconstruction is the role of U.S. commanders. They were given huge sums of cash — nearly $2 billion — to fund public works projects in such places as Sadr City, the Shi'ite slum in Baghdad. The initiative, the Commander's Emergency Response Program, was started by L. Paul Bremer, who was U.S. administrator in Iraq.

"Our audits show that these represent the most successful programs and, indeed, mind- and heart-changing programs in Iraq," Stuart Bowen, special inspector general for Iraq reconstruction, told Congress. "They meet the Iraqi needs at the ground level, which is what's happening now through the provincial reconstruction and development councils and the provincial reconstruction teams."

Insurgents

Military officials in Iraq are upset that terrorist insurgents in Iraq are posting operational videos on an extremist Web site.

U.S. officials identified the Sunni extremist site earlier this month after it was found to be posting videos of attacks on U.S. troops and statements in support of terrorists.

The site is a used by the insurgent group called the Army of the Rightly Guided Ones and is updated regularly.

Recent items on the main page included a video of an improvised explosive device attack and a rocket attack. One essay included information about the "foreigner's jihad."

The administrator for the site has an e-mail address at Yahoo and an address in Sunnyvale, Calif., although officials said terrorist Web sites often use false data to mask their origins.

The Web site is still operating. A U.S. military spokesman declined to comment when asked why the site has not been shut down, stating that it was an intelligence matter.

White House Seeks To Boost Support For The War In Iraq (WSJ)

By John Harwood

The Wall Street Journal, August 18, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

WHITE HOUSE BATTLES to stem slide in support for Iraq war.

Most Americans and lawmakers have opposed rapid exit despite Baghdad violence. But opponents, recalling CBS anchor Cronkite's 1968 turn against Vietnam, see pivotal moment as columnists Friedman and Will hit administration stance.

"The key to whether we're at a turning point is ... whether Iraq is in a civil war," says Duke professor Chris Gelpi; demand for pullout would swell if public accepts that "permanent label of failure." Rove deputy Pete Wehner, rebutting Will, insists changing Middle East requires "more than the historical blink of an eye."

Bush's average approval in recent polls resembles LBJ's 36% after Cronkite's "stalemate" declaration.

BUSH TEAM can't count on falling gas prices.

Economic advisers gather at Camp David today, weeks before traditional end-of-summer easing of demand. Yet prices stand 30% above 2005 levels, and remain sensitive to supply disruptions.

In three of past four years, prices rose after August. In Arizona Senate race, Republican incumbent Kyl hails more spending on renewable fuels as Democratic challenger Pederson ties him to Bush's "more of the same" approach.

DEMOCRATS WORK to deflect Republican security theme.

House Leader Pelosi will unveil task force headed by California Rep. Waxman to probe $100 billion in alleged wasteful or fraudulent spending on Iraq, Katrina and homeland security. Senate counterpart Reid makes "Hope and Recovery" trip to Louisiana in advance of Bush's visit.

But Republicans count on alleged London airline-bombing plot and Democratic divisions in Connecticut to help restore traditional security edge. "The new 9/11 movie can frame the public mindset" around five-year anniversary, says a top aide to House Speaker Hastert.

In new Pew poll, just 2% say they most want to hear candidates discuss terrorism, far behind education or gas prices.

NEW TACTIC?: U.S. counterterrorism officials join European allies in considering employing moderate Muslim imams to stem radicalism. Police departments in New York and Los Angeles explore same idea, but officials stress difficulty of handling the sensitive issue.

NEW LIFE? Failed congressional security proposals seek post-London revival. Democratic Rep. Markey promotes screening all air cargo for explosives, while airports seek to raise the 45,000 cap on federal screeners. But House subcommittee chairman Hal Rogers of Kentucky, who has blocked efforts to raise cap, calls current level "very reasonable."

NEW ISSUE? Forthcoming census data on income inequality may fuel 2006 campaign debate. Typical voters "feel they're falling behind," says Democratic pollster Fred Yang. Republicans hail recent rise in take-home pay for average workers.

NEW URGENCY? Despite competition with Iran to show goodwill, Western offers for Lebanon rebuilding have been tentative, with talk of a donor's conference next month. World Bank President Wolfowitz creates a task force, but needs assessment alone could take up to 60 days. No decisions have been made on type of assistance package.

SEN. ALLEN HURTS nascent presidential bid by making fun of challenger's aide.

Virginia Republican's videotaped jibes at the aide, an American of Indian descent, are "not the way to re-enter" national stage, says key New Hampshire Republican Tom Rath. Allen had won praise for affability, and sought to quiet questions about racial views by promoting apology for Senate's historic failure to outlaw lynching.

"Today, if he calls into South Carolina or New Hampshire or Iowa, he must start the conversation with an explanation," crows a strategist for 2008 rival McCain. Noting Allen's apology and lead over Senate challenger Jim Webb, 2006 campaign manager Dick Wadhams vows "we'll come out stronger" from the "learning experience."

Bush adviser says incident won't keep president from next week's Allen fund-raiser, hosted by ex-Republican chief Ed Gillespie.

MINOR MEMOS: Capitol Advantage offers free service attaching constituents' pictures to their emails to Congress, citing help in avoiding spam filters. ... Ex-Clinton Cabinet Secretary Espy limped out of Washington in corruption probe, but football-playing son has sprinted back, leading Redskins receivers with four catches in first preseason game.

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Inquiry Suggests Marines Excised Files On Killings (NYT)

By David S. Cloud

The New York Times, August 18, 2006

WASHINGTON, Aug. 17 — A high-level military investigation into the killings of 24 Iraqis in Haditha last November has uncovered instances in which American marines involved in the episode appear to have destroyed or withheld evidence, according to two Defense Department officials briefed on the case.

The investigation found that an official company logbook of the unit involved had been tampered with and that an incriminating video taken by an aerial drone the day of the killings was not given to investigators until Lt. Gen. Peter W. Chiarelli, the second-ranking commander in Iraq, intervened, the officials said.

Those findings, contained in a long report that was completed last month but not made public, go beyond what has been previously reported about the case. It has been known that marines who carried out the killings made misleading statements to investigators and that senior officers were criticized for not being more aggressive in investigating the case, in which most or all of the Iraqis who were killed were civilians. But this is the first time details about possible concealment or destruction of evidence have been disclosed.

The report's findings have been sent to the Naval Criminal Investigative Service, which is investigating members of the unit involved in the killings, as well as higher-ranking officers in the Second Marine Division. No charges have been brought yet.

The report, based on an investigation by Maj. Gen. Eldon A. Bargewell of the Army, does not directly accuse marines of attempting a cover-up, but it does describe several suspicious incidents, according to the Defense Department officials.

It says that the logbook, which was meant to be a daily record of major incidents the marines' company encountered, had all the pages missing for Nov. 19, the day of the killings, and that those portions had not been found, the officials said.

No conclusions are drawn about who may have tampered with the log. But the report says that Staff Sgt. Frank D. Wuterich, the leader of the squad involved in the killings, was on duty at the unit's operations center, where the logbook was kept, shortly after the killings occurred, the officials said.

Neal A. Puckett, a lawyer for Sergeant Wuterich, was unavailable to comment.

Investigators were also initially told by Marine officers that videotape taken by the drone was not available, one of the officials said. The officials added that the marines produced the tape only after General Bargewell had completed his inquiry and they had been asked again to produce it by General Chiarelli.

The report has been closely held within the Defense Department, and the officials who agreed to discuss it did so because they said they thought it should receive wider public attention. They agreed to speak only if their names were not published because they had not been authorized by superiors to discuss its contents.

The deaths occurred outside the town of Haditha after a three-vehicle convoy of marines was hit by a roadside bomb, killing a lance corporal. The squad then began going through houses nearby, killing Iraqis found inside in what defense lawyers have said was a justifiable use of lethal force by marines who believed they were under concerted attack by insurgents.

The Marine Corps issued a press release the next day saying that 15 of the civilian deaths had been caused by the bomb explosion. But several officers in the unit have said they knew even then that marines had killed all 24 of the dead Iraqis, 9 of whom were suspected insurgents.

Since then, the idea that any of the victims were insurgents has been challenged, both by Iraqi survivors and by some American military officials familiar with the case, noting that the victims included 10 women and children and an elderly man in a wheelchair. They have said that evidence suggests that the marines overreacted after the death of their fellow marine and shot the civilians in cold blood.

Marines have told investigators that at least one Iraqi who was shot was brandishing an AK-47 assault rifle. But no records were found that such a weapon was recovered at the scene and turned in to the unit's headquarters, as regulations require, the officials said.

Lt. Col. Sean Gibson, a Marine Corps spokesman, said: "The Marine Corps is committed to a full and thorough investigation of the events that occurred at Haditha on Nov. 19, and the actions that followed that may have contributed to any

improper reporting. If allegations of wrongdoing are substantiated, the Marine Corps will pursue appropriate legal and administrative actions."

The decision about whether to take disciplinary action will be made by Lt. Gen. James N. Mattis, the commander of Marine Corps units in the Middle East, based on his review of both the Bargewell report and the results of the criminal investigation still under way.

In addition to faulting officers in the Second Marine Division for not aggressively investigating the Haditha killings, the Bargewell report said the commanders had created a climate that minimized the importance of Iraqi lives, particularly in Haditha, where insurgent attacks were rampant, the officials said.

"In their eyes, they didn't believe anyone was innocent," said one of the officials, describing the attitude of the marines in the unit toward Iraqis. "Either you were an active participant, or you were complicit."

Two days after the Haditha killings, Maj. Gen. Richard A. Huck, then the division commander, asked his staff for a briefing on what had happened, the officials said. General Huck later told investigators that he had ordered the briefing because he was concerned about the reports of civilian casualties, one of the officials said.

But the briefing provided to General Huck contained no mention of the civilian casualties, the investigators learned. Instead, according to one of the officials, it dealt almost entirely with the roadside bomb attack and other insurgent attacks on marines in Haditha throughout the day.

General Huck and other officers from the Second Marine Division have been ordered not to talk about the case, and a telephone call to the unit was referred to Colonel Gibson, the Marine spokesman. But some senior officers have previously defended their response to the killings, saying there was no reason to doubt the account provided by enlisted marines at the time, contending that civilian killings were an unfortunate but accidental byproduct of their pursuit of insurgents.

The involved marines' battalion commander, Lt. Col. Jeffrey Chessani, and their company commander, Capt. Lucas McConnell, told investigators that they had not reviewed the scene within the houses after the killings, despite the high number of civilian casualties, one of the officials said. Colonel Chessani was relieved of his command in April; Marine officials would not say whether the Haditha case was involved in the decision but said there were several reasons.

The video taken by the overhead drone was very limited, according to one of the officials. The aircraft was not flying over the site until after the bomb attack, so it only captured the aftermath. Even so, the video appears to contradict statements by marines about what occurred, the officials said.

In particular, it has raised doubts about a claim by enlisted marines that five Iraqis were shot as they were running away after the roadside bombing.

The officials said the video showed the bodies of the five Iraqis on the ground close to the car that they had been riding in, the officials said. In one case, the video appears to show one body stacked on top of another, which the officials said was inconsistent with the account that the men had been shot while fleeing.

10 Killed By Car Bombs In Baghdad (USAT)

USA Today, August 18, 2006

BAGHDAD — Car bombs killed 10 people Thursday as Iraqi and U.S. troops widened a security crackdown in the capital.

Seven people were killed and 15 were wounded when a car bomb exploded midday near an outdoor market in Sadr City, Baghdad's biggest Shiite district, the Iraqi army general command said.

The blast damaged shops and stalls. The casualties could have been higher in the normally crowded area, but many people had left to escape the 120-degree heat.

Another car bomb exploded near an Iraqi police patrol in the Mansour district of western Baghdad, killing three bystanders, police Capt. Jamil Hussein said.

A U.S. soldier was killed when a roadside bomb exploded near a foot patrol south of Baghdad, the U.S. military said. Another U.S. soldier died Wednesday of wounds suffered in Anbar province, stronghold of the Sunni Arab insurgency.

The Baghdad bombings occurred in areas of the city not yet targeted in a new U.S.-led security crackdown, which began this month with the arrival of thousands of U.S. and Iraqi reinforcements.

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U.S. and Iraqi troops plan to expand to other parts of the city in a campaign to restore order neighborhood by neighborhood.

Oil Ministry officials announced plans to double the amount of money spent to import fuel to combat the country's worst oil and gasoline shortages in years. Much of the fuel crisis is due to insurgent attacks on convoys and pipelines.

7 Killed As Full-Scale Sectarian Fighting Rages In Baghdad (NYT)

By Damien Cave

The New York Times, August 18, 2006

BAGHDAD, Iraq, Aug. 17 — A car bombing in the Sadr City district of Baghdad killed at least seven people and wounded more than 20 on Thursday morning, the authorities said.

The blast was the latest of several recent attacks in the district, a densely populated area controlled by the Mahdi Army, a Shiite militia loyal to the cleric Moktada al-Sadr. It signaled that full-scale sectarian fighting was continuing in the capital despite the extra American troops deployed there.

Also on Thursday, the Iraqi government introduced a $39 billion draft budget for 2007 that a spokesman said would require significant borrowing unless daily oil production more than doubled.

Few details of the draft were available. Ali al-Dabagh, the government spokesman, said in an interview that it was being scrutinized by the cabinet and that most of the proposed $39 billion would pay for employees' salaries and pensions.

"It is not enough for Iraq," he said. "This is not a budget for investment; it's just for the state's basic expenses."

The budget would nonetheless be likely to require deficit spending. Last year the government earned about $25 million, mostly from oil; the rest was borrowed. To balance the budget, Mr. Dabagh said, Iraq would have to produce roughly 3.5 million barrels of oil a day at current prices. According to the International Monetary Fund's latest report, Iraq produced 1.4 million barrels of oil a day for the first five months of this year.

In addition to the Sadr City bombing, violence continued in the capital and across the country.

South of Baghdad, an American soldier was killed by a roadside bomb while on patrol, the United States military said in a statement.

West of Baghdad, in an area rife with Sunni Arab insurgents, the police said a man had been killed and two of his sons wounded when gunmen fired at him as he waited in line at a gas station. In a similar incident, gunmen killed one man and wounded two others near a gas station in Yarmuk.

A suicide bomber in the upscale Baghdad neighborhood of Mansur blew up his vehicle as a police patrol passed, wounding five people, including three policemen, an Interior Ministry official said. At a supermarket nearby, an unidentified body was found handcuffed and showing signs of torture.

About 25 miles south, the authorities found six bodies with multiple gunshot wounds in the Tigris River. The dead men had been blindfolded, with their hands bound.

Six more people were killed in shootings in and near Baquba, north of the capital, news agencies reported. Three of the dead — shot at busy market — were brothers who owned an agricultural equipment shop. Another victim died after gunmen stole his car.

The United States military announced that a soldier had died from "enemy action" on Wednesday in Anbar Province, where American troops regularly fight fierce battles with Sunni insurgents.

In a rural area of Babil Province, south of Baghdad, Iraqi Army soldiers discovered three kidnapped police officers in the trunk of a car after clashing with gunmen at a checkpoint, according to an American military statement. The freed officers said two other officers had been abducted and taken away in vehicles.

Even as the violence continued, Prime Minister Nuri Kamal al-Maliki, speaking at a news conference with the visiting prime minister of Slovakia just a few hours after the Sadr City bombing, insisted that Iraqi forces were ready to take over security for most of the country.

Mr. Maliki insisted that Iraqi Army and police units "would be able to fill the vacuum if multinational forces withdrew," echoing an assertion by President Jalal Talabani two weeks ago that Iraqis would be able to police their own people by the end of the year.

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American officials have offered no equivalent time line for a major troop withdrawal. Indeed, they have had to move more troops into the capital as sectarian and insurgent attacks have increased.

Pentagon statistics show that the number of roadside bombs in Iraq rose to 2,625 exploded or found in July, the highest total of the war. And Iraqi government figures released this week said that nearly 3,500 civilians were killed in July — a death toll nearly double the count in January.

Premier Calls Iraqi Forces Ready To Extend Control (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, August 18, 2006

BAGHDAD, Aug. 17 -- Prime Minister Nouri al-Maliki said Thursday that Iraqi forces were prepared to take over security in most provinces if the U.S. military withdraws, as at least 23 Iraqis and an American soldier were killed in violence across the country.

The bloodshed, which included a car bomb in Baghdad that killed at least eight people, came as U.S. and Iraqi forces attempt to thwart the growing sectarian violence engulfing the country.

The U.S.-led military coalition has set no timetable for removing troops from Iraq, but Maliki said in a statement that Iraqis "have become capable of taking over security tasks in the majority of the provinces and that they will be able to fill the vacuum in case the Multi-National Forces withdraw."

Iraqi forces have taken full military control of only one province so far -- Muthanna, in a relatively calm area of southern Iraq -- but Maliki said they would soon take security responsibility of the area around Diwaniyah, in Qadisiyah province.

The explosion Thursday in Baghdad occurred about noon in the mainly Shiite area of Sadr City, killing eight people and wounding 13, according to Col. Sami Hassan of the Interior Ministry. Al-Iraqiya television reported that the blast killed 12 and wounded 25.

A U.S. soldier on foot patrol was killed when an improvised explosive device exploded Thursday morning south of Baghdad. The military said that another soldier, from the 1st Brigade, 1st Armored Division, was killed in action Wednesday in Anbar province, a volatile stronghold for Sunni insurgents.

In Diyala province, north of Baghdad, 11 people were killed in a spate of attacks, authorities said. Three brothers who worked at a shop that sells birds were killed when unidentified gunmen attacked a market in Baqubah, about 35 miles northeast of the capital. Another person was shot dead in the Tahrir neighborhood south of the city.

Gunmen killed two police officers in Mafreq, south of Baqubah, authorities said. Five civilians were killed in attacks in Jibainat, on the outskirts of Baqubah, and in Mandali, 40 miles outside the city.

In Sinjar, a town in northern Iraq near the Syrian border, a car bomb killed four civilians in a passing car and wounded five others, according to Hassan, the Interior Ministry official.

Special correspondents Saad al-Izzi, Naseer Nouri and other Washington Post staff contributed to this report.

Another Renegade Cleric Gains Clout (LAT)

By Louise Roug

The Los Angeles Times, August 18, 2006

BAGHDAD — A little-known ayatollah has emerged at the center of a violent conflict among Shiite Muslims that is sweeping Iraq's southern desert.

Mahmoud Hassani, whose gunmen fought a competing Shiite faction in the holy city of Karbala this week, is a renegade in the mold of Muqtada Sadr. He has criticized the largest Shiite party for being too closely aligned with Iran, and his green-clad militia has attacked Americans as well as fellow Shiites.

The battle for control among Shiites is another destabilizing development in a country already mired in insurgency, escalating the sectarian bloodshed and human rights abuses by security forces.

On Thursday, the U.S. military announced the death of two American troops, one killed by a roadside bomb while patrolling Baghdad on foot and one killed Wednesday in western Al Anbar province.

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A roadside bomb also killed four people and injured 28 near a market in the heavily Shiite neighborhood of Sadr City in Baghdad. In Baqubah, north of the capital, gunmen attacked a police building, killing two officers and a child, and a curfew was imposed.

Though Baghdad remains the center of the violence, assassinations and street fights between militias now also take place regularly in the majority-Shiite south. Iraqi security forces, which are dominated by rival Shiite groups, and gunmen affiliated with Hassani battled in Karbala for three hours Tuesday. An Iraqi army official said two soldiers, two police officers and three gunmen were killed.

Security forces surrounded the city, imposed a curfew and arrested hundreds of Hassani followers, Iraqi authorities said.

Followers reached a truce with the local governor and police Thursday that calls for "Hassani [to] disavow those stirring seditions and those targeting the government's officials and properties."

"It is so clear that this was a conspiracy against us aimed at destroying [Hassani] and his followers," said Dhiaud Musawi, a Hassani aide in Karbala.

He accused local authorities of placing explosives near Hassani's office but said Iran was ultimately behind the attacks.

Hassani, who is believed to be about 40, claims to be a descendant of the prophet Muhammad. He is one of the few Shiites who have publicly criticized Grand Ayatollah Ali Sistani, a moderate voice and the most revered and influential Shiite cleric in Iraq. Although his stronghold is in the south, Hassani also has followers in Sadr City.

Iraqis, unhappy because they are locked out of the local patronage system, are increasingly turning to more militant fringe parties such as Hassani's, said professor Juan Cole, an expert on Shiite Islam at the University of Michigan. "He's a symptom of how politics are working in the south," he said. "This is pushback from people who feel disenfranchised."

Fighting has broken out between other Shiite groups as well. On Wednesday, a Shiite tribe in Basra stormed a local government office and fought Sadr's followers for several hours. At least three people died, hospital officials said.

Local authorities said the situation was tense but under control there. The two most powerful Shiite militias, Sadr's Al Mahdi army and the Badr Brigade — affiliated with the Supreme Council for Islamic Revolution in Iraq political party — have been fighting in Basra for months. A third group, the Thar Allah Party, recently joined the fight, residents say.

Compared with Sadr, Hassani's power is marginal. But Iraqi officials appear worried about his ability to command popular support.

In the early days after the March 2003 U.S.-led invasion, Sadr and Hassani followed similar trajectories. Hassani claimed to have studied under Sadr's father, the revered Grand Ayatollah Mohammed Sadeq Sadr, who was assassinated in 1999, allegedly by agents working for Saddam Hussein. But authorities at seminaries in Karbala and Najaf, another holy city, have little recollection of him.

Like Sadr, Hassani employed anti-American rhetoric after the invasion. His virulence alienated other Shiites who initially praised Americans as their liberators.

Both Hassani and the younger Sadr sought control of Karbala and its shrines, which generate millions of dollars from pilgrims' contributions. Imam Hussein, grandson of Muhammad, was martyred in Karbala about 1,300 years ago.

Both men also encouraged their followers to fight the Americans.

In October 2003, Hassani's bodyguards killed three American MPs, including a battalion commander, in a ferocious firefight outside his office near the gold-domed Imam Abbas shrine in Karbala. The Americans and the interim Iraqi government put a $50,000 price on his head, and Hassani disappeared.

While Hassani remained underground, Sadr battled Americans in Najaf during 2004. But instead of disappearing, Sadr reinvented himself as a politician.

Today, Sadr's faction controls 30 seats in parliament and key ministries, including Health and Transportation, which give it control of vital infrastructure.

American commanders express frustration that Sadr and his followers have become almost untouchable.

When U.S. troops raided a suspected kidnapping and torture cell in Sadr City last week, calling in airstrikes for support, Prime Minister Nouri Maliki lashed out at the Americans, calling the operation "excessive."

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Afghan President Blames U.S. Airstrike For 10 Deaths (WP/AP)

By AP

The Washington Post, August 18, 2006

KABUL, Afghanistan, Aug. 17 -- President Hamid Karzai condemned a U.S. airstrike Thursday that Afghan officials said killed 10 border policemen.

"I have repeatedly asked the coalition forces to take maximum caution while carrying out operations," he said in a statement, adding that such incidents "must not be repeated."

Gen. Abdul Rahman, Afghanistan's deputy chief of border police, said a coalition airplane killed 10 policemen in two trucks in the southeastern province of Paktika. No one survived the strike.

The U.S. military released a statement saying it was looking into the report but believed an aircraft had destroyed two trucks that soldiers on the ground said were involved in an attack on a U.S.-Afghan patrol. An Afghan policeman was killed and a coalition vehicle was damaged in that clash.

In Paktika province Wednesday, a U.S. military vehicle hit a Soviet-era land mine, killing one soldier, the military said, ruling out enemy action.

On Thursday, a suicide bomber drove an explosives-packed car into a joint U.S.-Afghan army convoy on the main Kandahar-Kabul highway in Kandahar province, seriously wounding one U.S. soldier, officials said.

A purported Taliban spokesman asserted responsibility for the attack and said the bomber was Afghan.

Insurgents will continue with "suicide bombings, guerrilla warfare and ambushes" against the United States and its allies in Afghanistan, said Qari Yousaf Ahmadi, a self-described Taliban spokesman.

In nearby Uruzgan province, a suicide bomber targeting a NATO patrol instead killed one civilian and wounded six others, a NATO spokesman said.

U.S. Coalition's Bombs Kill 10 Afghan Border Police (NYT)

By Sultan M. Munadi

The New York Times, August 18, 2006

KABUL, Afghanistan, Aug. 17 — A plane with the United States coalition force in Afghanistan dropped bombs Thursday morning that killed 10 Afghan border police officers and wounded four others while pursuing insurgents who had attacked the coalition forces, an Afghan police official said.

A statement from the coalition forces said the plane had bombed two trucks that had been involved in the attack on the coalition forces and Afghan Army soldiers.

A coalition spokesman in Kabul said he could not confirm whether the two vehicles attacked had belonged to the Afghan border police and whether those who were killed had been police officers. "It was an attack on vehicles that we thought were enemy,'' said Col. Tom Collins, spokesman for the coalition forces in Afghanistan. Muhammad Haroon Asefi, commander of the border police, said, "The coalition plane dropped bombs on our vehicles today around 10:30 a.m. and killed 10 border police.'' He said four other police officers had been wounded. The bombing occurred in Paktika Province near where insurgents enter Afghanistan, Mr. Asefi said. The border police were patrolling the area, he said, adding, "I know that it was not something by purpose."

The coalition statement said the Afghan Army and coalition forces patrolling the area had been hit by explosives, then attacked with small-caliber arms and rocket-propelled grenades. An Afghan soldier was killed, it said. The attackers fled "in two trucks identified by the coalition ground forces, and this information was relayed to coalition aircraft,'' it said.

"Ten to 15 personnel and heavy weapons were observed in the retreating vehicles by overhead aircraft," the statement said. The trucks were "destroyed by coalition aircraft."

It said, "Coalition forces are confident that the two trucks destroyed by coalition aircraft were the same two trucks fleeing the site of the attack on the joint coalition patrol.'' Coalition forces could not confirm the identity of the attackers, it said.

Colonel Collins said, "We are investigating,'' but "we thought we were definitely engaging enemy vehicles."

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President Hamid Karzai's office said he had ordered an investigation. "I have repeatedly asked the coalition forces to take maximum caution,'' it quoted him as saying.

C.I.A. Contractor Guilty In Beating Of Afghan (NYT)

By Scott Shane

The New York Times, August 18, 2006

WASHINGTON, Aug. 17 — A C.I.A. contractor accused of severely beating an Afghan prisoner who died the next day was convicted Thursday of felony assault.

The former contractor, David A. Passaro, 40, a onetime Special Forces medic who went to work for the Central Intelligence Agency in Afghanistan in 2003, is the only civilian ever charged as a result of accusations of prisoner abuse there, in Iraq and in the broader campaign against terrorism. He faces a maximum of 11½ years in prison.

The trial, in federal court in Raleigh, N.C., near Mr. Passaro's hometown, Lillington, included testimony from clandestine C.I.A. officers who wore disguises to protect their identities. It drew close attention from human rights advocates.

Using a flashlight and his fists, witnesses said, Mr. Passaro repeatedly hit Abdul Wali, a 28-year-old farmer suspected of firing rockets at American troops. Mr. Wali was in such pain, they said, that he pleaded to be shot, and he died the day after a second day of abuse by Mr. Passaro.

Mr. Passaro's lawyers said he had not been trained in interrogation and had been under pressure to stop frequent rocket attacks on a remote base near the Pakistan border. They said Mr. Passaro had tried mouth-to-mouth resuscitation on Mr. Wali after he lost consciousness.

Defense lawyers also tried to mount a "public authority defense," asserting that in statements and legal opinions, top officials from President Bush on down had implicitly authorized harsh treatment for potential terrorists. But Judge Terrence W. Boyle would not allow the defense to call senior officials, including George J. Tenet, former director of central intelligence, as witnesses.

In a statement sent to C.I.A. employees after the verdict, Gen. Michael V. Hayden, the agency's current director, called Mr. Passaro's actions "unlawful, reprehensible and neither authorized nor condoned by the agency."

The acting United States attorney for the Eastern District of North Carolina, George E. B. Holding, hailed the verdict.

...

But John Sifton, a senior researcher at Human Rights Watch, said the facts of the case had merited more serious charges, including torture, manslaughter or murder. "We question whether the Justice Department has a real commitment to prosecuting detainee abuse," Mr. Sifton said.

Justice Department officials have said one obstacle to more severe charges was the absence of an autopsy, which they said had not been performed on Mr. Wali because his family opposed it.

Mr. Sifton said about 20 abuse cases had been referred to the Justice Department by the Pentagon and the C.I.A., but Mr. Passaro's is the only one to have been prosecuted. The referrals, some involving deaths in custody, have focused on civilian intelligence officers, civilian contractors like those who worked as interrogators at Abu Ghraib prison outside Baghdad and enlisted military personnel already discharged.

By contrast, more than 80 members of the military have been ordered to face court-martial on charges of abusing prisoners, and more than 50 have been convicted, according to Human Rights Watch. At least 40 have been sentenced to jail, though fewer than 10 are serving more than a year, Mr. Sifton said.

Ex-Contractor Guilty Of Assaulting Detainee (WP)

By Josh White And Dafna Linzer

The Washington Post, August 18, 2006

A federal jury in North Carolina yesterday convicted former CIA contractor David A. Passaro of assaulting a detainee he interrogated at a remote U.S. military base in Afghanistan in 2003. It was the first time an American civilian has been held criminally responsible for abusing a prisoner captured during the wars in Afghanistan and Iraq.

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Jurors found Passaro guilty of felony assault and three counts of misdemeanor assault for using interrogation tactics that included beating Abdul Wali, 28, with a metal flashlight in June 2003. But Passaro was not charged with killing Wali, who died shortly after the interrogations, because there was no evidence linking his death to the beatings. Wali was suspected of being involved in rocket attacks against the U.S. base near the border with Pakistan.

The case was the first -- and so far only -- criminal case brought by the Justice Department against a civilian for detainee abuse despite numerous investigations into the actions of CIA operatives and civilian contract interrogators assigned to elicit information from terrorism suspects around the globe. Passaro's case emerged publicly in June 2004, a year after the crimes and just weeks after the abuses at Iraq's Abu Ghraib prison surfaced.

Passaro, who has said publicly he believes he is a scapegoat for failed U.S. interrogation policies, could face as much as 11 1/2 years in prison at sentencing.

CIA Director Michael V. Hayden informed agency employees of the verdict by e-mail yesterday.

"I think it is very important for all of us to bear in mind that Passaro's actions were unlawful, reprehensible, and neither authorized nor condoned by the Agency," Hayden wrote. Hayden wrote that Passaro's actions "were totally inconsistent with the normal conduct of CIA officers and contractors."

The CIA's inspector general is reviewing other cases, and at least two have been referred to a Justice Department task force looking at potential U.S. civilian crimes in the war zones. Officials with the U.S. attorney's office in the Eastern District of Virginia, where the task force is located, have said that more than a dozen civilian cases are being investigated. While some officials expect more prosecutions as a result of the task force's work, the investigations have often met with difficulty because of a lack of evidence and problems identifying victims and even defendants.

Acting U.S. Attorney George E.B. Holding said in Raleigh, N.C., yesterday that the verdict sent a message that "no one is above or beneath" U.S. laws, according to the Associated Press, which quoted Passaro's defense lawyer as saying that Passaro was "disappointed."

Ex-CIA Contractor Found Guilty Of Assaulting Afghan Detainee Who Later Died (AP)

By Estes Thompson, Associated Press

AP, August 18, 2006

RALEIGH, N.C. – The first American civilian charged with mistreating a detainee during the wars in Iraq and Afghanistan was convicted Thursday of assaulting an Afghan man who later died.

Prosecutors said the verdict against former CIA contract worker David Passaro sets a precedent for bringing others accused of such wrongdoing overseas back to the U.S. to stand trial. Human-rights advocates, however, noted that no other U.S. civilian has been charged publicly with abusing detainees in the two years since Passaro's arrest.

After about eight hours of deliberations, a federal jury found Passaro guilty of three counts of simple assault and one count of assault resulting in serious bodily injury, lesser charges than prosecutors had sought. He faces up to 11 1/2 years in prison, and no sentencing date was immediately set.

Passaro, 40, was impassive as the jury verdict was read. After jurors left the courtroom, he stood up and quietly extended his wrists so federal marshals could handcuff him.

“Dave was disappointed in the verdict. We're going to keep on fighting,” said defense lawyer Joe Gilbert.

The former Special Forces medic from Lillington was working for the CIA as a contract worker in June 2003 when, prosecutors said, he beat Abdul Wali during two days of questioning about rocket attacks on a remote base where Passaro was stationed with U.S. and Afghan troops. Wali died, but Passaro was not charged in his death.

Witnesses said Passaro enthusiastically volunteered to interrogate Wali and became enraged when he wasn't able to answer questions. Several said they saw Passaro beat Wali with a metal flashlight and his fists, and repeatedly kicked him in the groin, as he questioned the man in a dark and hot mud-walled cell at the base in mountainous northeastern Afghanistan.

“This is a flashlight,” Assistant U.S. Attorney Jim Candelmo told the jury during his closing argument. “It is used by many of you and me to illuminate a path in the darkness. ... He used it as a bludgeon.

“Why is he hitting him? To inflict pain to get him to talk.”

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The defense disputed prosecutors' contention that Wali was severely beaten and said Passaro was being scapegoated for the man's death.

"Basically, Dave lost the game of musical chairs," lawyer Joe Gilbert said. "We wouldn't be here if this terrorist hadn't died."

Members of Passaro's church watched from the gallery as the verdict was read, and a retired minister leading the small group from Flat Branch Presbyterian Church in Bunn Level said they continue to support him.

"David will be strong," Bert Pitchford said. "He has good faith."

Passaro could have received 40 years in prison had he been convicted of two counts of assault with a dangerous weapon with intent of bodily harm, and two counts of assault resulting in serious bodily injury.

Passaro was tried under a provision of the USA Patriot Act that allows charges against U.S. citizens for crimes committed on land or facilities designated for use by the U.S. government. Should there be other American civilians accused of similar crimes, they can be tried in the same way, acting U.S. Attorney George Holding said.

"The assault took place 8,000 miles away from here," Holding said. "The person assaulted was an Afghan farmer. ... But because it was done at a U.S. base with an American flag flying over it, that victim found a little bit of justice here today."

Duke university law professor Scott Silliman said the verdict "sends no more significant message than to tell other federal prosecutors that the Patriot Act extension is another prosecutorial option they can use."

But Silliman and others said the secretive nature of the CIA's work overseas makes it hard to tell whether similar cases will follow. In Passaro's case, much of the court record was placed under seal for security reasons and several agents testified in disguise using fictitious names.

"We don't know of any more that are in the pipeline," said Priti Patel, an attorney with New York-based Human Rights First. "We don't think the U.S. has adequately held accountable those involved in abusing and if the government is serious about ending abuses in its custody, it needs to hold those involved in abuse accountable."

But CIA Director Michael Hayden, in an e-mail to agency personnel that was also sent to reporters, said the agency's internal, independent watchdog opened an investigation and referred the issue to the Justice Department after the allegations against Passaro were discovered in 2003.

"As abhorrent as this situation was, it is a fact that we, as an agency, did not sweep it under a rug," Hayden said. "We addressed it head-on and dealt with it swiftly."

Hayden called Passaro's actions "unlawful, reprehensible, and neither authorized nor condoned by the agency."

Ex-CIA Contractor Convicted Of Abusing Afghan Detainee (BLOOM)

By Neil Roland

Bloomberg, August 18, 2006

Aug. 17 (Bloomberg) -- A former Central Intelligence Agency contractor became the first U.S. civilian convicted of abusing detainees during the invasions of Iraq and Afghanistan.

David A. Passaro was convicted by a federal court jury in Raleigh, North Carolina, of charges he beat an Afghan man who later died in U.S. custody at an Army base in Afghanistan in June 2003, acting U.S. Attorney George Holding said in a statement.

``Passaro's actions were unlawful, reprehensible and neither authorized nor condoned by the agency," CIA Director Michael Hayden said in a statement today to agency employees.

Passaro, 40, of Lillington, North Carolina, was convicted of one count of felony assault and three counts of misdemeanor simple assault, Holding said. He used a large flashlight to beat detainee Abdul Wali, who was being questioned about a rocket attack on U.S. forces, and the Afghan man died the next day, the Justice Department said.

The former CIA employee faces a maximum penalty of 10 years in prison and a $250,000 fine for the felony conviction, and six months each for the misdemeanors, Holding said. Sentencing hasn't been scheduled.

Health Workers Freed Unhurt In Afghanistan (USAT)

USA Today, August 18, 2006

Suspected Taliban militants released unharmed 17 health workers, including doctors and a nurse, abducted earlier Thursday in southern Afghanistan, NATO said. The 17 were abducted at gunpoint while traveling to a refugee camp in

Kandahar, said Maj. Quentin Innis, a spokesman for the NATO-led force. Qari Yousaf Ahmadi, a purported Taliban spokesman, denied the kidnapping but confirmed that militants commandeered the minivan used by the health workers. Ahmadi told the Associated Press that the workers had fled to nearby villages and were not held by the Taliban.

Also Thursday, President Hamid Karzai said he was “shocked and angered” by a U.S.-led coalition airstrike that killed 10 police officers in southeastern Afghanistan. The officers were killed when coalition aircraft dropped a bomb on a two-vehicle border patrol in the Turwa area of Paktika province, said Gen. Abdul Rahman, Afghanistan's deputy chief of border police. The U.S. military said in a statement that it was investigating the incident, but it believed that the two trucks had been involved in an attack on a U.S.-Afghan patrol in which an Afghan policeman was killed.

U.S. calls for end to Sri Lanka fighting

Sri Lankan rebels launched new attacks against government targets in the country's north, as escalating violence brought calls from the United States and European Union to end the fighting. The United States is “deeply concerned” and called on President Mahinda Rajapakse for an immediate cessation of hostilities, said Steven Mann, principal deputy assistant secretary of State, in the Sri Lankan capital of Colombo.

Fighting between government forces and Tamil Tiger rebels has spiked in the past few weeks in northern and eastern Sri Lanka, where insurgents want to establish a separate homeland for the country's 3.2 million Tamils, Mann said. The two sides signed a Norwegian-brokered cease-fire in 2002 that was supposed to end one of South Asia's longest-running civil wars. In the latest attacks, 20 Tamil boats attacked a land and naval base on the Jaffna Peninsula, said Maj. Upali Rajapakse, a military spokesman.

Congo presidential vote could go to runoff

Congo appeared to be headed for a presidential runoff vote as early poll results from the capital put President Joseph Kabila's tally below the 50% needed for a first-round win. Results have been trickling in from across the vast central African country since the election July 30. Kabila performed strongly in his native east, while former rebel leader Jean-Pierre Bemba did better in the west around the capital, Kinshasa.

Results released Thursday from one of the four compilation centers in Kinshasa put Kabila's running total at 48.4%, well ahead of Bemba's 16.2%. Numbers were in from just over half the constituencies nationwide.

General Says Opium Fuels Taliban (AP-Y)

By Lolita C. Baldor

AP, August 18, 2006

NATO must do more to prevent Taliban militants from using the growing opium trade to fund their insurgency in Afghanistan, the alliance's top military commander said Thursday.

U.S. Gen. James Jones said the military forces can take on a larger role in ferreting out information about the drug connection and locating opium production areas, but U.S. and NATO troops will not be used to eradicate crops.

The opium problem "certainly cries out for more international focus," said Jones. "The international community understands that we have to have more success in the narcotics field, and we have to do that in the fairly near future."

Speaking to Pentagon reporters, Jones said that NATO forces can now have "at least a supporting role in helping the authorities with intelligence and using our technologies to show them where the production, the increase, is to make sure that the roads are in fact used for peaceful purposes as opposed to transporting illicit goods."

But he said the military is only a small part of what must be a holistic solution. The greater challenges, he said, are to reform the police, improve the training and equipping of the Afghan forces, and encourage economic and political reforms that would give Afghans ways other than the drug trade to stabilize their economy.

Jones acknowledged that the record increase in opium cultivation this year in Afghanistan could fuel the insurgency. Recent projections show a 40 percent increase in the opium poppy crop over last year's totals. Officials estimate that about 370,650 acres of poppy were cultivated this season.

A lot of the profits from the drug sales, Jones said, are obviously being "funneled back into the criminal element, the resurgence of the Taliban, perhaps even al-Qaida, perhaps tribe-on-tribe warfare."

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The latest crop figures suggest that attempts to eradicate poppy cultivation are failing, and that corruption among the provincial officials and police is still a major problem.

A NATO-led force of about 8,000, made up mostly of British, Canadian and Dutch troops, recently took control of security from the American-run coalition in the volatile southern provinces.

The increased violence there, coupled with continuing al-Qaida operations along the Pakistan border have made this the deadliest time since the Taliban regime was toppled in late 2001.

NATO already has troops in the more stable regions of Kabul and northern and western Afghanistan. The U.S.-led coalition will continue to work in the unstable eastern portion of Afghanistan, where al-Qaida and Taliban fighters are also active.

Currently there are about 20,000 NATO forces and about 22,000 U.S. troops in Afghanistan.

DOJ:

Montana's U.S. Attorney In Line For No. 3 Post At Justice Department (AP)

AP, August 18, 2006

WASHINGTON — Montana's U.S. Attorney is on track to become the No. 3 official at the Justice Department.

A Justice Department official said that U.S. Attorney Bill Mercer is the leading candidate to be nominated for the department's No. 3 post, associate attorney general, but that he is still awaiting final approval from Justice and White House officials. The Justice official demanded anonymity because he was speaking in advance of a formal decision.

If Mercer is approved for the full-time post, he would likely have to resign as Montana's top federal prosecutor.

Mercer previously served a temporary term, starting in June 2005, as principal associate deputy general, the top deputy to the deputy U.S. attorney general. During that assignment, Mercer split his time between his U.S. attorney duties in Montana and his Washington job.

Chief U.S. District Judge Donald Molloy criticized Mercer for that double duty, saying he was neglecting his work in Montana. In a letter last October, Molloy urged U.S. Attorney General Alberto Gonzales to replace Mercer.

Molloy argued that Mercer's absence has led to a ``lack of leadership" in the U.S. attorney's office in Montana that is ``creating untoward difficulties for the court, and it appears for the prosecutors assigned to various tasks in Montana."

Gonzales turned down Molloy's request.

At the time, Mercer defended his record.

``I spend a lot of time on planes," Mercer told Lee Newspapers last November. ``It's remarkable how many different things one can do. There's a lot of responsibility here, but I'm not abdicating any of it."

Mercer, who did not return phone calls seeking comment, worked as an assistant U.S. attorney from 1994 to 2001 and for five years in Washington as counselor to the assistant attorney general and senior policy analyst in the Justice Department's Office of Policy Development.

CORPORATE SCANDALS:

Comverse Cancels Trio's Job Pacts And Revokes Their Stock Options (WSJ)

By Mark Maremont And James Bandler

The Wall Street Journal, August 18, 2006

Comverse Technology Inc., acting in the wake of criminal charges leveled last week against its former three top officers related to options backdating, said it canceled the trio's employment agreements and revoked their stock options.

Former Comverse Chief Executive Kobi Alexander held more than $49 million in exercisable options as of Jan. 31, 2005, according to the company's most recently filed proxy statement. He has since exercised less than 10% of the options he then held, according to a database operated by Thomson Financial.

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Mr. Alexander, former chief financial officer David Kreinberg, and former senior general counsel William Sorin, were charged last week in federal court in Brooklyn, N.Y., with conspiracy related to a decade-long scheme to manipulate stock-options grants at Comverse, a New York telecommunications firm.

MORE ON OPTIONS

• Options Scorecard: Companies under scrutiny1

• Perfect Payday: Complete coverage2

Mr. Alexander failed to appear in court, and is considered a fugitive by the Federal Bureau of Investigation. A dual American and Israeli citizen, he wired $57 million from the U.S. to Israel in late July. The FBI said last week it had notified Interpol, the international police organization, that it was seeking to arrest Mr. Alexander.

The three men resigned from Comverse in May, but at the time continued to have consulting agreements with the company under which they weren't permitted to exercise any options.

Mr. Alexander's employment agreement entitled him to severance of more than $4 million, plus three times his annual salary and bonus if he was fired without "cause," according to the 2005 Comverse proxy. The company said yesterday that it would make no severance payments to any of the three ex-officers.

Robert Morvillo, one of Mr. Alexander's New York lawyers, said he hasn't spoken to his client in several weeks and doesn't know whether the former CEO would want his lawyers to fight for his assets.

"I assume he understood he was imperiling some of the assets that were in the U.S. by failing to submit to the jurisdiction of the courts," Mr. Morvillo said. "It is only an assumption because I haven't had an opportunity to talk to him about it."

According to the FBI, Mr. Alexander from 1991 to 2003 made $138 million in profits from exercising Comverse options. The government contends many of the options granted by Comverse were improperly backdated to confer extra profit on Mr. Alexander and others.

James Brochin, an attorney for Mr. Sorin, declined to comment. An attorney for Mr. Kreinberg couldn't be reached.

Raising The Stakes In Twist For Private Buyouts, Some Shareholders Fight Back (WSJ)

By Jason Singer

The Wall Street Journal, August 18, 2006

Last month VNU NV, owner of the Nielsen television-ratings service and Billboard magazine, was taken private by a group of private-equity firms that acquired the company in a $10 billion deal.

It appeared to be just the latest conquest for these private investment partnerships, which have been shaking up global finance in the past few years by purchasing companies, taking them private, restructuring them and selling them again for a profit.

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7/27/06

• Payday for Firms Is Never Far Away2

7/25/06

But the sale of VNU of the Netherlands to a group of firms including Kohlberg Kravis Roberts & Co. of New York instead represents one of the first signs that private-equity groups are facing a backlash to their own success.

VNU's board recommended in March that shareholders accept the private-equity firms' bid, but the shareholders instead rose up in a rare and vociferous revolt. The shareholders questioned why they should sell for a small premium to VNU's share price -- leaving on the table the profits the private-equity firms were likely to reap from quickly restructuring the company. Instead, the shareholders wanted to force the company to fix itself so they could enjoy the fruits of the changes themselves.

The rebels -- including some of the world's largest mutual funds -- proposed their own business plan and new executives, and tried to force the chairman to quit. "We took the initiative to defend long-term shareholders' interests," says the group's leader, Eric Knight, head of New York-based Knight Vinke Asset Management.

After a months-long battle, shareholders eventually won a modest increase of nearly $250 million from the private-equity firms -- or 2.5% more than the original deal. But that improvement was less significant than the fact that shareholders had

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rebelled, proposing a do-it-yourself restructuring plan that competed with a big private-equity offer accepted by management and the board.

Ever since the heydays of the 1980s when buyout firms like KKR stormed in to make splashy acquisitions such as the record-breaking $25 billion purchase of RJR Nabisco Inc. in 1988, private dealmakers have had free rein to buy companies when the price is right. They offer shareholders cash at a premium to the target's share price, and often strike when the target company's stock price is in the doldrums. Corporate boards have typically recommended the offers, too, since they were reluctant to turn away private-equity advances for fear of offending shareholders looking to make a profit on their shares.

But after a handful of private-equity firms over the past two years generated massive quick profits -- sometimes more than $1 billion in just a few months -- the firms are facing rising discontent from the shareholders and directors they count on to approve company sales. Warren Buffett, chief executive of Omaha, Neb.-based Berkshire Hathaway Inc., recently warned his shareholders that private-equity firms are "deal flippers" that use financial engineering to eke out quick gains rather than nurturing companies for the long term.

The total volume of deals is still booming. But already, the discount is forcing private-equity firms to pay more, and it is even shutting them out of some deals. With billions of dollars continuing to flow into their war chests, some firms are being forc ed to change tactics and buy equity stakes in companies that they don't purchase. All of this could impede their ability to generate such huge profits in the future.

The rising tension with private-equity firms has been especially strong in Europe because companies haven't whipped themselves into shape to the same extent as they have in the U.S. That has created ripe targets for restructuring -- and has emboldened existing shareholders to think they should do it themselves.

Private-equity firms invest money raised from big institutional investors such as insurance companies, university endowments and municipal pension plans in addition to wealthy individuals. Along with hedge funds and venture capital firms, private-equity firms have become one of the most potent forces on Wall Street in recent years, as money pours into these loosely regulated vehicles that are far outperforming traditional mutual funds.

Private-equity bidders "pay a premium which may be a good price over the next few months, but not over the next few years," says Yoon-chou Chong, who oversees $17 billion as head of U.K. investments at Aberdeen Asset Management, a traditional investment firm. "We often have the same point of view as the private-equity buyers, and we say, 'Why should we sell to you?' So they'll have to pay for the three-year view. That's where the battle starts."

In recent months, the boards of a dozen companies in the U.K. alone have rejected private-equity bids, including broadcaster ITV Group PLC, pub chain Mitchells & Butlers and London Stock Exchange PLC. Just last month, British conglomerate GUS PLC said it rejected several private-equity approaches for different parts of its business. The company instead plans to break itself up, which it said will give existing shareholders a better return.

Some shareholders also are concerned about the potential for conflicts of interest when company managers recommend private-equity bids, then stay on to reap fortunes after a takeover. Once a company goes private, the new owners can pay managers much more lavishly, typically with a stake in the business. The packages can reach into the tens of millions of dollars or more when the company is later sold or taken public.

At German dental-equipment maker Sirona AG, Simone Blank, chief financial officer, is estimated to have earned about $18 million in 18 months after the company was taken over by private-equity firms. Through a spokesman, she declined to comment.

TDC AS, a Copenhagen-based telecommunications company that was taken over last year for $12 billion in Europe's largest ever private-equity deal, will pay Chief Executive Henning Dyremose $6.2 million, including a special bonus of as much as $2.6 million, after he is replaced as CEO and becomes chairman in November.

Mr. Dyremose says the special bonus was a package to ensure he would stay for several months to secure "a smooth transition" to the new owners. He adds that he never negotiated with the private-equity firms while they were trying to buy the company, leaving that job to the chairman.

New Tactics

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To try to ease the prospect of conflict with shareholders at target companies, some private-equity firms have changed how they do deals. In its approach earlier this year to ITV, the British television broadcaster, a private-equity consortium offered to buy only a large minority stake rather than take over the company completely, as private-equity firms typically do. That would have allowed shareholders to keep a stake in the business and benefit from future changes. Still, the bid from the group that included Goldman Sachs Group Inc. and Blackstone Group LP of New York was rejected.

In April, Blackstone departed from its decades-old strategy of buying whole companies and instead purchased a 4.5% stake in German telecommunications giant Deutsche Telekom AG for $3.4 billion. Though a relatively small stake, it is one of the firm's biggest-ever investments. Moves like that are helping Blackstone, whose most recent $15.6 billion fund is the world's largest, to find a place for the money.

Some of the biggest private-equity firms say business remains stronger than ever. They note that activist shareholders also are often the ones who put companies in play, creating an opening for private-equity firms to pounce. "We still get approached many, many times by hedge funds and shareholders saying, 'You should take a look at taking this company private,' " says Tony James, president of Blackstone.

Mr. James says Blackstone is having far more discussions about buying public companies in the U.S. than ever before, and the number in Europe is "at least sustained" from where it has been over the past year or so. As for discontent among investors, he says, "In a shareholder base, you're never going to have unanimous opinion."

Some shareholders have started to take a page from the buyout firms' playbook by recruiting private-equity veterans to help direct corporate restructurings aimed at gaining quick and hefty returns.

Jerry Levin, 62 years old, built his career turning around ailing companies such as Coleman Co., Revlon Inc. and American Household Inc. (the former Sunbeam) for private-equity firms including Ronald Perelman's MacAndrews & Forbes Holdings Inc.

But he says he has recently been approached by activist shareholders. So far, he has taken two assignments: Earlier this year Mr. Levin was tapped to become an independent director for hamburger chain Wendy's International Inc., after being hired by Trian Group, a hedge fund run by investor Nelson Peltz. Mr. Levin has recently taken a similar role at retailer Sharper Image Corp., San Francisco, where he was hired by hedge fund Ramius Capital Group LLC of New York.

Shares in Wendy's of Dublin, Ohio, nearly doubled in the first few weeks after it was announced he and other new directors would join the board. Sharper Image shares also rallied, initially by about 50%, but since fell back to nearly where they were before the announcement of a shake-up. Mr. Levin was elected to the board in early July.

Many of the tensions between shareholders and private equity were exemplified by the fight over VNU. Mr. Knight, the investment-fund manager, led a revolt against management after it announced plans to acquire IMS Health Inc., of Fairfield, Conn., rather than returning cash to shareholders from the sale of its yellow-pages directories business.

In November, VNU abandoned that deal and Chief Executive Rob van den Bergh said he would resign. That left the company with an uncertain future. Soon after, KKR along with several other private-equity firms approached the company to discuss a purchase.

On March 8, the private-equity group offered about $36.80 for each VNU share, a premium of 23% to VNU's share price the previous July, before it embarked on the disastrous acquisition attempt. The board agreed to recommend the deal to shareholders.

But VNU shares, which had been rising amid speculation about the bid, fell about a penny, to about $35, the day the deal was announced, signaling that shareholders were unimpressed with the offer.

Almost immediately, Fidelity Investments, which owned about 15% of VNU shares, said it was "unlikely to support the deal." Mr. Knight, who had been agitating for months for the company to explore breaking itself into three main pieces and auctioning them off, among other things, also derided the deal.

He also attacked the company for rushing into the arms of private-equity firms. Aad Jacobs, VNU's chairman at the time and a veteran Dutch businessman who had previously been chairman of Royal Dutch/Shell Group, denied that VNU rushed into a deal. "We looked time and again, and we came to the same conclusion," that the private-equity bid represented the best value for shareholders, he said.

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Mr. Knight, 47, is a polished half-Dutch, half-Italian investor who sports English pin-striped suits and blow-dried hair. He operates his $700 million fund from Monaco even though it is registered in New York. He once moved his staff out of his office and into his home because he suspected the office was bugged.

He made a name for himself by helping push Shell to combine its Dutch and British operations into a single company, and later pressuring French water and power utility Suez SA to acquire the portion of Belgian electricity supplier Electrabel that it didn't already own.

He quickly became the public face of shareholder discontent with private-equity buyouts, appearing on television and giving scores of newspaper interviews. To rally support for his cause among VNU shareholders, he hired an investment bank to help devise alternative strategies, commissioned a cost-cutting study of VNU by the Boston Consulting Group and hired a headhunting firm to search for a new chief executive. Many shareholders backed his moves, even though his fund owned just 1.2% of VNU shares.

In April, Mr. Knight hosted a lunch of roast chicken in the glitzy Marie Antoinette Room of London's Ritz Hotel for other VNU shareholders. He claimed more than 70% of the company's shares were represented at the meeting. He used the occasion to propose a "Plan B," which would allow existing shareholders to restructure the company and enjoy the gains that would otherwise go to private-equity owners.

'Our Responsibility'

The plan included buying back up to 30% of VNU's stock, in part to stem a fall in the share price should the private-equity bid fail. The move would be followed by cost cutting and splitting VNU's publishing business from its market-research divisions.

Mr. Knight also said he was nominating himself to the company's supervisory board. "It's our responsibility as shareholders to do this," he said at the luncheon. Mr. Knight had a proxy-advisory firm on hand to help shareholders register to vote at the company's annual meeting.

VNU shot back at Mr. Knight's proposals and questioned his calculations. In a conference call with shareholders, VNU executives and its bankers called his Plan B "irresponsible and egregious."

Mr. Knight offered a compromise with the company before its annual meeting on April 18. He flew to Rotterdam with another big shareholder and met with Mr. Jacobs, the chairman. Mr. Knight asked Mr. Jacobs to step down as chairman a few weeks early, creating a vacancy for Mr. Knight to fill and avoiding a direct proxy battle between the two camps at the annual meeting.

Mr. Jacobs's departure would have eased tensions between the two men, and avoided mud slinging, Mr. Knight says. He would have used the post to continue opposing the sale to private equity.

Over the weekend of April 15, lawyers for the two sides further negotiated, but Mr. Jacobs's representatives suddenly withdrew from any deal, Mr. Knight says. Mr. Jacobs says he discussed the idea with other supervisory board members, who wanted him to remain chairman until June, when he planned to retire.

At VNU's annual meeting at the Okura Hotel in Amsterdam, shareholders shouted at Mr. Jacobs for everything from the 4 p.m. starting time of the meeting to the board's approval of the private-equity bid they said was too low. With Mr. Jacobs often shouting back and turning red in frustration, the exchange lasted for hours.

Sitting in the back of the room were several members of the private-equity group, calling itself Valcon Acquisition B.V. It included AlpInvest Partners of the Netherlands and U.S. private-equity firms Blackstone, Carlyle Group LLC, Hellman & Friedman LLC, KKR and Thomas H. Lee Partners LP.

The Valcon group soon after raised its bid by about $250 million and said the increase gained the support of two of the top five shareholders -- Templeton Global Advisors Ltd. of Bermuda and Dutch bank ING Group NV. Although the extra money didn't represent a huge increase overall, it represented a big bite for the private-equity firms, who paid it from their own funds rather than through additional financing. That was enough to win the support of much of the remaining shareholder group, including Mr. Knight, who reluctantly threw in the towel several days later.

Many private-equity executives say the battle could signal tough times ahead. Now, they say even after a board recommends a takeover, private-equity firms may increasingly find they need to negotiate again with shareholders, who are demanding more of the potential profits for themselves.

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"I think we did give them a pretty good run for their money," Mr. Knight says.

Write to Jason Singer at jason.singer@wsj.com3

Time Warner To Adjust Profit Again (WP)

By Frank Ahrens

The Washington Post, August 18, 2006

For the second time since last year, Time Warner Inc. will restate earnings because of incorrectly recorded revenue at its AOL division, removing about $21 million from the company's books over the past six years.

The most recent restatement, reported yesterday in a filing with the Securities and Exchange Commission, involves $584 million in advertising revenue booked from June 1, 2000, to Dec. 31, 2001, and will affect reported earnings from 2000 through the first half of this year.

"This is the last restatement and the end of the SEC investigation," Time Warner spokesman Edward I. Adler said yesterday.

The restatement results from an audit ordered by the SEC as part of the company's March 2005 settlement of civil fraud charges stemming from online advertising deals struck at AOL. As part of the settlement, Dulles-based AOL also agreed to pay $300 million.

Those advertising deals helped AOL artificially inflate revenue before and after the company's 2001 merger with Time Warner. In December 2004, the company avoided criminal charges by agreeing to pay $510 million to the Justice Department and shareholders.

A portion of the $584 million in yesterday's restatement is from the Time Warner Cable division, but most of it -- $310 million -- came from advertising deals at AOL. The audit found improper transactions between Time Warner and 15 of its business partners in the period examined.

In a news release, the company said the transactions were not correctly accounted for at the time the deals were made.

The restatement is relatively small; Time Warner's profit for just the three months ended in June was more than $1 billion.

Time Warner said profit will be reduced by about $1 million for 2000 and $161 million for 2001. Profit will increase $62 million for 2002, $18 million for 2003, $30 million for 2004, $16 million for 2005 and $15 million for the first half of 2006.

Ex-DHB Execs Face Financial Charges (USAT)

By Greg Farrell

USA Today, August 18, 2006

NEW YORK — Federal prosecutors here have accused two former executives of DHB Industries, which supplies body armor to the U.S. military, of inflating the company's gross profit by $30 million between 2003 and 2005.

In addition, the two executives netted $8 million in profits by selling DHB stock to unwitting investors, regulators say.

The two, former chief financial officer Dawn Schlegel and former chief operating officer Sandra Hatfield, pleaded not guilty in federal court on Long Island Thursday. Schlegel's lawyer, Steve Kobre, vowed a “vigorous” defense at trial, adding, “DHB has done great things for this country.”

The Securities and Exchange Commission, which has been examining insider stock sales at the company, filed parallel charges. Ched Dumornay, an assistant regional director at the SEC's Miami office, says the investigation into DHB is “continuing.”

According to the indictment handed up against the women in New York, Schlegel and Hatfield allegedly reclassified expenses as investments into research and development, boosting the company's operating profits. The executives also allegedly put millions of dollars worth of phantom inventory on the company's balance sheet in the form of bullet-proof vests that prosecutors claim didn't exist.

DHB, which is better known by the name of its body armor subsidiary Point Blank, has been the target of various shareholder lawsuits in recent years. Although the lawsuits vary, the claims assert that the company overstated its earnings and allowed corporate insiders to sell millions of dollars worth of overpriced stock.

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DHB has also had to defend itself against charges of shoddy workmanship. In 2002, the New York Police Department returned 1,000 bullet-proof vests on the grounds they were substandard equipment. Last November, the military recalled 18,000 vests, saying they, too, were substandard.

After company founder David H. Brooks sold $185 million worth of stock in 2004, the share price dropped from about $22 to $10, sparking shareholder lawsuits claiming he'd engaged in a "pump-and-dump" scheme.

Last November, Brooks generated further outrage by spending $10 million on a bat mitzvah for his daughter at the posh Rainbow Room in midtown Manhattan. Performers at the event included 50 Cent, Steven Tyler and Joe Perry of Aerosmith, Tom Petty, Don Henley and Kenny G.

Brooks founded DHB in 1992 after the SEC banned him from the securities business for five years for his alleged role in an unrelated inside trading case. He supplied body armor to law enforcement agencies, but his business took off after the Sept. 11 terrorist attacks, when the U.S. military began campaigns in Afghanistan and Iraq.

As part of a $35 million settlement with investors last month, Brooks was forced to resign from the company. In the settlement, Brooks promised to pay some of his own money to aggrieved investors.

Robert Nardoza, a spokesman for the U.S. Attorney in Brooklyn, declined to comment on whether prosecutors were investigating the possibility that Brooks played any role in the alleged fraud at his company. Brooks could not be reached Thursday for comment.

Foundry Networks Gets Nasdaq Notice (AP)

AP, August 18, 2006

SANTA CLARA, Calif. --Foundry Networks Inc., a maker of switches and routers, said Thursday it received a notice from Nasdaq on Monday warning that its shares may be delisted because of the company's late filing of its quarterly report with the Securities and Exchange Commission.

The company, which delayed the filing of the quarterly report because of an investigation into past stock option grants, said it will appeal to Nasdaq and request a hearing before the Listing Qualifications Panel, letting its shares remain listing during the appeal.

Foundry is one of dozens of company investigating whether past stock options were backdated, or retroactively set at favorable prices, making them more lucrative for executives. The company is the subject of an SEC inquiry and has received a subpoena from the Justice Department.

VeriSign Gets Nasdaq Noncompliance Note (AP)

AP, August 18, 2006

VeriSign Nasdaq Listing Threatened by Late 10-Q Filing As Stock Options Examined

MOUNTAIN VIEW, Calif. (AP) -- VeriSign Inc., a network services company that also administers Internet domain names, said Thursday it received a letter from the Nasdaq Stock Market saying it is not in compliance with the exchange's listing requirements because of the delayed filing of its 10-Q report for the quarter ended June 30.

The company's board is conducting a review of historical options practices, and it is also under investigation by the Securities and Exchange Commission and the Justice Department for options-related accounting.

VeriSign said it expected the Nasdaq letter, will request a hearing on the matter, and will post results when its options review is complete.

Shares of VeriSign gained 8 cents at $19.39 in after-hours trading on the INET electronic exchange, after closing up 70 cents, or 3.8 percent during the regular session on the Nasdaq.

CRIMINAL LAW:

Suspect Says He Drugged, Had Sex With JonBenet Ramsey (AP)

By Sutin Wannabovorn, Associated Press

AP, August 18, 2006

BANGKOK, Thailand — The American suspect in the killing of JonBenet Ramsey told investigators that he drugged and had sex with the 6-year-old beauty queen before accidentally killing her, a senior Thai police officer said Thursday.

An autopsy on Ramsey said a blood screening showed no drugs or alcohol in her body but said she had vaginal abrasions.

Lt. Gen. Suwat Tumrongsiskul, head of Thailand's immigration police, said by telephone that he was not present for the questioning, which was conducted by

U.S. law enforcement officials.

But, according to what the general said he was told of the questioning, the suspect, John Mark Karr, "said he drugged the child." Suwat did not say who briefed him on the questioning. U.S. officials could not immediately be reached for comment.

Karr claimed he had sex with Ramsey, who was still alive, Suwat said. Karr said he then realized he had "accidentally" killed her, according to the general.

Karr confessed to the killing after his arrest Wednesday at his downtown Bangkok guesthouse by Thai and American authorities, said Lt. Gen. Suwat Tumrongsiskul, head of Thailand's immigration police.

He said Karr insisted his crime was not first-degree murder but that JonBenet died during a kidnapping attempt that went awry.

"He said it was second-degree murder. He said it was unintentional," Suwat said.

"He said he loved this child, that he was in love her. He said she was very pretty, a pageant queen. She was the school star, she was very cute and sweet," Suwat said.

Karr declined to say what his connection was to the Ramsey family. Dressed in a turquoise polo shirt and khaki trousers, he appeared ashen with an expressionless look on his face.

An attorney for the Ramsey family said Wednesday that Karr once lived near the family in Conyers, Ga.

JonBenet was found beaten and strangled in the basement of the family's home in Boulder, Colo., on Dec. 26, 1996.

Wednesday's arrest was a surprise development in one of America's most lurid murder cases, which had left a cloud of suspicion over her family after years went by with no arrests. Some feared the case would never be solved.

Striking video images of the blonde-haired girl in child beauty pageants helped propel the case into one of the highest-profile mysteries in the United States.

A law enforcement source, speaking on condition of anonymity, told the AP that Karr had been communicating periodically with somebody in Boulder who had been following the case and cooperating with law enforcement officials.

A University of Colorado spokesman, Barrie Hartman, said journalism professor Michael Tracey communicated with Karr over several months and contacted police. The university spokesman said he didn't know what prompted Tracey to become suspicious of Karr.

Tracey produced a documentary in 2004 called "Who Killed JonBenet?" A woman who answered the phone at a number under his name said he didn't live there anymore; his office phone mailbox was full.

DNA was found beneath JonBenet's fingernails and inside her underwear, but Lin Wood, the family's longtime attorney, said two years ago that detectives were unable to match it to anyone in an FBI database. It was not known whether investigators had any DNA evidence against Karr.

The Ramseys learned that police were investigating Karr at least a month before Patsy Ramsey's death in June of ovarian cancer, the family said.

In a statement Wednesday, father John Ramsey said that if his wife had lived to see Karr's arrest, she "would no doubt have been as pleased as I am with today's development almost 10 years after our daughter's murder."

Suwat quoted Karr as saying he tried to kidnap JonBenet for a $118,000 ransom but that his plan went awry and he strangled her. Patsy Ramsey reported finding a ransom note in the house demanding $118,000 for her daughter.

Investigators said at one point that JonBenet's parents were under an "umbrella of

suspicion" in the slaying, and some news accounts cast suspicion on JonBenet's older brother, Burke. But the Ramseys insisted an intruder killed their daughter, and no one was ever charged.

Over the years, some experts suggested that investigators had botched the case so thoroughly that it might never be solved. The Ramseys moved back to Atlanta after their daughter's slaying.

"It's been a very long 10 years, and I'm just sorry Patsy isn't here for me to hug her neck," said Wood, the family attorney.

"John and Patsy lived their lives knowing they were innocent, trying to raise a son despite the furor around them," Wood told MSNBC.

Suwat said U.S. authorities informed Thai police on Aug. 11 that an arrest warrant had been issued for Karr on charges of premeditated murder. The warrant was sent to Thai police on Wednesday.

"Through investigation we were able to determine where his residence was and the Thais arrested him," Hurst said. "He did not resist. He did express surprise."

Hurst said Karr has been "very cooperative" with authorities and that he's shown a "variety of emotions."

Suwat said Karr arrived in Bangkok on June 6 from Malaysia to look for a teaching job. It was not clear whether he had gotten a job, the police officer said.

Karr's visa has been revoked as an "undesirable person" given the accusations against him, and U.S. authorities were expected to take him to the United States in the next few days, Suwat said.

Hurst, with the department's U.S. Immigration and Customs Enforcement in Bangkok, said that Karr had left the United States several years ago and had not returned.

The immigration and customs office had assisted the Boulder County District Attorney's Office and the Royal Thai Police in the investigation.

The suspect, who has been in Thailand five times over the past two years, was being detained by immigration police pending arrival of U.S. officials, Suwat said.

When asked how he could travel for so many years in Asia, and whether he was independently wealthy, Hurst responded, "We're asking the same questions."

Police said Karr had been living in a dormitory-style guesthouse called The Blooms in a neighborhood of massage parlors and travel agents that cater to expatriate residents and sex tourists. The nine-story hotel offers rooms for as short as three-hour rentals.

The district attorney in Boulder, Mary Lacy, said the arrest followed several months of work.

She said Karr, who had traveled extensively across the world, may also be connected to a prior case in Santa Rosa County, Calif. She did not provide further details.

Sonoma County Chief Deputy District Attorney Joan Risse confirmed the child pornography charges and arrest warrant against a John Mark Karr, though she cautioned that she didn't know if he was the same person held Bangkok. State records show Karr lost his teaching credential in 2002.

Prosecutor Tight-Lipped About Ramsey Suspect (AP)

AP, August 18, 2006

BOULDER, Colo. (AP) -- For a moment, it seemed the decade-old mystery surrounding the slaying of a child beauty queen had been solved. But authorities Thursday cautioned against rushing to judge the schoolteacher who made a stunning confession that he killed JonBenet Ramsey.

For now, the only public evidence against John Mark Karr is his own words. And questions have already been raised about the details of his story, including whether he drugged the 6-year-old girl, sexually assaulted her or was even in Colorado at the time of the slaying.

Those questions led some to wonder whether Karr was the answer to the long-unsolved slaying or a disturbed wannabe trying to insert himself into a high-profile case.

"We should all heed the poignant advice of John Ramsey," Boulder County District Attorney Mary Lacy, quoting the little girl's father. "Do not jump to conclusions, do not rush to judgment, do not speculate. Let the justice system take its course."

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Paraded before a raucous crush of reporters in Bangkok, Thailand, the sullen Karr said that he loved JonBenet and was with her when she died but that her death was an accident. And while vague on the details - "it would take several hours" - he answered flatly when asked if he was innocent: "No."

"The bottom line is that they now have a confession and until and unless they can corroborate that confession with either physical evidence or strong circumstantial evidence, that's all they have," said Scott Robinson, a Denver attorney who has followed the case from the beginning.

Added former Denver prosecutor Craig Silverman: "I have to believe they have more than this kooky confession."

Karr told investigators he drugged and sexually assaulted the little girl before accidentally killing her in her Boulder home, according to a senior Thai police officer who was briefed about the interview with U.S. authorities.

Yet JonBenet's autopsy report found no evidence of drugs, saying her death was caused by strangulation after a beating that included a fractured skull. And while it describes vaginal injuries, it makes no conclusions about whether she was raped. Investigators later concluded there was no semen on JonBenet's body.

According to Thai police, Karr also said he picked JonBenet up at school and took her back to her home. But the slaying came during the holiday vacation season.

Karr's ex-wife told TV reporters she cannot defend him, then insisted he was with her in Alabama during Christmas 1996, when JonBenet's battered body was found in the basement of her home. And authorities have not said whether Karr could have written the detailed ransom note found in the Ramsey home, with its demand for $118,000 (the bonus that had recently been awarded to the girl's father, John Ramsey).

Even the Colorado professor who swapped four years' worth of e-mails with Karr and brought him to the attention of prosecutors in May refused to characterize the suspect either as killer or kook.

"I don't know that he's guilty," said Michael Tracey, who teaches journalism at the University of Colorado. "Obviously, I went to the district attorney for a reason, but let him have his day in court and let JonBenet have her day in court and let's see how it plays out."

Karr himself added to the mystery, telling The Associated Press in Bangkok that JonBenet's death was "not what it seems to be."

Asked what happened when JonBenet died, he said: "It would take several hours to describe that. It's a very involved series of events that would involve a lot of time. It's very painful for me to talk about it."

Karr's background includes an arrest in Petaluma, Calif., in April 2001 on five misdemeanor counts of possession of child pornography, to which he pleaded not guilty. He had not been seen by authorities after violating the terms of his release, which included avoiding child pornography and places where children congregate, such as schools, beaches and parks.

Any previous relationship between Karr and the Ramseys remained a mystery Thursday, though both have ties to suburban Atlanta. District Attorney Lacy refused to discuss the case during a brief news conference and suggested Karr's arrest may have been forced by concern over public safety and fears the suspect might flee.

"There are circumstances that exist in any case that mandate an arrest before an investigation is complete," Lacy said.

Karr, 41, was arrested at a Bangkok apartment Wednesday.

He had just begun to teach at Bangkok Christian College, Thailand's oldest private school, which was established by American Presbyterian missionaries in 1852, school officials said. The school, which has about 5,000 male students in 12 grades, employs several foreign teachers for its English courses.

Hours after Karr's arrest, Thai authorities sat him before a crowded room of news crews. Karr stunned reporters by admitting: "I was with JonBenet when she died. Her death was an accident."

"I am so very sorry for what happened to JonBenet," Karr told the AP.

Thai police said Karr told them the slaying was only second-degree murder. One expert suggested his confession was geared to spare him a first-degree murder charge.

"He seemed convinced that what he said would make him guilty of a lesser crime," said Sharon L. Davies, a former prosecutor at the Ohio State University law school who has studied confessions. "It's hard to understand how that would be the

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case and how the physical evidence that has been at least reported about her killing would support his description of this as an accident."

Legal experts said DNA evidence will likely be key: DNA was found beneath JonBenet's fingernails and inside her underwear and authorities have never said whether it matches anyone in an FBI database. U.S. and Thai officials did not direc tly answer a question at a news conference about whether there was DNA evidence connecting Karr to the crime.

Karr was given a mouth-swab DNA test in Bangkok, according to a law enforcement official who spoke on condition of anonymity because of the ongoing investigation. The results of that test were not immediately known. Karr will be given another DNA test when he returns to the United States in the next several days, the official said.

Karr will be taken within the week to Colorado, where he will face charges of first-degree murder, kidnapping and child sexual assault, Ann Hurst of the Department of Homeland Security told reporters in Bangkok.

Lin Wood, the Ramsey family's longtime attorney in Atlanta, said Karr went to great lengths to conceal his identity in e-mails to the university professor, going so far as to use a computer server in Canada.

Asked if authorities could tell whether Karr had firsthand knowledge of the murder or had just picked up information from news accounts, Wood said: "There is information about the murder that has never been publicly disclosed." He did not elaborate.

Karr's ex-wife, Lara Knutson, was quoted by San Francisco television station KGO saying she was with her former husband in Alabama at the time of JonBenet's killing and does not believe he was involved in the homicide.

Denver attorney Larry Pozner, past president of the National Association of Criminal Defense Lawyers, said there were "serious questions" about the case.

"I hope we have found the murderer of JonBenet, but I have not heard the evidence that compels that conclusion," he said.

Karr's description of the case as an accident also rang false to experts.

"It's hard to imagine a more intentional, deliberate murder than hitting a little girl in the head so hard that she had almost a foot-long fracture in her skull and then deliberately fashioning a garrotte to twist until it buries in her neck and slowly stops her breathing," said Silverman, the former Denver prosecutor. "This has always been a case of deliberate murder."

Ramsey Confession Questioned (CHIT)

By Judith Graham

Chicago Tribune, August 18, 2006

BOULDER, Colo. -- John Mark Karr sparked an international media spectacle Thursday by admitting he was with child beauty queen JonBenet Ramsey when she was killed in 1996, but the televised confession by the American in Thailand raised more questions than it answered in the decade-old mystery.

"I was with JonBenet when she died," the 41-year-old school teacher told reporters in Bangkok, touching off a frenzy of new interest in the case. Asked if he was innocent, Karr answered "No," without making eye contact.

In a morning press conference, Boulder County District Atty. Mary Lacy confirmed that Karr had been arrested for Ramsey's murder and had been under investigation for "months." But she declined to discuss the evidence her office had gathered or say what charges will be brought.

"We should all heed the poignant advice John Ramsey gave [Wednesday]," Lacy warned another media throng, referring to JonBenet's father. "Do not jump to judgment. Do not speculate."

Karr has apparently been living abroad since being released from a California jail in 2001 after an arrest on child pornography charges. He is being brought to Colorado, where he will face charges of first-degree murder, kidnapping and child sexual assault, Ann Hurt, an official with the U.S. Department of Homeland Security, said in Thailand.

However, several inconsistencies arose in connection with Karr's statements to Thai officials and reporters, as detailed Thursday. To start, the man - who once lived near the Ramseys in Georgia -- reportedly claimed to have drugged JonBenet Ramsey and had sex with her before accidentally causing her death, according to a senior Thai police officer who spoke with the Associated Press.

But an autopsy report of the 6-year-old, who was found strangled in the basement of her family home on Dec. 26, 1996,, didn't turn up evidence of drugs or alcohol in her body. Sexual malfeasance was suggested by cuts in an area around her vagina.

Also, Karr's ex-wife, Lara Karr, told KGO-TV in California that she was vacationing with her former husband in Alabama when Ramsey was killed on the day after Christmas. And his father, Wexford Karr, told the Denver Post he did not believe his son had ever been in Colorado. Both confirmed that John Mark Karr had been fascinated by Ramsey's murder and conducted extensive research on the crime.

"It's very important for me that everyone knows that I love her very much, and that her death was unintentional…it was an accident," Karr told the Associated Press in an interview. But it remains unclear whether Karr had any contact with the young girl or her family; the Ramsey family declined comment on what connections they had with the man, if any.

"There is tremendous reason for skepticism" about the confession, given Karr's evasions and the inconsistencies. "This guy can't get his story down," said Larry Pozner, a Denver lawyer and past president of the National Association of Criminal Defense Lawyers.

"We have no idea if this is a true or a false confession," said Sam Kamin, associate professor of law at the University of Denver. He said the Boulder DA's job is to find evidence that will corroborate Karr's confession and clearly link him to the crime.

The strongest evidence would likely come from Karr's DNA samples, which have already been taken in Thailand and will be repeated when the suspect is brought back to America.

DNA discovered underneath JonBenet's fingernails and on her underwear has not been matched to the FBI database or other suspects.

In Marietta, Ga., a suburb of Atlanta, visitors trickled in and out of St. James Episcopal Cemetery where JonBenet and her mother, Patsy, are buried. Throughout the day Thursday, well-wishers adorned the child's grave with miniature angles, a single rose and a small toy bear. Patsy Ramsey, who died in June of ovarian cancer, is buried in front of her daughter in an unmarked grave, still covered with red dirt from the funeral.

Patsy's Ramsey's father, Donald Paugh, and her step-mother stayed inside their large brick home in Roswell, Ga., on Thursday, despite a steady stream of reporters knocking on their door. They referred all questions to their daughter, Pamela Paugh.

In a CNN interview Thursday morning on the front lawn of her parents' home, Paugh said the family always believed the truth would come out.

"I'm not really certain there is a need for vindication because in my mind John and Patsy were never guilty of anything. Those who know them … knew the truth and we were just waiting for this day to come and we knew it would come," she said.

When asked her feelings about Karr telling authorities that he "loved" JonBenet, Paugh replied directly: "No you didn't love JonBenet. I loved JonBenet. …It sickens me that this person has paraded as a schoolteacher. I am a schoolteacher. There is a difference between yearning to help children learn and yearning to make them sex toys."

She also said she did not believe the killing was an accident.

"By what accident were you even in her home? By what accident did you tie something around her neck and choke her? By what accident did you put an 8-inch crack in her skull? These things are not accidents. An accident is falling off the couch and bumping your head when you are a toddler."

Paugh said the family is happy knowing that Patsy Ramsey is now with her daughter.

"In her final days, she was very much at peace," her sister said.

At a news conference in Roswell Thursday, police chief Edwin Williams said that an Atlanta-based FBI agent had a role in locating and identifying Karr as a suspect, but officials would not elaborate. The chief said the Roswell Police Department had worked with authorities in Denver for more than a year providing technical and logistical support.

Tribune national correspondent Dahleen Glanton in Atlanta contributed to this report

Suspect In Ramsey Slaying Says Death Was 'Accident' (LAT)

By Michael Muskal And Ralph Vartabedian

The Los Angeles Times, August 18, 2006

BOULDER, Colo. — During an eerie news conference in Thailand, the man charged with killing JonBenet Ramsey admitted this morning he was present when the 6-year-old died a decade ago, but said the death was an accident.

John Mark Karr, 41, met the press in Bangkok but he dodged answering details about the murder of the former child beauty queen, whose death had been one of the nation's riveting unsolved crimes and fodder for tabloids.

Wearing a buttoned bluish golf-type shirt, Karr appeared stone-faced as authorities led him before cameras and held him like a marionette whose strings had been severed. The televised event showed a clean shaven, thinish man, eyes darting as he slowly spoke.

"I loved JonBenet very much," Karr told reporters as he was brought into a Thai immigration detention center. "Her death was an accident."

Karr will be taken within the week to Colorado, where he could face charges of first-degree murder, kidnapping and child sexual assault, said Ann Hurst, the U.S. Department of Homeland Security attache in Bangkok

"Karr has been very cooperative," she said. "He expressed surprise when we arrested him. His first reaction was he questioned our right to detain him."

In Boulder, Colo., Dist. Atty. Mary T. Lacy refused to discuss details of the case and said that Karr was presumed innocent.

"Much work has been done and there is much more work to be done now that the suspect is in custody," she told a televised news conference.

"There are circumstances that exist in any case that mandate an arrest before an investigation is complete," said Lacy, who has worked on the case since the beginning.

Lacy said Karr began teaching second grade in Bangkok on Tuesday. While not giving specifics, Lacy suggested that the arrest may have been forced by other circumstances, including the need for public safety and fear that the suspect might leave.

"I'm asking you this morning, let us do our job thoroughly and carefully," Lacy said. "The analysis of the evidence in this case continues on a day-by-day, on an hour-by-hour basis as we speak."

"We should all heed the poignant advice of John Ramsey yesterday," she said, referring to JonBenet's father. "He said do not jump to conclusions, do not rush to judgment, do not speculate. Let the justice system take its course."

Karr's arrest took place Wednesday, but information, fueled by a media frenzy of relatives and experts today, remained inconclusive and in some cases contradictory.

No evidence against Karr has been made public but there are reports that DNA samples were taken from the man.

The Ramsey case has been a staple of tabloid newspapers and television since JonBenet's body was found by her father the day after Christmas in 1996. She had been strangled with a rope and her skull had been fractured.

Heart-rending video of JonBenet, dressed in elaborate, doll-like costumes to earn points during beauty pageants, were shown repeatedly throughout the years as the Ramsey family and authorities fought over the investigation. Local police targeted the parents, John and Patsy Ramsey, while the family blamed an intruder for kidnapping and killing the child.

Details on how Karr may have known JonBenet weren't available. The Ramsey family didn't know Karr, JonBenet's aunt, Pamela Paugh, told CNN.

While Karr said he was with JonBenet when she died, his ex-wife, Lara, said he was with her throughout the 1996 Christmas season in Alabama, where the Karr family lived at the time, the Associated Press reported.

In Atlanta on Wednesday, Nate Karr, identified as the brother of the suspect, said in an interview with WAGA-TV that accusations of John Karr's involvement with the JonBenet slaying were "ridiculous, without a doubt."

Karr became a focus of the investigation after he e-mailed Michael Tracey, a University of Colorado journalism professor who produced three documentaries on the Ramsey case.

At a news conference in Boulder, Tracey said he received hundreds of e-mails over the past several years. He said he went to authorities in May and disclosed what he had.

The author of the e-mails was unidentified, Tracey said. He said he didn't learn Karr's name until Wednesday, adding that he was confident that officials had done the work to link Karr to the e-mails.

Lin Wood, the Ramsey family's longtime attorney in Atlanta, confirmed that Karr had sent numerous e-mails in recent months making statements about the murder to the professor.

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Wood said those e-mails were key in linking Karr to the slaying. When asked if authorities could tell whether Karr had firsthand knowledge of the murder or had just picked up information from news accounts, Wood said: "There is information about the murder that has never been publicly disclosed."

Patsy Ramsey died in June of ovarian cancer after battling the disease since 1993. Karr said he had written to Patsy Ramsey before her death, AP reported.

"Patsy was aware that authorities were close to making an arrest in the case and had she lived to see this day, would no doubt have been as pleased as I am with today's development almost 10 years after our daughter's murder," John Ramsey said in a statement.

Paulette Davis, 42, a sister of Patsy Ramsey, said she was overwhelmed by emotion when she received news that a suspect had been arrested.

"I couldn't believe it," said Davis, a resident of Marietta, Ga. "I actually fell to my knees and praised God and just really went to pieces."

Still, she said, members of the family aren't sure what to expect next. "Everybody is waiting patiently to find out what the next move is, or what is going to be going on."

More details about the suspect's life began to emerge today.

Thai authorities said Karr, who has been away from the U.S. for three years, had been in and out of Thailand five times since 2005. Karr had applied to work as a teacher at an international school in Bangkok, officials said.

Karr began teaching children in Georgia and Alabama before he became a substitute in Petaluma, part of Northern California's wine country, where he lived until 2001 with his wife and three sons.

The Denver Post reported that Karr disappeared that year after being released from jail, where he had been held on child pornography charges.

Sonoma County Chief Deputy Dist. Atty. Joan Risse confirmed the pornography charges and an outstanding arrest warrant against a John M. Karr, though she said she didn't know if he was the same person held in JonBenet's death.

His father, Wexford Karr of Atlanta, told the newspaper that while Karr was in college as an adult, a professor encouraged him to write a book about the Ramsey case after being impressed with a school paper.

"He researched everything he could about her," Wexford Karr said.

John Karr spoke with JonBenet's grandparents, but the Ramseys refused an interview, Wexford Karr said.

The head of Thailand's immigration police, Lt. Gen. Suwat Tumrongsiskul, quoted Karr as saying that he tried to kidnap JonBenet for $118,000 ransom but that the plan went awry and he strangled her. "He said he was in love with the child, she was a pageant queen," Suwat said.

A resume posted online said Karr was a private teacher and caregiver in Germany, the Netherlands, South Korea, Costa Rica and Honduras, almost always working with young children. The resume said that in Germany he cared for two girls, ages 5 and 8, and a boy, 10, getting them ready for school and helping with homework.

"At days end, I made sure the children had their evening bath, then put them to bed and read to them before they went to sleep," the resume said.

From 2004 to 2005, the resume said, he worked as a second-grade teacher in Honduras.

Bob Raines, superintendent and principal at Wilson Elementary School outside Petaluma, twice hired Karr as a substitute in second- and fourth-grade classes in 2001. After observing him, Raines told the Associated Press that he had poor skills keeping classes focused and was ineffective.

"He just seemed like somebody who thought he wanted to be a teacher," Raines said. "After a few days, I could see it just wasn't for him."

He instructed his secretary not to call Karr again unless they were desperate.

According to Sgt. Clint Shubel of the Sonoma County Sheriff's Department, a John Mark Karr was arrested in April 2001 on five charges of possessing child pornography. He failed to show up for a court appearance and a warrant was issued for his arrest, Shubel said.

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For years after their daughter's death, the Ramseys remained under what Boulder authorities called an "umbrella of suspicion" as the investigation unfolded under intense media scrutiny. All the while, the Ramseys vigorously maintained their innocence.

At one point, they identified as a suspect a freelance journalist, who in turn filed a libel and slander lawsuit against them. The suit was dismissed in 2003 by a federal judge who concluded that an intruder killed the girl.

John Ramsey, a wealthy computer entrepreneur, and his wife, Patsy, a former Miss West Virginia, were unknown to the broader public when their daughter was discovered on the concrete floor of the family's basement the day after Christmas 1996. There was duct tape on her mouth and a garrote around her throat.

The case quickly became a national phenomenon. JonBenet was a perky, blond contestant in child beauty pageants — she had been named, among other things, "National Tiny Miss Beauty" — and cable news channels repeatedly played footage of her dancing and exuding a Shirley Temple-like charm. The slaying was the only one recorded that year in the prosperous college town of Boulder. Tabloids and mainstream media dissected the investigation, which took a number of controversial turns.

Former Boulder Police Det. Linda Arndt, the first investigator on the scene, initially assumed JonBenet was a kidnap victim. The detective was later criticized for allowing John Ramsey to leave the house, return and then search it for his daughter. He found her body in the basement. Experts said his decision to remove the tape that covered her mouth could have destroyed key evidence.

As the investigation wore on, the office of Boulder's then-Dist. Atty. Alex Hunter was criticized for being too cozy with the Ramseys' attorneys, while police were said to be more suspicious of the couple.

Worried that the police were not impartial, the Ramseys hired attorneys and publicists, and did not consent to formal police interviews until four months after the crime. Authorities said that Patsy Ramsey could not be ruled out as the author of a ransom note left in the house.

In September 1998, a grand jury began investigating the case, reviewing 30,000 pieces of evidence. Thirteen months later, they declined to return an indictment.

Hunter, Boulder's top prosecutor for a quarter century, declined to seek reelection soon after. In 2000, voters elected a sex-crimes prosecutor from Hunter's office, Mary T. Lacy, to the post. (At the time, she went by the name Mary T. Keenan.)

After the slaying, the Ramseys left Boulder, splitting time between Michigan and Georgia. They wrote a book, "The Death of Innocence," about their ordeal, and fought their detractors vigorously in court. They sued at least half a dozen media outlets, including Time magazine and Court TV, for reporting allegations that their young son, Burke, who was 9 years old at the time, was the killer. Five of those cases resulted in confidential settlements.

John Ramsey mounted an unsuccessful campaign for a seat in the Michigan state House of Representatives.

In early 2003, the Boulder Police Department ended its investigation, unequivocally handing the reins to the district attorney's office. The Ramseys had threatened to sue the department for ignoring leads and tips.

As the sun set Wednesday over the tiny St. James Episcopal Cemetery in Marietta, Ga., news crews from across the country pointed their cameras at JonBenet Ramsey's carefully tended marble headstone. Her mother's grave, fresh and as yet unmarked, was a few feet away.

A friend had left a handwritten note for Patsy Ramsey. "Dearest Patsy, Justice has come," it said. "Rest in peace!"

Also contributing were Times staff writers Richard Fausset in Atlanta, Stuart Silverstein in Los Angeles, Jenny Jarvie in Atlanta and Lynn Marshall in Seattle. Vartabedian reported from Boulder and Muskal from Los Angeles. Associated Press also contributed to this report.

Questions Surround JonBenet Suspect (WP)

By Amy Goldstein And Anne Hull

The Washington Post, August 18, 2006

DOJ_NMG_0049848

The arrest of an American former schoolteacher in the decade-old killing of JonBenet Ramsey created a tangle of questions yesterday about whether the sensational crime has finally been solved, even as the suspect told reporters in Thailand that he had been with the child beauty queen when she died.

With no public evidence linking John Mark Karr, 41, to JonBenet's strangling or to Colorado, where the slaying occurred, the Boulder County district attorney emphasized yesterday that the arrest had been made "early in the investigation" and that "the analysis of the evidence in this case continues on a day-to-day basis, on an hour-to-hour basis."

Meanwhile, the image of Karr that began to coalesce yesterday from public records and people who knew him is of a man who has long had what his ex-wife said in divorce papers was "a tendency to be too affectionate with the children."

Karr had an earlier marriage to a girl who was 13 when they wed. He had a peripatetic history of brief jobs in schools. He abruptly quit a teaching internship in Alabama his last semester of college, after complaints about his behavior in class. A year later in California, he was jailed -- though never convicted -- on child pornography charges, skipping out on a court appearance soon after his release and eluding police.

Despite this history, a variety of contradictions surfaced yesterday that challenged Karr's avowed role in JonBenet's death, which he called an accident. According to a Thai police officer briefed by U.S. authorities, Karr said that he had drugged and sexually assaulted the 6-year-old girl before she died. Her autopsy, however, reported no indication of drugs and inconclusive evidence of whether she had been raped, according to the Ramsey family's lawyer.

Karr's second ex-wife, Lara Karr, told a San Francisco television station that they had been together in Alabama on Dec. 26, 1996, when JonBenet's beaten body was found in her family's home in Boulder. Karr was attending a community college in Alabama at the time.

The girl's father, John Ramsey -- who, with his late wife, Patsy, was for years under what police called an "umbrella of suspicion" in the case -- was reported by a Denver television station to have said that he could not recall any connection with the suspect. When JonBenet's body was found, police found no evidence of forced entry into the family's house.

At a news conference in Boulder, the district attorney, Mary Lacy, was asked whether she is concerned that the rare full confession could prove false.

"We can't comment on the evidence in this case at this time," Lacy replied. Quoting John Ramsey's words from the day before, she said: "Do not jump to conclusions, do not jump to judgment, do not speculate."

Karr is the first person arrested in the case. The nine-year investigation sparked a bitter feud between police and prosecutors in the Colorado university town, accompanied by countless articles and hours of newscasts spinning theories in the case. Karr's name never came up.

Lacy said yesterday that Karr was arrested in Bangkok on Wednesday, the day after he began to teach at an international school there. She said her office had provided Thai authorities with a sealed statement to support their application for an arrest warrant but did not say what evidence it contained.

Karr has not been charged with any crime. Yesterday, Ann Hurst, attachÃ© of U.S. Immigration and Customs Enforcement to the Thai government, said at a news conference that Karr will be taken within the week to Colorado, where he will face charges of first-degree murder, kidnapping and child sexual assault.

Prosecutors became interested in Karr through a series of e-mails he sent to a University of Colorado journalism professor who has made documentaries about JonBenet's killing. The professor, Michael Tracey, said he had been corresponding with Karr -- who used an assumed name in the e-mail exchange -- for "about four years" before he mentioned the correspondence to the prosecutor's office. In an interview, Tracey would not say why he alerted prosecutors.

According to one source close to the investigation, Boulder County prosecutors asked federal investigators to help identify the e-mails' author by his pseudonym. Meanwhile, FBI Special Agent Stephen Emmett in Atlanta and Police Chief Ed Williams of Roswell, Ga., said they also provided help -- including an agent and police sergeant specializing in computer crime investigative resources -- to the effort to identify and locate Karr.

Working with the FBI, Lacy said, she learned about 10 days ago that he was in Bangkok and sent an investigator there.

Yesterday, Karr, a slim, youthful-looking man, appeared nervous and spoke slowly, almost dazed, as he was peppered with reporters' questions when he appeared in a Thai immigration detention center. "I loved JonBenet very much," he said. "Her death was an accident." Asked whether he is innocent, he shook his head and replied, "No."

He also said that he had "contacted the Ramsey family, especially before Patricia passed away, and I conveyed to her many things, among them, that I am so very sorry for what happened to JonBenet."

Karr was born in Georgia and went to live with his grandparents in Hamilton, Ala., when he was in elementary school. He graduated from Hamilton High School in 1983.

The next year, when Karr was 19, he married a 13-year-old girl from Hamilton, Quientana Shotts, county court records show. Shotts filed for divorce a year later, complaining that she was "fearful for her life and safety." In a response filed with the court, Karr contested her age, saying she was in fact 14.

He was 24 when he married his second wife, Lara, who was 16 and pregnant with twins at the time. According to the San Francisco Chronicle, the babies died at birth less than four months later; they were named Angel and Innocence.

The rÃ©sumÃ©s Karr posted on the Internet describe a globetrotting child educator and caretaker. He said he held teaching jobs in Costa Rica, Honduras, Germany, the Netherlands and Korea. In one rÃ©sumÃ© he posted on the Job 4 Teacher International Recruiting Web site, he said he cared for three German children: "I awoke the children in the morning and gave them breakfast. I helped the children get ready for school and escorted them to the bus. At days end, I made sure the children had their evening bath, then put them to bed and read to them before they went to sleep."

From 1996 to 2001, his rÃ©sumÃ©s said, he taught at some of the most prestigious schools in the United States. But according to wire service reports, he was removed in 1996 -- the year of JonBenet's death -- from the substitute-teacher list in Marion County in Alabama after complaints from parents. From 1996 to 1998, he also studied elementary education at Bevill State Community College in Alabama. He left in 1998 without a degree.

Marion County Probate Judge Annette Haney remembers seeing Karr around town with his wife, a "young-looking blond girl he usually had by the hand." Karr was selling used autos at the time and would often come to the courthouse to handle vehicle registrations with Haney.

"He drove around town in a fancy little red car," she said. "Out here in the country, you don't see a Jaguar or the types of cars he drove." She said he never held a job for long.

Haney also said Karr delivered two of his children at home.

He transferred to the University of North Alabama in Florence. In early 2000, Karr was in his final semester, doing a teaching internship at the Kilby Lab School, when questions were raised about his classroom performance. He left without a degree or a teaching license, said Bill Jarnigan, director of university relations.

In July 2000, Karr moved with his family to Petaluma, Calif. A few months later, he got two permits to work as a substitute teacher and as an elementary teacher in Napa Valley Unified School District. For a few months, he worked at several schools in Napa and Sonoma counties until April, when the schools terminated him after reports he had been arrested.

On April 13, 2001, the Sonoma County Sheriff's Department charged him with five misdemeanor counts of possessing child pornography. Karr was jailed at first but released in October under a "supervised own recognizance" program, according to Roy Rochelle, the county's deputy chief probation officer.

Under conditions of his release from jail, Karr was ordered to stay away from "parks, schools, day care centers, swimming pools, beaches, theaters, arcades or other places where children congregate." He was barred from using computers and working in jobs dealing with minors.

Before his trial the following January, he disappeared. An arrest warrant was issued for violation of his release.

The school systems, alerted to the charges, terminated him.

In July 2001, after nearly 12 years of marriage, Lara Karr filed a divorce petition. Once her husband was released from jail, she filed for a restraining order to keep him away from her and their sons.

Although he was not violent, wrote his wife, a programmer for a mortgage company, Karr was controlling, forcing her to sever ties to family and friends. She said he had intentionally gotten her pregnant at 16 so he could marry her without parental consent under Georgia laws. "As a 16-year-old bride, I didn't know any better than to give in to his demands," Lara Karr wrote.

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Complex Portrait Of Ramsey Murder Suspect Emerges (LAT)

By Richard Fausset, Ralph Vartabedian And Lee Romney, Times Staff Writers

The Los Angeles Times, August 18, 2006

BOULDER, Colo. -- The complex portrait that began to emerge Thursday of John Mark Karr, the American arrested this week in the 1996 murder of JonBenet Ramsey, suggested he was a troubled schoolteacher with a record that included child pornography charges but no clear links to the victim or even to Colorado, the state where the crime occurred.

A calm, neatly dressed Karr, appearing at a news conference at a Bangkok, Thailand, detention facility, told reporters he was with the 6-year-old girl when she died.

"I am so very sorry for what happened to JonBenet," he said. "It's very important for me that everyone knows that I love her very much, that her death was unintentional, that it was an accident."

Asking if he was innocent, Karr replied: "No."

But Boulder District Attorney Mary Lacy declined to comment on what evidence her investigators have implicating Karr. "Do not jump to conclusions, do not rush to judgment, do not speculate," she said. She also indicated that "public safety" concerns and fear that he might flee had prompted her to have Karr arrested before her investigation was complete.

Many investigators and lawyers who have been following the case for a decade said that while they were hopeful the authorities had the right person, they were skeptical of Karr's confession.

"At this point, I haven't heard anything very reassuring that we have the right person," said Trip DeMuth, former senior deputy district attorney for Boulder County who was on the Ramsey case from the start until 2000, when he left the office. "It is disconcerting. I am hoping that they based the arrest on corroborating evidence."

Craig Silverman, former chief deputy district attorney in Denver, said that if the case goes to court, Karr's confession could prove to be "next to nothing."

"This confession seemed delusional," he said. Silverman said that under Colorado law, prosecutors cannot obtain a valid conviction without evidence that corroborates a confession. In addition, he said the confession seems illogical. He noted that while Karr said Ramsey's death was an accident, her brutal death in her parent's basement could hardly qualify as such.

Whatever it was, the crime exploded into one of the most notorious murder mysteries of the last quarter-century, fueled by mainstream and tabloid interest and coverage from 24 hour news channels.

It started with a phone call. JonBenet's mother Patsy Ramsey dialed 911 from her family's Boulder home around 6 a.m. on Dec. 26, 1996. She reported that her 6-year-old daughter had been kidnapped. She also said she found a ransom note demanding $118,000 for the girl's return.

Later that day, John Ramsey, JonBenet's father reported finding his daughter's body in the basement, wrapped in a sheet. Her mouth had been taped. A garrote was around her throat.

In the decade since, critics have blasted investigators for bungling the investigation, including the handling of key evidence. A grand jury met for 13 months, but it did not return an indictment in the case when it concluded its work in 1999.

Law enforcement officials said they began focusing on Karr only in the last several months.

In May, prosecutors were given hundreds of e-mails from a person now believed to be Karr by Colorado University journalism professor Michael Tracey, who has produced three documentaries on the Ramsey case and has argued strongly that police erred in blaming the Ramsey parents for the murder.

Tracey said in an interview that he had been communicating with Karr for four years and then in May went to prosecutors with the e-mails. He declined to discuss any of the specifics in the e-mails, though he said he believes that prosecutors were able to confirm that the e-mails came from Karr.

Patsy Ramsey was also the intended recipient of e-mails sent by a suspect now believed to be Karr, according to L. Lin Wood, the Ramsey's Atlanta-based attorney. But the notes were actually being diverted to investigators in Boulder.

In one e-mail, the suspect said he wanted to set up a meeting with the mother, Wood said. Investigators asked if she was game, and Patsy said she would do so if it would help the investigation, Wood said. But the 49-year-old died in June of ovarian cancer before any such plan was set up.

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Since his arrest, one of Karr's early statements to investigators appears to contradict official findings. He told investigators he drugged and sexually assaulted Ramsey, according to an Associated Press interview with Thai police. But JonBenet's autopsy did not reveal the presence of drugs.

Equally puzzling is how he came to "love" JonBenet Ramsey -- or even know her at all. The Karrs and the Ramseys lived in Georgia in the late 1980s. The Ramseys moved to Boulder in 1991, a year after JonBenet was born. It is unclear where the Karrs were living then. So far, no records have emerged to suggest that John M. Karr ever lived in Colorado. JonBenet's father has said he doesn't think he knows Karr.

Karr's ex-wife, who left him in a bitter split in 2001, has also provided him with an alibi for the day of the slaying. Lara Karr told a TV news station that her husband was with her in Alabama at the time.

Lacy, the Boulder district attorney, refused to discuss the details of the case in a news conference Thursday. Over the years, a number of Boulder investigators have disagreed with each other's take on the case -- including lingering suspicions among some that the Ramsey family was complicit in the killings. Some investigators have even quit or retired in frustration or disgust.

Lacy seemed to take that into account when she repeatedly stated that Karr was innocent until proven guilty at the news conference.

But Wood, the Ramsey's attorney, said that he was convinced Lacy had built a substantial case against Karr.

"I give this gentleman the presumption of innocence," Wood said. "I also know a prosecutor does not make an arrest simply because there's probable cause for the arrest -- but when he or she has evidence to prove the case with a conviction beyond a reasonable doubt."

The questions about the potential case against Karr were raised even as details emerged about his past.

Karr grew up in Alabama and Georgia. A resume posted on a teacher job search web site shows he was running a small business before he graduated from high school.

In 1984, a year after his graduation, Karr married a 13-year-old in Marion County, Ala, according to The Associated Press. That marriage was annulled after less than a year.

His second marriage was to Lara Marie Karr in 1989. She was 16.

Though only 5-foot-6 and 140 pounds, John Karr was "very controlling of me," Lara Karr said years later in their divorce papers.

She was pregnant when they married. Karr, eight years older, told her it was the best way to get married without parental permission, she said, then later pushed her to cut all ties with family members. The couple eventually had three boys.

Karr became interested in teaching. In 1996, he received a substitute license in Alabama and began teaching in Marion County.

In a prepared statement, the county school superintendent said he took Karr off the substitute roster shortly after he began after receiving complaints about his conduct in and outside the classroom.

In 2000, Karr received a degree from a distance-learning college. The next year, the family was living in Petaluma, in northern California. Karr was working as a substitute teacher in Sonoma and Napa counties.

In early 2001 authorities launched an investigation after suspicious e-mails containing the names of school children came to light. Investigators on April 3 searched Karr's residence and seized a computer holding photographs and videos of children engaged in sex acts. He was arrested and charged with five counts of possessing child pornography.

During questioning by a sheriff's detective, Karr offered a rambling list of excuses, including that he was researching a book on Richard Allen Davis, the convicted killer of Polly Klaas. Karr said he kept a maroon binder at home that contained Klaas' death certificate and a letter from Davis, her killer.

Karr also claimed he was using the e-mails to win the confidence of a sex offender and "dupe her into a full confession."

Karr won release from jail Oct. 5, 2001, on a slate of conditions, including prohibitions on contacting his one named victim, using computers or the Internet and visiting parks, theaters, beaches and other spots frequented by children.

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Two days later, his wife learned from a neighbor that Karr had asked for her number and wanted to see his boys and collect his belongings and car. Lara Karr got a court-ordered restraining order and no-visitation judgment, cutting off all ties between Karr and his sons.

"I'm concerned for the well being of my sons," Lara Karr said in court papers, noting that one DA official told her her husband's acts were so egregious that he should be considered "a threat to all children."

In court papers, the wife recalled that her husband had prior difficulties during his tenure as a substitute teacher while working in the South. She said Karr had been told by a school in 1997 or 1998 that he wouldn't be asked to come back as a substitute because "he had a tendency to be too affectionate with the children."

His trial was set for January 2002, but Karr failed to report as required to authorities in December 2001 and a warrant was issued for his arrest.

Karr traveled Europe, Asia and Central America, teaching as a private tutor and at schools and eventually ended up in Bangkok, where he started a job this week teaching second grade at the International School.

After the arrest, Karr's brother Nate Karr, told Fox News that his brother had never even visited Boulder. He also said that investigators may have become suspicious because his brother was researching a book on child sex crimes.

On Thursday, Sylvia Ross, a 70-year-old retired school teacher from Petaluma, recalled her experiences with Karr. She recalled talking endlessly to him, disarmed by his soft, southern accent.

After his arrest in 2001, his wife had told Ross that police had confiscated his computer. But the neighbor still was shocked by the arrest in Bangkok.

"I was in shock, because I had known someone who may have done such a horrible thing," Ross said. "What kind of society can hide these horrible people?"

Vartabedian reported from Boulder, Fausset from Denver and Romney from Sonoma County, Calif. Times staff writers Eric Bailey and researchers Jenny Jarvie and Lynn Marshall contributed to this report.

Suspect's Answers Raise Questions About Credibility (USAT)

By Tom Kenworthy And Rick Hampson

USA Today, August 18, 2006

BOULDER, Colo. — An arrest in the epic murder mystery that has fascinated Americans for a decade only produced more mystery: Is the man who reportedly confessed to killing JonBenét Ramsey merely telling law enforcers what they want to hear and he wants to believe?

John Karr, as CNN legal analyst Jeffrey Toobin put it, is one of two things: “a guilty sicko or an innocent wacko.”

As details dribbled out around the globe Thursday — Thailand, Colorado, California, Georgia, Alabama — the specter of false confession haunted the case against Karr, a 41-year-old teacher who was held by Thai authorities pending his deportation to the USA.

Paraded before a shoving, shouting crowd of reporters in Bangkok, Karr said he was with the 6-year-old beauty queen when she died — accidentally, he said. Nonetheless, when asked if he was innocent, he replied, “No.”

Lt. Gen. Suwat Tumrongsiskul, chief of Thailand's immigration police, said Karr had confessed to the murder of Ramsey while in custody. He said that when told the accusations against him included first-degree murder, Karr replied, “No, it's not first-degree, it's second-degree. It wasn't intentional.”

“When my officers asked him, he said he loved the girl,” Suwat said later.

Besides his own words, other details raised questions about Karr. He was obsessed with the Ramsey murder (and had written to her parents), as well as that of 12-year-old Polly Klaas, who was abducted from her Petaluma, Calif., home and killed in 1993. Karr said he had a letter from Polly's killer and a copy of her death certificate.

He also was a fugitive on five charges of possessing child pornography, filed in 2001 when he lived in Petaluma.

Karr has not been formally charged with murder. He will be brought back to the United States within a week, said Ann Hurst, a Bangkok attaché with the Department of Homeland Security.

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Boulder District Attorney Mary Lacy suggested that authorities moved against Karr sooner than they might have wanted. “There are circumstances that may exist in any case which mandate an arrest before an investigation is complete,” Lacy said. “The primary reason is public safety. A secondary reason is flight.”

Karr already was a fugitive. Lacy said he had just started work Tuesday as an elementary teacher at an international school in Bangkok.

JonBenét Ramsey was found strangled and beaten in the basement of her home here the day after Christmas, 1996. Her mother Patsy reported finding a ransom note demanding $118,000. Her father, John, found her body eight hours later in the basement, her mouth duct-taped and a garrote around her neck. Investigators at first focused on evidence such as footprints in the Ramseys' yard and the handwriting on the ransom note. In 2003, investigators reviewing the case found a small dried bloodstain in JonBenét's underpants and analyzed it for DNA. The small, degraded sample produced only a partial DNA profile.

Karr's arrest was the latest twist in a case as unusual as its victim — a 6-year-old beauty queen, a concept that once seemed a contradiction in terms — and its possible suspects. JonBenét's parents were long under what the Boulder police chief termed an “umbrella of suspicion.” Patsy Ramsey did not live to see the case resolved; she died in June of ovarian cancer.

Karr apparently came to investigators' attention several months ago. Michael Tracey, a University of Colorado journalism professor who has made several documentaries about the case, told them he and Karr had exchanged hundreds of e-mails over four years about JonBenét. He turned the e-mails over to authorities in May.

Tracey declined to describe them in detail or to say if he thought Karr was guilty. “There are a lot of wing nuts out there” in the case, he said. Asked if he believed Karr was one of them, he said, “I have no idea.”

Longtime Ramsey family attorney Lin Wood was asked whether Karr had firsthand knowledge of the murder or had just picked up information from news accounts. “There is information about the murder that has never been publicly disclosed,” Wood said. He did not elaborate.

A news conference held here Thursday by Lacy divulged virtually no new information about the case against Karr. But the Associated Press, quoting a law enforcement official who spoke on condition of anonymity because of the ongoing investigation, said Karr was given a mouth-swab DNA test in Bangkok. The results of that test were not immediately known. Karr will be given another DNA test when he returns to the United States, the official said. The tests could be decisive.

“The DNA is the key,” said Christopher Plourd, a San Diego criminal attorney who specializes in DNA cases. “If it matches him, there really is no explanation for (his DNA) on a little girl's panties. It's a bull's-eye.”

Other information raised questions about the case against Karr:

•His ex-wife, Lara, told KGO-TV in San Francisco that she was with her former husband in Alabama when JonBenét was killed and does not believe he was involved.

•Karr told investigators he drugged and had sex with JonBenét before accidentally killing her, said Gen. Suwat of the Thai immigration police. But an autopsy of JonBenét said a blood screening showed no drugs or alcohol.

•Karr's father, Wexford Karr of Atlanta, told The Denver Post that his son was arrested in 2001 and told him that it was in connection with the Ramsey case — years before investigators were eyeing him as a suspect.

•Karr readily told reporters he was involved in the girl's death but repeatedly said “no comment” when asked for details, such as how he got into the Ramseys' house.

Many legal experts did not find Karr a particularly persuasive witness against himself.

“I'm not saying that this guy didn't do it. But watching him respond to questions on television was like watching a guy trying to think up an answer,” said former FBI profiler Clint Van Zandt. “This appears to be somebody obsessed with the case. This appears to be someone who has learned every detail about the case.”

“Everything we've seen so far is as consistent with the spotlight-seeking, misguided individual as it is with a confession from the actually guilty individual. … Or maybe he wanted to get out of Thailand,” said Denver defense attorney Scott Robinson.

John Douglas, a former FBI profiler who was hired by the Ramsey's attorneys and has consulted with the Boulder district attorney, said his own first impression was that Karr was “strange” and his credibility questionable.

He also expressed a common conviction: “I don't think the district attorney would have gone to this extent unless they had something.”

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Ohio State University law professor Sharon Davies, who has researched false confessions in high-profile criminal cases, said the timing of Karr's statements don't seem to fit the classic model of a liar — a suspect who gives false information shortly after the crime, usually after intense questioning over an extended period.

Several of Karr's former neighbors in Hamilton, Ala., where he was raised by his grandparents and lived with his wife and children until the 1990s, said they were in shock over his arrest.

"I still don't believe it," said Billy Compton, 67, who lives next door to the modest white and brick ranch house where the Karrs lived. "I believe something's not right somehow. He was smart, intelligent, polite. Always nice, just a good boy. I don't believe he done it."

Karr grew up on Sentry Road in a rural neighborhood at the western edge of Hamilton, a town of 6,500 90 miles northwest of Birmingham. Neighbors said he was polite and friendly but didn't have many friends.

"Part of me was surprised when I heard it, but part of me was like, 'It's possible,' " said Rodney Williams, 41, a water treatment plant operator who was in the same class as Karr from the third grade until their senior year. "I never heard a negative thing about him."

Williams and his father, R.C. Williams, 64, both said they remembered Karr attending a funeral in Hamilton in May 1997, six months after JonBenét's death. Both said they thought he was still living in Hamilton then.

In 1984, when Karr was 19, he married a local girl, Quientana Shotts, who was 13 at the time, county court records show. Shotts filed for an annulment the following year, complaining that she was "fearful for her life and safety." In a response filed with the court, Karr contested Shotts' age, saying she was in fact 14.

In 1989, Karr remarried, this time to Lara Knutson. She was 16 at the time.

Neighbors said Lara Karr, who lives in the San Francisco Bay Area, delivered at least two of their three children, now aged 15, 14 and 13, at home.

After the Karrs moved to California, their marriage began falling apart. Following the five misdemeanor counts of child pornography in 2001, a restraining order was issued in Sonoma County against Karr, ordering him to stay away from his wife, children and home. He was permitted supervised visits with his children and ordered not to live near parks, day care centers, beaches, schools, swimming pools and other places where kids congregate.

That seemed to end his chances for a legitimate teaching career.

Although Karr got a few stints substitute teaching at an elementary school in the 2000-01 school year, "he just wasn't an adequate substitute teacher. He didn't have adequate classroom management skills. He didn't have good instruction skills," said Bob Raines, principal of Wilson Elementary School near Petaluma. "Maybe if we had a flu pandemic or something, we might have asked him back."

About six months later, Raines learned Karr had been arrested on the misdemeanor pornography charges.

Karr subsequently failed to appear in court to face the charges and left the country.

Lt. Gen. Suwat said Karr had been detained Wednesday at his apartment in Bangkok, where he had spent the previous two months.

Lacy, the prosecutor, had these words Thursday for people following the case: "We should all heed the poignant advice John Ramsey gave yesterday. Do not jump to judgment. Do not speculate. Let the justice system take its course."

Arrest In Ramsey Case Presents More Questions (NYT)

By Rick Lyman And Ralph Blumenthal

The New York Times, August 18, 2006

Something about an anonymous e-mail message to a University of Colorado journalism professor in May, part of a voluminous four-year correspondence about the 1996 murder of JonBenet Ramsey, persuaded the professor to approach the police and led to the arrest of an American schoolteacher in Bangkok this week as a suspect in the girl's killing.

The teacher, John M. Karr, surrounded by security officers, at first said nothing during a tumultuous news conference in Bangkok yesterday, not even when the Thai immigration commissioner said Mr. Karr had essentially admitted to the murder at the Ramsey home in Boulder, Colo.

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When reporters and cameras clustered around him, he finally said in a Southern accent, "I was with JonBenet when she died," calling her death "an accident." Asked if he was innocent, Mr. Karr answered, "No."

But by day's end, it remained unclear whether Mr. Karr's confession was genuine or the product of a troubled, attention-seeking man who had already exhibited a fervent fascination in the sexual abuse of children in general and in the death of JonBenet Ramsey in particular.

"There is a great deal of speculation and a desire for quick answers," the district attorney of Boulder County, Mary Lacy, told an army of reporters on the sun-baked plaza outside the Boulder Justice Center on Thursday. "We should all heed the poignant advice John Ramsey gave yesterday. Do not jump to judgment. Do not speculate. Let the justice system take its course."

A slender, pasty man with neatly cropped brown hair, a broad forehead and a narrow chin, Mr. Karr, 41, had his turquoise polo shirt buttoned all the way up, and he seemed almost impassive as Thai officers led him through the throng of reporters and photographers at an immigration and detention center.

"I loved JonBenet, and she died accidentally," he said. But when asked how long he had known the girl or how he got into her home, Mr. Karr told reporters he had no comment.

The professor, Michael Tracey, who has made three documentary films about the case, said it took the authorities four months to study a flood of anonymous e-mail messages to him and figure out who was writing them, and where they were coming from. But he would not discuss the content of the messages, or say what it was about the e-mail message in May that caused him to approach investigators.

"I suspect someone in Thailand leaked that there were e-mails," Mr. Tracey said. "Are there e-mails? Sure. But I'm not going to talk about the e-mails, and I'm not going to talk about what happened, and I'm not going to talk about Karr, for the simple reason I believe he has the right to be presumed innocent."

In the 10 years since the murder of 6-year-old JonBenet in the basement of her parents' elegant home, her ghostly, smiling and perfectly made-up face became a fixture of cable-news conjecture. Book after book dissected the crime and speculated on suspects. With Mr. Karr's arrest, the unexpected prospect of a solution to the mystery has galvanized international attention and resuscitated, spectacularly, the dormant JonBenet industry.

But in the back of the minds of many who have followed the case was the nagging fear that this might not be the cathartic solution it seemed.

"It's a wacky confession full of holes," said Craig Silverman, a legal analyst in Colorado who has watched the case closely over the years. "If that's all they've got, then they've got holes."

Oliver Gray, a private investigator in Colorado Springs who was hired by JonBenet's parents, said he did not know whether Mr. Karr was the right man, either. The truth will not be known until officials check Mr. Karr's handwriting, to see if it matches a ransom note found in the Ramsey home the night of the murder, and then check his DNA, to see whether it matches that found at the scene.

"He could be just as loony as a tune," Mr. Gray said.

Ms. Lacy, the district attorney, pleaded for patience in solving the slaying.

"Let us do our job thoroughly and carefully," she said.

At her news conference, which lasted almost half an hour, Ms. Lacy declined to offer details about what Mr. Karr might be charged with, how he had come to the attention of authorities and what he might have confessed to after his arrest Wednesday afternoon at his apartment in the Tung Mahamek Subdistrict of Bangkok. She stared out at the dozens of television sound trucks that lined the nearby streets, amid a forest of spindly tripods and blossoming satellite dishes.

"There is much more work to be done," she said.

Meanwhile, small pieces of occasionally contradictory information emerged elsewhere.

In the Atlanta area, where the Ramseys once lived and where much of Mr. Karr's family still resides, family members said there was no way he could have been involved. They speculated that the authorities had misinterpreted his interest in the Ramsey case as an admission of complicity. As far as they knew, Mr. Karr had never been to Boulder and did not know the Ramseys.

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He certainly had a deep interest in the case. Mr. Karr's ex-wife and several members of his family said he researched the case intensely, ostensibly to write a book about it and about other cases in which young children were sexually abused and killed.

But there was still no clear connection between Mr. Karr and the Ramsey family, nor any indication of how he might have become familiar with the interior of the family's home or known to ask for $118,000 in ransom, which happened to be the exact, after-tax amount of a bonus Mr. Ramsey had received.

In San Francisco, Mr. Karr's ex-wife, Lara Karr, told KGO-TV, the ABC affiliate, that he could not have committed the crime, because he was with her in Alabama, on the day it occurred. In Franklin County, Ala., school officials said records showed Mr. Karr had been at work there until the end of the term on Dec. 19, 1996, a week before the murder.

But a short drive north of San Francisco, in the Sonoma County wine country, the authorities had a different image of Mr. Karr, whom they had arrested on five misdemeanor counts of possessing child pornography in 2001. John Abrahams, the public defender who handled the case, said the pornography was found on Mr. Karr's computer, but that his client was not suspected of producing the photos.

Mr. Karr was in jail for six months, lost his wife and his job as a substitute teacher in Petaluma, Calif., and was released under the stipulation that he stay off the Internet and kept clear of schools, parks, theaters, arcades or any place children might congregate. He was also forbidden to visit his three sons without supervision.

When he failed to show up for a court appearance in December 2001, an arrest warrant was issued, but Sonoma County officials said he never turned up and they had no further contact with him.

In 2003, for at least a short while, Mr. Karr apparently lived in Santa Rosa, a town where he had also briefly worked as a substitute teacher before his child pornography arrest. But at some point after that, he left the country.

In Bangkok, officials said Mr. Karr arrived in Thailand two months ago from Malaysia and had apparently been bouncing around Southeast Asia for a few years, seeking work as an elementary school teacher. He was in Thailand at least once before, in 2005. On Tuesday, the day before his arrest, he applied for a job as a second-grade teacher at an international school in Bangkok's central business district.

And then there were Mr. Karr's own words, in an interview he gave to The Associated Press. "It's very important for me that everyone knows that I love her very much and that her death was unintentional," Mr. Karr said.

He said he had written to the JonBenet's mother, Patsy Ramsey, before Ms. Ramsey death from cancer in June and expressed his sorrow at what had happened to JonBenet but declined to go into details about what had happened the night of her death.

"It would take several hours to describe, to describe that," he told The A.P. "There's no way I could be brief about it. It's a very involved series of events. It's very painful for me to talk about."

In Bangkok, authorities said Mr. Karr had been nothing but cooperative since officers took him into custody. And they were not shy about discussing their private conversations with him.

"My officer said that you are charged with first-degree murder," said the Thai Immigration Bureau commissioner, Lt. Gen. Suwat Thamrongsrisakul. "He said, 'No, not first degree, second degree.' What does it mean, I don't know? He said, 'Second degree. It's not first degree. It's not intentionally.' "

Though born in Georgia, where his parents lived, Mr. Karr was raised by grandparents in Hamilton, Ala.

He married a girl in Hamilton named Quientana Shotts when she was about 13, relatives of Ms. Shotts said. Harold Shotts, her uncle, said he met Mr. Karr only once while the two were married. The marriage was somewhat unexpected.

Her grandfather, Flura Shotts, said: "My best memory was that she slipped out of the bed at night and left with him. He picked her up in an automobile and left." She divorced Mr. Karr about a year later, he said.

Mr. Karr worked as a substitute teacher in various Alabama school districts in the years just before and after JonBenet's murder. Two years after the girl's death, he enrolled in the teacher training program at the University of North Alabama. But before completing his course work, he was a student-teacher at Kilby Professional Laboratory School in Florence, Ala.

Administrators there scheduled a meeting with him to discuss complaints about inappropriate behavior involving girls in his fifth-grade class, but he failed to show up and soon dropped out of the university program, The Times Daily of Florence, Ala., reported Thursday.

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JonBenet Patricia Ramsey participated in her first beauty contest just shy of her fourth birthday, winning the title of Little Miss Charlevoix on the Fourth of July in 1994 near the Michigan resort town where the Ramseys owned a home.

Patsy Ramsey had been Miss West Virginia in the 1977 Miss America Pageant, and said she encouraged her daughter's beauty pageant hobby because it gave the girl so much pleasure and drew mother and daughter closer together.

John Bennett Ramsey, who studied electrical engineering at Michigan State University, had three children from a previous marriage and married Patsy Ramsey, his second wife, in 1980. He built an electronics company, Advanced Products Group, in the couple's basement in suburban Dunwoody, Ga.

In 1988, the company merged with two others and formed Access Graphics, based in Boulder, and he was named C.E.O. in 1991. The family moved into a brick Tudor near the University of Colorado campus.

At 5:25 a.m. on Dec. 26, 1996, a Boulder County dispatcher received a distraught call from Patsy Ramsey. "We have a kidnapping," she said. "Hurry, please."

A ransom note was found on a stairwell leading from the kitchen.

It was not until eight hours later, though, that Mr. Ramsey emerged from the basement with his daughter's lifeless body in his arms, the police said, having found it in a remote, little-used room. She had been brutally beaten and sexually abused.

Very quickly, the parents fell under suspicion, partly because of the ransom note (the paper came from a legal pad in the house, and the writing from the Ramsey's own felt-tip pen), partly because investigators initially said they could find no sign of forced entry and partly because of the Ramseys' own behavior.

They hired a team of lawyers, publicists and private investigators and gave only one interview, to CNN, before disappearing from the public eye. They resisted questioning by the authorities for several months, and friends said the couple feared the police were focusing on them as the chief suspects.

On Sept. 15, a grand jury began hearing evidence in the case. It disbanded 13 months later without issuing any indictments. The JonBenet case was a national obsession in the months after the killing, dominating much of cable news and spawning a cottage industry of JonBenet authors, experts and pundits. It was back in full swing on Thursday.

"It's still a tremendous mystery," said Catherine Crier, a Court TV host. "You have all the components of a sadly, horrifically fascinating case. And whenever we do segments on the show, we do see a spike in the ratings."

Much of the coverage has been skeptical of Mr. Karr's confession in Bangkok. "Is he a guilty sicko or an innocent wacko?" asked Jeffrey Toobin, CNN's legal analyst.

In Boulder, the former Ramsey home in University Hill sits vacant. Two owners have lived there since the family left it for Charlevoix, and it is up for sale again.

In Charlevoix, near the tip of the Lower Peninsula of Michigan, Mr. Ramsey was believed to have left the area in a private plane.

JonBenet Arrest Downplayed (WT)

By Valerie Richardson

The Washington Times, August 18, 2006

BOULDER, Colo. -- Boulder District Attorney Mary Lacy yesterday tried to dampen expectations over the arrest of a suspect in the JonBenet Ramsey slaying case, cautioning that the investigation is ongoing and that no charges have been filed.

"There is much more work that needs to be done now that the suspect is in custody," she said at a press conference with other law-enforcement officials outside the Boulder County Justice Center.

Her comments fueled rising skepticism over the strength of the evidence against John Mark Karr, the clean-cut 41-year-old schoolteacher who was arrested Wednesday in Bangkok.

Karr confessed to the 1996 death after being taken into custody, authorities in Thailand said. He repeated his confession to reporters yesterday at a press conference with Thai police but insisted that the girl's death was unintentional.

"I was with JonBenet when she died," said a visibly nervous Karr, who also is wanted in Sonoma County, Calif., on child-pornography charges, which prompted him to flee the U.S.

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"I know what happened to JonBenet. It's very important to me that everyone knows that I love her very much. It was an accident," he said.

Asked by a reporter at Bangkok's immigration detention center whether he was "innocent" of involvement in the 6-year-old girl's death, Mr. Karr replied: "No."

According to an account of the arrest by Thai Lt. Gen. Suwat Tumrongsiskul, Karr denied that he had committed "first-degree murder," insisting, according to the general's account, "Not first degree. Second degree. ... It was not supposed to be."

Within 24 hours of his arrest, however, questions about the validity of his confession began to surface. Some legal analysts, pointing to gaps in the case against him, suggested that he could be an attention-seeker or obsessive follower of the Ramsey case who has convinced himself that he was involved in her death.

"A lot of people are very skeptical about what he's saying," said Denver legal analyst Andrew Cohen on KCNC-TV, the local CBS affiliate. "A lot of people are wondering whether he's trying to interject himself into the case."

Those doubts were compounded by Lara Karr, the suspect's ex-wife, who told KGO-TV in San Francisco that they spent Christmas 1996 together in Alabama and that she doesn't think Karr killed JonBenet.

Skeptics also noted that JonBenet's autopsy found no drugs or alcohol in her system. Karr told reporters in Thailand that he drugged the girl before molesting her.

More questions have surfaced about whether Karr has any connection to Boulder. Karr grew up in Hamilton, Ala., and has lived in Petaluma, Calif., and Georgia, but there is no evidence so far to show that he ever lived in or even visited Colorado. Before the Ramseys moved to Boulder in the early 1990s, they lived about 35 miles from Karr's home in Conyers, Ga.

Mrs. Lacy acknowledged that the investigation is far from over and hinted that "exigent circumstances" may have prompted Thai authorities to arrest Karr before the case against him was complete.

"What I can tell you in a generic sense is that in all serious cases, we work hard with law enforcement not to make an arrest until the investigation is substantially complete," Mrs. Lacy said.

"There are circumstances that may exist in any case which mandate an arrest before an investigation is complete," she continued. "The primary reason is public safety. A secondary reason is fear of flight."

Karr was arrested the day after he began working as a second-grade teacher at an international school in Bangkok, his latest posting in a series of education-related jobs he had held around the world since his fleeing from the child-pornography charges.

JonBenet was found bound, gagged and strangled Dec. 26, 1996, in a hidden room off her family's basement. Police quickly zeroed in on her parents as the primary suspects, but no arrests had been made until Wednesday in what has become one of the most sensational unsolved slayings in U.S. history.

The Boulder District Attorney's office began investigating Karr after receiving a tip from University of Colorado journalism professor Michael Tracey, who began exchanging e-mails with the suspect four years ago.

Mr. Tracey, who has made three documentaries about the case, said yesterday that the suspect sent him "numerous" e-mails discussing the Ramsey slaying. Karr was known to be a close follower of the case and had even written a college paper about it, his father, Wexford Karr, told the Denver Post.

A few months ago, Mr. Tracey contacted Boulder investigators after the e-mails took a turn for the worse.

"Without arriving at any conclusions about his guilt or innocence, I did what I felt I had to do," Mr. Tracey said.

Those following the case say the key could be the DNA evidence found under JonBenet's fingernails and in her underpants. Police have never matched the DNA to a suspect. Karr has submitted to a DNA mouth swab in Bangkok, but Mrs. Lacy declined to say yesterday whether investigators had compared Karr's DNA with the samples found at the scene.

Mr. Karr's extradition to Colorado would be completed "within the week," said Ann Hurst, Homeland Security attache at the U.S. Embassy in Bangkok, adding that Mr. Karr had not asked for a local lawyer or protested against extradition.

"We are not looking for other suspects at this time," she said.

Ex-procurement Chief Argues For New Trial (GOVEXEC)

By Kimberly Palmer

DOJ_NMG_0049859

Government Executive, August 18, 2006

An attorney for David Safavian, the former chief of the Office of Federal Procurement Policy who was convicted of obstruction of justice and other charges in June, filed a motion for a new trial last month. Government lawyers have responded with a 27-page document opposing the motion. A judge will hear arguments for both sides in court next Thursday.

Safavian's lawyer, Barbara Van Gelder, argued that the admission of e-mails between lobbyist Jack Abramoff and Safavian as evidence was improper and unfairly prejudiced jurors. In the e-mails, Abramoff and Safavian discussed their 2002 golf trip to Scotland and property owned by the General Services Administration, where Safavian served as chief of staff at the time.

Van Gelder claims the e-mails constitute hearsay, which should not be considered as evidence, because Abramoff was not available for cross-examination. Federal Rules of Evidence, which govern federal courts, prevent hearsay, or second-hand information, from being used in court except under certain circumstances. Van Gelder argues that although the judge instructed the jury to consider the e-mails only for a limited purpose, such as the fact that the communication occurred, jurors would likely consider the statements in the e-mails as facts.

In an interview Thursday, Van Gelder said she could have called Abramoff to testify herself, but the burden was on the prosecutors to make their own case.

In response, Justice Department prosecutors Nathaniel Edmonds and Peter Zeidenberg say the e-mails were properly admitted as evidence to show the effect they may have had on Safavian's state of mind. They also point out that the judge repeatedly warned jurors to consider the e-mails only in a limited way.

Van Gelder also makes the case that a 2002 GSA ethics opinion regarding Safavian's golf trip to Scotland with Abramoff contained hearsay, because it claimed that Safavian made statements that he did not necessarily make. The prosecutors counter that the jury was free to believe Safavian's argument that he did not make the statements in the ethics opinion.

In addition, Van Gelder says that the GSA Inspector General Gregory Rowe did not tell Safavian that statements he made could later be used against him in court. She adds that she was not allowed to raise the issue of due process in court.

That argument, prosecutors say, is "frivolous and misleading." The GSA inspector general was not required to warn Safavian about the consequences of his statements, and to suggest he was could wrongly imply that the government acted improperly.

Safavian was convicted of obstruction of justice of an investigation by the GSA inspector general's office, which carries a recommended 15 to 21 months in prison and is the most serious count on which he was convicted.

Van Gelder also argues that a new trial is needed because during Safavian's trial the government's witnesses were allowed to offer speculative testimony, which is generally not allowed. GSA officials were asked how they would have responded if they knew that Abramoff had expressed an interest in GSA properties. One official testified that it would have prompted further inquiry.

But prosecutors say that argument is groundless and that the testimony was directly relevant to the case.

Van Gelder also says changed wording in the verdict form and the removal of a juror thought to be sympathetic to Safavian unfairly affected the outcome of the case.

Peter Henning, professor of law at Wayne State University Law School and author of a blog about white-collar crime, said it is very common for defense lawyers to seek to have convictions overturned or to submit motions for new trials because of legal errors. "While it is asked for in a large majority of cases, it is granted infrequently," he said.

Prosecutors Reach Plea Deals In Gadsden Corruption Case (AP)

AP, August 18, 2006

BIRMINGHAM, Ala. - Two Gadsden councilmen and a consultant pleaded guilty Thursday to corruption charges in a bribery scheme over a real estate development, the Justice Department says.

Councilmen Jimmy L. Armstrong, 70, and Fred L. Huff, 66, and consultant Larry R. Thompson, 55, entered guilty pleas before U.S. District Judge L. Scott Coogler in Birmingham to participating in a bribery and wire fraud conspiracy.

A Gadsden city official has also agreed to plead guilty to conspiracy charges and testify in the continuing probe.

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Cathy Back, director of the Commercial Development Authority, is charged with conspiracy to commit bribery and wire fraud to influence some City Council members to support the Lafferty's Landing development, according to court documents filed Wednesday.

Lafferty's Landing is a multimillion-dollar development near the Coosa River.

In a statement, Assistant Attorney General Alice S. Fisher said as part of their plea agreements, Armstrong and Huff each admitted that they agreed to enrich themselves by soliciting and accepting cash bribes from Thompson and a "cooperating witness."

They did so with the intent of being influenced and rewarded in connection with two votes they both cast that aided the mixed-use real estate development.

The case investigated by the FBI is being prosecuted by the Public Integrity Section in the Justice Department's Criminal Division in Washington, D.C.

Documents filed against Thompson claim he paid Huff and Armstrong money disguised as campaign contributions for their support to give a zoning variance to the project as well as additional tax incentives to the developer, Rainbow One.

Thompson solicited more than $55,000 from a witness who cooperated with the FBI from August 2005 until Feb. 13, according to the documents filed Aug. 3 and reported Thursday by The Gadsden Times.

Armstrong apparently was paid $800 and Huff was paid $1,600, according to documents. Two other unnamed councilmen also received money disguised as campaign contributions.

Thompson admitted that he solicited cash payments from the cooperating witness in exchange for Thompson's help in advancing the real estate development, and that portions of the money were used to make cash payments to the members of the City Council.

Thompson made cash payments himself, and he helped the cooperating witness make cash payments, including instructing the witness on how to pass the money and what to say to the members of the City Council.

Back waived her right to appeal. Arraignment is set for Tuesday in U.S. District Court in Birmingham. No sentencing dates for the three men were announced.

The conspiracy charge carries a maximum penalty of five years in prison and a $250,000 fine. Each defendant has agreed to cooperate in this ongoing investigation, prosecutors said.

Opening Statements In Junior Gotti's 3rd Trial (NSDY/AP)

By Larry Mcshane, Associated Press Writer

Long Island Newsday, August 18, 2006

The third trial of the last year against John "Junior" Gotti began Thursday with a new batch of jurors left to resolve a lingering question: Did the mob scion really quit his position atop the Gambino family seven years ago?

Absolutely, said defense attorney Charles Carnesi.

Absolutely not, said Assistant U.S. Attorney Victor Hou during opening arguments in Manhattan federal court.

"The evidence at this trial will establish John A. Gotti has been a gangster for most of his adult life," Hou said in his 45-minute statement to the jury.

The prosecutor promised to play audio tapes of a jailed Gotti flying into a rage after his 2001 demotion from Gambino family boss, then threatening to beat his uncles Peter and Richie to death with "padlocks and chains."

Peter Gotti, accused of taking over as boss after announcing the demotion, was convicted of racketeering in 2004.

"The truth and evidence will show (John A.) Gotti never left that life," said Hou, alleging that Gotti continued to collect mob money and meet with mobsters after his supposed retirement. Hou's opening aimed directly at Gotti's claim that he quit the mob before pleading guilty to racketeering in 1999.

Gotti, 42, is on trial for the third time since September 2005 on racketeering charges tied to his time running the Gambino crime family in the 1990s. He's accused of ordering a pair of 1992 attacks on Curtis Sliwa, the radio host and Guardian Angels founder, in retaliation for nasty comments made on air about Gotti's father.

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Sliwa was first beaten with a baseball bat, and later kidnapped, shot and nearly killed. He returned to the radio, where his verbal fusillades against the Gottis continue. Sliwa was expected to testify for a third time against Gotti.

Defense attorney Carnesi flatly said Gotti's involvement with the crime family once headed by his late father were over nearly a decade ago.

"By 1997, John Gotti had basically had it," Carnesi said. "For all the romanticism about men of honor and `The Life,' you're going to find out there were very few men of honor. And very few real men."

Carnesi promised to play a prison tape of Gotti, too _ one on which the reputed mobster flatly announces to a friend, "I will never go back to that life."

There was an air of the familiar as the trial began in the same courthouse where the first two cases against Gotti ended with deadlocked juries. Gotti and Carnesi smiled and joked at the defense table, where the defendant emulated his dapper dad in a black suit, white shirt and tie.

Gotti's mother, Victoria, and his sister Angel sat in the courtroom's front row.

But there's something new in this case. An updated indictment before this trial added charges that Gotti continued to benefit into the 21st century from mob-related income.

The government considers the charges critical to winning a conviction, since a majority of jurors in the last trial believed Gotti had quit organized crime.

If the new jury buys that same argument, the five-year statute of limitations would have expired in the racketeering case and Gotti would walk on the charges.

GOTTI TEMPER TANTRUM (NYPOST)

By Kati Cornell

The New York Post, August 18, 2006

John "Junior" Gotti ranted that he wanted to bludgeon his relatives to death with "padlocks and chains" after learning his uncle had demoted him from boss of the Gambinos, prosecutors said in opening statements of his third racketeering trial yesterday.

Assistant U.S. Attorney Victor Hou quoted Gotti's chilling words from a never-before-heard prison tape recorded in 2001 in an effort to shred the mob scion's claim that he left the Mafia in 1999.

"He said he would 'take padlocks and chains and literally beat his relatives to death' - his words," said Hou, describing how Gotti snapped when he got word his uncle Peter Gotti had seized the reins of the family and stripped Junior's ability to make money.

"You will hear the anger and the rage that Gotti has at being demoted," Hou said, adding that Gotti wanted nothing to do with his family except getting back the money he was owed.

Juries at Gotti's two previous trials deadlocked after hearing his defense that he left the mob more than five years aog, so the five-year statute of limitations for racketeering charges has expired.

But as Gotti's third trial got under way yesterday, prosecutors argued that the prison tapes and other evidence they've amassed show the defense is "a charade."

Gotti faces up to 30 years behind bars if he is convicted of racketeering charges, most notably the sensational 1992 kidnapping of radio host Curtis Sliwa, who was allegedly targeted by the Gambinos for bad-mouthing Gotti's father John "Dapper Don" Gotti on the air. Other charges include extortion, loan-sharking and allegedly tampering with cooperating witness Michael "Mikey Scars" DiLeonardo by luring his teenage son to visit Junior in prison in February 2003.

Hou detailed how Gotti made millions from crime and continues to live large off illicit profits hidden in real estate and holding companies - evidence that is the basis for two new racketeering charges added to the case in May.

"He bought a nice gated home in Oyster Bay, New York. He bought a country home in Pennsylvania," said Hou. "Gotti never left the life because he never gave up his mob money." Firing back as Gotti's mother Victoria and sister Angel listened, defense lawyer Charles Carnesi called the feds' case a "twisted, illogical perception of the evidence."

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Carnesi conceded that Gotti "was at one time a member of that family and by virtue of his father being the boss . . . he was the heir apparent."

But Carnesi added that by 1999 Gotti "had basically had it" and decided to plead guilty in an unrelated racketeering case with the intention of breaking from the Mafia. "He's out of that life," the defense lawyer said, adding that prison tapes will back up this claim. The lawyers made their arguments to a panel of 12 anonymous jurors and six alternates selected yesterday.

Jurors range from a former journalist in her early 30s - who said the Sliwa kidnapping hits "close to home" - to a former police inspector from Jamaica who never heard of the radio host, but knew Gotti had gone on trial multiple times.

On Trial For The Life (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 18, 2006

A trail of mob money and John A. (Junior) Gotti's own threatening words will trash his claims that he quit the mob, prosecutors declared yesterday as the Mafia scion's third trial opened.

Manhattan federal prosecutors told jurors that dirty money poured into Gotti's pockets even as he was claiming to have left the mob life he inherited.

Panelists were told they would hear tapes in which the son of the late John (Dapper Don) Gotti rages about being dumped as Gambino mob boss - threatening to beat his uncles Peter and Richie to death with "padlocks and chains."

"The truth and evidence will show that Gotti never left that life," Assistant U.S. Attorney Victor Hou told jurors during opening statements yesterday.

It marked the beginning of the government's third try at putting Gotti away for a wide-ranging conspiracy that includes claims he ordered a 1992 assault on radio host Curtis Sliwa in a taxi. The shot Guardian Angels founder survived by jumping out of a speeding cab.

Sitting behind Gotti in the packed courtroom were his mother, Victoria, and sister Angela. The new father of a 6-day-old boy kissed his mother and sister on the cheek as they left.

Hou wasted little time on the Sliwa attack and took aim at defense claims that Gotti had bolted the mob - a strategy that has helped Gotti score two mistrials since September 2005.

Junior Gotti, 42, claims he said goodbye to the mob life by the late 1990s and that the charges against him are barred by the statute of limitations.

"By 1997, John had basically had it," Gotti attorney Charles Carnesi told jurors. "For all the romanticism about 'men of honor' and 'The Life,' you're going to find out there was very little honor whatsoever and very few real men."

Gotti forfeited $1 million in mob cash in 1999 after pleading guilty to a separate racketeering charge. "Mr. Gotti wanted to get out of the life," Carnesi said. "He took a plea and said 'I'm willing to go to jail for what I did.'"

Carnesi promised to counter with his own tapes of Gotti telling his father that he wanted out of The Life. "He said, 'Dad, this is not for me,'" Carnesi told the panel of seven women and five men.

But Hou said Gotti continued to enjoy the property he amassed with mob money, including a vast $1.3 million Oyster Bay Cove, L.I. estate, complete with a horse barn, where he lives with his wife, Kim, and their six children.

New to this case is an allegation that in 2003, Gotti had a burly associate squire the son of mob snitch Michael (Mikey Scars) DiLeonardo to DiLeonardo's upstate New York prison cell to try to persuade the boy to talk his father out of testifying against him.

DiLeonardo has already testified twice against Gotti and is expected to take the witness stand at this trial.

Prosecutors also added charges that Gotti used mob cash to purchase two holding companies. "Gotti never left the life because he never gave up his mob money," Hou said.

Reputed Godfather Of Montreal Mafia Faces Charges In U.S. (NSDY/AP)

By Tom Hays, Associated Press Writer

Long Island Newsday, August 18, 2006

DOJ_NMG_0049863

NEW YORK -- After losing a two-year extradition fight in Canada, the reputed godfather of the Montreal Mafia was taken into FBI custody on Thursday to face charges stemming from the killings of three U.S. mobsters in 1981, authorities said.

Vito Rizzuto, 60, was ordered held without bail after pleading not guilty to racketeering conspiracy charges in federal court in Brooklyn.

Known in media reports as the "godfather" of the Montreal Mafia, Rizzuto was the lone Canadian among 30 suspects arrested in a 2004 crackdown on the Bonanno organized crime family. At the time, U.S. authorities described the Bonnanos as "the only La Cosa Nostra family with a significant presence in Canada," and Rizzuto as its "most influential" soldier there.

An indictment charged Rizzuto with participating in the fatal shootings at a Brooklyn social club in May 1981 of three Bonanno captains _ Dominick "Big Trin" Trinchera, Philip "Philly Lucky" Giaccone and Alphonse "Sonny Red" Indelicato. The men were suspected of plotting to take control of the organization, authorities said.

Crime boss Joseph Massino was sentenced to life in prison last year after pleading guilty to orchestrating those killings and five others.

Children discovered Indelicato's body in 1981 while playing in a vacant lot in Queens that became known as a graveyard for people ordered killed by the late mob boss John Gotti and other gangsters. Last year, based on evidence from the Massino investigation, authorities returned to the site and unearthed the remains of Giaccone and Trinchera.

Police reports in Canada allege that Rizzuto has been involved in everything from loansharking at the Montreal casino to laundering money in Switzerland to ordering a hit on a Venezuelan lawyer. In 1990, he was charged with smuggling 16 tons of hashish into the country, but the case was thrown after it was revealed that police had conducted unauthorized wiretapping.

A Quebec judge rejected Rizzuto's request for bail in August 2004, suggesting he could be a flight risk.

"The defendant's participation in criminal activities in the Bonanno family and more generally in the Mafia for a number of years, plus the importance of his role and the respect within the organization can give him diverse resources," the judge said.

If convicted, Rizzuto faces up to 20 years in prison.

Mobster Cops To '84 Slay Of Capo (NYDN)

New York Daily News, August 18, 2006

A former Bonanno crime family underboss pleaded guilty yesterday to the 1984 killing of a Sicilian-born capo whose remains were found inside oil drums at a New Jersey glue factory.

In a brief appearance in Brooklyn Federal Court, Louis (Ha Ha) Attanasio, 62, copped to killing Cesare Bonventre, who was Carmine Galante's bodyguard when the Bonanno boss was gunned down in 1979. Attanasio was arrested in December 2004.

Jose Martinez Montreal godfather sent to Brooklyn

The reputed godfather of the Great White North has come south - to the federal slammer in Brooklyn.

Vito Rizzuto - known as the godfather of the Montreal Mafia - yesterday lost his two-year extradition fight and was flown to New York to face charges that he killed three Bonanno captains at a Brooklyn social club in May 1981.

Rizzuto, 60, faces 20 years in prison if convicted.

Jose Martinez

Attorney: S.I. plunge dad attacked

The Staten Island dad accused in his wife's suicide plunge off Bear Mountain was attacked by a "sexual predator" during a court-ordered psychiatric evaluation, his lawyer charged yesterday.

The alleged incident took place at the Rockland County mental hospital where Victor Han was held for seven days after his wife drove the family minivan off a 300-foot cliff with their two young daughters inside, lawyer Lawrence Goldman charged in Stony Point Town Court.

Han, 35, is accused of promoting a suicide attempt, reckless endangerment and endangering his children. The girls, ages 3 and 5, were unscathed.

Nancy Dillon

Teen dad's harrowing testimony

A teen dad testified yesterday that his newborn son looked like "a wet teddy bear" as he lay dead in a Bronx alley.

The testimony came at the trial of a 14-year-old mom accused of tossing the baby out a second-story window last year. The baby's father testified that his girlfriend told him she'd given birth, then pointed out the window.

"When I looked, it looked like a wet teddy bear because of the rain," said the 16-year-old boy. The teen mom faces five years in prison.

Chrisena Coleman

Amber Alert mixup

An Amber Alert fizzled last night when cops realized the alleged child abduction was really a spat between two adults.

Witnesses reported seeing a screaming teenage girl forced into a green Dodge SUV on W. 42nd St. around 4 p.m. But at 11:20 p.m., cops located the vehicle and found Percy Williams, 39, of Schenectady with his girlfriend, who is in her 40s.

Sources said the pair had a fight on the street that witnesses misinterpreted.

Carrie Melago

Fotog admits ripoff scheme

A French photographer admitted in a Manhattan courtroom yesterday that he ripped off his former roommate by pretending to be in financial deals with celebrities such as Madonna.

As part of a plea deal, Alexis Quinlin, 46, will be sentenced next month to serve 2-1/2 to 7-1/2 years in prison, and he will have to repay two dozen other victims.

He'll be deported to France when he gets out of prison.

Barbara Ross

Reputed Montreal Mobster Faces U.S. Charges After Losing Extradition Battle (CP)

Canadian Press, August 18, 2006

NEW YORK (CP) - After losing a two-year extradition fight in Canada, a reputed godfather of the Montreal Mafia was taken into FBI custody on Thursday to face charges in connection with the killings of three U.S. mobsters in 1981, authorities said.

Vito Rizzuto, 60, was ordered held without bail after pleading not guilty to racketeering conspiracy charges in federal court in Brooklyn. Rizzuto left Canada for New York after the Supreme Court of Canada decided not to hear an appeal of his deportation to the United States. Rizzuto, who moved to Canada from Sicily as a child in the 1950s, was arrested in 2004.

Known in media reports as the "godfather" of the Montreal Mafia, Rizzuto was the lone Canadian among 30 suspects arrested in the 2004 crackdown on the Bonanno organized crime family.

At the time, U.S. authorities described the Bonnanos as "the only La Cosa Nostra family with a significant presence in Canada," and Rizzuto as its "most influential" figure there.

An indictment charged Rizzuto with participating in the fatal shootings at a Brooklyn social club in May 1981 of three Bonanno captains - Dominick (Big Trin) Trinchera, Philip (Philly Lucky) Giaccone and Alphonse (Sonny Red) Indelicato. The men were suspected of plotting to take control of the organization, authorities said.

Crime boss Joseph Massino was sentenced to life in prison last year after pleading guilty to orchestrating those killings and five others.

Children discovered Indelicato's body in 1981 while playing in a vacant lot in New York City's Queens district that became known as a graveyard for people ordered killed by the late mob boss John Gotti and other gangsters.

Last year, based on evidence from the Massino investigation, authorities returned to the site and unearthed the remains of Giaccone and Trinchera.

A Quebec judge rejected Rizzuto's request for bail in August 2004, suggesting he could be a flight risk.

"The defendant's participation in criminal activities in the Bonanno family and more generally in the Mafia for a number of years, plus the importance of his role and the respect within the organization can give him diverse resources," the judge said.

Rizzuto's lawyers had told the Quebec Court of Appeal last year that evidence against Rizzuto was shaky and the whole deportation process was unfair.

They argued that then-justice minister Irwin Cotler and a lower court judge ordered Rizzuto's extradition based on flimsy evidence that did not meet the standard of proof normally required in Canadian courts.

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Federal lawyers said the extradition law requires only enough evidence for the case to go to trial if it took place in Canada.

The appeal judges ruled against Rizzuto and he was jailed pending the Supreme Court appeal, which was turned down earlier Thursday.

If convicted on the U.S. charges, Rizzuto faces up to 20 years in prison.

JUSTICE HAS LAST LAUGH ON MOB KILLER 'HA HA' (NYPOST)

By Zach Haberman

The New York Post, August 18, 2006

The laughter ended for Bonanno crime-family capo Louis "Louie Ha Ha" Attanasio yesterday, when he pleaded guilty to whacking another mobster.

"I knowingly and intentionally agreed with others to cause the death of Cesar Bonventre," Attanasio told Brooklyn federal Judge Nicholas Garaufis.

The former acting underboss admitted to shooting Bonventre, who was part of the family's Sicilian faction, in the back of the head in 1984 after he fell out of favor with then-boss Joseph Massino.

Attanasio, 62, and family captain Peter "Rabbit" Calabrese - who also pleaded guilty yesterday - then hacked Bonventre into pieces and stuffed his remains in steel drums inside a New Jersey glue factory.

Calabrese, 58, and Attanasio each faced up to 20 years behind bars if they had been convicted at trial, but pleaded guilty after their lawyers arranged a deal with the Brooklyn U.S. Attorney's Office under which they will serve 15-year prison stints.

"If he gets convicted here, he'd die in prison," said Attanasio's lawyer, Jeffrey Lichtman. "This gives him a chance to live out his days with his family."

Two Found Guilty In $15M Internet Software And Securities Scheme (LAW)

By Jaime O. Hernandez, Daily Business Review

Miami Daily Business Review, August 18, 2006

The founder and a former executive of a bankrupt Internet software company have been convicted of fraud for duping more than 46,000 customers out of $15 million.

A federal jury in Fort Lauderdale, Fla., on Tuesday convicted Bernard Roemmele, 46, and Steve Hein, 53, of racketeering conspiracy, money-laundering conspiracy, and mail and wire fraud, prosecutors said.

Hein faces up to 25 years in prison and a $250,000 fine. Roemmele, who also was convicted of securities fraud, could be sentenced to up to 45 years in prison and ordered to pay a $250,000 fine.

Both are in federal custody, and sentencing has been set for Oct. 27 before U.S. District Judge James I. Cohn in Fort Lauderdale. The jury deliberated for four days to end the six-month trial.

Defense attorneys Paul Lazarus and Lance Armstrong did not return calls seeking comment before deadline.

The case evolved at the height of the dot-com craze when federal and state authorities began to crack down on Internet fraud and online investment scams. The U.S. Attorney's Office said the case was one of the largest Internet securities scams prosecuted in South Florida.

Roemmele was the chief executive officer at CitX, a Quakertown, Pa.-based firm that offered Internet software for companies to conduct e-commerce. He started the company in 1996, and Hein served as CitX's executive vice president.

Along with offering e-commerce platforms, CitX was an Internet service provider. It partnered with a Boca Raton, Fla.-based marketing firm, Professional Resource Services International, in 1999 to advertise and sell CitX's products, according to the 2004 indictment.

CitX told customers that it had created software allowing companies to sell products on the Web through a virtual private network, prosecutors said.

CitX said the network was able to filter "unwholesome and undesirable outside influences such as pornography and would be difficult, if not impossible, for hackers to penetrate," the indictment stated.

The company charged clients $295 for the software. More than 46,000 people subscribed from 1996 to 2002 when it filed for bankruptcy protection.

In its advertising, CitX claimed thousands of health care professionals used the technology with great success.

CitX also sold unregistered company stock even though the firm claimed to be privately held, prosecutors charged.

The state attorney general's office closed PRSI in January 2000, and Miami attorney Lewis Freeman was appointed its receiver after clients complained about paying for a service they did not receive.

Lazarus, Roemmele's Miami-based attorney, said CitX never had a chance to provide the promised software to clients because PRSI was shut down. He also said PRSI misled clients by promising the software even though it had not met the legal conditions for delivery.

Freeman said Wednesday that a "couple of million dollars" has been recovered from CitX. He expects victims to be paid an undetermined percentage of their losses from restitution.

It's unclear whether Roemmele has the means to pay any restitution. He filed for Chapter 7 personal bankruptcy in Pennsylvania, according to court documents.

Federal investigators probed CitX's dealings for five years. Evidence against Roemmele and Hein included 30,000 computer files and voluminous transcripts, pleadings and exhibits from two related bankruptcy proceedings in Pennsylvania.

The mountain of evidence prompted Roemmele's first court-appointed attorney, Bruce Fleisher of Miami, to remove himself from the case. The court then appointed Lazarus, and Roemmele unsuccessfully tried to have Lazarus removed as ineffective, court documents show.

Lazarus acknowledged ignoring Roemmele's requests to evaluate more than 100 potential witnesses and 100,000 exhibits, according to court documents. The attorney said he had spent more than 600 hours going through government evidence.

Cohn denied Roemmele's request to change attorneys, a defense motion for a nine-month continuance and a defense request to move the trial to Pennsylvania.

CitX already is making its way into the law books. In a May ruling, the 3rd U.S. Circuit Court of Appeals used Seitz v. Detweiler Hershey & Associates, P.C. (In re CitX Corp., Inc.) to limit the scope of deepening insolvency as a liability issue in suits against boards of directors to those where defendants engage in fraud.

Former Cokato Bank Executive Pleads Guilty To Lying (DULNT)

The Duluth News Tribune, August 18, 2006

MINNEAPOLIS - A former executive of the State Bank of Cokato pleaded guilty Thursday to lying to a federal agent who was investigating fraud at the bank.

Donald J. Peroutka, 64, of Cokato, entered his plea before U.S. District Judge David S. Doty, who did not set a sentencing date. Under sentencing guidelines Peroutka could face up to five years in prison and a $250,000 fine.

Prosecutors alleged that Peroutka authorized a guaranteed Small Business Administration loan for a bank customer and agreed in writing that the bank would ensure the customer had put at least $50,000 from other sources into the business before the SBA loan was awarded.

The U.S. Attorney's Office said the bank then loaned the customer the $50,000 needed to meet the SBA guaranteed loan requirement without the knowledge of the SBA.

When Peroutka was questioned about the matter, prosecutors said he told an FBI agent that he didn't recall providing the $50,000 in bank funds to the customer and didn't know where the customer had obtained the money.

Birmingham Woman Sentenced To 19 Months In FEMA Fraud Case (AP)

AP, August 17, 2006

BIRMINGHAM, Ala. (AP) — A Birmingham woman was sentenced to 19 months in prison Thursday for defrauding the Federal Emergency Management Agency.

Gladys Mae Whitt, 44, was indicted in March and pleaded guilty to fraud in April.

"Individuals who use fraud and deceit to obtain federal funds should understand the consequence," U.S. Attorney Alice Martin said.

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Whitt posed as a Hurricane Katrina evacuee, stole another woman's identity and forged her name to receive $2,000 in disaster relief funds, authorities said. She was charged with mail fraud, theft of government property and issuing a forged U.S. Treasury check.

FBI Duty In Slaying Trial Of 4 Disputed (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, August 18, 2006

US seeks dismissal of negligence suit

A Justice Department lawyer argued yesterday that the FBI had no duty to share evidence with state prosecutors that might have prevented the wrongful conviction of four men for a 1965 gangland murder in Chelsea.

``We would submit there is no obligation on the part of the FBI to transmit its internal memos to local authorities," said the lawyer, Mary M. Leach, insisting that state authorities -- and not the FBI -- were responsible for the prosecution.

The government urged a US judge to dismiss a negligence suit filed against the federal government by Joseph Salvati and Peter Limone , who both spent more than 30 years in prison before they were exonerated in 2000 of killing Edward ``Teddy" Deegan.

The families of Henry Tameleo and Louis Greco, who both died in prison before being vindicated, shouldn't be allowed to sue at all , the government argued .

``I think it's wrong," said Limone, 72, who attended yesterday's hearing with his wife and other family members. He said the FBI should have turned over all of its evidence. Salvati, who attended the hearing with his wife, Marie, let his lawyers speak for him.

``If you have information that people are innocent, you come forward with it," said Salvati's lawyer, Victor Garo, calling the federal governent's conduct in the case ``outrageous."

US District Judge Nancy Gertner took the government's request under advisement, but questioned how the FBI could claim no liability when its agents failed to tell state prosecutors about wiretaps and informant information that suggested the four men were being framed for the slaying by Joseph ``The Animal" Barboza, a Mafia hitman who had turned government witness.

After recruiting Barboza as a witness and using him in other trials against local Mafia leaders, FBI agents failed to tell state prosecutors during the 1968 trial of Salvati, Limone, and the others that they had evidence that Barboza was lying to protect Vincent ``Jimmy" Flemmi, who was alleged to be one of Deegan's killers.

Flemmi, who died in 1979 of a drug overdose in prison, was the brother of longtime FBI informant Stephen ``The Rifleman" Flemmi, who is now serving a life sentence for 10 murders.

It was revealed in court yesterday that Vincent Flemmi became an FBI informant on March 12, 1965 -- the same day that Deegan, a petty thief suspected of stealing from local mobsters, was gunned down in a Chelsea alley.

A state judge overturned the convictions of Salvati and Limone after a Justice Department Task Force investigating the FBI's handling of informants discovered long-secret FBI files that indicated Barboza may have framed the pair, along with the deceased Tameleo and Greco.

The documents were not turned over to defense lawyers at the time of the trial.

Boston lawyer Michael Avery, who represents the plaintiffs, argued yesterday that the FBI deliberately withheld information from state prosecutors so the government could continue using Barboza as a witness, and to protect both Flemmi brothers, who were FBI informants.

Avery accused the FBI of forming an alliance with Barboza, the Flemmis, and other informants to infiltrate the Mafia that was ``improper, illegal, and immoral," and that state authorities were unaware of.

Avery disputed the Justice Department assertion that FBI agents shared some information about Vincent Flemmi's possible involvement in Deegan's slaying with Chelsea police.

While bugging the Providence office of the New England Mafia boss, Raymond L.S. Patriarca, in 1965, the FBI overheard Patriarca giving Barboza and Vincent Flemmi permission to kill Deegan, according to documents filed in court.

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The FBI had also received information from informants implicating Barboza and other men -- not Salvati, Limone, Greco, or Tameleo -- in the slaying.

And when Barboza agreed to become a witness for the FBI, he told agents that he wouldn't say anything to hurt his best friend, Vincent Flemmi.

Yet, according to court records, none of that information was turned over to state prosecutors.

Leach argued that Jack Zalkind, the Suffolk prosecutor who handled the Deegan case, conducted an independent investigation and made his own decision to prosecute Salvati and the others. She said the FBI agents did not know Barboza lied.

But Gertner said that Zalkind made his decision based on a ``tainted record," without the benefit of information buried in the FBI files that suggested the men were innocent.

Phoenix Police Took A Page From D.C. Sniper Case (WT)

By Gary Emerling

The Washington Times, August 18, 2006

Lessons learned from the Washington-area sniper shootings helped Phoenix authorities track down the two men arrested in connection with a series of similar killings that terrorized residents for the past year.

"What they've developed from [the D.C. sniper case], we've been garnering that information," said Sgt. Andy Hill, a spokesman for the Phoenix Police Department. "You have to learn from those other things. And I'm sure that after these cases, others will learn and glean from what we did."

Police on Aug. 3 arrested Dale Hausner, 33, and Samuel Dieteman, 30, in connection with 37 random shootings that killed seven and injured 17 in the Phoenix metropolitan area.

In the 2002 sniper spree, John Allen Muhammad and Lee Boyd Malvo were linked to 13 shootings, including 10 fatal, in the D.C. area. Muhammad, 45, was found guilty of several of the murders and has received the death penalty. Malvo, 21, was also found guilty of murder and is serving a life sentence.

The task force assembled to investigate the killings in Phoenix was similar to the one formed in Montgomery County in 2002 -- consisting of local police departments and federal agencies such as the FBI; Immigration and Customs Enforcement; and the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Thomas Mangan, a spokesman for the ATF's Phoenix field office, said the agency sent six agents, analysts and a technical support staff that had worked the D.C. sniper case.

"What we had learned and gleaned from the [D.C.] sniper case was to integrate a process to coordinate and track those leads and to see if there were patterns or nuggets of information you could glean," Mr. Mangan said. "That piece of fragmented information may marry up with calls that might have been received days earlier."

Authorities eventually placed Mr. Dieteman under surveillance after several tips from the public.

Mr. Mangan said task force officials stressed the importance of controlling information released to the public and properly briefing operators of tip lines.

In the D.C. sniper case, press coverage resulted in the faulty lead that the shooters drove a white van.

Boastful phone calls made by Malvo to a tip line helped solidify him and Muhammad as the shooters. And calls to the line resulted directly to the capture of the snipers.

Charles A. Moose, the former Montgomery County police chief who led the task force investigating the D.C. sniper shootings, has declined to comment on the comparisons. He is now enrolled in the Honolulu Police Department recruit academy.

The Phoenix shooting spree also sparked analysts' comparisons to the Washington-area sniper shootings.

James Alan Fox, professor of criminal justice at Northeastern University in Boston and author of "Extreme Killing: Understanding Serial and Mass Murder," said the cases are not identical, but there is the striking similarity of both having two men who had a relationship.

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In the D.C. case, he said, Muhammad was a loser-turned-mentor to the wayward Malvo. In the Phoenix spree, Mr. Hausner -- who has said the shootings were the sole work of Mr. Dieteman -- took in Mr. Dieteman as a roommate after learning he had no place to stay.

"Part of their shooting spree is a very perverse form of male bonding," Mr. Fox said. "For those who shoot partly for the thrill, for the sport, having a teammate intensifies the pleasure of the game."

DNA Links 2 Women To Dead Men (LAT)

By John Spano

The Los Angeles Times, August 18, 2006

Armed with fresh DNA evidence, prosecutors took two elderly women into custody today for befriending, insuring and then allegedly murdering two homeless men for $2.2 million in death benefits.

Investigators said biological evidence taken from a car linked to the women, which was allegedly used to run down one of the victims, contained traces of his DNA.

"Our tests of biological material came back positive [to Kenneth McDavid, one of the victims] with a degree of certainty beyond a number that I can count to," said LAPD Lt. Paul Vernon.

Helen Golay, 75, appeared in Los Angeles County Superior Court this morning wearing a blue jacket over a striped blouse, with her hair parted down the middle. She appeared animated as she consulted with her lawyer, Roger Jon Diamond.

Co-defendant Olga Rutterschmidt, 73, remained seated through most of the hearing, at which Los Angeles County Superior Court Commissioner James N. Bianco ordered their arraignment delayed until Aug. 29.

Prosecutors could seek the death penalty against the pair in the deaths of Paul Vados, 73, who was covered by more than a dozen life insurance policies when he was run down by a car on La Brea Avenue in 1999, and McDavid, 50, who was covered by 23 policies when he was run down and killed by an automobile.

"We will not make a decision on whether to seek the death penalty until the case moves closer to trial. Generally, this is done after a defendant is held to answer at a preliminary hearing or has been indicted," said Sandi Gibbons, spokesperson for Los Angeles County Dist. Atty. Steve Cooley.

Both women have been in custody without bond since May, when federal authorities charged them with trying to defraud insurance companies. Diamond said the lesser federal charges were dismissed this week as federal investigators stepped aside for the more serious state murder charges.

Key evidence in the case is matching DNA found on a silver Mercury Sable station wagon to McDavid.

"We found tissue in three locations on the undercarriage of the car," said LAPD Det. Dennis P. Kilcoyne. "We have records to show both women bought this car in 2004, then they stored it at Golay's house."

Police believe the women "drugged them with pills or alcohol first, then ran over them," Kilcoyne said.

Diamond said his client is innocent.

The evidence proves "that there was an accident involving McDavid," Diamond said. "It doesn't show who was driving the vehicle. Neither lady was driving the vehicle. It was a hit and run. No one knows who was driving."

Diamond is seeking permission to represent Golay in the murder case. He said federal agents seized $1.2 million of her assets when she was arrested her in May and said she now lacks funds to pay for her defense.

CIVIL LAW:

Judge's Ruling Slams Big Tobacco (USAT)

By Edward Iwata

USA Today, August 18, 2006

In a sweeping condemnation of Big Tobacco, a federal judge Thursday agreed with the government that leading tobacco companies conspired to break anti-racketeering laws and deceive the public about the health risks of smoking for about 50 years.

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But the judge also said federal law did not permit her to order the companies to pay $14 billion for stop-smoking campaigns, as federal prosecutors had sought.

That could have crippled the industry's major players, already hurt by dwindling numbers of smokers and foreign competition.

The Justice Department's seven-year case against Phillip Morris USA and its parent company Altria Group, R.J. Reynolds Tobacco, Brown & Williamson Tobacco, British American Tobacco, Lorillard Tobacco and Liggett Group was one of the largest in the agency's history.

In a 1,650-page ruling, U.S. District Judge Gladys Kessler blasted the companies for selling "a highly addictive product" that leads to "a staggering number of deaths per year, an immeasurable amount of human suffering and economic loss, and a profound burden on our national health care system."

Among other remedies, the judge ordered the companies to stop making false statements about the health effect of cigarettes, to stop stating that cigarettes advertised with descriptions such as "light," "low-tar," "mild," and "natural" are less hazardous than other types and to run "corrective statements" about the health risks of cigarettes on TV, in newspapers and retail store displays.

Mark Smith, an R.J. Reynolds spokesman, told the Associated Press the company was "gratified that the court did not award unjustified and extraordinarily expensive monetary penalties," but disappointed that Kessler found the firms had engaged in conspiracy.

Anti-tobacco groups hailed the decision.

"Judge Kessler has found that we've got a rogue industry in this country," said William Corr, executive director of the Campaign for Tobacco-Free Kids.

"Judge Kessler held that this 50 years of broad deception by the tobacco industry is akin to organized crime," said Kathy Meyer, an attorney for the groups.

Prosecutors originally had sought penalties of $280 billion — the companies' profits since the 1950s. But the U.S. Court of Appeals in Washington, D.C., last year blocked the move.

Anti-tobacco groups, including the American Cancer Society and the American Heart Association, also wanted remedies that included health treatment services and public education and marketing campaigns for youths.

Cigarette Companies Escape Major Financial Penalty In Suit (WSJ)

By Vanessa O'connell, Mark H. Anderson And Gary Fields

The Wall Street Journal, August 18, 2006

A federal judge overseeing the government's landmark lawsuit against the tobacco industry ruled that the cigarette companies violated racketeering laws by deceiving the public about the dangers of tobacco but said she didn't have the authority to order major financial remedies.

The 1,653-page ruling, which followed a nine-month trial that ended more than a year ago, is a mixed one for the tobacco industry. For most companies, a finding from a federal judge that they were racketeers would be a stinging blow. But cigarette companies have seen their image tarnished for years, and their efforts to hide the risks of smoking are well known.

As a result, the lawsuit's impact depended in part on whether U.S. District Judge Gladys Kessler would levy a significant penalty as punishment. The government had at one point requested a penalty of as much as $280 billion, though during the trial it scaled the request back to roughly $14 billion for smoking-cessation programs and antismoking advertising.

But Judge Kessler's reluctance to impose any penalty, which stems in part from an earlier appeals-court ruling mandating that remedies must be forward-looking, is a major reprieve for the industry. "I think that the government came out short," says Jonathan Turley, professor at George Washington University Law School. "The judge essentially told the government lawyers the industry is every bit as bad as you say it is, but my hands are tied in what remedies I can award in response."

The outcome did illustrate the major change in the litigation landscape for cigarette makers, which just a few years ago were dealing with concerns about their viability. Last month, cigarette makers scored a major legal triumph as the Florida Supreme Court upheld a lower-court decision tossing out a $145 billion class-action award against tobacco companies, saying

the award -- the largest punitive-damages award ever -- was "excessive as a matter of law." That decision alone could chill plaintiff lawyers' attempts to bring the industry to its knees through class actions.

In her decision, in the District of Columbia, Judge Kessler did order the major cigarette companies to abandon terms such as "light" or "low tar" and to admit they lied about the harmful effects of smoking cigarettes and to warn consumers in advertisements and packaging that tobacco is addictive. The order requires the tobacco companies to take out full-page newspaper ads in the weekend editions of about 35 major U.S. papers. However, she elected not to include industry-funded smoking-cessation and -education programs that would have cost billions.

The decision paves the way for Altria Group Inc., parent to Philip Morris USA, to spin off its 88.1% stake in Kraft Foods Inc. Investors have been clamoring for such a transaction, arguing it would help unlock additional value. The company has a board meeting Aug. 30, and a decision could come as soon as then.

"Altria's board has this window now where there are no major class actions that would prevent them from doing [a restructuring], and the intention is to do it right away," says David Dreman of Dreman Value Management LLC, which recently owned 16.2 million Altria shares "This encourages them to keep moving and to break the company into two or three parts."

Tobacco stocks, which have been on a tear thanks in part to the industry's winning streak against private lawsuits, gained in after-hours trading. Altria, whose shares have risen 70% in the past two years, rose 3.2% to $83.30; and Reynolds American Inc. rose 2.2% to $65.49.

"It's not the recovery for the federal treasury that the Clinton administration hoped for, but the wide-ranging relief she awarded vindicates the government's effort," says Paul M. Honigberg, a partner at Blank Rome LLP and a former member of the Justice Department's tobacco-litigation team.

The ruling accepted the government arguments about nicotine manipulation and the harmful effects of second-hand smoke, Mr. Honigberg added. "I would say that Judge Kessler was convinced that the government proved its case and that she awarded all the relief that she could consistent" with an earlier decision by the appellate court limiting the available remedies in the case.

Melanie Sloan, executive director of the Citizens for Responsibility and Ethics in Washington, said the value of yesterday's ruling might come in private litigation with individuals using it as ammunition in their cases. "This is an opinion that could have precedential value in future cases," she said. "But when you come down to flat-out dollars, it's not the worst thing that could happen to the companies."

However, Mr. Turley, the law professor, said that because the case was a huge investment by the government that didn't pay off, plaintiff lawyers may no longer view tobacco companies as particularly attractive targets. One exception could be the growing number of class-action cases alleging fraudulent marketing of "light" cigarettes. "That will remain a long term liability though it is finite because the industry has changed a lot of the marketing approaches that led to these claims," Mr. Turley said.

"We are gratified that the court did not award the unjustified and extraordinarily expensive monetary penalties sought by the government," said Mark Smith, a spokesman for Reynolds American, the Winston-Salem, N.C., maker of Kool and Camel cigarettes. "We are disappointed that she found for the plaintiffs on the underlying claim and ordered some injunctive relief. We are going to analyze the lengthy ruling and decide our next course of action," Mr. Smith said.

Altria said it will appeal the ruling. "Philip Morris USA and Altria Group Inc. believe much of today's decision and order are not supported by the law or the evidence presented at trial, and appear to be constitutionally impermissible or infringe on Congress' sole right to provide for the regulation of tobacco products," William Ohlemeyer, an Altria vice president, said in a statement.

The lawsuit began in 1999 when Justice Department lawyers alleged under civil racketeering laws that cigarette makers engaged in a five-decade scheme to defraud the public on the dangers of smoking, and originally sought $280 billion in disgorgement to prevent future fraud.

The suit was in trouble almost from the beginning, struggling for funding. In 2000, then-Attorney General Janet Reno had to transfer funds from other Justice Department accounts to fund the cost of the lawsuit after Congress appropriated practically none of the $20 million she had requested for the litigation that year.

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The tobacco industry later won a major component of the case when a panel of the District of Columbia Circuit Court of Appeals limited the government's ability to collect up to $280 billion in financial remedies from the industry.

In a statement, the Justice Department said it was "pleased with the Court's finding of liability on the part of the defendants, but disappointed that the Court did not impose all of the remedies sought by the government. Nevertheless, we are hopeful that the remedies that were imposed by the Court can have a significant, positive impact on the health of the American public."

New Limits Set Over Marketing For Cigarettes (NYT)

By Philip Shenon

The New York Times, August 18, 2006

WASHINGTON, Aug. 17 — A federal judge ordered strict new limitations on tobacco marketing on Thursday after finding that cigarette makers deserved to be punished for a decades-old conspiracy to deceive the public about the dangers of smoking.

The deception, Judge Gladys Kessler of Federal District Court for the District of Columbia said, resulted in "an immeasurable amount of human suffering."

But in her ruling here in a racketeering suit brought by the Justice Department against the industry, Judge Kessler also had good news for the leading tobacco companies.

Judge Kessler ordered the companies to stop labeling cigarettes as "low tar" or "light" or "natural" or with other "deceptive brand descriptors which implicitly or explicitly convey to the smoker and potential smoker that they are less hazardous to health than full-flavor cigarettes."

She rejected a government proposal that the industry be forced to underwrite a multibillion-dollar program to help smokers quit and to educate young people about the hazards of tobacco. Judge Kessler said that under a recent appeals court ruling she had no power to impose such large financial damages.

The judge said she regretted not being able to punish the companies further.

Her ruling said they were shown in a nine-month trial to have "marketed and sold their lethal product with zeal, with deception, with a single-minded focus on their financial success and without regard for the human tragedy or social costs that success exacted."

Her 1,742-page decision amounted to a detailed history of the efforts of the industry — and, notably, its lawyers — over almost 50 years to confuse the public about a danger that was evident to the health professions.

Cigarette makers, the judge said, profit from "selling a highly addictive product which causes diseases that lead to a staggering number of deaths per year, an immeasurable amount of human suffering and economic loss and a profound burden our national health care system."

Although the failure to impose tougher penalties disappointed antitobacco groups, the decision could force tobacco companies to overhaul some ways of doing business, especially in marketing and advertising cigarettes and other tobacco products.

Judge Kessler also ordered the companies to begin an advertising campaign in newspapers and on television networks on "the adverse health effects of smoking."

The remedies apply to Batco; Brown & Williamson; Lorillard; Philip Morris and its parent, Altria; and R. J. Reynolds, part of Reynolds American. Another defendant, Liggett, was excluded. The judge said it did "not have a reasonable likelihood of future violations."

The Justice Department, which brought the case in 1999 in the Clinton administration and had seemed less eager to pursue it under President Bush, said in a statement it was disappointed that the court did not impose all of the penalties the department had recommended.

But the department said that it was "hopeful that the remedies that were imposed by the court have a significant, positive impact on the health of the American people.''

In a statement on Thursday night, William S. Ohlemeyer, an Altria vice president and lawyer, said the companies believed that many parts of the decision were "not supported by the law or the evidence presented at trial, and appear to be constitutionally impermissible or infringe on Congress' sole right to provide for the regulation of tobacco products."

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Wall Street analysts hailed the case as a big victory for the companies. "There's nothing in this ruling that is going to hurt the profitability of the businesses," said David Adelman, an analyst at Morgan Stanley.

Mr. Adelman said the ruling threw into question the fate of major brands like Marlboro Lights and Camel Lights. Sales of light brands constitute more than 50 percent of the cigarette market in the United States, according to Mr. Adelman.

Analysts also said they believed that the companies had strong legal grounds for a successful appeal.

"The likelihood that the 'light' issue ends here is low," said Marc Greenberg, an analyst at Deutsche Bank. "I think this will get appealed to D.C. Circuit Court of Appeals, and there may even be issues here for the Supreme Court."

William V. Corr, executive director of the Campaign for Tobacco-Free Kids, an antismoking group linked to the government suit, said he had hoped for tougher penalties. But Mr. Corr said he was pleased that that the judge had identified the tobacco companies as a "rogue industry" that was guilty of "50 years of lying to the American people."

Mr. Adelman said he did not think that the companies would be damaged by the finding that they were deceptive. "This industry is not a bunch of Boy Scouts," he said. "It's an industry that was not well regarded by the public, anyway. So I don't think there are significant public relations or legal ramifications from the decision."

The decision was issued after American stock markets had closed. In early after-hours trading, the stocks of Altria, Reynolds American and other tobacco makers rose.

Among the companies named in the suit, Altria, the country's largest maker of cigarettes, stands to gain the most, as the ruling clears the way for a much anticipated spinoff of its Kraft Foods unit.

The Associated Press reported that a spokesman for Reynolds, Mark Smith, said executives were "gratified that the court did not award unjustified and extraordinarily expensive monetary penalties."

Mr. Smith said Reynolds was disappointed by other parts of the ruling, which its lawyers will analyze before suggesting action.

Representatives at Brown & Williamson did not return calls.

Before the ruling, tobacco companies had won a string of victories in cases involving the dangers of smoking. Last month, the Florida Supreme Court upheld a decision to toss out a $145 billion judgment in a class-action suit. In December, the Illinois Supreme Court threw out a similar $10 billion judgment against Philip Morris.

Cigarette makers have argued that it was unfair for the federal government to seek additional penalties in light of their $246 billion settlement in 1998 with state governments.

The federal case dates from 1999, when President Bill Clinton promised in his State of the Union address to unleash the Justice Department to bring a civil racketeering suit against tobacco manufacturers. The suit filed that year was one of the government's largest in the scope of charges and the resources devoted to it, accusing cigarette makers of decades of fraud, deceptive advertising and dangerous marketing.

But the election of Mr. Bush, a major recipient of campaign donations from the industry, brought a re-examination of the case. John Ashcroft, the new attorney general, called the suit weak and pushed for an out-of-court settlement.

Career prosecutors working on the case protested a Justice Department decision last year to scale back its request for the companies to finance the national stop-smoking campaign, to $10 billion from $130 billion.

The department said it was forced to reduce the amount because of an appeals court decision last year that blocked the department from trying to seize ill-gotten profits from the tobacco industry's past practices. At the time, Judge Kessler said the appeals court decision was a "body blow to the government's case."

Big Tobacco Lied To Public, Judge Says (WP)

By Henri E. Cauvin And Rob Stein

The Washington Post, August 18, 2006

A federal judge ruled yesterday that tobacco companies have violated civil racketeering laws, concluding that cigarette makers conspired for decades to deceive the public about the dangers of their product and ordering the companies to make landmark changes in the way cigarettes are marketed.

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But U.S. District Judge Gladys Kessler said that under a 2005 appellate court ruling, she could not impose billions of dollars in penalties that had been sought by the Justice Department in its civil racketeering suit against the eight defendant tobacco companies.

All she could do, she said, was try to deter future illegal acts by the companies, and to that end, she ordered them to stop using terms such as "low tar," "light" and "mild" and to undertake a massive media campaign in an effort to correct years of misrepresentations.

It is a penalty that will cost the industry millions of dollars -- a fraction of the cost of sanctions the companies faced at the outset of the case, when the Justice Department sought $280 billion from the industry.

In the opinion, which runs 1,742 pages and was more than a year in the drafting, Kessler wrote that there is "overwhelming evidence" of most of the charges leveled at the industry -- that it conspired to violate, and indeed violated, federal racketeering laws.

"In short," she wrote, "defendants have marketed and sold their lethal product with zeal, with deception, with a single-minded focus on their financial success, and without regard for the human tragedy or social costs that success exacted."

Tobacco company officials indicated that they will appeal at least parts of the decision. David Howard, a spokesman for R.J. Reynolds Tobacco Co., said the judge was wrong. "We are disappointed and disagree with the judge's ruling," he said.

At the same time, Howard said, the firm is "gratified that the court did not award any unjustified and extraordinarily expensive monetary penalties that had been sought by the government."

Long-awaited, the ruling was a significant, if incomplete, victory for the government and for anti-smoking advocates.

"It's an historic decision of major importance," said David A. Kessler of the University of California at San Francisco, who as commissioner of the Food and Drug Administration during the Clinton administration led an unprecedented effort to regulate tobacco in the same way that agency places controls on some drugs.

"It ends any debate about what the industry knew and what they did for decades," said Kessler, who is not related to the judge. "This was the greatest conspiracy to put the public's health at risk, and this decision makes that exceptionally clear."

In a statement, the Justice Department said officials were "pleased" with the decision to find the industry liable, but "disappointed that the Court did not impose all of the remedies sought by the government. Nevertheless, we are hopeful that the remedies that were imposed by the Court can have a significant, positive impact on the health of the American public."

Eight years ago, the industry agreed to pay states $246 billion in compensation for the public money spent on treating the health effects of smoking. A year later, the Justice Department filed its racketeering suit in federal court. Anti-tobacco activists predicted that government and private litigation would ultimately cripple the industry.

But after yesterday's decision, and last month's Florida Supreme Court decision overturning a $145 million judgment against tobacco makers, some said the industry may not be as threatened as it once appeared to be.

"This was the last big, really major case against the industry. Individual smokers will continue to sue, but that's going to amount to static. I don't think there's going to be another big case like this," said Mary Aronson, a tobacco litigation analyst in Washington.

But other experts said the industry is not yet out of the woods. If the decision is appealed by either side, and the appeals court limits on the penalties are overturned, Kessler's decision could provide the groundwork for imposing staggering fines.

"If it's appealed, and the government wins its remedies, then this will hit the industry," said G. Robert Blakey of Notre Dame Law School.

William B. Schultz, who as a deputy assistant attorney general in the Clinton administration oversaw the early stages of the case, said Kessler's ruling was nevertheless an unquestioned blow to the industry.

"It's the first time that a court has granted broad injunctive relief against the tobacco industry," he said.

The Justice Department lawsuit originally sought $280 billion in what the government argued were the tobacco industry's ill-gotten gains from the marketing of a harmful, addictive product.

But the U.S. Court of Appeals for the District of Columbia Circuit ruled that, under federal civil racketeering law, a company could not be forced to turn over past profits as a way of preventing future misconduct.

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The Justice Department subsequently proposed a $130 billion penalty to pay for anti-smoking programs, but as the nine-month trial came to a close last summer, it scaled that back to a total of $14 billion -- $10 billion to help people quit smoking and $4 billion to educate the public about the risks of smoking.

Critics inside and outside the department saw the huge cut in the proposed remedy as part of a political effort to insulate the companies from a larger penalty.

In the end, Kessler said, the government proved that the tobacco companies engaged in a massive scheme to defraud the public.

"Put more colloquially and less legalistically, over the course of more than 50 years, defendants lied, misrepresented and deceived the American public, including smokers and the young people they avidly sought as 'replacement smokers,' about the devastating health effects of smoking and environmental tobacco smoke," she wrote.

Kessler added that the companies "suppressed research, they destroyed documents, they manipulated the use of nicotine so as to increase and perpetuate addiction . . . and they abused the legal system in order to achieve their goal -- to make money with little if any regard for individual illness and suffering, soaring health costs, or the integrity of the legal system."

Kessler said she intends to keep a careful watch on an industry whose product, she said, leads to "a staggering number of deaths per year, an immeasurable amount of human suffering and economic loss, and a profound burden on our national health care system."

Not only will the companies have to abandon misleading terms such as "low tar" and publicly correct their previous misinformation, but they will have to provide the court with detailed marketing data for the next 10 years. Kessler ordered them to put "corrective statements" in advertisements in newspapers and on prime-time television, on their Web sites and on cigarette packs themselves.

The judge saved a few pointed comments for the lawyers who have represented the tobacco industry over the past 50 years.

"At every stage, lawyers played an absolutely central role in the creation and perpetuation of the Enterprise and the implementation of its fraudulent schemes," she wrote. They "hid the relationship between . . . witnesses and the industry; and they devised and carried out document destruction policies and took shelter behind baseless assertions of the attorney client privilege," the judge wrote.

"What a sad and disquieting chapter in the history of an honorable and often courageous profession."

Judge: Tobacco Firms Deceived Smokers (AP)

AP, August 18, 2006

WASHINGTON - A federal judge ruled Thursday that the nation's top cigarette makers violated racketeering laws, deceiving the public for years about the health hazards of smoking, but said she couldn't order them to pay the billions of dollars the government had sought.

U.S. District Judge Gladys Kessler did order the companies to publish in newspapers and on their Web sites "corrective statements" on the adverse health effects and addictiveness of smoking and nicotine.

She also ordered tobacco companies to stop labeling cigarettes as "low tar," "light," "ultra light" or "mild," since such cigarettes have been found to be no safer than others because of how people smoke them.

In her ruling, the judge said, "Over the course of more than 50 years, defendants lied, misrepresented and deceived the American public, including smokers and the young people they avidly sought as 'replacement smokers,' about the devastating health effects of smoking and environmental tobacco smoke (second-hand smoke)."

Kessler said that adoption of a national stop-smoking program, as sought by the government, "would unquestionably serve the public interest" but that she was barred by an appeals court ruling that said remedies must be forward-looking and not penalties for past actions.

The government had asked the judge to make the companies pay $10 billion for smoking cessation programs, though the Justice Department's own expert said $130 billion was needed.

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That reduction in recommended remedies led to accusations that Robert McCallum, an associate attorney general appointed by President Bush, had tried to weaken the case. However, an internal Justice Department investigation cleared him of wrongdoing, saying he was supporting a figure he thought could be sustained on appeal. McCallum currently serves as U.S. ambassador to Australia.

Kessler's decision came nearly a decade after the states reached legal settlements with the industry worth $246 billion and aimed at recovering health care costs. Those settlements imposed some restrictions on the industry, such as banning ads on billboards and public transportation.

In the federal case, tobacco companies had denied committing fraud and had said changes in how cigarettes are sold now make it impossible for them to act fraudulently in the future.

Mark Smith, a spokesman for R.J. Reynolds Tobacco Co., said company officials were "gratified that the court did not award unjustified and extraordinarily expensive monetary penalties."

At the same time, Smith said, the company was disappointed by Kessler's finding that the companies had conspired to violate federal law and deceive consumers. He said company lawyers would analyze the decision and decide a next course of action.

The Justice Department, which filed the lawsuit, expressed disappointment in Kessler's decision not to impose financial penalties against cigarette makers.

"Nevertheless, we are hopeful that the remedies that were imposed by the court can have a significant, positive impact on the health of the American public," the department said.

Sharon Eubanks, who recently stepped down as the head of the government's tobacco team said, "We won. It's clear the government won. This is the first time they've been found to violate the racketeering statute. For crying out loud, that's significant. They're racketeers."

The tobacco companies - except for one defendant, Liggett Group Inc. - were ordered to pay the government's cost for pursing the lawsuit. The government's costs, according to the most recent Justice Department estimate, were over $140 million.

The suit was first filed in 1999 under the Clinton administration. The Bush administration pursued it after receiving early criticism for openly discussing the case's perceived weaknesses and attempting unsuccessfully to settle it.

A separate court issued an interim ruling in the case last year, finding that civil racketeering laws did not permit the government to seek $280 billion from the companies for money they allegedly earned over many years through fraud.

During the trial, Kessler heard accusations that the companies established a "gentleman's agreement" in which they agreed not to compete over whose products were the least hazardous to smokers. That was to ensure they didn't have to publicly address the harm caused by smoking, government lawyers said. Tobacco lawyers denied the contention.

The defendants in the federal lawsuit were: Philip Morris USA Inc. and its parent, Altria Group Inc.; R.J. Reynolds Tobacco Co.; Brown & Williamson Tobacco Co.; British American Tobacco Ltd.; Lorillard Tobacco Co.; Liggett Group Inc.; Counsel for Tobacco Research-U.S.A.; and the now-defunct Tobacco Institute.

The only cigarette maker excluded from Kessler's ruling was Liggett.

Judge: Tobacco Firms Misled Public (RTD)

By Peter Hardin And John Reid Blackwell, TIMES-DISPATCH STAFF WRITERS

Richmond Times-Dispatch, August 18, 2006

But Philip Morris and other companies avoid major penalties

WASHINGTON -- Philip Morris USA and other tobacco companies broke U.S. racketeering law over five decades and deceived the public to "fill the coffers" with profits, a federal judge ruled yesterday.

But the companies escaped major penalties. U.S. District Judge Gladys Kessler, saying her hands were tied legally by an earlier appeals court opinion, did not order the industry to pay for any broad smoking-cessation or public education programs.

Kessler ordered the companies to publish in newspapers and on their Web sites corrective statements on the adverse health effects and addictiveness of smoking and nicotine. She did not order damage awards, while she said the government could recoup its costs for trying the case.

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The judge also ordered a ban on the tobacco companies using any descriptive terms that convey implicit health claims, saying cigarettes marketed with labels such as low tar, light and mild, are no less likely to be harmful than other cigarettes.

"This is a very good outcome for the industry," said law professor Jonathan Turley of George Washington University, who has tracked the case. The result "can only be viewed as a strategic loss for the government," he added, saying it finished with "more rhetorical than real victories."

The lawsuit alleged a five-dec- ade scheme by tobacco companies, including the largest cigarette-maker, Philip Morris USA, and its parent company, Altria Group, to hide the health dangers of smoking.

Altria Group Inc. said the company would seek a review of the ruling.

"Philip Morris USA and Altria Group, Inc. believe much of today's decision and order are not supported by the law or the evidence presented at trial, and appear to be constitutionally impermissible or infringe on Congress' sole right to provide for the regulation of tobacco products," said William S. Ohlemeyer, Altria Group vice president and associate general counsel.

"Moreover, the conclusion that PM USA and Altria are reasonably likely to engage in future wrongdoing is flawed in light of the profound and permanent changes in the way cigarettes are marketed today, including requirements imposed by agreements with the state attorneys general and other voluntary -- and irrevocable -- changes made by our companies," he said.

The Justice Department initially sought to force the tobacco companies to surrender $280 billion in profits the department alleged were ill-gotten. But a federal appeals panel threw out that legal tool last year.

The tobacco industry denied it conspired, or behaved fraudulently, and argued that the government endorsed, participated in and often regulated much of the actions addressed in the lawsuit.

Kessler disagreed sharply, writing that the tobacco companies over 50 years "lied, misrepresented, and deceived the American public, including smokers and the young people they avidly sought as 'replacement smokers,' about the devastating health effects of smoking and environmental tobacco smoke.

"They suppressed research, they destroyed documents, they manipulated the use of nicotine so as to increase and perpetuate addiction, they distorted the truth about low tar and light cigarettes so as to discourage smokers from quitting," Kessler wrote.

The industry "abused the legal system in order to achieve their goal -- to make money with little, if any, regard for individual illness and suffering, soaring health costs, or the integrity of the legal system," Kessler wrote.

Both sides found something to applaud and something to lament in the more than 1,600-page opinion in the case, titled U.S.A. v. Philip Morris USA Inc. et al. Brought in 1999 during the Clinton administration, the case led to the largest-ever civil racketeering trial. It took eight months and ended in June 2005.

"We are pleased with the court's finding of liability on the part of the defendants, but disappointed that the court did not impose all of the remedies sought by the government," the Justice Department said in a statement.

"Nevertheless, we are hopeful that the remedies that were imposed by the court can have a significant, positive impact on the health of the American public."

William V. Corr, executive director of the Campaign for Tobacco-Free Kids, applauded what he called Kessler's labeling the tobacco companies as racketeers and a rogue industry.

But he said he was deeply disappointed that Kessler felt constrained from not taking broader steps to prescribe fixes, or legal remedies, and he called on the Bush administration to appeal that part of Kessler's decision.

Similarly Rep. Henry A. Waxman, D-Calif., an ardent tobacco foe, said in a statement the decision "confirms . . . Big Tobacco's conspiracy of lies" but "falls far short of imposing real, comprehensive remedies" and the government should appeal.

Legal experts said the case could be appealed all the way to the U.S. Supreme Court.

Law professor Carl Tobias of the University of Richmond said the lack of monetary damages seems to take the sting out of the ruling, but the judge's finding that the companies violated the racketeering statute is very serious.

"I think the companies are likely to resist that, so it is certainly something they would want to appeal," Tobias said.

During the trial, one of the government's witnesses proposed a 25-year nationwide smoking-cessation program that would have cost the industry $130 billion.

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But the government, stirring controversy, ultimately reduced its claim to $10 billion over five years for a smoking-cessation program and $4 billion over 10 years for a public-education campaign.

The lawsuit filed by the government alleged the conspiracy started at New York City's Plaza Hotel on Dec. 15, 1953, when tobacco executives began cooking up a public-relations plan in response to a Sloan-Kettering Institute report linking cigarette smoke and cancer in mice.

In addition to Philip Morris USA Inc. and Altria Group Inc., defendants named in the suit are: R.J. Reynolds Tobacco Co.; Brown & Williamson Tobacco Co.; British American Tobacco Ltd.; Lorillard Tobacco Co.; Liggett Group Inc.; Counsel for Tobacco Research-U.S.A.; and the now-defunct Tobacco Institute.

The only cigarette-maker that Kessler excluded from her ruling was Liggett, which she said broke ranks with the tobacco industry in 1996.

The Associated Press contributed to this report.

Contact Washington correspondent Peter Hardin at phardin@mediageneral.com or (202) 662-7669.

Contact staff writer John Reid Blackwell at jblackwell@timesdispatch.com or (804) 775-8123.

Judge Finds Tobacco Racketeering (CNN)

CNN.com, August 18, 2006

Kessler: Defendants 'deceived the American public'

WASHINGTON (CNN) -- U.S. District Judge Gladys Kessler ruled Thursday that the tobacco industry engaged in a decades-long racketeering enterprise that conspired to hide the dangers of smoking.

In a 1,653-page ruling, Kessler ordered tobacco makers to buy newspaper ads detailing smoking's health effects and to stop using such descriptors as "low tar," "light," ultra light," "mild" or "natural" that might imply that they are less dangerous than other cigarettes.

Kessler wrote: "Over the course of more than 50 years, defendants lied, misrepresented, and deceived the American public, including smokers and the young people they avidly sought as 'replacement smokers,' about the devastating health effects of smoking and environmental tobacco smoke."

"They suppressed research, they destroyed documents, they manipulated the use of nicotine so as to increase and perpetuate addiction, they distorted the truth about low-tar and light cigarettes so as to discourage smokers from quitting, and they abused the legal system in order to achieve their goal -- to make money with little, if any, regard for individual suffering, soaring health costs, or the integrity of the legal system," Kessler wrote.

But, citing constraints imposed by a February 2005 appeals court ruling that disallowed penalties for past conduct, Kessler did not order the companies to pay for smoking-cessation programs that the Justice Department had sought.

"We are pleased with the court's finding of liability on the part of the defendants, but disappointed that the court did not impose all of the remedies sought by the government," the Justice Department said in a written statement.

"Nevertheless, we are hopeful that the remedies that were imposed by the court can have a significant, positive impact on the health of the American public."

A statement from Philip Morris USA said it will appeal the decision.

"Philip Morris USA and (parent company) Altria Group, Inc. believe much of today's decision and order are not supported by the law or the evidence presented at trial, and appear to be Constitutionally impermissible or infringe on Congress' sole right to provide for the regulation of tobacco products," said William S. Ohlemeyer, Altria Group vice president and associate general counsel, in the statement.

It has not been decided, he said, whether the companies will appeal to the trial court or the U.S. Circuit Court of Appeals for the District of Columbia.'Critically important'

Ed Sweda, of the Tobacco Products Liability Project, an anti-tobacco group based at Northeastern University School of Law in Boston, said he was particularly pleased about the ruling on "light" cigarettes.

"That's critically important, since roughly 80 percent of U.S. smokers smoke cigarettes in that category," he said.

He predicted that the Justice Department would now appeal the appeals court ruling, based on past conduct.

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Kessler said the conspiracy dates back to 1953, when a group of tobacco companies met together at the Plaza Hotel in New York City and devised a public relations plan to counter health concerns associated with smoking.

Kessler said that, even after the 1964 U.S. Surgeon General's report linking smoking to lung cancer, tobacco companies continued "to falsely deny and distort the serious health effects of smoking."

As late as last year, she wrote, the defendants still did "not admit the serious effects of smoking which they recognized internally decades ago."

Citing internal industry documents, Kessler said the industry knew that nicotine was addictive, but publicly denied it "and continue(s) to do so."

In addition, she said, the defendants "concealed and suppressed research data and other evidence that nicotine is addictive."

She added that the companies "have falsely denied that they can and do control the level of nicotine delivered in order to create and sustain addiction" and worked on ensuing that "all cigarettes delivered doses of nicotine adequate to create and sustain addiction."

They do so, she wrote, by altering the chemical form of nicotine delivered in smoke and by changing cigarette filters' design and paper porosity and composition.

Kessler faulted the industry for marketing to youth, concluding that "independent studies have found that marketing is a substantial contributing factor to youth smoking initiation."

Though the industry has said that it does not want children to smoke, Kessler said the companies tracked youth behavior and preferences, thereby ensuring that "marketing and promotion reaches youth."

In addition, she said, the companies still use marketing themes intended to resonate among youths, advertise in youth-oriented publications and continue price promotions that lure young people to their products.

She described the companies' youth smoking prevention programs as "not designed to effectively prevent youth smoking."Second-hand smoke

Kessler also faulted the industry for denying publicly that second-hand smoke was dangerous when its own internal documents acknowledged that to be true.

The case dates back to 1999, when the Justice Department, under the Clinton administration, accused the tobacco industry of racketeering as part of a coordinated plan to deceive the public about the negative health effects of smoking.

The Bush administration continued to press the charges in the lawsuit, but rolled back the proposed remedies and punishment for the alleged activity.

The industry is on record as denying wrongdoing, and asserting their marketing has changed to preclude any chance of wrongdoing.

But Kessler disagreed.

"In short, defendants have marketed and sold their lethal product with zeal, with deception, with a single-minded focus on their financial success, and without regard for the human tragedy or social costs that success exacted."

Kessler reserved special criticism for lawyers, saying they "played an absolutely central role in the creation and perpetuation of the enterprise and the implementation of its fraudulent schemes."

The defendants were: Philip Morris USA Inc. and its parent, Altria Group Inc.; R.J. Reynolds Tobacco Co.; Brown & Williamson Tobacco Co.; British American Tobacco Ltd.; Lorillard Tobacco Co.; Liggett Group Inc.; Counsel for Tobacco Research-U.S.A.; and the Tobacco Institute, which no longer exists.

Liggett was excluded from Kessler's ruling.

Tobacco Companies 'deceived Smokers' (FT)

By Lauren Foster In New York

Financial Times, August 18, 2006

Altria Group, parent of the Philip Morris tobacco companies, moved closer to spinning off its Kraft Foods unit after a federal judge ruled it had lied about the consequences of smoking but decided against imposing significant financial penalties.

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In a 1,652 page opinion released on Thursday, Judge Gladys Kessler ruled the largest US cigarette companies violated anti-racketeering laws and ordered them to make corrective statements about the health effects and addictiveness of smoking. She also banned them from using terms describing cigarettes in ways that convey health claims.

"Cigarette smoking causes disease, suffering, and death," Judge Kessler said. "Despite internal recognition of this fact, defendants have publicly denied, distorted, and minimised the hazards of smoking for decades."

The judge stopped short of ordering the companies to fund a big anti-smoking campaign, as the government wanted.

Analysts have said Altria was holding off on a Kraft spin-off because of uncertainties over the judge's ruling and any remedies that might be imposed.

The DoJ suit, which dates back to 1999, alleged that the tobacco industry violated the Racketeer Influenced and Corrupt Organizations Act (RICO) by conspiring for decades to mislead the public about the dangers of smoking.

"The defendants will now be referred to as adjudicated racketeers and that status will undermine their public relations campaign of portraying themselves as responsible corporate citizens," said Ed Sweda, senior attorney for the Tobacco Products Liability Project at Northeastern University School of Law in Boston.

The DoJ suit is considered the last major legal hurdle before the Altria board announces the beginning of the break-up of the company into two or three stand-alone entities. The board is due to hold its next regular meeting on August 30.

"This is a home run for the tobacco industry, except for the part where they have to admit to the American people that they were lying for many years," said Anthony Sebok, professor at Brooklyn Law School. "It's a moral victory for the government, but not a decision with much financial consequence."

Both sides could now appeal to a US federal appeals court.

Tobacco Gets Off Lightly In Federal Fraud Suit (DOW)

By Mark H. Anderson, Brian Blackstone And Christina Cheddar Berk

Dow Jones, August 18, 2006

WASHINGTON -(Dow Jones)- A federal judge Thursday ruled cigarette makers violated civil racketeering law by defrauding the public on the dangers of tobacco, but in a partial victory for the tobacco industry the judge said she lacked the authority to impose significant financial penalties.

"The following voluminous findings of fact demonstrate that there is overwhelming evidence to support most of the government's allegations," Judge Gladys Kessler said in the 1,653-page ruling.

"Unfortunately a number of significant remedies proposed by the government could not be considered by the court because of a ruling by the court of appeals," the judge added, referring to a Washington-based U.S. District of Columbia Court of Appeals decision that severely restricted the government's ability to win financial disgorgements.

The ruling determined that the tobacco companies "conspired together to violate substantive provisions" of the racketeering laws. The judge issued a final order "which seeks to prevent and restrain" any such violations of the Racketeer Influenced and Corrupt Organizations Act.

The decision gives several tobacco companies a major reprieve from financial penalties that have shadowed the industry since 1999.

Tobacco industry reaction to the decision was positive. "We are gratified that the court did not award the unjustified and extraordinarily expensive monetary penalties sought by the government," said Mark Smith, a spokesman for Reynolds American Inc. (RAI), the Winston-Salem, N.C., maker of Kool and Camel cigarettes.

"We are disappointed that she found for the plaintiffs on the underlying claim and ordered some injunctive relief. We are going to analyze the lengthy ruling and decide our next course of action," Smith said.

Meanwhile, the DOJ acknowledged the mixed outcome of the ruling in a short statement. "We are pleased with the Court's finding of liability on the part of the defendants, but disappointed that the Court did not impose all of the remedies sought by the government," the DOJ said.

One of the anti-tobacco groups involved in the litigation said the racketeering ruling was significant. "The tobacco companies have rightly been labeled racketeers for engaging in a decades-long scheme to defraud the American people to their

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tremendous financial benefit, but at a great cost to our nation," said William Corr, executive director of the Campaign for Tobacco-Free Kids, an anti-tobacco advocate.

But reflecting the view Wall Street may take of the decision and remedies that amounted to something of a wrist-slap, University of Richmond Professor Carl Tobias asked, "Where's the money?"

Though the case had already lost much of its financial muscle with the removal of a proposed $280 billion disgorgement remedy, Tobias was expecting some financial penalties would be included in the judge's ruling.

Corr, the anti-tobacco advocate, said he was "deeply disappointed" that Judge Kessler "felt constrained in the remedies she could impose by misguided appellate court rulings" and urged the Bush administration to appeal the remedies in the case.

In addition to finding racketeering violations, Kessler ordered the companies to make corrective statements on the dangers of smoking and to disclose marketing practices to government officials, but she opted not to include industry-funded smoking cessation and education programs that would have costs billions. The order requires the tobacco companies to take out full-page newspaper ads in the weekend editions of about 35 major U.S. papers.

Govt Sought $280 Billion When Lawsuit Began In 1999

A nine-month trial in the case ended more than a year ago, leaving Judge Kessler with the task of sorting through piles of documents and testimony as she decided how to rule in the tobacco lawsuit.

The lawsuit began in 1999 when Justice lawyers alleged under civil racketeering laws that cigarette makers engaged in a five-decade scheme to defraud the public on the dangers of smoking, and originally sought $280 billion in disgorgement to prevent future fraud.

But the tobacco industry previously won a major component of the case when a panel of the D.C. Circuit limited the government's ability to collect up to $280 billion in financial remedies from the industry. That ruling came in February 2005 and was called a "body blow" to the case by Judge Kessler.

What was left in the case was whether to order financial payments to pay for smoking cessation and education programs after deciding whether the tobacco companies violated federal racketeering laws.

During the trial's closing arguments, DOJ lawyers dramatically scaled back - from $130 billion to $10 billion - a proposed smoking cessation program remedy, leading to charges of undue political interference in the case. DOJ defended its decision, though, saying the disgorgement ruling tied its hands and made it impossible for the original cessation plan to withstand judicial review.

Tobacco companies named in the lawsuit include Philip Morris USA Inc., a unit of Altria Group Inc. (MO); R.J. Reynolds Tobacco Holdings Inc. and Brown & Williamson, which have merged to form Reynolds American; British American Tobacco PLC (BTI); Vector Group Ltd.'s (VGR) Liggett Group Inc.; and Loews Corp.'s (LTR) Lorillard Inc.

The final judgment issued by Judge Kessler excluded Liggett Group but included all of the other tobacco companies. Judge Kessler found Liggett had withdrawn from the tobacco companies' conspiracy by admitting the dangers of smoking and cooperating with the U.S. attorneys general in their litigation against the industry. "Liggett does not have a reasonable likelihood of future RICO violations," the judge said.

Opinion Has Special Implications For Altria

The opinion has special implications for Altria, the parent of tobacco companies Philip Morris USA, Philip Morris International and Kraft Foods Inc. (KFT). Altria, of New York, has wanted to split apart into two or three companies. In the past, the company has identified the Justice Department case as one hurdle to its break-up.

"This decision in conjunction with Price and Engle seems to clear the way for Altria to spin off divisions like Kraft by limiting the financial uncertainty," said Tobias, the law professor, referring to the Price "lights" case in Illinois and the Engle case in Florida.

Citigroup analyst Bonnie Herzog said, "We believe it is very likely that the board will announce the spin-off of Kraft Foods at its next board meeting on Aug. 30." Altria has been preparing for the spin off of Kraft Foods since the beginning of 2004, said Herzog. She rates Altria a "buy" and does not own the stock. Citigroup has an investment banking relationship with the company.

Ahead of the ruling, several tobacco stocks ended the day virtually unchanged from their previous closing price, despite heavier than usual volume. Shares of Altria, a component of the Dow Jones Industrial Average, closed Thursday at $80.75.

Meanwhile, Reynolds American Inc. (RAI) shares fell 54 cents, or 0.8%, to $64.07, while Carolina Group (CG), the tracking stock of Lorillard Tobacco, edged down 4 cents or 0.1% to $57.31. In after-hours trading, all three of these stocks were moving higher, with Altria up 3% and Reynolds American and Carolina Group each up almost 2%.

-Mark H. Anderson, Dow Jones Newswires; 202-862-9254; mark.anderson@dowjones.com

-Brian Blackstone, Dow Jones Newswires; brian.blackston@dowjones.com; 202-828-3397

-Christina Cheddar Berk, Dow Jones Newswires; 201-938-5166; christina.cheddar@dowjones.com

Cigarette Makers Lose In U.S. Racketeering Lawsuit (Update2) (BLOOM)

Bloomberg, August 18, 2006

Aug. 17 (Bloomberg) -- A federal judge ruled that Altria Group Inc.'s Philip Morris USA and other U.S. cigarette makers violated anti-racketeering laws by marketing low-tar cigarettes as healthier alternatives than full-flavored brands.

U.S. District Judge Gladys Kessler, while deciding the Justice Department had proved its claims at a nine-month trial that ended in June 2005, declined to order the companies to fund large-scale programs to help smokers quit. Kessler ruled that the industry must stop marketing ``low tar'' and ``light'' cigarettes.

Kessler said she lacked authority to order a smoking- cessation program. The government had sought billions of dollars from the tobacco companies to help smokers quit and to reduce youth smoking.

Cigarette company shares rose $1.89, or 2.3 percent, to $82.64 in trading after the close of U.S. exchanges. The stock climbed as high as $83 after the ruling.

The government's win ends a six-year-old suit that once threatened to bankrupt the cigarette industry. Several court decisions weakened the case to the point that, by the end of the trial, government lawyers reduced their claim from $280 billion to $14 billion.

Possible Roadblock

The ruling against the industry comes in a case Altria identified as a possible roadblock to its plan to break up the company to make it more valuable to shareholders.

The government claimed in the suit that cigarette makers conspired in a five-decade campaign of misinformation to deny the dangers of smoking and sell cigarettes to kids.

The tobacco companies denied the claims and said a $206 billion settlement they reached with 46 states in 1998 ensured they would follow the law by disclosing the health risks of cigarettes and by keeping children from smoking.

The Clinton administration filed the suit in 1999, seeking to recover hundreds of billions of dollars the government claimed it spent treating sick smokers. The Justice Department suffered an early setback in 2000 when Kessler threw out the healthcare reimbursement claims.

At the same time, Kessler decided that the government was entitled to go forward with a claim that the industry violated the Racketeer Influenced and Corrupt Organizations Act, or RICO, which was passed in 1970 to target organized crime.

No Jury

The tobacco industry appealed that decision, and the trial started in September 2004. Kessler heard the case without a jury.

Justice Department lawyers asked Kessler to order the companies to forfeit $280 billion, a figure that represented the proceeds from cigarette sales to people addicted to smoking before age 21, according to the government.

The Court of Appeals for the District of Columbia ruled on the appeal in February, during the trial, and threw out the $280 billion claim. Kessler called it a ``body blow'' to the government's case.

In a 2-1 decision, the appeals court said the government could seek only ``forward-looking'' remedies intended to ``prevent and restrain'' future violations of the RICO act rather than penalties for past violations.

On June 7, 2005, during his summation in the case, Justice Department attorney Stephen Brody told Kessler the government was asking for a five-year, $10 billion smoking cessation plan in place of the 25-year, $130 billion plan advocated less than a month earlier.

$4 Billion Campaign

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The government also asked Kessler to order the companies to fund a $4 billion education and anti-smoking ad campaign.

Anti-smoking advocates and Democrats in Congress claimed the last-minute switch was imposed on the government's trial team by political appointees in the Justice Department, including Associate Attorney General Robert D. McCallum Jr., head of the Civil Division.

In addition to Altria and Philip Morris, the world's biggest cigarette maker, the defendants include Reynolds American Inc.'s R.J. Reynolds Tobacco, Brown & Williamson Tobacco Corp., Loews Corp.'s Lorillard Tobacco Co., British American Tobacco Plc's British American Tobacco (Investments) Ltd. and Vector Group Ltd.'s Liggett Group.

The Florida Supreme Court last month removed a hurdle to the break-up by refusing to reinstate $145 billion in punitive damages against cigarette makers in a state-wide class action. A decision in the case could come at any time.

In December 2005, the Illinois Supreme Court threw out a $10.1 billion verdict against Philip Morris in a case filed by light cigarette smokers in that state. The plaintiffs claimed the company had misled them into believing that light cigarettes posed less of a health risk than other cigarettes.

The decision doomed similar cases against other cigarette makers in Illinois.

The case is U.S. v. Philip Morris USA, No. 99-CV-2496, U.S. District Court, District of Columbia.

To contact the reporter on the story: Bob Van Voris in New York at rvanvoris@bloomberg.net.

U.S. Trustee Says She Left Due To Interference (LAW)

By Lynne Marek, The National Law Journal

National Law Journal, August 18, 2006

'Increased oversight' from D.C. blocked improvement efforts

The appointee who fills the U.S. trustee position in New York will follow in the footsteps of an official who said her superiors in Washington blocked some efforts to improve the bankruptcy process in a region that handles more major corporate bankruptcies than any other.

"The increased oversight from the executive office impeded my ability to assist the restructuring community in streamlining and improving restructuring here in New York," said Deirdre Martini, who left the trustee post in April. She declined to say which efforts were stymied. Martini is now a senior restructuring advisor at CIT Group Inc.

Trustees, who supervise the administration of bankruptcy cases through regional offices across the country, are employees of the U.S. Department of Justice. The U.S. Bankruptcy Court in New York City, a part of the Southern District of New York, has tended to attract the biggest and most complex cases in the past two years.

From the start of 2005 through May this year, eight of the nine largest Chapter 11 cases in the United States were filed in New York, according to data compiled by Lynn LoPucki, a law professor at the University of California at Los Angeles. Those cases had assets worth $145 billion and are worth billions of dollars in fees for lawyers, bankers and consultants who work on the cases.

Justice Department spokeswoman Jane Limprecht declined to comment on Martini's remarks. Diana Adams is the acting trustee for Region 2, which includes New York, Vermont and Connecticut. Justice has no date for appointing a permanent trustee, Limprecht said.

From October 2003 to her resignation, Martini handled many complex cases, including Refco Inc. and Delphi Corp. The system in New York wasn't broken, it just needed to be "redefined," Martini said.

"When I felt I could no longer contribute in a fashion that I felt was productive and positive, I chose to resign and look for other opportunities," Martini said. In some cases, Martini's office took stands that sometimes set her apart from predecessors. For instance, her office precluded professionals already engaged on one major airline case from working for the committee of another airline.

Some lawyers who worked with Martini said that she was trying to make constructive changes to the process, while others also noted that she was more active in the position than her predecessors.

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"She was trying to anticipate problems and come up with either solutions or procedures to obtain solutions that would make cases operate faster and smoother," said Martin Bienenstock, who leads the restructuring practice at Weil, Gotshal & Manges in New York.

CIVIL RIGHTS:

Time, Dead Witnesses And Dead Ends Plague Old Murder Probes (AP)

By Travis Reed, ASSOCIATED PRESS WRITER

AP, August 18, 2006

ORLANDO, Fla. -- The Florida Department of Law Enforcement sent its most aggressive agent to work on the case full time, armed with big stacks of previous files from the FBI and local sheriff's office.

Still, it took nearly two years to finally solve the 1951 murders of two black civil rights activists whose house was blown up by Ku Klux Klan members. It was a case prosecutors planned to bring before a grand jury back in 1978 using the same confession that proved key today.

Though the murder of Harry T. and Harriette Moore is finally solved, as officials announced Wednesday, the investigation proves how tough it can be to glean information from that bloody period in history - and how a small circumstance here or there could keep a case like this, and countless others like it across the South, forever mysterious.

"I think that most of the major cases of the Civil Rights era have been thoroughly investigated at this point. I don't expect many more cases to come up," said Mark Potok, director of the Intelligence Project, a hate-monitoring operation at the Southern Poverty Law Center. "These cases are really bedeviled by in many cases by a lack of evidence and witnesses who are either dead or no longer remember details."

FDLE Investigator Dennis Norred, tapped from Pensacola to lead the reopened Moore case, and Attorney General's Office investigator Frank Beisler inherited a chase taken up and abandoned at least three times previous. A half-century before them, 78 FBI special agents across Florida, Alabama, Georgia and the Carolinas conducted a four-year probe without producing a single murder charge.

Physical evidence from the scene had been lost or destroyed, and the state wasn't even certain exactly where the Moore's house stood when it exploded with such force that it blew a chair into the attic and lifted the chimney.

After several months, Beisler said even the new case had grown cold.

"We were just running into stone walls everywhere we went," Beisler said. "But all the sudden, whoosh, it just came unglued for us."

The initial breakthrough wasn't a new interview or tip, but a deathbed confession from one of the four Ku Klux Klan members fingered Wednesday that was given to a sheriff's investigator in 1978. No major note of it was made in the case file, Beisler said, despite the fact that it had been tape-recorded.

The investigator at the time had convinced the Brevard County state attorney to take the case to a grand jury, but the prosecutor lost an election to keep his office before that happened. He moved on, but thought someone else was picking up the case, Beisler said.

That didn't happen until then-Gov. Lawton Chiles ordered the FDLE to reopen the case in 1991. But their probe centered on two confessions allegedly given by two other men. One recanted, while the other, who had been implicated by his wife, denied involvement and passed a polygraph test.

Again, no murderer was found.

But the case turned on Beisler's discovery of the '78 confession, and a phone call from an anonymous tipster who also said Edward L. Spivey, believed to have been at the home when it blew, also confessed to him.

The caller didn't even know the case hadn't been solved until he saw an advertisement offering a reward.

"It verified what the other investigator had told us, just verified everything right down the line," Beisler said.

And that was it - enough to help the two put four former KKK members, all now dead, behind the first killing of a National Association for the Advancement of Colored People official during the modern civil rights struggle.

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The 2005 indictment of a former KKK leader in the 1964 "Mississippi Burning" case happened because of a convergence of things. There was a new district attorney and state Attorney General, persistent media coverage from a local reporter and advocacy groups urging a closer look.

Edgar Ray Killen was tried in 1967 on federal charges of violating the victims' civil rights, but the all-white jury deadlocked, with one member saying she couldn't convict a preacher. Using testimony read aloud in court from several deceased witnesses, Killen was convicted in 2005 of three counts of manslaughter.

But not all of the reopened cases close so neatly.

Two years after the U.S. Justice Department renewed a probe into the 1955 murder of Emmett Till, a black teenager whose mutilated body was pulled from a river, no conclusions have been reached.

In June, a state attorney appointed to review the case of a black woman shot and killed during a Jacksonville race riot 42 years ago concluded speedy trial constraints prevented new charges. Four men, all of whom still live in Florida, were originally indicted for first-degree murder. But the case was hampered by missing evidence and allegations of a racist police cover-up, and the crime happened during a period in which some were unabashed supremacists.

Lee Cody, a former Duval County Sheriff's detective who investigated the case in 1964, says he and a colleague even found the murder weapon. It has long since disappeared.

"We bagged it, tagged it and ID'd it, placed it in the property room, booked it," he says today, "and nobody has seen it since the day we put it in there."

Ex-apartment Manager Fined For Discrimination (BN)

By Val Walton, News Staff Writer

The Birmingham News (AL), August 17, 2006

A federal judge Wednesday ordered the former resident manager of a Boaz apartment complex to pay the government a $10,000 fine after finding the manager discriminated against black people seeking apartments.

U.S. District Justice Lynwood Smith noted that 64-year-old Milburn Long is now retired and living on Social Security benefits, but said courts should not tolerate the loathsome act of discriminating among citizens because of race. Smith wrote that absent a civil penalty there will be no punishment for Long's wrongdoing in the case.

"A civil penalty will serve the purpose of general deterrence by sending a message to other apartment owners and leasing agents that violation of the Fair Housing Act entails serious consequences," Smith said in a 54-page decision. Civil penalties are paid to the government.

Efforts to reach Long and his attorney were unsuccessful.

Earlier this year, the apartment complex owner, Dawson Development Co., LLC., agreed to pay a $17,000 fine, set up a fund and take other steps to settle a housing discrimination lawsuit filed by U.S. Justice Department in 2005.

Long, who denied any wrongdoing, opted to be tried before a judge, not a jury.

The case stemmed from the government's testing program designed to uncover housing discrimination by using black and white government workers posing as potential renters at Park Place Apartments.

Long also was accused of discriminating against black people who were actually seeking an apartment. Smith found that Long would tell black people that apartments were not available, but made efforts to rent apartments to white people. The government contended Long failed to provide correct information to a black government tester, but told a white tester that apartments were immediately available for rent. The testers, who were the same gender, of similar age and income, had hidden recording devices to capture their conversations with Long.

Smith wrote that Long's discrimination against government testers occurred during seven months in 2003 and he could not say that such discrimination was long-standing or the fruit of a deliberate plan.

Smith said Long gave legitimate, non-discriminatory reasons for his challenged conduct, but found that his reasons were merely a pretext for unlawful discrimination.

E-mail: vwalton@bhamnews.com

5 Clinics Shut On Accusations Of Late-term Abortions (WT)

DOJ_NMG_0049886

By Joyce Howard Price

The Washington Times, August 18, 2006

Florida officials have halted abortions at five clinics in the state -- two indefinitely -- and have suspended the medical license of the problem-plagued owner of the facilities in connection with accusations that he performed illegal late-term abortions.

An emergency order issued Wednesday by the Florida Department of Health suspending Dr. James S. Pendergraft IV's license stated he showed "a flagrant disregard for the laws of the state of Florida and a willingness to endanger the lives and health of pregnant patients."

In separate action, the state Agency for Health Care Administration put an indefinite halt to abortions at Dr. Pendergraft's Orlando Women's Center and EPOC Clinic, also in Orlando. The agency also barred abortions at his clinics in Tampa, Fort Lauderdale and Ocala for a week.

The state says that in 2004 and 2005, "Dr. Pendergraft endangered two female patients by performing third-trimester abortions outside a hospital setting and without concurring certification from a second physician."

Under state law, third-trimester abortions are lawful if needed to "save the life or preserve the health of the pregnant woman." But the law requires that such procedures be performed in a hospital unless two physicians "certify in writing" that an urgent abortion is needed to save a woman's life.

Dr. Pendergraft's attorney, Robert Buonauro, said an appeal of the suspension will be filed in the next day or two.

Dr. Pendergraft "operated within the (medical) guidelines and protocol" of Florida and "had the appropriate certification" for the third-trimester abortion he performed in July 2005, Mr. Buonauro said.

He said it is his client's position that the woman involved in the 2004 abortion was in the second trimester of pregnancy, not the third, and so the doctor was not subject to the same legal restrictions.

Marti MacKenzie, a spokeswoman for Dr. Pendergraft, said he has "encountered obstacles" since opening his first abortion clinic in Orlando nearly 15 years ago.

"This is a Bush-run state that is constantly anti-choice," she said. "Dr. Pendergraft is many women's last hope, but there are always movements afoot to hinder him."

Dr. Pendergraft has had other legal difficulties. He was convicted of extortion in February 2001 and sentenced to nearly four years in prison after he and a business associate filed a lawsuit saying that his Ocala clinic was not given adequate protection from abortion protesters. Officials said the lawsuit was part of an extortion plot to get the county to pay the two to close the clinic.

Dr. Pendergraft spent seven months in prison before an appeals court overturned his conviction. In 2004, he pleaded guilty to a count of accessory after the fact to making false statements. The Florida Board of Medicine later dismissed the case.

In April last year, a former patient filed inhumane-treatment charges against Dr. Pendergraft, saying she gave birth to a live 23-week-old in a clinic restroom after an abortion earlier in the month, according to the Christian Newswire. The woman said no one responded to her cries for help for the baby, who died. The clinic doctor said the baby was stillborn, and the medical examiner's office said it found no reason to disagree.

Last spring, the Board of Medicine voted to drop the charges against Dr. Pendergast in that case, according to the Christian Newswire.

Minority Students Decline In Top New York Schools (NYT)

By Elissa Gootman

The New York Times, August 18, 2006

More than a decade after the city created a special institute to prepare black and Hispanic students for the mind-bendingly difficult test that determines who gets into New York's three most elite specialized high schools, the percentage of such students has not only failed to rise, it has declined.

The drop at Stuyvesant High School, the Bronx High School of Science and Brooklyn Technical High School mirrors a trend recently reported at three of the City University of New York's five most prestigious colleges, where the proportion of black students has dropped significantly in the six years since rigorous admissions policies were adopted.

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The changes indicate that even as New York City has started to bridge the racial achievement gap in the earlier grades, it has not been able to make similar headway at top public high schools and colleges. Asian enrollment at all three high schools has soared over the decade, while white enrollment has declined at two of the three schools.

City education officials said they were at a loss to explain the changes at the three high schools despite years of efforts to broaden the applicant pools.

Andres Alonso, the city's deputy chancellor for teaching and learning, described the figures as "extraordinarily surprising," even though they are the Department of Education's numbers. Deputy Mayor Dennis M. Walcott called the schools "true gems of our system," saying, "We have to make sure they're open to all of our students."

Robert Jackson, the chairman of the City Council education committee, who is from Washington Heights, was more pointed in his criticism.

"The statistics clearly show that black New Yorkers are being shut out," he said. "If we're looking to be inclusive in the greatest city in the world, I would think that the chancellor and every educator has to ask themselves why is this, and what do we need to do to reverse that. Is it institutional racism or is it something else?"

Debate over the racial composition of the city's specialized schools, and the schools' reliance not on interviews or grades but rather on a test alone to determine admissions, has captivated New York for decades.

Supporters of the specialized exam, which tests verbal and math skills, say it ensures that admissions are based on merit, while critics argue that elite colleges would never judge applicants on test results alone.

Schools Chancellor Joel I. Klein has not challenged the testing system, but he has expanded the preparatory program, known as the Specialized High School Institute, and created dozens of new small high schools to broaden opportunity. Mayor Michael R. Bloomberg has also promised to create more elite high schools.

Still, during 2005-6, blacks made up 4.8 percent of the Bronx Science student body, according to city figures, down from 11.8 percent in 1994-95, when the institute was created. At Brooklyn Technical High School, the proportion of black students has declined to 14.9 percent from 37.3 percent 11 years ago, and at Stuyvesant, blacks now make up 2.2 percent of the student body, down from 4.4 percent.

Hispanic enrollment has also declined at the three schools, as has white enrollment at two of the three although it has risen at Brooklyn Tech. At the same time, the Asian population has reached as high as 60.6 percent at Bronx Science, up from 40.8 percent 11 years ago. Dr. Alonso said he could not explain the numbers without more information about how many black and Hispanic eighth graders take the specialized high school exam, and how many may favor other top city schools that are smaller or closer to home. He said he would insist that the department start collecting such information.

"My immediate question is, this is a far greater variance than the data shows in terms of our test scores, so what is going on here?" he said.

Over all, Hispanic students are the largest group in the city's schools at 36.7 percent, and black students are next at 34.7 percent. The 1.1 million-student system is 14.3 percent Asian and 14.2 percent white.

In the 1960's, civil rights groups and some education officials charged that admissions tests were racially biased and that they screened out black and Puerto Rican children. The tests had strong defenders, though, and in 1971, the State Legislature passed a law requiring that entrance to the specialized schools be determined by competitive examination alone.

Now parents, educators and academics explain the racial makeup of the schools by pointing to a variety of factors, including increasing competition from an influx of immigrants, paltry guidance counseling at many middle schools with predominantly low-income students, the hiring of private tutors by the middle class and continued use of the admissions test alone.

Gary Orfield, director of the Civil Rights Project at Harvard University, called the schools' racial compositions "absurd," saying, "I don't think someone would want to hire somebody just on the basis of a test score, and we don't admit them to a great college on the basis of a test score, and we shouldn't admit them to a great high school on that basis."

Heather Mac Donald, a fellow at the conservative Manhattan Institute, however, said the enrollment figures showed "that we're not yet managing to close the achievement gap and that this remains a serious problem for our schools, for our families and for our culture."

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"But we shouldn't be blaming the messenger," she said. "It's not the specialized schools' fault for maintaining legitimately high standards."

Angela M. Howard, who graduated from Stuyvesant in 1982 and founded the Stuyvesant High School Black Alumni Association two years ago, after noticing fewer and fewer black faces at Stuyvesant events, said she opposed changing the admissions system but was trying to start a mentoring program.

"Let's face it — the playing field isn't level," she said. "People are paying tons of money to get their kids tutored to go to Stuyvesant."

For years, exclusive public schools throughout the country have been places where advocates of strict, color-blind standards have clashed with proponents of racial diversity.

Courts imposed a race-based admissions system on the Boston Latin School, but a federal appeals court struck the system down. In the 1990's, Chinese-American families whose children were rejected from San Francisco's selective Lowell High School sued; the resulting settlement reversed a citywide admissions system that took race into account.

New York's Specialized High School Institute was designed to enlarge the pool of black and Hispanic candidates eligible for admission to the selective schools by giving them extra lessons and test-taking tips, without resorting to the kinds of preferences that had drawn lawsuits elsewhere.

Chancellor Klein has expanded the institute, which started with one location and 419 students. It has grown to 17 locations and 3,781 students, who spend 16 months preparing for the test, starting in the summer after sixth grade.

The chancellor is also trying to increase the proportion of black and Hispanic students participating in the institute, which officials said dwindled in the earlier years of the program as large numbers of white and Asian students signed on.

"The intended goal going back to 1995 was not realized," said Jean-Claude Brizard, the Department of Education's executive director of secondary schools. "If a kid is a nonminority, they're supposed to be excluded, but there are a couple of places where we've seen quite a bit of pushback."

In the hallowed, sunlit classrooms of Stuyvesant itself, students from Manhattan and the Bronx spent the summer sweating over scientific concepts, math formulas and new vocabulary words.

Melanie Tirado, 12, said the very act of striding through Stuyvesant's gleaming hallways made her feel smart.

"You can be like, 'I could be here, I could be in these desks in a year or two,' " she said during her lunch break one day.

For Yusrullah Abdul-MalikDunn, 12, who got an "overall excellence" medal at his sixth-grade graduation, the experience has been humbling.

Yusrullah's teacher at Public School 108 had called him a "walking dictionary," but in the first seven pages of "To Kill a Mockingbird," a book he read for the institute, he found 71 new vocabulary words.

"My science teacher told me we are all big fishes in our own pond, but now we're inside a bigger pond," he said.

Since 2002, students like Yusrullah can also pick from three new, small specialized schools: the Queens High School for the Sciences at York College; the High School for Mathematics, Science and Engineering at City College; and the High School of American Studies at Lehman College. These schools have larger proportions of black and Hispanic students, but even in their short lives, the schools' black enrollment has declined. Hispanic enrollment has climbed at two of the three.

The Queens school opened with a student body that was 30.1 percent black and 13.6 percent Hispanic. In the most recent school year, those numbers were down to 19.7 percent and 10.1 percent, respectively.

ANTITRUST:

Bristol-Myers: No Evidence Plavix Talks Broke Law (DOW)

By Peter Loftus

Dow Jones, August 18, 2006

Bristol-Myers Squibb Co.'s (BMY) board said Thursday an internal investigation by the company's outside lawyers hasn't found any evidence of unlawful conduct by the drug maker's employees in connection with the company's proposed settlement of Plavix litigation.

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In a statement posted on Bristol's Web site Thursday, the board also said the company hired attorney Mary Jo White in July, and she is conducting "an independent and full investigation" of Bristol-Myers' negotiations with Apotex Inc. (APO.YY), the Canadian company that began selling a generic version of Plavix last week after a proposed settlement was rejected by regulators.

Also, the independent members of Bristol's board have hired attorney Kenneth Conboy, who is advising them on corporate governance and related matters.

In July, Bristol-Myers disclosed that the U.S. Department of Justice's antitrust division had launched a criminal investigation of the Plavix settlement. That proposed settlement had called for Apotex to delay the launch of a generic version of Plavix until 2011 in exchange for certain payments.

Bristol and its Plavix co-marketer, Sanofi-Aventis (SNY) of France, have asked a federal court in New York to halt sales of generic Plavix. A hearing on the matter is scheduled for Friday morning.

Bristol's board said it "is well aware of investor concerns. The board believes the company is executing the appropriate initiatives to protect the best interests of the company and its shareholders."

In its statement, Bristol-Myers' board said it has been treating the Justice Department investigation of the Plavix settlement "with the highest degree of attention and seriousness." The board has directed all company employees to cooperate fully with "the grand jury" on this important matter.

The board said it welcomes a full inquiry by the Justice Department "to determine if unlawful or criminal conduct was committed by any of the parties negotiating the Plavix litigation settlement."

The results of the ongoing internal investigation by Bristol's outside counsel are being shared with the Justice Department, the board said.

The board said it has designated board members James Robinson, its non-executive chairman, and Louie Freeh, the former Federal Bureau of Investigation director, to "monitor internal and external legal initiatives and work streams on a daily basis."

Bristol's board also said it gets daily frequent updates from management on the Plavix commercial plans and from internal and external counsel on legal developments and initiatives. The board also meets in non-management directors' sessions with Conboy, the outside attorney.

A Bristol-Myers spokesman declined to comment on the board's statement.

Bristol disclosed last week it received a grand jury subpoena to produce documents. Chief Executive Peter Dolan and an unidentified senior officer also received grand jury subpoenas to provide testimony, and FBI agents conducted a search of their New York offices in late July.

-By Peter Loftus, Dow Jones Newswires; 215-656-8289; peter.loftus@dowjones.com

New Jersey Regulators Offer Counterproposal To Exelon/PSEG Merger (AP)

AP, August 18, 2006

NEWARK, N.J. (AP) -- New Jersey utility regulators on Thursday submitted a counterproposal to the deal offered by two energy companies whose proposed, $17 billion merger would create the nation's largest utility company.

Neither the companies - Chicago-based Exelon Corp. (EXC) and Newark-based Public Service Enterprise Group Inc. (PEG) - nor the state Board of Public Utilities would release details of the proposal.

The board in a statement said its document "addresses all important issues in the merger proceeding and is geared towards bringing positive benefits to the ratepayers and citizens of New Jersey."

Earlier this month, the board declined to rule on the merger, which has been approved by the U.S. Justice Department. The New Jersey officials at the time cited concerns a merger would lower the level of service provided to residents and said the companies needed to continue negotiating with the state before the deal could be approved.

Among PSEG's subsidiaries is Public Service Electric & Gas, New Jersey's largest utility.

The state's proposal ensures "New Jersey ratepayers will receive real benefits in real time," the statement said.

Paul Rosengren, a spokesman for the companies, declined to comment.

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The offer effectively addresses the rate and market-power issues of the merger and is structured to maintain the high standards of reliability and safety presently delivered to state residents, the BPU statement said.

If accepted, the proposal "will result in positive benefits for the ratepayers and New Jersey," the board said.

In afternoon trading, PSEG shares fell 5 cents to $69.23, while shares of Exelon fell 10 cents to $58.893. Both are traded on the New York Stock Exchange.

The companies have implored the state to rule quickly on the deal. They have said a $1.46 billion package of incentives is their "last and best offer" to win state approval. The incentives include:

-having PSE&G, a unit of PSEG, and two utilities owned by Exelon headquartered in Newark, instead of Chicago, where Exelon is headquartered. State officials have pushed to keep operations centered in New Jersey so the state can closely monitor reliability.

-locating the merged company's power supply unit in Pennsylvania, instead of Newark.

The U.S. Department of Justice approved the deal in June but stipulated that Exelon and PSEG first must divest six electricity generating plants - four in New Jersey and two in Pennsylvania - within 150 days of the merger's closure.

Government, environmental and citizens' watch groups have decried the proposed deal. Some say it could lead to increased energy bills for customers when electricity bills are already rising rapidly. They also have questioned the reliability and quality of service.

-Contact: 201-938-5400

Bidders Convinced Of Huge Pot At The End Of The Spectrum (WP)

By Arshad Mohammed, Washington Post Staff Writer

The Washington Post, August 18, 2006

The country's biggest telephone and cable companies, already fighting a ground war to sell consumers TV, phone and Internet service, have taken their battle to the air.

Both sides have spent the past two weeks bidding billions of dollars against one another to buy electromagnetic spectrum -- the frequencies that carry cellphone calls, TV broadcasts and wireless Internet access.

While they cannot see, taste or touch what they're bidding on, the companies can smell profit if they can grab enough of the airwaves at a government auction.

It is an article of faith in the industry that, over time, more and more communications will become wireless -- making spectrum a must-have asset for any company that wants to be a player.

"Spectrum is like money. You never have enough," said Roger Entner, a wireless analyst at independent research firm Ovum.

But it is a limited resource, and extremely expensive.

The federal government is expected to raise as much as $15 billion from its current auction. The airwaves up for grabs would be used to offer fast wireless Internet access and ever-more-elaborate cellphone service that puts e-mail, music and video into the palm of your hand.

This auction and another, due to be held by the end of January 2008, are regarded as the last, best chance over the next several years for companies to acquire "beachfront" spectrum that is exceptionally well suited for wireless Internet and phone service.

What has been most striking about the Federal Communications Commission's Advanced Wireless Services auction -- which began Aug. 9 and could last for weeks -- is that satellite TV providers and cable companies were among the 168 bidders.

Both want to go head to head with the old-line phone providers by offering bundles of telephone, TV, high-speed Internet and wireless service -- known as the "quadruple play" in industry jargon.

The major satellite players -- DirecTV Group Inc. and EchoStar Communications Corp. -- appear to be the most vulnerable because they lack their own mobile phone and high-speed Internet networks.

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This week, the two companies, which bid together in the auction, effectively dropped out of the running. Analysts said their decision probably reflected a fear that prices had become too steep, as well as the possibility that they can eventually find partners to give them a wireless play.

EchoStar and DirecTV, like most companies contacted for this story, declined to comment specifically on the auction for fear of violating federal rules designed to prevent bidders from colluding.

"We can say that we are continuing to pursue a variety of options that will enable DirecTV to provide a broadband service to its customers nationwide," said DirecTV spokesman Robert Mercer.

The country's major cable companies, in contrast, continue to be a force in the auction despite a partnership they forged last year with Sprint Nextel Corp., the nation's third-largest mobile phone company, that was widely expected to meet their wireless needs.

Analysts said the cable companies may be looking for an insurance policy in case the Sprint Nextel partnership unravels. Even if it prospers, having their own spectrum gives the cable companies more leverage and the ability to strike out on their own.

"They are looking at this as an opportunity to control their own destiny. They don't want to be wholly reliant on Sprint," said Philip J. Weiser, a University of Colorado law professor and former Justice Department telecom specialist.

The traditional mobile phone players -- Cingular Wireless, Verizon Wireless and T-Mobile (which badly needs spectrum to improve its U.S. network) -- all remain active players in the auction.

Marina Amoroso, a Yankee Group analyst, estimates that the U.S. market for wireless communications will rise from $141 billion this year to $180 billion in 2010, indicating the sums that may be up for grabs.

But taking part in the auctions can be a dicey proposition.

Companies that bid in British and German spectrum auctions in 2000 were widely believed to have overpaid and were battered by the financial markets afterward.

NextWave Telecom Inc. bid $4.8 billion to buy U.S. wireless licenses in 1996, only to file for Chapter 11 bankruptcy protection two years later when it could not make the installment payments to the federal government. While the company successfully fended off FCC efforts to reclaim the licenses, the agency later changed its rules to bar buying spectrum on the installment plan.

For all the complexity and potential pitfalls of allocating spectrum through auctions, the system appears more equitable, and more profitable to the government, than the sometimes arbitrary and politicized way the FCC doled out frequencies in the past.

For decades after the FCC was created in 1934, spectrum was given away.Initially, licenses were issued to radio and TV broadcasters through comparative hearings -- critics derided them as beauty contests -- in which the agency sought to decide who would best use the airwaves in the public interest.

Robert A. Caro, a biographer of President Lyndon Johnson, details how, in 1943, Johnson's wife, Lady Bird, needed only 24 days to win FCC approval to buy a Texas radio station and its licenses though another group -- without political connections -- tried but failed to do so for three years.

To accelerate what was often a slow and arbitrary process, in the early 1980s the FCC began to give out cellular telephone spectrum through lotteries. That was criticized because lottery winners got spectrum free and then often turned around and sold it for huge prices.

To eliminate the windfalls, the agency held its first auction in 1994, ushering in the modern era in which the market sets the price of the airwaves and the federal Treasury reaps the rewards.

Blair Levin, a regulatory analyst with Stifel, Nicolaus & Co., said the most significant outcome to the current auction would be if the cable companies bought enough spectrum to build their own network, which could lead to more consumer choices and lower prices.

Even so, it would not be clear for years whether cable had made the right bet. "The great sin of these auctions is always overpaying," Levin said. "But you don't know whether you overpaid for a long time."

Schools Get $80M From Microsoft Antitrust Case (AP)

DOJ_NMG_0049892

By The Associated Press

AP, August 18, 2006

TALLAHASSEE -- Florida's most impoverished schools will get more than $80 million to buy computers, software and other services as part of the settlement of antitrust lawsuits against Microsoft Corp., Education Commissioner John Winn said today.

As part of the 2003 settlement, Microsoft agreed to donate half of any unclaimed benefits to Florida schools in which at least half the students qualify for free or reduced-price lunches.

The qualifying schools will get vouchers that can be used to receive reimbursements for purchases of any manufacturer's computers running any operating system and software used with those products.

"These funds give Florida a unique opportunity to bolster and expand technology use for students," said Winn, who made the announcement at Tallahassee's Griffin Middle School.

State education officials estimate 1,790 schools with more than 1.1 million students will be eligible. Half the money must be used for software and the other half for hardware and other services including curriculum development, training and supplemental services for school administrators.

Microsoft was accused in class-action lawsuits of violating Florida antitrust laws through anticompetitive practices that increased the prices of its products purchased from Nov. 16, 1995, through Dec. 31, 2002.

Those products included licenses for Microsoft's MS-DOS, Windows, Word, Excel and Office software.

Microsoft denied the allegations but agreed to settle for a maximum of $202 million. Florida consumers and businesses received vouchers to purchase computer hardware and software regardless of brand if they had purchased Microsoft items covered by the agreement. Those vouchers were worth $5 or $12 depending on the license purchased.

Needy Schools To Get Windfall From Microsoft (TAMPTRIB)

By Catherine Dolinski

Tampa Tribune, August 18, 2006

TALLAHASSEE - Needy Tampa Bay schools will receive more than $11.5 million for computers and software next year as a result of the state's $202 million settlement with Microsoft, state school officials announced Thursday.

About 1,790 schools in Florida will split at least $80 million in vouchers to reimburse computer and software costs, Florida Education Commissioner John Winn said. Of those schools, 150 are in Hillsborough County, 38 are in Pasco County and 73 are in Pinellas County.

The new funding results from a 2003 settlement of a class-action suit in which Florida accused the computer giant of violating antitrust laws and driving up the cost of technology. Microsoft denied all allegations but settled for up to $202 million, paid out in the form of form of $5 and $12 technology vouchers to reimburse Florida consumers and businesses that had purchased Microsoft products.

Florida's schools were not among the plaintiffs in the case, but a twist in the settlement gives them one-half of all vouchers left unclaimed by April 2006. Microsoft retains the other half.

State education officials and attorneys in the case are still verifying the exact amount left for schools, which is expected to exceed $80 million and could reach as high as $90 million. The settlement applies only to schools with at least 50 percent of their students qualifying for free or reduced-priced meals for low income.

Hillsborough County, which spends about $10 million on computers a year, will receive $6.8 million as a result from the settlement.

Steve Hegarty, spokesman for Hillsborough schools, said the money may allow the district to update school computers and software more quickly than it usually would - which, he said, is especially important for schools with large populations of low-income students.

"We are growing in many areas, which tend to be the affluent areas, so they now have new computers because their schools opened this year or last year," Hegarty said. "The high-poverty schools tend to be the older schools; we'd be able to accelerate our schedule to give them new technology."

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Heather Fiorentino, school superintendent in Pasco County, agreed, saying the extra money will at least narrow a "digital divide" in the county. Pasco, which spends about $1.4 million on technology for existing schools, will receive nearly $2 million.

A former elementary schoolteacher, Fiorentino also noted that the computer vouchers are a particular boon for qualifying elementary and middle schools. "So many times, the high schools will get the newest and the fastest computers."

The vouchers will reimburse schools in April for purchases. With guidance from the state, schools can spend up to one-half on hardware and related services and one-half on software produced by any company.

Lucent's Merger With Alcatel Stirs Analyst's Doubts (WSJ)

By Sara Silver And Roger Cheng

The Wall Street Journal, August 18, 2006

A series of research notes this week is stirring concern about the proposed merger of Lucent Technologies Inc. and Alcatel SA, three weeks before shareholders in both companies vote on the deal.

Research analyst Per Lindberg of Dresdner Kleinwort questioned the terms of the merger, which shareholders are being asked to approve in meetings set for Sept. 7. Lucent's chief executive officer, Patricia Russo, is slated to run the combined firm.

Mr. Lindberg raised concern about Lucent's pension liabilities, and warned that Alcatel would face trouble running Lucent's Bell Labs arm, which does sensitive research for the government.

The shares of both companies are down 20% since March 23, when news of their proposed combination became public. In composite trading on the New York Stock Exchange, Lucent shares were at $2.27 yesterday, a discount of 5.6% to the proposed exchange ratio of their stock for Alcatel's. The spread has widened in the past week, as critical reports started making the rounds.

A Lucent spokesperson declined to comment directly on the report, but said, "We remain on track and are confident that the merger will be completed by the end of the calendar year." A spokesperson for Alcatel also expressed confidence the deal would close by year end: "We continue to make excellent progress toward the successful completion of the merger including clearing several major regulatory hurdles."

The Lucent-Alcatel deal still has support among many analysts.

"In the end, these two companies can struggle as separate companies and compete against each other and against larger rivals, or they can combine and become more efficient," said David Eiswert, telecom-equipment analyst for T. Rowe Price, the No. 12 shareholder in Lucent. At the end of June, the firm owned 22.7 million shares of Lucent, up 3.2 million from the end of March, according to FactSet Research Systems Inc.

Some Alcatel shareholders have questioned the value of the deal since Lucent's July profit warning and weak quarterly results. Their concern over valuation becomes a bigger issue when stripping out the pension credit propping up the earnings of Lucent. In his reports, Mr. Lindberg asserted Lucent had a $4 billion deficit in its liabilities to retirees and the deficit would be greater if it used Alcatel's more conservative assumptions to estimate future pension obligations. According to U.S. accounting rules, Lucent's pension fund has a $3 billion surplus, with $34 billion in assets to cover $31 billion in liabilities at the end of 2005. The company has surpassed its estimates for returns on its pension assets over the last three years.

To address security concerns, the combined company would create an independent U.S.-based Bell Labs subsidiary to handle sensitive government research projects. Other foreign firms, including Nortel Inc. of Canada, have set up similar arrangements.

Top 3 Russian Phone Operators Probed (AP)

AP, August 18, 2006

Antitrust Officials Investigate Russia's 3 Largest Mobile Phone Operators

MOSCOW (AP) -- Russian federal antitrust officials said Thursday they are investigating alleged collusion over the prices the country's three largest mobile phone operators charge each other for connections between their networks.

OAO Mobile TeleSystems, or MTS, which is Russia's biggest cell phone operator; MTS's chief competitor, Vimpelcom; and Russia's No. 3 mobile operator Megafon; charged each other 16 percent less for interconnection fees than they charged other, smaller operators, according to a statement on the Web site of the Federal Anti-monopoly Service.

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According to the statement, operators who transfer calls onto the networks of the big three companies are charged 1.1 ruble per minute (4 cents) while they charge each other 0.95 ruble per minute (3 cents).

"In this way regional operators and those who have just come onto the market are in an unfair position compared to the federal operators, which is inadmissible under anti-monopoly legislation," the statement said.

A spokeswoman for Vimplecom, which operates the nation's No. 2 cellular provider -- Beeline -- said that the lower price reflected a discount provided for large volumes of traffic.

"We don't think we broke any laws and are ready to defend our position in court, if need be," Vimpelcom spokeswoman Yulia Ostroukhova was quoted as saying by Dow Jones Newswires. Ostroukhova said that the company's bigger partners were offered more attractive and flexible rates, in line with internationally accepted practice.

"The big three exchange traffic in 70 regions of Russia, while small operators are present in one region each," Ostroukhova said.

The Federal Anti-monopoly service said that a hearing in the case would be held Sept. 28.

ENVIRONMENT:

Government Wins Round In Pollution Fight (AP)

By John Heilprin

AP, August 18, 2006

WASHINGTON - The government won a round Thursday in a long-running dispute over how much authority it has to force industrial plants to cut air pollution.

Its victory over Cinergy Corp. in a federal appeals court in Chicago could help the Supreme Court decide the issue in a similar case this fall.

The Supreme Court's decision - which is shaping up as a test of the Bush and Clinton administrations' competing legal approaches for cutting air pollution - would affect up to 17,000 industrial plants and the unhealthy air breathed by 160 million Americans.

The facilities are major sources of nitrogen oxides and sulfur dioxide, which contribute to smog, acid rain, soot and other fine particles that lodge in people's lungs and cause asthma and other respiratory ailments.

The Cinergy case turned on whether its power plants could spew more pollutants into the air when they modernized to operate for longer hours. The Environmental Protection Agency said no, because Cinergy should have gone through a federal permit process, and the 7th U.S. Circuit Court of Appeals in Chicago agreed.

"Cinergy's suggested interpretation, besides not conforming well to the language of the regulation ... would elude the permit requirement," Circuit Judge Richard Posner wrote for a three-judge panel of the federal appeals court.

The Cinergy case is one of the lawsuits the Clinton administration filed in 1999 against electric utilities in the Midwest and South. The government contended that 51 aging, coal-burning power plants in 10 states, primarily in the Ohio Valley and the South, illegally polluted for two decades.

The cases were attempts to enforce a neglected and red tape-laden 1977 provision of the Clean Air Act. It requires a company to get a federal permit and install costly pollution controls when modernizing a facility and significantly increasing emissions.

A month before President Clinton left office in 2001, Cinergy agreed to settle its case and spend $1.4 billion to reduce air pollution at 10 coal-fired power plants in Ohio, Indiana and Kentucky. But soon after President Bush took office and said his administration would review the Clinton-era enforcement cases, Cinergy backed out of the agreement.

Earlier this year, the Supreme Court took the unusual step of agreeing to an environmental group's request that it take up a related case.

The court accepted Environmental Defense's request that it hear a case involving Duke Energy Corp., based in Charlotte, N.C., over the same issue as the Cinergy case. Duke Energy acquired Cinergy in April.

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Duke Energy spokesman Pete Sheffield said the company was disappointed by the ruling but now expects the Supreme Court to resolve the courts' competing views on the Clean Air Act. Regardless of the ruling, he said, the company will spend $2.4 billion through 2008 to reduce air pollution from more than a dozen coal-burning plants in the Midwest and Southeast.

In the Duke case, the 4th U.S. Circuit Court of Appeals, in Richmond, Va., concluded the opposite of what Posner wrote. Posner took aim at that court Thursday.

"In so ruling, the Fourth Circuit stepped out of its bounds," Posner wrote. "But in any event, the argument's premise is incorrect."

Vickie Patton, an Environmental Defense attorney, said the Cinergy ruling will be pivotal, since it comes from one of the most influential federal court of appeals.

She said the Chicago court's decision sends "a powerful signal that it is time to address the serious human health and environmental impacts of coal-fired power plants."

After Duke won, the Justice Department asked the 4th Circuit to reconsider. But the Bush administration then asked the Supreme Court not to overturn the favorable ruling for Duke. Solicitor General Paul Clement explained that EPA had responded by issuing new regulations.

Those regulations were struck in March by the U.S. Court of Appeals for the District of Columbia Circuit, which said the Bush administration had resorted to "a Humpty Dumpty" interpretation of the law that contradicted Congress' intent.

ON THE NET

EPA: http://www.epa.gov/nsr/

FBI/DEA/ATF/USMS:

9/11 Panel Chiefs: FBI Lags On Promised Improvements (USAT)

By Alan Levin And Kevin Johnson

USA Today, August 18, 2006

WASHINGTON — The chairmen of the commission that investigated the Sept. 11 terrorist attacks said Thursday that the FBI has moved too slowly to improve its ability to prevent future terrorist plots and is plagued by turnover in its senior ranks.

Former New Jersey governor Thomas Kean, who led the landmark investigation into the government's response, and former Indiana congressman Lee Hamilton, the 9/11 Commission's vice chairman, said in an interview with USA TODAY and Gannett News Service that the bureau is lagging in its capability to penetrate terrorist groups.

During deliberations for its final report, the commission came close to recommending that the FBI be split into two agencies, one for domestic intelligence and the other for traditional law enforcement, they said.

In the end, a divided commission recommended that the FBI improve its intelligence capabilities after agency officials promised to improve.

Two years later, “they are not even close to where they said they would be,” Kean said.

The FBI has strongly defended the pace of its “transformation” since 9/11. On Thursday, the agency responded to requests for comment by referring reporters to FBI Director Robert Mueller's recent statements about the bureau's ongoing restructuring effort.

Mueller said last month that the bureau is adding hundreds of new agents and increasing its role in domestic intelligence gathering. “Since the September 11, 2001, terrorist attacks, the FBI has made tremendous progress toward becoming a threat-based, intelligence-driven organization,” he said during the announcement of leadership changes at the bureau.

“We are not simply moving boxes around the FBI organization chart,” Mueller said. “These changes are institutionalizing the progress we have made to date. They are also putting us in a better position to strategically manage the FBI's two greatest assets: its people and its information.”

Hamilton and Kean criticized high turnover rates among high-level agents and the slow pace in developing airport security to better detect explosives. They also said the FBI has not shown the ability to develop sources in its fight against terrorism.

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The United Kingdom's domestic intelligence service, MI5, last week broke up an alleged plot to blow up airliners over the Atlantic Ocean. MI5's investigation was aided by a tip from a member of the local Muslim community.

Hamilton and Kean are making a series of public appearances in connection with the publication of their book Without Precedent, an inside account of the9/11 Commission.

The FBI's Upgrade That Wasn't (WP)

By Dan Eggen And Griff Witte

The Washington Post, August 18, 2006

As far as Zalmai Azmi was concerned, the FBI's technological revolution was only weeks away.

It was late 2003, and a contractor, Science Applications International Corp. (SAIC), had spent months writing 730,000 lines of computer code for the Virtual Case File (VCF), a networked system for tracking criminal cases that was designed to replace the bureau's antiquated paper files and, finally, shove J. Edgar Hoover's FBI into the 21st century.

It appeared to work beautifully. Until Azmi, now the FBI's technology chief, asked about the error rate.

Software problem reports, or SPRs, numbered in the hundreds, Azmi recalled in an interview. The problems were multiplying as engineers continued to run tests. Scores of basic functions had yet to be analyzed.

"A month before delivery, you don't have SPRs," Azmi said. "You're making things pretty. . . . You're changing colors."

Within a few days, Azmi said, he warned FBI Director Robert S. Mueller III that the $170 million system was in serious trouble. A year later, it was dead. The nation's premier law enforcement and counterterrorism agency, burdened with one of the government's most archaic computer systems, would have to start from scratch.

The collapse of the attempt to remake the FBI's filing system stemmed from failures of almost every kind, including poor conception and muddled execution of the steps needed to make the system work, according to outside reviews and interviews with people involved in the project.

But the problems were not the FBI's alone. Because of an open-ended contract with few safeguards, SAIC reaped more than $100 million as the project became bigger and more complicated, even though its software never worked properly. The company continued to meet the bureau's requests, accepting payments despite clear signs that the FBI's approach to the project was badly flawed, according to people who were involved in the project or later reviewed it for the government.

Lawmakers and experts have faulted the FBI for its part in the failed project. But less attention has been paid to the role that the contractor played in contributing to the problems. A previously unreleased audit -- completed in 2005 and obtained by The Washington Post -- found that the system delivered by SAIC was so incomplete and unusable that it left the FBI with little choice but to scuttle the effort altogether.

David Kay, a former SAIC senior vice president who did not work on the program but closely watched its development, said the company knew the FBI's plans were going awry but did not insist on changes because the bureau continued to pay the bills as the work piled up.

"SAIC was at fault because of the usual contractor reluctance to tell the customer, 'You're screwed up. You don't know what you're doing. This project is going to fail because you're not managing your side of the equation,' " said Kay, who later became the chief U.S. weapons inspector in Iraq. "There was no one to tell the government that they were asking the impossible. And they weren't going to get the impossible."

Mueller's inability to successfully implement VCF marks one of the low points of his nearly five-year tenure as FBI director, and he has accepted some of the blame. "I did not do the things I should have done to make sure that was a success," he told reporters last month.

SAIC declined three requests for comment. The company told Congress last year that it tried to warn the FBI that its "trial and error" approach to the project would not work, but it said it may not have been forceful enough with the bureau.

Whoever is at fault, five years after the Sept. 11, 2001, terrorist attacks and more than $600 million later, agents still rely largely on the paper reports and file cabinets used since federal agents began chasing gangsters in the 1920s.1980s Technology

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Even before the Sept. 11 attacks, the FBI had developed a plan, Trilogy, to address its chronic technology problems. The program was made up of three main components: a new computer network, thousands of new personal computer stations and, at its heart, the software system that would come to be known as VCF.

The FBI wanted its agents to work in a largely paperless environment, able to search files, pull up photos and scan for information at their own PCs. The old system was based on fusty mainframe technology, with a text-only "green screen" that had to be searched by keywords and could not store or display graphics, photos or scanned copies of reports.

What's more, most employees had no PCs. They relied instead on shared computers for access to the Internet and e-mail. A type of memo called an electronic communication had to be printed out on paper and signed by a supervisor before it was sent. Uploading a single document took 12 steps.

The setup was so cumbersome that many agents stopped using it, preferring to rely on paper and secretaries. Technologically, the FBI was trapped in the 1980s, if not earlier.

"Getting information into or out of the system is a challenge," said Greg Gandolfo, who spent most of his 18-year FBI career investigating financial crimes and public corruption cases in Chicago, Little Rock and Los Angeles. "It's not like 'Here it is, click' and it's in there. It takes a whole series of steps and screens to go through."

Gandolfo, who now heads a unit at FBI headquarters that fields computer complaints, said the biggest drawback is the amount of time it takes to handle paperwork and input data. "From the case agent's point of view, you want to be freed up to do the casework, to do the investigations, to do the intelligence," he said.

At the start, the software project had relatively modest goals -- and much lower costs. When SAIC beat out four competitors to win the contract in June 2001, the company said it would be earning $14 million in the first year of a three-year deal to update the FBI's case-management system.

For SAIC, the contract was relatively minor. The firm, owned by 40,000 employee shareholders, is one of the nation's largest government contractors. The 2001 attacks were a boon to its fortunes, helping to boost its annual revenue, now more than $7 billion.

At the FBI, the impact of the attacks was equally significant but certainly less auspicious. As revelations emerged that the bureau had missed clues that could have revealed the plot, its image suffered. Its long-outdated information technology systems drew particular scrutiny.

"Prior to 9/11, the FBI did not have an adequate ability to know what it knew," a report by the staff of the Sept. 11 commission concluded. "The FBI's primary information management system, designed using 1980s technology already obsolete when installed in 1995, limited the Bureau's ability to share its information internally and externally."

The problems continued to hamper the bureau after the attacks as well: To transmit photographs of the 19 Sept. 11 hijackers and other suspects to field offices, headquarters had to fax copies or send compact discs by mail, because the system would not allow them to e-mail a photo securely.

In the months after the terrorist attacks, overhauling the case-management system became one of the bureau's top priorities. Deadlines were moved up, requirements grew, and costs ballooned.

Along the way, the FBI made a fateful choice: It wanted SAIC to build the new software system from scratch rather than modifying commercially available, off-the-shelf software. Later, the company would say the FBI made that decision independently; FBI officials countered that SAIC pushed them into it.

More than two years after Sept. 11, when a team of researchers from the National Research Council showed up to review the status of Trilogy, FBI officials assured them that the bureau had made great strides. That was true in part: By early 2004, two of the three main pillars of the program -- thousands of new PCs and an integrated hardware network -- were well on the way to being delivered and installed.

But, as the researchers soon learned, the heart of the makeover, VCF, remained badly off track. In its final report, in May 2004, the NRC team warned that the program was "currently not on a path to success."

The review team from the NRC, which is affiliated with the National Academy of Sciences, was made up of more than a dozen scientists and engineers from top universities and leading technology companies, all of them independent of the FBI and its contractors.

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The report observed that the rollout of the new case-management software had been poorly planned nearly from the beginning. Months after the program was supposed to be complete, it remained riddled with shortcomings:

Â· Agents would not be able to take copies of their cases into the field for reference.

Â· The program lacked common features, such as bookmarking or histories, that would help agents navigate through millions of files.

Â· The system could not properly sort data.

Â· Most important, the FBI planned to launch the new software all at once, with minimal testing beforehand. Doing so, the NRC team concluded, could cause "mission-disruptive failures" if the software did not work, because the FBI had no backup plan.

"That was a little bit horrifying," said Matt Blaze, a professor of computer science at the University of Pennsylvania and a member of the review team. "A bunch of us were planning on committing a crime spree the day they switched over. If the new system didn't work, it would have just put the FBI out of business."

The NRC team found plenty of blame to go around, starting with the FBI itself.

Like many government agencies, the bureau had been drained of much of its top talent as skilled managers left for the higher salaries and reduced bureaucracy of the private sector. By 2001, when the VCF program was born, the FBI had few people in house with the expertise to develop the kind of sophisticated information technology systems that it would need. As a result, the agency had been turning increasingly to private contractors for help, a process that only hastened the flow of talent out the door at FBI headquarters.

"In essence, the FBI has left the task of defining and identifying its essential operational processes and its IT concept of operations to outsiders," the NRC researchers concluded. "The FBI lacks experienced IT program managers and contract managers, which has made it unable to deal aggressively or effectively with its contractors."

Daniel Guttman, a fellow at Johns Hopkins University who specializes in government contracting law, said: "This case just shows the government doesn't have a clue. Yet the legal fiction is that the government knows what it's doing and is capable of taking charge. The contractors are taking advantage of that legal fiction."

In the end, the FBI's failure to police the contractors would lead to disastrous results.

After the disappointing preview of VCF in late 2003 by Azmi, who was then an adviser to Mueller tasked with reviewing the system, the FBI scrambled to rescue the project. The Aerospace Corp., a federally funded research-and-development firm in El Segundo, Calif., was hired for $2 million in June 2004 to review the program and come up with a "corrective action plan."

The conclusion: SAIC had so badly bungled the project that it should be abandoned.

In a 318-page report, completed in January 2005 and obtained by The Post under the Freedom of Information Act, Aerospace said the SAIC software was incomplete, inadequate and so poorly designed that it would be essentially unusable under real-world conditions. Even in rudimentary tests, the system did not comply with basic requirements, the report said. It did not include network-management or archiving systems -- a failing that would put crucial law enforcement and national security data at risk, according to the report.

"From the documents that define the system at the highest level, down through the software design and into the source code itself, Aerospace discovered evidence of incompleteness, lack of follow-through, failure to optimize and missing documentation," the report said.

Others joined Aerospace in highlighting SAIC's role in the failure. The NRC report complains that the contractor dealt with Trilogy as a "business as usual" program, without regard to its importance to national security.

Matthew Patton, a programmer who worked on the contract for SAIC, said the company seemed to make no attempts to control costs. It kept 200 programmers on staff doing "make work," he said, when a couple of dozen would have been enough. The company's attitude was that "it's other people's money, so they'll burn it every which way they want to," he said.

Patton, a specialist in IT security, became nervous at one point that the project did not have sufficient safeguards. But he said his bosses had little interest. "Would the product actually work? Would it help agents do their jobs? I don't think anyone on the SAIC side cared about that," said Patton, who was removed from the project after three months when he posted his concerns online.

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Azmi said that "in terms of having a lot of money, we were just coming out of 9/11, and at that time there was a lot of pressure on the FBI to develop capabilities for storing information and actually, for lack of better words, connecting the dots. If SAIC took advantage of that, I would say shame on them."

Mueller has also criticized SAIC, telling Congress that the software it produced "was not what it should be in order to make it the effective tool for the FBI, and it requires us now to go a different route."

One FBI manager estimated that the scope of the Trilogy project as a whole expanded by 80 percent since it began, according to a February 2005 report by Justice Department Inspector General Glenn A. Fine.

SAIC has consistently said that it was trying to meet the FBI's needs but that its efforts were undermined by the bureau's chronic indecision. Executive Vice President Arnold Punaro submitted testimony to Congress in February 2005 citing 19 government personnel changes in three years that kept the program's direction in flux.

FBI officials, he said, took a "trial and error, 'we will know it when we see it' approach to development." Punaro said the company warned bureau officials that such a method would not work, but he acknowledged that SAIC did not do enough to get the FBI's attention.

"We clearly failed to get the cumulative effect of these changes across to the FBI consumer," he said.

Punaro also faulted Aerospace, saying that its study was based on an earlier version of VCF software and that the firm "did not bring a sufficient understanding of the uniqueness, complexity and scope of the FBI undertaking to evaluate our product."Starting Over, Again

By 2004, even as the news grew worse behind the scenes, FBI officials struggled to put an optimistic spin on their software upgrade.

In March, testifying before a House subcommittee, Mueller said that the FBI had experienced "a delay with the contractor" but that the problem had been "righted." He said he expected that "the last piece of Virtual Case File would be in by this summer."

Two months later, Azmi -- who had been named the bureau's chief information officer -- pushed back the estimate further, predicting that SAIC would deliver the product in December.

But the problems continued to mount. The FBI and SAIC feuded over change orders, system requirements and other issues, according to an investigative report later prepared for the House Appropriations Committee. The FBI also went ahead with a $17 million testing program for the system, one of many missed opportunities to cut its losses, according to the House report.

Azmi defends the attempt to save VCF and calls the decision to abandon it in early 2005 "probably the toughest" of his career.

The decision to kill VCF meant that the FBI's 30,000-plus employees, including more than 12,000 special agents, had to continue to rely on an "obsolete" information system that put them at "a severe disadvantage in performing their duties," according to the report by Fine, of the Justice Department.

"The urgent need within the FBI to create, organize, share and analyze investigative leads and case files on an ongoing basis remains unmet," Fine's office concluded.

Maureen Baginski, the FBI's former executive assistant director of intelligence, said the lack of a modern case-management system could hurt the bureau when time is of the essence. Agents and analysts need the new system, she said, to quickly make connections across cases -- especially when they are tackling complex challenges such as unraveling a terrorist plot.

Last year, FBI officials announced a replacement for VCF, named Sentinel, that is projected to cost $425 million and will not be fully operational until 2009. A temporary overlay version of the software, however, is planned for launch next year.

The project's main contractor, Lockheed Martin Corp., will be paid $305 million and will be required to meet benchmarks as the project proceeds. FBI officials say Sentinel has survived three review sessions and is on budget and on schedule.

SAIC is not involved. FBI officials say they are awaiting an audit by a federal contracting agency before deciding whether to attempt to recoup costs from the company.

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In a follow-up to its reviews, Fine's office warned in March that the FBI is at risk of repeating its mistakes with Sentinel because of management turnover and weak financial controls. But Azmi and other FBI officials say Sentinel is designed to be everything VCF was not, with specific requirements, regular milestones and aggressive oversight.

Randolph Hite, who is reviewing the program for the Government Accountability Office, said: "When you do a program like this, you need to apply a level of rigor and discipline that's very high. That wasn't inherent in VCF. My sense is that it is inherent in Sentinel."

But no one really knows how much longer the bureau can afford to wait.

"We had information that could have stopped 9/11," said Sen. Patrick J. Leahy (Vt.), the ranking Democrat on the Senate Judiciary Committee. "It was sitting there and was not acted upon. . . . I haven't seen them correct the problems. . . . We might be in the 22nd century before we get the 21st-century technology."

FBI Names Chief Of Criminal Investigations (WT)

By Jerry Seper

The Washington Times, August 18, 2006

James H. "Chip" Burrus, who has headed the FBI's criminal investigative division in an acting capacity since February, has been named as its permanent chief, responsible for coordinating, managing and directing the bureau's criminal investigative programs nationwide.

"Chip brings an extensive background in criminal investigations and great leadership qualities to the [assistant director] position," said FBI Director Robert S. Mueller III. "He has the skills and vision to lead the intelligence and technology driven work of today's FBI, and I'm confident he will help us stay a step ahead of new threats and trends in the criminal arena."

The division focuses on public corruption, violation of civil rights, gangs, organized crime, financial crimes including corporate and health care fraud, violent crimes and victim assistance.

A 23-year FBI veteran, Mr. Burrus recently was among 100 FBI and U.S. law-enforcement officials who attended the second annual Gang Enforcement Conference in San Salvador, which targeted the activities of Mara Salvatrucha, or MS-13. The conference, also attended by top officials from Guatemala, Mexico, Panama, Nicaragua, Honduras and El Salvador, focused on how to combat the gang that has been implicated in numerous slayings throughout the United States.

"What it did for me is it gave me an insight of what the gang looks like, not only in El Salvador and Central American countries but what it perhaps looks like here," Mr. Burrus said at the time. "How do they make money down there? What is their structure? It helps me be a little more predictive in placing resources."

With an estimated 10,000 MS-13 gang members in the United States, five times as many in the countries that attended the conference, the FBI has added resources to attack the problem, including the creation of the MS-13 National Gang Task Force and the National Gang Intelligence Center. Last year, the task force coordinated a series of arrests and crackdowns in the U.S. and Central America that led to the arrests of 73 suspects in the United States.

Mr. Burrus joined the FBI as a special agent in 1983 and was assigned to El Paso and Midland, Texas, field offices where he focused on public corruption and bank fraud investigations. After transfer to the Washington field office in 1988, he was promoted and assigned to the attorney general's security detail where he worked with Edwin Meese III, Richard E. Thornburgh and William P. Barr.

In 1991, he was assigned to the FBI's Internal Affairs Unit in Washington, where he remained until his promotion and transfer to Orlando, Fla., in 1993, as a supervisory special agent. Mr. Burrus was named the assistant special agent in charge of the Minneapolis division in 1998 and was transferred to FBI headquarters in 2001, where he served as the special assistant to the deputy director.

Bonds Trainer Mum On Steroids Question (MERCN)

By Paul Elias

The San Jose Mercury News, August 18, 2006

SAN FRANCISCO - Barry Bonds' personal trainer again refused to testify before a grand jury investigating the Giants slugger Thursday, but a federal judge did not jail Greg Anderson for contempt of court.

U.S. District Judge William Alsup said he must review the transcript of the brief grand jury hearing and hear arguments from lawyers before deciding if Anderson should go back to jail. He ordered Anderson to return to court Aug. 28.

On Anderson's fifth appearance before a federal grand jury, he answered basic questions, including his name, prosecutors said. Until now, he didn't even go that far.

But federal prosecutors said Anderson didn't answer any substantive questions about steroids and that his answers were designed to delay the process, Assistant U.S. Attorney Matthew Parrella argued.

"This was a more cynical appearance than any before," Parrella said.

For instance, Anderson refused to answer when Parrella asked, "Did you distribute anabolic steroids to Barry Bonds?"

That was the first public acknowledgment that Bonds, second on major league baseball's all-time home run list, is the target of a grand jury investigation into a performance-enhancing drug probe linked to some of the world's top athletes, including Yankees star Jason Giambi and sprinter Tim Montgomery.

All other reports have been based on leaked copies of grand jury transcripts in the investigation of the Bay Area Laboratory Co-Operative that netted five convictions for steroid distribution. Several elite athletes testified about their steroid use and Parrella told the judge the new investigation involved whether "some of those athletes committed perjury and/or obstructed justice."

Parrella said prosecutors want Anderson to explain calendars with doping schedules and other evidence seized from his house.

Despite the government's insistence that Anderson essentially refused to testify yet again, Alsup allowed the trainer to go free for now.

Alsup also allowed Anderson's attorney, Mark Geragos, to make one last argument for why his client shouldn't have to testify. Geragos lost those arguments July 5 when Anderson was initially jailed for refusing to answer questions.

"There is a substantial difference between this time and last time," Geragos said.

Numerous grand jury leaks have left Anderson mistrustful that his testimony will be kept confidential, Geragos said. It would violate a deal struck in December to plead guilty to steroids distribution and money laundering, in which Anderson specifically stated he would not cooperate with the government.

But Alsup has already rejected those arguments as well as a third claim Geragos intends to renew, which is that Anderson was a target of an illegal wiretap. A federal appeals court also rejected the wiretap argument.

Anderson spent 15 days in prison last month for refusing to testify, but was freed after that grand jury's term expired.

He also served three months in prison and three months of home detention after pleading guilty to steroid distribution and money laundering stemming from the government's investigation of BALCO, which allegedly supplied Bonds and other athletes with performance-enhancing drugs.

Government lawyers are investigating whether Bonds lied under oath when he told an earlier grand jury he didn't know whether the substances Anderson gave him were steroids.

Some legal experts see Anderson as the key to proving perjury allegations, since Bonds reportedly testified the trainer gave him two substances that fit the description of "the cream" and "the clear" - two drugs linked to BALCO. In 2003, Bonds reportedly testified that he believed the substances were flaxseed oil and arthritis balm.

The investigation also reportedly is focused on whether the San Francisco Giants outfielder paid taxes on the sale of hundreds of thousands of dollars worth of sports memorabilia.

Bonds' Trainer Refuses To Testify, But Remains Free (USAT)

By Bob Nightengale, Usa Today

USA Today, August 18, 2006

Greg Anderson once again refused to testify Thursday before a grand jury investigating San Francisco Giants outfielder Barry Bonds on perjury charges, but he was not sent to prison for contempt of court.

The federal government publicly confirmed Thursday that it is investigating whether Bonds lied under oath in 2003 when he told a grand jury he was unaware he was taking steroids provided by Anderson, Bonds' personal trainer.

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Anderson, according to the Associated Press, answered several basic questions but refused to respond when federal prosecutor Matt Parrella asked: "Did you distribute anabolic steroids to Barry Bonds?"

U.S. District Judge Williams Alsup rejected the federal government's request to send Anderson to prison. Alsup instead ordered Anderson to return to court Aug. 28, providing him time to review the transcript of the grand jury hearing and hear attorney arguments.

"It was a good day, an excellent day," Mark Geragos, Anderson's attorney, told USA TODAY. "I obviously like to walk out of the court with my client instead of leaving him there. It's the best thing that could have happened."

Anderson, who served three months in prison last year after pleading guilty to steroid distribution and money laundering, also spent 15 days in prison last month for refusing to testify.

"The government is going to continue to seek holding him in contempt," Geragos said, "and we will continue to dispute that. I don't believe that my client is in contempt."

If Anderson is sent to prison, he could remain for 17 months when the grand jury's term expires or be released if Alsup is convinced that Anderson won't talk.

Bonds, who was unavailable for comment Thursday, previously told USA TODAY that he appreciates Anderson's loyalty and would also be willing to be imprisoned for a close friend.

Bonds' Trainer Appears Before Grand Jury (SFC)

San Francisco Chronicle, August 18, 2006

SAN FRANCISCO - Greg Anderson, Barry Bonds' weight trainer, appeared today before a federal grand jury that is conducting a perjury investigation of Bonds and answered some questions, but a prosecutor said he refused to answer the important ones, such as whether he supplied steroids to the Giants' outfielder.

A federal judge put off until Aug. 28 a decision on whether to hold Anderson in contempt of court and return him to federal prison, where he spent 15 days last month for refusing to testify to a previous grand jury.

U.S. District Judge William Alsup said he wanted to give both sides time to study a transcript of today's hearing and prepare arguments over whether Anderson had any legal justification for not answering some questions.

Anderson, one of five men who pleaded guilty to drug-related charges related to the Bay Area Laboratory Co-Operative, spent three months in prison for dealing steroids and laundering money. He was called back to court this May and asked about evidence seized from his home that might show whether Bonds lied when he told the BALCO grand jury he had never knowingly used steroids.

When Anderson refused to testify, Alsup held him in contempt and jailed him on July 5, rejecting defense arguments that prosecutors had implicitly promised not to call him as a witness when he pleaded guilty. He was released July 20 when the grand jury's term expired, but was summoned back a week later after a new grand jury was convened.

Assistant U.S. Attorney Matt Parrella told Alsup that Anderson, in today's grand jury appearance, answered some background questions but refused to testify "in any significant way on any pertinent issue," including whether he had provided steroids to Bonds.

But Anderson's lawyer, Mark Geragos, said the trainer had merely refused to answer any questions that could have been the product of a recording obtained by prosecutors.

Geragos contends the recording -- which The Chronicle has reported includes a statement by Anderson that he furnished undetectable steroids to Bonds -- came from an illegal wiretap. Alsup has not ruled on the tape's legality but has prohibited prosecutors from questioning Anderson about it.

Bonds's Personal Trainer Reveals Little To Grand Jury (NYT)

By Lee Jenkins

The New York Times, August 18, 2006

SAN FRANCISCO, Aug. 17 — Greg Anderson, the boyhood friend and personal trainer of Barry Bonds, told a federal grand jury just enough to stay out of prison Thursday.

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Judge William Alsup of Federal District Court rejected a request by federal prosecutors to send Anderson back to prison for contempt of court, even though Anderson refused to tell the grand jury whether he gave steroids to Bonds.

A federal prosecutor, Matt Parrella, said during the contempt hearing that Anderson had not answered any questions in four previous grand jury sessions. In Anderson's fifth grand jury session, ordered by Alsup on Thursday afternoon, Parrella said, Anderson answered only basic questions, such as "What is your name?"

Parrella said that when he asked Anderson if he had supplied anabolic steroids to Bonds, Anderson did not answer. "It was a more cynical and contentious appearance," Parrella told the judge.

Alsup said that because Anderson gave some testimony Thursday, he needed time to read the transcript. Anderson will be back in court for another contempt hearing Aug. 28.

Anderson, 40, was in prison from July 5 to July 20 for refusing to testify to a previous grand jury. Federal prosecutors may need his testimony to indict Bonds on charges of perjury and tax evasion.

For the first time, federal prosecutors acknowledged publicly Thursday that the grand jury was investigating athletes for perjury and obstruction of justice. Prosecutors also revealed for the first time that they are asking about Bonds.

The Associated Press reported Wednesday that the grand jury told Anderson to be prepared to discuss a handful of athletes, including New England Patriots' quarterback Tom Brady. Both Bonds and Brady are from the Bay Area and both went to Serra High School. Brady told reporters Thursday that he called Anderson once, about five years ago, and never spoke to him again. "That was the first and last of it," he said.

Anderson pleaded guilty to steroid distribution and money laundering last year in connection with the Bay Area Laboratory Co-Operative scandal. He was sentenced to three months in prison and three months of home confinement.

Suspected Drug Kingpin Pleads Not Guilty (AP)

By Allison Hoffman, Associated Press Writer

AP, August 18, 2006

SAN DIEGO --Suspected drug kingpin Francisco Javier Arellano Felix pleaded not guilty to racketeering and conspiracy charges Thursday after arriving on U.S. soil in a Coast Guard boat and being whisked to a downtown jail under heavy security.

Arellano Felix did not speak during the brief hearing. His court-appointed attorney, Leila Morgan, pleaded not guilty on his behalf to racketeering, racketeering conspiracy, conspiracy to import and distribute controlled substances, and money laundering.

Arellano Felix, 36, had been captured on a sport boat in international waters Monday along with seven other men, including Arturo Villarreal Heredia, who U.S. authorities said was probably his second-in-command.

"There is no discernible leader left to fill the void" in the Tijuana-based Arellano Felix cartel, said John Fernandes, special agent in charge of the Drug Enforcement Administration's San Diego office. "I don't consider this organization disrupted. I consider this organization defunct."

The men arrived on a U.S. Coast Guard boat at the agency's harborside facility around 8:15 a.m. The group was escorted to a waiting motorcade of police vehicles and unmarked Chevy Suburbans as snipers watched from atop a nearby hangar.

U.S. Magistrate Judge Leo S. Papas scheduled a bail hearing Monday for Arellano Felix. After the defendant left the courtroom, the seven others entered and were ordered held as material witnesses.

Arellano Felix's son was among three children ages 5 to 11 who also were on the 43-foot yacht, said Carol Lam, the U.S. attorney in San Diego. One was apparently a nephew, and the third child's identity was unclear.

The children were brought to the United States and will be returned to Mexico, Fernandes said at a news conference.

Coast Guard Rear Adm. Jody Breckinridge said that Mexican authorities did not participate in the arrest and that Arellano Felix showed little resistance.

In Mexico, Attorney General Daniel Cabeza de Vaca said Thursday that the arrest "totally devastated" the cartel. Some experts, however said it would not mean much to the organization or to the larger fight against drug trafficking in Mexico.

Cabeza de Vaca also said Mexico would seek Arellano Felix's extradition to Mexico, but perhaps not until he had been tried and sentenced for crimes in the United States.

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Arellano Felix was among 11 people charged in 2003 with 10 counts of conspiracy and racketeering. He is suspected of conspiring to assassinate Roman Catholic Cardinal Juan Jesus Posadas Ocampo in 1993 at the airport in Guadalajara, U.S. officials said.

The indictment accuses Arellano Felix, 36, and others of moving tons of Colombian cocaine and Mexican marijuana to the United States along the California-Mexico border. The Arellano Felix gang is believed to be responsible for large border drug tunnels discovered last January.

They are also accused of kidnapping, torturing and killing rivals and bribing Mexican officials. The indictment links Arellano Felix to a 1996 killing in Coronado, Calif., near San Diego, and a 1992 shootout at a disco in Puerto Vallarta, Mexico.

The Arellano Felix gang emerged as a drug powerhouse in the 1980s in Tijuana, Mexico, across the border from San Diego, but its influence has waned lately. It recently ceded control of Mexicali, an important drug corridor about 120 miles east of Tijuana, said John Kirby, a former federal prosecutor in San Diego who worked on the 2003 indictment.

Kirby said Arellano Felix led the Tijuana clan almost by default in 2002 when the gang lost two of his older brothers: Benjamin, who was jailed, and Ramon, who was killed.

Benjamin Arellano Felix has continued to issue orders from jail in Mexico, but his younger brother was the top lieutenant in the field, said Kirby.

The State Department had offered $5 million rewards for the capture of Francisco Javier or his brother Eduardo. Deputy Attorney General Paul McNulty said there was no indication whether anyone would receive the award for Francisco Javier's capture.

Federal drug agents began preparing for the latest operation 14 months ago after learning that Arellano Felix was planning a fishing trip. The agents enlisted the Coast Guard's help and were helped throughout by Mexican law enforcement officers.

Federal authorities learned of the fishing trip four months ago, said DEA spokesman Dan Simmons.

U.S. authorities identified others arrested on the boat as Marco Villanueva Fernandez, Edgar Omar Osorio, Luis Raul Jiminez Toledo, Francisco Javier Mesa Castro, Ernesto Gonzales Fimbles and Jose Luis Betancourt Espinoza.

Associated Press writer E. Eduardo Castillo in Mexico City contributed to this report.

Alleged Mexican Drug Lord Pleads Not Guilty (LAT)

By Richard Marosi, Times Staff Writer

The Los Angeles Times, August 18, 2006

SAN DIEGO -- Authorities knew the alleged Mexican drug kingpin didn't like to give up without a fight. In 1994 when police tried to arrest Francisco Javier Arellano Felix in Tijuana, Mexico, a federal police commander and four other people died in a shootout that led to his escape.

So on Tuesday, as a U.S. Coast Guard vessel edged up to a fishing boat off the coast of Baja California, about 30 heavily armed coast guardsmen prepared for a potentially bloody encounter.

Instead, the alleged drug cartel leader let them board, and he and 10 others were escorted off the Dock Holiday without incident. On the two-day sail to San Diego, Arellano Felix's son and nephew played video games while crew members kept a close watch on the stunned Arellano Felix.

"He was surprised," said John Fernandes, special agent in charge of the Drug and Enforcement Administration office in San Diego. "They went out fishing, and they ended up being the fish."

Despite Arellano Felix's meek surrender, authorities weren't taking any chances when he arrived here Thursday morning. Sharpshooters stood by as a police motorcade drove Arellano Felix, 36, from the port to the downtown federal detention facility.

At his afternoon arraignment, the gaunt-looking Arellano Felix -- still dressed in his orange flip-flops and checked green shorts -- grimly pressed his lips and nodded when his court-appointed attorney entered a not guilty plea to charges of smuggling, murder and conspiracy.

U.S. Magistrate Judge Leo Papas scheduled a bail hearing for Monday.

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According to the indictment, filed in 2003, Arellano Felix is a member of an organization that during its height in the late 1990s was believed to be supplying nearly half the cocaine sold in the U.S. The cartel is blamed for scores of slayings of police officers, journalists and rivals, as well as the accidental killing of Roman Catholic Cardinal Juan Jesus Posados Ocampo at the Guadalajara airport in 1993.

U.S. and Mexican authorities, whose joint investigations have at times been marred by mistrust, held a news conference in San Diego, where they emphasized the close cooperation between the countries on the case.

Authorities, citing the ongoing investigation, released few details but said a key break in the 3-year manhunt came four months ago when Mexican authorities shared information with DEA agents that Arellano Felix had bought a fishing boat.

Acting on a tip, U.S. authorities sent a Coast Guard vessel to intercept the boat in international waters off the tip of Baja California. Arellano Felix was apparently on a fishing trip with three children, ages 5 to 11.

Among the seven men also aboard was Arturo Villarreal-Heredia, an alleged assassin for the Arellano Felix cartel. Mexico's attorney general, Daniel Francisco Cabeza de Vaca, said that the men may have been heading for a meeting with other cartel members.

The guardsmen on the U.S. Coast Guard vessel had prepared for all possible scenarios, said Rear Admiral Jody Breckenridge, commander of the 11th Coast Guard district in San Diego. But when they boarded, the men surrendered without incident.

There were no drugs or weapons found, she said. On the way back to San Diego, the men were not handcuffed. There are no holding cells in the vessel, but the suspects were kept in a "controlled environment," Breckenridge said.

The children chatted with crew members and played video games, she said. They have been flown to Mexico City, where a social services agency will care for them until family members claim custody.

Cabeza de Vaca, in an interview in Mexico City, said it appeared that Arellano Felix had had plastic surgery performed on his face to change his appearance. He said the alleged drug kingpin traveled routinely to San Diego under a false identity, and that the boat excursion started in the U.S.

Authorities could only speculate why one of Mexico's most wanted men went down without a fight. Some said he didn't want to endanger the lives of the children. Others said he may have grown tired of running and having a $5 million reward hanging over his head.

"Sometimes you're just relieved that it's over," said Dan Simmons, a DEA spokesman in San Diego. "I wonder if he said to himself, `What's the use?' "

Times staff writer Hector Tobar in Mexico City contributed to this report.

U.S. Considered '93 Indictment Of Raul Castro On Drug Charges (AP)

By Curt Anderson, AP LEGAL AFFAIRS WRITER

AP, August 18, 2006

MIAMI -- Federal prosecutors drafted a proposed indictment in 1993 charging Cuban military chief Raul Castro with cocaine trafficking but the case was dropped in part because it rested largely on the questionable testimony of admitted drug smugglers, former federal officials said.

The investigation was an outgrowth of the 1992 drug trial in Miami of deposed Panamanian leader Manuel Noriega, which included testimony implicating Raul from a top member of Colombia's notorious Medellin cartel - convicted cocaine kingpin Carlos Lehder.

"There was substantial evidence generated in the Noriega case demonstrating that the Cuban military had been involved in narcotrafficking," said former U.S. Attorney Guy Lewis, who was part of the Noriega prosecution team.

Raul Castro is now Cuba's acting head of state while his brother Fidel recovers from abdominal surgery. He has long been the chief of Cuba's Revolutionary Armed Forces, with control over the island's airports and ocean traffic.

Both Castro brothers have repeatedly and vehemently denied any Cuban involvement in drug trafficking. Officials with the Cuban Interests Section, which represents Havana in Washington, did not return two telephone calls seeking comment Thursday.

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Lehder testified in the Noriega case that he personally met with Raul Castro in 1982 to negotiate landing rights for aircraft carrying tons of cocaine on the Cuban island of Cayo Largo. He also said that he discussed drug trafficking in 1984 with Manuel "Redbeard" Pineiro, who was formerly Cuba's intelligence chief.

One of the federal prosecutors in Lehder's own case, Ernst Mueller, said he wanted in 1989 to add Raul Castro as an "unindicted co-conspirator" in another drug indictment based on evidence from a Colombian pilot who is now in the federal witness protection program. But, Mueller said, he was told by the Justice Department to remove Raul Castro's name.

"We would have liked to have done it," he said. "We had enough evidence he was involved."

The proposed 1993 indictment, according to officials directly involved, would have charged Raul Castro and 14 other top Cuban officials with conspiracy and racketeering for allegedly providing safe passage for Medellin cartel cocaine loads, including permission to fly over Cuba and use its waters. The indictment, which did not name Fidel Castro, alleged that 7.5 tons of cocaine destined for the United States between 1980 and 1990 moved through this pipeline.

Tom Cash, head of the Drug Enforcement Administration field office in Miami from 1988 to 1995, acknowledged having "many discussions" with prosecutors and top Justice Department officials about whether to pursue the case. His conclusion was that it would have been difficult to prove to a jury, in part because so much evidence rested with the smugglers themselves.

"I certainly was not in favor of pursuing it, primarily because of the veracity of the witnesses," Cash said. "No question that they (Raul Castro and other military officials) were worthy targets and most likely were involved in the allegations presented, but allegations and an indictment do not a conviction make."

Another complicating issue, Cash said, was whether prosecutors would attempt to use sensitive U.S. intelligence in any case against Raul Castro. The Noriega experience, he said, demonstrated how difficult it is to put on such evidence in a public trial amid concerns by the CIA, FBI and other agencies that spies, informants and technical methods might be exposed.

"It's not insurmountable but almost," Cash said.

Still another problem with the Raul Castro case was what the U.S. was prepared to do if he was indicted in a federal court. Noriega remains the only foreign head of state to be removed and brought to the U.S. for trial by American troops. He is serving a 30-year sentence at a Miami prison and is scheduled for release in September 2007.

"It was my view that if you indict the king, you don't wound him, you've got to be prepared to kill him," Cash said. "If you don't convict them, the whole action will be used by the rest of the world as a political ploy."

Lewis, however, said federal prosecutors have never based their charging decisions on whether a target is easy to capture. If that were the case, he said, the U.S. would never have indicted Noriega, former Medellin cartel chief Pablo Escobar or the two brothers currently awaiting trial in Miami on charges of running Colombia's Cali cocaine cartel.

"I'm strongly in favor of basically pursuing a case where the evidence leads you," said Lewis, who said he was speaking generally and not directly about the Raul Castro matter. "If the evidence leads you to a head of state, so be it."

Cash said the Raul Castro indictment was considered at the highest levels of the U.S. government, including senior officials at the Justice Department and the White House's National Security Council. While political considerations could not be ruled out, Cash said he is convinced that the main reason the case was dropped was problems with the evidence.

"I think it was a good decision in the end. The government has to be commended that we didn't jump off the bridge here in the belief that we would waltz to victory," he said.

Former U.S. Attorney General Janet Reno, who was in office at the time and now is back home in Miami, said Thursday she did not remember the Raul Castro case. "I don't recall any details," she said.

Feds Take Over Big Drug Case (AC)

Annapolis Capital, August 17, 2006

A federal grand jury indicted five people on drug conspiracy charges yesterday, in what authorities said could be the biggest drug seizure in Anne Arundel County's history.

Four of the five people were arrested in May and already have been charged in state court.

But the federal charges could bring them much longer prison terms. The federal system has no parole and includes stiff mandatory minimums for large amounts of drugs.

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"I'm not surprised by it," David P. Putzi, a lawyer for defendant Jason R. Bibeault, said last night of the indictment. "I think that because of what the alleged quantities were, it was somewhat foreseeable that the feds were going to take a long look at it ... They're looking for strength of their case and the elevated possibility of heightened incarceration."

If convicted of the top count, which charges them with conspiring to distribute more than 1,000 kilograms of narcotics - well over a ton - all five would face a mandatory minimum of 10 years in prison and a maximum of life.

In addition to Mr. Bibeault, 24, who's from Glen Burnie, the grand jury indicted:

Alfred M. Anderson Jr., 32, of Glen Burnie.

Alvin L. Burruss, 36, of Reisterstown.

Elizabeth Mary Cullens, 25, of Reisterstown.

Derek Charles Honeycutt, 24, of Glen Burnie.

Ms. Cullens was the only one not previously charged in state court. Federal prosecutors wouldn't comment on the case.

On May 10, after a six-month investigation sparked by a tip, county detectives raided a Glen Burnie storage unit and several homes, three in Glen Burnie and one in Reisterstown.

They seized marijuana, cocaine and Ecstasy worth more than $10.3 million. The bulk of the seizure was marijuana - 684.5 pounds of it, with a street value of more than $9.2 million.

There were also 3 kilograms of powder cocaine, worth more than $294,000; 30,220 Ecstasy pills, worth $755,000; and an ounce of crack cocaine, worth $2,800.

At the time of the raids, police were already consulting with the Drug Enforcement Administration and the U.S. Attorney's Office about possible federal charges.

Undercover detectives had been shadowing people for two months. On the night of the raids, they followed Mr. Bibeault and Mr. Honeycutt to a Public Storage facility on East Furnace Branch Road in Glen Burnie, where they had a locker.

Detectives said the two men carried in several large hockey-style duffel bags. A police drug dog gave the detectives enough probable cause to get search warrants.

Police said they believed the "kind bud," or high-grade, marijuana might have come from Canada. They said the drugs were meant for distribution in this area.

In addition to the drugs, police seized $56,000 in cash, a 2005 Cadillac XLR, a 2003 BMW and two trucks.

Manteca Man Admits To Posing As DEA Agent (SFC)

San Francisco Chronicle, August 17, 2006

SACRAMENTO -- A Manteca man has pleaded guilty to charges that he posed as a federal Drug Enforcement Administration agent.

John D. Cohen, 45, pleaded guilty this week in U.S. District Court in Sacramento to a charge of making false statements to federal officials.

Cohen flashed a fake DEA badge Feb. 27 while entering the federal courthouse in Sacramento to look up bankruptcy records involving him and his wife, DEA Special Agent Gary Cummings wrote in an affidavit.

"I'm a DEA special agent," Cohen told a court security officer, who then asked for his credentials.

Cohen, who was accompanied by his 4-year-old daughter, patted himself down as if he were looking for his credentials and then said, "I must have left them in the car," court records said.

Court security officers let him into the building but called in real DEA agents. Cohen told them that he had been playing "cops and robbers" with his children and forgot about the badge, court records show. Cohen said the badge had been a gift when he left the Navy and that he had never previously pretended to be a DEA agent.

But investigators said Cohen also wore a DEA jacket and badge when he sold a Ford Crown Victoria, a car typically used by law enforcement, to a security firm on Coast Guard Island in Alameda on Feb. 22, Cummings wrote.

Investigators found two handguns, a shotgun and apparel made to look like an Oakland police uniform while searching Cohen's home, authorities said.

U.S. District Judge Frank Damrell Jr. will sentence Cohen on Nov. 13.

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30 Arrested In Reservation Meth Sting (EVT)

East Valley Tribune, August 17, 2006

A seven-month undercover operation led to the arrest of 30 people suspected of dealing meth and other drugs on the Salt River Pima-Maricopa Indian Community, officials announced Wednesday.

Officials working in the sting seized about $1 million worth of methamphetamine, heroin, marijuana, cocaine and crack and disrupted seven drug organizations "from the bottom up" that have targeted the reservation and surrounding areas such as Scottsdale.

Officials said some of the suspects, who range from "the street dealer to the highest-level trafficker and supply dealer," are connected to larger Mexican drug cartels. But officials would not elaborate.

"People believe that they can act with impunity on tribal land," said U.S. Attorney for Arizona Paul Charlton. "That is not true."

The operation was part of a program started in July 2005 to stop the use and sale of methamphetamine on tribal land.

The program is open to any American Indian community that wants to share resources with the U.S. Drug Enforcement Administration.

The Navajo Nation was the first to use the program, which led to the arrest of 34 people.

"To the drug dealers, we are in their face," Salt River police Chief Stan Kephart said. "We are like weeds that won't go away. That's comforting to our community."

While officials at a Wednesday news conference would not say the meth problem is any worse on reservations than other communities, DEA officials in the past have acknowledged that isolation, poverty and boredom have turned Arizona reservations into breeding grounds for the drug.

And since many Indian communities don't keep statistics on the issue, no one knows how bad the problem is.

"The most serious cost to the Salt River Pima-Maricopa Indian Community is the human cost," said Joni Ramos, president of the community.

The U.S. Attorney's Office in Arizona is charging 16 people who have been arrested, while other suspects will be prosecuted in local and county courts, officials said. Suspects include Mexican nationals, illegal immigrants, tribal members and other U.S. citizens, authorities said.

Suspect David Camacho-Martinez, 46, remained a fugitive Wednesday.

Officials said investigators will continue to search for other drug dealers and their suppliers.

"Meth and cocaine are less available in the community," said Timothy Landrum, the DEA special agent in charge. "Smaller narcotics dealers have changed their course of action."

Feds, Tribal Police Unite In Meth Bust (AR)

The Arizona Republic, August 17, 2006

More than 500,000 doses of methamphetamine are off the Salt River Reservation after a seven-month investigation by tribal police and federal narcotics agents.

Officials tareted drug dealers preying on addicts in Arizona's Indian country. Salt River police announced the bust Wednesday with other members of a multiagency task force created through the Drug Enforcement Agency, considered the first to specifically target meth on an Arizona reservation. Officials said the partnership between tribal police and federal authorities could become a model for other tribes.

Most of the 15 pounds of raw meth, along with other drugs and guns, were seized from as many as 16 people focused on dealing on the Salt River Reservation. Some suspects were caught smuggling drugs from Mexico, officials said.

"All credit goes to the DEA for having the foresight to establish a partnership in Indian country that will make an impact," said Salt River Police Chief Stanley Kephart.

Salt River Tribal President Joni Ramos said she and other tribal leaders, along with police, have struggled to find a way to help families devastated by the grim aftereffects of meth addiction. Some families have children as young as 13 experimenting with meth.

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A rising number of violent crimes and more drug overdoses are just some of the issues the Salt River Pima-Maricopa Indian Community has been forced to cope with, tribal leaders said.

"The medical costs that go with (meth) are just staggering, from overdoses to the little tiny baby that was born addicted to this insidious drug," Ramos said.

"The costs to this community have been great and will continue to be a challenge in the foreseeable future."

With the drugs coming up through Mexico, it is hard for investigators to say how much goes to Salt River or to neighboring communities such as Mesa and Scottsdale.

Mesa and Scottsdale police contributed to the investigation, along with Immigrations and Customs Enforcement; the Bureau of Alcohol, Tobacco and Firearms; the Federal Bureau of Investigation; Fort McDowell police; Tohono O'odham police; and the U.S. Attorney's Office. Smaller quantities of cocaine, heroin and marijuana were also seized. The meth and other drugs have a street value of more than $1 million, officials said.

The maximum penalty for conspiracy to possess with the intent to distribute meth is 20 years in federal custody or a $1 million fine.

Salt River is considered the first Arizona Indian community to actively join a meth initiative, something authorities hope more tribes will consider.

"The message we want to deliver is that you cannot act with impunity in Indian communities," said Paul Charlton, U.S. attorney for Arizona.

Last summer, the Arizona Indian Country Methamphetamine Eradication Proposal was presented to 21 Arizona tribal police chiefs on ways to address drug trafficking in Indian communities. That proposal provided special training for tribal law enforcement agencies to work alongside state and local investigators.

The fast-rising meth problem was also a hot topic among community members at a recent election forum for Salt River Tribal Council candidates seeking a seat Sept. 5.

Some pledged to fight for better treatment programs and educational public-outreach programs to curb meth addiction.

Salt River is also part of an emerging group, the Northeast Valley Coalition Against Methamphetamine, which also relies on inter-agency information sharing to tackle the meth problem.

Arizona Indian Country Meth Dealers Busted (WT/UPI)

The Washington Times/UPI, August 17, 2006

U.S. drug agents say an undercover operation with tribal police this summer led to charges against 16 people and the seizure of a cache of methamphetamine.

The Drug Enforcement Administration announced Wednesday that the suspects charged in the operation had been taken into custody between January and mid-June and had all made their initial court appearances.

The Arizona Republic said Thursday the investigation also seized some 50,000 doses of methamphetamine.

The investigation focused on the Salt River Pima-Maricopa community and came on the heels of a similar operation in June that netted 34 arrests on the huge Navajo Nation reservation.

The Justice Department and tribal organizations agreed last year to cooperate on eradication of methamphetamine trafficking within Arizona's Native American community. The U.S. Attorney's office said the Salt River community was among the first to sign on to the joint effort.

El Cajon Mosque Destroyed By Fire (SDUT)

By Debbi Farr Baker, Union-tribune Breaking News Team

The San Diego Union-Tribune, August 18, 2006

EL CAJON – A fire ripped through a mosque and community center early Thursday morning, destroying the building and causing more than $2 million damage.

No one was injured in the blaze, which was reported at 2:09 a.m. at the Kurdish Community Islamic Center and Al-Madina Al-Munawara mosque on Magnolia Avenue, between Chamberlain and Camden Avenues, said El Cajon City fire spokeswoman Monica Zech.

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Firefighters from several agencies – including El Cajon, East County, La Mesa, Lemon Grove, Santee, San Miguel and San Diego – battled the three-alarm blaze, which officials believe started on the first floor in the center of the 2-story, 8,000 square-foot, brick and wood building.

The fire was extinguished by 3:21 a.m., Zech said. No one was inside the building at the time and no one was injured. Firefighters were still mopping up four hours later.

Zech said the fire burned very hot and fast and that when crews got there they found heavy smoke coming out of the structure.

"Just as they arrived, flames shot through the roof," she said.

Forty-five firefighters with four ladder trucks battled the blaze from the outside because it was burning too intensely to go inside, Zech said.

Magnolia Avenue was shut down between Lexington and Washington Avenues until just before 7 a.m. as firefighters mopped up.

Zech said the blaze was estimated to have caused more than $2 million damage to the structure and its contents.

Investigators from the Federal Bureau of Investigation, the Bureau of Alcohol, Tobacco and Firearms, and the Sheriff's Department bomb and arson squad were looking into the cause of the blaze, Zech said. She said it was too early too say whether the fire was arson or accidental.

The ATF is automatically called in to help investigate fires in places of worship.

Parts of the second floor of the structure collapsed and officials later deemed the entire south part of the building too unstable to enter.

"That's slowing the investigation," Zech said.

Doski Jamal from La Mesa, who said he regularly comes to the center with his family, arrived there just before 7 a.m. to look at the damage. The 40-year-old, who came to the United States in 1997 from the Kurdistan region of Iraq, said looking at the damage just broke his heart.

"This is very sad to see, this view," he said as he looked at the heavily damaged portion of the building that he said housed the women's area.

Doski said he did not believe the blaze was deliberately set. He said the center has never received any kinds of threats of any kind and that its members get along well with the neighbors. He also said the building and the gate surrounding it are locked at night.

Doski said the only problem they have is with the homeless people who camp around the area. Earlier in the morning investigators talked at length with a man who appeared to be homeless who was sitting in the middle of some bushes. He was later seen walking away with his backpack.

TAX:

Norristown Contractor Gets 20-month Term (PHI)

By Jeff Shields

The Philadelphia Inquirer, August 18, 2006

Joseph "Cowboy Joe" Corropolese, who made a living off municipal corruption in Norristown before becoming a devastating weapon against it, was sentenced yesterday to 20 months in federal prison for tax evasion.

His work as an FBI informer during the wide-ranging investigation meant that Corropolese, Norristown's long-time towing contractor, got less than the five-year prison term recommended by federal sentencing guidelines.

Corropolese, 59, recorded 40 conversations which helped obtain convictions and guilty pleas in cases against former Norristown Mayor Ted LeBlanc, former municipal administrator Anthony Biondi, and three local businessmen accused of corrupting them with bribes or secret business deals.

"Having close relationships with the corrupt individuals ... Corropolese was in the unique position of being able to provide an insider's view of the substantial public corruption in Norristown," assistant U.S. Attorney Richard Zack said in court papers.

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U.S. District Judge Petrese Tucker acknowledged at the sentencing hearing that Corropolese's case was "the start of the unveiling of the corruption in Norristown."

Defense attorney Scott Godshall and many of the three dozen of Corropolese's supporters in attendance hoped that Corropolese would avoid prison - or at least receive a lesser sentence than the 18 months imposed on Biondi just two days previously.

But prosecutors told the judge they were unhappy that Corropolese used the equity in his house to file a lawsuit against Norristown - which sought to remove him as its exclusive towing contractor - instead of paying $200,000 in back taxes.

And just weeks after he agreed to help FBI, IRS and state police agents in September 2003, he admitted to obstructing justice by warning his accountant that he would be wearing a wire.

Tucker said he had to be punished.

"His cooperation is not a get-out-jail-free card," Tucker said.

Still, the hearing highlighted the affection that the charismatic, gregarious former police officer can still generate - despite the fact that his cooperation against former friends has made him a pariah among some.

Neighbors from his cul-de-sac in Norristown were there, sharing tears with Corropolese when his 16-year-old daughter, Krista, asked the judge to show mercy to the man she called her best friend.

"I just want to say I love you, Daddy, and we'll always make it," she said.

Yesterday marked the end of Corropolese's two-decade dominance of the Norristown municipal towing contract, which he testified paid him about $267,000 annually.

Corropolese testified at one trial to illegally crushing cars, and said he bribed a former mayor to keep his contract in the mid-1990s. In his capacity as Norristown's official tower, he was responsible for all damaged, stolen, abandoned or illegally parked vehicles ordered towed by Norristown police.

Corropolese had been trying to challenge a Norristown Municipal Council resolution to remove him as Norristown's official tower.

But Corropolese is done with towing for now, Godshall said yesterday. His client will close down the Joe Corropolese Towing yard at the Stony Creek Office Center and get rid of the 100 cars still on his lot, Godshall said. Tucker gave him until Oct. 1 to put his affairs in order and turn himself in.

Hollywood, The I.R.S. Is Watching (NYT)

By Sharon Waxman

The New York Times, August 18, 2006

LOS ANGELES, Aug. 17 — Hollywood celebrities who show up at awards ceremonies and leave with armloads of booty can expect one more item with their gift baskets: a tax form.

The Internal Revenue Service announced Thursday that it had settled a tax matter with the Academy of Motion Picture Arts and Sciences over gift baskets — which this year were worth about $100,000 each — given to presenters and performers at the Oscar ceremony.

The academy, which votes on and distributes the Oscars, said it would send 1099 tax forms to those who received the gift baskets this year, and a representative confirmed that the organization had paid an undisclosed settlement to the I.R.S. to cover taxes owed by those who received gifts for previous years.

The organization also disclosed that its board decided in April to discontinue the practice of giving baskets filled with gifts provided by businesses promoting their goods and services. Still, the agreement with the I.R.S. sent a signal that other groups that shower celebrities with gifts will be expected to deal with the tax consequences.

“The academy had an obligation to do the reporting to us,” said Mark W. Everson, the I.R.S. commissioner, in an interview. “They have fulfilled that obligation.”

The academy contacted the I.R.S. earlier this year, concerned that there might be a tax obligation attached to the increasingly expensive gift bags given at the ceremony. This year the basket included a four-night stay at a Honolulu hotel and a Krups espresso machine. The organization sought to pay any tax bill that might eventually be charged to the presenters.

Academy officials said Thursday that the decision to discontinue the gifts reflected a growing unease with the practice rather than a specific response to the tax problem. “It’s time for us to move on” from gift baskets, said Sid Ganis, the president of the academy. “Lately it has become this gigantic thing that has names attached to it, and implications to it, that don’t feel pleasant. And we’re surrounded by other venues that do it in a way that the press has noted as privileged and excessive. We try not to do that.”

In the last few years gift baskets and “gifting suites” have become an integral part of the Hollywood awards season, a marketing juggernaut for the luxury industry. Most of the major awards, including the Golden Globes, the Grammys and the Emmys, hand out gift baskets including everything from digital gadgets to fully paid vacations.

Mr. Everson said the I.R.S. would now turn its attention to other award organizations, including the Academy of Television Arts and Sciences, which will hand out the Emmys on Aug. 27, and the Hollywood Foreign Press Association, which dispenses the Golden Globes in January.

A spokeswoman for the Emmys said “it was premature” to consider whether the television academy would discontinue its gift giving to presenters. But in a letter currently being sent to presenters at this year’s Emmy ceremony, the academy is reminding recipients of their tax obligations. Presenters will receive their gift baskets only if they send back a signed copy of the letter.

The president of the Foreign Press Association, Philip Berk, said he had instructed the group’s tax lawyer to be in touch with the I.R.S. regarding past taxes owed on gift bags. He said the board would be discussing at its next meeting the possibility of discontinuing gifts at the awards.

This year’s Emmy gift basket is estimated to be worth about $30,000, and includes luggage, skin-care products and a five-night vacation at a New Zealand country manor.

But many celebrities do not take advantage of many, or even most, of the more expensive items offered by coupon in their baskets. Experts in the swag industry acknowledge that usually fewer than 10 percent, and sometimes fewer than 5 percent, of the high-ticket items, like the cruises and trips, are redeemed. And this year George Clooney, a double-nominee at the Oscars, gave his gift bag to the United Way, which auctioned it to benefit hurricane relief efforts.

Mr. Everson said that although the value of baskets — most of them in the range of tens of thousands of dollars — was not significant income to many of the celebrities who receive them, there was a principle at work.

“They need to meet their tax obligations, just like anybody else,” he said. “I don’t think it’s fair to say that we should look the other way. Just because someone makes 10, 20, 30 million dollars for a picture, if they get 20 or 30 thousand of income, that they should feel they shouldn’t have to report that.”

He added that if the situation were neglected, it might become a significant loophole in the tax system, with celebrities choosing to sidestep taxes by taking payment in commodities, rather than cash. “If you let things like this grow, they will just give actors houses and apartment buildings as compensation for films,” he said. “It could lead to a barter economy for the truly wealthy.”

IRS Targets Award Show Goody Bags (WP)

By Kathleen Day

The Washington Post, August 18, 2006

Movie stars appearing at the Academy Awards will no longer receive the lavish goody baskets they have come to expect -- worth as much as $100,000 each and including freebies such as iPods, resort vacations, coupons for laser eye surgery, jewelry and high-priced lingerie -- because of a crackdown by the federal tax collector.

The Internal Revenue Service and the Academy of Motion Picture Arts and Sciences yesterday announced they have reached a settlement on undisclosed taxes owed to the government on the "gifts" received at the Oscars in the last several years, through 2005.

The academy also announced it will no longer give out the bags, saying the board quietly voted last April to end the practice. In recent years, the academy has given the bags -- also known as gift bags or swag -- to as many as 200 hosts, performers and winners on Oscar night. "There's no special red-carpet tax loophole for the stars," IRS Commissioner Mark W.

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Everson said in a prepared statement. "Whether you're popping the popcorn, sitting in the audience or starring on the big screen, you need to respect the law and pay your taxes."

Typically, if the IRS finds someone has failed to pay taxes but no fraud is involved, it assesses back taxes, interest and penalties for only the preceding three years. In this instance, if 200 people received $100,000 baskets in each of the three years through 2005, the taxable non-cash income would be $60 million.

Neither IRS spokesmen nor Academy spokeswoman Leslie Unger would confirm or deny that number. Nor would they say whether, under the terms of the settlement, the IRS forgave back payment, interest and penalties. Nor would they say whether the Academy has paid a lump sum on behalf of past recipients.

If the agency forgave the debt, that means U.S. taxpayers are footing the bill. If the academy paid back taxes on behalf of past Oscar participants, these celebrities would have to count that as additional taxable income.

Albert Lauber, director of Georgetown law school's tax program, said he thinks it would be hard to collect money from the celebrities for past years. He said the IRS most likely agreed to settle the matter if the Motion Picture Academy paid a penalty for failure to file forms with the IRS.

Paying a penalty rather than back taxes means the movie stars involved won't have to count that money as income. "What the IRS is most interested in is getting compliance going forward," he said.

Unger would not confirm that, but did say participants in this year's Oscars are being notified they must pay tax on bags received at the awards in March. Those who got gift bags before that "will not receive tax forms" or notifications, she said.

The IRS is engaged in similar talks with the Academy of Television Arts & Sciences, which hosts the Emmy Awards. The television academy recently sent out letters to stars participating in this year's Emmys, less than two weeks away, saying no one would receive a bag without signing a statement acknowledging that recipients bear responsibility for paying taxes on the goods.

In March, just before this year's Academy Awards, the IRS announced that the bags were not gifts but rather "non-cash compensation" and therefore taxable. The IRS said the Motion Picture Academy and anyone else giving away such goods should have been filing forms with the IRS saying who got the bags and how much they were worth. Each recipient should have counted the goods as taxable income.

The contents of last year's official Oscar bag included four nights at the Vera Wang suite at the Halekulani Hotel on Waikiki Beach, handcrafted truffles in a silk box, a private dinner party at Mortons, a vintage silk kimono, a Krups premium pump espresso machine, personalized dog training, a pearl-and-diamond necklace, spa treatments, surfing lessons, two nights and days of wine tasting in Carmel, Calif., mobile phones, a cashmere travel blanket and "an at-home artisanal cheese experience for six."

Companies donate items because they hope being associated with a movie star will generate publicity for their products and services. Typically they expense the donation as an advertising or marketing cost.

Many in Hollywood wonder if the IRS crackdown will cause other organizations and charities to suspend the practice of giving out goody bags at their events.

Once upon a time, swag was simple, commemorative and not worth much.

Swag observers noticed a pronounced change around 2001, when the entertainment media discovered the bags and began an escalating war to publicize their contents. For each successive awards show, it was like an arms race. The gifts just got bigger and bigger and more extravagant.

"It became a phenomenon," said Karen Wood, president of Backstage Creations, which helps place high-end products in a well-manicured hands. "Let's face it. Celebrities are our royalty. They're the arbitrators of style, the taste-makers for that hot new trendy item."

She said swag-giving isn't necessarily dead. The trend now, she said, is to couple the gift-giving with charitable donation. As Wood's company does it, celebrities enter a small "gifting room," where they choose the phones, shoes, watches or other items they want. At another table, they donate all or some of the loot to a charity -- and get a tax letter then and there.

"It's win-win," Wood said.

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CONGRESS-ADMINISTRATION:

Bush Signs Measure To Shore Up Pensions (USAT)

USA Today, August 18, 2006

President Bush signed legislation Thursday that rewrites federal laws regulating private pensions. Most companies will have seven years to close funding gaps in their pension plans, but financially troubled companies, such as airlines, get an extra 10 years. Bush said employers have an obligation "to set aside enough money now so your workers will get what they've been promised when they retire."

The legislation affects about 106 million workers. That includes 12.1 million who are eligible to participate in 401(k) or 403(b) retirement savings plans but don't, according to the non-partisan Employee Benefit Research Institute. Employers now will be permitted to automatically enroll workers. The law also makes permanent the higher savings contribution limits that were set to expire in the next decade.

Lieberman leads opponents in new poll

Sen. Joe Lieberman, D-Conn., has a 12-point lead over the man who beat him in the primary last week, a Quinnipiac University poll found. It showed Lieberman ahead of Ned Lamont, 53%-41%, in a three-way Senate race. Republican Alan Schlesinger was at 4%. Lamont defeated Lieberman in the primary, 52%-48%. Lieberman then filed to run as an independent in the November election.

The poll of 1,083 likely voters Aug. 10-14 had a margin of error of +/-3 percentage points. Lieberman got 75% support from Republicans. With that and "a significant number of Democratic votes, the veteran senator will be hard to beat," polling director Douglas Schwartz said.

CBO forecasts smaller '06 federal deficit

The federal deficit this fiscal year will total $260 billion, the Congressional Budget Office said. The new figure is $111 billion less than the CBO estimate in March and $36 billion less than the White House Office of Management and Budget estimate last week. The improvement came from strong gains this year in federal tax collections, reflecting an improving economy.

The 2005 budget deficit was $319 billion. The CBO projects the deficit will rise to $286 billion in fiscal 2007, which begins Oct. 1, and deficits over the next decade will total $1.76 trillion. The figure assumes that all the tax cuts enacted since 2001 will expire in 2011.

President Bush Signs New Pension Bill (AP-Y)

By Mary Dalrymple

AP, August 18, 2006

President Bush signed a broad overhaul of pension and savings rules Thursday, giving millions of people a better chance of getting the retirement benefits they have earned.

The law, passed with fanfare by Congress two weeks ago, gives companies seven years to shore up funding of their traditional pensions, also known as defined benefit plans. Special rules for seriously underfunded companies require them to catch up faster.

The 30,000 such plans run by employers are estimated to be underfunded by $450 billion.

"Americans who spent a lifetime working hard should be confident that their pensions will be there when they retire," Bush said.

He added a stern instruction to corporate America.

"You should keep the promises you make to your workers," the president said. "If you offer a private pension plan to your employees, you have a duty to set aside enough money now so your workers will get what they've been promised when they retire."

At the same time, the law recognizes the evolution in workers' benefits — a gradual disappearance of pensions in favor of savings accounts such as 401(k)s that require workers to amass their own retirement savings.

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Those accounts, also known as defined contribution plans, got a boost in the new law. It is this step that many expect will do the most over time to help people working toward retirement.

The law lets employers automatically enroll workers in 401(k) plans. In addition, there is a mechanism to increase gradually the amount saved, and employers are encouraged to match some of the dollars that workers stash away.

A nonprofit research organization, the Retirement Security Project, estimated that the change, when fully in effect, could mean employees will save an additional $10 billion to $15 billion in 401(k) accounts each year.

"Those additional contributions will bolster retirement security for millions of workers," said Peter Orszag, director of the project, which works to improve retirement benefits for low- and middle-income workers.

Some changes were sparked by corporate scandals that saw workers, who had put much of their nest egg in company stock, lose their retirement savings. The new law requires companies to give their workers more investment options.

The law is not without its critics, some of whom say it does nothing to encourage employers to offer pension benefits and the reliable income they give retirees.

Rep. Charles Rangel of New York, the top Democrat on the House Ways and Means Committee, said lawmakers may look back at the law as the "Trojan horse that brought the end of the defined benefit pension system."

"Erosion of the defined benefit pension system represents a dangerous shift from a 'we' society to a 'me' society, where every worker is on his or her own," he said.

The ERISA Industry Committee, which represents the retirement, health and compensation plans of the nation's largest employers, said the number of defined benefit pension plans fell from 112,000 in 1985 to fewer than 30,000 in 2004.

Of those still in place, the group said, many are closed to new participants or frozen, preventing employees from earning new benefits.

"With each past reform — often based on government revenue needs — employers have exited the defined benefit system as a result of the governments changes, which often resulted in burdensome and costly regulations," said Mark Ugoretz, the committee's president.

Leaders hope these revisions will prevent a costly taxpayer bailout of the federal agency that insures the pension system, the Pension Benefit Guaranty Corp. Some fear taxpayers will pay if too many companies dump their plans at once.

"Every American has an interest in seeing this system fixed, whether you're a worker at a company with an underfunded pension or a taxpayer who might get stuck with the bill," Bush said.

The law also:

_gives airlines that are in bankruptcy proceedings and have frozen their pensions an extra 10 years, or 17 years total, to meet their funding obligations. Others with active plans get 10 years to meet their obligations.

_requires companies to give employees more information about their pensions.

_puts certain "hybrid" plans, which have been challenged as discriminating against older workers, on stronger legal footing.

_says companies with seriously underfunded plans cannot promise their workers bigger benefits.

_makes permanent the higher savings contribution limits that were set to expire in the next decade. People can now put more money in their IRA and 401(k) accounts in the coming years. That includes a new option made available this year known as Roth 401(k)s. Those accounts let workers pay tax on their earnings before saving, but the money then accumulates and can be spent in retirement tax-free.

The Human Rights Campaign praised the law for changes that the group said will help same-sex couples by expanding benefits once only allowed for spouses or dependents.

Bush praised the measure for enacting the most sweeping overhaul in more than 30 years. But he said the changes must be coupled with revisions to the two government programs that benefit retirees, Social Security and Medicare.

"As more baby boomers stop contributing payroll taxes and start collecting benefits — people like me — it will create an enormous strain on our programs," said Bush, who turned 60 last month.

Bush Signs Law To Fund Pensions (WT)

DOJ_NMG_0049916

By Joseph Curl

The Washington Times, August 18, 2006

President Bush yesterday signed into law strong new regulations for corporate pension plans, now underfunded by an estimated $450 billion, saying companies "have a duty to set aside enough money now so your workers will get what they've been promised when they retire."

"Americans who spend a lifetime working hard should be confident that their pensions will be there when they retire," the president said. "Some businesses are not putting away the cash they need to fund the pensions they promised to their workers."

Before a large crowd of supporters at the Old Executive Office Building, Mr. Bush called the legislation, passed in the House by a vote of 279-131, "the most sweeping reform of America's pension laws in over 30 years."

"Today, we've taken an important step toward ensuring greater retirement security for millions of American workers," he said. "Members of both parties came together to pass a good bill that will improve our pension system, while expanding opportunities for Americans to build their own nest eggs for retirement."

But the president said that the law alone will not solve expected shortfalls, and called on companies to "set aside enough money now."

"This bill establishes sound standards for pension funding," he said. "Yet in the end, the primary responsibility rests with employers to fund the pension promises as soon as they can. The message from this administration, from those of us up there today, is this: You should keep the promises you make to your workers. If you offer a private pension plan to your employees, you have a duty to set aside enough money now so your workers will get what they've been promised when they retire."

The new law seeks to alter the disconnect between what companies once offered employees -- fixed payments each month -- and the evolving financial-planning environment of today, with individual savings accounts and 401(k) plans.

"In addition to reforming the laws governing traditional private pensions, the bill I signed today also contains provisions to help workers who save for retirement through defined contribution plans like IRAs and 401(k)s. These savings plans are helping Americans build a society of ownership and financial independence," Mr. Bush said.

Democrats commended Mr. Bush for signing the bill into law, with Massachusetts Sen. Edward M. Kennedy, ranking member of the Senate's Health, Education, Labor and Pensions Committee, calling the legislation "a bipartisan commitment to strengthening the pension system and improving the way workers and their families prepare for their retirement."

"This new law means greater peace of mind for more than 100 million Americans by safeguarding their retirement, and it will help millions more in the future. No longer can executives just look out for themselves while their companies' pensions go bust," Mr. Kennedy said.

The president also said the new law could save taxpayers from funding a multibillion-dollar bailout of the federal agency that insures pension plans.

"When some businesses fail to fund their pension plans and are unable to meet their obligations to their employees, it puts a strain on the entire system," he said. "And if there's not enough money in the system to cover all the extra costs, American taxpayers could be called on to make up the shortfall."

Bush Signs Sweeping Revision Of Pension Law (WP)

By Peter Baker

The Washington Post, August 18, 2006

President Bush yesterday signed the most extensive revision of the nation's pension law in three decades as the federal government moved to shore up often-shaky private retirement programs for 44 million Americans and head off a crisis like the savings-and-loan bailout of the 1980s and 1990s.

The new law will force most private employers that provide traditional pensions to their workers to pump tens of billions of dollars more into those systems over seven years while making it easier to expand 401(k) and IRA retirement plans. But the law cuts a break to the financially troubled airline industry, where the pensions of tens of thousands of workers have been endangered.

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The product of years of effort and a final round of intense negotiations, the Pension Protection Act of 2006 is one of the most significant bills to emerge from Congress in a year with particularly contentious elections. With Democrats accusing the Republican majority of running a "Do Nothing Congress," Bush and his allies were eager to showcase the bipartisan pension effort and flew lawmakers back from summer recess to stand behind him at a signing ceremony.

"Americans who spend a lifetime working hard should be confident that their pensions will be there when they retire," he said. "Members of both parties came together to pass a good bill that will improve our pension system while expanding opportunities for Americans to build their own next eggs."

Sen. Edward M. Kennedy (D-Mass.), a vociferous Bush critic, offered rare praise for the president's support of the pension legislation. "In this case, Democrats and Republicans worked together and America's workers and retirees came out the winners," he said.

But critics of the law, such as Rep. George Miller (D-Calif.), called it a smokescreen, warning that some companies would face fewer requirements to fund their pensions. The Congressional Budget Office reported Wednesday that the new law would "lead to an increase in underfunding among plans that will be terminated over the next decade."

"The bill did some good things but it would have been perfect if had been more aggressive," former budget office director Douglas Holtz-Eakin said.

The new law is aimed at restoring stability to corporate pensions. More than 700 pension plans have collapsed in the past five years, and the federal insurance program that steps in, the Pension Benefit Guaranty Corp., has gone from a $10 billion surplus to a $23 billion deficit. Altogether, private pension plans are estimated to be underfunded by $300 billion to $450 billion, and some officials feared a collapse requiring massive taxpayer bailout.

The law enacted yesterday requires companies to fully fund defined-benefit pension plans over seven years, closes loopholes allowing underfunded plans to skip payments and forces companies that underfund their plans to pay higher premiums to the pension corporation. Funding provisions of the law will not take effect for two years to provide time for a transition, and the airline industry and certain government contractors were given a break in meeting them. Airlines that have frozen their pension plans, Delta and Northwest, will have 17 years instead of seven to fully fund them, while others will get 10 years.

James Klein, president of the American Benefits Council, which represents employers, said the law is "a mixed bag," expressing concern that additional funding requirements will further prod companies to drop traditional pensions in favor of employee-financed 401(k) and IRA plans. The law encourages 401(k) and IRA plans by making permanent higher contribution limits passed in 2001. And it allows companies to automatically enroll workers in 401(k) programs, which could increase savings substantially. "This provision could wind up being the most important legacy of the legislation," said Peter R. Orszag, director of the Retirement Security Project, a Washington-based research and advocacy group.

Two little-noticed features of the law was praised by gay rights groups. Under the law, a person's retirement benefits could transfer to domestic partners or other beneficiaries such as sibling or parent. And workers could draw on retirement funds for medical or financial emergencies involving domestic partners or other beneficiaries.

The Human Rights Campaign, a gay rights group, said it was the first time federal legislation has on a broad basis treated same-sex couples similarly to married couples. "Today marks an important day for fairness under the law in America," said its president, Joe Solmonese.

The new law also contained provisions aimed at stimulating charitable donations and curbing abuses. The most significant provision will allow older taxpayers to make annual tax-free donations up to $100,000 from their IRAs to charitable causes. The provision, long sought by charities, is expected to generate $400 million in new charitable giving over the next two years, the United Way of America said.

Reform Erodes The Future Of US Pensions (CSM)

By Mark Trumbull

The Christian Science Monitor, August 18, 2006

DOJ_NMG_0049918

The primary goal of America's new Pension Protection Act was to secure the health of traditional worker pension programs, but the "fix" appears likely to hasten their slow decline.

It's not that the traditional pension is dead. Millions of workers will still receive monthly benefit checks from their former employers for decades to come. Indeed, the new law - signed by President Bush Thursday - promises to help ensure that fewer of those plans end up going bust and slashing benefits.

But at a time when barely half of American workers are covered by any form of workplace retirement plan, the law does little to entice more employers to offer traditional pensions. If anything, it adds new reasons for employers to do what they are already doing: Opting for 401(k)-style benefits that shift the retirement burden onto workers.

That's a troubling trend, some retirement analysts say.

"We are going to need another layer of retirement protection," says Alicia Munnell, who heads the Center for Retirement Research at Boston College. "If business just uses this [law] as an excuse to freeze pension plans ... then we are going to see a faster decline of defined-benefit pensions than we would have seen otherwise."

Rumors of the traditional pension's death, however, are greatly exaggerated. As of last year, more than 40 million US workers and retirees in the private sector were covered by pension plans that promise a defined retirement benefit - such as a monthly payout based on one's final salary and years of service. That's actually more participants than such plans had in 1985.

But over that same two decades, the number of such pension programs has plunged. Employers now operate fewer than 40,000 plans, down from more than 100,000 in 1985, according the Pension Benefit Guaranty Corp. (PBGC), the federal agency created to insure such plans against failure.

"Defined-benefit plans have been heading out for the last 20 years really," says Olivia Mitchell, a pension expert at the University of Pennsylvania's Wharton School.

The trend reflects changes in the health of particular industries as well as changes in the way companies use benefits to compete for workers.

First it was steel, then airlines, where global competition or deregulation shook the financial health of giant companies. Many of their pension plans were terminated in bankruptcy proceedings, with the PBGC now paying reduced benefits as the plans' caretaker.

So the PBGC has charged ever-higher premiums of companies with healthy defined-benefit plans.

The law seeks to limit the risk to the PBGC - and to the healthy companies that fund it - by requiring all employers to do a better job of funding their plans.

One key goal is to avoid the need for a bailout by federal taxpayers.

Many state and local governments face their own looming pension shortfalls, and their plans do not fall under the protective umbrella of the PBGC. So those governments could be faced with difficult choices between higher taxes or scaling down their promises to future retirees.

The new federal offers mixed benefits. In shoring up pension security, pension coverage could suffer. Some of its elements, experts say, may discourage companies from providing traditional pensions:

Stricter funding rules. Employers will have to make sure the current funding of their pension plans is sufficient to cover 100 percent of their future liabilities, up from 90 percent.

Faster corrections. Companies that get off track will have just seven years to get their plans on track, down from 30.

"All those things will make it somewhat more expensive to offer defined-benefit plans," says Ms. Mitchell.

The pension law has a host of other features - many of them lauded by retirement experts. Among them:

• It prods companies with 401(k)s to automatically enroll all workers. (Employees could still opt out, but they are more likely to participate when the default option is to be enrolled.)

• It also encourages 401(k) sponsors to provide better "default" investments, so that workers who don't choose their own investments will be put in a balanced portfolio including stocks. A common problem has been workers ending up with savings in low-yielding money-market funds.

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• It paves the way for more companies to create hybrid plans that blend elements of a 401(k) and a traditional pension. These include DB/K plans, designed for small employers, and the cash-balance plans that some companies are using as a substitute for traditional pensions.

• It makes permanent higher contribution limits to IRA accounts, and catch-up contributions by older workers, which would have ended in 2010.

Those changes should place millions of new workers into 401(k)s. But since the level of contributions to those plans is voluntary, many workers aren't saving enough in them to match the benefits they would have gotten with a traditional pension.

The average 401(k) participant nearing retirement has barely $60,000, says Bill Samuel, of the labor group AFL-CIO. "Encouraging more enrollment is not going to put more money in people's pockets."

Law Will Allow Anyone To Inherit 401(k), Get Tax Benefit (LAT)

By Jonathan Peterson

The Los Angeles Times, August 18, 2006

A little-noticed provision in a pension law signed Thursday by President Bush will for the first time allow anyone to inherit a 401(k) nest egg without immediately paying taxes on the windfall, a benefit that in the past was reserved for spouses.

Gay advocates and other observers described the measure as a significant shift in how the government treats domestic partners who are not married, even though the provision was not written specifically for same-sex couples.

"With this change, Congress is acknowledging that improvements can be made to our laws that address financial inequities and impediments that same-sex couples face," said James M. Delaplane Jr., an attorney and specialist on pension benefits. "There's no doubt about it."

The legal change is an obscure element in a new 907-page law affecting pensions and workplace retirement accounts. Proponents hailed the overall package as a long-sought effort to stabilize a system of retirement benefits that has grown porous. Many traditional pension plans are teetering on a base of shaky funding, and many companies are cutting back on future commitments.

"Americans who spend a lifetime working hard should be confident that their pensions will be there when they retire," Bush said as he signed the Pension Protection Act of 2006.

The change also was supported by much of the financial industry, which is scrambling after a lucrative market in retirement investments as the baby boom generation gets older.

Much of the new law sets out standards that companies must follow in funding their pensions. But it also covers an array of other matters, including the rules affecting the transfer of 401(k) accounts, and other so-called defined-contribution plans, upon death.

A spouse could always inherit a 401(k) account and put the money into his or her own retirement savings account without penalty. But anyone else -- including children of the deceased -- typically was required to withdraw all funds from the account and pay taxes on the income within a matter of months. The windfall also could force some survivors into a higher tax bracket, further increasing their tax burden.

Under the new provision, other heirs besides spouses will be able to roll an inherited 401(k) account into an Individual Retirement Account and not pay taxes on the income immediately, and perhaps not for many years. For these nonspouses, the tax payment schedule will be tied to the age of the account's former owner.

Experts say the rule, which takes effect next year, could save many heirs tens of thousands of dollars in taxes.

People holding 401(k) accounts frequently designate nonspouses such as siblings, parents and children to receive the money in these accounts upon their death. While there are no precise numbers of the types of households and beneficiaries who would gain under the change, more than 65 million Americans participate in 401(k) and similar workplace retirement plans, according to the Department of Labor.

For some, the new provision called to mind a rules change affecting the federal death benefits for survivors of safety officers killed in the line of duty, which was passed after the terrorist attacks of Sept. 11, 2001. That change allowed safety officers to name a broader group of beneficiaries, which included domestic partners, to receive the money.

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The pension bill, however, encompasses the whole public, rather than members of one occupation.

"I think it's incredibly significant, and I think it's historic," said Joe Solmonese, president of the Human Rights Campaign, a gay rights organization. "What we really are seeing here, I think, is a huge step toward leveling the field."

The step has occurred quietly and without controversy. In Congress, the idea of easing restrictions on the transfer of nest eggs has generally been described as a fairness issue for family members and not framed as a gay rights issue.

"We see it as a family issue," said Michele Combs, spokeswoman for the Christian Coalition of America. "We like the fact that you can leave your pension to more heirs .... We see the positive side of it."

The practical effect of the old rule was to shrink the amount that could be passed on to nonspouses, due to taxes, and to add uncertainty to financial planning

"It made our job harder," said David E. Ratcliffe, director of the Merrill Lynch Center for Philanthropy and Nonprofit Management. The change, he said, makes "an expanded market" for retirement planning.

Employers and benefits advisers also supported the change.

"It's something our members identified as an important improvement for defined contribution plans," said Jan Jacobson, director of retirement policy for the American Benefits Council. "We were gratified to see it in the final bill."

Experts said heirs would not be treated identically as spouses in all matters related to retirement accounts.

For example, nonspouses will have to draw down the accounts on a schedule determined by the age of the account's deceased former owner rather than their own age and retirement status, Jacobson said. Spouses make such withdrawals based on their own age, or as they move into retirement.

Yet even with such fine print, the new law could make a huge difference for a household, and could save survivors tens of thousands of dollars or more in taxes, said Ed Slott, a specialist in retirement planning.

"It's a great provision for all nonspouses," he said.

Deficit Is Likely To Shrink In 2006 On Tax Revenue (WSJ)

By Deborah Solomon

The Wall Street Journal, August 18, 2006

WASHINGTON -- Strong tax revenue will help shrink the federal deficit to $260 billion for fiscal-year 2006 compared with $318 billion in 2005, Congressional budget analysts said, noting that the shortfall will increase to $286 billion next year and continue rising in the subsequent four years.

The figures confirm what the Treasury Department has been reporting during the past few months: Higher-than-expected corporate and individual income-tax receipts are helping to reduce the deficit. The Congressional Budget Office said it now expects fiscal 2006 revenue to be $2.4 trillion, up from $2.15 trillion last year.

Personal-income taxes, boosted in part by wealthy individuals' capital gains, bonuses and other income, are projected to bring in about $1.05 trillion, up 14% from 2005. Corporate-tax receipts are expected to rise 22% in 2006 to $340 billion. However, the growth rate of corporate receipts is already slowing and the CBO predicts a drop in corporate-tax revenue starting in 2007.

Overall, the CBO report paints a picture of a better-than-expected 2006, aided by a strong economy, but predicts long-term fiscal challenges that will result in bigger deficits and more spending on programs such as Social Security and Medicare.

"Increased spending on the nation's elderly population is likely to put significant strains on the budget," the report said. An aging population with more retirees and fewer workers contributing payroll taxes, combined with rising health-care costs, "will eventually exert such pressure on the budget as to make the current path of fiscal policy unsustainable."

The White House released a similarly grim outlook last month when it updated its fiscal projections for 2006 and beyond. As part of that report, the Office of Management and Budget estimated the 2006 deficit at $298 billion compared with the CBO's $260 billion figure, a difference the CBO said stems from the White House's assumption of $31 billion more in 2006 spending.

The CBO projects higher deficits than the White House from 2008 through 2011. This stems in part from the budget office's projection that the U.S. will spend $735 billion more on discretionary outlays than the administration predicts for the 2007-11 period.

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While members of Congress and the administration of President Bush have talked about reining in federal spending, outlays are still going up and the CBO projects an increase of $191 billion in spending to reach almost $2.7 trillion in 2006. Much of that rise stems from mandatory spending, such as Social Security and Medicare, which is projected to increase by $98 billion from 2005. But spending on discretionary programs is also going up and the CBO projects a $57 billion increase in such spending for 2006.

Brighter '06 Deficit Outlook, But Grim Long Term (NYT)

By Edmund L. Andrews

The New York Times, August 18, 2006

WASHINGTON, Aug. 17 — The federal budget deficit will shrink this year to its lowest level since 2001, but the fiscal outlook for the next 10 years is as bleak as ever, the Congressional Budget Office said Thursday.

The budget office estimated the deficit for the 2006 fiscal year, which ends on Sept. 30, at $260 billion. That would be $58 billion less than last year, $112 billion less than the agency estimated in March and even lower than the White House's most recent forecast.

The improvement is almost entirely a result of an unexpectedly big jump in tax revenue, particularly in corporate tax receipts and what appear to be higher payments by the nation's wealthiest households.

Measured as a share of the nation's total output, this year's deficit would equal about 2 percent of gross domestic product, a level that Donald B. Marron, acting director of the budget office, described as "sustainable."

But the nonpartisan agency also offered ample evidence that deficits would be above $300 billion, perhaps well above, for much of the next decade.

Extending President Bush's tax cuts beyond 2010, as Republican leaders want, would cost $1.75 trillion over the next 10 years and widen annual deficits by about $250 billion from 2011 through 2016, the report said.

On top of that, it said, the government will incur an additional $1 trillion in debt, nearly $100 billion a year, if it prevents an expansion of the alternative minimum tax. That levy was originally aimed at millionaires but is set to engulf many middle-class households because it is not adjusted for inflation.

Republicans and Democrats have both pledged to restrain or simply abolish the alternative minimum tax. But the White House budget and the Congressional "baseline'' forecast released Thursday, which assumes no changes in tax law and a continuation of current spending policy, both presuppose that the tax will remain in place, generating extra revenue.

Because of the rules that govern the budget office, the baseline analysis calculates estimates of future spending by assuming that military costs in Iraq and Afghanistan, about $95 billion this year, will continue and rise with inflation over the next decade.

But the new report suggests that even if those costs disappear, as envisioned in the agency's estimates for "policy alternatives,'' the deficit will still be more than $300 billion in 2016 if Mr. Bush's tax cuts are all extended and the alternative minimum tax is curbed.

The new analysis also illustrates the toll being taken by heavy borrowing. One of the biggest single costs in the federal budget, and the one that has grown by far the fastest this year, is interest payments on the government's debt.

Those payments have jumped almost 20 percent in 2006, to $220 billion, more than what is being spent on Medicaid or on the combined total for all federal income-support programs: unemployment compensation, food stamps, child nutrition programs and the earned-income tax credit.

Further, the budget office predicted, the interest payments will climb to nearly $300 billion a year by 2010.

The gain in tax revenue this year, and resulting drop in the deficit, was hailed by Republicans as vindication of their argument that the tax cuts of 2001 and 2003 had been a powerful economic stimulus.

The new report "indicates that Republican pro-growth tax policies are working to grow the economy and generate a strong flow of revenue to the government,'' said Senator Judd Gregg of New Hampshire, chairman of the Senate Budget Committee.

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Tax revenue has jumped 11.6 percent this year, almost $100 billion more than either the White House or Congress predicted a year ago. Corporate tax revenue has soared 22 percent, to $340 billion. That jump reflects a second straight year of big profit increases as well as the expiration of temporary tax breaks for investments in new equipment.

In addition, individual tax collections have climbed more than 14 percent for the second consecutive year. Though full data will not be available for at least another year, analysts believe that the increase resulted primarily from high-income earners' cashing in stock market profits and employee stock options, or receiving big executive bonuses.

But the new report also projects that tax revenue will climb far more slowly over the next few years. Indeed, it projects a small decline in corporate tax receipts in 2007 and virtually no increase over the next 10 years.

In a briefing for reporters, Mr. Marron, the budget office's acting chief, said corporate tax receipts were likely to be held down in part because corporate profit margins, which have been unusually high, would probably shrink to more typical levels.

Democrats said the new report confirmed that under Mr. Bush, deficits would remain high just as the nation prepared for an explosion in Social Security and Medicare costs with the onset of retirement by baby boomers.

"Most countries in our circumstances would be running surpluses right now, would be paying down debt or would be prepaying the liability that they know is to come,'' said Senator Kent Conrad of North Dakota, the senior Democrat on the Senate Budget Committee. "Instead, our country, under the Bush administration leadership, is running up massive debt before the baby boomers retire.''

The looming costs were already apparent in the new report. The oldest of the nation's 76 million baby boomers become eligible to claim Social Security benefits in 2008. Annual spending on Social Security and Medicare is expected to double by 2016, reaching $1.8 trillion.

Tax Receipts Reduce 2006 Deficit Forecast (WP)

By Jonathan Weisman

The Washington Post, August 18, 2006

A surge of unanticipated tax receipts will push this year's deficit down to $260 billion, a $58 billion improvement on last year's red ink. But the deficit will begin to rise again next year and will improve substantially only if President Bush's tax cuts are allowed to expire, the Congressional Budget Office said yesterday.

The nonpartisan CBO's semiannual deficit forecast was released just 82 days before hotly contested midterm congressional elections and so could have particular political impact. Democrats are trying to use the deficit to bolster their case that Republicans have mismanaged the economy since taking control of Congress and the White House.

"Instead of governing by the rules that every family must live by -- pay-as-you-go spending -- President Bush and his Rubber Stamp Republicans are mortgaging our nation's future and piling debt on to our children," House Minority Leader Nancy Pelosi (D-Calif.) said in a statement.

But Republicans point to the same figures to say their policy of annual tax cuts is bolstering economic growth and tax revenue.

"Thanks to pro-growth policies and a responsible budget blueprint, we're achieving substantial deficit reduction -- even with the extraordinary circumstances of the past year, including Hurricane Katrina and the ongoing war on terror," said House Budget Committee Chairman Jim Nussle (R-Iowa), who is running for governor this year and leaving behind a tightly contested race for his House seat. "We're clearly on the right track."

The budget office's figures provide ammunition for both sides. This year's deficit is not only projected to be lower than last year's, despite ongoing war expenditures and hurricane relief, but it is also $112 billion lower than the CBO estimated in March when it analyzed the president's budget proposals. Even after successive waves of tax cuts, tax revenue is rising faster than predicted, while spending, especially on Medicare and Medicaid, has been less than initially projected. The near-term budget picture "has improved significantly," analysts with the budget office concluded.

But the longer term outlook -- clouded by baby boomers who will be retiring just as the reach of Bush's tax cuts begins to expand -- has "not changed materially," the report emphasized.

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This year's $260 billion deficit is projected to rise to $286 billion next year and $328 billion by 2010, only to plunge when the tax cuts expire in 2011.

By law, the budget office's projections must make some assumptions that lawmakers in both parties concede are unrealistic. The forecast assumes that all expenditures on the wars in Iraq and Afghanistan and on Katrina relief will continue at current levels through 2016, an assumption that substantially boosts annual deficit projections. But it also assumes Bush's income tax cuts, tax breaks for married couples and parents, the estate tax cut and dividends and capital gains cuts will expire at once, on Jan. 1, 2011. It also assumes Congress will stop its practice of passing annual stopgap measures to slow the expansion of the alternative minimum tax, a parallel income tax system designed to hit the rich but that is increasingly pinching the upper-middle class.

More plausible assumptions -- no more hurricane spending, a drawdown of forces in Iraq and Afghanistan, an extension of Bush's tax cuts and continued alternative minimum tax relief -- reveal a stubborn stream of red ink that would rack up $2.5 trillion of debt over the next decade and average $254 billion a year, according to budget office calculations.

"The most important point to take from this report is that current fiscal policy remains unsustainable under realistic assumptions," said Robert L. Bixby, executive director of the Concord Coalition, a budget watchdog group.

Some small-government conservatives were not happy with the forecast's figures, either. Stephen Slivinski, director of budget studies at the libertarian Cato Institute, pointed to budget office figures that showed government spending increasing by 7.7 percent this year, easily outstripping economic growth. The federal budget will hover around 20 percent of the country's gross domestic product through the end of the Bush presidency, up from 18.5 percent of GDP when Bush came to office.

"It's a stark example of how the GOP has taken on the role of the party of big government," Slivinski said.

But Republicans were in a celebratory mood.

"The federal budget deficit is being erased as a result of the pro-growth economic policies implemented by a Republican Congress, along with renewed focus on spending taxpayer dollars wisely," House Majority Leader John A. Boehner of Ohio said.

U.S. Deficit Projected To Shrink, Then Grow (LAT)

By Richard Simon

The Los Angeles Times, August 18, 2006

WASHINGTON — The Congressional Budget Office revised its estimates of the federal deficit Thursday, predicting that it would shrink to $260 billion in the current fiscal year — lower than previously projected — but rise to $286 billion in the 2007 fiscal year, which starts Oct. 1.

The new figures are stoking a partisan debate over fiscal responsibility as the midterm elections approach. Republicans cheered the prospect of a third straight year of decreases in the deficit as evidence that the economy is benefiting from GOP-sponsored tax cuts.

But the top Democrat on the House Budget Committee, Rep. John M. Spratt Jr. of South Carolina, was disdainful, contending that the continued flow of red ink was "no reason to celebrate, especially when … the long-term outlook remains so bleak."

Congress' nonpartisan fiscal analyst offered a lower deficit estimate for this year — down from the $319-billion shortfall recorded last year — and deficits were projected through the next 10 years with existing spending and tax policy. The figures raised additional questions about President Bush's push for Congress to make permanent a number of his first-term tax cuts, which are scheduled to expire at the end of 2010.

In February, the White House had forecast a $423-billion deficit, but it revised that figure last month to $296 billion, citing improved economic activity — and consequent increased tax revenue — resulting from the tax cuts.

In March, the Congressional Budget Office had predicted a $371-billion deficit. On Thursday, it attributed the new lower estimate to higher-than-anticipated tax revenue, especially from corporate profits.

Republicans said the revised Congressional Budget Office estimate showed tax cuts were working to improve the economy. "Just as we predicted, tax revenues have increased — and as a result, the budget deficit has dropped," said Rep. Jeb Hensarling (R-Texas), a member of the House Budget Committee.

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White House spokesman Tony Snow said the president remained confident that he would achieve his goal of halving the deficit by the end of his second term, if not sooner. But Snow dismissed the forecast of a higher budget deficit next year as an "inexact science," likening it to "asking if the weatherman's right about next Tuesday."

Democrats warned that the country continued to face fiscal troubles because of the debt that would accumulate as the 76 million baby boomers retire. That generation's oldest members will qualify for Social Security in 2008 and Medicare in 2011.

The new deficit estimate "in no way means that our nation's fiscal problems are behind us," said Sen. Kent Conrad of North Dakota, top Democrat on the Senate Budget Committee.

The deficit is going "in the wrong direction," he said, citing the projection that it was expected to be higher next year, and he warned that the country was on a "completely unsustainable course."

Added Spratt, his counterpart in the House: "A $260-billion deficit is a substantial deficit, in nominal terms; the sixth largest in our history."

Donald B. Marron, the acting Congressional Budget Office director, called the deficits, at least for the next several years, "sustainable" as measured against the economy.

"Not to say that they're good or bad, but … we're in a level where things are about where they've been on average over the last 40 years," he said. During that period the deficit has averaged about 2.3% of the gross domestic product.

This year's projected deficit, measured as a share of the U.S. economy, would equal 2% of the gross domestic product, down from 2.6% in 2005. The record, 6%, was set in 1983 after President Reagan's big tax cuts were implemented.

The Congressional Budget Office's budget outlook, however, noted that as the population ages, spending for Social Security, Medicare and Medicaid, under current law, would "eventually exert such pressure on the budget as to make the current path of fiscal policy unsustainable."

Budget watchdog groups seized on the new estimate to express their concerns.

Robert L. Bixby, executive director of the Concord Coalition, which supports fiscal austerity, called for greater discipline, saying that the higher-than-anticipated tax revenue has "obscured the fact that Congress is doing nothing to bring the deficit under control." And the liberal Center on Budget and Policy Priorities, in an analysis titled "Don't Pop the Corks," warned that if tax cuts were made permanent and relief from the alternative minimum tax was extended, deficits would total nearly $3.5 trillion over the next decade.

The Archives Sleuth Had A Secret (WP)

By Christopher Lee

The Washington Post, August 18, 2006

Amateur historian Matthew M. Aid made news this spring by exposing a secret federal program to remove thousands of public documents from the National Archives. It turns out that Aid harbored a secret of his own.

Twenty-one years ago, while serving as a staff sergeant in the U.S. Air Force in England, Aid was court-martialed for unauthorized possession of classified information and impersonating an officer, according to Air Force documents. He received a bad-conduct discharge and was imprisoned for just over a year, he confirmed in an interview Monday.

Aid, 48, did not mention the incident when a Washington Post reporter interviewed him for a June profile. Aaron Lerner of Silver Spring, a Post reader whose wife, Rona, remembered hearing of the court-martial while working at the National Security Agency in the mid-1980s, recently obtained the records through a Freedom of Information Act request and provided copies to The Post last week.

Aid said Monday that what he did was wrong -- but not unpatriotic. The top-secret code-word documents in his dormitory locker related to his job as a Russian linguist, he said.

"I had the proper clearance for it, so it's not as if I stole anything," Aid said. "Basically, being a workaholic, I took stuff home with me. . . . My lawyers at the time told me that a decision had been made in Washington to make an example out of me."

As for impersonating an officer, he said: "I wrote a letter to a girl, and I was trying to impress her. And that's all I'm going to say."

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Since leaving the military, Aid has spent 20 years as a corporate investigator, working for firms that specialize in digging up information for lawsuits or corporate takeover bids. In his free time, he is an avid researcher at the National Archives facility in College Park, trolling through thousands of government documents about U.S. intelligence agencies. He is at work on a history of the NSA.

Last year Aid was the first to figure out that for years the CIA and the Air Force had been withdrawing thousands of records from the public shelves -- and that Archives officials helped cover up their efforts. The ensuing scandal triggered a temporary suspension of the program this spring and a pledge from Archives officials that the public would be notified when withdrawals occur.

Aid said he suspects the release of his court-martial record is retribution for exposing the Air Force's role. "It's a typical case of selective usage of archival material to beat down somebody that you are not happy with," he said. "That's the way business is done in Washington."

Capt. David W. Small, an Air Force spokesman, denied any payback effort, saying, "Obviously those allegations are false." Small noted that courts-martial proceedings are public records.

The Lerners said their involvement was not prompted by the Air Force. Rona Lerner, now retired, said she learned of Aid's case more than 20 years ago while working in an NSA office that handled FOIA and classification matters. She periodically saw Aid's name on FOIA requests he submitted to the agency, she said.

Rona Lerner said she was "annoyed" to read that Aid, who had shown disregard for the rules of classification in the Air Force, was being celebrated for exposing intelligence agencies' attempts to inappropriately pull back declassified documents. "It was an irony that I was just taken by," she said.

So her husband put in a FOIA request for the court-martial record and sent the report to The Post. Aid said the public airing of his court-martial has always been "my worst nightmare."

"Twenty-two years without a parking ticket or anything since this happened," he said. "I've become a success and respected, and overnight that's all going to change. I've been watching the Internet to see if my name suddenly starts cropping up, because, again, that's the way things are done around this town."

3 Critics Of NASA Cuts Quit Panel (WP/AP)

By Associated Press

The Washington Post, August 18, 2006

CAPE CANAVERAL, Aug. 18 -- Three NASA advisers who spoke out against budget cuts to the space agency's science programs turned in their resignations this week, officials said Thursday.

Wesley T. Huntress Jr., Charles F. Kennel and Eugene H. Levy each served on the NASA Advisory Council's science committee. Kennel resigned by choice, but Huntress and Levy were asked to leave by NASA Administrator Michael D. Griffin.

Levy, a professor of physics and astronomy who also is provost at Rice University in Houston, said their commitment to a broad science program at NASA "didn't comport with the kind of advice that the administrator and the chairman of the committee were looking for."

Levy said he understood the budget constraints on NASA but "we were certainly concerned that a strong commitment to science be maintained."

When asked if he thought his outspokenness on the science budget led to his forced resignation, Levy said, "That's a little unclear for me."

An assistant said Kennel was on vacation and could not be reached, and Huntress did not return two phone calls to his office.

NASA spokesman Dean Acosta said the members of the advisory council serve at the pleasure of the administrator. Acosta said he did not know the particulars of why the two were asked to resign.

"I don't want to give the impression that these guys were outspoken and that's why they were asked to leave, because that's not the case at all," Acosta said. "The administrator is looking for . . . members to advise him based on the priority that the agency has and based on what our parameters are."

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NASA has come under fire in the past year for limiting growth in its science budget to 1.5 percent next year and 1 percent each year through the end of the decade. The limits should help the agency pay to finish the international space station and prepare to send astronauts back to the moon.

OTHER NEWS:

Small Fall In Leading Indicators Offers Sign Of Increasing Stability (WSJ)

By Christopher Conkey

The Wall Street Journal, August 18, 2006

Recent readings from a closely watched gauge of future economic activity suggest the economy will stabilize in the months ahead.

The Conference Board, a private New York research group, said its index of leading economic indicators declined 0.1% in July after a 0.1% gain in June. The recent movements left the index, which forecasts economic momentum three to six months down the road, lower than it was in January but roughly on par with its level in May. That suggests the economy may run along a stable course of growth for the rest of the year after enduring some ups and downs in recent quarters.

"The good news here is [the economy] might not get much worse. The bad news is it might take a while to get better," said Ken Goldstein, an economist for the Conference Board. "We might be in that sort of position in mid-expansion where once the economy gets into a rhythm; it really takes something to jolt it out of that."

The fallout from Hurricane Katrina and higher gas prices last year limited inflation-adjusted economic growth to a tepid 1.8% annual rate in the fourth quarter of 2005. The economy roared back in the first quarter, expanding at a 5.6% clip before sharply slowing to a 2.5% pace in the second quarter. The recent flat readings in the leading index suggest growth will be more consistent, likely staying between 2% and 3%, in the months ahead.

The leading index has 10 components. The biggest positive contributor in July was an increase in average manufacturing hours, a sign that factories may ramp up production and increase payrolls. The biggest drag was a significant decline in building permits for residential construction, which follows other recent signs that home builders are scaling back in response to weaker demand.

Meanwhile, the Labor Department said initial jobless claims fell to 312,000 last week from 322,000 the previous week. The four-week moving average of claims, closely observed because it provides a more consistent picture of the labor market, rose slightly to 311,250 last month. Economists said the claims data pointed to another month of lukewarm job creation in August.

Wall Street Extends Four-day Rally (FT)

By John O'doherty In New York

Financial Times, August 18, 2006

US stocks ticked higher for a fourth day in a row on Thursday, the longest streak of consecutive gains for the S&P 500 and Nasdaq Composite since March.

The rally brought the Dow Jones Industrial Average and S&P 500 to fresh three-month highs.

The gains would have been more impressive but for sharp afternoon selling of pharmaceutical group Merck, which lost 5.7 per cent to $38.83 after a state judge allowed a retrial for a man who blamed his heart attack on the company's Vioxx pain medicine.

Online auctioneer Ebay staged a recovery, adding 7.2 per cent to $27.67. The stock had fallen as low as $22.99 on August 22 – 45 per cent down in the year to date.

Other internet stocks to gain included Amazon, which rose 4.1 per cent to $29.09, and Yahoo, up 1.8 per cent at $28.91.

Sears Holdings, the third largest retailer in the US, reported an 83 per cent rise in quarterly earnings, but investors took fright at the slowdown in sales and its shares fell 5.8 per cent to $141.29.

At the close, the S&P 500 was up 0.2 per cent, or 2.05 points, at 1,297.48. The Nasdaq Composite was up 0.4 per cent, or 8.07 points, at 2,157.61. The Dow Jones Industrial Average was flat, up 7.84 points, at 11,334.96.

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Ken Tower, chief market strategist at CyberTrader, said investors had been confident about the economy ever since the surprise of the weaker-than-expected producer price data earlier in the week.

"[After] the PPI data, it was as if it flicked a switch for the bulls," he said. "The soft landing argument is what has been moving the markets this week."

Hewlett-Packard added 2.1 per cent to $35.15 after it beat analysts' expectations with its fiscal third-quarter earnings, announced a $6bn share buyback, and gave bullish earnings guidance for the fourth quarter. HP is now trading at its highest level since the beginning of 2001.

Chipmaker Advanced Micro Devices added 7.2 per cent to $24.20 after it was raised from a "hold" to a "buy" rating by Citigroup. The stock has gained 20 per cent this week.

The energy sector continued to fall as crude prices slid further. BJ Services slipped 3 per cent to $35.21 and Valero Energy sank 3.2 per cent to $61.03.

Phelps Dodge fell 2.1 per cent to $90.01 and Freeport McMoran dropped 2.1 per cent to $53.58 as copper prices sank on speculation that a strike at the world's largest copper mine in Chile might end.

Research in Motion gained 2.7 per cent to $79.81 on rumours that it would release a version of its Blackberry mobile email device with enhanced multimedia capabilities.

Enterprise software group Salesforce.com soared 19 per cent to $33.70 following second-quarter results that came in ahead of analysts' estimates.

Wages, Wealth And Politics (NYT)

By Paul Krugman

The New York Times, August 18, 2006

Recently, Henry Paulson, the Treasury secretary, acknowledged that economic inequality is rising in America. In a break with previous administration pronouncements, he also conceded that this might be cause for concern.

But he quickly reverted to form, falsely implying that rising inequality is mainly a story about rising wages for the highly educated. And he argued that nothing can be done about this trend, that "it is simply an economic reality, and it is neither fair nor useful to blame any political party."

History suggests otherwise.

I've been studying the long-term history of inequality in the United States. And it's hard to avoid the sense that it matters a lot which political party, or more accurately, which political ideology rules Washington.

Since the 1920's there have been four eras of American inequality:

• The Great Compression, 1929-1947: The birth of middle-class America. The real wages of production workers in manufacturing rose 67 percent, while the real income of the richest 1 percent of Americans actually fell 17 percent.

• The Postwar Boom, 1947-1973: An era of widely shared growth. Real wages rose 81 percent, and the income of the richest 1 percent rose 38 percent.

• Stagflation, 1973-1980: Everyone lost ground. Real wages fell 3 percent, and the income of the richest 1 percent fell 4 percent.

• The New Gilded Age, 1980-?: Big gains at the very top, stagnation below. Between 1980 and 2004, real wages in manufacturing fell 1 percent, while the real income of the richest 1 percent — people with incomes of more than $277,000 in 2004 — rose 135 percent.

What's noticeable is that except during stagflation, when virtually all Americans were hurt by a tenfold increase in oil prices, what happened in each era was what the dominant political tendency of that era wanted to happen.

Franklin Roosevelt favored the interests of workers while declaring of plutocrats who considered him a class traitor, "I welcome their hatred." Sure enough, under the New Deal wages surged while the rich lost ground.

What followed was an era of bipartisanship and political moderation; Dwight Eisenhower said of those who wanted to roll back the New Deal, "Their number is negligible, and they are stupid." Sure enough, it was also an era of equable growth.

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Finally, since 1980 the U.S. political scene has been dominated by a conservative movement firmly committed to the view that what's good for the rich is good for America. Sure enough, the rich have seen their incomes soar, while working Americans have seen few if any gains.

By the way: Yes, Bill Clinton was president for eight years. But for six of those years Congress was controlled by hard-line right-wingers. Moreover, in practice Mr. Clinton governed well to the right of both Eisenhower and Nixon.

Now, this chronology doesn't prove that politics drives changes in inequality. There were certainly other factors at work, including technological change, globalization and immigration, an issue that cuts across party lines.

But it seems likely that government policies have played a big role in America's growing economic polarization — not just easily measured policies like tax rates for the rich and the level of the minimum wage, but things like the shift in Labor Department policy from protection of worker rights to tacit support for union-busting.

And if that's true, it matters a lot which party is in power — and more important, which ideology. For the last few decades, even Democrats have been afraid to make an issue out of inequality, fearing that they would be accused of practicing class warfare and lose the support of wealthy campaign contributors.

That may be changing. Inequality seems to be an issue whose time has finally come, and if the growing movement to pressure Wal-Mart to treat its workers better is any indication, economic populism is making a comeback. It's still unclear when the Democrats might regain power, or what economic policies they'll pursue when they do. But if and when we get a government that tries to do something about rising inequality, rather than responding with a mixture of denial and fatalism, we may find that Mr. Paulson's "economic reality" is a lot easier to change than he supposes.

Judge Clears Northwest Workers To Strike (WP/AP)

By Joshua Freed

The Washington Post, August 18, 2006

MINNEAPOLIS, Aug. 17 -- A bankruptcy judge said Thursday that he would not block a strike by Northwest Airlines flight attendants, a union victory that could lead to random, unannounced walkouts beginning Aug. 25 if the two sides do not make a deal.

Northwest has said even limited work stoppages could put it out of business for good. It said it planned to appeal the ruling Friday.

U.S. Bankruptcy Court Judge Allan L. Gropper in New York said that regardless of the danger of a strike to Northwest, labor law gave him no authority to stop one.

The union and the airline both said they would rather make a deal, and Gropper's ruling eight days before the strike deadline seemed to leave plenty of time. But no talks were scheduled.

The nation's fifth-largest airline has said it needs $195 million a year in savings from flight attendants, who have twice voted down tentative agreements that cut so deep. The most recent rejection came despite the endorsement of union leaders. After the most recent vote, on July 31, Northwest, with Gropper's permission, imposed the first contract that flight attendants had rejected, triggering the strike threat.

The new terms included a 21 percent pay cut; flight attendants said it amounts to 40 percent when health insurance increases are added in.

Judge Won't Block Possible Flight Attendant Strike (USAT)

By Dan Reed

USA Today, August 18, 2006

The bankruptcy judge overseeing the Northwest Airlines' Chapter 11 case refused Thursday to block flight attendants from launching threatened ministrikes as early as next Friday.

But the attendants' plans to launch targeted strikes aimed at specific flights, cities or hours of the day could still be blocked by a ruling from a higher court, an agreement to settle the ongoing labor dispute or by the attendants' own concerns that job actions could push Northwest into liquidation.

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"In the end, I think they will find some way to get a deal done," says veteran airline labor negotiator Jerry Glass of F&H Solutions Group. "People aren't stupid. Both sides know that a strike would be the likely end of Northwest, and that's not in anyone's best interest."

Management "has no wiggle room" on its demand for flight attendant concessions worth $195 million a year, he says. Other Northwest labor groups reluctantly have accepted big concessions and "would scream bloody murder" if management backed away from its promise that all groups would sacrifice proportionately.

U.S. Bankruptcy Judge Allan Gropper of New York, ruling on a request by management to block the threatened strikes, said he lacks the legal authority. Management said Thursday it will appeal Gropper's decision to the U.S. District Court for the Southern District of New York.

Mollie Reiley, interim head of the Northwest unit of the Association of Flight Attendants, Communications Workers of America, said management now "has one more chance … set greed aside for once and agree to a fair and equitable contract, or they will face 'Chaos'." Chaos stands for "create havoc around our system" and is the trademark for the union's ministrike strategy.

Though the AFA has threatened Chaos actions many times, it has implemented the tactic only once, in 1993 against Alaska Airlines. Only a handful of flights were disrupted, but the attendants won a better contract.

Northwest CEO Doug Steenland said the carrier has "contingency options" for service disruptions caused by the attendants, but did not elaborate. Northwest officials previously have said they have not hired or trained replacements for potential strikers.

Last month, after Northwest's attendants rejected the second of two concessionary contracts negotiated by union leaders, management won permission from Gropper to throw out the attendants' old contract and to impose reduced pay rates and benefits, and tougher work rules. The attendants say that freed them from the normal requirement to follow the drawn-out procedures for negotiating airline labor deals spelled out by the federal Railway Labor Act.

Management argues that the Railway Labor Act's rules still apply and that job actions now by the attendants would be illegal. No court has ever ruled on that question.

Woman Beaten By Husband Wins Suit (WP)

By Tom Jackman

The Washington Post, August 18, 2006

When police arrived, Deborah Martin told them she didn't know if she'd been punched two or three times -- or two or three hundred. From the looks of the photos taken a few hours later, it was probably closer to the latter.

Martin's husband, Ernest John Lofgren, had pinned her to the kitchen floor in their Fairfax Station home in September 2003 and hit her repeatedly. He later pleaded guilty to assault and battery and served eight weeks in jail. Earlier this year, the couple divorced, which a court commissioner blamed on "the husband's barbaric treatment of the wife."

But before the divorce was final, Deborah Martin took one more step. She sued her husband. And this week, Fairfax County jurors decided Lofgren needed to do more than just a short jail stint. They ordered him to pay Martin $550,000, in part for the extensive bills to repair her face -- and mind -- and to make a statement that domestic violence is intolerable, jurors said.

Domestic violence victims in the Washington area rarely have stepped into the civil arena, experts said, for a variety of reasons, including reluctance to tangle with the legal system again, difficulty in finding a lawyer willing to take the case and inability to get money from a batterer even if they win.

But nationally, it is becoming more common, said Jeffrey R. Dion, director of the National Crime Victim Bar Association in Washington.

"Domestic violence victims are increasingly using the civil justice system to hold their perpetrators accountable," Dion said. If a batterer is arrested, he said, the victim often loses a key source of financial support and may need medical help, counseling or to move.

"I was unable to work and have any income at all," said Martin, 51, a former office manager, who left Virginia less than two months after the attack, escaping what she said was Lofgren's imprisonment of her in their home.

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Martin suffered a broken cheekbone, broken nose and dislocated jaw, as well as severe dental injuries. But she said she also had to overcome "the embarrassment."

"The shame level is incredibly high. That's how all your victims feel," she said. "Maybe that's why a lot of women don't pursue personal injury cases."

Court records indicate that at the time of the incident, Lofgren was a software developer with Northrup Grumman Corp. who earned $93,000 a year. He no longer is employed there. Lofgren's attorney, Robert J. Cunningham, said he did not condone the beating but that the jury in the civil case "didn't hear the entire story due to pretrial rulings." A Fairfax judge prohibited Lofgren from putting on a defense because he did not respond to pretrial filings.

Lofgren, 41, did not testify at the two-day trial. But a commissioner in chancery and a Fairfax circuit judge -- who both heard Lofgren and Martin testify in their divorce case last fall -- found Lofgren at fault despite his claims that Martin goaded him into violence.

"The Commissioner finds the wife to be far more credible on the events of that day," Commissioner Brian M. Hirsch wrote after a pre-divorce hearing. "Even if . . . the Commissioner were to believe the husband's version of the events, his response to the wife, a woman of such slight build (i.e. 115 pounds), was grossly disproportionate to what the husband alleged her to have done."

Hirsch said he had been practicing domestic law for 20 years, and the photos of Martin's injuries "are fairly shocking. And I'm very careful how I choose my words. Shocking is the word I would choose."

After the divorce trial, Fairfax Circuit Judge Gaylord L. Finch Jr. ordered Lofgren to pay Martin $2,000 a month in spousal support and $10,000 for her attorney's fees. The couple were married in April 2002, separated in November 2004 and finalized their divorce in February 2006.

At the end of the civil trial, Martin's attorneys, Richard F. MacDowell Jr. and Mehagen D. McRae of Fairfax City, asked for $650,000 in damages for Martin's actual costs plus pain and suffering and an additional $350,000, the maximum allowed in Virginia, in punitive damages. Jurors said they thought the $650,000 figure was too high, since Martin's estimated medical costs were about $80,000.

But they wanted to go slightly above the $350,000 punitive figure, juror Cynthia S. Deatherage said.

"We did want to send a message that no matter what the circumstance, nobody deserves that kind of treatment," she said. So the jury awarded $351,000 in punitive damages and $200,000 in actual damages. The punitive award was reduced by $1,000 because of a state cap of which jurors were not aware.

Juror Carey A. Williams said that "some of the testimony showed us he was cruel and inhumane. I have a problem with frivolous lawsuits, but I didn't feel this was frivolous. I felt she had a right to ask for compensation for the damage he did to her."

Martin said she had been attacked by Lofgren once before, in July 2002. She said Lofgren beat her with a tree limb and pushed her into some weight equipment, breaking two of her ribs and puncturing one of her lungs. But she did not call police. Her attorneys said that after that incident, Martin resolved to get proof if she were beaten again.

The second episode occurred Sept. 17, 2003, when Lofgren attacked Martin in an apparent drunken rage. Martin testified that Lofgren picked her up, threw her down on her back, then pinned her arms with his knees while he pummeled her face.

Lofgren fled into woods near their house, and police searched for Lofgren while Martin went to the hospital. When Martin returned home to collect her keys and some belongings, Lofgren was inside waiting. He told her the only way she would leave Virginia "was in a pine box," Martin testified. Lofgren took her keys and money and prevented her from leaving or calling for help, Martin said. She stayed with Lofgren until November 2003.

Margaret Drew, the former head of the American Bar Association's Domestic Violence Commission, said that lawsuits are "something that 90 percent of victims never think of." She said the prospect of more months or years in court is daunting, but "in the last few years, I think more lawyers who represent domestic violence victims are discussing the possibility of bringing a civil action."

Martin said she still feared Lofgren but agreed to tell her story because she wants "women to know there is help out there. There are legal ways to help yourself, and that they need to get out of their situations."

Republicans Losing The 'Security Moms' (WP)

DOJ_NMG_0049931

By Jim Vandehei

The Washington Post, August 18, 2006

CLINTONVILLE, Ohio, Aug. 17 -- Married women with children, the "security moms" whose concerns about terrorism made them an essential part of Republican victories in 2002 and 2004, are taking flight from GOP politicians this year in ways that appear likely to provide a major boost for Democrats in the midterm elections, according to polls and interviews.

This critical group of swing voters -- who are an especially significant factor in many of the most competitive suburban districts on which control of Congress will hinge -- is more inclined to vote Democratic than at any point since Sept. 11, 2001, according to data compiled for The Washington Post by the Pew Research Center.

Married mothers said in interviews here that they remain concerned about national security and the ability of Democrats to keep them safe from terrorist strikes. But surveys indicate Republicans are not benefiting from this phenomenon as they have before.

Disaffection with President Bush, the Iraq war, and other concerns such as rising gasoline prices and economic anxiety are proving more powerful in shaping voter attitudes.

The study, which examined the views of married women with children from April through this week, found that they support Democrats for Congress by a 12-point margin, 50 percent to 38 percent. That is nearly a mirror-image reversal from a similar period in 2002, when this group backed Republicans 53 percent to 36 percent. In 2004, exit polls showed, Bush won a second term in part because 56 percent of married women with children supported him.

Here in suburban Columbus, one of the most important arenas in the 2004 campaign, the diffusion of this support is obvious in interviews, and the political implications are unmistakable.

Jean Thomas, a married mother of one, said she still feels a pang of fear every time she boards an airplane for work travel around the Midwest. "Terrorism," she said, "is the biggest concern on a daily basis."

But she said she is "pretty frustrated with politics driving decisions" in Washington. That is why she said she is strongly considering abandoning her support of Republicans to vote for the Democrats challenging Rep. Deborah Pryce and Sen. Mike DeWine on Nov. 7. Polls show that both Republican incumbents from Ohio are acutely vulnerable.

Significantly, Pew and other polls in recent days have found little or no advantage for Republicans in the aftermath of last week's foiled terrorist plot in London, even as Vice President Cheney and GOP leaders have warned that the event showed the risk of voting for a Democratic Party that they say is dominated by security doves.

Andrew Kohut, who directs the Pew poll, said the "negative impact of Iraq is hurting not only Bush but also the Republican Party as well." No longer, Kohut said, is "terrorism alone enough to keep" married women and other voters in the GOP fold.

Yet the shift is not attributable to Iraq alone. Elizabeth Moore, a married mother of one, said she is frustrated by the war but sees no better alternative. "I am one of those who, when a bully slaps you in the face, you slap them back," she said.

Still, the self-described moderate Republican and Bush supporter said the military operation has distracted GOP lawmakers such as Pryce from equally important issues back home. "Too much time in Washington," Moore scoffed, explaining why she is likely to vote for Pryce's Democratic opponent this time. She voted for Pryce in 2004.

All of this suggests that the latest campaign by the GOP to portray Democrats as wobbly on security will be harder to sell in today's climate. Republicans have tried to replicate past success in the wake of the London arrests and Iraq war opponent Ned Lamont's victory over Sen. Joseph I. Lieberman in Connecticut's Democratic primary. Bush and GOP strategists calculated that both events would fan fears about national security and create a headwind for Democrats.

The GOP message still resonates with some voters. Dolores Guerra-Sox, a married mother in Sterling Heights, Mich., said she will stick with Republicans in the congressional races. "We need somebody who is not going to make us take more steps back" as she thinks President Clinton did in the 1990s, she said. "My interest is what happened to us on 9/11."

But Pew -- in findings that echo three other polls released publicly this week -- found Bush and Republicans benefiting little, if at all, from Lieberman's defeat and the scare in Britain. There was a slight uptick in support for Bush's handling of terrorism, but voters remain broadly unhappy with the performance of Bush and the GOP Congress.

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In its latest poll of the general public, conducted after the news from London broke, Pew found a majority voicing concerns that Democrats were too weak on terrorism, the precise charge Republicans have made over the past 10 days. Yet an even larger majority said they fear Republicans would involve the United States in too many military operations.

The result is a public that is essentially split over which party can best defeat terrorists. Washington Post-ABC News surveys found the Republicans held a 30-point average on the issue of terrorism in 2002-2004. But in the past two years, the GOP advantage has evaporated.

Moreover, terrorism does not have the salience as a political issue it did two years ago. In the latest Pew survey, only 2 percent of respondents cited it as the top issue they want to hear candidates discuss -- and that was after the news from London. Voters are less moved by sudden scares like that episode than they might have been two years ago, Kohut said.

"While we probably could not have gone toe to toe with Republicans in the immediate wake of 9/11, and even maybe not in the opening days of the war and the ramp-up to the war, the situation has changed so dramatically that Democrats in fact are in a position now to give better than they get on national security," said Democratic pollster Geoff Garin, who has advised congressional Democrats on their 2006 strategy. Democrats "have to steel their spine to do this because they tend to react every time somebody says 'cut and run,' " he added.

David Winston, a Republican pollster who advises GOP leaders on election strategy, said married women in particular are often spooked more by the uncertainty of Iraq than the threat of terror. "They are increasingly unwilling to sustain the sort of sacrifices that we have to make over there," even though many support the mission, Winston said.

This would get no argument from Pryce, the No. 4 GOP leader in the House. She said this is "hands down" the toughest reelection fight of her 14-year career, after winning with 62 percent of the vote in 2004. This is Republican territory, she said, but it is a tough time to be a Republican in this part of the state this year.

Outgoing Gov. Bob Taft (R) has pleaded no contest to ethics violations. Secretary of State J. Kenneth Blackwell, a Republican running to succeed Taft, is way behind in the polls. Several GOP candidates said Blackwell is almost certain to lose to Democrat Ted Strickland this fall. Unemployment is low by historical standards, but, as in much of the industrial Midwest, voters are anxious about the declining manufacturing sector and stagnating wages.

The cost of war has also been central to Republican troubles in Ohio. It was one year ago this month that 16 Marines from the same Ohio-based battalion were killed in Iraq, a devastating loss for the small town of Brook Park and the rest of the state. All told, 115 troops from Ohio have been killed in the war, the fifth-highest total in the country.

"I feel the pot is being stirred here more than other places in the country," Pryce said. "But maybe that is because I am in the middle of the pot."

Against this backdrop, Democratic candidate Mary Jo Kilroy, a Vietnam-era war protester who became commissioner of Franklin County, is offering voters a clear alternative to Pryce, who remains a supporter of the war.

Kilroy, whose Web site features a running tab of war costs and a video linking Pryce to Bush's "stay the course" policies, said she would not have voted for the Iraq invasion if she had been in Congress. "Certainly the war in Iraq is a major issue these days," she said, sitting in her new campaign headquarters Wednesday.

Kilroy accused Pryce of being "asleep at the switch" in terms of scrutinizing the war and protecting the United States. "We should not have to be scrambling to come up with a protocol" for preventing people from making liquid bombs on airplanes, Kilroy said. "These are not new problems."

Jo Ann Smith, a divorced mother in Upper Arlington, said she voted for Pryce last time but certainly will not this fall because of the war issue alone. "I am just totally disgusted with this war," Smith said. "I understand terrorism and the threat, but I am sick of hearing about it." Smith said she will vote for Democrats across the board, mostly because she considers Republicans the "worst of two evils."

In the Senate race, Sherrod Brown, a longtime Democratic congressman and champion of liberal policies, is running his own version of an antiwar campaign. He voted against the war resolution and the USA Patriot Act, which provided the government new terrorist surveillance tools and authority, at a time when the conventional wisdom in Washington held that both votes were politically disastrous moves.

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"I voted against the Iraq war while Mike DeWine slept through the intelligence hearings, asked no real questions about weapons of mass destruction, asked no questions about a plan to win or a plan for reconstruction," Brown said. "If this election comes down to terrorism and war, I still win." If elected to the Senate, Brown said, he will demand the military come up with a plan to have all U.S. troops out in no more than two years.

DeWine has embraced the White House strategy of using terrorism as a wedge, condemning his opponent as a soft-on-security liberal. But his most aggressive attack backfired. A campaign ad that accused Brown of "weakening national security" was found to include a doctored image of the burning World Trade Center towers after Sept. 11. DeWine had to change the ad.

He said "Iraq is a grave issue" that is complicating the reelection campaign. But he added that when Ohioans learn about Brown's vote against terrorism-fighting tools and a funding increase for the intelligence program, the race will shift his way. "Time will tell how people sort this out," he said.

Marylee McCallister, a mother of three who was a Republican for 42 years until this April, already has. She voted for Bush because she believed his warnings that the Democratic nominee, Sen. John F. Kerry (Mass.), would weaken the nation.

"I was dumb," she said. "Now, granted, they came here and rammed bombs into us, but I am afraid we have gotten into something full scale which perhaps did not have to be."

Latest Poll Shows Lieberman With Huge Lead (WT)

By Charles Hurt

The Washington Times, August 18, 2006

Sen. Joe Lieberman, running for re-election as an independent in Connecticut, holds a commanding lead over anti-war candidate Ned Lamont, who last week toppled Mr. Lieberman in the Democratic primary, according to the latest poll.

In a three-way race, Mr. Lieberman holds a 53 percent to 41 percent lead over Mr. Lamont, according to the poll released yesterday by Quinnipiac University. The Republican candidate, Alan Schlesinger, netted just 4 percent.

The numbers suggest that Mr. Lieberman maintains much of his support from the primary and would collect most of the Republican and independent vote in November's general election.

On Aug. 8, Mr. Lamont beat Mr. Lieberman 52 percent to 48 percent for the Democratic nomination. His campaign was fueled by liberal Internet bloggers and anti-war advocates from across the country. While virtually the entire Democratic leadership quickly abandoned the three-term incumbent in favor of the party's new nominee, it remains uncertain how enthusiastically Democrats will campaign against their former colleague.

Earlier this week, Sen. John Kerry, the Massachusetts Democrat who was his party's presidential nominee in 2004, began an online fundraising effort for anti-war candidates such as Mr. Lamont.

"In the Senate, Ned Lamont will go head to head with Don Rumsfeld, and our troops will benefit from Lamont's leadership," he wrote to some 3 million supporters. "He knows that patriotism isn't reserved for those who defend a President's position; patriotism is doing what's right for our troops and our country."

Republicans, meanwhile, have been quick to back Mr. Lieberman. Published accounts quote Republicans willing to donate to the former Democrat and groups such as the National Republican Senatorial Committee have said they won't do anything to help Mr. Schlesinger, the party's nominal candidate.

The recent Quinnipiac poll found that among likely Republican voters, Mr. Lieberman trounced his opponents with 75 percent of the vote, compared with Mr. Lamont's 13 percent and Mr. Schlesinger's 10 percent.

"Senator Lieberman's support among Republicans is nothing short of amazing," said Douglas Schwartz, the university's polling director. "As long as Lieberman maintains this kind of support among Republicans while holding on to a significant number of Democratic votes, the veteran senator will be hard to beat."

But Mr. Lamont insisted yesterday that "I'm not going to change my issues at all. I'm going to keep talking the same way I have."

The poll of 1,319 registered Connecticut voters was conducted Aug. 10-14 and has a margin of error of 2.5 percentage points.

Poll: Lieberman Ahead, High Favorability (AP-Y)

By Susan Haigh, Ap Political Writer

AP, August 18, 2006

Ned Lamont, whose anti-war campaign rattled the political landscape with a victory over Sen. Joe Lieberman in the Democratic primary, is gaining voter support — but Lieberman still leads the race by double digits, a poll released Thursday shows.

The latest numbers also reveal some serious challenges that Lamont faces in trying to win over the unaffiliated voters he'll likely need to win the election in November.

Quinnipiac University has regularly surveyed registered voters across the state about the Senate race, and it has found over the past three months that Lieberman's support has changed little while Lamont's support has jumped:

• In early June, Lieberman was at 56 percent, Lamont at 18 percent and Republican Alan Schlesinger trailed far behind at 8 percent.

• By mid-July, Lieberman was at 51 percent, Lamont at 27 percent and Schlesinger at 9 percent.

• Now, the latest poll shows Lieberman at 49 percent, Lamont at 38 percent and Schlesinger at 4 percent.

But Poll Director Douglas Schwartz stresses that those numbers only scratch the surface of how voters really feel about this race.

One potentially troublesome indicator for Lamont lies in voters' opinions of the candidates: Only 23 percent in the new survey had a favorable opinion of Lamont, while 28 percent had an unfavorable opinion and the rest were mixed. Meanwhile, 43 percent viewed Lieberman favorably and 28 percent viewed him unfavorably, with the rest mixed.

"Lamont needs to be concerned because he has actually negative favorability right now statewide," said Quinnipiac Poll Director Douglas Schwartz. "He's popular among Democrats, but he's not doing well among Republicans and independents."

"There is still time for Lamont to make this up," he said. "Lamont has to figure out a way to peel some of those soft supporters away from Lieberman."

Lieberman, a centrist, has been dogged by activists in his own party for his support of the war in Iraq and a perceived closeness to President Bush.

After he lost the Aug. 8 primary to Lamont by 10,000 votes, national Democratic leaders shifted their support to Lamont. But Lieberman still filed paperwork to run as an independent in the general election, saying all the state's voters should decide.

The new poll showed that while 31 percent of Democrats are indeed upset with Lieberman over his war support and believe he should not be re-elected, only 7 percent of Republicans and 21 percent of independents hold that same view.

When it came to character, 76 percent said the former vice presidential candidate has strong leadership qualities, 74 percent said he's trustworthy, and 63 percent said he cares about their needs and problems. The numbers for Lamont: 40 percent on strong leadership qualities, 39 percent on trustworthiness and 41 percent on caring.

Asked whether Lamont has the right kind of experience to be a U.S. senator, 33 percent said yes, while 47 percent said no — an improvement since the July 20 poll, when only 24 percent said he had the right kind of experience.

"That's got to be a concern to Lamont," Schwartz said.

Lamont's campaign said Thursday that it had won over all kinds of voters since the primary and would continue to do so.

"We have never run our campaign by polls even when we're ahead, but we're encouraged by the movement and the opportunity we see here," said Liz Dupont-Diehl, the campaign spokeswoman. "Ned will continue to bring his message of change to all Connecticut voters. We have found that it resonates with independents and moderates."

Lieberman, who was at a printing plant in Norwich touting his efforts to reduce electric rates Thursday, said: "It's good to be ahead in the polls again."

"I understand that early polling does not win campaigns. I consider myself to be behind in this race," he said.

Lieberman's advantage comes from broad support among unaffiliated and Republican voters.

Thursday's poll showed Lieberman with 75 percent of the Republican vote, compared with 13 percent for Lamont and 10 percent for Schlesinger. Among unaffiliated voters, Lieberman had 58 percent, to 36 percent for Lamont and 3 percent for Schlesinger. Among Democrats, Lamont leads with 63 percent, while Lieberman has 35 percent.

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The telephone poll was conducted between Aug. 10-14, immediately after Lamont's victory in the Democratic primary and as national Democrats were shifting their support to the party's candidate. The poll of 1,319 registered voters had a sampling error margin of plus or minus 2.5 percentage points.

Rebellion By Base Roils A Republican Race (WSJ)

By Jeanne Cummings

The Wall Street Journal, August 18, 2006

MIDDLETOWN, R.I. -- Democrats chafed when Republicans used antiwar Senate candidate Ned Lamont's Connecticut primary victory to portray them as captives of their left wing. There could be some payback next month.

That's when Rhode Island Republicans face their own choice about whether to oust their party's version of a moderate incumbent, antiwar Sen. Lincoln Chafee, in favor of a sharp-edged partisan conservative. Challenger Steve Laffey supports the Iraq war, opposes abortion rights, wants border controls to tighten immigration before any guest-worker program is considered and backs extension of all of President Bush's tax cuts -- all positions contrary to Mr. Chafee's.

The competition is also one of personalities, pitting a wealthy, soft-spoken aristocrat -- Mr. Chafee -- against a self-made businessman -- and current mayor of Cranston -- who thrives on confrontation and competition. Darrell West, a political-science professor at Brown University, says Mr. Laffey "is polarizing. People either love him or hate him." There are no public polls on the primary that quantify their standings, but both candidates are campaigning as if they are in a tight race, and even Mr. Chafee acknowledges his political career could be endangered.

The Sept. 12 Republican clash in Rhode Island is in many ways a byproduct of a strategy embraced by both parties in recent years to move away from courting swing voters and instead relying on core party activists to provide the volunteers, votes and energy for elections and legislative showdowns. Now, that approach could come back to haunt both.

Last summer, National Republican Senatorial Committee Chairwoman Elizabeth Dole called Mr. Laffey to Washington to urge him to run for lieutenant governor rather than jump into the Senate primary and jeopardize what was seen as a safe seat, recall Mr. Laffey and Ms. Dole's staff. After he announced his candidacy in September, the NRSC ran ads attacking him.

"It just shows you how, down in Washington, the Republicans have gone off the deep end. They are all about power," Mr. Laffey says.

Still, Mr. Chafee's most urgent argument on the campaign trail is that the nomination of Mr. Laffey will tip the general election toward Democrat Sheldon Whitehouse, a former state attorney general now in private practice. Polls show Mr. Whitehouse with a formidable lead over Mr. Laffey, but in a dead heat with Mr. Chafee.

"Chafee isn't really out of sync with the electorate, just the Republican base," says Jennifer Duffy of the nonpartisan Cook Political Report. In Rhode Island, that isn't a very big base: There are only about 69,000 registered Republicans, compared with 235,000 Democrats and 364,000 independents. The key for Mr. Chafee will be persuading enough unaffiliated voters to cast ballots in the Republican primary, which is allowed under state law, to balance his losses from his own party -- which the 53-year-old senator expects to be sizable.

Mr. Laffey, 44, comes to the race with a compelling success story in Cranston. The former chairman of Morgan Keegan & Co., a Memphis, Tenn., financial-services firm, was elected mayor in 2002 and is credited with imposing tough economic policies -- including spending cuts and higher taxes -- to restore the city's economic health. And, while supporting the war, he criticizes the Bush administration's management of it and has called for Defense Secretary Donald Rumsfeld's resignation.

He has been endorsed by about a half-dozen local Republican officials and is supported by dozens more who signed a May 2005 letter urging him to run. "You have a record of standing up against the powerful special interests and fighting for taxpayers," they wrote in a "Draft Laffey" letter.

But Mr. Laffey is controversial. He sued the school board and took on labor unions when pushing through his economic programs. In 2003, he approved the display of a crèche outside City Hall at Christmas while also welcoming other religious displays.

He apologized last month after referring to some state Republican Party leaders, who had endorsed Mr. Chafee at the state convention, as elitists. "Luckily, those people are getting older and they're dying," he added during a radio program.

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Still, Pat Toomey, a former Republican congressman who heads the antitax Club for Growth in Washington, has thrown his support behind Mr. Laffey. The organization is running television ads opposing Mr. Chafee and has raised more than $500,000 for Mr. Laffey's campaign.

With much of the party hierarchy behind Mr. Chafee, Mr. Laffey's strategy is to outhustle them in the street. For nearly a year, he has been walking neighborhoods, attending local government and civic-group meetings making his case for the nomination. His message mixes Republican ideology with Democratic-style appeals to the working class. Mr. Chafee and Mr. Whitehouse both hail from wealthy, politically active families. "It's all they've done. It's what their parents did," Mr. Laffey says. "I'm the ruddy-faced son of a tool maker."

In many ways, Mr. Chafee's struggle is of his own making. Besides opposing the war, he voted against some Bush tax cuts, citing deficit concerns. He opposed Supreme Court Justice Samuel Alito's appointment because he was convinced the jurist would be hostile to abortion rights. And he let it be known that he didn't vote to re-elect the president, writing in former President George H. W. Bush instead.

"I knew this was coming from way back," says Mr. Chafee, at an outdoor festival in Cumberland. "The president's agenda, for better or worse, motivates the party base. I've been hearing from them for the last five years."

To stem the damage, Mr. Chafee has been a regular at Republican spaghetti dinners and diner breakfasts. Even so, he isn't "overly optimistic" that he has persuaded many of them, he says.

He still has advantages, though. As the son of a legendary former governor and senator, John Chafee, his name draws strong support. "Linc's got a lot more class," says Germaine Greene of Warwick, an independent voter who chatted with Mr. Chafee at the Oakland Beach Festival.

Mr. Chafee has ruled out running as an independent if he loses the primary, as Sen. Joe Lieberman is doing after losing the Democratic primary in Connecticut. Asked why he didn't just go along with the president on some votes rather than risk his own party's ire, Mr. Chafee offers no regrets. "I want to win the general election," he says. "Those votes would have been killers for me."

Candidates Woo Farmers At State Fair In Missouri (WT)

By Christina Bellantoni

The Washington Times, August 18, 2006

SEDALIA, Mo. -- Sen. Jim Talent told rural voters at the state fair here yesterday that he is a better choice than state Auditor Claire McCaskill, a Democrat whose national momentum has vaulted her into a dead heat with the Republican incumbent less than three months before the midterm elections.

Mr. Talent said his experience helps small agricultural businesses and cattle ranchers, while Mrs. McCaskill accused her opponent of being too close to corporate farmers to the detriment of the average Missourian.

"I've been endorsed by the Farm Bureau and she has been endorsed by the Sierra Club, and that sums it all up," Mr. Talent said, prompting bureau members to laugh.

Mrs. McCaskill said family farmers tell her they are worried about high gas prices and the rising cost of health care, problems exacerbated by the consolidation of farms.

"I have heard from so many people who live in rural Missouri about the frustrations they have," she said after a meet-and-greet at the traditional Governor's Ham Breakfast.

"If we don't send somebody to Washington who is willing to stand up to corporate agriculture," she said, "we will never be able to have the family farmer in this state survive. Senator Talent has been the best friend of corporate agriculture."

The National Farmers Union Political Action Committee yesterday endorsed Mrs. McCaskill.

However, Mr. Talent said his seat on the Agriculture, Nutrition and Forestry Committee allows him to push for renewable fuel legislation and aid for small farmers.

"If we handle this right, I think we will see a reflowering of agriculture around this country ... where people can count on being able to make a living off agriculture," he said. "If we do the wrong things, we could be importing food before too long."

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As the two candidates stumped for votes in this town about 95 miles east of Kansas City, they also highlighted their differences on ending the estate tax.

Congressional Republicans this summer lumped an increase of the minimum wage with a repeal of the posthumous tax on the estates of wealthy citizens, which critics call the "death tax."

Mr. Talent supported the measure, but Democrats opposed the bill and said it unfairly gave tax cuts to the wealthy.

Mrs. McCaskill said yesterday that she supports a permanent exemption for the estate tax on a family farm worth up to $7 million.

She said Republicans are using family farmers as a political prop in the debate and, "what they are really interested in is protecting people like Paris Hilton."

Dean Knipp, a corn, soybean and wheat farmer from Tipton, Mo., said he thinks voters will choose Mrs. McCaskill in the election because the economy is weakened, particularly in Missouri, which is in the middle of a drought. He said he is glad politicians are paying more attention to rural Missouri compared with previous elections. "It does count," he said.

Paul Gibbs of the Missouri Cattlemen's Association, which has endorsed Mr. Talent, said the "death tax" repeal is the main reason he supports the senator, but he thinks Mrs. McCaskill probably will win the race based on the national political mood.

Mr. Talent, whose approval ratings in the state have declined along with President Bush's popularity, made a point of saying he is independent from the president.

He quickly listed issues on which he disagrees with Mr. Bush, including farm policy. When a reporter asked Mr. Talent whether he was distancing himself from the president, who has campaigned for the senator in Missouri, he said: "No, I'm being me. When I agree with somebody, I say it, and when I disagree with somebody, I say it."

Political observers think Mr. Talent, whose family members were dairy farmers, is likely to fare better in rural regions of the state, while Mrs. McCaskill will get most of the votes in the urban centers of Kansas City and St. Louis.

Mr. Talent, a 49-year-old lawyer by profession, ran for governor in 2000 and lost by 20,000 votes to Democrat Bob Holden. He won his Senate seat in a 2002 special election with 50 percent of the vote.

Mrs. McCaskill beat Mr. Holden in a 2004 Democratic primary election and lost the governor's race to Republican Matt Blunt, who captured 51 percent of the vote to her 48 percent.

Months After Making Headlines, John Murtha's Popularity Booming (MCT)

By Margaret Talev

McClatchy Newspapers, August 18, 2006

JOHNSTOWN, Pa. - What a difference nine months makes.

Last November Rep. John P. "Jack" Murtha, D-Pa., thundered onto the national scene insisting that the U.S. military could accomplish nothing more in Iraq, could only make things worse. He called for pulling U.S. troops out of Iraq.

At the time, many of his Democratic colleagues considered his stance suicidal for their party when they're trying to regain control of Congress despite having long been seen as weak on national security.

Now, Murtha is one of the most popular Democrats around. In recent weeks he's raised money for Democrats campaigning in New Hampshire, Connecticut, New York and California. In Tennessee, he was former Vice President Al Gore's guest at a fundraiser for local Democrats. After Labor Day, Murtha will head back out on the road, helping up to four dozen of his party's candidates.

He said events had proved him right.

"Everything I said has turned out to be true," Murtha said Wednesday, taking a break at his campaign headquarters in Johnstown. "You can't win militarily. Military leaders are now saying it publicly where they said it only privately before. I get standing ovations every place I go. The public is looking for a solution to this open-ended policy, which is killing kids."

Murtha, 74, is an imposing man with white hair and sharp eyes. A decorated Marine, he was the first combat veteran of the Vietnam War elected to the House of Representatives. Long regarded as a hawk on national security, Murtha is the ranking Democrat on the House Defense Appropriations Subcommittee.

He's never been seen as charismatic, until now.

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On Aug. 9 at the Tavern on the Green restaurant in New York's Central Park, Murtha appeared at a rally for Eric Massa, a retired Navy commander who's trying to unseat Rep. John "Randy" Kuhl, R-N.Y.

Massa said Murtha "couldn't speak, the applause and the standing ovation was so prolonged and intense. He speaks the truth. He's not deterred by critics. As the failures of the Bush administration in Iraq have become more obvious, his credibility has significantly increased."

Murtha said he was too old to consider running for president, but that he'd try to become majority leader if Democrats gained the 15 seats they needed to take charge of the House.

"I'm on a mission here, and the mission is to help change the direction of the country," he said.

Murtha doesn't think there are war-related grounds to impeach President Bush. But he likens Bush's weakened status to President Richard Nixon's in 1974 before Watergate forced him to resign.

"He lost all his power in that one year," recalled Murtha, who won his seat that year in a special election. "What a limitation there is on the power of a president, or any public official. When people lose confidence in that official, they have no power at all."

Murtha's outspokenness has made him a target. A North Carolina-based group called Vets for the Truth has launched a "Boot Murtha" campaign, inviting protesters to an Oct. 1 rally in Johnstown.

Organizer Larry Bailey is a retired Navy SEAL who said he was driven not by Murtha's stance on troop redeployment but by the congressman's assertion in May, before a thorough investigation, that Marines in Haditha had killed innocent Iraqi civilians "in cold blood."

"I have some misgivings myself about what's going on in Iraq," Bailey said. "Until May 17, I wasn't the least bit interested in the 12th District of Pennsylvania."

Murtha said bad acts by soldiers hurt the military and should be aired. "I've supported the troops my entire political career," he said. "I don't think there would have been an investigation if I hadn't said something. You have to make it public."

The identity of his southwestern Pennsylvania district has long been entwined with the catastrophic flood that tore through Johnstown in 1889 and with the steel industry, which abandoned it over the past few decades. It has a conservative bent, with a constituency older and more heavily veteran than average. Democrats outnumber Republicans.

Until his emergence last fall as a foe of the Iraq war, Murtha had operated largely behind the scenes. To counter a local unemployment rate that he said hit 24 percent in the 1980s, he used his appropriations post to send home lucrative dollars for defense contracts, medical research, flood-related tourism and infrastructure.

A local airport is named for him. So is an institute for the study of neuroscience and pain. A breast-cancer center bears the name of his wife, Joyce.

Murtha is expected to win re-election handily. Even Diana Irey, his Republican challenger, acknowledged in an interview this week that she's facing "an uphill battle."

But Irey added: "The war issue has made people raise an eyebrow ... and given us an opportunity to tell people who he really is." She mentions Murtha's opposition to a constitutional amendment to ban gay marriage: "Jack Murtha acts more like he's representing liberal San Francisco than conservative southwestern Pennsylvania."

Some voters are listening to her.

David Gray, 45, a Republican accountant, said Murtha hadn't been able to replace the steel industry with anything similarly big or permanent.

"It's all a lot of little things. As soon as Murtha's gone, they're all gone, these defense contracts. What good is that?"

More seem to stand by Murtha.

"People said Johnstown will never come back," said Jack Ray, 57, a Democrat and a clerk at a clothing store. "I think Johnstown is coming back. And he's been involved in most things that have happened."

Helen Davis, 76, a Republican whose late husband worked for Bethlehem Steel, agrees with Murtha's stance on Iraq.

"I don't think we're accomplishing anything there, and I hate to see these young men sacrificed for people who don't even want us there," she said.

Pennsylvania Republican Walks Fine Line On Iraq War (WT)

DOJ_NMG_0049939

By Eric Pfeiffer, The Washington Times

The Washington Times, August 18, 2006

In a letter to supporters titled "America Needs a Better, Smarter Plan in Iraq," first-term Rep. Michael G. Fitzpatrick criticizes what he calls President Bush's "extreme" policy in Iraq.

In the letter, the Pennsylvania Republican also decries the "cut-and-run" stance of his Democratic opponent, Patrick Murphy, an Iraq war veteran. The race shows the difficulty facing Republicans running for re-election this year in parts of the country where the war has become deeply unpopular.

The cover of Mr. Fitzpatrick's mailing reads, "Congressman Fitzpatrick says NO to both extremes: No to President Bush's 'stay-the-course' strategy ... and no to Patrick Murphy's 'cut-and-run' approach."

"It's interesting if you look at the memo -- he's criticizing just about every plan that's out there on the table, but he doesn't offer his own plan," said Murphy campaign spokesman Dan DeRosa. The Fitzpatrick campaign declined repeated requests from The Washington Times to outline its position on the Iraq war.

Pennsylvania's 8th District has become competitive territory for Democrats on a national level in recent years, with voters supporting every Democratic presidential nominee since 1992. However, voters in the district with a population of 650,000 also have consistently elected Republicans to represent them during that time.

In 2004, Mr. Fitzpatrick was elected with 55 percent of the vote, while in the presidential race, Sen. John Kerry, Massachusetts Democrat, carried the district with 51 percent of the vote to Mr. Bush's 48 percent.

Mr. Fitzpatrick previously expressed his support for the war in Iraq.

When discussing his most recent trip to Iraq on his Web site, Mr. Fitzpatrick writes: "My time with the troops left an indelible impression of pride in the tremendous dedication and commitment our service men and women display on a daily basis protecting our national security and improving the lives of long repressed Iraqis. As a Member of Congress, I will continue to do everything in my power to support their efforts."

Mr. Murphy is a Bronze Star winner who served with the 82nd Airborne Division in Iraq in 2003 and 2004. In December, he proposed a 12-month redeployment of troops from Iraq.

Mr. Murphy's plan, similar to that of fellow Pennsylvania Democrat Rep. John P. Murtha, would leave a rapid-response strike force of troops in Kuwait that could respond to "security emergencies" in Iraq.

An internal poll conducted by the Murphy campaign shows him trailing Mr. Fitzpatrick by six percentage points. Polling by the campaign in March showed Mr. Fitzpatrick with a 14-point lead.

"Pennsylvania's 8th District has tightened dramatically," the poll's attached memo reads, "and the political environment in the district favors a Democrat."

The Murphy campaign has received support from high-profile Democrats, including Mr. Kerry, Mr. Murtha and Pennsylvania Democrat Gov. Edward G. Rendell.

Lawmaker Helped Brother's Lobby Clients (AP-Y)

By Ted Bridis, Associated Press Writer

AP, August 18, 2006

Three times this year, a lobbyist sought help from Rep. Christopher Cannon for his clients and got it. The lobbyist was the congressman's brother, Joseph Cannon.

The Utah lawmaker acknowledges helping his brother's clients, including pressing Congress last month to intervene in a business dispute over an Internet contract estimated to be worth as much as $1.3 billion.

"If my wife decided to lobby, then we would probably say, 'No talking to my office.' I just don't see my brother in the same category," Cannon, R-Utah, told The Associated Press.

Cannon has a financial interest in his brother's success: The lobbyist owes him more than $250,000, according to the lawmaker's financial disclosure reports.

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There are no U.S. laws prohibiting relatives from lobbying lawmakers. House ethics rules require lawmakers to behave in ways that "reflect creditably" on Congress, avoid any special favors for family members and avoid the appearance of conflicts of interest.

"A lot of people I know are lobbyists," said Rep. Cannon, who has been elected five times. "I would put Joe in that category, not as a family member."

Some ethics experts rejected Cannon's distinction.

"It's an obvious conflict of interest," said Wendell Rawls Jr., acting executive director at the Washington-based Center for Public Integrity, a nonpartisan watchdog group. "It's an obvious use of an insider position to further the best interest of a family member."

Fred Werthheimer, head of the Democracy 21 group that endorses lobbying and campaign finance reforms, said Cannon has created appearance problems — months before midterm elections — inside a Congress already tainted by lobbying scandals and bribery investigations.

"When a member of Congress starts taking action based on the requests of a brother or spouse, you create the impression that the action may be taking place to provide a financial benefit for the family rather than to carry out proper public policy," he said. "This is the kind of appearance problem no member needs."

Dozens of Republican and Democratic lawmakers have children, siblings or spouses who work as lobbyists. Some told the AP they prohibit relatives, even siblings, from lobbying them or anyone working for them.

Rep. Nick Rahall, D-W.Va., whose sister is a lobbyist for nuclear and energy interests, does not allow her to lobby his office. Likewise, former House Majority Leader Tom DeLay limited access to his office by his estranged brother, Randy, after 1996, when Randy DeLay's lobbying activities prompted an ethics complaint that later was dismissed. DeLay, R-Texas, left Congress earlier this year under an ethics cloud.

Joseph Cannon, who also is chairman of the Utah Republican party, is his congressman-brother's one-time business partner. He leads a team of 10 lobbyists at Pillsbury Winthrop Shaw Pittman LLP, a law and lobbying firm. He represents nearly a dozen lobbying clients and specializes in environmental cases.

In the Internet dispute, Rep. Cannon joined with three other lawmakers last month at his brother's urging to press for a congressional hearing. They signed a letter that expressed concerns about a proposed contract — which is subject to approval by the Bush administration — between the Internet's primary oversight body and VeriSign Inc., a $4.2 billion California company.

Joseph Cannon is a lobbyist for a competing company, Network Solutions Inc. That company sells Web addresses and opposes price increases it would pay to VeriSign under the pending agreement.

"My job was to talk with Chris," the lobbyist brother told AP. "After I talked with him, the fact is, we hardly ever talked about it after that. I don't spend much time lobbying my brother on things. I can't use him just because he's my brother to go do something; it's got to be something he's got a legitimate interest in."

Rep. Cannon, chairman of the House Judiciary commercial law subcommittee, said he has closely followed Internet issues. "He had a client. I had an interest," the lawmaker explained.

Joseph Cannon's lobbying firm helped draft the July 7 letter his brother signed asking Rep. Lamar Smith, who heads the House Judiciary Internet subcommittee, to hold a hearing. Smith, R-Texas, said he has not yet decided whether to conduct such an oversight hearing.

Joseph Cannon said he has lobbied his brother on other occasions, twice involving higher education issues. Rep. Cannon's home district in Provo, Utah, includes Brigham Young University, which last year paid Joseph Cannon roughly $70,000 as its Washington lobbyist. Both brothers graduated from the university.

Joseph Cannon sought his brother's help earlier this year establishing a "complexity center" involving Brigham Young and the University of Utah. Joseph Cannon said it was to be run by a defense contractor, System of Systems Analytics Inc. of Chantilly, Va.. The contractor employs Joseph Cannon's Utah-based company, The Western Standard Publishing Company Inc., as a subcontractor.

Joseph Cannon said he disclosed his own business relationship with the project, which both he and Rep. Cannon said was scuttled in its early stages.

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Rep. Cannon also favored a bill earlier this year to exempt religious colleges from certain accreditation guidelines, such as rules on discriminating against gay students and teachers and requirements for courses that conflict with the schools' philosophy.

Joseph Cannon said he sought his brother's support on behalf of Brigham Young. The House bill passed on a voice vote.

Joseph Cannon said he also introduced leaders of the Israel Policy Forum, a pro-Jewish group, to his brother and other Republicans the day fighting broke out in Lebanon earlier this summer.

"It doesn't make sense not to approach him just the way I would approach anybody else," Joseph Cannon said. "I believe his response would have been exactly the same if ... someone else from my firm had talked with him."

As for the unpaid debt to his brother, Joseph Cannon said it stems from his own unsuccessful campaign for the U.S. Senate 14 years ago.

Joseph Cannon said he approached his brother about the Internet agreement as part of a behind-the-scenes campaign to convince lawmakers on some Senate and House committees the deal would be bad for consumers.

The agreement would permit VeriSign to increase the wholesale price it charges companies like Network Solutions for each Internet dot-com address from $6 per year to $7.86 — or more if it can justify further price increases.

In the weeks after Network Solutions hired the lobbying firm, two lobbyists there — both Democrats — contributed a combined $1,500 to Rep. Cannon's Republican campaign.

One of those lobbyists, Thomas O'Donnell, worked closely with Rep. Cannon's office on behalf of Network Solutions after June 15. O'Donnell gave $1,000 to Rep. Cannon on May 17.

O'Donnell said he gave the money because Rep. Cannon was his lobbying partner's brother and because he supports Rep. Cannon's moderate views on immigration reform, a key issue in Cannon's primary. O'Donnell said Joseph Cannon did not solicit the contribution.

Network Solutions said it was unaware of Joseph Cannon's family ties when it hired his firm in April to rally opposition to the Internet agreement.

"I, personally, and no one at Network Solutions had any idea," said the company's chief counsel, Jonathon Nevett. "I had never heard of Chris Cannon or Joe Cannon."

Nevett has publicly praised the lawmakers' request for a congressional hearing.

Network Solutions spent $80,000 on lobbying last year; VeriSign spent at least $440,000 over the same period, Senate records show.

VeriSign's Washington lobbyists include former Attorney General John Ashcroft and Ashcroft's former chief of staff, David Ayres. VeriSign's political action committee donated $1,000 to Rep. Smith in April and $1,000 to Cannon in November.

Rep. Cannon said his relationships with his brother's clients can be discerned by reviewing congressional lobbying reports. He did not mention in his July 7 letter that he was acting at his brother's request.

"The rules really come down to disclosure," the lawmaker said. "It's easy to make the connections you made between me and my brother."

Union Backing Redistricting Fights (AP-Y)

By Will Lester, Associated Press Writer

AP, August 18, 2006

One of the nation's largest labor unions, joining with other Democratic-leaning groups, is forming a political committee to raise millions of dollars for redistricting fights with the GOP.

The formation of the political group Foundation for the Future, called a 527 because of the part of the tax code section that governs it, was at least partially a response to aggressive redistricting tactics by Republicans.

"Republicans are prepared to use all means necessary so they can gain power and govern," said Larry Scanlon, political director of the American Federation of State, County and Municipal Employees. "They were willing to go into states and do mid-decade redistricting, turning our whole democracy on its ear."

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The committee expects to spend about $17 million over the next five years on redistricting at the state and federal level, with more than half of that money provided by AFSCME, Scanlon said Thursday.

The committee is being formed by AFSCME along with the Democratic Legislative Campaign Committee and the National Committee for an Effective Congress.

"Not being prepared is not an option," said Joan Fitz-Gerald, DLCC chairwoman and Colorado Senate president.

The group's formation follows a Supreme Court decision in June upholding most of the 2003 Texas redistricting plan engineered by former Rep. Tom DeLay, R-Texas, who now faces money laundering charges.

That plan was undertaken in the middle of a census cycle and resulted in Republicans gaining a 21-11 advantage over Democrats in House seats in Texas. Democrats formerly had a narrow advantage in the state.

The formation of the group has been in the works for months, but the Supreme Court decision in June made such a step even more important, Scanlon said.

"Caution has been thrown to the wind with the Supreme Court decision that you can redistrict when you want," he said.

Ad Disappears From Democratic Web Site (AP-Y)

AP, August 18, 2006

Democrats dropped an ad that Hispanics had criticized as unfairly depicting illegal immigrants as terrorists.

The ad had disappeared from the Democratic Senatorial Campaign Committee's Web site Thursday. A link that had led to the advertisement now leads to a different ad.

No announcement was made about what happened to the ad. A DSCC spokesman did not return phone calls and an e-mail message seeking comment.

Democratic and Republican Hispanics had complained Wednesday about the ad. The 35-second ad questioned GOP homeland security and anti-terrorism policies. It featured images of Osama bin Laden and North Korea's Kim Jong Il and two people scaling a border fence and the words "Feel Safer?"

Houston City Councilwoman Carol Alvarado, a Democrat, was among those who asked the DSCC to pull the ad. She said it could alienate Latino voters. The Republican National Hispanic Assembly and Latino groups also criticized the ad.

Schwarzenegger Hears Rumbles From The Right (LAT)

By Michael Finnegan, Times Staff Writer

The Los Angeles Times, August 18, 2006

Conservatives see some of the governor's stands as liberal. If too few vote, his reelection could be threatened.

With the vote on his reelection just over 12 weeks away, Gov. Arnold Schwarzenegger faces a wave of conservative unrest that threatens the steady political recovery he has made this year by widening his appeal beyond his base of Republican supporters.

To keep conservatives in line, Schwarzenegger campaign operatives have quietly launched efforts to rally support among Christian fundamentalists, gun owners and other Republicans who have long been wary of the governor and backed him only grudgingly.

His stands on illegal immigration, the state's swelling debt, gay rights and other matters continue to rankle many of them, and his high-profile courtship of Democrats and independents risks repelling them further as the campaign intensifies.

Schwarzenegger faces no danger of a broad defection of conservatives to his Democratic challenger, state Treasurer Phil Angelides; polls show they overwhelmingly favor the governor.

But their tense alliance with Schwarzenegger, combined with a foul election climate for Republicans nationwide, could spell a low conservative turnout in the Nov. 7 election. And if what is now a wide Schwarzenegger lead over Angelides narrows after Labor Day, as many analysts expect, low conservative turnout will loom as a key peril for the governor and a prime source of hope for Democrats.

"For Schwarzenegger, the question becomes: Can he get the Republican base to come out in large numbers and enthusiastically support his candidacy?" said Mark Baldassare, research director of the Public Policy Institute of California.

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The gap between Schwarzenegger and his party's conservative wing will be on display this weekend at a state Republican convention in Century City.

The governor, whose lunch speech Saturday will be the showcase event, has urged the party to join him in supporting $42 billion in public construction projects on the November ballot, but delegates are tilting against some of the bond measures to protest his heavy reliance on state borrowing.

"He's not a fiscal conservative, and he's not a social conservative, so there's a lot of uneasiness," said Mike Spence, president of the California Republican Assembly, a conservative state party offshoot.

In a state dominated by Democrats and the independents who often side with them, Schwarzenegger has no choice but to appeal for support beyond his party. But each time he does, he feeds a potential conservative backlash.

"When you walk the political high-wire act in California, as one has to do, you bend over in one direction and you'll fall hard," said Larry N. Gerston, a political science professor at San Jose State University.

Among Schwarzenegger's most visible moves to the center this year were his call for a rise in the minimum wage (despite twice blocking such an increase) and new steps against global warming. He also has taken pains to distance himself from President Bush, most recently by steering up to $150 million into stem cell research a day after Bush vetoed a bill to expand federal support for such work, which religious conservatives oppose.

Most disturbing to many conservatives has been his stand on illegal immigration: Though the governor has put National Guard troops on the border and blocked driver's licenses for illegal immigrants, he supports a guest worker program and a path to citizenship for those who pay taxes, learn English and wait behind legal immigrants. "It's just one more policy issue where he's out of step with conservatives," Spence said.

At the same time, Schwarzenegger has reminded conservatives of his refusal to raise taxes and his rollback of the car tax increase that enraged voters during the campaign to recall Gov. Gray Davis.

He has also taken stands against four November ballot measures that would increase taxes: tobacco taxes for healthcare (Proposition 86), oil taxes for alternative-energy research (Proposition 87), property taxes for schools (Proposition 88), and corporate taxes to finance political campaigns (Proposition 89).

On social matters, Schwarzenegger has also kept in sync with conservatives on ballot measures that would increase penalties for sex offenders (Proposition 83) and require parental notification when minors seek abortions (Proposition 85).

In other recent gestures of solidarity with conservatives, Schwarzenegger named former Rep. James E. Rogan, a manager of former President Clinton's impeachment, as a Superior Court judge, going out of his way to announce the appointment two months before the position opened. He also fought to stop the removal of a 43-foot-tall cross from a war memorial on public land atop Mt. Soledad in San Diego.

"I just want to say it is really great … to see this wonderful cross up there," Schwarzenegger said on a visit to the hilltop last week.

Meanwhile, to drum up support for Schwarzenegger among evangelicals, the state party has hired Ben Lopez, a lobbyist for the Rev. Lou Sheldon's Traditional Values Coalition, a group that seeks to outlaw abortion and roll back gay rights.

Lopez and Anna Bryson, statewide coalitions director for Victory '06, the party's November election operation, plan to meet next week in the Sacramento area with roughly 200 conservative ministers — the first of several such gatherings to promote the governor, Bryson said.

"The governor believes strongly in family values," she said.

Bryson has also asked the National Rifle Assn. to endorse Schwarzenegger, a gun-control supporter, and hired GOP operative Rodney Stanhope to plug Schwarzenegger's candidacy among gun owners. The NRA has not taken a position in the race.

Yet for all that, many bridle at Schwarzenegger's leadership, even if they see no acceptable alternative.

"He's got me over a barrel, so it's a little frustrating," said Inga Barks, a tepid Schwarzenegger supporter who presides over conservative radio talk shows in Bakersfield and Fresno. Barks objects to the rise in state debt under the governor and was furious at him for ordering state money into stem cell research. "That's my money he's giving for a cause I don't approve of," she said.

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"He's really shown us no reason to vote for him," said Karen England, executive director of the Capitol Resource Institute, a conservative group that will sponsor a Century City rally Saturday to pressure Schwarzenegger into vetoing several education bills supported by gay groups. "He's very anti-family and liberal."

Schwarzenegger advisors say the governor will have no trouble maintaining the strong conservative support he needs to win. They note that polls this summer have found that his support among Republicans and conservatives was much stronger than Angelides' support among Democrats and liberals.

"The reality is, there's only one candidate who has a problem with his base, and that candidate's name is Phil Angelides," said Steve Schmidt, manager of Schwarzenegger's reelection campaign.

Matt Dowd, chief strategist of the campaign, said opposition to Angelides is likely to motivate many conservatives to vote for Schwarzenegger regardless of their level of enthusiasm for him.

"You have to have a for, and you have to have an against," Dowd said.

Still, Tony Quinn, co-editor of the California Target Book election guide, sees the depressed mood of Republicans nationwide as the biggest potential peril for Schwarzenegger — even larger than the qualms of conservatives about his policies.

In California, Quinn said, national political tides were important forces in the elections of Gov. Ronald Reagan in 1966 and Gov. Jerry Brown in 1974, and padded the victory margin of Gov. Pete Wilson in 1994.

This year, many California Republicans are unhappy over Bush's immigration policy, high gasoline prices, the Iraq war stalemate and other matters, and that, Quinn said, could lead many to skip voting. For Schwarzenegger, "that is a real concern," he said, "and it's not something he can do much about."

Ehrlich Attorney Cleared In Lobbying Complaint (WP)

By Eric Rich And Matthew Mosk

The Washington Post, August 18, 2006

Maryland's independent state ethics commission has dismissed a complaint alleging that the personal attorney to Gov. Robert L. Ehrlich Jr. improperly acted as an unregistered lobbyist with access to the most powerful figures in Annapolis, the commission said yesterday.

The lawyer, David Hamilton, heads the government relations practice at the law firm Ober Kaler and, in that capacity, has accompanied clients to meetings with the Republican governor and other policymakers. Hamilton has said he acts as his clients' attorney in such situations, not as their lobbyist.

Democratic state lawmakers and others denounced the arrangement, saying that providing access for the purpose of influencing legislation is, in fact, lobbying.

Suzanne Fox, the commission's executive director, said that the commission reviewed a complaint about Hamilton's activities and decided that it warranted no further investigation. Normally, even that information would be confidential, but Fox said Hamilton granted her a waiver to disclose the decision.

Hamilton was traveling yesterday and could not be reached for comment.

"This is precisely what the governor has been saying for two, three months now," said Henry Fawell, Ehrlich's spokesman, of the decisions. "He knows him to be a man and lawyer of integrity. He's not at all surprised by the decision."

Bobbie Walton, executive director of Common Cause Maryland, which filed the complaint, said she plans to request a meeting with the commission to discuss "exactly how his behavior falls within the law."

"Ethical? I think this is not ethical behavior," Walton said. "Legal? Perhaps it's legal. Maybe what we need to do is look at the law."

Because Hamilton is not registered as a lobbyist, his activities are subject to none of the rigorous disclosure requirements that state lawmakers have placed on lobbyists. He does not, for example, have to disclose meetings that he personally arranged and attended for clients with Ehrlich.

In addition, he is able to do what no registered lobbyist in Annapolis can: provide his clients with access to the governor and then ask those clients to donate to Ehrlich's reelection campaign.

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Hamilton has said he is able to comply with the law by farming out his clients' lobbying needs to those who are registered in Annapolis. He has said he is in a "strategic relationship" with lobbyist J. William Pitcher in which Hamilton handles only legal issues.

Fox said yesterday that she could not discuss the review in any detail or say what evidence the commission considered or how it reached its conclusion.

Walton said she expects a different outcome from a more detailed complaint she filed with an ethics commission in Baltimore County, where Hamilton represents a development interest in a controversial plan to build a liquefied natural gas terminal at a shipyard.

When local officials told Hamilton that his client, the shipyard owner, should not expect the county's support, Hamilton sent them an e-mail asking that their boss soften any comments he might make in opposition. Hamilton suggested that Baltimore County Executive James T. Smith Jr. (D) follow the lead of Ehrlich, who had told a local newspaper that he was "concerned" and "not happy" with the plan.

Yesterday, Walton said the evidence in that case was "more damaging" than in the complaint to the state commission. She said the county commission had asked her not to discuss the case in detail but told her several days ago that it remained active. "If the county outcome follows the state's, I would be disappointed," she said.

Rising College Fees Will Cost Us In Time (USAT)

USA Today, August 18, 2006

Why does college cost so much? Many parents are wondering just that as students gear up for the fall semester — and parents pull out their checkbooks.

In part, the answer rests with tuition increases that have outpaced inflation and the median family income. Our future labor market should be armed with graduates prepared for 21st-century careers, yet financial realities stand in the way for many young Americans. It's a grim picture:

• The average college graduate is burdened with more than $20,000 in student loans.

• Some parents, wanting their children to graduate loan-free, have taken to mortgaging their homes, thus jeopardizing their own retirement.

• Many students work, sometimes multiple jobs, thereby losing much of the texture of the college experience.

Despite these well-documented struggles, tuition and fees keep rising.

Compounding the problem for students: The increases aren't limited to tuition. Books have become such an exorbitant expense — often approaching $1,000 a semester — that some students share books or do without them. As USA TODAY reported Thursday, 15 state legislatures are looking at ways of getting the costs under control. Lab fees are on the rise, too.

Students are lugging the financial burden well after graduation. Even worse, perhaps, is that they're being forced to make untenable choices about their future. A public service career, for example, may take a back seat to a higher-paying job because of this debt issue.

It's tempting to blame the war-driven federal budget and the fact that states have less to allocate to higher education, but these increases began in the 1980s. Likewise, faculty salaries are a convenient target, but overall, they have barely kept up with inflation.

Education is supposed to be an equalizer. But with costs rising, students are trading down dreams of an Ivy League education for one at a state university, and from a state university to one at a community college. While all education will bear fruit, we are creating a bifurcated system in which the best education will go to those who can pay for it. Students of color and those of modest means will most likely be the ones left behind.

Need-based scholarship aid — which might otherwise mitigate the impact of this trend — has grown more slowly than "merit-based" aid, and merit-based aid is too often available to those students who have taken Advanced Placement or International Baccalaureate classes that aren't always offered in inner cities.

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While our nation is making it harder for young people to afford college, other countries — especially India and China — are investing in higher education. In the years ahead, there will be a global competition to find the most qualified workers. If our educational investment is any indication, they won't be found here.

Julianne Malveaux is an economist and author.

Project Vision (WSJ)

By Julia Vitullo-martin

The Wall Street Journal, August 18, 2006

Public housing is urban government's largest orphan. It is an unloved recipient of tens of billions of dollars in funds, poured over decades by the federal government into housing projects in just about every city in the country. Neither the Republicans nor the Democrats want much to do with it anymore, and as a result physical plants are deteriorating while operating deficits soar. This failed experiment in government-financed, -built, -owned and -operated housing is over, yet the projects continue to house millions of Americans.

In the midst of this decay, however, is huge opportunity. Hundreds of old projects stand on valuable real estate, making them potential beneficiaries of the great urban comeback. But the authorities that own them must have the vision to see these prospects -- and few do.

Take New York City. Its real-estate market is so robust that even sections like Morrisania in the South Bronx, once nominated by Jimmy Carter as the worst neighborhood in America, are again thriving. Since 1987, the city government has spent over $130 million on South Bronx restoration, with the result that hardworking households and small businesses have returned to the blocks once destroyed by arson and despair.

Yet looming high above the pretty new houses, retail corridors and well-tended parks are three of the ugliest buildings in New York: the immense Morrisania Air Rights public-housing projects, completed in 1981 on 5.38 acres constructed over the sunken roadway that leads to the George Washington Bridge. When asked if the New York City Housing Authority had any intention of freeing the neighborhood of these hulking monuments by tearing them down, a high-ranking NYCHA official said, "No. We're not Atlanta."

Precisely. NYCHA is trapped in old-style, mammoth public housing, proud that it has only demolished one major building since 1972. NYCHA oversees 2,691 residential buildings that are scattered throughout the five boroughs, including in many neighborhoods that are now doing well despite the projects in their midst. Manhattan's booming Upper West Side, where new residential construction routinely sells for $1,400 per square foot, has over 20 projects, worth hundreds of millions of dollars -- not that NCYHA would dream of doing the market calculations.

Meanwhile the Atlanta Housing Authority, ranked in the early 1990s as the nation's fifth largest authority and the seventh most troubled, has been following the opposite course since 1996 -- demolishing its old projects and replacing them with attractive one- and two-family townhouses built in vernacular architecture.

But striking as the new houses are, they're not Atlanta's real innovation. "We are not making a nicer box," says Renée Glover, AHA's president and CEO. "We are intentionally creating a market-rate community with a seamless affordable component. We work with private-sector development partners who have knowhow, expertise and access to financial capital. Our projects are driven, owned and managed by the private sector."

Ms. Glover has been systematically demolishing the old projects, which she calls toxic, and replacing them with normal-looking neighborhoods, made up of 40% market-rate tenants and homeowners, 40% former public housing tenants who meet stringent new qualifications, and 20% low-income tenants.

All of her new housing is oversubscribed, a far cry from the situation when she took over as executive director of the AHA in September 1994. An assessment of the agency at that time showed that over half of AHA's apartments -- some 5,000 units -- were vacant. It had an uncollected rent rate of over 25%. Maintenance was abysmal, with the agency needing an average of 60 days to complete routine work orders. AHA scored an appalling 39 out of 100 under HUD's Public Housing Management Assessment Program. This was overseen by a "bloated and untrained employee force," in Ms. Glover's words, of about 1,300. Today, AHA's vacancy rate is below 1%, as is its uncollected rent rate. Routine work orders take 48 hours, and the backlog of 12,000 orders

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has been eliminated. It scored a perfect 100 in HUD's assessment. Its work force has been cut down to around 325 "well-trained and motivated professionals," says Ms. Glover.

To the naked eye, AHA's developments are indistinguishable from adjoining communities. Ms. Glover partnered with private developers, leveraging small amounts of government money with far larger sums of private investment. She demolished the downtown Techwood/Clark Howell Homes, two of the country's first public-housing projects, and built Centennial Place with $42.5 million in federal Hope VI revitalization funds and about $2 billion in private investment. (Hope VI was initiated by the first Bush administration, strongly supported by the Clinton administration, and opposed by the current administration.)

Similarly, she demolished the Perry Homes, three miles northwest of downtown Atlanta, and replaced them with what will be the AHA's largest development, the West Highlands project, which combines 570 apartments with an 18-hole, PGA-level golf course designed by Jack Nicklaus. She used $25 million in federal revitalization and demolition funds and $444 million in private investment.

AHA requires that all tenants between the ages of 18 and 65, except for the disabled, be employed, or be enrolled in job training or in school. "Residents must engage in an activity that will grow them out of the need for subsidy," says Ms. Glover. The result: Employment is way up (from 13% of residents in 1994 to 71% today) and crime is way down. Crime overall in Atlanta's public housing developments is down 76%, according to a Brookings Institution study released last year.

What's more, private development is springing up all around the former AHA projects, showing that private investment will readily enter once what Ms. Glover calls "residential brownfields" are removed. Centennial's neighborhood, which includes the Georgia Institute of Technology, Bell South headquarters, All Saints Church and should never have been a brownfield, is "on fire" today, says a developer. Retail and commercial services are springing up in an area that long had none. Though ferociously opposed by the Board of Education, Ms. Glover set up Atlanta's first charter school in 1997, Centennial Place Elementary, which now has some of the highest standardized test scores in the entire school system -- even though it receives only 60% of the funding of regular public schools.

What AHA is doing is entirely different from previous reform efforts because AHA does not intend to "manage" better public housing -- it's getting rid of public housing. For the sake of both public housing residents and their neighborhoods, let's hope that other big city authorities follow, starting with New York.

Ms. Vitullo-Martin is a senior fellow at the Manhattan Institute.

The 'Real World' Of Sen. Allen (WP)

By Eugene Robinson

The Washington Post, August 18, 2006

You know a politician is having a bad week when he spends it trying to convince people he's too unsophisticated to have possibly understood the racial slur he tossed at a man who happened to be armed with a video camera.

Sen. George Allen's mental journey to the imaginary land of Macaca has brought the one-term Virginia Republican -- considered a presidential hopeful for 2008 -- more national attention than ever before. But not in a good way.

The Macaca incident became a sensation on the video-sharing Web site YouTube.com, where some visitors helpfully posted clips of macaques, which are monkeys. It spawned a host of predictable jokes -- "Funny, you don't look Macacan" -- and inspired a hilarious bit on "The Daily Show" that ended with a potty-humor punch line not entirely suitable for the opinion pages of a distinguished newspaper. Suffice it to say that another make-believe realm called Yapipi was invoked.

As you probably know by now, Allen was making a campaign stop and spotted a college student who was shadowing him -- videotaping all his appearances -- to gather possible ammunition for the campaign of his opponent, Democrat James Webb. The young man, S.R. Sidarth, is of Indian descent. Allen pointed him out for the all-white crowd, calling him "Macaca, or whatever his name is," and then said to Sidarth, "Welcome to America and the real world of Virginia." Sidarth happens to be a Virginia native.

Allen and his aides scrambled to assure reporters that the senator had no idea that macaca is the genus to which macaques belong. Nor did the senator have a clue that in some European countries " makak " is a derogatory term for North African immigrants.

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Okay, I'm willing to believe the senator is ignorant of primate taxonomy and Belgian slang -- he's all about good-ol'-boy bonhomie, not Renaissance-man erudition. I don't buy the rest of his explanation, though -- that he was trying to refer to Sidarth's haircut, which he thought was a mohawk. I also don't buy his claim that he meant no offense.

I think he was playing to the crowd by singling out the one person who didn't belong there, not because he was a spy from a rival campaign -- shadowing is standard campaign practice these days -- but because he looked "foreign" (my word, not his). I think he came up with "Macaca" as a kind of generic name for a foreigner who appeared to be from the Indian subcontinent, or someplace over there where people have dark skin and straight black hair. Why else would he add the "welcome to America" bit if not to emphasize Sidarth's apparent foreignness?

Let's assume for the moment that the Macaca moment was not premeditated, that it was an ad lib. That means Allen instinctively or subconsciously believed that drawing a line between his white audience and the darker, foreign-looking Sidarth was at that moment good politics. It was a way of defining "us" and "them," and the thing is that it worked, drawing a hearty laugh from the crowd.

If the senator doesn't realize that Americans come in an increasing range of shapes, sizes and colors, then his ignorance extends far beyond Old World monkeys and obscure slurs. Surely he has seen the new census figures that show how immigrants are settling in parts of the country that traditionally have had little or no foreign-born population. Maybe that was the point.

If we are to accept the testimony of friends who insist that Allen himself is no racist -- I've met him, but only briefly, so all I can report is that he seems genial enough -- then maybe the Macaca thing didn't grow out of ignorance at all but out of a sense that there is political advantage to be had from playing on fears and apprehensions about immigration. Maybe he was giving that audience in conservative southwestern Virginia a clear message: I'm with you, I'm one of you, and we all understand that the guy over there with the camera is not one of us, he's just a Macaca whose real name probably has a lot of awkward syllables and isn't worth learning to pronounce.

Because of his swagger and personality, Allen is often likened to George W. Bush. The president, for all his manifold faults, is one of the few politicians who really does understand the changing face of America. I'm beginning to think that perhaps Allen understands it, too -- at least well enough to know what buttons to push among white audiences.

Senator, I don't think you're as ignorant as you claim.

A Retreat Toward Watergate (NYT)

The New York Times, August 18, 2006

The historic Watergate reform of public financing for presidential candidates is near collapse. There's no stronger evidence than the fact that Senator John McCain, so often a leader in reform movements to rein in big-money politics, is not among the sponsors of a Congressional proposal to repair the current outdated system. Senator McCain is a likely candidate for president in 2008, and he is undoubtedly aware that both political parties believe their nominees will have to abandon public financing to stay competitive.

Candidates have been abandoning the public financing system in droves as they compare the meager amounts they can receive with the enormous sums they can rake in from unrestricted access to private donors. The Republican-controlled Congress, a model of addiction to special-interest money, is more likely to celebrate than fight the death of public financing. But voters should take note of the worthy repair plan offered by Senator Russell Feingold, Wisconsin Democrat, and Representatives Martin Meehan, Massachusetts Democrat, and Christopher Shays, Connecticut Republican. Among other improvements, it would:

¶ Raise the spending limits for public subsidy in the primary and general elections to more realistic levels, scrapping the current 1:1 match of individual contributions for a 4:1 match that makes a $200 donation worth $1,000.

¶ Provide extra subsidies for participating candidates who find themselves running against a rival tapping private donations to far outspend the public financing guidelines.

¶ Make public funds available six months before the first primary to encourage competitiveness in the cycle's front-loading frenzy that produces the two finalists by March.

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¶ Raise the current $3 voluntary checkoff on an individual's tax return and institute an education program about the merits of public financing and the fact that a checkoff does not affect tax liability.

At the current rate, the din and cynicism of big-money politicking can only increase across ever longer and more vapid election cycles. Public financing has served the nation well, and a responsible Congress would save it.

Reform Worth Rescuing (WP)

By E.j. Dionne Jr.

The Washington Post, August 18, 2006

We are so accustomed to arguing about the decisions politicians make that we often forget about the importance of non-decisions.

"Non-decision-making" is a wonderful concept introduced many years ago by the political scientists Peter Bachrach and Morton Baratz, who spoke of how demands for change "can be suffocated before they are even voiced."

Americans are on the verge of making a non-decision about how we pay for presidential campaigns. If Congress does nothing, a system that succeeded in limiting the impact of special-interest money on elections for our highest office will collapse.

Opponents of campaign finance reform love to claim that the money-in-politics problem is insoluble. But the public financing of presidential campaigns, instituted in response to the Watergate scandals of the early 1970s, was that rare reform that accomplished exactly what it was supposed to achieve.

"I see this presidential financing system as one of the few things you can turn to and say: This was well conceived and it actually worked," said Sen. Russ Feingold (D-Wis.), who is leading the effort to save the system.

At its core, public financing works because it is based on incentives, not compulsion. As the system stands now, presidential candidates who agree to limit their spending during the primaries -- the limit was roughly $45 million in 2004 -- receive matching public funds for contributions of up to $250.

In a general election, candidates receive a flat amount -- about $75 million in 2004 -- in exchange for not raising any private money. Candidates are thus put on a level playing field and the political system is protected from some of the corruption the chase for campaign dollars can entail.

The plan worked splendidly through most of the 1980s -- conservatives take note: Ronald Reagan and the movement he led prospered under the system, and the presidential big-money scandals of the Watergate years did not reappear.

But inevitably, the system has fallen victim to inflation (the spending limits are now too low) and the multiplication of loopholes, some created by flawed decisions from the Federal Election Commission.

In 2000 George W. Bush refused the federal funds during the Republican primaries because he knew he could raise and spend far more money than the system permitted. In 2004 both Bush and Democrat John Kerry rejected public funds in the primary period, during which they raised about $500 million.

It's only a matter of time before antiquated limits force presidential candidates to forget about public funds altogether. Big blocks of money, which already have too much influence on Congress (do the recent scandals leave much doubt about that?), would now play a major role in presidential elections, too.

It doesn't have to happen. Feingold, along with veteran House reformers Chris Shays (R-Conn.) and Marty Meehan (D-Mass.), has introduced a bill to update the system and make it relevant to today's prices and politics.

The changes they propose are both practical and innovative. To create strong incentives for small-money donors, the bill would establish a 4-1 match for all individual contributions of $200 or less in the primary period. To take into account how the presidential primaries actually work (candidates need to spend far more in the decisive early primaries than in later primaries), state-by-state limits on spending would be scrapped. The primary spending limit would be raised to $150 million, while candidates would receive a flat $100 million for the fall election.

The proposal takes into account contingencies that the old system didn't cover. For example, spending limits would be raised for a candidate being massively outspent by an opponent who rejected the system's restrictions.

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Market economists have instructed us on the importance of incentives. For roughly 30 years, the presidential election system created strong inducements so candidates could avoid some of the worst aspects of the money chase and still run competitively.

And the relatively modest costs of public financing are a form of taxpayer insurance: With presidential candidates protected from some of the exigencies of fundraising, citizens can have a greater sense of security that their chief executive, who presides over a $2.7 trillion federal budget, will not have his choices influenced by major givers.

Many of the worst mistakes in politics are sins of omission. If Congress does nothing, we risk returning to the rules of the pre-Watergate years and a much higher risk of scandal. Feingold, Shays and Meehan have issued a timely warning. Their colleagues should pay attention before a successful reform falls to pieces.

The Other Pension Crisis (WSJ)

The Wall Street Journal, August 18, 2006

Former SEC Chairman Arthur Levitt lifted the veil last week on the City of San Diego's pension-fund scandal, and it wasn't pretty. The report -- prepared with Lynn Turner, formerly the SEC's chief accountant, and investigator Troy Dahlberg -- tells of "years of reckless and wrongful mismanagement," "non-transparency, obfuscation, and denial of fiscal reality." In case anyone missed the point, it draws explicit analogies with Enron, HealthSouth and other recent scandals.

San Diego's pension-fund fiasco may be exceptional in that it involves criminal allegations -- five former pension-fund officials were indicted in January and the mayor resigned last year over the issue. But the overall storyline is all too typical among state and local pension plans, which are rife with opportunities for political mischief.

As the Levitt report details, the San Diego government saddled itself with $1.4 billion in unfunded pension liabilities for municipal workers by systematically over-promising on benefits and short-changing the fund on contributions. In July of 1996, the city government was engaged in difficult negotiations with its main municipal unions when, according to Mr. Levitt, someone in the government got a bright idea: The unions could be bought off with more generous retirement packages while the immediate burden on the budget would be alleviated by lowering the amount contributed to the pension fund for the succeeding decade.

Prior to this change, the amount the city was required to contribute was designed to keep the pension fund solvent. The city council, in effect, waved that requirement away. The result was dramatic. By 2005, the city's unfunded pension liability had grown to $1.4 billion from a comparatively modest $96.3 million in 1995.

As the shortfall grew, the city resorted to more financial engineering to cover up the problem, adding additional layers of subterfuge until, three years ago, a city employee blew the whistle on the charade, leading to indictments, SEC investigations and the city's loss of access to the bond market. The Levitt report covers this period in detail, although it notes that the shenanigans began as far back as the 1980s, when the city started fiddling with its benefit formulas to appease city workers and their unions.

The basic problem here is nationwide. Wilshire Consulting, based in Santa Monica, California, has been tracking the funding levels and performance of public pension funds for over a decade. According to this year's study, released in March, state and local pension systems are only 85% funded in the aggregate, down from 103% in 2000.

If a 15% shortfall doesn't sound too alarming, consider that Wilshire reports that over 80% of public pension plans are currently underfunded. The total dollar amount of unfunded liabilities runs to the hundreds of billions; how many hundreds depends on what assumptions you make about future performance and future liabilities. The combined pension plans of the S&P 500, by contrast, are estimated to be underfunded by $81 billion as of 2005. That is not a small number either. But businesses at least have the option of drawing on future revenue streams to pay those benefits.

Public pensions have only one source of money -- the taxpayer. Retirement benefits are also notoriously difficult to take away from unionized public employees, who use the threat of a strike to intimidate local politicians. Last winter's transit strike in New York City was precipitated by an attempt to constrain future retirement liabilities that everyone knows will require big tax increases or fare hikes to finance. But the Transit Workers Union demanded that a short-term budget surplus justified big salary increases and no pension reform. And nine months later the union and MTA still have not been able to agree on a contract.

The Levitt report is heavy on Sarbanes-Oxley-style policing of the pension fund, with external auditors and greater independence for pension-board members. But none of that would deal with the fundamental problem that public pensions are

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inherently political institutions. A more "independent" board can't stop current politicians from giving away too much in future benefits under union pressure.

The long-term solution is for government to follow the private sector and wean public workers from the defined-benefit pension model to a defined-contribution plan where an individual worker owns and controls his own retirement investments. A handful of states, notably Florida, have already begun to do this. Unions and liberal politicians will resist, precisely because the pension money gives them vast political clout. California Governor Arnold Schwarzenegger found this out the hard way when he tried to introduce only a very modest pension reform last year. But the current public pension system simply isn't sustainable in the long run.

Yesterday, President Bush signed a private pension reform that, for all its warts, will encourage the transition to a retirement-savings system better suited to our 21st-century economy. Now it's time to focus attention on the crisis in public pensions -- unless our politicians want to see San Diego's blow-up repeated elsewhere and often.

No Moratorium On Charters (WP)

The Washington Post, August 18, 2006

THE CALL by D.C. School Superintendent Clifford B. Janey for a moratorium on new charter schools in the District is one part reasonable and one part self-serving. Taking the latter first, it's clear that charter schools have developed into a threat to the traditional school system since they were authorized by Congress 10 years ago. As Post reporter Lori Montgomery has reported, more than 17,500 students enrolled last year in charter schools. Meanwhile, enrollment in the traditional public school system has taken a nose dive, from about 80,000 students to about 58,000. The movement represents the action of parents starved for quality education who are voting on the traditional school system with their feet. If Mr. Janey's schools are unable to compete successfully with charters, whose fault is that? The proper response to fleeing families is not a moratorium but for the traditional system to start delivering on quality education.

Mr. Janey, however, is on stronger ground when he asks whether charter schools are offering a high-quality alternative. He apparently has concluded that charters don't have a handle on measuring quality and that it would be a mistake and a disservice to children to allow the creation of additional schools without having a sound method for evaluating the 51 charter schools operating in the District. His concern about the track record of charter schools is well placed, based on the experience with the 17 charters authorized and overseen by the D.C. Board of Education. Several of the school board's charters have encountered trouble, and the board -- concerned about its ability to provide proper oversight -- has imposed a moratorium on applications. A federal probe into possible misuse of charter school funds is also underway.

But in the District, two separate bodies oversee charter schools. The D.C. Public Charter School Board oversees a group of 34 schools outside the main school board's jurisdiction. Mr. Janey's concerns extend to this second group, but he may not be in a position to speak authoritatively about their performance.

The superintendent is right that there ought to be available measurements so that parents, educators and the public know whether charter schools are providing the high-quality alternative advertised. What's more, the D.C. Board of Education should consider getting out of the charter school business. But a moratorium isn't necessary to achieve those ends.

Officials: U.S. Blocked Missiles To Hezbollah (USAT)

By John Diamond

USA Today, August 18, 2006

WASHINGTON — The United States blocked an Iranian cargo plane's flight to Syria last month after intelligence analysts concluded it was carrying sophisticated missiles and launchers to resupply Hezbollah in southern Lebanon, two U.S. intelligence officials say.

Eight days after Hezbollah's war with Israel began, U.S. diplomats persuaded Turkey and Iraq to deny the plane permission to cross their territory to Damascus, a transfer point for arms to Hezbollah, the officials said.

The episode was detailed by one U.S. intelligence official who saw a report on the incident. It was confirmed by a U.S. official from a second intelligence agency and by a diplomat with a foreign government. They did not want their names used because they were not authorized to discuss the incident.

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Their account illustrates the quiet support the United States gave Israel during the 34-day war, even enlisting help from Muslim nations where acting on Israel's behalf is politically anathema.

Israel and President Bush have accused the Shiite-dominated government of Iran, Hezbollah's primary supplier, of shipping the Shiite militia increasingly sophisticated weapons by way of Syria.

The Iraq and Turkish governments would not discuss the incident. Iran's United Nations mission denied trying to send Hezbollah weapons. The intelligence officials did not provide reports, satellite photos or other evidence to corroborate the sequence of events. Their account could not be independently verified.

The officials described this timeline:

•July 15: Three days after the war began, a source tipped off U.S. intelligence about an imminent shipment of missiles from Iran to Hezbollah.

•July 19: A spy satellite photographed Iranian crews loading three missile launchers and eight crates, each normally used to carry a Chinese-designed C-802 Noor missile, aboard a transport plane at Mehrabad air base near Tehran. Israel says Hezbollah fired a C-802, a precision-guided anti-ship cruise missile, at an Israeli warship off Lebanon's coast on July 14.

•July 20: The Ilyushin Il-76 transport plane left for Damascus, but Iraqi air-traffic controllers denied it permission to enter Iraq's airspace. The Iranian flight crew then requested permission to fly over Turkey. Turkish controllers granted permission — but only if the plane would land for an inspection. The plane returned to Tehran, where the military cargo was unloaded.

•July 22: The plane flew humanitarian aid to Damascus after stopping for inspection in Turkey.

Though the missiles were not visible in the satellite photos, the launchers and specialized crates with distinctive shapes allowed U.S. analysts to identify the missile type, the intelligence officials said.

Asked about the account during an interview Tuesday, Secretary of State Condoleezza Rice said, “We work on these kinds of things all the time.” But she added, “I can't comment on specific cases.”

Trained Eye Can See Right Through Box Of Weapons (USAT)

By John Diamond

USA Today, August 18, 2006

WASHINGTON — In the closed world of spy satellite photo analysis, it's called “crate-ology”: the science of identifying a weapon or some other key component by the size and shape of its box.

The technique came into play last month when a U.S. spy satellite, looking down on an Iranian air base, captured images of military crews loading what U.S. intelligence analysts concluded were eight C-802 Noor anti-ship cruise missiles on board a transport plane, according to intelligence officials.

The episode was detailed by one U.S. intelligence official who saw a report on the incident. It was confirmed by a U.S. official from a second intelligence agency and by a diplomat with a foreign government. They did not want their names used because they were not authorized to discuss the incident.

The ability of U.S. analysts to say with confidence what was in the boxes set off a chain of events that blocked the shipment to Syria, the U.S. intelligence officials said. They said the weapons were to be forwarded to Hezbollah guerrillas fighting Israeli forces in Lebanon.

The C-802 is “the size of a small truck,” says Robert Hewson, a missile expert with Jane's, an authoritative military reference service. Information about the crate, proximity to the place of manufacture and shipping route would enable an analyst to identify it with near certainty as a C-802, he says.

Hewson said there is an entire discipline in intelligence on the technique of identifying weapons based on their containers.

Dino Brugioni helped develop the technique during a career that spanned four decades in increasingly senior positions as a U.S. imagery intelligence analyst.

Brugioni, who in retirement has been a consultant to U.S. intelligence agencies, said analysts use large catalogs with detailed information on weapons crates. The boxes are distinctive, he said. An analyst can quickly tell the type of ammunition or artillery shells by the box used to ship them, he said.

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Brugioni said other indicators — for example, a crew taking precautions by loading explosives on a plane far from any buildings — tell analysts that boxes are not empty.

After war broke out between Israel and Hezbollah on July 12, U.S. intelligence analysts began looking for evidence that Iran would try to resupply missiles to the group, the U.S. officials said. The effectiveness of earlier Hezbollah missile attacks, the belief that it had only a handful of the anti-ship missiles at the war's start and Iran's role as the group's principal source of weapons fed this concern, they said.

On July 14, Hezbollah fired at least three C-802 missiles, one of which damaged an Israeli warship off Lebanon and killed four sailors, Israeli's military said.

The use of the C-802s in these attacks helped solidify claims by Israel and the Bush administration that Iran was arming Hezbollah. Iran also trained Hezbollah fighters in the operation of the missile system and sent advisers to Lebanon to assist in the missiles' use, according to John Bolton, the U.S. ambassador to the United Nations.

At a Senate hearing July 27, Bolton said Iran provides Hezbollah an estimated $100 million per year in weapons and aid. "They're the paymasters, and they're calling the tune," he said.

Brugioni said that during crises, U.S. satellites regularly photograph air bases of countries involved, because shipping weapons by air is often the option of choice in a rapidly developing conflict.

Iran bought 60 of the missiles, sometimes mislabeled "Silkworms," between the end of the Persian Gulf War in 1991 and 1997, when protests by the Clinton administration led China to suspend sales. Since then, under license from China, Iran has been manufacturing the C-802 missiles on its own, Hewson said.

War On Daddy's Dime (NYT)

By Thomas L. Friedman

The New York Times, August 18, 2006

I'm not sure yet who's the winner in the war between Hezbollah and Israel, but I know who's the big loser: Iran's taxpayers. What a bunch of suckers.

Isn't it obvious? As soon as the reckless war he started was over, Hezbollah's leader, Hassan Nasrallah, declared that Hezbollah would begin paying out cash to the thousands of Lebanese families whose homes were destroyed. "We will pay compensation, a certain amount of money for every family to rent for one year, plus buy furniture for those whose homes were totally destroyed," said Nasrallah. "These number 15,000."

Nasrallah also vowed that his organization would help rebuild damaged houses and businesses, promising those affected that they will "not need to ask anyone for money or wait in queues" to get relief funds. To paraphrase the All-State commercial, "You're in good hands with Hezbollah."

But wait — where will Hezbollah get some of the $3 billion-plus needed to rebuild Lebanon? Last time I checked, Hezbollah did not have any companies listed on the Nasdaq. The organization doesn't manufacture anything. It doesn't tax its followers. The answer, of course, is that Iran will dip into its oil income and ship cash to Nasrallah, so that he will not have to face the wrath of Lebanese for starting a war that reaped nothing but destruction.

Yes, thanks to $70-a-barrel oil you can have Katyusha rockets and butter at the same time. When oil money is so prevalent, why not? Hezbollah and Iran are like a couple of rich college students who rented Lebanon for the summer, as if it were a beach house. "C'mon, let's smash up the place," they said to themselves. "Who cares? Dad will pay!" The only thing Nasrallah didn't say to Lebanese was, "Hey, keep the change."

In the cold war, Russian taxpayers were the suckers who rebuilt Arab armies every time they got crushed by Israel. Now Iran's citizens will foot the bill with their oil income — assuming the ayatollahs actually put their money where their mouth is. (Iran was always happy to spend money on Hezbollah rockets. Let's see if it will pay for schools and clinics.)

This is why I am obsessed with bringing down the price of oil. Unless we take this issue seriously, we are never going to produce more transparent, accountable government in the Middle East. Just the opposite — we will witness even more reckless, unaccountable behavior like Nasrallah's and Iran's.

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Been to Syria lately? Why do you think it can afford to shrug off U.S. sanctions? It also is not making microchips. It is, though, exporting about 200,000 barrels of oil a day, and that is what keeps a corrupt and antiquated regime in power. The Syrian regime subsidizes everything from diesel to bread. As in Iran, almost half of Syria's people are teenagers, and without real economic reforms, widespread unemployment and unrest are just around the corner — but for now, oil money postpones the reckoning.

Ditto Iran. Iran is OPEC's second-largest producer, selling the world about 2.4 million barrels of oil a day and earning the regime some $4 billion a month — the government's main source of income. To buy public support, Iran's regime subsidizes housing, gasoline, interest rates, flour and rice.

According to an Aug. 2 report on Bloomberg.com, "Iran spent $25 billion on subsidies last year, or more than half the $44.6 billion it collected through crude oil exports." But Iran actually has to import more than one-third of its gasoline, because it can't refine enough itself. This became so expensive the regime wanted to ration subsidized gas but feared a public backlash. No wonder. Bloomberg reported that subsidized gasoline in Iran is 34 cents a gallon.

Repressive governments like Iran's and Syria's use oil money to buy off their people and insulate themselves from the pressure of political and economic reform. When oil prices get high enough, they can even buy a monthlong war in Lebanon. Why not? It's like a summer sale: "Now, this summer only: 34 cents-a-gallon gasoline and a war with the Jews and new living room furniture for Lebanese Shiites! Such a deal!"

If we could cut the price of crude in half, it would mean that all of Iran's oil income would go to subsidies — which would be unsustainable and therefore a huge threat to the regime. It would also make Iran's puppets, like Nasrallah, think three times about launching wars with Israel that might ravage Lebanon again.

Too bad we have a president who tells us we're "addicted to oil" but won't do anything about it. That sort of hypocrisy just makes Nasrallah's day.

With Guns Silent, Wartime Unity Unravels In Israel Amid Fierce Criticism Of War Effort (NYT)

By Greg Myre

The New York Times, August 18, 2006

JERUSALEM, Aug. 17 — In a country where raucous debate is the norm, Israelis set aside differences during war. They even have an expression for it: "Quiet. We're shooting."

But the guns have gone silent, the debate has resumed and the wartime unity has shattered.

Prime Minister Ehud Olmert, Defense Minister Amir Peretz and the military's chief of staff, Lt. Gen. Dan Halutz, are all facing fierce, even vitriolic criticism in a country accustomed to swift and decisive battlefield triumphs against Arab enemies.

"Because everyone served in the army, every Israeli thinks he's a generalissimo," said Shlomo Avineri, a political science professor at Hebrew University. "The achievements were less than expected, and the price was too high."

He added: "From the beginning we should have set more modest goals. A lot of this agonizing is self-inflicted."

A sizable number of Israelis have challenged the claims of their leaders that Israel won the war against Hezbollah.

"It's not a victory at all," said Ziona Dotan, 50, who returned to her rocket-damaged apartment in the hard-hit northern town of Kiryat Shmona on Wednesday. "It's going backwards. They keep getting more weapons. I don't see what we got out of this. Many people were killed, and what was it all for?"

An Israeli radio poll released Thursday found that 28 percent of the 513 respondents believed Israel won, 24 percent believed Hezbollah won, and 36 percent thought neither side came out on top. The poll had a margin of sampling error of 4.5 percentage points. Two polls released Wednesday showed similar results.

Israelis overwhelmingly supported the government decision to hit hard after Hezbollah staged a cross-border raid on July 12, killing three Israeli soldiers and seizing two more, who remain captive in Lebanon.

But as the fighting dragged on and the Israeli military faced tough resistance from Hezbollah in south Lebanon, criticism began to emerge. The most common themes: The politicians were indecisive. The military relied too much on air power. The ground offensive should have been started sooner, and on a larger scale.

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"At the beginning of the war there was unity, but now it's broken down because there were many mistakes, by the army and also politically," said Yakov Hoshkover, 66, who works at a parking lot in the northern coastal town of Nahariya, which was repeatedly hit by Hezbollah rockets.

The grumbling turned into a flood of criticism after a United Nations Security Council resolution to stop the fighting was approved last Friday and a cease-fire took effect on Monday.

"There were many failures," Benjamin Netanyahu, the opposition leader, said in Parliament this week. "Failures in identifying the threat, failures in preparing to meet the threat, failures in the management of the war, failures in the management of the home front."

Israel has often been led by former generals or others with long military experience, and Mr. Olmert and Mr. Peretz, who assumed their positions in recent months, had limited military backgrounds. Their performance during the war only raised more doubts.

Mr. Olmert's approval rating, which shot up to 78 percent on July 19, one week into the war, fell to 40 percent in a poll published Wednesday in Maariv, a leading daily.

Fifty-three percent of those questioned said Israel should have kept on fighting, while 42 percent said Israel was right to agree to a cease-fire. The poll questioned 500 Jewish Israelis on Tuesday and had a margin of error of 4.4 percentage points.

In a front-page opinion article on Thursday, Nahum Barnea, the most prominent columnist in Yediot Aharonot, the country's top-selling newspaper, called for the resignation of Mr. Peretz, a former trade union leader whose army service consisted largely of repairing tanks.

"The appointment of Amir Peretz as defense minister was a crazy idea," Mr. Barnea wrote.

With criticism of the war effort mounting, Mr. Peretz on Wednesday appointed a panel to review how the Defense Ministry and the military performed.

But that move also drew criticism from politicians who said Mr. Peretz quickly put together a handpicked panel with the aim of heading off a more thorough review by an independent body.

The Haaretz newspaper reported Thursday that Mr. Peretz said the military played down the threat of Hezbollah's missiles when briefing him after he took office in May.

General Halutz, meanwhile, is also facing mounting calls to quit after a newspaper disclosed that he sold about $28,000 worth of mutual fund shares just hours after the Hezbollah raid on July 12.

The general said that he was intending to sell the shares for two weeks, and that his secretary placed a call to his bank on the morning of July 12, before the Hezbollah raid. The bank returned his call about three hours after the Hezbollah attack, and General Halutz said he took the call and placed the sell order as planned.

The explanation has not won him sympathy.

"There is an expectation that in the hour of decision, the chief of staff will dedicate all of his capabilities to conduct the war and not to manage his personal accounts for revenue and loss in the stock exchange," Zevulun Orlev, a right-wing legislator, said in a statement calling on the general to step down.

Critics of the war effort have included many reserve soldiers who complained that they did not have proper equipment or provisions.

In one unusual incident, a group of reservists from the Alexandroni Brigade criticized and booed their commander, Col. Shlomi Cohen, at a meeting after they withdrew from Lebanon.

The discussion became tense as soldiers raised questions that included why they entered Lebanon during the day, rather than at night, and about a lack of food and water, Yediot Aharonot reported.

One reserve soldier, Yair Levy, 40, confronted the colonel, saying, "I left my house, my job, my three kids, and after two weeks in Lebanon, you say I have chutzpah because I asked for equipment and food."

"If that's the attitude and those are your answers, next time we won't come," he continued.

The colonel replied: "Don't come. Don't bother."

Israel Turns From War To Political Skirmishes (WT)

DOJ_NMG_0049956

By Abraham Rabinovich

The Washington Times, August 18, 2006

JERUSALEM -- Barely three days into a cease-fire with Hezbollah, domestic politics have returned to Israel with a thud as Chief of Staff Lt. Gen. Dan Halutz and Prime Minister Ehud Olmert fend off personal scandal accusations.

Mr. Olmert, meanwhile, is turning to religious and conservative parties in the hope of bolstering his governing coalition in the face of harsh criticism in parliament of the handling of the war.

Politicians from across the political spectrum have called for Gen. Halutz's dismissal since a newspaper revealed that he ordered his financial adviser to sell all his stocks -- worth about $27,000 -- on the first day of the war.

The general denies wrongdoing but admits having ordered the sale around noon on July 12 -- three hours after a Hezbollah cross-border raid in which two Israeli soldiers were snatched. Later that day, the Israeli government, acting on Gen. Halutz's recommendation, mounted an all-out air assault on Hezbollah.

The scandal involving Mr. Olmert is more pedestrian. The state comptroller's office has said it will summon the prime minister for questioning on suspicion of having received an exorbitant discount on the purchase of his new home in Jerusalem.

Mr. Olmert, who was mayor of Jerusalem until three years ago, is accused of having helped the contractor to gain special permits from the municipality in return.

The prime minister's more immediate problem is to hold together his coalition in the face of repeated calls for an independent panel to investigate the management of the war. With just 67 of 120 seats in the Knesset, the coalition could be toppled by the defections of a handful of members.

"What we need -- and this is really one of the most important things for Israel -- is to widen the coalition," said Avigdor Itzchaky, a Knesset member from Mr. Olmert's Kadima party, in an interview with Israel's public radio. "We need to bring in as many partners as possible to the coalition."

Mr. Itzchaky said that he would put out feelers to Likud; the far-right Russian-immigrant party, Yisrael Beitenu; and the United Torah Judaism party.

Defense Minister Amir Peretz said yesterday that he would commission a panel to investigate the military, but the move was criticized as an attempt to duck an independent investigation.

If Mr. Olmert is forced to create a special panel of inquiry, he and Mr. Peretz will become the main defendants in a monthslong trial that likely will slowly erode the government's support.

But political analyst Avraham Diskin said that if Mr. Olmert and Mr. Peretz stick together, they should easily survive.

"You're talking about people with bloody experience in politics. They are very tough. It's not the first earthquake which they've faced," said the political science professor at Hebrew University.

"As long as they stick together, it's almost impossible for them not to stay in power. And the wave will pass."

Analysts say there was nothing illegal about Gen. Halutz's move, but critics accuse him of a major breach of ethics, or at least good taste.

"There's a serious problem with his order of priorities," said Labor Knesset member Colette Avital.

A conservative legislator, Zevulun Orlev, said Gen. Halutz had abused the nation's trust.

"One would expect the chief of staff to devote all his time and abilities to conducting the war," he said.

Gen. Halutz has dismissed the criticism as "fantastic," saying, "I am also a citizen. I also have finances. The facts are correct, but the music is false, tendentious. I do not intend to be dragged to such levels."

Former air force colleagues have come to his defense, saying that while he may have made a mistake, Gen. Halutz -- a former combat pilot who downed three enemy planes in the Yom Kippur War -- is a man of integrity who does not deserve the abuse being heaped upon him.

"I'm in a spin now," he told a reporter yesterday, "but I'll pull out."

Defining Victory In Lebanon (LAT)

The Los Angeles Times, August 18, 2006

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LIKE THE WAR IN LEBANON ITSELF, the war of words over who "won" the bloody monthlong conflict cries out for a cease-fire. The Bush administration appears to have recognized this, if belatedly, with its tempered rhetoric in the aftermath of the United Nations resolution that ended the fighting.

On Monday, the president spun the U.N. Security Council resolution on Lebanon as a victory for Israel and taunted Hezbollah: "How can you claim victory," he asked, "when, at one time, you were a state within a state, safe within southern Lebanon, and now you're going to be replaced by a Lebanese army and an international force?"

It wasn't until Wednesday that Secretary of State Condoleezza Rice turned down the volume. In an interview with USA Today, Rice emphasized that an expanded U.N. peacekeeping force would not "physically disarm" Hezbollah fighters, a task the United States believes eventually will be discharged by Lebanon. Rice also offered a more judicious verdict on how the conflict has affected Hezbollah's standing with the Lebanese people. Its political advantage, she said, would be "very short-lived" once the Lebanese realize that Hezbollah was ultimately responsible for the devastation caused by Israel's attacks.

Rice's rhetorical retreat was an accommodation to reality. Far from being shunned by the Lebanese people, Hezbollah seems to have improved its image because of its resistance to Israel and its conspicuous plans to rebuild southern Lebanon with aid from Iran. Basking in that popular support, Hezbollah has insisted that the Lebanese government go slow in disarming it. On Wednesday, White House Press Secretary Tony Snow acknowledged that "it's going to take some time" for disarmament to occur.

A delay in confiscating Hezbollah's weapons need not be fatal to peace if Lebanese and international troops quickly gain control of southern Lebanon, and Hezbollah fighters move north to a point where they can't threaten Israel.

There are signs of progress. On Thursday, Lebanese troops began arriving in southern Lebanon, and they may soon be joined by the first wave of an expanded U.N. force. Meanwhile, Israeli forces have begun withdrawing from Lebanon.

Eventually, however, Hezbollah must be convincingly disarmed so that Lebanon, in the words of the U.N. resolution, has a "monopoly over the use of force … on its entire territory." Achieving that objective could require engaging Hezbollah's patrons in Iran and Syria, a delicate diplomatic task only hindered by gloating on both sides about "victory."

This war of words isn't as dangerous as the real war that thankfully has come to a halt in Lebanon. But, as the Bush administration surely realizes, escalating rhetoric carries its own dangers.

Lebanese Army Begins To Deploy Across South (WP)

By Anthony Shadid

The Washington Post, August 18, 2006

MARJAYOUN, Lebanon, Aug. 17 -- For the first time in a generation, Lebanese troops, tanks and armored vehicles deployed in force Thursday into the country's south as part of a U.N. cease-fire that ended 33 days of fighting between Israel and Hezbollah militiamen. But the deployment appeared to reflect the complicated reality of the Shiite Muslim militia's determined presence in southern Lebanon.

After dawn, scores of troops moved down the Bekaa Valley along the border with Syria, across makeshift bridges over the Litani River into the Christian town of Marjayoun and through the seaside city of Tyre. There were occasional scenes of joy, but across much of the south, the deployment was a relatively sedate affair, as the extent of the damage became apparent in southern towns such as Bint Jbeil, Aitaroun and Khiam, and as tens of thousands of refugees continued to return home along jammed roads.

At one point, a funeral for two Hezbollah fighters stopped a military convoy for a half-hour in Jwayya, near Tyre. On the road to Marjayoun, decorated with posters celebrating the resistance, military trucks mingled with cars flying yellow Hezbollah flags.

"The resistance has to stay here," said Khalil Taraf, 55, a resident of the Shiite town of Dibin, near Marjayoun. "Who would protect us from aggression?" He added, "Both need to protect us -- the army and the resistance."

The deployment followed the government's decision Wednesday to send army troops south of the Litani River, which bisects southern Lebanon. The decision itself was potentially momentous: The Lebanese state had surrendered some of its sovereignty over the south in 1969, when a weak government agreed to allow Palestinian guerrillas to launch attacks against

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Israel. By 1976, soon after the start of the civil war, the government's authority in the south had disintegrated as militias began to consolidate their control over the rugged, hilly terrain.

But in recognition of Hezbollah's stature in the wake of the cease-fire, the government said its soldiers would neither act against the militia's guerrillas nor try to disarm them. That arrangement effectively continues the prewar relationship between Hezbollah fighters in the south and what was then a token presence of the Lebanese army. Hezbollah accepted the army's deployment, and its officials said the fighters would assume the role they played before the war: rarely seen with arms in the open, often melting into the population.

The United Nations said about 1,300 Lebanese troops had arrived in the south by day's end Thursday.

Israeli officers met with U.N. military officials and Lebanese army officers to plan the Israeli military's departure from Lebanese territory. A senior Israeli officer, speaking on condition of anonymity, said about 8,000 Israeli troops remain in Lebanon, from a high during the war of 15,000 to 20,000. Israeli soldiers watched as the Lebanese army moved south of the Litani, and Israel plans to turn over more positions on Friday, the officer said. He said Israel expects the Lebanese army and U.N. soldiers to curb Hezbollah militiamen, despite the Lebanese acceptance of Hezbollah's presence on the ground.

Those forces should "take steps to prevent Hezbollah from rebuilding itself. I want them to control the borders, especially between Lebanon and Syria, to prevent weapons from coming in," he said.

Israel has said it is ready to leave Lebanon as soon as Lebanese and international forces arrive.

In southern Lebanon, few spoke out against the deployment; many seemed to feel it was a welcome gesture by a state that has often neglected the poorer south. In Marjayoun, one woman threw rose petals and rice at the trucks parked near her restaurant.

"Forty years!" cried the 51-year-old woman, Salma Shahin. "We've had to live through war for 40 years.

"We don't want to see bullets from any party other than the state, other than the government of Lebanon," she said, pointing to a window cracked by two bullets. "We've had enough. I want to see the army from the furthest north to the furthest south."

She turned to a group of soldiers wearing black and blue berets. "I hope there are thousands behind you!" she shouted.

Nearby her was a relative, Raymond Moussa, 55, another Christian resident.

"If there is a country without an army, there is no country," he said. "If the army had come before, none of these problems would have happened. We wouldn't have what we have today -- individuals with weapons.

"We want an army for peace," he added, "not an army for war."

More than 30 military trucks and troop transports and a dozen outdated armored personnel carriers forded the Litani near the site of the Khardali Bridge, which was destroyed by an Israeli airstrike. They passed along a pile of sand bulldozed over metal pipes that let the river pass. On the other side of the Litani, they passed under an arch flying four Hezbollah flags and an equal number of Lebanese flags. Along the side was a banner that read, "Written with blood, resistance."

Down the street, spaced every 30 yards or so, were pictures of Hezbollah fighters killed during the Israeli occupation of southern Lebanon that ended in 2000. One sign read, "The resistance is the shield of the nation." Another said, "The nation protects the resistance, the resistance protects the nation."

The 100 or so troops, carrying M-16 rifles, arrived in Marjayoun by 10 a.m., part of a contingent of the 10th Brigade that will number 2,500. Their vehicles, flying the Lebanese flag, were parked along the town's main road as the troops waited to occupy a base the Israeli military had seized a few days before. There was little heavy equipment, although some of the trucks brought generators, steel vats of water and fuel tanks, as well as chairs, cabinets, mattresses and other furniture for abandoned bases.

Some soldiers chatted and sipped coffee on a clear, breezy day; others napped.

"We haven't slept in 24 hours," one complained, sitting on a folding chair in the shade.

In Jwayya, a military convoy of about 20 vehicles pulled to the side of the road as the funeral for the two Hezbollah fighters passed. About 200 people had gathered for the funeral, beating drums, carrying flags and throwing rice and flowers. Even there, the sentiments were measured -- satisfaction at seeing the army return, but a recognition of Hezbollah's presence.

"It's a good thing the army is coming, but the army alone is not enough. It's not even able to protect itself," said Wael Khodr, a resident of the hard-hit town of Aitaroun. He spoke without hostility or bitterness. "Everyone loves the army. In theory, it could be good, but things on the ground are different, of course."

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Over more than two decades, Hezbollah's well-organized activists, advocacy on behalf of the community and reputation for a lack of corruption have instilled an almost organic relationship with Shiites in the south. Even many who welcomed the army's arrival said they found it hard to imagine Hezbollah, with or without arms, having a diminished role in their lives.

In Dibin, a shopkeeper, who had a generator propped against a door that had been blown to the side by a blast, recounted how he had fled the town at the war's start. In the month that followed, Hezbollah fighters took food from his shop -- tuna, rice, sardines and sugar. When he returned, more than 30 receipts were waiting for him, and he was paid in full, more than $1,000, he said.

"Look at my store, it's here. All my goods are here. They protected the whole place," he said.

Aid convoys organized by nongovernmental organizations and Hezbollah pressed south, where the scope of the reconstruction was laid bare in village after village. U.N. officials said two children were killed Thursday by a cluster bomb explosion in the southern town of Naqourah. Human Rights Watch said that U.N. de-miners have identified 10 locations in southern Lebanon where Israel used artillery to fire cluster bombs, which scatter smaller bombs over a wide area. It said U.N. de-mining teams feared that those sites could be the "tip of the iceberg" and criticized the use of cluster bombs in civilian areas. The Israeli military said it fired munitions within the constraints of international law.

Life began to resume its rhythm in much of the country. In Beirut, the airport reopened Thursday to commercial traffic for the first time since July 13, when it was attacked by Israeli warplanes and gunboats. A Middle East Airlines passenger jet arrived from Jordan, ending a 36-day Israeli blockade. Officials said normal traffic may resume next week.

Israel continued to grapple with the political fallout from the perceived failures of the military to win the war. Defense Minister Amir Peretz has reportedly appointed an investigating committee to review the war, but various political leaders are calling for an outside, independent commission of inquiry that could more freely criticize Peretz. Public opinion polls have faulted Prime Minister Ehud Olmert and top military officials for their performance in the war, which Hezbollah has portrayed as a victory.

Pressure also mounted on the Israeli military chief of staff, Lt. Gen. Dan Halutz, to step down after the disclosure that he sold his stock portfolio hours after the war's start, in apparent anticipation of a market decline. Halutz has said he did nothing illegal.

Correspondent Doug Struck in Jerusalem and special correspondent Alia Ibrahim in Jwayya contributed to this report.

Lebanese Army Moves South (FT)

By Neil MacDonald And Ferry Biedermann

Financial Times, August 18, 2006

Lebanese army units moved south across the Litani river on Thursday, in a move described by government officals as the first step in re-establishing state authority over the troubled southern border zone – a central condition of this week's ceasefire between Hizbollah and Israel.

By the end of the day, the withdrawing Israeli troops had reportedly transferred half of their positions to the small UN peacekeeping force in the area, which was in turn making way for the Lebanese units – starting with around 3,000 troops on the first day equipped with jeeps and armoured vehicles.

The army presence, almost non-existent in the area since the late 1960s, will grow to 15,000 in the days ahead, while Hizbollah fighters take a lower, visibly unarmed profile.

Under the ceasefire agreement, the United Nations Interim Force in Lebanon, Unifil, currently numbering just 2,000 troops, will also expand to up to 15,000 in a supporting role to the army.

Unifil's French commander, General Alain Pellegrini, said the new mandate for his force would be robust.

"The old Unifil is dead. The new one will be stronger, enhanced with more people and new rules of engagement," he said.

However, there were growing signs on Thursday that the UN was struggling to reach the rapid agreement it had hoped for on establishing the rules of engagement for the planned expanded Unifil force.

UN officials and diplomats said a second meeting would be required early next week to thrash out the framework for the force.

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France has said it will continue to lead the Unifil force but on Thursday it committed only an additional 200 troops ahead of a UN meeting designed to plan the force's operations.

In Beirut, Mohamed Shatah, an adviser to Fouad Siniora, the prime minister, said the ceasefire process was on track so far.

Although the army will not conduct "search and seizure" operations in homes and shops, it is under orders to enforce the law, which prohibits non-governmental militias from bearing arms – a clear reference to Hizbollah.

Gen Pellegrini said he was not concerned with confiscating weapons. "It is not a Unifil problem, it's a Lebanese problem," he said.

But the government has given the army no mandate to actively disarm Hizbollah, either south of the Litani or in the rest of the country.

Mr Shatah said he was optimistic that forthcoming political talks between Lebanon's parties and sects could produce a more durable solution to replace the cycle of repeated Israeli invasions.

Yet key war issues must still be resolved, including the disputed Shebaa Farms tract, occupied by Israel but claimed by Lebanon. Hizbollah's backer, Syria, could help to resolve border problems by giving up its own claim on the same piece of land, Mr Shatah said.

Saad Hariri, leader of the largest parliamentary bloc, criticised both Israel and Syria for fuelling Lebanon's problems.

In a speech to hundreds of supporters on Thursday, Mr Hariri said that Israel had been "living off the blood" of Palestinians, Lebanese and other Arabs.

But he also accused Syria's President Bashar al-Assad of playing Lebanon's communities off against each other.

Lebanese Army Sets Up In Hezbollah's Territory (NYT)

By Sabrina Tavernise And John Kifner

The New York Times, August 18, 2006

MERJ 'UYUN, Lebanon, Aug. 17 — Lebanese government soldiers, their national red, white and cedar tree flag waving from trucks and vintage armored personnel carriers, began crossing the Litani River at dawn Thursday in a deployment that was more about symbolism than security.

The Lebanese Army's move into the separate southern fief that Hezbollah ran for nearly two decades was the potential beginning of a diplomatic way out of the bitter monthlong battle with Israel, whose vaunted army bogged down against a smaller force of skilled and entrenched guerrillas.

But while Israel and the United States have said that the Lebanese Army is supposed to disarm Hezbollah under the terms of a United Nations Security Council resolution, the reality on the ground is a kind of murky backroom deal in which Hezbollah takes its weapons off the street and the army will not look too hard for them, if at all.

"Well, it's not like they will be breaking into houses, searching every store, looking into every ravine," said Mohammed Chatah, an adviser to Prime Minister Fouad Siniora. "It's not a search-and-seizure operation."

But if the deployment was largely for show, it was one that the combatants seemed willing to accept — with a few belligerent proclamations — as a face-saving way out of the bloody impasse.

The agreement at a cabinet meeting on Wednesday night to deploy the army as part of the Security Council resolution to halt the fighting brought convoluted explanations from Lebanese officials.

"There will be no confrontation between the army and the brothers in Hezbollah," Ghazi Aridi, the information minister, said. "They are not going to chase or, God forbid, exert revenge."

Israeli officials were not quite so tolerant, at least in public. The Israeli Foreign Ministry spokesman, Mark Regev, said that "the resolution clearly calls for the creation of a Hezbollah-free zone south of the Litani River and anything less would mean the resolution is not being implemented."

Indeed, on Thursday the deployment had overtones of a photo opportunity. A Lebanese soldier in this town whose barracks was a hub of the deployment, stood on top of his armored personnel carrier in the morning, fiddling with the Lebanese flag for a rank of photographers.

"I'm working on it," he shouted down to the photographers stretching out the Lebanese flag.

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Lebanese Army engineers put a steel bridge over a destroyed passageway over the Litani River, the natural geographic border to the south. Other troops went over mountain highways, and some were to travel by ship to the port of Tyre.

Thousands of soldiers landed in towns throughout the south Thursday, taking up positions in makeshift camps, houses and even a hospital, meeting the requirements of the United Nations-negotiated cease-fire and hoping to impose the government's will over the area.

But as soldiers barreled down highways looking authoritative, built bridges, bumped into cars and waved to onlookers, their exhibition of military might was marred by apparent inexperience and a degree of nervousness.

In Kafr Kila, a Hezbollah stronghold so close to the border fence that locals could watch Israeli farmers picking fruit, a boisterous funeral procession led by a Hezbollah ambulance blared funeral music from loudspeakers. Yellow Hezbollah flags flapped from the cars.

Nearby, several bearded young men were stringing up a giant yellow Hezbollah banner outside a store. It was one of many in nearby villages, one of which, in English, referred to a phrase from Secretary of State Condoleezza Rice, who had said a "new Middle East" would arise from bloodshed in Lebanon.

"Rice, you will not see your new Middle East," it said. It was signed "Hezbollah."

One of the young men, wearing tinted sunglasses and, as usual, refusing to give his name, said the army deployment was just fine with him. "It's really good. Let them come," he said, untangling the blue rope attached to the sign. "We are all Lebanese. It's not a problem."

So it went across southern Lebanon on Thursday, with scores of Lebanese Army trucks packed with desks, spare tires and soldiers bouncing over narrow, rutted and bombed mountain roads.

In this largely Christian town of blue shutters and stone houses — once a headquarters of an Israeli-backed proxy militia — 31 vehicles, including 12 armored personnel carriers, were lined up on the road in front of the old army base. Soldiers in camouflage, berets and red helmets sat on the backs of trucks and languished in the shade on the sidewalk, waiting for orders to move that, even by noon, had not come.

One drank coffee from a tiny plastic cup. Some slumped in sleepy poses along the side of the road. Toward the end of the long line of army vehicles, a portly soldier with a bushy mustache sat on a small folding stool around 10:30 a.m., his mouth slightly open and his head leaning against a wall. He opened his eyes suddenly and looked up self-consciously. He had not slept in 24 hours, he explained.

In Tibnin, about an hour's drive east of Tyre, soldiers began taking up positions in and near the central hospital, unloading their personal belongings and equipment there and quickly setting up their sleeping quarters. They began clearing unexploded bomblets left by Israeli cluster munitions, exploding them with big bangs that made many in the area shudder.

The soldiers received an uneasy welcome from the community and Hezbollah. There seemed to be little interaction between the men, as each side politely greeted the other but kept their distance.

Many villagers greeted the troops with the traditional showers of rice and flowers given to conquerors. There seemed to be a hope — however fragile — that the army could be a symbolic, unifying force in this country, divided by 17 religions and so often the battlefield plaything of outside forces.

The Lebanese field commander of the initial force, Brig. Gen. Charles Shikani, tried to strike that note, telling his soldiers, "The Lebanese people are waiting for you."

"We salute on this solemn day," he said, "firstly, the martyrs who have shed their blood on the earth of the motherland. And we salute the resistance."

That brigade, numbering 2,500 of a force that is supposed to reach 15,000, is to be backed by international peacekeepers. But the contributions to that force appeared increasingly uncertain.

In what appeared to be another photo opportunity, an amphibious landing craft docked at the port in Tyre around 1 p.m., struggling for about 15 minutes before the soldiers managed the ropes and the first truck trudged down the ramp. Soon, the men, wearing well-ironed uniforms and smiling nervously for cameras rolled out in two trucks carrying their gear including an eight-foot-tall guard booth painted with the flag of Lebanon, nine armored personnel carriers and two Vietnam-era jeeps.

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"This is our government," said Jawad Alayan, who watched with his sons, Muhammad, 11, and Ali, 6, as a company of about 200 soldiers barreled past on the road south of Tyre to take up positions on the coast. "We have to respect it. If you can't rely on your government, who can you rely on?"

"But for us, the resistance is one hand and they are the other."

There appeared to be an uneasy welcome for the government troops in Tyre, which was heavily bombarded. Many seemed to expect the army's unwelcome role might be to disarm Hezbollah, invariably shorthanded to "the resistance" when people speak.

"We welcome them, but we want them to support the resistance, not hamper it," said Mahmoud Salman, a store owner in Tyre. "I respect the resistance, and I am really concerned that the army will ultimately clash with the resistance."

Lebanese Troops Deploy In Hezbollah Territory (USAT)

By Rick Jervis

USA Today, August 18, 2006

BINT JBAIL, Lebanon — Lebanese troops moved into southern Lebanon on Thursday, rumbling by cheering villagers and passing Hezbollah fighters who were still armed.

The deployment of Lebanese troops is the first step in a United Nations plan to end the fighting between Israel and Hezbollah guerrillas, which began July 12.

The U.N. plan was dealt a setback Thursday when French President Jacques Chirac said his country would contribute only 400 troops for a new U.N. force in southern Lebanon. France had initially agreed to send thousands of peacekeepers. Chancellor Angela Merkel said Germany wouldn't send any combat troops.

Lebanese soldiers were greeted as heroes by flag-waving residents in Bint Jbail and other towns shattered by Israeli airstrikes and artillery and ground fighting between Hezbollah militiamen and Israeli troops.

Thursday's deployment of the Lebanese army to the area south of the Litani River marks the first time Lebanon's government has asserted control over the entire country since 1969. The area, a band of territory stretching roughly 13 miles north of the Israeli border, has been under Hezbollah control and off-limits to the Lebanese army for years.

"Now we feel at peace," Muhammed Sayed, 23, a computer science student at Islamic University, said as he cheered the arrival of Lebanese troops near Tyre on Thursday. "Hopefully, there would be no more war."

A current of resistance, however, continues to run through the south, where Hezbollah is popular and thousands of residents lost homes and relatives to Israeli missile attacks.

At least 845 Lebanese and 157 Israelis died in the conflict.

On Thursday, U.N. aid trucks poured into Bint Jbail, 2 miles north of the Israeli border.

As Lebanese troops patrolled nearby, four men who identified themselves as Hezbollah fighters transferred Kalashnikov rifles and ammunition belts from the trunk of a Mercedes sedan to the bed of a Renault pickup and showed no inclination to turn the weapons over to the Lebanese army.

The issue of whether and how to disarm Hezbollah — branded as a terrorist group by the United States — has emerged as a difficult problem confronting U.N. Security Council members.

Israel has insisted that any diplomatic solution must include removal of Hezbollah rockets and missiles from southern Lebanon and the permanent disarming of Shiite militia forces there.

In Washington, White House spokesman Tony Snow said Lebanon's government bore the responsibility of taking weapons from the radical Shiite group. "There has been a commitment on the part of the Lebanese government eventually to regain control over the entire countryside, and that does include disarming Hezbollah," he said.

The Lebanese government announced Wednesday that its forces would confiscate only Hezbollah weapons carried in public. Statements by Lebanese leaders have showed a deep split over how to deal with Hezbollah, the most powerful of the country's political and armed factions.

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Walid Jumblatt, leader of Lebanon's Druse community, warned at a news conference Thursday that “dangers could be looming” unless Hezbollah fighters integrate into the regular army. “Why can't the army be responsible for holding the balance of power?” Jumblatt said. “Why can't the rockets be under the command of the army?”

In Houla, a village near the Israeli border, some residents climbed to the roof of a home, waving Hezbollah flags and jeering at Israeli Merkava tanks about a half-mile away in a valley.

Arzeh Joumaa, 28, one of the Houla residents on the roof, said she opposes efforts to make Hezbollah give up its arms and doubted the cease-fire would last.

“There won't be peace,” said Joumaa, who works at the port in Tyre. “Peace has to start with love between us and the Israelis. How can we love them when they kill civilians?”

Lebanese Soldiers Arrive In Southern Lebanon (MCT)

By Leila Fadel, Hannah Allam And Shashank Bengali

McClatchy Newspapers, August 18, 2006

KASMIYEH, Lebanon - The Lebanese army deployed in southern Lebanon Thursday for the first time in 36 years as the fractured country's central government tried to reassert authority in the face of Hezbollah's growing clout.

A few thousand lightly armed Lebanese troops crossed the Litani River into the war-ravaged south shortly after sunrise, the first of 15,000 expected to arrive by the weekend. Their role is expected to be largely cosmetic: Under a compromise with Hezbollah, the army won't disarm Hezbollah fighters or search for their weapons.

In televised speeches Thursday, two of Lebanon's prominent political leaders criticized Hezbollah's refusal to hand over its huge cache of weapons and urged the powerful Shiite Muslim militant group to cede military authority to the central government.

Saad Hariri, son of slain Prime Minister Rafik Hariri, praised "the heroic fighters of the resistance" but added that the time has come for the state to assume full authority over Lebanon.

"We are facing a destroyed country, and the Lebanese will not allow anyone to make the state the weakest part of the national equation," said Hariri, a Sunni Muslim who leads Lebanon's largest parliamentary bloc, the diverse, anti-Syrian group known as the March 14 forces.

Veteran politician Walid Jumblatt, the leader of the Druze sect, said Hezbollah had undermined the government by failing to consult it before abducting two Israeli soldiers in the July 12 cross-border raid that triggered the conflict.

Prime Minister Fuad Saniora and other March 14 leaders appear increasingly worried that Hezbollah, with funding from Iran, is consolidating its influence over Lebanon's large Shiite minority by moving quickly to rebuild devastated areas.

While the government has focused on political issues such as the dispute over disarmament, Hezbollah representatives have fanned out across the south and in Beirut's hard-hit southern suburbs to assess damage.

In a victory speech after Monday's cease-fire, Hezbollah leader Hassan Nasrallah pledged to provide a year's rent for anyone who lost a home in the conflict. Lebanese news media hailed his words as "statesmanlike" and "presidential."

Jumblatt and Nasrallah had traded thinly veiled barbs during the fighting, but Jumblatt addressed his rival directly Thursday. He accused Hezbollah of acting as "a tool for the Iran-Syria axis on Lebanese land" and he warned Nasrallah that regaining the government's trust wouldn't be easy.

"Now you have a great name in the nation. You are a symbol now," Jumblatt said. "From afar it's easy for those people to hold your portrait. But from near, my country has been destroyed and burned."

The remarks seemed to be addressed as much to Hezbollah's patrons, Syria and Iran, as to Nasrallah.

Syrian President Bashar Assad reveled this week in Hezbollah's resilient performance against Israel, saying Lebanon's governing majority "will soon be swept from power."

The decision to deploy the army was intended as a show of strength by the government. It's expected to patrol the south with an expanded, 15,000-strong U.N. peacekeeping force.

On Thursday the Israeli military said it had begun transferring control of some Lebanese territory to the existing U.N. force of 2,000 soldiers. But Israel has said it won't withdraw from Lebanon completely until the larger U.N. force arrives.

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It remained unclear when that would be. France, the country that's widely expected to lead the mission, said Thursday that it initially would provide just 200 troops, reflecting widespread concern that the force's rules of engagement are unclear.

For now, the fragile peace in south Lebanon hinges on Hezbollah fighters keeping a low profile and Lebanese troops acting only when confronted with illegal activity.

At 6:45 a.m. Thursday, the first Lebanese soldiers crossed the Litani into Kasmiyeh, passing over a temporary bridge of corrugated steel and wood. Troops were stuffed in the backs of trucks or sitting atop a mountain of plastic chairs, sleeping bags and rusting lockers.

Later, nine tanks were unloaded from a military ship in the port of Tyre. The troops took up positions in towns and villages throughout the south.

"This is a historic day," said Mohamed Chatah, a senior adviser to Saniora. "This is the first time the army has gone to that part of the country with arms and as the sole military authority."

Chatah said the troops would focus on peacekeeping and humanitarian relief.

"The army is not going there to engage in war," Chatah said. "We are not talking about heavy cannons being moved there to fight someone."

The deployment was a first step in fulfilling the cease-fire resolution, Chatah said. Other key issues, such as the settlement of the disputed Shebaa Farms area and a prisoner-exchange deal, will soon follow.

As the troops drove through southern mountain towns, it was impossible not to compare the force - with its meager budget and Soviet-era tanks - with the Iranian-funded fighting machine of Hezbollah.

The Lebanese army had watched from the sidelines throughout the monthlong conflict with Israel, and on Thursday army convoys passed through areas flattened by Israeli air strikes that now flew banners praising Hezbollah.

From their ravaged villages, residents greeted the troops with some misgivings.

"The army is our sons, and when our sons walk up you are happy," said Mustapha Saad, who heard the clanking of tanks as he sipped tea at his home in the village of Qlaile. "But the army is not armed enough. We wish the army could protect our border, but it is impossible because the Israeli army is stronger."

Saad and his family had been angered by an image they'd seen on TV last week - of Lebanese soldiers drinking tea with the Israeli soldiers who'd taken over their base in the town of Marjayoun.

No Lebanese fighter should take tea with the enemy, Saad said, punching his fist into his hand.

There were other signs Thursday that the four-day-old cease-fire was holding. The first commercial flight since the conflict landed at Beirut's international airport, and Lebanese officials said full commercial air traffic would resume next week.

A naval blockade that had choked the country appeared to be easing despite no formal announcement from Israel. Three ships carrying gasoline and fuel oil arrived, allaying fears of a fuel crisis.

Fadel reported from Kasmiyeh; Allam and Bengali reported from Beirut.

New Stature For Lebanese Military? (CSM)

By Scott Peterson

The Christian Science Monitor, August 18, 2006

AL-KASMIYEH, LEBANON

Work continued through the night, lit only by the beams of headlights and a single construction light, to replace a bridge collapsed by an Israeli air strike, across the Litani river.

But when dawn broke Thursday over the green waters, those Lebanese Army engineers withdrew, so that a convoy of trucks packed with hundreds of soldiers could begin reinforcing a cease-fire, and deploying across south Lebanon for the first time in some 40 years.

"Go, go, go!" shouted one officer, directing traffic as vehicles flying Lebanese flags crossed the metal span one at a time.

With a quiet confidence, despite wearing paint-chipped metal hats for helmets, in some cases, and other aging gear - these soldiers hope to turn a symbolic moment into a historic one.

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This vanguard force of 2,000 is to help solidify the cease-fire after a five-week war, and guarantee that the Israeli forces withdraw from Lebanon and that Hizbullah fighters shift their weapons north of the Litani, or keep them out of sight.

"This war is finished," says a United Nations official. "When you have the political will [on both sides], it takes only one man to guard the border - it is enough."

But no force was strong enough to prevent the Israeli bombardment that pulverized scores of Lebanese villages, thousands of homes, and swaths of Beirut; nor the nearly 4,000 rockets fired by Hizbullah into northern Israel. While both sides have reasons to stop - Israeli Prime Minister Ehud Olmert and his top brass are fighting for their political lives to justify their actions, and Hizbullah leaders need to finally ease the pain for 900,000 affected Shiite civilians - lasting peace is uncertain.

The UN Security Council is still determining the new robust rules under which an expanded UN force - from 2,000 to 15,000 international troops in the coming weeks - will work alongside the 15,000 Lebanese Army soldiers now beginning to deploy.

"Old UNIFIL is dead, and New UNIFIL will be stronger, enhanced with more people, and above all with new rules of engagement," Alain Pellegrini, the French UN force commander, told reporters on Thursday.

But those rules remain "under consideration; they are not defined," says General Pellegrini. Whether Hizbullah will be disarmed, and how, depends on a Lebanese government decision. But the uncertainties are complicating efforts to find new UN troops.

Could the UN confiscate Hizbullah weapons that it finds? Could it be asked to disarm the small guerrilla force that just fought Israel's vast military machine to a standstill, yet continue to fire rockets across the border?

"Contributing countries need to have some assurances about ... the conditions, the rules, the task," says Pellegrini. "No country can decide to put soldiers here without any guarantees."

Amid questions of Hizbullah's intent, officials sought to reassure fellow members of the Lebanese government - as well as potential donors of UN troops - that Hizbullah was not looking for a further fight.

"There will be no confrontation between the Army and brothers in Hizbullah," said Information Minister Ghazi Aridi, after the Lebanese cabinet decided Wednesday to deploy its troops across the south. The Army would not "chase" Hizbullah, he said. "There will be no authority or weapons other than those of the state. If any weapons are found, even the brothers in Hizbullah have said 'let it be in the hands of the Army, no problem.' "

Israel says that its forces - which peaked last weekend at 30,000 inside Lebanon - have pulled out of half the territory they occupied. As the Lebanese Army moved south, they were greeted in some places with crowds throwing flowers and praying for peace.

A Lebanese troop transport ship docked in the southern port city of Tyre, unloading hundreds of troops and their American-supplied armored personnel carriers. Some had small Lebanese flags sewed to their backpacks. "We are doing our nation's duty," said Kamel Zaiyoun, a young man jammed in the back of a truck with other soldiers. "We are very happy to protect our country. Hopefully, there will be no more war."

"We feel so proud, so great to defend our country," says one officer nearby. With their Lebanese Army presence end the war? He shrugged, but would not answer. Those answering a resounding "yes," though, are the 250,000 people the UN says have already returned to the ruin of the south.

Many have mattresses bound to the roofs, ready to camp if their homes are beyond immediate repair. At one crossing on the highway south from Beirut, four lanes of traffic funneled into one, and men pushed cars over a berm of rubble, providing a snapshot of the mosaic of Lebanon.

Here large families crammed into generation-old, Mercedes cars, laden to bursting with the worst of the road to come; clerics road in the back seats of slick black Mercedes; some came home by Syrian buses.

Some cars have posters of Hizbullah leader Sayyed Hassan Nasrallah. Soldiers wearing camouflage drove south to their units. And one man wore his patriotism on his skin - an illustration of how hard peace between Lebanon and Israel may be.

Tattooed across Bassam Sabra's right forearm are the words "Love," and "Freedom," in English with a statue of liberty-style arm holding a torch. On his left forearm is a broad cedar tree for Lebanon, with the number 10,452, the total square kilometers that make-up his Lebanon.

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Further up that arm at the shoulder is another tattoo, "We born free."

But Mr. Sabra who has spent one-and-a-half years in an Israeli jail, has yet another tattoo: a star of David, symbol of Israel, on the sole of his foot.

The Situation Room (CNN)

CNN, August 17, 2006

NSA Wiretaps Ruled Unconstitutional; Lebanese Troops Enter Southern Lebanon; Interview with Michael Tracey

Aired August 17, 2006 - 19:00 ET

THIS IS A RUSH TRANSCRIPT. THIS COPY MAY NOT BE IN ITS FINAL FORM AND MAY BE UPDATED.

WOLF BLITZER, CNN ANCHOR: Thanks very much, Lou. And to our viewers, you're in THE SITUATION ROOM where new pictures and information are arriving all the time. Standing by CNN reporters across the United States and around the world to bring you tonight's top stories.

Happening now, eavesdropping on Americans, a weapon in the war on terror or a violation of the United States Constitution. It's 7:00 p.m. in Washington where the White House says it will fight a judge's ruling that its domestic spying program is illegal.

It's 2:00 a.m. here in the Middle East where troops are on the move right now into and out of south Lebanon, but are they marching toward peace?

And it's 5:00 p.m. in Boulder, Colorado, where the district attorney warns people not to rush to judgment, despite the stunning admissions from a man facing charges in the JonBenet Ramsey murder case.

I'm Wolf Blitzer in Jerusalem. You're in THE SITUATION ROOM.

Tonight the Bush administration is defending its wiretap without warrant program as a vital tool in the war on terror, but a federal judge in Detroit says it's unconstitutional. Today's ruling is triggering an urgent new round of legal maneuvering and fresh election year spiring (ph) over homeland security and terror fighting tactics.

Our White House correspondent Elaine Quijano has the political reaction, but, first, let's bring in our justice correspondent, Kelli Arena with details of this stunning decision -- Kelli.

KELLI ARENA, CNN JUSTICE CORRESPONDENT: Wolf, today's ruling was a big disappointment for the Bush administration. The administration has long argued that as commander in chief the president has the right to fight the war on terror as he sees fit, but a Detroit judge disagrees.

(BEGIN VIDEOTAPE)

ARENA (voice-over): It's the first legal setback for the government's wiretapping program. A federal judge says it violates the Constitution.

ALBERTO GONZALES, ATTORNEY GENERAL: Of course, I'm disappointed. I believe very strongly that the president does have the authority to authorize this kind of conduct, particularly in a time of war. Conduct is very consistent with what other presidents have done in a time of war.

ARENA: Attorney General Gonzales and the administration argue the program in which the National Security Agency monitors international phone calls and other communications without a warrant is necessary to keep the U.S. safe. They say it only covers communications among people with terror connections, but the judge who heard the case brought by the ACLU says the wiretapping program violates free speech and privacy rights.

ANTHONY ROMERO, ACLU EXECUTIVE DIRECTOR: The judge agreed with our arguments. The president had overstepped his powers as the chief executive that no one is above the law, not even the president.

ARENA: The American Civil Liberties Union filed a lawsuit on behalf of lawyers, academics and journalists like Jim Banford, who say some of the people they talked to could be targeted by the government. They argue the possibility of the government eavesdropping interferes with doing their jobs. Government supporters weren't very impressed with the argument.

LEE CASEY, FORMER JUSTICE DEPT. LAWYER: They don't really know whether they have been monitored. They're only guessing at that, and ordinarily that is not sufficient for bringing a suit in federal court.

(END VIDEOTAPE)

ARENA: The Justice Department appealed the ruling, and the wiretap -- wiretapping will continue until the judge decides what will happen as this case makes its way through the legal system -- Wolf.

BLITZER: Kelli Arena, thank you. The Bush White House says it couldn't disagree more with the ruling against wiretaps without warrants, but some Democrats are applauding the decision and pouncing on what they call the president's power grab. Our White House correspondent Elaine Quijano has more on the political reaction -- Elaine.

ELAINE QUIJANO, CNN WHITE HOUSE CORRESPONDENT: And Wolf, the president is defending this program. The White House clearly defending it once again as legal and necessary. Mr. Bush himself, however, did not respond when he was asked about this as he left the White House earlier this afternoon on his way to Camp David. He's going to be spending a few days at Camp David, but in a statement, White House Press Secretary Tony Snow said, quote, "We couldn't disagree more with this ruling, and the Justice Department will seek an immediate stay of the opinion and appeal. The terrorist surveillance program is firmly grounded in law and regularly reviewed to make sure steps are taken to protect civil liberties."

Now, today's ruling and the ensuing debate over the surveillance program come just 80-some days before the congressional midterm elections. As we've seen the president as well as Republicans have been trying to tout their national security credentials. In fact, just this past week on Tuesday we saw the president pay a visit to the National Counterterrorism Center.

It was there that he highlighted the recent thwarting of the airliner terror plot. Democrats, though, are jumping on today's ruling out of Michigan trying to attack those national security credentials. Their argument, that the Bush administration has mismanaged the war on terror. Senate Democratic Leader Harry Reid saying that the ruling is an example of how in his words the Bush administration has jeopardized the country's efforts in the war on terror -- Wolf.

BLITZER: Elaine, thank you very much. And we're going to have more on the analysis of what this ruling means. Jeff Toobin, our senior legal analyst later this hour, will join us.

Here in the Middle East, meanwhile, troops are on the march, but their mission is to maintain a fragile peace. CNN's Chris Lawrence is standing by in northern Israel. Let's go, first, to our Beirut bureau chief Brent Sadler -- Brent.

BRENT SADLER, CNN BEIRUT BUREAU CHIEF: Wolf, a rapid deployment of some 12,000 Lebanese army troops so far in less than 24 hours, this the first step to try to stabilize that border area with Israel. That force will swell to some 15,000. Now, the Lebanese troops could not possibly have set these first footsteps into Lebanon the first time the army has been down there for some four decades unless there had been the acquiescence of Hezbollah whose fighters and whose weapons remain in the danger zone.

Now, in addition to those 15,000 troops, when they reach strength, we are expected to see another 15,000 United Nations peacekeepers come into the area to bolster the force that's already on the ground, but while there's progress with the Lebanese army, progress in creating that new force is slow. France has just committed 200 troops to join that force, much lower than expected.

France, like other contributor nations, very concerned about the rules of engagement given that Hezbollah will remain military reactive in that area, but not visible. Now, on another front, on the political front, Saad Hariri, the head of Lebanon's parliamentary majority here launched a verbal assault against President Bashar al-Assad of Syria who the previous day supported Hezbollah and effectively a state within a state situation here. Here's what Hariri said.

(BEGIN VIDEO CLIP)

SAAD HARIRI, LEBANESE PARLIAMENT MEMBER (through translator): We (INAUDIBLE) are facing a destroyed country, and the Lebanese will not allow to anybody to make the state the weakest point in the national equation.

(END VIDEO CLIP)

SADLER: On the domestic fronts, some good news, Wolf. Commercial airliners flew into Beirut International Airport today. The first time we've seen planes coming in here commercially for more than four weeks since Israeli war planes and gunboats shelled the runway. Life beginning to ease a little bit here with expectation of a fuel ship to arrive tomorrow to ease chronic fuel shortages -- Wolf.

BLITZER: Let's hope that things get better every single day. Thank you very much, Brent, for that.

Israeli troops, meanwhile, are pulling out of south Lebanon, but what will it take for them to complete their withdrawals? CNN's Chris Lawrence is our man on the northern Israeli border with Lebanon -- Chris.

CHRIS LAWRENCE, CNN CORRESPONDENT: Wolf, a top U.N. official says they've got to get between three and 4,000 peacekeeping troops in place within the next 10 days or put the troops at risk.

(BEGIN VIDEOTAPE)

LAWRENCE (voice-over): Israeli armor rumbles down a dirt hill leaving Lebanon and making way for a United Nations peacekeeping force in the south.

(SOUNDS)

LAWRENCE: Israel says there's more to come if two conditions of the U.N. Security Council resolution are met. Israeli officials are demanding the Lebanese army keep the peace and not allow Hezbollah to operate in the region. And countries that promise to contribute thousands of troops to the U.N. force must keep their word.

UNIDENTIFIED MALE: (INAUDIBLE) There is some soldiers still in. A lot of soldiers that need to get from Israel -- from Lebanon back to Israel, so, hopefully, everything will go according to plan.

LAWRENCE: Hezbollah launched nearly 4,000 rockets into northern Israel, but not all of them exploded. On Thursday the hunt for unexploded ordnance began in Kiryat Shmona. With residents coming back by the hundreds, many fear unexploded mortars and rockets could still be a danger.

(END VIDEOTAPE)

LAWRENCE: And that search will be going on in other towns and villages as well and will continue over the next few days -- Wolf.

BLITZER: Chris, thank you very much. Let's go to New York. Jack Cafferty is standing by with "The Cafferty File" -- Jack.

JACK CAFFERTY, CNN ANCHOR: We're going to talk about that other war, Wolf. Since the war in Iraq began, we've been told on several occasions that we are achieving great success there. Shortly after the statue of Saddam Hussein was pulled down, President Bush declared mission accomplished. Then Saddam's kids were killed. Saddam was captured. We were told things are really going great now.

Then after a couple of failed efforts, some kind of government was finally put in place and President Bush declared democracy has taken root in Iraq. Somewhere around the same time Vice President Cheney told us the insurgency was in its final throes. Arab League Qaeda's number one operative inside Iraq, Abu Musab al-Zarqawi was finally tracked down and killed and it was blue skies all around.

Now we can wrap this thing up and come home. Well try this. Since al-Zarqawi bought the farm, the number of roadside bombs planted in Iraq reached its highest monthly total ever. "The New York Times" reports in July 2,600 bombs exploded or were found in Iraq. That's up from about 1,400 in January, almost twice as many. Insurgent violence against American troops and Iraqi security forces has doubled since January, and the sectarian violence between Shiites and Sunnis has increased sharply.

Last month alone almost 3,500 Iraqi civilians died, so here's the question. Do you think we need a new definition of what constitutes success in Iraq? Email your thoughts to CaffertyFile@CNN.com or go to CNN.com/CaffertyFile -- Wolf.

BLITZER: Thank you, Jack. And if you want a sneak preview of Jack's questions, plus an early read on the day's political news and what's ahead here in THE SITUATION ROOM, sign up for our daily e-mail alert. Just go to Cnn.com/SituationRoom.

And still to come, killer confession. He claims to have killed JonBenet Ramsey, but does his story really add up? We're taking a hard look at the case.

And a tea party that could lead to some serious charges, Lebanese soldiers at the highest levels sit down with Israeli soldiers, and now the Lebanese soldier is facing investigation. The kinder, gentler war moment all caught on tape.

Also, politics and privacy, President Bush is dealt a legal blow. Wiretapping without a warrant is declared unconstitutional by a federal judge. Our legal analyst Jeff Toobin tells us what it all means.

Live from Jerusalem, you're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: There's new information just coming in tonight here in THE SITUATION ROOM about North Korea and its nuclear program. Let's go live to our Pentagon correspondent Barbara Starr -- Barbara.

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BARBARA STARR, CNN PENTAGON CORRESPONDENT: Well, Wolf, U.S. military and intelligence officials have now confirmed to CNN that there have been some developments at a potential North Korean underground nuclear test site, but they're not sure what it all really means. Apparently what has happened about a week ago a piece of imagery -- we don't know if it was from a satellite or a U2 (ph) aircraft -- showed intelligence analysts there had been a change at one of the sites. What was that change?

Officials say that they suddenly now see on this imagery a number of wire bundles at the site above ground. Those bundles of wire could, could be used, of course, to wire the site so that if a test was conducted, it could be monitored remotely by North Korean weapons experts, but the wires haven't been hooked up to anything at this point, and it's just one indicator.

Intelligence officials say a lot more would have to happen before North Korea could conduct a test, but that underground test, of course, are very difficult to detect before they happen. The U.S. continues, of course, to watch that country around the clock -- Wolf.

BLITZER: Thank you, Barbara. We'll continue to watch this story together with you.

Other news we're following. One of the most notorious who done it mysteries in recent memory. Who killed JonBenet Ramsey, who was beaten and strangled one day after Christmas back in 1996? Now police out they're one step closer to knowing. A man is admitting some involvement in her murder, but is he actually telling the truth?

CNN's Randi Kaye is taking a closer look at the confession, but let's begin with CNN's Brian Todd -- Brian.

BRIAN TODD, CNN CORRESPONDENT: Wolf, there are, indeed, many inconsistencies in this man's story, but for now, according to a Homeland Security official at the U.S. Embassy in Thailand, John Mark Karr will face charges for kidnapping, sexually assaulting, and murdering JonBenet Ramsey.

(BEGIN VIDEOTAPE)

TODD (voice-over): Who is John Mark Karr and what was he doing in Thailand? New details from the district attorney in Boulder, Colorado.

MARY LACY, BOULDER, CO D.A.: Mr. Karr was living in Bangkok. He began his employment as a second grade teacher in the international school system in Bangkok on Tuesday morning of this week.

TODD: A Homeland Security official tells CNN he doesn't believe Karr's new job influenced the timing of the arrest. But according to CNN legal analyst Jeffrey Toobin...

JEFFREY TOOBIN, CNN SR. LEGAL ANALYST: It's a clear implication of the district attorney's statement was that he was arrested now because they feared he would molest the children he was teaching in Bangkok or that he might flee.

TODD: But when cameras caught up with him, Karr wasn't shy.

(CROSSTALK)

UNIDENTIFIED FEMALE: Are you an innocent man?

UNIDENTIFIED FEMALE: Are you an innocent man?

JOHN MARK KARR, SUSPECT: No.

UNIDENTIFIED FEMALE: What happened?

KARR: Her death was an accident. UNIDENTIFIED FEMALE: So you were in the basement?

KARR: Yes.

TODD: But Karr's ex-wife, Lara, tells CNN affiliate KGO (ph) Karr was with her in Alabama during the entire Christmas season of 1996 when JonBenet Ramsey was found dead at the Ramsey home in Boulder, and there are other inconsistencies. A Thai police official says he was told by an American investigator that Karr said he drugged and had sex with the child before accidentally killing her.

But according to JonBenet's autopsy, no drugs were found in her body. But Karr does have a history with the law and children. According to divorce documents obtained by CNN, he split with his wife after local police in California investigated Karr for allegedly possessing child pornography. Law enforcement officials tell CNN Sonoma County police arrested Karr on that charge in 2001.

He pleaded not guilty, but later jumped bail and never stood trial. The divorce papers say Lara Karr sought to keep Karr away from their three children and secured a restraining order, and in the documents she claims Karr couldn't serve as a substitute teacher in Alabama in the late 1990's because he was too affectionate with children.

(END VIDEOTAPE)

TODD: And one of Karr's ties to the Ramsey family, well in an interview JonBenet's father said he doesn't know Karr, but Karr tells The Associated Press he wrote to JonBenet's mother, Patsy, before she died of cancer apologizing for what happened and insisting JonBenet's death was an accident. John Mark Karr is expected to be brought back to the United States within a week -- Wolf.

BLITZER: All right, Brian, thank you. Let's get some more on this story. CNN's Randi Kaye is joining us now from Atlanta -- Randi.

RANDI KAYE, CNN CORRESPONDENT: At this point, Wolf, we don't know whether John Mark Karr is innocent or guilty, but we can still learn a lot about his behavior. Criminal profilers can learn a lot from a suspect without ever having met him. I turned to the profiler known as the doctor of death for some insight.

(BEGIN VIDEOTAPE)

KAYE (voice-over): Why would John Mark Karr if he is JonBenet Ramsey's killer, be talking about it.

(CROSSTALK)

UNIDENTIFIED MALE: I loved JonBenet very much.

(CROSSTALK)

KAYE: Renowned criminologist James Alan Fox sees big question marks emerging in what Karr says.

JAMES ALAN FOX, CRIMINOLOGIST: I think you have to take this confession with a whole shaker of salt.

KAYE: But, Fox says if Karr is the killer, like most, he wants attention. He wants the world to know it.

FOX: One real possibility is that this man wants attention and that he reached out to a professor at the University of Colorado telling little tidbits about the crime to intensify his celebrity or to make himself into a celebrity and look, we're all talking about him today.

KAYE: Fox says it's a myth killers want to get caught, but he says the death of JonBenet's mother, Patsy Ramsey, may have inspired Karr to come forward. Karr told The Associated Press he had sent letters to Patsy Ramsey telling her he is sorry.

UNIDENTIFIED MALE: I think it's very important for me that everyone knows that I love her very much and that her death was unintentional and it was an accident, and I made several efforts to communicate with Patricia before she passed away, and it's my understanding that she did read my letters, and she was aware of me before she passed away.

FOX: There are killers whose level of remorse is such that they -- they cry, they apologize, they write letters to families expressing remorse.

KAYE: Karr is a man with a history. His ex-wife says he was no longer called as a substitute teacher after showing too much affection toward children, and he was arrested in 2001 on child pornography charges, and while he doesn't have a history of violence, Fox says there is always a first.

FOX: It may also be part of his fantasy that the love was mutual. Perhaps part of the problem was that JonBenet Ramsey didn't love him the way that he wanted her to.

(END VIDEOTAPE)

KAYE: What makes this case unique, according to Fox, is the young victim's public image. Fox says that while the Ramseys may have thought it was totally innocent to enter their daughter in beauty pageants, there is a small segment of society, pedophiles, who see these young children in a very sexualized role and treat them as a sexualized object. That could be, Wolf, what happened here.

BLITZER: Randi, thank you very much, Randi Kaye reporting for us.

And still to come, we're going to talk to that professor who helped lead police to John Mark Karr. It's his first on-camera interview. We'll get to that shortly.

And a controversial tea party, Lebanese troops making nice with Israeli soldiers. It's all caught on videotape, and it's sparking a huge investigation in Lebanon.

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Live from Jerusalem. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: We're learning more about a strange encounter that took place on the battlefield in Lebanon, a time out, if you will, for tea. Zain Verjee has the story -- Zain.

ZAIN VERJEE, CNN ANCHOR: Wolf, it was a strange tea party, one that's landed the host in hot water.

(BEGIN VIDEOTAPE)

VERJEE (voice-over): Two enemy armies sharing a cup of tea and casual conversation as war raged all around. Lebanese and Israeli soldiers in the town of Marjeyoun were showing a bizarre camaraderie. It's August 10, about 350 Lebanese troops are at this military base six miles from the Israeli border. This edited videotape shot by an Israeli shows Israeli troops and at least two tanks rolling into the base. There's no resistance. Only white flags. Lebanon's Brigadier General, Adnan Daoud (ph), a Christian, is in charge and offers the Israelis tea. Then on the tape we hear this odd exchange.

UNIDENTIFIED MALE: (SPEAKING FOREIGN LANGUAGE)

VERJEE: We need to brief our bosses on what happened, says Daoud (ph). The Israeli commander says, we briefed Bush. You brief whoever you want. Daoud (ph) responds we need to brief Bush too.

On the video we see Israeli soldiers checking I.D. cards. They spend the day with Daoud (ph) and his men. As the Lebanese convoy came out of Marjeyoun, a CNN crew asked Daoud (ph) what happened.

UNIDENTIFIED MALE: (SPEAKING FOREIGN LANGUAGE)

VERJEE: Daoud (ph) says the Lebanese interior ministry ordered Lebanese troops to leave.

UNIDENTIFIED MALE: (SPEAKING FOREIGN LANGUAGE)

VERJEE: Why didn't you fight we ask, but the car had sped away.

(SOUNDS)

VERJEE: The acting Lebanese interior minister did give orders not to fight, saying the likely armed troops were not a combat force, but a humanitarian protection force. Lebanese army intelligence sources tell CNN that Daoud (ph) has not been formerly charged or arrested for treason, but an investigation is ongoing.

(END VIDEOTAPE)

VERJEE: The videotape images first aired on Israel's channel 2 and then on Hezbollah's Al-Manar TV -- Wolf.

BLITZER: Zain thank you. Coming up, the man who led police to JonBenet Ramsey's self-confessed killer. A professor who received disturbing letters from John Karr. We're going to go to that professor, hear what he has to say. That's coming up. Also, unconstitutional, a federal judge rules against President Bush on warrantless wiretapping. We'll have more on that story as well.

Live from Jerusalem, you're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: To our viewers, you're in THE SITUATION ROOM where new pictures and information are arriving all the time. Happening now, U.S. military and intelligence officials confirming to CNN that they've seen some developments at a potential North Korean underground and nuclear test site. Officials say they suddenly see wire bundles that could possibly be an indicator that North Korea is actually planning a nuclear test.

Authorities in Colorado warning against rushing to judgment after a surprising confession in a 10-year-old murder case. In custody in Thailand, John Mark Karr told reporters he loved JonBenet Ramsey and that the child's death was an accident.

A federal judge rules the nation's top cigarette makers deceive the public about the health hazards of smoking, but she says she was barred by an appeals court ruling for ordering tobacco firms to pay billions of dollars for violating racketeering laws.

I'm Wolf Blitzer. You are in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Who killed JonBenet Ramsey? For nearly 10 years, every time police thought they had an answer, their leads turned cold. But now police are hoping the cold case will be cracked, and this latest chapter all started with an e-mail exchange involving my next guest.

Professor Michael Tracey is a journalism professor at the University of Colorado. He is joining us now from Boulder.

Professor, thanks very much for coming in. There was a quote in the "Rocky Mountain News" from a Ramsey family friend, Susan Stine, who said, "He was instrumental in flushing this person out in the sense of getting him to talk." Tell our viewers who aren't all that familiar with your role how you got involved in this case.

PROF. MICHAEL TRACEY, UNIV. OF COLORADO: I got involved in the case because I've made three documentaries. The first documentary was back in 1998, and I made that documentary with my colleague in the U.K., David Mills, because I was appalled by the way the media had treated the Ramseys, and I subsequently made a documentary about the so-called intruder theory.

BLITZER: And John Mark Karr, how did he get involved? What happened in terms of your exchanges, e-mail exchanges, I take it, with him?

TRACEY: Lou, as I saw your field producer, I'm going to make no specific comments about Mr. Karr or about the e-mail exchanges. What I would say -- and to be honest the reason I'm doing these interviews today and then that's it -- is I want to remind people that Mr. Karr has the right to be presumed innocent.

John Ramsey has said that, and I say that in light of the fact that the right to be presumed innocent was something that was never granted to John and Patsy Ramsey. They were treated appallingly both by the media and by law enforcement, and so Mr. Karr has a right to be presumed innocent.

BLITZER: I want you to listen to what a famed criminologist, James Alan Fox, said about this so-called confession. Listen to this.

(BEGIN VIDEO CLIP)

JAMES ALAN FOX, CRIMINOLOGIST: One real possibility is that this man wanted attention and that he reached out to a professor at the University of Colorado, telling little tidbits about the crime to intensify his celebrity or to make himself into a celebrity. And, look, we're all talking about him today.

(END VIDEO CLIP)

BLITZER: I know that you don't want to really get into the specifics of your relationship with him, but is there an element there based -- if you can tell us -- that he was really looking for publicity, he was anxious for some sort of celebrity status?

TRACEY: Wolf, I'm sorry to be boring about this point, but I'm simply not going to say anything about Mr. Karr or the investigation, other than to say that the district attorney's office, Mary Lacy the D.A., and Tom Bennett, the chief investigator, other people involved have done a phenomenal job in this investigation, extremely professional, extremely hard work.

But as to Mr. Karr, I really, really am not going to say anything, and the reason why, it would be utterly inconsistent with the issue that got me into this in the first place, which was I thought it was appalling that the right to be presumed innocent was not extended to the Ramsey family, and John and Patsy in particular.

And so for me to comment in any way, shape, or form about Mr. Karr, who has the right to be presumed innocent, would be utterly inconsistent and hypocritical, and I'm simply not going to do it. Eventually the story will come out, but it won't be tonight.

BLITZER: You know, there are still people out there today -- and I'm sure you have heard some of them -- suggesting that maybe this guy fantasized, made up the whole story, and as a result, this confession isn't really a confession. Marc Klaas, he made a suggestion along those lines. I want you to listen to this.

(BEGIN VIDEO CLIP)

MARC KLAAS, FATHER OF POLLY KLAAS: I'm very skeptical that this guy did it, and if this guy didn't do it, then I think that puts the suspicion right back where it's been for the last decade.

(END VIDEO CLIP)

BLITZER: And I know you are extremely concerned, because I've looked -- researched all your background and your writing, your documentaries, that the Ramseys really were attacked effectively as murders, even though, of course, they're presumed innocent like everyone else. But how concerned are you that there are people out there right now, even after this guy confesses to this crime, who still think the Ramseys may have had a role in it?

TRACEY: Well, it doesn't come as any great surprise. I know this case, and I know the kind of opinions people have. And I understand that there are people who continue with the opinion that John and Patsy were -- either one or the other or both harmed JonBenet. The only thing that John and Patsy Ramsey ever did to JonBenet was to love her.

Now, if people choose not to believe that, if people choose to believe in the absurd notion which is that the parents were involved in her death, then there's nothing I can do about that. What I'm convinced of is that someone came in from outside and killed JonBenet. It was not a member of the Ramsey family.

Now, I say, Mr. Klaas wants to take it back to the Ramseys. There's nothing I can do about it. I regard that as irrational. I regard it as a viewpoint that is offered in the face of overwhelming evidence that someone else did this, but there's nothing I can do about what people think.

And a lot of people have a kind of almost emotional attachment, an emotional need, to believe that the Ramseys are guilty. I don't understand the psychology of that. I don't understand the culture of that. It exists, I understand. There's nothing I can do about it.

I do not believe -- with every fiber of my being, I do not believe that John and Patsy Ramsey had anything to do with hurting JonBenet and, therefore, someone else did.

BLITZER: One final question before I let you go, Professor. Do you believe that this cold case, which has been out there for 10 years now, is about to be resolved?

TRACEY: That's a very good try, Wolf. In order to answer that question, I have to make a comment about Mr. Karr, and I'm simply not going to do that. I'm not going to comment about Mr. Karr. I'm not going to comment about the e-mails. And this, in fact, is the last interview I'll give for a very long time. So I really don't want to comment. I hope someday that Patsy ...

BLITZER: Well, it's certainly understandable. Go ahead.

TRACEY: I hope someday that the Ramseys and the memory of Patsy is vindicated. They deserve that. Their life has been a living hell for 10 years. None of us can begin to imagine what it's like to be John and Patsy Ramsey, and they stayed together. They were in love until the end. Their family stayed together. The family loved their father. John Ramsey is a man of surreal courage, and he didn't do anything to JonBenet. Neither did Patsy.

BLITZER: Professor Michael Tracy of the University of Colorado, thanks very much for spending a few moments with us, and I certainly understand why you're reluctant to speak out about the specifics of your role and Karr's role, and I'm sure our viewers understand that as well. Everyone is presumed innocent until convicted guilty. Thanks very much for joining us.

Up ahead tonight, unconstitutional -- that's what a federal judge decides about the Bush administration's domestic spying program, and the judge says it must stop. But what are the practical implications of what has happened today? I'll ask CNN's senior legal analyst Jeff Toobin.

And we've been talking about the JonBenet Ramsey case, but we haven't talked about the media frenzy surrounding it. Jeannie Moos will talk about that. Stay with us.

(COMMERCIAL BREAK)

BLITZER: Tonight plenty of politicians are arguing about a new court ruling that the president's domestic spying program is unconstitutional. Will the decision, now under appeal, hold up in a higher court?

Let's get some analysis from our senior legal analyst Jeff Toobin. A major defeat, potentially, for the Bush administration, although in the short term they did get a stay. They are not going to force the government from stopping to implement these warrantless wiretaps. How does that happen if the judge, Jeff, rules that it's unconstitutional, why then allow it to continue as the appeals process goes forward?

JEFF TOOBIN, CNN LEGAL ANALYST: Well judges understand that declaring a major government program unconstitutional is a tremendous, important step. And they are usually willing to let the appeals process play out rather than shut a program down initially and that's what happened here.

BLITZER: Because that, clearly, is something that at least a short-term gain from the administration's perspective. Walk us through the process. How is this legal battle going to unfold right now? Will it wind up, presumably, at the Supreme Court?

TOOBIN: You know, I think almost certainly. Because this is such a sprawling and disorganized series of lawsuits at this point, all based to try to determine the same thing, whether this warrantless wiretapping program is unconstitutional.

This judge, today's opinion, said it was unconstitutional in very scathing terms. But this was a very liberal judge. You look at the sources she cites in her opinion. She almost exclusively cites other liberal judges. I am virtually certain that other courts will see this differently. And the only way to resolve those sorts of differences is to have it wind up in front of the U.S. Supreme Court.

I think what's even more likely is that the Supreme Court may say, refuse to deal with this issue on the merits and say, look, we are going to let Congress deal with this, try to sort it all out, then figure out what's going to happen rather than decide a case of this magnitude on the very sketchy facts that are available about this program. Because still, to this day, not a lot of detail is known about what kind of surveillance goes on in this warrantless way.

BLITZER: Well, one way of resolving it would be for Congress to enact new legislation giving the executive branch this kind of authority to go forward with the warrantless wiretaps. That's what Senator Specter, the chairman of the Judiciary Committee, wants to do but we just heard Alberto Gonzalez say they think this program is legal and no additional legislation is necessary. Who's going to win that fight?

TOOBIN: Well, I do think that this opinion will strengthen Senator Specter's argument that Congress needs to step in and make a clear rule that is, without a doubt, constitutional, but Wolf, as you know better than I, Congress is not doing much these days leading up to the election. It's very hard to get Congress to agree on anything, much less something as controversial as the struggle between individual liberty and national security.

The odds against Congress coming together on something of that importance, at the same time, they have to deal with the question of how to handle the inmates at Guantanamo, because of the Supreme Court decision, another legislative project that looks like it is going nowhere fast.

Even though this will be a spur to Congress to try to resolve it, there doesn't seem to be much chance that Congress actually will resolve it before the election, which is only 80-some days away.

BLITZER: Jeff Toobin, our legal analyst.

Up ahead, voters may have snubbed Senator Joe Lieberman in Connecticut's Democratic primary earlier in the month, but will he get the last laugh?

And a media frenzy, the suspect in the JonBenet Ramsey case talks while almost everyone else says no comment. What do we make of the apparent stunning confession? That's ahead. Jeannie Moos with more on that. Live from Jerusalem, you're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Tonight Senator Joe Lieberman may feel a little bit better about leaving his own party. Our Mary Snow is covering the showdown in Connecticut, Mary.

MARY SNOW, CNN CORRESPONDENT: Well Wolf, a new poll shows that Senator Lieberman is 12 points ahead of his Democratic challenger. He is getting the numbers while Democratic challenger Ned Lamont is getting support from some high profile Democrats. Earlier this evening former Senator John Edwards came here to New Haven, Connecticut, to campaign for Lamont and like Lamont, he is calling to withdraw troops from Iraq.

(BEGIN VIDEO CLIP)

SEN. JOHN EDWARDS, FORMER V.P. CANDIDATE: I voted for this war. I was wrong. I should not have voted for this war, and I take responsibility for that. We need a change. We need a change in policy, a change in direction in Iraq. We need to make it clear that we're going to leave Iraq, and the best way to make that clear is to actually start leaving.

(END VIDEO CLIP)

SNOW: Now in a new poll one week after Lieberman lost the Democratic primary, he now has 53 percent of likely voters in a three-way race, with Ned Lamont getting 41 percent and the Republican challenger Alan Schlesinger only getting four percent.

Earlier today Lieberman says though he is not taking anything for granted.

(BEGIN VIDEO CLIP)

SEN. JOE LIEBERMAN (D), CONNECTICUT: The first thing to say is that it's great to be ahead in a poll again. The second thing is I learned from the primary campaign that early polling results don't decide campaigns.

(END VIDEO CLIP)

SNOW: And this race is getting more intense. Earlier this week Vice President Dick Cheney had words of praise for Senator Lieberman, while Senator John Kerry launched an on-line fund raising effort for Ned Lamont. Wolf.

BLITZER: Mary Snow, thank you very much.

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Still ahead, success or debacle? What's really the best way to describe what's happening in Iraq? Jack Cafferty wants to know.

And when young JonBenet Ramsey was first killed, it indicted a media obsession. Now that media frenzy is happening all over again. Our Jeannie Moos takes a closer look.

(COMMERCIAL BREAK)

BLITZER: Let's check in with Jack Cafferty in New York -- Jack.

CAFFERTY: Question this hour, Wolf, is, "do we need a new definition of what constitutes success in Iraq?" In case you hadn't noticed, and it's possible you haven't because of the coverage of the Israeli-Hezbollah conflict, things aren't going so well in Iraq these days. In fact, they're going terrible.

Ken in topeka, Kansas. "We don't need to redefine success in Iraq, we need to redefine failure, because that's what American policy in the Middle East has become and Bush has conflated the two. Bush's mission was accomplished, he got reelected."

Tom in Florida writes, "success is when the country in Iraq and its divergent citizenry learn how to coexist in a well-run and secure nation. In the aftermath of our own revolutionary and civil wars, it took years for real and lasting peace to set in. Give the folks some time to work it out. It's the right thing to do for them."

Josh writes, "I'm a 19-year-old from Blue Springs, Missouri. I'm a member of the Marine corps, so I get to listen to everybody's beliefs on the subject. I'm told day in and day out that we're winning the war. Well, I don't think we're winning the war. And the proof is right in front of our faces. Honestly, how much does it take to show the right people that we're going nowhere with this whole thing. I think our elected officials need to take a step back, see what's better for the good of the people rather than the good of themselves."

dave in Seekonk, Massachusetts, "bringing our soldiers home sounds like Iraqi success to me."

And George in North Carolina, "come on, guys. Of course we don't need any new definitions of anything. The Bushies play by that great line in Alice in Wonderland, it means exactly what I want it to mean. Get a life."

You didn't see your e-mail here. We got lots of them. Go to CNN.com/caffertyfile. And can you read more of them online there.

Wolf, I understand you are headed home tomorrow. Be good to get you back in the states.

BLITZER: It will be good to get back home, Jack. Thanks very much.

Let's find out what is coming up right at the top of the hour. Paula standing by. Hi, Paula.

PAULA ZAHN, CNN ANCHOR: Travel safely, Wolf. Thanks.

Tonight, we're going to devote our entire program to the day's very bizarre development in the JonBenet Ramsy murder case. We're going to take a long hard look at the news conference held today by the new suspect in her killing.

Is John Mark Karr telling the truth? And why was he still teaching even after being arrested on a child pornography charge? As part of our top story coverage, we're going have a startling look at how little our schools know about who is teaching our children and what we as parents should do about that.

I'll see you at the top of the hour, Wolf.

BLITZER: Thanks very much. We'll be watching, Paula.

Still ahead, confession to killing? Jeannie Moos on the media and the murder case. Stay with us.

(COMMERCIAL BREAK)

BLITZER: The 41-year-old teacher arrested in Thailand has ties to both California and Georgia, and now we're picking up some additional online clues regarding John Mark Karr's whereabouts over the past few years. Let's bring in our Internet reporter, Abbi Tatton. She's been digging for details -- Abbi.

ABBI TATTON, INTERNET REPORTER: Wolf, resumes in John Karr's name posted online for job sites for international teaching opportunities. Here's one, including his photo sitting next to an unidentified girl of about elementary school age. This lists that from 2004 to 2005 he was a second grade teacher in Honduras, central America.

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Go back a little bit further, he lists himself as a caregiver and teach ner western Europe, in Germany, in the Netherlands, pointing out on his resume that he took special attention to changing, feeding and bathing an infant in one of the families he worked for.

The resume also puts Karr from 1996 to 2001 in the U.S. It says he was at prestigious schools. It doesn't list where.

There's nothing to indicate that Karr actually got a job through any of these web sites. We tried to contact the organizations, didn't get a call back. And these links that were active earlier on today, some of them are no longer working.

While Karr has been arrested, he is still presumed innocent -- Wolf.

BLITZER: Thank you very much, Abbi, for that.

And a confession to killing and lots of questions. Here's CNN's Jeannie Moos on the media frenzy.

(BEGIN VIDEOTAPE)

JEANNIE MOOS, CNN CORREPSONDENT (voice-over): Media coverage was so intense that one network went live among the dead.

UNIDENTIFIED MALE: Greg, you can see those graves right behind me.

MOOS: The graves of JonBenet and her mother. But the story that started with the headline "Solved," seemed to dissolve into scepticism as analysts began wondering whether...-

UNIDENTIFIED MALE: This is just another cook.

UNIDENTIFIED MALE: Wackos coming out of the woodwork.

JEFF TOOBIN, CNN CORRESPONDENT: Is he a guilty sicko, or an innocent wacko?

MOOS: "Sicko Bagged in Bangkok," screamed the New York Daily News. Not only bagged, but paraded like a trophy before the media mob.

Like a blob, they squeezed through vestibules, squeezed through doors, leaped onto chairs. As John Mark Karr was moved along like a doll, plopped into a seat, sat placidly as the pack frayed.

JonBenet may be a household name in the U.S., but here in Thailand a reporter got mixed up calling Karr by the victim's last name.

UNIDENTIFIED FEMALE: Mr. Ramsy...

MOOS: Somehow the whole perp walk was reminiscent of the last walk JFK's accused assassin took. Lee Harvey Oswald and Karr even look amazingly alike, but while Oswald declared his innocence...

LEE HARVEY OSWALD, JFK ASSASIN: I didn't shoot anybody. No.

MOOS: Karr did the opposite.

UNIDENTIFIED FEMALE: Are you an innocent man?

JOHN MARK KARR, SUSPECTED JONBENET RAMSY KILLER: No.

MOOS: At least he answered the question, and that's more than reporters got from almost everyone else, from the D.A...

MARY LACY, BOULDER, COLORADO DISTRICT ATTORNEY: We cannot comment. I cannot comment past that. I apologize for continuing to say I can't comment.

MOOS: From police.

CHIEF ED WILLIAMS, ROSWELL, GEORGIA POLICE: We cannot let the information out prematurely. It's not something that we are at liberty to release. No, we can't help there you.

MOOS: And from the journalism professor who exchanged e-mails with the suspect.

PROF. MICHAEL TRACEY, UNIVERSITY OF COLORADO: I'm not going to talk about Mr. Karr. I have no comment on Mr. Karr.

UNIDENTIFIED MALE: Do you have any feeling...

UNIDENTIFIED FEMALE: Do you have a comment on Mr. Karr?

MOOS: No comment on him, and a couple of time no comment from him.

KARR: No comment.

MOOS: But on the big question.

KARR: I love JonBenet.

MOOS: Many pundits seem to think he doth confess too much. Jeannie Moos, CNN, New York.

France Declines To Contribute Major Force For U.N. Mission (WP)

By Colum Lynch

The Washington Post, August 18, 2006

UNITED NATIONS, Aug. 17 -- France on Thursday rebuffed pleas by U.N. officials to make a major contribution to a peacekeeping mission in southern Lebanon, setting back efforts to deploy an international military force to help police a cease-fire between Israel and Hezbollah, according to U.N. and French officials.

French President Jacques Chirac said Thursday that France would contribute only 200 additional troops to the U.N. operation in southern Lebanon, which the Security Council wants to expand from 2,000 troops to 15,000. Chirac said that a force of about 1,700 French troops and crew members on warships off the coast would provide logistical support.

Senior U.N. peacekeeping officials said they had hoped France would send thousands of troops, forming the backbone of a large and robust mission that would spur other countries to join. Under a Security Council resolution adopted last week, the U.N. force is to help 15,000 Lebanese soldiers take control of southern Lebanon as Israeli soldiers withdraw.

The French decision on troop levels, reported Thursday in the Paris daily Le Monde, sent U.N. officials scrambling during a meeting here to find countries willing to fill the void.

At the meeting, several governments, including Indonesia, Nepal and Bangladesh, committed to send a total of nearly 4,000 troops, while Britain, Denmark and Germany agreed to send warships to patrol Lebanon's Mediterranean coast for arms smuggling. The United States pledged to provide logistical support, but not ground troops.

Germany's U.N. ambassador, Thomas Matussek, said that pending parliamentary approval, his government would also provide customs officers and specialized police to help Lebanon monitor its border with Syria, a key transit point for Hezbollah's arms supplies.

But there were no firm commitments to contribute personnel for a crucial, well-equipped spearhead force of 3,500 troops that the United Nations is trying to get into southern Lebanon within the next 10 days, according to India's U.N. ambassador, Nirupam Sen. The United Nations had hoped that the mission would be made up largely of forces from advanced military powers, including France, Italy, Spain and Turkey, whose troops and firepower could deter challenges.

U.N. Secretary General Kofi Annan called Chirac on Thursday to plead with him to reconsider. The French president's office released a statement later indicating he had not yielded.

The statement confirmed that France would send a company of 200 military engineers to Lebanon. They would join more than 200 French peacekeepers already serving in the relatively small U.N. Interim Force in Lebanon, known as UNIFIL. Chirac also told Annan that "France was prepared to assume command" of the bolstered U.N. force, according to the statement.

Addressing potential troop contributors, the U.N. deputy secretary general, Mark Malloch Brown, said no U.N. task in Lebanon was "more urgent, nor more fundamental to preserving peace" than sending a "strong, robust force" to help the Lebanese army assert its authority over south Lebanon for the first time in more than 25 years. "Every moment we delay is a moment of risk that the fighting could re-erupt," he said.

After the meeting, Malloch Brown said that although he had feared that France's announcement would "cast a shadow" over U.N. recruiting efforts for the mission, it had not "deterred others from coming forward with offers." Still, he declined to discuss whether there were commitments for the first phase of the U.N. deployment.

Israel's U.N. ambassador, Dan Gillerman, said he hoped that other countries would fill the void. "There were a lot of expectations the French would actually lead this thing, and a lot of countries are waiting to see what France does," Gillerman said. "I'm not sure France is the key. We know there are quite a few other countries who want to take part."

Gillerman said that the withdrawal of Israeli troops from Lebanon was "moving along" but that a final decision to return all the troops to Israel would "obviously depend very much on the international force being deployed."

Diplomats said France had done little before Thursday to dampen expectations that it would play a far more ambitious peacekeeping role.

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U.S. officials said they had been caught off guard by the French decision but still harbored hopes that France would reconsider and provide more troops. "It took us a little by surprise," said one Bush administration official, who declined to speak publicly because of the sensitivity of the negotiations. "We are seeking an explanation. We assume there is more to the story."

The decision was prompted in part by the French military's anxiety over serving under U.N. command, diplomats said. French officials cited the loss of 84 French troops in the U.N. mission in the early 1990s in Bosnia, and the seizure of French peacekeepers as hostages. French officials had also expressed concern that Hezbollah fighters were not prepared to disarm and might turn their guns on peacekeeping troops, according to U.N. diplomats. In 1983, Islamic militants killed 58 French paratroops in a suicide bomb attack in Beirut.

France Hedges On Commitment To Lebanon Force (WSJ)

By Marc Champion

The Wall Street Journal, August 18, 2006

France said it would send just 200 new troops to Lebanon and set a host of conditions before it will send more, in a setback for hopes that an effective international force can be deployed rapidly as a buffer between Israel and the Hezbollah militia.

The French position, announced on the day that about 50 nations gathered at the United Nations in New York to work out the precise mission and rules of engagement for the Lebanon force, came as a blow to U.N. officials who had expected Paris to take the lead.

Diplomats worried yesterday that without the French lead, it will be hard to persuade other countries to offer the big contributions needed to create a force of 15,000, as called for in last Friday's U.N. Security Council resolution that France co-wrote. Italy, which has said it could offer as many as 3,000 troops, lined up behind France's wait-and-see position.

French officials said their conditions include a clear mission for the troops, robust rules of engagement, sufficient equipment and guarantees that the international troops won't be targeted by Hezbollah. France also wants to ensure that other countries, particularly from the Muslim world, contribute troops.

After a phone conversation with U.N. Secretary General Kofi Annan, French President Jacques Chirac indicated France could make a bigger contribution once its conditions are met. For now, Mr. Chirac said France is offering only to continue its command of the small existing U.N. monitoring force in south Lebanon, known as Unifil; to keep the 1,700 personnel it has manning support ships and aircraft in the region; and to double its current contingent of 200 Unifil troops.

The expansion of Unifil to 15,000 troops from the current 2,000 was central to the cease-fire deal that France effectively negotiated with the U.S. Israel and Washington wanted a rapid deployment, worrying that without another military force on hand, Hezbollah would simply regroup in the vacuum left by Israel's withdrawal from southern Lebanon. Although Lebanese government troops are moving into the area, it isn't clear that they will be able to contain the Shiite Muslim militia, which gets backing from Syria and Iran. The U.S. has said it won't contribute troops to the effort, given its continuing commitment in Iraq.

Many diplomats and analysts had assumed France would both command the force, an essential element in securing the cease-fire deal, and be one of the biggest providers of troops. Estimates for the French contribution had ranged as high as 5,000.

Speaking on French television Wednesday night, French Defense Minister Michèle Alliot-Marie said it is important to draw lessons from the mistakes surrounding the current Unifil force, which has a weak mandate and lacks the intelligence capabilities, equipment and expertise to be effective. She said the resolution's mandate for an expanded force is "fuzzy" and that France isn't willing to commit more troops until the new force's role is "broken down" and clarified.

A spokeswoman for Mr. Chirac also said yesterday that France is looking for "guarantees" from the Lebanese government that Hezbollah won't target the international force. France lost 58 peacekeepers to a Hezbollah suicide bomber in 1983, and has assumed tough diplomatic positions against both Iran and Syria, Hezbollah's main sponsors.

That also helps to explain France's determination that the international force should have a large contingent from Muslim countries. "At no moment [should] you give the impression that this is an operation conducted by the Western world against the Eastern world," Ms. Alliot-Marie said.

France has been a key player in the international effort to pressure Iran into abandoning its nuclear-fuel program, which French, U.S. and other governments believe is intended to produce nuclear weapons. Together with Washington, Paris also has

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led the drive to hold Syria accountable for its alleged role in the February 2005 assassination of former Lebanese Prime Minister Rafik Hariri.

According to its own military analysts, France has sufficient troops to send to Lebanon for a relatively short mission. Currently, there are 13,200 French troops deployed around the world, including 3,600 in Ivory Coast and 2000 in Kosovo.

U.N. Gets 3,500 Troops For Mideast Force (AP)

By Edith M. Lederer, Associated Press Writer

AP, August 18, 2006

The United Nations got pledges Thursday of 3,500 troops for an expanded U.N. peacekeeping force in Lebanon, but it was unclear whether the soldiers represented the right mix of countries and units and could deploy very quickly.

Bangladesh made the largest offer of up to 2,000 troops but France offered just 400, a disappointment to some who expected more from the country likely to lead the force.

Deputy Secretary-General Mark Malloch Brown told a meeting of nearly 50 potential troop contributing countries that at least 3,500 new troops are needed in south Lebanon within 10 days to expand the 2,000-strong U.N. force trying to help maintain an uneasy truce between Israel and Hezbollah militants.

"We have it in quantitative terms," he told reporters after the three-hour closed-door meeting. "But the issue is ... which battalions can we get there in the timeline required? Are they the right battalions with the right skills and equipment, and do they represent a multilateral enough group of countries?"

"The show is on the road, we are in business — but a lot of work to be done in the coming days to meet the deadline," he said.

"Every moment we delay is a moment of risk that the fighting could re-erupt," he told the meeting.

According to U.N. diplomats, Bangladesh pledged two mechanized battalions, Indonesia pledges one mechanized battalion and an engineering company, Malaysia pledged one mechanized battalion and Nepal pledged one mechanized infantry battalion.

Battalions range from 600 to 1,000 soldiers, depending on the country. Yahya Mahmassani, the Arab League's envoy to the United Nations, said he had been officially informed that Bangladesh would contribute two battalions, totaling between 1,600 and 2,000 troops.

Britain's U.N. Ambassador Emyr Jones Parry announced a "quite substantial" maritime and aviation commitment of 6 Jaguar aircraft, 2 AWACS surveillance planes, and one naval frigate. Britain also offered one of its base in Cyprus as a staging point, he said.

Germany's U.N. Ambassador Thomas Matussek said he offered "a rather substantive maritime component which is so encompassing that it could patrol and secure the whole of the Lebanese coast to make sure that weapons or other related materials don't get into Lebanon." Germany also offered customs agents, police and border protection agents to patrol the Syrian border, he said.

Denmark pledged two ships for maritime patrol and many other countries said they would study the operational plans for the force and the draft rules of engagement before making any decisions, including Italy, Spain, Egypt, Belgium and Morocco, U.N. diplomats said, speaking on condition of anonymity because the meeting was closed.

U.S. Assistant Secretary of State David Welch, who is in charge of the Mideast bureau, said that the United States does not plan to participate in the force. "Our history in Lebanon has not been a happy one," he said this week.

The U.N. resolution that led to Monday's cease-fire between Israel and Hezbollah after a 34-day war authorized up to 15,000 U.N. peacekeepers to help 15,000 Lebanese troops extend their authority throughout south Lebanon, which Hezbollah controls, as Israeli troops withdraw. The aim is to create a buffer zone free of Hezbollah fighters between the Litani River and the U.N.-drawn border, about 18 miles to the south.

Malloch Brown said the draft rules of engagement call for the use of force to prevent hostile activities in the buffer zone and to resist attempts to prevent the U.N. force, known as UNIFIL, from discharging its duties. The rules also allow UNIFIL to use

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force in assisting the Lebanese government if asked to secure its borders to prevent foreign forces, weapons and ammunition from entering the country, he said.

France and Italy said earlier Thursday that the peacekeeping mandate is not explicit enough, and demanded the U.N. set clear rules of engagement for troops that would bolster the force.

A key concern is whether the force will be called on to disarm Hezbollah fighters, as called for in a September 2004 U.N. resolution.

"The role of this force is not large-scale disarmament of Hezbollah, but rather policing a political agreement where the Lebanese government and Hezbollah have agreed to disarm," Malloch Brown said.

Some potential contributors are believed to be concerned about avoiding confrontation with Hezbollah or being caught in the middle of a future conflict.

Germany said it wouldn't send any but is expected to provide logistical support.

Before the meeting, French President Jacques Chirac announced that France will immediately double its 200-strong contingent already in the U.N. force to 400. The announcement said Chirac told U.N. Secretary-General Kofi Annan in a phone call that France is prepared to command the strengthened force until February.

"We were disappointed," Malloch Brown said. "We had hoped France would be able to do more."

Italy has said it could quickly send as many as 3,000 soldiers — up from its current contribution of about 50 — but Italian Prime Minister Romano Prodi's office said that he was pushing for explicit ground rules.

Associated Press Writer Jamey Keaten contributed to this report from Paris.

U.N. Aide Says A Lebanon Peace Force Can Deploy In 10 Days (NYT)

By Warren Hoge

The New York Times, August 18, 2006

UNITED NATIONS, Aug. 17 — France on Thursday made a disappointing offer of support for the United Nations force in Lebanon, but by the end of the day a top United Nations official said the organization was on track to meet its goal of having 5,500 foreign troops on the ground there in 10 days.

“I would say the show is on the road, we’re in business,” Mark Malloch Brown, the deputy secretary general, said after he emerged from a meeting of 49 countries that had expressed interest in contributing to the peacekeeping force.

He said he had been encouraged by the responses at the meeting and expected that once the documents covering the rules of engagement had been studied in capitals over the weekend, there would be firm commitments of needed troops.

Under the resolution ending the fighting in Lebanon, the United Nations force there is to grow to a 15,000-member force, which will assist the 15,000 soldiers of the Lebanese Army who have begun deploying in southern Lebanon.

The United Nations had been counting on France, which drafted the resolution with the United States for halting the fighting in Lebanon, to make a major contribution to a 3,500-member first-phase contingent to join the 2,000 United Nations soldiers already there.

France had also insisted that the new force be a United Nations mission, rather than just a multinational force.

But early Thursday, Jacques Chirac, the French president, announced in Paris that France would send only 200 soldiers to join the United Nations force in Lebanon while making the 1,700 members of the French air and naval forces already in the region available, though not under the command of the United Nations. Since France already has 200 soldiers in the United Nations’ Lebanon force, Mr. Chirac characterized the move as “doubling” France’s assistance.

“We were disappointed, yes — we had hoped France would be able to do more,” Mr. Malloch Brown said. He said he initially feared the limited French offer would “cast a shadow” over the potential troop contributors’ meeting, but in the end, he said, it did not deter the others.

Mr. Malloch Brown said the most persistent questions centered on the kind of offensive activities the foreign troops might have to engage in, since one of the objectives of the resolution is the disarmament of the Hezbollah militia, which had long controlled southern Lebanon.

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He said he told the questioners that “the role of this force is no large-scale disarmament of Hezbollah but rather policing a political agreement.” Under that accord, the Lebanese Army will become the only legitimate force in southern Lebanon.

The more likely encounters, he said, would be with arms smugglers. “In those cases,” he said, “if they do not voluntarily disarm when confronted by our troops and if they try to forcefully resist disarmament, then we will indeed employ force ourselves to disarm them.”

According to a participant in the closed meeting, Belgium, Italy, Spain, Egypt and Morocco all said they wanted to contribute but needed time to study the rules of engagement laid out by Mr. Malloch Brown and officials from the department of peacekeeping.

Bangladesh, Denmark, India, Indonesia, Malaysia and Nepal were among the countries making firm offers of mechanized battalions, engineering companies and ships. Britain would offer one of its bases in Cyprus as a staging point and a “quite substantial” maritime and aviation commitment, said its ambassador, Emyr Jones Parry.

Thomas Matussek, the German ambassador, said his country would seek parliamentary approval in Berlin for providing police officers, customs agents, aircraft and ships to help stop arms from flowing across the border with Syria or by sea.

Mr. Malloch Brown said he thought he had the 3,500 troops “in quantitative terms, but the issue is which battalions can we get there in the timeline required.”

Where Did The French Go? (WP)

The Washington Post, August 18, 2006

THROUGHOUT this summer's crisis in relations between Israel and Lebanon, France has been liberal with its advice and admonitions, as befits the major power it claims to be. Now that the time has arrived to assume the responsibility of a major power, however, France appears suddenly bashful. The consequence for the peace deal it helped broker could be calamitous.

During the fighting that began when Hezbollah crossed into Israel to kidnap two soldiers and kill several others, France pressed for Israel to cease its military actions. At one point, it supported Arab demands that Israel withdraw before an international force was in place. Just this week, France's foreign minister was telling Israel to end its blockade of Lebanese ports and airports.

Yet, as it questioned Israel's methods, France claimed to be supporting many of its goals. The blockade was intended to prevent Iranian and Syrian arms shipments to Hezbollah, and France said it supported an end to the illicit flow of arms. Israel's incursion was meant to disarm or weaken Hezbollah's militia, and France said it, too, wanted a Lebanon with only one army -- the national armed forces.

How to square this circle? According to a U.N. Security Council resolution crafted by France and the United States and adopted unanimously last Friday, the Lebanese armed forces would become the only armed force in Lebanon. They would deploy to the south, where Hezbollah had enjoyed a monopoly of military power. They would bar all unauthorized arms shipments into the country. Because they are weak and poorly trained, they would be backed by a U.N. force with as many as 15,000 troops. And, U.N. officials were led to believe, France would take a major role in leading and supplying troops to this international force, which would in turn encourage other nations to participate. Asked on the day the resolution was adopted about the deployment of the U.N. force, France's U.N. ambassador said, "I think it can be very swift."

Well, not so swift, it turns out, and possibly not so robust. Now that Israel is withdrawing and Hezbollah fighters are emerging with a swagger, French President Jacques Chirac says he is ready to send only an engineering company of 200 soldiers to join 200 serving in the current, and impotent, U.N. force in Lebanon. The French general who had been commanding that force will remain until his tour expires in February; this is apparently as much as the French had in mind when they talked about "leading" the force.

French officials said last night that they have not ruled out a larger contribution. It all depends on the rules of engagement, other nations' contributions and other matters under delicate discussion in New York. Let's hope that Mr. Chirac's 200 troops are not in fact the last word. Other nations will be less likely to contribute if France remains on the sidelines, and without a substantial force the peace settlement -- fragile to begin with -- is far less likely to endure. That, in turn, would seem to offer precisely the wrong lesson for a European nation eager to provide international leadership and to prove that diplomacy and peacekeeping can accomplish more than war.

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U.N. Pledges $64 Million For Cleanup Of Oil Spill Off Lebanon (NYT)

By Anthee Carassava

The New York Times, August 18, 2006

PIRAEUS, Greece, Aug. 17 — The United Nations Environment Program on Thursday pledged 50 million euros, about $64 million, to help clean up and contain a major Mediterranean oil spill caused by the conflict in Lebanon.

The 87-mile-long slick, described by experts as the worst environmental disaster in Lebanese history, stained Lebanon's shores after Israeli warplanes bombed an oil storage depot at Jiyeh, about 19 miles south of Beirut, on July 13 and 15.

The continuing hostilities between Israel and Hezbollah barred marine experts from inspecting the most severely affected areas.

But the cease-fire that took effect on Monday cleared the way for the start of an international effort to clean up and contain the spill, said United Nations, European and maritime officials who met here about the situation.

"Now that the bombs have stopped and the guns have silenced," said Achim Steiner, executive director of the United Nations Environment Program, "we have a chance to rapidly assess the true magnitude of the problem and finally mobilize the support for an oil cleanup and restoration of the coastline." Up to 15,000 tons of heavy fuel poured into the Mediterranean after the Jiyeh bombings, also polluting the Syrian coast and threatening other countries.

The spillage could total 35,000 tons, close to the 1989 spill from the Exxon Valdez tanker accident in Alaska, officials said on the sidelines of the meeting here, in Greece's biggest port.

The participants included Stavros Dimas, the European commissioner for the environment, and representatives from Cyprus, Lebanon, Syria and Turkey.

"The treatment of this spill, the re-establishment of the ecosystem will take years," said the Lebanese environment minister, Yacoub Sarraf.

Lebanon began cleaning up the black sludge on Wednesday, sending vacuum trucks and pumps to clean tar balls that have settled on Beirut's sandy coast. Despite the cease-fire, officials said, a continuing Israeli sea and air blockade hampered the arrival of equipment.

Environmentalists say that endangered Mediterranean wildlife, like the green turtle, whose eggs hatch on Lebanese and Syrian beaches in July, faces an imminent threat. They say the spill — a cocktail of highly toxic substances — could damage tourism, rob fishermen of their livelihood and endanger human health, with a heightened risk of cancer because the fuel that spilled contained carcinogens like benzene.

Under the four-page United Nations-sponsored plan completed Thursday, a number of Mediterranean countries will contribute personnel, training and equipment for the cleanup. Kuwait and Norway have already sent chemicals and equipment to clean up the oil, while OPEC has promised $200,000 for the effort, which also includes aerial surveys to assess the extent of the spill.

Start Talking To Hezbollah (NYT)

By Lakhdar Brahimi

The New York Times, August 18, 2006

WHAT a waste that it took more than 30 days to adopt a United Nations Security Council resolution for a cease-fire in Lebanon. Thirty days during which nothing positive was achieved and a great deal of pain, suffering and damage was inflicted on innocent people.

The loss of innocent civilian life is staggering and the destruction, particularly in Lebanon, is devastating. Human rights organizations and the United Nations have condemned the humanitarian crisis and violations of international humanitarian law.

Yet all the diplomatic clout of the United States was used to prevent a cease-fire, while more military hardware was rushed to the Israeli Army. It was argued that the war had to continue so that the root causes of the conflict could be addressed, but no one explained how destroying Lebanon would achieve that.

And what are these root causes? It is unbelievable that recent events are so regularly traced back only to the abduction of three Israeli soldiers. Few speak of the thousands of Palestinian prisoners held by Israel, or of its Lebanese prisoners, some of

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whom have been held for more than 20 years. And there is hardly any mention of military occupation and the injustice that has come with it.

Rather than helping in the so-called global war on terror, recent events have benefited the enemies of peace, freedom and democracy. The region is boiling with resentment, anger and despair, feelings that are not leading young Arabs and Palestinians toward the so-called New Middle East.

Nor are these policies helping Israel. Israel's need for security is real and legitimate, but it will not be secured in any sustainable way at the expense of the equally real and legitimate needs and aspirations of its neighbors. Israel and its neighbors could negotiate an honorable settlement and live in peace and harmony. As often happens in complex conflict situations, however, the parties cannot do it alone. They need outside help but are not getting it.

It is perhaps too early to draw lessons from this month of madness. What is clear, however, is that Hezbollah scored a political victory and its leader, Sheik Hassan Nasrallah, has become the most popular figure in the Muslim world. As for Israel, it does not seem to have achieved its stated objectives. Should these trends continue, it is hard to imagine stability coming to the region soon.

So what can be done? The international community should take several steps — some concrete, some conceptual — to address the current crisis.

First, priority must be given to ensuring Lebanon's unity, sovereignty and territorial integrity and the full implementation of the 1989 Taif accord, which I helped negotiate on behalf of the Arab League. This agreement specifically required that the Lebanese government, like all states, have a monopoly over the possession of weapons and the use of force.

Second, we must recall that Hezbollah came into existence as a consequence of the Israeli invasion of Lebanon in 1982. Like all movements, it has evolved: it was initially a militia and a resistance movement against foreign occupation. It then developed into both a political party and a social organization, providing valuable services to its impoverished community.

Rather than trying to isolate Hezbollah, we should be encouraging it to play a responsible role in the internal dynamics of Lebanon. It would then, in turn, be legitimate to expect Hezbollah to accept the Lebanese state's exclusive right to possess armaments and use force.

Third, it is something of a paradox to ask Iran and Syria to sever relations with Hezbollah while asking them to use their influence to obtain its compliance with the cease-fire resolution. Would it not be more effective to demand that both countries, as well as all other states in the region and beyond, scrupulously respect Lebanon's sovereignty and abstain from interfering in its internal affairs?

Fourth, the most valuable contribution Israel can make to lasting peace across its northern border is to withdraw its troops from all the territory it currently occupies, including the Shebaa Farms.

Finally, urgent and sustained attention must be focused on the problem that underlies the unrest in the Middle East: the Palestinian issue. A wealth of United Nations resolutions and other agreements already exist that provide a basis for a just and viable solution to the Middle East conflict.

One approach could be for a team of mediators to be mandated by the Security Council and an international conference (including the Arab League) to take on the formidable task of reviving the pre-existing agreements that work best and then seeing that they are put in place.

If the United States and other key countries could see this conflict through a different lens, there could be a real chance for peace. This would be the best way to signal genuine respect and atonement for the suffering inflicted on so many innocent people for so many years.

A Moment To Be Seized In Lebanon (WP)

By Charles Krauthammer

The Washington Post, August 18, 2006

The charm of any U.N. Security Council resolution lies in the preamble, which invariably begins by "recalling" all previous resolutions on the same subject that have been entirely ignored, therefore necessitating the current resolution. Hence newly

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minted Resolution 1701: Before mandating the return of south Lebanon to Lebanese government control, it lists the seven Security Council resolutions going back 28 years that have demanded the same thing.

We are to believe, however, that this time the United Nations means it. Yet, the fact that responsibility for implementation is given to Kofi Annan's office -- not known for integrity, competence or neutrality -- betrays a certain unseriousness about the enterprise from the very beginning.

Now, it is true that had Israel succeeded militarily in its strategic objectives, there would have been no need for any resolution. Israel would have unilaterally cleaned out south Lebanon and would be dictating terms.

But that did not happen. The first Israel-Hezbollah war ended in a tie, and in this kind of warfare, tie goes to the terrorist. Yet there is no doubt that had Israel been permitted to proceed with the expanded offensive it began two days before the cease-fire, Israel would eventually have destroyed Hezbollah in the south, albeit at great cost to itself, Lebanon and Israel's patron, the United States. Which is why the war was called off.

Having obviated that possibility with the cease-fire, the United States is left with certain responsibilities. Secretary of State Condoleezza Rice gave assurances that this resolution would not be a dead letter; that it had enough Chapter 7 (i.e., legally enforceable) language to give it teeth; that there would indeed be a buffer zone below the Litani River; that there would be a robust international force with robust rules of engagement.

Yet, within days, these assurances are already fraying. Hezbollah has declared that it will not disarm. The Siniora government in Beirut has acquiesced in a "don't ask, don't tell" deal in which Hezbollah retains its entire infrastructure south of the Litani -- bunkers, weapons, fighters -- with the cosmetic proviso that none will be displayed very openly. No strutting, but everything remains in place awaiting the order to restart the war when the time is right.

That arrangement is essentially a return to the status quo ante -- precisely what the United States had said it would not permit because that would represent a strategic disaster for the forces of democracy and moderation in the region.

We are headed for a complete repudiation of the bottom-line American position. The stakes are high. Not so much for Israel, which in the end will take care of itself. By the now-inevitable Round Two, Israel will have rejected the failed Olmert-led exercise in hesitancy and will have new leadership, new tactics and new equipment (for example, expensive new plating for its tanks, which were so vulnerable to advanced Iranian antitank weaponry).

What is most at stake, from the American perspective, is Lebanon. Lebanon was the most encouraging achievement of the democratization project launched with great risk with the invasion of Iraq. The Beirut Spring, the liberation from Syrian rule and the election of a pro-Western government marked the high point (together with the first Iraqi election, which inspired the events in Lebanon) of the Bush doctrine.

Syria, Iran and Hezbollah have been working assiduously to reverse that great advance. Hezbollah insinuated itself into the government. The investigation of Syria for the murder of Rafiq Hariri has stalled. And now, with the psychological success of the war with Israel, Hezbollah may soon become the dominant force in all of Lebanon. In the south, the Lebanese army will be taking orders from Hezbollah. Hezbollah is not just returning to being a "state within a state." It is becoming the state, with the Siniora government reduced to acting as its front.

That is why ensuring that Hezbollah is cut down to size by a robust international force with very strict enforcement of its disarmament is so critical. For all its boasts, Hezbollah has suffered grievously militarily, with enormous losses of fighters, materiel and infrastructure. Now is its moment of maximum weakness. That moment will not last long. Resupply and rebuilding have already begun.

This is no time for the U.S. ambassador to the United Nations to be saying, when asked about the creation of an international force, that "this really is a responsibility of the Secretariat." Maybe officially, but if we are not working frantically behind the scenes to make sure that this preposterously inappropriate body gets real troops in quickly, armed with the right equipment and the right mandate, the moment will be lost. And with it Lebanon.

Abbas: Militants Agree To Halt Attacks (AP-Y)

By Diaa Hadid, Associated Press Writer

AP, August 18, 2006

DOJ_NMG_0049985

Palestinian President Mahmoud Abbas said Thursday that militant groups promised to suspend attacks on Israel in hopes of ending a nearly 2-month-long Israeli crackdown in the Gaza Strip.

The militants denied there was a formal agreement with Abbas, but left the door open to a possible halt in attacks. Only minor violence was reported Thursday, and there appears to have been a drop in rocket attacks on Israel in recent days.

Abbas said the groups reached their accord late Wednesday during renewed talks on forming a unity government including his Fatah Party and the rival Hamas group, which controls the Cabinet. The talks broke down after Hamas-linked militants captured an Israeli soldier in late June and Israel responded with a widescale offensive in Gaza.

The militants holding the soldier have demanded the release of Palestinian prisoners, a condition Israel rejects.

Palestinian hospital officials say 220 Palestinian have been killed in the Israeli offensive, most of them gunmen. Palestinian officials fear that Israel, after battling Hezbollah guerrillas to a stalemate in Lebanon, now will focus on Gaza.

In an effort to head that off, Abbas announced the unilateral cessation of violence.

"Yesterday all factions met and agreed to a period of calm, and agreed to stop all actions which by their nature give an excuse for others to attack us," Abbas said at a graduation ceremony for presidential bodyguards.

Abbas, a moderate who favors peace talks with Israel, has been locked in a power struggle with Hamas since the Islamic militant group defeated Fatah in January parliamentary elections.

Hamas has rejected Israel's demands to renounce violence or recognize the Jewish state. Israel has cut ties with the government and refused to transfer tax money it collects on behalf of the Palestinian Authority, making it impossible for the Hamas government to pay full salaries to its employees.

Abbas hopes a unity government would enable him to restart negotiations with Israel.

Ibrahim Abu Naja, who heads the umbrella committee coordinating the talks among Palestinian factions, said a deal to renew a cease-fire had been reached. But he said the truce would depend on Israel.

"All the factions asserted the need for quiet," he said. "They have agreed not to attack Israel, but we want a word from the Israelis that they will agree as well ... We are waiting for goodwill gestures from the Israelis."

Israeli government spokesman David Baker said Israel would respond positively to an end to the rocket attacks, which Palestinian militants have launched almost daily for months.

"What counts are deeds and not rhetoric," Baker said. "If Israel were to see concrete actions by the Palestinians to halt terror against Israel, then that would certainly be quite a change. ... There will be no need for Israeli action if the Palestinians once and for all take these kinds of actions. In their absence, Israel will continue to defend itself."

Militants from most factions, including Hamas, denied they had agreed to a unilateral cease-fire, and it remained unclear whether Abbas would be able to enforce it.

Hamas' militant wing issued a statement shortly after his speech claiming it had fired a rocket at an Israeli border crossing. The Israeli army confirmed the attack, saying there were no injuries.

Still, the group left the door open to a deal. "The Israelis must calm down, not us," said Sami Abu Zuhri, a Hamas spokesman.

A senior Hamas official said the group's political leaders decided last week to halt rocket attacks on Israel but was waiting for an Israeli gesture in return.

There has been a sharp drop in rocket fire this month. On its Web site, Hamas' militant wing said it hasn't fired a rocket into Israel since Aug. 7.

Israel's offensive against Hamas was accompanied by the arrests of Hamas Cabinet ministers and lawmakers. An Israeli military court on Thursday extended the detention of the Palestinian parliament speaker, Abdel Aziz Duaik.

Duaik, who was hospitalized with chest pains after his arrest this month, shouted complaints on his way to court.

"I am the elected representative of the people," he said. "My rightful place is among the people." Duaik, whose hands and feet were cuffed, said he has been held in solitary confinement.

Pakistan's Leader Faces Increasing Political Challenges (NYT)

By Somini Sengupta

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The New York Times, August 18, 2006

ISLAMABAD, Pakistan, Aug. 14 — Nearly five years after Sept. 11 turned Pakistan's president, Gen. Pervez Musharraf, into one of Washington's most indispensable allies, he finds himself squeezed from many directions, leading to one of the most serious political binds of his nearly seven-year tenure.

His two main political foes, who undermined each other for years, are linking arms in an effort to restore civilian rule. Some erstwhile allies on the religious right, emboldened by spreading rage against General Musharraf's pro-American stance, have stepped up their criticism.

Corruption scandals have dogged some of his partners, including the prime minister, Shaukat Aziz, who faces a no-confidence motion in Parliament next week. Inflation has increased. An ethnic insurgency in Baluchistan refuses to subside; Pakistan attributes it to unfriendly neighbors.

No one doubts that the president, who is also the army chief of staff, remains the most powerful man in Pakistan and enjoys the backing of the United States. "He still makes the political weather," as one Western diplomat put it. But there are signs of weakness.

Last month a letter signed by a group of retired generals and government officials, including those who once worked with him, called for "the military's disengagement from political power," urging General Musharraf to shed his military uniform if he was to remain president.

In Washington there are also simmering concerns. A series of planned terrorist attacks with links to Pakistan as well as a sharp rise in crossborder Taliban attacks in Afghanistan have prompted renewed debate within the Defense Department about Pakistan, according to two people involved who requested anonymity because they were not authorized to comment publicly.

They said that in particular, the sharply rising American casualty rate in Afghanistan had increased skepticism among some American military officers about the Pakistani intelligence service's efforts to rein in the Taliban.

"There is an increasing view in the United States that Pakistan isn't very helpful," said one researcher involved in the debate, referring to frustration among some officers. "There are people who are really thinking twice about this relationship with Pakistan."

At home, General Musharraf has been criticized for having little to show for his overtures toward India. Likewise, his post-Sept. 11 assault on suspected militants taking shelter in the tribal areas along the Afghan border, done at the behest of the Bush administration, has resulted in the capture of a number of leaders of Al Qaeda but also the deaths of hundreds of Pakistani troops and a mounting rage in the tribal areas.

At the same time, Afghanistan and India have been nipping at the general's heels for not doing enough to crack down on militants who they say export violence to their respective countries. Religious radical groups continue to operate here, including those that have links with banned terrorist outfits.

They continue to be implicated in investigations of terrorism suspects half a world away, most recently the group Jamaat ud Dawa in the London airplane bombing plot. Even General Musharraf's promise to reform radical madrasas, as Islamic religious schools are called, has yet to be fulfilled.

"There are new domestic eruptions, and he hasn't yet drenched the fires on the foreign policy front," said Najam Sethi, editor of The Daily Times in Lahore.

A Western diplomat here in Pakistan said, "Musharraf is in a weaker position than he has been in the past, no doubt about it." The diplomat, who could not be identified by name because he was not authorized to comment publicly on the politics of this country, added, "There are constraints on him."

But in Washington the official view remains strongly supportive. Richard A. Boucher, the assistant secretary of state for South and Central Asia, credited General Musharraf with having kept his promise to "break" with the Taliban and their Qaeda allies.

Although the Taliban have reorganized inside Pakistan, Mr. Boucher said, General Musharraf's government is trying to gain control of the Pakistan-Afghanistan border.

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"They've closed some camps; they've outlawed some groups," he said in an interview. "You have to understand how deeply rooted extremism is in Pakistan." Of the general's cooperation with Washington, he added: "I think we've seen plenty. We certainly work with Musharraf."

The coming months pose a big question mark. With elections expected before the end of next year, there is a concern among friends and critics alike: Will domestic politics further compromise his ability to drive through promised reforms?

For the sake of staying in power, political observers say, he must broaden his support. If he broadens it in favor of the right, his ability to crack down on religious extremists will be further compromised.

If he broadens in favor of the political left, he will be more able to carry out his promise to crack down on extremism, but will then have to embrace a political nemesis: Benazir Bhutto, leader of the Pakistan People's Party, who lives in exile, having been convicted of corruption. She has signed a pact with Nawaz Sharif, the other main opposition party leader, also in exile, and his Pakistan Muslim League.

"He is getting increasingly isolated and cornered," Lt. Gen. Talat Masood, now retired from the army and one of the signers of the letter, said of General Musharraf. "There is a genuine urge and demand in the country to revert to democracy and give a fair deal to all the parties."

For his part, the president presented a lengthy defense of his record in a speech to the nation in late July — one that also revealed the breadth of his troubles. Addressing inflation, he announced that government shops would sell basic staples to the poor at controlled prices.

He said the domestic budget had more than doubled during his nearly seven-year tenure, he outlined a development plan for restive Baluchistan, and he rattled off how many tractors and motorcycles were being produced in the country. The economy has grown at an annual clip of 7 percent over the last three years.

He criticized India and Afghanistan for suggesting that his efforts to tackle terrorist groups were less than robust. And on the subject of religious radicals, he urged mosques to refrain from using loudspeakers, demanded that "hate material" not be circulated and urged government officials to "look at the problem and take it seriously."

It was remarkably similar to, though far more tepid than, wish lists he has presented before.

General Musharraf's promise of madrasa reform fell under renewed scrutiny in the aftermath of the London subway and bus bombings in July 2005. At the time, he promised to expel foreigners studying in Pakistani madrasas and he ordered his government to register all of the madrasas by the end of last year.

Resistance was swift, especially from the coalition of Islamic religious parties. The government has not persuaded all madrasas to register. It has allowed foreign students to remain, so long as they have permission from their home governments. Enforcement is daunting.

Even his fiercest critics acknowledge that some of his troubles are the doings of others. For instance, they say, India's recalcitrance at his Kashmir proposals — principally his offer to soften the so-called Line of Control that divides the territory between the countries — has weakened his credibility at home.

Except for the release of prisoners and opening of transportation links, they argue, nearly every piece of the India-Pakistan peace agenda remains unresolved, from smaller territorial issues to the hardest nut of all: the fate of Kashmir.

"He has tried, he has failed, and the Indians share responsibility for that," said one of the general's most trenchant opposition critics, Aitzaz Ahsan of Ms. Bhutto's Pakistan People's Party.

Likewise, there are the tribal areas. No civilian government, Mr. Ahsan conceded, could have sent hundreds of Pakistani troops to face the Taliban — and die — in the hilly redoubts in the north, as General Musharraf did at American urging.

But his policy has helped to push the tribal regions further beyond the writ of the government and has not quieted the Taliban and their allies. The Pakistani government insists that it is trying its best to root out Taliban and that it is unfairly blamed for Afghanistan's failure to expel them from inside its own borders.

There is another opinion: that five years after Sept. 11 and Washington's weariness in Afghanistan, Pakistan has no interest in completely quelling the Taliban. It would not be in General Musharraf's interest, the argument goes, to forever lose all political influence over Kabul.

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"The Pakistanis saw their concessions as temporary," argued Stephen P. Cohen, a senior fellow at the Brookings Institution. "They have permanent interests in Afghanistan and are waiting for the U.S. to depart. Now that we are on our way out of Kabul, I can expect Islamabad to try to increase its support for its clients in Afghanistan."

U.S. Predicts Fast Action At U.N. If Sanctions On Iran Are Needed (NYT)

By Thom Shanker

The New York Times, August 18, 2006

WASHINGTON, Aug. 17 — A senior Bush administration official said Thursday that he anticipated that the United Nations would move rapidly in September to impose sanctions on Iran if it refused to halt uranium enrichment, a process central to building nuclear weapons.

The official, R. Nicholas Burns, the under secretary of state for political affairs, said the punishment "will be well deserved" if Iran failed to act by a looming deadline set by the Security Council.

The Security Council voted late last month to give Iran until Aug. 31 to accept a package of European Union-led incentives in exchange for suspending its uranium enrichment, or suffer the penalty of economic sanctions.

"It's not a mystery to the Iranians what is going to happen," Mr. Burns said during a breakfast meeting with reporters.

"I think we would want to move very quickly in the first part of September toward a debate in the Security Council about sanctions," he said. "They will be well deserved as this has gone on a long time."

Mr. Burns emphasized that the United States already had agreements from Russia and China and other Security Council members to move to economic sanctions under Chapter VII of the United Nations Charter if Iran failed to comply.

The resolution passed by the Security Council on July 31 demands that Iran suspend its uranium enrichment and reprocessing work by the end of August or face the possibility of sanctions. It noted the need for "further decisions," however, before any punishments for noncompliance could be pursued.

Some diplomats have suggested that Russia and China — which have joined the major powers threatening Iran with economic sanctions — may not in the end vote to approve the sanctions and may even exercise their veto power in the Security Council.

Mr. Burns said Iran's role in creating, financing and arming Hezbollah forces in southern Lebanon in their fight against Israel "will reinforce the effort to hold Iran accountable should they not provide the clear answer needed" on the nuclear issue.

"The will of a lot of countries has been strengthened by watching the Iranian government trying to destabilize both Lebanon and Israel over the last 30 to 40 days," he said.

News agency reports on Thursday from Iran said President Mahmoud Ahmadinejad had vowed that his country could not abandon its nuclear program while the United States was developing its own nuclear weapons.

The Iranian government denies that it is seeking to develop nuclear weapons and says its nuclear program is peaceful, for research and energy development.

Iran has said it set a deadline of next Tuesday to respond to an offer of economic incentives from six major powers — Britain, China, France, Germany, Russia and the United States — in exchange for ending its uranium enrichment program.

But Mr. Burns dismissed the Tuesday deadline as a "mythical date."

U.S. To Move Quickly On Iran Sanctions (AP)

By Barry Schweid

AP, August 18, 2006

The United States intends to act next month to have the United Nations impose penalties on Iran for refusing to suspend its enrichment of uranium, a State Department official said Thursday.

"They will be well-deserved," Undersecretary of State Nicholas Burns told reporters. "It's not a mystery to the Iranians what is going to happen."

U.S. officials did not specify the proposed punishment.

Beyond the nuclear program, Iran supports Hezbollah as well as other terrorist organizations and has played a destabilizing role in the Middle East, said a department spokesman, Tom Casey.

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The Security Council has said Iran faces penalties if it does not suspend uranium enrichment, an important step in making nuclear weapons.

Iran has until the end of the month for an official response. Tehran also had said it would reply by Tuesday to a proposal by the United States and the European Union for concessions that include Washington's supplying of some civilian nuclear energy.

Some critics urged the Bush administration to get on with negotiations with Iran.

A group of 22 former military officials and retired diplomats said President Bush immediately should open discussions. Thursday's letter also cautioned against any consideration of the use of military force.

"An attack on Iran would have disastrous consequences for security in the region and U.S. forces in Iraq, and it would inflame hatred and violence in the Middle East and among Muslims everywhere," the letter said.

Iran contends its enrichment and other nuclear programs are civilian in nature.

"We certainly want to give the Iranians the chance to take this last opportunity to accept the offer that is on the table," Casey said.

Burns said the U.S. wants to moved quickly in September on the proposed U.N. penalties. He said the role of Iran in the Middle East has raised concerns among Arab and other countries about Tehran's intentions.

"There is broadened concern about the policy of a country that flexes its muscles," he said. "Iran wants to be the dominant country in the region."

As for the cease-fire in Lebanon between Israel and Hezbollah, Burns said Iran and Syria, the principal backers of the Hezbollah militia, "have a responsibility to respect the peace."

Associated Press writer George Gedda contributed to this report.

U.S. To Urge U.N. To Exact Penalties For Iran (WT/AP)

By Barry Schweid

The Washington Times, August 18, 2006

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Iran Rebuff Of U.N. Likely, U.S. Official Says (LAT)

By Peter Spiegel, Times Staff Writer

The Los Angeles Times, August 18, 2006

The White House will then push quickly for sanctions over Tehran's nuclear activities.

WASHINGTON — A senior State Department official said Thursday that he expected Iran to reject a U.N.-backed entreaty to end its nuclear enrichment program and said the U.S. would quickly press for international sanctions against Tehran if the Aug. 31 deadline was not met.

Undersecretary of State R. Nicholas Burns, the Bush administration's point man on Iran, said he believed the United States had the backing of fellow permanent members of the United Nations Security Council for economic and diplomatic sanctions and would push for them to be imposed early next month if Tehran failed to halt uranium enrichment at its Natanz facility.

"We would want to move very quickly," Burns said of the effort to win approval of sanctions. "They will be well deserved."

Secretary of State Condoleezza Rice and foreign ministers from the other four permanent members of the Security Council, as well as Germany, agreed June 1 to offer a package of incentives to persuade Iran to end its enrichment program and allow inspections by international monitors.

That offer was followed by a council resolution at the end of July calling on Iran to respond to the terms by the end of August or face sanctions. Pressure was growing on Tehran when the war in Lebanon broke out last month, and some analysts speculate that Iran capitalized on the conflict to deflect attention from the nuclear issue.

But Burns said he believed the war between Israel and Hezbollah, a Lebanese militant group established and supplied by Iran, had strengthened the hand of the U.S. in the nuclear standoff because it laid bare Tehran's larger ambitions to gain power in the region.

"I think there is greater concern now about the role of Iran in the Middle East than there had been before," Burns said during a meeting of defense writers.

"A lot of people believe Iran wishes to be the dominant power in the region, which is one reason, perhaps, it is seeking the nuclear weapon capability."

Iran has given mixed signals on whether it will respond by the U.N.-set date. Iranian leaders initially indicated they would answer by a self-imposed Aug. 22 deadline, but they were angered by the U.N. resolution, seeing it as a threat, and later indicated they might not respond at all.

The regime has indicated it would not abandon its nuclear ambitions, which it has characterized as purely for civilian use.

Iranian President Mahmoud Ahmadinejad reiterated that stance Thursday during a visit to the northwestern Iranian town of Namin. According to the semiofficial Fars News Agency, he dismissed the resolution and said Iran might never give up its nuclear program.

"They must know that the entire Iranian nation is determined to maintain its right of access to peaceful nuclear technology and that Iranians' support for the state's nuclear stances is rock-solid," Ahmadinejad was quoted as saying.

Despite Iran's initial receptiveness to the incentives package, Burns said recent statements by the Iranian president had led him to believe Tehran would not accept the offer.

"If you look at what Ahmadinejad has said over the last couple of weeks, I assume that they intend to continue with their enrichment program," he said. "There will be an answer."

Although the resolution passed 14 to 1, Russia and China are reluctant to impose sanctions immediately and have backed away from language that would have made them automatic. As a result, a failure by Iran to meet the Aug. 31 deadline would lead to a new round of debate at the U.N.

The U.S., Britain, France, Russia and China make up the permanent members of the council, which also includes 10 rotating members. Burns said he did not believe it would be necessary to pressure Russia and China into agreeing to sanctions.

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"I don't think it's a question of what the United States will have to do to pressure countries," Burns said. "We have an agreement with Russia and China and with the other members of the council that we will go to … sanctions."

There is no list of agreed-upon punishments, State Department spokesman Tom Casey said. But U.S. officials have indicated that at least initially, they would avoid measures that would directly affect ordinary Iranians, instead targeting government leaders through travel restrictions and the freezing of assets.

Signs In North Korea Point To Nuclear Test (WSJ)

By Evan Ramstad

The Wall Street Journal, August 18, 2006

The U.S. and South Korea are monitoring activity around a military site in North Korea that may indicate the North is preparing to test a bomb underground, government officials in the two countries said.

Satellite images of a remote area in northeast North Korea show a number of trucks and coils of cables around a hole that U.S. officials have watched in the past for bomb testing, the officials said.

Their worst fear is that the activity signals plans for an underground nuclear-bomb test. A U.S. Defense official said it is difficult to conclusively know what is happening at the site, noting North Korea officials know they are monitored by satellites and may be staging something. "There's not a lot of other things that make sense," he said. "It's a remote area, a hole in the ground and a lot of wire."

The activity is occurring a month after North Korea test-fired seven missiles, including a long-range one designed to cross the Pacific Ocean, against the wishes of its neighbors and the U.S. The test provoked the U.N. Security Council to issue sanctions against the North.

The monitoring of the latest actions by North Korea was reported yesterday by ABC News. In Seoul, Foreign Ministry officials early Friday said they are watching events in North Korea and sharing information with the U.S.

Earthy Bush Gibe Denied (LAT)

By Kim Murphy, Times Staff Writer

The Los Angeles Times, August 18, 2006

Deputy prime minister disavows "cowboy" dig as Britons' displeasure over U.S. foreign policy rises.

LONDON — Amid plummeting public support in Britain for backing America's policy in the war on terrorism, Deputy Prime Minister John Prescott denied Thursday that he called President Bush a "cowboy with his Stetson hat" whose progress on a Middle East peace plan was "crap."

The tempest over Prescott's purported remarks in a private meeting with fellow Labor Party lawmakers underscored growing misgivings within the government of Prime Minister Tony Blair, who until now has been the Bush administration's strongest ally on Iraq, Afghanistan and, more recently, Lebanon.

Harry Cohen, a Labor member of Parliament who attended the meeting, said Prescott was expressing strong frustration over Washington's inability to make progress on a settlement of the Palestinian-Israeli conflict, a sentiment he said was shared by a growing number of lawmakers in Blair's camp.

"What he was saying was he only supported the war in Iraq because of the 'road map,' and he was lamenting the lack of progress on the road map, and he said the Bush administration was crap in relation to the road map," Cohen said in an interview, referring to the U.S.-backed plan for reaching a settlement between Israel and the Palestinians.

"It followed straight on when he said Bush is acting a bit like a cowboy with his Stetson hat," Cohen said.

Prescott, in effect, denied the account.

"This is an inaccurate report of a private conversation," and it is not the deputy prime minister's view, his office said in a statement to the Press Assn.

Shahid Malik, another Labor lawmaker present at the meeting, declined to discuss it in detail, but said: "I support fully John Prescott's comments on his comments. I think it's been blown out of proportion somewhat."

The Guardian newspaper said two other Labor lawmakers present had confirmed the substance of the account.

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The larger issue — sharply declining public support for Washington's lead in the U.S.-declared war on terrorism — was made clear with the release of a new poll that showed 14% of respondents thought Britain should continue to closely align its foreign policy with that of the United States.

Eight percent said they believed that the war against terrorism announced by Bush after the Sept. 11 attacks was being won, according to the poll, conducted this week for Spectator magazine.

On the other hand, 12% believed Britain should adopt a "more conciliatory" approach toward the terrorist threat; 63% thought it was necessary to be "more aggressive."

Prescott's purported remarks were widely reported in Britain but were not seen as a significant splinter in the government's pro-Washington orientation, largely because Blair continues to forcefully endorse Bush's strategy and Prescott has been shaken by so many domestic scandals that he is seen as a political has-been.

The alleged remark about Bush's Stetson hat was intended self-deprecatingly, Cohen said. It was an apparent reference to the scandal that followed Prescott's failure to report a trip to the ranch of U.S. billionaire Philip Anschutz and the businessman's gift of a cowboy outfit, including boots and a Stetson hat.

"He said, 'I can hardly talk,' because he was involved in this other scandal where he had the cowboy outfit," Cohen said.

But many of those present agreed with the deputy prime minister's purported comments about the Middle East, Cohen added. "It was a fair point. He might not have wanted to get that colorful language into the public domain, he might be embarrassed and deny it for political expedience, but I think the central point is right."

He said there was a "robust discussion" among all the Parliament members over the lack of progress in the Middle East.

"All the other MPs were making the point that really we should have a more independent foreign policy that's in Britain's interests; we shouldn't just follow blindly whatever the United States sets up as its foreign policy," Cohen said.

In Washington, White House Press Secretary Tony Snow said the British prime minister remained "a firm ally of the United States in the war on terror."

China Adds Restrictions In Effort To Shake The Faith Of Independent Congregations (NYT)

By Howard W. French

The New York Times, August 18, 2006

TUANQIANBU, China, Aug. 13 — The rusty parked bicycles clogging the little lane attested to a strong turnout, as did the sound of voices, which resonated with hymns throughout the hamlet. Despite the 100-degree heat, there was a crowd at the little Protestant church this Sunday.

But there was also a hint of trouble, as some foreigners arrived unannounced at the back of the dilapidated building. “Please, I beg you to leave here,” a woman called out as she approached them from the front. “We have already had a lot of difficulties. Go now.”

Two weeks earlier, as many as 500 police officers surrounded the congregants as they were closing in on their long-held dream of completing construction of a new church nearby. The 3,000 or so people were driven away from the site, and those who argued or resisted in any way were arrested and, according to their lawyer, beaten. Then the church, with all but the roof in place, was demolished.

The campaign against this poor little church outside Hangzhou, the capital of Zhejiang Province in eastern China, is part of a national wave of repression against independent, or underground, churches that are not registered with the government and do not recognize the authority of state-appointed spiritual leaders.

Since the law regulating religious affairs was introduced in March 2005, provincial and local governments have begun a series of crackdowns on underground churches across China. The vaguely worded new rules call for local governments to “standardize” the management of religion nationwide.

The Chinese crackdown, which also affects other faiths, especially Buddhism in Tibet and Islam in the far western Xinjiang Province, comes at a time of booming growth in underground churches across the country.

The right to practice any of five recognized faiths — Buddhism, Catholicism, Daoism, Islam and Protestantism — is enshrined in the Chinese Constitution, and the authorities routinely insist that religious freedom exists in this country. Under

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Chinese law, however, all recognized faiths must be registered and approved by the government, and they are closely monitored and required to follow strict and frequently changing regulations.

Armed with the new law, religious affairs and human rights specialists say, local officials are forcing small, independent parishes to close or to merge under tighter government control. The new rules also make it harder to register with the authorities, even for those who wish to operate within the law.

According to the China Aid Association, an American Christian advocacy group that monitors religious freedom in China, 1,958 pastors were arrested at churches like these in the last year alone.

Although the crackdown is decentralized, with each province and locality carrying out the repression on its own, the pattern is as unmistakable as the constant stream of incidents. In one recent case, in Tongwei, a village in eastern Anhui Province in late July, 90 children were reportedly detained with 40 adults after the police raided a Protestant Sunday school, calling the church teachings "illegal evangelism."

Around the same time, in Hebei Province in the north, as many as 90 protesters were arrested after demanding the release of two clergymen from the underground Roman Catholic church, who had been detained without explanation.

"There is a real concern over the apparent growth in religion, and how deep this runs," said Mickey Spiegel, a China specialist at Human Rights Watch. "The authorities sense a need to prevent the next generation from getting into this. There is an attempt to convince young people that being involved in religion will make things more complicated for them in school and in other ways."

In the Hangzhou incident, the authorities have defended the demolition of the nearly completed church, saying that it was being built without proper authorization. "It is clear that this church was an illegal structure, it did not have the approval of the religious affairs bureau, or the government," a police official told Agence-France Presse.

The authorities worked hard, though, to suppress news of the event. One parishioner, who spoke to foreign journalists about the destruction, was detained. Zan Aizong was arrested and then fired from his job as a reporter for a local newspaper after he wrote of the church demolition on a Chinese Web site. "The government said no one was hurt and that no riot happened," he wrote. "But real people were injured, so where is the truth and justice?"

According to a lawyer for the parishioners, most of them poor peasants, church leaders had long sought a permit to build a new place of worship but had been frustrated at every turn by administrative obstacles. At one point, parishioners were told they could erect a church on a narrow triangular plot under an elevated highway.

"It was totally inappropriate for a church, and such a location gives us reason to believe the government doesn't want them to build a church," said the lawyer, Li Boguang.

Asked why this was, he said: "The Chinese government is an atheistic government. They are afraid of the Christians and don't want to see Christianity develop, so they find all kinds of means to prevent it from growing freely."

As the foreign visitors prepared to leave the church service, they were approached by a woman who had watched them intently throughout the service, most of the time hiding behind a palm-frond fan.

"What a situation," she said, imploringly, her face flush with emotion. "Our church was half built, and the government demolished it, just like that."

U.N. Official Warns Of Major New Sudanese Offensive In Darfur (WP)

By Glenn Kessler

The Washington Post, August 18, 2006

Three months since the signing of a tenuous peace deal, Sudan appears to be preparing a major military offensive in its troubled Darfur region, aid workers are increasingly at risk, and the population "may have to relive the horrors of late 2003 and early 2004, and hundreds of thousands of lives will be at risk," a top United Nations official warned the Security Council in a private briefing yesterday.

The blunt assessment by the deputy head of the U.N. peacekeeping forces, Hedi Annabi, came as Britain and the United States introduced a Security Council resolution to send 17,000 U.N. peacekeepers to Darfur over the opposition of Khartoum.

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China and Russia, however, suggested they would reject the resolution, and the Sudanese government reiterated its opposition to a U.N. force.

The force is intended to replace an African Union mission, which has proved ineffective at halting the violence. Annabi told the council that the African Union force is "plagued by funding shortfalls that could force its withdrawal a few weeks from now," according to a copy of his remarks.

He said the force of 6,171 military personnel and 1,560 civilian police "is by all accounts an inadequate force for the task at hand" and is "highly unlikely" to continue beyond September without more funding.

The conflict broke out in early 2003 when two African rebel groups attacked police stations and military outposts in Darfur. The United Nations and human rights groups accuse the Arab-led central government of supporting militiamen, called the Janjaweed, in order to crush the rebellion.

About 2,000 villages have been destroyed across Darfur, and violence and disease have left as many as 450,000 people dead and 2 million homeless.

Two years ago in September, then-Secretary of State Colin L. Powell accused the Khartoum government of being complicit in genocide, but little has since been accomplished to end the suffering.

The Darfur Peace Agreement was signed by the government and the leader of one rebel group faction in May, after heavy pressure from Robert B. Zoellick, then deputy secretary of state and the administration's point man on Sudan. Zoellick resigned in June to join a Wall Street investment house, and the administration has not named a replacement and has ignored calls from Congress for a special Sudan envoy.

The agreement brokered by Zoellick sought to dismantle marauding militias, fold thousands of rebel forces into the national army and pave the way to wealth- and power-sharing between the central government and an impoverished area the size of France. U.S. officials said the deal was necessary to persuade Khartoum to accept the U.N. force, but other rebel groups refused to sign.

President Omar Hassan al-Bashir has since declared that Sudan's army will fight any U.N. forces sent to Darfur, even though U.N. forces are already based in the southern part of the country to monitor a separate accord.

Khartoum has told the United Nations that it plans to deploy 26,500 armed forces to Darfur by year's end, which would violate the peace agreement, Annabi said. He said there are reports that the buildup of forces has already commenced and that extra battalions have been deployed.

Annabi told the Security Council that since the signing of the deal, "instead of reconciliation and building of trust, we see more violence and further polarization."

Eleven aid workers have been killed since the signing of the peace agreement, "an unprecedented level of deadly attacks," and humanitarian organizations have access to only half of the 3.6 million people affected by the conflict, he said. He said aid workers may be forced to withdraw completely from North Darfur, where more than 1.2 million need help.

The peace agreement lacks the support of larger segments of the population, Annabi added. Minni Minnawi, the rebel leader who signed the accord, is from a different ethnic group than is much of the Darfur population, adding to the tensions, experts have said.

Annabi said the violence between the rebel groups since the accord was signed has "resulted in hundreds of deaths, systematic looting, new displacements and horrendous acts of sexual and gender-based violence."

U.N. Resolution Considers Darfur Peace (AP)

By Edith M. Lederer, Associated Press Writer

AP, August 18, 2006

A U.S.-British draft resolution introduced Thursday would transfer peacekeeping in Sudan's conflict-wracked Darfur region from the African Union to a much larger U.N. force despite strong oppositon from Sudan.

The financially strapped African Union has asked that it hand over peacekeeping to a more robust U.N. mission but Sudanese President Omar al-Bashir has warned that Sudan's army would fight any U.N. forces sent to Darfur.

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Britain's U.N. Ambassador Emyr Jones Parry stressed that no U.N. force will deploy in Darfur without the consent of the government.

"We know that the agreement of the government of Sudan is quite crucial," he said. "Our hope is that as we negotiate this text there will be clarity from the government of Sudan that ... a U.N. operation should take place, and that we should transition as soon as possible."

With violence escalating in Darfur, Jones Parry said he hopes the resolution can be adopted by the end of August.

U.S. deputy ambassador Jackie Sanders said the Sudanese government's consent is not required by the resolution, but "practically speaking it's going to be useful to have the government on board to get this accomplished."

The resolution would replace the 7,000-strong African Union force with a U.N. peacekeeping mission of about 22,600 — comprising up to 17,300 troops, 3,300 international police officers, and 16 police units trained in riot and crowd control totaling about 2,000 officers.

A May peace agreement signed by the government and one of the major rebel groups was supposed to help end the conflict in Darfur. Instead, it has sparked months of fighting between rival rebel factions. More than 200,000 people have been killed in Darfur since 2003 when ethnic African tribes revolted against the Arab-led Khartoum government.

Britain and the United States introduced the draft resolution at a closed Security Council meeting following a briefing by Assistant Secretary-General for Peacekeeping Hedi Annabi, who told members that the security situation in Darfur had worsened since late June.

The AU has said it cannot handle long-term peacekeeping in Darfur and wants its force replaced by better-funded U.N. peacekeepers. The AU's mandate runs out on Sept. 30 and its chief negotiator in Sudan, Sam Ibok, said this week that the African Union would need more international funding if it is to stay in Darfur.

The draft resolution calls for the U.N. force to start to deploy by Oct. 1. In the interim, it asks Secretary-General Kofi Annan to strengthen the AU force, including with additional aircraft and ground transport.

Sudan's deputy U.N. ambassador Omar Bashir Manis questioned the Security Council's motives and said the resources to deploy a U.N. force should instead be spent on beefing-up the African Union force.

"I think the sending of the (U.N.) troops in itself is becoming the objective, not the stabilization and assistance of the Sudanese people to improve the situation in Darfur," Manis said.

The United Nations already has a peacekeeping force in southern Sudan monitoring a January 2005 peace agreement that ended a 21-year civil war between the government and southern rebels.

Sudan Under Pressure To Admit UN Force (FT)

By Jonathan Birchall And Andrew England

Financial Times, August 18, 2006

Diplomatic efforts to persuade Sudan to admit United Nations peacekeepers to Darfur intensified on Thursday, as Britain introduced a draft Security Council resolution that could lead to the deployment of up to 20,000 UN troops and police in the troubled region.

The draft resolution came as the Security Council met to discuss the continuing violence in Darfur, despite a peace agreement signed in May by the government and one of the three main rebel groups.

Omar Hassan al-Bashir, Sudan's president, has continued to oppose the deployment of a UN force in Darfur, although there are 10,000 UN peacekeeping troops assigned to support a peace agreement in the south of the country.

The draft resolution would require the consent of President Bashir for the force to be deployed to Darfur, but is seen as a way of increasing the pressure on him to do so. It proposes extending the ex-isting UN mission in Sudan – Unmis – to cover Darfur as well, and giving its military commander the ability to move troops between the two regions as required.

Since May, most of the violence in Darfur has involved rival rebel factions, while pro-government militias remain active, despite the presence of 7,000 African Union troops tasked with protecting civilians.

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Human rights groups say the African Union force has been largely ineffectual in ending the violence, while its member countries have complained that the force is underfunded and ill-equipped. The force has also lost credibility among the more than 2m people forced from their homes and has been accused of bias by insurgents.

Under the draft resolution, the African Union force would be transferred to the UN's authority by the end of September, with UN members providing additional logistical and transport support that would increase its ability to move across a region the size of France.

Amnesty International and Human Rights Watch have both urged the UN to approve a force capable of protecting civilians in Darfur, and criticised President Bashir's opposition to the force. Amnesty said yesterday that government aircraft were continuing to bomb groups opposed to the May peace agreement, in defiance of a UN ban on offensive military flights.

The conflict erupted in February 2003, when rebels from Darfur's African tribes took up arms against the government, claiming their region was being marginalised. In response, the government mobilised Arab militias, which have been accused of some of the worst atrocities and continue to roam the region.

Meanwhile, the rebels have split into numerous factions and the fighting often turns into banditry, creating an environment that would pose enormous challenges for any peacekeeping force.

U.S. Rebuilds A Clinic In Tanzania (AP)

By Elizabeth A. Kennedy, Associated Press Writer

AP, August 18, 2006

The U.S. military looked at this town and saw something more than empty wells, a crumbling pharmacy and sun-baked dirt — it saw an opportunity to fight terrorism by rebuilding a clinic. The U.S. believes such help could stamp out radicalism in remote parts of Africa where America needs friends, and fast.

"We feel the best way to counter terrorism is to go after conditions that foster terrorism," U.S. Navy Rear Adm. Richard W. Hunt, commander of the Combined Joint Task Force-Horn of Africa, told reporters Thursday. "So we focus on medical care, education. We attack these causes right at the very root."

In the past two weeks, the United States has helped refurbish a medical clinic here and built another a few miles away. It provided medicine and did checkups for some 3,000 people, and performed similar humanitarian projects in rural areas of Uganda and neighboring Kenya.

The work comes at a time when America's reputation in Africa is foundering. The State Department issued a travel warning last week to Americans in Kenya because of the risk of terrorism. Huge anti-U.S. demonstrations have taken place in Tanzania and Somalia to protest American support for Israel during the fighting in Lebanon.

Some Somalis criticized the United States for supporting warlords who were recently ousted from the Somali capital by an Islamic group Washington has linked to al-Qaida. And the deadly 1998 bombings of the U.S. embassies in Kenya and Tanzania are fresh memories here.

A conflict monitoring think tank, the International Crisis Group, has warned of the potential for terrorists to operate in Africa's ungoverned regions, noting recently that chaotic Somalia is "the largest potential safe haven for al-Qaida in Africa."

U.S. Air Force Maj. David Westover, a task force spokesman, said "we will continue to operate with a humanitarian focus" despite any rumblings of anti-U.S. sentiment in Africa. He noted he had not experienced any ill will during the project.

The Combined Joint Task Force-Horn of Africa was formed in 2002, one year after the Sept. 11 terrorist attacks on New York and Washington, to "set conditions that are not conducive to extremist ideology," according to a military statement.

Hunt acknowledged that extremist ideology is not readily apparent in Msata and the rest of Tanzania's Bagamoyo District, a rural area home mainly to nomadic herdsmen and Maasai tribespeople, more than 60 miles from Dar es Salaam. But he said the task force wants to build conditions that never let such a dangerous ideology take hold.

"The terrorists will go after any area they think they can exploit," Hunt said. "The trust and confidence developed between our two countries will yield great things in the future."

Ali Zungo, walking out of the refurbished clinic in Masugulu carrying anti-bacterial soap and antibiotics, said the task force's goals are admirable.

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"I am very comfortable with the United States and I appreciate them very much," he said, sniffling from a runny nose that's been bothering him. "We are also against terrorism here, and we are trying our best to eradicate these people."

But has he ever seen a terrorist out here in Masugulu, the next town over from Msata?

"No!" he said laughing. "Never."

The projects in the Horn of Africa are led by more than 1,500 people from the U.S. military as well as doctors and soldiers from the host nations. The U.S. task force covers Djibouti, Ethiopia, Eritrea, Kenya, Seychelles, Somalia, Sudan and Yemen.

Brig. Gen. Salim Salim of the Tanzania People's Defense Force sees one enormous benefit of working with the U.S. military.

"They come with beds, mattresses, tents. They can construct bridges. They come with trucks," he said. "And they leave the trucks behind when they leave."

Yukos Probe Widens To Include Westerners (WP)

By Peter Finn

The Washington Post, August 18, 2006

MOSCOW, Aug. 17 -- The Russian prosecutor's office announced Thursday that it had opened a criminal probe into allegations of money laundering and embezzlement by Steven M. Theede, the American former chief executive of the embattled Yukos oil company, and three other expatriate executives.

The case is the first time the sprawling and politically charged investigation of Yukos and its founder, imprisoned tycoon Mikhail Khodorkovsky, has targeted the company's Western managers. They were resisting an effort by the state-controlled oil company Rosneft to drive Yukos into bankruptcy and secure the bulk of its assets.

Prosecutors allege that Theede and the other managers used a foundation based in the Netherlands to illegally gain control of $10 billion in company assets. Also under investigation are Bruce Misamore, a former manager of the subsidiary Yukos Finance; David Godfrey, Yukos's former managing adviser; and Tim Osborne, a director of Group Menatep, the largest shareholder in Yukos.

The four "took advantage of their official positions to steal and legalize property that had been trusted to them, which caused considerable damage to the owner . . . the Yukos oil company," the prosecutor's office said in a statement posted on its Web site Thursday evening.

The announcement of the probe came immediately after a court-appointed administrator lost an effort in a Dutch court to prevent the sale of any of Yukos's foreign assets to satisfy creditors without his approval. Among those seeking redress in the Dutch court is an arm of Group Menatep, the Yukos shareholder, as well as Rosneft.

The foundation, which was set up with the approval of the Dutch court, held Yukos assets that were beyond the reach of the Russian authorities. The foundation was designed to protect the interests of creditors, including Group Menatep.

In their statement, Russian prosecutors alleged that the foundation was little more than a scam designed to enrich the four executives, who appointed themselves foundation directors. The foundation, however, has a number of non-Yukos executives who were not targeted by the Russian authorities. The foundation's activities continue to be scrutinized by the Dutch courts.

"Yukos under the stewardship of Steven Theede and his team has always been managed with integrity and in full compliance with national and international laws on good governance," said Claire Davidson, a spokeswoman for Yukos's former managers. "To assert otherwise is wrong."

A Moscow court declared Yukos bankrupt this month and ordered it liquidated over the objections of managers who said the company -- battered by Russia's demand for $30 billion in back taxes -- could be salvaged. Yukos lawyers said they would appeal the decision.

Rosneft and other creditors had rejected a plan to save the company and called for it to be dismantled. The court-appointed administrator also confirmed Thursday that Misamore and Godfrey had been sacked in the wake of the bankruptcy.

Last month Theede resigned from Yukos after London courts refused to stop a huge stock offering by Rosneft, which had earlier acquired Yukos's prime oil assets at auction. Yukos said the auction amounted to state-sanctioned theft. Theede also said Yukos had been grossly undervalued by the court-appointed administrator in an effort to hasten its liquidation.

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Yukos still pumps nearly half a million barrels of oil a day and employs 70,000 workers.

Theede and the other managers had run the company from exile in London, and Russian prosecutors would have to seek their extradition. British courts have previously refused to honor Russian extradition requests for Russian executives of Yukos living in London, accepting the argument of their lawyers that the case against the company is politically tainted and that they are unlikely to receive a fair trial in Moscow.

Khodorkovsky, the company's founder, is serving an eight-year prison sentence for fraud and tax evasion following a prosecution that supporters said was politically motivated because his political ambitions represented a threat to President Vladimir Putin's authority.

Earlier Thursday, another Moscow court sentenced Yukos's former head of security to 24 years in prison for a series of alleged contract killings. Alexei Pichugin was already serving a 20-year sentence for a double murder.

"We are going to appeal," said Georgy Kaganer, Pichugin's attorney. "We believe this ruling is unjust and unlawful."

Pichugin was accused of the contract killing of a mayor in Siberia and a businesswoman as well as several assassination attempts. Another Khodorkovsky associate, Leonid Nevzlin, who lives in Israel, is also wanted in the killings. He denies the charges.

Children Need More Of Us, Not Less (WSJ)

Wall Street Journal, August 18, 2006

Venezuela's Black Gold

Regrettably, the Journal's story on the Venezuelan national oil company Petroleos de Venezuela, S.A. (PDVSA), "As Global Oil Demand Tightens, A Big Producer Has Own Agenda" (page one, Aug. 1), presented a distorted picture of Venezuela's oil operations and its commitment to sustainable production and refining of crude oil.

Contrary to the article's tone, PDVSA is "alive and well" as a world-class oil company that is also focused on the future to become an ever larger supplier of oil to energy markets. The article failed to recognize the sovereign right of Venezuela, as any other resource owner, to use the oil wealth and revenues for its own development and the progress of its people. The government of President Hugo Chavez is likewise fully committed to expanding the country's oil production and its role as a major world oil supplier, and by the same token is committed to fulfill the hope and needs of so many excluded Venezuelans.

In its mistaken effort to portray PDVSA as a social welfare organization as opposed to a socially responsive business corporation, the article ignored that other foreign oil and gas companies operating in Venezuela have also so far contributed more than $41 million to social projects. The article fails to note that Venezuela's total crude oil production is over three million barrels per day, as calculated by two independent sources -- the International Energy Agency and the BP Statistical Review. PDVSA is spending tens of billions of dollars in operating and capital expenditures to increase its production significantly in the next several years. Overall, Venezuelan production will be at 5.8 million barrels per day by 2012. This spring, Oil Daily, the highly respected journal of the oil industry, reported an increase in drilling activity by PDVSA as well as an increase in foreign investment in the energy sector (even after bringing all foreign operations into conformity with Venezuelan law). Your article also ignored the effort PDVSA is undertaking in training new engineers: Last year more than 900 engineers were placed in an accelerated plan for masters degrees in production and drilling in well-known universities in the United States and Europe.

PDVSA is robust and will become more so in the years ahead. As an oil company, PDVSA should be emulated, not denigrated.

Fadi Kabboul
Minister Counselor for Petroleum Affairs
Embassy of the Republic of Venezuela
Washington

Fidel Castro's Illness Has Impersonators Scrambling To Adapt (WSJ)

By José De Córdoba

The Wall Street Journal, August 18, 2006

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HIALEAH, Fla. -- A familiar bearded figure wearing an olive-green hospital gown with stitched-on Comandante epaulettes made a surprise appearance the other day at a party in this overwhelmingly working-class Cuban exile city next-door to Miami. He was greeted with peals of shocked laughter, and shouts of "When are you finally going to kick the bucket, you old bastard?"

"We've come to meet Miami's Cuban mafia on my birthday," rasped Fidel Castro impersonator Eddy Calderón on Aug. 13, when Mr. Castro turned 80 after having survived abdominal surgery. "I've come to tell you of our newest revolutionary triumph: the creation of the New Cuban Man who has a smaller stomach and larger hands than the old model. Smaller stomach to eat less, and bigger hands to applaud more."

Like most Cubans, Miami's small group of Fidel impersonators were taken by surprise when Havana announced that an ailing Mr. Castro had temporarily ceded power to his younger brother, Raúl. Now the comics have worked the succession drama into their acts. The 50-year-old Mr. Calderón, Miami's self-styled Comediante en Jefe, or Comedian in chief, plays Fidel in a wheelchair and trails a long IV tube. Mr. Calderón's mentor, 75-year-old Armando Roblán, has perfected a hoarse-voiced imitation of Raúl, who is also 75, which TV Marti, a U.S.-government television station aimed at Cuba, transmits to the island.

"Raúl's voice is back here, in the throat," said Mr. Roblán, as he paced nervously on the TV Marti set on his first day as Raúl.

The Castro impersonators have their roots in Cuba's lively prerevolutionary tradition of political burlesque, which Mr. Castro stamped out when he assumed power. In Miami, the Castro impersonations become part catharsis, part therapy for Cuban exiles who enjoy laughing safely at the foibles of their long-lived nemesis. Mr. Calderón and Mr. Roblán are considered the city's top impersonators. A third recently retired, while a few journeymen imitators are waiting in the wings.

Mr. Calderón says the work can be risky. Once, he recalls, a woman whose relative had been executed by the revolution hurled a dinner plate at his head. At a recent gig, a tiny, white-haired lady shouted at him: "Why did you ruin the country?" Mr. Calderón, as Fidel, answered that she should thank him because if it hadn't been for him, she'd be stuck in Cuba instead of living well in Miami, "where you can buy hair dye and dentures."

After the Aug. 13 performance, a ballroom attendant, Armando Montes de Oca, approached Mr. Calderón while he was still in his Castro beard and told him: "If I didn't know you were Calderón behind that beard, you would never leave this room alive."

"Thank you," Mr. Calderón replied.

Mr. Calderón has been doing his imitation of Fidel for about a dozen years. He became a local superstar two years ago when a cable-TV channel started weekly broadcasts of a skit called "La Mesa Retonta," or "The Idiots' Table," a takeoff on a weekly "Meet the Press"-style show Mr. Castro has done in Cuba, called "La Mesa Redonda," or "The Roundtable."

Mr. Calderón's Fidel voice is so good that on about 50 occasions, he has telephoned Cuban bureaucrats in Havana or Cuban diplomats abroad and fooled them into thinking they were on the line with the man himself. Mr. Calderón taped the calls, which he still often plays on a Miami radio show.

Two years ago, Mr. Calderón held a 12-minute conversation with Cuba's deputy construction minister, ordering him to build a giant retractable roof over Havana's Latin American stadium, as a way to improve conditions for Cuban baseball players and dissuade them from defecting.

"We need a revolutionary roof to uphold the pride of the Cuban Revolution," said Mr. Calderón during the taped telephone call, in a dead-on imitation of Mr. Castro's edgy, high-pitched, nasal voice.

"I am your unconditional soldier," replied the hapless minister, who promised to get the job done.

That same year, Mr. Calderón telephoned a luxury hotel at Cuba's Varadero beach resort and ordered the hotel manager to provide a week-long all-expense-paid vacation for one of Cuba's leading dissidents, whose movements are shadowed by the secret police, to show the government's good will. Before hanging up, the hotel manager, Mr. Calderón says, promised to make the reservation.

A year earlier, Mr. Calderón as Fidel told transport official Gumersindo Gómez to round up 200 scarce buses for an outing of some 700 priests of the Afro-Cuban religion Santería, and to find room for their sacrificial goats and chickens. Make sure the buses don't have any graffiti saying "down with You-Know-Who," he added.

"Fatherland or death," Mr. Calderón said.

"Onwards to victory," replied Mr. Gómez, according to the tape of the phone call.

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A CD of Mr. Calderón's conversations with duped Castro officials, called "Ring-Ring, El Comediante en Jefe Llama," or "Ring-Ring, the Comedian in Chief Is Calling," is a big hit in Little Havana. But in Havana itself, Mr. Calderón complains, he hasn't been able to get anyone in government offices to take his calls for months. He figures the government uses caller ID to guard against his calls.

Mr. Roblán, who is now working on his Raúl imitation, pioneered Castro impersonation in Miami. He says he did his first Fidel impersonations in Cuba in 1959, on a show that praised the Cuban leader, weeks after Mr. Castro's victorious entry into Havana after defeating Cuban dictator Fulgencio Batista.

Twice, recalls Mr. Roblán, caressing old photographs of himself as Fidel and Fidel himself in his memento-filled house, Mr. Castro joined him on stage. Mr. Roblán says Mr. Castro even lent him his official car so he could go to a Havana convention of travel agents in his place. Mr. Castro showed up later. Days later, a stranger approached Mr. Roblán and told him an assassination plot against Mr. Castro that night had been called off at the last minute, Mr. Roblán says.

Things got even spookier, he says, when in 1960, Mr. Castro's secret police asked him to dress up like Fidel and meet with foreign officials. Suspecting another assassination plot, Mr. Roblán declined the invitation. Shortly after, he left Cuba and knocked around Latin America. He ended up in Miami in 1973.

For the first 20 years after Mr. Castro seized power, Miami comics didn't dare do Castro imitations for fear of offending -- or enraging -- Cuban exiles. Then, in 1979, Alberto González, a journalist and satirist, persuaded Mr. Roblán to don fatigues and do the role of El Jefe in a satire called "No Hay Mal Que Dure Cien Años," or "No Evil Lasts One Hundred Years."

The show, a running satire on Cuba, was a big success and was followed by other productions with catchy titles. When the Berlin Wall fell in 1989, giving exiles hope that Fidel's government would soon follow, Mr. Roblán came up with a show called "En el Noventa, Fidel Revienta," or "In 1990, Fidel Will Explode." When that didn't happen, Mr. Roblán, unfazed, changed the name of the show to "En los 90s, Fidel Revienta," or "In the 1990s, Fidel Will Explode."

The last show Mr. Roblán staged, in 2004, reflected Miami's frustration with the Cuban leader's longevity. It was called "Ay Mama, Un Año Más," or "Oh Mother, Another Year!" Now with Mr. Castro's health problems, Castro impersonators are thinking again of a post-Fidel world. Mr. Calderón, for instance, is working on a skit in which an evil scientist gets his hands on some stray Castro cells and clones El Comandante.

"Fidel will dominate Cuba's psyche for many years more," says Mr. Calderón, peeling off his scraggly beard.

Go West, Young Man . . . (WSJ)

By Niels Veldhuis

The Wall Street Journal, August 18, 2006

Ontario and Quebec once reigned supreme as the economic hub of Canada, but no more. The western provinces of British Columbia, Alberta and Saskatchewan are quickly taking their place.

While strong commodity prices are part of the explanation, the impact of pro-growth tax policy cannot be ignored. Western Canadian governments of all political stripes -- from Progressive Conservatives in Alberta to Liberals in British Columbia to New Democrats (socialists) in Saskatchewan -- have reduced marginal personal income tax rates and overall business taxes. The tax policies pursued by western Canada over the past few years are quintessentially supply-side. That is, the tax relief is largely focused on improving incentives for work, savings, investment and entrepreneurship.

Alberta led the way in 2000 by creating Canada's only single-rate personal income tax -- 10%. British Columbia and Saskatchewan soon followed by substantially reducing their personal income tax rates. Top marginal rates in these two provinces were reduced to 14.7% and 15%. Compare that to Ontario's top marginal rate of 17.4% or Quebec's 19.2%. Canada's three western provinces now have the lowest top marginal rates in the country.

The changes to personal income taxes were matched, perhaps more importantly, by reductions in business taxes. All three governments pursued two broad measures: reductions in corporate income tax rates and the elimination of corporate capital taxes, a uniquely Canadian tax that severely punishes investment and development. A corporate capital tax is essentially a fixed tax on the value of a corporation's assets, and is calculated as a percentage of a company's debt and equity.

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Again, Alberta was the catalyst for change. It completely eliminated the corporate capital tax and reduced corporate income tax rates by 35% from 2000-2006. British Columbia then eliminated its general corporate capital tax and reduced corporate income tax rates by nearly 30%.

More telling of the marked shift in tax ideology in western Canada is Saskatchewan's recent provincial budget in which it tabled a plan to significantly reduce business taxes over the next three years. Using the Alberta-British Columbia model, Saskatchewan will phase out the corporate capital tax for most firms and reduce corporate income tax rates by 30% over the next two years.

The economic results of tax reform based on improved incentives have been stunning. Over the past three years British Columbia has grown 3.4% a year on average; Alberta 4%; and Saskatchewan 3.5%, all easily outperforming the Canadian average of 2.6% a year over the same period.

Growth in the three provinces also outpaced the U.S. national average for the past two years. Among Canadian provinces and the 50 American states, Alberta ranked seventh in growth, British Columbia ninth, and Saskatchewan 17th. This strong performance occurred within a federal environment that is not as conducive to economic growth and development as that of the U.S.

Similar patterns of success hold for other economic indicators. Western Canada has led the nation in employment growth over the past two years and has outpaced the national averages in both Canada and the U.S. Perhaps most telling is the disproportionate levels of investment being attracted to the western provinces. On a per capita basis, western Canada is leading the country.

The gap between eastern and western growth rates has been facilitated by poor policies in Ontario and Quebec. While western Canada has been busy pursuing pro-growth tax policies, Ontario was busy raising business and personal taxes. Quebec also has continued on its path of timidity with very little change. The result has been sluggish economic performance in absolute terms and stellar underperformance when compared with western Canada.

More recently, British Columbia and Alberta added a second pillar to their foundation: free trade. Unlike the U.S. with its interstate commerce clause, Canada is riddled with provincial trade fiefdoms that use non-tariff barriers to impede the free flow of goods, services, investment and labor. British Columbia and Alberta recently signed the Trade, Investment and Labor Mobility Agreement to eliminate trade barriers (with a few exceptions) between the two provinces within three years.

This agreement will create the second largest economy in the country. One example of the benefits that will accrue to citizens of the two provinces relates to occupational certification. Similar to the U.S., occupations in Canada are certified at the sub-national level. British Columbia and Alberta have now adopted mutual recognition for all occupations. If you're a certified nurse in British Columbia, for example, you're now immediately recognized in Alberta and vice versa. At least two other provinces are reported to be considering joining the agreement.

British Columbia and Alberta, and to a lesser extent Saskatchewan, are establishing themselves as economic beacons in North America. And their growth goes well beyond the resource play. If growth were just about resources, then many of the world's poorest countries should be its wealthiest. As the western provinces are showing, institutions and policies matter.

Western Canada has created an environment within which all types of economic activity can flourish. This is why the region is benefiting from not only direct resource extraction, but also growth in downstream related industries such as manufacturing and processing as well as in the skilled service sector.

Perhaps the success of western Canada will entice other provinces, the Canadian federal government, and even some of the states to the south that have poor tax structures to join the bandwagon of prosperity by implementing incentive-based tax relief and freer trade.

Mr. Veldhuis is an economist with the Vancouver-based Fraser Institute.

Limiting Climate Change: The Neglected Obstacle (WP)

By Cass R. Sunstein

The Washington Post, August 18, 2006

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Sensible people now agree that climate change creates major risks and that the world should be taking significant steps to reduce greenhouse gas emissions. But there is a neglected obstacle to achieving such reductions, and it is the biggest source of the stalemate in international negotiations.

The obstacle stems from the unusual incentives of the United States and China. As the world's leading contributors to climate change, these are the two countries that would have to bear the lion's share of the cost of greenhouse gas reductions. At the same time, they are both expected to suffer less than many other nations from climate change -- and thus are less motivated to do something about it. And while the international spotlight has rightly been on the behavior of the United States, China will soon present the more serious problem.

In recent years the United States has accounted for about 21 percent of the world's greenhouse gas emissions. China comes in second at about 15 percent. While many countries have stabilized their greenhouse gas levels, emissions from both nations, but especially China, are growing rapidly. Current projections suggest that by 2025 total emissions from the United States will increase by about one-third.

By that year, China's emissions are expected roughly to double, making China the planet's leading source of such gases. (Emissions from the United States will, of course, continue to be far higher on a per-capita basis.) Within 20 years China will account for nearly one-quarter of the world's greenhouse gas emissions. It follows that if an international agreement requires reductions, China and the United States will have to bear the brunt of the expense.

By contrast, the biggest losers from greenhouse gas pollution are likely to be India and Africa. Some of the most detailed, careful and influential projections have been made by Yale University's William Nordhaus and Joseph Boyer. Nordhaus and Boyer show that in terms of human health and agricultural loss, India and Africa are by far the most vulnerable regions on Earth. Because of an anticipated increase in malaria, Africa will probably be hit especially hard, and India is expected to suffer a large increase in premature deaths as well.

If climate change occurs at the rate expected by many scientists, it will have a much less serious effect on the United States, and even less than that on China. In the United States, agricultural production is expected to suffer relatively little. In China, agriculture is actually projected to benefit from a warmer climate.

Both nations are expected to suffer some losses in terms of human health, but compared with projections for other countries those losses will be disproportionately small. A key reason is that the United States and China are not expected to be highly vulnerable to increases in malaria and other climate-related diseases.

In terms of percentage reductions in gross domestic product, India and Africa together are expected to lose about 10 times more from climate change than the United States -- and about 20 times more than China.

We should now be able to see why China has refused to participate in any international agreement to control climate change. Chinese officials know that their nation will soon be the world's largest emitter of greenhouse gases, and they believe that because of their economy and their location, they have relatively little to gain from reducing those emissions.

We should also be able to see why most U.S. officials, whether Democratic or Republican, have been so reluctant to favor stringent limits on greenhouse gases. Such limits would be more costly for the United States than for most other nations, because the United States is and will continue to be the largest per-capita source of greenhouse gases. And on the current projections, Americans face comparatively lower risks from climate change.

Of course, any such projections involve a lot of guesswork, and reasonable people can differ. If global warming turns out to be either abrupt or greater than anticipated, it might well inflict catastrophic losses, leading to extremely serious problems for the United States and China alike. And even under current projections, the risks faced by the world's leading emitters can hardly be dismissed as trivial. National economies are interdependent, and if the world as a whole suffers from climate change, the United States and China will pay a large price.

But the troubling fact remains: The two nations now most responsible for the problem have comparatively little incentive to do anything about it. That is why, if the nations of the world really mean to take substantial steps to reduce greenhouse gases, they have two options.

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First, they might find a way to convince the United States and China that they have a moral obligation to protect the planet's most vulnerable people. The United States has long benefited from technologies that, while promoting its economic growth, are imposing serious risks on disadvantaged people in India, Africa and elsewhere.

Second, the world's nations might try to convince these two countries that emissions reductions are less expensive, and more beneficial for their own citizens, than the recent projections suggest. Environmentally friendly innovations have often turned out to be far less costly than anticipated. (And if persuasive evidence is found that indicates greater losses for both nations from global warming, there will be a stronger incentive to try to innovate.)

It is only with such an incentive, or a sense of moral duty, that the United States and China are likely to participate in serious international efforts to reduce greenhouse gases. And without the participation of the two countries, no such efforts are likely to have a substantial effect on the problem.

The writer teaches at the University of Chicago and is the author of "Infotopia: How Many Minds Produce Knowledge."

Navigating Kosovo's Future (NYT)

The New York Times, August 18, 2006

The 1999 war over Kosovo left the former Serbian province in political limbo, postponing the question of possible independence for another day. That day is now at hand, and the main question facing the international community is not whether Kosovo will become independent, but when and how. Status talks are expected to conclude in the next few months, with the United Nations Security Council to rule on the issue by the end of the year.

The original plan was for Kosovo's political leaders to demonstrate their ability to govern responsibly before formal discussions of sovereignty could begin. They haven't really done so, although they have made some grudging moves under international pressure.

Yet as a practical matter, Kosovo's international wardship cannot be extended indefinitely. The most promising way to encourage further progress is by moving ahead to a carefully conditioned form of limited autonomy.

The most critical issue, now as ever, is guaranteeing the rights of the ethnic Serb minority. Any independence arrangement will have to assure minorities a substantial role in government, particularly in sensitive areas like the Justice Ministry.

For the first few years at least, the powers of Kosovo's new government must be strictly limited. An international authority will have to monitor the government's fulfillment of internationally agreed conditions, paying special attention to issues like the rule of law and minority rights. A few thousand NATO-led troops should remain in Kosovo with the power to intervene when necessary to compel compliance.

Most of the countries with troops in Kosovo would prefer to bring them home now. But Kosovo's march toward independence is going to remain difficult and dangerous for years. The need for a continuing armed international presence should be non-negotiable.

The Betrayal Of Memory (NYT)

The New York Times, August 18, 2006

In a recent interview, the German author Günter Grass, who was 6 years old when Hitler came to power, added a significant, and overwhelming, detail to the account of his war years. He has always admitted being a Nazi sympathizer. Now he has admitted being drafted by the Waffen SS, the military arm of that criminal corps, in the last winter of World War II. He served in a tank division based in Dresden and claims he never fired a shot. He also states that at the time, he saw nothing wrong with the SS and that he came to understand the Holocaust only after the war.

The uproar on all sides was instantaneous. Grass's central literary theme has always been Germany's struggle to come to terms with its past, and he has used his own life — and the realizations forced upon him after the war ended — as a platform for trenchant moral and social criticism. He stands accused now, especially from the right, of deceit and hypocrisy. He might just as well stand accused of embodying, far more fully than his readers could ever have guessed, the unbearable historical and ethical tragedy implicit in his work. Memory should always speak, no matter how painful. That it has done so for Grass, only at last, means that he will forever be constrained by his own lie.

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We see two critical questions here. First, does this revelation undermine the sharp criticisms Grass has leveled over the years against Germany and the United States? Grass's personal probity has been seriously damaged, but that does nothing to mitigate the very real crimes of thought and deed he has railed against. The second question is more important. Does this revelation annul or impair Grass's work? To us, his novels have dramatized the problem of the conscience in history — and especially the battering it took in the 20th century — better than the work of almost any other writer. Everything he has written will now be reread with an ironic eye, but the weight of the work will stand unchanged. With this revelation, Günter Grass has become, in a sense, his own final chapter.

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TODAY'S EDITION

Terrorism News:

Judge Nixes Warrantless Surveillance (AP-Y) 4
Wiretap Program Illegal (USAT) 5
Judge Strikes Down The Warrantless Eavesdropping Program (MCT) 5
Judge Rules Against Wiretaps (WP) 7
NSA Ordered To Stop Wiretap Programme (FT) 8
Federal Judge Rules Warrantless Wiretapping Is Unconstitutional (WSJ) 8
Judge Orders Halt To Domestic Spying (LAT) 9
Bush Surveillance Program Violates Constitution, Judge Rules (FREEP) 11
Domestic Spying Declared Unconstitutional (NSDY) 11
Warrantless Wiretaps Ruled Unconstitutional (SFC) 12
Judge Finds Bush Warrantless Surveillance Unconstitutional (USNEWS) 14
Judge Orders Halt To Domestic Spying (ABC) 14
Judge Bars Warrantless Anti-Terrorism Surveillance (Update6) (BLOOM) 16
The Wiretapping Decision: Legal Blow Or Political Boon? (TIME) 17
Judge Rules Against NSA Eavesdropping Program (NJTD) 18
U.S. Judge Finds Wiretapping Plan Violates The Law (NYT) 18
NSA Surveillance Struck Down (WT) 20
Editorial: A Judicial Misfire (WP) 21
President Taylor (WSJ) 22
Editorial: Ruling For The Law (NYT) 23
Wiretap Ruling Affirms That Presidents Aren't Monarchs (USAT) 23
Bush: Unconstitutional, Again (LAT) 24
Our Bitter Politics May Drop The Gift Of A Foiled Plot (WSJ) 24
NSA Program Is Vital Tool (USAT) 26
Attorney General Exclusive Interview (PTR) 26
British Search Turns Up Parts For A Bomb (NYT) 27
Post-9/11 Detainee Returns To His Life (NSDY/AP) 28
Are We Fighting 'Islamic Fascists'? (WP) 29

Homeland Response:

Washington Seeks To Learn From MI5 (FT) 30
Home Delivery Terror Plot Exposes Flaws In How U.K. Tackles Extremism (WSJ) 31
A New Generation Of Jihad Seekers (CSM) 34
Regional Terror Goes Global (WSJ) 35
Air Travelers Discovering What Will And Won't Fly (WP) 36
Liquid Ban Prompts Upswing In Chartered Flights (WT) 37
W.Va. Airport Closed But No Explosive Found (WP) 38
Passenger's Behavior Suspicious Before Diversion, Affidavit Says (NYT) 39
Woman Charged In Flight Scare Was Barely Lucid (WP/AP) 39
Don't Let Guard Down, FBI Chief Says In Visit (SEAPI) 40
Chertoff Seeks Support On Real ID (AP) 41
Improved Information Sharing A Must (WT) 41
Teacher's Radical 9/11 Views Raise Red Flags (CSM) 42
9/11 Book Rankles Presbyterian Faith (WT) 43
Public Service Group Considers 'Government After Katrina' (WP) 44

War News:

Inside The Ring (WT) 45
White House Seeks To Boost Support For The War In Iraq (WSJ) 46
Inquiry Suggests Marines Excised Files On Killings (NYT) 47
10 Killed By Car Bombs In Baghdad (USAT) 49
7 Killed As Full-Scale Sectarian Fighting Rages In Baghdad (NYT) 49
Premier Calls Iraqi Forces Ready To Extend Control (WP) 50
Another Renegade Cleric Gains Clout (LAT) 50
Afghan President Blames U.S. Airstrike For 10 Deaths (WP/AP) 51
U.S. Coalition's Bombs Kill 10 Afghan Border Police (NYT) 52
C.I.A. Contractor Guilty In Beating Of Afghan (NYT) 52
Ex-Contractor Guilty Of Assaulting Detainee (WP) 53
Ex-CIA Contractor Found Guilty Of Assaulting Afghan Detainee Who Later Died (AP) 54
Ex-CIA Contractor Convicted Of Abusing Afghan Detainee (BLOOM) 55
Health Workers Freed Unhurt In Afghanistan (USAT) 55
General Says Opium Fuels Taliban (AP-Y) 55

DOJ:

Montana's U.S. Attorney In Line For No. 3 Post At Justice Department (AP) 56

Corporate Scandals:

Comverse Cancels Trio's Job Pacts And Revokes Their Stock Options (WSJ) 57
Raising The Stakes In Twist For Private Buyouts, Some Shareholders Fight Back (WSJ) 57

Time Warner To Adjust Profit Again (WP) ... 60
Ex-DHB Execs Face Financial Charges (USAT) ... 61
Foundry Networks Gets Nasdaq Notice (AP) ... 61
VeriSign Gets Nasdaq Noncompliance Note (AP) ... 62

Criminal Law:

Suspect Says He Drugged, Had Sex With JonBenet Ramsey (AP) ... 62
Prosecutor Tight-Lipped About Ramsey Suspect (AP) ... 63
Ramsey Confession Questioned (CHIT) ... 65
Suspect In Ramsey Slaying Says Death Was 'Accident' (LAT) ... 66
Questions Surround JonBenet Suspect (WP) ... 69
Complex Portrait Of Ramsey Murder Suspect Emerges (LAT) ... 71
Suspect's Answers Raise Questions About Credibility (USAT) ... 73
Arrest In Ramsey Case Presents More Questions (NYT) ... 75
JonBenet Arrest Downplayed (WT) ... 77
Ex-procurement Chief Argues For New Trial (GOVEXEC) ... 78
Prosecutors Reach Plea Deals In Gadsden Corruption Case (AP) ... 79
Opening Statements In Junior Gotti's 3rd Trial (NSDY/AP) ... 80
GOTTI TEMPER TANTRUM (NYPOST) ... 80
On Trial For The Life (NYDN) ... 81
Reputed Godfather Of Montreal Mafia Faces Charges In U.S. (NSDY/AP) ... 82
Mobster Cops To '84 Slay Of Capo (NYDN) ... 82
Reputed Montreal Mobster Faces U.S. Charges After Losing Extradition Battle (CP) ... 83
JUSTICE HAS LAST LAUGH ON MOB KILLER 'HA HA' (NYPOST) ... 84
Two Found Guilty In $15M Internet Software And Securities Scheme (LAW) ... 84
Former Cokato Bank Executive Pleads Guilty To Lying (DULNT) 85
Birmingham Woman Sentenced To 19 Months In FEMA Fraud Case (AP) ... 85
FBI Duty In Slaying Trial Of 4 Disputed (BOS) ... 85
Phoenix Police Took A Page From D.C. Sniper Case (WT) ... 86
DNA Links 2 Women To Dead Men (LAT) ... 87

Civil Law:

Judge's Ruling Slams Big Tobacco (USAT) ... 88
Cigarette Companies Escape Major Financial Penalty In Suit (WSJ) ... 88
New Limits Set Over Marketing For Cigarettes (NYT) ... 90
Big Tobacco Lied To Public, Judge Says (WP) ... 91
Judge: Tobacco Firms Deceived Smokers (AP) ... 93
Judge: Tobacco Firms Misled Public (RTD) ... 94
Judge Finds Tobacco Racketeering (CNN) ... 95
Tobacco Companies 'deceived Smokers' (FT) ... 96
Tobacco Gets Off Lightly In Federal Fraud Suit (DOW) ... 97
Cigarette Makers Lose In U.S. Racketeering Lawsuit (Update2) (BLOOM) ... 98
U.S. Trustee Says She Left Due To Interference (LAW) ... 99

Civil Rights:

Time, Dead Witnesses And Dead Ends Plague Old Murder Probes (AP) ... 100
Ex-apartment Manager Fined For Discrimination (BN) ... 101
5 Clinics Shut On Accusations Of Late-term Abortions (WT) ... 102
Minority Students Decline In Top New York Schools (NYT) ... 102

Antitrust:

Bristol-Myers: No Evidence Plavix Talks Broke Law (DOW) ... 104
New Jersey Regulators Offer Counterproposal To Exelon/PSEG Merger (AP) ... 105
Bidders Convinced Of Huge Pot At The End Of The Spectrum (WP) ... 106
Schools Get $80M From Microsoft Antitrust Case (AP) ... 107
Needy Schools To Get Windfall From Microsoft (TAMPTRIB) ... 107
Lucent's Merger With Alcatel Stirs Analyst's Doubts (WSJ) ... 108
Top 3 Russian Phone Operators Probed (AP) ... 109

Environment:

Government Wins Round In Pollution Fight (AP) ... 109

FBI/DEA/ATF/USMS:

9/11 Panel Chiefs: FBI Lags On Promised Improvements (USAT) ... 110
The FBI's Upgrade That Wasn't (WP) ... 111
FBI Names Chief Of Criminal Investigations (WT) ... 114
Bonds Trainer Mum On Steroids Question (MERCN) ... 115
Bonds' Trainer Refuses To Testify, But Remains Free (USAT) 116
Bonds' Trainer Appears Before Grand Jury (SFC) ... 116
Bonds's Personal Trainer Reveals Little To Grand Jury (NYT) ... 117
Suspected Drug Kingpin Pleads Not Guilty (AP) ... 117
Alleged Mexican Drug Lord Pleads Not Guilty (LAT) ... 118
U.S. Considered '93 Indictment Of Raul Castro On Drug Charges (AP) ... 119
Feds Take Over Big Drug Case (AC) ... 120
Manteca Man Admits To Posing As DEA Agent (SFC) ... 121
30 Arrested In Reservation Meth Sting (EVT) ... 121
Feds, Tribal Police Unite In Meth Bust (AR) ... 122
Arizona Indian Country Meth Dealers Busted (WT/UPI) ... 122
El Cajon Mosque Destroyed By Fire (SDUT) ... 123

Tax:

Norristown Contractor Gets 20-month Term (PHI) ... 123
Hollywood, The I.R.S. Is Watching (NYT) ... 124
IRS Targets Award Show Goody Bags (WP) ... 125

Congress-Administration:

Bush Signs Measure To Shore Up Pensions (USAT) ... 126
President Bush Signs New Pension Bill (AP-Y) ... 127
Bush Signs Law To Fund Pensions (WT) ... 128
Bush Signs Sweeping Revision Of Pension Law (WP) ... 129
Reform Erodes The Future Of US Pensions (CSM) ... 130
Law Will Allow Anyone To Inherit 401(k), Get Tax Benefit (LAT) 131
Deficit Is Likely To Shrink In 2006 On Tax Revenue (WSJ) ... 132
Brighter '06 Deficit Outlook, But Grim Long Term (NYT) ... 132
Tax Receipts Reduce 2006 Deficit Forecast (WP) ... 134
U.S. Deficit Projected To Shrink, Then Grow (LAT) ... 134
The Archives Sleuth Had A Secret (WP) ... 135
3 Critics Of NASA Cuts Quit Panel (WP/AP) ... 136

DOJ_NMG_0050007

Other News:

Small Fall In Leading Indicators Offers Sign Of Increasing Stability (WSJ) ... 137
Wall Street Extends Four-day Rally (FT) ... 137
Wages, Wealth And Politics (NYT) ... 138
Judge Clears Northwest Workers To Strike (WP/AP) ... 139
Judge Won't Block Possible Flight Attendant Strike (USAT) ... 139
Woman Beaten By Husband Wins Suit (WP) ... 140
Republicans Losing The 'Security Moms' (WP) ... 141
Latest Poll Shows Lieberman With Huge Lead (WT) ... 143
Poll: Lieberman Ahead, High Favorability (AP-Y) ... 144
Rebellion By Base Roils A Republican Race (WSJ) ... 145
Candidates Woo Farmers At State Fair In Missouri (WT) ... 146
Months After Making Headlines, John Murtha's Popularity Booming (MCT) ... 147
Pennsylvania Republican Walks Fine Line On Iraq War (WT) ... 148
Lawmaker Helped Brother's Lobby Clients (AP-Y) ... 149
Union Backing Redistricting Fights (AP-Y) ... 150
Ad Disappears From Democratic Web Site (AP-Y) ... 151
Schwarzenegger Hears Rumbles From The Right (LAT) ... 151
Ehrlich Attorney Cleared In Lobbying Complaint (WP) ... 153
Rising College Fees Will Cost Us In Time (USAT) ... 154
Project Vision (WSJ) ... 154
The 'Real World' Of Sen. Allen (WP) ... 156
A Retreat Toward Watergate (NYT) ... 156
Reform Worth Rescuing (WP) ... 157
The Other Pension Crisis (WSJ) ... 158
No Moratorium On Charters (WP) ... 159
Officials: U.S. Blocked Missiles To Hezbollah (USAT) ... 159
Trained Eye Can See Right Through Box Of Weapons (USAT) 160
War On Daddy's Dime (NYT) ... 161
With Guns Silent, Wartime Unity Unravels In Israel Amid Fierce Criticism Of War Effort (NYT) ... 162
Israel Turns From War To Political Skirmishes (WT) ... 163
Defining Victory In Lebanon (LAT) ... 164
Lebanese Army Begins To Deploy Across South (WP) ... 164
Lebanese Army Moves South (FT) ... 166
Lebanese Army Sets Up In Hezbollah's Territory (NYT) ... 167
Lebanese Troops Deploy In Hezbollah Territory (USAT) ... 168
Lebanese Soldiers Arrive In Southern Lebanon (MCT) ... 169
New Stature For Lebanese Military? (CSM) ... 170
The Situation Room (CNN) ... 172
France Declines To Contribute Major Force For U.N. Mission (WP) ... 181
France Hedges On Commitment To Lebanon Force (WSJ) ... 182
U.N. Gets 3,500 Troops For Mideast Force (AP) ... 183
U.N. Aide Says A Lebanon Peace Force Can Deploy In 10 Days (NYT) ... 184
Where Did The French Go? (WP) ... 185
U.N. Pledges $64 Million For Cleanup Of Oil Spill Off Lebanon (NYT) ... 185
Start Talking To Hezbollah (NYT) ... 186
A Moment To Be Seized In Lebanon (WP) ... 187
Abbas: Militants Agree To Halt Attacks (AP-Y) ... 188
Pakistan's Leader Faces Increasing Political Challenges (NYT) 189
U.S. Predicts Fast Action At U.N. If Sanctions On Iran Are Needed (NYT) ... 191
U.S. To Move Quickly On Iran Sanctions (AP) ... 191
U.S. To Urge U.N. To Exact Penalties For Iran (WT/AP) ... 192
Iran Rebuff Of U.N. Likely, U.S. Official Says (LAT) ... 192
Signs In North Korea Point To Nuclear Test (WSJ) ... 193
Earthy Bush Gibe Denied (LAT) ... 194
China Adds Restrictions In Effort To Shake The Faith Of Independent Congregations (NYT) ... 195
U.N. Official Warns Of Major New Sudanese Offensive In Darfur (WP) ... 196
U.N. Resolution Considers Darfur Peace (AP) ... 197
Sudan Under Pressure To Admit UN Force (FT) ... 197
U.S. Rebuilds A Clinic In Tanzania (AP) ... 198
Yukos Probe Widens To Include Westerners (WP) ... 199
Children Need More Of Us, Not Less (WSJ) ... 200
Fidel Castro's Illness Has Impersonators Scrambling To Adapt (WSJ) ... 200
Go West, Young Man . . . (WSJ) ... 202
Limiting Climate Change: The Neglected Obstacle (WP) ... 203
Navigating Kosovo's Future (NYT) ... 204
The Betrayal Of Memory (NYT) ... 204

DOJ_NMG_0050008

TERRORISM NEWS:

Judge Nixes Warrantless Surveillance (AP-Y)

By Sarah Karush

AP, August 18, 2006

A federal judge on Thursday struck down President Bush's warrantless surveillance program, saying it violated the rights to free speech and privacy, as well as the separation of powers enshrined in the Constitution.

U.S. District Judge Anna Diggs Taylor in Detroit is the first judge to rule on the legality of the National Security Agency's program, which the White House says is a key tool for fighting terrorism that has already stopped attacks.

"Plaintiffs have prevailed, and the public interest is clear, in this matter. It is the upholding of our Constitution," Taylor wrote in her 43-page opinion.

The administration said it would appeal to the 6th U.S. Circuit Court of Appeals in Cincinnati.

"We're going to do everything we can do in the courts to allow this program to continue," Attorney General Alberto Gonzales said at a news conference in Washington.

White House press secretary Tony Snow said the Bush administration "couldn't disagree more with this ruling." He said the program carefully targets communications of suspected terrorists and "has helped stop terrorist attacks and saved American lives."

Taylor ordered an immediate halt to the program, but the government said it would ask for a stay of that order pending appeal. The American Civil Liberties Union, which brought the suit, said it would oppose a stay but agreed to delay enforcement of the injunction until Taylor hears arguments Sept. 7.

The ACLU filed the lawsuit in January on behalf of journalists, scholars and lawyers who say the program has made it difficult for them to do their jobs. They believe many of their overseas contacts are likely targets of the program, which monitors international phone calls and e-mails to or from the U.S. involving people the government suspects have terrorist links.

The ACLU says the 1978 Foreign Intelligence Surveillance Act, which set up a secret court to grant warrants for such surveillance, gave the government enough tools to monitor suspected terrorists.

The government argued that the NSA program is well within the president's authority but said proving that would require revealing state secrets.

The ACLU said the state-secrets argument was irrelevant because the Bush administration already had publicly revealed enough information about the program for Taylor to rule. The adminstration has decried leaks that led to a New York Times report about the existence of the program last year.

Taylor, a Carter appointee, said the government appeared to argue that the program is beyond judicial scrutiny.

"It was never the intent of the framers to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights," she wrote. "The three separate branches of government were developed as a check and balance for one another."

Administration officials said the program is essential to national security. The Justice Department said it "is lawful and protects civil liberties."

In Washington, Republicans expressed hope that the decision would be overturned, while many Democrats praised the ruling.

"It is disappointing that a judge would take it upon herself to disarm America during a time of war," Rep. Pete Hoekstra, R-Mich., chairman of the House Intelligence Committee, said in a statement.

West Virginia Sen. Jay Rockefeller, the top Democrat on the Senate Intelligence Committee, said the decision shows the executive branch needs more external reviews.

"The administration is wrongly convinced that it can run the country without Congress or oversight. This is their tragic failure, and the courts understand it," Rockefeller said.

ACLU executive director Anthony Romero called Taylor's opinion "another nail in the coffin in the Bush administration's legal strategy in the war on terror."

"At its core, today's ruling addresses the abuse of presidential power and reaffirms the system of checks and balances that's necessary to our democracy," he told reporters.

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One of the plaintiffs in the case, Detroit immigration attorney Noel Saleh, said the NSA program had made it difficult to represent his clients, some of whom the government accuses of terrorist connections.

Saleh, a leader in Michigan's large Arab-American community, also said he believes many conversations between people in the community and relatives in Lebanon were monitored in recent weeks as people here sought news of their families amid the violence in the Middle East.

"People have the right to be concerned about their family, to check on the welfare of their family and not be spied on by the government," he said.

Sen. Arlen Specter, R-Pa., the Senate Judiciary Committee chairman, is championing a compromise that would allow Bush to submit the surveillance program to the Foreign Intelligence Surveillance Court for a one-time test of its constitutionality. But under Thursday's ruling that would not be enough, said Richard Pildes, a professor at New York University School of Law.

Taylor suggests in her ruling that the program "would violate the Constitution even if Congress authorized it," Pildes said. "Until Congress actually addresses these questions, I would expect most appellate courts to be extremely reluctant to address many of the questions this judge was willing to weigh in on."

While siding with the ACLU on the surveillance issue, Taylor dismissed a separate claim by the group over NSA data-mining of phone records. She said not enough had been publicly revealed about that program to support the claim and further litigation would jeopardize state secrets.

The lawsuit alleged that the NSA "uses artificial intelligence aids to search for keywords and analyze patterns in millions of communications at any given time." Multiple lawsuits have been filed related to data-mining against phone companies, accusing them of improperly turning over records to the NSA.

The data-mining was only a small part of the Detroit suit, said Ann Beeson, the ACLU's associate legal director and the lead attorney on the case.

Wiretap Program Illegal (USAT)

By David Jackson

USA Today, August 18, 2006

WASHINGTON — President Bush's warrantless surveillance program is unconstitutional because it involves illegal searches, a federal judge ruled Thursday.

“There are no hereditary kings in America and no powers not created by the Constitution,” wrote U.S. District Judge Anna Diggs Taylor in Detroit.

The plaintiffs and the government agreed to a temporary stay of the decision until a Sept. 7 hearing, while the Bush administration vowed to appeal.

“We couldn't disagree more with this ruling,” White House spokesman Tony Snow said.

The program, started just days after the Sept. 11, 2001, terrorist attacks, involves communications between people in the USA and potential terrorism suspects abroad. Attorney General Alberto Gonzales called the surveillance “lawful” and said the administration will do “everything we can to allow this program to continue.”

In her 43-page opinion, Taylor said the program violates the 1978 Foreign Intelligence Surveillance Act (FISA). That law created a special court that issues wiretap warrants for cases in which the government says national security is involved.

The decision, the first public court ruling on the legality of the program, could spur Congress and the administration to complete negotiations on a deal placing the Bush program under FISA, said Michael Greenberger, director of the Center for Health and Homeland Security at the University of Maryland. One way or the other, he said, this case or similar lawsuits from around the country are likely headed to the Supreme Court.

The ACLU sued on behalf of journalists, scholars and lawyers who say they may have been ensnared in the program because of their contacts overseas.

The Bush administration had tried to block the lawsuit by claiming that any defense would force it to release secret information. It also said the program had been carefully monitored.

Taylor, who was appointed in 1979 by President Carter, a Democrat, wrote that Bush had already acknowledged the program's existence, and the plaintiffs needed no new information to pursue their claims. Stopping the case, she wrote, would immunize the administration from necessary judicial scrutiny.

The judge also rejected the administration's claim that a congressional resolution passed shortly after Sept. 11 gave Bush the authority to create the program. The resolution, Taylor wrote, “says nothing whatsoever of intelligence or surveillance.”

Judge Strikes Down The Warrantless Eavesdropping Program (MCT)

By Ron Hutcheson And Margaret Talev

McClatchy Newspapers, August 18, 2006

WASHINGTON - In a scathing rebuke, a federal judge ruled Thursday that the Bush administration's warrantless eavesdropping program is unconstitutional and should be shut down, but legal scholars said the administration has a good chance of reversing the decision on appeal.

"There are no hereditary kings in America and no power not created by the Constitution," U.S. District Judge Anna Diggs Taylor of Detroit said in a 43-page opinion blasting the program.

Taylor said that the program, which President Bush secretly approved after the terrorist attacks of Sept. 11, 2001, violated the rights of free speech and privacy and went far beyond the president's authority. Administration officials say the surveillance program targets telephone calls and e-mails between the United States and suspected terrorists overseas.

The Justice Department immediately appealed the ruling, and all the parties agreed that the Bush administration is free to keep eavesdropping without warrants pending the Sept. 7 appeals-court hearing.

While the ruling was a clear victory for Bush's critics, it didn't end the legal battle over the government's secret eavesdropping. Legal scholars said the administration had a good chance of winning its appeal to the 6th U.S. Circuit Court of Appeals in Cincinnati, which handles cases from Michigan, Kentucky, Ohio and Tennessee.

"This isn't the definitive word," said Bruce Fein, a Washington lawyer who agreed with Taylor's conclusions. "This is going to the 6th Circuit. If the 6th Circuit goes against the government, it's going to the Supreme Court."

Carl Tobias, a constitutional scholar at the University of Richmond's law school, said the 6th Circuit tended to be sympathetic to the government's national-security concerns.

"There are more judges on that court who come down on the national security end of the spectrum than the civil liberties end," he said. "The majority probably would reverse this decision."

Administration officials suggested that the ruling, if it stands, will increase the risk of a terrorist attack.

"We couldn't disagree more with this opinion," White House spokesman Tony Snow said in a statement. "The whole point is to detect and prevent terrorist attacks before they can be carried out. That's what the American people expect from their government."

Snow noted that the ruling came a week after the alleged aircraft-bombing plot in London offered "a stark reminder that terrorists are still plotting to attack our country."

Government lawyers called the surveillance program "a critical tool" in the war on terrorism and "an early warning system" against attacks.

"We're going to do everything that we can in the courts to allow this program to continue," Attorney General Alberto Gonzales said.

The American Civil Liberties Union, which filed the Detroit lawsuit on behalf of plaintiffs, called the decision "a landmark victory against the abuse of power that has become the hallmark of the Bush administration."

The ACLU sued on behalf of a group of journalists, lawyers and researchers, including several from Detroit, who suspected that government eavesdroppers had targeted their international calls.

Bush's decision to establish the warrantless surveillance program lets government agents bypass the Foreign Intelligence Surveillance Act, which requires court approval for domestic surveillance.

The law, enacted in 1978 in response to illegal wiretaps during the Nixon administration, includes emergency provisions that let investigators seek court approval up to 72 hours after the surveillance starts. Bush and his advisers say the law is too cumbersome when dealing with possible terrorist attacks.

The president contends that his constitutional power as commander in chief and the congressional resolution authorizing the use of military force against terrorists empowered him to establish the eavesdropping program. The New York Times revealed the secret surveillance late last year.

Taylor, a liberal Democrat whom President Jimmy Carter appointed to the court, concluded that Bush had overstepped his authority. She also rejected the government's argument that the case should be tossed out to avoid the risk of exposing government secrets.

"Plaintiffs have prevailed, and the public interest is clear, in this matter. It is the upholding of our Constitution," she wrote.

The ruling complicates efforts in Congress to come up with a compromise that could satisfy both sides in the dispute. Senate Judiciary Committee Chairman Arlen Specter, R-Pa., is pushing legislation that's intended to put the surveillance program under the jurisdiction of a special court established by the Foreign Intelligence Surveillance Act.

Democrats blocked a vote on Specter's bill before the August recess, saying it wouldn't guarantee sufficient court oversight. They appeared unlikely to back down now that a federal judge essentially has endorsed their views.

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"We can and should wiretap terrorists under the current FISA law," Sen. Patrick Leahy of Vermont, the ranking Democrat on the Senate Judiciary Committee, said after Taylor's ruling. "The problem has been the Bush-Cheney administration's insistence on doing it illegally, without checks and balances to prevent abusing the rights of Americans."

Judge Rules Against Wiretaps (WP)

By Dan Eggen And Dafna Linzer

The Washington Post, August 18, 2006

A federal judge in Detroit ruled yesterday that the National Security Agency's warrantless surveillance program is unconstitutional, delivering the first decision that the Bush administration's effort to monitor communications without court oversight runs afoul of the Bill of Rights and federal law.

U.S. District Judge Anna Diggs Taylor ordered a halt to the wiretap program, secretly authorized by President Bush in 2001, but both sides in the lawsuit agreed to delay that action until a Sept. 7 hearing. Legal scholars said Taylor's decision is likely to receive heavy scrutiny from the U.S. Court of Appeals for the 6th Circuit when the Justice Department appeals, and some criticized her ruling as poorly reasoned.

Ruling in a lawsuit brought by the American Civil Liberties Union and other advocacy groups in the Eastern District of Michigan, Taylor said that the NSA wiretapping program, aimed at communications by potential terrorists, violates privacy and free speech rights and the constitutional separation of powers among the three branches of government. She also found that the wiretaps violate the Foreign Intelligence Surveillance Act, the 1978 law instituted to provide judicial oversight of clandestine surveillance within the United States.

"It was never the intent of the framers to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights," Taylor wrote in her 43-page opinion. ". . . There are no hereditary Kings in America and no powers not created by the Constitution. So all 'inherent powers' must derive from that Constitution."

The ruling is the latest courtroom setback for the Bush administration's controversial anti-terrorism and detention policies, which have frequently relied on broad assertions of presidential power. In a landmark case in June, the Supreme Court rejected Bush's claims of executive power, ruling 5 to 3 that special military trials for terrorism suspects were not authorized under federal law and ran afoul of the Geneva Conventions.

The decision yesterday could complicate efforts by the White House and Sen. Arlen Specter (R-Pa.) to win approval for a bill that would allow, but not require, Bush to submit the NSA program to a secret court for legal review.

The eavesdropping program, revealed in news reports in December 2005, allows the NSA to intercept telephone calls and e-mails between the United States and overseas without court approval in cases in which the government suspects one party of having links to terrorism.

The NSA declined to discuss Taylor's ruling or whether it had suspended any surveillance activities. The office of John D. Negroponte, the director of national intelligence, also declined to comment.

Several dozen lawsuits have been filed around the country challenging the program's legality, but yesterday's ruling marked the first time that a judge had declared it unconstitutional. Experts in national security law argued, however, that Taylor offered meager support for her findings on separation of powers and other key issues.

"Regardless of what your position is on the merits of the issue, there's no question that it's a poorly reasoned decision," said Bobby Chesney, a national security law specialist at Wake Forest University who takes a moderate stance on the legal debate over the NSA program. "The opinion kind of reads like an outline of possible grounds to strike down the program, without analysis to fill it in."

White House press secretary Tony Snow said the Bush administration "couldn't disagree more with this ruling," calling it "carefully administered."

Congressional Republicans quickly condemned Taylor's ruling, and the Republican National Committee issued a news release titled, "Liberal Judge Backs Dem Agenda To Weaken National Security." Taylor, 73, was appointed to the bench in 1979 by President Jimmy Carter.

Some Republicans sought to tie the ruling to last week's arrests in Britain and Pakistan of alleged conspirators in a plot to blow up airliners bound from London to the United States. The administration has not offered evidence that the NSA spying program played a role in the case. Sen. Mike DeWine (R-Ohio) said that halting the program "would hamper our ability to foil terrorist plots."

Senate Minority Leader Harry M. Reid (Nev.) and other leading Democrats hailed the ruling as a welcome check on the Bush administration. The decision shows that "no one is above the law," Sen. John F. Kerry (D-Mass.) said.

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ACLU Executive Director Anthony D. Romero called the decision "another nail in the coffin" of the Bush administration's anti-terrorism strategies. "The judge very clearly points out that this, at its core, is about presidential powers," he said.

The Justice Department argued that the NSA program is well within Bush's authority as president, but that proving it would require revealing state secrets. Taylor agreed with the ACLU and other plaintiffs that many details about the program had already been publicly acknowledged by numerous government officials, including Bush.

Taylor rejected one part of the ACLU's lawsuit seeking information about data mining -- the process of searching computer databases for information on individuals -- agreeing with the government that it would be impossible to allow that part of the case to go forward without divulging vital state secrets.

The ruling was hailed by lawyers involved in related, though legally separate, lawsuits elsewhere in the country. "We now have a ruling on the books that upholds what we've been saying all along: that this wiretapping program violates the Constitution," said Kevin Bankston, staff attorney for the Electronic Frontier Foundation in San Francisco, which has filed a class-action case against AT&T. The suit alleges that the telecommunications company collaborated with the NSA in its surveillance program.

NSA Ordered To Stop Wiretap Programme (FT)

By Demetri Sevastopulo In Washington

Financial Times, August 18, 2006

The White House on Thursday suffered another blow in its “war against terror” strategy when a federal court ruled its warrantless eavesdropping programme unconstitutional.

Judge Anna Diggs Taylor ruled that the “Terrorist Surveillance Programme” violated rights to free speech and privacy. The Bush administration immediately appealed against the decision.

The American Civil Liberties Union said the ruling was “a landmark victory against the abuse of power that has become the hallmark of the Bush administration”.

“Government spying on innocent Americans without any kind of warrant and without Congressional approval runs counter to the very foundations of our democracy,” said Anthony Romero, executive director of the ACLU, which brought the lawsuit.

President George W. Bush authorised the eavesdropping programme after the September 11 2001 attacks. The highly classified programme allowed the National Security Agency to intercept the international phone calls and e-mails of Americans with links to suspected terrorists.

The White House argued that Mr Bush had the authority to order the programme, saying it was a crucial tool in the “war on terror”. But Arlen Specter, Republican chairman of the Senate judiciary committee, and many Democrats criticised Mr Bush for not seeking Congressional approval.

In a resounding rebuke of Mr Bush, Judge Taylor wrote: “There are no hereditary Kings in America and no powers not created by the Constitution.”

The court ruling is the second recent important indictment of the Bush administration’s counter-terrorism tactics. In June, the Supreme Court ruled that the military commissions formed to try prisoners at Guantánamo Bay violated US law and the Geneva conventions. The administration was forced to reverse policy and to allow that prisoners captured in the war against al-Qaeda were entitled to some Geneva protections.

Only a week after the UK and US foiled an alleged plot to blow up airliners, the court ruling is likely to renew debate about national security policies before November’s Congressional elections.

Federal Judge Rules Warrantless Wiretapping Is Unconstitutional (WSJ)

The Wall Street Journal, August 18, 2006

A federal judge ruled the government's warrantless wiretapping program is unconstitutional and ordered an immediate halt to it, a setback for the White House, which has defended the program as a key tool in its fight against terrorism.

U.S. District Judge Anna Diggs Taylor in Detroit became the first judge to strike down the National Security Agency's program, which she said violates the rights to free speech and privacy as well as the separation of powers enshrined in the Constitution.

1 JUDGE'S RULING

Read Judge Taylor's decision2 and injunction3, which side with the ACLU and orders a halt to the NSA's warrantless wiretapping program. POLL

See the results of a new Harris Interactive poll4 tracking public support for government surveillance efforts. RELATED STORIES

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4/27/06

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1/7/06

"Plaintiffs have prevailed, and the public interest is clear, in this matter. It is the upholding of our Constitution," Judge Taylor wrote in her 43-page opinion7.

The Justice Department appealed the decision, saying the surveillance program is "an essential tool for the intelligence community in the War on Terror."

The American Civil Liberties Union filed the lawsuit on behalf of journalists, scholars and lawyers who say the program has made it difficult for them to do their jobs. They believe many of their overseas contacts are likely targets of the program, which involves secretly listening to conversations between people in the U.S. and people in other countries.

President Bush authorized the NSA program after the Sept. 11 attacks on the U.S., and it became public following a report in the New York Times last year. The program allows the government to eavesdrop on the international phone calls and emails of U.S. citizens without obtaining a warrant, if one or both of the parties is suspected of being a terrorist threat.

The program's disclosure stirred up a political firestorm. It has been widely criticized by civil rights activists and raised concern among lawmakers, including some Republicans, who say the president may have overstepped his powers by authorizing it. Mr. Bush defended the program, saying it is legal and necessary to protect Americans.

In the legal case, the government argued that the program is well within the president's authority, but said proving that would require revealing state secrets. The ACLU said the state-secrets argument was irrelevant because the Bush administration already had publicly revealed enough information about the program for Judge Taylor to rule.

"By holding that even the president is not above the law, the court has done its duty," said Ann Beeson, the ACLU's associate legal director and the lead attorney for the plaintiffs.

After the ruling, the Justice Department issued a statement saying: "In the ongoing conflict with al-Qaeda and its allies, the President has the primary duty under the Constitution to protect the American people. The Constitution gives the President the full authority necessary to carry out that solemn duty, and we believe the program is lawful and protects civil liberties."

While siding with the ACLU on the wiretapping issue, Judge Taylor dismissed a separate claim by the group over data-mining of phone records by the NSA. She said not enough had been publicly revealed about that program to support the claim and further litigation could jeopardize state secrets.

Judge Orders Halt To Domestic Spying (LAT)

By Henry Weinstein

The Los Angeles Times, August 18, 2006

A federal judge in Detroit ruled today that the government's warrantless wiretapping program is unconstitutional and must be stopped immediately.

U.S. District Judge Anna Diggs Taylor held that the wiretapping program violated the 1st and 4th Amendments to the Constitution, which protect free speech and prohibit unlawful searches. She also held that the surveillance program, run by the National Security Agency, violates the federal Administrative Procedures Act and the Separation of Powers doctrine.

However, she upheld the Justice Department's request to dismiss one aspect of the lawsuit filed by the American Civil Liberties Union. She threw out the part asking that the government's data-mining program be ruled unconstitutional, saying that litigation of that claim would violate the government's state secrets privilege.

The Bush administration immediately announced that it would appeal the ruling and asked that the decision be stayed until it has an opportunity to appeal. Taylor is expected to hold a hearing on the stay request on Sept. 7.

"We respectfully disagree with the decision of the judge," Atty. Gen Alberto R. Gonzales said.

He added that he was confident that the program was legal and "we will continue to utilize the program to ensure that America was safer."

Taylor, an appointee of President Jimmy Carter, became the first federal judge to rule that the surveillance program violated constitutional rights. She held two hearings on the issue this summer.

She said today that if the program was allowed to continue it clearly would irreparably harm the rights of the plaintiffs, which included the ACLU, the Council on American-Islamic Relations, Greenpeace and several individuals. "The public interest is clear," Taylor wrote.

In the response to the government's assertion that the program was needed for the defense of the nation, Taylor cited a 1967 decision of then-Chief Justice Earl Warren in her conclusion. "Implicit in the term 'national defense' is the notion of defending those values and ideas which set this nation apart It would indeed be ironic if, in the name of national defense, we would sanction the subversion of those liberties which makes the defense of the nation worthwhile."

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She also quoted a 2004 opinion by Justice Sandra Day O'Connor, which rejected the Bush administration's claim that the war on terror gives him, as commander in chief, the unchecked power to imprison "enemy combatants."

O'Connor wrote: "It is during our most challenging and uncertain moments that our nation's commitment to due process is most severely tested; and it is in those times that we must preserve our commitment at home to the principles for which we fight abroad."

_ _ _

After the program was revealed by the New York Times in December, the government admitted that it had launched a domestic wiretapping initiative after the Sept. 11 terrorist attacks. NSA personnel listen in on phone calls and obtain e-mails into and out of the U.S. involving suspected terrorist affiliates. The program bypasses the Foreign Intelligence Surveillance Court, created after government spying abuses in the 1970s. The court approves search and wiretapping warrants in some intelligence and terrorism-related investigations.

The ACLU and the other groups and several individuals, who expressed fears that the government was spying on them, filed a lawsuit in Detroit challenging the program. The Center for Constitutional Rights filed a similar suit in New York federal court the same day. That case is pending, as are others filed subsequently in Oregon and Texas.

The government has attempted to have the cases thrown out on two grounds. First, Justice Department lawyers have maintained that the plaintiffs have not demonstrated that they have been injured by the program. The government attorneys also argued that even if the plaintiffs could show that they were entitled to sue, the case should be barred because of the "state secrets" privilege.

That privilege, laid out in a Supreme Court decision in 1953, prohibits disclosure of information in legal proceedings when there is a "reasonable danger" that the evidence would "expose military matters which, in the interest of national security, should not be divulged."

Judge Taylor ruled for the plaintiffs on both issues. "Contrary to [the government's] arguments, the court is persuaded that plaintiffs are able to establish a prima facie case based solely" on the public admissions of government officials about the surveillance program, Taylor wrote.

Declarations submitted by the plaintiffs "establish that their communications would be monitored" under the surveillance program, the judge said. "Further, plaintiffs have shown that because of the existence of [the surveillance program] they have suffered a real and concrete harm. Plaintiffs' declarations state undisputedly that they are stifled in their ability to vigorously conduct research, interact with sources, talk with clients, and in the case of the attorney plaintiffs, uphold their oath of providing effective and ethical representation of their clients," the judge wrote.

Taylor flatly rejected the government lawyers' contention that they could not defend the case without the exposure of state secrets.

"The Bush administration has repeatedly told the general public that there is a valid basis" for the surveillance program, Taylor wrote, adding that government officials have contended that the president has the authority for the program under the congressional authorization for use of military force after the 9/11 attacks and the Constitution. She said government officials supported these arguments without revealing or relying on any classified information.

"Indeed, the court has reviewed the classified information [in private] and is of the opinion that this information is not necessary to any viable defense to" the surveillance program. "Consequently, the court finds defendants' argument that they cannot defend this case without the use of classified information to be disingenuous and without merit."

But Taylor agreed that the government's dating-mining program could not be defended without violating the state secrets doctrine.

The Justice Department issued a statement saying, "The Terrorist Surveillance Program is a critical tool that ensures we have in place an early warning system to detect and prevent a terrorist attack. In the ongoing conflict with Al Qaeda and its allies, the president has the primary duty under the Constitution to protect the American people. The Constitution gives the president the full authority necessary to carry out that solemn duty, and we believe the program is lawful and protects civil liberties."

The ruling was hailed immediately by Sen. Patrick Leahy (D-Vt.), the ranking Democrat on the Judiciary Committee. "This has become another unfortunate example of how White House misdirection, arrogance and mismanagement have needlessly complicated our goal of protecting the American people," Leahy said. "I have always believed that the Bush-Cheney warrantless domestic spying program violated our laws…. By following the Constitution and our laws, we can protect both our security and our American values."

Senate Majority leader Bill Frist (R-Tenn.) called the decision "unfortunate," saying, "Terrorists are the real threat to our constitutional and democratic freedoms, not the law enforcement and intelligence tools used to keep America safe."

The Republican National Committee issued a more strident statement, headlined "Liberal Judge Backs Dem Agenda to Weaken National Security."

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The ACLU agreed to stay the ruling until early September when Taylor is expected to hear the administration's request for a longer stay while it appeals. ACLU attorney Jameel Jaffer said the ACLU will oppose the request for a longer stay.

The administration's appeal will go to the U.S. 6th Circuit Court of Appeals. Based in Cincinnati, the 6th Circuit considers appeals from federal courts in Kentucky, Michigan, Ohio and Tennessee.

Times staff writers Rick Schmitt and Richard Simon in Washington contributed to this article.

Bush Surveillance Program Violates Constitution, Judge Rules (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, August 18, 2006

A federal judge in Detroit on Thursday stuck down the Bush Administrations' domestic spying program in a decision that could affect the civil rights of millions of Americans and alter the course of the war on terror.

"… The public interest is clear in this matter. It is upholding our Constitution," U.S. District Judge Anna Diggs Taylor said in a 43-page ruling.

Taylor said the program, which the Administration created after the 9/11 terrorist attacks violates the separation of powers doctrine , the First and Fourth Amendments to the U.S. Constitution.

Taylor permanently enjoined the government from intercepting international phone calls involving suspected Al Qaeda members without first obtaining search warrants from the Foreign Intelligence Surveillance Court in Washington.

The ACLU, which filed the lawsuit, called the ruling "a major rebuke" to the Bush Administration.

"By holding that even the president is not above the law, the court's done its duty,"

said Ann Beeson, the ACLU's associate legal director and the lead attorney for the

plaintiffs.

The Justice Department immediately appealed the decision to the U.S. 6th Circuit Court of Appeals in Cincinnati.

Legal experts said the 6th Circuit Court of Appeals, which is overwhelmingly conservative, is likely to strike down her decision.

The ACLU sued the NSA in January, calling unconstitutional its program of intercepting international phone calls and e-mails of suspected Al Qaeda members without obtaining search warrants from the Foreign Intelligence Surveillance Court in Washington, D.C.

The suit says the program has hampered journalists, scholars, lawyers and others trying to speak to sources overseas.

Justice Department lawyers said the program is vital and legal - created after Congress authorized the Bush administration to combat terrorism following the Sept. 11, 2001, attacks. They want Taylor to dismiss the suit, saying the case cannot proceed without divulging state secrets.

Although four other suits challenge the legality of the NSA program, the Detroit case was the farthest along.

The administration wants all of the cases, along with about 20 lawsuits filed against telecommunication companies suspected of giving phone records to the NSA, transferred to Washington.

Contact DAVID ASHENFELTER at 313-223-4490 or ashenf@freepress.com.

The Associated Press contributed to this report.

Domestic Spying Declared Unconstitutional (NSDY)

By Tom Brune, Newsday Washington Bureau

Long Island Newsday, August 18, 2006

WASHINGTON -- A federal judge in Detroit yesterday dealt the Bush administration a major setback, ruling for the first time that the president's warrantless wiretapping program is unconstitutional and ordering an immediate end to it.

In a 43-page decision that likely will affect this fall's congressional struggles over national security bills and the mid-term elections, U.S. District Court Judge Anna Diggs Taylor ruled that the controversial program violates privacy and free speech rights, the separation of powers, and the law passed to govern domestic surveillance.

"The public interest is clear, in this matter," she wrote. "It is the upholding of our Constitution."

Surprised by the stinging rebuke, White House spokesman Tony Snow said, "We couldn't disagree more with this ruling."

Justice Department attorneys won a stay of the decision yesterday while they appeal it. Calling the five-year-old effort an important counterterrorism tool, Attorney General Alberto Gonzales said, "We will continue to utilize the program to ensure that America is safer."

Anthony Romero, director of the American Civil Liberties Union, which filed the lawsuit, hailed the ruling as "another nail in the coffin in the Bush administration's legal strategy in the war on terror."

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Yet some constitutional experts questioned whether Taylor's ruling will survive the government's appeal to the 6th Circuit in Cincinnati, and possibly to the Supreme Court.

Those courts could simply reject the case by saying the plaintiffs lack standing to bring the lawsuit, since they cannot prove the government eavesdropped on them because it is a state secret, the experts said.

The ACLU lawsuit is one of many filed after The New York Times revealed in December that after the Sept. 11 attacks President George W. Bush had authorized the National Security Agency to intercept the international calls and e-mails of suspected terrorists between contacts here and abroad.

The eavesdropping in what the administration calls the "terrorist surveillance program" does not seek warrants from a court created by the Foreign Intelligence Surveillance Act that oversees domestic surveillance.

In response, Bush, Gonzales and other officials publicly defended the program and issued legal "white papers" to back up their arguments, while keeping the operational details secret.

The ACLU asked the judge to rule based on what the government admitted doing, and Taylor did, rejecting the government's argument the case could not go forward because it would divulge state secrets.

She did dismiss the ACLU challenge to undisclosed data-mining programs, saying they fell under state secret privilege, which Pepperdine Law School professor Douglas Kmiec says actually limits the effect of the ruling, making it less than a total defeat for the administration.

But her ruling on the merits of the surveillance was extremely broad, said University of Chicago law professor Cass Sunstein, going far beyond the question of whether Bush violated the FISA law, and rejected a key Bush argument -- that the Constitution gives him inherent powers in wartime.

"There are no hereditary Kings in America and no powers not created by the Constitution. So all 'inherent powers' must derive from that Constitution," she wrote.

"It was never the intent of the Framers to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights."

The decision will complicate a bill pushed by Sen. Arlen Specter (R-Pa.) to permit the surveillance program and in return the White House submitting it to the FISA court for review. Gonzales said that deal is still on.

The ruling also touched off partisan political sniping. Sen. Harry Reid (D-Nev.), the Senate Democratic leader, charged, "The administration's decision to ignore the Constitution and the Congress has come at the expense of the security of the American people."

Republican National Committee Chairman Ken Mehlman responded in a statement attacking Democrats and the 73-year-old judge, who was appointed by President Jimmy Carter: "Liberal judge backs Dem agenda to weaken national security."

Warrantless Wiretaps Ruled Unconstitutional (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, August 18, 2006

A federal judge's emphatic rejection Thursday of the Bush administration's warrantless wiretapping of calls between Americans and alleged foreign terrorists is far from the last word on the legality of the program, which most likely will be determined by the Supreme Court or Congress.

But the ruling by U.S. District Judge Anna Diggs Taylor of Detroit is one of a mounting series of judicial rebuffs of President Bush's claim of virtually absolute authority, as the leader of the nation's battle against terrorism, to redraw the boundaries between government power and individual rights.

"There are no hereditary kings in America and no powers not created by the Constitution," Taylor said in finding that the administration's wiretapping violates an array of constitutional rights and a 1978 law requiring court warrants for electronic surveillance related to terrorism or espionage. It was the first ruling in the nation on the legality of the program.

She granted the American Civil Liberties Union's request for a nationwide injunction halting the surveillance, which Bush secretly authorized shortly after the Sept. 11 terrorist attacks. The president acknowledged the program's existence after it was disclosed by the New York Times in December.

Bush said he had ordered the National Security Agency to monitor phone calls and e-mails between Americans and suspected members and supporters of al Qaeda overseas. The president claimed authority under his constitutional powers as commander-in-chief and under a post-Sept. 11 congressional resolution authorizing the use of military force in Afghanistan -- an assertion that Taylor said was unfounded.

The wiretapping program will remain in operation, at least temporarily. The Justice Department said the ACLU agreed Thursday to a stay until Sept. 7, when Taylor will hear the department's request to suspend her ruling while it is being appealed.

The ruling comes on the heels of a July 20 decision by Chief U.S. District Judge Vaughn Walker in San Francisco allowing a privacy-rights group to sue AT&T, on behalf of its customers, for allegedly collaborating in the surveillance program by allowing the government to monitor millions of phone calls and e-mails.

Last week, a federal court panel transferred dozens of similar lawsuits against telecommunications companies nationwide to Walker's court, rejecting requests by the companies and the government to send the cases to a judge in Washington, D.C.

And in June, the Supreme Court rejected another broad assertion of presidential powers, ruling that military tribunals established to try foreign captives in Guantanamo Bay, Cuba, must abide by the human rights guarantees of the Geneva Conventions.

Taylor's ruling was "another nail in the coffin in the Bush administration's legal strategy in the war on terror," said Anthony Romero, the ACLU's executive director. "It is a flat rejection of secret government ... a flat rejection of an all-powerful presidency."

Sen. Dianne Feinstein, D-Calif., said the ruling "upholds the basic principle that even the president is not outside the law."

The administration said it would appeal the ruling to the Sixth U.S. Circuit Court of Appeals in Cincinnati.

"We couldn't disagree more with this ruling," Bush's press secretary, Tony Snow, said in a statement. "The Terrorist Surveillance Program is firmly grounded in law and regularly reviewed to make sure steps are taken to protect civil liberties," he said, apparently referring to internal administration reviews. "The Terrorist Surveillance Program has proven to be one of our most critical and effective tools in the war against terrorism."

In a separate statement announcing the government's appeal, the Justice Department said the president has "the primary duty under the Constitution to protect the American people" from terrorists. "The Constitution gives the president the full authority to carry out that solemn duty, and we believe the program is lawful and protects civil liberties."

But Taylor said the president has no authority to order surveillance without warrants in the face of Congress' clear decision in 1978 that judicial approval is required for all electronic surveillance -- as well as the Fourth Amendment's ban on unreasonable searches.

"It was never the intent of the framers (of the Constitution) to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights," Taylor said.

The ACLU suit was filed on behalf of itself and other advocacy organizations, as well as individual lawyers, scholars and journalists, who claimed their communications with clients, news sources and other foreign contacts were likely to be intercepted. The suit is solely against government officials and was not affected by last week's order transferring cases against telecommunications companies to Walker.

Congress is discussing proposals to modify the 1978 Foreign Intelligence Surveillance Act and give the government more leeway to conduct electronic surveillance.

One measure, introduced by Feinstein and Senate Judiciary Committee Chairman Arlen Specter, R-Pa., would retain the requirement of court approval for wiretaps but would give the government more time to conduct emergency surveillance before applying for a warrant. Feinstein said Thursday's ruling showed the need for such legislation to preserve the wiretap program in some form.

The 1978 law, passed in response to disclosures of illegal wiretapping during President Richard Nixon's administration, requires the government to seek a warrant, from a court that meets secretly in the nation's capital, before conducting a search or electronic surveillance related to foreign terrorism or espionage.

Taylor dismissed the administration's claim that Bush is empowered, by the Constitution or by post-Sept. 11 congressional action, to override the warrant requirement.

"The president has acted, undisputedly, as FISA forbids," she said. "FISA is the expressed statutory policy of our Congress. The presidential power, therefore, was exercised at its lowest ebb and cannot be sustained."

She said the post-Sept. 11 congressional authorization of military force did not mention surveillance or suspend federal law's requirement of court approval for wiretaps. Even if the military-force resolution had authorized wiretapping, Taylor said, Congress cannot override the Constitution.

By disregarding the warrant requirement, Taylor said, the government also is violating the Fourth Amendment, which prohibits unreasonable searches and requires warrants based on specific evidence of wrongdoing. She said the program also violates the First Amendment guarantees of free speech and association and the constitutional requirement of separation of powers.

Taylor also dismissed the administration's argument that the very existence of the lawsuit endangered national security. Although many details remain confidential, Taylor said the government's public admissions -- that overseas communications, allegedly connected to terrorism, have been intercepted without a warrant -- are enough to determine whether the program is legal or not.

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Despite the secrecy of the surveillance, Taylor said, the plaintiffs have adequately proven that they are being harmed by its operations in their inability to communicate freely with clients and other sources overseas.

"The president indeed has publicly acknowledged that the types of calls plaintiffs are making are the types of conversations that would be subject" to the surveillance program, the judge said.

Judge Finds Bush Warrantless Surveillance Unconstitutional (USNEWS)

U.S. News and World Report, August 18, 2006

A senior federal judge in Detroit ruled today that the Bush administration's warrantless surveillance program is illegal and unconstitutional and should be halted. The Justice Department immediately moved for a stay of Judge Anna Diggs Taylor's ruling-the first directly addressing the legality of the program-and the judge's ruling will not be enforced until a September 7 hearing on the stay. The administration is expected to appeal the decision to the Sixth Circuit Court of Appeals.

Civil liberties advocates hailed Taylor's decision as a historic rebuke of President Bush's broad assertions of executive authority in the post-9/11 war on terror. Taylor found that the National Security Agency's monitoring of telephone and E-mail communications not only violates U.S. citizens' right to privacy and free speech but also illegally bypasses required review by a special court set up 28 years ago to monitor domestic spying.

Taylor wrote that the president's actions, which the government says target a communication only when one end of it is foreign, "blatantly disregard" the Bill of Rights and contravene the concept of separation of powers.

"It is within the court's duty to ensure that power is never condensed into a single branch of government," Taylor wrote, quoting from the U.S. Supreme Court's 2004 decision in Hamdi v. Rumsfeld, which gave detainees at Guantánamo Bay detention camp the right to challenge their incarceration.

Anthony Romero, executive director of the American Civil Liberties Union, a lead plaintiff in the case, called the ruling "another nail in the coffin" of the administration's use of executive power to conduct controversial programs in the name of the war on terrorism. "This is a reaffirmation of the system of checks and balances," he said.

The administration, however, was quick to respond, calling the surveillance program a "critical tool that ensures we have in place an early warning system to detect and prevent a terrorist attack." In a hastily called afternoon press conference, Attorney General Alberto Gonzales said that "we continue to believe that the program is lawful." In a statement, Senate Majority Leader Bill Frist called for a "quick reversal of this unfortunate decision."

And career national security lawyer Bryan Cunningham, who filed an amicus brief for the Washington Legal Foundation supporting the administration's position, said the judge's order would shut down a government intelligence program without full examination of the evidence.

"This judge is obviously very upset about the program. She clearly wanted to shut it down," said Cunningham, who testified on the surveillance program before the Senate Judiciary Committee 2 1/2weeks ago. "This legal work is so sloppy I wouldn't accept it from a first-year law student."

But civil libertarians were ecstatic, expressing hope that the decision would influence debate on Capitol Hill this fall over both what to do about the surveillance program and how to address the Supreme Court's finding that the administration's military tribunals at Guantánamo Bay are unconstitutional.

"This decision very directly states that what has been going on is illegal and in violation of our Constitution," said Caroline Fredrickson, the ACLU's legislative director. "This will be a very important part of our debate in the fall."

Judge Orders Halt To Domestic Spying (ABC)

By Z. BYRON WOLF

ABC News, August 18, 2006

Bush Administration Rebuked on War on Terror Effort

WASHINGTON, Aug. 17, 2006 — - In a major legal rebuke to the Bush administration's assertive and often secretive handling of the war on terror, a federal judge in Michigan ordered the administration to immediately cease operation of its warrantless domestic surveillance program.

The decision by Judge Anna Diggs Taylor of the U.S. District Court for the Eastern District of Michigan, which comes in a lawsuit filed in January, will not be enforced until after a hearing on Sept. 7, when the federal government will have a chance to argue before the judge against today's decision.

Taylor refuted the government argument that the case be dismissed because a public defense of the program in court could jeopardize its efficacy as a tool in the war on terror.

"It was never the intent of the framers to give the president such unfettered control," she wrote in the opinion, "particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights. The three separate branches of government were developed as a check and balance for one another."

Even if Taylor rules after the Sept. 7 hearing that the injunction should stand and the program should be shut down, further appeals from the government seem a foregone conclusion.

Still, the plaintiffs in the lawsuit, which include the American Civil Liberties Union, several journalists, and the Council on American-Islamic Relations, said they feared the government was monitoring their communications without a warrant.

"Today's ruling is a landmark victory against the abuse of power that has become the hallmark of the Bush administration," ACLU executive director Anthony D. Romero said. "Government spying on innocent Americans without any kind of warrant and without congressional approval runs counter to the very foundations of our democracy. We hope that Congress follows the lead of the court and demands that the president adhere to the rule of law."

Advocates of the program, both in Congress and inside the administration, said immediately that the ruling would weaken the United States in the war on terror.

White House Press Secretary Tony Snow said in a written statement that the administration "could not disagree with this ruling more."

Snow also invoked the recent foiling by British and Pakistani authorities of an alleged plot to blow up planes flying from England to the United States, though he did not say whether the domestic surveillance program yielded information used in the investigation.

The injunction is the first decisive action by the federal court system against the warrantless domestic spying program since press reports of the program, which were leaked to the New York Times, were published late in 2005.

In a 44-page decision, Taylor ruled that the terror surveillance program, as described by the White House and administration, violates both the Constitution and the Foreign Intelligence Surveillance Act of 1978.

Taylor disagreed with the Bush administration's argument that Congress had implicitly authorized the program when it authorized the use of force in executing the war on terror.

Attorney General Alberto Gonzales, at a press conference in Washington, defended the program as a vital part of the daily fight against terror. He said it is firmly rooted in established law and has been vetted on a regular, ongoing basis by lawyers both in the administration and at the National Security Agency, though not by outside attorneys.

Critics point out that Gonzales testified before a Senate committee in July that President Bush personally killed an internal Department of Justice inquiry into the program by declining to give the government lawyers at the Justice Department's Office of Professional Responsibility the security clearance to perform a review.

The program has become a political lightning rod on Capitol Hill, where lawmakers have grappled with how to oversee and potentially authorize a program that most of them know nothing about.

After initially declaring the program too important to national security to elaborate on it at all, the White House went on a public relations offensive with a number of speeches in which Bush, Gonzales and former NSA director (now CIA director) Gen. Michael V. Hayden used broad strokes to outline the program.

It was those very same speeches and fact sheets advertising the program as a tool in the war on terror that Taylor said contradicted the administration's claim that the program must remain secret.

Gonzales was asked at his press conference if he now regrets the public relations campaign.

"Obviously, that was a tactical decision that had to be made early on in this matter," he said. "The decision by the president is that it was sufficiently important to reassure the American people about the program."

It is unclear what effect today's ruling or the ensuing legal battle will have on Capitol Hill efforts to authorize it. After months of negotiations, the White House endorsed in July a bill written by Senate Judiciary Committee chairman Arlen Specter, R-Pa., that would essentially authorize the program blind (without the full Congress being involved) and would recognize the president's inherent constitutional authority to wiretap Americans he suspects of being terrorists without a warrant. The bill would be sent to the secret FISA court for a one-time review of the program's legality. If the FISA court ruled the program unconstitutional, the administration would have the opportunity to tweak it. It is unclear when or how that bill would come up for a vote this year.

Plaintiffs in the lawsuit are not happy with the Specter bill. ACLU legislative director Caroline Frederickson said she worries that because the bill would recognize that the president has the constitutional authority to wiretap, it would ignore checks and balances and offer only a "patina of oversight."

"When you pierce through, the document is much more window dressing," Frederickson said during a conference call with reporters after the ruling.

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But one of the sponsors of Specter's bill, Sen. Dianne Feinstein, D-Calif., who is also a member of the Senate Intelligence Committee and so is fully briefed on the program, said the program is a necessary tool in the war on terror and could be made legal with a few legislative tweaks.

She criticized the Bush administration for not working with Congress earlier to find common ground.

"Now the federal judge in Detroit has rejected all of the administration's strained legal arguments and issued a ruling that this program violates FISA and is unconstitutional," Feinstein said in a written statement. "Because of the administration's strategy of brinkmanship, the NSA is staring at a permanent injunction that says this program must be shut down."

Judge Bars Warrantless Anti-Terrorism Surveillance (Update6) (BLOOM)

By James Rowley

Bloomberg, August 18, 2006

Aug. 17 (Bloomberg) -- A federal judge ordered the U.S. government to stop warrantless wiretapping of international telephone calls between suspected terrorists and their U.S.-based affiliates, ruling that the eavesdropping violates the Constitution and federal law.

The U.S. is appealing the ruling and its effect is being temporarily blocked, Attorney General Alberto Gonzales said at a news conference in Washington. ``We will continue to utilize the program to ensure that America is safer," Gonzales said.

U.S. District Judge Anna Diggs Taylor in Detroit upheld a challenge by the American Civil Liberties Union and other advocacy groups to the surveillance program begun after the Sept. 11 terrorist attacks. By not seeking court permission for the surveillance, Taylor said, President George W. Bush violated the U.S. Constitution's separation of powers providing for the three branches of government to act as checks on each other's power.

``It was never the intent of the framers to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights," the judge wrote in the 43-page opinion.

``We couldn't disagree more with this ruling," White House Press Secretary Tony Snow said in a statement. ``United States intelligence officials have confirmed that the program has helped stop terrorist attacks and saved American lives."

`Feisty' Debate

Bruce Fein, a former Justice Department official who has testified in Congress that the surveillance program is illegal, predicted that Taylor's decision would be overturned on appeal. Courts are traditionally reluctant to step into a ``feisty political debate" such as the current dispute between Congress and Bush over the legality of the surveillance, he said.

Fein said the ruling's weakest part is Taylor's finding that those who sued -- a group of lawyers, academics and activists -- could bring the suit to protect their free-speech rights. The Supreme Court in 1972 threw out a lawsuit by Vietnam war demonstrators who claimed their free-speech rights were hurt by an FBI program to monitor anti-war protests, he said.

The ACLU said it agreed to a temporary block on Taylor's ruling until the court rules on the government's request for a longer-term order to keep the decision from taking effect during the appeal, a request the ACLU said it opposes.

Anthony Romero, the ACLU's executive director, hailed the ruling in an e-mailed statement as ``a landmark victory against the abuse of power that has become the hallmark of the Bush administration."

Military Force

Taylor's ruling rejected the government's argument that the program was authorized by a resolution empowering Bush to use military force in response to the terrorist attacks as well as the president's inherent powers as commander-in-chief.

``The office of the chief executive was itself created, with its powers, by the Constitution," wrote Taylor, a 73-year-old senior judge appointed by Democratic President Jimmy Carter. ``There are no hereditary kings in America and no powers not created by the Constitution. So all `inherent powers' must derive from the Constitution."

Gonzales said the program was narrowly focused on communications with the al-Qaeda terrorist organization.

``We have confidence in the lawfulness of this program," he said.

The ruling will fuel the election-year debate in Congress over placing Bush's surveillance program under court supervision.

`Real Threat'

Senate Majority Leader Bill Frist, a Tennessee Republican, called the ruling ``unfortunate" in a statement that said, ``Terrorists are the real threat to our constitutional and democratic freedoms, not the law enforcement and intelligence tools used to keep America safe."

The ruling is ``the latest example of how the Bush administration has jeopardized our efforts in the war on terror," Senate Minority Leader Harry Reid, a Nevada Democrat, said in a statement. ``It is time for the administration to work with the Congress to develop effective tools to defeat terrorists."

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The National Security Agency surveillance program was disclosed last December by the New York Times. Since then, Congress has debated whether to place the surveillance program under court supervision like other intelligence-gathering covered by the Foreign Intelligence Surveillance Act.

Under the 1978 law, the Justice Department obtains warrants from a secret court to conduct wiretapping of telephone calls of suspected spies or terrorists by providing evidence the subjects of the eavesdropping are acting as agents of a foreign power.

Last month, Bush agreed to support legislation sponsored by Republican Senator Arlen Specter of Pennsylvania that would submit the program for review by the secret court.

The legislation would authorize the court to review the program's constitutionality. It would not require the president to submit the program to the court. Still, Bush agreed to ask the Foreign Intelligence Surveillance Court to review the program if Congress passed the legislation in the form drafted by Specter.

The Wiretapping Decision: Legal Blow Or Political Boon? (TIME)

By Brian Bennett And Timothy J. Burger, Washington

Time, August 18, 2006

A federal rules deals another setback to President Bush's war powers. Now comes the maneuvering

Attorney General Alberto Gonzales seemed to reflect the fatigue of a politically and legally beleaguered White House when he paused for a sigh as he began a press conference Thursday afternoon to respond to a federal judge's ruling that the Administration's controversial domestic wiretapping program is illegal and should be stopped immediately. He said he was "disappointed" by the decision — and he looked it.

The surprise ruling — in which Judge Anna Diggs Taylor said it was "never the intent of the framers to give the President such unfettered control — raised new questions about the broad authority President Bush has claimed since the Sept. 11 attacks for secret new intelligence programs. Her decision came on the same day a federal jury in North Carolina convicted a former Central Intelligence Agency contract interrogator on charges of illegally beating a detainee shortly before the man died in Afghanistan in 2003. More important, the ruling followed a Supreme Court decision in June that the Administration's use of military tribunals in Guantanamo was illegal — until this week the biggest blow to Bush's assertion of broad unilateral powers in the war on terrorism.

Attorneys for the Justice Department and the National Security Agency, the electronic eavesdropping shop, quickly won a stay allowing the NSA to continue its domestic spy program pending appeal. President Bush said in December, after disclosures in the media, that the so-called Terrorist Surveillance Program is used only to monitor calls between U.S. persons in phone contact with suspected al-Qaeda terrorists or supporters abroad. " The decision is unreasoned and not supported by any analysis," a senior, and bitter-sounding, Administration official complained to TIME. The decision most likely sent shudders through an intelligence community that runs numerous messy spy programs based on the guidance of the very Administration attorneys who had insisted the surveillance program is legal.

Administration supporters almost immediately began raising questions about the political views of the federal judge who made the ruling. Taylor, a Carter appointee, was once married to the late ex-Congressman Charles Diggs, a Michigan Democrat, who after their divorce was convicted in 1978 and served seven months in prison in a $66,000 kickback scheme involving the payroll of his congressional office.The suit that Taylor ruled on was filed by the American Civil Liberties Union earlier this year. In an odd twist, Timothy Edgar, a senior ACLU leglislative aide at the time, has since joined the office of Director of National Intelligence John Negroponte as a privacy rights adviser charged with ensuring that intelligence methods do not violate Americans ' rights.

House intelligence committee chairman Peter Hoekstra, a Michigan Republican, led the Republican charge against Taylor's ruling. "It is disappointing that a judge would take it upon herself to disarm America during a time of war," Hoekstra said, an unusually strong criticism of a sitting federal judge by a congressman. "The very real threat posed by radical Islamists requires every tool at our disposal, including the ability to track financial activity and the communications of terrorists."

Hoekstra also appeared to hint at the uncertainty that U.S. intelligence operatives and officials may feel in their counter-terrorism efforts if this decision stands. "I hope that it is overturned for the sake of our law enforcement and intelligence professionals, who need every resource available to them to stop terrorist plots before they are carried out, " Hoekstra said.

How the ruling will play out politically is uncertain. Some Washington insiders expected that it would give Bush and the GOP another chance to play to his strength — waging war on terror — while appealing the ruling and seeking legislative changes to accommodate the eavesdropping program. But others said it could give Democrats yet another opening to charge that Bush ignores the law and is wielding vast power in secrecy, without legal authority or broad public support.

Senator Diane Feinstein of California, a leading Democrat on the Senate intelligence committee, expressed support for the goals of the NSA program, while applauding the ruling. "I was briefed on the operational details of the NSA domestic surveillance

program and believe that, with certain small changes, FISA can accommodate the program," she said. Yet she criticized Bush for using "brinksmanship" in his insistence on secrecy. "This court ruling upholds the basic principle that even the President is not outside the law and that he has exceeded his constitutional authority by implementing this warrantless domestic surveillance program," Feinstein said.

James Bamford, a respected author of books on the NSA and a plaintiff in the suit, called Taylor's ruling "very significant, because what you have here is a massive eavesdropping operation, the largest one in history. And it's a criminal statute that the President has violated. " with jail terms dictated for violations. "Nobody's talking about impeachment," Bamford added, "but if you had opposite parties in Congress, you'd have a situation, I think, very much like Watergate."

Judge Rules Against NSA Eavesdropping Program (NJTD)

By Andrew Noyes

National Journal's Technology Daily, August 18, 2006

A federal court in Michigan said Thursday that the National Security Agency cannot keep monitoring telephone calls and e-mails of millions of Americans without warrants.

The ruling by Judge Anna Diggs Taylor thrilled civil libertarians, who claimed the Bush administration's surveillance program violates citizens' constitutional rights to free speech and privacy.

The electronic surveillance program, which was exposed by The New York Times last December, also runs counter to the 1978 Foreign Intelligence Surveillance Act, Taylor said in a 44-page ruling. American Civil Liberties Union Executive Director Anthony Romero told reporters on a conference call that the decision was "another nail in the coffin" of the government's legal strategy in the war on terror.

The ACLU filed the case in January on behalf of a group of journalists, scholars, attorneys and nonprofits who routinely communicate by phone and e-mail with people in the Middle East. They say the nature of their calls and e-mails led them to believe they are being monitored by the NSA.

The plaintiffs included authors James Bamford, Christopher Hitchens and Tara McKelvey, as well as New York University scholar Barnett Rubin. The Council on American Islamic Relations, Greenpeace and the National Association of Criminal Defense Lawyers also joined the lawsuit on behalf of their staff and membership.

Greenpeace General Counsel Tom Wetterer said the ruling "exemplifies the beauty of our democracy." Rubin, who recently returned from a research trip to Afghanistan, said it was a victory for him and fellow litigants but also for national security, which he claimed is undermined by the warrantless spying.

The court dismissed requests made by the ACLU to learn more about government data-mining initiatives. ACLU Associate Legal Director Anne Beeson called that portion of the ruling "very narrow." Taylor found that laws governing state secrets prevented enough facts from being made public for her to rule. The ACLU is still discussing whether it will appeal on those grounds.

The NSA program is a "critical tool" in detecting and preventing terrorist attacks, the Justice Department said in a statement. The agency asked the district court to stay the ruling pending an appeal to the 6th U.S. Circuit Court of Appeals.

The Taylor decision "is going to be a very important part of [congressional] debate in the fall," ACLU Washington Legislative Office Director Caroline Fredrickson said. Many members of Congress have "already recognized that the spying program has been very troubling."

Senate Judiciary Committee ranking Democrat Patrick Leahy of Vermont said Thursday that he has always believed the NSA program violated U.S. laws and that FISA is adequate. Committee Chairman Arlen Specter, R-Pa., whose FISA reform bill is currently pending on Capitol Hill, was en route to Jerusalem and unavailable for comment, spokeswoman Courtney Boone said.

The Senate Intelligence Committee, which has held public and closed-door hearings about NSA e-surveillance, was reviewing the ruling, but committee Chairman Pat Roberts, R-Kan., was unavailable for comment, a spokeswoman said.

U.S. Judge Finds Wiretapping Plan Violates The Law (NYT)

By Adam Liptak And Eric Lichtblau

The New York Times, August 18, 2006

A federal judge ruled yesterday that the National Security Agency's program to wiretap the international communications of some Americans without a court warrant violated the Constitution, and she ordered it shut down.

The ruling was the first judicial assessment of the Bush administration's arguments in defense of the surveillance program, which has provoked fierce legal and political debate since it was disclosed last December. But the issue is far from settled, with the Justice Department filing an immediate appeal and succeeding in allowing the wiretapping to continue for the time being.

In a sweeping decision that drew on history, the constitutional separation of powers and the Bill of Rights, Judge Anna Diggs Taylor of United States District Court in Detroit rejected almost every administration argument.

Judge Taylor ruled that the program violated both the Fourth Amendment and a 1978 law that requires warrants from a secret court for intelligence wiretaps involving people in the United States. She rejected the administration's repeated assertions that a 2001 Congressional authorization and the president's constitutional authority allowed the program.

"It was never the intent of the framers to give the president such unfettered control, particularly when his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights," she wrote. "The three separate branches of government were developed as a check and balance for one another."

Republicans said the decision was the work of a liberal judge advancing a partisan agenda. Judge Taylor, 73, worked in the civil rights movement, supported Jimmy Carter's presidential campaign and was appointed to the bench by him in 1979. She was the first black woman to serve on the Detroit federal trial court.

She has ruled for the A.C.L.U. in a lawsuit challenging religious displays on municipal property. But she has also struck down a Detroit ordinance favoring minority contractors. "Her reputation is for being a real by-the-books judge," said Evan H. Caminker, the dean of the University of Michigan Law School.

The government said it would ask Judge Taylor to stay her order at a hearing on Sept. 7.

The Justice Department and the American Civil Liberties Union — which brought the case in Detroit on behalf of a group of lawyers, scholars, journalists and others — agreed that her order would not be enforced until then, but lawyers for the A.C.L.U. said they would oppose any further stay.

Administration officials made it clear that they would fight to have the ruling overturned because, they said, it would weaken the country's defenses if allowed to stand.

Attorney General Alberto R. Gonzales, at a hastily called news conference after the decision, said he was both surprised and disappointed by the ruling on the operation, which focuses on communications of people suspected of ties to Al Qaeda.

Administration officials "believe very strongly that the program is lawful," said Mr. Gonzales, a main architect of the program as White House counsel and the biggest defender of its legality in a series of public pronouncements that began after the program was disclosed by The New York Times last December.

"We're going to do everything we can do in the courts to allow this program to continue," he said, because it "has been effective in protecting America."

Tony Snow, the White House spokesman, also described the surveillance program as a vital and lawful tool. "The whole point is to detect and prevent terrorist attacks before they can be carried out," Mr. Snow said. "The terrorist surveillance program is firmly grounded in law and regularly reviewed to make sure steps are taken to protect civil liberties."

Democrats applauded the ruling as an important affirmation of the rule of law, while lawyers for the A.C.L.U. said Judge Taylor's decision was a sequel to the Supreme Court's decision in June in Hamdan v. Rumsfeld that struck down the administration's plans to try detainees held in Guantánamo Bay, Cuba, for war crimes.

"It's another nail in the coffin of executive unilateralism," said Jameel Jaffer, an A.C.L.U. lawyer.

But allies of the administration called the decision legally questionable and politically motivated.

"It is an appallingly bad opinion, bad from both a philosophical and technical perspective, manifesting strong bias," said David B. Rivkin, an official in the administrations of President Ronald Reagan and the first President Bush. "It is guaranteed to be overturned."

Mr. Gonzales would not say whether the program played any role in foiling a plot last week to set off bombs in airliners bound for the United States from Britain. But Speaker J. Dennis Hastert, Republican of Illinois, suggested that it did play a role in the investigation.

In a written statement criticizing Judge Taylor's ruling, Mr. Hastert defended the wiretapping operation and said that "our terrorist surveillance programs are critical to fighting the war on terror and saved the day by foiling the London terror plot."

His office declined to elaborate.

Mr. Gonzales said he expected that the ruling would play a role in the debate in Congress over how and whether to change federal eavesdropping laws. But he said the exact impact was "hard to predict."

Among competing proposals, Republican leaders have proposed legislation that would specifically permit the wiretapping program. Some Democrats, however, have introduced legislation that would restrict, or in some cases ban altogether, the government from conducting wiretaps on Americans without a warrant.

The White House is backing a plan, drafted by Senator Arlen Specter, Republican of Pennsylvania, with the blessing of President Bush, that would allow a secret court to review the legality of the operation.

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But in the view of critics, it could also broaden the president's authority to conduct such operations. Mr. Gonzales said it appeared to administration lawyers that the Specter legislation, if passed by Congress, "would address some of the concerns raised by the judge in her opinion."

Another element of the Specter legislation would force other lawsuits over the program — like the one brought by the A.C.L.U. in Detroit — to be consolidated into a single action to be heard by the secret court.

Judge Taylor rejected the government's threshold argument that she should not hear the case at all because it concerned state secrets. Dismissal on those grounds was not required, she wrote, because the central facts in the case — the existence of the program, the lack of warrants and the focus on communications in which one party is in the United States — have been acknowledged by the government.

The government also argued that the plaintiffs lacked standing to sue because they had not suffered concrete harm from the program. Judge Taylor ruled that the plaintiffs "are stifled in their ability to vigorously conduct research, interact with sources, talk with clients and, in the case of the attorney plaintiffs, uphold their oath of providing effective and ethical representation of their clients."

Some plaintiffs, the judge wrote, have had to incur travel expenses to visit clients and others to avoid possible monitoring of their communications.

Going beyond the arguments offered against the wiretapping program by many legal scholars, Judge Taylor ruled that it violated not only the 1978 law, the Foreign Intelligence Surveillance Act, but also the Fourth Amendment, which prohibits unreasonable searches and seizures.

The Supreme Court has never addressed the question of whether electronic surveillance of partly domestic communication violates the Fourth Amendment. Judge Taylor concluded that the wiretapping program is "obviously in violation of the Fourth Amendment."

The president also violated the Constitution's separation of powers doctrines, Judge Taylor ruled. Neither a September 2001 Congressional authorization to use military force against Al Qaeda nor the president's inherent constitutional powers allow him to violate the 1978 law or the Fourth Amendment, she said.

"There are no hereditary kings in America and no powers not created by the Constitution," she wrote, rejecting what she called the administration's assertion that the president "has been granted the inherent power to violate not only the laws of the Congress but the First and Fourth Amendments of the Constitution itself."

Republicans attacked the decision. "It is disappointing that a judge would take it upon herself to disarm America during a time of war," said Representative Peter Hoekstra, Republican of Michigan, the chairman of the House Intelligence Committee.

Judge Taylor did give the government a minor victory, rejecting on national security grounds a challenge to a separate surveillance program involving data mining. That ruling is consistent with recent decisions of federal courts in San Francisco and Chicago.

Judges in those cases drew a distinction between the wiretapping program, which the administration has acknowledged and defended, and the data mining program, which has not been officially confirmed.

NSA Surveillance Struck Down (WT)

By Jerry Seper

The Washington Times, August 18, 2006

A federal judge in Detroit yesterday ruled that President Bush's domestic terrorist surveillance program is unconstitutional, agreeing with a challenge from the American Civil Liberties Union and a group of lawyers, academics and journalists.

"The irreparable injury necessary to warrant injunctive relief is clear, as the First and Fourth Amendment rights of plaintiffs are violated" by the surveillance program, said U.S. District Judge Anna Diggs Taylor. "The irreparable injury conversely sustained by defendants under this injunction may be rectified by compliance with our Constitution.

"The public interest is clear in this matter," said Judge Diggs Taylor, who was appointed to the federal bench in 1979 by President Carter. "It is the upholding of our Constitution."

The judge granted a permanent injunction halting the program but delayed implementing her order pending the outcome of the Justice Department's appeal, which was filed immediately.

The Justice Department said the National Security Agency's terrorist surveillance program authorized by Mr. Bush was "an essential tool for the intelligence community" in the nation's ongoing war on terror. It called the program "a critical tool that ensures we have in place an early warning system to detect and prevent a terrorist attack.

"In the ongoing conflict with al Qaeda and its allies, the president has the primary duty under the Constitution to protect the American people," the department said. "The Constitution gives the president the full authority necessary to carry out that solemn duty, and we believe the program is lawful and protects civil liberties."

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Attorney General Alberto R. Gonzales yesterday described the program's scope as "very narrow," saying it focused only on communications with al Qaeda.

He said that it has been "very effective" in protecting America and that reviews of it by lawyers at Justice and the NSA found it to be legal. He said he was "disappointed" by the ruling.

"We respectfully disagree with the decision of the judge, and we have appealed the decision. There is a stay in place, and so we will continue to utilize the program to ensure that America is safer," he said. "The president is doing what he believes is necessary, consistent with the Constitution, to protect this country from further attacks from al Qaeda."

White House spokesman Tony Snow said that the Bush administration's program, implemented after the September 11 terrorist attacks, is "firmly grounded in law and regularly reviewed to make sure steps are taken to protect civil liberties" and that the administration "couldn't disagree more" with the judge's ruling.

"Last week, America and the world received a stark reminder that terrorists are still plotting to attack our country and kill innocent people," Mr. Snow said. "United States intelligence officials have confirmed that the program has helped stop terrorist attacks and saved American lives.

"The program is carefully administered, and only targets international phone calls coming into or out of the United States where one of the parties on the call is a suspected al Qaeda or affiliated terrorist," he said. "The whole point is to detect and prevent terrorist attacks before they can be carried out. That's what the American people expect from their government, and it is the president's most solemn duty to ensure their protection."

The ruling came in a lawsuit by the ACLU, which challenged the legality of the NSA program, saying it intercepted "without benefit of warrant or other judicial approval" the international telephone and Internet communications of numerous people and organizations in the U.S. The ACLU said the program had substantially chilled and impaired its clients' constitutionally protected communications.

ACLU Executive Director Anthony Romero told reporters that the opinion was "another nail in the coffin in the Bush administration's legal strategy in the war on terror."

Senate Majority Leader Bill Frist, Tennessee Republican, called the ruling an "unfortunate decision," adding that terrorists were "the real threat to our constitutional and democratic freedoms" and not the law-enforcement and intelligence tools used to keep America safe.

He said the country needed to "strengthen, not weaken" its ability to prevent terrorist plots.

Sen. Patrick J. Leahy of Vermont, the Senate Judiciary Committee's ranking Democrat, yesterday said the ruling highlighted "another unfortunate example of how White House misdirection, arrogance and mismanagement have needlessly complicated our goal of protecting the American people."

Critics of the program have argued that the administration should use the powers granted it under the Foreign Intelligence Surveillance Act (FISA).

"I have always believed that the Bush-Cheney warrantless domestic spying program violated our laws," Mr. Leahy said. "We can and should wiretap terrorists under the current FISA law. The problem has been the Bush-Cheney administration's insistence on doing it illegally, without checks and balances to prevent abusing the rights of Americans."

House Minority Leader Nancy Pelosi of California, while calling the decision a "repudiation" of the administration, invited the president "to work with Congress to devise tough, effective, and lawful ways to monitor the communications of suspected terrorists."

Editorial: A Judicial Misfire (WP)

The Washington Post, August 18, 2006

The first federal court opinion on warrantless NSA surveillance is full of sound and fury.

THE NATION would benefit from a serious, scholarly and hard-hitting judicial examination of the National Security Agency's program of warrantless surveillance. The program exists on ever-more uncertain legal ground; it is at least in considerable tension with federal law and the Bill of Rights. Careful judicial scrutiny could serve both to hold the administration accountable and to provide firmer legal footing for such surveillance as may be necessary for national security.

Unfortunately, the decision yesterday by a federal district court in Detroit, striking down the NSA's program, is neither careful nor scholarly, and it is hard-hitting only in the sense that a bludgeon is hard-hitting. The angry rhetoric of U.S. District Judge Anna Diggs Taylor will no doubt grab headlines. But as a piece of judicial work -- that is, as a guide to what the law requires and how it either restrains or permits the NSA's program -- her opinion will not be helpful.

Judge Taylor's opinion is certainly long on throat-clearing sound bites. "There are no hereditary Kings in America and no powers not created by the Constitution," she thunders. She declares that "the public interest is clear, in this matter. It is the

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upholding of our Constitution." And she insists that Mr. Bush has "undisputedly" violated the First and Fourth Amendments, the constitutional separation of powers, and federal surveillance law.

But the administration does, in fact, vigorously dispute these conclusions. Nor is its dispute frivolous. The NSA's program, about which many facts are still undisclosed, exists at the nexus of inherent presidential powers, laws purporting to constrict those powers, the constitutional right of the people to be free from unreasonable surveillance, and a broad congressional authorization to use force against al-Qaeda. That authorization, the administration argues, permits the wiretapping notwithstanding existing federal surveillance law; inherent presidential powers, it suggests, allow it to conduct foreign intelligence surveillance on its own authority. You don't have to accept either contention to acknowledge that these are complicated, difficult issues. Judge Taylor devotes a scant few pages to dismissing them, without even discussing key precedents.

The judge may well be correct in her bottom line that the program exceeds presidential authority, even during wartime. We harbor grave doubt both that Congress authorized warrantless surveillance as part of the war and that Mr. Bush has the constitutional power to act outside of normal surveillance statutes that purport to be the exclusive legal authorities for domestic spying. But her opinion, which as the first court venture into this territory will garner much attention, is unhelpful either in evaluating or in ensuring the program's legality. Fortunately, as this case moves forward on appeal and as other cases progress in other courts, it won't be the last word.

President Taylor (WSJ)

The Wall Street Journal, August 18, 2006

In our current era of polarized politics, it was probably inevitable that some judge somewhere would strike down the National Security Agency's warrantless wiretaps as unconstitutional. The temptations to be hailed as Civil Libertarian of the Year are just too great.

So we suppose a kind of congratulations are due to federal Judge Anna Diggs Taylor, who won her 10 minutes of fame yesterday for declaring that President Bush had taken upon himself "the inherent power to violate not only the laws of the Congress but the First and Fourth Amendments of the Constitution, itself." Oh, and by the way, the Jimmy Carter appointee also avers that "there are no hereditary Kings in America." In case you hadn't heard.

The 44-page decision, which concludes by issuing a permanent injunction against the wiretapping program, will doubtless occasion much rejoicing among the "imperial Presidency" crowd. That may have been part of her point, as, early in the decision, Judge Taylor refers with apparent derision to "the war on terror of this Administration."

We can at least be grateful that President Taylor's judgment won't be the last on the matter. The Justice Department immediately announced it will appeal and the injunction has been stayed for the moment. But her decision is all the more noteworthy for coming on the heels of the surveillance-driven roll up of the terrorist plot in Britain to blow up U.S.-bound airliners. In this environment, monitoring the communications of our enemies is neither a luxury nor some sinister plot to chill domestic dissent. It is a matter of life and death.

So let's set aside the judge's Star Chamber rhetoric and try to examine her argument, such as it is. Take the Fourth Amendment first. The "unreasonable search and seizure" and warrant requirements of that amendment have their roots in the 18th-century abuses of the British crown. Those abuses involved the search and arrest of the King's political opponents under general and often secret warrants.

Judge Taylor sees an analogy here, but she manages to forget or overlook that no one is being denied his liberty and no evidence is being brought in criminal proceedings based on what the NSA might learn through listening to al Qaeda communications. The wiretapping program is an intelligence operation, not a law-enforcement proceeding. Congress was duly informed, and not a single specific domestic abuse of such a wiretap has yet been even alleged, much less found.

As for the First Amendment, Judge Taylor asserts that the plaintiffs -- a group that includes the ACLU and assorted academics, lawyers and journalists who believe their conversations may have been tapped but almost surely weren't -- had their free-speech rights violated because al Qaeda types are now afraid to speak to them on the phone.

But the wiretapping program is not preventing anyone from speaking on the phone. Quite the opposite -- if the terrorists stopped talking on the phone, there would be nothing to wiretap. Perhaps the plaintiffs should have sued the New York Times, as it was that paper's disclosure of the program that created the "chill" on "free speech" that Judge Taylor laments.

The real nub of this dispute is the Constitution's idea of "inherent powers," although those two pages of her decision are mostly devoted to pouring scorn on the very concept. But jurists of far greater distinction than Judge Taylor have recognized that the Constitution vests the bulk of war-making power with the President. It did so, as the Founders explained in the Federalist Papers, for reasons of energy, dispatch, secrecy and accountability.

Before yesterday, no American court had ever ruled that the President lacked the Constitutional right to conduct such wiretaps. President Carter signed the 1978 FISA statute that established the special court to approve domestic wiretaps even as

his Administration declared it was not ceding any Constitutional power. And in the 2002 decision In Re: Sealed Case, the very panel of appellate judges that hears FISA appeals noted that in a previous FISA case (U.S. v. Truong), a federal "court, as did all the other courts to have decided the issue, held that the President did have inherent authority to conduct warrantless searches to obtain foreign intelligence information." We couldn't find Judge Taylor's attempt to grapple with those precedents, perhaps because they'd have interfered with the lilt of her purple prose.

Unlike Judge Taylor, Presidents are accountable to the voters for their war-making decisions, as the current White House occupant has discovered. Judge Taylor can write her opinion and pose for the cameras -- and no one can hold her accountable for any Americans who might die as a result.

Editorial: Ruling For The Law (NYT)

The New York Times, August 18, 2006

Ever since President Bush was forced to admit that he was spying on Americans' telephone calls and e-mail without warrants, his lawyers have fought to keep challenges to the program out of the courts. Yesterday, that plan failed. A federal judge in Detroit declared the eavesdropping program to be illegal and unconstitutional. She also offered a scathing condemnation of what lies behind the wiretapping — Mr. Bush's attempt to expand his powers to the point that he can place himself beyond the reach of Congress, judges or the Constitution.

"There are no hereditary kings in America and no powers not created by the Constitution," wrote Judge Anna Diggs Taylor of the United States District Court in Detroit. Her decision was based on a lawsuit filed by the American Civil Liberties Union.

She said Mr. Bush violated the 1978 Foreign Intelligence Surveillance Act when he ordered the National Security Agency to spy without a warrant on international phone calls and e-mail by Americans and foreign residents of the United States. She noted that the surveillance law was passed to prohibit just this sort of presidential abuse of power and provided ample flexibility for gathering vital intelligence. She also said that the program violated the Fourth Amendment, which prohibits unreasonable searches and seizures, as well as the rights of free speech and association granted by the First Amendment.

The ruling eviscerated the absurd notion on which the administration's arguments have been based: that Congress authorized Mr. Bush to do whatever he thinks is necessary when it authorized the invasion of Afghanistan.

It's good news that this ruling exists at all. Mr. Bush's lawyers tried to have the entire suit thrown out on national security grounds, a tactic they have used in an alarming number of cases. In one particularly appalling example, they persuaded federal judges to refuse to hear a lawsuit filed by an innocent German citizen of Lebanese birth who was snatched out of his private life, illegally imprisoned for five months and tortured by American jailers.

In this case, the administration told Judge Taylor that merely arguing its case would expose top secret information. Judge Taylor said she had reviewed the secret material and concluded it was not relevant. The secrecy claim, she said, was "disingenuous and without merit."

No sooner had this ruling been issued than Mr. Bush's loyalists in Congress, who have been searching for ways to give legal cover to an illegal spying program, began calling for new laws to overcome Judge Taylor's objections. Republicans quickly pointed out that Judge Taylor was appointed by President Jimmy Carter and that some of the many precedents she cited were written by liberal judges. These efforts to undermine Judge Taylor's arguments will undoubtedly continue while the White House appeals the decision, and the outcome in the conservative Sixth Circuit Court of Appeals is uncertain.

But for now, with a careful, thoroughly grounded opinion, one judge in Michigan has done what 535 members of Congress have so abysmally failed to do. She has reasserted the rule of law over a lawless administration and shown why issues of this kind belong within the constitutional process created more than two centuries ago to handle them.

Wiretap Ruling Affirms That Presidents Aren't Monarchs (USAT)

USA Today, August 18, 2006

For the past five years, the Bush administration has operated as if the horrific events of 9/11 not only changed fundamental aspects of national security and public safety, but also changed the very nature of government.

OPPOSING VIEW: NSA program is vital tool

President Bush has unilaterally declared what parts of new laws he wishes to enforce. He has created military tribunals unauthorized by Congress. And, perhaps most ominously, he has authorized eavesdropping on phone calls to and from the USA without court orders.

Bush has done these things by simply asserting that the powers of the presidency enumerated in Article II of the Constitution — particularly the clause making him the "Commander in Chief of the Army and Navy" — are much more sweeping than previously imagined. In short, he has acted like a king.

Fortunately, the courts have begun to rein in his royal ambitions. In June, the U.S. Supreme Court threw out the military tribunals. And on Thursday, federal Judge Anna Diggs Taylor struck down the warrantless surveillance program, finding it to be a violation of the First and Fourth Amendments and the principle of separation of powers. "There are no hereditary Kings in America," she wrote.

The ruling by Taylor, who was appointed by President Carter, is far from the final word. The wiretapping program will continue while the administration appeals. It is not hard to see other courts ruling differently by saying that the plaintiffs, led by the American Civil Liberties Union, should not have been given standing to bring the case because they could not show they were harmed by the eavesdropping.

But the ruling does undermine Bush's main argument — that the program is constitutional because the administration says it is constitutional. Taylor gives little credence to this argument, as one might expect from a representative of the judicial branch, the place where questions of constitutionality are properly resolved.

Since the Foreign Intelligence Surveillance Act was adopted in 1978, presidents have had an effective and constitutional way to speedy court approval for surveillance. FISA even allows for retroactive approval in urgent investigations.

If this law is overly restrictive or somehow unequal to the task of combating today's global terror threat, the president can and should go to Congress to make the case for new legislation. Given the mood of the country and the continuing threat exemplified by the alleged airline bombing plot in Britain last week, Congress would surely make addressing the problem a priority.

By ignoring the law, and making specious arguments that powers contained in Article II make the president virtually unaccountable to either the courts or Congress, the president shows contempt for the other branches and exposes his determination to concentrate power within his own — with no particular gain for the war on terrorism.

Much has changed since terrorists rammed planes into the World Trade Center and the Pentagon. But one thing that has not is that America is a constitutional democracy with checks and balances. A ruling such as Thursday's is a useful and forceful affirmation of that.

Bush: Unconstitutional, Again (LAT)

The Los Angeles Times, August 18, 2006

IN THE LATEST JUDICIAL REBUKE of the Bush administration's tactics against terrorism, a federal judge in Detroit ruled Thursday that warrantless wiretapping of U.S. citizens violates the Constitution and federal law. The decision is an embarrassment for President Bush, but it also should be a source of shame for Congress.

Eight months ago, the New York Times reported that the National Security Agency was monitoring the international phone calls and e-mail messages of some Americans without obtaining a court order as required by the Foreign Intelligence Surveillance Act, or FISA. Several proposals for reining in the NSA operation were offered. But none of them were enacted before members of Congress left town for the summer.

Thursday's ruling by U.S. District Judge Anna Diggs Taylor should jump-start that stalled effort. It came in a lawsuit brought by the American Civil Liberties Union on behalf of journalists, lawyers and other scholars with business contacts in the Mideast.

Her decision convincingly rebuts two of the Bush administration's legal positions: that the president has the inherent constitutional authority to engage in surveillance of Americans, and that Congress approved such eavesdropping in 2001 when it authorized Bush to use "all necessary and appropriate force" against individuals and nations implicated in the 9/11 attacks.

The decision also gives short shrift to the administration's argument that a lawsuit against the NSA's monitoring of telephone calls and e-mail messages couldn't go forward because it would result in the divulging of state secrets. The Bush administration, the ruling notes, had "repeatedly told the general public that there is a valid basis in law for the Terrorist Surveillance Program." (It does say that the state-secrets privilege barred recovery for plaintiffs based on their claim that the NSA was also engaging in "data mining" of phone records.)

Not surprisingly, the administration said it would appeal Thursday's ruling, insisting in a statement that "the Terrorist Surveillance Program is firmly grounded in law." It said the same thing about the military commissions Bush established to try accused enemy combatants at the Guantanamo Bay naval base. The Supreme Court disagreed. The justices may take a similarly skeptical view of administration assertions when it comes to warrantless wiretapping.

Meanwhile, Congress should reclaim its institutional prerogative and enact legislation making it clear that NSA spying on Americans is governed by FISA. Legislation proposed by Sen. Dianne Feinstein (D-Calif.) would do just that, while increasing from 72 hours to seven days the period in which investigators in an emergency could conduct surveillance without a warrant. Feinstein's bill made sense before Thursday's ruling. Its enactment is even more urgent now.

Our Bitter Politics May Drop The Gift Of A Foiled Plot (WSJ)

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By Daniel Henninger

The Wall Street Journal, August 18, 2006

New York City on Wednesday released more audiotapes from September 11, the day whose realities won't go away no matter how corrosive and divided our national politics become.

What are the realities of 9/11? Oliver Stone's movie, "World Trade Center," released a few weeks ago, conveys the horror, valor and loss that day. That is one reality.

The more enduring reality is the one manifest last week when British authorities stopped a plot to destroy perhaps 10 passenger planes over the Atlantic Ocean: Five years after September 11, radical Islam remains an ideology whose active intention is to annihilate civilians around the world on a massive scale, and to do so repeatedly.

On Sunday, Homeland Security Secretary Michael Chertoff put before us the reality that should, but doesn't, transcend all the others now. "We've got to have a legal system that lets us . . . prevent things from happening rather than . . . reacting after the fact." But we don't.

Congress has before it two chances to begin the task of shaping a legal system appropriate to the threat: the Specter bill to revise the Foreign Intelligence Surveillance Act (FISA), and its responsibility after the Supreme Court's Hamdan decision to write rules and procedures for military commissions. Given the political climate, it's far from certain that Congress will get this right.

Over the past year the Democrats have built a political case that President Bush's conduct of the war on terror is trampling civil liberties and the rule of law. There is a list for the Bush assault on "our values": the NSA's warrantless wiretaps, Guantanamo, phone-call datamining and of course his Supreme Court nominations.

Whatever the merits of all this, Congress's Democrats are publicly committed to making this version of the Bush civil-liberties record a voting issue for their party in November and beyond. So presumably they will remain deaf to Secretary Chertoff's plea for a legal system tailored to fight Islamic terror, at least until after 2008.

A fair summary of the party's position on civil liberties just now may be found in Sen. Patrick Leahy's remarks after Mr. Bush nominated Samuel Alito to the Supreme Court. "This is a nomination," Sen. Leahy said, "that threatens the fundamental rights and liberties of all Americans now and for generations to come. This president is in the midst of a radical realignment of the powers of the government and its intrusiveness into the private lives of Americans. . . . I am concerned that if confirmed this nominee will further erode the checks and balances that have protected our constitutional rights for more than 200 years."

So a question: Which set of civil liberties do the Democrats have in mind -- those that existed in 1791? In 1896? 1942? 1965? 1976? Or now? British Prime Minister Tony Blair put this question bluntly in a speech in California last month: "The threat of global terrorism bent on mass slaughter means traditional civil liberty arguments are not so much wrong, as just made for another age." Which age does Sen. Leahy want to live in?

The Fourth Amendment -- affecting the status of warrants, probable cause and surveillance -- is an excellent proxy for how we should try to think about shaping a set of laws and legal procedures appropriate to our times.

In a compelling post-9/11 article that every member of Congress involved in this effort should read, "Local Policing After the Terror," Harvard constitutional scholar William J. Stuntz argued in the June 2002 Yale Law Review that an analysis of the Fourth Amendment the past 40 years makes clear that courts have tailored criminal-procedure rules to fit the threat at the time, tightening or relaxing criminal procedures in line with a fall or rise in crime.

After the low-crime '50s, it imposed the exclusionary rule on state courts. In very high-crime 1968, the Warren Court, in Terry v. Ohio, softened the probable cause standard for police street frisks to reasonable suspicion. For 20 years after 1970, the courts enacted various exceptions to the warrant requirement, i.e., allowed warrantless searches.

Here is Justice Sandra Day O'Connor in oral remarks during the stop-and-search Arvizu case argued on Nov. 27, 2001: "We live in perhaps a more dangerous age today than we did when this event took place . . . The Ninth Circuit opinion seemed to be a little more rigid than . . . common sense would dictate today."

Just over a week ago, the Second Circuit Court upheld a district court ruling in favor of New York City's random subway searches, concluding that the program was a "special need" and "that need is weighty."

The Senate doesn't think so. The Senate is barely able to have a conversation about any of this. At the Judiciary Committee's hearing late last month to discuss Sen. Arlen Specter's bill to revise FISA, Sen. Ted Kennedy submitted that the Bush program wants to override "the core of our democracy" and "we should not yield to that arrogant request." The day before that hearing New York Rep. Jerry Nadler called again for a special counsel to investigate the warrantless wiretap program.

Criminologists will tell you that the reason street crime is down in the U.S. is because of proactive policing methods such as were instituted in New York by Rudy Giuliani and William Bratton. A reactive police force by definition lets crime happen and investigates afterward. Our bitter, give-no-quarter politics is going to leave us with a reactive, uncertain national security apparatus.

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Even allowing for election needs, why is it not possible for the congressional Democratic Party and its Amen corner in the punditocracy and blogosphere to overcome their George Bush phobia here? They should allow the creation of a civil-liberties regime that will genuinely (not hopefully) reduce our exposure to the risks now being rolled up by the surveillance and arrests in London.

The foiling of the plot in Britain was a kind of public-policy miracle, a rare chance to rethink. The U.S. could have spent the past week with 4,000 funerals. We would have had calls for measures so stringent and draconian they would make the Bush program look like pattycake. We have none of that. But unless our politics changes, we will.

NSA Program Is Vital Tool (USAT)

USA Today, August 18, 2006

Judge Anna Diggs Taylor's decision, if it stands, will put out of commission a useful national security program that is no threat to anyone who is not already threatening the United States. Contrary to the hype, the administration has made no claim of a blanket privilege to intercept phone calls or e-mails without warrant. The NSA program applies only to international calls, and only those intercepted while tracking known or suspected al-Qaeda operatives.

OUR VIEW:Ruling affirms that presidents aren't monarchs

Courts have traditionally shown deference to the executive branch in determining when emergency action is needed to defend the nation. This is especially important when fighting the agile and adaptive enemy we face today. We cannot fight networked terrorism with legal interpretations more suited to the days of rotary phones and snail mail.

Taylor's decision imposes a comprehensive restriction on the National Security Agency program, regardless of the need for circumstances that might necessitate swift action. It also in essence extends First Amendment privileges to foreign terrorists living abroad, so long as they are talking to someone in the USA. This is not only an unprecedented interpretation of the rights of reporters, it also establishes hitherto unimagined avenues of privileged communications for terrorists.

The standing of the ACLU to sue on behalf of journalists and academics is particularly shaky ground. Rather than citing incidents of wrongs against individuals, the court has entertained a vague standard of injury to rights that might not even exist. The judge established a balancing test, weighing the importance of the information being collected against the risk that an innocuous conversation could be overheard. One might ask how the NSA can determine which conversations are important before they are collected.

Judge Taylor's comparison of President Bush to a "hereditary" king suggests an attempt to patch the holes in her substantive argument through rhetoric. It is ironic to hear an unelected judge with a lifetime appointment describing a term-limited president as a monarch. This highly abstract opinion is certain to be overturned by the 6th Circuit Court, and a good thing, too. The safety and security of the American people weigh more heavily in the balance than the alleged right of journalists to freely interview terrorists.

James S. Robbins is senior fellow on national security affairs at the American Foreign Policy Council and author of Last in Their Class: Custer, Picket and the Goats of West Point

Attorney General Exclusive Interview (PTR)

By Salena Zito, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, August 18, 2006

United States Attorney General Alberto Gonzales was in Pittsburgh on Wednesday speaking to the World Affairs Council of Pittsburgh, the same day the thwarted terrorists attacks that originated in London were scheduled to be carried out.

During the visit, Gonzales gave an exclusive interview to Pittsburgh Tribune-Review reporter Salena Zito.

Q: The British laws on surveillance are less stringent than ours. Looking back over this last major terror attempt, what lessons have we learned about our capabilities?

A: It is an ongoing process that we engage in; we are constantly looking to see if our tools are efficient involving a major threat.

Let me just emphasize this: I don't view this threat as having ended -- we have disrupted the threat, (but) we still don't know yet everything there is to know about this threat.

We are in the process of evaluating (the attempted attack) and what almost happened here, and hopefully we are learning from it. The British have different authorities; they operate in a different legal system. We have a Constitution that we have to honor. We will continue to talk to our friends and allies. If we feel like there is something that we need in terms of gathering information, then we will have a discussion with the Congress and see if we can get it.

Q: Does the Patriot Act go far enough?

A: It has obviously allowed us to close the gaps that existed before September 11th. And has allowed local law enforcement along with other agencies to talk to each other -- this is so, so important.

You know, every time there is a disrupted plot, it gives an opportunity to see what our enemy is doing and what they are thinking.

And when you see how the Brits responded last week, it makes us want to know, what tools do they have? Could we have done the same thing as they did? And it is not unique to this particular plot. We do it over and over again. It is an ongoing process as to whether or not we can track these terrorists.

Do we have what we need? Given the fact that this enemy is changing, do we have what we need to protect America? That is the question.

Q: What keeps you up at night?

A: Well, you don't know, you just don't know and that is what keeps me up at night.

I wake up every morning, I look at the threat assessment, and we are on it, on those threats against the United States. Now at the end of the day, many of those threats have washed out. Many of them are nothing, but you see from the plots that we have an enemy that is very smart, very persistent and they are very determined.

They have great PR as well, and yes, yes, we do need to do a better job in the PR department.

But we are not safe yet, and that is what worries me. That is what keeps me up at night.

Q: Since the events of 9/11 and the implementation of the Patriot Act, what benchmarks have we hit in terms of interoperability among federal, state and local law enforcement?

A: We have made tremendous strides since 9/11. I have talked about the number of agencies, as well as our local law enforcement and how important they are and what an important part they play on this war on terror.

They cannot be effective in helping us in the war on terror if they don't have the critical information. I think that we are much better able today to share information. There are still times when we have to make tough decisions -- decisions about how much information we are buying into and when to provide it. Here is an example:

We may get information about a terrorist plot in the city of Pittsburgh, but we may think, "Well, this is totally bogus, but do we go ahead and share it with the Pittsburgh authorities?" Those are still the issues and decisions that we are working through.

Q: In this war on terror, how difficult is it for our agents to develop sources?

A: We are much better today in developing sources than we were before September 11. We have people that can infiltrate these organizations and these cells -- not just al-Qaida, but terrorism generally. But we need to be more effective in this area.

Q: Centralized information-sharing -- a key capability for local law enforcement -- how available will it become to local law enforcement?

A: Local law enforcement has access to certain kinds of databases. There are a couple of conditions that we have to worry about in terms of access to databases; one is certain information on a database may be highly sensitive, highly classified. And that is protected. Only the people that have to have that information get it. Then there is the other issue of privacy. There are laws that exist in respect to how much information can be shared, and who that information can be shared with.

Our goal (with local law enforcement) is to try to share information, to make available as much relevant information to local law enforcement real-time so that they can make decisions, so that they can do their job, so that they can protect their communities.

So the Patriot Act allows them to close those gaps -- it has been a wonderful tool. I think that Congress should be commended, and the Office of the President, in utilizing this tool to protect America.

We are safer today because of it.

Salena Zito can be reached at szito@tribweb.com.

British Search Turns Up Parts For A Bomb (NYT)

By Ian Fisher

The New York Times, August 18, 2006

LONDON, Aug. 17 — British investigators have found a suitcase with bomb-making materials in the woods near the homes of several men suspected of plotting to blow up trans-Atlantic aircraft, the BBC reported Thursday.

A police spokesman declined to comment on the report.

Investigators have been searching the woods in High Wycombe, about 35 miles northwest of London, since the arrests last Thursday of 24 people suspected in the plot. At least five suspects are from High Wycombe. Since Thursday, one suspect has been released and another arrested.

The BBC quoted an anonymous police official as saying that the suitcase contained “everything you would need to make an improvised device.”

Under British law, few details of investigations are released, and publication of much information is barred for fear of prejudicing a suspect's trial. As such, amid severe airport delays that are only now easing, a fearful public has learned little of the evidence in the sprawling case, which has included nearly 20 arrests in Pakistan.

The police did say Thursday that they had searched 49 homes and businesses, as well as the woods in High Wycombe. Of those searches, 36 have been completed, the police said, and investigations are continuing at the other sites.

New antiterrorism laws in Britain give the police extra time to question suspects before charging them. On Wednesday, a court gave permission for the police to question 21 suspects until next Wednesday before filing charges, and until Monday for 2 others.

Post-9/11 Detainee Returns To His Life (NSDY/AP)

By Tom Hays, Associated Press Writer

Long Island Newsday, August 18, 2006

TORONTO -- The date was Sept. 12, 2001, but Benemar "Ben" Benatta was clueless about the death and destruction that had unfolded a day earlier.

About a week before, Canadian officials had stopped Benatta as he entered the country from Buffalo to seek political asylum. On that Sept. 11, he was quietly transferred to a U.S. immigration lockup where a day passed before sullen FBI agents told him what the rest of the world already knew: Terrorists had attacked the World Trade Center and Pentagon.

It slowly dawned on Benatta that his pedigree -- a Muslim man with a military background -- made him a target in the frenzied national dragnet that soon followed. The FBI didn't accuse him of being a terrorist -- at least not outright.

But agents kept asking if he could fly an airplane.

No, he said.

It made no difference.

"They gave me a feeling that I was Suspect No. 1," he said in a recent interview.

The veiled accusations and vehement denials would continue for nearly five years -- despite official findings in 2001 that he had no terrorist links and in 2003 that authorities had violated his rights by colluding to keep him in custody.

Of the estimated 1,200 mostly Arab and Muslim men detained nationwide as potential suspects or witnesses in the Sept. 11 investigation, Benatta would earn a dubious distinction: Human rights groups say the former Algerian air force lieutenant was locked up the longest.

His journey through the American justice system concluded July 20 when a deal was finalized for his return to Canada. In the words of his lawyer, the idea was to "turn back the clock" to when he first crossed the border.

But time did not stand still for Benatta. The clock ran for 1,780 days. The man detained at 27 was now 32.

"I say to myself from time to time, maybe what happened ... it was some kind of dream," he said. "I never believed things like that could happen in the United States."

In a nation reeling from unthinkable horrors inflicted by an unconventional enemy, it could.

And it did.

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Sporting a gray T-shirt and cargo shorts on a sizzling summer day, Benatta eased his muscular frame into a white plastic chair in the backyard of a Toronto halfway house for immigrant asylum-seekers. He sipped lemonade, then paused to taste freedom.

"You start to look around and take in everything -- the wind in your face, the breeze -- everything," he said.

The youngest of 10 children in a middle-class family, Benatta recalled always wanting to be military man like his father. But after he joined the air force, he grew disillusioned. Algerian soldiers, he said, were abusive toward civilians. And militant Muslims were out for blood.

"I was in harm's way in my country," he said.

In December 2000, Benatta entered a six-month training program for foreign air force engineers in Virginia, plotting from the start to desert and flee to Canada. In June 2001, the night before his scheduled flight back to Algeria, he stole out of a hotel. He lived briefly in New York before arriving Sept. 5 on Canada's doorstep.

A week later, Canadian authorities escorted him back over the Rainbow Bridge in Niagara Falls, where they turned him over to U.S. immigration officers. On Sept. 16, U.S. marshals took him into custody, put him on a small jet and flew him to a federal jail in Brooklyn that became a clearing house for detainees who were labeled "of interest" to the FBI following the Sept. 11 attacks.

One marshal's remark stuck in his head: "Where you're going, you won't need shoes anymore."

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In Brooklyn, he was locked down -- minus his shoes -- 24 hours a day between FBI interrogations. When he continued to deny any involvement in the attacks, agents threatened to send him back to Algeria. As a deserter, he was certain he would be tortured.

"That was all my thinking all of the time -- they were signing my execution warrant," he said.

Prison guards, he said, dispensed humiliation in steady doses -- rapping on his cell door every half hour to interrupt his sleep, stepping on his leg shackles hard enough to scar his ankles, locking him in an outdoor exercise cage despite freezing temperatures, conducting arbitrary strip searches.

The alleged abuses would have been bad enough. But as a judge eventually pointed out, something else was amiss: Benatta was never charged with a crime.

The FBI grillings stopped sometime in November 2001, when an internal report was prepared saying he was cleared. On paper, he was no longer a terror suspect.

No one bothered to tell him.

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December turned to March with Benatta still under lockdown in Brooklyn, without any contact with the outside world. "Each day, with that kind of conditions, is like a year," he said.

Finally, in April, he received word that he would be transferred to Buffalo to face federal charges of carrying a phony ID when first detained. Benatta was denied bail while he fought the case. But for the first time he was allowed into the general population of federal defendants housed at an immigration detention center.

He also had access to the news, and was shocked by the images accompanying anniversary stories about the Sept. 11 attacks.

"It was the first time I'd really seen what happened," he said.

It wasn't until the second anniversary of the attacks that U.S. Magistrate H. Kenneth Schroeder Jr. found that Benatta's detainment for a deportation hearing was "a charade."

Though terrible, the Sept. 11 attacks "do not constitute an acceptable basis for abandoning our constitutional principles and rule of law by adopting an 'end justifies the means' philosophy," Schroeder wrote. Based on that decision, another judge tossed out the case on Oct. 3, 2003.

"That gave me so much hope," Benatta said. "For me, it's like (the judge) had so much nerves. He gave me some kind of hope in the judicial system all over again."

His hopes were dashed by an ensuing standoff: Benatta demanded asylum. Immigration authorities wanted him deported for overstaying his visa.

An immigration court first set bail at $25,000, then ruled he should stay behind bars indefinitely -- a situation a United Nations human rights group decried as a "de facto prison sentence." Most asylum seekers are released pending the outcome of their cases.

It took another two years before a Manhattan attorney, Catherine M. Amirfar, found a solution: She persuaded Canadian authorities to let her client apply for asylum there without jailing him.

"Canada was willing to take him back and turn back the clock five years," she said. "Of course, Benemar will never get those five years back."

The last detainee was deported in his prison smock without an apology. He remembers cold stares when he ate his first meal at Wendy's and went to a mall to buy clothes.

Today, there's no more soul-numbing confinement. But he's still caught in waiting game, this time to see whether Canada will grant him asylum -- a decision at least six months away. He also wonders if he can regain enough spirit to start a new life.

"Now I'm not the same person," he said. "When I came to the United States, I was optimistic. I had so much energy. That's not the case now."

Are We Fighting 'Islamic Fascists'? (WP)

By David Ignatius

The Washington Post, August 18, 2006

"This nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom," President Bush said last week after Britain announced it had foiled a plot to blow up airliners over the Atlantic. I have been pondering since then his description of the enemy. What are "Islamic fascists," and does this phrase make sense in describing America's adversaries?

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The judicious columnist's answer is, of course, yes and no. A look at the history of fascism produces some startling parallels to the revolutionary movements that have swept Iran and other Muslim countries over the past several decades. But the phrase is misleading, both in its broad reference to Islam and in its evocation of another century and another war.

One of the old college textbooks gathering dust in my basement is Ernst Nolte's "Three Faces of Fascism," a classic study of the social forces that created fascist movements in France, Italy and Germany during the 1920s and '30s. It's a dense book, but it concludes with one unforgettable insight. Fascism, Nolte said, is "resistance to transcendence." By that, he meant that fascism was a rebellion against the liberating but destabilizing transformations of modern society.

In the countries where it took root, fascism began as a middle-class assault on the liberal elites who were creating that era's version of globalization. Jews were a special target, but they were also symbols of a larger internationalist movement. In one passage, Nolte described the focus of fascist protest in language that might apply to today's globalized world: "The leading class performs its task of establishing the technical and economic unity of the world, and emancipating all men for participation in this undertaking, in ever new political and intellectual compromises with the hitherto ruling powers: It is the society of synthesis."

The fascist revolt against "transcendence" was driven in part by rage against the perceived corruption of the European elites, who were thought to have grown rich during the booming, inflationary years of the 1920s at the expense of the hardworking middle class. The final malign motivation in Germany was shame and indignation over the nation's defeat in World War I. Fascism gave ordinary people an explanation of what had gone wrong in their lives -- and someone to blame.

I do see many of these same factors in the growing popularity of radical Islam in the Middle East. The baseline for this movement remains the Iranian revolution of 1979, which exploded in the region's most modern and, if you will, "transcendent" state. The shah's Iran was rushing to embrace the global economy. Its elite was liberal, secular, international -- and also wretchedly corrupt. Ordinary Muslims felt, with some justice, that they were being left out of the spoils of this new Iran -- that their hard work was being used to buy mansions on the Cote d'Azur. That radical populism lives on in President Mahmoud Ahmadinejad, dressed in his ostentatiously humble golf jacket.

I remember how that revolutionary indignation swept the Middle East in the early 1980s, when I first began covering the region. The most popular preacher in Cairo in 1981 was Sheik Kishk, who would ridicule the corruption and Western ways of Egyptian President Anwar Sadat and his family. That same year, Sadat was murdered by Muslim terrorists.

Today's Muslim radicals, like the Nazis in Germany, gain support by promising dignity for a people who feel shamed by defeat in war. That's the appeal of Hezbollah's leader, Hasan Nasrallah: The Arabs feel they have suffered 40 years of military humiliation from Israel. Nasrallah offers the tonic of defiance and, for the moment at least, a sort of victory. That makes him a hero, even though he brought on the ruination of Lebanon.

Back to President Bush and his "Islamic fascists." In many ways, this phrase does capture the rage that fuels America's enemies. What is most pernicious about the movement is that, as with European fascism, it has made Jews the symbol for larger forces that confound angry Muslims. This is perverse: The corrupt elites who obstruct Iranians, Egyptians, Syrians and Saudis today are their own rulers and their legions of fixers and bagmen, not Israeli Jews.

Yet I balk at the term. The notion that we are fighting "Islamic fascists" blurs the conflict, widening the enemy to many if not all Muslims. It's as if we were to call Hitler and Mussolini "Christian fascists," implying that it is their religion, not resistance to transcendence, that is the root cause of the problem. The revolution that began in Iran in 1979 must be contained so that it doesn't destabilize the region more than it already has. But it will only be broken from within, by people who are at last ready to transcend.

HOMELAND RESPONSE:

Washington Seeks To Learn From MI5 (FT)

By Demetri Sevastopulo, Edward Luce

Financial Times, August 18, 2006

Washington is examining British counter-terrorism laws to see whether the US should import any UK police and intelligence service methods, according to Michael Chertoff, the US homeland security secretary.

In an interview with the Financial Times, Mr Chertoff said the US review of British tactics would identify any UK system advantages in dealing with terror threats, and examine whether they would be permissible under US law.

"The experience we had observing and working with the British certainly has underlined some possible advantages of some of the approaches taken in Britain," said Mr Chertoff.

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"The British system in some respects is very nimble in terms of the ability to conduct certain kinds of . . . surveillance on very short notice. You have the ability in Britain to hold people for a brief period of time under court supervision before you charge them . . . In this case, that allowed the British government to do something that we might not have been able to do."

Under UK law, a judge can authorise the police to hold suspected terrorists for up to 28 days while they continue their investigation.

Paul Wilkinson, an expert on terrorism at St Andrews University, says this gives the British authorities an advantage, particularly for investigating plots with an international dimension.

In the US, federal authorities generally have to charge suspects with a crime within 48 hours, although critics say the Central Intelligence Agency is holding suspected al-Qaeda members at secret prisons worldwide.

Any attempt to adopt British intelligence methods is also likely to invite more criticism from civil liberties advocates, who are already critical of the Bush administration's warrantless eavesdropping programme.

Some US intelligence officials have suggested that MI5 - the British domestic intelligence service - wanted to track the suspected terrorists for a longer period of time, but were forced, under pressure from the US, to close down the operation.

Mr Chertoff denied those claims, saying UK and US intelligence agencies were "on the same page".

He declined to provide fresh details about the foiled plot to explode airlines over the Atlantic, saying he wanted to avoid prejudicing any possible trial in the UK.

US officials have also been cautious about leaking information after British officials last year complained about their leaking details of the investigation into the London bombings.

Asked whether the leaks last year had damaged the trust between US and UK authorities, Mr Chertoff said: "I wouldn't say it was damaged. But I would say it's unhelpful and if a pattern of that were to develop it would become a problem. That is why it was very important in this case that we were able to preserve and continue to respect security needs in terms of confidence."

While some critics have suggested the US should form an independent domestic intelligence service, along the lines of MI5, which has no prosecutorial powers, Mr Chertoff said it was not necessary. "The FBI has done a superb job engineering itself to deal with the current threat," he said.

Home Delivery Terror Plot Exposes Flaws In How U.K. Tackles Extremism (WSJ)

By Andrew Higgins And Carrick Mollenkamp

The Wall Street Journal, August 18, 2006

LONDON -- Soon after last year's suicide attacks here, officials in Walthamstow, a shabby east London neighborhood, joined with the area's biggest mosque and a privately run Islamic youth center to try to counter the appeal of extremism. They organized a big party with live music and free food for around 500 local Muslim youth.

The event, which organizers named "Defending Da Hood," was held in the town hall and attended by police and politicians. It was a testy affair. The mosque's preacher stalked out in protest at music he considered un-Islamic. A radical Islamic group gate-crashed and harangued attendees for showing insufficient piety at the gathering.

Today, Walthamstow is a showcase for Britain's failure to absorb its restive Muslim youth as authorities scramble to unravel yet another alleged plot by home-grown terrorists. Of the 23 people currently detained in connection with what police say was a plan to blow up U.S.-bound airliners en route from the United Kingdom, about a dozen lived or worked in this heavily immigrant area with strong ties to Pakistan. None has been charged.

"Clearly, something is not working," says Afzal Akram, an elected council member responsible for community safety.

If the British approach isn't working, no one else is having much success either. The Netherlands, which has a similarly tolerant attitude toward cultural differences, has been scarred by the Islamist-inspired murder of a Dutch filmmaker. France, which has put heavy pressure on Muslim and other minorities to assimilate, experienced weeks of rioting by mainly Muslim youths late last year. And Spain's law-and-order policies didn't deter the Madrid train bombers. The failure of these diverse approaches creates a major quandary for Western governments trying to both understand and tackle the terrorists in their midst.

Britain, more than any other European nation with a large Muslim minority, has put much energy and money into trying to do just that. Its efforts have been closely watched by other European countries and also by the U.S., which since the Sept. 11 attacks, orchestrated in part by Muslims based in Germany, has viewed its security as closely linked to Europe's ability to root out extremism.

Time and again, though, Britain's efforts have come unglued, stymied by divisions among Muslims and the local authorities' inability to find credible Muslim partners. Local mosques are often no help, not because they are hotbeds of political radicalism but, in most cases, the opposite: Their first-generation immigrant leaders disavow politics altogether.

The British government has churned out studies, set up task forces, recruited some controversial Muslim leaders as advisers and sent Cabinet ministers to meet with Muslims throughout the country. Its efforts have been accompanied by what

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many Muslims consider heavy-handed police methods. Any trust created after the July 2005 suicide attacks on the London transport system was dashed in June when police raided a house in east London and shot a Muslim man they described as a terror suspect. Prime Minister Tony Blair's solid support for U.S. foreign policy has further soured relations.

With the central government unable to make headway, much of the real work in combating extremism has fallen to local authorities and community leaders in places like Walthamstow. While traditionally focused on matters such as garbage collection, street crime and local parks, they have in effect become Britain's anti-terrorist vanguard.

Besides being ill-equipped and under-funded for such a task, local authorities also confront what even some prominent Muslims concede is a central problem: deep reluctance within local Muslim communities to acknowledge the threat posed by terrorism. In Walthamstow, for example, many believe Americans were behind the 2001 terrorist attacks in New York and Washington, D.C., and are convinced that last week's arrests are a repeat of the bungled June raid.

Communities are in "denial," says Tarique Ghaffur, the top-ranking Muslim at London's Metropolitan Police, and a speaker at last year's youth gathering in Walthamstow town hall. Mr. Ghaffur says no one truly understands what has radicalized Muslim youth. "It's a real worry to me because of the amount of anger that is increasing."

Appearing before a parliamentary committee in early July, Mr. Blair voiced frustration at what he called the failure of Muslim leaders to counter a "false sense of grievance" among many Muslims. The government alone, he said, "cannot go and root out extremism in these communities."

Unlike France, which was hit by a wave of terrorism by foreign Islamists in the 1980s and then again a decade later, Britain did not consider itself at risk until fairly recently. Indeed, in the 1990s authorities allowed a number of fiery, mostly foreign-born extremists to campaign openly. London became known as "Londonistan."

After the attacks in September 2001, British authorities began to crackdown on foreign zealots. They homed in on the threat posed by home-grown Muslim extremists in 2003 when the government secretly initiated a plan called "Contest." This laid the foundations for much of the government's subsequent work to counter radicalism among young Muslims: simultaneously cultivating moderate voices while at the same time refocusing the energies of security agencies such as MI5, the domestic intelligence service.

A confidential April 2004 Cabinet policy document warned that some Muslims, particularly young men, were vulnerable to extremism. "Al-Qaeda and its offshoots provide a dramatic pole of attraction for the most disaffected," it said.

The government's response mixed aggressive policing and surveillance with instructions on how to avoid offending Muslims. "We are preparing for circulation to departments guidance on Muslim sensitivities and appropriate non-inflammatory terminology," said one government memo on the subject in 2004.

The government also recommended ministers use the word "communities" rather than "community" in describing Muslim neighborhoods to show it was aware of different strains of Islam and different ethnic backgrounds.

While government officials unleashed a blizzard of memos, Walthamstow was grappling with more nitty-gritty matters -- street violence, gang brawls and drugs. After a gun-fight in a back-street nightclub called the Platinum Suite, police shut the place down and the landlord found a new tenant, Imtiaz Qadir, a former garage owner and devout Muslim. Like many of Walthamstow's British Muslim residents, he traces his roots back to Kashmir, a disputed region between India and Pakistan.

Mr. Qadir, 49 years old, opened an Islamic gym and sauna and called it Al-Badr after a battle fought by the Prophet Mohammed. His younger brother, Hanif, meanwhile, caught the eye of a local councilor impressed by his efforts to stop English kids of Pakistani descent mugging elderly residents. Hanif says he had planned to move to Pakistan, where he hoped to help the Taliban fight U.S. forces in Afghanistan. But he abandoned this flirtation after a relative who runs a religious school warned him that Afghanistan "is not your jihad." He says he sent some money to help Afghan "victims" but, after a visit to Pakistan, decided to focus on more immediate problems in Walthamstow.

"I know how young people feel," he says. "I was insecure and angry, too."

In 2004, the brothers expanded the Al-Badr operation, renting a hall in the same building for use as a youth center. They set up a pool table, computers for games and a non-alcoholic bar. Waltham Forest council gave them around $17,000 to help fund events during Ramadan, the Muslim holy month.

Stella Creasy, a local councilor, paid a visit to play pool and, in comments to the local media, applauded the project. Police officers also dropped by to chat with Muslim youth, who, though not generally interested in politics, were often furious about the war in Iraq.

Mike Jervis, a youth worker with the local council, asked the Qadir brothers to help organize a gathering of black and Muslim kids to try and reduce ethnic tension, which had sometimes flared into violent clashes between the two groups. The first "Defending Da Hood" gathering in 2004 did not go well. Rival gangs started scuffling. The Muslim kids, fearing a full-scale battle, decided to leave, according to the Qadir brothers.

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While winning kudos from local officials, the Al-Badr center also began to attract interest from groups that local and U.K. authorities considered dangerous or radical. One evening in January 2005 it served as the venue for a fund-raising dinner for victims of the tsunami in Indonesia, the world's most populous Muslim nation. One of the dinner's sponsors was Hizb ut-Tahrir, a group that preaches nonviolence but champions the primacy of Islamic law over that of Parliament. The group's activities have been banned in Germany for espousing anti-Semitic ideology.

A Hizb ut-Tahrir spokesman, Taji Mustafa, says the event was a joint effort sponsored by Muslim groups that rally together in times of need.

Imtiaz Qadir says he doesn't agree with Hizb ut-Tahrir but believes that attempts to ban radical groups only backfire because it forces radicals underground and makes them more dangerous. Mr. Akram, the Waltham Forest councilor, dismisses this "as the same as the argument for legalizing drugs," and advocates, "a policy of zero tolerance."

Later in 2005, the Al-Badr center invited Neil Gerrard, a member of parliament who represents Walthamstow, to meet with Muslim youth and answer their questions. Hizb ut-Tahrir members turned up, too, and tried to hijack the meeting, the brothers say. One denounced a requirement that Muslims, along with anyone else seeking British citizenship, must swear allegiance to the Crown. Another demanded that Muslims living in Britain be subject to Islamic rather than British law.

After four British suicide bombers killed 56 people, including themselves, in attacks on the London transport system, the local council turned again to Al-Badr and other groups to pre-empt extremism taking root among local Muslim youth. They decided to hold the Muslims-only "Defending Da Hood" party. The Waltham Forest Islamic Association, the big local mosque located near the Al-Badr center, agreed to help pay for some of the costs.

The evening got off to a rocky start when the imam of the mosque complained about music on the program. Organizers agreed to move the music to the end of the evening so people who objected could leave without causing disruption. Hizb ut-Tahrir activists caused further problems by arguing with less devout attendees.

"Something like that is never going to be easy," says Mr. Gerrard, the member of parliament and a speaker at the gathering. "There are some quite difficult issues."

The big mosque split into feuding factions, with some trustees condemning the gathering as immoral and demanding a refund. Imtiaz Qadir, a member of the mosque's board, helped engineer a purge of critics. Anonymous leaflets appeared condemning Al-Badr for its role in the event.

The national government meanwhile accelerated Operation Contest. Prime Minister Blair proposed a ban on Hizb ut-Tahrir but dropped the idea as the government struggled to gain Parliamentary approval for a new package of anti-terror measures.

The U.K.'s Home Office, meanwhile, relied heavily on the Muslim Council of Britain, which represents mosques across much of the country. But the Council, though stacked with Muslim luminaries, has little traction on the ground in places like Walthamstow. There, local officials were having trouble deciding which Muslim groups could be trusted and which ones had real influence. In the past, says Mr. Akram, the councilor, officials turned to mosques, but, "they clearly don't represent young people."

Many mosques are run by elderly first-generation immigrants who avoid political discussion and as a result are often viewed with disdain by their more politically aware, British-born offspring. At the Waltham Forest Islamic Association a sign in Urdu in the prayer room bans all discussion of "worldly matters."

The terrorism suspects from Walthamstow are English-speaking, British-born, mostly of Pakistani descent. Some are middle class and university educated, many wear western clothing, and hold strong views about political issues.

At Masjid-e-Umer, another Walthamstow mosque visited regularly by some of the terror suspects, Musa Hariff, the establishment's 70-year-old president, laments the disobedience of young Muslims. "The problem is that this is a free country: you can't say anything to your sons; you can't touch them; you can't beat them. They don't listen."

Beyond the reach of traditional religious leaders, some angry young Muslims have drifted into the orbit of radical groups that authorities condemn but can't contain.

Late last year, Walthamstow's Asian Center, a council-run community center, agreed to lease a hall for an Islamic discussion. Authorities abruptly canceled the event after discovering that it was being hosted by Al-Ghurabaa, an offshoot of a banned extremist group. Officials pulled the plug after finding inflammatory leaflets advertising the event and calling for an Islamic state.

In February this year, Al-Ghurabaa, using a fake name, booked a room at the center and planned to use the event to denounce Danish newspaper cartoons about the prophet Muhammad. Authorities again stepped in. Later, the group landed a venue: the Al-Badr center. Imtiaz Qadir says he first learned what was going on when he got a call telling him police were outside in force. The government has since banned the group.

On June 2, the government's efforts took a huge blow when police launched a raid on a Muslim household in Forest Gate, a community in east London close to Walthamstow. Acting on a tip that a chemical bomb might be in the house, police stormed

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the residence and shot one of the residents, who was arrested along with one other. Police ransacked the house as they searched in vain for evidence. A week later the men were released. Scotland Yard, in a rare admission, apologized to the two men.

The raid appalled Muslims and many non-Muslims, too. Mr. Akram, the councilor, says Forest Gate helps explain why few locals believe that those detained last week are involved in terrorism. He declines to say what he thinks. "Let's wait and see ... People are innocent until proven guilty."

Among the visitors to the gym throughout this period, says Imtiaz Qadir, were five of those now under arrest. Imtiaz says that far from being terrorists they were model citizens -- polite, modest and well-dressed. "I would like my own son to be like these kids." Adds Hanif, "they wouldn't hurt a fly."

Local authorities, working with the Al-Badr center and others, were putting the finishing touches on plans for a July "Defending Da Hood." Leaflets were printed promising "VIP's and high-ranking officials," a three-course meal and music. Two days before the event, the authorities canceled it. Mr. Akram says this was because speakers, including a celebrated Pakistani cricket hero, dropped out. The Qadir brothers blame quarrels within the local Muslim community. (Read the flyer promoting the event.2)

A few days later, police poured into Walthamstow to grab suspects in the alleged airline plot. A day later, Hanif Qadir, the younger brother, invited the families of those arrested to the Al-Badr center to discuss what to do. He says he got an earful from parents furious with the police and with journalists swarming their residences.

Local officials complained they hadn't been invited to the meeting; the council launched its own effort to support families, promising counseling, personal panic alarms and immediate removal of hostile graffiti. This week, the local government set up a committee to handle the crisis. It is not clear what it will do exactly but it has a name, "The Community Cohesion Task Group."

The Qadir brothers meanwhile are looking for ways to keep the Al-Badr center open. They owe the landlord more than $19,000.

A New Generation Of Jihad Seekers (CSM)

By Dan Murphy

The Christian Science Monitor, August 18, 2006

NEW YORK

While British investigators have revealed a trans-Atlantic plot to blow up as many as 12 US-bound planes, their case against British and Pakistani suspects also reveals that the West's war on terror is attracting more and more young Muslims to militant circles, say terrorism experts.

The US-led Iraq war and American support for Israel's bombardment of Lebanon are serving to fertilize anger in segments of the Muslim world. And, they say, this means that Al Qaeda may no longer be the primary enemy, but that disparate groups of young radicals who are imitating their tactics are emerging as equally potent threats.

"We haven't lost, but we're losing [the war on terror]," says Marc Sageman, the author of "Understanding Terror Networks" and a former CIA case officer who served as a liaison to the Afghan mujahideen in the late 1980s.

"The old Al Qaeda is basically neutralized. Now the danger comes from self- generated groups, they stay at home and they don't need to contact Al Qaeda - they know what Al Qaeda thinks. So in a way it's more ubiquitous and the theater of operations is now the whole world."

Mr. Sageman and other analysts say that while details on the alleged London plot are still scant, they would be surprised if it formally involved Al Qaeda in the manner that 9/11 did.

Instead, they say, satellite TV and the Internet have spread Al Qaeda's message across the globe, allowing admirers and imitators of the group to set up operations on their own.

For instance, young Arab and sometimes European Muslims have streamed into Iraq, seeking the perceived glory of becoming suicide bombers without being under command. The July 7, 2005, train attacks in London were carried by mostly British Muslims with no demonstrated ties to Al Qaeda.

"There is a new generation whom I would call jihad seekers, youngsters who are not waiting for Al Qaeda to recruit them, they are looking for jihad on their own," says Reuven Paz, the former head of research for Israel's Shin Bet security service and now director of the Project for the Research of Islamist Movements, an academic think tank.

Evidence available so far "leads to a conclusion that the initiative was theirs," says Mr. Paz. "One or two have might have gone to Pakistan and maintained links to Al Qaeda operatives, or operatives affiliated with the global jihad...but it looks again that we are talking of people who are looking to join jihad and who were not recruited. This, in my view, is a more severe phenomenon because it means there are more social, political, and economic sectors even that might contribute to this movement."

Evan Kohlmann, a terrorism consultant and author of "Al Qaeda's Jihad in Europe," disagrees on the question of Al Qaeda involvement, but also says that based on his monitoring of jihadi chat rooms and other research, the thirst for martyrdom among some Muslims has grown, not retreated, since 9/11.

"I'd be very surprised if senior leaders of [Al Qaeda] weren't involved, there's lots of talk on how amorphous these organizations are and that's true, but things like this - an effort to rival 9/11 - I find it hard to believe if no one senior at [Al Qaeda] wasn't informed," he says.

On Wednesday, the AP quoted an unnamed Pakistani intelligence officer as saying the planned attack was "probably" approved by Ayman al-Zawahiri, Al Qaeda's No. 2, who is believed to be in hiding near the Afghan-Pakistan border.

The link, if in fact it exists, would have been made through Rashid Rauf, a Briton of Pakistani decent who moved to Pakistan after the 2002 murder of his uncle in England. He was arrested in Pakistan two weeks ago and officials there have identified him as a key mover in the alleged plot.

The US government insists that major gains have been made against global terrorism in recent years, but also agrees that the day when civilians aren't menaced by terror tactics is far off. Earlier this week, Bush said the country's war on terrorism will last "for years to come."

The open-ended nature of this war, and feelings of public vulnerability generated by reports of plans like the one emanating from London, are creating great skepticism among US allies about the effectiveness of its tactics.

The populations of America's Arab allies, like Egypt and Jordan, are largely against US foreign policy and more inclined to blame America for the violence in the region than the terrorists who carry out attacks.

Michael Radu, who helps lead the counterterrorism center at the Foreign Policy Research Institute in Philadelphia, agrees with the assessments above that the radicalization of Muslim communities has continued apace, but strongly disagrees with assertions that US policies have contributed to the problem.

Indeed, terror tactics has been used by Islamist groups for decades, over a host of grievances.

"These persistent images in the media, both by satellite TV in the Muslim world and among Muslims more generally portraying Muslim kids being killed all over the place plays a role, obviously," he says. "But we have to understand that the re-Islamicization of European Muslims started to happen a long time ago. Before 2001 we had British citizens conducting attacks in Kashmir, we had British citizens blowing themselves up in Israel. These things had nothing to do with Iraq or current events in Lebanon."

He largely blames a culture of denial among British and other Muslim communities themselves, and what he sees as a tendency of community leaders to ascribe blame for potential plots in the wrong places.

"The so-called Muslim leaders in Britain ... they paid for a [recent] ad that said the so-called root cause of this is the foreign policy of Britain," he says.

"They said the problem is Lebanon, it's Iraq, it's Afghanistan, in other words any action by the British government to counter Islamic terrorism ... is considered to be illegitimate and therefore an explanation, if not an excuse, for terrorism," he says.

Regional Terror Goes Global (WSJ)

By Alyssa Ayres

The Wall Street Journal, August 18, 2006

A week after the arrest of 23 would-be airline bombers in Britain, information about their background, networks and training continues to emerge. The common thread appears to link the plot to Pakistan's Jama'at ud-Dawa (JUD), previously known as the Lashkar-e-Taiba (LET). The New York Times reports that investigators are focusing on the group's role in funding the bombers. If so, this marks a new level of ambition for a terrorist outfit that has thus far restricted its mayhem to India. In the past, despite well-documented evidence of JUD/LET's activities, the international community has done little to impel Pakistan to shut it down. Now that must change. With this globalization of regional terror, a problem far away has made itself ours, and we must solve it.

Despite a flimsy attempt to disguise this, Jama'at ud-Dawa is simply a new name for Lashkar-e-Taiba -- which has battled India since 1997, when it began sending suicide-jihadists into Indian Kashmir to "free" the population. In effect this has meant butchering those who don't subscribe to their seventh-century worldview -- Hindus, Sikhs and Muslims alike -- a program to which the group brings flourishes such as slicing off the noses and ears of those deemed insufficiently pious. Lashkar's brutality and fervor injected a new instability into Kashmir. They also brought the region to the brink of war by attacking India's parliament in December 2001, in response to which India mobilized half a million troops on its border with Pakistan.

In 2002, Pakistan's Gen. Pervez Musharraf, under intense pressure from the U.S., banned several terrorist groups that had operated with impunity on Pakistani soil, including Lashkar. But the emptiness of this gesture became obvious when the group merely changed its name to escape arrests and asset seizure. Newly minted as the Jama'at ud-Dawa, with the same leader --

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Hafiz Mohammad Saeed -- it continued to churn out jihad recruitment material, under the same titles, and to convene massive jihad jamborees to call more of the faithful to arms.

For a brief while, two years ago, it appeared as though the Pakistani military had finally become serious about stamping out terrorism emanating from its territory. A peace process between India and Pakistan moved forward bolstered by the growing confidence that this time bombings would not derail it. But the lull was shortlived. Last year serial bombings in a Delhi market on the eve of the Hindu new year, an attack on a temple in the holy city of Varanasi, and the murder of a mathematician at the Indian Institute of Science in Bangalore all bore Lashkar's fingerprints. And then, last month, came the Mumbai blasts that killed more than 200 train commuters and injured another 700. Indian officials have implicated Lashkar in this atrocity, and Indo-Pak relations have naturally suffered another sharp setback.

Like Hamas and Hezbollah, Lashkar excels at both terrorism and humanitarian relief. The funds for the airline bombers are alleged to have been diverted from those gathered in British mosques after last year's massive earthquake in South Asia. This combination of jihadism with social work makes tackling such groups infinitely more tricky, but tackle them we must, and for that Gen. Musharraf's regime must be held to account.

Five years after 9/11, Pakistan remains a deeply problematic ally in the war on terror. Despite regular promises of cooperation -- and the occasional arrest of an al Qaeda bigwig from a safehouse in Karachi or Lahore -- the country continues to draw terrorists from Birmingham to Bangalore. Gen. Musharraf presents himself as the last line of defense between the mullahs and Pakistan's nuclear arsenal, but in fact, as has been amply documented by the Pakistani diplomat and scholar Husain Haqqani, the relationship between the army and the jihadists is symbiotic rather than adversarial. The army plays up the terrorist threat in order to consolidate its position in Western capitals, while at best turning a blind eye to the violence they export.

All this was bad enough. But now with the airline bombing plot implicating the LET specifically, this problem has arrived on our doorstep. A coordinated trans-Atlantic effort must make the closure of Lashkar -- and also the resurgent Taliban, which increasingly uses Pakistani bases to launch attacks on NATO troops in Afghanistan -- the highest priority. Pakistan must take responsibility for the activities of these groups that operate from its soil, and cosmetic gestures, such as the recent house arrest of Saeed and the arrest of low-level Taliban in a Quetta hospital -- will not suffice. For its own sake, the sake of the neighborhood, and indeed the security of our homeland, it is time Islamabad backed its platitudes about fighting terror with real action.

Ms. Ayres is deputy director of the Center for the Advanced Study of India at the University of Pennsylvania.

Air Travelers Discovering What Will And Won't Fly (WP)

By Annys Shin, Amy Joyce

The Washington Post, August 18, 2006

If the past few days are any guide, travelers at Washington area airports this weekend will encounter shorter lines than feared but more confusion than expected.

As passengers made their way through the first week of a ban on carrying liquids aboard airplanes, they discovered that the landscape had shifted, in sometimes unpredictable ways. One woman found her single lipstick was fine in a carry-on; her colleague's four tubes of designer lip gloss were not. A baby with milk passed muster. A mom with a bottle of breast milk -- but no baby -- did not. Gel heels, yes; gel inserts, no. And don't even think about a bagel and cream cheese.

With an increase in the volume of checked baggage, more and more business travelers found themselves making the acquaintance of baggage carousels. The number of checked bags has risen 40 percent since Aug. 10 on Delta Air Lines, though other airlines reported lower figures.

Signs on the roads leading to Dulles International Airport warned against liquids, and more signs inside the terminal listed specific items that could not be carried on -- gels, toothpaste and shampoo among them -- but that didn't mean every security official would interpret the list in the same way.

On Monday, Carolyn Jondahl of Fairfax cleared security at Dulles with lipstick in her carry-on bag. But when her colleague Shelley Davenport of Vienna went through, security screeners confiscated four Laura Mercier lip gloss sticks worth more than $100.

"There doesn't seem to be consistency in the policy," Davenport said.

When the two women returned Wednesday from their business trip to Montgomery, Ala., they decided not to take any chances, so they checked everything and waited 30 minutes for their luggage instead of zipping out of the airport.

"So it's inconvenient," Jondahl said.

During the week, the Transportation Security Administration eased restrictions on medication and refined the list of forbidden items as travelers appealed for clarification. Despite the list of 33 items, now including liquid bubble bath and hair detangler, interpreting the ban fell largely to frontline security officers, with varying outcomes.

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Beth B. Nolley of Vienna said she couldn't believe it when a gate agent at the Orlando airport warned passengers over the public address system that bagels with cream cheese would not be allowed onboard.

"Some teenage girls sitting next to me said: 'No cream cheese? Is the world coming to an end?' That's pretty much how I felt, too," she said.

When Nolley flew out of Dulles on Saturday, security officials confiscated her crystal rock deodorant. When she arrived at her mother's home in Florida, she bought duplicate toiletries to leave there for her next visit.

Dineen Pashoukos Wasylik, a lawyer based near Tampa, confronted another wrinkle: what to do when you're breast feeding but traveling without your baby.

She brought a breast pump on a trip Tuesday to Fort Lauderdale so she could express milk for her 7-month-old son. She checked the pump along with a few ice packs and blushed when she told her older, male boss, "I'm really sorry, but I have to check this bag because of the liquids ban."

On the way back to Tampa, she ran into the Fort Lauderdale airport restroom to pump while her boss dropped off the rental car, then packed the milk with the ice and ran to check it again.

"It really was very stressful," she said.

Doug Clarke, general manager of the SuperShuttle that serves Dulles and Reagan National airports, said the company was picking up passengers 30 to 45 minutes earlier than before -- noon for a person in downtown D.C. with a 3 p.m. flight at Dulles.

Travelers have been complaining about the extra time, said Mohamed Bah, a SuperShuttle franchise owner. "But when we get them," he said, "they are still worried they will get there on time because of long lines."

When Kimberly De Vine, a consultant with Booz Allen Hamilton Inc., heard she had to arrive two hours early for her usual 6 a.m. Delta Shuttle to New York, she decided to fly up the night before, and she left behind her ink pen and mascara.

"The idea of having to arrive two hours before my normal flight was not something I was even willing to consider," she said.

In an attempt to keep lines at security moving, some airlines have been urging passengers to check bags. Delta's efforts on its Web site and through e-mails and its reservation line resulted in as much as a 40 percent increase since Aug. 10, spokeswoman Gina Laughlin said.

AirTran Airways has had a 20 percent increase, spokeswoman Judy Graham-Weaver said. So has ATA Airlines. Others have noticed a larger volume but did not have figures to document it.

The volume has produced longer waits at baggage claim, but it's too early to know whether that will also mean more lost or damaged suitcases. The Department of Transportation, which tracks complaints of "mishandled" luggage, won't release August data until early October

Despite the heavier flow, a handful of airlines, including Delta, Southwest and Virgin Atlantic, have increased the number of baggage handlers. Northwest is offering overtime pay to cope with the increased workload, spokesman Dean Breest said.

Mostly, people are resigned to their new circumstances.

Former Baltimore Orioles slugger Ken Singleton, now a broadcast analyst for the New York Yankees, took a seat on a bench inside Terminal D at Baltimore-Washington International Thurgood Marshall Airport on Wednesday morning with more than two hours to go before a flight to Rochester, N.Y. A resident of Baltimore, Singleton came early, in part to avoid traffic. He was also checking a bag he normally would have taken onboard.

"Things have changed," he said. "You do what you have to do."

Liquid Ban Prompts Upswing In Chartered Flights (WT)

By Sean Lengell

The Washington Times, August 18, 2006

A ban on liquids, gels and creams aboard commercial airline flights has led to a boom in business for air charter and air taxi services, company officials say.

The restrictions don't apply to general aviation flights, which include charters and air taxis -- typically small aircraft rented by the hour to corporate clients.

SATSair, which provides air taxi service in the Eastern and Southern United States, reported a significant increase in service since last Friday -- a day after the Transportation Security Administration (TSA) began prohibiting passengers on commercial flights from carrying liquids, gels and creams on board out of concern the containers could conceal explosives.

The ban was implemented after British authorities last week said they foiled a plot to blow up more than 10 commercial airliners en route to the United States. The TSA this week eased those restrictions to allow some prescription medicines on planes.

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"We received calls [last week] asking to 'come pick us up' so the traveler could avoid waiting in lines and possibly having flights canceled," said Phil Quist, SATSair's vice president of sales and marketing.

Mr. Quist said his company experienced its biggest demand for service at Washington Dulles International Airport and Charlotte Douglas International Airport in North Carolina.

SATSair flew 10 planes in or out of Dulles last Friday, which was about a 50 percent increase, Mr. Quist said. That pace has continued this week, he said.

The Greenville, S.C., company, which began flying in late 2004, has a fleet of 16 planes that can carry up to three passengers. Rates start at $595 an hour for the plane. About 90 percent of SATSair passengers are business travelers.

Landmark Aviation, which operates charter services from Dulles, Leesburg Executive Airport and other airports nationwide, has experienced a small increase in service since last week, President Shawn Vick said.

But Mr. Vick added he expects a steady increase in charter service in the months and years ahead.

"The likelihood is that we will see a measurable increase in our aircraft sales and charter business related to [commercial airline restrictions] as people re-evaluate travel strategies," Mr. Vick wrote in an e-mail. "This would be in addition to the growth we are already experiencing."

TAG Aviation USA, which has domestic and international air charter service, experienced a significant spike in requests for services immediately after the TSA announced the new restrictions on carry-on items last week.

"When the story broke, we had about a 100 percent increase in inquiries, and almost all of it was for international travel," said Gil Wolin, vice president of corporate communication for TAG Aviation USA.

Inquiries have cooled this week to about a 15 percent to 20 percent increase, Mr. Wolin said.

About 80 percent of business for the San Francisco company, which maintains a fleet of about 150 small jets, is from corporate clients.

Leesburg Airport Director Tim Deike said he hasn't noticed much of an increase in charter or air taxi service this week. But he added that the Loudoun County airport typically handles a steady charter demand, with some 200 charters and private planes taking off or landing daily.

"This morning I had a ramp full of [corporate jets], and this afternoon it was full of prop planes," he said.

But while increasing numbers of business travelers are seeking less-restrictive alternatives to commercial flights, others say they are taking the new rules in stride and have no plans to abandon flying on commercial flights.

"It's no big deal -- and the hotels give you everything you need anyway as far as shampoo and stuff," said Joseph Bernstein of Salisbury, Md., before a business meeting at Baltimore-Washington International Thurgood Marshall Airport Wednesday.

Bill Britz of Winchester, Va., who typically flies about three times a week, said the new restrictions make it easier to get on and off planes because passengers are carrying fewer items on board.

"I think the people that don't travel often get a little hysterical [about the restrictions], but it's really not a problem," Mr. Britz said while waiting to check a bag for a Southwest Airlines flight to Louisville, Ky., from BWI Wednesday. "This is a blip on the radar screen compared to right after 9/11, when it took three or four hours to clear security."

W.Va. Airport Closed But No Explosive Found (WP)

By Del Quentin Wilber

The Washington Post, August 18, 2006

A West Virginia airport was closed to air traffic and its terminal was evacuated yesterday after two containers of liquid in a carry-on bag initially tested positive for explosive residue at a security checkpoint, authorities said.

Chemical tests later yesterday turned up no explosives, said Capt. Jack Chambers, head of the State Police Special Operations unit, the Associated Press reported.

Transportation Security Administration officials said the two containers were discovered about 9:15 a.m. as a woman was trying to pass through a checkpoint for her US Airways flight at Huntington Tri-State Airport.

The woman, who had a ticket to Charlotte, was not identified. She was not arrested and "was talking willingly" with authorities, said FBI Special Agent Jeff Killeen, a bureau spokesman. "There is no clear link to any terrorist group or act," he said. "This is a reflection of the tenor of the times."

Two screeners noticed the items in the woman's carry-on bag, and the contents of the bag were tested by a device that can detect trace amounts of explosive residue, TSA officials said. The initial test was positive for traces of explosives, TSA officials said, and a second test confirmed the results. A further examination by a bomb-sniffing dog also indicated that there were traces of explosive residue on the containers, TSA officials said.

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The terminal was evacuated about 11:25 a.m., and air traffic at the airport was shut down about the same time, authorities said. The terminal was reopened about 7 p.m., but officials could not say last evening when air traffic would resume.

The woman's items were described by authorities as a glass bottle containing an unknown liquid and a container of gel-like facial cleanser.

Last week, the TSA banned passengers from bringing any liquids and gels into aircraft passenger cabins after British authorities said they had uncovered a terror plot to blow up airplanes. The plotters had planned to use liquid or gel-like explosives, authorities said.

Passenger's Behavior Suspicious Before Diversion, Affidavit Says (NYT)

By Katie Zezima

The New York Times, August 18, 2006

BOSTON, Aug. 17 — A woman who caused a flight from London to Washington to be diverted here on Wednesday made what the crew believed to be references to Al Qaeda and bomb making, said she had entered Pakistan illegally, and urinated on the floor of the airplane, an affidavit released on Thursday said.

The woman, Catherine C. Mayo, 59, of Braintree, Vt., was ordered held in federal custody and will undergo a psychiatric evaluation before a court appearance on Thursday.

"She has a very serious mental illness,'' said her court-appointed lawyer, Page Kelley. "This is not a case about terrorism. This is a case about someone with a mental illness."

Ms. Kelley did not specify the illness or say if Ms. Mayo takes medication, but said, "She has a history."

Ms. Mayo was charged with assault or intimidation of a flight crew member and interference with a flight crew. The charges carry a maximum penalty of 20 years in prison and a $250,000 fine.

Ms. Mayo appeared on Thursday before Magistrate Judge Timothy S. Hillman. Thin with long, light brown hair, Ms. Mayo wore a Rolling Stones T-shirt, black sweatpants and white socks with no shoes. She spoke animatedly with Ms. Kelley, fidgeting and gesturing. "She's very agitated," Ms. Kelley said of her client.

According to the affidavit of Special Agent Daniel Choldin of the F.B.I. Joint Terrorism Task Force, Ms. Mayo had arrived in London from Pakistan.

She came to the attention of the flight crew when she refused to sit down and demanded to speak to an air marshal. Ms. Mayo began writing notes to the captain and passing them to the flight attendants.

She requested a can of Pepsi, left it in a bathroom and told flight attendants there was "something in it." Ms. Mayo asked a flight attendant if "this is a training flight for United Flight 93." She returned to her seat but remained in a "constant state of movement," the affidavit said.

A passenger alerted the crew that Ms. Mayo had pulled from her carry-on luggage a bottle of water, an item banned since British officials announced they had foiled a plan involving liquid explosives. Ms. Mayo then accused the flight crew of going through her bags and told them she had "awful" pictures from the mountains of Pakistan, the affidavit said.

Ms. Mayo made a reference to "there being six steps to building some unspecified thing," which the crew took to be a bomb, the affidavit said. Ms. Mayo then said she had spent time with people "associated with two words" in Pakistan, which the crew thought was Al Qaeda. The captain decided the situation was "a potential threat to the aircraft."

Later, Ms. Mayo tried to use a locked bathroom, and flight attendants directed her to another. After tussling with the crew, Ms. Mayo urinated on the floor. The captain ordered her restrained and diverted the plane to Boston. Flight attendants asked two men to assist, and they helped the flight attendants restrain Ms. Mayo with handcuffs. She was detained upon landing, when she told the authorities she had felt claustrophobic.

Ms. Mayo's 31-year-old son, Josh, told reporters in Vermont that his mother was a peace activist who had been visiting a Pakistani pen pal and that she had just had a "bad time" on the flight. It is unclear how long she was in Pakistan, but she wrote columns for The Daily Times of Pakistan, criticizing the war and American policy.

In her March 18, 2003, column, she spoke of the Cat Stevens song "Peace Train." "I am an American child of the 1960's," she wrote. "We defied the standards of our parents and declared that a war was unjust. And we were heard."

The column also said: "The folk songs of the 1960's will never be written again because of President George Bush. He has hampered the liberties of my country in the name of Sept. 11."

United States Attorney Michael J. Sullivan said the federal response was warranted. "This was an appropriate response based on the actions of that passenger on the flight," Mr. Sullivan said Thursday.

Woman Charged In Flight Scare Was Barely Lucid (WP/AP)

By Melissa Trujillo

DOJ_NMG_0050044

The Washington Post, August 18, 2006

BOSTON, Aug. 17 -- A woman on a transatlantic flight diverted to Boston for security concerns passed several notes to crew members, urinated on the cabin floor and made comments the crew believed were references to al-Qaeda and the Sept. 11 attacks, according to an affidavit filed Thursday.

Catherine C. Mayo, 59, of Braintree, Vt., appeared in federal court Thursday on a charge of interfering with a flight crew on United 923 as it flew from London to Dulles International Airport on Wednesday.

Mayo was dressed in a Rolling Stones T-shirt, black pants and socks without shoes for the hearing. She was ordered held pending a detention and probable cause hearing next Thursday.

Her attorney, Page Kelley, a federal public defender, said Mayo was "just barely" lucid when they spoke. "She's got some very serious mental health problems."

U.S. Attorney Michael Sullivan said he hoped to learn more about Mayo's mental state before the next court appearance. "We believe it's important during that time period to have a doctor examine her," he said.

Mayo's son, Josh, 31, described his mother as a peace activist and said she had been in Pakistan since March. She traveled there often since making a pen pal before Sept. 11, 2001, he said. The pen pal hasn't been allowed to visit the United States, he added.

"I guess she just had a bit of a bad time on the plane, and everybody's a little paranoid," the son said.

The scare aboard United 923 came just a week after London authorities said they foiled a plot to blow up transatlantic flights. As many as 17 people have been arrested in Pakistan in connection with the plot, but federal officials have said they have no indication that Mayo had any links to terrorism.

The count against Mayo carries a maximum 20-year prison sentence and a $250,000 fine.

Mayo's passport indicates she left Pakistan and entered Britain on Tuesday, according to the affidavit by FBI Special Agent Daniel Choldin filed in U.S. District Court in Boston.

In the affidavit, Choldin says flight attendants noticed Mayo about 90 minutes into the flight because she was pushing against the aircraft bulkhead. When the attendant told her to return to her seat, Mayo said she wanted to speak to an air marshal and made statements about knowing that people wanted to see what was in her bag.

FBI spokeswoman Gail Marcinkiewicz confirmed Thursday that authorities found a screwdriver and an unspecified number of cigarette lighters and matches in Mayo's bag. Lighters and screwdrivers over seven inches long are banned as carry-on items. Up to four books of safety matches are allowed.

She also had a bottle of water, which did not appear to have been supplied by the flight crew. Passengers are not allowed to carry on beverages. It wasn't clear how the items made it through airport security, which has been significantly tightened since the arrests in the alleged plot in London.

Later in the flight, according to the affidavit, Mayo asked an attendant: "Is this a training flight for United Flight 93?" The flight attendant didn't know if Mayo had made a mistake because the flight was actually Flight 923, or if she was referring to the hijacked plane that crashed in Pennsylvania on Sept. 11, 2001.

She was "biting her fingers, rubbing her feet and in a constant state of movement. She appeared very agitated," the affidavit said.

Mayo also wrote in a note and said to flight attendants that she had been in a country illegally, and later said she had photographs of Pakistan.

"She stated that the photographs would be awful, and she indicated that they related to the people that she had been with in the mountains of Pakistan," the affidavit said.

Flight attendants summoned the captain, who spoke to Mayo. During the conversation, she talked about "six steps to building some unspecified thing."

"She made reference to being with people associated with two words. She stated that she could not say what the two words were because the last time that she had said the two words, she had been kicked off of a flight in the United Arab Emirates," the affidavit states.

The captain and purser both believed that she was referring to al-Qaeda, Choldin wrote.

About 35 minutes later, when Mayo tried to go to the bathroom, the flight attendants directed her to a different lavatory. Instead, she pulled down her pants and urinated on the floor, Choldin wrote in the affidavit.

At that point, the captain ordered her restrained. Two male passengers helped a flight attendant tackle Mayo and restrain her in plastic cuffs.

The flight, with 182 passengers, landed safely at Logan Airport with the escort of two F-15 fighter jets.

Don't Let Guard Down, FBI Chief Says In Visit (SEAPI)

Seattle Post-Intelligencer, August 18, 2006

FBI Director Robert Mueller visited the Seattle FBI office Thursday as part of a quick tour of three West Coast bureau offices.

Mueller, in a brief session with reporters, said that while the terrorist threat against Seattle does not rise to the level of the threats against cities such as New York, Los Angeles and Washington, D.C., "this is not an area where you can let down your guard." Mueller took note of the Washington State Ferry System as a potential terrorist target to which the FBI and its law enforcement partners pay special attention.

Mueller called the outcome of Wednesday's false alarm at the Port of Seattle, where a terminal was evacuated in response to possible explosives in cargo containers, "good news." He said the Department of Homeland Security was "able to pick up a suspicious container and determine that it was not a threat."

Chertoff Seeks Support On Real ID (AP)

By Erik Schelzig

AP, August 17, 2006

Homeland Security Secretary Michael Chertoff called on state legislators Thursday to embrace new federal driver's license requirements to strengthen security, but state lawmakers later demanded that Congress either fund the program or drop it.

In a speech at the annual meeting of the National Conference of State Legislatures, Chertoff sought to allay privacy concerns about the federal Real ID Act, saying there are no plans to create a federal database of drivers' personal information.

"We don't want to have that kind of big-brother, federal-government-owns-it approach," he said.

The goal of the Real ID Act — which was motivated by the Sept. 11 terrorists who used legitimate driver's licenses — is to unify the patchwork of state licensing rules and make it harder to obtain a card fraudulently. The measure is scheduled to go into effect in 2008.

"We've got literally hundreds of kinds of identification that we now allow people to use to cross borders, or get into federal buildings, or get on airplanes," Chertoff said.

But Chertoff did not address one of the biggest concerns raised in state legislatures about the Real ID requirements — the cost. One estimate predicted that the program would cost Pennsylvania alone up to $85 million.

NCSL members later voted to approve a resolution to demand Congress either find a way to pay for the Real ID Act — or to repeal it by the end of 2007.

"Basically we need to put our foot down and tell Congress that they need to fully fund it before they force the states to comply with the Real ID act," Georgia state Sen. Mitch Seabaugh, a Republican who introduced the resolution, said earlier this week. "If they can't do it, they need to repeal the law."

Improved Information Sharing A Must (WT)

By Rob Simmons

The Washington Times, August 18, 2006

It is by now conventional wisdom that improving information sharing is a critical homeland security task for our government in the 21st century. A risk we cannot afford is national security agencies ignorant of one another's operations.

Our vision of U.S. information sharing, however, should go beyond traditional government-to-government communications. Imagine an information-sharing network that allows all Americans to avoid natural disasters, help victims of crime or even prevent the next terrorist attack.

Sound good? Now, what if it cost the American taxpayer nothing?

We have the technology to provide real-time digital displays along our nation's highways that can make any driver a potential solution to our homeland security needs. A network of high resolution, color displays placed along our highways -- where billboards already exist -- could make an ancient advertising technique useful for up-to-the-minute public-safety purposes.

The idea is a public-private initiative under which corporate partners provide funding to build, operate and maintain a network of digital message boards. The main purpose of the display is to meet homeland security needs. In return, each sponsor receives recognition on a separate board below the digital screen.

The estimated cost of the nationwide network is between $500 million and $900 million, with all of the funding coming from the sponsors -- not the taxpayer. In a time of deficits and job loss, Washington needs to leverage private solutions to public problems.

The digital message boards would be useful in a host of homeland-security and law-enforcement situations. During a natural disaster, like a hurricane or flood, the boards could provide warnings and traffic routing directions. The same principle would apply during terrorist attacks that might disrupt our physical infrastructure.

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Both natural disasters and terrorist attacks can render normal communication systems useless, whether because of infrastructure damage to nodes or user overload (recall September 11, when caller volume clogged the cell phone network).

The boards could also help find abductees or dangerous criminals. Kidnapping victims are usually harmed within three hours of their abduction. Instead of waiting for the evening newscast, the morning newspaper or a picture on a milk carton, a digital message board system offers the chance to disseminate real-time information to the public within minutes of the crime.

The message board posting could include a color photo of the child, the abductor and the car. It could also show the latest known location and direction of the vehicle. Like "America's Most Wanted," the average citizen could help catch a violent criminal or save a victim -- but on the car seat instead of the couch.

Such a system could be a truly shared asset, used by local, state and federal law enforcement; the Departments of Homeland Security and Transportation; and missing-children advocates. We have the opportunity to make the system joint from the beginning, before parochial interests and bureaucratic turf wars get in the way of information sharing.

Not often does a private-public partnership offer so much to so many. This is a rare case of innovation and creativity meeting the needs of multiple agencies and most Americans.

Who knows? Maybe a digital-displays message board along our nation's highways could teach federal agencies a thing or two about the usefulness of shared information.

Rep. Rob Simmons, Connecticut Republican, is chairman of the House Subcommittee on Intelligence, Information Sharing and Terrorism Risk Assessment.

Teacher's Radical 9/11 Views Raise Red Flags (CSM)

By Amanda Paulson

The Christian Science Monitor, August 18, 2006

CHICAGO

According to Kevin Barrett, the US government planned and carried out the 9/11 attacks, the World Trade Center imploded due to explosives set up ahead of time in the buildings, Minnesota Sen. Paul Wellstone's plane crash was no accident, and Osama bin Laden has probably been dead since 2001.

Mr. Barrett is not a radical anarchist or a teenager peddling conspiracy theories; he's a lecturer at the University of Wisconsin, Madison - a fact that has outraged some state politicians.

The case has drawn national attention and provided grist for conservative talk-show hosts, while the university has been deluged with e-mails against Barrett. Yet it has stuck by the decision to have him teach a planned course on Islam this fall.

Beyond the emotional reactions, the case raises questions about academic freedom: Are there limits to what can be taught, and if so, who decides them? Are certain views indicative of incompetence, as some Wisconsin legislators have said, or does such criticism lead to censorship?

"There should be no limits at all as to what subjects can be subjected to academic analysis," says Stanley Fish, a law professor at Florida International University in Miami. "But you should be performing as an academic and not as a partisan or preacher or moral judge."

That's the view the administration took as well, when they investigated. They found that however outlandish his personal opinions, Barrett - who was given an $8,427 contract to teach this course - was given good reviews for his past teaching. He plans to look at 9/11, including his own views, during one week of the course, but through a range of lenses.

"He does a good job teaching that course, no matter what his views are," says John Wiley, the university's chancellor. Interference from legislators or the public sets a dangerous precedent, Chancellor Wiley adds. "If there's one place controversy should be welcomed, it's universities."

Such controversies are not new or rare. Taboo subjects have included sex, politics, and even butter - in the 1940s when dairy industry grew angry over research into alternatives. More recently, the University of Colorado faced criticism over its defense of Ward Churchill, an ethnic studies professor who called some 9/11 victims "little Eichmanns" in a 2001 essay. The university ultimately voted to fire Professor Churchill for professional misconduct, including plagiarism and fabrication of information - a decision he is contesting.

Earlier this year, an electrical engineering professor at Northwestern, Arthur Butz, raised the ire of some for denying the Holocaust. His critics said such views - even if not discussed in the classroom - showed an incompetence that shouldn't be tolerated.

That argument may be appropriate occasionally, says Jonathan Knight, of the department of academic freedom and governance at the American Association of University Professors. "The faculty member who devotes part of his course on physics to the proposition that the moon is made of cheese could rightly be accused of professional behavior that amounts to

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incompetence. But short of that, colleges and universities are places where ideas of the most unusual sort ought to be tested before students and peers."

Those sort of defenses seem like a cop-out to Steve Nass, the Wisconsin state representative who has led the charge against Barrett and gained 61 signatures from other legislators for a resolution calling for his dismissal.

"I have no problem with discussion on unpopular ideas in the classroom, but substantiate what you're talking about," Representative Nass says. "This isn't academic freedom. This person can't substantiate his views."

The legislature is on recess until January, but if Barrett is rehired, Nass says he'll introduce a proposal to cut funding to the administration.

Barrett says he's surprised at the uproar, which began when he aired some of his views on a popular state radio show. He understands that they are divisive - although he points to a recent Zogby poll showing that 42 percent of Americans believe they were not told the whole truth about 9/11 as evidence of growing acceptance. He disagrees that they're unsubstantiated, citing experts who have looked into Mr. Wellstone's plane crash, Bin Laden and what could have caused the Twin Towers to fall.

Raising doubt over who caused the plane crashes on 9/11 is critical to understanding the Muslim world, he says. "I don't inflict my views on students, but it's important they understand that the vast majority of the world's Muslims believe that 9/11 was an inside job, and important to understand why they hold those beliefs."

He tends toward a Sophist technique, he says, in which he presents a wide variety of viewpoints and encourages debate on them.

So long as he sticks to that, Professor Fish says, Barrett should be fine.

But Fish says that professors do push their own politics or beliefs. "That doesn't mean you can't bring current political questions into the classroom," he says. "But they have to be academicized."

9/11 Book Rankles Presbyterian Faith (WT)

By Julia Duin

The Washington Times, August 18, 2006

A book suggesting the September 11 attacks were engineered by the U.S. government is raising hackles among the faithful because its publisher is an agency of the Presbyterian Church (USA), the largest of several Presbyterian denominations.

"Christian Faith and the Truth Behind 9/11: A Call to Reflection and Action" is already in its second printing after having sold 5,000 copies in its first month. It accuses the Bush administration -- in power only eight months at the time of the 2001 terrorist attacks -- of plotting September 11 to justify war with Afghanistan and Iraq, and to expand an "American empire."

The book has attracted volumes of criticism, boycott threats and attempted clarifications by various church officials.

"The views expressed in the book are Griffin's alone," says Presbyterian Publishing Corp. (PPC) Board Chairman Kenneth Godshall, referring to the author, David Ray Griffin, 67, a retired professor at the Claremont School of Theology in Claremont, Calif.

"PPC provides a variety of viewpoints in the books we publish. A few of them from time to time are controversial. This particular book is the work of an independent author and in no way represents the views of the denomination or PPC itself."

His statement was posted on the Presbyterian Church (USA) Web site (www.pcusa.org) directly under an ad for Presbyterian Publishing Corp. and the slogan, "All Things Presbyterian, All in One Place."

The book represents the latest conflict within a denomination that in June voted that local congregations could decide to ordain homosexual clergy and that the Trinity, described for centuries as "Father, Son and Holy Ghost," could also be called "Mother, Child and Womb."

Yesterday the book, listed under PPC's Westminster John Knox imprint, was ranked No. 779 on Amazon.com. Sales spiked higher Aug. 9, when the author appeared on MSNBC with interviewer Tucker Carlson. What sets Mr. Griffin and his book apart from other September 11 conspiracy theorists is his thesis that the church must "get involved in this issue."

"God is truth, and churches concerned with God should be concerned with truth," he said yesterday in a telephone interview. "If we decide 9/11 was an inside job as a pretext to enlarge the American empire, Christians above all should be opposed to empire and therefore be particularly concerned to expose the truth about 9/11."

He questions whether hijackers were even on the doomed planes and speculates that hidden explosives, not jetliners, brought down the Twin Towers of the World Trade Center in New York.

"Throughout the 1990s, the neocons had laid out the programs needed for a Pax Americana," he said. "It would appear," he added, they orchestrated the attacks as "9/11 enabled the neocon program to become official policy."

Certain critics question how the Presbyterians, one of the most staid denominations, became entangled in such theories. Although the publishing house is editorially independent from the denomination, its board is elected at the church's quadrennial conventions.

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"This is as legitimate as pet rocks," said John H. Adams, editor of the Lenoir, N.C.-based Presbyterian Layman. "We are wondering why our denominational press is picking up on something like this. This was written by a process theologian, which is quite alien to reform theology, which Presbyterians believe in. Before the publisher gives the book the Westminster John Knox imprimatur, they should determine the validity of these accusations."

The publishing house released a statement by its president, Davis Perkins, saying Mr. Griffin's claims "merit careful consideration by serious-minded Christians and Americans concerned with truth and the meaning of their faith." The publishers give the book top billing on its site, www.ppcbooks.com, along with favorable reviews.

During his 31 years at Claremont, Mr. Griffin was best known for espousing "process theology," a doctrine that denies the omnipotence and omniscience of God.

Public Service Group Considers 'Government After Katrina' (WP)

By Stephen Barr

The Washington Post (column), August 18, 2006

The nonprofit Partnership for Public Service is launching an initiative called "Government After Katrina" to look for ideas that can help the government operate more effectively and polish an image that was tarnished by a sluggish response to the hurricane.

"We need to leverage the occasion of Katrina's anniversary to focus new energy to the issue of improved government performance," said Max Stier , president of the partnership, a nonpartisan group that seeks to revitalize federal service and encourage young people to take up careers in government.

A year ago, on Aug. 29, Hurricane Katrina came ashore near the Louisiana-Mississippi border, leaving much of New Orleans submerged and parts of the Gulf Coast in ruins. It also delivered a blow to the government's reputation. Congressional investigators found breakdowns in the federal response that hampered rescue and recovery efforts and probably wasted millions of taxpayer dollars.

The partnership's initiative begins today with a breakfast discussion featuring R. David Paulison , director of the Federal Emergency Management Agency. Other officials scheduled to discuss Katrina include Donald E. Powell , federal coordinator for the Office of Gulf Coast Rebuilding, on Tuesday, and David M. Walker , head of the Government Accountability Office, on Sept. 6.

The Katrina project (http://www.governmentafterkatrina.org) will share information and highlight lessons from the disaster, including the need for "good people" in government who can produce "good results."

Hiring and keeping employees, however, appears to be turning into a difficult test for agencies operating in the New Orleans area. Housing and living costs have soared in recent months, creating a challenge for agencies trying to maintain a stable base of employees.

The federal workforce in New Orleans decreased 11 percent from March 2005 to March 2006, according to the Office of Personnel Management.

The Army Corps of Engineers, for example, has about 150 unfilled jobs in its New Orleans district office. In addition, it has only 22 engineering students in a training program, rather than the typical 80 to 100, because local colleges have cut back or eliminated engineering classes.

Cheryl Weber , director of the Corps civilian personnel advisory center in New Orleans, said that job applicants are asking more specific questions about housing, schools and living costs than before Katrina and that many decide against pursuing employment after taking such factors into consideration.

The Corps had about 1,230 employees in the New Orleans district before Katrina, and about 300 lost their homes. Many of the displaced are working full time and hope to rebuild, but they are exhausted by long workdays and long commutes, Weber said.

Retirements are picking up, she said, and the Corps is offering relocation and retention bonuses in a bid to keep critical jobs filled.

To keep up with its workload, the Corps also has been bringing in employees from other parts of the country, usually on 120-day temporary assignments, Weber said.

For many New Orleans area employees, she said, the goal is to get through this hurricane season "without anything bad happening." She said, "A lot are on pause, waiting to see."Management Meet-Up

The Federal Section of the International Public Management Association for Human Resources will hold its annual conference on Sept. 5 and 6 at the Ronald Reagan building. This year's theme is "The Business of Human Resources: Building Capacity That Delivers Results." Speakers include Linda M. Springer , director of the OPM, and Claudia A. Cross , deputy chief

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human capital officer at the Energy Department. For more information, go to http://www.ipma-hr.org or call 703-549-7100.Talk Shows

Diana J. Veilleux and Lisa A. Bernstein , co-hosts of "FEDtalk" and lawyers at Shaw, Bransford, Veilleux & Roth PC, will discuss "Myths and Realities of the Federal Sector EEO Process" at 11 a.m. today on Federalnewsradio.com and WFED radio (1050 AM).

Jennifer Main , chief financial officer at the Small Business Administration, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

WAR NEWS:

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, August 18, 2006

China eavesdropping

Pentagon officials tell us China is engaged in massive electronic eavesdropping through a series of ground stations, many in western China. Some stations can now be viewed without a security clearance for the first time from high-resolution satellite photographs recently made available on Google Earth.

The officials said Chinese military and civilian intelligence units operate several key facilities in western China that are collecting hundreds of thousands of e-mails, among other electronic signals, that transit cyberspace through satellites. Using large dish antennas, the signals intelligence sites take the data and filter it using high-speed computers and commercial software obtained from U.S. companies.

By putting in key words, the Chinese eavesdroppers can gain valuable intelligence for both their military and commercial programs, the officials said.

One facility is located near Changi in northwestern China, which we first identified in this column in 2000 as it was being expanded with the addition of new satellite dishes. The Changi listening post is operated by the military intelligence unit known as the 3rd Department, 12th Bureau. It spies on foreign satellites and is thought to be part of China's anti-satellite program. A second major facility is located at Shule.

A third Chinese electronic spying facility at Kashi was able to predict the start of the U.S. ground war in Iraq in 1991 five days before it began by intercepting Saudi Arabian military communications, intelligence officials said.

Tim Brown, an imagery analyst with Talent-Keyhole.com, said the Chinese eavesdropping sites gather vast amounts of data transiting from Europe to Asia.

"They've got enough of a capability to selectively scoop up on a very narrow set of targets," Mr. Brown said, noting that the information is useful for economic espionage as well as military communications traffic analysis.

Undeclared war

There is a battle going on between Stuart Bowen, the special inspector general for Iraq reconstruction (SIGIR), and bureaucrats responsible for thousands of rebuilding contracts in Iraq.

But it's an undeclared war. As is his mission, Mr. Bowen simply puts out a series of reports detailing failings in the reconstruction effort. The bureaucrats, who don't dare publicly speak against an IG who has wide support in Congress, fire back by issuing a stream of press releases recounting accomplishments in Iraq.

Privately, Bush administration officials tell us that Mr. Bowen's quarterly reports and audits are too negative and that he glosses over what they have been able to achieve in the face of an extremist enemy who will kill anyone, at any time, to stop a project.

A good example of the battle unfolded earlier this month. Mr. Bowen went to Capitol Hill to testify on his most recent reports: one a quarterly report that described rampant corruption on the part of Iraqis; the other a history of the missteps and wasted time and money in developing contracting procedures in Iraq.

Here is Mr. Bowen's description of a project to build the Basra Children's Hospital. The contractor is Bechtel and the government sponsor is the U.S. Agency for International Development (USAID). The hospital was supposed to be completed by Dec. 31 last year.

"For a variety of reasons, including an increasingly hostile security environment, the project fell well behind schedule. On March 26, 2006, Bechtel informed USAID that the hospital could not be completed until July 31, 2007. In addition, the contractor reported that its estimated cost-to-complete had increased by 96 percent, and that final costs were projected to be more than

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200 percent above the initial estimated cost for construction. In its review, SIGIR identified many reporting anomalies, including weak accounting systems and poor cost-projection processes."

While Mr. Bowen's office was issuing reports leading up to his testimony, the Pentagon's Iraq Project and Contracting Office was sending out press releases telling another story.

An Aug. 2 release told of completion of the Pave Attia water canal project in Taji. Completed July 24, the newly paved canal "improves flow and quality of drinking and irrigation water for 50,000 residents and farmers."

Two days later, another press release told of the completion of the Mahalla water network in Sadr City, Baghdad. "The completed project brings potable water to approximately 60,000 residents of the Sadr City area."

The statement also referred reporters to an opinion piece by Jim Crum, the contracting office director, sent to major publications. Its title: "Untold Good News from Iraq."

We should point out that Mr. Bowen's latest report does include praise for the reconstruction effort. Little of those comments, however, make it into the press or the congressional debate.

Commander's choice

Perhaps the brightest spot in Iraq reconstruction is the role of U.S. commanders. They were given huge sums of cash — nearly $2 billion — to fund public works projects in such places as Sadr City, the Shi'ite slum in Baghdad. The initiative, the Commander's Emergency Response Program, was started by L. Paul Bremer, who was U.S. administrator in Iraq.

"Our audits show that these represent the most successful programs and, indeed, mind- and heart-changing programs in Iraq," Stuart Bowen, special inspector general for Iraq reconstruction, told Congress. "They meet the Iraqi needs at the ground level, which is what's happening now through the provincial reconstruction and development councils and the provincial reconstruction teams."

Insurgents

Military officials in Iraq are upset that terrorist insurgents in Iraq are posting operational videos on an extremist Web site.

U.S. officials identified the Sunni extremist site earlier this month after it was found to be posting videos of attacks on U.S. troops and statements in support of terrorists.

The site is a used by the insurgent group called the Army of the Rightly Guided Ones and is updated regularly.

Recent items on the main page included a video of an improvised explosive device attack and a rocket attack. One essay included information about the "foreigner's jihad."

The administrator for the site has an e-mail address at Yahoo and an address in Sunnyvale, Calif., although officials said terrorist Web sites often use false data to mask their origins.

The Web site is still operating. A U.S. military spokesman declined to comment when asked why the site has not been shut down, stating that it was an intelligence matter.

White House Seeks To Boost Support For The War In Iraq (WSJ)

By John Harwood

The Wall Street Journal, August 18, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

WHITE HOUSE BATTLES to stem slide in support for Iraq war.

Most Americans and lawmakers have opposed rapid exit despite Baghdad violence. But opponents, recalling CBS anchor Cronkite's 1968 turn against Vietnam, see pivotal moment as columnists Friedman and Will hit administration stance.

"The key to whether we're at a turning point is ... whether Iraq is in a civil war," says Duke professor Chris Gelpi; demand for pullout would swell if public accepts that "permanent label of failure." Rove deputy Pete Wehner, rebutting Will, insists changing Middle East requires "more than the historical blink of an eye."

Bush's average approval in recent polls resembles LBJ's 36% after Cronkite's "stalemate" declaration.

BUSH TEAM can't count on falling gas prices.

Economic advisers gather at Camp David today, weeks before traditional end-of-summer easing of demand. Yet prices stand 30% above 2005 levels, and remain sensitive to supply disruptions.

In three of past four years, prices rose after August. In Arizona Senate race, Republican incumbent Kyl hails more spending on renewable fuels as Democratic challenger Pederson ties him to Bush's "more of the same" approach.

DEMOCRATS WORK to deflect Republican security theme.

House Leader Pelosi will unveil task force headed by California Rep. Waxman to probe $100 billion in alleged wasteful or fraudulent spending on Iraq, Katrina and homeland security. Senate counterpart Reid makes "Hope and Recovery" trip to Louisiana in advance of Bush's visit.

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But Republicans count on alleged London airline-bombing plot and Democratic divisions in Connecticut to help restore traditional security edge. "The new 9/11 movie can frame the public mindset" around five-year anniversary, says a top aide to House Speaker Hastert.

In new Pew poll, just 2% say they most want to hear candidates discuss terrorism, far behind education or gas prices.

NEW TACTIC?: U.S. counterterrorism officials join European allies in considering employing moderate Muslim imams to stem radicalism. Police departments in New York and Los Angeles explore same idea, but officials stress difficulty of handling the sensitive issue.

NEW LIFE? Failed congressional security proposals seek post-London revival. Democratic Rep. Markey promotes screening all air cargo for explosives, while airports seek to raise the 45,000 cap on federal screeners. But House subcommittee chairman Hal Rogers of Kentucky, who has blocked efforts to raise cap, calls current level "very reasonable."

NEW ISSUE? Forthcoming census data on income inequality may fuel 2006 campaign debate. Typical voters "feel they're falling behind," says Democratic pollster Fred Yang. Republicans hail recent rise in take-home pay for average workers.

NEW URGENCY? Despite competition with Iran to show goodwill, Western offers for Lebanon rebuilding have been tentative, with talk of a donor's conference next month. World Bank President Wolfowitz creates a task force, but needs assessment alone could take up to 60 days. No decisions have been made on type of assistance package.

SEN. ALLEN HURTS nascent presidential bid by making fun of challenger's aide.

Virginia Republican's videotaped jibes at the aide, an American of Indian descent, are "not the way to re-enter" national stage, says key New Hampshire Republican Tom Rath. Allen had won praise for affability, and sought to quiet questions about racial views by promoting apology for Senate's historic failure to outlaw lynching.

"Today, if he calls into South Carolina or New Hampshire or Iowa, he must start the conversation with an explanation," crows a strategist for 2008 rival McCain. Noting Allen's apology and lead over Senate challenger Jim Webb, 2006 campaign manager Dick Wadhams vows "we'll come out stronger" from the "learning experience."

Bush adviser says incident won't keep president from next week's Allen fund-raiser, hosted by ex-Republican chief Ed Gillespie.

MINOR MEMOS: Capitol Advantage offers free service attaching constituents' pictures to their emails to Congress, citing help in avoiding spam filters. ... Ex-Clinton Cabinet Secretary Espy limped out of Washington in corruption probe, but football-playing son has sprinted back, leading Redskins receivers with four catches in first preseason game.

Inquiry Suggests Marines Excised Files On Killings (NYT)

By David S. Cloud

The New York Times, August 18, 2006

WASHINGTON, Aug. 17 — A high-level military investigation into the killings of 24 Iraqis in Haditha last November has uncovered instances in which American marines involved in the episode appear to have destroyed or withheld evidence, according to two Defense Department officials briefed on the case.

The investigation found that an official company logbook of the unit involved had been tampered with and that an incriminating video taken by an aerial drone the day of the killings was not given to investigators until Lt. Gen. Peter W. Chiarelli, the second-ranking commander in Iraq, intervened, the officials said.

Those findings, contained in a long report that was completed last month but not made public, go beyond what has been previously reported about the case. It has been known that marines who carried out the killings made misleading statements to investigators and that senior officers were criticized for not being more aggressive in investigating the case, in which most or all of the Iraqis who were killed were civilians. But this is the first time details about possible concealment or destruction of evidence have been disclosed.

The report's findings have been sent to the Naval Criminal Investigative Service, which is investigating members of the unit involved in the killings, as well as higher-ranking officers in the Second Marine Division. No charges have been brought yet.

The report, based on an investigation by Maj. Gen. Eldon A. Bargewell of the Army, does not directly accuse marines of attempting a cover-up, but it does describe several suspicious incidents, according to the Defense Department officials.

It says that the logbook, which was meant to be a daily record of major incidents the marines' company encountered, had all the pages missing for Nov. 19, the day of the killings, and that those portions had not been found, the officials said.

No conclusions are drawn about who may have tampered with the log. But the report says that Staff Sgt. Frank D. Wuterich, the leader of the squad involved in the killings, was on duty at the unit's operations center, where the logbook was kept, shortly after the killings occurred, the officials said.

Neal A. Puckett, a lawyer for Sergeant Wuterich, was unavailable to comment.

Investigators were also initially told by Marine officers that videotape taken by the drone was not available, one of the officials said. The officials added that the marines produced the tape only after General Bargewell had completed his inquiry and they had been asked again to produce it by General Chiarelli.

The report has been closely held within the Defense Department, and the officials who agreed to discuss it did so because they said they thought it should receive wider public attention. They agreed to speak only if their names were not published because they had not been authorized by superiors to discuss its contents.

The deaths occurred outside the town of Haditha after a three-vehicle convoy of marines was hit by a roadside bomb, killing a lance corporal. The squad then began going through houses nearby, killing Iraqis found inside in what defense lawyers have said was a justifiable use of lethal force by marines who believed they were under concerted attack by insurgents.

The Marine Corps issued a press release the next day saying that 15 of the civilian deaths had been caused by the bomb explosion. But several officers in the unit have said they knew even then that marines had killed all 24 of the dead Iraqis, 9 of whom were suspected insurgents.

Since then, the idea that any of the victims were insurgents has been challenged, both by Iraqi survivors and by some American military officials familiar with the case, noting that the victims included 10 women and children and an elderly man in a wheelchair. They have said that evidence suggests that the marines overreacted after the death of their fellow marine and shot the civilians in cold blood.

Marines have told investigators that at least one Iraqi who was shot was brandishing an AK-47 assault rifle. But no records were found that such a weapon was recovered at the scene and turned in to the unit's headquarters, as regulations require, the officials said.

Lt. Col. Sean Gibson, a Marine Corps spokesman, said: "The Marine Corps is committed to a full and thorough investigation of the events that occurred at Haditha on Nov. 19, and the actions that followed that may have contributed to any improper reporting. If allegations of wrongdoing are substantiated, the Marine Corps will pursue appropriate legal and administrative actions."

The decision about whether to take disciplinary action will be made by Lt. Gen. James N. Mattis, the commander of Marine Corps units in the Middle East, based on his review of both the Bargewell report and the results of the criminal investigation still under way.

In addition to faulting officers in the Second Marine Division for not aggressively investigating the Haditha killings, the Bargewell report said the commanders had created a climate that minimized the importance of Iraqi lives, particularly in Haditha, where insurgent attacks were rampant, the officials said.

"In their eyes, they didn't believe anyone was innocent," said one of the officials, describing the attitude of the marines in the unit toward Iraqis. "Either you were an active participant, or you were complicit."

Two days after the Haditha killings, Maj. Gen. Richard A. Huck, then the division commander, asked his staff for a briefing on what had happened, the officials said. General Huck later told investigators that he had ordered the briefing because he was concerned about the reports of civilian casualties, one of the officials said.

But the briefing provided to General Huck contained no mention of the civilian casualties, the investigators learned. Instead, according to one of the officials, it dealt almost entirely with the roadside bomb attack and other insurgent attacks on marines in Haditha throughout the day.

General Huck and other officers from the Second Marine Division have been ordered not to talk about the case, and a telephone call to the unit was referred to Colonel Gibson, the Marine spokesman. But some senior officers have previously defended their response to the killings, saying there was no reason to doubt the account provided by enlisted marines at the time, contending that civilian killings were an unfortunate but accidental byproduct of their pursuit of insurgents.

The involved marines' battalion commander, Lt. Col. Jeffrey Chessani, and their company commander, Capt. Lucas McConnell, told investigators that they had not reviewed the scene within the houses after the killings, despite the high number of civilian casualties, one of the officials said. Colonel Chessani was relieved of his command in April; Marine officials would not say whether the Haditha case was involved in the decision but said there were several reasons.

The video taken by the overhead drone was very limited, according to one of the officials. The aircraft was not flying over the site until after the bomb attack, so it only captured the aftermath. Even so, the video appears to contradict statements by marines about what occurred, the officials said.

In particular, it has raised doubts about a claim by enlisted marines that five Iraqis were shot as they were running away after the roadside bombing.

The officials said the video showed the bodies of the five Iraqis on the ground close to the car that they had been riding in, the officials said. In one case, the video appears to show one body stacked on top of another, which the officials said was inconsistent with the account that the men had been shot while fleeing.

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10 Killed By Car Bombs In Baghdad (USAT)

USA Today, August 18, 2006

BAGHDAD — Car bombs killed 10 people Thursday as Iraqi and U.S. troops widened a security crackdown in the capital.

Seven people were killed and 15 were wounded when a car bomb exploded midday near an outdoor market in Sadr City, Baghdad's biggest Shiite district, the Iraqi army general command said.

The blast damaged shops and stalls. The casualties could have been higher in the normally crowded area, but many people had left to escape the 120-degree heat.

Another car bomb exploded near an Iraqi police patrol in the Mansour district of western Baghdad, killing three bystanders, police Capt. Jamil Hussein said.

A U.S. soldier was killed when a roadside bomb exploded near a foot patrol south of Baghdad, the U.S. military said. Another U.S. soldier died Wednesday of wounds suffered in Anbar province, stronghold of the Sunni Arab insurgency.

The Baghdad bombings occurred in areas of the city not yet targeted in a new U.S.-led security crackdown, which began this month with the arrival of thousands of U.S. and Iraqi reinforcements.

U.S. and Iraqi troops plan to expand to other parts of the city in a campaign to restore order neighborhood by neighborhood.

Oil Ministry officials announced plans to double the amount of money spent to import fuel to combat the country's worst oil and gasoline shortages in years. Much of the fuel crisis is due to insurgent attacks on convoys and pipelines.

7 Killed As Full-Scale Sectarian Fighting Rages In Baghdad (NYT)

By Damien Cave

The New York Times, August 18, 2006

BAGHDAD, Iraq, Aug. 17 — A car bombing in the Sadr City district of Baghdad killed at least seven people and wounded more than 20 on Thursday morning, the authorities said.

The blast was the latest of several recent attacks in the district, a densely populated area controlled by the Mahdi Army, a Shiite militia loyal to the cleric Moktada al-Sadr. It signaled that full-scale sectarian fighting was continuing in the capital despite the extra American troops deployed there.

Also on Thursday, the Iraqi government introduced a $39 billion draft budget for 2007 that a spokesman said would require significant borrowing unless daily oil production more than doubled.

Few details of the draft were available. Ali al-Dabagh, the government spokesman, said in an interview that it was being scrutinized by the cabinet and that most of the proposed $39 billion would pay for employees' salaries and pensions.

"It is not enough for Iraq," he said. "This is not a budget for investment; it's just for the state's basic expenses."

The budget would nonetheless be likely to require deficit spending. Last year the government earned about $25 million, mostly from oil; the rest was borrowed. To balance the budget, Mr. Dabagh said, Iraq would have to produce roughly 3.5 million barrels of oil a day at current prices. According to the International Monetary Fund's latest report, Iraq produced 1.4 million barrels of oil a day for the first five months of this year.

In addition to the Sadr City bombing, violence continued in the capital and across the country.

South of Baghdad, an American soldier was killed by a roadside bomb while on patrol, the United States military said in a statement.

West of Baghdad, in an area rife with Sunni Arab insurgents, the police said a man had been killed and two of his sons wounded when gunmen fired at him as he waited in line at a gas station. In a similar incident, gunmen killed one man and wounded two others near a gas station in Yarmuk.

A suicide bomber in the upscale Baghdad neighborhood of Mansur blew up his vehicle as a police patrol passed, wounding five people, including three policemen, an Interior Ministry official said. At a supermarket nearby, an unidentified body was found handcuffed and showing signs of torture.

About 25 miles south, the authorities found six bodies with multiple gunshot wounds in the Tigris River. The dead men had been blindfolded, with their hands bound.

Six more people were killed in shootings in and near Baquba, north of the capital, news agencies reported. Three of the dead — shot at busy market — were brothers who owned an agricultural equipment shop. Another victim died after gunmen stole his car.

The United States military announced that a soldier had died from "enemy action" on Wednesday in Anbar Province, where American troops regularly fight fierce battles with Sunni insurgents.

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In a rural area of Babil Province, south of Baghdad, Iraqi Army soldiers discovered three kidnapped police officers in the trunk of a car after clashing with gunmen at a checkpoint, according to an American military statement. The freed officers said two other officers had been abducted and taken away in vehicles.

Even as the violence continued, Prime Minister Nuri Kamal al-Maliki, speaking at a news conference with the visiting prime minister of Slovakia just a few hours after the Sadr City bombing, insisted that Iraqi forces were ready to take over security for most of the country.

Mr. Maliki insisted that Iraqi Army and police units "would be able to fill the vacuum if multinational forces withdrew," echoing an assertion by President Jalal Talabani two weeks ago that Iraqis would be able to police their own people by the end of the year.

American officials have offered no equivalent time line for a major troop withdrawal. Indeed, they have had to move more troops into the capital as sectarian and insurgent attacks have increased.

Pentagon statistics show that the number of roadside bombs in Iraq rose to 2,625 exploded or found in July, the highest total of the war. And Iraqi government figures released this week said that nearly 3,500 civilians were killed in July — a death toll nearly double the count in January.

Premier Calls Iraqi Forces Ready To Extend Control (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, August 18, 2006

BAGHDAD, Aug. 17 -- Prime Minister Nouri al-Maliki said Thursday that Iraqi forces were prepared to take over security in most provinces if the U.S. military withdraws, as at least 23 Iraqis and an American soldier were killed in violence across the country.

The bloodshed, which included a car bomb in Baghdad that killed at least eight people, came as U.S. and Iraqi forces attempt to thwart the growing sectarian violence engulfing the country.

The U.S.-led military coalition has set no timetable for removing troops from Iraq, but Maliki said in a statement that Iraqis "have become capable of taking over security tasks in the majority of the provinces and that they will be able to fill the vacuum in case the Multi-National Forces withdraw."

Iraqi forces have taken full military control of only one province so far -- Muthanna, in a relatively calm area of southern Iraq -- but Maliki said they would soon take security responsibility of the area around Diwaniyah, in Qadisiyah province.

The explosion Thursday in Baghdad occurred about noon in the mainly Shiite area of Sadr City, killing eight people and wounding 13, according to Col. Sami Hassan of the Interior Ministry. Al-Iraqiya television reported that the blast killed 12 and wounded 25.

A U.S. soldier on foot patrol was killed when an improvised explosive device exploded Thursday morning south of Baghdad. The military said that another soldier, from the 1st Brigade, 1st Armored Division, was killed in action Wednesday in Anbar province, a volatile stronghold for Sunni insurgents.

In Diyala province, north of Baghdad, 11 people were killed in a spate of attacks, authorities said. Three brothers who worked at a shop that sells birds were killed when unidentified gunmen attacked a market in Baqubah, about 35 miles northeast of the capital. Another person was shot dead in the Tahrir neighborhood south of the city.

Gunmen killed two police officers in Mafreq, south of Baqubah, authorities said. Five civilians were killed in attacks in Jibainat, on the outskirts of Baqubah, and in Mandali, 40 miles outside the city.

In Sinjar, a town in northern Iraq near the Syrian border, a car bomb killed four civilians in a passing car and wounded five others, according to Hassan, the Interior Ministry official.

Special correspondents Saad al-Izzi, Naseer Nouri and other Washington Post staff contributed to this report.

Another Renegade Cleric Gains Clout (LAT)

By Louise Roug

The Los Angeles Times, August 18, 2006

BAGHDAD — A little-known ayatollah has emerged at the center of a violent conflict among Shiite Muslims that is sweeping Iraq's southern desert.

Mahmoud Hassani, whose gunmen fought a competing Shiite faction in the holy city of Karbala this week, is a renegade in the mold of Muqtada Sadr. He has criticized the largest Shiite party for being too closely aligned with Iran, and his green-clad militia has attacked Americans as well as fellow Shiites.

The battle for control among Shiites is another destabilizing development in a country already mired in insurgency, escalating the sectarian bloodshed and human rights abuses by security forces.

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On Thursday, the U.S. military announced the death of two American troops, one killed by a roadside bomb while patrolling Baghdad on foot and one killed Wednesday in western Al Anbar province.

A roadside bomb also killed four people and injured 28 near a market in the heavily Shiite neighborhood of Sadr City in Baghdad. In Baqubah, north of the capital, gunmen attacked a police building, killing two officers and a child, and a curfew was imposed.

Though Baghdad remains the center of the violence, assassinations and street fights between militias now also take place regularly in the majority-Shiite south. Iraqi security forces, which are dominated by rival Shiite groups, and gunmen affiliated with Hassani battled in Karbala for three hours Tuesday. An Iraqi army official said two soldiers, two police officers and three gunmen were killed.

Security forces surrounded the city, imposed a curfew and arrested hundreds of Hassani followers, Iraqi authorities said.

Followers reached a truce with the local governor and police Thursday that calls for "Hassani [to] disavow those stirring seditions and those targeting the government's officials and properties."

"It is so clear that this was a conspiracy against us aimed at destroying [Hassani] and his followers," said Dhiaud Musawi, a Hassani aide in Karbala.

He accused local authorities of placing explosives near Hassani's office but said Iran was ultimately behind the attacks.

Hassani, who is believed to be about 40, claims to be a descendant of the prophet Muhammad. He is one of the few Shiites who have publicly criticized Grand Ayatollah Ali Sistani, a moderate voice and the most revered and influential Shiite cleric in Iraq. Although his stronghold is in the south, Hassani also has followers in Sadr City.

Iraqis, unhappy because they are locked out of the local patronage system, are increasingly turning to more militant fringe parties such as Hassani's, said professor Juan Cole, an expert on Shiite Islam at the University of Michigan. "He's a symptom of how politics are working in the south," he said. "This is pushback from people who feel disenfranchised."

Fighting has broken out between other Shiite groups as well. On Wednesday, a Shiite tribe in Basra stormed a local government office and fought Sadr's followers for several hours. At least three people died, hospital officials said.

Local authorities said the situation was tense but under control there. The two most powerful Shiite militias, Sadr's Al Mahdi army and the Badr Brigade — affiliated with the Supreme Council for Islamic Revolution in Iraq political party — have been fighting in Basra for months. A third group, the Thar Allah Party, recently joined the fight, residents say.

Compared with Sadr, Hassani's power is marginal. But Iraqi officials appear worried about his ability to command popular support.

In the early days after the March 2003 U.S.-led invasion, Sadr and Hassani followed similar trajectories. Hassani claimed to have studied under Sadr's father, the revered Grand Ayatollah Mohammed Sadeq Sadr, who was assassinated in 1999, allegedly by agents working for Saddam Hussein. But authorities at seminaries in Karbala and Najaf, another holy city, have little recollection of him.

Like Sadr, Hassani employed anti-American rhetoric after the invasion. His virulence alienated other Shiites who initially praised Americans as their liberators.

Both Hassani and the younger Sadr sought control of Karbala and its shrines, which generate millions of dollars from pilgrims' contributions. Imam Hussein, grandson of Muhammad, was martyred in Karbala about 1,300 years ago.

Both men also encouraged their followers to fight the Americans.

In October 2003, Hassani's bodyguards killed three American MPs, including a battalion commander, in a ferocious firefight outside his office near the gold-domed Imam Abbas shrine in Karbala. The Americans and the interim Iraqi government put a $50,000 price on his head, and Hassani disappeared.

While Hassani remained underground, Sadr battled Americans in Najaf during 2004. But instead of disappearing, Sadr reinvented himself as a politician.

Today, Sadr's faction controls 30 seats in parliament and key ministries, including Health and Transportation, which give it control of vital infrastructure.

American commanders express frustration that Sadr and his followers have become almost untouchable.

When U.S. troops raided a suspected kidnapping and torture cell in Sadr City last week, calling in airstrikes for support, Prime Minister Nouri Maliki lashed out at the Americans, calling the operation "excessive."

Afghan President Blames U.S. Airstrike For 10 Deaths (WP/AP)

By AP

The Washington Post, August 18, 2006

KABUL, Afghanistan, Aug. 17 -- President Hamid Karzai condemned a U.S. airstrike Thursday that Afghan officials said killed 10 border policemen.

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"I have repeatedly asked the coalition forces to take maximum caution while carrying out operations," he said in a statement, adding that such incidents "must not be repeated."

Gen. Abdul Rahman, Afghanistan's deputy chief of border police, said a coalition airplane killed 10 policemen in two trucks in the southeastern province of Paktika. No one survived the strike.

The U.S. military released a statement saying it was looking into the report but believed an aircraft had destroyed two trucks that soldiers on the ground said were involved in an attack on a U.S.-Afghan patrol. An Afghan policeman was killed and a coalition vehicle was damaged in that clash.

In Paktika province Wednesday, a U.S. military vehicle hit a Soviet-era land mine, killing one soldier, the military said, ruling out enemy action.

On Thursday, a suicide bomber drove an explosives-packed car into a joint U.S.-Afghan army convoy on the main Kandahar-Kabul highway in Kandahar province, seriously wounding one U.S. soldier, officials said.

A purported Taliban spokesman asserted responsibility for the attack and said the bomber was Afghan.

Insurgents will continue with "suicide bombings, guerrilla warfare and ambushes" against the United States and its allies in Afghanistan, said Qari Yousaf Ahmadi, a self-described Taliban spokesman.

In nearby Uruzgan province, a suicide bomber targeting a NATO patrol instead killed one civilian and wounded six others, a NATO spokesman said.

U.S. Coalition's Bombs Kill 10 Afghan Border Police (NYT)

By Sultan M. Munadi

The New York Times, August 18, 2006

KABUL, Afghanistan, Aug. 17 — A plane with the United States coalition force in Afghanistan dropped bombs Thursday morning that killed 10 Afghan border police officers and wounded four others while pursuing insurgents who had attacked the coalition forces, an Afghan police official said.

A statement from the coalition forces said the plane had bombed two trucks that had been involved in the attack on the coalition forces and Afghan Army soldiers.

A coalition spokesman in Kabul said he could not confirm whether the two vehicles attacked had belonged to the Afghan border police and whether those who were killed had been police officers. "It was an attack on vehicles that we thought were enemy,'' said Col. Tom Collins, spokesman for the coalition forces in Afghanistan. Muhammad Haroon Asefi, commander of the border police, said, "The coalition plane dropped bombs on our vehicles today around 10:30 a.m. and killed 10 border police.'' He said four other police officers had been wounded. The bombing occurred in Paktika Province near where insurgents enter Afghanistan, Mr. Asefi said. The border police were patrolling the area, he said, adding, "I know that it was not something by purpose."

The coalition statement said the Afghan Army and coalition forces patrolling the area had been hit by explosives, then attacked with small-caliber arms and rocket-propelled grenades. An Afghan soldier was killed, it said. The attackers fled "in two trucks identified by the coalition ground forces, and this information was relayed to coalition aircraft,'' it said.

"Ten to 15 personnel and heavy weapons were observed in the retreating vehicles by overhead aircraft," the statement said. The trucks were "destroyed by coalition aircraft."

It said, "Coalition forces are confident that the two trucks destroyed by coalition aircraft were the same two trucks fleeing the site of the attack on the joint coalition patrol.'' Coalition forces could not confirm the identity of the attackers, it said.

Colonel Collins said, "We are investigating,'' but "we thought we were definitely engaging enemy vehicles."

President Hamid Karzai's office said he had ordered an investigation. "I have repeatedly asked the coalition forces to take maximum caution,'' it quoted him as saying.

C.I.A. Contractor Guilty In Beating Of Afghan (NYT)

By Scott Shane

The New York Times, August 18, 2006

WASHINGTON, Aug. 17 — A C.I.A. contractor accused of severely beating an Afghan prisoner who died the next day was convicted Thursday of felony assault.

The former contractor, David A. Passaro, 40, a onetime Special Forces medic who went to work for the Central Intelligence Agency in Afghanistan in 2003, is the only civilian ever charged as a result of accusations of prisoner abuse there, in Iraq and in the broader campaign against terrorism. He faces a maximum of 11½ years in prison.

The trial, in federal court in Raleigh, N.C., near Mr. Passaro's hometown, Lillington, included testimony from clandestine C.I.A. officers who wore disguises to protect their identities. It drew close attention from human rights advocates.

Using a flashlight and his fists, witnesses said, Mr. Passaro repeatedly hit Abdul Wali, a 28-year-old farmer suspected of firing rockets at American troops. Mr. Wali was in such pain, they said, that he pleaded to be shot, and he died the day after a second day of abuse by Mr. Passaro.

Mr. Passaro's lawyers said he had not been trained in interrogation and had been under pressure to stop frequent rocket attacks on a remote base near the Pakistan border. They said Mr. Passaro had tried mouth-to-mouth resuscitation on Mr. Wali after he lost consciousness.

Defense lawyers also tried to mount a "public authority defense," asserting that in statements and legal opinions, top officials from President Bush on down had implicitly authorized harsh treatment for potential terrorists. But Judge Terrence W. Boyle would not allow the defense to call senior officials, including George J. Tenet, former director of central intelligence, as witnesses.

In a statement sent to C.I.A. employees after the verdict, Gen. Michael V. Hayden, the agency's current director, called Mr. Passaro's actions "unlawful, reprehensible and neither authorized nor condoned by the agency."

The acting United States attorney for the Eastern District of North Carolina, George E. B. Holding, hailed the verdict.

...

But John Sifton, a senior researcher at Human Rights Watch, said the facts of the case had merited more serious charges, including torture, manslaughter or murder. "We question whether the Justice Department has a real commitment to prosecuting detainee abuse," Mr. Sifton said.

Justice Department officials have said one obstacle to more severe charges was the absence of an autopsy, which they said had not been performed on Mr. Wali because his family opposed it.

Mr. Sifton said about 20 abuse cases had been referred to the Justice Department by the Pentagon and the C.I.A., but Mr. Passaro's is the only one to have been prosecuted. The referrals, some involving deaths in custody, have focused on civilian intelligence officers, civilian contractors like those who worked as interrogators at Abu Ghraib prison outside Baghdad and enlisted military personnel already discharged.

By contrast, more than 80 members of the military have been ordered to face court-martial on charges of abusing prisoners, and more than 50 have been convicted, according to Human Rights Watch. At least 40 have been sentenced to jail, though fewer than 10 are serving more than a year, Mr. Sifton said.

Ex-Contractor Guilty Of Assaulting Detainee (WP)

By Josh White And Dafna Linzer

The Washington Post, August 18, 2006

A federal jury in North Carolina yesterday convicted former CIA contractor David A. Passaro of assaulting a detainee he interrogated at a remote U.S. military base in Afghanistan in 2003. It was the first time an American civilian has been held criminally responsible for abusing a prisoner captured during the wars in Afghanistan and Iraq.

Jurors found Passaro guilty of felony assault and three counts of misdemeanor assault for using interrogation tactics that included beating Abdul Wali, 28, with a metal flashlight in June 2003. But Passaro was not charged with killing Wali, who died shortly after the interrogations, because there was no evidence linking his death to the beatings. Wali was suspected of being involved in rocket attacks against the U.S. base near the border with Pakistan.

The case was the first -- and so far only -- criminal case brought by the Justice Department against a civilian for detainee abuse despite numerous investigations into the actions of CIA operatives and civilian contract interrogators assigned to elicit information from terrorism suspects around the globe. Passaro's case emerged publicly in June 2004, a year after the crimes and just weeks after the abuses at Iraq's Abu Ghraib prison surfaced.

Passaro, who has said publicly he believes he is a scapegoat for failed U.S. interrogation policies, could face as much as 11 1/2 years in prison at sentencing.

CIA Director Michael V. Hayden informed agency employees of the verdict by e-mail yesterday.

"I think it is very important for all of us to bear in mind that Passaro's actions were unlawful, reprehensible, and neither authorized nor condoned by the Agency," Hayden wrote. Hayden wrote that Passaro's actions "were totally inconsistent with the normal conduct of CIA officers and contractors."

The CIA's inspector general is reviewing other cases, and at least two have been referred to a Justice Department task force looking at potential U.S. civilian crimes in the war zones. Officials with the U.S. attorney's office in the Eastern District of Virginia, where the task force is located, have said that more than a dozen civilian cases are being investigated. While some officials expect more prosecutions as a result of the task force's work, the investigations have often met with difficulty because of a lack of evidence and problems identifying victims and even defendants.

Acting U.S. Attorney George E.B. Holding said in Raleigh, N.C., yesterday that the verdict sent a message that "no one is above or beneath" U.S. laws, according to the Associated Press, which quoted Passaro's defense lawyer as saying that Passaro was "disappointed."

Ex-CIA Contractor Found Guilty Of Assaulting Afghan Detainee Who Later Died (AP)

By Estes Thompson, Associated Press

AP, August 18, 2006

RALEIGH, N.C. – The first American civilian charged with mistreating a detainee during the wars in Iraq and Afghanistan was convicted Thursday of assaulting an Afghan man who later died.

Prosecutors said the verdict against former CIA contract worker David Passaro sets a precedent for bringing others accused of such wrongdoing overseas back to the U.S. to stand trial. Human-rights advocates, however, noted that no other U.S. civilian has been charged publicly with abusing detainees in the two years since Passaro's arrest.

After about eight hours of deliberations, a federal jury found Passaro guilty of three counts of simple assault and one count of assault resulting in serious bodily injury, lesser charges than prosecutors had sought. He faces up to 11 1/2 years in prison, and no sentencing date was immediately set.

Passaro, 40, was impassive as the jury verdict was read. After jurors left the courtroom, he stood up and quietly extended his wrists so federal marshals could handcuff him.

“Dave was disappointed in the verdict. We're going to keep on fighting,” said defense lawyer Joe Gilbert.

The former Special Forces medic from Lillington was working for the CIA as a contract worker in June 2003 when, prosecutors said, he beat Abdul Wali during two days of questioning about rocket attacks on a remote base where Passaro was stationed with U.S. and Afghan troops. Wali died, but Passaro was not charged in his death.

Witnesses said Passaro enthusiastically volunteered to interrogate Wali and became enraged when he wasn't able to answer questions. Several said they saw Passaro beat Wali with a metal flashlight and his fists, and repeatedly kicked him in the groin, as he questioned the man in a dark and hot mud-walled cell at the base in mountainous northeastern Afghanistan.

“This is a flashlight,” Assistant U.S. Attorney Jim Candelmo told the jury during his closing argument. “It is used by many of you and me to illuminate a path in the darkness. ... He used it as a bludgeon.

“Why is he hitting him? To inflict pain to get him to talk.”

The defense disputed prosecutors' contention that Wali was severely beaten and said Passaro was being scapegoated for the man's death.

“Basically, Dave lost the game of musical chairs,” lawyer Joe Gilbert said. “We wouldn't be here if this terrorist hadn't died.”

Members of Passaro's church watched from the gallery as the verdict was read, and a retired minister leading the small group from Flat Branch Presbyterian Church in Bunn Level said they continue to support him.

“David will be strong,” Bert Pitchford said. “He has good faith.”

Passaro could have received 40 years in prison had he been convicted of two counts of assault with a dangerous weapon with intent of bodily harm, and two counts of assault resulting in serious bodily injury.

Passaro was tried under a provision of the USA Patriot Act that allows charges against U.S. citizens for crimes committed on land or facilities designated for use by the U.S. government. Should there be other American civilians accused of similar crimes, they can be tried in the same way, acting U.S. Attorney George Holding said.

“The assault took place 8,000 miles away from here,” Holding said. “The person assaulted was an Afghan farmer. ... But because it was done at a U.S. base with an American flag flying over it, that victim found a little bit of justice here today.”

Duke university law professor Scott Silliman said the verdict “sends no more significant message than to tell other federal prosecutors that the Patriot Act extension is another prosecutorial option they can use.”

But Silliman and others said the secretive nature of the CIA's work overseas makes it hard to tell whether similar cases will follow. In Passaro's case, much of the court record was placed under seal for security reasons and several agents testified in disguise using fictitious names.

“We don't know of any more that are in the pipeline,” said Priti Patel, an attorney with New York-based Human Rights First. “We don't think the U.S. has adequately held accountable those involved in abusing and if the government is serious about ending abuses in its custody, it needs to hold those involved in abuse accountable.”

But CIA Director Michael Hayden, in an e-mail to agency personnel that was also sent to reporters, said the agency's internal, independent watchdog opened an investigation and referred the issue to the Justice Department after the allegations against Passaro were discovered in 2003.

“As abhorrent as this situation was, it is a fact that we, as an agency, did not sweep it under a rug,” Hayden said. “We addressed it head-on and dealt with it swiftly.”

Hayden called Passaro's actions “unlawful, reprehensible, and neither authorized nor condoned by the agency.”

Ex-CIA Contractor Convicted Of Abusing Afghan Detainee (BLOOM)

By Neil Roland

Bloomberg, August 18, 2006

Aug. 17 (Bloomberg) -- A former Central Intelligence Agency contractor became the first U.S. civilian convicted of abusing detainees during the invasions of Iraq and Afghanistan.

David A. Passaro was convicted by a federal court jury in Raleigh, North Carolina, of charges he beat an Afghan man who later died in U.S. custody at an Army base in Afghanistan in June 2003, acting U.S. Attorney George Holding said in a statement.

``Passaro's actions were unlawful, reprehensible and neither authorized nor condoned by the agency," CIA Director Michael Hayden said in a statement today to agency employees.

Passaro, 40, of Lillington, North Carolina, was convicted of one count of felony assault and three counts of misdemeanor simple assault, Holding said. He used a large flashlight to beat detainee Abdul Wali, who was being questioned about a rocket attack on U.S. forces, and the Afghan man died the next day, the Justice Department said.

The former CIA employee faces a maximum penalty of 10 years in prison and a $250,000 fine for the felony conviction, and six months each for the misdemeanors, Holding said. Sentencing hasn't been scheduled.

Health Workers Freed Unhurt In Afghanistan (USAT)

USA Today, August 18, 2006

Suspected Taliban militants released unharmed 17 health workers, including doctors and a nurse, abducted earlier Thursday in southern Afghanistan, NATO said. The 17 were abducted at gunpoint while traveling to a refugee camp in Kandahar, said Maj. Quentin Innis, a spokesman for the NATO-led force. Qari Yousaf Ahmadi, a purported Taliban spokesman, denied the kidnapping but confirmed that militants commandeered the minivan used by the health workers. Ahmadi told the Associated Press that the workers had fled to nearby villages and were not held by the Taliban.

Also Thursday, President Hamid Karzai said he was “shocked and angered” by a U.S.-led coalition airstrike that killed 10 police officers in southeastern Afghanistan. The officers were killed when coalition aircraft dropped a bomb on a two-vehicle border patrol in the Turwa area of Paktika province, said Gen. Abdul Rahman, Afghanistan's deputy chief of border police. The U.S. military said in a statement that it was investigating the incident, but it believed that the two trucks had been involved in an attack on a U.S.-Afghan patrol in which an Afghan policeman was killed.

U.S. calls for end to Sri Lanka fighting

Sri Lankan rebels launched new attacks against government targets in the country's north, as escalating violence brought calls from the United States and European Union to end the fighting. The United States is “deeply concerned” and called on President Mahinda Rajapakse for an immediate cessation of hostilities, said Steven Mann, principal deputy assistant secretary of State, in the Sri Lankan capital of Colombo.

Fighting between government forces and Tamil Tiger rebels has spiked in the past few weeks in northern and eastern Sri Lanka, where insurgents want to establish a separate homeland for the country's 3.2 million Tamils, Mann said. The two sides signed a Norwegian-brokered cease-fire in 2002 that was supposed to end one of South Asia's longest-running civil wars. In the latest attacks, 20 Tamil boats attacked a land and naval base on the Jaffna Peninsula, said Maj. Upali Rajapakse, a military spokesman.

Congo presidential vote could go to runoff

Congo appeared to be headed for a presidential runoff vote as early poll results from the capital put President Joseph Kabila's tally below the 50% needed for a first-round win. Results have been trickling in from across the vast central African country since the election July 30. Kabila performed strongly in his native east, while former rebel leader Jean-Pierre Bemba did better in the west around the capital, Kinshasa.

Results released Thursday from one of the four compilation centers in Kinshasa put Kabila's running total at 48.4%, well ahead of Bemba's 16.2%. Numbers were in from just over half the constituencies nationwide.

General Says Opium Fuels Taliban (AP-Y)

By Lolita C. Baldor

AP, August 18, 2006

NATO must do more to prevent Taliban militants from using the growing opium trade to fund their insurgency in Afghanistan, the alliance's top military commander said Thursday.

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U.S. Gen. James Jones said the military forces can take on a larger role in ferreting out information about the drug connection and locating opium production areas, but U.S. and NATO troops will not be used to eradicate crops.

The opium problem "certainly cries out for more international focus," said Jones. "The international community understands that we have to have more success in the narcotics field, and we have to do that in the fairly near future."

Speaking to Pentagon reporters, Jones said that NATO forces can now have "at least a supporting role in helping the authorities with intelligence and using our technologies to show them where the production, the increase, is to make sure that the roads are in fact used for peaceful purposes as opposed to transporting illicit goods."

But he said the military is only a small part of what must be a holistic solution. The greater challenges, he said, are to reform the police, improve the training and equipping of the Afghan forces, and encourage economic and political reforms that would give Afghans ways other than the drug trade to stabilize their economy.

Jones acknowledged that the record increase in opium cultivation this year in Afghanistan could fuel the insurgency. Recent projections show a 40 percent increase in the opium poppy crop over last year's totals. Officials estimate that about 370,650 acres of poppy were cultivated this season.

A lot of the profits from the drug sales, Jones said, are obviously being "funneled back into the criminal element, the resurgence of the Taliban, perhaps even al-Qaida, perhaps tribe-on-tribe warfare."

The latest crop figures suggest that attempts to eradicate poppy cultivation are failing, and that corruption among the provincial officials and police is still a major problem.

A NATO-led force of about 8,000, made up mostly of British, Canadian and Dutch troops, recently took control of security from the American-run coalition in the volatile southern provinces.

The increased violence there, coupled with continuing al-Qaida operations along the Pakistan border have made this the deadliest time since the Taliban regime was toppled in late 2001.

NATO already has troops in the more stable regions of Kabul and northern and western Afghanistan. The U.S.-led coalition will continue to work in the unstable eastern portion of Afghanistan, where al-Qaida and Taliban fighters are also active.

Currently there are about 20,000 NATO forces and about 22,000 U.S. troops in Afghanistan.

DOJ:

Montana's U.S. Attorney In Line For No. 3 Post At Justice Department (AP)

AP, August 18, 2006

WASHINGTON — Montana's U.S. Attorney is on track to become the No. 3 official at the Justice Department.

A Justice Department official said that U.S. Attorney Bill Mercer is the leading candidate to be nominated for the department's No. 3 post, associate attorney general, but that he is still awaiting final approval from Justice and White House officials. The Justice official demanded anonymity because he was speaking in advance of a formal decision.

If Mercer is approved for the full-time post, he would likely have to resign as Montana's top federal prosecutor.

Mercer previously served a temporary term, starting in June 2005, as principal associate deputy general, the top deputy to the deputy U.S. attorney general. During that assignment, Mercer split his time between his U.S. attorney duties in Montana and his Washington job.

Chief U.S. District Judge Donald Molloy criticized Mercer for that double duty, saying he was neglecting his work in Montana. In a letter last October, Molloy urged U.S. Attorney General Alberto Gonzales to replace Mercer.

Molloy argued that Mercer's absence has led to a ``lack of leadership" in the U.S. attorney's office in Montana that is ``creating untoward difficulties for the court, and it appears for the prosecutors assigned to various tasks in Montana."

Gonzales turned down Molloy's request.

At the time, Mercer defended his record.

``I spend a lot of time on planes," Mercer told Lee Newspapers last November. ``It's remarkable how many different things one can do. There's a lot of responsibility here, but I'm not abdicating any of it."

Mercer, who did not return phone calls seeking comment, worked as an assistant U.S. attorney from 1994 to 2001 and for five years in Washington as counselor to the assistant attorney general and senior policy analyst in the Justice Department's Office of Policy Development.

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CORPORATE SCANDALS:

Comverse Cancels Trio's Job Pacts And Revokes Their Stock Options (WSJ)

By Mark Maremont And James Bandler

The Wall Street Journal, August 18, 2006

Comverse Technology Inc., acting in the wake of criminal charges leveled last week against its former three top officers related to options backdating, said it canceled the trio's employment agreements and revoked their stock options.

Former Comverse Chief Executive Kobi Alexander held more than $49 million in exercisable options as of Jan. 31, 2005, according to the company's most recently filed proxy statement. He has since exercised less than 10% of the options he then held, according to a database operated by Thomson Financial.

Mr. Alexander, former chief financial officer David Kreinberg, and former senior general counsel William Sorin, were charged last week in federal court in Brooklyn, N.Y., with conspiracy related to a decade-long scheme to manipulate stock-options grants at Comverse, a New York telecommunications firm.

MORE ON OPTIONS

· Options Scorecard: Companies under scrutiny1

· Perfect Payday: Complete coverage2

Mr. Alexander failed to appear in court, and is considered a fugitive by the Federal Bureau of Investigation. A dual American and Israeli citizen, he wired $57 million from the U.S. to Israel in late July. The FBI said last week it had notified Interpol, the international police organization, that it was seeking to arrest Mr. Alexander.

The three men resigned from Comverse in May, but at the time continued to have consulting agreements with the company under which they weren't permitted to exercise any options.

Mr. Alexander's employment agreement entitled him to severance of more than $4 million, plus three times his annual salary and bonus if he was fired without "cause," according to the 2005 Comverse proxy. The company said yesterday that it would make no severance payments to any of the three ex-officers.

Robert Morvillo, one of Mr. Alexander's New York lawyers, said he hasn't spoken to his client in several weeks and doesn't know whether the former CEO would want his lawyers to fight for his assets.

"I assume he understood he was imperiling some of the assets that were in the U.S. by failing to submit to the jurisdiction of the courts," Mr. Morvillo said. "It is only an assumption because I haven't had an opportunity to talk to him about it."

According to the FBI, Mr. Alexander from 1991 to 2003 made $138 million in profits from exercising Comverse options. The government contends many of the options granted by Comverse were improperly backdated to confer extra profit on Mr. Alexander and others.

James Brochin, an attorney for Mr. Sorin, declined to comment. An attorney for Mr. Kreinberg couldn't be reached.

Raising The Stakes In Twist For Private Buyouts, Some Shareholders Fight Back (WSJ)

By Jason Singer

The Wall Street Journal, August 18, 2006

Last month VNU NV, owner of the Nielsen television-ratings service and Billboard magazine, was taken private by a group of private-equity firms that acquired the company in a $10 billion deal.

It appeared to be just the latest conquest for these private investment partnerships, which have been shaking up global finance in the past few years by purchasing companies, taking them private, restructuring them and selling them again for a profit.

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7/27/06

· Payday for Firms Is Never Far Away2

7/25/06

But the sale of VNU of the Netherlands to a group of firms including Kohlberg Kravis Roberts & Co. of New York instead represents one of the first signs that private-equity groups are facing a backlash to their own success.

VNU's board recommended in March that shareholders accept the private-equity firms' bid, but the shareholders instead rose up in a rare and vociferous revolt. The shareholders questioned why they should sell for a small premium to VNU's share price -- leaving on the table the profits the private-equity firms were likely to reap from quickly restructuring the company. Instead, the shareholders wanted to force the company to fix itself so they could enjoy the fruits of the changes themselves.

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The rebels -- including some of the world's largest mutual funds -- proposed their own business plan and new executives, and tried to force the chairman to quit. "We took the initiative to defend long-term shareholders' interests," says the group's leader, Eric Knight, head of New York-based Knight Vinke Asset Management.

After a months-long battle, shareholders eventually won a modest increase of nearly $250 million from the private-equity firms -- or 2.5% more than the original deal. But that improvement was less significant than the fact that shareholders had rebelled, proposing a do-it-yourself restructuring plan that competed with a big private-equity offer accepted by management and the board.

Ever since the heydays of the 1980s when buyout firms like KKR stormed in to make splashy acquisitions such as the record-breaking $25 billion purchase of RJR Nabisco Inc. in 1988, private dealmakers have had free rein to buy companies when the price is right. They offer shareholders cash at a premium to the target's share price, and often strike when the target company's stock price is in the doldrums. Corporate boards have typically recommended the offers, too, since they were reluctant to turn away private-equity advances for fear of offending shareholders looking to make a profit on their shares.

But after a handful of private-equity firms over the past two years generated massive quick profits -- sometimes more than $1 billion in just a few months -- the firms are facing rising discontent from the shareholders and directors they count on to approve company sales. Warren Buffett, chief executive of Omaha, Neb.-based Berkshire Hathaway Inc., recently warned his shareholders that private-equity firms are "deal flippers" that use financial engineering to eke out quick gains rather than nurturing companies for the long term.

The total volume of deals is still booming. But already, the discount is forcing private-equity firms to pay more, and it is even shutting them out of some deals. With billions of dollars continuing to flow into their war chests, some firms are being forced to change tactics and buy equity stakes in companies that they don't purchase. All of this could impede their ability to generate such huge profits in the future.

The rising tension with private-equity firms has been especially strong in Europe because companies haven't whipped themselves into shape to the same extent as they have in the U.S. That has created ripe targets for restructuring -- and has emboldened existing shareholders to think they should do it themselves.

Private-equity firms invest money raised from big institutional investors such as insurance companies, university endowments and municipal pension plans in addition to wealthy individuals. Along with hedge funds and venture capital firms, private-equity firms have become one of the most potent forces on Wall Street in recent years, as money pours into these loosely regulated vehicles that are far outperforming traditional mutual funds.

Private-equity bidders "pay a premium which may be a good price over the next few months, but not over the next few years," says Yoon-chou Chong, who oversees $17 billion as head of U.K. investments at Aberdeen Asset Management, a traditional investment firm. "We often have the same point of view as the private-equity buyers, and we say, 'Why should we sell to you?' So they'll have to pay for the three-year view. That's where the battle starts."

In recent months, the boards of a dozen companies in the U.K. alone have rejected private-equity bids, including broadcaster ITV Group PLC, pub chain Mitchells & Butlers and London Stock Exchange PLC. Just last month, British conglomerate GUS PLC said it rejected several private-equity approaches for different parts of its business. The company instead plans to break itself up, which it said will give existing shareholders a better return.

Some shareholders also are concerned about the potential for conflicts of interest when company managers recommend private-equity bids, then stay on to reap fortunes after a takeover. Once a company goes private, the new owners can pay managers much more lavishly, typically with a stake in the business. The packages can reach into the tens of millions of dollars or more when the company is later sold or taken public.

At German dental-equipment maker Sirona AG, Simone Blank, chief financial officer, is estimated to have earned about $18 million in 18 months after the company was taken over by private-equity firms. Through a spokesman, she declined to comment.

TDC AS, a Copenhagen-based telecommunications company that was taken over last year for $12 billion in Europe's largest ever private-equity deal, will pay Chief Executive Henning Dyremose $6.2 million, including a special bonus of as much as $2.6 million, after he is replaced as CEO and becomes chairman in November.

Mr. Dyremose says the special bonus was a package to ensure he would stay for several months to secure "a smooth transition" to the new owners. He adds that he never negotiated with the private-equity firms while they were trying to buy the company, leaving that job to the chairman.

New Tactics

To try to ease the prospect of conflict with shareholders at target companies, some private-equity firms have changed how they do deals. In its approach earlier this year to ITV, the British television broadcaster, a private-equity consortium offered to buy only a large minority stake rather than take over the company completely, as private-equity firms typically do. That would have

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allowed shareholders to keep a stake in the business and benefit from future changes. Still, the bid from the group that included Goldman Sachs Group Inc. and Blackstone Group LP of New York was rejected.

In April, Blackstone departed from its decades-old strategy of buying whole companies and instead purchased a 4.5% stake in German telecommunications giant Deutsche Telekom AG for $3.4 billion. Though a relatively small stake, it is one of the firm's biggest-ever investments. Moves like that are helping Blackstone, whose most recent $15.6 billion fund is the world's largest, to find a place for the money.

Some of the biggest private-equity firms say business remains stronger than ever. They note that activist shareholders also are often the ones who put companies in play, creating an opening for private-equity firms to pounce. "We still get approached many, many times by hedge funds and shareholders saying, 'You should take a look at taking this company private,' " says Tony James, president of Blackstone.

Mr. James says Blackstone is having far more discussions about buying public companies in the U.S. than ever before, and the number in Europe is "at least sustained" from where it has been over the past year or so. As for discontent among investors, he says, "In a shareholder base, you're never going to have unanimous opinion."

Some shareholders have started to take a page from the buyout firms' play book by recruiting private-equity veterans to help direct corporate restructurings aimed at gaining quick and hefty returns.

Jerry Levin, 62 years old, built his career turning around ailing companies such as Coleman Co., Revlon Inc. and American Household Inc. (the former Sunbeam) for private-equity firms including Ronald Perelman's MacAndrews & Forbes Holdings Inc.

But he says he has recently been approached by activist shareholders. So far, he has taken two assignments: Earlier this year Mr. Levin was tapped to become an independent director for hamburger chain Wendy's International Inc., after being hired by Trian Group, a hedge fund run by investor Nelson Peltz. Mr. Levin has recently taken a similar role at retailer Sharper Image Corp., San Francisco, where he was hired by hedge fund Ramius Capital Group LLC of New York.

Shares in Wendy's of Dublin, Ohio, nearly doubled in the first few weeks after it was announced he and other new directors would join the board. Sharper Image shares also rallied, initially by about 50%, but since fell back to nearly where they were before the announcement of a shake-up. Mr. Levin was elected to the board in early July.

Many of the tensions between shareholders and private equity were exemplified by the fight over VNU. Mr. Knight, the investment-fund manager, led a revolt against management after it announced plans to acquire IMS Health Inc., of Fairfield, Conn., rather than returning cash to shareholders from the sale of its yellow-pages directories business.

In November, VNU abandoned that deal and Chief Executive Rob van den Bergh said he would resign. That left the company with an uncertain future. Soon after, KKR along with several other private-equity firms approached the company to discuss a purchase.

On March 8, the private-equity group offered about $36.80 for each VNU share, a premium of 23% to VNU's share price the previous July, before it embarked on the disastrous acquisition attempt. The board agreed to recommend the deal to shareholders.

But VNU shares, which had been rising amid speculation about the bid, fell about a penny, to about $35, the day the deal was announced, signaling that shareholders were unimpressed with the offer.

Almost immediately, Fidelity Investments, which owned about 15% of VNU shares, said it was "unlikely to support the deal." Mr. Knight, who had been agitating for months for the company to explore breaking itself into three main pieces and auctioning them off, among other things, also derided the deal.

He also attacked the company for rushing into the arms of private-equity firms. Aad Jacobs, VNU's chairman at the time and a veteran Dutch businessman who had previously been chairman of Royal Dutch/Shell Group, denied that VNU rushed into a deal. "We looked time and again, and we came to the same conclusion," that the private-equity bid represented the best value for shareholders, he said.

Mr. Knight, 47, is a polished half-Dutch, half-Italian investor who sports English pin-striped suits and blow-dried hair. He operates his $700 million fund from Monaco even though it is registered in New York. He once moved his staff out of his office and into his home because he suspected the office was bugged.

He made a name for himself by helping push Shell to combine its Dutch and British operations into a single company, and later pressuring French water and power utility Suez SA to acquire the portion of Belgian electricity supplier Electrabel that it didn't already own.

He quickly became the public face of shareholder discontent with private-equity buyouts, appearing on television and giving scores of newspaper interviews. To rally support for his cause among VNU shareholders, he hired an investment bank to help devise alternative strategies, commissioned a cost-cutting study of VNU by the Boston Consulting Group and hired a headhunting firm to search for a new chief executive. Many shareholders backed his moves, even though his fund owned just 1.2% of VNU shares.

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In April, Mr. Knight hosted a lunch of roast chicken in the glitzy Marie Antoinette Room of London's Ritz Hotel for other VNU shareholders. He claimed more than 70% of the company's shares were represented at the meeting. He used the occasion to propose a "Plan B," which would allow existing shareholders to restructure the company and enjoy the gains that would otherwise go to private-equity owners.

'Our Responsibility'

The plan included buying back up to 30% of VNU's stock, in part to stem a fall in the share price should the private-equity bid fail. The move would be followed by cost cutting and splitting VNU's publishing business from its market-research divisions.

Mr. Knight also said he was nominating himself to the company's supervisory board. "It's our responsibility as shareholders to do this," he said at the luncheon. Mr. Knight had a proxy-advisory firm on hand to help shareholders register to vote at the company's annual meeting.

VNU shot back at Mr. Knight's proposals and questioned his calculations. In a conference call with shareholders, VNU executives and its bankers called his Plan B "irresponsible and egregious."

Mr. Knight offered a compromise with the company before its annual meeting on April 18. He flew to Rotterdam with another big shareholder and met with Mr. Jacobs, the chairman. Mr. Knight asked Mr. Jacobs to step down as chairman a few weeks early, creating a vacancy for Mr. Knight to fill and avoiding a direct proxy battle between the two camps at the annual meeting.

Mr. Jacobs's departure would have eased tensions between the two men, and avoided mud slinging, Mr. Knight says. He would have used the post to continue opposing the sale to private equity.

Over the weekend of April 15, lawyers for the two sides further negotiated, but Mr. Jacobs's representatives suddenly withdrew from any deal, Mr. Knight says. Mr. Jacobs says he discussed the idea with other supervisory board members, who wanted him to remain chairman until June, when he planned to retire.

At VNU's annual meeting at the Okura Hotel in Amsterdam, shareholders shouted at Mr. Jacobs for everything from the 4 p.m. starting time of the meeting to the board's approval of the private-equity bid they said was too low. With Mr. Jacobs often shouting back and turning red in frustration, the exchange lasted for hours.

Sitting in the back of the room were several members of the private-equity group, calling itself Valcon Acquisition B.V. It included AlpInvest Partners of the Netherlands and U.S. private-equity firms Blackstone, Carlyle Group LLC, Hellman & Friedman LLC, KKR and Thomas H. Lee Partners LP.

The Valcon group soon after raised its bid by about $250 million and said the increase gained the support of two of the top five shareholders -- Templeton Global Advisors Ltd. of Bermuda and Dutch bank ING Group NV. Although the extra money didn't represent a huge increase overall, it represented a big bite for the private-equity firms, who paid it from their own funds rather than through additional financing. That was enough to win the support of much of the remaining shareholder group, including Mr. Knight, who reluctantly threw in the towel several days later.

Many private-equity executives say the battle could signal tough times ahead. Now, they say even after a board recommends a takeover, private-equity firms may increasingly find they need to negotiate again with shareholders, who are demanding more of the potential profits for themselves.

"I think we did give them a pretty good run for their money," Mr. Knight says.

Write to Jason Singer at jason.singer@wsj.com3

Time Warner To Adjust Profit Again (WP)

By Frank Ahrens

The Washington Post, August 18, 2006

For the second time since last year, Time Warner Inc. will restate earnings because of incorrectly recorded revenue at its AOL division, removing about $21 million from the company's books over the past six years.

The most recent restatement, reported yesterday in a filing with the Securities and Exchange Commission, involves $584 million in advertising revenue booked from June 1, 2000, to Dec. 31, 2001, and will affect reported earnings from 2000 through the first half of this year.

"This is the last restatement and the end of the SEC investigation," Time Warner spokesman Edward I. Adler said yesterday.

The restatement results from an audit ordered by the SEC as part of the company's March 2005 settlement of civil fraud charges stemming from online advertising deals struck at AOL. As part of the settlement, Dulles-based AOL also agreed to pay $300 million.

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Those advertising deals helped AOL artificially inflate revenue before and after the company's 2001 merger with Time Warner. In December 2004, the company avoided criminal charges by agreeing to pay $510 million to the Justice Department and shareholders.

A portion of the $584 million in yesterday's restatement is from the Time Warner Cable division, but most of it -- $310 million -- came from advertising deals at AOL. The audit found improper transactions between Time Warner and 15 of its business partners in the period examined.

In a news release, the company said the transactions were not correctly accounted for at the time the deals were made.

The restatement is relatively small; Time Warner's profit for just the three months ended in June was more than $1 billion.

Time Warner said profit will be reduced by about $1 million for 2000 and $161 million for 2001. Profit will increase $62 million for 2002, $18 million for 2003, $30 million for 2004, $16 million for 2005 and $15 million for the first half of 2006.

Ex-DHB Execs Face Financial Charges (USAT)

By Greg Farrell

USA Today, August 18, 2006

NEW YORK — Federal prosecutors here have accused two former executives of DHB Industries, which supplies body armor to the U.S. military, of inflating the company's gross profit by $30 million between 2003 and 2005.

In addition, the two executives netted $8 million in profits by selling DHB stock to unwitting investors, regulators say.

The two, former chief financial officer Dawn Schlegel and former chief operating officer Sandra Hatfield, pleaded not guilty in federal court on Long Island Thursday. Schlegel's lawyer, Steve Kobre, vowed a “vigorous” defense at trial, adding, “DHB has done great things for this country.”

The Securities and Exchange Commission, which has been examining insider stock sales at the company, filed parallel charges. Ched Dumornay, an assistant regional director at the SEC's Miami office, says the investigation into DHB is “continuing.”

According to the indictment handed up against the women in New York, Schlegel and Hatfield allegedly reclassified expenses as investments into research and development, boosting the company's operating profits. The executives also allegedly put millions of dollars worth of phantom inventory on the company's balance sheet in the form of bullet-proof vests that prosecutors claim didn't exist.

DHB, which is better known by the name of its body armor subsidiary Point Blank, has been the target of various shareholder lawsuits in recent years. Although the lawsuits vary, the claims assert that the company overstated its earnings and allowed corporate insiders to sell millions of dollars worth of overpriced stock.

DHB has also had to defend itself against charges of shoddy workmanship. In 2002, the New York Police Department returned 1,000 bullet-proof vests on the grounds they were substandard equipment. Last November, the military recalled 18,000 vests, saying they, too, were substandard.

After company founder David H. Brooks sold $185 million worth of stock in 2004, the share price dropped from about $22 to $10, sparking shareholder lawsuits claiming he'd engaged in a “pump-and-dump” scheme.

Last November, Brooks generated further outrage by spending $10 million on a bat mitzvah for his daughter at the posh Rainbow Room in midtown Manhattan. Performers at the event included 50 Cent, Steven Tyler and Joe Perry of Aerosmith, Tom Petty, Don Henley and Kenny G.

Brooks founded DHB in 1992 after the SEC banned him from the securities business for five years for his alleged role in an unrelated inside trading case. He supplied body armor to law enforcement agencies, but his business took off after the Sept. 11 terrorist attacks, when the U.S. military began campaigns in Afghanistan and Iraq.

As part of a $35 million settlement with investors last month, Brooks was forced to resign from the company. In the settlement, Brooks promised to pay some of his own money to aggrieved investors.

Robert Nardoza, a spokesman for the U.S. Attorney in Brooklyn, declined to comment on whether prosecutors were investigating the possibility that Brooks played any role in the alleged fraud at his company. Brooks could not be reached Thursday for comment.

Foundry Networks Gets Nasdaq Notice (AP)

AP, August 18, 2006

SANTA CLARA, Calif. --Foundry Networks Inc., a maker of switches and routers, said Thursday it received a notice from Nasdaq on Monday warning that its shares may be delisted because of the company's late filing of its quarterly report with the Securities and Exchange Commission.

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The company, which delayed the filing of the quarterly report because of an investigation into past stock option grants, said it will appeal to Nasdaq and request a hearing before the Listing Qualifications Panel, letting its shares remain listing during the appeal.

Foundry is one of dozens of company investigating whether past stock options were backdated, or retroactively set at favorable prices, making them more lucrative for executives. The company is the subject of an SEC inquiry and has received a subpoena from the Justice Department.

VeriSign Gets Nasdaq Noncompliance Note (AP)

AP, August 18, 2006

VeriSign Nasdaq Listing Threatened by Late 10-Q Filing As Stock Options Examined

MOUNTAIN VIEW, Calif. (AP) -- VeriSign Inc., a network services company that also administers Internet domain names, said Thursday it received a letter from the Nasdaq Stock Market saying it is not in compliance with the exchange's listing requirements because of the delayed filing of its 10-Q report for the quarter ended June 30.

The company's board is conducting a review of historical options practices, and it is also under investigation by the Securities and Exchange Commission and the Justice Department for options-related accounting.

VeriSign said it expected the Nasdaq letter, will request a hearing on the matter, and will post results when its options review is complete.

Shares of VeriSign gained 8 cents at $19.39 in after-hours trading on the INET electronic exchange, after closing up 70 cents, or 3.8 percent during the regular session on the Nasdaq.

CRIMINAL LAW:

Suspect Says He Drugged, Had Sex With JonBenet Ramsey (AP)

By Sutin Wannabovorn, Associated Press

AP, August 18, 2006

BANGKOK, Thailand — The American suspect in the killing of JonBenet Ramsey told investigators that he drugged and had sex with the 6-year-old beauty queen before accidentally killing her, a senior Thai police officer said Thursday.

An autopsy on Ramsey said a blood screening showed no drugs or alcohol in her body but said she had vaginal abrasions.

Lt. Gen. Suwat Tumrongsiskul, head of Thailand's immigration police, said by telephone that he was not present for the questioning, which was conducted by

U.S. law enforcement officials.

But, according to what the general said he was told of the questioning, the suspect, John Mark Karr, "said he drugged the child." Suwat did not say who briefed him on the questioning. U.S. officials could not immediately be reached for comment.

Karr claimed he had sex with Ramsey, who was still alive, Suwat said. Karr said he then realized he had "accidentally" killed her, according to the general.

Karr confessed to the killing after his arrest Wednesday at his downtown Bangkok guesthouse by Thai and American authorities, said Lt. Gen. Suwat Tumrongsiskul, head of Thailand's immigration police.

He said Karr insisted his crime was not first-degree murder but that JonBenet died during a kidnapping attempt that went awry.

"He said it was second-degree murder. He said it was unintentional," Suwat said.

"He said he loved this child, that he was in love her. He said she was very pretty, a pageant queen. She was the school star, she was very cute and sweet," Suwat said.

Karr declined to say what his connection was to the Ramsey family. Dressed in a turquoise polo shirt and khaki trousers, he appeared ashen with an expressionless look on his face.

An attorney for the Ramsey family said Wednesday that Karr once lived near the family in Conyers, Ga.

JonBenet was found beaten and strangled in the basement of the family's home in Boulder, Colo., on Dec. 26, 1996.

Wednesday's arrest was a surprise development in one of America's most lurid murder cases, which had left a cloud of suspicion over her family after years went by with no arrests. Some feared the case would never be solved.

Striking video images of the blonde-haired girl in child beauty pageants helped propel the case into one of the highest-profile mysteries in the United States.

A law enforcement source, speaking on condition of anonymity, told the AP that Karr had been communicating periodically with somebody in Boulder who had been following the case and cooperating with law enforcement officials.

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A University of Colorado spokesman, Barrie Hartman, said journalism professor Michael Tracey communicated with Karr over several months and contacted police. The university spokesman said he didn't know what prompted Tracey to become suspicious of Karr.

Tracey produced a documentary in 2004 called "Who Killed JonBenet?" A woman who answered the phone at a number under his name said he didn't live there anymore; his office phone mailbox was full.

DNA was found beneath JonBenet's fingernails and inside her underwear, but Lin Wood, the family's longtime attorney, said two years ago that detectives were unable to match it to anyone in an FBI database. It was not known whether investigators had any DNA evidence against Karr.

The Ramseys learned that police were investigating Karr at least a month before Patsy Ramsey's death in June of ovarian cancer, the family said.

In a statement Wednesday, father John Ramsey said that if his wife had lived to see Karr's arrest, she "would no doubt have been as pleased as I am with today's development almost 10 years after our daughter's murder."

Suwat quoted Karr as saying he tried to kidnap JonBenet for a $118,000 ransom but that his plan went awry and he strangled her. Patsy Ramsey reported finding a ransom note in the house demanding $118,000 for her daughter.

Investigators said at one point that JonBenet's parents were under an "umbrella of

suspicion" in the slaying, and some news accounts cast suspicion on JonBenet's older brother, Burke. But the Ramseys insisted an intruder killed their daughter, and no one was ever charged.

Over the years, some experts suggested that investigators had botched the case so thoroughly that it might never be solved. The Ramseys moved back to Atlanta after their daughter's slaying.

"It's been a very long 10 years, and I'm just sorry Patsy isn't here for me to hug her neck," said Wood, the family attorney.

"John and Patsy lived their lives knowing they were innocent, trying to raise a son despite the furor around them," Wood told MSNBC.

Suwat said U.S. authorities informed Thai police on Aug. 11 that an arrest warrant had been issued for Karr on charges of premeditated murder. The warrant was sent to Thai police on Wednesday.

"Through investigation we were able to determine where his residence was and the Thais arrested him," Hurst said. "He did not resist. He did express surprise."

Hurst said Karr has been "very cooperative" with authorities and that he's shown a "variety of emotions."

Suwat said Karr arrived in Bangkok on June 6 from Malaysia to look for a teaching job. It was not clear whether he had gotten a job, the police officer said.

Karr's visa has been revoked as an "undesirable person" given the accusations against him, and U.S. authorities were expected to take him to the United States in the next few days, Suwat said.

Hurst, with the department's U.S. Immigration and Customs Enforcement in Bangkok, said that Karr had left the United States several years ago and had not returned.

The immigration and customs office had assisted the Boulder County District Attorney's Office and the Royal Thai Police in the investigation.

The suspect, who has been in Thailand five times over the past two years, was being detained by immigration police pending arrival of U.S. officials, Suwat said.

When asked how he could travel for so many years in Asia, and whether he was independently wealthy, Hurst responded, "We're asking the same questions."

Police said Karr had been living in a dormitory-style guesthouse called The Blooms in a neighborhood of massage parlors and travel agents that cater to expatriate residents and sex tourists. The nine-story hotel offers rooms for as short as three-hour rentals.

The district attorney in Boulder, Mary Lacy, said the arrest followed several months of work.

She said Karr, who had traveled extensively across the world, may also be connected to a prior case in Santa Rosa County, Calif. She did not provide further details.

Sonoma County Chief Deputy District Attorney Joan Risse confirmed the child pornography charges and arrest warrant against a John Mark Karr, though she cautioned that she didn't know if he was the same person held Bangkok. State records show Karr lost his teaching credential in 2002.

Prosecutor Tight-Lipped About Ramsey Suspect (AP)

AP, August 18, 2006

BOULDER, Colo. (AP) -- For a moment, it seemed the decade-old mystery surrounding the slaying of a child beauty queen had been solved. But authorities Thursday cautioned against rushing to judge the schoolteacher who made a stunning confession that he killed JonBenet Ramsey.

For now, the only public evidence against John Mark Karr is his own words. And questions have already been raised about the details of his story, including whether he drugged the 6-year-old girl, sexually assaulted her or was even in Colorado at the time of the slaying.

Those questions led some to wonder whether Karr was the answer to the long-unsolved slaying or a disturbed wannabe trying to insert himself into a high-profile case.

"We should all heed the poignant advice of John Ramsey," Boulder County District Attorney Mary Lacy, quoting the little girl's father. "Do not jump to conclusions, do not rush to judgment, do not speculate. Let the justice system take its course."

Paraded before a raucous crush of reporters in Bangkok, Thailand, the sullen Karr said that he loved JonBenet and was with her when she died but that her death was an accident. And while vague on the details - "it would take several hours" - he answered flatly when asked if he was innocent: "No."

"The bottom line is that they now have a confession and until and unless they can corroborate that confession with either physical evidence or strong circumstantial evidence, that's all they have," said Scott Robinson, a Denver attorney who has followed the case from the beginning.

Added former Denver prosecutor Craig Silverman: "I have to believe they have more than this kooky confession."

Karr told investigators he drugged and sexually assaulted the little girl before accidentally killing her in her Boulder home, according to a senior Thai police officer who was briefed about the interview with U.S. authorities.

Yet JonBenet's autopsy report found no evidence of drugs, saying her death was caused by strangulation after a beating that included a fractured skull. And while it describes vaginal injuries, it makes no conclusions about whether she was raped. Investigators later concluded there was no semen on JonBenet's body.

According to Thai police, Karr also said he picked JonBenet up at school and took her back to her home. But the slaying came during the holiday vacation season.

Karr's ex-wife told TV reporters she cannot defend him, then insisted he was with her in Alabama during Christmas 1996, when JonBenet's battered body was found in the basement of her home. And authorities have not said whether Karr could have written the detailed ransom note found in the Ramsey home, with its demand for $118,000 (the bonus that had recently been awarded to the girl's father, John Ramsey).

Even the Colorado professor who swapped four years' worth of e-mails with Karr and brought him to the attention of prosecutors in May refused to characterize the suspect either as killer or kook.

"I don't know that he's guilty," said Michael Tracey, who teaches journalism at the University of Colorado. "Obviously, I went to the district attorney for a reason, but let him have his day in court and let JonBenet have her day in court and let's see how it plays out."

Karr himself added to the mystery, telling The Associated Press in Bangkok that JonBenet's death was "not what it seems to be."

Asked what happened when JonBenet died, he said: "It would take several hours to describe that. It's a very involved series of events that would involve a lot of time. It's very painful for me to talk about it."

Karr's background includes an arrest in Petaluma, Calif., in April 2001 on five misdemeanor counts of possession of child pornography, to which he pleaded not guilty. He had not been seen by authorities after violating the terms of his release, which included avoiding child pornography and places where children congregate, such as schools, beaches and parks.

Any previous relationship between Karr and the Ramseys remained a mystery Thursday, though both have ties to suburban Atlanta. District Attorney Lacy refused to discuss the case during a brief news conference and suggested Karr's arrest may have been forced by concern over public safety and fears the suspect might flee.

"There are circumstances that exist in any case that mandate an arrest before an investigation is complete," Lacy said.

Karr, 41, was arrested at a Bangkok apartment Wednesday.

He had just begun to teach at Bangkok Christian College, Thailand's oldest private school, which was established by American Presbyterian missionaries in 1852, school officials said. The school, which has about 5,000 male students in 12 grades, employs several foreign teachers for its English courses.

Hours after Karr's arrest, Thai authorities sat him before a crowded room of news crews. Karr stunned reporters by admitting: "I was with JonBenet when she died. Her death was an accident."

"I am so very sorry for what happened to JonBenet," Karr told the AP.

Thai police said Karr told them the slaying was only second-degree murder. One expert suggested his confession was geared to spare him a first-degree murder charge.

"He seemed convinced that what he said would make him guilty of a lesser crime," said Sharon L. Davies, a former prosecutor at the Ohio State University law school who has studied confessions. "It's hard to understand how that would be the case and how the physical evidence that has been at least reported about her killing would support his description of this as an accident."

Legal experts said DNA evidence will likely be key: DNA was found beneath JonBenet's fingernails and inside her underwear and authorities have never said whether it matches anyone in an FBI database. U.S. and Thai officials did not directly answer a question at a news conference about whether there was DNA evidence connecting Karr to the crime.

Karr was given a mouth-swab DNA test in Bangkok, according to a law enforcement official who spoke on condition of anonymity because of the ongoing investigation. The results of that test were not immediately known. Karr will be given another DNA test when he returns to the United States in the next several days, the official said.

Karr will be taken within the week to Colorado, where he will face charges of first-degree murder, kidnapping and child sexual assault, Ann Hurst of the Department of Homeland Security told reporters in Bangkok.

Lin Wood, the Ramsey family's longtime attorney in Atlanta, said Karr went to great lengths to conceal his identity in e-mails to the university professor, going so far as to use a computer server in Canada.

Asked if authorities could tell whether Karr had firsthand knowledge of the murder or had just picked up information from news accounts, Wood said: "There is information about the murder that has never been publicly disclosed." He did not elaborate.

Karr's ex-wife, Lara Knutson, was quoted by San Francisco television station KGO saying she was with her former husband in Alabama at the time of JonBenet's killing and does not believe he was involved in the homicide.

Denver attorney Larry Pozner, past president of the National Association of Criminal Defense Lawyers, said there were "serious questions" about the case.

"I hope we have found the murderer of JonBenet, but I have not heard the evidence that compels that conclusion," he said.

Karr's description of the case as an accident also rang false to experts.

"It's hard to imagine a more intentional, deliberate murder than hitting a little girl in the head so hard that she had almost a foot-long fracture in her skull and then deliberately fashioning a garrotte to twist until it buries in her neck and slowly stops her breathing," said Silverman, the former Denver prosecutor. "This has always been a case of deliberate murder."

Ramsey Confession Questioned (CHIT)

By Judith Graham

Chicago Tribune, August 18, 2006

BOULDER, Colo. -- John Mark Karr sparked an international media spectacle Thursday by admitting he was with child beauty queen JonBenet Ramsey when she was killed in 1996, but the televised confession by the American in Thailand raised more questions than it answered in the decade-old mystery.

"I was with JonBenet when she died," the 41-year-old school teacher told reporters in Bangkok, touching off a frenzy of new interest in the case. Asked if he was innocent, Karr answered "No," without making eye contact.

In a morning press conference, Boulder County District Atty. Mary Lacy confirmed that Karr had been arrested for Ramsey's murder and had been under investigation for "months." But she declined to discuss the evidence her office had gathered or say what charges will be brought.

"We should all heed the poignant advice John Ramsey gave [Wednesday]," Lacy warned another media throng, referring to JonBenet's father. "Do not jump to judgment. Do not speculate."

Karr has apparently been living abroad since being released from a California jail in 2001 after an arrest on child pornography charges. He is being brought to Colorado, where he will face charges of first-degree murder, kidnapping and child sexual assault, Ann Hurt, an official with the U.S. Department of Homeland Security, said in Thailand.

However, several inconsistencies arose in connection with Karr's statements to Thai officials and reporters, as detailed Thursday. To start, the man - who once lived near the Ramseys in Georgia -- reportedly claimed to have drugged JonBenet Ramsey and had sex with her before accidentally causing her death, according to a senior Thai police officer who spoke with the Associated Press.

But an autopsy report of the 6-year-old, who was found strangled in the basement of her family home on Dec. 26, 1996,, didn't turn up evidence of drugs or alcohol in her body. Sexual malfeasance was suggested by cuts in an area around her vagina.

Also, Karr's ex-wife, Lara Karr, told KGO-TV in California that she was vacationing with her former husband in Alabama when Ramsey was killed on the day after Christmas. And his father, Wexford Karr, told the Denver Post he did not believe his son had ever been in Colorado. Both confirmed that John Mark Karr had been fascinated by Ramsey's murder and conducted extensive research on the crime.

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"It's very important for me that everyone knows that I love her very much, and that her death was unintentional…it was an accident," Karr told the Associated Press in an interview. But it remains unclear whether Karr had any contact with the young girl or her family; the Ramsey family declined comment on what connections they had with the man, if any.

"There is tremendous reason for skepticism" about the confession, given Karr's evasions and the inconsistencies. "This guy can't get his story down," said Larry Pozner, a Denver lawyer and past president of the National Association of Criminal Defense Lawyers.

"We have no idea if this is a true or a false confession," said Sam Kamin, associate professor of law at the University of Denver. He said the Boulder DA's job is to find evidence that will corroborate Karr's confession and clearly link him to the crime.

The strongest evidence would likely come from Karr's DNA samples, which have already been taken in Thailand and will be repeated when the suspect is brought back to America.

DNA discovered underneath JonBenet's fingernails and on her underwear has not been matched to the FBI database or other suspects.

In Marietta, Ga., a suburb of Atlanta, visitors trickled in and out of St. James Episcopal Cemetery where JonBenet and her mother, Patsy, are buried. Throughout the day Thursday, well-wishers adorned the child's grave with miniature angles, a single rose and a small toy bear. Patsy Ramsey, who died in June of ovarian cancer, is buried in front of her daughter in an unmarked grave, still covered with red dirt from the funeral.

Patsy's Ramsey's father, Donald Paugh, and her step-mother stayed inside their large brick home in Roswell, Ga., on Thursday, despite a steady stream of reporters knocking on their door. They referred all questions to their daughter, Pamela Paugh.

In a CNN interview Thursday morning on the front lawn of her parents' home, Paugh said the family always believed the truth would come out.

"I'm not really certain there is a need for vindication because in my mind John and Patsy were never guilty of anything. Those who know them … knew the truth and we were just waiting for this day to come and we knew it would come," she said.

When asked her feelings about Karr telling authorities that he "loved" JonBenet, Paugh replied directly: "No you didn't love JonBenet. I loved JonBenet. …It sickens me that this person has paraded as a schoolteacher. I am a schoolteacher. There is a difference between yearning to help children learn and yearning to make them sex toys."

She also said she did not believe the killing was an accident.

"By what accident were you even in her home? By what accident did you tie something around her neck and choke her? By what accident did you put an 8-inch crack in her skull? These things are not accidents. An accident is falling off the couch and bumping your head when you are a toddler."

Paugh said the family is happy knowing that Patsy Ramsey is now with her daughter.

"In her final days, she was very much at peace," her sister said.

At a news conference in Roswell Thursday, police chief Edwin Williams said that an Atlanta-based FBI agent had a role in locating and identifying Karr as a suspect, but officials would not elaborate. The chief said the Roswell Police Department had worked with authorities in Denver for more than a year providing technical and logistical support.

Tribune national correspondent Dahleen Glanton in Atlanta contributed to this report

Suspect In Ramsey Slaying Says Death Was 'Accident' (LAT)

By Michael Muskal And Ralph Vartabedian

The Los Angeles Times, August 18, 2006

BOULDER, Colo. — During an eerie news conference in Thailand, the man charged with killing JonBenet Ramsey admitted this morning he was present when the 6-year-old died a decade ago, but said the death was an accident.

John Mark Karr, 41, met the press in Bangkok but he dodged answering details about the murder of the former child beauty queen, whose death had been one of the nation's riveting unsolved crimes and fodder for tabloids.

Wearing a buttoned bluish golf-type shirt, Karr appeared stone-faced as authorities led him before cameras and held him like a marionette whose strings had been severed. The televised event showed a clean shaven, thinish man, eyes darting as he slowly spoke.

"I loved JonBenet very much," Karr told reporters as he was brought into a Thai immigration detention center. "Her death was an accident."

Karr will be taken within the week to Colorado, where he could face charges of first-degree murder, kidnapping and child sexual assault, said Ann Hurst, the U.S. Department of Homeland Security attache in Bangkok

"Karr has been very cooperative," she said. "He expressed surprise when we arrested him. His first reaction was he questioned our right to detain him."

In Boulder, Colo., Dist. Atty. Mary T. Lacy refused to discuss details of the case and said that Karr was presumed innocent.

"Much work has been done and there is much more work to be done now that the suspect is in custody," she told a televised news conference.

"There are circumstances that exist in any case that mandate an arrest before an investigation is complete," said Lacy, who has worked on the case since the beginning.

Lacy said Karr began teaching second grade in Bangkok on Tuesday. While not giving specifics, Lacy suggested that the arrest may have been forced by other circumstances, including the need for public safety and fear that the suspect might leave.

"I'm asking you this morning, let us do our job thoroughly and carefully," Lacy said. "The analysis of the evidence in this case continues on a day-by-day, on an hour-by-hour basis as we speak."

"We should all heed the poignant advice of John Ramsey yesterday," she said, referring to JonBenet's father. "He said do not jump to conclusions, do not rush to judgment, do not speculate. Let the justice system take its course."

Karr's arrest took place Wednesday, but information, fueled by a media frenzy of relatives and experts today, remained inconclusive and in some cases contradictory.

No evidence against Karr has been made public but there are reports that DNA samples were taken from the man.

The Ramsey case has been a staple of tabloid newspapers and television since JonBenet's body was found by her father the day after Christmas in 1996. She had been strangled with a rope and her skull had been fractured.

Heart-rending video of JonBenet, dressed in elaborate, doll-like costumes to earn points during beauty pageants, were shown repeatedly throughout the years as the Ramsey family and authorities fought over the investigation. Local police targeted the parents, John and Patsy Ramsey, while the family blamed an intruder for kidnapping and killing the child.

Details on how Karr may have known JonBenet weren't available. The Ramsey family didn't know Karr, JonBenet's aunt, Pamela Paugh, told CNN.

While Karr said he was with JonBenet when she died, his ex-wife, Lara, said he was with her throughout the 1996 Christmas season in Alabama, where the Karr family lived at the time, the Associated Press reported.

In Atlanta on Wednesday, Nate Karr, identified as the brother of the suspect, said in an interview with WAGA-TV that accusations of John Karr's involvement with the JonBenet slaying were "ridiculous, without a doubt."

Karr became a focus of the investigation after he e-mailed Michael Tracey, a University of Colorado journalism professor who produced three documentaries on the Ramsey case.

At a news conference in Boulder, Tracey said he received hundreds of e-mails over the past several years. He said he went to authorities in May and disclosed what he had.

The author of the e-mails was unidentified, Tracey said. He said he didn't learn Karr's name until Wednesday, adding that he was confident that officials had done the work to link Karr to the e-mails.

Lin Wood, the Ramsey family's longtime attorney in Atlanta, confirmed that Karr had sent numerous e-mails in recent months making statements about the murder to the professor.

Wood said those e-mails were key in linking Karr to the slaying. When asked if authorities could tell whether Karr had firsthand knowledge of the murder or had just picked up information from news accounts, Wood said: "There is information about the murder that has never been publicly disclosed."

Patsy Ramsey died in June of ovarian cancer after battling the disease since 1993. Karr said he had written to Patsy Ramsey before her death, AP reported.

"Patsy was aware that authorities were close to making an arrest in the case and had she lived to see this day, would no doubt have been as pleased as I am with today's development almost 10 years after our daughter's murder," John Ramsey said in a statement.

Paulette Davis, 42, a sister of Patsy Ramsey, said she was overwhelmed by emotion when she received news that a suspect had been arrested.

"I couldn't believe it," said Davis, a resident of Marietta, Ga. "I actually fell to my knees and praised God and just really went to pieces."

Still, she said, members of the family aren't sure what to expect next. "Everybody is waiting patiently to find out what the next move is, or what is going to be going on."

More details about the suspect's life began to emerge today.

Thai authorities said Karr, who has been away from the U.S. for three years, had been in and out of Thailand five times since 2005. Karr had applied to work as a teacher at an international school in Bangkok, officials said.

Karr began teaching children in Georgia and Alabama before he became a substitute in Petaluma, part of Northern California's wine country, where he lived until 2001 with his wife and three sons.

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The Denver Post reported that Karr disappeared that year after being released from jail, where he had been held on child pornography charges.

Sonoma County Chief Deputy Dist. Atty. Joan Risse confirmed the pornography charges and an outstanding arrest warrant against a John M. Karr, though she said she didn't know if he was the same person held in JonBenet's death.

His father, Wexford Karr of Atlanta, told the newspaper that while Karr was in college as an adult, a professor encouraged him to write a book about the Ramsey case after being impressed with a school paper.

"He researched everything he could about her," Wexford Karr said.

John Karr spoke with JonBenet's grandparents, but the Ramseys refused an interview, Wexford Karr said.

The head of Thailand's immigration police, Lt. Gen. Suwat Tumrongsiskul, quoted Karr as saying that he tried to kidnap JonBenet for $118,000 ransom but that the plan went awry and he strangled her. "He said he was in love with the child, she was a pageant queen," Suwat said.

A resume posted online said Karr was a private teacher and caregiver in Germany, the Netherlands, South Korea, Costa Rica and Honduras, almost always working with young children. The resume said that in Germany he cared for two girls, ages 5 and 8, and a boy, 10, getting them ready for school and helping with homework.

"At days end, I made sure the children had their evening bath, then put them to bed and read to them before they went to sleep," the resume said.

From 2004 to 2005, the resume said, he worked as a second-grade teacher in Honduras.

Bob Raines, superintendent and principal at Wilson Elementary School outside Petaluma, twice hired Karr as a substitute in second- and fourth-grade classes in 2001. After observing him, Raines told the Associated Press that he had poor skills keeping classes focused and was ineffective.

"He just seemed like somebody who thought he wanted to be a teacher," Raines said. "After a few days, I could see it just wasn't for him."

He instructed his secretary not to call Karr again unless they were desperate.

According to Sgt. Clint Shubel of the Sonoma County Sheriff's Department, a John Mark Karr was arrested in April 2001 on five charges of possessing child pornography. He failed to show up for a court appearance and a warrant was issued for his arrest, Shubel said.

For years after their daughter's death, the Ramseys remained under what Boulder authorities called an "umbrella of suspicion" as the investigation unfolded under intense media scrutiny. All the while, the Ramseys vigorously maintained their innocence.

At one point, they identified as a suspect a freelance journalist, who in turn filed a libel and slander lawsuit against them. The suit was dismissed in 2003 by a federal judge who concluded that an intruder killed the girl.

John Ramsey, a wealthy computer entrepreneur, and his wife, Patsy, a former Miss West Virginia, were unknown to the broader public when their daughter was discovered on the concrete floor of the family's basement the day after Christmas 1996. There was duct tape on her mouth and a garrote around her throat.

The case quickly became a national phenomenon. JonBenet was a perky, blond contestant in child beauty pageants — she had been named, among other things, "National Tiny Miss Beauty" — and cable news channels repeatedly played footage of her dancing and exuding a Shirley Temple-like charm. The slaying was the only one recorded that year in the prosperous college town of Boulder. Tabloids and mainstream media dissected the investigation, which took a number of controversial turns.

Former Boulder Police Det. Linda Arndt, the first investigator on the scene, initially assumed JonBenet was a kidnap victim. The detective was later criticized for allowing John Ramsey to leave the house, return and then search it for his daughter. He found her body in the basement. Experts said his decision to remove the tape that covered her mouth could have destroyed key evidence.

As the investigation wore on, the office of Boulder's then-Dist. Atty. Alex Hunter was criticized for being too cozy with the Ramseys' attorneys, while police were said to be more suspicious of the couple.

Worried that the police were not impartial, the Ramseys hired attorneys and publicists, and did not consent to formal police interviews until four months after the crime. Authorities said that Patsy Ramsey could not be ruled out as the author of a ransom note left in the house.

In September 1998, a grand jury began investigating the case, reviewing 30,000 pieces of evidence. Thirteen months later, they declined to return an indictment.

Hunter, Boulder's top prosecutor for a quarter century, declined to seek reelection soon after. In 2000, voters elected a sex-crimes prosecutor from Hunter's office, Mary T. Lacy, to the post. (At the time, she went by the name Mary T. Keenan.)

After the slaying, the Ramseys left Boulder, splitting time between Michigan and Georgia. They wrote a book, "The Death of Innocence," about their ordeal, and fought their detractors vigorously in court. They sued at least half a dozen media outlets,

including Time magazine and Court TV, for reporting allegations that their young son, Burke, who was 9 years old at the time, was the killer. Five of those cases resulted in confidential settlements.

John Ramsey mounted an unsuccessful campaign for a seat in the Michigan state House of Representatives.

In early 2003, the Boulder Police Department ended its investigation, unequivocally handing the reins to the district attorney's office. The Ramseys had threatened to sue the department for ignoring leads and tips.

As the sun set Wednesday over the tiny St. James Episcopal Cemetery in Marietta, Ga., news crews from across the country pointed their cameras at JonBenet Ramsey's carefully tended marble headstone. Her mother's grave, fresh and as yet unmarked, was a few feet away.

A friend had left a handwritten note for Patsy Ramsey. "Dearest Patsy, Justice has come," it said. "Rest in peace!"

Also contributing were Times staff writers Richard Fausset in Atlanta, Stuart Silverstein in Los Angeles, Jenny Jarvie in Atlanta and Lynn Marshall in Seattle. Vartabedian reported from Boulder and Muskal from Los Angeles. Associated Press also contributed to this report.

Questions Surround JonBenet Suspect (WP)

By Amy Goldstein And Anne Hull

The Washington Post, August 18, 2006

The arrest of an American former schoolteacher in the decade-old killing of JonBenet Ramsey created a tangle of questions yesterday about whether the sensational crime has finally been solved, even as the suspect told reporters in Thailand that he had been with the child beauty queen when she died.

With no public evidence linking John Mark Karr, 41, to JonBenet's strangling or to Colorado, where the slaying occurred, the Boulder County district attorney emphasized yesterday that the arrest had been made "early in the investigation" and that "the analysis of the evidence in this case continues on a day-to-day basis, on an hour-to-hour basis."

Meanwhile, the image of Karr that began to coalesce yesterday from public records and people who knew him is of a man who has long had what his ex-wife said in divorce papers was "a tendency to be too affectionate with the children."

Karr had an earlier marriage to a girl who was 13 when they wed. He had a peripatetic history of brief jobs in schools. He abruptly quit a teaching internship in Alabama his last semester of college, after complaints about his behavior in class. A year later in California, he was jailed -- though never convicted -- on child pornography charges, skipping out on a court appearance soon after his release and eluding police.

Despite this history, a variety of contradictions surfaced yesterday that challenged Karr's avowed role in JonBenet's death, which he called an accident. According to a Thai police officer briefed by U.S. authorities, Karr said that he had drugged and sexually assaulted the 6-year-old girl before she died. Her autopsy, however, reported no indication of drugs and inconclusive evidence of whether she had been raped, according to the Ramsey family's lawyer.

Karr's second ex-wife, Lara Karr, told a San Francisco television station that they had been together in Alabama on Dec. 26, 1996, when JonBenet's beaten body was found in her family's home in Boulder. Karr was attending a community college in Alabama at the time.

The girl's father, John Ramsey -- who, with his late wife, Patsy, was for years under what police called an "umbrella of suspicion" in the case -- was reported by a Denver television station to have said that he could not recall any connection with the suspect. When JonBenet's body was found, police found no evidence of forced entry into the family's house.

At a news conference in Boulder, the district attorney, Mary Lacy, was asked whether she is concerned that the rare full confession could prove false.

"We can't comment on the evidence in this case at this time," Lacy replied. Quoting John Ramsey's words from the day before, she said: "Do not jump to conclusions, do not jump to judgment, do not speculate."

Karr is the first person arrested in the case. The nine-year investigation sparked a bitter feud between police and prosecutors in the Colorado university town, accompanied by countless articles and hours of newscasts spinning theories in the case. Karr's name never came up.

Lacy said yesterday that Karr was arrested in Bangkok on Wednesday, the day after he began to teach at an international school there. She said her office had provided Thai authorities with a sealed statement to support their application for an arrest warrant but did not say what evidence it contained.

Karr has not been charged with any crime. Yesterday, Ann Hurst, attachÃ© of U.S. Immigration and Customs Enforcement to the Thai government, said at a news conference that Karr will be taken within the week to Colorado, where he will face charges of first-degree murder, kidnapping and child sexual assault.

Prosecutors became interested in Karr through a series of e-mails he sent to a University of Colorado journalism professor who has made documentaries about JonBenet's killing. The professor, Michael Tracey, said he had been corresponding with

Karr -- who used an assumed name in the e-mail exchange -- for "about four years" before he mentioned the correspondence to the prosecutor's office. In an interview, Tracey would not say why he alerted prosecutors.

According to one source close to the investigation, Boulder County prosecutors asked federal investigators to help identify the e-mails' author by his pseudonym. Meanwhile, FBI Special Agent Stephen Emmett in Atlanta and Police Chief Ed Williams of Roswell, Ga., said they also provided help -- including an agent and police sergeant specializing in computer crime investigative resources -- to the effort to identify and locate Karr.

Working with the FBI, Lacy said, she learned about 10 days ago that he was in Bangkok and sent an investigator there.

Yesterday, Karr, a slim, youthful-looking man, appeared nervous and spoke slowly, almost dazed, as he was peppered with reporters' questions when he appeared in a Thai immigration detention center. "I loved JonBenet very much," he said. "Her death was an accident." Asked whether he is innocent, he shook his head and replied, "No."

He also said that he had "contacted the Ramsey family, especially before Patricia passed away, and I conveyed to her many things, among them, that I am so very sorry for what happened to JonBenet."

Karr was born in Georgia and went to live with his grandparents in Hamilton, Ala., when he was in elementary school. He graduated from Hamilton High School in 1983.

The next year, when Karr was 19, he married a 13-year-old girl from Hamilton, Quientana Shotts, county court records show. Shotts filed for divorce a year later, complaining that she was "fearful for her life and safety." In a response filed with the court, Karr contested her age, saying she was in fact 14.

He was 24 when he married his second wife, Lara, who was 16 and pregnant with twins at the time. According to the San Francisco Chronicle, the babies died at birth less than four months later; they were named Angel and Innocence.

The rÃ©sumÃ©s Karr posted on the Internet describe a globetrotting child educator and caretaker. He said he held teaching jobs in Costa Rica, Honduras, Germany, the Netherlands and Korea. In one rÃ©sumÃ© he posted on the Job 4 Teacher International Recruiting Web site, he said he cared for three German children: "I awoke the children in the morning and gave them breakfast. I helped the children get ready for school and escorted them to the bus. At days end, I made sure the children had their evening bath, then put them to bed and read to them before they went to sleep."

From 1996 to 2001, his rÃ©sumÃ©s said, he taught at some of the most prestigious schools in the United States. But according to wire service reports, he was removed in 1996 -- the year of JonBenet's death -- from the substitute-teacher list in Marion County in Alabama after complaints from parents. From 1996 to 1998, he also studied elementary education at Bevill State Community College in Alabama. He left in 1998 without a degree.

Marion County Probate Judge Annette Haney remembers seeing Karr around town with his wife, a "young-looking blond girl he usually had by the hand." Karr was selling used autos at the time and would often come to the courthouse to handle vehicle registrations with Haney.

"He drove around town in a fancy little red car," she said. "Out here in the country, you don't see a Jaguar or the types of cars he drove." She said he never held a job for long.

Haney also said Karr delivered two of his children at home.

He transferred to the University of North Alabama in Florence. In early 2000, Karr was in his final semester, doing a teaching internship at the Kilby Lab School, when questions were raised about his classroom performance. He left without a degree or a teaching license, said Bill Jarnigan, director of university relations.

In July 2000, Karr moved with his family to Petaluma, Calif. A few months later, he got two permits to work as a substitute teacher and as an elementary teacher in Napa Valley Unified School District. For a few months, he worked at several schools in Napa and Sonoma counties until April, when the schools terminated him after reports he had been arrested.

On April 13, 2001, the Sonoma County Sheriff's Department charged him with five misdemeanor counts of possessing child pornography. Karr was jailed at first but released in October under a "supervised own recognizance" program, according to Roy Rochelle, the county's deputy chief probation officer.

Under conditions of his release from jail, Karr was ordered to stay away from "parks, schools, day care centers, swimming pools, beaches, theaters, arcades or other places where children congregate." He was barred from using computers and working in jobs dealing with minors.

Before his trial the following January, he disappeared. An arrest warrant was issued for violation of his release.

The school systems, alerted to the charges, terminated him.

In July 2001, after nearly 12 years of marriage, Lara Karr filed a divorce petition. Once her husband was released from jail, she filed for a restraining order to keep him away from her and their sons.

Although he was not violent, wrote his wife, a programmer for a mortgage company, Karr was controlling, forcing her to sever ties to family and friends. She said he had intentionally gotten her pregnant at 16 so he could marry her without parental consent under Georgia laws. "As a 16-year-old bride, I didn't know any better than to give in to his demands," Lara Karr wrote.

Complex Portrait Of Ramsey Murder Suspect Emerges (LAT)

By Richard Fausset, Ralph Vartabedian And Lee Romney, Times Staff Writers

The Los Angeles Times, August 18, 2006

BOULDER, Colo. -- The complex portrait that began to emerge Thursday of John Mark Karr, the American arrested this week in the 1996 murder of JonBenet Ramsey, suggested he was a troubled schoolteacher with a record that included child pornography charges but no clear links to the victim or even to Colorado, the state where the crime occurred.

A calm, neatly dressed Karr, appearing at a news conference at a Bangkok, Thailand, detention facility, told reporters he was with the 6-year-old girl when she died.

"I am so very sorry for what happened to JonBenet," he said. "It's very important for me that everyone knows that I love her very much, that her death was unintentional, that it was an accident."

Asking if he was innocent, Karr replied: "No."

But Boulder District Attorney Mary Lacy declined to comment on what evidence her investigators have implicating Karr. "Do not jump to conclusions, do not rush to judgment, do not speculate," she said. She also indicated that "public safety" concerns and fear that he might flee had prompted her to have Karr arrested before her investigation was complete.

Many investigators and lawyers who have been following the case for a decade said that while they were hopeful the authorities had the right person, they were skeptical of Karr's confession.

"At this point, I haven't heard anything very reassuring that we have the right person," said Trip DeMuth, former senior deputy district attorney for Boulder County who was on the Ramsey case from the start until 2000, when he left the office. "It is disconcerting. I am hoping that they based the arrest on corroborating evidence."

Craig Silverman, former chief deputy district attorney in Denver, said that if the case goes to court, Karr's confession could prove to be "next to nothing."

"This confession seemed delusional," he said. Silverman said that under Colorado law, prosecutors cannot obtain a valid conviction without evidence that corroborates a confession. In addition, he said the confession seems illogical. He noted that while Karr said Ramsey's death was an accident, her brutal death in her parent's basement could hardly qualify as such.

Whatever it was, the crime exploded into one of the most notorious murder mysteries of the last quarter-century, fueled by mainstream and tabloid interest and coverage from 24 hour news channels.

It started with a phone call. JonBenet's mother Patsy Ramsey dialed 911 from her family's Boulder home around 6 a.m. on Dec. 26, 1996. She reported that her 6-year-old daughter had been kidnapped. She also said she found a ransom note demanding $118,000 for the girl's return.

Later that day, John Ramsey, JonBenet's father reported finding his daughter's body in the basement, wrapped in a sheet. Her mouth had been taped. A garrote was around her throat.

In the decade since, critics have blasted investigators for bungling the investigation, including the handling of key evidence. A grand jury met for 13 months, but it did not return an indictment in the case when it concluded its work in 1999.

Law enforcement officials said they began focusing on Karr only in the last several months.

In May, prosecutors were given hundreds of e-mails from a person now believed to be Karr by Colorado University journalism professor Michael Tracey, who has produced three documentaries on the Ramsey case and has argued strongly that police erred in blaming the Ramsey parents for the murder.

Tracey said in an interview that he had been communicating with Karr for four years and then in May went to prosecutors with the e-mails. He declined to discuss any of the specifics in the e-mails, though he said he believes that prosecutors were able to confirm that the e-mails came from Karr.

Patsy Ramsey was also the intended recipient of e-mails sent by a suspect now believed to be Karr, according to L. Lin Wood, the Ramsey's Atlanta-based attorney. But the notes were actually being diverted to investigators in Boulder.

In one e-mail, the suspect said he wanted to set up a meeting with the mother, Wood said. Investigators asked if she was game, and Patsy said she would do so if it would help the investigation, Wood said. But the 49-year-old died in June of ovarian cancer before any such plan was set up.

Since his arrest, one of Karr's early statements to investigators appears to contradict official findings. He told investigators he drugged and sexually assaulted Ramsey, according to an Associated Press interview with Thai police. But JonBenet's autopsy did not reveal the presence of drugs.

Equally puzzling is how he came to "love" JonBenet Ramsey -- or even know her at all. The Karrs and the Ramseys lived in Georgia in the late 1980s. The Ramseys moved to Boulder in 1991, a year after JonBenet was born. It is unclear where the Karrs were living then. So far, no records have emerged to suggest that John M. Karr ever lived in Colorado. JonBenet's father has said he doesn't think he knows Karr.

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Karr's ex-wife, who left him in a bitter split in 2001, has also provided him with an alibi for the day of the slaying. Lara Karr told a TV news station that her husband was with her in Alabama at the time.

Lacy, the Boulder district attorney, refused to discuss the details of the case in a news conference Thursday. Over the years, a number of Boulder investigators have disagreed with each other's take on the case -- including lingering suspicions among some that the Ramsey family was complicit in the killings. Some investigators have even quit or retired in frustration or disgust.

Lacy seemed to take that into account when she repeatedly stated that Karr was innocent until proven guilty at the news conference.

But Wood, the Ramsey's attorney, said that he was convinced Lacy had built a substantial case against Karr.

"I give this gentleman the presumption of innocence," Wood said. "I also know a prosecutor does not make an arrest simply because there's probable cause for the arrest -- but when he or she has evidence to prove the case with a conviction beyond a reasonable doubt."

The questions about the potential case against Karr were raised even as details emerged about his past.

Karr grew up in Alabama and Georgia. A resume posted on a teacher job search web site shows he was running a small business before he graduated from high school.

In 1984, a year after his graduation, Karr married a 13-year-old in Marion County, Ala, according to The Associated Press. That marriage was annulled after less than a year.

His second marriage was to Lara Marie Karr in 1989. She was 16.

Though only 5-foot-6 and 140 pounds, John Karr was "very controlling of me," Lara Karr said years later in their divorce papers.

She was pregnant when they married. Karr, eight years older, told her it was the best way to get married without parental permission, she said, then later pushed her to cut all ties with family members. The couple eventually had three boys.

Karr became interested in teaching. In 1996, he received a substitute license in Alabama and began teaching in Marion County.

In a prepared statement, the county school superintendent said he took Karr off the substitute roster shortly after he began after receiving complaints about his conduct in and outside the classroom.

In 2000, Karr received a degree from a distance-learning college. The next year, the family was living in Petaluma, in northern California. Karr was working as a substitute teacher in Sonoma and Napa counties.

In early 2001 authorities launched an investigation after suspicious e-mails containing the names of school children came to light. Investigators on April 3 searched Karr's residence and seized a computer holding photographs and videos of children engaged in sex acts. He was arrested and charged with five counts of possessing child pornography.

During questioning by a sheriff's detective, Karr offered a rambling list of excuses, including that he was researching a book on Richard Allen Davis, the convicted killer of Polly Klaas. Karr said he kept a maroon binder at home that contained Klaas' death certificate and a letter from Davis, her killer.

Karr also claimed he was using the e-mails to win the confidence of a sex offender and "dupe her into a full confession."

Karr won release from jail Oct. 5, 2001, on a slate of conditions, including prohibitions on contacting his one named victim, using computers or the Internet and visiting parks, theaters, beaches and other spots frequented by children.

Two days later, his wife learned from a neighbor that Karr had asked for her number and wanted to see his boys and collect his belongings and car. Lara Karr got a court-ordered restraining order and no-visitation judgment, cutting off all ties between Karr and his sons.

"I'm concerned for the well being of my sons," Lara Karr said in court papers, noting that one DA official told her her husband's acts were so egregious that he should be considered "a threat to all children."

In court papers, the wife recalled that her husband had prior difficulties during his tenure as a substitute teacher while working in the South. She said Karr had been told by a school in 1997 or 1998 that he wouldn't be asked to come back as a substitute because "he had a tendency to be too affectionate with the children."

His trial was set for January 2002, but Karr failed to report as required to authorities in December 2001 and a warrant was issued for his arrest.

Karr traveled Europe, Asia and Central America, teaching as a private tutor and at schools and eventually ended up in Bangkok, where he started a job this week teaching second grade at the International School.

After the arrest, Karr's brother Nate Karr, told Fox News that his brother had never even visited Boulder. He also said that investigators may have become suspicious because his brother was researching a book on child sex crimes.

On Thursday, Sylvia Ross, a 70-year-old retired school teacher from Petaluma, recalled her experiences with Karr. She recalled talking endlessly to him, disarmed by his soft, southern accent.

After his arrest in 2001, his wife had told Ross that police had confiscated his computer. But the neighbor still was shocked by the arrest in Bangkok.

"I was in shock, because I had known someone who may have done such a horrible thing," Ross said. "What kind of society can hide these horrible people?"

Vartabedian reported from Boulder, Fausset from Denver and Romney from Sonoma County, Calif. Times staff writers Eric Bailey and researchers Jenny Jarvie and Lynn Marshall contributed to this report.

Suspect's Answers Raise Questions About Credibility (USAT)

By Tom Kenworthy And Rick Hampson

USA Today, August 18, 2006

BOULDER, Colo. — An arrest in the epic murder mystery that has fascinated Americans for a decade only produced more mystery: Is the man who reportedly confessed to killing JonBenét Ramsey merely telling law enforcers what they want to hear and he wants to believe?

John Karr, as CNN legal analyst Jeffrey Toobin put it, is one of two things: “a guilty sicko or an innocent wacko.”

As details dribbled out around the globe Thursday — Thailand, Colorado, California, Georgia, Alabama — the specter of false confession haunted the case against Karr, a 41-year-old teacher who was held by Thai authorities pending his deportation to the USA.

Paraded before a shoving, shouting crowd of reporters in Bangkok, Karr said he was with the 6-year-old beauty queen when she died — accidentally, he said. Nonetheless, when asked if he was innocent, he replied, “No.”

Lt. Gen. Suwat Tumrongsiskul, chief of Thailand's immigration police, said Karr had confessed to the murder of Ramsey while in custody. He said that when told the accusations against him included first-degree murder, Karr replied, “No, it's not first-degree, it's second-degree. It wasn't intentional.”

“When my officers asked him, he said he loved the girl,” Suwat said later.

Besides his own words, other details raised questions about Karr. He was obsessed with the Ramsey murder (and had written to her parents), as well as that of 12-year-old Polly Klaas, who was abducted from her Petaluma, Calif., home and killed in 1993. Karr said he had a letter from Polly's killer and a copy of her death certificate.

He also was a fugitive on five charges of possessing child pornography, filed in 2001 when he lived in Petaluma.

Karr has not been formally charged with murder. He will be brought back to the United States within a week, said Ann Hurst, a Bangkok attaché with the Department of Homeland Security.

Boulder District Attorney Mary Lacy suggested that authorities moved against Karr sooner than they might have wanted. “There are circumstances that may exist in any case which mandate an arrest before an investigation is complete,” Lacy said. “The primary reason is public safety. A secondary reason is flight.”

Karr already was a fugitive. Lacy said he had just started work Tuesday as an elementary teacher at an international school in Bangkok.

JonBenét Ramsey was found strangled and beaten in the basement of her home here the day after Christmas, 1996. Her mother Patsy reported finding a ransom note demanding $118,000. Her father, John, found her body eight hours later in the basement, her mouth duct-taped and a garrote around her neck. Investigators at first focused on evidence such as footprints in the Ramseys' yard and the handwriting on the ransom note. In 2003, investigators reviewing the case found a small dried bloodstain in JonBenét's underpants and analyzed it for DNA. The small, degraded sample produced only a partial DNA profile.

Karr's arrest was the latest twist in a case as unusual as its victim — a 6-year-old beauty queen, a concept that once seemed a contradiction in terms — and its possible suspects. JonBenét's parents were long under what the Boulder police chief termed an “umbrella of suspicion.” Patsy Ramsey did not live to see the case resolved; she died in June of ovarian cancer.

Karr apparently came to investigators' attention several months ago. Michael Tracey, a University of Colorado journalism professor who has made several documentaries about the case, told them he and Karr had exchanged hundreds of e-mails over four years about JonBenét. He turned the e-mails over to authorities in May.

Tracey declined to describe them in detail or to say if he thought Karr was guilty. “There are a lot of wing nuts out there” in the case, he said. Asked if he believed Karr was one of them, he said, “I have no idea.”

Longtime Ramsey family attorney Lin Wood was asked whether Karr had firsthand knowledge of the murder or had just picked up information from news accounts. “There is information about the murder that has never been publicly disclosed,” Wood said. He did not elaborate.

A news conference held here Thursday by Lacy divulged virtually no new information about the case against Karr. But the Associated Press, quoting a law enforcement official who spoke on condition of anonymity because of the ongoing investigation,

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said Karr was given a mouth-swab DNA test in Bangkok. The results of that test were not immediately known. Karr will be given another DNA test when he returns to the United States, the official said. The tests could be decisive.

"The DNA is the key," said Christopher Plourd, a San Diego criminal attorney who specializes in DNA cases. "If it matches him, there really is no explanation for (his DNA) on a little girl's panties. It's a bull's-eye."

Other information raised questions about the case against Karr:

·His ex-wife, Lara, told KGO-TV in San Francisco that she was with her former husband in Alabama when JonBenét was killed and does not believe he was involved.

·Karr told investigators he drugged and had sex with JonBenét before accidentally killing her, said Gen. Suwat of the Thai immigration police. But an autopsy of JonBenét said a blood screening showed no drugs or alcohol.

·Karr's father, Wexford Karr of Atlanta, told The Denver Post that his son was arrested in 2001 and told him that it was in connection with the Ramsey case — years before investigators were eyeing him as a suspect.

·Karr readily told reporters he was involved in the girl's death but repeatedly said "no comment" when asked for details, such as how he got into the Ramseys' house.

Many legal experts did not find Karr a particularly persuasive witness against himself.

"I'm not saying that this guy didn't do it. But watching him respond to questions on television was like watching a guy trying to think up an answer," said former FBI profiler Clint Van Zandt. "This appears to be somebody obsessed with the case. This appears to be someone who has learned every detail about the case."

"Everything we've seen so far is as consistent with the spotlight-seeking, misguided individual as it is with a confession from the actually guilty individual. … Or maybe he wanted to get out of Thailand," said Denver defense attorney Scott Robinson.

John Douglas, a former FBI profiler who was hired by the Ramsey's attorneys and has consulted with the Boulder district attorney, said his own first impression was that Karr was "strange" and his credibility questionable.

He also expressed a common conviction: "I don't think the district attorney would have gone to this extent unless they had something."

Ohio State University law professor Sharon Davies, who has researched false confessions in high-profile criminal cases, said the timing of Karr's statements don't seem to fit the classic model of a liar — a suspect who gives false information shortly after the crime, usually after intense questioning over an extended period.

Several of Karr's former neighbors in Hamilton, Ala., where he was raised by his grandparents and lived with his wife and children until the 1990s, said they were in shock over his arrest.

"I still don't believe it," said Billy Compton, 67, who lives next door to the modest white and brick ranch house where the Karrs lived. "I believe something's not right somehow. He was smart, intelligent, polite. Always nice, just a good boy. I don't believe he done it."

Karr grew up on Sentry Road in a rural neighborhood at the western edge of Hamilton, a town of 6,500 90 miles northwest of Birmingham. Neighbors said he was polite and friendly but didn't have many friends.

"Part of me was surprised when I heard it, but part of me was like, 'It's possible,' " said Rodney Williams, 41, a water treatment plant operator who was in the same class as Karr from the third grade until their senior year. "I never heard a negative thing about him."

Williams and his father, R.C. Williams, 64, both said they remembered Karr attending a funeral in Hamilton in May 1997, six months after JonBenét's death. Both said they thought he was still living in Hamilton then.

In 1984, when Karr was 19, he married a local girl, Quientana Shotts, who was 13 at the time, county court records show. Shotts filed for an annulment the following year, complaining that she was "fearful for her life and safety." In a response filed with the court, Karr contested Shotts' age, saying she was in fact 14.

In 1989, Karr remarried, this time to Lara Knutson. She was 16 at the time.

Neighbors said Lara Karr, who lives in the San Francisco Bay Area, delivered at least two of their three children, now aged 15, 14 and 13, at home.

After the Karrs moved to California, their marriage began falling apart. Following the five misdemeanor counts of child pornography in 2001, a restraining order was issued in Sonoma County against Karr, ordering him to stay away from his wife, children and home. He was permitted supervised visits with his children and ordered not to live near parks, day care centers, beaches, schools, swimming pools and other places where kids congregate.

That seemed to end his chances for a legitimate teaching career.

Although Karr got a few stints substitute teaching at an elementary school in the 2000-01 school year, "he just wasn't an adequate substitute teacher. He didn't have adequate classroom management skills. He didn't have good instruction skills," said Bob Raines, principal of Wilson Elementary School near Petaluma. "Maybe if we had a flu pandemic or something, we might have asked him back."

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About six months later, Raines learned Karr had been arrested on the misdemeanor pornography charges.

Karr subsequently failed to appear in court to face the charges and left the country.

Lt. Gen. Suwat said Karr had been detained Wednesday at his apartment in Bangkok, where he had spent the previous two months.

Lacy, the prosecutor, had these words Thursday for people following the case: "We should all heed the poignant advice John Ramsey gave yesterday. Do not jump to judgment. Do not speculate. Let the justice system take its course."

Arrest In Ramsey Case Presents More Questions (NYT)

By Rick Lyman And Ralph Blumenthal

The New York Times, August 18, 2006

Something about an anonymous e-mail message to a University of Colorado journalism professor in May, part of a voluminous four-year correspondence about the 1996 murder of JonBenet Ramsey, persuaded the professor to approach the police and led to the arrest of an American schoolteacher in Bangkok this week as a suspect in the girl's killing.

The teacher, John M. Karr, surrounded by security officers, at first said nothing during a tumultuous news conference in Bangkok yesterday, not even when the Thai immigration commissioner said Mr. Karr had essentially admitted to the murder at the Ramsey home in Boulder, Colo.

When reporters and cameras clustered around him, he finally said in a Southern accent, "I was with JonBenet when she died," calling her death "an accident." Asked if he was innocent, Mr. Karr answered, "No."

But by day's end, it remained unclear whether Mr. Karr's confession was genuine or the product of a troubled, attention-seeking man who had already exhibited a fervent fascination in the sexual abuse of children in general and in the death of JonBenet Ramsey in particular.

"There is a great deal of speculation and a desire for quick answers," the district attorney of Boulder County, Mary Lacy, told an army of reporters on the sun-baked plaza outside the Boulder Justice Center on Thursday. "We should all heed the poignant advice John Ramsey gave yesterday. Do not jump to judgment. Do not speculate. Let the justice system take its course."

A slender, pasty man with neatly cropped brown hair, a broad forehead and a narrow chin, Mr. Karr, 41, had his turquoise polo shirt buttoned all the way up, and he seemed almost impassive as Thai officers led him through the throng of reporters and photographers at an immigration and detention center.

"I loved JonBenet, and she died accidentally," he said. But when asked how long he had known the girl or how he got into her home, Mr. Karr told reporters he had no comment.

The professor, Michael Tracey, who has made three documentary films about the case, said it took the authorities four months to study a flood of anonymous e-mail messages to him and figure out who was writing them, and where they were coming from. But he would not discuss the content of the messages, or say what it was about the e-mail message in May that caused him to approach investigators.

"I suspect someone in Thailand leaked that there were e-mails," Mr. Tracey said. "Are there e-mails? Sure. But I'm not going to talk about the e-mails, and I'm not going to talk about what happened, and I'm not going to talk about Karr, for the simple reason I believe he has the right to be presumed innocent."

In the 10 years since the murder of 6-year-old JonBenet in the basement of her parents' elegant home, her ghostly, smiling and perfectly made-up face became a fixture of cable-news conjecture. Book after book dissected the crime and speculated on suspects. With Mr. Karr's arrest, the unexpected prospect of a solution to the mystery has galvanized international attention and resuscitated, spectacularly, the dormant JonBenet industry.

But in the back of the minds of many who have followed the case was the nagging fear that this might not be the cathartic solution it seemed.

"It's a wacky confession full of holes," said Craig Silverman, a legal analyst in Colorado who has watched the case closely over the years. "If that's all they've got, then they've got holes."

Oliver Gray, a private investigator in Colorado Springs who was hired by JonBenet's parents, said he did not know whether Mr. Karr was the right man, either. The truth will not be known until officials check Mr. Karr's handwriting, to see if it matches a ransom note found in the Ramsey home the night of the murder, and then check his DNA, to see whether it matches that found at the scene.

"He could be just as loony as a tune," Mr. Gray said.

Ms. Lacy, the district attorney, pleaded for patience in solving the slaying.

"Let us do our job thoroughly and carefully," she said.

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At her news conference, which lasted almost half an hour, Ms. Lacy declined to offer details about what Mr. Karr might be charged with, how he had come to the attention of authorities and what he might have confessed to after his arrest Wednesday afternoon at his apartment in the Tung Mahamek Subdistrict of Bangkok. She stared out at the dozens of television sound trucks that lined the nearby streets, amid a forest of spindly tripods and blossoming satellite dishes.

"There is much more work to be done," she said.

Meanwhile, small pieces of occasionally contradictory information emerged elsewhere.

In the Atlanta area, where the Ramseys once lived and where much of Mr. Karr's family still resides, family members said there was no way he could have been involved. They speculated that the authorities had misinterpreted his interest in the Ramsey case as an admission of complicity. As far as they knew, Mr. Karr had never been to Boulder and did not know the Ramseys.

He certainly had a deep interest in the case. Mr. Karr's ex-wife and several members of his family said he researched the case intensely, ostensibly to write a book about it and about other cases in which young children were sexually abused and killed.

But there was still no clear connection between Mr. Karr and the Ramsey family, nor any indication of how he might have become familiar with the interior of the family's home or known to ask for $118,000 in ransom, which happened to be the exact, after-tax amount of a bonus Mr. Ramsey had received.

In San Francisco, Mr. Karr's ex-wife, Lara Karr, told KGO-TV, the ABC affiliate, that he could not have committed the crime, because he was with her in Alabama, on the day it occurred. In Franklin County, Ala., school officials said records showed Mr. Karr had been at work there until the end of the term on Dec. 19, 1996, a week before the murder.

But a short drive north of San Francisco, in the Sonoma County wine country, the authorities had a different image of Mr. Karr, whom they had arrested on five misdemeanor counts of possessing child pornography in 2001. John Abrahams, the public defender who handled the case, said the pornography was found on Mr. Karr's computer, but that his client was not suspected of producing the photos.

Mr. Karr was in jail for six months, lost his wife and his job as a substitute teacher in Petaluma, Calif., and was released under the stipulation that he stay off the Internet and kept clear of schools, parks, theaters, arcades or any place children might congregate. He was also forbidden to visit his three sons without supervision.

When he failed to show up for a court appearance in December 2001, an arrest warrant was issued, but Sonoma County officials said he never turned up and they had no further contact with him.

In 2003, for at least a short while, Mr. Karr apparently lived in Santa Rosa, a town where he had also briefly worked as a substitute teacher before his child pornography arrest. But at some point after that, he left the country.

In Bangkok, officials said Mr. Karr arrived in Thailand two months ago from Malaysia and had apparently been bouncing around Southeast Asia for a few years, seeking work as an elementary school teacher. He was in Thailand at least once before, in 2005. On Tuesday, the day before his arrest, he applied for a job as a second-grade teacher at an international school in Bangkok's central business district.

And then there were Mr. Karr's own words, in an interview he gave to The Associated Press. "It's very important for me that everyone knows that I love her very much and that her death was unintentional," Mr. Karr said.

He said he had written to the JonBenet's mother, Patsy Ramsey, before Ms. Ramsey death from cancer in June and expressed his sorrow at what had happened to JonBenet but declined to go into details about what had happened the night of her death.

"It would take several hours to describe, to describe that," he told The A.P. "There's no way I could be brief about it. It's a very involved series of events. It's very painful for me to talk about."

In Bangkok, authorities said Mr. Karr had been nothing but cooperative since officers took him into custody. And they were not shy about discussing their private conversations with him.

"My officer said that you are charged with first-degree murder," said the Thai Immigration Bureau commissioner, Lt. Gen. Suwat Thamrongsrisakul. "He said, 'No, not first degree, second degree.' What does it mean, I don't know? He said, 'Second degree. It's not first degree. It's not intentionally.' "

Though born in Georgia, where his parents lived, Mr. Karr was raised by grandparents in Hamilton, Ala.

He married a girl in Hamilton named Quientana Shotts when she was about 13, relatives of Ms. Shotts said. Harold Shotts, her uncle, said he met Mr. Karr only once while the two were married. The marriage was somewhat unexpected.

Her grandfather, Flura Shotts, said: "My best memory was that she slipped out of the bed at night and left with him. He picked her up in an automobile and left." She divorced Mr. Karr about a year later, he said.

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Mr. Karr worked as a substitute teacher in various Alabama school districts in the years just before and after JonBenet's murder. Two years after the girl's death, he enrolled in the teacher training program at the University of North Alabama. But before completing his course work, he was a student-teacher at Kilby Professional Laboratory School in Florence, Ala.

Administrators there scheduled a meeting with him to discuss complaints about inappropriate behavior involving girls in his fifth-grade class, but he failed to show up and soon dropped out of the university program, The Times Daily of Florence, Ala., reported Thursday.

JonBenet Patricia Ramsey participated in her first beauty contest just shy of her fourth birthday, winning the title of Little Miss Charlevoix on the Fourth of July in 1994 near the Michigan resort town where the Ramseys owned a home.

Patsy Ramsey had been Miss West Virginia in the 1977 Miss America Pageant, and said she encouraged her daughter's beauty pageant hobby because it gave the girl so much pleasure and drew mother and daughter closer together.

John Bennett Ramsey, who studied electrical engineering at Michigan State University, had three children from a previous marriage and married Patsy Ramsey, his second wife, in 1980. He built an electronics company, Advanced Products Group, in the couple's basement in suburban Dunwoody, Ga.

In 1988, the company merged with two others and formed Access Graphics, based in Boulder, and he was named C.E.O. in 1991. The family moved into a brick Tudor near the University of Colorado campus.

At 5:25 a.m. on Dec. 26, 1996, a Boulder County dispatcher received a distraught call from Patsy Ramsey. "We have a kidnapping," she said. "Hurry, please."

A ransom note was found on a stairwell leading from the kitchen.

It was not until eight hours later, though, that Mr. Ramsey emerged from the basement with his daughter's lifeless body in his arms, the police said, having found it in a remote, little-used room. She had been brutally beaten and sexually abused.

Very quickly, the parents fell under suspicion, partly because of the ransom note (the paper came from a legal pad in the house, and the writing from the Ramsey's own felt-tip pen), partly because investigators initially said they could find no sign of forced entry and partly because of the Ramseys' own behavior.

They hired a team of lawyers, publicists and private investigators and gave only one interview, to CNN, before disappearing from the public eye. They resisted questioning by the authorities for several months, and friends said the couple feared the police were focusing on them as the chief suspects.

On Sept. 15, a grand jury began hearing evidence in the case. It disbanded 13 months later without issuing any indictments. The JonBenet case was a national obsession in the months after the killing, dominating much of cable news and spawning a cottage industry of JonBenet authors, experts and pundits. It was back in full swing on Thursday.

"It's still a tremendous mystery," said Catherine Crier, a Court TV host. "You have all the components of a sadly, horrifically fascinating case. And whenever we do segments on the show, we do see a spike in the ratings."

Much of the coverage has been skeptical of Mr. Karr's confession in Bangkok. "Is he a guilty sicko or an innocent wacko?" asked Jeffrey Toobin, CNN's legal analyst.

In Boulder, the former Ramsey home in University Hill sits vacant. Two owners have lived there since the family left it for Charlevoix, and it is up for sale again.

In Charlevoix, near the tip of the Lower Peninsula of Michigan, Mr. Ramsey was believed to have left the area in a private plane.

JonBenet Arrest Downplayed (WT)

By Valerie Richardson

The Washington Times, August 18, 2006

BOULDER, Colo. -- Boulder District Attorney Mary Lacy yesterday tried to dampen expectations over the arrest of a suspect in the JonBenet Ramsey slaying case, cautioning that the investigation is ongoing and that no charges have been filed.

"There is much more work that needs to be done now that the suspect is in custody," she said at a press conference with other law-enforcement officials outside the Boulder County Justice Center.

Her comments fueled rising skepticism over the strength of the evidence against John Mark Karr, the clean-cut 41-year-old schoolteacher who was arrested Wednesday in Bangkok.

Karr confessed to the 1996 death after being taken into custody, authorities in Thailand said. He repeated his confession to reporters yesterday at a press conference with Thai police but insisted that the girl's death was unintentional.

"I was with JonBenet when she died," said a visibly nervous Karr, who also is wanted in Sonoma County, Calif., on child-pornography charges, which prompted him to flee the U.S.

"I know what happened to JonBenet. It's very important to me that everyone knows that I love her very much. It was an accident," he said.

Asked by a reporter at Bangkok's immigration detention center whether he was "innocent" of involvement in the 6-year-old girl's death, Mr. Karr replied: "No."

According to an account of the arrest by Thai Lt. Gen. Suwat Tumrongsiskul, Karr denied that he had committed "first-degree murder," insisting, according to the general's account, "Not first degree. Second degree. ... It was not supposed to be."

Within 24 hours of his arrest, however, questions about the validity of his confession began to surface. Some legal analysts, pointing to gaps in the case against him, suggested that he could be an attention-seeker or obsessive follower of the Ramsey case who has convinced himself that he was involved in her death.

"A lot of people are very skeptical about what he's saying," said Denver legal analyst Andrew Cohen on KCNC-TV, the local CBS affiliate. "A lot of people are wondering whether he's trying to interject himself into the case."

Those doubts were compounded by Lara Karr, the suspect's ex-wife, who told KGO-TV in San Francisco that they spent Christmas 1996 together in Alabama and that she doesn't think Karr killed JonBenet.

Skeptics also noted that JonBenet's autopsy found no drugs or alcohol in her system. Karr told reporters in Thailand that he drugged the girl before molesting her.

More questions have surfaced about whether Karr has any connection to Boulder. Karr grew up in Hamilton, Ala., and has lived in Petaluma, Calif., and Georgia, but there is no evidence so far to show that he ever lived in or even visited Colorado. Before the Ramseys moved to Boulder in the early 1990s, they lived about 35 miles from Karr's home in Conyers, Ga.

Mrs. Lacy acknowledged that the investigation is far from over and hinted that "exigent circumstances" may have prompted Thai authorities to arrest Karr before the case against him was complete.

"What I can tell you in a generic sense is that in all serious cases, we work hard with law enforcement not to make an arrest until the investigation is substantially complete," Mrs. Lacy said.

"There are circumstances that may exist in any case which mandate an arrest before an investigation is complete," she continued. "The primary reason is public safety. A secondary reason is fear of flight."

Karr was arrested the day after he began working as a second-grade teacher at an international school in Bangkok, his latest posting in a series of education-related jobs he had held around the world since his fleeing from the child-pornography charges.

JonBenet was found bound, gagged and strangled Dec. 26, 1996, in a hidden room off her family's basement. Police quickly zeroed in on her parents as the primary suspects, but no arrests had been made until Wednesday in what has become one of the most sensational unsolved slayings in U.S. history.

The Boulder District Attorney's office began investigating Karr after receiving a tip from University of Colorado journalism professor Michael Tracey, who began exchanging e-mails with the suspect four years ago.

Mr. Tracey, who has made three documentaries about the case, said yesterday that the suspect sent him "numerous" e-mails discussing the Ramsey slaying. Karr was known to be a close follower of the case and had even written a college paper about it, his father, Wexford Karr, told the Denver Post.

A few months ago, Mr. Tracey contacted Boulder investigators after the e-mails took a turn for the worse.

"Without arriving at any conclusions about his guilt or innocence, I did what I felt I had to do," Mr. Tracey said.

Those following the case say the key could be the DNA evidence found under JonBenet's fingernails and in her underpants. Police have never matched the DNA to a suspect. Karr has submitted to a DNA mouth swab in Bangkok, but Mrs. Lacy declined to say yesterday whether investigators had compared Karr's DNA with the samples found at the scene.

Mr. Karr's extradition to Colorado would be completed "within the week," said Ann Hurst, Homeland Security attache at the U.S. Embassy in Bangkok, adding that Mr. Karr had not asked for a local lawyer or protested against extradition.

"We are not looking for other suspects at this time," she said.

Ex-procurement Chief Argues For New Trial (GOVEXEC)

By Kimberly Palmer

Government Executive, August 18, 2006

An attorney for David Safavian, the former chief of the Office of Federal Procurement Policy who was convicted of obstruction of justice and other charges in June, filed a motion for a new trial last month. Government lawyers have responded with a 27-page document opposing the motion. A judge will hear arguments for both sides in court next Thursday.

Safavian's lawyer, Barbara Van Gelder, argued that the admission of e-mails between lobbyist Jack Abramoff and Safavian as evidence was improper and unfairly prejudiced jurors. In the e-mails, Abramoff and Safavian discussed their 2002 golf trip to Scotland and property owned by the General Services Administration, where Safavian served as chief of staff at the time.

Van Gelder claims the e-mails constitute hearsay, which should not be considered as evidence, because Abramoff was not available for cross-examination. Federal Rules of Evidence, which govern federal courts, prevent hearsay, or second-hand

information, from being used in court except under certain circumstances. Van Gelder argues that although the judge instructed the jury to consider the e-mails only for a limited purpose, such as the fact that the communication occurred, jurors would likely consider the statements in the e-mails as facts.

In an interview Thursday, Van Gelder said she could have called Abramoff to testify herself, but the burden was on the prosecutors to make their own case.

In response, Justice Department prosecutors Nathaniel Edmonds and Peter Zeidenberg say the e-mails were properly admitted as evidence to show the effect they may have had on Safavian's state of mind. They also point out that the judge repeatedly warned jurors to consider the e-mails only in a limited way.

Van Gelder also makes the case that a 2002 GSA ethics opinion regarding Safavian's golf trip to Scotland with Abramoff contained hearsay, because it claimed that Safavian made statements that he did not necessarily make. The prosecutors counter that the jury was free to believe Safavian's argument that he did not make the statements in the ethics opinion.

In addition, Van Gelder says that the GSA Inspector General Gregory Rowe did not tell Safavian that statements he made could later be used against him in court. She adds that she was not allowed to raise the issue of due process in court.

That argument, prosecutors say, is "frivolous and misleading." The GSA inspector general was not required to warn Safavian about the consequences of his statements, and to suggest he was could wrongly imply that the government acted improperly.

Safavian was convicted of obstruction of justice of an investigation by the GSA inspector general's office, which carries a recommended 15 to 21 months in prison and is the most serious count on which he was convicted.

Van Gelder also argues that a new trial is needed because during Safavian's trial the government's witnesses were allowed to offer speculative testimony, which is generally not allowed. GSA officials were asked how they would have responded if they knew that Abramoff had expressed an interest in GSA properties. One official testified that it would have prompted further inquiry.

But prosecutors say that argument is groundless and that the testimony was directly relevant to the case.

Van Gelder also says changed wording in the verdict form and the removal of a juror thought to be sympathetic to Safavian unfairly affected the outcome of the case.

Peter Henning, professor of law at Wayne State University Law School and author of a blog about white-collar crime, said it is very common for defense lawyers to seek to have convictions overturned or to submit motions for new trials because of legal errors. "While it is asked for in a large majority of cases, it is granted infrequently," he said.

Prosecutors Reach Plea Deals In Gadsden Corruption Case (AP)

AP, August 18, 2006

BIRMINGHAM, Ala. - Two Gadsden councilmen and a consultant pleaded guilty Thursday to corruption charges in a bribery scheme over a real estate development, the Justice Department says.

Councilmen Jimmy L. Armstrong, 70, and Fred L. Huff, 66, and consultant Larry R. Thompson, 55, entered guilty pleas before U.S. District Judge L. Scott Coogler in Birmingham to participating in a bribery and wire fraud conspiracy.

A Gadsden city official has also agreed to plead guilty to conspiracy charges and testify in the continuing probe.

Cathy Back, director of the Commercial Development Authority, is charged with conspiracy to commit bribery and wire fraud to influence some City Council members to support the Lafferty's Landing development, according to court documents filed Wednesday.

Lafferty's Landing is a multimillion-dollar development near the Coosa River.

In a statement, Assistant Attorney General Alice S. Fisher said as part of their plea agreements, Armstrong and Huff each admitted that they agreed to enrich themselves by soliciting and accepting cash bribes from Thompson and a "cooperating witness."

They did so with the intent of being influenced and rewarded in connection with two votes they both cast that aided the mixed-use real estate development.

The case investigated by the FBI is being prosecuted by the Public Integrity Section in the Justice Department's Criminal Division in Washington, D.C.

Documents filed against Thompson claim he paid Huff and Armstrong money disguised as campaign contributions for their support to give a zoning variance to the project as well as additional tax incentives to the developer, Rainbow One.

Thompson solicited more than $55,000 from a witness who cooperated with the FBI from August 2005 until Feb. 13, according to the documents filed Aug. 3 and reported Thursday by The Gadsden Times.

Armstrong apparently was paid $800 and Huff was paid $1,600, according to documents. Two other unnamed councilmen also received money disguised as campaign contributions.

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Thompson admitted that he solicited cash payments from the cooperating witness in exchange for Thompson's help in advancing the real estate development, and that portions of the money were used to make cash payments to the members of the City Council.

Thompson made cash payments himself, and he helped the cooperating witness make cash payments, including instructing the witness on how to pass the money and what to say to the members of the City Council.

Back waived her right to appeal. Arraignment is set for Tuesday in U.S. District Court in Birmingham. No sentencing dates for the three men were announced.

The conspiracy charge carries a maximum penalty of five years in prison and a $250,000 fine. Each defendant has agreed to cooperate in this ongoing investigation, prosecutors said.

Opening Statements In Junior Gotti's 3rd Trial (NSDY/AP)

By Larry Mcshane, Associated Press Writer

Long Island Newsday, August 18, 2006

The third trial of the last year against John "Junior" Gotti began Thursday with a new batch of jurors left to resolve a lingering question: Did the mob scion really quit his position atop the Gambino family seven years ago?

Absolutely, said defense attorney Charles Carnesi.

Absolutely not, said Assistant U.S. Attorney Victor Hou during opening arguments in Manhattan federal court.

"The evidence at this trial will establish John A. Gotti has been a gangster for most of his adult life," Hou said in his 45-minute statement to the jury.

The prosecutor promised to play audio tapes of a jailed Gotti flying into a rage after his 2001 demotion from Gambino family boss, then threatening to beat his uncles Peter and Richie to death with "padlocks and chains."

Peter Gotti, accused of taking over as boss after announcing the demotion, was convicted of racketeering in 2004.

"The truth and evidence will show (John A.) Gotti never left that life," said Hou, alleging that Gotti continued to collect mob money and meet with mobsters after his supposed retirement. Hou's opening aimed directly at Gotti's claim that he quit the mob before pleading guilty to racketeering in 1999.

Gotti, 42, is on trial for the third time since September 2005 on racketeering charges tied to his time running the Gambino crime family in the 1990s. He's accused of ordering a pair of 1992 attacks on Curtis Sliwa, the radio host and Guardian Angels founder, in retaliation for nasty comments made on air about Gotti's father.

Sliwa was first beaten with a baseball bat, and later kidnapped, shot and nearly killed. He returned to the radio, where his verbal fusillades against the Gottis continue. Sliwa was expected to testify for a third time against Gotti.

Defense attorney Carnesi flatly said Gotti's involvement with the crime family once headed by his late father were over nearly a decade ago.

"By 1997, John Gotti had basically had it," Carnesi said. "For all the romanticism about men of honor and `The Life,' you're going to find out there were very few men of honor. And very few real men."

Carnesi promised to play a prison tape of Gotti, too _ one on which the reputed mobster flatly announces to a friend, "I will never go back to that life."

There was an air of the familiar as the trial began in the same courthouse where the first two cases against Gotti ended with deadlocked juries. Gotti and Carnesi smiled and joked at the defense table, where the defendant emulated his dapper dad in a black suit, white shirt and tie.

Gotti's mother, Victoria, and his sister Angel sat in the courtroom's front row.

But there's something new in this case. An updated indictment before this trial added charges that Gotti continued to benefit into the 21st century from mob-related income.

The government considers the charges critical to winning a conviction, since a majority of jurors in the last trial believed Gotti had quit organized crime.

If the new jury buys that same argument, the five-year statute of limitations would have expired in the racketeering case and Gotti would walk on the charges.

GOTTI TEMPER TANTRUM (NYPOST)

By Kati Cornell

The New York Post, August 18, 2006

John "Junior" Gotti ranted that he wanted to bludgeon his relatives to death with "padlocks and chains" after learning his uncle had demoted him from boss of the Gambinos, prosecutors said in opening statements of his third racketeering trial yesterday.

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Assistant U.S. Attorney Victor Hou quoted Gotti's chilling words from a never-before-heard prison tape recorded in 2001 in an effort to shred the mob scion's claim that he left the Mafia in 1999.

"He said he would 'take padlocks and chains and literally beat his relatives to death' - his words," said Hou, describing how Gotti snapped when he got word his uncle Peter Gotti had seized the reins of the family and stripped Junior's ability to make money.

"You will hear the anger and the rage that Gotti has at being demoted," Hou said, adding that Gotti wanted nothing to do with his family except getting back the money he was owed.

Juries at Gotti's two previous trials deadlocked after hearing his defense that he left the mob more than five years aog, so the five-year statute of limitations for racketeering charges has expired.

But as Gotti's third trial got under way yesterday, prosecutors argued that the prison tapes and other evidence they've amassed show the defense is "a charade."

Gotti faces up to 30 years behind bars if he is convicted of racketeering charges, most notably the sensational 1992 kidnapping of radio host Curtis Sliwa, who was allegedly targeted by the Gambinos for bad-mouthing Gotti's father John "Dapper Don" Gotti on the air. Other charges include extortion, loan-sharking and allegedly tampering with cooperating witness Michael "Mikey Scars" DiLeonardo by luring his teenage son to visit Junior in prison in February 2003.

Hou detailed how Gotti made millions from crime and continues to live large off illicit profits hidden in real estate and holding companies - evidence that is the basis for two new racketeering charges added to the case in May.

"He bought a nice gated home in Oyster Bay, New York. He bought a country home in Pennsylvania," said Hou. "Gotti never left the life because he never gave up his mob money." Firing back as Gotti's mother Victoria and sister Angel listened, defense lawyer Charles Carnesi called the feds' case a "twisted, illogical perception of the evidence."

Carnesi conceded that Gotti "was at one time a member of that family and by virtue of his father being the boss . . . he was the heir apparent."

But Carnesi added that by 1999 Gotti "had basically had it" and decided to plead guilty in an unrelated racketeering case with the intention of breaking from the Mafia. "He's out of that life," the defense lawyer said, adding that prison tapes will back up this claim. The lawyers made their arguments to a panel of 12 anonymous jurors and six alternates selected yesterday.

Jurors range from a former journalist in her early 30s - who said the Sliwa kidnapping hits "close to home" - to a former police inspector from Jamaica who never heard of the radio host, but knew Gotti had gone on trial multiple times.

On Trial For The Life (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 18, 2006

A trail of mob money and John A. (Junior) Gotti's own threatening words will trash his claims that he quit the mob, prosecutors declared yesterday as the Mafia scion's third trial opened.

Manhattan federal prosecutors told jurors that dirty money poured into Gotti's pockets even as he was claiming to have left the mob life he inherited.

Panelists were told they would hear tapes in which the son of the late John (Dapper Don) Gotti rages about being dumped as Gambino mob boss - threatening to beat his uncles Peter and Richie to death with "padlocks and chains."

"The truth and evidence will show that Gotti never left that life," Assistant U.S. Attorney Victor Hou told jurors during opening statements yesterday.

It marked the beginning of the government's third try at putting Gotti away for a wide-ranging conspiracy that includes claims he ordered a 1992 assault on radio host Curtis Sliwa in a taxi. The shot Guardian Angels founder survived by jumping out of a speeding cab.

Sitting behind Gotti in the packed courtroom were his mother, Victoria, and sister Angela. The new father of a 6-day-old boy kissed his mother and sister on the cheek as they left.

Hou wasted little time on the Sliwa attack and took aim at defense claims that Gotti had bolted the mob - a strategy that has helped Gotti score two mistrials since September 2005.

Junior Gotti, 42, claims he said goodbye to the mob life by the late 1990s and that the charges against him are barred by the statute of limitations.

"By 1997, John had basically had it," Gotti attorney Charles Carnesi told jurors. "For all the romanticism about 'men of honor' and 'The Life,' you're going to find out there was very little honor whatsoever and very few real men."

Gotti forfeited $1 million in mob cash in 1999 after pleading guilty to a separate racketeering charge. "Mr. Gotti wanted to get out of the life," Carnesi said. "He took a plea and said 'I'm willing to go to jail for what I did.'"

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Carnesi promised to counter with his own tapes of Gotti telling his father that he wanted out of The Life. "He said, 'Dad, this is not for me,'" Carnesi told the panel of seven women and five men.

But Hou said Gotti continued to enjoy the property he amassed with mob money, including a vast $1.3 million Oyster Bay Cove, L.I. estate, complete with a horse barn, where he lives with his wife, Kim, and their six children.

New to this case is an allegation that in 2003, Gotti had a burly associate squire the son of mob snitch Michael (Mikey Scars) DiLeonardo to DiLeonardo's upstate New York prison cell to try to persuade the boy to talk his father out of testifying against him.

DiLeonardo has already testified twice against Gotti and is expected to take the witness stand at this trial.

Prosecutors also added charges that Gotti used mob cash to purchase two holding companies. "Gotti never left the life because he never gave up his mob money," Hou said.

Reputed Godfather Of Montreal Mafia Faces Charges In U.S. (NSDY/AP)

By Tom Hays, Associated Press Writer

Long Island Newsday, August 18, 2006

NEW YORK -- After losing a two-year extradition fight in Canada, the reputed godfather of the Montreal Mafia was taken into FBI custody on Thursday to face charges stemming from the killings of three U.S. mobsters in 1981, authorities said.

Vito Rizzuto, 60, was ordered held without bail after pleading not guilty to racketeering conspiracy charges in federal court in Brooklyn.

Known in media reports as the "godfather" of the Montreal Mafia, Rizzuto was the lone Canadian among 30 suspects arrested in a 2004 crackdown on the Bonanno organized crime family. At the time, U.S. authorities described the Bonnanos as "the only La Cosa Nostra family with a significant presence in Canada," and Rizzuto as its "most influential" soldier there.

An indictment charged Rizzuto with participating in the fatal shootings at a Brooklyn social club in May 1981 of three Bonanno captains _ Dominick "Big Trin" Trinchera, Philip "Philly Lucky" Giaccone and Alphonse "Sonny Red" Indelicato. The men were suspected of plotting to take control of the organization, authorities said.

Crime boss Joseph Massino was sentenced to life in prison last year after pleading guilty to orchestrating those killings and five others.

Children discovered Indelicato's body in 1981 while playing in a vacant lot in Queens that became known as a graveyard for people ordered killed by the late mob boss John Gotti and other gangsters. Last year, based on evidence from the Massino investigation, authorities returned to the site and unearthed the remains of Giaccone and Trinchera.

Police reports in Canada allege that Rizzuto has been involved in everything from loansharking at the Montreal casino to laundering money in Switzerland to ordering a hit on a Venezuelan lawyer. In 1990, he was charged with smuggling 16 tons of hashish into the country, but the case was thrown after it was revealed that police had conducted unauthorized wiretapping.

A Quebec judge rejected Rizzuto's request for bail in August 2004, suggesting he could be a flight risk.

"The defendant's participation in criminal activities in the Bonanno family and more generally in the Mafia for a number of years, plus the importance of his role and the respect within the organization can give him diverse resources," the judge said.

If convicted, Rizzuto faces up to 20 years in prison.

Mobster Cops To '84 Slay Of Capo (NYDN)

New York Daily News, August 18, 2006

A former Bonanno crime family underboss pleaded guilty yesterday to the 1984 killing of a Sicilian-born capo whose remains were found inside oil drums at a New Jersey glue factory.

In a brief appearance in Brooklyn Federal Court, Louis (Ha Ha) Attanasio, 62, copped to killing Cesare Bonventre, who was Carmine Galante's bodyguard when the Bonanno boss was gunned down in 1979. Attanasio was arrested in December 2004.

Jose Martinez Montreal godfather sent to Brooklyn

The reputed godfather of the Great White North has come south - to the federal slammer in Brooklyn.

Vito Rizzuto - known as the godfather of the Montreal Mafia - yesterday lost his two-year extradition fight and was flown to New York to face charges that he killed three Bonanno captains at a Brooklyn social club in May 1981.

Rizzuto, 60, faces 20 years in prison if convicted.

Jose Martinez

Attorney: S.I. plunge dad attacked

The Staten Island dad accused in his wife's suicide plunge off Bear Mountain was attacked by a "sexual predator" during a court-ordered psychiatric evaluation, his lawyer charged yesterday.

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The alleged incident took place at the Rockland County mental hospital where Victor Han was held for seven days after his wife drove the family minivan off a 300-foot cliff with their two young daughters inside, lawyer Lawrence Goldman charged in Stony Point Town Court.

Han, 35, is accused of promoting a suicide attempt, reckless endangerment and endangering his children. The girls, ages 3 and 5, were unscathed.

Nancy Dillon

Teen dad's harrowing testimony

A teen dad testified yesterday that his newborn son looked like "a wet teddy bear" as he lay dead in a Bronx alley.

The testimony came at the trial of a 14-year-old mom accused of tossing the baby out a second-story window last year. The baby's father testified that his girlfriend told him she'd given birth, then pointed out the window.

"When I looked, it looked like a wet teddy bear because of the rain," said the 16-year-old boy. The teen mom faces five years in prison.

Chrisena Coleman

Amber Alert mixup

An Amber Alert fizzled last night when cops realized the alleged child abduction was really a spat between two adults.

Witnesses reported seeing a screaming teenage girl forced into a green Dodge SUV on W. 42nd St. around 4 p.m. But at 11:20 p.m., cops located the vehicle and found Percy Williams, 39, of Schenectady with his girlfriend, who is in her 40s.

Sources said the pair had a fight on the street that witnesses misinterpreted.

Carrie Melago

Fotog admits ripoff scheme

A French photographer admitted in a Manhattan courtroom yesterday that he ripped off his former roommate by pretending to be in financial deals with celebrities such as Madonna.

As part of a plea deal, Alexis Quinlin, 46, will be sentenced next month to serve 2-1/2 to 7-1/2 years in prison, and he will have to repay two dozen other victims.

He'll be deported to France when he gets out of prison.

Barbara Ross

Reputed Montreal Mobster Faces U.S. Charges After Losing Extradition Battle (CP)

Canadian Press, August 18, 2006

NEW YORK (CP) - After losing a two-year extradition fight in Canada, a reputed godfather of the Montreal Mafia was taken into FBI custody on Thursday to face charges in connection with the killings of three U.S. mobsters in 1981, authorities said.

Vito Rizzuto, 60, was ordered held without bail after pleading not guilty to racketeering conspiracy charges in federal court in Brooklyn. Rizzuto left Canada for New York after the Supreme Court of Canada decided not to hear an appeal of his deportation to the United States. Rizzuto, who moved to Canada from Sicily as a child in the 1950s, was arrested in 2004.

Known in media reports as the "godfather" of the Montreal Mafia, Rizzuto was the lone Canadian among 30 suspects arrested in the 2004 crackdown on the Bonanno organized crime family.

At the time, U.S. authorities described the Bonnanos as "the only La Cosa Nostra family with a significant presence in Canada," and Rizzuto as its "most influential" figure there.

An indictment charged Rizzuto with participating in the fatal shootings at a Brooklyn social club in May 1981 of three Bonanno captains - Dominick (Big Trin) Trinchera, Philip (Philly Lucky) Giaccone and Alphonse (Sonny Red) Indelicato. The men were suspected of plotting to take control of the organization, authorities said.

Crime boss Joseph Massino was sentenced to life in prison last year after pleading guilty to orchestrating those killings and five others.

Children discovered Indelicato's body in 1981 while playing in a vacant lot in New York City's Queens district that became known as a graveyard for people ordered killed by the late mob boss John Gotti and other gangsters.

Last year, based on evidence from the Massino investigation, authorities returned to the site and unearthed the remains of Giaccone and Trinchera.

A Quebec judge rejected Rizzuto's request for bail in August 2004, suggesting he could be a flight risk.

"The defendant's participation in criminal activities in the Bonanno family and more generally in the Mafia for a number of years, plus the importance of his role and the respect within the organization can give him diverse resources," the judge said.

Rizzuto's lawyers had told the Quebec Court of Appeal last year that evidence against Rizzuto was shaky and the whole deportation process was unfair.

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They argued that then-justice minister Irwin Cotler and a lower court judge ordered Rizzuto's extradition based on flimsy evidence that did not meet the standard of proof normally required in Canadian courts.

Federal lawyers said the extradition law requires only enough evidence for the case to go to trial if it took place in Canada.

The appeal judges ruled against Rizzuto and he was jailed pending the Supreme Court appeal, which was turned down earlier Thursday.

If convicted on the U.S. charges, Rizzuto faces up to 20 years in prison.

JUSTICE HAS LAST LAUGH ON MOB KILLER 'HA HA' (NYPOST)

By Zach Haberman

The New York Post, August 18, 2006

The laughter ended for Bonanno crime-family capo Louis "Louie Ha Ha" Attanasio yesterday, when he pleaded guilty to whacking another mobster.

"I knowingly and intentionally agreed with others to cause the death of Cesar Bonventre," Attanasio told Brooklyn federal Judge Nicholas Garaufis.

The former acting underboss admitted to shooting Bonventre, who was part of the family's Sicilian faction, in the back of the head in 1984 after he fell out of favor with then-boss Joseph Massino.

Attanasio, 62, and family captain Peter "Rabbit" Calabrese - who also pleaded guilty yesterday - then hacked Bonventre into pieces and stuffed his remains in steel drums inside a New Jersey glue factory.

Calabrese, 58, and Attanasio each faced up to 20 years behind bars if they had been convicted at trial, but pleaded guilty after their lawyers arranged a deal with the Brooklyn U.S. Attorney's Office under which they will serve 15-year prison stints.

"If he gets convicted here, he'd die in prison," said Attanasio's lawyer, Jeffrey Lichtman. "This gives him a chance to live out his days with his family."

Two Found Guilty In $15M Internet Software And Securities Scheme (LAW)

By Jaime O. Hernandez, Daily Business Review

Miami Daily Business Review, August 18, 2006

The founder and a former executive of a bankrupt Internet software company have been convicted of fraud for duping more than 46,000 customers out of $15 million.

A federal jury in Fort Lauderdale, Fla., on Tuesday convicted Bernard Roemmele, 46, and Steve Hein, 53, of racketeering conspiracy, money-laundering conspiracy, and mail and wire fraud, prosecutors said.

Hein faces up to 25 years in prison and a $250,000 fine. Roemmele, who also was convicted of securities fraud, could be sentenced to up to 45 years in prison and ordered to pay a $250,000 fine.

Both are in federal custody, and sentencing has been set for Oct. 27 before U.S. District Judge James I. Cohn in Fort Lauderdale. The jury deliberated for four days to end the six-month trial.

Defense attorneys Paul Lazarus and Lance Armstrong did not return calls seeking comment before deadline.

The case evolved at the height of the dot-com craze when federal and state authorities began to crack down on Internet fraud and online investment scams. The U.S. Attorney's Office said the case was one of the largest Internet securities scams prosecuted in South Florida.

Roemmele was the chief executive officer at CitX, a Quakertown, Pa.-based firm that offered Internet software for companies to conduct e-commerce. He started the company in 1996, and Hein served as CitX's executive vice president.

Along with offering e-commerce platforms, CitX was an Internet service provider. It partnered with a Boca Raton, Fla.-based marketing firm, Professional Resource Services International, in 1999 to advertise and sell CitX's products, according to the 2004 indictment.

CitX told customers that it had created software allowing companies to sell products on the Web through a virtual private network, prosecutors said.

CitX said the network was able to filter "unwholesome and undesirable outside influences such as pornography and would be difficult, if not impossible, for hackers to penetrate," the indictment stated.

The company charged clients $295 for the software. More than 46,000 people subscribed from 1996 to 2002 when it filed for bankruptcy protection.

In its advertising, CitX claimed thousands of health care professionals used the technology with great success.

CitX also sold unregistered company stock even though the firm claimed to be privately held, prosecutors charged.

The state attorney general's office closed PRSI in January 2000, and Miami attorney Lewis Freeman was appointed its receiver after clients complained about paying for a service they did not receive.

Lazarus, Roemmele's Miami-based attorney, said CitX never had a chance to provide the promised software to clients because PRSI was shut down. He also said PRSI misled clients by promising the software even though it had not met the legal conditions for delivery.

Freeman said Wednesday that a "couple of million dollars" has been recovered from CitX. He expects victims to be paid an undetermined percentage of their losses from restitution.

It's unclear whether Roemmele has the means to pay any restitution. He filed for Chapter 7 personal bankruptcy in Pennsylvania, according to court documents.

Federal investigators probed CitX's dealings for five years. Evidence against Roemmele and Hein included 30,000 computer files and voluminous transcripts, pleadings and exhibits from two related bankruptcy proceedings in Pennsylvania.

The mountain of evidence prompted Roemmele's first court-appointed attorney, Bruce Fleisher of Miami, to remove himself from the case. The court then appointed Lazarus, and Roemmele unsuccessfully tried to have Lazarus removed as ineffective, court documents show.

Lazarus acknowledged ignoring Roemmele's requests to evaluate more than 100 potential witnesses and 100,000 exhibits, according to court documents. The attorney said he had spent more than 600 hours going through government evidence.

Cohn denied Roemmele's request to change attorneys, a defense motion for a nine-month continuance and a defense request to move the trial to Pennsylvania.

CitX already is making its way into the law books. In a May ruling, the 3rd U.S. Circuit Court of Appeals used Seitz v. Detweiler Hershey & Associates, P.C. (In re CitX Corp., Inc.) to limit the scope of deepening insolvency as a liability issue in suits against boards of directors to those where defendants engage in fraud.

Former Cokato Bank Executive Pleads Guilty To Lying (DULNT)

The Duluth News Tribune, August 18, 2006

MINNEAPOLIS - A former executive of the State Bank of Cokato pleaded guilty Thursday to lying to a federal agent who was investigating fraud at the bank.

Donald J. Peroutka, 64, of Cokato, entered his plea before U.S. District Judge David S. Doty, who did not set a sentencing date. Under sentencing guidelines Peroutka could face up to five years in prison and a $250,000 fine.

Prosecutors alleged that Peroutka authorized a guaranteed Small Business Administration loan for a bank customer and agreed in writing that the bank would ensure the customer had put at least $50,000 from other sources into the business before the SBA loan was awarded.

The U.S. Attorney's Office said the bank then loaned the customer the $50,000 needed to meet the SBA guaranteed loan requirement without the knowledge of the SBA.

When Peroutka was questioned about the matter, prosecutors said he told an FBI agent that he didn't recall providing the $50,000 in bank funds to the customer and didn't know where the customer had obtained the money.

Birmingham Woman Sentenced To 19 Months In FEMA Fraud Case (AP)

AP, August 17, 2006

BIRMINGHAM, Ala. (AP) — A Birmingham woman was sentenced to 19 months in prison Thursday for defrauding the Federal Emergency Management Agency.

Gladys Mae Whitt, 44, was indicted in March and pleaded guilty to fraud in April.

"Individuals who use fraud and deceit to obtain federal funds should understand the consequence," U.S. Attorney Alice Martin said.

Whitt posed as a Hurricane Katrina evacuee, stole another woman's identity and forged her name to receive $2,000 in disaster relief funds, authorities said. She was charged with mail fraud, theft of government property and issuing a forged U.S. Treasury check.

FBI Duty In Slaying Trial Of 4 Disputed (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, August 18, 2006

US seeks dismissal of negligence suit

A Justice Department lawyer argued yesterday that the FBI had no duty to share evidence with state prosecutors that might have prevented the wrongful conviction of four men for a 1965 gangland murder in Chelsea.

``We would submit there is no obligation on the part of the FBI to transmit its internal memos to local authorities," said the lawyer, Mary M. Leach, insisting that state authorities -- and not the FBI -- were responsible for the prosecution.

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The government urged a US judge to dismiss a negligence suit filed against the federal government by Joseph Salvati and Peter Limone , who both spent more than 30 years in prison before they were exonerated in 2000 of killing Edward ``Teddy'' Deegan.

The families of Henry Tameleo and Louis Greco, who both died in prison before being vindicated, shouldn't be allowed to sue at all , the government argued .

``I think it's wrong,'' said Limone, 72, who attended yesterday's hearing with his wife and other family members. He said the FBI should have turned over all of its evidence. Salvati, who attended the hearing with his wife, Marie, let his lawyers speak for him.

``If you have information that people are innocent, you come forward with it,'' said Salvati's lawyer, Victor Garo, calling the federal governent's conduct in the case ``outrageous.''

US District Judge Nancy Gertner took the government's request under advisement, but questioned how the FBI could claim no liability when its agents failed to tell state prosecutors about wiretaps and informant information that suggested the four men were being framed for the slaying by Joseph ``The Animal'' Barboza, a Mafia hitman who had turned government witness.

After recruiting Barboza as a witness and using him in other trials against local Mafia leaders, FBI agents failed to tell state prosecutors during the 1968 trial of Salvati, Limone, and the others that they had evidence that Barboza was lying to protect Vincent ``Jimmy'' Flemmi, who was alleged to be one of Deegan's killers.

Flemmi, who died in 1979 of a drug overdose in prison, was the brother of longtime FBI informant Stephen ``The Rifleman'' Flemmi, who is now serving a life sentence for 10 murders.

It was revealed in court yesterday that Vincent Flemmi became an FBI informant on March 12, 1965 -- the same day that Deegan, a petty thief suspected of stealing from local mobsters, was gunned down in a Chelsea alley.

A state judge overturned the convictions of Salvati and Limone after a Justice Department Task Force investigating the FBI's handling of informants discovered long-secret FBI files that indicated Barboza may have framed the pair, along with the deceased Tameleo and Greco.

The documents were not turned over to defense lawyers at the time of the trial.

Boston lawyer Michael Avery, who represents the plaintiffs, argued yesterday that the FBI deliberately withheld information from state prosecutors so the government could continue using Barboza as a witness, and to protect both Flemmi brothers, who were FBI informants.

Avery accused the FBI of forming an alliance with Barboza, the Flemmis, and other informants to infiltrate the Mafia that was ``improper, illegal, and immoral,'' and that state authorities were unaware of.

Avery disputed the Justice Department assertion that FBI agents shared some information about Vincent Flemmi's possible involvement in Deegan's slaying with Chelsea police.

While bugging the Providence office of the New England Mafia boss, Raymond L.S. Patriarca, in 1965, the FBI overheard Patriarca giving Barboza and Vincent Flemmi permission to kill Deegan, according to documents filed in court.

The FBI had also received information from informants implicating Barboza and other men -- not Salvati, Limone, Greco, or Tameleo -- in the slaying.

And when Barboza agreed to become a witness for the FBI, he told agents that he wouldn't say anything to hurt his best friend, Vincent Flemmi.

Yet, according to court records, none of that information was turned over to state prosecutors.

Leach argued that Jack Zalkind, the Suffolk prosecutor who handled the Deegan case, conducted an independent investigation and made his own decision to prosecute Salvati and the others. She said the FBI agents did not know Barboza lied.

But Gertner said that Zalkind made his decision based on a ``tainted record,'' without the benefit of information buried in the FBI files that suggested the men were innocent.

Phoenix Police Took A Page From D.C. Sniper Case (WT)

By Gary Emerling

The Washington Times, August 18, 2006

Lessons learned from the Washington-area sniper shootings helped Phoenix authorities track down the two men arrested in connection with a series of similar killings that terrorized residents for the past year.

"What they've developed from [the D.C. sniper case], we've been garnering that information," said Sgt. Andy Hill, a spokesman for the Phoenix Police Department. "You have to learn from those other things. And I'm sure that after these cases, others will learn and glean from what we did."

Police on Aug. 3 arrested Dale Hausner, 33, and Samuel Dieteman, 30, in connection with 37 random shootings that killed seven and injured 17 in the Phoenix metropolitan area.

In the 2002 sniper spree, John Allen Muhammad and Lee Boyd Malvo were linked to 13 shootings, including 10 fatal, in the D.C. area. Muhammad, 45, was found guilty of several of the murders and has received the death penalty. Malvo, 21, was also found guilty of murder and is serving a life sentence.

The task force assembled to investigate the killings in Phoenix was similar to the one formed in Montgomery County in 2002 -- consisting of local police departments and federal agencies such as the FBI; Immigration and Customs Enforcement; and the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Thomas Mangan, a spokesman for the ATF's Phoenix field office, said the agency sent six agents, analysts and a technical support staff that had worked the D.C. sniper case.

"What we had learned and gleaned from the [D.C.] sniper case was to integrate a process to coordinate and track those leads and to see if there were patterns or nuggets of information you could glean," Mr. Mangan said. "That piece of fragmented information may marry up with calls that might have been received days earlier."

Authorities eventually placed Mr. Dieteman under surveillance after several tips from the public.

Mr. Mangan said task force officials stressed the importance of controlling information released to the public and properly briefing operators of tip lines.

In the D.C. sniper case, press coverage resulted in the faulty lead that the shooters drove a white van.

Boastful phone calls made by Malvo to a tip line helped solidify him and Muhammad as the shooters. And calls to the line resulted directly to the capture of the snipers.

Charles A. Moose, the former Montgomery County police chief who led the task force investigating the D.C. sniper shootings, has declined to comment on the comparisons. He is now enrolled in the Honolulu Police Department recruit academy.

The Phoenix shooting spree also sparked analysts' comparisons to the Washington-area sniper shootings.

James Alan Fox, professor of criminal justice at Northeastern University in Boston and author of "Extreme Killing: Understanding Serial and Mass Murder," said the cases are not identical, but there is the striking similarity of both having two men who had a relationship.

In the D.C. case, he said, Muhammad was a loser-turned-mentor to the wayward Malvo. In the Phoenix spree, Mr. Hausner -- who has said the shootings were the sole work of Mr. Dieteman -- took in Mr. Dieteman as a roommate after learning he had no place to stay.

"Part of their shooting spree is a very perverse form of male bonding," Mr. Fox said. "For those who shoot partly for the thrill, for the sport, having a teammate intensifies the pleasure of the game."

DNA Links 2 Women To Dead Men (LAT)

By John Spano

The Los Angeles Times, August 18, 2006

Armed with fresh DNA evidence, prosecutors took two elderly women into custody today for befriending, insuring and then allegedly murdering two homeless men for $2.2 million in death benefits.

Investigators said biological evidence taken from a car linked to the women, which was allegedly used to run down one of the victims, contained traces of his DNA.

"Our tests of biological material came back positive [to Kenneth McDavid, one of the victims] with a degree of certainty beyond a number that I can count to," said LAPD Lt. Paul Vernon.

Helen Golay, 75, appeared in Los Angeles County Superior Court this morning wearing a blue jacket over a striped blouse, with her hair parted down the middle. She appeared animated as she consulted with her lawyer, Roger Jon Diamond.

Co-defendant Olga Rutterschmidt, 73, remained seated through most of the hearing, at which Los Angeles County Superior Court Commissioner James N. Bianco ordered their arraignment delayed until Aug. 29.

Prosecutors could seek the death penalty against the pair in the deaths of Paul Vados, 73, who was covered by more than a dozen life insurance policies when he was run down by a car on La Brea Avenue in 1999, and McDavid, 50, who was covered by 23 policies when he was run down and killed by an automobile.

"We will not make a decision on whether to seek the death penalty until the case moves closer to trial. Generally, this is done after a defendant is held to answer at a preliminary hearing or has been indicted," said Sandi Gibbons, spokesperson for Los Angeles County Dist. Atty. Steve Cooley.

Both women have been in custody without bond since May, when federal authorities charged them with trying to defraud insurance companies. Diamond said the lesser federal charges were dismissed this week as federal investigators stepped aside for the more serious state murder charges.

Key evidence in the case is matching DNA found on a silver Mercury Sable station wagon to McDavid.

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"We found tissue in three locations on the undercarriage of the car," said LAPD Det. Dennis P. Kilcoyne. "We have records to show both women bought this car in 2004, then they stored it at Golay's house."

Police believe the women "drugged them with pills or alcohol first, then ran over them," Kilcoyne said.

Diamond said his client is innocent.

The evidence proves "that there was an accident involving McDavid," Diamond said. "It doesn't show who was driving the vehicle. Neither lady was driving the vehicle. It was a hit and run. No one knows who was driving."

Diamond is seeking permission to represent Golay in the murder case. He said federal agents seized $1.2 million of her assets when she was arrested her in May and said she now lacks funds to pay for her defense.

CIVIL LAW:

Judge's Ruling Slams Big Tobacco (USAT)

By Edward Iwata

USA Today, August 18, 2006

In a sweeping condemnation of Big Tobacco, a federal judge Thursday agreed with the government that leading tobacco companies conspired to break anti-racketeering laws and deceive the public about the health risks of smoking for about 50 years.

But the judge also said federal law did not permit her to order the companies to pay $14 billion for stop-smoking campaigns, as federal prosecutors had sought.

That could have crippled the industry's major players, already hurt by dwindling numbers of smokers and foreign competition.

The Justice Department's seven-year case against Phillip Morris USA and its parent company Altria Group, R.J. Reynolds Tobacco, Brown & Williamson Tobacco, British American Tobacco, Lorillard Tobacco and Liggett Group was one of the largest in the agency's history.

In a 1,650-page ruling, U.S. District Judge Gladys Kessler blasted the companies for selling “a highly addictive product” that leads to “a staggering number of deaths per year, an immeasurable amount of human suffering and economic loss, and a profound burden on our national health care system.”

Among other remedies, the judge ordered the companies to stop making false statements about the health effect of cigarettes, to stop stating that cigarettes advertised with descriptions such as “light,” “low-tar,” “mild,” and “natural” are less hazardous than other types and to run “corrective statements” about the health risks of cigarettes on TV, in newspapers and retail store displays.

Mark Smith, an R.J. Reynolds spokesman, told the Associated Press the company was “gratified that the court did not award unjustified and extraordinarily expensive monetary penalties,” but disappointed that Kessler found the firms had engaged in conspiracy.

Anti-tobacco groups hailed the decision.

“Judge Kessler has found that we've got a rogue industry in this country,” said William Corr, executive director of the Campaign for Tobacco-Free Kids.

“Judge Kessler held that this 50 years of broad deception by the tobacco industry is akin to organized crime,” said Kathy Meyer, an attorney for the groups.

Prosecutors originally had sought penalties of $280 billion — the companies' profits since the 1950s. But the U.S. Court of Appeals in Washington, D.C., last year blocked the move.

Anti-tobacco groups, including the American Cancer Society and the American Heart Association, also wanted remedies that included health treatment services and public education and marketing campaigns for youths.

Cigarette Companies Escape Major Financial Penalty In Suit (WSJ)

By Vanessa O'connell, Mark H. Anderson And Gary Fields

The Wall Street Journal, August 18, 2006

A federal judge overseeing the government's landmark lawsuit against the tobacco industry ruled that the cigarette companies violated racketeering laws by deceiving the public about the dangers of tobacco but said she didn't have the authority to order major financial remedies.

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The 1,653-page ruling, which followed a nine-month trial that ended more than a year ago, is a mixed one for the tobacco industry. For most companies, a finding from a federal judge that they were racketeers would be a stinging blow. But cigarette companies have seen their image tarnished for years, and their efforts to hide the risks of smoking are well known.

As a result, the lawsuit's impact depended in part on whether U.S. District Judge Gladys Kessler would levy a significant penalty as punishment. The government had at one point requested a penalty of as much as $280 billion, though during the trial it scaled the request back to roughly $14 billion for smoking-cessation programs and antismoking advertising.

But Judge Kessler's reluctance to impose any penalty, which stems in part from an earlier appeals-court ruling mandating that remedies must be forward-looking, is a major reprieve for the industry. "I think that the government came out short," says Jonathan Turley, professor at George Washington University Law School. "The judge essentially told the government lawyers the industry is every bit as bad as you say it is, but my hands are tied in what remedies I can award in response."

The outcome did illustrate the major change in the litigation landscape for cigarette makers, which just a few years ago were dealing with concerns about their viability. Last month, cigarette makers scored a major legal triumph as the Florida Supreme Court upheld a lower-court decision tossing out a $145 billion class-action award against tobacco companies, saying the award -- the largest punitive-damages award ever -- was "excessive as a matter of law." That decision alone could chill plaintiff lawyers' attempts to bring the industry to its knees through class actions.

In her decision, in the District of Columbia, Judge Kessler did order the major cigarette companies to abandon terms such as "light" or "low tar" and to admit they lied about the harmful effects of smoking cigarettes and to warn consumers in advertisements and packaging that tobacco is addictive. The order requires the tobacco companies to take out full-page newspaper ads in the weekend editions of about 35 major U.S. papers. However, she elected not to include industry-funded smoking-cessation and -education programs that would have cost billions.

The decision paves the way for Altria Group Inc., parent to Philip Morris USA, to spin off its 88.1% stake in Kraft Foods Inc. Investors have been clamoring for such a transaction, arguing it would help unlock additional value. The company has a board meeting Aug. 30, and a decision could come as soon as then.

"Altria's board has this window now where there are no major class actions that would prevent them from doing [a restructuring], and the intention is to do it right away," says David Dreman of Dreman Value Management LLC, which recently owned 16.2 million Altria shares "This encourages them to keep moving and to break the company into two or three parts."

Tobacco stocks, which have been on a tear thanks in part to the industry's winning streak against private lawsuits, gained in after-hours trading. Altria, whose shares have risen 70% in the past two years, rose 3.2% to $83.30; and Reynolds American Inc. rose 2.2% to $65.49.

"It's not the recovery for the federal treasury that the Clinton administration hoped for, but the wide-ranging relief she awarded vindicates the government's effort," says Paul M. Honigberg, a partner at Blank Rome LLP and a former member of the Justice Department's tobacco-litigation team.

The ruling accepted the government arguments about nicotine manipulation and the harmful effects of second-hand smoke, Mr. Honigberg added. "I would say that Judge Kessler was convinced that the government proved its case and that she awarded all the relief that she could consistent" with an earlier decision by the appellate court limiting the available remedies in the case.

Melanie Sloan, executive director of the Citizens for Responsibility and Ethics in Washington, said the value of yesterday's ruling might come in private litigation with individuals using it as ammunition in their cases. "This is an opinion that could have precedential value in future cases," she said. "But when you come down to flat-out dollars, it's not the worst thing that could happen to the companies."

However, Mr. Turley, the law professor, said that because the case was a huge investment by the government that didn't pay off, plaintiff lawyers may no longer view tobacco companies as particularly attractive targets. One exception could be the growing number of class-action cases alleging fraudulent marketing of "light" cigarettes. "That will remain a long term liability though it is finite because the industry has changed a lot of the marketing approaches that led to these claims," Mr. Turley said.

"We are gratified that the court did not award the unjustified and extraordinarily expensive monetary penalties sought by the government," said Mark Smith, a spokesman for Reynolds American, the Winston-Salem, N.C., maker of Kool and Camel cigarettes. "We are disappointed that she found for the plaintiffs on the underlying claim and ordered some injunctive relief. We are going to analyze the lengthy ruling and decide our next course of action," Mr. Smith said.

Altria said it will appeal the ruling. "Philip Morris USA and Altria Group Inc. believe much of today's decision and order are not supported by the law or the evidence presented at trial, and appear to be constitutionally impermissible or infringe on Congress' sole right to provide for the regulation of tobacco products," William Ohlemeyer, an Altria vice president, said in a statement.

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The lawsuit began in 1999 when Justice Department lawyers alleged under civil racketeering laws that cigarette makers engaged in a five-decade scheme to defraud the public on the dangers of smoking, and originally sought $280 billion in disgorgement to prevent future fraud.

The suit was in trouble almost from the beginning, struggling for funding. In 2000, then-Attorney General Janet Reno had to transfer funds from other Justice Department accounts to fund the cost of the lawsuit after Congress appropriated practically none of the $20 million she had requested for the litigation that year.

The tobacco industry later won a major component of the case when a panel of the District of Columbia Circuit Court of Appeals limited the government's ability to collect up to $280 billion in financial remedies from the industry.

In a statement, the Justice Department said it was "pleased with the Court's finding of liability on the part of the defendants, but disappointed that the Court did not impose all of the remedies sought by the government. Nevertheless, we are hopeful that the remedies that were imposed by the Court can have a significant, positive impact on the health of the American public."

New Limits Set Over Marketing For Cigarettes (NYT)

By Philip Shenon

The New York Times, August 18, 2006

WASHINGTON, Aug. 17 — A federal judge ordered strict new limitations on tobacco marketing on Thursday after finding that cigarette makers deserved to be punished for a decades-old conspiracy to deceive the public about the dangers of smoking.

The deception, Judge Gladys Kessler of Federal District Court for the District of Columbia said, resulted in “an immeasurable amount of human suffering.”

But in her ruling here in a racketeering suit brought by the Justice Department against the industry, Judge Kessler also had good news for the leading tobacco companies.

Judge Kessler ordered the companies to stop labeling cigarettes as “low tar” or “light” or “natural” or with other “deceptive brand descriptors which implicitly or explicitly convey to the smoker and potential smoker that they are less hazardous to health than full-flavor cigarettes.”

She rejected a government proposal that the industry be forced to underwrite a multibillion-dollar program to help smokers quit and to educate young people about the hazards of tobacco. Judge Kessler said that under a recent appeals court ruling she had no power to impose such large financial damages.

The judge said she regretted not being able to punish the companies further.

Her ruling said they were shown in a nine-month trial to have “marketed and sold their lethal product with zeal, with deception, with a single-minded focus on their financial success and without regard for the human tragedy or social costs that success exacted.”

Her 1,742-page decision amounted to a detailed history of the efforts of the industry — and, notably, its lawyers — over almost 50 years to confuse the public about a danger that was evident to the health professions.

Cigarette makers, the judge said, profit from “selling a highly addictive product which causes diseases that lead to a staggering number of deaths per year, an immeasurable amount of human suffering and economic loss and a profound burden our national health care system.”

Although the failure to impose tougher penalties disappointed antitobacco groups, the decision could force tobacco companies to overhaul some ways of doing business, especially in marketing and advertising cigarettes and other tobacco products.

Judge Kessler also ordered the companies to begin an advertising campaign in newspapers and on television networks on “the adverse health effects of smoking.”

The remedies apply to Batco; Brown & Williamson; Lorillard; Philip Morris and its parent, Altria; and R. J. Reynolds, part of Reynolds American. Another defendant, Liggett, was excluded. The judge said it did “not have a reasonable likelihood of future violations.”

The Justice Department, which brought the case in 1999 in the Clinton administration and had seemed less eager to pursue it under President Bush, said in a statement it was disappointed that the court did not impose all of the penalties the department had recommended.

But the department said that it was “hopeful that the remedies that were imposed by the court have a significant, positive impact on the health of the American people.”

In a statement on Thursday night, William S. Ohlemeyer, an Altria vice president and lawyer, said the companies believed that many parts of the decision were “not supported by the law or the evidence presented at trial, and appear to be constitutionally impermissible or infringe on Congress’ sole right to provide for the regulation of tobacco products.”

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Wall Street analysts hailed the case as a big victory for the companies. “There’s nothing in this ruling that is going to hurt the profitability of the businesses,” said David Adelman, an analyst at Morgan Stanley.

Mr. Adelman said the ruling threw into question the fate of major brands like Marlboro Lights and Camel Lights. Sales of light brands constitute more than 50 percent of the cigarette market in the United States, according to Mr. Adelman.

Analysts also said they believed that the companies had strong legal grounds for a successful appeal.

“The likelihood that the ‘light’ issue ends here is low,” said Marc Greenberg, an analyst at Deutsche Bank. “I think this will get appealed to D.C. Circuit Court of Appeals, and there may even be issues here for the Supreme Court.”

William V. Corr, executive director of the Campaign for Tobacco-Free Kids, an antismoking group linked to the government suit, said he had hoped for tougher penalties. But Mr. Corr said he was pleased that that the judge had identified the tobacco companies as a “rogue industry” that was guilty of “50 years of lying to the American people.”

Mr. Adelman said he did not think that the companies would be damaged by the finding that they were deceptive. “This industry is not a bunch of Boy Scouts,” he said. “It’s an industry that was not well regarded by the public, anyway. So I don’t think there are significant public relations or legal ramifications from the decision.”

The decision was issued after American stock markets had closed. In early after-hours trading, the stocks of Altria, Reynolds American and other tobacco makers rose.

Among the companies named in the suit, Altria, the country’s largest maker of cigarettes, stands to gain the most, as the ruling clears the way for a much anticipated spinoff of its Kraft Foods unit.

The Associated Press reported that a spokesman for Reynolds, Mark Smith, said executives were “gratified that the court did not award unjustified and extraordinarily expensive monetary penalties.”

Mr. Smith said Reynolds was disappointed by other parts of the ruling, which its lawyers will analyze before suggesting action.

Representatives at Brown & Williamson did not return calls.

Before the ruling, tobacco companies had won a string of victories in cases involving the dangers of smoking. Last month, the Florida Supreme Court upheld a decision to toss out a $145 billion judgment in a class-action suit. In December, the Illinois Supreme Court threw out a similar $10 billion judgment against Philip Morris.

Cigarette makers have argued that it was unfair for the federal government to seek additional penalties in light of their $246 billion settlement in 1998 with state governments.

The federal case dates from 1999, when President Bill Clinton promised in his State of the Union address to unleash the Justice Department to bring a civil racketeering suit against tobacco manufacturers. The suit filed that year was one of the government’s largest in the scope of charges and the resources devoted to it, accusing cigarette makers of decades of fraud, deceptive advertising and dangerous marketing.

But the election of Mr. Bush, a major recipient of campaign donations from the industry, brought a re-examination of the case. John Ashcroft, the new attorney general, called the suit weak and pushed for an out-of-court settlement.

Career prosecutors working on the case protested a Justice Department decision last year to scale back its request for the companies to finance the national stop-smoking campaign, to $10 billion from $130 billion.

The department said it was forced to reduce the amount because of an appeals court decision last year that blocked the department from trying to seize ill-gotten profits from the tobacco industry’s past practices. At the time, Judge Kessler said the appeals court decision was a “body blow to the government’s case.”

Big Tobacco Lied To Public, Judge Says (WP)

By Henri E. Cauvin And Rob Stein

The Washington Post, August 18, 2006

A federal judge ruled yesterday that tobacco companies have violated civil racketeering laws, concluding that cigarette makers conspired for decades to deceive the public about the dangers of their product and ordering the companies to make landmark changes in the way cigarettes are marketed.

But U.S. District Judge Gladys Kessler said that under a 2005 appellate court ruling, she could not impose billions of dollars in penalties that had been sought by the Justice Department in its civil racketeering suit against the eight defendant tobacco companies.

All she could do, she said, was try to deter future illegal acts by the companies, and to that end, she ordered them to stop using terms such as "low tar," "light" and "mild" and to undertake a massive media campaign in an effort to correct years of misrepresentations.

It is a penalty that will cost the industry millions of dollars -- a fraction of the cost of sanctions the companies faced at the outset of the case, when the Justice Department sought $280 billion from the industry.

In the opinion, which runs 1,742 pages and was more than a year in the drafting, Kessler wrote that there is "overwhelming evidence" of most of the charges leveled at the industry -- that it conspired to violate, and indeed violated, federal racketeering laws.

"In short," she wrote, "defendants have marketed and sold their lethal product with zeal, with deception, with a single-minded focus on their financial success, and without regard for the human tragedy or social costs that success exacted."

Tobacco company officials indicated that they will appeal at least parts of the decision. David Howard, a spokesman for R.J. Reynolds Tobacco Co., said the judge was wrong. "We are disappointed and disagree with the judge's ruling," he said.

At the same time, Howard said, the firm is "gratified that the court did not award any unjustified and extraordinarily expensive monetary penalties that had been sought by the government."

Long-awaited, the ruling was a significant, if incomplete, victory for the government and for anti-smoking advocates.

"It's an historic decision of major importance," said David A. Kessler of the University of California at San Francisco, who as commissioner of the Food and Drug Administration during the Clinton administration led an unprecedented effort to regulate tobacco in the same way that agency places controls on some drugs.

"It ends any debate about what the industry knew and what they did for decades," said Kessler, who is not related to the judge. "This was the greatest conspiracy to put the public's health at risk, and this decision makes that exceptionally clear."

In a statement, the Justice Department said officials were "pleased" with the decision to find the industry liable, but "disappointed that the Court did not impose all of the remedies sought by the government. Nevertheless, we are hopeful that the remedies that were imposed by the Court can have a significant, positive impact on the health of the American public."

Eight years ago, the industry agreed to pay states $246 billion in compensation for the public money spent on treating the health effects of smoking. A year later, the Justice Department filed its racketeering suit in federal court. Anti-tobacco activists predicted that government and private litigation would ultimately cripple the industry.

But after yesterday's decision, and last month's Florida Supreme Court decision overturning a $145 million judgment against tobacco makers, some said the industry may not be as threatened as it once appeared to be.

"This was the last big, really major case against the industry. Individual smokers will continue to sue, but that's going to amount to static. I don't think there's going to be another big case like this," said Mary Aronson, a tobacco litigation analyst in Washington.

But other experts said the industry is not yet out of the woods. If the decision is appealed by either side, and the appeals court limits on the penalties are overturned, Kessler's decision could provide the groundwork for imposing staggering fines.

"If it's appealed, and the government wins its remedies, then this will hit the industry," said G. Robert Blakey of Notre Dame Law School.

William B. Schultz, who as a deputy assistant attorney general in the Clinton administration oversaw the early stages of the case, said Kessler's ruling was nevertheless an unquestioned blow to the industry.

"It's the first time that a court has granted broad injunctive relief against the tobacco industry," he said.

The Justice Department lawsuit originally sought $280 billion in what the government argued were the tobacco industry's ill-gotten gains from the marketing of a harmful, addictive product.

But the U.S. Court of Appeals for the District of Columbia Circuit ruled that, under federal civil racketeering law, a company could not be forced to turn over past profits as a way of preventing future misconduct.

The Justice Department subsequently proposed a $130 billion penalty to pay for anti-smoking programs, but as the nine-month trial came to a close last summer, it scaled that back to a total of $14 billion -- $10 billion to help people quit smoking and $4 billion to educate the public about the risks of smoking.

Critics inside and outside the department saw the huge cut in the proposed remedy as part of a political effort to insulate the companies from a larger penalty.

In the end, Kessler said, the government proved that the tobacco companies engaged in a massive scheme to defraud the public.

"Put more colloquially and less legalistically, over the course of more than 50 years, defendants lied, misrepresented and deceived the American public, including smokers and the young people they avidly sought as 'replacement smokers,' about the devastating health effects of smoking and environmental tobacco smoke," she wrote.

Kessler added that the companies "suppressed research, they destroyed documents, they manipulated the use of nicotine so as to increase and perpetuate addiction . . . and they abused the legal system in order to achieve their goal -- to make money with little if any regard for individual illness and suffering, soaring health costs, or the integrity of the legal system."

Kessler said she intends to keep a careful watch on an industry whose product, she said, leads to "a staggering number of deaths per year, an immeasurable amount of human suffering and economic loss, and a profound burden on our national health care system."

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Not only will the companies have to abandon misleading terms such as "low tar" and publicly correct their previous misinformation, but they will have to provide the court with detailed marketing data for the next 10 years. Kessler ordered them to put "corrective statements" in advertisements in newspapers and on prime-time television, on their Web sites and on cigarette packs themselves.

The judge saved a few pointed comments for the lawyers who have represented the tobacco industry over the past 50 years.

"At every stage, lawyers played an absolutely central role in the creation and perpetuation of the Enterprise and the implementation of its fraudulent schemes," she wrote. They "hid the relationship between . . . witnesses and the industry; and they devised and carried out document destruction policies and took shelter behind baseless assertions of the attorney client privilege," the judge wrote.

"What a sad and disquieting chapter in the history of an honorable and often courageous profession."

Judge: Tobacco Firms Deceived Smokers (AP)

AP, August 18, 2006

WASHINGTON - A federal judge ruled Thursday that the nation's top cigarette makers violated racketeering laws, deceiving the public for years about the health hazards of smoking, but said she couldn't order them to pay the billions of dollars the government had sought.

U.S. District Judge Gladys Kessler did order the companies to publish in newspapers and on their Web sites "corrective statements" on the adverse health effects and addictiveness of smoking and nicotine.

She also ordered tobacco companies to stop labeling cigarettes as "low tar," "light," "ultra light" or "mild," since such cigarettes have been found to be no safer than others because of how people smoke them.

In her ruling, the judge said, "Over the course of more than 50 years, defendants lied, misrepresented and deceived the American public, including smokers and the young people they avidly sought as 'replacement smokers,' about the devastating health effects of smoking and environmental tobacco smoke (second-hand smoke)."

Kessler said that adoption of a national stop-smoking program, as sought by the government, "would unquestionably serve the public interest" but that she was barred by an appeals court ruling that said remedies must be forward-looking and not penalties for past actions.

The government had asked the judge to make the companies pay $10 billion for smoking cessation programs, though the Justice Department's own expert said $130 billion was needed.

That reduction in recommended remedies led to accusations that Robert McCallum, an associate attorney general appointed by President Bush, had tried to weaken the case. However, an internal Justice Department investigation cleared him of wrongdoing, saying he was supporting a figure he thought could be sustained on appeal. McCallum currently serves as U.S. ambassador to Australia.

Kessler's decision came nearly a decade after the states reached legal settlements with the industry worth $246 billion and aimed at recovering health care costs. Those settlements imposed some restrictions on the industry, such as banning ads on billboards and public transportation.

In the federal case, tobacco companies had denied committing fraud and had said changes in how cigarettes are sold now make it impossible for them to act fraudulently in the future.

Mark Smith, a spokesman for R.J. Reynolds Tobacco Co., said company officials were "gratified that the court did not award unjustified and extraordinarily expensive monetary penalties."

At the same time, Smith said, the company was disappointed by Kessler's finding that the companies had conspired to violate federal law and deceive consumers. He said company lawyers would analyze the decision and decide a next course of action.

The Justice Department, which filed the lawsuit, expressed disappointment in Kessler's decision not to impose financial penalties against cigarette makers.

"Nevertheless, we are hopeful that the remedies that were imposed by the court can have a significant, positive impact on the health of the American public," the department said.

Sharon Eubanks, who recently stepped down as the head of the government's tobacco team said, "We won. It's clear the government won. This is the first time they've been found to violate the racketeering statute. For crying out loud, that's significant. They're racketeers."

The tobacco companies - except for one defendant, Liggett Group Inc. - were ordered to pay the government's cost for pursing the lawsuit. The government's costs, according to the most recent Justice Department estimate, were over $140 million.

DOJ_NMG_0050098

The suit was first filed in 1999 under the Clinton administration. The Bush administration pursued it after receiving early criticism for openly discussing the case's perceived weaknesses and attempting unsuccessfully to settle it.

A separate court issued an interim ruling in the case last year, finding that civil racketeering laws did not permit the government to seek $280 billion from the companies for money they allegedly earned over many years through fraud.

During the trial, Kessler heard accusations that the companies established a "gentleman's agreement" in which they agreed not to compete over whose products were the least hazardous to smokers. That was to ensure they didn't have to publicly address the harm caused by smoking, government lawyers said. Tobacco lawyers denied the contention.

The defendants in the federal lawsuit were: Philip Morris USA Inc. and its parent, Altria Group Inc.; R.J. Reynolds Tobacco Co.; Brown & Williamson Tobacco Co.; British American Tobacco Ltd.; Lorillard Tobacco Co.; Liggett Group Inc.; Counsel for Tobacco Research-U.S.A.; and the now-defunct Tobacco Institute.

The only cigarette maker excluded from Kessler's ruling was Liggett.

Judge: Tobacco Firms Misled Public (RTD)

By Peter Hardin And John Reid Blackwell, TIMES-DISPATCH STAFF WRITERS

Richmond Times-Dispatch, August 18, 2006

But Philip Morris and other companies avoid major penalties

WASHINGTON -- Philip Morris USA and other tobacco companies broke U.S. racketeering law over five decades and deceived the public to "fill the coffers" with profits, a federal judge ruled yesterday.

But the companies escaped major penalties. U.S. District Judge Gladys Kessler, saying her hands were tied legally by an earlier appeals court opinion, did not order the industry to pay for any broad smoking-cessation or public education programs.

Kessler ordered the companies to publish in newspapers and on their Web sites corrective statements on the adverse health effects and addictiveness of smoking and nicotine. She did not order damage awards, while she said the government could recoup its costs for trying the case.

The judge also ordered a ban on the tobacco companies using any descriptive terms that convey implicit health claims, saying cigarettes marketed with labels such as low tar, light and mild, are no less likely to be harmful than other cigarettes.

"This is a very good outcome for the industry," said law professor Jonathan Turley of George Washington University, who has tracked the case. The result "can only be viewed as a strategic loss for the government," he added, saying it finished with "more rhetorical than real victories."

The lawsuit alleged a five-dec- ade scheme by tobacco companies, including the largest cigarette-maker, Philip Morris USA, and its parent company, Altria Group, to hide the health dangers of smoking.

Altria Group Inc. said the company would seek a review of the ruling.

"Philip Morris USA and Altria Group, Inc. believe much of today's decision and order are not supported by the law or the evidence presented at trial, and appear to be constitutionally impermissible or infringe on Congress' sole right to provide for the regulation of tobacco products," said William S. Ohlemeyer, Altria Group vice president and associate general counsel.

"Moreover, the conclusion that PM USA and Altria are reasonably likely to engage in future wrongdoing is flawed in light of the profound and permanent changes in the way cigarettes are marketed today, including requirements imposed by agreements with the state attorneys general and other voluntary -- and irrevocable -- changes made by our companies," he said.

The Justice Department initially sought to force the tobacco companies to surrender $280 billion in profits the department alleged were ill-gotten. But a federal appeals panel threw out that legal tool last year.

The tobacco industry denied it conspired, or behaved fraudulently, and argued that the government endorsed, participated in and often regulated much of the actions addressed in the lawsuit.

Kessler disagreed sharply, writing that the tobacco companies over 50 years "lied, misrepresented, and deceived the American public, including smokers and the young people they avidly sought as 'replacement smokers,' about the devastating health effects of smoking and environmental tobacco smoke.

"They suppressed research, they destroyed documents, they manipulated the use of nicotine so as to increase and perpetuate addiction, they distorted the truth about low tar and light cigarettes so as to discourage smokers from quitting," Kessler wrote.

The industry "abused the legal system in order to achieve their goal -- to make money with little, if any, regard for individual illness and suffering, soaring health costs, or the integrity of the legal system," Kessler wrote.

Both sides found something to applaud and something to lament in the more than 1,600-page opinion in the case, titled U.S.A. v. Philip Morris USA Inc. et al. Brought in 1999 during the Clinton administration, the case led to the largest-ever civil racketeering trial. It took eight months and ended in June 2005.

DOJ_NMG_0050099

"We are pleased with the court's finding of liability on the part of the defendants, but disappointed that the court did not impose all of the remedies sought by the government," the Justice Department said in a statement.

"Nevertheless, we are hopeful that the remedies that were imposed by the court can have a significant, positive impact on the health of the American public."

William V. Corr, executive director of the Campaign for Tobacco-Free Kids, applauded what he called Kessler's labeling the tobacco companies as racketeers and a rogue industry.

But he said he was deeply disappointed that Kessler felt constrained from not taking broader steps to prescribe fixes, or legal remedies, and he called on the Bush administration to appeal that part of Kessler's decision.

Similarly Rep. Henry A. Waxman, D-Calif., an ardent tobacco foe, said in a statement the decision "confirms . . . Big Tobacco's conspiracy of lies" but "falls far short of imposing real, comprehensive remedies" and the government should appeal.

Legal experts said the case could be appealed all the way to the U.S. Supreme Court.

Law professor Carl Tobias of the University of Richmond said the lack of monetary damages seems to take the sting out of the ruling, but the judge's finding that the companies violated the racketeering statute is very serious.

"I think the companies are likely to resist that, so it is certainly something they would want to appeal," Tobias said.

During the trial, one of the government's witnesses proposed a 25-year nationwide smoking-cessation program that would have cost the industry $130 billion.

But the government, stirring controversy, ultimately reduced its claim to $10 billion over five years for a smoking-cessation program and $4 billion over 10 years for a public-education campaign.

The lawsuit filed by the government alleged the conspiracy started at New York City's Plaza Hotel on Dec. 15, 1953, when tobacco executives began cooking up a public-relations plan in response to a Sloan-Kettering Institute report linking cigarette smoke and cancer in mice.

In addition to Philip Morris USA Inc. and Altria Group Inc., defendants named in the suit are: R.J. Reynolds Tobacco Co.; Brown & Williamson Tobacco Co.; British American Tobacco Ltd.; Lorillard Tobacco Co.; Liggett Group Inc.; Counsel for Tobacco Research-U.S.A.; and the now-defunct Tobacco Institute.

The only cigarette-maker that Kessler excluded from her ruling was Liggett, which she said broke ranks with the tobacco industry in 1996.

The Associated Press contributed to this report.

Contact Washington correspondent Peter Hardin at phardin@mediageneral.com or (202) 662-7669.

Contact staff writer John Reid Blackwell at jblackwell@timesdispatch.com or (804) 775-8123.

Judge Finds Tobacco Racketeering (CNN)

CNN.com, August 18, 2006

Kessler: Defendants 'deceived the American public'

WASHINGTON (CNN) -- U.S. District Judge Gladys Kessler ruled Thursday that the tobacco industry engaged in a decades-long racketeering enterprise that conspired to hide the dangers of smoking.

In a 1,653-page ruling, Kessler ordered tobacco makers to buy newspaper ads detailing smoking's health effects and to stop using such descriptors as "low tar," "light," ultra light," "mild" or "natural" that might imply that they are less dangerous than other cigarettes.

Kessler wrote: "Over the course of more than 50 years, defendants lied, misrepresented, and deceived the American public, including smokers and the young people they avidly sought as 'replacement smokers,' about the devastating health effects of smoking and environmental tobacco smoke."

"They suppressed research, they destroyed documents, they manipulated the use of nicotine so as to increase and perpetuate addiction, they distorted the truth about low-tar and light cigarettes so as to discourage smokers from quitting, and they abused the legal system in order to achieve their goal -- to make money with little, if any, regard for individual suffering, soaring health costs, or the integrity of the legal system," Kessler wrote.

But, citing constraints imposed by a February 2005 appeals court ruling that disallowed penalties for past conduct, Kessler did not order the companies to pay for smoking-cessation programs that the Justice Department had sought.

"We are pleased with the court's finding of liability on the part of the defendants, but disappointed that the court did not impose all of the remedies sought by the government," the Justice Department said in a written statement.

"Nevertheless, we are hopeful that the remedies that were imposed by the court can have a significant, positive impact on the health of the American public."

A statement from Philip Morris USA said it will appeal the decision.

DOJ_NMG_0050100

"Philip Morris USA and (parent company) Altria Group, Inc. believe much of today's decision and order are not supported by the law or the evidence presented at trial, and appear to be Constitutionally impermissible or infringe on Congress' sole right to provide for the regulation of tobacco products," said William S. Ohlemeyer, Altria Group vice president and associate general counsel, in the statement.

It has not been decided, he said, whether the companies will appeal to the trial court or the U.S. Circuit Court of Appeals for the District of Columbia.'Critically important'

Ed Sweda, of the Tobacco Products Liability Project, an anti-tobacco group based at Northeastern University School of Law in Boston, said he was particularly pleased about the ruling on "light" cigarettes.

"That's critically important, since roughly 80 percent of U.S. smokers smoke cigarettes in that category," he said.

He predicted that the Justice Department would now appeal the appeals court ruling, based on past conduct.

Kessler said the conspiracy dates back to 1953, when a group of tobacco companies met together at the Plaza Hotel in New York City and devised a public relations plan to counter health concerns associated with smoking.

Kessler said that, even after the 1964 U.S. Surgeon General's report linking smoking to lung cancer, tobacco companies continued "to falsely deny and distort the serious health effects of smoking."

As late as last year, she wrote, the defendants still did "not admit the serious effects of smoking which they recognized internally decades ago."

Citing internal industry documents, Kessler said the industry knew that nicotine was addictive, but publicly denied it "and continue(s) to do so."

In addition, she said, the defendants "concealed and suppressed research data and other evidence that nicotine is addictive."

She added that the companies "have falsely denied that they can and do control the level of nicotine delivered in order to create and sustain addiction" and worked on ensuing that "all cigarettes delivered doses of nicotine adequate to create and sustain addiction."

They do so, she wrote, by altering the chemical form of nicotine delivered in smoke and by changing cigarette filters' design and paper porosity and composition.

Kessler faulted the industry for marketing to youth, concluding that "independent studies have found that marketing is a substantial contributing factor to youth smoking initiation."

Though the industry has said that it does not want children to smoke, Kessler said the companies tracked youth behavior and preferences, thereby ensuring that "marketing and promotion reaches youth."

In addition, she said, the companies still use marketing themes intended to resonate among youths, advertise in youth-oriented publications and continue price promotions that lure young people to their products.

She described the companies' youth smoking prevention programs as "not designed to effectively prevent youth smoking."Second-hand smoke

Kessler also faulted the industry for denying publicly that second-hand smoke was dangerous when its own internal documents acknowledged that to be true.

The case dates back to 1999, when the Justice Department, under the Clinton administration, accused the tobacco industry of racketeering as part of a coordinated plan to deceive the public about the negative health effects of smoking.

The Bush administration continued to press the charges in the lawsuit, but rolled back the proposed remedies and punishment for the alleged activity.

The industry is on record as denying wrongdoing, and asserting their marketing has changed to preclude any chance of wrongdoing.

But Kessler disagreed.

"In short, defendants have marketed and sold their lethal product with zeal, with deception, with a single-minded focus on their financial success, and without regard for the human tragedy or social costs that success exacted."

Kessler reserved special criticism for lawyers, saying they "played an absolutely central role in the creation and perpetuation of the enterprise and the implementation of its fraudulent schemes."

The defendants were: Philip Morris USA Inc. and its parent, Altria Group Inc.; R.J. Reynolds Tobacco Co.; Brown & Williamson Tobacco Co.; British American Tobacco Ltd.; Lorillard Tobacco Co.; Liggett Group Inc.; Counsel for Tobacco Research-U.S.A.; and the Tobacco Institute, which no longer exists.

Liggett was excluded from Kessler's ruling.

Tobacco Companies 'deceived Smokers' (FT)

By Lauren Foster In New York

Financial Times, August 18, 2006

Altria Group, parent of the Philip Morris tobacco companies, moved closer to spinning off its Kraft Foods unit after a federal judge ruled it had lied about the consequences of smoking but decided against imposing significant financial penalties.

In a 1,652 page opinion released on Thursday, Judge Gladys Kessler ruled the largest US cigarette companies violated anti-racketeering laws and ordered them to make corrective statements about the health effects and addictiveness of smoking. She also banned them from using terms describing cigarettes in ways that convey health claims.

"Cigarette smoking causes disease, suffering, and death," Judge Kessler said. "Despite internal recognition of this fact, defendants have publicly denied, distorted, and minimised the hazards of smoking for decades."

The judge stopped short of ordering the companies to fund a big anti-smoking campaign, as the government wanted.

Analysts have said Altria was holding off on a Kraft spin-off because of uncertainties over the judge's ruling and any remedies that might be imposed.

The DoJ suit, which dates back to 1999, alleged that the tobacco industry violated the Racketeer Influenced and Corrupt Organizations Act (RICO) by conspiring for decades to mislead the public about the dangers of smoking.

"The defendants will now be referred to as adjudicated racketeers and that status will undermine their public relations campaign of portraying themselves as responsible corporate citizens," said Ed Sweda, senior attorney for the Tobacco Products Liability Project at Northeastern University School of Law in Boston.

The DoJ suit is considered the last major legal hurdle before the Altria board announces the beginning of the break-up of the company into two or three stand-alone entities. The board is due to hold its next regular meeting on August 30.

"This is a home run for the tobacco industry, except for the part where they have to admit to the American people that they were lying for many years," said Anthony Sebok, professor at Brooklyn Law School. "It's a moral victory for the government, but not a decision with much financial consequence."

Both sides could now appeal to a US federal appeals court.

Tobacco Gets Off Lightly In Federal Fraud Suit (DOW)

By Mark H. Anderson, Brian Blackstone And Christina Cheddar Berk

Dow Jones, August 18, 2006

WASHINGTON -(Dow Jones)- A federal judge Thursday ruled cigarette makers violated civil racketeering law by defrauding the public on the dangers of tobacco, but in a partial victory for the tobacco industry the judge said she lacked the authority to impose significant financial penalties.

"The following voluminous findings of fact demonstrate that there is overwhelming evidence to support most of the government's allegations," Judge Gladys Kessler said in the 1,653-page ruling.

"Unfortunately a number of significant remedies proposed by the government could not be considered by the court because of a ruling by the court of appeals," the judge added, referring to a Washington-based U.S. District of Columbia Court of Appeals decision that severely restricted the government's ability to win financial disgorgements.

The ruling determined that the tobacco companies "conspired together to violate substantive provisions" of the racketeering laws. The judge issued a final order "which seeks to prevent and restrain" any such violations of the Racketeer Influenced and Corrupt Organizations Act.

The decision gives several tobacco companies a major reprieve from financial penalties that have shadowed the industry since 1999.

Tobacco industry reaction to the decision was positive. "We are gratified that the court did not award the unjustified and extraordinarily expensive monetary penalties sought by the government," said Mark Smith, a spokesman for Reynolds American Inc. (RAI), the Winston-Salem, N.C., maker of Kool and Camel cigarettes.

"We are disappointed that she found for the plaintiffs on the underlying claim and ordered some injunctive relief. We are going to analyze the lengthy ruling and decide our next course of action," Smith said.

Meanwhile, the DOJ acknowledged the mixed outcome of the ruling in a short statement. "We are pleased with the Court's finding of liability on the part of the defendants, but disappointed that the Court did not impose all of the remedies sought by the government," the DOJ said.

One of the anti-tobacco groups involved in the litigation said the racketeering ruling was significant. "The tobacco companies have rightly been labeled racketeers for engaging in a decades-long scheme to defraud the American people to their tremendous financial benefit, but at a great cost to our nation," said William Corr, executive director of the Campaign for Tobacco-Free Kids, an anti-tobacco advocate.

But reflecting the view Wall Street may take of the decision and remedies that amounted to something of a wrist-slap, University of Richmond Professor Carl Tobias asked, "Where's the money?"

Though the case had already lost much of its financial muscle with the removal of a proposed $280 billion disgorgement remedy, Tobias was expecting some financial penalties would be included in the judge's ruling.

Corr, the anti-tobacco advocate, said he was "deeply disappointed" that Judge Kessler "felt constrained in the remedies she could impose by misguided appellate court rulings" and urged the Bush administration to appeal the remedies in the case.

In addition to finding racketeering violations, Kessler ordered the companies to make corrective statements on the dangers of smoking and to disclose marketing practices to government officials, but she opted not to include industry-funded smoking cessation and education programs that would have costs billions. The order requires the tobacco companies to take out full-page newspaper ads in the weekend editions of about 35 major U.S. papers.

Govt Sought $280 Billion When Lawsuit Began In 1999

A nine-month trial in the case ended more than a year ago, leaving Judge Kessler with the task of sorting through piles of documents and testimony as she decided how to rule in the tobacco lawsuit.

The lawsuit began in 1999 when Justice lawyers alleged under civil racketeering laws that cigarette makers engaged in a five-decade scheme to defraud the public on the dangers of smoking, and originally sought $280 billion in disgorgement to prevent future fraud.

But the tobacco industry previously won a major component of the case when a panel of the D.C. Circuit limited the government's ability to collect up to $280 billion in financial remedies from the industry. That ruling came in February 2005 and was called a "body blow" to the case by Judge Kessler.

What was left in the case was whether to order financial payments to pay for smoking cessation and education programs after deciding whether the tobacco companies violated federal racketeering laws.

During the trial's closing arguments, DOJ lawyers dramatically scaled back - from $130 billion to $10 billion - a proposed smoking cessation program remedy, leading to charges of undue political interference in the case. DOJ defended its decision, though, saying the disgorgement ruling tied its hands and made it impossible for the original cessation plan to withstand judicial review.

Tobacco companies named in the lawsuit include Philip Morris USA Inc., a unit of Altria Group Inc. (MO); R.J. Reynolds Tobacco Holdings Inc. and Brown & Williamson, which have merged to form Reynolds American; British American Tobacco PLC (BTI); Vector Group Ltd.'s (VGR) Liggett Group Inc.; and Loews Corp.'s (LTR) Lorillard Inc.

The final judgment issued by Judge Kessler excluded Liggett Group but included all of the other tobacco companies. Judge Kessler found Liggett had withdrawn from the tobacco companies' conspiracy by admitting the dangers of smoking and cooperating with the U.S. attorneys general in their litigation against the industry. "Liggett does not have a reasonable likelihood of future RICO violations," the judge said.

Opinion Has Special Implications For Altria

The opinion has special implications for Altria, the parent of tobacco companies Philip Morris USA, Philip Morris International and Kraft Foods Inc. (KFT). Altria, of New York, has wanted to split apart into two or three companies. In the past, the company has identified the Justice Department case as one hurdle to its break-up.

"This decision in conjunction with Price and Engle seems to clear the way for Altria to spin off divisions like Kraft by limiting the financial uncertainty," said Tobias, the law professor, referring to the Price "lights" case in Illinois and the Engle case in Florida.

Citigroup analyst Bonnie Herzog said, "We believe it is very likely that the board will announce the spin-off of Kraft Foods at its next board meeting on Aug. 30." Altria has been preparing for the spin off of Kraft Foods since the beginning of 2004, said Herzog. She rates Altria a "buy" and does not own the stock. Citigroup has an investment banking relationship with the company.

Ahead of the ruling, several tobacco stocks ended the day virtually unchanged from their previous closing price, despite heavier than usual volume. Shares of Altria, a component of the Dow Jones Industrial Average, closed Thursday at $80.75. Meanwhile, Reynolds American Inc. (RAI) shares fell 54 cents, or 0.8%, to $64.07, while Carolina Group (CG), the tracking stock of Lorillard Tobacco, edged down 4 cents or 0.1% to $57.31. In after-hours trading, all three of these stocks were moving higher, with Altria up 3% and Reynolds American and Carolina Group each up almost 2%.

-Mark H. Anderson, Dow Jones Newswires; 202-862-9254; mark.anderson@dowjones.com

-Brian Blackstone, Dow Jones Newswires; brian.blackston@dowjones.com; 202-828-3397

-Christina Cheddar Berk, Dow Jones Newswires; 201-938-5166; christina.cheddar@dowjones.com

Cigarette Makers Lose In U.S. Racketeering Lawsuit (Update2) (BLOOM)

Bloomberg, August 18, 2006

Aug. 17 (Bloomberg) -- A federal judge ruled that Altria Group Inc.'s Philip Morris USA and other U.S. cigarette makers violated anti-racketeering laws by marketing low-tar cigarettes as healthier alternatives than full-flavored brands.

U.S. District Judge Gladys Kessler, while deciding the Justice Department had proved its claims at a nine-month trial that ended in June 2005, declined to order the companies to fund large-scale programs to help smokers quit. Kessler ruled that the industry must stop marketing ``low tar'' and ``light'' cigarettes.

Kessler said she lacked authority to order a smoking- cessation program. The government had sought billions of dollars from the tobacco companies to help smokers quit and to reduce youth smoking.

Cigarette company shares rose $1.89, or 2.3 percent, to $82.64 in trading after the close of U.S. exchanges. The stock climbed as high as $83 after the ruling.

The government's win ends a six-year-old suit that once threatened to bankrupt the cigarette industry. Several court decisions weakened the case to the point that, by the end of the trial, government lawyers reduced their claim from $280 billion to $14 billion.

Possible Roadblock

The ruling against the industry comes in a case Altria identified as a possible roadblock to its plan to break up the company to make it more valuable to shareholders.

The government claimed in the suit that cigarette makers conspired in a five-decade campaign of misinformation to deny the dangers of smoking and sell cigarettes to kids.

The tobacco companies denied the claims and said a $206 billion settlement they reached with 46 states in 1998 ensured they would follow the law by disclosing the health risks of cigarettes and by keeping children from smoking.

The Clinton administration filed the suit in 1999, seeking to recover hundreds of billions of dollars the government claimed it spent treating sick smokers. The Justice Department suffered an early setback in 2000 when Kessler threw out the healthcare reimbursement claims.

At the same time, Kessler decided that the government was entitled to go forward with a claim that the industry violated the Racketeer Influenced and Corrupt Organizations Act, or RICO, which was passed in 1970 to target organized crime.

No Jury

The tobacco industry appealed that decision, and the trial started in September 2004. Kessler heard the case without a jury.

Justice Department lawyers asked Kessler to order the companies to forfeit $280 billion, a figure that represented the proceeds from cigarette sales to people addicted to smoking before age 21, according to the government.

The Court of Appeals for the District of Columbia ruled on the appeal in February, during the trial, and threw out the $280 billion claim. Kessler called it a ``body blow'' to the government's case.

In a 2-1 decision, the appeals court said the government could seek only ``forward-looking'' remedies intended to ``prevent and restrain'' future violations of the RICO act rather than penalties for past violations.

On June 7, 2005, during his summation in the case, Justice Department attorney Stephen Brody told Kessler the government was asking for a five-year, $10 billion smoking cessation plan in place of the 25-year, $130 billion plan advocated less than a month earlier.

$4 Billion Campaign

The government also asked Kessler to order the companies to fund a $4 billion education and anti-smoking ad campaign.

Anti-smoking advocates and Democrats in Congress claimed the last-minute switch was imposed on the government's trial team by political appointees in the Justice Department, including Associate Attorney General Robert D. McCallum Jr., head of the Civil Division.

In addition to Altria and Philip Morris, the world's biggest cigarette maker, the defendants include Reynolds American Inc.'s R.J. Reynolds Tobacco, Brown & Williamson Tobacco Corp., Loews Corp.'s Lorillard Tobacco Co., British American Tobacco Plc's British American Tobacco (Investments) Ltd. and Vector Group Ltd.'s Liggett Group.

The Florida Supreme Court last month removed a hurdle to the break-up by refusing to reinstate $145 billion in punitive damages against cigarette makers in a state-wide class action. A decision in the case could come at any time.

In December 2005, the Illinois Supreme Court threw out a $10.1 billion verdict against Philip Morris in a case filed by light cigarette smokers in that state. The plaintiffs claimed the company had misled them into believing that light cigarettes posed less of a health risk than other cigarettes.

The decision doomed similar cases against other cigarette makers in Illinois.

The case is U.S. v. Philip Morris USA, No. 99-CV-2496, U.S. District Court, District of Columbia.

To contact the reporter on the story: Bob Van Voris in New York at rvanvoris@bloomberg.net.

U.S. Trustee Says She Left Due To Interference (LAW)

By Lynne Marek, The National Law Journal

National Law Journal, August 18, 2006

'Increased oversight' from D.C. blocked improvement efforts

The appointee who fills the U.S. trustee position in New York will follow in the footsteps of an official who said her superiors in Washington blocked some efforts to improve the bankruptcy process in a region that handles more major corporate bankruptcies than any other.

"The increased oversight from the executive office impeded my ability to assist the restructuring community in streamlining and improving restructuring here in New York," said Deirdre Martini, who left the trustee post in April. She declined to say which efforts were stymied. Martini is now a senior restructuring advisor at CIT Group Inc.

Trustees, who supervise the administration of bankruptcy cases through regional offices across the country, are employees of the U.S. Department of Justice. The U.S. Bankruptcy Court in New York City, a part of the Southern District of New York, has tended to attract the biggest and most complex cases in the past two years.

From the start of 2005 through May this year, eight of the nine largest Chapter 11 cases in the United States were filed in New York, according to data compiled by Lynn LoPucki, a law professor at the University of California at Los Angeles. Those cases had assets worth $145 billion and are worth billions of dollars in fees for lawyers, bankers and consultants who work on the cases.

Justice Department spokeswoman Jane Limprecht declined to comment on Martini's remarks. Diana Adams is the acting trustee for Region 2, which includes New York, Vermont and Connecticut. Justice has no date for appointing a permanent trustee, Limprecht said.

From October 2003 to her resignation, Martini handled many complex cases, including Refco Inc. and Delphi Corp. The system in New York wasn't broken, it just needed to be "redefined," Martini said.

"When I felt I could no longer contribute in a fashion that I felt was productive and positive, I chose to resign and look for other opportunities," Martini said. In some cases, Martini's office took stands that sometimes set her apart from predecessors. For instance, her office precluded professionals already engaged on one major airline case from working for the committee of another airline.

Some lawyers who worked with Martini said that she was trying to make constructive changes to the process, while others also noted that she was more active in the position than her predecessors.

"She was trying to anticipate problems and come up with either solutions or procedures to obtain solutions that would make cases operate faster and smoother," said Martin Bienenstock, who leads the restructuring practice at Weil, Gotshal & Manges in New York.

CIVIL RIGHTS:

Time, Dead Witnesses And Dead Ends Plague Old Murder Probes (AP)

By Travis Reed, ASSOCIATED PRESS WRITER

AP, August 18, 2006

ORLANDO, Fla. -- The Florida Department of Law Enforcement sent its most aggressive agent to work on the case full time, armed with big stacks of previous files from the FBI and local sheriff's office.

Still, it took nearly two years to finally solve the 1951 murders of two black civil rights activists whose house was blown up by Ku Klux Klan members. It was a case prosecutors planned to bring before a grand jury back in 1978 using the same confession that proved key today.

Though the murder of Harry T. and Harriette Moore is finally solved, as officials announced Wednesday, the investigation proves how tough it can be to glean information from that bloody period in history - and how a small circumstance here or there could keep a case like this, and countless others like it across the South, forever mysterious.

"I think that most of the major cases of the Civil Rights era have been thoroughly investigated at this point. I don't expect many more cases to come up," said Mark Potok, director of the Intelligence Project, a hate-monitoring operation at the Southern Poverty Law Center. "These cases are really bedeviled by in many cases by a lack of evidence and witnesses who are either dead or no longer remember details."

FDLE Investigator Dennis Norred, tapped from Pensacola to lead the reopened Moore case, and Attorney General's Office investigator Frank Beisler inherited a chase taken up and abandoned at least three times previous. A half-century before them, 78 FBI special agents across Florida, Alabama, Georgia and the Carolinas conducted a four-year probe without producing a single murder charge.

DOJ_NMG_0050105

Physical evidence from the scene had been lost or destroyed, and the state wasn't even certain exactly where the Moore's house stood when it exploded with such force that it blew a chair into the attic and lifted the chimney.

After several months, Beisler said even the new case had grown cold.

"We were just running into stone walls everywhere we went," Beisler said. "But all the sudden, whoosh, it just came unglued for us."

The initial breakthrough wasn't a new interview or tip, but a deathbed confession from one of the four Ku Klux Klan members fingered Wednesday that was given to a sheriff's investigator in 1978. No major note of it was made in the case file, Beisler said, despite the fact that it had been tape-recorded.

The investigator at the time had convinced the Brevard County state attorney to take the case to a grand jury, but the prosecutor lost an election to keep his office before that happened. He moved on, but thought someone else was picking up the case, Beisler said.

That didn't happen until then-Gov. Lawton Chiles ordered the FDLE to reopen the case in 1991. But their probe centered on two confessions allegedly given by two other men. One recanted, while the other, who had been implicated by his wife, denied involvement and passed a polygraph test.

Again, no murderer was found.

But the case turned on Beisler's discovery of the '78 confession, and a phone call from an anonymous tipster who also said Edward L. Spivey, believed to have been at the home when it blew, also confessed to him.

The caller didn't even know the case hadn't been solved until he saw an advertisement offering a reward.

"It verified what the other investigator had told us, just verified everything right down the line," Beisler said.

And that was it - enough to help the two put four former KKK members, all now dead, behind the first killing of a National Association for the Advancement of Colored People official during the modern civil rights struggle.

The 2005 indictment of a former KKK leader in the 1964 "Mississippi Burning" case happened because of a convergence of things. There was a new district attorney and state Attorney General, persistent media coverage from a local reporter and advocacy groups urging a closer look.

Edgar Ray Killen was tried in 1967 on federal charges of violating the victims' civil rights, but the all-white jury deadlocked, with one member saying she couldn't convict a preacher. Using testimony read aloud in court from several deceased witnesses, Killen was convicted in 2005 of three counts of manslaughter.

But not all of the reopened cases close so neatly.

Two years after the U.S. Justice Department renewed a probe into the 1955 murder of Emmett Till, a black teenager whose mutilated body was pulled from a river, no conclusions have been reached.

In June, a state attorney appointed to review the case of a black woman shot and killed during a Jacksonville race riot 42 years ago concluded speedy trial constraints prevented new charges. Four men, all of whom still live in Florida, were originally indicted for first-degree murder. But the case was hampered by missing evidence and allegations of a racist police cover-up, and the crime happened during a period in which some were unabashed supremacists.

Lee Cody, a former Duval County Sheriff's detective who investigated the case in 1964, says he and a colleague even found the murder weapon. It has long since disappeared.

"We bagged it, tagged it and ID'd it, placed it in the property room, booked it," he says today, "and nobody has seen it since the day we put it in there."

Ex-apartment Manager Fined For Discrimination (BN)

By Val Walton, News Staff Writer

The Birmingham News (AL), August 17, 2006

A federal judge Wednesday ordered the former resident manager of a Boaz apartment complex to pay the government a $10,000 fine after finding the manager discriminated against black people seeking apartments.

U.S. District Justice Lynwood Smith noted that 64-year-old Milburn Long is now retired and living on Social Security benefits, but said courts should not tolerate the loathsome act of discriminating among citizens because of race. Smith wrote that absent a civil penalty there will be no punishment for Long's wrongdoing in the case.

"A civil penalty will serve the purpose of general deterrence by sending a message to other apartment owners and leasing agents that violation of the Fair Housing Act entails serious consequences," Smith said in a 54-page decision. Civil penalties are paid to the government.

Efforts to reach Long and his attorney were unsuccessful.

Earlier this year, the apartment complex owner, Dawson Development Co., LLC., agreed to pay a $17,000 fine, set up a fund and take other steps to settle a housing discrimination lawsuit filed by U.S. Justice Department in 2005.

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Long, who denied any wrongdoing, opted to be tried before a judge, not a jury.

The case stemmed from the government's testing program designed to uncover housing discrimination by using black and white government workers posing as potential renters at Park Place Apartments.

Long also was accused of discriminating against black people who were actually seeking an apartment. Smith found that Long would tell black people that apartments were not available, but made efforts to rent apartments to white people. The government contended Long failed to provide correct information to a black government tester, but told a white tester that apartments were immediately available for rent. The testers, who were the same gender, of similar age and income, had hidden recording devices to capture their conversations with Long.

Smith wrote that Long's discrimination against government testers occurred during seven months in 2003 and he could not say that such discrimination was long-standing or the fruit of a deliberate plan.

Smith said Long gave legitimate, non-discriminatory reasons for his challenged conduct, but found that his reasons were merely a pretext for unlawful discrimination.

E-mail: vwalton@bhamnews.com

5 Clinics Shut On Accusations Of Late-term Abortions (WT)

By Joyce Howard Price

The Washington Times, August 18, 2006

Florida officials have halted abortions at five clinics in the state -- two indefinitely -- and have suspended the medical license of the problem-plagued owner of the facilities in connection with accusations that he performed illegal late-term abortions.

An emergency order issued Wednesday by the Florida Department of Health suspending Dr. James S. Pendergraft IV's license stated he showed "a flagrant disregard for the laws of the state of Florida and a willingness to endanger the lives and health of pregnant patients."

In separate action, the state Agency for Health Care Administration put an indefinite halt to abortions at Dr. Pendergraft's Orlando Women's Center and EPOC Clinic, also in Orlando. The agency also barred abortions at his clinics in Tampa, Fort Lauderdale and Ocala for a week.

The state says that in 2004 and 2005, "Dr. Pendergraft endangered two female patients by performing third-trimester abortions outside a hospital setting and without concurring certification from a second physician."

Under state law, third-trimester abortions are lawful if needed to "save the life or preserve the health of the pregnant woman." But the law requires that such procedures be performed in a hospital unless two physicians "certify in writing" that an urgent abortion is needed to save a woman's life.

Dr. Pendergraft's attorney, Robert Buonauro, said an appeal of the suspension will be filed in the next day or two.

Dr. Pendergraft "operated within the (medical) guidelines and protocol" of Florida and "had the appropriate certification" for the third-trimester abortion he performed in July 2005, Mr. Buonauro said.

He said it is his client's position that the woman involved in the 2004 abortion was in the second trimester of pregnancy, not the third, and so the doctor was not subject to the same legal restrictions.

Marti MacKenzie, a spokeswoman for Dr. Pendergraft, said he has "encountered obstacles" since opening his first abortion clinic in Orlando nearly 15 years ago.

"This is a Bush-run state that is constantly anti-choice," she said. "Dr. Pendergraft is many women's last hope, but there are always movements afoot to hinder him."

Dr. Pendergraft has had other legal difficulties. He was convicted of extortion in February 2001 and sentenced to nearly four years in prison after he and a business associate filed a lawsuit saying that his Ocala clinic was not given adequate protection from abortion protesters. Officials said the lawsuit was part of an extortion plot to get the county to pay the two to close the clinic.

Dr. Pendergraft spent seven months in prison before an appeals court overturned his conviction. In 2004, he pleaded guilty to a count of accessory after the fact to making false statements. The Florida Board of Medicine later dismissed the case.

In April last year, a former patient filed inhumane-treatment charges against Dr. Pendergraft, saying she gave birth to a live 23-week-old in a clinic restroom after an abortion earlier in the month, according to the Christian Newswire. The woman said no one responded to her cries for help for the baby, who died. The clinic doctor said the baby was stillborn, and the medical examiner's office said it found no reason to disagree.

Last spring, the Board of Medicine voted to drop the charges against Dr. Pendergast in that case, according to the Christian Newswire.

Minority Students Decline In Top New York Schools (NYT)

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By Elissa Gootman

The New York Times, August 18, 2006

More than a decade after the city created a special institute to prepare black and Hispanic students for the mind-bendingly difficult test that determines who gets into New York's three most elite specialized high schools, the percentage of such students has not only failed to rise, it has declined.

The drop at Stuyvesant High School, the Bronx High School of Science and Brooklyn Technical High School mirrors a trend recently reported at three of the City University of New York's five most prestigious colleges, where the proportion of black students has dropped significantly in the six years since rigorous admissions policies were adopted.

The changes indicate that even as New York City has started to bridge the racial achievement gap in the earlier grades, it has not been able to make similar headway at top public high schools and colleges. Asian enrollment at all three high schools has soared over the decade, while white enrollment has declined at two of the three schools.

City education officials said they were at a loss to explain the changes at the three high schools despite years of efforts to broaden the applicant pools.

Andres Alonso, the city's deputy chancellor for teaching and learning, described the figures as "extraordinarily surprising," even though they are the Department of Education's numbers. Deputy Mayor Dennis M. Walcott called the schools "true gems of our system," saying, "We have to make sure they're open to all of our students."

Robert Jackson, the chairman of the City Council education committee, who is from Washington Heights, was more pointed in his criticism.

"The statistics clearly show that black New Yorkers are being shut out," he said. "If we're looking to be inclusive in the greatest city in the world, I would think that the chancellor and every educator has to ask themselves why is this, and what do we need to do to reverse that. Is it institutional racism or is it something else?"

Debate over the racial composition of the city's specialized schools, and the schools' reliance not on interviews or grades but rather on a test alone to determine admissions, has captivated New York for decades.

Supporters of the specialized exam, which tests verbal and math skills, say it ensures that admissions are based on merit, while critics argue that elite colleges would never judge applicants on test results alone.

Schools Chancellor Joel I. Klein has not challenged the testing system, but he has expanded the preparatory program, known as the Specialized High School Institute, and created dozens of new small high schools to broaden opportunity. Mayor Michael R. Bloomberg has also promised to create more elite high schools.

Still, during 2005-6, blacks made up 4.8 percent of the Bronx Science student body, according to city figures, down from 11.8 percent in 1994-95, when the institute was created. At Brooklyn Technical High School, the proportion of black students has declined to 14.9 percent from 37.3 percent 11 years ago, and at Stuyvesant, blacks now make up 2.2 percent of the student body, down from 4.4 percent.

Hispanic enrollment has also declined at the three schools, as has white enrollment at two of the three although it has risen at Brooklyn Tech. At the same time, the Asian population has reached as high as 60.6 percent at Bronx Science, up from 40.8 percent 11 years ago. Dr. Alonso said he could not explain the numbers without more information about how many black and Hispanic eighth graders take the specialized high school exam, and how many may favor other top city schools that are smaller or closer to home. He said he would insist that the department start collecting such information.

"My immediate question is, this is a far greater variance than the data shows in terms of our test scores, so what is going on here?" he said.

Over all, Hispanic students are the largest group in the city's schools at 36.7 percent, and black students are next at 34.7 percent. The 1.1 million-student system is 14.3 percent Asian and 14.2 percent white.

In the 1960's, civil rights groups and some education officials charged that admissions tests were racially biased and that they screened out black and Puerto Rican children. The tests had strong defenders, though, and in 1971, the State Legislature passed a law requiring that entrance to the specialized schools be determined by competitive examination alone.

Now parents, educators and academics explain the racial makeup of the schools by pointing to a variety of factors, including increasing competition from an influx of immigrants, paltry guidance counseling at many middle schools with predominantly low-income students, the hiring of private tutors by the middle class and continued use of the admissions test alone.

Gary Orfield, director of the Civil Rights Project at Harvard University, called the schools' racial compositions "absurd," saying, "I don't think someone would want to hire somebody just on the basis of a test score, and we don't admit them to a great college on the basis of a test score, and we shouldn't admit them to a great high school on that basis."

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Heather Mac Donald, a fellow at the conservative Manhattan Institute, however, said the enrollment figures showed "that we're not yet managing to close the achievement gap and that this remains a serious problem for our schools, for our families and for our culture."

"But we shouldn't be blaming the messenger," she said. "It's not the specialized schools' fault for maintaining legitimately high standards."

Angela M. Howard, who graduated from Stuyvesant in 1982 and founded the Stuyvesant High School Black Alumni Association two years ago, after noticing fewer and fewer black faces at Stuyvesant events, said she opposed changing the admissions system but was trying to start a mentoring program.

"Let's face it — the playing field isn't level," she said. "People are paying tons of money to get their kids tutored to go to Stuyvesant."

For years, exclusive public schools throughout the country have been places where advocates of strict, color-blind standards have clashed with proponents of racial diversity.

Courts imposed a race-based admissions system on the Boston Latin School, but a federal appeals court struck the system down. In the 1990's, Chinese-American families whose children were rejected from San Francisco's selective Lowell High School sued; the resulting settlement reversed a citywide admissions system that took race into account.

New York's Specialized High School Institute was designed to enlarge the pool of black and Hispanic candidates eligible for admission to the selective schools by giving them extra lessons and test-taking tips, without resorting to the kinds of preferences that had drawn lawsuits elsewhere.

Chancellor Klein has expanded the institute, which started with one location and 419 students. It has grown to 17 locations and 3,781 students, who spend 16 months preparing for the test, starting in the summer after sixth grade.

The chancellor is also trying to increase the proportion of black and Hispanic students participating in the institute, which officials said dwindled in the earlier years of the program as large numbers of white and Asian students signed on.

"The intended goal going back to 1995 was not realized," said Jean-Claude Brizard, the Department of Education's executive director of secondary schools. "If a kid is a nonminority, they're supposed to be excluded, but there are a couple of places where we've seen quite a bit of pushback."

In the hallowed, sunlit classrooms of Stuyvesant itself, students from Manhattan and the Bronx spent the summer sweating over scientific concepts, math formulas and new vocabulary words.

Melanie Tirado, 12, said the very act of striding through Stuyvesant's gleaming hallways made her feel smart.

"You can be like, 'I could be here, I could be in these desks in a year or two,' " she said during her lunch break one day.

For Yusrullah Abdul-MalikDunn, 12, who got an "overall excellence" medal at his sixth-grade graduation, the experience has been humbling.

Yusrullah's teacher at Public School 108 had called him a "walking dictionary," but in the first seven pages of "To Kill a Mockingbird," a book he read for the institute, he found 71 new vocabulary words.

"My science teacher told me we are all big fishes in our own pond, but now we're inside a bigger pond," he said.

Since 2002, students like Yusrullah can also pick from three new, small specialized schools: the Queens High School for the Sciences at York College; the High School for Mathematics, Science and Engineering at City College; and the High School of American Studies at Lehman College. These schools have larger proportions of black and Hispanic students, but even in their short lives, the schools' black enrollment has declined. Hispanic enrollment has climbed at two of the three.

The Queens school opened with a student body that was 30.1 percent black and 13.6 percent Hispanic. In the most recent school year, those numbers were down to 19.7 percent and 10.1 percent, respectively.

ANTITRUST:

Bristol-Myers: No Evidence Plavix Talks Broke Law (DOW)

By Peter Loftus

Dow Jones, August 18, 2006

Bristol-Myers Squibb Co.'s (BMY) board said Thursday an internal investigation by the company's outside lawyers hasn't found any evidence of unlawful conduct by the drug maker's employees in connection with the company's proposed settlement of Plavix litigation.

In a statement posted on Bristol's Web site Thursday, the board also said the company hired attorney Mary Jo White in July, and she is conducting "an independent and full investigation" of Bristol-Myers' negotiations with Apotex Inc. (APO.YY), the

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Canadian company that began selling a generic version of Plavix last week after a proposed settlement was rejected by regulators.

Also, the independent members of Bristol's board have hired attorney Kenneth Conboy, who is advising them on corporate governance and related matters.

In July, Bristol-Myers disclosed that the U.S. Department of Justice's antitrust division had launched a criminal investigation of the Plavix settlement. That proposed settlement had called for Apotex to delay the launch of a generic version of Plavix until 2011 in exchange for certain payments.

Bristol and its Plavix co-marketer, Sanofi-Aventis (SNY) of France, have asked a federal court in New York to halt sales of generic Plavix. A hearing on the matter is scheduled for Friday morning.

Bristol's board said it "is well aware of investor concerns. The board believes the company is executing the appropriate initiatives to protect the best interests of the company and its shareholders."

In its statement, Bristol-Myers' board said it has been treating the Justice Department investigation of the Plavix settlement "with the highest degree of attention and seriousness." The board has directed all company employees to cooperate fully with "the grand jury" on this important matter.

The board said it welcomes a full inquiry by the Justice Department "to determine if unlawful or criminal conduct was committed by any of the parties negotiating the Plavix litigation settlement."

The results of the ongoing internal investigation by Bristol's outside counsel are being shared with the Justice Department, the board said.

The board said it has designated board members James Robinson, its non-executive chairman, and Louie Freeh, the former Federal Bureau of Investigation director, to "monitor internal and external legal initiatives and work streams on a daily basis."

Bristol's board also said it gets daily frequent updates from management on the Plavix commercial plans and from internal and external counsel on legal developments and initiatives. The board also meets in non-management directors' sessions with Conboy, the outside attorney.

A Bristol-Myers spokesman declined to comment on the board's statement.

Bristol disclosed last week it received a grand jury subpoena to produce documents. Chief Executive Peter Dolan and an unidentified senior officer also received grand jury subpoenas to provide testimony, and FBI agents conducted a search of their New York offices in late July.

-By Peter Loftus, Dow Jones Newswires; 215-656-8289; peter.loftus@dowjones.com

New Jersey Regulators Offer Counterproposal To Exelon/PSEG Merger (AP)

AP, August 18, 2006

NEWARK, N.J. (AP) -- New Jersey utility regulators on Thursday submitted a counterproposal to the deal offered by two energy companies whose proposed, $17 billion merger would create the nation's largest utility company.

Neither the companies - Chicago-based Exelon Corp. (EXC) and Newark-based Public Service Enterprise Group Inc. (PEG) - nor the state Board of Public Utilities would release details of the proposal.

The board in a statement said its document "addresses all important issues in the merger proceeding and is geared towards bringing positive benefits to the ratepayers and citizens of New Jersey."

Earlier this month, the board declined to rule on the merger, which has been approved by the U.S. Justice Department. The New Jersey officials at the time cited concerns a merger would lower the level of service provided to residents and said the companies needed to continue negotiating with the state before the deal could be approved.

Among PSEG's subsidiaries is Public Service Electric & Gas, New Jersey's largest utility.

The state's proposal ensures "New Jersey ratepayers will receive real benefits in real time," the statement said.

Paul Rosengren, a spokesman for the companies, declined to comment.

The offer effectively addresses the rate and market-power issues of the merger and is structured to maintain the high standards of reliability and safety presently delivered to state residents, the BPU statement said.

If accepted, the proposal "will result in positive benefits for the ratepayers and New Jersey," the board said.

In afternoon trading, PSEG shares fell 5 cents to $69.23, while shares of Exelon fell 10 cents to $58.893. Both are traded on the New York Stock Exchange.

The companies have implored the state to rule quickly on the deal. They have said a $1.46 billion package of incentives is their "last and best offer" to win state approval. The incentives include:

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-having PSE&G, a unit of PSEG, and two utilities owned by Exelon headquartered in Newark, instead of Chicago, where Exelon is headquartered. State officials have pushed to keep operations centered in New Jersey so the state can closely monitor reliability.

-locating the merged company's power supply unit in Pennsylvania, instead of Newark.

The U.S. Department of Justice approved the deal in June but stipulated that Exelon and PSEG first must divest six electricity generating plants - four in New Jersey and two in Pennsylvania - within 150 days of the merger's closure.

Government, environmental and citizens' watch groups have decried the proposed deal. Some say it could lead to increased energy bills for customers when electricity bills are already rising rapidly. They also have questioned the reliability and quality of service.

-Contact: 201-938-5400

Bidders Convinced Of Huge Pot At The End Of The Spectrum (WP)

By Arshad Mohammed, Washington Post Staff Writer

The Washington Post, August 18, 2006

The country's biggest telephone and cable companies, already fighting a ground war to sell consumers TV, phone and Internet service, have taken their battle to the air.

Both sides have spent the past two weeks bidding billions of dollars against one another to buy electromagnetic spectrum -- the frequencies that carry cellphone calls, TV broadcasts and wireless Internet access.

While they cannot see, taste or touch what they're bidding on, the companies can smell profit if they can grab enough of the airwaves at a government auction.

It is an article of faith in the industry that, over time, more and more communications will become wireless -- making spectrum a must-have asset for any company that wants to be a player.

"Spectrum is like money. You never have enough," said Roger Entner, a wireless analyst at independent research firm Ovum.

But it is a limited resource, and extremely expensive.

The federal government is expected to raise as much as $15 billion from its current auction. The airwaves up for grabs would be used to offer fast wireless Internet access and ever-more-elaborate cellphone service that puts e-mail, music and video into the palm of your hand.

This auction and another, due to be held by the end of January 2008, are regarded as the last, best chance over the next several years for companies to acquire "beachfront" spectrum that is exceptionally well suited for wireless Internet and phone service.

What has been most striking about the Federal Communications Commission's Advanced Wireless Services auction -- which began Aug. 9 and could last for weeks -- is that satellite TV providers and cable companies were among the 168 bidders.

Both want to go head to head with the old-line phone providers by offering bundles of telephone, TV, high-speed Internet and wireless service -- known as the "quadruple play" in industry jargon.

The major satellite players -- DirecTV Group Inc. and EchoStar Communications Corp. -- appear to be the most vulnerable because they lack their own mobile phone and high-speed Internet networks.

This week, the two companies, which bid together in the auction, effectively dropped out of the running. Analysts said their decision probably reflected a fear that prices had become too steep, as well as the possibility that they can eventually find partners to give them a wireless play.

EchoStar and DirecTV, like most companies contacted for this story, declined to comment specifically on the auction for fear of violating federal rules designed to prevent bidders from colluding.

"We can say that we are continuing to pursue a variety of options that will enable DirecTV to provide a broadband service to its customers nationwide," said DirecTV spokesman Robert Mercer.

The country's major cable companies, in contrast, continue to be a force in the auction despite a partnership they forged last year with Sprint Nextel Corp., the nation's third-largest mobile phone company, that was widely expected to meet their wireless needs.

Analysts said the cable companies may be looking for an insurance policy in case the Sprint Nextel partnership unravels. Even if it prospers, having their own spectrum gives the cable companies more leverage and the ability to strike out on their own.

"They are looking at this as an opportunity to control their own destiny. They don't want to be wholly reliant on Sprint," said Philip J. Weiser, a University of Colorado law professor and former Justice Department telecom specialist.

The traditional mobile phone players -- Cingular Wireless, Verizon Wireless and T-Mobile (which badly needs spectrum to improve its U.S. network) -- all remain active players in the auction.

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Marina Amoroso, a Yankee Group analyst, estimates that the U.S. market for wireless communications will rise from $141 billion this year to $180 billion in 2010, indicating the sums that may be up for grabs.

But taking part in the auctions can be a dicey proposition.

Companies that bid in British and German spectrum auctions in 2000 were widely believed to have overpaid and were battered by the financial markets afterward.

NextWave Telecom Inc. bid $4.8 billion to buy U.S. wireless licenses in 1996, only to file for Chapter 11 bankruptcy protection two years later when it could not make the installment payments to the federal government. While the company successfully fended off FCC efforts to reclaim the licenses, the agency later changed its rules to bar buying spectrum on the installment plan.

For all the complexity and potential pitfalls of allocating spectrum through auctions, the system appears more equitable, and more profitable to the government, than the sometimes arbitrary and politicized way the FCC doled out frequencies in the past.

For decades after the FCC was created in 1934, spectrum was given away.Initially, licenses were issued to radio and TV broadcasters through comparative hearings -- critics derided them as beauty contests -- in which the agency sought to decide who would best use the airwaves in the public interest.

Robert A. Caro, a biographer of President Lyndon Johnson, details how, in 1943, Johnson's wife, Lady Bird, needed only 24 days to win FCC approval to buy a Texas radio station and its licenses though another group -- without political connections -- tried but failed to do so for three years.

To accelerate what was often a slow and arbitrary process, in the early 1980s the FCC began to give out cellular telephone spectrum through lotteries. That was criticized because lottery winners got spectrum free and then often turned around and sold it for huge prices.

To eliminate the windfalls, the agency held its first auction in 1994, ushering in the modern era in which the market sets the price of the airwaves and the federal Treasury reaps the rewards.

Blair Levin, a regulatory analyst with Stifel, Nicolaus & Co., said the most significant outcome to the current auction would be if the cable companies bought enough spectrum to build their own network, which could lead to more consumer choices and lower prices.

Even so, it would not be clear for years whether cable had made the right bet. "The great sin of these auctions is always overpaying," Levin said. "But you don't know whether you overpaid for a long time."

Schools Get $80M From Microsoft Antitrust Case (AP)

By The Associated Press

AP, August 18, 2006

TALLAHASSEE -- Florida's most impoverished schools will get more than $80 million to buy computers, software and other services as part of the settlement of antitrust lawsuits against Microsoft Corp., Education Commissioner John Winn said today.

As part of the 2003 settlement, Microsoft agreed to donate half of any unclaimed benefits to Florida schools in which at least half the students qualify for free or reduced-price lunches.

The qualifying schools will get vouchers that can be used to receive reimbursements for purchases of any manufacturer's computers running any operating system and software used with those products.

"These funds give Florida a unique opportunity to bolster and expand technology use for students," said Winn, who made the announcement at Tallahassee's Griffin Middle School.

State education officials estimate 1,790 schools with more than 1.1 million students will be eligible. Half the money must be used for software and the other half for hardware and other services including curriculum development, training and supplemental services for school administrators.

Microsoft was accused in class-action lawsuits of violating Florida antitrust laws through anticompetitive practices that increased the prices of its products purchased from Nov. 16, 1995, through Dec. 31, 2002.

Those products included licenses for Microsoft's MS-DOS, Windows, Word, Excel and Office software.

Microsoft denied the allegations but agreed to settle for a maximum of $202 million. Florida consumers and businesses received vouchers to purchase computer hardware and software regardless of brand if they had purchased Microsoft items covered by the agreement. Those vouchers were worth $5 or $12 depending on the license purchased.

Needy Schools To Get Windfall From Microsoft (TAMPTRIB)

By Catherine Dolinski

Tampa Tribune, August 18, 2006

TALLAHASSEE - Needy Tampa Bay schools will receive more than $11.5 million for computers and software next year as a result of the state's $202 million settlement with Microsoft, state school officials announced Thursday.

About 1,790 schools in Florida will split at least $80 million in vouchers to reimburse computer and software costs, Florida Education Commissioner John Winn said. Of those schools, 150 are in Hillsborough County, 38 are in Pasco County and 73 are in Pinellas County.

The new funding results from a 2003 settlement of a class-action suit in which Florida accused the computer giant of violating antitrust laws and driving up the cost of technology. Microsoft denied all allegations but settled for up to $202 million, paid out in the form of form of $5 and $12 technology vouchers to reimburse Florida consumers and businesses that had purchased Microsoft products.

Florida's schools were not among the plaintiffs in the case, but a twist in the settlement gives them one-half of all vouchers left unclaimed by April 2006. Microsoft retains the other half.

State education officials and attorneys in the case are still verifying the exact amount left for schools, which is expected to exceed $80 million and could reach as high as $90 million. The settlement applies only to schools with at least 50 percent of their students qualifying for free or reduced-priced meals for low income.

Hillsborough County, which spends about $10 million on computers a year, will receive $6.8 million as a result from the settlement.

Steve Hegarty, spokesman for Hillsborough schools, said the money may allow the district to update school computers and software more quickly than it usually would - which, he said, is especially important for schools with large populations of low-income students.

"We are growing in many areas, which tend to be the affluent areas, so they now have new computers because their schools opened this year or last year," Hegarty said. "The high-poverty schools tend to be the older schools; we'd be able to accelerate our schedule to give them new technology."

Heather Fiorentino, school superintendent in Pasco County, agreed, saying the extra money will at least narrow a "digital divide" in the county. Pasco, which spends about $1.4 million on technology for existing schools, will receive nearly $2 million.

A former elementary schoolteacher, Fiorentino also noted that the computer vouchers are a particular boon for qualifying elementary and middle schools. "So many times, the high schools will get the newest and the fastest computers."

The vouchers will reimburse schools in April for purchases. With guidance from the state, schools can spend up to one-half on hardware and related services and one-half on software produced by any company.

Lucent's Merger With Alcatel Stirs Analyst's Doubts (WSJ)

By Sara Silver And Roger Cheng

The Wall Street Journal, August 18, 2006

A series of research notes this week is stirring concern about the proposed merger of Lucent Technologies Inc. and Alcatel SA, three weeks before shareholders in both companies vote on the deal.

Research analyst Per Lindberg of Dresdner Kleinwort questioned the terms of the merger, which shareholders are being asked to approve in meetings set for Sept. 7. Lucent's chief executive officer, Patricia Russo, is slated to run the combined firm.

Mr. Lindberg raised concern about Lucent's pension liabilities, and warned that Alcatel would face trouble running Lucent's Bell Labs arm, which does sensitive research for the government.

The shares of both companies are down 20% since March 23, when news of their proposed combination became public. In composite trading on the New York Stock Exchange, Lucent shares were at $2.27 yesterday, a discount of 5.6% to the proposed exchange ratio of their stock for Alcatel's. The spread has widened in the past week, as critical reports started making the rounds.

A Lucent spokesperson declined to comment directly on the report, but said, "We remain on track and are confident that the merger will be completed by the end of the calendar year." A spokesperson for Alcatel also expressed confidence the deal would close by year end: "We continue to make excellent progress toward the successful completion of the merger including clearing several major regulatory hurdles."

The Lucent-Alcatel deal still has support among many analysts.

"In the end, these two companies can struggle as separate companies and compete against each other and against larger rivals, or they can combine and become more efficient," said David Eiswert, telecom-equipment analyst for T. Rowe Price, the No. 12 shareholder in Lucent. At the end of June, the firm owned 22.7 million shares of Lucent, up 3.2 million from the end of March, according to FactSet Research Systems Inc.

Some Alcatel shareholders have questioned the value of the deal since Lucent's July profit warning and weak quarterly results. Their concern over valuation becomes a bigger issue when stripping out the pension credit propping up the earnings of

Lucent. In his reports, Mr. Lindberg asserted Lucent had a $4 billion deficit in its liabilities to retirees and the deficit would be greater if it used Alcatel's more conservative assumptions to estimate future pension obligations. According to U.S. accounting rules, Lucent's pension fund has a $3 billion surplus, with $34 billion in assets to cover $31 billion in liabilities at the end of 2005. The company has surpassed its estimates for returns on its pension assets over the last three years.

To address security concerns, the combined company would create an independent U.S.-based Bell Labs subsidiary to handle sensitive government research projects. Other foreign firms, including Nortel Inc. of Canada, have set up similar arrangements.

Top 3 Russian Phone Operators Probed (AP)

AP, August 18, 2006

Antitrust Officials Investigate Russia's 3 Largest Mobile Phone Operators

MOSCOW (AP) -- Russian federal antitrust officials said Thursday they are investigating alleged collusion over the prices the country's three largest mobile phone operators charge each other for connections between their networks.

OAO Mobile TeleSystems, or MTS, which is Russia's biggest cell phone operator; MTS's chief competitor, Vimpelcom; and Russia's No. 3 mobile operator Megafon; charged each other 16 percent less for interconnection fees than they charged other, smaller operators, according to a statement on the Web site of the Federal Anti-monopoly Service.

According to the statement, operators who transfer calls onto the networks of the big three companies are charged 1.1 ruble per minute (4 cents) while they charge each other 0.95 ruble per minute (3 cents).

"In this way regional operators and those who have just come onto the market are in an unfair position compared to the federal operators, which is inadmissible under anti-monopoly legislation," the statement said.

A spokeswoman for Vimplecom, which operates the nation's No. 2 cellular provider -- Beeline -- said that the lower price reflected a discount provided for large volumes of traffic.

"We don't think we broke any laws and are ready to defend our position in court, if need be," Vimpelcom spokeswoman Yulia Ostroukhova was quoted as saying by Dow Jones Newswires. Ostroukhova said that the company's bigger partners were offered more attractive and flexible rates, in line with internationally accepted practice.

"The big three exchange traffic in 70 regions of Russia, while small operators are present in one region each," Ostroukhova said.

The Federal Anti-monopoly service said that a hearing in the case would be held Sept. 28.

ENVIRONMENT:

Government Wins Round In Pollution Fight (AP)

By John Heilprin

AP, August 18, 2006

WASHINGTON - The government won a round Thursday in a long-running dispute over how much authority it has to force industrial plants to cut air pollution.

Its victory over Cinergy Corp. in a federal appeals court in Chicago could help the Supreme Court decide the issue in a similar case this fall.

The Supreme Court's decision - which is shaping up as a test of the Bush and Clinton administrations' competing legal approaches for cutting air pollution - would affect up to 17,000 industrial plants and the unhealthy air breathed by 160 million Americans.

The facilities are major sources of nitrogen oxides and sulfur dioxide, which contribute to smog, acid rain, soot and other fine particles that lodge in people's lungs and cause asthma and other respiratory ailments.

The Cinergy case turned on whether its power plants could spew more pollutants into the air when they modernized to operate for longer hours. The Environmental Protection Agency said no, because Cinergy should have gone through a federal permit process, and the 7th U.S. Circuit Court of Appeals in Chicago agreed.

"Cinergy's suggested interpretation, besides not conforming well to the language of the regulation ... would elude the permit requirement," Circuit Judge Richard Posner wrote for a three-judge panel of the federal appeals court.

The Cinergy case is one of the lawsuits the Clinton administration filed in 1999 against electric utilities in the Midwest and South. The government contended that 51 aging, coal-burning power plants in 10 states, primarily in the Ohio Valley and the South, illegally polluted for two decades.

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The cases were attempts to enforce a neglected and red tape-laden 1977 provision of the Clean Air Act. It requires a company to get a federal permit and install costly pollution controls when modernizing a facility and significantly increasing emissions.

A month before President Clinton left office in 2001, Cinergy agreed to settle its case and spend $1.4 billion to reduce air pollution at 10 coal-fired power plants in Ohio, Indiana and Kentucky. But soon after President Bush took office and said his administration would review the Clinton-era enforcement cases, Cinergy backed out of the agreement.

Earlier this year, the Supreme Court took the unusual step of agreeing to an environmental group's request that it take up a related case.

The court accepted Environmental Defense's request that it hear a case involving Duke Energy Corp., based in Charlotte, N.C., over the same issue as the Cinergy case. Duke Energy acquired Cinergy in April.

Duke Energy spokesman Pete Sheffield said the company was disappointed by the ruling but now expects the Supreme Court to resolve the courts' competing views on the Clean Air Act. Regardless of the ruling, he said, the company will spend $2.4 billion through 2008 to reduce air pollution from more than a dozen coal-burning plants in the Midwest and Southeast.

In the Duke case, the 4th U.S. Circuit Court of Appeals, in Richmond, Va., concluded the opposite of what Posner wrote. Posner took aim at that court Thursday.

"In so ruling, the Fourth Circuit stepped out of its bounds," Posner wrote. "But in any event, the argument's premise is incorrect."

Vickie Patton, an Environmental Defense attorney, said the Cinergy ruling will be pivotal, since it comes from one of the most influential federal court of appeals.

She said the Chicago court's decision sends "a powerful signal that it is time to address the serious human health and environmental impacts of coal-fired power plants."

After Duke won, the Justice Department asked the 4th Circuit to reconsider. But the Bush administration then asked the Supreme Court not to overturn the favorable ruling for Duke. Solicitor General Paul Clement explained that EPA had responded by issuing new regulations.

Those regulations were struck in March by the U.S. Court of Appeals for the District of Columbia Circuit, which said the Bush administration had resorted to "a Humpty Dumpty" interpretation of the law that contradicted Congress' intent.

ON THE NET

EPA: http://www.epa.gov/nsr/

FBI/DEA/ATF/USMS:

9/11 Panel Chiefs: FBI Lags On Promised Improvements (USAT)

By Alan Levin And Kevin Johnson

USA Today, August 18, 2006

WASHINGTON — The chairmen of the commission that investigated the Sept. 11 terrorist attacks said Thursday that the FBI has moved too slowly to improve its ability to prevent future terrorist plots and is plagued by turnover in its senior ranks.

Former New Jersey governor Thomas Kean, who led the landmark investigation into the government's response, and former Indiana congressman Lee Hamilton, the 9/11 Commission's vice chairman, said in an interview with USA TODAY and Gannett News Service that the bureau is lagging in its capability to penetrate terrorist groups.

During deliberations for its final report, the commission came close to recommending that the FBI be split into two agencies, one for domestic intelligence and the other for traditional law enforcement, they said.

In the end, a divided commission recommended that the FBI improve its intelligence capabilities after agency officials promised to improve.

Two years later, “they are not even close to where they said they would be,” Kean said.

The FBI has strongly defended the pace of its “transformation” since 9/11. On Thursday, the agency responded to requests for comment by referring reporters to FBI Director Robert Mueller's recent statements about the bureau's ongoing restructuring effort.

Mueller said last month that the bureau is adding hundreds of new agents and increasing its role in domestic intelligence gathering. “Since the September 11, 2001, terrorist attacks, the FBI has made tremendous progress toward becoming a threat-based, intelligence-driven organization,” he said during the announcement of leadership changes at the bureau.

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“We are not simply moving boxes around the FBI organization chart,” Mueller said. “These changes are institutionalizing the progress we have made to date. They are also putting us in a better position to strategically manage the FBI's two greatest assets: its people and its information.”

Hamilton and Kean criticized high turnover rates among high-level agents and the slow pace in developing airport security to better detect explosives. They also said the FBI has not shown the ability to develop sources in its fight against terrorism.

The United Kingdom's domestic intelligence service, MI5, last week broke up an alleged plot to blow up airliners over the Atlantic Ocean. MI5's investigation was aided by a tip from a member of the local Muslim community.

Hamilton and Kean are making a series of public appearances in connection with the publication of their book Without Precedent, an inside account of the9/11 Commission.

The FBI's Upgrade That Wasn't (WP)

By Dan Eggen And Griff Witte

The Washington Post, August 18, 2006

As far as Zalmai Azmi was concerned, the FBI's technological revolution was only weeks away.

It was late 2003, and a contractor, Science Applications International Corp. (SAIC), had spent months writing 730,000 lines of computer code for the Virtual Case File (VCF), a networked system for tracking criminal cases that was designed to replace the bureau's antiquated paper files and, finally, shove J. Edgar Hoover's FBI into the 21st century.

It appeared to work beautifully. Until Azmi, now the FBI's technology chief, asked about the error rate.

Software problem reports, or SPRs, numbered in the hundreds, Azmi recalled in an interview. The problems were multiplying as engineers continued to run tests. Scores of basic functions had yet to be analyzed.

"A month before delivery, you don't have SPRs," Azmi said. "You're making things pretty. . . . You're changing colors."

Within a few days, Azmi said, he warned FBI Director Robert S. Mueller III that the $170 million system was in serious trouble. A year later, it was dead. The nation's premier law enforcement and counterterrorism agency, burdened with one of the government's most archaic computer systems, would have to start from scratch.

The collapse of the attempt to remake the FBI's filing system stemmed from failures of almost every kind, including poor conception and muddled execution of the steps needed to make the system work, according to outside reviews and interviews with people involved in the project.

But the problems were not the FBI's alone. Because of an open-ended contract with few safeguards, SAIC reaped more than $100 million as the project became bigger and more complicated, even though its software never worked properly. The company continued to meet the bureau's requests, accepting payments despite clear signs that the FBI's approach to the project was badly flawed, according to people who were involved in the project or later reviewed it for the government.

Lawmakers and experts have faulted the FBI for its part in the failed project. But less attention has been paid to the role that the contractor played in contributing to the problems. A previously unreleased audit -- completed in 2005 and obtained by The Washington Post -- found that the system delivered by SAIC was so incomplete and unusable that it left the FBI with little choice but to scuttle the effort altogether.

David Kay, a former SAIC senior vice president who did not work on the program but closely watched its development, said the company knew the FBI's plans were going awry but did not insist on changes because the bureau continued to pay the bills as the work piled up.

"SAIC was at fault because of the usual contractor reluctance to tell the customer, 'You're screwed up. You don't know what you're doing. This project is going to fail because you're not managing your side of the equation,' " said Kay, who later became the chief U.S. weapons inspector in Iraq. "There was no one to tell the government that they were asking the impossible. And they weren't going to get the impossible."

Mueller's inability to successfully implement VCF marks one of the low points of his nearly five-year tenure as FBI director, and he has accepted some of the blame. "I did not do the things I should have done to make sure that was a success," he told reporters last month.

SAIC declined three requests for comment. The company told Congress last year that it tried to warn the FBI that its "trial and error" approach to the project would not work, but it said it may not have been forceful enough with the bureau.

Whoever is at fault, five years after the Sept. 11, 2001, terrorist attacks and more than $600 million later, agents still rely largely on the paper reports and file cabinets used since federal agents began chasing gangsters in the 1920s.1980s Technology

Even before the Sept. 11 attacks, the FBI had developed a plan, Trilogy, to address its chronic technology problems. The program was made up of three main components: a new computer network, thousands of new personal computer stations and, at its heart, the software system that would come to be known as VCF.

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The FBI wanted its agents to work in a largely paperless environment, able to search files, pull up photos and scan for information at their own PCs. The old system was based on fusty mainframe technology, with a text-only "green screen" that had to be searched by keywords and could not store or display graphics, photos or scanned copies of reports.

What's more, most employees had no PCs. They relied instead on shared computers for access to the Internet and e-mail. A type of memo called an electronic communication had to be printed out on paper and signed by a supervisor before it was sent. Uploading a single document took 12 steps.

The setup was so cumbersome that many agents stopped using it, preferring to rely on paper and secretaries. Technologically, the FBI was trapped in the 1980s, if not earlier.

"Getting information into or out of the system is a challenge," said Greg Gandolfo, who spent most of his 18-year FBI career investigating financial crimes and public corruption cases in Chicago, Little Rock and Los Angeles. "It's not like 'Here it is, click' and it's in there. It takes a whole series of steps and screens to go through."

Gandolfo, who now heads a unit at FBI headquarters that fields computer complaints, said the biggest drawback is the amount of time it takes to handle paperwork and input data. "From the case agent's point of view, you want to be freed up to do the casework, to do the investigations, to do the intelligence," he said.

At the start, the software project had relatively modest goals -- and much lower costs. When SAIC beat out four competitors to win the contract in June 2001, the company said it would be earning $14 million in the first year of a three-year deal to update the FBI's case-management system.

For SAIC, the contract was relatively minor. The firm, owned by 40,000 employee shareholders, is one of the nation's largest government contractors. The 2001 attacks were a boon to its fortunes, helping to boost its annual revenue, now more than $7 billion.

At the FBI, the impact of the attacks was equally significant but certainly less auspicious. As revelations emerged that the bureau had missed clues that could have revealed the plot, its image suffered. Its long-outdated information technology systems drew particular scrutiny.

"Prior to 9/11, the FBI did not have an adequate ability to know what it knew," a report by the staff of the Sept. 11 commission concluded. "The FBI's primary information management system, designed using 1980s technology already obsolete when installed in 1995, limited the Bureau's ability to share its information internally and externally."

The problems continued to hamper the bureau after the attacks as well: To transmit photographs of the 19 Sept. 11 hijackers and other suspects to field offices, headquarters had to fax copies or send compact discs by mail, because the system would not allow them to e-mail a photo securely.

In the months after the terrorist attacks, overhauling the case-management system became one of the bureau's top priorities. Deadlines were moved up, requirements grew, and costs ballooned.

Along the way, the FBI made a fateful choice: It wanted SAIC to build the new software system from scratch rather than modifying commercially available, off-the-shelf software. Later, the company would say the FBI made that decision independently; FBI officials countered that SAIC pushed them into it.

More than two years after Sept. 11, when a team of researchers from the National Research Council showed up to review the status of Trilogy, FBI officials assured them that the bureau had made great strides. That was true in part: By early 2004, two of the three main pillars of the program -- thousands of new PCs and an integrated hardware network -- were well on the way to being delivered and installed.

But, as the researchers soon learned, the heart of the makeover, VCF, remained badly off track. In its final report, in May 2004, the NRC team warned that the program was "currently not on a path to success."

The review team from the NRC, which is affiliated with the National Academy of Sciences, was made up of more than a dozen scientists and engineers from top universities and leading technology companies, all of them independent of the FBI and its contractors.

The report observed that the rollout of the new case-management software had been poorly planned nearly from the beginning. Months after the program was supposed to be complete, it remained riddled with shortcomings:

Â· Agents would not be able to take copies of their cases into the field for reference.

Â· The program lacked common features, such as bookmarking or histories, that would help agents navigate through millions of files.

Â· The system could not properly sort data.

Â· Most important, the FBI planned to launch the new software all at once, with minimal testing beforehand. Doing so, the NRC team concluded, could cause "mission-disruptive failures" if the software did not work, because the FBI had no backup plan.

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"That was a little bit horrifying," said Matt Blaze, a professor of computer science at the University of Pennsylvania and a member of the review team. "A bunch of us were planning on committing a crime spree the day they switched over. If the new system didn't work, it would have just put the FBI out of business."

The NRC team found plenty of blame to go around, starting with the FBI itself.

Like many government agencies, the bureau had been drained of much of its top talent as skilled managers left for the higher salaries and reduced bureaucracy of the private sector. By 2001, when the VCF program was born, the FBI had few people in house with the expertise to develop the kind of sophisticated information technology systems that it would need. As a result, the agency had been turning increasingly to private contractors for help, a process that only hastened the flow of talent out the door at FBI headquarters.

"In essence, the FBI has left the task of defining and identifying its essential operational processes and its IT concept of operations to outsiders," the NRC researchers concluded. "The FBI lacks experienced IT program managers and contract managers, which has made it unable to deal aggressively or effectively with its contractors."

Daniel Guttman, a fellow at Johns Hopkins University who specializes in government contracting law, said: "This case just shows the government doesn't have a clue. Yet the legal fiction is that the government knows what it's doing and is capable of taking charge. The contractors are taking advantage of that legal fiction."

In the end, the FBI's failure to police the contractors would lead to disastrous results.

After the disappointing preview of VCF in late 2003 by Azmi, who was then an adviser to Mueller tasked with reviewing the system, the FBI scrambled to rescue the project. The Aerospace Corp., a federally funded research-and-development firm in El Segundo, Calif., was hired for $2 million in June 2004 to review the program and come up with a "corrective action plan."

The conclusion: SAIC had so badly bungled the project that it should be abandoned.

In a 318-page report, completed in January 2005 and obtained by The Post under the Freedom of Information Act, Aerospace said the SAIC software was incomplete, inadequate and so poorly designed that it would be essentially unusable under real-world conditions. Even in rudimentary tests, the system did not comply with basic requirements, the report said. It did not include network-management or archiving systems -- a failing that would put crucial law enforcement and national security data at risk, according to the report.

"From the documents that define the system at the highest level, down through the software design and into the source code itself, Aerospace discovered evidence of incompleteness, lack of follow-through, failure to optimize and missing documentation," the report said.

Others joined Aerospace in highlighting SAIC's role in the failure. The NRC report complains that the contractor dealt with Trilogy as a "business as usual" program, without regard to its importance to national security.

Matthew Patton, a programmer who worked on the contract for SAIC, said the company seemed to make no attempts to control costs. It kept 200 programmers on staff doing "make work," he said, when a couple of dozen would have been enough. The company's attitude was that "it's other people's money, so they'll burn it every which way they want to," he said.

Patton, a specialist in IT security, became nervous at one point that the project did not have sufficient safeguards. But he said his bosses had little interest. "Would the product actually work? Would it help agents do their jobs? I don't think anyone on the SAIC side cared about that," said Patton, who was removed from the project after three months when he posted his concerns online.

Azmi said that "in terms of having a lot of money, we were just coming out of 9/11, and at that time there was a lot of pressure on the FBI to develop capabilities for storing information and actually, for lack of better words, connecting the dots. If SAIC took advantage of that, I would say shame on them."

Mueller has also criticized SAIC, telling Congress that the software it produced "was not what it should be in order to make it the effective tool for the FBI, and it requires us now to go a different route."

One FBI manager estimated that the scope of the Trilogy project as a whole expanded by 80 percent since it began, according to a February 2005 report by Justice Department Inspector General Glenn A. Fine.

SAIC has consistently said that it was trying to meet the FBI's needs but that its efforts were undermined by the bureau's chronic indecision. Executive Vice President Arnold Punaro submitted testimony to Congress in February 2005 citing 19 government personnel changes in three years that kept the program's direction in flux.

FBI officials, he said, took a "trial and error, 'we will know it when we see it' approach to development." Punaro said the company warned bureau officials that such a method would not work, but he acknowledged that SAIC did not do enough to get the FBI's attention.

"We clearly failed to get the cumulative effect of these changes across to the FBI consumer," he said.

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Punaro also faulted Aerospace, saying that its study was based on an earlier version of VCF software and that the firm "did not bring a sufficient understanding of the uniqueness, complexity and scope of the FBI undertaking to evaluate our product."Starting Over, Again

By 2004, even as the news grew worse behind the scenes, FBI officials struggled to put an optimistic spin on their software upgrade.

In March, testifying before a House subcommittee, Mueller said that the FBI had experienced "a delay with the contractor" but that the problem had been "righted." He said he expected that "the last piece of Virtual Case File would be in by this summer."

Two months later, Azmi -- who had been named the bureau's chief information officer -- pushed back the estimate further, predicting that SAIC would deliver the product in December.

But the problems continued to mount. The FBI and SAIC feuded over change orders, system requirements and other issues, according to an investigative report later prepared for the House Appropriations Committee. The FBI also went ahead with a $17 million testing program for the system, one of many missed opportunities to cut its losses, according to the House report.

Azmi defends the attempt to save VCF and calls the decision to abandon it in early 2005 "probably the toughest" of his career.

The decision to kill VCF meant that the FBI's 30,000-plus employees, including more than 12,000 special agents, had to continue to rely on an "obsolete" information system that put them at "a severe disadvantage in performing their duties," according to the report by Fine, of the Justice Department.

"The urgent need within the FBI to create, organize, share and analyze investigative leads and case files on an ongoing basis remains unmet," Fine's office concluded.

Maureen Baginski, the FBI's former executive assistant director of intelligence, said the lack of a modern case-management system could hurt the bureau when time is of the essence. Agents and analysts need the new system, she said, to quickly make connections across cases -- especially when they are tackling complex challenges such as unraveling a terrorist plot.

Last year, FBI officials announced a replacement for VCF, named Sentinel, that is projected to cost $425 million and will not be fully operational until 2009. A temporary overlay version of the software, however, is planned for launch next year.

The project's main contractor, Lockheed Martin Corp., will be paid $305 million and will be required to meet benchmarks as the project proceeds. FBI officials say Sentinel has survived three review sessions and is on budget and on schedule.

SAIC is not involved. FBI officials say they are awaiting an audit by a federal contracting agency before deciding whether to attempt to recoup costs from the company.

In a follow-up to its reviews, Fine's office warned in March that the FBI is at risk of repeating its mistakes with Sentinel because of management turnover and weak financial controls. But Azmi and other FBI officials say Sentinel is designed to be everything VCF was not, with specific requirements, regular milestones and aggressive oversight.

Randolph Hite, who is reviewing the program for the Government Accountability Office, said: "When you do a program like this, you need to apply a level of rigor and discipline that's very high. That wasn't inherent in VCF. My sense is that it is inherent in Sentinel."

But no one really knows how much longer the bureau can afford to wait.

"We had information that could have stopped 9/11," said Sen. Patrick J. Leahy (Vt.), the ranking Democrat on the Senate Judiciary Committee. "It was sitting there and was not acted upon. . . . I haven't seen them correct the problems. . . . We might be in the 22nd century before we get the 21st-century technology."

FBI Names Chief Of Criminal Investigations (WT)

By Jerry Seper

The Washington Times, August 18, 2006

James H. "Chip" Burrus, who has headed the FBI's criminal investigative division in an acting capacity since February, has been named as its permanent chief, responsible for coordinating, managing and directing the bureau's criminal investigative programs nationwide.

"Chip brings an extensive background in criminal investigations and great leadership qualities to the [assistant director] position," said FBI Director Robert S. Mueller III. "He has the skills and vision to lead the intelligence and technology driven work of today's FBI, and I'm confident he will help us stay a step ahead of new threats and trends in the criminal arena."

The division focuses on public corruption, violation of civil rights, gangs, organized crime, financial crimes including corporate and health care fraud, violent crimes and victim assistance.

A 23-year FBI veteran, Mr. Burrus recently was among 100 FBI and U.S. law-enforcement officials who attended the second annual Gang Enforcement Conference in San Salvador, which targeted the activities of Mara Salvatrucha, or MS-13. The conference, also attended by top officials from Guatemala, Mexico, Panama, Nicaragua, Honduras and El Salvador, focused on how to combat the gang that has been implicated in numerous slayings throughout the United States.

"What it did for me is it gave me an insight of what the gang looks like, not only in El Salvador and Central American countries but what it perhaps looks like here," Mr. Burrus said at the time. "How do they make money down there? What is their structure? It helps me be a little more predictive in placing resources."

With an estimated 10,000 MS-13 gang members in the United States, five times as many in the countries that attended the conference, the FBI has added resources to attack the problem, including the creation of the MS-13 National Gang Task Force and the National Gang Intelligence Center. Last year, the task force coordinated a series of arrests and crackdowns in the U.S. and Central America that led to the arrests of 73 suspects in the United States.

Mr. Burrus joined the FBI as a special agent in 1983 and was assigned to El Paso and Midland, Texas, field offices where he focused on public corruption and bank fraud investigations. After transfer to the Washington field office in 1988, he was promoted and assigned to the attorney general's security detail where he worked with Edwin Meese III, Richard E. Thornburgh and William P. Barr.

In 1991, he was assigned to the FBI's Internal Affairs Unit in Washington, where he remained until his promotion and transfer to Orlando, Fla., in 1993, as a supervisory special agent. Mr. Burrus was named the assistant special agent in charge of the Minneapolis division in 1998 and was transferred to FBI headquarters in 2001, where he served as the special assistant to the deputy director.

Bonds Trainer Mum On Steroids Question (MERCN)

By Paul Elias

The San Jose Mercury News, August 18, 2006

SAN FRANCISCO - Barry Bonds' personal trainer again refused to testify before a grand jury investigating the Giants slugger Thursday, but a federal judge did not jail Greg Anderson for contempt of court.

U.S. District Judge William Alsup said he must review the transcript of the brief grand jury hearing and hear arguments from lawyers before deciding if Anderson should go back to jail. He ordered Anderson to return to court Aug. 28.

On Anderson's fifth appearance before a federal grand jury, he answered basic questions, including his name, prosecutors said. Until now, he didn't even go that far.

But federal prosecutors said Anderson didn't answer any substantive questions about steroids and that his answers were designed to delay the process, Assistant U.S. Attorney Matthew Parrella argued.

"This was a more cynical appearance than any before," Parrella said.

For instance, Anderson refused to answer when Parrella asked, "Did you distribute anabolic steroids to Barry Bonds?"

That was the first public acknowledgment that Bonds, second on major league baseball's all-time home run list, is the target of a grand jury investigation into a performance-enhancing drug probe linked to some of the world's top athletes, including Yankees star Jason Giambi and sprinter Tim Montgomery.

All other reports have been based on leaked copies of grand jury transcripts in the investigation of the Bay Area Laboratory Co-Operative that netted five convictions for steroid distribution. Several elite athletes testified about their steroid use and Parrella told the judge the new investigation involved whether "some of those athletes committed perjury and/or obstructed justice."

Parrella said prosecutors want Anderson to explain calendars with doping schedules and other evidence seized from his house.

Despite the government's insistence that Anderson essentially refused to testify yet again, Alsup allowed the trainer to go free for now.

Alsup also allowed Anderson's attorney, Mark Geragos, to make one last argument for why his client shouldn't have to testify. Geragos lost those arguments July 5 when Anderson was initially jailed for refusing to answer questions.

"There is a substantial difference between this time and last time," Geragos said.

Numerous grand jury leaks have left Anderson mistrustful that his testimony will be kept confidential, Geragos said. It would violate a deal struck in December to plead guilty to steroids distribution and money laundering, in which Anderson specifically stated he would not cooperate with the government.

But Alsup has already rejected those arguments as well as a third claim Geragos intends to renew, which is that Anderson was a target of an illegal wiretap. A federal appeals court also rejected the wiretap argument.

Anderson spent 15 days in prison last month for refusing to testify, but was freed after that grand jury's term expired.

He also served three months in prison and three months of home detention after pleading guilty to steroid distribution and money laundering stemming from the government's investigation of BALCO, which allegedly supplied Bonds and other athletes with performance-enhancing drugs.

Government lawyers are investigating whether Bonds lied under oath when he told an earlier grand jury he didn't know whether the substances Anderson gave him were steroids.

Some legal experts see Anderson as the key to proving perjury allegations, since Bonds reportedly testified the trainer gave him two substances that fit the description of "the cream" and "the clear" - two drugs linked to BALCO. In 2003, Bonds reportedly testified that he believed the substances were flaxseed oil and arthritis balm.

The investigation also reportedly is focused on whether the San Francisco Giants outfielder paid taxes on the sale of hundreds of thousands of dollars worth of sports memorabilia.

Bonds' Trainer Refuses To Testify, But Remains Free (USAT)

By Bob Nightengale, Usa Today

USA Today, August 18, 2006

Greg Anderson once again refused to testify Thursday before a grand jury investigating San Francisco Giants outfielder Barry Bonds on perjury charges, but he was not sent to prison for contempt of court.

The federal government publicly confirmed Thursday that it is investigating whether Bonds lied under oath in 2003 when he told a grand jury he was unaware he was taking steroids provided by Anderson, Bonds' personal trainer.

Anderson, according to the Associated Press, answered several basic questions but refused to respond when federal prosecutor Matt Parrella asked: "Did you distribute anabolic steroids to Barry Bonds?"

U.S. District Judge Williams Alsup rejected the federal government's request to send Anderson to prison. Alsup instead ordered Anderson to return to court Aug. 28, providing him time to review the transcript of the grand jury hearing and hear attorney arguments.

"It was a good day, an excellent day," Mark Geragos, Anderson's attorney, told USA TODAY. "I obviously like to walk out of the court with my client instead of leaving him there. It's the best thing that could have happened."

Anderson, who served three months in prison last year after pleading guilty to steroid distribution and money laundering, also spent 15 days in prison last month for refusing to testify.

"The government is going to continue to seek holding him in contempt," Geragos said, "and we will continue to dispute that. I don't believe that my client is in contempt."

If Anderson is sent to prison, he could remain for 17 months when the grand jury's term expires or be released if Alsup is convinced that Anderson won't talk.

Bonds, who was unavailable for comment Thursday, previously told USA TODAY that he appreciates Anderson's loyalty and would also be willing to be imprisoned for a close friend.

Bonds' Trainer Appears Before Grand Jury (SFC)

San Francisco Chronicle, August 18, 2006

SAN FRANCISCO - Greg Anderson, Barry Bonds' weight trainer, appeared today before a federal grand jury that is conducting a perjury investigation of Bonds and answered some questions, but a prosecutor said he refused to answer the important ones, such as whether he supplied steroids to the Giants' outfielder.

A federal judge put off until Aug. 28 a decision on whether to hold Anderson in contempt of court and return him to federal prison, where he spent 15 days last month for refusing to testify to a previous grand jury.

U.S. District Judge William Alsup said he wanted to give both sides time to study a transcript of today's hearing and prepare arguments over whether Anderson had any legal justification for not answering some questions.

Anderson, one of five men who pleaded guilty to drug-related charges related to the Bay Area Laboratory Co-Operative, spent three months in prison for dealing steroids and laundering money. He was called back to court this May and asked about evidence seized from his home that might show whether Bonds lied when he told the BALCO grand jury he had never knowingly used steroids.

When Anderson refused to testify, Alsup held him in contempt and jailed him on July 5, rejecting defense arguments that prosecutors had implicitly promised not to call him as a witness when he pleaded guilty. He was released July 20 when the grand jury's term expired, but was summoned back a week later after a new grand jury was convened.

Assistant U.S. Attorney Matt Parrella told Alsup that Anderson, in today's grand jury appearance, answered some background questions but refused to testify "in any significant way on any pertinent issue," including whether he had provided steroids to Bonds.

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But Anderson's lawyer, Mark Geragos, said the trainer had merely refused to answer any questions that could have been the product of a recording obtained by prosecutors.

Geragos contends the recording -- which The Chronicle has reported includes a statement by Anderson that he furnished undetectable steroids to Bonds -- came from an illegal wiretap. Alsup has not ruled on the tape's legality but has prohibited prosecutors from questioning Anderson about it.

Bonds's Personal Trainer Reveals Little To Grand Jury (NYT)

By Lee Jenkins

The New York Times, August 18, 2006

SAN FRANCISCO, Aug. 17 — Greg Anderson, the boyhood friend and personal trainer of Barry Bonds, told a federal grand jury just enough to stay out of prison Thursday.

Judge William Alsup of Federal District Court rejected a request by federal prosecutors to send Anderson back to prison for contempt of court, even though Anderson refused to tell the grand jury whether he gave steroids to Bonds.

A federal prosecutor, Matt Parrella, said during the contempt hearing that Anderson had not answered any questions in four previous grand jury sessions. In Anderson's fifth grand jury session, ordered by Alsup on Thursday afternoon, Parrella said, Anderson answered only basic questions, such as "What is your name?"

Parrella said that when he asked Anderson if he had supplied anabolic steroids to Bonds, Anderson did not answer. "It was a more cynical and contentious appearance," Parrella told the judge.

Alsup said that because Anderson gave some testimony Thursday, he needed time to read the transcript. Anderson will be back in court for another contempt hearing Aug. 28.

Anderson, 40, was in prison from July 5 to July 20 for refusing to testify to a previous grand jury. Federal prosecutors may need his testimony to indict Bonds on charges of perjury and tax evasion.

For the first time, federal prosecutors acknowledged publicly Thursday that the grand jury was investigating athletes for perjury and obstruction of justice. Prosecutors also revealed for the first time that they are asking about Bonds.

The Associated Press reported Wednesday that the grand jury told Anderson to be prepared to discuss a handful of athletes, including New England Patriots' quarterback Tom Brady. Both Bonds and Brady are from the Bay Area and both went to Serra High School. Brady told reporters Thursday that he called Anderson once, about five years ago, and never spoke to him again. "That was the first and last of it," he said.

Anderson pleaded guilty to steroid distribution and money laundering last year in connection with the Bay Area Laboratory Co-Operative scandal. He was sentenced to three months in prison and three months of home confinement.

Suspected Drug Kingpin Pleads Not Guilty (AP)

By Allison Hoffman, Associated Press Writer

AP, August 18, 2006

SAN DIEGO --Suspected drug kingpin Francisco Javier Arellano Felix pleaded not guilty to racketeering and conspiracy charges Thursday after arriving on U.S. soil in a Coast Guard boat and being whisked to a downtown jail under heavy security.

Arellano Felix did not speak during the brief hearing. His court-appointed attorney, Leila Morgan, pleaded not guilty on his behalf to racketeering, racketeering conspiracy, conspiracy to import and distribute controlled substances, and money laundering.

Arellano Felix, 36, had been captured on a sport boat in international waters Monday along with seven other men, including Arturo Villarreal Heredia, who U.S. authorities said was probably his second-in-command.

"There is no discernible leader left to fill the void" in the Tijuana-based Arellano Felix cartel, said John Fernandes, special agent in charge of the Drug Enforcement Administration's San Diego office. "I don't consider this organization disrupted. I consider this organization defunct."

The men arrived on a U.S. Coast Guard boat at the agency's harborside facility around 8:15 a.m. The group was escorted to a waiting motorcade of police vehicles and unmarked Chevy Suburbans as snipers watched from atop a nearby hangar.

U.S. Magistrate Judge Leo S. Papas scheduled a bail hearing Monday for Arellano Felix. After the defendant left the courtroom, the seven others entered and were ordered held as material witnesses.

Arellano Felix's son was among three children ages 5 to 11 who also were on the 43-foot yacht, said Carol Lam, the U.S. attorney in San Diego. One was apparently a nephew, and the third child's identity was unclear.

The children were brought to the United States and will be returned to Mexico, Fernandes said at a news conference.

Coast Guard Rear Adm. Jody Breckinridge said that Mexican authorities did not participate in the arrest and that Arellano Felix showed little resistance.

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In Mexico, Attorney General Daniel Cabeza de Vaca said Thursday that the arrest "totally devastated" the cartel. Some experts, however said it would not mean much to the organization or to the larger fight against drug trafficking in Mexico.

Cabeza de Vaca also said Mexico would seek Arellano Felix's extradition to Mexico, but perhaps not until he had been tried and sentenced for crimes in the United States.

Arellano Felix was among 11 people charged in 2003 with 10 counts of conspiracy and racketeering. He is suspected of conspiring to assassinate Roman Catholic Cardinal Juan Jesus Posadas Ocampo in 1993 at the airport in Guadalajara, U.S. officials said.

The indictment accuses Arellano Felix, 36, and others of moving tons of Colombian cocaine and Mexican marijuana to the United States along the California-Mexico border. The Arellano Felix gang is believed to be responsible for large border drug tunnels discovered last January.

They are also accused of kidnapping, torturing and killing rivals and bribing Mexican officials. The indictment links Arellano Felix to a 1996 killing in Coronado, Calif., near San Diego, and a 1992 shootout at a disco in Puerto Vallarta, Mexico.

The Arellano Felix gang emerged as a drug powerhouse in the 1980s in Tijuana, Mexico, across the border from San Diego, but its influence has waned lately. It recently ceded control of Mexicali, an important drug corridor about 120 miles east of Tijuana, said John Kirby, a former federal prosecutor in San Diego who worked on the 2003 indictment.

Kirby said Arellano Felix led the Tijuana clan almost by default in 2002 when the gang lost two of his older brothers: Benjamin, who was jailed, and Ramon, who was killed.

Benjamin Arellano Felix has continued to issue orders from jail in Mexico, but his younger brother was the top lieutenant in the field, said Kirby.

The State Department had offered $5 million rewards for the capture of Francisco Javier or his brother Eduardo. Deputy Attorney General Paul McNulty said there was no indication whether anyone would receive the award for Francisco Javier's capture.

Federal drug agents began preparing for the latest operation 14 months ago after learning that Arellano Felix was planning a fishing trip. The agents enlisted the Coast Guard's help and were helped throughout by Mexican law enforcement officers.

Federal authorities learned of the fishing trip four months ago, said DEA spokesman Dan Simmons.

U.S. authorities identified others arrested on the boat as Marco Villanueva Fernandez, Edgar Omar Osorio, Luis Raul Jiminez Toledo, Francisco Javier Mesa Castro, Ernesto Gonzales Fimbles and Jose Luis Betancourt Espinoza.

Associated Press writer E. Eduardo Castillo in Mexico City contributed to this report.

Alleged Mexican Drug Lord Pleads Not Guilty (LAT)

By Richard Marosi, Times Staff Writer

The Los Angeles Times, August 18, 2006

SAN DIEGO -- Authorities knew the alleged Mexican drug kingpin didn't like to give up without a fight. In 1994 when police tried to arrest Francisco Javier Arellano Felix in Tijuana, Mexico, a federal police commander and four other people died in a shootout that led to his escape.

So on Tuesday, as a U.S. Coast Guard vessel edged up to a fishing boat off the coast of Baja California, about 30 heavily armed coast guardsmen prepared for a potentially bloody encounter.

Instead, the alleged drug cartel leader let them board, and he and 10 others were escorted off the Dock Holiday without incident. On the two-day sail to San Diego, Arellano Felix's son and nephew played video games while crew members kept a close watch on the stunned Arellano Felix.

"He was surprised," said John Fernandes, special agent in charge of the Drug and Enforcement Administration office in San Diego. "They went out fishing, and they ended up being the fish."

Despite Arellano Felix's meek surrender, authorities weren't taking any chances when he arrived here Thursday morning. Sharpshooters stood by as a police motorcade drove Arellano Felix, 36, from the port to the downtown federal detention facility.

At his afternoon arraignment, the gaunt-looking Arellano Felix -- still dressed in his orange flip-flops and checked green shorts -- grimly pressed his lips and nodded when his court-appointed attorney entered a not guilty plea to charges of smuggling, murder and conspiracy.

U.S. Magistrate Judge Leo Papas scheduled a bail hearing for Monday.

According to the indictment, filed in 2003, Arellano Felix is a member of an organization that during its height in the late 1990s was believed to be supplying nearly half the cocaine sold in the U.S. The cartel is blamed for scores of slayings of police officers, journalists and rivals, as well as the accidental killing of Roman Catholic Cardinal Juan Jesus Posados Ocampo at the Guadalajara airport in 1993.

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U.S. and Mexican authorities, whose joint investigations have at times been marred by mistrust, held a news conference in San Diego, where they emphasized the close cooperation between the countries on the case.

Authorities, citing the ongoing investigation, released few details but said a key break in the 3-year manhunt came four months ago when Mexican authorities shared information with DEA agents that Arellano Felix had bought a fishing boat.

Acting on a tip, U.S. authorities sent a Coast Guard vessel to intercept the boat in international waters off the tip of Baja California. Arellano Felix was apparently on a fishing trip with three children, ages 5 to 11.

Among the seven men also aboard was Arturo Villarreal-Heredia, an alleged assassin for the Arellano Felix cartel. Mexico's attorney general, Daniel Francisco Cabeza de Vaca, said that the men may have been heading for a meeting with other cartel members.

The guardsmen on the U.S. Coast Guard vessel had prepared for all possible scenarios, said Rear Admiral Jody Breckenridge, commander of the 11th Coast Guard district in San Diego. But when they boarded, the men surrendered without incident.

There were no drugs or weapons found, she said. On the way back to San Diego, the men were not handcuffed. There are no holding cells in the vessel, but the suspects were kept in a "controlled environment," Breckenridge said.

The children chatted with crew members and played video games, she said. They have been flown to Mexico City, where a social services agency will care for them until family members claim custody.

Cabeza de Vaca, in an interview in Mexico City, said it appeared that Arellano Felix had had plastic surgery performed on his face to change his appearance. He said the alleged drug kingpin traveled routinely to San Diego under a false identity, and that the boat excursion started in the U.S.

Authorities could only speculate why one of Mexico's most wanted men went down without a fight. Some said he didn't want to endanger the lives of the children. Others said he may have grown tired of running and having a $5 million reward hanging over his head.

"Sometimes you're just relieved that it's over," said Dan Simmons, a DEA spokesman in San Diego. "I wonder if he said to himself, `What's the use?' "

Times staff writer Hector Tobar in Mexico City contributed to this report.

U.S. Considered '93 Indictment Of Raul Castro On Drug Charges (AP)

By Curt Anderson, AP LEGAL AFFAIRS WRITER

AP, August 18, 2006

MIAMI -- Federal prosecutors drafted a proposed indictment in 1993 charging Cuban military chief Raul Castro with cocaine trafficking but the case was dropped in part because it rested largely on the questionable testimony of admitted drug smugglers, former federal officials said.

The investigation was an outgrowth of the 1992 drug trial in Miami of deposed Panamanian leader Manuel Noriega, which included testimony implicating Raul from a top member of Colombia's notorious Medellin cartel - convicted cocaine kingpin Carlos Lehder.

"There was substantial evidence generated in the Noriega case demonstrating that the Cuban military had been involved in narcotrafficking," said former U.S. Attorney Guy Lewis, who was part of the Noriega prosecution team.

Raul Castro is now Cuba's acting head of state while his brother Fidel recovers from abdominal surgery. He has long been the chief of Cuba's Revolutionary Armed Forces, with control over the island's airports and ocean traffic.

Both Castro brothers have repeatedly and vehemently denied any Cuban involvement in drug trafficking. Officials with the Cuban Interests Section, which represents Havana in Washington, did not return two telephone calls seeking comment Thursday.

Lehder testified in the Noriega case that he personally met with Raul Castro in 1982 to negotiate landing rights for aircraft carrying tons of cocaine on the Cuban island of Cayo Largo. He also said that he discussed drug trafficking in 1984 with Manuel "Redbeard" Pineiro, who was formerly Cuba's intelligence chief.

One of the federal prosecutors in Lehder's own case, Ernst Mueller, said he wanted in 1989 to add Raul Castro as an "unindicted co-conspirator" in another drug indictment based on evidence from a Colombian pilot who is now in the federal witness protection program. But, Mueller said, he was told by the Justice Department to remove Raul Castro's name.

"We would have liked to have done it," he said. "We had enough evidence he was involved."

The proposed 1993 indictment, according to officials directly involved, would have charged Raul Castro and 14 other top Cuban officials with conspiracy and racketeering for allegedly providing safe passage for Medellin cartel cocaine loads, including permission to fly over Cuba and use its waters. The indictment, which did not name Fidel Castro, alleged that 7.5 tons of cocaine destined for the United States between 1980 and 1990 moved through this pipeline.

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Tom Cash, head of the Drug Enforcement Administration field office in Miami from 1988 to 1995, acknowledged having "many discussions" with prosecutors and top Justice Department officials about whether to pursue the case. His conclusion was that it would have been difficult to prove to a jury, in part because so much evidence rested with the smugglers themselves.

"I certainly was not in favor of pursuing it, primarily because of the veracity of the witnesses," Cash said. "No question that they (Raul Castro and other military officials) were worthy targets and most likely were involved in the allegations presented, but allegations and an indictment do not a conviction make."

Another complicating issue, Cash said, was whether prosecutors would attempt to use sensitive U.S. intelligence in any case against Raul Castro. The Noriega experience, he said, demonstrated how difficult it is to put on such evidence in a public trial amid concerns by the CIA, FBI and other agencies that spies, informants and technical methods might be exposed.

"It's not insurmountable but almost," Cash said.

Still another problem with the Raul Castro case was what the U.S. was prepared to do if he was indicted in a federal court. Noriega remains the only foreign head of state to be removed and brought to the U.S. for trial by American troops. He is serving a 30-year sentence at a Miami prison and is scheduled for release in September 2007.

"It was my view that if you indict the king, you don't wound him, you've got to be prepared to kill him," Cash said. "If you don't convict them, the whole action will be used by the rest of the world as a political ploy."

Lewis, however, said federal prosecutors have never based their charging decisions on whether a target is easy to capture. If that were the case, he said, the U.S. would never have indicted Noriega, former Medellin cartel chief Pablo Escobar or the two brothers currently awaiting trial in Miami on charges of running Colombia's Cali cocaine cartel.

"I'm strongly in favor of basically pursuing a case where the evidence leads you," said Lewis, who said he was speaking generally and not directly about the Raul Castro matter. "If the evidence leads you to a head of state, so be it."

Cash said the Raul Castro indictment was considered at the highest levels of the U.S. government, including senior officials at the Justice Department and the White House's National Security Council. While political considerations could not be ruled out, Cash said he is convinced that the main reason the case was dropped was problems with the evidence.

"I think it was a good decision in the end. The government has to be commended that we didn't jump off the bridge here in the belief that we would waltz to victory," he said.

Former U.S. Attorney General Janet Reno, who was in office at the time and now is back home in Miami, said Thursday she did not remember the Raul Castro case. "I don't recall any details," she said.

Feds Take Over Big Drug Case (AC)

Annapolis Capital, August 17, 2006

A federal grand jury indicted five people on drug conspiracy charges yesterday, in what authorities said could be the biggest drug seizure in Anne Arundel County's history.

Four of the five people were arrested in May and already have been charged in state court.

But the federal charges could bring them much longer prison terms. The federal system has no parole and includes stiff mandatory minimums for large amounts of drugs.

"I'm not surprised by it," David P. Putzi, a lawyer for defendant Jason R. Bibeault, said last night of the indictment. "I think that because of what the alleged quantities were, it was somewhat foreseeable that the feds were going to take a long look at it ... They're looking for strength of their case and the elevated possibility of heightened incarceration."

If convicted of the top count, which charges them with conspiring to distribute more than 1,000 kilograms of narcotics - well over a ton - all five would face a mandatory minimum of 10 years in prison and a maximum of life.

In addition to Mr. Bibeault, 24, who's from Glen Burnie, the grand jury indicted:

Alfred M. Anderson Jr., 32, of Glen Burnie.

Alvin L. Burruss, 36, of Reisterstown.

Elizabeth Mary Cullens, 25, of Reisterstown.

Derek Charles Honeycutt, 24, of Glen Burnie.

Ms. Cullens was the only one not previously charged in state court. Federal prosecutors wouldn't comment on the case.

On May 10, after a six-month investigation sparked by a tip, county detectives raided a Glen Burnie storage unit and several homes, three in Glen Burnie and one in Reisterstown.

They seized marijuana, cocaine and Ecstasy worth more than $10.3 million. The bulk of the seizure was marijuana - 684.5 pounds of it, with a street value of more than $9.2 million.

There were also 3 kilograms of powder cocaine, worth more than $294,000; 30,220 Ecstasy pills, worth $755,000; and an ounce of crack cocaine, worth $2,800.

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At the time of the raids, police were already consulting with the Drug Enforcement Administration and the U.S. Attorney's Office about possible federal charges.

Undercover detectives had been shadowing people for two months. On the night of the raids, they followed Mr. Bibeault and Mr. Honeycutt to a Public Storage facility on East Furnace Branch Road in Glen Burnie, where they had a locker.

Detectives said the two men carried in several large hockey-style duffel bags. A police drug dog gave the detectives enough probable cause to get search warrants.

Police said they believed the "kind bud," or high-grade, marijuana might have come from Canada. They said the drugs were meant for distribution in this area.

In addition to the drugs, police seized $56,000 in cash, a 2005 Cadillac XLR, a 2003 BMW and two trucks.

Manteca Man Admits To Posing As DEA Agent (SFC)

San Francisco Chronicle, August 17, 2006

SACRAMENTO -- A Manteca man has pleaded guilty to charges that he posed as a federal Drug Enforcement Administration agent.

John D. Cohen, 45, pleaded guilty this week in U.S. District Court in Sacramento to a charge of making false statements to federal officials.

Cohen flashed a fake DEA badge Feb. 27 while entering the federal courthouse in Sacramento to look up bankruptcy records involving him and his wife, DEA Special Agent Gary Cummings wrote in an affidavit.

"I'm a DEA special agent," Cohen told a court security officer, who then asked for his credentials.

Cohen, who was accompanied by his 4-year-old daughter, patted himself down as if he were looking for his credentials and then said, "I must have left them in the car," court records said.

Court security officers let him into the building but called in real DEA agents. Cohen told them that he had been playing "cops and robbers" with his children and forgot about the badge, court records show. Cohen said the badge had been a gift when he left the Navy and that he had never previously pretended to be a DEA agent.

But investigators said Cohen also wore a DEA jacket and badge when he sold a Ford Crown Victoria, a car typically used by law enforcement, to a security firm on Coast Guard Island in Alameda on Feb. 22, Cummings wrote.

Investigators found two handguns, a shotgun and apparel made to look like an Oakland police uniform while searching Cohen's home, authorities said.

U.S. District Judge Frank Damrell Jr. will sentence Cohen on Nov. 13.

30 Arrested In Reservation Meth Sting (EVT)

East Valley Tribune, August 17, 2006

A seven-month undercover operation led to the arrest of 30 people suspected of dealing meth and other drugs on the Salt River Pima-Maricopa Indian Community, officials announced Wednesday.

Officials working in the sting seized about $1 million worth of methamphetamine, heroin, marijuana, cocaine and crack and disrupted seven drug organizations “from the bottom up” that have targeted the reservation and surrounding areas such as Scottsdale.

Officials said some of the suspects, who range from “the street dealer to the highest-level trafficker and supply dealer,” are connected to larger Mexican drug cartels. But officials would not elaborate.

“People believe that they can act with impunity on tribal land,” said U.S. Attorney for Arizona Paul Charlton. “That is not true.”

The operation was part of a program started in July 2005 to stop the use and sale of methamphetamine on tribal land.

The program is open to any American Indian community that wants to share resources with the U.S. Drug Enforcement Administration.

The Navajo Nation was the first to use the program, which led to the arrest of 34 people.

“To the drug dealers, we are in their face,” Salt River police Chief Stan Kephart said. “We are like weeds that won’t go away. That’s comforting to our community.”

While officials at a Wednesday news conference would not say the meth problem is any worse on reservations than other communities, DEA officials in the past have acknowledged that isolation, poverty and boredom have turned Arizona reservations into breeding grounds for the drug.

And since many Indian communities don’t keep statistics on the issue, no one knows how bad the problem is.

“The most serious cost to the Salt River Pima-Maricopa Indian Community is the human cost,” said Joni Ramos, president of the community.

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The U.S. Attorney's Office in Arizona is charging 16 people who have been arrested, while other suspects will be prosecuted in local and county courts, officials said. Suspects include Mexican nationals, illegal immigrants, tribal members and other U.S. citizens, authorities said.

Suspect David Camacho-Martinez, 46, remained a fugitive Wednesday.

Officials said investigators will continue to search for other drug dealers and their suppliers.

"Meth and cocaine are less available in the community," said Timothy Landrum, the DEA special agent in charge. "Smaller narcotics dealers have changed their course of action."

Feds, Tribal Police Unite In Meth Bust (AR)

The Arizona Republic, August 17, 2006

More than 500,000 doses of methamphetamine are off the Salt River Reservation after a seven-month investigation by tribal police and federal narcotics agents.

Officials tareted drug dealers preying on addicts in Arizona's Indian country. Salt River police announced the bust Wednesday with other members of a multiagency task force created through the Drug Enforcement Agency, considered the first to specifically target meth on an Arizona reservation. Officials said the partnership between tribal police and federal authorities could become a model for other tribes.

Most of the 15 pounds of raw meth, along with other drugs and guns, were seized from as many as 16 people focused on dealing on the Salt River Reservation. Some suspects were caught smuggling drugs from Mexico, officials said.

"All credit goes to the DEA for having the foresight to establish a partnership in Indian country that will make an impact," said Salt River Police Chief Stanley Kephart.

Salt River Tribal President Joni Ramos said she and other tribal leaders, along with police, have struggled to find a way to help families devastated by the grim aftereffects of meth addiction. Some families have children as young as 13 experimenting with meth.

A rising number of violent crimes and more drug overdoses are just some of the issues the Salt River Pima-Maricopa Indian Community has been forced to cope with, tribal leaders said.

"The medical costs that go with (meth) are just staggering, from overdoses to the little tiny baby that was born addicted to this insidious drug," Ramos said.

"The costs to this community have been great and will continue to be a challenge in the foreseeable future."

With the drugs coming up through Mexico, it is hard for investigators to say how much goes to Salt River or to neighboring communities such as Mesa and Scottsdale.

Mesa and Scottsdale police contributed to the investigation, along with Immigrations and Customs Enforcement; the Bureau of Alcohol, Tobacco and Firearms; the Federal Bureau of Investigation; Fort McDowell police; Tohono O'odham police; and the U.S. Attorney's Office. Smaller quantities of cocaine, heroin and marijuana were also seized. The meth and other drugs have a street value of more than $1 million, officials said.

The maximum penalty for conspiracy to possess with the intent to distribute meth is 20 years in federal custody or a $1 million fine.

Salt River is considered the first Arizona Indian community to actively join a meth initiative, something authorities hope more tribes will consider.

"The message we want to deliver is that you cannot act with impunity in Indian communities," said Paul Charlton, U.S. attorney for Arizona.

Last summer, the Arizona Indian Country Methamphetamine Eradication Proposal was presented to 21 Arizona tribal police chiefs on ways to address drug trafficking in Indian communities. That proposal provided special training for tribal law enforcement agencies to work alongside state and local investigators.

The fast-rising meth problem was also a hot topic among community members at a recent election forum for Salt River Tribal Council candidates seeking a seat Sept. 5.

Some pledged to fight for better treatment programs and educational public-outreach programs to curb meth addiction.

Salt River is also part of an emerging group, the Northeast Valley Coalition Against Methamphetamine, which also relies on inter-agency information sharing to tackle the meth problem.

Arizona Indian Country Meth Dealers Busted (WT/UPI)

The Washington Times/UPI, August 17, 2006

U.S. drug agents say an undercover operation with tribal police this summer led to charges against 16 people and the seizure of a cache of methamphetamine.

DOJ_NMG_0050127

The Drug Enforcement Administration announced Wednesday that the suspects charged in the operation had been taken into custody between January and mid-June and had all made their initial court appearances.

The Arizona Republic said Thursday the investigation also seized some 50,000 doses of methamphetamine.

The investigation focused on the Salt River Pima-Maricopa community and came on the heels of a similar operation in June that netted 34 arrests on the huge Navajo Nation reservation.

The Justice Department and tribal organizations agreed last year to cooperate on eradication of methamphetamine trafficking within Arizona's Native American community. The U.S. Attorney's office said the Salt River community was among the first to sign on to the joint effort.

El Cajon Mosque Destroyed By Fire (SDUT)

By Debbi Farr Baker, Union-tribune Breaking News Team

The San Diego Union-Tribune, August 18, 2006

EL CAJON – A fire ripped through a mosque and community center early Thursday morning, destroying the building and causing more than $2 million damage.

No one was injured in the blaze, which was reported at 2:09 a.m. at the Kurdish Community Islamic Center and Al-Madina Al-Munawara mosque on Magnolia Avenue, between Chamberlain and Camden Avenues, said El Cajon City fire spokeswoman Monica Zech.

Firefighters from several agencies – including El Cajon, East County, La Mesa, Lemon Grove, Santee, San Miguel and San Diego – battled the three-alarm blaze, which officials believe started on the first floor in the center of the 2-story, 8,000 square-foot, brick and wood building.

The fire was extinguished by 3:21 a.m., Zech said. No one was inside the building at the time and no one was injured. Firefighters were still mopping up four hours later.

Zech said the fire burned very hot and fast and that when crews got there they found heavy smoke coming out of the structure.

"Just as they arrived, flames shot through the roof," she said.

Forty-five firefighters with four ladder trucks battled the blaze from the outside because it was burning too intensely to go inside, Zech said.

Magnolia Avenue was shut down between Lexington and Washington Avenues until just before 7 a.m. as firefighters mopped up.

Zech said the blaze was estimated to have caused more than $2 million damage to the structure and its contents.

Investigators from the Federal Bureau of Investigation, the Bureau of Alcohol, Tobacco and Firearms, and the Sheriff's Department bomb and arson squad were looking into the cause of the blaze, Zech said. She said it was too early too say whether the fire was arson or accidental.

The ATF is automatically called in to help investigate fires in places of worship.

Parts of the second floor of the structure collapsed and officials later deemed the entire south part of the building too unstable to enter.

"That's slowing the investigation," Zech said.

Doski Jamal from La Mesa, who said he regularly comes to the center with his family, arrived there just before 7 a.m. to look at the damage. The 40-year-old, who came to the United States in 1997 from the Kurdistan region of Iraq, said looking at the damage just broke his heart.

"This is very sad to see, this view," he said as he looked at the heavily damaged portion of the building that he said housed the women's area.

Doski said he did not believe the blaze was deliberately set. He said the center has never received any kinds of threats of any kind and that its members get along well with the neighbors. He also said the building and the gate surrounding it are locked at night.

Doski said the only problem they have is with the homeless people who camp around the area. Earlier in the morning investigators talked at length with a man who appeared to be homeless who was sitting in the middle of some bushes. He was later seen walking away with his backpack.

TAX:

Norristown Contractor Gets 20-month Term (PHI)

DOJ_NMG_0050128

By Jeff Shields

The Philadelphia Inquirer, August 18, 2006

Joseph "Cowboy Joe" Corropolese, who made a living off municipal corruption in Norristown before becoming a devastating weapon against it, was sentenced yesterday to 20 months in federal prison for tax evasion.

His work as an FBI informer during the wide-ranging investigation meant that Corropolese, Norristown's long-time towing contractor, got less than the five-year prison term recommended by federal sentencing guidelines.

Corropolese, 59, recorded 40 conversations which helped obtain convictions and guilty pleas in cases against former Norristown Mayor Ted LeBlanc, former municipal administrator Anthony Biondi, and three local businessmen accused of corrupting them with bribes or secret business deals.

"Having close relationships with the corrupt individuals ... Corropolese was in the unique position of being able to provide an insider's view of the substantial public corruption in Norristown," assistant U.S. Attorney Richard Zack said in court papers.

U.S. District Judge Petrese Tucker acknowledged at the sentencing hearing that Corropolese's case was "the start of the unveiling of the corruption in Norristown."

Defense attorney Scott Godshall and many of the three dozen of Corropolese's supporters in attendance hoped that Corropolese would avoid prison - or at least receive a lesser sentence than the 18 months imposed on Biondi just two days previously.

But prosecutors told the judge they were unhappy that Corropolese used the equity in his house to file a lawsuit against Norristown - which sought to remove him as its exclusive towing contractor - instead of paying $200,000 in back taxes.

And just weeks after he agreed to help FBI, IRS and state police agents in September 2003, he admitted to obstructing justice by warning his accountant that he would be wearing a wire.

Tucker said he had to be punished.

"His cooperation is not a get-out-jail-free card," Tucker said.

Still, the hearing highlighted the affection that the charismatic, gregarious former police officer can still generate - despite the fact that his cooperation against former friends has made him a pariah among some.

Neighbors from his cul-de-sac in Norristown were there, sharing tears with Corropolese when his 16-year-old daughter, Krista, asked the judge to show mercy to the man she called her best friend.

"I just want to say I love you, Daddy, and we'll always make it," she said.

Yesterday marked the end of Corropolese's two-decade dominance of the Norristown municipal towing contract, which he testified paid him about $267,000 annually.

Corropolese testified at one trial to illegally crushing cars, and said he bribed a former mayor to keep his contract in the mid-1990s. In his capacity as Norristown's official tower, he was responsible for all damaged, stolen, abandoned or illegally parked vehicles ordered towed by Norristown police.

Corropolese had been trying to challenge a Norristown Municipal Council resolution to remove him as Norristown's official tower.

But Corropolese is done with towing for now, Godshall said yesterday. His client will close down the Joe Corropolese Towing yard at the Stony Creek Office Center and get rid of the 100 cars still on his lot, Godshall said. Tucker gave him until Oct. 1 to put his affairs in order and turn himself in.

Hollywood, The I.R.S. Is Watching (NYT)

By Sharon Waxman

The New York Times, August 18, 2006

LOS ANGELES, Aug. 17 — Hollywood celebrities who show up at awards ceremonies and leave with armloads of booty can expect one more item with their gift baskets: a tax form.

The Internal Revenue Service announced Thursday that it had settled a tax matter with the Academy of Motion Picture Arts and Sciences over gift baskets — which this year were worth about $100,000 each — given to presenters and performers at the Oscar ceremony.

The academy, which votes on and distributes the Oscars, said it would send 1099 tax forms to those who received the gift baskets this year, and a representative confirmed that the organization had paid an undisclosed settlement to the I.R.S. to cover taxes owed by those who received gifts for previous years.

The organization also disclosed that its board decided in April to discontinue the practice of giving baskets filled with gifts provided by businesses promoting their goods and services. Still, the agreement with the I.R.S. sent a signal that other groups that shower celebrities with gifts will be expected to deal with the tax consequences.

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"The academy had an obligation to do the reporting to us," said Mark W. Everson, the I.R.S. commissioner, in an interview. "They have fulfilled that obligation."

The academy contacted the I.R.S. earlier this year, concerned that there might be a tax obligation attached to the increasingly expensive gift bags given at the ceremony. This year the basket included a four-night stay at a Honolulu hotel and a Krups espresso machine. The organization sought to pay any tax bill that might eventually be charged to the presenters.

Academy officials said Thursday that the decision to discontinue the gifts reflected a growing unease with the practice rather than a specific response to the tax problem. "It's time for us to move on" from gift baskets, said Sid Ganis, the president of the academy. "Lately it has become this gigantic thing that has names attached to it, and implications to it, that don't feel pleasant. And we're surrounded by other venues that do it in a way that the press has noted as privileged and excessive. We try not to do that."

In the last few years gift baskets and "gifting suites" have become an integral part of the Hollywood awards season, a marketing juggernaut for the luxury industry. Most of the major awards, including the Golden Globes, the Grammys and the Emmys, hand out gift baskets including everything from digital gadgets to fully paid vacations.

Mr. Everson said the I.R.S. would now turn its attention to other award organizations, including the Academy of Television Arts and Sciences, which will hand out the Emmys on Aug. 27, and the Hollywood Foreign Press Association, which dispenses the Golden Globes in January.

A spokeswoman for the Emmys said "it was premature" to consider whether the television academy would discontinue its gift giving to presenters. But in a letter currently being sent to presenters at this year's Emmy ceremony, the academy is reminding recipients of their tax obligations. Presenters will receive their gift baskets only if they send back a signed copy of the letter.

The president of the Foreign Press Association, Philip Berk, said he had instructed the group's tax lawyer to be in touch with the I.R.S. regarding past taxes owed on gift bags. He said the board would be discussing at its next meeting the possibility of discontinuing gifts at the awards.

This year's Emmy gift basket is estimated to be worth about $30,000, and includes luggage, skin-care products and a five-night vacation at a New Zealand country manor.

But many celebrities do not take advantage of many, or even most, of the more expensive items offered by coupon in their baskets. Experts in the swag industry acknowledge that usually fewer than 10 percent, and sometimes fewer than 5 percent, of the high-ticket items, like the cruises and trips, are redeemed. And this year George Clooney, a double-nominee at the Oscars, gave his gift bag to the United Way, which auctioned it to benefit hurricane relief efforts.

Mr. Everson said that although the value of baskets — most of them in the range of tens of thousands of dollars — was not significant income to many of the celebrities who receive them, there was a principle at work.

"They need to meet their tax obligations, just like anybody else," he said. "I don't think it's fair to say that we should look the other way. Just because someone makes 10, 20, 30 million dollars for a picture, if they get 20 or 30 thousand of income, that they should feel they shouldn't have to report that."

He added that if the situation were neglected, it might become a significant loophole in the tax system, with celebrities choosing to sidestep taxes by taking payment in commodities, rather than cash. "If you let things like this grow, they will just give actors houses and apartment buildings as compensation for films," he said. "It could lead to a barter economy for the truly wealthy."

IRS Targets Award Show Goody Bags (WP)

By Kathleen Day

The Washington Post, August 18, 2006

Movie stars appearing at the Academy Awards will no longer receive the lavish goody baskets they have come to expect -- worth as much as $100,000 each and including freebies such as iPods, resort vacations, coupons for laser eye surgery, jewelry and high-priced lingerie -- because of a crackdown by the federal tax collector.

The Internal Revenue Service and the Academy of Motion Picture Arts and Sciences yesterday announced they have reached a settlement on undisclosed taxes owed to the government on the "gifts" received at the Oscars in the last several years, through 2005.

The academy also announced it will no longer give out the bags, saying the board quietly voted last April to end the practice. In recent years, the academy has given the bags -- also known as gift bags or swag -- to as many as 200 hosts, performers and winners on Oscar night. "There's no special red-carpet tax loophole for the stars," IRS Commissioner Mark W. Everson said in a prepared statement. "Whether you're popping the popcorn, sitting in the audience or starring on the big screen, you need to respect the law and pay your taxes."

Typically, if the IRS finds someone has failed to pay taxes but no fraud is involved, it assesses back taxes, interest and penalties for only the preceding three years. In this instance, if 200 people received $100,000 baskets in each of the three years through 2005, the taxable non-cash income would be $60 million.

Neither IRS spokesmen nor Academy spokeswoman Leslie Unger would confirm or deny that number. Nor would they say whether, under the terms of the settlement, the IRS forgave back payment, interest and penalties. Nor would they say whether the Academy has paid a lump sum on behalf of past recipients.

If the agency forgave the debt, that means U.S. taxpayers are footing the bill. If the academy paid back taxes on behalf of past Oscar participants, these celebrities would have to count that as additional taxable income.

Albert Lauber, director of Georgetown law school's tax program, said he thinks it would be hard to collect money from the celebrities for past years. He said the IRS most likely agreed to settle the matter if the Motion Picture Academy paid a penalty for failure to file forms with the IRS.

Paying a penalty rather than back taxes means the movie stars involved won't have to count that money as income. "What the IRS is most interested in is getting compliance going forward," he said.

Unger would not confirm that, but did say participants in this year's Oscars are being notified they must pay tax on bags received at the awards in March. Those who got gift bags before that "will not receive tax forms" or notifications, she said.

The IRS is engaged in similar talks with the Academy of Television Arts & Sciences, which hosts the Emmy Awards. The television academy recently sent out letters to stars participating in this year's Emmys, less than two weeks away, saying no one would receive a bag without signing a statement acknowledging that recipients bear responsibility for paying taxes on the goods.

In March, just before this year's Academy Awards, the IRS announced that the bags were not gifts but rather "non-cash compensation" and therefore taxable. The IRS said the Motion Picture Academy and anyone else giving away such goods should have been filing forms with the IRS saying who got the bags and how much they were worth. Each recipient should have counted the goods as taxable income.

The contents of last year's official Oscar bag included four nights at the Vera Wang suite at the Halekulani Hotel on Waikiki Beach, handcrafted truffles in a silk box, a private dinner party at Mortons, a vintage silk kimono, a Krups premium pump espresso machine, personalized dog training, a pearl-and-diamond necklace, spa treatments, surfing lessons, two nights and days of wine tasting in Carmel, Calif., mobile phones, a cashmere travel blanket and "an at-home artisanal cheese experience for six."

Companies donate items because they hope being associated with a movie star will generate publicity for their products and services. Typically they expense the donation as an advertising or marketing cost.

Many in Hollywood wonder if the IRS crackdown will cause other organizations and charities to suspend the practice of giving out goody bags at their events.

Once upon a time, swag was simple, commemorative and not worth much.

Swag observers noticed a pronounced change around 2001, when the entertainment media discovered the bags and began an escalating war to publicize their contents. For each successive awards show, it was like an arms race. The gifts just got bigger and bigger and more extravagant.

"It became a phenomenon," said Karen Wood, president of Backstage Creations, which helps place high-end products in a well-manicured hands. "Let's face it. Celebrities are our royalty. They're the arbitrators of style, the taste-makers for that hot new trendy item."

She said swag-giving isn't necessarily dead. The trend now, she said, is to couple the gift-giving with charitable donation. As Wood's company does it, celebrities enter a small "gifting room," where they choose the phones, shoes, watches or other items they want. At another table, they donate all or some of the loot to a charity -- and get a tax letter then and there.

"It's win-win," Wood said.

CONGRESS-ADMINISTRATION:

Bush Signs Measure To Shore Up Pensions (USAT)

USA Today, August 18, 2006

President Bush signed legislation Thursday that rewrites federal laws regulating private pensions. Most companies will have seven years to close funding gaps in their pension plans, but financially troubled companies, such as airlines, get an extra 10 years. Bush said employers have an obligation “to set aside enough money now so your workers will get what they've been promised when they retire.”

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The legislation affects about 106 million workers. That includes 12.1 million who are eligible to participate in 401(k) or 403(b) retirement savings plans but don't, according to the non-partisan Employee Benefit Research Institute. Employers now will be permitted to automatically enroll workers. The law also makes permanent the higher savings contribution limits that were set to expire in the next decade.

Lieberman leads opponents in new poll

Sen. Joe Lieberman, D-Conn., has a 12-point lead over the man who beat him in the primary last week, a Quinnipiac University poll found. It showed Lieberman ahead of Ned Lamont, 53%-41%, in a three-way Senate race. Republican Alan Schlesinger was at 4%. Lamont defeated Lieberman in the primary, 52%-48%. Lieberman then filed to run as an independent in the November election.

The poll of 1,083 likely voters Aug. 10-14 had a margin of error of +/-3 percentage points. Lieberman got 75% support from Republicans. With that and “a significant number of Democratic votes, the veteran senator will be hard to beat,” polling director Douglas Schwartz said.

CBO forecasts smaller '06 federal deficit

The federal deficit this fiscal year will total $260 billion, the Congressional Budget Office said. The new figure is $111 billion less than the CBO estimate in March and $36 billion less than the White House Office of Management and Budget estimate last week. The improvement came from strong gains this year in federal tax collections, reflecting an improving economy.

The 2005 budget deficit was $319 billion. The CBO projects the deficit will rise to $286 billion in fiscal 2007, which begins Oct. 1, and deficits over the next decade will total $1.76 trillion. The figure assumes that all the tax cuts enacted since 2001 will expire in 2011.

President Bush Signs New Pension Bill (AP-Y)

By Mary Dalrymple

AP, August 18, 2006

President Bush signed a broad overhaul of pension and savings rules Thursday, giving millions of people a better chance of getting the retirement benefits they have earned.

The law, passed with fanfare by Congress two weeks ago, gives companies seven years to shore up funding of their traditional pensions, also known as defined benefit plans. Special rules for seriously underfunded companies require them to catch up faster.

The 30,000 such plans run by employers are estimated to be underfunded by $450 billion.

"Americans who spent a lifetime working hard should be confident that their pensions will be there when they retire," Bush said.

He added a stern instruction to corporate America.

"You should keep the promises you make to your workers," the president said. "If you offer a private pension plan to your employees, you have a duty to set aside enough money now so your workers will get what they've been promised when they retire."

At the same time, the law recognizes the evolution in workers' benefits — a gradual disappearance of pensions in favor of savings accounts such as 401(k)s that require workers to amass their own retirement savings.

Those accounts, also known as defined contribution plans, got a boost in the new law. It is this step that many expect will do the most over time to help people working toward retirement.

The law lets employers automatically enroll workers in 401(k) plans. In addition, there is a mechanism to increase gradually the amount saved, and employers are encouraged to match some of the dollars that workers stash away.

A nonprofit research organization, the Retirement Security Project, estimated that the change, when fully in effect, could mean employees will save an additional $10 billion to $15 billion in 401(k) accounts each year.

"Those additional contributions will bolster retirement security for millions of workers," said Peter Orszag, director of the project, which works to improve retirement benefits for low- and middle-income workers.

Some changes were sparked by corporate scandals that saw workers, who had put much of their nest egg in company stock, lose their retirement savings. The new law requires companies to give their workers more investment options.

The law is not without its critics, some of whom say it does nothing to encourage employers to offer pension benefits and the reliable income they give retirees.

Rep. Charles Rangel of New York, the top Democrat on the House Ways and Means Committee, said lawmakers may look back at the law as the "Trojan horse that brought the end of the defined benefit pension system."

"Erosion of the defined benefit pension system represents a dangerous shift from a 'we' society to a 'me' society, where every worker is on his or her own," he said.

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The ERISA Industry Committee, which represents the retirement, health and compensation plans of the nation's largest employers, said the number of defined benefit pension plans fell from 112,000 in 1985 to fewer than 30,000 in 2004.

Of those still in place, the group said, many are closed to new participants or frozen, preventing employees from earning new benefits.

"With each past reform — often based on government revenue needs — employers have exited the defined benefit system as a result of the governments changes, which often resulted in burdensome and costly regulations," said Mark Ugoretz, the committee's president.

Leaders hope these revisions will prevent a costly taxpayer bailout of the federal agency that insures the pension system, the Pension Benefit Guaranty Corp. Some fear taxpayers will pay if too many companies dump their plans at once.

"Every American has an interest in seeing this system fixed, whether you're a worker at a company with an underfunded pension or a taxpayer who might get stuck with the bill," Bush said.

The law also:

_gives airlines that are in bankruptcy proceedings and have frozen their pensions an extra 10 years, or 17 years total, to meet their funding obligations. Others with active plans get 10 years to meet their obligations.

_requires companies to give employees more information about their pensions.

_puts certain "hybrid" plans, which have been challenged as discriminating against older workers, on stronger legal footing.

_says companies with seriously underfunded plans cannot promise their workers bigger benefits.

_makes permanent the higher savings contribution limits that were set to expire in the next decade. People can now put more money in their IRA and 401(k) accounts in the coming years. That includes a new option made available this year known as Roth 401(k)s. Those accounts let workers pay tax on their earnings before saving, but the money then accumulates and can be spent in retirement tax-free.

The Human Rights Campaign praised the law for changes that the group said will help same-sex couples by expanding benefits once only allowed for spouses or dependents.

Bush praised the measure for enacting the most sweeping overhaul in more than 30 years. But he said the changes must be coupled with revisions to the two government programs that benefit retirees, Social Security and Medicare.

"As more baby boomers stop contributing payroll taxes and start collecting benefits — people like me — it will create an enormous strain on our programs," said Bush, who turned 60 last month.

Bush Signs Law To Fund Pensions (WT)

By Joseph Curl

The Washington Times, August 18, 2006

President Bush yesterday signed into law strong new regulations for corporate pension plans, now underfunded by an estimated $450 billion, saying companies "have a duty to set aside enough money now so your workers will get what they've been promised when they retire."

"Americans who spend a lifetime working hard should be confident that their pensions will be there when they retire," the president said. "Some businesses are not putting away the cash they need to fund the pensions they promised to their workers."

Before a large crowd of supporters at the Old Executive Office Building, Mr. Bush called the legislation, passed in the House by a vote of 279-131, "the most sweeping reform of America's pension laws in over 30 years."

"Today, we've taken an important step toward ensuring greater retirement security for millions of American workers," he said. "Members of both parties came together to pass a good bill that will improve our pension system, while expanding opportunities for Americans to build their own nest eggs for retirement."

But the president said that the law alone will not solve expected shortfalls, and called on companies to "set aside enough money now."

"This bill establishes sound standards for pension funding," he said. "Yet in the end, the primary responsibility rests with employers to fund the pension promises as soon as they can. The message from this administration, from those of us up there today, is this: You should keep the promises you make to your workers. If you offer a private pension plan to your employees, you have a duty to set aside enough money now so your workers will get what they've been promised when they retire."

The new law seeks to alter the disconnect between what companies once offered employees -- fixed payments each month -- and the evolving financial-planning environment of today, with individual savings accounts and 401(k) plans.

"In addition to reforming the laws governing traditional private pensions, the bill I signed today also contains provisions to help workers who save for retirement through defined contribution plans like IRAs and 401(k)s. These savings plans are helping Americans build a society of ownership and financial independence," Mr. Bush said.

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Democrats commended Mr. Bush for signing the bill into law, with Massachusetts Sen. Edward M. Kennedy, ranking member of the Senate's Health, Education, Labor and Pensions Committee, calling the legislation "a bipartisan commitment to strengthening the pension system and improving the way workers and their families prepare for their retirement."

"This new law means greater peace of mind for more than 100 million Americans by safeguarding their retirement, and it will help millions more in the future. No longer can executives just look out for themselves while their companies' pensions go bust," Mr. Kennedy said.

The president also said the new law could save taxpayers from funding a multibillion-dollar bailout of the federal agency that insures pension plans.

"When some businesses fail to fund their pension plans and are unable to meet their obligations to their employees, it puts a strain on the entire system," he said. "And if there's not enough money in the system to cover all the extra costs, American taxpayers could be called on to make up the shortfall."

Bush Signs Sweeping Revision Of Pension Law (WP)

By Peter Baker

The Washington Post, August 18, 2006

President Bush yesterday signed the most extensive revision of the nation's pension law in three decades as the federal government moved to shore up often-shaky private retirement programs for 44 million Americans and head off a crisis like the savings-and-loan bailout of the 1980s and 1990s.

The new law will force most private employers that provide traditional pensions to their workers to pump tens of billions of dollars more into those systems over seven years while making it easier to expand 401(k) and IRA retirement plans. But the law cuts a break to the financially troubled airline industry, where the pensions of tens of thousands of workers have been endangered.

The product of years of effort and a final round of intense negotiations, the Pension Protection Act of 2006 is one of the most significant bills to emerge from Congress in a year with particularly contentious elections. With Democrats accusing the Republican majority of running a "Do Nothing Congress," Bush and his allies were eager to showcase the bipartisan pension effort and flew lawmakers back from summer recess to stand behind him at a signing ceremony.

"Americans who spend a lifetime working hard should be confident that their pensions will be there when they retire," he said. "Members of both parties came together to pass a good bill that will improve our pension system while expanding opportunities for Americans to build their own next eggs."

Sen. Edward M. Kennedy (D-Mass.), a vociferous Bush critic, offered rare praise for the president's support of the pension legislation. "In this case, Democrats and Republicans worked together and America's workers and retirees came out the winners," he said.

But critics of the law, such as Rep. George Miller (D-Calif.), called it a smokescreen, warning that some companies would face fewer requirements to fund their pensions. The Congressional Budget Office reported Wednesday that the new law would "lead to an increase in underfunding among plans that will be terminated over the next decade."

"The bill did some good things but it would have been perfect if had been more aggressive," former budget office director Douglas Holtz-Eakin said.

The new law is aimed at restoring stability to corporate pensions. More than 700 pension plans have collapsed in the past five years, and the federal insurance program that steps in, the Pension Benefit Guaranty Corp., has gone from a $10 billion surplus to a $23 billion deficit. Altogether, private pension plans are estimated to be underfunded by $300 billion to $450 billion, and some officials feared a collapse requiring massive taxpayer bailout.

The law enacted yesterday requires companies to fully fund defined-benefit pension plans over seven years, closes loopholes allowing underfunded plans to skip payments and forces companies that underfund their plans to pay higher premiums to the pension corporation. Funding provisions of the law will not take effect for two years to provide time for a transition, and the airline industry and certain government contractors were given a break in meeting them. Airlines that have frozen their pension plans, Delta and Northwest, will have 17 years instead of seven to fully fund them, while others will get 10 years.

James Klein, president of the American Benefits Council, which represents employers, said the law is "a mixed bag," expressing concern that additional funding requirements will further prod companies to drop traditional pensions in favor of employee-financed 401(k) and IRA plans. The law encourages 401(k) and IRA plans by making permanent higher contribution limits passed in 2001. And it allows companies to automatically enroll workers in 401(k) programs, which could increase savings substantially. "This provision could wind up being the most important legacy of the legislation," said Peter R. Orszag, director of the Retirement Security Project, a Washington-based research and advocacy group.

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Two little-noticed features of the law was praised by gay rights groups. Under the law, a person's retirement benefits could transfer to domestic partners or other beneficiaries such as sibling or parent. And workers could draw on retirement funds for medical or financial emergencies involving domestic partners or other beneficiaries.

The Human Rights Campaign, a gay rights group, said it was the first time federal legislation has on a broad basis treated same-sex couples similarly to married couples. "Today marks an important day for fairness under the law in America," said its president, Joe Solmonese.

The new law also contained provisions aimed at stimulating charitable donations and curbing abuses. The most significant provision will allow older taxpayers to make annual tax-free donations up to $100,000 from their IRAs to charitable causes. The provision, long sought by charities, is expected to generate $400 million in new charitable giving over the next two years, the United Way of America said.

Reform Erodes The Future Of US Pensions (CSM)

By Mark Trumbull

The Christian Science Monitor, August 18, 2006

The primary goal of America's new Pension Protection Act was to secure the health of traditional worker pension programs, but the "fix" appears likely to hasten their slow decline.

It's not that the traditional pension is dead. Millions of workers will still receive monthly benefit checks from their former employers for decades to come. Indeed, the new law - signed by President Bush Thursday - promises to help ensure that fewer of those plans end up going bust and slashing benefits.

But at a time when barely half of American workers are covered by any form of workplace retirement plan, the law does little to entice more employers to offer traditional pensions. If anything, it adds new reasons for employers to do what they are already doing: Opting for 401(k)-style benefits that shift the retirement burden onto workers.

That's a troubling trend, some retirement analysts say.

"We are going to need another layer of retirement protection," says Alicia Munnell, who heads the Center for Retirement Research at Boston College. "If business just uses this [law] as an excuse to freeze pension plans ... then we are going to see a faster decline of defined-benefit pensions than we would have seen otherwise."

Rumors of the traditional pension's death, however, are greatly exaggerated. As of last year, more than 40 million US workers and retirees in the private sector were covered by pension plans that promise a defined retirement benefit - such as a monthly payout based on one's final salary and years of service. That's actually more participants than such plans had in 1985.

But over that same two decades, the number of such pension programs has plunged. Employers now operate fewer than 40,000 plans, down from more than 100,000 in 1985, according the Pension Benefit Guaranty Corp. (PBGC), the federal agency created to insure such plans against failure.

"Defined-benefit plans have been heading out for the last 20 years really," says Olivia Mitchell, a pension expert at the University of Pennsylvania's Wharton School.

The trend reflects changes in the health of particular industries as well as changes in the way companies use benefits to compete for workers.

First it was steel, then airlines, where global competition or deregulation shook the financial health of giant companies. Many of their pension plans were terminated in bankruptcy proceedings, with the PBGC now paying reduced benefits as the plans' caretaker.

So the PBGC has charged ever-higher premiums of companies with healthy defined-benefit plans.

The law seeks to limit the risk to the PBGC - and to the healthy companies that fund it - by requiring all employers to do a better job of funding their plans.

One key goal is to avoid the need for a bailout by federal taxpayers.

Many state and local governments face their own looming pension shortfalls, and their plans do not fall under the protective umbrella of the PBGC. So those governments could be faced with difficult choices between higher taxes or scaling down their promises to future retirees.

The new federal offers mixed benefits. In shoring up pension security, pension coverage could suffer. Some of its elements, experts say, may discourage companies from providing traditional pensions:

Stricter funding rules. Employers will have to make sure the current funding of their pension plans is sufficient to cover 100 percent of their future liabilities, up from 90 percent.

Faster corrections. Companies that get off track will have just seven years to get their plans on track, down from 30.

"All those things will make it somewhat more expensive to offer defined-benefit plans," says Ms. Mitchell.

The pension law has a host of other features - many of them lauded by retirement experts. Among them:

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· It prods companies with 401(k)s to automatically enroll all workers. (Employees could still opt out, but they are more likely to participate when the default option is to be enrolled.)

· It also encourages 401(k) sponsors to provide better "default" investments, so that workers who don't choose their own investments will be put in a balanced portfolio including stocks. A common problem has been workers ending up with savings in low-yielding money-market funds.

· It paves the way for more companies to create hybrid plans that blend elements of a 401(k) and a traditional pension. These include DB/K plans, designed for small employers, and the cash-balance plans that some companies are using as a substitute for traditional pensions.

· It makes permanent higher contribution limits to IRA accounts, and catch-up contributions by older workers, which would have ended in 2010.

Those changes should place millions of new workers into 401(k)s. But since the level of contributions to those plans is voluntary, many workers aren't saving enough in them to match the benefits they would have gotten with a traditional pension.

The average 401(k) participant nearing retirement has barely $60,000, says Bill Samuel, of the labor group AFL-CIO. "Encouraging more enrollment is not going to put more money in people's pockets."

Law Will Allow Anyone To Inherit 401(k), Get Tax Benefit (LAT)

By Jonathan Peterson

The Los Angeles Times, August 18, 2006

A little-noticed provision in a pension law signed Thursday by President Bush will for the first time allow anyone to inherit a 401(k) nest egg without immediately paying taxes on the windfall, a benefit that in the past was reserved for spouses.

Gay advocates and other observers described the measure as a significant shift in how the government treats domestic partners who are not married, even though the provision was not written specifically for same-sex couples.

"With this change, Congress is acknowledging that improvements can be made to our laws that address financial inequities and impediments that same-sex couples face," said James M. Delaplane Jr., an attorney and specialist on pension benefits. "There's no doubt about it."

The legal change is an obscure element in a new 907-page law affecting pensions and workplace retirement accounts. Proponents hailed the overall package as a long-sought effort to stabilize a system of retirement benefits that has grown porous. Many traditional pension plans are teetering on a base of shaky funding, and many companies are cutting back on future commitments.

"Americans who spend a lifetime working hard should be confident that their pensions will be there when they retire," Bush said as he signed the Pension Protection Act of 2006.

The change also was supported by much of the financial industry, which is scrambling after a lucrative market in retirement investments as the baby boom generation gets older.

Much of the new law sets out standards that companies must follow in funding their pensions. But it also covers an array of other matters, including the rules affecting the transfer of 401(k) accounts, and other so-called defined-contribution plans, upon death.

A spouse could always inherit a 401(k) account and put the money into his or her own retirement savings account without penalty. But anyone else -- including children of the deceased -- typically was required to withdraw all funds from the account and pay taxes on the income within a matter of months. The windfall also could force some survivors into a higher tax bracket, further increasing their tax burden.

Under the new provision, other heirs besides spouses will be able to roll an inherited 401(k) account into an Individual Retirement Account and not pay taxes on the income immediately, and perhaps not for many years. For these nonspouses, the tax payment schedule will be tied to the age of the account's former owner.

Experts say the rule, which takes effect next year, could save many heirs tens of thousands of dollars in taxes.

People holding 401(k) accounts frequently designate nonspouses such as siblings, parents and children to receive the money in these accounts upon their death. While there are no precise numbers of the types of households and beneficiaries who would gain under the change, more than 65 million Americans participate in 401(k) and similar workplace retirement plans, according to the Department of Labor.

For some, the new provision called to mind a rules change affecting the federal death benefits for survivors of safety officers killed in the line of duty, which was passed after the terrorist attacks of Sept. 11, 2001. That change allowed safety officers to name a broader group of beneficiaries, which included domestic partners, to receive the money.

The pension bill, however, encompasses the whole public, rather than members of one occupation.

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"I think it's incredibly significant, and I think it's historic," said Joe Solmonese, president of the Human Rights Campaign, a gay rights organization. "What we really are seeing here, I think, is a huge step toward leveling the field."

The step has occurred quietly and without controversy. In Congress, the idea of easing restrictions on the transfer of nest eggs has generally been described as a fairness issue for family members and not framed as a gay rights issue.

"We see it as a family issue," said Michele Combs, spokeswoman for the Christian Coalition of America. "We like the fact that you can leave your pension to more heirs .... We see the positive side of it."

The practical effect of the old rule was to shrink the amount that could be passed on to nonspouses, due to taxes, and to add uncertainty to financial planning

"It made our job harder," said David E. Ratcliffe, director of the Merrill Lynch Center for Philanthropy and Nonprofit Management. The change, he said, makes "an expanded market" for retirement planning.

Employers and benefits advisers also supported the change.

"It's something our members identified as an important improvement for defined contribution plans," said Jan Jacobson, director of retirement policy for the American Benefits Council. "We were gratified to see it in the final bill."

Experts said heirs would not be treated identically as spouses in all matters related to retirement accounts.

For example, nonspouses will have to draw down the accounts on a schedule determined by the age of the account's deceased former owner rather than their own age and retirement status, Jacobson said. Spouses make such withdrawals based on their own age, or as they move into retirement.

Yet even with such fine print, the new law could make a huge difference for a household, and could save survivors tens of thousands of dollars or more in taxes, said Ed Slott, a specialist in retirement planning.

"It's a great provision for all nonspouses," he said.

Deficit Is Likely To Shrink In 2006 On Tax Revenue (WSJ)

By Deborah Solomon

The Wall Street Journal, August 18, 2006

WASHINGTON -- Strong tax revenue will help shrink the federal deficit to $260 billion for fiscal-year 2006 compared with $318 billion in 2005, Congressional budget analysts said, noting that the shortfall will increase to $286 billion next year and continue rising in the subsequent four years.

The figures confirm what the Treasury Department has been reporting during the past few months: Higher-than-expected corporate and individual income-tax receipts are helping to reduce the deficit. The Congressional Budget Office said it now expects fiscal 2006 revenue to be $2.4 trillion, up from $2.15 trillion last year.

Personal-income taxes, boosted in part by wealthy individuals' capital gains, bonuses and other income, are projected to bring in about $1.05 trillion, up 14% from 2005. Corporate-tax receipts are expected to rise 22% in 2006 to $340 billion. However, the growth rate of corporate receipts is already slowing and the CBO predicts a drop in corporate-tax revenue starting in 2007.

Overall, the CBO report paints a picture of a better-than-expected 2006, aided by a strong economy, but predicts long-term fiscal challenges that will result in bigger deficits and more spending on programs such as Social Security and Medicare.

"Increased spending on the nation's elderly population is likely to put significant strains on the budget," the report said. An aging population with more retirees and fewer workers contributing payroll taxes, combined with rising health-care costs, "will eventually exert such pressure on the budget as to make the current path of fiscal policy unsustainable."

The White House released a similarly grim outlook last month when it updated its fiscal projections for 2006 and beyond. As part of that report, the Office of Management and Budget estimated the 2006 deficit at $298 billion compared with the CBO's $260 billion figure, a difference the CBO said stems from the White House's assumption of $31 billion more in 2006 spending.

The CBO projects higher deficits than the White House from 2008 through 2011. This stems in part from the budget office's projection that the U.S. will spend $735 billion more on discretionary outlays than the administration predicts for the 2007-11 period.

While members of Congress and the administration of President Bush have talked about reining in federal spending, outlays are still going up and the CBO projects an increase of $191 billion in spending to reach almost $2.7 trillion in 2006. Much of that rise stems from mandatory spending, such as Social Security and Medicare, which is projected to increase by $98 billion from 2005. But spending on discretionary programs is also going up and the CBO projects a $57 billion increase in such spending for 2006.

Brighter '06 Deficit Outlook, But Grim Long Term (NYT)

By Edmund L. Andrews

The New York Times, August 18, 2006

DOJ_NMG_0050137

WASHINGTON, Aug. 17 — The federal budget deficit will shrink this year to its lowest level since 2001, but the fiscal outlook for the next 10 years is as bleak as ever, the Congressional Budget Office said Thursday.

The budget office estimated the deficit for the 2006 fiscal year, which ends on Sept. 30, at $260 billion. That would be $58 billion less than last year, $112 billion less than the agency estimated in March and even lower than the White House's most recent forecast.

The improvement is almost entirely a result of an unexpectedly big jump in tax revenue, particularly in corporate tax receipts and what appear to be higher payments by the nation's wealthiest households.

Measured as a share of the nation's total output, this year's deficit would equal about 2 percent of gross domestic product, a level that Donald B. Marron, acting director of the budget office, described as "sustainable."

But the nonpartisan agency also offered ample evidence that deficits would be above $300 billion, perhaps well above, for much of the next decade.

Extending President Bush's tax cuts beyond 2010, as Republican leaders want, would cost $1.75 trillion over the next 10 years and widen annual deficits by about $250 billion from 2011 through 2016, the report said.

On top of that, it said, the government will incur an additional $1 trillion in debt, nearly $100 billion a year, if it prevents an expansion of the alternative minimum tax. That levy was originally aimed at millionaires but is set to engulf many middle-class households because it is not adjusted for inflation.

Republicans and Democrats have both pledged to restrain or simply abolish the alternative minimum tax. But the White House budget and the Congressional "baseline'' forecast released Thursday, which assumes no changes in tax law and a continuation of current spending policy, both presuppose that the tax will remain in place, generating extra revenue.

Because of the rules that govern the budget office, the baseline analysis calculates estimates of future spending by assuming that military costs in Iraq and Afghanistan, about $95 billion this year, will continue and rise with inflation over the next decade.

But the new report suggests that even if those costs disappear, as envisioned in the agency's estimates for "policy alternatives,'' the deficit will still be more than $300 billion in 2016 if Mr. Bush's tax cuts are all extended and the alternative minimum tax is curbed.

The new analysis also illustrates the toll being taken by heavy borrowing. One of the biggest single costs in the federal budget, and the one that has grown by far the fastest this year, is interest payments on the government's debt.

Those payments have jumped almost 20 percent in 2006, to $220 billion, more than what is being spent on Medicaid or on the combined total for all federal income-support programs: unemployment compensation, food stamps, child nutrition programs and the earned-income tax credit.

Further, the budget office predicted, the interest payments will climb to nearly $300 billion a year by 2010.

The gain in tax revenue this year, and resulting drop in the deficit, was hailed by Republicans as vindication of their argument that the tax cuts of 2001 and 2003 had been a powerful economic stimulus.

The new report "indicates that Republican pro-growth tax policies are working to grow the economy and generate a strong flow of revenue to the government,'' said Senator Judd Gregg of New Hampshire, chairman of the Senate Budget Committee.

Tax revenue has jumped 11.6 percent this year, almost $100 billion more than either the White House or Congress predicted a year ago. Corporate tax revenue has soared 22 percent, to $340 billion. That jump reflects a second straight year of big profit increases as well as the expiration of temporary tax breaks for investments in new equipment.

In addition, individual tax collections have climbed more than 14 percent for the second consecutive year. Though full data will not be available for at least another year, analysts believe that the increase resulted primarily from high-income earners' cashing in stock market profits and employee stock options, or receiving big executive bonuses.

But the new report also projects that tax revenue will climb far more slowly over the next few years. Indeed, it projects a small decline in corporate tax receipts in 2007 and virtually no increase over the next 10 years.

In a briefing for reporters, Mr. Marron, the budget office's acting chief, said corporate tax receipts were likely to be held down in part because corporate profit margins, which have been unusually high, would probably shrink to more typical levels.

Democrats said the new report confirmed that under Mr. Bush, deficits would remain high just as the nation prepared for an explosion in Social Security and Medicare costs with the onset of retirement by baby boomers.

"Most countries in our circumstances would be running surpluses right now, would be paying down debt or would be prepaying the liability that they know is to come,'' said Senator Kent Conrad of North Dakota, the senior Democrat on the Senate Budget Committee. "Instead, our country, under the Bush administration leadership, is running up massive debt before the baby boomers retire.''

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The looming costs were already apparent in the new report. The oldest of the nation's 76 million baby boomers become eligible to claim Social Security benefits in 2008. Annual spending on Social Security and Medicare is expected to double by 2016, reaching $1.8 trillion.

Tax Receipts Reduce 2006 Deficit Forecast (WP)

By Jonathan Weisman

The Washington Post, August 18, 2006

A surge of unanticipated tax receipts will push this year's deficit down to $260 billion, a $58 billion improvement on last year's red ink. But the deficit will begin to rise again next year and will improve substantially only if President Bush's tax cuts are allowed to expire, the Congressional Budget Office said yesterday.

The nonpartisan CBO's semiannual deficit forecast was released just 82 days before hotly contested midterm congressional elections and so could have particular political impact. Democrats are trying to use the deficit to bolster their case that Republicans have mismanaged the economy since taking control of Congress and the White House.

"Instead of governing by the rules that every family must live by -- pay-as-you-go spending -- President Bush and his Rubber Stamp Republicans are mortgaging our nation's future and piling debt on to our children," House Minority Leader Nancy Pelosi (D-Calif.) said in a statement.

But Republicans point to the same figures to say their policy of annual tax cuts is bolstering economic growth and tax revenue.

"Thanks to pro-growth policies and a responsible budget blueprint, we're achieving substantial deficit reduction -- even with the extraordinary circumstances of the past year, including Hurricane Katrina and the ongoing war on terror," said House Budget Committee Chairman Jim Nussle (R-Iowa), who is running for governor this year and leaving behind a tightly contested race for his House seat. "We're clearly on the right track."

The budget office's figures provide ammunition for both sides. This year's deficit is not only projected to be lower than last year's, despite ongoing war expenditures and hurricane relief, but it is also $112 billion lower than the CBO estimated in March when it analyzed the president's budget proposals. Even after successive waves of tax cuts, tax revenue is rising faster than predicted, while spending, especially on Medicare and Medicaid, has been less than initially projected. The near-term budget picture "has improved significantly," analysts with the budget office concluded.

But the longer term outlook -- clouded by baby boomers who will be retiring just as the reach of Bush's tax cuts begins to expand -- has "not changed materially," the report emphasized.

This year's $260 billion deficit is projected to rise to $286 billion next year and $328 billion by 2010, only to plunge when the tax cuts expire in 2011.

By law, the budget office's projections must make some assumptions that lawmakers in both parties concede are unrealistic. The forecast assumes that all expenditures on the wars in Iraq and Afghanistan and on Katrina relief will continue at current levels through 2016, an assumption that substantially boosts annual deficit projections. But it also assumes Bush's income tax cuts, tax breaks for married couples and parents, the estate tax cut and dividends and capital gains cuts will expire at once, on Jan. 1, 2011. It also assumes Congress will stop its practice of passing annual stopgap measures to slow the expansion of the alternative minimum tax, a parallel income tax system designed to hit the rich but that is increasingly pinching the upper-middle class.

More plausible assumptions -- no more hurricane spending, a drawdown of forces in Iraq and Afghanistan, an extension of Bush's tax cuts and continued alternative minimum tax relief -- reveal a stubborn stream of red ink that would rack up $2.5 trillion of debt over the next decade and average $254 billion a year, according to budget office calculations.

"The most important point to take from this report is that current fiscal policy remains unsustainable under realistic assumptions," said Robert L. Bixby, executive director of the Concord Coalition, a budget watchdog group.

Some small-government conservatives were not happy with the forecast's figures, either. Stephen Slivinski, director of budget studies at the libertarian Cato Institute, pointed to budget office figures that showed government spending increasing by 7.7 percent this year, easily outstripping economic growth. The federal budget will hover around 20 percent of the country's gross domestic product through the end of the Bush presidency, up from 18.5 percent of GDP when Bush came to office.

"It's a stark example of how the GOP has taken on the role of the party of big government," Slivinski said.

But Republicans were in a celebratory mood.

"The federal budget deficit is being erased as a result of the pro-growth economic policies implemented by a Republican Congress, along with renewed focus on spending taxpayer dollars wisely," House Majority Leader John A. Boehner of Ohio said.

U.S. Deficit Projected To Shrink, Then Grow (LAT)

DOJ_NMG_0050139

By Richard Simon
The Los Angeles Times, August 18, 2006

WASHINGTON — The Congressional Budget Office revised its estimates of the federal deficit Thursday, predicting that it would shrink to $260 billion in the current fiscal year — lower than previously projected — but rise to $286 billion in the 2007 fiscal year, which starts Oct. 1.

The new figures are stoking a partisan debate over fiscal responsibility as the midterm elections approach. Republicans cheered the prospect of a third straight year of decreases in the deficit as evidence that the economy is benefiting from GOP-sponsored tax cuts.

But the top Democrat on the House Budget Committee, Rep. John M. Spratt Jr. of South Carolina, was disdainful, contending that the continued flow of red ink was "no reason to celebrate, especially when … the long-term outlook remains so bleak."

Congress' nonpartisan fiscal analyst offered a lower deficit estimate for this year — down from the $319-billion shortfall recorded last year — and deficits were projected through the next 10 years with existing spending and tax policy. The figures raised additional questions about President Bush's push for Congress to make permanent a number of his first-term tax cuts, which are scheduled to expire at the end of 2010.

In February, the White House had forecast a $423-billion deficit, but it revised that figure last month to $296 billion, citing improved economic activity — and consequent increased tax revenue — resulting from the tax cuts.

In March, the Congressional Budget Office had predicted a $371-billion deficit. On Thursday, it attributed the new lower estimate to higher-than-anticipated tax revenue, especially from corporate profits.

Republicans said the revised Congressional Budget Office estimate showed tax cuts were working to improve the economy. "Just as we predicted, tax revenues have increased — and as a result, the budget deficit has dropped," said Rep. Jeb Hensarling (R-Texas), a member of the House Budget Committee.

White House spokesman Tony Snow said the president remained confident that he would achieve his goal of halving the deficit by the end of his second term, if not sooner. But Snow dismissed the forecast of a higher budget deficit next year as an "inexact science," likening it to "asking if the weatherman's right about next Tuesday."

Democrats warned that the country continued to face fiscal troubles because of the debt that would accumulate as the 76 million baby boomers retire. That generation's oldest members will qualify for Social Security in 2008 and Medicare in 2011.

The new deficit estimate "in no way means that our nation's fiscal problems are behind us," said Sen. Kent Conrad of North Dakota, top Democrat on the Senate Budget Committee.

The deficit is going "in the wrong direction," he said, citing the projection that it was expected to be higher next year, and he warned that the country was on a "completely unsustainable course."

Added Spratt, his counterpart in the House: "A $260-billion deficit is a substantial deficit, in nominal terms; the sixth largest in our history."

Donald B. Marron, the acting Congressional Budget Office director, called the deficits, at least for the next several years, "sustainable" as measured against the economy.

"Not to say that they're good or bad, but … we're in a level where things are about where they've been on average over the last 40 years," he said. During that period the deficit has averaged about 2.3% of the gross domestic product.

This year's projected deficit, measured as a share of the U.S. economy, would equal 2% of the gross domestic product, down from 2.6% in 2005. The record, 6%, was set in 1983 after President Reagan's big tax cuts were implemented.

The Congressional Budget Office's budget outlook, however, noted that as the population ages, spending for Social Security, Medicare and Medicaid, under current law, would "eventually exert such pressure on the budget as to make the current path of fiscal policy unsustainable."

Budget watchdog groups seized on the new estimate to express their concerns.

Robert L. Bixby, executive director of the Concord Coalition, which supports fiscal austerity, called for greater discipline, saying that the higher-than-anticipated tax revenue has "obscured the fact that Congress is doing nothing to bring the deficit under control." And the liberal Center on Budget and Policy Priorities, in an analysis titled "Don't Pop the Corks," warned that if tax cuts were made permanent and relief from the alternative minimum tax was extended, deficits would total nearly $3.5 trillion over the next decade.

The Archives Sleuth Had A Secret (WP)

By Christopher Lee
The Washington Post, August 18, 2006

DOJ_NMG_0050140

Amateur historian Matthew M. Aid made news this spring by exposing a secret federal program to remove thousands of public documents from the National Archives. It turns out that Aid harbored a secret of his own.

Twenty-one years ago, while serving as a staff sergeant in the U.S. Air Force in England, Aid was court-martialed for unauthorized possession of classified information and impersonating an officer, according to Air Force documents. He received a bad-conduct discharge and was imprisoned for just over a year, he confirmed in an interview Monday.

Aid, 48, did not mention the incident when a Washington Post reporter interviewed him for a June profile. Aaron Lerner of Silver Spring, a Post reader whose wife, Rona, remembered hearing of the court-martial while working at the National Security Agency in the mid-1980s, recently obtained the records through a Freedom of Information Act request and provided copies to The Post last week.

Aid said Monday that what he did was wrong -- but not unpatriotic. The top-secret code-word documents in his dormitory locker related to his job as a Russian linguist, he said.

"I had the proper clearance for it, so it's not as if I stole anything," Aid said. "Basically, being a workaholic, I took stuff home with me. . . . My lawyers at the time told me that a decision had been made in Washington to make an example out of me."

As for impersonating an officer, he said: "I wrote a letter to a girl, and I was trying to impress her. And that's all I'm going to say."

Since leaving the military, Aid has spent 20 years as a corporate investigator, working for firms that specialize in digging up information for lawsuits or corporate takeover bids. In his free time, he is an avid researcher at the National Archives facility in College Park, trolling through thousands of government documents about U.S. intelligence agencies. He is at work on a history of the NSA.

Last year Aid was the first to figure out that for years the CIA and the Air Force had been withdrawing thousands of records from the public shelves -- and that Archives officials helped cover up their efforts. The ensuing scandal triggered a temporary suspension of the program this spring and a pledge from Archives officials that the public would be notified when withdrawals occur.

Aid said he suspects the release of his court-martial record is retribution for exposing the Air Force's role. "It's a typical case of selective usage of archival material to beat down somebody that you are not happy with," he said. "That's the way business is done in Washington."

Capt. David W. Small, an Air Force spokesman, denied any payback effort, saying, "Obviously those allegations are false." Small noted that courts-martial proceedings are public records.

The Lerners said their involvement was not prompted by the Air Force. Rona Lerner, now retired, said she learned of Aid's case more than 20 years ago while working in an NSA office that handled FOIA and classification matters. She periodically saw Aid's name on FOIA requests he submitted to the agency, she said.

Rona Lerner said she was "annoyed" to read that Aid, who had shown disregard for the rules of classification in the Air Force, was being celebrated for exposing intelligence agencies' attempts to inappropriately pull back declassified documents. "It was an irony that I was just taken by," she said.

So her husband put in a FOIA request for the court-martial record and sent the report to The Post. Aid said the public airing of his court-martial has always been "my worst nightmare."

"Twenty-two years without a parking ticket or anything since this happened," he said. "I've become a success and respected, and overnight that's all going to change. I've been watching the Internet to see if my name suddenly starts cropping up, because, again, that's the way things are done around this town."

3 Critics Of NASA Cuts Quit Panel (WP/AP)

By Associated Press

The Washington Post, August 18, 2006

CAPE CANAVERAL, Aug. 18 -- Three NASA advisers who spoke out against budget cuts to the space agency's science programs turned in their resignations this week, officials said Thursday.

Wesley T. Huntress Jr., Charles F. Kennel and Eugene H. Levy each served on the NASA Advisory Council's science committee. Kennel resigned by choice, but Huntress and Levy were asked to leave by NASA Administrator Michael D. Griffin.

Levy, a professor of physics and astronomy who also is provost at Rice University in Houston, said their commitment to a broad science program at NASA "didn't comport with the kind of advice that the administrator and the chairman of the committee were looking for."

Levy said he understood the budget constraints on NASA but "we were certainly concerned that a strong commitment to science be maintained."

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When asked if he thought his outspokenness on the science budget led to his forced resignation, Levy said, "That's a little unclear for me."

An assistant said Kennel was on vacation and could not be reached, and Huntress did not return two phone calls to his office.

NASA spokesman Dean Acosta said the members of the advisory council serve at the pleasure of the administrator. Acosta said he did not know the particulars of why the two were asked to resign.

"I don't want to give the impression that these guys were outspoken and that's why they were asked to leave, because that's not the case at all," Acosta said. "The administrator is looking for . . . members to advise him based on the priority that the agency has and based on what our parameters are."

NASA has come under fire in the past year for limiting growth in its science budget to 1.5 percent next year and 1 percent each year through the end of the decade. The limits should help the agency pay to finish the international space station and prepare to send astronauts back to the moon.

OTHER NEWS:

Small Fall In Leading Indicators Offers Sign Of Increasing Stability (WSJ)

By Christopher Conkey

The Wall Street Journal, August 18, 2006

Recent readings from a closely watched gauge of future economic activity suggest the economy will stabilize in the months ahead.

The Conference Board, a private New York research group, said its index of leading economic indicators declined 0.1% in July after a 0.1% gain in June. The recent movements left the index, which forecasts economic momentum three to six months down the road, lower than it was in January but roughly on par with its level in May. That suggests the economy may run along a stable course of growth for the rest of the year after enduring some ups and downs in recent quarters.

"The good news here is [the economy] might not get much worse. The bad news is it might take a while to get better," said Ken Goldstein, an economist for the Conference Board. "We might be in that sort of position in mid-expansion where once the economy gets into a rhythm; it really takes something to jolt it out of that."

The fallout from Hurricane Katrina and higher gas prices last year limited inflation-adjusted economic growth to a tepid 1.8% annual rate in the fourth quarter of 2005. The economy roared back in the first quarter, expanding at a 5.6% clip before sharply slowing to a 2.5% pace in the second quarter. The recent flat readings in the leading index suggest growth will be more consistent, likely staying between 2% and 3%, in the months ahead.

The leading index has 10 components. The biggest positive contributor in July was an increase in average manufacturing hours, a sign that factories may ramp up production and increase payrolls. The biggest drag was a significant decline in building permits for residential construction, which follows other recent signs that home builders are scaling back in response to weaker demand.

Meanwhile, the Labor Department said initial jobless claims fell to 312,000 last week from 322,000 the previous week. The four-week moving average of claims, closely observed because it provides a more consistent picture of the labor market, rose slightly to 311,250 last month. Economists said the claims data pointed to another month of lukewarm job creation in August.

Wall Street Extends Four-day Rally (FT)

By John O'doherty In New York

Financial Times, August 18, 2006

US stocks ticked higher for a fourth day in a row on Thursday, the longest streak of consecutive gains for the S&P 500 and Nasdaq Composite since March.

The rally brought the Dow Jones Industrial Average and S&P 500 to fresh three-month highs.

The gains would have been more impressive but for sharp afternoon selling of pharmaceutical group Merck, which lost 5.7 per cent to $38.83 after a state judge allowed a retrial for a man who blamed his heart attack on the company's Vioxx pain medicine.

Online auctioneer Ebay staged a recovery, adding 7.2 per cent to $27.67. The stock had fallen as low as $22.99 on August 22 – 45 per cent down in the year to date.

Other internet stocks to gain included Amazon, which rose 4.1 per cent to $29.09, and Yahoo, up 1.8 per cent at $28.91.

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Sears Holdings, the third largest retailer in the US, reported an 83 per cent rise in quarterly earnings, but investors took fright at the slowdown in sales and its shares fell 5.8 per cent to $141.29.

At the close, the S&P 500 was up 0.2 per cent, or 2.05 points, at 1,297.48. The Nasdaq Composite was up 0.4 per cent, or 8.07 points, at 2,157.61. The Dow Jones Industrial Average was flat, up 7.84 points, at 11,334.96.

Ken Tower, chief market strategist at CyberTrader, said investors had been confident about the economy ever since the surprise of the weaker-than-expected producer price data earlier in the week.

"[After] the PPI data, it was as if it flicked a switch for the bulls," he said. "The soft landing argument is what has been moving the markets this week."

Hewlett-Packard added 2.1 per cent to $35.15 after it beat analysts' expectations with its fiscal third-quarter earnings, announced a $6bn share buyback, and gave bullish earnings guidance for the fourth quarter. HP is now trading at its highest level since the beginning of 2001.

Chipmaker Advanced Micro Devices added 7.2 per cent to $24.20 after it was raised from a "hold" to a "buy" rating by Citigroup. The stock has gained 20 per cent this week.

The energy sector continued to fall as crude prices slid further. BJ Services slipped 3 per cent to $35.21 and Valero Energy sank 3.2 per cent to $61.03.

Phelps Dodge fell 2.1 per cent to $90.01 and Freeport McMoran dropped 2.1 per cent to $53.58 as copper prices sank on speculation that a strike at the world's largest copper mine in Chile might end.

Research in Motion gained 2.7 per cent to $79.81 on rumours that it would release a version of its Blackberry mobile email device with enhanced multimedia capabilities.

Enterprise software group Salesforce.com soared 19 per cent to $33.70 following second-quarter results that came in ahead of analysts' estimates.

Wages, Wealth And Politics (NYT)

By Paul Krugman

The New York Times, August 18, 2006

Recently, Henry Paulson, the Treasury secretary, acknowledged that economic inequality is rising in America. In a break with previous administration pronouncements, he also conceded that this might be cause for concern.

But he quickly reverted to form, falsely implying that rising inequality is mainly a story about rising wages for the highly educated. And he argued that nothing can be done about this trend, that "it is simply an economic reality, and it is neither fair nor useful to blame any political party."

History suggests otherwise.

I've been studying the long-term history of inequality in the United States. And it's hard to avoid the sense that it matters a lot which political party, or more accurately, which political ideology rules Washington.

Since the 1920's there have been four eras of American inequality:

· The Great Compression, 1929-1947: The birth of middle-class America. The real wages of production workers in manufacturing rose 67 percent, while the real income of the richest 1 percent of Americans actually fell 17 percent.

· The Postwar Boom, 1947-1973: An era of widely shared growth. Real wages rose 81 percent, and the income of the richest 1 percent rose 38 percent.

· Stagflation, 1973-1980: Everyone lost ground. Real wages fell 3 percent, and the income of the richest 1 percent fell 4 percent.

· The New Gilded Age, 1980-?: Big gains at the very top, stagnation below. Between 1980 and 2004, real wages in manufacturing fell 1 percent, while the real income of the richest 1 percent — people with incomes of more than $277,000 in 2004 — rose 135 percent.

What's noticeable is that except during stagflation, when virtually all Americans were hurt by a tenfold increase in oil prices, what happened in each era was what the dominant political tendency of that era wanted to happen.

Franklin Roosevelt favored the interests of workers while declaring of plutocrats who considered him a class traitor, "I welcome their hatred." Sure enough, under the New Deal wages surged while the rich lost ground.

What followed was an era of bipartisanship and political moderation; Dwight Eisenhower said of those who wanted to roll back the New Deal, "Their number is negligible, and they are stupid." Sure enough, it was also an era of equable growth.

Finally, since 1980 the U.S. political scene has been dominated by a conservative movement firmly committed to the view that what's good for the rich is good for America. Sure enough, the rich have seen their incomes soar, while working Americans have seen few if any gains.

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By the way: Yes, Bill Clinton was president for eight years. But for six of those years Congress was controlled by hard-line right-wingers. Moreover, in practice Mr. Clinton governed well to the right of both Eisenhower and Nixon.

Now, this chronology doesn't prove that politics drives changes in inequality. There were certainly other factors at work, including technological change, globalization and immigration, an issue that cuts across party lines.

But it seems likely that government policies have played a big role in America's growing economic polarization — not just easily measured policies like tax rates for the rich and the level of the minimum wage, but things like the shift in Labor Department policy from protection of worker rights to tacit support for union-busting.

And if that's true, it matters a lot which party is in power — and more important, which ideology. For the last few decades, even Democrats have been afraid to make an issue out of inequality, fearing that they would be accused of practicing class warfare and lose the support of wealthy campaign contributors.

That may be changing. Inequality seems to be an issue whose time has finally come, and if the growing movement to pressure Wal-Mart to treat its workers better is any indication, economic populism is making a comeback. It's still unclear when the Democrats might regain power, or what economic policies they'll pursue when they do. But if and when we get a government that tries to do something about rising inequality, rather than responding with a mixture of denial and fatalism, we may find that Mr. Paulson's "economic reality" is a lot easier to change than he supposes.

Judge Clears Northwest Workers To Strike (WP/AP)

By Joshua Freed

The Washington Post, August 18, 2006

MINNEAPOLIS, Aug. 17 -- A bankruptcy judge said Thursday that he would not block a strike by Northwest Airlines flight attendants, a union victory that could lead to random, unannounced walkouts beginning Aug. 25 if the two sides do not make a deal.

Northwest has said even limited work stoppages could put it out of business for good. It said it planned to appeal the ruling Friday.

U.S. Bankruptcy Court Judge Allan L. Gropper in New York said that regardless of the danger of a strike to Northwest, labor law gave him no authority to stop one.

The union and the airline both said they would rather make a deal, and Gropper's ruling eight days before the strike deadline seemed to leave plenty of time. But no talks were scheduled.

The nation's fifth-largest airline has said it needs $195 million a year in savings from flight attendants, who have twice voted down tentative agreements that cut so deep. The most recent rejection came despite the endorsement of union leaders. After the most recent vote, on July 31, Northwest, with Gropper's permission, imposed the first contract that flight attendants had rejected, triggering the strike threat.

The new terms included a 21 percent pay cut; flight attendants said it amounts to 40 percent when health insurance increases are added in.

Judge Won't Block Possible Flight Attendant Strike (USAT)

By Dan Reed

USA Today, August 18, 2006

The bankruptcy judge overseeing the Northwest Airlines' Chapter 11 case refused Thursday to block flight attendants from launching threatened ministrikes as early as next Friday.

But the attendants' plans to launch targeted strikes aimed at specific flights, cities or hours of the day could still be blocked by a ruling from a higher court, an agreement to settle the ongoing labor dispute or by the attendants' own concerns that job actions could push Northwest into liquidation.

"In the end, I think they will find some way to get a deal done," says veteran airline labor negotiator Jerry Glass of F&H Solutions Group. "People aren't stupid. Both sides know that a strike would be the likely end of Northwest, and that's not in anyone's best interest."

Management "has no wiggle room" on its demand for flight attendant concessions worth $195 million a year, he says. Other Northwest labor groups reluctantly have accepted big concessions and "would scream bloody murder" if management backed away from its promise that all groups would sacrifice proportionately.

U.S. Bankruptcy Judge Allan Gropper of New York, ruling on a request by management to block the threatened strikes, said he lacks the legal authority. Management said Thursday it will appeal Gropper's decision to the U.S. District Court for the Southern District of New York.

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Mollie Reiley, interim head of the Northwest unit of the Association of Flight Attendants, Communications Workers of America, said management now “has one more chance … set greed aside for once and agree to a fair and equitable contract, or they will face ‘Chaos'.” Chaos stands for “create havoc around our system” and is the trademark for the union's ministrike strategy.

Though the AFA has threatened Chaos actions many times, it has implemented the tactic only once, in 1993 against Alaska Airlines. Only a handful of flights were disrupted, but the attendants won a better contract.

Northwest CEO Doug Steenland said the carrier has “contingency options” for service disruptions caused by the attendants, but did not elaborate. Northwest officials previously have said they have not hired or trained replacements for potential strikers.

Last month, after Northwest's attendants rejected the second of two concessionary contracts negotiated by union leaders, management won permission from Gropper to throw out the attendants' old contract and to impose reduced pay rates and benefits, and tougher work rules. The attendants say that freed them from the normal requirement to follow the drawn-out procedures for negotiating airline labor deals spelled out by the federal Railway Labor Act.

Management argues that the Railway Labor Act's rules still apply and that job actions now by the attendants would be illegal. No court has ever ruled on that question.

Woman Beaten By Husband Wins Suit (WP)

By Tom Jackman

The Washington Post, August 18, 2006

When police arrived, Deborah Martin told them she didn't know if she'd been punched two or three times -- or two or three hundred. From the looks of the photos taken a few hours later, it was probably closer to the latter.

Martin's husband, Ernest John Lofgren, had pinned her to the kitchen floor in their Fairfax Station home in September 2003 and hit her repeatedly. He later pleaded guilty to assault and battery and served eight weeks in jail. Earlier this year, the couple divorced, which a court commissioner blamed on "the husband's barbaric treatment of the wife."

But before the divorce was final, Deborah Martin took one more step. She sued her husband. And this week, Fairfax County jurors decided Lofgren needed to do more than just a short jail stint. They ordered him to pay Martin $550,000, in part for the extensive bills to repair her face -- and mind -- and to make a statement that domestic violence is intolerable, jurors said.

Domestic violence victims in the Washington area rarely have stepped into the civil arena, experts said, for a variety of reasons, including reluctance to tangle with the legal system again, difficulty in finding a lawyer willing to take the case and inability to get money from a batterer even if they win.

But nationally, it is becoming more common, said Jeffrey R. Dion, director of the National Crime Victim Bar Association in Washington.

"Domestic violence victims are increasingly using the civil justice system to hold their perpetrators accountable," Dion said. If a batterer is arrested, he said, the victim often loses a key source of financial support and may need medical help, counseling or to move.

"I was unable to work and have any income at all," said Martin, 51, a former office manager, who left Virginia less than two months after the attack, escaping what she said was Lofgren's imprisonment of her in their home.

Martin suffered a broken cheekbone, broken nose and dislocated jaw, as well as severe dental injuries. But she said she also had to overcome "the embarrassment."

"The shame level is incredibly high. That's how all your victims feel," she said. "Maybe that's why a lot of women don't pursue personal injury cases."

Court records indicate that at the time of the incident, Lofgren was a software developer with Northrup Grumman Corp. who earned $93,000 a year. He no longer is employed there. Lofgren's attorney, Robert J. Cunningham, said he did not condone the beating but that the jury in the civil case "didn't hear the entire story due to pretrial rulings." A Fairfax judge prohibited Lofgren from putting on a defense because he did not respond to pretrial filings.

Lofgren, 41, did not testify at the two-day trial. But a commissioner in chancery and a Fairfax circuit judge -- who both heard Lofgren and Martin testify in their divorce case last fall -- found Lofgren at fault despite his claims that Martin goaded him into violence.

"The Commissioner finds the wife to be far more credible on the events of that day," Commissioner Brian M. Hirsch wrote after a pre-divorce hearing. "Even if . . . the Commissioner were to believe the husband's version of the events, his response to the wife, a woman of such slight build (i.e. 115 pounds), was grossly disproportionate to what the husband alleged her to have done."

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Hirsch said he had been practicing domestic law for 20 years, and the photos of Martin's injuries "are fairly shocking. And I'm very careful how I choose my words. Shocking is the word I would choose."

After the divorce trial, Fairfax Circuit Judge Gaylord L. Finch Jr. ordered Lofgren to pay Martin $2,000 a month in spousal support and $10,000 for her attorney's fees. The couple were married in April 2002, separated in November 2004 and finalized their divorce in February 2006.

At the end of the civil trial, Martin's attorneys, Richard F. MacDowell Jr. and Mehagen D. McRae of Fairfax City, asked for $650,000 in damages for Martin's actual costs plus pain and suffering and an additional $350,000, the maximum allowed in Virginia, in punitive damages. Jurors said they thought the $650,000 figure was too high, since Martin's estimated medical costs were about $80,000.

But they wanted to go slightly above the $350,000 punitive figure, juror Cynthia S. Deatherage said.

"We did want to send a message that no matter what the circumstance, nobody deserves that kind of treatment," she said. So the jury awarded $351,000 in punitive damages and $200,000 in actual damages. The punitive award was reduced by $1,000 because of a state cap of which jurors were not aware.

Juror Carey A. Williams said that "some of the testimony showed us he was cruel and inhumane. I have a problem with frivolous lawsuits, but I didn't feel this was frivolous. I felt she had a right to ask for compensation for the damage he did to her."

Martin said she had been attacked by Lofgren once before, in July 2002. She said Lofgren beat her with a tree limb and pushed her into some weight equipment, breaking two of her ribs and puncturing one of her lungs. But she did not call police. Her attorneys said that after that incident, Martin resolved to get proof if she were beaten again.

The second episode occurred Sept. 17, 2003, when Lofgren attacked Martin in an apparent drunken rage. Martin testified that Lofgren picked her up, threw her down on her back, then pinned her arms with his knees while he pummeled her face.

Lofgren fled into woods near their house, and police searched for Lofgren while Martin went to the hospital. When Martin returned home to collect her keys and some belongings, Lofgren was inside waiting. He told her the only way she would leave Virginia "was in a pine box," Martin testified. Lofgren took her keys and money and prevented her from leaving or calling for help, Martin said. She stayed with Lofgren until November 2003.

Margaret Drew, the former head of the American Bar Association's Domestic Violence Commission, said that lawsuits are "something that 90 percent of victims never think of." She said the prospect of more months or years in court is daunting, but "in the last few years, I think more lawyers who represent domestic violence victims are discussing the possibility of bringing a civil action."

Martin said she still feared Lofgren but agreed to tell her story because she wants "women to know there is help out there. There are legal ways to help yourself, and that they need to get out of their situations."

Republicans Losing The 'Security Moms' (WP)

By Jim Vandehei

The Washington Post, August 18, 2006

CLINTONVILLE, Ohio, Aug. 17 -- Married women with children, the "security moms" whose concerns about terrorism made them an essential part of Republican victories in 2002 and 2004, are taking flight from GOP politicians this year in ways that appear likely to provide a major boost for Democrats in the midterm elections, according to polls and interviews.

This critical group of swing voters -- who are an especially significant factor in many of the most competitive suburban districts on which control of Congress will hinge -- is more inclined to vote Democratic than at any point since Sept. 11, 2001, according to data compiled for The Washington Post by the Pew Research Center.

Married mothers said in interviews here that they remain concerned about national security and the ability of Democrats to keep them safe from terrorist strikes. But surveys indicate Republicans are not benefiting from this phenomenon as they have before.

Disaffection with President Bush, the Iraq war, and other concerns such as rising gasoline prices and economic anxiety are proving more powerful in shaping voter attitudes.

The study, which examined the views of married women with children from April through this week, found that they support Democrats for Congress by a 12-point margin, 50 percent to 38 percent. That is nearly a mirror-image reversal from a similar period in 2002, when this group backed Republicans 53 percent to 36 percent. In 2004, exit polls showed, Bush won a second term in part because 56 percent of married women with children supported him.

Here in suburban Columbus, one of the most important arenas in the 2004 campaign, the diffusion of this support is obvious in interviews, and the political implications are unmistakable.

Jean Thomas, a married mother of one, said she still feels a pang of fear every time she boards an airplane for work travel around the Midwest. "Terrorism," she said, "is the biggest concern on a daily basis."

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But she said she is "pretty frustrated with politics driving decisions" in Washington. That is why she said she is strongly considering abandoning her support of Republicans to vote for the Democrats challenging Rep. Deborah Pryce and Sen. Mike DeWine on Nov. 7. Polls show that both Republican incumbents from Ohio are acutely vulnerable.

Significantly, Pew and other polls in recent days have found little or no advantage for Republicans in the aftermath of last week's foiled terrorist plot in London, even as Vice President Cheney and GOP leaders have warned that the event showed the risk of voting for a Democratic Party that they say is dominated by security doves.

Andrew Kohut, who directs the Pew poll, said the "negative impact of Iraq is hurting not only Bush but also the Republican Party as well." No longer, Kohut said, is "terrorism alone enough to keep" married women and other voters in the GOP fold.

Yet the shift is not attributable to Iraq alone. Elizabeth Moore, a married mother of one, said she is frustrated by the war but sees no better alternative. "I am one of those who, when a bully slaps you in the face, you slap them back," she said.

Still, the self-described moderate Republican and Bush supporter said the military operation has distracted GOP lawmakers such as Pryce from equally important issues back home. "Too much time in Washington," Moore scoffed, explaining why she is likely to vote for Pryce's Democratic opponent this time. She voted for Pryce in 2004.

All of this suggests that the latest campaign by the GOP to portray Democrats as wobbly on security will be harder to sell in today's climate. Republicans have tried to replicate past success in the wake of the London arrests and Iraq war opponent Ned Lamont's victory over Sen. Joseph I. Lieberman in Connecticut's Democratic primary. Bush and GOP strategists calculated that both events would fan fears about national security and create a headwind for Democrats.

The GOP message still resonates with some voters. Dolores Guerra-Sox, a married mother in Sterling Heights, Mich., said she will stick with Republicans in the congressional races. "We need somebody who is not going to make us take more steps back" as she thinks President Clinton did in the 1990s, she said. "My interest is what happened to us on 9/11."

But Pew -- in findings that echo three other polls released publicly this week -- found Bush and Republicans benefiting little, if at all, from Lieberman's defeat and the scare in Britain. There was a slight uptick in support for Bush's handling of terrorism, but voters remain broadly unhappy with the performance of Bush and the GOP Congress.

In its latest poll of the general public, conducted after the news from London broke, Pew found a majority voicing concerns that Democrats were too weak on terrorism, the precise charge Republicans have made over the past 10 days. Yet an even larger majority said they fear Republicans would involve the United States in too many military operations.

The result is a public that is essentially split over which party can best defeat terrorists. Washington Post-ABC News surveys found the Republicans held a 30-point average on the issue of terrorism in 2002-2004. But in the past two years, the GOP advantage has evaporated.

Moreover, terrorism does not have the salience as a political issue it did two years ago. In the latest Pew survey, only 2 percent of respondents cited it as the top issue they want to hear candidates discuss -- and that was after the news from London. Voters are less moved by sudden scares like that episode than they might have been two years ago, Kohut said.

"While we probably could not have gone toe to toe with Republicans in the immediate wake of 9/11, and even maybe not in the opening days of the war and the ramp-up to the war, the situation has changed so dramatically that Democrats in fact are in a position now to give better than they get on national security," said Democratic pollster Geoff Garin, who has advised congressional Democrats on their 2006 strategy. Democrats "have to steel their spine to do this because they tend to react every time somebody says 'cut and run,' " he added.

David Winston, a Republican pollster who advises GOP leaders on election strategy, said married women in particular are often spooked more by the uncertainty of Iraq than the threat of terror. "They are increasingly unwilling to sustain the sort of sacrifices that we have to make over there," even though many support the mission, Winston said.

This would get no argument from Pryce, the No. 4 GOP leader in the House. She said this is "hands down" the toughest reelection fight of her 14-year career, after winning with 62 percent of the vote in 2004. This is Republican territory, she said, but it is a tough time to be a Republican in this part of the state this year.

Outgoing Gov. Bob Taft (R) has pleaded no contest to ethics violations. Secretary of State J. Kenneth Blackwell, a Republican running to succeed Taft, is way behind in the polls. Several GOP candidates said Blackwell is almost certain to lose to Democrat Ted Strickland this fall. Unemployment is low by historical standards, but, as in much of the industrial Midwest, voters are anxious about the declining manufacturing sector and stagnating wages.

The cost of war has also been central to Republican troubles in Ohio. It was one year ago this month that 16 Marines from the same Ohio-based battalion were killed in Iraq, a devastating loss for the small town of Brook Park and the rest of the state. All told, 115 troops from Ohio have been killed in the war, the fifth-highest total in the country.

"I feel the pot is being stirred here more than other places in the country," Pryce said. "But maybe that is because I am in the middle of the pot."

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Against this backdrop, Democratic candidate Mary Jo Kilroy, a Vietnam-era war protester who became commissioner of Franklin County, is offering voters a clear alternative to Pryce, who remains a supporter of the war.

Kilroy, whose Web site features a running tab of war costs and a video linking Pryce to Bush's "stay the course" policies, said she would not have voted for the Iraq invasion if she had been in Congress. "Certainly the war in Iraq is a major issue these days," she said, sitting in her new campaign headquarters Wednesday.

Kilroy accused Pryce of being "asleep at the switch" in terms of scrutinizing the war and protecting the United States. "We should not have to be scrambling to come up with a protocol" for preventing people from making liquid bombs on airplanes, Kilroy said. "These are not new problems."

Jo Ann Smith, a divorced mother in Upper Arlington, said she voted for Pryce last time but certainly will not this fall because of the war issue alone. "I am just totally disgusted with this war," Smith said. "I understand terrorism and the threat, but I am sick of hearing about it." Smith said she will vote for Democrats across the board, mostly because she considers Republicans the "worst of two evils."

In the Senate race, Sherrod Brown, a longtime Democratic congressman and champion of liberal policies, is running his own version of an antiwar campaign. He voted against the war resolution and the USA Patriot Act, which provided the government new terrorist surveillance tools and authority, at a time when the conventional wisdom in Washington held that both votes were politically disastrous moves.

"I voted against the Iraq war while Mike DeWine slept through the intelligence hearings, asked no real questions about weapons of mass destruction, asked no questions about a plan to win or a plan for reconstruction," Brown said. "If this election comes down to terrorism and war, I still win." If elected to the Senate, Brown said, he will demand the military come up with a plan to have all U.S. troops out in no more than two years.

DeWine has embraced the White House strategy of using terrorism as a wedge, condemning his opponent as a soft-on-security liberal. But his most aggressive attack backfired. A campaign ad that accused Brown of "weakening national security" was found to include a doctored image of the burning World Trade Center towers after Sept. 11. DeWine had to change the ad.

He said "Iraq is a grave issue" that is complicating the reelection campaign. But he added that when Ohioans learn about Brown's vote against terrorism-fighting tools and a funding increase for the intelligence program, the race will shift his way. "Time will tell how people sort this out," he said.

Marylee McCallister, a mother of three who was a Republican for 42 years until this April, already has. She voted for Bush because she believed his warnings that the Democratic nominee, Sen. John F. Kerry (Mass.), would weaken the nation.

"I was dumb," she said. "Now, granted, they came here and rammed bombs into us, but I am afraid we have gotten into something full scale which perhaps did not have to be."

Latest Poll Shows Lieberman With Huge Lead (WT)

By Charles Hurt

The Washington Times, August 18, 2006

Sen. Joe Lieberman, running for re-election as an independent in Connecticut, holds a commanding lead over anti-war candidate Ned Lamont, who last week toppled Mr. Lieberman in the Democratic primary, according to the latest poll.

In a three-way race, Mr. Lieberman holds a 53 percent to 41 percent lead over Mr. Lamont, according to the poll released yesterday by Quinnipiac University. The Republican candidate, Alan Schlesinger, netted just 4 percent.

The numbers suggest that Mr. Lieberman maintains much of his support from the primary and would collect most of the Republican and independent vote in November's general election.

On Aug. 8, Mr. Lamont beat Mr. Lieberman 52 percent to 48 percent for the Democratic nomination. His campaign was fueled by liberal Internet bloggers and anti-war advocates from across the country. While virtually the entire Democratic leadership quickly abandoned the three-term incumbent in favor of the party's new nominee, it remains uncertain how enthusiastically Democrats will campaign against their former colleague.

Earlier this week, Sen. John Kerry, the Massachusetts Democrat who was his party's presidential nominee in 2004, began an online fundraising effort for anti-war candidates such as Mr. Lamont.

"In the Senate, Ned Lamont will go head to head with Don Rumsfeld, and our troops will benefit from Lamont's leadership," he wrote to some 3 million supporters. "He knows that patriotism isn't reserved for those who defend a President's position; patriotism is doing what's right for our troops and our country."

Republicans, meanwhile, have been quick to back Mr. Lieberman. Published accounts quote Republicans willing to donate to the former Democrat and groups such as the National Republican Senatorial Committee have said they won't do anything to help Mr. Schlesinger, the party's nominal candidate.

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The recent Quinnipiac poll found that among likely Republican voters, Mr. Lieberman trounced his opponents with 75 percent of the vote, compared with Mr. Lamont's 13 percent and Mr. Schlesinger's 10 percent.

"Senator Lieberman's support among Republicans is nothing short of amazing," said Douglas Schwartz, the university's polling director. "As long as Lieberman maintains this kind of support among Republicans while holding on to a significant number of Democratic votes, the veteran senator will be hard to beat."

But Mr. Lamont insisted yesterday that "I'm not going to change my issues at all. I'm going to keep talking the same way I have."

The poll of 1,319 registered Connecticut voters was conducted Aug. 10-14 and has a margin of error of 2.5 percentage points.

Poll: Lieberman Ahead, High Favorability (AP-Y)

By Susan Haigh, Ap Political Writer

AP, August 18, 2006

Ned Lamont, whose anti-war campaign rattled the political landscape with a victory over Sen. Joe Lieberman in the Democratic primary, is gaining voter support — but Lieberman still leads the race by double digits, a poll released Thursday shows.

The latest numbers also reveal some serious challenges that Lamont faces in trying to win over the unaffiliated voters he'll likely need to win the election in November.

Quinnipiac University has regularly surveyed registered voters across the state about the Senate race, and it has found over the past three months that Lieberman's support has changed little while Lamont's support has jumped:

· In early June, Lieberman was at 56 percent, Lamont at 18 percent and Republican Alan Schlesinger trailed far behind at 8 percent.

· By mid-July, Lieberman was at 51 percent, Lamont at 27 percent and Schlesinger at 9 percent.

· Now, the latest poll shows Lieberman at 49 percent, Lamont at 38 percent and Schlesinger at 4 percent.

But Poll Director Douglas Schwartz stresses that those numbers only scratch the surface of how voters really feel about this race.

One potentially troublesome indicator for Lamont lies in voters' opinions of the candidates: Only 23 percent in the new survey had a favorable opinion of Lamont, while 28 percent had an unfavorable opinion and the rest were mixed. Meanwhile, 43 percent viewed Lieberman favorably and 28 percent viewed him unfavorably, with the rest mixed.

"Lamont needs to be concerned because he has actually negative favorability right now statewide," said Quinnipiac Poll Director Douglas Schwartz. "He's popular among Democrats, but he's not doing well among Republicans and independents."

"There is still time for Lamont to make this up," he said. "Lamont has to figure out a way to peel some of those soft supporters away from Lieberman."

Lieberman, a centrist, has been dogged by activists in his own party for his support of the war in Iraq and a perceived closeness to President Bush.

After he lost the Aug. 8 primary to Lamont by 10,000 votes, national Democratic leaders shifted their support to Lamont. But Lieberman still filed paperwork to run as an independent in the general election, saying all the state's voters should decide.

The new poll showed that while 31 percent of Democrats are indeed upset with Lieberman over his war support and believe he should not be re-elected, only 7 percent of Republicans and 21 percent of independents hold that same view.

When it came to character, 76 percent said the former vice presidential candidate has strong leadership qualities, 74 percent said he's trustworthy, and 63 percent said he cares about their needs and problems. The numbers for Lamont: 40 percent on strong leadership qualities, 39 percent on trustworthiness and 41 percent on caring.

Asked whether Lamont has the right kind of experience to be a U.S. senator, 33 percent said yes, while 47 percent said no — an improvement since the July 20 poll, when only 24 percent said he had the right kind of experience.

"That's got to be a concern to Lamont," Schwartz said.

Lamont's campaign said Thursday that it had won over all kinds of voters since the primary and would continue to do so.

"We have never run our campaign by polls even when we're ahead, but we're encouraged by the movement and the opportunity we see here," said Liz Dupont-Diehl, the campaign spokeswoman. "Ned will continue to bring his message of change to all Connecticut voters. We have found that it resonates with independents and moderates."

Lieberman, who was at a printing plant in Norwich touting his efforts to reduce electric rates Thursday, said: "It's good to be ahead in the polls again."

"I understand that early polling does not win campaigns. I consider myself to be behind in this race," he said.

Lieberman's advantage comes from broad support among unaffiliated and Republican voters.

Thursday's poll showed Lieberman with 75 percent of the Republican vote, compared with 13 percent for Lamont and 10 percent for Schlesinger. Among unaffiliated voters, Lieberman had 58 percent, to 36 percent for Lamont and 3 percent for Schlesinger. Among Democrats, Lamont leads with 63 percent, while Lieberman has 35 percent.

The telephone poll was conducted between Aug. 10-14, immediately after Lamont's victory in the Democratic primary and as national Democrats were shifting their support to the party's candidate. The poll of 1,319 registered voters had a sampling error margin of plus or minus 2.5 percentage points.

Rebellion By Base Roils A Republican Race (WSJ)

By Jeanne Cummings

The Wall Street Journal, August 18, 2006

MIDDLETOWN, R.I. -- Democrats chafed when Republicans used antiwar Senate candidate Ned Lamont's Connecticut primary victory to portray them as captives of their left wing. There could be some payback next month.

That's when Rhode Island Republicans face their own choice about whether to oust their party's version of a moderate incumbent, antiwar Sen. Lincoln Chafee, in favor of a sharp-edged partisan conservative. Challenger Steve Laffey supports the Iraq war, opposes abortion rights, wants border controls to tighten immigration before any guest-worker program is considered and backs extension of all of President Bush's tax cuts -- all positions contrary to Mr. Chafee's.

The competition is also one of personalities, pitting a wealthy, soft-spoken aristocrat -- Mr. Chafee -- against a self-made businessman -- and current mayor of Cranston -- who thrives on confrontation and competition. Darrell West, a political-science professor at Brown University, says Mr. Laffey "is polarizing. People either love him or hate him." There are no public polls on the primary that quantify their standings, but both candidates are campaigning as if they are in a tight race, and even Mr. Chafee acknowledges his political career could be endangered.

The Sept. 12 Republican clash in Rhode Island is in many ways a byproduct of a strategy embraced by both parties in recent years to move away from courting swing voters and instead relying on core party activists to provide the volunteers, votes and energy for elections and legislative showdowns. Now, that approach could come back to haunt both.

Last summer, National Republican Senatorial Committee Chairwoman Elizabeth Dole called Mr. Laffey to Washington to urge him to run for lieutenant governor rather than jump into the Senate primary and jeopardize what was seen as a safe seat, recall Mr. Laffey and Ms. Dole's staff. After he announced his candidacy in September, the NRSC ran ads attacking him.

"It just shows you how, down in Washington, the Republicans have gone off the deep end. They are all about power," Mr. Laffey says.

Still, Mr. Chafee's most urgent argument on the campaign trail is that the nomination of Mr. Laffey will tip the general election toward Democrat Sheldon Whitehouse, a former state attorney general now in private practice. Polls show Mr. Whitehouse with a formidable lead over Mr. Laffey, but in a dead heat with Mr. Chafee.

"Chafee isn't really out of sync with the electorate, just the Republican base," says Jennifer Duffy of the nonpartisan Cook Political Report. In Rhode Island, that isn't a very big base: There are only about 69,000 registered Republicans, compared with 235,000 Democrats and 364,000 independents. The key for Mr. Chafee will be persuading enough unaffiliated voters to cast ballots in the Republican primary, which is allowed under state law, to balance his losses from his own party -- which the 53-year-old senator expects to be sizable.

Mr. Laffey, 44, comes to the race with a compelling success story in Cranston. The former chairman of Morgan Keegan & Co., a Memphis, Tenn., financial-services firm, was elected mayor in 2002 and is credited with imposing tough economic policies -- including spending cuts and higher taxes -- to restore the city's economic health. And, while supporting the war, he criticizes the Bush administration's management of it and has called for Defense Secretary Donald Rumsfeld's resignation.

He has been endorsed by about a half-dozen local Republican officials and is supported by dozens more who signed a May 2005 letter urging him to run. "You have a record of standing up against the powerful special interests and fighting for taxpayers," they wrote in a "Draft Laffey" letter.

But Mr. Laffey is controversial. He sued the school board and took on labor unions when pushing through his economic programs. In 2003, he approved the display of a crèche outside City Hall at Christmas while also welcoming other religious displays.

He apologized last month after referring to some state Republican Party leaders, who had endorsed Mr. Chafee at the state convention, as elitists. "Luckily, those people are getting older and they're dying," he added during a radio program.

Still, Pat Toomey, a former Republican congressman who heads the antitax Club for Growth in Washington, has thrown his support behind Mr. Laffey. The organization is running television ads opposing Mr. Chafee and has raised more than $500,000 for Mr. Laffey's campaign.

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With much of the party hierarchy behind Mr. Chafee, Mr. Laffey's strategy is to outhustle them in the street. For nearly a year, he has been walking neighborhoods, attending local government and civic-group meetings making his case for the nomination. His message mixes Republican ideology with Democratic-style appeals to the working class. Mr. Chafee and Mr. Whitehouse both hail from wealthy, politically active families. "It's all they've done. It's what their parents did," Mr. Laffey says. "I'm the ruddy-faced son of a tool maker."

In many ways, Mr. Chafee's struggle is of his own making. Besides opposing the war, he voted against some Bush tax cuts, citing deficit concerns. He opposed Supreme Court Justice Samuel Alito's appointment because he was convinced the jurist would be hostile to abortion rights. And he let it be known that he didn't vote to re-elect the president, writing in former President George H. W. Bush instead.

"I knew this was coming from way back," says Mr. Chafee, at an outdoor festival in Cumberland. "The president's agenda, for better or worse, motivates the party base. I've been hearing from them for the last five years."

To stem the damage, Mr. Chafee has been a regular at Republican spaghetti dinners and diner breakfasts. Even so, he isn't "overly optimistic" that he has persuaded many of them, he says.

He still has advantages, though. As the son of a legendary former governor and senator, John Chafee, his name draws strong support. "Linc's got a lot more class," says Germaine Greene of Warwick, an independent voter who chatted with Mr. Chafee at the Oakland Beach Festival.

Mr. Chafee has ruled out running as an independent if he loses the primary, as Sen. Joe Lieberman is doing after losing the Democratic primary in Connecticut. Asked why he didn't just go along with the president on some votes rather than risk his own party's ire, Mr. Chafee offers no regrets. "I want to win the general election," he says. "Those votes would have been killers for me."

Candidates Woo Farmers At State Fair In Missouri (WT)

By Christina Bellantoni

The Washington Times, August 18, 2006

SEDALIA, Mo. -- Sen. Jim Talent told rural voters at the state fair here yesterday that he is a better choice than state Auditor Claire McCaskill, a Democrat whose national momentum has vaulted her into a dead heat with the Republican incumbent less than three months before the midterm elections.

Mr. Talent said his experience helps small agricultural businesses and cattle ranchers, while Mrs. McCaskill accused her opponent of being too close to corporate farmers to the detriment of the average Missourian.

"I've been endorsed by the Farm Bureau and she has been endorsed by the Sierra Club, and that sums it all up," Mr. Talent said, prompting bureau members to laugh.

Mrs. McCaskill said family farmers tell her they are worried about high gas prices and the rising cost of health care, problems exacerbated by the consolidation of farms.

"I have heard from so many people who live in rural Missouri about the frustrations they have," she said after a meet-and-greet at the traditional Governor's Ham Breakfast.

"If we don't send somebody to Washington who is willing to stand up to corporate agriculture," she said, "we will never be able to have the family farmer in this state survive. Senator Talent has been the best friend of corporate agriculture."

The National Farmers Union Political Action Committee yesterday endorsed Mrs. McCaskill.

However, Mr. Talent said his seat on the Agriculture, Nutrition and Forestry Committee allows him to push for renewable fuel legislation and aid for small farmers.

"If we handle this right, I think we will see a reflowering of agriculture around this country ... where people can count on being able to make a living off agriculture," he said. "If we do the wrong things, we could be importing food before too long."

As the two candidates stumped for votes in this town about 95 miles east of Kansas City, they also highlighted their differences on ending the estate tax.

Congressional Republicans this summer lumped an increase of the minimum wage with a repeal of the posthumous tax on the estates of wealthy citizens, which critics call the "death tax."

Mr. Talent supported the measure, but Democrats opposed the bill and said it unfairly gave tax cuts to the wealthy.

Mrs. McCaskill said yesterday that she supports a permanent exemption for the estate tax on a family farm worth up to $7 million.

She said Republicans are using family farmers as a political prop in the debate and, "what they are really interested in is protecting people like Paris Hilton."

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Dean Knipp, a corn, soybean and wheat farmer from Tipton, Mo., said he thinks voters will choose Mrs. McCaskill in the election because the economy is weakened, particularly in Missouri, which is in the middle of a drought. He said he is glad politicians are paying more attention to rural Missouri compared with previous elections. "It does count," he said.

Paul Gibbs of the Missouri Cattlemen's Association, which has endorsed Mr. Talent, said the "death tax" repeal is the main reason he supports the senator, but he thinks Mrs. McCaskill probably will win the race based on the national political mood.

Mr. Talent, whose approval ratings in the state have declined along with President Bush's popularity, made a point of saying he is independent from the president.

He quickly listed issues on which he disagrees with Mr. Bush, including farm policy. When a reporter asked Mr. Talent whether he was distancing himself from the president, who has campaigned for the senator in Missouri, he said: "No, I'm being me. When I agree with somebody, I say it, and when I disagree with somebody, I say it."

Political observers think Mr. Talent, whose family members were dairy farmers, is likely to fare better in rural regions of the state, while Mrs. McCaskill will get most of the votes in the urban centers of Kansas City and St. Louis.

Mr. Talent, a 49-year-old lawyer by profession, ran for governor in 2000 and lost by 20,000 votes to Democrat Bob Holden. He won his Senate seat in a 2002 special election with 50 percent of the vote.

Mrs. McCaskill beat Mr. Holden in a 2004 Democratic primary election and lost the governor's race to Republican Matt Blunt, who captured 51 percent of the vote to her 48 percent.

Months After Making Headlines, John Murtha's Popularity Booming (MCT)

By Margaret Talev

McClatchy Newspapers, August 18, 2006

JOHNSTOWN, Pa. - What a difference nine months makes.

Last November Rep. John P. "Jack" Murtha, D-Pa., thundered onto the national scene insisting that the U.S. military could accomplish nothing more in Iraq, could only make things worse. He called for pulling U.S. troops out of Iraq.

At the time, many of his Democratic colleagues considered his stance suicidal for their party when they're trying to regain control of Congress despite having long been seen as weak on national security.

Now, Murtha is one of the most popular Democrats around. In recent weeks he's raised money for Democrats campaigning in New Hampshire, Connecticut, New York and California. In Tennessee, he was former Vice President Al Gore's guest at a fundraiser for local Democrats. After Labor Day, Murtha will head back out on the road, helping up to four dozen of his party's candidates.

He said events had proved him right.

"Everything I said has turned out to be true," Murtha said Wednesday, taking a break at his campaign headquarters in Johnstown. "You can't win militarily. Military leaders are now saying it publicly where they said it only privately before. I get standing ovations every place I go. The public is looking for a solution to this open-ended policy, which is killing kids."

Murtha, 74, is an imposing man with white hair and sharp eyes. A decorated Marine, he was the first combat veteran of the Vietnam War elected to the House of Representatives. Long regarded as a hawk on national security, Murtha is the ranking Democrat on the House Defense Appropriations Subcommittee.

He's never been seen as charismatic, until now.

On Aug. 9 at the Tavern on the Green restaurant in New York's Central Park, Murtha appeared at a rally for Eric Massa, a retired Navy commander who's trying to unseat Rep. John "Randy" Kuhl, R-N.Y.

Massa said Murtha "couldn't speak, the applause and the standing ovation was so prolonged and intense. He speaks the truth. He's not deterred by critics. As the failures of the Bush administration in Iraq have become more obvious, his credibility has significantly increased."

Murtha said he was too old to consider running for president, but that he'd try to become majority leader if Democrats gained the 15 seats they needed to take charge of the House.

"I'm on a mission here, and the mission is to help change the direction of the country," he said.

Murtha doesn't think there are war-related grounds to impeach President Bush. But he likens Bush's weakened status to President Richard Nixon's in 1974 before Watergate forced him to resign.

"He lost all his power in that one year," recalled Murtha, who won his seat that year in a special election. "What a limitation there is on the power of a president, or any public official. When people lose confidence in that official, they have no power at all."

Murtha's outspokenness has made him a target. A North Carolina-based group called Vets for the Truth has launched a "Boot Murtha" campaign, inviting protesters to an Oct. 1 rally in Johnstown.

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Organizer Larry Bailey is a retired Navy SEAL who said he was driven not by Murtha's stance on troop redeployment but by the congressman's assertion in May, before a thorough investigation, that Marines in Haditha had killed innocent Iraqi civilians "in cold blood."

"I have some misgivings myself about what's going on in Iraq," Bailey said. "Until May 17, I wasn't the least bit interested in the 12th District of Pennsylvania."

Murtha said bad acts by soldiers hurt the military and should be aired. "I've supported the troops my entire political career," he said. "I don't think there would have been an investigation if I hadn't said something. You have to make it public."

The identity of his southwestern Pennsylvania district has long been entwined with the catastrophic flood that tore through Johnstown in 1889 and with the steel industry, which abandoned it over the past few decades. It has a conservative bent, with a constituency older and more heavily veteran than average. Democrats outnumber Republicans.

Until his emergence last fall as a foe of the Iraq war, Murtha had operated largely behind the scenes. To counter a local unemployment rate that he said hit 24 percent in the 1980s, he used his appropriations post to send home lucrative dollars for defense contracts, medical research, flood-related tourism and infrastructure.

A local airport is named for him. So is an institute for the study of neuroscience and pain. A breast-cancer center bears the name of his wife, Joyce.

Murtha is expected to win re-election handily. Even Diana Irey, his Republican challenger, acknowledged in an interview this week that she's facing "an uphill battle."

But Irey added: "The war issue has made people raise an eyebrow ... and given us an opportunity to tell people who he really is." She mentions Murtha's opposition to a constitutional amendment to ban gay marriage: "Jack Murtha acts more like he's representing liberal San Francisco than conservative southwestern Pennsylvania."

Some voters are listening to her.

David Gray, 45, a Republican accountant, said Murtha hadn't been able to replace the steel industry with anything similarly big or permanent.

"It's all a lot of little things. As soon as Murtha's gone, they're all gone, these defense contracts. What good is that?"

More seem to stand by Murtha.

"People said Johnstown will never come back," said Jack Ray, 57, a Democrat and a clerk at a clothing store. "I think Johnstown is coming back. And he's been involved in most things that have happened."

Helen Davis, 76, a Republican whose late husband worked for Bethlehem Steel, agrees with Murtha's stance on Iraq.

"I don't think we're accomplishing anything there, and I hate to see these young men sacrificed for people who don't even want us there," she said.

Pennsylvania Republican Walks Fine Line On Iraq War (WT)

By Eric Pfeiffer, The Washington Times

The Washington Times, August 18, 2006

In a letter to supporters titled "America Needs a Better, Smarter Plan in Iraq," first-term Rep. Michael G. Fitzpatrick criticizes what he calls President Bush's "extreme" policy in Iraq.

In the letter, the Pennsylvania Republican also decries the "cut-and-run" stance of his Democratic opponent, Patrick Murphy, an Iraq war veteran. The race shows the difficulty facing Republicans running for re-election this year in parts of the country where the war has become deeply unpopular.

The cover of Mr. Fitzpatrick's mailing reads, "Congressman Fitzpatrick says NO to both extremes: No to President Bush's 'stay-the-course' strategy ... and no to Patrick Murphy's 'cut-and-run' approach."

"It's interesting if you look at the memo -- he's criticizing just about every plan that's out there on the table, but he doesn't offer his own plan," said Murphy campaign spokesman Dan DeRosa. The Fitzpatrick campaign declined repeated requests from The Washington Times to outline its position on the Iraq war.

Pennsylvania's 8th District has become competitive territory for Democrats on a national level in recent years, with voters supporting every Democratic presidential nominee since 1992. However, voters in the district with a population of 650,000 also have consistently elected Republicans to represent them during that time.

In 2004, Mr. Fitzpatrick was elected with 55 percent of the vote, while in the presidential race, Sen. John Kerry, Massachusetts Democrat, carried the district with 51 percent of the vote to Mr. Bush's 48 percent.

Mr. Fitzpatrick previously expressed his support for the war in Iraq.

When discussing his most recent trip to Iraq on his Web site, Mr. Fitzpatrick writes: "My time with the troops left an indelible impression of pride in the tremendous dedication and commitment our service men and women display on a daily basis

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protecting our national security and improving the lives of long repressed Iraqis. As a Member of Congress, I will continue to do everything in my power to support their efforts."

Mr. Murphy is a Bronze Star winner who served with the 82nd Airborne Division in Iraq in 2003 and 2004. In December, he proposed a 12-month redeployment of troops from Iraq.

Mr. Murphy's plan, similar to that of fellow Pennsylvania Democrat Rep. John P. Murtha, would leave a rapid-response strike force of troops in Kuwait that could respond to "security emergencies" in Iraq.

An internal poll conducted by the Murphy campaign shows him trailing Mr. Fitzpatrick by six percentage points. Polling by the campaign in March showed Mr. Fitzpatrick with a 14-point lead.

"Pennsylvania's 8th District has tightened dramatically," the poll's attached memo reads, "and the political environment in the district favors a Democrat."

The Murphy campaign has received support from high-profile Democrats, including Mr. Kerry, Mr. Murtha and Pennsylvania Democrat Gov. Edward G. Rendell.

Lawmaker Helped Brother's Lobby Clients (AP-Y)

By Ted Bridis, Associated Press Writer

AP, August 18, 2006

Three times this year, a lobbyist sought help from Rep. Christopher Cannon for his clients and got it. The lobbyist was the congressman's brother, Joseph Cannon.

The Utah lawmaker acknowledges helping his brother's clients, including pressing Congress last month to intervene in a business dispute over an Internet contract estimated to be worth as much as $1.3 billion.

"If my wife decided to lobby, then we would probably say, 'No talking to my office.' I just don't see my brother in the same category," Cannon, R-Utah, told The Associated Press.

Cannon has a financial interest in his brother's success: The lobbyist owes him more than $250,000, according to the lawmaker's financial disclosure reports.

There are no U.S. laws prohibiting relatives from lobbying lawmakers. House ethics rules require lawmakers to behave in ways that "reflect creditably" on Congress, avoid any special favors for family members and avoid the appearance of conflicts of interest.

"A lot of people I know are lobbyists," said Rep. Cannon, who has been elected five times. "I would put Joe in that category, not as a family member."

Some ethics experts rejected Cannon's distinction.

"It's an obvious conflict of interest," said Wendell Rawls Jr., acting executive director at the Washington-based Center for Public Integrity, a nonpartisan watchdog group. "It's an obvious use of an insider position to further the best interest of a family member."

Fred Werthheimer, head of the Democracy 21 group that endorses lobbying and campaign finance reforms, said Cannon has created appearance problems — months before midterm elections — inside a Congress already tainted by lobbying scandals and bribery investigations.

"When a member of Congress starts taking action based on the requests of a brother or spouse, you create the impression that the action may be taking place to provide a financial benefit for the family rather than to carry out proper public policy," he said. "This is the kind of appearance problem no member needs."

Dozens of Republican and Democratic lawmakers have children, siblings or spouses who work as lobbyists. Some told the AP they prohibit relatives, even siblings, from lobbying them or anyone working for them.

Rep. Nick Rahall, D-W.Va., whose sister is a lobbyist for nuclear and energy interests, does not allow her to lobby his office. Likewise, former House Majority Leader Tom DeLay limited access to his office by his estranged brother, Randy, after 1996, when Randy DeLay's lobbying activities prompted an ethics complaint that later was dismissed. DeLay, R-Texas, left Congress earlier this year under an ethics cloud.

Joseph Cannon, who also is chairman of the Utah Republican party, is his congressman-brother's one-time business partner. He leads a team of 10 lobbyists at Pillsbury Winthrop Shaw Pittman LLP, a law and lobbying firm. He represents nearly a dozen lobbying clients and specializes in environmental cases.

In the Internet dispute, Rep. Cannon joined with three other lawmakers last month at his brother's urging to press for a congressional hearing. They signed a letter that expressed concerns about a proposed contract — which is subject to approval by the Bush administration — between the Internet's primary oversight body and VeriSign Inc., a $4.2 billion California company.

Joseph Cannon is a lobbyist for a competing company, Network Solutions Inc. That company sells Web addresses and opposes price increases it would pay to VeriSign under the pending agreement.

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"My job was to talk with Chris," the lobbyist brother told AP. "After I talked with him, the fact is, we hardly ever talked about it after that. I don't spend much time lobbying my brother on things. I can't use him just because he's my brother to go do something; it's got to be something he's got a legitimate interest in."

Rep. Cannon, chairman of the House Judiciary commercial law subcommittee, said he has closely followed Internet issues. "He had a client. I had an interest," the lawmaker explained.

Joseph Cannon's lobbying firm helped draft the July 7 letter his brother signed asking Rep. Lamar Smith, who heads the House Judiciary Internet subcommittee, to hold a hearing. Smith, R-Texas, said he has not yet decided whether to conduct such an oversight hearing.

Joseph Cannon said he has lobbied his brother on other occasions, twice involving higher education issues. Rep. Cannon's home district in Provo, Utah, includes Brigham Young University, which last year paid Joseph Cannon roughly $70,000 as its Washington lobbyist. Both brothers graduated from the university.

Joseph Cannon sought his brother's help earlier this year establishing a "complexity center" involving Brigham Young and the University of Utah. Joseph Cannon said it was to be run by a defense contractor, System of Systems Analytics Inc. of Chantilly, Va.. The contractor employs Joseph Cannon's Utah-based company, The Western Standard Publishing Company Inc., as a subcontractor.

Joseph Cannon said he disclosed his own business relationship with the project, which both he and Rep. Cannon said was scuttled in its early stages.

Rep. Cannon also favored a bill earlier this year to exempt religious colleges from certain accreditation guidelines, such as rules on discriminating against gay students and teachers and requirements for courses that conflict with the schools' philosophy.

Joseph Cannon said he sought his brother's support on behalf of Brigham Young. The House bill passed on a voice vote.

Joseph Cannon said he also introduced leaders of the Israel Policy Forum, a pro-Jewish group, to his brother and other Republicans the day fighting broke out in Lebanon earlier this summer.

"It doesn't make sense not to approach him just the way I would approach anybody else," Joseph Cannon said. "I believe his response would have been exactly the same if ... someone else from my firm had talked with him."

As for the unpaid debt to his brother, Joseph Cannon said it stems from his own unsuccessful campaign for the U.S. Senate 14 years ago.

Joseph Cannon said he approached his brother about the Internet agreement as part of a behind-the-scenes campaign to convince lawmakers on some Senate and House committees the deal would be bad for consumers.

The agreement would permit VeriSign to increase the wholesale price it charges companies like Network Solutions for each Internet dot-com address from $6 per year to $7.86 — or more if it can justify further price increases.

In the weeks after Network Solutions hired the lobbying firm, two lobbyists there — both Democrats — contributed a combined $1,500 to Rep. Cannon's Republican campaign.

One of those lobbyists, Thomas O'Donnell, worked closely with Rep. Cannon's office on behalf of Network Solutions after June 15. O'Donnell gave $1,000 to Rep. Cannon on May 17.

O'Donnell said he gave the money because Rep. Cannon was his lobbying partner's brother and because he supports Rep. Cannon's moderate views on immigration reform, a key issue in Cannon's primary. O'Donnell said Joseph Cannon did not solicit the contribution.

Network Solutions said it was unaware of Joseph Cannon's family ties when it hired his firm in April to rally opposition to the Internet agreement.

"I, personally, and no one at Network Solutions had any idea," said the company's chief counsel, Jonathon Nevett. "I had never heard of Chris Cannon or Joe Cannon."

Nevett has publicly praised the lawmakers' request for a congressional hearing.

Network Solutions spent $80,000 on lobbying last year; VeriSign spent at least $440,000 over the same period, Senate records show.

VeriSign's Washington lobbyists include former Attorney General John Ashcroft and Ashcroft's former chief of staff, David Ayres. VeriSign's political action committee donated $1,000 to Rep. Smith in April and $1,000 to Cannon in November.

Rep. Cannon said his relationships with his brother's clients can be discerned by reviewing congressional lobbying reports. He did not mention in his July 7 letter that he was acting at his brother's request.

"The rules really come down to disclosure," the lawmaker said. "It's easy to make the connections you made between me and my brother."

Union Backing Redistricting Fights (AP-Y)

By Will Lester, Associated Press Writer

AP, August 18, 2006

One of the nation's largest labor unions, joining with other Democratic-leaning groups, is forming a political committee to raise millions of dollars for redistricting fights with the GOP.

The formation of the political group Foundation for the Future, called a 527 because of the part of the tax code section that governs it, was at least partially a response to aggressive redistricting tactics by Republicans.

"Republicans are prepared to use all means necessary so they can gain power and govern," said Larry Scanlon, political director of the American Federation of State, County and Municipal Employees. "They were willing to go into states and do mid-decade redistricting, turning our whole democracy on its ear."

The committee expects to spend about $17 million over the next five years on redistricting at the state and federal level, with more than half of that money provided by AFSCME, Scanlon said Thursday.

The committee is being formed by AFSCME along with the Democratic Legislative Campaign Committee and the National Committee for an Effective Congress.

"Not being prepared is not an option," said Joan Fitz-Gerald, DLCC chairwoman and Colorado Senate president.

The group's formation follows a Supreme Court decision in June upholding most of the 2003 Texas redistricting plan engineered by former Rep. Tom DeLay, R-Texas, who now faces money laundering charges.

That plan was undertaken in the middle of a census cycle and resulted in Republicans gaining a 21-11 advantage over Democrats in House seats in Texas. Democrats formerly had a narrow advantage in the state.

The formation of the group has been in the works for months, but the Supreme Court decision in June made such a step even more important, Scanlon said.

"Caution has been thrown to the wind with the Supreme Court decision that you can redistrict when you want," he said.

Ad Disappears From Democratic Web Site (AP-Y)

AP, August 18, 2006

Democrats dropped an ad that Hispanics had criticized as unfairly depicting illegal immigrants as terrorists.

The ad had disappeared from the Democratic Senatorial Campaign Committee's Web site Thursday. A link that had led to the advertisement now leads to a different ad.

No announcement was made about what happened to the ad. A DSCC spokesman did not return phone calls and an e-mail message seeking comment.

Democratic and Republican Hispanics had complained Wednesday about the ad. The 35-second ad questioned GOP homeland security and anti-terrorism policies. It featured images of Osama bin Laden and North Korea's Kim Jong Il and two people scaling a border fence and the words "Feel Safer?"

Houston City Councilwoman Carol Alvarado, a Democrat, was among those who asked the DSCC to pull the ad. She said it could alienate Latino voters. The Republican National Hispanic Assembly and Latino groups also criticized the ad.

Schwarzenegger Hears Rumbles From The Right (LAT)

By Michael Finnegan, Times Staff Writer

The Los Angeles Times, August 18, 2006

Conservatives see some of the governor's stands as liberal. If too few vote, his reelection could be threatened.

With the vote on his reelection just over 12 weeks away, Gov. Arnold Schwarzenegger faces a wave of conservative unrest that threatens the steady political recovery he has made this year by widening his appeal beyond his base of Republican supporters.

To keep conservatives in line, Schwarzenegger campaign operatives have quietly launched efforts to rally support among Christian fundamentalists, gun owners and other Republicans who have long been wary of the governor and backed him only grudgingly.

His stands on illegal immigration, the state's swelling debt, gay rights and other matters continue to rankle many of them, and his high-profile courtship of Democrats and independents risks repelling them further as the campaign intensifies.

Schwarzenegger faces no danger of a broad defection of conservatives to his Democratic challenger, state Treasurer Phil Angelides; polls show they overwhelmingly favor the governor.

But their tense alliance with Schwarzenegger, combined with a foul election climate for Republicans nationwide, could spell a low conservative turnout in the Nov. 7 election. And if what is now a wide Schwarzenegger lead over Angelides narrows after Labor Day, as many analysts expect, low conservative turnout will loom as a key peril for the governor and a prime source of hope for Democrats.

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"For Schwarzenegger, the question becomes: Can he get the Republican base to come out in large numbers and enthusiastically support his candidacy?" said Mark Baldassare, research director of the Public Policy Institute of California.

The gap between Schwarzenegger and his party's conservative wing will be on display this weekend at a state Republican convention in Century City.

The governor, whose lunch speech Saturday will be the showcase event, has urged the party to join him in supporting $42 billion in public construction projects on the November ballot, but delegates are tilting against some of the bond measures to protest his heavy reliance on state borrowing.

"He's not a fiscal conservative, and he's not a social conservative, so there's a lot of uneasiness," said Mike Spence, president of the California Republican Assembly, a conservative state party offshoot.

In a state dominated by Democrats and the independents who often side with them, Schwarzenegger has no choice but to appeal for support beyond his party. But each time he does, he feeds a potential conservative backlash.

"When you walk the political high-wire act in California, as one has to do, you bend over in one direction and you'll fall hard," said Larry N. Gerston, a political science professor at San Jose State University.

Among Schwarzenegger's most visible moves to the center this year were his call for a rise in the minimum wage (despite twice blocking such an increase) and new steps against global warming. He also has taken pains to distance himself from President Bush, most recently by steering up to $150 million into stem cell research a day after Bush vetoed a bill to expand federal support for such work, which religious conservatives oppose.

Most disturbing to many conservatives has been his stand on illegal immigration: Though the governor has put National Guard troops on the border and blocked driver's licenses for illegal immigrants, he supports a guest worker program and a path to citizenship for those who pay taxes, learn English and wait behind legal immigrants. "It's just one more policy issue where he's out of step with conservatives," Spence said.

At the same time, Schwarzenegger has reminded conservatives of his refusal to raise taxes and his rollback of the car tax increase that enraged voters during the campaign to recall Gov. Gray Davis.

He has also taken stands against four November ballot measures that would increase taxes: tobacco taxes for healthcare (Proposition 86), oil taxes for alternative-energy research (Proposition 87), property taxes for schools (Proposition 88), and corporate taxes to finance political campaigns (Proposition 89).

On social matters, Schwarzenegger has also kept in sync with conservatives on ballot measures that would increase penalties for sex offenders (Proposition 83) and require parental notification when minors seek abortions (Proposition 85).

In other recent gestures of solidarity with conservatives, Schwarzenegger named former Rep. James E. Rogan, a manager of former President Clinton's impeachment, as a Superior Court judge, going out of his way to announce the appointment two months before the position opened. He also fought to stop the removal of a 43-foot-tall cross from a war memorial on public land atop Mt. Soledad in San Diego.

"I just want to say it is really great … to see this wonderful cross up there," Schwarzenegger said on a visit to the hilltop last week.

Meanwhile, to drum up support for Schwarzenegger among evangelicals, the state party has hired Ben Lopez, a lobbyist for the Rev. Lou Sheldon's Traditional Values Coalition, a group that seeks to outlaw abortion and roll back gay rights.

Lopez and Anna Bryson, statewide coalitions director for Victory '06, the party's November election operation, plan to meet next week in the Sacramento area with roughly 200 conservative ministers — the first of several such gatherings to promote the governor, Bryson said.

"The governor believes strongly in family values," she said.

Bryson has also asked the National Rifle Assn. to endorse Schwarzenegger, a gun-control supporter, and hired GOP operative Rodney Stanhope to plug Schwarzenegger's candidacy among gun owners. The NRA has not taken a position in the race.

Yet for all that, many bridle at Schwarzenegger's leadership, even if they see no acceptable alternative.

"He's got me over a barrel, so it's a little frustrating," said Inga Barks, a tepid Schwarzenegger supporter who presides over conservative radio talk shows in Bakersfield and Fresno. Barks objects to the rise in state debt under the governor and was furious at him for ordering state money into stem cell research. "That's my money he's giving for a cause I don't approve of," she said.

"He's really shown us no reason to vote for him," said Karen England, executive director of the Capitol Resource Institute, a conservative group that will sponsor a Century City rally Saturday to pressure Schwarzenegger into vetoing several education bills supported by gay groups. "He's very anti-family and liberal."

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Schwarzenegger advisors say the governor will have no trouble maintaining the strong conservative support he needs to win. They note that polls this summer have found that his support among Republicans and conservatives was much stronger than Angelides' support among Democrats and liberals.

"The reality is, there's only one candidate who has a problem with his base, and that candidate's name is Phil Angelides," said Steve Schmidt, manager of Schwarzenegger's reelection campaign.

Matt Dowd, chief strategist of the campaign, said opposition to Angelides is likely to motivate many conservatives to vote for Schwarzenegger regardless of their level of enthusiasm for him.

"You have to have a for, and you have to have an against," Dowd said.

Still, Tony Quinn, co-editor of the California Target Book election guide, sees the depressed mood of Republicans nationwide as the biggest potential peril for Schwarzenegger — even larger than the qualms of conservatives about his policies.

In California, Quinn said, national political tides were important forces in the elections of Gov. Ronald Reagan in 1966 and Gov. Jerry Brown in 1974, and padded the victory margin of Gov. Pete Wilson in 1994.

This year, many California Republicans are unhappy over Bush's immigration policy, high gasoline prices, the Iraq war stalemate and other matters, and that, Quinn said, could lead many to skip voting. For Schwarzenegger, "that is a real concern," he said, "and it's not something he can do much about."

Ehrlich Attorney Cleared In Lobbying Complaint (WP)

By Eric Rich And Matthew Mosk

The Washington Post, August 18, 2006

Maryland's independent state ethics commission has dismissed a complaint alleging that the personal attorney to Gov. Robert L. Ehrlich Jr. improperly acted as an unregistered lobbyist with access to the most powerful figures in Annapolis, the commission said yesterday.

The lawyer, David Hamilton, heads the government relations practice at the law firm Ober Kaler and, in that capacity, has accompanied clients to meetings with the Republican governor and other policymakers. Hamilton has said he acts as his clients' attorney in such situations, not as their lobbyist.

Democratic state lawmakers and others denounced the arrangement, saying that providing access for the purpose of influencing legislation is, in fact, lobbying.

Suzanne Fox, the commission's executive director, said that the commission reviewed a complaint about Hamilton's activities and decided that it warranted no further investigation. Normally, even that information would be confidential, but Fox said Hamilton granted her a waiver to disclose the decision.

Hamilton was traveling yesterday and could not be reached for comment.

"This is precisely what the governor has been saying for two, three months now," said Henry Fawell, Ehrlich's spokesman, of the decisions. "He knows him to be a man and lawyer of integrity. He's not at all surprised by the decision."

Bobbie Walton, executive director of Common Cause Maryland, which filed the complaint, said she plans to request a meeting with the commission to discuss "exactly how his behavior falls within the law."

"Ethical? I think this is not ethical behavior," Walton said. "Legal? Perhaps it's legal. Maybe what we need to do is look at the law."

Because Hamilton is not registered as a lobbyist, his activities are subject to none of the rigorous disclosure requirements that state lawmakers have placed on lobbyists. He does not, for example, have to disclose meetings that he personally arranged and attended for clients with Ehrlich.

In addition, he is able to do what no registered lobbyist in Annapolis can: provide his clients with access to the governor and then ask those clients to donate to Ehrlich's reelection campaign.

Hamilton has said he is able to comply with the law by farming out his clients' lobbying needs to those who are registered in Annapolis. He has said he is in a "strategic relationship" with lobbyist J. William Pitcher in which Hamilton handles only legal issues.

Fox said yesterday that she could not discuss the review in any detail or say what evidence the commission considered or how it reached its conclusion.

Walton said she expects a different outcome from a more detailed complaint she filed with an ethics commission in Baltimore County, where Hamilton represents a development interest in a controversial plan to build a liquefied natural gas terminal at a shipyard.

When local officials told Hamilton that his client, the shipyard owner, should not expect the county's support, Hamilton sent them an e-mail asking that their boss soften any comments he might make in opposition. Hamilton suggested that Baltimore

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County Executive James T. Smith Jr. (D) follow the lead of Ehrlich, who had told a local newspaper that he was "concerned" and "not happy" with the plan.

Yesterday, Walton said the evidence in that case was "more damaging" than in the complaint to the state commission. She said the county commission had asked her not to discuss the case in detail but told her several days ago that it remained active. "If the county outcome follows the state's, I would be disappointed," she said.

Rising College Fees Will Cost Us In Time (USAT)

USA Today, August 18, 2006

Why does college cost so much? Many parents are wondering just that as students gear up for the fall semester — and parents pull out their checkbooks.

In part, the answer rests with tuition increases that have outpaced inflation and the median family income. Our future labor market should be armed with graduates prepared for 21st-century careers, yet financial realities stand in the way for many young Americans. It's a grim picture:

· The average college graduate is burdened with more than $20,000 in student loans.

· Some parents, wanting their children to graduate loan-free, have taken to mortgaging their homes, thus jeopardizing their own retirement.

· Many students work, sometimes multiple jobs, thereby losing much of the texture of the college experience.

Despite these well-documented struggles, tuition and fees keep rising.

Compounding the problem for students: The increases aren't limited to tuition. Books have become such an exorbitant expense — often approaching $1,000 a semester — that some students share books or do without them. As USA TODAY reported Thursday, 15 state legislatures are looking at ways of getting the costs under control. Lab fees are on the rise, too.

Students are lugging the financial burden well after graduation. Even worse, perhaps, is that they're being forced to make untenable choices about their future. A public service career, for example, may take a back seat to a higher-paying job because of this debt issue.

It's tempting to blame the war-driven federal budget and the fact that states have less to allocate to higher education, but these increases began in the 1980s. Likewise, faculty salaries are a convenient target, but overall, they have barely kept up with inflation.

Education is supposed to be an equalizer. But with costs rising, students are trading down dreams of an Ivy League education for one at a state university, and from a state university to one at a community college. While all education will bear fruit, we are creating a bifurcated system in which the best education will go to those who can pay for it. Students of color and those of modest means will most likely be the ones left behind.

Need-based scholarship aid — which might otherwise mitigate the impact of this trend — has grown more slowly than "merit-based" aid, and merit-based aid is too often available to those students who have taken Advanced Placement or International Baccalaureate classes that aren't always offered in inner cities.

While our nation is making it harder for young people to afford college, other countries — especially India and China — are investing in higher education. In the years ahead, there will be a global competition to find the most qualified workers. If our educational investment is any indication, they won't be found here.

Julianne Malveaux is an economist and author.

Project Vision (WSJ)

By Julia Vitullo-martin

The Wall Street Journal, August 18, 2006

Public housing is urban government's largest orphan. It is an unloved recipient of tens of billions of dollars in funds, poured over decades by the federal government into housing projects in just about every city in the country. Neither the Republicans nor the Democrats want much to do with it anymore, and as a result physical plants are deteriorating while operating deficits soar. This failed experiment in government-financed, -built, -owned and -operated housing is over, yet the projects continue to house millions of Americans.

In the midst of this decay, however, is huge opportunity. Hundreds of old projects stand on valuable real estate, making them potential beneficiaries of the great urban comeback. But the authorities that own them must have the vision to see these prospects -- and few do.

Take New York City. Its real-estate market is so robust that even sections like Morrisania in the South Bronx, once nominated by Jimmy Carter as the worst neighborhood in America, are again thriving. Since 1987, the city government has spent

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over $130 million on South Bronx restoration, with the result that hardworking households and small businesses have returned to the blocks once destroyed by arson and despair.

Yet looming high above the pretty new houses, retail corridors and well-tended parks are three of the ugliest buildings in New York: the immense Morrisania Air Rights public-housing projects, completed in 1981 on 5.38 acres constructed over the sunken roadway that leads to the George Washington Bridge. When asked if the New York City Housing Authority had any intention of freeing the neighborhood of these hulking monuments by tearing them down, a high-ranking NYCHA official said, "No. We're not Atlanta."

Precisely. NYCHA is trapped in old-style, mammoth public housing, proud that it has only demolished one major building since 1972. NYCHA oversees 2,691 residential buildings that are scattered throughout the five boroughs, including in many neighborhoods that are now doing well despite the projects in their midst. Manhattan's booming Upper West Side, where new residential construction routinely sells for $1,400 per square foot, has over 20 projects, worth hundreds of millions of dollars -- not that NCYHA would dream of doing the market calculations.

Meanwhile the Atlanta Housing Authority, ranked in the early 1990s as the nation's fifth largest authority and the seventh most troubled, has been following the opposite course since 1996 -- demolishing its old projects and replacing them with attractive one- and two-family townhouses built in vernacular architecture.

But striking as the new houses are, they're not Atlanta's real innovation. "We are not making a nicer box," says Renée Glover, AHA's president and CEO. "We are intentionally creating a market-rate community with a seamless affordable component. We work with private-sector development partners who have knowhow, expertise and access to financial capital. Our projects are driven, owned and managed by the private sector."

Ms. Glover has been systematically demolishing the old projects, which she calls toxic, and replacing them with normal-looking neighborhoods, made up of 40% market-rate tenants and homeowners, 40% former public housing tenants who meet stringent new qualifications, and 20% low-income tenants.

All of her new housing is oversubscribed, a far cry from the situation when she took over as executive director of the AHA in September 1994. An assessment of the agency at that time showed that over half of AHA's apartments -- some 5,000 units -- were vacant. It had an uncollected rent rate of over 25%. Maintenance was abysmal, with the agency needing an average of 60 days to complete routine work orders. AHA scored an appalling 39 out of 100 under HUD's Public Housing Management Assessment Program. This was overseen by a "bloated and untrained employee force," in Ms. Glover's words, of about 1,300. Today, AHA's vacancy rate is below 1%, as is its uncollected rent rate. Routine work orders take 48 hours, and the backlog of 12,000 orders has been eliminated. It scored a perfect 100 in HUD's assessment. Its work force has been cut down to around 325 "well-trained and motivated professionals," says Ms. Glover.

To the naked eye, AHA's developments are indistinguishable from adjoining communities. Ms. Glover partnered with private developers, leveraging small amounts of government money with far larger sums of private investment. She demolished the downtown Techwood/Clark Howell Homes, two of the country's first public-housing projects, and built Centennial Place with $42.5 million in federal Hope VI revitalization funds and about $2 billion in private investment. (Hope VI was initiated by the first Bush administration, strongly supported by the Clinton administration, and opposed by the current administration.)

Similarly, she demolished the Perry Homes, three miles northwest of downtown Atlanta, and replaced them with what will be the AHA's largest development, the West Highlands project, which combines 570 apartments with an 18-hole, PGA-level golf course designed by Jack Nicklaus. She used $25 million in federal revitalization and demolition funds and $444 million in private investment.

AHA requires that all tenants between the ages of 18 and 65, except for the disabled, be employed, or be enrolled in job training or in school. "Residents must engage in an activity that will grow them out of the need for subsidy," says Ms. Glover. The result: Employment is way up (from 13% of residents in 1994 to 71% today) and crime is way down. Crime overall in Atlanta's public housing developments is down 76%, according to a Brookings Institution study released last year.

What's more, private development is springing up all around the former AHA projects, showing that private investment will readily enter once what Ms. Glover calls "residential brownfields" are removed. Centennial's neighborhood, which includes the Georgia Institute of Technology, Bell South headquarters, All Saints Church and should never have been a brownfield, is "on fire" today, says a developer. Retail and commercial services are springing up in an area that long had none. Though ferociously opposed by the Board of Education, Ms. Glover set up Atlanta's first charter school in 1997, Centennial Place Elementary, which now has some of the highest standardized test scores in the entire school system -- even though it receives only 60% of the funding of regular public schools.

What AHA is doing is entirely different from previous reform efforts because AHA does not intend to "manage" better public housing -- it's getting rid of public housing. For the sake of both public housing residents and their neighborhoods, let's hope that other big city authorities follow, starting with New York.

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Ms. Vitullo-Martin is a senior fellow at the Manhattan Institute.

The 'Real World' Of Sen. Allen (WP)

By Eugene Robinson

The Washington Post, August 18, 2006

You know a politician is having a bad week when he spends it trying to convince people he's too unsophisticated to have possibly understood the racial slur he tossed at a man who happened to be armed with a video camera.

Sen. George Allen's mental journey to the imaginary land of Macaca has brought the one-term Virginia Republican -- considered a presidential hopeful for 2008 -- more national attention than ever before. But not in a good way.

The Macaca incident became a sensation on the video-sharing Web site YouTube.com, where some visitors helpfully posted clips of macaques, which are monkeys. It spawned a host of predictable jokes -- "Funny, you don't look Macacan" -- and inspired a hilarious bit on "The Daily Show" that ended with a potty-humor punch line not entirely suitable for the opinion pages of a distinguished newspaper. Suffice it to say that another make-believe realm called Yapipi was invoked.

As you probably know by now, Allen was making a campaign stop and spotted a college student who was shadowing him -- videotaping all his appearances -- to gather possible ammunition for the campaign of his opponent, Democrat James Webb. The young man, S.R. Sidarth, is of Indian descent. Allen pointed him out for the all-white crowd, calling him "Macaca, or whatever his name is," and then said to Sidarth, "Welcome to America and the real world of Virginia." Sidarth happens to be a Virginia native.

Allen and his aides scrambled to assure reporters that the senator had no idea that macaca is the genus to which macaques belong. Nor did the senator have a clue that in some European countries " makak " is a derogatory term for North African immigrants.

Okay, I'm willing to believe the senator is ignorant of primate taxonomy and Belgian slang -- he's all about good-ol'-boy bonhomie, not Renaissance-man erudition. I don't buy the rest of his explanation, though -- that he was trying to refer to Sidarth's haircut, which he thought was a mohawk. I also don't buy his claim that he meant no offense.

I think he was playing to the crowd by singling out the one person who didn't belong there, not because he was a spy from a rival campaign -- shadowing is standard campaign practice these days -- but because he looked "foreign" (my word, not his). I think he came up with "Macaca" as a kind of generic name for a foreigner who appeared to be from the Indian subcontinent, or someplace over there where people have dark skin and straight black hair. Why else would he add the "welcome to America" bit if not to emphasize Sidarth's apparent foreignness?

Let's assume for the moment that the Macaca moment was not premeditated, that it was an ad lib. That means Allen instinctively or subconsciously believed that drawing a line between his white audience and the darker, foreign-looking Sidarth was at that moment good politics. It was a way of defining "us" and "them," and the thing is that it worked, drawing a hearty laugh from the crowd.

If the senator doesn't realize that Americans come in an increasing range of shapes, sizes and colors, then his ignorance extends far beyond Old World monkeys and obscure slurs. Surely he has seen the new census figures that show how immigrants are settling in parts of the country that traditionally have had little or no foreign-born population. Maybe that was the point.

If we are to accept the testimony of friends who insist that Allen himself is no racist -- I've met him, but only briefly, so all I can report is that he seems genial enough -- then maybe the Macaca thing didn't grow out of ignorance at all but out of a sense that there is political advantage to be had from playing on fears and apprehensions about immigration. Maybe he was giving that audience in conservative southwestern Virginia a clear message: I'm with you, I'm one of you, and we all understand that the guy over there with the camera is not one of us, he's just a Macaca whose real name probably has a lot of awkward syllables and isn't worth learning to pronounce.

Because of his swagger and personality, Allen is often likened to George W. Bush. The president, for all his manifold faults, is one of the few politicians who really does understand the changing face of America. I'm beginning to think that perhaps Allen understands it, too -- at least well enough to know what buttons to push among white audiences.

Senator, I don't think you're as ignorant as you claim.

A Retreat Toward Watergate (NYT)

The New York Times, August 18, 2006

The historic Watergate reform of public financing for presidential candidates is near collapse. There's no stronger evidence than the fact that Senator John McCain, so often a leader in reform movements to rein in big-money politics, is not among the sponsors of a Congressional proposal to repair the current outdated system. Senator McCain is a likely candidate for president in

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2008, and he is undoubtedly aware that both political parties believe their nominees will have to abandon public financing to stay competitive.

Candidates have been abandoning the public financing system in droves as they compare the meager amounts they can receive with the enormous sums they can rake in from unrestricted access to private donors. The Republican-controlled Congress, a model of addiction to special-interest money, is more likely to celebrate than fight the death of public financing. But voters should take note of the worthy repair plan offered by Senator Russell Feingold, Wisconsin Democrat, and Representatives Martin Meehan, Massachusetts Democrat, and Christopher Shays, Connecticut Republican. Among other improvements, it would:

¶ Raise the spending limits for public subsidy in the primary and general elections to more realistic levels, scrapping the current 1:1 match of individual contributions for a 4:1 match that makes a $200 donation worth $1,000.

¶ Provide extra subsidies for participating candidates who find themselves running against a rival tapping private donations to far outspend the public financing guidelines.

¶ Make public funds available six months before the first primary to encourage competitiveness in the cycle's front-loading frenzy that produces the two finalists by March.

¶ Raise the current $3 voluntary checkoff on an individual's tax return and institute an education program about the merits of public financing and the fact that a checkoff does not affect tax liability.

At the current rate, the din and cynicism of big-money politicking can only increase across ever longer and more vapid election cycles. Public financing has served the nation well, and a responsible Congress would save it.

Reform Worth Rescuing (WP)

By E.j. Dionne Jr.

The Washington Post, August 18, 2006

We are so accustomed to arguing about the decisions politicians make that we often forget about the importance of non-decisions.

"Non-decision-making" is a wonderful concept introduced many years ago by the political scientists Peter Bachrach and Morton Baratz, who spoke of how demands for change "can be suffocated before they are even voiced."

Americans are on the verge of making a non-decision about how we pay for presidential campaigns. If Congress does nothing, a system that succeeded in limiting the impact of special-interest money on elections for our highest office will collapse.

Opponents of campaign finance reform love to claim that the money-in-politics problem is insoluble. But the public financing of presidential campaigns, instituted in response to the Watergate scandals of the early 1970s, was that rare reform that accomplished exactly what it was supposed to achieve.

"I see this presidential financing system as one of the few things you can turn to and say: This was well conceived and it actually worked," said Sen. Russ Feingold (D-Wis.), who is leading the effort to save the system.

At its core, public financing works because it is based on incentives, not compulsion. As the system stands now, presidential candidates who agree to limit their spending during the primaries -- the limit was roughly $45 million in 2004 -- receive matching public funds for contributions of up to $250.

In a general election, candidates receive a flat amount -- about $75 million in 2004 -- in exchange for not raising any private money. Candidates are thus put on a level playing field and the political system is protected from some of the corruption the chase for campaign dollars can entail.

The plan worked splendidly through most of the 1980s -- conservatives take note: Ronald Reagan and the movement he led prospered under the system, and the presidential big-money scandals of the Watergate years did not reappear.

But inevitably, the system has fallen victim to inflation (the spending limits are now too low) and the multiplication of loopholes, some created by flawed decisions from the Federal Election Commission.

In 2000 George W. Bush refused the federal funds during the Republican primaries because he knew he could raise and spend far more money than the system permitted. In 2004 both Bush and Democrat John Kerry rejected public funds in the primary period, during which they raised about $500 million.

It's only a matter of time before antiquated limits force presidential candidates to forget about public funds altogether. Big blocks of money, which already have too much influence on Congress (do the recent scandals leave much doubt about that?), would now play a major role in presidential elections, too.

It doesn't have to happen. Feingold, along with veteran House reformers Chris Shays (R-Conn.) and Marty Meehan (D-Mass.), has introduced a bill to update the system and make it relevant to today's prices and politics.

The changes they propose are both practical and innovative. To create strong incentives for small-money donors, the bill would establish a 4-1 match for all individual contributions of $200 or less in the primary period. To take into account how the

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presidential primaries actually work (candidates need to spend far more in the decisive early primaries than in later primaries), state-by-state limits on spending would be scrapped. The primary spending limit would be raised to $150 million, while candidates would receive a flat $100 million for the fall election.

The proposal takes into account contingencies that the old system didn't cover. For example, spending limits would be raised for a candidate being massively outspent by an opponent who rejected the system's restrictions.

Market economists have instructed us on the importance of incentives. For roughly 30 years, the presidential election system created strong inducements so candidates could avoid some of the worst aspects of the money chase and still run competitively.

And the relatively modest costs of public financing are a form of taxpayer insurance: With presidential candidates protected from some of the exigencies of fundraising, citizens can have a greater sense of security that their chief executive, who presides over a $2.7 trillion federal budget, will not have his choices influenced by major givers.

Many of the worst mistakes in politics are sins of omission. If Congress does nothing, we risk returning to the rules of the pre-Watergate years and a much higher risk of scandal. Feingold, Shays and Meehan have issued a timely warning. Their colleagues should pay attention before a successful reform falls to pieces.

The Other Pension Crisis (WSJ)

The Wall Street Journal, August 18, 2006

Former SEC Chairman Arthur Levitt lifted the veil last week on the City of San Diego's pension-fund scandal, and it wasn't pretty. The report -- prepared with Lynn Turner, formerly the SEC's chief accountant, and investigator Troy Dahlberg -- tells of "years of reckless and wrongful mismanagement," "non-transparency, obfuscation, and denial of fiscal reality." In case anyone missed the point, it draws explicit analogies with Enron, HealthSouth and other recent scandals.

San Diego's pension-fund fiasco may be exceptional in that it involves criminal allegations -- five former pension-fund officials were indicted in January and the mayor resigned last year over the issue. But the overall storyline is all too typical among state and local pension plans, which are rife with opportunities for political mischief.

As the Levitt report details, the San Diego government saddled itself with $1.4 billion in unfunded pension liabilities for municipal workers by systematically over-promising on benefits and short-changing the fund on contributions. In July of 1996, the city government was engaged in difficult negotiations with its main municipal unions when, according to Mr. Levitt, someone in the government got a bright idea: The unions could be bought off with more generous retirement packages while the immediate burden on the budget would be alleviated by lowering the amount contributed to the pension fund for the succeeding decade.

Prior to this change, the amount the city was required to contribute was designed to keep the pension fund solvent. The city council, in effect, waved that requirement away. The result was dramatic. By 2005, the city's unfunded pension liability had grown to $1.4 billion from a comparatively modest $96.3 million in 1995.

As the shortfall grew, the city resorted to more financial engineering to cover up the problem, adding additional layers of subterfuge until, three years ago, a city employee blew the whistle on the charade, leading to indictments, SEC investigations and the city's loss of access to the bond market. The Levitt report covers this period in detail, although it notes that the shenanigans began as far back as the 1980s, when the city started fiddling with its benefit formulas to appease city workers and their unions.

The basic problem here is nationwide. Wilshire Consulting, based in Santa Monica, California, has been tracking the funding levels and performance of public pension funds for over a decade. According to this year's study, released in March, state and local pension systems are only 85% funded in the aggregate, down from 103% in 2000.

If a 15% shortfall doesn't sound too alarming, consider that Wilshire reports that over 80% of public pension plans are currently underfunded. The total dollar amount of unfunded liabilities runs to the hundreds of billions; how many hundreds depends on what assumptions you make about future performance and future liabilities. The combined pension plans of the S&P 500, by contrast, are estimated to be underfunded by $81 billion as of 2005. That is not a small number either. But businesses at least have the option of drawing on future revenue streams to pay those benefits.

Public pensions have only one source of money -- the taxpayer. Retirement benefits are also notoriously difficult to take away from unionized public employees, who use the threat of a strike to intimidate local politicians. Last winter's transit strike in New York City was precipitated by an attempt to constrain future retirement liabilities that everyone knows will require big tax increases or fare hikes to finance. But the Transit Workers Union demanded that a short-term budget surplus justified big salary increases and no pension reform. And nine months later the union and MTA still have not been able to agree on a contract.

The Levitt report is heavy on Sarbanes-Oxley-style policing of the pension fund, with external auditors and greater independence for pension-board members. But none of that would deal with the fundamental problem that public pensions are

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inherently political institutions. A more "independent" board can't stop current politicians from giving away too much in future benefits under union pressure.

The long-term solution is for government to follow the private sector and wean public workers from the defined-benefit pension model to a defined-contribution plan where an individual worker owns and controls his own retirement investments. A handful of states, notably Florida, have already begun to do this. Unions and liberal politicians will resist, precisely because the pension money gives them vast political clout. California Governor Arnold Schwarzenegger found this out the hard way when he tried to introduce only a very modest pension reform last year. But the current public pension system simply isn't sustainable in the long run.

Yesterday, President Bush signed a private pension reform that, for all its warts, will encourage the transition to a retirement-savings system better suited to our 21st-century economy. Now it's time to focus attention on the crisis in public pensions -- unless our politicians want to see San Diego's blow-up repeated elsewhere and often.

No Moratorium On Charters (WP)

The Washington Post, August 18, 2006

THE CALL by D.C. School Superintendent Clifford B. Janey for a moratorium on new charter schools in the District is one part reasonable and one part self-serving. Taking the latter first, it's clear that charter schools have developed into a threat to the traditional school system since they were authorized by Congress 10 years ago. As Post reporter Lori Montgomery has reported, more than 17,500 students enrolled last year in charter schools. Meanwhile, enrollment in the traditional public school system has taken a nose dive, from about 80,000 students to about 58,000. The movement represents the action of parents starved for quality education who are voting on the traditional school system with their feet. If Mr. Janey's schools are unable to compete successfully with charters, whose fault is that? The proper response to fleeing families is not a moratorium but for the traditional system to start delivering on quality education.

Mr. Janey, however, is on stronger ground when he asks whether charter schools are offering a high-quality alternative. He apparently has concluded that charters don't have a handle on measuring quality and that it would be a mistake and a disservice to children to allow the creation of additional schools without having a sound method for evaluating the 51 charter schools operating in the District. His concern about the track record of charter schools is well placed, based on the experience with the 17 charters authorized and overseen by the D.C. Board of Education. Several of the school board's charters have encountered trouble, and the board -- concerned about its ability to provide proper oversight -- has imposed a moratorium on applications. A federal probe into possible misuse of charter school funds is also underway.

But in the District, two separate bodies oversee charter schools. The D.C. Public Charter School Board oversees a group of 34 schools outside the main school board's jurisdiction. Mr. Janey's concerns extend to this second group, but he may not be in a position to speak authoritatively about their performance.

The superintendent is right that there ought to be available measurements so that parents, educators and the public know whether charter schools are providing the high-quality alternative advertised. What's more, the D.C. Board of Education should consider getting out of the charter school business. But a moratorium isn't necessary to achieve those ends.

Officials: U.S. Blocked Missiles To Hezbollah (USAT)

By John Diamond

USA Today, August 18, 2006

WASHINGTON — The United States blocked an Iranian cargo plane's flight to Syria last month after intelligence analysts concluded it was carrying sophisticated missiles and launchers to resupply Hezbollah in southern Lebanon, two U.S. intelligence officials say.

Eight days after Hezbollah's war with Israel began, U.S. diplomats persuaded Turkey and Iraq to deny the plane permission to cross their territory to Damascus, a transfer point for arms to Hezbollah, the officials said.

The episode was detailed by one U.S. intelligence official who saw a report on the incident. It was confirmed by a U.S. official from a second intelligence agency and by a diplomat with a foreign government. They did not want their names used because they were not authorized to discuss the incident.

Their account illustrates the quiet support the United States gave Israel during the 34-day war, even enlisting help from Muslim nations where acting on Israel's behalf is politically anathema.

Israel and President Bush have accused the Shiite-dominated government of Iran, Hezbollah's primary supplier, of shipping the Shiite militia increasingly sophisticated weapons by way of Syria.

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The Iraq and Turkish governments would not discuss the incident. Iran's United Nations mission denied trying to send Hezbollah weapons. The intelligence officials did not provide reports, satellite photos or other evidence to corroborate the sequence of events. Their account could not be independently verified.

The officials described this timeline:

·July 15: Three days after the war began, a source tipped off U.S. intelligence about an imminent shipment of missiles from Iran to Hezbollah.

·July 19: A spy satellite photographed Iranian crews loading three missile launchers and eight crates, each normally used to carry a Chinese-designed C-802 Noor missile, aboard a transport plane at Mehrabad air base near Tehran. Israel says Hezbollah fired a C-802, a precision-guided anti-ship cruise missile, at an Israeli warship off Lebanon's coast on July 14.

·July 20: The Ilyushin Il-76 transport plane left for Damascus, but Iraqi air-traffic controllers denied it permission to enter Iraq's airspace. The Iranian flight crew then requested permission to fly over Turkey. Turkish controllers granted permission — but only if the plane would land for an inspection. The plane returned to Tehran, where the military cargo was unloaded.

·July 22: The plane flew humanitarian aid to Damascus after stopping for inspection in Turkey.

Though the missiles were not visible in the satellite photos, the launchers and specialized crates with distinctive shapes allowed U.S. analysts to identify the missile type, the intelligence officials said.

Asked about the account during an interview Tuesday, Secretary of State Condoleezza Rice said, “We work on these kinds of things all the time.” But she added, “I can't comment on specific cases.”

Trained Eye Can See Right Through Box Of Weapons (USAT)

By John Diamond

USA Today, August 18, 2006

WASHINGTON — In the closed world of spy satellite photo analysis, it's called “crate-ology”: the science of identifying a weapon or some other key component by the size and shape of its box.

The technique came into play last month when a U.S. spy satellite, looking down on an Iranian air base, captured images of military crews loading what U.S. intelligence analysts concluded were eight C-802 Noor anti-ship cruise missiles on board a transport plane, according to intelligence officials.

The episode was detailed by one U.S. intelligence official who saw a report on the incident. It was confirmed by a U.S. official from a second intelligence agency and by a diplomat with a foreign government. They did not want their names used because they were not authorized to discuss the incident.

The ability of U.S. analysts to say with confidence what was in the boxes set off a chain of events that blocked the shipment to Syria, the U.S. intelligence officials said. They said the weapons were to be forwarded to Hezbollah guerrillas fighting Israeli forces in Lebanon.

The C-802 is “the size of a small truck,” says Robert Hewson, a missile expert with Jane's, an authoritative military reference service. Information about the crate, proximity to the place of manufacture and shipping route would enable an analyst to identify it with near certainty as a C-802, he says.

Hewson said there is an entire discipline in intelligence on the technique of identifying weapons based on their containers.

Dino Brugioni helped develop the technique during a career that spanned four decades in increasingly senior positions as a U.S. imagery intelligence analyst.

Brugioni, who in retirement has been a consultant to U.S. intelligence agencies, said analysts use large catalogs with detailed information on weapons crates. The boxes are distinctive, he said. An analyst can quickly tell the type of ammunition or artillery shells by the box used to ship them, he said.

Brugioni said other indicators — for example, a crew taking precautions by loading explosives on a plane far from any buildings — tell analysts that boxes are not empty.

After war broke out between Israel and Hezbollah on July 12, U.S. intelligence analysts began looking for evidence that Iran would try to resupply missiles to the group, the U.S. officials said. The effectiveness of earlier Hezbollah missile attacks, the belief that it had only a handful of the anti-ship missiles at the war's start and Iran's role as the group's principal source of weapons fed this concern, they said.

On July 14, Hezbollah fired at least three C-802 missiles, one of which damaged an Israeli warship off Lebanon and killed four sailors, Israeli's military said.

The use of the C-802s in these attacks helped solidify claims by Israel and the Bush administration that Iran was arming Hezbollah. Iran also trained Hezbollah fighters in the operation of the missile system and sent advisers to Lebanon to assist in the missiles' use, according to John Bolton, the U.S. ambassador to the United Nations.

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At a Senate hearing July 27, Bolton said Iran provides Hezbollah an estimated $100 million per year in weapons and aid. "They're the paymasters, and they're calling the tune," he said.

Brugioni said that during crises, U.S. satellites regularly photograph air bases of countries involved, because shipping weapons by air is often the option of choice in a rapidly developing conflict.

Iran bought 60 of the missiles, sometimes mislabeled "Silkworms," between the end of the Persian Gulf War in 1991 and 1997, when protests by the Clinton administration led China to suspend sales. Since then, under license from China, Iran has been manufacturing the C-802 missiles on its own, Hewson said.

War On Daddy's Dime (NYT)

By Thomas L. Friedman

The New York Times, August 18, 2006

I'm not sure yet who's the winner in the war between Hezbollah and Israel, but I know who's the big loser: Iran's taxpayers. What a bunch of suckers.

Isn't it obvious? As soon as the reckless war he started was over, Hezbollah's leader, Hassan Nasrallah, declared that Hezbollah would begin paying out cash to the thousands of Lebanese families whose homes were destroyed. "We will pay compensation, a certain amount of money for every family to rent for one year, plus buy furniture for those whose homes were totally destroyed," said Nasrallah. "These number 15,000."

Nasrallah also vowed that his organization would help rebuild damaged houses and businesses, promising those affected that they will "not need to ask anyone for money or wait in queues" to get relief funds. To paraphrase the All-State commercial, "You're in good hands with Hezbollah."

But wait — where will Hezbollah get some of the $3 billion-plus needed to rebuild Lebanon? Last time I checked, Hezbollah did not have any companies listed on the Nasdaq. The organization doesn't manufacture anything. It doesn't tax its followers. The answer, of course, is that Iran will dip into its oil income and ship cash to Nasrallah, so that he will not have to face the wrath of Lebanese for starting a war that reaped nothing but destruction.

Yes, thanks to $70-a-barrel oil you can have Katyusha rockets and butter at the same time. When oil money is so prevalent, why not? Hezbollah and Iran are like a couple of rich college students who rented Lebanon for the summer, as if it were a beach house. "C'mon, let's smash up the place," they said to themselves. "Who cares? Dad will pay!" The only thing Nasrallah didn't say to Lebanese was, "Hey, keep the change."

In the cold war, Russian taxpayers were the suckers who rebuilt Arab armies every time they got crushed by Israel. Now Iran's citizens will foot the bill with their oil income — assuming the ayatollahs actually put their money where their mouth is. (Iran was always happy to spend money on Hezbollah rockets. Let's see if it will pay for schools and clinics.)

This is why I am obsessed with bringing down the price of oil. Unless we take this issue seriously, we are never going to produce more transparent, accountable government in the Middle East. Just the opposite — we will witness even more reckless, unaccountable behavior like Nasrallah's and Iran's.

Been to Syria lately? Why do you think it can afford to shrug off U.S. sanctions? It also is not making microchips. It is, though, exporting about 200,000 barrels of oil a day, and that is what keeps a corrupt and antiquated regime in power. The Syrian regime subsidizes everything from diesel to bread. As in Iran, almost half of Syria's people are teenagers, and without real economic reforms, widespread unemployment and unrest are just around the corner — but for now, oil money postpones the reckoning.

Ditto Iran. Iran is OPEC's second-largest producer, selling the world about 2.4 million barrels of oil a day and earning the regime some $4 billion a month — the government's main source of income. To buy public support, Iran's regime subsidizes housing, gasoline, interest rates, flour and rice.

According to an Aug. 2 report on Bloomberg.com, "Iran spent $25 billion on subsidies last year, or more than half the $44.6 billion it collected through crude oil exports." But Iran actually has to import more than one-third of its gasoline, because it can't refine enough itself. This became so expensive the regime wanted to ration subsidized gas but feared a public backlash. No wonder. Bloomberg reported that subsidized gasoline in Iran is 34 cents a gallon.

Repressive governments like Iran's and Syria's use oil money to buy off their people and insulate themselves from the pressure of political and economic reform. When oil prices get high enough, they can even buy a monthlong war in Lebanon. Why not? It's like a summer sale: "Now, this summer only: 34 cents-a-gallon gasoline and a war with the Jews and new living room furniture for Lebanese Shiites! Such a deal!"

If we could cut the price of crude in half, it would mean that all of Iran's oil income would go to subsidies — which would be unsustainable and therefore a huge threat to the regime. It would also make Iran's puppets, like Nasrallah, think three times about launching wars with Israel that might ravage Lebanon again.

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Too bad we have a president who tells us we're "addicted to oil" but won't do anything about it. That sort of hypocrisy just makes Nasrallah's day.

With Guns Silent, Wartime Unity Unravels In Israel Amid Fierce Criticism Of War Effort (NYT)

By Greg Myre

The New York Times, August 18, 2006

JERUSALEM, Aug. 17 — In a country where raucous debate is the norm, Israelis set aside differences during war. They even have an expression for it: "Quiet. We're shooting."

But the guns have gone silent, the debate has resumed and the wartime unity has shattered.

Prime Minister Ehud Olmert, Defense Minister Amir Peretz and the military's chief of staff, Lt. Gen. Dan Halutz, are all facing fierce, even vitriolic criticism in a country accustomed to swift and decisive battlefield triumphs against Arab enemies.

"Because everyone served in the army, every Israeli thinks he's a generalissimo," said Shlomo Avineri, a political science professor at Hebrew University. "The achievements were less than expected, and the price was too high."

He added: "From the beginning we should have set more modest goals. A lot of this agonizing is self-inflicted."

A sizable number of Israelis have challenged the claims of their leaders that Israel won the war against Hezbollah.

"It's not a victory at all," said Ziona Dotan, 50, who returned to her rocket-damaged apartment in the hard-hit northern town of Kiryat Shmona on Wednesday. "It's going backwards. They keep getting more weapons. I don't see what we got out of this. Many people were killed, and what was it all for?"

An Israeli radio poll released Thursday found that 28 percent of the 513 respondents believed Israel won, 24 percent believed Hezbollah won, and 36 percent thought neither side came out on top. The poll had a margin of sampling error of 4.5 percentage points. Two polls released Wednesday showed similar results.

Israelis overwhelmingly supported the government decision to hit hard after Hezbollah staged a cross-border raid on July 12, killing three Israeli soldiers and seizing two more, who remain captive in Lebanon.

But as the fighting dragged on and the Israeli military faced tough resistance from Hezbollah in south Lebanon, criticism began to emerge. The most common themes: The politicians were indecisive. The military relied too much on air power. The ground offensive should have been started sooner, and on a larger scale.

"At the beginning of the war there was unity, but now it's broken down because there were many mistakes, by the army and also politically," said Yakov Hoshkover, 66, who works at a parking lot in the northern coastal town of Nahariya, which was repeatedly hit by Hezbollah rockets.

The grumbling turned into a flood of criticism after a United Nations Security Council resolution to stop the fighting was approved last Friday and a cease-fire took effect on Monday.

"There were many failures," Benjamin Netanyahu, the opposition leader, said in Parliament this week. "Failures in identifying the threat, failures in preparing to meet the threat, failures in the management of the war, failures in the management of the home front."

Israel has often been led by former generals or others with long military experience, and Mr. Olmert and Mr. Peretz, who assumed their positions in recent months, had limited military backgrounds. Their performance during the war only raised more doubts.

Mr. Olmert's approval rating, which shot up to 78 percent on July 19, one week into the war, fell to 40 percent in a poll published Wednesday in Maariv, a leading daily.

Fifty-three percent of those questioned said Israel should have kept on fighting, while 42 percent said Israel was right to agree to a cease-fire. The poll questioned 500 Jewish Israelis on Tuesday and had a margin of error of 4.4 percentage points.

In a front-page opinion article on Thursday, Nahum Barnea, the most prominent columnist in Yediot Aharonot, the country's top-selling newspaper, called for the resignation of Mr. Peretz, a former trade union leader whose army service consisted largely of repairing tanks.

"The appointment of Amir Peretz as defense minister was a crazy idea," Mr. Barnea wrote.

With criticism of the war effort mounting, Mr. Peretz on Wednesday appointed a panel to review how the Defense Ministry and the military performed.

But that move also drew criticism from politicians who said Mr. Peretz quickly put together a handpicked panel with the aim of heading off a more thorough review by an independent body.

The Haaretz newspaper reported Thursday that Mr. Peretz said the military played down the threat of Hezbollah's missiles when briefing him after he took office in May.

General Halutz, meanwhile, is also facing mounting calls to quit after a newspaper disclosed that he sold about $28,000 worth of mutual fund shares just hours after the Hezbollah raid on July 12.

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The general said that he was intending to sell the shares for two weeks, and that his secretary placed a call to his bank on the morning of July 12, before the Hezbollah raid. The bank returned his call about three hours after the Hezbollah attack, and General Halutz said he took the call and placed the sell order as planned.

The explanation has not won him sympathy.

“There is an expectation that in the hour of decision, the chief of staff will dedicate all of his capabilities to conduct the war and not to manage his personal accounts for revenue and loss in the stock exchange,” Zevulun Orlev, a right-wing legislator, said in a statement calling on the general to step down.

Critics of the war effort have included many reserve soldiers who complained that they did not have proper equipment or provisions.

In one unusual incident, a group of reservists from the Alexandroni Brigade criticized and booed their commander, Col. Shlomi Cohen, at a meeting after they withdrew from Lebanon.

The discussion became tense as soldiers raised questions that included why they entered Lebanon during the day, rather than at night, and about a lack of food and water, Yediot Aharonot reported.

One reserve soldier, Yair Levy, 40, confronted the colonel, saying, “I left my house, my job, my three kids, and after two weeks in Lebanon, you say I have chutzpah because I asked for equipment and food.”

“If that’s the attitude and those are your answers, next time we won’t come,” he continued.

The colonel replied: “Don’t come. Don’t bother.”

Israel Turns From War To Political Skirmishes (WT)

By Abraham Rabinovich

The Washington Times, August 18, 2006

JERUSALEM -- Barely three days into a cease-fire with Hezbollah, domestic politics have returned to Israel with a thud as Chief of Staff Lt. Gen. Dan Halutz and Prime Minister Ehud Olmert fend off personal scandal accusations.

Mr. Olmert, meanwhile, is turning to religious and conservative parties in the hope of bolstering his governing coalition in the face of harsh criticism in parliament of the handling of the war.

Politicians from across the political spectrum have called for Gen. Halutz's dismissal since a newspaper revealed that he ordered his financial adviser to sell all his stocks -- worth about $27,000 -- on the first day of the war.

The general denies wrongdoing but admits having ordered the sale around noon on July 12 -- three hours after a Hezbollah cross-border raid in which two Israeli soldiers were snatched. Later that day, the Israeli government, acting on Gen. Halutz's recommendation, mounted an all-out air assault on Hezbollah.

The scandal involving Mr. Olmert is more pedestrian. The state comptroller's office has said it will summon the prime minister for questioning on suspicion of having received an exorbitant discount on the purchase of his new home in Jerusalem.

Mr. Olmert, who was mayor of Jerusalem until three years ago, is accused of having helped the contractor to gain special permits from the municipality in return.

The prime minister's more immediate problem is to hold together his coalition in the face of repeated calls for an independent panel to investigate the management of the war. With just 67 of 120 seats in the Knesset, the coalition could be toppled by the defections of a handful of members.

"What we need -- and this is really one of the most important things for Israel -- is to widen the coalition," said Avigdor Itzchaky, a Knesset member from Mr. Olmert's Kadima party, in an interview with Israel's public radio. "We need to bring in as many partners as possible to the coalition."

Mr. Itzchaky said that he would put out feelers to Likud; the far-right Russian-immigrant party, Yisrael Beitenu; and the United Torah Judaism party.

Defense Minister Amir Peretz said yesterday that he would commission a panel to investigate the military, but the move was criticized as an attempt to duck an independent investigation.

If Mr. Olmert is forced to create a special panel of inquiry, he and Mr. Peretz will become the main defendants in a monthslong trial that likely will slowly erode the government's support.

But political analyst Avraham Diskin said that if Mr. Olmert and Mr. Peretz stick together, they should easily survive.

"You're talking about people with bloody experience in politics. They are very tough. It's not the first earthquake which they've faced," said the political science professor at Hebrew University.

"As long as they stick together, it's almost impossible for them not to stay in power. And the wave will pass."

Analysts say there was nothing illegal about Gen. Halutz's move, but critics accuse him of a major breach of ethics, or at least good taste.

"There's a serious problem with his order of priorities," said Labor Knesset member Colette Avital.

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A conservative legislator, Zevulun Orlev, said Gen. Halutz had abused the nation's trust.

"One would expect the chief of staff to devote all his time and abilities to conducting the war," he said.

Gen. Halutz has dismissed the criticism as "fantastic," saying, "I am also a citizen. I also have finances. The facts are correct, but the music is false, tendentious. I do not intend to be dragged to such levels."

Former air force colleagues have come to his defense, saying that while he may have made a mistake, Gen. Halutz -- a former combat pilot who downed three enemy planes in the Yom Kippur War -- is a man of integrity who does not deserve the abuse being heaped upon him.

"I'm in a spin now," he told a reporter yesterday, "but I'll pull out."

Defining Victory In Lebanon (LAT)

The Los Angeles Times, August 18, 2006

LIKE THE WAR IN LEBANON ITSELF, the war of words over who "won" the bloody monthlong conflict cries out for a cease-fire. The Bush administration appears to have recognized this, if belatedly, with its tempered rhetoric in the aftermath of the United Nations resolution that ended the fighting.

On Monday, the president spun the U.N. Security Council resolution on Lebanon as a victory for Israel and taunted Hezbollah: "How can you claim victory," he asked, "when, at one time, you were a state within a state, safe within southern Lebanon, and now you're going to be replaced by a Lebanese army and an international force?"

It wasn't until Wednesday that Secretary of State Condoleezza Rice turned down the volume. In an interview with USA Today, Rice emphasized that an expanded U.N. peacekeeping force would not "physically disarm" Hezbollah fighters, a task the United States believes eventually will be discharged by Lebanon. Rice also offered a more judicious verdict on how the conflict has affected Hezbollah's standing with the Lebanese people. Its political advantage, she said, would be "very short-lived" once the Lebanese realize that Hezbollah was ultimately responsible for the devastation caused by Israel's attacks.

Rice's rhetorical retreat was an accommodation to reality. Far from being shunned by the Lebanese people, Hezbollah seems to have improved its image because of its resistance to Israel and its conspicuous plans to rebuild southern Lebanon with aid from Iran. Basking in that popular support, Hezbollah has insisted that the Lebanese government go slow in disarming it. On Wednesday, White House Press Secretary Tony Snow acknowledged that "it's going to take some time" for disarmament to occur.

A delay in confiscating Hezbollah's weapons need not be fatal to peace if Lebanese and international troops quickly gain control of southern Lebanon, and Hezbollah fighters move north to a point where they can't threaten Israel.

There are signs of progress. On Thursday, Lebanese troops began arriving in southern Lebanon, and they may soon be joined by the first wave of an expanded U.N. force. Meanwhile, Israeli forces have begun withdrawing from Lebanon.

Eventually, however, Hezbollah must be convincingly disarmed so that Lebanon, in the words of the U.N. resolution, has a "monopoly over the use of force … on its entire territory." Achieving that objective could require engaging Hezbollah's patrons in Iran and Syria, a delicate diplomatic task only hindered by gloating on both sides about "victory."

This war of words isn't as dangerous as the real war that thankfully has come to a halt in Lebanon. But, as the Bush administration surely realizes, escalating rhetoric carries its own dangers.

Lebanese Army Begins To Deploy Across South (WP)

By Anthony Shadid

The Washington Post, August 18, 2006

MARJAYOUN, Lebanon, Aug. 17 -- For the first time in a generation, Lebanese troops, tanks and armored vehicles deployed in force Thursday into the country's south as part of a U.N. cease-fire that ended 33 days of fighting between Israel and Hezbollah militiamen. But the deployment appeared to reflect the complicated reality of the Shiite Muslim militia's determined presence in southern Lebanon.

After dawn, scores of troops moved down the Bekaa Valley along the border with Syria, across makeshift bridges over the Litani River into the Christian town of Marjayoun and through the seaside city of Tyre. There were occasional scenes of joy, but across much of the south, the deployment was a relatively sedate affair, as the extent of the damage became apparent in southern towns such as Bint Jbeil, Aitaroun and Khiam, and as tens of thousands of refugees continued to return home along jammed roads.

At one point, a funeral for two Hezbollah fighters stopped a military convoy for a half-hour in Jwayya, near Tyre. On the road to Marjayoun, decorated with posters celebrating the resistance, military trucks mingled with cars flying yellow Hezbollah flags.

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"The resistance has to stay here," said Khalil Taraf, 55, a resident of the Shiite town of Dibin, near Marjayoun. "Who would protect us from aggression?" He added, "Both need to protect us -- the army and the resistance."

The deployment followed the government's decision Wednesday to send army troops south of the Litani River, which bisects southern Lebanon. The decision itself was potentially momentous: The Lebanese state had surrendered some of its sovereignty over the south in 1969, when a weak government agreed to allow Palestinian guerrillas to launch attacks against Israel. By 1976, soon after the start of the civil war, the government's authority in the south had disintegrated as militias began to consolidate their control over the rugged, hilly terrain.

But in recognition of Hezbollah's stature in the wake of the cease-fire, the government said its soldiers would neither act against the militia's guerrillas nor try to disarm them. That arrangement effectively continues the prewar relationship between Hezbollah fighters in the south and what was then a token presence of the Lebanese army. Hezbollah accepted the army's deployment, and its officials said the fighters would assume the role they played before the war: rarely seen with arms in the open, often melting into the population.

The United Nations said about 1,300 Lebanese troops had arrived in the south by day's end Thursday.

Israeli officers met with U.N. military officials and Lebanese army officers to plan the Israeli military's departure from Lebanese territory. A senior Israeli officer, speaking on condition of anonymity, said about 8,000 Israeli troops remain in Lebanon, from a high during the war of 15,000 to 20,000. Israeli soldiers watched as the Lebanese army moved south of the Litani, and Israel plans to turn over more positions on Friday, the officer said. He said Israel expects the Lebanese army and U.N. soldiers to curb Hezbollah militiamen, despite the Lebanese acceptance of Hezbollah's presence on the ground.

Those forces should "take steps to prevent Hezbollah from rebuilding itself. I want them to control the borders, especially between Lebanon and Syria, to prevent weapons from coming in," he said.

Israel has said it is ready to leave Lebanon as soon as Lebanese and international forces arrive.

In southern Lebanon, few spoke out against the deployment; many seemed to feel it was a welcome gesture by a state that has often neglected the poorer south. In Marjayoun, one woman threw rose petals and rice at the trucks parked near her restaurant.

"Forty years!" cried the 51-year-old woman, Salma Shahin. "We've had to live through war for 40 years.

"We don't want to see bullets from any party other than the state, other than the government of Lebanon," she said, pointing to a window cracked by two bullets. "We've had enough. I want to see the army from the furthest north to the furthest south."

She turned to a group of soldiers wearing black and blue berets. "I hope there are thousands behind you!" she shouted.

Nearby her was a relative, Raymond Moussa, 55, another Christian resident.

"If there is a country without an army, there is no country," he said. "If the army had come before, none of these problems would have happened. We wouldn't have what we have today -- individuals with weapons.

"We want an army for peace," he added, "not an army for war."

More than 30 military trucks and troop transports and a dozen outdated armored personnel carriers forded the Litani near the site of the Khardali Bridge, which was destroyed by an Israeli airstrike. They passed along a pile of sand bulldozed over metal pipes that let the river pass. On the other side of the Litani, they passed under an arch flying four Hezbollah flags and an equal number of Lebanese flags. Along the side was a banner that read, "Written with blood, resistance."

Down the street, spaced every 30 yards or so, were pictures of Hezbollah fighters killed during the Israeli occupation of southern Lebanon that ended in 2000. One sign read, "The resistance is the shield of the nation." Another said, "The nation protects the resistance, the resistance protects the nation."

The 100 or so troops, carrying M-16 rifles, arrived in Marjayoun by 10 a.m., part of a contingent of the 10th Brigade that will number 2,500. Their vehicles, flying the Lebanese flag, were parked along the town's main road as the troops waited to occupy a base the Israeli military had seized a few days before. There was little heavy equipment, although some of the trucks brought generators, steel vats of water and fuel tanks, as well as chairs, cabinets, mattresses and other furniture for abandoned bases.

Some soldiers chatted and sipped coffee on a clear, breezy day; others napped.

"We haven't slept in 24 hours," one complained, sitting on a folding chair in the shade.

In Jwayya, a military convoy of about 20 vehicles pulled to the side of the road as the funeral for the two Hezbollah fighters passed. About 200 people had gathered for the funeral, beating drums, carrying flags and throwing rice and flowers. Even there, the sentiments were measured -- satisfaction at seeing the army return, but a recognition of Hezbollah's presence.

"It's a good thing the army is coming, but the army alone is not enough. It's not even able to protect itself," said Wael Khodr, a resident of the hard-hit town of Aitaroun. He spoke without hostility or bitterness. "Everyone loves the army. In theory, it could be good, but things on the ground are different, of course."

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Over more than two decades, Hezbollah's well-organized activists, advocacy on behalf of the community and reputation for a lack of corruption have instilled an almost organic relationship with Shiites in the south. Even many who welcomed the army's arrival said they found it hard to imagine Hezbollah, with or without arms, having a diminished role in their lives.

In Dibin, a shopkeeper, who had a generator propped against a door that had been blown to the side by a blast, recounted how he had fled the town at the war's start. In the month that followed, Hezbollah fighters took food from his shop -- tuna, rice, sardines and sugar. When he returned, more than 30 receipts were waiting for him, and he was paid in full, more than $1,000, he said.

"Look at my store, it's here. All my goods are here. They protected the whole place," he said.

Aid convoys organized by nongovernmental organizations and Hezbollah pressed south, where the scope of the reconstruction was laid bare in village after village. U.N. officials said two children were killed Thursday by a cluster bomb explosion in the southern town of Naqourah. Human Rights Watch said that U.N. de-miners have identified 10 locations in southern Lebanon where Israel used artillery to fire cluster bombs, which scatter smaller bombs over a wide area. It said U.N. de-mining teams feared that those sites could be the "tip of the iceberg" and criticized the use of cluster bombs in civilian areas. The Israeli military said it fired munitions within the constraints of international law.

Life began to resume its rhythm in much of the country. In Beirut, the airport reopened Thursday to commercial traffic for the first time since July 13, when it was attacked by Israeli warplanes and gunboats. A Middle East Airlines passenger jet arrived from Jordan, ending a 36-day Israeli blockade. Officials said normal traffic may resume next week.

Israel continued to grapple with the political fallout from the perceived failures of the military to win the war. Defense Minister Amir Peretz has reportedly appointed an investigating committee to review the war, but various political leaders are calling for an outside, independent commission of inquiry that could more freely criticize Peretz. Public opinion polls have faulted Prime Minister Ehud Olmert and top military officials for their performance in the war, which Hezbollah has portrayed as a victory.

Pressure also mounted on the Israeli military chief of staff, Lt. Gen. Dan Halutz, to step down after the disclosure that he sold his stock portfolio hours after the war's start, in apparent anticipation of a market decline. Halutz has said he did nothing illegal.

Correspondent Doug Struck in Jerusalem and special correspondent Alia Ibrahim in Jwayya contributed to this report.

Lebanese Army Moves South (FT)

By Neil MacDonald And Ferry Biedermann

Financial Times, August 18, 2006

Lebanese army units moved south across the Litani river on Thursday, in a move described by government officals as the first step in re-establishing state authority over the troubled southern border zone – a central condition of this week's ceasefire between Hizbollah and Israel.

By the end of the day, the withdrawing Israeli troops had reportedly transferred half of their positions to the small UN peacekeeping force in the area, which was in turn making way for the Lebanese units – starting with around 3,000 troops on the first day equipped with jeeps and armoured vehicles.

The army presence, almost non-existent in the area since the late 1960s, will grow to 15,000 in the days ahead, while Hizbollah fighters take a lower, visibly unarmed profile.

Under the ceasefire agreement, the United Nations Interim Force in Lebanon, Unifil, currently numbering just 2,000 troops, will also expand to up to 15,000 in a supporting role to the army.

Unifil's French commander, General Alain Pellegrini, said the new mandate for his force would be robust.

"The old Unifil is dead. The new one will be stronger, enhanced with more people and new rules of engagement," he said.

However, there were growing signs on Thursday that the UN was struggling to reach the rapid agreement it had hoped for on establishing the rules of engagement for the planned expanded Unifil force.

UN officials and diplomats said a second meeting would be required early next week to thrash out the framework for the force.

France has said it will continue to lead the Unifil force but on Thursday it committed only an additional 200 troops ahead of a UN meeting designed to plan the force's operations.

In Beirut, Mohamed Shatah, an adviser to Fouad Siniora, the prime minister, said the ceasefire process was on track so far.

Although the army will not conduct "search and seizure" operations in homes and shops, it is under orders to enforce the law, which prohibits non-governmental militias from bearing arms – a clear reference to Hizbollah.

Gen Pellegrini said he was not concerned with confiscating weapons. "It is not a Unifil problem, it's a Lebanese problem," he said.

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But the government has given the army no mandate to actively disarm Hizbollah, either south of the Litani or in the rest of the country.

Mr Shatah said he was optimistic that forthcoming political talks between Lebanon's parties and sects could produce a more durable solution to replace the cycle of repeated Israeli invasions.

Yet key war issues must still be resolved, including the disputed Shebaa Farms tract, occupied by Israel but claimed by Lebanon. Hizbollah's backer, Syria, could help to resolve border problems by giving up its own claim on the same piece of land, Mr Shatah said.

Saad Hariri, leader of the largest parliamentary bloc, criticised both Israel and Syria for fuelling Lebanon's problems.

In a speech to hundreds of supporters on Thursday, Mr Hariri said that Israel had been "living off the blood" of Palestinians, Lebanese and other Arabs.

But he also accused Syria's President Bashar al-Assad of playing Lebanon's communities off against each other.

Lebanese Army Sets Up In Hezbollah's Territory (NYT)

By Sabrina Tavernise And John Kifner

The New York Times, August 18, 2006

MERJ 'UYUN, Lebanon, Aug. 17 — Lebanese government soldiers, their national red, white and cedar tree flag waving from trucks and vintage armored personnel carriers, began crossing the Litani River at dawn Thursday in a deployment that was more about symbolism than security.

The Lebanese Army's move into the separate southern fief that Hezbollah ran for nearly two decades was the potential beginning of a diplomatic way out of the bitter monthlong battle with Israel, whose vaunted army bogged down against a smaller force of skilled and entrenched guerrillas.

But while Israel and the United States have said that the Lebanese Army is supposed to disarm Hezbollah under the terms of a United Nations Security Council resolution, the reality on the ground is a kind of murky backroom deal in which Hezbollah takes its weapons off the street and the army will not look too hard for them, if at all.

"Well, it's not like they will be breaking into houses, searching every store, looking into every ravine," said Mohammed Chatah, an adviser to Prime Minister Fouad Siniora. "It's not a search-and-seizure operation."

But if the deployment was largely for show, it was one that the combatants seemed willing to accept — with a few belligerent proclamations — as a face-saving way out of the bloody impasse.

The agreement at a cabinet meeting on Wednesday night to deploy the army as part of the Security Council resolution to halt the fighting brought convoluted explanations from Lebanese officials.

"There will be no confrontation between the army and the brothers in Hezbollah," Ghazi Aridi, the information minister, said. "They are not going to chase or, God forbid, exert revenge."

Israeli officials were not quite so tolerant, at least in public. The Israeli Foreign Ministry spokesman, Mark Regev, said that "the resolution clearly calls for the creation of a Hezbollah-free zone south of the Litani River and anything less would mean the resolution is not being implemented."

Indeed, on Thursday the deployment had overtones of a photo opportunity. A Lebanese soldier in this town whose barracks was a hub of the deployment, stood on top of his armored personnel carrier in the morning, fiddling with the Lebanese flag for a rank of photographers.

"I'm working on it," he shouted down to the photographers stretching out the Lebanese flag.

Lebanese Army engineers put a steel bridge over a destroyed passageway over the Litani River, the natural geographic border to the south. Other troops went over mountain highways, and some were to travel by ship to the port of Tyre.

Thousands of soldiers landed in towns throughout the south Thursday, taking up positions in makeshift camps, houses and even a hospital, meeting the requirements of the United Nations-negotiated cease-fire and hoping to impose the government's will over the area.

But as soldiers barreled down highways looking authoritative, built bridges, bumped into cars and waved to onlookers, their exhibition of military might was marred by apparent inexperience and a degree of nervousness.

In Kafr Kila, a Hezbollah stronghold so close to the border fence that locals could watch Israeli farmers picking fruit, a boisterous funeral procession led by a Hezbollah ambulance blared funeral music from loudspeakers. Yellow Hezbollah flags flapped from the cars.

Nearby, several bearded young men were stringing up a giant yellow Hezbollah banner outside a store. It was one of many in nearby villages, one of which, in English, referred to a phrase from Secretary of State Condoleezza Rice, who had said a "new Middle East" would arise from bloodshed in Lebanon.

"Rice, you will not see your new Middle East," it said. It was signed "Hezbollah."

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One of the young men, wearing tinted sunglasses and, as usual, refusing to give his name, said the army deployment was just fine with him. "It's really good. Let them come," he said, untangling the blue rope attached to the sign. "We are all Lebanese. It's not a problem."

So it went across southern Lebanon on Thursday, with scores of Lebanese Army trucks packed with desks, spare tires and soldiers bouncing over narrow, rutted and bombed mountain roads.

In this largely Christian town of blue shutters and stone houses — once a headquarters of an Israeli-backed proxy militia — 31 vehicles, including 12 armored personnel carriers, were lined up on the road in front of the old army base. Soldiers in camouflage, berets and red helmets sat on the backs of trucks and languished in the shade on the sidewalk, waiting for orders to move that, even by noon, had not come.

One drank coffee from a tiny plastic cup. Some slumped in sleepy poses along the side of the road. Toward the end of the long line of army vehicles, a portly soldier with a bushy mustache sat on a small folding stool around 10:30 a.m., his mouth slightly open and his head leaning against a wall. He opened his eyes suddenly and looked up self-consciously. He had not slept in 24 hours, he explained.

In Tibnin, about an hour's drive east of Tyre, soldiers began taking up positions in and near the central hospital, unloading their personal belongings and equipment there and quickly setting up their sleeping quarters. They began clearing unexploded bomblets left by Israeli cluster munitions, exploding them with big bangs that made many in the area shudder.

The soldiers received an uneasy welcome from the community and Hezbollah. There seemed to be little interaction between the men, as each side politely greeted the other but kept their distance.

Many villagers greeted the troops with the traditional showers of rice and flowers given to conquerors. There seemed to be a hope — however fragile — that the army could be a symbolic, unifying force in this country, divided by 17 religions and so often the battlefield plaything of outside forces.

The Lebanese field commander of the initial force, Brig. Gen. Charles Shikani, tried to strike that note, telling his soldiers, "The Lebanese people are waiting for you."

"We salute on this solemn day," he said, "firstly, the martyrs who have shed their blood on the earth of the motherland. And we salute the resistance."

That brigade, numbering 2,500 of a force that is supposed to reach 15,000, is to be backed by international peacekeepers. But the contributions to that force appeared increasingly uncertain.

In what appeared to be another photo opportunity, an amphibious landing craft docked at the port in Tyre around 1 p.m., struggling for about 15 minutes before the soldiers managed the ropes and the first truck trudged down the ramp. Soon, the men, wearing well-ironed uniforms and smiling nervously for cameras rolled out in two trucks carrying their gear including an eight-foot-tall guard booth painted with the flag of Lebanon, nine armored personnel carriers and two Vietnam-era jeeps.

"This is our government," said Jawad Alayan, who watched with his sons, Muhammad, 11, and Ali, 6, as a company of about 200 soldiers barreled past on the road south of Tyre to take up positions on the coast. "We have to respect it. If you can't rely on your government, who can you rely on?"

"But for us, the resistance is one hand and they are the other."

There appeared to be an uneasy welcome for the government troops in Tyre, which was heavily bombarded. Many seemed to expect the army's unwelcome role might be to disarm Hezbollah, invariably shorthanded to "the resistance" when people speak.

"We welcome them, but we want them to support the resistance, not hamper it," said Mahmoud Salman, a store owner in Tyre. "I respect the resistance, and I am really concerned that the army will ultimately clash with the resistance."

Lebanese Troops Deploy In Hezbollah Territory (USAT)

By Rick Jervis

USA Today, August 18, 2006

BINT JBAIL, Lebanon — Lebanese troops moved into southern Lebanon on Thursday, rumbling by cheering villagers and passing Hezbollah fighters who were still armed.

The deployment of Lebanese troops is the first step in a United Nations plan to end the fighting between Israel and Hezbollah guerrillas, which began July 12.

The U.N. plan was dealt a setback Thursday when French President Jacques Chirac said his country would contribute only 400 troops for a new U.N. force in southern Lebanon. France had initially agreed to send thousands of peacekeepers. Chancellor Angela Merkel said Germany wouldn't send any combat troops.

Lebanese soldiers were greeted as heroes by flag-waving residents in Bint Jbail and other towns shattered by Israeli airstrikes and artillery and ground fighting between Hezbollah militiamen and Israeli troops.

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Thursday's deployment of the Lebanese army to the area south of the Litani River marks the first time Lebanon's government has asserted control over the entire country since 1969. The area, a band of territory stretching roughly 13 miles north of the Israeli border, has been under Hezbollah control and off-limits to the Lebanese army for years.

"Now we feel at peace," Muhammed Sayed, 23, a computer science student at Islamic University, said as he cheered the arrival of Lebanese troops near Tyre on Thursday. "Hopefully, there would be no more war."

A current of resistance, however, continues to run through the south, where Hezbollah is popular and thousands of residents lost homes and relatives to Israeli missile attacks.

At least 845 Lebanese and 157 Israelis died in the conflict.

On Thursday, U.N. aid trucks poured into Bint Jbail, 2 miles north of the Israeli border.

As Lebanese troops patrolled nearby, four men who identified themselves as Hezbollah fighters transferred Kalashnikov rifles and ammunition belts from the trunk of a Mercedes sedan to the bed of a Renault pickup and showed no inclination to turn the weapons over to the Lebanese army.

The issue of whether and how to disarm Hezbollah — branded as a terrorist group by the United States — has emerged as a difficult problem confronting U.N. Security Council members.

Israel has insisted that any diplomatic solution must include removal of Hezbollah rockets and missiles from southern Lebanon and the permanent disarming of Shiite militia forces there.

In Washington, White House spokesman Tony Snow said Lebanon's government bore the responsibility of taking weapons from the radical Shiite group. "There has been a commitment on the part of the Lebanese government eventually to regain control over the entire countryside, and that does include disarming Hezbollah," he said.

The Lebanese government announced Wednesday that its forces would confiscate only Hezbollah weapons carried in public. Statements by Lebanese leaders have showed a deep split over how to deal with Hezbollah, the most powerful of the country's political and armed factions.

Walid Jumblatt, leader of Lebanon's Druse community, warned at a news conference Thursday that "dangers could be looming" unless Hezbollah fighters integrate into the regular army. "Why can't the army be responsible for holding the balance of power?" Jumblatt said. "Why can't the rockets be under the command of the army?"

In Houla, a village near the Israeli border, some residents climbed to the roof of a home, waving Hezbollah flags and jeering at Israeli Merkava tanks about a half-mile away in a valley.

Arzeh Joumaa, 28, one of the Houla residents on the roof, said she opposes efforts to make Hezbollah give up its arms and doubted the cease-fire would last.

"There won't be peace," said Joumaa, who works at the port in Tyre. "Peace has to start with love between us and the Israelis. How can we love them when they kill civilians?"

Lebanese Soldiers Arrive In Southern Lebanon (MCT)

By Leila Fadel, Hannah Allam And Shashank Bengali

McClatchy Newspapers, August 18, 2006

KASMIYEH, Lebanon - The Lebanese army deployed in southern Lebanon Thursday for the first time in 36 years as the fractured country's central government tried to reassert authority in the face of Hezbollah's growing clout.

A few thousand lightly armed Lebanese troops crossed the Litani River into the war-ravaged south shortly after sunrise, the first of 15,000 expected to arrive by the weekend. Their role is expected to be largely cosmetic: Under a compromise with Hezbollah, the army won't disarm Hezbollah fighters or search for their weapons.

In televised speeches Thursday, two of Lebanon's prominent political leaders criticized Hezbollah's refusal to hand over its huge cache of weapons and urged the powerful Shiite Muslim militant group to cede military authority to the central government.

Saad Hariri, son of slain Prime Minister Rafik Hariri, praised "the heroic fighters of the resistance" but added that the time has come for the state to assume full authority over Lebanon.

"We are facing a destroyed country, and the Lebanese will not allow anyone to make the state the weakest part of the national equation," said Hariri, a Sunni Muslim who leads Lebanon's largest parliamentary bloc, the diverse, anti-Syrian group known as the March 14 forces.

Veteran politician Walid Jumblatt, the leader of the Druze sect, said Hezbollah had undermined the government by failing to consult it before abducting two Israeli soldiers in the July 12 cross-border raid that triggered the conflict.

Prime Minister Fuad Saniora and other March 14 leaders appear increasingly worried that Hezbollah, with funding from Iran, is consolidating its influence over Lebanon's large Shiite minority by moving quickly to rebuild devastated areas.

While the government has focused on political issues such as the dispute over disarmament, Hezbollah representatives have fanned out across the south and in Beirut's hard-hit southern suburbs to assess damage.

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In a victory speech after Monday's cease-fire, Hezbollah leader Hassan Nasrallah pledged to provide a year's rent for anyone who lost a home in the conflict. Lebanese news media hailed his words as "statesmanlike" and "presidential."

Jumblatt and Nasrallah had traded thinly veiled barbs during the fighting, but Jumblatt addressed his rival directly Thursday. He accused Hezbollah of acting as "a tool for the Iran-Syria axis on Lebanese land" and he warned Nasrallah that regaining the government's trust wouldn't be easy.

"Now you have a great name in the nation. You are a symbol now," Jumblatt said. "From afar it's easy for those people to hold your portrait. But from near, my country has been destroyed and burned."

The remarks seemed to be addressed as much to Hezbollah's patrons, Syria and Iran, as to Nasrallah.

Syrian President Bashar Assad reveled this week in Hezbollah's resilient performance against Israel, saying Lebanon's governing majority "will soon be swept from power."

The decision to deploy the army was intended as a show of strength by the government. It's expected to patrol the south with an expanded, 15,000-strong U.N. peacekeeping force.

On Thursday the Israeli military said it had begun transferring control of some Lebanese territory to the existing U.N. force of 2,000 soldiers. But Israel has said it won't withdraw from Lebanon completely until the larger U.N. force arrives.

It remained unclear when that would be. France, the country that's widely expected to lead the mission, said Thursday that it initially would provide just 200 troops, reflecting widespread concern that the force's rules of engagement are unclear.

For now, the fragile peace in south Lebanon hinges on Hezbollah fighters keeping a low profile and Lebanese troops acting only when confronted with illegal activity.

At 6:45 a.m. Thursday, the first Lebanese soldiers crossed the Litani into Kasmiyeh, passing over a temporary bridge of corrugated steel and wood. Troops were stuffed in the backs of trucks or sitting atop a mountain of plastic chairs, sleeping bags and rusting lockers.

Later, nine tanks were unloaded from a military ship in the port of Tyre. The troops took up positions in towns and villages throughout the south.

"This is a historic day," said Mohamed Chatah, a senior adviser to Saniora. "This is the first time the army has gone to that part of the country with arms and as the sole military authority."

Chatah said the troops would focus on peacekeeping and humanitarian relief.

"The army is not going there to engage in war," Chatah said. "We are not talking about heavy cannons being moved there to fight someone."

The deployment was a first step in fulfilling the cease-fire resolution, Chatah said. Other key issues, such as the settlement of the disputed Shebaa Farms area and a prisoner-exchange deal, will soon follow.

As the troops drove through southern mountain towns, it was impossible not to compare the force - with its meager budget and Soviet-era tanks - with the Iranian-funded fighting machine of Hezbollah.

The Lebanese army had watched from the sidelines throughout the monthlong conflict with Israel, and on Thursday army convoys passed through areas flattened by Israeli air strikes that now flew banners praising Hezbollah.

From their ravaged villages, residents greeted the troops with some misgivings.

"The army is our sons, and when our sons walk up you are happy," said Mustapha Saad, who heard the clanking of tanks as he sipped tea at his home in the village of Qlaile. "But the army is not armed enough. We wish the army could protect our border, but it is impossible because the Israeli army is stronger."

Saad and his family had been angered by an image they'd seen on TV last week - of Lebanese soldiers drinking tea with the Israeli soldiers who'd taken over their base in the town of Marjayoun.

No Lebanese fighter should take tea with the enemy, Saad said, punching his fist into his hand.

There were other signs Thursday that the four-day-old cease-fire was holding. The first commercial flight since the conflict landed at Beirut's international airport, and Lebanese officials said full commercial air traffic would resume next week.

A naval blockade that had choked the country appeared to be easing despite no formal announcement from Israel. Three ships carrying gasoline and fuel oil arrived, allaying fears of a fuel crisis.

Fadel reported from Kasmiyeh; Allam and Bengali reported from Beirut.

New Stature For Lebanese Military? (CSM)

By Scott Peterson

The Christian Science Monitor, August 18, 2006

AL-KASMIYEH, LEBANON

Work continued through the night, lit only by the beams of headlights and a single construction light, to replace a bridge collapsed by an Israeli air strike, across the Litani river.

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But when dawn broke Thursday over the green waters, those Lebanese Army engineers withdrew, so that a convoy of trucks packed with hundreds of soldiers could begin reinforcing a cease-fire, and deploying across south Lebanon for the first time in some 40 years.

"Go, go, go!" shouted one officer, directing traffic as vehicles flying Lebanese flags crossed the metal span one at a time.

With a quiet confidence, despite wearing paint-chipped metal hats for helmets, in some cases, and other aging gear - these soldiers hope to turn a symbolic moment into a historic one.

This vanguard force of 2,000 is to help solidify the cease-fire after a five-week war, and guarantee that the Israeli forces withdraw from Lebanon and that Hizbullah fighters shift their weapons north of the Litani, or keep them out of sight.

"This war is finished," says a United Nations official. "When you have the political will [on both sides], it takes only one man to guard the border - it is enough."

But no force was strong enough to prevent the Israeli bombardment that pulverized scores of Lebanese villages, thousands of homes, and swaths of Beirut; nor the nearly 4,000 rockets fired by Hizbullah into northern Israel. While both sides have reasons to stop - Israeli Prime Minister Ehud Olmert and his top brass are fighting for their political lives to justify their actions, and Hizbullah leaders need to finally ease the pain for 900,000 affected Shiite civilians - lasting peace is uncertain.

The UN Security Council is still determining the new robust rules under which an expanded UN force - from 2,000 to 15,000 international troops in the coming weeks - will work alongside the 15,000 Lebanese Army soldiers now beginning to deploy.

"Old UNIFIL is dead, and New UNIFIL will be stronger, enhanced with more people, and above all with new rules of engagement," Alain Pellegrini, the French UN force commander, told reporters on Thursday.

But those rules remain "under consideration; they are not defined," says General Pellegrini. Whether Hizbullah will be disarmed, and how, depends on a Lebanese government decision. But the uncertainties are complicating efforts to find new UN troops.

Could the UN confiscate Hizbullah weapons that it finds? Could it be asked to disarm the small guerrilla force that just fought Israel's vast military machine to a standstill, yet continue to fire rockets across the border?

"Contributing countries need to have some assurances about ... the conditions, the rules, the task," says Pellegrini. "No country can decide to put soldiers here without any guarantees."

Amid questions of Hizbullah's intent, officials sought to reassure fellow members of the Lebanese government - as well as potential donors of UN troops - that Hizbullah was not looking for a further fight.

"There will be no confrontation between the Army and brothers in Hizbullah," said Information Minister Ghazi Aridi, after the Lebanese cabinet decided Wednesday to deploy its troops across the south. The Army would not "chase" Hizbullah, he said. "There will be no authority or weapons other than those of the state. If any weapons are found, even the brothers in Hizbullah have said 'let it be in the hands of the Army, no problem.' "

Israel says that its forces - which peaked last weekend at 30,000 inside Lebanon - have pulled out of half the territory they occupied. As the Lebanese Army moved south, they were greeted in some places with crowds throwing flowers and praying for peace.

A Lebanese troop transport ship docked in the southern port city of Tyre, unloading hundreds of troops and their American-supplied armored personnel carriers. Some had small Lebanese flags sewed to their backpacks. "We are doing our nation's duty," said Kamel Zaiyoun, a young man jammed in the back of a truck with other soldiers. "We are very happy to protect our country. Hopefully, there will be no more war."

"We feel so proud, so great to defend our country," says one officer nearby. With their Lebanese Army presence end the war? He shrugged, but would not answer. Those answering a resounding "yes," though, are the 250,000 people the UN says have already returned to the ruin of the south.

Many have mattresses bound to the roofs, ready to camp if their homes are beyond immediate repair. At one crossing on the highway south from Beirut, four lanes of traffic funneled into one, and men pushed cars over a berm of rubble, providing a snapshot of the mosaic of Lebanon.

Here large families crammed into generation-old, Mercedes cars, laden to bursting with the worst of the road to come; clerics road in the back seats of slick black Mercedes; some came home by Syrian buses.

Some cars have posters of Hizbullah leader Sayyed Hassan Nasrallah. Soldiers wearing camouflage drove south to their units. And one man wore his patriotism on his skin - an illustration of how hard peace between Lebanon and Israel may be.

Tattooed across Bassam Sabra's right forearm are the words "Love," and "Freedom," in English with a statue of liberty-style arm holding a torch. On his left forearm is a broad cedar tree for Lebanon, with the number 10,452, the total square kilometers that make-up his Lebanon.

Further up that arm at the shoulder is another tattoo, "We born free."

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But Mr. Sabra who has spent one-and-a-half years in an Israeli jail, has yet another tattoo: a star of David, symbol of Israel, on the sole of his foot.

The Situation Room (CNN)

CNN, August 17, 2006

NSA Wiretaps Ruled Unconstitutional; Lebanese Troops Enter Southern Lebanon; Interview with Michael Tracey

Aired August 17, 2006 - 19:00 ET

THIS IS A RUSH TRANSCRIPT. THIS COPY MAY NOT BE IN ITS FINAL FORM AND MAY BE UPDATED.

WOLF BLITZER, CNN ANCHOR: Thanks very much, Lou. And to our viewers, you're in THE SITUATION ROOM where new pictures and information are arriving all the time. Standing by CNN reporters across the United States and around the world to bring you tonight's top stories.

Happening now, eavesdropping on Americans, a weapon in the war on terror or a violation of the United States Constitution. It's 7:00 p.m. in Washington where the White House says it will fight a judge's ruling that its domestic spying program is illegal.

It's 2:00 a.m. here in the Middle East where troops are on the move right now into and out of south Lebanon, but are they marching toward peace?

And it's 5:00 p.m. in Boulder, Colorado, where the district attorney warns people not to rush to judgment, despite the stunning admissions from a man facing charges in the JonBenet Ramsey murder case.

I'm Wolf Blitzer in Jerusalem. You're in THE SITUATION ROOM.

Tonight the Bush administration is defending its wiretap without warrant program as a vital tool in the war on terror, but a federal judge in Detroit says it's unconstitutional. Today's ruling is triggering an urgent new round of legal maneuvering and fresh election year spiring (ph) over homeland security and terror fighting tactics.

Our White House correspondent Elaine Quijano has the political reaction, but, first, let's bring in our justice correspondent, Kelli Arena with details of this stunning decision -- Kelli.

KELLI ARENA, CNN JUSTICE CORRESPONDENT: Wolf, today's ruling was a big disappointment for the Bush administration. The administration has long argued that as commander in chief the president has the right to fight the war on terror as he sees fit, but a Detroit judge disagrees.

(BEGIN VIDEOTAPE)

ARENA (voice-over): It's the first legal setback for the government's wiretapping program. A federal judge says it violates the Constitution.

ALBERTO GONZALES, ATTORNEY GENERAL: Of course, I'm disappointed. I believe very strongly that the president does have the authority to authorize this kind of conduct, particularly in a time of war. Conduct is very consistent with what other presidents have done in a time of war.

ARENA: Attorney General Gonzales and the administration argue the program in which the National Security Agency monitors international phone calls and other communications without a warrant is necessary to keep the U.S. safe. They say it only covers communications among people with terror connections, but the judge who heard the case brought by the ACLU says the wiretapping program violates free speech and privacy rights.

ANTHONY ROMERO, ACLU EXECUTIVE DIRECTOR: The judge agreed with our arguments. The president had overstepped his powers as the chief executive that no one is above the law, not even the president.

ARENA: The American Civil Liberties Union filed a lawsuit on behalf of lawyers, academics and journalists like Jim Banford, who say some of the people they talked to could be targeted by the government. They argue the possibility of the government eavesdropping interferes with doing their jobs. Government supporters weren't very impressed with the argument.

LEE CASEY, FORMER JUSTICE DEPT. LAWYER: They don't really know whether they have been monitored. They're only guessing at that, and ordinarily that is not sufficient for bringing a suit in federal court.

(END VIDEOTAPE)

ARENA: The Justice Department appealed the ruling, and the wiretap -- wiretapping will continue until the judge decides what will happen as this case makes its way through the legal system -- Wolf.

BLITZER: Kelli Arena, thank you. The Bush White House says it couldn't disagree more with the ruling against wiretaps without warrants, but some Democrats are applauding the decision and pouncing on what they call the president's power grab. Our White House correspondent Elaine Quijano has more on the political reaction -- Elaine.

ELAINE QUIJANO, CNN WHITE HOUSE CORRESPONDENT: And Wolf, the president is defending this program. The White House clearly defending it once again as legal and necessary. Mr. Bush himself, however, did not respond when he was asked about this as he left the White House earlier this afternoon on his way to Camp David. He's going to be spending a few

days at Camp David, but in a statement, White House Press Secretary Tony Snow said, quote, "We couldn't disagree more with this ruling, and the Justice Department will seek an immediate stay of the opinion and appeal. The terrorist surveillance program is firmly grounded in law and regularly reviewed to make sure steps are taken to protect civil liberties."

Now, today's ruling and the ensuing debate over the surveillance program come just 80-some days before the congressional midterm elections. As we've seen the president as well as Republicans have been trying to tout their national security credentials. In fact, just this past week on Tuesday we saw the president pay a visit to the National Counterterrorism Center.

It was there that he highlighted the recent thwarting of the airliner terror plot. Democrats, though, are jumping on today's ruling out of Michigan trying to attack those national security credentials. Their argument, that the Bush administration has mismanaged the war on terror. Senate Democratic Leader Harry Reid saying that the ruling is an example of how in his words the Bush administration has jeopardized the country's efforts in the war on terror -- Wolf.

BLITZER: Elaine, thank you very much. And we're going to have more on the analysis of what this ruling means. Jeff Toobin, our senior legal analyst later this hour, will join us.

Here in the Middle East, meanwhile, troops are on the march, but their mission is to maintain a fragile peace. CNN's Chris Lawrence is standing by in northern Israel. Let's go, first, to our Beirut bureau chief Brent Sadler -- Brent.

BRENT SADLER, CNN BEIRUT BUREAU CHIEF: Wolf, a rapid deployment of some 12,000 Lebanese army troops so far in less than 24 hours, this the first step to try to stabilize that border area with Israel. That force will swell to some 15,000. Now, the Lebanese troops could not possibly have set these first footsteps into Lebanon the first time the army has been down there for some four decades unless there had been the acquiescence of Hezbollah whose fighters and whose weapons remain in the danger zone.

Now, in addition to those 15,000 troops, when they reach strength, we are expected to see another 15,000 United Nations peacekeepers come into the area to bolster the force that's already on the ground, but while there's progress with the Lebanese army, progress in creating that new force is slow. France has just committed 200 troops to join that force, much lower than expected.

France, like other contributor nations, very concerned about the rules of engagement given that Hezbollah will remain military reactive in that area, but not visible. Now, on another front, on the political front, Saad Hariri, the head of Lebanon's parliamentary majority here launched a verbal assault against President Bashar al-Assad of Syria who the previous day supported Hezbollah and effectively a state within a state situation here. Here's what Hariri said.

(BEGIN VIDEO CLIP)

SAAD HARIRI, LEBANESE PARLIAMENT MEMBER (through translator): We (INAUDIBLE) are facing a destroyed country, and the Lebanese will not allow to anybody to make the state the weakest point in the national equation.

(END VIDEO CLIP)

SADLER: On the domestic fronts, some good news, Wolf. Commercial airliners flew into Beirut International Airport today. The first time we've seen planes coming in here commercially for more than four weeks since Israeli war planes and gunboats shelled the runway. Life beginning to ease a little bit here with expectation of a fuel ship to arrive tomorrow to ease chronic fuel shortages -- Wolf.

BLITZER: Let's hope that things get better every single day. Thank you very much, Brent, for that.

Israeli troops, meanwhile, are pulling out of south Lebanon, but what will it take for them to complete their withdrawals? CNN's Chris Lawrence is our man on the northern Israeli border with Lebanon -- Chris.

CHRIS LAWRENCE, CNN CORRESPONDENT: Wolf, a top U.N. official says they've got to get between three and 4,000 peacekeeping troops in place within the next 10 days or put the troops at risk.

(BEGIN VIDEOTAPE)

LAWRENCE (voice-over): Israeli armor rumbles down a dirt hill leaving Lebanon and making way for a United Nations peacekeeping force in the south.

(SOUNDS)

LAWRENCE: Israel says there's more to come if two conditions of the U.N. Security Council resolution are met. Israeli officials are demanding the Lebanese army keep the peace and not allow Hezbollah to operate in the region. And countries that promise to contribute thousands of troops to the U.N. force must keep their word.

UNIDENTIFIED MALE: (INAUDIBLE) There is some soldiers still in. A lot of soldiers that need to get from Israel -- from Lebanon back to Israel, so, hopefully, everything will go according to plan.

LAWRENCE: Hezbollah launched nearly 4,000 rockets into northern Israel, but not all of them exploded. On Thursday the hunt for unexploded ordnance began in Kiryat Shmona. With residents coming back by the hundreds, many fear unexploded mortars and rockets could still be a danger.

(END VIDEOTAPE)

LAWRENCE: And that search will be going on in other towns and villages as well and will continue over the next few days -- Wolf.

BLITZER: Chris, thank you very much. Let's go to New York. Jack Cafferty is standing by with "The Cafferty File" -- Jack.

JACK CAFFERTY, CNN ANCHOR: We're going to talk about that other war, Wolf. Since the war in Iraq began, we've been told on several occasions that we are achieving great success there. Shortly after the statue of Saddam Hussein was pulled down, President Bush declared mission accomplished. Then Saddam's kids were killed. Saddam was captured. We were told things are really going great now.

Then after a couple of failed efforts, some kind of government was finally put in place and President Bush declared democracy has taken root in Iraq. Somewhere around the same time Vice President Cheney told us the insurgency was in its final throes. Arab League Qaeda's number one operative inside Iraq, Abu Musab al-Zarqawi was finally tracked down and killed and it was blue skies all around.

Now we can wrap this thing up and come home. Well try this. Since al-Zarqawi bought the farm, the number of roadside bombs planted in Iraq reached its highest monthly total ever. "The New York Times" reports in July 2,600 bombs exploded or were found in Iraq. That's up from about 1,400 in January, almost twice as many. Insurgent violence against American troops and Iraqi security forces has doubled since January, and the sectarian violence between Shiites and Sunnis has increased sharply.

Last month alone almost 3,500 Iraqi civilians died, so here's the question. Do you think we need a new definition of what constitutes success in Iraq? Email your thoughts to CaffertyFile@CNN.com or go to CNN.com/CaffertyFile -- Wolf.

BLITZER: Thank you, Jack. And if you want a sneak preview of Jack's questions, plus an early read on the day's political news and what's ahead here in THE SITUATION ROOM, sign up for our daily e-mail alert. Just go to Cnn.com/SituationRoom.

And still to come, killer confession. He claims to have killed JonBenet Ramsey, but does his story really add up? We're taking a hard look at the case.

And a tea party that could lead to some serious charges, Lebanese soldiers at the highest levels sit down with Israeli soldiers, and now the Lebanese soldier is facing investigation. The kinder, gentler war moment all caught on tape.

Also, politics and privacy, President Bush is dealt a legal blow. Wiretapping without a warrant is declared unconstitutional by a federal judge. Our legal analyst Jeff Toobin tells us what it all means.

Live from Jerusalem, you're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: There's new information just coming in tonight here in THE SITUATION ROOM about North Korea and its nuclear program. Let's go live to our Pentagon correspondent Barbara Starr -- Barbara.

BARBARA STARR, CNN PENTAGON CORRESPONDENT: Well, Wolf, U.S. military and intelligence officials have now confirmed to CNN that there have been some developments at a potential North Korean underground nuclear test site, but they're not sure what it all really means. Apparently what has happened about a week ago a piece of imagery -- we don't know if it was from a satellite or a U2 (ph) aircraft -- showed intelligence analysts there had been a change at one of the sites. What was that change?

Officials say that they suddenly now see on this imagery a number of wire bundles at the site above ground. Those bundles of wire could, could be used, of course, to wire the site so that if a test was conducted, it could be monitored remotely by North Korean weapons experts, but the wires haven't been hooked up to anything at this point, and it's just one indicator.

Intelligence officials say a lot more would have to happen before North Korea could conduct a test, but that underground test, of course, are very difficult to detect before they happen. The U.S. continues, of course, to watch that country around the clock -- Wolf.

BLITZER: Thank you, Barbara. We'll continue to watch this story together with you.

Other news we're following. One of the most notorious who done it mysteries in recent memory. Who killed JonBenet Ramsey, who was beaten and strangled one day after Christmas back in 1996? Now police out they're one step closer to knowing. A man is admitting some involvement in her murder, but is he actually telling the truth?

CNN's Randi Kaye is taking a closer look at the confession, but let's begin with CNN's Brian Todd -- Brian.

BRIAN TODD, CNN CORRESPONDENT: Wolf, there are, indeed, many inconsistencies in this man's story, but for now, according to a Homeland Security official at the U.S. Embassy in Thailand, John Mark Karr will face charges for kidnapping, sexually assaulting, and murdering JonBenet Ramsey.

(BEGIN VIDEOTAPE)

TODD (voice-over): Who is John Mark Karr and what was he doing in Thailand? New details from the district attorney in Boulder, Colorado.

MARY LACY, BOULDER, CO D.A.: Mr. Karr was living in Bangkok. He began his employment as a second grade teacher in the international school system in Bangkok on Tuesday morning of this week.

TODD: A Homeland Security official tells CNN he doesn't believe Karr's new job influenced the timing of the arrest. But according to CNN legal analyst Jeffrey Toobin...

JEFFREY TOOBIN, CNN SR. LEGAL ANALYST: It's a clear implication of the district attorney's statement was that he was arrested now because they feared he would molest the children he was teaching in Bangkok or that he might flee.

TODD: But when cameras caught up with him, Karr wasn't shy.

(CROSSTALK)

UNIDENTIFIED FEMALE: Are you an innocent man?

UNIDENTIFIED FEMALE: Are you an innocent man?

JOHN MARK KARR, SUSPECT: No.

UNIDENTIFIED FEMALE: What happened?

KARR: Her death was an accident. UNIDENTIFIED FEMALE: So you were in the basement?

KARR: Yes.

TODD: But Karr's ex-wife, Lara, tells CNN affiliate KGO (ph) Karr was with her in Alabama during the entire Christmas season of 1996 when JonBenet Ramsey was found dead at the Ramsey home in Boulder, and there are other inconsistencies. A Thai police official says he was told by an American investigator that Karr said he drugged and had sex with the child before accidentally killing her.

But according to JonBenet's autopsy, no drugs were found in her body. But Karr does have a history with the law and children. According to divorce documents obtained by CNN, he split with his wife after local police in California investigated Karr for allegedly possessing child pornography. Law enforcement officials tell CNN Sonoma County police arrested Karr on that charge in 2001.

He pleaded not guilty, but later jumped bail and never stood trial. The divorce papers say Lara Karr sought to keep Karr away from their three children and secured a restraining order, and in the documents she claims Karr couldn't serve as a substitute teacher in Alabama in the late 1990's because he was too affectionate with children.

(END VIDEOTAPE)

TODD: And one of Karr's ties to the Ramsey family, well in an interview JonBenet's father said he doesn't know Karr, but Karr tells The Associated Press he wrote to JonBenet's mother, Patsy, before she died of cancer apologizing for what happened and insisting JonBenet's death was an accident. John Mark Karr is expected to be brought back to the United States within a week -- Wolf.

BLITZER: All right, Brian, thank you. Let's get some more on this story. CNN's Randi Kaye is joining us now from Atlanta -- Randi.

RANDI KAYE, CNN CORRESPONDENT: At this point, Wolf, we don't know whether John Mark Karr is innocent or guilty, but we can still learn a lot about his behavior. Criminal profilers can learn a lot from a suspect without ever having met him. I turned to the profiler known as the doctor of death for some insight.

(BEGIN VIDEOTAPE)

KAYE (voice-over): Why would John Mark Karr if he is JonBenet Ramsey's killer, be talking about it.

(CROSSTALK)

UNIDENTIFIED MALE: I loved JonBenet very much.

(CROSSTALK)

KAYE: Renowned criminologist James Alan Fox sees big question marks emerging in what Karr says.

JAMES ALAN FOX, CRIMINOLOGIST: I think you have to take this confession with a whole shaker of salt.

KAYE: But, Fox says if Karr is the killer, like most, he wants attention. He wants the world to know it.

FOX: One real possibility is that this man wants attention and that he reached out to a professor at the University of Colorado telling little tidbits about the crime to intensify his celebrity or to make himself into a celebrity and look, we're all talking about him today.

KAYE: Fox says it's a myth killers want to get caught, but he says the death of JonBenet's mother, Patsy Ramsey, may have inspired Karr to come forward. Karr told The Associated Press he had sent letters to Patsy Ramsey telling her he is sorry.

UNIDENTIFIED MALE: I think it's very important for me that everyone knows that I love her very much and that her death was unintentional and it was an accident, and I made several efforts to communicate with Patricia before she passed away, and it's my understanding that she did read my letters, and she was aware of me before she passed away.

FOX: There are killers whose level of remorse is such that they -- they cry, they apologize, they write letters to families expressing remorse.

KAYE: Karr is a man with a history. His ex-wife says he was no longer called as a substitute teacher after showing too much affection toward children, and he was arrested in 2001 on child pornography charges, and while he doesn't have a history of violence, Fox says there is always a first.

FOX: It may also be part of his fantasy that the love was mutual. Perhaps part of the problem was that JonBenet Ramsey didn't love him the way that he wanted her to.

(END VIDEOTAPE)

KAYE: What makes this case unique, according to Fox, is the young victim's public image. Fox says that while the Ramseys may have thought it was totally innocent to enter their daughter in beauty pageants, there is a small segment of society, pedophiles, who see these young children in a very sexualized role and treat them as a sexualized object. That could be, Wolf, what happened here.

BLITZER: Randi, thank you very much, Randi Kaye reporting for us.

And still to come, we're going to talk to that professor who helped lead police to John Mark Karr. It's his first on-camera interview. We'll get to that shortly.

And a controversial tea party, Lebanese troops making nice with Israeli soldiers. It's all caught on videotape, and it's sparking a huge investigation in Lebanon.

Live from Jerusalem. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: We're learning more about a strange encounter that took place on the battlefield in Lebanon, a time out, if you will, for tea. Zain Verjee has the story -- Zain.

ZAIN VERJEE, CNN ANCHOR: Wolf, it was a strange tea party, one that's landed the host in hot water.

(BEGIN VIDEOTAPE)

VERJEE (voice-over): Two enemy armies sharing a cup of tea and casual conversation as war raged all around. Lebanese and Israeli soldiers in the town of Marjeyoun were showing a bizarre camaraderie. It's August 10, about 350 Lebanese troops are at this military base six miles from the Israeli border. This edited videotape shot by an Israeli shows Israeli troops and at least two tanks rolling into the base. There's no resistance. Only white flags. Lebanon's Brigadier General, Adnan Daoud (ph), a Christian, is in charge and offers the Israelis tea. Then on the tape we hear this odd exchange.

UNIDENTIFIED MALE: (SPEAKING FOREIGN LANGUAGE)

VERJEE: We need to brief our bosses on what happened, says Daoud (ph). The Israeli commander says, we briefed Bush. You brief whoever you want. Daoud (ph) responds we need to brief Bush too.

On the video we see Israeli soldiers checking I.D. cards. They spend the day with Daoud (ph) and his men. As the Lebanese convoy came out of Marjeyoun, a CNN crew asked Daoud (ph) what happened.

UNIDENTIFIED MALE: (SPEAKING FOREIGN LANGUAGE)

VERJEE: Daoud (ph) says the Lebanese interior ministry ordered Lebanese troops to leave.

UNIDENTIFIED MALE: (SPEAKING FOREIGN LANGUAGE)

VERJEE: Why didn't you fight we ask, but the car had sped away.

(SOUNDS)

VERJEE: The acting Lebanese interior minister did give orders not to fight, saying the likely armed troops were not a combat force, but a humanitarian protection force. Lebanese army intelligence sources tell CNN that Daoud (ph) has not been formerly charged or arrested for treason, but an investigation is ongoing.

(END VIDEOTAPE)

VERJEE: The videotape images first aired on Israel's channel 2 and then on Hezbollah's Al-Manar TV -- Wolf.

BLITZER: Zain thank you. Coming up, the man who led police to JonBenet Ramsey's self-confessed killer. A professor who received disturbing letters from John Karr. We're going to go to that professor, hear what he has to say. That's coming up. Also, unconstitutional, a federal judge rules against President Bush on warrantless wiretapping. We'll have more on that story as well.

Live from Jerusalem, you're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: To our viewers, you're in THE SITUATION ROOM where new pictures and information are arriving all the time. Happening now, U.S. military and intelligence officials confirming to CNN that they've seen some developments at a potential North Korean underground and nuclear test site. Officials say they suddenly see wire bundles that could possibly be an indicator that North Korea is actually planning a nuclear test.

Authorities in Colorado warning against rushing to judgment after a surprising confession in a 10-year-old murder case. In custody in Thailand, John Mark Karr told reporters he loved JonBenet Ramsey and that the child's death was an accident.

A federal judge rules the nation's top cigarette makers deceive the public about the health hazards of smoking, but she says she was barred by an appeals court ruling for ordering tobacco firms to pay billions of dollars for violating racketeering laws.

I'm Wolf Blitzer. You are in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Who killed JonBenet Ramsey? For nearly 10 years, every time police thought they had an answer, their leads turned cold. But now police are hoping the cold case will be cracked, and this latest chapter all started with an e-mail exchange involving my next guest.

Professor Michael Tracey is a journalism professor at the University of Colorado. He is joining us now from Boulder.

Professor, thanks very much for coming in. There was a quote in the "Rocky Mountain News" from a Ramsey family friend, Susan Stine, who said, "He was instrumental in flushing this person out in the sense of getting him to talk." Tell our viewers who aren't all that familiar with your role how you got involved in this case.

PROF. MICHAEL TRACEY, UNIV. OF COLORADO: I got involved in the case because I've made three documentaries. The first documentary was back in 1998, and I made that documentary with my colleague in the U.K., David Mills, because I was appalled by the way the media had treated the Ramseys, and I subsequently made a documentary about the so-called intruder theory.

BLITZER: And John Mark Karr, how did he get involved? What happened in terms of your exchanges, e-mail exchanges, I take it, with him?

TRACEY: Lou, as I saw your field producer, I'm going to make no specific comments about Mr. Karr or about the e-mail exchanges. What I would say -- and to be honest the reason I'm doing these interviews today and then that's it -- is I want to remind people that Mr. Karr has the right to be presumed innocent.

John Ramsey has said that, and I say that in light of the fact that the right to be presumed innocent was something that was never granted to John and Patsy Ramsey. They were treated appallingly both by the media and by law enforcement, and so Mr. Karr has a right to be presumed innocent.

BLITZER: I want you to listen to what a famed criminologist, James Alan Fox, said about this so-called confession. Listen to this.

(BEGIN VIDEO CLIP)

JAMES ALAN FOX, CRIMINOLOGIST: One real possibility is that this man wanted attention and that he reached out to a professor at the University of Colorado, telling little tidbits about the crime to intensify his celebrity or to make himself into a celebrity. And, look, we're all talking about him today.

(END VIDEO CLIP)

BLITZER: I know that you don't want to really get into the specifics of your relationship with him, but is there an element there based -- if you can tell us -- that he was really looking for publicity, he was anxious for some sort of celebrity status?

TRACEY: Wolf, I'm sorry to be boring about this point, but I'm simply not going to say anything about Mr. Karr or the investigation, other than to say that the district attorney's office, Mary Lacy the D.A., and Tom Bennett, the chief investigator, other people involved have done a phenomenal job in this investigation, extremely professional, extremely hard work.

But as to Mr. Karr, I really, really am not going to say anything, and the reason why, it would be utterly inconsistent with the issue that got me into this in the first place, which was I thought it was appalling that the right to be presumed innocent was not extended to the Ramsey family, and John and Patsy in particular.

And so for me to comment in any way, shape, or form about Mr. Karr, who has the right to be presumed innocent, would be utterly inconsistent and hypocritical, and I'm simply not going to do it. Eventually the story will come out, but it won't be tonight.

BLITZER: You know, there are still people out there today -- and I'm sure you have heard some of them -- suggesting that maybe this guy fantasized, made up the whole story, and as a result, this confession isn't really a confession. Marc Klaas, he made a suggestion along those lines. I want you to listen to this.

(BEGIN VIDEO CLIP)

MARC KLAAS, FATHER OF POLLY KLAAS: I'm very skeptical that this guy did it, and if this guy didn't do it, then I think that puts the suspicion right back where it's been for the last decade.

(END VIDEO CLIP)

BLITZER: And I know you are extremely concerned, because I've looked -- researched all your background and your writing, your documentaries, that the Ramseys really were attacked effectively as murders, even though, of course, they're presumed innocent like everyone else. But how concerned are you that there are people out there right now, even after this guy confesses to this crime, who still think the Ramseys may have had a role in it?

TRACEY: Well, it doesn't come as any great surprise. I know this case, and I know the kind of opinions people have. And I understand that there are people who continue with the opinion that John and Patsy were -- either one or the other or both harmed JonBenet. The only thing that John and Patsy Ramsey ever did to JonBenet was to love her.

Now, if people choose not to believe that, if people choose to believe in the absurd notion which is that the parents were involved in her death, then there's nothing I can do about that. What I'm convinced of is that someone came in from outside and killed JonBenet. It was not a member of the Ramsey family.

Now, I say, Mr. Klaas wants to take it back to the Ramseys. There's nothing I can do about it. I regard that as irrational. I regard it as a viewpoint that is offered in the face of overwhelming evidence that someone else did this, but there's nothing I can do about what people think.

And a lot of people have a kind of almost emotional attachment, an emotional need, to believe that the Ramseys are guilty. I don't understand the psychology of that. I don't understand the culture of that. It exists, I understand. There's nothing I can do about it.

I do not believe -- with every fiber of my being, I do not believe that John and Patsy Ramsey had anything to do with hurting JonBenet and, therefore, someone else did.

BLITZER: One final question before I let you go, Professor. Do you believe that this cold case, which has been out there for 10 years now, is about to be resolved?

TRACEY: That's a very good try, Wolf. In order to answer that question, I have to make a comment about Mr. Karr, and I'm simply not going to do that. I'm not going to comment about Mr. Karr. I'm not going to comment about the e-mails. And this, in fact, is the last interview I'll give for a very long time. So I really don't want to comment. I hope someday that Patsy ...

BLITZER: Well, it's certainly understandable. Go ahead.

TRACEY: I hope someday that the Ramseys and the memory of Patsy is vindicated. They deserve that. Their life has been a living hell for 10 years. None of us can begin to imagine what it's like to be John and Patsy Ramsey, and they stayed together. They were in love until the end. Their family stayed together. The family loved their father. John Ramsey is a man of surreal courage, and he didn't do anything to JonBenet. Neither did Patsy.

BLITZER: Professor Michael Tracy of the University of Colorado, thanks very much for spending a few moments with us, and I certainly understand why you're reluctant to speak out about the specifics of your role and Karr's role, and I'm sure our viewers understand that as well. Everyone is presumed innocent until convicted guilty. Thanks very much for joining us.

Up ahead tonight, unconstitutional -- that's what a federal judge decides about the Bush administration's domestic spying program, and the judge says it must stop. But what are the practical implications of what has happened today? I'll ask CNN's senior legal analyst Jeff Toobin.

And we've been talking about the JonBenet Ramsey case, but we haven't talked about the media frenzy surrounding it. Jeannie Moos will talk about that. Stay with us.

(COMMERCIAL BREAK)

BLITZER: Tonight plenty of politicians are arguing about a new court ruling that the president's domestic spying program is unconstitutional. Will the decision, now under appeal, hold up in a higher court?

Let's get some analysis from our senior legal analyst Jeff Toobin. A major defeat, potentially, for the Bush administration, although in the short term they did get a stay. They are not going to force the government from stopping to implement these warrantless wiretaps. How does that happen if the judge, Jeff, rules that it's unconstitutional, why then allow it to continue as the appeals process goes forward?

JEFF TOOBIN, CNN LEGAL ANALYST: Well judges understand that declaring a major government program unconstitutional is a tremendous, important step. And they are usually willing to let the appeals process play out rather than shut a program down initially and that's what happened here.

BLITZER: Because that, clearly, is something that at least a short-term gain from the administration's perspective. Walk us through the process. How is this legal battle going to unfold right now? Will it wind up, presumably, at the Supreme Court?

TOOBIN: You know, I think almost certainly. Because this is such a sprawling and disorganized series of lawsuits at this point, all based to try to determine the same thing, whether this warrantless wiretapping program is unconstitutional.

This judge, today's opinion, said it was unconstitutional in very scathing terms. But this was a very liberal judge. You look at the sources she cites in her opinion. She almost exclusively cites other liberal judges. I am virtually certain that other courts will see this differently. And the only way to resolve those sorts of differences is to have it wind up in front of the U.S. Supreme Court.

I think what's even more likely is that the Supreme Court may say, refuse to deal with this issue on the merits and say, look, we are going to let Congress deal with this, try to sort it all out, then figure out what's going to happen rather than decide a case of this magnitude on the very sketchy facts that are available about this program. Because still, to this day, not a lot of detail is known about what kind of surveillance goes on in this warrantless way.

BLITZER: Well, one way of resolving it would be for Congress to enact new legislation giving the executive branch this kind of authority to go forward with the warrantless wiretaps. That's what Senator Specter, the chairman of the Judiciary Committee, wants to do but we just heard Alberto Gonzalez say they think this program is legal and no additional legislation is necessary. Who's going to win that fight?

TOOBIN: Well, I do think that this opinion will strengthen Senator Specter's argument that Congress needs to step in and make a clear rule that is, without a doubt, constitutional, but Wolf, as you know better than I, Congress is not doing much these days leading up to the election. It's very hard to get Congress to agree on anything, much less something as controversial as the struggle between individual liberty and national security.

The odds against Congress coming together on something of that importance, at the same time, they have to deal with the question of how to handle the inmates at Guantanamo, because of the Supreme Court decision, another legislative project that looks like it is going nowhere fast.

Even though this will be a spur to Congress to try to resolve it, there doesn't seem to be much chance that Congress actually will resolve it before the election, which is only 80-some days away.

BLITZER: Jeff Toobin, our legal analyst.

Up ahead, voters may have snubbed Senator Joe Lieberman in Connecticut's Democratic primary earlier in the month, but will he get the last laugh?

And a media frenzy, the suspect in the JonBenet Ramsey case talks while almost everyone else says no comment. What do we make of the apparent stunning confession? That's ahead. Jeannie Moos with more on that. Live from Jerusalem, you're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Tonight Senator Joe Lieberman may feel a little bit better about leaving his own party. Our Mary Snow is covering the showdown in Connecticut, Mary.

MARY SNOW, CNN CORRESPONDENT: Well Wolf, a new poll shows that Senator Lieberman is 12 points ahead of his Democratic challenger. He is getting the numbers while Democratic challenger Ned Lamont is getting support from some high profile Democrats. Earlier this evening former Senator John Edwards came here to New Haven, Connecticut, to campaign for Lamont and like Lamont, he is calling to withdraw troops from Iraq.

(BEGIN VIDEO CLIP)

SEN. JOHN EDWARDS, FORMER V.P. CANDIDATE: I voted for this war. I was wrong. I should not have voted for this war, and I take responsibility for that. We need a change. We need a change in policy, a change in direction in Iraq. We need to make it clear that we're going to leave Iraq, and the best way to make that clear is to actually start leaving.

(END VIDEO CLIP)

SNOW: Now in a new poll one week after Lieberman lost the Democratic primary, he now has 53 percent of likely voters in a three- way race, with Ned Lamont getting 41 percent and the Republican challenger Alan Schlesinger only getting four percent.

Earlier today Lieberman says though he is not taking anything for granted.

(BEGIN VIDEO CLIP)

SEN. JOE LIEBERMAN (D), CONNECTICUT: The first thing to say is that it's great to be ahead in a poll again. The second thing is I learned from the primary campaign that early polling results don't decide campaigns.

(END VIDEO CLIP)

SNOW: And this race is getting more intense. Earlier this week Vice President Dick Cheney had words of praise for Senator Lieberman, while Senator John Kerry launched an on-line fund raising effort for Ned Lamont. Wolf.

BLITZER: Mary Snow, thank you very much.

Still ahead, success or debacle? What's really the best way to describe what's happening in Iraq? Jack Cafferty wants to know.

And when young JonBenet Ramsey was first killed, it indicted a media obsession. Now that media frenzy is happening all over again. Our Jeannie Moos takes a closer look.

(COMMERCIAL BREAK)

BLITZER: Let's check in with Jack Cafferty in New York -- Jack.

CAFFERTY: Question this hour, Wolf, is, "do we need a new definition of what constitutes success in Iraq?" In case you hadn't noticed, and it's possible you haven't because of the coverage of the Israeli-Hezbollah conflict, things aren't going so well in Iraq these days. In fact, they're going terrible.

Ken in topeka, Kansas. "We don't need to redefine success in Iraq, we need to redefine failure, because that's what American policy in the Middle East has become and Bush has conflated the two. Bush's mission was accomplished, he got reelected."

Tom in Florida writes, "success is when the country in Iraq and its divergent citizenry learn how to coexist in a well-run and secure nation. In the aftermath of our own revolutionary and civil wars, it took years for real and lasting peace to set in. Give the folks some time to work it out. It's the right thing to do for them."

Josh writes, "I'm a 19-year-old from Blue Springs, Missouri. I'm a member of the Marine corps, so I get to listen to everybody's beliefs on the subject. I'm told day in and day out that we're winning the war. Well, I don't think we're winning the war. And the proof is right in front of our faces. Honestly, how much does it take to show the right people that we're going nowhere with this whole thing. I think our elected officials need to take a step back, see what's better for the good of the people rather than the good of themselves."

dave in Seekonk, Massachusetts, "bringing our soldiers home sounds like Iraqi success to me."

And George in North Carolina, "come on, guys. Of course we don't need any new definitions of anything. The Bushies play by that great line in Alice in Wonderland, it means exactly what I want it to mean. Get a life."

You didn't see your e-mail here. We got lots of them. Go to CNN.com/caffertyfile. And can you read more of them online there.

Wolf, I understand you are headed home tomorrow. Be good to get you back in the states.

BLITZER: It will be good to get back home, Jack. Thanks very much.

Let's find out what is coming up right at the top of the hour. Paula standing by. Hi, Paula.

PAULA ZAHN, CNN ANCHOR: Travel safely, Wolf. Thanks.

Tonight, we're going to devote our entire program to the day's very bizarre development in the JonBenet Ramsy murder case. We're going to take a long hard look at the news conference held today by the new suspect in her killing.

Is John Mark Karr telling the truth? And why was he still teaching even after being arrested on a child pornography charge? As part of our top story coverage, we're going have a startling look at how little our schools know about who is teaching our children and what we as parents should do about that.

I'll see you at the top of the hour, Wolf.

BLITZER: Thanks very much. We'll be watching, Paula.

Still ahead, confession to killing? Jeannie Moos on the media and the murder case. Stay with us.

(COMMERCIAL BREAK)

BLITZER: The 41-year-old teacher arrested in Thailand has ties to both California and Georgia, and now we're picking up some additional online clues regarding John Mark Karr's whereabouts over the past few years. Let's bring in our Internet reporter, Abbi Tatton. She's been digging for details -- Abbi.

ABBI TATTON, INTERNET REPORTER: Wolf, resumes in John Karr's name posted online for job sites for international teaching opportunities. Here's one, including his photo sitting next to an unidentified girl of about elementary school age. This lists that from 2004 to 2005 he was a second grade teacher in Honduras, central America.

Go back a little bit further, he lists himself as a caregiver and teach ner western Europe, in Germany, in the Netherlands, pointing out on his resume that he took special attention to changing, feeding and bathing an infant in one of the families he worked for.

The resume also puts Karr from 1996 to 2001 in the U.S. It says he was at prestigious schools. It doesn't list where.

There's nothing to indicate that Karr actually got a job through any of these web sites. We tried to contact the organizations, didn't get a call back. And these links that were active earlier on today, some of them are no longer working.

While Karr has been arrested, he is still presumed innocent -- Wolf.

BLITZER: Thank you very much, Abbi, for that.

And a confession to killing and lots of questions. Here's CNN's Jeannie Moos on the media frenzy.

(BEGIN VIDEOTAPE)

JEANNIE MOOS, CNN CORREPSONDENT (voice-over): Media coverage was so intense that one network went live among the dead.

UNIDENTIFIED MALE: Greg, you can see those graves right behind me.

MOOS: The graves of JonBenet and her mother. But the story that started with the headline "Solved," seemed to dissolve into scepticism as analysts began wondering whether...-

UNIDENTIFIED MALE: This is just another cook.

UNIDENTIFIED MALE: Wackos coming out of the woodwork.

JEFF TOOBIN, CNN CORRESPONDENT: Is he a guilty sicko, or an innocent wacko?

MOOS: "Sicko Bagged in Bangkok," screamed the New York Daily News. Not only bagged, but paraded like a trophy before the media mob.

Like a blob, they squeezed through vestibules, squeezed through doors, leaped onto chairs. As John Mark Karr was moved along like a doll, plopped into a seat, sat placidly as the pack frayed.

JonBenet may be a household name in the U.S., but here in Thailand a reporter got mixed up calling Karr by the victim's last name.

UNIDENTIFIED FEMALE: Mr. Ramsy...

MOOS: Somehow the whole perp walk was reminiscent of the last walk JFK's accused assassin took. Lee Harvey Oswald and Karr even look amazingly alike, but while Oswald declared his innocence...

LEE HARVEY OSWALD, JFK ASSASIN: I didn't shoot anybody. No.

MOOS: Karr did the opposite.

UNIDENTIFIED FEMALE: Are you an innocent man?

JOHN MARK KARR, SUSPECTED JONBENET RAMSY KILLER: No.

MOOS: At least he answered the question, and that's more than reporters got from almost everyone else, from the D.A...

MARY LACY, BOULDER, COLORADO DISTRICT ATTORNEY: We cannot comment. I cannot comment past that. I apologize for continuing to say I can't comment.

MOOS: From police.

CHIEF ED WILLIAMS, ROSWELL, GEORGIA POLICE: We cannot let the information out prematurely. It's not something that we are at liberty to release. No, we can't help there you.

MOOS: And from the journalism professor who exchanged e-mails with the suspect.

PROF. MICHAEL TRACEY, UNIVERSITY OF COLORADO: I'm not going to talk about Mr. Karr. I have no comment on Mr. Karr.

UNIDENTIFIED MALE: Do you have any feeling...

UNIDENTIFIED FEMALE: Do you have a comment on Mr. Karr?

MOOS: No comment on him, and a couple of time no comment from him.

KARR: No comment.

MOOS: But on the big question.

KARR: I love JonBenet.

MOOS: Many pundits seem to think he doth confess too much. Jeannie Moos, CNN, New York.

France Declines To Contribute Major Force For U.N. Mission (WP)

By Colum Lynch

The Washington Post, August 18, 2006

UNITED NATIONS, Aug. 17 -- France on Thursday rebuffed pleas by U.N. officials to make a major contribution to a peacekeeping mission in southern Lebanon, setting back efforts to deploy an international military force to help police a cease-fire between Israel and Hezbollah, according to U.N. and French officials.

French President Jacques Chirac said Thursday that France would contribute only 200 additional troops to the U.N. operation in southern Lebanon, which the Security Council wants to expand from 2,000 troops to 15,000. Chirac said that a force of about 1,700 French troops and crew members on warships off the coast would provide logistical support.

Senior U.N. peacekeeping officials said they had hoped France would send thousands of troops, forming the backbone of a large and robust mission that would spur other countries to join. Under a Security Council resolution adopted last week, the U.N. force is to help 15,000 Lebanese soldiers take control of southern Lebanon as Israeli soldiers withdraw.

The French decision on troop levels, reported Thursday in the Paris daily Le Monde, sent U.N. officials scrambling during a meeting here to find countries willing to fill the void.

At the meeting, several governments, including Indonesia, Nepal and Bangladesh, committed to send a total of nearly 4,000 troops, while Britain, Denmark and Germany agreed to send warships to patrol Lebanon's Mediterranean coast for arms smuggling. The United States pledged to provide logistical support, but not ground troops.

Germany's U.N. ambassador, Thomas Matussek, said that pending parliamentary approval, his government would also provide customs officers and specialized police to help Lebanon monitor its border with Syria, a key transit point for Hezbollah's arms supplies.

But there were no firm commitments to contribute personnel for a crucial, well-equipped spearhead force of 3,500 troops that the United Nations is trying to get into southern Lebanon within the next 10 days, according to India's U.N. ambassador, Nirupam Sen. The United Nations had hoped that the mission would be made up largely of forces from advanced military powers, including France, Italy, Spain and Turkey, whose troops and firepower could deter challenges.

U.N. Secretary General Kofi Annan called Chirac on Thursday to plead with him to reconsider. The French president's office released a statement later indicating he had not yielded.

The statement confirmed that France would send a company of 200 military engineers to Lebanon. They would join more than 200 French peacekeepers already serving in the relatively small U.N. Interim Force in Lebanon, known as UNIFIL. Chirac also told Annan that "France was prepared to assume command" of the bolstered U.N. force, according to the statement.

Addressing potential troop contributors, the U.N. deputy secretary general, Mark Malloch Brown, said no U.N. task in Lebanon was "more urgent, nor more fundamental to preserving peace" than sending a "strong, robust force" to help the Lebanese army assert its authority over south Lebanon for the first time in more than 25 years. "Every moment we delay is a moment of risk that the fighting could re-erupt," he said.

After the meeting, Malloch Brown said that although he had feared that France's announcement would "cast a shadow" over U.N. recruiting efforts for the mission, it had not "deterred others from coming forward with offers." Still, he declined to discuss whether there were commitments for the first phase of the U.N. deployment.

Israel's U.N. ambassador, Dan Gillerman, said he hoped that other countries would fill the void. "There were a lot of expectations the French would actually lead this thing, and a lot of countries are waiting to see what France does," Gillerman said. "I'm not sure France is the key. We know there are quite a few other countries who want to take part."

Gillerman said that the withdrawal of Israeli troops from Lebanon was "moving along" but that a final decision to return all the troops to Israel would "obviously depend very much on the international force being deployed."

Diplomats said France had done little before Thursday to dampen expectations that it would play a far more ambitious peacekeeping role.

U.S. officials said they had been caught off guard by the French decision but still harbored hopes that France would reconsider and provide more troops. "It took us a little by surprise," said one Bush administration official, who declined to speak publicly because of the sensitivity of the negotiations. "We are seeking an explanation. We assume there is more to the story."

The decision was prompted in part by the French military's anxiety over serving under U.N. command, diplomats said. French officials cited the loss of 84 French troops in the U.N. mission in the early 1990s in Bosnia, and the seizure of French peacekeepers as hostages. French officials had also expressed concern that Hezbollah fighters were not prepared to disarm and might turn their guns on peacekeeping troops, according to U.N. diplomats. In 1983, Islamic militants killed 58 French paratroops in a suicide bomb attack in Beirut.

France Hedges On Commitment To Lebanon Force (WSJ)

By Marc Champion

The Wall Street Journal, August 18, 2006

France said it would send just 200 new troops to Lebanon and set a host of conditions before it will send more, in a setback for hopes that an effective international force can be deployed rapidly as a buffer between Israel and the Hezbollah militia.

The French position, announced on the day that about 50 nations gathered at the United Nations in New York to work out the precise mission and rules of engagement for the Lebanon force, came as a blow to U.N. officials who had expected Paris to take the lead.

Diplomats worried yesterday that without the French lead, it will be hard to persuade other countries to offer the big contributions needed to create a force of 15,000, as called for in last Friday's U.N. Security Council resolution that France co-wrote. Italy, which has said it could offer as many as 3,000 troops, lined up behind France's wait-and-see position.

French officials said their conditions include a clear mission for the troops, robust rules of engagement, sufficient equipment and guarantees that the international troops won't be targeted by Hezbollah. France also wants to ensure that other countries, particularly from the Muslim world, contribute troops.

After a phone conversation with U.N. Secretary General Kofi Annan, French President Jacques Chirac indicated France could make a bigger contribution once its conditions are met. For now, Mr. Chirac said France is offering only to continue its command of the small existing U.N. monitoring force in south Lebanon, known as Unifil; to keep the 1,700 personnel it has manning support ships and aircraft in the region; and to double its current contingent of 200 Unifil troops.

The expansion of Unifil to 15,000 troops from the current 2,000 was central to the cease-fire deal that France effectively negotiated with the U.S. Israel and Washington wanted a rapid deployment, worrying that without another military force on hand, Hezbollah would simply regroup in the vacuum left by Israel's withdrawal from southern Lebanon. Although Lebanese government troops are moving into the area, it isn't clear that they will be able to contain the Shiite Muslim militia, which gets backing from Syria and Iran. The U.S. has said it won't contribute troops to the effort, given its continuing commitment in Iraq.

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Many diplomats and analysts had assumed France would both command the force, an essential element in securing the cease-fire deal, and be one of the biggest providers of troops. Estimates for the French contribution had ranged as high as 5,000.

Speaking on French television Wednesday night, French Defense Minister Michèle Alliot-Marie said it is important to draw lessons from the mistakes surrounding the current Unifil force, which has a weak mandate and lacks the intelligence capabilities, equipment and expertise to be effective. She said the resolution's mandate for an expanded force is "fuzzy" and that France isn't willing to commit more troops until the new force's role is "broken down" and clarified.

A spokeswoman for Mr. Chirac also said yesterday that France is looking for "guarantees" from the Lebanese government that Hezbollah won't target the international force. France lost 58 peacekeepers to a Hezbollah suicide bomber in 1983, and has assumed tough diplomatic positions against both Iran and Syria, Hezbollah's main sponsors.

That also helps to explain France's determination that the international force should have a large contingent from Muslim countries. "At no moment [should] you give the impression that this is an operation conducted by the Western world against the Eastern world," Ms. Alliot-Marie said.

France has been a key player in the international effort to pressure Iran into abandoning its nuclear-fuel program, which French, U.S. and other governments believe is intended to produce nuclear weapons. Together with Washington, Paris also has led the drive to hold Syria accountable for its alleged role in the February 2005 assassination of former Lebanese Prime Minister Rafik Hariri.

According to its own military analysts, France has sufficient troops to send to Lebanon for a relatively short mission. Currently, there are 13,200 French troops deployed around the world, including 3,600 in Ivory Coast and 2000 in Kosovo.

U.N. Gets 3,500 Troops For Mideast Force (AP)

By Edith M. Lederer, Associated Press Writer

AP, August 18, 2006

The United Nations got pledges Thursday of 3,500 troops for an expanded U.N. peacekeeping force in Lebanon, but it was unclear whether the soldiers represented the right mix of countries and units and could deploy very quickly.

Bangladesh made the largest offer of up to 2,000 troops but France offered just 400, a disappointment to some who expected more from the country likely to lead the force.

Deputy Secretary-General Mark Malloch Brown told a meeting of nearly 50 potential troop contributing countries that at least 3,500 new troops are needed in south Lebanon within 10 days to expand the 2,000-strong U.N. force trying to help maintain an uneasy truce between Israel and Hezbollah militants.

"We have it in quantitative terms," he told reporters after the three-hour closed-door meeting. "But the issue is ... which battalions can we get there in the timeline required? Are they the right battalions with the right skills and equipment, and do they represent a multilateral enough group of countries?"

"The show is on the road, we are in business — but a lot of work to be done in the coming days to meet the deadline," he said.

"Every moment we delay is a moment of risk that the fighting could re-erupt," he told the meeting.

According to U.N. diplomats, Bangladesh pledged two mechanized battalions, Indonesia pledges one mechanized battalion and an engineering company, Malaysia pledged one mechanized battalion and Nepal pledged one mechanized infantry battalion.

Battalions range from 600 to 1,000 soldiers, depending on the country. Yahya Mahmassani, the Arab League's envoy to the United Nations, said he had been officially informed that Bangladesh would contribute two battalions, totaling between 1,600 and 2,000 troops.

Britain's U.N. Ambassador Emyr Jones Parry announced a "quite substantial" maritime and aviation commitment of 6 Jaguar aircraft, 2 AWACS surveillance planes, and one naval frigate. Britain also offered one of its base in Cyprus as a staging point, he said.

Germany's U.N. Ambassador Thomas Matussek said he offered "a rather substantive maritime component which is so encompassing that it could patrol and secure the whole of the Lebanese coast to make sure that weapons or other related materials don't get into Lebanon." Germany also offered customs agents, police and border protection agents to patrol the Syrian border, he said.

Denmark pledged two ships for maritime patrol and many other countries said they would study the operational plans for the force and the draft rules of engagement before making any decisions, including Italy, Spain, Egypt, Belgium and Morocco, U.N. diplomats said, speaking on condition of anonymity because the meeting was closed.

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U.S. Assistant Secretary of State David Welch, who is in charge of the Mideast bureau, said that the United States does not plan to participate in the force. "Our history in Lebanon has not been a happy one," he said this week.

The U.N. resolution that led to Monday's cease-fire between Israel and Hezbollah after a 34-day war authorized up to 15,000 U.N. peacekeepers to help 15,000 Lebanese troops extend their authority throughout south Lebanon, which Hezbollah controls, as Israeli troops withdraw. The aim is to create a buffer zone free of Hezbollah fighters between the Litani River and the U.N.-drawn border, about 18 miles to the south.

Malloch Brown said the draft rules of engagement call for the use of force to prevent hostile activities in the buffer zone and to resist attempts to prevent the U.N. force, known as UNIFIL, from discharging its duties. The rules also allow UNIFIL to use force in assisting the Lebanese government if asked to secure its borders to prevent foreign forces, weapons and ammunition from entering the country, he said.

France and Italy said earlier Thursday that the peacekeeping mandate is not explicit enough, and demanded the U.N. set clear rules of engagement for troops that would bolster the force.

A key concern is whether the force will be called on to disarm Hezbollah fighters, as called for in a September 2004 U.N. resolution.

"The role of this force is not large-scale disarmament of Hezbollah, but rather policing a political agreement where the Lebanese government and Hezbollah have agreed to disarm," Malloch Brown said.

Some potential contributors are believed to be concerned about avoiding confrontation with Hezbollah or being caught in the middle of a future conflict.

Germany said it wouldn't send any but is expected to provide logistical support.

Before the meeting, French President Jacques Chirac announced that France will immediately double its 200-strong contingent already in the U.N. force to 400. The announcement said Chirac told U.N. Secretary-General Kofi Annan in a phone call that France is prepared to command the strengthened force until February.

"We were disappointed," Malloch Brown said. "We had hoped France would be able to do more."

Italy has said it could quickly send as many as 3,000 soldiers — up from its current contribution of about 50 — but Italian Prime Minister Romano Prodi's office said that he was pushing for explicit ground rules.

Associated Press Writer Jamey Keaten contributed to this report from Paris.

U.N. Aide Says A Lebanon Peace Force Can Deploy In 10 Days (NYT)

By Warren Hoge

The New York Times, August 18, 2006

UNITED NATIONS, Aug. 17 — France on Thursday made a disappointing offer of support for the United Nations force in Lebanon, but by the end of the day a top United Nations official said the organization was on track to meet its goal of having 5,500 foreign troops on the ground there in 10 days.

“I would say the show is on the road, we’re in business,” Mark Malloch Brown, the deputy secretary general, said after he emerged from a meeting of 49 countries that had expressed interest in contributing to the peacekeeping force.

He said he had been encouraged by the responses at the meeting and expected that once the documents covering the rules of engagement had been studied in capitals over the weekend, there would be firm commitments of needed troops.

Under the resolution ending the fighting in Lebanon, the United Nations force there is to grow to a 15,000-member force, which will assist the 15,000 soldiers of the Lebanese Army who have begun deploying in southern Lebanon.

The United Nations had been counting on France, which drafted the resolution with the United States for halting the fighting in Lebanon, to make a major contribution to a 3,500-member first-phase contingent to join the 2,000 United Nations soldiers already there.

France had also insisted that the new force be a United Nations mission, rather than just a multinational force.

But early Thursday, Jacques Chirac, the French president, announced in Paris that France would send only 200 soldiers to join the United Nations force in Lebanon while making the 1,700 members of the French air and naval forces already in the region available, though not under the command of the United Nations. Since France already has 200 soldiers in the United Nations’ Lebanon force, Mr. Chirac characterized the move as “doubling” France’s assistance.

“We were disappointed, yes — we had hoped France would be able to do more,” Mr. Malloch Brown said. He said he initially feared the limited French offer would “cast a shadow” over the potential troop contributors’ meeting, but in the end, he said, it did not deter the others.

Mr. Malloch Brown said the most persistent questions centered on the kind of offensive activities the foreign troops might have to engage in, since one of the objectives of the resolution is the disarmament of the Hezbollah militia, which had long controlled southern Lebanon.

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He said he told the questioners that “the role of this force is no large-scale disarmament of Hezbollah but rather policing a political agreement.” Under that accord, the Lebanese Army will become the only legitimate force in southern Lebanon.

The more likely encounters, he said, would be with arms smugglers. “In those cases,” he said, “if they do not voluntarily disarm when confronted by our troops and if they try to forcefully resist disarmament, then we will indeed employ force ourselves to disarm them.”

According to a participant in the closed meeting, Belgium, Italy, Spain, Egypt and Morocco all said they wanted to contribute but needed time to study the rules of engagement laid out by Mr. Malloch Brown and officials from the department of peacekeeping.

Bangladesh, Denmark, India, Indonesia, Malaysia and Nepal were among the countries making firm offers of mechanized battalions, engineering companies and ships. Britain would offer one of its bases in Cyprus as a staging point and a “quite substantial” maritime and aviation commitment, said its ambassador, Emyr Jones Parry.

Thomas Matussek, the German ambassador, said his country would seek parliamentary approval in Berlin for providing police officers, customs agents, aircraft and ships to help stop arms from flowing across the border with Syria or by sea.

Mr. Malloch Brown said he thought he had the 3,500 troops “in quantitative terms, but the issue is which battalions can we get there in the timeline required.”

Where Did The French Go? (WP)

The Washington Post, August 18, 2006

THROUGHOUT this summer's crisis in relations between Israel and Lebanon, France has been liberal with its advice and admonitions, as befits the major power it claims to be. Now that the time has arrived to assume the responsibility of a major power, however, France appears suddenly bashful. The consequence for the peace deal it helped broker could be calamitous.

During the fighting that began when Hezbollah crossed into Israel to kidnap two soldiers and kill several others, France pressed for Israel to cease its military actions. At one point, it supported Arab demands that Israel withdraw before an international force was in place. Just this week, France's foreign minister was telling Israel to end its blockade of Lebanese ports and airports.

Yet, as it questioned Israel's methods, France claimed to be supporting many of its goals. The blockade was intended to prevent Iranian and Syrian arms shipments to Hezbollah, and France said it supported an end to the illicit flow of arms. Israel's incursion was meant to disarm or weaken Hezbollah's militia, and France said it, too, wanted a Lebanon with only one army -- the national armed forces.

How to square this circle? According to a U.N. Security Council resolution crafted by France and the United States and adopted unanimously last Friday, the Lebanese armed forces would become the only armed force in Lebanon. They would deploy to the south, where Hezbollah had enjoyed a monopoly of military power. They would bar all unauthorized arms shipments into the country. Because they are weak and poorly trained, they would be backed by a U.N. force with as many as 15,000 troops. And, U.N. officials were led to believe, France would take a major role in leading and supplying troops to this international force, which would in turn encourage other nations to participate. Asked on the day the resolution was adopted about the deployment of the U.N. force, France's U.N. ambassador said, "I think it can be very swift."

Well, not so swift, it turns out, and possibly not so robust. Now that Israel is withdrawing and Hezbollah fighters are emerging with a swagger, French President Jacques Chirac says he is ready to send only an engineering company of 200 soldiers to join 200 serving in the current, and impotent, U.N. force in Lebanon. The French general who had been commanding that force will remain until his tour expires in February; this is apparently as much as the French had in mind when they talked about "leading" the force.

French officials said last night that they have not ruled out a larger contribution. It all depends on the rules of engagement, other nations' contributions and other matters under delicate discussion in New York. Let's hope that Mr. Chirac's 200 troops are not in fact the last word. Other nations will be less likely to contribute if France remains on the sidelines, and without a substantial force the peace settlement -- fragile to begin with -- is far less likely to endure. That, in turn, would seem to offer precisely the wrong lesson for a European nation eager to provide international leadership and to prove that diplomacy and peacekeeping can accomplish more than war.

U.N. Pledges $64 Million For Cleanup Of Oil Spill Off Lebanon (NYT)

By Anthee Carassava

The New York Times, August 18, 2006

PIRAEUS, Greece, Aug. 17 — The United Nations Environment Program on Thursday pledged 50 million euros, about $64 million, to help clean up and contain a major Mediterranean oil spill caused by the conflict in Lebanon.

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The 87-mile-long slick, described by experts as the worst environmental disaster in Lebanese history, stained Lebanon's shores after Israeli warplanes bombed an oil storage depot at Jiyeh, about 19 miles south of Beirut, on July 13 and 15.

The continuing hostilities between Israel and Hezbollah barred marine experts from inspecting the most severely affected areas.

But the cease-fire that took effect on Monday cleared the way for the start of an international effort to clean up and contain the spill, said United Nations, European and maritime officials who met here about the situation.

"Now that the bombs have stopped and the guns have silenced," said Achim Steiner, executive director of the United Nations Environment Program, "we have a chance to rapidly assess the true magnitude of the problem and finally mobilize the support for an oil cleanup and restoration of the coastline." Up to 15,000 tons of heavy fuel poured into the Mediterranean after the Jiyeh bombings, also polluting the Syrian coast and threatening other countries.

The spillage could total 35,000 tons, close to the 1989 spill from the Exxon Valdez tanker accident in Alaska, officials said on the sidelines of the meeting here, in Greece's biggest port.

The participants included Stavros Dimas, the European commissioner for the environment, and representatives from Cyprus, Lebanon, Syria and Turkey.

"The treatment of this spill, the re-establishment of the ecosystem will take years," said the Lebanese environment minister, Yacoub Sarraf.

Lebanon began cleaning up the black sludge on Wednesday, sending vacuum trucks and pumps to clean tar balls that have settled on Beirut's sandy coast. Despite the cease-fire, officials said, a continuing Israeli sea and air blockade hampered the arrival of equipment.

Environmentalists say that endangered Mediterranean wildlife, like the green turtle, whose eggs hatch on Lebanese and Syrian beaches in July, faces an imminent threat. They say the spill — a cocktail of highly toxic substances — could damage tourism, rob fishermen of their livelihood and endanger human health, with a heightened risk of cancer because the fuel that spilled contained carcinogens like benzene.

Under the four-page United Nations-sponsored plan completed Thursday, a number of Mediterranean countries will contribute personnel, training and equipment for the cleanup. Kuwait and Norway have already sent chemicals and equipment to clean up the oil, while OPEC has promised $200,000 for the effort, which also includes aerial surveys to assess the extent of the spill.

Start Talking To Hezbollah (NYT)

By Lakhdar Brahimi

The New York Times, August 18, 2006

WHAT a waste that it took more than 30 days to adopt a United Nations Security Council resolution for a cease-fire in Lebanon. Thirty days during which nothing positive was achieved and a great deal of pain, suffering and damage was inflicted on innocent people.

The loss of innocent civilian life is staggering and the destruction, particularly in Lebanon, is devastating. Human rights organizations and the United Nations have condemned the humanitarian crisis and violations of international humanitarian law.

Yet all the diplomatic clout of the United States was used to prevent a cease-fire, while more military hardware was rushed to the Israeli Army. It was argued that the war had to continue so that the root causes of the conflict could be addressed, but no one explained how destroying Lebanon would achieve that.

And what are these root causes? It is unbelievable that recent events are so regularly traced back only to the abduction of three Israeli soldiers. Few speak of the thousands of Palestinian prisoners held by Israel, or of its Lebanese prisoners, some of whom have been held for more than 20 years. And there is hardly any mention of military occupation and the injustice that has come with it.

Rather than helping in the so-called global war on terror, recent events have benefited the enemies of peace, freedom and democracy. The region is boiling with resentment, anger and despair, feelings that are not leading young Arabs and Palestinians toward the so-called New Middle East.

Nor are these policies helping Israel. Israel's need for security is real and legitimate, but it will not be secured in any sustainable way at the expense of the equally real and legitimate needs and aspirations of its neighbors. Israel and its neighbors could negotiate an honorable settlement and live in peace and harmony. As often happens in complex conflict situations, however, the parties cannot do it alone. They need outside help but are not getting it.

It is perhaps too early to draw lessons from this month of madness. What is clear, however, is that Hezbollah scored a political victory and its leader, Sheik Hassan Nasrallah, has become the most popular figure in the Muslim world. As for Israel, it

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does not seem to have achieved its stated objectives. Should these trends continue, it is hard to imagine stability coming to the region soon.

So what can be done? The international community should take several steps — some concrete, some conceptual — to address the current crisis.

First, priority must be given to ensuring Lebanon's unity, sovereignty and territorial integrity and the full implementation of the 1989 Taif accord, which I helped negotiate on behalf of the Arab League. This agreement specifically required that the Lebanese government, like all states, have a monopoly over the possession of weapons and the use of force.

Second, we must recall that Hezbollah came into existence as a consequence of the Israeli invasion of Lebanon in 1982. Like all movements, it has evolved: it was initially a militia and a resistance movement against foreign occupation. It then developed into both a political party and a social organization, providing valuable services to its impoverished community.

Rather than trying to isolate Hezbollah, we should be encouraging it to play a responsible role in the internal dynamics of Lebanon. It would then, in turn, be legitimate to expect Hezbollah to accept the Lebanese state's exclusive right to possess armaments and use force.

Third, it is something of a paradox to ask Iran and Syria to sever relations with Hezbollah while asking them to use their influence to obtain its compliance with the cease-fire resolution. Would it not be more effective to demand that both countries, as well as all other states in the region and beyond, scrupulously respect Lebanon's sovereignty and abstain from interfering in its internal affairs?

Fourth, the most valuable contribution Israel can make to lasting peace across its northern border is to withdraw its troops from all the territory it currently occupies, including the Shebaa Farms.

Finally, urgent and sustained attention must be focused on the problem that underlies the unrest in the Middle East: the Palestinian issue. A wealth of United Nations resolutions and other agreements already exist that provide a basis for a just and viable solution to the Middle East conflict.

One approach could be for a team of mediators to be mandated by the Security Council and an international conference (including the Arab League) to take on the formidable task of reviving the pre-existing agreements that work best and then seeing that they are put in place.

If the United States and other key countries could see this conflict through a different lens, there could be a real chance for peace. This would be the best way to signal genuine respect and atonement for the suffering inflicted on so many innocent people for so many years.

A Moment To Be Seized In Lebanon (WP)

By Charles Krauthammer

The Washington Post, August 18, 2006

The charm of any U.N. Security Council resolution lies in the preamble, which invariably begins by "recalling" all previous resolutions on the same subject that have been entirely ignored, therefore necessitating the current resolution. Hence newly minted Resolution 1701: Before mandating the return of south Lebanon to Lebanese government control, it lists the seven Security Council resolutions going back 28 years that have demanded the same thing.

We are to believe, however, that this time the United Nations means it. Yet, the fact that responsibility for implementation is given to Kofi Annan's office -- not known for integrity, competence or neutrality -- betrays a certain unseriousness about the enterprise from the very beginning.

Now, it is true that had Israel succeeded militarily in its strategic objectives, there would have been no need for any resolution. Israel would have unilaterally cleaned out south Lebanon and would be dictating terms.

But that did not happen. The first Israel-Hezbollah war ended in a tie, and in this kind of warfare, tie goes to the terrorist. Yet there is no doubt that had Israel been permitted to proceed with the expanded offensive it began two days before the cease-fire, Israel would eventually have destroyed Hezbollah in the south, albeit at great cost to itself, Lebanon and Israel's patron, the United States. Which is why the war was called off.

Having obviated that possibility with the cease-fire, the United States is left with certain responsibilities. Secretary of State Condoleezza Rice gave assurances that this resolution would not be a dead letter; that it had enough Chapter 7 (i.e., legally enforceable) language to give it teeth; that there would indeed be a buffer zone below the Litani River; that there would be a robust international force with robust rules of engagement.

Yet, within days, these assurances are already fraying. Hezbollah has declared that it will not disarm. The Siniora government in Beirut has acquiesced in a "don't ask, don't tell" deal in which Hezbollah retains its entire infrastructure south of the Litani -- bunkers, weapons, fighters -- with the cosmetic proviso that none will be displayed very openly. No strutting, but everything remains in place awaiting the order to restart the war when the time is right.

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That arrangement is essentially a return to the status quo ante -- precisely what the United States had said it would not permit because that would represent a strategic disaster for the forces of democracy and moderation in the region.

We are headed for a complete repudiation of the bottom-line American position. The stakes are high. Not so much for Israel, which in the end will take care of itself. By the now-inevitable Round Two, Israel will have rejected the failed Olmert-led exercise in hesitancy and will have new leadership, new tactics and new equipment (for example, expensive new plating for its tanks, which were so vulnerable to advanced Iranian antitank weaponry).

What is most at stake, from the American perspective, is Lebanon. Lebanon was the most encouraging achievement of the democratization project launched with great risk with the invasion of Iraq. The Beirut Spring, the liberation from Syrian rule and the election of a pro-Western government marked the high point (together with the first Iraqi election, which inspired the events in Lebanon) of the Bush doctrine.

Syria, Iran and Hezbollah have been working assiduously to reverse that great advance. Hezbollah insinuated itself into the government. The investigation of Syria for the murder of Rafiq Hariri has stalled. And now, with the psychological success of the war with Israel, Hezbollah may soon become the dominant force in all of Lebanon. In the south, the Lebanese army will be taking orders from Hezbollah. Hezbollah is not just returning to being a "state within a state." It is becoming the state, with the Siniora government reduced to acting as its front.

That is why ensuring that Hezbollah is cut down to size by a robust international force with very strict enforcement of its disarmament is so critical. For all its boasts, Hezbollah has suffered grievously militarily, with enormous losses of fighters, materiel and infrastructure. Now is its moment of maximum weakness. That moment will not last long. Resupply and rebuilding have already begun.

This is no time for the U.S. ambassador to the United Nations to be saying, when asked about the creation of an international force, that "this really is a responsibility of the Secretariat." Maybe officially, but if we are not working frantically behind the scenes to make sure that this preposterously inappropriate body gets real troops in quickly, armed with the right equipment and the right mandate, the moment will be lost. And with it Lebanon.

Abbas: Militants Agree To Halt Attacks (AP-Y)

By Diaa Hadid, Associated Press Writer

AP, August 18, 2006

Palestinian President Mahmoud Abbas said Thursday that militant groups promised to suspend attacks on Israel in hopes of ending a nearly 2-month-long Israeli crackdown in the Gaza Strip.

The militants denied there was a formal agreement with Abbas, but left the door open to a possible halt in attacks. Only minor violence was reported Thursday, and there appears to have been a drop in rocket attacks on Israel in recent days.

Abbas said the groups reached their accord late Wednesday during renewed talks on forming a unity government including his Fatah Party and the rival Hamas group, which controls the Cabinet. The talks broke down after Hamas-linked militants captured an Israeli soldier in late June and Israel responded with a widescale offensive in Gaza.

The militants holding the soldier have demanded the release of Palestinian prisoners, a condition Israel rejects.

Palestinian hospital officials say 220 Palestinian have been killed in the Israeli offensive, most of them gunmen. Palestinian officials fear that Israel, after battling Hezbollah guerrillas to a stalemate in Lebanon, now will focus on Gaza.

In an effort to head that off, Abbas announced the unilateral cessation of violence.

"Yesterday all factions met and agreed to a period of calm, and agreed to stop all actions which by their nature give an excuse for others to attack us," Abbas said at a graduation ceremony for presidential bodyguards.

Abbas, a moderate who favors peace talks with Israel, has been locked in a power struggle with Hamas since the Islamic militant group defeated Fatah in January parliamentary elections.

Hamas has rejected Israel's demands to renounce violence or recognize the Jewish state. Israel has cut ties with the government and refused to transfer tax money it collects on behalf of the Palestinian Authority, making it impossible for the Hamas government to pay full salaries to its employees.

Abbas hopes a unity government would enable him to restart negotiations with Israel.

Ibrahim Abu Naja, who heads the umbrella committee coordinating the talks among Palestinian factions, said a deal to renew a cease-fire had been reached. But he said the truce would depend on Israel.

"All the factions asserted the need for quiet," he said. "They have agreed not to attack Israel, but we want a word from the Israelis that they will agree as well ... We are waiting for goodwill gestures from the Israelis."

Israeli government spokesman David Baker said Israel would respond positively to an end to the rocket attacks, which Palestinian militants have launched almost daily for months.

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"What counts are deeds and not rhetoric," Baker said. "If Israel were to see concrete actions by the Palestinians to halt terror against Israel, then that would certainly be quite a change. ... There will be no need for Israeli action if the Palestinians once and for all take these kinds of actions. In their absence, Israel will continue to defend itself."

Militants from most factions, including Hamas, denied they had agreed to a unilateral cease-fire, and it remained unclear whether Abbas would be able to enforce it.

Hamas' militant wing issued a statement shortly after his speech claiming it had fired a rocket at an Israeli border crossing. The Israeli army confirmed the attack, saying there were no injuries.

Still, the group left the door open to a deal. "The Israelis must calm down, not us," said Sami Abu Zuhri, a Hamas spokesman.

A senior Hamas official said the group's political leaders decided last week to halt rocket attacks on Israel but was waiting for an Israeli gesture in return.

There has been a sharp drop in rocket fire this month. On its Web site, Hamas' militant wing said it hasn't fired a rocket into Israel since Aug. 7.

Israel's offensive against Hamas was accompanied by the arrests of Hamas Cabinet ministers and lawmakers. An Israeli military court on Thursday extended the detention of the Palestinian parliament speaker, Abdel Aziz Duaik.

Duaik, who was hospitalized with chest pains after his arrest this month, shouted complaints on his way to court.

"I am the elected representative of the people," he said. "My rightful place is among the people." Duaik, whose hands and feet were cuffed, said he has been held in solitary confinement.

Pakistan's Leader Faces Increasing Political Challenges (NYT)

By Somini Sengupta

The New York Times, August 18, 2006

ISLAMABAD, Pakistan, Aug. 14 — Nearly five years after Sept. 11 turned Pakistan's president, Gen. Pervez Musharraf, into one of Washington's most indispensable allies, he finds himself squeezed from many directions, leading to one of the most serious political binds of his nearly seven-year tenure.

His two main political foes, who undermined each other for years, are linking arms in an effort to restore civilian rule. Some erstwhile allies on the religious right, emboldened by spreading rage against General Musharraf's pro-American stance, have stepped up their criticism.

Corruption scandals have dogged some of his partners, including the prime minister, Shaukat Aziz, who faces a no-confidence motion in Parliament next week. Inflation has increased. An ethnic insurgency in Baluchistan refuses to subside; Pakistan attributes it to unfriendly neighbors.

No one doubts that the president, who is also the army chief of staff, remains the most powerful man in Pakistan and enjoys the backing of the United States. "He still makes the political weather," as one Western diplomat put it. But there are signs of weakness.

Last month a letter signed by a group of retired generals and government officials, including those who once worked with him, called for "the military's disengagement from political power," urging General Musharraf to shed his military uniform if he was to remain president.

In Washington there are also simmering concerns. A series of planned terrorist attacks with links to Pakistan as well as a sharp rise in crossborder Taliban attacks in Afghanistan have prompted renewed debate within the Defense Department about Pakistan, according to two people involved who requested anonymity because they were not authorized to comment publicly.

They said that in particular, the sharply rising American casualty rate in Afghanistan had increased skepticism among some American military officers about the Pakistani intelligence service's efforts to rein in the Taliban.

"There is an increasing view in the United States that Pakistan isn't very helpful," said one researcher involved in the debate, referring to frustration among some officers. "There are people who are really thinking twice about this relationship with Pakistan."

At home, General Musharraf has been criticized for having little to show for his overtures toward India. Likewise, his post-Sept. 11 assault on suspected militants taking shelter in the tribal areas along the Afghan border, done at the behest of the Bush administration, has resulted in the capture of a number of leaders of Al Qaeda but also the deaths of hundreds of Pakistani troops and a mounting rage in the tribal areas.

At the same time, Afghanistan and India have been nipping at the general's heels for not doing enough to crack down on militants who they say export violence to their respective countries. Religious radical groups continue to operate here, including those that have links with banned terrorist outfits.

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They continue to be implicated in investigations of terrorism suspects half a world away, most recently the group Jamaat ud Dawa in the London airplane bombing plot. Even General Musharraf's promise to reform radical madrasas, as Islamic religious schools are called, has yet to be fulfilled.

"There are new domestic eruptions, and he hasn't yet drenched the fires on the foreign policy front," said Najam Sethi, editor of The Daily Times in Lahore.

A Western diplomat here in Pakistan said, "Musharraf is in a weaker position than he has been in the past, no doubt about it." The diplomat, who could not be identified by name because he was not authorized to comment publicly on the politics of this country, added, "There are constraints on him."

But in Washington the official view remains strongly supportive. Richard A. Boucher, the assistant secretary of state for South and Central Asia, credited General Musharraf with having kept his promise to "break" with the Taliban and their Qaeda allies.

Although the Taliban have reorganized inside Pakistan, Mr. Boucher said, General Musharraf's government is trying to gain control of the Pakistan-Afghanistan border.

"They've closed some camps; they've outlawed some groups," he said in an interview. "You have to understand how deeply rooted extremism is in Pakistan." Of the general's cooperation with Washington, he added: "I think we've seen plenty. We certainly work with Musharraf."

The coming months pose a big question mark. With elections expected before the end of next year, there is a concern among friends and critics alike: Will domestic politics further compromise his ability to drive through promised reforms?

For the sake of staying in power, political observers say, he must broaden his support. If he broadens it in favor of the right, his ability to crack down on religious extremists will be further compromised.

If he broadens in favor of the political left, he will be more able to carry out his promise to crack down on extremism, but will then have to embrace a political nemesis: Benazir Bhutto, leader of the Pakistan People's Party, who lives in exile, having been convicted of corruption. She has signed a pact with Nawaz Sharif, the other main opposition party leader, also in exile, and his Pakistan Muslim League.

"He is getting increasingly isolated and cornered," Lt. Gen. Talat Masood, now retired from the army and one of the signers of the letter, said of General Musharraf. "There is a genuine urge and demand in the country to revert to democracy and give a fair deal to all the parties."

For his part, the president presented a lengthy defense of his record in a speech to the nation in late July — one that also revealed the breadth of his troubles. Addressing inflation, he announced that government shops would sell basic staples to the poor at controlled prices.

He said the domestic budget had more than doubled during his nearly seven-year tenure, he outlined a development plan for restive Baluchistan, and he rattled off how many tractors and motorcycles were being produced in the country. The economy has grown at an annual clip of 7 percent over the last three years.

He criticized India and Afghanistan for suggesting that his efforts to tackle terrorist groups were less than robust. And on the subject of religious radicals, he urged mosques to refrain from using loudspeakers, demanded that "hate material" not be circulated and urged government officials to "look at the problem and take it seriously."

It was remarkably similar to, though far more tepid than, wish lists he has presented before.

General Musharraf's promise of madrasa reform fell under renewed scrutiny in the aftermath of the London subway and bus bombings in July 2005. At the time, he promised to expel foreigners studying in Pakistani madrasas and he ordered his government to register all of the madrasas by the end of last year.

Resistance was swift, especially from the coalition of Islamic religious parties. The government has not persuaded all madrasas to register. It has allowed foreign students to remain, so long as they have permission from their home governments. Enforcement is daunting.

Even his fiercest critics acknowledge that some of his troubles are the doings of others. For instance, they say, India's recalcitrance at his Kashmir proposals — principally his offer to soften the so-called Line of Control that divides the territory between the countries — has weakened his credibility at home.

Except for the release of prisoners and opening of transportation links, they argue, nearly every piece of the India-Pakistan peace agenda remains unresolved, from smaller territorial issues to the hardest nut of all: the fate of Kashmir.

"He has tried, he has failed, and the Indians share responsibility for that," said one of the general's most trenchant opposition critics, Aitzaz Ahsan of Ms. Bhutto's Pakistan People's Party.

Likewise, there are the tribal areas. No civilian government, Mr. Ahsan conceded, could have sent hundreds of Pakistani troops to face the Taliban — and die — in the hilly redoubts in the north, as General Musharraf did at American urging.

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But his policy has helped to push the tribal regions further beyond the writ of the government and has not quieted the Taliban and their allies. The Pakistani government insists that it is trying its best to root out Taliban and that it is unfairly blamed for Afghanistan's failure to expel them from inside its own borders.

There is another opinion: that five years after Sept. 11 and Washington's weariness in Afghanistan, Pakistan has no interest in completely quelling the Taliban. It would not be in General Musharraf's interest, the argument goes, to forever lose all political influence over Kabul.

"The Pakistanis saw their concessions as temporary," argued Stephen P. Cohen, a senior fellow at the Brookings Institution. "They have permanent interests in Afghanistan and are waiting for the U.S. to depart. Now that we are on our way out of Kabul, I can expect Islamabad to try to increase its support for its clients in Afghanistan."

U.S. Predicts Fast Action At U.N. If Sanctions On Iran Are Needed (NYT)

By Thom Shanker

The New York Times, August 18, 2006

WASHINGTON, Aug. 17 — A senior Bush administration official said Thursday that he anticipated that the United Nations would move rapidly in September to impose sanctions on Iran if it refused to halt uranium enrichment, a process central to building nuclear weapons.

The official, R. Nicholas Burns, the under secretary of state for political affairs, said the punishment "will be well deserved" if Iran failed to act by a looming deadline set by the Security Council.

The Security Council voted late last month to give Iran until Aug. 31 to accept a package of European Union-led incentives in exchange for suspending its uranium enrichment, or suffer the penalty of economic sanctions.

"It's not a mystery to the Iranians what is going to happen," Mr. Burns said during a breakfast meeting with reporters.

"I think we would want to move very quickly in the first part of September toward a debate in the Security Council about sanctions," he said. "They will be well deserved as this has gone on a long time."

Mr. Burns emphasized that the United States already had agreements from Russia and China and other Security Council members to move to economic sanctions under Chapter VII of the United Nations Charter if Iran failed to comply.

The resolution passed by the Security Council on July 31 demands that Iran suspend its uranium enrichment and reprocessing work by the end of August or face the possibility of sanctions. It noted the need for "further decisions," however, before any punishments for noncompliance could be pursued.

Some diplomats have suggested that Russia and China — which have joined the major powers threatening Iran with economic sanctions — may not in the end vote to approve the sanctions and may even exercise their veto power in the Security Council.

Mr. Burns said Iran's role in creating, financing and arming Hezbollah forces in southern Lebanon in their fight against Israel "will reinforce the effort to hold Iran accountable should they not provide the clear answer needed" on the nuclear issue.

"The will of a lot of countries has been strengthened by watching the Iranian government trying to destabilize both Lebanon and Israel over the last 30 to 40 days," he said.

News agency reports on Thursday from Iran said President Mahmoud Ahmadinejad had vowed that his country could not abandon its nuclear program while the United States was developing its own nuclear weapons.

The Iranian government denies that it is seeking to develop nuclear weapons and says its nuclear program is peaceful, for research and energy development.

Iran has said it set a deadline of next Tuesday to respond to an offer of economic incentives from six major powers — Britain, China, France, Germany, Russia and the United States — in exchange for ending its uranium enrichment program.

But Mr. Burns dismissed the Tuesday deadline as a "mythical date."

U.S. To Move Quickly On Iran Sanctions (AP)

By Barry Schweid

AP, August 18, 2006

The United States intends to act next month to have the United Nations impose penalties on Iran for refusing to suspend its enrichment of uranium, a State Department official said Thursday.

"They will be well-deserved," Undersecretary of State Nicholas Burns told reporters. "It's not a mystery to the Iranians what is going to happen."

U.S. officials did not specify the proposed punishment.

Beyond the nuclear program, Iran supports Hezbollah as well as other terrorist organizations and has played a destabilizing role in the Middle East, said a department spokesman, Tom Casey.

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The Security Council has said Iran faces penalties if it does not suspend uranium enrichment, an important step in making nuclear weapons.

Iran has until the end of the month for an official response. Tehran also had said it would reply by Tuesday to a proposal by the United States and the European Union for concessions that include Washington's supplying of some civilian nuclear energy.

Some critics urged the Bush administration to get on with negotiations with Iran.

A group of 22 former military officials and retired diplomats said President Bush immediately should open discussions. Thursday's letter also cautioned against any consideration of the use of military force.

"An attack on Iran would have disastrous consequences for security in the region and U.S. forces in Iraq, and it would inflame hatred and violence in the Middle East and among Muslims everywhere," the letter said.

Iran contends its enrichment and other nuclear programs are civilian in nature.

"We certainly want to give the Iranians the chance to take this last opportunity to accept the offer that is on the table," Casey said.

Burns said the U.S. wants to moved quickly in September on the proposed U.N. penalties. He said the role of Iran in the Middle East has raised concerns among Arab and other countries about Tehran's intentions.

"There is broadened concern about the policy of a country that flexes its muscles," he said. "Iran wants to be the dominant country in the region."

As for the cease-fire in Lebanon between Israel and Hezbollah, Burns said Iran and Syria, the principal backers of the Hezbollah militia, "have a responsibility to respect the peace."

Associated Press writer George Gedda contributed to this report.

U.S. To Urge U.N. To Exact Penalties For Iran (WT/AP)

By Barry Schweid

The Washington Times, August 18, 2006

The United States intends to act next month to have the United Nations impose penalties on Iran for refusing to suspend uranium enrichment, a State Department official said yesterday.

"They will be well-deserved," Undersecretary of State R. Nicholas Burns told reporters. "It's not a mystery to the Iranians what is going to happen."

U.S. officials did not specify the proposed punishment.

Iran also supports Hezbollah as well as other terrorist organizations and has played a destabilizing role in the Middle East, said department spokesman Tom Casey.

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"There is broadened concern about the policy of a country that flexes its muscles," he said. "Iran wants to be the dominant country in the region."

Iran Rebuff Of U.N. Likely, U.S. Official Says (LAT)

By Peter Spiegel, Times Staff Writer

The Los Angeles Times, August 18, 2006

The White House will then push quickly for sanctions over Tehran's nuclear activities.

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WASHINGTON — A senior State Department official said Thursday that he expected Iran to reject a U.N.-backed entreaty to end its nuclear enrichment program and said the U.S. would quickly press for international sanctions against Tehran if the Aug. 31 deadline was not met.

Undersecretary of State R. Nicholas Burns, the Bush administration's point man on Iran, said he believed the United States had the backing of fellow permanent members of the United Nations Security Council for economic and diplomatic sanctions and would push for them to be imposed early next month if Tehran failed to halt uranium enrichment at its Natanz facility.

"We would want to move very quickly," Burns said of the effort to win approval of sanctions. "They will be well deserved."

Secretary of State Condoleezza Rice and foreign ministers from the other four permanent members of the Security Council, as well as Germany, agreed June 1 to offer a package of incentives to persuade Iran to end its enrichment program and allow inspections by international monitors.

That offer was followed by a council resolution at the end of July calling on Iran to respond to the terms by the end of August or face sanctions. Pressure was growing on Tehran when the war in Lebanon broke out last month, and some analysts speculate that Iran capitalized on the conflict to deflect attention from the nuclear issue.

But Burns said he believed the war between Israel and Hezbollah, a Lebanese militant group established and supplied by Iran, had strengthened the hand of the U.S. in the nuclear standoff because it laid bare Tehran's larger ambitions to gain power in the region.

"I think there is greater concern now about the role of Iran in the Middle East than there had been before," Burns said during a meeting of defense writers.

"A lot of people believe Iran wishes to be the dominant power in the region, which is one reason, perhaps, it is seeking the nuclear weapon capability."

Iran has given mixed signals on whether it will respond by the U.N.-set date. Iranian leaders initially indicated they would answer by a self-imposed Aug. 22 deadline, but they were angered by the U.N. resolution, seeing it as a threat, and later indicated they might not respond at all.

The regime has indicated it would not abandon its nuclear ambitions, which it has characterized as purely for civilian use.

Iranian President Mahmoud Ahmadinejad reiterated that stance Thursday during a visit to the northwestern Iranian town of Namin. According to the semiofficial Fars News Agency, he dismissed the resolution and said Iran might never give up its nuclear program.

"They must know that the entire Iranian nation is determined to maintain its right of access to peaceful nuclear technology and that Iranians' support for the state's nuclear stances is rock-solid," Ahmadinejad was quoted as saying.

Despite Iran's initial receptiveness to the incentives package, Burns said recent statements by the Iranian president had led him to believe Tehran would not accept the offer.

"If you look at what Ahmadinejad has said over the last couple of weeks, I assume that they intend to continue with their enrichment program," he said. "There will be an answer."

Although the resolution passed 14 to 1, Russia and China are reluctant to impose sanctions immediately and have backed away from language that would have made them automatic. As a result, a failure by Iran to meet the Aug. 31 deadline would lead to a new round of debate at the U.N.

The U.S., Britain, France, Russia and China make up the permanent members of the council, which also includes 10 rotating members. Burns said he did not believe it would be necessary to pressure Russia and China into agreeing to sanctions.

"I don't think it's a question of what the United States will have to do to pressure countries," Burns said. "We have an agreement with Russia and China and with the other members of the council that we will go to … sanctions."

There is no list of agreed-upon punishments, State Department spokesman Tom Casey said. But U.S. officials have indicated that at least initially, they would avoid measures that would directly affect ordinary Iranians, instead targeting government leaders through travel restrictions and the freezing of assets.

Signs In North Korea Point To Nuclear Test (WSJ)

By Evan Ramstad

The Wall Street Journal, August 18, 2006

The U.S. and South Korea are monitoring activity around a military site in North Korea that may indicate the North is preparing to test a bomb underground, government officials in the two countries said.

Satellite images of a remote area in northeast North Korea show a number of trucks and coils of cables around a hole that U.S. officials have watched in the past for bomb testing, the officials said.

Their worst fear is that the activity signals plans for an underground nuclear-bomb test. A U.S. Defense official said it is difficult to conclusively know what is happening at the site, noting North Korea officials know they are monitored by satellites and

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may be staging something. "There's not a lot of other things that make sense," he said. "It's a remote area, a hole in the ground and a lot of wire."

The activity is occurring a month after North Korea test-fired seven missiles, including a long-range one designed to cross the Pacific Ocean, against the wishes of its neighbors and the U.S. The test provoked the U.N. Security Council to issue sanctions against the North.

The monitoring of the latest actions by North Korea was reported yesterday by ABC News. In Seoul, Foreign Ministry officials early Friday said they are watching events in North Korea and sharing information with the U.S.

Earthy Bush Gibe Denied (LAT)

By Kim Murphy, Times Staff Writer

The Los Angeles Times, August 18, 2006

Deputy prime minister disavows "cowboy" dig as Britons' displeasure over U.S. foreign policy rises.

LONDON — Amid plummeting public support in Britain for backing America's policy in the war on terrorism, Deputy Prime Minister John Prescott denied Thursday that he called President Bush a "cowboy with his Stetson hat" whose progress on a Middle East peace plan was "crap."

The tempest over Prescott's purported remarks in a private meeting with fellow Labor Party lawmakers underscored growing misgivings within the government of Prime Minister Tony Blair, who until now has been the Bush administration's strongest ally on Iraq, Afghanistan and, more recently, Lebanon.

Harry Cohen, a Labor member of Parliament who attended the meeting, said Prescott was expressing strong frustration over Washington's inability to make progress on a settlement of the Palestinian-Israeli conflict, a sentiment he said was shared by a growing number of lawmakers in Blair's camp.

"What he was saying was he only supported the war in Iraq because of the 'road map,' and he was lamenting the lack of progress on the road map, and he said the Bush administration was crap in relation to the road map," Cohen said in an interview, referring to the U.S.-backed plan for reaching a settlement between Israel and the Palestinians.

"It followed straight on when he said Bush is acting a bit like a cowboy with his Stetson hat," Cohen said.

Prescott, in effect, denied the account.

"This is an inaccurate report of a private conversation," and it is not the deputy prime minister's view, his office said in a statement to the Press Assn.

Shahid Malik, another Labor lawmaker present at the meeting, declined to discuss it in detail, but said: "I support fully John Prescott's comments on his comments. I think it's been blown out of proportion somewhat."

The Guardian newspaper said two other Labor lawmakers present had confirmed the substance of the account.

The larger issue — sharply declining public support for Washington's lead in the U.S.-declared war on terrorism — was made clear with the release of a new poll that showed 14% of respondents thought Britain should continue to closely align its foreign policy with that of the United States.

Eight percent said they believed that the war against terrorism announced by Bush after the Sept. 11 attacks was being won, according to the poll, conducted this week for Spectator magazine.

On the other hand, 12% believed Britain should adopt a "more conciliatory" approach toward the terrorist threat; 63% thought it was necessary to be "more aggressive."

Prescott's purported remarks were widely reported in Britain but were not seen as a significant splinter in the government's pro-Washington orientation, largely because Blair continues to forcefully endorse Bush's strategy and Prescott has been shaken by so many domestic scandals that he is seen as a political has-been.

The alleged remark about Bush's Stetson hat was intended self-deprecatingly, Cohen said. It was an apparent reference to the scandal that followed Prescott's failure to report a trip to the ranch of U.S. billionaire Philip Anschutz and the businessman's gift of a cowboy outfit, including boots and a Stetson hat.

"He said, 'I can hardly talk,' because he was involved in this other scandal where he had the cowboy outfit," Cohen said.

But many of those present agreed with the deputy prime minister's purported comments about the Middle East, Cohen added. "It was a fair point. He might not have wanted to get that colorful language into the public domain, he might be embarrassed and deny it for political expedience, but I think the central point is right."

He said there was a "robust discussion" among all the Parliament members over the lack of progress in the Middle East.

"All the other MPs were making the point that really we should have a more independent foreign policy that's in Britain's interests; we shouldn't just follow blindly whatever the United States sets up as its foreign policy," Cohen said.

In Washington, White House Press Secretary Tony Snow said the British prime minister remained "a firm ally of the United States in the war on terror."

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China Adds Restrictions In Effort To Shake The Faith Of Independent Congregations (NYT)

By Howard W. French

The New York Times, August 18, 2006

TUANQIANBU, China, Aug. 13 — The rusty parked bicycles clogging the little lane attested to a strong turnout, as did the sound of voices, which resonated with hymns throughout the hamlet. Despite the 100-degree heat, there was a crowd at the little Protestant church this Sunday.

But there was also a hint of trouble, as some foreigners arrived unannounced at the back of the dilapidated building. "Please, I beg you to leave here," a woman called out as she approached them from the front. "We have already had a lot of difficulties. Go now."

Two weeks earlier, as many as 500 police officers surrounded the congregants as they were closing in on their long-held dream of completing construction of a new church nearby. The 3,000 or so people were driven away from the site, and those who argued or resisted in any way were arrested and, according to their lawyer, beaten. Then the church, with all but the roof in place, was demolished.

The campaign against this poor little church outside Hangzhou, the capital of Zhejiang Province in eastern China, is part of a national wave of repression against independent, or underground, churches that are not registered with the government and do not recognize the authority of state-appointed spiritual leaders.

Since the law regulating religious affairs was introduced in March 2005, provincial and local governments have begun a series of crackdowns on underground churches across China. The vaguely worded new rules call for local governments to "standardize" the management of religion nationwide.

The Chinese crackdown, which also affects other faiths, especially Buddhism in Tibet and Islam in the far western Xinjiang Province, comes at a time of booming growth in underground churches across the country.

The right to practice any of five recognized faiths — Buddhism, Catholicism, Daoism, Islam and Protestantism — is enshrined in the Chinese Constitution, and the authorities routinely insist that religious freedom exists in this country. Under Chinese law, however, all recognized faiths must be registered and approved by the government, and they are closely monitored and required to follow strict and frequently changing regulations.

Armed with the new law, religious affairs and human rights specialists say, local officials are forcing small, independent parishes to close or to merge under tighter government control. The new rules also make it harder to register with the authorities, even for those who wish to operate within the law.

According to the China Aid Association, an American Christian advocacy group that monitors religious freedom in China, 1,958 pastors were arrested at churches like these in the last year alone.

Although the crackdown is decentralized, with each province and locality carrying out the repression on its own, the pattern is as unmistakable as the constant stream of incidents. In one recent case, in Tongwei, a village in eastern Anhui Province in late July, 90 children were reportedly detained with 40 adults after the police raided a Protestant Sunday school, calling the church teachings "illegal evangelism."

Around the same time, in Hebei Province in the north, as many as 90 protesters were arrested after demanding the release of two clergymen from the underground Roman Catholic church, who had been detained without explanation.

"There is a real concern over the apparent growth in religion, and how deep this runs," said Mickey Spiegel, a China specialist at Human Rights Watch. "The authorities sense a need to prevent the next generation from getting into this. There is an attempt to convince young people that being involved in religion will make things more complicated for them in school and in other ways."

In the Hangzhou incident, the authorities have defended the demolition of the nearly completed church, saying that it was being built without proper authorization. "It is clear that this church was an illegal structure, it did not have the approval of the religious affairs bureau, or the government," a police official told Agence-France Presse.

The authorities worked hard, though, to suppress news of the event. One parishioner, who spoke to foreign journalists about the destruction, was detained. Zan Aizong was arrested and then fired from his job as a reporter for a local newspaper after he wrote of the church demolition on a Chinese Web site. "The government said no one was hurt and that no riot happened," he wrote. "But real people were injured, so where is the truth and justice?"

According to a lawyer for the parishioners, most of them poor peasants, church leaders had long sought a permit to build a new place of worship but had been frustrated at every turn by administrative obstacles. At one point, parishioners were told they could erect a church on a narrow triangular plot under an elevated highway.

"It was totally inappropriate for a church, and such a location gives us reason to believe the government doesn't want them to build a church," said the lawyer, Li Boguang.

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Asked why this was, he said: “The Chinese government is an atheistic government. They are afraid of the Christians and don’t want to see Christianity develop, so they find all kinds of means to prevent it from growing freely.”

As the foreign visitors prepared to leave the church service, they were approached by a woman who had watched them intently throughout the service, most of the time hiding behind a palm-frond fan.

“What a situation,” she said, imploringly, her face flush with emotion. “Our church was half built, and the government demolished it, just like that.”

U.N. Official Warns Of Major New Sudanese Offensive In Darfur (WP)

By Glenn Kessler

The Washington Post, August 18, 2006

Three months since the signing of a tenuous peace deal, Sudan appears to be preparing a major military offensive in its troubled Darfur region, aid workers are increasingly at risk, and the population "may have to relive the horrors of late 2003 and early 2004, and hundreds of thousands of lives will be at risk," a top United Nations official warned the Security Council in a private briefing yesterday.

The blunt assessment by the deputy head of the U.N. peacekeeping forces, Hedi Annabi, came as Britain and the United States introduced a Security Council resolution to send 17,000 U.N. peacekeepers to Darfur over the opposition of Khartoum. China and Russia, however, suggested they would reject the resolution, and the Sudanese government reiterated its opposition to a U.N. force.

The force is intended to replace an African Union mission, which has proved ineffective at halting the violence. Annabi told the council that the African Union force is "plagued by funding shortfalls that could force its withdrawal a few weeks from now," according to a copy of his remarks.

He said the force of 6,171 military personnel and 1,560 civilian police "is by all accounts an inadequate force for the task at hand" and is "highly unlikely" to continue beyond September without more funding.

The conflict broke out in early 2003 when two African rebel groups attacked police stations and military outposts in Darfur. The United Nations and human rights groups accuse the Arab-led central government of supporting militiamen, called the Janjaweed, in order to crush the rebellion.

About 2,000 villages have been destroyed across Darfur, and violence and disease have left as many as 450,000 people dead and 2 million homeless.

Two years ago in September, then-Secretary of State Colin L. Powell accused the Khartoum government of being complicit in genocide, but little has since been accomplished to end the suffering.

The Darfur Peace Agreement was signed by the government and the leader of one rebel group faction in May, after heavy pressure from Robert B. Zoellick, then deputy secretary of state and the administration's point man on Sudan. Zoellick resigned in June to join a Wall Street investment house, and the administration has not named a replacement and has ignored calls from Congress for a special Sudan envoy.

The agreement brokered by Zoellick sought to dismantle marauding militias, fold thousands of rebel forces into the national army and pave the way to wealth- and power-sharing between the central government and an impoverished area the size of France. U.S. officials said the deal was necessary to persuade Khartoum to accept the U.N. force, but other rebel groups refused to sign.

President Omar Hassan al-Bashir has since declared that Sudan's army will fight any U.N. forces sent to Darfur, even though U.N. forces are already based in the southern part of the country to monitor a separate accord.

Khartoum has told the United Nations that it plans to deploy 26,500 armed forces to Darfur by year's end, which would violate the peace agreement, Annabi said. He said there are reports that the buildup of forces has already commenced and that extra battalions have been deployed.

Annabi told the Security Council that since the signing of the deal, "instead of reconciliation and building of trust, we see more violence and further polarization."

Eleven aid workers have been killed since the signing of the peace agreement, "an unprecedented level of deadly attacks," and humanitarian organizations have access to only half of the 3.6 million people affected by the conflict, he said. He said aid workers may be forced to withdraw completely from North Darfur, where more than 1.2 million need help.

The peace agreement lacks the support of larger segments of the population, Annabi added. Minni Minnawi, the rebel leader who signed the accord, is from a different ethnic group than is much of the Darfur population, adding to the tensions, experts have said.

Annabi said the violence between the rebel groups since the accord was signed has "resulted in hundreds of deaths, systematic looting, new displacements and horrendous acts of sexual and gender-based violence."

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U.N. Resolution Considers Darfur Peace (AP)

By Edith M. Lederer, Associated Press Writer

AP, August 18, 2006

A U.S.-British draft resolution introduced Thursday would transfer peacekeeping in Sudan's conflict-wracked Darfur region from the African Union to a much larger U.N. force despite strong oppositon from Sudan.

The financially strapped African Union has asked that it hand over peacekeeping to a more robust U.N. mission but Sudanese President Omar al-Bashir has warned that Sudan's army would fight any U.N. forces sent to Darfur.

Britain's U.N. Ambassador Emyr Jones Parry stressed that no U.N. force will deploy in Darfur without the consent of the government.

"We know that the agreement of the government of Sudan is quite crucial," he said. "Our hope is that as we negotiate this text there will be clarity from the government of Sudan that ... a U.N. operation should take place, and that we should transition as soon as possible."

With violence escalating in Darfur, Jones Parry said he hopes the resolution can be adopted by the end of August.

U.S. deputy ambassador Jackie Sanders said the Sudanese government's consent is not required by the resolution, but "practically speaking it's going to be useful to have the government on board to get this accomplished."

The resolution would replace the 7,000-strong African Union force with a U.N. peacekeeping mission of about 22,600 — comprising up to 17,300 troops, 3,300 international police officers, and 16 police units trained in riot and crowd control totaling about 2,000 officers.

A May peace agreement signed by the government and one of the major rebel groups was supposed to help end the conflict in Darfur. Instead, it has sparked months of fighting between rival rebel factions. More than 200,000 people have been killed in Darfur since 2003 when ethnic African tribes revolted against the Arab-led Khartoum government.

Britain and the United States introduced the draft resolution at a closed Security Council meeting following a briefing by Assistant Secretary-General for Peacekeeping Hedi Annabi, who told members that the security situation in Darfur had worsened since late June.

The AU has said it cannot handle long-term peacekeeping in Darfur and wants its force replaced by better-funded U.N. peacekeepers. The AU's mandate runs out on Sept. 30 and its chief negotiator in Sudan, Sam Ibok, said this week that the African Union would need more international funding if it is to stay in Darfur.

The draft resolution calls for the U.N. force to start to deploy by Oct. 1. In the interim, it asks Secretary-General Kofi Annan to strengthen the AU force, including with additional aircraft and ground transport.

Sudan's deputy U.N. ambassador Omar Bashir Manis questioned the Security Council's motives and said the resources to deploy a U.N. force should instead be spent on beefing-up the African Union force.

"I think the sending of the (U.N.) troops in itself is becoming the objective, not the stabilization and assistance of the Sudanese people to improve the situation in Darfur," Manis said.

The United Nations already has a peacekeeping force in southern Sudan monitoring a January 2005 peace agreement that ended a 21-year civil war between the government and southern rebels.

Sudan Under Pressure To Admit UN Force (FT)

By Jonathan Birchall And Andrew England

Financial Times, August 18, 2006

Diplomatic efforts to persuade Sudan to admit United Nations peacekeepers to Darfur intensified on Thursday, as Britain introduced a draft Security Council resolution that could lead to the deployment of up to 20,000 UN troops and police in the troubled region.

The draft resolution came as the Security Council met to discuss the continuing violence in Darfur, despite a peace agreement signed in May by the government and one of the three main rebel groups.

Omar Hassan al-Bashir, Sudan's president, has continued to oppose the deployment of a UN force in Darfur, although there are 10,000 UN peacekeeping troops assigned to support a peace agreement in the south of the country.

The draft resolution would require the consent of President Bashir for the force to be deployed to Darfur, but is seen as a way of increasing the pressure on him to do so. It proposes extending the ex-isting UN mission in Sudan – Unmis – to cover Darfur as well, and giving its military commander the ability to move troops between the two regions as required.

Since May, most of the violence in Darfur has involved rival rebel factions, while pro-government militias remain active, despite the presence of 7,000 African Union troops tasked with protecting civilians.

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Human rights groups say the African Union force has been largely ineffectual in ending the violence, while its member countries have complained that the force is underfunded and ill-equipped. The force has also lost credibility among the more than 2m people forced from their homes and has been accused of bias by insurgents.

Under the draft resolution, the African Union force would be transferred to the UN's authority by the end of September, with UN members providing additional logistical and transport support that would increase its ability to move across a region the size of France.

Amnesty International and Human Rights Watch have both urged the UN to approve a force capable of protecting civilians in Darfur, and criticised President Bashir's opposition to the force. Amnesty said yesterday that government aircraft were continuing to bomb groups opposed to the May peace agreement, in defiance of a UN ban on offensive military flights.

The conflict erupted in February 2003, when rebels from Darfur's African tribes took up arms against the government, claiming their region was being marginalised. In response, the government mobilised Arab militias, which have been accused of some of the worst atrocities and continue to roam the region.

Meanwhile, the rebels have split into numerous factions and the fighting often turns into banditry, creating an environment that would pose enormous challenges for any peacekeeping force.

U.S. Rebuilds A Clinic In Tanzania (AP)

By Elizabeth A. Kennedy, Associated Press Writer

AP, August 18, 2006

The U.S. military looked at this town and saw something more than empty wells, a crumbling pharmacy and sun-baked dirt — it saw an opportunity to fight terrorism by rebuilding a clinic. The U.S. believes such help could stamp out radicalism in remote parts of Africa where America needs friends, and fast.

"We feel the best way to counter terrorism is to go after conditions that foster terrorism," U.S. Navy Rear Adm. Richard W. Hunt, commander of the Combined Joint Task Force-Horn of Africa, told reporters Thursday. "So we focus on medical care, education. We attack these causes right at the very root."

In the past two weeks, the United States has helped refurbish a medical clinic here and built another a few miles away. It provided medicine and did checkups for some 3,000 people, and performed similar humanitarian projects in rural areas of Uganda and neighboring Kenya.

The work comes at a time when America's reputation in Africa is foundering. The State Department issued a travel warning last week to Americans in Kenya because of the risk of terrorism. Huge anti-U.S. demonstrations have taken place in Tanzania and Somalia to protest American support for Israel during the fighting in Lebanon.

Some Somalis criticized the United States for supporting warlords who were recently ousted from the Somali capital by an Islamic group Washington has linked to al-Qaida. And the deadly 1998 bombings of the U.S. embassies in Kenya and Tanzania are fresh memories here.

A conflict monitoring think tank, the International Crisis Group, has warned of the potential for terrorists to operate in Africa's ungoverned regions, noting recently that chaotic Somalia is "the largest potential safe haven for al-Qaida in Africa."

U.S. Air Force Maj. David Westover, a task force spokesman, said "we will continue to operate with a humanitarian focus" despite any rumblings of anti-U.S. sentiment in Africa. He noted he had not experienced any ill will during the project.

The Combined Joint Task Force-Horn of Africa was formed in 2002, one year after the Sept. 11 terrorist attacks on New York and Washington, to "set conditions that are not conducive to extremist ideology," according to a military statement.

Hunt acknowledged that extremist ideology is not readily apparent in Msata and the rest of Tanzania's Bagamoyo District, a rural area home mainly to nomadic herdsmen and Maasai tribespeople, more than 60 miles from Dar es Salaam. But he said the task force wants to build conditions that never let such a dangerous ideology take hold.

"The terrorists will go after any area they think they can exploit," Hunt said. "The trust and confidence developed between our two countries will yield great things in the future."

Ali Zungo, walking out of the refurbished clinic in Masugulu carrying anti-bacterial soap and antibiotics, said the task force's goals are admirable.

"I am very comfortable with the United States and I appreciate them very much," he said, sniffling from a runny nose that's been bothering him. "We are also against terrorism here, and we are trying our best to eradicate these people."

But has he ever seen a terrorist out here in Masugulu, the next town over from Msata?

"No!" he said laughing. "Never."

The projects in the Horn of Africa are led by more than 1,500 people from the U.S. military as well as doctors and soldiers from the host nations. The U.S. task force covers Djibouti, Ethiopia, Eritrea, Kenya, Seychelles, Somalia, Sudan and Yemen.

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Brig. Gen. Salim Salim of the Tanzania People's Defense Force sees one enormous benefit of working with the U.S. military.

"They come with beds, mattresses, tents. They can construct bridges. They come with trucks," he said. "And they leave the trucks behind when they leave."

Yukos Probe Widens To Include Westerners (WP)

By Peter Finn

The Washington Post, August 18, 2006

MOSCOW, Aug. 17 -- The Russian prosecutor's office announced Thursday that it had opened a criminal probe into allegations of money laundering and embezzlement by Steven M. Theede, the American former chief executive of the embattled Yukos oil company, and three other expatriate executives.

The case is the first time the sprawling and politically charged investigation of Yukos and its founder, imprisoned tycoon Mikhail Khodorkovsky, has targeted the company's Western managers. They were resisting an effort by the state-controlled oil company Rosneft to drive Yukos into bankruptcy and secure the bulk of its assets.

Prosecutors allege that Theede and the other managers used a foundation based in the Netherlands to illegally gain control of $10 billion in company assets. Also under investigation are Bruce Misamore, a former manager of the subsidiary Yukos Finance; David Godfrey, Yukos's former managing adviser; and Tim Osborne, a director of Group Menatep, the largest shareholder in Yukos.

The four "took advantage of their official positions to steal and legalize property that had been trusted to them, which caused considerable damage to the owner . . . the Yukos oil company," the prosecutor's office said in a statement posted on its Web site Thursday evening.

The announcement of the probe came immediately after a court-appointed administrator lost an effort in a Dutch court to prevent the sale of any of Yukos's foreign assets to satisfy creditors without his approval. Among those seeking redress in the Dutch court is an arm of Group Menatep, the Yukos shareholder, as well as Rosneft.

The foundation, which was set up with the approval of the Dutch court, held Yukos assets that were beyond the reach of the Russian authorities. The foundation was designed to protect the interests of creditors, including Group Menatep.

In their statement, Russian prosecutors alleged that the foundation was little more than a scam designed to enrich the four executives, who appointed themselves foundation directors. The foundation, however, has a number of non-Yukos executives who were not targeted by the Russian authorities. The foundation's activities continue to be scrutinized by the Dutch courts.

"Yukos under the stewardship of Steven Theede and his team has always been managed with integrity and in full compliance with national and international laws on good governance," said Claire Davidson, a spokeswoman for Yukos's former managers. "To assert otherwise is wrong."

A Moscow court declared Yukos bankrupt this month and ordered it liquidated over the objections of managers who said the company -- battered by Russia's demand for $30 billion in back taxes -- could be salvaged. Yukos lawyers said they would appeal the decision.

Rosneft and other creditors had rejected a plan to save the company and called for it to be dismantled. The court-appointed administrator also confirmed Thursday that Misamore and Godfrey had been sacked in the wake of the bankruptcy.

Last month Theede resigned from Yukos after London courts refused to stop a huge stock offering by Rosneft, which had earlier acquired Yukos's prime oil assets at auction. Yukos said the auction amounted to state-sanctioned theft. Theede also said Yukos had been grossly undervalued by the court-appointed administrator in an effort to hasten its liquidation.

Yukos still pumps nearly half a million barrels of oil a day and employs 70,000 workers.

Theede and the other managers had run the company from exile in London, and Russian prosecutors would have to seek their extradition. British courts have previously refused to honor Russian extradition requests for Russian executives of Yukos living in London, accepting the argument of their lawyers that the case against the company is politically tainted and that they are unlikely to receive a fair trial in Moscow.

Khodorkovsky, the company's founder, is serving an eight-year prison sentence for fraud and tax evasion following a prosecution that supporters said was politically motivated because his political ambitions represented a threat to President Vladimir Putin's authority.

Earlier Thursday, another Moscow court sentenced Yukos's former head of security to 24 years in prison for a series of alleged contract killings. Alexei Pichugin was already serving a 20-year sentence for a double murder.

"We are going to appeal," said Georgy Kaganer, Pichugin's attorney. "We believe this ruling is unjust and unlawful."

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Pichugin was accused of the contract killing of a mayor in Siberia and a businesswoman as well as several assassination attempts. Another Khodorkovsky associate, Leonid Nevzlin, who lives in Israel, is also wanted in the killings. He denies the charges.

Children Need More Of Us, Not Less (WSJ)

Wall Street Journal, August 18, 2006

Venezuela's Black Gold

Regrettably, the Journal's story on the Venezuelan national oil company Petroleos de Venezuela, S.A. (PDVSA), "As Global Oil Demand Tightens, A Big Producer Has Own Agenda" (page one, Aug. 1), presented a distorted picture of Venezuela's oil operations and its commitment to sustainable production and refining of crude oil.

Contrary to the article's tone, PDVSA is "alive and well" as a world-class oil company that is also focused on the future to become an ever larger supplier of oil to energy markets. The article failed to recognize the sovereign right of Venezuela, as any other resource owner, to use the oil wealth and revenues for its own development and the progress of its people. The government of President Hugo Chavez is likewise fully committed to expanding the country's oil production and its role as a major world oil supplier, and by the same token is committed to fulfill the hope and needs of so many excluded Venezuelans.

In its mistaken effort to portray PDVSA as a social welfare organization as opposed to a socially responsive business corporation, the article ignored that other foreign oil and gas companies operating in Venezuela have also so far contributed more than $41 million to social projects. The article fails to note that Venezuela's total crude oil production is over three million barrels per day, as calculated by two independent sources -- the International Energy Agency and the BP Statistical Review. PDVSA is spending tens of billions of dollars in operating and capital expenditures to increase its production significantly in the next several years. Overall, Venezuelan production will be at 5.8 million barrels per day by 2012. This spring, Oil Daily, the highly respected journal of the oil industry, reported an increase in drilling activity by PDVSA as well as an increase in foreign investment in the energy sector (even after bringing all foreign operations into conformity with Venezuelan law). Your article also ignored the effort PDVSA is undertaking in training new engineers: Last year more than 900 engineers were placed in an accelerated plan for masters degrees in production and drilling in well-known universities in the United States and Europe.

PDVSA is robust and will become more so in the years ahead. As an oil company, PDVSA should be emulated, not denigrated.

Fadi Kabboul
Minister Counselor for Petroleum Affairs
Embassy of the Republic of Venezuela
Washington

Fidel Castro's Illness Has Impersonators Scrambling To Adapt (WSJ)

By José De Córdoba

The Wall Street Journal, August 18, 2006

HIALEAH, Fla. -- A familiar bearded figure wearing an olive-green hospital gown with stitched-on Comandante epaulettes made a surprise appearance the other day at a party in this overwhelmingly working-class Cuban exile city next-door to Miami. He was greeted with peals of shocked laughter, and shouts of "When are you finally going to kick the bucket, you old bastard?"

"We've come to meet Miami's Cuban mafia on my birthday," rasped Fidel Castro impersonator Eddy Calderón on Aug. 13, when Mr. Castro turned 80 after having survived abdominal surgery. "I've come to tell you of our newest revolutionary triumph: the creation of the New Cuban Man who has a smaller stomach and larger hands than the old model. Smaller stomach to eat less, and bigger hands to applaud more."

Like most Cubans, Miami's small group of Fidel impersonators were taken by surprise when Havana announced that an ailing Mr. Castro had temporarily ceded power to his younger brother, Raúl. Now the comics have worked the succession drama into their acts. The 50-year-old Mr. Calderón, Miami's self-styled Comediante en Jefe, or Comedian in chief, plays Fidel in a wheelchair and trails a long IV tube. Mr. Calderón's mentor, 75-year-old Armando Roblán, has perfected a hoarse-voiced imitation of Raúl, who is also 75, which TV Marti, a U.S.-government television station aimed at Cuba, transmits to the island.

"Raúl's voice is back here, in the throat," said Mr. Roblán, as he paced nervously on the TV Marti set on his first day as Raúl.

The Castro impersonators have their roots in Cuba's lively prerevolutionary tradition of political burlesque, which Mr. Castro stamped out when he assumed power. In Miami, the Castro impersonations become part catharsis, part therapy for Cuban exiles who enjoy laughing safely at the foibles of their long-lived nemesis. Mr. Calderón and Mr. Roblán are considered the city's top impersonators. A third recently retired, while a few journeymen imitators are waiting in the wings.

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Mr. Calderón says the work can be risky. Once, he recalls, a woman whose relative had been executed by the revolution hurled a dinner plate at his head. At a recent gig, a tiny, white-haired lady shouted at him: "Why did you ruin the country?" Mr. Calderón, as Fidel, answered that she should thank him because if it hadn't been for him, she'd be stuck in Cuba instead of living well in Miami, "where you can buy hair dye and dentures."

After the Aug. 13 performance, a ballroom attendant, Armando Montes de Oca, approached Mr. Calderón while he was still in his Castro beard and told him: "If I didn't know you were Calderón behind that beard, you would never leave this room alive."

"Thank you," Mr. Calderón replied.

Mr. Calderón has been doing his imitation of Fidel for about a dozen years. He became a local superstar two years ago when a cable-TV channel started weekly broadcasts of a skit called "La Mesa Retonta," or "The Idiots' Table," a takeoff on a weekly "Meet the Press"-style show Mr. Castro has done in Cuba, called "La Mesa Redonda," or "The Roundtable."

Mr. Calderón's Fidel voice is so good that on about 50 occasions, he has telephoned Cuban bureaucrats in Havana or Cuban diplomats abroad and fooled them into thinking they were on the line with the man himself. Mr. Calderón taped the calls, which he still often plays on a Miami radio show.

Two years ago, Mr. Calderón held a 12-minute conversation with Cuba's deputy construction minister, ordering him to build a giant retractable roof over Havana's Latin American stadium, as a way to improve conditions for Cuban baseball players and dissuade them from defecting.

"We need a revolutionary roof to uphold the pride of the Cuban Revolution," said Mr. Calderón during the taped telephone call, in a dead-on imitation of Mr. Castro's edgy, high-pitched, nasal voice.

"I am your unconditional soldier," replied the hapless minister, who promised to get the job done.

That same year, Mr. Calderón telephoned a luxury hotel at Cuba's Varadero beach resort and ordered the hotel manager to provide a week-long all-expense-paid vacation for one of Cuba's leading dissidents, whose movements are shadowed by the secret police, to show the government's good will. Before hanging up, the hotel manager, Mr. Calderón says, promised to make the reservation.

A year earlier, Mr. Calderón as Fidel told transport official Gumersindo Gómez to round up 200 scarce buses for an outing of some 700 priests of the Afro-Cuban religion Santería, and to find room for their sacrificial goats and chickens. Make sure the buses don't have any graffiti saying "down with You-Know-Who," he added.

"Fatherland or death," Mr. Calderón said.

"Onwards to victory," replied Mr. Gómez, according to the tape of the phone call.

A CD of Mr. Calderón's conversations with duped Castro officials, called "Ring-Ring, El Comediante en Jefe Llama," or "Ring-Ring, the Comedian in Chief Is Calling," is a big hit in Little Havana. But in Havana itself, Mr. Calderón complains, he hasn't been able to get anyone in government offices to take his calls for months. He figures the government uses caller ID to guard against his calls.

Mr. Roblán, who is now working on his Raúl imitation, pioneered Castro impersonation in Miami. He says he did his first Fidel impersonations in Cuba in 1959, on a show that praised the Cuban leader, weeks after Mr. Castro's victorious entry into Havana after defeating Cuban dictator Fulgencio Batista.

Twice, recalls Mr. Roblán, caressing old photographs of himself as Fidel and Fidel himself in his memento-filled house, Mr. Castro joined him on stage. Mr. Roblán says Mr. Castro even lent him his official car so he could go to a Havana convention of travel agents in his place. Mr. Castro showed up later. Days later, a stranger approached Mr. Roblán and told him an assassination plot against Mr. Castro that night had been called off at the last minute, Mr. Roblán says.

Things got even spookier, he says, when in 1960, Mr. Castro's secret police asked him to dress up like Fidel and meet with foreign officials. Suspecting another assassination plot, Mr. Roblán declined the invitation. Shortly after, he left Cuba and knocked around Latin America. He ended up in Miami in 1973.

For the first 20 years after Mr. Castro seized power, Miami comics didn't dare do Castro imitations for fear of offending -- or enraging -- Cuban exiles. Then, in 1979, Alberto González, a journalist and satirist, persuaded Mr. Roblán to don fatigues and do the role of El Jefe in a satire called "No Hay Mal Que Dure Cien Años," or "No Evil Lasts One Hundred Years."

The show, a running satire on Cuba, was a big success and was followed by other productions with catchy titles. When the Berlin Wall fell in 1989, giving exiles hope that Fidel's government would soon follow, Mr. Roblán came up with a show called "En el Noventa, Fidel Revienta," or "In 1990, Fidel Will Explode." When that didn't happen, Mr. Roblán, unfazed, changed the name of the show to "En los 90s, Fidel Revienta," or "In the 1990s, Fidel Will Explode."

The last show Mr. Roblán staged, in 2004, reflected Miami's frustration with the Cuban leader's longevity. It was called "Ay Mama, Un Año Más," or "Oh Mother, Another Year!" Now with Mr. Castro's health problems, Castro impersonators are thinking again of a post-Fidel world. Mr. Calderón, for instance, is working on a skit in which an evil scientist gets his hands on some stray Castro cells and clones El Comandante.

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"Fidel will dominate Cuba's psyche for many years more," says Mr. Calderón, peeling off his scraggly beard.

Go West, Young Man . . . (WSJ)

By Niels Veldhuis

The Wall Street Journal, August 18, 2006

Ontario and Quebec once reigned supreme as the economic hub of Canada, but no more. The western provinces of British Columbia, Alberta and Saskatchewan are quickly taking their place.

While strong commodity prices are part of the explanation, the impact of pro-growth tax policy cannot be ignored. Western Canadian governments of all political stripes -- from Progressive Conservatives in Alberta to Liberals in British Columbia to New Democrats (socialists) in Saskatchewan -- have reduced marginal personal income tax rates and overall business taxes. The tax policies pursued by western Canada over the past few years are quintessentially supply-side. That is, the tax relief is largely focused on improving incentives for work, savings, investment and entrepreneurship.

Alberta led the way in 2000 by creating Canada's only single-rate personal income tax -- 10%. British Columbia and Saskatchewan soon followed by substantially reducing their personal income tax rates. Top marginal rates in these two provinces were reduced to 14.7% and 15%. Compare that to Ontario's top marginal rate of 17.4% or Quebec's 19.2%. Canada's three western provinces now have the lowest top marginal rates in the country.

The changes to personal income taxes were matched, perhaps more importantly, by reductions in business taxes. All three governments pursued two broad measures: reductions in corporate income tax rates and the elimination of corporate capital taxes, a uniquely Canadian tax that severely punishes investment and development. A corporate capital tax is essentially a fixed tax on the value of a corporation's assets, and is calculated as a percentage of a company's debt and equity.

Again, Alberta was the catalyst for change. It completely eliminated the corporate capital tax and reduced corporate income tax rates by 35% from 2000-2006. British Columbia then eliminated its general corporate capital tax and reduced corporate income tax rates by nearly 30%.

More telling of the marked shift in tax ideology in western Canada is Saskatchewan's recent provincial budget in which it tabled a plan to significantly reduce business taxes over the next three years. Using the Alberta-British Columbia model, Saskatchewan will phase out the corporate capital tax for most firms and reduce corporate income tax rates by 30% over the next two years.

The economic results of tax reform based on improved incentives have been stunning. Over the past three years British Columbia has grown 3.4% a year on average; Alberta 4%; and Saskatchewan 3.5%, all easily outperforming the Canadian average of 2.6% a year over the same period.

Growth in the three provinces also outpaced the U.S. national average for the past two years. Among Canadian provinces and the 50 American states, Alberta ranked seventh in growth, British Columbia ninth, and Saskatchewan 17th. This strong performance occurred within a federal environment that is not as conducive to economic growth and development as that of the U.S.

Similar patterns of success hold for other economic indicators. Western Canada has led the nation in employment growth over the past two years and has outpaced the national averages in both Canada and the U.S. Perhaps most telling is the disproportionate levels of investment being attracted to the western provinces. On a per capita basis, western Canada is leading the country.

The gap between eastern and western growth rates has been facilitated by poor policies in Ontario and Quebec. While western Canada has been busy pursuing pro-growth tax policies, Ontario was busy raising business and personal taxes. Quebec also has continued on its path of timidity with very little change. The result has been sluggish economic performance in absolute terms and stellar underperformance when compared with western Canada.

More recently, British Columbia and Alberta added a second pillar to their foundation: free trade. Unlike the U.S. with its interstate commerce clause, Canada is riddled with provincial trade fiefdoms that use non-tariff barriers to impede the free flow of goods, services, investment and labor. British Columbia and Alberta recently signed the Trade, Investment and Labor Mobility Agreement to eliminate trade barriers (with a few exceptions) between the two provinces within three years.

This agreement will create the second largest economy in the country. One example of the benefits that will accrue to citizens of the two provinces relates to occupational certification. Similar to the U.S., occupations in Canada are certified at the sub-national level. British Columbia and Alberta have now adopted mutual recognition for all occupations. If you're a certified nurse in British Columbia, for example, you're now immediately recognized in Alberta and vice versa. At least two other provinces are reported to be considering joining the agreement.

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British Columbia and Alberta, and to a lesser extent Saskatchewan, are establishing themselves as economic beacons in North America. And their growth goes well beyond the resource play. If growth were just about resources, then many of the world's poorest countries should be its wealthiest. As the western provinces are showing, institutions and policies matter.

Western Canada has created an environment within which all types of economic activity can flourish. This is why the region is benefiting from not only direct resource extraction, but also growth in downstream related industries such as manufacturing and processing as well as in the skilled service sector.

Perhaps the success of western Canada will entice other provinces, the Canadian federal government, and even some of the states to the south that have poor tax structures to join the bandwagon of prosperity by implementing incentive-based tax relief and freer trade.

Mr. Veldhuis is an economist with the Vancouver-based Fraser Institute.

Limiting Climate Change: The Neglected Obstacle (WP)

By Cass R. Sunstein

The Washington Post, August 18, 2006

Sensible people now agree that climate change creates major risks and that the world should be taking significant steps to reduce greenhouse gas emissions. But there is a neglected obstacle to achieving such reductions, and it is the biggest source of the stalemate in international negotiations.

The obstacle stems from the unusual incentives of the United States and China. As the world's leading contributors to climate change, these are the two countries that would have to bear the lion's share of the cost of greenhouse gas reductions. At the same time, they are both expected to suffer less than many other nations from climate change -- and thus are less motivated to do something about it. And while the international spotlight has rightly been on the behavior of the United States, China will soon present the more serious problem.

In recent years the United States has accounted for about 21 percent of the world's greenhouse gas emissions. China comes in second at about 15 percent. While many countries have stabilized their greenhouse gas levels, emissions from both nations, but especially China, are growing rapidly. Current projections suggest that by 2025 total emissions from the United States will increase by about one-third.

By that year, China's emissions are expected roughly to double, making China the planet's leading source of such gases. (Emissions from the United States will, of course, continue to be far higher on a per-capita basis.) Within 20 years China will account for nearly one-quarter of the world's greenhouse gas emissions. It follows that if an international agreement requires reductions, China and the United States will have to bear the brunt of the expense.

By contrast, the biggest losers from greenhouse gas pollution are likely to be India and Africa. Some of the most detailed, careful and influential projections have been made by Yale University's William Nordhaus and Joseph Boyer. Nordhaus and Boyer show that in terms of human health and agricultural loss, India and Africa are by far the most vulnerable regions on Earth. Because of an anticipated increase in malaria, Africa will probably be hit especially hard, and India is expected to suffer a large increase in premature deaths as well.

If climate change occurs at the rate expected by many scientists, it will have a much less serious effect on the United States, and even less than that on China. In the United States, agricultural production is expected to suffer relatively little. In China, agriculture is actually projected to benefit from a warmer climate.

Both nations are expected to suffer some losses in terms of human health, but compared with projections for other countries those losses will be disproportionately small. A key reason is that the United States and China are not expected to be highly vulnerable to increases in malaria and other climate-related diseases.

In terms of percentage reductions in gross domestic product, India and Africa together are expected to lose about 10 times more from climate change than the United States -- and about 20 times more than China.

We should now be able to see why China has refused to participate in any international agreement to control climate change. Chinese officials know that their nation will soon be the world's largest emitter of greenhouse gases, and they believe that because of their economy and their location, they have relatively little to gain from reducing those emissions.

We should also be able to see why most U.S. officials, whether Democratic or Republican, have been so reluctant to favor stringent limits on greenhouse gases. Such limits would be more costly for the United States than for most other nations, because the United States is and will continue to be the largest per-capita source of greenhouse gases. And on the current projections, Americans face comparatively lower risks from climate change.

Of course, any such projections involve a lot of guesswork, and reasonable people can differ. If global warming turns out to be either abrupt or greater than anticipated, it might well inflict catastrophic losses, leading to extremely serious problems for the United States and China alike. And even under current projections, the risks faced by the world's leading emitters can hardly be

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dismissed as trivial. National economies are interdependent, and if the world as a whole suffers from climate change, the United States and China will pay a large price.

But the troubling fact remains: The two nations now most responsible for the problem have comparatively little incentive to do anything about it. That is why, if the nations of the world really mean to take substantial steps to reduce greenhouse gases, they have two options.

First, they might find a way to convince the United States and China that they have a moral obligation to protect the planet's most vulnerable people. The United States has long benefited from technologies that, while promoting its economic growth, are imposing serious risks on disadvantaged people in India, Africa and elsewhere.

Second, the world's nations might try to convince these two countries that emissions reductions are less expensive, and more beneficial for their own citizens, than the recent projections suggest. Environmentally friendly innovations have often turned out to be far less costly than anticipated. (And if persuasive evidence is found that indicates greater losses for both nations from global warming, there will be a stronger incentive to try to innovate.)

It is only with such an incentive, or a sense of moral duty, that the United States and China are likely to participate in serious international efforts to reduce greenhouse gases. And without the participation of the two countries, no such efforts are likely to have a substantial effect on the problem.

The writer teaches at the University of Chicago and is the author of "Infotopia: How Many Minds Produce Knowledge."

Navigating Kosovo's Future (NYT)

The New York Times, August 18, 2006

The 1999 war over Kosovo left the former Serbian province in political limbo, postponing the question of possible independence for another day. That day is now at hand, and the main question facing the international community is not whether Kosovo will become independent, but when and how. Status talks are expected to conclude in the next few months, with the United Nations Security Council to rule on the issue by the end of the year.

The original plan was for Kosovo's political leaders to demonstrate their ability to govern responsibly before formal discussions of sovereignty could begin. They haven't really done so, although they have made some grudging moves under international pressure.

Yet as a practical matter, Kosovo's international wardship cannot be extended indefinitely. The most promising way to encourage further progress is by moving ahead to a carefully conditioned form of limited autonomy.

The most critical issue, now as ever, is guaranteeing the rights of the ethnic Serb minority. Any independence arrangement will have to assure minorities a substantial role in government, particularly in sensitive areas like the Justice Ministry.

For the first few years at least, the powers of Kosovo's new government must be strictly limited. An international authority will have to monitor the government's fulfillment of internationally agreed conditions, paying special attention to issues like the rule of law and minority rights. A few thousand NATO-led troops should remain in Kosovo with the power to intervene when necessary to compel compliance.

Most of the countries with troops in Kosovo would prefer to bring them home now. But Kosovo's march toward independence is going to remain difficult and dangerous for years. The need for a continuing armed international presence should be non-negotiable.

The Betrayal Of Memory (NYT)

The New York Times, August 18, 2006

In a recent interview, the German author Günter Grass, who was 6 years old when Hitler came to power, added a significant, and overwhelming, detail to the account of his war years. He has always admitted being a Nazi sympathizer. Now he has admitted being drafted by the Waffen SS, the military arm of that criminal corps, in the last winter of World War II. He served in a tank division based in Dresden and claims he never fired a shot. He also states that at the time, he saw nothing wrong with the SS and that he came to understand the Holocaust only after the war.

The uproar on all sides was instantaneous. Grass's central literary theme has always been Germany's struggle to come to terms with its past, and he has used his own life — and the realizations forced upon him after the war ended — as a platform for trenchant moral and social criticism. He stands accused now, especially from the right, of deceit and hypocrisy. He might just as well stand accused of embodying, far more fully than his readers could ever have guessed, the unbearable historical and ethical tragedy implicit in his work. Memory should always speak, no matter how painful. That it has done so for Grass, only at last, means that he will forever be constrained by his own lie.

We see two critical questions here. First, does this revelation undermine the sharp criticisms Grass has leveled over the years against Germany and the United States? Grass's personal probity has been seriously damaged, but that does nothing to

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mitigate the very real crimes of thought and deed he has railed against. The second question is more important. Does this revelation annul or impair Grass's work? To us, his novels have dramatized the problem of the conscience in history — and especially the battering it took in the 20th century — better than the work of almost any other writer. Everything he has written will now be reread with an ironic eye, but the weight of the work will stand unchanged. With this revelation, Günter Grass has become, in a sense, his own final chapter.

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Williamson, Angela

From: Williamson, Angela
Sent: Friday, August 18, 2006 8:44 AM
To: Williamson, Angela
Subject: The Daily Update: 8/18/06

<http://www.whitehouse.gov/>
AUGUST 18, 2006

This morning, President Bush will meet with economic advisors at Camp David. After the meeting, he will participate in a press availability.

8:35 am:
EDT THE PRESIDENT participates in Meeting with Economic Advisors
Camp David | Maryland

11:15 am:
EDT THE PRESIDENT participates in Press Availability with Economic Advisors
Camp David | Maryland

President Bush And His Economic Team Discuss Agenda To Maintain Economic Growth. "'Every year the president takes time in August to meet with his economic team for an in-depth discussion about the economy and how we can be sure that the administration's policies are on track to keep the economy strong and growing <http://abcnews.go.com/Politics/wireStory?id=2328556&CMP=OTC-RSSFeeds0312> ,' White House spokeswoman Dana Perino said Thursday evening. ... Among those in attendance: Vice President Dick Cheney, Treasury Secretary Henry Paulson, Commerce Secretary Carlos Gutierrez, Labor Secretary Elaine Chao, National Economic Council Director Allan Hubbard and White House budget chief Rob Portman." (Deb Riechmann, "Bush To Meet With Economic Team," The Associated Press, 8/18/06)

President Bush Signs The Pension Protection Act Of 2006. "President Bush signed a broad overhaul of pension and savings rules Thursday, giving millions of people a better chance of getting the retirement benefits they have earned. ... 'Americans who spent a lifetime working hard should be confident that their pensions will be there when they retire,' Bush said <http://news.yahoo.com/s/ap/20060817/ap_on_go_pr_wh/pensions_overhaul> . He added a stern instruction to corporate America. 'You should keep the promises you make to your workers,' the president said. 'If you offer a private pension plan to your employees, you have a duty to set aside enough money now so your workers will get what they've been promised when they retire.'" (Mary Dalrymple, "President Bush Signs New Pension Bill," The Associated Press, 8/17/06)

Attorney General Alberto Gonzales Says NSA Terrorist Surveillance Program Is Lawful. ATTY. GEN. GONZALEZ: "We have talked about this program on numerous occasions to the American people and to the American Congress. It is a very narrow program, again, focused on communications

with al Qaeda where one end of the phone call - communication is foreign, outside of the United States. It has been very effective. We've had numerous statements by leaders of the intelligence community about the effectiveness of this program in protecting America. We also believe very strongly that the program is lawful. It has been reviewed by a number of lawyers within the administration, including lawyers out at the NSA, including lawyers at the Department of Justice. <http://transcripts.cnn.com/TRANSCRIPTS/0608/17/sitroom.01.html> It is a program that is reviewed periodically for its continued effectiveness. It is reviewed periodically to ensure that it remains lawful." (Attorney General Alberto Gonzales, Press Conference, 8/17/06)

White House Press Secretary Tony Snow Says Terrorist Surveillance Program Is "Firmly Grounded In Law." "White House spokesman Tony Snow said the Bush administration's 'Terrorist Surveillance Program' is 'firmly grounded in law and regularly reviewed to make sure steps are taken to protect civil liberties.' 'We couldn't disagree more with this ruling, and the Justice Department will seek an immediate stay of the opinion and appeal,' Snow said in a statement <http://news.yahoo.com/s/nm/20060817/pl_nm/security_eavesdropping_dc_7&printer=1> ." ("W.House Disagrees With NSA Wiretap Ruling," Reuters, 8/17/06)

The Washington Post Says Judge Taylor's Decision On NSA Program Is "Neither Careful Nor Scholarly." "Unfortunately, the decision yesterday by a federal district court in Detroit, striking down the NSA's program, is neither careful nor scholarly, and it is hard-hitting only in the sense that a bludgeon is hard-hitting <http://www.washingtonpost.com/wp-dyn/content/article/2006/08/17/AR2006081701540.html> . ... And she insists that Mr. Bush has 'undisputedly' violated the First and Fourth Amendments, the constitutional separation of powers, and federal surveillance law. But the administration does, in fact, vigorously dispute these conclusions. Nor is its dispute frivolous." (Editorial, "A Judicial Misfire," The Washington Post, 8/18/06)

The Wall Street Journal Says NSA Terrorist Surveillance Program Is "A Matter Of Life And Death." "But her decision is all the more noteworthy for coming on the heels of the surveillance-driven roll up of the terrorist plot in Britain to blow up U.S.-bound airliners. In this environment, monitoring the communications of our enemies is neither a luxury nor some sinister plot to chill domestic dissent. It is a matter of life and death <http://online.wsj.com/article/SB115585999824838921.html?mod=opinion_main_review_and_outlooks> . ... The wiretapping program is an intelligence operation, not a law-enforcement proceeding. Congress was duly informed, and not a single specific domestic abuse of such a wiretap has yet been even alleged, much less found." (Editorial, "President Taylor," The Wall Street Journal, 8/18/06)

American Foreign Policy Council Senior Fellow James Robbins Says Ruling On NSA Program Establishes "Unimagined Avenues Of Privileged Communications For Terrorists." "Judge Anna Diggs Taylor's decision, if it stands, will put out of commission a useful national security program that is no threat to anyone who is not already threatening the United States. ... It also in essence extends First Amendment privileges to foreign terrorists living abroad, so long as they are talking to someone

in the USA
<http://www.usatoday.com/news/opinion/editorials/2006-08-17-oppose_x.htm> . This is not only an unprecedented interpretation of the rights of reporters, it also establishes hitherto unimagined avenues of privileged communications for terrorists." (James S. Robbins, Op-Ed, "NSA Program Is Vital Tool," USA Today, 8/18/06)

Pepperdine University Law Professor Douglas Kmiec Says Administration Has "Considerable Arguments" For Appealing NSA Program Ruling. KMIEC: "In order to have constitutional standing, you have to prove an injury, in fact, that is concrete and palpable, that is traceable to the government and that is capable of being redressed by the government. With all due respect to Judge Taylor, that was not proven in this case. [Judge Taylor] is not merely saying this is in excess of statutory authority. The judge is striking it down on constitutional grounds, as well. ... So I think the government has considerable arguments on appeal." (Fox News' "Special Report," 8/17/06)

Homeland Security Secretary Michael Chertoff Says U.S. Is Reviewing British Tactics To Further Increase Responsiveness Of American Security Efforts. "In an interview with the Financial Times, Mr Chertoff said the US review of British tactics would identify any UK system advantages in dealing with terror threats, and examine whether they would be permissible under US law. 'The experience we had observing and working with the British certainly has underlined some possible advantages of some of the approaches taken in Britain,' said Mr Chertoff <http://www.ft.com/cms/s/d20ea80c-2e55-11db-93ad-0000779e2340.html> . ... While some critics have suggested the US should form an independent domestic intelligence service, along the lines of MI5, which has no prosecutorial powers, Mr Chertoff said it was not necessary. 'The FBI has done a superb job engineering itself to deal with the current threat,' he said." (Demetri Sevastopulo and Edward Luce, "Washington Seeks To Learn From MI5," Financial Times, 8/18/06)

Administration Warns Of UN Sanctions If Iran Does Not Halt Nuclear Program. "A senior Bush administration official said Thursday that he anticipated that the United Nations would move rapidly in September to impose sanctions on Iran if it refused to halt uranium enrichment, a process central to building nuclear weapons. ... 'It's not a mystery to the Iranians what is going to happen,' Mr. Burns said during a breakfast meeting with reporters. 'I think we would want to move very quickly in the first part of September toward a debate in the Security Council about sanctions,' he said. 'They will be well deserved as this has gone on a long time
<http://www.nytimes.com/2006/08/18/world/middleeast/18iran.html?_r=1&oref=slogin> .'" (Thom Shanker, "U.S. Predicts Fast Action At U.N. If Sanctions On Iran Are Needed," The New York Times, 8/18/06)

Secretary Chertoff Says Real ID Act Will Help Protect Against Fraudulent Identification. "In a speech at the annual meeting of the National Conference of State Legislatures, Chertoff sought to allay privacy concerns about the federal Real ID Act, saying there are no plans to create a federal database of drivers' personal information. 'We don't want to have that kind of big-brother, federal-government-owns-it approach,' he said. The goal of the Real ID Act - which was motivated by the Sept. 11 terrorists who used legitimate driver's licenses - is to unify the patchwork of state licensing rules and make it harder to

obtain a card fraudulently
<http://news.yahoo.com/s/ap/20060817/ap_on_go_ca_st_pe/chertoff_states_1
&printer=1> . The measure is scheduled to go into effect in 2008."
(Erik Schelzig, "Chertoff Seeks Support On Real ID," The Associated
Press, 8/17/06)

President Bush Signs H.R. 4, the Pension Protection Act of 2006
<http://www.whitehouse.gov/news/releases/2006/08/20060817-1.html>

* Fact Sheet: The Pension Protection Act of 2006: Ensuring Greater
Retirement Security for American Workers
<http://www.whitehouse.gov/news/releases/2006/08/20060817.html>

President's Statement on H.R. 4, the "Pension Protection Act of 2006"
<http://www.whitehouse.gov/news/releases/2006/08/20060817-7.html>

Statement on the Terrorist Surveillance Program
<http://www.whitehouse.gov/news/releases/2006/08/20060817-2.html>

Memorandum for the Secretary of State and the Secretary of Defense
<http://www.whitehouse.gov/news/releases/2006/08/20060817-6.html>

President Designates United States Postal Service Facilities
<http://www.whitehouse.gov/news/releases/2006/08/20060817-4.html>

Statement on U.S. Drug Interdiction Assistance to the Government of
Colombia
<http://www.whitehouse.gov/news/releases/2006/08/20060817-8.html>

Press Briefing by Tony Snow
<http://www.whitehouse.gov/news/releases/2006/08/20060817-3.html>

Miller, Charles S

From: Miller, Charles S
Sent: Friday, August 18, 2006 9:53 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 8/18/06 Civil Division News

Challenge promised over ruling in spy case; Detroit judge: Program illegal

Wiretap Project Ruled Illegal

Wiretap Ruling Threatens Telecoms; Businesses accused of helping the Bush Administration eavesdrop on customers could be in for a legal bruising

Verizon queried about data sharing

Outed CIA Agent Hires Cotchett Pitre Partners to Sue Bush Team

Big Tobacco Is Guilty of Conspiracy

Judge's ruling slams Big Tobacco; But companies don't have to pay $14B

Hospital settles complaint claim

Pay up and heal this rift

Detroit Free Press

August 18, 2006

Challenge promised over ruling in spy case; Detroit judge: Program illegal

BY DAVID ASHENFELTER and JOE SWICKARD
FREE PRESS STAFF WRITERS

The Bush administration pledged Thursday to mount a fierce legal challenge after a federal judge in Detroit struck down a program that secretly intercepts the international phone calls and e-mails of thousands of people in the United States in the pursuit of terrorism suspects.

"We're going to do everything we can do in the courts to allow this program to continue," U.S. Attorney General Alberto Gonzales said at a Washington news conference. "We've had numerous statements by leaders of the intelligence community about the effectiveness of the program in protecting America."

In her 44-page decision declaring the National Security Agency's program unconstitutional, U.S. District Judge Anna Diggs Taylor wrote: "It was never the intent of the framers to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights."

Taylor is the first judge to declare the program unconstitutional. If the decision stands, it will permanently prohibit the government from intercepting international phone calls and e-mails as part of its war on terror without first obtaining a warrant from the secret Foreign Intelligence Surveillance Act Court in Washington, D.C.

The Justice Department said it immediately would appeal the decision to the U.S. 6th Circuit Court of Appeals in Cincinnati. Both sides agreed to postpone enforcement of Taylor's order until she decides whether to grant the government's request for a stay, pending the outcome of the appeal. She set a hearing for Sept. 7.

Taylor said the spying program, which the administration created in response to the Sept. 11, 2001, terrorist attacks, violates Americans' free speech and privacy rights and their right against unreasonable searches and seizures. She said the president also violated the separation of powers doctrine of the Constitution, which created checks and balances among the executive, legislative and judicial branches.

The suit was filed by the American Civil Liberties Union and a group of advocacy organizations, researchers and journalists.

In her decision, Taylor repeatedly said the Constitution gives the president great power and limits it. The Constitution was written, her ruling said, by men who'd experienced the abuses of unlimited government power at the hands of England's King George III.

"Today's ruling is a landmark victory against the abuse of power that has become the hallmark of the Bush administration," said ACLU Executive Director Anthony Romero. "Government spying on innocent Americans without any kind of warrant and without congressional approval runs counter to the very foundations of our democracy."

In Washington, White House press secretary Tony Snow said the Bush administration "couldn't disagree more with this ruling."

Legal experts called the decision a major setback for Bush. "It's a complete defeat for the Bush administration," said Robert Sedler, a constitutional law professor at Wayne State University. "Virtually every argument they made was rejected."

But he and others said Taylor's decision may face a chilly reception from the conservative U.S. 6th Circuit.

No matter how the appeals court rules, Sedler said, the case is destined for the U.S. Supreme Court. He said both sides would ask the 6th Circuit to expedite its decision.

In June, the U.S. Supreme Court dealt the administration another setback in the war on terror when it ruled, 5-3, that President George W. Bush lacked the authority to try terrorism suspects held at Guantanamo Bay, Cuba, with military tribunals. It said the tribunals hadn't been authorized by Congress and violated the Uniform Code of Military Justice and the Geneva Conventions.

The ACLU sued the National Security Agency in January, charging that the domestic spying program has hampered the ability of journalists, scholars, lawyers and advocacy groups to communicate with sources overseas, conduct research and confer with clients.

Justice Department lawyers countered that the program is legal and vital to national interests.

The department said Congress gave the president authority to conduct the program by passing a resolution granting him the power to combat terrorism. It asked Taylor to dismiss the suit, arguing that the ACLU couldn't prove its claims without asking the government to divulge secrets.

Taylor disagreed.

She said the government acknowledged enough about the program -- that it exists, operates without search warrants and targets the communications of terrorism suspects -- to avoid delving into government secrets.

She said the ACLU had established that its clients had suffered actual harm from the program and that the administration had vastly exceeded the powers granted to the executive branch by Congress and the Constitution.

She said Congress, in creating the Foreign Intelligence Surveillance Act in 1978, gave the president considerable latitude in conducting foreign surveillance.

That law allows the attorney general to authorize electronic surveillance for up to 15 days without requesting a warrant, or up to a year if the attorney general certifies in writing and under oath that the surveillance is directed solely at a foreign power. It also lowered the amount of evidence required to get a warrant.

The law was prompted, in part, by a landmark 1971 decision in the so-called White Panther Case by then U.S. District Judge Damon Keith. Keith ruled the Nixon administration couldn't wiretap the Michigan home of anti-Vietnam War activists without a warrant in line with Fourth Amendment protections. Taylor repeatedly cited his decision in her ruling Thursday.

Between 1978 and 2004, the government submitted nearly 19,000 surveillance requests to the FISA court, which denied only four applications and granted 180 with modifications.

Taylor ruled against the ACLU on only one claim -- that the government violated the Constitution by engaging in so-called data mining by burrowing into electronic phone records with computer programs to find possible terrorists. She said the claim couldn't be proven without divulging government secrets.

Detroit lawyer William Swor, a member of the National Association of Criminal Defense Lawyers, a plaintiff in the case, said he was elated by the decision.

"It's a great day for the Constitution and a great day for American civil liberties," said Swor, who said the NSA program had complicated efforts to communicate with sources overseas to defend criminal defendants in the United States.

Shortly after Taylor's decision was announced, supporters of Bush's antiterror policy were raking the judge and her decision.

U.S. Rep. Peter Hoekstra, R-Holland, chairman of the House Intelligence Committee, said: "It's disappointing that a judge would take it upon herself to disarm America during a time of war."

END

Los Angeles Times

August 18, 2006

Wiretap Project Ruled Illegal

Warrantless domestic eavesdropping violates the Constitution, a judge rules, sharply rebuffing claims that Bush has unwritten powers.

By Henry Weinstein
Times Staff Writer

A federal judge in Detroit ruled Thursday that the government's warrantless domestic wiretapping program is unconstitutional and must be halted.

U.S. District Judge Anna Diggs Taylor held that the wiretapping program violates the 1st and 4th Amendments to the Constitution, which respectively protect free speech and prohibit unlawful searches. She also held that the program, formally known as the Terrorist Surveillance Program and run by the National Security Agency, violates the federal Administrative Procedures Act and the separation-of-powers doctrine.

It is the first time a federal judge has ruled that the controversial surveillance program violates constitutional rights. Similar challenges to the program are pending in New York, Oregon and Texas.

The Bush administration announced that it would appeal and asked that the decision be stayed. Taylor is expected to hold a hearing on that request Sept. 7. The plaintiffs have agreed to a temporary stay until then.

Congress is considering legislation on the wiretapping issue. Democrats hailed the ruling and Republicans criticized it.

Taylor, an appointee of President Carter, specifically rejected the contention that the president had inherent authority to create such a wiretapping program. "There are no hereditary kings in America and no powers not created by the Constitution," she said in her 44-page decision.

Taylor said that if the program were allowed to continue, it would irreparably harm the rights of the plaintiffs, which included the American Civil Liberties Union, the Council on American-Islamic Relations, Greenpeace, and individuals, including scholars and attorneys. "The public interest is clear in this matter. It is the upholding of our Constitution," Taylor wrote.

U.S. Atty. Gen. Alberto R. Gonzales responded Thursday, "We respectfully disagree with the decision of the judge." He said he was confident that the wiretapping program was legal and added, "We will continue to utilize the program to ensure that America is safer." The challenge to the ruling will be heard by the U.S. 6th Circuit Court of Appeals, which is based in Cincinnati and covers Michigan, Kentucky, Ohio and Tennessee.

Taylor did award the Bush administration one victory Thursday: She dismissed the plaintiffs' challenge to the legality of federal mining for data in telephone and electronic communications. She agreed with the government that litigating that claim would violate its state-secrets privilege.

The bulk of her decision, though, went against the government. In response to the assertion that the

warrantless wiretapping program was necessary to the defense of the nation, Taylor quoted a 1967 decision of then-Chief Justice Earl Warren: "It would indeed be ironic if, in the name of national defense, we would sanction the subversion of … those liberties … which makes the defense of the nation worthwhile."

The spying program has ignited broad controversy. Some assert it violates fundamental American rights; others contend it is legal and necessary to protect national security in an age of terrorism.

"I believe very strongly that the president does have the authority to authorize this kind of conduct, particularly at a time of war," Gonzales said at his news conference following the judge's ruling.

After the surveillance program came to public attention in December, in an article in the New York Times, the government admitted that it had launched the initiative after the Sept. 11 terrorist attacks. NSA personnel listen in on phone calls and obtain e-mails into and out of the U.S. involving those it suspects of being affiliated with terrorists. The program bypasses the Foreign Intelligence Surveillance Court, created in 1978 after revelations of government spying abuses. In the last 28 years, that court has approved thousands of wiretapping requests and rejected very few.

The government has attempted to have the suit in Detroit and the other challenges thrown out on two grounds. First, Justice Department lawyers maintain that the plaintiffs have not demonstrated that they have been injured by the program. Second, the government argues that even if the plaintiffs could show they are entitled to sue, the case should be barred because of the state-secrets privilege.

That privilege, laid out in a U.S. Supreme Court decision in 1953, prohibits disclosure of information in legal proceedings when there is a "reasonable danger" that the evidence would "expose military matters which, in the interest of national security, should not be divulged."

Judge Taylor ruled for the plaintiffs on both issues.

The judge said that if she were to accept the government's contention that the plaintiffs did not have standing to sue, a host of illegal acts by the government "would be immunized from judicial scrutiny. It was never the intent of the Framers to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights."

And she said the plaintiffs had shown that they had suffered "a real and concrete harm" as a result of the surveillance program.

Taylor flatly rejected the government lawyers' contention that they could not defend the case without exposing state secrets. She noted that government officials had publicly confirmed a number of elements of the surveillance program, and that in court their lawyers supported their arguments for the legality of the program without revealing any secrets.

Consequently, she said, she found the government's position that it could not defend the case without classified information "disingenuous and without merit."

Taylor pointed out that U.S. District Judge Vaughn Walker in San Francisco had also cited the government's admission of the program's existence, in a ruling last week.

Walker declined AT&T's request that he dismiss customers' lawsuit alleging that the company had collaborated with the NSA on a warrantless surveillance program. Like Taylor, Walker concluded that challenges to federal data-mining — about which the government has revealed little — had to be dismissed because litigation could expose state secrets.

The ACLU had asserted in the Detroit suit that NSA data-mining "uses artificial intelligence aids to search for keywords and analyze patterns in millions of communications at any given time." Numerous similar legal challenges around the country contend that phone companies have illegally turned over records to

the NSA.

Despite the setback on that issue, ACLU Executive Director Anthony D. Romero described Taylor's overall ruling against the warrantless wiretapping as "a landmark victory against the abuse of power that has become the hallmark of the Bush administration."

Dawud Walid, executive director of the Michigan chapter of the Council on American-Islamic Relations, another of the plaintiffs, said: "This is an affirmation that we have a government that is bound by laws, and this country is not ruled by a monarchy but by a democratic system of checks and balances."

In a statement supporting the ruling, Rep. Jane Harman of Venice, the ranking Democrat on the House Intelligence Committee, said the "terrorists who are plotting against us would like nothing more than to see us erode our Constitution. We cannot hand them the victory they seek."

The ruling "upholds the basic principle that even the president is not outside the law and that he has exceeded his constitutional authority," said Rep. Adam B. Schiff (D-Burbank). He said he hoped the ruling would give impetus to a bill he had introduced calling for greater congressional oversight of the NSA.

Senate Majority Leader Bill Frist (R-Tenn.) called the decision "unfortunate." He said, "Terrorists are the real threat to our constitutional and democratic freedoms, not the law enforcement and intelligence tools used to keep America safe."

The Republican National Committee issued a more strident statement, headlined "Liberal Judge Backs Dem Agenda to Weaken National Security."

END

Business Week Online

August 18, 2006

Wiretap Ruling Threatens Telecoms; Businesses accused of helping the Bush Administration eavesdrop on customers could be in for a legal bruising

By Catherine Holahan and Dawn Kopecki

Telecommunications and Internet companies accused of working with the Bush Administration's domestic eavesdropping program could be in for more legal headaches, after a federal judge ruled Thursday that the warrantless wiretaps violated the constitution.

U.S. District Judge Anna Diggs Taylor in Detroit dealt a major blow to the White House in a 43-page opinion that said President George W. Bush exceeded his authority and that the program violated the First and Fourth Amendments protecting free speech and privacy. She ordered the National Security Agency to immediately halt a secret program that monitors telephone calls and e-mails of Americans that are in contact with suspected terrorists.

FUTURE FIGHT.

The federal government plans to appeal the case, which appears headed for the Supreme Court. The American Civil Liberties Union, which brought the suit against the NSA, agreed to temporarily allow the wiretapping program to continue, while the Justice Dept. prepares to fight the court's decision at a hearing scheduled for Sept. 7.

U.S. Attorney General Alberto Gonzales said he was disappointed and that he and the administration "respectfully disagree" with the ruling, saying the program has been extremely effective and important to national security.

"I believe very strongly that the president does have the authority to authorize this kind of conduct in a time -- particularly in a time of war," Gonzales told reporters at a press conference held shortly after the court's decision.

POLITICAL TALK.

Lawmakers quickly recast the decision as a partisan issue, ripe for debate in November's elections. Senate Democratic Leader Harry Reid of Nevada said the ruling was "the latest example of how the Bush Administration has jeopardized our efforts in the war on terror. The Administration's decision to ignore the Constitution and the Congress has come at the expense of the security of the American people." The subject line of an e-mail blast from the Republican National Committee read, "Liberal Judge Backs Dem Agenda to Weaken National Security."

Businesses accused of aiding the Bush administration in wiretapping could also be in for a legal bruising, say civil liberties groups that have sued telecom providers AT&T (T), Verizon (VZ), and BellSouth (BLS) for allegedly helping the NSA. The ruling could set a precedent other courts can't ignore.

"Every phone company that is assisting the government in its illegal surveillance would want to think long and hard before it continues that agreement," says Ann Beeson, the ACLU's lead attorney in the case. "There are already lawsuits claiming that their cooperation for the past several years is illegal and now that the judge has declared it is illegal, their liability increases. The risk is much greater from a business perspective."

ACLU ADVANTAGE.

AT&T spokesman Walt Sharp declined to comment on the litigation, saying, "We're fully committed to protecting our customer's privacy, and beyond that, we don't comment on matters of national security." Verizon spokesman Eric Rabe said, "We believe that everything we've done here has been within the law."

He added that it was too soon to say whether the court's ruling will attract more litigation. "There have been all kinds of opportunistic lawsuits since this story became publicl've read the decision. But how it plays out, we'll have to wait and see." Officials at BellSouth did not return calls for comment.

The Electronic Frontier Foundation [EFF], a nonprofit advocacy group for digital rights, said the ACLU's victory strengthens the EFF's own case against AT&T, which is taking place in the U.S District Court for the Northern District of California. The federal government and others have tried to get that case and related lawsuits dismissed, based largely on arguments that laws prohibiting the disclosure of state secrets override all other legal claims.

SECURITY'S WEAK SIGNAL.

In the ACLU\I "I" case, however, Judge Taylor rejected the government's argument that national security interests override the constitutional protections of journalists, lawyers, and others who brought the suit in Detroit, saying that "public interest is clear in this matter. It is the upholding of our constitution."

"It was never the intent of the framers to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights," she wrote in her decision, which is the first to rule on the legality of the federal government's domestic surveillance program. "The Office of the Chief Executive has itself been created, with its powers, by the Constitution. There are no hereditary Kings in America and no powers not created by the Constitution."

AT&T and the government lost their motion last month to dismiss the EFF's case. The motion is being appealed, and a decision is expected by the end of the month. Cindy Cohn, legal director at the EFF, says that the recent ruling makes it more unlikely that AT&T and the government will win on appeal. "It is good that the federal courts are stepping up and recognizing our role in protecting our rights even in times when there are national security interests at stake," says Cohn. "The judge said we have an obligation under the constitution to protect people's rights even under an executive that claims national security."

ATTENTION ON AT&T.

The EFF singled out AT&T, relying on testimony and documents provided by a former employee. The group believes the employee makes a strong case that the company was directly involved in the NSA's wiretapping program [see BusinessWeek.com, 5/29/06, "The Snooping Goes Beyond Phone Calls"].

The group also believes that other companies are involved, but Cohn says they do not have enough evidence to expand the suit [see BusinessWeek.com, 1/23/06, "The NSA: Security in Numbers"].

Given the recent ruling, future claims are likely inevitable -- not least because Judge Taylor left open the question of whether telecom and Internet companies were allowed to store data on customers. Taylor ruled that there was not enough evidence out in the open for her to make a decision regarding the matter and threw out that portion of the case.

The amount of data collected by Internet companies has recently been questioned by the EFF, as well as other civil liberties and privacy advocates. Time Warner's AOL (TWX) recently revealed that it collects and stores search data for its clients for months. Though the data is stored under numbers corresponding to users, and not their names, the content of searches can be detailed enough to identify individuals.

END

Portland (ME) Press Herald

Friday, August 18, 2006

Verizon queried about data sharing

By GREGORY D. KESICH, Portland Press Herald Writer

Maine's public advocate says Verizon Communications should clarify statements it made when asked whether the company illegally shared customer information with the federal government.

In a letter filed this week with the Public Utilities Commission, Deputy Public Advocate William Black said Verizon should "sharpen up" earlier statements that appear to deny participation in the National Security Administration's controversial domestic surveillance program.

Black said the statements could be misleading without more specific information about what the company did and did not do.

He said it's possible the company violated Maine's telecommunications privacy laws even though it swears by the carefully worded statements it made last May. In the statements, Verizon denied breaking the law by providing customer information or call data to the government without a warrant.

"We are making this request because we are concerned that, in their present form, the representations are too loosely worded and therefore provide only vague statements about the actions Verizon has or has

not taken to cooperate with the intelligence gathering programs of the NSA," Black wrote.

Verizon's previous statements "incorporate words and phrases that are inherently vague and potentially misleading," he said.

The Office of the Public Advocate, a government agency created by the Legislature to represent utility customers before the PUC, filed the letter Tuesday. Verizon has until Monday to file sworn statements - by a responsible company executive under penalty of perjury - reasserting claims made in a pair of news releases on May 12 and 16.

The PUC is considering a complaint made by 22 Verizon customers in Maine who requested an investigation into whether the communications company is cooperating with the NSA's warrantless domestic wiretapping and data-mining programs.

In its response, Verizon said it could not confirm or deny its participation in the program without revealing state secrets; however, it released unsigned statements that appear to deny any illegal activity.

The PUC met on Aug. 7 but did not order an investigation. Instead, commission Chairman Kurt Adams ordered the company to verify the truth of its statements to news media by Aug. 21. No PUC hearings are scheduled on the matter.

Verizon's Maine spokesman would not say whether the company will comply with the order. Peter Reilly said Verizon had nothing to say on the issue beyond the two statements released in May.

It's also unclear whether the federal government would permit Verizon to provide more specific answers. In a July 28 letter to the PUC, a Justice Department official advised the PUC not to open an investigation, warning that the federal government would file a lawsuit attempting to block the company from turning over any information, on national security grounds.

Charles Miller, a spokesman for the Justice Department, would not say Thursday whether the government would take legal action to block Verizon from responding to the PUC.

The developments come as the domestic surveillance program has come under fire in federal courts. U.S. District Judge Anna Diggs Taylor in Detroit struck down the program, saying it violates the Constitution. The government quickly appealed, and it issued a statement saying the program is "an essential tool for the intelligence community in the war on terror."

Even though the court ruling does not affect the PUC directly, privacy advocates hope it will have an effect when the commission decides whether to open an investigation.

Shenna Bellows, executive director of the Maine Civil Liberties Union, said the commission should start by asking Verizon officials tough questions about what the company did with customer information in Maine.

A central question, she said, is whether Verizon provided access to switching equipment, which allowed the government to track calls without a warrant.

In its May 16 statement, the company asserted, "Verizon does not, and will not, provide any government agency unfettered access to its customer records or provide information to the government under circumstances that would allow a fishing expedition."

In the public advocate's letter to the PUC, Black wrote, "The breadth and vagueness of this qualifying phrase makes (this statement) essentially meaningless."

Bellows called the public advocate's letter "a good first step," but said the company should be required to prove the truth of its denials.

"I think the PUC should investigate whether Maine is participating in a program that has been found to be

illegal," she said.

END

The Recorder
08-18-2006

Outed CIA Agent Hires Cotchett Pitre Partners to Sue Bush Team

Justin Scheck

Tuesday morning was a busy one for Joseph Cotchett.

"I'm just getting ready to do an 11 o'clock interview with CNN," the lead partner at Cotchett, Pitre, Simon & McCarthy said, by way of explaining his brief responses to questions about his latest clients, outed CIA agent Valerie Plame Wilson and her husband, Ambassador Joseph Wilson.

In the three or so years since Joseph Wilson publicly criticized the Bush administration's run-up to the Iraq war -- and started a chain of events that led to White House officials blowing his wife's cover -- much legal energy has been spent on the case.

There was Patrick Fitzgerald's long-running investigation; the jailed, and later disgraced, former *New York Times* reporter Judith Miller; and finally the obstruction-of-justice indictment of I. Lewis "Scooter" Libby, the top aide to Vice President Dick Cheney.

And after all that, the Wilsons themselves are just now getting around to pursuing their own litigation.

Last month, they sued Cheney, Libby, top Bush adviser Karl Rove, and 10 unnamed administration officials for the leaks. Since then, the couple has been working to assemble a legal team.

After conducting a beauty contest for the role, the Wilsons last week hired Cotchett and his partner, Frank Pitre, as their trial counsel.

"I flew to Washington last week, they interviewed me, and they did it," Cotchett said.

He and Pitre join a team that includes Duke University School of Law professor Erwin Chemerinsky and lawyers from Citizens for Responsibility and Ethics in Washington.

Best known as a plaintiffs lawyer who mixes extremely lucrative class action work with high-profile public interest cases, Cotchett has gained headlines recently for various pieces of litigation stemming from California's 2000-2001 energy crisis.

Earlier this month, he convinced a state judge in San Diego to order natural gas companies to disclose tape recordings of traders during that period.

Cotchett and Pitre have also been politically active for years; Pitre is head of the Consumer Attorneys of California, and Cotchett is a serial near-candidate for state attorney general.

Cotchett said Tuesday he's not betting the case will settle anytime soon. And whether it goes to trial or not, he's expecting a "wild" next few months.

"I'm going to take Karl Rove's deposition," he said, with eager anticipation.

END

Los Angeles Times

August 18, 2006

Big Tobacco Is Guilty of Conspiracy

Major cigarette makers lied for decades about the risks of smoking, a judge rules. Her words are harsh, but her sanctions are light.

By Myron Levin
Times Staff Writer

A federal judge on Thursday found the major cigarette makers guilty of civil fraud and racketeering, saying the government had proved their participation in a decades-long conspiracy to deceive the public about the risks of smoking in order to sustain their profits.

But the historic ruling in Washington by U.S. District Judge Gladys E. Kessler appeared to be a largely moral victory for the Justice Department, which brought the suit seven years ago, and for anti-smoking groups that hoped the case would strike a major blow against the industry.

In sharp contrast to her withering remarks in the 1,653-page ruling, Kessler imposed only minor sanctions against the companies and no hard hits on their wallets. Kessler lamented that a federal appeals court ruling had tied her hands.

Nevertheless, the fact that a federal court found that cigarette makers are racketeers could weaken the industry's defense in dozens of other tobacco suits around the country.

Industry leader Philip Morris USA and its parent Altria Group Inc. announced late Thursday that they would appeal the ruling, which they said was "not supported by the law or the evidence presented at trial."

Kessler enjoined the companies from committing any future acts of fraud, and ordered them to issue a series of "corrective statements" through advertisements in major newspapers and TV networks, and on their websites. She said the statements must disclose the hazards and addictiveness of smoking, the lack of significant health benefits from smoking low-tar cigarettes, the companies' use of cigarette design to achieve optimum nicotine delivery, and the adverse effects of secondhand smoke.

The judge also barred cigarette makers from using terms such as "mild," "light" and "ultralight" in promoting their brands, ruling that these words were meant to falsely imply that the cigarettes were less harmful. She also ordered the defendants to pay the government's legal costs, which could run into the hundreds of millions of dollars.

Kessler said she "unfortunately" could not order the multibillion-dollar remedies sought by the Justice Department and tobacco control groups, including industry-funded programs to help addicted smokers quit, counter-advertising campaigns, and fines if youth smoking doesn't drop by targeted amounts. She said a sweeping ruling in mid-trial by the U.S. Court of Appeals for the District of Columbia had precluded these options.

Kessler found the government had failed to prove that the companies deliberately chose not to market less hazardous cigarettes, but said there was "overwhelming evidence" to support most of the allegations.

She said that over the course of more than 50 years, the defendants "lied, misrepresented, and deceived the American public … about the devastating health effects of smoking and environmental tobacco smoke."

Moreover, "they suppressed research, they destroyed documents, they manipulated the use of nicotine so as to increase and perpetuate addiction, they distorted the truth about low-tar and light cigarettes so as to discourage smokers from quitting."

Found liable along with Philip Morris were R.J. Reynolds Tobacco Co. and Brown & Williamson Tobacco Co., which have merged into Reynolds American; Lorillard Tobacco Co.; and British American Tobacco (Investments) Ltd. Kessler found Liggett Group Inc., the smallest of the defendants, not liable.

The Justice Department said in a brief statement that it was "pleased with the court's finding of liability … but disappointed that the court did not impose all of the remedies sought by the government."

William V. Corr, executive director of the Campaign for Tobacco-Free Kids, called it "a very important decision because Judge Kessler has found that we've got a rogue industry in this country."

But he admitted being "deeply disappointed" that the judge felt constrained "by misguided appellate court rulings."

Filed in September 1999, the lawsuit was the largest civil racketeering suit in history and culminated in a nine-month trial that ended in June 2005.

But well before Thursday's ruling, the industry's financial exposure had been sharply reduced.

Early on, Kessler dismissed government claims for recovery of billions of dollars in smoking-related healthcare costs. The government then focused on proving that the industry had committed mail and wire fraud and violated civil provisions of the federal Racketeer Influenced and Corrupt Organizations Act, better known as RICO.

In February 2005, midway through the trial, a federal appeals panel handed the industry a huge win, ruling that the government could not pursue a claim for $280 billion in profits under the RICO law. In fact, the court ruled, civil RICO could not be used to punish past wrongdoing, but only to stop present or future acts of fraud.

Cigarette makers had argued that their conduct, while sometimes questionable, had never been fraudulent, and that prosecutors had ignored significant improvements in their behavior.

Retooling its case after the appeals ruling, government lawyers instead sought to require the industry to underwrite a nationwide smoking cessation program costing $130 billion over 25 years.

Then, in a radical and controversial shift at the close of the trial, government lawyers, under orders from political appointees at the Justice Department, slashed their demands to $14.5 billion, including a $10-billion stop-smoking program.

Kessler allowed a coalition of tobacco-control groups to submit a counterproposal for up to $108 billion in spending on anti-smoking programs over 20 years. But in the end, she ruled that these measures were not permitted under the appeals court decree that remedies only address the risk of future acts of fraud.

Even so, in her exhaustive review of the record, Kessler was unsparing in her assessment of the industry's behavior.

The case "is about an industry … that survives, and profits, from selling a highly addictive product which causes diseases that lead to a staggering number of deaths per year, an immeasurable amount of human suffering and economic loss, and a profound burden on our national healthcare system."

Kessler also had harsh words for the role of industry lawyers, who, she said, "played an absolutely central role in the creation and perpetuation of the Enterprise and the implementation of its fraudulent

schemes…."

"What a sad and disquieting chapter in the history of an honorable and often courageous profession."

END

USA Today

August 18, 2006

Judge's ruling slams Big Tobacco; But companies don't have to pay $14B

By Edward Iwata
USA TODAY

In a sweeping condemnation of Big Tobacco, a federal judge Thursday agreed with the government that leading tobacco companies conspired to break anti-racketeering laws and deceive the public about the health risks of smoking for about 50 years.

But the judge also said federal law did not permit her to order the companies to pay $14 billion for stop-smoking campaigns, as federal prosecutors had sought.

That could have crippled the industry's major players, already hurt by dwindling numbers of smokers and foreign competition.

The Justice Department's seven-year case against Phillip Morris USA and its parent company Altria Group, R.J. Reynolds Tobacco, Brown & Williamson Tobacco, British American Tobacco, Lorillard Tobacco and Liggett Group was one of the largest in the agency's history.

In a 1,650-page ruling, U.S. District Judge Gladys Kessler blasted the companies for selling “a highly addictive product” that leads to “a staggering number of deaths per year, an immeasurable amount of human suffering and economic loss, and a profound burden on our national health care system.”

Among other remedies, the judge ordered the companies to stop making false statements about the health effect of cigarettes, to stop stating that cigarettes advertised with descriptions such as “light,” “low-tar,” “mild,” and “natural” are less hazardous than other types and to run “corrective statements” about the health risks of cigarettes on TV, in newspapers and retail store displays.

Mark Smith, an R.J. Reynolds spokesman, told the Associated Press the company was “gratified that the court did not award unjustified and extraordinarily expensive monetary penalties,” but disappointed that Kessler found the firms had engaged in conspiracy.

Anti-tobacco groups hailed the decision.

“Judge Kessler has found that we've got a rogue industry in this country,” said William Corr, executive director of the Campaign for Tobacco-Free Kids.

“Judge Kessler held that this 50 years of broad deception by the tobacco industry is akin to organized crime,” said Kathy Meyer, an attorney for the groups.

Prosecutors originally had sought penalties of $280 billion — the companies' profits since the 1950s. But the U.S. Court of Appeals in Washington, D.C., last year blocked the move.

Anti-tobacco groups, including the American Cancer Society and the American Heart Association, also

wanted remedies that included health treatment services and public education and marketing campaigns for youths.

END

Baton Rouge Advocate

Hospital settles complaint claim

By RICHARD BURGESS
Acadiana bureau
Published: Aug 18, 2006

LAFAYETTE — Our Lady of Lourdes Regional Medical Center has agreed to pay $3.8 million to settle allegations that the hospital did not act on complaints of health-care fraud, the Justice Department announced Thursday.

The complaints focused on cardiologist Mehmood M. Patel, who is awaiting trial on federal fraud charges for allegedly billing government health programs and private insurers for more than $2 million in unneeded medical procedures.

The settlement comes in a so-called whistle-blower lawsuit filed by Patel's former associate, Dr. Christopher Mallavarapu, who accused hospital officials of doing nothing when he questioned Patel's work.

Mallavarapu will receive $760,000 of the settlement for bringing the lawsuit, which the U.S. Attorney's Office intervened in earlier this year.

"Every tax dollar diverted by false claims or simply poor procedures reduces the system's ability to assist those needing medical treatment," U.S. Attorney Donald Washington said in a written statement. "We will use every civil or criminal tool available to my office to recover funds diverted by fraud or other misuse."

Federal officials had alleged that Lourdes violated the federal False Claims Act by submitting claims for unnecessary angiograms, angioplasties and stenting procedures allegedly performed at the hospital by Patel from 1999 to 2003.

Washington has said in previous interviews that Lourdes' staff members "certainly should have known what was occurring."

Lourde's CEO W.F. "Bud" Barrow said in a written statement that the hospital admits no fault in the case and has fully cooperated in the investigation.

He said that, as part of the settlement, Lourdes has entered into a formal agreement with federal officials to promote compliance with health-care funding regulations.

Before the agreement, the hospital had already developed a new internal plan to promote compliance with federal health-care regulations, Barrow said.

"This program of education, internal policies, review panels, performance audits and outside monitoring resources will lead to even greater levels of patient assurance and regulatory compliance," Barrow said.

According to court records, Mallavarapu had recommended to Lourdes that peer review panels be established to determine if Patel was performing unneeded procedures.

Mallavarapu was informed "that no action would be taken in reference to Dr. Patel," according to the his whistle-blower lawsuit.

Patel, 60, operated Acadiana Cardiology and the Acadiana Cardiovascular Center.

Both Lourdes and Lafayette General Medical Center have revoked hospital privileges for Patel, who has pleaded not guilty to criminal charges.

Prosecutors allege that Patel billed Medicare, Medicaid and private insurance providers $2.5 million for medically unnecessary procedures, some of which resulted in complications and serious injuries for patients.

He is also accused of falsifying test results and patient records and giving false diagnoses, all in an effort to obtain reimbursements for the unneeded procedures.

Patel, set for trial next year, could face up to 20 years in prison if convicted.

END

Arizona Republic

August 17, 2006

Pay up and heal this rift

Justice for thousands of Native Americans is teetering in the balance this month.

Congress is close to a landmark settlement, legislation introduced by Sen. John McCain, R-Ariz., that would resolve the federal government's massive mismanagement of royalties collected on tribal lands.

It would end a decade-old lawsuit by American Indians seeking billions of dollars that the government collected on their behalf but failed to distribute properly.

Now a last-minute balk by the Bush administration is jeopardizing the bill.

The bill was about to be marked up in committee earlier this month, moving forward as Congress adjourned for its summer recess. Suddenly Interior Secretary Dirk Kempthorne and Attorney General Alberto Gonzales insisted that details still needed to be worked out.

McCain, chairman of the Indian Affairs Committee, had to postpone consideration of the bill, SB 1439, until Congress returns after Labor Day. In the meantime, Interior and Justice Department staff are supposed to be working with the plaintiffs, tribal organizations and the committee to iron out any disagreements.

Kempthorne told McCain that he's committed to finding a settlement solution. He needs to make sure it happens.

The federal government acts as a trustee for tribal land, managing oil, gas, timber and other leases and then distributing the proceeds to individual landowners. For more than a century, the government has bungled the job of handling the Indian trust.

A lawsuit filed in 1996, named for the lead plaintiff Elouise Cobell, claims that more than $100 billion was never paid out. Estimates of how many American Indians are owed money range from 300,000 to

500,000.

The government has dragged this case out through Democratic and Republican administrations, through Interior secretaries appointed by both Presidents Clinton and Bush.

The U.S. Court of Appeals for the District of Columbia, despite repeated rulings in the government's favor on legal points, has strong words to describe the Interior Department's abysmal track record in this case.

"Malfeasance." "Recalcitrance." "Hopelessly inept management."

Millions of dollars have gone into mostly fruitless efforts to reconstruct records that were lost, incomplete or never even kept. Millions of dollars have gone into a new computer system so vulnerable that a hacker showed that it could be broken into within minutes. Two points are glaringly clear:

• The government owes a lot of money to a lot of people.

• No one will ever know how much money is due and how much was distributed but never recorded.

Continued legal wrangling would be an unconscionable waste of time and money.

McCain has floated a figure of $8 billion to settle the case. While the plaintiffs were seeking far more, the sum is a substantial chunk of money, and a reasonable settlement.

The bill includes a solution to the fragmentation of Indian-owned land, which is one of the roots of the financial debacle. Over the years, as property was inherited, the ownership was split up into tiny shares that yield virtually no income but create monumental record-keeping problems. Owners who agree to sell fractional interests, as small as 1/20th or 1/200th of a parcel, would receive an incentive payment above fair market value.

"Justice delayed, is justice denied," said British politician William Gladstone.

All sides should focus in the next few weeks on finding common ground for a settlement in the Indian trust case.

This should be the last delay.

Justice should not be denied any longer.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, August 21, 2006 7:50 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Monday, August 21, 2006
Attachments:	agnb060821.pdf; agnb060821.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, AUGUST 21, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Investigators Eye Afghanistan Link To Foiled Terror Plot 3
Algerians Remain Stuck In Guantanamo 4
Officials Fear Germany Has Become A Target For Islamic Terrorists 4
Battle Over Domestic Surveillance Program Said To Be "Far From Over." 4

Homeland Response:

King Says Airport Screeners Should Consider Passengers' National Origin 5
Herbert Cites Higazy Detention As Example Of "Voodoo Law Enforcement." 5
Governors Oppose National Guard Measure 5
Survey Finds Most Do Not Believe Feds Are Prepared For Hurricane Season 5
Houston Residents Said To Be Growing Weary Of Katrina Evacuees 6

War News:

Snipers Kill At Least Twenty Shiite Pilgrims In Baghdad 7
Iraqi Ambassador Urges US To Stay 8
Carroll's Captor Claims Leadership Role In Insurgency 8
Saddam's Kurdish Genocide Trial Begins Today 9
71 Taliban Fighters Killed In Fight With Afghan Police, NATO Forces 9
NATO Prepares For Global Scope 10

Corporate Scandals:

SEC Lagging In Enforcement Activity 10

Criminal Law:

Suspect In JonBenet Ramsey Murder Returned To US 10
Arrest, Legislation Seen As Doing Little To Deter Online Gambling 11
Pedophiles Extend Reach Online 12
Pellicano Probe Seen As Overhyped 12
US Seeks Interviews, Files In Hinckley Dispute 12
Prosecutor Urges Judge To Deny Bail For Boston Police Officers 13
Prosecutors Play Prison Recordings Of Gotti Sending Money To Mobster 13
Rochester Mayor Pressing For Resolution Of Ferry Probe 14
Four Found Guilty In $170 Million Florida Bank Fraud Case 14
Oregon Lawyer Pleads Guilty To Money Laundering In Investment Scam 14
Employee Injured In Georgetown Jewelry Store Robbery 14
One In Eight Convicted Murderers "Volunteers" To Die 14

Civil Law:

US Blamed For Reversal Of Iraq Contract Fraud Verdict 15
WSJournal Praises Michigan Court's Asbestos Decision 15
NYTimes Says Congress, FTC Should Protect Internet Users' Privacy 15

Civil Rights:

Suspect In 1998 Texas Racial Murder Claims He Was Not At The Scene 16
Mental Health Courts Seen As Compromise Between Incarceration And Freedom 16
Skelton Seeks To Prevent Recruiter Sex Abuse 16
Legal Fight Over Jesus Painting To Continue Despite Theft 16
White Population A Minority In Phoenix, Tucson, Denver 17
Williams Says Civil Rights Fight Endures In "Culture Steeped In Bitterness And Nihilism." 17

Antitrust:

EU Antitrust Watchdogs List Objections To Gaz De France-Suez Merger 17

FBI/DEA/ATF/USMS:
In Philadelphia, Two Arrested In Fentanyl-Heroin Investigation ... 17
Debate Continues On Army's Involvement In Bahamas Anti-Drug Effort ... 18
Southern Arizona Seen As "Hotspot" For Smuggling Activity ... 18
Report: Marion Jones Failed Drug Test At Championships In Indianapolis ... 18
Gang Members Arrested In Florida Raid ... 19

Immigration:
US Catholic Church Said To Favor Immigration ... 19
WPost Decries "Pernicious Image" Of Immigrants ... 19

Tax:
Krugman Opposes IRS Plan To Privatize Tax Collection ... 19

Congress-Administration:
Bush Presidency Said To Be "Humbled." ... 19
Ten Years Later, Debate Over Welfare Reform Continues ... 20
Cold War Missile Totals Treated As Secrets ... 20
Conyers Bill Would Require Hill Notification Upon Pardon Of Executive Employees ... 20
Public Pension Reform Urged ... 21
Senator Delaying Coburn Spending Database Bill Urged To Come Forward ... 21

Other News:
Economy Said To Appear On Track For "Soft Landing." ... 21
Experts Predicting Further Oil Price Decline ... 21
Overregulation Decried ... 22
Shareholders Pressuring Companies To Disclose Political Donations ... 22
Trade Groups Use Internet To Target Citizen Activists ... 22
Some Republicans See Rove As Best Hope To "Head Off Disaster." ... 22
Republicans See Border Security As Key Election Issue ... 23
Democrats Hitting Republicans On Social Security ... 23
Hagel Says GOP Has Lost Its Way ... 23
McCain Predicts GOP Will Keep Senate, Maybe House ... 24
Internal Polls Show Chafee Trailing Laffey ... 24
Murkowski "Struggling" To Keep GOP's Gubernatorial Nomination ... 24
Aides Urge Clinton To Make Plans For 2008 Clear By Next Spring ... 25
Lieberman Calls On Rumsfeld To Resign ... 25
Kerry Says He Wouldn't Have Gone Into Iraq If He'd Been President ... 26
Candidates Fear Being "YouTubed" In Wake Of Allen Incident ... 26
Casey's Lead Over Santorum Shrinking ... 27
Republicans Target Democratic Incumbent In Bush's Home District ... 27
Democratic Candidates Reveal Few Differences In Maryland Senate Debate ... 27
Romney Addresses California GOP Convention ... 27
DNC Shuffles Presidential Nominating Calendar ... 27
EU Countries Delay Committing Troops To Lebanon Peacekeeping Force ... 28
UN Envoy Warns Ceasefire Breaches Could Hamper Peacekeeper Plans ... 29
Israel Said To Be Seeking Higher Level Hamas, Hezbollah "Bargaining Chips." ... 30
Kidnappers Ignore Pleas Of Journalists' Relatives For Release ... 31
Iran Test-Fires Short-Range Missiles, Disavows Enrichment Suspension ... 31
Venezuela Developing Close Alliances In Mideast ... 32
Seoul Downplays Likelihood Of Pyongyang Nuclear Test ... 32
López Obrador Vows More Radical Tactics, Says Mexico "Needs A Revolution." ... 32
Business Leaders Call On Bush To Renew Doha Talks ... 32
Indonesia Expands Investigation Of Possible Bird Flu Cluster 33
Christianity Said To Be Taking Root In China ... 33

The Big Picture:
Headlines From Today's Front Pages ... 33

Washington's Schedule:
Today's Events In Washington ... 34

DOJ_NMG_0050233

TERRORISM NEWS:

Investigators Eye Afghanistan Link To Foiled Terror Plot. Investigators looking into the foiled plot to bomb US-bound airliners have shifted their sights to Afghanistan, according to the Christian Science Monitor (8/21, Montero, 58K). This, after Rashid Rauf, the prime suspect in custody, "divulged his liaison with a high-level Al Qaeda operative possibly based in Afghanistan's Kunar Province." An intelligence official, speaking anonymously, said that Rauf "admitted to traveling to Afghanistan several times since 2002 to meet with the operative, who conveyed commands on Al Qaeda's behalf."

Suspect Married Into Family "Deeply Enmeshed" In Sunni Extremism. The New York Times (8/21, Gall, Jamal, 1.21M) reports that Rauf, who is a "crucial figure" in the plot to bomb US airliners, chose four years ago to settle in a "corner of Pakistan has an undercurrent of sectarian violence and suspicions of links to Al Qaeda that belie the quiet rural image." The Times adds, "What first brought Mr. Rauf to southern Punjab remains as unclear as what role he might have had in any terrorist plot. But one thing is clear: the family he married into is deeply enmeshed in the world of Sunni extremism and sectarian violence, with longstanding connections to Afghanistan and even a link to the killer of the journalist Daniel Pearl."

Dry Run Of Plot To Bomb US Planes Was Set For August 12. U.S. News and World Report (8/20, Ragavan, Kaplan, 2.03M) reports that while British authorities "remained tight-lipped" about many aspects of the case the plot to bring down US airliners over the Atlantic, US officials "say a dry run was scheduled for the weekend of August 12. … In addition, law enforcement sources tell U.S. News, investigators found a videotape of several alleged plotters chatting about how the attacks would be viewed by the world."

Top Zawahiri Aide Believed To Be Mastermind Behind Plot. Time (8/28, Powell, 4.03M) reports that the mastermind behind the plot "is believed to be a senior al-Qaeda operative who may be a top aide to the terrorist group's No. 2, Ayman al-Zawahiri. They would not name the aide, but an official said it was a possibility al-Zawahiri himself may have approved the plane-bombing plan."

Markey Says DHS Should Ban All Cargo From Passenger Planes. U.S. News and World Report (8/28, Marek, 2.03M) reports that Rep. Ed Markey, who has "repeatedly introduced legislation requiring the Department of Homeland Security to screen all cargo placed on U.S. passenger planes for explosives," is now "urging DHS to take cargo off altogether. … Markey and some security experts say the aviation industry, which spent more than $38 million on lobbying in 2004 and 2005, and portions of the business community have helped squash efforts to plug important gaps" in US aviation security.

Growing Number Of Westerners Converting To Islam. Time (8/28, Farouky, 4.03M) reports on the growing number of Westerners who were "reared on other faiths or none at all," and are "converting to Islam." While "figures on conversions to Islam in Western countries are difficult to nail down, it's safe to say that Muslim converts in the US and Europe number in the hundreds of thousands, and anecdotal evidence suggests the number is on the rise. The arrest of at least three English converts in the plot to blow up passenger jets over the Atlantic has raised the troubling possibility that jihadist groups may be drawing some of their most committed operatives from the pool of new believers."

Calls To Kill For Islam Continue Despite UK Law Banning Glorification Of Terrorism. The New York Times (8/28, Mekhennet, Filikns, 1.21M) reports that Britain's Antiterrorism Act of 2006, "makes it a crime to glorify or encourage political violence. … The law's underlying assumption is that speeches and publications by Britain's more extreme Islamists may play a role in leading disgruntled young men toward violence. … Yet despite the antiglorification law, and an array of other measures approved since last summer's bombings, Islamist leaders… persist, some of them declaring it the duty of British Muslims to kill in the name of Islam." The Times adds, "Some British leaders are beginning to publicly question why such clerics are allowed to continue."

Events Overshadow British Efforts To Reach Out To Muslims. The Los Angeles Times (8/28, Frammolino, 918K) reports on "Britain's effort to use community groups and social programs, not just Scotland Yard and handcuffs, to battle violent extremists. Besides detective work, the British government has tried to root out the causes of terrorism among Islamic youths the bureaucratic way. It has generated

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studies and convened working groups that have consulted with 1,000 British Muslims. … Yet little substantial work has been done, in large part because the government's efforts have been overrun by events."

Pakistanis In US Generally More Prosperous Than Those In UK. The New York Times (8/21, MacFarquhar, 1.21M) reports that Pakistanis in the US are "far better off economically and more assimilated culturally than their counterparts in Britain. But some Pakistani-Americans do not rule out the possibility," that plots like the one to bomb US-bound airliners could be hatched in the Pakistani communities in the US, "given how little is understood about the exact tipping point that pushes angry young Muslim men to accept an ideology that endorses suicide and mass murder. The idea of a relatively smaller, more prosperous, more striving immigrant community inoculating against terror cells goes only so far, they say."

Algerians Remain Stuck In Guantanamo. The Washington Post (8/21, Whitlock, 748K) in a 2,410-word front page article reports on six Algerians who were arrested in Bosnia for allegedly plotting to attack the US Embassy: "Today, more than four years later, the six remain locked up at Guantanamo, even though the original allegations about the embassy attack have been discredited and dropped, records show. ... The detainees and their lawyers say they are caught in a trap. They contend that the Pentagon knows the men are not guilty but is unwilling to let them go free because that would be an acknowledgment of a grave error." The highly critical article states, "The case illustrates how difficult it will be to meet President Bush's stated goal to close Guantanamo as quickly as possible."

Officials Fear Germany Has Become A Target For Islamic Terrorists. Following the arrest in Germany of a Lebanese student suspected of trying to blow up two commuter trains, German officials have warned that the country has become a target for Islamic terrorists. USA Today (8/21, Boston, 2.27M) reports that Interior Minister Wolfgang Schaeuble said in an interview on German public television that he feared "strikes by homegrown Muslim radicals." USA adds, "Terrorist attacks in Germany would mark a change of tactics by al-Qaeda and other militant Islamic groups, which have used the country to train, recruit, raise money and gather technical expertise but have avoided striking here."

Battle Over Domestic Surveillance Program Said To Be "Far From Over." U.S. News and World Report (8/28, Halloran, 2.03M) reports that while a judge's ruling challenging the Bush Administration's secret domestic surveillance program appeared to be a "stinging rebuke of President Bush's broad assertions of executive authority, the battle over spying is far from over. The administration obtained a stay to keep the NSA operation running pending a September 7 hearing and plans to appeal the decision to the Sixth Circuit or the US Supreme Court. More challenges to the program are wending their way through the courts. When Congress returns, members will again hash over a proposed GOP bill that would essentially legalize the surveillance program as is."

Judicial Critique Of Bush NSA Surveillance Program Analyzed. On ABC's This Week (8/20), host George Stephanopoulos asked Sen. John Kerry about President Bush's NSA surveillance program. Kerry said, "I'm concerned that President doesn't understand or respect the Constitution sufficiently and is presenting America with a completely false choice. This is a false choice. We can fight war on terror and need to, we can eavesdrop and we need to and we can do it constitutionally. … The fact is the President has overstepped that authority again and again and in Guantanamo Bay with respect to this, and those efforts hurt us in building the kind of consensus you need to fight the war on terror."

On NBC's Meet The Press (8/20, Gregory), Sen. John McCain said he disagreed "with both the rhetoric and the reasoning" of last week's judicial decision on the NSA surveillance program, adding, "And so do most constitutional scholars. It's a very much of an overreach."

On CNN's Late Edition (8/20, Blitzer), Sen. Arlen Specter said Judge Taylor has "expressed her opinion. But I think, ultimately, Wolf, that question has to be answered by the Supreme Court of the United States. I've introduced legislation with the view to have that determined. There is no doubt that the Foreign Intelligence Surveillance Act is being violated, because it requires the exclusive remedy to go to the Foreign Intelligence Surveillance court to get a warrant."

On CNN's Late Edition (8/20, Blitzer), Sen. Dianne Feinstein said, "I also think it's potentially very dangerous for any president to have this wide swath of executive power, because it means that a president could order the wiretapping of the telephone calls of really tens of thousands

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of Americans. And the protection against unreasonable search and seizure would be effectively done away with."

On Fox News Sunday (8/20, Wallace), the Weekly Standard's Bill Kristol said, "It seems like a very weak decision, but politically I don't know which way it cuts. Republicans hope to run against liberal judges and liberal Democrats who don't want to give the president the tools he needs in the war on terror, and I think there's a credible, substantive argument to make there. But Democrats I've spoken to…think, you know, voters don't focus on who appointed this judge. And if a judge says the president overstepped, it gives some credibility to the notion that gee, that maybe the president went too far, a non-partisan judge has now handed down a ruling."

On Fox News Sunday (8/20, Wallace), Roll Call's Morton Kondracke said, "This is a case of the president's power in foreign intelligence gathering. Nobody is being sent to jail because of these intercepts overseas. And the previous court ruling suggests that the court sides with the administration when it comes to his powers on foreign intelligence."

Author James Q. Wilson writes in the Wall Street Journal (8/21, 2.03M), "Federal district court judge Anna Diggs Taylor has ruled that the warrantless interception of telephone and Internet calls between a foreign agent and American persons is illegal and unconstitutional. It is possible that she is right about the illegality, but she is almost surely wrong that it is unconstitutional. … The constitutional arguments against the surveillance are unpersuasive." Wilson adds, "We must be prepared to take reasonable steps to protect ourselves. The Constitution, as Justice Robert Jackson said, is not a suicide pact. But neither is it a blanket authorization for any executive action. Congress ought to be able to clarify how far we can go. It will be interesting to see who votes for and who against a reasonable authorization for a bolder antiterrorism measure."

HOMELAND RESPONSE:

King Says Airport Screeners Should Consider Passengers' National Origin. Rep. Peter King said on Fox News Sunday (8/20, Wallace), "We should put political correctness somewhat to the side and say that a screener or even an airline should have the right to factor in a person's national origin. … The fact is the overwhelming odds are that it is going to be someone of Middle Eastern or South Asian descent and of the Muslim faith. And I think a screener should be allowed to factor that in as one of many factors."

Herbert Cites Higazy Detention As Example Of "Voodoo Law Enforcement." In his New York Times (8/21, 1.21M) column, Bob Herbert calls the case of Abdallah Higazy – detained by the FBI in the post-9/11 terrorism investigation over allegations that he had an aviation radio in his hotel room – "a blatant abuse of the material witness statute. People arrested as material witnesses are supposed to be just that," but "Higazy was held as a material witness while investigators searched for something to pin on him," and "eventually Mr. Higazy was coerced into saying that the radio was his by an F.B.I. agent." Herbert adds, "Once we had voodoo economics. Now, in the age of terror, we have voodoo law enforcement."

Governors Oppose National Guard Measure. The Tampa Tribune (8/21, Lardner) reports, "Gov. Jeb Bush and the nation's other state chief executives are opposing legislation that would allow the president to federalize the National Guard without gubernatorial consent. The plan is part of a defense spending bill in the House of Representatives and authorizes the White House to take control of Guard units in the event of a serious natural or man-made disaster in the United States." An August 6 letter from the governors says the proposal "represents an unprecedented shift in authority from governors as commanders in chief of the Guard to the federal government." The letter continues, "We are responsible for the safety and welfare of our citizens and are in the best position to coordinate all resources to prepare for, respond to and recover from disasters."

Survey Finds Most Do Not Believe Feds Are Prepared For Hurricane Season. The Washington Post (8/21, A13, Lee, Asthana, 748K) reports on a national survey by the Kaiser Family Foundation found that less that half of those polled "said they thought the government is 'very prepared' to deal with this year's hurricane season. Only half agreed that the federal government had 'learned a lesson from Hurricane Katrina.'" The Post adds, "It is an assessment the administration strongly disputes." Friday, at an event entitled "Government after Katrina: Lessons Learned," FEMA Director R. David Paulison, "acknowledged that some 'extraordinary criticism'

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FEMA received was 'frankly deserved.' But he promised the room packed with media and charity workers that the agency is learning." Meanwhile, "70 percent of those surveyed said most individuals still have not gotten the help they need with housing, health care and restoring their lives."

HHS IG Calls For Improved Emergency Planning At Nursing Homes. The Washington Post/AP (8/21, A13) reports on a report by the inspector general for the US Department of Health and Human Services that Gulf Coast nursing homes with plans to evacuate residents for in the event of a hurricane "experienced a range of problems, including transportation agreements that fell through, long trips, and a lack of food, water and medicine. Meanwhile, nursing home administrators who decided not to move residents reported fewer problems, particularly when it came to the health of the residents." The IG "called on the federal government to strengthen certification standards for nursing homes' emergency planning. … Not addressed in the IG's report are 56 deaths at two Louisiana nursing homes that failed to carry out evacuation plans during Hurricane Katrina."

Houston Residents Said To Be Growing Weary Of Katrina Evacuees. The Los Angeles Times (8/21, Bustillo, 918K) reports that nearly a year after Katrina, there are as many as 150,000 evacuees still live in Houston, "and increasingly many are indicating that they no longer plan to go home. To many Houstonians, that's overstaying the welcome." The city's "homicide rate has shot up 18% since the storm, and police statistics show that one in every five homicides in the city involves a Katrina evacuee as suspect, victim or both." The Times adds that while Houston Mayor Bill White "and other civic leaders remain committed to helping hurricane victims rebuild their lives," the city's "residents are fed up with rising crime, and some are upset that evacuees could end up being a financial drain on the city."

Poll Finds Most Katrina Evacuees Say Lives Are Not Yet "Back To Normal." USA Today (8/21, Page, Risser, 2.27M) reports on its front page that a USA TODAY/Gallup Poll of 602 Katrina evacuees from Louisiana, Mississippi and Alabama has found "that just 16% say their lives are back to normal. While most people are still in their homes and back on the job, many report they are struggling with finances, battling with contractors and suffering emotional strain. Among those with children younger than 18, 56% say their kids have been affected in negative ways." Meanwhile, "The number relocating is 'startling,' especially for such previously stable communities, says William Frey, a demographer at the Brookings Institution."

Battered Women Have Few Options Following Katrina. NBC Nightly News (8/20, story 7, 2:35, Seigenthaler, 9.87M) reported that in "what may be a second wave of victims from Hurricane Katrina," women in abusive relationships that evacuated after the storm are finding it difficult to escape because they "have no where to go." Sergeant Ernie Joseph, who runs the New Orleans Police Department's domestic violence unit, was shown saying, "The factors I see contributing to our cases are losing everything that you owned, dealing with the insurance company, dealing with the contractors and dealing with FEMA and living in a small, confined trailer." NBC (Brown) continued, "Even before Katrina women were often reluctant to testify against the men who abused them. Some victims have given up entirely on the criminal justice system."

Late Planning Put Reorganization Of New Orleans Schools At Risk. The New York Times (8/21, Saulny, 1.21M) reports on the "inauspicious" start of the school year in New Orleans. Hurricane Katrina "offered one of the worst school districts in the nation an opportunity for rebirth in the Recovery School District." The RSD was intended "to help the schools meet national performance standards and match the state graduation rate, among other things." But it is "at risk now because of a late start to planning for the school year." The district "has only 10 administrative staff members" and some buildings are not ready and teachers have yet to be hired. That "has deflated some of the optimism many residents had when they heard about the state taking over schools that the city had mismanaged over the years."

Spike Lee Katrina Film Said To Reduce Disaster "To A Black Problem." Nicholas Kulish writes in the New York Times (8/21, 1.21M) that Spike Lee's HBO documentary about Hurricane Katrina contains "moments of such sheer emotional force…that words cannot adequately describe them." The film "also sets the record straight on the false reports that spun out of the chaos, stories about men raping babies and shooting at helicopters, which portrayed the victims as savages." However, Kulish says Lee "undermines" the attention he could bring to storm's victims "whenever his film reduces Katrina to a black problem. Without quite endorsing them, Mr. Lee presents the utterly unfounded charges that the failed levees were blown up to flood poor black neighborhoods."

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WAR NEWS:

Snipers Kill At Least Twenty Shiite Pilgrims In Baghdad. ABC World News Tonight (8/20, story 5, 0:15, Harris, 8.78M) reported, "In Iraq today, an attack of breathtaking brutality, one that stands out even against the daily drum beat of violence in that country. Snipers hiding on rooftops and behind tombstones opened fire on a religious procession. Hundreds of thousands of Shi'a pilgrims making their way to a shrine in Baghdad. At least 20 of those pilgrims died and 300 were injured as they panic and ran."

NBC Nightly News (8/20, lead story, 1:00, Boettcher, 9.87M) reported, "Security forces were determined to keep things safe assigning additional troops to the capital and imposing a three-day curfew. 'We have put in place a security plan which God willing we hope will deal with the security situation,' said this Iraqi general. It didn't work. … The increased violence comes despite the fact US and Iraqi forces moved more forces into Baghdad. Controlling sectarian Baghdad is priority number one and a challenge yet unmet."

The Washington Times/AP (8/21, Joshi) reports "about 300 people were injured, mostly when they fell while running to escape gunfire in Sunni Arab-dominated areas along the parade routes. In one neighborhood, gunmen hid behind tombstones at a Sunni cemetery." However, "it was relatively quiet elsewhere in Iraq, with eight killings reported in other areas."

USA Today (8/21, 2.27M) reports "police said four gunmen, including two snipers, were killed by security forces." The attackers "struck as US and Iraqi troops have been trying to boost security in Baghdad, which has been wracked by suicide bombs and shootings. About 12,000 extra U.S. and Iraqi troops have deployed in recent weeks. Hundreds of people have died this month in terror attacks."

The New York Times (8/21, Von Zielbauer, 1.21M) reports, "The American military released a statement late Sunday that seemed to play down the deaths. 'Iraqi military and civil leaders provided a comprehensive security plan to ensure there would be no recurrence of violence that marred last year's event,' the American statement said. 'As a result, there were no major attacks.'" The Los Angeles Times (8/21, McDonnell, 918K) also reports that "despite the gunplay, US and Iraqi officials argued that a Draconian weekend security clampdown, including a two-day ban of most vehicular traffic in the capital, helped avert a higher death toll as more than 1 million Shiites headed on foot to the shrine. No major attack was reported at the bustling shrine site." An Interior Ministry "official labeled the security dragnet, which also included the posting of thousands of police and troops at the shrine and along its access roads, as 'an extraordinary success,' given the potential for mass casualties in the incendiary climate of contemporary Iraq." The Times adds, "Last year, almost 1,000 pilgrims were killed during a stampede sparked by fears of a suicide attack that culminated in a human crush on the Aima Bridge over the Tigris River."

The Washington Post (8/21, A10, Paley, 748K) notes "the U.S. military reported 'relatively little violence,'" a "sign of just how routine the intense sectarian bloodshed in the capital has become."

Lawmakers Split On Sectarian Violence. NBC Nightly News (8/20, story 2, 2:00, Jordan, 9.87M) reported, "Top congressional leaders say the shootings and bombings between Shiites and Sunnis has them increasingly worried about the US's role in Iraq," with "one senator" calling the situation in Iraq "dire." Sen. Chuck Hagel: "I think there is a civil war going on in Iraq. We have been dealing with that for the last several months." Jordan: "As President Bush returned to the White House his spokesman said there is sectarian violence but no civil war. Is the US winning?" Sen. John McCain: "I don't think so, but I don't think it's turned into a civil war." Jordan: "Senator McCain's solution is more US forces along side the Iraqi army. Senator Joe Lieberman agrees but he said he would consider other options." Sen. Joe Lieberman: "If the place collapses then we have to be realists and the President and Congress have to council together about how to conduct ourselves." Jordan: "Despite the continued violence and the threat of civil war, Senator McCain said the situation can be turned around." McCain: "There are good things happening. We did have a free election and functioning government. There are some parts of the country where things are good. It is not all bad news."

On NBC's Meet The Press (8/20, Gregory), McCain said he thinks additional US troops are needed in Iraq, noting, "We took troops from places like Ramadi, which are still not under control, to put them into Baghdad. We've had to send in additional troops as they are." While he said he has had "strong differences with Secretary Rumsfeld" on Iraq, but McCain added his continuation in office is "up to the president of the United States." McCain later qualified his

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remark, saying, "I've been asked a number of times if I had confidence in Secretary Rumsfeld and the answer is no."

Fox News Sunday (8/20, Wallace) interviewed Sen. Chuck Hagel, who said, "The fact is the future of Iraq will be determined by the Iraqi people just like it was in Vietnam. The answer, in my opinion, is not to just keep feeding more American troops into it. The Iraqi people have already made some decisions here. We, in fact, are in probably a low grade, maybe a very defined, civil war. … Now they must govern themselves. They must support themselves."

On NBC's Meet The Press (8/20, Gregory), John Harwood of the Wall Street Journal said, "If this war becomes perceived as a civil conflict, that's when you see, according to some of the experts who look at public opinion, that's when you could see the bottom drop out in terms of public support. It hasn't happened yet. You know, the public is pessimistic, David, but they—if you ask them should we get out in an immediate and orderly way, in our Wall Street Journal/NBC poll, two-thirds of the American people say no. They're still hanging in. They're taking the attitude that we can't just leave."

Kerry Says New Congressional Vote On US Troops In Iraq Needed. On ABC's This Week (8/20), host George Stephanopoulos asked Sen. John Kerry if he agreed with Sen. John Warner's suggestion that Congress would need to vote on a new authorizing resolution for US troops in Iraq if that country was engaged in a civil war. Kerry said, "Yes, I do agree with that. I would vote clearly to set a date. I've said we have to set a date for the withdrawal of American forces. We have to shift the responsibility to Iraqis."

Counterinsurgency Police Urged For Iraq. In the New York Times (8/21, 1.21M), Vietnam veteran Terence Daly writes, "There is a difference between killing insurgents and fighting an insurgency. In three years, the Sunni insurgency has grown from nothing into a force that threatens our national objective of establishing and maintaining a free, independent and united Iraq ... A properly planned counterinsurgency campaign moves the population, by stages, from reluctant acceptance of the counterinsurgent force to, ideally, full support." Instead of relying on the military, Daly recommends creating "a professional police organization specifically for creating and keeping public order in cooperation with American or foreign troops during international peacekeeping operations. ... The force should include light armored cavalry and air cavalry paramilitary patrol units to deal with armed guerillas, as well as linguistically trained and culturally attuned experts for developing and running informants."

More Commentary. NBC's Meet The Press (8/20, Gregory) interviewed Dr. Vali Nasr, author of The Shia Revival. Asked if he thought Iraq was engaged in civil war, Nasr said, "Not yet, but it seems that all sides are acting as if they're expecting it to happen. You know, building their forces, they're trying to get a strong position within Baghdad itself, they're ethnic cleansing the neighborhoods. And the forces that are keeping that country together are gradually losing ground to the forces that are pulling it apart."

Iraqi Ambassador Urges US To Stay. In an op-ed piece for the Washington Post (8/21, 748K), Iraqi Ambassador to the US Samir Sumaida'ie writes that Iraq War skeptics like Thomas Friedman seek "to abandon the region to religious fanatics and Baathist terrorists. It is nothing but a declaration of defeat dressed up to look like a vision for the future." Sumaida'ie responds that a withdrawal of US forces "would encourage all the enemies of the United States -- and they are many -- to be bolder and readier to challenge its interests everywhere. A new super-radical, geographically contiguous bloc would be born: Iran, Syria and a radicalized, totalitarian, fragmented Iraq." To overcome the insurgency, Sumaida'ie suggests that the US support the Iraqi government's attempt to disarm the militias, apply "maximum pressure on regional powers to refrain from undermining security in Iraq," and rally "the people to oppose the extremists in their midst." He states pointedly, "The United States cannot escape responsibility for the current situation in Iraq."

Carroll's Captor Claims Leadership Role In Insurgency. In part six of a 10-part series about her kidnapping and captivity in Iraq, Jill Carroll writes in the Christian Science Monitor (8/21, 58K) of her early decision to study Islam with her captors. Carroll writes, "In the beginning I was an eager student, as I saw how much it pleased them whenever I showed an interest in learning. But I soon realized I had made a dangerous mistake. The more I let my captors teach me, the more they expected me to convert." She also writes that her captors' leader, Abu Nour, told her he was Abdullah Rashid, new leader of the Mujahideen Shura Council in Iraq, a leading group in the insurgency. Carroll writes, "At various times, I heard my captors discussing changes in their plans because of directives from the council

DOJ_NMG_0050239

and Zarqawi, including one in Arabic I only partially understood: something about how my case should be resolved 'without money and without killing.'"

In a sidebar, the Christian Science Monitor (8/21, Murphy, 58K) reports, "The MSC was a little-known group at the time of Carroll's Jan. 7 kidnapping. But on Jan. 15, the group was formally announced as a front for Iraqi and foreign mujahideen, or holy warriors, in an Internet statement. Abdullah Rashid al- Baghdadi - a pseudonym - was named its emir, or leader." The Monitor adds, "The group has emerged as the largest disseminator of propaganda for the Sunni Arab insurgency in Iraq. ... Evan Kohlmann, author and expert on al-Qaeda propaganda, says, "My understanding is that the MSC is like a front group. … I would say that if Abdullah Rashid were really the significant leader the MSC portrays him as, then he probably would have taken over Al Qaeda from Zarqawi. Since he hasn't, that's an indication to me that he's more of a front man."

Saddam's Kurdish Genocide Trial Begins Today. ABC World News Tonight (8/20, story 6, 0:15, Harris, 8.78M) reported, "In Iraq, tomorrow, a new trial begins for Saddam Hussein." ABC (McCarthy) added, "This is the big one, Dan. Tomorrow, Saddam Hussein is due in court to face charges of genocide. That's in relation to the massacre of some 100,000 Kurds, in the so-called campaign." The AP (8/21, Rageh) says "the case against Saddam and six co-defendants is tied to the deaths of tens of thousands of people during the Iraqi army's 'Operation Anfal' -- Arabic for 'spoils of war' -- and prosecutors are seeking the death penalty."

The New York Times (8/21, Wong, 1.21M) runs a similar story under the headline "As Trial Nears, Poison Attack Haunts Kurds," in which it says "the scope of the Anfal campaign dwarfs that of the first case brought against Mr. Hussein. The first trial, in which Mr. Hussein and seven others are charged with killing 148 men and boys from the Shiite village of Dujail, began last October and is nearly at an end, with a five-judge panel expected to deliver a verdict in two months." In the Anfal case, the defendants "are accused of killing at least 50,000 Kurds and destroying 2,000 villages in an eight-stage military campaign from February to September 1988."

On its front page today, the Washington Post (8/21, A1, Raghavan, 748K) details Iraqi Kurds' "long wait for justice" as the trial of Saddam Hussein and Ali Hassan al-Majeed begins. "Across the Kurdish region of northern Iraq, the Anfal trial is raising a flurry of expectations and emotions. In interviews Sunday, survivors said they were living proof of Hussein's atrocities, and, in their minds and hearts, they have already convicted him. Still, the trial, they said, is the biggest development in 18 years to bring the justice that has long eluded them." However, the Post says, the trial "is also a painful reminder of the immense, and irreversible, losses they've suffered. … Shattered villages lie silent, their stone homes left in ruins. Sons grow up without fathers, and widows struggle to provide for their children. Women remain unmarried in the hope their husbands, who disappeared 18 years ago, will miraculously return." The Post explains, "Human rights groups have estimated that as many as 100,000 Kurds were murdered. Several thousand villages in the Kurdish region were attacked, bombed, or gassed with mustard gas, the nerve agent sarin or other chemical weapons. Residents were rounded up and forced into detention centers, where they were beaten, tortured and sometimes executed."

The Financial Times (8/21, Negus) reports, "The case is the second of a dozen prepared against members of the former Iraqi leader's regime," and "this new case is considered more complex. … The campaign took place at the end of the Iran-Iraq war, when Iraqi forces attempted to quell a Kurdish insurgency by depopulating large sections of countryside. They also allegedly carried out the systematic execution of all military-aged males from the targeted areas."

Calling this trial a "test" for the tribunal, the Wall Street Journal (8/21, Shishkin, 2.03M) says, "Much attention will focus on the ability of the Iraqi High Tribunal to hold fair and efficient proceedings and to counter the perception of a lack of legitimacy and due process that has marred the court since its inception three years ago." And the AP (8/21, Rageh) reports "a new legal chapter opens Monday for Saddam Hussein when the ousted Iraqi leader goes on trial for a second time, charged with genocide and war crimes from his scorched-earth offensive against Kurds nearly two decades ago."

71 Taliban Fighters Killed In Fight With Afghan Police, NATO Forces. USA Today (8/21, 2.27M) reports, "Afghan police, backed by NATO aircraft and artillery, killed 71 suspected Taliban militants who attacked a police convoy in the Panjwayi district of Kandahar province, District Chief Niaz Mohammad Sarhadi said Sunday." A NATO statement said "its forces had no casualties."

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The New York Times (8/21, Wafa, 1.21M) says "the fighting was in the Panjwai district west of Kandahar, the main city of southern Afghanistan and the former spiritual capital of the Taliban."

The AFP (8/21, Shoaib) reports the fighting began when "the Taliban stormed the town, 35 kilometres (20 miles) west of the main southern city of Kandahar, from three directions and began fighting with local police. Reinforcements from the Afghan army and police and NATO's International Security Assistance Force surrounded the area and returned the attack, a police official said."

NATO Prepares For Global Scope. The Christian Science Monitor (8/21, LaFranchi, 58K) reports on NATO's effort to "redefine itself for the 21st century." The Monitor says, "The answer has been for an expanded NATO -- now including some of the very Eastern European nations that were formerly considered the enemy -- to broaden its sense of defense and to take on out-of-area challenges that are seen as crucial to global security broadly and the West's well-being specifically." It has deployed in Afghanistan, its first deployment outside Europe, causing the leadership of some countries to "hold their breath." NATO has other concerns, such as low military spending by many members and fear of overly rapid admission of new members; however, "in an era of growing pessimism about the utility of international institutions, NATO has won respect among the doubters."

CORPORATE SCANDALS:

SEC Lagging In Enforcement Activity. USA Today (8/21, Farrell) reports, "The Securities and Exchange Commission, which has lost several hundred staff positions as a result of budget constraints this year, is struggling to keep up the level of enforcement activity that it attained after accounting frauds were exposed at Enron and WorldCom several years ago." USA continues, "Through July, or 10 months into the SEC's 2006 fiscal year, the agency had filed 492 enforcement actions, says spokesman John Nester. … At the current rate, the SEC would end up filing about 590 cases for the current fiscal year, a slight drop from the 630 cases filed from Oct. 1, 2004, through Sept. 30, 2005. … But former SEC lawyers, as well as Nester, caution that the final months of the SEC's fiscal year usually generate a flurry of enforcement activity. Thus, the results for fiscal 2006, the first full year under commission Chairman Christopher Cox, could top the 630 cases filed last year." USA adds, "Still, even if the SEC tops the record number of enforcement actions brought after the bankruptcies of Enron and WorldCom (679 in fiscal 2003), this year's number could be deceiving. The reason: the SEC's new focus on yanking delinquent filers from the public markets. … Beginning in fiscal 2005, the SEC became more aggressive about deregistering companies that had become delinquent in making their required quarterly filings with the regulatory agency. That year, the SEC filed 33 such actions, effectively removing dormant or defunct businesses from the roster of publicly traded companies. … While such actions are important, and are intended to prevent bad actors from using shell companies to deceive investors, they require less work than a thorough investigation of accounting fraud, says Stephen Crimmins, a former SEC attorney now at Bingham McCutcheon."

CRIMINAL LAW:

Suspect In JonBenet Ramsey Murder Returned To US. ABC World News Tonight (8/20, 2:30, lead story, 2:45, Harris) reported that John Mark Karr "left Thailand clearly thriving on the attention, seeming to enjoy himself on the way. That will come to a abrupt end when he lands here in the United States. It's likely he'll be kept in Los Angeles before being brought" to Boulder County, CO, jail.

The Los Angeles Times (8/21, Silverstein, Rubin) reports, "John Mark Karr, the suspect in the slaying of 6-year-old JonBenet Ramsey, arrived in Los Angeles on Sunday night aboard a Thai Airways International flight from Bangkok." The Times continues, "Federal immigration officials processed Karr shortly after he arrived at Los Angeles International Airport. He was taken into police custody on a Colorado warrant, informed of the charges against him and taken to the Twin Towers Jail in downtown Los Angeles, officials said. … Karr will be held in isolation at the jail to protect him from other inmates, according to sheriff's spokesman Deputy Rick Pena. … 'Accused child molesters are targets for some of the other criminals in there,' he said. " The Times notes, "Colorado authorities said Karr had to be arrested in California and go through an extradition process, rather than simply being put on a connecting flight to Boulder, because of rules that regulate the transfer of accused criminals from one state to another. Los Angeles court officials said Sunday night that an extradition hearing had not yet been scheduled. … Carolyn French, a spokeswoman for

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the Boulder County district attorney's office, said that if Karr agreed to the extradition, he could be flown to Colorado as soon as a day after the hearing. But if he contests it, she said, he could remain in Los Angeles up to 30 days."

The New York Times (8/21, Blumenthal) reports, "An Associated Press reporter on the flight wrote that Mr. Karr chatted amiably with other passengers at the gate in Bangkok, and that once on the plane, seated at a window in business class with three federal and Boulder County escorts, he sipped champagne and drank beer and chardonnay with a meal of fried prawns, amid some speculation that investigators might have been trying to get him to open up. … Mr. Karr's arrest last Wednesday was initially proclaimed by some to be the long-sought breakthrough in a gruesome mystery. But in the ensuing days, his arrest and public confession to being with JonBenet at the time of her death have proved less than definitive amid persistent questions about the strength of the case."

The Washington Post (8/21, A4, Corben) reports, "Karr's departure left many questions unanswered about the man who said he was with JonBenet when she died. JonBenet, 6, was found strangled and beaten in the basement of her family's home in Boulder in December 1996. … The Boulder County district attorney said last week the investigation was at an early stage. Thai police say swabs had been taken from Karr for DNA testing. Reports said a further DNA test will be carried out once Karr is handed over to prosecutors. … Suwat said Thailand had revoked Karr's visa and had no comment about the reports Karr had sought to have a sex-change operation." The Washington Times (8/21, Ehrlich) also reports on Karr's flight to the US.

Boulder DA Under Pressure To Make Case. The Washington Times (8/21, Richardson) reports, "Karr's return to the United States puts Boulder County District Attorney Mary Lacy in the hot seat. … If she can make the case that Karr killed JonBenet Ramsey 10 years ago, as she says, her legacy would be assured as the prosecutor who finally solved what had been deemed the perfect crime. … If not -- if it turns out Karr is merely, as skeptics suspect, an obsessed fan and serial confessor who never set foot in Colorado -- then Mrs. Lacy risks compounding the Boulder County justice department's reputation for bungling with another Ramsey-related embarrassment." The Times adds, "Within days of Karr's arrest Wednesday in Bangkok, questions were mounting about whether her office had overreached by bringing him in before the case was solid. Although she was tipped off about Karr in May, investigators did not start gathering evidence from some key witnesses, notably his ex-wife, until after his arrest. … Lara Knutson, who married Karr when she was 16, has yet to be interviewed by Boulder investigators, her attorney, Michael Rains, said last week, although he noted that he has been in contact with Boulder officials since the arrest. … Her recollections could be critical to the case, because she says he spent Christmas 1996 with her and their children in Alabama. Six-year-old JonBenet was found beaten and strangled in her family's Boulder home Dec. 26, 1996."

Arrest, Legislation Seen As Doing Little To Deter Online Gambling. USA Today (8/21, Swartz) reports, "The recent arrest of a high-profile online gambling executive and a federal bill outlawing virtual wagers are generating headlines but will do little to curb the multibillion-dollar industry, gaming experts say." USA continues, "Former BetOnSports.com CEO David Carruthers is scheduled to appear in a St. Louis federal court Monday. He and his company are charged with mail and wire fraud and money laundering. .. His arrest in Dallas last month initially drove down shares of offshore operations such as PartyGaming and Sportingbet. It follows an indictment of another gambling executive and an anti-online gambling bill in Congress. Gaming experts say it does not signal a crackdown, as more sites emerge for poker players and sports fans, and online gambling stocks creep back up. … 'One down, another 2,299 (gaming) sites to go,' says Joseph Kelly, an online gaming expert who is a professor at SUNY College Buffalo." USA adds, "BetOnSports, which was delisted from the London Stock Exchange, has fired Carruthers and vowed to press on outside the USA. … The Wire Act of 1961 makes it illegal to bet online. But the law is nearly impossible to enforce, and nearly 80 countries allow wagers online. The $12 billion industry is expected to soar to $24.5 billion by 2010, says researcher Christiansen Capital Advisors. … Because BetOnSports is a regulated UK firm, the U.S. government can do little, says Ken Dreifach, an Internet lawyer who once worked for New York state Attorney General Eliot Spitzer. … The Justice Department is 'as vigilant as ever,' spokeswoman Jackie Lesch says. .. Yet arrests are rare. The only person convicted on federal charges of running an illegal offshore Internet gambling operation was Jay Cohen of World Sports Exchange. He served more than a year in a federal prison. The company is still in business."

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The New York Times (8/21, Richtel, Timmons) reports, "How much more of a gamble has it become to own a piece of an Internet casino? Is it a sucker's bet, or the chance to buy low and score a big payday? … The questions have intensified since BetOnSports, an online sports betting company traded on the London Stock Exchange, stopped taking bets from the United States after the Justice Department charged the company and current and former executives with operating an illegal gambling operation." The Times continues, "Investors and industry analysts, who have long said that owning shares in Internet casinos involves serious risk, nonetheless expressed surprise at the move by prosecutors. They say the development, coupled with legislation in Washington that could clamp down further on the industry, has created new cause for concern. … And yet investors keep coming." The Times adds, "The indictment of BetOnSports prompted a big sell-off in the shares of publicly traded online casinos, but the sector has rebounded. Some industry analysts even call this a buying opportunity. … Greg Harris, an online gambling analyst for Canaccord Adams, a British investment bank, said many investors seemed undaunted by what they viewed as American bluster that could not stop the industry. … 'You can throw a lot of things to scare them, but there are still guys finding value,' Mr. Harris said of investors bullish on online casinos. He said he also believed that panicked overselling had made some Internet gambling stocks cheap now. … That sentiment is not universal. The controversy swirling around BetOnSports has raised questions about whether other companies might soon be in the Justice Department's sights, industry executives and analysts said."

Pedophiles Extend Reach Online. The New York Times (8/21, Eichenwald) reports on online conversations among pedophiles. The Times reports, "What started online almost two decades ago as a means of swapping child pornography has transformed in recent years into a more complex and diversified community that uses the virtual world to advance its interests in the real one. … Today, pedophiles go online to seek tips for getting near children — at camps, through foster care, at community gatherings and at countless other events. They swap stories about day-to-day encounters with minors. And they make use of technology to help take their arguments to others, like sharing online a printable booklet to be distributed to children that extols the benefits of sex with adults." The Times adds, "The community's online infrastructure is surprisingly elaborate. There are Internet radio stations run by and for pedophiles; a putative charity that raised money to send Eastern European children to a camp where they were apparently visited by pedophiles; and an online jewelry company that markets pendants proclaiming the wearer as being sexually attracted to children, allowing anyone in the know to recognize them. … These were the findings of a four-month effort by The New York Times to learn about the pedophiles' online world by delving into their Internet communications. In recent months, new concerns have emerged about whether the ubiquitous nature of broadband technology, instant message communications and digital imagery is presenting new and poorly understood risks to children. Already, there have been many Congressional hearings on the topic, as well as efforts to write comprehensive legislation to address the issue. … But most of those efforts have focused on examining particular instances of harm to children. There have been few, if any, recent attempts to examine the pedophiles themselves, based on their own words to one another, to gain a better recognition of the nature of potential problems."

Pellicano Probe Seen As Overhyped. The AP (8/21, Risling) reports, "Hollywood has had its share of blockbusters this summer with pillaging pirates and returning superheroes, but an off-screen reality show starring a private eye accused of running a widespread wiretapping scheme hasn't lived up to its billing." The AP continues, "Federal prosecutors said months ago that at least one more indictment was coming in the case against private detective Anthony Pellicano and 13 other suspects charged with conspiracy, wire fraud and other crimes. … That disclosure ignited speculation on movie sets and in corporate offices about who might be indicted. … However, no new defendants have been named since 'Die Hard' director John McTiernan was charged in early April." The AP notes, "Now, the case has lost its sizzle and sent the entertainment industry searching for scandal elsewhere. … 'The beef on the bun has been smaller than the promotion,' said publicist Michael Levine, whose clients have included pop star Michael Jackson and actor Charlton Heston. … 'Right now what is being talked about is all the hype associated with this,' he said."

US Seeks Interviews, Files In Hinckley Dispute. The Washington Times (8/21, McElhatton)

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reports, "The U.S. Justice Department is seeking a court order requiring would-be presidential assassin John W. Hinckley Jr. to cooperate with federal psychiatrists before he is given more freedom from a D.C. mental hospital." The Times continues, "The U.S. attorney's office also asked a judge Friday for access to all of Hinckley's medical files and for permission to hold taped interviews with the 51-year-old mental patient, who was found not guilty by reason of insanity for shooting President Reagan in 1981." The Times adds, "The Washington Times reported last week that Hinckley's attorneys planned to seek an expansion of conditions for his release from St. Elizabeths Hospital in the District. .. . A hearing on the issues is set for Nov. 6, a spokesman for the U.S. attorney's office said last week." The Times notes, "The two government psychiatrists, Dr. Robert F. Patterson and Dr. Robert T.M. Phillips, who were requested by the U.S. attorney's office, have examined Hinckley previously. … Hinckley's attorneys do not object to the request for his cooperation with the psychiatrists, court records show."

Prosecutor Urges Judge To Deny Bail For Boston Police Officers. The AP (8/19, Trujillo) reported Boston police officers Roberto Pulido and Carlos Pizarro "are a flight risk and danger to the community, partly because of threats one made against the children of his associates, prosecutors said Friday. … U.S. Magistrate Judge Joyce London Alexander did not immediately rule Friday on either case." The AP notes Assistant U.S. Attorney John McNeil "pointed to conversations between Pulido, undercover FBI employees and a cooperating witness, in which Pulido threatened the lives of those involved in the plot, as well their children," but "Pulido's attorney, Rudy Miller, countered that Pulido was investigating the cooperating witness and eventually hoped to make his own arrests. The comments he made about children were 'puffery,' Miller said."

The Boston Globe (8/19, Murphy, 425K) notes, "In a conversation secretly recorded by the FBI on May 24 and played by prosecutors during a bail hearing…Pulido said he approached three officers about helping him guard drug shipments and told them, 'You're my family, but as family does, family sticks to their own.' He said he warned them, 'If something goes bad and they're at fault, somebody is going to pay, either with their life or their children's lives, and as soon as they hear that, they're like, OK -- they back off. The only ones that step forward are the ones that I trust.'" The Globe adds FBI Special Agent Michael Kreizenbeck testified that "after his arrest Pulido said that he was investigating the purported drug dealers and that his 'long range plan was to get to the kingpin and turn him in.' However, the agent said Pulido hadn't filed any reports with the Boston Police Department about his alleged investigation."

Pulido, Drug Dealer Had Long Personal Association. In a lengthy examination of Pulido's long connections with drug dealer and FBI informant Troy Lozano, the Boston Globe (8/20, Smalley, 425K) reported, "The neighborhoods around Hyde and Jackson squares were tough." Pulido "went one way, eventually buttoning up the blue Boston Police Department uniform his father, a store security guard, had always wanted," and Lozano "went another way, embracing thrills and fast money, drugs and violence. But then, two decades later, the police officer and the career criminal found each other again, forming a bond that drew Pulido deep into the world from which his father had tried to keep him."

Prosecutors Play Prison Recordings Of Gotti Sending Money To Mobster. The New York Daily News (8/19, Zambito, 729K) reported, "John A. (Junior) Gotti asked his lawyer to send $500 to a Rhode Island mobster long rumored to be behind the murder of a Howard Beach neighbor who accidentally ran down Gotti's younger brother in 1980. In a prison chat intercepted by the feds, Gotti spelled out Richard Gomes' name for his attorney, Richard Rehbock, and gave him a prison address in Cranston, R.I., where he could send the money. 'He was very dear to my father,' Gotti told Rehbock in a March 11, 2004, conversation prosecutors played for jurors during the first day of testimony in the mob scion's racketeering retrial." The Daily News noted, "The prison tapes show Gotti was keeping a close tab on the woes of other Gambino crime family members -- an interest prosecutors say shows he never quit the mob. His attorneys say he was just gossiping about pending cases of men he knew."

The AP (8/19, McShane) noted that "the case against Gotti will rely heavily on the testimony of mob turncoats, including his lifelong friend Michael 'Mikey Scar'" DeLeonardo, an admitted three-time murderer. In the same jailhouse talk with Rehbock, the now 42-year-old Gotti made his feelings about such informants clear. 'Some guys really fall to pieces when they see this,' said Gotti, referring to his prison surroundings. … Gravano ... I mean he was a

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legendary soldier in the street. … He got to jail, he fell to pieces.'"

Rochester Mayor Pressing For Resolution Of Ferry Probe. The New York Times (8/21, York, 1.21M) reports on the investigation of the failed Rochester fast-ferry, noting, "Last month, the state comptroller, Alan G. Hevesi, issued an audit that was highly critical of former city officials. … Mayor Robert J. Duffy, who took office in January after" former Mayor William A. Johnson "retired after 12 years in office, is pressing the Federal Bureau of Investigation to wrap up its yearlong probe into whether the failed venture stretched into criminality. He said he would like to see a federal grand jury impaneled to help investigate. Mr. Johnson has denied any mismanagement on his watch, but Mayor Duffy said, 'There are unanswered questions that need to be explained.'"

Four Found Guilty In $170 Million Florida Bank Fraud Case. The Miami Herald (8/17, Danner, 310K) reported, "After more than three weeks of deliberation, a Miami federal jury on Wednesday found two Key Biscayne brothers and two others guilty for their roles in one of South Florida's biggest bank-fraud cases ever. Eduardo and Hector Orlansky, the top officers of E.S. Bankest, each face up to a maximum of 30 years in prison and substantial restitution for conspiring to defraud Espirito Santo Bank of Florida of some $170 million. The Orlanskys and E.S. Bankest manager R. Peter Stanham were taken into federal custody following the verdict." The Herald added, "Ariadna Puerto, another E.S. Bankest officer, was given home detention. U.S. District Judge Adalberto Jordan set sentencing for Nov. 17."

Oregon Lawyer Pleads Guilty To Money Laundering In Investment Scam. The Salem Statesman Journal (8/17, Akimoff) reported, "A former Salem attorney pleaded guilty to a money-laundering charge stemming from his involvement in a loan scheme that stretched from Salem to Greece and cost victims about $1.3 million. Thomas Knapp, who resigned from law practice in January 2004 amid other misconduct allegations, was indicted by a federal grand jury in March 2005 for his part in the scheme. Another man also indicted, Antonio Abirached of Athens, is at large and is considered a fugitive, Assistant U.S. Attorney Christopher Cardani said." The Oregonian (8/16, Tripp, 329K) noted, "The plea bargain was announced Tuesday by U.S. Attorney Karin J. Immergut, the FBI and the Internal Revenue Service." Knapp and Abirached "said they could secure financing for U.S. companies and were paid $1.2 million in advance fees. They allegedly took the money but never obtained financing for their clients, federal officials said." The AP (8/16) also reported on the plea agreement.

Employee Injured In Georgetown Jewelry Store Robbery. The Washington Post (8/21, B1, Cauvin, Abruzzese) reports, "A jewelry store worker was shot and critically wounded yesterday afternoon in Georgetown during a brazen midday robbery at the Wisconsin Avenue shop where he worked." The Post continues, "The man, whose name was not released, was shot in the back and taken to Georgetown University Hospital, where he underwent surgery. A police spokesman said yesterday evening that he was in critical but stable condition." The Post adds, "The holdup of Georgetown Fine Jewelry and Art, at 1265 Wisconsin Ave. NW, marked the second time in just over a month that a robbery in Georgetown ended in bloodshed. … In early July, a British political activist was killed when he and a friend were accosted on a residential street as they walked home from a movie. Alan Senitt's throat was slashed, allegedly by one of the robbers, when he tried to aid his female companion. … The July 9 slaying was one of 14 during a 12-day stretch last month, and D.C. Police Chief Charles H. Ramsey declared a crime emergency, saying homicides and especially robberies had been occurring at a troubling clip."

One In Eight Convicted Murderers "Volunteers" To Die. USA Today (8/21, Willing, 2.27M) reports that while executions in the US continue to generally decline, "one trend remains constant: One in eight convicted murderers who are executed 'volunteer' to die by abandoning their legal appeals. Death row volunteers account for 123 of the 1,041 executions carried out since capital punishment resumed in 1977, according to the Death Penalty Information Center, a group in Washington, D.C., that opposes the death penalty. That rate -- about 12% -- has held constant for nearly 30 years."

LATimes Says Capital Punishment Is "Cruel And Unusual." An editorial in the Los Angeles Times (8/21, 918K) says, "It looked like an ingenious way around the familiar and so far unavailing argument that the death penalty is unconstitutional. Instead of focusing on the what of capital

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punishment -- state-sanctioned killing -- lawyers for death row inmates would take aim at the how of most executions — death by lethal injection." But "that wall may be crumbling. Earlier this month, a federal judge in Oklahoma refused to stay the execution of a convicted murderer after the state announced that it would double the dose of a sedative used to block pain when fatal chemicals are injected. Other states are likely to follow suit if the alternative is a moratorium on executions. … In the real world, capital punishment is cruel and unusual whether death is delivered by an electric current, a hangman's noose or a chemical cocktail. That is the argument that death penalty opponents need to be making."

CIVIL LAW:

US Blamed For Reversal Of Iraq Contract Fraud Verdict. The Youngstown (OH) Vindicator (8/21) editorializes, "Tens of billions of dollars have been spent on rebuilding Iraq, so if a federal judge says that a few million that was obviously misspent can't be recovered because of a technicality, should that be cause for alarm? Oh, yes, indeed it should." The Vindocator continues, "In a ruling made public Friday, U.S. District Judge T.S. Ellis III said that Custer Battles LLC, a Fairfax, Va., contractor, wouldn't be forced to pay a $10 million jury verdict because the victim of the company's fraud was the Coalition Provisional Authority, which was formed to run Iraq until a government was established. The company's accusers, Ellis said, failed to prove that the U.S. government was defrauded. … The ruling has the effect of making post-war Iraq a legal no-man's land where billions of U.S. tax dollars were spent — and at least tens of millions misspent — with no mechanism for holding thieves to account. .. . The implications go beyond Custer Battles to every private contractor operating in Iraq." The Vindicator adds, "The ruling did not come as a complete surprise, since the judge had made it clear that he was uncomfortable with the legal status of the Coalition Provisional Authority. It was incumbent on President Bush's Justice Department to jump in on the side of the plaintiffs and make it clear to the judge that the United States government considered the CPA to be an entity of the United States and that any fraud perpetrated against the CPA was a fraud against the United States and its taxpayers. … Is the Justice Department simply inept or is it malfeasant that it couldn't make a case for protecting the United State taxpayers against avaricious war profiteers? Given all that has gone wrong in Iraq, shouldn't the Justice Department be determined to hold to account anyone who took a U.S. $100 bill without providing $100 worth of value?" The Vindicator concludes, "It is time for Congress to step in and demand that the administration explain its decision not to vigorously pursue a court ruling that would have made it clear that money stolen from the CPA was money stolen from the U.S. government. … Congress must also demand that Attorney General Alberto Gonzales take personal responsibility for seeing that the Justice Department joins the appeal in this case and joins any other case in which it is necessary to convince a court that any dishonest defense contractor in Iraq did, indeed, steal from the American people and will be held to account. … Conservatives in Congress have long railed against allegations of fraud in the oil-for-food program that was overseen in Iraq by the United Nations. Let's hope they can be just as outraged by fraud that may have impeded the U.S. post-war rebuilding effort in Iraq."

WSJournal Praises Michigan Court's Asbestos Decision. The Wall Street Journal (8/21, 2.03M) editorializes, "The Michigan high court recently issued a surprising administrative order, outlawing the 'bundling' of asbestos cases for collective settlement or trial. … The Michigan court, in a 4-3 decision, ordered that from now on 'each case should be decided on its own merits.'" The Times adds, "The Michigan order is the latest to suggest that judges are waking up the big con of asbestos litigation. … The tort lawyers know they can't prove 95% of their suits in court, and they aren't likely to spend the money trying. Congratulations to the Michigan supremes for calling their bluff."

NYTimes Says Congress, FTC Should Protect Internet Users' Privacy. An editorial in the New York Times (8/21, 1.21M) says internet service providers "often store searches in ways that allow them to be traced back to specific users. The storing and sharing of data of this kind is a violation of users' privacy rights. Congress, the Federal Trade Commission and the companies should do more to protect these rights. … Search data is arguably protected by existing privacy laws, but Congress should pass new legislation that removes any doubt." The Times adds, "People who use the Internet have a right to expect privacy. If companies do not have their users' affirmative consent to keep data, they should delete it, and make money from the

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many other, very profitable parts of the search engine business."

CIVIL RIGHTS:

Suspect In 1998 Texas Racial Murder Claims He Was Not At The Scene. The Washington Times (8/21, Aynesworth) reports, "The reputed leader of one of the worst race hate crimes in recent history -- on death row for more than seven years -- says he wasn't even present when James Byrd Jr. was dragged to his death behind a pickup truck in Jasper, Texas, in 1998." The Times continues, "John William King says the dragging death of the 49-year-old black man was the result of a drug deal gone bad. … He names Shawn Berry, owner of the truck, and his brother, Louis Berry, who was not charged, as the real murderers. Though convicted of murder, Shawn Berry was spared death and given a life sentence, which means he could be eligible for parole in 40 years." The Times adds, "The King motion was filed before the Texas Court of Criminal Appeals in mid-June, claiming his innocence and saying his trial should have been moved because of racial turmoil in the small eastern Texas town of 7,700, where the crime occurred. … King was convicted and given the death penalty Feb. 25, 1999. He did not testify nor did he cooperate with his court-appointed lawyers. … The lengthy brief, along with 1,200 pages of exhibits, filed by California lawyer Richard Ellis in Austin, asks either that the court grant a new trial or that King's death-penalty verdict be changed to life in prison. … Evidence from the crime scene that the prosecution used in the case included a pair of shoes retrieved from King's apartment that purportedly had blood on them that matched the victim."

Mental Health Courts Seen As Compromise Between Incarceration And Freedom. The Wall Street Journal (8/21, Fields) reports, "Judge Matthew Jude D'Emic of the Brooklyn Mental Health Court summoned Kalvin Berry to the bench to find out why he had been arguing with his court-appointed therapists." The Journal continues, "In a series of staccato gripes, Mr. Berry said he'd been mistreated. Before he could finish, Judge D'Emic, a towering man with ruddy cheeks, cut him off: 'Your bull -- arguing will get you thrown out of the program and into prison. Do you understand?' … Mr. Berry, 23 years old, was shocked into silence. The court's mental-health program, an increasingly popular way of dealing with mentally ill criminals, is the only thing standing between him and two years in jail. Mr. Berry suffers from severe depression caused by a childhood brain injury. Last April, he pleaded guilty to threatening to blow up a bus, among other charges. Instead of being locked up, however, he was put under the supervision of Judge D'Emic's court." The Journal adds, "Brooklyn's mental-health program has become a model for localities trying to deal with a seemingly intractable problem: the increasing number of mentally ill people filling the nation's prisons. The problem stems largely from the shuttering of state-run mental-health facilities a generation ago. Once behind bars, the mentally ill are rarely paroled. If released, they usually end up back in prison because of a lack of outside treatment options. The Justice Department estimates that about 330,000 of the nation's 2.2 million inmates are mentally ill. .. . Mental-health courts, which work in tandem with prosecutors' offices, are slowly emerging as a promising alternative. They came on the scene in the late 1990s and are designed to allow the mentally ill to avoid prison time, provided they adhere to extensive treatment plans set up and monitored by the new courts. Defendants must plead guilty and pass intensive psychiatric evaluations before being admitted. Once under the court's authority, they undergo regular therapy sessions and often their medication is monitored. Prosecutors and judges typically have complete discretion as to whether a defendant can seek this alternative path. … What makes the idea appealing to many is that it represents a middle ground between locking up the mentally ill and letting them roam free."

Skelton Seeks To Prevent Recruiter Sex Abuse. The Washington Post/AP (8/21) reports, "The ranking Democrat on the House Armed Services Committee said Sunday that he would push to increase penalties for sexual misconduct by military recruiters." Rep. Ike Skelton (D-MO) reacted "to an investigation by the Associated Press that found more than 80 military recruiters were disciplined last year for sexual misconduct with potential recruits." Skelton recommended that all branches abide by the National Guard's No One Alone policy, which "prohibits recruiters from being alone with potential enlistees of the opposite sex. Violators risk immediate disciplinary action."

Legal Fight Over Jesus Painting To Continue Despite Theft. The New York Times/AP (8/21) reports that a legal battle over a painting of Jesus

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hanging in a high school in Bridgeport, West Virginia is continuing even though the painting was stolen last week. The AP adds, "Two civil liberties groups, Americans United for Separation of Church and State and the American Civil Liberties Union of West Virginia, filed suit in June to remove the painting, 'Head of Christ,' saying it sent the message that the public school endorsed Christianity as its official religion. The Harrison County Board of Education said last week that it would fight the lawsuit, promising not to spend public money in defending itself. … But early Thursday the painting, which had been at Bridgeport High School for 37 years, was stolen from a wall outside the principal's office. The theft was recorded by security cameras, but the thief hid his face."

White Population A Minority In Phoenix, Tucson, Denver. The Washington Post (8/21, A3, Asthana, 748K) reports, "An analysis of census data released last week has shown that the white non-Hispanic population in another three of America's 50 largest cities has become a minority. In Phoenix, Tucson and Denver, the white population has recently fallen below 50 percent, according to William H. Frey, a demographer with the Brookings Institution. He predicts that another four cities will soon follow. Whites will become a minority in Arlington, Tex.; Charlotte; and Las Vegas within two years and in Austin within four years, he said."

Williams Says Civil Rights Fight Endures In "Culture Steeped In Bitterness And Nihilism." In the Washington Post (8/21, A15, 748K), Juan Williams writes, "The civil rights movement continues, but the struggle today is not so much in the streets as in the home -- and with our children. If systemic racism remains a reality, there is also a far more sinister obstacle facing African American young people today: a culture steeped in bitterness and nihilism, a culture that is a virtual blueprint for failure." Williams adds, "In order to face this century's class battles, young minds need the self-confidence that comes from examples of inspiring historical personalities, such as a black woman born into slavery who made herself a national leader, Sojourner Truth, or a black man living under rank segregation, A. Philip Randolph, who defied corporate power to break segregation in organized labor. … These examples should empower young people to believe in themselves and to organize across racial lines and build institutions with a solid footing in the nation's political and economic power."

ANTITRUST:

EU Antitrust Watchdogs List Objections To Gaz De France-Suez Merger. The Wall Street Journal/AP (8/21, A6) reports, "European Union regulators released a preliminary list of objections to France's plan to merge Gaz de France SA with rival utility Suez SA." The AP continues, "A statement released by the European Commission identified the risks to competition of bringing together the two main gas and electricity suppliers in Belgium and two of the three main gas and heating suppliers in France." The AP adds, 'The EU statement said releasing the 'list of grievances' was part of the normal procedure involved in approving such mergers. The commission will make a final decision on the merger only after receiving replies from the companies involved and their proposals for overcoming regulators' objections. … The merger plan, announced in February amid mounting expectations of a bid for Suez by Italy's Enel SpA, would see the two French companies combine to create a new European player in energy, water and waste services with a market capitalization of €72.6 billion ($93.1 billion), privatizing state-controlled GDF in the process." The AP notes, "Under the planned one-for-one stock swap, GDF would acquire Suez following the payment of a €1 special dividend to its shareholders. The European Commission's probe is aimed at ensuring that the tie-up doesn't hurt European consumers. … Brussels has the power to block deals but rarely does so, usually asking companies to resolve antitrust problems by selling off parts of their businesses or changing the way they operate. Suez owns Electrabel SA, Belgium's largest power company, and GDF holds a sizable stake in Belgian power generator SPE."

FBI/DEA/ATF/USMS:

In Philadelphia, Two Arrested In Fentanyl-Heroin Investigation. The Cherry Hill (NJ) Courier Post (8/20) reports a Philadelphia woman and a juvenile "have been arrested in the police investigation of a deadly heroin mixture that has killed hundreds nationwide and about 60 in the tri-county area since April. The arrests were made a month ago in Philadelphia but were not announced until late Friday by Wilmington, Del., police because the matter was under investigation. The joint probe, which includes federal drug enforcement agencies, is continuing. Overdose deaths

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that have occurred in New Jersey, Pennsylvania and Delaware are among hundreds nationwide that have been blamed on heroin tainted with the painkiller fentanyl."

Delaware's News Journal (8/19) reports Wilmington police "say they waited until Friday, a month after the arrests, to announce the arrests because the investigation is continuing. … Arrested were Yasmin Rosa, 30, and a 17-year-old girl. They have been charged in Pennsylvania with possession with the intent to distribute illegal narcotics, possession of drug paraphernalia and use of telecommunications systems to commit a crime."

Officials Said To Be At Odds Concerning Overdoses. The Philadelphia Inquirer (8/20, Sullivan) reports two months ago, "as scores of drug users in the city began dying of heroin overdoses, two city paramedics discovered something alarming. Narcan, a powerful drug that could almost instantly revive a patient, wasn't working. … But as the concerns of the two paramedics made their way up the Fire Department's bureaucracy, the city did not make key changes in how it treated people dying of a fentanyl overdose - though experts say that simply increasing the dosage of the antidote would counteract the fentanyl. … City and health officials are at odds over whether current dosages of Narcan are high enough to counteract fentanyl-laced heroin."

Debate Continues On Army's Involvement In Bahamas Anti-Drug Effort. NBC Nightly News (8/20, story 6, 2:05, Seigenthaler) reported, ""NBC Nightly News' 'In Depth.' a new battle in America's car war on drugs. 80% of the cocaine smuggled in this country used to come through the Bahamas. Now an important weapon in the war on drugs may be lost to the war on terror. … Now Defense Secretary Rumsfeld wants to end the Army's involvement in the operation by next year claiming it competes for resources necessary for the war on terror. Attorney General fired back saying without the Army it cannot effectively function. … Mark Trouville, DEA Special Agent in Charge: 'I don't think there is a question the message will be clear to the traffickers that it is open season again.'"

Southern Arizona Seen As "Hotspot" For Smuggling Activity. The Douglas (AZ) Daily Dispatch (8/18) reports three members of the U.S. House Intelligence Committee "peppered a panel of local and regional law enforcement officials with questions about border security and surveillance during an open hearing on Thursday. What they heard was that Southern Arizona remains a hotspot for smuggling activity, and that while the potential exists for terrorists to penetrate the nation's porous southern border, there is little evidence that they are doing so. … John Comer, a special agent with the Drug Enforcement Administration, was skeptical of a cartel-terrorist relationship. 'The drug cartels do not want to attract attention to themselves by forming alliances with terrorists,' he said."

The Arizona Daily Star Tucson (8/18) reports, "Testimony from officials with such agencies as the Drug Enforcement Administration, the Border Patrol, Immigration and Customs Enforcement and the Arizona Counterterrorism Information Center showed that despite enhanced security measures since Sept. 11, 2001, gaps remain. But the officials also made clear that there have been no documented attempts of suspected terrorists trying to enter through the Arizona border."

Report: Marion Jones Failed Drug Test At Championships In Indianapolis. The Los Angeles Times (8/19, Abrahamson) reports five-time Olympic medalist Marion Jones "failed a drug test at the U.S. track and field national championships in Indianapolis in June, testing positive for a banned endurance booster," according to a Times source familiar with the results. However, Jones "has not been accused of a doping violation. The irregularities emerged in initial testing, on the so-called 'A sample,' said the source."

The Los Angeles Times (8/20, Pucin) also reports that a day after "leaving a track meet in Switzerland amid reports that she had failed a drug test…Jones remained silent Saturday."

The New York Times (8/19, Zinser) writes, "Only Jones's A sample has been tested, and if her B sample also tests positive for drugs, Jones would face a two-year suspension. She has been dogged by speculation about drug use for several years, but she had never tested positive for performance-enhancing drugs and had repeatedly denied using them."

The New York Times (8/20, Zinser, Macur) also reports that before the BALCO case, EPO "was largely considered an endurance drug, more often associated with illegal use by long-distance runners or cyclists. Dick Pound, chairman of the World Anti-Doping Agency, said yesterday that he had not heard of sprinters using EPO until the sprinter Kelli White admitted that it was part of the regimen she used before she

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was caught during the BALCO inquiry and agreed to help investigators."

USA Today (8/21, Patrick) reports Steve Riddick, Jones' coach the last two seasons, "expressed shock that Jones faces a possible two-year ban if her 'B,' or confirmation, sample tests positive. A track official familiar with the test results confirmed Jones' tested positive in the USA Track and Field Championships in June in Indianapolis."

The Washington Post (8/19, E1, Shipley) and the AP (8/20, Litke) also reported on the accusations against Jones.

Gang Members Arrested In Florida Raid. The Tampa Tribune (8/21, Jones) reports, "About 50 people suspected of being affiliated with the Latin Kings gang were arrested Sunday after a joint investigation between local and federal agencies." The Tribune continues, "The Latin Kings had planned a statewide meeting at The Caribbean American Club, 6211 S. Martindale Ave., to discuss the organization's leadership, Hillsborough sheriff's spokeswoman Debbie Carter said." The Tribune adds, "About 3 p.m., authorities served a search warrant and arrested dozens of people, Carter said. The sheriff's office declined to release the charges until a news conference, she said. However, by late Sunday, 35 people had been charged with racketeering, according to the county's online jail log. They told authorities they reside in Tampa, Wesley Chapel, Zephryhills, St. Petersburg, New Port Richey, Clearwater and Miami. .. . Firearms were recovered during the operation, said John F. Ryan, spokesman for the Bureau of Alcohol, Tobacco and Firearms. ATF agents were on scene to help identify firearms, he said. Ryan did not know how many were recovered."

IMMIGRATION:

US Catholic Church Said To Favor Immigration. Paulette Chu Miniter, a fellow at the Phillips Foundation, a non-profit public affairs organization, writes in USA Today (8/21, 2.27M) that some critics of the Catholic Church "speculate the church has involved itself in today's third rail of politics: immigration reform. … Where does the church stand on the current debate? … In the USA, the church favors the Senate's more moderate legislation over the House's heavy-handed enforcement-only approach. Both bills are stalled, but immigration is expected to be a prominent issue once Congress returns from its summer recess." Miniter adds, "While Tancredo Republicans and Dobbs protectionists speculate that the church wants immigration reform simply because it is fashionable politics or is a way to put more people in the pews, there is a much larger and longer standing Catholic case for migration. The US Catholic Church was founded by and for immigrants, and it sees today's nativist grumblings as the same that confronted the American church in its earliest years."

WPost Decries "Pernicious Image" Of Immigrants. The Washington Post (8/21, A14, 748K) editorializes, "The mid-decade count of American households reports that as of 2005 more than a million immigrants live in the District and the Washington suburbs -- that's about one in five area residents, up from one in six in 2000. Such a rapid growth in the area's immigrant population is bound to cause strains, real and imagined. … There's a pernicious image of America's immigrants circulating: unskilled laborers scaling fences along unguarded borders; undocumented workers taking jobs that pay both under the table and under the minimum wage; packed inner-city enclaves filled with newcomers who don't speak English and demand an inordinate amount of government services. That is a grossly distorted image and an incomplete presentation of the facts, at least in the Washington area. It also overshadows a much more complex -- and positive -- reality."

TAX:

Krugman Opposes IRS Plan To Privatize Tax Collection. Paul Krugman writes in the New York Times (8/21, 1.21M) that the IRS' plan to outsource the collection of unpaid back taxes to private debt collectors is "an awful idea. Privatizing tax collection will cost far more than hiring additional IRS agents, raise less revenue and pose obvious risks of abuse." Krugman adds, "This administration has thrown away centuries of lessons about how to make government work. No wonder it has failed at everything except fear mongering."

CONGRESS-ADMINISTRATION:

Bush Presidency Said To Be "Humbled." In a story entitled "A Humbled Presidency," U.S. News and World Report (8/28, Walsh, 2.03M) reports that President Bush's

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presidency "has been humbled-if not in spirit, then in Bush's grudging acknowledgment of his current limitations." US News adds that Bush "is changing the way he does business. He returned to Washington from an August vacation at his Texas ranch after only 10 days, in contrast to the five weeks he spent in Crawford a year ago. His public pace seemed especially frenetic-featuring high-profile meetings to discuss the Iraq war on Monday, sessions to discuss homeland security Tuesday, a visit to a motorcycle plant in Pennsylvania Wednesday, signing a new pension security bill Thursday, and meeting with senior economic advisers at Camp David Friday. Pointedly, Bush didn't hold his meetings in the West Wing but traveled around the Washington area-to the Pentagon, the State Department, a new National Counterterrorism Center in suburban Virginia, and Camp David-all to project a sense of vigor and activism."

Aides Try To Restore "Gravitas" To Bush's Persona. U.S. News and World Report (8/28, Walsh, 2.03M) reports that President Bush "now wants it known that he is a man of letters." Portraying Bush "as a voracious reader is part of an ongoing White House campaign to restore what a senior adviser calls 'gravitas' to the Bush persona." But his critics "aren't buying. A man who so regularly mangles the English language and seems to disdain complexity couldn't possibly be so cerebral, they argue."

Ten Years Later, Debate Over Welfare Reform Continues. The New York Times (8/21, Pear, Eckholm, 1.21M) reports, "Ten years after a Republican Congress collaborated with a Democratic president to overhaul the nation's welfare system, the implications are still rippling through policy and politics." The law "was widely seen as a victory for conservative ideas. When it was passed, some opponents offered dire predictions that the law would make things worse for the poor." But "the number of people on welfare has plunged to 4.4 million, down 60 percent. Employment of single mothers is up. Child support collections have nearly doubled." But "critics say it has cut adrift some single mothers who seem unable to hold steady jobs and are not receiving cash assistance -- women who have neither work nor welfare." In an interview, former President Bill Clinton "said he was 'more convinced than ever' that he had been right to sign the bill, after vetoing two earlier versions that he had seen as too harsh." The Times adds, "When the 1996 law was passed, Democrats like Senator Daniel Patrick Moynihan, liberal advocacy groups like the Children's Defense Fund and liberal academics predicted that it would increase child poverty, hunger and homelessness. The predictions were not fulfilled." But "Republican hopes have not been completely realized either. While single mothers are more likely to work, many remain in poverty."

The Washington Times (8/21, Wetzstein, 88K) reports that 10 years ago, "outside the White House, hundreds of liberal anti-poverty advocates protested what they called Mr. Clinton's betrayal of poor children, and several Clinton administration leaders quit in protest." As "the next stage of welfare reform begins Oct. 1, with the start of the new fiscal year, there are fewer public protests and less talk about poor children forced to sleep on city grates." But "there is still high anxiety in some quarters over new welfare rules, which were signed into law in February by President Bush."

Cold War Missile Totals Treated As Secrets. The Washington Post (8/21, Lee, 748K), in a front page article, reports, "The Bush administration has begun designating as secret some information that the government long provided even to its enemy the former Soviet Union: the numbers of strategic weapons in the U.S. nuclear arsenal during the Cold War." The highly critical article says that DOD and DOE "are treating as national security secrets the historical totals of Minuteman, Titan II and other missiles, blacking out the information on previously public documents, according to a new report by the National Security Archive." The Post adds, "The Bush administration's penchant for government secrecy has troubled researchers and bred controversy ... Experts say there is no national security reason for the administration to keep such historical information under wraps -- especially when it has been publicly available for years."

Conyers Bill Would Require Hill Notification Upon Pardon Of Executive Employees. The Washington Times (8/21, McCaslin, 88K) reports in its "Inside the Beltway" column that Rep. John Conyers "is pushing newly introduced legislation that would require the president to notify Congress upon the pardon of 'any Executive Branch employee.'" Conyers said, "The indictment of I. Lewis Libby, who was the vice president's chief of staff, for false statements, perjury, and obstruction of justice in connection with the investigation raised concerns that the president might

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use his authority to pardon Mr. Libby or other officials involved in serious criminal offenses."

Public Pension Reform Urged. E.J. McMahon, director of the Empire Center for New York State Policy and a senior fellow at the Manhattan Institute, writes in the Wall Street Journal (8/21, 2.03M), "Because their size and complexity offer such a wide field for abuse, state and local retirement systems pose a significant moral hazard -- threatening the long-term fiscal stability of many of their sponsors. … The overriding concern of public pension reform should be to reduce the taxpayers' exposure to accounting and financial risk -- now and in the future." McMahon adds that "the growing public sector pension burden fundamentally poses a test of political wills. … Today, improved accounting practices can at least force elected officials to face up to the price tag of their rash promises. In the future, they must turn from union lapdogs to taxpayer watchdogs."

Senator Delaying Coburn Spending Database Bill Urged To Come Forward. The Wall Street Journal (8/21, 2.03M) editorializes, "In April, Oklahoma Senator Tom Coburn introduced legislation that would set-up a database to track an estimated $1 trillion in federal grants, earmarks, contracts and loans. … Twenty-nine Senators have co-sponsored the bill, and it's a testament to how concerned some are about Washington's miserable spending reputation that the list includes a who's who of Presidential hopefuls, from Hillary Rodham Clinton to George Allen to Bill Frist. Yet most Senators clearly have no desire to shine a light on their spending practices, and at least one -- perhaps more -- has placed a 'secret' hold on the legislation. … If Congress insists on spending like there's no tomorrow, at least the Members could let the voters see what they're spending it on by passing Senator Coburn's reform. Will the real secret Senator please stand up?"

OTHER NEWS:

Economy Said To Appear On Track For "Soft Landing." The Christian Science Monitor (8/21, Scherer, 58K) reports, 'The US economy appears to be on track for a 'soft landing' -- a period of recession-free but less energetic economic growth. The job market is now tepid, consumers are tempering their spending, and inventories -- from women's apparel to computer hard drives -- are starting to rise." The housing sector "is the only major concern as developers cancel projects and homes go unsold." But "signs of a benign slowdown are a success story for the Federal Reserve, which has been gradually putting the brakes on the economy." The "slowing economy coincides with declining oil and gasoline prices."

The Wall Street Journal (8/21, Browning, 2.03M) reports, "Whether the stock rally fizzles out or keeps going will depend heavily on whether Federal Reserve Chairman Ben Bernanke can pull off a nifty trick, piloting the economy to what professional investors call a soft landing. A soft landing is what you want, but almost never get, at the end of a boom. … Trouble is, although they get talked about a lot, soft landings rarely happen."

Another story in the Wall Street Journal (8/21, Lahart, Merrick, 2.03M) says "the high price of gasoline and slowdown in housing are taking a toll on one of the most striking economic trends of recent years: Consumers' widening taste for more upscale purchases." The Journal adds, "In recent weeks, Starbucks, Whole Foods and Williams-Sonoma -- along with others such as boat maker Brunswick Corp. and specialty-sandwich chain Panera Bread Co. -- have reported disappointing sales that sent their share prices lower. Restaurants catering to middle-income consumers are seeing a sales slump too. Growing evidence suggests the chief culprit is gasoline prices in the $3-a-gallon range -- up 71 cents from six months ago, according to federal data."

Experts Predicting Further Oil Price Decline. The Wall Street Journal (8/21, Davis, Bahree, 2.03M) reports, "A nearly 8% decline in crude-oil prices in the past two weeks, and the market's flirtation Friday with prices below $70 a barrel, is reigniting a debate: Is there an oil-price bubble, and could it burst? Underlying the question is an argument about what has been a bigger factor buoying oil prices in the first place: record investor inflows into commodities or supply-and-demand fundamentals." Some "specialists dismiss the notion that crude's recent pullback is a turning point. Instead, they point to short-term factors that have pushed oil lower, including a move by Goldman Sachs Group Inc. this month to reduce its exposure to gasoline in the widely watched Goldman Sachs Commodity Index. In addition, they say BP PLC's Alaska pipeline shutdown had less of an impact on oil supplies than initially feared." However, "an increasing

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number of analysts and traders predict that oil prices are poised for further decline. They say the market has become somewhat inured to geopolitical uncertainty -- reacting to the news of another kidnapping of oil workers in Nigeria, for example, with a 25-cent jump, when the price used to move $2 on such events."

Airlines Fear Possibility Of $100 Oil. USA Today (8/21, Reed, 2.27M) reports, "Beleaguered U.S. airlines seem to have slowly staggered to their feet since the terrorism and recession of earlier this decade." However, "[l]ast month, Standard & Poor's issued a provocative report saying the steady rise in prices in the past three years and the fear of potential supply disruptions 'has created an environment where a triple-digit oil price in the near term is not unimaginable.'" Although "prices have been moderating for more than a week," "there are enough potential sources of disruption in the flow of oil and refined fuels that some on Wall Street and in corporate suites are contemplating what would happen to the domestic airline industry if the market price does reach $100 a barrel. ... What S&P sees at the $100-a-barrel level isn't pretty: Northwest and Delta airlines could be forced to liquidate; others could be pushed into Chapter 11 bankruptcy-court protection. ... Industrywide, carriers would ground aircraft, cut service and lay off workers."

Overregulation Decried. Maurice Greenberg, chairman and CEO of C.V. Starr & Co., writes in the Wall Street Journal (8/21, 2.03M), "Increasingly, major U.S. corporations are removing themselves from the public equities markets and going private. Why? To a large degree, because the cost of government regulations has become unbearable. … This is not to say regulation isn't necessary. Quite the opposite. But it must be enlightened regulation -- the type that enables public markets to remain fair, reliable and profitable." Policymakers "must reform the system now according to the following principle: Enlightened regulation, yes. Strangulation, no."

Shareholders Pressuring Companies To Disclose Political Donations. The Financial Times (8/21, Guerrera) reports, "American companies are under unprecedented pressure from shareholders to disclose details of their political donations and hold directors accountable for them, in a sign of deepening investor concerns over the use of corporate funds." Shareholder "groups say that recent scandals on Wall Street and in Washington have prompted investors to demand more transparency on companies' political contributions, which totalled $184m in 2002, the latest major election cycle." The issue "is likely to become more prominent in the run-up to November's elections because candidates in close races are expected to step up their fund-raising efforts with companies." The moves on political donations "underline investors' growing desire to have better oversight of management after the Enron and WorldCom scandals."

Trade Groups Use Internet To Target Citizen Activists. The Washington Post (8/21, D1, Birnbaum, 748K) reports in its "K Street Confidential" column, "To trade groups hunting for legislative supporters, C.P.A. means Cost Per Advocate, and it refers to the amount they have to spend to sign up a single citizen-activist for their causes. The average C.P.A., by the way, is roughly $5. … Lately, Internet advertising has been on the rise as a way to locate supporters, helping to lower the C.P.A. By minutely monitoring the effectiveness of Web-based commercials that invite people to sign up, interest groups are now able to alter their ads almost by the hour and conserve money."

Some Republicans See Rove As Best Hope To "Head Off Disaster." Under the headline "GOP Counts On Rove To Head Off Disaster," USA Today (8/21, Page, Jackson, Benedetto, 2.27M) reports Karl Rove "knows something about tough battles, and he's in another one. Freed from the uncertainty over whether he would face criminal charges -- an indictment would have forced him to vacate his West Wing office -- Bush's top strategist is focusing his full attention on the fall elections. Some Republicans see him as their best hope for heading off disaster in November." USA Today adds, "At stake is more than Rove's reputation as a canny tactician. A Democratic takeover of the House or Senate would not only jeopardize President Bush's ability to pass legislation but also enable Democrats to launch the sort of inquiries and subpoenas that Republicans used to bedevil the Clinton White House. Losing control of Congress would undercut Rove's vision of building a durable Republican majority." Rove, "an unlikely-looking wizard" with "rock-star appeal among Republican partisans," is "so famous, or notorious, that he's become an adjective. In the Connecticut primary this month, challenger Ned Lamont's campaign said Sen. Joe Lieberman acted 'purely Rovian' in 'distorting'

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Lamont's position on Iraq. … The word generally refers to ploys that ensnare and frustrate unsuspecting opponents."

Election Metrics Said Not To Bode Well For GOP. On CBS' Face The Nation (8/20, Schieffer), Washington Post reporter Jim VandeHei said, "If you look at all the metrics of an election, whether you're looking at polls, fundraising, mood, things are really bad for Republicans. And what worries them most is that the polls have been pretty static, and that people are unhappy with President Bush. About 35 percent are favorable. Even fewer people are happy with the Republican Congress. And you take those together, and you see that that hasn't moved. It's been that way all summer, and even this recent foiled plot in London did very little to move the numbers. So that tells me that people's minds are pretty locked in, that they're unhappy and they want change." But VandeHei added it would be "much more difficult" for the Democrats to take the Senate: "You can sketch out a scenario where there's six incumbents that they could knock off, but it's very difficult because in so many areas, Republicans are well-funded, they're running in states that tend to move Republican anyways."

Some Polling Data Gives Republicans Hope. The Washington Times (8/21, Lambro, 88K) reports, "Voters are said to be in a sour, anti-Republican mood this year, but some polls have contradictory findings that indicate voters aren't thrilled with the Democrats either and could change their minds by Election Day. The latest right track/wrong track survey by independent pollster John Zogby finds that only 34 percent of likely voters think 'the United States is going in the right direction, while 59 percent said the country is on the wrong track.'" That finding "is in line with most other polls that signal Republican losses in the midterm congressional elections, campaign analysts say." But "an earlier poll of 1,047 Americans conducted for CNN by Opinion Research Corporation from Aug. 2 to 3 drew a dramatically different response when it asked people, 'How well are things going in the country today?' A combined 55 percent said things were going 'fairly well' (47 percent) or 'very well' (8 percent), compared with those who said 'pretty badly' (29 percent) or 'very badly' (15 percent)." Other pollsters "are finding that no matter how negative voters are about the Republicans who control both houses of Congress, less than a majority think the Democrats would do a better job of governing. Moreover, many voters who say they will vote for a Democrat in November also say their vote is not definite."

Republicans See Border Security As Key Election Issue. The Washington Post (8/21, A1, Weisman, 748K) reports, "There seems to be little doubt that a hard line against illegal immigration is the safer position in a GOP primary. But many Republicans believe, in a year when many national trends are not blowing their way, that it is also the safer position in a general election." It is "a counterintuitive strategy: The way to win a swing district is not with a campaign aimed at swing voters. Instead, the goal is to motivate conservatives with anti-illegal-immigration appeals, hoping they overcome their disenchantment with GOP policies in Washington." Of course, "Republicans also hope to snare independents and even some wayward Democrats with the immigration issue. But they plan to do it with hot words -- not with the cool centrism that is more typical in districts where both parties have run competitively." The Post adds, "In a way, this strategy borrows from President Bush's rally-the-base approach to winning reelection in 2004, even though it is based on spurning Bush's stance on the immigration issue."

Democrats Hitting Republicans On Social Security. The Washington Times (8/21, Fagan, 88K) reports, "Republican and Democratic candidates have been sparring over Social Security in key races in New Jersey, Florida, Colorado, Washington and Pennsylvania, with some Republicans distancing themselves from President Bush's idea to create personal retirement accounts." Democratic leaders "made Social Security one of their key issues this election year, warning that Republicans want to privatize the program." Republicans "say that's a scare tactic and that Democrats have no plan of their own to fix a system that is set to dole out more than it collects beginning in 2017."

Hagel Says GOP Has Lost Its Way. Fox News Sunday (8/20, Wallace) interviewed Sen. Chuck Hagel. Asked "how much trouble is your party in," Hagel said, "We'll find out on November 7th. I don't think the answer is the alternative that the Democrats present because I don't know what that alternative is. … First time I voted was in 1968 on top of a tank in the Mekong Delta. I voted a straight Republican ticket. The reason I did is because I believe in the Republican philosophy of governance. It's not what it used to be. I don't think it's the same today. Where is the fiscal responsibility of the party I joined in '68? Where is the international engagement of the party I joined, fair, free trade,

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individual responsibility, not building a bigger government, but building a smaller government? I think we've lost our way. And I think the Republicans are going to be in some jeopardy for that and will be held accountable." The AP (8/21, Lester) reports on Hagel's comments. Republicans, said the senator, "have lost their way when it comes to many core GOP principles and may be in jeopardy heading into the fall elections."

Bloomberg (8/21), meanwhile notes Hagel also said "American politicians are undermining the US fight against terrorism by seeking political advantage from arguments over national security." The fight against terrorism is "`too serious to be left to headline seekers or politicians or political parties," said Hagel, adding, "Both parties are at significant peril in the election this year if they continue to define down to the lowest political common denominator this issue of terrorism."

McCain Predicts GOP Will Keep Senate, Maybe House. On NBC's Meet The Press (8/20, Gregory), host David Gregory asked Sen. John McCain what he thought was the state of the Republican Party as the midterm elections approached. McCain said, "It's a very tough election coming up. Historically these second-term of incumbent president's tough; the war is difficult; President's not getting enough credit for a good economy, which we have today. This is going to be a tough election, and we ought to recognize that, and so we're going to have to do everything we can to maintain our majorities in both houses. To think anything different, I think would be foolish." But McCain said the GOP will keep the Senate, and said "I think so" when asked about the House: "It's just too early. Some -- you know, some of these races are so -- too close to call right now. I think if we get out our party faithful and galvanize them, we can win again, but we should not underestimate the fact that we're facing a tough challenge. But we've faced tough challenges in the past."

McCain Assembling "Top Shelf" Team Of Aides For 2008 Presidential Race. As he builds a campaign for the 2008 presidential race, Sen. John McCain is assembling a team of what the New York Times (8/21, Broder, 1.21M) calls "top-shelf Republican strategists, policy experts, fund-raisers and donors." McCain's "effort to woo a diverse lineup of backers and scare off rivals has augmented his travel schedule on behalf of Republicans -- which this week and next includes trips to Iowa, Louisiana, Virginia, South Carolina, Ohio and Florida. … Other Republican presidential hopefuls are doing likewise, but Mr. McCain is widely judged to be farther along in assembling the kind of national network necessary to sustain a long, expensive campaign for his party's nomination to succeed President Bush." McCain's "still-informal network includes Richard L. Armitage, the former deputy secretary of state; John A. Thain, chief executive of the New York Stock Exchange; and Sig Rogich, who directed the advertising for the 1988 and 1992 presidential campaigns of Mr. Bush's father. He is reaching out to Christian conservatives, who helped sink his 2000 presidential bid, by enlisting the aid of figures like Gov. Jon Huntsman Jr. of Utah and former Senator Dan Coats of Indiana, both of whom have strong evangelical followings." The Times adds, "His growing kitchen cabinet spans an array of issues and backgrounds, and includes James Jay Baker, a former lobbyist for the National Rifle Association; Niall Ferguson, a historian at Harvard; and Barry McCaffrey, who was the drug czar under President Bill Clinton."

Internal Polls Show Chafee Trailing Laffey. The Washington Times (8/21, Lambro, 88K) reports, "Republican Sen. Lincoln Chafee of Rhode Island is trailing Cranston, R.I., Mayor Stephen Laffey in a bitterly divisive primary contest that offers Democrats their best shot at picking up a seat in one of the nation's bluest states. Internal campaign polls show the conservative mayor's campaign attacks on Mr. Chafee's liberal voting record -- including the incumbent's opposition to President Bush's tax cuts and to Supreme Court Justice Samuel A. Alito Jr.'s nomination -- have struck a responsive chord among Republican voters." Chafee "has fired back with a TV ad that attacks Mr. Laffey's temperament and character, which the senator's campaign spokesman describes as 'aggressive, confrontational, over the top and bombastic.'" In an interview, Laffey "called the ad 'a pack of lies.'"

Murkowski "Struggling" To Keep GOP's Gubernatorial Nomination. The Washington Post (8/21, A3, Balz, 748K) reports that Alaska Gov. Frank H. Murkowskiis struggling "to avoid defeat in Tuesday's Republican gubernatorial primary. … A defeat on Tuesday would make him the fourth incumbent to lose a primary election this month." The Post adds, "An automated telephone poll by SurveyUSA last month put Murkowski's approval rating at just 21 percent, second-lowest of any governor. A poll commissioned by the Democratic Governors

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Association earlier in the summer found that just 15 percent of Alaskans said he deserved reelection."

Aides Urge Clinton To Make Plans For 2008 Clear By Next Spring. In its cover story, Time (8/28, Tumulty, 4.03M) reports that while aides to Sen. Hillary Clinton say she is "far too busy concentrating on her re-election in November to be giving even a passing thought to 2008," she "is putting the machinery in place for a campaign that looks far grander than a re-election cakewalk in New York." Clinton "is raising money as though she were in the fight of her life, bringing in more than $33 million. … Her political operation has grown to an army of 32 full-time employees, plus 10 from her Senate office who draw part of their salary there and 13 consultants who are building, among other things, a national direct-mail operation. She recently added an Internet guru to their ranks." Clinton strategists "tell Time they are urging her to make her intentions clear by next spring -- by forming an exploratory committee, for instance -- to lock up fund-raising and political talent. Those close enough to know say that she is genuinely undecided but that Bill is not disguising his eagerness to see her make a bid for his old job."

Clinton May Forgo Presidential Race In Favor Of Rising In Senate Leadership. In its cover story, Time (8/28, Tumulty, 4.03M) reports that "some who are close to Hillary tell Time they believe she will in the end forgo a presidential race and set her sights on rising within the Senate leadership, toward the possibility of becoming the first woman majority leader someday."

Time Poll Finds 53% Have Favorable Impression Of Clinton. In its cover story, Time (8/28, Tumulty, 4.03M) reports that in the latest Time poll, 53% "said they had a favorable impression of her; she registered higher than the other most familiar names in the potential Democratic field, Al Gore (49%), John Edwards (46%) and John Kerry (45%). Her negative ratings (44%) were lower than either Kerry's or Gore's." Time adds, "In hypothetical matchups with the preseason GOP favorite, John McCain, Hillary is the only big-name Democrat to make a real race of it, with McCain edging her by just 2 points among registered voters. By comparison, McCain would trounce Kerry by 10 points and Gore by 9."

NYTimes Says Clinton Should Debate Tasini. An editorial in the New York Times (8/21, 1.21M) says Sen. Hillary Clinton has "successfully ignored" her opponent, Jonathan Tasini all summer, "and now it seems clear that she has no intention of responding to his demands that she meet him in a debate. She should change her mind." The Times adds, "Presuming she wins the primary, Mrs. Clinton will go up against a weak Republican candidate this fall. Anything can happen in an election, but there is a very good chance she could coast all the way to November without being tested on any important issue. Right now is a good time to make sure that does not happen."

Lieberman Calls On Rumsfeld To Resign. The AP (8/21) reports, "Sen. Joe Lieberman, attacked by fellow Democrats as being too close to the White House on the Iraq War, on Sunday called on Defense Secretary Donald Rumsfeld to resign but said the United States cannot 'walk away' from the Iraqis." Lieberman made his remarks on CBS's Face the Nation, saying, "With all respect to Don Rumsfeld, who has done a grueling job for six years, we would benefit from new leadership to work with our military in Iraq."

The New York Times (8/21, Medina, 1.21M) says the senator "leveled his most pointed criticism yet at the Pentagon." Ned Lamont, "who defeated Mr. Lieberman in the Democratic primary this month, said later that he had advocated that stance for months, and he questioned the timing of the senator's criticism." Lamont, "in an interview at a campaign stop in New Britain, said that while Mr. Rumsfeld's resignation would be 'absolutely necessary' for a 'fresh strategy' in Iraq, it would do little to quiet the increasing violence."

On CBS' Face The Nation (8/20, Schieffer), Lieberman said, "In the primary, as I look back to it, I feel that I allowed my opponent to distort my position on Iraq. … What I mean is he made me into a cheerleader for George Bush and everything that's happened. And the record shows that, while I believe we did the right thing in overthrowing Saddam Hussein, I've been very critical over the years, particularly in 2003 and 2004, about the failure to send enough American troops to secure the country, about the absence of adequate plans and preparation to deal with post-Saddam Iraq." Lieberman added it "would be a disaster if America set a deadline and said we're getting all of our troops out by a given date. That's the position that Ned Lamont has taken. That's the position that was introduced in the Senate, got only 13 votes. And the reason is that people know if we set a deadline, the sectarian violence would not go down. It would go up."

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Lieberman Says Cheney Didn't Endorse Him. On CBS' Face The Nation (8/20, Schieffer), Sen. Joseph Lieberman was asked if he was "comfortable when you basically get the endorsement" of Vice President Cheney, Lieberman said, "That wasn't an endorsement. I haven't sought his endorsement, and I don't expect it. He commented on his interpretation of what happened in the primary in Connecticut." Asked if he was a "de facto Republican, as Ned Lamont said that you were," Lieberman said, "Well, obviously not. Again, my opponent's new at politics, but he's getting pretty good at the old-style Washington smear partisan political game. I'm a Democrat." Asked about Sen. John Kerry's remark that he was "echoing the Republicans' intolerable rhetoric," Lieberman said, "With all respect to John Kerry, an old friend, that's just plain politics by somebody who has ambitions of his own."

Kerry Blasts Lieberman For Adopting "The Rhetoric Of Dick Cheney." On ABC's This Week (8/20), host George Stephanopoulos asked Sen. John Kerry what impact Sen. Joseph Lieberman's independent candidacy would have on the Democratic Party. Kerry said, "I am concerned that he is making a Republican case and he's uttering almost the same words as Vice President Cheney and I think it's inappropriate. Look, let's be very, very clear about this. Ned Lamont has been courageous and stood up and voters of Connecticut, they are not Dean Democrats, they are not Kerry Democrats, they are not Lamont Democrats, they are Democrats. They are Chris Dodd Democrats, Democrats for years supported Joe Lieberman and the fact is Joe Lieberman is out of step with the people of Connecticut. I believe that he's just dead wrong with respect to the war. And to adopt the rhetoric of Dick Cheney, who has been wrong about almost everything he's said about Iraq, shows you just exactly why he got in trouble with the Democrats there." The Washington Times (8/21, Pfeiffer, 88K) also reports Kerry's comments.

McCain Says Lieberman Wrong On Impact Of Call For Withdrawal Date. On NBC's Meet The Press (8/20, Gregory), Sen. John McCain said he did not agree with Sen. Joseph Lieberman's statement that those who call "for troop withdrawal from Iraq by a date certain is emboldening the terrorists," adding, "I think we should respect each other's views and have a respectful dialogue and discussion. I certainly disagree with those who want to set the date certain. I like to say that Joe Lieberman puts his country ahead of his party, he's a liberal Democrat, but I happen to have the greatest respect and appreciation for him." McCain added he supported Republican nominee Allen Schlesinger, but was unlikely to campaign for him.

Kerry Says He Wouldn't Have Gone Into Iraq If He'd Been President. On ABC's This Week (8/20), host George Stephanopoulos asked Sen. John Kerry about his remarks to the Detroit News on the Lebanon war that if he had been president, "the war wouldn't have happened." Kerry responded, "Well, what I was talking about was Iraq and the whole confluence of events in Middle East, George. The fact is that General Abizaid himself said that if Resolution 1559 had been implemented, the war wouldn't have happened. So the fact is that, you know, the lack of attention to Hezbollah, the lack of attention to a legitimate policy in Iraq, I would not have gone into Iraq the way the President did. I said that. I said that in 2004, that's not news."

Candidates Fear Being "YouTubed" In Wake Of Allen Incident. Time (8/28, Allen, 4.03M) reports in its "Notebook" column that Sen. George Allen last week became the "first political victim of the phenomenal YouTube era. Allen is videotaped at each campaign stop by a 'tracker' for his Democratic opponent, James Webb. Such operatives are standard on the stump, and aides warn candidates to ignore them. But Allen, speaking at a rural picnic, took the bait. He singled out the Webb volunteer, who is of Indian descent, telling the crowd to welcome 'Macaca.' The volunteer "got the gibe on video. Last week, three days after Allen spoke, Webb's campaign posted it on YouTube.com and ignited a firestorm. Now other campaigns are worried about being 'YouTubed' and losing control of their message in cyberspace."

LATimes Calls For Allen's Defeat. An editorial in the Los Angeles Times (8/21, 918K) says the most believable explanation of Sen. George Allen's remarks calling an Indian American videographer working for his opponent "macaca" is that the term "is an Americanized version of the similarly pronounced French racial slur 'macaque,' which literally refers to a species of stub-tailed monkey, but is figuratively used to insult North Africans and other people with dark skin." The Times adds, "There is no room for that kind of racism in American politics. We're not in the habit of telling Virginians how to vote, but an Allen defeat this November would send the right message to race-baiting politicians: Welcome to America. Now go home."

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Casey's Lead Over Santorum Shrinking. U.S. News and World Report (8/28, Knight, 2.03M) profiles the Pennsylvania US Senate race between incumbent Sen. Rick Santorum and Democratic challenger Bob Casey, Jr. According to US News, "A few months ago, it looked like Casey, the son of the late Pennsylvania Gov. Robert Casey, was a sure winner; a Quinnipiac poll in June showed him with a 52-to-34 percent lead over Santorum. But a poll released last week showed that Casey's lead had been cut to just 6 points." US News adds, "Political experts say the race will be decided in the famously fickle Philadelphia suburbs. So expect Santorum to be running hard and aggressively. Casey, too."

Republicans Target Democratic Incumbent In Bush's Home District. USA Today (8/21, Benedetto, 2.27M) reports, "As Iraq war veteran Van Taylor stumps for votes in the sprawling 17th Congressional District that runs through here, there is at least one resident he can count on: President Bush." Taylor "met him about 20 years ago, when a Midland oilman named George W. Bush pinned an Eagle Scout badge on his chest." Today, "Bush calls his Prairie Chapel Ranch near this town his legal residence. He's the most famous resident in a district that stretches 200 miles, from the outer exurbs south of Dallas and Fort Worth through Crawford and nearby Waco and down to College Station, home of his father's presidential library at Texas A&M University." Rep. Chet Edwards, Bush's current congressman, "is a Democrat seeking a ninth term." The National Republican Congressional Committee "has made the race one of its top 10 priorities. The president was the main attraction at a Republican fundraiser this month whose proceeds went, in part, to Taylor's campaign. He also benefited from fundraisers headlined by Vice President Cheney and House Speaker Dennis Hastert." Edwards "has proved resilient before. The district was one of several redrawn in 2003 by state Republicans under the guidance of former House majority leader Tom DeLay," and Edwards "was the only targeted Democrat to hold onto his seat, beating Republican former state representative Arlene Wohlgemuth, 51% to 47%."

Democratic Candidates Reveal Few Differences In Maryland Senate Debate. The Washington Post (8/21, B1, Rucker, 748K) reports on yesterday's debate between the two Democratic candidates for US Senate in Maryland, Rep. Ben Cardin and former Rep. Kweisi Mfume. The Post says that for most of the 30-minute debate, the candidates "revealed few differences on major issues: Both oppose the war in Iraq and President Bush's energy policies. Both support universal health care and increasing federal funding for education. … The starkest difference came in the way they framed their candidacies less than one month before Democrats select their nominee from a crowded field of 18 hopefuls: Cardin presented himself as a lawmaker proud of his record, and Mfume painted himself as an outside agent of change."

WPost Endorses Cardin. In an editorial, the Washington Post (8/21, A14, 748K) endorses Cardin for the Democratic nomination, noting that his "mastery of public policy, pragmatic bipartisanship and even-keeled determination have made him a superb lawmaker." The Post adds, "A common complaint with politics as usual is that candidates and officeholders are so caught up with partisan wrangling and point-scoring that they have failed to address everyday issues of pressing concern to American voters -- health care, taxes, retirement security. It's a fair critique. The antidote is electing lawmakers such as Mr. Cardin, whose proven competence, integrity and depth have been his trademarks in public service."

Romney Addresses California GOP Convention. The Washington Times (8/21, Bellantoni, 88K) reports that Massachusetts Gov. Mitt Romney, who is eyeing a 2008 presidential bid, delivered the keynote address to the California Republican convention Saturday night. Romney reminded the party activists that "he works with a legislature that is 87 percent Democratic, making him a 'conservative Republican governor in the most liberal blue state in America.' He also told them how he cut more than $3 billion in government waste without raising taxes or borrowing money and touched on a wide scholarship program approved under his watch. He also portrayed himself as an optimist with the right ideas to fix the nation's problems during its most critical period." According to the Times, the party activists "loved him -- cheering wildly for a stump speech that closely resembled a stand-up routine and later praising him as someone with the right kind of fiscal and conservative values."

DNC Shuffles Presidential Nominating Calendar. In an effort to add racial and geographic diversity to their presidential nomination process, the

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Democratic Nartional Committee has added new states to its early roster of presidential nominating contests. The Christian Science Monitor (8/21, Feldmann, 58K) reports, "Under the plan, adopted over the weekend in Chicago, Iowa will still hold the very first event -- party caucuses -- and New Hampshire will keep its traditional first primary in the nation. But Nevada will squeeze its caucuses into the eight-day gap between Iowa and New Hampshire, and South Carolina will hold primaries as soon as a week after New Hampshire. If all the state parties cooperate, these contests could end up taking place in a time frame as tight as 15 days in January 2008."

USA Today (8/21, Lawrence, 2.27M) reports, "Nevada and South Carolina officially moved to the early part of the Democratic calendar Saturday at a party meeting in Chicago. By then, Indiana Sen. Evan Bayh had sent three campaign workers to Nevada, and 2004 presidential nominee John Kerry was planning a September trip there. In South Carolina, former Virginia governor Mark Warner had scheduled fundraisers next month for state legislative candidates, while John Edwards, the 2004 vice presidential nominee, headlines a party fundraiser there Tuesday."

EU Countries Delay Committing Troops To Lebanon Peacekeeping Force. In a story that runs approximately 1700 words, the New York Times (8/21, Simons, Kifner, 1.21M) reports, "The shaky, United Nations-brokered cease-fire in Lebanon suffered another blow on Sunday when the European countries that had been called upon to provide the backbone of a peacekeeping force delayed a decision on committing troops until the mission is more clearly defined." Those "reservations postponed any action on the force at least until Wednesday, when the European Union will take up the issue." The Times says the Europeans remain "haunted by their experiences in Bosnia in the 1990's, when their forces were unable to stop widespread ethnic killing," and "are insisting upon clarifying the chain of command and rules of engagement before plunging into the even greater complexities of the Middle East." The increasing "confusion over the peacekeeping force, coming just a day after an Israeli commando raid, added to fears that the cease-fire could easily break down."

Meanwhile, the Washington Post reports Tel Aviv "on Sunday objected to including countries that do not have diplomatic relations with the Jewish state in the nascent peacekeeping force for Lebanon, even as a U.N. envoy said the Lebanese army had fielded only 3,000 troops, about one-fifth of the force it plans to enforce the cease-fire in the south." Israeli Prime Minister Ehud Olmert "raised his opposition to the participation" of countries including Indonesia, Malaysia and Bangladesh, "which are among the few nations that have pledged troops to the international force that is supposed to work with the Lebanese army to enforce the truce put in place after the five-week war."

The AP (8/21, Federman) reports Prime Minister Olmert's decision "complicated efforts by the United Nations to form a 15,000-strong peacekeeping force, which along with an equally large Lebanese army contingent will help enforce the truce that ended 34 days of fighting between Israel and the Lebanese guerrilla group Hezbollah." The UN cease-fire resolution "does not explicitly give Israel authority to block countries from joining the peacekeeping mission, but it does say the force should 'coordinate its activities ... with the government of Lebanon and government of Israel.'"

Israel Calls On Italy To Lead International Peacekeeping Force. The Financial Times (8/21, Morris, MacDonald) reports Israel also "called on Italy to lead an international force in south Lebanon and to send troops to oversee border crossings from Syria through which it alleges Hizbollah is continuing to receive arms supplies." Prime Minister Olmert, "in a telephone call to Romano Prodi, his Italian counterpart, said the dispatch of Italian troops was crucial to implementing UN Security Council resolution 1701, according to Mr Olmert's office." The move "followed criticism by Israeli ministers that sponsors of the UN resolution, including France, had not so far fulfilled promises to provide adequate forces to implement its terms." Prodi has said Italy "intends to send a 'significant' military force – some senior politicians involved with defence have the put the figure as high as 3,000 – and that he would raise the matter in the Italian parliament as soon as possible."

Cease-Fire Called A "Disillusioning End For Israel." U.S. News and World Report (8/28, Derfner, 2.03M) reports, While Israel "had given much better than it had gotten in southern Lebanon, the grim conclusion here was that the superpower of the Middle East had been stymied by a few thousand well-armed, well-trained guerrillas of Hezbollah. Suddenly, Israelis' confidence, which shot up after the successful withdrawal from Gaza a year ago and stayed up even through former Prime Minister Ariel Sharon's incapacitation, was gone. … What was seen here as nothing less than a 'war of survival' has come to a deeply

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disillusioning end for Israel, so much so that the political and military leadership has lost the public's faith." In a separate story, U.S. News and World Report (8/28, Halpern, 2.03M) reports that there is a sense among many Israeli soldiers that "the war ended prematurely." US News adds that Israeli soldiers "arrived highly motivated for what they regarded as an existential war, only to find the Army didn't supply them with basic equipment. … The enemy was another surprise. Hezbollah fighters were well trained, well equipped, and well motivated."

Hezbollah Launches Humanitarian Effort In Lebanon. U.S. News and World Report (8/28, Prothero, 2.03M) reports that Hezbollah has launched a "massive humanitarian operation" in Lebanon. The effort is "designed to assist their constituency and head off the inevitable complaints that they had brought this destruction down upon their own people." US News notes, "Hezbollah might be the most popular movement among Lebanon's Shiite Muslim community, but people also know that it was Nasrallah's 'Party of God' that started the war by crossing the border into Israel, kidnapping two Israeli soldiers and killing three others."

Lebanese Army Seeks To Restore Authority Over Lebanon. Time (8/28, Butters, 4.03M) reports that the Lebanese Army "is in a race to restore its authority over a ravaged country. The US wants the army, rather than the UN troops following behind it, to take the lead in disarming Hizballah and pushing the group's fighters away from the border with Israel. But that may never happen." The Army's job "will be largely symbolic and humanitarian."

Lebanon's Political Unity Seen As Beginning To Fragment. The AP (8/21, Ghattas) reports in a news analysis story that Lebanon "had not even finished burying the dead from 34 days of war when the country's deep sectarian and political divisions split open again. That has shattered the semblance of unity that held, just barely, through the Israeli attacks against Hezbollah." Differences over "the militant Shiite group — stilled while the war raged — are re-emerging. Critics of the guerrillas and their leader, Sheik Hassan Nasrallah, have begun to speak out, with some Sunnis, Christians and Druse clearly feeling Hezbollah dragged them into a fight they did not want." So far, it's "all rhetoric and factional leaders have been careful not to actively inflame tensions, stressing instead the need to rally behind the government even as they criticize each other. Yet tensions are rising in a country where most damage was done in Shiite Muslim areas while Christian and Sunni areas remained largely unscathed."

Major Dailies Criticize French Stance On Aiding Peacekeeping Force. The Wall Street Journal (8/21, 2.03M) editorializes on problems with Resolution 1701: "Jacques Chirac confirmed a Le Monde report that his government was prepared to offer only some 200 combat engineers (in addition to the 200 French troops already in Lebanon) to what is supposed to be the resolution's centerpiece ... All of this after the French used the promise of a robust, French-led international force to get the U.S. and Israel to agree to a cease-fire and withdrawal." The "person who should really be furious here is Secretary of State Rice."

The New York Times (8/21, 1.21M) editorializes, "After insisting for years that they be treated like a superpower, the French are behaving as if they have no responsibility for helping dig out of the Lebanon mess. ... The French military command has also raised some legitimate concerns about the peacekeeping force's lack of a clear mission." The resolution also does not explain "who, if anyone, will disarm Hezbollah." "President Bush ... needs to get on the phone with his on-again friend Mr. Chirac and make clear the cost for both Lebanon and France, if France shirks its responsibility."

USA Today (8/21, 2.27M) editorializes, "With every passing day, the United Nations resolution's more ambitious goals — put a robust peacekeeping force in southern Lebanon, disarm Hezbollah militants, and stop Iran and Syria from rearming them — seem more like a fantasy. Most of the ingredients that led to the war between Israel and Hezbollah remain, like dry tinder. ... A more substantive initiative is needed. Unless the United States, France and the other signatories to Security Council Resolution 1701 act with greater speed and seriousness, it will quickly join the list of U.N. resolutions that failed to make a difference in the Middle East."

UN Envoy Warns Ceasefire Breaches Could Hamper Peacekeeper Plans. The Los Angeles Times (8/21, Wallace, 918K) reports UN envoy Terje Roed-Larsen "warned Sunday that breeches of the cease-fire between Israel and Hezbollah guerrillas could hamper attempts to build a 15,000-member international peacekeeping force for southern Lebanon by alarming governments already reluctant to commit troops to the volatile region." His comments "came a day after U.N. Secretary-

DOJ_NMG_0050260

General Kofi Annan described Saturday's Israeli commando raid deep into Lebanon as a 'violation by the Israeli side' of the Security Council resolution that ended 34 days of fighting a week ago." The Israeli government "continued to defend the raid, which resulted in a clash with Hezbollah fighters that killed an Israeli officer, saying it was aimed at intercepting weapons coming from Syria to Hezbollah."

USA Today (8/21, 2.27M) reports Roed-Larsen "praised the deployment of the Lebanese army on the country's border with Israel but warned Sunday that the week-old truce between Israel and Hezbollah could collapse into an 'abyss of violence and bloodshed' if the cease-fire was violated further." Roed-Larsen "called Israel's commando operation in the city of Baalbek on Saturday 'unhelpful.'"

The Christian Science Monitor (8/21, Prusher, 58K) reports Israel's "weekend raid on a Hizbullah base in eastern Lebanon, rattling the week-old cease-fire, raises serious questions over whether the two sides will exercise the restraint needed for the truce to last." There is "widespread concern here that the UN resolution that quieted the heavy guns last Monday, after 34 days of fighting, is an agreement that's good on paper but unrealistic in the field. Many say the cease-fire does not represent an end - only an end to 'Round 1.'"

NBC Nightly News (8/20, story 3, 2:05, Seigenthaler, 9.87M) reported, "A fragile truce remains in place in Lebanon. The Lebanese Prime Minister took a tour and called the Israeli bombing campaign a crime against humanity. Israel continued withdrawing its troops from Lebanon but warned there could be more raids until international peacekeepers arrive in force. Any peacekeepers that come from countries that do not recognize Israel will be rejected."

Lebanese Defense Minister Indirectly Warns Hezbollah Against Breaking Ceasefire. The Washington Times/AP (8/21, Hurst) reports Lebanese Defense Minister Elias Murr "said yesterday that he is certain Hezbollah will not break the cease-fire, but warned all militant groups of harsh measures and a traitor's fate if they incite Israeli retaliation by firing rockets into the Jewish state." Murr's "strong remarks indicated concern that Syrian-backed militants will try to restart the fighting by drawing retaliation from Israel." Meanwhile, Prime Minister Fuad Siniora "toured the devastated Hezbollah stronghold in southern Beirut and decried the destruction by Israeli bombs as a 'crime against humanity.' Parliament Speaker Nabih Berri, a Shi'ite and Hezbollah backer, stood at the Sunni prime minister's side and said they spoke with one voice."

Nasrallah Achieves Iconic Status In Islamic World. ABC World News Tonight (8/20, story 4, 1:50, Harris, 8.78M) reported, "One point Israel may not have counted on was that that war would make Hezbollah's leader into a hero throughout the Muslim world." ABC (Dinnick) added, "Right across the Arab world, from Beirut to Damascus to here in the Palestinian territories, Hassan Nasrallah has achieved rock star status. Much of southern Lebanon was destroyed. More than 1,000 people were killed. But Hezbollah's fight gave hope to the Arab world who have fought for Israel for 39 years, with little success." Nasrallah "may be a hero in Palestinian cities, like here in Ramallah, but questions about just what he accomplished. Moderates here say Nasrallah will only bring more violence to the region, more suffering."

Israel Said To Be Seeking Higher Level Hamas, Hezbollah "Bargaining Chips." The Washington Post (8/21, A10, Struck, 748K) reports Palestinian Minister of Education Nasser Shaer was taken away by Israeli troops to "be yet another chip in a potential prisoner swap for an abducted Israeli soldier. As the top education official and a deputy prime minister in the Hamas-led government, he is a ranking chip." On Sunday, Israelis "seized another senior Hamas legislator, Mahmoud Ramahi, near Ramallah, bringing to 40 the number of Palestinian officials from Hamas being held by Israel." A few hours "before Shaer's arrest, Israeli commandos landed deep in Lebanon's Bekaa Valley. Israeli officials insisted the nighttime raid was an effort to disrupt the flow of arms to Hezbollah, but many in Lebanon and Israel suspect the commandos were trying to capture a ranking militia member for a swap." The events "were seen as more evidence that Israel may try to win the release of its soldiers abducted to Gaza and Lebanon through a prisoner exchange, an idea once firmly opposed by Prime Minister Ehud Olmert."

The AP (8/21, Daraghmeh) reports Israeli forces "seized a senior Palestinian legislator Sunday in the latest move in a 7-week-old crackdown on the ruling Hamas movement, drawing angry accusations from Palestinian leaders that Israel is undermining their efforts to form a unity government." Troops and "agents of the Shin Bet intelligence agency grabbed Mahmoud al-Ramahi, a senior Hamas member and secretary-general of the Palestinian parliament, at his Ramallah home, a military statement said. It gave no further

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details, but his sister Yaqeen said the raid took place in broad daylight." His capture "puts almost all of Hamas' West Bank leadership in Israeli custody."

McCain Says Israeli Raid Not A Ceasefire Violation. On NBC's Meet The Press (8/20, Gregory), Sen. John McCain said he did not think the Israeli commando raid in Lebanon was a violation of the ceasefire resolution, adding, "The United Nations has taken on the responsibility not only to impose a cease-fire in southern Lebanon, but they also promised that they would prevent a re-supply of Hezbollah in the region. This is clearly, they have not been able to do that. This was an effort to re-supply Hezbollah with weapons in order to attack the state of Israel."

Israel Reportedly Considering Peace Negotiations With Syria. The Washington Times (8/21, Mitnick, 88K) reports Israel is "mulling the reopening of peace negotiations with Syria -- frozen for seven years -- after a monthlong war with Hezbollah guerrillas in Lebanon, according to newspaper reports." After "years of ignoring the possibility of talks with Syria because of the U.S. effort to isolate President Bashar Assad, a growing number of voices is calling on the Israeli government to consider talks with Damascus, which could help sever the central link between Hezbollah and its main weapons sponsor, Iran." The calls "come just days after Mr. Assad threatened Israel with war if it didn't opt for peace negotiations and promised that Israel would be destroyed by future Arab generations."

Feinstein Says US Must Negotiate With Syria. On CNN's Late Edition (8/20, Blitzer), Sen. Dianne Feinstein said she "absolutely" supported the Administration beginning high level talks with the Syrians, adding, "I think you talk with people you disagree with. I think it is a mistake to isolate governments. You isolate governments and they become more recalcitrant, not less recalcitrant. Therefore, I think it is very important -- I think it's very important to clear up the fact that Iran is shipping rockets and missiles from Tehran to Damascus. I believe we stopped one cargo plane full. The question arises, are there others coming through this way?"

Kidnappers Ignore Pleas Of Journalists' Relatives For Release. The New York Times (8/21, Kraft, 1.21M) reports, "Pleas by relatives over the weekend for the release of two Fox News journalists went unheeded by their kidnappers, who have neither claimed responsibility nor issued demands." The journalists, Steve Centanni, 60, "an American reporter based in Washington, and Olaf Wiig, 36, a cameraman from New Zealand, were seized by masked gunmen last Monday night in Gaza City, where they were covering the fighting between Israel and the Palestinians." Centanni's brother, Ken Centanni, "issued an appeal on Saturday for his release that was broadcast on the Arab satellite channel Al Jazeera."

Iran Test-Fires Short-Range Missiles, Disavows Enrichment Suspension. The AP (8/21, Dareini) reports Iranian Foreign Ministry spokesman Hamid Reza Asefi "said Sunday that it will offer a 'multifaceted response' Tuesday to a Western package of incentives aimed at persuading Tehran to rein in its nuclear program, but insisted it won't suspend uranium enrichment altogether. Speaking after Iran's military test-fired 10 short-range missiles, [Asefi] said at a news conference that a nuclear compromise would have to be reached during future negotiations." Continuing, Asefi "said the world could not afford to join the United States in imposing sanctions. 'Iran's influence in the region is clear. A country like Iran has extensive political, economic and cultural capabilities. Will other countries ignore Iran's capabilities in their political and economic cooperation?' he said."

ABC World News Tonight (8/20, story 3, 2:30, Harris, 8.78M) reported, "President Bush is back at the White House, and facing new challenges from the government of Iran, which some say is becoming a more serious threat to US interests every day. Today, Iran test fired ten more missiles, just two days before a new deadline in the standoff over its nuclear program." ABC (Morrell) added, "On Tuesday, President Bush will finally learn if his Iranian counterpart is willing to stop enriching uranium in exchange for a package of incentives, including direct talks with the US. But Iran chose no sign it is ready to accept that deal this weekend, it conducted large-scale military exercises and today test fired more short-range missiles. Iran is talking tough, too. A government spokesman said today they will not suspend their nuclear program before taking a seat at the bargaining table."

NBC Nightly News (8/20, story 4, 0:55, Seigenthaler, 9.87M) reported, "Iran once again flexed its military muscle test firing new short range missiles. Another aggressive move for a country facing an international deadline for its nuclear program."

The New York Times (8/21, Fathi, 1.21M) focuses its reporting on the test-firing of ten short-range missiles as part of a larger military exercise. "As Iran fired 10 short-range

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missiles on the second day of a large-scale military maneuver, officials on Sunday reiterated Iran's stance that it did not intend to halt its uranium enrichment program." The missiles "fired on Sunday, called Saegheh — thunder in Persian — had ranges of 50 and 150 miles, the official ISNA news agency reported. In April, Iran unveiled new weaponry, including radar-evading missiles and high-speed torpedoes." Official news broadcasts "showed helicopters shooting, bombs being dropped in the desert and paratroopers jumping out of helicopters. The report said various types of helicopters, fighter planes, live ammunition and bombs were used."

The Washington Times (8/21, Dareini, 88K) reports the White House "condemned Iran's 'show of military force' and said it 'serves to remind us of the dangers of its nuclear ambitions.'"

West Said To Have "Few Real Options." The Wall Street Journal (8/21, Bahree, Champion, 2.03M) says, "For all of the tough talk likely in coming days about using global sanctions to shut down Iran's nuclear-fuel program, the West has few real options for forcing Tehran to back down." The Journal says the "sanctions being discussed, such as curbs on imports of nuclear-related technology, wouldn't affect Iran's overall economy. But the bluntest weapon available short of war -- targeting Iran's vast energy sector -- is extremely unlikely to be deployed anytime soon." Western nations are "in this bind because, despite a shared desire to stop Iran from developing nuclear weapons, a number of forces -- the conflicts in Iraq and Lebanon, high oil prices and minimal spare global oil-pumping capacity -- have made the world a different place from the 1980s and 1990s, when the U.S. imposed sanctions forbidding its own companies from doing business with Iran."

McCain Says UN Must Impose Sanctions. On NBC's Meet The Press (8/20, Gregory), Sen. John McCain said the Iranian government's apparent defiance of the UN on development of its nuclear program is "not surprising, but it lends incredible importance to August 31st when the Security Council convenes to enact sanctions on, on the Iranian government. And that has got to be only the first step, but sanctions have to be imposed, they are in blatant violation of treaties, and they -- these, these sanctions must be imposed."

Venezuela Developing Close Alliances In Mideast. The New York Times (8/21, Romero, 1.21M) reports, "Venezuela has long cultivated ties with Middle Eastern governments, finding common ground in trying to keep oil prices high, but its recent engagement of Iran has become a defining element in its effort to build an alliance to curb American influence in developing countries." In a visit late" last month to Tehran by President Hugo Chávez and his oil minister, Rafael Ramírez, the two countries agreed to produce jointly nearly a dozen products, including crude oil and medicines. In a further sign that their ties have taken on a new dimension, the two countries are speaking in a more unified voice in their criticism of Israel and the United States." The Post adds, "The strengthening of ties has turned Iran into Venezuela's closest ally outside Latin America, adding clout to Mr. Chávez's efforts within OPEC to increase revenue through output limits by oil-exporting countries." Venezuela has also become "the most vociferous defender of Iran's nuclear program at a time when Iran feels increasingly isolated."

Seoul Downplays Likelihood Of Pyongyang Nuclear Test. The AP (8/21) reports Seoul "said yesterday it has been monitoring North Korea's nuclear activity but dismissed the possibility of an imminent underground nuclear test amid reports that Pyongyang may be preparing to detonate its first atomic bomb." A Defense Ministry official said it "has been holding a 24-hour surveillance on North Korea's military activity," and President Roh Moo-hyun's office "confirmed that Seoul has been keeping a 24-hour watch on the North that was in place before the latest report on a possible nuclear test."

López Obrador Vows More Radical Tactics, Says Mexico "Needs A Revolution." The Financial Times (8/21, Thomson) reports, "Mexico's leftwing presidential candidate vowed at the weekend to continue to reject last month's election result with increasingly radical tactics conducted 'from the streets.'" López Obrador "said he would take his so-called "civil resistance" movement 'to its ultimate consequences' in his effort to defend democracy." In an interview with the Financial Times, he said, "The most important changes in Mexico have never come about through conventional politics but rather from the streets." Asked "whether there was a danger that people would brand him a revolutionary, he replied: 'Mexico needs a revolution.'"

Business Leaders Call On Bush To Renew Doha Talks. The Financial Times (8/21, Kirchgaessner)

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reports a group of business leaders, including Citigroup chief Chuck Prince, have urged President Bush to reinvigorate multilateral trade discussions and "identify a way forward" on the Doha round of trade talks. In a letter, the executives said it was "unacceptable" that "transatlantic differences over agriculture…were dictating progress on increased market access for goods and services that comprise the majority of global trade." They also noted that the expiration next June of the President's trade promotion authority made the timing "of the essence."

Indonesia Expands Investigation Of Possible Bird Flu Cluster. The Wall Street Journal (8/21, A4, 2.03M) reports an Indonesian woman died of bird flu in a village that has 12 confirmed or suspected cases of the H5N1 virus, a senior health official said Sunday, "as authorities stepped up their investigation into the new possible cluster of cases." Experts fear the virus could mutate into a form that spreads easily among humans, potentially sparking a pandemic. Therefore, health workers were "keeping a close eye" on the village of Cikelet, where there have been a dozen confirmed or suspected cases of bird flu.

Christianity Said To Be Taking Root In China. Time (8/28, Elegant, 4.03M) reports that in China, Christianity "is finally taking root and evolving into a truly Chinese religion. Estimates vary, but some experts say Christians make up 5% of China's population, or 65 million believers. And thousands more are converting every day." Time adds, "China's central government has in recent years adopted a more lenient attitude toward religious expression."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Snipers Target Shiite March."
"Houston Grumbles As Evacuees Stay Put."
"Arrested Development In L.A. County's Juvenile Detention System."
"Unlucky, Unfazed, Unbroken."
"Bohemian Club Has An Ax To Wield."
"First And Tundra."

USA Today:
"Snipers Kill 20 Iraq Shiite Pilgrims."
"Year After Katrina, Few Fully Recovered."
"Among Other Findings."
"GOP Counts On Rove To Head Off Disaster."

New York Times:
"Europeans Delay Decision On Role Inside Lebanon."
"As Trial Nears, Poison Attack Haunts Kurds."
"Pakistanis Find U.S. An Easier Fit Than Britain."
"McCain Mines Elite Of G.O.P. For 2008 Team."
"From Their Own Online World, Pedophiles Extend Their Reach."
"With Loving And Costly Care, Barbaro's Long Odds Improve."

Washington Post:
"For Kurds, the Long Wait For Justice."
"In Porous Border, GOP Sees An Opening."
"Hear the Music, Avoid the Mosh Pit."
"Cold War Missiles Target Of Blackout."
"At Guantanamo, Six Caught In A Legal Trap."
"Candidates' Styles Strikingly Different."

Washington Times:
"Flight Of Fancy For JonBenet Suspect."
"Hezbollah Told Not To Incite Israel."
"Even Dozen For Tiger."
"Romney Golden To GOP In Blue State."
"10 Years After, Welfare Reformers Look To Build On Giants."
"For Area Students, Summer All Too Soon Draws To End."

Detroit Free Press:
"Chrysler Plagued By Surge In Recalls."
"No reason To Worry …Right?"
"MotorCity Aims To Be Casino Classic."
"Pets Come To Cattle Call With Silly Tricks For TV."

Atlanta Journal-Constitution:
"Tereshinki Wins Dogs' QB Derby."
"Karr Arrives In U.S."
"Leaving Cancer Behind."
"Gifts Or Trash? I.R.S. Toughens Tax Break."
"Atlanta's Growth Creeps Into Ball Ground."

Houston Chronicle:
"NASA's Race To Fix Station Nears."
"Praying For Rain, But It just Doesn't Come."
"City's Pet Projects get Budget Leftovers."
"4 Lawmen Shot In Standoff Near Dallas."

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Story Lineup From Last Night's Network News:

ABC: JonBenet Case; Pentagon Sexual Harassment; Iranian Threat; Nasrallah's Fame; Sniper Attacks-Iraq; Saddam Hussein's 2nd Trial; Cheaper Business Class; Protest Music.

CBS: Preempted By PGA Championship.

NBC: Sniper Attacks-Iraq; Sectarian Violence; Israel Recovers; Iranian Threat; JonBenet Case; War On Drugs VS War On Terror; Katrina's New Victims; Helicopter Commuting.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Karr-Return To US; TX-Police Officers Shot; MO-Serial Killer Arrested; Russia-Market Bombing.

CBS: Karr-Return To US; Military recruiters-Sexual Harassment; Israel-Hezbollah Cease-Fire; TX-Police Officers Shot; Rhymes Arrested; Iraq-New Saddam Trial.

NPR: Israel-Hezbollah Cease-Fire; Israel-Hamas Official Arrested; Iraq-Shiite Pilgrims Killed; Afghanistan Fighting; WY-Wildfire; DNC-Presidential Primary Schedule; PGA Championship.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: ACCOUNTANTS _ The American Institute of Certified Public Accountants holds the 2006 AICPA National Governmental Accounting & Auditing Update Conference. Highlights: 8:40 a.m. - 9:30 a.m. GAO Comptroller General David Walker speaks on ``The Growing Fiscal Imbalance." 9:30 a.m. Session on ``CPAs Serving Governments Thriving in Todays Environment," with Leslie Murphy, chair, AICPA, Southfield, Mich. 4:05 p.m. Session on ``Issues & Challenges: Perspectives of Three Agency IGs," with Carol Bates, Acting IG, Corporation for National and Community Service, Washington, DC.; Phyllis Fong, IG, US Department of Agriculture, Washington, DC.; Johnnie Frazier, IG, Department of Commerce, Washington, DC. Location: JW Marriott, 1331 Pennsylvania Ave. NW.

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DOJ_NMG_0050265

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, AUGUST 21, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Investigators Eye Afghanistan Link To Foiled Terror Plot 3
Algerians Remain Stuck In Guantanamo..... 4
Officials Fear Germany Has Become A Target For Islamic Terrorists 4
Battle Over Domestic Surveillance Program Said To Be "Far From Over." 4

Homeland Response:
King Says Airport Screeners Should Consider Passengers' National Origin 5
Herbert Cites Higazy Detention As Example Of "Voodoo Law Enforcement." 5
Governors Oppose National Guard Measure 5
Survey Finds Most Do Not Believe Feds Are Prepared For Hurricane Season 5
Houston Residents Said To Be Growing Weary Of Katrina Evacuees 5

War News:
Snipers Kill At Least Twenty Shiite Pilgrims In Baghdad..... 6
Iraqi Ambassador Urges US To Stay..... 7
Carroll's Captor Claims Leadership Role In Insurgency..... 8
Saddam's Kurdish Genocide Trial Begins Today 8
71 Taliban Fighters Killed In Fight With Afghan Police, NATO Forces 9
NATO Prepares For Global Scope 9

Corporate Scandals:
SEC Lagging In Enforcement Activity..... 9

Criminal Law:
Suspect In JonBenet Ramsey Murder Returned To US..... 9
Arrest, Legislation Seen As Doing Little To Deter Online Gambling..... 10
Pedophiles Extend Reach Online 11
Pellicano Probe Seen As Overhyped 11
US Seeks Interviews, Files In Hinckley Dispute 11
Prosecutor Urges Judge To Deny Bail For Boston Police Officers..... 12
Prosecutors Play Prison Recordings Of Gotti Sending Money To Mobster 12
Rochester Mayor Pressing For Resolution Of Ferry Probe..... 12
Four Found Guilty In $170 Million Florida Bank Fraud Case..... 12
Oregon Lawyer Pleads Guilty To Money Laundering In Investment Scam 13
Employee Injured In Georgetown Jewelry Store Robbery..... 13
One In Eight Convicted Murderers "Volunteers" To Die 13

Civil Law:
US Blamed For Reversal Of Iraq Contract Fraud Verdict..... 13
WSJournal Praises Michigan Court's Asbestos Decision..... 14
NYTimes Says Congress, FTC Should Protect Internet Users' Privacy 14

Civil Rights:
Suspect In 1998 Texas Racial Murder Claims He Was Not At The Scene..... 14
Mental Health Courts Seen As Compromise Between Incarceration And Freedom 14
Skelton Seeks To Prevent Recruiter Sex Abuse 15
Legal Fight Over Jesus Painting To Continue Despite Theft..... 15
White Population A Minority In Phoenix, Tucson, Denver..... 15
Williams Says Civil Rights Fight Endures In "Culture Steeped In Bitterness And Nihilism." 15

Antitrust:
EU Antitrust Watchdogs List Objections To Gaz De France-Suez Merger..... 15

FBI/DEA/ATF/USMS:
In Philadelphia, Two Arrested In Fentanyl-Heroin Investigation.. 16
Debate Continues On Army's Involvement In Bahamas Anti-Drug Effort..... 16
Southern Arizona Seen As "Hotspot" For Smuggling Activity..... 16
Report: Marion Jones Failed Drug Test At Championships In Indianapolis 16
Gang Members Arrested In Florida Raid 17

Immigration:
US Catholic Church Said To Favor Immigration..... 17
WPost Decries "Pernicious Image" Of Immigrants 17

Tax:
Krugman Opposes IRS Plan To Privatize Tax Collection..... 17

Congress-Administration:

Bush Presidency Said To Be "Humbled." 18
Ten Years Later, Debate Over Welfare Reform Continues 18
Cold War Missile Totals Treated As Secrets 18
Conyers Bill Would Require Hill Notification Upon Pardon Of Executive Employees 18
Public Pension Reform Urged 18
Senator Delaying Coburn Spending Database Bill Urged To Come Forward 19

Other News:

Economy Said To Appear On Track For "Soft Landing." 19
Experts Predicting Further Oil Price Decline 19
Overregulation Decried 20
Shareholders Pressuring Companies To Disclose Political Donations 20
Trade Groups Use Internet To Target Citizen Activists 20
Some Republicans See Rove As Best Hope To "Head Off Disaster." 20
Republicans See Border Security As Key Election Issue 21
Democrats Hitting Republicans On Social Security 21
Hagel Says GOP Has Lost Its Way 21
McCain Predicts GOP Will Keep Senate, Maybe House 21
Internal Polls Show Chafee Trailing Laffey 22
Murkowski "Struggling" To Keep GOP's Gubernatorial Nomination 22
Aides Urge Clinton To Make Plans For 2008 Clear By Next Spring 22
Lieberman Calls On Rumsfeld To Resign 22
Kerry Says He Wouldn't Have Gone Into Iraq If He'd Been President 23
Candidates Fear Being "YouTubed" In Wake Of Allen Incident .. 23
Casey's Lead Over Santorum Shrinking 24
Republicans Target Democratic Incumbent In Bush's Home District 24
Democratic Candidates Reveal Few Differences In Maryland Senate Debate 24
Romney Addresses California GOP Convention 24
DNC Shuffles Presidential Nominating Calendar 25
EU Countries Delay Committing Troops To Lebanon Peacekeeping Force 25
UN Envoy Warns Ceasefire Breaches Could Hamper Peacekeeper Plans 26
Israel Said To Be Seeking Higher Level Hamas, Hezbollah "Bargaining Chips." 27
Kidnappers Ignore Pleas Of Journalists' Relatives For Release . 28
Iran Test-Fires Short-Range Missiles, Disavows Enrichment Suspension 28
Venezuela Developing Close Alliances In Mideast 28
Seoul Downplays Likelihood Of Pyongyang Nuclear Test 29
López Obrador Vows More Radical Tactics, Says Mexico "Needs A Revolution." 29
Business Leaders Call On Bush To Renew Doha Talks 29
Indonesia Expands Investigation Of Possible Bird Flu Cluster 29
Christianity Said To Be Taking Root In China 29

The Big Picture:

Headlines From Today's Front Pages 29

Washington's Schedule:

Today's Events In Washington 30

DOJ_NMG_0050267

TERRORISM NEWS:

Investigators Eye Afghanistan Link To Foiled Terror Plot. Investigators looking into the foiled plot to bomb US-bound airliners have shifted their sights to Afghanistan, according to the Christian Science Monitor (8/21, Montero, 58K). This, after Rashid Rauf, the prime suspect in custody, "divulged his liaison with a high-level Al Qaeda operative possibly based in Afghanistan's Kunar Province." An intelligence official, speaking anonymously, said that Rauf "admitted to traveling to Afghanistan several times since 2002 to meet with the operative, who conveyed commands on Al Qaeda's behalf."

Suspect Married Into Family "Deeply Enmeshed" In Sunni Extremism. The New York Times (8/21, Gall, Jamal, 1.21M) reports that Rauf, who is a "crucial figure" in the plot to bomb US airliners, chose four years ago to settle in a "corner of Pakistan has an undercurrent of sectarian violence and suspicions of links to Al Qaeda that belie the quiet rural image." The Times adds, "What first brought Mr. Rauf to southern Punjab remains as unclear as what role he might have had in any terrorist plot. But one thing is clear: the family he married into is deeply enmeshed in the world of Sunni extremism and sectarian violence, with longstanding connections to Afghanistan and even a link to the killer of the journalist Daniel Pearl."

Dry Run Of Plot To Bomb US Planes Was Set For August 12. U.S. News and World Report (8/20, Ragavan, Kaplan, 2.03M) reports that while British authorities "remained tight-lipped" about many aspects of the case the plot to bring down US airliners over the Atlantic, US officials "say a dry run was scheduled for the weekend of August 12. … In addition, law enforcement sources tell U.S. News, investigators found a videotape of several alleged plotters chatting about how the attacks would be viewed by the world."

Top Zawahiri Aide Believed To Be Mastermind Behind Plot. Time (8/28, Powell, 4.03M) reports that the mastermind behind the plot "is believed to be a senior al-Qaeda operative who may be a top aide to the terrorist group's No. 2, Ayman al-Zawahiri. They would not name the aide, but an official said it was a possibility al-Zawahiri himself may have approved the plane-bombing plan."

Markey Says DHS Should Ban All Cargo From Passenger Planes. U.S. News and World Report (8/28, Marek, 2.03M) reports that Rep. Ed Markey, who has "repeatedly introduced legislation requiring the Department of Homeland Security to screen all cargo placed on U.S. passenger planes for explosives," is now "urging DHS to take cargo off altogether. … Markey and some security experts say the aviation industry, which spent more than $38 million on lobbying in 2004 and 2005, and portions of the business community have helped squash efforts to plug important gaps" in US aviation security.

Growing Number Of Westerners Converting To Islam. Time (8/28, Farouky, 4.03M) reports on the growing number of Westerners who were "reared on other faiths or none at all," and are "converting to Islam." While "figures on conversions to Islam in Western countries are difficult to nail down, it's safe to say that Muslim converts in the US and Europe number in the hundreds of thousands, and anecdotal evidence suggests the number is on the rise. The arrest of at least three English converts in the plot to blow up passenger jets over the Atlantic has raised the troubling possibility that jihadist groups may be drawing some of their most committed operatives from the pool of new believers."

Calls To Kill For Islam Continue Despite UK Law Banning Glorification Of Terrorism. The New York Times (8/28, Mekhennet, Filikns, 1.21M) reports that Britain's Antiterrorism Act of 2006, "makes it a crime to glorify or encourage political violence. … The law's underlying assumption is that speeches and publications by Britain's more extreme Islamists may play a role in leading disgruntled young men toward violence. … Yet despite the antiglorification law, and an array of other measures approved since last summer's bombings, Islamist leaders… persist, some of them declaring it the duty of British Muslims to kill in the name of Islam." The Times adds, "Some British leaders are beginning to publicly question why such clerics are allowed to continue."

Events Overshadow British Efforts To Reach Out To Muslims. The Los Angeles Times (8/28, Frammolino, 918K) reports on "Britain's effort to use community groups and social programs, not just Scotland Yard and handcuffs, to battle violent extremists. Besides detective work, the British government has tried to root out the causes of terrorism among Islamic youths the bureaucratic way. It has generated studies and convened working groups that have consulted with 1,000 British Muslims. … Yet little substantial work has been done, in large part because the government's efforts have been overrun by events."

Pakistanis In US Generally More Prosperous Than Those In UK. The New York Times (8/21, MacFarquhar, 1.21M) reports that Pakistanis in the US are "far better off economically and more assimilated culturally than their counterparts in Britain. But some Pakistani-Americans do not rule out the possibility," that plots like the one to bomb US-bound airliners could be hatched in the Pakistani communities in the US, "given how little is understood about the exact tipping point that pushes angry young Muslim men

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to accept an ideology that endorses suicide and mass murder. The idea of a relatively smaller, more prosperous, more striving immigrant community inoculating against terror cells goes only so far, they say."

Algerians Remain Stuck In Guantanamo. The Washington Post (8/21, Whitlock, 748K) in a 2,410-word front page article reports on six Algerians who were arrested in Bosnia for allegedly plotting to attack the US Embassy: "Today, more than four years later, the six remain locked up at Guantanamo, even though the original allegations about the embassy attack have been discredited and dropped, records show. ... The detainees and their lawyers say they are caught in a trap. They contend that the Pentagon knows the men are not guilty but is unwilling to let them go free because that would be an acknowledgment of a grave error." The highly critical article states, "The case illustrates how difficult it will be to meet President Bush's stated goal to close Guantanamo as quickly as possible."

Officials Fear Germany Has Become A Target For Islamic Terrorists. Following the arrest in Germany of a Lebanese student suspected of trying to blow up two commuter trains, German officials have warned that the country has become a target for Islamic terrorists. USA Today (8/21, Boston, 2.27M) reports that Interior Minister Wolfgang Schaeuble said in an interview on German public television that he feared "strikes by homegrown Muslim radicals." USA adds, "Terrorist attacks in Germany would mark a change of tactics by al-Qaeda and other militant Islamic groups, which have used the country to train, recruit, raise money and gather technical expertise but have avoided striking here."

Battle Over Domestic Surveillance Program Said To Be "Far From Over." U.S. News and World Report (8/28, Halloran, 2.03M) reports that while a judge's ruling challenging the Bush Administration's secret domestic surveillance program appeared to be a "stinging rebuke of President Bush's broad assertions of executive authority, the battle over spying is far from over. The administration obtained a stay to keep the NSA operation running pending a September 7 hearing and plans to appeal the decision to the Sixth Circuit or the US Supreme Court. More challenges to the program are wending their way through the courts. When Congress returns, members will again hash over a proposed GOP bill that would essentially legalize the surveillance program as is."

Judicial Critique Of Bush NSA Surveillance Program Analyzed. On ABC's This Week (8/20), host George Stephanopoulos asked Sen. John Kerry about President Bush's NSA surveillance program. Kerry said, "I'm concerned that President doesn't understand or respect the Constitution sufficiently and is presenting America with a completely false choice. This is a false choice. We can fight war on terror and need to, we can eavesdrop and we need to and we can do it constitutionally. … The fact is the President has overstepped that authority again and again and in Guantanamo Bay with respect to this, and those efforts hurt us in building the kind of consensus you need to fight the war on terror."

On NBC's Meet The Press (8/20, Gregory), Sen. John McCain said he disagreed "with both the rhetoric and the reasoning" of last week's judicial decision on the NSA surveillance program, adding, "And so do most constitutional scholars. It's a very much of an overreach."

On CNN's Late Edition (8/20, Blitzer), Sen. Arlen Specter said Judge Taylor has "expressed her opinion. But I think, ultimately, Wolf, that question has to be answered by the Supreme Court of the United States. I've introduced legislation with the view to have that determined. There is no doubt that the Foreign Intelligence Surveillance Act is being violated, because it requires the exclusive remedy to go to the Foreign Intelligence Surveillance court to get a warrant."

On CNN's Late Edition (8/20, Blitzer), Sen. Dianne Feinstein said, "I also think it's potentially very dangerous for any president to have this wide swath of executive power, because it means that a president could order the wiretapping of the telephone calls of really tens of thousands of Americans. And the protection against unreasonable search and seizure would be effectively done away with."

On Fox News Sunday (8/20, Wallace), the Weekly Standard's Bill Kristol said, "It seems like a very weak decision, but politically I don't know which way it cuts. Republicans hope to run against liberal judges and liberal Democrats who don't want to give the president the tools he needs in the war on terror, and I think there's a credible, substantive argument to make there. But Democrats I've spoken to…think, you know, voters don't focus on who appointed this judge. And if a judge says the president overstepped, it gives some credibility to the notion that gee, that maybe the president went too far, a non-partisan judge has now handed down a ruling."

On Fox News Sunday (8/20, Wallace), Roll Call's Morton Kondracke said, "This is a case of the president's power in foreign intelligence gathering. Nobody is being sent to jail because of these intercepts overseas. And the previous court ruling suggests that the court sides with the administration when it comes to his powers on foreign intelligence."

Author James Q. Wilson writes in the Wall Street Journal (8/21, 2.03M), "Federal district court judge Anna Diggs Taylor has ruled that the warrantless interception of telephone and Internet calls between a foreign agent and American persons is illegal and unconstitutional. It is possible that she is right about the illegality, but she is almost surely

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wrong that it is unconstitutional. … The constitutional arguments against the surveillance are unpersuasive." Wilson adds, "We must be prepared to take reasonable steps to protect ourselves. The Constitution, as Justice Robert Jackson said, is not a suicide pact. But neither is it a blanket authorization for any executive action. Congress ought to be able to clarify how far we can go. It will be interesting to see who votes for and who against a reasonable authorization for a bolder antiterrorism measure."

HOMELAND RESPONSE:

King Says Airport Screeners Should Consider Passengers' National Origin. Rep. Peter King said on Fox News Sunday (8/20, Wallace), "We should put political correctness somewhat to the side and say that a screener or even an airline should have the right to factor in a person's national origin. … The fact is the overwhelming odds are that it is going to be someone of Middle Eastern or South Asian descent and of the Muslim faith. And I think a screener should be allowed to factor that in as one of many factors."

Herbert Cites Higazy Detention As Example Of "Voodoo Law Enforcement." In his New York Times (8/21, 1.21M) column, Bob Herbert calls the case of Abdallah Higazy – detained by the FBI in the post-9/11 terrorism investigation over allegations that he had an aviation radio in his hotel room – "a blatant abuse of the material witness statute. People arrested as material witnesses are supposed to be just that," but "Higazy was held as a material witness while investigators searched for something to pin on him," and "eventually Mr. Higazy was coerced into saying that the radio was his by an F.B.I. agent." Herbert adds, "Once we had voodoo economics. Now, in the age of terror, we have voodoo law enforcement."

Governors Oppose National Guard Measure. The Tampa Tribune (8/21, Lardner) reports, "Gov. Jeb Bush and the nation's other state chief executives are opposing legislation that would allow the president to federalize the National Guard without gubernatorial consent. The plan is part of a defense spending bill in the House of Representatives and authorizes the White House to take control of Guard units in the event of a serious natural or man-made disaster in the United States." An August 6 letter from the governors says the proposal "represents an unprecedented shift in authority from governors as commanders in chief of the Guard to the federal government." The letter continues, "We are responsible for the safety and welfare of our citizens and are in the best position to coordinate all resources to prepare for, respond to and recover from disasters."

Survey Finds Most Do Not Believe Feds Are Prepared For Hurricane Season. The Washington Post (8/21, A13, Lee, Asthana, 748K) reports on a national survey by the Kaiser Family Foundation found that less that half of those polled "said they thought the government is 'very prepared' to deal with this year's hurricane season. Only half agreed that the federal government had 'learned a lesson from Hurricane Katrina.'" The Post adds, "It is an assessment the administration strongly disputes." Friday, at an event entitled "Government after Katrina: Lessons Learned," FEMA Director R. David Paulison, "acknowledged that some 'extraordinary criticism' FEMA received was 'frankly deserved.' But he promised the room packed with media and charity workers that the agency is learning." Meanwhile, "70 percent of those surveyed said most individuals still have not gotten the help they need with housing, health care and restoring their lives."

HHS IG Calls For Improved Emergency Planning At Nursing Homes. The Washington Post/AP (8/21, A13) reports on a report by the inspector general for the US Department of Health and Human Services that Gulf Coast nursing homes with plans to evacuate residents for in the event of a hurricane "experienced a range of problems, including transportation agreements that fell through, long trips, and a lack of food, water and medicine. Meanwhile, nursing home administrators who decided not to move residents reported fewer problems, particularly when it came to the health of the residents." The IG "called on the federal government to strengthen certification standards for nursing homes' emergency planning. … Not addressed in the IG's report are 56 deaths at two Louisiana nursing homes that failed to carry out evacuation plans during Hurricane Katrina."

Houston Residents Said To Be Growing Weary Of Katrina Evacuees. The Los Angeles Times (8/21, Bustillo, 918K) reports that nearly a year after Katrina, there are as many as 150,000 evacuees still live in Houston, "and increasingly many are indicating that they no longer plan to go home. To many Houstonians, that's overstaying the welcome." The city's "homicide rate has shot up 18% since the storm, and police statistics show that one in every five homicides in the city involves a Katrina evacuee as suspect, victim or both." The Times adds that while Houston Mayor Bill White "and other civic leaders remain committed to helping hurricane victims rebuild their lives," the city's "residents are fed up with rising crime, and some are upset that evacuees could end up being a financial drain on the city."

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Poll Finds Most Katrina Evacuees Say Lives Are Not Yet "Back To Normal." USA Today (8/21, Page, Risser, 2.27M) reports on its front page that a USA TODAY/Gallup Poll of 602 Katrina evacuees from Louisiana, Mississippi and Alabama has found "that just 16% say their lives are back to normal. While most people are still in their homes and back on the job, many report they are struggling with finances, battling with contractors and suffering emotional strain. Among those with children younger than 18, 56% say their kids have been affected in negative ways." Meanwhile, "The number relocating is 'startling,' especially for such previously stable communities, says William Frey, a demographer at the Brookings Institution."

Battered Women Have Few Options Following Katrina. NBC Nightly News (8/20, story 7, 2:35, Seigenthaler, 9.87M) reported that in "what may be a second wave of victims from Hurricane Katrina," women in abusive relationships that evacuated after the storm are finding it difficult to escape because they "have no where to go." Sergeant Ernie Joseph, who runs the New Orleans Police Department's domestic violence unit, was shown saying, "The factors I see contributing to our cases are losing everything that you owned, dealing with the insurance company, dealing with the contractors and dealing with FEMA and living in a small, confined trailer." NBC (Brown) continued, "Even before Katrina women were often reluctant to testify against the men who abused them. Some victims have given up entirely on the criminal justice system."

Late Planning Put Reorganization Of New Orleans Schools At Risk. The New York Times (8/21, Saulny, 1.21M) reports on the "inauspicious" start of the school year in New Orleans. Hurricane Katrina "offered one of the worst school districts in the nation an opportunity for rebirth in the Recovery School District." The RSD was intended "to help the schools meet national performance standards and match the state graduation rate, among other things." But it is "at risk now because of a late start to planning for the school year." The district "has only 10 administrative staff members" and some buildings are not ready and teachers have yet to be hired. That "has deflated some of the optimism many residents had when they heard about the state taking over schools that the city had mismanaged over the years."

Spike Lee Katrina Film Said To Reduce Disaster "To A Black Problem." Nicholas Kulish writes in the New York Times (8/21, 1.21M) that Spike Lee's HBO documentary about Hurricane Katrina contains "moments of such sheer emotional force…that words cannot adequately describe them." The film "also sets the record straight on the false reports that spun out of the chaos, stories about men raping babies and shooting at helicopters, which portrayed the victims as savages." However, Kulish says Lee "undermines" the attention he could bring to storm's victims "whenever his film reduces Katrina to a black problem. Without quite endorsing them, Mr. Lee presents the utterly unfounded charges that the failed levees were blown up to flood poor black neighborhoods."

WAR NEWS:

Snipers Kill At Least Twenty Shiite Pilgrims In Baghdad. ABC World News Tonight (8/20, story 5, 0:15, Harris, 8.78M) reported, "In Iraq today, an attack of breathtaking brutality, one that stands out even against the daily drum beat of violence in that country. Snipers hiding on rooftops and behind tombstones opened fire on a religious procession. Hundreds of thousands of Shi'a pilgrims making their way to a shrine in Baghdad. At least 20 of those pilgrims died and 300 were injured as they panic and ran."

NBC Nightly News (8/20, lead story, 1:00, Boettcher, 9.87M) reported, "Security forces were determined to keep things safe assigning additional troops to the capital and imposing a three-day curfew. 'We have put in place a security plan which God willing we hope will deal with the security situation,' said this Iraqi general. It didn't work. … The increased violence comes despite the fact US and Iraqi forces moved more forces into Baghdad. Controlling sectarian Baghdad is priority number one and a challenge yet unmet."

The Washington Times/AP (8/21, Joshi) reports "about 300 people were injured, mostly when they fell while running to escape gunfire in Sunni Arab-dominated areas along the parade routes. In one neighborhood, gunmen hid behind tombstones at a Sunni cemetery." However, "it was relatively quiet elsewhere in Iraq, with eight killings reported in other areas."

USA Today (8/21, 2.27M) reports "police said four gunmen, including two snipers, were killed by security forces." The attackers "struck as US and Iraqi troops have been trying to boost security in Baghdad, which has been wracked by suicide bombs and shootings. About 12,000 extra U.S. and Iraqi troops have deployed in recent weeks. Hundreds of people have died this month in terror attacks."

The New York Times (8/21, Von Zielbauer, 1.21M) reports, "The American military released a statement late Sunday that seemed to play down the deaths. 'Iraqi military and civil leaders provided a comprehensive security plan to ensure there would be no recurrence of violence that marred last year's event,' the American statement said. 'As a result, there were no major attacks.'" The Los Angeles Times (8/21, McDonnell, 918K) also reports that "despite the gunplay, US and Iraqi officials argued that a Draconian weekend security clampdown, including a two-day ban of most vehicular traffic in the capital, helped avert a higher death toll as more than 1 million Shiites headed on foot to the shrine. No major attack was reported at the bustling shrine site." An Interior Ministry

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"official labeled the security dragnet, which also included the posting of thousands of police and troops at the shrine and along its access roads, as 'an extraordinary success,' given the potential for mass casualties in the incendiary climate of contemporary Iraq." The Times adds, "Last year, almost 1,000 pilgrims were killed during a stampede sparked by fears of a suicide attack that culminated in a human crush on the Aima Bridge over the Tigris River."

The Washington Post (8/21, A10, Paley, 748K) notes "the U.S. military reported 'relatively little violence,'" a "sign of just how routine the intense sectarian bloodshed in the capital has become."

Lawmakers Split On Sectarian Violence. NBC Nightly News (8/20, story 2, 2:00, Jordan, 9.87M) reported, "Top congressional leaders say the shootings and bombings between Shiites and Sunnis has them increasingly worried about the US's role in Iraq," with "one senator" calling the situation in Iraq "dire." Sen. Chuck Hagel: "I think there is a civil war going on in Iraq. We have been dealing with that for the last several months." Jordan: "As President Bush returned to the White House his spokesman said there is sectarian violence but no civil war. Is the US winning?" Sen. John McCain: "I don't think so, but I don't think it's turned into a civil war." Jordan: "Senator McCain's solution is more US forces along side the Iraqi army. Senator Joe Lieberman agrees but he said he would consider other options." Sen. Joe Lieberman: "If the place collapses then we have to be realists and the President and Congress have to council together about how to conduct ourselves." Jordan: "Despite the continued violence and the threat of civil war, Senator McCain said the situation can be turned around." McCain: "There are good things happening. We did have a free election and functioning government. There are some parts of the country where things are good. It is not all bad news."

On NBC's Meet The Press (8/20, Gregory), McCain said he thinks additional US troops are needed in Iraq, noting, "We took troops from places like Ramadi, which are still not under control, to put them into Baghdad. We've had to send in additional troops as they are." While he said he has had "strong differences with Secretary Rumsfeld" on Iraq, but McCain added his continuation in office is "up to the president of the United States." McCain later qualified his remark, saying, "I've been asked a number of times if I had confidence in Secretary Rumsfeld and the answer is no."

Fox News Sunday (8/20, Wallace) interviewed Sen. Chuck Hagel, who said, "The fact is the future of Iraq will be determined by the Iraqi people just like it was in Vietnam. The answer, in my opinion, is not to just keep feeding more American troops into it. The Iraqi people have already made some decisions here. We, in fact, are in probably a low grade, maybe a very defined, civil war. … Now they must govern themselves. They must support themselves."

On NBC's Meet The Press (8/20, Gregory), John Harwood of the Wall Street Journal said, "If this war becomes perceived as a civil conflict, that's when you see, according to some of the experts who look at public opinion, that's when you could see the bottom drop out in terms of public support. It hasn't happened yet. You know, the public is pessimistic, David, but they—if you ask them should we get out in an immediate and orderly way, in our Wall Street Journal/NBC poll, two-thirds of the American people say no. They're still hanging in. They're taking the attitude that we can't just leave."

Kerry Says New Congressional Vote On US Troops In Iraq Needed. On ABC's This Week (8/20), host George Stephanopoulos asked Sen. John Kerry if he agreed with Sen. John Warner's suggestion that Congress would need to vote on a new authorizing resolution for US troops in Iraq if that country was engaged in a civil war. Kerry said, "Yes, I do agree with that. I would vote clearly to set a date. I've said we have to set a date for the withdrawal of American forces. We have to shift the responsibility to Iraqis."

Counterinsurgency Police Urged For Iraq. In the New York Times (8/21, 1.21M), Vietnam veteran Terence Daly writes, "There is a difference between killing insurgents and fighting an insurgency. In three years, the Sunni insurgency has grown from nothing into a force that threatens our national objective of establishing and maintaining a free, independent and united Iraq ... A properly planned counterinsurgency campaign moves the population, by stages, from reluctant acceptance of the counterinsurgent force to, ideally, full support." Instead of relying on the military, Daly recommends creating "a professional police organization specifically for creating and keeping public order in cooperation with American or foreign troops during international peacekeeping operations. ... The force should include light armored cavalry and air cavalry paramilitary patrol units to deal with armed guerillas, as well as linguistically trained and culturally attuned experts for developing and running informants."

More Commentary. NBC's Meet The Press (8/20, Gregory) interviewed Dr. Vali Nasr, author of The Shia Revival. Asked if he thought Iraq was engaged in civil war, Nasr said, "Not yet, but it seems that all sides are acting as if they're expecting it to happen. You know, building their forces, they're trying to get a strong position within Baghdad itself, they're ethnic cleansing the neighborhoods. And the forces that are keeping that country together are gradually losing ground to the forces that are pulling it apart."

Iraqi Ambassador Urges US To Stay. In an op-ed piece for the Washington Post (8/21, 748K), Iraqi Ambassador to the US Samir Sumaida'ie writes that Iraq War skeptics like Thomas Friedman seek "to abandon the region to religious fanatics and Baathist terrorists. It is nothing but a

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declaration of defeat dressed up to look like a vision for the future." Sumaida'ie responds that a withdrawal of US forces "would encourage all the enemies of the United States -- and they are many -- to be bolder and readier to challenge its interests everywhere. A new super-radical, geographically contiguous bloc would be born: Iran, Syria and a radicalized, totalitarian, fragmented Iraq." To overcome the insurgency, Sumaida'ie suggests that the US support the Iraqi government's attempt to disarm the militias, apply "maximum pressure on regional powers to refrain from undermining security in Iraq," and rally "the people to oppose the extremists in their midst." He states pointedly, "The United States cannot escape responsibility for the current situation in Iraq."

Carroll's Captor Claims Leadership Role In Insurgency. In part six of a 10-part series about her kidnapping and captivity in Iraq, Jill Carroll writes in the Christian Science Monitor (8/21, 58K) of her early decision to study Islam with her captors. Carroll writes, "In the beginning I was an eager student, as I saw how much it pleased them whenever I showed an interest in learning. But I soon realized I had made a dangerous mistake. The more I let my captors teach me, the more they expected me to convert." She also writes that her captors' leader, Abu Nour, told her he was Abdullah Rashid, new leader of the Mujahideen Shura Council in Iraq, a leading group in the insurgency. Carroll writes, "At various times, I heard my captors discussing changes in their plans because of directives from the council and Zarqawi, including one in Arabic I only partially understood: something about how my case should be resolved 'without money and without killing.'"

In a sidebar, the Christian Science Monitor (8/21, Murphy, 58K) reports, "The MSC was a little-known group at the time of Carroll's Jan. 7 kidnapping. But on Jan. 15, the group was formally announced as a front for Iraqi and foreign mujahideen, or holy warriors, in an Internet statement. Abdullah Rashid al- Baghdadi - a pseudonym - was named its emir, or leader." The Monitor adds, "The group has emerged as the largest disseminator of propaganda for the Sunni Arab insurgency in Iraq. ... Evan Kohlmann, author and expert on al-Qaeda propaganda, says, "My understanding is that the MSC is like a front group. … I would say that if Abdullah Rashid were really the significant leader the MSC portrays him as, then he probably would have taken over Al Qaeda from Zarqawi. Since he hasn't, that's an indication to me that he's more of a front man."

Saddam's Kurdish Genocide Trial Begins Today. ABC World News Tonight (8/20, story 6, 0:15, Harris, 8.78M) reported, "In Iraq, tomorrow, a new trial begins for Saddam Hussein." ABC (McCarthy) added, "This is the big one, Dan. Tomorrow, Saddam Hussein is due in court to face charges of genocide. That's in relation to the massacre of some 100,000 Kurds, in the so-called campaign." The AP (8/21, Rageh) says "the case against Saddam and six co-defendants is tied to the deaths of tens of thousands of people during the Iraqi army's 'Operation Anfal' -- Arabic for 'spoils of war' -- and prosecutors are seeking the death penalty."

The New York Times (8/21, Wong, 1.21M) runs a similar story under the headline "As Trial Nears, Poison Attack Haunts Kurds," in which it says "the scope of the Anfal campaign dwarfs that of the first case brought against Mr. Hussein. The first trial, in which Mr. Hussein and seven others are charged with killing 148 men and boys from the Shiite village of Dujail, began last October and is nearly at an end, with a five-judge panel expected to deliver a verdict in two months." In the Anfal case, the defendants "are accused of killing at least 50,000 Kurds and destroying 2,000 villages in an eight-stage military campaign from February to September 1988."

On its front page today, the Washington Post (8/21, A1, Raghavan, 748K) details Iraqi Kurds' "long wait for justice" as the trial of Saddam Hussein and Ali Hassan al-Majeed begins. "Across the Kurdish region of northern Iraq, the Anfal trial is raising a flurry of expectations and emotions. In interviews Sunday, survivors said they were living proof of Hussein's atrocities, and, in their minds and hearts, they have already convicted him. Still, the trial, they said, is the biggest development in 18 years to bring the justice that has long eluded them." However, the Post says, the trial "is also a painful reminder of the immense, and irreversible, losses they've suffered. … Shattered villages lie silent, their stone homes left in ruins. Sons grow up without fathers, and widows struggle to provide for their children. Women remain unmarried in the hope their husbands, who disappeared 18 years ago, will miraculously return." The Post explains, "Human rights groups have estimated that as many as 100,000 Kurds were murdered. Several thousand villages in the Kurdish region were attacked, bombed, or gassed with mustard gas, the nerve agent sarin or other chemical weapons. Residents were rounded up and forced into detention centers, where they were beaten, tortured and sometimes executed."

The Financial Times (8/21, Negus) reports, "The case is the second of a dozen prepared against members of the former Iraqi leader's regime," and "this new case is considered more complex. … The campaign took place at the end of the Iran-Iraq war, when Iraqi forces attempted to quell a Kurdish insurgency by depopulating large sections of countryside. They also allegedly carried out the systematic execution of all military-aged males from the targeted areas."

Calling this trial a "test" for the tribunal, the Wall Street Journal (8/21, Shishkin, 2.03M) says, "Much attention will

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focus on the ability of the Iraqi High Tribunal to hold fair and efficient proceedings and to counter the perception of a lack of legitimacy and due process that has marred the court since its inception three years ago." And the AP (8/21, Rageh) reports "a new legal chapter opens Monday for Saddam Hussein when the ousted Iraqi leader goes on trial for a second time, charged with genocide and war crimes from his scorched-earth offensive against Kurds nearly two decades ago."

71 Taliban Fighters Killed In Fight With Afghan Police, NATO Forces. USA Today (8/21, 2.27M) reports, "Afghan police, backed by NATO aircraft and artillery, killed 71 suspected Taliban militants who attacked a police convoy in the Panjwayi district of Kandahar province, District Chief Niaz Mohammad Sarhadi said Sunday." A NATO statement said "its forces had no casualties."

The New York Times (8/21, Wafa, 1.21M) says "the fighting was in the Panjwai district west of Kandahar, the main city of southern Afghanistan and the former spiritual capital of the Taliban."

The AFP (8/21, Shoaib) reports the fighting began when "the Taliban stormed the town, 35 kilometres (20 miles) west of the main southern city of Kandahar, from three directions and began fighting with local police. Reinforcements from the Afghan army and police and NATO's International Security Assistance Force surrounded the area and returned the attack, a police official said."

NATO Prepares For Global Scope. The Christian Science Monitor (8/21, LaFranchi, 58K) reports on NATO's effort to "redefine itself for the 21st century." The Monitor says, "The answer has been for an expanded NATO -- now including some of the very Eastern European nations that were formerly considered the enemy -- to broaden its sense of defense and to take on out-of-area challenges that are seen as crucial to global security broadly and the West's well-being specifically." It has deployed in Afghanistan, its first deployment outside Europe, causing the leadership of some countries to "hold their breath." NATO has other concerns, such as low military spending by many members and fear of overly rapid admission of new members; however, "in an era of growing pessimism about the utility of international institutions, NATO has won respect among the doubters."

CORPORATE SCANDALS:

SEC Lagging In Enforcement Activity. USA Today (8/21, Farrell) reports, "The Securities and Exchange Commission, which has lost several hundred staff positions as a result of budget constraints this year, is struggling to keep up the level of enforcement activity that it attained after accounting frauds were exposed at Enron and WorldCom several years ago." USA continues, "Through July, or 10 months into the SEC's 2006 fiscal year, the agency had filed 492 enforcement actions, says spokesman John Nester. … At the current rate, the SEC would end up filing about 590 cases for the current fiscal year, a slight drop from the 630 cases filed from Oct. 1, 2004, through Sept. 30, 2005. … But former SEC lawyers, as well as Nester, caution that the final months of the SEC's fiscal year usually generate a flurry of enforcement activity. Thus, the results for fiscal 2006, the first full year under commission Chairman Christopher Cox, could top the 630 cases filed last year." USA adds, "Still, even if the SEC tops the record number of enforcement actions brought after the bankruptcies of Enron and WorldCom (679 in fiscal 2003), this year's number could be deceiving. The reason: the SEC's new focus on yanking delinquent filers from the public markets. … Beginning in fiscal 2005, the SEC became more aggressive about deregistering companies that had become delinquent in making their required quarterly filings with the regulatory agency. That year, the SEC filed 33 such actions, effectively removing dormant or defunct businesses from the roster of publicly traded companies. … While such actions are important, and are intended to prevent bad actors from using shell companies to deceive investors, they require less work than a thorough investigation of accounting fraud, says Stephen Crimmins, a former SEC attorney now at Bingham McCutcheon."

CRIMINAL LAW:

Suspect In JonBenet Ramsey Murder Returned To US. ABC World News Tonight (8/20, 2:30, lead story, 2:45, Harris) reported that John Mark Karr "left Thailand clearly thriving on the attention, seeming to enjoy himself on the way. That will come to a abrupt end when he lands here in the United States. It's likely he'll be kept in Los Angeles before being brought" to Boulder County, CO, jail.

The Los Angeles Times (8/21, Silverstein, Rubin) reports, "John Mark Karr, the suspect in the slaying of 6-year-old JonBenet Ramsey, arrived in Los Angeles on Sunday night aboard a Thai Airways International flight from Bangkok." The Times continues, "Federal immigration officials processed Karr shortly after he arrived at Los Angeles International Airport. He was taken into police custody on a Colorado warrant, informed of the charges against him and taken to the Twin Towers Jail in downtown Los Angeles, officials said. … Karr will be held in isolation at the jail to protect him from other inmates, according to sheriff's spokesman Deputy Rick Pena. … 'Accused child molesters are targets for some of the other criminals in there,' he said. " The Times notes, "Colorado authorities said Karr had to be arrested in California and go through an extradition

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process, rather than simply being put on a connecting flight to Boulder, because of rules that regulate the transfer of accused criminals from one state to another. Los Angeles court officials said Sunday night that an extradition hearing had not yet been scheduled. … Carolyn French, a spokeswoman for the Boulder County district attorney's office, said that if Karr agreed to the extradition, he could be flown to Colorado as soon as a day after the hearing. But if he contests it, she said, he could remain in Los Angeles up to 30 days."

The New York Times (8/21, Blumenthal) reports, "An Associated Press reporter on the flight wrote that Mr. Karr chatted amiably with other passengers at the gate in Bangkok, and that once on the plane, seated at a window in business class with three federal and Boulder County escorts, he sipped champagne and drank beer and chardonnay with a meal of fried prawns, amid some speculation that investigators might have been trying to get him to open up. … Mr. Karr's arrest last Wednesday was initially proclaimed by some to be the long-sought breakthrough in a gruesome mystery. But in the ensuing days, his arrest and public confession to being with JonBenet at the time of her death have proved less than definitive amid persistent questions about the strength of the case."

The Washington Post (8/21, A4, Corben) reports, "Karr's departure left many questions unanswered about the man who said he was with JonBenet when she died. JonBenet, 6, was found strangled and beaten in the basement of her family's home in Boulder in December 1996. … The Boulder County district attorney said last week the investigation was at an early stage. Thai police say swabs had been taken from Karr for DNA testing. Reports said a further DNA test will be carried out once Karr is handed over to prosecutors. … Suwat said Thailand had revoked Karr's visa and had no comment about the reports Karr had sought to have a sex-change operation." The Washington Times (8/21, Ehrlich) also reports on Karr's flight to the US.

Boulder DA Under Pressure To Make Case. The Washington Times (8/21, Richardson) reports, "Karr's return to the United States puts Boulder County District Attorney Mary Lacy in the hot seat. … If she can make the case that Karr killed JonBenet Ramsey 10 years ago, as she says, her legacy would be assured as the prosecutor who finally solved what had been deemed the perfect crime. … If not -- if it turns out Karr is merely, as skeptics suspect, an obsessed fan and serial confessor who never set foot in Colorado -- then Mrs. Lacy risks compounding the Boulder County justice department's reputation for bungling with another Ramsey-related embarrassment." The Times adds, "Within days of Karr's arrest Wednesday in Bangkok, questions were mounting about whether her office had overreached by bringing him in before the case was solid. Although she was tipped off about Karr in May, investigators did not start gathering evidence from some key witnesses, notably his ex-wife, until after his arrest. … Lara Knutson, who married Karr when she was 16, has yet to be interviewed by Boulder investigators, her attorney, Michael Rains, said last week, although he noted that he has been in contact with Boulder officials since the arrest. … Her recollections could be critical to the case, because she says he spent Christmas 1996 with her and their children in Alabama. Six-year-old JonBenet was found beaten and strangled in her family's Boulder home Dec. 26, 1996."

Arrest, Legislation Seen As Doing Little To Deter Online Gambling. USA Today (8/21, Swartz) reports, "The recent arrest of a high-profile online gambling executive and a federal bill outlawing virtual wagers are generating headlines but will do little to curb the multibillion-dollar industry, gaming experts say." USA continues, "Former BetOnSports.com CEO David Carruthers is scheduled to appear in a St. Louis federal court Monday. He and his company are charged with mail and wire fraud and money laundering. .. His arrest in Dallas last month initially drove down shares of offshore operations such as PartyGaming and Sportingbet. It follows an indictment of another gambling executive and an anti-online gambling bill in Congress. Gaming experts say it does not signal a crackdown, as more sites emerge for poker players and sports fans, and online gambling stocks creep back up. … 'One down, another 2,299 (gaming) sites to go,' says Joseph Kelly, an online gaming expert who is a professor at SUNY College Buffalo." USA adds, "BetOnSports, which was delisted from the London Stock Exchange, has fired Carruthers and vowed to press on outside the USA. … The Wire Act of 1961 makes it illegal to bet online. But the law is nearly impossible to enforce, and nearly 80 countries allow wagers online. The $12 billion industry is expected to soar to $24.5 billion by 2010, says researcher Christiansen Capital Advisors. … Because BetOnSports is a regulated UK firm, the U.S. government can do little, says Ken Dreifach, an Internet lawyer who once worked for New York state Attorney General Eliot Spitzer. … The Justice Department is 'as vigilant as ever,' spokeswoman Jackie Lesch says. .. Yet arrests are rare. The only person convicted on federal charges of running an illegal offshore Internet gambling operation was Jay Cohen of World Sports Exchange. He served more than a year in a federal prison. The company is still in business."

The New York Times (8/21, Richtel, Timmons) reports, "How much more of a gamble has it become to own a piece of an Internet casino? Is it a sucker's bet, or the chance to buy low and score a big payday? … The questions have intensified since BetOnSports, an online sports betting company traded on the London Stock Exchange, stopped taking bets from the United States after the Justice

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Department charged the company and current and former executives with operating an illegal gambling operation." The Times continues, "Investors and industry analysts, who have long said that owning shares in Internet casinos involves serious risk, nonetheless expressed surprise at the move by prosecutors. They say the development, coupled with legislation in Washington that could clamp down further on the industry, has created new cause for concern. … And yet investors keep coming." The Times adds, "The indictment of BetOnSports prompted a big sell-off in the shares of publicly traded online casinos, but the sector has rebounded. Some industry analysts even call this a buying opportunity. … Greg Harris, an online gambling analyst for Canaccord Adams, a British investment bank, said many investors seemed undaunted by what they viewed as American bluster that could not stop the industry. … 'You can throw a lot of things to scare them, but there are still guys finding value,' Mr. Harris said of investors bullish on online casinos. He said he also believed that panicked overselling had made some Internet gambling stocks cheap now. … That sentiment is not universal. The controversy swirling around BetOnSports has raised questions about whether other companies might soon be in the Justice Department's sights, industry executives and analysts said."

Pedophiles Extend Reach Online. The New York Times (8/21, Eichenwald) reports on online conversations among pedophiles. The Times reports, "What started online almost two decades ago as a means of swapping child pornography has transformed in recent years into a more complex and diversified community that uses the virtual world to advance its interests in the real one. … Today, pedophiles go online to seek tips for getting near children — at camps, through foster care, at community gatherings and at countless other events. They swap stories about day-to-day encounters with minors. And they make use of technology to help take their arguments to others, like sharing online a printable booklet to be distributed to children that extols the benefits of sex with adults." The Times adds, "The community's online infrastructure is surprisingly elaborate. There are Internet radio stations run by and for pedophiles; a putative charity that raised money to send Eastern European children to a camp where they were apparently visited by pedophiles; and an online jewelry company that markets pendants proclaiming the wearer as being sexually attracted to children, allowing anyone in the know to recognize them. … These were the findings of a four-month effort by The New York Times to learn about the pedophiles' online world by delving into their Internet communications. In recent months, new concerns have emerged about whether the ubiquitous nature of broadband technology, instant message communications and digital imagery is presenting new and poorly understood risks to children. Already, there have been many Congressional hearings on the topic, as well as efforts to write comprehensive legislation to address the issue. … But most of those efforts have focused on examining particular instances of harm to children. There have been few, if any, recent attempts to examine the pedophiles themselves, based on their own words to one another, to gain a better recognition of the nature of potential problems."

Pellicano Probe Seen As Overhyped. The AP (8/21, Risling) reports, "Hollywood has had its share of blockbusters this summer with pillaging pirates and returning superheroes, but an off-screen reality show starring a private eye accused of running a widespread wiretapping scheme hasn't lived up to its billing." The AP continues, "Federal prosecutors said months ago that at least one more indictment was coming in the case against private detective Anthony Pellicano and 13 other suspects charged with conspiracy, wire fraud and other crimes. … That disclosure ignited speculation on movie sets and in corporate offices about who might be indicted. … However, no new defendants have been named since 'Die Hard' director John McTiernan was charged in early April." The AP notes, "Now, the case has lost its sizzle and sent the entertainment industry searching for scandal elsewhere. … 'The beef on the bun has been smaller than the promotion,' said publicist Michael Levine, whose clients have included pop star Michael Jackson and actor Charlton Heston. … 'Right now what is being talked about is all the hype associated with this,' he said."

US Seeks Interviews, Files In Hinckley Dispute. The Washington Times (8/21, McElhatton) reports, "The U.S. Justice Department is seeking a court order requiring would-be presidential assassin John W. Hinckley Jr. to cooperate with federal psychiatrists before he is given more freedom from a D.C. mental hospital." The Times continues, "The U.S. attorney's office also asked a judge Friday for access to all of Hinckley's medical files and for permission to hold taped interviews with the 51-year-old mental patient, who was found not guilty by reason of insanity for shooting President Reagan in 1981." The Times adds, "The Washington Times reported last week that Hinckley's attorneys planned to seek an expansion of conditions for his release from St. Elizabeths Hospital in the District. .. . A hearing on the issues is set for Nov. 6, a spokesman for the U.S. attorney's office said last week." The Times notes, "The two government psychiatrists, Dr. Robert F. Patterson and Dr. Robert T.M. Phillips, who were requested by the U.S. attorney's office, have examined Hinckley previously. … Hinckley's attorneys do not object to the request for his cooperation with the psychiatrists, court records show."

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Prosecutor Urges Judge To Deny Bail For Boston Police Officers. The AP (8/19, Trujillo) reported Boston police officers Roberto Pulido and Carlos Pizarro "are a flight risk and danger to the community, partly because of threats one made against the children of his associates, prosecutors said Friday. … U.S. Magistrate Judge Joyce London Alexander did not immediately rule Friday on either case." The AP notes Assistant U.S. Attorney John McNeil "pointed to conversations between Pulido, undercover FBI employees and a cooperating witness, in which Pulido threatened the lives of those involved in the plot, as well their children," but "Pulido's attorney, Rudy Miller, countered that Pulido was investigating the cooperating witness and eventually hoped to make his own arrests. The comments he made about children were 'puffery,' Miller said."

The Boston Globe (8/19, Murphy, 425K) notes, "In a conversation secretly recorded by the FBI on May 24 and played by prosecutors during a bail hearing…Pulido said he approached three officers about helping him guard drug shipments and told them, 'You're my family, but as family does, family sticks to their own.' He said he warned them, 'If something goes bad and they're at fault, somebody is going to pay, either with their life or their children's lives, and as soon as they hear that, they're like, OK -- they back off. The only ones that step forward are the ones that I trust.'" The Globe adds FBI Special Agent Michael Kreizenbeck testified that "after his arrest Pulido said that he was investigating the purported drug dealers and that his 'long range plan was to get to the kingpin and turn him in.' However, the agent said Pulido hadn't filed any reports with the Boston Police Department about his alleged investigation."

Pulido, Drug Dealer Had Long Personal Association. In a lengthy examination of Pulido's long connections with drug dealer and FBI informant Troy Lozano, the Boston Globe (8/20, Smalley, 425K) reported, "The neighborhoods around Hyde and Jackson squares were tough." Pulido "went one way, eventually buttoning up the blue Boston Police Department uniform his father, a store security guard, had always wanted," and Lozano "went another way, embracing thrills and fast money, drugs and violence. But then, two decades later, the police officer and the career criminal found each other again, forming a bond that drew Pulido deep into the world from which his father had tried to keep him."

Prosecutors Play Prison Recordings Of Gotti Sending Money To Mobster. The New York Daily News (8/19, Zambito, 729K) reported, "John A. (Junior) Gotti asked his lawyer to send $500 to a Rhode Island mobster long rumored to be behind the murder of a Howard Beach neighbor who accidentally ran down Gotti's younger brother in 1980. In a prison chat intercepted by the feds, Gotti spelled out Richard Gomes' name for his attorney, Richard Rehbock, and gave him a prison address in Cranston, R.I., where he could send the money. 'He was very dear to my father,' Gotti told Rehbock in a March 11, 2004, conversation prosecutors played for jurors during the first day of testimony in the mob scion's racketeering retrial." The Daily News noted, "The prison tapes show Gotti was keeping a close tab on the woes of other Gambino crime family members -- an interest prosecutors say shows he never quit the mob. His attorneys say he was just gossiping about pending cases of men he knew."

The AP (8/19, McShane) noted that "the case against Gotti will rely heavily on the testimony of mob turncoats, including his lifelong friend Michael 'Mikey Scar'" DeLeonardo, an admitted three-time murderer. In the same jailhouse talk with Rehbock, the now 42-year-old Gotti made his feelings about such informants clear. 'Some guys really fall to pieces when they see this,' said Gotti, referring to his prison surroundings. … Gravano ... I mean he was a legendary soldier in the street. … He got to jail, he fell to pieces.'"

Rochester Mayor Pressing For Resolution Of Ferry Probe. The New York Times (8/21, York, 1.21M) reports on the investigation of the failed Rochester fast-ferry, noting, "Last month, the state comptroller, Alan G. Hevesi, issued an audit that was highly critical of former city officials. … Mayor Robert J. Duffy, who took office in January after" former Mayor William A. Johnson "retired after 12 years in office, is pressing the Federal Bureau of Investigation to wrap up its yearlong probe into whether the failed venture stretched into criminality. He said he would like to see a federal grand jury impaneled to help investigate. Mr. Johnson has denied any mismanagement on his watch, but Mayor Duffy said, 'There are unanswered questions that need to be explained.'"

Four Found Guilty In $170 Million Florida Bank Fraud Case. The Miami Herald (8/17, Danner, 310K) reported, "After more than three weeks of deliberation, a Miami federal jury on Wednesday found two Key Biscayne brothers and two others guilty for their roles in one of South Florida's biggest bank-fraud cases ever. Eduardo and Hector Orlansky, the top officers of E.S. Bankest, each face up to a maximum of 30 years in prison and substantial restitution for conspiring to defraud Espirito Santo Bank of Florida of some $170 million. The Orlanskys and E.S. Bankest manager R. Peter Stanham were taken into federal custody following the verdict." The Herald added, "Ariadna Puerto, another E.S. Bankest officer, was given home detention. U.S. District Judge Adalberto Jordan set sentencing for Nov. 17."

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Oregon Lawyer Pleads Guilty To Money Laundering In Investment Scam. The Salem Statesman Journal (8/17, Akimoff) reported, "A former Salem attorney pleaded guilty to a money-laundering charge stemming from his involvement in a loan scheme that stretched from Salem to Greece and cost victims about $1.3 million. Thomas Knapp, who resigned from law practice in January 2004 amid other misconduct allegations, was indicted by a federal grand jury in March 2005 for his part in the scheme. Another man also indicted, Antonio Abirached of Athens, is at large and is considered a fugitive, Assistant U.S. Attorney Christopher Cardani said." The Oregonian (8/16, Tripp, 329K) noted, "The plea bargain was announced Tuesday by U.S. Attorney Karin J. Immergut, the FBI and the Internal Revenue Service." Knapp and Abirached "said they could secure financing for U.S. companies and were paid $1.2 million in advance fees. They allegedly took the money but never obtained financing for their clients, federal officials said." The AP (8/16) also reported on the plea agreement.

Employee Injured In Georgetown Jewelry Store Robbery. The Washington Post (8/21, B1, Cauvin, Abruzzese) reports, "A jewelry store worker was shot and critically wounded yesterday afternoon in Georgetown during a brazen midday robbery at the Wisconsin Avenue shop where he worked." The Post continues, "The man, whose name was not released, was shot in the back and taken to Georgetown University Hospital, where he underwent surgery. A police spokesman said yesterday evening that he was in critical but stable condition." The Post adds, "The holdup of Georgetown Fine Jewelry and Art, at 1265 Wisconsin Ave. NW, marked the second time in just over a month that a robbery in Georgetown ended in bloodshed. … In early July, a British political activist was killed when he and a friend were accosted on a residential street as they walked home from a movie. Alan Senitt's throat was slashed, allegedly by one of the robbers, when he tried to aid his female companion. … The July 9 slaying was one of 14 during a 12-day stretch last month, and D.C. Police Chief Charles H. Ramsey declared a crime emergency, saying homicides and especially robberies had been occurring at a troubling clip."

One In Eight Convicted Murderers "Volunteers" To Die. USA Today (8/21, Willing, 2.27M) reports that while executions in the US continue to generally decline, "one trend remains constant: One in eight convicted murderers who are executed 'volunteer' to die by abandoning their legal appeals. Death row volunteers account for 123 of the 1,041 executions carried out since capital punishment resumed in 1977, according to the Death Penalty Information Center, a group in Washington, D.C., that opposes the death penalty. That rate -- about 12% -- has held constant for nearly 30 years."

LATimes Says Capital Punishment Is "Cruel And Unusual." An editorial in the Los Angeles Times (8/21, 918K) says, "It looked like an ingenious way around the familiar and so far unavailing argument that the death penalty is unconstitutional. Instead of focusing on the what of capital punishment -- state-sanctioned killing -- lawyers for death row inmates would take aim at the how of most executions — death by lethal injection." But "that wall may be crumbling. Earlier this month, a federal judge in Oklahoma refused to stay the execution of a convicted murderer after the state announced that it would double the dose of a sedative used to block pain when fatal chemicals are injected. Other states are likely to follow suit if the alternative is a moratorium on executions. … In the real world, capital punishment is cruel and unusual whether death is delivered by an electric current, a hangman's noose or a chemical cocktail. That is the argument that death penalty opponents need to be making."

CIVIL LAW:

US Blamed For Reversal Of Iraq Contract Fraud Verdict. The Youngstown (OH) Vindicator (8/21) editorializes, "Tens of billions of dollars have been spent on rebuilding Iraq, so if a federal judge says that a few million that was obviously misspent can't be recovered because of a technicality, should that be cause for alarm? Oh, yes, indeed it should." The Vindocator continues, "In a ruling made public Friday, U.S. District Judge T.S. Ellis III said that Custer Battles LLC, a Fairfax, Va., contractor, wouldn't be forced to pay a $10 million jury verdict because the victim of the company's fraud was the Coalition Provisional Authority, which was formed to run Iraq until a government was established. The company's accusers, Ellis said, failed to prove that the U.S. government was defrauded. … The ruling has the effect of making post-war Iraq a legal no-man's land where billions of U.S. tax dollars were spent — and at least tens of millions misspent — with no mechanism for holding thieves to account. .. . The implications go beyond Custer Battles to every private contractor operating in Iraq." The Vindicator adds, "The ruling did not come as a complete surprise, since the judge had made it clear that he was uncomfortable with the legal status of the Coalition Provisional Authority. It was incumbent on President Bush's Justice Department to jump in on the side of the plaintiffs and make it clear to the judge that the United States government considered the CPA to be an entity of the United States and that any fraud perpetrated against the CPA was a fraud against the United States and its taxpayers. … Is the Justice Department simply inept or is it malfeasant that it couldn't make a case for protecting the United State taxpayers

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against avaricious war profiteers? Given all that has gone wrong in Iraq, shouldn't the Justice Department be determined to hold to account anyone who took a U.S. $100 bill without providing $100 worth of value?" The Vindicator concludes, "It is time for Congress to step in and demand that the administration explain its decision not to vigorously pursue a court ruling that would have made it clear that money stolen from the CPA was money stolen from the U.S. government. … Congress must also demand that Attorney General Alberto Gonzales take personal responsibility for seeing that the Justice Department joins the appeal in this case and joins any other case in which it is necessary to convince a court that any dishonest defense contractor in Iraq did, indeed, steal from the American people and will be held to account. … Conservatives in Congress have long railed against allegations of fraud in the oil-for-food program that was overseen in Iraq by the United Nations. Let's hope they can be just as outraged by fraud that may have impeded the U.S. post-war rebuilding effort in Iraq."

WSJournal Praises Michigan Court's Asbestos Decision. The Wall Street Journal (8/21, 2.03M) editorializes, "The Michigan high court recently issued a surprising administrative order, outlawing the 'bundling' of asbestos cases for collective settlement or trial. … The Michigan court, in a 4-3 decision, ordered that from now on 'each case should be decided on its own merits.'" The Times adds, "The Michigan order is the latest to suggest that judges are waking up the big con of asbestos litigation. … The tort lawyers know they can't prove 95% of their suits in court, and they aren't likely to spend the money trying. Congratulations to the Michigan supremes for calling their bluff."

NYTimes Says Congress, FTC Should Protect Internet Users' Privacy. An editorial in the New York Times (8/21, 1.21M) says internet service providers "often store searches in ways that allow them to be traced back to specific users. The storing and sharing of data of this kind is a violation of users' privacy rights. Congress, the Federal Trade Commission and the companies should do more to protect these rights. … Search data is arguably protected by existing privacy laws, but Congress should pass new legislation that removes any doubt." The Times adds, "People who use the Internet have a right to expect privacy. If companies do not have their users' affirmative consent to keep data, they should delete it, and make money from the many other, very profitable parts of the search engine business."

CIVIL RIGHTS:

Suspect In 1998 Texas Racial Murder Claims He Was Not At The Scene. The Washington Times (8/21, Aynesworth) reports, "The reputed leader of one of the worst race hate crimes in recent history -- on death row for more than seven years -- says he wasn't even present when James Byrd Jr. was dragged to his death behind a pickup truck in Jasper, Texas, in 1998." The Times continues, "John William King says the dragging death of the 49-year-old black man was the result of a drug deal gone bad. … He names Shawn Berry, owner of the truck, and his brother, Louis Berry, who was not charged, as the real murderers. Though convicted of murder, Shawn Berry was spared death and given a life sentence, which means he could be eligible for parole in 40 years." The Times adds, "The King motion was filed before the Texas Court of Criminal Appeals in mid-June, claiming his innocence and saying his trial should have been moved because of racial turmoil in the small eastern Texas town of 7,700, where the crime occurred. … King was convicted and given the death penalty Feb. 25, 1999. He did not testify nor did he cooperate with his court-appointed lawyers. … The lengthy brief, along with 1,200 pages of exhibits, filed by California lawyer Richard Ellis in Austin, asks either that the court grant a new trial or that King's death-penalty verdict be changed to life in prison. … Evidence from the crime scene that the prosecution used in the case included a pair of shoes retrieved from King's apartment that purportedly had blood on them that matched the victim."

Mental Health Courts Seen As Compromise Between Incarceration And Freedom. The Wall Street Journal (8/21, Fields) reports, "Judge Matthew Jude D'Emic of the Brooklyn Mental Health Court summoned Kalvin Berry to the bench to find out why he had been arguing with his court-appointed therapists." The Journal continues, "In a series of staccato gripes, Mr. Berry said he'd been mistreated. Before he could finish, Judge D'Emic, a towering man with ruddy cheeks, cut him off: 'Your bull -- arguing will get you thrown out of the program and into prison. Do you understand?' … Mr. Berry, 23 years old, was shocked into silence. The court's mental-health program, an increasingly popular way of dealing with mentally ill criminals, is the only thing standing between him and two years in jail. Mr. Berry suffers from severe depression caused by a childhood brain injury. Last April, he pleaded guilty to threatening to blow up a bus, among other charges. Instead of being locked up, however, he was put under the supervision of Judge D'Emic's court." The Journal adds, "Brooklyn's mental-health program has become a model for localities trying to deal with a seemingly intractable problem:

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the increasing number of mentally ill people filling the nation's prisons. The problem stems largely from the shuttering of state-run mental-health facilities a generation ago. Once behind bars, the mentally ill are rarely paroled. If released, they usually end up back in prison because of a lack of outside treatment options. The Justice Department estimates that about 330,000 of the nation's 2.2 million inmates are mentally ill. .. . Mental-health courts, which work in tandem with prosecutors' offices, are slowly emerging as a promising alternative. They came on the scene in the late 1990s and are designed to allow the mentally ill to avoid prison time, provided they adhere to extensive treatment plans set up and monitored by the new courts. Defendants must plead guilty and pass intensive psychiatric evaluations before being admitted. Once under the court's authority, they undergo regular therapy sessions and often their medication is monitored. Prosecutors and judges typically have complete discretion as to whether a defendant can seek this alternative path. … What makes the idea appealing to many is that it represents a middle ground between locking up the mentally ill and letting them roam free."

Skelton Seeks To Prevent Recruiter Sex Abuse. The Washington Post/AP (8/21) reports, "The ranking Democrat on the House Armed Services Committee said Sunday that he would push to increase penalties for sexual misconduct by military recruiters." Rep. Ike Skelton (D-MO) reacted "to an investigation by the Associated Press that found more than 80 military recruiters were disciplined last year for sexual misconduct with potential recruits." Skelton recommended that all branches abide by the National Guard's No One Alone policy, which "prohibits recruiters from being alone with potential enlistees of the opposite sex. Violators risk immediate disciplinary action."

Legal Fight Over Jesus Painting To Continue Despite Theft. The New York Times/AP (8/21) reports that a legal battle over a painting of Jesus hanging in a high school in Bridgeport, West Virginia is continuing even though the painting was stolen last week. The AP adds, "Two civil liberties groups, Americans United for Separation of Church and State and the American Civil Liberties Union of West Virginia, filed suit in June to remove the painting, 'Head of Christ,' saying it sent the message that the public school endorsed Christianity as its official religion. The Harrison County Board of Education said last week that it would fight the lawsuit, promising not to spend public money in defending itself. … But early Thursday the painting, which had been at Bridgeport High School for 37 years, was stolen from a wall outside the principal's office. The theft was recorded by security cameras, but the thief hid his face."

White Population A Minority In Phoenix, Tucson, Denver. The Washington Post (8/21, A3, Asthana, 748K) reports, "An analysis of census data released last week has shown that the white non-Hispanic population in another three of America's 50 largest cities has become a minority. In Phoenix, Tucson and Denver, the white population has recently fallen below 50 percent, according to William H. Frey, a demographer with the Brookings Institution. He predicts that another four cities will soon follow. Whites will become a minority in Arlington, Tex.; Charlotte; and Las Vegas within two years and in Austin within four years, he said."

Williams Says Civil Rights Fight Endures In "Culture Steeped In Bitterness And Nihilism." In the Washington Post (8/21, A15, 748K), Juan Williams writes, "The civil rights movement continues, but the struggle today is not so much in the streets as in the home -- and with our children. If systemic racism remains a reality, there is also a far more sinister obstacle facing African American young people today: a culture steeped in bitterness and nihilism, a culture that is a virtual blueprint for failure." Williams adds, "In order to face this century's class battles, young minds need the self-confidence that comes from examples of inspiring historical personalities, such as a black woman born into slavery who made herself a national leader, Sojourner Truth, or a black man living under rank segregation, A. Philip Randolph, who defied corporate power to break segregation in organized labor. … These examples should empower young people to believe in themselves and to organize across racial lines and build institutions with a solid footing in the nation's political and economic power."

ANTITRUST:

EU Antitrust Watchdogs List Objections To Gaz De France-Suez Merger. The Wall Street Journal/AP (8/21, A6) reports, "European Union regulators released a preliminary list of objections to France's plan to merge Gaz de France SA with rival utility Suez SA." The AP continues, "A statement released by the European Commission identified the risks to competition of bringing together the two main gas and electricity suppliers in Belgium and two of the three main gas and heating suppliers in France." The AP adds, 'The EU statement said releasing the 'list of grievances' was part of the normal procedure involved in approving such mergers. The commission will make a final decision on the merger only after receiving replies from the companies involved and their proposals for overcoming regulators' objections. … The merger plan, announced in February amid mounting expectations of a bid for Suez by Italy's Enel SpA, would see

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the two French companies combine to create a new European player in energy, water and waste services with a market capitalization of €72.6 billion ($93.1 billion), privatizing state-controlled GDF in the process." The AP notes, "Under the planned one-for-one stock swap, GDF would acquire Suez following the payment of a €1 special dividend to its shareholders. The European Commission's probe is aimed at ensuring that the tie-up doesn't hurt European consumers. … Brussels has the power to block deals but rarely does so, usually asking companies to resolve antitrust problems by selling off parts of their businesses or changing the way they operate. Suez owns Electrabel SA, Belgium's largest power company, and GDF holds a sizable stake in Belgian power generator SPE."

FBI/DEA/ATF/USMS:

In Philadelphia, Two Arrested In Fentanyl-Heroin Investigation. The Cherry Hill (NJ) Courier Post (8/20) reports a Philadelphia woman and a juvenile "have been arrested in the police investigation of a deadly heroin mixture that has killed hundreds nationwide and about 60 in the tri-county area since April. The arrests were made a month ago in Philadelphia but were not announced until late Friday by Wilmington, Del., police because the matter was under investigation. The joint probe, which includes federal drug enforcement agencies, is continuing. Overdose deaths that have occurred in New Jersey, Pennsylvania and Delaware are among hundreds nationwide that have been blamed on heroin tainted with the painkiller fentanyl."

Delaware's News Journal (8/19) reports Wilmington police "say they waited until Friday, a month after the arrests, to announce the arrests because the investigation is continuing. … Arrested were Yasmin Rosa, 30, and a 17-year-old girl. They have been charged in Pennsylvania with possession with the intent to distribute illegal narcotics, possession of drug paraphernalia and use of telecommunications systems to commit a crime."

Officials Said To Be At Odds Concerning Overdoses. The Philadelphia Inquirer (8/20, Sullivan) reports two months ago, "as scores of drug users in the city began dying of heroin overdoses, two city paramedics discovered something alarming. Narcan, a powerful drug that could almost instantly revive a patient, wasn't working. … But as the concerns of the two paramedics made their way up the Fire Department's bureaucracy, the city did not make key changes in how it treated people dying of a fentanyl overdose - though experts say that simply increasing the dosage of the antidote would counteract the fentanyl. … City and health officials are at odds over whether current dosages of Narcan are high enough to counteract fentanyl-laced heroin."

Debate Continues On Army's Involvement In Bahamas Anti-Drug Effort. NBC Nightly News (8/20, story 6, 2:05, Seigenthaler) reported, ""NBC Nightly News' 'In Depth.' a new battle in America's car war on drugs. 80% of the cocaine smuggled in this country used to come through the Bahamas. Now an important weapon in the war on drugs may be lost to the war on terror. … Now Defense Secretary Rumsfeld wants to end the Army's involvement in the operation by next year claiming it competes for resources necessary for the war on terror. Attorney General fired back saying without the Army it cannot effectively function. … Mark Trouville, DEA Special Agent in Charge: 'I don't think there is a question the message will be clear to the traffickers that it is open season again.'"

Southern Arizona Seen As "Hotspot" For Smuggling Activity. The Douglas (AZ) Daily Dispatch (8/18) reports three members of the U.S. House Intelligence Committee "peppered a panel of local and regional law enforcement officials with questions about border security and surveillance during an open hearing on Thursday. What they heard was that Southern Arizona remains a hotspot for smuggling activity, and that while the potential exists for terrorists to penetrate the nation's porous southern border, there is little evidence that they are doing so. … John Comer, a special agent with the Drug Enforcement Administration, was skeptical of a cartel-terrorist relationship. 'The drug cartels do not want to attract attention to themselves by forming alliances with terrorists,' he said."

The Arizona Daily Star Tucson (8/18) reports, "Testimony from officials with such agencies as the Drug Enforcement Administration, the Border Patrol, Immigration and Customs Enforcement and the Arizona Counterterrorism Information Center showed that despite enhanced security measures since Sept. 11, 2001, gaps remain. But the officials also made clear that there have been no documented attempts of suspected terrorists trying to enter through the Arizona border."

Report: Marion Jones Failed Drug Test At Championships In Indianapolis. The Los Angeles Times (8/19, Abrahamson) reports five-time Olympic medalist Marion Jones "failed a drug test at the U.S. track and field national championships in Indianapolis in June, testing positive for a banned endurance booster," according to a Times source familiar with the results. However, Jones "has not been accused of a doping violation. The irregularities emerged in initial testing, on the so-called 'A sample,' said the source."

The Los Angeles Times (8/20, Pucin) also reports that a day after "leaving a track meet in Switzerland amid reports

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that she had failed a drug test…Jones remained silent Saturday."

The New York Times (8/19, Zinser) writes, "Only Jones's A sample has been tested, and if her B sample also tests positive for drugs, Jones would face a two-year suspension. She has been dogged by speculation about drug use for several years, but she had never tested positive for performance-enhancing drugs and had repeatedly denied using them."

The New York Times (8/20, Zinser, Macur) also reports that before the BALCO case, EPO "was largely considered an endurance drug, more often associated with illegal use by long-distance runners or cyclists. Dick Pound, chairman of the World Anti-Doping Agency, said yesterday that he had not heard of sprinters using EPO until the sprinter Kelli White admitted that it was part of the regimen she used before she was caught during the BALCO inquiry and agreed to help investigators."

USA Today (8/21, Patrick) reports Steve Riddick, Jones' coach the last two seasons, "expressed shock that Jones faces a possible two-year ban if her 'B,' or confirmation, sample tests positive. A track official familiar with the test results confirmed Jones' tested positive in the USA Track and Field Championships in June in Indianapolis."

The Washington Post (8/19, E1, Shipley) and the AP (8/20, Litke) also reported on the accusations against Jones.

Gang Members Arrested In Florida Raid. The Tampa Tribune (8/21, Jones) reports, "About 50 people suspected of being affiliated with the Latin Kings gang were arrested Sunday after a joint investigation between local and federal agencies." The Tribune continues, "The Latin Kings had planned a statewide meeting at The Caribbean American Club, 6211 S. Martindale Ave., to discuss the organization's leadership, Hillsborough sheriff's spokeswoman Debbie Carter said." The Tribune adds, "About 3 p.m., authorities served a search warrant and arrested dozens of people, Carter said. The sheriff's office declined to release the charges until a news conference, she said. However, by late Sunday, 35 people had been charged with racketeering, according to the county's online jail log. They told authorities they reside in Tampa, Wesley Chapel, Zephryhills, St. Petersburg, New Port Richey, Clearwater and Miami. .. . Firearms were recovered during the operation, said John F. Ryan, spokesman for the Bureau of Alcohol, Tobacco and Firearms. ATF agents were on scene to help identify firearms, he said. Ryan did not know how many were recovered."

IMMIGRATION:

US Catholic Church Said To Favor Immigration. Paulette Chu Miniter, a fellow at the Phillips Foundation, a non-profit public affairs organization, writes in USA Today (8/21, 2.27M) that some critics of the Catholic Church "speculate the church has involved itself in today's third rail of politics: immigration reform. … Where does the church stand on the current debate? … In the USA, the church favors the Senate's more moderate legislation over the House's heavy-handed enforcement-only approach. Both bills are stalled, but immigration is expected to be a prominent issue once Congress returns from its summer recess." Miniter adds, "While Tancredo Republicans and Dobbs protectionists speculate that the church wants immigration reform simply because it is fashionable politics or is a way to put more people in the pews, there is a much larger and longer standing Catholic case for migration. The US Catholic Church was founded by and for immigrants, and it sees today's nativist grumblings as the same that confronted the American church in its earliest years."

WPost Decries "Pernicious Image" Of Immigrants. The Washington Post (8/21, A14, 748K) editorializes, "The mid-decade count of American households reports that as of 2005 more than a million immigrants live in the District and the Washington suburbs -- that's about one in five area residents, up from one in six in 2000. Such a rapid growth in the area's immigrant population is bound to cause strains, real and imagined. … There's a pernicious image of America's immigrants circulating: unskilled laborers scaling fences along unguarded borders; undocumented workers taking jobs that pay both under the table and under the minimum wage; packed inner-city enclaves filled with newcomers who don't speak English and demand an inordinate amount of government services. That is a grossly distorted image and an incomplete presentation of the facts, at least in the Washington area. It also overshadows a much more complex -- and positive -- reality."

TAX:

Krugman Opposes IRS Plan To Privatize Tax Collection. Paul Krugman writes in the New York Times (8/21, 1.21M) that the IRS' plan to outsource the collection of unpaid back taxes to private debt collectors is "an awful idea. Privatizing tax collection will cost far more than hiring additional IRS agents, raise less revenue and pose obvious risks of abuse." Krugman adds, "This administration has thrown away centuries of lessons about how to make government work. No wonder it has failed at everything except fear mongering."

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CONGRESS-ADMINISTRATION:

Bush Presidency Said To Be "Humbled." In a story entitled "A Humbled Presidency," U.S. News and World Report (8/28, Walsh, 2.03M) reports that President Bush's presidency "has been humbled-if not in spirit, then in Bush's grudging acknowledgment of his current limitations." US News adds that Bush "is changing the way he does business. He returned to Washington from an August vacation at his Texas ranch after only 10 days, in contrast to the five weeks he spent in Crawford a year ago. His public pace seemed especially frenetic-featuring high-profile meetings to discuss the Iraq war on Monday, sessions to discuss homeland security Tuesday, a visit to a motorcycle plant in Pennsylvania Wednesday, signing a new pension security bill Thursday, and meeting with senior economic advisers at Camp David Friday. Pointedly, Bush didn't hold his meetings in the West Wing but traveled around the Washington area-to the Pentagon, the State Department, a new National Counterterrorism Center in suburban Virginia, and Camp David-all to project a sense of vigor and activism."

Aides Try To Restore "Gravitas" To Bush's Persona. U.S. News and World Report (8/28, Walsh, 2.03M) reports that President Bush "now wants it known that he is a man of letters." Portraying Bush "as a voracious reader is part of an ongoing White House campaign to restore what a senior adviser calls 'gravitas' to the Bush persona." But his critics "aren't buying. A man who so regularly mangles the English language and seems to disdain complexity couldn't possibly be so cerebral, they argue."

Ten Years Later, Debate Over Welfare Reform Continues. The New York Times (8/21, Pear, Eckholm, 1.21M) reports, "Ten years after a Republican Congress collaborated with a Democratic president to overhaul the nation's welfare system, the implications are still rippling through policy and politics." The law "was widely seen as a victory for conservative ideas. When it was passed, some opponents offered dire predictions that the law would make things worse for the poor." But "the number of people on welfare has plunged to 4.4 million, down 60 percent. Employment of single mothers is up. Child support collections have nearly doubled." But "critics say it has cut adrift some single mothers who seem unable to hold steady jobs and are not receiving cash assistance -- women who have neither work nor welfare." In an interview, former President Bill Clinton "said he was 'more convinced than ever' that he had been right to sign the bill, after vetoing two earlier versions that he had seen as too harsh." The Times adds, "When the 1996 law was passed, Democrats like Senator Daniel Patrick Moynihan, liberal advocacy groups like the Children's Defense Fund and liberal academics predicted that it would increase child poverty, hunger and homelessness. The predictions were not fulfilled." But "Republican hopes have not been completely realized either. While single mothers are more likely to work, many remain in poverty."

The Washington Times (8/21, Wetzstein, 88K) reports that 10 years ago, "outside the White House, hundreds of liberal anti-poverty advocates protested what they called Mr. Clinton's betrayal of poor children, and several Clinton administration leaders quit in protest." As "the next stage of welfare reform begins Oct. 1, with the start of the new fiscal year, there are fewer public protests and less talk about poor children forced to sleep on city grates." But "there is still high anxiety in some quarters over new welfare rules, which were signed into law in February by President Bush."

Cold War Missile Totals Treated As Secrets. The Washington Post (8/21, Lee, 748K), in a front page article, reports, "The Bush administration has begun designating as secret some information that the government long provided even to its enemy the former Soviet Union: the numbers of strategic weapons in the U.S. nuclear arsenal during the Cold War." The highly critical article says that DOD and DOE "are treating as national security secrets the historical totals of Minuteman, Titan II and other missiles, blacking out the information on previously public documents, according to a new report by the National Security Archive." The Post adds, "The Bush administration's penchant for government secrecy has troubled researchers and bred controversy ... Experts say there is no national security reason for the administration to keep such historical information under wraps -- especially when it has been publicly available for years."

Conyers Bill Would Require Hill Notification Upon Pardon Of Executive Employees. The Washington Times (8/21, McCaslin, 88K) reports in its "Inside the Beltway" column that Rep. John Conyers "is pushing newly introduced legislation that would require the president to notify Congress upon the pardon of 'any Executive Branch employee.'" Conyers said, "The indictment of I. Lewis Libby, who was the vice president's chief of staff, for false statements, perjury, and obstruction of justice in connection with the investigation raised concerns that the president might use his authority to pardon Mr. Libby or other officials involved in serious criminal offenses."

Public Pension Reform Urged. E.J. McMahon, director of the Empire Center for New York State Policy and a senior fellow at the Manhattan Institute, writes in the Wall Street Journal (8/21, 2.03M), "Because their size and complexity offer such a wide field for abuse, state and local retirement systems pose a significant moral hazard -- threatening the long-term fiscal stability of many of their

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sponsors. … The overriding concern of public pension reform should be to reduce the taxpayers' exposure to accounting and financial risk -- now and in the future." McMahon adds that "the growing public sector pension burden fundamentally poses a test of political wills. … Today, improved accounting practices can at least force elected officials to face up to the price tag of their rash promises. In the future, they must turn from union lapdogs to taxpayer watchdogs."

Senator Delaying Coburn Spending Database Bill Urged To Come Forward. The Wall Street Journal (8/21, 2.03M) editorializes, "In April, Oklahoma Senator Tom Coburn introduced legislation that would set-up a database to track an estimated $1 trillion in federal grants, earmarks, contracts and loans. … Twenty-nine Senators have co-sponsored the bill, and it's a testament to how concerned some are about Washington's miserable spending reputation that the list includes a who's who of Presidential hopefuls, from Hillary Rodham Clinton to George Allen to Bill Frist. Yet most Senators clearly have no desire to shine a light on their spending practices, and at least one -- perhaps more -- has placed a 'secret' hold on the legislation. … If Congress insists on spending like there's no tomorrow, at least the Members could let the voters see what they're spending it on by passing Senator Coburn's reform. Will the real secret Senator please stand up?"

OTHER NEWS:

Economy Said To Appear On Track For "Soft Landing." The Christian Science Monitor (8/21, Scherer, 58K) reports, 'The US economy appears to be on track for a 'soft landing' -- a period of recession-free but less energetic economic growth. The job market is now tepid, consumers are tempering their spending, and inventories -- from women's apparel to computer hard drives -- are starting to rise." The housing sector "is the only major concern as developers cancel projects and homes go unsold." But "signs of a benign slowdown are a success story for the Federal Reserve, which has been gradually putting the brakes on the economy." The "slowing economy coincides with declining oil and gasoline prices."

The Wall Street Journal (8/21, Browning, 2.03M) reports, "Whether the stock rally fizzles out or keeps going will depend heavily on whether Federal Reserve Chairman Ben Bernanke can pull off a nifty trick, piloting the economy to what professional investors call a soft landing. A soft landing is what you want, but almost never get, at the end of a boom. … Trouble is, although they get talked about a lot, soft landings rarely happen."

Another story in the Wall Street Journal (8/21, Lahart, Merrick, 2.03M) says "the high price of gasoline and slowdown in housing are taking a toll on one of the most striking economic trends of recent years: Consumers' widening taste for more upscale purchases." The Journal adds, "In recent weeks, Starbucks, Whole Foods and Williams-Sonoma -- along with others such as boat maker Brunswick Corp. and specialty-sandwich chain Panera Bread Co. -- have reported disappointing sales that sent their share prices lower. Restaurants catering to middle-income consumers are seeing a sales slump too. Growing evidence suggests the chief culprit is gasoline prices in the $3-a-gallon range -- up 71 cents from six months ago, according to federal data."

Experts Predicting Further Oil Price Decline. The Wall Street Journal (8/21, Davis, Bahree, 2.03M) reports, "A nearly 8% decline in crude-oil prices in the past two weeks, and the market's flirtation Friday with prices below $70 a barrel, is reigniting a debate: Is there an oil-price bubble, and could it burst? Underlying the question is an argument about what has been a bigger factor buoying oil prices in the first place: record investor inflows into commodities or supply-and-demand fundamentals." Some "specialists dismiss the notion that crude's recent pullback is a turning point. Instead, they point to short-term factors that have pushed oil lower, including a move by Goldman Sachs Group Inc. this month to reduce its exposure to gasoline in the widely watched Goldman Sachs Commodity Index. In addition, they say BP PLC's Alaska pipeline shutdown had less of an impact on oil supplies than initially feared." However, "an increasing number of analysts and traders predict that oil prices are poised for further decline. They say the market has become somewhat inured to geopolitical uncertainty -- reacting to the news of another kidnapping of oil workers in Nigeria, for example, with a 25-cent jump, when the price used to move $2 on such events."

Airlines Fear Possibility Of $100 Oil. USA Today (8/21, Reed, 2.27M) reports, "Beleaguered U.S. airlines seem to have slowly staggered to their feet since the terrorism and recession of earlier this decade." However, "[l]ast month, Standard & Poor's issued a provocative report saying the steady rise in prices in the past three years and the fear of potential supply disruptions 'has created an environment where a triple-digit oil price in the near term is not unimaginable.'" Although "prices have been moderating for more than a week," "there are enough potential sources of disruption in the flow of oil and refined fuels that some on Wall Street and in corporate suites are contemplating what would happen to the domestic airline industry if the market price does reach $100 a barrel. ... What S&P sees at the $100-a-barrel level isn't pretty: Northwest and Delta airlines could be forced to liquidate; others could be pushed into Chapter 11 bankruptcy-court protection. ... Industrywide,

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carriers would ground aircraft, cut service and lay off workers."

Overregulation Decried. Maurice Greenberg, chairman and CEO of C.V. Starr & Co., writes in the Wall Street Journal (8/21, 2.03M), "Increasingly, major U.S. corporations are removing themselves from the public equities markets and going private. Why? To a large degree, because the cost of government regulations has become unbearable. … This is not to say regulation isn't necessary. Quite the opposite. But it must be enlightened regulation -- the type that enables public markets to remain fair, reliable and profitable." Policymakers "must reform the system now according to the following principle: Enlightened regulation, yes. Strangulation, no."

Shareholders Pressuring Companies To Disclose Political Donations. The Financial Times (8/21, Guerrera) reports, "American companies are under unprecedented pressure from shareholders to disclose details of their political donations and hold directors accountable for them, in a sign of deepening investor concerns over the use of corporate funds." Shareholder "groups say that recent scandals on Wall Street and in Washington have prompted investors to demand more transparency on companies' political contributions, which totalled $184m in 2002, the latest major election cycle." The issue "is likely to become more prominent in the run-up to November's elections because candidates in close races are expected to step up their fund-raising efforts with companies." The moves on political donations "underline investors' growing desire to have better oversight of management after the Enron and WorldCom scandals."

Trade Groups Use Internet To Target Citizen Activists. The Washington Post (8/21, D1, Birnbaum, 748K) reports in its "K Street Confidential" column, "To trade groups hunting for legislative supporters, C.P.A. means Cost Per Advocate, and it refers to the amount they have to spend to sign up a single citizen-activist for their causes. The average C.P.A., by the way, is roughly $5. … Lately, Internet advertising has been on the rise as a way to locate supporters, helping to lower the C.P.A. By minutely monitoring the effectiveness of Web-based commercials that invite people to sign up, interest groups are now able to alter their ads almost by the hour and conserve money."

Some Republicans See Rove As Best Hope To "Head Off Disaster." Under the headline "GOP Counts On Rove To Head Off Disaster," USA Today (8/21, Page, Jackson, Benedetto, 2.27M) reports Karl Rove "knows something about tough battles, and he's in another one. Freed from the uncertainty over whether he would face criminal charges -- an indictment would have forced him to vacate his West Wing office -- Bush's top strategist is focusing his full attention on the fall elections. Some Republicans see him as their best hope for heading off disaster in November." USA Today adds, "At stake is more than Rove's reputation as a canny tactician. A Democratic takeover of the House or Senate would not only jeopardize President Bush's ability to pass legislation but also enable Democrats to launch the sort of inquiries and subpoenas that Republicans used to bedevil the Clinton White House. Losing control of Congress would undercut Rove's vision of building a durable Republican majority." Rove, "an unlikely-looking wizard" with "rock-star appeal among Republican partisans," is "so famous, or notorious, that he's become an adjective. In the Connecticut primary this month, challenger Ned Lamont's campaign said Sen. Joe Lieberman acted 'purely Rovian' in 'distorting' Lamont's position on Iraq. … The word generally refers to ploys that ensnare and frustrate unsuspecting opponents."

Election Metrics Said Not To Bode Well For GOP. On CBS' Face The Nation (8/20, Schieffer), Washington Post reporter Jim VandeHei said, "If you look at all the metrics of an election, whether you're looking at polls, fundraising, mood, things are really bad for Republicans. And what worries them most is that the polls have been pretty static, and that people are unhappy with President Bush. About 35 percent are favorable. Even fewer people are happy with the Republican Congress. And you take those together, and you see that that hasn't moved. It's been that way all summer, and even this recent foiled plot in London did very little to move the numbers. So that tells me that people's minds are pretty locked in, that they're unhappy and they want change." But VandeHei added it would be "much more difficult" for the Democrats to take the Senate: "You can sketch out a scenario where there's six incumbents that they could knock off, but it's very difficult because in so many areas, Republicans are well-funded, they're running in states that tend to move Republican anyways."

Some Polling Data Gives Republicans Hope. The Washington Times (8/21, Lambro, 88K) reports, "Voters are said to be in a sour, anti-Republican mood this year, but some polls have contradictory findings that indicate voters aren't thrilled with the Democrats either and could change their minds by Election Day. The latest right track/wrong track survey by independent pollster John Zogby finds that only 34 percent of likely voters think 'the United States is going in the right direction, while 59 percent said the country is on the wrong track.'" That finding "is in line with most other polls that signal Republican losses in the midterm congressional elections, campaign analysts say." But "an earlier poll of 1,047 Americans conducted for CNN by Opinion Research Corporation from Aug. 2 to 3 drew a dramatically different response when it asked people, 'How

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well are things going in the country today?' A combined 55 percent said things were going 'fairly well' (47 percent) or 'very well' (8 percent), compared with those who said 'pretty badly' (29 percent) or 'very badly' (15 percent)." Other pollsters "are finding that no matter how negative voters are about the Republicans who control both houses of Congress, less than a majority think the Democrats would do a better job of governing. Moreover, many voters who say they will vote for a Democrat in November also say their vote is not definite."

Republicans See Border Security As Key Election Issue. The Washington Post (8/21, A1, Weisman, 748K) reports, "There seems to be little doubt that a hard line against illegal immigration is the safer position in a GOP primary. But many Republicans believe, in a year when many national trends are not blowing their way, that it is also the safer position in a general election." It is "a counterintuitive strategy: The way to win a swing district is not with a campaign aimed at swing voters. Instead, the goal is to motivate conservatives with anti-illegal-immigration appeals, hoping they overcome their disenchantment with GOP policies in Washington." Of course, "Republicans also hope to snare independents and even some wayward Democrats with the immigration issue. But they plan to do it with hot words -- not with the cool centrism that is more typical in districts where both parties have run competitively." The Post adds, "In a way, this strategy borrows from President Bush's rally-the-base approach to winning reelection in 2004, even though it is based on spurning Bush's stance on the immigration issue."

Democrats Hitting Republicans On Social Security. The Washington Times (8/21, Fagan, 88K) reports, "Republican and Democratic candidates have been sparring over Social Security in key races in New Jersey, Florida, Colorado, Washington and Pennsylvania, with some Republicans distancing themselves from President Bush's idea to create personal retirement accounts." Democratic leaders "made Social Security one of their key issues this election year, warning that Republicans want to privatize the program." Republicans "say that's a scare tactic and that Democrats have no plan of their own to fix a system that is set to dole out more than it collects beginning in 2017."

Hagel Says GOP Has Lost Its Way. Fox News Sunday (8/20, Wallace) interviewed Sen. Chuck Hagel. Asked "how much trouble is your party in," Hagel said, "We'll find out on November 7th. I don't think the answer is the alternative that the Democrats present because I don't know what that alternative is. … First time I voted was in 1968 on top of a tank in the Mekong Delta. I voted a straight Republican ticket. The reason I did is because I believe in the Republican philosophy of governance. It's not what it used to be. I don't think it's the same today. Where is the fiscal responsibility of the party I joined in '68? Where is the international engagement of the party I joined, fair, free trade, individual responsibility, not building a bigger government, but building a smaller government? I think we've lost our way. And I think the Republicans are going to be in some jeopardy for that and will be held accountable." The AP (8/21, Lester) reports on Hagel's comments. Republicans, said the senator, "have lost their way when it comes to many core GOP principles and may be in jeopardy heading into the fall elections."

Bloomberg (8/21), meanwhile notes Hagel also said "American politicians are undermining the US fight against terrorism by seeking political advantage from arguments over national security." The fight against terrorism is "`too serious to be left to headline seekers or politicians or political parties," said Hagel, adding, "Both parties are at significant peril in the election this year if they continue to define down to the lowest political common denominator this issue of terrorism."

McCain Predicts GOP Will Keep Senate, Maybe House. On NBC's Meet The Press (8/20, Gregory), host David Gregory asked Sen. John McCain what he thought was the state of the Republican Party as the midterm elections approached. McCain said, "It's a very tough election coming up. Historically these second-term of incumbent president's tough; the war is difficult; President's not getting enough credit for a good economy, which we have today. This is going to be a tough election, and we ought to recognize that, and so we're going to have to do everything we can to maintain our majorities in both houses. To think anything different, I think would be foolish." But McCain said the GOP will keep the Senate, and said "I think so" when asked about the House: "It's just too early. Some -- you know, some of these races are so -- too close to call right now. I think if we get out our party faithful and galvanize them, we can win again, but we should not underestimate the fact that we're facing a tough challenge. But we've faced tough challenges in the past."

McCain Assembling "Top Shelf" Team Of Aides For 2008 Presidential Race. As he builds a campaign for the 2008 presidential race, Sen. John McCain is assembling a team of what the New York Times (8/21, Broder, 1.21M) calls "top-shelf Republican strategists, policy experts, fund-raisers and donors." McCain's "effort to woo a diverse lineup of backers and scare off rivals has augmented his travel schedule on behalf of Republicans -- which this week and next includes trips to Iowa, Louisiana, Virginia, South Carolina, Ohio and Florida. … Other Republican presidential hopefuls are doing likewise, but Mr. McCain is widely judged to be farther along in assembling the kind of national network

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necessary to sustain a long, expensive campaign for his party's nomination to succeed President Bush." McCain's "still-informal network includes Richard L. Armitage, the former deputy secretary of state; John A. Thain, chief executive of the New York Stock Exchange; and Sig Rogich, who directed the advertising for the 1988 and 1992 presidential campaigns of Mr. Bush's father. He is reaching out to Christian conservatives, who helped sink his 2000 presidential bid, by enlisting the aid of figures like Gov. Jon Huntsman Jr. of Utah and former Senator Dan Coats of Indiana, both of whom have strong evangelical followings." The Times adds, "His growing kitchen cabinet spans an array of issues and backgrounds, and includes James Jay Baker, a former lobbyist for the National Rifle Association; Niall Ferguson, a historian at Harvard; and Barry McCaffrey, who was the drug czar under President Bill Clinton."

Internal Polls Show Chafee Trailing Laffey. The Washington Times (8/21, Lambro, 88K) reports, "Republican Sen. Lincoln Chafee of Rhode Island is trailing Cranston, R.I., Mayor Stephen Laffey in a bitterly divisive primary contest that offers Democrats their best shot at picking up a seat in one of the nation's bluest states. Internal campaign polls show the conservative mayor's campaign attacks on Mr. Chafee's liberal voting record -- including the incumbent's opposition to President Bush's tax cuts and to Supreme Court Justice Samuel A. Alito Jr.'s nomination -- have struck a responsive chord among Republican voters." Chafee "has fired back with a TV ad that attacks Mr. Laffey's temperament and character, which the senator's campaign spokesman describes as 'aggressive, confrontational, over the top and bombastic.'" In an interview, Laffey "called the ad 'a pack of lies.'"

Murkowski "Struggling" To Keep GOP's Gubernatorial Nomination. The Washington Post (8/21, A3, Balz, 748K) reports that Alaska Gov. Frank H. Murkowskiis struggling "to avoid defeat in Tuesday's Republican gubernatorial primary. … A defeat on Tuesday would make him the fourth incumbent to lose a primary election this month." The Post adds, "An automated telephone poll by SurveyUSA last month put Murkowski's approval rating at just 21 percent, second-lowest of any governor. A poll commissioned by the Democratic Governors Association earlier in the summer found that just 15 percent of Alaskans said he deserved reelection."

Aides Urge Clinton To Make Plans For 2008 Clear By Next Spring. In its cover story, Time (8/28, Tumulty, 4.03M) reports that while aides to Sen. Hillary Clinton say she is "far too busy concentrating on her re-election in November to be giving even a passing thought to 2008," she "is putting the machinery in place for a campaign that looks far grander than a re-election cakewalk in New York." Clinton "is raising money as though she were in the fight of her life, bringing in more than $33 million. … Her political operation has grown to an army of 32 full-time employees, plus 10 from her Senate office who draw part of their salary there and 13 consultants who are building, among other things, a national direct-mail operation. She recently added an Internet guru to their ranks." Clinton strategists "tell Time they are urging her to make her intentions clear by next spring -- by forming an exploratory committee, for instance -- to lock up fund-raising and political talent. Those close enough to know say that she is genuinely undecided but that Bill is not disguising his eagerness to see her make a bid for his old job."

Clinton May Forgo Presidential Race In Favor Of Rising In Senate Leadership. In its cover story, Time (8/28, Tumulty, 4.03M) reports that "some who are close to Hillary tell Time they believe she will in the end forgo a presidential race and set her sights on rising within the Senate leadership, toward the possibility of becoming the first woman majority leader someday."

Time Poll Finds 53% Have Favorable Impression Of Clinton. In its cover story, Time (8/28, Tumulty, 4.03M) reports that in the latest Time poll, 53% "said they had a favorable impression of her; she registered higher than the other most familiar names in the potential Democratic field, Al Gore (49%), John Edwards (46%) and John Kerry (45%). Her negative ratings (44%) were lower than either Kerry's or Gore's." Time adds, "In hypothetical matchups with the preseason GOP favorite, John McCain, Hillary is the only big-name Democrat to make a real race of it, with McCain edging her by just 2 points among registered voters. By comparison, McCain would trounce Kerry by 10 points and Gore by 9."

NYTimes Says Clinton Should Debate Tasini. An editorial in the New York Times (8/21, 1.21M) says Sen. Hillary Clinton has "successfully ignored" her opponent, Jonathan Tasini all summer, "and now it seems clear that she has no intention of responding to his demands that she meet him in a debate. She should change her mind." The Times adds, "Presuming she wins the primary, Mrs. Clinton will go up against a weak Republican candidate this fall. Anything can happen in an election, but there is a very good chance she could coast all the way to November without being tested on any important issue. Right now is a good time to make sure that does not happen."

Lieberman Calls On Rumsfeld To Resign. The AP (8/21) reports, "Sen. Joe Lieberman, attacked by fellow Democrats as being too close to the White House on the Iraq War, on Sunday called on Defense Secretary Donald Rumsfeld to resign but said the United States cannot 'walk away' from the Iraqis." Lieberman made his remarks on CBS's Face the Nation, saying, "With all respect to Don

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Rumsfeld, who has done a grueling job for six years, we would benefit from new leadership to work with our military in Iraq."

The New York Times (8/21, Medina, 1.21M) says the senator "leveled his most pointed criticism yet at the Pentagon." Ned Lamont, "who defeated Mr. Lieberman in the Democratic primary this month, said later that he had advocated that stance for months, and he questioned the timing of the senator's criticism." Lamont, "in an interview at a campaign stop in New Britain, said that while Mr. Rumsfeld's resignation would be 'absolutely necessary' for a 'fresh strategy" in Iraq, it would do little to quiet the increasing violence."

On CBS' Face The Nation (8/20, Schieffer), Lieberman said, "In the primary, as I look back to it, I feel that I allowed my opponent to distort my position on Iraq. … What I mean is he made me into a cheerleader for George Bush and everything that's happened. And the record shows that, while I believe we did the right thing in overthrowing Saddam Hussein, I've been very critical over the years, particularly in 2003 and 2004, about the failure to send enough American troops to secure the country, about the absence of adequate plans and preparation to deal with post-Saddam Iraq." Lieberman added it "would be a disaster if America set a deadline and said we're getting all of our troops out by a given date. That's the position that Ned Lamont has taken. That's the position that was introduced in the Senate, got only 13 votes. And the reason is that people know if we set a deadline, the sectarian violence would not go down. It would go up."

Lieberman Says Cheney Didn't Endorse Him. On CBS' Face The Nation (8/20, Schieffer), Sen. Joseph Lieberman was asked if he was "comfortable when you basically get the endorsement" of Vice President Cheney, Lieberman said, "That wasn't an endorsement. I haven't sought his endorsement, and I don't expect it. He commented on his interpretation of what happened in the primary in Connecticut." Asked if he was a "de facto Republican, as Ned Lamont said that you were," Lieberman said, "Well, obviously not. Again, my opponent's new at politics, but he's getting pretty good at the old-style Washington smear partisan political game. I'm a Democrat." Asked about Sen. John Kerry's remark that he was "echoing the Republicans' intolerable rhetoric," Lieberman said, "With all respect to John Kerry, an old friend, that's just plain politics by somebody who has ambitions of his own."

Kerry Blasts Lieberman For Adopting "The Rhetoric Of Dick Cheney." On ABC's This Week (8/20), host George Stephanopoulos asked Sen. John Kerry what impact Sen. Joseph Lieberman's independent candidacy would have on the Democratic Party. Kerry said, "I am concerned that he is making a Republican case and he's uttering almost the same words as Vice President Cheney and I think it's inappropriate. Look, let's be very, very clear about this. Ned Lamont has been courageous and stood up and voters of Connecticut, they are not Dean Democrats, they are not Kerry Democrats, they are not Lamont Democrats, they are Democrats. They are Chris Dodd Democrats, Democrats for years supported Joe Lieberman and the fact is Joe Lieberman is out of step with the people of Connecticut. I believe that he's just dead wrong with respect to the war. And to adopt the rhetoric of Dick Cheney, who has been wrong about almost everything he's said about Iraq, shows you just exactly why he got in trouble with the Democrats there." The Washington Times (8/21, Pfeiffer, 88K) also reports Kerry's comments.

McCain Says Lieberman Wrong On Impact Of Call For Withdrawal Date. On NBC's Meet The Press (8/20, Gregory), Sen. John McCain said he did not agree with Sen. Joseph Lieberman's statement that those who call "for troop withdrawal from Iraq by a date certain is emboldening the terrorists," adding, "I think we should respect each other's views and have a respectful dialogue and discussion. I certainly disagree with those who want to set the date certain. I like to say that Joe Lieberman puts his country ahead of his party, he's a liberal Democrat, but I happen to have the greatest respect and appreciation for him." McCain added he supported Republican nominee Allen Schlesinger, but was unlikely to campaign for him.

Kerry Says He Wouldn't Have Gone Into Iraq If He'd Been President. On ABC's This Week (8/20), host George Stephanopoulos asked Sen. John Kerry about his remarks to the Detroit News on the Lebanon war that if he had been president, "the war wouldn't have happened." Kerry responded, "Well, what I was talking about was Iraq and the whole confluence of events in Middle East, George. The fact is that General Abizaid himself said that if Resolution 1559 had been implemented, the war wouldn't have happened. So the fact is that, you know, the lack of attention to Hezbollah, the lack of attention to a legitimate policy in Iraq, I would not have gone into Iraq the way the President did. I said that. I said that in 2004, that's not news."

Candidates Fear Being "YouTubed" In Wake Of Allen Incident. Time (8/28, Allen, 4.03M) reports in its "Notebook" column that Sen. George Allen last week became the "first political victim of the phenomenal YouTube era. Allen is videotaped at each campaign stop by a 'tracker' for his Democratic opponent, James Webb. Such operatives are standard on the stump, and aides warn candidates to ignore them. But Allen, speaking at a rural picnic, took the bait. He singled out the Webb volunteer, who is of Indian descent, telling the crowd to welcome 'Macaca.' The volunteer "got the gibe on video. Last week, three days after Allen spoke, Webb's campaign posted it on YouTube.com and ignited a

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firestorm. Now other campaigns are worried about being 'YouTubed' and losing control of their message in cyberspace."

LATimes Calls For Allen's Defeat. An editorial in the Los Angeles Times (8/21, 918K) says the most believable explanation of Sen. George Allen's remarks calling an Indian American videographer working for his opponent "macaca" is that the term "is an Americanized version of the similarly pronounced French racial slur 'macaque,' which literally refers to a species of stub-tailed monkey, but is figuratively used to insult North Africans and other people with dark skin." The Times adds, "There is no room for that kind of racism in American politics. We're not in the habit of telling Virginians how to vote, but an Allen defeat this November would send the right message to race-baiting politicians: Welcome to America. Now go home."

Casey's Lead Over Santorum Shrinking. U.S. News and World Report (8/28, Knight, 2.03M) profiles the Pennsylvania US Senate race between incumbent Sen. Rick Santorum and Democratic challenger Bob Casey, Jr. According to US News, "A few months ago, it looked like Casey, the son of the late Pennsylvania Gov. Robert Casey, was a sure winner; a Quinnipiac poll in June showed him with a 52-to-34 percent lead over Santorum. But a poll released last week showed that Casey's lead had been cut to just 6 points." US News adds, "Political experts say the race will be decided in the famously fickle Philadelphia suburbs. So expect Santorum to be running hard and aggressively. Casey, too."

Republicans Target Democratic Incumbent In Bush's Home District. USA Today (8/21, Benedetto, 2.27M) reports, "As Iraq war veteran Van Taylor stumps for votes in the sprawling 17th Congressional District that runs through here, there is at least one resident he can count on: President Bush." Taylor "met him about 20 years ago, when a Midland oilman named George W. Bush pinned an Eagle Scout badge on his chest." Today, "Bush calls his Prairie Chapel Ranch near this town his legal residence. He's the most famous resident in a district that stretches 200 miles, from the outer exurbs south of Dallas and Fort Worth through Crawford and nearby Waco and down to College Station, home of his father's presidential library at Texas A&M University." Rep. Chet Edwards, Bush's current congressman, "is a Democrat seeking a ninth term." The National Republican Congressional Committee "has made the race one of its top 10 priorities. The president was the main attraction at a Republican fundraiser this month whose proceeds went, in part, to Taylor's campaign. He also benefited from fundraisers headlined by Vice President Cheney and House Speaker Dennis Hastert." Edwards "has proved resilient before. The district was one of several redrawn in 2003 by state Republicans under the guidance of former House majority leader Tom DeLay," and Edwards "was the only targeted Democrat to hold onto his seat, beating Republican former state representative Arlene Wohlgemuth, 51% to 47%."

Democratic Candidates Reveal Few Differences In Maryland Senate Debate. The Washington Post (8/21, B1, Rucker, 748K) reports on yesterday's debate between the two Democratic candidates for US Senate in Maryland, Rep. Ben Cardin and former Rep. Kweisi Mfume. The Post says that for most of the 30-minute debate, the candidates "revealed few differences on major issues: Both oppose the war in Iraq and President Bush's energy policies. Both support universal health care and increasing federal funding for education. … The starkest difference came in the way they framed their candidacies less than one month before Democrats select their nominee from a crowded field of 18 hopefuls: Cardin presented himself as a lawmaker proud of his record, and Mfume painted himself as an outside agent of change."

WPost Endorses Cardin. In an editorial, the Washington Post (8/21, A14, 748K) endorses Cardin for the Democratic nomination, noting that his "mastery of public policy, pragmatic bipartisanship and even-keeled determination have made him a superb lawmaker." The Post adds, "A common complaint with politics as usual is that candidates and officeholders are so caught up with partisan wrangling and point-scoring that they have failed to address everyday issues of pressing concern to American voters -- health care, taxes, retirement security. It's a fair critique. The antidote is electing lawmakers such as Mr. Cardin, whose proven competence, integrity and depth have been his trademarks in public service."

Romney Addresses California GOP Convention. The Washington Times (8/21, Bellantoni, 88K) reports that Massachusetts Gov. Mitt Romney, who is eyeing a 2008 presidential bid, delivered the keynote address to the California Republican convention Saturday night. Romney reminded the party activists that "he works with a legislature that is 87 percent Democratic, making him a 'conservative Republican governor in the most liberal blue state in America.' He also told them how he cut more than $3 billion in government waste without raising taxes or borrowing money and touched on a wide scholarship program approved under his watch. He also portrayed himself as an optimist with the right ideas to fix the nation's problems during its most critical period." According to the Times, the party activists "loved him -- cheering wildly for a stump speech that closely resembled a stand-up routine and later praising him as

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someone with the right kind of fiscal and conservative values."

DNC Shuffles Presidential Nominating Calendar. In an effort to add racial and geographic diversity to their presidential nomination process, the Democratic Nartional Committee has added new states to its early roster of presidential nominating contests. The Christian Science Monitor (8/21, Feldmann, 58K) reports, "Under the plan, adopted over the weekend in Chicago, Iowa will still hold the very first event -- party caucuses -- and New Hampshire will keep its traditional first primary in the nation. But Nevada will squeeze its caucuses into the eight-day gap between Iowa and New Hampshire, and South Carolina will hold primaries as soon as a week after New Hampshire. If all the state parties cooperate, these contests could end up taking place in a time frame as tight as 15 days in January 2008."

USA Today (8/21, Lawrence, 2.27M) reports, "Nevada and South Carolina officially moved to the early part of the Democratic calendar Saturday at a party meeting in Chicago. By then, Indiana Sen. Evan Bayh had sent three campaign workers to Nevada, and 2004 presidential nominee John Kerry was planning a September trip there. In South Carolina, former Virginia governor Mark Warner had scheduled fundraisers next month for state legislative candidates, while John Edwards, the 2004 vice presidential nominee, headlines a party fundraiser there Tuesday."

EU Countries Delay Committing Troops To Lebanon Peacekeeping Force. In a story that runs approximately 1700 words, the New York Times (8/21, Simons, Kifner, 1.21M) reports, "The shaky, United Nations-brokered cease-fire in Lebanon suffered another blow on Sunday when the European countries that had been called upon to provide the backbone of a peacekeeping force delayed a decision on committing troops until the mission is more clearly defined." Those "reservations postponed any action on the force at least until Wednesday, when the European Union will take up the issue." The Times says the Europeans remain "haunted by their experiences in Bosnia in the 1990's, when their forces were unable to stop widespread ethnic killing," and "are insisting upon clarifying the chain of command and rules of engagement before plunging into the even greater complexities of the Middle East." The increasing "confusion over the peacekeeping force, coming just a day after an Israeli commando raid, added to fears that the cease-fire could easily break down."

Meanwhile, the Washington Post reports Tel Aviv "on Sunday objected to including countries that do not have diplomatic relations with the Jewish state in the nascent peacekeeping force for Lebanon, even as a U.N. envoy said the Lebanese army had fielded only 3,000 troops, about one-fifth of the force it plans to enforce the cease-fire in the south." Israeli Prime Minister Ehud Olmert "raised his opposition to the participation" of countries including Indonesia, Malaysia and Bangladesh, "which are among the few nations that have pledged troops to the international force that is supposed to work with the Lebanese army to enforce the truce put in place after the five-week war."

The AP (8/21, Federman) reports Prime Minister Olmert's decision "complicated efforts by the United Nations to form a 15,000-strong peacekeeping force, which along with an equally large Lebanese army contingent will help enforce the truce that ended 34 days of fighting between Israel and the Lebanese guerrilla group Hezbollah." The UN cease-fire resolution "does not explicitly give Israel authority to block countries from joining the peacekeeping mission, but it does say the force should 'coordinate its activities ... with the government of Lebanon and government of Israel.'"

Israel Calls On Italy To Lead International Peacekeeping Force. The Financial Times (8/21, Morris, MacDonald) reports Israel also "called on Italy to lead an international force in south Lebanon and to send troops to oversee border crossings from Syria through which it alleges Hizbollah is continuing to receive arms supplies." Prime Minister Olmert, "in a telephone call to Romano Prodi, his Italian counterpart, said the dispatch of Italian troops was crucial to implementing UN Security Council resolution 1701, according to Mr Olmert's office." The move "followed criticism by Israeli ministers that sponsors of the UN resolution, including France, had not so far fulfilled promises to provide adequate forces to implement its terms." Prodi has said Italy "intends to send a 'significant' military force – some senior politicians involved with defence have the put the figure as high as 3,000 – and that he would raise the matter in the Italian parliament as soon as possible."

Cease-Fire Called A "Disillusioning End For Israel." U.S. News and World Report (8/28, Derfner, 2.03M) reports, While Israel "had given much better than it had gotten in southern Lebanon, the grim conclusion here was that the superpower of the Middle East had been stymied by a few thousand well-armed, well-trained guerrillas of Hezbollah. Suddenly, Israelis' confidence, which shot up after the successful withdrawal from Gaza a year ago and stayed up even through former Prime Minister Ariel Sharon's incapacitation, was gone. … What was seen here as nothing less than a 'war of survival' has come to a deeply disillusioning end for Israel, so much so that the political and military leadership has lost the public's faith." In a separate story, U.S. News and World Report (8/28, Halpern, 2.03M) reports that there is a sense among many Israeli soldiers that "the war ended prematurely." US News adds that Israeli soldiers "arrived highly motivated for what they regarded as an existential war, only to find the Army didn't supply them

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with basic equipment. … The enemy was another surprise. Hezbollah fighters were well trained, well equipped, and well motivated."

Hezbollah Launches Humanitarian Effort In Lebanon. U.S. News and World Report (8/28, Prothero, 2.03M) reports that Hezbollah has launched a "massive humanitarian operation" in Lebanon. The effort is "designed to assist their constituency and head off the inevitable complaints that they had brought this destruction down upon their own people." US News notes, "Hezbollah might be the most popular movement among Lebanon's Shiite Muslim community, but people also know that it was Nasrallah's 'Party of God' that started the war by crossing the border into Israel, kidnapping two Israeli soldiers and killing three others."

Lebanese Army Seeks To Restore Authority Over Lebanon. Time (8/28, Butters, 4.03M) reports that the Lebanese Army "is in a race to restore its authority over a ravaged country. The US wants the army, rather than the UN troops following behind it, to take the lead in disarming Hizballah and pushing the group's fighters away from the border with Israel. But that may never happen." The Army's job "will be largely symbolic and humanitarian."

Lebanon's Political Unity Seen As Beginning To Fragment. The AP (8/21, Ghattas) reports in a news analysis story that Lebanon "had not even finished burying the dead from 34 days of war when the country's deep sectarian and political divisions split open again. That has shattered the semblance of unity that held, just barely, through the Israeli attacks against Hezbollah." Differences over "the militant Shiite group — stilled while the war raged — are re-emerging. Critics of the guerrillas and their leader, Sheik Hassan Nasrallah, have begun to speak out, with some Sunnis, Christians and Druse clearly feeling Hezbollah dragged them into a fight they did not want." So far, it's "all rhetoric and factional leaders have been careful not to actively inflame tensions, stressing instead the need to rally behind the government even as they criticize each other. Yet tensions are rising in a country where most damage was done in Shiite Muslim areas while Christian and Sunni areas remained largely unscathed."

Major Dailies Criticize French Stance On Aiding Peacekeeping Force. The Wall Street Journal (8/21, 2.03M) editorializes on problems with Resolution 1701: "Jacques Chirac confirmed a Le Monde report that his government was prepared to offer only some 200 combat engineers (in addition to the 200 French troops already in Lebanon) to what is supposed to be the resolution's centerpiece ... All of this after the French used the promise of a robust, French-led international force to get the U.S. and Israel to agree to a cease-fire and withdrawal." The "person who should really be furious here is Secretary of State Rice."

The New York Times (8/21, 1.21M) editorializes, "After insisting for years that they be treated like a superpower, the French are behaving as if they have no responsibility for helping dig out of the Lebanon mess. ... The French military command has also raised some legitimate concerns about the peacekeeping force's lack of a clear mission." The resolution also does not explain "who, if anyone, will disarm Hezbollah." "President Bush ... needs to get on the phone with his on-again friend Mr. Chirac and make clear the cost for both Lebanon and France, if France shirks its responsibility."

USA Today (8/21, 2.27M) editorializes, "With every passing day, the United Nations resolution's more ambitious goals — put a robust peacekeeping force in southern Lebanon, disarm Hezbollah militants, and stop Iran and Syria from rearming them — seem more like a fantasy. Most of the ingredients that led to the war between Israel and Hezbollah remain, like dry tinder. ... A more substantive initiative is needed. Unless the United States, France and the other signatories to Security Council Resolution 1701 act with greater speed and seriousness, it will quickly join the list of U.N. resolutions that failed to make a difference in the Middle East."

UN Envoy Warns Ceasefire Breaches Could Hamper Peacekeeper Plans. The Los Angeles Times (8/21, Wallace, 918K) reports UN envoy Terje Roed-Larsen "warned Sunday that breeches of the cease-fire between Israel and Hezbollah guerrillas could hamper attempts to build a 15,000-member international peacekeeping force for southern Lebanon by alarming governments already reluctant to commit troops to the volatile region." His comments "came a day after U.N. Secretary-General Kofi Annan described Saturday's Israeli commando raid deep into Lebanon as a 'violation by the Israeli side' of the Security Council resolution that ended 34 days of fighting a week ago." The Israeli government "continued to defend the raid, which resulted in a clash with Hezbollah fighters that killed an Israeli officer, saying it was aimed at intercepting weapons coming from Syria to Hezbollah."

USA Today (8/21, 2.27M) reports Roed-Larsen "praised the deployment of the Lebanese army on the country's border with Israel but warned Sunday that the week-old truce between Israel and Hezbollah could collapse into an 'abyss of violence and bloodshed' if the cease-fire was violated further." Roed-Larsen "called Israel's commando operation in the city of Baalbek on Saturday 'unhelpful.'"

The Christian Science Monitor (8/21, Prusher, 58K) reports Israel's "weekend raid on a Hizbullah base in eastern Lebanon, rattling the week-old cease-fire, raises serious questions over whether the two sides will exercise the restraint needed for the truce to last." There is "widespread concern here that the UN resolution that quieted the heavy guns last Monday, after 34 days of fighting, is an agreement

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that's good on paper but unrealistic in the field. Many say the cease-fire does not represent an end - only an end to 'Round 1.'"

NBC Nightly News (8/20, story 3, 2:05, Seigenthaler, 9.87M) reported, "A fragile truce remains in place in Lebanon. The Lebanese Prime Minister took a tour and called the Israeli bombing campaign a crime against humanity. Israel continued withdrawing its troops from Lebanon but warned there could be more raids until international peacekeepers arrive in force. Any peacekeepers that come from countries that do not recognize Israel will be rejected."

Lebanese Defense Minister Indirectly Warns Hezbollah Against Breaking Ceasefire. The Washington Times/AP (8/21, Hurst) reports Lebanese Defense Minister Elias Murr "said yesterday that he is certain Hezbollah will not break the cease-fire, but warned all militant groups of harsh measures and a traitor's fate if they incite Israeli retaliation by firing rockets into the Jewish state." Murr's "strong remarks indicated concern that Syrian-backed militants will try to restart the fighting by drawing retaliation from Israel." Meanwhile, Prime Minister Fuad Siniora "toured the devastated Hezbollah stronghold in southern Beirut and decried the destruction by Israeli bombs as a 'crime against humanity.' Parliament Speaker Nabih Berri, a Shi'ite and Hezbollah backer, stood at the Sunni prime minister's side and said they spoke with one voice."

Nasrallah Achieves Iconic Status In Islamic World. ABC World News Tonight (8/20, story 4, 1:50, Harris, 8.78M) reported, "One point Israel may not have counted on was that that war would make Hezbollah's leader into a hero throughout the Muslim world." ABC (Dinnick) added, "Right across the Arab world, from Beirut to Damascus to here in the Palestinian territories, Hassan Nasrallah has achieved rock star status. Much of southern Lebanon was destroyed. More than 1,000 people were killed. But Hezbollah's fight gave hope to the Arab world who have fought for Israel for 39 years, with little success." Nasrallah "may be a hero in Palestinian cities, like here in Ramallah, but questions about just what he accomplished. Moderates here say Nasrallah will only bring more violence to the region, more suffering."

Israel Said To Be Seeking Higher Level Hamas, Hezbollah "Bargaining Chips." The Washington Post (8/21, A10, Struck, 748K) reports Palestinian Minister of Education Nasser Shaer was taken away by Israeli troops to "be yet another chip in a potential prisoner swap for an abducted Israeli soldier. As the top education official and a deputy prime minister in the Hamas-led government, he is a ranking chip." On Sunday, Israelis "seized another senior Hamas legislator, Mahmoud Ramahi, near Ramallah, bringing to 40 the number of Palestinian officials from Hamas being held by Israel." A few hours "before Shaer's arrest, Israeli commandos landed deep in Lebanon's Bekaa Valley. Israeli officials insisted the nighttime raid was an effort to disrupt the flow of arms to Hezbollah, but many in Lebanon and Israel suspect the commandos were trying to capture a ranking militia member for a swap." The events "were seen as more evidence that Israel may try to win the release of its soldiers abducted to Gaza and Lebanon through a prisoner exchange, an idea once firmly opposed by Prime Minister Ehud Olmert."

The AP (8/21, Daraghmeh) reports Israeli forces "seized a senior Palestinian legislator Sunday in the latest move in a 7-week-old crackdown on the ruling Hamas movement, drawing angry accusations from Palestinian leaders that Israel is undermining their efforts to form a unity government." Troops and "agents of the Shin Bet intelligence agency grabbed Mahmoud al-Ramahi, a senior Hamas member and secretary-general of the Palestinian parliament, at his Ramallah home, a military statement said. It gave no further details, but his sister Yaqeen said the raid took place in broad daylight." His capture "puts almost all of Hamas' West Bank leadership in Israeli custody."

McCain Says Israeli Raid Not A Ceasefire Violation. On NBC's Meet The Press (8/20, Gregory), Sen. John McCain said he did not think the Israeli commando raid in Lebanon was a violation of the ceasefire resolution, adding, "The United Nations has taken on the responsibility not only to impose a cease-fire in southern Lebanon, but they also promised that they would prevent a re-supply of Hezbollah in the region. This is clearly, they have not been able to do that. This was an effort to re-supply Hezbollah with weapons in order to attack the state of Israel."

Israel Reportedly Considering Peace Negotiations With Syria. The Washington Times (8/21, Mitnick, 88K) reports Israel is "mulling the reopening of peace negotiations with Syria -- frozen for seven years -- after a monthlong war with Hezbollah guerrillas in Lebanon, according to newspaper reports." After "years of ignoring the possibility of talks with Syria because of the U.S. effort to isolate President Bashar Assad, a growing number of voices is calling on the Israeli government to consider talks with Damascus, which could help sever the central link between Hezbollah and its main weapons sponsor, Iran." The calls "come just days after Mr. Assad threatened Israel with war if it didn't opt for peace negotiations and promised that Israel would be destroyed by future Arab generations."

Feinstein Says US Must Negotiate With Syria. On CNN's Late Edition (8/20, Blitzer), Sen. Dianne Feinstein said she "absolutely" supported the Administration beginning high level talks with the Syrians, adding, "I think you talk with people you disagree with. I think it is a mistake to isolate governments. You isolate governments and they become more recalcitrant, not less recalcitrant. Therefore, I think it is very important -- I think it's very important to clear up the fact that Iran is shipping rockets and missiles from Tehran to

DOJ_NMG_0050292

Damascus. I believe we stopped one cargo plane full. The question arises, are there others coming through this way?"

Kidnappers Ignore Pleas Of Journalists' Relatives For Release. The New York Times (8/21, Kraft, 1.21M) reports, "Pleas by relatives over the weekend for the release of two Fox News journalists went unheeded by their kidnappers, who have neither claimed responsibility nor issued demands." The journalists, Steve Centanni, 60, "an American reporter based in Washington, and Olaf Wiig, 36, a cameraman from New Zealand, were seized by masked gunmen last Monday night in Gaza City, where they were covering the fighting between Israel and the Palestinians." Centanni's brother, Ken Centanni, "issued an appeal on Saturday for his release that was broadcast on the Arab satellite channel Al Jazeera."

Iran Test-Fires Short-Range Missiles, Disavows Enrichment Suspension. The AP (8/21, Dareini) reports Iranian Foreign Ministry spokesman Hamid Reza Asefi "said Sunday that it will offer a 'multifaceted response' Tuesday to a Western package of incentives aimed at persuading Tehran to rein in its nuclear program, but insisted it won't suspend uranium enrichment altogether. Speaking after Iran's military test-fired 10 short-range missiles, [Asefi] said at a news conference that a nuclear compromise would have to be reached during future negotiations." Continuing, Asefi "said the world could not afford to join the United States in imposing sanctions. 'Iran's influence in the region is clear. A country like Iran has extensive political, economic and cultural capabilities. Will other countries ignore Iran's capabilities in their political and economic cooperation?' he said."

ABC World News Tonight (8/20, story 3, 2:30, Harris, 8.78M) reported, "President Bush is back at the White House, and facing new challenges from the government of Iran, which some say is becoming a more serious threat to US interests every day. Today, Iran test fired ten more missiles, just two days before a new deadline in the standoff over its nuclear program." ABC (Morrell) added, "On Tuesday, President Bush will finally learn if his Iranian counterpart is willing to stop enriching uranium in exchange for a package of incentives, including direct talks with the US. But Iran chose no sign it is ready to accept that deal this weekend, it conducted large-scale military exercises and today test fired more short-range missiles. Iran is talking tough, too. A government spokesman said today they will not suspend their nuclear program before taking a seat at the bargaining table."

NBC Nightly News (8/20, story 4, 0:55, Seigenthaler, 9.87M) reported, "Iran once again flexed its military muscle test firing new short range missiles. Another aggressive move for a country facing an international deadline for its nuclear program."

The New York Times (8/21, Fathi, 1.21M) focuses its reporting on the test-firing of ten short-range missiles as part of a larger military exercise. "As Iran fired 10 short-range missiles on the second day of a large-scale military maneuver, officials on Sunday reiterated Iran's stance that it did not intend to halt its uranium enrichment program." The missiles "fired on Sunday, called Saegheh — thunder in Persian — had ranges of 50 and 150 miles, the official ISNA news agency reported. In April, Iran unveiled new weaponry, including radar-evading missiles and high-speed torpedoes." Official news broadcasts "showed helicopters shooting, bombs being dropped in the desert and paratroopers jumping out of helicopters. The report said various types of helicopters, fighter planes, live ammunition and bombs were used."

The Washington Times (8/21, Dareini, 88K) reports the White House "condemned Iran's 'show of military force' and said it 'serves to remind us of the dangers of its nuclear ambitions.'"

West Said To Have "Few Real Options." The Wall Street Journal (8/21, Bahree, Champion, 2.03M) says, "For all of the tough talk likely in coming days about using global sanctions to shut down Iran's nuclear-fuel program, the West has few real options for forcing Tehran to back down." The Journal says the "sanctions being discussed, such as curbs on imports of nuclear-related technology, wouldn't affect Iran's overall economy. But the bluntest weapon available short of war -- targeting Iran's vast energy sector -- is extremely unlikely to be deployed anytime soon." Western nations are "in this bind because, despite a shared desire to stop Iran from developing nuclear weapons, a number of forces -- the conflicts in Iraq and Lebanon, high oil prices and minimal spare global oil-pumping capacity -- have made the world a different place from the 1980s and 1990s, when the U.S. imposed sanctions forbidding its own companies from doing business with Iran."

McCain Says UN Must Impose Sanctions. On NBC's Meet The Press (8/20, Gregory), Sen. John McCain said the Iranian government's apparent defiance of the UN on development of its nuclear program is "not surprising, but it lends incredible importance to August 31st when the Security Council convenes to enact sanctions on, on the Iranian government. And that has got to be only the first step, but sanctions have to be imposed, they are in blatant violation of treaties, and they -- these, these sanctions must be imposed."

Venezuela Developing Close Alliances In Mideast. The New York Times (8/21, Romero, 1.21M) reports, "Venezuela has long cultivated ties with Middle Eastern governments, finding common ground in trying to

DOJ_NMG_0050293

keep oil prices high, but its recent engagement of Iran has become a defining element in its effort to build an alliance to curb American influence in developing countries." In a visit late" last month to Tehran by President Hugo Chávez and his oil minister, Rafael Ramírez, the two countries agreed to produce jointly nearly a dozen products, including crude oil and medicines. In a further sign that their ties have taken on a new dimension, the two countries are speaking in a more unified voice in their criticism of Israel and the United States." The Post adds, "The strengthening of ties has turned Iran into Venezuela's closest ally outside Latin America, adding clout to Mr. Chávez's efforts within OPEC to increase revenue through output limits by oil-exporting countries." Venezuela has also become "the most vociferous defender of Iran's nuclear program at a time when Iran feels increasingly isolated."

Seoul Downplays Likelihood Of Pyongyang Nuclear Test. The AP (8/21) reports Seoul "said yesterday it has been monitoring North Korea's nuclear activity but dismissed the possibility of an imminent underground nuclear test amid reports that Pyongyang may be preparing to detonate its first atomic bomb." A Defense Ministry official said it "has been holding a 24-hour surveillance on North Korea's military activity," and President Roh Moo-hyun's office "confirmed that Seoul has been keeping a 24-hour watch on the North that was in place before the latest report on a possible nuclear test."

López Obrador Vows More Radical Tactics, Says Mexico "Needs A Revolution." The Financial Times (8/21, Thomson) reports, "Mexico's leftwing presidential candidate vowed at the weekend to continue to reject last month's election result with increasingly radical tactics conducted 'from the streets.'" López Obrador "said he would take his so-called "civil resistance" movement 'to its ultimate consequences' in his effort to defend democracy." In an interview with the Financial Times, he said, "The most important changes in Mexico have never come about through conventional politics but rather from the streets." Asked "whether there was a danger that people would brand him a revolutionary, he replied: 'Mexico needs a revolution.'"

Business Leaders Call On Bush To Renew Doha Talks. The Financial Times (8/21, Kirchgaessner) reports a group of business leaders, including Citigroup chief Chuck Prince, have urged President Bush to reinvigorate multilateral trade discussions and "identify a way forward" on the Doha round of trade talks. In a letter, the executives said it was "unacceptable" that "transatlantic differences over agriculture…were dictating progress on increased market access for goods and services that comprise the majority of global trade." They also noted that the expiration next June of the President's trade promotion authority made the timing "of the essence."

Indonesia Expands Investigation Of Possible Bird Flu Cluster. The Wall Street Journal (8/21, A4, 2.03M) reports an Indonesian woman died of bird flu in a village that has 12 confirmed or suspected cases of the H5N1 virus, a senior health official said Sunday, "as authorities stepped up their investigation into the new possible cluster of cases." Experts fear the virus could mutate into a form that spreads easily among humans, potentially sparking a pandemic. Therefore, health workers were "keeping a close eye" on the village of Cikelet, where there have been a dozen confirmed or suspected cases of bird flu.

Christianity Said To Be Taking Root In China. Time (8/28, Elegant, 4.03M) reports that in China, Christianity "is finally taking root and evolving into a truly Chinese religion. Estimates vary, but some experts say Christians make up 5% of China's population, or 65 million believers. And thousands more are converting every day." Time adds, "China's central government has in recent years adopted a more lenient attitude toward religious expression."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Snipers Target Shiite March."
"Houston Grumbles As Evacuees Stay Put."
"Arrested Development In L.A. County's Juvenile Detention System."
"Unlucky, Unfazed, Unbroken."
"Bohemian Club Has An Ax To Wield."
"First And Tundra."

USA Today:
"Snipers Kill 20 Iraq Shiite Pilgrims."
"Year After Katrina, Few Fully Recovered."
"Among Other Findings."
"GOP Counts On Rove To Head Off Disaster."

New York Times:
"Europeans Delay Decision On Role Inside Lebanon."
"As Trial Nears, Poison Attack Haunts Kurds."
"Pakistanis Find U.S. An Easier Fit Than Britain."
"McCain Mines Elite Of G.O.P. For 2008 Team."
"From Their Own Online World, Pedophiles Extend Their Reach."
"With Loving And Costly Care, Barbaro's Long Odds Improve."

DOJ_NMG_0050294

Washington Post:
"For Kurds, the Long Wait For Justice."
"In Porous Border, GOP Sees An Opening."
"Hear the Music, Avoid the Mosh Pit."
"Cold War Missiles Target Of Blackout."
"At Guantanamo, Six Caught In A Legal Trap."
"Candidates' Styles Strikingly Different."

Washington Times:
"Flight Of Fancy For JonBenet Suspect."
"Hezbollah Told Not To Incite Israel."
"Even Dozen For Tiger."
"Romney Golden To GOP In Blue State."
"10 Years After, Welfare Reformers Look To Build On Giants."
"For Area Students, Summer All Too Soon Draws To End."

Detroit Free Press:
"Chrysler Plagued By Surge In Recalls."
"No reason To Worry …Right?"
"MotorCity Aims To Be Casino Classic."
"Pets Come To Cattle Call With Silly Tricks For TV."

Atlanta Journal-Constitution:
"Tereshinki Wins Dogs' QB Derby."
"Karr Arrives In U.S."
"Leaving Cancer Behind."
"Gifts Or Trash? I.R.S. Toughens Tax Break."
"Atlanta's Growth Creeps Into Ball Ground."

Houston Chronicle:
"NASA's Race To Fix Station Nears."
"Praying For Rain, But It just Doesn't Come."
"City's Pet Projects get Budget Leftovers."
"4 Lawmen Shot In Standoff Near Dallas."

Story Lineup From Last Night's Network News:
ABC: JonBenet Case; Pentagon Sexual Harassment; Iranian Threat; Nasrallah's Fame; Sniper Attacks-Iraq; Saddam Hussein's 2nd Trial; Cheaper Business Class; Protest Music.
CBS: Preempted By PGA Championship.
NBC: Sniper Attacks-Iraq; Sectarian Violence; Israel Recovers; Iranian Threat; JonBenet Case; War On Drugs VS War On Terror; Katrina's New Victims; Helicopter Commuting.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Karr-Return To US; TX-Police Officers Shot; MO-Serial Killer Arrested; Russia-Market Bombing.
CBS: Karr-Return To US; Military recruiters-Sexual Harassment; Israel-Hezbollah Cease-Fire; TX-Police Officers Shot; Rhymes Arrested; Iraq-New Saddam Trial.
NPR: Israel-Hezbollah Cease-Fire; Israel-Hamas Official Arrested; Iraq-Shiite Pilgrims Killed; Afghanistan Fighting; WY-Wildfire; DNC-Presidential Primary Schedule; PGA Championship.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:
PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: ACCOUNTANTS _ The American Institute of Certified Public Accountants holds the 2006 AICPA National Governmental Accounting & Auditing Update Conference. Highlights: 8:40 a.m. - 9:30 a.m. GAO Comptroller General David Walker speaks on ``The Growing Fiscal Imbalance." 9:30 a.m. Session on ``CPAs Serving Governments Thriving in Todays Environment," with Leslie Murphy, chair, AICPA, Southfield, Mich. 4:05 p.m. Session on ``Issues & Challenges: Perspectives of Three Agency IGs," with Carol Bates, Acting IG, Corporation for National and Community Service, Washington, DC.; Phyllis Fong, IG, US Department of Agriculture, Washington, DC.; Johnnie Frazier, IG, Department of Commerce, Washington, DC. Location: JW Marriott, 1331 Pennsylvania Ave. NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, AUGUST 20, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

UK Arrests In Plane Bombing Plot Resulted From Long-Term Surveillance Of Groups....2
German Police Make Arrest In Train Bombing Attempt....3
ACLU's Court Shopping Regarding NSA Wiretapping Case Described....4
War On Terror Said To Have Revealed Civil Liberties As Impractical....5

Homeland Response:

DHS R&D Directorate Alleged To Have Squandered Time And Funds....6
FBI Clears Airline Passenger Suspected Of Tampering With Smoke Detector....6
Bush's Pledge To New Orleans Said To Have Gone Unfulfilled....6

War News:

Bush Determined To Remain In Iraq....8
Car Ban Disrupts Baghdad....8
U.S. Soldier Killed In Anbar Province....9
Iranian Shells Kill 2 In Iraqi Kurdish Villages....9
CRS Says DOD Estimates Reflect Only 70% Of War's Cost....9
Rise Of Shi'ites Seen As Challenge To Bush Policy....9
4 US Soldiers Killed In Afghanistan....10
Long-Inactive Soldiers Are Sent Back To Fight....10
U.S. Urged To Prepare For Iraq Civil War....10
Armitage Calls For Firmer Support For Pakistan....10
Baltimore Sun Denounces Bush's Conduct Of Iraq War....11

Corporate Scandals:

US Efforts To Seize Lay Estate Could Meet With Juror Opposition....11
US Urges Judge To Reject Bid To Move Nacchio Trial....11
Fannie May Claims Final Accounting Errors Have Been Found....11

Criminal Law:

Klaas Hometown Residents Stunned By Link To Ramsey Suspect....12
Child Sex Sites Push Legal Envelope....12
Jefferson's Dealings With Kentucky Businessman Examined 12
US Using RICO Laws Against Gangs....13
Medicare Fraud Key To Rise OF New Jersey Provider....13

Civil Law:

Military Said To Have Sought To Discredit Vietnam War Crimes Whistle Blowers....13
NYTimes Says Tobacco Industry Racketeering Ruling Lacks Proper Restitution....13

Civil Rights:

Kim Defends DOJ Actions In Alabama Voter Database Case 14
Attorney Calls For Changes At Mississippi Jail....14
Investigation Finds Army Recruiters Committed Sex Abuse....14
Oklahoma Ten Commandments Display Ruled Constitutional....15

Antitrust:

New Jersey Agency In Spotlight With Utility Merger....15
Private Investors Prevail In Petco Bidding....15
Fur Industry Troubled By Allegations Of Collusion....15

Environment:

Alaska Subpoenas Oil Firms Over Pipeline Problems....16

FBI/DEA/ATF/USMS:

FBI Training Said To Remain Focused On Law Enforcement Rather Than Counterterrorism....16
US Captures Head Of Violent Mexican Drug Cartel....16
Columnist Questions DOJ Pressure On BALCO Reporters....17

Immigration:
States' Immigration Legislation Expected To Be Thrown Out In Court 17
Romney Says US Should Welcome Skilled Immigrants 18
Schwarzenegger's Immigration Stance Could Deprive Him Of Latino Support 18

Tax:
Private Collectors To Collect Back Taxes For IRS 18

Congress-Administration:
Veterans Turn To VA For PTSD Counseling 18
Conservatives' Criticism Of Bush And Iraq War Noted 19
Sherwood Undergoes Heart Surgery 19
Sheehan Among Protestors Disrupting Rove Event 19
International Space Station Construction To Resume 19

Other News:
Positive Economic Reports Boosted Stock Market 19
DNC Adds Nevada And Couth Carolina To Early 2008 Nomination Calendar 20
Clinton Said To Have Already Established 2008 Campaign Machinery 20
Endangered GOP Incumbents Lack Overwhelming Fundraising Edge 21
GOP Officials Warned Schlesinger Not To Expect Their Support 21
Democrats Say Webb Must Stay Competitive In Rural Virginia To Beat Allen 21
MN6 DFL Candidate Accused Of Failing To Speak Clearly On Important Issues 22
Michigan's Economic Troubles Imperil Granholm's Reelection 22
Ehrlich Outlines His Second Term Agenda 22
Electronic Medical Records Seen As Likely To Disrupt Some Health Care Businesses 22
Politicization Of Wal-Mart Analyzed 22
Bin Laden Capture Seen As Potential "October Surprise." 22
Extensive Election Reforms Called For 23
CBS Launches Massive Marketing Blitz For Couric 23
Israeli Raid In Lebanon Seen As Major Violation Of Ceasefire 23
Iran Test Fires Short Range Missile 26
Mexico Prepares For Social Unrest From Election Decision 27
Cuba Said To Have Modern Next To Old 27
Chavez Claims To Have Captured Four US Spies 27
U.S. Subsidies Boosting Venezuela Oil Profits 28
Pinochet Faces More Legal Trouble 28
Russia Said To Harbor Anti-Americanism 28
Congo Vote Appears Headed Towards Runoff 28
Milosevic Estate Left Unclaimed 28
WPost Columnists Call For Less Criticism Of Japan, While Encouraging End To Yasukuni 28
WTimes Calls For Stopping Money From Reaching Tamil Tigers 29
WPost Notes China's Lack Of Liberty With Reporter's Trial ... 29

The Big Picture:
Headlines From Today's Front Pages 29

Washington's Schedule:
Today's Events In Washington 30

TERRORISM NEWS:

UK Arrests In Plane Bombing Plot Resulted From Long-Term Surveillance Of Groups.

The Los Angeles Times (8/20, Rotella) reports, "risk management" was "the driving philosophy behind the extended surveillance operation that culminated last week in the arrests of about 40 people in Britain and Pakistan suspected of plotting to blow up U.S.-bound planes over the Atlantic." It "began almost a year ago" when "British police and MI5 intelligence agents initiated surveillance of two seemingly distinct extremist groups." They "discovered that members of one group had trained at a militant camp in Pakistan" and "surveillance showed that the two groups were connected and that police were watching a potential terrorist cell take shape." The investigation "integrate[d] intelligence and investigation" which allowed for a combination of intelligence services providing surveillance while police put together a case for prosecution. The British and "other European security forces" are said to have developed successful techniques because of their own long-running experience with terrorist groups.

Family Seen As Link Between Britain And Pakistan. The New York Times (8/20, A1, Fisher, Kovaleski) reports in a front-page story on the Rauf family, father Abdul "seems a

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classic immigrant to Britain: a Pakistani who settled in Birmingham, he opened a bakery and worked long hours. But he also kept exceptionally strong ties to the old country, starting a charity that raised money meant to help Pakistanis in need." Son Rashid "fled" to Pakistan and "apparently joined an extreme Islamic group." Son Tayib "seemed to be following in his father's footsteps as a hard-working baker in Britain." Tayib "was one of 24 Muslim men arrested in the plot to blow up airplanes over the Atlantic, only a day after his brother, Rashid, was arrested in Pakistan amid allegations that he was one of the chief plotters." The Raufs are said to be "the strongest possibility" of a "connection between the mostly young and British-born people who have been detained and the world of sophisticated terrorism based thousands of miles away in the murky recesses of Pakistan and Afghanistan." And "there is evidence that at least one of the suspects in detention was involved in the Rauf charity." But "the whereabouts of Abdul Rauf, 52, are unknown."

British Police In Dispute Over Racism Of Counterterror Practices. The New York Times (8/20, Cowell) reports, "British police officers investigating what they have depicted as a major terrorist plot by Islamic radicals became embroiled Saturday in a remarkable public dispute over whether Muslims in Britain should be depicted as victims. … Two high-ranking police officers of South Asian background have warned in recent days that Muslims feel a keen sense of discrimination against them." The officers, Tarique Ghaffur, the assistant commissioner of London's Metropolitan Police force, and Chief Superintendent Ali Dizaei, "one of Britain's most senior Muslim officers," said British counterterrorism measures have seemed discriminatory to Muslims. Meanwhile, Chief Superintendent Simon Humphrey, "the head of an association representing senior police officers, told the conservative Daily Mail newspaper on Saturday: 'Unfortunately, a small, extremely vocal and potentially very influential minority are trying to hijack the terrorism issue and turn it into a debate on racism.'"

Angry UK Intelligence Agencies Tell FBI To Stop Discussing Plot Details. Under the headline "Police Hit Out At FBI Over Leaks," The (UK) Observer (8/20, Doward, Townsend) reported, "Anti-terror police in Britain have made an angry request to their US counterparts asking them to stop leaking details of this month's suspected bomb plot over fears that it could jeopardise the chances of a successful prosecution and hamper the gathering of evidence." MI5 and MI6 "are understood to be dismayed that a number of sensitive details surrounding the alleged plot -- including an FBI estimate that as many as 50 people were involved -- were leaked to the media. FBI sources confirmed to The Observer that the bureau had been ordered to stop briefing at the request of the British authorities. 'The shutters have come down,' a bureau source said. 'We have been told not to discuss the case any more.'"

Value Of British Example Disputed. The Los Angeles Times (8/20, Schmitt) reports, "The uncovering of an alleged bomb plot in London has focused new attention on the differences in the legal arsenals available to terrorism hunters in the U.S. and Britain. Some Republican lawmakers contend the U.S. should emulate parts of the British model because it gives agents more flexibility in monitoring and detaining suspects. But critics say such expansive powers come at a great cost: British laws are generally considered more hostile to civil liberties, and trying to adopt such rules in the U.S. would create legal and public outcry." And "it is far from clear whether Britain's less-restrictive laws for combating terrorism deserve the credit." Bush administration officials also "said the British experience may contain lessons for America." Homeland Security Secretary Michael Chertoff "refused to say the law should be changed." The Bush administration is said to have "achieved a functional equivalent" to British laws allowing preventative detention "through interpretations of other laws, such as those allowing for the detention of people who are material witnesses to crimes."

WPost Praises DHS Response To British Terror Plot. The Washington Post (8/20, B6) editorializes, "Critics of the Department of Homeland Security (including this page) have done a lot of second-guessing (well-deserved) of the agency since its inception. So it's only fair to mention that the department's response to the recent London terrorist threat was measured, calm and efficient. … Homeland Security Secretary Michael Chertoff acted with reassuring calm, provided as much information as he could and adopted a nuanced approach to raising the terror alert -- a welcome departure from the department's early tendency to issue the-sky-is-falling bulletins."

German Police Make Arrest In Train Bombing Attempt. NBC Nightly News (8/19, story 4, 2:00, Seigenthaler) reported, 'There are new concerns about terrorism in Europe tonight after German police arrested a Lebanese man in connection with last month's attempted

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bombing of a passenger train there." Police "are searching for a second suspect. The big concern is the sophisticated planning may indicate a broader plot." Meanwhile, "In London, there is new information in another terror investigation revealed last week." British authorities said "video martyrdom messages" and "a suitcase of bomb-making equipment near some of the suspects' homes lead analysts to believe the attacks were not far off." NBC added, "Some fear the police had to act sooner than they wanted under pressure from the US."

ACLU's Court Shopping Regarding NSA Wiretapping Case Described. The New York Times (8/20, Glater) reports, "When lawyers at the American Civil Liberties Union were deciding where to file their case against the Bush administration's policy of wiretapping the international communications of some Americans without a court warrant, they chose Detroit, more specifically the United States District Court there. … No one has said that filing the same case elsewhere would have led to a different outcome. Nor do lawyers generally claim that where a case is filed determines how a judge will dispose of it." However, "lawyers say that anyone who does not think carefully about what court to file a lawsuit in, as well as what judge might preside and who might sit on a jury, acts foolishly."

Ruling Praised. The Philadelphia Inquirer (8/20) writes in an editorial, "The ends justify the means. Oh, and by the way, President Bush says the means are constitutional. And he's never wrong. That sums up the rebuttals from the Bush administration to those who fear that the White House's antiterrorism tactics sometimes overreach the Constitution, and even morality." But "here's the problem: On surveillance, as well as on detention and trial of terror suspects, the administration has wasted vast energy and credibility devising extra-legal strategies to achieve its ends." These "are getting shot down by federal courts." It concludes, "the nation can be safeguarded without forsaking its core values."

More Commentary. The Chicago Tribune (8/20) editorializes, "After a federal judge ordered a halt to the National Security Agency's eavesdropping on calls and e-mails between the United States and foreign countries, the administration was quick to assert that that's not the final word. President Bush instructed the Justice Department to file an appeal. At any rate, the surveillance will continue at least until early September, when another hearing is scheduled. … But while the outcome is still up for grabs, this verdict affirms the likelihood that the administration won't be able to extend this program indefinitely without some agreement with Congress to submit it to periodic court review. It suggests that the administration had better reach agreement with Congress on an approach that would be more likely to satisfy the judiciary." The Tribune concludes, "This decision ought to be a spur to the president and attorney general to reach agreement with Congress on the new tools that are needed to fight terrorism and get them incorporated into law. Sen. Arlen Specter (R-Pa.), chairman of the Senate Judiciary Committee, has proposed a sensible measure to sanction this approach while subjecting it to periodic review by the FISA court. Passing such a bill would not mean an end to litigation, but it would give the administration a much better chance of preserving a program the nation needs."

The Cincinnati Enquirer (8/20) editorializes, "Federal Judge Anna Diggs Taylor in Detroit dealt a well-aimed blow to President Bush's claims of extraordinary wartime powers by issuing a permanent injunction Thursday against the administration's warrantless wiretapping. … Taylor issued a balanced ruling. She allowed the government's secret data-mining operations, which do not involve listening to the content of calls, to continue. But she ruled against warrantless wiretapping on grounds the government had already publicly admitted to the practices challenged by the lawsuit, and that the president exceeded his constitutional powers. The Justice Department immediately appealed, and the case will go next to the Sixth Circuit Court of Appeals here in Cincinnati." The Enquirer adds, "Does the end of catching terrorists justify the unconstitutional means of intercepting communications without search warrants? We agree with Taylor that it does not. … Does that worthy end justify skipping judicial scrutiny for probable cause? The strength and survival of our form of government depend on constitutional checks and balances between the three branches of government. Even if FISA's secret court could be a rubber stamp, it's more than a formality. It's an affirmation that even presidents are not immune from judicial scrutiny and federal law."

The Las Vegas Sun (8/20) editorializes, "U.S. Attorney General Alberto Gonzales plans an appeal, and his staff has asked the court to block Taylor's order to stop warrantless wiretapping until after the appeal has been decided. Gonzales said that while the court is considering that request, 'We will continue to utilize the program to ensure that America is safer.' … What has never been satisfactorily explained by

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Bush or his staff is why they are so adamant about bypassing the Foreign Intelligence Surveillance Court. This is a special court established after the 1978 Foreign Intelligence Surveillance Act, known as FISA, was passed to prevent abuses of presidential power." The Sun adds, "The court, whose proceedings are carried out in secret, over the years has granted almost every request to come before it. The court even allows federal surveillance to begin without warrants as long as they are applied for later. But Bush claims that, as a war president, as commander in chief, he has full authority to ignore FISA and the court it spawned. … Many legal scholars, including law professors from some of the nation's finest universities, reject Bush's contention. And on Thursday another expert voiced his opinion. Lee Hamilton, a former Indiana congressman who served as vice chairman of the 9/11 Commission, said in reaction to Judge Taylor's ruling, 'You do not put unchecked power anywhere in the administration.' .. We agree, and we hope the U.S. Supreme Court will agree as well, if the appeal goes that far."

In an op-ed in the Chicago Tribune (8/20), George Washington University law professor Jonathan Turley writes, "While Atty. Gen. Alberto Gonzales insists that the legal authority for the program is clear and filed a notice of appeal with the 6th U.S. Circuit Court of Appeals, few experts outside of the Bush administration support the program. To the contrary, federal law seems perfectly clear in prohibiting warrantless surveillance. Even leading Republicans, like Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), have denounced the surveillance program." Turley adds, "The far more difficult question is the implication of Taylor's ruling. If this court is upheld or other courts follow suit, it will leave us with a most unpleasant issue that Democrats and Republicans alike have sought to avoid. Here it is: If this program is unlawful, federal law expressly makes the ordering of surveillance under the program a federal felony. That would mean that the president could be guilty of no fewer than 30 felonies in office. Moreover, it is not only illegal for a president to order such surveillance, it is illegal for other government officials to carry out such an order. … For people working in government, this opinion may lead to some collar tugging. If Taylor's decision is upheld or other courts reject the program, will the president promise to pardon those he ordered to carry out unlawful surveillance?" Turley concludes, "The effort to avoid any further judicial review is likely to increase in the wake of this decision. Though publicly professing absolute confidence in their legal authority, the Bush administration has struggled in dozens of courts to avoid any actual ruling on that authority by seeking to dismiss such cases before review can occur. … When one looks at this train track, it is easy to understand why the administration is not eager to have to present its legal case in court. … It is not alone. This may be the first public commission of federal crimes by a president that is uniformly ignored by members of both parties. It is simply an inconvenient time and a most inconvenient crime. If only we could stop these pesky inconvenient opinions."

The Decatur (AL) Daily (8/20) editorializes, "Now that a federal judge has ruled the Bush administration's warrantless surveillance program unconstitutional, U.S. Attorney General Alberto Gonzales should focus on how to make the program legal. … Instead of appealing U.S. District Judge Anna Diggs Taylor's ruling, Mr. Gonzales should work with Congress and the Foreign Intelligence Surveillance Act Court to devise a plan that will allow intelligence officers to listen in on terrorists' conversations without trampling on the rights of law-abiding Americans." The Daily adds, "The bottom line is that there is already a mechanism in place — the FISA Court — that allows the National Security Agency to legally monitor suspected terrorists overseas. .. . If Mr. Gonzales is really interested in protecting Americans and his true agenda isn't expanding presidential powers, he will advise his boss to utilize the FISA Court."

War On Terror Said To Have Revealed Civil Liberties As Impractical. In a piece for the New York Times Magazine (8/20) Christopher Caldwell notes a speech in which Prime Minister Tony Blair said global terrorism "means traditional civil liberty arguments are not so much wrong as just made for another age." According to Caldwell, "If you wanted to figure out how the airline plot will change the West, Blair's words would be a good place to start. Fiery speeches have abounded in the five years since Sept. 11 2001, but this is a radical departure. Blair was not trying to buck us up and steel our resolve by saying that we're at war and that we'll have to pitch in and sacrifice our liberties for a while. He was saying that war has shown many of our liberties to be illusory. The 'civil liberties' we know do not bubble up from natural law or from something timeless and universal in the human character. They may be significant accomplishments, but they are temporal ones, bound to certain stages of technology or to certain styles of social

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organization. Maybe there was something like an Age of Civil Liberties, Blair was telling us, but it is over."

HOMELAND RESPONSE:

DHS R&D Directorate Alleged To Have Squandered Time And Funds. The Washington Post (8/20, A8, Hsu) reports the Homeland Security Department's Science and Technology Directorate "is so hobbled by poor leadership, weak financial management and inadequate technology that Congress is on the verge of cutting its budget in half." The Directorate "has struggled with turnover, reorganizations and raids on its budget since it was established in 2003, according to independent scientists, department officials and senior members of Congress. At the same time, the Bush administration's overriding focus on nuclear and biological threats has delayed research on weapons aimed at aviation, a controversial choice that was questioned anew after a plot to blow up U.S.-bound airliners from London was made public Aug. 10. … Despite spending billions of dollars to defend against everything from dirty bombs to anthrax, the administration has not delivered a coherent long-term strategy to underpin its rhetoric, said Albert H. Teich, director of science and policy programs at the American Association for the Advancement of Science (AAAS). Budgets have fluctuated, and personnel has turned over at a rapid rate, according to many who have worked with the department. Nearly all Homeland Security Department research activities will be cut for the first time next year, Teich said."

NYTimes Claims Iraq War Diverted Homeland Security Resources. The New York Times (8/20), in an editorial, writes, "While the administration has been pouring its energies and money into Iraq, it has fallen far behind on steps needed to protect the homeland. … The sad truth is that while some important steps have been taken to harden our defenses against terrorist attacks, gaping holes remain in our security net. For starters, consider aviation, where billions have been spent to improve airline and airport security, with only middling results." The Times concludes, "Almost everyone agrees that the administration has taken some important steps toward greater security, but as the leaders of the 9/11 commission recently commented, it has not made the issue a top priority. The long, costly, chaotic occupation of Iraq, though touted as a front line of the war on terror, has actually sapped energy, resources and top-level attention that would be better applied to the real threat, a terrorist attack on the homeland."

FBI Clears Airline Passenger Suspected Of Tampering With Smoke Detector. The San Antonio Express-News (8/20, Davila) reported, "Authorities do not plan to file charges against a man they detained on suspicion he tampered with ceiling panels in an airplane bathroom, officials said on Sunday. The San Antonio man was a passenger on a Delta flight from Atlanta Saturday night, said FBI Spokesman Erik Vasys." The Express-News added, "Airport police detained the man as passengers left the plane. FBI officials later searched the man's home, with his permission, Vasys said. Nothing was found out of the ordinary, and authorities still weren't sure what happened in the bathroom. Vasys said officials didn't even have enough evidence 'to make it a vandalism or damage charge' against the detained passenger, the spokesman said." The AP (8/20) noted, "Vasys said it appeared someone tried to disconnect the detector, but it was still working and wasn't damaged. 'It wound up being the flight attendant's word against a passenger's, and this guy turned out to be not suspicious at all,' he said."

Bush's Pledge To New Orleans Said To Have Gone Unfulfilled. The AP (8/20, Crenson) reports, "Nearly half of New Orleans was still under water when President Bush stood in the Crescent City's historic Jackson Square and swore he would 'do what it takes' to rebuild the communities and lives that had been laid to waste two weeks before by Hurricane Katrina. … He promised to spend federal money wisely and accountably. And he vowed to address the poverty exposed by the government's inadequate Katrina response 'with bold action.' A year after the storm, the federal government has proven slow and unreliable in keeping the president's promises." According to the AP, "The job of clearing debris left by the storm remains unfinished, and has been plagued by accusations of fraud and price gouging. Tens of thousands of families still live in trailers or mobile homes, with no indication of when or how they will be able to obtain permanent housing. Important decisions about rebuilding and improving flood defenses have been delayed. And little if anything has been done to ensure the welfare of the poor in a rebuilt New Orleans."

The AP (8/20, Breed) reports, "In many ways, New Orleans is a huge crime scene, with bodies and victims and

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fingerprints — many, many sets of fingerprints. But who did it? Who is responsible for this mess, for a barely functioning city with large swathes still uninhabited — or uninhabitable — a year after Hurricane Katrina? … The roll of those accused of failing New Orleans is a long one: State and local officials who had no good plan for the disaster, and now preside over a languid recovery. A president who at first seemed remote from the cataclysm, and then made promises that have not been fully realized.

Memorial Events To Mark Anniversary Of Hurricane Katrina. The New Orleans Times-Picayune (8/20) reports, "As weary New Orleanians approach the first anniversary of Hurricane Katrina and the levee breaks that left most of their city flooded and turned them into evacuees, those of a mind to reflect on what happened Aug. 29 can choose from among a wide range of memorial events that begin this week. There will be prayer vigils, gospel concerts and dedications of stone markers in honor of the hundreds of people who died in the floodwaters" The report adds, "There also will be public discussions on how the devastation occurred, how to keep it from happening again and how those who have survived can come together to rebuild their city in a way that leaves its spice and flair intact while offering all residents the opportunity to improve their lot in life, event sponsors say."

Many Displaced Katrina Evacuees Left New Orleans For Good. In an opinion column in The Los Angeles Times (8/20), the New America Foundation's Joel Kotkin writes, "Hurricane Katrina's refugees might never go home, and that's good news for Houston, Atlanta and Dallas." Kotkin adds, "The cities in which Katrina victims are settling have their problems, of course, but they all boast diverse, highly cosmopolitan economies. Houston, Atlanta and Dallas rank in the top five of the best cities for African-Americans to live, according to a recent survey by Black Enterprise magazine. In Houston, one in five businesses is owned by an African American, the magazine says." According to Kotkin, "The prospect of upward mobility in a new location may be the strongest reason for evacuees not to go home."

New Orleans Residents Look Towards Rebuilding. In an op-ed in The Los Angeles Times (8/20), reports, Christine Wiltz writes that an elderly New Orleans couple recently entered "their new trailer from the Federal Emergency Management Agency for the first time, a trailer they had requested 10 months ago and which was delivered three weeks shy of the storm's first anniversary, Aug. 29. … This is the kind of help that I and other New Orleans residents have come to expect from the government; what passes for progress. For this couple, though, the FEMA trailer, a comfortable place to live, means real progress toward getting their house" rebuilt in the aftermath of Hurricane Katrina" Wiltz adds, "Progress can't happen quickly enough. In the most devastated areas of New Orleans, people want the rubble removed and city services restored."

Mississippi Makes Progress Rebuilding After Katrina. In an op-ed in The Los Angeles Times (8/20) the Rand Gulf States Policy Institute's George Penick and Rand Corp.'s K. Jack Riley write, "Hurricane Katrina caused as much devastation and human suffering along Mississippi's Gulf Coast as it did to New Orleans. … Katrina's powerful winds and floodwaters claimed 231 lives statewide, caused more than $100 billion in damages and destroyed buildings, crops and livestock as far as 100 miles inland" Penick and Riley add, "The rebuilding of Mississippi's Gulf Coast has received far less media attention than New Orleans' reconstruction. Recovery has been hard, and although there has been progress, much remains to be done," however, Penick and Riley add, "Mississippi appears to have done more things right than wrong."

New Orleans Leaders Blamed For Failed Katrina Response. In an editorial, The Los Angeles Times (8/20) opines, "It has been almost a year since one of the most destructive natural disasters in U.S. history forever altered one of the nation's most historic cities. New Orleans has yet to recover from Hurricane Katrina, and probably won't until the fifth or 10th or 20th anniversary" The Times adds, "It is the city's leaders, more than state or federal officials, who will bear the responsibility for New Orleans' renewal — or lack thereof. Unfortunately for the residents of the Big Easy, those leaders failed them repeatedly" The Times adds, "But as the first anniversary of the hurricane approaches, it's not too late for the area to turn itself around. The key will be whether Mayor C. Ray Nagin and the City Council stop hoping for a solution to rise naturally from the scattered population and start making some tough decisions themselves."

FEMA Orders Florida Hurricane Victims To Vacate Trailers. The Washington Times (8/20, Hudson) reports, "Hurricane victims living in temporary housing more than two years after four devastating storms struck Florida's coast must find permanent homes by the end of next month. More than 90 percent of the hurricane victims have moved out of the travel trailers and mobile homes, which were meant to be

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used as a short-term solution to the immediate crisis, said Jim Homstad, spokesman for the Federal Emergency Management Agency's (FEMA) Long-Term Recovery Office in Florida." The report adds, "However, more than 1,500 people continue to live in the low-cost housing after FEMA extended its deadline in February beyond the federal requirement of 18 months. … "'FEMA housing assistance should not be considered a permanent housing solution, and it should not be expected to solve local housing shortages that are in place even before a disaster,' Mr. Homstad said."

Debate Over Whether Climate Change Fuels Stronger Hurricanes Continues. The Washington Post (8/20, A3, Eilperin) reports, "A year after Hurricane Katrina and other major storms battered the U.S. coast, the question of whether hurricanes are becoming more destructive because of global warming has become perhaps the most hotly contested question in the scientific debate over climate change. The report adds, "Christopher Landsea, who works in the National Oceanic and Atmospheric Administration's Hurricane Research Division, published an opinion piece in the journal Science late last month in which he argued that data indicating that recent hurricanes have been more intense than those in the 1970s and '80s may be based on flawed information. Measurement technologies were less sophisticated then and may have underestimated the strength of earlier storms, he said."

DC Said To Face "Katrina-Scale" Hurricanes Due To Global Warming. In an op-ed for the Washington Post (8/20, B1) Mike Tidwell, director of the U.S. Climate Emergency Council, writes, "In future years, the White House and all those federal agencies accused of acting too slowly after Hurricane Katrina smashed New Orleans last August will probably find their own D.C. offices threatened by catastrophic flooding from monster storms. They may be hunkering behind massive levees and fantastic floodgates, harried by the annual threat of Katrina-scale hurricanes. Because one year after the great catastrophe in Louisiana, this much is clear: It's coming here. Barring a rapid change in our nation's relationship to fossil fuels, every American within shouting distance of an ocean -- including all of us in the nation's capital -- will become de facto New Orleanians."

WAR NEWS:

Bush Determined To Remain In Iraq. The AP (8/20, Loven) reports on the president's weekly radio address, "President Bush said Saturday that his administration's determination to remain in Iraq and its efforts to end violence in Lebanon are key to protecting the U.S. from future terrorist attacks. Democrats countered that Americans will be safer if the nation begins a phased pullout of U.S. forces from Iraq." Bush "acknowledged that 'the way forward will be difficult.' But, the president said, 'America's security depends on liberty's advance in this troubled region.'" Joe Sestak, "a former Navy vice admiral who is challenging Republican Rep. Curt Weldon in a competitive race outside Philadelphia," responded by urging "a new direction for America's security." He said that "it is time for the U.S. mission in Iraq to end."

Car Ban Disrupts Baghdad. NBC Nightly News (8/19, story 5, :30, Seigenthaler, 9.87M) reported, "In Baghdad thousands of Shiite Muslims marched to a shrine; it is the start of a major pilgrimage. The government banned all vehicles from the streets."

The Washington Post (8/20, Paley, 748K) reports, "Most of Baghdad has been locked down because of a weekend ban on vehicle traffic, which the government imposed to prevent violence during a major Shiite Muslim holiday Sunday. ... The traffic prohibition, announced Friday, provided yet another obstacle for Iraqis struggling for the semblance of ordinary daily life. The ban made it impossible for many to go to work, meet friends or properly observe the holiday." It adds, "Members of the Mahdi Army, the militia of anti-American cleric Moqtada al-Sadr, served as the security for the area around the Kadhimiyah shrine, a sign of the strong grip he exerts on swaths of Baghdad." The Mahdi Army members "appeared to work in concert with Iraqi military and police forces."

Precautions Bring "Measure Of Calm" To Baghdad. The Los Angeles Times (8/20, McDonnell, 918K) reports in a relatively positive article out of Baghdad, "The enhanced security appeared to be effective; no major attacks on Baghdad worshipers were reported Saturday, although authorities said gunmen had killed seven Shiite pilgrims Friday who were walking along a highway in heavily Sunni west Baghdad." However, violence struck elsewhere: "A dozen people were reported slain in and around Baqubah, a mixed Sunni-Shiite town northeast of the capital that has been a frequent hot spot"; at least two of them were reportedly professors, "reflecting a trend in which intellectuals are targeted."

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Pilgrims Cope With Security. The Washington Post/AP (8/19, Al-Bashir) reports, "Thousands of pilgrims arrived on foot Saturday at a Shiite shrine in Baghdad to start a major religious commemoration as private vehicles were banned from the streets to prevent car bombings. At least 19 people, including a U.S. soldier, were killed in attacks nationwide." Turnouts of Shiites, suppressed under Saddam Hussein, have been encouraged "as a demonstration of the majority sect's power" since his overthrow. In addition, "Pope Benedict XVI appealed for the release of a priest kidnapped at gunpoint in Baghdad, in a telegram sent to the Patriarch of the Iraqi capital." The AP notes that Christians "make up just 3 percent" of the Iraqi population.

Pope Asks For Release Of Priest. The Washington Post/AP (8/19) reports in more detail about the abduction of the priest, saying that the "director of the Theology Department at Babel College, was abducted Tuesday as he left Mass celebrating the Assumption holiday." The Italian press agency MISNA said that the abductors had demanded a "large ransom" but did not specify the amount.

Shiites And Sunnis Feel Trapped In Own Enclaves. The Los Angeles Times (8/20, Fleishman, 918K) reports on the increasing self-segregation of Baghdad's sects: "Conditions that lead Pentagon generals to say civil war is close are already polarizing many neighborhoods. Although Shiites and Sunnis still live side by side in some places, about 200,000 Iraqis, most of them from Baghdad, have left their mixed neighborhoods and taken refuge in communities where they can live among their own. ... Some people carry two identity cards, one for who they really are, the other a lie to save them from death that often waits behind a suspicious gaze."

U.S. Soldier Killed In Anbar Province. NBC Nightly News (8/19, story 5, :30, Seigenthaler, 9.87M) reported, "A U.S. soldier was killed in Iraq today."

The AP (8/19) reports in a brief article, "An American soldier was killed in combat Saturday in Anbar province, the stronghold of the Sunni Arab insurgency west of Baghdad." He was "assigned to the 1st Brigade, 1st Armored Division."

Iranian Shells Kill 2 In Iraqi Kurdish Villages. The New York Times (8/20, Wong, Adham, 1.21M) reports, "Artillery shells fired from Iran have landed in remote northern villages of Iraqi Kurdistan in the past four days and have killed at least two civilians and wounded four others, a senior Kurdish official said Saturday." The shellfire has been directed "at an area around Qandil Mountain, known as a base for militant Kurdish opposition groups seeking independence from Turkey and Iran, said the official." Iran and Turkey recently "have stepped up warnings to Kurdish militant groups, perhaps fearing that they might have enough of a haven in Iraqi Kurdistan to inject new vigor into independence movements in Iran and Turkey."

CRS Says DOD Estimates Reflect Only 70% Of War's Cost. The New York Times (8/20, Herring, 1.21M) reports in its business section that the Congressional Research Service has studied the true financial cost of the wars in Iraq and Afghanistan: "the Defense Department recently put the 'burn rate' — a term for the sums being spent — for Iraq and Afghanistan at $6.8 billion a month. But as the study says, that excludes maintaining and replacing equipment or building and improving facilities. The official 'burn rate,' it concludes, is only about 70 percent of the true cost. For fiscal 2006, monthly costs for Iraq alone could hit $8 billion, the study projected." The cost of feeding troops in Iraq fell from $2 billion to $1.2 billion in fiscal 2005, even though troop levels remained the same, perhaps indicating "success at reducing costs."

Rise Of Shi'ites Seen As Challenge To Bush Policy. The Washington Times (8/20, Sands) reports, "The world's Shi'ite Muslims, traditionally second-class citizens in the Islamic world, may be having their day. The strong performance by fighters of Lebanon's radical Shi'ite Hezbollah movement in the five-week war with Israel is just the latest sign of a resurgence for the branch of Islam that has long been dominated militarily and economically by the more numerous Sunni Muslims." That resurgence "poses major problems for the Bush administration and for Sunni Arab-dominated regimes such as Egypt and Saudi Arabia, while presenting a strategic opportunity for the world's most-populous Shi'ite state -- Iran." Noted Shi'ite strengths are that Iran has been freed from worrying about hostile muslim governments in Afghanistan and Iraq while "its Hezbollah ally is the strongest and best-armed force in Lebanon." And "some of the most open fears of rising Shi'ite power, often linked to fears of a rising Iran, have come from the Arab world's Sunni leaders." Yet "some regional commentators say such" fears "inflate the danger of a pan-regional Shi'ite alliance and reflect the Sunni leaders' fears of Iran and of the

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impact events such as the Lebanese war could have on their populations at home."

In Middle East, Religious Identity Trumping Ethnic, Cultural Ones. The New York Times (8/20, Slackman) reports, "The war in Lebanon, and the widespread conviction among Arabs that Hezbollah won that war by bloodying Israel, has fostered and validated…across Egypt and the region" the feeling that "where Arab nations failed to stand up to Israel and the United States, an Islamic movement succeeded." Previously, "political Islam was widely seen as the antidote to the failures of Arab nationalism, Communism, socialism and, most recently, what is seen as the false promise of American-style democracy," and "Hezbollah's perceived victory has highlighted, and to many people here validated, the rise of…a kind of Arab-Islamic nationalism," as "the lesson learned by many Arabs from the war in Lebanon is that an Islamic movement, in this case Hezbollah, restored dignity and honor to a bruised and battered identity."

4 US Soldiers Killed In Afghanistan. NBC Nightly News (8/19, story 5, :30, Seigenthaler, 9.87M) reported, "This was a deadly day for U.S. troops in Afghanistan. Three American soldiers were killed and three wounded fighting guerrillas near the Pakistan border. A fourth soldier was killed in the southern part of the country."

The Washington Post/AP (8/20, Abrashi) reports, "Insurgents killed four U.S. soldiers and wounded six others in clashes Saturday during an upsurge in violence across the country. Two Afghan soldiers also were killed." Three were killed in "the eastern province of Konar," while the fourth died in "the southern province of Uruzgan" during a "four-hour clash with more than 100 insurgents." The fighting "occurred as thousands gathered to mark Afghanistan's independence from British rule in 1919."

71 Taliban Members Killed In Combined NATO Afghan Police Action. The AP (8/20, Khan) reports, "Afghan police backed by NATO aircraft killed 71 suspected Taliban militants in southern Afghanistan." A NATO spokesman said that "NATO troops used artillery and aircraft in the clash that lasted until early Sunday."

Long-Inactive Soldiers Are Sent Back To Fight. The Washington Post/AP (8/19, Santana) reports on Costco employee Chris Carlson, who became one of "thousands of soldiers and Marines who have been deployed to Iraq under a policy that allows military leaders to recall troops who have left the service but still have time left on their contract." The AP observes, "But with active duty units already completing multiple tours in Iraq, the Pentagon has employed the rarely used tactic of calling people back from IRR [inactive ready reserve] status, a policy sometimes referred to as a 'backdoor draft.' ... approximately 14,000 soldiers on IRR status have been called to active duty since March 2003 and about 7,300 have been deployed to Iraq. The Marine Corps has mobilized 4,717 Marines who were classified as inactive ready reserve since Sept. 11, and 1,094 have been deployed to Iraq, according to the Marine Forces Reserve." Military analyst Loren Thompson said the extensive callbacks reflect both the concentration of needed skills in the reserves and "a sign that the military doesn't have enough people to fight this war." More than 90 sites carried this story.

U.S. Urged To Prepare For Iraq Civil War. In the Washington Post Sunday Outlook section (8/20), Georgetown University scholar Daniel Byman and Brookings Institution scholar Kenneth Pollack devote a deeply pessimistic 5,000-word article to "What Next?" Based on the premise that "The debate is over: By any definition, Iraq is in a state of civil war," Byman and Pollack warn that civil war brings refugees, who in turn destabilize neighboring countries -- a possibility for Saudi Arabia: "Washington will have to devise strategies to deal with refugees, minimize terrorist attacks emanating from Iraq, dampen the anger in neighboring populations caused by the conflict, prevent secession fever and keep Iraq's neighbors from intervening. The odds of success are poor, but, nonetheless, we have to try." They suggest "providing support" to Iraq's neighbors (including possible "punitive military operations" against Iranian transgressions), "don't pick winners" to be favored by Washington in a civil war, "manage the Kurds" by rewarding them for postponing "formal secession," and "buffer the borders" with "buffer zones and refugee collection points." They conclude that "ending an all-out civil war" will require "overwhelming military power" and estimate that doing so in Iraq "probably would require 450,000 troops."

Armitage Calls For Firmer Support For Pakistan. Richard L. Armitage, former deputy secretary of state, and Kara L. Bue, former deputy assistant secretary of state, write in an op-ed in the New York Times (8/20, 1.21M), "In the wake of the foiled terror plot in London involving British Muslims with Pakistani connections, all eyes are again on

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Pakistan as the breeding ground for terrorists," but "the recent events should harden our resolve to support" Pakistan. "President Pervez Musharraf chose to stand with America, and since then he has taken tremendous steps to fight Islamic extremists and move Pakistan toward enlightened moderation," and he "has shown that he understands the seriousness of dealing with the root causes of extremism, making real efforts to improve economic and educational opportunities." Musharraf "deserves our attention and support, no matter how frustrated we become at the pace of political change and the failure to eliminate Taliban fighters on the Afghan border." Thus, "instead of threats, we should increase our senior-level interaction with Pakistan across the board." It was "with Pakistan's help" that "Britain and the United States were able to prevent a tragedy last week. We must ensure that such help is always available, and hope that it eventually becomes unnecessary through Pakistan's efforts."

Baltimore Sun Denounces Bush's Conduct Of Iraq War. The Baltimore Sun (8/20) editorializes that as of today the war in Iraq has matched the length of the US war effort in World War II. It asks, "What has been accomplished? Violence is escalating. The death rate of Iraqi civilians is escalating. Bomb attacks directed at U.S. soldiers are escalating." President Bush "seems to have little idea what to do about it in Iraq except to hang on and keep watch as the situation there continues to deteriorate." Rather than work with allies, as was the case in World War II, "the U.S. has heedlessly gone out of its way to provoke enemies where none had existed before." The Sun acknowledges, "Those who argue that a U.S. withdrawal now will be no worse than a U.S. withdrawal later are probably right ... A lot more people are going to die when the U.S. leaves. The only question is when." It warns, "Iraq is headed for a crack-up, and it could reverberate throughout the Middle East."

CORPORATE SCANDALS:

US Efforts To Seize Lay Estate Could Meet With Juror Opposition. The Houston Chronicle (8/20, Roper) reports, "Jurors are rapt as a tearful 61-year-old widow weeps on the witness stand, chastising the government's efforts to take every cent her husband left her. … Some of the panelists, sharing in her anger, glare at the suddenly nervous prosecutors. … The scenario isn't real, but its mere possibility is one of many reasons the Enron Task Force may want to avoid going after the late Ken Lay's estate in civil court, legal experts say. … 'If it appears that the government is trying to take her last penny, some jurors might not like that,' said David Smith, an Alexandria, Va., lawyer and a national expert on civil forfeiture suits. 'She's a much more sympathetic figure than Ken Lay was.'" The Chronicle adds, "Prosecutors, who declined to comment for this story, have not indicated since Lay's July 5 death, either in court documents or public statements, that they definitely plan to go after his estate. … But a spokesman for the Justice Department said last week, in response to a motion filed by the former Enron chairman's lawyer seeking to have Lay's criminal conviction erased, that the government 'remains committed to pursuing all available legal remedies and to reclaim for victims the proceeds of crimes committed by Ken Lay.'"

US Urges Judge To Reject Bid To Move Nacchio Trial. The Denver Post (8/20, Vuong) reports, "A federal judge should deny former Qwest chief executive Joe Nacchio's request to move his criminal insider-trading trial to his home state of New Jersey because 'nearly every key event relating to the crimes charged occurred in Colorado,' prosecutors argued in a court filing." The Post continues, "The Justice Department also disputed claims Nacchio's attorneys made a few weeks ago that 'intensive negative media coverage repeatedly and continually showered on Mr. Nacchio and Qwest' make it impossible for him to get a fair jury trial in Denver. … 'While press coverage of Qwest and the defendant has been not insubstantial, it has been neither inflammatory nor prejudicial,' the government says in a document filed Friday in U.S. District Court in Denver." The Post adds, "Nacchio faces 42 counts of illegal insider trading connected to his sale of $100.8 million in Qwest stock in early 2001. Prosecutors allege he knew that the company's finances were faltering. … Nacchio has pleaded not guilty. A trial date has not been set. His attorneys have argued that 'Nacchio has been among the most reviled figures in recent Denver history.'"

Fannie May Claims Final Accounting Errors Have Been Found. The AP (8/20, Gordon) reports, "Fannie Mae said it believes a massive review of its accounting has uncovered the last of the errors, clearing the way for the mortgage company to complete the restatement

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of its 2004 earnings by the end of this year. The company disclosed that the multibillion-dollar correction could be less than estimated previously." The A continues, "The government-sponsored company, which finances one of every five home loans in the United States, also announced that it would miss a regulatory deadline for filing its financial report for the second quarter of 2006. Fannie Mae hasn't filed an earnings statement since late 2004." The AP adds, "Federal regulators that year accused Fannie Mae of serious accounting problems and earnings manipulation to meet Wall Street targets, and the Securities and Exchange Commission ordered the company to restate earnings back to 2001. … Last May, the federal agency that regulates Fannie Mae and its smaller government-sponsored sibling, Freddie Mac, issued a blistering report alleging a six-year accounting fraud at Fannie Mae, the second-largest U.S. financial institution after Citigroup Inc. The Justice Department has been pursuing a criminal investigation, which the company confirmed 'remains open.'"

CRIMINAL LAW:

Klaas Hometown Residents Stunned By Link To Ramsey Suspect. The AP (8/20, Wohlsen, Locke) reported that many residents of Petaluma, Calif., the hometown of Polly Klaas, were "startled" by the revelation JonBenet Ramsey murder suspect John Mark Karr briefly lived and taught near the town, albeit "long after Polly's killer had been sent to death row." The AP noted, "Karr's apprehension is likely to prompt a re-examination of missing-girl cases in other regions where he passed through, said Dave Johnson, an assistant special agent in charge of the FBI's San Francisco office. Until March, Johnson was chief of the crimes against children unit at FBI headquarters in Washington. 'The FBI will pursue all logical investigation in these types of cases until we reach a resolution,' Johnson said, declining to comment on the specifics of the JonBenet case."

Child Sex Sites Push Legal Envelope. The New York Times (8/20, Eichenwald) reports, "In recent months, an array of investigations of the child pornography business — by the Justice Department, state and local law enforcement and Congress — have contributed to wholesale shutdowns of some of the most sexually explicit Internet sites trafficking in child images. But they have been rapidly replaced by a growing number of these so-called model sites, Internet locations that offer scores of original photographs of scantily clad under-age children like Sparkle, often posed in ways requested by subscribers." The Times adds, "More than 200 of the sites have been found by The New York Times through online advertising aimed at pedophiles, and a vast majority focus mostly on one child. Almost all the children appear to be between the ages of 2 and 12. … Based on descriptions in online customer forums and in Web pages showing image samples, the children are photographed by people who have frequent access to them. The sites often include images of 'guests': children who are described as a friend of the featured child, but who appear for only a day. The sites say the children come from different parts of the world, including the United States. … In online conversations observed by The Times over four months, pedophiles portrayed model sites as the last of a shrinking number of Internet locations for sexual images of minors."

Jefferson's Dealings With Kentucky Businessman Examined. The Lexington Herald-Leader (KY) (8/20, Walsh) reports, "Vernon Lamar Jackson and William J. Jefferson and their wives spent a pleasant weekend in New York City in the fall of 2004. The Kentucky businessman and the Louisiana congressman watched U.S. Open tennis from an air-conditioned corporate box, attended The Lion King on Broadway and did a little shopping. … Rep. Jefferson and his wife had become trusted friends of the Jacksons. In e-mail messages and telephone calls, the congressman was simply 'Jeff.'" The Herald-Leader continues, "The cord that tied the two men was their stated opinion that Jackson's high-tech company, iGate, was going to save the government money and give poor black people around the world access to information they couldn't otherwise afford. … Jefferson seemed to work as hard for iGate as if he were the owner of the company. He went to Louisville for demonstrations. He pressed the Army to test the technology for use by the military, introduced Jackson to political and business stars, including Bill Clinton and Bill Gates, and went with Jackson to Nigeria to help sell his product. Jefferson even found an investor willing to put millions of dollars into iGate. … At the time of the U.S. Open, Jackson might have appeared cocky about his important supporter. What he didn't realize was that the congressman, while appearing to help, was stealing his company, piece by piece. … And Jackson was paying him to do it." The Herald-

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Leader adds, "That, at least, is the view of FBI investigators and federal prosecutors, who have recounted secret meetings in Washington and Louisiana where Jefferson plotted to take over the company from Jackson -- a man he didn't think was up to making the company a success. .. A review of public and private documents and interviews with associates of both men reveal a relationship from which both planned to profit. Jackson thought his company would get hundreds of millions of dollars worth of business through 'Jeff's' help. Jefferson, according to those documents, thought he could reap a financial windfall for his family and ultimately take control of the company."

US Using RICO Laws Against Gangs. The AP (8/20, Glazer) reports, "Sneaky, Shy Boy, Big Barney and dozens of other gangsters were not merely hoodlums who ran a bustling drug trade. Prosecutors insist the Vineland Boys were an organized criminal enterprise just like the Mafia. … To prove it, they are relying on the same law that put John Gotti behind bars." The AP continues, "Similar cases are being pursued across the nation as prosecutors go after gangs in novel ways, often using methods created to fight mob activity. … One such trial is expected to start this week in Los Angeles, where prosecutors have charged members of the Vineland Boys not with murder or drug trafficking, but with violating the Racketeer Influenced and Corrupt Organizations Act. The RICO Act targets those who profit from criminal organizations but manage to avoid illegal activities. … 'Gang members out here are clearly becoming more sophisticated in their operations and tactics, and we're adjusting to meet that,' said Assistant U.S. Attorney Thomas P. O'Brien." The AP adds, "Last year, Attorney General Alberto Gonzales urged increased prosecutions of street gangs, which he called one of the country's greatest threats. In recent months, more than 50 alleged gang members have been indicted on federal drug, gun and racketeering charges -- compared with an average of 10 federal indictments annually over the previous 10 years. .. . Critics say overzealous prosecutors are trying to get headlines without making any lasting effect on the estimated 80,000 gang members in Los Angeles."

Medicare Fraud Key To Rise OF New Jersey Provider. The New York Times (8/20, A1, Kocieniewski) reports that New Jersey's St. Barnabas Hospital System has grown quickly, "through aggressive mergers, political connections and celebrity patrons" to become the state largest health care provider. However, the report adds, "The rapid rise in the prominence of St. Barnabas -- which at one time had 3,200 beds in nine hospitals throughout the state -- was also fueled by what federal prosecutors called one of the most lucrative Medicare fraud schemes in the nation's history. By systematically inflating the bills for their sickest elderly patients, the prosecutors said, the executives of the St. Barnabas Health Care System bilked the federal government of at least $630 million from 1995 to 2003."

CIVIL LAW:

Military Said To Have Sought To Discredit Vietnam War Crimes Whistle Blowers. The Los Angeles Times (8/20, Nelson, Turse) reports in a 2,716-word story that Lt. Col. Anthony Herbert (ret.) and other soldiers who tried to expose war crimes by their comrades in Vietnam were attacked by the military: 'declassified records show that while the Army was working energetically to discredit Herbert, military investigators were uncovering torture and mistreatment that went well beyond what he had described. The abuses were not made public, and few of the wrongdoers were punished.' Herbert's allegations concerned military interrogators from the 173rd Airborne. Investigators ultimately 'identified 29 members of the 173rd Airborne as suspects in confirmed cases of torture. Fifteen of them admitted the acts. Yet only three were punished, records show. They received fines or reductions in rank. None served any prison time.'

NYTimes Says Tobacco Industry Racketeering Ruling Lacks Proper Restitution. The New York Times (8/20), in an editorial, writes, "There are plenty of shameful acts depicted in a voluminous court opinion issued last week that found that five big tobacco companies had violated civil racketeering laws. But there is apparently nothing that can be done to force them to disgorge their ill-gotten profits or punish them for past mendacities. Last week's ruling by Judge Gladys Kessler in the Federal District Court for the District of Columbia amounted to a moral victory for prosecutors in a case they had originally hoped would impose huge financial penalties. … All the judge felt she could do was to order the companies to mount an advertising campaign to correct years of misrepresentations and to stop using such misleading terms as 'light' or 'low tar' or 'mild' to imply health benefits."

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CIVIL RIGHTS:

Kim Defends DOJ Actions In Alabama Voter Database Case. In an op-ed in the Mobile Press-Register (AL) (8/20), Wan J. Kim, Assistant Attorney General for Civil Rights, writes, "Regarding Alabama's failure to comply with the law requiring it to create a voter database, some recent news reports have suggested partisanship by both a U.S. district judge and the Department of Justice. These claims -- raised by those with little knowledge of the judicial proceedings in this case -- are baseless." Kim continues, "Evidence presented by the Justice Department in court amply established that Alabama has violated the Help America Vote Act of 2002. … Four years after HAVA was passed, and after receiving $41 million in federal funds, Alabama has not even selected a vendor to begin the process of obtaining compliance. … Both before and after we brought a lawsuit to vindicate the requirements of federal law, the Justice Department worked hard to negotiate an amicable agreement with Alabama." Kim adds, "We asked Alabama to submit a plan that would ensure timely compliance. A federal court then ordered Alabama to do so. … Only after Secretary of State Nancy Worley stated that she could not assure compliance by the presidential primary elections in 2008 -- six years after HAVA was enacted -- did the court reluctantly order the appointment of a special master." Kim notes, "Appointing a state official to be special master is a more moderate remedy than transferring state authority to an unelected person. … Alabama Gov. Bob Riley is the obvious choice, the federal judge made clear, because he commands substantial state resources, wields significant authority and can propose a legislative remedy should one become necessary. … This appointment was supported by the Alabama officials who oversee elections at the county level -- probate judges, 76 percent of whom are Democrats." Kim concludes, "Alabama follows New York and Maine as the third state that the Justice Department has sued for non-compliance with HAVA. Two of these states have Republican governors. … This administration also has filed voting lawsuits against state officials of both parties in Georgia, Indiana, Maine, Missouri, North Carolina, Oklahoma, Pennsylvania, Tennessee and Texas. .. .Facts, not party affiliations, drive our litigation decisions. … It is unsound and unworthy to question the Justice Department's -- much less a federal judge's -- commitment to neutral and even-handed law enforcement."

Attorney Calls For Changes At Mississippi Jail. The Biloxi (MS) Sun Herald (8/20, Fitzgerald) reports, "The Harrison County (MS) jail's new warden should take a hard look at all aspects of jail operations, including training, and should remove people who are not performing as they should, attorney John Whitfield said Saturday." The Herald continues, "Whitfield wants Don Cabana, appointed warden on Friday, to scrutinize all aspects at the jail and make sweeping changes to ensure that what happened to inmate Jessie Lee Williams Jr. on Feb. 4 will never happen again. Whitfield made the comments in a speech to the Harrison County Federation of Democratic Women. … Williams, 40, of Gulfport, died of his injuries, allegedly beaten by jailers while he was restrained. … 'If you don't take a look at policies and procedures and training, you can forget about making changes,' Whitfield said. 'Judging from numerous incidents we've looked at and from the Williams case, you'd have to be deaf, dumb and blind to not know abuse at the jail has been swept under the rug.'" The Herald notes, "Whitfield challenged the Democrats to contact their elected and appointed officials to express concerns about the Williams case, delays in the case and about inmate treatment at the jail. He referred them to District Attorney Cono Caranna, U.S. Attorney Dunn Lampton and the Harrison County Board of Supervisors. … Whitfield said a pattern of abuse has existed at the jail for several years and authorities have 'turned their heads and ignored it.' … Whitfield was critical of delays in criminal investigation of the Williams case and accused state and federal officials of 'sitting on their butts.' … Caranna responded, saying, 'I, myself, at times have been aggravated at the delays, but that is the federal government's way. I chose to let federal agencies take the lead. They sent in their criminal-investigation team from the U.S. Justice Department's civil-rights division, and this is what these people do.'"

Investigation Finds Army Recruiters Committed Sex Abuse. The Washington Times/AP (8/20) reports, "More than 100 young women who expressed interest in joining the military in the past year were preyed upon sexually by their recruiters. ... The investigation found that more than 80 military recruiters were disciplined last year for sexual misconduct with potential enlistees." It breaks

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down the totals by service branch: "At least 35 Army recruiters, 18 Marine Corps recruiters, 18 Navy recruiters and 12 Air Force recruiters were disciplined for sexual misconduct or other inappropriate behavior with potential enlistees in 2005, according to records obtained by the AP under dozens of Freedom of Information Act requests." Those totals signify that "across all services, one out of 200 frontline recruiters -- the ones who deal directly with young people -- was disciplined for sexual misconduct last year." About 100 sites carried this story.

Oklahoma Ten Commandments Display Ruled Constitutional. The AP (8/20) reports, "A federal judge on Friday said a Ten Commandments monument outside a courthouse in Oklahoma could stay, rejecting arguments that it promotes Christianity at the expense of other religions. Judge Ronald A. White of Federal District Court in Muskogee ruled that officials in Haskell County did not violate the Constitution by erecting the monument outside the courthouse in Stigler." The report adds, "The Supreme Court has ruled that religious displays on government property are not inherently unconstitutional and must be considered case by case.

ANTITRUST:

New Jersey Agency In Spotlight With Utility Merger. The New York Times (8/20, Chen) reports, "In New Jersey, you cannot go anywhere at home without bumping into something that is regulated by a relatively obscure agency called the Board of Public Utilities." The Times continues, "The five-member board is supposed to make sure your electric, water and natural gas rates are fair, for example, and it monitors the reliability of your telephone service. … But these days, the board has a more visible role. It is on the cusp of making one of the more significant decisions in its 95-year history: whether to approve a $17 billion merger of Exelon, a Chicago-based company, and Public Service Enterprise Group, the parent company of P.S.E.& G., creating the nation's largest utility." The Times adds, "The merger, first proposed in late 2004, has been approved by regulators in New York, Pennsylvania and Connecticut, as well as by the Federal Energy Regulatory Commission and the federal Department of Justice. … That leaves the New Jersey board as the only remaining hurdle. … On Thursday, the board's staff responded with a counterproposal that was welcomed by investors but criticized by consumer groups. Neither Exelon nor Public Service offered an immediate comment. Whether the counterproposal is accepted or modified, the board's commissioners still must act, and that could be weeks away. … As a result, the attention of Wall Street, consumer groups and New Jersey's governor, Jon S. Corzine, has turned to a group unaccustomed to the spotlight: the Board of Public Utilities itself."

Private Investors Prevail In Petco Bidding. The San Diego Union-Tribune (8/20, Green) reports, "Petco Animal Supplies had been weighing the company's future for more than three months, a process that wound up pitting two suitors against each other in a game of corporate one-upmanship." The Union-Tribune continues, "At the endgame in mid-July, the directors were faced with a tough choice on how best to position the world's second-largest pet supplies chain and how best to maximize shareholder value:" The Union-Tribune adds, "Should the San Diego-based company take the highest offer from an industry competitor – apparently larger rival PetSmart – or go with a lesser, but safer, bid from former Petco owners? Or reject both in favor of a different strategy? .. . Petco had been squeezed in recent months by 99-cent-style stores and discounters like Wal-Mart Stores undercutting them on price, and nontraditional competitors like Bed, Bath & Beyond and mall kiosks selling pet trinkets and upscale items. And pet owners were cutting back on unnecessary expenses in an inflationary economy in which it not only cost more to feed and pamper a pet but also cost more to drive to the pet store. … The Petco board decided to reject the higher offer in favor of a $1.8 billion stock and assumed debt bid by private equity firms Leonard Green & Partners and Texas Pacific Group. … The deal has raised questions about the connections between Petco executives and the winning bidders, but experts expect it to be successfully completed – helped along by the purchase price and a 139-page regulatory filing detailing how Petco directors reached their determination."

Fur Industry Troubled By Allegations Of Collusion. The Seattle Times (8/20, Welch) reports on "the American Legend auction, the largest remaining fur market in the United States, where $100 million in business is transacted in a few days. … Much as they have for more than a century, merchants from all over the world come to Western

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Washington to pick over silky skins of North American mammals on behalf of garment manufacturers who will produce next year's lines of boots, hats, gloves, scarves, blankets and coats." The Times continues, "After a few rough decades, fur is back. Spurred by a boom in demand from China and recent popularity at home thanks to glossy marketing, the price of American mink pelts jumped 33 percent just last year. … Yet a trade that helped put Seattle on the map today takes place largely out of view, in a heavily guarded, fenced-in warehouse protected from anti-fur protesters. And there's an entirely new unease: Two years ago, a handful of buyers from New York, Canada and China hatched a scheme to rig bids and buy hundreds of otter pelts on the cheap, according to federal prosecutors. … That led to a long-running Justice Department antitrust investigation that may still be in the works. Federal prosecutors remain mum. But class-action lawyers are circling. … And once again the fur trade faces the prospect of being drawn into an uncomfortable spotlight. … 'Everybody's nervous right now, because they don't know what's coming next,' said Sandy Parker, a New York journalist who has published a newsletter on the fur industry for more than 40 years."

ENVIRONMENT:

Alaska Subpoenas Oil Firms Over Pipeline Problems. The Anchorage (AL) Daily News (8/20, Loy, Mauer) reports, "Alaska officials have hit BP and four other oil companies with subpoenas for decades of records pertaining to pipeline maintenance and two oil spills this year in the troubled Prudhoe Bay field." The News continues, "The subpoenas add to a growing list of government inquiries into how the nation's largest oil field is run, and widens scrutiny beyond just BP to include a broader stable of industry players in Alaska's arctic oil fields." The News adds, "Officials from the Alaska Department of Environmental Conservation ordered BP, Exxon Mobil, Conoco Phillips, Chevron and Forest Oil to make available all documents relating to an oil spill in March and records on pipeline monitoring dating back 10 years. … Federal officials are seeking company records and a section of the pipeline in question." The News notes, "BP previously had received a federal grand jury subpoena in connection with an estimated 201,000-gallon crude spill from a corroded pipeline on the western side of the vast oil field. The early March oil spill was the largest on the North Slope since oil production began there in 1977. … Late Thursday, state lawyers for the Alaska Department of Environmental Conservation served BP and its four partners in the Prudhoe field with subpoenas in connection with the March spill as well as an Aug. 6 spill from another pipeline."

FBI/DEA/ATF/USMS:

FBI Training Said To Remain Focused On Law Enforcement Rather Than Counterterrorism. NBC Nightly News (8/19, story 6, 3:00, Seigenthaler), in a segment produced in cooperation with the Washington Post, reported, 'In the aftermath of the terror attacks the F.B.I. moved to beef up their efforts on counter-terrorism. … But has the F.B.I. gone far enough to adapt its lessons to a new mission?'" According to NBC, "the training appears more suiting to stop the next John Dillenger than the next Osama bin Laden. … The training supervisor says the plans are in the works to improve all of this.' NBC's John Seigenthaler added, "After reading the Washington Post reports the F.B.I. wanted to emphasize that training continues throughout every agent's career and methods adapt as terror threats change."

The Los Angeles Times (8/20, Schmitt) reports, "The FBI has been behind the eight ball since the attacks of Sept. 11, 2001, when widespread and long-standing deficiencies in the way the bureau operated were exposed. The agency was accused of blowing opportunities to identify and possibly apprehend some of the 19 hijackers. Among the troubles: a shoddy analytical program, problems sharing intelligence information, and inattention to counter-terrorism in general. In a way, the FBI had changed little since it was established the same year that Henry Ford introduced the Model T. Its mission was to investigate crimes that had already happened. … Now, under pressure from Congress and several bipartisan commissions, its business model is being turned upside down, with a focus on preventing crime rather than apprehending criminals." According to the Times, "More than 2,000 agents — or 15% of the total workforce — have been switched from traditional crime-fighting jobs to terrorism-tracking positions over the last five years. Whole areas of enforcement — including pursuit of the sort of narcotics operatives that Barron handled in the 1990s — have been largely abandoned or left to other agencies."

US Captures Head Of Violent Mexican Drug Cartel. The San Diego Union-Tribune (8/20, Caldwell)

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reports, "U.S. law enforcement called it Operation Shadow Game. Its target was Javier Arellano Félix, the latest boss of the ultra-violent, Tijuana-based drug cartel that bears his family's name, the Arellano Félix Organization. .. .The hunters were a task force of federal agents led by the Drug Enforcement Administration, the U.S. government's front-line agency in the war against the multibillion-dollar trafficking in illegal narcotics smuggled into the United States." The Union-Tribune continues, "For two decades, the AFO has controlled the Tijuana Plaza, the lucrative drug smuggling corridor across the southwest U.S.-Mexico border. Through this corridor flowed hundreds of tons of cocaine and marijuana bought by the AFO and smuggled – in everything from duffel bags and hidden car panels to tractor-trailer rigs – across the border for resale in the U.S. market. … The profits reaped by the AFO, aka the Tijuana cartel, were enormous; billions of dollars over the years. The money paid for luxurious lifestyles for the expansive Arellano Félix clan, for disguised investments all over Mexico, the United States and elsewhere, and to sustain a drug trafficking empire that stretched out from Tijuana north deep into the United States and south as far away as Colombia, source of 80 percent of the world's cocaine." The Union-Tribune adds, "U.S. law enforcement's concerted hunt for Javier Arellano Félix began in the summer of 2003. Previously sealed indictments, returned by a federal grand jury for the Southern District of California, were unsealed and announced by the U.S. attorney in San Diego against the top leadership of the AFO, including Javier Arellano Félix. The U.S. State Department offered a $5 million reward for information leading to Javier's apprehension. … Federal charges against Javier and the other AFO principals included drug trafficking, conspiracy, racketeering, and money laundering. … The AFO's new boss was also wanted on drug trafficking charges in Mexico, where he was regarded as one of that nation's most sought-after fugitives."

Columnist Questions DOJ Pressure On BALCO Reporters. In a column for the San Francisco Chronicle (8/20), Debra J. Saunders writes, "Chronicle reporters Mark Fainaru-Wada and Lance Williams should not go to jail if they do not reveal their source for stories on a grand-jury investigation into steroid use in sports. For one thing, they haven't broken any laws. … The U.S. attorney's office in Los Angeles subpoenaed Fainaru-Wada and Williams to find out who leaked grand-jury transcripts in violation of a court order. Apparently prosecutors have been unable to identify the leaker, so they have resorted to the heavy-handed threat of incarceration in order to intimidate the reporters into breaking their pledge of confidentiality. .. . U.S. District Judge Jeffrey White ruled last week that the law compelled him to deny a motion made by Chronicle lawyers to quash the subpoenas. … Trial attorney John Keker told me White ruled correctly because, 'The feds have the law on their side,' even if 'they don't have common sense or good policy on the side.'" Saunders continues, "As for those of you who see the prosecutors' heavy-handed play as a well-deserved comeuppance for arrogant journalists, you should understand that the same rules that allow the courts to jail reporters who won't give up sources, can be used against any citizen who will not want to testify against a sibling, a co-worker or a neighbor. … That's why you want the courts to use discretion and take circumstances into consideration. In this case, prosecutors should note the federal government's history of not going after journalists unless the national security depends on it, a state law that shields California reporters and the fact that the two reporters stand to serve more time than any other defendants." Saunders adds, "Mark Corallo, who served as spokesman for former Attorney General John Ashcroft, signed an affidavit for The Chronicle. He noted that Ashcroft took the steroids case so seriously that he announced the 42-count indictment against individuals tied to BALCO (Bay Area Laboratory Co-Operative) on television. … Still, Corallo believes the Department of Justice under Ashcroft -- a veritable Satan to many civil libertarians -- would not have served subpoenas on Fainaru-Wada and Williams. Corallo approved only one subpoena for a media person, and that was for a matter of 'grave national security.' … Yes, my view is colored by my profession. I know how important it is for sources to believe a journalist's promise to protect their identity. … But I don't argue that reporters are above the law. If Fainaru-Wada and Williams broke into someone's home to get information, they should go to jail. … Keker told me, 'From the government's point of view, it's a much more serious thing to stand up to the government than it is to commit a crime.' Must be true, otherwise, the feds would want to reserve prison for real criminals."

IMMIGRATION:

States' Immigration Legislation Expected To Be Thrown Out In Court. The AP (8/20, Schelzig)

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reports, "Legislatures around the country are passing state laws to get tough on illegal immigration, but legal experts say many of those laws will turn out to be unconstitutional. More than 550 bills relating to illegal immigration were introduced in statehouses this year, and at least 77 were enacted, according to a survey presented last week at the annual meeting of the National Conference of State Legislatures. However, NCSL analyst Ann Morse told lawmakers at the conference that a 1986 federal law forbids states from enacting stricter criminal or civil penalties for illegal immigration than those adopted by Congress." The AP adds, "State bills aimed at illegal immigration this year have included measures on education, employment, driver's licenses, law enforcement, legal services and trafficking."

Romney Says US Should Welcome Skilled Immigrants. The AP (8/20, Kurtzman) reports Gov. Mitt Romney "told the California GOP convention Saturday the United States should encourage foreigners with skills to immigrate, while discouraging those who come here illegally and without skills. 'It is wrong for us to build an absolute concrete wall against those with skills and enterprise,' he said, referring to foreign students who come here for advanced study, 'and have a wide open door for people with no education and no skills.'" The AP notes, "His remarks were greeted with enthusiastic applause from this conservative crowd." Romney "also criticized gay marriage, saying, 'every child deserves a mother and a father.' He praised President Bush's aggressive foreign and military policies, and said the nation should wean itself from oil."

Schwarzenegger's Immigration Stance Could Deprive Him Of Latino Support. The New York Times (8/20, Archibold) reports, "No Republican candidate for governor or president since the 1970's has won in California without getting at least one-third of the Hispanic vote, which {Gov. Arnold] Schwarzenegger, a Republican, achieved in a wide-open recall election in 2003. In his bid for re-election in November, he faces the difficult task of courting both Latino voters and his core conservative supporters, two groups that are often far apart on immigration. … So one week Mr. Schwarzenegger defends his support for the Minutemen civilian patrols on the border that many conservatives strongly endorse, and the next he distances himself from an anti-illegal-immigrant ballot initiative passed in 1994 that galvanized Latino political involvement on the side of Democrats."

The Los Angeles Times (8/20, Finnegan, Salladay) reports Schwarzenegger "tried to narrow his rift with conservatives Saturday by casting himself as tougher on illegal immigration than his Democratic challenger, Phil Angelides, but failed to quell a Republican revolt over his call for billions in borrowing for housing and school construction. At a time when Republican candidates nationwide are tapping public anger over illegal immigration, Schwarzenegger made his most aggressive move to date to turn the issue to his advantage against Angelides." Schwarzenegger "told party loyalists at a state GOP convention in Century City that he had put National Guard troops on the Mexican border — as demanded by President Bush — to help federal authorities 'get their act together.'"

TAX:

Private Collectors To Collect Back Taxes For IRS. The New York Times (8/20, Johnston) reports, "If you owe back taxes to the federal government, the next call asking you to pay may come not from an Internal Revenue Service officer, but from a private debt collector. Within two weeks, the I.R.S. will turn over data on 12,500 taxpayers -- each of whom owes $25,000 or less in back taxes -- to three collection agencies. Larger debtors will continue to be pursued by I.R.S. officers." The report adds, "The move, an initiative of the Bush administration, represents the first step in a broader plan to outsource the collection of smaller tax debts to private companies over time."

CONGRESS-ADMINISTRATION:

Veterans Turn To VA For PTSD Counseling. In the main story of a three-story package in the Washington Post (8/20, St. George), the struggles of veteran Trinette Johnson with Post-Traumatic-Stress-Disorder after her return from Iraq are chronicled. And a sidebar in the Washington Post (8/20, St. George) notes some stakeholders' concern that VA will not be able to adequately address returning Iraq veterans' needs.

Study Finds No PTSD Gender Gap. In another sidebar, the Washington Post (8/20, St. George) reports Researcher Carl A. Castro "found symptoms of post-traumatic

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stress disorder in 11 percent of men and 12 percent of women and signs of depression in 5.6 percent of men and 8 percent of women -- differences that are not statistically significant, he said." Castro is chief of military psychiatry at Walter Reed Hospital in Arlington, Virginia.

Conservatives' Criticism Of Bush And Iraq War Noted. The Washington Post (8/20, A4, Baker), in an article titled, "Pundits Renounce The President: Among Conservative Voices, Discord," reports, "For 10 minutes, the talk show host grilled his guests about whether 'George Bush's mental weakness is damaging America's credibility at home and abroad.' For 10 minutes, the caption across the bottom of the television screen read, 'IS BUSH AN 'IDIOT'?' But the host was no liberal media elitist. It was Joe Scarborough, a former Republican congressman turned MSNBC political pundit. And his answer to the captioned question was hardly 'no.' While other presidents have been called stupid, Scarborough said: 'I think George Bush is in a league by himself. I don't think he has the intellectual depth as these other people.'" The Post goes on to mention other conservative figures, including William F. Buckley, who have broken with the president over the war in Iraq. According to the Post, "Bush aides were bothered by a George F. Will column last week mocking neoconservative desires to transform the Middle East" though "few have struck a nerve more than Scarborough."

Sherwood Undergoes Heart Surgery. The AP (8/20) reports PA10 Rep. Don Sherwood (R) "underwent heart surgery and is expected to leave the hospital this week, the hospital announced Saturday." Sherwood "is defending his seat against Democrat Chris Carney, a former Pentagon intelligence analyst."

Sheehan Among Protestors Disrupting Rove Event. The AP (8/20, Brown) reports, "Chanting 'Try Rove for treason,' Cindy Sheehan and more than 50 other war protesters disrupted a reception before President Bush's top adviser Karl Rove spoke at a fundraiser Saturday. One woman was arrested during a scuffle with police after Sheehan and the anti-war demonstrators rushed toward the closed doors and kept chanting loudly after the guests went into the dinner. Rove was speaking to the Associated Republicans of Texas, and ticket prices started at $200. He was not in the Renaissance Hotel lobby during the reception.

International Space Station Construction To Resume. The New York Times (8/20, Leary) reports that construction of the International Space Station "which has hung in limbo since NASA's space shuttle fleet was grounded after the 2003 Columbia disaster, is scheduled to resume. The shuttle Atlantis is scheduled to lift off next Sunday carrying a bus-size segment of the station's backbone that includes a new set of solar-power arrays." The report adds, that this construction "will require some of the most difficult shuttle missions ever mounted by the National Aeronautics and Space Administration."

OTHER NEWS:

Positive Economic Reports Boosted Stock Market. The New York Times (8/20, Sommer) reports, "The overall stock market rose every day last week, while a surge in Microsoft shares on Friday propelled the Nasdaq composite index to its best weekly gain in more than three years. A series of government and private reports suggested that economic growth was slowing and that inflation was moderating -- contributing to a bullish mood in the stock market." The report adds, "Government reports on Wednesday indicated that July consumer prices rose at their slowest pace in five months, while homebuilding declined. And on Friday, the University of Michigan's preliminary index of consumer confidence dropped more than expected."

Economy's Resilience In Face Of Terrorism Said To Be Difficult To Estimate. In a news analysis in The New York Times (8/20), Daniel Altman writes, "Five years after 9/11, how terror-proof is the economy? The discovery this month of a plot to blow up American airplanes has sent airlines scrambling, but the rest of the economy has appeared to take it in stride. Some of the vulnerabilities exposed by the 9/11 attacks still exist, however." Altman adds, "Is the economy better protected, or at least more resilient, now? It's hard to measure this empirically, largely because the possibilities for an attack are so varied."

GDP Growth Under Bush Superior To That Of Previous Presidents. The Washington Times (8/20) editorializes, "now would be a good time to review how the economy has performed during the first five and a half years of the Bush administration and to compare that performance with the three most recent two-term administrations (Nixon, Reagan and Clinton). … Over the last five and a half years,

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gross domestic product (GDP) has increased at an average annual rate of 2.6 percent. During the first five and a half years of the other administrations, GDP grew at average annual rates of 3 percent (Nixon), 3.3 percent (Reagan) and 3.5 percent (Clinton). During the 24-month period ending in June 2006, economic growth averaged 3.3 percent per annum. Previously, during the two years ending with the second quarter of the second-midterm-election year, GDP increased by 3.1 percent per year (Nixon), 3.7 percent per year (Reagan) and 4.1 percent per year (Clinton)."

DNC Adds Nevada And Couth Carolina To Early 2008 Nomination Calendar. McClatchy (8/20, Thomma) reports the DNC "adopted a new caucus and primary calendar that puts new states on the coveted early voting calendar. The new calendar would add Nevada, with a large and growing Hispanic population, and South Carolina, with its large African-American population, to the two largely white states of Iowa and New Hampshire that have dominated the early voting for a generation. Iowa would hold precinct caucuses on Jan. 14, 2008, followed by new Nevada caucuses on Saturday, Jan. 19. New Hampshire's traditional first primary would be on Tuesday, Jan. 22, and South Carolina's primary on Tuesday, Jan. 29. All other states would be prohibited from starting their voting until a week later, on Tuesday, Feb. 5." McClatchy notes, "The plan had broad support from minorities, many of whom cheered and hugged when it was adopted."

New Hampshire Threatened With Sanctions. The New York Times (8/20, Nagourney) reports the DNC "voted Saturday to penalize 2008 presidential candidates who defied a new nominating calendar devised to lessen the longtime influence of New Hampshire and Iowa. … The sanctions will be directed at candidates who campaign in any state that refuses to follow a 2008 calendar of primaries and caucuses that was also approved Saturday. Any candidate who campaigns in a state that does not abide by the new calendar will be stripped at the party convention of delegates won in that state. The party adopted a broad definition of campaigning, barring candidates from giving speeches, attending party events, mailing literature or running television advertisements." According to the Times, "The penalties were adopted in response to threats by New Hampshire officials, who said they might defy the new Democratic calendar and schedule their primary earlier in the year or in 2007 to retain their long-held influence over the nominating process."

The Los Angeles Times (8/20, Barabak) reports New Hampshire Gov. John Lynch "called Saturday's decision 'deplorable' and said he had received a letter with commitments from 10 potential candidates to campaign in his state whenever its primary takes place. Former Virginia Gov. Mark R. Warner, one of those likely to run, appeared with Lynch in New Hampshire and said, 'Should I take the plunge, I'll be here to campaign for your support, no matter when you set your primary.'"

The Washington Post/AP (8/20, A4) reports, "Advocates of the plan…say it will force Democratic presidential candidates to develop a broader message that extends beyond the concerns of voters in Iowa and New Hampshire. … Others complain that the added contests in Nevada and South Carolina would squeeze so many contests early in the nomination process that the party's nominee could be determined by February, before most states even get a chance to vote."

Clinton Said To Have Already Established 2008 Campaign Machinery. Time's Karen Tumulty (8/28) writes, "Against virtually nonexistent opposition for her Senate seat," Sen. Hillary Clinton "is raising money as though she were in the fight of her life, bringing in more than $33 million. What's left over -- which might easily be $10 million or more -- could be the seed money for a presidential campaign. And as her husband did the year before launching his 1992 bid for the presidency, she has been putting together the intellectual pieces of a campaign agenda in a series of centrist, high-fiber speeches around energy policy, the economy, privacy and even rural issues. Her political operation has grown to an army of 32 full-time employees, plus 10 from her Senate office who draw part of their salary there and 13 consultants who are building, among other things, a national direct-mail operation. She recently added an Internet guru to their ranks." Tumulty adds, "Those close enough to know say that she is genuinely undecided" about a 2008 bid, but former president Bill Clinton "is not disguising his eagerness to see her make a bid for his old job."

Former President Clinton Turns Sixty. Both ABC World News (8/19, 2:30, story 6, Avila) and NBC Nightly News (8/19, story 8, 2:00, Seigenthaler) ran segments on former president Bill Clinton turning sixty yesterday. Both broadcasts

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included a clip of President Bush saying, "Two of my dads favorite people turned 60, me and former president Clinton."

Endangered GOP Incumbents Lack Overwhelming Fundraising Edge. In a front-page story, the Washington Post (8/20, A1, Goldfarb) reports, "In a year of bad omens for the GOP, the latest batch of disclosure forms filed with the Federal Election Commission offers one more: Incumbency no longer means that embattled Republican representatives can expect to overwhelm weakly funded Democratic challengers with massive spending on advertising and get-out-the-vote efforts. There are 27 Republican incumbents classified by the nonpartisan Cook Political Report as the most vulnerable to losing reelection this fall. These incumbents still boast a clear fundraising edge, but it is much less pronounced than in years past. According to calculations made from FEC data, the Democratic challengers in these races have raised about 60 percent of what their opponents have collected and have about the same percentage of cash on hand. … Of this year's 27 most vulnerable incumbents, 14 face challengers who have raised at least $1 million, according to FEC reports. At this point in 2004, no Democratic challenger had raised $1 million."

GOP Officials Warned Schlesinger Not To Expect Their Support. The AP (8/20, Rubinsky) reports, "Overshadowed by two Democrats whose primary battle has drawn national attention, Republican U.S. Senate candidate Alan Schlesinger finds himself fighting for support from his own party. Schlesinger said Saturday that he was told long before Sen. Joe Lieberman lost the Aug. 8 Democratic primary not to count on support from the national Republican Party unless he could show he had a shot to win. … Schlesinger would pull just 4 percent of the vote in a three-way race with Lieberman, who is now running as an independent, and Democratic primary winner Ned Lamont, according to a poll released Thursday by Quinnipiac University." Schlesinger "said he is trying to position himself as a fiscal conservative and will seek support from national groups in Washington, though he declined to identify them."

Democrats Say Webb Must Stay Competitive In Rural Virginia To Beat Allen. The Washington Times (8/20, Mclaughlin) reports Virginia Democrats "say their U.S. Senate candidate, James H. Webb Jr., must follow the party's script of making inroads in Southwest Virginia to defeat incumbent Sen. George Allen. … Mark Warner essentially wrote the script when he became governor in 2001 by dominating in Northern Virginia, which is largely Democratic, and not getting steamrolled in the state's Republican-heavy southern regions. Gov. Timothy M. Kaine, a Democrat, followed the plan last year in defeating former Attorney General Jerry W. Kilgore, a Republican. 'If we get 46 [percent] to 47 percent of the rural vote statewide, [Mr. Allen] can't win,' said Dave Saunders, a volunteer for Mr. Webb in Southwest Virginia." The Times adds, "Webb will get help in the southern part of the state from Democrats also going to the polls to re-elect 12-term Rep. Rick Boucher."

Indian-Americans Upset By Allen's Comments. The Washington Post (8/20, C1, Shear, Smith) reports, "Word of Sen. George Allen's controversial comments flashed across the country last week, but nowhere more rapidly than in Virginia's Indian American community, where frustration over ethnic stereotypes has intensified since the terrorist attacks of Sept. 11, 2001." The Post continues, "Dolly Oberoi, chief executive of a Northern Virginia technology company, heard what Allen said to a 20-year-old Indian American from Fairfax County replayed on the radio Monday while driving home from work. … But it was the scene -- of a senator singling out a member of her community in front of a mostly white crowd -- that affected Oberoi more than any word. It smacked of insults directed at her since terrorists, none of whom were Indian, attacked the Pentagon and World Trade Center nearly five years ago."

YouTube Videos' Role In Campaigns Noted. The New York Times (8/20, Lizza) reports, "Last week, Senator George Allen, the Virginia Republican, was caught on tape at a campaign event twice calling a college student of Indian descent a 'macaca,' an obscure racial slur. The student, working for the opposing campaign, taped the comments, and the video quickly appeared on YouTube, where it rocketed to the top of the site's most-viewed list. It then bounced from the Web to the front page of The Washington Post to cable and network television news shows. … YouTube's bite also hurt Senator Joseph I. Lieberman, who was defeated by the political upstart Ned Lamont in Connecticut's Democratic primary earlier this month. In that contest, pro-Lamont bloggers frequently posted flattering interviews with their candidate on YouTube and unflattering video of Senator Lieberman. The Lamont campaign even

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hired a staffer, Tim Tagaris, to coordinate the activities of the bloggers and video bloggers."

MN6 DFL Candidate Accused Of Failing To Speak Clearly On Important Issues. The Minneapolis Star-Tribune (8/20, Black) reports, "Is Michele Bachmann too extreme to be elected to Congress? Is Patty Wetterling too unclear? The race for the open seat in Minnesota's Sixth Congressional District will, like every other House race this fall, run the gamut from the war in Iraq to health care to education. But with less than three months to the election, the debate among bloggers, political analysts and the campaigns themselves is making clear that a big factor will be the very different ways the two candidates talk about issues." According to the MST, "The heart of the GOP campaign against Wetterling will likely focus on portraying her as too liberal for the conservative-leaning Sixth District. But neutral political analysts raise the question of her often fuzzy rhetoric; and Bachmann's campaign, which has been taunting Wetterling to debate, wants voters to hear Wetterling talk policy."

Michigan's Economic Troubles Imperil Granholm's Reelection. The Washington Post's David Broder (8/20, B7) writes, "When word came last week that the unemployment rate in Michigan had jumped up to 7 percent in July, a shiver of apprehension went through the Democratic Party, not just in Michigan but around the nation. Even though the joblessness figure may have been inflated by seasonal layoffs in auto plants retooling for the new model year, it was bad news for Gov. Jennifer Granholm. … The past four years of confronting a Republican legislature and a declining auto industry have taken a toll on Granholm's standing here at home, and the latest economic news comes at a bad time, just as her reelection campaign is gearing up."

Ehrlich Outlines His Second Term Agenda. The Washington Post (8/20, C4, Mosk) reports Gov. Robert L. Ehrlich "gave the first broad outlines of how he would approach a second term in office yesterday, promising to step up his focus on helping the state come to grips with its rapid growth." Ehrlich "said he wanted to invest heavily in the construction of schools, draft plans for responsible development in Maryland's fast-growing suburbs and find ways to increase affordable housing."

The Washington Times/AP (8/20, Wyatt) reports Ehrlich "repeated his campaign themes before an audience of several hundred at the annual Maryland Association of Counties meeting. He said he steered the state out of a fiscal crisis when he took office in 2003 and that he increased school construction."

Electronic Medical Records Seen As Likely To Disrupt Some Health Care Businesses. The New York Times (8/20, Lohr) reports, 'The electronic medical record seems an example of pure progress, a technology that yields only winners. … The technology itself is simply a software storehouse of a person's medical history, including chronic conditions, medical tests, drug prescriptions, diagnoses and doctors' comments." Yet "an information revolution in health promises to be powerfully disruptive for some lucrative businesses in the industry, according to medical experts and economists, and could lead to more spending on health care instead of less.'"

Politicization Of Wal-Mart Analyzed. The New York Times' Floyd Norris (8/20) writes, "Wal-Mart is under attack for paying too little, providing benefits that are too small and even exploiting illegal immigrants. Laws have been written with Wal-Mart in mind, and more are being proposed. … Opponents say some Wal-Mart employees are paid wages that still allow them to qualify for Medicaid health insurance, calling that, in effect, a government subsidy for a company that is forcing down pay for workers at other companies. But the fact that Wal-Mart has more shoppers than any politician has voters shows that many of those workers — and many people higher on the income scale — find its prices irresistible. That group no doubt includes some of the company's critics."

Bin Laden Capture Seen As Potential "October Surprise." Newsweek's Eleanor Clift (8/20) writes, "Now Democrats have a good chance of winning back one or both houses of Congress, and they're wondering whether this election's October surprise could be capturing Osama. Peter Bergen, one of the few Western journalists to interview the terrorist leader," said "the administration has a pretty good idea where bin Laden is -- based in part on the vegetation that appears in his video. Bergen also wondered why, with all the money the administration is spending, it isn't staking out the offices of the Al-Jazeera offices where the tapes are dropped off for more clues to Osama's whereabouts. Bush once vowed to capture bin Laden dead

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or alive. Now he and Karl Rove only haul him out when he's politically useful."

Extensive Election Reforms Called For. In an op-ed for the Washington Post (8/20, B7) former FEC chair Bradley Smith writes, "Elections should be decided by voters in November, not by lawyers and judges in August. For the past six years much attention has been focused on improving the mechanics of voting and on calls for redistricting reform. But another important way to ensure that voters, rather than courts, choose our leaders is to demand election laws that are no more extensive in their reach than absolutely necessary. "A comprehensive review of election laws that serve no compelling state interest would be a good place to start in 2007.

CBS Launches Massive Marketing Blitz For Couric. The New York Times (8/20, A1, Steinberg) reports, "To reintroduce Katie Couric to the country as a serious yet still accessible evening news anchor on Sept. 5, CBS has embarked on an image campaign worthy of a presidential candidate. The network's efforts will put her face on the front of every city bus in New York next month as part of a promotion that would cost in excess of $10 million if the national television commercials featuring her were bought by an outsider." The report adds, "Ms. Couric's debut will offer evening news viewers the starkest choice among anchors, at least demographically, in the four-decade history of the half-hour evening news format: a 63-year-old man (Mr. Gibson), a 47-year-old man and the first woman to fly solo behind an anchor desk."

Israeli Raid In Lebanon Seen As Major Violation Of Ceasefire. Widespread coverage of Israel's commando raid in Lebanon focused on it as the first major violation of the ceasefire and on Israel's claim that it was a necessary effort to prevent arms shipments to Hezbollah. It was featured as the first or second story on the two network newscasts and major papers ran front page stories on it. ABC World News (8/19, 1:40, lead story, Avila) reported, "The six-day-old cease-fire" in Lebanon "is being put to a critical test after Israeli commandos flew into Lebanon by helicopter and surprise attacked Hezbollah guerrillas." UN Secretary General Kofi Annan is described as having "harsh words for the Israelis." ABC (Dinnick) added the ceasefire "has never been more shaky." Israeli soldiers raided "deep into Lebanon, targeting Hezbollah areas" in Baalbeck and engaged in a "firefight" lasting "two hours." The raid was "the first major violation of the shaky cease-fire." Israeli officials said the raid was a "defensive" move intended to "stop Hezbollah fighters from shipping weapons into Lebanon from Syria." But the Lebanese prime minister "called the operation a flagrant violation of the cease-fire." And Secretary General Annan said that he "was deeply disturbed by the Israeli raid and said in fact, it was a violation of the U.N.-backed cease-fire."

NBC Nightly News (8/19, story 2, 1:30, Seigenthaler) reported Sec. Gen. Annan said that Israel had "violated the truce," while Israel "claimed it was trying to stop Hezbollah from smuggling more weapons from Syria." NBC (Allen) added, "It was a bold and daring insertion right into the heart of a Hezbollah stronghold" that "left one Israeli officer and three Hezbollah fighters dead." But, there is "speculation in Lebanon it was an attempt to assassinate a key Hezbollah leader." The Lebanese prime minister "was livid" and "threatened to withdraw his forces from southern Lebanon." Israel called the raid "an act of self-defense."

The New York Times (8/20, Worth, Kifner) reports, "Helicopter-borne Israeli commandos landed near the Hezbollah stronghold of Baalbek on Saturday and engaged in a lengthy firefight in what the Lebanese prime minister, Fouad Siniora, called a 'flagrant violation' of the cease-fire brokered by the United Nations. The United Nations issued a statement that Secretary General Kofi Annan also considered the raid a violation and was 'deeply concerned.'" Israel said the raid was intended to "disrupt terrorist activities," to "prevent arms from being transported to Hezbollah" which would "violate the Security Council cease-fire resolution." But "the success of the effort was a matter of dispute." Israeli also said that it "would continue such raids until 'proper monitoring bodies are established on the Lebanese borders.'" It is suggested that "the Israelis might have had some major objective in mind, perhaps the rescue of their two captured comrades or the capture of a major Hezbollah figure."

The Washington Post (8/20, A1, Cody, 748K) also leads with the "flagrant violation" quote, following it by noting that Lebanon "threatened to halt troop deployments in protest." The Post reports that Siniora said "he planned to lodge a complaint with U.N. Secretary General Kofi Annan," while "Hezbollah issued no immediate reaction." Still, "many Lebanese worried that the militant Shiite Muslim movement would retaliate, risking a chain of cease-fire violations that could rekindle the devastating war." Israeli Foreign Ministry

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spokesman, Mark Regev, said, "Had the Lebanese forces, augmented by international troops, been on the border crossing points with Syria the way they should have been, then our attack would have been superfluous."

The AP (8/20, Ghattas) notes that halting the troop deployments "could deeply damage efforts to deploy a strong U.N. peacekeeping force," and that "the flare-up underlined worries about the fragility of the cease-fire." Israel's Prime Minister Ehud Olmert "defended the raid during a phone conversation with U.N. Secretary-General Kofi Annan." A separate AP (8/20, Federman) reports, "In a boost for Israel, the U.S. declined to criticize the Israeli campaign, noting the U.N. resolution's arms ban on Hezbollah. 'The incident underscores the importance of quickly deploying the enhanced UNIFIL,' White House spokeswoman Jeanie Mamo said, referring to the U.N. monitoring force." Meanwhile, a spokeswoman for European Union foreign policy chief Javier Solana "dismissed the idea that the failure of European nations to send troops could have triggered the Israeli raid."

The Washington Times (8/20, Mitnick) calls the raid a "buckling of a U.N.-brokered Middle East cease-fire." It adds, "U.N. Secretary-General Kofi Annan discussed the operation by phone with Israeli Prime Minister Ehud Olmert, and later called it a 'violation by the Israeli side of the cessation of hostilities as laid out in Security Council Resolution 1701.'" Israel said that "the raid did not violate the cease-fire, and Washington appeared to agree with that claim." The evidence for that is that "the White House declined to criticize the raid, noting that Israel said it acted in reaction to arms smuggling into Lebanon and that the U.N. resolution calls for the prevention of resupplying Hezbollah with weapons."

The Los Angeles Times (8/20, Wallace) reports the raid "put the first serious strain on the region's 6-day-old cease-fire. Israel and Lebanon swiftly accused each other of breaking the U.N. Security Council resolution." Israel "produced no evidence of intercepted weapons." That "led to widespread speculation that the commandos might have been on a mission to rescue two Israeli soldiers seized by Hezbollah." During the raid, Israeli soldiers "appeared to be dressed in Lebanese military uniforms." Hezbollah officials said that "none of its fighters were killed or wounded."

The McClatchy Newspapers (8/20, Rosenberg) offered similar coverage.

Israeli Commander Says Raids Will Continue. The New York Times (8/20, Erlanger, 1.21M) reports that a senior Israeli commander, "speaking one day before" Israel's raid into Lebanon, said "Israel intends to do its best to keep Iran and Syria from rearming Hezbollah and to kill the militia's leader, Sheik Hassan Nasrallah," being "explicit that Israel would continue to seek out and block" arms shipments for Hezbollah from Syria and Iran. He added that "International commitments to exclude the Hezbollah militia from southern Lebanon and to disarm it already seem hollow." The commander "also emphasized that, despite criticism from the Israeli public and even troops of the performance of the Army and government, he considered the threat and the fighting ability of Hezbollah to have been severely diminished." Additionally, "Israelis are spoiled by the 1967 and 1973 wars, he said, but there is no decisive victory against terrorism. In Washington, too, he said, 'I believe the military and security professionals understand what we did, and they are not disappointed.'" He also said that "Israel…views Hezbollah as 'Iran's western front'" and that the UN was "'too soft and too late' in negotiating a cease-fire."

Peacekeeping Force's Creation "Lagging." The New York Times (8/20, Shanker, 1.21M) reports, "As leaders in world capitals this weekend review United Nations planning documents for a peacekeeping force in southern Lebanon, they are weighing whether the stated goals are clear and achievable and whether the rules of engagement will allow them to accomplish the mission and protect their forces. Diplomats involved in the negotiations acknowledged that efforts to create a peacekeeping force were lagging in part because of the reluctance of governments to introduce troops into a part of the Middle East with deep, unresolved political and religious conflicts." Also, "another issue slowing the formation of the peacekeeping mission was the experience of the failed Balkans effort of the 1990's, when European and other foreign troops wearing the blue helmet of the United Nations were shackled by an unwieldy chain of command that split responsibilities between national commanders and United Nations officials in New York" and "their exact mission was never made clear…resulting in an ineffective and humiliating effort that failed to halt forced expulsions and mass murder and rape." However, UN officials note changes since then. "One official cited subsequent United Nations interventions in eastern Congo and Liberia, where 'we have over the past few years gone to a more robust posture, as circumstances dictate.'"

Bush Praises Rice For Ceasefire Resolution. UPI (8/20) reports, "President George Bush said the recent

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fighting in Lebanon is related to terrorists trying to stop the spread of democracy and freedom," taking the first half of his weekly radio address to focus on Lebanon. "He praised the efforts of Secretary of State Condoleezza Rice and U.N. Ambassador John Bolton in getting a U.N. resolution to stop the fighting," then concentrated on framing the conflict as "part of a broader struggle between freedom and terror."

Arab States Urge Wider Israeli Peace Plan. The AP (8/20, Nasrawi) reports, "Worried the Lebanon war has given a boost to Iran and militants in the region, three U.S. allies in the Mideast are spearheading an Arab effort to present a plan for reviving the stalled peace process and talks with Israel." Saudi Arabia, Egypt and Jordan's planning "is a clear sign of their worries about tensions and Iran's influence." Still, "Details remain sketchy, and already Israel has expressed skepticism," while "the United States has not talked about a wider peace effort." However, the three Arab countries "fear letting the situation stagnate could increase the appeal of radical Islamic groups and allow Iran and Syria to keep using Hezbollah in proxy wars, breeding more resentments and more militancy," so they "want to seize the opportunity in the war's ashes to restart negotiations with Israel for peace on the Palestinian, Syrian and Lebanese fronts." In response, Israel "says that before anything else can happen, the international community must execute the terms of the cease-fire," and "the Bush administration, highly critical of Hezbollah, Syria and Iran, is also likely to push for full implementation of the cease-fire deal as the first step — a tricky process that could be lengthy."

With End Of Rocket Attacks, Israel City Begins To Mend. The New York Times (8/20, Kraft) reports, "It has been a bittersweet homecoming for the people of Kiryat Shmona and the surrounding area, which was attacked by about 1,000 Hezbollah rockets over the past few weeks. Many who fled the fighting began trickling back into town after the cease-fire took effect Monday, joining those who had stayed behind in bomb shelters." As they clean up and try to deal with the damage to their homes, some residents are "wondering out loud whether they would ever feel safe again in this town, just two miles from the border with Lebanon."

Israelis Tour War's Destruction. The McClatchy Newspapers (8/20, Rosenberg) reports Israelis "from south of the strike zone have been cruising the border to see scorched fields and rocket-pocked roads and buildings, before the insurers inspect and contractors clean up the damage."

The AP (8/20, Harvey) reports, "In the northern town of Metulla, the border fence was packed with tourists taking pictures of themselves with the Lebanese village of Kfar Gila in the background." However, "Just past noon though, after Israeli tanks and armored vehicles still patrolling the area got stuck in a traffic jam, soldiers brandished a military order and forced the tourists out. Underscoring the fragility of Monday's cease-fire, the soldiers said it was still too dangerous to be here."

Families Of Captive Soldiers Wait For News, Progress. The New York Times (8/20, Kraft) reports that the families of the two soldiers captured by Hezbollah "were invited to Jerusalem to meet Prime Minister Ehud Olmert and to hear directly from him about the conditions of the cease-fire deal last week." The called it "a hard message to hear." Although "they urged Mr. Olmert, as they had repeatedly…to negotiate with Hezbollah for their freedom,' he "is adamantly opposed to a prisoner swap." Still, "despite their frequent contacts with officials — Foreign Minister Tzipi Livni telephones daily — the families are frustrated that they have received no new information since the day the soldiers were captured."

Lebanese Return to Beirut. ABC World News (8/19, 1:44, story 2, Avila) reported Beirut "was a Western-style oasis in the heart of the Middle East. Now it's a shattered city." ABC (Berman) added, "After 34 days of war and a fragile cease-fire, the Paris of the Middle East is taking baby steps back to being a boomtown." And "after a month of fear, people were itching to have their old lives back."

Oil Spill Threatens Major Environmental And Economic Damage. NBC Nightly News (8/19, story 3, 2:30, Seigenthaler) reported, "There is growing concern in Lebanon over what is being described as that country's worst environmental disaster ever, a massive oil spill caused by the fighting there. The United Nations pledged $64 million to clean it up but it could take years." NBC (Savidge) added Israeli jets struck a power plant and "up to 15,000 tons of fuel oil poured into the sea." And "for weeks nothing was done." The spill "coats the coast of Lebanon and Syria for more than 80 miles and threatens beaches of Turkey, Cyprus and Greece." Since, "Lebanon is a breeding ground for all kinds of wildlife and a nursery for endangered sea turtles" and its "tourism industry is needed to fund the country's reconstruction. It is a tragedy as great as the war."

Olmert Seen As Endangered Politically. The Los Angeles Times (8/20, King) reports, "Israel's costly and

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inconclusive war in Lebanon has triggered a round of internal recriminations so bitter that some observers question whether Prime Minister Ehud Olmert's government can survive." The cease-fire is said to "fulfill almost none of Israel's war aims" and "a wave of public discontent threatens the careers of several senior Olmert associates, and perhaps even the prime minister, analysts say." Polls "indicated that more than half of Israelis thought" Defense Minister Amir Peretz "should be removed." While Army Chief of Staff Lt. Gen. Dan Halutz "is another potential casualty." Further, "commentators have generally concluded that" Foreign Minister Tzipi Livni "did a less-than-effective job of presenting the government's rationale for the war to foreign leaders, forcing Israel to accept a premature end to the fighting."

Israel Arrests Palestinian Deputy Prime Minister. The Washington Times/AP (8/20, Daraghmeh) reports, "Israeli soldiers burst into the home of" Palestinian deputy prime minister Nasser Shaer "before dawn yesterday and took him away for questioning, detaining the highest-ranking Hamas official in a seven-week-old crackdown." In response "Palestinian officials condemned the arrest…and accused Israel of undermining their efforts to form a broad government coalition." Shaer "is considered to be among the more pragmatic members of the Hamas government."

Gaza-Egypt Border Crossing Opened. The AP (8/20, Sweillam) reports, "The border between Egypt and the Gaza Strip opened Saturday, giving hundreds of stranded Palestinians the chance to return to Gaza for the first time in a month." This is "the third time the border has been opened since fresh fighting erupted in Gaza on June 25." While the Rafah border crossing opened, "other, smaller crossings remain closed." The "T opening was a joint decision by Egypt, the European mission monitoring the crossing and Israel, which has the final say."

Palestinian Press Protests Journalists' Kidnapping. The Washington Post/AP (8/20, A12) reports, "About 30 members of the Palestinian journalists' union gathered outside the parliamentary building in Gaza" to protest the kidnapping of Fox News correspondent Steve Centanni and Cameraman Olaf Wiig, "as concern about the men's safety grew." Security officials say "they were concerned for the Fox journalists because no other foreigners have been held this long and all major militant groups in Gaza have denied involvement."

UN Said To Be Unable To Keep Peace If Major Powers Cannot Cooperate. Yale Professor Paul Kennedy writes in the Los Angeles Times (8/20), that the UN cannot be expected to "bring lasting peace to Lebanon" because where "the players are willful and powerful, it can only hope for a fragile peace to continue." And "it remains convenient for the major powers to blame the world body for their own failures to cooperate."

The Milwaukee Journal Sentinel (8/20) writes in an editorial, "So who won the war in southern Lebanon? Answering this is consuming the time of many expert spinmeisters, American, Israeli, Arab and Iranian. The better question is how the peace will be won." The paper says that will require disarming Hezbollah and "compelling Iran and Syria to halt the flow of arms and cash to Hezbollah." It will also require "putting more U.S. muscle into wider Jewish-Palestinian peace efforts and making greater strides in convincing much of the Arab world that it is better to live together than to die together."

Israeli MP Says Army Put Too Much Faith In Air Power. The New York Times (8/20) reports, "In an article in the Israeli daily Haaretz about the recent Lebanon war, a Likud member of Parliament, Yuval Steinitz, argued that the Israeli Defense Forces have put too much faith in air power and neglected ground-war capabilities." A "factor that made neglect in the military power structure more severe was the self-persuasion of senior security force members who believed that conventional warfare had seen its final days."

President And Secretary Rice Urged To Push France To Make Greater Contribution To Peacekeeping. The Los Angeles Times (8/20) writes in an editorial, "After France indicated that it would contribute a paltry 200 additional soldiers to a Lebanese peacekeeping force, President Bush responded with what can best be described as politesse." But, "the president and Secretary of State Condoleezza Rice needn't be so courteous in their private conversations with French officials." France's offer is "a slap in the face to the United States, not to mention an impediment to the cause of peace in Israel and Lebanon."

Iran Test Fires Short Range Missile. The AP (8/20) reports, "Iran on Sunday test-fired a surface-to-surface short-range missile a day after its army launched large-scale military exercises throughout the country, state-run television reported." The Saehgeh (Lightning) missile "was tested in Kashan desert, about 150 miles southeast of Tehran." It reportedly "has a range of between 80 to 250 kilometers." The AP writes that, even though Iran routinely tests weapons,

DOJ_NMG_0050322

the timing of this test "in the wake of the Lebanon-Hezbollah fighting, seemed certain to create new tensions with the West." It also notes the Iranian effort to build weapons domestically: "Since 1992, Iran has produced its own tanks, armored personnel carriers, missiles and a fighter plane, the government has said. It announced in early 2005 that it had begun production of torpedoes."

Ahmadinejab Urges Removal Of Blair. The AP (8/19) reports, "Britain's close alliance with the United States is damaging its standing in the Muslim world" said Iranian President Mahmoud Ahmadinejad in a report in London's Guardian newspaper and "urged Britons to evict Prime Minister Tony Blair's government from office."

Engagement Recommended, With Limits On Compromise. The Dallas Morning News (8/20) editorializes, "If not a true sign of hope, it was, at least, a wrinkle. Iran's foreign minister said last week that his government might discuss suspending its uranium enrichment program," and "the United States and its allies would be smart to engage Iran – for our own good," as "to the extent the U.S. and its allies can, it makes sense to nudge" the Shiite Muslim movement "into the larger world of stable alliances and thriving economies. Iran is central to this approach as the Shiite stronghold." It "won't come close to being easy, but the U.S. has cards to play" such as offers to "help Iran with its oil-refining capacity or work indirectly with Iranian moderates through Germany and Russia." However, even with engagement, "Iran doesn't get to keep any of its nuclear program, if it agrees to pull back its proxy Hezbollah from the brawl in Lebanon. … If it stiffs the United Nations, the U.N. and U.S. must sanction Iran."

Mexico Prepares For Social Unrest From Election Decision. The Los Angeles Times (8/20, Tobar) reports that Mexican "Federal authorities deployed…tanks to prevent supporters of leftist presidential candidate Andres Manuel Lopez Obrador from shutting down Mexico's legislature in a bid to pressure the Federal Electoral Tribunal to order a full recount of all 41 million votes in the disputed July 2 presidential election. On Monday, the first and only street battle of Mexico's election controversy erupted outside Congress when federal police arrived to disperse supporters of Lopez Obrador. A handful of lawmakers were bruised in the melee." Also, "Some members of Lopez Obrador's leftist Democratic Revolution Party, or PRD, have said they will launch a sustained nationwide program of civil disobedience if the tribunal declares Calderon the winner." However, "As the election saga reaches its endgame, there are also indications that some PRD members would balk at taking the radical actions that others in their party favor," as "many residents say the capital is being held hostage by Lopez Obrador and his supporters. Even longtime backers of the leftist candidate have said the decision to blockade the capital's streets has been a grave political mistake" which is "seen as a political disaster for Alejandro Encinas, the outgoing mayor of Mexico City and a close Lopez Obrador ally."

Cuba Said To Have Modern Next To Old. The Los Angeles Times (8/20, Johnson) reports, "On the streets of Havana, glimpses of a possible post-Fidel future already may be seen. These mental snapshots leave contradictory impressions. In many ways, Cuba remains frozen in the late 1950s," but also, "Around Havana, there is evidence of the effect of foreign investment and economic joint ventures with the Cuban government that Castro began encouraging after the island lost its longtime Soviet sponsorship in the early 1990s." Now "capitalism isn't always a dirty word in modern Cuba."

Chavez Claims To Have Captured Four US Spies. The New York Times (8/20, Romero, 1.21M) reports that Venezuelan "President Hugo Chávez said that the authorities here had captured four people who were spying for the United States, and he taunted the Bush administration for making Venezuela a target of high-level intelligence scrutiny." Brian Penn, a United States Embassy spokesman, said, "We have no idea what the president is talking about." Chavez "ridiculed the administration's establishment of a mission manager for intelligence on Venezuela and Cuba," saying "They selected Jack the Ripper," and, "Whatever their plan is, we stand ready to defeat it." Various "accusations of spying have become commonplace in Venezuela in the past two years," and "Authorities have offered little evidence in relation to the various spying charges." Similarly, "the new accusations contained few details." The AP (8/20, James) adds that Penn recalled, "more than a year ago, a clerical official working in a military office at the embassy had her purse stolen in Valencia and that inside it was a disposable camera," but she "was never detained or formally accused of spying."

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U.S. Subsidies Boosting Venezuela Oil Profits. The Washington Times (8/20, Hearn) reports, "Venezuelan President Hugo Chavez, one of the hemisphere's harshest critics of the United States, is receiving hundreds of millions of dollars in subsidies from Washington, thanks to an obscure 20-year-old oil pricing formula. … The net effect is to reduce Citgo's taxable earnings in the United States and to boost Venezuela's share of oil profits by as much as $1 million a day." The reports adds, "The U.S. Congress' Government Accountability Office (GAO) says that the United States is ill-prepared for a disruption in Venezuelan oil, which could cost the U.S. economy $23 billion in losses to its gross domestic product."

Pinochet Faces More Legal Trouble. The AP (8/20, Press) reports, "Chile's Supreme Court voted Friday to strip Gen. Augusto Pinochet of immunity from prosecution, an official said, allowing him to be tried on corruption charges involving his once-secret multimillion-dollar overseas bank accounts. Judge Carlos Cerda said he found evidence that General Pinochet, 90, the former dictator, used $2 million in government funds to benefit himself and his family during his rule, from 1973 to 1990." The report adds, "The decision adds to General Pinochet's legal problems. His immunity also has been lifted in cases against him involving human rights abuses and tax evasion."

Russia Said To Harbor Anti-Americanism. Rajan Menon, a fellow at the New America Foundation and Monroe J. Rathbone professor of international relations at Lehigh University, writes in an op-ed in the Los Angeles Times (8/20), "The Bush administration's imposition of sanctions on two Russian companies this month for selling military technology to Iran certainly sends the Kremlin a message — but it won't be the one the White House has in mind. The penalties will only deepen the hostility that Russia's political establishment feels toward the United States." The "chaos; the economic contraction; the extreme poverty; the robber barons" of the 1990's in Russu are associated with the US, and "NATO's expansion also feeds Russian anti-Americanism." Today, "it's folly to assume that a new, post-Soviet generation will seek greater harmony with the U.S. or that Russia's accession to the World Trade Organization (certain to occur) and market forces will necessarily integrate it into the West."

Congo Vote Appears Headed Towards Runoff. The New York Times (8/20, Gettleman, Sundaram, 1.21M) reports, "With more than half of the vote counted, the race for the president of Congo seems headed toward a runoff between Joseph Kabila, the incumbent, and Jean-Pierre Bemba, a tycoon who has been accused of war crimes. On Saturday, the Congolese election commission released a batch of new results indicating that Mr. Kabila was ahead 48 percent to Mr. Bemba's 18 percent, with nearly 12 million of an estimated 20 million votes counted. The rules call for a runoff in October if no candidate clears the 50 percent mark."

Milosevic Estate Left Unclaimed. The Washington Times (8/20, Scepanovic) reports, "Slobodan Milosevic, the former Serbian strongman who died in March, left land and property worth tens of millions of dollars, but no heirs have come forward to claim it, according to lawyers administering his estate. By law, his heirs have to launch legal action if they wish to take possession of their inheritance. Yet his son, Marko, and his widow, Mirjana Markovic, are both on the run." The report adds, "Wanted in Serbia for fraud, they are believed to have fled to Russia."

WPost Columnists Call For Less Criticism Of Japan, While Encouraging End To Yasukuni. Jim Hoagland writes in his column in the Washington Post (8/20, B7), "Germany and Japan have served six decades on global probation. It is time for their neighbors, their citizens and the international community to acknowledge the thorough transformation of the former Axis powers into fully democratic and morally responsible nations." Guenter Grass and Prime Minister Junichiro Koizumi of Japan remind of us this. Despite his revealing he was conscripted into the Waffen SS, Grass's "works and the recognition they have received are…important indicators of Germany's having come to terms with the past more successfully than have other world powers, particularly Russia and China." Also, "China and other Asian nations are engaged in the pursuit of tactical advantage, not historical truth, in pretending they possess moral superiority over an unreconstructed Japan. It is the unfinished transformation of China, not of Japan, that is the urgent moral and political question today in Asia. It is China's military buildup…that is the destabilizing force in Asia. Americans and Europeans should not be taken in by Beijing's flimflammery on" Koizumi's visits to the Yasukuni war shrine. "Such

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protests and the discrimination against Germany and Japan written into the United Nations Charter are now obsolete," although "Tokyo should help clear the way for that step by removing the inscriptions that honor war criminals at Yasukuni." Still, "Germany and Japan both deserve to be heard and treated as the responsible international partners they have become across six decades."

George Will writes in his column in the Washington Post (8/20, B7) that Japan "lives in a dangerous neighborhood with two communist regimes -- truculent China and weird North Korea." Although "three prime ministers visited Yasukuni 20 times without eliciting protests from China" after 14 major war criminals' were enshrined there, "both of Japan's most important East Asian neighbors, China and South Korea, now have national identities partly derived from their experience as victims of Japan's 1910-45 militarism. To a significant extent, such national identities are political choices." China's is "interesting," as "China's regime, needing a new source of legitimacy, seeks it in memories of resistance to Japanese imperialism," even though "most of China's resistance was by Chiang Kai-shek's forces, Mao's enemies." The visits probably will continue, if only for "one of Koizumi's reasons: China should not dictate the actions of Japan's prime ministers." Still, "it would be helpful if" the next prime minister "would discontinue visiting Yasukuni. He could cite the fact, learned last month, that Emperor Hirohito, who died in 1989, stopped visiting it because he strongly objected to the war criminals' enshrinement." Relations between Japan and China "are colder than at any time since relations were normalized in 1972," even though "relations other than diplomatic ones are flourishing. China is, after America, the second-most popular destination for Japanese tourists."

WTimes Calls For Stopping Money From Reaching Tamil Tigers. The Washington Times (8/20) editorializes, "Violence perpetrated by the separatist rebels known as the Liberation Tigers of Tamil Eelam have beset Sri Lanka since the mid-1980s," and while "the fight against the Tigers, most of whom are Hindu, is a predominantly regional battle, not a part of the greater war against Islamic fascism," Sri Lanka's "terrorism is not entirely isolated from the larger war. Terror tactics pioneered by the Tigers -- most notably suicide bombings -- have been incorporated by other terror groups." In order "to make meaningful progress toward a permanent resolution of the crisis, cease-fires cannot function merely as opportunities for the Tigers to regroup. In short, the Tigers' ability to rearm themselves needs to be curtailed, and one way to do that is to stop the flow of money to Sri Lanka from Tiger sympathizers, particularly those in the West."

WPost Notes China's Lack Of Liberty With Reporter's Trial. The Washington Post (8/20, B6) editorializes, "The Chinese government isn't even pretending that Hong Kong journalist Ching Cheong is getting a fair, impartial trial," and "the embassy here in Washington is already making clear that his guilt is a foregone conclusion." However, "other than the vague promise that Mr. Ching has confessed, the government has released no evidence," and "We'll eat this editorial if there is any credible evidence that Mr. Ching is a spy." Although "The bet that political liberty inevitably would follow economic modernization and trade in China may yet prove out in the long run," that "long run is proving very long indeed."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

A Tortured Past
Victim's Resolve Brings Down a Star of Science
FBI Races the Clock to Reinvent Itself
Baghdad's Walls Are Closing In
The Reason KZLA Up and Left for Another Fan
Israeli Incursion Strains Truce With Hezbollah

New York Times:

New York Gets Sobering Look at Its Pensions
Truce Strained as Israelis Raid Lebanon Site
Hospitals Grew With Medicare Paying the Way
In British Inquiry, a Family Caught in Two Worlds
Police Spar in London Over Muslims as 'Victims'
Using Nearly Nude Pictures, Child Sex Sites Test Laws
CBS Is All Katie, but Rivals Aren't Standing By
I.R.S. Enlists Help in Collecting Delinquent Taxes
Democrats Set Primary Calendar and Penalties
Argentina's Dictatorship Stands Trial
Shifting Sands: And Now, Islamism Trumps Arabism
Rural Oregon Town Feels Pinch of Poverty
The Rise of Shrinking-Vacation Syndrome

DOJ_NMG_0050325

Out of Siberia, a Russian Way to Wealth

Washington Post:

Israeli Forces Raid Hezbollah Stronghold
Brazil Finds the Road to Energy Independence
A Covert Chapter Opens For Fort Hunt Veterans
Scientists Disagree On Link Between Storms, Warming
Md. Iraq Veteran and Thousands Like Her Are Coping With Post-Traumatic Stress
GOP's Financial Edge Shrinks

Washington Times:

Shi'ite revival roiling Mideast
Israeli raid aims to cut off arms resupply
U.S. charity for Chavez
Democrats eye inroads among NASCAR fans
For Webb, road to Senate lies in Southwest Va.

Atlanta Journal-Constitution:

John Karr's life combed for clues
Policies lax for substitutes
Crematory case comes to end
Late fees routine for lawmakers
GIs killed in Afghan clashes

Dallas Morning News:

Security concerns divert D/FW-to-Miami flight
Tech, test scores not adding up
Sprouting subdivisions could triple Kaufman County population
Drought preys on birds at rehab center
Truce strained by Israeli raid
Reality TV star Bam Margera's uncle held on sex charges

Houston Chronicle:

School funding issue is personal for some lawmakers
Dinner brings Rove, protesters to Austin
Israeli raid moves truce to the brink
Web sites allow students to grade their teachers
Strayhorn says parties may change, politics don't
Public mental health system in crisis after Katrina

Story Lineup From Last Night's Network News:

ABC: Israeli raid; Lebanese return to Beirut; JonBenet Ramsey; Diesel cars; DNA medical mystery; Clinton turns 60.
CBS: Pre-empted by PGA Championship.
NBC: JonBenet Ramsey; Israeli raid; Lebanon oil spill; Europe terror plots; Afghanistan/Iraq update; FBI training; Teacher incentives; Clinton and Bush at 60.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House: PRESIDENT BUSH — 1 p.m. President and Mrs. Bush arrive at the White House. South Lawn.

VICE PRESIDENT CHENEY — Unavailble.

US Senate: No scheduled events.

US House: No scheduled events.

Other: No Scheduled Events.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, AUGUST 20, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
UK Arrests In Plane Bombing Plot Resulted From Long-Term Surveillance Of Groups ... 2
German Police Make Arrest In Train Bombing Attempt ... 3
ACLU's Court Shopping Regarding NSA Wiretapping Case Described ... 3
War On Terror Said To Have Revealed Civil Liberties As Impractical ... 5

Homeland Response:
DHS R&D Directorate Alleged To Have Squandered Time And Funds ... 5
FBI Clears Airline Passenger Suspected Of Tampering With Smoke Detector ... 5
Bush's Pledge To New Orleans Said To Have Gone Unfulfilled ... 5

War News:
Bush Determined To Remain In Iraq ... 7
Car Ban Disrupts Baghdad ... 7
U.S. Soldier Killed In Anbar Province ... 8
Iranian Shells Kill 2 In Iraqi Kurdish Villages ... 8
CRS Says DOD Estimates Reflect Only 70% Of War's Cost ... 8
Rise Of Shi'ites Seen As Challenge To Bush Policy ... 8
4 US Soldiers Killed In Afghanistan ... 8
Long-Inactive Soldiers Are Sent Back To Fight ... 9
U.S. Urged To Prepare For Iraq Civil War ... 9
Armitage Calls For Firmer Support For Pakistan ... 9
Baltimore Sun Denounces Bush's Conduct Of Iraq War ... 9

Corporate Scandals:
US Efforts To Seize Lay Estate Could Meet With Juror Opposition ... 10
US Urges Judge To Reject Bid To Move Nacchio Trial ... 10
Fannie May Claims Final Accounting Errors Have Been Found ... 10

Criminal Law:
Klaas Hometown Residents Stunned By Link To Ramsey Suspect ... 10
Child Sex Sites Push Legal Envelope ... 10
Jefferson's Dealings With Kentucky Businessman Examined ... 11
US Using RICO Laws Against Gangs ... 11
Medicare Fraud Key To Rise OF New Jersey Provider ... 11

Civil Law:
Military Said To Have Sought To Discredit Vietnam War Crimes Whistle Blowers ... 12
NYTimes Says Tobacco Industry Racketeering Ruling Lacks Proper Restitution ... 12

Civil Rights:
Kim Defends DOJ Actions In Alabama Voter Database Case ... 12
Attorney Calls For Changes At Mississippi Jail ... 12
Investigation Finds Army Recruiters Committed Sex Abuse ... 13
Oklahoma Ten Commandments Display Ruled Constitutional ... 13

Antitrust:
New Jersey Agency In Spotlight With Utility Merger ... 13
Private Investors Prevail In Petco Bidding ... 13
Fur Industry Troubled By Allegations Of Collusion ... 14

Environment:
Alaska Subpoenas Oil Firms Over Pipeline Problems ... 14

FBI/DEA/ATF/USMS:
FBI Training Said To Remain Focused On Law Enforcement Rather Than Counterterrorism ... 14
US Captures Head Of Violent Mexican Drug Cartel ... 15
Columnist Questions DOJ Pressure On BALCO Reporters ... 15

Immigration:
States' Immigration Legislation Expected To Be Thrown Out In Court ... 15
Romney Says US Should Welcome Skilled Immigrants ... 16
Schwarzenegger's Immigration Stance Could Deprive Him Of Latino Support ... 16

Tax:
Private Collectors To Collect Back Taxes For IRS ... 16

Congress-Administration:
Veterans Turn To VA For PTSD Counseling ... 16
Conservatives' Criticism Of Bush And Iraq War Noted ... 16
Sherwood Undergoes Heart Surgery ... 17
Sheehan Among Protestors Disrupting Rove Event ... 17
International Space Station Construction To Resume ... 17

Other News:

Positive Economic Reports Boosted Stock Market 17
DNC Adds Nevada And Couth Carolina To Early 2008 Nomination Calendar 17
Clinton Said To Have Already Established 2008 Campaign Machinery 18
Endangered GOP Incumbents Lack Overwhelming Fundraising Edge..... 18
GOP Officials Warned Schlesinger Not To Expect Their Support18
Democrats Say Webb Must Stay Competitive In Rural Virginia To Beat Allen 18
MN6 DFL Candidate Accused Of Failing To Speak Clearly On Important Issues 19
Michigan's Economic Troubles Imperil Granholm's Reelection... 19
Ehrlich Outlines His Second Term Agenda 19
Electronic Medical Records Seen As Likely To Disrupt Some Health Care Businesses 19
Politicization Of Wal-Mart Analyzed..... 20
Bin Laden Capture Seen As Potential "October Surprise." 20
Extensive Election Reforms Called For 20
CBS Launches Massive Marketing Blitz For Couric..... 20
Israeli Raid In Lebanon Seen As Major Violation Of Ceasefire... 20
Iran Test Fires Short Range Missile..... 23
Mexico Prepares For Social Unrest From Election Decision..... 24
Cuba Said To Have Modern Next To Old..... 24
Chavez Claims To Have Captured Four US Spies..... 24
U.S. Subsidies Boosting Venezuela Oil Profits..... 24
Pinochet Faces More Legal Trouble..... 24
Russia Said To Harbor Anti-Americanism 24
Congo Vote Appears Headed Towards Runoff 25
Milosevic Estate Left Unclaimed 25
WPost Columnists Call For Less Criticism Of Japan, While Encouraging End To Yasukuni 25
WTimes Calls For Stopping Money From Reaching Tamil Tigers25
WPost Notes China's Lack Of Liberty With Reporter's Trial..... 26

The Big Picture:

Headlines From Today's Front Pages 26

Washington's Schedule:

Today's Events In Washington 26

TERRORISM NEWS:

UK Arrests In Plane Bombing Plot Resulted From Long-Term Surveillance Of Groups. The Los Angeles Times (8/20, Rotella) reports, "risk management" was "the driving philosophy behind the extended surveillance operation that culminated last week in the arrests of about 40 people in Britain and Pakistan suspected of plotting to blow up U.S.-bound planes over the Atlantic." It "began almost a year ago" when "British police and MI5 intelligence agents initiated surveillance of two seemingly distinct extremist groups." They "discovered that members of one group had trained at a militant camp in Pakistan" and "surveillance showed that the two groups were connected and that police were watching a potential terrorist cell take shape." The investigation "integrate[d] intelligence and investigation" which allowed for a combination of intelligence services providing surveillance while police put together a case for prosecution. The British and "other European security forces" are said to have developed successful techniques because of their own long-running experience with terrorist groups.

Family Seen As Link Between Britain And Pakistan. The New York Times (8/20, A1, Fisher, Kovaleski) reports in a front-page story on the Rauf family, father Abdul "seems a classic immigrant to Britain: a Pakistani who settled in Birmingham, he opened a bakery and worked long hours. But he also kept exceptionally strong ties to the old country, starting a charity that raised money meant to help Pakistanis in need." Son Rashid "fled" to Pakistan and "apparently joined an extreme Islamic group." Son Tayib "seemed to be following in his father's footsteps as a hard-working baker in Britain." Tayib "was one of 24 Muslim men arrested in the plot to blow up airplanes over the Atlantic, only a day after his brother, Rashid, was arrested in Pakistan amid allegations that he was one of the chief plotters." The Raufs are said to be "the strongest possibility" of a "connection between the mostly young and British-born people who have been detained and the world of sophisticated terrorism based thousands of miles away in the murky recesses of Pakistan and Afghanistan." And "there is evidence that at least one of the suspects in detention was involved in the Rauf charity." But "the whereabouts of Abdul Rauf, 52, are unknown."

British Police In Dispute Over Racism Of Counterterror Practices. The New York Times (8/20, Cowell) reports, "British police officers investigating what they have depicted as a major terrorist plot by Islamic radicals became embroiled Saturday in a remarkable public dispute over whether Muslims in Britain should be depicted as victims. … Two high-ranking police officers of South Asian background have warned in recent days that Muslims feel a keen sense of discrimination against them." The officers, Tarique Ghaffur, the assistant commissioner of London's Metropolitan Police force, and Chief Superintendent Ali Dizaei, "one of Britain's most senior Muslim officers," said British counterterrorism measures have seemed discriminatory to Muslims. Meanwhile, Chief Superintendent Simon Humphrey, "the head of an association representing senior police officers, told the conservative Daily Mail newspaper on Saturday: 'Unfortunately, a small, extremely

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vocal and potentially very influential minority are trying to hijack the terrorism issue and turn it into a debate on racism.'"

Angry UK Intelligence Agencies Tell FBI To Stop Discussing Plot Details. Under the headline "Police Hit Out At FBI Over Leaks," The (UK) Observer (8/20, Doward, Townsend) reported, "Anti-terror police in Britain have made an angry request to their US counterparts asking them to stop leaking details of this month's suspected bomb plot over fears that it could jeopardise the chances of a successful prosecution and hamper the gathering of evidence." MI5 and MI6 "are understood to be dismayed that a number of sensitive details surrounding the alleged plot -- including an FBI estimate that as many as 50 people were involved -- were leaked to the media. FBI sources confirmed to The Observer that the bureau had been ordered to stop briefing at the request of the British authorities. 'The shutters have come down,' a bureau source said. 'We have been told not to discuss the case any more.'"

Value Of British Example Disputed. The Los Angeles Times (8/20, Schmitt) reports, "The uncovering of an alleged bomb plot in London has focused new attention on the differences in the legal arsenals available to terrorism hunters in the U.S. and Britain. Some Republican lawmakers contend the U.S. should emulate parts of the British model because it gives agents more flexibility in monitoring and detaining suspects. But critics say such expansive powers come at a great cost: British laws are generally considered more hostile to civil liberties, and trying to adopt such rules in the U.S. would create legal and public outcry." And "it is far from clear whether Britain's less-restrictive laws for combating terrorism deserve the credit." Bush administration officials also "said the British experience may contain lessons for America." Homeland Security Secretary Michael Chertoff "refused to say the law should be changed." The Bush administration is said to have "achieved a functional equivalent" to British laws allowing preventative detention "through interpretations of other laws, such as those allowing for the detention of people who are material witnesses to crimes."

WPost Praises DHS Response To British Terror Plot. The Washington Post (8/20, B6) editorializes, "Critics of the Department of Homeland Security (including this page) have done a lot of second-guessing (well-deserved) of the agency since its inception. So it's only fair to mention that the department's response to the recent London terrorist threat was measured, calm and efficient. … Homeland Security Secretary Michael Chertoff acted with reassuring calm, provided as much information as he could and adopted a nuanced approach to raising the terror alert -- a welcome departure from the department's early tendency to issue the-sky-is-falling bulletins."

German Police Make Arrest In Train Bombing Attempt. NBC Nightly News (8/19, story 4, 2:00, Seigenthaler) reported, 'There are new concerns about terrorism in Europe tonight after German police arrested a Lebanese man in connection with last month's attempted bombing of a passenger train there." Police "are searching for a second suspect. The big concern is the sophisticated planning may indicate a broader plot." Meanwhile, "In London, there is new information in another terror investigation revealed last week." British authorities said "video martyrdom messages" and "a suitcase of bomb-making equipment near some of the suspects' homes lead analysts to believe the attacks were not far off." NBC added, "Some fear the police had to act sooner than they wanted under pressure from the US."

ACLU's Court Shopping Regarding NSA Wiretapping Case Described. The New York Times (8/20, Glater) reports, "When lawyers at the American Civil Liberties Union were deciding where to file their case against the Bush administration's policy of wiretapping the international communications of some Americans without a court warrant, they chose Detroit, more specifically the United States District Court there. … No one has said that filing the same case elsewhere would have led to a different outcome. Nor do lawyers generally claim that where a case is filed determines how a judge will dispose of it." However, "lawyers say that anyone who does not think carefully about what court to file a lawsuit in, as well as what judge might preside and who might sit on a jury, acts foolishly."

Ruling Praised. The Philadelphia Inquirer (8/20) writes in an editorial, "The ends justify the means. Oh, and by the way, President Bush says the means are constitutional. And he's never wrong. That sums up the rebuttals from the Bush administration to those who fear that the White House's antiterrorism tactics sometimes overreach the Constitution, and even morality." But "here's the problem: On surveillance, as well as on detention and trial of terror suspects, the administration has wasted vast energy and credibility devising extra-legal strategies to achieve its ends." These "are getting shot down by federal courts." It concludes, "the nation can be safeguarded without forsaking its core values."

More Commentary. The Chicago Tribune (8/20) editorializes, "After a federal judge ordered a halt to the National Security Agency's eavesdropping on calls and e-mails between the United States and foreign countries, the administration was quick to assert that that's not the final word. President Bush instructed the Justice Department to file an appeal. At any rate, the surveillance will continue at least until early September, when another hearing is scheduled. … But while the outcome is still up for grabs, this verdict affirms the likelihood that the administration won't be able to extend

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this program indefinitely without some agreement with Congress to submit it to periodic court review. It suggests that the administration had better reach agreement with Congress on an approach that would be more likely to satisfy the judiciary." The Tribune concludes, "This decision ought to be a spur to the president and attorney general to reach agreement with Congress on the new tools that are needed to fight terrorism and get them incorporated into law. Sen. Arlen Specter (R-Pa.), chairman of the Senate Judiciary Committee, has proposed a sensible measure to sanction this approach while subjecting it to periodic review by the FISA court. Passing such a bill would not mean an end to litigation, but it would give the administration a much better chance of preserving a program the nation needs."

The Cincinnati Enquirer (8/20) editorializes, "Federal Judge Anna Diggs Taylor in Detroit dealt a well-aimed blow to President Bush's claims of extraordinary wartime powers by issuing a permanent injunction Thursday against the administration's warrantless wiretapping. … Taylor issued a balanced ruling. She allowed the government's secret data-mining operations, which do not involve listening to the content of calls, to continue. But she ruled against warrantless wiretapping on grounds the government had already publicly admitted to the practices challenged by the lawsuit, and that the president exceeded his constitutional powers. The Justice Department immediately appealed, and the case will go next to the Sixth Circuit Court of Appeals here in Cincinnati." The Enquirer adds, "Does the end of catching terrorists justify the unconstitutional means of intercepting communications without search warrants? We agree with Taylor that it does not. … Does that worthy end justify skipping judicial scrutiny for probable cause? The strength and survival of our form of government depend on constitutional checks and balances between the three branches of government. Even if FISA's secret court could be a rubber stamp, it's more than a formality. It's an affirmation that even presidents are not immune from judicial scrutiny and federal law."

The Las Vegas Sun (8/20) editorializes, "U.S. Attorney General Alberto Gonzales plans an appeal, and his staff has asked the court to block Taylor's order to stop warrantless wiretapping until after the appeal has been decided. Gonzales said that while the court is considering that request, 'We will continue to utilize the program to ensure that America is safer.' … What has never been satisfactorily explained by Bush or his staff is why they are so adamant about bypassing the Foreign Intelligence Surveillance Court. This is a special court established after the 1978 Foreign Intelligence Surveillance Act, known as FISA, was passed to prevent abuses of presidential power." The Sun adds, "The court, whose proceedings are carried out in secret, over the years has granted almost every request to come before it. The court even allows federal surveillance to begin without warrants as long as they are applied for later. But Bush claims that, as a war president, as commander in chief, he has full authority to ignore FISA and the court it spawned. … Many legal scholars, including law professors from some of the nation's finest universities, reject Bush's contention. And on Thursday another expert voiced his opinion. Lee Hamilton, a former Indiana congressman who served as vice chairman of the 9/11 Commission, said in reaction to Judge Taylor's ruling, 'You do not put unchecked power anywhere in the administration.' .. We agree, and we hope the U.S. Supreme Court will agree as well, if the appeal goes that far."

In an op-ed in the Chicago Tribune (8/20), George Washington University law professor Jonathan Turley writes, "While Atty. Gen. Alberto Gonzales insists that the legal authority for the program is clear and filed a notice of appeal with the 6th U.S. Circuit Court of Appeals, few experts outside of the Bush administration support the program. To the contrary, federal law seems perfectly clear in prohibiting warrantless surveillance. Even leading Republicans, like Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), have denounced the surveillance program." Turley adds, "The far more difficult question is the implication of Taylor's ruling. If this court is upheld or other courts follow suit, it will leave us with a most unpleasant issue that Democrats and Republicans alike have sought to avoid. Here it is: If this program is unlawful, federal law expressly makes the ordering of surveillance under the program a federal felony. That would mean that the president could be guilty of no fewer than 30 felonies in office. Moreover, it is not only illegal for a president to order such surveillance, it is illegal for other government officials to carry out such an order. … For people working in government, this opinion may lead to some collar tugging. If Taylor's decision is upheld or other courts reject the program, will the president promise to pardon those he ordered to carry out unlawful surveillance?" Turley concludes, "The effort to avoid any further judicial review is likely to increase in the wake of this decision. Though publicly professing absolute confidence in their legal authority, the Bush administration has struggled in dozens of courts to avoid any actual ruling on that authority by seeking to dismiss such cases before review can occur. … When one looks at this train track, it is easy to understand why the administration is not eager to have to present its legal case in court. … It is not alone. This may be the first public commission of federal crimes by a president that is uniformly ignored by members of both parties. It is simply an inconvenient time and a most inconvenient crime. If only we could stop these pesky inconvenient opinions."

The Decatur (AL) Daily (8/20) editorializes, "Now that a federal judge has ruled the Bush administration's warrantless surveillance program unconstitutional, U.S. Attorney General Alberto Gonzales should focus on how to make the program legal. … Instead of appealing U.S. District Judge Anna Diggs

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Taylor's ruling, Mr. Gonzales should work with Congress and the Foreign Intelligence Surveillance Act Court to devise a plan that will allow intelligence officers to listen in on terrorists' conversations without trampling on the rights of law-abiding Americans." The Daily adds, "The bottom line is that there is already a mechanism in place — the FISA Court — that allows the National Security Agency to legally monitor suspected terrorists overseas. .. . If Mr. Gonzales is really interested in protecting Americans and his true agenda isn't expanding presidential powers, he will advise his boss to utilize the FISA Court."

War On Terror Said To Have Revealed Civil Liberties As Impractical. In a piece for the New York Times Magazine (8/20) Christopher Caldwell notes a speech in which Prime Minister Tony Blair said global terrorism "means traditional civil liberty arguments are not so much wrong as just made for another age." According to Caldwell, "If you wanted to figure out how the airline plot will change the West, Blair's words would be a good place to start. Fiery speeches have abounded in the five years since Sept. 11 2001, but this is a radical departure. Blair was not trying to buck us up and steel our resolve by saying that we're at war and that we'll have to pitch in and sacrifice our liberties for a while. He was saying that war has shown many of our liberties to be illusory. The 'civil liberties' we know do not bubble up from natural law or from something timeless and universal in the human character. They may be significant accomplishments, but they are temporal ones, bound to certain stages of technology or to certain styles of social organization. Maybe there was something like an Age of Civil Liberties, Blair was telling us, but it is over."

HOMELAND RESPONSE:

DHS R&D Directorate Alleged To Have Squandered Time And Funds. The Washington Post (8/20, A8, Hsu) reports the Homeland Security Department's Science and Technology Directorate "is so hobbled by poor leadership, weak financial management and inadequate technology that Congress is on the verge of cutting its budget in half." The Directorate "has struggled with turnover, reorganizations and raids on its budget since it was established in 2003, according to independent scientists, department officials and senior members of Congress. At the same time, the Bush administration's overriding focus on nuclear and biological threats has delayed research on weapons aimed at aviation, a controversial choice that was questioned anew after a plot to blow up U.S.-bound airliners from London was made public Aug. 10. … Despite spending billions of dollars to defend against everything from dirty bombs to anthrax, the administration has not delivered a coherent long-term strategy to underpin its rhetoric, said Albert H. Teich, director of science and policy programs at the American Association for the Advancement of Science (AAAS). Budgets have fluctuated, and personnel has turned over at a rapid rate, according to many who have worked with the department. Nearly all Homeland Security Department research activities will be cut for the first time next year, Teich said."

NYTimes Claims Iraq War Diverted Homeland Security Resources. The New York Times (8/20), in an editorial, writes, "While the administration has been pouring its energies and money into Iraq, it has fallen far behind on steps needed to protect the homeland. … The sad truth is that while some important steps have been taken to harden our defenses against terrorist attacks, gaping holes remain in our security net. For starters, consider aviation, where billions have been spent to improve airline and airport security, with only middling results." The Times concludes, "Almost everyone agrees that the administration has taken some important steps toward greater security, but as the leaders of the 9/11 commission recently commented, it has not made the issue a top priority. The long, costly, chaotic occupation of Iraq, though touted as a front line of the war on terror, has actually sapped energy, resources and top-level attention that would be better applied to the real threat, a terrorist attack on the homeland."

FBI Clears Airline Passenger Suspected Of Tampering With Smoke Detector. The San Antonio Express-News (8/20, Davila) reported, "Authorities do not plan to file charges against a man they detained on suspicion he tampered with ceiling panels in an airplane bathroom, officials said on Sunday. The San Antonio man was a passenger on a Delta flight from Atlanta Saturday night, said FBI Spokesman Erik Vasys." The Express-News added, "Airport police detained the man as passengers left the plane. FBI officials later searched the man's home, with his permission, Vasys said. Nothing was found out of the ordinary, and authorities still weren't sure what happened in the bathroom. Vasys said officials didn't even have enough evidence 'to make it a vandalism or damage charge' against the detained passenger, the spokesman said." The AP (8/20) noted, "Vasys said it appeared someone tried to disconnect the detector, but it was still working and wasn't damaged. 'It wound up being the flight attendant's word against a passenger's, and this guy turned out to be not suspicious at all,' he said."

Bush's Pledge To New Orleans Said To Have Gone Unfulfilled. The AP (8/20, Crenson) reports, "Nearly half of New Orleans was still under water when President Bush stood in the Crescent City's historic Jackson

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Square and swore he would 'do what it takes' to rebuild the communities and lives that had been laid to waste two weeks before by Hurricane Katrina. … He promised to spend federal money wisely and accountably. And he vowed to address the poverty exposed by the government's inadequate Katrina response 'with bold action.' A year after the storm, the federal government has proven slow and unreliable in keeping the president's promises." According to the AP, "The job of clearing debris left by the storm remains unfinished, and has been plagued by accusations of fraud and price gouging. Tens of thousands of families still live in trailers or mobile homes, with no indication of when or how they will be able to obtain permanent housing. Important decisions about rebuilding and improving flood defenses have been delayed. And little if anything has been done to ensure the welfare of the poor in a rebuilt New Orleans."

The AP (8/20, Breed) reports, "In many ways, New Orleans is a huge crime scene, with bodies and victims and fingerprints — many, many sets of fingerprints. But who did it? Who is responsible for this mess, for a barely functioning city with large swathes still uninhabited — or uninhabitable — a year after Hurricane Katrina? … The roll of those accused of failing New Orleans is a long one: State and local officials who had no good plan for the disaster, and now preside over a languid recovery. A president who at first seemed remote from the cataclysm, and then made promises that have not been fully realized.

Memorial Events To Mark Anniversary Of Hurricane Katrina. The New Orleans Times-Picayune (8/20) reports, "As weary New Orleanians approach the first anniversary of Hurricane Katrina and the levee breaks that left most of their city flooded and turned them into evacuees, those of a mind to reflect on what happened Aug. 29 can choose from among a wide range of memorial events that begin this week. There will be prayer vigils, gospel concerts and dedications of stone markers in honor of the hundreds of people who died in the floodwaters" The report adds, "There also will be public discussions on how the devastation occurred, how to keep it from happening again and how those who have survived can come together to rebuild their city in a way that leaves its spice and flair intact while offering all residents the opportunity to improve their lot in life, event sponsors say."

Many Displaced Katrina Evacuees Left New Orleans For Good. In an opinion column in The Los Angeles Times (8/20), the New America Foundation's Joel Kotkin writes, "Hurricane Katrina's refugees might never go home, and that's good news for Houston, Atlanta and Dallas." Kotkin adds, "The cities in which Katrina victims are settling have their problems, of course, but they all boast diverse, highly cosmopolitan economies. Houston, Atlanta and Dallas rank in the top five of the best cities for African-Americans to live, according to a recent survey by Black Enterprise magazine. In Houston, one in five businesses is owned by an African American, the magazine says." According to Kotkin, "The prospect of upward mobility in a new location may be the strongest reason for evacuees not to go home."

New Orleans Residents Look Towards Rebuilding. In an op-ed in The Los Angeles Times (8/20), reports, Christine Wiltz writes that an elderly New Orleans couple recently entered "their new trailer from the Federal Emergency Management Agency for the first time, a trailer they had requested 10 months ago and which was delivered three weeks shy of the storm's first anniversary, Aug. 29. … This is the kind of help that I and other New Orleans residents have come to expect from the government; what passes for progress. For this couple, though, the FEMA trailer, a comfortable place to live, means real progress toward getting their house" rebuilt in the aftermath of Hurricane Katrina" Wiltz adds, "Progress can't happen quickly enough. In the most devastated areas of New Orleans, people want the rubble removed and city services restored."

Mississippi Makes Progress Rebuilding After Katrina. In an op-ed in The Los Angeles Times (8/20) the Rand Gulf States Policy Institute's George Penick and Rand Corp.'s K. Jack Riley write, "Hurricane Katrina caused as much devastation and human suffering along Mississippi's Gulf Coast as it did to New Orleans. … Katrina's powerful winds and floodwaters claimed 231 lives statewide, caused more than $100 billion in damages and destroyed buildings, crops and livestock as far as 100 miles inland" Penick and Riley add, "The rebuilding of Mississippi's Gulf Coast has received far less media attention than New Orleans' reconstruction. Recovery has been hard, and although there has been progress, much remains to be done," however, Penick and Riley add, "Mississippi appears to have done more things right than wrong."

New Orleans Leaders Blamed For Failed Katrina Response. In an editorial, The Los Angeles Times (8/20) opines, "It has been almost a year since one of the most destructive natural disasters in U.S. history forever altered one of the nation's most historic cities. New Orleans has yet to recover from Hurricane Katrina, and probably won't until the fifth or 10th or 20th anniversary" The Times adds, "It is the city's leaders, more than state or federal officials, who will bear the responsibility for New Orleans' renewal — or lack thereof. Unfortunately for the residents of the Big Easy, those leaders failed them repeatedly" The Times adds, "But as the first anniversary of the hurricane approaches, it's not too late for the area to turn itself around. The key will be whether Mayor C. Ray Nagin and the City Council stop hoping for a solution to rise naturally from the scattered population and start making some tough decisions themselves."

FEMA Orders Florida Hurricane Victims To Vacate Trailers. The Washington Times (8/20, Hudson) reports, "Hurricane victims living in temporary housing more than two years after four devastating storms struck Florida's coast

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must find permanent homes by the end of next month. More than 90 percent of the hurricane victims have moved out of the travel trailers and mobile homes, which were meant to be used as a short-term solution to the immediate crisis, said Jim Homstad, spokesman for the Federal Emergency Management Agency's (FEMA) Long-Term Recovery Office in Florida." The report adds, "However, more than 1,500 people continue to live in the low-cost housing after FEMA extended its deadline in February beyond the federal requirement of 18 months. … "'FEMA housing assistance should not be considered a permanent housing solution, and it should not be expected to solve local housing shortages that are in place even before a disaster,' Mr. Homstad said."

Debate Over Whether Climate Change Fuels Stronger Hurricanes Continues. The Washington Post (8/20, A3, Eilperin) reports, "A year after Hurricane Katrina and other major storms battered the U.S. coast, the question of whether hurricanes are becoming more destructive because of global warming has become perhaps the most hotly contested question in the scientific debate over climate change. The report adds, "Christopher Landsea, who works in the National Oceanic and Atmospheric Administration's Hurricane Research Division, published an opinion piece in the journal Science late last month in which he argued that data indicating that recent hurricanes have been more intense than those in the 1970s and '80s may be based on flawed information. Measurement technologies were less sophisticated then and may have underestimated the strength of earlier storms, he said."

DC Said To Face "Katrina-Scale" Hurricanes Due To Global Warming. In an op-ed for the Washington Post (8/20, B1) Mike Tidwell, director of the U.S. Climate Emergency Council, writes, "In future years, the White House and all those federal agencies accused of acting too slowly after Hurricane Katrina smashed New Orleans last August will probably find their own D.C. offices threatened by catastrophic flooding from monster storms. They may be hunkering behind massive levees and fantastic floodgates, harried by the annual threat of Katrina-scale hurricanes. Because one year after the great catastrophe in Louisiana, this much is clear: It's coming here. Barring a rapid change in our nation's relationship to fossil fuels, every American within shouting distance of an ocean -- including all of us in the nation's capital -- will become de facto New Orleanians."

WAR NEWS:

Bush Determined To Remain In Iraq. The AP (8/20, Loven) reports on the president's weekly radio address, "President Bush said Saturday that his administration's determination to remain in Iraq and its efforts to end violence in Lebanon are key to protecting the U.S. from future terrorist attacks. Democrats countered that Americans will be safer if the nation begins a phased pullout of U.S. forces from Iraq." Bush "acknowledged that 'the way forward will be difficult.' But, the president said, 'America's security depends on liberty's advance in this troubled region.'" Joe Sestak, "a former Navy vice admiral who is challenging Republican Rep. Curt Weldon in a competitive race outside Philadelphia," responded by urging "a new direction for America's security." He said that "it is time for the U.S. mission in Iraq to end."

Car Ban Disrupts Baghdad. NBC Nightly News (8/19, story 5, :30, Seigenthaler, 9.87M) reported, "In Baghdad thousands of Shiite Muslims marched to a shrine; it is the start of a major pilgrimage. The government banned all vehicles from the streets."

The Washington Post (8/20, Paley, 748K) reports, "Most of Baghdad has been locked down because of a weekend ban on vehicle traffic, which the government imposed to prevent violence during a major Shiite Muslim holiday Sunday. ... The traffic prohibition, announced Friday, provided yet another obstacle for Iraqis struggling for the semblance of ordinary daily life. The ban made it impossible for many to go to work, meet friends or properly observe the holiday." It adds, "Members of the Mahdi Army, the militia of anti-American cleric Moqtada al-Sadr, served as the security for the area around the Kadhimiyah shrine, a sign of the strong grip he exerts on swaths of Baghdad." The Mahdi Army members "appeared to work in concert with Iraqi military and police forces."

Precautions Bring "Measure Of Calm" To Baghdad. The Los Angeles Times (8/20, McDonnell, 918K) reports in a relatively positive article out of Baghdad, "The enhanced security appeared to be effective; no major attacks on Baghdad worshipers were reported Saturday, although authorities said gunmen had killed seven Shiite pilgrims Friday who were walking along a highway in heavily Sunni west Baghdad." However, violence struck elsewhere: "A dozen people were reported slain in and around Baqubah, a mixed Sunni-Shiite town northeast of the capital that has been a frequent hot spot"; at least two of them were reportedly professors, "reflecting a trend in which intellectuals are targeted."

Pilgrims Cope With Security. The Washington Post/AP (8/19, Al-Bashir) reports, "Thousands of pilgrims arrived on foot Saturday at a Shiite shrine in Baghdad to start a major religious commemoration as private vehicles were banned from the streets to prevent car bombings. At least 19 people, including a U.S. soldier, were killed in attacks nationwide." Turnouts of Shiites, suppressed under Saddam Hussein, have been encouraged "as a demonstration of the majority sect's power" since his overthrow. In addition, "Pope Benedict XVI appealed for the release of a priest kidnapped

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at gunpoint in Baghdad, in a telegram sent to the Patriarch of the Iraqi capital." The AP notes that Christians "make up just 3 percent" of the Iraqi population.

Pope Asks For Release Of Priest. The Washington Post/AP (8/19) reports in more detail about the abduction of the priest, saying that the "director of the Theology Department at Babel College, was abducted Tuesday as he left Mass celebrating the Assumption holiday." The Italian press agency MISNA said that the abductors had demanded a "large ransom" but did not specify the amount.

Shiites And Sunnis Feel Trapped In Own Enclaves. The Los Angeles Times (8/20, Fleishman, 918K) reports on the increasing self-segregation of Baghdad's sects: "Conditions that lead Pentagon generals to say civil war is close are already polarizing many neighborhoods. Although Shiites and Sunnis still live side by side in some places, about 200,000 Iraqis, most of them from Baghdad, have left their mixed neighborhoods and taken refuge in communities where they can live among their own. ... Some people carry two identity cards, one for who they really are, the other a lie to save them from death that often waits behind a suspicious gaze."

U.S. Soldier Killed In Anbar Province. NBC Nightly News (8/19, story 5, :30, Seigenthaler, 9.87M) reported, "A U.S. soldier was killed in Iraq today."

The AP (8/19) reports in a brief article, "An American soldier was killed in combat Saturday in Anbar province, the stronghold of the Sunni Arab insurgency west of Baghdad." He was "assigned to the 1st Brigade, 1st Armored Division."

Iranian Shells Kill 2 In Iraqi Kurdish Villages. The New York Times (8/20, Wong, Adham, 1.21M) reports, "Artillery shells fired from Iran have landed in remote northern villages of Iraqi Kurdistan in the past four days and have killed at least two civilians and wounded four others, a senior Kurdish official said Saturday." The shellfire has been directed "at an area around Qandil Mountain, known as a base for militant Kurdish opposition groups seeking independence from Turkey and Iran, said the official." Iran and Turkey recently "have stepped up warnings to Kurdish militant groups, perhaps fearing that they might have enough of a haven in Iraqi Kurdistan to inject new vigor into independence movements in Iran and Turkey."

CRS Says DOD Estimates Reflect Only 70% Of War's Cost. The New York Times (8/20, Herring, 1.21M) reports in its business section that the Congressional Research Service has studied the true financial cost of the wars in Iraq and Afghanistan: "the Defense Department recently put the 'burn rate' — a term for the sums being spent — for Iraq and Afghanistan at $6.8 billion a month. But as the study says, that excludes maintaining and replacing equipment or building and improving facilities. The official 'burn rate,' it concludes, is only about 70 percent of the true cost. For fiscal 2006, monthly costs for Iraq alone could hit $8 billion, the study projected." The cost of feeding troops in Iraq fell from $2 billion to $1.2 billion in fiscal 2005, even though troop levels remained the same, perhaps indicating "success at reducing costs."

Rise Of Shi'ites Seen As Challenge To Bush Policy. The Washington Times (8/20, Sands) reports, "The world's Shi'ite Muslims, traditionally second-class citizens in the Islamic world, may be having their day. The strong performance by fighters of Lebanon's radical Shi'ite Hezbollah movement in the five-week war with Israel is just the latest sign of a resurgence for the branch of Islam that has long been dominated militarily and economically by the more numerous Sunni Muslims." That resurgence "poses major problems for the Bush administration and for Sunni Arab-dominated regimes such as Egypt and Saudi Arabia, while presenting a strategic opportunity for the world's most-populous Shi'ite state -- Iran." Noted Shi'ite strengths are that Iran has been freed from worrying about hostile muslim governments in Afghanistan and Iraq while "its Hezbollah ally is the strongest and best-armed force in Lebanon." And "some of the most open fears of rising Shi'ite power, often linked to fears of a rising Iran, have come from the Arab world's Sunni leaders." Yet "some regional commentators say such" fears "inflate the danger of a pan-regional Shi'ite alliance and reflect the Sunni leaders' fears of Iran and of the impact events such as the Lebanese war could have on their populations at home."

In Middle East, Religious Identity Trumping Ethnic, Cultural Ones. The New York Times (8/20, Slackman) reports, "The war in Lebanon, and the widespread conviction among Arabs that Hezbollah won that war by bloodying Israel, has fostered and validated…across Egypt and the region" the feeling that "where Arab nations failed to stand up to Israel and the United States, an Islamic movement succeeded." Previously, "political Islam was widely seen as the antidote to the failures of Arab nationalism, Communism, socialism and, most recently, what is seen as the false promise of American-style democracy," and "Hezbollah's perceived victory has highlighted, and to many people here validated, the rise of…a kind of Arab-Islamic nationalism," as "the lesson learned by many Arabs from the war in Lebanon is that an Islamic movement, in this case Hezbollah, restored dignity and honor to a bruised and battered identity."

4 US Soldiers Killed In Afghanistan. NBC Nightly News (8/19, story 5, :30, Seigenthaler, 9.87M) reported, "This was a deadly day for U.S. troops in Afghanistan. Three American soldiers were killed and three wounded fighting

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guerrillas near the Pakistan border. A fourth soldier was killed in the southern part of the country."

The Washington Post/AP (8/20, Abrashi) reports, "Insurgents killed four U.S. soldiers and wounded six others in clashes Saturday during an upsurge in violence across the country. Two Afghan soldiers also were killed." Three were killed in "the eastern province of Konar," while the fourth died in "the southern province of Uruzgan" during a "four-hour clash with more than 100 insurgents." The fighting "occurred as thousands gathered to mark Afghanistan's independence from British rule in 1919."

71 Taliban Members Killed In Combined NATO Afghan Police Action. The AP (8/20, Khan) reports, "Afghan police backed by NATO aircraft killed 71 suspected Taliban militants in southern Afghanistan." A NATO spokesman said that "NATO troops used artillery and aircraft in the clash that lasted until early Sunday."

Long-Inactive Soldiers Are Sent Back To Fight. The Washington Post/AP (8/19, Santana) reports on Costco employee Chris Carlson, who became one of "thousands of soldiers and Marines who have been deployed to Iraq under a policy that allows military leaders to recall troops who have left the service but still have time left on their contract." The AP observes, "But with active duty units already completing multiple tours in Iraq, the Pentagon has employed the rarely used tactic of calling people back from IRR [inactive ready reserve] status, a policy sometimes referred to as a 'backdoor draft.' ... approximately 14,000 soldiers on IRR status have been called to active duty since March 2003 and about 7,300 have been deployed to Iraq. The Marine Corps has mobilized 4,717 Marines who were classified as inactive ready reserve since Sept. 11, and 1,094 have been deployed to Iraq, according to the Marine Forces Reserve." Military analyst Loren Thompson said the extensive callbacks reflect both the concentration of needed skills in the reserves and "a sign that the military doesn't have enough people to fight this war." More than 90 sites carried this story.

U.S. Urged To Prepare For Iraq Civil War. In the Washington Post Sunday Outlook section (8/20), Georgetown University scholar Daniel Byman and Brookings Institution scholar Kenneth Pollack devote a deeply pessimistic 5,000-word article to "What Next?" Based on the premise that "The debate is over: By any definition, Iraq is in a state of civil war," Byman and Pollack warn that civil war brings refugees, who in turn destabilize neighboring countries -- a possibility for Saudi Arabia: "Washington will have to devise strategies to deal with refugees, minimize terrorist attacks emanating from Iraq, dampen the anger in neighboring populations caused by the conflict, prevent secession fever and keep Iraq's neighbors from intervening. The odds of success are poor, but, nonetheless, we have to try." They suggest "providing support" to Iraq's neighbors (including possible "punitive military operations" against Iranian transgressions), "don't pick winners" to be favored by Washington in a civil war, "manage the Kurds" by rewarding them for postponing "formal secession," and "buffer the borders" with "buffer zones and refugee collection points." They conclude that "ending an all-out civil war" will require "overwhelming military power" and estimate that doing so in Iraq "probably would require 450,000 troops."

Armitage Calls For Firmer Support For Pakistan. Richard L. Armitage, former deputy secretary of state, and Kara L. Bue, former deputy assistant secretary of state, write in an op-ed in the New York Times (8/20, 1.21M), "In the wake of the foiled terror plot in London involving British Muslims with Pakistani connections, all eyes are again on Pakistan as the breeding ground for terrorists," but "the recent events should harden our resolve to support" Pakistan. "President Pervez Musharraf chose to stand with America, and since then he has taken tremendous steps to fight Islamic extremists and move Pakistan toward enlightened moderation," and he "has shown that he understands the seriousness of dealing with the root causes of extremism, making real efforts to improve economic and educational opportunities." Musharraf "deserves our attention and support, no matter how frustrated we become at the pace of political change and the failure to eliminate Taliban fighters on the Afghan border." Thus, "instead of threats, we should increase our senior-level interaction with Pakistan across the board." It was "with Pakistan's help" that "Britain and the United States were able to prevent a tragedy last week. We must ensure that such help is always available, and hope that it eventually becomes unnecessary through Pakistan's efforts."

Baltimore Sun Denounces Bush's Conduct Of Iraq War. The Baltimore Sun (8/20) editorializes that as of today the war in Iraq has matched the length of the US war effort in World War II. It asks, "What has been accomplished? Violence is escalating. The death rate of Iraqi civilians is escalating. Bomb attacks directed at U.S. soldiers are escalating." President Bush "seems to have little idea what to do about it in Iraq except to hang on and keep watch as the situation there continues to deteriorate." Rather than work with allies, as was the case in World War II, "the U.S. has heedlessly gone out of its way to provoke enemies where none had existed before." The Sun acknowledges, "Those who argue that a U.S. withdrawal now will be no worse than a U.S. withdrawal later are probably right ... A lot more people are going to die when the U.S. leaves. The only question is when." It warns, "Iraq is headed for a crack-up, and it could reverberate throughout the Middle East."

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CORPORATE SCANDALS:

US Efforts To Seize Lay Estate Could Meet With Juror Opposition. The Houston Chronicle (8/20, Roper) reports, "Jurors are rapt as a tearful 61-year-old widow weeps on the witness stand, chastising the government's efforts to take every cent her husband left her. … Some of the panelists, sharing in her anger, glare at the suddenly nervous prosecutors. … The scenario isn't real, but its mere possibility is one of many reasons the Enron Task Force may want to avoid going after the late Ken Lay's estate in civil court, legal experts say. … 'If it appears that the government is trying to take her last penny, some jurors might not like that,' said David Smith, an Alexandria, Va., lawyer and a national expert on civil forfeiture suits. 'She's a much more sympathetic figure than Ken Lay was.'" The Chronicle adds, "Prosecutors, who declined to comment for this story, have not indicated since Lay's July 5 death, either in court documents or public statements, that they definitely plan to go after his estate. … But a spokesman for the Justice Department said last week, in response to a motion filed by the former Enron chairman's lawyer seeking to have Lay's criminal conviction erased, that the government 'remains committed to pursuing all available legal remedies and to reclaim for victims the proceeds of crimes committed by Ken Lay.'"

US Urges Judge To Reject Bid To Move Nacchio Trial. The Denver Post (8/20, Vuong) reports, "A federal judge should deny former Qwest chief executive Joe Nacchio's request to move his criminal insider-trading trial to his home state of New Jersey because 'nearly every key event relating to the crimes charged occurred in Colorado,' prosecutors argued in a court filing." The Post continues, "The Justice Department also disputed claims Nacchio's attorneys made a few weeks ago that 'intensive negative media coverage repeatedly and continually showered on Mr. Nacchio and Qwest' make it impossible for him to get a fair jury trial in Denver. … 'While press coverage of Qwest and the defendant has been not insubstantial, it has been neither inflammatory nor prejudicial,' the government says in a document filed Friday in U.S. District Court in Denver." The Post adds, "Nacchio faces 42 counts of illegal insider trading connected to his sale of $100.8 million in Qwest stock in early 2001. Prosecutors allege he knew that the company's finances were faltering. … Nacchio has pleaded not guilty. A trial date has not been set. His attorneys have argued that 'Nacchio has been among the most reviled figures in recent Denver history.'"

Fannie May Claims Final Accounting Errors Have Been Found. The AP (8/20, Gordon) reports, "Fannie Mae said it believes a massive review of its accounting has uncovered the last of the errors, clearing the way for the mortgage company to complete the restatement of its 2004 earnings by the end of this year. The company disclosed that the multibillion-dollar correction could be less than estimated previously." The A continues, "The government-sponsored company, which finances one of every five home loans in the United States, also announced that it would miss a regulatory deadline for filing its financial report for the second quarter of 2006. Fannie Mae hasn't filed an earnings statement since late 2004." The AP adds, "Federal regulators that year accused Fannie Mae of serious accounting problems and earnings manipulation to meet Wall Street targets, and the Securities and Exchange Commission ordered the company to restate earnings back to 2001. … Last May, the federal agency that regulates Fannie Mae and its smaller government-sponsored sibling, Freddie Mac, issued a blistering report alleging a six-year accounting fraud at Fannie Mae, the second-largest U.S. financial institution after Citigroup Inc. The Justice Department has been pursuing a criminal investigation, which the company confirmed 'remains open.'"

CRIMINAL LAW:

Klaas Hometown Residents Stunned By Link To Ramsey Suspect. The AP (8/20, Wohlsen, Locke) reported that many residents of Petaluma, Calif., the hometown of Polly Klaas, were "startled" by the revelation JonBenet Ramsey murder suspect John Mark Karr briefly lived and taught near the town, albeit "long after Polly's killer had been sent to death row." The AP noted, "Karr's apprehension is likely to prompt a re-examination of missing-girl cases in other regions where he passed through, said Dave Johnson, an assistant special agent in charge of the FBI's San Francisco office. Until March, Johnson was chief of the crimes against children unit at FBI headquarters in Washington. 'The FBI will pursue all logical investigation in these types of cases until we reach a resolution,' Johnson said, declining to comment on the specifics of the JonBenet case."

Child Sex Sites Push Legal Envelope. The New York Times (8/20, Eichenwald) reports, "In recent months, an array of investigations of the child pornography business — by the Justice Department, state and local law enforcement and Congress — have contributed to wholesale shutdowns of some of the most sexually explicit Internet sites trafficking in child images. But they have been rapidly replaced by a

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growing number of these so-called model sites, Internet locations that offer scores of original photographs of scantily clad under-age children like Sparkle, often posed in ways requested by subscribers." The Times adds, "More than 200 of the sites have been found by The New York Times through online advertising aimed at pedophiles, and a vast majority focus mostly on one child. Almost all the children appear to be between the ages of 2 and 12. … Based on descriptions in online customer forums and in Web pages showing image samples, the children are photographed by people who have frequent access to them. The sites often include images of 'guests': children who are described as a friend of the featured child, but who appear for only a day. The sites say the children come from different parts of the world, including the United States. … In online conversations observed by The Times over four months, pedophiles portrayed model sites as the last of a shrinking number of Internet locations for sexual images of minors."

Jefferson's Dealings With Kentucky Businessman Examined. The Lexington Herald-Leader (KY) (8/20, Walsh) reports, "Vernon Lamar Jackson and William J. Jefferson and their wives spent a pleasant weekend in New York City in the fall of 2004. The Kentucky businessman and the Louisiana congressman watched U.S. Open tennis from an air-conditioned corporate box, attended The Lion King on Broadway and did a little shopping. … Rep. Jefferson and his wife had become trusted friends of the Jacksons. In e-mail messages and telephone calls, the congressman was simply 'Jeff.'" The Herald-Leader continues, "The cord that tied the two men was their stated opinion that Jackson's high-tech company, iGate, was going to save the government money and give poor black people around the world access to information they couldn't otherwise afford. … Jefferson seemed to work as hard for iGate as if he were the owner of the company. He went to Louisville for demonstrations. He pressed the Army to test the technology for use by the military, introduced Jackson to political and business stars, including Bill Clinton and Bill Gates, and went with Jackson to Nigeria to help sell his product. Jefferson even found an investor willing to put millions of dollars into iGate. … At the time of the U.S. Open, Jackson might have appeared cocky about his important supporter. What he didn't realize was that the congressman, while appearing to help, was stealing his company, piece by piece. … And Jackson was paying him to do it." The Herald-Leader adds, "That, at least, is the view of FBI investigators and federal prosecutors, who have recounted secret meetings in Washington and Louisiana where Jefferson plotted to take over the company from Jackson -- a man he didn't think was up to making the company a success. .. A review of public and private documents and interviews with associates of both men reveal a relationship from which both planned to profit. Jackson thought his company would get hundreds of millions of dollars worth of business through 'Jeff's' help. Jefferson, according to those documents, thought he could reap a financial windfall for his family and ultimately take control of the company."

US Using RICO Laws Against Gangs. The AP (8/20, Glazer) reports, "Sneaky, Shy Boy, Big Barney and dozens of other gangsters were not merely hoodlums who ran a bustling drug trade. Prosecutors insist the Vineland Boys were an organized criminal enterprise just like the Mafia. … To prove it, they are relying on the same law that put John Gotti behind bars." The AP continues, "Similar cases are being pursued across the nation as prosecutors go after gangs in novel ways, often using methods created to fight mob activity. … One such trial is expected to start this week in Los Angeles, where prosecutors have charged members of the Vineland Boys not with murder or drug trafficking, but with violating the Racketeer Influenced and Corrupt Organizations Act. The RICO Act targets those who profit from criminal organizations but manage to avoid illegal activities. … 'Gang members out here are clearly becoming more sophisticated in their operations and tactics, and we're adjusting to meet that,' said Assistant U.S. Attorney Thomas P. O'Brien." The AP adds, "Last year, Attorney General Alberto Gonzales urged increased prosecutions of street gangs, which he called one of the country's greatest threats. In recent months, more than 50 alleged gang members have been indicted on federal drug, gun and racketeering charges -- compared with an average of 10 federal indictments annually over the previous 10 years. .. . Critics say overzealous prosecutors are trying to get headlines without making any lasting effect on the estimated 80,000 gang members in Los Angeles."

Medicare Fraud Key To Rise OF New Jersey Provider. The New York Times (8/20, A1, Kocieniewski) reports that New Jersey's St. Barnabas Hospital System has grown quickly, "through aggressive mergers, political connections and celebrity patrons" to become the state largest health care provider. However, the report adds, "The rapid rise in the prominence of St. Barnabas -- which at one time had 3,200 beds in nine hospitals throughout the state -- was also fueled by what federal prosecutors called one of the most lucrative Medicare fraud schemes in the nation's history. By systematically inflating the bills for their sickest elderly patients, the prosecutors said, the executives of the St. Barnabas Health Care System bilked the federal government of at least $630 million from 1995 to 2003."

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CIVIL LAW:

Military Said To Have Sought To Discredit Vietnam War Crimes Whistle Blowers. The Los Angeles Times (8/20, Nelson, Turse) reports in a 2,716-word story that Lt. Col. Anthony Herbert (ret.) and other soldiers who tried to expose war crimes by their comrades in Vietnam were attacked by the military: 'declassified records show that while the Army was working energetically to discredit Herbert, military investigators were uncovering torture and mistreatment that went well beyond what he had described. The abuses were not made public, and few of the wrongdoers were punished.' Herbert's allegations concerned military interrogators from the 173rd Airborne. Investigators ultimately 'identified 29 members of the 173rd Airborne as suspects in confirmed cases of torture. Fifteen of them admitted the acts. Yet only three were punished, records show. They received fines or reductions in rank. None served any prison time.'

NYTimes Says Tobacco Industry Racketeering Ruling Lacks Proper Restitution. The New York Times (8/20), in an editorial, writes, "There are plenty of shameful acts depicted in a voluminous court opinion issued last week that found that five big tobacco companies had violated civil racketeering laws. But there is apparently nothing that can be done to force them to disgorge their ill-gotten profits or punish them for past mendacities. Last week's ruling by Judge Gladys Kessler in the Federal District Court for the District of Columbia amounted to a moral victory for prosecutors in a case they had originally hoped would impose huge financial penalties. … All the judge felt she could do was to order the companies to mount an advertising campaign to correct years of misrepresentations and to stop using such misleading terms as 'light' or 'low tar' or 'mild' to imply health benefits."

CIVIL RIGHTS:

Kim Defends DOJ Actions In Alabama Voter Database Case. In an op-ed in the Mobile Press-Register (AL) (8/20), Wan J. Kim, Assistant Attorney General for Civil Rights, writes, "Regarding Alabama's failure to comply with the law requiring it to create a voter database, some recent news reports have suggested partisanship by both a U.S. district judge and the Department of Justice. These claims -- raised by those with little knowledge of the judicial proceedings in this case -- are baseless." Kim continues, "Evidence presented by the Justice Department in court amply established that Alabama has violated the Help America Vote Act of 2002. … Four years after HAVA was passed, and after receiving $41 million in federal funds, Alabama has not even selected a vendor to begin the process of obtaining compliance. … Both before and after we brought a lawsuit to vindicate the requirements of federal law, the Justice Department worked hard to negotiate an amicable agreement with Alabama." Kim adds, "We asked Alabama to submit a plan that would ensure timely compliance. A federal court then ordered Alabama to do so. … Only after Secretary of State Nancy Worley stated that she could not assure compliance by the presidential primary elections in 2008 -- six years after HAVA was enacted -- did the court reluctantly order the appointment of a special master." Kim notes, "Appointing a state official to be special master is a more moderate remedy than transferring state authority to an unelected person. … Alabama Gov. Bob Riley is the obvious choice, the federal judge made clear, because he commands substantial state resources, wields significant authority and can propose a legislative remedy should one become necessary. … This appointment was supported by the Alabama officials who oversee elections at the county level -- probate judges, 76 percent of whom are Democrats." Kim concludes, "Alabama follows New York and Maine as the third state that the Justice Department has sued for non-compliance with HAVA. Two of these states have Republican governors. … This administration also has filed voting lawsuits against state officials of both parties in Georgia, Indiana, Maine, Missouri, North Carolina, Oklahoma, Pennsylvania, Tennessee and Texas. .. .Facts, not party affiliations, drive our litigation decisions. … It is unsound and unworthy to question the Justice Department's -- much less a federal judge's -- commitment to neutral and even-handed law enforcement."

Attorney Calls For Changes At Mississippi Jail. The Biloxi (MS) Sun Herald (8/20, Fitzgerald) reports, "The Harrison County (MS) jail's new warden should take a hard look at all aspects of jail operations, including training, and should remove people who are not performing as they should, attorney John Whitfield said Saturday." The Herald continues, "Whitfield wants Don Cabana, appointed warden on Friday, to scrutinize all aspects at the jail and make sweeping changes to ensure that what happened to inmate Jessie Lee Williams Jr. on Feb. 4 will never happen again. Whitfield made the comments in a speech to the Harrison County Federation of Democratic Women. … Williams, 40, of Gulfport, died of his injuries, allegedly beaten by jailers while he was restrained. … 'If you don't take a look at policies and procedures and training, you can forget about making changes,' Whitfield said. 'Judging from numerous incidents we've looked at and from the Williams case, you'd have to be deaf, dumb and blind to not know abuse at the jail has been swept under the rug.'" The Herald notes, "Whitfield

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challenged the Democrats to contact their elected and appointed officials to express concerns about the Williams case, delays in the case and about inmate treatment at the jail. He referred them to District Attorney Cono Caranna, U.S. Attorney Dunn Lampton and the Harrison County Board of Supervisors. … Whitfield said a pattern of abuse has existed at the jail for several years and authorities have 'turned their heads and ignored it.' … Whitfield was critical of delays in criminal investigation of the Williams case and accused state and federal officials of 'sitting on their butts.' … Caranna responded, saying, 'I, myself, at times have been aggravated at the delays, but that is the federal government's way. I chose to let federal agencies take the lead. They sent in their criminal-investigation team from the U.S. Justice Department's civil-rights division, and this is what these people do.'"

Investigation Finds Army Recruiters Committed Sex Abuse. The Washington Times/AP (8/20) reports, "More than 100 young women who expressed interest in joining the military in the past year were preyed upon sexually by their recruiters. ... The investigation found that more than 80 military recruiters were disciplined last year for sexual misconduct with potential enlistees." It breaks down the totals by service branch: "At least 35 Army recruiters, 18 Marine Corps recruiters, 18 Navy recruiters and 12 Air Force recruiters were disciplined for sexual misconduct or other inappropriate behavior with potential enlistees in 2005, according to records obtained by the AP under dozens of Freedom of Information Act requests." Those totals signify that "across all services, one out of 200 frontline recruiters -- the ones who deal directly with young people -- was disciplined for sexual misconduct last year." About 100 sites carried this story.

Oklahoma Ten Commandments Display Ruled Constitutional. The AP (8/20) reports, "A federal judge on Friday said a Ten Commandments monument outside a courthouse in Oklahoma could stay, rejecting arguments that it promotes Christianity at the expense of other religions. Judge Ronald A. White of Federal District Court in Muskogee ruled that officials in Haskell County did not violate the Constitution by erecting the monument outside the courthouse in Stigler." The report adds, "The Supreme Court has ruled that religious displays on government property are not inherently unconstitutional and must be considered case by case.

ANTITRUST:

New Jersey Agency In Spotlight With Utility Merger. The New York Times (8/20, Chen) reports, "In New Jersey, you cannot go anywhere at home without bumping into something that is regulated by a relatively obscure agency called the Board of Public Utilities." The Times continues, "The five-member board is supposed to make sure your electric, water and natural gas rates are fair, for example, and it monitors the reliability of your telephone service. … But these days, the board has a more visible role. It is on the cusp of making one of the more significant decisions in its 95-year history: whether to approve a $17 billion merger of Exelon, a Chicago-based company, and Public Service Enterprise Group, the parent company of P.S.E.& G., creating the nation's largest utility." The Times adds, "The merger, first proposed in late 2004, has been approved by regulators in New York, Pennsylvania and Connecticut, as well as by the Federal Energy Regulatory Commission and the federal Department of Justice. … That leaves the New Jersey board as the only remaining hurdle. … On Thursday, the board's staff responded with a counterproposal that was welcomed by investors but criticized by consumer groups. Neither Exelon nor Public Service offered an immediate comment. Whether the counterproposal is accepted or modified, the board's commissioners still must act, and that could be weeks away. … As a result, the attention of Wall Street, consumer groups and New Jersey's governor, Jon S. Corzine, has turned to a group unaccustomed to the spotlight: the Board of Public Utilities itself."

Private Investors Prevail In Petco Bidding. The San Diego Union-Tribune (8/20, Green) reports, "Petco Animal Supplies had been weighing the company's future for more than three months, a process that wound up pitting two suitors against each other in a game of corporate one-upmanship." The Union-Tribune continues, "At the endgame in mid-July, the directors were faced with a tough choice on how best to position the world's second-largest pet supplies chain and how best to maximize shareholder value:" The Union-Tribune adds, "Should the San Diego-based company take the highest offer from an industry competitor – apparently larger rival PetSmart – or go with a lesser, but safer, bid from former Petco owners? Or reject both in favor of a different strategy? .. . Petco had been squeezed in recent months by 99-cent-style stores and discounters like Wal-Mart Stores undercutting them on price, and nontraditional competitors like Bed, Bath & Beyond and mall kiosks selling pet trinkets and upscale items. And pet owners were cutting back on unnecessary expenses in an inflationary economy in

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which it not only cost more to feed and pamper a pet but also cost more to drive to the pet store. … The Petco board decided to reject the higher offer in favor of a $1.8 billion stock and assumed debt bid by private equity firms Leonard Green & Partners and Texas Pacific Group. … The deal has raised questions about the connections between Petco executives and the winning bidders, but experts expect it to be successfully completed – helped along by the purchase price and a 139-page regulatory filing detailing how Petco directors reached their determination."

Fur Industry Troubled By Allegations Of Collusion. The Seattle Times (8/20, Welch) reports on "the American Legend auction, the largest remaining fur market in the United States, where $100 million in business is transacted in a few days. … Much as they have for more than a century, merchants from all over the world come to Western Washington to pick over silky skins of North American mammals on behalf of garment manufacturers who will produce next year's lines of boots, hats, gloves, scarves, blankets and coats." The Times continues, "After a few rough decades, fur is back. Spurred by a boom in demand from China and recent popularity at home thanks to glossy marketing, the price of American mink pelts jumped 33 percent just last year. … Yet a trade that helped put Seattle on the map today takes place largely out of view, in a heavily guarded, fenced-in warehouse protected from anti-fur protesters. And there's an entirely new unease: Two years ago, a handful of buyers from New York, Canada and China hatched a scheme to rig bids and buy hundreds of otter pelts on the cheap, according to federal prosecutors. … That led to a long-running Justice Department antitrust investigation that may still be in the works. Federal prosecutors remain mum. But class-action lawyers are circling. … And once again the fur trade faces the prospect of being drawn into an uncomfortable spotlight. … 'Everybody's nervous right now, because they don't know what's coming next,' said Sandy Parker, a New York journalist who has published a newsletter on the fur industry for more than 40 years."

ENVIRONMENT:

Alaska Subpoenas Oil Firms Over Pipeline Problems. The Anchorage (AL) Daily News (8/20, Loy, Mauer) reports, "Alaska officials have hit BP and four other oil companies with subpoenas for decades of records pertaining to pipeline maintenance and two oil spills this year in the troubled Prudhoe Bay field." The News continues, "The subpoenas add to a growing list of government inquiries into how the nation's largest oil field is run, and widens scrutiny beyond just BP to include a broader stable of industry players in Alaska's arctic oil fields." The News adds, "Officials from the Alaska Department of Environmental Conservation ordered BP, Exxon Mobil, Conoco Phillips, Chevron and Forest Oil to make available all documents relating to an oil spill in March and records on pipeline monitoring dating back 10 years. … Federal officials are seeking company records and a section of the pipeline in question." The News notes, "BP previously had received a federal grand jury subpoena in connection with an estimated 201,000-gallon crude spill from a corroded pipeline on the western side of the vast oil field. The early March oil spill was the largest on the North Slope since oil production began there in 1977. … Late Thursday, state lawyers for the Alaska Department of Environmental Conservation served BP and its four partners in the Prudhoe field with subpoenas in connection with the March spill as well as an Aug. 6 spill from another pipeline."

FBI/DEA/ATF/USMS:

FBI Training Said To Remain Focused On Law Enforcement Rather Than Counterterrorism. NBC Nightly News (8/19, story 6, 3:00, Seigenthaler), in a segment produced in cooperation with the Washington Post, reported, 'In the aftermath of the terror attacks the F.B.I. moved to beef up their efforts on counter-terrorism. … But has the F.B.I. gone far enough to adapt its lessons to a new mission?'" According to NBC, "the training appears more suiting to stop the next John Dillenger than the next Osama bin Laden. … The training supervisor says the plans are in the works to improve all of this.' NBC's John Seigenthaler added, "After reading the Washington Post reports the F.B.I. wanted to emphasize that training continues throughout every agent's career and methods adapt as terror threats change."

The Los Angeles Times (8/20, Schmitt) reports, "The FBI has been behind the eight ball since the attacks of Sept. 11, 2001, when widespread and long-standing deficiencies in the way the bureau operated were exposed. The agency was accused of blowing opportunities to identify and possibly apprehend some of the 19 hijackers. Among the troubles: a shoddy analytical program, problems sharing intelligence information, and inattention to counter-terrorism in general. In a way, the FBI had changed little since it was established the same year that Henry Ford introduced the Model T. Its mission was to investigate crimes that had already happened. … Now, under pressure from Congress and several bipartisan commissions, its business model is being turned upside down, with a focus on preventing crime rather than apprehending criminals." According to the Times, "More than 2,000 agents — or 15% of the total workforce — have been switched from traditional crime-fighting jobs to terrorism-tracking positions over the last five years. Whole areas of enforcement — including pursuit of the sort of narcotics

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operatives that Barron handled in the 1990s — have been largely abandoned or left to other agencies."

US Captures Head Of Violent Mexican Drug Cartel. The San Diego Union-Tribune (8/20, Caldwell) reports, "U.S. law enforcement called it Operation Shadow Game. Its target was Javier Arellano Félix, the latest boss of the ultra-violent, Tijuana-based drug cartel that bears his family's name, the Arellano Félix Organization. .. .The hunters were a task force of federal agents led by the Drug Enforcement Administration, the U.S. government's front-line agency in the war against the multibillion-dollar trafficking in illegal narcotics smuggled into the United States." The Union-Tribune continues, "For two decades, the AFO has controlled the Tijuana Plaza, the lucrative drug smuggling corridor across the southwest U.S.-Mexico border. Through this corridor flowed hundreds of tons of cocaine and marijuana bought by the AFO and smuggled – in everything from duffel bags and hidden car panels to tractor-trailer rigs – across the border for resale in the U.S. market. … The profits reaped by the AFO, aka the Tijuana cartel, were enormous; billions of dollars over the years. The money paid for luxurious lifestyles for the expansive Arellano Félix clan, for disguised investments all over Mexico, the United States and elsewhere, and to sustain a drug trafficking empire that stretched out from Tijuana north deep into the United States and south as far away as Colombia, source of 80 percent of the world's cocaine." The Union-Tribune adds, "U.S. law enforcement's concerted hunt for Javier Arellano Félix began in the summer of 2003. Previously sealed indictments, returned by a federal grand jury for the Southern District of California, were unsealed and announced by the U.S. attorney in San Diego against the top leadership of the AFO, including Javier Arellano Félix. The U.S. State Department offered a $5 million reward for information leading to Javier's apprehension. … Federal charges against Javier and the other AFO principals included drug trafficking, conspiracy, racketeering, and money laundering. … The AFO's new boss was also wanted on drug trafficking charges in Mexico, where he was regarded as one of that nation's most sought-after fugitives."

Columnist Questions DOJ Pressure On BALCO Reporters. In a column for the San Francisco Chronicle (8/20), Debra J. Saunders writes, "Chronicle reporters Mark Fainaru-Wada and Lance Williams should not go to jail if they do not reveal their source for stories on a grand-jury investigation into steroid use in sports. For one thing, they haven't broken any laws. … The U.S. attorney's office in Los Angeles subpoenaed Fainaru-Wada and Williams to find out who leaked grand-jury transcripts in violation of a court order. Apparently prosecutors have been unable to identify the leaker, so they have resorted to the heavy-handed threat of incarceration in order to intimidate the reporters into breaking their pledge of confidentiality. .. . U.S. District Judge Jeffrey White ruled last week that the law compelled him to deny a motion made by Chronicle lawyers to quash the subpoenas. … Trial attorney John Keker told me White ruled correctly because, 'The feds have the law on their side,' even if 'they don't have common sense or good policy on the side.'" Saunders continues, "As for those of you who see the prosecutors' heavy-handed play as a well-deserved comeuppance for arrogant journalists, you should understand that the same rules that allow the courts to jail reporters who won't give up sources, can be used against any citizen who will not want to testify against a sibling, a co-worker or a neighbor. … That's why you want the courts to use discretion and take circumstances into consideration. In this case, prosecutors should note the federal government's history of not going after journalists unless the national security depends on it, a state law that shields California reporters and the fact that the two reporters stand to serve more time than any other defendants." Saunders adds, "Mark Corallo, who served as spokesman for former Attorney General John Ashcroft, signed an affidavit for The Chronicle. He noted that Ashcroft took the steroids case so seriously that he announced the 42-count indictment against individuals tied to BALCO (Bay Area Laboratory Co-Operative) on television. … Still, Corallo believes the Department of Justice under Ashcroft -- a veritable Satan to many civil libertarians -- would not have served subpoenas on Fainaru-Wada and Williams. Corallo approved only one subpoena for a media person, and that was for a matter of 'grave national security.' … Yes, my view is colored by my profession. I know how important it is for sources to believe a journalist's promise to protect their identity. … But I don't argue that reporters are above the law. If Fainaru-Wada and Williams broke into someone's home to get information, they should go to jail. … Keker told me, 'From the government's point of view, it's a much more serious thing to stand up to the government than it is to commit a crime.' Must be true, otherwise, the feds would want to reserve prison for real criminals."

IMMIGRATION:

States' Immigration Legislation Expected To Be Thrown Out In Court. The AP (8/20, Schelzig) reports, "Legislatures around the country are passing state laws to get tough on illegal immigration, but legal experts say many of those laws will turn out to be unconstitutional. More than 550 bills relating to illegal immigration were introduced in statehouses this year, and at least 77 were enacted, according to a survey presented last week at the annual meeting of the National Conference of State Legislatures.

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However, NCSL analyst Ann Morse told lawmakers at the conference that a 1986 federal law forbids states from enacting stricter criminal or civil penalties for illegal immigration than those adopted by Congress." The AP adds, "State bills aimed at illegal immigration this year have included measures on education, employment, driver's licenses, law enforcement, legal services and trafficking."

Romney Says US Should Welcome Skilled Immigrants. The AP (8/20, Kurtzman) reports Gov. Mitt Romney "told the California GOP convention Saturday the United States should encourage foreigners with skills to immigrate, while discouraging those who come here illegally and without skills. 'It is wrong for us to build an absolute concrete wall against those with skills and enterprise,' he said, referring to foreign students who come here for advanced study, 'and have a wide open door for people with no education and no skills.'" The AP notes, "His remarks were greeted with enthusiastic applause from this conservative crowd." Romney "also criticized gay marriage, saying, 'every child deserves a mother and a father.' He praised President Bush's aggressive foreign and military policies, and said the nation should wean itself from oil."

Schwarzenegger's Immigration Stance Could Deprive Him Of Latino Support. The New York Times (8/20, Archibold) reports, "No Republican candidate for governor or president since the 1970's has won in California without getting at least one-third of the Hispanic vote, which {Gov. Arnold] Schwarzenegger, a Republican, achieved in a wide-open recall election in 2003. In his bid for re-election in November, he faces the difficult task of courting both Latino voters and his core conservative supporters, two groups that are often far apart on immigration. … So one week Mr. Schwarzenegger defends his support for the Minutemen civilian patrols on the border that many conservatives strongly endorse, and the next he distances himself from an anti-illegal-immigrant ballot initiative passed in 1994 that galvanized Latino political involvement on the side of Democrats."

The Los Angeles Times (8/20, Finnegan, Salladay) reports Schwarzenegger "tried to narrow his rift with conservatives Saturday by casting himself as tougher on illegal immigration than his Democratic challenger, Phil Angelides, but failed to quell a Republican revolt over his call for billions in borrowing for housing and school construction. At a time when Republican candidates nationwide are tapping public anger over illegal immigration, Schwarzenegger made his most aggressive move to date to turn the issue to his advantage against Angelides." Schwarzenegger "told party loyalists at a state GOP convention in Century City that he had put National Guard troops on the Mexican border — as demanded by President Bush — to help federal authorities 'get their act together.'"

TAX:

Private Collectors To Collect Back Taxes For IRS. The New York Times (8/20, Johnston) reports, "If you owe back taxes to the federal government, the next call asking you to pay may come not from an Internal Revenue Service officer, but from a private debt collector. Within two weeks, the I.R.S. will turn over data on 12,500 taxpayers -- each of whom owes $25,000 or less in back taxes -- to three collection agencies. Larger debtors will continue to be pursued by I.R.S. officers." The report adds, "The move, an initiative of the Bush administration, represents the first step in a broader plan to outsource the collection of smaller tax debts to private companies over time."

CONGRESS-ADMINISTRATION:

Veterans Turn To VA For PTSD Counseling. In the main story of a three-story package in the Washington Post (8/20, St. George), the struggles of veteran Trinette Johnson with Post-Traumatic-Stress-Disorder after her return from Iraq are chronicled. And a sidebar in the Washington Post (8/20, St. George) notes some stakeholders' concern that VA will not be able to adequately address returning Iraq veterans' needs.

Study Finds No PTSD Gender Gap. In another sidebar, the Washington Post (8/20, St. George) reports Researcher Carl A. Castro "found symptoms of post-traumatic stress disorder in 11 percent of men and 12 percent of women and signs of depression in 5.6 percent of men and 8 percent of women -- differences that are not statistically significant, he said." Castro is chief of military psychiatry at Walter Reed Hospital in Arlington, Virginia.

Conservatives' Criticism Of Bush And Iraq War Noted. The Washington Post (8/20, A4, Baker), in an article titled, "Pundits Renounce The President: Among Conservative Voices, Discord," reports, "For 10 minutes, the talk show host grilled his guests about whether 'George Bush's mental weakness is damaging America's credibility at home and abroad.' For 10 minutes, the caption across the bottom of the television screen read, 'IS BUSH AN 'IDIOT'?' But the host was no liberal media elitist. It was Joe Scarborough, a former Republican congressman turned MSNBC political pundit. And his answer to the captioned question was hardly 'no.' While other presidents have been called stupid, Scarborough said: 'I think George Bush is in a league by himself. I don't think he has the intellectual depth

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as these other people.'" The Post goes on to mention other conservative figures, including William F. Buckley, who have broken with the president over the war in Iraq. According to the Post, "Bush aides were bothered by a George F. Will column last week mocking neoconservative desires to transform the Middle East" though "few have struck a nerve more than Scarborough."

Sherwood Undergoes Heart Surgery. The AP (8/20) reports PA10 Rep. Don Sherwood (R) "underwent heart surgery and is expected to leave the hospital this week, the hospital announced Saturday." Sherwood "is defending his seat against Democrat Chris Carney, a former Pentagon intelligence analyst."

Sheehan Among Protestors Disrupting Rove Event. The AP (8/20, Brown) reports, "Chanting 'Try Rove for treason,' Cindy Sheehan and more than 50 other war protesters disrupted a reception before President Bush's top adviser Karl Rove spoke at a fundraiser Saturday. One woman was arrested during a scuffle with police after Sheehan and the anti-war demonstrators rushed toward the closed doors and kept chanting loudly after the guests went into the dinner. Rove was speaking to the Associated Republicans of Texas, and ticket prices started at $200. He was not in the Renaissance Hotel lobby during the reception.

International Space Station Construction To Resume. The New York Times (8/20, Leary) reports that construction of the International Space Station "which has hung in limbo since NASA's space shuttle fleet was grounded after the 2003 Columbia disaster, is scheduled to resume. The shuttle Atlantis is scheduled to lift off next Sunday carrying a bus-size segment of the station's backbone that includes a new set of solar-power arrays." The report adds, that this construction "will require some of the most difficult shuttle missions ever mounted by the National Aeronautics and Space Administration."

OTHER NEWS:

Positive Economic Reports Boosted Stock Market. The New York Times (8/20, Sommer) reports, "The overall stock market rose every day last week, while a surge in Microsoft shares on Friday propelled the Nasdaq composite index to its best weekly gain in more than three years. A series of government and private reports suggested that economic growth was slowing and that inflation was moderating -- contributing to a bullish mood in the stock market." The report adds, "Government reports on Wednesday indicated that July consumer prices rose at their slowest pace in five months, while homebuilding declined. And on Friday, the University of Michigan's preliminary index of consumer confidence dropped more than expected."

Economy's Resilience In Face Of Terrorism Said To Be Difficult To Estimate. In a news analysis in The New York Times (8/20), Daniel Altman writes, "Five years after 9/11, how terror-proof is the economy? The discovery this month of a plot to blow up American airplanes has sent airlines scrambling, but the rest of the economy has appeared to take it in stride. Some of the vulnerabilities exposed by the 9/11 attacks still exist, however." Altman adds, "Is the economy better protected, or at least more resilient, now? It's hard to measure this empirically, largely because the possibilities for an attack are so varied."

GDP Growth Under Bush Superior To That Of Previous Presidents. The Washington Times (8/20) editorializes, "now would be a good time to review how the economy has performed during the first five and a half years of the Bush administration and to compare that performance with the three most recent two-term administrations (Nixon, Reagan and Clinton). … Over the last five and a half years, gross domestic product (GDP) has increased at an average annual rate of 2.6 percent. During the first five and a half years of the other administrations, GDP grew at average annual rates of 3 percent (Nixon), 3.3 percent (Reagan) and 3.5 percent (Clinton). During the 24-month period ending in June 2006, economic growth averaged 3.3 percent per annum. Previously, during the two years ending with the second quarter of the second-midterm-election year, GDP increased by 3.1 percent per year (Nixon), 3.7 percent per year (Reagan) and 4.1 percent per year (Clinton)."

DNC Adds Nevada And Couth Carolina To Early 2008 Nomination Calendar. McClatchy (8/20, Thomma) reports the DNC "adopted a new caucus and primary calendar that puts new states on the coveted early voting calendar. The new calendar would add Nevada, with a large and growing Hispanic population, and South Carolina, with its large African-American population, to the two largely white states of Iowa and New Hampshire that have dominated the early voting for a generation. Iowa would hold precinct caucuses on Jan. 14, 2008, followed by new Nevada caucuses on Saturday, Jan. 19. New Hampshire's traditional first primary would be on Tuesday, Jan. 22, and South Carolina's primary on Tuesday, Jan. 29. All other states would be prohibited from starting their voting until a week later, on Tuesday, Feb. 5." McClatchy notes, "The plan had broad support from minorities, many of whom cheered and hugged when it was adopted."

New Hampshire Threatened With Sanctions. The New York Times (8/20, Nagourney) reports the DNC "voted Saturday to penalize 2008 presidential candidates who defied a new nominating calendar devised to lessen the longtime influence of New Hampshire and Iowa. … The sanctions will

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be directed at candidates who campaign in any state that refuses to follow a 2008 calendar of primaries and caucuses that was also approved Saturday. Any candidate who campaigns in a state that does not abide by the new calendar will be stripped at the party convention of delegates won in that state. The party adopted a broad definition of campaigning, barring candidates from giving speeches, attending party events, mailing literature or running television advertisements." According to the Times, "The penalties were adopted in response to threats by New Hampshire officials, who said they might defy the new Democratic calendar and schedule their primary earlier in the year or in 2007 to retain their long-held influence over the nominating process."

The Los Angeles Times (8/20, Barabak) reports New Hampshire Gov. John Lynch "called Saturday's decision 'deplorable' and said he had received a letter with commitments from 10 potential candidates to campaign in his state whenever its primary takes place. Former Virginia Gov. Mark R. Warner, one of those likely to run, appeared with Lynch in New Hampshire and said, 'Should I take the plunge, I'll be here to campaign for your support, no matter when you set your primary.'"

The Washington Post/AP (8/20, A4) reports, "Advocates of the plan…say it will force Democratic presidential candidates to develop a broader message that extends beyond the concerns of voters in Iowa and New Hampshire. … Others complain that the added contests in Nevada and South Carolina would squeeze so many contests early in the nomination process that the party's nominee could be determined by February, before most states even get a chance to vote."

Clinton Said To Have Already Established 2008 Campaign Machinery. Time's Karen Tumulty (8/28) writes, "Against virtually nonexistent opposition for her Senate seat," Sen. Hillary Clinton "is raising money as though she were in the fight of her life, bringing in more than $33 million. What's left over -- which might easily be $10 million or more -- could be the seed money for a presidential campaign. And as her husband did the year before launching his 1992 bid for the presidency, she has been putting together the intellectual pieces of a campaign agenda in a series of centrist, high-fiber speeches around energy policy, the economy, privacy and even rural issues. Her political operation has grown to an army of 32 full-time employees, plus 10 from her Senate office who draw part of their salary there and 13 consultants who are building, among other things, a national direct-mail operation. She recently added an Internet guru to their ranks." Tumulty adds, "Those close enough to know say that she is genuinely undecided" about a 2008 bid, but former president Bill Clinton "is not disguising his eagerness to see her make a bid for his old job."

Former President Clinton Turns Sixty. Both ABC World News (8/19, 2:30, story 6, Avila) and NBC Nightly News (8/19, story 8, 2:00, Seigenthaler) ran segments on former president Bill Clinton turning sixty yesterday. Both broadcasts included a clip of President Bush saying, "Two of my dads favorite people turned 60, me and former president Clinton."

Endangered GOP Incumbents Lack Overwhelming Fundraising Edge. In a front-page story, the Washington Post (8/20, A1, Goldfarb) reports, "In a year of bad omens for the GOP, the latest batch of disclosure forms filed with the Federal Election Commission offers one more: Incumbency no longer means that embattled Republican representatives can expect to overwhelm weakly funded Democratic challengers with massive spending on advertising and get-out-the-vote efforts. There are 27 Republican incumbents classified by the nonpartisan Cook Political Report as the most vulnerable to losing reelection this fall. These incumbents still boast a clear fundraising edge, but it is much less pronounced than in years past. According to calculations made from FEC data, the Democratic challengers in these races have raised about 60 percent of what their opponents have collected and have about the same percentage of cash on hand. … Of this year's 27 most vulnerable incumbents, 14 face challengers who have raised at least $1 million, according to FEC reports. At this point in 2004, no Democratic challenger had raised $1 million."

GOP Officials Warned Schlesinger Not To Expect Their Support. The AP (8/20, Rubinsky) reports, "Overshadowed by two Democrats whose primary battle has drawn national attention, Republican U.S. Senate candidate Alan Schlesinger finds himself fighting for support from his own party. Schlesinger said Saturday that he was told long before Sen. Joe Lieberman lost the Aug. 8 Democratic primary not to count on support from the national Republican Party unless he could show he had a shot to win. … Schlesinger would pull just 4 percent of the vote in a three-way race with Lieberman, who is now running as an independent, and Democratic primary winner Ned Lamont, according to a poll released Thursday by Quinnipiac University." Schlesinger "said he is trying to position himself as a fiscal conservative and will seek support from national groups in Washington, though he declined to identify them."

Democrats Say Webb Must Stay Competitive In Rural Virginia To Beat Allen. The Washington Times (8/20, Mclaughlin) reports Virginia Democrats "say their U.S.

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Senate candidate, James H. Webb Jr., must follow the party's script of making inroads in Southwest Virginia to defeat incumbent Sen. George Allen. … Mark Warner essentially wrote the script when he became governor in 2001 by dominating in Northern Virginia, which is largely Democratic, and not getting steamrolled in the state's Republican-heavy southern regions. Gov. Timothy M. Kaine, a Democrat, followed the plan last year in defeating former Attorney General Jerry W. Kilgore, a Republican. 'If we get 46 [percent] to 47 percent of the rural vote statewide, [Mr. Allen] can't win,' said Dave Saunders, a volunteer for Mr. Webb in Southwest Virginia." The Times adds, "Webb will get help in the southern part of the state from Democrats also going to the polls to re-elect 12-term Rep. Rick Boucher."

Indian-Americans Upset By Allen's Comments. The Washington Post (8/20, C1, Shear, Smith) reports, "Word of Sen. George Allen's controversial comments flashed across the country last week, but nowhere more rapidly than in Virginia's Indian American community, where frustration over ethnic stereotypes has intensified since the terrorist attacks of Sept. 11, 2001." The Post continues, "Dolly Oberoi, chief executive of a Northern Virginia technology company, heard what Allen said to a 20-year-old Indian American from Fairfax County replayed on the radio Monday while driving home from work. … But it was the scene -- of a senator singling out a member of her community in front of a mostly white crowd -- that affected Oberoi more than any word. It smacked of insults directed at her since terrorists, none of whom were Indian, attacked the Pentagon and World Trade Center nearly five years ago."

YouTube Videos' Role In Campaigns Noted. The New York Times (8/20, Lizza) reports, "Last week, Senator George Allen, the Virginia Republican, was caught on tape at a campaign event twice calling a college student of Indian descent a 'macaca,' an obscure racial slur. The student, working for the opposing campaign, taped the comments, and the video quickly appeared on YouTube, where it rocketed to the top of the site's most-viewed list. It then bounced from the Web to the front page of The Washington Post to cable and network television news shows. … YouTube's bite also hurt Senator Joseph I. Lieberman, who was defeated by the political upstart Ned Lamont in Connecticut's Democratic primary earlier this month. In that contest, pro-Lamont bloggers frequently posted flattering interviews with their candidate on YouTube and unflattering video of Senator Lieberman. The Lamont campaign even hired a staffer, Tim Tagaris, to coordinate the activities of the bloggers and video bloggers."

MN6 DFL Candidate Accused Of Failing To Speak Clearly On Important Issues. The Minneapolis Star-Tribune (8/20, Black) reports, "Is Michele Bachmann too extreme to be elected to Congress? Is Patty Wetterling too unclear? The race for the open seat in Minnesota's Sixth Congressional District will, like every other House race this fall, run the gamut from the war in Iraq to health care to education. But with less than three months to the election, the debate among bloggers, political analysts and the campaigns themselves is making clear that a big factor will be the very different ways the two candidates talk about issues." According to the MST, "The heart of the GOP campaign against Wetterling will likely focus on portraying her as too liberal for the conservative-leaning Sixth District. But neutral political analysts raise the question of her often fuzzy rhetoric; and Bachmann's campaign, which has been taunting Wetterling to debate, wants voters to hear Wetterling talk policy."

Michigan's Economic Troubles Imperil Granholm's Reelection. The Washington Post's David Broder (8/20, B7) writes, "When word came last week that the unemployment rate in Michigan had jumped up to 7 percent in July, a shiver of apprehension went through the Democratic Party, not just in Michigan but around the nation. Even though the joblessness figure may have been inflated by seasonal layoffs in auto plants retooling for the new model year, it was bad news for Gov. Jennifer Granholm. … The past four years of confronting a Republican legislature and a declining auto industry have taken a toll on Granholm's standing here at home, and the latest economic news comes at a bad time, just as her reelection campaign is gearing up."

Ehrlich Outlines His Second Term Agenda. The Washington Post (8/20, C4, Mosk) reports Gov. Robert L. Ehrlich "gave the first broad outlines of how he would approach a second term in office yesterday, promising to step up his focus on helping the state come to grips with its rapid growth." Ehrlich "said he wanted to invest heavily in the construction of schools, draft plans for responsible development in Maryland's fast-growing suburbs and find ways to increase affordable housing."

The Washington Times/AP (8/20, Wyatt) reports Ehrlich "repeated his campaign themes before an audience of several hundred at the annual Maryland Association of Counties meeting. He said he steered the state out of a fiscal crisis when he took office in 2003 and that he increased school construction."

Electronic Medical Records Seen As Likely To Disrupt Some Health Care Businesses. The New York Times (8/20, Lohr) reports, 'The electronic medical record seems an example of pure progress, a technology that yields only winners. … The technology itself is simply a software storehouse of a person's medical history, including chronic conditions, medical tests, drug prescriptions,

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diagnoses and doctors' comments." Yet "an information revolution in health promises to be powerfully disruptive for some lucrative businesses in the industry, according to medical experts and economists, and could lead to more spending on health care instead of less.'"

Politicization Of Wal-Mart Analyzed. The New York Times' Floyd Norris (8/20) writes, "Wal-Mart is under attack for paying too little, providing benefits that are too small and even exploiting illegal immigrants. Laws have been written with Wal-Mart in mind, and more are being proposed. … Opponents say some Wal-Mart employees are paid wages that still allow them to qualify for Medicaid health insurance, calling that, in effect, a government subsidy for a company that is forcing down pay for workers at other companies. But the fact that Wal-Mart has more shoppers than any politician has voters shows that many of those workers — and many people higher on the income scale — find its prices irresistible. That group no doubt includes some of the company's critics."

Bin Laden Capture Seen As Potential "October Surprise." Newsweek's Eleanor Clift (8/20) writes, "Now Democrats have a good chance of winning back one or both houses of Congress, and they're wondering whether this election's October surprise could be capturing Osama. Peter Bergen, one of the few Western journalists to interview the terrorist leader," said "the administration has a pretty good idea where bin Laden is -- based in part on the vegetation that appears in his video. Bergen also wondered why, with all the money the administration is spending, it isn't staking out the offices of the Al-Jazeera offices where the tapes are dropped off for more clues to Osama's whereabouts. Bush once vowed to capture bin Laden dead or alive. Now he and Karl Rove only haul him out when he's politically useful."

Extensive Election Reforms Called For. In an op-ed for the Washington Post (8/20, B7) former FEC chair Bradley Smith writes, "Elections should be decided by voters in November, not by lawyers and judges in August. For the past six years much attention has been focused on improving the mechanics of voting and on calls for redistricting reform. But another important way to ensure that voters, rather than courts, choose our leaders is to demand election laws that are no more extensive in their reach than absolutely necessary. "A comprehensive review of election laws that serve no compelling state interest would be a good place to start in 2007.

CBS Launches Massive Marketing Blitz For Couric. The New York Times (8/20, A1, Steinberg) reports, "To reintroduce Katie Couric to the country as a serious yet still accessible evening news anchor on Sept. 5, CBS has embarked on an image campaign worthy of a presidential candidate. The network's efforts will put her face on the front of every city bus in New York next month as part of a promotion that would cost in excess of $10 million if the national television commercials featuring her were bought by an outsider." The report adds, "Ms. Couric's debut will offer evening news viewers the starkest choice among anchors, at least demographically, in the four-decade history of the half-hour evening news format: a 63-year-old man (Mr. Gibson), a 47-year-old man and the first woman to fly solo behind an anchor desk."

Israeli Raid In Lebanon Seen As Major Violation Of Ceasefire. Widespread coverage of Israel's commando raid in Lebanon focused on it as the first major violation of the ceasefire and on Israel's claim that it was a necessary effort to prevent arms shipments to Hezbollah. It was featured as the first or second story on the two network newscasts and major papers ran front page stories on it. ABC World News (8/19, 1:40, lead story, Avila) reported, "The six-day-old cease-fire" in Lebanon "is being put to a critical test after Israeli commandos flew into Lebanon by helicopter and surprise attacked Hezbollah guerrillas." UN Secretary General Kofi Annan is described as having "harsh words for the Israelis." ABC (Dinnick) added the ceasefire "has never been more shaky." Israeli soldiers raided "deep into Lebanon, targeting Hezbollah areas" in Baalbeck and engaged in a "firefight" lasting "two hours." The raid was "the first major violation of the shaky cease-fire." Israeli officials said the raid was a "defensive" move intended to "stop Hezbollah fighters from shipping weapons into Lebanon from Syria." But the Lebanese prime minister "called the operation a flagrant violation of the cease-fire." And Secretary General Annan said that he "was deeply disturbed by the Israeli raid and said in fact, it was a violation of the U.N.-backed cease-fire."

NBC Nightly News (8/19, story 2, 1:30, Seigenthaler) reported Sec. Gen. Annan said that Israel had "violated the truce," while Israel "claimed it was trying to stop Hezbollah from smuggling more weapons from Syria." NBC (Allen) added, "It was a bold and daring insertion right into the heart of a Hezbollah stronghold" that "left one Israeli officer and three Hezbollah fighters dead." But, there is "speculation in Lebanon it was an attempt to assassinate a key Hezbollah leader." The Lebanese prime minister "was livid" and "threatened to withdraw his forces from southern Lebanon." Israel called the raid "an act of self-defense."

The New York Times (8/20, Worth, Kifner) reports, "Helicopter-borne Israeli commandos landed near the Hezbollah stronghold of Baalbek on Saturday and engaged in a lengthy firefight in what the Lebanese prime minister, Fouad Siniora, called a 'flagrant violation' of the cease-fire brokered

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by the United Nations. The United Nations issued a statement that Secretary General Kofi Annan also considered the raid a violation and was 'deeply concerned.'" Israel said the raid was intended to "disrupt terrorist activities," to "prevent arms from being transported to Hezbollah" which would "violate the Security Council cease-fire resolution." But "the success of the effort was a matter of dispute." Israeli also said that it "would continue such raids until 'proper monitoring bodies are established on the Lebanese borders.'" It is suggested that "the Israelis might have had some major objective in mind, perhaps the rescue of their two captured comrades or the capture of a major Hezbollah figure."

The Washington Post (8/20, A1, Cody, 748K) also leads with the "flagrant violation" quote, following it by noting that Lebanon "threatened to halt troop deployments in protest." The Post reports that Siniora said "he planned to lodge a complaint with U.N. Secretary General Kofi Annan," while "Hezbollah issued no immediate reaction." Still, "many Lebanese worried that the militant Shiite Muslim movement would retaliate, risking a chain of cease-fire violations that could rekindle the devastating war." Israeli Foreign Ministry spokesman, Mark Regev, said, "Had the Lebanese forces, augmented by international troops, been on the border crossing points with Syria the way they should have been, then our attack would have been superfluous."

The AP (8/20, Ghattas) notes that halting the troop deployments "could deeply damage efforts to deploy a strong U.N. peacekeeping force," and that "the flare-up underlined worries about the fragility of the cease-fire." Israel's Prime Minister Ehud Olmert "defended the raid during a phone conversation with U.N. Secretary-General Kofi Annan." A separate AP (8/20, Federman) reports, "In a boost for Israel, the U.S. declined to criticize the Israeli campaign, noting the U.N. resolution's arms ban on Hezbollah. 'The incident underscores the importance of quickly deploying the enhanced UNIFIL,' White House spokeswoman Jeanie Mamo said, referring to the U.N. monitoring force." Meanwhile, a spokeswoman for European Union foreign policy chief Javier Solana "dismissed the idea that the failure of European nations to send troops could have triggered the Israeli raid."

The Washington Times (8/20, Mitnick) calls the raid a "buckling of a U.N.-brokered Middle East cease-fire." It adds, "U.N. Secretary-General Kofi Annan discussed the operation by phone with Israeli Prime Minister Ehud Olmert, and later called it a 'violation by the Israeli side of the cessation of hostilities as laid out in Security Council Resolution 1701.'" Israel said that "the raid did not violate the cease-fire, and Washington appeared to agree with that claim." The evidence for that is that "the White House declined to criticize the raid, noting that Israel said it acted in reaction to arms smuggling into Lebanon and that the U.N. resolution calls for the prevention of resupplying Hezbollah with weapons."

The Los Angeles Times (8/20, Wallace) reports the raid "put the first serious strain on the region's 6-day-old cease-fire. Israel and Lebanon swiftly accused each other of breaking the U.N. Security Council resolution." Israel "produced no evidence of intercepted weapons." That "led to widespread speculation that the commandos might have been on a mission to rescue two Israeli soldiers seized by Hezbollah." During the raid, Israeli soldiers "appeared to be dressed in Lebanese military uniforms." Hezbollah officials said that "none of its fighters were killed or wounded."

The McClatchy Newspapers (8/20, Rosenberg) offered similar coverage.

Israeli Commander Says Raids Will Continue. The New York Times (8/20, Erlanger, 1.21M) reports that a senior Israeli commander, "speaking one day before" Israel's raid into Lebanon, said "Israel intends to do its best to keep Iran and Syria from rearming Hezbollah and to kill the militia's leader, Sheik Hassan Nasrallah," being "explicit that Israel would continue to seek out and block" arms shipments for Hezbollah from Syria and Iran. He added that "International commitments to exclude the Hezbollah militia from southern Lebanon and to disarm it already seem hollow." The commander "also emphasized that, despite criticism from the Israeli public and even troops of the performance of the Army and government, he considered the threat and the fighting ability of Hezbollah to have been severely diminished." Additionally, "Israelis are spoiled by the 1967 and 1973 wars, he said, but there is no decisive victory against terrorism. In Washington, too, he said, 'I believe the military and security professionals understand what we did, and they are not disappointed.'" He also said that "Israel…views Hezbollah as 'Iran's western front'" and that the UN was "'too soft and too late' in negotiating a cease-fire."

Peacekeeping Force's Creation "Lagging." The New York Times (8/20, Shanker, 1.21M) reports, "As leaders in world capitals this weekend review United Nations planning documents for a peacekeeping force in southern Lebanon, they are weighing whether the stated goals are clear and achievable and whether the rules of engagement will allow them to accomplish the mission and protect their forces. Diplomats involved in the negotiations acknowledged that efforts to create a peacekeeping force were lagging in part because of the reluctance of governments to introduce troops into a part of the Middle East with deep, unresolved political and religious conflicts." Also, "another issue slowing the formation of the peacekeeping mission was the experience of the failed Balkans effort of the 1990's, when European and other foreign troops wearing the blue helmet of the United Nations were shackled by an unwieldy chain of command that split responsibilities between national commanders and United Nations officials in New York" and "their exact mission was never made clear…resulting in an ineffective and humiliating effort that failed to halt forced expulsions and

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mass murder and rape." However, UN officials note changes since then. "One official cited subsequent United Nations interventions in eastern Congo and Liberia, where 'we have over the past few years gone to a more robust posture, as circumstances dictate.'"

Bush Praises Rice For Ceasefire Resolution. UPI (8/20) reports, "President George Bush said the recent fighting in Lebanon is related to terrorists trying to stop the spread of democracy and freedom," taking the first half of his weekly radio address to focus on Lebanon. "He praised the efforts of Secretary of State Condoleezza Rice and U.N. Ambassador John Bolton in getting a U.N. resolution to stop the fighting," then concentrated on framing the conflict as "part of a broader struggle between freedom and terror."

Arab States Urge Wider Israeli Peace Plan. The AP (8/20, Nasrawi) reports, "Worried the Lebanon war has given a boost to Iran and militants in the region, three U.S. allies in the Mideast are spearheading an Arab effort to present a plan for reviving the stalled peace process and talks with Israel." Saudi Arabia, Egypt and Jordan's planning "is a clear sign of their worries about tensions and Iran's influence." Still, "Details remain sketchy, and already Israel has expressed skepticism," while "the United States has not talked about a wider peace effort." However, the three Arab countries "fear letting the situation stagnate could increase the appeal of radical Islamic groups and allow Iran and Syria to keep using Hezbollah in proxy wars, breeding more resentments and more militancy," so they "want to seize the opportunity in the war's ashes to restart negotiations with Israel for peace on the Palestinian, Syrian and Lebanese fronts." In response, Israel "says that before anything else can happen, the international community must execute the terms of the cease-fire," and "the Bush administration, highly critical of Hezbollah, Syria and Iran, is also likely to push for full implementation of the cease-fire deal as the first step — a tricky process that could be lengthy."

With End Of Rocket Attacks, Israel City Begins To Mend. The New York Times (8/20, Kraft) reports, "It has been a bittersweet homecoming for the people of Kiryat Shmona and the surrounding area, which was attacked by about 1,000 Hezbollah rockets over the past few weeks. Many who fled the fighting began trickling back into town after the cease-fire took effect Monday, joining those who had stayed behind in bomb shelters." As they clean up and try to deal with the damage to their homes, some residents are "wondering out loud whether they would ever feel safe again in this town, just two miles from the border with Lebanon."

Israelis Tour War's Destruction. The McClatchy Newspapers (8/20, Rosenberg) reports Israelis "from south of the strike zone have been cruising the border to see scorched fields and rocket-pocked roads and buildings, before the insurers inspect and contractors clean up the damage."

The AP (8/20, Harvey) reports, "In the northern town of Metulla, the border fence was packed with tourists taking pictures of themselves with the Lebanese village of Kfar Gila in the background." However, "Just past noon though, after Israeli tanks and armored vehicles still patrolling the area got stuck in a traffic jam, soldiers brandished a military order and forced the tourists out. Underscoring the fragility of Monday's cease-fire, the soldiers said it was still too dangerous to be here."

Families Of Captive Soldiers Wait For News, Progress. The New York Times (8/20, Kraft) reports that the families of the two soldiers captured by Hezbollah "were invited to Jerusalem to meet Prime Minister Ehud Olmert and to hear directly from him about the conditions of the cease-fire deal last week." The called it "a hard message to hear." Although "they urged Mr. Olmert, as they had repeatedly…to negotiate with Hezbollah for their freedom,' he "is adamantly opposed to a prisoner swap." Still, "despite their frequent contacts with officials — Foreign Minister Tzipi Livni telephones daily — the families are frustrated that they have received no new information since the day the soldiers were captured."

Lebanese Return to Beirut. ABC World News (8/19, 1:44, story 2, Avila) reported Beirut "was a Western-style oasis in the heart of the Middle East. Now it's a shattered city." ABC (Berman) added, "After 34 days of war and a fragile cease-fire, the Paris of the Middle East is taking baby steps back to being a boomtown." And "after a month of fear, people were itching to have their old lives back."

Oil Spill Threatens Major Environmental And Economic Damage. NBC Nightly News (8/19, story 3, 2:30, Seigenthaler) reported, "There is growing concern in Lebanon over what is being described as that country's worst environmental disaster ever, a massive oil spill caused by the fighting there. The United Nations pledged $64 million to clean it up but it could take years." NBC (Savidge) added Israeli jets struck a power plant and "up to 15,000 tons of fuel oil poured into the sea." And "for weeks nothing was done." The spill "coats the coast of Lebanon and Syria for more than 80 miles and threatens beaches of Turkey, Cyprus and Greece." Since, "Lebanon is a breeding ground for all kinds of wildlife and a nursery for endangered sea turtles" and its "tourism industry is needed to fund the country's reconstruction. It is a tragedy as great as the war."

Olmert Seen As Endangered Politically. The Los Angeles Times (8/20, King) reports, "Israel's costly and inconclusive war in Lebanon has triggered a round of internal recriminations so bitter that some observers question whether Prime Minister Ehud Olmert's government can survive." The cease-fire is said to "fulfill almost none of Israel's war aims" and "a wave of public discontent threatens the careers of several senior Olmert associates, and perhaps even the prime minister, analysts say." Polls "indicated that more than

DOJ_NMG_0050348

half of Israelis thought" Defense Minister Amir Peretz "should be removed." While Army Chief of Staff Lt. Gen. Dan Halutz "is another potential casualty." Further, "commentators have generally concluded that" Foreign Minister Tzipi Livni "did a less-than-effective job of presenting the government's rationale for the war to foreign leaders, forcing Israel to accept a premature end to the fighting."

Israel Arrests Palestinian Deputy Prime Minister. The Washington Times/AP (8/20, Daraghmeh) reports, "Israeli soldiers burst into the home of" Palestinian deputy prime minister Nasser Shaer "before dawn yesterday and took him away for questioning, detaining the highest-ranking Hamas official in a seven-week-old crackdown." In response "Palestinian officials condemned the arrest…and accused Israel of undermining their efforts to form a broad government coalition." Shaer "is considered to be among the more pragmatic members of the Hamas government."

Gaza-Egypt Border Crossing Opened. The AP (8/20, Sweillam) reports, "The border between Egypt and the Gaza Strip opened Saturday, giving hundreds of stranded Palestinians the chance to return to Gaza for the first time in a month." This is "the third time the border has been opened since fresh fighting erupted in Gaza on June 25." While the Rafah border crossing opened, "other, smaller crossings remain closed." The "T opening was a joint decision by Egypt, the European mission monitoring the crossing and Israel, which has the final say."

Palestinian Press Protests Journalists' Kidnapping. The Washington Post/AP (8/20, A12) reports, "About 30 members of the Palestinian journalists' union gathered outside the parliamentary building in Gaza" to protest the kidnapping of Fox News correspondent Steve Centanni and Cameraman Olaf Wiig, "as concern about the men's safety grew." Security officials say "they were concerned for the Fox journalists because no other foreigners have been held this long and all major militant groups in Gaza have denied involvement."

UN Said To Be Unable To Keep Peace If Major Powers Cannot Cooperate. Yale Professor Paul Kennedy writes in the Los Angeles Times (8/20), that the UN cannot be expected to "bring lasting peace to Lebanon" because where "the players are willful and powerful, it can only hope for a fragile peace to continue." And "it remains convenient for the major powers to blame the world body for their own failures to cooperate."

The Milwaukee Journal Sentinel (8/20) writes in an editorial, "So who won the war in southern Lebanon? Answering this is consuming the time of many expert spinmeisters, American, Israeli, Arab and Iranian. The better question is how the peace will be won." The paper says that will require disarming Hezbollah and "compelling Iran and Syria to halt the flow of arms and cash to Hezbollah." It will also require "putting more U.S. muscle into wider Jewish-Palestinian peace efforts and making greater strides in convincing much of the Arab world that it is better to live together than to die together."

Israeli MP Says Army Put Too Much Faith In Air Power. The New York Times (8/20) reports, "In an article in the Israeli daily Haaretz about the recent Lebanon war, a Likud member of Parliament, Yuval Steinitz, argued that the Israeli Defense Forces have put too much faith in air power and neglected ground-war capabilities." A "factor that made neglect in the military power structure more severe was the self-persuasion of senior security force members who believed that conventional warfare had seen its final days."

President And Secretary Rice Urged To Push France To Make Greater Contribution To Peacekeeping. The Los Angeles Times (8/20) writes in an editorial, "After France indicated that it would contribute a paltry 200 additional soldiers to a Lebanese peacekeeping force, President Bush responded with what can best be described as politesse." But, "the president and Secretary of State Condoleezza Rice needn't be so courteous in their private conversations with French officials." France's offer is "a slap in the face to the United States, not to mention an impediment to the cause of peace in Israel and Lebanon."

Iran Test Fires Short Range Missile. The AP (8/20) reports, "Iran on Sunday test-fired a surface-to-surface short-range missile a day after its army launched large-scale military exercises throughout the country, state-run television reported." The Saehgeh (Lightning) missile "was tested in Kashan desert, about 150 miles southeast of Tehran." It reportedly "has a range of between 80 to 250 kilometers." The AP writes that, even though Iran routinely tests weapons, the timing of this test "in the wake of the Lebanon-Hezbollah fighting, seemed certain to create new tensions with the West." It also notes the Iranian effort to build weapons domestically: "Since 1992, Iran has produced its own tanks, armored personnel carriers, missiles and a fighter plane, the government has said. It announced in early 2005 that it had begun production of torpedoes."

Ahmadinejab Urges Removal Of Blair. The AP (8/19) reports, "Britain's close alliance with the United States is damaging its standing in the Muslim world" said Iranian President Mahmoud Ahmadinejad in a report in London's Guardian newspaper and "urged Britons to evict Prime Minister Tony Blair's government from office."

Engagement Recommended, With Limits On Compromise. The Dallas Morning News (8/20) editorializes, "If not a true sign of hope, it was, at least, a wrinkle. Iran's foreign minister said last week that his government might discuss suspending its uranium enrichment program," and "the United States and its allies would be smart to engage Iran – for our own good," as "to the extent the U.S. and its allies can, it makes sense to nudge" the Shiite Muslim

DOJ_NMG_0050349

movement "into the larger world of stable alliances and thriving economies. Iran is central to this approach as the Shiite stronghold." It "won't come close to being easy, but the U.S. has cards to play" such as offers to "help Iran with its oil-refining capacity or work indirectly with Iranian moderates through Germany and Russia." However, even with engagement, "Iran doesn't get to keep any of its nuclear program, if it agrees to pull back its proxy Hezbollah from the brawl in Lebanon. … If it stiffs the United Nations, the U.N. and U.S. must sanction Iran."

Mexico Prepares For Social Unrest From Election Decision. The Los Angeles Times (8/20, Tobar) reports that Mexican "Federal authorities deployed…tanks to prevent supporters of leftist presidential candidate Andres Manuel Lopez Obrador from shutting down Mexico's legislature in a bid to pressure the Federal Electoral Tribunal to order a full recount of all 41 million votes in the disputed July 2 presidential election. On Monday, the first and only street battle of Mexico's election controversy erupted outside Congress when federal police arrived to disperse supporters of Lopez Obrador. A handful of lawmakers were bruised in the melee." Also, "Some members of Lopez Obrador's leftist Democratic Revolution Party, or PRD, have said they will launch a sustained nationwide program of civil disobedience if the tribunal declares Calderon the winner." However, "As the election saga reaches its endgame, there are also indications that some PRD members would balk at taking the radical actions that others in their party favor," as "many residents say the capital is being held hostage by Lopez Obrador and his supporters. Even longtime backers of the leftist candidate have said the decision to blockade the capital's streets has been a grave political mistake" which is "seen as a political disaster for Alejandro Encinas, the outgoing mayor of Mexico City and a close Lopez Obrador ally."

Cuba Said To Have Modern Next To Old. The Los Angeles Times (8/20, Johnson) reports, "On the streets of Havana, glimpses of a possible post-Fidel future already may be seen. These mental snapshots leave contradictory impressions. In many ways, Cuba remains frozen in the late 1950s," but also, "Around Havana, there is evidence of the effect of foreign investment and economic joint ventures with the Cuban government that Castro began encouraging after the island lost its longtime Soviet sponsorship in the early 1990s." Now "capitalism isn't always a dirty word in modern Cuba."

Chavez Claims To Have Captured Four US Spies. The New York Times (8/20, Romero, 1.21M) reports that Venezuelan "President Hugo Chávez said that the authorities here had captured four people who were spying for the United States, and he taunted the Bush administration for making Venezuela a target of high-level intelligence scrutiny." Brian Penn, a United States Embassy spokesman, said, "We have no idea what the president is talking about." Chavez "ridiculed the administration's establishment of a mission manager for intelligence on Venezuela and Cuba," saying "They selected Jack the Ripper," and, "Whatever their plan is, we stand ready to defeat it." Various "accusations of spying have become commonplace in Venezuela in the past two years," and "Authorities have offered little evidence in relation to the various spying charges." Similarly, "the new accusations contained few details." The AP (8/20, James) adds that Penn recalled, "more than a year ago, a clerical official working in a military office at the embassy had her purse stolen in Valencia and that inside it was a disposable camera," but she "was never detained or formally accused of spying."

U.S. Subsidies Boosting Venezuela Oil Profits. The Washington Times (8/20, Hearn) reports, "Venezuelan President Hugo Chavez, one of the hemisphere's harshest critics of the United States, is receiving hundreds of millions of dollars in subsidies from Washington, thanks to an obscure 20-year-old oil pricing formula. … The net effect is to reduce Citgo's taxable earnings in the United States and to boost Venezuela's share of oil profits by as much as $1 million a day." The reports adds, "The U.S. Congress' Government Accountability Office (GAO) says that the United States is ill-prepared for a disruption in Venezuelan oil, which could cost the U.S. economy $23 billion in losses to its gross domestic product."

Pinochet Faces More Legal Trouble. The AP (8/20, Press) reports, "Chile's Supreme Court voted Friday to strip Gen. Augusto Pinochet of immunity from prosecution, an official said, allowing him to be tried on corruption charges involving his once-secret multimillion-dollar overseas bank accounts. Judge Carlos Cerda said he found evidence that General Pinochet, 90, the former dictator, used $2 million in government funds to benefit himself and his family during his rule, from 1973 to 1990." The report adds, "The decision adds to General Pinochet's legal problems. His immunity also has been lifted in cases against him involving human rights abuses and tax evasion."

Russia Said To Harbor Anti-Americanism. Rajan Menon, a fellow at the New America Foundation and Monroe J. Rathbone professor of international relations at Lehigh University, writes in an op-ed in the Los Angeles Times (8/20), "The Bush administration's imposition of sanctions on two Russian companies this month for selling military technology to Iran certainly sends the Kremlin a message — but it won't be the one the White House has in mind. The

DOJ_NMG_0050350

penalties will only deepen the hostility that Russia's political establishment feels toward the United States." The "chaos; the economic contraction; the extreme poverty; the robber barons" of the 1990's in Russu are associated with the US, and "NATO's expansion also feeds Russian anti-Americanism." Today, "it's folly to assume that a new, post-Soviet generation will seek greater harmony with the U.S. or that Russia's accession to the World Trade Organization (certain to occur) and market forces will necessarily integrate it into the West."

Congo Vote Appears Headed Towards Runoff. The New York Times (8/20, Gettleman, Sundaram, 1.21M) reports, "With more than half of the vote counted, the race for the president of Congo seems headed toward a runoff between Joseph Kabila, the incumbent, and Jean-Pierre Bemba, a tycoon who has been accused of war crimes. On Saturday, the Congolese election commission released a batch of new results indicating that Mr. Kabila was ahead 48 percent to Mr. Bemba's 18 percent, with nearly 12 million of an estimated 20 million votes counted. The rules call for a runoff in October if no candidate clears the 50 percent mark."

Milosevic Estate Left Unclaimed. The Washington Times (8/20, Scepanovic) reports, "Slobodan Milosevic, the former Serbian strongman who died in March, left land and property worth tens of millions of dollars, but no heirs have come forward to claim it, according to lawyers administering his estate. By law, his heirs have to launch legal action if they wish to take possession of their inheritance. Yet his son, Marko, and his widow, Mirjana Markovic, are both on the run." The report adds, "Wanted in Serbia for fraud, they are believed to have fled to Russia."

WPost Columnists Call For Less Criticism Of Japan, While Encouraging End To Yasukuni. Jim Hoagland writes in his column in the Washington Post (8/20, B7), "Germany and Japan have served six decades on global probation. It is time for their neighbors, their citizens and the international community to acknowledge the thorough transformation of the former Axis powers into fully democratic and morally responsible nations." Guenter Grass and Prime Minister Junichiro Koizumi of Japan remind of us this. Despite his revealing he was conscripted into the Waffen SS, Grass's "works and the recognition they have received are…important indicators of Germany's having come to terms with the past more successfully than have other world powers, particularly Russia and China." Also, "China and other Asian nations are engaged in the pursuit of tactical advantage, not historical truth, in pretending they possess moral superiority over an unreconstructed Japan. It is the unfinished transformation of China, not of Japan, that is the urgent moral and political question today in Asia. It is China's military buildup…that is the destabilizing force in Asia. Americans and Europeans should not be taken in by Beijing's flimflammery on" Koizumi's visits to the Yasukuni war shrine. "Such protests and the discrimination against Germany and Japan written into the United Nations Charter are now obsolete," although "Tokyo should help clear the way for that step by removing the inscriptions that honor war criminals at Yasukuni." Still, "Germany and Japan both deserve to be heard and treated as the responsible international partners they have become across six decades."

George Will writes in his column in the Washington Post (8/20, B7) that Japan "lives in a dangerous neighborhood with two communist regimes -- truculent China and weird North Korea." Although "three prime ministers visited Yasukuni 20 times without eliciting protests from China" after 14 major war criminals' were enshrined there, "both of Japan's most important East Asian neighbors, China and South Korea, now have national identities partly derived from their experience as victims of Japan's 1910-45 militarism. To a significant extent, such national identities are political choices." China's is "interesting," as "China's regime, needing a new source of legitimacy, seeks it in memories of resistance to Japanese imperialism," even though "most of China's resistance was by Chiang Kai-shek's forces, Mao's enemies." The visits probably will continue, if only for "one of Koizumi's reasons: China should not dictate the actions of Japan's prime ministers." Still, "it would be helpful if" the next prime minister "would discontinue visiting Yasukuni. He could cite the fact, learned last month, that Emperor Hirohito, who died in 1989, stopped visiting it because he strongly objected to the war criminals' enshrinement." Relations between Japan and China "are colder than at any time since relations were normalized in 1972," even though "relations other than diplomatic ones are flourishing. China is, after America, the second-most popular destination for Japanese tourists."

WTimes Calls For Stopping Money From Reaching Tamil Tigers. The Washington Times (8/20) editorializes, "Violence perpetrated by the separatist rebels known as the Liberation Tigers of Tamil Eelam have beset Sri Lanka since the mid-1980s," and while "the fight against the Tigers, most of whom are Hindu, is a predominantly regional battle, not a part of the greater war against Islamic fascism," Sri Lanka's "terrorism is not entirely isolated from the larger war. Terror tactics pioneered by the Tigers -- most notably suicide bombings -- have been incorporated by other terror groups." In order "to make meaningful progress toward a permanent resolution of the crisis, cease-fires cannot function merely as opportunities for the Tigers to regroup. In short, the Tigers' ability to rearm themselves needs to be curtailed, and one way to do that is to stop the flow of money to Sri Lanka from Tiger sympathizers, particularly those in the West."

DOJ_NMG_0050351

WPost Notes China's Lack Of Liberty With Reporter's Trial. The Washington Post (8/20, B6) editorializes, "The Chinese government isn't even pretending that Hong Kong journalist Ching Cheong is getting a fair, impartial trial," and "the embassy here in Washington is already making clear that his guilt is a foregone conclusion." However, "other than the vague promise that Mr. Ching has confessed, the government has released no evidence," and "We'll eat this editorial if there is any credible evidence that Mr. Ching is a spy." Although "The bet that political liberty inevitably would follow economic modernization and trade in China may yet prove out in the long run," that "long run is proving very long indeed."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
A Tortured Past
Victim's Resolve Brings Down a Star of Science
FBI Races the Clock to Reinvent Itself
Baghdad's Walls Are Closing In
The Reason KZLA Up and Left for Another Fan
Israeli Incursion Strains Truce With Hezbollah

New York Times:
New York Gets Sobering Look at Its Pensions
Truce Strained as Israelis Raid Lebanon Site
Hospitals Grew With Medicare Paying the Way
In British Inquiry, a Family Caught in Two Worlds
Police Spar in London Over Muslims as 'Victims'
Using Nearly Nude Pictures, Child Sex Sites Test Laws
CBS Is All Katie, but Rivals Aren't Standing By
I.R.S. Enlists Help in Collecting Delinquent Taxes
Democrats Set Primary Calendar and Penalties
Argentina's Dictatorship Stands Trial
Shifting Sands: And Now, Islamism Trumps Arabism
Rural Oregon Town Feels Pinch of Poverty
The Rise of Shrinking-Vacation Syndrome
Out of Siberia, a Russian Way to Wealth

Washington Post:
Israeli Forces Raid Hezbollah Stronghold
Brazil Finds the Road to Energy Independence
A Covert Chapter Opens For Fort Hunt Veterans
Scientists Disagree On Link Between Storms, Warming
Md. Iraq Veteran and Thousands Like Her Are Coping With Post-Traumatic Stress
GOP's Financial Edge Shrinks

Washington Times:
Shi'ite revival roiling Mideast
Israeli raid aims to cut off arms resupply
U.S. charity for Chavez
Democrats eye inroads among NASCAR fans
For Webb, road to Senate lies in Southwest Va.

Atlanta Journal-Constitution:
John Karr's life combed for clues
Policies lax for substitutes
Crematory case comes to end
Late fees routine for lawmakers
GIs killed in Afghan clashes

Dallas Morning News:
Security concerns divert D/FW-to-Miami flight
Tech, test scores not adding up
Sprouting subdivisions could triple Kaufman County population
Drought preys on birds at rehab center
Truce strained by Israeli raid
Reality TV star Bam Margera's uncle held on sex charges

Houston Chronicle:
School funding issue is personal for some lawmakers
Dinner brings Rove, protesters to Austin
Israeli raid moves truce to the brink
Web sites allow students to grade their teachers
Strayhorn says parties may change, politics don't
Public mental health system in crisis after Katrina

Story Lineup From Last Night's Network News:
ABC: Israeli raid; Lebanese return to Beirut; JonBenet Ramsey; Diesel cars; DNA medical mystery; Clinton turns 60.
CBS: Pre-empted by PGA Championship.
NBC: JonBenet Ramsey; Israeli raid; Lebanon oil spill; Europe terror plots; Afghanistan/Iraq update; FBI training; Teacher incentives; Clinton and Bush at 60.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House: PRESIDENT BUSH — 1 p.m. President and Mrs. Bush arrive at the White House. South Lawn.

VICE PRESIDENT CHENEY — Unavailble.

US Senate: No scheduled events.

US House: No scheduled events.

Other: No Scheduled Events.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, AUGUST 19, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Bush Defends Surveillance Program As Justice Department Files Appeal....3
Al Qaeda Commander Arrested....4
British Plane Plot Suspects Had Pakistani Citizenship....4
British Plane Lands In Italy After Written Bomb Threat Found On Airsickness Bag....5
Prosecutors Detail Allegations Against Accused Hamas Fundraiser....6
Al-Arian Codefendant Sentenced To 14 Months In Prison For Food Stamp Fraud....6
Suspects Still At Large In Failed German Bombing Attempt....6
Indians Report Limited Bombay Breakthrough....6
German-Born Turkish Citizen To Be Released From Guantanamo....7
Fish And Dogs Used To Detect Possible Terror Attacks....7
Poll Said To Show UK Public's Support For War On Terror....7

Homeland Response:

FBI Declares West Virginia Passenger, Liquid Represented No Threat....7
HUD Distributes Additional $428 Million In Hurricane Aid To Texas....7

War News:

Readiness Of Iraqi Army Questioned....8
Fearful Iraqis Shun Mosques....9
Officer Considered Haditha Routine....9
Two Shiite Parties Denounce Iran....10
Jordan Sends Ambassador To Iraq....10
State Department Official Criticizes Jailing Of Children, Militarization Of Interior Ministry, UK Behavior In Basra....10
Officer Goes To Court For Refusing To Serve In Iraq....10
Judge Sets Aside Custer Battles Verdict....10
Battle Cuts Short Kandahar Recovery....11
Maureen Dowd Raps Bush For Considering Iraqis Ungrateful....11

Corporate Scandals:

Quattrone Avoids Third Criminal Trial....11

Criminal Law:

Libby's Request For Classified Documents Denied....11
Timing Of DA's Probe Into Ramsey Murder Questioned....11
Free Speech Advocates Say AIPAC Espionage Case Ruling Helps Defendants....12
Cunningham's Wife Says She Was Deceived About Corruption....12
Judge Blasts Texas AG For X-Ray Seizure....12
Judge Will Not Dismiss Suit Against Federal Prosecutors....12
Columnist Cites Government Failures In Parolee's DC Rampage....13
Woman Charged With Husband's Murder-For-Hire Can't Afford Death Penalty Defense....13
Former Oklahoma Judge Sentenced For Indecent Exposure 13
Guardsmen Arrested In New Orleans For Robbery....14
WPost Sees Little Impact From D.C. Crime Emergency Declaration....14

Civil Law:

Ohio Hospitals Settle Whistleblower Suit For $14 Million....14
Nursing Home Chain Settles Medicare Fraud Claims....14
Shareholders Seen As Benefiting From Tobacco Ruling....15
Court Decision "Opens Door" To Potentially Thousands Of Agent Orange Claims....15
Veterans' Widows Losing Out On Benefits Due To 1972 Law 16
NYTimes Calls For Government Whistleblower Protections..16

Civil Rights:

DOJ Settles Sign Language Dispute With Pony Leagues....16

South Dakota Abortion Ban Debate Hinges On Emergency Contraception Provision ... 16
Court Rules Members Of Congress Are Subject To Job Discrimination Suits ... 17
Ehrlich Concerned Touch-Screen Voting Machines May Prove Unreliable ... 17

Antitrust:

Bristol-Myers, Sanofi Seek To Halt Generic Plavix Sales ... 17
Boeing Gets EU Antitrust Nod For Aviall Purchase ... 17

Environment:

Acting DOT Secretary Cino Inspects BP Pipes In Alaska ... 18
Senate, House Panels To Hold Hearings On Oil Pipelines ... 18
USDA Says Unapproved GMO Rice Has Entered US Supplies ... 18
Alaska "Bridge To Nowhere" Held Up Over Whale Population ... 18
Ozone Hole Repair Forecast To Take 15 Years Longer Than Expected ... 18

Immigration:

DHS Estimates 11 Million Illegal Immigrants Are Currently In The US ... 18

Tax:

Widows Protest "Tax" In Benefits Laws ... 19

Congress-Administration:

Boeing To Begin Shutting Down Production Of C-17 Cargo Plane ... 19
NASA Funds Two Contractors To Develop Privately Owned Spaceship ... 20
Air Force To Test Synthetic Fuel ... 20
Washington-Area Housing Voucher Demand Exceeds Availability ... 20

Other News:

Ford To Cut Fourth Quarter Production By 21% ... 20
Stocks Post Fifth Straight Day Of Gains ... 21
Wal-Mart Distances Itself From Young's Controversial Comments ... 21
Barr Resubmits FDA Application To Sell OTC Plan B ... 22
Controversy Over Allen Remarks Said To Have Energized Webb's Campaign ... 22
Notable Republicans Back Lieberman's Independent Candidacy ... 22
GOP Chooses Houston Councilwoman As Write-In For DeLay's Seat ... 22
Eight Candidates File To Run In Ney's District ... 22
Murkowski Trails Two Other Candidates In Alaska GOP Gubernatorial Primary ... 23
Ickes Criticism Creates Tension At DNC Meeting ... 23
Anti-Bush Country Music Compilation Released ... 23
States Report Cumulative $57 Billion In Budget Surpluses ... 23
Power Of K Street Cast As Detrimental ... 23
Boehner v. McDermott Decision Seen As Threat To Press ... 24
Bush "Prods" France To Include More Troops For Lebanon Force ... 24
Hezbollah's Nasrallah Said To Have "Gained The Most" From War ... 25
Israelis Fear Campaign Against Hezbollah Has Left Them Vulnerable ... 25
Israel Arrests Palestinian Deputy Prime Minister ... 27
Captured Fox Cameraman's Wife Appeals For Release ... 27
British Government Criticized Over Failure To Engage UK Muslims ... 27
Raul Castro's First Public Remarks Criticize Bush ... 27
Ex-Bolivian Leader Blames US In Missile Scandal ... 28
North Korean Flooding Said To Help Reverse Pressure From Missile Test ... 28
In Drug War, Administration Claims Of Success Are Questioned ... 28
UN AIDS Official Delivers "Blistering Attack" On South Africa ... 28
Chinese Crackdown On Defense Lawyers, Try Activist ... 29
Trying To Slow Economy, China's Central Bank Raises Interest Rates ... 29
Chiapas Gubernatorial Race Said To Offer Insight Into Mexican Political Future ... 29
Somali Islamists Reject African Peacekeeper Plan ... 30
AIPAC Lobbyists Case Not Thrown Out, But Government Given Higher Standard To Prove ... 30

The Big Picture:

Headlines From Today's Front Pages ... 30

Washington's Schedule:

Today's Events In Washington ... 31

DOJ_NMG_0050356

TERRORISM NEWS:

Bush Defends Surveillance Program As Justice Department Files Appeal. The CBS Evening News (8/18, story 4, 0:35, Schieffer) reported, "President Bush is going ahead with the domestic eavesdropping program while he is appealing a federal court ruling that struck it down. The President today defended the program in which the National Security Agency monitors without court orders the international e-mails and phone calls of Americans suspected of ties to terrorists." President Bush: "The American people expect us to protect them, and, therefore, I put this program in place. We believe, strongly believe it's constitutional."

The AP (8/19, Riechmann) reports, "President Bush on Friday criticized" the ruling, "declaring that opponents 'do not understand the nature of the world in which we live.' 'I strongly disagree with that decision, strongly disagree,' Bush said, striking his finger on a podium to underscore his point." The ruling by U.S. District Judge Anna Diggs Taylor in Detroit "was the first to find the National Security Agency surveillance program unconstitutional."

The Washington Times (8/19, Curl) reports, "President Bush yesterday strongly defended his administration's terrorist surveillance program, saying those who oppose it 'simply do not understand the nature of the world in which we live.'" Meanwhile, "Democrats pounced on the ruling, saying that it proves Mr. Bush has overstepped his authority and is trampling on the Constitution."

The New York Times (8/19, Lichtblau) reports, "President Bush predicted Friday that an appeals court would ultimately overturn" Judge Taylor's ruling and said, "those who herald this decision simply do not understand the nature of the world in which we live." The decision "quickly became a political firecracker, as the Republican National Committee sought to play off the ruling to rally supporters." But Democrats "and some legal scholars said they regarded the decision…as an important affirmation of the separation of powers and limits on presidential authority even in a time of war." Sens. Patrick J. Leahy and Charles E. Schumer are both cited as supporting the ruling. Bush administration officials said that "they were eager to exploit what they saw as flaws and omissions in Judge Taylor's legal reasoning." One "senior Justice Department official" said, "What was surprising was the weak reasoning of the opinion."

The AP (8/19, Karush) reports, "The Justice Department launched an appeal within hours" of the ruling. Attorney General Alberto Gonzales said, "We're going to do everything we can do in the courts to allow this program to continue." The Justice Department will "seek a reversal by the 6th U.S. Circuit Court of Appeals." White House press secretary Tony Snow said that "the Bush administration 'couldn't disagree more with this ruling.' He said the program carefully targets communications of suspected terrorists and 'has helped stop terrorist attacks and saved American lives.'"

Experts Say Opinion Is Weak. The New York Times (8/19, Liptak) reports, "Even legal experts who agreed with" the ruling "were distancing themselves from the decision's reasoning and rhetoric yesterday. They said the opinion overlooked important precedents, failed to engage the government's major arguments, used circular reasoning, substituted passion for analysis and did not even offer the best reasons for its own conclusions." It is said that Judge Taylor "relied on novel and questionable constitutional arguments when more straightforward statutory ones were available." And some "speculated that Judge Taylor…may have rushed her decision lest the case be consolidated with several others now pending in federal court in San Francisco or moved to a specialized court in Washington as contemplated by pending legislation."

6th Circuit Often Hard To Predict, Experts Say. The AP (8/19, Sewell) reports, "The Bush administration's warrantless wiretapping program is heading toward a federal appellate court loaded with the president's own appointees. … However, veterans of cases before the 6th U.S. Circuit Court of Appeals caution that the court's mixed record in a broad range of rulings covering elections, death penalty cases, religious displays and other civil liberties issues make it difficult to predict how its judges will view the surveillance the administration says is crucial to stopping terrorists. … 'It is not a foregone conclusion that a conservative-dominated court is going to say, "President Bush did this and we're going to uphold what he wants,"' said Robert A. Sedler, a law professor at Wayne State University. 'There are many issues in this case. Conservative judges often have a very strongly libertarian streak.'" The AP continues, "The Justice Department filed notice of appeal with the Cincinnati-based

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court, which hears federal appeals from Kentucky, Michigan, Ohio and Tennessee, soon after U.S. District Judge Ann Diggs Taylor on Thursday ruled the National Security Agency's warrantless surveillance was unconstitutional. Taylor, a Jimmy Carter appointee, will hear the government's request for a stay Sept. 7 in Detroit. … President Bush has appointed six judges to the 6th Circuit, including two Michigan judges last summer that gave Republican appointees an 8-6 majority. The chief judge was appointed by Ronald Reagan. … But the three-judge panels that hear appeals still often split their rulings. Depending on scheduling, the panels sometimes include a district court judge or a senior judge who's not a full-time member of the court."

Republicans Said To Be Taking Advantage Of Ruling To Energize Supporters. The Washington Post (8/19, A5, Weisman) reports the ruling "set off a flurry of political responses yesterday, as Republicans tried to keep control of the national security debate amid signs that their own party's ranks may be breaking under the pressure of the Iraq war." President Bush said, "Those who herald this decision simply do not understand the nature of the world in which we live." He added, "This country of ours is at war, and we must give those whose responsibility it is to protect the United States the tools necessary to protect this country in a time of war." The Republican National Committee "minutes later" issued "the statements of eight Democrats…all heralding the decision as a rebuke to the president." Then the RNC "released an Internet advertisement painting the Democrats as soft on defense." Republicans "appeared ready to make" the ruling "a rallying cry for the Republican base." But "with polls showing Republican voters more divided on security issues than Democrats are, it was unclear whether the strategy would work again." The article notes statements by Republican congressmen critical of administration policy in Iraq and continues, "amid such discord, Republicans welcomed a return to debating the NSA's warrantless surveillance program."

The Los Angeles Times (8/19, Reynolds) reports the ruling "was a blow to the Bush administration and a victory for its critics. But in a reversal, it is Republicans who are highlighting the decision and Democrats who are sidestepping it." Republicans "issued a stream of memos discussing" the ruling "and released a new Web ad accusing Democrats of being against terrorist surveillance. Republican National Committee Chairman Ken Mehlman headlined the issue in an e-mail sent Friday to supporters around the country." President Bush "himself seemed eager to take on the issue during a brief question-and-answer session with reporters at Camp David." But "Democratic leaders… have fallen largely silent."

Ruling Defended. The Houston Chronicle (8/19) writes in an editorial approving Judge Taylor's ruling, "The ruling does not prevent the government from eavesdropping on terrorists, it simply requires that the government do so in a lawful manner, with appropriate court review and warrants issued."

Al Qaeda Commander Arrested. ABC World News Tonight (8/18, lead story, 2:30, Gibson) reported the arrest of "one of al Qaeda's top commanders" which is said to have come "out of the foiled airliner bomb plot in Britain last week. Investigators believe this man knows many of al Qaeda's deepest secrets, perhaps even, the location of Osama bin Laden and his deputies." ABC (Ross) added, "His name is Matiur Rehman, and authorities say he knows a lot. … U.S., British and Pakistani law enforcement authorities tell ABC News he was taken into custody in the city of Bawalpur." And "according to Pakistani police" Rashid Rauf, "the alleged ringleader of last week's disrupted U.S.-airline bomb plot … regularly met with Rehman and told police where to find him and other al Qaeda operatives." Rehman is said to have "served as an explosives trainer in the al Qaeda camps in Afghanistan in the late 1990s and kept the official list of recruits who have since dispersed to Europe, Asia and the United States." Rehman was also said to have "organized dozens of terror attacks, including the kidnapping and murder of American journalist Daniel Pearl and this year's bombing outside the U.S. consulate in Karachi" and "at least seven assassination attempts on Pakistani president Musharaff." U.S. and British officials were said to hope that Rehman "will disclose details of ongoing plans for new attacks on the West." A counterterrorism consultant was shown saying that information from Rehman's arrest could lead to "hundreds, if not thousands, of arrests around the world."

British Plane Plot Suspects Had Pakistani Citizenship. The Los Angeles Times (8/19, Watson, Zaidi) reports, "Officials investigating the alleged plot to blow up transatlantic airliners say at least seven of the suspects arrested in Britain had dual citizenship" with Pakistan and "made frequent trips" there "in the last three years, gaining

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information on how to make detonators and explosives." And "most" had also "met with Rashid Rauf, 25, whom Pakistani authorities arrested two days before the alleged cell was broken up on Aug. 10, a senior Pakistani government source said." Rauf is said to be "a key figure in the suspected plot." That information is said to "highlight Pakistan's role as a virtual bazaar for would-be terrorists run by militant groups allied with Al Qaeda." Investigators are said to be "certain that British-based plotters at least received information on detonators and explosives." U.S. officials are described as "concerned about intelligence suggesting that Pakistan has become a place where militants and Al Qaeda operatives assist and train Islamic militants from Europe, and potentially from the United States." Expertise in these areas is said to come from veterans of the Afghan war against the Soviet Union and to have been redirected by Pakistan's efforts to keep militants from Attacking Indian Kashmir.

Plot Said To Show Continued "Holes In Airline Security." The Wall Street Journal (8/19) reports, "After British authorities said they intercepted a massive terror plot, rattled air travelers this past week coped with confusion over daily rule changes and flight cancellations." So far "twenty-three people are in custody in the United Kingdom in connection with the alleged plot." The U.S. Transportation Security Administration "started requiring all passengers to subject their shoes to X-rays." The events "underscored that nearly five years after the Sept. 11, 2001, attacks, significant holes in airline security remain." At present "detecting explosives in carry-on bags and on passengers remains a concern."

Variations In Security Said To Cause Confusion. The Financial Times (8/19, Reporters) reports, "A week after Britain said it had foiled a terrorist plot to blow up US-bound aircraft, the authorities face a backlash against a confusing array of security restrictions that have baffled passengers, upset pilots and drawn legal threats from one airline." While airports are "mostly free of the grim queues and cancelled flights,…there is no sign of a change to safety measures that Michael O'Leary, chief executive of Ryanair, Europe's biggest low cost airline, on Friday described as 'farcical' and 'Keystone Cops-like'." Those measures "include searches of every second passenger and no cabin luggage larger than 45cm by 35cm by 16cm. US-bound passengers are also banned from taking cosmetics, toiletries, liquids or drinks on board aircraft." And "travelers outside Britain face a range of restrictions that appear to vary according to destination and airline." That "lack of consistency" has "caused confusion at many large companies."

Success Of Investigation Seen As Support For Data Mining. John Yoo, law professor at UC Berkeley and visiting scholar at the American Enterprise Institute, writes in the Los Angeles Times (8/19) in favor of data mining as a tool to fight terrorism. "It appears to have been an important tool in breaking up the plot in Britain." But "American efforts to develop sophisticated data-mining abilities died early in 2003, when criticism killed the Defense Department's Total Information Awareness program." He argues that corporations use it for marketing purposes and to detect fraud so "why should the government be barred from using similar tools on similar databases to protect the country from attack?" He describes the situation as "fighting terror with one hand behind our back."

WSJ Argues For Use Of Muslim Origin In Airport Screening. The Wall Street Journal (8/19) writes in an editorial, "A return to any kind of normalcy in travel is going to require that airport security do a better job of separating high-risk passengers from unlikely threats." U.S. policy is described as spending "scarce screening resources as much on eight-year-old girls as on 22-year-old men with Pakistani passports." Homeland Security Secretary Michael Chertoff, Transportation Security Administration chief Kip Hawley and House Aviation Subcommittee Chairman John Mica (R-FL)are all said to defend that policy. The Journal responds that it "makes no sense to take zero account of the fact that every suicide attack against U.S. aviation to date has been perpetrated by men of Muslim origin." Hawley comes in for special criticism for hiding "behind the screen of political correctness." The Journal notes that race is taken into account in a number of government programs, adding, "the same people who would allocate jobs, federal contracts and college admissions by race or ethnicity object to using them merely as one factor in deciding whom to inconvenience for a few minutes at an airline checkpoint." The paper concludes, "if Americans conclude that their inconvenience has less to do with terrorism than it does with political correctness, the Administration will find that it has that much less support for the overall war on terror."

British Plane Lands In Italy After Written Bomb Threat Found On Airsickness Bag.

The Washington Post (8/19, A12, Topping) reports, "A British plane carrying 269 passengers and nine crew members

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made an emergency landing in Italy on Friday because of a bomb scare, officials said." The Excel Airways Boeing 767 left London's Gatwick Airport Friday morning and landed in Brindisi, Italy, "after a passenger found a handwritten note on an air-sickness bag that read: 'There is a bomb on board this flight.'" The pilot "alerted passengers to the possibility that there was a bomb on board but said the incident was probably a hoax." The Italian police "searched and questioned passengers, and the aircraft was examined" but "no explosives were found, and no arrests were made."

Prosecutors Detail Allegations Against Accused Hamas Fundraiser. The Chicago Tribune (8/19, Bush) reported, "Federal prosecutors Friday offered their most detailed allegations to date against two men accused of aiding the Palestinian extremist group Hamas, charging that one planned a 1993 Hamas 'conference' in Philadelphia and another discussed murdering a moderate Palestinian leader. In a 54-page document, prosecutors presented a large part of their case against Muhammad Salah, of Bridgeview, and his co-defendant, Abdelhaleem Ashqar, of Virginia, in hopes of expanding what testimony can be admitted against them at trial." The Tribune noted, "The FBI made audio and videotapes of the conference that include discussions of Salah's arrest in Israel that year for delivering funds from accounts in the U.S. to Hamas, prosecutors wrote." The AP (8/19, Robinson) added, "As early as 1990, Muhammad Salah bought airline tickets to Syria for two recruits who received bomb-making training from a 'Hamas military operative who had fought in Afghanistan,' the…document alleges.

Al-Arian Codefendant Sentenced To 14 Months In Prison For Food Stamp Fraud. The AP (8/19, Robinson) reported, "A former grocery store owner already facing three years in prison for aiding a terrorist group got 14 months tacked onto his sentence Friday for swindling the food stamp program out of $1.4 million." Hatem Fariz "must serve a total of 51 months in federal prison under the sentence handed down by U.S. District Judge Milton I. Shadur." The AP noted, "Fariz was a defendant in a major terrorism financing trial in Tampa that ended in December with a stinging defeat for the federal government. The lead defendant was University of South Florida professor Sami Al-Arian."

Suspects Still At Large In Failed German Bombing Attempt. ABC World News Tonight (8/18, story 2, :30, Gibson) reported, "A potentially devastating terror attack in Germany…was averted only because the bombs were defective and did not go off. German police said two unidentified men seen in surveillance photos placed two powerful suitcase bombs on trains bound for Dortmund and Koblenz, Germany on July 31. They are still at large and police say the bombs could have caused many deaths."

The Los Angeles Times (8/19, Fleishman) reports, "German authorities announced Friday that they are searching for suspects in a failed terrorist plot involving propane bombs concealed in suitcases that were timed to explode simultaneously on two regional trains in western Germany." The bombs "were constructed of propane tanks, gasoline bottles, ignition switches and timers." Joerg Ziercke, president of the Federal Criminal Police, said that "the plan failed because 'the bomb builders made technical mistakes.'" The discovery may "further underscore the vulnerability of Europe's train networks." And "the pattern was similar to transit system bomb attacks by radical Muslims in London in 2005 and Madrid in 2004." Yet "investigators said there were major differences" since the bombs did not target rush-hour trains, use cellphones or employ suicide bombers. Also "German authorities have not received claims of responsibility and allegiance to Al Qaeda or other terrorist organizations."

The New York Times (8/19, Dougherty) reports the bombs "might have been planted by two young men angered by the war in Lebanon." The police, "citing surveillance videos from the station in Cologne where the two young men boarded the trains, described them as men in their 20's with a 'southern appearance.'" They "are hypothesizing that the suspects were angry about the Israel-Lebanon war, in part because of evidence that included a bag of Lebanese cooking starch and a Lebanese telephone number."

Indians Report Limited Bombay Breakthrough. The Washington Times/UPI (8/18) reports, "Indian officials say they have reached a breakthrough, but no arrests, in the investigation of the July 11 serial bombings of Bombay commuter trains." In addition, "The Press Trust of India reported Sriprakash Jaiswal, union minister of state for home affairs, as saying authorities have come to understand the conspiracy of the blasts."

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German-Born Turkish Citizen To Be Released From Guantanamo. The Financial Times (8/19, Wetzel, Sevastopulo) reports, "The US will next week release a German-born man with Turkish citizenship from Guantánamo Bay in a move that is likely to improve relations between Washington and Berlin. Murat Kurnaz travelled in October 2001 to Pakistan, where he was arrested. He has been held at Guantánamo Bay…since January 2002." German Chancellor Angela Merkel "personally lobbied" President Bush "for his release."

Fish And Dogs Used To Detect Possible Terror Attacks. NBC Nightly News (8/18, story 5, 2:30, Brown) reported, "All this week we've been looking at the high technology, anti-terror methods in use around the country getting new scrutiny in the wake of the London terror plot. Tonight we're focusing on a different kind of terror prevention" involving animals. NBC (Williams) added, "Among the newest guardians of 2.5 million people in the San Francisco bay area and the water they drink, is a tiny group on duty 24 hours a day, inside this will-secured treatment plant. In this tank, to be exact. Eight fish, all bluegill." The fish "react even to traces of poisons by abruptly changing their movements. A computer system watches for that behavior, ready to sound the alarm." And "Since 9/11, there's been an explosion in demand for another kind of highly sensitive detector, this one in the noses of dogs. They can be trained to sniff out thousands of kinds of explosives at such levels that even sensitive electronic detectors can't find them."

Poll Said To Show UK Public's Support For War On Terror. Matthew D'Ancona, editor of the London Spectator, writes in the Wall Street Journal (8/19), "The good news, according to a poll in this week's Spectator magazine, is that the British people most certainly do 'get it.' Of the 1,696 respondents, 73% agree that 'we are in a world war against Islamic terrorists who threaten the West's way of life.'" And "more than 50% believe that the proper response to the terrorist threat is a 'more aggressive foreign policy.' A similar proportion supports the introduction of 'passenger profiling' at Britain's airports, while 69% want the police to have powers to hold terror suspects without trial for 90 days (a government proposal that was thrown out by the House of Commons last November)." Yet "only 14% of those surveyed said that 'Britain should continue to align herself closely with the U.S.'" The poll shows "Britons' present disillusionment with the U.S.-U.K. special relationship." But "America has a fine ambassador to the Court of St. James, Bob Tuttle, who is already beginning the repair work." And "what counts is that the British people seem to grasp intuitively how much is at stake in the war on terror, how much remains to be done at home and abroad, and how long a haul they are in for."

HOMELAND RESPONSE:

FBI Declares West Virginia Passenger, Liquid Represented No Threat. In a widely-distributed story, the AP (8/19, Mohajer) reported, "A day after two bottles of liquid tested positive for explosive residue, prompting a West Virginia airport to close for nearly 10 hours, the FBI said neither the containers nor the pregnant woman who carried them were a threat. … 'The FBI does not consider the bottles or the owner a threat at this time,' bureau spokesman Jeff Killeen said." However, the AP noted, Rima Qayyum "had purchased a one-way ticket Wednesday on US Airways for travel to Detroit by way of Charlotte, N.C., on Thursday. But Friday afternoon, she was driving to her parents' home in Jackson, Mich. 'There was a mutual decision between her and the FBI not to fly,' Killeen said." The New York Times (8/19, Heyman) also briefly reported on the FBI's finding.

Pennsylvania Woman Arrested For Trying To Board Plane With Gun. The Bethlehem (PA) Express-Times (8/19, Lomax, Eilenberger) reports, "A 47-year-old Bethlehem woman was charged Friday with trying to take a loaded gun and pepper spray aboard a plane at Lehigh Valley International Airport, authorities say." Linda K. Krisko "was charged with two felonies for the incident at the Hanover Township, Lehigh County, airport, according to Jerri Williams, a special agent with the FBI's Philadelphia Division. Krisko was stopped by Lehigh Valley International Airport security after a gun was found in her carry-on bag, said George Doughty, executive director of the Lehigh-Northampton Airport Authority. Krisko has a permit to carry a concealed weapon but it is still illegal to carry a weapon onto an airplane, Williams said." The AP (8/19) also reported on the arrest, noting Williams' comments.

HUD Distributes Additional $428 Million In Hurricane Aid To Texas. The Houston Chronicle (8/19, Rodriguez) reports, "Texas will get almost half a billion dollars in federal relief funding to help the state recover from

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last year's hurricane double whammy, officials announced in Houston on Friday." U.S. Housing and Urban Development Secretary Alphonso Jackson "said the new emergency funding is an addition to the $74.5 million HUD allocated to Texas in January to meet the continuing housing needs of Katrina evacuees and Rita victims. The $428.7 million in emergency funding will be provided through HUD's Community Development Block Grant program. … Jackson was joined by a bipartisan array of officials, including U.S. Sens. Kay Bailey Hutchison and John Cornyn, Houston Mayor Bill White, Harris County Judge Robert Eckels, U.S. Reps. Sheila Jackson Lee and Kevin Brady, and several others. Hutchison said it was hard to convince her congressional colleagues and the Bush administration that a hurricane that didn't hit Texas, Katrina, had profound consequence and expenses for the state."

Nagin Blames Racism For Delay In Aid To New Orleans. The AP (8/19, Kusmer) reports New Orleans Mayor Ray Nagin "blamed racism and government bureaucracy for hamstringing his city's ability to weather Hurricane Katrina and recover from the disaster that struck the Gulf Coast nearly a year ago. In remarks to the annual meeting of the National Association of Black Journalists, Nagin said the hurricane 'exposed the soft underbelly of America as it relates to dealing with race and class.' … On Friday, Nagin condemned federal regulations that discourage rebuilding in the largely black and low-lying Ninth Ward."

WAR NEWS:

Readiness Of Iraqi Army Questioned. In a New York Times Sunday magazine (8/20) article numbering 4,695 words, reporter Michael Gordon sums up what he found after observing efforts to train the Iraqi army: "What I saw in more than three weeks in Anbar Province was not reassuring. Dogged efforts were being undercut by a dysfunctional Iraqi bureaucracy in Baghdad. The American advisers were able and extremely dedicated, and the Iraqi troops under their tutelage were making strides toward becoming an independent fighting element. But Iraq's Ministry of Defense has been slow to issue promotions for the new soldiers and to distribute proper pay." Gordon adds that US forces are chronically too small to control Anbar, making their work akin to a "whack-a-mole arcade game." The US has struggled to train the Iraqi forces needed to replace American troops, a task given "new urgency" ever since the insurgency proved so hardy. He attributes the "mystifying" decision to abolish the old Iraqi army to Paul Bremer and Secretary Rumsfeld: "Bremer gave his order after consulting with Rumsfeld, but neither Condoleezza Rice, then Bush's national security adviser, nor Secretary of State Colin Powell was informed in advance."

Police Training Is Discussed. The CBS Evening News (8/18, story 5, 3:15, Schieffer) reported, "The President in his brief comments at Camp David did not mention Iraq, but the violence there has only been getting worse. And tonight, officials have banned all private vehicles in many parts of Baghdad for the entire weekend. ... More people were killed in Baghdad in July than any month since the war began, and the United States is rushing to get the Iraqi police up to speed." CBS (Strassmann): "They are police cadets. At Baghdad's police academy, Ed 'Bugs' McPherson runs the range." McPherson: "The sooner that we can train these guys to get on the street and secure their own country, the sooner that some guy in the military or something that doesn't want to be here doesn't have to come." Strassmann: "The goal is a total Iraqi police force of 188,000 -- local, national, and border patrol cops. By year's end, the good news for American forces here is that force should be in place, patrolling the Middle East's meanest streets. Assam Athar Hamad has no illusions. As a cop, he'll be a bullseye. 'I think that I will be killed,' he says. 'For Iraqis, death is something that cannot be thought of seriously.' No place needs a cop like a dangerous neighborhood, and Iraq has plenty of those. In less than two years here, 3,400 cops have been killed. ... When Iraqi police were given the chance to protect Baghdad, it was a disaster. The city had almost 1,700 violent deaths here just last month, a record. US troops had to send in thousands of reinforcements." Commander Gen. George Casey: "We have to help the Iraqis reestablish control, and we're on our way to doing that."

Iraqi Forces Are Still Incapable Of Patrolling Baghdad Alone. McClatchy Newspapers (8/19) reporter Nancy Youssef writes, "A three-day tour with U.S. and Iraqi troops aiming to stop Baghdad's plunge toward civil war showed one thing clearly: Iraqi forces remain unprepared to police the capital city alone." She says that Sunni residents now mistrust Iraqi security forces: "Many members of the Shiite Muslim-dominated security forces are suspected of siding with death squads that target Sunni Muslims. During an operation in the Baghdad neighborhood of Amariyah, a majority Sunni area that's been a hotbed of insurgent activity,

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resident after resident said they opened their doors to Iraqi forces only when they saw American troops with them."

US Strives To Defeat IEDs. ABC World News Tonight (8/18, story 7, 2:30, Gibson) reported, " We have a look tonight at how the U.S. military is trying to combat that country's deadliest threat, the roadside bombs that kill and maim. Last month, more than 2600 IEDs blew up or were found before they exploded." ABC (Kerley) added, "Their work could be called 'IED CSI: Crime scene investigation of improvised explosive devices.'" Lt. Cmdr. Rick Hayes, US Navy,: "We're looking for any type of shrapnel, fragmentation, anything that may indicate some kind of military ordnance. It's oftentimes the little clues that will give us the biggest change for policy and procedures for our troops." Kerley: "Teasing out bits of residue at the site of the attacks, and back at base. ... In Baghdad, each explosion is now plotted on computers, looking for patterns to predict attacks. ... When the insurgents started using toy remote controls and cell phones, the U.S. started jamming. Now, these IED CSI teams are finding new insurgent tricks -- pressure plates, bombs triggered when a vehicle rolls over the device. ... So, who is winning? The military points out, it is finding half of the IEDs before they explode. But the insurgents are now planting twice as many bombs."

Fearful Iraqis Shun Mosques. The New York Times (8/19, Wong) reports, "Exploding sectarian violence has undermined the mosque's traditional role as a gathering place, further unraveling the country's communal fabric. Mosque attendance has plummeted, according to clerics and government officials ... Gatherings at Friday Prayer are sometimes one-tenth the size of what they once were, and parents no longer send their children to mosques for spiritual lessons." The violence has steadily worsened: "Militias regard mosques as either places of refuge or tempting targets. Entire congregations have been wiped out by car bombs. Gunmen abduct imams, and sometimes shoot them outright. American and Iraqi forces often storm the buildings hunting for guerrillas. Airstrikes obliterate minarets." The Washington Times/UPI (8/19) summarizes the Times article.

Baghdad Bans Cars On Eve Of Pilgrimage. The New York Times (8/19, Von Zielbauer) reports, "With little warning, Iraq's government imposed a nearly three-day ban on vehicle traffic in the capital starting at dusk Friday, in preparation for what is expected to be millions of pilgrims converging Sunday at a shrine to mark the anniversary of the death of one of Shiite Islam's holiest figures." The decision appears related to last year's disaster: in 2005's procession, "rumors of a suicide bomber in a procession of Shiite pilgrims crossing a bridge in northern Baghdad provoked a deadly stampede. Most of those killed were crushed or suffocated, but many others drowned after falling or jumping into the Tigris River." Violence against pilgrims has already started; on Friday "seven people driving toward the shrine were killed in the Adel neighborhood of western Baghdad" by gunmen. In additional news, as Saddam Hussein's second trial approaches, "the International Center for Transitional Justice, a rights group based in New York, urged the authorities here to avoid mistakes that the group said marred Mr. Hussein's first trial." The group said that the first trial was marred by 'a lack of access to documents by defense lawyers and, above all, inadequate security precautions for Mr. Hussein's lawyers, three of whom were killed during the trial."

The Los Angeles Times (8/19, Roug) also reports the ban on cars and like the New York Times states that the 2005 stampede "remains the bloodiest day since the U.S.-led invasion of Iraq in 2003." Describing the renewed American efforts to impose security in Baghdad, the Times observes that after handover of many neighborhoods to Iraqi forces, "In most neighborhoods, security deteriorated rapidly." However, the current American operation is allegedly one-sided: "Most of the U.S.-led security operation has targeted Sunni neighborhoods in western Baghdad. Frustrated American commanders say Sadr and his followers have become 'untouchable.'"

Officer Considered Haditha Routine. In a front page article, the Washington Post (8/19, Ricks) reports, "The Marine officer who commanded the battalion involved in the Haditha killings last November did not consider the deaths of 24 Iraqis, many of them women and children, unusual and did not initiate an inquiry, according to a sworn statement he gave to military investigators in March." The statement by Lt. Col. Jeffrey Chessani "helps explain why there was no investigation of the incident at the time, despite the large number of civilian deaths, and why it took several months for the U.S. military chain of command to react to the event. ... It suggests that top U.S. commanders have been unsuccessful in urging subordinate leaders to focus less on killing insurgents and more on winning the support of the Iraqi people, especially by providing them security."

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The New York Times/AP (8/19) summarizes the Post story. About 30 sites carried the AP summary.

Two Shiite Parties Denounce Iran. The Washington Post (8/19, Paley, al-Izzi) reports, "Two Shiite Muslim parties on Friday accused Iran of instigating violence in Iraq and attempting to destabilize the country, exposing a growing rift within Iraq's largest sect that many fear will exacerbate the nation's slide into full-scale civil war." Violent clashes between Shiite factions in southern Iraq "served as a reminder of the bitter divisions between various parties in the governing coalition, made up of some factions closely tied to Tehran and others that bitterly criticize it." The Post quotes professor Juan Cole, who says that "class conflict" between wealthy followers of Iran and poorer critics of Iran helps drive the unrest. It also profiles "Mahmoud Abdul Ridha al-Hassani, who is virulently anti-Iranian and anti-American" and symbolizes "rising discontent with Tehran."

Jordan Sends Ambassador To Iraq. The AP (8/18, Joshi) reports, "Jordan has become the first Arab state to send a fully accredited ambassador to Iraq, a major display of political support for the U.S.-backed government in the face of past kidnapping-slayings of Muslim diplomats." Arab, mostly Sunni-led governments had previously resisted because of "violence and concern over the Shiite-led government's dealings with the Sunni minority, which forms the foundation of Iraq's insurgency, and the government's ties to Shiite-dominated Iran." The AP writes that Egyptian, Algerian, and Moroccan diplomats have been killed by insurgents. It also notes the ban on cars during this weekend and the arrest of "three death squad leaders who were involved in the massacre of 41 Sunnis in Baghdad's Jihad neighborhood." About 70 sites carried this story.

State Department Official Criticizes Jailing Of Children, Militarization Of Interior Ministry, UK Behavior In Basra. The Washington Times (8/19, Behn) reports, "Children who have never been charged with a crime are being held in juvenile prisons in Iraq, a State Department official stated in a report he posted on the Internet this week. Marshall Adame, an official with the National Coordination Team based out of Camp Victory in Iraq, said that "some of the children are in the detention centers simply because there is no one to pick them up and take them home." Furthermore, Adame "criticized U.S. officials for allowing the militarization of the Ministry of Interior (MOI) and ignoring abuses that took place there." He denounced British behavior in Basra, alleging "that British soldiers looted then-occupied Basra airport, that they diverted the majority of the water supply from the Iraqi airport water plant for their use, and did little to improve the airport's infrastructure. ... "I believe the problems now in Basra are a direct result of the way they approached their whole relationship with the Iraqis."

Officer Goes To Court For Refusing To Serve In Iraq. Time (8/19, Sanders) reports on Lt. Ehren Watada of the army, who has "a novel argument: he had a duty to disobey because the war is illegal." Time quotes lawyers for both sides at a hearing last week. Watada's defense counsel, professor Francis Boyle, "argued that the U.S. decision to attack Iraq in 2003 without U.N. authorization made the war illegal from the beginning. He went further, arguing that the failure of the Bush administration to find either weapons of mass destruction or a provable link between Iraq and the Sept. 11 attacks showed that Congress was persuaded 'by means of fraud' when it voted to authorize the war." Prosecutors warned that Watada's theory "would create a breakdown in military order and discipline" and that it was up to "politicians and legislators," not lieutenants, to judge a war's validity.

AWOL Soldier Returns To Fort Bragg. The AP (8/19, Thompson) reports, "A Fort Bragg paratrooper who says he left his Army barracks last summer because he was disillusioned with U.S. actions in Iraq surrendered to military authorities Friday." Sgt. Ricky Clousing "had walked away from Fort Bragg on June 23, 2005, with only a few clothes and his surfboard." He said that during his four months as an interrogator in Iraq he "saw an innocent Iraqi man killed by an American soldier in Mosul. He said he tried to talk to unit leaders about the incident but they dismissed him as an inexperienced soldier." He objected to "the daily physical, emotional and psychological harassment of civilians (and) the daily killing of innocent civilians."

Judge Sets Aside Custer Battles Verdict. The New York Times (8/19, Eckholm) reports, "A federal judge has set aside a verdict of corporate fraud in Iraq on disputed technical grounds, raising questions about the ability of whistleblowers and the United States government to pursue companies that profited illegally in Iraq during the chaotic year after the invasion." It states, "In an opinion issued Wednesday and posted yesterday, Judge T. S. Ellis III, of the

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Federal District Court in Alexandria, Va., said the plaintiffs had 'failed to prove that the claims were presented to the United States.' The coalition authority, the judge ruled, was an international entity, and bills presented to American officials then detailed to the authority were not subject to the False Claims Act."

The Washington Post (8/19, Merle) reports the ruling on its business front page. It quotes North Dakota Sen. Byron Dorgan (D): "CPA was created by the U.S. government, run by largely U.S. employees. This ruling could stand logic on its head. It's a setback for accountability."

Battle Cuts Short Kandahar Recovery. In a 1,600-word front page article, the Washington Post (8/19, Constable) bleakly reports regression in Kandahar: "Less than a year ago, this was a city on the rebound after years of conflict, drought and political isolation. Business was booming with an influx of international development aid, shops stayed open late, markets burst with locally grown fruit and traffic snarled hopelessly much of the time. Today Kandahar is a ghost town, braced for the next suicide bomb and full of refugees from rural districts where Taliban insurgents are battling Afghan and NATO forces." Kandahar has come to symbolize the "dashed hopes and angry confusion that have gripped much of Afghanistan's Pashtun tribal belt." The Post quotes locals who variously express "hate and fear" of the Taliban, "deep disappointment" in the Karzai government, skepticism about Pakistan's sincerity in fighting the Taliban, and finally support of Taliban views.

Maureen Dowd Raps Bush For Considering Iraqis Ungrateful. In the New York Times (8/19), Maureen Dowd writes that President Bush "wants to see some gratitude from his charges [in Iraq] — pronto. ... He's furious that he got no thank-you note from the Iraqis for the big present of allowing them the opportunity to be like us." However, she sarcastically notes, "They refused our gift, after everything W. did for them — invading their country under the false pretense of protecting our country, shattering their shaky infrastructure, and starting a shame spiral that's led to civil war."

CORPORATE SCANDALS:

Quattrone Avoids Third Criminal Trial. The New York Times (8/19, Sorkin) reports banker Frank Quattrone, "who helped drive the 1990's boom in technology, has reached a deal with federal prosecutors that will allow him to avoid a third criminal trial on obstruction charges and resume a career in finance." For federal prosecutors "who had once sought to portray Mr. Quattrone as a symbol of Wall Street greed and manipulation during the dot-com bubble, the settlement is a significant retreat." Speculation has recently "been rampant in Silicon Valley that Mr. Quattrone will start a boutique advisory and private equity firm focused on technology companies."

CRIMINAL LAW:

Libby's Request For Classified Documents Denied. The AP (8/19) reports U.S. District Judge Reggie B. Walton blocked former White House aide Scooter Libby "from using some classified material to help with his defense in the CIA leak case. … 'The documents and information at issue are extremely sensitive and their disclosure could cause serious if not grave damage to the national security of the United States,' Walton wrote in a ruling that sides with prosecutors and intelligence officials who opposed turning them over. Walton ruled that the documents being withheld would not aid Libby's defense."

Timing Of DA's Probe Into Ramsey Murder Questioned. The Denver Post (8/19, Mitchell) reports, "Fundamental steps in the investigation into John Mark Karr's possible involvement in the murder of JonBenet Ramsey didn't really begin until after his arrest." The Post continues, "Though the Boulder County district attorney's office had enough undisclosed evidence to get a judge to order Karr's arrest in Thailand on a first-degree murder count, it was only after the warrant was issued that investigators started asking questions experts say would form the bedrock of a successful homicide prosecution. … For example, it wasn't until Wednesday morning, after Karr was in Thai custody on that warrant, that a representative of Boulder DA Mary Lacy's office called the Marion County School District in Hamilton, Ala., where Karr once taught, to seek anything in Karr's handwriting for comparison to the ransom note allegedly left by JonBenet's killer. … Similarly, Lacy's office has still not contacted the Colorado Bureau of Investigation to compare anything from Karr - DNA, handwriting, a palm print, footprint or even shoe size - to the evidence found at the murder scene. … Nor did the DA's office consult with education

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officials in Colorado or California to see if they could track Karr's teaching history. … Karr's ex-wife and kids also weren't contacted to see if they would provide an alibi for Karr's whereabouts at the time of JonBenét's murder. The ex- wife has told a San Francisco television station that she is sure … Likewise, the spokesman for the Sonoma County Sheriff's Department in California, which has had a fugitive warrant since 2001 seeking Karr's arrest on five counts of misdemeanor possession of child pornography, said the department was unaware of Karr's possible connection to the Ramsey case until after he was in Thai custody."

Free Speech Advocates Say AIPAC Espionage Case Ruling Helps Defendants. The Washington Post (8/19, A4, Pincus) reported, "The federal judge who last week refused to throw out charges of conspiring to violate the 1917 Espionage Act against two former pro-Israel lobbyists simultaneously made it much more difficult for the government to prove its case against them, attorneys for the defendants and First Amendment advocates contend." US District Judge T.S. Ellis III ruled that "for the government to prove its case…it must show that the two men disclosed national defense information 'closely held by the government' and that each 'had bad faith purpose' in passing it to others, knowing it 'could be potentially damaging to the United States' or 'useful to an enemy of the United States.'" Former AIPAC lobbyists Steven J. Rosen and Keith Weissman "have contended that, unlike spies, they were receiving and passing on information as part of their First Amendment right to carry on public discussions about defense and foreign policy issues."

Cunningham's Wife Says She Was Deceived About Corruption. The AP (8/19) reported, "The wife of disgraced former congressman Randy 'Duke' Cunningham felt deceived about the extent of her now-estranged husband's corruption, she said in her first public interview since the scandal broke last year. Nancy Cunningham told New Republic magazine that she didn't question junkets paid for by defense contractors because other senior congressional figures, including Speaker Dennis Hastert, joined in." Nancy Cunningham "dismissed luxury items given to him as bribes — including yachts, homes and antique furnishings — as 'not that great' and described their $2.55-million estate as 'a fixer-upper.'" The AP added, "She said she had told her husband to review his transactions with the House Ethics Committee, and accused congressional staffers of keeping her in the dark about his activities."

Judge Blasts Texas AG For X-Ray Seizure. The AP (8/19) reports, "A federal judge scolded Texas Attorney General Greg Abbott when she found out important evidence in the investigation into potentially fraudulent diagnoses of the lung disease silicosis had disappeared after he seized documents from a Corpus Christi storage facility, a newspaper reported Friday." The AP continues, "U.S. District Judge Janis Graham Jack rebuked Abbott on Aug. 11 for sending four armed agents to take thousands of X-rays from a private company storing the records for the federal court, The New York Sun reported. … 'The arrogance of taking those documents from a federal court-supervised depository is astounding,' the newspaper quoted Jack as saying during a conference call with lawyers involved in the case. 'The attorney general of the state of Texas has exhibited a total disregard for the rule of law by doing this.'" The AP adds, "Jack, based in Corpus Christi, made national news last year when she recommended throwing out all but one of about 10,000 silicosis lawsuits because the diagnoses appeared 'manufactured for money' to help plaintiffs. Her findings spawned investigations by a congressional committee, federal prosecutors in New York and Abbott. … Court records show Abbott's aides went to the Corpus Christi facility on June 23 and used a grand jury subpoena to seize all the original X-rays gathered by Jack's court. .. Jack learned of the seizure on July 5 and ordered Abbott's office to return the documents by noon the following day, according to the court records. The state returned about 40 boxes, but the custodian of the records said last week that 152 X-rays had disappeared."

Judge Will Not Dismiss Suit Against Federal Prosecutors. The Boston Globe (8/19) reports, "US District Judge Nancy Gertner yesterday refused to dismiss a lawsuit alleging that federal prosecutors negligently concealed evidence that might have prevented two men from wrongfully serving three decades in prison." The Globe continues, "Joseph Salvati and Peter Limone were exonerated in 2000 of murdering Edward 'Teddy' Deegan in 1965. In the lawsuit, the men allege that the FBI failed to turn over crucial wiretap and informant evidence that would have proved they had been set up by organized crime figures." The Globe adds, "The US Justice Department, in a court hearing

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two days ago, asked a judge to dismiss the suit, arguing that the FBI did not have a duty to share the evidence "

Columnist Cites Government Failures In Parolee's DC Rampage. In his column for the Washington Post (8/19, A17), Colbert I. King writes, "Erika Smith would have turned 13 on June 4, 2006, but she missed it by four years. … Two months after her ninth birthday, a stranger carrying a .32-caliber handgun came upon Erika when he broke into the Silver Spring home of her father, Gregory Russell. Erika ran upstairs crying for her father, who was talking on the telephone with a friend. Russell screamed his daughter's name, but it was too late. The intruder, a convicted felon on parole named Anthony Kelly, allegedly lacerated the right side of Erika's face and shot her in the back at point-blank range. He then turned his attention to Erika's father, allegedly shooting him eight times in the leg and chest, killing him." King continues, "If the United States government, in the form of the U.S. Parole Commission, the Federal Bureau of Prisons, the Court Services and Offender Supervision Agency (CSOSA), and the prisons bureau halfway house owned and operated by Hope Village Inc. in Southeast Washington, had followed policies and procedures instead of taking a series of slipshod, slovenly and negligent actions, Erika Smith would today be preparing to return to middle school soon after another fun-filled summer with her dad and her mother, Carol Smith." King argues that "taxpayers ought to know about the efforts of Erika's mom to call the U.S. government and the halfway house to account for the brutal and wrongful death of her only child. Two lawsuits filed through her attorneys with the Crowell & Moring law firm in U.S. District Court in Washington spell out the havoc wrought by the government on her life. … In the eyes of Washington, D.C., Carol Smith is tantamount to a ghost -- not worth the attention of the attorney general, the big overseer of U.S. criminal justice. The federal agencies under the jurisdiction of Alberto Gonzales's Justice Department expect to get a pass. They're big, she's not, so there." King concludes, "If Smith can have her way, Justice Department bigwigs may get to hear what really goes on in those halfway houses they impose on unsuspecting communities. They'll hear about the poor training given to halfway house employees. They'll hear rumors about staffers' sexual relationships with subordinates and residents, and the loose supervision and monitoring of residents. They'll see just how haphazardly and how carelessly the federal community supervision program is operated. … And if by chance the Justice Department big shots are too busy to go down to the federal courthouse, they can just watch this space. Trust me, there will be more, much more, to come."

Woman Charged With Husband's Murder-For-Hire Can't Afford Death Penalty Defense. The Beaver County (PA) Times (8/19, Vidonic) reports, "The widow of a wealthy Mercer County (PA) doctor won't have enough money to defend herself against the death penalty on charges she hired her lover to shoot her husband to death, her attorney said Thursday." The Times continues, "Donna J. Moonda, 47, of Hermitage pleaded not guilty to four federal charges that she agreed to split millions in inheritance money with Damian Bradford if he killed Dr. Gulam Moonda. … Bradford admitted to carrying out the deadly deed on May 13, 2005, as the Moondas were stopped along the Ohio Turnpike near Cleveland. Bradford said he approached Dr. Moonda as he got out of the passenger side of his Jaguar, which his wife was driving, took his wallet and shot him once in the face." The Times adds, "Bradford has cut a deal with federal prosecutors, agreeing to testify against his former lover in exchange for guilty pleas on charges of interstate stalking and using a firearm in a crime that resulted in a death. He will be sentenced to 17½ years in federal prison once he testifies, which could be before the end of the year. … Thursday, U.S. District Judge David D. Dowd Jr. set a trial date of Oct. 23 for Moonda during her arraignment on the charges she was indicted on Wednesday: murder for hire, aiding and abetting interstate stalking, aiding and abetting the use of a firearm during interstate stalking, and aiding and abetting the use of a firearm during the crime of murder. … She remains in the Medina County Jail in Ohio after Dowd refused to set bail a couple of weeks ago."

Former Oklahoma Judge Sentenced For Indecent Exposure. The AP (8/19, Evans) reports, "Former Oklahoma judge Donald Thompson was sent to prison for four years Friday for exposing himself by using a sexual device while presiding over jury trials." The AP continues, "Special Judge C. Allen McCall also ordered that Thompson, 59, pay a $40,000 fine. Thompson was convicted on June 29 on four felony courts of indecent exposure for incidents that took place in his court room in Creek County." The AP adds, 'McCall denied motions by Thompson's attorneys to either suspend the sentence or to let Thompson

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serve prison time on the four counts concurrently, which would have meant Thompson would serve only one year of prison time. … Thompson showed no reaction when he was sentenced. McCall denied a defense motion that Thompson be allowed to remain free pending an appeal, despite assurances from Thompson's wife, Paula, and older brother, Jim Thompson of Bristow, Okla., that Donald Thompson was not a flight threat."

Guardsmen Arrested In New Orleans For Robbery. The New York Times (8/19, Nossiter) reports, "Two of the 300 Louisiana National Guard members called in to combat a summer crime wave in the city have been arrested and charged with armed robbery." The Guard has been deployed by the governor since June 20 in New Orleans, "after a weekend of violence in which five teenagers were shot in the Central City neighborhood. The troops' mission was to help the beleaguered police by patrolling sparsely populated areas." The Times says that the high number of murders in July and August made unclear "the benefits of having the Guard patrol the city's streets." The Washington Times/UPI (8/19) also reports the arrests.

WPost Sees Little Impact From D.C. Crime Emergency Declaration. A Washington Post (8/19, A16) editorial examines the District of Columbia "crime emergency" declared in July, noting that "overall arrests are up since the emergency declaration, but violent crimes are hanging steady. … Guns fuel the violence that rocks this city, and they keep coming in. If the emergency declaration is making a difference, it's hard to tell."

Drug Treatment Recommended For Users In Criminal Justice System. In a Washington Post (8/19, A17) op-ed, National Institute on Drug Abuse Director Nora Volkow writes, "When drug abusers enter the criminal justice system, it signals a pivotal crisis in their lives. It also offers a unique opportunity to institute treatment for drug abuse and addiction. Studies have consistently shown that comprehensive drug treatment works. It not only reduces drug use but also curtails criminal behavior and recidivism. Moreover, for drug-abusing offenders, treatment facilitates successful reentry into the community. This is true even for people who enter treatment under legal mandate. … Providing drug-abusing offenders with comprehensive treatment saves lives and protects communities."

CIVIL LAW:

Ohio Hospitals Settle Whistleblower Suit For $14 Million. The Cleveland Plain Dealer (8/19, Tobin) reports, "University Hospitals of Cleveland will pay nearly $14 million to settle a lawsuit in which a former surgeon accused the hospital of illegally encouraging its doctors to refer patients only to other UH doctors." The Plain Dealer continues, "Dr. Thomas Kirby, the former co-chairman of cardiothoracic surgery, criticized the hospital while working there and filed the lawsuit in U.S. District Court under 'whistle-blower' provisions. … The suit was filed in 2003 under seal and made public Friday. … He will receive $1.5 million plus legal fees. … The rest of the money will be used to repay Medicare, which Kirby claimed was defrauded through UH's referral practice." The Plain Dealer adds, "Hospital officials cooperated with the Justice Department and said the settlement will not affect their long-term goals."

The AP (8/19, Kropko) reports, "The lawsuit alleged that the system and its primary medical campus, University Hospitals of Cleveland, entered into improper financial arrangements with physicians to motivate them to make referrals to other doctors within the system in Medicare cases, said Assistant U.S. Attorney Alex Rokakis, who negotiated the settlement on behalf of the Justice Department. … University Hospitals of Cleveland is an affiliate of Case Western Reserve University." The AP adds, "The Justice Department reviewed and took over the case, and Kirby was awarded a $1.5 million whistle-blower fee through the False Claims Act, which allows a private citizen to file a lawsuit on behalf of the United States. … The case had been under seal, but U.S. District Judge Donald C. Nugent in Cleveland unsealed it Friday. The settlement amount was recorded in the system's 2005 financial statements and will have no effect on its present finances or recently announced $1.2 billion expansion plans, according to a statement from the health system."

Nursing Home Chain Settles Medicare Fraud Claims. The Los Angeles Times (8/19, Yi) reports, "Nursing home operator Beverly Enterprises Inc. has agreed to pay $20 million to settle allegations that it defrauded federal and California healthcare programs, the Justice Department announced Friday." The Times continues, "The Fort Smith, Ark.-based company, once the nation's largest nursing home

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chain with 60 facilities in California, was accused of submitting false reimbursement claims to Medicare and Medi-Cal through a now-defunct subsidiary, MK Medical. Medicare is the federal health plan for seniors and disabled people. Medi-Cal is a federally funded, state-run health plan for the poor. … The company was never charged in court, and its attorney said Friday that the accusations stemmed from lack of proper paperwork, not fraud. … 'Beverly raised the issue of proper documentation itself with the government,' attorney Russell Hayman said. 'It conducted an audit and has now repaid the moneys identified.'" The Times notes, "The company will pay $14.5 million to federal agencies and $5.5 million to California. … The Justice Department said federal agencies were investigating reimbursement claims MK filed between 1998 and 2002 for medical equipment used by Medi-Cal and Medicare patients. Hayman said all equipment was delivered to qualified patients."

Shareholders Seen As Benefiting From Tobacco Ruling. The Washington Post (8/19, D1, Henderson) reports, "Tobacco stocks rallied yesterday after investors concluded a U.S. district judge's ruling against eight cigarette companies would cost them little and would clear the way for a corporate restructuring likely to benefit many shareholders." The Post continues, "The ruling by Judge Gladys Kessler, released Thursday after the U.S. stock markets closed, also removed a cloud of uncertainty over how much the Justice Department's seven-year-old racketeering lawsuit might hurt the industry, analysts said. … 'From a business perspective, this is a complete win,' said David Adelman, an analyst with Morgan Stanley. 'They're not making any substantial payments. There's no threat of future substantial payments.'" The Post adds, "Kessler agreed with the government's argument that the cigarette makers had violated civil racketeering laws by conspiring for decades to mislead the public about the dangers of smoking. And she ordered the companies to alter some of their marketing practices and undertake a massive media campaign to correct years of deceptive advertising. … Those requirements, if upheld on appeal, would cost millions of dollars, analysts said. But they would be 'an imperceptible cost of doing business' for an industry that reaped tens of billions of dollars in profit just last year, Adelman said."

Tobacco Industry Seen As Mostly Unscathed By Judge's Racketeering Ruling. The Washington Post (8/19, A16), in an editorial, writes, "This week's opinion by U.S. District Judge Gladys Kessler in the government's long-standing racketeering lawsuit against the tobacco industry is moving and powerful. It is exhaustive in scope, detailed and utterly convincing that the industry sought for five decades to mislead the American people and government concerning the deadly consequences of smoking. The opinion, however, in all likelihood will have only the most modest effect on the smoking health hazard. Under an earlier appeals court ruling, Judge Kessler could not order the disgorgement of industry profits, and she believed herself unable to order the industry to fund a massive anti-smoking campaign. So despite documenting in many hundreds of pages decades of industry misdeeds, Judge Kessler was able to order only fairly anemic remedies."

The Wall Street Journal (8/19) editorializes, "After seven years of litigation, $140 million of taxpayer money and a 1,700-page decision, the government could finally claim this week to have won its racketeering case against the tobacco industry. But then why were tobacco stocks up by some 3% yesterday, with Altria, parent company of Philip Morris and the Marlboro Man, hitting new multi-year highs? Investors know a loser when they see one, and in this case it's the Justice Department. … The government will also be allowed to apply for reimbursement of its costs in the case, which were estimated last year at $140 million. But that's a far cry from the $280 billion that government lawyers were seeking before the D.C. Circuit Court of Appeals last year ruled out going after 50 years worth of industry profits, plus interest.'"

Court Decision "Opens Door" To Potentially Thousands Of Agent Orange Claims. In a story carried in newspapers or on news Web sites across the country, the AP (8/19, Apuzzo) reports, "Veterans who patrolled the waters off Vietnam can claim disability benefits for exposure to Agent Orange under" a ruling from the Us Court of Appeals for Veterans Claims. The decision "opens the door for thousands of servicemen to seek medical coverage." The AP adds, "The court's order, issued Wednesday, reverses the Veterans Affairs Department's denial of benefits for Jonathan L. Haas, who blamed his diabetes, nerve damage and loss of eyesight on exposure to Agent Orange. … The three-judge panel said regulations governing the benefits were unclear. The court said it made no sense for veterans who patrolled Vietnam's inland waterways and those simply passing through the country to receive medical coverage while those serving at sea do not." The AP also

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notes, "The Veterans Affairs Department said Friday that it was reviewing the opinion and was not sure how many veterans would be affected or how much the added coverage would cost." A shorter story from the AP (8/19) appears on the Web sites of broadcast outlets.

MSNBC.com (8/18, Seidman) reports, "Haas testified that during his tour aboard the U.S.S. Mount Katmai, he often saw large clouds of chemicals being dropped by aircraft over the forests. He further stated: '[T]hese large clouds would drift out over the water because of the prevailing offshore winds, and they would engulf ships, my ship in particular. Now you could see the chemicals, you could taste them, smell them, and they landed on your skin.' Haas reported that his exposure occurred in 1966 or 1967. He noted that he was on an ammunition ship about for approximately 20 days at a time, for eight months during each of his two deployments. He testified that he would have to navigate in close proximity to the shoreline to deliver supplies because the "boats that were doing the patrolling could not leave the stations more than a certain amount of time[.] . . . [T]hey couldn't steam out 5 miles to pick up supplies. "

Veterans' Widows Losing Out On Benefits Due To 1972 Law. The New York Times (8/19, Alvarez) reports, "As many as 61,000 military widows whose husbands died of causes relating to their military service lose out on thousands of dollars a year in survivor benefits" because of the Survivor Benefits Plan, "a Department of Defense retirement income fund similar to a life insurance policy" that was created in 1972. Under the law, "which placed restrictions on the plan that it created, the payment to widows enrolled in the Survivor Benefits Plan is reduced, dollar for dollar, by the amount of the Dependency and Indemnity Compensation stipend."

NYTimes Calls For Government Whistleblower Protections. The New York Times (8/19) editorializes, "If ever government whistle-blowers needed protection from official retaliation it is now, in the secrecy-obsessed Bush administration. Federal employees daring to disclose fraud and abuse in their bureaucracies have been under virtual siege, isolated as pariahs and shipped off under gag orders to lesser jobs in far-off places. … The nation's need for timely whistle-blowers has been painfully driven home by gaffes in pre-9/11 homeland security, the premises for the Iraq invasion, and the administration's illicit intelligence gathering at home."

CIVIL RIGHTS:

DOJ Settles Sign Language Dispute With Pony Leagues. The AP (8/19) reports, "The PONY Baseball and Softball league, where Mark McGwire and Alex Rodriguez once honed their skills, will allow deaf children to use sign language interpreters in games under an agreement with the Justice Department." The AP continues, "The department's civil rights division announced an agreement Thursday under which deaf, hard-of-hearing and other disabled kids among the 450,000 children who play in PONY's boys and girls baseball and softball leagues will get new assistance to help them participate fully." The AP adds, "There are 3,500 baseball and fast- and slow-pitch softball leagues organized around the nation by nonprofit PONY Baseball Inc., headquartered in Washington, Pa. The leagues are divided into two-year age brackets to allow boys age 5-18 and girls age 8-18 to compete with players of similar ages and of their own sex. .. .The case was brought after Justin 'Pono' Tokioka, a deaf youth, was not allowed to have his father, James, inside the dugout to give him sign language signals during the PONY state regional tournament playoff games in Hilo, Hawaii, in July 2005. Justin was then 10 and played in a Mustang league for 9 and 10-year-olds, and his father had acted as his interpreter in practices and in games on the island of Kauai, where the family lives in Lihue. … PONY officials cited a rule that only three coaches could be in the dugout during tournament games. James and Beth Tokioka filed a complaint under the Americans with Disabilities Act on behalf of their son, but the settlement they won provides nationwide relief for disabled PONY participants."

South Dakota Abortion Ban Debate Hinges On Emergency Contraception Provision. The AP (8/19) reports, "South Dakota's abortion ban, which faces voters in November, does not allow exceptions for rape and incest victims. But the ban's supporters say it's not as restrictive as it appears." The AP continues, "The legislation allows for emergency contraception to help prevent pregnancy from occurring, said Dr. Stephen Billion of Sioux Falls, who supports the ban. .. . The provision allows a woman to take emergency birth control before she tests

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positive for pregnancy. … But the ban's critics say such emergency contraception isn't widely available in South Dakota. They also say many rape and incest survivors don't report the crime at all - let alone within the short time during which the drugs are effective." The AP adds, 'The U.S. Justice Department estimates less than 40 percent of rapes and sexual assaults are actually reported. … An abortion-rights supporter, Dr. Maria Bell of Sioux Falls, said the provision doesn't make any sense if, as her opponents say, all life begins at conception. … Anti-abortion lawmakers fought a measure in the 2006 Legislature that would have required hospitals to make women aware that emergency contraception is available. The bill died in committee."

Court Rules Members Of Congress Are Subject To Job Discrimination Suits. McClatchy (8/19, Diaz) reports, "A federal appeals court on Friday rejected a motion to dismiss a job discrimination suit against Sen. Mark Dayton, ruling that members of Congress are not automatically immune from such suits under the Constitution. But in a mixed decision that could lay the groundwork for a review by the U.S. Supreme Court, the judges found that Dayton could still assert immunity under the 'speech or debate' clause by formally asserting that a staffer's dismissal was based on the performance of protected legislative duties." McClatchy notes, "The ruling by the U.S. Court of Appeals for the District of Columbia Circuit was closely watched on Capitol Hill because of the separation of powers and immunity issues it raises for all members of Congress in discrimination and civil rights suits. For that reason, Dayton's case was joined with a race and gender discrimination suit brought against Rep. Eddie Bernice Johnson." Brad Hanson, "Dayton's former state office manager, sued Dayton in May 2003, claiming he was fired after disclosing that he had a heart condition."

Ehrlich Concerned Touch-Screen Voting Machines May Prove Unreliable. The Washington Post (8/19, B1, Vogel) reports, "Touch-screen polling machines, which will be used statewide in Maryland when voters go to the polls for the Sept. 12 primary, were intended to calm fears of election flimflam raised in the wake of the infamous 2000 presidential balloting in Florida. But the new machines themselves have become a politically charged topic in Maryland. Republican Gov. Robert L. Ehrlich Jr., who agreed to purchase them three years ago, now questions whether they can provide fair and accurate elections, given their vulnerability to computer hackers and their lack of a paper trail to document votes. … Democrats, in turn, accuse the governor and the Republican Party of trying to dampen voter turnout through scare tactics."

ANTITRUST:

Bristol-Myers, Sanofi Seek To Halt Generic Plavix Sales. Bloomberg (8/19) reports, "Bristol-Myers Squibb Co. and Sanofi- Aventis SA asked a judge to ban rival Apotex Inc. from selling a generic version of their blood thinner Plavix, arguing sales would destroy the $4 billion market they created." Bloomberg continues, "The companies asked U.S. District Judge Sidney Stein in New York today to force Apotex to recall any of the medicine shipped to drugstores and wholesalers since sales began earlier this month. Plavix was the world's second-highest selling drug last year, with more than $3.8 billion in U.S. sales. … Bristol-Myers and Sanofi, the world's third-largest drugmaker, have lost $10 billion in market value since Apotex entered the market Aug. 8 after an agreement to delay entry collapsed, said Evan Chesler, who's representing both companies. According to the National Association of Chain Drug Stores, which is supporting Apotex, more than half of new prescriptions for the medicine are filled using the generic drug." Bloomberg adds, "The arguments before Stein are set to continue on Aug. 21. … Bristol-Myers and Sanofi claim the generic drug infringes a patent for clopidogrel bisulfate, the chemical name for the medicine. The patent expires in 2011. Apotex is challenging the validity of the patent, and the drugmakers say Apotex shouldn't sell generic Plavix until the patent issue is resolved. … The U.S. Justice Department is investigating possible criminal charges on allegations that Bristol-Myers and Sanofi had a secret side deal that it didn't disclose to the U.S. Federal Trade Commission, which also had to approve the agreement."

Boeing Gets EU Antitrust Nod For Aviall Purchase. The Dallas Business Journal (8/19) reports, "European antitrust authorities have given approval for The Boeing Co. to buy aviation parts distributor Aviall Inc. … The European Commission raised no antitrust issues related to the $1.7 billion cash deal." The Journal continues, "Chicago-based Boeing, the world's largest aerospace company and the largest manufacturer of commercial jetliners and military

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aircraft, has agreed to pay Aviall stockholders $48 a share, plus the assumption of about $350 billion in debt. … Under the deal, Dallas-based Aviall will become a subsidiary of Boeing's Commercial Aviation Services." The Journal adds, "Boeing reported about $55 billion in revenue last year. Aviall has about $1.3 billion in annual revenue. Aviall's shares rose 24.67 percent to $47 a share Monday morning after news of the deal."

ENVIRONMENT:

Acting DOT Secretary Cino Inspects BP Pipes In Alaska. The AP (8/19, D'oro) reports acting Transportation Secretary Maria Cino "toured Prudhoe Bay on Friday to assess BP PLC's progress following federal orders to improve its pipeline corrosion management at the nation's largest oil field. … The half-day visit to Alaska's North Slope came almost two weeks after the British oil giant launched a partial shutdown because of leaks and corrosion in low-pressure pipe found on the eastern side of the colossal field. London-based BP operates Prudhoe Bay for itself and other owners."

Senate, House Panels To Hold Hearings On Oil Pipelines. McClatchy Newspapers (8/19, Zagaroli) reports Senate Energy and Natural Resources Chairman Pete Domenici and House Transportation and Infrastructure Chairman Don Young both plan new hearings regarding "how to prevent transmission lines from corroding to the point of failure" in the wake of BP oil pipeline problems. The Senate panel's hearing is tentatively set for September 12, with the House hearing one day later.

USDA Says Unapproved GMO Rice Has Entered US Supplies. The Washington Post (8/19, A7, Weiss) reports USDA Secretary Mike Johanns announced US commercial supplies of long-grain rice "had become inadvertently contaminated with a genetically engineered variety not approved for human consumption." Germany's Bayer CropScience, which made the experimental rice, known as LLRICE 601, told USDA and the FDA that the rice "poses no threats to human health or the environment," according to Johanns.

Alaska "Bridge To Nowhere" Held Up Over Whale Population. The CBS Evening News (8/18, story 8, 3:45, Schieffer) reported, "When millions of dollars were slipped into the federal budget to build a bridge to a community of only a few hundred people in Alaska, critics called it the 'bridge to nowhere.' It's the prime, and perhaps the worst, example of out-of-control pork barrel spending. But even after all the bad publicity, with sponsors like Alaska's powerful Sen. Ted Stevens, money to build it stayed in the federal budget. Well, hold on a minute. An unlikely group may accomplish what other senators couldn't." The bridge "may sink or swim on the backs of some neighborhood whales, beluga whales, whose water world is smack dab in the middle of the proposed project. The issue is whether building the bridge will destroy the habitat beluga whales depend on."

Ozone Hole Repair Forecast To Take 15 Years Longer Than Expected. The AP (8/19, Engeler) reports the UN Environment Program and the World Meteorological Organization said the "atmosphere will take up to 15 years longer than previously expected to recover from pollution and repair its ozone hole over the southern hemisphere," taking until 2065, instead of 2050 as previously expected.

IMMIGRATION:

DHS Estimates 11 Million Illegal Immigrants Are Currently In The US. The Washington Times (8/19, Seper) reports the Department of Homeland Security "yesterday said there are more than 11 million illegal aliens living and working in the United States, up from 8.5 million in 2000 -- a 24 percent jump with an expected annual growth of more than 408,000."

The AP (8/19, Gamboa) reports Mexico "is the largest contributing country of illegal immigrants, with nearly 6 million in the U.S. in 2005, the government said. El Salvador, Guatemala, India and China followed with a combined contribution of about 1.4 million unauthorized immigrants. The greatest increase in illegal immigrants in the country was among Mexicans, a jump of 260,000 from 2000 to 2005. The greatest percentage increase in the immigrant population in those years was among people from India, 133 percent, and Brazil, 70 percent. California had the largest illegal immigrant population, with 2.8 million in January 2005, followed by Texas with 1.4 million and Florida with 850,000."

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ICE Officials Not Planning To Arrest Illegal Residing In Chicago Church. The New York Times (8/19, Ruethling) reports on Elvira Arellano president of the immigrant advocacy group La Familia Latina Unida and an illegal immigrant from Mexico who is currently "seeking sanctuary" in a Chicago church after she "defied an order to report to the Department of Homeland Security on Tuesday to be deported." According to the Times, "Immigrants' rights groups and critics of illegal immigration are closely watching her case. Some supporters have likened her to Rosa Parks, while detractors say Ms. Arellano broke the law and should face the consequences. … She was arrested in 2002 at O'Hare International Airport, where she cleaned planes, for using a false Social Security number. She was granted a stay of deportation after a private relief bill was introduced in the Senate in 2003 because of her son's medical needs. Last year, two similar bills were introduced in the House, but no action has been taken." An Immigration and Customs Enforcement official, "who spoke on the condition of anonymity because policy prohibits discussing agency plans, said Friday that the authorities had other priorities and did not plan an arrest at the church."

WTimes Claims National Guard Are "Doing More Harm Than Good" On The Border. The Washington Times (8/19) editorializes, "When President Bush announced he would send 6,000 National Guard troops to the southern border, we applauded the move, but knew that it was more a symbolic gesture than an actual solution to the crisis. Our concerns deepened after it became known that the Guard troops wouldn't actually be, well, guarding the border. Rather, they would placed in more administrative positions, presumably to free up Border Patrol agents to patrol the field. Now, it looks like even that benign gesture may be doing more harm than good. As Jerry Seper reported Thursday, Border Patrol agents, instead of being free to guard the border, are having to guard the Guard. … In a word, this is crazy." The Times concludes that "all the administration has done is put 6,000 Guardsmen in harm's way. They aren't helping Border Patrol and they sure aren't securing the border."

TAX:

Widows Protest "Tax" In Benefits Laws. The New York Times (8/19, Alvarez) reports, "As many as 61,000 military widows whose husbands died of causes relating to their military service lose out on thousands of dollars a year in survivor benefits because of a law that dates from the 1970's. Widows and retirees have spent decades trying to persuade Congress to change the law, which hits hardest at the widows of lower-ranking service members and is referred to by many critics as the 'widow's tax.'" The Times notes that "[a] 1972 law created the Survivor Benefits Plan, a Department of Defense retirement income fund similar to a life insurance policy. The plan, in turn, pays benefits calculated according to a dead service member's rank and length of service" and "widows of veterans who died of service-related causes receive monthly cash stipends from the Department of Veterans Affairs. Known as the Dependency and Indemnity Compensation stipend." However, under the law, which placed restrictions on the plan that it created, the payment to widows enrolled in the Survivor Benefits Plan is reduced, dollar for dollar, by the amount of the Dependency and Indemnity Compensation stipend." The Times adds, "The Department of Defense opposes changing the law to allow both payments, arguing that survivors should not receive two separate benefits for a single death. But widows and their supporters say that the Pentagon's opposition to a change in the law really stems from its cost, especially at a time of rising expenses for the war in Iraq."

CONGRESS-ADMINISTRATION:

Boeing To Begin Shutting Down Production Of C-17 Cargo Plane. NBC Nightly News (8/18, story 2, :30, Brown) reported Boeing "will begin shutting down production of its C-17 cargo plane, the last Boeing jet being built in southern California. Boeing says Congress has not authorized the military to buy any more of the giant cargo planes, so the company needs to stop work on any that aren't already on order. The decision could affect more than 5,000 Boeing workers in four states and thousands of others employed by companies that supply parts for the C-17."

The Los Angeles Times (8/19, Zimmerman, White) reports Boeing has "taken the first steps toward closing its sprawling C-17 assembly plant in Long Beach, a shutdown that is expected to be completed by the middle of 2009 unless substantial new orders are placed for the giant military aircraft." In another Los Angeles Times (8/19) piece, Paul Thornton writes that "for those of us who grew up here, it's an idea that would have seemed impossible two decades ago: In

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three years' time, no more big jets will be built in the Southland."

The Wall Street Journal (8/19, Karp) reports, "Boeing has nearly 700 suppliers, and executives said the decision could have immediate impact on a few major components makers, including Honeywell International Inc., Goodrich Corp. and Vought Aircraft Industries Inc. Boeing has enough orders to keep making the big jet-powered transport plane until mid-2009 but said it had to make Friday's decision because some parts must be ordered 34 months in advance. ... Including suppliers, about 25,000 jobs in 42 states are linked to the C-17 program."

The AP (8/18, Gentile) reports, "Production could be restarted if Congress approves funding, which could happen as early as next month. But restarting the supply chain would be costly and add millions of dollars to the cost of each plane _ about $154 million each. The C-17 plant is the last major airplane factory left in Southern California, which once was a center for aircraft production. Earlier this year, Boeing delivered its last 717 passenger jet, also built in Long Beach." About 80 sites carried this story.

NASA Funds Two Contractors To Develop Privately Owned Spaceship. Bloomberg (8/18) reports NASA awarded contracts valued at $485 million to California's SpaceX and Oklahoma's Rocketplane Kistler "to develop a cargo ship to serve the International Space Station, planting the seeds for a commercial space industry." This is the fist time NASA "has hired contractors to build a spaceship that private companies, not the government, will own." The AP (8/18, Borenstein) reports NASA will give the companies the "'seed money' over the next five years for each to develop and test launch new spaceships."

Air Force To Test Synthetic Fuel. McClatchy Newspapers (8/19, Brown) reports the Air Force "will begin testing an alternative fuel program next month that it hopes will help wean the US military away from its dependence on foreign oil." A B-52 bomber test flight, scheduled for Edwards Air Force Base next month, will "determine if synthetic fuel will provide the Air Force with a substitute for conventional jet fuel. If successful, the B-52 flight will pave the way for the additional testing of combat aircraft, ships and ground vehicles."

Washington-Area Housing Voucher Demand Exceeds Availability. The Washington Post (8/19, B1, Otto) reports in its Metro section that Washington-area demand for federally subsidized rental vouchers, formerly known as Section 8, is far outpacing availability. In Washington, "30,000 people are on the waiting list; in Fairfax County, more than 11,000."

OTHER NEWS:

Ford To Cut Fourth Quarter Production By 21%. Ford Motor Company's announcement that it will cut production in the final quarter of 2006 by 21% was reported in very different ways by the three broadcast networks. NBC led with the story, ABC ran a brief item midway through its broadcast, and CBS did not mention it at all. NBC Nightly News (8/18, lead story, 2:30, Brown) began by saying, "These are tough times for American automakers." And for Ford, "and especially its workers, the situation just got even tougher. Today the company announced a huge cut in production -- the biggest in more than 20 years. The announcement came only months after a previous cutback that was supposed to ease its financial problems." ABC World News Tonight (8/18, story 5, :20, Gibson) said the production cut means Ford "will make 168,000 fewer vehicles than a year ago. Nine plants in the US and Canada will temporarily shut down."

The New York Times (8/19, Maynard) says Ford is "struggling to keep its grip on second place in the American car market," and that the "slowdown," which "represented the deepest production cuts since the industry's crisis of the 1980's…underscored the difficulty that Detroit, whose business relies on sales of sport utility vehicles and pickup trucks, is having as gas prices remain around $3 a gallon. Detroit's market share has dropped to its lowest level in history, while Asian brands, known for their fuel efficiency, are setting sales records." The Wall Street Journal (8/19, McCracken, Stoll) reports the decision "signals a growing recognition" by Chairman/CEO Bill Ford Jr. that the "storied enterprise founded by his great-grandfather" faces a "painful retrenchment that will leave it substantially smaller and less US-focused."

The Financial Times (8/19, Simon) says the "axe will fall most heavily on pick-up trucks and sport-utility vehicles." The Detroit Free Press (8/19, Webster) calls Ford's move "a bold bow to changing consumer tastes." While the cut "could result in substantial layoffs at Ford and its suppliers, it will help the financially struggling automaker" by giving it a chance "to provide the fuel-efficient cars and crossovers that consumers

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want these days, and make fewer of the gas-guzzling trucks they don't. But it's a risky gambit: The vehicles customers want are far less profitable than the big trucks they have been shunning."

The AP (8/18, Karush) and Bloomberg (8/18) also report on Ford's move.

Congress Embraces Foreign-Based Automakers' Growth In US. The Washington Post (8/19, Freeman) runs a front-page report on how Congress is embracing job creation via the "swelling numbers of Japanese, German and Korean autos built and sold" in the US. Foreign-based automakers employ 101,000 people in the US, and "in the next three years, these manufacturers will invest $9 billion in new factories, adding 9,000 more jobs." Sen. Lamar Alexander said, "There's a new definition of the American auto industry. Twenty-five years ago, it was the Big Three companies in Detroit. Now the definition is any company that makes a substantial number of cars and trucks in the US and has a big payroll here, pays big taxes here and buys supplies here."

Stocks Post Fifth Straight Day Of Gains. The Wall Street Journal (8/19, McKay) reports stock prices "continued to edge higher Friday," with technology shares helping to push the Nasdaq "to its best weekly gain in more than three years." The Nasdaq rose 6.34 points, or 0.3%, to 2163.95 on Friday, and "blue-chip shares also jumped, with the Dow Jones Industrial Average adding 46.51 points, or 0.4%, to end at 11381.47, gaining 2.6% over the course of the weeklong rally." Bloomberg (8/18) attributes the five days of climbs, "the longest streak in five months," to the "rebound in oil prices" that boosted energy shares and Microsoft's announcement of a $36 billion share buyback.

Consumer Optimism Declines. However, as stocks climb, consumer optimism is falling. Bloomberg (8/18) also reports "terrorism fears and higher gasoline prices unexpectedly drove confidence among US consumers this month to its lowest level since October," with the University of Michigan sentiment index dropping "more than forecast, to 78.7 from 84.7 in July."

Microsoft Nearly Doubles Stock Buyback. The New York Times (8/19, News) reports Microsoft "nearly doubled its stock buyback" after an "initial invitation for shareholders to sell failed to generate enough interest." The Wall Street Journal (8/19, Guth) says while Microsoft "fell far short of a goal to buy from shareholders as much as $20 billion of its own stock," analysts "cast the result in a positive light, explaining that investors believe the company will be able to lift its stock price over time and so were unwilling to part with their shares."

NYTimes Warns Coming Slowdown Will Be Painful. The New York Times (8/19) editorializes, "When this week's government reports showed tamer inflation than had been anticipated, investors almost certainly overreacted, pushing up stocks and bonds as if all was right with the economy. A slowdown is certainly preferable to an overheating economy, which raises the likelihood of much higher interest rates and widespread unemployment. But a slowdown is still bound to be painful, especially for the Americans -- and they are the majority -- whose wages have been stagnating through much of the current economic cycle."

Wal-Mart Distances Itself From Young's Controversial Comments. ABC World News Tonight (8/18, story 6, 2:10, Gibson) reported Wal-Mart is "fighting some very bad publicity generated by the very man hired to help the company polish up its image, civil rights icon and former Atlanta Mayor Andrew Young. … Part of Young's job: to defend Wal-Mart from the charge that it drives mom and pop stores out of business. Making that case, he told a black newspaper that those small shops 'are the people who have been overcharging us, selling us stale bread and bad meat and wilted vegetables. They've ripped off our communities enough. First, it was Jews, then it was Koreans and now it's Arabs.' Last night he apologized and resigned and Wal-Mart began distancing themselves from the man they thought would help them, saying, 'Young's comments do not represent our feelings. We were outraged.'"

The CBS Evening News (8/18, story 3, 2:15, Schieffer) reported, "Today, the 74-year-old Young resigned his Wal-Mart job. He declined our request for an interview, but in a statement, he apologized."

The Washington Times/AP (8/19) reports Young "said he decided to step down from Working Families for Wal-Mart to avoid becoming a 'distraction' amid criticism for the remarks, seen as racially offensive, in the weekly Los Angeles Sentinel. … Young apologized for the remarks, but said the Sentinel's report had been misread and misinterpreted."

The New York Times (8/19, Dewan, Barbaro) reports, "His remarks drew ire from Jewish groups and advocates of diversity, dismay from Wal-Mart executives and a slap from the Rev. Al Sharpton. But in Atlanta, the comments became

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an occasion to debate the focus of the civil rights movement and the fidelity of Mr. Young, now 74, to its ideals. … When Wal-Mart asked Mr. Young to become the public face of…Working Families for Wal-Mart….an open letter signed by 57 people, mostly clergy members, accused him of siding with the 'filthy rich' and 'taking a stand that is diametrically opposed to everything Dr. King stood for.'"

Barr Resubmits FDA Application To Sell OTC Plan B. The AP (8/19) reports Barr Pharmaceuticals, "the manufacturer of the morning-after pill resubmitted an application Friday seeking federal approval to sell the emergency contraceptive without a prescription." Barr "resubmitted the application to the Food and Drug Administration, company spokeswoman Carol Cox said. … The FDA had asked Barr to amend its application to limit over-the-counter sales of the pills, called Plan B, to women 18 and older. The pills are now sold only by prescription in most states."

Controversy Over Allen Remarks Said To Have Energized Webb's Campaign. The Washington Post (8/19, A1, Craig, Shear), in a front-page article titled, "Allen Flap May Give A Boost To Webb," reports, "The nationwide fallout from controversial remarks Sen. George Allen made last week has given Democrats new hope in a race many thought would be difficult to win in the historically conservative state." According to the Post, "Before Allen insulted a native Fairfax County man of Indian descent, many Democratic officials were privately doubtful that James Webb could mount an aggressive challenge. … But Allen's remarks…are generating new support for the Webb campaign and energizing Democratic activists. The Post adds, "Even Northern Virginia Republicans who support Allen say they are a bit worried. … Political analysts also said they sense a more competitive race. 'If the race wasn't on Democrats' radar screen before, it is now,' said Charlie Cook, editor of the Cook Political Report." However, the Post notes, "Democratic activists across the state have complained for weeks that Webb hasn't been visible enough, was slow in hiring staff and had limited knowledge about many issues."

Notable Republicans Back Lieberman's Independent Candidacy. The New York Times (8/19, Kornblut) reports Republican officials "at the state and national level have made the extraordinary decision to abandon their official candidate" in the Connecticut Senate race, Alan Schlesinger. Despite Sen. Joseph Lieberman's "position that he will continue to caucus with Democrats if re-elected, all three Republican Congressional candidates in Connecticut have praised Mr. Lieberman." Senator John McCain, "while saying he would support the Republican nominee, is not planning to campaign for him, and even allowed two of his aides to consult with the Lieberman camp before the Aug. 8 Democratic primary. And Newt Gingrich, the Republican who once served as House speaker, has endorsed Mr. Lieberman's candidacy." Schlesinger "has reacted bitterly to the rejection by his own party, dismissing calls for him to leave the race. He maintains he can win by conveying his conservative platform to voters."

Lieberman Hires New Consultant, Pollster. The AP (8/19, Haigh) reports Lieberman "continued retooling his campaign staff Friday, hiring Democratic consultant Josh Isay, "who has worked for Republican New York Mayor Michael Bloomberg, and GOP pollster Neil Newhouse, who lists popular Republican Gov. M. Jodi Rell of Connecticut among his clients."

GOP Chooses Houston Councilwoman As Write-In For DeLay's Seat. The AP (8/19, Lozano) reports, "Texas Republican leaders, unable to replace former Rep. Tom DeLay's name on the November ballot, sounded confident about the party's chances of holding onto his congressional seat after they voted to support the write-in campaign of a Houston city councilwoman. Party precinct chairmen from DeLay's 22nd Congressional District met Thursday night and chose Dr. Shelley Sekula-Gibbs, a dermatologist serving her third term on the city council, as the favored Republican candidate." State GOP Chairwoman Tina Benkiser" said Sekula-Gibbs was selected by a clear majority of the precinct chairmen who attended the gathering Thursday in Pearland, though she said she did not have a breakdown of the vote. … In addition to Sekula-Gibbs, candidates vying for the GOP's support included David Wallace, mayor of Sugar Land, and Houston businessman Tim Turner."

Eight Candidates File To Run In Ney's District. The AP (8/19, McCarthy) reports, "Eight candidates beat the deadline to vie for scandal-scarred Rep. Bob Ney's congressional seat in a special election next month, including two men who lost races in the spring

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primary" and Republican state Sen. Joy Padgett, who Ney "wants to take his place. … Joining her on the ballot — provided each filed at least 50 valid signatures of registered Republican voters from the 18th Congressional District — will be Ralph Applegate, who finished last in the May 2 Democratic primary, and James Brodbelt Harris, who received less than one-third of the vote against Ney in the Republican primary. Also filing petitions by Thursday's deadline were Dover Mayor Rick Homrighausen; Holmes County Commissioner Rick Feickert; John Bennett, Ney's Cambridge-based coordinator of veterans affairs; Gregory Zelenitz of Belmont County; and Samuel Firman of Coshocton County. The winner will face Democrat Zack Space, Dover's law director, in the Nov. 7 general election."

Murkowski Trails Two Other Candidates In Alaska GOP Gubernatorial Primary. The AP (8/19, Volz) reports "unpopular" Alaska Gov. Frank Murkowski "may not escape Tuesday's Republican primary." Murkowski "is polling last in the three-way race to win the Republican nomination. Two independent polls released this month show former Wasilla mayor Sarah Palin with a lead over former state legislator John Binkley of Fairbanks, and the governor bringing up the rear. Palin gained notoriety by calling attention to ethical lapses by Republican Party head Randy Ruedrich in 2003 and then Murkowski's first attorney general, Gregg Renkes, in 2005. She has cast herself as a party iconoclast battling for the nomination after battling for so long against its leaders. Binkley is a successful Fairbanks businessman who represented rural Alaska in the state Legislature and was a co-chairman of the powerful Senate Finance Committee in the 1980s."

Ickes Criticism Creates Tension At DNC Meeting. McClatchy (8/19, Thomma) reports the Democratic National Committee's Rules Committee "debated and adopted two new proposals - one aimed at creating "inclusion programs" for gays, lesbians, bisexuals, transgenders and the disabled; the other designed to enforce a new party move to give African-Americans and Hispanics a bigger voice in picking presidential nominees. Both proposals were expected to be approved Saturday by the full Democratic National Committee at its summer meeting here. Despite their broad support, however, the moves exposed underlying tensions and illustrated the power that organized minority groups retain within party councils as Democrats gear up for big elections in November and 2008." Sen. Hillary Clinton's adviser Harold Ickes "questioned the need for the new program. He also openly challenged another proposal designed to assuage groups such as African-Americans by acknowledging that they have faced worse political discrimination than gays. … He further inflamed advocates when, speaking of the history of discrimination, he referred to the long-abandoned practice of limiting voting to property owners." Donna Brazile "took his remarks as an insulting lecture" and said they "this borders on racism."

Anti-Bush Country Music Compilation Released. The New York Times (8/19, Emery) reports that a group of liberal Nashville songwriters called "Music Row Democrats" has "released an online compilation of 20 songs, several directly critical of Mr. Bush and the Iraq war."

States Report Cumulative $57 Billion In Budget Surpluses. The Washington Post (8/19, A4, Romano) reports that "for first time since Sept. 11, 2001, the vast majority of states reported saving an average of 10 percent of their budgets, one of the highest percentages of unspent money in decades," an amount the Post calls "breathtakingly huge." The "$57 billion in unexpected revenue has afforded states an opportunity to find all sorts of creative ways to spend and save their cash."

Power Of K Street Cast As Detrimental. In a New York Times (8/19) guest column, Thomas Frank writes that Rep. Bob Ney reportedly announced his retirement from Congress "under pressure from his fellow Ohioan John Boehner, who is said to have told Ney that, if he stood for re-election and lost, he 'could not expect a lucrative career on K Street.' … K Street's bright young men fill the top posts at federal agencies; K Street's money keeps wages low and prescription drug costs high; K Street's 'superlawyers' fight to make our retirement insecure; K Street's deregulation gurus turn our electric utilities into the plaything of Wall Street. What K Street wants from government is often the opposite of what the public wants. And yet what K Street wants, far too frequently it gets. … Whether we are Republicans or Democrats, we are all aware of how much more power corporations hold over everyday life than they used to. 'Those who own the country should govern the country,' John Jay used to say, and thanks in large part to K Street they do."

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Boehner v. McDermott Decision Seen As Threat To Press. Theodore J. Boutrous, Jr., who has filed a friend-of-the court brief in the case of Boehner v. McDermott for 18 news organizations, writes about the case in the Wall Street Journal (8/19), "The D.C. Circuit has made a ruling in this dispute that, if it stands, will blow a hole through the First Amendment." The Supreme Court is said to have ruled "in Bartnicki v. Vopper that it would violate 'the core purposes of the First Amendment' to use the wiretapping statute to punish defendants who had 'lawfully' obtained and broadcast a tape of a telephone call that had been illegally recorded by someone else." Yet "a panel of the D.C. Circuit upheld a $60,000 judgment for statutory and punitive damages against Mr. McDermott." Now "it is imperative" that the full court "reject the panel's ruling." He argues that the principle stated by the panel of the D.C. Circuit would "severely hamper traditional newsgathering and reporting activities."

Bush "Prods" France To Include More Troops For Lebanon Force. The Financial Times (8/19, Birchall, McDonald) reports, "In an indication of the growing concern over France's apparently lukewarm response to the creation of a United Nations peacekeeping force in Lebanon, US President George W. Bush said on Friday he hoped Paris would decide to commit more troops to the operation." While "Paris has said it will restrict itself…to providing just 200 extra engineering troops," French President Jacques Chirac's office "left open the possibility of providing extra troops." The AP (8/19, Lederer) notes, "Malaysia's foreign minister said Friday that Israel should have no role in deciding which countries make up the force." It also adds, "President Bush expressed some disappointment Friday with France's decision," in the middle of the article.

The Washington Post (8/19, A10, Lynch, 748K), in its fourth from last paragraph, adds, "President Bush prodded Chirac and other world leaders to increase their military contributions, saying that the United States will 'work with nations to step up to the plate and do what they voted to do at the United Nations, and that is to provide robust international forces to help the Lebanese army retake the south.'" A separate article in the Financial Times (8/19, Birchall, MacDonald) notes "In an indication of international frustration with the French response, US President George W. Bush on Friday urged Paris to send more troops." The AP (8/18, Lederer) adds that "at a meeting of 49 nations on Thursday, the only countries to offer mechanized infantry battalions, which will be the front line of the expanded force, were three predominantly Muslim countries -- Bangladesh, Indonesia and Malaysia -- and Nepal, which is predominantly Hindu." The Washington Times (8/19, Ketz) says Israel "has balked at the prospect of countries with which it has no diplomatic relations," like Malaysia and Indonesia, being deployed on its border. Bloomberg (8/18, Mathewson, Varner) reports President Bush also urged France to provide more troops, saying, "France has said they'll send some troops. We hope they send more." Lebanese Foreign Minister Fawzi Salloukh also said, "We are seeking more from France." The Financial Times (8/19, Birchall, MacDonald) calls Bush's words "an indication of international frustration with the French response."

US, Israel Press Arms-Supplying Nations Not To Arm Hezbollah. The Los Angeles Times (8/19, Richter) reports the US and Israel "have launched a diplomatic effort to prevent other countries from helping rearm Hezbollah, warning that a resumption of the weapons flow could reignite fighting in Lebanon just as the cease-fire takes hold." Officials "have pressed major world arms suppliers -- notably Russia and China -- to ensure that their weaponry doesn't find its way to the Lebanese militant group. They also have urged Turkish officials to prevent any flow of weapons across their land or airspace."

Turkey Says It Forced Two Iranian Planes To Land During Conflict. The AP (8/18) reports, "The Turkish Foreign Ministry said Friday that it had forced two Syria-bound Iranian planes to land and be searched for rockets and other military equipment during the conflict between Israel and Hezbollah." The Iranian planes were reportedly "forced to land at Diyarbakir airport on July 27 and on Aug. 8 -- but that no military equipment was found."

Funerals Held In Qana, Across Southern Lebanon. McClatchy Newspapers (8/19, Fadel) and the AP (8/18, Gannon, Frayer) report mass funerals were held in Qana Friday. McClatchy says "across southern Lebanon, Muslims buried their dead on the first Muslim holy day since the cease-fire went into effect." The AP writes that in Qana, "women in black robes, their heads hidden by black scarves, held pictures of the dead and threw rice and rose petals on the plywood caskets. … Twenty-six coffins were draped in the Lebanese flag and three in the yellow Hezbollah flag."

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Lebanese Civilians Endangered By Unexploded US-Made Cluster Bombs. The New York Times (8/19, Fattah) reports, "Thousands of so-called bomblets, smaller than a hand grenade but far more deadly, have turned homes, schools and even hospitals in southern Lebanon into virtual minefields, threatening communities for months, possibly even years to come, say human rights campaigners and mine cleanup groups." The Times notes Israel "acknowledges that it dropped cluster bombs during the monthlong war, but says it tried to avoid using them in civilian areas. On a battlefield, the multipurpose cluster bombs like the ones fired on Lebanon, many of them made by American contractors, are designed to penetrate thick armor as well as to kill or maim enemy soldiers within several yards, mine clearance officials said. … But groups like Human Rights Watch, which has led a campaign to ban the weapons, say they are too inaccurate and unreliable, especially when used in civilian areas, where they can pose a danger long after a war is over."

Hezbollah's Nasrallah Said To Have "Gained The Most" From War. NBC Nightly News (8/18, story 3, 2:30, Brown) was the only network newscast to cover Lebanon Friday night, reporting that as "mass graves were open so families could grieve for and bury their dead," Hezbollah "began to meet today by handing out massive amounts of cash -- one of the reasons why Hezbollah's leader is positioning himself as the war's big winner." NBC (Engel) added that "Hezbollah and its media-savvy leader Hassan Nasrallah" have been building popularity "out of destruction. … Fighters have now become aid workers, strengthening Nasrallah's hold on south Lebanon. While international aid groups today trickled in with food and water, Hezbollah handed out cash from Iran: $12,000 in bundles of $100 bills to families who lost their homes. Nasrallah has pledged to hand out $150 million. Described as smart, pragmatic, and determined, Nasrallah appears to have gained the most from the war."

The New York Times (8/19, Worth) reports Hezbollah volunteers handed out the "stacks of American dollars" as part of "its vigorous campaign to help families whose houses were destroyed over the past month." Meanwhile, "villagers danced in the streets and threw rice on Friday as the Lebanese Army's soldiers reached the southern border with Israel for the first time in decades."

McClatchy Newspapers (8/19, Rosenberg) writes, "The Hezbollah force that fought Israel to a draw in a month-long border conflict is the product of a two-decade, Iranian-nurtured program that took a guerrilla group and transformed it into a full-blown Shiite Muslim army." How Hezbollah "grew into what one commentator has called the fifth most powerful army in the Middle East is a lesson sure to be studied not only by Israelis but also by their potential opponents in Gaza and the West Bank and by militia groups the world over." Newsweek (8/19, Dehghanpisheh) writes on its website that Hezbollah's "political moves are proving as skillful as the military strategy that denied the legendary Israeli Army a decisive victory." Nasrallah "moved swiftly to take control of the reconstruction process -- or at least create that impression."

Israelis Fear Campaign Against Hezbollah Has Left Them Vulnerable. The Washington Post (8/19, A10, Struck, Zipper), in an article titled, "Many Israelis See Lebanon War As Major Stumble," reports, "From the failure to get food and water to the troops, to complaints of an uncertain war plan and overconfident generals, the Lebanon war is fast being viewed within Israel as a major stumble. Military and political leaders already are trading blame; some are expected to lose their posts. Officers say the mistakes show weakness in the military, the Israel Defense Forces, known as the IDF. Many Israelis worry that the failure of the military to squash the Hezbollah militia will make their country more vulnerable to other enemies." According to the Post Prime Minister Ehud Olmert and Defense Minister Amir Peretz, "have little military experience and are now the target of scathing criticism for faults in the operation. The Knesset, the Israeli parliament, is demanding a judicial investigation of the conduct of the war. Public opinion of the government and military leaders has plunged in the polls, and the returning soldiers are glum.

Israeli Soldiers Criticize Their Officers' Conduct Of Operations. The Washington Times/AP (8/19, Harvey) reports, "Soldiers returning from the war in Lebanon say the Israeli army was slow to rescue wounded comrades and suffered from a lack of supplies so dire they had to drink water from the canteens of dead Hezbollah guerrillas. … In a nation lionized for decisive military victories over Arab foes, the stalemate after a month of war in Lebanon has surprised many. The Israeli army was often caught off guard by a well-trained guerrilla force backed by Iran and Syria that used sophisticated weapons and tactics. Soldiers, for instance, complained that Hezbollah fighters sometimes disguised

DOJ_NMG_0050379

themselves in Israeli uniforms. Critics are demanding an official commission of inquiry, with the power to dismiss top government officials. Such a commission forced Ariel Sharon to resign from the defense minister's job after Israel's 1982 war in Lebanon. Some of the harshest criticism has come from reservists, who form the backbone of the army." Israeli newspapers "quoted disgruntled reservists as saying they had no provisions in Lebanon, were sent into battle with outdated or faulty equipment and insufficient supplies, and received little or no training."

Israel's Miscalculations Analyzed. In a front-page story the Wall Street Journal (8/19, A1, Chazan, Leggett, King) reports Hezbollah "remains far from defanged. Indeed, in many eyes it is the victor, having faced down the mighty Israeli military and hugely enhanced its standing with the anti-Israeli populations across the Mideast. … Even the scaled-back ambitions that Israel and the U.S. settled on as the conflict unfolded remain in peril." According to the Journal, Israel "repeatedly underestimated Hezbollah. It miscalculated the political support it would win from Lebanon. Israel's civilian and military leadership divided over how to wage the war. And some Western powers, having seen Hezbollah's might, are wary of taking it on by getting into a peacekeeping venture. The war and uneasy peace are causing earthquakes across the Middle East. Tremors are rippling through Israel, where an emotional reexamination of what went wrong is under way." Hezbollah "is crowing that it has won a victory -- even though the extent of the beating it took is also becoming clearer. President Bush said in his view the militant group is the loser, though it may take some time for the world to see it that way." Later in the article it is reported that President Bush "was briefed about the rapidly escalating fighting early on the morning of the first day. He and his staff quickly also agreed to try to capitalize on the incident to accomplish the long-pursued goal of getting Hezbollah to give up its weapons."

Israel Lodges Protests With Russia Over Hezbollah's Use Of Its Anti-Tank Missiles. The Washington Times/AP (8/19) reports Israeli officials "said yesterday that a senior delegation went to Moscow this week to complain that Russian-made anti-tank missiles were used by Hezbollah guerrillas in their 34-day conflict with Israeli forces in Lebanon. … The anti-tank missiles proved to be one of Hezbollah's most effective weapons in combat in south Lebanon, killing many of the 118 Israeli soldiers who died in the fighting. Israeli officials say Iran and Syria passed the arms to Hezbollah after buying them from Russia."

Olmert Reportedly Suspends West Bank Withdrawal Plan. The Financial Times (8/19, Morris) reports Israeli Prime Minister Ehud Olmert, "has shelved plans for an Israeli withdrawal from parts of the West Bank, the central plank of an electoral platform that brought him to power earlier this year. Israel Radio quoted ministers of Mr Olmert's Kadima party as saying that the so-called West Bank realignment plan had not been cancelled but had been suspended in view of the need to direct resources to the north. However, the decision to sideline the controversial plan coincided with a backlash against unilateral measures that many blame for weakening Israel's security."

More Commentary. The New York Times (8/19) editorializes, "Israel is politically roiled by public dissatisfaction with the monthlong Lebanon war. The public has been surprised by the inconclusive outcome of the campaign, frightened by unintended consequences like the surging popularity of Hezbollah, and angry that the country's vaunted military has been shown to be less than all-powerful. This debate could prove politically costly to Prime Minister Ehud Olmert and Defense Minister Amir Peretz, two neophyte leaders who now must answer for a costly military effort that did not lead to the Hezbollah defeat the country expected. … Washington helps Israel best when it supplements, and where necessary restrains, Israeli actions, not when it acts as a mindless echo chamber. America abdicated leadership in this crisis, leaving Mr. Olmert to deal with the messy outcome. It doesn't help that unlike most of his predecessors, Mr. Olmert does not have a professional military background. But if he is prepared to learn the right lessons, he might survive. His chief political rival, after all, is Benjamin Netanyahu, a man with his own long record of costly and impetuous decisions."

In a Washington Post (8/19, A17) op-ed, former Assistant Secretary of Defense for International Security Affairs Franklin Kramer writes, "Not all peacekeeping forces are successful, and certainly not in Lebanon, where U.S. Marines on a peacekeeping mission were killed in their barracks by terrorist truck bombs and where, a few years later, a U.S. military officer leading a United Nations peacekeeping force was kidnapped and killed. If peacekeeping is to be part of a long-term answer for Lebanon, the force there needs to be carefully designed to generate an effective solution rather than become part of the problem, as has been the case in the

DOJ_NMG_0050380

past. To do that requires answering five key questions": What is "the mission of the force?" What will be "the relationship of the force to the Lebanese government" and military? Will the mission "go beyond the purely military?" What will be "the composition of the force?" What "resources will be provided beyond the peacekeeping force?"

Israel Arrests Palestinian Deputy Prime Minister. The Los Angeles Times (8/19, King) reports Israeli troops arrested Palestinian Authority Deputy Prime Minister Nasser Shaer, "the highest-ranking official to be seized since Israel began arresting Hamas members who are figures in the Palestinian government." He was taken into custody after troops surrounded his Ramallah home before dawn.

Captured Fox Cameraman's Wife Appeals For Release. The Los Angeles Times/AP (8/19) reports freelance journalist Anita McNaught, wife of captured Fox News cameraman Olaf Wiig, "made a tearful plea Friday for information about the whereabouts of her husband and a fellow Fox journalist," Steve Centanni. In her "televised appeal," McNaught said, "If somebody knows any information, can you please tell us because I want him home so much. He and his colleague, Steve, don't deserve this. They are good men…and they should be allowed to come home."

British Government Criticized Over Failure To Engage UK Muslims. The New York Times (8/19, Lyall) reports that "for years," the UK government "has been trying to engage the country's 1.6 million Muslims, and for years it has appeared to lurch from committee to committee, initiative to initiative and strategy to strategy without much to show for its troubles. And even as it has poured money into Muslim community centers, state-run Muslim schools and local Muslim programs, it has had little success in winning over an increasingly skeptical Muslim population." The Labour government "would dearly like to know why, just as it would like to know why the two dozen suspects in what the police say was a terrorist plot to blow up trans-Atlantic airliners are born-and-bred British Muslims." But the Tory opposition and many Muslims "say the problem comes not only from the government's failure to follow through on myriad initiatives, but also from its inability to understand the complexities of Britain's Muslim population."

Raul Castro's First Public Remarks Criticize Bush. The Washington Post (8/19, A13, Roig-Franzia, 748K) leads, "Raúl Castro used the occasion of his first public remarks as Cuba's interim leader to announce that he had mobilized tens of thousands of reservists and military troops in case 'someone crazy' in the U.S. government decided to attack the island nation. He also said President Bush had a 'stupid attitude'" and "accused Bush of developing plans to forcibly remove Cubans from their homes" This "sent a clear message that Raúl Castro shares his brother's distaste for the U.S. government and his penchant for rhetorical broadsides against Bush," giving "little hope of improved relations with the United States." State Department spokesman Tom Casey said, "I don't think we're particularly enamored of the first words we heard" and "dismissed Raúl Castro as 'Fidel Lite.'"

The New York Times (8/19, Lacey) adds that Raul Castro "lashed out at President Bush's push for political change in Cuba as 'boorish' and 'stupid.'" He added that military mobilization was needed because "We could not rule out the risk of somebody going crazy, or even crazier, within the U.S. government."

In contrast, the AP (8/19, Snow) leads, "Castro said Cuba remains open to normalized relations with the United States, but warned the Bush administration in his first comments since assuming power that it will get nowhere with threats or pressure." The AP adds, "In another move likely to be seen as an aggression by Havana, U.S. National Intelligence Director John Negroponte announced Friday he was creating a 'mission manager' for Cuba and Venezuela to oversee the American spy community's efforts to collect and analyze intelligence on the two countries."

"Cuban Five" May Benefit From Revelations Of Plots To Kill Castro. The Los Angeles Times (8/19, Williams) reports, "Attorneys for five Cubans convicted of espionage are hoping new disclosures" they they "had devised and executed dozens of missions to topple the Communist government in Cuba," including "the admission by Jose Antonio Llama, a 75-year-old exile, that he financed a 1997 mission to kill Castro for which he had already been tried and acquitted," might "win a new trial for the men, now serving sentences of 15 years to life in maximum-security prisons." The New York-based National Committee to Free the Cuban Five "conscripted high-powered legal help from the National Lawyers Guild and announced a Sept. 23 march in Washington to demand that President Bush free the Cubans." However, "earlier this month, the 11th Circuit Court

DOJ_NMG_0050381

of Appeals in Atlanta rejected a new trial sought on grounds that the men's 2001 process was conducted in a tainted venue: emotionally charged Miami after the Elian Gonzalez custody battle." Still they are "a cause celebre on both sides of the Florida Straits. Havana authorities cast the five as victims of exile vengeance. Many Cuban Americans here see them as Castro emissaries bent on undermining U.S. security."

Ex-Bolivian Leader Blames US In Missile Scandal. CNN/AP (8/18) reports, "A former caretaker president who shepherded Bolivia through political turmoil only to be accused of treason in the secret removal of anti-aircraft missiles to U.S. soil says Washington will share the blame if he's convicted." Eduardo Rodriguez "says Washington is refusing to clarify that he had nothing to do with the missiles' removal." He "said he wasn't told about the agreement until after the missiles were handed over to the Americans. He issued a diplomatic protest and said he refused to accept the money."

North Korean Flooding Said To Help Reverse Pressure From Missile Test. In an analysis piece, Time Magazine (8/19, Schuman) reports that is possible that after North Korea's "widespread flooding that followed July's torrential rainstorms," "large sections of the country's main rice-growing region have been washed out. If so, the flooding may be the precursor of another North Korean famine," and "while the North Korean regime has typically played down the extent of humanitarian suffering on their soil, this time the impression of an imminent catastrophe may actually work in Pyongyang's favor." The "fear of a famine following the flood bodes ill for U.S. efforts to isolate Pyongyang and pressuring it to dismantle its nuclear weapons and missile programs" as "the floods…may wash away the hopes of U.S. and Asian hardliners for piling the pressure on Pyongyang." South Korea already "reversed course and promised $10 million of aid."

Gadhafi Says He Spoke To North Korea. The AP (8/18) reports, "Libyan leader Moammar Gadhafi told a visiting Japanese official that his country has urged North Korea to give up efforts to develop weapons of mass destruction, the Foreign Ministry said Friday." Gadhafi told Japan's state minister for science and technology policy "that Libya has been urging North Korea to follow his country's example and called for cooperation from developed countries including Japan in persuading Pyongyang," according to that ministry.

In Drug War, Administration Claims Of Success Are Questioned. The New York Times (8/19, Forero) reports, "The latest chapter in America's long war on drugs — a six-year, $4.7 billion effort to slash Colombia's coca crop," known as Plan Colombia, "— has left the price, quality and availability of cocaine on American streets virtually unchanged." It "had a specific goal of halving this country's coca crop in five years. That has not happened." While "Bush administration officials say that coca farmers are on the run, and that the leftist guerrillas and right-wing paramilitaries who feed on drug profits are weaker than ever," their "claim was disputed by a wide range of drug policy experts, and some politicians are questioning the drug war's results as well as its assumptions." Additionally, "the recent claims of success have sparked criticism even among some Republicans in Congress." Sen. Charles Grassley "questioned whether data were being selectively used to 'provide a rosier but not necessarily more accurate picture of the current situation.'"

UN AIDS Official Delivers "Blistering Attack" On South Africa. The New York Times (8/19, Altman, 1.21M) reports that Stephen Lewis, the ambassador to Africa for AIDS for the United Nations, in a keynote address at the closing of the 16th international AIDS meeting, "delivered a blistering attack on South Africa…saying that its government 'is still obtuse, dilatory and negligent about rolling out treatment..'" He added that "South Africa "continues to propound theories…worthy of a lunatic fringe," that it "'has a lot to atone for,' and 'I'm of the opinion that they can never achieve redemption.'" Lewis also emphasized that "Gender inequality is driving the pandemic." South African president Thabo Mbeki "has continually expressed skepticism that H.I.V. causes AIDS."

The AFP (8/19) adds that Lewis said "he had been barred from working in South Africa after falling out with its controversial health minister over AIDS policies." South African Health Minister Manto Tshabalala-Msiman "wrote me a letter saying I had to apologise to herself, to the president of South Africa, to the African National Congress and to the people of South Africa" before she would consider letting him work. "Tshabalala-Msimang is promoting a remedy for HIV,

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made from garlic, beetroot and lemons that scientists say is worthless."

WPost Focuses On New Anti-AIDS Strategies. The Washington Post (8/19, A3, Brown, 748K) covers the conference, but doesn't mention Lewis. It focuses on the hope that if some of the approach to dealing with AIDS that were showcased "turn out to be successful…the cumulative effect could profoundly change the trajectory of the 25-year-old AIDS epidemic." Although "Participants are hesitant to announce the dawning of an era of prevention that could eventually lead to the epidemic's end," the conference "ended on a note of optimism and anticipation." If everyone is tested for HIV, allowing "infected people to be identified early and to take steps -- both behavioral and pharmaceutical -- to make them less infectious," and "uninfected people…use new protective strategies, the combined effect will be that each round of HIV infection will be smaller than the one before. The epidemic will contract. Eventually, it will crash."

Chinese Crackdown On Defense Lawyers, Try Activist. The New York Times (8/19, Kahn, 1.21M) reports, "Chinese officials are stepping up a crackdown on defense lawyers in the latest sign that Communist Party leaders are determined to stamp out legal challenges to their authority." While "the ruling party has encouraged the idea that people have legal rights as a way of checking petty corruption, improving efficiency and channeling social grievances into the party-controlled judicial system," these "latest actions suggest that at least some powerful officials want to curtail the growing use of lawsuits to contest abuses of power, human rights violations, land seizures and official corruption." The "court officials in Shandong Province held a closed criminal trial of Chen Guangcheng, a legal expert and advocate of peasants' rights, which Mr. Chen's defense lawyers condemned as heavy-handed political persecution." None of them "were permitted to attend the trial," and Chen Guangfu, Mr. Chen's elder brother, who attended the hearing, said "the defense…was not permitted to call witnesses."

The Washington Post (8/19, A10, Fan, 748K) reports that Chen "stood trial Friday without his lawyers, while supporters said the case made a mockery of any effort in China to impose the rule of law." His lawyers "had been about to leave their hotel for dinner Thursday night when they were suddenly surrounded by six men who accused the attorneys of stealing one of their wallets. The men called the police, who then detained the lawyers at a local police station." The Los Angeles Times (8/19, Ni, 918K) notes that the two attorneys the court appointed "were unfamiliar with his case and appeared to have little intention of defending him" according to "one of Chen's three brothers, the only family members allowed into the courtroom."

Reporter Says Trial Shows China's Long Road To Travel. Susan Jakes writes in a column in Time Magazine (8/19) that Chen's trial should "serve as a reminder of how far China has yet to travel." True, "among Beijing's greatest achievements in recent years has been its ability to convince the Chinese people and the rest of the world, that life in China is getting better each day. But as Chen sat through his trial, I — and some of China's brightest optimists — had trouble feeling convinced."

Trying To Slow Economy, China's Central Bank Raises Interest Rates. The New York Times (8/19, Bradsher) reports, "China's central bank raised interest rates on Friday evening, the latest in a series of moves by the government to choke off a binge in speculative lending and investment that threatens to saddle the country's banks with more bad loans if the economy slows." While expected, the raise came "despite a series of signs over the last week that rapidly rising investments have not yet caused the broader economy to overheat," including "announcements over the last week that consumer prices had fallen in each of the last three months and that growth slowed last month for industrial production and for investments in factories and other fixed assets." Also, "government has already increased restrictions on bank lending policies, raised bank reserve requirements and even reprimanded regional officials who pursue speculative construction projects in defiance of Beijing's instructions. Chinese officials have hinted at further brakes on the economy in the months to come."

Chiapas Gubernatorial Race Said To Offer Insight Into Mexican Political Future. John Lyons writes in a column in the Wall Street Journal (8/19, A2, Lyons), "A gubernatorial vote on Sunday will provide the best gauge yet of whether Andrés Manuel López Obrador's protest movement is damaging the fortunes of the political left." A "political backlash against Mr. López Obrador may be gathering strength," as "many Mexicans who voted for Mr. López Obrador saw him as a moderate" but "now, though, some view him as too radical." A month ago, the governor's race in" Chiapas "appeared to be in the bag for Mr. López

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Obrador's Party," but now he has "sinking fortunes." Additionally, "the other parties in the race are now throwing their weight behind the No. 2 candidate in the polls, Jose Antonio Aguilar of the Institutional Revolutionary Party, or PRI," and that "includes the conservative National Action Party, or PAN, of winning presidential candidate Felipe Calderón." This cooperation "may presage the kind of alliances that the PAN will try to make in order to get key legislation passed -- and diminish the left's influence."

Somali Islamists Reject African Peacekeeper Plan. The New York Times (8/19, Gettleman, 1.21M) reports, ""The Islamic clerics who rule much of Somalia on Friday rejected a plan for African peacekeepers to be deployed there, saying that foreign soldiers, African or not, would be mercilessly repelled," after "East African military leaders met in Nairobi and floated a plan to send more than 6,000 soldiers to Somalia." The Islamic leaders "called for a holy war against the peacekeepers," as they "fear that the peacekeeping plan is simply a ruse to back up the transitional government," which "is energetically supporting the plan for African peacekeepers and seems to have won over military leaders in Kenya." Even if the force is dispatches, "it is far from clear…who would pay for these peacekeepers and provide the logistical support necessary to make any headway in Somalia."

The AFP (8/19, Bosire, Abdi) adds that the seven-member Inter-Governmental Authority on Development agreed to "revised plans for the mission," and "the first elements of the nearly 7,000-strong regional force are to assemble in northeast Kenya." However, problems include an appeal "to the cash-strapped African Union…to back the mission" and "UN Security Council reluctance to ease a 14-year-old arms embargo to assist the peacekeepers in restoring stability."

AIPAC Lobbyists Case Not Thrown Out, But Government Given Higher Standard To Prove. The Washington Post (8/19, A4, Pincus) reports that U.S. District Judge T.S. Ellis III "last week refused to throw out charges of conspiring to violate the 1917 Espionage Act against" Steven J. Rosen and Keith Weissman, two former pro-Israel lobbyists, but "simultaneously made it much more difficult for the government to prove its case against them, attorneys for the defendants and First Amendment advocates contend." He ruled that "for the government to prove its case…it must show that the two men disclosed national defense information 'closely held by the government' and that each 'had bad faith purpose' in passing it to others, knowing it 'could be potentially damaging to the United States' or 'useful to an enemy of the United States.'" He also "supported" the concept that the two "were receiving and passing on information as part of their First Amendment right to carry on public discussions about defense and foreign policy issues," refusing "to accept the government's assertion that 'Espionage Act prosecutions are immune from First Amendment scrutiny.'"

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

An Unlikely Friendship That Finally Unraveled
Boeing Moves to Close Plant
7 British Terror Suspects Also Pakistani Citizens
Hollywood Gets the Freebie-Jeebies
Jones Is the Latest to Fail a Drug Test

New York Times:

Ford Is Slashing Production 20% for 4th Quarter
Fearful Iraqis Avoid Mosques as Attacks Rise
G.O.P. Deserts One of Its Own for Lieberman
Colombia's Coca Survives U.S. Plan to Uproot It
Experts Fault Reasoning in Surveillance Decision
Pataki Appoints Fifth Republican to Highest Court
Villagers Cheer as Lebanese Army Marches South

Washington Post:

Marine Commander Called Haditha Routine
Allen Flap May Give a Boost to Webb's Run
Detroit Waves Flag That No Longer Flies
JonBenet Mentioned in 2001 Probe
Afghan City's Rebound Cut Short
What's Large, Gray and Likes to Play Polo?

Washington Times:

Lebanon secures itself
Raul Castro rips U.S. in first remarks
Suspect sent to U.S. after JonBenet arrest
Israelis back from battle report grievous missteps
No more castoff donations for a tax write-off
A few phrases in English put diners at ease

DOJ_NMG_0050384

Detroit Free Press:
Ford cuts to move forward

Atlanta Journal-Constitution:
Georgia leads in illegal immigrants
Gas prices on downward trend
DNA may hold key to mystery

Dallas Morning News:
2 more arrested in Juárez rape-murders
JonBenet suspect on radar in 2001
3 from Mesquite still jailed
Jury deliberations in pastor's rape trial stop for weekend
Kathryn Frost, wife of former congressman, dies
Arlington bans outside irrigation this weekend

Houston Chronicle:
Hurricane relief for Texas a hard sell, Hutchison says
Yao faces test at World Basketball Championship
Pakistanis arrest al-Qaida commander
Batters fail to get clutch hits in loss to Brewers
Tape revives Mexican conspiracy theory
Sekula-Gibbs faces big hurdles in House bid

Story Lineup From Last Night's Network News:
ABC: Al Qaeda arrest; Germany terror attack averted; JonBenet Ramsey case; Karr's story; Ford production cuts; Wal-Mart-Andrew Young.
CBS: JonBenet Ramsey case; Wal-Mart-Andrew Young; Warrantless Eavesdropping; Iraq Police Training; DUI Crackdown; Older Americans HIV/AIDS; Alaska Bridge-Whales.
NBC: Ford Cuts; Boeing C-17; Hezbollah Popularity Boost; JonBenet Ramsey case; Anti-Terror Animals; McDonald's and Obesity.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public scheduled. At Camp David.

VICE PRESIDENT CHENEY — Unavailable.

US Senate: No scheduled events.

US House: No scheduled events.

Other: 8 a.m. KICKING FOR KIDS _ Kicking for Kids Who Can't fund-raiser, featuring participants who pledge to kick ``anything'' -- soccer balls, hackey sacks, dance and martial arts kicks, etc. Benefits the Limbs for Life Foundation, which provides full prosthetic care for individuals who can't otherwise afford it and raising awareness of the challenges facing amputees. Location: National Mall between 4th and 7th sts. Contacts: Margaret Westley, 347-886-0105.

6 p.m. SOUTH AFRICA BENEFIT _ The Ithemba Foundation and the South African Embassy hosts its 2nd Annual charity event, ``A Taste of South Africa,'' to benefit South African youth. Location: Residence of South Africa's Deputy Ambassador Derick Moyo, 5285 Partridge Lane NW. Contacts: Candice Drummond, 301-218-6649, Cleve Mesidor, 202-277-7381.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, AUGUST 19, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Bush Defends Surveillance Program As Justice Department Files Appeal ... 3
Al Qaeda Commander Arrested ... 4
British Plane Plot Suspects Had Pakistani Citizenship ... 4
British Plane Lands In Italy After Written Bomb Threat Found On Airsickness Bag ... 5
Prosecutors Detail Allegations Against Accused Hamas Fundraiser ... 5
Al-Arian Codefendant Sentenced To 14 Months In Prison For Food Stamp Fraud ... 5
Suspects Still At Large In Failed German Bombing Attempt ... 6
Indians Report Limited Bombay Breakthrough ... 6
German-Born Turkish Citizen To Be Released From Guantanamo ... 6
Fish And Dogs Used To Detect Possible Terror Attacks ... 6
Poll Said To Show UK Public's Support For War On Terror ... 6

Homeland Response:

FBI Declares West Virginia Passenger, Liquid Represented No Threat ... 7
HUD Distributes Additional $428 Million In Hurricane Aid To Texas ... 7

War News:

Readiness Of Iraqi Army Questioned ... 7
Fearful Iraqis Shun Mosques ... 8
Officer Considered Haditha Routine ... 9
Two Shiite Parties Denounce Iran ... 9
Jordan Sends Ambassador To Iraq ... 9
State Department Official Criticizes Jailing Of Children, Militarization Of Interior Ministry, UK Behavior In Basra ... 9
Officer Goes To Court For Refusing To Serve In Iraq ... 9
Judge Sets Aside Custer Battles Verdict ... 9
Battle Cuts Short Kandahar Recovery ... 10
Maureen Dowd Raps Bush For Considering Iraqis Ungrateful ... 10

Corporate Scandals:

Quattrone Avoids Third Criminal Trial ... 10

Criminal Law:

Libby's Request For Classified Documents Denied ... 10
Timing Of DA's Probe Into Ramsey Murder Questioned ... 10
Free Speech Advocates Say AIPAC Espionage Case Ruling Helps Defendants ... 11
Cunningham's Wife Says She Was Deceived About Corruption 11
Judge Blasts Texas AG For X-Ray Seizure ... 11
Judge Will Not Dismiss Suit Against Federal Prosecutors ... 11
Columnist Cites Government Failures In Parolee's DC Rampage11
Woman Charged With Husband's Murder-For-Hire Can't Afford Death Penalty Defense ... 12
Former Oklahoma Judge Sentenced For Indecent Exposure ... 12
Guardsmen Arrested In New Orleans For Robbery ... 12
WPost Sees Little Impact From D.C. Crime Emergency Declaration ... 12

Civil Law:

Ohio Hospitals Settle Whistleblower Suit For $14 Million ... 13
Nursing Home Chain Settles Medicare Fraud Claims ... 13
Shareholders Seen As Benefiting From Tobacco Ruling ... 13
Court Decision "Opens Door" To Potentially Thousands Of Agent Orange Claims ... 14
Veterans' Widows Losing Out On Benefits Due To 1972 Law ... 14
NYTimes Calls For Government Whistleblower Protections ... 14

Civil Rights:

DOJ Settles Sign Language Dispute With Pony Leagues ... 14
South Dakota Abortion Ban Debate Hinges On Emergency Contraception Provision ... 15
Court Rules Members Of Congress Are Subject To Job Discrimination Suits ... 15
Ehrlich Concerned Touch-Screen Voting Machines May Prove Unreliable ... 15

Antitrust:

Bristol-Myers, Sanofi Seek To Halt Generic Plavix Sales ... 15
Boeing Gets EU Antitrust Nod For Aviall Purchase ... 16

Environment:

Acting DOT Secretary Cino Inspects BP Pipes In Alaska ... 16
Senate, House Panels To Hold Hearings On Oil Pipelines ... 16
USDA Says Unapproved GMO Rice Has Entered US Supplies ... 16
Alaska "Bridge To Nowhere" Held Up Over Whale Population ... 16
Ozone Hole Repair Forecast To Take 15 Years Longer Than Expected ... 16

Immigration:

DHS Estimates 11 Million Illegal Immigrants Are Currently In The US 16

Tax:

Widows Protest "Tax" In Benefits Laws 17

Congress-Administration:

Boeing To Begin Shutting Down Production Of C-17 Cargo Plane 17
NASA Funds Two Contractors To Develop Privately Owned Spaceship 18
Air Force To Test Synthetic Fuel 18
Washington-Area Housing Voucher Demand Exceeds Availability 18

Other News:

Ford To Cut Fourth Quarter Production By 21% 18
Stocks Post Fifth Straight Day Of Gains 19
Wal-Mart Distances Itself From Young's Controversial Comments 19
Barr Resubmits FDA Application To Sell OTC Plan B 19
Controversy Over Allen Remarks Said To Have Energized Webb's Campaign 19
Notable Republicans Back Lieberman's Independent Candidacy 20
GOP Chooses Houston Councilwoman As Write-In For DeLay's Seat 20
Eight Candidates File To Run In Ney's District 20
Murkowski Trails Two Other Candidates In Alaska GOP Gubernatorial Primary 20
Ickes Criticism Creates Tension At DNC Meeting 20
Anti-Bush Country Music Compilation Released 21
States Report Cumulative $57 Billion In Budget Surpluses 21
Power Of K Street Cast As Detrimental 21
Boehner v. McDermott Decision Seen As Threat To Press 21
Bush "Prods" France To Include More Troops For Lebanon Force 21
Hezbollah's Nasrallah Said To Have "Gained The Most" From War 22
Israelis Fear Campaign Against Hezbollah Has Left Them Vulnerable 22
Israel Arrests Palestinian Deputy Prime Minister 24
Captured Fox Cameraman's Wife Appeals For Release 24
British Government Criticized Over Failure To Engage UK Muslims 24
Raul Castro's First Public Remarks Criticize Bush 24
Ex-Bolivian Leader Blames US In Missile Scandal 25
North Korean Flooding Said To Help Reverse Pressure From Missile Test 25
In Drug War, Administration Claims Of Success Are Questioned 25
UN AIDS Official Delivers "Blistering Attack" On South Africa 25
Chinese Crackdown On Defense Lawyers, Try Activist 26
Trying To Slow Economy, China's Central Bank Raises Interest Rates 26
Chiapas Gubernatorial Race Said To Offer Insight Into Mexican Political Future 26
Somali Islamists Reject African Peacekeeper Plan 26
AIPAC Lobbyists Case Not Thrown Out, But Government Given Higher Standard To Prove 27

The Big Picture:

Headlines From Today's Front Pages 27

Washington's Schedule:

Today's Events In Washington 28

DOJ_NMG_0050387

TERRORISM NEWS:

Bush Defends Surveillance Program As Justice Department Files Appeal. The CBS Evening News (8/18, story 4, 0:35, Schieffer) reported, "President Bush is going ahead with the domestic eavesdropping program while he is appealing a federal court ruling that struck it down. The President today defended the program in which the National Security Agency monitors without court orders the international e-mails and phone calls of Americans suspected of ties to terrorists." President Bush: "The American people expect us to protect them, and, therefore, I put this program in place. We believe, strongly believe it's constitutional."

The AP (8/19, Riechmann) reports, "President Bush on Friday criticized" the ruling, "declaring that opponents 'do not understand the nature of the world in which we live.' 'I strongly disagree with that decision, strongly disagree,' Bush said, striking his finger on a podium to underscore his point." The ruling by U.S. District Judge Anna Diggs Taylor in Detroit "was the first to find the National Security Agency surveillance program unconstitutional."

The Washington Times (8/19, Curl) reports, "President Bush yesterday strongly defended his administration's terrorist surveillance program, saying those who oppose it 'simply do not understand the nature of the world in which we live.'" Meanwhile, "Democrats pounced on the ruling, saying that it proves Mr. Bush has overstepped his authority and is trampling on the Constitution."

The New York Times (8/19, Lichtblau) reports, "President Bush predicted Friday that an appeals court would ultimately overturn" Judge Taylor's ruling and said, "those who herald this decision simply do not understand the nature of the world in which we live." The decision "quickly became a political firecracker, as the Republican National Committee sought to play off the ruling to rally supporters." But Democrats "and some legal scholars said they regarded the decision…as an important affirmation of the separation of powers and limits on presidential authority even in a time of war." Sens. Patrick J. Leahy and Charles E. Schumer are both cited as supporting the ruling. Bush administration officials said that "they were eager to exploit what they saw as flaws and omissions in Judge Taylor's legal reasoning." One "senior Justice Department official" said, "What was surprising was the weak reasoning of the opinion."

The AP (8/19, Karush) reports, "The Justice Department launched an appeal within hours" of the ruling. Attorney General Alberto Gonzales said, "We're going to do everything we can do in the courts to allow this program to continue." The Justice Department will "seek a reversal by the 6th U.S. Circuit Court of Appeals." White House press secretary Tony Snow said that "the Bush administration 'couldn't disagree more with this ruling.' He said the program carefully targets communications of suspected terrorists and 'has helped stop terrorist attacks and saved American lives.'"

Experts Say Opinion Is Weak. The New York Times (8/19, Liptak) reports, "Even legal experts who agreed with" the ruling "were distancing themselves from the decision's reasoning and rhetoric yesterday. They said the opinion overlooked important precedents, failed to engage the government's major arguments, used circular reasoning, substituted passion for analysis and did not even offer the best reasons for its own conclusions." It is said that Judge Taylor "relied on novel and questionable constitutional arguments when more straightforward statutory ones were available." And some "speculated that Judge Taylor…may have rushed her decision lest the case be consolidated with several others now pending in federal court in San Francisco or moved to a specialized court in Washington as contemplated by pending legislation."

6th Circuit Often Hard To Predict, Experts Say. The AP (8/19, Sewell) reports, "The Bush administration's warrantless wiretapping program is heading toward a federal appellate court loaded with the president's own appointees. … However, veterans of cases before the 6th U.S. Circuit Court of Appeals caution that the court's mixed record in a broad range of rulings covering elections, death penalty cases, religious displays and other civil liberties issues make it difficult to predict how its judges will view the surveillance the administration says is crucial to stopping terrorists. … 'It is not a foregone conclusion that a conservative-dominated court is going to say, "President Bush did this and we're going to uphold what he wants,"' said Robert A. Sedler, a law professor at Wayne State University. 'There are many issues in this case. Conservative judges often have a very strongly libertarian streak.'" The AP continues, "The Justice Department filed notice of appeal with the Cincinnati-based court, which hears federal appeals from Kentucky, Michigan, Ohio and Tennessee, soon after U.S. District Judge Ann Diggs Taylor on Thursday ruled the National Security Agency's warrantless surveillance was unconstitutional. Taylor, a Jimmy Carter appointee, will hear the government's request for a stay Sept. 7 in Detroit. … President Bush has appointed six judges to the 6th Circuit, including two Michigan judges last summer that gave Republican appointees an 8-6 majority. The chief judge was appointed by Ronald Reagan. … But the three-judge panels that hear appeals still often split their rulings. Depending on scheduling, the panels sometimes include a district court judge or a senior judge who's not a full-time member of the court."

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Republicans Said To Be Taking Advantage Of Ruling To Energize Supporters. The Washington Post (8/19, A5, Weisman) reports the ruling "set off a flurry of political responses yesterday, as Republicans tried to keep control of the national security debate amid signs that their own party's ranks may be breaking under the pressure of the Iraq war." President Bush said, "Those who herald this decision simply do not understand the nature of the world in which we live." He added, "This country of ours is at war, and we must give those whose responsibility it is to protect the United States the tools necessary to protect this country in a time of war." The Republican National Committee "minutes later" issued "the statements of eight Democrats…all heralding the decision as a rebuke to the president." Then the RNC "released an Internet advertisement painting the Democrats as soft on defense." Republicans "appeared ready to make" the ruling "a rallying cry for the Republican base." But "with polls showing Republican voters more divided on security issues than Democrats are, it was unclear whether the strategy would work again." The article notes statements by Republican congressmen critical of administration policy in Iraq and continues, "amid such discord, Republicans welcomed a return to debating the NSA's warrantless surveillance program."

The Los Angeles Times (8/19, Reynolds) reports the ruling "was a blow to the Bush administration and a victory for its critics. But in a reversal, it is Republicans who are highlighting the decision and Democrats who are sidestepping it." Republicans "issued a stream of memos discussing" the ruling "and released a new Web ad accusing Democrats of being against terrorist surveillance. Republican National Committee Chairman Ken Mehlman headlined the issue in an e-mail sent Friday to supporters around the country." President Bush "himself seemed eager to take on the issue during a brief question-and-answer session with reporters at Camp David." But "Democratic leaders… have fallen largely silent."

Ruling Defended. The Houston Chronicle (8/19) writes in an editorial approving Judge Taylor's ruling, "The ruling does not prevent the government from eavesdropping on terrorists, it simply requires that the government do so in a lawful manner, with appropriate court review and warrants issued."

Al Qaeda Commander Arrested. ABC World News Tonight (8/18, lead story, 2:30, Gibson) reported the arrest of "one of al Qaeda's top commanders" which is said to have come "out of the foiled airliner bomb plot in Britain last week. Investigators believe this man knows many of al Qaeda's deepest secrets, perhaps even, the location of Osama bin Laden and his deputies." ABC (Ross) added, "His name is Matiur Rehman, and authorities say he knows a lot. … U.S., British and Pakistani law enforcement authorities tell ABC News he was taken into custody in the city of Bawalpur." And "according to Pakistani police" Rashid Rauf, "the alleged ringleader of last week's disrupted U.S.-airline bomb plot … regularly met with Rehman and told police where to find him and other al Qaeda operatives." Rehman is said to have "served as an explosives trainer in the al Qaeda camps in Afghanistan in the late 1990s and kept the official list of recruits who have since dispersed to Europe, Asia and the United States." Rehman was also said to have "organized dozens of terror attacks, including the kidnapping and murder of American journalist Daniel Pearl and this year's bombing outside the U.S. consulate in Karachi" and "at least seven assassination attempts on Pakistani president Musharaff." U.S. and British officials were said to hope that Rehman "will disclose details of ongoing plans for new attacks on the West." A counterterrorism consultant was shown saying that information from Rehman's arrest could lead to "hundreds, if not thousands, of arrests around the world."

British Plane Plot Suspects Had Pakistani Citizenship. The Los Angeles Times (8/19, Watson, Zaidi) reports, "Officials investigating the alleged plot to blow up transatlantic airliners say at least seven of the suspects arrested in Britain had dual citizenship" with Pakistan and "made frequent trips" there "in the last three years, gaining information on how to make detonators and explosives." And "most" had also "met with Rashid Rauf, 25, whom Pakistani authorities arrested two days before the alleged cell was broken up on Aug. 10, a senior Pakistani government source said." Rauf is said to be "a key figure in the suspected plot." That information is said to "highlight Pakistan's role as a virtual bazaar for would-be terrorists run by militant groups allied with Al Qaeda." Investigators are said to be "certain that British-based plotters at least received information on detonators and explosives." U.S. officials are described as "concerned about intelligence suggesting that Pakistan has become a place where militants and Al Qaeda operatives assist and train Islamic militants from Europe, and potentially from the United States." Expertise in these areas is said to come from veterans of the Afghan war against the Soviet Union and to have been redirected by Pakistan's efforts to keep militants from Attacking Indian Kashmir.

Plot Said To Show Continued "Holes In Airline Security." The Wall Street Journal (8/19) reports, "After British authorities said they intercepted a massive terror plot, rattled air travelers this past week coped with confusion over daily rule changes and flight cancellations." So far "twenty-three people are in custody in the United Kingdom in connection with the alleged plot." The U.S. Transportation Security Administration "started requiring all passengers to subject their shoes to X-rays." The events "underscored that nearly five years after the Sept. 11, 2001, attacks, significant

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holes in airline security remain." At present "detecting explosives in carry-on bags and on passengers remains a concern."

Variations In Security Said To Cause Confusion. The Financial Times (8/19, Reporters) reports, "A week after Britain said it had foiled a terrorist plot to blow up US-bound aircraft, the authorities face a backlash against a confusing array of security restrictions that have baffled passengers, upset pilots and drawn legal threats from one airline." While airports are "mostly free of the grim queues and cancelled flights,…there is no sign of a change to safety measures that Michael O'Leary, chief executive of Ryanair, Europe's biggest low cost airline, on Friday described as 'farcical' and 'Keystone Cops-like'." Those measures "include searches of every second passenger and no cabin luggage larger than 45cm by 35cm by 16cm. US-bound passengers are also banned from taking cosmetics, toiletries, liquids or drinks on board aircraft." And "travelers outside Britain face a range of restrictions that appear to vary according to destination and airline." That "lack of consistency" has "caused confusion at many large companies."

Success Of Investigation Seen As Support For Data Mining. John Yoo, law professor at UC Berkeley and visiting scholar at the American Enterprise Institute, writes in the Los Angeles Times (8/19) in favor of data mining as a tool to fight terrorism. "It appears to have been an important tool in breaking up the plot in Britain." But "American efforts to develop sophisticated data-mining abilities died early in 2003, when criticism killed the Defense Department's Total Information Awareness program." He argues that corporations use it for marketing purposes and to detect fraud so "why should the government be barred from using similar tools on similar databases to protect the country from attack?" He describes the situation as "fighting terror with one hand behind our back."

WSJ Argues For Use Of Muslim Origin In Airport Screening. The Wall Street Journal (8/19) writes in an editorial, "A return to any kind of normalcy in travel is going to require that airport security do a better job of separating high-risk passengers from unlikely threats." U.S. policy is described as spending "scarce screening resources as much on eight-year-old girls as on 22-year-old men with Pakistani passports." Homeland Security Secretary Michael Chertoff, Transportation Security Administration chief Kip Hawley and House Aviation Subcommittee Chairman John Mica (R-FL)are all said to defend that policy. The Journal responds that it "makes no sense to take zero account of the fact that every suicide attack against U.S. aviation to date has been perpetrated by men of Muslim origin." Hawley comes in for special criticism for hiding "behind the screen of political correctness." The Journal notes that race is taken into account in a number of government programs, adding, "the same people who would allocate jobs, federal contracts and college admissions by race or ethnicity object to using them merely as one factor in deciding whom to inconvenience for a few minutes at an airline checkpoint." The paper concludes, "if Americans conclude that their inconvenience has less to do with terrorism than it does with political correctness, the Administration will find that it has that much less support for the overall war on terror."

British Plane Lands In Italy After Written Bomb Threat Found On Airsickness Bag. The Washington Post (8/19, A12, Topping) reports, "A British plane carrying 269 passengers and nine crew members made an emergency landing in Italy on Friday because of a bomb scare, officials said." The Excel Airways Boeing 767 left London's Gatwick Airport Friday morning and landed in Brindisi, Italy, "after a passenger found a handwritten note on an air-sickness bag that read: 'There is a bomb on board this flight.'" The pilot "alerted passengers to the possibility that there was a bomb on board but said the incident was probably a hoax." The Italian police "searched and questioned passengers, and the aircraft was examined" but "no explosives were found, and no arrests were made."

Prosecutors Detail Allegations Against Accused Hamas Fundraiser. The Chicago Tribune (8/19, Bush) reported, "Federal prosecutors Friday offered their most detailed allegations to date against two men accused of aiding the Palestinian extremist group Hamas, charging that one planned a 1993 Hamas 'conference' in Philadelphia and another discussed murdering a moderate Palestinian leader. In a 54-page document, prosecutors presented a large part of their case against Muhammad Salah, of Bridgeview, and his co-defendant, Abdelhaleem Ashqar, of Virginia, in hopes of expanding what testimony can be admitted against them at trial." The Tribune noted, "The FBI made audio and videotapes of the conference that include discussions of Salah's arrest in Israel that year for delivering funds from accounts in the U.S. to Hamas, prosecutors wrote." The AP (8/19, Robinson) added, "As early as 1990, Muhammad Salah bought airline tickets to Syria for two recruits who received bomb-making training from a 'Hamas military operative who had fought in Afghanistan,' the…document alleges.

Al-Arian Codefendant Sentenced To 14 Months In Prison For Food Stamp Fraud. The AP (8/19, Robinson) reported, "A former grocery store owner already facing three years in prison for aiding a terrorist group got 14 months tacked onto his sentence Friday for swindling the food stamp program out of $1.4 million." Hatem Fariz "must serve a total of 51 months in federal prison under the sentence handed down by U.S. District Judge Milton I.

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Shadur." The AP noted, "Fariz was a defendant in a major terrorism financing trial in Tampa that ended in December with a stinging defeat for the federal government. The lead defendant was University of South Florida professor Sami Al-Arian."

Suspects Still At Large In Failed German Bombing Attempt. ABC World News Tonight (8/18, story 2, :30, Gibson) reported, "A potentially devastating terror attack in Germany…was averted only because the bombs were defective and did not go off. German police said two unidentified men seen in surveillance photos placed two powerful suitcase bombs on trains bound for Dortmund and Koblenz, Germany on July 31. They are still at large and police say the bombs could have caused many deaths."

The Los Angeles Times (8/19, Fleishman) reports, "German authorities announced Friday that they are searching for suspects in a failed terrorist plot involving propane bombs concealed in suitcases that were timed to explode simultaneously on two regional trains in western Germany." The bombs "were constructed of propane tanks, gasoline bottles, ignition switches and timers." Joerg Ziercke, president of the Federal Criminal Police, said that "the plan failed because 'the bomb builders made technical mistakes.'" The discovery may "further underscore the vulnerability of Europe's train networks." And "the pattern was similar to transit system bomb attacks by radical Muslims in London in 2005 and Madrid in 2004." Yet "investigators said there were major differences" since the bombs did not target rush-hour trains, use cellphones or employ suicide bombers. Also "German authorities have not received claims of responsibility and allegiance to Al Qaeda or other terrorist organizations."

The New York Times (8/19, Dougherty) reports the bombs "might have been planted by two young men angered by the war in Lebanon." The police, "citing surveillance videos from the station in Cologne where the two young men boarded the trains, described them as men in their 20's with a 'southern appearance.'" They "are hypothesizing that the suspects were angry about the Israel-Lebanon war, in part because of evidence that included a bag of Lebanese cooking starch and a Lebanese telephone number."

Indians Report Limited Bombay Breakthrough. The Washington Times/UPI (8/18) reports, "Indian officials say they have reached a breakthrough, but no arrests, in the investigation of the July 11 serial bombings of Bombay commuter trains." In addition, "The Press Trust of India reported Sriprakash Jaiswal, union minister of state for home affairs, as saying authorities have come to understand the conspiracy of the blasts."

German-Born Turkish Citizen To Be Released From Guantanamo. The Financial Times (8/19, Wetzel, Sevastopulo) reports, "The US will next week release a German-born man with Turkish citizenship from Guantánamo Bay in a move that is likely to improve relations between Washington and Berlin. Murat Kurnaz travelled in October 2001 to Pakistan, where he was arrested. He has been held at Guantánamo Bay…since January 2002." German Chancellor Angela Merkel "personally lobbied" President Bush "for his release."

Fish And Dogs Used To Detect Possible Terror Attacks. NBC Nightly News (8/18, story 5, 2:30, Brown) reported, "All this week we've been looking at the high technology, anti-terror methods in use around the country getting new scrutiny in the wake of the London terror plot. Tonight we're focusing on a different kind of terror prevention" involving animals. NBC (Williams) added, "Among the newest guardians of 2.5 million people in the San Francisco bay area and the water they drink, is a tiny group on duty 24 hours a day, inside this will-secured treatment plant. In this tank, to be exact. Eight fish, all bluegill." The fish "react even to traces of poisons by abruptly changing their movements. A computer system watches for that behavior, ready to sound the alarm." And "Since 9/11, there's been an explosion in demand for another kind of highly sensitive detector, this one in the noses of dogs. They can be trained to sniff out thousands of kinds of explosives at such levels that even sensitive electronic detectors can't find them."

Poll Said To Show UK Public's Support For War On Terror. Matthew D'Ancona, editor of the London Spectator, writes in the Wall Street Journal (8/19), "The good news, according to a poll in this week's Spectator magazine, is that the British people most certainly do 'get it.' Of the 1,696 respondents, 73% agree that 'we are in a world war against Islamic terrorists who threaten the West's way of life.'" And "more than 50% believe that the proper response to the terrorist threat is a 'more aggressive foreign policy.' A similar proportion supports the introduction of 'passenger profiling' at Britain's airports, while 69% want the police to have powers to hold terror suspects without trial for 90 days (a government proposal that was thrown out by the House of Commons last November)." Yet "only 14% of those surveyed said that 'Britain should continue to align herself closely with the U.S.'" The poll shows "Britons' present disillusionment with the U.S.-U.K. special relationship." But "America has a fine ambassador to the Court of St. James, Bob Tuttle, who is already beginning the repair work." And "what counts is that the British people seem to grasp intuitively how much is at stake in the war on terror, how much remains to be done at home and abroad, and how long a haul they are in for."

DOJ_NMG_0050391

HOMELAND RESPONSE:

FBI Declares West Virginia Passenger, Liquid Represented No Threat. In a widely-distributed story, the AP (8/19, Mohajer) reported, "A day after two bottles of liquid tested positive for explosive residue, prompting a West Virginia airport to close for nearly 10 hours, the FBI said neither the containers nor the pregnant woman who carried them were a threat. … 'The FBI does not consider the bottles or the owner a threat at this time,' bureau spokesman Jeff Killeen said." However, the AP noted, Rima Qayyum "had purchased a one-way ticket Wednesday on US Airways for travel to Detroit by way of Charlotte, N.C., on Thursday. But Friday afternoon, she was driving to her parents' home in Jackson, Mich. 'There was a mutual decision between her and the FBI not to fly,' Killeen said." The New York Times (8/19, Heyman) also briefly reported on the FBI's finding.

Pennsylvania Woman Arrested For Trying To Board Plane With Gun. The Bethlehem (PA) Express-Times (8/19, Lomax, Eilenberger) reports, "A 47-year-old Bethlehem woman was charged Friday with trying to take a loaded gun and pepper spray aboard a plane at Lehigh Valley International Airport, authorities say." Linda K. Krisko "was charged with two felonies for the incident at the Hanover Township, Lehigh County, airport, according to Jerri Williams, a special agent with the FBI's Philadelphia Division. Krisko was stopped by Lehigh Valley International Airport security after a gun was found in her carry-on bag, said George Doughty, executive director of the Lehigh-Northampton Airport Authority. Krisko has a permit to carry a concealed weapon but it is still illegal to carry a weapon onto an airplane, Williams said." The AP (8/19) also reported on the arrest, noting Williams' comments.

HUD Distributes Additional $428 Million In Hurricane Aid To Texas. The Houston Chronicle (8/19, Rodriguez) reports, "Texas will get almost half a billion dollars in federal relief funding to help the state recover from last year's hurricane double whammy, officials announced in Houston on Friday." U.S. Housing and Urban Development Secretary Alphonso Jackson "said the new emergency funding is an addition to the $74.5 million HUD allocated to Texas in January to meet the continuing housing needs of Katrina evacuees and Rita victims. The $428.7 million in emergency funding will be provided through HUD's Community Development Block Grant program. … Jackson was joined by a bipartisan array of officials, including U.S. Sens. Kay Bailey Hutchison and John Cornyn, Houston Mayor Bill White, Harris County Judge Robert Eckels, U.S. Reps. Sheila Jackson Lee and Kevin Brady, and several others. Hutchison said it was hard to convince her congressional colleagues and the Bush administration that a hurricane that didn't hit Texas, Katrina, had profound consequence and expenses for the state."

Nagin Blames Racism For Delay In Aid To New Orleans. The AP (8/19, Kusmer) reports New Orleans Mayor Ray Nagin "blamed racism and government bureaucracy for hamstringing his city's ability to weather Hurricane Katrina and recover from the disaster that struck the Gulf Coast nearly a year ago. In remarks to the annual meeting of the National Association of Black Journalists, Nagin said the hurricane 'exposed the soft underbelly of America as it relates to dealing with race and class.' … On Friday, Nagin condemned federal regulations that discourage rebuilding in the largely black and low-lying Ninth Ward."

WAR NEWS:

Readiness Of Iraqi Army Questioned. In a New York Times Sunday magazine (8/20) article numbering 4,695 words, reporter Michael Gordon sums up what he found after observing efforts to train the Iraqi army: "What I saw in more than three weeks in Anbar Province was not reassuring. Dogged efforts were being undercut by a dysfunctional Iraqi bureaucracy in Baghdad. The American advisers were able and extremely dedicated, and the Iraqi troops under their tutelage were making strides toward becoming an independent fighting element. But Iraq's Ministry of Defense has been slow to issue promotions for the new soldiers and to distribute proper pay." Gordon adds that US forces are chronically too small to control Anbar, making their work akin to a "whack-a-mole arcade game." The US has struggled to train the Iraqi forces needed to replace American troops, a task given "new urgency" ever since the insurgency proved so hardy. He attributes the "mystifying" decision to abolish the old Iraqi army to Paul Bremer and Secretary Rumsfeld: "Bremer gave his order after consulting with Rumsfeld, but neither Condoleezza Rice, then Bush's national security adviser, nor Secretary of State Colin Powell was informed in advance."

Police Training Is Discussed. The CBS Evening News (8/18, story 5, 3:15, Schieffer) reported, "The President in his brief comments at Camp David did not mention Iraq, but the violence there has only been getting worse. And tonight, officials have banned all private vehicles in many parts of Baghdad for the entire weekend. ... More people were killed in Baghdad in July than any month since the war began, and the United States is rushing to get the Iraqi police up to speed." CBS (Strassmann): "They are police cadets. At Baghdad's police academy, Ed 'Bugs' McPherson runs the range." McPherson: "The sooner that we can train these guys to get on the street and secure their own country, the sooner that some guy in the military or something that doesn't

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want to be here doesn't have to come." Strassmann: "The goal is a total Iraqi police force of 188,000 -- local, national, and border patrol cops. By year's end, the good news for American forces here is that force should be in place, patrolling the Middle East's meanest streets. Assam Athar Hamad has no illusions. As a cop, he'll be a bullseye. 'I think that I will be killed,' he says. 'For Iraqis, death is something that cannot be thought of seriously.' No place needs a cop like a dangerous neighborhood, and Iraq has plenty of those. In less than two years here, 3,400 cops have been killed. ... When Iraqi police were given the chance to protect Baghdad, it was a disaster. The city had almost 1,700 violent deaths here just last month, a record. US troops had to send in thousands of reinforcements." Commander Gen. George Casey: "We have to help the Iraqis reestablish control, and we're on our way to doing that."

Iraqi Forces Are Still Incapable Of Patrolling Baghdad Alone. McClatchy Newspapers (8/19) reporter Nancy Youssef writes, "A three-day tour with U.S. and Iraqi troops aiming to stop Baghdad's plunge toward civil war showed one thing clearly: Iraqi forces remain unprepared to police the capital city alone." She says that Sunni residents now mistrust Iraqi security forces: "Many members of the Shiite Muslim-dominated security forces are suspected of siding with death squads that target Sunni Muslims. During an operation in the Baghdad neighborhood of Amariyah, a majority Sunni area that's been a hotbed of insurgent activity, resident after resident said they opened their doors to Iraqi forces only when they saw American troops with them."

US Strives To Defeat IEDs. ABC World News Tonight (8/18, story 7, 2:30, Gibson) reported, " We have a look tonight at how the U.S. military is trying to combat that country's deadliest threat, the roadside bombs that kill and maim. Last month, more than 2600 IEDs blew up or were found before they exploded." ABC (Kerley) added, "Their work could be called 'IED CSI: Crime scene investigation of improvised explosive devices.'" Lt. Cmdr. Rick Hayes, US Navy,: "We're looking for any type of shrapnel, fragmentation, anything that may indicate some kind of military ordnance. It's oftentimes the little clues that will give us the biggest change for policy and procedures for our troops." Kerley: "Teasing out bits of residue at the site of the attacks, and back at base. ... In Baghdad, each explosion is now plotted on computers, looking for patterns to predict attacks. ... When the insurgents started using toy remote controls and cell phones, the U.S. started jamming. Now, these IED CSI teams are finding new insurgent tricks -- pressure plates, bombs triggered when a vehicle rolls over the device. ... So, who is winning? The military points out, it is finding half of the IEDs before they explode. But the insurgents are now planting twice as many bombs."

Fearful Iraqis Shun Mosques. The New York Times (8/19, Wong) reports, "Exploding sectarian violence has undermined the mosque's traditional role as a gathering place, further unraveling the country's communal fabric. Mosque attendance has plummeted, according to clerics and government officials ... Gatherings at Friday Prayer are sometimes one-tenth the size of what they once were, and parents no longer send their children to mosques for spiritual lessons." The violence has steadily worsened: "Militias regard mosques as either places of refuge or tempting targets. Entire congregations have been wiped out by car bombs. Gunmen abduct imams, and sometimes shoot them outright. American and Iraqi forces often storm the buildings hunting for guerrillas. Airstrikes obliterate minarets." The Washington Times/UPI (8/19) summarizes the Times article.

Baghdad Bans Cars On Eve Of Pilgrimage. The New York Times (8/19, Von Zielbauer) reports, "With little warning, Iraq's government imposed a nearly three-day ban on vehicle traffic in the capital starting at dusk Friday, in preparation for what is expected to be millions of pilgrims converging Sunday at a shrine to mark the anniversary of the death of one of Shiite Islam's holiest figures." The decision appears related to last year's disaster: in 2005's procession, "rumors of a suicide bomber in a procession of Shiite pilgrims crossing a bridge in northern Baghdad provoked a deadly stampede. Most of those killed were crushed or suffocated, but many others drowned after falling or jumping into the Tigris River." Violence against pilgrims has already started; on Friday "seven people driving toward the shrine were killed in the Adel neighborhood of western Baghdad" by gunmen. In additional news, as Saddam Hussein's second trial approaches, "the International Center for Transitional Justice, a rights group based in New York, urged the authorities here to avoid mistakes that the group said marred Mr. Hussein's first trial." The group said that the first trial was marred by 'a lack of access to documents by defense lawyers and, above all, inadequate security precautions for Mr. Hussein's lawyers, three of whom were killed during the trial."

The Los Angeles Times (8/19, Roug) also reports the ban on cars and like the New York Times states that the 2005 stampede "remains the bloodiest day since the U.S.-led invasion of Iraq in 2003." Describing the renewed American efforts to impose security in Baghdad, the Times observes that after handover of many neighborhoods to Iraqi forces, "In most neighborhoods, security deteriorated rapidly." However, the current American operation is allegedly one-sided: "Most of the U.S.-led security operation has targeted Sunni neighborhoods in western Baghdad. Frustrated American commanders say Sadr and his followers have become 'untouchable.'"

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Officer Considered Haditha Routine. In a front page article, the Washington Post (8/19, Ricks) reports, "The Marine officer who commanded the battalion involved in the Haditha killings last November did not consider the deaths of 24 Iraqis, many of them women and children, unusual and did not initiate an inquiry, according to a sworn statement he gave to military investigators in March." The statement by Lt. Col. Jeffrey Chessani "helps explain why there was no investigation of the incident at the time, despite the large number of civilian deaths, and why it took several months for the U.S. military chain of command to react to the event. ... It suggests that top U.S. commanders have been unsuccessful in urging subordinate leaders to focus less on killing insurgents and more on winning the support of the Iraqi people, especially by providing them security."

The New York Times/AP (8/19) summarizes the Post story. About 30 sites carried the AP summary.

Two Shiite Parties Denounce Iran. The Washington Post (8/19, Paley, al-Izzi) reports, "Two Shiite Muslim parties on Friday accused Iran of instigating violence in Iraq and attempting to destabilize the country, exposing a growing rift within Iraq's largest sect that many fear will exacerbate the nation's slide into full-scale civil war." Violent clashes between Shiite factions in southern Iraq "served as a reminder of the bitter divisions between various parties in the governing coalition, made up of some factions closely tied to Tehran and others that bitterly criticize it." The Post quotes professor Juan Cole, who says that "class conflict" between wealthy followers of Iran and poorer critics of Iran helps drive the unrest. It also profiles "Mahmoud Abdul Ridha al-Hassani, who is virulently anti-Iranian and anti-American" and symbolizes "rising discontent with Tehran."

Jordan Sends Ambassador To Iraq. The AP (8/18, Joshi) reports, "Jordan has become the first Arab state to send a fully accredited ambassador to Iraq, a major display of political support for the U.S.-backed government in the face of past kidnapping-slayings of Muslim diplomats." Arab, mostly Sunni-led governments had previously resisted because of "violence and concern over the Shiite-led government's dealings with the Sunni minority, which forms the foundation of Iraq's insurgency, and the government's ties to Shiite-dominated Iran." The AP writes that Egyptian, Algerian, and Moroccan diplomats have been killed by insurgents. It also notes the ban on cars during this weekend and the arrest of "three death squad leaders who were involved in the massacre of 41 Sunnis in Baghdad's Jihad neighborhood." About 70 sites carried this story.

State Department Official Criticizes Jailing Of Children, Militarization Of Interior Ministry, UK Behavior In Basra. The Washington Times (8/19, Behn) reports, "Children who have never been charged with a crime are being held in juvenile prisons in Iraq, a State Department official stated in a report he posted on the Internet this week. Marshall Adame, an official with the National Coordination Team based out of Camp Victory in Iraq, said that "some of the children are in the detention centers simply because there is no one to pick them up and take them home." Furthermore, Adame "criticized U.S. officials for allowing the militarization of the Ministry of Interior (MOI) and ignoring abuses that took place there." He denounced British behavior in Basra, alleging "that British soldiers looted then-occupied Basra airport, that they diverted the majority of the water supply from the Iraqi airport water plant for their use, and did little to improve the airport's infrastructure. ... "I believe the problems now in Basra are a direct result of the way they approached their whole relationship with the Iraqis."

Officer Goes To Court For Refusing To Serve In Iraq. Time (8/19, Sanders) reports on Lt. Ehren Watada of the army, who has "a novel argument: he had a duty to disobey because the war is illegal." Time quotes lawyers for both sides at a hearing last week. Watada's defense counsel, professor Francis Boyle, "argued that the U.S. decision to attack Iraq in 2003 without U.N. authorization made the war illegal from the beginning. He went further, arguing that the failure of the Bush administration to find either weapons of mass destruction or a provable link between Iraq and the Sept. 11 attacks showed that Congress was persuaded 'by means of fraud' when it voted to authorize the war." Prosecutors warned that Watada's theory "would create a breakdown in military order and discipline" and that it was up to "politicians and legislators," not lieutenants, to judge a war's validity.

AWOL Soldier Returns To Fort Bragg. The AP (8/19, Thompson) reports, "A Fort Bragg paratrooper who says he left his Army barracks last summer because he was disillusioned with U.S. actions in Iraq surrendered to military authorities Friday." Sgt. Ricky Clousing "had walked away from Fort Bragg on June 23, 2005, with only a few clothes and his surfboard." He said that during his four months as an interrogator in Iraq he "saw an innocent Iraqi man killed by an American soldier in Mosul. He said he tried to talk to unit leaders about the incident but they dismissed him as an inexperienced soldier." He objected to "the daily physical, emotional and psychological harassment of civilians (and) the daily killing of innocent civilians."

Judge Sets Aside Custer Battles Verdict. The New York Times (8/19, Eckholm) reports, "A federal judge has set aside a verdict of corporate fraud in Iraq on disputed technical grounds, raising questions about the ability of

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whistleblowers and the United States government to pursue companies that profited illegally in Iraq during the chaotic year after the invasion." It states, "In an opinion issued Wednesday and posted yesterday, Judge T. S. Ellis III, of the Federal District Court in Alexandria, Va., said the plaintiffs had 'failed to prove that the claims were presented to the United States.' The coalition authority, the judge ruled, was an international entity, and bills presented to American officials then detailed to the authority were not subject to the False Claims Act."

The Washington Post (8/19, Merle) reports the ruling on its business front page. It quotes North Dakota Sen. Byron Dorgan (D): "CPA was created by the U.S. government, run by largely U.S. employees. This ruling could stand logic on its head. It's a setback for accountability."

Battle Cuts Short Kandahar Recovery. In a 1,600-word front page article, the Washington Post (8/19, Constable) bleakly reports regression in Kandahar: "Less than a year ago, this was a city on the rebound after years of conflict, drought and political isolation. Business was booming with an influx of international development aid, shops stayed open late, markets burst with locally grown fruit and traffic snarled hopelessly much of the time. Today Kandahar is a ghost town, braced for the next suicide bomb and full of refugees from rural districts where Taliban insurgents are battling Afghan and NATO forces." Kandahar has come to symbolize the "dashed hopes and angry confusion that have gripped much of Afghanistan's Pashtun tribal belt." The Post quotes locals who variously express "hate and fear" of the Taliban, "deep disappointment" in the Karzai government, skepticism about Pakistan's sincerity in fighting the Taliban, and finally support of Taliban views.

Maureen Dowd Raps Bush For Considering Iraqis Ungrateful. In the New York Times (8/19), Maureen Dowd writes that President Bush "wants to see some gratitude from his charges [in Iraq] — pronto. ... He's furious that he got no thank-you note from the Iraqis for the big present of allowing them the opportunity to be like us." However, she sarcastically notes, "They refused our gift, after everything W. did for them — invading their country under the false pretense of protecting our country, shattering their shaky infrastructure, and starting a shame spiral that's led to civil war."

CORPORATE SCANDALS:

Quattrone Avoids Third Criminal Trial. The New York Times (8/19, Sorkin) reports banker Frank Quattrone, "who helped drive the 1990's boom in technology, has reached a deal with federal prosecutors that will allow him to avoid a third criminal trial on obstruction charges and resume a career in finance." For federal prosecutors "who had once sought to portray Mr. Quattrone as a symbol of Wall Street greed and manipulation during the dot-com bubble, the settlement is a significant retreat." Speculation has recently "been rampant in Silicon Valley that Mr. Quattrone will start a boutique advisory and private equity firm focused on technology companies."

CRIMINAL LAW:

Libby's Request For Classified Documents Denied. The AP (8/19) reports U.S. District Judge Reggie B. Walton blocked former White House aide Scooter Libby "from using some classified material to help with his defense in the CIA leak case. … 'The documents and information at issue are extremely sensitive and their disclosure could cause serious if not grave damage to the national security of the United States,' Walton wrote in a ruling that sides with prosecutors and intelligence officials who opposed turning them over. Walton ruled that the documents being withheld would not aid Libby's defense."

Timing Of DA's Probe Into Ramsey Murder Questioned. The Denver Post (8/19, Mitchell) reports, "Fundamental steps in the investigation into John Mark Karr's possible involvement in the murder of JonBenet Ramsey didn't really begin until after his arrest." The Post continues, "Though the Boulder County district attorney's office had enough undisclosed evidence to get a judge to order Karr's arrest in Thailand on a first-degree murder count, it was only after the warrant was issued that investigators started asking questions experts say would form the bedrock of a successful homicide prosecution. … For example, it wasn't until Wednesday morning, after Karr was in Thai custody on that warrant, that a representative of Boulder DA Mary Lacy's office called the Marion County School District in Hamilton, Ala., where Karr once taught, to seek anything in Karr's handwriting for comparison to the ransom note allegedly left by JonBenet's killer. … Similarly, Lacy's office has still not contacted the Colorado Bureau of Investigation to compare anything from Karr - DNA, handwriting, a palm print, footprint or even shoe size - to the evidence found at the murder scene. … Nor did the DA's office consult with education officials in Colorado or California to see if they could track Karr's teaching history. … Karr's ex-wife and kids also weren't contacted to see if they would provide an alibi for Karr's whereabouts at the time of JonBenét's murder. The ex-wife has told a San Francisco television station that she is sure … Likewise, the spokesman for the Sonoma County Sheriff's Department in California, which has had a fugitive warrant since 2001 seeking Karr's arrest on five counts of

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misdemeanor possession of child pornography, said the department was unaware of Karr's possible connection to the Ramsey case until after he was in Thai custody."

Free Speech Advocates Say AIPAC Espionage Case Ruling Helps Defendants. The Washington Post (8/19, A4, Pincus) reported, "The federal judge who last week refused to throw out charges of conspiring to violate the 1917 Espionage Act against two former pro-Israel lobbyists simultaneously made it much more difficult for the government to prove its case against them, attorneys for the defendants and First Amendment advocates contend." US District Judge T.S. Ellis III ruled that "for the government to prove its case…it must show that the two men disclosed national defense information 'closely held by the government' and that each 'had bad faith purpose' in passing it to others, knowing it 'could be potentially damaging to the United States' or 'useful to an enemy of the United States.'" Former AIPAC lobbyists Steven J. Rosen and Keith Weissman "have contended that, unlike spies, they were receiving and passing on information as part of their First Amendment right to carry on public discussions about defense and foreign policy issues."

Cunningham's Wife Says She Was Deceived About Corruption. The AP (8/19) reported, "The wife of disgraced former congressman Randy 'Duke' Cunningham felt deceived about the extent of her now-estranged husband's corruption, she said in her first public interview since the scandal broke last year. Nancy Cunningham told New Republic magazine that she didn't question junkets paid for by defense contractors because other senior congressional figures, including Speaker Dennis Hastert, joined in." Nancy Cunningham "dismissed luxury items given to him as bribes — including yachts, homes and antique furnishings — as 'not that great' and described their $2.55-million estate as 'a fixer-upper.'" The AP added, "She said she had told her husband to review his transactions with the House Ethics Committee, and accused congressional staffers of keeping her in the dark about his activities."

Judge Blasts Texas AG For X-Ray Seizure. The AP (8/19) reports, "A federal judge scolded Texas Attorney General Greg Abbott when she found out important evidence in the investigation into potentially fraudulent diagnoses of the lung disease silicosis had disappeared after he seized documents from a Corpus Christi storage facility, a newspaper reported Friday." The AP continues, "U.S. District Judge Janis Graham Jack rebuked Abbott on Aug. 11 for sending four armed agents to take thousands of X-rays from a private company storing the records for the federal court, The New York Sun reported. … 'The arrogance of taking those documents from a federal court-supervised depository is astounding,' the newspaper quoted Jack as saying during a conference call with lawyers involved in the case. 'The attorney general of the state of Texas has exhibited a total disregard for the rule of law by doing this.'" The AP adds, "Jack, based in Corpus Christi, made national news last year when she recommended throwing out all but one of about 10,000 silicosis lawsuits because the diagnoses appeared 'manufactured for money' to help plaintiffs. Her findings spawned investigations by a congressional committee, federal prosecutors in New York and Abbott. … Court records show Abbott's aides went to the Corpus Christi facility on June 23 and used a grand jury subpoena to seize all the original X-rays gathered by Jack's court. .. Jack learned of the seizure on July 5 and ordered Abbott's office to return the documents by noon the following day, according to the court records. The state returned about 40 boxes, but the custodian of the records said last week that 152 X-rays had disappeared."

Judge Will Not Dismiss Suit Against Federal Prosecutors. The Boston Globe (8/19) reports, "US District Judge Nancy Gertner yesterday refused to dismiss a lawsuit alleging that federal prosecutors negligently concealed evidence that might have prevented two men from wrongfully serving three decades in prison." The Globe continues, "Joseph Salvati and Peter Limone were exonerated in 2000 of murdering Edward 'Teddy' Deegan in 1965. In the lawsuit, the men allege that the FBI failed to turn over crucial wiretap and informant evidence that would have proved they had been set up by organized crime figures." The Globe adds, "The US Justice Department, in a court hearing two days ago, asked a judge to dismiss the suit, arguing that the FBI did not have a duty to share the evidence "

Columnist Cites Government Failures In Parolee's DC Rampage. In his column for the Washington Post (8/19, A17), Colbert I. King writes, "Erika Smith would have turned 13 on June 4, 2006, but she missed it by four years. … Two months after her ninth birthday, a stranger carrying a .32-caliber handgun came upon Erika when he broke into the Silver Spring home of her father, Gregory Russell. Erika ran upstairs crying for her father, who was talking on the telephone with a friend. Russell screamed his daughter's name, but it was too late. The intruder, a convicted felon on parole named Anthony Kelly, allegedly lacerated the right side of Erika's face and shot her in the back at point-blank range. He then turned his attention to Erika's father, allegedly shooting him eight times in the leg and chest, killing him." King continues, "If the United States government, in the form of the U.S. Parole Commission, the Federal Bureau of Prisons, the Court Services and Offender Supervision Agency (CSOSA), and the prisons bureau

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halfway house owned and operated by Hope Village Inc. in Southeast Washington, had followed policies and procedures instead of taking a series of slipshod, slovenly and negligent actions, Erika Smith would today be preparing to return to middle school soon after another fun-filled summer with her dad and her mother, Carol Smith." King argues that "taxpayers ought to know about the efforts of Erika's mom to call the U.S. government and the halfway house to account for the brutal and wrongful death of her only child. Two lawsuits filed through her attorneys with the Crowell & Moring law firm in U.S. District Court in Washington spell out the havoc wrought by the government on her life. … In the eyes of Washington, D.C., Carol Smith is tantamount to a ghost -- not worth the attention of the attorney general, the big overseer of U.S. criminal justice. The federal agencies under the jurisdiction of Alberto Gonzales's Justice Department expect to get a pass. They're big, she's not, so there." King concludes, "If Smith can have her way, Justice Department bigwigs may get to hear what really goes on in those halfway houses they impose on unsuspecting communities. They'll hear about the poor training given to halfway house employees. They'll hear rumors about staffers' sexual relationships with subordinates and residents, and the loose supervision and monitoring of residents. They'll see just how haphazardly and how carelessly the federal community supervision program is operated. … And if by chance the Justice Department big shots are too busy to go down to the federal courthouse, they can just watch this space. Trust me, there will be more, much more, to come."

Woman Charged With Husband's Murder-For-Hire Can't Afford Death Penalty Defense. The Beaver County (PA) Times (8/19, Vidonic) reports, "The widow of a wealthy Mercer County (PA) doctor won't have enough money to defend herself against the death penalty on charges she hired her lover to shoot her husband to death, her attorney said Thursday." The Times continues, "Donna J. Moonda, 47, of Hermitage pleaded not guilty to four federal charges that she agreed to split millions in inheritance money with Damian Bradford if he killed Dr. Gulam Moonda. … Bradford admitted to carrying out the deadly deed on May 13, 2005, as the Moondas were stopped along the Ohio Turnpike near Cleveland. Bradford said he approached Dr. Moonda as he got out of the passenger side of his Jaguar, which his wife was driving, took his wallet and shot him once in the face." The Times adds, "Bradford has cut a deal with federal prosecutors, agreeing to testify against his former lover in exchange for guilty pleas on charges of interstate stalking and using a firearm in a crime that resulted in a death. He will be sentenced to 17½ years in federal prison once he testifies, which could be before the end of the year. … Thursday, U.S. District Judge David D. Dowd Jr. set a trial date of Oct. 23 for Moonda during her arraignment on the charges she was indicted on Wednesday: murder for hire, aiding and abetting interstate stalking, aiding and abetting the use of a firearm during interstate stalking, and aiding and abetting the use of a firearm during the crime of murder. … She remains in the Medina County Jail in Ohio after Dowd refused to set bail a couple of weeks ago."

Former Oklahoma Judge Sentenced For Indecent Exposure. The AP (8/19, Evans) reports, "Former Oklahoma judge Donald Thompson was sent to prison for four years Friday for exposing himself by using a sexual device while presiding over jury trials." The AP continues, "Special Judge C. Allen McCall also ordered that Thompson, 59, pay a $40,000 fine. Thompson was convicted on June 29 on four felony courts of indecent exposure for incidents that took place in his court room in Creek County." The AP adds, 'McCall denied motions by Thompson's attorneys to either suspend the sentence or to let Thompson serve prison time on the four counts concurrently, which would have meant Thompson would serve only one year of prison time. … Thompson showed no reaction when he was sentenced. McCall denied a defense motion that Thompson be allowed to remain free pending an appeal, despite assurances from Thompson's wife, Paula, and older brother, Jim Thompson of Bristow, Okla., that Donald Thompson was not a flight threat."

Guardsmen Arrested In New Orleans For Robbery. The New York Times (8/19, Nossiter) reports, "Two of the 300 Louisiana National Guard members called in to combat a summer crime wave in the city have been arrested and charged with armed robbery." The Guard has been deployed by the governor since June 20 in New Orleans, "after a weekend of violence in which five teenagers were shot in the Central City neighborhood. The troops' mission was to help the beleaguered police by patrolling sparsely populated areas." The Times says that the high number of murders in July and August made unclear "the benefits of having the Guard patrol the city's streets." The Washington Times/UPI (8/19) also reports the arrests.

WPost Sees Little Impact From D.C. Crime Emergency Declaration. A Washington Post (8/19, A16) editorial examines the District of Columbia "crime emergency" declared in July, noting that "overall arrests are up since the emergency declaration, but violent crimes are hanging steady. … Guns fuel the violence that rocks this city, and they keep coming in. If the emergency declaration is making a difference, it's hard to tell."

Drug Treatment Recommended For Users In Criminal Justice System. In a Washington Post (8/19, A17)

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op-ed, National Institute on Drug Abuse Director Nora Volkow writes, "When drug abusers enter the criminal justice system, it signals a pivotal crisis in their lives. It also offers a unique opportunity to institute treatment for drug abuse and addiction. Studies have consistently shown that comprehensive drug treatment works. It not only reduces drug use but also curtails criminal behavior and recidivism. Moreover, for drug-abusing offenders, treatment facilitates successful reentry into the community. This is true even for people who enter treatment under legal mandate. … Providing drug-abusing offenders with comprehensive treatment saves lives and protects communities."

CIVIL LAW:

Ohio Hospitals Settle Whistleblower Suit For $14 Million. The Cleveland Plain Dealer (8/19, Tobin) reports, "University Hospitals of Cleveland will pay nearly $14 million to settle a lawsuit in which a former surgeon accused the hospital of illegally encouraging its doctors to refer patients only to other UH doctors." The Plain Dealer continues, "Dr. Thomas Kirby, the former co-chairman of cardiothoracic surgery, criticized the hospital while working there and filed the lawsuit in U.S. District Court under 'whistle-blower' provisions. … The suit was filed in 2003 under seal and made public Friday. … He will receive $1.5 million plus legal fees. … The rest of the money will be used to repay Medicare, which Kirby claimed was defrauded through UH's referral practice." The Plain Dealer adds, "Hospital officials cooperated with the Justice Department and said the settlement will not affect their long-term goals."

The AP (8/19, Kropko) reports, "The lawsuit alleged that the system and its primary medical campus, University Hospitals of Cleveland, entered into improper financial arrangements with physicians to motivate them to make referrals to other doctors within the system in Medicare cases, said Assistant U.S. Attorney Alex Rokakis, who negotiated the settlement on behalf of the Justice Department. … University Hospitals of Cleveland is an affiliate of Case Western Reserve University." The AP adds, "The Justice Department reviewed and took over the case, and Kirby was awarded a $1.5 million whistle-blower fee through the False Claims Act, which allows a private citizen to file a lawsuit on behalf of the United States. … The case had been under seal, but U.S. District Judge Donald C. Nugent in Cleveland unsealed it Friday. The settlement amount was recorded in the system's 2005 financial statements and will have no effect on its present finances or recently announced $1.2 billion expansion plans, according to a statement from the health system."

Nursing Home Chain Settles Medicare Fraud Claims. The Los Angeles Times (8/19, Yi) reports, "Nursing home operator Beverly Enterprises Inc. has agreed to pay $20 million to settle allegations that it defrauded federal and California healthcare programs, the Justice Department announced Friday." The Times continues, "The Fort Smith, Ark.-based company, once the nation's largest nursing home chain with 60 facilities in California, was accused of submitting false reimbursement claims to Medicare and Medi-Cal through a now-defunct subsidiary, MK Medical. Medicare is the federal health plan for seniors and disabled people. Medi-Cal is a federally funded, state-run health plan for the poor. … The company was never charged in court, and its attorney said Friday that the accusations stemmed from lack of proper paperwork, not fraud. … 'Beverly raised the issue of proper documentation itself with the government,' attorney Russell Hayman said. 'It conducted an audit and has now repaid the moneys identified.'" The Times notes, "The company will pay $14.5 million to federal agencies and $5.5 million to California. … The Justice Department said federal agencies were investigating reimbursement claims MK filed between 1998 and 2002 for medical equipment used by Medi-Cal and Medicare patients. Hayman said all equipment was delivered to qualified patients."

Shareholders Seen As Benefiting From Tobacco Ruling. The Washington Post (8/19, D1, Henderson) reports, "Tobacco stocks rallied yesterday after investors concluded a U.S. district judge's ruling against eight cigarette companies would cost them little and would clear the way for a corporate restructuring likely to benefit many shareholders." The Post continues, "The ruling by Judge Gladys Kessler, released Thursday after the U.S. stock markets closed, also removed a cloud of uncertainty over how much the Justice Department's seven-year-old racketeering lawsuit might hurt the industry, analysts said. … 'From a business perspective, this is a complete win,' said David Adelman, an analyst with Morgan Stanley. 'They're not making any substantial payments. There's no threat of future substantial payments.'" The Post adds, "Kessler agreed with the government's argument that the cigarette makers had violated civil racketeering laws by conspiring for decades to mislead the public about the dangers of smoking. And she ordered the companies to alter some of their marketing practices and undertake a massive media campaign to correct years of deceptive advertising. … Those requirements, if upheld on appeal, would cost millions of dollars, analysts said. But they would be 'an imperceptible cost of doing business' for an industry that reaped tens of billions of dollars in profit just last year, Adelman said."

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Tobacco Industry Seen As Mostly Unscathed By Judge's Racketeering Ruling. The Washington Post (8/19, A16), in an editorial, writes, "This week's opinion by U.S. District Judge Gladys Kessler in the government's long-standing racketeering lawsuit against the tobacco industry is moving and powerful. It is exhaustive in scope, detailed and utterly convincing that the industry sought for five decades to mislead the American people and government concerning the deadly consequences of smoking. The opinion, however, in all likelihood will have only the most modest effect on the smoking health hazard. Under an earlier appeals court ruling, Judge Kessler could not order the disgorgement of industry profits, and she believed herself unable to order the industry to fund a massive anti-smoking campaign. So despite documenting in many hundreds of pages decades of industry misdeeds, Judge Kessler was able to order only fairly anemic remedies."

The Wall Street Journal (8/19) editorializes, "After seven years of litigation, $140 million of taxpayer money and a 1,700-page decision, the government could finally claim this week to have won its racketeering case against the tobacco industry. But then why were tobacco stocks up by some 3% yesterday, with Altria, parent company of Philip Morris and the Marlboro Man, hitting new multi-year highs? Investors know a loser when they see one, and in this case it's the Justice Department. … The government will also be allowed to apply for reimbursement of its costs in the case, which were estimated last year at $140 million. But that's a far cry from the $280 billion that government lawyers were seeking before the D.C. Circuit Court of Appeals last year ruled out going after 50 years worth of industry profits, plus interest.'"

Court Decision "Opens Door" To Potentially Thousands Of Agent Orange Claims. In a story carried in newspapers or on news Web sites across the country, the AP (8/19, Apuzzo) reports, "Veterans who patrolled the waters off Vietnam can claim disability benefits for exposure to Agent Orange under" a ruling from the Us Court of Appeals for Veterans Claims. The decision "opens the door for thousands of servicemen to seek medical coverage." The AP adds, "The court's order, issued Wednesday, reverses the Veterans Affairs Department's denial of benefits for Jonathan L. Haas, who blamed his diabetes, nerve damage and loss of eyesight on exposure to Agent Orange. … The three-judge panel said regulations governing the benefits were unclear. The court said it made no sense for veterans who patrolled Vietnam's inland waterways and those simply passing through the country to receive medical coverage while those serving at sea do not." The AP also notes, "The Veterans Affairs Department said Friday that it was reviewing the opinion and was not sure how many veterans would be affected or how much the added coverage would cost." A shorter story from the AP (8/19) appears on the Web sites of broadcast outlets.

MSNBC.com (8/18, Seidman) reports, "Haas testified that during his tour aboard the U.S.S. Mount Katmai, he often saw large clouds of chemicals being dropped by aircraft over the forests. He further stated: '[T]hese large clouds would drift out over the water because of the prevailing offshore winds, and they would engulf ships, my ship in particular. Now you could see the chemicals, you could taste them, smell them, and they landed on your skin.' Haas reported that his exposure occurred in 1966 or 1967. He noted that he was on an ammunition ship about for approximately 20 days at a time, for eight months during each of his two deployments. He testified that he would have to navigate in close proximity to the shoreline to deliver supplies because the "boats that were doing the patrolling could not leave the stations more than a certain amount of time[.] . . . [T]hey couldn't steam out 5 miles to pick up supplies. "

Veterans' Widows Losing Out On Benefits Due To 1972 Law. The New York Times (8/19, Alvarez) reports, "As many as 61,000 military widows whose husbands died of causes relating to their military service lose out on thousands of dollars a year in survivor benefits" because of the Survivor Benefits Plan, "a Department of Defense retirement income fund similar to a life insurance policy" that was created in 1972. Under the law, "which placed restrictions on the plan that it created, the payment to widows enrolled in the Survivor Benefits Plan is reduced, dollar for dollar, by the amount of the Dependency and Indemnity Compensation stipend."

NYTimes Calls For Government Whistleblower Protections. The New York Times (8/19) editorializes, "If ever government whistle-blowers needed protection from official retaliation it is now, in the secrecy-obsessed Bush administration. Federal employees daring to disclose fraud and abuse in their bureaucracies have been under virtual siege, isolated as pariahs and shipped off under gag orders to lesser jobs in far-off places. … The nation's need for timely whistle-blowers has been painfully driven home by gaffes in pre-9/11 homeland security, the premises for the Iraq invasion, and the administration's illicit intelligence gathering at home."

CIVIL RIGHTS:

DOJ Settles Sign Language Dispute With Pony Leagues. The AP (8/19) reports, "The PONY Baseball and Softball league, where Mark McGwire and Alex Rodriguez once honed their skills, will allow deaf children to use sign

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language interpreters in games under an agreement with the Justice Department." The AP continues, "The department's civil rights division announced an agreement Thursday under which deaf, hard-of-hearing and other disabled kids among the 450,000 children who play in PONY's boys and girls baseball and softball leagues will get new assistance to help them participate fully." The AP adds, "There are 3,500 baseball and fast- and slow-pitch softball leagues organized around the nation by nonprofit PONY Baseball Inc., headquartered in Washington, Pa. The leagues are divided into two-year age brackets to allow boys age 5-18 and girls age 8-18 to compete with players of similar ages and of their own sex. .. .The case was brought after Justin 'Pono' Tokioka, a deaf youth, was not allowed to have his father, James, inside the dugout to give him sign language signals during the PONY state regional tournament playoff games in Hilo, Hawaii, in July 2005. Justin was then 10 and played in a Mustang league for 9 and 10-year-olds, and his father had acted as his interpreter in practices and in games on the island of Kauai, where the family lives in Lihue. … PONY officials cited a rule that only three coaches could be in the dugout during tournament games. James and Beth Tokioka filed a complaint under the Americans with Disabilities Act on behalf of their son, but the settlement they won provides nationwide relief for disabled PONY participants."

South Dakota Abortion Ban Debate Hinges On Emergency Contraception Provision. The AP (8/19) reports, "South Dakota's abortion ban, which faces voters in November, does not allow exceptions for rape and incest victims. But the ban's supporters say it's not as restrictive as it appears." The AP continues, "The legislation allows for emergency contraception to help prevent pregnancy from occurring, said Dr. Stephen Billion of Sioux Falls, who supports the ban. .. . The provision allows a woman to take emergency birth control before she tests positive for pregnancy. … But the ban's critics say such emergency contraception isn't widely available in South Dakota. They also say many rape and incest survivors don't report the crime at all - let alone within the short time during which the drugs are effective." The AP adds, 'The U.S. Justice Department estimates less than 40 percent of rapes and sexual assaults are actually reported. … An abortion-rights supporter, Dr. Maria Bell of Sioux Falls, said the provision doesn't make any sense if, as her opponents say, all life begins at conception. … Anti-abortion lawmakers fought a measure in the 2006 Legislature that would have required hospitals to make women aware that emergency contraception is available. The bill died in committee."

Court Rules Members Of Congress Are Subject To Job Discrimination Suits. McClatchy (8/19, Diaz) reports, "A federal appeals court on Friday rejected a motion to dismiss a job discrimination suit against Sen. Mark Dayton, ruling that members of Congress are not automatically immune from such suits under the Constitution. But in a mixed decision that could lay the groundwork for a review by the U.S. Supreme Court, the judges found that Dayton could still assert immunity under the 'speech or debate' clause by formally asserting that a staffer's dismissal was based on the performance of protected legislative duties." McClatchy notes, "The ruling by the U.S. Court of Appeals for the District of Columbia Circuit was closely watched on Capitol Hill because of the separation of powers and immunity issues it raises for all members of Congress in discrimination and civil rights suits. For that reason, Dayton's case was joined with a race and gender discrimination suit brought against Rep. Eddie Bernice Johnson." Brad Hanson, "Dayton's former state office manager, sued Dayton in May 2003, claiming he was fired after disclosing that he had a heart condition."

Ehrlich Concerned Touch-Screen Voting Machines May Prove Unreliable. The Washington Post (8/19, B1, Vogel) reports, "Touch-screen polling machines, which will be used statewide in Maryland when voters go to the polls for the Sept. 12 primary, were intended to calm fears of election flimflam raised in the wake of the infamous 2000 presidential balloting in Florida. But the new machines themselves have become a politically charged topic in Maryland. Republican Gov. Robert L. Ehrlich Jr., who agreed to purchase them three years ago, now questions whether they can provide fair and accurate elections, given their vulnerability to computer hackers and their lack of a paper trail to document votes. … Democrats, in turn, accuse the governor and the Republican Party of trying to dampen voter turnout through scare tactics."

ANTITRUST:

Bristol-Myers, Sanofi Seek To Halt Generic Plavix Sales. Bloomberg (8/19) reports, "Bristol-Myers Squibb Co. and Sanofi- Aventis SA asked a judge to ban rival Apotex Inc. from selling a generic version of their blood thinner Plavix, arguing sales would destroy the $4 billion market they created." Bloomberg continues, "The companies asked U.S. District Judge Sidney Stein in New York today to force Apotex to recall any of the medicine shipped to drugstores and wholesalers since sales began earlier this month. Plavix was the world's second-highest selling drug last year, with more than $3.8 billion in U.S. sales. … Bristol-Myers and Sanofi, the world's third-largest drugmaker, have lost $10 billion in market value since Apotex entered the market Aug. 8 after an agreement to delay entry collapsed, said Evan Chesler, who's representing both companies.

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According to the National Association of Chain Drug Stores, which is supporting Apotex, more than half of new prescriptions for the medicine are filled using the generic drug." Bloomberg adds, "The arguments before Stein are set to continue on Aug. 21. … Bristol-Myers and Sanofi claim the generic drug infringes a patent for clopidogrel bisulfate, the chemical name for the medicine. The patent expires in 2011. Apotex is challenging the validity of the patent, and the drugmakers say Apotex shouldn't sell generic Plavix until the patent issue is resolved. … The U.S. Justice Department is investigating possible criminal charges on allegations that Bristol-Myers and Sanofi had a secret side deal that it didn't disclose to the U.S. Federal Trade Commission, which also had to approve the agreement."

Boeing Gets EU Antitrust Nod For Aviall Purchase. The Dallas Business Journal (8/19) reports, "European antitrust authorities have given approval for The Boeing Co. to buy aviation parts distributor Aviall Inc. … The European Commission raised no antitrust issues related to the $1.7 billion cash deal." The Journal continues, "Chicago-based Boeing, the world's largest aerospace company and the largest manufacturer of commercial jetliners and military aircraft, has agreed to pay Aviall stockholders $48 a share, plus the assumption of about $350 billion in debt. … Under the deal, Dallas-based Aviall will become a subsidiary of Boeing's Commercial Aviation Services." The Journal adds, "Boeing reported about $55 billion in revenue last year. Aviall has about $1.3 billion in annual revenue. Aviall's shares rose 24.67 percent to $47 a share Monday morning after news of the deal."

ENVIRONMENT:

Acting DOT Secretary Cino Inspects BP Pipes In Alaska. The AP (8/19, D'oro) reports acting Transportation Secretary Maria Cino "toured Prudhoe Bay on Friday to assess BP PLC's progress following federal orders to improve its pipeline corrosion management at the nation's largest oil field. … The half-day visit to Alaska's North Slope came almost two weeks after the British oil giant launched a partial shutdown because of leaks and corrosion in low-pressure pipe found on the eastern side of the colossal field. London-based BP operates Prudhoe Bay for itself and other owners."

Senate, House Panels To Hold Hearings On Oil Pipelines. McClatchy Newspapers (8/19, Zagaroli) reports Senate Energy and Natural Resources Chairman Pete Domenici and House Transportation and Infrastructure Chairman Don Young both plan new hearings regarding "how to prevent transmission lines from corroding to the point of failure" in the wake of BP oil pipeline problems. The Senate panel's hearing is tentatively set for September 12, with the House hearing one day later.

USDA Says Unapproved GMO Rice Has Entered US Supplies. The Washington Post (8/19, A7, Weiss) reports USDA Secretary Mike Johanns announced US commercial supplies of long-grain rice "had become inadvertently contaminated with a genetically engineered variety not approved for human consumption." Germany's Bayer CropScience, which made the experimental rice, known as LLRICE 601, told USDA and the FDA that the rice "poses no threats to human health or the environment," according to Johanns.

Alaska "Bridge To Nowhere" Held Up Over Whale Population. The CBS Evening News (8/18, story 8, 3:45, Schieffer) reported, "When millions of dollars were slipped into the federal budget to build a bridge to a community of only a few hundred people in Alaska, critics called it the 'bridge to nowhere.' It's the prime, and perhaps the worst, example of out-of-control pork barrel spending. But even after all the bad publicity, with sponsors like Alaska's powerful Sen. Ted Stevens, money to build it stayed in the federal budget. Well, hold on a minute. An unlikely group may accomplish what other senators couldn't." The bridge "may sink or swim on the backs of some neighborhood whales, beluga whales, whose water world is smack dab in the middle of the proposed project. The issue is whether building the bridge will destroy the habitat beluga whales depend on."

Ozone Hole Repair Forecast To Take 15 Years Longer Than Expected. The AP (8/19, Engeler) reports the UN Environment Program and the World Meteorological Organization said the "atmosphere will take up to 15 years longer than previously expected to recover from pollution and repair its ozone hole over the southern hemisphere," taking until 2065, instead of 2050 as previously expected.

IMMIGRATION:

DHS Estimates 11 Million Illegal Immigrants Are Currently In The US. The Washington Times (8/19, Seper) reports the Department of Homeland Security "yesterday said there are more than 11 million illegal aliens living and working in the United States, up from 8.5 million in 2000 -- a 24 percent jump with an expected annual growth of more than 408,000."

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The AP (8/19, Gamboa) reports Mexico "is the largest contributing country of illegal immigrants, with nearly 6 million in the U.S. in 2005, the government said. El Salvador, Guatemala, India and China followed with a combined contribution of about 1.4 million unauthorized immigrants. The greatest increase in illegal immigrants in the country was among Mexicans, a jump of 260,000 from 2000 to 2005. The greatest percentage increase in the immigrant population in those years was among people from India, 133 percent, and Brazil, 70 percent. California had the largest illegal immigrant population, with 2.8 million in January 2005, followed by Texas with 1.4 million and Florida with 850,000."

ICE Officials Not Planning To Arrest Illegal Residing In Chicago Church. The New York Times (8/19, Ruethling) reports on Elvira Arellano president of the immigrant advocacy group La Familia Latina Unida and an illegal immigrant from Mexico who is currently "seeking sanctuary" in a Chicago church after she "defied an order to report to the Department of Homeland Security on Tuesday to be deported." According to the Times, "Immigrants' rights groups and critics of illegal immigration are closely watching her case. Some supporters have likened her to Rosa Parks, while detractors say Ms. Arellano broke the law and should face the consequences. … She was arrested in 2002 at O'Hare International Airport, where she cleaned planes, for using a false Social Security number. She was granted a stay of deportation after a private relief bill was introduced in the Senate in 2003 because of her son's medical needs. Last year, two similar bills were introduced in the House, but no action has been taken." An Immigration and Customs Enforcement official, "who spoke on the condition of anonymity because policy prohibits discussing agency plans, said Friday that the authorities had other priorities and did not plan an arrest at the church."

WTimes Claims National Guard Are "Doing More Harm Than Good" On The Border. The Washington Times (8/19) editorializes, "When President Bush announced he would send 6,000 National Guard troops to the southern border, we applauded the move, but knew that it was more a symbolic gesture than an actual solution to the crisis. Our concerns deepened after it became known that the Guard troops wouldn't actually be, well, guarding the border. Rather, they would placed in more administrative positions, presumably to free up Border Patrol agents to patrol the field. Now, it looks like even that benign gesture may be doing more harm than good. As Jerry Seper reported Thursday, Border Patrol agents, instead of being free to guard the border, are having to guard the Guard. … In a word, this is crazy." The Times concludes that "all the administration has done is put 6,000 Guardsmen in harm's way. They aren't helping Border Patrol and they sure aren't securing the border."

TAX:

Widows Protest "Tax" In Benefits Laws. The New York Times (8/19, Alvarez) reports, "As many as 61,000 military widows whose husbands died of causes relating to their military service lose out on thousands of dollars a year in survivor benefits because of a law that dates from the 1970's. Widows and retirees have spent decades trying to persuade Congress to change the law, which hits hardest at the widows of lower-ranking service members and is referred to by many critics as the 'widow's tax.'" The Times notes that "[a] 1972 law created the Survivor Benefits Plan, a Department of Defense retirement income fund similar to a life insurance policy. The plan, in turn, pays benefits calculated according to a dead service member's rank and length of service" and "widows of veterans who died of service-related causes receive monthly cash stipends from the Department of Veterans Affairs. Known as the Dependency and Indemnity Compensation stipend." However, under the law, which placed restrictions on the plan that it created, the payment to widows enrolled in the Survivor Benefits Plan is reduced, dollar for dollar, by the amount of the Dependency and Indemnity Compensation stipend." The Times adds, "The Department of Defense opposes changing the law to allow both payments, arguing that survivors should not receive two separate benefits for a single death. But widows and their supporters say that the Pentagon's opposition to a change in the law really stems from its cost, especially at a time of rising expenses for the war in Iraq."

CONGRESS-ADMINISTRATION:

Boeing To Begin Shutting Down Production Of C-17 Cargo Plane. NBC Nightly News (8/18, story 2, :30, Brown) reported Boeing "will begin shutting down production of its C-17 cargo plane, the last Boeing jet being built in southern California. Boeing says Congress has not authorized the military to buy any more of the giant cargo planes, so the company needs to stop work on any that aren't already on order. The decision could affect more than 5,000 Boeing workers in four states and thousands of others employed by companies that supply parts for the C-17."

The Los Angeles Times (8/19, Zimmerman, White) reports Boeing has "taken the first steps toward closing its sprawling C-17 assembly plant in Long Beach, a shutdown that is expected to be completed by the middle of 2009 unless substantial new orders are placed for the giant military aircraft." In another Los Angeles Times (8/19) piece, Paul Thornton writes that "for those of us who grew up here, it's an idea that would have seemed impossible two decades ago: In

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three years' time, no more big jets will be built in the Southland."

The Wall Street Journal (8/19, Karp) reports, "Boeing has nearly 700 suppliers, and executives said the decision could have immediate impact on a few major components makers, including Honeywell International Inc., Goodrich Corp. and Vought Aircraft Industries Inc. Boeing has enough orders to keep making the big jet-powered transport plane until mid-2009 but said it had to make Friday's decision because some parts must be ordered 34 months in advance. ... Including suppliers, about 25,000 jobs in 42 states are linked to the C-17 program."

The AP (8/18, Gentile) reports, "Production could be restarted if Congress approves funding, which could happen as early as next month. But restarting the supply chain would be costly and add millions of dollars to the cost of each plane _ about $154 million each. The C-17 plant is the last major airplane factory left in Southern California, which once was a center for aircraft production. Earlier this year, Boeing delivered its last 717 passenger jet, also built in Long Beach." About 80 sites carried this story.

NASA Funds Two Contractors To Develop Privately Owned Spaceship. Bloomberg (8/18) reports NASA awarded contracts valued at $485 million to California's SpaceX and Oklahoma's Rocketplane Kistler "to develop a cargo ship to serve the International Space Station, planting the seeds for a commercial space industry." This is the fist time NASA "has hired contractors to build a spaceship that private companies, not the government, will own." The AP (8/18, Borenstein) reports NASA will give the companies the "'seed money' over the next five years for each to develop and test launch new spaceships."

Air Force To Test Synthetic Fuel. McClatchy Newspapers (8/19, Brown) reports the Air Force "will begin testing an alternative fuel program next month that it hopes will help wean the US military away from its dependence on foreign oil." A B-52 bomber test flight, scheduled for Edwards Air Force Base next month, will "determine if synthetic fuel will provide the Air Force with a substitute for conventional jet fuel. If successful, the B-52 flight will pave the way for the additional testing of combat aircraft, ships and ground vehicles."

Washington-Area Housing Voucher Demand Exceeds Availability. The Washington Post (8/19, B1, Otto) reports in its Metro section that Washington-area demand for federally subsidized rental vouchers, formerly known as Section 8, is far outpacing availability. In Washington, "30,000 people are on the waiting list; in Fairfax County, more than 11,000."

OTHER NEWS:

Ford To Cut Fourth Quarter Production By 21%. Ford Motor Company's announcement that it will cut production in the final quarter of 2006 by 21% was reported in very different ways by the three broadcast networks. NBC led with the story, ABC ran a brief item midway through its broadcast, and CBS did not mention it at all. NBC Nightly News (8/18, lead story, 2:30, Brown) began by saying, "These are tough times for American automakers." And for Ford, "and especially its workers, the situation just got even tougher. Today the company announced a huge cut in production -- the biggest in more than 20 years. The announcement came only months after a previous cutback that was supposed to ease its financial problems." ABC World News Tonight (8/18, story 5, :20, Gibson) said the production cut means Ford "will make 168,000 fewer vehicles than a year ago. Nine plants in the US and Canada will temporarily shut down."

The New York Times (8/19, Maynard) says Ford is "struggling to keep its grip on second place in the American car market," and that the "slowdown," which "represented the deepest production cuts since the industry's crisis of the 1980's…underscored the difficulty that Detroit, whose business relies on sales of sport utility vehicles and pickup trucks, is having as gas prices remain around $3 a gallon. Detroit's market share has dropped to its lowest level in history, while Asian brands, known for their fuel efficiency, are setting sales records." The Wall Street Journal (8/19, McCracken, Stoll) reports the decision "signals a growing recognition" by Chairman/CEO Bill Ford Jr. that the "storied enterprise founded by his great-grandfather" faces a "painful retrenchment that will leave it substantially smaller and less US-focused."

The Financial Times (8/19, Simon) says the "axe will fall most heavily on pick-up trucks and sport-utility vehicles." The Detroit Free Press (8/19, Webster) calls Ford's move "a bold bow to changing consumer tastes." While the cut "could result in substantial layoffs at Ford and its suppliers, it will help the financially struggling automaker" by giving it a chance "to provide the fuel-efficient cars and crossovers that consumers want these days, and make fewer of the gas-guzzling trucks they don't. But it's a risky gambit: The vehicles customers want are far less profitable than the big trucks they have been shunning."

The AP (8/18, Karush) and Bloomberg (8/18) also report on Ford's move.

Congress Embraces Foreign-Based Automakers' Growth In US. The Washington Post (8/19, Freeman) runs a front-page report on how Congress is embracing job creation via the "swelling numbers of Japanese, German and Korean autos built and sold" in the US. Foreign-based automakers

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employ 101,000 people in the US, and "in the next three years, these manufacturers will invest $9 billion in new factories, adding 9,000 more jobs." Sen. Lamar Alexander said, "There's a new definition of the American auto industry. Twenty-five years ago, it was the Big Three companies in Detroit. Now the definition is any company that makes a substantial number of cars and trucks in the US and has a big payroll here, pays big taxes here and buys supplies here."

Stocks Post Fifth Straight Day Of Gains. The Wall Street Journal (8/19, McKay) reports stock prices "continued to edge higher Friday," with technology shares helping to push the Nasdaq "to its best weekly gain in more than three years." The Nasdaq rose 6.34 points, or 0.3%, to 2163.95 on Friday, and "blue-chip shares also jumped, with the Dow Jones Industrial Average adding 46.51 points, or 0.4%, to end at 11381.47, gaining 2.6% over the course of the weeklong rally." Bloomberg (8/18) attributes the five days of climbs, "the longest streak in five months," to the "rebound in oil prices" that boosted energy shares and Microsoft's announcement of a $36 billion share buyback.

Consumer Optimism Declines. However, as stocks climb, consumer optimism is falling. Bloomberg (8/18) also reports "terrorism fears and higher gasoline prices unexpectedly drove confidence among US consumers this month to its lowest level since October," with the University of Michigan sentiment index dropping "more than forecast, to 78.7 from 84.7 in July."

Microsoft Nearly Doubles Stock Buyback. The New York Times (8/19, News) reports Microsoft "nearly doubled its stock buyback" after an "initial invitation for shareholders to sell failed to generate enough interest." The Wall Street Journal (8/19, Guth) says while Microsoft "fell far short of a goal to buy from shareholders as much as $20 billion of its own stock," analysts "cast the result in a positive light, explaining that investors believe the company will be able to lift its stock price over time and so were unwilling to part with their shares."

NYTimes Warns Coming Slowdown Will Be Painful. The New York Times (8/19) editorializes, "When this week's government reports showed tamer inflation than had been anticipated, investors almost certainly overreacted, pushing up stocks and bonds as if all was right with the economy. A slowdown is certainly preferable to an overheating economy, which raises the likelihood of much higher interest rates and widespread unemployment. But a slowdown is still bound to be painful, especially for the Americans -- and they are the majority -- whose wages have been stagnating through much of the current economic cycle."

Wal-Mart Distances Itself From Young's Controversial Comments. ABC World News Tonight (8/18, story 6, 2:10, Gibson) reported Wal-Mart is "fighting some very bad publicity generated by the very man hired to help the company polish up its image, civil rights icon and former Atlanta Mayor Andrew Young. … Part of Young's job: to defend Wal-Mart from the charge that it drives mom and pop stores out of business. Making that case, he told a black newspaper that those small shops 'are the people who have been overcharging us, selling us stale bread and bad meat and wilted vegetables. They've ripped off our communities enough. First, it was Jews, then it was Koreans and now it's Arabs.' Last night he apologized and resigned and Wal-Mart began distancing themselves from the man they thought would help them, saying, 'Young's comments do not represent our feelings. We were outraged.'"

The CBS Evening News (8/18, story 3, 2:15, Schieffer) reported, "Today, the 74-year-old Young resigned his Wal-Mart job. He declined our request for an interview, but in a statement, he apologized."

The Washington Times/AP (8/19) reports Young "said he decided to step down from Working Families for Wal-Mart to avoid becoming a 'distraction' amid criticism for the remarks, seen as racially offensive, in the weekly Los Angeles Sentinel. … Young apologized for the remarks, but said the Sentinel's report had been misread and misinterpreted."

The New York Times (8/19, Dewan, Barbaro) reports, "His remarks drew ire from Jewish groups and advocates of diversity, dismay from Wal-Mart executives and a slap from the Rev. Al Sharpton. But in Atlanta, the comments became an occasion to debate the focus of the civil rights movement and the fidelity of Mr. Young, now 74, to its ideals. … When Wal-Mart asked Mr. Young to become the public face of…Working Families for Wal-Mart….an open letter signed by 57 people, mostly clergy members, accused him of siding with the 'filthy rich' and 'taking a stand that is diametrically opposed to everything Dr. King stood for.'"

Barr Resubmits FDA Application To Sell OTC Plan B. The AP (8/19) reports Barr Pharmaceuticals, "the manufacturer of the morning-after pill resubmitted an application Friday seeking federal approval to sell the emergency contraceptive without a prescription." Barr "resubmitted the application to the Food and Drug Administration, company spokeswoman Carol Cox said. … The FDA had asked Barr to amend its application to limit over-the-counter sales of the pills, called Plan B, to women 18 and older. The pills are now sold only by prescription in most states."

Controversy Over Allen Remarks Said To Have Energized Webb's Campaign. The Washington Post (8/19, A1, Craig, Shear), in a front-page article titled, "Allen Flap May Give A Boost To Webb," reports, "The nationwide

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fallout from controversial remarks Sen. George Allen made last week has given Democrats new hope in a race many thought would be difficult to win in the historically conservative state." According to the Post, "Before Allen insulted a native Fairfax County man of Indian descent, many Democratic officials were privately doubtful that James Webb could mount an aggressive challenge. … But Allen's remarks…are generating new support for the Webb campaign and energizing Democratic activists. The Post adds, "Even Northern Virginia Republicans who support Allen say they are a bit worried. … Political analysts also said they sense a more competitive race. 'If the race wasn't on Democrats' radar screen before, it is now,' said Charlie Cook, editor of the Cook Political Report." However, the Post notes, "Democratic activists across the state have complained for weeks that Webb hasn't been visible enough, was slow in hiring staff and had limited knowledge about many issues."

Notable Republicans Back Lieberman's Independent Candidacy. The New York Times (8/19, Kornblut) reports Republican officials "at the state and national level have made the extraordinary decision to abandon their official candidate" in the Connecticut Senate race, Alan Schlesinger. Despite Sen. Joseph Lieberman's "position that he will continue to caucus with Democrats if re-elected, all three Republican Congressional candidates in Connecticut have praised Mr. Lieberman." Senator John McCain, "while saying he would support the Republican nominee, is not planning to campaign for him, and even allowed two of his aides to consult with the Lieberman camp before the Aug. 8 Democratic primary. And Newt Gingrich, the Republican who once served as House speaker, has endorsed Mr. Lieberman's candidacy." Schlesinger "has reacted bitterly to the rejection by his own party, dismissing calls for him to leave the race. He maintains he can win by conveying his conservative platform to voters."

Lieberman Hires New Consultant, Pollster. The AP (8/19, Haigh) reports Lieberman "continued retooling his campaign staff Friday, hiring Democratic consultant Josh Isay, "who has worked for Republican New York Mayor Michael Bloomberg, and GOP pollster Neil Newhouse, who lists popular Republican Gov. M. Jodi Rell of Connecticut among his clients."

GOP Chooses Houston Councilwoman As Write-In For DeLay's Seat. The AP (8/19, Lozano) reports, "Texas Republican leaders, unable to replace former Rep. Tom DeLay's name on the November ballot, sounded confident about the party's chances of holding onto his congressional seat after they voted to support the write-in campaign of a Houston city councilwoman. Party precinct chairmen from DeLay's 22nd Congressional District met Thursday night and chose Dr. Shelley Sekula-Gibbs, a dermatologist serving her third term on the city council, as the favored Republican candidate." State GOP Chairwoman Tina Benkiser" said Sekula-Gibbs was selected by a clear majority of the precinct chairmen who attended the gathering Thursday in Pearland, though she said she did not have a breakdown of the vote. … In addition to Sekula-Gibbs, candidates vying for the GOP's support included David Wallace, mayor of Sugar Land, and Houston businessman Tim Turner."

Eight Candidates File To Run In Ney's District. The AP (8/19, McCarthy) reports, "Eight candidates beat the deadline to vie for scandal-scarred Rep. Bob Ney's congressional seat in a special election next month, including two men who lost races in the spring primary" and Republican state Sen. Joy Padgett, who Ney "wants to take his place. … Joining her on the ballot — provided each filed at least 50 valid signatures of registered Republican voters from the 18th Congressional District — will be Ralph Applegate, who finished last in the May 2 Democratic primary, and James Brodbelt Harris, who received less than one-third of the vote against Ney in the Republican primary. Also filing petitions by Thursday's deadline were Dover Mayor Rick Homrighausen; Holmes County Commissioner Rick Feickert; John Bennett, Ney's Cambridge-based coordinator of veterans affairs; Gregory Zelenitz of Belmont County; and Samuel Firman of Coshocton County. The winner will face Democrat Zack Space, Dover's law director, in the Nov. 7 general election."

Murkowski Trails Two Other Candidates In Alaska GOP Gubernatorial Primary. The AP (8/19, Volz) reports "unpopular" Alaska Gov. Frank Murkowski "may not escape Tuesday's Republican primary." Murkowski "is polling last in the three-way race to win the Republican nomination. Two independent polls released this month show former Wasilla mayor Sarah Palin with a lead over former state legislator John Binkley of Fairbanks, and the governor bringing up the rear. Palin gained notoriety by calling attention to ethical lapses by Republican Party head Randy Ruedrich in 2003 and then Murkowski's first attorney general, Gregg Renkes, in 2005. She has cast herself as a party iconoclast battling for the nomination after battling for so long against its leaders. Binkley is a successful Fairbanks businessman who represented rural Alaska in the state Legislature and was a co-chairman of the powerful Senate Finance Committee in the 1980s."

Ickes Criticism Creates Tension At DNC Meeting. McClatchy (8/19, Thomma) reports the Democratic National Committee's Rules Committee "debated and adopted two new proposals - one aimed at creating

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"inclusion programs" for gays, lesbians, bisexuals, transgenders and the disabled; the other designed to enforce a new party move to give African-Americans and Hispanics a bigger voice in picking presidential nominees. Both proposals were expected to be approved Saturday by the full Democratic National Committee at its summer meeting here. Despite their broad support, however, the moves exposed underlying tensions and illustrated the power that organized minority groups retain within party councils as Democrats gear up for big elections in November and 2008." Sen. Hillary Clinton's adviser Harold Ickes "questioned the need for the new program. He also openly challenged another proposal designed to assuage groups such as African-Americans by acknowledging that they have faced worse political discrimination than gays. … He further inflamed advocates when, speaking of the history of discrimination, he referred to the long-abandoned practice of limiting voting to property owners." Donna Brazile "took his remarks as an insulting lecture" and said they "this borders on racism."

Anti-Bush Country Music Compilation Released. The New York Times (8/19, Emery) reports that a group of liberal Nashville songwriters called "Music Row Democrats" has "released an online compilation of 20 songs, several directly critical of Mr. Bush and the Iraq war."

States Report Cumulative $57 Billion In Budget Surpluses. The Washington Post (8/19, A4, Romano) reports that "for first time since Sept. 11, 2001, the vast majority of states reported saving an average of 10 percent of their budgets, one of the highest percentages of unspent money in decades," an amount the Post calls "breathtakingly huge." The "$57 billion in unexpected revenue has afforded states an opportunity to find all sorts of creative ways to spend and save their cash."

Power Of K Street Cast As Detrimental. In a New York Times (8/19) guest column, Thomas Frank writes that Rep. Bob Ney reportedly announced his retirement from Congress "under pressure from his fellow Ohioan John Boehner, who is said to have told Ney that, if he stood for re-election and lost, he 'could not expect a lucrative career on K Street.' … K Street's bright young men fill the top posts at federal agencies; K Street's money keeps wages low and prescription drug costs high; K Street's 'superlawyers' fight to make our retirement insecure; K Street's deregulation gurus turn our electric utilities into the plaything of Wall Street. What K Street wants from government is often the opposite of what the public wants. And yet what K Street wants, far too frequently it gets. … Whether we are Republicans or Democrats, we are all aware of how much more power corporations hold over everyday life than they used to. 'Those who own the country should govern the country,' John Jay used to say, and thanks in large part to K Street they do."

Boehner v. McDermott Decision Seen As Threat To Press. Theodore J. Boutrous, Jr., who has filed a friend-of-the court brief in the case of Boehner v. McDermott for 18 news organizations, writes about the case in the Wall Street Journal (8/19), "The D.C. Circuit has made a ruling in this dispute that, if it stands, will blow a hole through the First Amendment." The Supreme Court is said to have ruled "in Bartnicki v. Vopper that it would violate 'the core purposes of the First Amendment' to use the wiretapping statute to punish defendants who had 'lawfully' obtained and broadcast a tape of a telephone call that had been illegally recorded by someone else." Yet "a panel of the D.C. Circuit upheld a $60,000 judgment for statutory and punitive damages against Mr. McDermott." Now "it is imperative" that the full court "reject the panel's ruling." He argues that the principle stated by the panel of the D.C. Circuit would "severely hamper traditional newsgathering and reporting activities."

Bush "Prods" France To Include More Troops For Lebanon Force. The Financial Times (8/19, Birchall, McDonald) reports, "In an indication of the growing concern over France's apparently lukewarm response to the creation of a United Nations peacekeeping force in Lebanon, US President George W. Bush said on Friday he hoped Paris would decide to commit more troops to the operation." While "Paris has said it will restrict itself…to providing just 200 extra engineering troops," French President Jacques Chirac's office "left open the possibility of providing extra troops." The AP (8/19, Lederer) notes, "Malaysia's foreign minister said Friday that Israel should have no role in deciding which countries make up the force." It also adds, "President Bush expressed some disappointment Friday with France's decision," in the middle of the article.

The Washington Post (8/19, A10, Lynch, 748K), in its fourth from last paragraph, adds, "President Bush prodded Chirac and other world leaders to increase their military contributions, saying that the United States will 'work with nations to step up to the plate and do what they voted to do at the United Nations, and that is to provide robust international forces to help the Lebanese army retake the south.'" A separate article in the Financial Times (8/19, Birchall, MacDonald) notes "In an indication of international frustration with the French response, US President George W. Bush on Friday urged Paris to send more troops." The AP (8/18, Lederer) adds that "at a meeting of 49 nations on Thursday, the only countries to offer mechanized infantry battalions, which will be the front line of the expanded force, were three predominantly Muslim countries -- Bangladesh, Indonesia and Malaysia -- and Nepal, which is predominantly

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Hindu." The Washington Times (8/19, Ketz) says Israel "has balked at the prospect of countries with which it has no diplomatic relations," like Malaysia and Indonesia, being deployed on its border. Bloomberg (8/18, Mathewson, Varner) reports President Bush also urged France to provide more troops, saying, "France has said they'll send some troops. We hope they send more." Lebanese Foreign Minister Fawzi Salloukh also said, "We are seeking more from France." The Financial Times (8/19, Birchall, MacDonald) calls Bush's words "an indication of international frustration with the French response."

US, Israel Press Arms-Supplying Nations Not To Arm Hezbollah. The Los Angeles Times (8/19, Richter) reports the US and Israel "have launched a diplomatic effort to prevent other countries from helping rearm Hezbollah, warning that a resumption of the weapons flow could reignite fighting in Lebanon just as the cease-fire takes hold." Officials "have pressed major world arms suppliers -- notably Russia and China -- to ensure that their weaponry doesn't find its way to the Lebanese militant group. They also have urged Turkish officials to prevent any flow of weapons across their land or airspace."

Turkey Says It Forced Two Iranian Planes To Land During Conflict. The AP (8/18) reports, "The Turkish Foreign Ministry said Friday that it had forced two Syria-bound Iranian planes to land and be searched for rockets and other military equipment during the conflict between Israel and Hezbollah." The Iranian planes were reportedly "forced to land at Diyarbakir airport on July 27 and on Aug. 8 -- but that no military equipment was found."

Funerals Held In Qana, Across Southern Lebanon. McClatchy Newspapers (8/19, Fadel) and the AP (8/18, Gannon, Frayer) report mass funerals were held in Qana Friday. McClatchy says "across southern Lebanon, Muslims buried their dead on the first Muslim holy day since the cease-fire went into effect." The AP writes that in Qana, "women in black robes, their heads hidden by black scarves, held pictures of the dead and threw rice and rose petals on the plywood caskets. … Twenty-six coffins were draped in the Lebanese flag and three in the yellow Hezbollah flag."

Lebanese Civilians Endangered By Unexploded US-Made Cluster Bombs. The New York Times (8/19, Fattah) reports, "Thousands of so-called bomblets, smaller than a hand grenade but far more deadly, have turned homes, schools and even hospitals in southern Lebanon into virtual minefields, threatening communities for months, possibly even years to come, say human rights campaigners and mine cleanup groups." The Times notes Israel "acknowledges that it dropped cluster bombs during the monthlong war, but says it tried to avoid using them in civilian areas. On a battlefield, the multipurpose cluster bombs like the ones fired on Lebanon, many of them made by American contractors, are designed to penetrate thick armor as well as to kill or maim enemy soldiers within several yards, mine clearance officials said. … But groups like Human Rights Watch, which has led a campaign to ban the weapons, say they are too inaccurate and unreliable, especially when used in civilian areas, where they can pose a danger long after a war is over."

Hezbollah's Nasrallah Said To Have "Gained The Most" From War. NBC Nightly News (8/18, story 3, 2:30, Brown) was the only network newscast to cover Lebanon Friday night, reporting that as "mass graves were open so families could grieve for and bury their dead," Hezbollah "began to meet today by handing out massive amounts of cash -- one of the reasons why Hezbollah's leader is positioning himself as the war's big winner." NBC (Engel) added that "Hezbollah and its media-savvy leader Hassan Nasrallah" have been building popularity "out of destruction. … Fighters have now become aid workers, strengthening Nasrallah's hold on south Lebanon. While international aid groups today trickled in with food and water, Hezbollah handed out cash from Iran: $12,000 in bundles of $100 bills to families who lost their homes. Nasrallah has pledged to hand out $150 million. Described as smart, pragmatic, and determined, Nasrallah appears to have gained the most from the war."

The New York Times (8/19, Worth) reports Hezbollah volunteers handed out the "stacks of American dollars" as part of "its vigorous campaign to help families whose houses were destroyed over the past month." Meanwhile, "villagers danced in the streets and threw rice on Friday as the Lebanese Army's soldiers reached the southern border with Israel for the first time in decades."

McClatchy Newspapers (8/19, Rosenberg) writes, "The Hezbollah force that fought Israel to a draw in a month-long border conflict is the product of a two-decade, Iranian-nurtured program that took a guerrilla group and transformed it into a full-blown Shiite Muslim army." How Hezbollah "grew into what one commentator has called the fifth most powerful army in the Middle East is a lesson sure to be studied not only by Israelis but also by their potential opponents in Gaza and the West Bank and by militia groups the world over." Newsweek (8/19, Dehghanpisheh) writes on its website that Hezbollah's "political moves are proving as skillful as the military strategy that denied the legendary Israeli Army a decisive victory." Nasrallah "moved swiftly to take control of the reconstruction process -- or at least create that impression."

Israelis Fear Campaign Against Hezbollah Has Left Them Vulnerable. The Washington Post (8/19, A10, Struck, Zipper), in an article titled, "Many Israelis See Lebanon War As Major Stumble," reports, "From the failure to get food and water to the troops, to complaints of an

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uncertain war plan and overconfident generals, the Lebanon war is fast being viewed within Israel as a major stumble. Military and political leaders already are trading blame; some are expected to lose their posts. Officers say the mistakes show weakness in the military, the Israel Defense Forces, known as the IDF. Many Israelis worry that the failure of the military to squash the Hezbollah militia will make their country more vulnerable to other enemies." According to the Post Prime Minister Ehud Olmert and Defense Minister Amir Peretz, "have little military experience and are now the target of scathing criticism for faults in the operation. The Knesset, the Israeli parliament, is demanding a judicial investigation of the conduct of the war. Public opinion of the government and military leaders has plunged in the polls, and the returning soldiers are glum.

Israeli Soldiers Criticize Their Officers' Conduct Of Operations. The Washington Times/AP (8/19, Harvey) reports, "Soldiers returning from the war in Lebanon say the Israeli army was slow to rescue wounded comrades and suffered from a lack of supplies so dire they had to drink water from the canteens of dead Hezbollah guerrillas. … In a nation lionized for decisive military victories over Arab foes, the stalemate after a month of war in Lebanon has surprised many. The Israeli army was often caught off guard by a well-trained guerrilla force backed by Iran and Syria that used sophisticated weapons and tactics. Soldiers, for instance, complained that Hezbollah fighters sometimes disguised themselves in Israeli uniforms. Critics are demanding an official commission of inquiry, with the power to dismiss top government officials. Such a commission forced Ariel Sharon to resign from the defense minister's job after Israel's 1982 war in Lebanon. Some of the harshest criticism has come from reservists, who form the backbone of the army." Israeli newspapers "quoted disgruntled reservists as saying they had no provisions in Lebanon, were sent into battle with outdated or faulty equipment and insufficient supplies, and received little or no training."

Israel's Miscalculations Analyzed. In a front-page story the Wall Street Journal (8/19, A1, Chazan, Leggett, King) reports Hezbollah "remains far from defanged. Indeed, in many eyes it is the victor, having faced down the mighty Israeli military and hugely enhanced its standing with the anti-Israeli populations across the Mideast. … Even the scaled-back ambitions that Israel and the U.S. settled on as the conflict unfolded remain in peril." According to the Journal, Israel "repeatedly underestimated Hezbollah. It miscalculated the political support it would win from Lebanon. Israel's civilian and military leadership divided over how to wage the war. And some Western powers, having seen Hezbollah's might, are wary of taking it on by getting into a peacekeeping venture. The war and uneasy peace are causing earthquakes across the Middle East. Tremors are rippling through Israel, where an emotional reexamination of what went wrong is under way." Hezbollah "is crowing that it has won a victory -- even though the extent of the beating it took is also becoming clearer. President Bush said in his view the militant group is the loser, though it may take some time for the world to see it that way." Later in the article it is reported that President Bush "was briefed about the rapidly escalating fighting early on the morning of the first day. He and his staff quickly also agreed to try to capitalize on the incident to accomplish the long-pursued goal of getting Hezbollah to give up its weapons."

Israel Lodges Protests With Russia Over Hezbollah's Use Of Its Anti-Tank Missiles. The Washington Times/AP (8/19) reports Israeli officials "said yesterday that a senior delegation went to Moscow this week to complain that Russian-made anti-tank missiles were used by Hezbollah guerrillas in their 34-day conflict with Israeli forces in Lebanon. … The anti-tank missiles proved to be one of Hezbollah's most effective weapons in combat in south Lebanon, killing many of the 118 Israeli soldiers who died in the fighting. Israeli officials say Iran and Syria passed the arms to Hezbollah after buying them from Russia."

Olmert Reportedly Suspends West Bank Withdrawal Plan. The Financial Times (8/19, Morris) reports Israeli Prime Minister Ehud Olmert, "has shelved plans for an Israeli withdrawal from parts of the West Bank, the central plank of an electoral platform that brought him to power earlier this year. Israel Radio quoted ministers of Mr Olmert's Kadima party as saying that the so-called West Bank realignment plan had not been cancelled but had been suspended in view of the need to direct resources to the north. However, the decision to sideline the controversial plan coincided with a backlash against unilateral measures that many blame for weakening Israel's security."

More Commentary. The New York Times (8/19) editorializes, "Israel is politically roiled by public dissatisfaction with the monthlong Lebanon war. The public has been surprised by the inconclusive outcome of the campaign, frightened by unintended consequences like the surging popularity of Hezbollah, and angry that the country's vaunted military has been shown to be less than all-powerful. This debate could prove politically costly to Prime Minister Ehud Olmert and Defense Minister Amir Peretz, two neophyte leaders who now must answer for a costly military effort that did not lead to the Hezbollah defeat the country expected. … Washington helps Israel best when it supplements, and where necessary restrains, Israeli actions, not when it acts as a mindless echo chamber. America abdicated leadership in this crisis, leaving Mr. Olmert to deal with the messy outcome. It doesn't help that unlike most of his predecessors, Mr. Olmert does not have a professional military background. But if he is prepared to learn the right lessons, he might survive. His chief political rival, after all, is

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Benjamin Netanyahu, a man with his own long record of costly and impetuous decisions."

In a Washington Post (8/19, A17) op-ed, former Assistant Secretary of Defense for International Security Affairs Franklin Kramer writes, "Not all peacekeeping forces are successful, and certainly not in Lebanon, where U.S. Marines on a peacekeeping mission were killed in their barracks by terrorist truck bombs and where, a few years later, a U.S. military officer leading a United Nations peacekeeping force was kidnapped and killed. If peacekeeping is to be part of a long-term answer for Lebanon, the force there needs to be carefully designed to generate an effective solution rather than become part of the problem, as has been the case in the past. To do that requires answering five key questions": What is "the mission of the force?" What will be "the relationship of the force to the Lebanese government" and military? Will the mission "go beyond the purely military?" What will be "the composition of the force?" What "resources will be provided beyond the peacekeeping force?"

Israel Arrests Palestinian Deputy Prime Minister. The Los Angeles Times (8/19, King) reports Israeli troops arrested Palestinian Authority Deputy Prime Minister Nasser Shaer, "the highest-ranking official to be seized since Israel began arresting Hamas members who are figures in the Palestinian government." He was taken into custody after troops surrounded his Ramallah home before dawn.

Captured Fox Cameraman's Wife Appeals For Release. The Los Angeles Times/AP (8/19) reports freelance journalist Anita McNaught, wife of captured Fox News cameraman Olaf Wiig, "made a tearful plea Friday for information about the whereabouts of her husband and a fellow Fox journalist," Steve Centanni. In her "televised appeal," McNaught said, "If somebody knows any information, can you please tell us because I want him home so much. He and his colleague, Steve, don't deserve this. They are good men…and they should be allowed to come home."

British Government Criticized Over Failure To Engage UK Muslims. The New York Times (8/19, Lyall) reports that "for years," the UK government "has been trying to engage the country's 1.6 million Muslims, and for years it has appeared to lurch from committee to committee, initiative to initiative and strategy to strategy without much to show for its troubles. And even as it has poured money into Muslim community centers, state-run Muslim schools and local Muslim programs, it has had little success in winning over an increasingly skeptical Muslim population." The Labour government "would dearly like to know why, just as it would like to know why the two dozen suspects in what the police say was a terrorist plot to blow up trans-Atlantic airliners are born-and-bred British Muslims." But the Tory opposition and many Muslims "say the problem comes not only from the government's failure to follow through on myriad initiatives, but also from its inability to understand the complexities of Britain's Muslim population."

Raul Castro's First Public Remarks Criticize Bush. The Washington Post (8/19, A13, Roig-Franzia, 748K) leads, "Raúl Castro used the occasion of his first public remarks as Cuba's interim leader to announce that he had mobilized tens of thousands of reservists and military troops in case 'someone crazy' in the U.S. government decided to attack the island nation. He also said President Bush had a 'stupid attitude'" and "accused Bush of developing plans to forcibly remove Cubans from their homes" This "sent a clear message that Raúl Castro shares his brother's distaste for the U.S. government and his penchant for rhetorical broadsides against Bush," giving "little hope of improved relations with the United States." State Department spokesman Tom Casey said, "I don't think we're particularly enamored of the first words we heard" and "dismissed Raúl Castro as 'Fidel Lite.'"

The New York Times (8/19, Lacey) adds that Raul Castro "lashed out at President Bush's push for political change in Cuba as 'boorish' and 'stupid.'" He added that military mobilization was needed because "We could not rule out the risk of somebody going crazy, or even crazier, within the U.S. government."

In contrast, the AP (8/19, Snow) leads, "Castro said Cuba remains open to normalized relations with the United States, but warned the Bush administration in his first comments since assuming power that it will get nowhere with threats or pressure." The AP adds, "In another move likely to be seen as an aggression by Havana, U.S. National Intelligence Director John Negroponte announced Friday he was creating a 'mission manager' for Cuba and Venezuela to oversee the American spy community's efforts to collect and analyze intelligence on the two countries."

"Cuban Five" May Benefit From Revelations Of Plots To Kill Castro. The Los Angeles Times (8/19, Williams) reports, "Attorneys for five Cubans convicted of espionage are hoping new disclosures" they they "had devised and executed dozens of missions to topple the Communist government in Cuba," including "the admission by Jose Antonio Llama, a 75-year-old exile, that he financed a 1997 mission to kill Castro for which he had already been tried and acquitted," might "win a new trial for the men, now serving sentences of 15 years to life in maximum-security prisons." The New York-based National Committee to Free

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the Cuban Five "conscripted high-powered legal help from the National Lawyers Guild and announced a Sept. 23 march in Washington to demand that President Bush free the Cubans." However, "earlier this month, the 11th Circuit Court of Appeals in Atlanta rejected a new trial sought on grounds that the men's 2001 process was conducted in a tainted venue: emotionally charged Miami after the Elian Gonzalez custody battle." Still they are "a cause celebre on both sides of the Florida Straits. Havana authorities cast the five as victims of exile vengeance. Many Cuban Americans here see them as Castro emissaries bent on undermining U.S. security."

Ex-Bolivian Leader Blames US In Missile Scandal. CNN/AP (8/18) reports, "A former caretaker president who shepherded Bolivia through political turmoil only to be accused of treason in the secret removal of anti-aircraft missiles to U.S. soil says Washington will share the blame if he's convicted." Eduardo Rodriguez "says Washington is refusing to clarify that he had nothing to do with the missiles' removal." He "said he wasn't told about the agreement until after the missiles were handed over to the Americans. He issued a diplomatic protest and said he refused to accept the money."

North Korean Flooding Said To Help Reverse Pressure From Missile Test. In an analysis piece, Time Magazine (8/19, Schuman) reports that is possible that after North Korea's "widespread flooding that followed July's torrential rainstorms," "large sections of the country's main rice-growing region have been washed out. If so, the flooding may be the precursor of another North Korean famine," and "while the North Korean regime has typically played down the extent of humanitarian suffering on their soil, this time the impression of an imminent catastrophe may actually work in Pyongyang's favor." The "fear of a famine following the flood bodes ill for U.S. efforts to isolate Pyongyang and pressuring it to dismantle its nuclear weapons and missile programs" as "the floods…may wash away the hopes of U.S. and Asian hardliners for piling the pressure on Pyongyang." South Korea already "reversed course and promised $10 million of aid."

Gadhafi Says He Spoke To North Korea. The AP (8/18) reports, "Libyan leader Moammar Gadhafi told a visiting Japanese official that his country has urged North Korea to give up efforts to develop weapons of mass destruction, the Foreign Ministry said Friday." Gadhafi told Japan's state minister for science and technology policy "that Libya has been urging North Korea to follow his country's example and called for cooperation from developed countries including Japan in persuading Pyongyang," according to that ministry.

In Drug War, Administration Claims Of Success Are Questioned. The New York Times (8/19, Forero) reports, "The latest chapter in America's long war on drugs — a six-year, $4.7 billion effort to slash Colombia's coca crop," known as Plan Colombia, "— has left the price, quality and availability of cocaine on American streets virtually unchanged." It "had a specific goal of halving this country's coca crop in five years. That has not happened." While "Bush administration officials say that coca farmers are on the run, and that the leftist guerrillas and right-wing paramilitaries who feed on drug profits are weaker than ever," their "claim was disputed by a wide range of drug policy experts, and some politicians are questioning the drug war's results as well as its assumptions." Additionally, "the recent claims of success have sparked criticism even among some Republicans in Congress." Sen. Charles Grassley "questioned whether data were being selectively used to 'provide a rosier but not necessarily more accurate picture of the current situation.'"

UN AIDS Official Delivers "Blistering Attack" On South Africa. The New York Times (8/19, Altman, 1.21M) reports that Stephen Lewis, the ambassador to Africa for AIDS for the United Nations, in a keynote address at the closing of the 16th international AIDS meeting, "delivered a blistering attack on South Africa…saying that its government 'is still obtuse, dilatory and negligent about rolling out treatment..'" He added that "South Africa "continues to propound theories…worthy of a lunatic fringe," that it "'has a lot to atone for,' and 'I'm of the opinion that they can never achieve redemption.'" Lewis also emphasized that "Gender inequality is driving the pandemic." South African president Thabo Mbeki "has continually expressed skepticism that H.I.V. causes AIDS."

The AFP (8/19) adds that Lewis said "he had been barred from working in South Africa after falling out with its controversial health minister over AIDS policies." South African Health Minister Manto Tshabalala-Msiman "wrote me a letter saying I had to apologise to herself, to the president of South Africa, to the African National Congress and to the people of South Africa" before she would consider letting him work. "Tshabalala-Msimang is promoting a remedy for HIV, made from garlic, beetroot and lemons that scientists say is worthless."

WPost Focuses On New Anti-AIDS Strategies. The Washington Post (8/19, A3, Brown, 748K) covers the conference, but doesn't mention Lewis. It focuses on the hope that if some of the approach to dealing with AIDS that were showcased "turn out to be successful…the cumulative effect could profoundly change the trajectory of the 25-year-old AIDS epidemic." Although "Participants are hesitant to announce the dawning of an era of prevention that could eventually lead to the epidemic's end," the conference "ended

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on a note of optimism and anticipation." If everyone is tested for HIV, allowing "infected people to be identified early and to take steps -- both behavioral and pharmaceutical -- to make them less infectious," and "uninfected people…use new protective strategies, the combined effect will be that each round of HIV infection will be smaller than the one before. The epidemic will contract. Eventually, it will crash."

Chinese Crackdown On Defense Lawyers, Try Activist. The New York Times (8/19, Kahn, 1.21M) reports, "Chinese officials are stepping up a crackdown on defense lawyers in the latest sign that Communist Party leaders are determined to stamp out legal challenges to their authority." While "the ruling party has encouraged the idea that people have legal rights as a way of checking petty corruption, improving efficiency and channeling social grievances into the party-controlled judicial system," these "latest actions suggest that at least some powerful officials want to curtail the growing use of lawsuits to contest abuses of power, human rights violations, land seizures and official corruption." The "court officials in Shandong Province held a closed criminal trial of Chen Guangcheng, a legal expert and advocate of peasants' rights, which Mr. Chen's defense lawyers condemned as heavy-handed political persecution." None of them "were permitted to attend the trial," and Chen Guangfu, Mr. Chen's elder brother, who attended the hearing, said "the defense…was not permitted to call witnesses."

The Washington Post (8/19, A10, Fan, 748K) reports that Chen "stood trial Friday without his lawyers, while supporters said the case made a mockery of any effort in China to impose the rule of law." His lawyers "had been about to leave their hotel for dinner Thursday night when they were suddenly surrounded by six men who accused the attorneys of stealing one of their wallets. The men called the police, who then detained the lawyers at a local police station." The Los Angeles Times (8/19, Ni, 918K) notes that the two attorneys the court appointed "were unfamiliar with his case and appeared to have little intention of defending him" according to "one of Chen's three brothers, the only family members allowed into the courtroom."

Reporter Says Trial Shows China's Long Road To Travel. Susan Jakes writes in a column in Time Magazine (8/19) that Chen's trial should "serve as a reminder of how far China has yet to travel." True, "among Beijing's greatest achievements in recent years has been its ability to convince the Chinese people and the rest of the world, that life in China is getting better each day. But as Chen sat through his trial, I — and some of China's brightest optimists — had trouble feeling convinced."

Trying To Slow Economy, China's Central Bank Raises Interest Rates. The New York Times (8/19, Bradsher) reports, "China's central bank raised interest rates on Friday evening, the latest in a series of moves by the government to choke off a binge in speculative lending and investment that threatens to saddle the country's banks with more bad loans if the economy slows." While expected, the raise came "despite a series of signs over the last week that rapidly rising investments have not yet caused the broader economy to overheat," including "announcements over the last week that consumer prices had fallen in each of the last three months and that growth slowed last month for industrial production and for investments in factories and other fixed assets." Also, "government has already increased restrictions on bank lending policies, raised bank reserve requirements and even reprimanded regional officials who pursue speculative construction projects in defiance of Beijing's instructions. Chinese officials have hinted at further brakes on the economy in the months to come."

Chiapas Gubernatorial Race Said To Offer Insight Into Mexican Political Future. John Lyons writes in a column in the Wall Street Journal (8/19, A2, Lyons), "A gubernatorial vote on Sunday will provide the best gauge yet of whether Andrés Manuel López Obrador's protest movement is damaging the fortunes of the political left." A "political backlash against Mr. López Obrador may be gathering strength," as "many Mexicans who voted for Mr. López Obrador saw him as a moderate" but "now, though, some view him as too radical." A month ago, the governor's race in" Chiapas "appeared to be in the bag for Mr. López Obrador's Party," but now he has "sinking fortunes." Additionally, "the other parties in the race are now throwing their weight behind the No. 2 candidate in the polls, Jose Antonio Aguilar of the Institutional Revolutionary Party, or PRI," and that "includes the conservative National Action Party, or PAN, of winning presidential candidate Felipe Calderón." This cooperation "may presage the kind of alliances that the PAN will try to make in order to get key legislation passed -- and diminish the left's influence."

Somali Islamists Reject African Peacekeeper Plan. The New York Times (8/19, Gettleman, 1.21M) reports, ""The Islamic clerics who rule much of Somalia on Friday rejected a plan for African peacekeepers to be deployed there, saying that foreign soldiers, African or not, would be mercilessly repelled," after "East African military leaders met in Nairobi and floated a plan to send more than 6,000 soldiers to Somalia." The Islamic leaders "called for a holy war against the peacekeepers," as they "fear that the peacekeeping plan is simply a ruse to back up the transitional government," which "is energetically supporting the plan for African peacekeepers and seems to have won over military leaders in Kenya." Even if the force is dispatches, "it is far

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from clear…who would pay for these peacekeepers and provide the logistical support necessary to make any headway in Somalia."

The AFP (8/19, Bosire, Abdi) adds that the seven-member Inter-Governmental Authority on Development agreed to "revised plans for the mission," and "the first elements of the nearly 7,000-strong regional force are to assemble in northeast Kenya." However, problems include an appeal "to the cash-strapped African Union…to back the mission" and "UN Security Council reluctance to ease a 14-year-old arms embargo to assist the peacekeepers in restoring stability."

AIPAC Lobbyists Case Not Thrown Out, But Government Given Higher Standard To Prove. The Washington Post (8/19, A4, Pincus) reports that U.S. District Judge T.S. Ellis III "last week refused to throw out charges of conspiring to violate the 1917 Espionage Act against" Steven J. Rosen and Keith Weissman, two former pro-Israel lobbyists, but "simultaneously made it much more difficult for the government to prove its case against them, attorneys for the defendants and First Amendment advocates contend." He ruled that "for the government to prove its case…it must show that the two men disclosed national defense information 'closely held by the government' and that each 'had bad faith purpose' in passing it to others, knowing it 'could be potentially damaging to the United States' or 'useful to an enemy of the United States.'" He also "supported" the concept that the two "were receiving and passing on information as part of their First Amendment right to carry on public discussions about defense and foreign policy issues," refusing "to accept the government's assertion that 'Espionage Act prosecutions are immune from First Amendment scrutiny.'"

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
An Unlikely Friendship That Finally Unraveled
Boeing Moves to Close Plant
7 British Terror Suspects Also Pakistani Citizens
Hollywood Gets the Freebie-Jeebies
Jones Is the Latest to Fail a Drug Test

New York Times:
Ford Is Slashing Production 20% for 4th Quarter
Fearful Iraqis Avoid Mosques as Attacks Rise
G.O.P. Deserts One of Its Own for Lieberman
Colombia's Coca Survives U.S. Plan to Uproot It
Experts Fault Reasoning in Surveillance Decision
Pataki Appoints Fifth Republican to Highest Court
Villagers Cheer as Lebanese Army Marches South

Washington Post:
Marine Commander Called Haditha Routine
Allen Flap May Give a Boost to Webb's Run
Detroit Waves Flag That No Longer Flies
JonBenet Mentioned in 2001 Probe
Afghan City's Rebound Cut Short
What's Large, Gray and Likes to Play Polo?

Washington Times:
Lebanon secures itself
Raul Castro rips U.S. in first remarks
Suspect sent to U.S. after JonBenet arrest
Israelis back from battle report grievous missteps
No more castoff donations for a tax write-off
A few phrases in English put diners at ease

Detroit Free Press:
Ford cuts to move forward

Atlanta Journal-Constitution:
Georgia leads in illegal immigrants
Gas prices on downward trend
DNA may hold key to mystery

Dallas Morning News:
2 more arrested in Juárez rape-murders
JonBenet suspect on radar in 2001
3 from Mesquite still jailed
Jury deliberations in pastor's rape trial stop for weekend
Kathryn Frost, wife of former congressman, dies
Arlington bans outside irrigation this weekend

Houston Chronicle:
Hurricane relief for Texas a hard sell, Hutchison says
Yao faces test at World Basketball Championship
Pakistanis arrest al-Qaida commander
Batters fail to get clutch hits in loss to Brewers
Tape revives Mexican conspiracy theory
Sekula-Gibbs faces big hurdles in House bid

Story Lineup From Last Night's Network News:
ABC: Al Qaeda arrest; Germany terror attack averted; JonBenet Ramsey case; Karr's story; Ford production cuts; Wal-Mart-Andrew Young.
CBS: JonBenet Ramsey case; Wal-Mart-Andrew Young; Warrantless Eavesdropping; Iraq Police Training; DUI Crackdown; Older Americans HIV/AIDS; Alaska Bridge-Whales.
NBC: Ford Cuts; Boeing C-17; Hezbollah Popularity Boost; JonBenet Ramsey case; Anti-Terror Animals; McDonald's and Obesity.

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WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public scheduled. At Camp David.

VICE PRESIDENT CHENEY — Unavailable.

US Senate: No scheduled events.

US House: No scheduled events.

Other: 8 a.m. KICKING FOR KIDS _ Kicking for Kids Who Can't fund-raiser, featuring participants who pledge to kick ``anything'' -- soccer balls, hackey sacks, dance and martial arts kicks, etc. Benefits the Limbs for Life Foundation, which provides full prosthetic care for individuals who can't otherwise afford it and raising awareness of the challenges facing amputees. Location: National Mall between 4th and 7th sts. Contacts: Margaret Westley, 347-886-0105.

6 p.m. SOUTH AFRICA BENEFIT _ The Ithemba Foundation and the South African Embassy hosts its 2nd Annual charity event, ``A Taste of South Africa,'' to benefit South African youth. Location: Residence of South Africa's Deputy Ambassador Derick Moyo, 5285 Partridge Lane NW. Contacts: Candice Drummond, 301-218-6649, Cleve Mesidor, 202-277-7381.

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Subject:	Department of Justice News Clips for Sunday, August 20, 2006
Attachments:	dojclips060820.pdf; dojclips060820.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, AUGUST 20, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

British Try To Balance Risks In Terror Probes (LAT) 4
In British Inquiry, A Family Caught In Two Worlds (NYT) 6
Top Police Spar In London Over Muslims As 'Victims' (NYT) ..9
Police Hit Out At FBI Over Leaks (UKOBS) 10
U.S. Measures Anti-Terror Laws Vs. Britain's (LAT) 11
Airport Security (WP) 12
Finding A Friendly Court Is Not So Easy (NYT) 13
Ruling On Unconstitutional Surveillance (PHI) 14
Editorial: Eavesdropping Within The Law (CHIT) 15
Editorial: War Doesn't Trump Constitution (CINE) 16
Editorial: Judge's Ruling On The Mark (LVS) 17
Op-Ed: NSA Ruling Much Like A Pig In Parlor (CHIT) 17
Editorial: Gonzales Should Forget Appeal, Improve Program (DECD) 18
The Post-8/10 World (NYT) 18

Homeland Response:

DHS Terror Research Agency Struggling (WP) 20
Hokum On Homeland Security (NYT) 22
No Charges To Be Filed Against Detained Passenger (SAEN) 23
FBI: Passenger Detained After Flight Not Suspicious After All (SDUT/AP) 23
Gov't Fulfills Few Katrina Promises (AP-Y) 24
Who's To Blame For State Of New Orleans? (AP-Y) 25
City To Mark 1 Year Since Katrina (NOTP) 29
Where Did The Gulf Coasters Go? (LAT) 30
New Orleans' Soul Survival (LAT) 32
Mississippi Comeback (LAT) 33
Not Too Late For New Orleans (LAT) 34
FEMA To Evict Florida's 2004 Hurricane Victims (WT) 35
Scientists Disagree On Link Between Storms, Warming (WP) 36
We're All New Orleanians Now (WP) 37

War News:

Bush: Iraq War Keystone In Terror Fight (AP) 40
Car Ban Disrupts Life In Baghdad (WP) 40
Shiite Festival Precautions Bring Measure Of Calm To Baghdad (LAT) 42
Shiite Pilgrims Face High Iraqi Security (WP/AP) 43
Pope Urges Release Of Priest In Iraq (WP/AP) 44
Baghdad's Walls Are Closing In (LAT) 44
U.S. Soldier Killed In Iraqi Province (WP/AP) 46
Iranian Shells Land In Kurdish Villages In Northern Iraq, Killing 2 (NYT) 47
A Nonpartisan Look At The Price Tag Of Overseas Wars (NYT) 47
Shi'ite Revival Roiling Mideast (WT) 48
And Now, Islamism Trumps Arabism (NYT) 49
4 U.S. Soldiers Are Killed As Afghan Violence Surges (WP/AP) 51
71 Suspected Afghan Militants Killed (SEAPI/AP) 51
Troops Long Out-Of-Uniform Sent To Iraq (WP/AP) 52
What Next? (WP) 53
Keep Pakistan On Our Side (NYT) 59
The Long War (BSUN) 61

Corporate Scandals:

For Prosecution, No Sure Route To Lay's Estate (HC) 61
Judge Urged To Reject Moving Nacchio Trial (DENP) 63
Fannie Mae Says Last Of Accounting Errors Have Been Found (AP) 64

Criminal Law:

JonBenet Link Unsettles Klaas Town (WP/AP) 65
Using Nearly Nude Pictures, Child Sex Sites Test Laws (NYT) 66
Behind The Cash In The Freezer (LEXHL) 70
Organized-crime Law Used Against Gangs (AP) 74

Hospitals Grew With Medicare Paying The Way (NYT) 75

Civil Law:

A Tortured Past (LAT) 77
Tobacco Racketeers Get Off Easy (NYT) 82

Civil Rights:

Claims Of Partisanship Are 'Baseless' (MR) 82
Williams' Attorney Calls For Jail Changes (BSH) 83
Military Recruiters Cited For Sex Abuse (WT/AP) 84
Commandments Display Allowed (NYT/AP) 85

Antitrust:

In Huge Merger Of 2 Utilities, 'Quiet Agency' Is In Spotlight (NYT) 86
How This Bid Won Petco (SDUT) 88
Fur Back In Business And In Trouble (SEATIMES) 91

Environment:

Subpoenas Issued To Alaska Oil Firms (ADN) 93

FBI/DEA/ATF/USMS:

FBI Races The Clock To Reinvent Itself (LAT) 95
Spectacular Coup (SDUT) 98
Column: Justice Department On Steroids (SFC) 100

Immigration:

Expert: State Immigrant Laws Might Fail (AP-Y) 101
Romney: U.S. Needs Skilled Immigrants (AP-Y) 102
In California Balancing Act, Immigration May Tip Vote (NYT) 102
Schwarzenegger Tries To Calm GOP Anger (LAT) 104

Tax:

I.R.S. Enlists Help In Collecting Delinquent Taxes (NYT) 106

Congress-Administration:

Home But Still Haunted (WP) 107
Mental Health Services Questioned (WP) 111
In Military, Disorder Bucks Sexes' Divide (WP) 111
Pundits Renounce The President (WP) 112
U.S. Rep. Don Sherwood Has Heart Surgery (AP-Y) 114
Sheehan, Others Protest At Rove Event (AP-Y) 114
This Old Space Station: Construction Resumes (NYT) 115

Other News:

Slower Growth With Low Inflation Spurs Stocks (NYT) 116
Terror-Proof, Except For All The Vulnerabilities (NYT) 117
Second-term Economic Blues (WT) 118
Democratic Plan Could Push Presidential Voting Up To 2007 (MCT) 119
Democrats Set Primary Calendar And Penalties (NYT) 120
Democrats Add Nevada, S.C. To Early 2008 Voting (LAT) 121
Democrats Add January Voting In 2 More States (WP/AP) 122
GOP's Financial Edge Shrinks (WP) 123
GOP Candidate Seeks His Niche In Conn. (AP-Y) 125
For Webb, Road To Senate Lies In Southwest Va. (WT) 125
For One Group, 'Macaca' Recalls Slurs After 9/11 (WP) 126
The YouTube Election (NYT) 128
It's What They Sayand How They Say It (MINNST) 130
In Michigan, A Ray Of GOP Hope (WP) 131
Ehrlich Vows To Deal With Effects Of Growth (WP) 132
Ehrlich Campaigns On Promises Kept (WT/AP) 133
Smart Care Via A Mouse, But What Will It Cost? (NYT) 134
Swiping At Industry From Atop The Stump (NYT) 136
The Osama Card (NSWK) 138
Block The Vote (WP) 139
CBS Is All Katie, But Rivals Aren't Standing By (NYT) 140
Truce Strained As Israelis Raid Lebanon Site (NYT) 143
Israel Strikes Deep In Lebanon (WP) 144
Annan: Israeli Raid Violates Cease-fire (AP) 145
Israel Warns It Will Enforce Arms Ban (AP) 147
Israeli Raid Aims To Cut Off Arms Resupply (WT) 148
Israeli Incursion Strains Truce With Hezbollah (LAT) 150
Israeli `war Tourists' Sightsee, As Commandos Strike In Lebanon (MCT) 151
Israel Committed To Block Arms And Kill Nasrallah (NYT) 153
Trying To Avoid The Perils Of Peacekeeping (NYT) 154
Bush: Turn U.N. Resolution Into Action (UPI) 156
Arab Nations Urge New Israeli Peace Plan (AP) 156
After The War, An Israeli City Starts Over (NYT) 157
Israelis Travel To Survey The Damage (AP) 158
For Families Of Captives, A Long Wait In The Dark (NYT) 159
Olmert Beset By A Mission Not Accomplished (LAT) 160
Israeli Troops Nab Hamas Official (WT/AP) 162
Palestinians Wait To Cross Into Gaza (AP) 163
Journalists' Kidnapping Protested In Gaza City (WP/AP) 164
United Nations: The World's Scapegoat (LAT) 164
Editorial: Winning The Peace More Important (MJS) 166
Did Israel Neglect Its Ground Forces? (NYT) 167
France's Paltry Lebanon Offer (LAT) 167
Iran Tests Short-range Missile (KCS/AP) 168
Ahmadinejad: U.S. Ties Hurting Britain (AP) 168
A Wary Engagement (DMN) 169
Mexico Bracing For Social Unrest (LAT) 169
Mixed Visions Of The Future In Post-Fidel Cuba (LAT) 170
Venezuela Says It Seized 4 Spies; U.S. Embassy Denies Knowledge (NYT) 172

DOJ_NMG_0050416

Chavez: Venezuela Captured 4 U.S Spies (AP) 173
U.S. Charity For Chavez (WT) 173
Pinochet Court Loss (NYT/AP) 176
Where's The Love, Russia? (LAT) 176
Congo's Presidential Election Heads Toward October
Runoff (NYT) 177
Milosevic's Estate Unclaimed By Heirs (WT) 178
A Belated Coming To Terms (WP) 179
The Uneasy Sleep Of Japan's Dead (WP) 180
Tending To Sri Lanka (WT) 181
Spy Or Reporter? (WP) 182

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TERRORISM NEWS:

British Try To Balance Risks In Terror Probes (LAT)

By Sebastian Rotella, Times Staff Writer

The Los Angeles Times, August 20, 2006

Knowing when to be patient and when to pounce is the key to operations like the one that netted suspects in the alleged airline plot.

LONDON — British antiterrorism sleuths call it risk management.

It's not jargon from the corporate boardroom, but rather a nerve-racking form of psychological combat based on knowing when to pull your punches and when to deliver the knockout blow: If you move too soon, the case might fall apart. If you're too late, you might end up counting corpses.

Cultivated for years by European security forces, this patient approach was the driving philosophy behind the extended surveillance operation that culminated last week in the arrests of about 40 people in Britain and Pakistan suspected of plotting to blow up U.S.-bound planes over the Atlantic.

The investigation began almost a year ago. Aided partly by a tip from the Muslim community, British police and MI5 intelligence agents initiated surveillance of two seemingly distinct extremist groups, British officials say. The suspects were a mix of British Pakistanis and converts spread among three communities in the London area as well as the city of Birmingham.

Investigators discovered that members of one group had trained at a militant camp in Pakistan, a British law enforcement official said. And soon the surveillance showed that the two groups were connected and that police were watching a potential terrorist cell take shape, the law enforcement official said. Scotland Yard's anti-terrorist division launched an investigation fusing the two inquiries.

The police anti-terrorism chiefs oversaw the investigative team, building evidence for prosecution, while MI5 and Special Branch police intelligence officers continued the surveillance, their specialty. The British system works well because it integrates intelligence and investigation in this way, a prerequisite for extended investigations, experts say.

Teams of dozens of officers — at least six are needed to follow one suspect — tailed the group, intercepted their phone calls and tracked their travels and financial transactions, British security officials said. Although the suspects communicated from Internet cafes to avoid detection, investigators were able to identify the computers they used, officials said.

Anti-terrorism chiefs increasingly became convinced that the alliance of the two cells planned mayhem on a massive scale: a multiple bombing attack on as many as nine U.S. planes using smuggled liquid explosives. But the investigators chose to wait.

"It has all the hallmarks of a classic long-term investigation," said David Omand, who until last year served as Britain's security and intelligence coordinator. "Following leads, developing information, finally getting eyeball contact. Then following them, bugging them, tracing leads through. Then the crucial decision on when to haul them in."

Omand knows the harrowing terrain. During his tenure overseeing counter-terrorism operations, he had to contend with threats such as an Al Qaeda plot, devised by terrorist mastermind Khalid Shaikh Mohammed as a follow-up to the Sept. 11 attacks, to crash hijacked planes into British landmarks.

And Omand engaged in excruciating calculations in response to a tip from a strong intelligence source in February 2003: Terrorists armed with a surface-to-air missile were preparing to shoot down an El Al jet at Heathrow Airport, the source told British intelligence agents. After a frantic 24 hours of investigating and analyzing, Omand decided to deploy tanks and troops at the airport to dissuade an attack, which never came.

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"They were all nail-biting options," said Omand, now a professor at King's College London. "Do you let it run covertly, stake the airport out? Do you close the airport and create chaos, which would achieve their aims? Or — the only alternative left open to us — do you make an enormous fuss to send them scuttling?

"The balance in this case is the same" he said, referring to the alleged airline bombing plot. "Can you let the operation run or must you do something to protect public safety?"

This year, as that plot developed, authorities were confident that their surveillance, assisted by Pakistani security forces, was meticulous and that an attack was not imminent. History shows that British police are adept at infiltrating and manipulating suspected plots in progress to reduce the dangers.

In an alleged plot broken up in 2004, half a dozen men now on trial here allegedly trained in Pakistan, made contact with Al Qaeda figures and stockpiled half a ton of explosives in a storage locker for a truck-bomb attack on a London shopping mall or nightclub.

The police took many precautions: They deployed a female undercover officer as a receptionist at the self-storage facility west of London. Video footage played in court in June showed her greeting the suspected ringleader when he went to inspect the giant bag of ammonium nitrate. He didn't know that police had already slipped into the locker and replaced the apparent bomb-making materials with a dummy bag, according to testimony.

"What it illustrates is that there are ways of reducing the risk to the public," Omand said. "There have been similar operations mounted with detonators being switched and so on. People can suddenly decide to move, so you have to be prepared."

Like the British, other European security forces have developed similar techniques that combine the use of well-placed informants with human and high-tech surveillance. The British honed their tradecraft during the campaign against the Irish Republican Army, the Spanish against Basque terrorists, the French in response to violence by various Middle Eastern networks.

Terrorists are rarely unknown assailants striking out of nowhere. Even when they failed to thwart attacks in recent years, European anti-terrorism agencies had in-depth previous knowledge of extremist cells that got past the defenses.

Most of the 40-odd suspects charged in the Madrid train bombings of 2004 had been monitored for months. Spanish police had cultivated an imam close to one group of suspects as an informant. The anti-drug unit of the paramilitary Guardia Civil intercepted phone calls among narcotics traffickers-turned-terrorists as they transported stolen dynamite that would be used in the attack. But because those agencies and the Spanish intelligence service did not communicate effectively with each other, they did not realize an attack was imminent.

Similarly, the Dutch intelligence service spent several years shadowing the extremist cell involved in the assassination of filmmaker Theo van Gogh in November 2004. Dutch agents even used informants to coax a key suspect into moving into an apartment that had been bugged, enabling 24-hour intercepts of his conversations. The authorities did not detect the assassination in the works, but the wiretaps helped them raid the apartment and capture suspects preparing follow-up attacks.

And although the transit system bombings in London last summer caught British security services off-guard, several of the bombers had appeared on the periphery of the investigation of the 2004 truck-bomb plot.

British authorities have been working to beef up intelligence-gathering on Islamic extremists, particularly in regions far from London where coverage of Muslim communities was weaker than in the capital, officials say. MI5 is expanding rapidly to achieve the goal, adopted after the Sept. 11 attacks, of doubling its size, Omand said.

The chiefs of the police anti-terrorist branch have final responsibility about when to abort surveillance and make arrests.

"MI5 usually starts and develops surveillance, but they would engage [the police] from the start and bring in Special Branch to augment surveillance," the British law enforcement official said. "In the operational phase, the anti-terrorist branch develops the evidentiary package. And they make the call about what is the trigger for taking action."

The trigger in this case came this month when Pakistani police arrested Rashid Rauf, a British Pakistani accused of being a central figure in the alleged plot. The reasons for the timing of the arrest are unclear. Pakistani officials were working closely with the British, who wanted to continue the surveillance, according to most accounts.

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There have been reports that U.S. officials pushed for the arrest as they became concerned about a plot that allegedly targeted American planes and intended to match the carnage of the Sept. 11 attacks. One version suggests that the U.S. government pressured the Pakistanis into capturing Rauf, the British law enforcement official said.

"The Pakistanis had pretty airtight coverage," the law enforcement official said. "The story is that the Americans told them to make the arrest because they wanted to take Rauf out of circulation."

U.S., British and Pakistani officials have denied conflicts and said the case was a textbook example of international cooperation. That debate aside, experts agree that U.S. law enforcement, though experienced in complex investigations of organized crime, is less willing to sit tight when it comes to suspected terrorist plots.

"My experience with transatlantic relations is that the Americans are less inclined to risk management and want to go for safety first," Omand said. "That's not a criticism; it's a question of a different law enforcement culture.

"And it is changing. Tom Ridge said once that the U.S. had to learn about risk management," Omand said, referring to the former U.S. Homeland Security secretary.

Rauf's capture in Pakistan set off a chain reaction here. Fearing that the suspects would flee or speed up plans for the attack, British police swarmed on them. They are holding 23 people and have conducted more than 60 searches of homes, businesses, cars and a wooded area.

Searches and interrogations continue as anti-terrorism authorities advance the cumbersome process of building a case from a large amount of raw material.

"They are logging 1,000 items a day," the law enforcement official said. "The intelligence operation around this was months in the making…. Going into the searches, they knew exactly where to look and what to look for."

In British Inquiry, A Family Caught In Two Worlds (NYT)

By Ian Fisher And Serge F. Kovaleski

The New York Times, August 20, 2006

LONDON, Aug. 19 — The father, Abdul, seems a classic immigrant to Britain: a Pakistani who settled in Birmingham, he opened a bakery and worked long hours. But he also kept exceptionally strong ties to the old country, starting a charity that raised money meant to help Pakistanis in need.

An older son, Rashid, like many second-generation Muslim immigrants here, had a more complicated life, caught between cultures, with Islam the one consistent thread. He, too, felt the strong lure of Pakistan, where he fled in 2002 after an uncle was mysteriously stabbed in Birmingham, and where he apparently joined an extreme Islamic group.

A younger son, Tayib, visited Pakistan and seemed to be following in his father's footsteps as a hard-working baker in Britain. In the early hours of Aug. 10, he collected a check of roughly $3,000 from a customer, then sat with him until 2 a.m., talking and eating potato chips.

"A person who is on the verge of blowing himself up isn't going to sit down and be calm or go around and collect money," said the customer, Mohammad Nazam, a former Birmingham City Council member who owns three supermarkets and has known the family more than 40 years.

But just a few hours later, Tayib was one of 24 Muslim men arrested in the plot to blow up airplanes over the Atlantic, only a day after his brother, Rashid, was arrested in Pakistan amid allegations that he was one of the chief plotters.

Little is known about the strength of the British government's evidence against the suspects. But at this early, sketchy stage, the three men of the Rauf family and the charity the father helped found are at the heart of the investigation into a plot that has shaken Britain.

A central question is whether there was any connection between the mostly young and British-born people who have been detained and the world of sophisticated terrorism based thousands of miles away in the murky recesses of Pakistan and Afghanistan. With much unknown a week after the plot was revealed, the Rauf family represents the strongest possibility of such a link.

A British police official, who has been briefed on the inquiry, said, "The Raufs were targeted precisely because of the family's links to extremist groups in Pakistan that have, over the years, come to work hand in glove with Al Qaeda." The official,

who requested anonymity because he is not authorized to speak about the investigation, said that the family had "been flagged red for months" and that the authorities had come to see Tayib as "the leader" of the plot in Britain and Rashid as the connection to Pakistan. But he warned that "what is unclear yet is how far this inquiry has been able to trace their links back to some so-called mastermind in Pakistan."

For years before the airline bombing plot, the Rauf family seemed to have attracted an unusual amount of suspicion, and not only for their ties to Pakistan. Their house in Birmingham was searched, the police say, after two slayings, including the killing of the sons' uncle. Banking regulators put the elder Rauf's charity account under review in March this year. In the summer of 2005, after the subway and bus bombings here that killed 52 people, a neighbor of the charity's office in East London became so suspicious that she called Britain's antiterrorism hot line.

The hot line operator, she said, dismissed her worries. Odd comings and goings at night at the store, a sudden switch from importing cookies to providing charity, all soon after the bombings, did not add up to terrorism. "I understood what they meant," said the neighbor, Linda Brown, 48, a former secretary at the business next door to the charity, Crescent Relief, which operates in an industrial park in the Dagenham section of London. "But maybe if they had investigated, if they had snooped around, who knows what they might have found?"

In fact there is evidence that at least one of the suspects in detention was involved in the Rauf charity. Last October, The Bucks Free Press, in High Wycombe, listed one suspect, Khuram Ali, as a local contact for donations to Crescent Relief to help victims of the October 2005 Kashmir earthquake. The paper, which said 1,000 tents had been flown to Kashmir, also listed a phone number for Mr. Ali that is no longer in service.

In High Wycombe, where Mr. Ali lived, a neighbor of his, Ashley Tighe, said in an interview on Saturday that Mr. Ali had told him that he was involved in a charitable effort to send tents to the areas hit by the quake.

"He said that he was doing work for a charity and that they had sent over tents because of the earthquake, but that some of them had gone missing at the airport," Mr. Tighe recalled. He said he understood that the charity was also sending food and clothing to the area.

The whereabouts of Abdul Rauf, 52, are unknown. Relatives and neighbors have said that he had been visiting Pakistan at the time of the arrests. ABC News has reported that he, too, has been placed in custody in Pakistan, but the government there has not confirmed that. British authorities have not suggested that Abdul Rauf was involved in the plot, nor have his assets been frozen by the Bank of England, which did act against most of the other suspects.

The portrait of Mr. Rauf that emerges from interviews with friends, neighbors and business associates seems defined by an intensity of religious devotion and a determination not to let go of Pakistan and its traditions amid modern, secular British life.

In all, Mr. Rauf seemed the archetype of the successful immigrant, who like most of Britain's Pakistanis, came from the Mirpur district in Pakistani-controlled Kashmir. He ran a bakery making flat bread and sold cakes and cookies imported from Pakistan, neighbors and a business associate said. He was also deeply involved in charity work, forming Crescent Relief in 2000, and more recently giving money for victims of the earthquake in Kashmir and the 2004 tsunami in Asia.

"They were a working-class family who had very little social time," said Nassar Mahmood, a trustee of the Central Mosque in Birmingham. "They haven't really reaped the full fruits of their business."

But, he added, they had no animosity toward Britain. "I can tell when someone feels alienated or angry about the country's policies," he said. "But that was not these people. They enjoyed their lives in Britain."

At the same time, like many Pakistani immigrants here, Mr. Rauf regularly visited his home village, Haveli Beghal, where he kept a house and reportedly financed the construction of a mosque. He was there attending a wedding, friends say, when his sons were arrested.

And he was so steadfast in his beliefs that he built a little study center for Muslim children in a shed on the back patio of his house on St. Margaret's Road in Birmingham, in a line of modest brick row houses in the Ward End section of the city.

A next-door neighbor, June Lethbridge, said that anywhere from a dozen to 20 youngsters would attend classes there three to four times a week. Mr. Rauf's wife, who never left the house without her head and face covered, gave Koran lessons to girls.

"The best I can remember was that this all started four or five years ago," Mrs. Lethbridge said. "It was amazing that they could all fit in there."

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Some tension between cultures in this case — possibly between traditional law and that of their adopted nation — seemed to explode for the Rauf family in April 2002.

Mohammad Saeed, a delivery driver and a brother-in-law of the elder Mr. Rauf, was stabbed to death in April 2002 at his house in Birmingham, in front of his wife and two children. He was 54.

No one was ever arrested, though the Rauf house was searched. Rashid Rauf, believed to be 29, fled shortly afterward to Pakistan.

The police never formally identified a suspect, but news reports pointed to Rashid and what was said to be a family dispute that possibly led to an "honor killing," not uncommon in Pakistan, and often involving possible sexual misbehavior. The West Midlands police refused to comment on the case, other than to confirm that the Rauf's house had been searched in connection with the killing.

Three years later, the family came under suspicion when violent riots between black and Asian youths broke out in Birmingham, leaving among the dead a young black man, Isaiah Youngsam. The police confirm that the Rauf family home was again searched over that killing, though eventually other suspects were arrested.

In the last week, the authorities in Pakistan have described Rashid Rauf as a central figure in the alleged plot and as the prime connection between Britain and Pakistan with links, they say, to Al Qaeda and other militant groups.

There is no evidence that he ever returned to Britain after 2002. About a year after arriving in Pakistan, Rashid Rauf married and later settled in southern Punjab, in the town of Bahawalpur, which is also the home of Jaish-e-Muhammad, one of the most extreme Islamist groups in Pakistan, with strong ties to Al Qaeda.

His sister-in-law is married to the brother of the group's founder, Maulana Masood Azhar, and members have said Rashid Rauf was himself a member through its various incarnations. But this week in Bahawalpur, where donkey carts jostle for space with bicycles and farm vehicles, fearful neighbors and local officials were not willing to provide many details about his life there.

"They were very exceptionally rich," said one neighbor, in the deeply poor village. "They had a lot of money and everyone was wondering how they had the money."

Various news accounts here in Britain, citing anonymous law enforcement officials, suggested that money from the family's charity might have been diverted to the plot. Last week the Charity Commission of England and Wales said it was looking into that possibility.

The last official filing with the commission showed Crescent Relief had a gross income of £89,202, about $168,000, in the fiscal year that ended in October 2004.

In March, the account came under scrutiny from its bank, Barclays, over a £50,000 ($94,000) transfer made in 2005 to an account at Saudi Pak Bank, said one person briefed on the investigation into the account, who was not authorized to speak publicly.

The person said neither the amount nor the destination of the transfer itself made after the earthquake in Kashmir last year raised concerns. Instead, the account was put under review because the person making the transfer failed to provide proper identification.

The charity's office in Dagenham also attracted the attention of neighbors last year. Ms. Brown, the secretary of a nearby office, said that after several years of operating as a warehouse for imported Pakistani cookies and cakes, it changed soon after the London bombings into a charity to help Kashmir.

People at the new charity, she said, began distributing pamphlets on the plight of people in Kashmir, a region that is the subject of a dispute between Pakistan and India. Ms. Brown and a co-worker said trucks arrived at all hours, especially at night, and backed entirely into the office bay before unloading, as if trying to hide the contents.

"They were so secretive about what was going in and out," said the co-worker, Kay Charles, 60.

In the heightened concern after last year's attacks, Ms. Brown said she called the antiterrorism hot line. She said she was still uncertain that anything wrong was going on. It was, she said, "just a gut feeling."

One of the charity's trustees, Mohammad Farooq, who had also served as a director but left the charity several months ago, said it was completely legitimate. "It's totally normal," Mr. Farooq said in an interview at his house in East London.

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With Abdul Rauf in Pakistan this month, one friend said the younger son, Tayib, 22, was left to run the business. "He knows what products are best to buy for his purposes and what prices to get," said the friend, Abid Hussain, a manager of a supermarket in Birmingham.

His other interest, several people said, was the local mosque that adheres to Wahhabism, the strict sect followed by many militants.

One friend, who said he had known Tayib for nine years and attended school with him but declined to give his name, said the family was culturally divided between Pakistan and Britain. The friend remembered that when Tayib recently discussed marriage with his father, the father said it did not need to be an arranged one.

"If Tayib thought the girl was right for him, he could marry her," the friend said. "The parents were not that strict."

Top Police Spar In London Over Muslims As 'Victims' (NYT)

By Alan Cowell

The New York Times, August 20, 2006

LONDON, Aug. 19 — British police officers investigating what they have depicted as a major terrorist plot by Islamic radicals became embroiled Saturday in a remarkable public dispute over whether Muslims in Britain should be depicted as victims.

The clash of views erupted as police officers continued interrogating 23 suspects alleged to have participated in a conspiracy to bomb trans-Atlantic airliners.

The discovery of what the police described as a plot 10 days ago provoked an enormous security alert that brought pandemonium to British airports. Authorities said Saturday that restrictions on cabin baggage and other security measures would continue for at least a week.

The police have given few details of the alleged conspiracy and have declined to confirm reports by the BBC that firearms, bomb-making equipment and what were termed "martyrdom videos" had been recovered in searches of homes and computer hard-drives. In the past 10 days, police officers searching 14 locations have scooped up huge amounts of potential evidence in east London, High Wycombe to the west of the capital and Birmingham.

The searches have been accompanied by broad debates over the question of why Britain, apparently alone among its European allies, seems to produce suicidal extremists such as those who killed 52 people on the London transport system on July 7, 2005. The debate has ranged over issues such as a sense of marginalization and complex questions of identity among Muslims, many of them descended from immigrants from Pakistan who came here in the 1960's.

Two high-ranking police officers of South Asian background have warned in recent days that Muslims feel a keen sense of discrimination against them.

Tarique Ghaffur, the assistant commissioner of London's Metropolitan Police force, who is Britain's highest-ranking officer of Asian descent, said Britain's ever tighter counterterrorism legislation had created a sense of indirect discrimination.

"The cumulative effect of Islamophobia, both internationally and nationally, linked to social exclusion, has created a generation of angry young people who are vulnerable to exploitation," he said. In a speech on Aug. 7, before the newest terror alarm, he said anger among young Muslims in Britain represented a "growing challenge."

Another officer, Chief Superintendent Ali Dizaei, one of Britain's most senior Muslim officers, said that if Britain introduced ethnic profiling of airline travelers, the result would be to create an offense of "traveling while Asian."

"That's unpalatable to everyone," he said on Monday. "It is communities that defeat terrorism, and what we don't want to do is actually alienate the very communities who are going to help us catch terrorists."

But an officer of equal rank, Chief Superintendent Simon Humphrey, the head of an association representing senior police officers, told the conservative Daily Mail newspaper on Saturday: "Unfortunately, a small, extremely vocal and potentially very influential minority are trying to hijack the terrorism issue and turn it into a debate on racism." He did not identify members of this minority by name.

"They are undermining the objectives of the organization and rank-and-file officers who are doing their utmost to police fairly," he said, objecting to the notion that race and religion should be brought into operational police matters.

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"It is wholly unacceptable to continue to portray the Asian community as victims. There are too many personal agendas at play without due consideration of everyday public safety," he said.

Roughly 90 percent of the 30,000-plus Metropolitan Police force is made up of white officers, but the number of nonwhite officers in training is about 17 percent.Since the alleged plot was uncovered, airlines have been on a high state of alert. On Friday, a plane operated by Excel, which usually carries vacationers on low-cost flights, interrupted a flight from London's Gatwick Airport to Hurghada in Egypt and landed in southern Italy, because of a bomb scare. No explosives were found.

One low-cost airline, Ryanair, has threatened to sue the British government, seeking compensation for losses caused by delays as passengers file through more stringent security checks. Additionally, British airline pilots have lodged protests at being included in security measures that prevent passengers from carrying gels and liquids — including toothpaste and contact lens cleaning solution — onto airplanes.

Meanwhile Saturday, around 1,200 Muslim demonstrators filed past the United States Embassy here carrying banners protesting Israeli incursions into Lebanon and feting Hezbollah as the "victor." The protest was organized by the British branch of Hizb ut-Tahrir, a group which describes itself as a nonviolent organization seeking pan-Islamic rule.

Arrest in Bombs on German Trains

BERLIN, Aug. 19 (AP) — German authorities on Saturday arrested a 21-year-old Lebanese student suspected of helping plant two bombs that failed to explode on trains last month, officials said.

The man was detained a day after investigators released surveillance camera videos taken at the Cologne station on July 31, the day of the attempted bombing, showing two men with heavy luggage who were believed to have planted the devices.

The bombs, made with gas canisters, were found inside suitcases left on board trains in Dortmund and Koblenz, both of which had stopped in Cologne. They apparently were supposed to explode simultaneously, 10 minutes before the trains arrived at those stations.

The suspect, identified only by his first names, Youssef Mohamad, was arrested at the main train station in the Baltic Sea port city of Kiel, where he lived and studied mechatronics, a combination of mechanics, information technology and electronics. Officials said they were still seeking the second suspect.

Police Hit Out At FBI Over Leaks (UKOBS)

By Jamie Doward And Mark Townsend

The (UK) Observer, August 20, 2006

Anti-terror police in Britain have made an angry request to their US counterparts asking them to stop leaking details of this month's suspected bomb plot over fears that it could jeopardise the chances of a successful prosecution and hamper the gathering of evidence.

The British security services, MI5 and MI6, are understood to be dismayed that a number of sensitive details surrounding the alleged plot - including an FBI estimate that as many as 50 people were involved - were leaked to the media.

FBI sources confirmed to The Observer that the bureau had been ordered to stop briefing at the request of the British authorities. 'The shutters have come down,' a bureau source said. 'We have been told not to discuss the case any more.'

The request for silence by the British authorities is an early sign that those involved in the investigation have concerns at the way their evidence-gathering is proceeding. It is understood that British anti-terror police wanted to prolong their observation of the suspects for as long as possible in a bid to gather sufficient evidence. There are now fears among some Scotland Yard officers that they may have acted too hastily when deciding to arrest the 24 suspects earlier this month. Although martydom videos and the components of a bomb have been recovered in the investigation, linking such evidence to all those arrested could still prove difficult.

The Home Office maintains the police had no choice but to act when a key suspect, Rashid Rauf, was arrested in Pakistan earlier this month, triggering concerns the alleged terrorist cell would either scatter or look to implement the plot as soon as possible. A call from an unknown person to a suspect in Britain - alerting him to Rauf's arrest - is believed to have been intercepted by Pakistan intelligence.

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Deputy Prime Minister John Prescott has hinted several of those arrested will not face major charges. So far there has been one further arrest while two have been released without charge.

U.S. Measures Anti-Terror Laws Vs. Britain's (LAT)

By Richard B. Schmitt

The Los Angeles Times, August 20, 2006

Some in the GOP want a more flexible system, such as that used to uncover an alleged plot. Critics say such changes would trample rights.

WASHINGTON — The uncovering of an alleged bomb plot in London has focused new attention on the differences in the legal arsenals available to terrorism hunters in the U.S. and Britain.

Some Republican lawmakers contend the U.S. should emulate parts of the British model because it gives agents more flexibility in monitoring and detaining suspects. But critics say such expansive powers come at a great cost: British laws are generally considered more hostile to civil liberties, and trying to adopt such rules in the U.S. would create legal and public outcry.

While the London case has underscored the importance of efficient police work and secret surveillance, it is far from clear whether Britain's less-restrictive laws for combating terrorism deserve the credit.

A closer look shows some similarities between the British and American rules, due in part to a series of aggressive anti-terrorism moves by the Bush administration since the attacks of Sept. 11, 2001.

"The general consensus, at least initially, seems to be that many of the tools are comparable," said an administration official, speaking on condition of anonymity, who is familiar with the early discussions about broadening executive powers.

The preemptive strike in London is nonetheless sparking a legal and public debate about whether lawmakers are doing all they can to equip U.S. authorities with the tools they need.

The Justice Department announced last week that it was launching a review of U.S. and British anti-terrorism laws. But some officials have downplayed the chances that the effort will lead to new legislation.

The administration's main anti-terrorism priority in Congress is a surveillance bill that, in some ways, would give authorities more leeway than what is allowed in Britain. U.S. officials appear to be hoping that generalized concern about terrorism raised by the London case will help engender support for the legislation, which was worked out between the White House and Senate Judiciary Committee Chairman Arlen Specter (R-Pa.).

With Congress on summer recess, little is likely to happen before the fall, when a number of House and Senate committees are expected to consider what, if any, curbs should be placed on domestic surveillance.

But some lawmakers are already asking whether the United States should consider adopting at least some aspects of Britain's counter-terrorism system. In particular, they have argued that it is too cumbersome to obtain warrants for domestic surveillance in the United States, as is currently required, through a special court established under the 1978 Foreign Intelligence Surveillance Act.

"The British have better tools. If you want to get a warrant, all you have to do is call up a minister," Sen. Pat Roberts (R-Kan.), the chairman of the Senate Intelligence committee, said last week. "I'm not advocating that in the United States with the FISA court or anything else, but it seems to me that they have taken actions that would really speed that along."

News reports said British authorities received a tip that led them to the men involved in the alleged plot. Investigators then used secret surveillance, including intercepting phone calls, to obtain more information.

Bush administration officials said the British experience may contain lessons for America.

"What helped the British in this case is the ability to be nimble, to be fast, to be flexible, to operate based on fast-moving information," said Homeland Security Secretary Michael Chertoff, who formerly headed the Justice Department's criminal division.

But when pressed, he refused to say the law should be changed. "I don't think there's any specific authority I would suggest we need now," he said Aug. 13 on ABC's "This Week."

Critics say the administration has not shown how the British case demonstrates a need for changing U.S. laws.

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"Their legal regime [in Britain] is similar to ours," said Bruce Fein, a former Reagan administration lawyer. "The government should have to bear the burden to show the need for making a change.

"In my judgment, this case cuts the other way. The powers they are requesting are irrelevant to the cracking of this case in Britain."

When it comes to surveillance, the British laws share some basic features with those in the United States.

Investigators in Britain, like their counterparts here, may intercept phone calls and eavesdrop on private conversations, but only under what British authorities describe as a system of "strict control and oversight" that includes individual warrants.

American law also requires investigators to have a warrant before they intercept private phone calls, but administration officials have said that rule is impractical in the war on terrorism.

In December, the president confirmed he had authorized the National Security Agency to intercept, without judicial warrants, some international phone calls and e-mails of people in the U.S. Last week, a federal judge ruled that was unconstitutional and ordered the NSA to stop. Bush said Friday that he disagreed with the ruling and that the administration expected to win an appeal.

Meanwhile, Congress has been debating whether to revise the Foreign Intelligence Surveillance Act, which requires officials to obtain a warrant for such interceptions. Britain tightened its surveillance laws under the 2000 Regulation of Investigatory Powers Act.

"Authority to intercept someone's conversation — listening to a phone conversation, reading a letter or e-mail — requires the agreement of the secretary of State," Britain's Home Office says in describing its surveillance law. "The Home secretary will sign a warrant only once satisfied that it is absolutely necessary and proportionate."

Congress is considering several bills that would permit the government to move quickly to obtain a warrant when a terrorism suspect is being pursued.

But some contend that U.S. law appears to already allow for the sort of targeted surveillance that British authorities reportedly exercised.

"They were focused on a specific set of targets who they believed were conspiring with Al Qaeda or Al Qaeda-affiliated entities, which is different from the administration claim that it can just monitor anyone it wants," said Lisa Graves, a legislative counsel with the American Civil Liberties Union. "The fact of the matter is, under current law, the president can easily get a court order to monitor any American who is conspiring with Al Qaeda, and if there is an emergency, surveillance can begin immediately."

Another flashpoint is British authorities' power to detain terrorism suspects for up to 28 days without charge.

The U.S. Supreme Court has said that most suspects have to be charged or released within 48 hours of being detained, making such a system an apparent non-starter under U.S. law.

Asked about a more liberal detention law in an interview last week with CNN, U.S. Atty. Gen. Alberto R. Gonzales said he believed there were "serious questions as to whether or not that would be constitutional."

But the Bush administration has in a way achieved a functional equivalent through interpretations of other laws, such as those allowing for the detention of people who are material witnesses to crimes. After the Sept. 11 attacks, the government also used immigration statutes to hold terrorism suspects for months even though many were eventually released without any proof that they had posed a threat.

"The notion that we need a preventative detention law [like Britain] is a little disingenuous," said James X. Dempsey, policy director of the Center for Democracy and Technology, a Washington advocacy group. "We already act like we have one."

Times staff writers Maura Reynolds and David G. Savage contributed to this report.

Airport Security (WP)

The Washington Post, August 20, 2006

Hair gels, lipstick and terrorism

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CRITICS OF the Department of Homeland Security (including this page) have done a lot of second-guessing (well-deserved) of the agency since its inception. So it's only fair to mention that the department's response to the recent London terrorist threat was measured, calm and efficient.

Within hours of the revelation by British officials of a plot to blow up airplanes using liquid explosives, the Transportation Security Administration moved quickly to impose strict restrictions for carry-on luggage. The often-maligned workers who screen the luggage enforced the often-confusing new rules with surprising effectiveness under difficult circumstances. Homeland Security Secretary Michael Chertoff acted with reassuring calm, provided as much information as he could and adopted a nuanced approach to raising the terror alert -- a welcome departure from the department's early tendency to issue the-sky-is-falling bulletins. The traveling public also deserves credit for understanding that issues larger than inconvenience are at play.

Beyond the immediate convulsions, however, big questions about airline security remain. Have authorities been slow to deal with the danger of unknown liquids given the revelation of a similar plot 11 years earlier? Is enough attention being paid to developing new technologies that could help detect danger? Why do there seem to be inconsistencies in security measures from airport to airport? Are there other threats, such as shoulder-fired missiles, that aren't receiving sufficient attention? What about security on cargo planes?

Everyone, it seems, has an answer, but there are no easy solutions. Methods used by Israeli authorities are held out as a panacea by those who fail to recognize that the United States not only is far bigger but has a different culture. Some argue that airlines can do more by requiring passengers to provide fuller information, such as passport details, or even undergoing criminal background checks -- yet even some of the Sept. 11 hijackers could have passed that test.

The answer must be that there is not one answer. There need to be various lines of defense, no one of which will be sufficient and all of which must be subjected to constant challenge and adaptation. We are encouraged by indications that the TSA is recognizing this and by signs (most recently its training of officers to spot potential trouble by observing behavior) that it is trying to get beyond the culture of contraband. Homeland security remains a work in progress.

Finding A Friendly Court Is Not So Easy (NYT)

By Jonathan D. Glater

The New York Times, August 20, 2006

PLANNING a legal battle on a big constitutional case would seem to have little in common with making a real estate decision, but any lawyer will tell you that often the same thing matters in both arenas: location.

When lawyers at the American Civil Liberties Union were deciding where to file their case against the Bush administration's policy of wiretapping the international communications of some Americans without a court warrant, they chose Detroit, more specifically the United States District Court there. And last week a judge on that court, Anna Diggs Taylor, ruled that eavesdropping on telephone and Internet communications "without benefit of warrant or other judicial approval" violated the First and Fourth Amendments to the Constitution.

No one has said that filing the same case elsewhere would have led to a different outcome. Nor do lawyers generally claim that where a case is filed determines how a judge will dispose of it. After all, justice is supposed to be blind, guided only by the facts presented and the law.

Nonetheless, lawyers say that anyone who does not think carefully about what court to file a lawsuit in, as well as what judge might preside and who might sit on a jury, acts foolishly. "The forum can be critically important," said Derek Shaffer, executive director of the Stanford Constitutional Law Center.

In some instances that might mean finding the particular district whose judges have proved receptive in the past or, in a case like that challenging the eavesdropping policy, it might mean filing within a more sympathetic circuit court of appeals. "You want the circuit with the precedent that's more favorable to your view of the case," Mr. Shaffer said.

Jameel Jaffer, counsel for the A.C.L.U. in the eavesdropping case, said there were two reasons Michigan was selected. "The last time the Supreme Court considered the constitutionality of warrantless surveillance was a case that came out of the Sixth Circuit," Mr. Jaffer said, referring to the Sixth Circuit Court of Appeals, which will hear the government's appeal of Judge Taylor's decision. "The other reason we filed in Michigan is because many of our clients are in Michigan." This case is a little

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unusual, Mr. Jaffer added, because the lawyers who brought it fully expect the decision by Judge Taylor, who was appointed by President Jimmy Carter, to be reviewed not just by an appellate court but also by the Supreme Court. In a simpler, more typical case that did not involve broad constitutional principles but basic issues of fact — a slip-and-fall case, for example — a district court decision could well have the last word.

To try to anticipate how receptive different courts might be to particular claims, lawyers review how appellate courts resolved similar cases in the past, because those precedents are binding on lower courts, said Roger Clegg, general counsel for the Center for Equal Opportunity, a Washington group critical of affirmative action. "You can tell by the case law."

But even that is not an infallible guide, he added. In one case Mr. Clegg worked on while at the Justice Department, he expected a conservative appellate panel that would have ruled his way and instead found himself facing a different panel of three judges appointed by President Carter. The government lost.

"These things happen," he said.

Lawyers who specialize in certain areas develop a feel for local courts. Meriem L. Hubbard, a principal attorney in the property-rights group of the Pacific Legal Foundation in Sacramento, said California state courts were generally viewed as less friendly to the claims of property owners affected by government action than federal courts were.

But reliance on generalizations is risky, she said. To pick a court in a specific case, she continued, "I would look at state court and federal court precedents and see how they ruled on the subject matter of my case."

Conventional wisdom has it that judges appointed by Democratic presidents lean to the left and judges appointed by Republican presidents lean right, and that judges' political views can sway cases. But any analysis can become complicated quickly, because a judge generally viewed as sympathetic to the government may exhibit a libertarian streak when it comes to certain subjects like eavesdropping without a warrant.

Though trial lawyers say they must think about where to file, the idea of "forum-shopping" to find the most favorable courthouse has a bad name — perhaps in part because it conjures up images of slick plaintiffs' lawyers filing absurd claims in obscure courthouses where juries will give them multimillion-dollar verdicts.

"There's a pejorative connotation," said Michael E. Rosman, general counsel at the Center for Individual Rights, a conservative organization in Washington specializing in civil rights cases. "The idea is, if you really had a strong case, you could sue anywhere."

Scholars differ over how exactly judges decide cases before them, Mr. Shaffer said. "There are those who believe it's just a matter of human bias and human instinct."

To talk about whether different courts decide cases differently is to begin a complicated discussion that can challenge notions of fundamental fairness, he continued. If the same facts, presented to different judges in different courts can lead to different outcomes, then can anyone maintain confidence that a particular outcome was just?

In the eavesdropping case, Mr. Jaffer said that deciding where to file was less important than knowing where the case will end up. "Ultimately," he said, "it will be the Supreme Court."

Ruling On Unconstitutional Surveillance (PHI)

The Philadelphia Inquirer, August 20, 2006

The ends justify the means.

Oh, and by the way, President Bush says the means are constitutional. And he's never wrong.

That sums up the rebuttals from the Bush administration to those who fear that the White House's antiterrorism tactics sometimes overreach the Constitution, and even morality.

Never has this rhetoric been in fuller flower than over the past few days. Thursday, a federal judge ruled bluntly that Bush's eager use of warrantless surveillance was both illegal and unconstitutional.

"Those who herald this decision simply do not understand the nature of the world in which we live," said the president. He was reacting to U.S. District Judge Anna Diggs Taylor's sweeping denunciation of how he evaded the courts and Congress in approving National Security Agency eavesdropping on Americans' international calls and e-mail.

Presidential spokesman Tony Snow, said, "The whole point is to detect and prevent terrorist attacks."

Sorry, gentlemen. It's you who don't get it. Most of the Americans upset at this reckless executive arrogance understand full well the seriousness of the terrorist threat.

The urgency to safeguard America is not what's at issue here.

Let's stipulate once and for all: It makes perfect sense to eavesdrop on people likely to hatch another 9/11 plot, or those who aid such efforts. It's just as warranted to snatch villains caught in the act, bring them to justice, or detain them under prisoner-of-war status until they're less likely to rejoin the fray.

Just take those steps to safeguard America in ways that honor the sacred rule of law (which we heard so much about during the Clinton impeachment) and the nation's values.

Here's the problem: On surveillance, as well as on detention and trial of terror suspects, the administration has wasted vast energy and credibility devising extra-legal strategies to achieve its ends.

Rather than bring hundreds of terror suspects before the federal courts or treat them as prisoners under the Geneva Conventions, the administration created the evils of Guantanamo. It crafted twisted rationales for brutal interrogation tactics that violate American ideals. It declared that U.S. citizens could be deprived of core legal rights.

End-running the secret federal court created to oversee foreign intelligence, Bush initiated the warrantless NSA spying purely on his say-so. The dubious justification - rejected by Taylor - was a novel theory about Bush's "inherent powers" and a supposed go-ahead by Congress when it authorized the Afghan campaign.

Over and over, the administration's far-fetched legal rationales are getting shot down by federal courts. Perhaps that's why the White House presses its claim - worthy of a banana republic - that the courts have no right to review its antiterror actions. In Taylor's stinging words, "There are no hereditary kings in America and no powers not created by the Constitution."

Her ruling will be appealed, but the judge has pointed the White House to the best way out of the mess it's made: Proceed constitutionally. Use the tools already in hand to spy on America's enemies legally. Or make the case to Congress for new tools. On the latter point, it's clear that a misguided NSA compromise negotiated by Sen. Arlen Specter (R., Pa.) won't pass muster.

In handling foreign detainees, the United States should accord them the treatment we would demand for American captives.

The nation can be safeguarded without forsaking its core values.

Editorial: Eavesdropping Within The Law (CHIT)

Chicago Tribune, August 20, 2006

After a federal judge ordered a halt to the National Security Agency's eavesdropping on calls and e-mails between the United States and foreign countries, the administration was quick to assert that that's not the final word. President Bush instructed the Justice Department to file an appeal. At any rate, the surveillance will continue at least until early September, when another hearing is scheduled.

But while the outcome is still up for grabs, this verdict affirms the likelihood that the administration won't be able to extend this program indefinitely without some agreement with Congress to submit it to periodic court review. It suggests that the administration had better reach agreement with Congress on an approach that would be more likely to satisfy the judiciary.

U.S. District Judge Anna Diggs Taylor got carried away with this ruling, finding that the NSA program violated not only federal law but the Constitution. She rejected the argument that the president's inherent authority as commander in chief encompassed the power to take this kind of action. She rebuked the president for allegedly ignoring his constitutionally imposed constraints, announcing that "there are no hereditary kings in America." She could have spared us the campaign rhetoric.

Higher courts are not likely to emulate that declamatory style, and they probably won't agree on the constitutional issues, either. The 4th Amendment requires searches to be reasonable, and reasonableness depends a lot on the nature of the danger. The prospect of mass slaughter by foreign terrorists justifies some methods that would be forbidden for the investigation of a small-time burglary ring. What rules are appropriate for surveillance of foreign-based enemies communicating with confederates on U.S. soil has not been spelled out by the Supreme Court.

The decision was on firmer ground in ruling that this sort of surveillance must be governed by the Foreign Intelligence Surveillance Act, enacted in 1978 to regulate domestic wiretapping aimed at gathering foreign intelligence. That would require

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the NSA to obtain warrants. It followed the lead of the Supreme Court in ruling that when Congress voted to approve military action against Al Qaeda, it didn't implicitly grant broad new powers to the president.

Here is where the administration committed its gravest mistake--not in thinking that broader surveillance was needed after Sept. 11, 2001, but in failing to ask Congress to explicitly authorize a different approach from the one specified by FISA. Had it done so, the courts would only be considering the constitutionality of such eavesdropping. And when it comes to matters of national security in wartime, the courts have generally been deferential to the executive branch.

This decision ought to be a spur to the president and attorney general to reach agreement with Congress on the new tools that are needed to fight terrorism and get them incorporated into law. Sen. Arlen Specter (R-Pa.), chairman of the Senate Judiciary Committee, has proposed a sensible measure to sanction this approach while subjecting it to periodic review by the FISA court. Passing such a bill would not mean an end to litigation, but it would give the administration a much better chance of preserving a program the nation needs.

Editorial: War Doesn't Trump Constitution (CINE)

The Cincinnati Enquirer, August 20, 2006

Federal Judge Anna Diggs Taylor in Detroit dealt a well-aimed blow to President Bush's claims of extraordinary wartime powers by issuing a permanent injunction Thursday against the administration's warrantless wiretapping.

Since shortly after the 9/11 al-Qaida terrorist attacks, a special National Security Agency program has been intercepting international phone calls and e-mails - without prior search warrants. The administration says it's only when one of the parties is located outside the United States and suspected of some link with al-Qaida.

Several civil liberties organizations, activist groups, lawyers and journalists sued to stop the intercepts as a violation of the 1978 Foreign Intelligence Surveillance Act and the Fourth Amendment guarantee against "unreasonable" warrantless searches.

GOVERNMENT'S ARGUMENTS

The government argued their suit should be thrown out on grounds the program is shielded by the state secrets evidentiary privilege. Administration officials also claimed not only that the president possessed inherent constitutional powers to use such national security methods, but that after 9-11, Congress gave the president special powers in its Authorization for Use of Military Force. That authorization says nothing about intelligence gathering or surveillance, but Bush officials argue those powers are implied.

Taylor issued a balanced ruling. She allowed the government's secret data-mining operations, which do not involve listening to the content of calls, to continue. But she ruled against warrantless wiretapping on grounds the government had already publicly admitted to the practices challenged by the lawsuit, and that the president exceeded his constitutional powers. The Justice Department immediately appealed, and the case will go next to the Sixth Circuit Court of Appeals here in Cincinnati.

After the recent arrests of suspects in London for an alleged plot against 10 airliners, we may be more sensitive than ever to the need for U.S. security officials to use every means available to detect threats. But this warrantless wiretapping case isn't about "disarming" the government. It is about preserving - even in times of open-ended war - our constitutional form of government that makes this country worth fighting for.

Congress almost three decades ago made it easier for the government to obtain search warrants in electronic surveillance cases. The 1978 Foreign Intelligence Surveillance Act created a "secret" court to pass judgment on warrant requests. High-speed Internet communications today require government security agencies also to move swiftly, but the government has not presented evidence of insurmountable delays with FISA. And as Taylor's ruling points out, Bush officials have not gone to Congress to "upgrade" FISA. Instead they ignore it, bypass the court and are wiretapping without warrants. FISA allows for emergencies, including delayed warrant requests after surveillance has already started.

Does the end of catching terrorists justify the unconstitutional means of intercepting communications without search warrants? We agree with Taylor that it does not.

KENTUCKY CASE

The Kentucky Supreme Court has taken up a warrantless search case of its own, in which a Kentucky State Police detective lied to gain consent to search a Paducah residence for narcotics. The courts have allowed law officers to use trickery

and deception in some cases. The detective knew he didn't have probable cause to obtain a search warrant, so he lied to gain the occupant's "consent" to a search, and did find drugs.

Does that worthy end justify skipping judicial scrutiny for probable cause? The strength and survival of our form of government depend on constitutional checks and balances between the three branches of government. Even if FISA's secret court could be a rubber stamp, it's more than a formality. It's an affirmation that even presidents are not immune from judicial scrutiny and federal law.

Editorial: Judge's Ruling On The Mark (LVS)

Las Vegas Sun, August 20, 2006

A federal judge in Detroit rules against the Bush administration's warrantless spying

After The New York Times last December disclosed that the Bush administration was listening in on Americans' international telephone calls without a court order as required by federal law, we wrote that the president overstepped his authority in authorizing the surveillance shortly after 9/11.

Now a U.S. District Court judge in Detroit, ruling on a lawsuit filed by the American Civil Liberties Union and other groups, has reached the same conclusion.

"It was never the intent of the framers (of the U.S. Constitution) to give the president such unfettered control," Judge Anna Diggs Taylor wrote in her 43-page opinion, which was released Thursday. "There are no hereditary kings in America and no powers not created by the Constitution."

Her ruling does not take effect immediately. U.S. Attorney General Alberto Gonzales plans an appeal, and his staff has asked the court to block Taylor's order to stop warrantless wiretapping until after the appeal has been decided. Gonzales said that while the court is considering that request, "We will continue to utilize the program to ensure that America is safer."

What has never been satisfactorily explained by Bush or his staff is why they are so adamant about bypassing the Foreign Intelligence Surveillance Court. This is a special court established after the 1978 Foreign Intelligence Surveillance Act, known as FISA, was passed to prevent abuses of presidential power.

The court, whose proceedings are carried out in secret, over the years has granted almost every request to come before it. The court even allows federal surveillance to begin without warrants as long as they are applied for later. But Bush claims that, as a war president, as commander in chief, he has full authority to ignore FISA and the court it spawned.

Many legal scholars, including law professors from some of the nation's finest universities, reject Bush's contention. And on Thursday another expert voiced his opinion. Lee Hamilton, a former Indiana congressman who served as vice chairman of the 9/11 Commission, said in reaction to Judge Taylor's ruling, "You do not put unchecked power anywhere in the administration."

We agree, and we hope the U.S. Supreme Court will agree as well, if the appeal goes that far.

Op-Ed: NSA Ruling Much Like A Pig In Parlor (CHIT)

By Jonathan Turley, Jonathan Turley, A Law Professor At George Washington University, Has Testified Against The Nsa Oper

Chicago Tribune, August 20, 2006

Since its disclosure last year, President Bush's warrantless domestic surveillance program has been denounced as unlawful by the vast majority of legal experts, Republican and Democratic members of Congress and even conservative commentators.

Last week, a federal judge joined this growing chorus with a stinging opinion that found Bush had violated the Constitution and federal statutes in ordering the National Security Agency surveillance program. In striking down the controversial monitoring program, Judge Anna Diggs Taylor chastised the government for a flagrant abuse of the Constitution and, in a direct message to the president, observed that there "are no hereditary kings in America."

While Atty. Gen. Alberto Gonzales insists that the legal authority for the program is clear and filed a notice of appeal with the 6th U.S. Circuit Court of Appeals, few experts outside of the Bush administration support the program. To the contrary, federal law seems perfectly clear in prohibiting warrantless surveillance. Even leading Republicans, like Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), have denounced the surveillance program.

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The far more difficult question is the implication of Taylor's ruling. If this court is upheld or other courts follow suit, it will leave us with a most unpleasant issue that Democrats and Republicans alike have sought to avoid. Here it is: If this program is unlawful, federal law expressly makes the ordering of surveillance under the program a federal felony. That would mean that the president could be guilty of no fewer than 30 felonies in office. Moreover, it is not only illegal for a president to order such surveillance, it is illegal for other government officials to carry out such an order.

For people working in government, this opinion may lead to some collar tugging. If Taylor's decision is upheld or other courts reject the program, will the president promise to pardon those he ordered to carry out unlawful surveillance?

The question of the president's possible criminal acts has long been the pig in the parlor that polite people in Congress refused to acknowledge. For the last six years, the Republican-controlled Congress has refused to conduct any serious oversight of the administration and has specifically refused to investigate the NSA operation. Certainly, nobody wants to mention the "I" word, particularly not the Democrats who believe that the threat of impeachment could scare away independent voters in the November elections.

Court decisions, however, may make it increasingly difficult for members to ignore a squealing constitutional violation in their midst.

Republicans are now struggling to find a way to protect the president from public accountability. In a widely criticized compromise with Vice President Dick Cheney, Specter wants to retroactively give the president the authority that he claimed and to remove more than 40 cases challenging the NSA program (and other similar programs) to the secret Foreign Intelligence Surveillance Act court. The bill does not actually require the president to submit the program for review. However, he is allowed to do so. Once there, the public and opposing counsel would be barred. Any ruling would be sealed and, if the government wins, no appeal would be allowed.

The secret court is a bit of a misnomer. This is a court that has little authority to actually turn down an application for surveillance, which is why the court has refused only one or two such applications (out of tens of thousands) in its entire existence. To send a major constitutional case to FISA would be like sending Brown vs. Board of Education to a traffic court.

The effort to avoid any further judicial review is likely to increase in the wake of this decision. Though publicly professing absolute confidence in their legal authority, the Bush administration has struggled in dozens of courts to avoid any actual ruling on that authority by seeking to dismiss such cases before review can occur.

When one looks at this train track, it is easy to understand why the administration is not eager to have to present its legal case in court.

It is not alone. This may be the first public commission of federal crimes by a president that is uniformly ignored by members of both parties. It is simply an inconvenient time and a most inconvenient crime. If only we could stop these pesky inconvenient opinions.

Editorial: Gonzales Should Forget Appeal, Improve Program (DECD)

Decatur (AL) Daily, August 20, 2006

Now that a federal judge has ruled the Bush administration's warrantless surveillance program unconstitutional, U.S. Attorney General Alberto Gonzales should focus on how to make the program legal.

Instead of appealing U.S. District Judge Anna Diggs Taylor's ruling, Mr. Gonzales should work with Congress and the Foreign Intelligence Surveillance Act Court to devise a plan that will allow intelligence officers to listen in on terrorists' conversations without trampling on the rights of law-abiding Americans.

The bottom line is that there is already a mechanism in place — the FISA Court — that allows the National Security Agency to legally monitor suspected terrorists overseas.

If Mr. Gonzales is really interested in protecting Americans and his true agenda isn't expanding presidential powers, he will advise his boss to utilize the FISA Court.

The Post-8/10 World (NYT)

By Christopher Caldwell

The New York Times, August 20, 2006

Just hours before the police arrested 24 British-born Muslims suspected of plotting to blow up as many as 10 airliners over the Atlantic, the British home secretary, John Reid, gave a comprehensive description of how Tony Blair's government saw the war on terror. Reid, who probably knew the raids were coming, called international terrorism the gravest threat to Britain since World War II and attacked civil libertarians as people who "just don't get it." He highlighted a speech that Blair had made little more than a week earlier. Global terrorism, Blair said then, "means traditional civil liberty arguments are not so much wrong as just made for another age."

If you wanted to figure out how the airline plot will change the West, Blair's words would be a good place to start. Fiery speeches have abounded in the five years since Sept. 11 2001, but this is a radical departure. Blair was not trying to buck us up and steel our resolve by saying that we're at war and that we'll have to pitch in and sacrifice our liberties for a while. He was saying that war has shown many of our liberties to be illusory. The "civil liberties" we know do not bubble up from natural law or from something timeless and universal in the human character. They may be significant accomplishments, but they are temporal ones, bound to certain stages of technology or to certain styles of social organization. Maybe there was something like an Age of Civil Liberties, Blair was telling us, but it is over.

This view is not outlandish on its face. The French social scientist Raymond Aron wrote often of war's "revelatory power." You can see that power in the way peacetime arrangements that we assume to have a rational basis turn out not to. In that sense, at least, the war on terror is definitely a war. Consider those airport scanning machines, which would never have detected the explosives the British plotters devised. The plan was to bring liquids onto the plane in energy-drink bottles, combine them into an explosive and detonate them with something like a disposable camera or an iPod. The components were benign separately but lethal in combination.

Where did we get the idea that if something didn't appear on an X-ray, it couldn't blow up? Those dastardly, snickering villains in old novels and cartoons — the ones who nefariously tied women to railroad tracks — carried bottles of nitroglycerin around the way we carry hand sanitizer. And what made us think that if something could play music or take photos, it couldn't do anything else? We've had camera-phones for half a decade and clock radios for eight. What idiots we were. In order to detect many classes of explosives, we still need to rely, as one weapons analyst from Jane's told reporters, on "dogs and people taking their clothes off."

Is Blair calling civil liberties a similar delusion? Do civil liberties cling to our belief system only by custom, in the way that saying "God bless you" when other people sneeze clings to our manners, even though none of us now believes that the sneezer has just blown his soul out through his nose? Well, it depends on what you mean by civil liberties. Blair argues, as did American conservatives in the wake of the Warren Court, that certain legal protections, particularly for accused criminals, are overly punctilious, and damaging to law enforcement. Like George W. Bush, he has wanted to make it easier to extradite terrorism suspects and to intercept suspicious communications. He has gotten Parliament to extend the length of time that suspects can be held without charge. And he has promised to legislate against European human rights law if it interferes with the war on terror. Blair's opponents equate today's civil liberties protections with core British values. He is saying they are no such thing — they are temporary adjustments that were useful under certain specific circumstances in part of Europe between World War II and the late 20th century.

Even before Sept. 11, social critics noted that our culture has tended to mistake relatively ephemeral 20th-century phenomena for eternal truths. In 2001, the art historian T.J. Clark marked how the fortunes of (artistic) modernism rose and fell with those of (political) socialism. Modernism, after all, was presented to every educated Westerner born after 1930 as a new canon that would permanently overshadow the old one. But one could infer from Clark's reading that, after the fall of the Berlin Wall, much of 20th-century art and culture would be revealed as a timebound fad, albeit a big and influential one. As indeed it was. In his book "The Great Disruption," published two years before 9/11, Francis Fukuyama departed from the usual view that the postwar rise in crime, family breakdown and other forms of social disarray was due to either (in the conservative view) the latest sleazy new movie or (in the liberal one) stingy welfare cuts. Larger causes were at work, Fukuyama argued, including the transition from an industrial society to an information one. And yet political leaders are almost bound to take the short-term view rather than the long view.

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Some of Britain's Muslim leaders may also be susceptible to this mistake. Muslims have, after all, been present in Europe en masse for only a very few decades. Many community leaders have rightly understood that contemporary Britain's commitment to multiculturalism and tolerance hardly amounts to a license of lawlessness. But not all. The sharp-tongued chairman of the Birmingham Central Mosque, Mohammad Naseem, greeted the worries about the potential mass murder of flying civilians with a cavalierness almost unbelievable under the circumstances. "With the track record of the police," Naseem told The Guardian, "one doesn't have much faith in the basis on which people are detained. And it poses the question whether the arrests are part of a political objective, by using Muslims as a target, using the perception of terrorism to usurp all our civil liberties and get more and more control while moving towards a totalitarian state." Until five years ago, this kind of talk might have won him a few allies, as well as enemies. Now it is hard even to understand. If Naseem thinks that the rights of defendants are a cause around which 21st-century Britons will rally, he is making a minor misjudgment. If he thinks that the Britain he is addressing is the same Britain that existed from the 1940's until a few years ago, eager to build bridges between communities and classes, no matter the cost, he is making a major one.

HOMELAND RESPONSE:

DHS Terror Research Agency Struggling (WP)

By Spencer S. Hsu, Washington Post Staff Writer

The Washington Post, August 20, 2006

Science and Technology Unit Crippled by Turnover, Budget Cuts, Priority Shifts

The federal research agency in charge of countering emerging terrorist threats such as liquid explosives is so hobbled by poor leadership, weak financial management and inadequate technology that Congress is on the verge of cutting its budget in half.

The Homeland Security Department's Science and Technology Directorate has struggled with turnover, reorganizations and raids on its budget since it was established in 2003, according to independent scientists, department officials and senior members of Congress.

At the same time, the Bush administration's overriding focus on nuclear and biological threats has delayed research on weapons aimed at aviation, a controversial choice that was questioned anew after a plot to blow up U.S.-bound airliners from London was made public Aug. 10.

Few experts believe that accelerated research alone would have been certain to stop a bomb plot involving liquid or gel explosives. Screening for such weapons poses both operational and technological challenges, experts said. But more research on approaches to countering emerging threats from conventional explosives improves the odds of detecting each attack, experts agree, and the years lost when work on new technology is not occurring cannot be recaptured, they said.

"There was a period that actually very little was getting done . . . even though this was something that everyone thought would be heavily funded," said Fred Roder, manager of the explosives countermeasures portfolio at Homeland Security from 2003 to 2006. Lost in the scramble was research to secure aviation cargo and to prevent car and truck bombs, he said.

Disputes over money delayed by two years the testing of walk-through "puffer" machines designed to detect explosive residue at checkpoints, said Tony Fainberg, a private consultant who oversaw explosives and radiation detection at DHS in 2003. Ninety of the devices were finally installed at U.S. airports over the past year.

DHS also delayed consideration of a proposal to deploy breadbox-size chemical trace explosive detectors at overseas airports, Fainberg said, even though about 8,000 are now in the United States.

Despite spending billions of dollars to defend against everything from dirty bombs to anthrax, the administration has not delivered a coherent long-term strategy to underpin its rhetoric, said Albert H. Teich, director of science and policy programs at the American Association for the Advancement of Science (AAAS).

Budgets have fluctuated, and personnel has turned over at a rapid rate, according to many who have worked with the department. Nearly all Homeland Security Department research activities will be cut for the first time next year, Teich said.

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"The fundamental question that has not been answered adequately is: Where does science and technology fit into this country's homeland security strategy?" said Michael A. Levi, a fellow at the Council on Foreign Relations.

The Science and Technology Directorate was formed after the Sept. 11, 2001, attacks to set national priorities and end the fragmentation across the government of research into weapons of mass destruction. Its mission includes deploying state-of-the-art detection systems and developing new kinds of response gear, as well as assessing emerging threats.

But with DHS's well-documented start-up problems, the S&T Directorate has been thinly staffed and deprived of money. Its reorganization was put on the back burner by Secretary Michael Chertoff, who took over in March 2005. Meanwhile, its management problems sapped the confidence of administration officials and congressional funders, analysts said.

The resulting turmoil has swept up its leaders. Navy Rear Adm. Jay M. Cohen, its fourth permanent or acting head since 2003, came onto the job this month, after the London plot became public.

In February, the Bush administration announced it would carve $315 million from the agency's $1.3 billion budget to create a new radiological and nuclear detection program. The agency's previous director, Charles E. McQueary, decided he had accomplished all he could and resigned.

"The appearance of disarray" in the rest of the directorate has led to "a lack of confidence" by Congress to really invest in homeland R&D, said Jonah J. Czerwinski, director of homeland security projects at the Center for the Study of the Presidency, a think tank in Washington.

Cohen was not available for comment last week, but aides said one of his first actions was to create a rapid-response task force to deal with liquid explosives.

"I don't know that we've lost any ground at all. I think we're where we need to be," said Susan Hallowell, director of the Transportation Security Laboratory, which conducts research on countering threats. "Hard decisions need to be made if we're going to use . . . devices for additional screening and slow [airport] queue lines."

In a 2007 spending bill awaiting a vote after the August congressional recess, the Republican-led House would cut spending by the Science and Technology Directorate from $1.3 billion to $668 million. Congress noted about $250 million in unspent agency funds.

Republican and Democratic senators are offering the agency $712 million, but in a budget report cited the agency's lack of goals, mystifying accounting and unspent money, and called it a "rudderless ship."

The rebuke by Congress came after the Bush administration spent three years consolidating nearly all DHS research in the Science and Technology Directorate. But frustrated lawmakers are now only too eager to help the White House dismember the agency, agreeing with the need to spin off radiation detection work.

The Senate would go further, returning explosives countermeasures research to the Transportation Security Administration after a five-year odyssey that saw the Transportation Security Laboratory moved from the Federal Aviation Administration to the TSA to the Science and Technology Directorate.

The laboratory's leading-edge work to protect commercial airliners and other transportation from bombers has been diluted by DHS's reorganization and focus on weapons of mass destruction, analysts said.

"DHS has focused largely on weapons of mass destruction detection and countermeasures. As far as I know, they haven't devoted much attention to airport screening technologies that might detect the kind of explosives that the alleged terrorists in the U.K. were planning to use -- a weakness that was very nearly exploited," Teich said.

According to the AAAS, department spending on nuclear and radiological countermeasures research has grown from $75 million in 2003 to $209 million this year, with more than $234 million proposed next year. Biological countermeasures received about $370 million in those two years, with about $330 million proposed next year.

But money for explosives work has ridden a roller coaster, falling from $110 million to $44 million, with $82 million proposed next year. Despite the post-Sept. 11 emphasis on research and detection, the department has failed for two years to tell the Senate what it is doing with the money.

Almost half of the $4 billion the government spends on research related to homeland security goes to the Department of Health and Human Services, Teich said, to combat bioterrorism, "not because it's the most serious or immediate threat but

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because" the government's life sciences infrastructure is so strong. More than half of Science and Technology's pending budget of about $700 million would go toward biological and chemical weapons detection.

In 2003, DHS shifted $61 million of its $110 million explosives countermeasures budget to meet operational needs, such as paying passenger screening personnel. That delayed the development of a device to detect liquid explosives.

This year, DHS tried but failed to take $6 million from explosives research to help fill a $42 million budget gap for the Federal Protective Service, which guards government buildings.

Explosives researchers are demoralized, and vendors are confused by the lack of emphasis on conventional methods of attack, Fainberg said. The transportation security lab "urgently needs some stability organizationally and financially to operate," he said.

With the reemergence of Sept. 11-type threats such as the foiled plot to blow up U.S.-bound airliners, experts said this is not the time for less research.

"The likelihood of a low-technology threat, like you've seen with these transatlantic flights, has been assessed by many people to be very likely, as compared with the WMD threats, like a smuggled nuclear weapon into a port," said Czerwinski, whose organization has led the push for nuclear detection research but who now worries that high-explosives work has fallen in priority.

Hokum On Homeland Security (NYT)

The New York Times, August 20, 2006

Ever since British intelligence did such a masterly job in rounding up terrorists intent on blowing up airliners, the Bush administration has relentlessly tried to divert attention from the disintegration in Iraq and focus instead on its supposed prowess in protecting our country against terrorist attacks. That ploy ought not to wash. While the administration has been pouring its energies and money into Iraq, it has fallen far behind on steps needed to protect the homeland.

You would not know that from listening to the president or other top officials in recent days. In a tour of the National Counterterrorism Center in Virginia last week, President Bush declared that “America is safer than it has been” and assured Americans that “we’re doing everything in our power to protect you.”

If only that were so. The sad truth is that while some important steps have been taken to harden our defenses against terrorist attacks, gaping holes remain in our security net.

For starters, consider aviation, where billions have been spent to improve airline and airport security, with only middling results. The likelihood that terrorists will be able to hijack passenger jets as they did on 9/11 has been greatly reduced by hardening cockpit doors, arming pilots on some routes and placing many more air marshals on flights. The screening of all passengers, their carry-on bags and their checked luggage has also made it much harder to smuggle standard bombs or metallic weapons aboard.

But there is still no system to detect liquid explosives, a shocking deficiency more than a decade after terrorists were caught preparing to use such explosives to bring down a dozen airliners over the Pacific Ocean. The installation of “puffer” machines to detect trace explosives is lagging, and a program to integrate explosive-detection machines into the automated baggage conveyor systems at airports will not be finished, at the current pace of spending, for another 18 years.

Very little of the commercial air cargo that is carried aboard planes is screened or inspected, mostly because neither the shippers nor the airlines want to disrupt this lucrative flow of business. There is still no unified watch list to alert airlines to potentially dangerous passengers, and a prescreening program that would match airline passengers against terrorist watch lists remains stuck in development. All this in the industry that has received the most lavish attention since 9/11.

Even worse gaps remain in other areas. Port security relies primarily on certifying that cargo shipments are safe before they are loaded on freighters headed for this country. Only a small percentage of containers are screened once they hit our shores, raising the fearsome possibility that a nuclear or biological weapon might be smuggled in and detonated here.

Programs to keep dangerous nuclear materials in the former Soviet Union out of the hands of terrorists through greater security are moving so slowly that it will take another 14 years to complete the job. This is reckless beyond belief when nuclear terrorism is the most frightening prospect of all.

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On the industrial front, the nation's chemical plants, perhaps the most lethal and vulnerable of all our manufacturing complexes, remain dangerously underdefended, mostly because the government has been unwilling to compel private industry to take action. A new tamper-proof identification card for workers in the far-flung transportation industry has yet to be issued.

The leaders of the 9/11 commission issued a final report last December analyzing how well the administration and Congress had done in carrying out the commission's 41 recommendations. They awarded only one A minus (for disrupting terrorist financing), a batch of B's and C's, and a dozen D's in such critical areas as reforming intelligence oversight, assessing infrastructure vulnerabilities and sharing information among government agencies. A failure to share intelligence allowed the 9/11 terrorists to succeed despite advance hints of their presence and intentions.

The commission awarded five failing grades, the most serious of them for Washington's failure to allocate homeland security funds based on risk. Even after moderate tinkering with the formulas this year, greedy legislators from states that face little danger continue to siphon off funds that would be better used to protect New York, Washington and other large cities likely to hold the greatest attraction for terrorists.

Almost everyone agrees that the administration has taken some important steps toward greater security, but as the leaders of the 9/11 commission recently commented, it has not made the issue a top priority. The long, costly, chaotic occupation of Iraq, though touted as a front line of the war on terror, has actually sapped energy, resources and top-level attention that would be better applied to the real threat, a terrorist attack on the homeland.

No Charges To Be Filed Against Detained Passenger (SAEN)

By Vianna Davila, Express-News Staff Writer

San Antonio Express-News, August 20, 2006

Authorities do not plan to file charges against a man they detained on suspicion he tampered with ceiling panels in an airplane bathroom, officials said on Sunday.

The San Antonio man was a passenger on a Delta flight from Atlanta Saturday night, said FBI Spokesman Erik Vasys.

The plane was nearing San Antonio around 5 p.m. when a flight attendant noticed a passenger had been in the bathroom for "an extended period of time," according to Vasys.

When the passenger left, flight attendants checked the lavatory. It appeared as if someone had tampered with the smoke detector, Vasys said.

Airport police detained the man as passengers left the plane. FBI officials later searched the man's home, with his permission, Vasys said.

Nothing was found out of the ordinary, and authorities still weren't sure what happened in the bathroom. Vasys said officials didn't even have enough evidence "to make it a vandalism or damage charge" against the detained passenger, the spokesman said. The man was "cooperative" throughout the evening.

The plane was scheduled to make one last night, which airline officials canceled in lieu of Saturday's investigation; passengers were put up at a local hotel, according to Vasys.

FBI: Passenger Detained After Flight Not Suspicious After All (SDUT/AP)

Associated Press

The San Diego Union-Tribune, August 20, 2006

SAN ANTONIO – A passenger who was detained after flight attendants said he tampered with a bathroom smoke detector was determined to be "not suspicious at all," the FBI said Sunday.

The passenger, a San Antonio man whose identity wasn't released, was questioned Saturday after flight attendants reported suspicious activity. Explosives experts swept the Delta Air Lines plane after it arrived from Atlanta but found nothing.

"He was cooperative during the interview," FBI spokesman Erik Vasys said Sunday. "He allowed a search of his house, a search of his person, a search of his belongings. Nothing of a suspicious nature was found."

Flight attendants reported he had been "disruptive" in the bathroom and had spent an extended amount of time there, the Transportation Security Administration said. In addition to the smoke detector being tampered with, authorities said ceiling tiles were moved.

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Vasys said it appeared someone tried to disconnect the detector, but it was still working and wasn't damaged.

"It wound up being the flight attendant's word against a passenger's, and this guy turned out to be not suspicious at all," he said.

Thirty-six passengers were on board and flight attendants didn't grow suspicious of the passenger until late into the flight, San Antonio International Airport spokesman David Hebert said.

Gov't Fulfills Few Katrina Promises (AP-Y)

By Matt Crenson, Ap National Writer

AP, August 20, 2006

Nearly half of New Orleans was still under water when President Bush stood in the Crescent City's historic Jackson Square and swore he would "do what it takes" to rebuild the communities and lives that had been laid to waste two weeks before by Hurricane Katrina.

"Our goal is to get the work done quickly," the president said.

He promised to spend federal money wisely and accountably. And he vowed to address the poverty exposed by the government's inadequate Katrina response "with bold action."

A year after the storm, the federal government has proven slow and unreliable in keeping the president's promises.

"This is not something that is going to be able to be accomplished in 365 days," White House spokeswoman Dana Perino said. "The president has set the federal government on the course to fulfill its obligations."

The job of clearing debris left by the storm remains unfinished, and has been plagued by accusations of fraud and price gouging. Tens of thousands of families still live in trailers or mobile homes, with no indication of when or how they will be able to obtain permanent housing. Important decisions about rebuilding and improving flood defenses have been delayed. And little if anything has been done to ensure the welfare of the poor in a rebuilt New Orleans.

How has the government performed in the most critical areas of the recovery and reconstruction effort?

EMERGENCY ASSISTANCE: A June report by the Government Accountability Office concluded that FEMA wasted between $600 million and $1.4 billion on "improper and potentially fraudulent individual assistance payments."

Government auditors found that debit cards distributed to Katrina victims were used to pay for things like Dom Perignon champagne, New Orleans Saints season tickets and adult-oriented entertainment. The audit also found that people used fictional addresses, fake Social Security numbers and the identities of dead people to fraudulently register for assistance. FEMA also double-deposited funds in the accounts of 5,000 out of the nearly 11,000 debit card holders.

CLEANUP: The job still isn't done. More than 100 million cubic yards of debris have been cleared from the region affected by Katrina. So far the government has spent $3.6 billion, a figure that might have been considerably smaller had the contracts for debris removal been subject to competitive bidding.

Working through the U.S. Army Corps of Engineers, FEMA gave each of four companies contracts worth up to $500 million to clear hurricane debris. This spring government inspectors reported that the companies — AshBritt Inc. of Pompano Beach, Fla., Phillips and Jordan Inc. of Knoxville, Tenn., Ceres Environmental Services Inc. of Brooklyn Park, Minn. and ECC Operating Services Inc. of Burlingame, Calif. — charged the government as much as four to six times what they paid their subcontractors who actually did the work.

HOUSING: In his Jackson Square speech, Bush said his goal was to "get people out of shelters by the middle of October."

By and large that goal was met, with all but a few thousand of 270,000 Katrina evacuees out of shelters by mid-October.

But that didn't solve the monumental housing problem created by Katrina. Most of the people who had been in shelters went to hotel rooms, with FEMA picking up the bill. About 50,000 families who had evacuated to other cities were promised a year of rent assistance, though in April FEMA began cutting off some who the agency said did not qualify for the program. More than 100,000 families moved into trailers or mobile homes parked either in the yards of their damaged houses or in makeshift compounds.

Meanwhile, FEMA flailed and flip-flopped on its contracting policies for trailers, mobile homes and other temporary shelter. The first big contracts were handed out non-competitively to four well-connected companies — Shaw Group, Bechtel Corp.,

CH2M Hill Inc. and Fluor Corp. Then in October FEMA director R. David Paulison promised to rebid the contracts after Congress complained that smaller companies, especially local and minority-owned firms, should have a chance to compete for the work.

A month after that, FEMA said the new contracts would not be awarded until February. That deadline came and went, and then in March a FEMA official announced that the contracts weren't going to be rebid after all.

A week later FEMA reversed itself again, giving up to $3.6 billion in business to small and minority-owned firms.

"I promised Congress I was going to bid them out, and that's what I'm doing," Paulison said.

REBUILDING: Despite Bush's Jackson Square promise to "undertake a close partnership with the states of Louisiana and Mississippi, the city of New Orleans and other Gulf Coast cities," state and local officials had a hard time reaching a deal for federal aid to help residents rebuild their ruined homes.

In January the administration rejected a $30 billion plan for Louisiana as too expensive. The White House also balked at subsidizing the reconstruction of homes in flood plains, a policy that would have excluded all but a small fraction of Louisiana homeowners whose houses were significantly damaged.

The state finally won funding in July for the $9 billion 'Road Home' program, which pays homeowners up to $150,000 either to repair their damaged property or rebuild elsewhere in the state. People who leave the state are eligible for a 60 percent buyout. The money, which is being distributed through escrow accounts to prevent fraud, is just becoming available a year after the hurricane.

LEVEES: The federal government hasn't broken any promises with regard to flood protection — mostly because it has assiduously avoided making any.

White House Katrina recovery czar Donald Powell has said that the administration intends to wait for the completion of a $20 million U.S. Army Corps of Engineers study, due in December 2007, before it decides whether to enhance the flood protection system in southern Louisiana enough to resist a Category 5 hurricane.

A preliminary draft of the study released in July was widely criticized because it omitted five projects that state officials say should be started right away. At the same time, it focused on a massive levee that would stretch hundreds of miles along the Louisiana coast while paying only lip service to the critical task of shoring up the state's vanishing wetlands, which provide a natural barrier to hurricane flooding.

"We're wasting our time and money and attention contemplating large-scale levees across the entire state," said Tim Searchinger, an attorney with the advocacy group Environmental Defense.

The federal government has committed about $6 billion since Katrina to repair and improve the Big Easy's existing levee system. The first goal was to bring the levee system back to "pre-Katrina" levels by the beginning of the 2006 hurricane season on June 1. That goal was largely achieved. The next step will be to make improvements that will bring the system up to what is variously called Category 3 or 100-year protection by 2010.

But planners and state and local officials say that the levees need to be brought up to Category 5 protection, a level that would cost up to $30 billion, if people are to have confidence moving back to areas destroyed by Hurricane Katrina.

POVERTY: Bush offered three proposals in Jackson Square to help combat poverty around the Gulf Coast region. Two of them never went anywhere — the creation of "worker recovery accounts" that would help evacuees find work by paying for school, job training or child care while they looked for employment, and an Urban Homesteading Act that would give poor people building sites for new homes that they would either finance themselves or obtain through programs such as Habitat for Humanity.

A third proposal, the creation of a Gulf Opportunity zone, did come to pass. Signed by President Bush in December, the legislation gives $8.7 billion in tax breaks to developers of low-income housing projects, small businesses and individuals affected not just by Katrina but by hurricanes Rita and Wilma as well. The law also provides debt restructuring for financially troubled local governments in the area.

Who's To Blame For State Of New Orleans? (AP-Y)

By Allen G. Breed, Ap National Writer

AP, August 20, 2006

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In many ways, New Orleans is a huge crime scene, with bodies and victims and fingerprints — many, many sets of fingerprints. But who did it? Who is responsible for this mess, for a barely functioning city with large swathes still uninhabited — or uninhabitable — a year after Hurricane Katrina?

An anonymous critic, posting his verdict at the edge of the French Quarter, blames the Army Corps of Engineers and its failure to build levees that could keep the floodwaters out: "Hold the Corps Accountable," demands the sign.

Others curse the Federal Emergency Management Agency — for its failure to rescue New Orleans as the waters rose, or in the months after. In ravaged Lakeview, a makeshift gallows bears a sign that reads: "Last Resort Shelter. Reserved for Looters/FEMA Reps/Adjusters."

But the roll of those accused of failing New Orleans is a long one: State and local officials who had no good plan for the disaster, and now preside over a languid recovery. A president who at first seemed remote from the cataclysm, and then made promises that have not been fully realized.

So many did not live up their responsibilities, says G. Paul Kemp, a Louisiana State University engineer and member of Team Louisiana, a group of forensic engineers examining how the flooding occurred. Every time anyone points that out, "people say, `Oh, we don't want to play the blame game. We've got to get things moving.'"

But things are moving agonizingly slow. Piles of debris and wrecked cars are everywhere, and astonishingly, searchers were still finding bodies in ruined homes just weeks ago.

Harried recovery officials say it's only been a year. How much can you expect?

But to Lakeview resident Pascal Warner — who walks through clouds of mosquitoes attracted by a neighbor's fetid, sludge-covered swimming pool still filled with stagnant Katrina floodwater — a year seems like a pretty long time.

"I wouldn't want to spend a year in jail," the retired stagehand says. "Would you?"

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Why did New Orleans go under?

You could blame the French, for locating the city in the middle of a swamp. You could blame generations of local and federal leaders whose decisions to channel and tame the Mississippi starved the delta of silt and caused the land to sink. You could fault the shipping interests who lobbied for the river outlet that gave Katrina's storm surge a clear path to the city's front door.

Or, like Warner and others, you could blame the Corps of Engineers and the levees they were charged with building and maintaining.

"It wasn't Mother Nature," says Warner, whose home was about a dozen blocks from a break in the 17th Street Canal levee. "If it wouldn't have been for the break in the levee, we could have come home the next day and cleaned up the yard ... and gone right on living."

Forensic engineers have since uncovered design and construction flaws that some say border on criminal negligence.

Investigators say many levee sections along the city's drainage canals were built of weak, unstable soils, which apparently were scoured away by the water pressing in from Lake Pontchartrain. Metal sheet pilings that anchor the cement floodwalls atop the earthen structures were driven much shallower into the ground than the Corps believed.

Dan Hitchings, who is overseeing the flood-control repairs as director of the Corps' Task Force Hope, says the question of liability for damage from the collapsed floodwalls is still open. But the Corps must accept responsibility "for sections of this project that failed before we had intended it to."

"It's not anything that anyone in the Corps of Engineers feels good about, believe me."

But the tide unleashed by the levees did not have to reach a city that was unprepared.

"Louisiana had been on notice of its vulnerability to catastrophic hurricanes for decades, but over the long term had never fully upgraded its emergency response systems to the level necessary to protect its citizens from those events," according to a report by the Senate Homeland Security and Governmental Affairs Committee.

FEMA, too, was "unprepared for a catastrophic event" on this scale, the committee said.

And the suffering that resulted is unforgettable.

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As President Bush slapped FEMA chief Michael Brown on the back — praising him for "a heck of a job" — people lay dying in the heat and filth outside the New Orleans convention center. The sick and elderly sweltered in crippled hospitals while ice- and water-laden tractor-trailers circled the country, awaiting orders of where to go.

Brown resigned in disgrace. But Kemp notes that, to a large extent, "We're still dealing with the same people who gave us Katrina."

"I guess probably in the old Stalinist regime, everybody would have been sacked and sent to Siberia," Kemp says. "But we don't do that."

And so thousands of people in and around the city are still awaiting delivery of government trailers, or for workers to install services at mobile homes already in place.

Karen Eugene applied to FEMA in March for an all-electric handicapped trailer after her doctor put her on 24-hour oxygen and told her she could no longer live in the propane-fueled travel trailer she'd been provided. The agency called her just this past week to say her new home was ready.

"I'm not saying I want to be first ... but I mean you work it to where this lady's medical condition is putting her in a different bracket than all these other people," says Eugene, 50, who has diabetes, arthritis, congestive heart failure and chronic obstructive pulmonary disease. "I was told by maybe five, six different people in two weeks, `You'll have your trailer.' I'll go back in two weeks, and that person I talked to no longer works with FEMA. ...

"I can't run around with FEMA no longer."

When FEMA isn't moving too slowly, it is criticized for moving too fast. The agency rushed to get $2,000 debit cards into the hands of evacuees in the storm's immediate aftermath, only to be accused in a government audit of giving as much as $1.4 billion to people who spent their disaster relief on champagne, sports tickets, pornography — even a sex-change operation.

Other government audits found that the government wasted millions of dollars in the contracts it issued in the days after the hurricane struck.

Wrangling among Mayor Ray Nagin and members of the City Council over which areas of the city should be given resources to rebuild has stalled the adoption of a unified redevelopment plan, leaving homeowners in many wrecked neighborhoods in limbo, unable to plan for the future.

When the Broadmoor Improvement Association recently released its 319-page neighborhood redevelopment plan, revitalization committee co-chairman Hal Roark said most of the work was "definitely happening in spite of the government. It's individuals taking their destiny into their own hands, and neighborhoods."

Standing in the space between his mold-infested Lower Ninth Ward duplex and the government trailer where he now lives, TV repairman Arnold Lewis speaks enviously of other neighborhoods that enjoy decent water pressure and city-sponsored wireless Internet service.

"There's something to be desired as far as the pace of recovery down here," Lewis, 46, says as water leaks out onto the ground from a nearby line break. "There's no phone service here. There's no cable service down here, and there's no gas."

Patricia Jones says it's no wonder the companies that provide services have been unwilling to reinvest in the Lower Ninth.

With about half the neighborhood still under a "look and leave" policy, residents have been unable to return and do basic salvage work on their houses, says Jones, who represents the Lower Ninth in the Neighborhood Empowerment Network Association. It seems to her that the neighborhood has been just about written off.

"It's kind of looked at as yesteryear's space," she says. "People just happen to live over there. That's not the main part of the city, so we're not really worried about it."

But services are little better in other, less-destitute sections of the city.

The city is losing about 70 million gallons of water a day to leaks, almost as much water as is making it to homes. Water pressure is so bad in parts of the city that officials have helicopters on standby to haul lake water to douse fires.

Before Katrina, garbage was collected twice a week. Now, the trucks come weekly, if that.

The pungent smell of moldy, rotting garbage wafts through the front door of the house Robert Devine is rehabilitating for his brother-in-law in the largely middle class, mixed-race neighborhood of Gentilly. He says the pile across the street — 4 feet high and 12 feet long — had been there for about a month.

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"Sometimes they'll pick it up, sometimes they won't," says Devine, adjusting a cap bearing the slogan "Git R Done." "But they want you to pay for it at the end of the month."

The mayor says his city has had all it could to stave off bankruptcy. At a recent neighborhood meeting in Broadmoor, he made several sarcastic jabs at Washington for not providing more help.

"The only thing we've got as a city to continue to operate is a $150 million loan from the federal government," said Nagin. "They normally give other cities grants, but we got a loan. We're special."

Reed Kroloff, who resigned in disgust as head of the urban planning committee for the city's Bring New Orleans Back initiative, says inefficiency, political jockeying and downright incompetence on many fronts have delayed the recovery process by a year or more.

"This has been a process where everyone, almost every agency involved has to accept part of the blame," says Kroloff, dean of Tulane University's architecture school. "There's been a failure in leadership at all levels here."

The people in charge say whatever happened, happened. They say they're moving forward.

FEMA has provided housing assistance to more than 900,000 people across the region, more than 300 times its normal yearly workload. The agency has overseen the removal of 45 million cubic yards of debris from the state — enough to fill 10 Superdomes, or enough trucks to stretch end to end across the country four times.

Judy Martinez, who oversees debris removal and other public assistance projects in Louisiana for FEMA, says those numbers are "nothing to sneeze at."

"I think that we're moving full steam ahead," she says. "We're working six days a week, 10, 12 hours a day ... and we have been doing this since day one."

Gil Jamieson, FEMA's deputy director of Gulf Coast recovery, says he's attended town and neighborhood meetings where the agency gets blamed for leaking water pipes or stinking sewer lines — things for which it cannot possibly be responsible. If one of FEMA's new roles is as a target at which people can vent their frustrations, he says, so be it.

"FEMA did get off to a slow start down here, so it's not surprising that there's some fundamental mistrust," he says. "I'm not on a crusade to tell them that we're not responsible for it. Our actions will show our commitment to this problem."

There are other signs of progress. At the Superdome, symbol of some of the deepest suffering in the days after Katrina, workers recently finished restoring the stadium's gleaming-white 9.7-acre roof. And at the restored convention center, which had become festering cattle car of despair, the only smell of urine is in the bathrooms.

But the people of New Orleans have seen far too much bungling to be entirely hopeful.

While he has been working to restore his 1920s-era home in Broadmoor, out-of-work mechanical engineer Matt McBride has been keeping a wary eye on the flood gates the Corps has been installing on the outfall canals.

The canals were built to drain rainwater out of the city and into Lake Pontchartrain. But while the gates should keep storm surge out, the Corps has not installed enough pumps to empty the city in a major rainfall. At the 17th Street Canal gate, there is currently only 10 percent of pre-storm pumping capacity.

The Corps acknowledges that there is decreased pumping capacity and says it is working as fast as it can to improve it.

But based on his own examinations of the Corps' paperwork, and visits to the stations, McBride considers 60 percent of the city's pumping capacity unreliable. He says delays in finishing paperwork, failure to bid out work that was already funded, and the refusal to even acknowledge that some pumps need repair have set the city up for major flooding in a tropical storm, never mind another Katrina.

"For them to have abandoned the city like this is unconscionable, immoral and reprehensible — and possibly criminal, frankly," says McBride, who now regrets the money he's spent restoring his home. "It's a death trap."

Others say all the investment in New Orleans will be for naught if more is not done — and quickly — to restore the city's natural defenses.

In a single day, New Orleans lost wetlands that were expected to last another 50 years. Despite studies that show that every three to four miles of wetland that a storm surge crosses reduces its elevation by one foot, Congress has yet to earmark a single dollar for wetlands restoration, complains environmental advocate David Helvarg.

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"The lessons that seem to be learned are how to do better evacuations, not how to prevent the need for the evacuations," says Helvarg, president of the Blue Frontier Campaign.

"The floods ain't going away. They're just going to intensify. But the present policy seems to be designed to create a Third World in this country ... that's never fully able to recover from the last series of storms before the new ones come in."

All together, the refrain is clear: The culprits who brought New Orleans to this sorry state are still not doing enough to reclaim its future.

Kroloff, the dean of Tulane's architecture school, thinks the federal government could easily have doubled or tripled the amount already committed to New Orleans. And he doesn't buy the excuse that the wars in Iraq and Afghanistan or other national priorities should prevent it.

"The rebuilding of this place neither taxes the imagination nor the resources of this country in any way," he says. The amount sent to the city so far is "ludicrous when you think of the relative value of this area to the rest of the country."

Kroloff says every day he wakes up in New Orleans, he is both grateful "and utterly frustrated." He considers New Orleans one of the half dozen truly great American cities, and it pains him to think that it might be allowed to just slip away.

"Cities come and cities go, there is no doubt about it," he says. "History demonstrates that over and over again. Amazing cities of the past that had huge influence over the way we live don't exist any more. Ultimately, that could be the fate the befalls New Orleans.

"But it's not necessary now."

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EDITOR'S NOTE: National Writer Martha Mendoza and New Orleans staffer Mary Foster contributed to this report.

City To Mark 1 Year Since Katrina (NOTP)

By Susan Finch

New Orleans Times-Picayune, August 20, 2006

As weary New Orleanians approach the first anniversary of Hurricane Katrina and the levee breaks that left most of their city flooded and turned them into evacuees, those of a mind to reflect on what happened Aug. 29 can choose from among a wide range of memorial events that begin this week.

There will be prayer vigils, gospel concerts and dedications of stone markers in honor of the hundreds of people who died in the floodwaters.

There also will be public discussions on how the devastation occurred, how to keep it from happening again and how those who have survived can come together to rebuild their city in a way that leaves its spice and flair intact while offering all residents the opportunity to improve their lot in life, event sponsors say.

Public officials are sponsoring many of the events, among them a bell-ringing ceremony to mark the time of each levee breach. It begins Aug. 29 at 9:38 a.m. on the steps of City Hall.

What will be clear to the rest of the world, which has followed New Orleans' struggles in the past year, is that, like memorials held after the Sept. 11 terrorist attacks, "our commemoration will be perceived as having dignity and respect to it," said Mtangulizi Sanyika, project coordinator of the African American Leadership Project, which is sponsoring several observances.

Native sons' imprimatur

Other events, aimed at helping raise money for the city's recovery, have the imprimatur of native sons with national renown, such as trumpeter Wynton Marsalis.

A long list of other anniversary events are the brainchildren of grass-roots groups that have come up with plans to cast a solemn look back at the events of Aug. 29 and then focus their energy on the future.

City administrators called off plans for a comedy show, fireworks display and a masquerade gala to mark the anniversary. The fact that the city's residents were repulsed by those plans "reflects the deep sense within the Orleanian soul that this was an event of historic proportions," Sanyika said.

"This is a citizen- and public-driven commemoration that has dignity to it, balance to it," he said. "It's a remarkable example of our resilience as a people in this city."

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New Orleans is far from the only place where the events of Aug. 29 will be commemorated.

Evacuees to hold events

One of those places is Houston, where thousands of New Orleanians remain displaced and where Katrina anniversary events began last week with an Urban League mental-health workshop for evacuees, offered by the Houston Urban League, said the Rev. Tom Watson, who heads the city's Return to New Orleans Housing Task Force.

On the first anniversary of the flood, Watson said, Mayor Ray Nagin's administration will open up a Journey Home center, where case managers will give displaced New Orleanians information they need to "navigate their way back" to the city. Such centers may be set up later in Baton Rouge and Atlanta, Watson said.

In New Orleans on Aug. 30, an evacuee Welcome Home Center will begin operating at the city's main public library on Loyola Avenue, Watson said.

New Orleans' plight will be the center of attention Friday in 27 cities around the nation and in Canada.

Members of Rising Tide, an international organizations dedicated to confronting the root causes of climate changes that foster catastrophic storms such as Katrina, will ride around on their bicycles handing out information about New Orleans' recovery effort and collecting donations for six relief groups here: Critical Resistance, People's Institute for Survival and Beyond, LA Bucket Brigade, Survivor's Village, Common Ground and INCITE! Women of Color.

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Susan Finch can be reached at sfinch@timespicayune.com or (504) 826-3340.

Where Did The Gulf Coasters Go? (LAT)

By Joel Kotkin, Joel Kotkin, An Irvine Senior Fellow At The New America Foundation, Is The Author Of "The City: A Gl

The Los Angeles Times, August 20, 2006

Hurricane Katrina's refugees might never go home, and that's good news for Houston, Atlanta and Dallas.

ALMOST A YEAR after Hurricane Katrina ravaged the Gulf Coast, media attention remains riveted on the rebuilding of New Orleans. But what happened to the estimated 1.5 million people who fled their flooded and destroyed homes in Alabama, Mississippi and Louisiana?

The Katrina-spawned diaspora is arguably the largest in U.S. history. Federal statistics suggest that about 1 million evacuees from the hurricane-damaged areas have returned to their homes. That leaves a diaspora population of about half a million people.

Where did they go? What happened to them?

Surprisingly, there are few answers to these questions. Many Gulf Coast residents decamped to Baton Rouge, which is now Louisiana's largest city. Others spread outward across the country, to Los Angeles, Las Vegas, even to Alaska. Most Katrina evacuees appear to have settled in such Southern metropolises as Dallas; Little Rock, Ark.; Atlanta; and Houston. Of the initial quarter of a million hurricane victims who went to Houston, an estimated 110,000 still live in the city, according to the most recent Gallup survey. Texas overall harbors 250,000 evacuees.

Those who have settled in Houston and other cities are disproportionately from New Orleans and its immediate environs. The 2000 census put New Orleans' population at 484,674, down from a high of 630,000 in 1960. Estimates as of June 2006 set the city's population at well below 200,000.

It remains uncertain how many of the evacuees will never go home. Many factors will affect their decision, among them the phaseout of federal assistance in their places of refuge or parents' wishes to keep their children in schools in their new locations. Most crucial will be individual and family assessments of where the best opportunities lie.

Many evacuees in Houston told me that New Orleans is still a powerful magnet for them. In 2000, according to the census, about three of four New Orleans residents were Louisiana natives; the Crescent City roots of many of these families go back generations.

"New Orleans is in my soul," evacuee John Henry, a former journalism student at Loyola University in New Orleans, told me last month. "I dreaded leaving…. I am homesick every day."

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Yet, like several evacuees I spoke to, Henry plans to stay in Houston because he believes the opportunities there for him and his family are better than in New Orleans. He doubts that a rebuilt New Orleans will have many places for working-class or even middle-class blacks like him.

He may be right. Most reconstruction plans for New Orleans re-imagine the city as a tourist center. One popular idea is to build a $716-million "Hyatt Jazz District" around the downtown area. By contrast, there has been less talk of reviving the Port of New Orleans, the former bulwark of the city's blue-collar economy; recapturing corporate tenants, particularly the white-collar, job-rich oil industry; or rebuilding the industrial sector.

What seems to be happening is the boutiquing of New Orleans (think San Francisco), with its economy designed to service high-end clientele, tourists and a nomadic population of thrill-seeking young people. Lifestyle and culture would be its commodities.

This prospect may excite real-estate speculators, but it worries Sherby Guillory, a former Tulane University graduate student who counsels Katrina evacuees in Houston. "Seems that they all want to rebuild a shining city on the hill — but without the people."

Many of those displaced people still suffer the aftereffects of Katrina. Not only homesick, they struggle to escape the poverty they brought with them. Household incomes of displaced families in Houston average $19,000 a year, half the per-capita income of a typical city resident. The fact that some from New Orleans' criminal class have remained in diaspora cities hasn't made things any easier for evacuees. In Houston, they are widely blamed for a recent upsurge in violent crime.

Yet headlines can be misleading. Old New Orleans is not being re-created in Space City. The southwest corner of Houston, home to many of the Katrina displaced, exhibits little evidence of the kind of destitution common in New Orleans. Mostly, Houstonians in that part of the city complain about raucous teenage crowds around clubs on weekends.

Nevertheless, Houstonians suffer from what one called "evacuee fatigue." Residents are proud of their generosity and competence in accommodating the Katrina diaspora, says Rice University demographer Stephen Klineberg, but a majority, according to his most recent poll, believe that their city is "worse off" because of the migration.

Of course, the presence in a city of large groups of displaced people often upsets longtime residents. The great migration to New York in the late 19th century, driven largely by czarist pogroms, led a former superintendent of the census to question why the nation was scooping up "every stagnant pool of European population, representing the utterest failures of civilization, the worst defeats in the struggle of existence, the lowest degradation of human nature."

Yet, over time, diasporas often strengthen the places they settle, inspiring original settlers to strive for more than they otherwise would have. New Orleans, for instance, epitomized a stagnant society in which even educated people felt boxed in by corrupt politics and an economy increasingly dependent on tourism. Ambitious New Orleanians were leaving long before Katrina.

The cities in which Katrina victims are settling have their problems, of course, but they all boast diverse, highly cosmopolitan economies. Houston, Atlanta and Dallas rank in the top five of the best cities for African Americans to live, according to a recent survey by Black Enterprise magazine. In Houston, one in five businesses is owned by an African American, the magazine says.

The prospect of upward mobility in a new location may be the strongest reason for evacuees not to go home. When I asked a group of University of Houston graduate students in social work what is the biggest difference between New Orleans and Houston, they almost all used one word — opportunity.

"This is a place where people go to get ahead," said Crystal Walker, a native New Orleanian and former student at predominantly black Southern University at New Orleans. "You don't have that cloud over you here. New Orleans will always be my first love, but there are better opportunities here for my kids."

Whether these opportunities can be realized will largely depend on how evacuees integrate into the Houston economy. About three-fifths of evacuees in Texas are jobless, according to the Gallup survey. This may be because they lack employable skills, or they have yet to make up their minds about returning home. Laziness, a trait that some Houstonians claim to see in New Orleanians, doesn't seem to be a reason. About 8,500 people showed up last October at a government-sponsored job fair in Houston; 2,000 found work that day.

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Breaking ties in Louisiana and setting down roots in a new home is the hardest thing for evacuees. But one sign that this is happening is that as many as 10 long-established New Orleans churches have moved to Houston. For 33-year-old New Orleans native John Taylor, the establishment of his church — the New Home Ministry — in Houston has solidified his plans to stay.

Taylor told me that he and his wife are buying a home and plan to open a day-care center in the next year. "For years, we considered moving to Houston. The church is the only thing that kept us in New Orleans," he said. "I don't want to go back — our future is here."

New Orleans' Soul Survival (LAT)

By Christine Wiltz, Christine Wiltz Is The Author Of Five Books, Her Latest Being "The Last Madam: A Life In The New Orl

The Los Angeles Times, August 20, 2006

The hurricane shattered the city, but it hasn't rattled its spirit.

THE OTHER EVENING, I watched a TV news report about an elderly couple who had spent nearly the entire year since Hurricane Katrina living in their garage behind their flood-ravaged house in New Orleans' 9th Ward. The garage miraculously stood upright, its walls unfinished. A couple of pots were arranged on the floor under roof leaks. There was no door. The couple had stacked their meager belongings neatly in the back of the garage. They spent most of the year gutting their house, and the man had fixed the roof of the garage as well as he could.

Newspeople arrived to watch the couple enter their new trailer from the Federal Emergency Management Agency for the first time, a trailer they had requested 10 months ago and which was delivered three weeks shy of the storm's first anniversary, Aug. 29. If viewers expected anger at the government for the long delay or righteous indignation over the way the couple had lived during those agonizing months, they would have to supply that themselves.

The couple walked toward the trailer not quite knowing what to expect. When they saw the kitchen's bright white cabinets, the stove and refrigerator, they broke into wide, beaming smiles. "Oh," the woman said quietly to her husband, "I'll be able to cook again." He nodded his appreciation for that and opened the refrigerator. "And a big icebox," he told her.

This is the kind of help that I and other New Orleans residents have come to expect from the government; what passes for progress. For this couple, though, the FEMA trailer, a comfortable place to live, means real progress toward getting their house finished.

Progress can't happen quickly enough. In the most devastated areas of New Orleans, people want the rubble removed and city services restored. They want to know if the levees are going to hold next year, and their anxiety level increases daily as we enter the peak of hurricane season knowing that they won't hold this year. They want to know what's going to happen to their property.

Even in the Uptown neighborhood, where things appear normal and for the most part are, people live with the fear of the unknown, worrying about their schools and the medical establishment; they put up with inconveniences such as long waits for doctors, fewer grocery stores, shorter business hours and frequent power outages. Where will we be next year? What about next month? Is the city going to make it?

The one group of people who don't seem in the least concerned about questions like these are the young adults who have stayed in New Orleans. The ones I know wouldn't think of living anywhere else. They love the city deeply, and their goal is nothing short of saving it. I see it in their eyes, the way I felt when I used to walk through the streets of the French Quarter when I was twentysomething: love, pride and possession. Oh, yes, I owned it. All I wanted to do was write about the city, put my mark on it and show it for the unique and beautiful place where I was lucky enough to have been born.

The young people I know in New Orleans are putting their mark on the city as well. They are starting businesses. One young man has two, his web-design business and, since the storm, a T-shirt business. He has fun coming up with witty, poignant messages to put on the shirts and invites his friends to design and word the shirts as well. Some of my favorites: "I Am New Orleans," "Be a New Orleanian Wherever You Are," "Premium NOLA — Made with Soul" and "The Beauty of Entropy." A young woman I know is also making her mark, creating an e-commerce site to highlight artists, designers, musicians, writers and other artisans, all local. These young people are choosing the Internet to spread the word to the rest of the world the fastest way they can — and give access to the spirit, the very soul, of the city.

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And so, a year after Katrina, New Orleans straddles the devastation with one foot in the land of opportunity and one in the swamp of inertia. By habit, residents view change in their city warily. The past is forever present in the old river town, and embedded in its history — of which its food, music, diverse culture and way of life are all a part — is a quality that many people see as New Orleans' most valuable. It's called soul, and residents would argue that it is the city's richest resource. You could say that in New Orleans the bottom line is calculated in soul, and that makes it an equal contender with progress.

As hard as change can be to accept, there is no going back. A year later, nobody really knows how much progress is being made, or how much and in what ways the city has changed. In the mayoral race in April, residents voted to give Mayor C. Ray Nagin a second chance. He won by a surprising 5,000 votes, which analysts found had been cast in the largely white Uptown area, the very Uptowners the mayor had disparaged in his infamous "we will be a chocolate city" speech. They voted for the status quo.

But there is no status quo any longer. The landscape has changed, and the people and city along with it. The narrative also has changed. As a writer, I see no point in telling stories that take place before Katrina. The 19th century novel I was working on will have to wait; it just isn't pertinent at the moment. I see a new narrative of the city beginning with these young people who carry on without any doubt, without fear of the unknown and who see the uncertainty of the times as an opportunity.

As for the soul of the city, all of us laugh at the notion that it's endangered or that a storm could blow it away. We know. We're here.

Mississippi Comeback (LAT)

By George Penick And K. Jack Riley, George Penick Is Director Of The Rand Gulf States Policy Institute. K. Jack Riley Is Associate Direc

The Los Angeles Times, August 20, 2006

Out of the spotlight, the state is making all the right rebuilding moves.

Hurricane Katrina caused as much devastation and human suffering along Mississippi's Gulf Coast as it did to New Orleans. It was the worst disaster to hit the state since the Mississippi River floods of 1927 and the GreatDepression that soon followed. Katrina's powerful winds and floodwaters claimed 231 lives statewide, caused more than $100 billion in damages and destroyed buildings, crops and livestock as far as 100 miles inland.

The rebuilding of Mississippi's Gulf Coast has received far less media attention than New Orleans' reconstruction. Recovery has been hard, and although there has been progress, much remains to be done. But Mississippi appears to have done more things right than wrong.

The chief lesson of its rebuilding experience is that if you have limited funds and other resources, simply spending money on the myriad problems of disaster recovery is not enough. Spending should be guided by research and analysis, not guesswork and politics.

After the hurricane, state government leaders, the business community and nonprofit organizations quickly realized that the pace of rebuilding needed to be the top priority if Mississippi was to recover in a matter of years rather than decades.

The first order of business was to rebuild Mississippi's casino industry as quickly as possible because it is a major employer and revenue source in the state. A special session of the Legislature called by Gov. Haley Barbour allowed casino owners to rebuild on shore instead of on floating barges, making them better protected from future storms. Otherwise, the casino owners had little incentive to spend the hundreds of millions of dollars needed to rebuild.

Katrina wiped out nine of 10 casinos in Biloxi, with the surviving one severely damaged. Currently, five casinos on the Mississippi coast have reopened, and two more are scheduled to restart business operations later this month. In June, gross gambling revenue in those casinos was $65.1 million, and total revenue is expected to jump when the additional casinos come on line. On Aug. 29, the first anniversary of the hurricane, the Beau Rivage Resort & Casino will reopen, creating 3,800 jobs.

The rebuilding of homes and communities is much harder. The contributions of government officials at all levels and volunteers were necessary to understand the challenges, set priorities and then find ways to solve the problems.

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In the immediate aftermath of Katrina, Barbour created the Governor's Commission on Recovery, Rebuilding and Renewal, which was mostly privately funded. Its report, completed in little more than 100 days and issued at the end of 2005, drew widespread support from the public and the business community.

It principally called for better cooperation among Mississippi's counties on such regional issues as water management, maintaining the human scale of coastal living and new regulations to ensure the construction of affordable housing in the Gulf region.

Compared with Louisiana, where state and local government did not communicate or work well together, Mississippi officials formed a united rebuilding team. Barbour, Senate Appropriations Committee Chairman Thad Cochran (R-Miss.), former Senate Majority Leader Trent Lott (R-Miss.), members of the state's congressional delegation and local officials joined forces. The Washington experience of Cochran, Lott and Barbour, former Republican National Committee chairman, certainly benefited Mississippi.

Rebuilding and repairing Mississippi's housing was also a top priority. Katrina damaged 134,000 homes in the state, including 65,000 that were destroyed. It's a daunting task. Even if the recent rate of roughly 500 housing permits a month in the state's six coastal counties were tripled, it would take almost 10 years to get displaced people out of temporary housing.

Last year, only 2,800 houses were built in the state. So far, rebuilding is proceeding at a slow pace. Barbour has also created a housing council, made up of public and private interests, to ensure that affordable housing is built in the Gulf region. One approach relies on modular housing, which keeps costs down and speeds up reconstruction.

The federal government is encouraging the private sector to participate in the recovery of the Katrina-affected areas. Congress passed, and President Bush signed, legislation providing incentives for investment and new business development in all Gulf Coast counties hit by the hurricane.

Deposits in Mississippi's banks greatly exceed the pre-Katrina levels because of insurance payments, and they will grow as Mississippians receive federal reimbursements for storm damages, providing cash for rebuilding. The recent Governor's Recovery Expo attracted large numbers of businesses and residents eager to begin rebuilding.

Mississippi leaders from the public and private sectors know that acting on the spur of the moment may be justifiable in a short-term emergency but unwise when challenges are long-term, when decisions will have lasting effects, and when spending on the wrong programs can slow down recovery and waste precious dollars.

Yet the pressure to rebuild quickly after a disaster is great. Individuals who can't wait may forfeit insurance reimbursement or violate federal, state or local building codes.

Similarly, communities may discover that their rebuilt roads, bridges, utilities and water systems are far more expensive than they would have been if they had planned and researched the projects.

Whether dealing with hurricanes along the Gulf Coast, earthquakes in California or other natural or man-made disasters elsewhere, it makes sense to devote a small portion of rebuilding money to lay out a path to recovery that will bring the greatest benefits.

This takes time and effort. And it takes a time horizon that stretches not just to next month or next year, but to the next generation and beyond.

Mississippi is working hard to learn this lesson.

Not Too Late For New Orleans (LAT)

The Los Angeles Times, August 20, 2006

City can still get moving on reconstruction, but time's running out.

IT HAS BEEN ALMOST A YEAR SINCE one of the most destructive natural disasters in U.S. history forever altered one of the nation's most historic cities. New Orleans has yet to recover from Hurricane Katrina, and probably won't until the fifth or 10th or 20th anniversary. And it is the city's leaders, more than state or federal officials, who will bear the responsibility for New Orleans' renewal — or lack thereof.

Unfortunately for the residents of the Big Easy, those leaders failed them repeatedly. But as the first anniversary of the hurricane approaches, it's not too late for the area to turn itself around. The key will be whether Mayor C. Ray Nagin and the City

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Council stop hoping for a solution to rise naturally from the scattered population and start making some tough decisions themselves.

The bumbling by local, state and federal officials during the initial days of the storm has been well documented. More than 1,000 people died in Louisiana, many of them senior citizens and hospital patients who couldn't get out of Katrina's way. Local officials made baffling errors in implementing their hurricane-response plans, and the belated arrival of the federal cavalry showed this country at its worst.

It will take years for the ruined communities on the Gulf Coast to rebuild. More than 200,000 dwellings were destroyed in Louisiana alone, along with $10 billion worth of roads, sewer systems and other public facilities. So it's not surprising that the hardest-hit areas in and around New Orleans still look like rubble-strewn ghost towns. But it's critical for the city to chart the path now to a future New Orleans that works better than it did before the storms.

And that's where city leaders have performed the worst. Tied in knots by racial and class divisions, they have given storm-battered homeowners and landlords little guidance on whether and how their neighborhoods would be rebuilt. While surrounding areas were developing their reconstruction plans, New Orleans' leaders ignored or rejected the work of two blue-ribbon planning groups. Eventually, separate planning efforts emerged — one funded by the council through a no-bid contract, the other by the Rockefeller Foundation and backed by the state disaster-recovery agency. Those efforts are now being reconciled, but the city's rebuilding road map won't be finished until at least year's end.

Granted, the state and federal governments will still play crucial roles in the rebirth of New Orleans. Armed with $7.5 billion in federal grants, the state is about to start writing checks for up to $150,000 to homeowners whose houses were destroyed. These amounts should cover the bulk of the uninsured losses in Louisiana.

The Army Corps of Engineers has plugged the breaches in the levees, although it may take four more years to fix the design and construction flaws that led to the failures.

But the fate of New Orleans lies mostly in local hands. There are some hopeful signs: The storm accelerated the transformation of the city's public schools; of the 56 that will be open for the 2006-07 school year, all but five are charter schools or under state supervision. And voters will have the chance this fall to eliminate two political fiefdoms that have hindered disaster prevention and recovery: the multiple levee boards and local assessors.

It's some consolation that New Orleans' leaders haven't moved the city in the wrong direction. They just haven't moved it in any direction. With grants starting to flow and repairs soon to begin, residents and businesses are starting to make critical decisions about where they will invest in New Orleans, if at all. The city needs to write its road map to a better New Orleans before the route back to the previous version is set in concrete.

FEMA To Evict Florida's 2004 Hurricane Victims (WT)

By Audrey Hudson, The Washington Times

The Washington Times, August 20, 2006

Hurricane victims living in temporary housing more than two years after four devastating storms struck Florida's coast must find permanent homes by the end of next month.

More than 90 percent of the hurricane victims have moved out of the travel trailers and mobile homes, which were meant to be used as a short-term solution to the immediate crisis, said Jim Homstad, spokesman for the Federal Emergency Management Agency's (FEMA) Long-Term Recovery Office in Florida.

However, more than 1,500 people continue to live in the low-cost housing after FEMA extended its deadline in February beyond the federal requirement of 18 months. Those who remain have been paying rent based on income and other special needs. Their new deadline to leave the temporary housing is Sept. 26.

"FEMA housing assistance should not be considered a permanent housing solution, and it should not be expected to solve local housing shortages that are in place even before a disaster," Mr. Homstad said. "As more homes are rebuilt and rental units come back online, more applicants are finding permanent housing."

The emergency temporary housing provided by FEMA in Florida had been the largest in the agency's history until Hurricanes Katrina and Rita struck the Gulf Coast last year. At the peak of the crisis, the agency housed 17,245 storm victims.

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Florida was hit with four hurricanes in a 40-day period in August and September 2004. Hurricane Charley, a Category 4 storm, struck the coast on Aug. 13, followed by three hurricanes in September -- Francis, a Category 2 storm; and Ivan and Jeanne, both Category 3 storms.

"The last time one state was hit with four hurricanes in one season was more than 100 years ago in Texas," Mr. Homstad said.

FEMA officials said they are using lessons they learned in Florida to deal with housing more than 100,000 who remain homeless one year after Hurricanes Katrina and Rita hit.

"We learned that we were capable of accomplishing an extraordinary, unheard of, at the time, housing mission," Mr. Homstad said.

But he said that helping those left homeless by hurricanes is a job that requires cooperation from a variety of sources.

Communities prone to hurricanes must address affordable-housing issues before a disaster strikes. And state and local governments, as well as the private sector and faith-based organizations, are considered essential to recovery efforts.

"No single agency has all the resources to assist in disaster victims' return to permanent housing. It takes a collaborative and creative effort to make it happen," Mr. Homstad said.

Scientists Disagree On Link Between Storms, Warming (WP)

By Juliet Eilperin

The Washington Post, August 20, 2006

Same Data, Different Conclusions

A year after Hurricane Katrina and other major storms battered the U.S. coast, the question of whether hurricanes are becoming more destructive because of global warming has become perhaps the most hotly contested question in the scientific debate over climate change.

Academics have published a flurry of papers either supporting or debunking the idea that warmer temperatures linked to human activity are fueling more intense storms. The issue remains unresolved, but it has acquired a political potency that has made both sides heavily invested in the outcome.

Paradoxically, the calm hurricane season in the Atlantic so far this year has only intensified the argument.

Both sides are using identical data but coming up with conflicting conclusions. There are several reasons.

Using different time periods to chart hurricane patterns can influence the results. Different academic backgrounds also affect how researchers interpret the data. Climate scientists tend to test hypotheses and examine the underlying causes of climate variability over time, which makes them more comfortable identifying broad climate trends. Hurricane forecasters tend to be more focused on predicting the intensity and paths of individual storms, and often focus on factors such as wind shear and water temperature that can cause a storm to shift within a matter of days or hours, so they tend to emphasize natural variability over long-term climate shifts.

Inevitably, the scientific debate has spilled into the policy arena. Former vice president Al Gore took up the issue in his recent film "An Inconvenient Truth," suggesting that Katrina and other severe storms reflect a broader trend clearly traceable to global warming. Last week, environmentalist Lester Brown, president of the Earth Policy Institute, released a report that called the quarter of a million Katrina evacuees who will not return home "the world's first climate refugees."

On the other side, Myron Ebell, energy and global warming policy director at the Competitive Enterprise Institute, said these pronouncements amount to political opportunism. In contrast to activists who quickly attributed last year's hurricanes to climate change, he said, his side is not ready to claim victory just because this year has brought fewer intense storms.

"I don't think that says much one way or another about whether global warming causes hurricanes," said Ebell, whose group receives funding from the fossil-fuel industry.

Scientists who doubt a link with global warming say this year's average Atlantic hurricane season simply shows how variable weather can be. Christopher Landsea, who works in the National Oceanic and Atmospheric Administration's Hurricane Research Division, published an opinion piece in the journal Science late last month in which he argued that data indicating that

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recent hurricanes have been more intense than those in the 1970s and '80s may be based on flawed information. Measurement technologies were less sophisticated then and may have underestimated the strength of earlier storms, he said.

"We're woefully underestimating how strong hurricanes were back then," said Landsea, who wrote that five tropical cyclones that were originally classified as Category 3 would be rated as Category 4 today. "I'm sure it's confusing to the general public, since you have different scientists saying different things. We're all trying to figure out the same thing: What's going on with our climate?"

In contrast to the Atlantic, the Pacific is experiencing a much more active than usual storm season this year. Earlier this month, Typhoon Saomai, the strongest to hit China in half a century, crashed into the country's southeast coast and flattened tens of thousands of homes. It killed more than 300 people and prompted the evacuation of more than 1.5 million.

A number of factors might account for the fact that this year's Atlantic season, which runs from June 1 to Nov. 1, has so far produced far fewer named storms than last year's record-breaking season, and not a single hurricane. Sea surface temperatures are not as warm this year -- the ocean needs to be at least 79 degrees Fahrenheit to sustain a hurricane -- and the atmosphere is more stable because of clouds of Saharan dust that have swept across the Atlantic.

Studies supporting a link between global warming and storm intensity keep coming. The latest will be published this week by Florida State University geography professor James B. Elsner in the journal Geophysical Research Letters. Elsner found that average air temperatures during hurricane season predict the Atlantic Ocean's surface temperatures, not vice versa, which he said means it is "much more likely the atmosphere is warming the ocean" and helping create more severe storms.

And Judith A. Curry, of Georgia Tech's School of Earth and Atmospheric Sciences, who co-authored a paper last year suggesting that rising sea temperatures have been accompanied by more intense hurricanes, has challenged Landsea's critique. She said Landsea and like-minded researchers have not "done the hard work" to reanalyze the entire historic hurricane database to determine whether it really is skewed. She does not go as far as Elsner, however, saying his paper identifies "an interesting statistical relationship" but does not physically explain how warmer air might be heating the Atlantic.

Curry's work, in turn, has been challenged by Phil Klotzbach, a research associate at Colorado State University, who published a paper in May suggesting that, since 1986, there has been no global trend in hurricane intensity. Klotzbach's paper, in Geophysical Research Letters, looked at a 20-year period rather than the 35-year period Curry and others examined, which explains how he reached different conclusions.

"At this point, we haven't seen any significant correlation" between hurricanes and climate change, he said.

MIT professor Kerry Emmanuel -- who helped spark the debate with a paper in the journal Nature a year ago suggesting that warmer sea surface temperatures had spawned more destructive storms -- has made an effort to correct for measurement biases in his studies.

He is still criticized by researchers such as Landsea, but Emmanuel responded in an interview that the bias in the underlying data "isn't very large." He added that he and other researchers in Europe have found such a strong link between warming sea surface temperatures and more intense hurricanes that, "You literally have to argue that the correlation is an accident. That to me is improbable."

Curry noted that the hurricane question has focused Americans on global warming far more than other climate-related developments, such as melting glaciers in Greenland. "Katrina was sort of the 9/11 of global warming," she said in an interview. "It was a lot more real and immediate. It had more of a real socioeconomic impact in the way the melting of glaciers doesn't."

Many environmental groups have seized on the public's concern, arguing that 2005's brutal hurricane season highlights the dangers of global warming. The advocacy group Environmental Defense has a new Web site devoted to "Hurricanes and Climate Change," including "11 Facts That Will Blow You Away."

Meanwhile, William Hooke, who directs the American Meteorological Society's policy program, said that whatever the answer turns out to be, "We ought not to lose sight of the fact that we're doing a poor job of protecting ourselves against the hurricanes we have now."

We're All New Orleanians Now (WP)

By Mike Tidwell

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The Washington Post, August 20, 2006

How's this for poetic justice? In future years, the White House and all those federal agencies accused of acting too slowly after Hurricane Katrina smashed New Orleans last August will probably find their own D.C. offices threatened by catastrophic flooding from monster storms. They may be hunkering behind massive levees and fantastic floodgates, harried by the annual threat of Katrina-scale hurricanes.

Because one year after the great catastrophe in Louisiana, this much is clear: It's coming here.

Barring a rapid change in our nation's relationship to fossil fuels, every American within shouting distance of an ocean -- including all of us in the nation's capital -- will become de facto New Orleanians. Imagine a giant floodgate spanning the Potomac River just north of Mount Vernon, there to hold back the tsunami-like surge tide of the next great storm. Imagine the Mall, Reagan National Airport and much of Alexandria well below sea level, at the mercy of "trust-us-they'll-hold" levees maintained by the Army Corps of Engineers. Imagine the rest of Washington vulnerable to the winds of major hurricanes that churn across a hot and swollen Chesapeake Bay, its surface free of the once vast and buffering wetland grasses and "speed bump" islands that slow down storms.

Because of global warming, this is our future. Oceans worldwide are projected to rise as much as three feet this century, and much higher if the Greenland ice sheet melts away. And intense storms are already becoming much more common. These two factors together will in essence export the plight of New Orleans, bringing the Big Easy "bowl" effect here to the Washington area, as well as to Charleston, S.C., Miami, New York and other coastal cities. Assuming we want to keep living in these cities, we'll have to build dikes and learn to exist beneath the surface of surrounding tidal bays, rivers and open seas -- just like New Orleans.

We better be ready, because the hurricanes are coming, and they are more ferocious than they were in the past. Multiple scientific studies in the past year have found that rising sea-surface temperatures linked to global warming are causing an increase in the number of stronger hurricanes. One study by the Massachusetts Institute of Technology concluded that hurricane wind speeds have doubled in the past 30 years. This may account for the fact that among the six most powerful hurricanes recorded in the Atlantic Basin -- going back 150 years -- three occurred over 52 days in 2005: Katrina, Rita and Wilma.

Like politics, all global warming is essentially local. Forget the polar ice caps and faraway coral reefs -- it's only real if it's in my back yard. And what's coming to Washington's back yard is now on full display, thanks to the National Academy of Sciences. At the Marian Koshland Science Museum in Washington, under a sign that says "Climate Change Hits Home," hangs a giant satellite map of the Chesapeake Bay watershed. Push a button and you see a simulation of this region succumbing to a three-foot rise in sea level.

I pushed that button recently and watched a huge portion of my state of Maryland disappear. Three feet of water rolls in, and the lower third of Dorchester County on the Eastern Shore is erased. The Blackwater National Wildlife Refuge, often called the Everglades of the North, vanishes entirely -- all 28,000 acres. Historic Smith and Tangier Islands are gone. Water pours into Alexandria and the outer suburbs of Baltimore and Washington while tidal rivers throughout the bay system swell into much larger and wider versions of their former selves.

Cumulatively, the effects create a disturbing picture: The open water along the main stem of the Chesapeake Bay, not far from where the tidal Potomac makes its way up to Washington, nearly doubles in width, giving the impression of the Atlantic Ocean moving into the region in a very serious way.

This permanent high water from global warming, if fully realized, will devastate habitats for birds and crabs and destroy countless vacation properties and other coastal structures. The Federal Emergency Management Agency estimates that no fewer than one in four U.S. buildings within 500 feet of a coastline will be destroyed by erosion by mid-century, with rising sea levels a big factor. Agriculture would also suffer enormously. Already, because of just seven inches of sea-level rise in the 20th century, many miles of former farmland along Maryland's Eastern Shore lie idle from saltwater intrusion. Three more feet of rise would almost certainly seep deep into the groundwater, penetrating aquifers critical to irrigating corn and other crops on the Delmarva Peninsula.

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More troubling still is the hurricane highway that this kind of water creates. Marshes and islands are natural speed bumps, slowing the surge of big storms. Without them, a storm slipping through the mouth of the bay would have free rein, behaving practically as it does in the open ocean, bringing new and unthinkable threats to Annapolis, Baltimore and Washington.

Higher sea levels create other conditions that will only enhance hurricanes. In 1985, Hurricane Gloria made landfall north of New York Harbor. As a Category 2 storm, it could have had a serious surge tide. But it was a relative dud, causing only minor flooding. New York got lucky because the storm struck at maximum low tide, when the ocean had conveniently lowered itself a full five feet in relation to the land. Had Gloria arrived just six hours earlier or later, experts say, it would have been a monster, at least as destructive as the Great Hurricane of 1938 that killed 50 Long Islanders and caused billions in damage.

But with three feet of sea-level rise, we will be creating what amount to permanent high-tide conditions in the D.C. region and everywhere else, guaranteeing that even Category 2 storms like Gloria will become surge-tide heavyweights.

"You've got a crisis situation, certainly, for everyone who lives near the Chesapeake Bay," says J. Court Stevenson, a marsh ecologist at the University of Maryland. "The buffering landforms that are the enemy of hurricanes will be gone. And the high water that is the best friend of big storms will be here in abundance."

And none of this considers the growing power, brought on by global warming, of hurricanes themselves. Stronger winds can push around more water, creating even higher surge tides that will roll toward coastlines already locked into disastrous high water. According to a study published in the journal Science last fall, the number of Category 4 and 5 storms has nearly doubled in the past 30 years as the planet has warmed. All of these factors, Stevenson says, mean that "100-year floods" won't come to places such as Washington every 100 years anymore, but as frequently as once every 25 years or even once a decade.

In the face of this sobering data suggesting we're bringing New Orleans to the Potomac, what should we do? Realistically, there are three major options: 1) abandon our coastal cities and retreat inland, a response too staggering to imagine, 2) stay put and try to adapt to the menacing new conditions, or 3) switch to clean energy as fast as possible.

Adapting, of course, means committing fully to the New Orleans model. It means potentially thousands of miles of levees and floodwalls across much of the region. And that's just to handle the rising sea. For hurricane surge tides, Stevenson thinks the only solution might be to build a floodgate across the Potomac near Mount Vernon. It could be closed during periods of maximum danger, then reopened as the surge ebbs. He envisions another on the Patapsco River to protect Baltimore. The New York Academy of Sciences, meanwhile, has examined the idea of three such floodgates for New York City.

But are we truly ready to become New Orleanians, casting our lot behind ever-higher, unsustainable walls? Once we commit to fortified levees and massive floodgates, there's no turning back. It's an all-or-nothing proposition, as New Orleans has graphically demonstrated.

Alternatively, we can go with the third option. It's less expensive, less risky and overall much better for us: clean energy. It's the option that treats the disease of global warming, not just the symptoms. Only by dramatically reducing greenhouse gas pollution -- by switching to hybrid cars and wind- and solar-powered electricity and high-efficiency appliances -- can we slow the sea-level rise and potentially calm the growth in hurricane intensity.

We must join the rest of the world in this effort because, while the effects are local, the solution can only be global. Some adaptation to global warming will still be necessary, given the momentum built into the warming process. And a national clean-energy overhaul will represent a huge challenge to our society, especially given how little time scientists say we have left -- maybe just 10 years -- before runaway climate effects become a reality.

But switching to clean, efficient energy is a challenge compared to what? Compared to life below sea level with a constant eye on the Weather Channel, waiting for the next Category 5 storm to replicate the horrifying events of last Aug. 29?

I've seen the consequences of inaction before. In 2003, my book "Bayou Farewell" chronicled the erosion of coastal Louisiana, leaving the state vulnerable to a killer hurricane that would flatten its cities "like a liquid bulldozer." But Washington didn't act. And today, as New Orleans knows too well, policymakers in D.C. are among the only people in the world whose decisions can directly protect their own homes from global warming. If "Katrina on the Potomac" has a bad ring to it, we can only hope that these leaders will finally do something about it -- and soon.

mwtidwell@aol.com

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Mike Tidwell is author of "The Ravaging Tide: Strange Weather, Future Katrinas, and the Coming Death of America's Coastal Cities" (Free Press) and director of the U.S. Climate Emergency Council.

WAR NEWS:

Bush: Iraq War Keystone In Terror Fight (AP)

By Jennifer Loven, Associated Press Writer

AP, August 20, 2006

President Bush said Saturday that his administration's determination to remain in Iraq and its efforts to end violence in Lebanon are key to protecting the U.S. from future terrorist attacks. Democrats countered that Americans will be safer if the nation begins a phased pullout of U.S. forces from Iraq.

"It is no coincidence that two nations that are building free societies in the heart of the Middle East — Lebanon and Iraq — are also the scenes of the most violent terrorist activity," Bush said in his weekly radio address. "We will defeat the terrorists by strengthening young democracies across the broader Middle East."

He acknowledged that "the way forward will be difficult." But, the president said, "America's security depends on liberty's advance in this troubled region."

Democrats chose Joe Sestak, a former Navy vice admiral who is challenging Republican Rep. Curt Weldon in a competitive race outside Philadelphia, to deliver their party's response to the president. Sestak argued for "a new direction for America's security."

He said it is time for the U.S. mission in Iraq to end.

"We must begin a phased redeployment of our forces so that we are prepared to face the security challenges we have worldwide," he said.

The nation's safety looms as a major issue in the midterm elections Nov. 7, particularly after last week's news of a foiled plot in Britain to blow up jetliners over the Atlantic. Both Republicans and Democrats are maneuvering for the political advantage in an election in which control of Congress is at stake.

Democrats have been accusing the Bush administration of trying to ignite fear among Americans and gain political points by claiming they alone can keep them safe. Republicans argue that Democrats are weak on national security.

With American deaths in Iraq over 2,600, the U.S. public growing more weary of the war, and even some troops frustrated with the pace of progress, Democrats have been increasingly vocal about what they say is the lack of a plan for success in Iraq and the need for a timetable for bringing U.S. forces home.

Sestak said ending the U.S. presence in Iraq would free up money and energy to concentrate on other dangers, such as nuclear programs in North Korea and Iran and bolstering homeland security protections. Two days of spending in Iraq would pay for screening all air cargo on passenger planes, while five days of Iraq costs would fund the screening of all cargo coming into the nation's ports, he said.

"We are fostering a culture of dependence in Iraq," Sestak said. "Iraqi leaders must be responsible for their own country. They must make the difficult political compromises that will stop the civil war and bring about stability. Completing our mission in Iraq will also make America safer everywhere."

Bush argued that his approach is working.

"We will defeat the terrorists and expand freedom across the world, we'll protect the American homeland and work tirelessly to prevent attacks on our country," he said. "The terrorists remain determined to destroy innocent life on a massive scale, and we must be equally determined to stop them."

Car Ban Disrupts Life In Baghdad (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, August 20, 2006

As Millions Are Expected for Holiday, Militia Provides Security at Shrine

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BAGHDAD, Aug. 19 -- By 7 p.m., Faris Ali realized the day had been a total loss.

"Today there is no business," grumbled Ali, a 55-year-old pharmacy worker. "No one came."

Most of Baghdad has been locked down because of a weekend ban on vehicle traffic, which the government imposed to prevent violence during a major Shiite Muslim holiday Sunday. Tens of thousands of pilgrims had already gathered by late Saturday for a parade expected to attract millions.

The traffic prohibition, announced Friday, provided yet another obstacle for Iraqis struggling for the semblance of ordinary daily life. The ban made it impossible for many to go to work, meet friends or properly observe the holiday.

Ali said he was afraid to travel Sunday to the golden shrine in Baghdad's Kadhimiyah district to commemorate the death of Imam Moussa Kadhim, one of Shiite Islam's most revered figures. Instead, he planned to stay at home and pray.

"It is way too dangerous to go over," he said, shaking his head.

An estimated 1,000 people were killed during last year's pilgrimage when rumors of a suicide bomber triggered a stampede. The holiday this year began with bloodshed when six pilgrims were killed and 13 were injured in a drive-by shooting Friday night, a police official said. Mortar shells fell near the shrine but caused no injuries.

Iraqi police said late Friday that they had foiled a plot by a group affiliated with al-Qaeda in Iraq to attack pilgrims, al-Iraqiya television reported. Police arrested five members of the group, Tawhid and Jihad, in the Zafaraniyah area south of Baghdad, according to the report.

"We do not care for what might fall on us or explode, for we are the martyrs of the prophet's family," said Sayid Bassil al-Shreaa, a cleric in Kadhimiyah, as women wailed loudly in the streets and men waved black flags.

Members of the Mahdi Army, the militia of anti-American cleric Moqtada al-Sadr, served as the security for the area around the Kadhimiyah shrine, a sign of the strong grip he exerts on swaths of Baghdad. They wore the camouflage trousers of the Iraqi National Guard, the black T-shirts of the Mahdi Army and badges emblazoned with images of Sadr. The militia appeared to work in concert with Iraqi military and police forces, who set up nearby checkpoints.

Streets in the capital were mostly empty of traffic, although in some neighborhoods a few cars were seen driving short distances.

Ayad Abdul Hussein, 48, a construction worker, sat inside a shop complaining that the ban was causing him to miss three days of work. "My wages already can barely cover expenditures," Hussein said as he rubbed a string of black worry beads.

A few customers eventually trickled into the pharmacy where Ali was working, but he said the store sold a fraction of the products it normally sells. Still, he said he supported the ban on vehicles because of the security he hopes it will provide.

"This is saving the lives of many Iraqis, which I consider more important than my business," he said.

The U.S. military announced the capture of three men in al-Rasheed, south of Baghdad, whom it identified as "key death squad leaders" involved in the July massacre of at least 40 people in the capital.

But residents and police officials said the men were innocent. Sheik Abu Muthana al-Qaragholi, head of the local Qaragholi tribe, said the detained men were "simple people" who worked on a small farm and were supported by a monthly stipend from the tribe.

"I'm confident that they did not do anything," said Maali Kamal, a police captain in nearby Yusufiyah. U.S. and Iraqi military forces "have been taking people randomly, and this is putting us in an awkward position in front of the people."

The bloodshed continued throughout Iraq on Saturday. An American soldier from the 1st Brigade, 1st Armored Division was killed in action in Anbar province, a volatile Sunni stronghold in western Iraq, the U.S. military said. No other details were released.

Gunmen in Baqubah, about 35 miles northeast of Baghdad, killed four people and wounded four others in separate attacks Saturday, police said. Near the northern city of Kirkuk, one person was killed and five were injured when an improvised explosive device detonated in a market, a police official said.

In Mahmudiyah, south of Baghdad, mortar rounds fired the past two days have killed one child and injured 19 other people, said Col. Ali Ibrahim, the town's police director. "The goal of this is known: to trigger sectarian strife," he said.

Special correspondents Saad al-Izzi and Naseer Nouri and other Washington Post staff contributed to this report.

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Shiite Festival Precautions Bring Measure Of Calm To Baghdad (LAT)

By Patrick J. McDonnell

The Los Angeles Times, August 20, 2006

Tens of thousands of pilgrims make their way to a shrine amid tight security. A U.S. soldier and 16 other people are slain elsewhere in Iraq.

BAGHDAD — Protected by snipers on rooftops and edgy police officers searching for concealed weapons and explosives belts, multitudes of chanting Shiite Muslim pilgrims walked the streets of this tense and bitterly divided capital Saturday for a religious festival that was marred by tragedy a year ago.

Most vehicular traffic was banned amid fears of sectarian attacks and mass panic, giving much of the city an abandoned feel on what is normally the first day of the bustling workweek.

But the scene was quite different along the approaches to the northern district of Kadhimiya, site of the Iraqi capital's major Shiite shrine, as pilgrims commemorated the death more than 1,200 years ago of a revered Shiite figure.

Television images Saturday showed tens of thousands of pilgrims hoisting black-and-green banners and beating their chests in grief for the long-departed imam, Musa al Kadhim, as they proceeded toward the resplendent shrine and its golden domes.

Last year, about 1,000 pilgrims — many of them women and children — were reported killed during a stampede that was sparked by rumors of a suicide bomber in the midst of worshipers headed to the shrine. That remains the bloodiest day since the U.S.-led invasion in 2003 that toppled Saddam Hussein, a Sunni who favored his minority Muslim sect and repressed the Shiites.

Today, Shiites are engaged in a vicious conflict with Sunni Arabs that has cost thousands of lives and shows no sign of abating. Daily pleas for unity from clerics and politicians have gone unheeded.

Shiite religious gatherings have been recurring targets during the 3-year-old Iraqi insurgency; gunmen and bombers from both sects have hit mosques, preachers and civilians in an ever-escalating chain of atrocities.

U.S. and Iraqi authorities have swarmed Baghdad neighborhoods in recent weeks in a large-scale crackdown meant to contain the bloodshed.

But July was one of the deadliest months since the invasion, with more than 100 people reported killed each day across the country.

In the stampede last year, many of the victims were trapped in the crush on the Aima Bridge and plunged into the muddy Tigris River, where they drowned.

This year, officials closed that bridge and funneled pilgrims to two other bridges. They drastically bolstered patrols and banned most vehicular traffic citywide for the two-day religious feast. Officials set up checkpoints as far as three miles from the shrine and deployed troops among the crowds and in adjacent buildings.

The enhanced security appeared to be effective; no major attacks on Baghdad worshipers were reported Saturday, although authorities said gunmen had killed seven Shiite pilgrims Friday who were walking along a highway in heavily Sunni west Baghdad.

"The people are cooperating very well," Iraqi army Brig. Gen. Abdaljabbar Hamdani said. "So far, the plan is successful."

But the widespread violence that has become a hallmark of the conflict in Iraq continued to rage elsewhere.

A dozen people were reported slain in and around Baqubah, a mixed Sunni-Shiite town northeast of the capital that has been a frequent hot spot. A police official said at least two of the dead were university professors, reflecting a trend in which intellectuals are targeted.

Elsewhere, a sniper killed a police officer in the northern city of Mosul, authorities said, and a roadside bomb killed a civilian and wounded five others in the troubled town of Hawija, near the northern oil hub of Kirkuk.

A roadside bomb targeting an Iraqi army convoy in Diwaniya, south of Baghdad, killed two bodyguards of a brigadier general and wounded three others.

The military said a U.S. soldier was killed in Al Anbar province, a Sunni insurgent stronghold.

It brought the military death toll to at least 2,605 since the U.S.-led invasion, according to a count by the Associated Press.

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In the U.S.-fortified "Green Zone" in central Baghdad, United Nations personnel and others marked the third anniversary of the truck bombing of U.N. headquarters here that killed 22 people, including Sergio Vieira de Mello, a Brazilian who was the chief U.N. envoy at the time.

The stunning attack "marked the U.N.'s loss of innocence," U.N. Secretary-General Kofi Annan said in a statement recalling the strike.

"The Baghdad attack dealt a fatal blow to the illusion that wearing a blue helmet, or hoisting a U.N. flag, placed us above the fray," Annan said.

Times staff writers Saif Rasheed and Suhail Ahmad in Baghdad and special correspondents in Baqubah and Kirkuk contributed to this report.

Shiite Pilgrims Face High Iraqi Security (WP/AP)

By Qais Al-bashir

The Washington Post/AP, August 20, 2006

BAGHDAD, Iraq -- Thousands of pilgrims arrived on foot Saturday at a Shiite shrine in Baghdad to start a major religious commemoration as private vehicles were banned from the streets to prevent car bombings. At least 19 people, including a U.S. soldier, were killed in attacks nationwide.

Prime Minister Nouri al-Maliki urged Iraqis to cooperate with security forces during the ceremonies marking the death in 799 of Imam Moussa ibn Jaafar al-Kadhim, one of 12 Shiite saints.

The imam is buried in a golden-domed shrine in north Baghdad's Kazimiyah district.

Tens of thousands more Shiites were expected to visit the shrine on Sunday, when the ceremonies peak. Fearing an attack among the pilgrims, the government banned all private vehicles on the streets from Friday night until Monday morning. Soldiers, police and Shiite volunteers threw a security cordon around the shrine, frisking pilgrims as they arrived.

Mindful of Sunni-Shiite tensions, al-Maliki, a Shiite, warned against turning the ceremonies into a political demonstration, calling on clerics to urge people to unite and "shun whatever could lead to sectarian fights."

"We warn all those who use podiums (in mosques) to incite sectarian violence that they will be prosecuted as terrorists," he said in a statement, without elaboration.

Shiites from across the country began arriving at the shrine on Friday night on foot. Late Friday, gunmen opened fire on a group of pilgrims walking through the mostly Sunni Adil neighborhood in western Baghdad, killing seven of them.

Three mortars landed in Kazimiyah district late Saturday _ two in a river and one on a school compound _ but caused no casualties.

Last year, the government said about 1,000 people died during the Imam Kadhim commemoration when rumors of suicide bombers triggered a mass stampede on a bridge across the Tigris River. It was the biggest single day death toll since the U.S.-led invasion in March 2003.

"Last year I was on the bridge and I fell into the water but that gave me the power to come back. I challenge the terrorists now that I have come to visit the imam," said Rahim al-Rubaie, 29.

Shiites were prevented from mustering huge crowds at religious ceremonies during Saddam Hussein's Sunni-dominated regime. But since Saddam's ouster in 2003, Shiite politicians and religious leaders have encouraged huge turnouts as a demonstration of the majority sect's power.

As the pilgrims arrived under the blistering summer heat, volunteers handed out orange drinks and free food. Many of the pilgrims waved the green flag of Islam or flags of their tribes, and some were cloaked in white robes, a symbol of their willingness to die.

"My cousins died here last year so I have come this year and I wish to die to be martyr and join my cousins in the paradise " said Ali al-Saedi, a 20-year-old college student.

Because of the vehicle ban, no cars and very few people were seen on the streets except police and army vehicle patrols. But the area around the shrine in Kazimiyah bustled with activity.

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A government statement said it was "absolutely forbidden" to carry weapons, cell phones and any type of bags, even plastic ones into the shrine.

The ceremonies are taking place during a major U.S.-Iraqi security operation aimed at curbing Sunni-Shiite violence, which threatens the stability of the new government of national unity. Nearly 12,000 U.S. and Iraqi troop reinforcements are coming in to take control of this city of 6 million people neighborhood by neighborhood.

An American soldier was killed in combat Saturday in Anbar province, the stronghold of the Sunni Arab insurgency west of Baghdad, the U.S. military announced. At least 2,605 members of the U.S. military have died since the Iraq war started in March 2003, according to an Associated Press count.

Nine people were killed Saturday in Baqouba, a major Sunni-Shiite flashpoint, 35 miles northeast of Baghdad. The victims included two professors of the Diyala University who were shot dead while returning home.

Also Saturday, four Iraqi soldiers were killed when the convoy they were traveling in was struck by a roadside bomb in Diwaniyah, 80 miles of Baghdad, police 1st Lt. Raed Jabir said.

Five other people also were killed in scattered violence across the country.

Meanwhile, Pope Benedict XVI appealed for the release of a priest kidnapped at gunpoint in Baghdad, in a telegram sent to the Patriarch of the Iraqi capital, the Vatican said Saturday.

In the telegram, sent by the Vatican's Secretary of State Angelo Sodano, the pontiff expressed "profound sadness" at the abduction of Rev. Hanna Saad Sirop Tuesday in Baghdad as he left Mass celebrating the Assumption holiday.

Christians make up just 3 percent of Iraq's 26 million people.

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Associated Press Writer Vijay Joshi contributed to this report in Baghdad.

Pope Urges Release Of Priest In Iraq (WP/AP)

The Washington Post/AP, August 20, 2006

VATICAN CITY -- Pope Benedict XVI has appealed for the release of a priest kidnapped at gunpoint in Baghdad earlier this week, the Vatican said Saturday.

In the telegram, sent by the Vatican's Secretary of State Angelo Sodano, the pontiff said he was "deeply saddened" by the abduction of the Rev. Hanna Saad Sirop on Tuesday. The pope also made a "heartfelt appeal to the abductors to release the young priest at once, so that he can return to the service of God, the Christian community and his countrymen."

The telegram was sent to Chaldean Patriarch Emmanuel Delly. It gave the name of the priest as Saad Syrop Hanna, differing slightly from the name first published Friday by the Vatican-affiliated Asia News agency.

Bishops from all of Baghdad's Christian churches have sent a letter to the Iraqi government asking them to help secure the release of the 34-year-old priest.

The priest, who is director of the Theology Department at Babel College, was abducted Tuesday as he left Mass celebrating the Assumption holiday.

The Italian missionary news agency MISNA reported that a large ransom was asked for the release of the priest, but did not say how much.

In his message, Benedict said he would pray for an end to "this dreadful scourge" of kidnappings in Iraq and urged Catholics there "to work together with all religious believers and people of good will toward a future of harmonious and respectful coexistence for the beloved nation of Iraq."

Christians make up just 3 percent of Iraq's 26 million people. The major Christian groups include Chaldean-Assyrians and Armenians, with small numbers of Roman Catholics.

Baghdad's Walls Are Closing In (LAT)

By Jeffrey Fleishman

The Los Angeles Times, August 20, 2006

Shiites and Sunnis are virtually imprisoned in their enclaves. On the street, the wrong answer to a subtle question can be a death sentence.

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BAGHDAD — Curling through the desert, wind rattling its marshes, the Tigris once brought so much life to this city, where spices and silks were loaded on wooden boats bound for Basra and beyond. Shiites lived with Sunnis, Christians and Jews, but today, as in other times, unity splinters in bloodshed.

The river's bridges have turned into escape routes for families fleeing sectarian death squads. Some head one way, others go the opposite direction, and many fear that if full-scale civil war erupts, the Tigris will act as a green line, separating Sunni-dominated west Baghdad from the Shiite-controlled east.

The shoes of Akram Mustafa tell the story of a dividing city; the orange dust from the clay tennis courts is fading on them. One of his country's top-ranked tennis players, Mustafa seldom plays these days. Getting to his club along the Tigris would mean crossing from his eastern neighborhood of Sadr City into streets guarded by Sunnis.

"I haven't been out of Sadr City in five or six months," Mustafa said. "Each day we stand in the same place talking the same talk to the same people. We have nothing."

Travel west across the river to the Sunni neighborhood of Amiriya and listen to Fatima Omar: "I have a best friend who's leaving the country in six or seven weeks, and I can't go visit her because she lives in a Shiite neighborhood."

With each explosion, with each firefight, Omar's geography shrinks.

"We are prisoners of the city," she said.

Conditions that lead Pentagon generals to say civil war is close are already polarizing many neighborhoods. Although Shiites and Sunnis still live side by side in some places, about 200,000 Iraqis, most of them from Baghdad, have left their mixed neighborhoods and taken refuge in communities where they can live among their own. In July, the Baghdad morgue reported more than 1,800 violent deaths.

A widening war would strike at the city's religious complexities, which have grown over time: Each sect has holy sites in the other's territory, and neighborhoods such as Kadhimiya, a Shiite stronghold in west Baghdad, and Adhamiya, a Sunni pocket in the east, would be surrounded by enemies.

"The national character of Iraqis doesn't want the city divided," said Adnan Yassin, a sociologist at Baghdad University. "Sunni and Shiite have lived together for centuries. They've married one another. How can you divide this?"

Gone are the days of walking hand-in-hand with your lover along the Tigris, hearing the clack of backgammon through the scent of fish grilling beneath the moon. Sunni car bombers drive into Shiite marketplaces; Shiite death squads move through the night, leaving Sunni bodies in alleys and date palm groves. Some people carry two identity cards, one for who they really are, the other a lie to save them from death that often waits behind a suspicious gaze.

The Tigris rolls between the rage on both sides. Boatmen pull fish and bodies from the water. Iraqi and U.S. forces race along the banks, and sometimes a child, standing in the wrong place, will vanish in the dust of mortar rounds. It all gets whispered about along the Tigris, as if the river were a thread stitching together the vignettes of a city of 6 million that has lived on the edge for way too long.

Baghdad has become a sinister parlor game of unmasking affiliations with subtle and not so subtle questions: Where does your family come from, north or south? Who is your uncle? What tribe do you belong to? It is a place where death squads call the family of someone they've kidnapped and ask: Is he a Shiite, or a Sunni? A wrong answer can mean a trip to the morgue to identify a body streaked with acid burns and drill holes.

Jabbar Dulaimi bobs along in this vortex. A calm man with neatly combed hair, he's a councilman in Mansour, a once mixed neighborhood that is increasingly dominated by Sunnis. More than 150 shops are shuttered on 14th of Ramadan Street, many of them after owners received fliers from insurgents telling them to close or die. Garbage blows on sidewalks, rats scurry, sewage backs up in homes.

Dulaimi's cellphone buzzes and blinks with calls from constituents, but what can he do if fear keeps his municipal crews from work?

"I can't even pick up the garbage anymore," said Dulaimi, a Sunni. "One ward leader in Mansour told me, 'I can't send my trash collectors in there, they'll kill them.' "

Sectarian bloodshed has escalated since February, when Sunni insurgents attacked a Shiite shrine in Samarra. In the old arithmetic of Iraq, Sunni Arabs, many of them Baathists who benefited under Saddam Hussein, despised the American

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occupation. The majority Shiites wanted the U.S. to help rebuild a country. Now the Shiites are in control, and their death squads have forced Sunnis to inch toward the Americans for cover.

"One week ago a man came to me. His neighbor had been kidnapped," said Dulaimi, unfolding his anecdote as if were a parable from a sacred, if confounding, book. "The family was terrified. But then they found out he was in American custody, and they were very happy. They started throwing candy in the air. They were joyous the U.S. had him instead of Iraqi government forces or Shiite death squads."

The boys in Sadr City sell block ice and don't drift far from their corners. The neighborhood, with as many as 2 million people, is a poor, hot place devoted to radical Shiite cleric Muqtada Sadr. It is a mesmerizing grid of wind-swept chadors and echoing gunfire guarded by Sadr's Al Mahdi militia, which runs an intelligence network marked by the incessant static of radios and walkie-talkies.

Mustafa feels safe here. His tennis career is suffering, but his life will lengthen if he doesn't too often slip out of any of the neighborhood's 37 entrances and exits. It is a narrow existence, and sometimes, he'd just like to take his wife to another part of town and smoke a water pipe and stroll until 2 a.m. Then he thinks of an uncle with a shrapnel wound and of three friends — a coach and two tennis players on Iraq's Davis Cup team — who were killed not long ago.

He has a daughter. What if he died and never saw her again? The courts at his old Alwiya Club along the Tigris stay mostly empty anyway. But he'd love to hit a topspin forehand again, the ball streaking down the line, a puff of dust.

He works construction when he can. He hasn't had a job in months. He watches people come and go, like the women at Jemila Wholesale, who shop quickly and race home against the possibility that something somewhere might explode.

He doesn't hate Sunnis; he has Sunni friends. But lines are being drawn and it's best not to blur where you stand. He watches every day as more Shiites fleeing Sunni-dominated neighborhoods gather in Sadr City. They pour in with nowhere to go, children straggling through alleys, and fathers visiting Sadr's Al Mahdi militia, hoping for work in a city that has little.

"We ask God to stop this. It can't go on," Mustafa said. "We ask the government to stop this, but how can we trust them? They have done nothing.

"We're all human beings. What is this Kurdish, Sunni, Christian, Shiite? It's selfishness for people wanting things for their groups."

Fatima Omar lives across the river in the Sunni neighborhood of Amiriya. The tallest female student in the English department at Baghdad University, she is slim and wears a hijab. She has a degree, but no job, and sometimes when she looks for one, she must cross into dangerous neighborhoods that U.S. troops are steadily turning over to Iraqi forces, which are often ambushed by insurgents.

Helicopters shake the night sky and flares float like bright ghosts over the rooftops. A curfew keeps the streets mostly empty, but come daylight, rolling sectarian checkpoints appear, looking for anyone with the wrong last name, like hers.

"A lot of Omars have been killed crossing certain checkpoints," she said. This is why the neighborhood boys, even though they swagger, don't roam far from home, and why her father wants to reinvent himself with a fake ID card.

"I had an interview not long ago," she said. "My dad drove me to the bus stop. I got on quickly and rode to Mansour. Out on the street, I passed a lot of shops and saw things that I needed. But I didn't stop. I went by running. It's been 1 1/2 months since summer vacation, and I haven't stepped outside the courtyard of our house."

Times staff writers Zainab Hussein and Saif Rasheed contributed to this report.

U.S. Soldier Killed In Iraqi Province (WP/AP)

The Washington Post/AP, August 20, 2006

BAGHDAD, Iraq -- An American soldier was killed in combat Saturday in Anbar province, the stronghold of the Sunni Arab insurgency west of Baghdad, the U.S. military announced.

The soldier was assigned to the 1st Brigade, 1st Armored Division, a military statement said. It gave no details except to say the soldier "died from wounds sustained due to enemy action" while operating in Anbar province.

At least 2,605 members of the U.S. military have died since the Iraq war started in March 2003, according to an Associated Press count.

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Iranian Shells Land In Kurdish Villages In Northern Iraq, Killing 2 (NYT)

By Edward Wong And Yerevan Adham

The New York Times, August 20, 2006

SULAIMANIYA, Iraq, Aug. 19 — Artillery shells fired from Iran have landed in remote northern villages of Iraqi Kurdistan in the past four days and have killed at least two civilians and wounded four others, a senior Kurdish official said Saturday. Dozens of families have fled the region.

The shells have been aimed at an area around Qandil Mountain, known as a base for militant Kurdish opposition groups seeking independence from Turkey and Iran, said the official, Mustafa Sayed Qadir, a senior member of the Patriotic Union of Kurdistan, which governs the eastern half of Iraqi Kurdistan.

"A lot of homes have been damaged and livestock killed," he said. A shepherd was wounded Saturday, and two women were among the three people wounded on previous days, he added.

The government of Iraq is aware of the shelling, which has taken place occasionally in recent months, but has not taken an official position, he said.

The president of Iraq, Jalal Talabani, is the head of the Patriotic Union of Kurdistan. He has at times had a close relationship with Iran, especially when he sought Iranian support in the 1990's against rival Kurdish leaders and Saddam Hussein. But Mr. Talabani is also aware of the Iranian government's poor treatment of its Kurdish minority. Iranian officials could not be reached for comment Saturday evening.

Iran and Turkey have sizeable Kurdish populations that live in mountainous areas bordering Iraqi Kurdistan. In recent weeks, the two countries have stepped up warnings to Kurdish militant groups, perhaps fearing that they might have enough of a haven in Iraqi Kurdistan to inject new vigor into independence movements in Iran and Turkey. Iraqi Kurdistan is autonomous from the rest of Iraq and is home to most of this country's five million Kurds.

It is unclear what weaponry or troops Iran has amassed along its border with Iraqi Kurdistan.

American officials have accused Iran of supporting Hezbollah in its recent battle against Israel. This month, the American ambassador to Iraq, Zalmay Khalilzad, said Iran had been pushing small Shiite militias to step up attacks against the American-led forces in retaliation for Israel's assault on Lebanon.

An American military spokesman said some Shiite militias had been training in Iran and had received weapons from individuals or groups in that country. However, the spokesman, Maj. Gen. William B. Caldwell IV, said the military had not found any evidence that the Iranian government was involved.

In Baghdad on Saturday, thousands of Shiite pilgrims converged on a shrine in the northern part of the capital for an annual procession, walking a route secured by police officers as a citywide ban on driving emptied the streets in an effort to prevent sectarian attacks and panic.

At least three Shiites were found dead in Baghdad, shot in the head, according to hospital officials. But the Interior Ministry could not confirm whether they were pilgrims.

Elsewhere in Iraq, battles continued to rage. An American soldier died from wounds suffered during fighting in Anbar Province, the American military said in a statement. An Iraqi police patrol was ambushed by sniper fire in Mosul, killing a policeman and wounding another, the police said.

In a series of gun battles in and around Baquba, at least six people were killed. A civilian died from stray gunfire after an attack on an Iraqi police checkpoint in a western suburb; nearby, gunmen killed two professors from Diyala University.

A Nonpartisan Look At The Price Tag Of Overseas Wars (NYT)

By Hubert B. Herring

The New York Times, August 20, 2006

What, exactly, are the wars in Iraq and Afghanistan costing us? (In merely dollar terms, that is; the human cost is another, unthinkable matter entirely.) That's what the Congressional Research Service, Congress's nonpartisan public policy research arm, explored in a recent study.

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As the study notes, the Defense Department recently put the “burn rate” — a term for the sums being spent — for Iraq and Afghanistan at $6.8 billion a month. But as the study says, that excludes maintaining and replacing equipment or building and improving facilities. The official “burn rate,” it concludes, is only about 70 percent of the true cost.

For fiscal 2006, monthly costs for Iraq alone could hit $8 billion, the study projected.

The study found a bit of surprising news: that the cost of feeding troops in Iraq fell in fiscal 2005 to $1.2 billion from $2 billion, despite comparable troop levels. No, we have not cut rations. The change may simply reflect success at reducing costs, the study says.

Shi'ite Revival Roiling Mideast (WT)

By David R. Sands, The Washington Times

The Washington Times, August 20, 2006

The world's Shi'ite Muslims, traditionally second-class citizens in the Islamic world, may be having their day.

The strong performance by fighters of Lebanon's radical Shi'ite Hezbollah movement in the five-week war with Israel is just the latest sign of a resurgence for the branch of Islam that has long been dominated militarily and economically by the more numerous Sunni Muslims.

But the Shi'ite revival also poses major problems for the Bush administration and for Sunni Arab-dominated regimes such as Egypt and Saudi Arabia, while presenting a strategic opportunity for the world's most-populous Shi'ite state -- Iran.

Vali Nasr, Middle East scholar at the Council on Foreign Relations and author of a new book, "The Shia Revival: How Conflicts Within Islam Will Shape the Future," said the popular perception across the Islamic world of Hezbollah's success was a blow to the Sunni regimes and could force even moderate Shi'ite leaders to take a more radical stance against Israel and U.S. interests.

"The Shi'ites can say, 'We performed better than the Sunnis in standing up for our interests,'" he said. "Hezbollah defended little villages in southern Lebanon better than Saddam Hussein defended Baghdad."

Even before the Lebanon clash, events across the Muslim world had inspired debate over a new "Shi'ite Crescent."

Following U.S.-backed elections, Iraq's Shi'ite majority dominates the government in Baghdad for the first time in a millennium, while Shi'ite militias battle largely Sunni insurgents for control of the country. Iran's Shi'ite Islamic Republic has seen two regional rivals -- the Sunni fundamentalist Taliban in Afghanistan and Saddam's Sunni-dominated secular dictatorship in Iraq -- crushed by U.S.-led military campaigns, while its Hezbollah ally is the strongest and best-armed force in Lebanon.

"Freed from the menace of the Taliban in Afghanistan and of Saddam in Iraq, Iran is riding the crest of the wave of Shi'ite revival," according to Mr. Nasr, "aggressively pursuing nuclear power and demanding international recognition of its interests."

Shi'ite Muslim communities in Sunni-dominated Arab states such as Saudi Arabia and Bahrain -- which has a Shi'ite-majority population -- have recently begun to demand greater rights and economic opportunity.

The world's 120 million Shi'ites represent about 10 percent of Muslims worldwide, and are a majority of the population in just a handful of countries, including Iran (90 percent), Iraq (60 percent), Azerbaijan (75 percent) and Bahrain (75 percent).

Shi'ites make up an estimated 45 percent of Lebanon's population, and are smaller but still significant minorities in countries such as Saudi Arabia, Pakistan and the Persian Gulf states.

Shi'ite Muslims, with a religious tradition that did not focus on state power, have long complained of marginalization at the hands of Sunnis, even in countries such as Iraq, where Sunni Muslims were a minority.

Some of the most open fears of rising Shi'ite power, often linked to fears of a rising Iran, have come from the Arab world's Sunni leaders.

In December 2004, Jordan's King Abdullah II warned of rising Iranian influence on Iraq's Shi'ite Muslims, referring explicitly to a "Shi'ite crescent" stretching from Lebanon to Iran that could destabilize existing governments and challenge U.S. interests.

Egyptian President Hosni Mubarak in April accused Shi'ite radicals such as Iraqi cleric Muqtada al-Sadr and Hezbollah leader Sheik Hassan Nasrallah of putting religious ties -- in particular, allegiance to Iran -- above national interests.

"Shi'ites are mostly always loyal to Iran and not to the countries where they live," he said.

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But some regional commentators say such comments inflate the danger of a pan-regional Shi'ite alliance and reflect the Sunni leaders' fears of Iran and of the impact events such as the Lebanese war could have on their populations at home.

"Clearly, throughout the Gulf and beyond, there is an effort on the part of Arab regimes to use this specter of a Shia crescent for their own purposes," said Council on Foreign Relations Middle East scholar Steven A. Cook at a council symposium in June on the Shi'ite resurgence.

Islam scholars say the Shi'ite-Sunni clash is a complex mix of religion, politics and class issues, and that the schism has never been fixed or permanent in Islam's 1,400-year history. But the sectarian fighting in Iraq and Hezbollah's war in Lebanon have forced ordinary Muslims to choose sides.

"Even secular Sunnis and Shia, because they need to be protected in a place like Iraq, or they fear what might happen in Bahrain or eastern Saudi Arabia, tend to draw towards their own," Mr. Cook said.

"I think that's an unfortunate scenario that is playing itself out throughout the region."

And Now, Islamism Trumps Arabism (NYT)

By Michael Slackman

The New York Times, August 20, 2006

CAIRO

SHE grew up in Cairo with the privileges that go to the daughter of a military officer, attended a university and landed a job in marketing. He grew up in a poor village of dusty unpaved roads, where young men work long hours in a brick factory while dreaming of getting a government job that would pay $90 a month.

But Jihan Mahmoud, 24, from the middle-class neighborhood of Heliopolis, and Madah Ali Muhammad, 23, from a village in the Nile Delta, have come to the exact same conclusion about what they and their country need: a strong Islamic political movement.

“I have more faith in Islam than in my state; I have more faith in Allah than in Hosni Mubarak,” Ms. Mahmoud said, referring to the president of Egypt. “That is why I am proud to be a Muslim.”

The war in Lebanon, and the widespread conviction among Arabs that Hezbollah won that war by bloodying Israel, has fostered and validated those kinds of feelings across Egypt and the region. In interviews on streets and in newspaper commentaries circulated around the Middle East, the prevailing view is that where Arab nations failed to stand up to Israel and the United States, an Islamic movement succeeded.

“The victory that Hezbollah achieved in Lebanon will have earthshaking regional consequences that will have an impact much beyond the borders of Lebanon itself,” Yasser Abuhilalah of Al Ghad, a Jordanian daily, wrote in Tuesday’s issue.

“The resistance celebrates the victory,” read the front-page headline in Al Wafd, an opposition daily in Egypt.

Hezbollah’s perceived triumph has propelled, and been propelled by, a wave already washing over the region. Political Islam was widely seen as the antidote to the failures of Arab nationalism, Communism, socialism and, most recently, what is seen as the false promise of American-style democracy. It was that wave that helped the banned but tolerated Muslim Brotherhood win 88 seats in Egypt’s Parliament last December despite the government’s violent efforts to stop voters from getting to the polls. It was that wave that swept Hamas into power in the Palestinian government in January, shocking Hamas itself.

“We need an umbrella,” said Mona Mahmoud, 40, Jihan’s older sister. “In the 60’s, Arabism was the umbrella. We had a cause. Now we lack an umbrella. We feel lost in space. We need to be affiliated to something. Usually in our part of the world, because of what religion means to us, we immediately resort to it.”

The lesson learned by many Arabs from the war in Lebanon is that an Islamic movement, in this case Hezbollah, restored dignity and honor to a bruised and battered identity. People in Egypt still talk painfully about the loss to Israel in 1967, a loss that was the beginning of the end of pan-Arabism as an ideology to unite the region and define its people.

Hezbollah’s perceived victory has highlighted, and to many people here validated, the rise of another unifying ideology, a kind of Arab-Islamic nationalism. On the street it has even seemed to erase divisions between Islamic sects, like Sunni and Shiite. At the moment, the Hezbollah leader, Sheik Hassan Nasrallah, is widely viewed as a pan-Arab Islamic hero.

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"The losers are going to be the Arab regimes, U.S.A. and Israel," said Dr. Fares Braizat of the Center for Strategic Studies at the University of Jordan. "The secular resistance movements are gone. Now there are the Islamists coming in. So the new nationalism is going to be religious nationalism, and one of the main reasons is dignity. People want their dignity back."

The terms Islamic nationalism and pan-Islamism have a negative connotation in the West, where they are associated with fundamentalism and terrorism. But that is increasingly not the case in Egypt. Under the dual pressures of foreign military attacks in the region and a government widely viewed as corrupt and illegitimate, Islamic groups are seen by many people as incorruptible, disciplined, efficient and caring. A victory for Hezbollah in Lebanon is by extension a victory for the Muslim Brotherhood in Egypt.

"People will say Hezbollah achieved a very good thing, so why should we mistrust the Muslim Brotherhood," said Hassan Naffa, a professor of political science at Cairo University.

There is a wide diversity of views and agendas under the pan-Islamic-Arab umbrella. But as is often the case in politically aligned movements, those differences are easily papered over when that movement is in the opposition.

"Hezbollah is a resistance movement that has given us a solution," said Yomana Samaha, a radio talk-show host in Cairo who identified herself as secular and a supporter of separating religion and government. But when asked if she would vote for a Muslim Brotherhood candidate in Egypt, she said "Yeah, why not?"

It was an answer she seemed reluctant — but relieved — to state.

"If they have a solution," she repeated, "why not?"

A solution to what?

"Loss of dignity," said Mona Mahmoud, who is her friend.

Concepts of individual and collective identity are fluid here. During the British occupation of Egypt, a rise in Egyptian nationalism helped lead to independence in the early 1900's. After the revolution of 1952, Gamal Abdel Nasser led the country and the region to seek unity under the banner of Arabism. That was a theme trumpeted by leaders from Col. Muammar el-Qaddafi in Libya to Hafez al-Assad in Syria to Saddam Hussein in Iraq.

But according to many political scientists and intellectuals, the glue of pan-Arabism began to weaken in Egypt after defeat in the Arab-Israel War of 1967, a decline that quickened through the 1970's and into the 1980's.

"People think that this defeat was a punishment from God because we drifted far from the teachings of Islam," said Gamal Badawi, an Egyptian historian.

Since then there has been a steady and visible change in many Egyptians' relationship to political Islam. It is not that Egyptians are suddenly more religious, political analysts said. This has always been a religious country. It is that they are more apt to define themselves by their faith. On the streets, that is most evident in the number of women — an overwhelming majority — who cover their heads with Islamic headscarves, a sign not just of individual conviction but also of peer pressure.

"The failure of pan-Arabism, the lack of democracy, and corruption — this drives people to an extent of despair where they start to find the solution in religion," said Gamal el-Ghitany, editor of Akhbar al-Adab, a literary magazine distributed in Egypt.

Echoing that view, Diaa Rashwan, an expert in Islamic movements and analyst with the government-financed Center for Political and Strategic Studies in Cairo, said, "People have come to identify themselves more as Muslims during the last five years in response to the U.S.-led 'war on terrorism' which Egyptians frequently feel is a discriminatory campaign targeting Muslims and Islam worldwide."

But it is not just outside pressures that have pressed so many people of this nation, and this region, toward that view. The events that helped shape Mr. Muhammad's world view from his Delta village illustrate the way the government of Egypt also plays a role.

Last December Mr. Muhammad's uncle, Mustafa Abdel Salam, 61, was shot in the head and killed by the Egyptian police as he was going to pray at a mosque, according to witnesses, including Mr. Muhammad and other villagers. The killing occurred on the last day of voting in Egypt's parliamentary elections, a months-long process that was marred by police officers who were ordered to block voters from getting to the polls in many districts. The government grew concerned after candidates affiliated with the Muslim Brotherhood began winning in record numbers. While the brotherhood is banned, candidates affiliated with the organization ran as independents.

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The government says that the police did not fire live ammunition at citizens, but many people were killed and doctors and witnesses — including Western diplomats — said that the police did fire live rounds into people trying to vote. After the election was over and Mr. Abdel Salam was buried, the brotherhood-affiliated candidate visited the family to offer his condolences and help. The winning candidate, from the governing National Democratic Party, did not visit.

Mr. Muhammad said that the whole experience strengthened his conviction that "Islam is the solution" — a phrase that is the slogan of the Muslim Brotherhood. "Our voice is not heard," said Mr. Muhammad. "It is only the authorities who have a say. The smallest thing, like we go to vote, and we get beaten. So I will hold on to my religion, and that's it."

4 U.S. Soldiers Are Killed As Afghan Violence Surges (WP/AP)

By Fisnik Abrashi, Associated Press

The Washington Post, August 20, 2006

On Independence Day, Karzai Stresses Education

KABUL, Insurgents killed four U.S. soldiers and wounded six others in clashes Saturday during an upsurge in violence across the country. Two Afghan soldiers also were killed.

Three U.S. soldiers were killed and three were wounded during operations in the Pech district of the eastern province of Konar, said Col. Tom Collins, a U.S. military spokesman. U.S. troops in that area are hunting for Taliban fighters and insurgents linked to Osama bin Laden's al-Qaeda network in remote mountains hugging the Pakistani border.

In the southern province of Uruzgan, one U.S. soldier and two Afghan soldiers were killed and three Americans were wounded in a four-hour clash with more than 100 insurgents, according to a NATO statement.

The violence occurred as thousands gathered to mark Afghanistan's independence from British rule in 1919, following the third Anglo-Afghan war. Repeated wars and conflicts have devastated the country of 26 million people in the last three decades.

In Kabul, Afghan soldiers with M-16 assault rifles paraded with police officers, sportsmen and horsemen in a stadium that was used regularly for public executions during the Taliban's rule.

President Hamid Karzai told thousands attending a celebration that education was key to protecting the country's independence at a time when guerrillas are trying to undermine his authority.

"Our history proves our bravery," Karzai said. "The only thing we need to keep our independence is education."

Insurgents have targeted schools, burning 144 to the ground over the past year and forcing 200 others to close following threats against teachers and students, according to officials. More than 200,000 children have been unable to continue their education as a result.

The insurgents say that educating girls is against Islam and oppose government-funded schools for boys because they teach secular subjects besides religion. Targeting schools is also considered a tactic to shake the authority of the U.S.-backed government.

On Friday, a local police commander was killed when his vehicle hit a freshly planted mine in the Sori district of the southern province of Zabol, said Noor Mohammad Paktin, the provincial police chief.

Separately, suspected Taliban insurgents wounded Mrich Agha, a spiritual leader in Kandahar province, also in the south, the governor's spokesman said. Agha's driver was killed in the ambush, he said.

Afghanistan's southern provinces are bearing the brunt of the country's worst bout of violence since the fall of the Taliban, a radical Islamic militia, in the U.S.-led invasion in late 2001, as insurgents try to undermine Karzai and his government.

71 Suspected Afghan Militants Killed (SEAPI/AP)

By Noor Khan

Seattle Post-Intelligencer/AP, August 20, 2006

KANDAHAR, Afghanistan -- Afghan police backed by NATO aircraft killed 71 suspected Taliban militants in southern Afghanistan, while separate clashes left four U.S. troops dead and six wounded, officials said Sunday.

The 71 insurgents were killed when they attacked police in Panjwayi district in southern Kandahar province late Saturday, said Niaz Mohammad Sarhadi, the district chief.

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NATO troops used artillery and aircraft in the clash that lasted until early Sunday, said Maj. Toby Jackman, a spokesman for the force.

Four police and one Afghan soldier were killed, officials said. Three police and five soldiers were wounded. The bodies of the some of dead militants were found scattered through orchards alongside their weapons, Sarhadi said.

During a clash Saturday against Taliban militants in eastern Kunar province, three U.S. soldiers were killed and three others wounded, said U.S. military spokesman Col. Tom Collins.

American troops in that area are hunting for Taliban fighters and extremists close to Osama bin Laden's al-Qaida network in remote mountains hugging the Pakistani border.

In southern Uruzgan province, an American and an Afghan soldier was killed and three other Americans wounded in a four-hour clash with more than 100 insurgents, according to a NATO statement.

The troops used artillery and air support to repel the insurgent attack, a NATO statement said.

Collins said the troops in Uruzgan are part of a U.S. team training the fledgling Afghan National Army. Currently about 22,000 U.S. forces are in Afghanistan along with 20,000 NATO-led troops.

The slain American was identified by family members as senior airman Adam Servais, 23, of Onalaska, Wis. The four-year veteran was with Air Force Special Operations.

Officials said they didn't have details on insurgent casualties.

The fighting was reported to be some of the heaviest in recent months and came as war-battered Afghanistan celebrated its independence day.

Thousands gathered Saturday to mark Afghanistan's independence from British rule in 1919, following the third Anglo-Afghan war. Repeated wars and conflicts have devastated the country of 25 million people in the last three decades, with scars still visible on buildings and large swaths of minefields.

Meanwhile, a mine in the country's restive south killed a local police commander and an ambush by suspected insurgents left a spiritual leader wounded.

The officer was killed when his vehicle hit a freshly planted mine in Sori district of southern Zabul province on Friday, said Noor Mohammad Paktin, the provincial police chief.

Separately, suspected Taliban militants wounded Mrich Agha, a spiritual leader in the southern Kandahar province on Saturday, said Dawood Ahmadi, the governor's spokesman. Agha's driver was killed in the ambush, Ahmadi said.

Afghanistan's southern provinces are bearing the brunt of the worst bout of violence to have rocked the country since the fall of the Taliban regime in the U.S.-led invasion in late 2001.

Troops Long Out-Of-Uniform Sent To Iraq (WP/AP)

By Rebecca Santana

The Washington Post/AP, August 20, 2006

CAMP ANACONDA, Iraq -- Spc. Chris Carlson had been out of the U.S. Army for two years and was working at Costco in California when he received notice that he was being called back into service.

The 24-year-old is one of thousands of soldiers and Marines who have been deployed to Iraq under a policy that allows military leaders to recall troops who have left the service but still have time left on their contract.

"I thought it was crazy," said Carlson, who has found himself protecting convoys on Iraq's dangerous roads as part of a New Jersey National Guard unit. "Never in a million years did I think they would call me back."

Although troops are allowed to leave active duty after a few years of service, they generally still have time left on their contract with the military that is known as "inactive ready reserve" status, or IRR. During that time, they have to let their service know their current address, but they don't train, draw a paycheck or associate in any other way with the military.

But with active duty units already completing multiple tours in Iraq, the Pentagon has employed the rarely used tactic of calling people back from IRR status, a policy sometimes referred to as a "backdoor draft."

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According to the U.S. Army Reserve, approximately 14,000 soldiers on IRR status have been called to active duty since March 2003 and about 7,300 have been deployed to Iraq. The Marine Corps has mobilized 4,717 Marines who were classified as inactive ready reserve since Sept. 11, and 1,094 have been deployed to Iraq, according to the Marine Forces Reserve.

The 1st Squadron of the 167th Cavalry RSTA, which is based in Lincoln, Neb. and oversees the New Jersey guard unit here in Iraq, has about 40 IRR soldiers within its ranks of roughly 1,000 soldiers, and officers in the squadron say the troops have merged into the unit without any problems.

Jason Mulligan, 28, of Ridgefield, Conn., left the army back in 2002 after two years in the infantry. He was working as a painting contractor while studying wildlife conservation when he received his letter last fall alerting him that he'd been mobilized.

The letter was followed up by another warning to Mulligan that if he didn't comply, the government would prosecute him to the fullest extent of the law.

"My family and my fiancee were telling me 'Don't' report. Don't show up,' said Mulligan, who also serves with a New Jersey National Guard unit as a gunner on a Humvee helping patrol the territory around Camp Anaconda, a base about 50 miles north of Baghdad. "And I thought, 'Well I got that nasty letter saying they were going to put me in jail if I don't show up.'"

Anthony Breaux, 24, from La Place, La., said he had a feeling that eventually he would be recalled to service after hearing of so many other soldiers who were pulled from IRR status. Breaux, who left active duty in September 2002, said he knew it was part of the bargain when he joined the army.

"Well, I signed up. I signed the papers. So you know what? I got to do what I got to do," Breaux said, before getting ready for a reconnaissance patrol around Camp Anaconda.

Loren Thompson, a defense analyst with the Arlington, Va.-based Lexington Institute, said part of the reason that the military has called up so many people who were on reserve status is that certain skill sets such as military police or civil affairs were concentrated in the reserves after the Cold War ended.

But he said the sheer numbers of IRR soldiers being mobilized also are a sign that the military doesn't have enough people to fight this war, now in its fourth year.

"It seems clear in retrospect that the active-duty force wasn't big enough to sustain a 'long war' against global terrorism, and also lacked the proper mix of skills to wage that war with maximum effectiveness," Thompson said.

That thought is echoed by many of the IRR soldiers. Mulligan said the military's reliance on IRR soldiers shows how "desperate" the services are for troops.

"Maybe it says something for maybe the way the military is treating the people that are over here, because they're just not wanting to stay on," said Mulligan.

Some of the IRR soldiers, such as Carlson, still will have time on their military contracts when they return from this deployment, meaning they could possibly be called back another time. But others will end their IRR status around the same time their deployment in Iraq ends next spring or will have so little time left that they would not be deployed again.

Spc. Mark Wiles, 27, of Phoenix, said his 6 1/2 years of active duty and the time he'll have served on this deployment mean that his reserve status will be over when the unit gets home. The only way that the military could keep him is if they extended the unit's stay in Iraq.

"Those of us who are IRR are seriously hoping they don't do that," Wiles said.

What Next? (WP)

By Daniel L. Byman And Kenneth M. Pollack

The Washington Post, August 20, 2006

The debate is over: By any definition, Iraq is in a state of civil war. Indeed, the only thing standing between Iraq and a descent into total Bosnia-like devastation is 135,000 U.S. troops -- and even they are merely slowing the fall. The internecine conflict could easily spiral into one that threatens not only Iraq but also its neighbors throughout the oil-rich Persian Gulf region with instability, turmoil and war.

The consequences of an all-out civil war in Iraq could be dire. Considering the experiences of recent such conflicts, hundreds of thousands of people may die. Refugees and displaced people could number in the millions. And with Iraqi

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insurgents, militias and organized crime rings wreaking havoc on Iraq's oil infrastructure, a full-scale civil war could send global oil prices soaring even higher.

However, the greatest threat that the United States would face from civil war in Iraq is from the spillover -- the burdens, the instability, the copycat secession attempts and even the follow-on wars that could emerge in neighboring countries. Welcome to the new "new Middle East" -- a region where civil wars could follow one after another, like so many Cold War dominoes.

And unlike communism, these dominoes may actually fall.

For all the recent attention on the Israeli-Hezbollah conflict, far more people died in Iraq over the past month than in Israel and Lebanon, and tens of thousands have been killed from the fighting and criminal activity since the U.S. occupation began. Additional signs of civil war abound. Refugees and displaced people number in the hundreds of thousands. Militias continue to proliferate. The sense of being an "Iraqi" is evaporating.

Considering how many mistakes the United States has made in Iraq, how much time has been squandered, and how difficult the task is, even a serious course correction in Washington and Baghdad may only postpone the inevitable.

Iraq displays many of the conditions most conducive to spillover. The country's ethnic, tribal and religious groups are also found in neighboring states, and they share many of the same grievances. Iraq has a history of violence with its neighbors, which has fostered desires for vengeance and fomented constant clashes. Iraq also possesses resources that its neighbors covet -- oil being the most obvious, but important religious shrines also figure in the mix -- and its borders are porous.

Civil wars -- whether in Africa, Asia, Europe or the Middle East -- tend to spread across borders. For example, the effects of the Jewish-Palestinian conflict, which began in the 1920s and continued even after formal hostilities ended in 1948, contributed to the 1956 and 1967 Arab-Israeli wars, provoked a civil war in Jordan in 1970-71 and then triggered the Lebanese civil war of 1975-90. In turn, the Lebanese conflict helped spark civil war in Syria in 1976-82.

With an all-out civil war looming in Iraq, Washington must decide how to deal with the most common and dangerous ways such conflicts spill across national boundaries. Only by understanding the refugee crises, terrorism, radicalization of neighboring populations, copycat secessions and foreign interventions that such wars frequently spark can we begin to plan for how to cope with them in the months and years ahead.Refugees Spread The Fighting

Massive refugee flows are a hallmark of major civil wars. Afghanistan's produced the largest such stream since World War II, with more than a third of the population fleeing. Conflicts in the Balkans in the 1990s also generated millions of refugees and internally displaced people: In Kosovo, more than two-thirds of Kosovar Albanians fled the country. In Bosnia, half of the country's 4.4 million people were displaced, and 1 million of them fled the country altogether. Comparable figures for Iraq would mean more than 13 million displaced Iraqis, and more than 6 million of them running to neighboring countries.

Refugees are not merely a humanitarian burden. They often continue the wars from their new homes, thus spreading the violence to other countries. At times, armed units move from one side of the border to the other. The millions of Afghans who fled to Pakistan during the anti-Soviet struggle in the 1980s illustrate such violent transformation. Stuck in the camps for years while war consumed their homeland, many refugees joined radical Islamist organizations. When the Soviets departed, refugees became the core of the Taliban. This movement, nurtured by Pakistani intelligence and various Islamist political parties, eventually took power in Kabul and opened the door for Osama bin Laden to establish a new base of operations for al-Qaeda.

Refugee camps often become a sanctuary and recruiting ground for militias, which use them to launch raids on their homelands. Inevitably, their enemies attack the camps -- or even the host governments. In turn, those governments begin to use the refugees as tools to influence events back in their homelands, arming, training and directing them, and thereby exacerbating the conflict.

Perhaps the most tragic example of the problems created by large refugee flows occurred in the wake of the Rwandan genocide in 1994. After the Hutu-led genocide resulted in the death of 800,000 to 1 million Tutsis and moderate Hutus, the Tutsi-led Rwandan Patriotic Front "invaded" the country from neighboring Uganda. The RPF was drawn from the 500,000 or so Tutsis who had already fled Rwanda from past pogroms. As the RPF swept through Rwanda, almost 1 million Hutus fled to neighboring Congo, fearing that the evil they did unto others would be done unto them.

For two years after 1994, Hutu bands continued to conduct raids in Rwanda and began to work with Congolese dictator Mobutu Sese Seko. The new RPF government of Rwanda responded by attacking not only the Hutu militia camps, but also its

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much larger neighbor, bolstering a formerly obscure Congolese opposition leader named Laurent Kabila and installing him in power in Kinshasa. A civil war in Congo ensued, killing perhaps 4 million people.

The flow of refugees from Iraq could worsen instability in all of its neighboring countries. Kuwait, for example, has just over 1 million citizens, one-third of whom are Shiite. The influx of several hundred thousand Iraqi Shiites across the border could change the religious balance in the country overnight. Both these Iraqi refugees and the Kuwaiti Shiites could turn against the Sunni-dominated Kuwaiti government, seeing violence as a means to end the centuries of discrimination they have faced at the hands of Kuwait's Sunnis.

Numbers of displaced people are already rising in Iraq, although they are nowhere near what they could be if the country slid into a full civil war. About 100,000 Arabs are believed to have fled northern Iraq under pressure from Kurdish militias. As many as 200,000 Sunni Arabs reportedly have been displaced by the fighting between Sunni groups and the American-led coalition in western Iraq. In the past 18 months, 50,000 to 100,000 Shiites have fled mixed-population cities in central Iraq for greater safety farther south. So far, in addition to the Palestinians and other foreigners, only the Iraqi upper and middle classes are fleeing the country altogether, moving to Egypt, Jordan, Lebanon or the Gulf States. As one indicator of the size of this flight, since 2004 the Ministry of Education has issued nearly 40,000 letters permitting parents to take their children's academic records abroad. If the violence continues to escalate, even those without resources will soon flee to vast refugee camps in the nearest country.Terrorism Finds New Homes

The war in Iraq has proved to be a disaster for the struggle against Osama bin Laden. Fighters there are receiving training, building networks and becoming further radicalized -- and the U.S. occupation is proving a dream recruiting tool for young Muslims worldwide. As bad as this is, a wide-scale civil war in Iraq could make the terrorism problem even worse.

Such terrorist organizations as Hezbollah, the Liberation Tigers of Tamil Eelam (LTTE), the Armed Islamic Group (GIA), the Irish Republican Army (IRA) and the Palestine Liberation Organization (PLO) were all born of civil wars. They eventually shifted from assaulting their enemies in Lebanon, Sri Lanka, Algeria, Northern Ireland and Israel, respectively, to mounting attacks elsewhere. Hezbollah has attacked Israeli, American and European targets on four continents. The LTTE assassinated former Indian prime minister Rajiv Gandhi because of his intervention in Sri Lanka. The IRA began a campaign of attacks in Britain in the 1980s. The GIA did the same to France the mid-1990s, hijacking an Air France flight then moving on to bombings in the country. In the 1970s, various Palestinian groups began launching terrorist attacks against Israelis wherever they could find them -- including at the Munich Olympics and airports in Athens and Rome -- and then attacked Western civilians whose governments supported Israel.

In Afghanistan, the anti-Soviet struggle in the 1980s was a key incubator for bin Laden's movement. Many young mujaheddin went to Afghanistan with only the foggiest notion of jihad. But during the fighting in Afghanistan, individuals took on one another's grievances, so that Saudi jihadists learned to hate the Egyptian government and Chechens learned to hate Israel. Meanwhile, al-Qaeda convinced many of them that the United States was at the center of the Muslim world's problems -- a view that almost no Sunni terrorist group had previously embraced. Other civil wars in Muslim countries, including the Balkans, Chechnya and Kashmir, began for local reasons but became enmeshed in the broader jihadist movement. Should Iraq descend into a deeper civil war, the country could become a sanctuary for both Shiite and Sunni terrorists, possibly even exceeding the problems of Lebanon in the 1980s or Afghanistan under the Taliban.

Right now, the U.S. military presence keeps a lid on the jihadist effort. There are no enormous training camps such as those the radicals enjoyed in Afghanistan. Likewise, Hezbollah and other Shiite terrorist groups have maintained a low profile in Iraq so far, but the more embattled the Shiites feel, the better the chance they will invite greater Hezbollah involvement. Shiite fighters may even strike the Sunni backers of their Iraqi adversaries, such as Saudi Arabia and Kuwait, or incite their own Shiite populations against them. And lost in the focus on Arab terrorist groups is the Kurdish Workers Party (PKK), an anti-Turkish group that has long fought to establish a Kurdish state in Turkey from bases in Iraq. The more Iraq is consumed by chaos, the more likely it is that the PKK will regain a haven in northern Iraq.

The Sunni jihadists would be particularly likely to go after Saudi Arabia given its long, lightly patrolled border with Iraq, as well as their interest in destabilizing the ruling Saud family. The turmoil in Iraq has energized young Saudi Islamists. In the future,

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the balance may shift from Saudis helping Iraqi fighters against the Americans to Iraqi fighters helping Saudi jihadists against the Saudi government, with Saudi oil infrastructure an obvious target.Radicalism Is Contagious

Civil wars tend to inflame the passions of neighboring populations. This is often just a matter of proximity: Chaos and slaughter five miles down the road has a much greater emotional impact than a massacre 5,000 miles away. The problem worsens whenever ethnic or religious groupings also spill across borders. Frequently, people demand that their government intervene on behalf of their compatriots embroiled in the civil war. Alternatively, they may aid their co-religionists or co-ethnics on their own -- taking in refugees, funneling money and guns, providing sanctuary.

The Albanian government came under heavy pressure from its people to support the Kosovar Albanians who were fighting for independence from the Serbs. As a result, Tirana provided diplomatic support and covert aid to the Kosovo Liberation Army in 1998-99, and threatened to intervene to prevent Serbia from crushing the Kosovars. Similarly, numerous Irish and Irish American groups clandestinely supported the Irish Republican Army, providing money and guns to the group and lobbying Dublin and Washington.

Sometimes, radicalization works in the opposite direction if neighboring populations share the grievances of their comrades across the border, and as a result are inspired to fight in pursuit of similar goals in their own country. Although Sunni Syrians had chafed under the minority Alawite dictatorship since the 1960s, members of the Muslim Brotherhood (the leading Sunni Arab opposition group) were spurred to action when they saw Lebanese Sunni Arabs fighting to wrest a share of political power from the minority Maronite-dominated government in Beirut. This spurred their own decision to organize against Hafez al-Assad's regime in Damascus. By the late 1970s, their resistance had blossomed into civil war, but Assad's regime was not as weak as Lebanon's. In 1982, Assad razed the center of the city of Hama, a Muslim Brotherhood stronghold, killing 20,000 to 40,000 people and snuffing out the revolt.

Iraq's neighbors are vulnerable to this aspect of spillover. Iraq's own divisions are mirrored throughout the region; for instance, Bahrain, Kuwait and Saudi Arabia all have sizable Shiite communities. In Saudi Arabia, Shiites make up about 10 percent of the population, but they are heavily concentrated in its oil-rich Eastern Province. Bahrain's population is majority Shiite, although the regime is Sunni. Likewise, Iran, Syria and Turkey all have important Kurdish minorities, which are geographically concentrated adjacent to Iraqi Kurdistan.

Populations in some countries around Iraq are already showing dangerous signs of radicalization. In March, after the Sunni jihadist bombing of the Shiite Askariya shrine in Iraq, more than 100,000 Bahraini Shiites took to the streets in anger. In 2004, when U.S. forces were battling Iraqi Sunni insurgents in Fallujah, large numbers of Bahraini Sunnis protested. There has been unrest in Iranian Kurdistan in the past year, prompting Iran to deploy troops to the border and even shell Kurdish positions in Iraq. The Turks, too, have deployed additional forces to the Iraqi border to prevent any movement of Kurdish forces between the two countries.

Most ominous of all, tensions are rising between Shiites and Sunnis in the key Eastern Province of Saudi Arabia. As in Bahrain, many Saudi Shiites saw the success of Iraq's Shiites and are now demanding better political and economic treatment. The government made a few initial concessions, but now the kingdom's Sunnis are openly accusing the Shiites of heresy. Religious leaders on both sides have begun to warn of a coming civil war or schism within Islam. The horrors of such a split are on display only miles away in Iraq.Secession Breeds Secessionism

Iraq's neighbors are just as fractured as Iraq itself. Should Iraq fragment, voices for secession elsewhere will gain strength. The dynamic is clear: One oppressed group with a sense of national identity stakes a claim to independence and goes to war to achieve it. As long as that group isn't crushed immediately, others with similar goals can be inspired to do the same.

The various civil wars in the former Yugoslavia in the 1990s provide a good example. Slovenia was determined to declare independence, which led the Croats to follow suit. When the Serbs opposed Croatian secession from Yugoslavia by force, the first of the Yugoslav civil wars broke out. The European Union foolishly recognized both Slovene and Croatian independence, hoping that would end the bloodshed. However, many Bosnian Muslims wanted independence, and when they saw the Slovenes and Croats rewarded for their revolts, they pursued the same course. The new Bosnian government feared that if it did not declare independence, Serbia and Croatia would gobble up the respective Serb- and Croat-inhabited parts of their country.

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When Bosnia held a March 1992 referendum on independence, 98 percent voted in favor. The barricades went up all over Sarajevo the next day, kicking off the worst of the Balkan civil wars.

It didn't stop there. The eventual success of the Bosnians -- even after four years of war -- was an important element in the thinking of Kosovar Albanians when they agitated against the Serbian government in 1997-98. Serbian repression sparked an escalation toward independence that ended in the 1999 Kosovo War between NATO and Serbia. Kosovo, in turn, inspired Albanians in Macedonia to launch a guerrilla war against the Skopje government in hope of achieving the same or better.

In Iraq's case, the first candidate for secession is obvious: Kurdistan. If any group on Earth deserves its own country, it is surely the Kurds -- a distinct nation of 25 million people living in a geographically contiguous space with their own language and culture. However, if the Iraqi Kurds declare their independence and are protected by the international community, it is not hard to imagine Kurdish groups in Turkey and Iran following suit.

Moreover, the Kurds are not the only candidates. Shiite leader Abdul Aziz Hakim has called for autonomy for Iraq's Shiite regions -- a likely precursor for demands of outright independence. If Iraqi Shiites try to split off, other Shiites in the Gulf region might agitate against their own regimes along similar lines. Moreover, if ethnic or sectarian self-determination begins spreading throughout the Middle East more generally, secessionist movements could also spread to unlikely groups such as Iran's minority Azeri and Baluch populations.Beware of Neighborly Interventions

Another critical problem of civil wars is the tendency of neighboring states to get involved, turning the conflicts into regional wars. Foreign governments may intervene overtly or covertly to "stabilize" the country in turmoil and stop the refugees pouring across their borders, as the Europeans did during the Yugoslav wars. Neighboring states will intervene to eliminate terrorist groups setting up shop in the midst of the civil war, as Israel did repeatedly in Lebanon. They also may intervene to stem the flow of "dangerous ideas" into their country. Iran and Tajikistan intervened in the Afghan civil war on behalf of co-religionists and co-ethnicists suffering at the hands of the rabidly Sunni, rabidly Pashtun Taliban, just as Syria intervened in Lebanon for fear that the conflict there was radicalizing its Sunni population.

In virtually every case, these interventions brought only further grief to the interveners and to the parties of the civil war.

Opportunism is another powerful motive. States often harbor designs on their neighbors' land and resources and see the chaos of civil war as an opportunity to achieve long-frustrated ambitions. Much as Croatia's Franjo Tudjman and Serbia's Slobodan Milosevic may have felt the need to intervene in the Bosnian civil war to protect their ethnic brothers, it seems clear that a more important motive for both was to carve up Bosnia between them.

Many states attempt to influence the course of a civil war by providing money, weapons and other support to one side. In effect, they use their intelligence services to create proxies who can fight the war for them. But states find that proxies are rarely able to secure their interests, typically leading them to escalate to open intervention. Both Israel and Syria employed proxies in Lebanon, for example, but found them inadequate, prompting their own invasions.

Pakistan is one of the few countries to succeed in using a proxy force (the Taliban) to secure its interests in a civil war. However, the nation's support of these radical Islamists encouraged the explosion of Islamic fundamentalism in Pakistan itself -- increasing the number of armed groups operating from Pakistan and creating networks for drugs and weapons to fuel the conflict. Today, Pakistan is a basket case, and much of the reason lies in its costly effort to prevail in the Afghan civil war.

Covert foreign intervention is proceeding apace in Iraq, with Iran leading the way. U.S. military and Iraqi sources think there are several thousand Iranian agents of all kinds already in Iraq. These personnel have simultaneously funneled money, guns and other support to friendly Shiite groups and established the infrastructure to wage a large-scale clandestine war if necessary. Iran has set up an extensive network of safe houses, arms caches, communications channels and proxy fighters, and will be well-positioned to pursue its interests in a full-blown civil war. The Sunni powers of Jordan, Kuwait, Saudi Arabia and Turkey are frightened by Iran's growing influence and presence in Iraq and have been scrambling to catch up.

Turkey may be the most likely country to overtly intervene in Iraq. Turkish leaders fear both the spillover of Turkish secessionism and the possibility that Iraq is becoming a haven for the PKK. Turkey has already massed troops on its southern border, and officials are threatening to intervene.

What's more, none of Iraq's neighbors thinks that it can afford to have the country fall into the hands of the other side. An Iranian "victory" would put the nation's forces in the heartland of the Arab world, bordering Jordan, Kuwait, Saudi Arabia and Syria;

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several of these states poured tens of billions of dollars into Saddam Hussein's military to prevent just such an occurrence in the 1980s. Similarly, a Sunni Arab victory (backed by the Jordanians, Kuwaitis and Saudis) would put radical Sunni fundamentalists on Iran's doorstep -- a nightmare scenario for Tehran.

Add in, too, each country's interest in preventing its rivals from capturing Iraq's oil resources. If these states are unable to achieve their goals through clandestine intervention, they will have a powerful incentive to launch a conventional invasion.

* * *

Much as Americans may want to believe that the United States can just walk away from Iraq should it slide into all-out civil war, the threat of spillover from such a conflict throughout the Middle East means it can't. Instead, Washington will have to devise strategies to deal with refugees, minimize terrorist attacks emanating from Iraq, dampen the anger in neighboring populations caused by the conflict, prevent secession fever and keep Iraq's neighbors from intervening. The odds of success are poor, but, nonetheless, we have to try.Providing Support

The United States, along with its Asian and European allies, will have to make a major effort to persuade Iraq's neighbors not to intervene in its civil war. Economic aid should be part of such an effort, but will not suffice. For Jordan and Saudi Arabia, it may require an effort to reinvigorate Israeli-Palestinian peace negotiations, thereby addressing one of their major concerns -- an effort made all the more important and complex in light of the recent conflict between Hezbollah and Israel. For Iran and Syria, it may be a clear (but not cost-free) path toward acceptance back into the international community.

Saudi Arabia and Kuwait would be extremely difficult for the United States to coerce, and the best Washington might do is to convince them that their intervention is unnecessary because the United States and its allies will take great pains to keep Iran from meddling, which will be one of Riyadh's greatest worries.

When it comes to foreign intervention, Iran is the biggest headache of all. Given its immense interests in Iraq, some involvement is inevitable. For Tehran, and probably for Damascus, the United States and its allies probably will have to put down red lines regarding what is absolutely impermissible -- such as sending uniformed Iranian military units into Iraq or claiming Iraqi territory. Washington and its allies will also have to lay out what they will do if Iran crosses any of those red lines. Economic sanctions would be one possibility, but they could be effective only if the European Union, China, India and Russia all cooperate. On its own, the United States could employ punitive military operations, either to make Iran pay an unacceptable price for one-time infractions or to persuade it to halt ongoing violations of one or more red lines.Don't Pick Winners

From Washington, it is tempting to consider ways to play one Iraqi faction against another in an effort to manage the civil war from within. The experiences of other powers, however, suggest how difficult this is. The Soviet Union tried to prop up President Najibullah when it left Afghanistan, and Israel used various Maronite militias as its proxies in Lebanon, but they all proved ineffective. Syria tried to use the Palestine Liberation Army to secure its interests in Lebanon, but its failure forced Damascus to invade instead. Washington tried to use a proxy force and intervene directly in Somalia, with equally disastrous results.

It is difficult, if not impossible, to determine a priori who will prevail in a civil war. The victor is rarely a key player in the country beforehand. Hezbollah did not exist in Lebanon at the start of the civil war there, nor did the Taliban in Afghanistan.

In Iraq, it is not clear which proxy would be the most effective militarily. Many communities are divided, fighting against one another more than against their supposed enemies. Iraq's Shiites may go the way of the Palestinians or the various Lebanese factions, who generally killed more of their own than of their declared enemies.Manage the Kurds

Should chaos engulf Iraq, the Kurds will understandably want out, but this risks inspiring secessionists elsewhere in Iraq and throughout the region. In return for the Kurds agreeing to postpone formal secession, Washington should offer them extensive economic aid, assistance with refugees and security assurances (perhaps backed by U.S. troops) -- as well as promising support for their eventual independence when Iraq is more stable.Buffer the Borders

One of Washington's hardest tasks would be to prevent the flow of dangerous people across Iraq's borders in either direction -- refugees, militias, foreign invaders and terrorists.

One option might be to create a system of buffer zones and refugee collection points inside Iraq staffed by U.S. and other coalition personnel. These collection points would be located on major roads, preferably near airstrips along Iraq's border -- thus on the principal routes that refugees would take to flee, providing a good logistical infrastructure to house, feed and otherwise

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care for tens or hundreds of thousands of refugees. Iraqi refugees would be gathered at these points and held there. In addition, coalition military forces would defend the refugee camps against attack, pacify and disarm them, and patrol large swaths of Iraqi territory nearby.

These zones would serve as "catch basins" for Iraqis fleeing the fighting, offering a secure place to stay within the nation's borders and thus preventing them from destabilizing neighboring countries. At the same time, they would serve as buffers between Iraq and its neighbors, preventing other forms of spillover -- such as militia movements, refugee flows out of Iraq and invasions into Iraq.

The catch-basin concept, while potentially useful, faces at least one big problem: Iran. Unlike Iraq's borders with Jordan, Kuwait, Saudi Arabia and Syria, the Iranian border is too long and has too many crossing points for it to be policed effectively by smaller numbers of coalition troops. Iran will never allow the United States the access across its territory, let alone logistical support, that would be necessary to make catch-basins along the Iran-Iraq border realistic. Thus, this scheme could make it look as though the United States was turning Iraq over to the Iranians, with the catch-basins effectively preventing intervention by Iraq's Sunni neighbors while doing nothing to deter Iran. For this reason, the United States's clear red lines to Iran about not intervening (at least overtly) would have to be enforced assiduously.

Perhaps most important, the catch-basin proposal requires Americans to endure significant long-term costs -- both in blood and treasure -- in Iraq. The United States would still need to deploy tens of thousands of troops to the nation (albeit on its periphery), as well as supplies to feed and care for hundreds of thousands of refugees. The United States would still occupy parts of Iraq, and the U.S. presence would remain a recruiting poster for the jihadist movement. Finally, all of these costs would have to be endured for as long as the war rages; recall that refugees from the wars in Afghanistan lived away from their homes for more than 20 years.

* * *

No country in recent history has successfully managed the spillovers from a full-blown civil war; in fact, most attempts have failed miserably. Syria spent at least eight years trying to end the Lebanese civil war before the 1989 Taif accords and the 1991 Persian Gulf War gave it the opportunity to finally do so. Israel's 1982 invasion was also a bid to end the Lebanese civil war after its previous efforts to contain it had failed, and when this also failed, Jerusalem tried to go back to managing spillover. By 2000, it was clear that this was again ineffective and so Israel pulled out of Lebanon altogether.

Withdrawing from Lebanon was smart for Israel for many reasons, but it did not end its Lebanon problem -- as the latest conflict showed all too clearly. In the Balkans, the United States and its NATO allies realized that it was impossible to manage the Bosnian or Kosovar civil wars and so in both cases they employed coercion -- including the deployment of massive ground forces -- to bring them to an end.

That point is critical: Ending an all-out civil war typically requires overwhelming military power to nail down a political settlement. It took 30,000 British troops to bring the Irish civil war to an end, 45,000 Syrian troops to conclude the Lebanese civil war, 50,000 NATO troops to stop the Bosnian civil war, and 60,000 to do the job in Kosovo. Considering Iraq's much larger population, it probably would require 450,000 troops to quash an all-out civil war there. Such an effort would require a commitment of enormous military and economic resources, far in excess of what the United States has already put forth.

How Iraq got to this point is now an issue for historians (and perhaps for voters in 2008); what matters today is how to move forward and prepare for the tremendous risks an Iraqi civil war poses for this critical region. The outbreak of a large-scale civil conflict would not relieve us of our responsibilities in Iraq; in fact, it could multiply them. Unfortunately, in the Middle East, one should never assume that the situation can't get worse. It always can -- and usually does.

dlb32@georgetown.edu

kpollack@brookings.edu

Daniel L. Byman is director of Georgetown University's Center for Peace and Security Studies. Kenneth M. Pollack is research director at the Saban Center for Middle East Policy at the Brookings Institution.

Keep Pakistan On Our Side (NYT)

By Richard L. Armitage And Kara L. Bue

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The New York Times, August 20, 2006

Washington

IN the wake of the foiled terror plot in London involving British Muslims with Pakistani connections, all eyes are again on Pakistan as the breeding ground for terrorists. While the arrests may serve as proof to some that the country cannot be relied on as an ally in our fight against Islamic extremism, we would argue that the recent events should harden our resolve to support it.

On Sept. 12, 2001, the United States gave Pakistan a stark choice — be with us or against us. Understanding the dangers and opportunities of this choice, President Pervez Musharraf chose to stand with America, and since then he has taken tremendous steps to fight Islamic extremists and move Pakistan toward enlightened moderation.

Pakistan has worked closely with the United States, sharing intelligence and capturing and handing over many terrorists, including top Al Qaeda leaders. It has sent more than 70,000 troops to the Afghan border and conducted successful operations to flush out foreign fighters. Hundreds of Pakistani troops have been killed in these efforts, and thousands injured.

Perhaps more important, General Musharraf has shown that he understands the seriousness of dealing with the root causes of extremism, making real efforts to improve economic and educational opportunities. He solved the country's crippling debt crisis and loosened regulations on businesses, paving the way for an economic growth rate rivaling India's. With mixed success, he has worked to free the judiciary from religious control and to loosen the grip of Islamic extremists on madrassas, the prevalent religious academies.

Yes, much remains to be accomplished, particularly in terms of democratization. Pakistan must increase efforts toward a lasting peace with India and eliminate the home-grown jihadists who threaten that peace. And, given the exposure of the arms bazaar run by its top nuclear scientist, Abdul Qadeer Khan, it must prove itself a reliable partner on technology transfer and nuclear nonproliferation.

However, Americans must applaud the counterterrorism steps that have been made so far, which have been taken at great personal risk to General Musharraf, who has faced several assassination attempts.

As Pakistan has pursued change, so too has the United States in its policy toward the country. In the past, our consideration of Pakistan was tied to that of India, and vice versa. We talked of "India-Pakistan" as a sort of two-headed entity. To its credit, the Bush administration has managed to de-hyphenate the relationship. We now attempt to deal with each country on its own terms, for our own reasons.

But we feel we are seeing a slide in our efforts with Pakistan. There appears to be far less immediacy than warranted. We are not overlooking the tremendous economic and military support the United States has provided, including the decision this summer to sell 36 F-16 fighter aircraft to its air force. Our concerns rest with what we see as growing frustration over the pace and difficulties of reforms.

It is critical that Pakistan not be shortchanged in our engagement in the region. While India is clearly important to us for its strategic and economic promise, the success of Pakistan holds the key to stability in the region and perhaps throughout the Muslim world. Were Pakistan to fail, there would be no hope for Afghanistan, a dimmed future for India and an increased threat of Islamist terrorism globally.

As the Sept. 11 Commission correctly pointed out: "If Musharraf stands for enlightened moderation in a fight for his life and for the life of his country, the United States should be willing to make hard choices too, and make the difficult long-term commitment to the future of Pakistan."

We believe General Musharraf continues to stand for these principles and deserves our attention and support, no matter how frustrated we become at the pace of political change and the failure to eliminate Taliban fighters on the Afghan border. It was such short-term thinking that almost led to the derailment of the F-16 deal in Congress.

Instead of threats, we should increase our senior-level interaction with Pakistan across the board, involving cabinet secretaries beyond those representing the State and Defense Departments and placing a new emphasis on trade issues.

We can also take more immediate steps on the ground. For one thing, we could focus our aid on the development of roads, hospitals and electricity plants in rural areas. America's assistance after last year's devastating earthquake was vital; but instead of simply waiting for another one to happen, our military and humanitarian groups could begin programs to help Pakistani officials respond to future disasters on their own.

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Education is another obvious but underfinanced example. We should persuade the Pakistani government to focus less on the idea of building flagship universities and more on providing basic and vocational education for the masses. We need to sponsor large-scale teacher training programs and help build elementary schools in communities where none exist.

With Pakistan's help, Britain and the United States were able to prevent a tragedy last week. We must ensure that such help is always available, and hope that it eventually becomes unnecessary through Pakistan's efforts.

The Long War (BSUN)

The Baltimore Sun, August 20, 2006

Between Pearl Harbor and the capitulation of Nazi Germany there elapsed three years, five months and a day. That's how long Americans have now been fighting in Iraq, as of this morning.

What has been accomplished? Violence is escalating. The death rate of Iraqi civilians is escalating. Bomb attacks directed at U.S. soldiers are escalating. President Bush talks about being at war with "Islamic fascists" - a term that's not altogether wrong, though it packs more emotional than explanatory punch - but he seems to have little idea what to do about it in Iraq except to hang on and keep watch as the situation there continues to deteriorate.

Between 1941 and 1945, there was a clear idea about the nature of the fascist threat and a strategy for dealing with it. Allies were key. Between 2003 and 2006, the U.S. has heedlessly gone out of its way to provoke enemies where none had existed before. Deaf to advice, American strategists have been confused, self-deluded and self-defeating.

Here's just one example. When the war began on March 19, 2003, the press was filled with expectations, encouraged by the Bush administration, of an insurgency - an insurgency against Saddam Hussein that never developed. The first mention of "insurgents" who were shooting at Americans seems to have appeared in an article by an embedded Biloxi, Miss., Sun Herald reporter that ran March 25. That was less than a week into the invasion, but for well more than a year - or two - the White House believed in a version of events that had no room for a genuine and determined insurgency, and it has never quite caught up with reality.

Now Iraq is spiraling downward, and no one in Washington knows what to do. An effort this month to re-establish security in Baghdad with more American troops backing up Iraqi forces has been a fairly spectacular failure. Those who argue that a U.S. withdrawal now will be no worse than a U.S. withdrawal later are probably right - and it doesn't much matter whether you describe it as "cutting and running" or a "strategic redeployment" - but it's bound to be ugly whenever it happens. A lot more people are going to die when the U.S. leaves. The only question is when.

This month has seen the optimism fade in even the most gung-ho circles (outside the White House). Retired and serving officers are asking what the point is and what the goal is. For nearly three years the administration has been holding out for something better to happen in Iraq, but nothing better ever showed up, and that kind of coasting can't go on much longer. Iraq is headed for a crack-up, and it could reverberate throughout the Middle East. The president was reportedly shaken by the sight of 10,000 Iraqis marching in Baghdad in support of Hezbollah, denouncing the United States. He may go down in history as the Last Man to Know.

CORPORATE SCANDALS:

For Prosecution, No Sure Route To Lay's Estate (HC)

By John C. Roper

Houston Chronicle, August 20, 2006

Jury could bring peril with civil case; obstacles also on criminal path

Jurors are rapt as a tearful 61-year-old widow weeps on the witness stand, chastising the government's efforts to take every cent her husband left her.

Some of the panelists, sharing in her anger, glare at the suddenly nervous prosecutors.

The scenario isn't real, but its mere possibility is one of many reasons the Enron Task Force may want to avoid going after the late Ken Lay's estate in civil court, legal experts say.

"If it appears that the government is trying to take her last penny, some jurors might not like that," said David Smith, an Alexandria, Va., lawyer and a national expert on civil forfeiture suits. "She's a much more sympathetic figure than Ken Lay was."

Prosecutors, who declined to comment for this story, have not indicated since Lay's July 5 death, either in court documents or public statements, that they definitely plan to go after his estate.

But a spokesman for the Justice Department said last week, in response to a motion filed by the former Enron chairman's lawyer seeking to have Lay's criminal conviction erased, that the government "remains committed to pursuing all available legal remedies and to reclaim for victims the proceeds of crimes committed by Ken Lay."

Before Lay's death, the government had sought to have him forfeit at least $43 million in what it believed were ill-gotten gains from Enron's collapse.

Should the government decide to go after Lay's money, legal experts say the easiest route would be through the criminal court, where prosecutors would have only to convince U.S. District Judge Sim Lake that the government is entitled to the money.

But to do that, prosecutors first would need to convince Lake that Lay's conviction should be upheld.

And that itself could be difficult because prosecutors would have to combat legal precedent that allows a conviction and indictment to be vacated if the defendant dies before he is sentenced and has had a chance to go through appeals.

If they fail, they then have the option of filing a civil asset forfeiture suit, that, although it requires a lesser burden of proof than a criminal trial, is significantly more costly, takes extensive manpower and could be drawn out in court for years.

Lay's widow, Linda Lay, as executor of his estate, would then have the option of taking the fight to a jury.

Vast resources neededThe potential for a sympathetic witness is not the only reason the civil route would not be preferred, legal experts say.

A civil suit would require the government to re-prove the underlying conviction against Lay, presenting prosecutors with the task of having to trace the proceeds in his estate directly to ill-gotten gains in order to seize them.

"The big downside from the government's standpoint is the resources that have to be expended on it," said Sam Buell, a former prosecutor with the Enron Task Force who is currently teaching law at the Washington University School of Law in St. Louis. "You can't simply use the jury verdict from the criminal case to resolve the civil case. You've got to start back at square one and prove your case. And that's going to take some time and resources."

That's especially true if the Lay family decides to fight the government and then chooses to have a trial by jury instead of before a judge.

If that happens, it would be "the most expensive civil forfeiture case ever, by a large margin," said Smith, who's written extensively on the subject and helped write national civil forfeiture reform in 2000. "I'm not aware of any civil forfeiture case that involved this complexity."

Lay claimed in his criminal trial to be worth a negative $250,000. His assets identified by prosecutors include his home in River Oaks valued at around $5 million and a Goldman Sachs investment fund worth more than $6 million.

During his trial, prosecutors linked $1 million of the equity in Lay's home to a draw he made on his line of credit at Enron in December 2001 when the company was on the brink of collapse.

Lay was convicted of bank fraud tied to his use of the line of credit, and the trial was a complicated mishmash of accounting rules and conflicting testimony.

The same evidence would have to be raised in a civil trial, except prosecutors wouldn't simply be able to attach his conviction as proof of wrongdoing, legal experts say.

And because of the wide-open discovery phase of a civil trial — where each side gathers mountains of evidence — Lay's family could find some facts to help prove their case.

"Civil discovery is an amazingly powerful tool, and it's a tremendous advantage for whoever has the time and money to engage in it," Smith said. "Who knows what they might come up with that might help the Lay side?"

Still, Smith and others believe if the case goes to trial, the government will win.

"As a practical matter, they'll win the civil forfeiture," Houston defense attorney Joel Androphy predicted, adding the caveat that it likely "will take years" for them to do it.

Androphy, however, doesn't think the civil suit would make it to trial. Instead, he believes, it would end like nearly all such cases — in a settlement.

Should both sides settle or should prosecutors win in civil court, the government has said any money it receives from Lay or former Enron chief Jeff Skilling would go to victims.

Other cases in worksIn the event that the government chooses not to go after Lay's assets, his estate still faces two big civil cases — a massive shareholder lawsuit and one brought by former Enron employees.

The Securities and Exchange Commission also has a suit against Lay, which was put on hold during the criminal proceedings that found Lay guilty of all 10 counts he faced.

"The estate should not take comfort at the dismissal of the criminal proceedings because in the civil actions that are still going on, there is every possibility they are still going to be liable for every single nickel of ill-gotten gain that Lay made or pillaged from Enron," said Tom Kruse, a Houston lawyer who specializes in complex commercial litigation.

Attorneys spearheading the shareholder suit could not be reached for comment.

In the employee suit, Lay and Skilling are the only defendants who have not been dismissed or reached a settlement.

Robin Harrison, an attorney representing the former Enron employees, said that if the government files a civil suit against Lay's estate, the group would likely step aside.

Doing so would allow the ex-employees to avoid the brunt of the cost while still reaping the benefits, Harrison said.

Judge Urged To Reject Moving Nacchio Trial (DENP)

By Andy Vuong, Denver Post Staff Writer

Denver Post, August 20, 2006

A federal judge should deny former Qwest chief executive Joe Nacchio's request to move his criminal insider-trading trial to his home state of New Jersey because "nearly every key event relating to the crimes charged occurred in Colorado," prosecutors argued in a court filing.

The Justice Department also disputed claims Nacchio's attorneys made a few weeks ago that "intensive negative media coverage repeatedly and continually showered on Mr. Nacchio and Qwest" make it impossible for him to get a fair jury trial in Denver.

"While press coverage of Qwest and the defendant has been not insubstantial, it has been neither inflammatory nor prejudicial," the government says in a document filed Friday in U.S. District Court in Denver.

Nacchio faces 42 counts of illegal insider trading connected to his sale of $100.8 million in Qwest stock in early 2001. Prosecutors allege he knew that the company's finances were faltering.

Nacchio has pleaded not guilty. A trial date has not been set. His attorneys have argued that "Nacchio has been among the most reviled figures in recent Denver history."

In their argument against a change of venue, prosecutors noted:

Qwest is based in Denver.

Nacchio's office was in Denver while he served as CEO and a board member from January 1997 to June 2002.

Nacchio acquired the majority of the material, nonpublic information

Advertisement

alleged in the indictment in Colorado.

The government added that it plans to call as witnesses "several former Qwest senior executives, many of whom are still residents of Colorado."

Prosecutors also said in a separate filing that Nacchio's previous request for the case to be dismissed is without merit and should be denied.

In a third filing, the government asked the judge to close a motions hearing scheduled for Friday so that the parties could discuss how to handle classified information that may be used in the case.

While at Qwest, Nacchio served on two federal advisory panels dealing with national-security issues. Nacchio's attorneys have said they want to use classified information to argue that Nacchio had a rosy outlook for Qwest because he knew the company was in line to receive large government contracts.

Staff writer Andy Vuong can be reached at 303-820-1209 or avuong@denverpost.com.

Fannie Mae Says Last Of Accounting Errors Have Been Found (AP)

By Marcy Gordon, Associated Press

AP, August 20, 2006

WASHINGTON – Fannie Mae said it believes a massive review of its accounting has uncovered the last of the errors, clearing the way for the mortgage company to complete the restatement of its 2004 earnings by the end of this year. The company disclosed that the multibillion-dollar correction could be less than estimated previously.

The government-sponsored company, which finances one of every five home loans in the United States, also announced that it would miss a regulatory deadline for filing its financial report for the second quarter of 2006. Fannie Mae hasn't filed an earnings statement since late 2004.

Federal regulators that year accused Fannie Mae of serious accounting problems and earnings manipulation to meet Wall Street targets, and the Securities and Exchange Commission ordered the company to restate earnings back to 2001.

Last May, the federal agency that regulates Fannie Mae and its smaller government-sponsored sibling, Freddie Mac, issued a blistering report alleging a six-year accounting fraud at Fannie Mae, the second-largest U.S. financial institution after Citigroup Inc. The Justice Department has been pursuing a criminal investigation, which the company confirmed "remains open."

The anticipated restatement of earnings has been estimated at $10.8 billion. But Fannie Mae indicated in its filing Aug. 9 with the SEC that the final amount could be lower, because its 2004 losses related to accounting for mortgage commitments will be "significantly smaller" than its previous estimate of $2.4 billion. The company could not specify by what amount.

A Fannie Mae official said the Washington-based company has identified weaknesses in its financial controls across several areas.

It expects to spend more than $800 million this year – $286 million in the second quarter – on the complex reworking of its accounting and related expenses, including legal fees for its defense against suits filed by shareholders.

The company said it believes that at this point "we have identified all errors requiring restatement."

"We've made significant progress; we still do have a lot of work ahead of us," company President and Chief Executive Daniel Mudd said during a conference call with analysts, in what has become a familiar refrain from Fannie Mae officials in recent months.

"We've made great strides" in restructuring the company, said Mudd, who was the chief operations official at Fannie Mae and was elevated to the top post in December 2004 when the board swept CEO Franklin Raines and Chief Financial Officer Timothy Howard from office.

After the restatement of 2004 earnings is completed and made public by year's end, the company expects those for more recent periods to come "cascading" in the months to follow, Mudd said.

With a scandal spreading through corporate America over possible manipulation of stock option grants to top executives, Mudd was asked whether Fannie Mae had any such problems.

"Our policies don't permit any movement off of the actual grant date" of the option, he said. "I feel pretty good about where we are now" in terms of complying with the relevant rules.

Fannie Mae said the newly disclosed accounting errors involve its so-called master servicing arrangements with the trusts it creates to issue securities backed by the billions of dollars of home mortgages annually that it buys from lenders and bundles together for resale to investors worldwide.

In May, the company disclosed new accounting problems that had been uncovered in that business of issuing securities and in the guaranty fees it charges the banks and other lenders.

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Similarly, Fannie Mae in March disclosed new accounting problems that had been uncovered in several areas, including loans, investment securities, houses acquired through foreclosures, interest on delinquent home loans, and reverse mortgages.

They all are in addition to the accounting-rule violations that came to light in September 2004 involving derivatives, the financial instruments that Fannie Mae and Freddie Mac use to hedge against swings in interest rates, and its mortgage commitments.

The report issued in May by the Office of Federal Housing Enterprise Oversight said Fannie Mae employees manipulated accounting to hit company quarterly earnings targets so senior executives could pocket hundreds of millions in bonuses from 1998 to 2004. The company was fined $400 million in a settlement with the agency and the SEC, one of the largest civil penalties ever in an accounting fraud case.

Fannie Mae also agreed to temporarily cap its mortgage holdings at $727 billion. The company said in its filing that it may request a rise in that ceiling early next year.

Fannie Mae and Freddie Mac were created by Congress to pump money into the $8 trillion home-mortgage market to keep interest rates low and make home ownership affordable for low-and moderate-income people. Freddie Mac has been emerging from its own accounting scandal, which surfaced in mid-2003.

CRIMINAL LAW:

JonBenet Link Unsettles Klaas Town (WP/AP)

By Marcus Wohlsen And Michelle Locke, The Associated Press

The Washington Post, August 20, 2006

PETALUMA, Calif. -- Carla Ballestrasse still has a Polly Klaas button pinned to an old raincoat from the days 13 years ago when she, like hundreds of other residents, kept vigil for the missing 12-year-old.

So it was a jolt when she learned that the man arrested in another high-profile child murder, the JonBenet Ramsey case, had briefly lived and taught in the small wine country town of Petaluma.

"I can't say Petaluma is a place where crazy people and weird people come because it's not," Ballestrasse said as she waited on customers in her downtown beauty salon Thursday. Still, she said, John Mark Karr's arrest this past week in Thailand was "a harsh reminder."

For Polly's father, Marc Klaas, it was beyond disturbing. Karr didn't move to Petaluma until long after Polly's killer had been sent to death row, but court documents indicate he took an interest in the case and told a sheriff's detective he had a copy of Polly's death certificate.

"This is getting creepier by the minute," Klaas said in a telephone interview from Southern California, where he was campaigning for Jessica's Law, an initiative that would force many sex offenders to wear satellite-tracked monitoring devices for life and restrict where they could live.

After Polly's death, Klaas became an advocate for child safety, forming the foundation KlaasKids.

"I had gotten myself at a place in my life where I remember the good things," he said. "This is just dragging up the really hideous stuff all over again in about the most disturbing way you could even imagine."

Karr, 41, claims he was with JonBenet when she died in Boulder in 1996, although he has said her death was an accident. However, some experts say some of his details seem off and raise suspicions.

School officials say Karr briefly was a substitute teacher in the Petaluma area until early 2001, when he was charged with possessing child pornography. He disappeared before his trial was due to start in January 2002.

Karr's apprehension is likely to prompt a re-examination of missing-girl cases in other regions where he passed through, said Dave Johnson, an assistant special agent in charge of the FBI's San Francisco office. Until March, Johnson was chief of the crimes against children unit at FBI headquarters in Washington.

"The FBI will pursue all logical investigation in these types of cases until we reach a resolution," Johnson said, declining to comment on the specifics of the JonBenet case.

Tenuous or not, the Petaluma link between JonBenet and Polly startled many.

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"Total amazement," said Glena Records, director of communications for The Polly Klaas Foundation, another missing children's center founded after Polly's kidnapping and murder.

Thirteen years ago, Records and her two young daughters were among the volunteers who stuffed envelopes to get the word out about Polly's disappearance.

Now, she said, "it is quite an irony, quite an unfortunate coincidence that Petaluma should figure, however tangentially, in two such tragic murders."

Polly was kidnapped from her bedroom where she and two friends were having a sleepover on Oct. 1, 1993.

The case made headlines partly because of the audacity of the attack _ Polly's mother was asleep in the next room _ and the shock of such a crime taking place in a small city best known for charming Victorian houses. Interest in the case remained high, stoked by the extraordinary community effort in which hundreds of people turned out to answer phones, search fields and post flyers.

The search ended about two months later when Richard Allen Davis led police to the body. Davis, who had a record of assaulting women, was convicted in 1996 and is under sentence of death.

Divorce records indicate Karr and his then-wife moved from Alabama to Petaluma in 2000 with their three children.

Karr seems to have been interested in both JonBenet and Polly. His father, Wexford Karr, has told reporters his son "researched everything he could," about JonBenet.

In addition, court documents connected to a search of Karr's home in October 2001 show that Karr told a sheriff's detective he had a letter from Davis and a copy of Polly's death certificate.

Prison guards searched Davis' death row cell Thursday after learning that he and Karr may have corresponded, but found no letters.

Mike Kerns, the former Petaluma police sergeant who served as the department's main spokesman in the Klaas case, was struck by the "tremendous coincidence" of Karr's Petaluma stay.

Still, he pointed out that a lot of people move to Petaluma, about 45 miles north of San Francisco, drawn by its quiet setting and good schools.

"Basically, it is a nice safe, town," said Kerns, now a Sonoma County supervisor.

As someone who knew Polly, her case is rarely far from his mind.

"Those memories never go away," Kerns said.

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Associated Press Writer Scott Lindlaw contributed to this report from San Francisco.

Using Nearly Nude Pictures, Child Sex Sites Test Laws (NYT)

By Kurt Eichenwald

The New York Times, August 20, 2006

In the photograph, the model is shown rising out of a bubble bath, suds dripping from her body. Her tight panties and skimpy top are soaked and revealing. She gazes at the viewer, her face showing a wisp of a smile that seems to have been coaxed from off-camera.

In just over seven months, the model has become an online phenomenon. She has thousands of fans from around the world, membership lists show, who pay as much as $30 a month to see images of her. According to the posted schedule, new photographs of her — many clearly intended to be erotic, all supposedly taken that week — are posted online every Friday for her growing legions of admirers.

The model's online name is Sparkle. She is — at most — 9 years old.

Sparkle is one of hundreds of children being photographed by adults, part of what appears to be the latest trend in online child exploitation: Web sites for pedophiles offering explicit, sexualized images of children who are covered by bits of clothing — all in the questionable hope of allowing producers, distributors and customers to avoid child pornography charges.

In recent months, an array of investigations of the child pornography business — by the Justice Department, state and local law enforcement and Congress — have contributed to wholesale shutdowns of some of the most sexually explicit Internet sites

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trafficking in child images. But they have been rapidly replaced by a growing number of these so-called model sites, Internet locations that offer scores of original photographs of scantily clad under-age children like Sparkle, often posed in ways requested by subscribers.

More than 200 of the sites have been found by The New York Times through online advertising aimed at pedophiles, and a vast majority focus mostly on one child. Almost all the children appear to be between the ages of 2 and 12.

Based on descriptions in online customer forums and in Web pages showing image samples, the children are photographed by people who have frequent access to them. The sites often include images of "guests": children who are described as a friend of the featured child, but who appear for only a day. The sites say the children come from different parts of the world, including the United States.

Based on the images and wording from online advertisements, the sites show toddlers wearing tight thongs, and slightly older children posing evocatively while wearing makeup and feather boas. There is even a site that offers images of girls and boys who appear to be 5 or 6 years old, wearing just diapers.

In online conversations observed by The Times over four months, pedophiles portrayed model sites as the last of a shrinking number of Internet locations for sexual images of minors.

"I considered the authors of those sites as leaders of a rebellion movement for child porn," a man calling himself Heartfallen wrote in an online site for pedophiles, discussing the decline in the number of sites featuring images of naked minors. "They've vanished. There is much less freedom on the Internet now. We still have a rebellion made up of nonnude child modeling sites. But are they going to suffer the same fate as their predecessors?"

Insight to the Ramsey Case

The secretive world of child exploitation is in the spotlight because of an arrest last week in the 1996 murder of JonBenet Ramsey, a 6-year-old beauty pageant princess. The suspect was a fugitive from charges of possessing child pornography and had exhibited a fascination with the sexual abuse of children.

While many of the recently created sites are veering into new territory, the concept of for-pay modeling sites using children has been around for years. They first appeared in the late 1990's, when entrepreneurs, and even parents, recognized that there was a lucrative market online for images of girls and boys.

Sites with names like lilamber.com emerged, showing photographs of children, usually modeling in clothes or swimsuits. Their existence set off a fury of criticism in Congress about possible child exploitation, but proposed legislation about such sites never passed.

The sites that have emerged in recent months, however, are markedly different. Unlike the original sites, the newer ones are explicit in their efforts to market to pedophiles, referring to young children with phrases like "hot" and "delicious." The children involved are far younger, and the images far more sexual, emphasizing the minors' genitals and buttocks.

Some modeling sites have already attracted the attention of law enforcement. Earlier this year, prosecutors obtained a guilty plea on child pornography charges from Sheila L. Sellinger, then of Shoals, Ind., who had been selling illegal photographs of her 10-year-old daughter on a modeling Web site. Last month, Ms. Sellinger was sentenced to almost 12 years in prison.

Ms. Sellinger, who earned thousands of dollars a week from the pornographic yet clothed images of her daughter, cooperated with law enforcement, leading to the arrest of two men who had been assisting her with her site and had been running several more, court records show.

To attract subscribers, central marketing sites, called portals, list scores of available modeling sites that accept money in exchange for access to children's images. The portals promote the busiest sites, ranking them by the number of hits they receive.

Such a marketing approach proved effective for some online child pornography businesses that have disappeared over the last year, including those that offered illicit videos of children generated by Webcams.

The Times did not subscribe to any sites, which it first saw referenced in online conversations among pedophiles. The Times followed a link posted in those conversations to forum postings and images on freely accessible pages of the modeling sites. Because those sites appeared to be illegal, The Times was required by law to report what it had found to authorities. Federal law enforcement officials were notified in July about the sites.In contrast to their advertising, many of the sites portray

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themselves on their main pages as regular modeling agencies trying to find work for their talent. But executives in the legitimate modeling business said that virtually everything about the sites runs contrary to industry practice. Most child images for genuine agencies are password-protected, the executives said, with access granted to companies and casting agents only after a check of their backgrounds.

These executives said that real modeling agencies would refuse to use the types of sexualized images of children sought by pedophiles, not only because they are exploitative and illegal, but also because they would be bad business.

Such images on an agency Web site would drive away many parents who might be seeking representation for their child, executives said; indeed, most photographs of child models are nothing more than head shots. And the legitimate agents provide the phone numbers, addresses and names of their executives so potential clients can contact them; most of the sites aimed at pedophiles not only provide little or no means of contact, but even hide the identities of the owners behind anonymous site registrations.

"These are clearly not bona fide companies, and it's obvious these are just Web sites for people to go on and view children in an unhealthy manner," Bonnie Breen, chief booker for the Bizzykidz Agency, a prominent modeling agency for children based in London, said when provided with a description of the emerging modeling sites.

Despite repeated statements on the sites that they are lawful, they may well run afoul of American law. While the issues are far from settled — thus leading to the attempts by Congress to clarify the law — courts have worked over the last two decades to define standards for what constitutes potentially illegal images of children.

'Lascivious Exhibition' Standard

Under law, for an image that does not involve a child engaged in a sex act, a court must find that it entails "lascivious exhibition of the genitals or pubic area" of a minor to determine that it is child pornography. As a result, courts have ruled that images of naked children were not automatically pornographic, and thus not illegal, while also holding that the mere presence of clothing on a photographed child was not, in itself, adequate to declare the image lawful.

Instead, the courts often apply a six-pronged test, developed in a 1986 case called United States v. Dost, to determine whether an image meets the "lascivious exhibition" standard. That test — which requires a court to examine the child's pose and attire, the suggestiveness and intent of the image and other factors — includes one standard on whether the child is naked. However, no single standard under Dost is absolute, and courts must continuously examine potentially illegal images while considering each part of the test.

The leading precedent on child pornography involving clothed minors is a federal case known as United States v. Knox, which involved a pedophile who obtained erotic videos of girls. In that 1994 case, the Federal Court of Appeals upheld the conviction of the pedophile, Stephen Knox, saying explicitly that clothing alone did not automatically mean that images of children were legal.

"The harm Congress attempted to eradicate by enacting the child pornography laws is present when a photographer unnaturally focuses on a minor child's clothed genital area with the obvious intent to produce an image sexually arousing to pedophiles," the court's ruling says. "The rationale underlying the statute's proscription applies equally to any lascivious exhibition of the genitals or pubic area whether these areas are clad or completely exposed."

While adult pornography has some First Amendment protections, there are no such protections for child pornography. Still, some experts have expressed discomfort, in general, at criminalizing clothed pictures of minors.

"This is a difficult area," said Michael A. Bamberger, a First Amendment specialist at Sonnenschein Nath & Rosenthal, based in New York, who filed a brief on behalf of a booksellers' group in the Knox case. "The whole history of the exception from First Amendment protections for child pornography is based on the harm to the child. But there is in my view a free speech issue with respect to designating photographs of persons under the age of 18 who are clothed as child pornography."

But Mr. Bamberger expressed uncertainty about whether his concerns applied when told details of the model sites found by The Times. "To me, it sounds as if you are really talking about nude equivalents, almost like cellophane clothing, and that's not clothing at all."To distinguish between illegal images and, say, photographs of children posing in underwear for a store catalog, the court said it had to apply the Dost standards and review a range of facts, like the nature of the images and whether the marketing was intended to appeal to pedophiles.

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For example, the court noted, a potential customer could know the images of minors were illegal if they were marketed with statements proclaiming that they would "blow your mind so completely you'll be begging for mercy." Explicit listing of the children's ages, along with sexually loaded terms like "hot," could also be used as evidence of illegality, the court said.

The modeling sites reviewed by The Times incorporated many such references to encourage viewers to subscribe.

That is true for one of the most successful collections of sites, according to some portal rankings, run by an entity called PlayToy Entertainment. On its central site, PlayToy holds itself out as a company that helps children start modeling careers. There is, however, no phone number, address or prominent e-mail address available for companies that might seek to hire the girls or for parents who might want their children to be models.

The central PlayToy site originally located by The Times contained links to as many as six sites featuring little girls. In recent days, the central site has been redesigned, removing the links to the girls' individual sites.

Those sites still exist, however, including the one for the girl called Sparkle. Another site features a prepubescent girl named Lolly — a widely used online code word for pornographic images of girls. There are even sexualized images of a girl called Baby, who appears younger than 5 and whose photographs seem to go back as far as her second birthday or earlier, when she was still in diapers.

The marketing makes clear that this is no typical modeling company.

"Call 911 before viewing!!!" proclaims the site for Sparkle, which shows her in a thong so revealing that she appears to be naked below the waist. The ad for the site uses words that echo those cited in the Knox decision, reading, "Only 9 years old! Hot!"

Other PlayToy sites are more explicit. "Feel her breathe on your face, take a gentle touch from your screen, open your mind and push the limits," reads the site for the girl called Lolly. "If you are ready to handle this trip, PlayToy Lolly is calling."

An advertisement for another PlayToy site, featuring a girl called Peach, declares, "A peach has never looked so delicious.**8 years old**."

The site includes a picture of the young girl wearing a tank top pulled off one shoulder. Directly below that is a purple emblem with the company name and the words, "Nonnude website: 100% legal."

But experts said that assurance was almost certainly not true. Based on the ages of the children, the marketing words and customer comments on the PlayToy sites described to him by The Times, a lead lawyer in the Knox case said that the subscribers had plenty of reason to worry.

"They shouldn't have any comfort that they are not breaking the law," said Edward W. Warren, a partner from the Washington office of Kirkland & Ellis who helped to argue Knox as a representative of 234 members of Congress who joined the case. "This sounds worse and more graphic and more grotesque than what we were dealing with, particularly given how young the children are."

The assurance by the company that the sites are lawful is irrelevant to any potential prosecution, experts said. Indeed, in the Knox decision, the court held that defendants could be found guilty if they were aware of the "general nature and character" of images that they bought involving clothed children in sexual poses.

"The child pornography laws would be eviscerated if a pedophile's personal opinion about the legality of sexually explicit videos was transformed into the applicable law," the court held.

In their comments on PlayToy's site, which can be viewed without registering with the company, the subscribers make clear that they are aware these are sites for pedophiles, not legitimate modeling clients.

"I think it would be awesome to have the models start off fetchingly clothed, and then strip down to tops or panties (or thongs!!)," a customer calling himself head2fat wrote on the forum.

Another client, calling himself ludwig66, instead requested that the girls appear in stockings, "ending up removing them to reveal bare feet and legs." And still another customer, calling himself littlefeet, asked the site owners to pose the girl known as Baby in bare feet with her toes pointed, "so all of those beautiful wrinkles show!!!"

While PlayToy's management and its members repeatedly assure themselves online about the legality of their images, they did not hesitate to post images from known child pornography sites. For example, when Ms. Sellinger was arrested this year for selling photos of her daughter, PlayToy members — and even the site operator — posted messages of dismay, referring to both

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mother and daughter by name. They also composed a photographic homage to the girl in the forum discussion, using images from the site that had been deemed illegal.

PlayToy's sites have been online since October, company records show. But in that short time, the records show, 6,000 people have subscribed to view the images of the girls. Each subscriber is paying $30 a month for each site; that means the operators have collected a minimum of $180,000 in that short time, assuming every subscriber bought only one site for one month.

The cash has been collected either by credit card — processed through a company called Advanced Internet Billing Services, or through Western Union payments — as well as through an online money system called e-gold. A Tortuous Digital Trail

Attempts to learn the identities of the people behind PlayToy suggested many possible locations. Payments through Western Union were processed through Ukraine. An administrative e-mail address suggested the company was based in Russia. Using a commercial software program, The Times traced messages sent by the PlayToy sites back to servers in Germany and obtained what is known as the Internet protocol address of that online host.

An examination of the registration documents for the sites' names led to a company that is essentially a front, permitting its name to be used as the registrant by people who wish to remain anonymous.

The Times then obtained business records about the site prepared by someone involved in its operation.

If true, the records show the name, address, telephone number and other personal information of a man in Florida who is involved in running the site. An e-mail address listed in the records was traced to postings that appeared in pedophile conversation sites, including comments praising child pornography and images of young girls in thongs. Because of the possibility of identity theft, The Times has elected not to publish the name of that man or of associates who also appear to be involved in the business.

The Florida man did not return a voice mail message left on his cellphone or respond to an e-mail message.

Still, even if the operators of PlayToy are positively identified and compelled to shut their sites, the growing business of model sites would probably continue to thrive. PlayToy's many subscribers, a large number of whom identify themselves on the site as living in America, could simply drift over to other model sites, all offering similar fare.

There, on each of those hundreds of competing sites, the subscribers will find at least one other little girl who, every few days or so, is dressed in panties or thongs, placed in a bathtub or posed on a bed, while a nearby adult snaps pictures for the delight of a paying audience of thousands.

Behind The Cash In The Freezer (LEXHL)

By Sharon Walsh, HERALD-LEADER STAFF WRITER

Lexington Herald-Leader (KY), August 20, 2006

Scandal follows a Louisville businessman's dealings with a Louisiana congressman

Vernon Lamar Jackson and William J. Jefferson and their wives spent a pleasant weekend in New York City in the fall of 2004. The Kentucky businessman and the Louisiana congressman watched U.S. Open tennis from an air-conditioned corporate box, attended The Lion King on Broadway and did a little shopping.

Rep. Jefferson and his wife had become trusted friends of the Jacksons. In e-mail messages and telephone calls, the congressman was simply "Jeff."

The cord that tied the two men was their stated opinion that Jackson's high-tech company, iGate, was going to save the government money and give poor black people around the world access to information they couldn't otherwise afford.

Jefferson seemed to work as hard for iGate as if he were the owner of the company. He went to Louisville for demonstrations. He pressed the Army to test the technology for use by the military, introduced Jackson to political and business stars, including Bill Clinton and Bill Gates, and went with Jackson to Nigeria to help sell his product. Jefferson even found an investor willing to put millions of dollars into iGate.

At the time of the U.S. Open, Jackson might have appeared cocky about his important supporter. What he didn't realize was that the congressman, while appearing to help, was stealing his company, piece by piece.

And Jackson was paying him to do it.

That, at least, is the view of FBI investigators and federal prosecutors, who have recounted secret meetings in Washington and Louisiana where Jefferson plotted to take over the company from Jackson -- a man he didn't think was up to making the company a success.

A review of public and private documents and interviews with associates of both men reveal a relationship from which both planned to profit. Jackson thought his company would get hundreds of millions of dollars worth of business through "Jeff's" help. Jefferson, according to those documents, thought he could reap a financial windfall for his family and ultimately take control of the company.

As for any visible role, "I'm in the shadows, behind the curtain," Jefferson, a Democrat, said in a conversation taped by the FBI.

His role became a very public one 17 months ago, when the FBI searched Jefferson's Washington, D.C., home and found that his freezer contained $90,000 in cash packed in frozen-food containers and wrapped in aluminum foil.

Conundrum of a man

There are many sides to the story of Vernon Jackson, depending on who's doing the telling. Perhaps he is a brilliant engineer who doesn't know how to operate in the world of big business. Perhaps he is a guileless entrepreneur whose product would undermine other companies whose officials fear his technology would outstrip theirs. Or he's a loyal friend who never meant to bribe anyone. Perhaps his product isn't as good as he claims and he needed someone with power to push it forward.

Whether any of these scenarios is true, Vernon Jackson now finds himself in a very different spot than he might have predicted that September night at the U.S. Open. Forecasts that his company and its partners could reap $200 million in earnings by their fifth year of sales in Nigeria alone are now just smoke. His business still exists, but it has no money while it waits for possible Army contracts.

He has pleaded guilty to bribing a public official -- Jefferson -- and is scheduled to be sentenced next month. He could receive a prison sentence of up to 15 years and a fine of $250,000.

The story of his friend "Jeff," who is up for re-election this year, has so far been told only by prosecutors and FBI agents. Was he merely doing business as usual in a pay-to-play Congress? Or was he guiding business to his wife's firm in a way that, although unethical under congressional rules, does not meet the legal test of bribery?

"It would be allowed if it's payment for legitimate services," said Craig Holman, a governmental ethics lobbyist for Public Citizen, a non-profit government watchdog. "But what a very easy and convenient way to try to bribe a member of Congress -- just hire a member's family. Technically, it's not illegal unless they're doing it in exchange for services."

Whether his actions were illegal, unethical or neither, Jefferson is still battling mightily to keep an indictment at bay.

"When all is said and done, you will see that there is an honorable explanation for everything," Jefferson told The Times-Picayune of New Orleans in June. "I believe an impartial forum can reach and will reach that same conclusion."

Wrestling with failure

Vernon L. Jackson, 54, and William J. Jefferson, 62, both had the intelligence and drive to succeed.

Jefferson, a Louisiana native, is a graduate of Southern University and A&M College and Harvard Law School. He has a master's degree in law from Georgetown University. He's proud that three of his five daughters also went to Harvard and Harvard Law. Another is a graduate of Boston University, and the youngest is a student at Brown University.

Jackson, born in Mecklenburg County, N.C., outside Charlotte, had an aptitude for math and engineering, and he was selected for training at Bell Labs at an early age, before he even finished college. He moved to Louisville nearly 20 years ago and soon started his own business.

A powerfully built man with a smooth, shaved head and neatly trimmed mustache, Jackson could have passed for an NFL linebacker a few years ago. Thinner now, he still projects an assurance that he ultimately will succeed, whether at his business or as a sometime lay preacher.

Many associates thought that the technology Jackson had patented would make him incredibly successful. But at every turn, he seemed to wrestle with failure. A previous company he had founded, Videolan Technologies, went bankrupt. Jackson later bought the patents for the technology from the bankruptcy court and formed his second company, iGate, in 1998.

iGate owns patents for technology that can transmit images, audio and data over copper wire faster, farther and more cheaply than most methods, according to iGate's promotional materials. Yet, if its product is as good as it says it is, it apparently has not yet found its market.

In 2001, the Army tested his technology, and it was used at Fort Stewart, Ga.

From 2001 to 2004, Jackson met many of the top officials of the technology giant Siemens -- including Heinrich von Pierer, former chief executive of Siemens AG, and Tony LeDinh, a vice president of Siemens Building Technologies.

The Jacksons and the Jeffersons were guests of Siemens that New York weekend. Jefferson, Jackson and Siemens officials went to the New Jersey offices of iGate to demonstrate its technology. Siemens had a three-year contract to be the exclusive manufacturer of iGate products beginning in 2002. When Jefferson and Jackson flew to Nigeria, a Siemens representative was scheduled to meet them at the airport.

Siemens used iGate products in some airports and at Howard University in Washington, but the amount of business was small compared with what Jackson had expected.

A Siemens spokeswoman said the company did not take the relationship further because iGate did not give Siemens the financial assurances it needed.

As he waited for the payoff for his company, Jackson was often unable to pay his or his company's bills. Siemens wasn't paid for all the equipment it manufactured and sued him. He borrowed money from friends and relatives for daily expenses.

He would drive from Louisville to Chicago to meet von Pierer and drive back, unable to afford airfare or a hotel room.

Jackson met Jefferson in 2000 when the Kentucky businessman was looking for someone in Washington to help him promote his technology in Africa.

Jefferson was the logical person. He was on the Africa Trade and Investment Caucus as well as the Congressional Caucuses on Brazil and Nigeria. From January 2000 until June 2005, Jefferson or members of his staff made nine trips to Nigeria and Brazil.

One of the first things Jefferson did was to get iGate's technology tested at Fort Huachuca, Ariz., where the Army's Technology Integration Center tests any products that might be used by the military.

"Congressmen call up and want us to test a lot of products of these little companies," said Dan Bradford, director of TIC. "My engineers said it would do what the vendor claimed for the Army."

He said that test was performed in early 2001, and it's impossible to know whether the iGate technology has kept up with advances in the field. "Five years is an eternity in this business."

Copper versus fiber

After the TIC tests, William Warner, a former IBM executive, was part of a team that received permission from iGate to market its product to the military.

Few who know Jackson wanted to speak about him, but Warner said that he still believes in him -- and he believes in Jackson's technology.

Warner said the military had promised that, if the product worked at Fort Sam Houston, where it was tested after TIC, it would be rolled out at 22 Army installations in the Southwest.

"They passed with flying colors," Warner said.

Hundreds of Army buildings aren't connected by fiber optics, Warner said. It costs about $1 million to install a mile of fiber optics. The cost to get the same function from iGate's technology is about $5,000, he said.

"Fort Sam Houston was calling this product an alternative to fiber optics. We were, too," Warner said. It turns out, he said, "that wasn't a very smart thing to do."

Why not?

"People in very powerful positions felt threatened by that," he said. "I think the big boys got to them."

Asked who he meant by the big boys, he responded that Halliburton and other big defense contractors have a stake in laying fiber-optic cable for the military.

"Thirty years in this business and I've never experienced anything like this. You go through two years of testing; the product exceeds expectations. Then, nothing. ... We don't know what happened."

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"They [the Army] still ain't got anything to touch this" technology, he said.

Army contracting officials did not return telephone calls requesting comment.

Nothing is free

Although Jefferson became the target of a wide-ranging Justice Department investigation more than a year ago, the Louisiana congressman has not been charged with a crime and has denied that he did anything wrong.

In an unprecedented raid in May, the FBI searched Jefferson's homes in Louisiana and Washington and, in a move that some legal experts questioned, his Capitol Hill office. (Jefferson recently won an appeal to review the seized materials and invoke legislative privilege before the Justice Department can review the evidence.)

It was in the search of his Washington home that agents found the cash in the freezer. (That money was to be used to pay off certain Nigerian officials, Jefferson implied on tape.)

"Obviously, these are just allegations, but at some stage, your common sense tells you there's something to it," said Bruce Fein, a Washington lawyer who has watched the case closely.

Prosecutors contend that Jefferson's help for Jackson's company -- and for many others -- was not free. In early 2001, Jefferson told Jackson that if his help was to continue, Jackson would need to pay a marketing company registered in the name of Jefferson's wife $7,500 a month for professional services, plus 5 percent of all sales over $5 million a year and 5 percent of any investments that Jefferson was able to bring to the table.

Between 2001 and September 2004, Jackson paid Jefferson about $400,000.

In addition, the agreement between the two men concluded that Andrea Jefferson's company, the ANJ Group, would receive options for 1 million shares of iGate stock over five years.

But that wasn't enough.

In mid-2003, when Jefferson thought iGate would be the company whose technology would be used to wire Nigeria, he amended the agreement to provide ANJ Group with 35 percent -- not 5 percent -- of any profits iGate might receive in Africa.

A year later, Jefferson met wealthy investor Lori Mody through Brett Pfeffer, a former member of Jefferson's staff. At the time, Pfeffer was working for Mody, looking for investment opportunities for her. (He has pleaded guilty to bribing a public official and was sentenced to eight years in prison.)

Jefferson told Mody that an investment in iGate's Nigerian business was "a deal you can't refuse."

Mody agreed to an initial investment of $3.5 million, with the rest of a $45 million investment to be financed by the Export-Import Bank.

Jefferson also required that Mody initially give 7 percent of the company she set up to do the Nigerian deal to his five daughters. Later, he increased it to 18-20 percent.

"I make a deal for my children. It wouldn't be me," he told her on tape in May 2005.

A month later, Jefferson accepted a stock certificate worth 30 percent of Mody's interest in the Nigerian deal -- again, in the names of his children.

In late July, Jefferson told Mody that he intended to form a new company to take over the role of iGate, according to FBI documents. He feared that Jackson didn't have the business acumen to succeed in the Nigerian affair. He proposed that Mody invest $10 million to finance the takeover of iGate by ANJ -- his wife's marketing company.

Jefferson's plan was to name several friends to the board of directors and a business associate to take over iGate and control its patented technology.

A loan from a friend

In August 2005, Vernon L. Jackson's dreams of selling his technology in Nigeria and other West African nations with the help of Jefferson came to an abrupt end when he was approached by an FBI agent while taking a walk with his wife in Louisville.

Jefferson was working to take over his company and steal his technology, according to the FBI.

When Jackson asked the court to appoint him an attorney because he could not afford to pay one, he reported among his debts a $10,000 personal loan from a friend -- William Jefferson.

News researchers Tish Wells, in Washington, and Lu-Ann Farrar, in Lexington, contributed to this report.

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Organized-crime Law Used Against Gangs (AP)

By Andrew Glazer

AP, August 20, 2006

LOS ANGELES - Sneaky, Shy Boy, Big Barney and dozens of other gangsters were not merely hoodlums who ran a bustling drug trade. Prosecutors insist the Vineland Boys were an organized criminal enterprise just like the Mafia.

To prove it, they are relying on the same law that put John Gotti behind bars.

Similar cases are being pursued across the nation as prosecutors go after gangs in novel ways, often using methods created to fight mob activity.

One such trial is expected to start this week in Los Angeles, where prosecutors have charged members of the Vineland Boys not with murder or drug trafficking, but with violating the Racketeer Influenced and Corrupt Organizations Act. The RICO Act targets those who profit from criminal organizations but manage to avoid illegal activities.

"Gang members out here are clearly becoming more sophisticated in their operations and tactics, and we're adjusting to meet that," said Assistant U.S. Attorney Thomas P. O'Brien.

Last year, Attorney General Alberto Gonzales urged increased prosecutions of street gangs, which he called one of the country's greatest threats. In recent months, more than 50 alleged gang members have been indicted on federal drug, gun and racketeering charges -- compared with an average of 10 federal indictments annually over the previous 10 years.

Critics say overzealous prosecutors are trying to get headlines without making any lasting effect on the estimated 80,000 gang members in Los Angeles.

The RICO law, a 1970 statute passed to combat organized crime syndicates, has been used against gangs in California, Georgia, Maryland, Oklahoma and other states.

It can mean a life sentence, but prosecutors must prove that indicted gang members who did not pull the trigger or sell a bag of heroin still profited from the criminal enterprise. That requires exhaustive investigations and indictments that can read like organizational flow charts.

NO REAL HELP

Former federal prosecutor Lawrence Rosenthal said high-profile federal prosecutions do little to improve gang-stricken neighborhoods.

"They will send lots of people to jail, but won't change the streetscape," said Rosenthal, a law professor at Chapman University in Orange County. Six months later a new set of gangs is ``fighting to control turf that old gangs controlled."

The former federal prosecutor who drafted the RICO statute said he never expected it would be used against street gangs but he thinks doing so makes sense if the gang members are suspected of mob-like crimes.

G. Robert Blakey, who is now a law professor at Notre Dame, said federal authorities can arrest and indict several gang members at once, helping to prevent the gang from regenerating.

"The key difference is traditional state prosecutions are retail. Federal prosecutions are wholesale," Blakey said.

Sentences in federal court are also longer and do not offer parole. And federal investigators are better equipped than local authorities to use wiretaps or listening devices and to recruit informants, Blakey said.

According to court papers, the Vineland Boys were founded in the 1980s by members of a San Fernando Valley football team. The gang later merged with other groups, making it a force in the communities north of downtown Los Angeles.

A cadre of founders run its operations, the indictment alleges, and status depends on a willingness to sell drugs. In protecting their enterprise, gang members allegedly killed Burbank police officer Matthew Pavelka during a traffic stop, threatened witnesses and paid "taxes" to the Mexican Mafia prison gang.

PRE-DAWN RAID

Pavelka's 2003 killing spurred an 18-month investigation by a task force of police and federal agents. It culminated in a pre-dawn raid last summer that also resulted in cocaine charges against a popular Burbank councilwoman.

University of Southern California professor emeritus Malcolm Klein has researched street gangs for decades and questions the guiding premise of RICO prosecutions -- that gangs are organized enterprises.

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"Ninety-nine-point-nine percent of all gang members are bored teenagers who don't do anything more criminal than smoke pot and get drunk," Klein said.

Hospitals Grew With Medicare Paying The Way (NYT)

By David Kocieniewski

The New York Times, August 20, 2006

LIVINGSTON, N.J. — The St. Barnabas hospital system spent much of the last decade in a sprint to expand through aggressive mergers, political connections and celebrity patrons like the actor Joe Pesci, growing into New Jersey's largest health care provider and the state's second biggest private employer.

But the rapid rise in the prominence of St. Barnabas — which at one time had 3,200 beds in nine hospitals throughout the state — was also fueled by what federal prosecutors called one of the most lucrative Medicare fraud schemes in the nation's history.

By systematically inflating the bills for their sickest elderly patients, the prosecutors said, the executives of the St. Barnabas Health Care System bilked the federal government of at least $630 million from 1995 to 2003. The hospital system, which is a nonprofit institution, eventually stopped the overcharging when it was publicly questioned, and in June the hospital system and its executives, who had been threatened with criminal prosecution, agreed to repay the federal government $265 million.

St. Barnabas has rejected allegations that it defrauded Medicare. In the settlement, it did not acknowledge any deliberate wrongdoing, and last week, Ellen Greene, a spokeswoman for St. Barnabas, described the situation as the result of a misinterpretation of Medicare's complex rules. She said the company was glad to have gotten past the problem and was focusing on its health care mission.

What happened at this health care system, based largely in suburbs throughout New Jersey, is representative of how hundreds of hospitals around the country, facing pressures from cuts in reimbursements by private insurers, improperly charged the taxpayer-financed Medicare program billions of dollars.

The episode at St. Barnabas, whose legal problems are not over, is part of a wave of Medicare fraud investigations that, according to a federal report, have reached more than 450 hospitals nationwide. Experts said the money involved could exceed $6 billion.

"The way the system has operated, it's almost irresponsible corporate governance for hospitals not to cheat Medicare," said Patrick Burns, an analyst at Taxpayers Against Fraud, a leading watchdog organization.

The problems began a decade ago, when hospital administrators around the country —facing cuts in reimbursements from managed care companies — turned to a handful of accounting firms that promised to help them maximize their financing from Medicare, the nation's health insurance program for the elderly.

By exploiting loopholes in the complex formula that Medicare uses to reimburse providers for their most expensive cases, known as outliers, many hospitals' federal aid doubled, quadrupled or increased 10 times.

St. Barnabas received more federal Medicare money from the pool of outlier money than some national chains 10 times its size. In 2001, the aid accounted for more than 15 percent of St. Barnabas's total revenue, at least five times a typical percentage, and, according to depositions from former employees, the hospital system's bookkeepers were ordered to hide the money elsewhere in the budget to avoid arousing the suspicions of auditors.

Ms. Greene declined to comment on that allegation.

Fearing that a harsher fine might run the St. Barnabas health care system out of business, federal prosecutors said St. Barnabas had been required to pay back less than half of the amount it overbilled.

A few weeks after the government case against St. Barnabas was settled, Tenet Healthcare, one of the nation's largest hospital chains, agreed to repay $788 million of the $1.9 billion it had been accused of overcharging. No one involved in either case faced criminal charges.

After their Medicare subsidies shrank, both St. Barnabas and Tenet closed hospitals, costing hundreds of employees their jobs and disrupting medical care for the communities they had served. Still, in New Jersey, where state officials are impaneling a

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commission to close a dozen or more hospitals, St. Barnabas finds itself in a far stronger financial position than many hospitals that were not suspected of skirting the law.

As recently as the early 1990's, St. Barnabas — which was named after a martyr who sold his possessions to help the poor, but is not run by the Roman Catholic Church — operated with a low-key business approach usually found at institutions that are licensed as nonprofit.

Faced with pressure from managed care insurance plans and the prospect of federal health care reform, the system's chief executive, Ronald J. Del Mauro, voiced determination to firm up St. Barnabas's financial stability. He preached a strict devotion to the bottom line and engineered a bold set of mergers and acquisitions.

By 1996, St. Barnabas ran seven hospitals in northern and central New Jersey, with 4,000 affiliated doctors, more than 20,000 employees and a million patients. According to depositions by a St. Barnabas consultant and two former employees, which were filed in the settlement, the drive for profits soon affected the Medicare billing, and hospital administrators found a way to capitalize on a loophole in the formula Medicare used to determine reimbursements in outlier cases.

One part of the equation was based on a hospital's retail charges: the amount paid by the small percentage of patients who do not have insurance. By rapidly increasing retail charges for procedures often covered by Medicare, St. Barnabas got a steep increase in federal aid. As a result, its Medicare payments for outlier cases jumped to $287 million in 2002 from $85 million in 1998.

A consultant hired to work with St. Barnabas said in a sworn deposition that the hospital's top executives held meetings to plan a "corporate directive" to increase federal aid by raising the prices charged to Medicare patients. The consultant, James T. Monahan, said that St. Barnabas had routinely added hidden charges to the room-and-board fees of Medicare patients and tried to conceal the windfall profits it was receiving from Medicare, in part by overstating its debt.

Mr. Monahan, who later filed a whistle-blower complaint under which he stands to gain millions of dollars from the legal settlement, declined to be interviewed for this article.

St. Barnabas was hardly alone in that practice. Hundreds of other hospitals were using similar tactics to artificially boost their Medicare payments, and many were clients of two accounting firms that specialized in helping clients do that.

The fraud was so extensive, Medicare officials said in 2003, that to restrict the number of outlier claims, they had to raise the threshold for qualified cases in each of the previous five years: from under $10,000 in 1998, to more than $33,000 in 2003.

Despite the years-long surge in questionable Medicare payments across the country, federal auditors did not undertake a widespread investigation until October 2002, when Kenneth R. Weakley, an analyst for UBS Warburg, wrote a report warning investors that Tenet was receiving an "extraordinary" and unsustainable amount of outlier financing.

As they announced the settlements with Tenet and St. Barnabas in June, Justice Department officials said they were satisfied that they had collected a substantial sum of money without risking an uncertain outcome at trial and without endangering the viability of the two hospital systems. David Knowlton, executive director of the New Jersey Health Care Quality Institute, an advocacy group, said that even though the settlements did not recover all the fraudulently obtained funds, they would provide a strong deterrent.

Officials of St. Barnabas pointed out that they had not admitted any wrongdoing and said they were relieved to be able to focus their attention on health care without the distraction of an investigation.

"This agreement," Michael Slusarz, a vice president and spokesman for St. Barnabas, said in a statement in June, "will allow us to focus our energy and resources on our mission of providing the highest quality of care to our patients."

As the state begins deciding how many, and which, hospitals to close, St. Barnabas is in an enviable position by virtue of its size, its reputation for providing quality health care and its political contacts in Trenton. For instance, the state's health commissioner, Fred Jacobs, was senior vice president of medical affairs at St. Barnabas before being appointed to his current post, and Gov. Jon S. Corzine's deputy chief of staff, Jeaninne LaRue, was a senior vice president and lobbyist for St. Barnabas. The company has also had a long relationship with Senate President Richard J. Codey, whose district in Essex County has some St. Barnabas facilities. During Mr. Codey's 14 months as acting governor, his administration approved St. Barnabas's application to perform highly profitable angioplasty procedures without having a cardiac surgical backup, an arrangement that some health

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care advocates criticized as favoritism. Mr. Codey insists that the decision was made based on the recommendations of a committee of health care experts, and that he was not personally involved.

"I certainly try to support the hospital, because it's important for the community and a large employer, but there's nothing more to it than that, " he said.

St. Barnabas continues to face legal scrutiny, however.

A class-action suit filed by two hospitals, one from Colorado and one from Maine, claims $514 million in damages because the overbilling by St. Barnabas deprived "all of the legitimate hospitals of aid they were entitled to," said Hal Hirsch, a lawyer for the plaintiffs. Wall Street rating agencies downgraded St. Barnabas bonds after the government settlement was signed and the hospitals' lawsuit was filed.

Hundreds of nonprofit hospitals across the country are being scrutinized by the Internal Revenue Service and examined by Congress to determine whether they are following guidelines that forbid tax-exempt entities to give executives excessive compensation.

The United States attorney's office in New Jersey declined to comment on whether the executive pay structure at St. Barnabas was part of any inquiry. But two people who had been questioned by Justice Department investigators said they had been asked for documentation on how Mr. Del Mauro and two other top administrators at St. Barnabas are paid.

Mr. Del Mauro gets no compensation from St. Barnabas Hospital Center, according to its public filings, but he and two other senior administrators are paid officers of SBC Management, a profit-making company that does business with the hospital center. That sort of arrangement is common in the hospital industry.

In 1998, Mr. Del Mauro received $613,000 from SBC, according to documents on file with the I.R.S. His compensation was $4.7 million in 2003, the last year St. Barnabas received the huge Medicare overpayments. In 2004, it was $4.2 million.

Speaking on Mr. Del Mauro's behalf, Ms. Greene, vice president for public relations and marketing at St. Barnabas, said that she was unable to provide details about Mr. Del Mauro's compensation or the amount and type of business transactions between the hospital and SBC Management, but that the hospital was complying with the law and the federal tax code.

CIVIL LAW:

A Tortured Past (LAT)

By Deborah Nelson And Nick Turse, Special To The Times

The Los Angeles Times, August 20, 2006

Documents show troops who reported abuse in Vietnam were discredited even as the military was finding evidence of worse.

In early 1973, Army Chief of Staff Gen. Creighton Abrams received some bad news from the service's chief of criminal investigations.

An internal inquiry had confirmed an officer's widely publicized charge that members of the 173rd Airborne Brigade had tortured detainees in Vietnam.

But there was a silver lining: Investigators had also compiled a 53-page catalog of alleged discrepancies in retired Lt. Col. Anthony B. Herbert's public accounts of his war experiences.

"This package … provides sufficient material to impeach this man's credibility; should this need arise, I volunteer for the task," wrote Col. Henry H. Tufts, commander of the Army's Criminal Investigation Division.

Now, declassified records show that while the Army was working energetically to discredit Herbert, military investigators were uncovering torture and mistreatment that went well beyond what he had described.

The abuses were not made public, and few of the wrongdoers were punished.

Tufts' agents found that military interrogators in the 173rd Airborne repeatedly beat prisoners, tortured them with electric shocks and forced water down their throats to simulate the sensation of drowning, the records show.

Soldiers in one unit told investigators that their captain approved of such methods and was sometimes present during torture sessions.

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In one case, a detainee who had been beaten by interrogators suffered convulsions, lost consciousness and later died in his confinement cage.

Investigators identified 29 members of the 173rd Airborne as suspects in confirmed cases of torture. Fifteen of them admitted the acts. Yet only three were punished, records show. They received fines or reductions in rank. None served any prison time.

The accounts of torture and the Army's effort to discredit Herbert emerged from a review of a once-secret Pentagon archive.

The collection — about 9,000 pages — was compiled in the early 1970s by an Army task force that monitored war crimes investigations. The files, examined recently by the Los Angeles Times, include memos, case summaries, investigative reports and sworn witness statements.

Those and related records detail 141 instances of detainee and prisoner abuse in Vietnam, including 127 involving the 173rd Airborne.

The Army task force, created after journalist Seymour Hersh exposed the 1968 My Lai massacre, served to give military brass and the White House early warning about potentially damaging revelations.

The war crimes records were declassified in 1994 and moved to the National Archives in College Park, Md., where they went largely unnoticed.

The Times examined most of the files before officials removed them from the public shelves, saying they contained personal information that was exempt from the Freedom of Information Act.

Other records were taken by Tufts in the 1970s and donated after his death to the University of Michigan.

The two collections do not provide a complete accounting of prisoner abuse during the Vietnam War. They contain only cases reported to military authorities and flagged for special attention by the Army chief of staff's office or taken home by Tufts. But they represent the largest pool of such records to surface to date.

Retired Brig. Gen. John H. Johns, a Vietnam veteran who served on the task force, said the files provided important lessons for dealing with the prisoner abuse scandal in Iraq.

"If we rationalize it as isolated acts, as we did in Vietnam and as we're doing with Abu Ghraib and similar atrocities, we'll never correct the problem," said Johns, 78.

A Supersoldier's Charges

A coal miner's son, Anthony Herbert was one of the most decorated U.S. soldiers of the Korean War. He went on to become an Army Ranger and a Ranger instructor.

In 1968, he was promoted to lieutenant colonel, and in early 1969 was awarded command of a battalion in the 173rd Airborne.

The brigade was based in Binh Dinh province in the central coastal region when Herbert arrived. Over the next two months, his unit reported more enemy contacts than any other battalion in the 173rd Airborne.

Then on April 4, 1969, Herbert was relieved of his command for allegedly unsatisfactory performance. He later told investigators from the Criminal Investigation Division that, before his removal, he had informed his superior of war crimes that he had witnessed.

Herbert recounted a series of atrocities.

He said South Vietnamese troops had executed detainees in the presence of an American military advisor in February 1969. One of the victims had her throat slit as her child clung to her pant leg, Herbert said. (Investigators later concluded that about eight detainees had been slain.)

The following month, U.S. and Vietnamese interrogators tortured a teenager or young woman by electric shock and subjected a male detainee to water torture, Herbert said. He said he also saw interrogators beat two Vietnamese women held in metal storage containers.

Herbert told the investigators that he had reported these incidents to Col. J. Ross Franklin. On learning of the allegations, then-Army Chief of Staff Gen. William C. Westmoreland ordered Tufts to create a task force to conduct the investigation.

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Before it was finished, Herbert took matters into his own hands and brought charges against Franklin and his superior, Maj. Gen. John W. Barnes, in March 1971, saying they failed to investigate reports of war crimes.

As Army officials feared, the case received widespread coverage because of Herbert's distinguished combat career and Barnes' rank, and because Franklin had served on the commission investigating the My Lai massacre.

Herbert achieved celebrity status as the case played out in the media. He appeared on "The Dick Cavett Show," was interviewed by Playboy magazine and was featured in a New York Times Sunday magazine article titled: "How a Supersoldier Was Fired From His Command."

Barnes and Franklin denied that Herbert had reported war crimes to them. According to news reports at the time, Barnes told an investigator he removed Herbert as battalion commander because he was "a keg of dynamite" who was "completely oriented to killing mercilessly."

The Army dismissed the charges against Barnes and Franklin, and removed Herbert's negative performance review.

Nevertheless, Herbert continued to accuse military leaders of a coverup. The Army responded by releasing "fact sheets" that said the investigation had substantiated only seven of 21 allegations by Herbert and had found no evidence that his superiors knew about them or retaliated against him.

In February 1972, Army magazine said that Herbert's "eminence is undeserved" and devoted six pages to the fact sheets.

Herbert retired from the Army, citing harassment and strain on his family.

In January 1973, his memoir, "Soldier," hit the bookstores, and the Army's public information office scoured its pages for inconsistencies, records show.

Around the same time, the Army leaked internal reports on Herbert to CBS News, according to an Army memorandum. The TV news magazine "60 Minutes" aired a segment on Feb. 4, 1973, that attacked Herbert's claims of coverup and retaliation.

Unknown to the public, Army investigators probing Herbert's charges had learned that abuse of detainees by soldiers of the 173rd Airborne was much more extensive than he had alleged.

When contacted recently at his home in Colorado, Herbert declined to be quoted about the Army investigation, except to say: "If they'd really taken action about the bad apples and been honest about it … then they wouldn't be arguing about Abu Ghraib and different places today."

Earlier Reports

The problem centered on the brigade's 172nd Military Intelligence Detachment, known as the 172nd MI.

Reports that interrogators in the unit were torturing prisoners had begun to surface several years before Herbert first made his allegations.

Among the first to speak out was Peter N. Martinsen, an interrogator from another unit who had worked with members of the 172nd MI. Testifying at the International War Crimes Tribunal, an unofficial forum in Stockholm, in 1967, Martinsen said he had taken part in beatings, and witnessed the use of field telephones to shock prisoners.

Army investigators interviewed him in November 1968. He requested immunity, but the Army's office of the judge advocate general rejected the request, citing "the general nature of the allegation, Mr. Martinsen's attitude and his record," documents show.

Martinsen refused to give a statement. Efforts to reach him for comment for this article were unsuccessful.

Investigators marked his allegations "unsubstantiated" and closed their inquiry.

At the time of Martinsen's interview, Robert Stemme Jr. was serving in the 172nd MI's counterintelligence section. His job was to gather information about the enemy from friendly local sources, such as hamlet officials.

He did not conduct interrogations, he said in a recent interview, but he heard and saw them. Interrogations were conducted around the clock in a building about 10 yards from the tent where he slept, he said.

"My bed was maybe 30 feet from where all this stuff was going on. So I could hear this … all night long," Stemme told The Times. "It was pretty standard practice that people got slapped around or hit with things, or guns pointed at them, or whatever. Field telephones — all those things — were tools of the trade."

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The telephones had hand cranks that could be turned to generate electricity and two wires that could be attached to sensitive parts of a prisoner's body. The shock could be intensified by wetting detainees and placing them in contact with metal objects.

In the spring of 1969, about a dozen members of the 172nd MI organized a letter-writing campaign to complain to higher-ups about the abuse, Stemme said.

"Next thing we know, we have this major coming up from IG's office who is Miranda-izing us and asks us if we're admitting to committing war crimes," Stemme said, referring to the inspector general. "It was all about us, when this was de facto command policy. It was really scary."

They decided as a group not to give any statements, he said.

Stemme returned to the United States in June 1969, and left the service in 1970. In April of that year, he spoke out about prisoner abuse at a news conference at the Greater Los Angeles Press Club. Martinsen and Frederick Brown, another former interrogator with the 172nd MI, joined him.

Army investigators contacted Stemme and Brown that summer. Brown told them that he and others "participated in water-rag and field telephone interrogations of detainees," according to an investigator's summary. Brown, who lives in Orange County, declined to be interviewed for this article.

Stemme met with Army agents in San Francisco. According to an agent's statement, Stemme described abuse of detainees by 11 members of his unit over 12 months beginning in June 1968.

Under oath, Stemme said he saw interrogators punch and kick prisoners, beat them with sticks, administer electrical shocks and urinate on them.

Records show that Stemme detailed specific instances of maltreatment, offering names and approximate dates. Yet a case summary produced by the Army chief of staff's office reported that investigators closed the investigation because Stemme "declined to provide any specific information concerning his allegations."

"I spent hours with these guys," said Stemme, now 63 and retired from his job as an investigator for the San Francisco public defender's office. "There was no reason for me to be reticent."

Interrogation Methods

Stemme identified former Staff Sgt. David Carmon as one of the interrogators who had tortured detainees.

Herbert also accused Carmon of subjecting a detainee to water torture. Herbert said he found Carmon involved in the torture of a Vietnamese man, pouring water onto a rag placed over the captive's nose and mouth.

This technique, called the "water rag," causes a drowning sensation and is banned under international law. Bush administration officials have come under pressure in recent years to explicitly denounce a similar method known as "water-boarding" as an interrogation technique. In May, a Pentagon official told the United Nations Committee Against Torture that the revised Army Field Manual now specifically prohibited water-boarding. On Friday, a spokesman said the U.S. Army did not permit water-boarding — in past wars or as part of today's intelligence-gathering procedures.

When investigators questioned Carmon in December 1970, he admitted using the water rag on a detainee, records show.

"I held the suspect down, placed a cloth over his face and then poured water over the cloth, thus forcing water into his mouth. The suspect, after becoming choked on the water, confessed that he was a VC and stated he was a propaganda man," Carmon said, according to his sworn statement.

He admitted using electrical shock on detainees, the investigators' summary states.

Carmon also told investigators that in the fall of 1968, he took part in interrogating a captive who died soon afterward.

The man had been "beat and kicked," lost consciousness and suffered convulsions, according to summaries of statements given by members of the 172nd MI. A doctor was brought in to examine the detainee, identified as Nguyen Cong, and said there was nothing wrong with him, the records say.

Carmon said he and another member of the military intelligence team "slapped the Vietnamese and poured water on his face from a five-gallon can," according to the investigators' summary

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Nguyen passed out "and was carried to the confinement cage where he was later found dead," according to a May 1971 Army report. The investigators' summary said the cause of death was listed in a hospital log as a ruptured spleen, probably due to malaria.

In a 1973 memo to Army Chief of Staff Abrams, Tufts said "maltreatment was not established as the cause of death."

Reached by e-mail in Ohio, Carmon told The Times that abuse of prisoners was widespread in Vietnam and was encouraged by officers.

"Nothing was sanctioned," he wrote, "but nothing was off-limits short of seriously injuring a prisoner."

In another e-mail, he described the electric shock technique:

"What I saw were leads hooked to the legs of a metal folding chair. It was primarily used with the mountain/country detainees that weren't familiar with electricity. They would [tell] them it would make them sterile or something to that nature. When you turned the phone crank, a light tickle of electricity would generally scare them into talking."

He added: "I am not ashamed of anything I did, and I would most likely conduct myself in the same manner if placed in a Vietnam-type situation again."

Part of a Pattern

Investigators contacted 31 members of the 172nd MI before submitting a report to headquarters that detailed a pattern of "cruelty and maltreatment" from March 1968 to October 1969.

The report said the evidence warranted formal charges against 22 interrogators, some on active duty at the time. It concluded not only that interrogators repeatedly abused prisoners, but that the unit's executive officer, Capt. Norman L. Bowers, had been present during some of the torture incidents.

Yet none of the interrogators nor Bowers was punished, records show. The three soldiers who were disciplined for mistreating detainees served in other units of the 173rd Airborne.

In an interview with The Times, Bowers said he had not witnessed or approved abuse of prisoners, contrary to what his subordinates said.

"It could likely happen, and I wasn't told about it," he said. "Mistreatment of prisoners is a very serious issue, and it's not something someone's going to bring to my attention."

Bowers, now 67 and living in Missouri, said the men may have falsely accused him in hopes of getting him removed because they were working long hours.

"There was a lot of stress on people," he said.

J. Ross Franklin, one of the two superiors whom Herbert accused of covering up war crimes, was deputy commander of the 173rd Airborne from December 1968 to June 1969.

In a recent interview, he said that he was not aware of the investigators' findings, and that no one had ever reported prisoner abuse to him.

"I didn't even know what water-boarding was," said Franklin, now 78 and living in Florida.

He said he did not recall the letter-writing campaign or the nighttime beatings that Stemme described. He said he was housed in an officers' area, in a structure with air-conditioning. "I really wouldn't hear much of anything, other than friendly 'arty' shooting once in a while," he said, referring to artillery.

He added: "Interrogators obviously are under pressure and encouraged to get information, and some of these guys are sadistic at heart. I wouldn't bet my soul that it didn't happen in the 173rd…. If the Army found it, I'd say it probably happened."

Times researcher Janet Lundblad contributed to this report.

*

(INFOBOX BELOW)

About this report

Deborah Nelson, who wrote these articles, is a former staff writer and Washington investigative editor for The Times. Nick Turse is a freelance journalist living in New Jersey.

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This report is based in part on records of the Vietnam War Crimes Working Group, on file at the National Archives in College Park, Md. The collection includes 241 case summaries that chronicle more than 300 substantiated atrocities by U.S. forces and 500 unconfirmed allegations.

Turse came across the collection in 2002 while researching his doctoral dissertation for the Center for the History and Ethics of Public Health at Columbia University.

Turse and Nelson also reviewed Army inspector general records in the National Archives; FBI and Army Criminal Investigation Division records; documents shared by military veterans; and case files and related records in the Col. Henry Tufts Archive at the University of Michigan.

The reporters and Times photographer Damon Winter traveled to Vietnam in the spring to visit the sites of incidents described in Army records and to interview victims' relatives. Times researcher Janet Lundblad contributed to the report.

A selection of documents used in preparing this report, and previous articles on this topic, can be found at latimes.com/vietnam. Nelson's e-mail address is dnelson@jmail.umd.edu.

Tobacco Racketeers Get Off Easy (NYT)

The New York Times, August 20, 2006

If only a public shaming were enough to punish the tobacco industry for its half-century of deception in promoting a product so damaging to the nation's health. There are plenty of shameful acts depicted in a voluminous court opinion issued last week that found that five big tobacco companies had violated civil racketeering laws. But there is apparently nothing that can be done to force them to disgorge their ill-gotten profits or punish them for past mendacities.

Last week's ruling by Judge Gladys Kessler in the Federal District Court for the District of Columbia amounted to a moral victory for prosecutors in a case they had originally hoped would impose huge financial penalties. The 1,742-page opinion lays out in painstaking detail how the industry has obfuscated the health consequences of smoking, duped people into thinking that low-tar and low-nicotine cigarettes might be less harmful, manipulated cigarette design to ensure an addictive dose of nicotine, downplayed the adverse effects of secondhand smoke and seduced young people into taking up smoking while denying that it was doing any such thing. To hide its tracks, the industry, abetted by its lawyers, suppressed research and destroyed documents.

The judge was clearly appalled that the companies marketed and sold their products "with zeal, with deception, with a single-minded focus on their financial success and without regard for the human tragedy or social costs that success exacted." But she felt hemmed in by an appeals court decision, which held that under the civil racketeering statute, no damages could be imposed for past misdeeds, only remedies to restrain future misconduct.

That not only ruled out the huge $280 billion penalty originally sought when the suit was filed in 1999, but even, the judge concluded, the modest billions sought by prosecutors last year to help people quit smoking and reduce the incidence of youth smoking. All the judge felt she could do was to order the companies to mount an advertising campaign to correct years of misrepresentations and to stop using such misleading terms as "light" or "low tar" or "mild" to imply health benefits.

Even these remedies may be appealed by the companies. The prospects for reining in this rogue industry seem limited unless Congress finds the gumption to crack down — or top tobacco executives develop a conscience and decide to get out of the death-dealing business.

CIVIL RIGHTS:

Claims Of Partisanship Are 'Baseless' (MR)

By Wan J. Kim, Special To The Press-register

Mobile Press-Register (AL), August 20, 2006

Regarding Alabama's failure to comply with the law requiring it to create a voter database, some recent news reports have suggested partisanship by both a U.S. district judge and the Department of Justice. These claims -- raised by those with little knowledge of the judicial proceedings in this case -- are baseless.

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Evidence presented by the Justice Department in court amply established that Alabama has violated the Help America Vote Act of 2002.

Four years after HAVA was passed, and after receiving $41 million in federal funds, Alabama has not even selected a vendor to begin the process of obtaining compliance.

Both before and after we brought a lawsuit to vindicate the requirements of federal law, the Justice Department worked hard to negotiate an amicable agreement with Alabama.

We asked Alabama to submit a plan that would ensure timely compliance. A federal court then ordered Alabama to do so.

Only after Secretary of State Nancy Worley stated that she could not assure compliance by the presidential primary elections in 2008 -- six years after HAVA was enacted -- did the court reluctantly order the appointment of a special master.

Decades of precedent support the court's decision to appoint a special master in cases where -- as in this case -- a state official is unwilling or unable to comply with the requirements of federal law.

The court went further still, expressly noting that the secretary of state herself preferred the appointment of a special master over an expedited timeline for compliance.

Appointing a state official to be special master is a more moderate remedy than transferring state authority to an unelected person.

Alabama Gov. Bob Riley is the obvious choice, the federal judge made clear, because he commands substantial state resources, wields significant authority and can propose a legislative remedy should one become necessary.

This appointment was supported by the Alabama officials who oversee elections at the county level -- probate judges, 76 percent of whom are Democrats.

Also known to all the participants is the key fact that Gov. Riley intends to delegate his authority as special master to Jim Bennett, a former two-term Alabama secretary of state who enjoys wide bipartisan respect.

Indeed, the Justice Department made clear that we expect Mr. Bennett to exercise the functions of special master, and further, that we would welcome his direct appointment to that role.

No one has seriously suggested, moreover, that the mere creation of the voter database required by federal law could be partisan -- especially in a state like Alabama, where voters do not register by party.

Indeed, no one has even alleged that the secretary of state would have created a voter database that favored one party or another. She is faulted for demonstrably having failed to create one at all.

Alabama follows New York and Maine as the third state that the Justice Department has sued for non-compliance with HAVA. Two of these states have Republican governors.

This administration also has filed voting lawsuits against state officials of both parties in Georgia, Indiana, Maine, Missouri, North Carolina, Oklahoma, Pennsylvania, Tennessee and Texas.

Facts, not party affiliations, drive our litigation decisions.

It is unsound and unworthy to question the Justice Department's -- much less a federal judge's -- commitment to neutral and even-handed law enforcement.

Williams' Attorney Calls For Jail Changes (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, August 20, 2006

BILOXI - The Harrison County jail's new warden should take a hard look at all aspects of jail operations, including training, and should remove people who are not performing as they should, attorney John Whitfield said Saturday.

Whitfield wants Don Cabana, appointed warden on Friday, to scrutinize all aspects at the jail and make sweeping changes to ensure that what happened to inmate Jessie Lee Williams Jr. on Feb. 4 will never happen again. Whitfield made the comments in a speech to the Harrison County Federation of Democratic Women.

Williams, 40, of Gulfport, died of his injuries, allegedly beaten by jailers while he was restrained.

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"If you don't take a look at policies and procedures and training, you can forget about making changes," Whitfield said. "Judging from numerous incidents we've looked at and from the Williams case, you'd have to be deaf, dumb and blind to not know abuse at the jail has been swept under the rug."

Whitfield challenged the Democrats to contact their elected and appointed officials to express concerns about the Williams case, delays in the case and about inmate treatment at the jail. He referred them to District Attorney Cono Caranna, U.S. Attorney Dunn Lampton and the Harrison County Board of Supervisors.

Caranna, who attended Saturday's meeting, disputed some of Whitfield's remarks, but said they "agree that something bad happened."

Whitfield said a pattern of abuse has existed at the jail for several years and authorities have "turned their heads and ignored it."

He described a videotaped incident from the jail booking room in which a young woman, who was drunk, was strapped in a restraint chair at the county jail after a jailer slammed her head against a table. The tape from May 2001 shows a jailer opened the woman's swollen eye and pepper-sprayed her eye.

"A federal judge decided there was no abuse taking place at the jail," Whitfield said.

A Sun Herald review of that videotape and of related court papers confirm the May 2001 incident.

"By the time we're done with this case, Jessie Williams will not have died in vain," Whitfield said.

Authorities have confirmed they have videotapes from Williams' beating in the jail booking room. The tapes have not been made public or provided to attorneys for Williams' estate.

"I would say 95 percent of the workers at the jail are good, hard-working, honest people," Whitfield said, "but the mentality of that small percentage of bad jailers is pervasive. Did you know the jailers only start out making $9 or $10 an hour when there are administrative secretaries at the jail making $40,000-plus a year?"

Whitfield criticized county supervisors for claiming they have no control over the sheriff except for his budget.

"That's a bald-faced lie," Whitfield said, pointing to provisions in a 1995 federal court order involving improvements at the jail. The court order gives the county supervisors authority to request a review to determine if the jail it is in compliance with the court order.

Whitfield was critical of delays in criminal investigation of the Williams case and accused state and federal officials of "sitting on their butts."

Caranna responded, saying, "I, myself, at times have been aggravated at the delays, but that is the federal government's way. I chose to let federal agencies take the lead. They sent in their criminal-investigation team from the U.S. Justice Department's civil-rights division, and this is what these people do."

Caranna challenged the group to search the Internet for news stories on inmate deaths in other areas of the nation.

"It will show you when an event happened, when it was investigated and the time frame of all the steps it takes," Caranna said. "This case is actually coming along more quickly than most of its type."

Caranna acknowledged he has taken "a lot of heat" on complaints over delays in the Williams case.

"As a prosecutor," said Caranna, "I am limited in what I can say, whether I like it or not."

Military Recruiters Cited For Sex Abuse (WT/AP)

The Washington Times/AP, August 20, 2006

More than 100 young women who expressed interest in joining the military in the past year were preyed upon sexually by their recruiters. Women were raped on recruiting office couches, assaulted in government cars and groped en route to entrance exams, a six-month investigation by the Associated Press found.

The investigation found that more than 80 military recruiters were disciplined last year for sexual misconduct with potential enlistees. The cases occurred across all branches of the military and in all regions of the country.

"This should never be allowed to happen," one 18-year-old victim said. "The recruiter had all the power. He had the uniform. He had my future. I trusted him."

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At least 35 Army recruiters, 18 Marine Corps recruiters, 18 Navy recruiters and 12 Air Force recruiters were disciplined for sexual misconduct or other inappropriate behavior with potential enlistees in 2005, according to records obtained by the AP under dozens of Freedom of Information Act requests. That's significantly more than the handful of cases disclosed in the past decade.

The AP also found:

• The Army, which accounts for almost half of the military, has had 722 recruiters accused of rape and sexual misconduct since 1996.

• Across all services, one out of 200 frontline recruiters -- the ones who deal directly with young people -- was disciplined for sexual misconduct last year.

• Some cases of improper behavior involved romantic relationships, and sometimes those relationships were initiated by the women.

• Most recruiters found guilty of sexual misconduct are disciplined administratively, facing a reduction in rank or forfeiture of pay; military and civilian criminal prosecutions are rare.

The Pentagon has committed more than $1.5 billion to recruiting efforts this year. Defense Department spokeswoman Lt. Col. Ellen Krenke said that each of the services takes the issue of sexual misconduct by recruiters "very seriously and has processes in place to identify and deal with those members who act inappropriately."

The sexual misconduct almost always takes place in recruiting stations, recruiters' apartments or government vehicles, the AP found. The victims are typically between 16 and 18 years old, and they usually are thinking about enlisting. They usually meet the recruiters at their high schools, but sometimes at malls or recruiting offices.

"We had been drinking, yes. And we went to the recruiting station at about midnight," one young woman's story begins.

The 18-year-old from Ukiah, Calif., hides her face in her hands as she describes the night when Marine Corps recruiter then-Sgt. Brian Fukushima climbed into her sleeping bag on the floor of the station. Two other recruiters were having sex with two of her friends in the same room.

"I don't like to talk about it. I don't like to think about it," she says.

Fukushima was convicted of misconduct in a military court after other young women reported similar assaults. He left the service with a less-than-honorable discharge last fall.

His military attorney, Capt. James Weirick, said Fukushima is "sorry that he let his family down and the Marine Corps down."

"It was a lapse in judgment," Capt. Weirick said.

All of the recruiters the AP spoke with said they were routinely alone in their offices and cars with young women. They also all agreed that the lines were clear: Recruiters do not sleep with enlistees.

"Any recruiter that would try to claim that, 'Oh, it's consensual,' they are lying, they are lying through their teeth," former Marine Corps recruiter Ethan Walker said. "The recruiter has all the power in these situations."

Commandments Display Allowed (NYT/AP)

By The Associated Press

The New York Times, August 20, 2006

OKLAHOMA CITY, Aug. 19 — A federal judge on Friday said a Ten Commandments monument outside a courthouse in Oklahoma could stay, rejecting arguments that it promotes Christianity at the expense of other religions.

Judge Ronald A. White of Federal District Court in Muskogee ruled that officials in Haskell County did not violate the Constitution by erecting the monument outside the courthouse in Stigler. The county did not “overstep the constitutional line demarcating government neutrality toward religion,” Judge White wrote.

The county argued that the monument was part of a historical display that included other monuments recognizing war veterans, the Choctaw Tribe and others. The Ten Commandments monument has the Mayflower Compact on the other side.

“A significant factor is that someone comes and looks at all the monuments on the lawn,” said Kevin Theriot, a lawyer for the Haskell County commissioners. “They can’t just single out the Ten Commandments monument and say ‘Aha!’ and that means government is impermissibly endorsing religion.”

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Micheal Salem, a lawyer representing the American Civil Liberties Union and a Stigler resident, James W. Green, said he thought "the court's decision really represents a loss for religious freedom." Mr. Salem said he would have to review Judge White's decision thoroughly before deciding whether to appeal.

The Supreme Court has ruled that religious displays on government property are not inherently unconstitutional and must be considered case by case.

ANTITRUST:

In Huge Merger Of 2 Utilities, 'Quiet Agency' Is In Spotlight (NYT)

By David W. Chen

The New York Times, August 20, 2006

TRENTON, Aug. 18 — In New Jersey, you cannot go anywhere at home without bumping into something that is regulated by a relatively obscure agency called the Board of Public Utilities.

The five-member board is supposed to make sure your electric, water and natural gas rates are fair, for example, and it monitors the reliability of your telephone service.

But these days, the board has a more visible role. It is on the cusp of making one of the more significant decisions in its 95-year history: whether to approve a $17 billion merger of Exelon, a Chicago-based company, and Public Service Enterprise Group, the parent company of P.S.E.& G., creating the nation's largest utility.

The merger, first proposed in late 2004, has been approved by regulators in New York, Pennsylvania and Connecticut, as well as by the Federal Energy Regulatory Commission and the federal Department of Justice.

That leaves the New Jersey board as the only remaining hurdle.

On Thursday, the board's staff responded with a counterproposal that was welcomed by investors but criticized by consumer groups. Neither Exelon nor Public Service offered an immediate comment. Whether the counterproposal is accepted or modified, the board's commissioners still must act, and that could be weeks away.

As a result, the attention of Wall Street, consumer groups and New Jersey's governor, Jon S. Corzine, has turned to a group unaccustomed to the spotlight: the Board of Public Utilities itself.

"There needs to be serious analysis of the financial terms and conditions for the ratepayers in this state," Mr. Corzine said at a news conference shortly before the counterproposal was offered.

"And I don't think it needs to be done on a crash-course basis," he continued, "just because the board of directors of one of the companies decides that Friday on some day in August is the day that they want a decision." That was a reference to an ultimatum the companies issued earlier in the month.

Among the board's considerations are whether the huge new company would end up raising rates and whether it would eventually shrink its work force in New Jersey.

And with the price of energy rising, the 3.8 million customers of P.S.E.&G., which has played a major role in the state's business and cultural scene, stand to be affected.

Until recently, little attention had been paid to the Newark-based state agency, which has long been regarded as influential but has also occasionally been tarred by scandal and accusations of political patronage.

"It was always a quiet agency that had a lot to do with our lives, even though most people are probably like, 'The B.P.U.? Who are those folks?' " said Victor De Luca, a board member of New Jersey Citizen Action, who has worked on utility issues for years.

Gov. Woodrow Wilson created the board in 1911, primarily to oversee railroads and other utilities, and since then it has sent two of its presidents on to the governor's office: Brendan T. Byrne and Christie Whitman.

Louisiana is the only other state in which a member of its utility commission has made that leap, with Huey Long and the current governor, Kathleen Babineaux Blanco, according to Robert L. Schain, president of Regulatory Research Associates, an independent energy research company in Jersey City.

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Nevertheless, for many years, the New Jersey board was viewed as a sinecure for well-connected politicians nearing the end of their careers and looking for a prestigious full-time job to boost their salaries — now $141,000 a year for the president, and $125,000 for commissioners — and qualify for a higher pension.

Moreover, the board was often criticized for being too cozy with the utility companies it regulated.

The current commissioners, too, have deep political roots.

The president, Jeanne M. Fox, is a former top official with the federal Environmental Protection Agency, and the wife of Steve DeMicco, a Democratic strategist who managed Mr. Corzine's campaign last year and is now managing that of Senator Robert Menendez.

The other Democrats on the board are Frederick F. Butler, a former executive director of the Assembly Democrats, and Joseph L. Fiordaliso, a deputy chief of staff under Gov. Richard J. Codey.

The Republicans include Connie O. Hughes, who served as the chief of management and policy for Donald DiFrancesco when he was the acting governor, and Christine V. Bator, a commissioner of the state's Highway Authority under Mrs. Whitman.

This summer, Republican legislators demanded that the board be investigated for its handling of two bank accounts, with a total balance of about $80 million, that the legislators say were established without permission from the state's Treasury Department.

Yet the board has also been praised, with environmentalists — often the bane of such government agencies — saying it has promoted energy conservation and clean energy initiatives, said Jeff Tittel, the New Jersey executive director of the Sierra Club.

In the matter of the merger, Exelon officials and many analysts on Wall Street say the combined utility would operate more efficiently than P.S.E.&G. does, especially in generation of nuclear power. Exelon currently runs 10 nuclear power plants in New Jersey, Pennsylvania and Illinois.

According to a pamphlet published in May by the two companies, as a result of the merger, rates will go down by 5 percent — "a savings in wholesale electric consumer costs of $397 million to $1.3 billion over the course of 10 years."

In an interview last month with reporters and editors of The New York Times, Mr. Corzine said that he supported the merger, mainly because of concerns about a company like P.S.E.&G. — with a "weak balance sheet" — controlling nuclear power plants.

Underscoring his interest, he has assigned Gary D. Rose, the director of the governor's Office of Economic Growth, to participate in the proceedings.

Yet Mr. Corzine was quick to acknowledge in the interview, "I'm out of sync with my administration on this one," and he noted that the public advocate, Ronald K. Chen, whom he appointed, has been a consistent critic of the merger.

To those opposed to the merger, which would create a company with 28,000 employees and approximately $79 billion in assets, the arrangement would suffocate competition and lead to a monthly electricity rate increase of about $45.

Critics also have expressed the fear that Exelon would eventually press to cut costs, leading to potential safety problems.

On Aug. 2, the two companies made what they called their "last and best offer" and gave the board 48 hours to say yes or no.

But the board's commissioners refused to act based on what critics said was a classic corporate bluff.

"To me, this is not bargaining in good faith," Mr. Fiordaliso said on Aug. 4 at a special meeting of the board. "This commissioner will not tolerate this type of behavior."

Then on Thursday, board staff responded: the new company should offer New Jersey ratepayers a total of $820 million in credits, or $200 million more than the companies' most recent offer; and the companies should be required to sell eight fossil-fuel plants in New Jersey and Pennsylvania, or two more than the Justice Department had recommended.

One manager of a hedge fund who has followed the negotiations said that investors were "reacting positively," because it appeared that the two sides were close, and because it appeared that Mr. Corzine, a former co-chairman of Goldman Sachs, had helped to break the logjam on Thursday by defending the board's scrutiny but also urging it to "bring this to conclusion."

Public Service's stock closed at 71.31 on Friday, up from 67.99 a week before, and Exelon 59.85, up from 57.91.

But Suzanne Leta of the New Jersey Public Interest Research Group said the board was giving away too much.

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"It's very disappointing to see the board backtrack on the past two years of really quality work," Ms. Leta said. "It's really important and urgent that the governor's office and the B.P.U. commissioners stick to the facts of this case."

How This Bid Won Petco (SDUT)

By Frank Green, Staff Writer

The San Diego Union-Tribune, August 20, 2006

Private investors prevailed despite their lower offer

Petco Animal Supplies had been weighing the company's future for more than three months, a process that wound up pitting two suitors against each other in a game of corporate one-upmanship.

At the endgame in mid-July, the directors were faced with a tough choice on how best to position the world's second-largest pet supplies chain and how best to maximize shareholder value:

Should the San Diego-based company take the highest offer from an industry competitor – apparently larger rival PetSmart – or go with a lesser, but safer, bid from former Petco owners? Or reject both in favor of a different strategy?

Petco had been squeezed in recent months by 99-cent-style stores and discounters like Wal-Mart Stores undercutting them on price, and nontraditional competitors like Bed, Bath & Beyond and mall kiosks selling pet trinkets and upscale items. And pet owners were cutting back on unnecessary expenses in an inflationary economy in which it not only cost more to feed and pamper a pet but also cost more to drive to the pet store.

When the full board met July 13 to consider the bids, Petco shares stood at $19.45 on the Nasdaq – down 34 percent in one year and basically at the same price as when the company transitioned from a private to public company in 2002.

"The biggest question the board had to consider was, 'Can we get shareholder approval for this at the end of the day?'" said Gloria Sandrino, an associate professor at California Western School of Law in San Diego.

The Petco board decided to reject the higher offer in favor of a $1.8 billion stock and assumed debt bid by private equity firms Leonard Green & Partners and Texas Pacific Group.

The deal has raised questions about the connections between Petco executives and the winning bidders, but experts expect it to be successfully completed – helped along by the purchase price and a 139-page regulatory filing detailing how Petco directors reached their determination.

The acquisition, which still must be ratified by Petco shareholders, values the company's stock at $29 a share – 49 percent above its closing price at the time of the Petco board's vote.

The losing bidder offered $33 per share, a 70 percent premium, according to Petco's filings with the Securities and Exchange Commission.

Neither Petco nor PetSmart will confirm that Phoenix-based PetSmart was the pet industry competitor who made the $33-per-share offer, but PetSmart said last week that it had spent $2.9 million in its second quarter reviewing the possible acquisition of an industry competitor.

Los Angeles-based Leonard Green and Texas Pacific of Fort Worth plan to make Petco a private company again.

Petco said in the SEC filing that it will use $1.35 billion of debt financing to fund the buyout. Leonard Green will provide $350 million of equity financing, and Texas Pacific will contribute $415 million, the filing said.

The private equity firms spent $600 million in 2000 to acquire Petco for the first time – when shares were trading at about $14.93 – and then took the company private.

They made an initial public offering of stock in February 2002 and sold 20 percent of their stake as shares closed at $20. Leonard Green and Texas Pacific sold their last remaining interest in Petco in October 2004 at $35.49 per share.

Three of Petco's current top executives – board chairman Brian Devine, chief executive James Myers and chief financial officer Rodney Carter – worked for Petco when the private equity firms held an interest in the company previously. Seven of nine directors also joined the board before Leonard Green and Texas Pacific sold their final shares.

Leonard Green partner John G. Danhakl has been a Petco board member since the firm's first time as a Petco owner. He did not sit on the committee reviewing the bids in the recent negotiations or vote on the pending deal.

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“People who don't think that (Leonard Green-Texas Pacific's) previous ownership of Petco did not influence this deal (are) living in an ivory tower,” said Darren Robbins, a partner in the law firm of Lerach Coughlin Stoia Geller Rudman & Robbins. The firm filed shareholder lawsuits in San Diego Superior Court seeking to stop the deal in favor of a process seeking higher bids.

The lawsuits allege that Petco's board and management were unduly influenced by Leonard Green and Texas Pacific because they benefited financially from the firms' ownership in the past – and would stand to do so again. According to one of the suits, the two firms “have a long history of handsomely compensating those who help them fulfill their goals. ... ”

Citing the sensitivity of the pending acquisition, Petco executives would not comment for this story.

Leonard Green and Texas Pacific also declined comment, as did PetSmart.

Stocks decline?

But analysts and at least one major shareholder say that Petco has largely jumped through the right hoops in selling the company.

They contend that a combination with a large industry competitor such as PetSmart could have ultimately derailed during a long, and possibly negative, antitrust review by the U.S. Justice Department. Stock prices for both firms could have dropped, they said.

Indeed, PetSmart, the largest pet supplies retailer with 860 stores in the United States and Canada, said Tuesday that it had backed out of the deal it was considering because it wasn't in the best interests of its shareholders.

Petco, the second-largest pet supplies retailer, operates more than 800 outlets.

“A government review of the case could have extended for years,” said David Poneman, an analyst at TIAA-CREF in New York. The retirement fund and financial services firm owns 385,000 shares, or less than 1 percent, of Petco stock.

“If, in the end, the review had been unfavorable, then where is the value for shareholders?” Poneman said in endorsing Petco's proposed deal with Leonard Green and Texas Pacific.

A report on PetSmart issued last week by Goldman Sachs speculated that the firm “likely saw a once-in-a-lifetime opportunity to consolidate the sector, a reasonable temptation, even if we doubted its outcome.”

Petco's detailed SEC filing of Aug. 11 reveals a corporate battlefield in which the company was playing the two rivals for the business against each other, sometimes pushing one side – then the other – to make a better bid.

Danhakl brought the first proposal from Leonard Green and Texas Pacific to buy the company on March 25.

Panel formed

The Petco board on April 5 formed a six-member committee to evaluate the companies' $26.50-a-share offer, according to Petco's SEC filing. The committee did not include any directors, such as Danhakl, who were employed directly by Petco or any of the bidding firms.

The board also hired the law firm of Pillsbury Winthrop Shaw Pittman as its legal adviser in the matter.

Analysts said Petco seems to have followed typical procedure in the post-Enron world, taking pains to show it was diligent in protecting the company and its shareholders when assessing buyout offers and other business.

“It's now standard for companies to assemble independent committees to evaluate a pre-emptive offer,” said Edgar Mendez, a principal in the Mercanti Group investment banking firm in Los Angeles.

Moreover, company boards also protect their members against allegations of favoritism and other charges by hiring outside legal and financial advisers to pore over offers with a cold eye, Mendez added.

It wasn't until April 17, after the Petco independent committee had met several times, that a committee member received an unsolicited written proposal from a pet industry competitor to buy Petco for between $30 and $32 a share. It was also on that date that the committee hired UBS Securities as its financial adviser.

Questions about the possible antitrust implications in a sale to the competitor arose almost immediately. In an account of committee gatherings on May 5 and May 8, there are concerns recorded about “an expensive and time-consuming” antitrust review “that could delay a closing of transaction beyond the date of stockholder approval. ... ”

Challenges seen

Moreover, the merger could pose significant challenges to relationships with “key constituencies such as pet owners, employees, suppliers, creditors and lessors ... ,” the filing states.

From early May to mid-June, the committee met frequently with Petco management on details of the proposals, including how to retain employees during a possible transition of ownership to the industry rival – presumably PetSmart.

The committee also secured confidentiality agreements from both bidders.

During the wrangling, there were ongoing discussions on breakup fees.

Because of antitrust concerns, Petco wanted at least $200 million if a deal with its industry competitor did not go through.

For its part, Leonard Green and Texas Pacific settled on a $50 million termination fee from Petco if things fall apart.

By the third week of June, there were signs that the dueling bidders might be getting impatient. The pet company reaffirmed its proposal of between $30 and $32 a share on June 19, an action that was followed on June 23 by Leonard Green-Texas Pacific offering another proposal at the same $26.50-a-share price made earlier.

In the next week, the committee continued to discuss the proposals with both parties and delivered a draft agreement to the pet company on June 27. The company came back to Petco on June 29 with a revised purchase offer in the range of $31 to $32 a share.

Antitrust advisers

But the Petco committee reviewed advice from its antitrust advisers at its meeting on the same day and continued to believe that a deal with the pet industry rival "posed material risks of execution and a high probability of substantial delay."

The committee instructed UBS to ask Leonard Green-Texas Pacific to improve its per-share offer, among other concessions.

The next day, Leonard Green-Texas Pacific upped its offer to $27 a share, spurring the committee to reaffirm its intent to negotiate a definitive merger agreement with the firms.

But the pet industry bidder was hardly out of the picture.

On July 7 it offered to buy Petco for $32 a share, bringing a counterproposal from the committee on July 8 asking for $33 a share. The bidder accepted.

However, the Petco committee said two days later that the minimally acceptable price per share for discussion in a face-to-face meeting would be $33.25.

That's when Petco and its pet rival began to part ways, according to the filing.

The companies could not resolve Petco's demands for the termination payment or Petco's concerns about a long antitrust review.

Thus, it was no longer clear to the committee that the pet industry rival would be a better option for Petco stockholders "than the $27 per share and a relatively straightforward path to a closing" offered by Leonard Green-Texas Pacific.

The committee told the private equity firms on July 12 that "a material increase" in its $27-per-share offer could result in the committee's immediate consideration of their offer.

Leonard Green-Texas Pacific sweetened their offer the very next day to $29 a share. Petco's board then unanimously approved the company's sale to Leonard Green-Texas Pacific.

No further bid

Even as the merger was being announced July 14, the other pet company told Petco that it was interested in submitting another proposal. Petco said it would look at any new offer, but no further proposal was made, according to the filing.

Analysts acknowledged that Petco's decision to accept the bid from Leonard Green and Texas Pacific might appear as if the companies had the inside track to reacquire the retailer because of their previous association.

But many pointed out that a federal antitrust review – expected in a deal involving the two top retailers in a major category – could have turned up negative revelations about the companies' operations, thus sending stock prices reeling. The current bid has already passed antitrust review.

"The stock price went up when the acquisition was announced, so it could be expected to fall if the deal was in jeopardy," said Sean Prosser, a partner in the litigation department at Morrison and Foerster in San Diego and a former attorney in the SEC's enforcement division.

The final deal will probably mean a better buy for pet owners, said retail experts. For one thing, having the two Saint Bernards of the industry still growling at each other in the marketplace should keep down prices of dog food and pet beds.

One combined chain “would have had more control, more buying power over vendors,” said Joan Storms, an analyst at Wedbush Morgan Securities in Los Angeles who covers both firms. “They could have charged higher prices.”

Analysts said it is rare for companies like Leonard Green and Texas Pacific to repurchase a former holding, especially in a turbulent industry like pet supplies retailing.

“Some lay people will say, 'Oh, sure, there was this long-standing relationship'” that helped secure the current deal, said Sandrino of California Western School of Law. “But this is not a hostile takeover, it's a friendly bidding process.”

Frank Green: (619) 293-1233; frank.green@uniontrib.com

Fur Back In Business And In Trouble (SEATIMES)

By Craig Welch, Seattle Times staff reporter

The Seattle Times, August 20, 2006

In a drab conference room in a nondescript Renton warehouse last spring, an auctioneer took a podium beneath huge photos of supermodels in mink coats and fur lingerie. He turned on his microphone and began soliciting bids.

Before him, dozens of men and women buzzed in a babel of foreign languages — Russian and Italian, Chinese and Korean. But their common language was hanging on racks in the room next door: some 1.7 million shimmering pelts of farm-raised mink, and hundreds of thousands of wild beaver, raccoon, weasel and fox.

This is the American Legend auction, the largest remaining fur market in the United States, where $100 million in business is transacted in a few days.

Much as they have for more than a century, merchants from all over the world come to Western Washington to pick over silky skins of North American mammals on behalf of garment manufacturers who will produce next year's lines of boots, hats, gloves, scarves, blankets and coats.

After a few rough decades, fur is back. Spurred by a boom in demand from China and recent popularity at home thanks to glossy marketing, the price of American mink pelts jumped 33 percent just last year.

Yet a trade that helped put Seattle on the map today takes place largely out of view, in a heavily guarded, fenced-in warehouse protected from anti-fur protesters. And there's an entirely new unease: Two years ago, a handful of buyers from New York, Canada and China hatched a scheme to rig bids and buy hundreds of otter pelts on the cheap, according to federal prosecutors.

That led to a long-running Justice Department antitrust investigation that may still be in the works. Federal prosecutors remain mum. But class-action lawyers are circling.

And once again the fur trade faces the prospect of being drawn into an uncomfortable spotlight.

"Everybody's nervous right now, because they don't know what's coming next," said Sandy Parker, a New York journalist who has published a newsletter on the fur industry for more than 40 years.

Fur sales suffer, rebound

On an average weekday last May, buyers strolled through a chilly stockroom in the Renton warehouse. As the auction was being prepped in the next room, workers in lab coats hauled garment racks full of colorful, farm-raised mink hides to brightly lit counters for inspection.

Nearby hung a showpiece, a mink coat that supermodel Elle MacPherson once wore for an ad, constructed from 45 pelts of top-of-the-line blackglama mink, which can sell at auction for $1,300 apiece.

All around, buyers ran fingers through the soft hair of the pelts, looking for flaws, and scribbling notes in auction catalogues.

The fur business is a lot different than it was in the 1780s, when English explorer Capt. James Cook first got sea-otter pelts from Northwest tribes and sold them in Asia, launching a trade that became as integral to the Pacific Northwest as salmon and trees.

Nowadays, Denmark rules the fur industry, selling 80 percent more mink than the U.S. Garment manufacturing is ruled by Asia, rather than New York. Expanding markets in China, Korea and Russia are helping drive new demand.

It wasn't always so.

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Fur was becoming controversial as early as the 1960s, and by the 1980s and early 1990s it was the target of sabotage by animal-rights activists, who vandalized stores. In 1991, activists burned a small Edmonds factory that made feed for farmed mink. All over the country, mink were sprung from their cages, and farms were raided, even torched.

In addition, there were economic troubles in Asia and a glut of furs. Prices crashed.

To resuscitate the business, American Legend, a cooperative of 220 North American mink ranchers, undertook advertising campaigns, hiring supermodels Cindy Crawford, Gisele Bundchen and MacPherson. They capitalized on exploding Westernization and wealth in Asia brought by a rejuvenating economy.

"Beginning in 1999, we tried to refocus the industry and consumers that [fur] could be an integral part of fashion," said Steve Casotti, vice president of American Legend.

While protesters continue to commit acts of eco-sabotage, and to portray the fur industry as cruel, inhumane and unnecessary in the modern world, celebrities such as rapper Sean "Diddy" Combs and pop singer and actress Jennifer Lopez are now seen and photographed in mink coats. In places such as Korea, China, Russia and Turkey, the rich are "driving expensive cars, wearing Rolexes and buying fur," said Alvin Glickman, a fur buyer in New York.

Now the fur industry is so global that some Native Alaskans buy wild-animal skins through Renton furriers to make traditional clothing, some traders say.

In fact, the Puget Sound region is the country's primary link to fur. American Legend is the country's biggest seller of mink, hosting international auctions twice a year, in February and May, drawing hundreds of buyers from up to 20 countries.

And for one day each February, Canadians take over the Renton auction house and sell hundreds of thousands of furs from wild animals — squirrel and coyote and lynx and otter — that were mostly trapped in Alaska or the Canadian territories.

Still, a surprising share of this business is conducted as it always has been — mostly by well-traveled men, capitalizing on personal relationships, shouting out bids and sweating out the pressure in a room where $4 million can change hands in seven minutes.

And that's where the trouble began.

Allegations of collusion

On February 13, 2004, just before the Renton wild-fur auction, a gruff but well-liked New Yorker named David Karsch, a fixture on the international fur-buying scene for decades, was approached by a woman.

"They want to talk to you," she told him, according to court documents, and she led him to a lounge set up for fur buyers at the auction house. It was a private meeting with some of his competitors in the fur business.

Otter furs were suddenly fashionable in China, so the traders all agreed that Karsch would buy several "strings" of otter pelts, and split them with his competitors after the auction, according to court records. That would could keep prices down because few would bid against him.

But it also was a federal crime: collusive bidding, or price-fixing.

Someone happened to overhear the conversation, and passed it on to auction officials, who took note when Karsch bought $46,000 in otter furs.

Buyers were already on edge. Rumors of bid-rigging scams had circulated among fur brokers the previous fall.

And American Legend was changing its system. After the 2003 SARS (severe acute respiratory syndrome) epidemic threatened to disrupt international travel, the auction house had planned to introduce an electronic bidding system, so buyers eventually could buy furs without leaving home.

It is a point in history when "you can buy a Monet on eBay," said Ed Brennan, president of American Legend. It was time to merge the past with the future.

But many fur buyers have a foot in the past. Many are in their 70s, or have been in the business for decades. Some were uncomfortable with computers. Others feared they wouldn't get to see who they were bidding against.

Several threatened a boycott. The auction house withdrew its plans.

Then things got worse.

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During the May 2004 auction, FBI agents hand-delivered dozens of subpoenas to fur buyers at their hotel rooms. Some foreign buyers were alarmed and confused. One buyer said he saw another chase an auction official around a table, trying to hit him.

Eventually, a grand jury in U.S. District Court in Seattle indicted Karsch, 76, charging him with restraint of trade. He pleaded guilty this summer, even though he made less than $1,500 on the otter-pelt sales. He faces up to three years in prison, and a fine of up to $350,000. His sentencing is scheduled for this fall.

But it's too soon to say whether the chaos is over.

"The whole thing is still at the forefront of everybody's mind," said Glickman, the New York fur buyer.

Under questioning from federal prosecutors, Karsch said he had passed up other schemes to rig bids, in 2001 and 2002, because he "didn't want to go to jail," according to court documents. Federal officials won't say whether they're done investigating.

In January, a few former mink ranchers filed a class-action suit against several mink buyers, alleging widespread bidding collusion to hold down prices. The ranchers' attorneys won't discuss their evidence. But one buyer is cooperating and has given over records.

Gregory Hansel, a Maine attorney for the mink ranchers, said they intend to prove that, just like in the Karsch case, several bidders agreed in advance about who would bid on certain lots, holding prices artificially low.

"Auctions are supposed to be the perfect model of the marketplace," Hansel said. But "we've interviewed a number of people in the industry, and we believe this conspiracy affected mink auctions in particular."

Attorneys for the buyers did not return calls for comment.

For the auction house, the investigation was a blow. Amid the turmoil, many foreign buyers threatened not to return to Seattle. American Legend, for the first time, moved its 2005 auction out of the country, to Vancouver, B.C.

"We were getting punished, and we're an innocent victim in this thing," said Dick Clinton of Seattle, an attorney for American Legend.

Even so, with accusations swirling, more than 340 buyers showed up in Vancouver and paid record prices.

Earlier this year, American Legend officials persuaded the Justice Department to promise not to serve subpoenas or come around asking questions if the auctions moved back to Renton.

At its homecoming in February, American Legend sold $104 million in fur — in two days.

In 1999, it had sold $65 million the entire year.

An uncertain future

Yet, in such a cyclical profession, many still wonder about the future.

In the early 1980s, there were 1,200 mink ranches in the U.S., producing twice as many furs as are produced today. Even that was about half what was produced in the 1960s.

Many farmers are getting on in years. So are many U.S. brokers. And it's not an easy business.

Irwin Goldberg runs a small, family-owned fur-trading business in Renton, H.E. Goldberg & Co. The company has dealt in coyote, muskrat, fox, otter and nutria in the Seattle area since 1919. It once was seven or eight times its size.

Goldberg is now in his 80s, and he has scaled back significantly. He worries whether he can pass his business on to someone. His children, he said, have no interest.

"Without people stepping up to do what used to be so central to our past, there may not be an H.E. Goldberg anymore," he said.

ENVIRONMENT:

Subpoenas Issued To Alaska Oil Firms (ADN)

By WESLEY LOY And RICHARD MAUER, ANCHORAGE DAILY NEWS

Anchorage (AL) Daily News, August 20, 2006

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ANCHORAGE, Alaska - Alaska officials have hit BP and four other oil companies with subpoenas for decades of records pertaining to pipeline maintenance and two oil spills this year in the troubled Prudhoe Bay field.

The subpoenas add to a growing list of government inquiries into how the nation's largest oil field is run, and widens scrutiny beyond just BP to include a broader stable of industry players in Alaska's arctic oil fields.

Under investigation

Officials from the Alaska Department of Environmental Conservation ordered BP, Exxon Mobil, Conoco Phillips, Chevron and Forest Oil to make available all documents relating to an oil spill in March and records on pipeline monitoring dating back 10 years.

Federal officials are seeking company records and a section of the pipeline in question.

BP previously had received a federal grand jury subpoena in connection with an estimated 201,000-gallon crude spill from a corroded pipeline on the western side of the vast oil field. The early March oil spill was the largest on the North Slope since oil production began there in 1977.

Late Thursday, state lawyers for the Alaska Department of Environmental Conservation served BP and its four partners in the Prudhoe field with subpoenas in connection with the March spill as well as an Aug. 6 spill from another pipeline.

The second spill, estimated at 966 gallons, coupled with an alarming inspection report showing runaway pipeline corrosion, prompted BP managers to order an emergency partial shutdown of Prudhoe. The move spooked global oil markets and sparked fears of higher gasoline prices.

Normally, Prudhoe produces an average of 400,000 barrels of crude per day, or almost 8 percent of U.S. production.

On Friday in Anchorage, BP's Alaska president, Steve Marshall, testified at a joint meeting of the state House and Senate resources committees that production had been restored to more than 200,000 barrels per day, and that 340 engineers and pipeline inspectors were working to bring Prudhoe back to normal.

Marshall admitted that BP had "a gap in our corrosion inspection system" that allowed key low-pressure pipelines, known as transit or sales lines, to corrode and develop holes through which oil could escape and tar the tundra. He said the company "deeply regrets" the problems.

Federal and state investigators and regulators are looking beyond regrets and have hit BP with subpoenas for reams of data, documents, photos, maps, notes and even pieces of leaky pipe. Meantime, state and federal lawmakers are scheduling hearings to look into spills and the oil industry's North Slope pipeline-maintenance practices.

BP owns about a quarter of Prudhoe, but it runs the entire field on behalf of all five owner companies, which share the field's costs and profits.

Also receiving subpoenas for the March oil spill were: Exxon Mobil and Conoco Phillips, each of which owns a 36 percent share of the field; Chevron, which owns just over 1 percent; and Forest Oil, which owns less than 1 percent. All five Prudhoe owners Thursday also received a second state subpoena for the Aug. 6 spill.

The state subpoenas command them to not destroy and to make available all documents and computer records that "relate in any way" to the March spill. The subpoenas also ask the companies to make available maintenance and corrosion records spanning the life of the leaky western Prudhoe pipeline; records on pipeline monitoring dating back 10 years; and records on the discovery of and response to the spill.

In a Thursday letter to BP's Marshall, Alaska Attorney General David Marquez said the state served subpoenas on all the Prudhoe owners, and not just operator BP, because "the state is unwilling to make assumptions at this time where liability may ultimately lie."

BP has said it is cooperating fully with state and federal investigations. Spokesmen for Exxon, Chevron and Forest Oil did not respond to requests for comment Friday. Conoco spokeswoman Dawn Patience said her company planned to cooperate.

BP discovered numerous holes or weak spots in the transit pipeline that leaked Aug. 6 after running a test probe known as a "smart pig" through it. The U.S. Pipeline and Hazardous Materials Safety Administration ordered such probes after the March spill.

BP managers have admitted they didn't run pigs through the Prudhoe transit lines for many years, allowing sludge to build up and bacteria-based corrosion to break out.

BP's Marshall has sent messages to the company's employees telling them of federal and state investigations into the large March leak from a pipeline known as the GC-2 line.

"The investigations may include consideration of whether any criminal laws were violated," according to an April 14 staff e-mail from Marshall. He told employees the company planned to cooperate fully, and that all employees were free to talk with investigators.

Cynthia Magnuson, a Justice Department spokeswoman in Washington, D.C., confirmed the department has a criminal and civil investigation under way related to the March spill. She offered little more detail.

Aside from voluminous records, the federal grand jury wants the section of the GC-2 pipe with the hole in it delivered to Anchorage as evidence, said BP spokesman Daren Beaudo. Cutting out several feet of the pipe, which is 34 inches in diameter, is an expensive job that still hasn't been done, he said.

BP already has a felony environmental record in Alaska.

In 1999, the company pleaded guilty to violating federal law by failing to immediately report that its drilling contractor, Doyon Drilling, had illegally dumped hazardous material down a well at the Endicott oil field. BP was fined $500,000 and put on probation for five years. The company was released from probation in February 2005.

During its probation, BP was required to prepare and adhere to an environmental management system designed to require employees and the company to comply with "best environmental practices" in all its U.S. operations. Did BP fail to adequately inspect and repair its North Slope transit pipelines during its probation?

"I think everybody's asking that question," said Mary Barnes, the federal probation officer in Anchorage on the case.

FBI/DEA/ATF/USMS:

FBI Races The Clock To Reinvent Itself (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, August 20, 2006

In the war on terrorism, investigating criminals after the fact is no longer an option. Intercepting plots requires a culture change for agents.

HOUSTON — Not so long ago, before the war on terrorism, Carlos Barron was a foot soldier in the war on drugs.

As an FBI narcotics investigator, he tracked Mexican drug lords who were importing cocaine and marijuana into the U.S. His sleuthing and testimony led to the conviction of a renowned kingpin who, after serving time, was found stuffed in the back of an SUV, shot 27 times in the head.

"It used to be immediate gratification," Barron says of the old days fighting drug trafficking. "We had a case, and we took it all the way. You put cuffs on him, and you put him in jail."

Today, the culprits he is pursuing are not so recognizable, and the rewards have never been more elusive. Barron now heads an FBI intelligence team that gathers evidence about suspected terrorist plots.

The mission, ultimately, is to make possible the sort of preemptive strike that British authorities pulled off this month in disrupting a suspected plan to blow up U.S.-bound passenger jets. That plot, which officials said was intended to match the enormity of the Sept. 11 attacks, was thought to be in its final stages of preparation.

But that dramatic operation was in sharp contrast to the day-to-day business of terrorist-hunters like Barron. For every credible threat, there are thousands of leads that have to be evaluated. They often lead nowhere.

Barron regularly tracks reports of lost or stolen police uniforms and airport security passes, and the countless people observed taking photos of the oil refineries that make the Houston area a focal point for a possible terrorist attack.

The work often leaves him chasing ghosts rather than identifiable suspects. But every single lead must be checked out and reported.

"That is a shift completely from when I was an agent working a case," he says, adding that the FBI has no choice in its diligence. "One of these incidents could be the stages of a terrorist attack. It could be preoperational. It could be rehearsal. It could be planning."

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It could be — and usually is — nothing at all.

A metaphor for the hazy and unpredictable nature of his job sits on a desk outside his office: a collection of fortune-telling novelty eight balls.

The FBI has been behind the eight ball since the attacks of Sept. 11, 2001, when widespread and long-standing deficiencies in the way the bureau operated were exposed. The agency was accused of blowing opportunities to identify and possibly apprehend some of the 19 hijackers. Among the troubles: a shoddy analytical program, problems sharing intelligence information, and inattention to counter-terrorism in general.

In a way, the FBI had changed little since it was established the same year that Henry Ford introduced the Model T. Its mission was to investigate crimes that had already happened. Although it did not always get its man, it succeeded enough to be considered the premier law enforcement agency in the world, at least when it came to catching bank robbers, drug dealers, con artists and spies.

Now, under pressure from Congress and several bipartisan commissions, its business model is being turned upside down, with a focus on preventing crime rather than apprehending criminals.

Barron's transitional experience is widely shared throughout the agency. More than 2,000 agents — or 15% of the total workforce — have been switched from traditional crime-fighting jobs to terrorism-tracking positions over the last five years. Whole areas of enforcement — including pursuit of the sort of narcotics operatives that Barron handled in the 1990s — have been largely abandoned or left to other agencies.

The FBI says things are going well. It cites the fact that there has not been another terrorist attack on U.S. soil in five years.

But many experts have doubts and question whether an agency so steeped in crime-fighting can switch to an intelligence operation. Some wonder whether the FBI would have had the same success as British authorities in preventing a major attack.

Some experts doubt that the FBI can succeed in its new role because it is incompatible with the bureau's historical law-enforcement culture. The FBI has measured success on the number of arrests leading to successful prosecutions; intelligence work focuses on the amorphous job of examining trends and recruiting sources.

"Approaching five years after 9/11, we still do not have a domestic intelligence service that can collect effectively against the terrorist threat to the homeland or provide authoritative analysis of that threat," said John Gannon, a former career CIA officer, testifying before the Senate Judiciary Committee in May.

"It is not enough to say these things take time. We should be asking why it is so hard for the FBI to develop a national intelligence capability, and opening ourselves to the possibility that we have asked too much of an otherwise capable criminal-investigation agency. We should be looking seriously at other options."

For now, the new FBI is pushing ahead with its Field Intelligence Groups — or FIGs, as they are known in the bureau.

Dozens of the groups in field offices around the country were created to collect, analyze and disseminate information about possible terrorist activity. Instead of targeting specific cases, each group is supposed to cast a wide net for information, analyze it and share conclusions not only within the FBI but also with other agencies.

Hundreds of analysts have been hired to evaluate threats and other information. Unlike the agents, they do not carry guns, and they are likely to have advanced degrees in international relations or mathematics rather than law enforcement.

Although the FBI has had analysts, they were used mostly to help agents solve existing cases by performing relatively menial tasks, such as conducting computer word-searches for names and addresses of suspects. Many were glorified clerks. Their job now is to anticipate threats and eventually drive what the agents do in the field.

The groups are "scanning the horizon, where the gatherers cannot see," said J. Stephen Tidwell, assistant director of the FBI office in Los Angeles.

"That is the crucial value of the FIG: I have got managers who are telling me where to find the next threat," Tidwell said.

"I am counting on those folks in the FIG as much as I am counting on the street agents to find the next 19," he said, referring to the 19 hijackers from Sept. 11.

Barron transferred from working in the narcotics department to terrorism after Sept. 11, 2001, to help trace phone numbers associated with the hijackers. He now runs one of the bureau's largest intelligence groups. The FBI permitted The Times access to his office, including secret law enforcement bulletins, to show what it is doing in the Houston area.

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His team of about 160 people shows how the FBI has switched gears: A financial analyst who once helped chase bank bandits now works on terrorism financing. Arabic speakers were recently added to a corps of translators. Other analysts include a retired Navy intelligence officer and a onetime emergency medical technician.

Most are new to the FBI, and some say that the transition has been less than seamless and that they have not always felt welcome. One of their jobs is to pick the brains of agents about subjects and discuss new ways of looking at issues, but the agents have in some cases brushed them off.

"People would hide stuff from you," said Murray Stockinger, an analyst who writes intelligence reports that are circulated to other agencies. "You could be sitting next to someone who would take a call somewhere else — so you could not tell what they were talking about."

After about a year, things improved, he said, although for a while he was "questioning whether or not I had chosen the right organization to go with."

A big part of the office's purpose is producing a monthly intelligence bulletin summing up the latest threat information that has been picked up in the Houston region.

The latest bulletin reveals that a man arrested during a bar fight in College Station, Texas, had the word "jihad" on the screen of his cellphone. Two Mexican nationals jailed in South Texas were carrying large amounts of Iraqi currency.

The bulletin is distributed online to many of the roughly 700 state and local law enforcement agencies that operate in the 40-county region.

The state and local police are also encouraged to feed tips they have received to the FBI, essentially extending the long arm of its collection effort.

These local law enforcers include sheriffs of small towns and school district police who have had little or nothing to do with the FBI until now. But they are seen as key figures because many intelligence experts believe state or local police will probably be the ones who pick up the tip that could head off the next terrorist attack.

The FBI has been giving free training in terrorism tracking to hundreds of police officers in the hope that they will give the bureau a hand.

More than 500 officers turned out for a recent two-day session at a civic center in Humble, Texas, that featured classes on "International Terrorism in Transition" and "Explosives and Explosive Devices."

There was also a session on Islamic culture, with the message that knowing something about Islam will help agents gain the trust of otherwise skeptical sources. The instructor, Samer Issa, is a Jordanian-born terrorism investigator from the Los Angeles Police Department.

"If you earn their respect and loyalty, it is like a gold mine," Issa said.

He teaches basics, such as the difference between Arab and Muslim countries and the historical differences between Shiites and Sunnis. He also offers tips, such as shaking the hand of a Muslim woman only if she offers it and avoiding stepping on prayer rugs.

The police officers apparently appreciate the attention. They now supply about half the information that the Houston FIG reviews.

Even seemingly incidental information can sometimes add up to intriguing theories. The FBI not long ago started getting reports of break-ins at cellphone towers throughout the Houston region. After publicizing the episodes, analysts eventually determined that some two dozen had occurred over a 10-month period. One of the towers was used to determine aircraft vectors at the George Bush Intercontinental Airport. Another controlled some of the FBI's own communications.

Whether someone was systemically casing the towers was never established, and no one was ever charged. But an analysis of the phenomenon was prepared and circulated, the sort of thing that the FBI had never done before.

Such work occasionally leads to arrests. Houston was under a heightened alert in the months before the 2004 presidential election because of intelligence showing that terrorists were considering an attack on the refinery complexes here. The FBI got wind of a counterfeit-document ring that was printing bogus industrial safety training cards, giving holders access to the petrochemical facilities.

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Even before the ring was busted, the office shared details of its investigation with the intelligence community. For FBI agents accustomed to jealously guarding their work product, it was a sea change in attitude.

"We never, ever, released information before in an ongoing sensitive undercover operation," said Shauna Dunlap, the FBI special agent who handled the case. "We wouldn't do it."

Some civil liberties groups question the aggressive tack.

Alamdar Hamdani, a Houston lawyer who has represented many Muslims who have been questioned by the FBI and other investigators since Sept. 11, 2001, said that the FBI's "threshold for interviewing individuals has been very low."

Though the bureau had tried to portray its interviews as innocuous and informal, he said, it had also been aggressive about prosecuting people who make misstatements during the sessions.

"I tell people the FBI is not in this to make friends," Hamdani said. "They are in this to get vessels of information."

But Barron, who acknowledged that the bureau's new mission may seem amorphous, said the FBI also had an obligation to follow every lead.

"Our job is just to collect it and report it and get it out," he said. "Will it have value to somebody? We don't know. Maybe it will. Maybe it won't."

When it does, sometimes there are concrete results.

Barron's work tracking telephone calls of the 19 hijackers in the U.S. after Sept. 11, 2001, helped lead to the detention of a Qatari man — Ali Saleh Kahlah Al-Marri — who was suspected of being a "sleeper-cell operative" working to settle foreign terrorists in the U.S.

"My job," said Barron, "is to find the next Ali Al-Marri."

Spectacular Coup (SDUT)

By Robert J. Caldwell

The San Diego Union-Tribune, August 20, 2006

U.S. law enforcement captures the head of Mexico's most violent drug cartel, the Arellano Félix Organization

U.S. law enforcement called it Operation Shadow Game. Its target was Javier Arellano Félix, the latest boss of the ultra-violent, Tijuana-based drug cartel that bears his family's name, the Arellano Félix Organization.

The hunters were a task force of federal agents led by the Drug Enforcement Administration, the U.S. government's front-line agency in the war against the multibillion-dollar trafficking in illegal narcotics smuggled into the United States.

For two decades, the AFO has controlled the Tijuana Plaza, the lucrative drug smuggling corridor across the southwest U.S.-Mexico border. Through this corridor flowed hundreds of tons of cocaine and marijuana bought by the AFO and smuggled – in everything from duffel bags and hidden car panels to tractor-trailer rigs – across the border for resale in the U.S. market.

The profits reaped by the AFO, aka the Tijuana cartel, were enormous; billions of dollars over the years. The money paid for luxurious lifestyles for the expansive Arellano Félix clan, for disguised investments all over Mexico, the United States and elsewhere, and to sustain a drug trafficking empire that stretched out from Tijuana north deep into the United States and south as far away as Colombia, source of 80 percent of the world's cocaine.

To protect this illicit trade, the Arellano Félix Organization spent huge sums every month bribing Mexican law enforcement, government officials and even the Mexican military to look the other way. Those who couldn't be bought were often killed by AFO enforcement teams; heavily armed assassins who drove around Tijuana and other Baja California cities in convoys of armored SUVs equipped with sophisticated radios and other communications gear tuned to Mexican police frequencies.

But despite their wealth, bribes, murders and fearsome reputation, the AFO's fortunes began declining in 2000. In March 2000, Mexican counter-narcotics police apprehended the AFO's reputed financial mastermind, Jesus “Chuy Labra” Labra Aviles in Tijuana. In May 2000, Mexican federal police captured the AFO's operations director, Ismael “El Mayel” Higuera Guerrero, at a villa near Ensenada.

Then, in 2002, the roof fell in on the AFO. On Feb. 10, the cartel's feared enforcer and by all accounts its most sadistic killer, Ramon Arellano Félix, was killed in a shootout with Mexican police in the resort coastal city of Mazatlan. One day short of a

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month later, Benjamin Arellano Félix, the cartel's shrewd CEO, was captured while hiding in an upscale suburb of the city of Puebla in Mexico's interior by an elite para-military team of Mexican federal police.

With Benjamin in custody, Ramon dead and a third brother, Francisco, in prison in Mexico since 1993, leadership of Mexico's most violent drug trafficking cartel fell to Javier, then 33 years old.

U.S. law enforcement's concerted hunt for Javier Arellano Félix began in the summer of 2003. Previously sealed indictments, returned by a federal grand jury for the Southern District of California, were unsealed and announced by the U.S. attorney in San Diego against the top leadership of the AFO, including Javier Arellano Félix. The U.S. State Department offered a $5 million reward for information leading to Javier's apprehension.

Federal charges against Javier and the other AFO principals included drug trafficking, conspiracy, racketeering, and money laundering.

The AFO's new boss was also wanted on drug trafficking charges in Mexico, where he was regarded as one of that nation's most sought-after fugitives.

By June 2004, U.S. law enforcement's search for Javier was on in earnest. Reportedly, he narrowly escaped capture by Mexican authorities in Tijuana on several occasions.

To protect the vital secrets of intelligence sources and methods, U.S. law enforcement officials won't discuss the specifics of how Javier and his top AFO associates were tracked in Mexico. But at some point, a link was discovered between Javier and a sport fishing boat. A carefully crafted plan emerged to apprehend him if and when he ventured out on the boat, later identified as the Dock Holiday, a vessel registered in the United States.

If caught in international waters, Javier could be arrested by the U.S. Coast Guard acting on the Justice Department warrant issued for his arrest in 2003.

Now the trap was set. Operation Shadow Game was a waiting game.

Finally, on Monday morning, Aug. 14, Javier Arellano Félix made the mistake that would cost him his freedom. The Dock Holiday was in international waters some 15 miles off the Baja port city of Cabo San Lucas. The DEA pulled the trigger, formally requesting that the Coast Guard interdict and board the Dock Holiday.

A Coast Guard boarding team, including members of a specially trained counterterrorism, counter-narcotics unit, promptly deployed from a pre-positioned Coast Guard patrol ship, the Monsoon.

In minutes, the Coast Guard team boarded the 43-foot Doc Holiday. At first, Javier gave the alias under which he was traveling. The Coast Guard team photographed Javier and others aboard the Dock Holiday and relayed the photographs to the DEA. When it became apparent that his true identity had been discovered, Javier admitted who he was.

The eight adults and three children aboard the fishing boat included two other reputed AFO members, Arturo Villareal Heredia and Marco FernÁndez. Law enforcement sources describe Villareal as an operations lieutenant to Javier. Jose Luis Santiago Vasconselos, Mexico's deputy attorney general for organized crime, calls Villareal and Fernandez "assassins."

For reasons of operational security, Javier's apprehension was kept secret while the Coast Guard was transporting him up the Baja coast toward San Diego. The DEA, Justice Department and the Coast Guard announced their prize bust from Washington 48 hours after the event.

Javier was arraigned in U.S. District Court in San Diego on the 2003 indictment Thursday. Additional charges based on his activities since 2003 may be filed later. The public defender lawyer temporarily assigned to represent him entered a plea of not guilty. If convicted on all 10 counts, he could be sent to prison for life or receive a death sentence.

Either way, Javier Arellano Félix, now 37, is unlikely ever again to experience a single day as a free man.

Call it a down payment pay-back for decades of AFO crimes.

U.S. law enforcement sources estimate that the Arellano Félix Organization is responsible for many hundreds (500 or more is a figure one hears) of murders, most in Mexico but some in the United States.

Among these, certain killings stand out as especially heinous.

A bungled AFO attempt to assassinate a rival drug trafficker at the Guadalajara, Mexico, airport in 1993 instead killed Mexico's Roman Catholic cardinal, Juan Jesus Posdas Ocampo. The cardinal was riddled with bullets fired by AFO gunmen who mistook his car for that of their drug-trafficking rival.

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In 1998, an AFO enforcement team, reportedly high on cocaine and alcohol, slaughtered 19 members of three families, including five women and seven children at a rural compound in El Sauzal, south of Ensenada, Mexico. The massacre was said to be retaliation for an unpaid drug trafficking debt owed to the AFO by the patriarch of one of the victim families.

In 2000, the AFO kidnapped a three-member team of counter-narcotics investigators working in Tijuana for the Mexican attorney general's office. The three men were savagely tortured. Their arms and legs were broken. Then they were killed by having their heads crushed flat in an industrial press.

Throughout this two-decade reign of terror, the AFO has acted as a criminal state-within-a-state, defying both Mexico and the United States to stop its drug trafficking and its murderous mayhem.

Now, finally, the AFO's days atop the hierarchy of Mexico's drug cartels may be numbered. With Benjamin and Francisco in prison in Mexico, Ramon dead, and Javier facing at least a life sentence in the United States, there may be no one left of sufficient stature to take their place.

Eduardo Arellano Félix, the remaining Arellano brother still at large, is described as a paranoid recluse. He, too, has a $5 million State Department bounty on his head for information leading to his apprehension. It's widely believed that he is not up to the job to running a multibillion-dollar drug cartel.

Other AFO lieutenants, notably the cunning Gustavo Rivera Martinez (aka “Gus Rivera,” or “Chuck”) may try to seize control, or ally the Arellano's battered organization with another major Mexican cartel.

“It's unlikely that there is a credible succession,” says John Fernandes, special agent in charge of the DEA's San Diego Field Division.

Fernandes describes Javier Arellano Félix as a “top gun of drug trafficking” and his apprehension as “historic.”

Meanwhile, the U.S. government continues to seek the extradition from Mexico of Benjamin Arellano Félix and the other imprisoned AFO principals wanted for trial in the United States.

At long last, the lamentable saga of the Arellano Félix Organization may be drawing toward a long-awaited, if probably bloody, denouement. A criminal syndicate that once supplied an estimated 40 percent of all cocaine consumed in the United States has now seen all but one of the Arellano brothers taken down by Mexican or U.S. law enforcement.

Most of those who worked so long and so diligently, and sometimes at great personal risk, to accomplish this hard-won victory must remain unidentified for reasons of security. Yet, it's no exaggeration to say that two nations are in their debt.

Caldwell is editor of the Insight section and can be reached via e-mail at robert.caldwell@uniontrib.com

Column: Justice Department On Steroids (SFC)

By Debra J. Saunders

San Francisco Chronicle, August 20, 2006

Debra J. Saunders

CHRONICLE reporters Mark Fainaru-Wada and Lance Williams should not go to jail if they do not reveal their source for stories on a grand-jury investigation into steroid use in sports. For one thing, they haven't broken any laws.

The U.S. attorney's office in Los Angeles subpoenaed Fainaru-Wada and Williams to find out who leaked grand-jury transcripts in violation of a court order. Apparently prosecutors have been unable to identify the leaker, so they have resorted to the heavy-handed threat of incarceration in order to intimidate the reporters into breaking their pledge of confidentiality.

U.S. District Judge Jeffrey White ruled last week that the law compelled him to deny a motion made by Chronicle lawyers to quash the subpoenas.

Trial attorney John Keker told me White ruled correctly because, "The feds have the law on their side," even if "they don't have common sense or good policy on the side."

As for those of you who see the prosecutors' heavy-handed play as a well-deserved comeuppance for arrogant journalists, you should understand that the same rules that allow the courts to jail reporters who won't give up sources, can be used against any citizen who will not want to testify against a sibling, a co-worker or a neighbor.

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That's why you want the courts to use discretion and take circumstances into consideration. In this case, prosecutors should note the federal government's history of not going after journalists unless the national security depends on it, a state law that shields California reporters and the fact that the two reporters stand to serve more time than any other defendants.

Mark Corallo, who served as spokesman for former Attorney General John Ashcroft, signed an affidavit for The Chronicle. He noted that Ashcroft took the steroids case so seriously that he announced the 42-count indictment against individuals tied to BALCO (Bay Area Laboratory Co-Operative) on television.

Still, Corallo believes the Department of Justice under Ashcroft -- a veritable Satan to many civil libertarians -- would not have served subpoenas on Fainaru-Wada and Williams. Corallo approved only one subpoena for a media person, and that was for a matter of "grave national security."

"In the balance that is required under the DOJ guidelines," he wrote, "the public's interest in the free dissemination of ideas and information clearly outweighs the public's interest in effective law enforcement and the fair administration of justice -- particularly in a case where the BALCO criminal defendants plead guilty and have served their sentenced time in prison."

The longest prison term served by a BALCO defendant was four months behind bars -- yet Fainaru-Wada and Williams could face up to 18 months, a full grand-jury term, for reporting leaks about the BALCO case.

Corallo summed up the reporter subpoenas as "a waste of government and taxpayer resources."

In an affidavit, California Attorney General Bill Lockyer argued that the reporter subpoenas undermine the state reporter's shield law, which was supported by 75 percent of voters in 1980: "To jail a journalist because he protected his source is an assault not only on the press, but on Californians as well."

Yes, my view is colored by my profession. I know how important it is for sources to believe a journalist's promise to protect their identity.

But I don't argue that reporters are above the law. If Fainaru-Wada and Williams broke into someone's home to get information, they should go to jail.

Keker told me, "From the government's point of view, it's a much more serious thing to stand up to the government than it is to commit a crime." Must be true, otherwise, the feds would want to reserve prison for real criminals.

E-mail: dsaunders@sfchronicle.com.

Page E - 7

IMMIGRATION:

Expert: State Immigrant Laws Might Fail (AP-Y)

By Erik Schelzig, Associated Press Writer

AP, August 20, 2006

Legislatures around the country are passing state laws to get tough on illegal immigration, but legal experts say many of those laws will turn out to be unconstitutional.

More than 550 bills relating to illegal immigration were introduced in statehouses this year, and at least 77 were enacted, according to a survey presented last week at the annual meeting of the National Conference of State Legislatures.

However, NCSL analyst Ann Morse told lawmakers at the conference that a 1986 federal law forbids states from enacting stricter criminal or civil penalties for illegal immigration than those adopted by Congress.

"The federal government decided it was too complicated for the states to enact their own competing laws on this," she said.

So what about the laws passed this year?

"I believe they'll be tested in court," she said.

State bills aimed at illegal immigration this year have included measures on education, employment, driver's licenses, law enforcement, legal services and trafficking.

"Unique among the states, Georgia introduced a bill that addressed all these different policy arenas, and passed it as one bill earlier this spring," Morse said.

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Lawmakers like Tennessee state Rep. Gary Moore are frustrated that proposed federal legislation on illegal immigration has stalled in Congress.

"If we could get the federal government to give us a little more leeway, we would see a lot more reforms at the state level," said Moore, a Democrat, who said a survey of his constituents found immigration was a top concern.

It's unlikely the federal government will want to relinquish enforcement of immigration laws to the states, said Demetrios Papademetriou, president of the Washington-based Migration Policy Institute.

"This is a prerogative that the feds really guard, particularly in Congress, with a passion that is probably unlike anything else," he said.

Still, the states are likely to try to acquire as much authority on the subject as they can.

"Because the Congress is unable to act, people at your level — and the local level — are beginning to take things into their own hands," Papademetriou told lawmakers at the conference. "I think we're seeing the beginnings of something that will gradually transfer more power to the states."

Papademetriou was critical of enforcement-only proposals to address illegal immigration. Some other proposals, like increasing the number of U.S. Border Patrol agents by 2,000 each year for the next six years, are unlikely to succeed, he said.

"I venture to say, in my humble option, that there is no way ... you can come close to that number and sustain it," he said.

It would take tens of thousands of applicants to have enough candidates to qualify, to pass training and to become experienced border patrol agents, he said.

"And when they're experienced enough, what's the biggest problem with the Border Patrol? Attrition," Papademetriou said. "Because people are not stupid: If they are well trained, they are going to find a better paying job somewhere, and an easier job."

Arizona state Sen. Jake Flake, a Republican and a cattle rancher, agreed that attempts to seal off the border are not likely to be successful.

"I find that if you put a bunch of steers in a pasture and run out of feed, there isn't a fence good enough to hold them," Flake said. "And I think people are the same: When they're hungry, there's not going to be a fence big enough to hold them.

"I don't think we're ever going to change this unless we help build the economy of Mexico."

Romney: U.S. Needs Skilled Immigrants (AP-Y)

By Laura Kurtzman, Associated Press Writer

AP, August 20, 2006

Massachusetts Gov. Mitt Romney told the California GOP convention Saturday the United States should encourage foreigners with skills to immigrate, while discouraging those who come here illegally and without skills.

"It is wrong for us to build an absolute concrete wall against those with skills and enterprise," he said, referring to foreign students who come here for advanced study, "and have a wide open door for people with no education and no skills."

His remarks were greeted with enthusiastic applause from this conservative crowd, for whom illegal immigration is a hot issue. Romney, a Republican governor in a Democratic state, is exploring a presidential run in 2008. California, with its reservoir of campaign cash, is a key stop along campaign trails.

Romney, a social conservative, also criticized gay marriage, saying, "every child deserves a mother and a father." He praised President Bush's aggressive foreign and military policies, and said the nation should wean itself from oil.

"This country is using too much oil," he said, adding that billions of dollars were being poured "down black holes in countries who don't like us."

He said improving education and investing in technology was the way to keep America competitive as Asian economies grow.

In California Balancing Act, Immigration May Tip Vote (NYT)

By Randal C. Archibold

The New York Times, August 20, 2006

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LOS ANGELES, Aug. 19 — Illegal immigration has long been a political minefield in California, making and breaking political careers. Now, with Congress considering the most sweeping changes to immigration laws in two decades, Gov. Arnold Schwarzenegger is learning just how troublesome that terrain can be in an election year.

No Republican candidate for governor or president since the 1970's has won in California without getting at least one-third of the Hispanic vote, which Mr. Schwarzenegger, a Republican, achieved in a wide-open recall election in 2003. In his bid for re-election in November, he faces the difficult task of courting both Latino voters and his core conservative supporters, two groups that are often far apart on immigration.

The immigration debate in Congress has also rippled into several other races for governor, including those in Oklahoma, Massachusetts, Colorado and Arizona. Democrats and Republicans are carefully staking out their positions, often with intense political calculation.

Gov. Janet Napolitano of Arizona, a Democrat, has sought to appear tough, declaring a state of emergency last year in the four border counties that bear the brunt of the flow of illegal immigrants from Mexico. But this spring, with a commanding lead in the polls, Ms. Napolitano rejected bills from the Republican-dominated Legislature intended to make life harder for illegal residents and the businesses that employ them, questioning the legality and effectiveness of the proposals.

In Massachusetts, two of the three Democrats in the primary race for governor have said they would consider using state troopers to enforce immigration law, as Gov. Mitt Romney, a Republican, has proposed.

"It's like Iraq," said Jennifer E. Duffy, who tracks governors' races for The Cook Political Report, a nonpartisan newsletter in Washington. "It may not be the driving issue of a campaign, but every candidate has a position that has been articulated."

As a Republican in a state dominated by Democrats, Mr. Schwarzenegger has a difficult task in balancing the two competing constituencies, Ms. Duffy said, because "if just Republicans vote for him, he loses."

So one week Mr. Schwarzenegger defends his support for the Minutemen civilian patrols on the border that many conservatives strongly endorse, and the next he distances himself from an anti-illegal-immigrant ballot initiative passed in 1994 that galvanized Latino political involvement on the side of Democrats.

At a recent town-hall-style campaign appearance by Mr. Schwarzenegger in Orange County, Larry Collins, vice president of a local Republican club, asked the first question, and it was about border security.

Mr. Collins said later that although he supported Mr. Schwarzenegger, he wanted the governor to take a harder line on immigration. He said he could not bear hearing more and more Spanish being spoken in the county, and he wondered about the legality of the newcomers. "We are being overloaded with a potential hazard," Mr. Collins said.

Even as Mr. Schwarzenegger seeks to hold on to voters like Mr. Collins, he is striving to attract Latinos. His aides concede that if the election is close, Latino voters could prove vital, and so they have embarked on a campaign to attract them, particularly native-born middle-class and professional Latinos.

The aides predict that these Latinos are more likely to approve of Mr. Schwarzenegger's stance on other issues, such as his advocacy for small businesses and tax cuts and his promises to improve education and health care.

On Monday, Mr. Schwarzenegger sent one of the nation's most prominent Latino Republican businessmen, Hector V. Barreto, the former head of the Small Business Administration and a board member of the United States Hispanic Chamber of Commerce, to court Latino business owners and others in San Francisco.

"This will be an example of how we're going to run campaigns differently in the Latino community for both Republicans and Democrats," said Matthew Dowd, Mr. Schwarzenegger's chief strategist, who has set a goal of getting 35 percent of the Latino vote.

Mr. Schwarzenegger has given no speeches specifically on immigration reform. But in newspaper opinion articles and at campaign stops he has said that he generally supports President Bush's advocacy of more border security, while he also backs measures that would steer some illegal immigrants toward citizenship.

As the governor of California, he reluctantly sent National Guard troops to the border this summer at the request of Mr. Bush, but rejected another request for more troops.

Still, at a speech on Saturday at the state Republican Party's summer convention in Los Angeles, Mr. Schwarzenegger sought to rally the party faithful in part by criticizing his Democratic opponent's objection to having the Guard at the border. He

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also attacked his opponent, Phil Angelides, the state treasurer, for his support for allowing illegal immigrants to get driver's licenses, as a public safety measure.

"My opponent wants to pull the National Guard off the border," Mr. Schwarzenegger said. "He wants to give undocumented workers California driver's licenses. His policies are disastrous."

Mr. Schwarzenegger also urged immigrants to learn English, offering himself, tongue in cheek, as an example.

"Being an American means learning English,'' said Mr. Schwarzenegger, a naturalized citizen from Austria whose accent supplies late-night comediens with endless material. "I know because I did, not that it is perfect nearly mind you, but I did. And we must also help immigrants get the same tutoring I got so they can learn English as quickly as possible.''

Democrats are quick to point out that Mr. Schwarzenegger once said the United States should "close our borders," only to clarify the statement to "secure our borders" after being criticized. Democrats view his back and forth as political expediency.

"We have seen the governor waffle and flip-flop," State Senator Gil Cedillo, Democrat of Los Angeles, said in a conference call with reporters last week. He called on Mr. Schwarzenegger to debate Mr. Angelides on Spanish-language television.

Mr. Angelides is expected to get most of the Latino vote and has endorsements from several high-ranking elected Latino Democrats, with the glaring exception of Mayor Antonio Villaraigosa of Los Angeles, a Democrat and Mexican-American. To the consternation of Mr. Angelides's supporters, the mayor has withheld a promised endorsement while he rallies bipartisan support, including Mr. Schwarzenegger's, for legislation to give him a role in running the public schools.

A Field Poll in July showed Mr. Angelides leading Mr. Schwarzenegger among Latinos by 58 percent to 22 percent, with 20 percent undecided or supporting other candidates. The poll, which sampled 992 registered voters from July 10 to 23 and has a margin of error of 3.8 percentage points, showed Mr. Schwarzenegger leading over all among likely voters, 45 percent to 37 percent.

Everywhere he stops, Mr. Schwarzenegger is mobbed for autographs, and it is no different among Hispanic voters (the governor has let it be known that he has starred in movies filmed in Mexico).

In July, Mr. Schwarzenegger fixed tortillas at the Olvera Street market, where tourists flock for a carefully constructed taste of old Mexican Los Angeles. The visit came days after news photographers snapped him grinning with Mr. Villaraigosa at the National Council of La Raza convention here.

Mr. Schwarzenegger rarely fails to highlight his own immigrant tale of arriving nearly penniless from Austria in 1968 — he is a naturalized United States citizen — and finding success in bodybuilding and Hollywood.

"I was able to make my dream turn into reality," Mr. Schwarzenegger said at a stop in Orange County.

He has also appointed several Hispanics to his campaign and administration staff, including Arnoldo Torres, a former political analyst at the Spanish-language broadcaster Univision, who is a senior adviser to the campaign. Mr. Schwarzenegger has also visited several heavily Latino neighborhoods and has made himself especially accessible to Spanish-language news media. (Mr. Schwarzenegger declined to be interviewed for this article).

"I'm glad he is working toward getting the Latino community," said Martin Gonzalez, 35, an independent voter who watched Mr. Schwarzenegger campaign recently at a bakery started by Cuban immigrants in Glendale. "He is doing it now because now he knows we are important."

Will he vote for Mr. Schwarzenegger?

"I just don't know, but maybe," Mr. Gonzalez said, adding with a laugh, "My kids like his movies."

Schwarzenegger Tries To Calm GOP Anger (LAT)

By Michael Finnegan And Robert Salladay, Times Staff Writers

The Los Angeles Times, August 20, 2006

The governor touts guardsmen on the border at a convention in Century City but fails to score points for his massive spending plan.

Gov. Arnold Schwarzenegger tried to narrow his rift with conservatives Saturday by casting himself as tougher on illegal immigration than his Democratic challenger, Phil Angelides, but failed to quell a Republican revolt over his call for billions in borrowing for housing and school construction.

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At a time when Republican candidates nationwide are tapping public anger over illegal immigration, Schwarzenegger made his most aggressive move to date to turn the issue to his advantage against Angelides.

The Republican governor told party loyalists at a state GOP convention in Century City that he had put National Guard troops on the Mexican border — as demanded by President Bush — to help federal authorities "get their act together."

"My opponent wants to pull the National Guard off the border," Schwarzenegger told the crowd of several hundred in a hotel ballroom. "He wants to give undocumented workers California driver's licenses. His policies are disastrous."

Schwarzenegger's record on immigration has drawn the anger of many conservatives who consider his position too lax. At the party convention, some delegates, along with Republican U.S. Senate nominee Richard Mountjoy, took exception to Schwarzenegger's support for a guest worker program and a plan to put illegal immigrants on a path to citizenship.

"I disagree with the governor on that issue, as does almost every other statewide candidate" on the Republican ticket, Mountjoy said.

To quiet conservative grumbling, Schwarzenegger also pounded Angelides, the state treasurer, for supporting higher taxes.

Waving a fist in the air, the governor said his rival "wants to increase the car tax, the sales tax, the property tax, the farm-equipment tax, the income tax, the alcohol tax, and he even wants to tax you when you go and get a tune-up for your car." (Apart from a plan to raise income taxes for the well-to-do, Angelides has renounced those past positions.)

The boisterous call-and-response that ensued belied the tension between the moderate governor and the conservatives who dominate the state party organization. "What do we say to more taxes?" he shouted.

"No!" they called back.

"What do we say to more government spending?"

"No!"

But Schwarzenegger's own record on state spending stirred an open rebellion. His political team scrambled to gain the party's formal support for $42 billion in construction bonds on the Nov. 7 ballot, but some delegates called the borrowing fiscally irresponsible.

A party committee refused to endorse all of the bond measures, which would fund the most costly state building program in California history. Instead, the panel defied Schwarzenegger by voting to oppose a $2.8-billion housing plan (Proposition 1C) and take no stand on a $10.4-billion school construction proposal (Proposition 1D). The committee also rejected Schwarzenegger's request for party backing of Proposition 84, a $5.4-billion batch of water projects.

Still, the committee agreed to his request for party support for a $19.9-billion roads-and-ports plan (Proposition 1B) and $4.1 billion in disaster preparation projects, including levee repairs (Proposition 1E).

The panel's actions, which are up for a ratification vote today, followed sharp remarks by conservative critics of Schwarzenegger's fiscal record. Anti-tax advocate Tom Hudson of Placer County also told the party committee that Democrats who control the Legislature could not be trusted to spend the construction money wisely.

"We are giving them a giant blank check, and I guarantee you that's not going to work out well if you live in a Republican's district," he said.

The party gathering illustrated the delicate balance that Schwarzenegger must strike to maintain his strong core of conservative support while reaching out to moderates whose votes he also needs to win.

Even as he took a tough posture on immigration and taxes Saturday, Schwarzenegger kept his distance from Mountjoy and several other more conservative candidates on his party's statewide ticket in the Nov. 7 election.

All of them crave the media attention he draws because none is well known, yet Schwarzenegger appeared alone on stage and did not mention their names. (Democrats have tried to spotlight the Republican ticket's lack of diversity, which could dampen Schwarzenegger's appeal. It is composed of seven white men.)

This morning, Schwarzenegger will underscore his calculated detachment from his party's conservative wing with a visit to First AME Church in South Los Angeles. It is one of California's largest black churches and normally a must stop for Democrats, but Angelides has yet to request a chance to visit, as Schwarzenegger did, said Kerman Maddox, who handles political matters for the church.

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In response to Schwarzenegger, Angelides told reporters in a conference call that the governor was using illegal immigration to stir up voters and "doing what his Bush-Cheney campaign team told him to do … which is to distort, distort, distort, scare, scare, scare, lie, lie, lie."

"Now he is hearing footsteps from the right wing of his party and he is kowtowing to them, raising the issue of immigration to inflame the passions of his right-wing base," Angelides said. "It's sad the governor is doing this, and it shows he doesn't have core values."

About two dozen opponents of illegal immigration staged a rally outside the convention hotel on Avenue of the Stars, where they waved U.S. flags and complained about Schwarzenegger and Bush. Inside, Jim Gilchrist, founder of the Minuteman citizen border patrol group, said the governor had "better start telling people whether he is for open borders or for protecting California."

"I assume what he had to say on immigration was probably something ineffectual, innocuous and a display of his inability to engage in tough love, which is a necessity for good leadership," said Gilchrist, who did not hear the governor's speech.

The Republicans running for other statewide jobs were relegated to a smaller crowd at a Friday dinner, where their speeches were punctuated by bursts of "You're a Grand Old Flag" from a brass band on stage behind them.

Claude Parrish, the nominee for treasurer, reminisced about working for President Nixon's 1972 campaign for reelection. He also fondly recalled the Republican winner of the 1966 treasurer's race. "Ivy Baker Priest did a darn good job, and I'm going to try and follow in her footsteps," he said.

Chuck Poochigian, the Fresno state senator running for attorney general, unleashed a blistering attack on his Democratic rival, former Democratic Gov. Jerry Brown, saying the Oakland mayor had long been on the "kooky fringe of politics and policy."

"He turned our Supreme Court into a national laughingstock," Poochigian said.

Steve Poizner, the Silicon Valley entrepreneur who faces Lt. Gov. Cruz Bustamante in the race for insurance commissioner, mocked his Democratic opponent for suggesting that his effort to lose weight could inspire others to do the same, lowering insurance costs as the obesity epidemic wanes.

"I'm the lucky guy who gets to run against Cruz Bustamante," Poizner said.

Also hammering Democrats were Republican controller hopeful Tony Strickland and the evening's emcee, lieutenant governor candidate Tom McClintock, who called the coming election a stark choice between contrasting fiscal policies.

"It is a choice between a leadership team with a proven record of reducing the taxes and the regulations that have been crushing Californians and a leadership team with a proven record of increasing those burdens," he said.

In response, state Democratic Party spokesman Jeff Millman said: "It's unfortunate the Republican candidates were spewing hatred and personal attacks rather than explaining how they are going to improve people's lives."

TAX:

I.R.S. Enlists Help In Collecting Delinquent Taxes (NYT)

By David Cay Johnston

The New York Times, August 20, 2006

If you owe back taxes to the federal government, the next call asking you to pay may come not from an Internal Revenue Service officer, but from a private debt collector.

Within two weeks, the I.R.S. will turn over data on 12,500 taxpayers — each of whom owes $25,000 or less in back taxes — to three collection agencies. Larger debtors will continue to be pursued by I.R.S. officers.

The move, an initiative of the Bush administration, represents the first step in a broader plan to outsource the collection of smaller tax debts to private companies over time. Although I.R.S. officials acknowledge that this will be much more expensive than doing it internally, they say that Congress has forced their hand by refusing to let them hire more revenue officers, who could pull in a lot of easy-to-collect money.

The private debt collection program is expected to bring in $1.4 billion over 10 years, with the collection agencies keeping about $330 million of that, or 22 to 24 cents on the dollar.

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By hiring more revenue officers, the I.R.S. could collect more than $9 billion each year and spend only $296 million — or about three cents on the dollar — to do so, Charles O. Rossotti, the computer systems entrepreneur who was commissioner from 1997 to 2002, told Congress four years ago.

I.R.S. officials on Friday characterized those figures as correct, but said that the plan Mr. Rossotti had proposed had been forestalled by Congress, which declined to authorize it to hire more revenue officers.

Critics of the privatization plan point not only to the higher cost but also to what they say is a greater potential for abuse. With private companies in the mix, they say, debtors could more easily be tricked into paying money to scam artists using spoof Web sites or other schemes, a problem the I.R.S. alerted taxpayers to in April. Brady R. Bennett, collections director for the I.R.S., said that by 2008, about 350,000 past-due tax records will be distributed among about 10 private debt-collection agencies. To guard against fraud, he said, the agencies will contact taxpayers only by telephone or mail — not the Internet — and will instruct them to send all payments directly to the United States Treasury, not the private collection agency.

One of the three companies selected by the I.R.S. is a law firm in Austin, Tex., where a former partner, Juan Peña, admitted in 2002 that he paid bribes to win a collection contract from the city of San Antonio. He went to jail for the crime.

Last month the same law firm, Linebarger Goggan Blair & Sampson, was again in the news. One of its competitors, Municipal Services Bureau, also of Austin, sued Brownsville, Tex., charging that the city improperly gave the Linebarger firm a collections contract that it suggested was influenced by campaign contributions to two city commissioners.

Joe Householder, a spokesman for Linebarger, which specializes in delinquent tax collections, said it had resolved the issues raised by the Peña case in 2002 and that it believed it had acted properly in Brownsville. The mayor of Brownsville, Eddie Treviño Jr., said that the contract vote had been unanimous and scoffed at the accusations of misconduct.

The two other companies that have won debt collection contracts from the I.R.S. are Pioneer Credit Recovery of Arcade, N.Y., a division of the SLM Corporation, and the CBE Group of Waterloo, Iowa.

The main objection so far to the privatization program is that it is more expensive than internal collection. "I freely admit it," Mark W. Everson, the tax commissioner, told a House of Representatives committee in March.

Privatizing government services is often promoted as a way to cut costs. But the government would probably net $1.1 billion from private debt collectors over 10 years, compared with the $87 billion that could be reaped if the agency hired more revenue officers, as Mr. Rossotti had recommended.

Taxpayer rights are at risk with privatization, Nina B. Olson, the I.R.S. taxpayer advocate, warned Congress earlier this year. "Because private collectors will operate under rules of profit maximization rather than the I.R.S.'s customer-service based policy," she warned, the private collectors may have less incentive to safeguard taxpayer rights.

Al Cleland, a retired I.R.S. tax collector in Minnesota, predicted that using private collectors would cause some debtors to owe more.

"We always told people to get current on their taxes first, so they would not have more penalties added, and then work on paying off their back taxes," Mr. Cleland said. "A private collection agency has no incentive to tell taxpayers that, so people will pay more penalties."

Mr. Bennett of the I.R.S. said that such advice was correct, but that it applied primarily to small business owners, whose cases will not be sent to the private agencies.

Under federal budget rules, money spent to hire tax collectors is treated as a discretionary expense, and Congress is cutting discretionary spending. In business terms, the rules treat the I.R.S. as a cost center, not as the government's profit center.

The private debt-collection program, however, is outside the budget rules because, except for the start-up costs, the collectors are to be paid from the proceeds.

CONGRESS-ADMINISTRATION:

Home But Still Haunted (WP)

By Donna St. George, Washington Post Staff Writer

The Washington Post, August 20, 2006

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Md. Iraq Veteran and Thousands Like Her Are Coping With Post-Traumatic Stress

There are times when Trinette Johnson's life seems to stall, when she finds herself staring at the ceiling fan in her bedroom, watching the blades spin, her mind hung on nothing -- not her receptionist job, not her fiance, not her ailing father or her four children.

Not even the war.

The war, of course, is always there somewhere, she said, an unseen force in her life, sometimes producing moments of blank detachment, sometimes stirring up anger like nothing she has ever known.

More than two years after returning from duty in Iraq, she has found herself yelling and cursing at other drivers on the road. Panicked in crowds. Seized with fear at the sight of highway overpasses and tunnels that might suddenly explode.

Doctors gave the 32-year-old Johnson, who served in the D.C. National Guard, a diagnosis of post-traumatic stress disorder, which has plagued thousands of U.S. troops after combat in Iraq -- bringing on flashbacks, numbness, rage and anxiety and leaving many at odds with their old lives, families and jobs.

How women are affected after combat is only starting to be probed. This is the first war in which so many women have been so exposed to hostile fire, working a wider-than-ever array of jobs, for long deployments.

"This is a really unique experience, and we just don't know," said Ronald C. Kessler, a Harvard University professor and author of a landmark study of post-traumatic stress disorder.

For women who are mothers, combat-related PTSD may have added significance. Often, after war, "it's not the same mommy who left," said Yale University associate professor Laurie Harkness, who runs a Veterans Affairs mental health clinic in Connecticut. Although the same can be said for fathers, she said, "mothers in general are the emotional hub of a family."

For Johnson, it was a doctor at Walter Reed Army Medical Center who first uttered the letters P-T-S-D, a defining moment that came after she spent nine months working the bomb-blasted roads near Baghdad. Her job with the 547th Transportation Company was hauling -- troops, supplies, equipment -- and security. At one point, she helped transport dead Iraqis to their wailing relatives.

In one particularly bad period, a roadside bomb claimed the life of a 21-year-old soldier in her unit, Spec. Darryl T. Dent. Later, another bomb severely wounded Johnson's best friend, Spec. Antoinette Scott, a mother of four.

That fall in 2003, Johnson was riding in a truck with her M-16 rifle pointed out the passenger-side window. Out of nowhere came a deafening blast. Her five-ton vehicle swerved and nearly flipped. There was fire. White smoke. Flying debris. A bomb, hidden along a guardrail, had detonated.

Johnson received a Purple Heart for hearing loss in her left ear but stayed in Iraq for several more months, working the same roads. "It seemed like once every other or three days somebody was getting hit," she recalled recently.

But the enemy was elusive. She never fired her M-16.

Unexpectedly, in January 2004, she was shipped home three months early, sidelined with severe kidney stones. Later, at Walter Reed, the dreams started: violent dreams, with exploding mortars and hordes of barking dogs. She mentioned them to a doctor.

This was while she was living on the hospital grounds, seeing specialists and worrying about whether anyone in her unit had been injured or killed. She called her unit in Iraq every day. But she had not seen her kids.

A counselor prodded her to visit them -- three were being cared for by Johnson's sister in Falls Church, and one was in Richmond with the child's paternal grandmother. None of the children lived with their fathers.

"Mommy! Mommy!" her youngest daughter, then 2, shrieked during a visit in Falls Church, climbing all over her.

Johnson had been a mother since she had her son at age 14. Now she felt overwhelmed. She rose to leave.

"I can't do this," she told her sister.

In her car, she sobbed, wondering how she could feel so disconnected. "I realized that I just walked out on my babies."

* * *

In nearly 3 1/2 years of war, more than 137,000 female troops have served in Iraq and Afghanistan, some exposed to the most profound stresses of combat: ambushes, mortars, bombs, fallen comrades. They have fired M-16s and grenade launchers, killed people and been shot at.

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As these women have returned home, Army researchers studying the psychological fallout of Iraq have noted a surprising trend in early studies: Women appear to be showing symptoms of post-traumatic stress disorder and other mental health troubles at roughly the same rates as men.

If this result holds true, it would stand out because women studied in the overall population show markedly higher rates of post-traumatic stress disorder than men -- about twice as much.

"It's not definitive, but it's encouraging," said Patricia A. Resick, director of the Women's Health Sciences Division of the National Center for PTSD, part of the Veterans Affairs Department. Resick said more research is needed.

While studies of the war's effects continue, one fact is clear: A generation of U.S. military women is at risk of combat-related stress disorder as never before.

A recent study showed that, overall, more than one in three U.S. troops sought mental-health care in the year after returning from Iraq. An earlier study found that about one in six showed signs of PTSD, major depression or anxiety after Iraq.

"From our data, what it looks like is that women serving in combat have the same risk as men of getting PTSD or other mental health conditions," said Charles W. Hoge of the Walter Reed Army Institute of Research.

For Johnson, treatment at Walter Reed made things better, with group sessions, art therapy and combat-stress counseling. "You're in there with other people who are going through the same things," she said, "and you kind of feel like, 'Okay, now I don't feel crazy.' "

The most wrenching day, as she remembers it, was when she was sent home: Oct. 3, 2004. No longer did she have the supportive environment of the hospital. She was on her own, medically discharged from the military because of the stress disorder.

Outwardly, Johnson looked much the same: bright eyes peering through delicate glasses, big smile, always seeming on the verge of a laugh. "Dee," everyone called her. But much had changed. "I don't even know this life," she said one day.

For several months, while her fiance supported them, she could not bring herself to go to work. Finally, last year, she returned to her job as a receptionist in the National Guard building in Northwest Washington, which houses a museum lined with exhibits that depict combat.

The images did not bother her.

The hard thing was that in the life she returned to, almost no one seemed to understand Iraq. They did not know what it was like to live with hidden enemies and fatal explosions, to feel so far from family and become so attached to other soldiers.

Some people told her: "I couldn't have left my kids like that."

The comments upset her because they implied a choice she did not have. She was a National Guard soldier, a job she took in 1997 as a steppingstone to more financial stability at a time when she was a single mother of three. The Iraq war did not seem a possibility then. Her father had served 26 years as a guardsman without seeing battle.

In 2003, Johnson left for war as her youngest was learning to talk.

Her eldest daughter was nearly 12 when Johnson returned. The girl seemed different -- dressing in black, skipping school, no more smiles, no hugs. She wondered: Was it because of her absence?

She recalled, "I'm looking and I'm trying to figure out, 'Where is my child?' "

* * *

Even now, there are times Johnson feels uncomfortable talking about post-traumatic stress disorder. It's an invisible wound in a war with daily bloodshed. At Walter Reed, she said, she saw soldiers with missing arms or legs, paralysis, shrapnel scars.

She is not so physically injured.

Still, her diagnosis scares her.

It took her six months after she left Walter Reed to make herself go to a VA office and stay for an appointment. She put it off at first, then became overwhelmed by the sight: veterans with glazed looks, some seeming at loose ends with nothing else to do.

"I would see some of the older vets sitting there," she recalled, "and I would be like, 'Lord, have mercy. I do not want that to be me.' "

She gave up alcohol. Some veterans drink a lot, she said, and she does not want to "self-medicate," as she called it. "It doesn't make Iraq go away," she said. "But obviously, if you pass out, then there's nothing bothering you at that time."

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Johnson understands the danger of alcohol partly from her fiance, Mark Branch, who was her battle buddy in Iraq. He was driving the five-ton truck the day the bomb went off along the guardrail.

After Iraq, he drank so much RÃ©my Martin cognac that she lined up all of his empty liquor-bottle boxes along the top of their kitchen cabinets.

"How many fifths did I go through?" he asked her one day as they thought back.

He checked into a treatment program at Walter Reed, too.

The way Branch sees it, "a lot of us, we come back, and we have to go back to work because we have families, we have jobs, we have houses." Finding time to pursue counseling seemed impossible.

"You're never going to be healed from it," he said. "They just teach you how to live with it."

In her own life, Johnson finds herself off balance in ways that have surprised her.

One day she banged up her car but could not recall how. She heard the smack, yes. But how did she get up on the curb? Did she swipe a fire hydrant? "It's almost like I'm there but I'm not there sometimes," she said.

Another day, she recalled, it was the usual Washington traffic as she drove her Chrysler Concorde with the Purple Heart license plates. Along a snarled street, a bus driver blared his horn at her.

She yelled, cursed, then hurled an empty Coke cup at the bus before she even knew what she was doing. "You don't realize what you're doing until after, or sometimes a lot after," she said, later reflecting: "My temper is on a whole other level."

Then there was the time she got stuck in traffic near a highway overpass in Prince George's County. In Iraq, overpasses could conceal bombs. She felt a crushing sense of danger -- and traffic was at a dead stop.

"I was just losing it," she recalled.

In hysterics, Johnson phoned her fiance, who told her: Put the car in park and walk away until you settle down. When the traffic starts to move, climb back in your car.

More than 2 1/2 years after her return from war, her sense of safety has not returned. She worries as never before about terrorist attacks and suicide bombers.

"I always make sure I'm armed, regardless," she said, mentioning a knife she keeps around. "I always make sure I have something to defend myself."

She has had a hard time with the VA.

She applied for disability compensation, but it took 14 months, and there are still problems. She started mental health sessions but wound up disappointed. She said the VA canceled her appointment in October. In November. In December. Each time, there was a different reason, she said. Her therapist was sick. Her name was not on the schedule. All of that, she said, has added to her stress.

"I haven't been there in four months, and they haven't even noticed," Johnson said early this year. VA officials declined to discuss her case but said that, overall, veterans get the PTSD care they need.

In February, Johnson said, her social worker made some calls and got her a 30-minute session March 8. But problems at work so consumed her that she could not remember what to tell the doctor. Usually, she makes a list of things to bring up.

Once, she asked: How long am I going to be like this?

"It could stop today, or it could go on for years," she said she was told, which brings her to this: "That's what scares me. I just get scared that I'll be one of those homeless people that you see holding the signs because I've lost my mind."

For now, her fate is nothing like that. She and her fiance bought a house this year, a brick rancher with a big back yard in Clinton. Her children seem happier, planted. Her eldest daughter is 14, an honor student and soccer-team captain.

Her youngest, now 5, is still focused on Mommy, and Johnson is glad -- though sometimes she still finds herself overwhelmed. On weekends, she and her fiance often have six or more children around, hers and his and often a niece or nephew.

After Iraq, she rarely goes out anymore -- not to clubs, not to movies. She passed up a chance to apply for a higher-paying job in her office because she felt she could not manage additional pressure.

Some days, she feels perilously close to the edge.

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If she is home, she may retreat to her bedroom. There, she can collect herself. Or she may, for a moment, lose her connection to everything, as the ceiling fan turns, as her mind goes blank.

Mental Health Services Questioned (WP)

By Donna St. George

The Washington Post, August 20, 2006

As more veterans from Iraq and Afghanistan seek mental health treatment from the Department of Veterans Affairs, lawmakers, advocates and even some VA experts have raised questions about whether returning troops will get what they need.

So far, 63,767 of those veterans have gone to VA offices with possible mental health problems, and 29,041 have received a preliminary diagnosis of post-traumatic stress disorder.

VA officials say there are enough staff members and resources to treat them, but critics say the VA is straining to keep up. A report that the VA gave to Congress in February noted a drop of nearly 20 percent in the number of visits with PTSD specialists per veteran from 1995 to 2005.

"We are concerned that this . . . reflects a decrease in capacity at a time when VA needs to reach out" to veterans of Iraq and Afghanistan, the VA report said.

Antonette Zeiss, the department's deputy chief of mental health services, said the February report is being updated to reflect improvements. "We have resources to provide very good care to veterans across the country," she said.

The total number of veterans from all eras treated by the VA for post-traumatic stress disorder jumped 30 percent from 2003 to 2005, according to VA figures. Zeiss noted that the new veterans represent a small portion of the VA's health-care caseload.

The VA has expanded its outreach with a program that aims to help returning veterans with stress disorders, officials said.

In addition, the VA recently completed the largest clinical trial ever of individual psychotherapy for post-traumatic stress disorder in female veterans.

But veterans advocates in some areas say they hear complaints of staff shortages and long waits to get care. Rep. Michael Michaud (D-Maine), a member of the House Veterans' Affairs Committee, cited the case of an Iraq veteran who gets 30 minutes of treatment a month for PTSD. "That's not enough," Michaud said.

"By and large, what we're hearing is that the services aren't there like they should be," said Paul Rieckhoff, executive director of Iraq and Afghanistan Veterans of America.

There is no single course of treatment for PTSD because cases can be very different, said Ira Katz, a mental health official for the VA; services include one-on-one counseling, group therapy and medication.

In West Haven, Conn., Laurie Harkness said the community-based VA mental health clinic she directs has no wait. "We get people in right away," she said.

But in Portland, Ore., Larry Scott, editor of http://vawatchdog.org , said mental health clinics there "have just been decimated," with fewer staff members to treat a growing number of veterans.

Shad Meshad, president of the National Veterans Foundation, said the newest returning troops face a more complex trauma. They are "just young bombs like we were 30 or 35 years ago," he said, but now "you have PTSD layered by multiple tours of duty."

In Military, Disorder Bucks Sexes' Divide (WP)

By Donna St. George

The Washington Post, August 20, 2006

Is there a gender gap when it comes to psychological trauma after war? Researcher Carl A. Castro set out to answer that question last year, looking at mental health data on men and women who worked in Iraq in similar jobs amid hostile fire.

In his analysis, Castro found symptoms of post-traumatic stress disorder in 11 percent of men and 12 percent of women and signs of depression in 5.6 percent of men and 8 percent of women -- differences that are not statistically significant, he said.

"The issue was: Are women doing worse than men? And the answer is no," said Castro, chief of military psychiatry at Walter Reed Army Institute of Research.

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This result, based on a study of 400 troops, surprises experts such as Patricia A. Resick, director of the Women's Health Sciences Division of the National Center for PTSD. "One would think women would have a higher rate," as they do in the general population, she said.

The apparent lack of a gender gap, she said, raises all sorts of questions about women serving in Iraq. "Those who make it through boot camp may be a hardier group," Resick said. "It's puzzling. There's a lot we don't know yet."

Castro suggested it may be that female soldiers are "more resilient" in some unexplored way. "They may have more effective coping mechanisms," he suggested.

Across the United States, 5 percent of men and 10.6 percent of women develop PTSD, said Ronald C. Kessler, a Harvard University researcher.

Experts cannot pinpoint why women's rates are higher -- whether it is because they are more willing to report concerns or experience more intense traumas or react differently.

But Resick suggests the kind of trauma makes a big difference. "Women are more likely to have the events that are more likely to cause PTSD -- rape, child sexual abuse and domestic violence," she said.

For military women, another complicating factor is sexual assault. Since 2003, women deployed to Iraq and Afghanistan have reported more than 500 cases of sexual assault to the Miles Foundation, a private nonprofit group that works with military personnel.

PTSD is widespread among these women, said Anita Sanchez of the foundation. "You're talking about the trauma of first of all being in combat but then being violated in this way," she said.

Department of Defense figures show 2,374 alleged sexual assaults across the military services last year, up nearly 40 percent from 2004. The increase is the result of a new reporting system and more faith in the process, department spokesman Roger Kaplan said.

Disagreeing, Sanchez said part of the jump is the result of deployments overseas. There is an established link between deployment and sexual assault, she said.

Although it's not clear how sexual assaults will affect the overall PTSD rates of Iraq veterans, Kessler pointed out that the general rule is: "The more terrible things that happen to you, the higher the risk of PTSD."

Pundits Renounce The President (WP)

By Peter Baker, Washington Post Staff Writer

The Washington Post, August 20, 2006

Among Conservative Voices, Discord

For 10 minutes, the talk show host grilled his guests about whether "George Bush's mental weakness is damaging America's credibility at home and abroad." For 10 minutes, the caption across the bottom of the television screen read, "IS BUSH AN 'IDIOT'?"

But the host was no liberal media elitist. It was Joe Scarborough, a former Republican congressman turned MSNBC political pundit. And his answer to the captioned question was hardly "no." While other presidents have been called stupid, Scarborough said: "I think George Bush is in a league by himself. I don't think he has the intellectual depth as these other people."

These have been tough days politically for President Bush, what with his popularity numbers mired in the 30s and Republican candidates distancing themselves as elections near. He can no longer even rely as much on once-friendly voices in the conservative media to stand by his side, as some columnists and television commentators lose faith in his leadership and lose heart in the war in Iraq.

While most conservative media figures have not abandoned Bush, influential opinion-makers increasingly have raised questions, expressed doubts or attacked the president outright, particularly on foreign policy, on which he has long enjoyed their strongest support. In some cases, they have complained that Bush has drifted away from their shared principles; in other cases, they think it is the implementation that has fallen short. In most instances, Iraq figures prominently.

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"Conservatives for a long time were in protective mode, wanting to emphasize the progress in Iraq to contrast what they felt was an unfair attack on the war by the Democrats and media and other sources," Rich Lowry, editor of the National Review, said in an interview. "But there's more of a sense now that things are on a downward trajectory, and more of a willingness to acknowledge it and pressure the administration to react to it."

Lowry's magazine offers a powerful example. "It is time to say it unequivocally: We are winning in Iraq," Lowry wrote in April 2005, chastising those who disagreed. This month, he published an editorial that concluded that "success in Iraq seems more out of reach than it has at any time since the initial invasion three years ago" and assailed "the administration's on-again-off-again approach to Iraq."

"It is time for the Bush administration to acknowledge that its approach of assuring people that progress is being made and operating on that optimistic basis in Iraq isn't working," the editorial said. Lowry followed up days later in his own column, suggesting that the United States is "losing, or at least not obviously winning, a major war" and asking whether Iraq is "Bush's Vietnam."

Quin Hillyer, executive editor of the American Spectator, cited Lowry's column in his own last week, writing that many are upset "because we seem not to be winning" and urging the White House to take on militia leaders such as Moqtada al-Sadr. Until it does, he said, "there will be no way for the administration to credibly claim that victory in Iraq is achievable, much less imminent."

Bush aides were bothered by a George F. Will column last week mocking neoconservative desires to transform the Middle East: "Foreign policy 'realists' considered Middle East stability the goal. The realists' critics, who regard realism as reprehensibly unambitious, considered stability the problem. That problem has been solved."

The White House responded with a 2,432-word rebuttal -- three times as long as the column -- e-mailed to supporters and journalists. "Mr. Will's kind of 'stability' and 'realism' -- a kind of world-weary belief that nothing can be done and so nothing should be tried -- would eventually lead to death and destruction on a scale that is almost unimaginable," wrote White House strategic initiatives director Peter H. Wehner.

Bush advisers said that they never counted Will or some others now voicing criticism as strong supporters but that the president's political weakness has encouraged soft supporters and quiet skeptics to speak out.

William F. Buckley Jr., the founder of the National Review and an icon of the Ronald Reagan-era conservative movement, caused a stir earlier this year when he wrote that "our mission has failed" in Iraq -- just a few months after Bush hosted a White House tribute to Buckley's 80th birthday and the magazine's 50th anniversary.

Thomas L. Friedman, a New York Times columnist who is not a conservative but has strongly backed the Iraq war, reversed course this month, writing that " 'staying the course' is pointless, and it's time to start thinking about Plan B -- how we might disengage with the least damage possible."

White House spokesman Tony Snow said the second-guessing was predictable, given the difficulties in Iraq. "It's hardly unusual in times of war that people get anxious, and that would include people who have supported the president," he said. "The president understands that and is not fazed by it."

Snow said much of the frustration articulated by conservatives stems from a desire to accomplish Bush's ambitions. "The good thing is they all have the same goal: They all want to win the war on terror," he said. "You don't have people quibbling over the goals; they're quibbling over the means -- or 'quibbling' is the wrong word. 'Debating.' "

Snow, who hosted a Fox radio talk show before joining the White House this spring, has made an effort to reach out to conservative audiences by appearing on his former competitors' programs, including shows hosted by Rush Limbaugh, Sean Hannity and Laura Ingraham. "We're certainly more engaged on that front," he said.

And some of the president's neoconservative supporters have fired back on his behalf. Norman Podhoretz, editor-at-large of Commentary magazine, wrote an 11,525-word essay this month rebutting not only Will, Buckley and other traditional conservatives but also fellow neoconservatives who "have now taken to composing obituary notices of their own." He noted that he had been a tough critic of Reagan for betraying conservative values, only to later conclude that Reagan's approach served "an overall strategy that in the end succeeded in attaining its great objective."

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Fred Barnes, executive editor of the Weekly Standard and a reliable Bush supporter, said the disillusionment is not surprising. "People get weary, especially when they expected a war to be over very quickly," he said in an interview. "Supporters fall off over time. I've been disappointed by some of the people who have fallen off, like George Will, but that's what happens."

Few have struck a nerve more than Scarborough, who questioned the president's intelligence on his show, "Scarborough Country." He showed a montage of clips of Bush's famously inarticulate verbal miscues and then explored with guests John Fund and Lawrence O'Donnell Jr. whether Bush is smart enough to be president.

While the country does not want a leader wallowing in the weeds, Scarborough concluded on the segment, "we do need a president who, I think, is intellectually curious."

"And that is a big question," Scarborough said, "whether George W. Bush has the intellectual curiousness -- if that's a word -- to continue leading this country over the next couple of years."

In a later telephone interview, Scarborough said he aired the segment because he kept hearing even fellow Republicans questioning Bush's capacity and leadership, particularly in Iraq. Like others, he said, he supported the war but now thinks it is time to find a way to get out. "A lot of conservatives are saying, 'Enough's enough,' " he said. Asked about the reaction to his program, he said, "The White House is not happy about it."

U.S. Rep. Don Sherwood Has Heart Surgery (AP-Y)

AP, August 20, 2006

U.S. Rep. Don Sherwood underwent heart surgery and is expected to leave the hospital this week, the hospital announced Saturday.

The minimally invasive coronary artery bypass surgery was performed Friday as a preventive measure by Dr. Alfred Casale, chief of cardiothoracic surgery at Geisinger Wyoming Valley, according to a hospital news release.

The congressman was admitted to the hospital in Wilkes-Barre after experiencing intermittent chest pains for two days, a statement from his office said.

Sherwood, R-Pa., whose district is in northeastern Pennsylvania, is defending his seat against Democrat Chris Carney, a former Pentagon intelligence analyst who teaches at Penn State University's Worthington Scranton campus.

Sheehan, Others Protest At Rove Event (AP-Y)

By Angela K. Brown, Associated Press Writer

AP, August 20, 2006

Chanting "Try Rove for treason," Cindy Sheehan and more than 50 other war protesters disrupted a reception before President Bush's top adviser Karl Rove spoke at a fundraiser Saturday.

One woman was arrested during a scuffle with police after Sheehan and the anti-war demonstrators rushed toward the closed doors and kept chanting loudly after the guests went into the dinner.

Rove was speaking to the Associated Republicans of Texas, and ticket prices started at $200. He was not in the Renaissance Hotel lobby during the reception.

"I want him arrested. He planned the war that killed my son," Sheehan told officers guarding the door. Sheehan's oldest son Casey was killed in Iraq in 2004.

Police then ordered the group to leave, but some protesters had paid for rooms for the night. Those protesters went upstairs, including Sheehan.

One protester slipped inside the ballroom during the dinner but was escorted out after shouting about men and women dying, the Austin American-Statesman reported in its Sunday editions.

"Pat, did you get her check before she left?" Rove quipped to the GOP group's executive director, Pat Robbins, as the crowd of 300 laughed, the newspaper reported.

"I don't question the patriotism of our critics. Many are hardworking public servants who are doing the best they can. Some of them are people looking for a free meal," Rove said, drawing more laughs.

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Earlier, wearing shorts and T-shirts while guests of the lobby reception walked past in sequined dresses and expensive suits, anti-war demonstrators carried American flags and signs, including one that read "Check your conscience." A few protesters unfurled a large banner from a sixth-floor hotel balcony that read "Rove v. Truth: No Contest. Pink slip Rove."

Those at the reception sipped their drinks and largely ignored the protesters before they started chanting. One man looked at the group and said, "Go Bush!"

Earlier Saturday, the group of more than 70 gathered at the hotel entrance, carrying a large banner that read, "Rove: Guilty of crimes against humanity." Ann Wright, a former U.S. diplomat who resigned in 2003 in protest over the war, yelled through a bullhorn, "Karl Rove, you are a criminal!"

After about 30 minutes, Austin police made them move onto grass at the edge of the property about a block away. Dozens remained later Saturday, holding signs as cars drove by, honking their horns.

Sheehan and the group left their campsite in Crawford near Bush's ranch, where they have held vigil the past two weeks, and drove about 100 miles south to Austin.

The war protest will continue until early September, although Bush's ranch 10-day ranch vacation ended last weekend. Sheehan's 26-day protest last August drew more than 10,000 people to her campsite in ditches off the rural road leading to the ranch, but she recently bought land near downtown for the group to camp on.

This Old Space Station: Construction Resumes (NYT)

By Warren E. Leary

The New York Times, August 20, 2006

For more than three years, the International Space Station has floated half-built above the Earth. Maintained by a skeleton crew, the station — an assemblage of modules and girders — has not come close to its stated goal of becoming a world-class research outpost.

But now construction, which has hung in limbo since NASA's space shuttle fleet was grounded after the 2003 Columbia disaster, is scheduled to resume. The shuttle Atlantis is scheduled to lift off next Sunday carrying a bus-size segment of the station's backbone that includes a new set of solar-power arrays.

Since the project began in late 1998 with the joining of two American and Russian modules, the United States and 15 other nations have slowly put together a structure that weighs more than 400,000 pounds, with a habitable volume of almost 15,000 cubic feet. When completed, it is to weigh almost a million pounds and have a cabin volume of more than 33,000 cubic feet, larger than a typical five-bedroom house.

Getting to that goal will require some of the most difficult shuttle missions ever mounted by the National Aeronautics and Space Administration, starting with the Atlantis's launching from the Kennedy Space Center at Cape Canaveral, Fla. The shuttle and its crew of six will haul a 30,000-pound, 45-foot truss segment to the station, delicately remove it from the cargo bay and install it during three spacewalks by two teams of astronauts.

"The flights ahead will be the most complex and challenging we've ever carried out for construction of the International Space Station in orbit," said Michael Suffredini, the station program manager at NASA.

NASA has allotted about 15 flights to complete the project before the shuttles are retired in 2010. The next four missions will carry other massive truss segments to extend the station's central girder to more than 350 feet. The girder will eventually support four huge sets of solar-power arrays, batteries and heat-dispensing radiators.

The additional truss segments, which will increase the mass of the station by 40 tons, will also include 10-foot-wide rotary joints shaped like wagon wheels that will allow the solar arrays to track the sun for optimum power as the station moves in orbit. The Atlantis is delivering the second array, joining one put on the station in 2000.

"The assembly of the station on these flights has no parallel in space history," Mr. Suffredini said. "We have planned, studied and trained for these missions for years. We know they will be hard, and we may encounter the unexpected. But we are eager to get started."

Work on the station stopped because of the Columbia accident, which forced NASA to redesign many shuttle systems and its own safety procedures. The Columbia disintegrated while returning from a mission on Feb. 1, 2003, killing its crew of seven.

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The shuttle had been critically damaged during liftoff when a piece of insulating foam broke off its fuel tank and ruptured part of its heat shield.

The shuttle Discovery, equipped with modifications and flying under new safety guidelines, made two flights to test the changes. Worrisome amounts of foam were shed during the first liftoff, a year ago, and still more changes were ordered; a detailed inspection during the second mission, last month, showed far less debris.

NASA managers say shuttle flights should still be considered experimental and somewhat dangerous, but they call the risks "acceptable" for the missions left to finish the station.

"We expect to have some foam loss from the tank on the next flight," said N. Wayne Hale Jr., director of the shuttle program. But a better understanding of these issues, and progress in developing ways to repair damage in flight, allow NASA to resume a regular launching schedule, he said.

"We now feel we are ready to go back into assembly operations," Mr. Hale said.

The Atlantis's mission, which will last about 11 days, will be an exhausting one for its six-member crew.

"We've never had to fit so many activities back to back on consecutive days," said Capt. Brent W. Jett Jr. of the Navy, the mission commander and a veteran of three shuttle flights.

Once in orbit, the crew will spend a full day inspecting the shuttle's heat shield with a Canadian-built robot arm and an attached 50-foot boom tipped with a camera and sensors.

As the shuttle approaches the space station for docking the next day, Captain Jett will stop it about 600 feet away and execute a pitch maneuver that will rotate the orbiter nose-up, allowing the station crew to take detailed photographs of the shuttle's underbelly. Then he and the pilot, Christopher J. Ferguson, another Navy captain who is on his first mission, will dock with the station.

After greeting the station's three-member crew, the Atlantis astronauts will almost immediately use the shuttle and station robot arms to remove the $371.8 million truss segment from the orbiter's cargo bay and make an initial attachment. NASA normally waits a day after a docking to transfer such cargo, but it wants to make sure the girder is delivered in case the shuttle has to make an emergency departure.

Two teams will conduct the spacewalks on the next two days to secure the truss and prepare for deploying the solar array. Joseph R. Tanner, a former Navy pilot and a veteran of three space flights and five spacewalks, will be joined by Heidemarie M. Stefanyshyn-Piper, a Navy commander on her first space flight, for the initial excursion to connect power cables and free parts that were bolted down for launching.

The next day, Daniel C. Burbank, a Coast Guard commander, and Steven G. MacLean of the Canadian Space Agency, both veterans of a shuttle mission, are to conduct their first spacewalk as they prepare the solar panel rotary joint for activation. The solar array will be deployed on the sixth day of the mission, followed the next day by another spacewalk by Mr. Tanner and Commander Stefanyshyn-Piper to deploy a cooling radiator, install joint braces and retrieve a case of scientific experiments left outside the station.

The space station's crew members are Pavel V. Vinogradov of Russia, Col. Jeffrey N. Williams of the Army and Thomas Reiter of Germany.

Pulling off so many complicated tasks so quickly will require unusual coordination among the spacewalkers, the astronauts aboard the station and shuttle, and the flight controllers and engineers on Earth, said Phil Engelauf, NASA's lead flight director.

"These are extremely intense, extremely tightly choreographed missions," he said, "probably more so than we've done in the past."

OTHER NEWS:

Slower Growth With Low Inflation Spurs Stocks (NYT)

By Jeff Sommer

The New York Times, August 20, 2006

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The overall stock market rose every day last week, while a surge in Microsoft shares on Friday propelled the Nasdaq composite index to its best weekly gain in more than three years.

A series of government and private reports suggested that economic growth was slowing and that inflation was moderating — contributing to a bullish mood in the stock market. Government reports on Wednesday indicated that July consumer prices rose at their slowest pace in five months, while homebuilding declined. And on Friday, the University of Michigan's preliminary index of consumer confidence dropped more than expected.

The Nasdaq jumped on Friday after Microsoft said it had completed only a small fraction of a $20 billion stock buyback last week — leaving lots of cash for future purchases. Microsoft's shares rose 5.6 percent last week.

For the week, the Dow Jones industrial average climbed 293.44 points, or 2.6 percent, to close at 11,381.47. The Standard & Poor's 500-stock index rose 35.56 points, or 2.8 percent, to close at 1,302.30. The Nasdaq composite index rose 106.24 points, or 5.2 percent, to close at 2,163.95. The yield on the 10-year Treasury bond fell to 4.84 percent, from 4.97 percent the previous week.

Terror-Proof, Except For All The Vulnerabilities (NYT)

By Daniel Altman

The New York Times, August 20, 2006

FIVE years after 9/11, how terror-proof is the economy? The discovery this month of a plot to blow up American airplanes has sent airlines scrambling, but the rest of the economy has appeared to take it in stride. Some of the vulnerabilities exposed by the 9/11 attacks still exist, however.

Those blows had two major effects on the economy. First, they took a temporary chunk out of spending by consumers and businesses, though this was later offset, at least in part, by a surge of patriotic buying. Next, the geopolitical repercussions, like the uncertainty leading up to the war in Iraq, kept the economy on tenterhooks for many months. Is the economy better protected, or at least more resilient, now? It's hard to measure this empirically, largely because the possibilities for an attack are so varied. Even the size of the American security industry is tough to estimate, though it has probably grown to about $70 billion now from less than $50 billion in 2001, according to Brian W. Ruttenbur, a senior research analyst at Morgan Keegan.

Of course, much of that security has nothing to do with protecting the economy's wheelhouse — its big industries, its infrastructure and its financial system — and experts say the nation still lacks a clear, well-publicized policy to guide the private sector's priorities for protection against terror. So, what works, and what needs improvement?

Infrastructure is a natural place to start, since it's the framework upon which the entire economy rests: the transportation network, energy producers, the electricity grid and other utilities like the water supply. And in some ways, the infrastructure was well prepared to deal with short-term problems in 2001.

"After Sept. 11, in New York City, infrastructure throughout the affected area demonstrated a sort of flexibility," said Rae Zimmerman, a professor of planning and public administration at New York University's Robert F. Wagner Graduate School of Public Service. "There was a tremendous ability, for example, to tap a national network of cell towers for communications and generators to tap electrical power. Also, they were able to run distribution lines to connect electricity transformers outside of the affected area, by running over 30 miles of cabling."

But this flexibility doesn't extend to the national level, which could be a problem in the event of coordinated attacks or wide-ranging sabotage. Professor Zimmerman, who also directs the university's Institute for Civil Infrastructure Systems, said that some parts of the infrastructure were highly interdependent. For example, in research she conducted on the August 2003 blackout with Carlos E. Restrepo, a colleague at N.Y.U., she found that water systems in Cleveland and Detroit took at least twice as long to recover as the power grid itself.

The geographical concentration of infrastructure may also increase the risk of an attack with far-reaching implications. "Over half of the petroleum refineries are located in just four states," Professor Zimmerman said. "About half of the electric power plants are only in 11 states."

Despite the importance and apparent vulnerability of the infrastructure, a clear policy for managing its security has not yet emerged. "The government really needs to step up to the plate and provide guidance on what minimum preparedness standards

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are, and they really haven't done that," said David Heyman, director of the homeland security program at the Center for Strategic and International Studies, a research group in Washington.

He noted that 80 percent of infrastructural installations like power plants, switching stations and dams were privately owned, and suggested that market forces might not be enough to compel their owners to choose the right level of protection — even if, for example, public companies had to report their efforts to improve security to the Securities and Exchange Commission.

Even with a national plan in place that prioritizes and mandates security improvements, other questions remain. "If the goal is to harden the infrastructure by putting in more guns, guards and gates, who pays the dime for that?" Mr. Heyman asked. "Does the private sector just incur the cost and pass it on to consumers, or does the public sector provide some support?"

He also criticized what he described as limited communication between the federal government and the private sector. "If you talk to local governments, they'll tell you that the information-sharing mechanism is not working," he said. "It's even more so with the private sector, as the private sector requires some clearances — there's a question about classified information."

Outside the infrastructure providers, different industries are reacting at different speeds. Jeremy M. Kroll, managing director in the New York office of Kroll Inc., a risk consulting firm, says the chemicals industry is one that, in his view, has been lagging.

"They realize their products can be used in evil ways, either to create weapons of mass destruction or to bring down the functionality of a city," Mr. Kroll said. "They understand the implications, but we haven't seen major improvements vis-à-vis manufacturing chemicals as relates to security. Universities are doing a better job of hardening their laboratories, for example." The chemical industry, however, has spent $3 billion enhancing the security of its facilities and distribution since 9/11, according to Jack N. Gerard, president and chief executive of the American Chemistry Council, which represents about 85 percent of domestic chemical production.

"We require our members to assess their risks and responsibilities, develop and implement security plans, and verify those plans through independent auditors," Mr. Gerard said. "These requirements go well beyond the requirements in the law."

Among companies that are doing the most, Mr. Kroll said, are the financial giants, which combine investment and commercial banking services. "The major financial institutions have really led the way in terms of true measures being taken to protect themselves," he said. "They have the largest amount of cooperation from different parts of the government to do so. These folks are the most aware of global exposure and risk."

The financial industry, he added, has achieved the highest level of cooperation between businesses, sharing information and best practices. "We've helped them, but we've also seen them help themselves the most," he said. "It's elevated beyond just director of security. It has truly elevated into the boardroom."

On-site security at major sites, including infrastructure installations, is also changing. "There is a tremendous rise in the use of sensor systems," Professor Zimmerman said, but she warned that those systems, which may monitor anything from radioactivity to computer hacking, require "an awful lot of vigilance." Vigilance also extends to employees, Mr. Kroll said, citing a "very big increase in background checking." Businesses have also become more open to people working from home or in remote locations, he said.

There is plenty of room for improvement, of course. Professor Zimmerman said she hoped that infrastructure companies would reduce their geographical concentration and decentralize the generation of electric power. Mr. Heyman said partnerships between industry and the federal government had to improve, and that the Bush administration needed to re-emphasize security of computer networks.

Yet prevention, especially among for-profit companies, can be a hard sell. "There will always be the human tendency to go to the doctor when you get sick," Mr. Kroll said. "You don't seek preventive medicine."

Second-term Economic Blues (WT)

The Washington Times, August 20, 2006

Dating to the 1870s, midterm elections during the second term of a presidential administration have not been kind to the political party occupying the White House. More recently, in 1974 Republicans lost 47 House seats and five Senate seats. In 1986, Republicans lost five House seats and eight Senate seats, costing them their Senate majority. Defying tradition, Democrats in 1998 actually gained four House seats without losing any in the Senate. In the sixth year of the George W. Bush administration,

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Republicans will be defending their congressional majorities in less than three months. With the economic and political cycles about to merge, now would be a good time to review how the economy has performed during the first five and a half years of the Bush administration and to compare that performance with the three most recent two-term administrations (Nixon, Reagan and Clinton):

m Over the last five and a half years, gross domestic product (GDP) has increased at an average annual rate of 2.6 percent. During the first five and a half years of the other administrations, GDP grew at average annual rates of 3 percent (Nixon), 3.3 percent (Reagan) and 3.5 percent (Clinton). During the 24-month period ending in June 2006, economic growth averaged 3.3 percent per annum. Previously, during the two years ending with the second quarter of the second-midterm-election year, GDP increased by 3.1 percent per year (Nixon), 3.7 percent per year (Reagan) and 4.1 percent per year (Clinton).

m In the labor market, between January 2001 and July 2006, private-sector nonfarm payrolls increased by 1.6 percent (1.8 million jobs). Between January 1969 and July 1974, private-sector jobs increased by 12.4 percent (7.1 million jobs). From January 1981 to July 1986, private-sector payrolls increased by 10.7 percent (8 million jobs). From January 1993 to July 1998, private-sector employment rose by 16.7 percent (15.2 million jobs). Focusing only on the 36 months preceding August of the second-midterm-election year, we find that private payrolls increased by 10.4 percent (6 million jobs) in the Nixon administration; 11.1 percent (8.3 million jobs) in the Reagan administration; 8.4 percent (8.2 million jobs) in the Clinton administration; and 4.8 percent (5.2 million jobs) in the current administration.

m Regarding the unemployment rate, the electorate does not only judge the party occupying the White House based on the current rate; voters also react to how the unemployment rate has changed over time. In this context, the Bush administration inherited a 4.2 percent unemployment rate in January 2001. The jobless rate reached its cyclical peak in June 2003 (6.3 percent). Twelve months ago, it was 5 percent; and today it is 4.8 percent, having increased in July by 0.2 percent from its post-recession low of 4.6 percent.

The Nixon administration inherited a 3.4 percent unemployment rate. In July 1974, in the midst of a recession, the jobless rate was 5.5 percent, having increased from 4.8 percent a year earlier. On election day in November 1974, the rate was 6.6 percent, the highest level it had reached in the Nixon-Ford administration to that point. (It would eventually peak at 9 percent the following spring).

President Reagan inherited an unemployment rate of 7.5 percent, which peaked at 10.8 percent in November-December 1982 before steadily falling over the next three years. In July and November 1986, the jobless rate was 7 percent. In the Clinton administration, which inherited an unemployment rate of 7.3 percent, the jobless rate fell for eight consecutive years. By July 1998, it was 4.5 percent, falling to 4.4 percent on election day.

m Through 2004, the latest year available, real (i.e., inflation-adjusted) median household income (the income level at the midpoint of the income stream) had fallen for five consecutive years. Measured in 2004 dollars, it was $44,389 that year, 3.6 percent below its 2000 level of $46,058. By contrast, real median household income increased by 1.3 percent from 1968 ($37,044) to 1974 ($37,519); by 6.5 percent from 1980 ($38,453) to 1986 ($40,939); and by 11.3 percent from 1992 ($40,422) to 1998 ($45,003), which exceeds the 2004 level ($44,389).

m In January 2001, President Bush inherited an inflation rate of 3.7 percent, measured by the 12-month change in the consumer price index. A year ago it was 3.2 percent, nearly a point below today's inflation rate of 4.1 percent. Mr. Nixon inherited a 4.4 percent inflation rate, which reached 11.5 percent in July 1974, having increased from 5.7 percent a year earlier. It was 12.2 percent on election day. President Reagan inherited a 11.8 percent inflation rate, which fell to 3.6 percent in July 1985, 1.6 percent in July 1986 and 1.3 percent on election day. The inflation rate in January 1993 was 3.3 percent, which declined to 2.2 percent in July 1997, 1.7 percent in July 1998 and 1.5 percent on election day.

Democratic Plan Could Push Presidential Voting Up To 2007 (MCT)

By Steven Thomma

McClatchy Newspapers, August 20, 2006

CHICAGO - Eager to give African-Americans and Hispanics a bigger voice in picking a presidential nominee, Democrats Saturday adopted a new caucus and primary calendar that puts new states on the coveted early voting calendar.

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The new calendar would add Nevada, with a large and growing Hispanic population, and South Carolina, with its large African-American population, to the two largely white states of Iowa and New Hampshire that have dominated the early voting for a generation.

Iowa would hold precinct caucuses on Jan. 14, 2008, followed by new Nevada caucuses on Saturday, Jan. 19. New Hampshire's traditional first primary would be on Tuesday, Jan. 22, and South Carolina's primary on Tuesday, Jan. 29.

All other states would be prohibited from starting their voting until a week later, on Tuesday, Feb. 5.

"If this works, the candidates will go to all the states," said Alexis Herman, the former Clinton administration Labor Secretary who chaired the party's efforts to overhaul its voting.

The plan had broad support from minorities, many of whom cheered and hugged when it was adopted. Rep. Stephanie Tubbs Jones, D-Ohio, noted that it was backed by the Congressional Black Caucus, the Congressional Hispanic Caucus and the Congressional Asian Pacific American Caucus.

"We now have geographic diversity, which means that a lot more of the country will get a chance to meet and understand who these candidates are," added Maria Echaveste, a former top aide in the Clinton White House who supported the plan.

Yet the plan was opposed by party leaders from several states, most notably New Hampshire, which fears that the Nevada caucus just days before will dilute attention to its primary.

New Hampshire state law requires the state primary be scheduled seven days earlier than any "similar" election. While the state has recognized the earlier Iowa caucuses as different and thus okay - they are town hall meetings rather than a primary election - state officials have chafed at whether they would give Nevada's caucuses a similar pass.

New Hampshire officials could move their primary date forward to as early as December 2007. They won't decide until next year, after all other states have set their voting dates.

To prevent an earlier New Hampshire vote, the Democratic National Committee also approved new rules that would punish any presidential candidate who campaigned in a renegade state.

Yet several potential candidates already have said they would still campaign in New Hampshire, arguably more interested in winning the media coverage and momentum that comes with a victory there than they are in losing the state's 18 delegates, which could happen under the new rules.

Among the potential candidates vowing to campaign in New Hampshire: Gov. Bill Richardson of New Mexico, former Gov. Mark Warner of Virginia, and Sens. Evan Bayh of Indiana, Chris Dodd of Connecticut and John Kerry of Massachusetts.

"This just the first chapter," said Mark Brewer, the state party chairman from Michigan, who also opposed the plan because it failed to include any states from the industrial Midwest.

"The test is what the DNC does if New Hampshire doesn't comply. If the rules don't apply to New Hampshire, they don't apply to anybody."

For more on the Democratic National Committee, www.democrats.org.

Democrats Set Primary Calendar And Penalties (NYT)

By Adam Nagourney

The New York Times, August 20, 2006

CHICAGO, Aug. 19 — The Democratic National Committee voted Saturday to penalize 2008 presidential candidates who defied a new nominating calendar devised to lessen the longtime influence of New Hampshire and Iowa, the two states that have traditionally kicked off the nominating process.

The sanctions will be directed at candidates who campaign in any state that refuses to follow a 2008 calendar of primaries and caucuses that was also approved Saturday. Any candidate who campaigns in a state that does not abide by the new calendar will be stripped at the party convention of delegates won in that state.

The party adopted a broad definition of campaigning, barring candidates from giving speeches, attending party events, mailing literature or running television advertisements.

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Iowa will continue to start the voting process, with a caucus on Jan. 14. But under the new calendar, there will be a caucus in Nevada on the Saturday between the Iowa caucuses and the New Hampshire primary on Jan. 22. South Carolina will hold a primary at least one week after New Hampshire.

The penalties were adopted in response to threats by New Hampshire officials, who said they might defy the new Democratic calendar and schedule their primary earlier in the year or in 2007 to retain their long-held influence over the nominating process. The New Hampshire secretary of state has the authority to move the primary earlier to make sure it complies with a state law requiring that no state hold any kind of nominating contest within seven days of the New Hampshire primary.

Kathy Sullivan, the leader of the Democratic Party in New Hampshire, warned that the calendar vote would create strife for the party and "rob presidential candidates from doing what they need to take back the White House."

"Mark my words, in 2008 when our presidential candidates start to introduce themselves to the American public, the changes in the primary calendar will continue to take attention away from where it should be — on their visions for this country," she said.

The calendar and penalties were adopted by what appeared to be an overwhelming margin in a voice vote. The decision, which embraces the recommendations of the party's Rules and Bylaws Committee, is the biggest shift in the way Democrats have nominated their presidential candidates in 30 years.

Despite the vote, the fighting over the calendar may not be over. A number of potential 2008 contenders — including Senator John Kerry of Massachusetts; John Edwards, the former senator from North Carolina; and Senator Evan Bayh of Indiana — have expressed support for New Hampshire.

Several Democrats said candidates might make the calculation that it is worth losing delegates — assuming New Hampshire defies the party and the party penalizes candidates — to get the attention that might come from an early New Hampshire victory.

A spokesman for Mr. Bayh, Dan Pfeiffer, said that the senator had asked the Indiana Democratic delegation to oppose the rule change, and that he intended to campaign in New Hampshire.

"Senator Bayh, should he decide to run, intends to stand by his commitment to New Hampshire," Mr. Pfeiffer said. "At the end of the day, the D.N.C. and the various states will set the final calendar and all Senator Bayh can do is compete in the contests as they come — and that includes New Hampshire."

Democrats Add Nevada, S.C. To Early 2008 Voting (LAT)

By Mark Z. Barabak, Times Staff Writer

The Los Angeles Times, August 20, 2006

The party says it widens demographic diversity in the presidential nominating process. But New Hampshire isn't conceding defeat.

CHICAGO — Seeking to broaden the party's nominating process, Democratic leaders voted Saturday to add Nevada and South Carolina to the opening rounds of the 2008 presidential contest.

The move could prove significant by introducing new voices and issues into the race for the White House — but only if Democrats choose to seriously campaign in the two added states.

Iowa and New Hampshire — host of the first caucus and primary, respectively — have long dominated the early balloting, and many of the Democrats' 2008 prospects have opposed changing the political calendar. None wished to anger activists in those traditional proving grounds.

New Hampshire Gov. John Lynch, a Democrat, called Saturday's decision "deplorable" and said he had received a letter with commitments from 10 potential candidates to campaign in his state whenever its primary takes place. Former Virginia Gov. Mark R. Warner, one of those likely to run, appeared with Lynch in New Hampshire and said, "Should I take the plunge, I'll be here to campaign for your support, no matter when you set your primary."

Three hundred members of the Democratic National Committee wrapped up their summer meeting in Chicago with debate and a vote on the new calendar.

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The head of the New Hampshire Democratic Party, Kathleen Sullivan, argued that cramming the contests together would mean that Democrats' nominee would be chosen by fewer than 500,000 voters in just four states. "That is not democracy and that is not diversity," Sullivan said.

Despite such opposition, the change passed on a resounding voice vote after less than half an hour of consideration.

"Our rules are not stagnant. They are not meant to be," said U.S. Rep. Stephanie Tubbs Jones (D-Ohio), characterizing the move as part of a decades-long effort to make the party more inclusive.

Under the timetable adopted Saturday, Iowa continues to hold the first caucus, on Jan. 14, 2008, with Nevada five days later. New Hampshire is to hold the first primary, on Jan. 22, with South Carolina voting a week later. Remaining states can schedule their contests after Feb. 4.

Republicans have their own nominating rules and will not necessarily schedule their primaries and caucuses to match dates chosen by Democrats.

The calendar changes that Democrats adopted Saturday addressed years of party activists' complaints that Iowa and New Hampshire were unrepresentative because of their heavily rural and overwhelmingly white populations.

"Part of moving America in a new direction is selecting a presidential nominee who represents the values, issues and concerns of our country's diverse population," Senate Minority Leader Harry Reid (D-Nev.) said in a statement after the committee's vote. He was instrumental in pushing Nevada toward the front of the 2008 calendar.

But New Hampshire is not necessarily bowing to the party's preference. State law requires that New Hampshire's primary precede "similar" contests by at least a week; the Jan. 19 Nevada caucus is only three days before New Hampshire is to vote.

"I'm sure there's going to be more to this," New Hampshire Secretary of State William H. Gardner said in an interview after the vote. Democratic National Committee Chairman Howard Dean "won't be setting the date of the New Hampshire primary," said Gardner, a Democrat.

The schedule adopted Saturday is to kick off the presidential balloting earlier than ever. As recently as 1996, New Hampshire held its opening primary Feb. 20 — and that was considered unusually early.

The Democratic National Committee also adopted penalties Saturday to strip delegates from any presidential hopeful who campaigns in a state that ignores the party's preferred schedule.

But that may not deter candidates, most of whom would gladly trade a few delegates for the publicity and momentum of a victory in Iowa or New Hampshire, whenever they vote.

Other potential candidates who signed the letter to Gov. Lynch were Iowa Gov. Tom Vilsack, New Mexico Gov. Bill Richardson, former Sen. John Edwards of North Carolina, retired Army Gen. Wesley K. Clark, and Sens. Evan Bayh of Indiana, Joseph R. Biden Jr. of Delaware, Christopher J. Dodd of Connecticut, Russell D. Feingold of Wisconsin and John F. Kerry of Massachusetts.

The Associated Press contributed to this report.

Democrats Add January Voting In 2 More States (WP/AP)

Associated Press

The Washington Post, August 20, 2006

CHICAGO, Aug. 19 -- Democrats agreed to shake up tradition Saturday by wedging Nevada between Iowa's leadoff caucuses and the New Hampshire primary in the 2008 presidential nominating calendar and adding South Carolina soon afterward.

The addition of Nevada's caucuses and the South Carolina primary to a presidential calendar long dominated by Iowa and New Hampshire is intended to give a greater voice to Hispanics and blacks -- minorities critical to Democrats' success.

Nevada has a sizable Hispanic population while South Carolina has a high concentration of black voters. The early contests in those states will give Democrats more prominence in the Southeast and the Southwest, regions that tend to support Republicans.

Advocates of the plan, which the Democratic National Committee passed on a voice vote, say it will force Democratic presidential candidates to develop a broader message that extends beyond the concerns of voters in Iowa and New Hampshire.

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But the altered schedule poses risks. New Hampshire, for example, is threatening to ignore the committee's plan by moving its primary even earlier, despite the possibility that the Democratic Party would punish candidates who campaign in states with schedules that violate party rules.

The plan would keep Iowa's caucuses in their leadoff position Jan. 14. Nevada would follow with its own caucuses Jan. 19. New Hampshire would retain its status as the first-in-the-nation primary, with voting Jan. 22. South Carolina would hold its primary Jan. 29.

Eager to keep states from jumping in line, the DNC also passed enforcement rules that would punish candidates who campaign in states that set their own schedules. Some party members worry that would create an unseemly intraparty fight when Democrats can least afford it.

Under the rules, candidates who venture into states that ignore the party schedule would not get any delegates from those contests. But some DNC members were unsure how effective such a sanction would be, particularly if the states are small and have few delegates to offer.

Others complain that the added contests in Nevada and South Carolina would squeeze so many contests early in the nomination process that the party's nominee could be determined by February, before most states even get a chance to vote.

GOP's Financial Edge Shrinks (WP)

By Zachary A. Goldfarb, Special To The Washington Post

The Washington Post, August 20, 2006

Challengers Gain On Incumbents

The traditional fundraising advantage held by incumbent lawmakers -- which Republicans have regarded as a safety wall in their effort to keep control of Congress -- has eroded in many closely contested House races, as many Democratic challengers prove competitive in the race for cash.

In a year of bad omens for the GOP, the latest batch of disclosure forms filed with the Federal Election Commission offers one more: Incumbency no longer means that embattled Republican representatives can expect to overwhelm weakly funded Democratic challengers with massive spending on advertising and get-out-the-vote efforts.

There are 27 Republican incumbents classified by the nonpartisan Cook Political Report as the most vulnerable to losing reelection this fall. These incumbents still boast a clear fundraising edge, but it is much less pronounced than in years past. According to calculations made from FEC data, the Democratic challengers in these races have raised about 60 percent of what their opponents have collected and have about the same percentage of cash on hand.

At this point in the 2004 election cycle, by contrast, Cook listed nine Republican incumbents as similarly vulnerable. Their Democratic opponents had been able to raise 42 percent of what their opponents collected, and challengers' cash on hand was a lower percentage. There were similar disparities in the 2002 cycle.

Of this year's 27 most vulnerable incumbents, 14 face challengers who have raised at least $1 million, according to FEC reports. At this point in 2004, no Democratic challenger had raised $1 million. What's more, all but one of the 27 Democratic challengers has raised at least $400,000 -- a figure that many election experts consider a minimum price of entry for candidates hoping to mount a credible campaign. Taking into account all House races, 36 Democratic challengers have cleared the $400,000 threshold.

"Challengers, in general, and Democrats, in particular, have made marked improvements in fundraising this election cycle," said Michael E. Toner, the Republican-appointed chairman of the FEC.

For political finance experts, the data are striking because they show that the usual fundraising advantage of incumbents -- who tend to have more access to special-interest money -- is durable but not impervious to competing trends. This year, these include a highly motivated base of Democratic activists and low approval ratings for President Bush and the Republican leadership in Congress.

If anything, the financial figures show that political success can be self-reinforcing. After this year's first-quarter fundraising period, which ended March 31, operatives and campaign funding specialists were struck by how a surge in small, individual

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contributions was lifting many Democratic candidates -- incumbents and challengers alike -- closer to parity with historically better-funded Republicans.

In the second-quarter period, which ended June 30, in many instances the trend accelerated. Contributors appeared more likely to give to candidates who demonstrated through numbers -- polls and fundraising reports -- that they have a decent shot at winning.

Twelve of the 27 Democratic challengers in Cook's most competitive House races raised more money in the latest quarter than their GOP opponents.

One of those 12 is former Vice Adm. Joe Sestak, a 31-year Navy veteran whose candidacy in Pennsylvania's 7th District in suburban Philadelphia is being driven in large measure by his opposition to the Iraq war. His opponent, 10-term Republican Rep. Curt Weldon, has never faced a competitive challenger, even though the Democratic presidential nominee won the district in the last three elections.

Fueled by financial success in the most recent quarter, Sestak has raised $1.1 million to Weldon's $1.4 million.

Sestak is getting support from traditional sources such as labor unions and newer ones such as the "Net roots" -- online activists who are channeling significant sums to antiwar Democrats. He has raised $230,000 online this cycle, including thousands through blogs.

"We really hit a vein," he said.

"At its peak, I think those numbers really signify the enthusiasm of the Democratic donor base," said Amy Walter, who tracks House races for the Cook Political Report.

Democrats need to win 15 seats to regain control of the House for the first time since being evicted from the majority in the 1994 elections.

Walter and other political analysts said achieving strict equality in fundraising is not a necessity for a challenger. The key, they said, is having enough money to get a message out in advertising and to respond to an opponent's message.

Much of the money raised by Republicans in competitive races, Walter said, will probably buy negative ads against challengers. "The Democratic ability to respond to attacks will be critical, and that relates directly to money," she said.

L. Sandy Maisel, a government professor at Colby College in Maine, agreed that in a year when broader trends favor Democrats, a challenger in a competitive district who can stay within shouting distance financially has an advantage, even if he or she is outspent.

"All they have to have is enough money to make their campaign pitch and respond to whatever the Republican opponent has thrown at them," said Maisel, who once ran unsuccessfully for Congress.

GOP challengers are also raising money effectively, their funds sometimes rivaling the totals raised by Democratic incumbents. The problem for Republicans is that only eight Democratic incumbents are in seats considered highly competitive by Cook, meaning they are considered "toss-ups" or may "lean" a certain direction, but no candidate has sufficient advantage to be deemed a "likely" winner.

"There's not many opportunities for Republicans to be taking seats from Democrats," said Michael J. Malbin, executive director of the Campaign Finance Institute, a nonpartisan research center affiliated with George Washington University. "There's plenty of races to make up the 15 [that Democrats need]. There's not that many places for Republicans to make the hill steeper."

While Democratic challengers are doing well in the most competitive districts, overall figures for House races make plain that the incumbent financial advantage is hardly on its way to extinction. When all Republican incumbents are figured in, they have raised an average of about eight times what challengers have.

Even in the most intensely contested districts, Republican operatives say their candidates are in good shape to preserve the GOP majority. "If you look at Republican incumbents in competitive races, they are raising more than enough to have the resources they need in October and September," said Carl Forti, spokesman for the National Republican Congressional Committee. "I think our incumbents are in great financial shape and will continue to raise money until Election Day."

Analysts said one wild card this fall will be non-candidate expenditures. National party committees, so-called 527 independent groups, nonprofit organizations and others will spend millions on advertising and voter mobilization.

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The dimensions of the fundraising battle are on display in Florida's 22nd District, in what may be the highest-priced House contest of the fall. Rep. E. Clay Shaw Jr., a 13-term incumbent, has raised $3.2 million.

Shaw has faced financially competitive challengers before, but he has become more entrenched in recent election cycles. He had a two-to-one advantage over his challengers in 2002 and 2004.

But his opponent this year, state Sen. Ron Klein, has raised $2.7 million. And Klein's campaign notes that more than a third of Shaw's funds were raised at an $800,000 visit by President Bush in May and an earlier $300,000 visit by Vice President Cheney.

Klein is trying to show he can compete. Two and a half weeks before Election Day, he is to bring in former president Bill Clinton for a fundraiser that the campaign expects could raise $500,000.

GOP Candidate Seeks His Niche In Conn. (AP-Y)

By Cara Rubinsky, Associated Press Writer

AP, August 20, 2006

Overshadowed by two Democrats whose primary battle has drawn national attention, Republican U.S. Senate candidate Alan Schlesinger finds himself fighting for support from his own party.

Schlesinger said Saturday that he was told long before Sen. Joe Lieberman lost the Aug. 8 Democratic primary not to count on support from the national Republican Party unless he could show he had a shot to win.

"Since the primary, nothing's changed," he said.

Schlesinger would pull just 4 percent of the vote in a three-way race with Lieberman, who is now running as an independent, and Democratic primary winner Ned Lamont, according to a poll released Thursday by Quinnipiac University in Hamden. His support slipped from 9 percent in July's poll.

The telephone survey of 1,319 Connecticut voters from Aug. 10-14 has a sampling margin of error of plus or minus 3 percentage points.

Though Lamont edged Lieberman by 10,000 votes in the primary — largely by criticizing the centrist senator's support for the Iraq war — the new poll shows Lieberman attracting 53 percent of the likely voters to Lamont's 41 percent.

Lieberman, the 2000 Democratic vice presidential candidate, enjoys strong support from Connecticut's Republican voters — the latest poll found that 75 percent supported him, as well as 53 percent of unaffiliated voters.

Lieberman's support within the GOP ranks is such that Lamont spokesman Tom Swan has dubbed the incumbent "the de facto Republican" candidate.

Meanwhile, Schlesinger's candidacy has mustered lukewarm responses from the White House and Republican Gov. M. Jodi Rell. The National Republican Senatorial Committee has snubbed him. A spokesman said Thursday that the committee doesn't intend to help Schlesinger because it's not a competitive race.

Adding to Schlesinger's campaign woes are revelations that he was sued by two New Jersey casinos for gambling debts and that he gambled at a Connecticut casino under a false name in the 1990s while a state legislator.

Schlesinger said he is trying to position himself as a fiscal conservative and will seek support from national groups in Washington, though he declined to identify them.

"I'm their only hope," he said. "As our fiscal ship heads toward an iceberg, Lieberman and Lamont are arguing over which deck chair will get the best view. I'm going to try to grab the steering wheel and steer away because it takes a long time to avoid a catastrophe, and we're heading toward one."

Though Lieberman and Lamont — and most national organizations — are treating Schlesinger as a non-factor, he believes voters will support him once they get to know him. He is working on ads that he said will describe how the race has been "hijacked" by national interests on both sides of the aisle.

"I'm trying to get this race back from being a referendum on where the national Democratic Party is going and turn it back into a referendum on who will be senator in Connecticut for the next six years," he said.

For Webb, Road To Senate Lies In Southwest Va. (WT)

By Seth Mclaughlin, The Washington Times

DOJ_NMG_0050539

The Washington Times, August 20, 2006

Democratic lawmakers say their U.S. Senate candidate, James H. Webb Jr., must follow the party's script of making inroads in Southwest Virginia to defeat incumbent Sen. George Allen, a Republican, in the November election.

"If I'm a betting man, I'd bet on George Allen to carry the Southwest," said state Sen. Phillip P. Puckett, Tazewell Democrat. "But we will do anything we can to make this close."

Mark Warner essentially wrote the script when he became governor in 2001 by dominating in Northern Virginia, which is largely Democratic, and not getting steamrolled in the state's Republican-heavy southern regions.

Gov. Timothy M. Kaine, a Democrat, followed the plan last year in defeating former Attorney General Jerry W. Kilgore, a Republican.

"If we get 46 [percent] to 47 percent of the rural vote statewide, [Mr. Allen] can't win," said Dave Saunders, a volunteer for Mr. Webb in Southwest Virginia.

Virginia Republicans say that analysis is overly optimistic because Mr. Warner and Mr. Kaine did not face a politician as established as Mr. Allen, whose 20-year political career in the state has evolved from being delegate in the General Assembly to a member of the U.S. House of Representatives to governor to senator.

According to a Rasmussen poll released in late July, Mr. Allen leads Mr. Webb by 10 percentage points, 51 percent to 41 percent.

Mr. Webb, a decorated Vietnam veteran and former Republican who was secretary of the Navy under President Reagan, is a political newcomer whose appeal is in part based upon his distaste for the role of money in politics.

However, getting enough money to reach voters throughout the state has been made difficult by that stance.

"He has to raise the money to communicate," said state Sen. Robert Creigh Deeds, Bath Democrat. "He has a compelling story to tell, [but] if you can't communicate with the voters, you can't compete."

As of June 30, Mr. Webb had $424,000 in campaign funds, compared with Mr. Allen's $6.6 million.

"I haven't seen any evidence of [Mr. Webb's] campaign at all in [Southside Virginia]," said Delegate Robert Hurt, Chatham Republican. "Quite frankly, when you look at Senator Allen's record in Southside Virginia, I don't see anything Webb can bring to the table that would sway voters away from Senator Allen."

Mr. Webb recently benefited from the free publicity created by Mr. Allen calling a Webb campaign staffer of Indian descent "macaca" during a rally in the town of Breaks, on the Kentucky line.

Macaca is a species of monkey, and the word can be translated to mean a racial slur. Mr. Allen has since apologized.

"It's a long time until the election," Mr. Puckett said. "People tend to forget those kinds of things," unless Mr. Webb tries to makes it a campaign issue.

He said Mr. Webb will get help in the southern part of the state from Democrats also going to the polls to re-elect 12-term Rep. Rick Boucher, but the election is "not going to be won in the Southwest or Southside."

Mr. Webb is expected to remind voters while campaigning in the south about his deep family roots in the region that are detailed in his most recent book, "Born Fighting: How the Scots-Irish Shaped America."

"We got a good horse," Mr. Saunders said. "You don't have to tell him to stomp his foot when he hears bluegrass. Those movements, it's genetic, and he has the right genes."

Webb spokeswoman Kristian Denny Todd said: "When we get out there, and as people get to know Jim, he will be the natural choice."

For One Group, 'Macaca' Recalls Slurs After 9/11 (WP)

By Michael D. Shear And Leef Smith, Washington Post Staff Writers

The Washington Post, August 20, 2006

Many Indian Americans Are Disturbed by Allen's Remarks, but Some See a Chance to Strengthen an Alliance

Word of Sen. George Allen's controversial comments flashed across the country last week, but nowhere more rapidly than in Virginia's Indian American community, where frustration over ethnic stereotypes has intensified since the terrorist attacks of Sept. 11, 2001.

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Dolly Oberoi, chief executive of a Northern Virginia technology company, heard what Allen said to a 20-year-old Indian American from Fairfax County replayed on the radio Monday while driving home from work. "To me it sounded like, 'You dirty kid, get out of my way,' " Oberoi said. "That was very painful to a lot of people."

Allen's comments during a campaign stop in southwest Virginia were directed at S.R. Sidarth, who was videotaping the event for Allen's Democratic opponent, James Webb. Allen repeatedly pointed at Sidarth, dismissively calling him "Macaca, or whatever his name is," and saying "welcome to America and to the real world of Virginia."

Once posted by the Webb campaign on the Internet, the video became a sensation, prompting anger about the use of "macaca," which refers to a genus of monkeys and is a racial slur in some countries.

But it was the scene -- of a senator singling out a member of her community in front of a mostly white crowd -- that affected Oberoi more than any word. It smacked of insults directed at her since terrorists, none of whom were Indian, attacked the Pentagon and World Trade Center nearly five years ago.

Oberoi recalled an incident in which "this woman came and started honking. She parked next to me [and yelled], 'All you people from the Middle East!' "

"They get mixed up about who's from what part of the world," Oberoi added.

Virginia is home to about 80,000 adults with Indian ancestry, most of whom live in Northern Virginia, according to the U.S. Census Bureau. In interviews across the state last week, many said they were offended and disappointed by the comments from the one-term Republican senator and former governor.

Some said they hoped that the video, widely available on the Internet, would make people think twice about voting for Allen in the November election. Others said they hoped the incident would help cement Allen's solid support for their community's issues, such as allowing more visas for high-tech workers from India and backing nuclear cooperation between India and the United States.

The Indian American community in Virginia began expanding dramatically in the 1960s and '70s, when an influx of highly educated young immigrants began arriving. Many were engineers, doctors or teachers who settled in Washington's suburbs.

Thirty years later, the community has broadened and matured, civic leaders say. Many of its members are successful, especially in the region's information technology industries. And they are tight, placing a high value on sharing information quickly. When Allen's comments became public, the video link was sent nearly instantly across a very wired community.

Politically, Indian American influence in Virginia is growing, though it is somewhat limited by their numbers. After the Sept. 11 attacks, Indian Americans formed many groups aimed at expanding their political reach. Many cheered when Gov. Timothy M. Kaine (D) named a young Indian American business executive, Aneesh P. Chopra, to be secretary of technology.

"Increasingly over the last five to eight years, Indians have been very involved in local politics," Oberoi said. "At this point, people are going to get actively involved. This will really heat things up."

Sanjay Puri, the leader of an Indian American political action committee, organized a meeting between Allen and about two dozen Indian Americans last week after the senator's comments became public. "He was very receptive and listened well," Puri said.

After the meeting, Allen promised to continue supporting Indian Americans on the visas and on a nuclear cooperation agreement with India.

"I've learned from it and moved on," Allen said of the reaction to his statements. He said the apology he issued shortly after the comments were made public "was not just to [Sidarth]. It was to anyone who might have been offended."

Some Indian Americans appeared ready to accept Allen at his word. Even amid the uproar, Northern Virginia business executive Sudhakar Shenoy said that "he's been nothing but great to my community."

And Manjit Singh, of Fairfax, wasn't outraged. He wasn't even really offended. He was shocked that Allen would say something so "stupid -- especially for a politician of his stature," said Singh, 48, an accountant whose office is among shops in a Falls Church strip mall that cater largely to Indian Americans.

On weekends, Loehmann's Plaza on Route 50 is packed with theatergoers seeing Bollywood movies. Other people make frequent stops at the Punjab Dhaba Indian Cafe and Carryout to buy food and rent Hindi films.

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But several Indian Americans said Allen's comments added to a sense of discrimination that has increased since the Sept. 11 attacks. There were several high-profile attacks on people of Indian descent by those who linked them to terrorists. And sitting in a plane with a turban suddenly attracted suspicious and worried stares.

"All Indians felt some kind of a kinship," said Chopra, the first Indian American to be named to Virginia's cabinet. "After 9/11, the sensitivity went up."

It is for that reason, he and others said, that some Indian Americans reacted with such dismay to the video of Allen.

Deepa Iyer, 33, executive director of SAALT, a nonprofit organization in Takoma Park that supports people with South Asian ancestry, said the terrorist attacks "led to this perception that South Asians are to be suspected, or to be feared, or somewhat marginalized." She added that Allen's comments to Sidarth are "not an isolated incident. It's part of a broader pattern of incidents. It was, Oh, gosh, here we go again."

Iyer said her group hopes to use Allen's comments, and the fallout from them, to encourage more political activity and awareness among Indian Americans in the Washington area.

"This is something that's coming from both sides of the aisle," she said. "What are the political parties going to do about this?"

Smita Siddhanti, president of an environmental consulting firm in Tysons Corner, said she had planned to vote for Allen before the incident. She doesn't know what was in Allen's heart, but she said she is disturbed that he would be so careless with his words. She said she didn't know whom she would vote for now.

"We all have to think, many times now, about George Allen," she said.

The YouTube Election (NYT)

By Ryan Lizza

The New York Times, August 20, 2006

AUGUST, usually the sleepiest month in politics, has suddenly become raucous, thanks in part to YouTube, the vast videosharing Web site.

Last week, Senator George Allen, the Virginia Republican, was caught on tape at a campaign event twice calling a college student of Indian descent a “macaca,” an obscure racial slur.

The student, working for the opposing campaign, taped the comments, and the video quickly appeared on YouTube, where it rocketed to the top of the site’s most-viewed list. It then bounced from the Web to the front page of The Washington Post to cable and network television news shows. Despite two public apologies by Senator Allen, and his aides’ quick explanations for how the strange word tumbled out, political analysts rushed to downgrade Mr. Allen’s stock as a leading contender for the 2008 Republican presidential nomination.

YouTube’s bite also hurt Senator Joseph I. Lieberman, who was defeated by the political upstart Ned Lamont in Connecticut’s Democratic primary earlier this month. In that contest, pro-Lamont bloggers frequently posted flattering interviews with their candidate on YouTube and unflattering video of Senator Lieberman. The Lamont campaign even hired a staffer, Tim Tagaris, to coordinate the activities of the bloggers and video bloggers.

In the real world, of course, neither Senator Lieberman nor Senator Allen is finished. Senator Lieberman, running as an independent, leads in recent polls. And Senator Allen, who said that he had meant no insult and that he did not know what macaca meant, is favored to win re-election against his Democratic opponent, James Webb. But the experience serves as a warning to politicians: Beware, the next stupid thing you say may be on YouTube.

When politicians say inappropriate things, many voters will want to know. Now they can see it for themselves on the Web.

But YouTube may be changing the political process in more profound ways, for good and perhaps not for the better, according to strategists in both parties. If campaigns resemble reality television, where any moment of a candidate’s life can be captured on film and posted on the Web, will the last shreds of authenticity be stripped from our public officials? Will candidates be pushed further into a scripted bubble? In short, will YouTube democratize politics, or destroy it?

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YouTube didn't even exist until 2005, but it now attracts some 20 million different visitors a month. In statements to the press, the company has been quick to take credit for radically altering the political ecosystem by opening up elections, allowing lesser known candidates to have a platform.

Some political analysts say that YouTube could force candidates to stop being so artificial, since they know their true personalities will come out anyway. "It will favor a kind of authenticity and directness and honesty that is frankly going to be good," said Carter Eskew, a media consultant who worked for Senator Lieberman's primary campaign. "People will say what they really think rather than what they think people want to hear."

But others see a future where politicians are more vapid and risk averse than ever. Matthew Dowd, a longtime strategist for President Bush who is now a partner in a social networking Internet venture, Hot Soup, looks at the YouTube-ization of politics, and sees the death of spontaneity.

"Politicians can't experiment with messages," Mr. Dowd said. "They can't get voter response. Seventy or 80 years ago, a politician could go give a speech in Des Moines and road-test some ideas and then refine it and then test it again in Milwaukee."

He sees a future where candidates must be camera-ready before they hit the road, rather than be a work in progress. "What's happened is that politicians now have to be perfect from Day 1," he said. "It's taken some richness out of the political discourse."

Howard Wolfson, a senior adviser to Senator Hillary Rodham Clinton, who is not known for her spontaneity, agrees.

"It is a continuation of a trend in which politicians have to assume they are on live TV all the time," Mr. Wolfson said. "You can't get away with making an offensive or dumb remark and assume it won't get out."

These rules have long applied to White House contenders, but the dynamic is getting stronger and moving down the ballot. "It used to be the kind of thing that was only true for presidents," Mr. Wolfson said. "Now with the proliferation of technology it is increasingly true for many other politicians."

But Mr. Wolfson, who recently led an effort by the Clinton camp to reach out to liberal bloggers hostile to his boss, believes that this trend has one advantage. "It does create more accountability and more democratization of information in the process," he said.

The explosion of instant video may also put pressure on the news media. In the old days, the Allen video would not have been available for all to see. "Imagine this happened 10 years ago," Mr. Wolfson said. "We had video and trackers then. But you had to get it to a TV station or newspaper. You had to persuade them to run a story on it. This allows you to avoid the middleman."

And by doing so, avoid an arbiter, however flawed, of standards. "There's no, 'Is this the right thing for political discourse?' " Mr. Dowd said. "It's just there."

These days journalists are concerned not just about being cut out, but about being part of the show. Reporters often suffer the wrath of bloggers in the same way politicians do. At a recent conference of political bloggers in Las Vegas, reporters more than once reminded one another to be discreet in their conversations because anything overheard was fair game for bloggers to post.

Now, as the campaign trail turns into a 24-hour live set, members of the press corps may find themselves starring on YouTube. "At least one big-time journalist will have their career or life ruined because some element of their behavior that was heretofore private will be exposed publicly," predicted a senior adviser to a potential 2008 presidential candidate. The adviser requested that his name not be used because he did not want his personal views to be taken for his boss's.

Then again, YouTube's impact on politics may be exaggerated. For one, the site's users are generally young and not highly engaged politically.

"Most social networking sites cater to younger audiences, 18 to 24," says Michael Bassik, vice president of Internet advertising at MSHC Partners, which advises candidates on media strategies. "For the most part, it's not political conversations taking place there."

And maybe the Allen video wasn't all that shocking after all.

Jeff Jarvis, author of the BuzzMachine blog and an Internet consultant to The New York Times Company, doesn't think all that much has changed.

"Is it news that politicians say stupid things?" he asks. "Of course not."

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It's What They Sayand How They Say It (MINNST)

By Eric Black, Star Tribune

Minneapolis Star Tribune, August 20, 2006

For each main candidate, style and substance will be important factors in the race for this wide-open congressional seat.

Is Michele Bachmann too extreme to be elected to Congress?

Is Patty Wetterling too unclear?

The race for the open seat in Minnesota's Sixth Congressional District will, like every other House race this fall, run the gamut from the war in Iraq to health care to education. But with less than three months to the election, the debate among bloggers, political analysts and the campaigns themselves is making clear that a big factor will be the very different ways the two candidates talk about issues.

Bachmann critics, for example, signaled early that they will raise extremism as an issue at every turn. At a July fundraiser featuring Karl Rove, protester Karl Bremer stood on the sidewalk handing out fortune cookies that contained controversial Bachmann quotes, such as one questioning whether a minimum-wage law is necessary.

The heart of the GOP campaign against Wetterling will likely focus on portraying her as too liberal for the conservative-leaning Sixth District. But neutral political analysts raise the question of her often fuzzy rhetoric; and Bachmann's campaign, which has been taunting Wetterling to debate, wants voters to hear Wetterling talk policy.

Since entering politics in 1999, state Sen. Bachmann, R-Stillwater, has personified the conviction politician. She has put the most contentious social issues, such as legalizing gay marriage, which she strongly opposes, atop her agenda. She also stakes out positions that go beyond the conventional conservative line. And Bachmann describes those positions with clarity and in provocative, uncompromising rhetoric that thrills her supporters and horrifies her foes.

On the other hand, when child safety advocate Wetterling of St. Joseph talks issues, the rhetoric is neither so edgy nor so clear. The DFLer sometimes complains about questions that require her to choose between two policy options, sometimes refuses to do it and advocates things like "long-term vision" and "solution-seeking." Sometimes she outlines a widely shared goal such as greater access to health care, then talks at some length without really committing to a policy that would reach the goal.

During an interview on Minnesota Public Radio, she was asked how she would vote if a bill of impeachment against President Bush came before the U.S. House.

Wetterling began by saluting Sen. Russ Feingold, D-Wis., for "initiating that." When the host clarified that Feingold favored censure, not impeachment. Wetterling then said she favors holding "all kinds of people in Washington" accountable.

Then she argued that "we have to look at the amount of energy and the end result and what are the impacts of all of our actions." She ended by saying that if she gets to Congress and articles of impeachment come before the House, she "will be open to looking at where we're at, at that point."

The Sixth District seat is open because the incumbent, Republican Mark Kennedy, is running for U.S. Senate. Most national pundits have the Sixth leaning Republican, but Congressional Quarterly rates it as a tossup. The race will be in the spotlight Tuesday when Bush comes to Minnesota to do a Bachmann fundraiser.

Independence Party nominee John Binkowski of St. Mary's Point also is running for the seat.

At the May DFL convention that endorsed Wetterling, Matt Entenza described Bachmann as "the kind of extremist who makes extremists look moderate."

As the campaign proceeds, DFLers will seek to convince conservatives and moderates -- even those who share Bachmann's basic positions on Iraq, gay marriage, abortion, gun rights and taxes -- that her version of those positions is out of the mainstream.

What will they have to work with in making that case?

Amend both constitutions

Perhaps the prime example involves same-sex marriage. Bachmann doesn't just oppose legalizing same-sex marriage. She wants to amend both the state and federal constitutions to guarantee that it won't be legalized, and wants the amendments to rule out the "civil unions" option, under which same-sex couples would receive most of the legal rights of married couples except the right to call their relationship a "marriage."

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In March, for example, she was on a radio show advocating a state constitutional amendment to ban same-sex marriage. A caller challenged her to explain how he, a married heterosexual, would be harmed if his gay neighbors were allowed to marry.

Bachmann replied that once a state legalizes gay marriage, "public schools would have to teach that homosexuality and same-sex marriages are normal, natural and that maybe children should try them." She has publicly referred to homosexuality as "sexual dysfunction,"sexual identity disorders," as "personal enslavement," that leads to "sexual anarchy."

Legal experts on both sides of the same-sex marriage question agree that there is no mechanism by which a legalization would automatically translate into a statewide mandate on how schools would teach about marriage. And there is no documented case in which any school curriculum actually encouraged children to experiment with same-sex marriage.

But Bachmann defends her comments, saying some of her constituents feel their children's teachers were promoting homosexuality. She also points to Massachusetts, the only state in which same-sex marriage is recognized, where a school district required grade-schoolers to read a book about two princes who married.

Republicans, meanwhile, are cultivating several potential lines of attack against Wetterling: that she is too liberal for the district, that she is a promise-breaker who said after her loss to Kennedy in 2004 that she wouldn't run for the seat again.

'Out of step with district'

John Collegio, spokesman for the Republican National Campaign Committee, wove those points together when he said that after 2004 Wetterling had "determined that her views were too out of step with the district to run again. Well, the Sixth District hasn't changed and Patty Wetterling's liberal views haven't changed, either."

Asked on MPR whether she considered herself "liberal, moderate or conservative," Wetterling said: "Reasonable."

When she defines herself, she uses terms like "people person" and "advocate" and "not a policy wonk."

Lack of wonkishness may be part of her appeal, but it can make it hard to discern how she might vote in Congress.

On the pro-Bachmann website "Bachmann v. Wetterling," blogger Paul Kouba wrote that "one of Wetterling's greatest weaknesses" is that "when she gets away from child advocacy, she doesn't sound very well-versed in the issues."

As Republicans develop the theme that Wetterling can't communicate her views, what do they have to work with?

An example from a radio debate, in which she was asked about high gasoline prices:

"Gas problems. We're watching this on the news where people are going to pawn shops and pawning their jewelry so they can fill up their gas tank. It hits every family. It hits the rural areas even harder. I talked to a farmer and he filled up his combine and it cost $1,500.

"So the impact is broad. And one of the challenges that I see that Washington does all the time is slap Band-Aid solutions on problems instead of having long-term vision.

"I was a secondary math teacher and back in the early '70s, '73 I think or '74. We had an energy crisis. And I taught a unit on importing of oil. It was graphing, so we had graphs of barrels of oil as a pictograph. And we had word problems. 'How would this impact your family vacation and how much more would it cost you to travel?'

"The point is, that was 34 years ago that we were talking about this issue. This country has done nothing to address the energy situation. We've got to address our usage. Our consumption. And find some alternative energy sources and vehicles. How can we use these energy sources? "There's a bigger problem. We've got to look at some long-term solutions."

Interviewed for this report, Wetterling stood by her gas comments: "I think that quote kind of reflects that I answer questions very thoughtfully. I'm not a slick politician. I don't have those 20-second meaningless word phrases. Sometimes the answers don't fit in a 20-second spot."

Eric Black • 612-673-7294 • eblack@startribune.com

In Michigan, A Ray Of GOP Hope (WP)

By David S. Broder

The Washington Post, August 20, 2006

TRAVERSE CITY, Mich. -- When word came last week that the unemployment rate in Michigan had jumped up to 7 percent in July, a shiver of apprehension went through the Democratic Party, not just in Michigan but around the nation.

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Even though the joblessness figure may have been inflated by seasonal layoffs in auto plants retooling for the new model year, it was bad news for Gov. Jennifer Granholm, one of the Democrats' rising stars. When Granholm won the governorship four years ago, ending 12 years of Republican control in Lansing, she was hailed as a bright new figure on the national scene. With cover-girl looks and a commanding platform style, she was seen as presidential material -- except that her Canadian birth made her ineligible for that office.

But the past four years of confronting a Republican legislature and a declining auto industry have taken a toll on Granholm's standing here at home, and the latest economic news comes at a bad time, just as her reelection campaign is gearing up. Republicans have been pounding Granholm with ads claiming that "only three states have lost jobs in the last four years. Two of them -- Louisiana and Mississippi -- were devastated by hurricanes. The third is Michigan."

In a year when Republicans are on the defensive almost everywhere else, the GOP smells a chance for victory in Michigan -- and a leg up on a vital presidential battleground for 2008, a state where such Republican hopefuls as Arizona Sen. John McCain and Massachusetts Gov. Mitt Romney are already spending lots of time.

A poll released last week by the Detroit News showed the race a statistical tossup, with Granholm leading 50 percent to 47 percent over Republican challenger Dick DeVos. DeVos, a wealthy businessman, is exploiting Granholm's vulnerability with some of the most distinctive political ads I've ever seen. One running now has an anonymous voter -- filmed during a two-hour focus group somewhere in outstate Michigan -- giving voice to the frustrations that so many Michiganders share these days.

The mustachioed man in his fifties uses blunt language: "I've spent two months looking for a job. This last month we had to dip into our savings to pay for health care, a thousand bucks a month, but I can't do that very long without saying, 'Crap! I got to move.' Nobody seems to be serious about all the work that's been leaving the state. The next governor, they need to be serious about bringing work into this state to take care of the people who are voting them into that office."

The ad concludes with a DeVos for Governor banner, but his name is never mentioned by anyone; he appears for only a brief moment at the end during the legally required disclaimer. Absent, too, is any description of his proposed economic remedy -- but it is spelled out in a booklet and on a Web site capsulized in other ads.

DeVos is a first-time candidate but has surrounded himself with tested pros, including his wife, Betsy, a former state Republican chairman, and several of the people who helped John Engler to his victories as governor. He is running a very disciplined campaign, playing down the conservative social issues that have engaged him in the past and focusing on his promise to bring business -- and jobs -- back to Michigan.

Granholm, for her part, accuses DeVos of running a stealth campaign. "He's spent millions on television," she told me recently, "and people still don't know what party he belongs to or what business he ran." Now that the final legislative session of her term has ended, Granholm, who has hoarded her more limited campaign funds, will begin to tell people in TV ads what she wants them to know about DeVos.

She will tell them that he is a Republican, linked to President Bush, who is no more popular here than elsewhere in the Midwest. And he ran Alticor, the firm formerly known as Amway, and she will say that it outsourced jobs to China -- the very thing that has hurt Michigan's economy.

In truth, parts of Michigan are doing well, including this area in the northwest corner of the Lower Peninsula, where more and more executives from Chicago and other big cities are living and working via Internet and cellphone while enjoying the lakes and golf courses in their back yards. Ann Arbor and other university towns are also thriving, and some high-tech businesses are beginning to arrive in the state, lured by new business incentives pushed by the governor.

A turnaround may be coming, but it's uncertain if it will be in time to save Jennifer Granholm.

davidbroder@washpost.com

Ehrlich Vows To Deal With Effects Of Growth (WP)

By Matthew Mosk, Washington Post Staff Writer

The Washington Post, August 20, 2006

Maryland Gov. Robert L. Ehrlich Jr. gave the first broad outlines of how he would approach a second term in office yesterday, promising to step up his focus on helping the state come to grips with its rapid growth.

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Speaking at an annual gathering of county leaders in Ocean City, Ehrlich (R) said he wanted to invest heavily in the construction of schools, draft plans for responsible development in Maryland's fast-growing suburbs and find ways to increase affordable housing.

"Our nurses, lab technicians, our policemen and firemen need to be able to live in or near the communities where they work," Ehrlich said. "Workforce housing" will be "a major, major issue," he said.

The speech, which led off with what the governor described as the most significant achievements of his term, helps set the stage for his bid for reelection this fall. Ehrlich, who was the first Republican elected governor in Maryland in a generation, will face a well-funded challenger in Democrat Martin O'Malley, the mayor of Baltimore who is ahead of Ehrlich in polls.

To date, Ehrlich's campaign has focused largely on the parochial question of how best to improve Baltimore's school system. His speech yesterday, though, never mentioned the subject. And while it was short on details, it was far broader in scope.

The topics ranged from an initiative he launched last year to increase monitoring of child sex offenders, to his success in gaining long-sought federal approval to build the intercounty connector highway to provide a new east-west route across the Washington suburbs.

But Ehrlich told members of the Maryland Association of Counties that, if elected, much of his attention would be focused on the rapid growth that's coming, in part, as a result of a federal base realignment that will bring thousands of new jobs to Fort Meade and the surrounding area.

"Yesterday I was asked what is the single most daunting challenge" facing the state, he said. "It is dealing with our success. We're going to have jobs paying $90,000 a year coming here in the thousands."

Ehrlich's speech came at the conclusion of a three-day conference for the association, and most who stayed to listen were the governor's Republican supporters. One Democrat in the room, U.S. Rep. C.A. Dutch Ruppersberger, said that the speech touched on familiar themes but that he was pleased to hear the governor outline things that are going well in Maryland.

Ehrlich Campaigns On Promises Kept (WT/AP)

By Kristen Wyatt, Associated Press

The Washington Times, August 20, 2006

OCEAN CITY -- Gov. Robert L. Ehrlich Jr. made his case yesterday for a second term, saying he's been a good steward of state finances and should be kept in office.

Mr. Ehrlich, a Republican, repeated his campaign themes before an audience of several hundred at the annual Maryland Association of Counties meeting. He said he steered the state out of a fiscal crisis when he took office in 2003 and that he increased school construction.

He also thanked voters for having the courage to elect a Republican as Maryland governor for the first time in more than 30 years.

"I know there was a degree of trepidation," he said. "The concept of shared power in Annapolis was quite unique."

The governor spent most of his 45-minute speech cataloging what he considered the accomplishments of his term. He said test scores are increasing in many school districts and that thousands of high-paying jobs are coming to Maryland because of military realignment.

Mr. Ehrlich named some road-improvement projects during his term but said he could have gone on "literally for the next hour" about such work.

He did not mention his inability to get slot-machine gambling approved but acknowledged not always getting his way with a Democrat-controlled legislature.

Mr. Ehrlich suggested that if re-elected he would want more funding to build new schools and said he planned to push for more affordable housing.

"Our nurses, our lab technicians, our police, our firemen need to live in or near the communities where they work," he said.

Reaction to the speech was relatively partisan. Joe Cupani, a Republican and Queen Anne's County commissioner, said Mr. Ehrlich should be credited for taking over when the state faced fiscal challenges.

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"Anybody who can take a deficit where it was and sort of guide the state and the economy around is doing a great job," he said.

Clara Floyd, president of the Maryland State Teachers Association, was pleased to hear Mr. Ehrlich talk about more school construction, but her organization has endorsed his Democratic challenger, Baltimore Mayor Martin O'Malley.

"We worked very, very hard" to get the funding already called for by state law, she said.

Governors traditionally address county officials to close the annual summer conference. County workers came to the resort Thursday for study sessions. Aspiring politicians also flocked to the gathering.

Mr. Ehrlich and Mr. O'Malley held receptions Thursday night. U.S. Senate hopefuls Kweisi Mfume and U.S. Rep. Benjamin L. Cardin, Democrats, were among other candidates in the upcoming election to attend a crab feast Friday evening.

Smart Care Via A Mouse, But What Will It Cost? (NYT)

By Steve Lohr

The New York Times, August 20, 2006

THE electronic medical record seems an example of pure progress, a technology that yields only winners. So it has been cast as a geeky hero in health care policy circles.

Michael O. Leavitt, the secretary of health and human services, recently said the rollout of electronic health records was "the most important thing happening in health care."

Major technology corporations like I.B.M., General Electric and Microsoft, as well as a crowd of specialist companies, including Cerner, Epic Systems and Eclipsys, are all chasing what they see as a fast-growing, multibillion-dollar opportunity to sell health information technology to hospitals, clinics and doctors.

Congress is joining the bandwagon. Last month, the House of Representatives passed a bill to promote the adoption of the computer hardware and software necessary to generate and share digital patient records. The House bill and a previously passed Senate version are scheduled to go to a conference committee next month. Politicians across the spectrum of the health policy debate, from Senator Hillary Rodham Clinton, Democrat of New York, to Bill Frist of Tennessee, the Senate Republican leader, are united on this issue.

The technology itself is simply a software storehouse of a person's medical history, including chronic conditions, medical tests, drug prescriptions, diagnoses and doctors' comments. Yet bringing pen-and-ink patient records and prescriptions into the computer age is seen as a vital step toward modernizing the nation's inefficient, paper-clogged health system. Various studies say that it should reduce medical errors and costs, saving lives and saving dollars — about $80 billion a year, according to the RAND Corporation.

Yet even the technological optimists expect turmoil from the information revolution they see coming in health care. Electronic patient records woven into a national digital network will help identify cost-saving opportunities, they say, but when combined with the emerging field of genomics, the records will also open the door to personalized medicine, new treatments — and, ultimately, more care. While that is by no means a bad thing, it is also not the hoped-for fix for the nation's rising health care bill.

"All the new information tools have enormous promise," said Dr. Brian L. Strom, a professor at the University of Pennsylvania School of Medicine, "but they will not necessarily drive down the overall cost of health care."

The full effect of health-information technology is years away, because only about 20 percent of physicians now use electronic medical records. But the policy and corporate push is under way and accelerating.

Digital files are a building block in the creation of far more efficient markets in health care, medical experts say. That is what the enthusiasm is really about: not computers and software, but health information that can be easily shared, searched, measured and analyzed to determine what treatments and drugs are most effective, and at what cost.

But efficient markets can be ruthless and unpredictable, threatening incumbent powers and producing losers as well as winners. An information revolution in health promises to be powerfully disruptive for some lucrative businesses in the industry, according to medical experts and economists, and could lead to more spending on health care instead of less.

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"Information is a dual-edged sword, especially in health care," said David M. Cutler, a health economist at Harvard. "Better information might blow apart some of the blockbuster markets in the pharmaceutical industry, for example. But it might also increase demand for other drugs in smaller, more focused markets.

"And if better information really helps us understand what is happening in health care," Mr. Cutler added, "it could well lead to more care for more people and higher costs for the system as a whole."

The technology backbone for more efficient health care markets is being called the "national health information network." Such a network — with patient records stripped of their personal identifiers — is intended to someday allow doctors, nurses, researchers and ordinary people to track the outcome of various therapies, drugs and devices.

The idea is that they could tap into a public Web site to sift through health databases that are based on millions of records, updated regularly. Clever software would help them to understand what works and what doesn't — and to seek answers about side effects, recovery times and vitamin regimens. A result, health experts say, is that fewer decisions about how to treat patients would be based on studies by drug companies and medical device makers, as they often are now.

"The technology is just an enabler so we have shareable, useable information," said Dr. David J. Brailer, the architect of the Bush administration's health information technology policy.

A GLIMPSE of the potential impact of a national health information network is found in smaller-scale networks already operating around the country. These are mainly at so-called integrated health systems that combine hospitals, clinics, laboratories, doctors and nurses, and serve a metropolitan area or region. Some, like the Veterans Affairs health system and Kaiser Permanente, the health maintenance organization, are also insurers and well as health care providers.

The integrated health systems have been leaders in adopting electronic records. They have the data, systems and incentives to measure the therapeutic effectiveness and cost-benefit tradeoffs in health care.

Modern computer technology, to be sure, is hardly foolproof. It can magnify privacy problems, and the recent loss of computer files of personal data, including medical records, at the V.A. underline that nettlesome issue. And electronic records will not cure other problems: Kaiser recently suffered a black eye when it paid a $2 million fine for administrative foul-ups and long waits at a kidney transplant center in San Francisco, which it closed in May.

Still, the potential for market-disrupting cost savings is illustrated by what Kaiser and the V.A. have done in their drug management programs with statins, cholesterol-lowering drugs. Statins are the largest prescription drug category in the United States, with sales of $16 billion last year, according to IMS Health, a research group; Lipitor ($8.4 billion), from Pfizer, and Zocor ($4.4 billion), from Merck, took 80 percent of the market.

In recent years, Kaiser and the V.A. have been using generic lovastatin for many of their patients taking statins, saving millions of dollars. At Kaiser, for example, its research pharmacists and cardiologists had been looking at closely at using the generic even before Merck's Mevacor, the brand name for lovastatin, lost its patent protection in 2001. Kaiser's research on safety and effectiveness concluded that lovastatin could generally be used as an alternative.

Lovastatin is less potent than Zocor or Lipitor, so Kaiser doctors prescribe higher doses of lovastatin for equivalent potency. Patients have regular blood tests to monitor their cholesterol levels, which become part of their electronic medical records. Alerts are sent to patients and doctors if tests are missed or cholesterol levels rise.

Doctors are still free to prescribe Lipitor and Zocor, and they do for patients who need the strongest statins. But nearly 90 percent of patients, according to Kaiser's research, can reach their cholesterol-lowering goals with lovastatin. (Zocor lost its patent protection in June, further opening the statin market to lower-priced generics.)

The V.A. also makes extensive use of lovastatin. These kinds of programs can be carried out confidently only at places with the resources to conduct research, monitor individual patients and track outcomes across patient populations using electronic medical records. "This has to be driven by the clinical data, not merely cost savings," said Joseph J. Canzolino, associate chief consultant for pharmacy benefits management at the V.A.

Ideally, electronic patient records and a national health information network would someday give doctors everywhere the information to make similar prescribing decisions and to track their patients closely, if they chose. "Can you imagine the savings if what we do here were done across the country?" said Dr. Ambrose Carrejo, a drug use manager at Kaiser. "We're talking billions of dollars in savings."

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Imagine, too, the potential impact on blockbuster products like Lipitor, the world's largest-selling prescription drug. "The whole blockbuster model relies on prescribing a drug for a whole lot of people who don't really need it," said J. Mark Gibson, deputy director of the Center for Evidence-Based Policy at the Oregon Health and Science University, which conducts independent reviews of the effectiveness of drugs and medical treatments.

"So much of the information doctors get now comes from studies paid for by the companies that are looking for positive outcomes," Mr. Gibson said. "The more independent information you can generate, analyze and distribute, the more the blockbuster model is in doubt."

Lipitor, according to Dr. Gregg Larson, vice president of cardiovascular medical at Pfizer, is a blockbuster by merit. Hundreds of clinical trials, Dr. Larson said, have found the benefits of Lipitor as a particularly potent cholesterol-lowering drug that reduces the risk of cardiovascular disease and strokes. "The evidence demonstrates that not all statins are the same," he said.

Whether more data threatens blockbuster drugs or not, there are likely to be cases in which more information is likely to generate more prescriptions, more care and more health care spending. A wave of genetic research, for example, is under way, and someday a person's genomics information will be included on his or her electronic health record. Genomics holds the promise of personalizing treatments to make them more effective and to reduce unwanted side effects.

CONSIDER the anti-clotting drug warfarin, sold by Bristol-Myers Squibb under the brand name Coumadin. The drug is extremely useful in treating patients with heart and circulatory problems. But it can also be tricky to get the dose right so that a patient gets the blood-thinning benefits without dangerous side effects, like internal bleeding or strokes. Personal-injury lawyers closely watch the use of warfarin, and many doctors are leery of prescribing the drug.

Medical researchers at a number of clinics and universities have identified gene types that appear to determine how an individual metabolizes warfarin. If the early research is confirmed in broader studies, it will be possible to tailor dosages by gene types to minimize the toxic side effects. "We could make warfarin a lot safer with genetic testing," said Dr. Michael Caldwell, a researcher at the Marshfield Clinic, an integrated health system in northern Wisconsin, which has a genetic research program.

But improved safety would also likely mean a lot more prescriptions for warfarin, since studies have concluded that only about half the people who might benefit from the drug are taking it. Yet those prescriptions, in an era of personalized medicine, might well be individually tailored doses. If the old blockbuster business model is endangered, so is the standard pill, in 10-, 20- or 100-milligram doses.

The electronic medical record, for all its promise, is no silver bullet for the nation's health system. Placing too much faith in technology, skeptics warn, could be counterproductive. Dr. David Himmelstein, a physician and associate professor at the Harvard Medical School, said: "It encourages the belief that we don't need real reform, all we need is computers."

Swiping At Industry From Atop The Stump (NYT)

By Floyd Norris

The New York Times, August 20, 2006

BUSINESS bashing by politicians in America has a long history, including rhetoric far more inflammatory than the denunciations being directed at Wal-Mart this year by some Democrats, who sometimes sound as if they are running against the company instead of another politician.

Wal-Mart is under attack for paying too little, providing benefits that are too small and even exploiting illegal immigrants. Laws have been written with Wal-Mart in mind, and more are being proposed.

The company may not appreciate the honor, but its place in the political debate reflects its revolutionary effect on the American economy.

Put simply, the big winners as the economy changes have often been scary to many, particularly those with a stake in the old economic order being torn asunder.

"Twice as many Americans shop at Wal-Mart over the course of a year than voted in the last presidential election," said H. Lee Scott Jr., the company's chief executive, in a speech to the National Governors Association in February.

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Wal-Mart's success reflects its ability to charge less for a wide range of goods. That arguably has reduced inflation and made the economy more efficient. It has introduced innovations in managing inventory and shipping goods.

But Wal-Mart's success brought pain to others.

The company has been blamed for destroying downtowns as shoppers desert local merchants for the big-box store.

Local newspapers lost some of their best advertisers. That may not influence news coverage, said Alex Jones, the director of the Shorenstein Center on the Press, Politics and Public Policy at Harvard, but "I don't think you will see many editorials blasting the government for taking on Wal-Mart."

The company's ability to negotiate good deals from suppliers, some of which probably would go out of business if Wal-Mart walked away, has also created anxiety and resentment, both among the suppliers and among merchants who complain that Wal-Mart gets better deals.

It has infuriated unions by opposing the organization of its employees — even to the point of closing a Canadian store whose workers voted for a union. (It said the closing was not related to the vote.) In some locations, unions have been forced to agree to reductions in wages and benefits at retailers that must lower costs in order to compete with the giant.

Opponents say some Wal-Mart employees are paid wages that still allow them to qualify for Medicaid health insurance, calling that, in effect, a government subsidy for a company that is forcing down pay for workers at other companies.

But the fact that Wal-Mart has more shoppers than any politician has voters shows that many of those workers — and many people higher on the income scale — find its prices irresistible. That group no doubt includes some of the company's critics.

Previous business targets of politicians have similarly been both popular and reviled. The railroads enabled much of America to prosper, but to many people in the late 19th century they were viewed as villains.

They upset old economic relationships by making it possible to ship goods over much longer distances, thus introducing competition for local businesses and farms. At the same time, any given area was likely to be served by just one railroad, giving it monopoly pricing power over the farmers, whose produce became worthless if it could not be shipped to distant markets.

The railroads were lumped together in the public consciousness, but the Pennsylvania, as a major road linking New York to the Midwest, came in for much of the criticism.

The railroads in turn made possible giant industrial companies, and led to new fears of monopolies, culminating in the passage of antitrust acts, and their sometimes vigorous enforcement by President Theodore Roosevelt, who coined the term "malefactors of great wealth" and ran against them.

"There is not," he thundered, "in the world a more ignoble character than the mere money-getting American, insensible to every duty, regardless of every principle, bent only on amassing a fortune, and putting his fortune only to the basest uses — whether these uses be to speculate in stocks and wreck railroads himself, or to allow his son to lead a life of foolish and expensive idleness and gross debauchery, or to purchase some scoundrel of high social position, foreign or native, for his daughter."

By the time of the Great Depression, the Wall Street colossus, embodied by J. P. Morgan, became embroiled in the political arena. Franklin D. Roosevelt inveighed against the "economic royalists" and blamed "the ruthless manipulation of professional gamblers in the stock markets and in the corporate system." In his 1933 inaugural address, he celebrated that "the money changers have fled from their high seats in the temple of our civilization."

The results of all those political agitations were government reforms, although they often had limited effect. The Interstate Commerce Commission was created to regulate the railroads, but that was not the force that eventually knocked the industry from its powerful perch. It was competition, brought about by trucks and their tax-provided highways and airlines and their tax-supported airports.

John D. Rockefeller's Standard Oil was broken up in 1911, but owning stakes in a lot of companies left Rockefeller even wealthier than he was. (Some of the companies have since been recombined, the most notable being the merger of Exxon, the former Standard Oil of New Jersey, with Mobil, the former Standard Oil of New York.)

The Wall Street outrages that angered Franklin Roosevelt brought a wave of legislation, including the creation of the Securities and Exchange Commission, an institution that has not prevented the securities industry from being very profitable.

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There have been other cases where industries came under intense political attack, like the oil companies in the 1970's and early 1980's, when the phrase "obscene profits" was coined but little was done to rein in the industry.

Wal-Mart has been on the defensive in some legislative chambers. Maryland adopted legislation intended to force the company to spend more on health insurance, but that was struck down by a federal judge. Chicago passed legislation to force the company to raise its wages.

Wal-Mart is among the most successful companies in the world, but last week it reported a decline in quarterly profits for the first time in a decade, partly because of problems with its international business and partly because competitors are getting better. Its stock price rose 1,100 percent in the 1990's, but it is down by a third in the current decade.

Despite opponents' success in Chicago, it seems unlikely that governments will force Wal-Mart to greatly increase its health insurance benefits. Any such effort would most likely affect many other businesses, some of which would be in no position to afford it.

But it is conceivable that some of Wal-Mart's harshest critics could find it an ally in changing the way health care is paid for in the United States, particularly if more companies come to agree with what Mr. Scott told the National Governors Association after he defended the health care benefits his company did offer.

"The soaring cost of health care in America cannot be sustained over the long term by any business that offers health benefits to its employees.," he said. "And every day that we do not work together to solve this challenge is a day that our country becomes less competitive in the global economy."

Much of what he went on to say dealt with efforts to control costs and make the health care system more efficient, something few would oppose. But it is unusual for a business leader to call on government to do more in health, while many who attack Wal-Mart now have long advocated a greater government role in paying for health care.

Politics, as someone once said, can make strange bedfellows.

The Osama Card (NSWK)

By Eleanor Clift, Newsweek

Newsweek, August 20, 2006

Expect the Republicans to use the specter of the terror leader to frighten voters ahead of the elections. WEB-EXCLUSIVE COMMENTARY

It will soon be five years since the 9/11 attacks thrust America into a state of perpetual anxiety, and the man who inspired and masterminded the carnage that awful day remains at large. He's almost certainly in Pakistan, way up on the northern border, almost to China, and with the November elections approaching, the name of Osama bin Laden will once again surface as a powerful symbol of who's with us and who's against us.

A Republican Senate hopeful in New York is already linking Hillary Clinton to Osama in a television ad that attacks Clinton for voting against the Patriot Act and speaking out against the administration's unauthorized wiretapping. Former Yonkers mayor John Spencer has no chance of unseating the New York senator, but for Democrats, Osama is the wild card. They remember how he surfaced in a video the weekend before the '04 presidential election, reminding the country of 9/11 and helping turn fearful voters toward President Bush, who was seen as the tougher of the two candidates.

Now Democrats have a good chance of winning back one or both houses of Congress, and they're wondering whether this election's October surprise could be capturing Osama. Peter Bergen, one of the few Western journalists to interview the terrorist leader, spoke at a panel in Washington this week after a preview screening of a new CNN documentary, "In the Footsteps of Bin Laden." Bergen said the administration has a pretty good idea where bin Laden is—based in part on the vegetation that appears in his video. Bergen also wondered why, with all the money the administration is spending, it isn't staking out the offices of the Al-Jazeera offices where the tapes are dropped off for more clues to Osama's whereabouts.

Bush once vowed to capture bin Laden dead or alive. Now he and Karl Rove only haul him out when he's politically useful. Bin Laden has been eclipsed and overtaken by Hassan Nasrallah, the leader of Hizbullah and the new voice of Arab anger. Bergen was asked, "If Osama is eliminated, what then?" He replied that "Binladenism" is the worry now, and it's far more dangerous than the man himself. It's unlikely that bin Laden would be taken alive. He has said repeatedly, "Better a grave than an

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American prison." Martyrdom is such a powerful force in the Arab world that death would only enhance bin Laden's mythical status.

The CNN documentary, with Christiane Amanpour reporting and narrating, attempts to answer the question of why bin Laden, a shy, polite boy from a wealthy Saudi family, became the leader of radical Islam. He didn't always despise the West. Interviews with 21 people who knew him, from his English teacher to a brother-in-law, chart the transformation of a religious ascetic who spurned material goods into a warrior hardened by battle with global ambitions. The year 1979 was crucial: The ayatollahs took over Iran, signaling the rise of Islamic fundamentalism. The Saudi royal family sent troops to quell an Islamic uprising at a holy site, blasphemy in Osama's eyes. And the Soviet Union, godless communists, invaded Afghanistan, a Muslim country.

The documentary pulls together the threads of Osama's early life. His father rose from a common laborer to head one of the biggest construction companies in the Middle East. The bin Laden name is everywhere. The senior bin Laden had 20 wives and more than 50 children. Osama had little contact with his father, who died when he was 10. His mother, a Syrian, kept him apart from the family, and he did not attend school in the West like all of his brothers. One friend recalls Osama as a young man living in a bare basement apartment, sleeping on the floor and spurning air conditioning. Yet when the first of Osama's more than 20 children had a medical problem, he traveled to the West, either the United States or Britain, it's not certain, to have the boy treated. He would later recall how people stared at him in the airport because he wore traditional Arab dress—"like in a zoo," he said.

It may surprise viewers to learn that the 9/11 attacks were criticized by Al Qaeda "insiders" who saw them as a strategic and tactical mistake. The American retaliation cost Al Qaeda its base in Afghanistan and ousted its protector, the Taliban. Osama's son declared the attacks a disaster and left his father's enterprise in Afghanistan, declaring in Bergen's colloquialism, that Al Qaeda now had an 800-pound gorilla after it. Bin Laden was forced into hiding in the Tora Bora Mountains, where American forces had an opportunity to capture him. They could hear him on his radio apologizing to his followers for having led them into this trap. But there were more journalists than soldiers on the battlefield, a former CIA agent observes in the documentary, and Osama, looking frail and much older than his 44 years, escaped. The Qaeda leader has a $25 million bounty on his head, but the war against terrorism is not about money, it's about motivation—theirs and ours.

Block The Vote (WP)

By Bradley A. Smith

The Washington Post, August 20, 2006

Abusing Election Laws to Prevent Competition

Election laws exist to ensure orderly voting and vote counting and to facilitate a democratic process that helps citizens choose their officials. Increasingly, however, election laws are being used not to achieve either of these ends but rather to reduce competition and deprive voters of choices.

In Texas, for example, indicted former House majority leader Tom DeLay chose not to seek reelection. He moved his residence to the Washington area and withdrew from the race for his House seat. Texas Republicans sought to replace him on the ballot. But Texas law makes it difficult to substitute for a candidate nominated in a primary, and Texas Democrats successfully sued to prevent the Texas GOP from naming a replacement for DeLay. The result is that voters in that heavily Republican Texas district will not have a Republican nominee listed on the ballot in November.

Similarly, in Ohio, another scandal-plagued Republican, Rep. Bob Ney, dropped his bid for reelection. Republicans endorsed a popular state senator, Joy Padgett, in Ney's place. Democratic lawyers, however, are seeking to keep her off the ballot, and news coverage has focused less on issues and qualifications than on Padgett's right to appear on the ballot.

What is the logic behind keeping her off? In this spring's GOP primary, she ran for lieutenant governor and lost. Ohio has a "sore loser" law intended to keep candidates who are defeated in a primary from running in the general election (as Joe Lieberman is doing in Connecticut). Though the law is clearly not intended to apply to situations such as this, Democrats argue that it does in fact prevent Padgett from running for Congress.

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Democrats aren't the only ones who can play this game. Also in Ohio, Rep. Deborah Pryce faces a tough race in a district that President Bush barely carried in 2004. Charles Morrison, a conservative businessman who challenged Pryce in the Republican primary in 2004, sought to get on the ballot this year as an independent. The Republican Party successfully petitioned the state to take Morrison off the ballot on the grounds that he is not an independent but a Republican. The matter is in the courts.

Meanwhile, in Pennsylvania, the state Democratic Party is challenging the candidacy of the Green Party's U.S. Senate nominee, Carl Romanelli. Although the Greens are a qualified "political party" under Pennsylvania law, they must still submit 67,000 signatures to be placed on the ballot. Romanelli submitted more than 90,000, but Democrats maintain that many of these are fraudulent. Democrats fear that Romanelli will take votes away from their party's candidate, Bob Casey Jr., in his race with Republican incumbent Rick Santorum.

These are only the most prominent examples of many efforts by political parties to use election laws to reduce or eliminate competition this year. I do not address who is right or wrong as a legal matter in any of these disputes. If, for example, the signatures Mr. Romanelli submitted in Pennsylvania are fraudulent, then as a legal matter he is not entitled to appear on the ballot. I do not advocate ignoring the law.

Rather, the point is that these laws are unnecessarily strict. Texas doesn't need to make it so difficult to replace a candidate who withdraws from the race. Ohio's "sore loser" law serves little purpose -- Connecticut, for example, allows Sen. Lieberman to run as an independent after losing the Democratic primary, and the result is unlikely either to destroy the state's election process or to confuse voters. And what state interest -- what interest of voters -- is served by keeping Morrison off the Ohio ballot?

Similarly, election fraud should not be tolerated. But what public purpose is served by Pennsylvania's requirement that minor-party candidates collect 67,000 signatures to appear on the ballot? Surely no more than a few hundred, or at most a few thousand, signatures are needed to address any concern the state has about ensuring orderly ballots. In Connecticut, Lieberman needed just 7,500 signatures to run as an independent.

Elections should be decided by voters in November, not by lawyers and judges in August. For the past six years much attention has been focused on improving the mechanics of voting and on calls for redistricting reform. But another important way to ensure that voters, rather than courts, choose our leaders is to demand election laws that are no more extensive in their reach than absolutely necessary. A comprehensive review of election laws that serve no compelling state interest would be a good place to start in 2007.

The writer, a former chairman of the Federal Election Commission, is a law professor at Capital University in Columbus, Ohio, and a senior adviser to the Center for Competitive Politics.

CBS Is All Katie, But Rivals Aren't Standing By (NYT)

By Jacques Steinberg

The New York Times, August 20, 2006

To reintroduce Katie Couric to the country as a serious yet still accessible evening news anchor on Sept. 5, CBS has embarked on an image campaign worthy of a presidential candidate.

The network's efforts will put her face on the front of every city bus in New York next month as part of a promotion that would cost in excess of $10 million if the national television commercials featuring her were bought by an outsider.

For all the maligning of the evening news as a dinosaur lurching toward extinction, the prize CBS is pursuing remains among the most lucrative and high-profile in television: the biggest share of the nearly 25 million viewers who still tune in to the three main news broadcasts each night, and the bulk of the nearly $400 million spent each year by advertisers trying to reach them.

Unlike her two main rivals, Brian Williams of NBC and Charles Gibson of ABC, Ms. Couric does not enjoy the incumbent's advantage of already doing the news each weeknight — though they, too, have hardly sat idle.

Little wonder that CBS, which is paying Ms. Couric an estimated $15 million annually, has been convening focus groups at its research center in Las Vegas and other places to ask viewers such questions as how she will fare in a matchup against Mr. Williams, the leader in the Nielsen ratings, and Mr. Gibson, whose program is in second place.

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The network would not say whether the "CBS Evening News," mired at No. 3 in the ratings for more than a decade, was able to raise its standing in that most recent internal polling. Regardless, it has used those responses from viewers, including the attributes they seek in an anchor, to help shape Ms. Couric's broadcast.

Meanwhile, like local party leaders, news anchors from the top 48 CBS affiliates were flown to New York this month for a two-day junket in which each was given 10 minutes to interview Ms. Couric — all told, she talked for more than eight hours — for individual segments that will be broadcast prominently on each local station.

Though far more subdued, Mr. Williams and Mr. Gibson have nonetheless been making similar efforts, some of them mischievous in tone, to retain the viewers they have and woo others.

Beginning around Sept. 1, an image of Mr. Williams, four stories tall, will loom over the CBS Broadcast Center in Manhattan from a banner at West 57th Street and 10th Avenue. (Alongside will be another featuring Matt Lauer and Ms. Couric's replacement as his partner on the "Today" show, Meredith Vieira.)

Still, the defection of Ms. Couric from "Today," the top-rated morning program for more than a decade, is being taken so seriously at NBC that her former boss on the program, Jeff Zucker, now chief executive of NBC Universal Television, has been gathering executives for regular meetings intended to guard against complacency, in both the evening and morning time slots.

At ABC, Mr. Gibson — who was moved from "Good Morning America" to "World News" in late May, after the network abandoned a two-anchor format — is being reintroduced himself, in an advertising campaign with its own vaguely presidential tag line: "Your Trusted Source."

The line is intended not only as a dig at Mr. Williams (who assumed the anchor chair at NBC less than two years ago) and Ms. Couric, but also as a way to link Mr. Gibson to Peter Jennings, who led the ABC newscast for more than two decades before his death in August 2005. (The slogan of the last campaign featuring Mr. Jennings, as he had prepared to go up against Mr. Williams in his rookie year, was "Trust Is Earned.")

Having worked within the same news division as Mr. Williams and competed for years against Mr. Gibson in the morning, Ms. Couric, by virtue of her decision to occupy the 6:30 p.m. slot at CBS, has heightened the already spirited competition among the three news divisions.

On a recent afternoon at NBC, one former colleague wondered, with obvious relish, whether Ms. Couric would seek to install a "Today"-style couch on the CBS set — for the record, she will not — and another suggested that Ms. Couric had hired her personal gastroenterologist as her program's new medical correspondent. (She did not; while a sometime guest on "Today," the new CBS reporter, Dr. Jonathan LaPook, is not her doctor, she said, though he did refer her to the doctor who gave her a colonoscopy.)

When asked about one another in separate interviews, the three anchors mostly sought to highlight their rivals' strengths, though a certain bristling was evident.

"Katie comes into the job with a good understanding of the anchor-viewer relationship," Mr. Williams said, when asked in early August about Ms. Couric in his office at 30 Rockefeller Plaza, not far from the "Today" set. "But evening news viewers are different."

When Mr. Gibson was asked — in an interview just before he presented a live report on the British terrorism arrests on Aug. 10 — whether he had any special plans for the broadcast of Sept. 5, he questioned why a reporter was asking about that date.

"I didn't even know it was Sept. 5 she was starting," he said, with apparent seriousness. "Her beginning the show is not an event in this newsroom."

Then, noting that his arrival on "World News" full time on May 29 had preceded Ms. Couric's at CBS by more than three months, he added, "This is not like a shakedown cruise."

And how does Ms. Couric size up her competition?

In a telephone interview last week, she said, "Clearly we don't want to be rubber-stamping everything they do."

Among the elements she hopes will set her program apart, she said, is the weeding out of the austere delivery she often detects among correspondents on CBS's evening news program — and those of her rivals — in favor of a more relaxed approach.

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"It hasn't gotten to Ron Burgundy levels," she said, invoking the robotic, self-absorbed newscaster played by Will Ferrell in the 2004 movie "Anchorman." "But the ability to just talk to people and communicate in simple language that we use in conversation is something that can be done to a greater extent."

Ms. Couric's debut will offer evening news viewers the starkest choice among anchors, at least demographically, in the four-decade history of the half-hour evening news format: a 63-year-old man (Mr. Gibson), a 47-year-old man and the first woman to fly solo behind an anchor desk.

And for all three networks, the arrival of Ms. Couric, 49 — the most established star to take the helm of an evening newscast — represents perhaps the last chance for such programs to make a broad case for their relevance, in an age when news video is instantly available on the Internet. On Thursday, CBS announced that Ms. Couric's program would be shown simultaneously on the Web, a first for the evening news.

The promotions supporting Ms. Couric are the most exhaustive undertaken by CBS News, the network's executives said, and comparable only to the promotions mounted in recent years for prime-time shows like "CSI."

Whether the hype will have any long-term effect remains to be seen. Typically, the pecking order among network newscasts has changed glacially, a function not just of who has delivered the news but also of the popularity of the local newscasts that precede them.

In many respects, Ms. Couric's retooling of the "CBS Evening News" will appear comfortably familiar.

She will sit at a desk finished in ginger root maple laminate — lighter than the mahogany model used by Dan Rather and later Bob Schieffer, but still a desk — atop bright red and blue carpeting, with a 15-foot projection television to her left. Nearby are areas for her to stand and to accommodate chairs for live interviews.

One way she thinks she might stand out from her competitors, she said, is that she will assume that many viewers have already scanned the headlines of the day, giving her license to jettison some stories entirely or to dispense with others in a digest. Doing so, she said, could free up valuable time — no small thing in a broadcast that is actually 22 minutes — to add depth and context to those issues she deems worthy.

"We'll have correspondents working less on 'news of the day' stories and focusing on longer takeouts, if you will," she said.

At least at the outset, Ms. Couric will give over as many as 90 seconds each night to a segment titled "Free Speech," in which ordinary Americans, as well as scholars and sometimes even comedians, will be allowed to sound off. Mr. Schieffer will deliver a weekly essay in this slot, probably on Wednesdays.

Neither Mr. Williams nor Mr. Gibson said he felt inclined to follow suit, saying there was ample commentary on cable news and talk radio.

On average this year, Mr. Williams's broadcast has beaten ABC's by nearly 800,000 viewers each night, drawing a total audience of 8.8 million versus 8 million for ABC, with CBS lagging at 7.3 million, according to Nielsen Media Research. Though the race between NBC and ABC has been far closer among viewers ages 25 to 54, a bellwether for advertisers — NBC's lead there is a slim 100,000 — Mr. Williams said he did not plan to change anything come Sept. 5.

"It wouldn't make sense elsewhere in business for the leading product to make alterations because a product was joining the fray," he said.

Among the ways Mr. Williams's broadcast has evolved in the 20 months since he succeeded Tom Brokaw is that it has sought to leaven his marked sobriety with an occasional nod to his sense of humor. At times, he even answers viewer e-mail on the air.

At other times, though, efforts to make the broadcast (and its associated Web site) even more about Mr. Williams can appear to border on the self-reverential. On July 17, for example, the 10th anniversary of the explosion of TWA Flight 800 over Long Island Sound, Mr. Williams chose to mark the occasion by showing extended footage of how he had reported the crash live as an anchor on MSNBC, then in its third night of existence.

"It sounds like it's being said absent modesty," Mr. Williams said, when asked to explain that editorial choice. "That became a bit of a television touchstone that many, many summer viewers associated with that night."

Like Mr. Williams, Mr. Gibson said he did not expect to make major revisions in his broadcast, which recently shortened its name to "World News," from "World News Tonight,'' to reflect its electronic ubiquity.

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He said he might emphasize some subjects of personal interest, like the controversy over performance-enhancing drugs in sports, or broadcast nine correspondent segments on some nights when Mr. Williams might do seven.

But in the end, he suggested, all three broadcasts, including Ms. Couric's, will effectively be following a template set decades ago.

"I know there's a lot going to be made about the fact that the CBS thing is changing," Mr. Gibson said. "It's an evolutionary thing for CBS, too.

"Is there something special about her?" he added, referring to Ms. Couric. "I don't know. I'll let you determine that."

Truce Strained As Israelis Raid Lebanon Site (NYT)

By Robert F. Worth And John Kifner

The New York Times, August 20, 2006

BOUDAI, Lebanon, Aug. 19 — Helicopter-borne Israeli commandos landed near the Hezbollah stronghold of Baalbek on Saturday and engaged in a lengthy firefight in what the Lebanese prime minister, Fouad Siniora, called a "flagrant violation" of the cease-fire brokered by the United Nations.

The United Nations issued a statement that Secretary General Kofi Annan also considered the raid a violation and was "deeply concerned."

The Israelis said "the aim of the operation had been to disrupt terrorist activities against Israel and to prevent arms from being transported to Hezbollah from Iran and Syria." Any such resupply effort would itself violate the Security Council cease-fire resolution.

The raid took place overnight under the cover of sonic booms from Israeli jets flying overhead, which occur often over Lebanon. But this time they masked the sound of helicopters bringing in the commando unit and two Humvee vehicles. Villagers said the soldiers were dressed in Lebanese Army uniforms.

The success of the effort was a matter of dispute. One Israeli special operations officer was killed and two commandos were wounded, one seriously, but an Israeli Army spokesman in Jerusalem said the "objectives had been attained in full."

Villagers said otherwise. "They failed completely," said Sadiq Hamdi, 36, a scrap-iron dealer. "They were still on the road when the Hezbollah came upon them. They did not take 1 percent of what they were trying to do."

The Israeli Army said it would continue such raids until "proper monitoring bodies are established on the Lebanese borders," another task for the United Nations forces in Lebanon. On Friday, a top Israeli commander warned that Israel would halt any resupply efforts and vowed to kill the Hezbollah leader, Sheik Hassan Nasrallah. [Page 6.]

Lebanon's defense minister, Elias Murr, said that if Israel carried out any more raids, he would ask the cabinet to halt the Lebanese Army's deployment in the south. That deployment — now being bolstered by United Nations peacekeeping forces — is the cornerstone of the cease-fire, and ending it could end the delicate truce between Israel and Hezbollah that has held since Monday.

Suleiman Chamas, 38, the mayor of this village about 10 miles west of Baalbek, gave the following account.

The disguised commandos landed in the eastern foothills of the Mount Lebanon range, loaded into Humvees and drove east on a road called Ayoun Semman, where they encountered a roadblock guarded by local Hezbollah fighters.

The commandos shouted in Arabic, "Peace be with you, we're one of yours," and tried to pass the roadblock without stopping. The guerrillas started shooting and chased them. The commandos turned onto a dirt road, and a gun battle broke out, drawing more villagers.

"The whole village came down, both those who could shoot and those who cannot," Mayor Chamas said.

Fighter jets and helicopters fired rockets and, within about 40 minutes, evacuated the commandos, he said. Left behind were two fresh craters in the rich red Bekaa Valley soil, signs of casualties — large bloodstains, syringes and surgical masks — and what the villagers said was some kind of device to guide the helicopters. Villagers reported no casualties on the Lebanese side.

Yahya Ali, 30, wearing a red shirt and carrying an AK-47 assault rifle, was one of a number of villagers who said the Israeli commandos had been dressed like Lebanese soldiers.

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He said they had been wearing the mostly green woodland camouflage uniforms that are standard issue for the Lebanese Army, along with olive-green flak jackets and green helmets, also standard issue. Israeli soldiers wear a solid brownish uniform with brown body armor and helmets.

Mr. Ali said he could see the uniform clearly because in the rescue the helicopters and Humvees had bright lights turned on.

The boldness of the raid during the truce suggested the Israelis might have had some major objective in mind, perhaps the rescue of their two captured comrades or the capture of a major Hezbollah figure. Boudai is the home village of Sheik Muhammad Yazbeck, a senior Hezbollah leader and member of the group's Shura Council. The Israeli Army later said it had not captured him and denied his capture was the objective, The Associated Press reported.

The village was the scene of a funeral Friday for a Hezbollah guerrilla, Mahmoud Ahmed Asef, who had died fighting in Bint Jbail. Such funerals sometimes draw leaders.

In Israel, the Foreign Ministry spokesman, Mark Regev, said, "If the Syrians and the Iranians continue to arm Hezbollah in violation of the resolution, Israel is entitled to act to defend the principle of the arms embargo."

But in a statement on the United Nations Web site, Mr. Annan's spokesman, Stephane Dujarric, said the secretary general considered the raid a violation of the resolution and it followed "several air violations." Such violations, he said, "endanger the fragile calm."

Hours before the raid, Mr. Annan appealed to Europe in particular to supply troops for the newly expanded United Nations force, which is supposed to grow to 15,000 from about 1,990 and help the Lebanese Army patrol southern Lebanon.

The appeal, the raid and the alleged renewal of arms supplies also underscore the tenuous condition of the cease-fire, which seemed to conclude a 34-day war between Israel and Hezbollah with an international commitment to exclude the Hezbollah militia from Lebanon south of the Litani River and to disarm it.

Israel Strikes Deep In Lebanon (WP)

By Edward Cody

The Washington Post, August 20, 2006

Premier, U.N. Chief Condemn Attack as Violation of Truce

BEIRUT, Aug. 19 -- Helicopter-borne Israeli commandos raided a Hezbollah stronghold in the Bekaa Valley early Saturday, setting off a fierce gun battle. Lebanon called the attack a "flagrant violation" of a fragile six-day-old cease-fire and threatened to halt troop deployments in protest.

Hezbollah, which battled the Israeli military for 33 days until the truce took hold Monday, said its fighters encountered the Israeli commandos in a field near the town of Boudai, about 20 miles from the Syrian border.

The Israeli military, confirming the raid, said its commandos carried out the operation to interdict shipments of weapons and munitions to Hezbollah from Syria and Iran. The military said one Israeli officer was killed and two soldiers were wounded, one seriously.

Lebanese Prime Minister Fouad Siniora told reporters in Beirut that the attack was a "flagrant violation" of the U.N. cease-fire and that he planned to lodge a complaint with U.N. Secretary General Kofi Annan.

Later Saturday, Annan said that he agreed the raid violated the cease-fire agreement and that he was "deeply concerned."

Hezbollah issued no immediate reaction. But many Lebanese worried that the militant Shiite Muslim movement would retaliate, risking a chain of cease-fire violations that could rekindle the devastating war that drove nearly a fourth of Lebanon's inhabitants from their homes and inflicted an estimated $3.6 billion in damage to bridges, roads and other infrastructure.

In accepting the cease-fire, the Hezbollah leader, Hasan Nasrallah, warned that his militia reserved the right to attack Israelis as long as they remain on Lebanese soil. At the same time, the Israeli military declared that it reserved the right to respond to attacks and prevent weapons shipments to Hezbollah guerrillas in the southern border hills until an international force was in place.

In practice, however, Hezbollah has held its fire even though an unknown number of Israeli troops remain in observation posts scattered across the rocky Lebanese hills just north of the border. Until Saturday, Israel also had refrained from attacks of

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any size on Hezbollah fighters in the border area or on other Hezbollah installations farther north. The restraint by both sides had led to optimism in Beirut that the truce would hold and that rebuilding could begin -- optimism that suddenly came under doubt.

The Israeli Foreign Ministry spokesman, Mark Regev, said the raid was not a violation of the cease-fire because it was in response to a violation by Hezbollah. "If the other side violates the cease-fire, then we are entitled to act," Regev said.

"Had the Lebanese forces, augmented by international troops, been on the border crossing points with Syria the way they should have been, then our attack would have been superfluous," he added. "Hopefully, those international troops will be there soon and then there will be no need for these kinds of actions. In the interim, we cannot have an open border with arms coming from Syria to rearm Hezbollah. The violation of the cease-fire is the arms transfer from Syria to Lebanon."

The Lebanese military, which stood aside during the war, has begun deploying along the border with Syria in northern and eastern Lebanon, in addition to its deployment over the last three days in villages along the southern border with Israel. But the frontier with Syria remains far from secured, officials acknowledged, and Israel is unlikely to relax its vigilance against Hezbollah arms deliveries.

The Lebanese defense minister, Elias Murr, said Lebanon would stop moving troops into the southern part of the country if the United Nations did not intervene, the Associated Press reported.

"We have put the matter forward in a serious manner and the U.N. delegation was understanding of the seriousness of the situation," Murr said. "We are awaiting an answer."

Israeli officials have said they are counting on the arrival of an international peacekeeping force to guarantee that the arms shipments stop. About 50 French military engineers arrived in southern Lebanon as a vanguard of the European and other soldiers who, under the U.N. resolution, will be assigned to reinforce the 2,000-member United Nations Interim Force in Lebanon.

But France and other European nations have expressed reluctance to commit troops to the operation until its U.N. mandate is clearly laid out. France, which was expected to provide several thousand troops, has limited its new contribution to 200. As a result, negotiations on assembling, transporting and tasking the additional peacekeepers could drag out in the days ahead, increasing the risk of cease-fire violations.

Boudai, which lies in the foothills of the Mount Lebanon chain about 10 miles northwest of Baalbek, has long been known as a Hezbollah stronghold. Local officials speculated that a senior Hezbollah leader, Sheik Mohammed Yazbek, may have been the commandos' target. Other Lebanese suggested that the raid may have been an attempt to recover two Israeli soldiers whose seizure by Hezbollah commandos on July 12 precipitated the war.

The Israeli military, however, specified that preventing the transport of weapons was its objective. "The goals were achieved in full," it added in a statement.

Lebanese residents and security officials reported that Israeli planes were heard in the Bekaa Valley through the night, prompting fears of a raid. When they landed around 5 a.m., the Israeli special troops drove toward Boudai in two vehicles transported into Lebanon by helicopters, they said. When challenged, the Israelis identified themselves as Lebanese army troops, but the ploy failed and Hezbollah fighters opened fire, they added.

Hezbollah fighters found bloody bandages and syringes on the ground after the battle, leading them to conclude that the Israelis suffered casualties, according to Foreign Minister Fawzi Salloukh, a Hezbollah ally. Hezbollah's al-Manar television reported a number of Israeli casualties but did not say whether they were killed or wounded.

Correspondent Doug Struck in Jerusalem contributed to this report.

Annan: Israeli Raid Violates Cease-fire (AP)

By Sam F. Ghattas, Associated Press Writer

AP, August 20, 2006

Israeli commandos raided a Hezbollah stronghold deep in Lebanon on Saturday, engaging in a fierce gunbattle, and the Lebanese government threatened to halt further troop deployments to protest what U.N. officials called a violation of the 6-day-old cease-fire.

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Israel said the raid was launched to stop arms smuggling from Iran and Syria to the militant Shiite fighters. An Israeli officer was killed during the raid, and two soldiers were wounded, one seriously.

There were no signs of further clashes, but the flare-up underlined worries about the fragility of the cease-fire as the U.N. pleaded for nations to send troops to an international force in southern Lebanon that is to separate Israeli and Hezbollah fighters.

The office of Secretary-General Kofi Annan issued a statement later Saturday labeling the operation a violation of the U.N. truce.

A contingent of 49 French soldiers landed in the south Saturday, providing the first reinforcements for the 2,000-strong U.N. peacekeeping mission known as UNIFIL that has been stationed in the region for years. About 200 more were expected next week.

They were the first additions to what is intended to grow into a 15,000-soldier U.N. force to police the truce with an equal number of Lebanese soldiers. France leads UNIFIL and already had 200 soldiers in Lebanon before the reinforcements.

But with Europe moving slowly to provide more troops, Israel warned it would continue to act on its own to enforce an arms embargo on the Lebanese guerrilla group until the Lebanese army and an expanded U.N. peacekeeping force are in place.

"If the Syrians and Iran continue to arm Hezbollah in violation of the resolution, Israel is entitled to act to defend the principle of the arms embargo," Israeli Foreign Ministry spokesman Mark Regev said. "Once the Lebanese army and the international forces are active ... then such Israeli activity will become superfluous."

Defense Minister Elias Murr met with U.N. envoy Terje Roed-Larsen and threatened to halt the movement of Lebanese troops into the former war zone in the south if the United Nations did not intervene against Israel. That could deeply damage efforts to deploy a strong U.N. peacekeeping force.

"We have put the matter forward in a serious manner and the U.N. delegation was understanding of the seriousness of the situation," Murr told reporters. "We are awaiting an answer."

Israeli Prime Minister Ehud Olmert defended the raid during a phone conversation with U.N. Secretary-General Kofi Annan, saying it was "intended to prevent the re-supply of new weapons and ammunition for Hezbollah," officials said, speaking on condition of anonymity because they weren't authorized to speak publicly on the issue.

The Israeli leader pointed to the importance of the supervision of the Syrian-Lebanese border as well, they said.

The Israeli military also said the raid was launched "to prevent and interfere with terror activity against Israel, especially the smuggling of arms from Iran and Syria to Hezbollah."

The Foreign Ministry spokesman rejected the characterization of the raid as a truce violation, saying the Lebanese army and U.N. peacekeepers must take control of Lebanon's border with Syria to ensure arms don't reach Hezbollah.

"But in the interim, of course, we can't have a situation where endless amounts of weaponry arrive for Hezbollah, so we are forced to act in response to this violation," he said, warning that further incursions could occur.

A statement issued by Annan's spokesman later Saturday said that the U.N. chief spoke with both Lebanese Prime Minister Fuad Saniora and Olmert about the fighting. "The secretary-general is deeply concerned about a violation by the Israeli side of the cessation of hostilities," it said.

"All such violations of Security Council Resolution 1701 endanger the fragile calm that was reached after much negotiation," said the statement, issued by spokesman Stephane Dujarric.

The White House declined to criticize the raid, noting that Israel said it acted in reaction to arms smuggling into Lebanon and that the U.N. resolution calls for the prevention of resupplying Hezbollah with weapons.

"The incident underscores the importance of quickly deploying the enhanced UNIFIL," White House spokeswoman Jeanie Mamo said.

Roed-Larsen said earlier the Lebanese army has deployed more than 1,500 soldiers in three sectors of the south where Israeli forces have left, and the 2,000 peacekeepers of UNIFIL have set up checkpoints and started patrolling the areas.

The broad outlines of the U.N. cease-fire plan call on Hezbollah to halt all attacks and for Israel to stop offensive operations. It gives Israel the right to respond if attacked, but the commandos were flown in by helicopter and the raid took place far from Israeli troops in southern Lebanon.

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Israel did not identify the officer killed in the raid. Hezbollah issued a terse statement saying guerrillas "ambushed" the commando force and suffered no casualties. Lebanese security officials said three guerrillas were killed and three wounded.

The security officials said the commandos flew in by helicopter to a hill outside the village of Boudai west of Baalbek in eastern Lebanon, about 17 miles from the Syrian border. Witnesses said Israeli missiles destroyed a bridge during the fighting.

The officials, who spoke on condition of anonymity because they were not authorized to release information to the media, said the Israelis apparently were seeking a guerrilla target in a nearby school but they had no other details.

Lebanese media speculated that Sheik Mohammed Yazbeck, a senior Hezbollah official in the Bekaa Valley and a member of the group's executive council, may have been the target. Yazbeck is a native of Boudai.

The Israeli army denied it had captured any Hezbollah fighter, and said it had not been the raid's objective.

Overflights by Israeli jet fighters drowned out the clatter of helicopters that flew the commandos into the foothills of the central Lebanese mountains, local Hezbollah officials said.

Using two vehicles also delivered by helicopter, the commandos drove into Boudai and were intercepted by Hezbollah fighters in a field, the officials said. They said the Israelis identified themselves as Lebanese soldiers, but the guerrillas grew suspicious and gunfire erupted.

Israeli helicopters fired missiles as the commandos withdrew and flew them out of the area an hour later, the Hezbollah officials said.

Witnesses reported seeing bandages and syringes at the landing site outside Boudai. The bridge that witnesses said was destroyed was about 500 yards from the landing site.

The area in the eastern Bekaa Valley, 60 miles north of the Israeli border, is a major guerrilla stronghold. Baalbek is the birthplace of Hezbollah, a militant Islamic movement that is supported by Iran and Syria.

Hezbollah, meanwhile, buried 55 fighters Friday and Saturday in Haris, Majdel Silim, Bint Jbail, Deir Qanoun and south Beirut, security officials said. Israel claims it killed hundreds of guerrillas during the war. Hezbollah reported 68 deaths.

U.N. Deputy Secretary-General Mark Malloch Brown said more countries needed to join the peacekeeping force. The U.N. wants to have 3,500 soldiers on the ground by Aug. 28 to help police the truce that took effect Monday and ended 34 days of brutal warfare.

Bangladesh, Indonesia, Italy, France and Finland have promised troops. In an effort to encourage more countries to sign on, Annan said the peacekeeping force would not "wage war" on Israel, Lebanon or Hezbollah militants, addressing a key concern of many countries.

The U.N. and Lebanon's government have said Hezbollah will not be allowed to bring weapons out in public, but have declined to commit to trying to disarm the guerrillas, as called for in a September 2004 U.N. resolution.

Israel Warns It Will Enforce Arms Ban (AP)

By Josef Federman, Associated Press Writer

AP, August 20, 2006

Israel warned that Saturday's raid against Hezbollah in Lebanon, its first since a cease-fire went into effect six days ago, may not be its last.

With Europe moving slowly to provide troops, the Israeli government said it would act on its own to enforce an arms embargo on the Islamic militant group until the international monitoring force is in place.

Israeli commandos struck near the Hezbollah stronghold of Baalbek, deep inside Lebanon and far from the Israeli border on Saturday, in a mission the army said was aimed at halting arms shipments from Iran and Syria.

Lebanon's Prime Minister Fuad Saniora accused Israel of violating the cease-fire and said he would take up the issue with the United Nations. But Israeli officials rejected the criticism, saying the operation was in line with the truce's ban on the sales and supplies of arms to Hezbollah.

U.N. envoy Terje Roed-Larsen, who was visiting the region, said if the report about the Israeli commando raid was true, the incident would be "a clear violation" of the cease-fire agreement.

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"And it is also unhelpful in a very complex and very fragile situation," he said in an interview with the Lebanese Broadcasting Corp.

But Israeli Foreign Ministry spokesman Mark Regev said such incursions may continue until the Lebanese army and an expanded U.N. peacekeeping force laid out in the truce is in control of the Syrian border to enforce the arms ban.

"In the interim, of course, we can't have a situation where endless amounts of weaponry arrive for Hezbollah, so we are forced to act in response to this violation," he said. "Had there been that presence there already, the Israeli operation would have been superfluous."

In a boost for Israel, the U.S. declined to criticize the Israeli campaign, noting the U.N. resolution's arms ban on Hezbollah.

"The incident underscores the importance of quickly deploying the enhanced UNIFIL," White House spokeswoman Jeanie Mamo said, referring to the U.N. monitoring force.

The U.N. cease-fire resolution that paved the way for the cease-fire to take effect on Monday authorized up to 15,000 U.N. peacekeepers to help an equal number of Lebanese troops extend their authority to south Lebanon, which has been controlled by Hezbollah. The United Nations wants 3,500 troops on the ground by Aug. 28, and the entire force in place in three months.

But European nations, expected to lead the multinational force, have been hesitant about committing troops, apparently because of questions about whether the force will be called on to disarm Hezbollah fighters. The Lebanese government already has said it does not plan on disarming the guerrilla group.

France, which commands UNIFIL's current 2,000-strong force, had been expected to make a significant new contribution that would form the backbone of the expanded force.

But French President Jacques Chirac disappointed the United Nations and others by announcing Thursday that France would add just 200 combat engineers to its current 200-member contingent in Lebanon. Nearly 50 French troops landed in Lebanon on Saturday, the first reinforcements.

Other European nations have offered even less. Only Italy and Finland have promised troops, but Italy has not committed to specific numbers and Finland's 250-member contingent will arrive only in November. Spain and Bulgaria are considering sending troops, while Austria, the Czech Republic and Switzerland have made no offer at all.

At a meeting this week of 49 potential contributing nations, the only countries to offer mechanized infantry battalions, which will be the front line of the expanded force, were three Muslim countries that do not have diplomatic relations with Israel — Bangladesh, Indonesia and Malaysia — and Nepal, which is predominantly Hindu.

Many countries said they wanted to study the operational plans for the force and the rules of engagement before making any decisions. They include several European countries, U.N. diplomats said.

U.N. Deputy Secretary-General Mark Malloch Brown stressed that more European nations would be needed to balance commitments from Muslim countries so that Israel and Lebanon will view the troops as legitimate.

Cristina Gallach, a spokeswoman for European Union foreign policy chief Javier Solana, dismissed the idea that the failure of European nations to send troops could have triggered the Israeli raid.

"Nobody expected the deployment to be this week anyway," she said in a telephone interview. She noted that although the United Nations is working very hard to find units for UNIFIL, most candidate countries had to get parliamentary approval for their troops to be sent overseas.

"It's therefore logical that they want to know the details of the mandate, the rules of engagement, and how the military can apply these," Gallach said.

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Associated Press writer Slobodan Lekic in Brussels, Belgium, contributed to this report.

Israeli Raid Aims To Cut Off Arms Resupply (WT)

By Joshua Mitnick, The Washington Times

The Washington Times, August 20, 2006

TEL AVIV -- In a buckling of a U.N.-brokered Middle East cease-fire, a team of Israeli commandos yesterday carried out a raid deep inside Lebanon aimed at sabotaging weapons shipments from reaching the Iranian-backed Hezbollah militia.

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One Israeli commando was killed and another was wounded seriously in the gunbattle with Hezbollah guerrillas in the Bekaa Valley stronghold of the militia group, close to the Syrian border. Hezbollah also reportedly suffered casualties in the fighting.

Lebanon threatened to halt deployment of its soldiers in the south of the country, and Prime Minister Fuad Siniora denounced Israel's operation as a "flagrant violation" of the cease-fire.

U.N. Secretary-General Kofi Annan discussed the operation by phone with Israeli Prime Minister Ehud Olmert, and later called it a "violation by the Israeli side of the cessation of hostilities as laid out in Security Council Resolution 1701."

U.N. Middle East envoy Terje Roed-Larsen said in Beirut that reports on the Israeli strike indicated it constituted a violation of the U.N. Security Council resolution that established a truce early last week after more than a month of fighting.

Israel said the raid did not violate the cease-fire, and Washington appeared to agree with that claim.

An Israeli army spokesman said the goal of the operation was achieved in full, and that the military would continue to prevent Hezbollah from getting weapons shipments from Iran and Syria.

The operation exposed the first major dispute over implementation of Resolution 1701, which helped end fighting in Lebanon earlier last week.

Concerned that the cease-fire will enable Hezbollah to rearm, Israel is demanding that the Lebanese army and international peacekeepers enforce the arms embargo against the militia called for by the cease-fire resolution.

Israeli security officials said the commandos flew in by helicopter to a hill outside the village of Boudai west of Baalbek in eastern Lebanon, about 17 miles from the Syrian border. Witnesses said Israeli missiles destroyed a bridge during the fighting.

Officials told the Associated Press the Israelis apparently were seeking a guerrilla target in a nearby school. Lebanese media speculated that Sheik Mohammed Yazbeck, a senior Hezbollah official in the Bekaa Valley and a member of the group's executive council, may have been the target.

The area in the eastern Bekaa Valley, 60 miles north of the Israeli border, is a major guerrilla stronghold. Baalbek is the birthplace of Hezbollah.

Footage of the aftermath of the battle showed army documents and bloodstains left behind by the Israeli soldiers.

The Israeli army spokesman declined to comment on reports that the commando unit captured two Hezbollah operatives. The commandos reportedly had finished their mission and were on their way back to the helicopters when they encountered Hezbollah gunmen.

Israeli Foreign Ministry spokesman Mark Regev said the commando raid was a response to an infraction of the cease-fire, which calls for a weapons embargo against Hezbollah.

"Israel will not tolerate Hezbollah exploiting the cease-fire to rearm, and to re-equip with strategic weapons from Iran and Syria. Then we're back to square one," Mr. Regev said.

"The international community is very quick to speak out on Lebanon and to pass resolutions, but what we need is concrete steps. We could see 1701 go the way of other resolutions on Lebanon, which promised much, but in the end failed to deliver," he said.

Mr. Olmert told Mr. Annan the raid was "intended to prevent the resupply of new weapons and ammunition for Hezbollah," the AP reported, quoting unidentified officials.

In Washington, the White House declined to criticize the raid, noting that Israel said it acted in reaction to arms smuggling into Lebanon and that the U.N. resolution calls for the prevention of resupplying Hezbollah with weapons.

"The incident underscores the importance of quickly deploying" an international force in Lebanon, the AP quoted White House spokeswoman Jeanie Mamo as saying.

The multinational force charged with overseeing the cease-fire is coming together more slowly than expected, and in the meantime, Israel said it will enforce the embargo by itself. That could further destabilize the weeklong calm.

Lebanese Defense Minister Elias Murr, who met with Mr. Roed-Larsen, warned that if the U.N. Security Council doesn't address the purported Israeli violations of the agreement, he will freeze the deployment of thousands of Lebanese soldiers in the south of the country.

But the threat did not stop Lebanese soldiers from reaching bases in the south for the first time in decades.

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Yesterday, an advance force of 49 French peacekeepers arrived in southern Lebanon. About 200 more are expected this week. The new force will provide reinforcements for the 2,000-strong U.N. peacekeeping mission known as UNIFIL, which has been stationed in the region for years.

They were the first additions to what is intended to grow into a 15,000-soldier U.N. force to police the truce with an equal number of Lebanese troops. France leads UNIFIL -- the United Nations Interim Force in Lebanon -- and already had 200 soldiers in Lebanon before the reinforcements.

Mr. Roed-Larsen said the Lebanese army has deployed more than 1,500 soldiers in three sectors of the south where Israeli forces have left, and the 2,000 peacekeepers of UNIFIL have set up checkpoints and started patrolling the areas.

Israeli Incursion Strains Truce With Hezbollah (LAT)

By Bruce Wallace, Times Staff Writer

The Los Angeles Times, August 20, 2006

The military says it was trying to intercept arms, but observers suspect it wanted to rescue soldiers or abduct a guerrilla for a swap.

BOUDAI, Lebanon — Israeli commandos dropped deep into Lebanon on Saturday, clashing with Hezbollah fighters in a raid here that left one Israeli soldier dead and put the first serious strain on the region's 6-day-old cease-fire.

Israel and Lebanon swiftly accused each other of breaking the U.N. Security Council resolution that established the conditions for ending more than a month of cross-border bombing and rocket attacks that left hundreds of people dead.

Lebanese Prime Minister Fouad Siniora called the raid a "naked violation" of the resolution and said he would complain to U.N. Secretary-General Kofi Annan, who issued a statement later Saturday saying that he was "deeply concerned about a violation by the Israeli side of the cessation of hostilities."

The Israeli military said its special forces were trying to disrupt Hezbollah arms supply routes from Syria, contending that the Lebanese army was failing to prevent the militia from replenishing its weapons stockpiles.

"There was an attempt to bring in weaponry from Syria to Lebanon," Israeli Foreign Ministry spokesman Mark Regev said. "The resolution calls for there to be Lebanese soldiers and international force there on the border crossings to prevent this from happening. Unfortunately, they're not there at the moment. In the interim period, we can't have a situation where Hezbollah is smuggling weapons and is rearming and regrouping."

But Israel produced no evidence of intercepted weapons. And the depth of the Israeli raid — 60 miles inside Lebanon — led to widespread speculation that the commandos might have been on a mission to rescue two Israeli soldiers seized by Hezbollah. Their capture in July was the spark for ferocious fighting between Israel and Hezbollah.

Saturday's firefight occurred in fields outside Boudai, a town just west of the historic city of Baalbek and an area deeply loyal to Hezbollah.

Witnesses said Israeli helicopters landed on a hill amid tobacco fields about 3 a.m. after conducting several mock air raids, presumably as a diversionary tactic.

The Israeli soldiers, who appeared to be dressed in Lebanese military uniforms, drove two vehicles across the fields, but apparently were spotted by Hezbollah fighters who may have been using with night-vision equipment, residents said.

Local Hezbollah fighters said they grew suspicious of what appeared to be a Lebanese patrol, and set up a roadblock, where they confronted the Israelis. The fight, they said, lasted about an hour, before the Israelis fled across the fields and were rescued.

"We celebrated last night," said Ali Shamas, 16, as he worked in a tobacco field today, within sight of the Israeli landing.

The Israeli military acknowledged that one of its officers was killed and two others were wounded, one seriously. The military said that Israeli jets had to provide cover in order to extricate the soldiers and that at one point the planes dropped bombs to knock out a bridge to prevent more Hezbollah fighters from joining the battle.

Hezbollah officials said none of its fighters were killed or wounded.

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"They dropped here and we sent them away," said spokesman Hussein Naboulsi, who said the militant Shiite Muslim organization had not been surprised by the raid. "The world should not be so naive. Israel violates all agreements, all U.N. resolutions, all understandings."

The cease-fire agreement calls on Hezbollah to stop its attacks and Israel to halt "all offensive military operations."

It also requires the Lebanese government to secure its borders to prevent any unauthorized weapons from entering the country. That task has fallen to a force of Lebanese soldiers that is to number 15,000. The soldiers are also supposed to be backed by a more robust force of U.N. peacekeepers, but the United Nations is having trouble finding countries willing to put soldiers in the region.

The Lebanese military began deploying its soldiers to towns south of the Litani River on Thursday. Their presence remains light in a region where the U.N. says 400,000 people have returned to shattered homes and villages littered with an estimated 13,000 pieces of unexploded ordnance. But the army is gradually extending its reach. On Saturday, Lebanese soldiers were seen driving jeeps through border towns such as Kfar Kila, where Israeli subdivisions and tanks were within sight.

Still, the Israeli army said it would continue cross-border raids until "proper monitoring bodies are established on the Lebanese borders." It gave few details of Saturday's raid, although it said the goals of the operation were "achieved in full."

In addition to the speculation that the raid might have been a rescue operation, others contended that Israel might have been trying to seize a high-ranking Hezbollah guerrilla or cleric to be used in a prisoner swap. They noted that Boudai is the hometown of Sheik Mohammed Yazbek, a senior Hezbollah official in the Bekaa Valley.

"They were trying a kidnapping," said Hussein Hajj Hassan, a Hezbollah member of the Lebanese parliament from Baalbek. "People are very angry and upset."

At least one independent analyst expressed skepticism of Israel's claim that the raid was intended to intercept arms supplies. Arthur Hughes, former director-general of the Egypt-Israel Multinational Force and Observers, said the operation was so risky — both for the Israeli soldiers and the country's international standing — that he found the government's official explanation implausible.

"I would guess there was something of high value they were trying to accomplish," Hughes said, suggesting that a rescue mission for the captive Israeli soldiers was more likely.

"None of the objectives stated by the government have been achieved," Hughes said. "They are under a lot of domestic pressure and they have a long tradition of not leaving anybody behind."

He said a commando operation to interdict arms would probably be considered a violation of the cease-fire, but a rescue attempt "is a little bit more of a gray area."

Hezbollah leader Sheik Hassan Nasrallah has vowed to meet any Israeli attacks with force. Naboulsi said he was unaware of what Nasrallah would order. But he suggested an immediate counterstrike was unlikely.

"Not right now," he said, noting that Hezbollah was happy to see Israel going through a wrenching internal postmortem over "their failed attack on Lebanon."

But the Israeli raid provoked anger in the Lebanese government, which is struggling to assert its nationalist credentials to counter Hezbollah's emergence as a dynamic force for dealing what is seen here as a sharp blow to Israeli military pride.

Lebanese Defense Minister Elias Murr told reporters in Beirut that he would consider halting the Lebanese army's deployment into the south if the U.N. did not press Israel over the raid.

Times staff writers Borzou Daragahi in Kfar Kila, Henry Chu in Jerusalem and Maura Reynolds in Washington contributed to this report.

Israeli `war Tourists' Sightsee, As Commandos Strike In Lebanon (MCT)

By Carol Rosenberg

McClatchy Newspapers, August 20, 2006

METULLA, Israel - It's the first Jewish Sabbath of the cease-fire in Israel's war with Hezbollah, and what's a secular Israeli to do? Go sightseeing.

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For hours Saturday, motorists, motorcycles and mini vans filled with Israelis snaked through this hilltop Lebanese border town, weaving around army jeeps and armor, surveying the war damage wrought by the Shiite Muslim militia's 3,700-plus Hezbollah rockets.

They snapped souvenir photos or made home videos. They picnicked on scenic sites overlooking Lebanese villages. Some popped into cafes in the first real burst of business since the war left Metulla a virtual ghost town.

The month-long katyusha rocket volley sent Israel's northern citizens into underground shelters or south to friends' and family's sofas, Mediterranean seaside tent camps and hotels left barren by the cancellations of tourism and pilgrimages.

Now, the exodus has ended. And like coastal residents surveying hard-hit neighborhoods after a hurricane, Israelis from south of the strike zone have been cruising the border to see scorched fields and rocket-pocked roads and buildings, before the insurers inspect and contractors clean up the damage.

"It's solidarity. I came to take pictures, to smell it," said Lior Hamami, 50, from Eilat, Israel's southernmost tip, who for six hours cruised the length of the country on the back of her husband Yehiel's Harley Davidson motorcycle to "see all what's happened in the north."

The Hamami's impromptu itinerary seemed to trace the greatest hits of a month of news bulletins: They went to Haifa, to see where long-range missiles crashed near the beach, further south than ever before for a rocket from Lebanon; breakfasted in Nahariya, at a restaurant near where news crews were rattled, live on television, by a near-miss incoming rocket; stopped at a friend's house in Ma'alot to see the remnants of a Hezbollah rocket in their garden; then on to Metulla, Kiryat Shemona and a grim salute to 12 Israeli soldiers who were killed napping near a cemetery at Kibbutz Kfar Giladi.

As they did, the news broke from Lebanon that helicopter-borne Israeli commandos had swept 60 miles north of the border overnight, striking what Israel said was an Iranian-Syrian re-supply route of arms for fighters loyal to the Hezbollah Party of God's leader Sheik Hassan Nasrallah. An Israeli officer was killed and two others were wounded, as well as an undisclosed number of Hezbollah gunmen.

Lebanese Prime Minister Fouad Siniora labeled the raid a "naked violation" of a United Nations truce, just days after Lebanese Army troops moved into south ostensibly to separate the two sides until the U.N. assembles a 15,000-strong foreign force to stand between Israel and Hezbollah.

Throughout the day, Israelis on tour were dissecting the monthlong war, which ended in a draw, not the decisive victory it claimed in earlier more fabled campaigns. "We talked to the people," explained Hamami. "What will be with Nasrallah? Will there be another war? Will it be in a long time?"

Israel radio reported that the "war tourists" increased Galilee hotel and guesthouse occupancy to 30 percent from virtually zero before the weekend, when scattered reserve soldiers and foreign journalists decamped for the Sabbath because the cease-fire seemed to hold.

Older Israelis remarked that the bumper-to-bumper destruction voyeurism was as old as the nation - a country so small you can day-trip to its furthest reaches. After 1967 Arab-Israeli War, some went south to see Egypt's Sinai Peninsula, others went north to see Syria's Golan Heights, which was seized in a lightning six days, setting expectations that were dashed in this recent month-long offensive.

And everyone, it seemed, went on victorious pilgrimages to Jerusalem to see the Old City, seized from Jordan.

The mood was more bittersweet this weekend as Israelis gawked not at newly conquered territory but old Israel, where volleys of Katyusha rockets set kibbutz date fields ablaze and damaged hundreds of buildings in Kiryat Shemona. The mood turned brooding as the tourists streamed through the military cemetery at Kibbutz Kfar Giladi, near the spot where a katyusha rocket Aug. 6 triggered a huge explosion inside three cars where 12 reserve soldiers were snoozing ahead of deployment into Lebanon.

"Mom, what are we doing here? I'm bored," wailed a two-foot-tall boy, Gil, just after lunchtime.

"Let's just take a look," replied the mother, pointing to a scorched patch of earth. "See where the katyusha burned?"

Just up the way, Israelis with cell phone cameras crowded around a pile of twisted charred metal and spent rocket fragments that had been turned into a shrine of sorts-a car bumper here, shards there, 12 assault rifle muzzles sticking out of the site where the reservists died.

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By Saturday, the visitors had left traditional Jewish memorial candles, bunches of flowers and handwritten notes. "Israel will live," said one on notepaper in Hebrew.

The child turned stern, squatted by the wreck, touched the tip of a rifle muzzle, then headed back to the car with his mother.

Israel Committed To Block Arms And Kill Nasrallah (NYT)

By Steven Erlanger

The New York Times, August 20, 2006

JERUSALEM, Aug. 19 — Despite a cease-fire agreement, Israel intends to do its best to keep Iran and Syria from rearming Hezbollah and to kill the militia's leader, Sheik Hassan Nasrallah, says a senior Israeli commander.

International commitments to exclude the Hezbollah militia from southern Lebanon and to disarm it already seem hollow, said the commander, who had a well-placed view of the war and its planning and has extensive experience in Lebanon.

The officer would only speak on the condition of anonymity in an interview on Friday. But, speaking one day before commandos carried out a raid that Israeli officials said was to disrupt arms shipments for Hezbollah from Syria and Iran, he was explicit that Israel would continue to seek out and block any such attempts. He also emphasized that, despite criticism from the Israeli public and even troops of the performance of the Army and government, he considered the threat and the fighting ability of Hezbollah to have been severely diminished.

Furthermore, he made it clear that Sheik Nasrallah remained a target as the leader of a group that Israel and the United States have labeled terrorist. "There's only one solution for him," he said. At another point, he said simply, "This man must die."

Mr. Nasrallah is regarded as a hero in much of the Muslim world. The pro-Syrian president of Lebanon, Émile Lahoud, praised him and Hezbollah this week for what he called their victory over Israel.

Israel and the United States, however, view Hezbollah as a tool of non-Arab Iran, which created it, and of Syria, which supports and helps to supply it, rather than being loyal to Lebanon and its multireligious government.

Israel, the officer said, views Hezbollah as "Iran's western front'' and, regardless of how poorly the new United Nations forces may perform, he argued, Israel will benefit from new international support for the extension of Lebanese sovereignty to the Israeli border, made most visible in the deployment of the Lebanese Army.

"I don't care about the capability of the Lebanese Army," he said. "What is more important, and here I'm not speaking for the Israeli government, is the understanding that the Lebanese government took control of southern Lebanon. Now we can deal with them as a country and a government, and speak and compromise. This is the huge change this operation created."

Hezbollah, he said, is no longer just Israel's problem, and "the world understands that we are helping to stop the influence of Iran," at least in the longer term.

The army was planning on 15 days of air war before any ground forces were considered, he said. "We didn't want to do any ground assault and thought we could create the conditions for a cease-fire without a major ground assault."

But the army miscalculated, and Hezbollah did not break. The air force failed to kill Sheik Nasrallah or to destroy the Hezbollah leadership. The army was also surprised, he said, by the sheer numbers of the advanced antitank missiles Hezbollah possessed, including Russian Metis-M and Kornet missiles that were sold to Syria and passed on to Hezbollah, he said, and which caused most of Israel's military casualties.

The United Nations was also "too soft and too late" in negotiating a cease-fire, and Israel then felt it had to act to stop the short-range Katyusha rockets that the army and the government knew, he insisted, could not be stopped with air power alone. "We tried to postpone it until we had no other choice," the officer said.

The army asked the government for a five-day ground operation to reach the Litani River and was ready on Monday, Aug. 7, the commander said. "The government asked us to wait because of the negotiations, and we waited Tuesday, Wednesday, Thursday and most of Friday," he said. Only then, when the negotiations at the United Nations were going against Israel, did Prime Minister Ehud Olmert and Defense Minister Amir Peretz order the expanded ground operation, which had only been approved by the cabinet on Aug. 9.

In the end, the army had two days of fighting, not five, before the cease-fire took effect last Monday at 8 a.m.

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Israelis have been extremely critical of Mr. Olmert, Mr. Peretz and, to some degree, the army leadership. Israelis overwhelmingly supported the decision to go to war against Hezbollah after its cross-border raid on July 12, when it captured two Israeli soldiers and killed eight people.

But the war dragged on, the government seemed indecisive and Hezbollah was fighting well. Israelis felt there was too much reliance on air power, the ground war was too long delayed and then too modest, and the cease-fire agreement did not even secure the soldiers' release or guarantee the disarming of Hezbollah.

The lifeline of the three-month-old government appears shortened, and the future of the chief of staff, Lt. Gen. Dan Halutz, is uncertain.

Still, the Israeli Army feels it fought well within the limits set for it, and the commander insisted that the Israelis won every battle with Hezbollah, despite its good training and equipment and the underground tunnels, barracks and command posts it constructed with Iranian help.

"We believe it was important to stop the war with Hezbollah understanding that we can beat them anywhere, any time, and we did that," he said. "I believe it will change the situation for a long time."

Israelis are spoiled by the 1967 and 1973 wars, he said, but there is no decisive victory against terrorism. In Washington, too, he said, "I believe the military and security professionals understand what we did, and they are not disappointed."

The Israeli Army scored two important achievements, he confirmed. First, good intelligence allowed it to knock out up to 80 percent of Hezbollah's medium- and long-range missile launchers in the first two days of the air war, preventing Sheik Nasrallah from firing a longer-range Iranian Zelzal missile on Tel Aviv.

More important, Israel was able to destroy launchers within 45 seconds to a minute after they were used, which no other army in the world can do with regularity, he said. Employing drones, radar, precision weapons and artillery, Israel could track a launching and bomb it.

But it could not do that with the thousands of short-range Katyusha rockets. They are small and easily portable, can be fired from buildings or simple metal tripods or even fired with a simple timer.

There are other tactical lessons, the commander said: more armor plating underneath tanks, better supplies, more money to be spent on reserves and training.

"But in the long run, if we see Hezbollah rearming itself and running southern Lebanon, I believe the next round is coming."

After all, "this is the Middle East," the officer said. "One war ends, and the next one is already at the door."

In the occupied West Bank on Saturday, Israel arrested the Palestinian deputy prime minister, Nasser al-Shaer of Hamas, at his home. Israeli has arrested more than two dozen Hamas cabinet ministers and legislators in the West Bank, including the parliament's speaker, Aziz Dweik, since late June, when Hamas took part in the capture of an Israeli soldier.

Also on Saturday, an Israeli soldier was killed at a checkpoint east of Nablus by an armed Palestinian, who was killed in turn by other soldiers, the Israeli Army said.

Trying To Avoid The Perils Of Peacekeeping (NYT)

By Thom Shanker

The New York Times, August 20, 2006

WASHINGTON, Aug. 19 — As leaders in world capitals this weekend review United Nations planning documents for a peacekeeping force in southern Lebanon, they are weighing whether the stated goals are clear and achievable and whether the rules of engagement will allow them to accomplish the mission and protect their forces.

Diplomats involved in the negotiations acknowledged that efforts to create a peacekeeping force were lagging in part because of the reluctance of governments to introduce troops into a part of the Middle East with deep, unresolved political and religious conflicts.

But they said there were also hurdles beyond that concern, particularly in France, which surprised diplomats by pledging only 200 soldiers to the new force. About 50 French military engineers arrived in Lebanon on Saturday to prepare for their arrival.

Terrorist attacks drove American and French troops from Lebanon once before, in 1983.

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The diplomats, who spoke on condition of anonymity because deliberations over the force were continuing, said that another issue slowing the formation of the peacekeeping mission was the experience of the failed Balkans effort of the 1990's, when European and other foreign troops wearing the blue helmet of the United Nations were shackled by an unwieldy chain of command that split responsibilities between national commanders and United Nations officials in New York.

Further, their exact mission was never made clear in that violent sectarian conflict, resulting in an ineffective and humiliating effort that failed to halt forced expulsions and mass murder and rape.

"We have to learn from the mistakes of the past, and so we do not want to revive two precedents," one French official explained in a telephone interview late Friday.

"First was the U.N. forces in Yugoslavia, where in fact they were completely caught in a war in a passive way. We want to have something a little more aggressive in this regard.

"We also want to avoid what happened in 1983," the official said. "We are definitely willing to keep our support for Lebanon and help the Lebanese regain sovereignty. But we cannot put our soldiers in such a harm's way that it will become a mission impossible."

To persuade governments around the world to offer up troops for Lebanon, the United Nations dispatched two documents — one a "concept of operations" for the Lebanon mission, and the other the "rules of engagement" declaring how forcefully international troops may carry out the mission — in advance of negotiations that are resuming next week over generating forces for the mission. The first 3,500 reinforcements are to be deployed by Sept. 2.

Building a force is about more than just numbers. It is about capabilities: the right kind of troops, and how quickly they can get there with adequate training, equipment and the ability to sustain themselves on the ground.

The documents call for a force including mechanized infantry, reconnaissance and engineering battalions, military police companies and helicopters with night-vision capabilities for observation and search-and-rescue missions, according to diplomats and military experts who have studied the proposals.

Perhaps of most importance, the reinforcements are to support the Lebanese armed forces as they establish an area between the Israeli border and the Litani River that is free of armed personnel and weapons other than those of the government of Lebanon and the United Nations.

The area is not to be used for hostile activities by Hezbollah or Israel. The United Nations troops also are to assist the Lebanese government in securing borders and ports to prevent entry of illicit arms.

The reinforcements are to monitor, report and investigate cease-fire violations; conduct mobile, long-range patrols; and escort medical and food shipments.

Under the proposed rules of engagement, the troops may use force to prevent the area from being used for hostile activities and to resist efforts to prevent the peacekeepers from carrying out duties under Security Council resolutions. Commanders may take all necessary and appropriate action in self-defense, including pre-emptive self-defense in cases where there is adequate evidence that hostile units are committed to an immediate attack.

"We keep telling the member states: read the concept of operations," said one United Nations official. "Read the rules of engagement. We have come a long way from the days of Unprofor in Bosnia," the official said, referring to the United Nations forces deployed in the Balkans.

Another official said, "A lot of the Europeans served in the Balkans, but only a few have recently put boots on the ground" in missions in Africa. "They may have taken away lessons from blue helmet missions that are no longer valid."

One official cited subsequent United Nations interventions in eastern Congo and Liberia, where "we have over the past few years gone to a more robust posture, as circumstances dictate."

Secretary General Kofi Annan has appealed to European countries in particular to supply troops for the Lebanon force.

United Nations officials and American military officers describe the importance of a major nation taking the lead to create momentum for others to contribute; some call it "The Godfather" model.

Troops from advanced militaries would help ensure that the military reinforcements for the small, weak United Nations mission already in Lebanon will be able to deploy rapidly, maneuver easily once on the ground — and be tough enough to send a message to all the warring parties that this new peacekeeping force cannot be pushed around.

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United States officials have said that they will support the mission, but no American ground combat forces will be offered. A senior Pentagon planner said that since America is a staunch ally of Israel, the presence of American ground troops in Lebanon could serve as a magnet for Hezbollah attacks, undermining the mission.

Maj. Gen. William L. Nash, who retired from active duty after service that included commanding United States Army forces in Bosnia in 1995 and 1996, warned that the new mission risks being taken hostage: physically taken hostage by Hezbollah, and made a political hostage by Israel.

"We know what they're not going to do, but what will they do?" said General Nash, now a senior fellow at the Council on Foreign Relations.

"They're not going to disarm Hezbollah. But are they going to stop Israel from re-attacking Hezbollah? If the Israeli government decides there is an imminent threat, and attacks with F-16's, what is the mandate for the U.N.? What does the U.N. do?"

Bush: Turn U.N. Resolution Into Action (UPI)

United Press International, August 20, 2006

WASHINGTON, Aug. 19 (UPI) -- U.S. President George Bush said the recent fighting in Lebanon is related to terrorists trying to stop the spread of democracy and freedom.

Bush used his Saturday radio address to recap his week, which included a trip to the National Counterterrorism Center Tuesday and a session with his economic advisers Friday. But the first half of Saturday's talk focused on Lebanon.

He praised the efforts of Secretary of State Condoleezza Rice and U.N. Ambassador John Bolton in getting a U.N. resolution to stop the fighting between Hezbollah militants and the Israeli military in Lebanon.

"The United States is now working with our international partners to turn the words of this resolution into action," Bush said. "The conflict in Lebanon is part of a broader struggle between freedom and terror that is unfolding across the region.

"Terrorists and their sponsors recognize that the Middle East is at a pivotal moment in its history. Freedom has brought hope to millions and it's helped foster the development of young democracies from Baghdad to Beirut."

Arab Nations Urge New Israeli Peace Plan (AP)

By Salah Nasrawi

AP, August 20, 2006

Worried the Lebanon war has given a boost to Iran and militants in the region, three U.S. allies in the Mideast are spearheading an Arab effort to present a plan for reviving the stalled peace process and talks with Israel.

Details remain sketchy, and already Israel has expressed skepticism, saying it doubts any plan the trio put forward will take its security needs into account. But the effort by Saudi Arabia, Egypt and Jordan is a clear sign of their worries about tensions and Iran's influence.

So far, the United States has not talked about a wider peace effort in the wake of the Lebanon fighting, instead focusing on ensuring the Iranian- and Syrian-backed Hezbollah is reined in.

Leaders of the three moderate Arab governments, however, want to seize the opportunity in the war's ashes to restart negotiations with Israel for peace on the Palestinian, Syrian and Lebanese fronts.

They fear letting the situation stagnate could increase the appeal of radical Islamic groups and allow Iran and Syria to keep using Hezbollah in proxy wars, breeding more resentments and more militancy.

Hesham Youseef, top aide to Arab League chief Amr Moussa, told The Associated Press the Arab countries are putting together a peace plan to present to the U.N. Security Council next month because they believe "we should build on the international concerns on what is going on in the whole area."

"Big crises sometimes create opportunities to find comprehensive solutions for difficult problems," he said, noting Arabs and Israelis began the Madrid peace talks just months after the 1991 Persian Gulf war that expelled Saddam Hussein's army from Kuwait.

"The war in 1973 also led to peace," Youseef said, referring to the diplomacy which began after that Arab-Israeli conflict and eventually resulted in the 1979 peace treaty between Egypt and Israel.

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Arab foreign ministers are meeting in Cairo, Egypt, on Sunday to pave the way for an Arab summit planned in Saudi Arabia later this month. A new peace initiative will likely be high on the agenda, along with a Saudi plan to gather money for rebuilding Lebanon — and countering a flood of money from Iran to help Hezbollah win friends with its own reconstruction projects.

Israel's defense minister, Amir Peretz, said last week that resumption of dialogue with Syria and the Palestinians was possible. "Every war creates an opportunity for a new political process," he said.

But the chances of real movement remain unclear.

Israel's U.N. ambassador, Dan Gillerman, said Friday that he seriously doubts any Arab initiative "has a great chance of being a fair one that would take Israel's security concerns into consideration."

He said the 2003 "road map" plan put forward by the Bush administration remained "the only viable option" for progress toward peace.

The road map calls for the creation of an independent Palestinian state living peacefully alongside Israel, but it has been stalled, with both sides failing to take steps to implement it.

Israel also says that before anything else can happen, the international community must execute the terms of the cease-fire outlined in U.N. resolution 1701, to ensure Hezbollah is disarmed and the flow of Syrian and Iranian arms and equipment to the guerrillas is halted.

"We think that anything that would take attention away from 1701 would play into the hands of Iran and Syria," Israeli Foreign Ministry spokesman Mark Regev said.

The Bush administration, highly critical of Hezbollah, Syria and Iran, is also likely to push for full implementation of the cease-fire deal as the first step — a tricky process that could be lengthy.

It is not known how the new Arab peace effort might differ from past ones.

In early 2002, Saudi Arabia put forward a plan calling for peace between Israel and all Arab nations once the Jewish state gave up the Golan Heights, West Bank and other Arab lands seized in wars. The Arab League endorsed the plan, but Israel said its requirement for a withdrawal to pre-1967 borders would jeopardize Israeli security.

Youseef said the new Arab peace effort would build on both the road map and the Saudi plan. "We will not start from scratch. We just want to refocus on the real issue — a just and comprehensive peace," he said.

The Arab countries' motivation is clear: With Hezbollah and its backers, Syria and Iran, declaring victory in the monthlong war that left much of southern Lebanon in ruins, many see a looming struggle over the future of the Middle East.

The split between Syria and other Arab states has only grown deeper since the cease-fire. Syrian President Bashar Assad jabbed at fellow Arab leaders with a speech Tuesday saying the war had revealed them to be "half men" — prompting sizzling denunciations of Assad in Arab media.

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Associated Press writers Steve Weizman in Jerusalem and Edith M. Lederer at the United Nations contributed to this report.

After The War, An Israeli City Starts Over (NYT)

By Dina Kraft

The New York Times, August 20, 2006

KIRYAT SHMONA, Israel, Aug. 18 — Members of the Babalsky family take turns using the Katyusha rocket that smashed through their roof as a footrest as they reorganize their household belongings on their front lawn.

“It’s so difficult mentally and physically now that we need to start over again,” said Rachel Babalsky, 50. “It’s a lot of work with lots of expenses to pay.”

It has been a bittersweet homecoming for the people of Kiryat Shmona and the surrounding area, which was attacked by about 1,000 Hezbollah rockets over the past few weeks. Many who fled the fighting began trickling back into town after the cease-fire took effect Monday, joining those who had stayed behind in bomb shelters.

Residents have begun surveying the damage, sweeping shattered glass and hauling chunks of concrete to garbage bins while wondering out loud whether they would ever feel safe again in this town, just two miles from the border with Lebanon.

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In the Bialik neighborhood, made up largely of Jewish families who immigrated from Iraq, Morocco and Iran, entire blocks were damaged by rockets and mortar shells.

The Babalsky home was among those that took a direct hit, the remaining red clay tiles of its roof left to dangle from wooden rafters. On the veranda below, boxes of birthday cards and school projects lay under a thick layer of soot next to a pair of dead pigeons.

The white concrete walls of some houses were pockmarked with deep holes from rocket shrapnel. Some yards were stacked high with broken wooden rafters. Chipped roof tiles, shattered glass and window screens were strewn on lawns among children's bicycles and flowering purple bougainvillea.

"Our house was shelled so don't ask me how I am," Carmella Raz, 50, fumed to a neighbor, Esther Yehuda, as they stood in a kitchen under a shattered roof. "I'm a mess. This hurts so much. We've all been in different places staying with different people and now we have to fix everything, but who has the energy for all this?"

Ms. Raz, a nursery school teacher, said she could not imagine returning to her job. "How can I deal with small children when I am in this kind of mood?" she asked.

A building engineer has declared her second floor uninhabitable because of damage to the roof. Her family will live in a hotel until the damage is repaired.

The two women exchanged stories of how they got through the war.

"Every day I cried and wanted to go home," said Ms. Yehuda, a small-framed woman with jet black hair tucked under a white kerchief.

She moved around the country, spending time with her children in central and southern Israel. Her daughter, Hedva Rakanpor, 32, was on the road for the month with her baby son.

"It was an extremely depressing unwanted vacation," Ms. Rakanpor said.

Those who stayed behind in Kiryat Shmona were usually those with the least means to leave, including the elderly, disabled and immigrants without relatives elsewhere or money for hotels.

Some who stayed, like the Younes family, spent long stretches in the public underground bomb shelter of their low-income housing bloc. "You are always frustrated just sitting there," said Eva Younes, 37. "It's not a normal situation, being so overcome by fear."

The Youneses, a Christian Lebanese family, moved here six years ago after Israel withdrew its forces from southern Lebanon. They feared revenge attacks because Ms. Younes's husband fought in the South Lebanese militia alongside Israel against Hezbollah. The couple and their three children spent long, stifling nights underground not knowing the fate of their relatives still in Lebanon.

Hussein Ogbah, 26, from the northern Arab village of Kfar Tuba, was out getting pizza and taking a drive with his wife on Friday, relieved to be out of the house he shares with his extended family after almost a month barely venturing outside.

"There was a lot of tension in the house," he said. "And we were afraid the war would keep growing."

In Kiryat Shmona, Shoshana Friedman, 53, showed a government assessor the damage to her home, mostly shattered windows and bent door frames.

"In the rest of Israel, people are going back to their normal lives," she said. "But here it will take time."

Israelis Travel To Survey The Damage (AP)

By Benjamin Harvey

AP, August 20, 2006

Israelis flocked to northern Israel Saturday to view the damage left behind by the 34-day war against Lebanese guerrillas and show solidarity with local residents.

In the northern town of Metulla, the border fence was packed with tourists taking pictures of themselves with the Lebanese village of Kfar Gila in the background.

Families with kids and dogs, lovers holding hands and bikers in groups all poured in Saturday morning, many of them unfolding maps and trying to figure out which village in Lebanon they were looking at.

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Just past noon though, after Israeli tanks and armored vehicles still patrolling the area got stuck in a traffic jam, soldiers brandished a military order and forced the tourists out. Underscoring the fragility of Monday's cease-fire, the soldiers said it was still too dangerous to be here.

Ayala Shalom said she wanted to see Lebanon as well as the devastation to her country. "It's supposed to be green, but it's black now," said Shalom, 23, who toured the area with her family from Tel Aviv.

Other tourists were more interested in seeing life get back to normal in the picturesque hills of northern Israel, which is normally a popular tourist destination at this time of year.

There was much criticism during the war that the government, and residents of affluent areas in central Israel, didn't do enough to help the tens of thousands of citizens of the north who were forced by Hezbollah rocket fire to flee or live in bomb shelters for more than a month.

"We came here to give them a push (of encouragement)," said Eitan Sade, 39, who traveled up with a group of 12 families from central Israel to relax at Kibbutz Gonen, a communal farm near the border. The kibbutz was crowded with visitors swimming in its pool and eating ice cream. He said his group wasn't interested in going on tours of sites hit by rockets, which was offered by the kibbutz management.

"We're not here to see disasters, we saw enough on the TV," he said.

Jerusalem residents Anita Clark and Patty Mitchell, who work for a Christian charity that helps people harmed in Palestinian militant attacks, said they were trying to see the border area now because they thought there would be a war here again soon, making it impossible to visit.

"We were so saddened to see the tanks heading south," Clark, 64, said of watching military vehicles withdrawn from Lebanon going back to bases. "It's not finished, there's still work to be done.'"

"This is just a momentary lull because nothing was resolved," added Mitchell, 56.

Earlier, a handful of tourists made their way through an apple orchard to another spot in Metulla, where just 15 yards away, Lebanese villagers could be seen through a barbed wire border fence. The Lebanese were doing some of the same things the Israelis were, though in a slightly different fashion.

At least two Lebanese men stuck out their tongues. One put his thumb in his ear and wiggled his fingers. Many flashed victory signs, and one blue minibus traveling on a road had a picture of Sheikh Hassan Nasrallah, the Hezbollah leader, pasted onto its back right window, facing Israel.

After about 20 minutes, two Israeli soldiers in dark green uniform and holding rifles emerged from the orchard and told everyone to leave. "We don't want any problems. The shooting stopped just a few days ago," one of them said.

The soldiers smiled and waved at a group of Lebanese villagers who stopped to look over, but shouted at them to keep going when they looked like they wanted to approach for an interview.

The villagers obeyed and drove away.

For Families Of Captives, A Long Wait In The Dark (NYT)

By Dina Kraft

The New York Times, August 20, 2006

NAHARIYA, Israel, Aug. 17 — Karnit Goldwasser froze when she found herself being addressed by a speaker at a Beirut rally that was being rebroadcast on Israeli television. “Do you want to be like the Ron Arad family?” the speaker asked.

The taunt was aimed at her deepest fears: would her husband, Ehud Goldwasser, 31, and Eldad Regev, 26, the Israeli Army reservists captured in a Hezbollah raid that sparked the Middle East’s latest war, face the same fate as Captain Arad, an Israeli airman captured 20 years ago and still missing?

“The people we are dealing with are not human; they are animals,” said Ms. Goldwasser, 30, whose husband is an environmental engineering graduate student at the Technion, a technology university in Israel, and a nature enthusiast. “So I know they will play with us.”

The families were devastated by news that the men’s release was not a condition of the United Nations Security Council resolution that ended 34 days of fighting.

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The resolution calls for the unconditional return of the soldiers, but only in its nonbinding introductory paragraphs.

"It's a huge disappointment," said Benny Regev, 35, the older brother of Eldad, a law student.

The Goldwasser and Regev families were invited to Jerusalem to meet Prime Minister Ehud Olmert and to hear directly from him about the conditions of the cease-fire deal last week. They gathered in his office, where he has the soldiers' photographs displayed beside one of Cpl. Gilad Shalit, 19, a soldier captured by Hamas guerrillas near the Gaza Strip in June.

Mr. Olmert explained to them, they said, that as prime minister he had to make the difficult choice between prolonging the war and suffering more casualties or agreeing to the cease-fire.

It was a hard message to hear, the families said. Why, they wondered, was a war that had been started to get the men back now ending without their return or even any information on their fate?

They urged Mr. Olmert, as they had repeatedly since the soldiers were taken on July 12, to negotiate with Hezbollah for their freedom.

"We say let's talk and make a deal," Mr. Regev said. "We've done so in the past." In January 2004, Israel freed 429 prisoners, including 23 Lebanese, in exchange for an Israeli businessman and the remains of three soldiers being held by Hezbollah.

But Mr. Olmert is adamantly opposed to a prisoner swap and continues to demand the unconditional release of the soldiers, Israeli officials said.

The speaker at the Beirut rally was Bassam Kuntar, brother of Samir Kuntar, the most notorious of the Lebanese prisoners in Israeli jails.

Mr. Kuntar was part of a guerrilla cell that in 1979 infiltrated Nahariya, the northern Israeli town where Ms. Goldwasser and her husband grew up. The infiltrators killed a policeman, then broke into an apartment where Mr. Kuntar killed David Haran and smashed the head of Mr. Haran's 4-year-old daughter with the butt of his rifle, killing her as well. Mr. Haran's wife, Smadar, hid from the attackers but accidentally suffocated her 2-year-old daughter in an effort to keep her quiet.

Ms. Goldwasser, who has been touring abroad advocating her husband's release, said she supported any deal that would bring him home. Poised and unflappable, she admitted that whether to release Mr. Kuntar was an especially painful question.

"I cannot answer that, because they are a family that is no longer a family because of what happened," she said referring to the Harans. "I can only say that I want my life back. I want my husband back."

Ms. Goldwasser has taken time off from her graduate studies to work full time for her husband's release. She says she has confidence in the Israeli authorities and, for now, knows of no other way but to continue cooperating with them.

Mr. Olmert recently put Ofer Dekel, the former deputy leader of Shin Bet, Israel's internal security service, in charge of efforts to bring the soldiers, including Corporal Shalit, back to Israel.

Despite their frequent contacts with officials — Foreign Minister Tzipi Livni telephones daily — the families are frustrated that they have received no new information since the day the soldiers were captured.

Hezbollah has not permitted the Red Cross to visit the men, nor has it provided any sign that they are still alive.

"The strategy is not to provide any information so that they will squeeze us emotionally," Ms. Goldwasser said.

Family members say they try to focus their energies on seeking the soldiers' release.

Ms. Goldwasser tries to live week to week, keeping her expectations in check.

"Maybe it's a barrier I put up," Ms. Goldwasser said. "So I won't fall into a black hole."

Olmert Beset By A Mission Not Accomplished (LAT)

By Laura King, Times Staff Writer

The Los Angeles Times, August 20, 2006

Israel's prime minister and several top officials are the target of a public angry over the outcome of the war against Hezbollah in Lebanon.

JERUSALEM — Israel's costly and inconclusive war in Lebanon has triggered a round of internal recriminations so bitter that some observers question whether Prime Minister Ehud Olmert's government can survive.

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In the aftermath of weeks of combat and a cease-fire accord that appears to fulfill almost none of Israel's war aims, a wave of public discontent threatens the careers of several senior Olmert associates, and perhaps even the prime minister, analysts say.

"The mood is very, very angry," said historian Tom Segev. "Not because of the outbreak of the war, which many Israelis felt they could live with, but because of the sense that the results are not a victory at all."

A chief target of public wrath is Amir Peretz, the neophyte defense minister whose performance has been pilloried as amateurish, overconfident and inconsistent. Polls last week indicated that more than half of Israelis thought he should be removed.

Army Chief of Staff Lt. Gen. Dan Halutz is another potential casualty. The former air force commander's battle tactics, including exclusive reliance on airpower in the war's first weeks, were sharply criticized. Then he became embroiled in a scandal over the disclosure that he had sold off his stock portfolio hours after the start of combat.

Also damaged by the conflict's outcome, though less seriously, was Foreign Minister Tzipi Livni, a close Olmert associate who had been seen as a rising star.

Commentators have generally concluded that Livni did a less-than-effective job of presenting the government's rationale for the war to foreign leaders, forcing Israel to accept a premature end to the fighting. One newspaper article even picked apart her grammatical mistakes in English during appearances in New York, where she met with U.N. Secretary-General Kofi Annan.

All this has been a shocking turnabout for the prime minister, whose nearly 80% approval rating in the war's initial weeks was halved after the cease-fire took hold.

"It really remains to be seen whether Olmert has the political wisdom and the political capital at this point to stabilize matters," said Efraim Inbar, the director of the Begin-Sadat Center for Strategic Studies.

The full effect of popular discontent might not yet be evident, he said, because some Israeli troops are still operating in Lebanon and public criticism tends to be muted while soldiers remain under fire.

Olmert stepped in when Prime Minister Ariel Sharon was felled by a stroke, and then led the incapacitated leader's Kadima party to victory in March elections. The new prime minister had been in office less than three months when successive crises broke out in the Gaza Strip in late June and Lebanon in mid-July.

In both cases, large-scale offensives were launched within hours of raids that killed Israeli soldiers and resulted in the capture of three others.

Many analysts now believe that Olmert and Peretz, both of whom have negligible military backgrounds, reacted without sufficient reflection, in part perhaps because they feared appearing weak in comparison with previous leaders who had strong battlefield credentials.

Somewhat paradoxically, critics have blamed Olmert both for relying excessively on top generals' advice and for preventing commanders from carrying out a massive ground offensive until the final 48 hours of fighting, too late to affect the course of the conflict.

Criticism also is being aimed at Sharon, who has been comatose since Jan. 4 and has suffered a series of life-threatening medical setbacks in recent weeks. Sharon was at the helm for most of the six years since Israel's withdrawal from Lebanon in spring 2000.

He is being blamed now for intelligence failures and for failing to prevent Hezbollah from amassing an enormous arsenal of sophisticated weaponry, including long-range missiles and advanced antitank weapons that were used to lethal effect during the fighting.

Sharon's decision to unilaterally withdraw Israeli troops and Jewish settlers from the Gaza Strip, which had been viewed as his principal legacy, is also under assault.

Months of attacks by Palestinian militants in Gaza using crude missiles that rarely caused death or serious damage were not sufficient to make people conclude that the pullout had been a mistake.

However, Hezbollah's hail of nearly 4,000 much more powerful rockets, which killed dozens, injured hundreds and in effect shut down Israel's northern tier, has caused a dramatic reappraisal of what had been the generally held view that unilateral hand-over of territory can lay the groundwork for peace.

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"It became clear that the legitimacy of the recognized international border offers Israel no protection against terrorism," prominent commentator Aluf Benn wrote last week in the daily Haaretz.

In light of that, Olmert's aides have quietly acknowledged that his plan to turn over most of the West Bank to the Palestinians is extremely unlikely to proceed soon.

But the idea of uprooting most Jewish settlers from the West Bank and consolidating them in a few settlement blocks close to the pre-1967 border was the centerpiece of Olmert's electoral campaign, and without it, many commentators believe his Kadima party now lacks a raison d'etre.

"The settlers feel very much vindicated by this turn of events," said Segev, the historian. "There's a huge, huge 'I told you so' hanging in the air."

Olmert's main challenger would seem to be former Prime Minister Benjamin Netanyahu, head of the conservative Likud Party that Sharon abandoned a few months before being stricken.

However, under Netanyahu's leadership, Likud won just one-tenth of the 120 parliament seats in March, its worst election result ever. Because of that, even the fortunes of war might not be sufficient to vault him back into contention.

Netanyahu is also proceeding with caution in light of a reputation for political opportunism that has hurt him in the past. For most of the war, he was careful not to criticize the government. However, after the cease-fire took effect last week, he told lawmakers that there had been "many failures" in the conflict's planning and execution.

Army reservists' accounts of being sent into battle with inadequate training and equipment have added to the public fury. One reservist told Israeli media that supply lines were so poorly organized that thirsty soldiers were forced to strip water canteens from the corpses of Hezbollah fighters.

"With the reservists now returning to their jobs and daily lives, they will be talking with families and colleagues about what happened to them, and this will affect public thinking as well," said Inbar, the analyst.

Some commentators believe Olmert's government has no chance of serving out its four-year term, even if it can survive in the short term.

Commentator Yoel Marcus wrote in Friday's editions of Haaretz that no Israeli government in memory had so swiftly squandered its stature and popularity.

Still, a parliament that has been in office less than four months may be unwilling to hand Olmert a vote of no confidence and thus in effect dissolve itself.

A Cabinet shake-up might be enough to mollify the public for the moment. But even if Peretz were replaced as defense minister, he probably would be given another senior portfolio because of his standing as the leader of the Labor Party, which won the second-largest bloc of parliamentary seats.

Calls have been growing for establishment of a commission to investigate the conduct of the war. Such a panel would be empowered to dismiss senior officials.

Peretz, apparently seeking to forestall such a step, announced last week that he was appointing a committee headed by respected former army Chief of Staff Amnon Lipkin-Shahak to investigate military decision-making during the conflict. But that step only served to spark more criticism.

"It's not right that a minister who was among the decision-makers in time of war would be the one to nominate members of an inquiry to investigate it," said Zehava Galon of the leftist Meretz-Yahad party.

Analysts say it would be perilous for Olmert's government to publicly pit itself against the military establishment, even if it is generally accepted that senior commanders devised a flawed battle plan.

"Israelis consider the army to be part of their family — because it is literally true in so many cases," Segev said. "People can easily turn their backs on a given government. But the army will always have the public's loyalty and support."

Israeli Troops Nab Hamas Official (WT/AP)

By Mohammed Daraghmeh, Associated Press

The Washington Times, August 20, 2006

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RAMALLAH, West Bank -- Israeli soldiers burst into the home of the Palestinian deputy prime minister before dawn yesterday and took him away for questioning, detaining the highest-ranking Hamas official in a seven-week-old crackdown against the ruling Islamic militant group.

Palestinian officials condemned the arrest of Nasser Shaer, a former university professor known as a pragmatist in Hamas, and accused Israel of undermining their efforts to form a broad government coalition.

Israel launched its latest crackdown against Hamas, which controls the Palestinian legislature and Cabinet, shortly after Hamas-allied militants from the Gaza Strip captured an Israeli soldier in a cross-border raid June 25. Despite an ongoing Israeli military offensive in the coastal area, the soldier has not been freed.

The Israelis have arrested eight Hamas Cabinet ministers and more than two dozen lawmakers, including the speaker of parliament, since late June.

But Mr. Shaer, 45, eluded arrest until yesterday.

Mr. Shaer's wife, Huda, 43, said he was seized at an apartment where his family, including six children, had been hiding for several weeks. She said the family had cut off contact with friends in Ramallah and rarely ventured outside. The army confirmed the arrest.

Mr. Shaer, who holds a doctorate in comparative religions from England's Manchester University, is considered to be among the more pragmatic members of the Hamas government. He also serves as education minister.

The international community has cut off funds to the Hamas government and said aid would only be restored if Hamas renounces violence and recognizes Israel.

Palestinian Prime Minister Ismail Haniyeh of Hamas called on the international community, including the United Nations, to secure Mr. Shaer's release.

In other developments yesterday, a Palestinian gunman attacked and killed an Israeli soldier in the West Bank, before being shot and killed himself, the army said.

The Democratic Front for the Liberation of Palestine, a small militant group, claimed responsibility for the attack, which occurred near an Israeli settlement in the northern Jordan Valley.

In Gaza, hundreds of members of the Palestinian security forces briefly stormed banks and burned tires, demanding the banks return money deducted from a small cash advance they received after months of going without wages.

Palestinians Wait To Cross Into Gaza (AP)

By Ashraf Sweillam, Associated Press Writer

AP, August 20, 2006

The border between Egypt and the Gaza Strip opened Saturday, giving hundreds of stranded Palestinians the chance to return to Gaza for the first time in a month.

Egyptian tourism police Capt. Amr Osama said the Rafah border crossing will be open in both directions for two days.

It marked the third time the border has been opened since fresh fighting erupted in Gaza on June 25. The Rafah crossing opened about a week ago for one day but only for people traveling from Gaza to Egypt. The last time Palestinians could cross from Egypt to Gaza was in mid-July.

Rafah is the largest border crossing between Egypt and Gaza and is the strip's main gateway to the outside world. Other, smaller crossings remain closed. The Rafah opening was a joint decision by Egypt, the European mission monitoring the crossing and Israel, which has the final say.

Several hundred Palestinians gathered in front of the crossing early Saturday waiting to return to the Gaza Strip. About 130 Palestinian deportees also were taken by bus from Egypt to Gaza.

About 2,000 people crossed from Gaza into Egypt, officials said.

Hundreds of state security troops were in front of the gates to prevent fighting among the travelers and the crossing officials.

Eleven Palestinians recently hit with shrapnel in the Gaza Strip crossed into Egypt and were taken by ambulance to a hospital in the neighboring town of el-Arish to undergo surgery, said hospital official Ahmed Saleh.

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Israel launched its latest offensive in Gaza after Hamas-linked militants killed two Israeli soldiers and captured another in a cross-border raid.

Journalists' Kidnapping Protested In Gaza City (WP/AP)

Associated Press

The Washington Post, August 20, 2006

GAZA CITY, Aug. 19 -- Palestinian journalists on Saturday protested the kidnapping of a Fox News correspondent and cameraman, as concern about the men's safety grew.

Cameraman Olaf Wiig, 36, of New Zealand, and American correspondent Steve Centanni, 60, were taken Monday from their TV van near the Palestinian security services headquarters in Gaza City.

About 30 members of the Palestinian journalists' union gathered outside the parliamentary building in Gaza, holding up signs demanding that the men be freed. Other signs called for security in Gaza, where armed men wander the streets freely.

Jennifer Griffin, chief Fox News correspondent for the Middle East, called the kidnapping a "test for the Palestinian people."

"We don't care who kidnapped them, we want them returned unharmed. This is a very serious case for the Palestinians, for the Palestinian Authority," Griffin said.

More than two dozen foreigners have been abducted by Palestinian gunmen, usually in an attempt to settle personal scores, but almost all have been released within hours.

Security officials said they were concerned for the Fox journalists because no other foreigners have been held this long and all major militant groups in Gaza have denied involvement.

Khaled al-Batch, a leader of the Islamic Jihad militant group, said kidnapping members of the news media "silenced the voice of freedom and justice."

"We . . . have experienced oppression and denial. We don't want to practice this pain and suffering on others, on other wives and people," Batch said.

United Nations: The World's Scapegoat (LAT)

By Paul Kennedy, Paul Kennedy Is A Professor Of History At Yale University. His Latest Book Is "The Parliament Of Man

The Los Angeles Times, August 20, 2006

Middle East cease-fire will evaporate if great powers hide their failures behind the U.N.

'THIS HAS BEEN an especially unhappy summer for the United Nations," Harvard historian Niall Ferguson observed on this page last week — and who could disagree? With its mission in Lebanon unable to control Hezbollah, its blue-helmeted observers on the southern border blown away by Israeli shells and its role in the latest Mideast crisis being worked over in that boxing ring known as the Security Council, the U.N. seems to have fallen far short of its original, 1945 mission to "save succeeding generations from the scourge of war." Even the cease-fire that was finally negotiated looks incomplete and liable to fragment in the very near future.

So, is the U.N. good for anything? Could we, as U.S. Ambassador John R. Bolton once claimed, lop off 12 stories of the U.N. headquarters building in New York (containing the offices of the secretary-general and his staff) and not notice the difference? What does the U.N. do that helps humankind?

Amid personnel scandals, the oil-for-food fiasco and a constant barrage of neoconservative attacks, that's a fair question. And anyone who holds a belief in the value of the international organization should be ready and willing to answer it. The easy way out would be to point to the many instances in which U.N. representatives have done well: negotiating the Central American peace accords of the early to mid-1990s; supervising elections in countries recovering from war; rebuilding infrastructure; advancing the international human rights agenda, establishing intellectual property rights, the law of the sea and climate accords; fostering cultural cooperation; gathering statistics and the like.

But that would seem an evasion to the many observers who focus on the grinding struggles along Israel's borders or the war on terrorism. To them, the $64,000 question is: What can the U.N. do once and for all to settle the Lebanon crisis and assist the parallel Palestine-Israel peace process? And if the answer is "not much," then the critics will feel justified in their more general dismissal of the utility of international organizations.

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So, any defense of the U.N. has to be very careful in explaining what the organization can do, and what it cannot. It is, for example, useless (and ignorant) to blame the UNIFIL (United Nations Interim Force in Lebanon) observer force for not disarming Hezbollah when its Security Council mandate expressly forbade it from taking such military action. And it is silly to blame the secretary-general for failing to exert powers that he does not possess — he is, after all, the "servant" of those two difficult masters, the General Assembly and the Security Council. The U.N.'s performance can only be measured against its existing capacities and authority, not against some mythical, nonexistent strengths. So let us ponder two basic truisms concerning the world organization, the first becoming increasingly obvious to U.N. supporters and detractors alike, the second a far more subtle and cynical point.

The first truism is that the United Nations is not, and never has been, a large and centralized actor in world affairs. Despite its charter being based loosely on parts of the U.S. Constitution, and despite all the founding rhetoric about "the Parliament of man," its creators insisted that it be nothing more than an assembly of sovereign nation states.

It is, if you like, a sort of holding company, with governments as the shareholders, and with some of those shareholders — the five permanent, veto-wielding members of the Security Council — having much more voting power than others. True, all signatories to the U.N. Charter agree to surrender some sovereignty, but always with reservations. There is no U.N. army and no U.N. Treasury Department, both signs of statehood. And, for all the charter's proclaimed purposes to deter aggression and halt massive human rights abuses, the language about using force is very cautious and guarded. Very little about the U.N.'s peacekeeping powers is clear-cut. Everything depends on the circumstances.

This is why it has been and will be so difficult for the world body to bring lasting peace to Lebanon. First, the five permanent veto members have to agree on what is to be done — or, at least, not disagree. Second, U.N. peacekeepers may be very constrained. The resolution authorizing "all necessary action" is actually quite vague in its instructions about where and when force might be used by blue-helmeted troops if Hezbollah-Israeli fighting resumes. Above all, even a large U.N. operation would find it impossible to crush Hezbollah, let alone the Israeli Defense Forces, should either side resume belligerencies. When the foe is weak, the U.N. can be strong (Sierra Leone, East Timor). But if the players are willful and powerful, it can only hope for a fragile peace to continue. More than that we cannot expect.

And the subtle, cynical truism? The United Nations is a scapegoat for the failures of the leading governments to agree or to act. After all, it was not the U.N. that failed the peoples of the Balkans in the early 1990s; it was the quarrels between the United States on the one hand, and Britain and France on the other, about bombing as an alternative to heavy troop commitments, as well as Russia's veto threats on Serbia's behalf. It was not the U.N. that bungled the "catch Gen. Aidid" operation in Mogadishu in 1993, but the U.S. Central Command, which went ahead with that ill-fated venture without even informing local U.N. authorities. It is not the U.N. that has stopped a peace-enforcement mission from being sent to Darfur, but the objections of African states and the possibility of a Chinese veto.

Yet, as every secretary-general has discovered, it remains convenient for the major powers to blame the world body for their own failures to cooperate. And this, as some weary U.N. officials suggest, may be one of the organization's most important roles — for if there was not a United Nations to blame for inaction in the face of disaster, then the finger might point directly at the various governments themselves. Horrors!

This suggests, then, the limitations of what the U.N. may be able to achieve in bringing stability around Israel's battered borders. We certainly should not expect too much. If Hezbollah keeps the peace and wisely focuses on rebuilding south Lebanese townships, then Israel will also sit still, immensely suspicious but also baffled by the inconclusiveness of the last month's fighting. International aid will pour into Lebanon and various U.N. agencies will assist in the rebuilding, under the aegis of a UNIFIL force beefed up by much larger numbers of blue helmets. If the cease-fire holds, this operation could go on for years, even decades. Why, future historians might even term it a success!

But if radical Muslim splinter groups resume firing rockets and Israel responds (as it usually feels bound to) in a sledgehammer way; if the permanent veto members quarrel about who is to blame, then the many promising U.N. activities on the ground in Lebanon will end, international staff will be withdrawn and the downward spiral will resume. Still, there will be one consolation. We will all be able to blame the United Nations for being ineffectual, weak-toothed, anti-Israel or anti-Arab, and thus

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of no good to the world community. It really is quite convenient that we possess such a scapegoat. If we didn't, we would have to invent one.

Editorial: Winning The Peace More Important (MJS)

Milwaukee Journal Sentinel, August 20, 2006

So who won the war in southern Lebanon?

Answering this is consuming the time of many expert spinmeisters, American, Israeli, Arab and Iranian.

The better question is how the peace will be won, though that first question is not insignificant.

If it can be said that the Middle East's most storied army was fought to a standstill, or at least stymied in meeting its objectives, then, it is argued, this emboldens others to wage similar war. But they need only have paid attention to Iraq and U.S. forces mired there to have learned that lesson.

Israel can point to a downgrading of Hezbollah's offensive capability, though how much is still in question, and claim that it didn't lose a single battle in this short but bloody war. If that sounds familiar, it's because that is what has been said about the United States and Vietnam, a much longer and bloodier war, and who knows what might be said of Iraq someday.

But the question of who won ultimately doesn't rate in importance because in this new kind of warfare, victory can be claimed from being a martyr as much as from being the last guy standing. Hezbollah didn't win in the conventional sense, but neither could it ever lose this kind of war.

Much of the state-within-a-state homeland it had carved out of Lebanon was decimated. The population it depended on for support was scattered and has come back homeless and bedraggled. But Hezbollah is providing funds to these people for reconstruction and getting on with their lives, something Israel and the U.S. could easily have done.

The fact is that Hezbollah could have been virtually wiped out and Arab passions against Israel and the U.S. would still be as inflamed as they are by this alleged Hezbollah victory. Just listen to the talk emanating from Damascus, Tehran, Beirut and, sadly, even Baghdad.

The only victory in this kind of war comes from not fighting it on the enemy's terms. Israel was grievously provoked and had to respond. But it didn't have to respond as it did. Hezbollah's stature is now seemingly such that it's unclear which is the state within the state: it or Lebanon. Time - and the efforts of the Lebanese - will tell if this remains so.

Which takes us back to winning the peace.

We can wish that Lebanon and the rest of the Arab world would see Hezbollah as the author of all this death and destruction and demand accountability. Hezbollah did start this war. But rationality is not this region's strong suit these days.

Force has to be part of the solution to combat terrorism - in Lebanon, Iraq, Afghanistan and everywhere. But ultimately, the solution has to be about winning minds, not battles. The jihadists' recruitment of other zealots depends on stepped-up military action against them and creating those martyrs.

Being sucked into fighting a conventional war against unconventional enemies serves no one but the zealots - a lesson the U.S. is learning in Iraq, now teetering toward civil war. The solution is mostly political.

On the military front, winning the peace in Lebanon will mean that the United Nations and Lebanese peacekeeping force must be more than hall monitors. They must be able to both protect themselves and all parties.

Key to that is preventing further Hezbollah depredations such as the kidnapping of two Israeli soldiers that triggered this latest conflict.

On the more important diplomatic front, the world must unite in compelling Iran and Syria to halt the flow of arms and cash to Hezbollah. The organization is balking at disarming, and it appears that the Lebanese army is leery of trying to accomplish that. In fact, it's doubtful that it could succeed at this point without launching a new Lebanese civil war.

So it needs help from the international community. Otherwise, Lebanon will continue to be a state whose strongest force is an independent militia, an untenable situation - again, as we are learning in Iraq.

But how to win minds so that jihadists are not so self-replenishing?

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This will take the U.S. and the West selling what it values most - its values. For the U.S., this is a particularly difficult task at the moment, given the image sullied by Abu Ghraib, Iraq and Guantanamo. Difficult but not impossible if this country returns to protecting and living the values that have made it a beacon for the world.

It is a war but a different kind, involving convincing an economically disadvantaged populace that it is better that its youth be successful entrepreneurs than human bombs.

It's been said before by many others: It's doubtful that democracy and social progression can be taught at the point of a gun.

Who won? No one did. We all lost.

But now, with a ceasefire that we hope lasts, everyone should get on with winning the peace by securing Israel's right to exist.

That means working toward disarming Hezbollah so it cannot again bring the Middle East to the point of wider conflagration, putting more U.S. muscle into wider Jewish-Palestinian peace efforts and making greater strides in convincing much of the Arab world that it is better to live together than to die together. From the Aug. 20, 2006 editions of the Milwaukee Journal Sentinel

Did Israel Neglect Its Ground Forces? (NYT)

The New York Times, August 20, 2006

In an article in the Israeli daily Haaretz about the recent Lebanon war, a Likud member of Parliament, Yuval Steinitz, argued that the Israeli Defense Forces have put too much faith in air power and neglected ground-war capabilities.

In recent years, a concept of "victory from the air" developed, negating the need for ground maneuvers or improved firepower on ground or in sea. In the case of Lebanon, a specific concept of repelling Katyusha rockets and missile fire in the air was developed — hence, the belief that it was possible to conduct a broad confrontation with Hezbollah with no action on the ground.

As a result, infantry, tank, and artillery forces were neglected. ... One factor that made neglect in the military power structure more severe was the self-persuasion of senior security force members who believed that conventional warfare had seen its final days. A total of 23 years without frontal conflict between the I.D.F. and Arab armies allowed ministers of defense, chiefs of staff and other experts to develop a military version of the "end of history" theory.

It was expressed in the belief that the conventional military threat to Israel had been permanently replaced by the threat of unconventional weapons, on one hand, and terror, on the other. This concept remained intact even though we witnessed a conventional clash between the United States and Iraq, a clash which included broad ground maneuvers alongside the battle in the air.

France's Paltry Lebanon Offer (LAT)

The Los Angeles Times, August 20, 2006

Paris played a key role in cease-fire, so what's the deal with the pathetic offer of 200 troops?

AFTER FRANCE INDICATED THAT it would contribute a paltry 200 additional soldiers to a Lebanese peacekeeping force, President Bush responded with what can best be described as politesse. He calmly told reporters on Friday: "France has said they'd send some troops. We hope they send more."

The president and Secretary of State Condoleezza Rice needn't be so courteous in their private conversations with French officials. Unlike its lack of enthusiasm for the war in Iraq (which led to the renaming of French fries as "freedom fries"), France's promise of hundreds rather than thousands of troops for the Lebanese operation really is a slap in the face to the United States, not to mention an impediment to the cause of peace in Israel and Lebanon.

France, which has historic ties to Lebanon and friendly relations with other Arab states, played a key role in negotiating the U.N. Security Council resolution that provides for a 15,000-person peacekeeping force to assist the Lebanese army in pacifying the border with Israel. The U.S. worked cooperatively with France on the cease-fire resolution, with the tacit assumption that France would support its diplomacy with a significant contribution to the expanded United Nations force in Lebanon.

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Instead, to the dismay of U.N. officials, France, which has 200 troops in the current U.N. force, offered an additional contribution of only 200 engineers and a backup contingent of 1,700 troops at sea, who wouldn't fall under U.N. command. If France, a key architect of the peacekeeping plan, doesn't have faith in its viability, why should other nations?

The stingy French offer is more than a symbolic setback. It calls into question the practicality of the U.N.'s plan for a quick deployment of 3,500 peacekeepers in southern Lebanon to augment 2,000 already stationed there. Any delay in deployment runs the risk of encouraging violations of the cease-fire by Hezbollah and a decision by Israel to hedge its bets by leaving some of its soldiers in place.

Because of its involvement in Iraq and its support for Israel, the U.S. is in no position to supply troops to the U.N. force. That leaves France, like the U.S. a permanent member of the U.N. Security Council, as the most influential member of the new force. Its contribution should reflect that prominence.

Iran Tests Short-range Missile (KCS/AP)

The Kansas City Star/AP, August 20, 2006

TEHRAN, Iran - Iran on Sunday test-fired a surface-to-surface short-range missile a day after its army launched large-scale military exercises throughout the country, state-run television reported.

"Saegheh, the missile, has a range of between 80 to 250 kilometers (50 to 150 miles)," the report said. It said the missile was tested in Kashan desert, about 150 miles southeast of Tehran, the capital.

Saegheh means lightning in Farsi.

Iran has routinely held war games over the past two decades to improve its combat readiness and to test equipment such as missiles, tanks and armored personnel carriers. But the new tests, in the wake of the Lebanon-Hezbollah fighting, seemed certain to create new tensions with the West.

State-run television said the missile was built based on domestic know-how, although outside experts say much of the country's missile technology originated from other countries.

State-run TV showed video showing 10 missiles being launched from mobile launching pads.

Iran said it launched the new military exercises Saturday to introduce a new defensive doctrine. They are being held in 14 of the country's 30 provinces and could last five weeks, the government has said.

The Islamic Republic, which views the United States as a foe, is concerned about the U.S. military presence in neighboring Iraq and Afghanistan.

It also has expressed worry about Israeli threats to destroy its nuclear facilities, which the West contends could be used to make a bomb but which Iran insists are for civilian uses only.

Iran is already equipped with the Shahab-3 missile, which means "shooting star" in Farsi, and is capable of carrying a nuclear warhead. An upgraded version of the ballistic missile has a range of more than 1,200 miles and can reach Israel and U.S. forces in the Middle East.

Last year, former Defense Minister Ali Shamkhani said Tehran had successfully tested a solid fuel motor for the Shahab-3, a technological breakthrough for the country's military.

Iran's military test-fired a series of missiles during large-scale war games in the Persian Gulf in March and April, including a missile it claimed was not detectable by radar that can use multiple warheads to hit several targets simultaneously.

After decades of relying on foreign weapons purchases, Iran's military has been working to boost its domestic production of armaments.

Since 1992, Iran has produced its own tanks, armored personnel carriers, missiles and a fighter plane, the government has said. It announced in early 2005 that it had begun production of torpedoes.

Ahmadinejad: U.S. Ties Hurting Britain (AP)

AP, August 19, 2006

Britain's close alliance with the United States is damaging its standing in the Muslim world, Iran's president said in an interview published Saturday.

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Mahmoud Ahmadinejad urged Britons to evict Prime Minister Tony Blair's government from office, saying Blair's support for Washington's foreign policy could force Britain into future Mideast conflicts, The Guardian newspaper reported.

"The British people should stop supporting governments that are waging war in the Middle East, such as their own government, the United States government and Israel," Ahmadinejad reportedly said.

Ahmadinejad said that the era in which America and a handful of other nations dominated world affairs was drawing to a close, and vowed that those trying to stop Iran from developing its nuclear capability would not succeed.

"They are trying to deny our right to develop nuclear power," he said. "But no one can impose anything on the Iranian people. They will not succeed. This arrogance will not last forever. Soon you will see the great powers kicked out of their throne."

The U.N. Security Council has said Iran could face sanctions if it does not suspend uranium enrichment, a key step in making nuclear weapons. Tehran has until the end of the month to respond officially.

America, Britain and their allies suspect Iran is trying to develop nuclear weapons, but Tehran says it only seeks to build civilian power plants.

A Wary Engagement (DMN)

The Dallas Morning News, August 20, 2006

Open door, tighter noose part of Iran strategy

If not a true sign of hope, it was, at least, a wrinkle. Iran's foreign minister said last week that his government might discuss suspending its uranium enrichment program.

That certainly differs from the heels-dug-in stance by Iran's president, Mahmoud Ahmadinejad, who says there's no way Iran will comply with a United Nations demand to suspend its enrichment program – a decision Iran must make before Aug. 31.

The twosome could be playing good cop/bad cop, but, if nothing else, they are hinting at talking this thing over.

As we wrote recently, the United States and its allies would be smart to engage Iran – for our own good. The Shiite Muslim movement is growing, with about 70 percent of people living in the Persian Gulf adhering to this wing of Islam, along with about half of the population from Lebanon to Pakistan.

To the extent the U.S. and its allies can, it makes sense to nudge this movement into the larger world of stable alliances and thriving economies. Iran is central to this approach as the Shiite stronghold.

This strategy won't come close to being easy, but the U.S. has cards to play. Charles Hermann of the Bush School of Government & Public Service suggests we could offer to help Iran with its oil-refining capacity or work indirectly with Iranian moderates through Germany and Russia.

We also need to keep clear what engaging Iran doesn't mean:

Iran doesn't get to keep any of its nuclear program, if it agrees to pull back its proxy Hezbollah from the brawl in Lebanon. Iran is likely to make that offer, which deserves rapid rebuff. The future may require living with Iran as a power, but Iran can get no inch on its nuclear ambitions.

If it stiffs the United Nations, the U.N. and U.S. must sanction Iran. No room for error here. The U.N. and all reasonable nations of the world must play their own version of good cop/bad cop to move Iran forward.

Mexico Bracing For Social Unrest (LAT)

By Héctor Tobar, Times Staff Writer

The Los Angeles Times, August 20, 2006

Tanks are deployed as the nation awaits a ruling on who won the July 2 presidential vote.

MEXICO CITY — A line of armored vehicles awaits outside Mexico's Congress building. Most are brand-new and have never seen action. But many Mexicans wonder whether their menacing presence is a harbinger of this divided country's future.

Federal authorities deployed the tanks to prevent supporters of leftist presidential candidate Andres Manuel Lopez Obrador from shutting down Mexico's legislature in a bid to pressure the Federal Electoral Tribunal to order a full recount of all 41 million votes in the disputed July 2 presidential election.

On Monday, the first and only street battle of Mexico's election controversy erupted outside Congress when federal police arrived to disperse supporters of Lopez Obrador. A handful of lawmakers were bruised in the melee.

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"What happened at the legislative palace may be a rehearsal for what we can expect after the tribunal renders its final decision," said Leo Zuckermann, a political analyst here. "Lopez Obrador knows he won't win before the tribunal.... What he is trying to accomplish now is to start a social movement."

The tribunal's seven judges began meeting privately Thursday to debate the results of a partial recount of 4 million votes. They have until early September to declare a winner, but a decision is expected sooner.

Conservative candidate Felipe Calderon led Lopez Obrador in the initial count by 244,000 votes. According to news reports and figures provided by the two campaigns, the partial recount will narrow Calderon's lead — but only by 7,000 to 13,000 votes.

Legal experts say the tribunal probably will not order a full recount, although the judges could still annul the election and order a new vote for next year.

Some members of Lopez Obrador's leftist Democratic Revolution Party, or PRD, have said they will launch a sustained nationwide program of civil disobedience if the tribunal declares Calderon the winner.

Gerardo Fernandez Noroña, a Lopez Obrador aide, said Wednesday that the candidate's supporters would take a position of "rebellion in the face of authority" and might encourage Mexicans to stop paying taxes. However, Ferandez Noroña is known as a loose cannon, and some dismissed his statements as mere bluster.

As the election saga reaches its endgame, there are also indications that some PRD members would balk at taking the radical actions that others in their party favor.

"Violence and riots in the streets are a less probable outcome than many people in Mexico think," said Pamela Starr of Eurasia Group, a risk analysis firm. "But I wouldn't discount it either. With the current high levels of tension on the streets, it's easy for things to spin out of control."

Lopez Obrador's supporters have shut down Paseo de la Reforma, the city's central axis, since July 30. Mexico City's notorious traffic has significantly worsened, turning even simple commutes into gridlock nightmares.

Many residents say the capital is being held hostage by Lopez Obrador and his supporters. Even longtime backers of the leftist candidate have said the decision to blockade the capital's streets has been a grave political mistake.

"The blockade ... is an act of profound callousness that hurts a cause that belongs to many people," Carlos Monsivais and three other prominent leftist writers said in an open letter to Lopez Obrador. "Why pressure the powerful with actions that first and foremost hurt the popular classes?"

The street barricades are seen as a political disaster for Alejandro Encinas, the outgoing mayor of Mexico City and a close Lopez Obrador ally.

Encinas' approval rating has plunged since the protest movement began.

The mayor controls Mexico City's police force — and the officers, rather than reopening the streets, appear to be acting as the protesters' security guards.

Lopez Obrador said Aug. 13 that the street barricades would stay in place during President Vicente Fox's State of the Union speech Sept. 1 and during Mexico's Independence Day celebrations next month.

When Calderon and Fox said preventing the Independence Day celebrations from going forward would be an assault on Mexican patriotism, Encinas responded that the barricades might be temporarily lifted to allow the traditional military parade. But the next day, Fernandez Noroña said the blockades would not be lifted.

Fox has suggested he won't take any action against the protesters until the tribunal confirms the winner of the election.

Addressing a group of supporters Thursday, Lopez Obrador said Fox might use the military to clear the streets by force. The candidate said his backers would resist any effort to provoke a confrontation with the military.

"Do they think they're going to put a puppet president on the throne with the support of the army?" Lopez Obrador asked his supporters. "They're wrong. We are not going to give them any excuse to use force. We won't give them the pleasure of using their tanks."

Mixed Visions Of The Future In Post-Fidel Cuba (LAT)

By Reed Johnson, Times Staff Writer

The Los Angeles Times, August 20, 2006

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The nation's capital is part modern metropolis, part time warp. Which of these two versions will prevail after Castro?

HAVANA — In the once-crumbling Plaza Vieja in Old Havana, a European men's clothing store has opened its expensively refurbished doors a few yards from a fancy new Austrian microbrewery. The store's plush, wood-lined interior is stocked with upscale sporting and casual wear reminiscent of Brooks Brothers or L.L. Bean, while the microbrewery, with its sparkling counters, moody lighting and mixed clientele of tourists and laid-back locals, seems more Caribbean party hot spot than one-party socialist state.

A few miles to the west, next to swanky beachfront hotels, Cuba's elite live in modern glass-fronted condominiums and park power boats in the adjoining canals. Along the Malecon, the city's famous seafront promenade, a construction site advertises its future occupant: a sleek new tapas bar.

Three weeks ago, when President Fidel Castro checked into a hospital with reported internal bleeding after making an unprecedented power transfer to his brother Raul, speculation swept the globe regarding his island's economic and political fate. But on the streets of Havana, glimpses of a possible post-Fidel future already may be seen.

These mental snapshots leave contradictory impressions. In many ways, Cuba remains frozen in the late 1950s. The vast majority of Old Havana's elegant colonial-era residences are flaking into oblivion. Their impoverished residents slump in doorways, fanning themselves to stave off the tropical heat. Vintage American cars still cruise the streets, though many have been converted to tourist taxis.

The official Communist Party newspaper, Granma, is still a dreary propaganda sheet with a Cold War-era graphic sensibility. Socialist slogans and iconic images of Che Guevara still hang from public buildings, along with posters declaring, "Long live Fidel — 80 More Years."

But those same slogans and images also are being sold on berets, T-shirts, posters and other kitschy paraphernalia. Plastered across a pale, middle-aged tourist's body, they look about as revolutionary as the Nike swoosh or the Coca-Cola logo.

Despite decades of think-tank predictions that Castro's eventual decline or replacement would provoke crisis in the government and chaos in the streets, the old warrior's convalescence seems to have engendered calm rather than panic.

Around Havana, there is evidence of the effect of foreign investment and economic joint ventures with the Cuban government that Castro began encouraging after the island lost its longtime Soviet sponsorship in the early 1990s.

The meticulously refurbished baroque buildings that house the men's store and the microbrewery are part of a project to bring back what the government refers to as the nation's architectural "patrimony," a resident said. Pedestrians pausing to admire the handsome facades may hear snatches of traditional Cuban music drifting from half a dozen trendy bars and restaurants surrounding the plaza.

At one restaurant packed with tourists on a recent weeknight, a musician chatted casually with a table of visitors about his band's upcoming foreign tour, and offered his name and e-mail address.

The scene was similar a few blocks away, in the Plaza de la Catedral, where tourists sipped mojitos at cafe tables while listening to street bands and watching cigar-chomping women who came of age during the Eisenhower era.

(Be prepared to pay a tip if you snap their picture. Like many Cubans attuned to the country's active tourist trade, they've learned to keep their palms open.)

Just off the plaza, in the Callejon del Chorro, browsers comb through the technically stunning graphic prints and posters at the government-sponsored Taller Experimental de Grafica, where offerings include seaside landscapes along with depictions of the purported evils of neo-liberal capitalism.

But capitalism isn't always a dirty word in modern Cuba. Along the Parque Central and Obispo avenue in the city's historic center, tourists and Cubans make their way past a modest but apparently growing number of hotels and small shops selling cosmetics, sportswear and other goods.

At the Plaza de Armas, men labor under the hot sun to set down paving stones that will give the historic area a more authentic look.

A male trio sings an a cappella version of "Guantanamera," hoping for spare change from the tourists, while a collection of Jose Martí poems rubs shoulders with Ernest Hemingway's favorite cocktail recipes at the open-air encampment of used-book stalls.

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Cuba may be culturally off-limits to the United States, but it is clearly in touch with other parts of the world, especially Europe, Canada and Latin America. The contemporary artworks in the National Museum of Fine Arts reflect a detailed knowledge of modern global art currents. Tourists may flock to hear the old-school sounds popularized by the Buena Vista Social Club, but youths on the street and cabdrivers gravitate to hip-hop and R&B.

A painter who displays his large abstract canvases in a storefront and has placed his work in shows in Europe and the U.S. acknowledged that his paintings travel the world more than he can. But he expressed appreciation for being included in a recent group show sponsored by the Cuban government.

"After 40 years" under Castro's rule, "the people are afraid of what's going to come next," said the man, who like the other people quoted in this article could not be identified for security reasons. But the unease, he believes, is more a general anxiety about the unknown rather than a specific fear about what the next government might or might not do.

Though Cubans typically are hesitant to approach tourists or start a conversation with them, they don't appear to shrink from such encounters. Sometimes these exchanges end in offers of cheap Cohiba cigars, cheap home-cooked meals or cheap sex. But just as often, they may lead to a discussion of the city's historical landmarks, Papa's pub crawls or the state of U.S. politics.

Cuba's capitalistic tendencies may conflict with the official party line, but they are nothing new. The resort area of Varadero, east of Havana, is the largest in the Caribbean and has been attracting hundreds of thousands of foreign tourists to its white-sand beaches and azure waters since the 1970s. The Cuban economy actually can be seen as two economies, one for tourists and the privileged, the other for everyone else.

Two images of the city stand out. One is of a packed downtown movie theater on a humid Sunday afternoon, at a screening of the new feature film "El Benny" about the great Cuban singer Benny More.

The nearly all-Cuban audience hooted and cheered at every risque joke and flashy 1950s nightclub number, a kind of group affirmation of the national culture and identity.

The other is of an old, barefoot man in filthy clothes lying on the curb of Aguacate street, directly across from the Museum of the Revolution.

Which is Cuba's future, and which is its past?

Reed Johnson was recently in Havana.

Venezuela Says It Seized 4 Spies; U.S. Embassy Denies Knowledge (NYT)

By Simon Romero

The New York Times, August 20, 2006

CARACAS, Venezuela, Aug. 19 — President Hugo Chávez said that the authorities here had captured four people who were spying for the United States, and he taunted the Bush administration for making Venezuela a target of high-level intelligence scrutiny.

Speaking at a campaign rally on Friday night in western Venezuela, Mr. Chávez, who has made attacks on the United States a staple of his re-election campaign, ridiculed the administration's establishment of a mission manager for intelligence on Venezuela and Cuba. J. Patrick Maher, a longtime veteran of the C.I.A., was named to the post on Friday.

Iran and North Korea are the only other countries assigned such senior intelligence managers, who are not expected to directly oversee intelligence operations or analysis but rather guide these activities on a strategic level.

"They selected Jack the Ripper," Mr. Chávez said, referring to Mr. Maher. "Whatever their plan is, we stand ready to defeat it."

Accusations of spying have become commonplace in Venezuela in the past two years, as Mr. Chávez's government grows more explicit in its criticism of the United States, emboldened by climbing oil revenues and a perception that his opponents stand little chance of defeating him in the December election.

Authorities have offered little evidence in relation to the various spying charges, but the government has often pointed to the tacit support the Bush administration gave to a coup that briefly ousted Mr. Chávez in 2002.

The new accusations contained few details, though Mr. Chávez did say: "I've caught four of their spies, four, and I've put them back in their hands. Not long ago we caught a very beautiful woman in Valencia, taking photos."

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American officials here appear to be growing used to such charges, after Venezuela's expulsion in February of a naval attaché, contending he was a spy.

"We have no idea what the president is talking about," Brian Penn, a United States Embassy spokesman, said Saturday of the new charges.

Chavez: Venezuela Captured 4 U.S Spies (AP)

By Ian James, Associated Press Writer

AP, August 20, 2006

President Hugo Chavez said Venezuela has caught four people spying for the American government, but a U.S. embassy spokesman said Saturday that he had "no idea what the president is talking about."

Without offering specifics, Chavez said that one woman was caught not long ago while taking photos in the north-central city of Valencia.

"I've caught four of their spies, four, and I've put them back in their hands," Chavez told a campaign rally in western Venezuela Friday night.

U.S. Embassy spokesman Brian Penn said Saturday that more than a year ago, a clerical official working in a military office at the embassy had her purse stolen in Valencia and that inside it was a disposable camera.

The woman, who was on a temporary assignment in Venezuela and eventually moved on to other duties, was never detained or formally accused of spying, Penn said.

Chavez consistently accuses the U.S. of conspiring to oust him and often asserts the CIA is working to destabilize his government. Last year he ordered one U.S.-based missionary group out of Indian communities where they worked, accusing them of spying for the CIA.

In his latest comments, Chavez apparently was counting among the four a naval attache at the U.S. Embassy whom he accused of spying in February and ordered out of the country. The U.S. government responded to that move by expelling a Venezuelan diplomat from Washington.

He predicted that the United States could try to discredit the results of Venezuela's Dec. 3 presidential election, in which Chavez is seeking another six-year term, or could try to provoke violent unrest around the time of the vote.

U.S. officials have denied trying to overthrow the leftist Chavez, who is Cuban President Fidel Castro's close ally and friend. President Bush's government has repeatedly labeled Chavez a threat to democracy.

Chavez warned that Venezuelans should be prepared for a "war of resistance" in case U.S. troops one day invade — a possibility Washington calls preposterous.

U.S. National Intelligence Director John Negroponte announced Friday he was creating a "mission manager" for Cuba and Venezuela to oversee the American spy community's efforts to collect and analyze intelligence on the two countries.

"In a way, it's an honor that they put us alongside revolutionary Cuba" in naming an espionage point man for both countries, Chavez said.

"How are you, Fidel?" he added, saying he believed the ailing Cuban leader was watching the televised speech. "Long live Fidel!"

U.S. Charity For Chavez (WT)

By Kelly Hearn, The Washington Times

The Washington Times, August 20, 2006

BUENOS AIRES

Venezuelan President Hugo Chavez, one of the hemisphere's harshest critics of the United States, is receiving hundreds of millions of dollars in subsidies from Washington, thanks to an obscure 20-year-old oil pricing formula.

The formula is part of a supply contract between Venezuela's state-owned Petroleos de Venezuela (PDVSA) and its wholly owned U.S. subsidiary, Citgo Petroleum Corp., which forces Citgo to buy PDVSA's crude for at least $5 a barrel over market prices.

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The net effect is to reduce Citgo's taxable earnings in the United States and to boost Venezuela's share of oil profits by as much as $1 million a day.

"At the moment, we have the strange situation where the USA is subsidizing Venezuela to the extent of the tax relief on the excess above-market prices" says Oliver Campbell, a former finance coordinator of PDVSA.

James Williams, an Arkansas-based oil analyst with WTRG Economics, estimates that Citgo has been paying $5 to $8 a barrel over market prices for the past two years, amounting to a de facto U.S. subsidy.

Mr. Williams estimates that Venezuela could be earning as much as an extra $1 million a day that would otherwise belong to the U.S. Treasury.

The ironies are ubiquitous on two fronts: demands to end tax breaks for Big Oil in the United States as gasoline prices skyrocket and Mr. Chavez's repeated threats to cut off oil shipments.

"The government of the United States should know that if they go over the line, they are not going to have Venezuelan oil," Mr. Chavez said as recently as February.

"I have already taken measures regarding this. I'm not going to say what because [U.S. officials] think that I can't take these measures because we would not have any place to send the oil," Mr. Chavez said.

Today's record oil prices -- about four times higher than in 1989, when the IRS formula was negotiated -- have provided Venezuela's verbose leader with plenty of cash for his anti-U.S. campaign.

Mr. Chavez cites the hypothetical threat of a U.S.-led military assault to justify purchases of billions of dollars of advanced weapons from Russia.

He also provides generous subsidies to Latin nations with leftist governments, ranging from anti-U.S. Cuba to longtime U.S. friends such as Argentina, which recently benefited from a Venezuelan buyout of debt owed to the International Monetary Fund.

The U.S. Congress' Government Accountability Office (GAO) says that the United States is ill-prepared for a disruption in Venezuelan oil, which could cost the U.S. economy $23 billion in losses to its gross domestic product.

The GAO report also says that Venezuela's economy would suffer. About 70 percent of the nation's oil exports go to the United States.

But analysts say the potential impact on Venezuela would shrink as Mr. Chavez finds new markets and refining potential outside the United States.

During the first four months of 2006, Venezuelan oil exports to the United States fell about 6 percent, to 178 million barrels of crude and petroleum products, from 190 million barrels during the same period a year earlier, according to the U.S. Energy Department.

An analyst with the department says it is too soon to say if this represents a trend, because imports routinely fluctuate, making it difficult to determine whether production lags at PVDSA or sales in new markets caused the decline.

Nevertheless, Venezuela's oil shipments to China clearly are rising.

In 2004, Caracas sent a average of 14,000 barrels a day to China, an amount that spiked to 80,000 barrels a day in 2005, PDVSA's Web site says.

In May, PDVSA announced a $1.3 billion plan to buy 18 oil tankers from Chinese shipyards to boost its shipments to Asia.

"By the end of this year, we should be sending 300,000 barrels a day of oil to China," Mr. Chavez said.

Mr. Chavez is also expanding his energy relationships to Russia and Iran. Both are oil exporters, but have the technology for new refineries that are needed to process Venezuela's heavy crude.

During a state visit to Moscow last month, he clinched a large arms deal and oil agreements with President Vladimir Putin.

"In Volgograd, we agreed with the president of Lukoil that by the end of 2006, this Russian company will start to produce oil in Venezuela, in two regions," Mr. Chavez said.

The trip included a visit to Tehran, where Iran's state-owned Petropars oil and gas company said it would invest $4 billion in two Venezuelan oil fields.

Venezuela also has deals to supply countries such as Cuba and Bolivia with cheap oil, as well as new supply agreements with India, Jamaica, Haiti and Paraguay.

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Argentina and Uruguay last month agreed to work jointly on oil projects in Venezuela's Orinoco region, and Mr. Chavez continues pushing a number of oil initiatives in the Caribbean.

Venezuela is already the world's fifth-largest oil producer. But it has yet to begin developing an oil find in its Orinoco River belt, which would give it oil reserves greater than Saudi Arabia's, according to estimates from both U.S. and international agencies.

"What happens when the weight of global oil shifts from the Middle East to Venezuela?" Jose Cordeiro, a Venezuelan oil specialist, asked recently at an oil forum in Buenos Aires.

U.S. officials are concerned that Mr. Chavez will continue to use his nation's oil wealth to reward regimes to the degree they share his anti-American agenda.

"So what is it, this [U.S.] government is trying to do? Destabilize its secure [oil] supplier?" Mr. Chavez asked rhetorically during his weekly "Hello, President" television and radio show.

He answered his own question, saying that Venezuela "has enough allies on this continent to start a 100-year war."

Barely a day goes by without Mr. Chavez hurling an over-the-top insult or threat at the United States.

Still, Mr. Chavez has plenty of oil-thirsty neighbors. The main obstacle is technical.

Venezuelan oil is sulfur-heavy, making it difficult to refine into products such as gasoline.

Few refineries in the world are up to the task, the bulk being nine U.S. refineries that are either partly or fully owned by PDVSA through Citgo.

"While the United States is unique in its capacity to refine large volumes of the heavy crude oil that constitutes a majority of Venezuela's oil exports, China and other countries, such as Brazil, have plans to build refineries that can process heavy crude oil, which, if built, may create other attractive markets for Venezuela's oil," the GAO report says.

One key to Mr. Chavez's strategy involves developing refineries outside the United States that can process Venezuelan crude. Brazil and Venezuela are jointly building a $2.5 billion refinery in the northeastern Brazilian state of Pernambuco, which is expected to process up to 200,000 barrels of heavy oil daily.

"The crude currently going to Citgo could just as easily go there," said Carter Beasley, an oil industry professional who works in Latin America.

"Brazil is a big importer, and if Venezuela builds the refinery, you would assume there is a clause in there somewhere about supplying the crude," Mr. Beasley said.

PDVSA also has an agreement to upgrade a Uruguayan refinery and reportedly plans to invest in a Paraguayan facility.

Sen. Richard G. Lugar, Indiana Republican and chairman of the Foreign Relations Committee, is urging the United States to plan for the day when Venezuelan oil is no longer available.

"Venezuela's leverage over global oil prices and its direct supply lines and refining capacity in the U.S. give Venezuela undue ability to impact U.S. security and our economy," Mr. Lugar wrote in a recent letter to Secretary of State Condoleezza Rice.

"However unrealistic Venezuelan President Hugo Chavez's repeated threats to disrupt the oil supply may be, we have a responsibility to plan appropriate contingencies that protect the American people," the letter says.

It also warns of "a real risk of having Venezuela act in concert with other countries to disrupt the price of oil."

Energy-hungry China and India figure prominently in Mr. Chavez's plans.

But getting oil from Venezuela to China is expensive. According to one estimate, Caracas loses $3 dollars per barrel in shipping costs.

But a $4.7 billion pipeline planned by Venezuela and Colombia could someday move Venezuelan crude to the Pacific, where it could be loaded onto a new generation of supersize oil tankers that are too big to squeeze through the Panama Canal.

Though Mr. Chavez has big plans for marketing Venezuela's crude to customers other than the United States, it takes time to build pipelines and refineries, making a sudden cutoff unlikely.

Nevertheless, it is clear that Venezuela is moving to disinvest its oil-related assets in the United States.

On Tuesday, Venezuelan Oil Minister Rafael Ramirez announced the sale of Citgo's 41 percent stake in the Lyondell-Citgo refinery in Houston to Lyondell Chemical Co. for about $1.3 billion.

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Here lies another irony in Mr. Chavez's oil strategy. Two years ago, when Venezuela began negotiating the sale of its minority share of Lyondell-Citgo, he could say American refineries were a bad deal for his country.

That appears to have changed because of the obscure pricing mechanism that was negotiated with the IRS to facilitate PDVSA's purchase of Citgo in 1989.

Few details are available about the complicated accounting formula.

A rare and superficial description offered in a 2005 Citgo report to the U.S. Securities and Exchange Commission (SEC) says it takes into account a variety of factors, including the market value of refined petroleum products, transportation costs, refining margins and inflation.

Because Citgo is no longer a publicly traded stock, it no longer files reports with the SEC.

Sources say the formula was designed to help obtain loan financing for the purchase of Citgo, with third-party creditors seeking to ensure the U.S. refinery would not be overcharged in supply contracts.

Before oil prices spiked in recent years, the formula favored Citgo -- and, by extension, the U.S. Treasury -- as PDVSA was forced to sell at below-market prices.

But the formula was structured in such a way that when prices rise above a certain threshold, the balance shifts in favor of the parent company, creating the situation that exists today with the United States subsidizing PDVSA.

Despite paying more for crude, high oil prices have also kept Citgo flush with cash.

In a May interview with the Venezuelan newspaper El Universal, Citgo's Chief Executive Officer Felix Rodriguez said the U.S. company repatriated to Venezuela $785 million in 2005.

Pinochet Court Loss (NYT/AP)

By The Associated Press

The New York Times, August 20, 2006

SANTIAGO, Chile, Aug. 19 (AP) — Chile's Supreme Court voted Friday to strip Gen. Augusto Pinochet of immunity from prosecution, an official said, allowing him to be tried on corruption charges involving his once-secret multimillion-dollar overseas bank accounts.

Judge Carlos Cerda said he found evidence that General Pinochet, 90, the former dictator, used $2 million in government funds to benefit himself and his family during his rule, from 1973 to 1990.

The decision adds to General Pinochet's legal problems. His immunity also has been lifted in cases against him involving human rights abuses and tax evasion.

The court's ruling will be issued Monday after all the justices have signed it, an official at the court's press office said.

Where's The Love, Russia? (LAT)

By Rajan Menon, Rajan Menon, A Fellow At The New America Foundation, Is Monroe J. Rathbone Professor Of Internationa

The Los Angeles Times, August 20, 2006

Russians blame the U.S. for 1990s corruption and economic bullying.

THE BUSH administration's imposition of sanctions on two Russian companies this month for selling military technology to Iran certainly sends the Kremlin a message — but it won't be the one the White House has in mind. The penalties will only deepen the hostility that Russia's political establishment feels toward the United States.

That attitude came through loud and clear in many discussions I had with Russian academics, foreign policy specialists and senior officials during a recent trip to Moscow. President Vladimir V. Putin echoed it in his caustic dismissal of Vice President Dick Cheney's recent complaint that Russian democracy was eroding. And his condemnation of the sanctions as an "illegitimate" attempt to foist U.S. laws on Russian companies was no less acerbic. He will doubtless respond in kind.

The anti-American nationalism so palpable in Russia today is rooted in the 1990s, the decade of Boris N. Yeltsin, whom many Americans credit with ending Soviet totalitarianism and introducing the country to democracy. Russians have a different take on those years. They remember the chaos; the economic contraction; the extreme poverty; the robber barons who, with the connivance of the government, made billions after taking over state-owned industries at bargain-basement prices; and the Yeltsin

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family's rampant corruption. Rightly or wrongly, they associate these bad experiences with the United States. As one Russian official told me, "We followed your advice, and look where it landed us."

NATO's expansion also feeds Russian anti-Americanism. During the debate here, U.S. experts confidently predicted that Moscow would adjust to the induction of its former Soviet republics — Estonia, Latvia and Lithuania — into the alliance just as it had when Hungary, Poland and the Czech Republic joined. They were wrong.

The Russians I met see the U.S. drive to enlarge the North Atlantic Treaty Organization as unfriendly and unnecessary, undertaken when Russia was weak and without regard for Russian sensibilities. They believe that the U.S. continues to trample over vital Russian security interests, particularly in the post-Soviet republics, where, as they see it, Russia has the right to be dominant by virtue of history and geography. The democratic revolutions in Georgia, Kyrgyzstan and Ukraine, hailed in Washington, are viewed in Russia as a U.S. gambit to undercut Moscow's influence in its own backyard by creating what one official sneeringly called "puppet governments." Russia, I was told, would never allow Georgia to retake its breakaway statelets in Abkhazia and South Ossetia; "blood would flow" if it tried. And were Ukraine admitted to NATO, the consequences would be dire: Russia would throw in its lot with China, demand that Ukraine return the Crimea and show Europe who's boss when it comes to energy.

Russia's anti-American nationalism also reflects current circumstances. Although their country has many problems, Russians feel stronger and more confident than they did in the 1990s and are determined to be taken seriously as a great power. The economic disaster of the previous decade is over. Russia's gross domestic product has annually increased, on average, by 5% under Putin. Yeltsin's drunken antics, which made Russians cringe, have been replaced by Putin's authoritative and confident air on the world stage. One young Russian, who finished high school and college in the U.S., told me, with evident admiration, that Putin conducted himself at the G-8 summit with the assurance of an adult tending children.

When Russians look ahead, they feel that they are on a roll. Thanks to sky-high oil prices, Russia is flush with cash. It has paid off much of its foreign debt ahead of schedule. Europe is increasingly dependent on Russian energy, and Western oil and gas companies want to partner with their Russian counterparts, most of which are under state control. The West is desperate for Russian help on Iran and North Korea, and the U.S. is bogged down in Iraq and hated in much of the world. All this makes Russians determined to push back when they feel that they are pushed.

It's folly to assume that a new, post-Soviet generation will seek greater harmony with the U.S. or that Russia's accession to the World Trade Organization (certain to occur) and market forces will necessarily integrate it into the West. When I asked the U.S.-educated Russian whether he shared the anti-American nationalism that I'd heard during my talks with Russian academics and officials, he said he did. What's more, he added, his circle of friends was, if anything, even angrier at the United States for what he regarded as its arrogant foreign policy and disregard of Russia's interests.

Many Russian businessmen want membership in the WTO and want market-oriented reforms to accelerate. But others, in business and in society generally, consider foreign competition a threat, believing that globalization will reduce Russia's independence, contaminate its culture and allow foreigners to control its natural resources. Moscow's populist mayor and a possible Putin successor in 2008, Yuri Luzhkov, said as much when, soon after last month's G-8 meeting, he welcomed Russia's failure to get into the WTO as a blessing. It would be a grave error to see his view, also regularly voiced by the leaders of the Russian Orthodox Church (itself an important source of a nationalism) as idiosyncratic.

Russians have yet to determine the kind of society they want to build and what its relationship with the West, in general, and the United States, in particular, should be. Let's hope that the country's attitudes toward us will have a minimal effect on those choices.

Congo's Presidential Election Heads Toward October Runoff (NYT)

By Jeffrey Gettleman And Anjan Sundaram

The New York Times, August 20, 2006

NAIROBI, Kenya, Aug. 19 — With more than half of the vote counted, the race for the president of Congo seems headed toward a runoff between Joseph Kabila, the incumbent, and Jean-Pierre Bemba, a tycoon who has been accused of war crimes.

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On Saturday, the Congolese election commission released a batch of new results indicating that Mr. Kabila was ahead 48 percent to Mr. Bemba's 18 percent, with nearly 12 million of an estimated 20 million votes counted. The rules call for a runoff in October if no candidate clears the 50 percent mark.

The July 30 election, with 33 presidential candidates, was the first major multiparty contest in Congo in more than 40 years. Though the voting went peacefully for the most part, the counting has been turbulent, with some ballots burned, others missing and the results cloaked in mystery.

Initially, Mr. Kabila, who inherited power after his father, Laurent Kabila, was gunned down in 2001, was predicted to win in a walk. Then local election observers, analyzing early results, announced Mr. Bemba was ahead. Now Mr. Kabila seems solidly in front.

Even Mr. Kabila's most energetic supporters say a runoff might not be such a bad thing. If Mr. Kabila won outright, the theory goes, it could fan suspicions that he rigged the outcome, which might ignite violence and upheaval.

The reality is that most Congolese voters are deeply cynical about politics, knowing nothing but dictatorship and corruption. Congo was ruled for more than 30 years by Mobutu Sese Seko, a notoriously extravagant autocrat. Laurent Kabila, an aging rebel leader, helped overthrow him, only to plunge Congo deep into war.

Joseph Kabila is credited with bringing the fighting to an end, and huge posters across the country proclaim him the "artisan of peace."

But Mr. Bemba's formidable campaign machine raised doubts about whether the president of Congo was even Congolese. President Kabila spent much of his boyhood outside the country because his father was in exile.

"And it was this serious misinformation campaign," said Kikaya bin Karubi, one of Mr. Kabila's top aides, "that cost us millions of votes."

Mr. Bemba, though, has own image problems. The son of one of the richest men in Congo and a businessman in his own right, Mr. Bemba led an insurgent movement in eastern Congo, and his troops have been accused of brutalizing civilians and eating people.

The Bemba camp seemed surprised it had not won more votes in Kinshasa, the capital, where the anti-Kabila rumors were especially rampant.

But Fidèle Babala, a spokesman for Mr. Bemba, said, "In the interests of peace and stability, we will not contest the results of the vote."

It is unclear whom the secondary candidates, like Oscar Kashala, a Harvard-trained cancer scientist, Justine Kasa-Vubu, daughter of Congo's first president, or Antoine Gizenga, a former prime minister, would back if the vote went to a runoff. Election analysts say their support could spell the difference between victory and defeat.

Though President Kabila and Mr. Bemba have not publicly discussed their strategies, many suspect that the two leading candidates are busy lining up allies for Round 2.

Milosevic's Estate Unclaimed By Heirs (WT)

By Ivo Scepanovic, London Sunday Telegraph

The Washington Times, August 20, 2006

BELGRADE, Serbia -- Slobodan Milosevic, the former Serbian strongman who died in March, left land and property worth tens of millions of dollars, but no heirs have come forward to claim it, according to lawyers administering his estate.

By law, his heirs have to launch legal action if they wish to take possession of their inheritance. Yet his son, Marko, and his widow, Mirjana Markovic, are both on the run. Wanted in Serbia for fraud, they are believed to have fled to Russia.

His daughter, Marija, also is living in self-imposed exile after it was claimed she fired several shots during the arrest of Mr. Milosevic, who died in jail in The Hague while on trial for war crimes in Bosnia, Croatia and Kosovo.

As a result, Mr. Milosevic's estate -- which includes two villas in a diplomatic quarter of Belgrade, in addition to land, shares and the contents of private bank accounts -- could remain in legal limbo for many years.

Frustrating for the government, which has said it wants to seize all his assets, there is no time limit for his heirs to stake their claim.

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"If we knew their address, we could force them to decide, but we don't even know where they are," said Savka Mangolic, a deputy public prosecutor.

Mr. Milosevic was buried in his home town of Pozarevac after the Serbian government refused him a state funeral. None of his close family attended.

During his trial, Mr. Milosevic pleaded poverty and his attorneys applied for legal aid to help fund his defense. Yet details of his estate, published last week, show that he was a multimillionaire.

"That man destroyed this country. He ordered politically motivated murders. He should not be allowed the right -- even posthumously -- to own properties worth millions in prestigious areas," said Srdjan Sreckovic, the vice president of the Serbian Renewal Party.

Mr. Sreckovic and others say the former Serbian president exploited his position between 1989 and 2000 to buy state-owned properties at bargain-basement prices.

One such property is a sprawling villa in Belgrade's fashionable Dedinje district -- on the same road, Uzicka Street, as the official residence where the former dictator was arrested in March 2001 after a shootout between police officers and his bodyguards.

Mr. Milosevic paid $20,700 for the villa that is worth an estimated $1.88 million and has become the focus of public anger over the extent of his estate. His disputed assets also include about 2½ acres of development land in the capital, while other properties in Pozarevac were transferred to his son's name just before his arrest.

The legal campaign to reclaim the Uzicka Street villa is well under way. Government officials tried to seize the house, arguing that Mr. Milosevic came by it unlawfully, but Belgrade's municipal court ruled their actions illegal. The judge, Marina Klaric, said the house should remain in Mr. Milosevic's estate for his heirs to claim.

Serbian Justice Minister Zoran Stojkovic said the government still hoped to take back the house by proving that Mr. Milosevic had acquired it illegally. It is planning to change the law to help tackle the problem.

"We have prepared a draft law on illegally earned fortunes, looking at similar laws in the United Kingdom and Ireland," Mr. Stojkovic said. "The new law will be put before parliament soon, but until then, there is nothing we can do."

A Belated Coming To Terms (WP)

By Jim Hoagland

The Washington Post, August 20, 2006

Germany and Japan have served six decades on global probation. It is time for their neighbors, their citizens and the international community to acknowledge the thorough transformation of the former Axis powers into fully democratic and morally responsible nations.

Comes now Guenter Grass, Germany's most accomplished novelist, to remind us of this need, albeit inadvertently. As does Prime Minister Junichiro Koizumi of Japan, much more deliberately. They have touched off controversies that bring into focus questions of war guilt, selective historical amnesia and, for Grass, the role of the artist in consumer-dominated societies.

Grass is simultaneously a Nobel laureate in literature, a deeply flawed political thinker and a willing human lightning rod for national angst. He has based his career on castigating Germans -- more specifically, West Germans during the Cold War -- for refusing to face up to the broad support they gave Hitler's crimes. So jaws dropped last week when Grass, now 78, disclosed his secret past as a 17-year-old Nazi assault trooper at the end of World War II.

Cynics in Germany noted that the revelation came at a strategic marketing moment for Grass's new memoir, which was promptly rushed into stores. The author himself suggested another motivation in a revealing interview in the Frankfurter Allgemeine Zeitung: At his age, there is no hiding place left in the soul.

Grass's complexity as a literary and historical figure makes this much more than a personal tale of an intellectual preaching one thing while doing another. Had he disclosed it, his conscription into the Waffen SS could have made his testimony about the evil of the Nazi era even more compelling. His transformation was a story worth telling long before now.

In any event, what he has written and said about that era over the past half-century stands on its own -- as do the restitution and reconciliation efforts of successive German governments over the same period. People -- and nations -- can, and do,

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change as a result of their experiences. They must be judged on the entirety of the record, with particular weight being given to the consistency of their behavior in the more recent past.

That is a right that Grass was unwilling to grant to his fellow citizens in West Germany, which he saw as a "petty bourgeois" political entity so corrupt and stained by the past that he opposed German reunification at the end of the Cold War. Having naively excused or whitewashed the shortcomings of the communist system in East Germany for so long, he could not bear to see it disappear.

But the lasting artistry of "The Tin Drum" and other Grass novels towers over such misguided, unsustainable political judgments. Calls for the Nobel Prize awarded to Grass in 1999 to be rescinded because of his Waffen SS role -- and I suspect because of his contemporary political views -- are misplaced. His works and the recognition they have received are in fact important indicators of Germany's having come to terms with the past more successfully than have other world powers, particularly Russia and China.

Koizumi gave China an opening to rake up Japan's militaristic past last week by visiting the Yasukuni war shrine, which honors 2.5 million Japanese war dead, including 14 persons convicted as Class A war criminals by a 1948 tribunal. But China and other Asian nations are engaged in the pursuit of tactical advantage, not historical truth, in pretending they possess moral superiority over an unreconstructed Japan.

It is the unfinished transformation of China, not of Japan, that is the urgent moral and political question today in Asia. It is China's military buildup -- not Japan's increased willingness to take on the burdens of global security -- that is the destabilizing force in Asia. Americans and Europeans should not be taken in by Beijing's flimflammery on the Yasukuni visit.

Such protests and the discrimination against Germany and Japan written into the United Nations Charter are now obsolete. Japanese membership on the Security Council is a necessary first step toward serious reform of the world body. Tokyo should help clear the way for that step by removing the inscriptions that honor war criminals at Yasukuni.

Germany's case for Security Council membership is complicated by the fact that Europe already has seats held by France and Britain. Chancellor Angela Merkel has prudently deferred the once-insistent push by Germany for its own seat. But Germany and Japan both deserve to be heard and treated as the responsible international partners they have become across six decades.

jimhoagland@washpost.com

The Uneasy Sleep Of Japan's Dead (WP)

By George F. Will

The Washington Post, August 20, 2006

TOKYO -- The past is present everywhere, but Japan is an unusually history-haunted nation. Elsewhere the Cold War is spoken of in the past tense. Japan, however, lives in a dangerous neighborhood with two communist regimes -- truculent China and weird North Korea. For Japan, the fall of the Berlin Wall did not close an epoch. Even World War II still shapes political discourse because of a Shinto shrine in the center of this city.

Young soldiers leaving Japan during that war often would say, "If I don't come home, I'll see you at Yasukuni." The souls of 2.5 million casualties of Japan's wars are believed to be present at that shrine. In 1978, 14 other souls were enshrined there -- those of 14 major war criminals.

Between that enshrinement and 1984, three prime ministers visited Yasukuni 20 times without eliciting protests from China. But both of Japan's most important East Asian neighbors, China and South Korea, now have national identities partly derived from their experience as victims of Japan's 1910-45 militarism. To a significant extent, such national identities are political choices .

Leftist ideology causes South Korea's regime to cultivate victimhood and resentment of a Japan imagined to have expansionism in its national DNA. The choice by China's regime is more interesting. Marxism is bankrupt and causes cognitive dissonance as China pursues economic growth by markedly un-Marxist means. So China's regime, needing a new source of legitimacy, seeks it in memories of resistance to Japanese imperialism.

Actually, most of China's resistance was by Chiang Kai-shek's forces, Mao's enemies. And Mao, to whom there is a sort of secular shrine in Beijing, killed millions more Chinese than even Japan's brutal occupiers did.

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Junichiro Koizumi, Japan's prime minister, made a campaign promise to visit the shrine regularly, and has done so, most recently last Tuesday, the anniversary of the end of World War II. Shinzo Abe, a nationalist who is almost certain to replace Koizumi, who is retiring next month, seems inclined to continue something like Koizumi's policy, and for at least one of Koizumi's reasons: China should not dictate the actions of Japan's prime ministers.

This is the Admiral Nelson Fire Poker Principle. Speaking with some of his officers the night before Trafalgar, Nelson picked up a poker and said: It doesn't matter where I put this -- unless Bonaparte says I must put it there . In that case, I must put it someplace else.

The museum adjacent to Yasukuni says "The Greater East Asian War" began because, when the New Deal failed to banish the Depression, "the only option open to Roosevelt . . . was to use embargoes to force resource-poor Japan into war. The U.S. economy made a complete recovery once the Americans entered the war." That is disgracefully meretricious -- and familiar. For years a small but vocal cadre of Americans -- anti-FDR zealots -- said approximately that. But neither Koizumi nor Abe includes the museum in his visits to the shrine.

It would be helpful if Abe would discontinue visiting Yasukuni. He could cite the fact, learned last month, that Emperor Hirohito, who died in 1989, stopped visiting it because he strongly objected to the war criminals' enshrinement. Because China decided to be incensed about Koizumi's visits, there has been no Japan-China summit meeting for five years. In 2005 there were vicious anti-Japan riots in China, and 44 million Chinese signed an Internet petition opposing Japan's quest for a permanent seat on the U.N. Security Council. Relations between the nations are colder than at any time since relations were normalized in 1972, when Mao decreed that both the Chinese and Japanese people had been victims of Japan's militarists.

Things are so bad that, speaking about the incessant incursions by Chinese submarines and military aircraft into Japanese sea and air spaces, a senior Japanese official casually made the startling suggestion that China's regime, like Japan's regime before the war, does not fully control its military. But relations other than diplomatic ones are flourishing. China is, after America, the second-most popular destination for Japanese tourists. Ten thousand people a day travel between the two countries, and in 2004, for the first time since 1945, Japan's trade with China was larger than with the United States.

The controversy about Yasukuni should not mystify Americans. With their comparatively minor but still acrimonious arguments about displays of Confederate flags, Americans know how contentious the politics of national memory can be, and they understand the problem of honoring war dead without necessarily honoring the cause for which they died.

georgewill@washpost.com

Tending To Sri Lanka (WT)

The Washington Times, August 20, 2006

Violence perpetrated by the separatist rebels known as the Liberation Tigers of Tamil Eelam have beset Sri Lanka since the mid-1980s. The most recent cease-fire accord, reached in 2002 with assistance from Norway, has all but dissolved as attacks from rebel Tigers and retaliation from Sri Lankan forces have escalated. So far this year, the death toll has climbed to nearly 800. Citing legitimate mistreatment in the past of the Tamil people by the government in Colombo, the Tigers demand an autonomous state in the North -- amounting to roughly a third of the island -- for the Tamils, who comprise roughly 12 percent of the population.

Tamil Tigers are known to recruit and train children, indoctrinating them to accept the mentality of suicide bombers. The Tigers are also notorious for high-profile assassinations. The deputy chief of the government peace secretariat, a high-ranking Tamil in the Sri Lankan government, was killed last weekend -- one year to the day after the Sri Lankan minister of foreign affairs, another high-ranking Tamil, was killed. The brazen 1991 assassination of Rajiv Gandhi, the former Indian prime minister who cracked down on the influence of the Tigers in the late 1980s, caused India to formally ban the rebel group in 1992.

The fight against the Tigers, most of whom are Hindu, is a predominantly regional battle, not a part of the greater war against Islamic fascism. That said, Sri Lanka's struggle against terrorism is not entirely isolated from the larger war. Terror tactics pioneered by the Tigers -- most notably suicide bombings -- have been incorporated by other terror groups. There are larger regional implications from this conflict as well. India's opposition to the Tigers is clear: Southern India has a population of 50

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million Tamils who may be emboldened by a divided Sri Lanka and push for their own autonomy. But unpleasant memories of the bloody decision to send peacekeepers to Sri Lanka in 1987 kept India in a more circumspect role.

During a visit to the Sri Lankan capital Colombo in January, Undersecretary of State for Political Affairs R. Nicholas Burns said that "this long conflict is only going to come to an end when the LTTE and the government sit down and find a way forward to end the violence and convince the LTTE to stop using violence as a political weapon."

The prerequisite for any true cease-fire and productive discussion, however, is genuine motivation on both sides. For the Sri Lankan government, the desire to resolve a conflict that has torn the small country for more than two decades is very real; for the Tamil Tigers, it is not. In the past, the Tigers have entered cease-fires in a weakened state and used the temporary breaks in hostilities to recover and refortify their position.

After India outlawed the Tigers, the United States designated the group a terrorist organization in 1997; England did the same in 2001, followed by Canada and the European Union this year. These moves dishearten the Tigers, but to make meaningful progress toward a permanent resolution of the crisis, cease-fires cannot function merely as opportunities for the Tigers to regroup. In short, the Tigers' ability to rearm themselves needs to be curtailed, and one way to do that is to stop the flow of money to Sri Lanka from Tiger sympathizers, particularly those in the West.

Spy Or Reporter? (WP)

The Washington Post, August 20, 2006

Beijing locks up another journalist.

THE CHINESE government isn't even pretending that Hong Kong journalist Ching Cheong is getting a fair, impartial trial. The reporter for the Singapore-based Strait Times went on trial last week for allegedly spying for Taiwan. While he hasn't yet been convicted, the embassy here in Washington is already making clear that his guilt is a foregone conclusion. Asked about the case, a spokesman didn't bother with any nonsense about Mr. Ching's being innocent until proven guilty or about waiting for a verdict. "He committed the crime of spying for Taiwan," the spokesman said flatly. "Everyone who commits crimes in China should be punished according to the law." What was the nature of the evidence against him? "I don't have any specific information about that."

Indeed, other than the vague promise that Mr. Ching has confessed, the government has released no evidence. And don't expect any to come out from the trial either. The one-day trial was conducted in secret.

We'll eat this editorial if there is any credible evidence that Mr. Ching is a spy -- rather than a journalist. The Chinese government is engaged in a major crackdown on reporters, currently holding at least 32 of them. Mr. Ching was arrested more than a year ago while trying to collect materials concerning Zhao Ziyang, the Communist Party bigwig purged when he opposed the slaughter at Tiananmen Square in 1989. And China followed up on its prosecution of Mr. Ching with another secret trial Wednesday of an academic named Lu Jianhua, who had been working with him. Mr. Lu's trial took less than two hours.

The bet that political liberty inevitably would follow economic modernization and trade in China may yet prove out in the long run. But the long run is proving very long indeed.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

British Try To Balance Risks In Terror Probes (LAT) 3
In British Inquiry, A Family Caught In Two Worlds (NYT)..... 5
Top Police Spar In London Over Muslims As 'Victims' (NYT)..... 7
Police Hit Out At FBI Over Leaks (UKOBS) 8
U.S. Measures Anti-Terror Laws Vs. Britain's (LAT) 9
Airport Security (WP) 10
Finding A Friendly Court Is Not So Easy (NYT)..... 11
Ruling On Unconstitutional Surveillance (PHI) 12
Editorial: Eavesdropping Within The Law (CHIT) 12
Editorial: War Doesn't Trump Constitution (CINE)..... 13
Editorial: Judge's Ruling On The Mark (LVS) 14
Op-Ed: NSA Ruling Much Like A Pig In Parlor (CHIT) 14
Editorial: Gonzales Should Forget Appeal, Improve Program (DECD) 15
The Post-8/10 World (NYT) 15

Homeland Response:

DHS Terror Research Agency Struggling (WP) 17
Hokum On Homeland Security (NYT)..... 18
No Charges To Be Filed Against Detained Passenger (SAEN).. 19
FBI: Passenger Detained After Flight Not Suspicious After All (SDUT/AP)..... 20
Gov't Fulfills Few Katrina Promises (AP-Y) 20
Who's To Blame For State Of New Orleans? (AP-Y)..... 22
City To Mark 1 Year Since Katrina (NOTP)..... 25
Where Did The Gulf Coasters Go? (LAT)..... 25
New Orleans' Soul Survival (LAT) 27
Mississippi Comeback (LAT) 28
Not Too Late For New Orleans (LAT)..... 29
FEMA To Evict Florida's 2004 Hurricane Victims (WT)..... 30
Scientists Disagree On Link Between Storms, Warming (WP) ... 31
We're All New Orleanians Now (WP)..... 32

War News:

Bush: Iraq War Keystone In Terror Fight (AP)..... 34
Car Ban Disrupts Life In Baghdad (WP)..... 35
Shiite Festival Precautions Bring Measure Of Calm To Baghdad (LAT) 36
Shiite Pilgrims Face High Iraqi Security (WP/AP)..... 37
Pope Urges Release Of Priest In Iraq (WP/AP) 38
Baghdad's Walls Are Closing In (LAT)..... 38
U.S. Soldier Killed In Iraqi Province (WP/AP)..... 40
Iranian Shells Land In Kurdish Villages In Northern Iraq, Killing 2 (NYT) 40
A Nonpartisan Look At The Price Tag Of Overseas Wars (NYT) 41
Shi'ite Revival Roiling Mideast (WT)..... 41
And Now, Islamism Trumps Arabism (NYT)..... 42
4 U.S. Soldiers Are Killed As Afghan Violence Surges (WP/AP) 44
71 Suspected Afghan Militants Killed (SEAPI/AP) 44
Troops Long Out-Of-Uniform Sent To Iraq (WP/AP)..... 45
What Next? (WP) 46
Keep Pakistan On Our Side (NYT) 51
The Long War (BSUN)..... 52

Corporate Scandals:

For Prosecution, No Sure Route To Lay's Estate (HC)..... 53
Judge Urged To Reject Moving Nacchio Trial (DENP)..... 54
Fannie Mae Says Last Of Accounting Errors Have Been Found (AP)..... 55

Criminal Law:

JonBenet Link Unsettles Klaas Town (WP/AP)..... 56
Using Nearly Nude Pictures, Child Sex Sites Test Laws (NYT).. 57
Behind The Cash In The Freezer (LEXHL) 60
Organized-crime Law Used Against Gangs (AP) 63
Hospitals Grew With Medicare Paying The Way (NYT)..... 64

Civil Law:

A Tortured Past (LAT)..... 66
Tobacco Racketeers Get Off Easy (NYT) 70

Civil Rights:

Claims Of Partisanship Are 'Baseless' (MR)..... 71
Williams' Attorney Calls For Jail Changes (BSH) 72
Military Recruiters Cited For Sex Abuse (WT/AP)..... 73
Commandments Display Allowed (NYT/AP) 73

Antitrust:

In Huge Merger Of 2 Utilities, 'Quiet Agency' Is In Spotlight (NYT) 74
How This Bid Won Petco (SDUT)..... 75
Fur Back In Business And In Trouble (SEATIMES) 78

Environment:

Subpoenas Issued To Alaska Oil Firms (ADN) 81

FBI/DEA/ATF/USMS:

FBI Races The Clock To Reinvent Itself (LAT)..... 82
Spectacular Coup (SDUT) 85
Column: Justice Department On Steroids (SFC)..... 86

Immigration:

Expert: State Immigrant Laws Might Fail (AP-Y) 87
Romney: U.S. Needs Skilled Immigrants (AP-Y)..... 88
In California Balancing Act, Immigration May Tip Vote (NYT)..... 88
Schwarzenegger Tries To Calm GOP Anger (LAT) 90

Tax:

I.R.S. Enlists Help In Collecting Delinquent Taxes (NYT) 92

Congress-Administration:

Home But Still Haunted (WP) 93
Mental Health Services Questioned (WP) 96
In Military, Disorder Bucks Sexes' Divide (WP) 96
Pundits Renounce The President (WP)..... 97
U.S. Rep. Don Sherwood Has Heart Surgery (AP-Y) 98
Sheehan, Others Protest At Rove Event (AP-Y) 99
This Old Space Station: Construction Resumes (NYT)..... 99

Other News:

Slower Growth With Low Inflation Spurs Stocks (NYT)..... 101
Terror-Proof, Except For All The Vulnerabilities (NYT)..... 101
Second-term Economic Blues (WT) 102
Democratic Plan Could Push Presidential Voting Up To 2007 (MCT)..... 103
Democrats Set Primary Calendar And Penalties (NYT)..... 104
Democrats Add Nevada, S.C. To Early 2008 Voting (LAT)..... 105
Democrats Add January Voting In 2 More States (WP/AP) 106
GOP's Financial Edge Shrinks (WP) 106
GOP Candidate Seeks His Niche In Conn. (AP-Y) 108
For Webb, Road To Senate Lies In Southwest Va. (WT)..... 109
For One Group, 'Macaca' Recalls Slurs After 9/11 (WP)..... 109
The YouTube Election (NYT)..... 111
It's What They Sayand How They Say It (MINNST)..... 112
In Michigan, A Ray Of GOP Hope (WP)..... 114
Ehrlich Vows To Deal With Effects Of Growth (WP) 115
Ehrlich Campaigns On Promises Kept (WT/AP) 115
Smart Care Via A Mouse, But What Will It Cost? (NYT) 116
Swiping At Industry From Atop The Stump (NYT)..... 118
The Osama Card (NSWK)..... 120
Block The Vote (WP) 121
CBS Is All Katie, But Rivals Aren't Standing By (NYT)..... 122
Truce Strained As Israelis Raid Lebanon Site (NYT) 124
Israel Strikes Deep In Lebanon (WP) 125
Annan: Israeli Raid Violates Cease-fire (AP)..... 126
Israel Warns It Will Enforce Arms Ban (AP) 128
Israeli Raid Aims To Cut Off Arms Resupply (WT)..... 129
Israeli Incursion Strains Truce With Hezbollah (LAT)..... 130
Israeli `war Tourists' Sightsee, As Commandos Strike In Lebanon (MCT)..... 131
Israel Committed To Block Arms And Kill Nasrallah (NYT)..... 132
Trying To Avoid The Perils Of Peacekeeping (NYT)..... 134
Bush: Turn U.N. Resolution Into Action (UPI)..... 135
Arab Nations Urge New Israeli Peace Plan (AP)..... 135
After The War, An Israeli City Starts Over (NYT) 137
Israelis Travel To Survey The Damage (AP)..... 137
For Families Of Captives, A Long Wait In The Dark (NYT)..... 138
Olmert Beset By A Mission Not Accomplished (LAT)..... 139
Israeli Troops Nab Hamas Official (WT/AP) 141
Palestinians Wait To Cross Into Gaza (AP)..... 142
Journalists' Kidnapping Protested In Gaza City (WP/AP) 142
United Nations: The World's Scapegoat (LAT)..... 142
Editorial: Winning The Peace More Important (MJS) 144
Did Israel Neglect Its Ground Forces? (NYT)..... 145
France's Paltry Lebanon Offer (LAT)..... 145
Iran Tests Short-range Missile (KCS/AP) 146
Ahmadinejad: U.S. Ties Hurting Britain (AP)..... 146
A Wary Engagement (DMN)..... 147
Mexico Bracing For Social Unrest (LAT) 147
Mixed Visions Of The Future In Post-Fidel Cuba (LAT) 148
Venezuela Says It Seized 4 Spies; U.S. Embassy Denies Knowledge (NYT) 149
Chavez: Venezuela Captured 4 U.S Spies (AP) 150
U.S. Charity For Chavez (WT)..... 151
Pinochet Court Loss (NYT/AP)..... 153
Where's The Love, Russia? (LAT)..... 153
Congo's Presidential Election Heads Toward October Runoff (NYT) 154
Milosevic's Estate Unclaimed By Heirs (WT)..... 155
A Belated Coming To Terms (WP) 156
The Uneasy Sleep Of Japan's Dead (WP) 156
Tending To Sri Lanka (WT)..... 157
Spy Or Reporter? (WP)..... 158

DOJ_NMG_0050598

TERRORISM NEWS:

British Try To Balance Risks In Terror Probes (LAT)

By Sebastian Rotella, Times Staff Writer

The Los Angeles Times, August 20, 2006

Knowing when to be patient and when to pounce is the key to operations like the one that netted suspects in the alleged airline plot.

LONDON — British antiterrorism sleuths call it risk management.

It's not jargon from the corporate boardroom, but rather a nerve-racking form of psychological combat based on knowing when to pull your punches and when to deliver the knockout blow: If you move too soon, the case might fall apart. If you're too late, you might end up counting corpses.

Cultivated for years by European security forces, this patient approach was the driving philosophy behind the extended surveillance operation that culminated last week in the arrests of about 40 people in Britain and Pakistan suspected of plotting to blow up U.S.-bound planes over the Atlantic.

The investigation began almost a year ago. Aided partly by a tip from the Muslim community, British police and MI5 intelligence agents initiated surveillance of two seemingly distinct extremist groups, British officials say. The suspects were a mix of British Pakistanis and converts spread among three communities in the London area as well as the city of Birmingham.

Investigators discovered that members of one group had trained at a militant camp in Pakistan, a British law enforcement official said. And soon the surveillance showed that the two groups were connected and that police were watching a potential terrorist cell take shape, the law enforcement official said. Scotland Yard's anti-terrorist division launched an investigation fusing the two inquiries.

The police anti-terrorism chiefs oversaw the investigative team, building evidence for prosecution, while MI5 and Special Branch police intelligence officers continued the surveillance, their specialty. The British system works well because it integrates intelligence and investigation in this way, a prerequisite for extended investigations, experts say.

Teams of dozens of officers — at least six are needed to follow one suspect — tailed the group, intercepted their phone calls and tracked their travels and financial transactions, British security officials said. Although the suspects communicated from Internet cafes to avoid detection, investigators were able to identify the computers they used, officials said.

Anti-terrorism chiefs increasingly became convinced that the alliance of the two cells planned mayhem on a massive scale: a multiple bombing attack on as many as nine U.S. planes using smuggled liquid explosives. But the investigators chose to wait.

"It has all the hallmarks of a classic long-term investigation," said David Omand, who until last year served as Britain's security and intelligence coordinator. "Following leads, developing information, finally getting eyeball contact. Then following them, bugging them, tracing leads through. Then the crucial decision on when to haul them in."

Omand knows the harrowing terrain. During his tenure overseeing counter-terrorism operations, he had to contend with threats such as an Al Qaeda plot, devised by terrorist mastermind Khalid Shaikh Mohammed as a follow-up to the Sept. 11 attacks, to crash hijacked planes into British landmarks.

And Omand engaged in excruciating calculations in response to a tip from a strong intelligence source in February 2003: Terrorists armed with a surface-to-air missile were preparing to shoot down an El Al jet at Heathrow Airport, the source told British intelligence agents. After a frantic 24 hours of investigating and analyzing, Omand decided to deploy tanks and troops at the airport to dissuade an attack, which never came.

"They were all nail-biting options," said Omand, now a professor at King's College London. "Do you let it run covertly, stake the airport out? Do you close the airport and create chaos, which would achieve their aims? Or — the only alternative left open to us — do you make an enormous fuss to send them scuttling?

"The balance in this case is the same" he said, referring to the alleged airline bombing plot. "Can you let the operation run or must you do something to protect public safety?"

This year, as that plot developed, authorities were confident that their surveillance, assisted by Pakistani security forces, was meticulous and that an attack was not imminent. History shows that British police are adept at infiltrating and manipulating suspected plots in progress to reduce the dangers.

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In an alleged plot broken up in 2004, half a dozen men now on trial here allegedly trained in Pakistan, made contact with Al Qaeda figures and stockpiled half a ton of explosives in a storage locker for a truck-bomb attack on a London shopping mall or nightclub.

The police took many precautions: They deployed a female undercover officer as a receptionist at the self-storage facility west of London. Video footage played in court in June showed her greeting the suspected ringleader when he went to inspect the giant bag of ammonium nitrate. He didn't know that police had already slipped into the locker and replaced the apparent bomb-making materials with a dummy bag, according to testimony.

"What it illustrates is that there are ways of reducing the risk to the public," Omand said. "There have been similar operations mounted with detonators being switched and so on. People can suddenly decide to move, so you have to be prepared."

Like the British, other European security forces have developed similar techniques that combine the use of well-placed informants with human and high-tech surveillance. The British honed their tradecraft during the campaign against the Irish Republican Army, the Spanish against Basque terrorists, the French in response to violence by various Middle Eastern networks.

Terrorists are rarely unknown assailants striking out of nowhere. Even when they failed to thwart attacks in recent years, European anti-terrorism agencies had in-depth previous knowledge of extremist cells that got past the defenses.

Most of the 40-odd suspects charged in the Madrid train bombings of 2004 had been monitored for months. Spanish police had cultivated an imam close to one group of suspects as an informant. The anti-drug unit of the paramilitary Guardia Civil intercepted phone calls among narcotics traffickers-turned-terrorists as they transported stolen dynamite that would be used in the attack. But because those agencies and the Spanish intelligence service did not communicate effectively with each other, they did not realize an attack was imminent.

Similarly, the Dutch intelligence service spent several years shadowing the extremist cell involved in the assassination of filmmaker Theo van Gogh in November 2004. Dutch agents even used informants to coax a key suspect into moving into an apartment that had been bugged, enabling 24-hour intercepts of his conversations. The authorities did not detect the assassination in the works, but the wiretaps helped them raid the apartment and capture suspects preparing follow-up attacks.

And although the transit system bombings in London last summer caught British security services off-guard, several of the bombers had appeared on the periphery of the investigation of the 2004 truck-bomb plot.

British authorities have been working to beef up intelligence-gathering on Islamic extremists, particularly in regions far from London where coverage of Muslim communities was weaker than in the capital, officials say. MI5 is expanding rapidly to achieve the goal, adopted after the Sept. 11 attacks, of doubling its size, Omand said.

The chiefs of the police anti-terrorist branch have final responsibility about when to abort surveillance and make arrests.

"MI5 usually starts and develops surveillance, but they would engage [the police] from the start and bring in Special Branch to augment surveillance," the British law enforcement official said. "In the operational phase, the anti-terrorist branch develops the evidentiary package. And they make the call about what is the trigger for taking action."

The trigger in this case came this month when Pakistani police arrested Rashid Rauf, a British Pakistani accused of being a central figure in the alleged plot. The reasons for the timing of the arrest are unclear. Pakistani officials were working closely with the British, who wanted to continue the surveillance, according to most accounts.

There have been reports that U.S. officials pushed for the arrest as they became concerned about a plot that allegedly targeted American planes and intended to match the carnage of the Sept. 11 attacks. One version suggests that the U.S. government pressured the Pakistanis into capturing Rauf, the British law enforcement official said.

"The Pakistanis had pretty airtight coverage," the law enforcement official said. "The story is that the Americans told them to make the arrest because they wanted to take Rauf out of circulation."

U.S., British and Pakistani officials have denied conflicts and said the case was a textbook example of international cooperation. That debate aside, experts agree that U.S. law enforcement, though experienced in complex investigations of organized crime, is less willing to sit tight when it comes to suspected terrorist plots.

"My experience with transatlantic relations is that the Americans are less inclined to risk management and want to go for safety first," Omand said. "That's not a criticism; it's a question of a different law enforcement culture.

"And it is changing. Tom Ridge said once that the U.S. had to learn about risk management," Omand said, referring to the former U.S. Homeland Security secretary.

Rauf's capture in Pakistan set off a chain reaction here. Fearing that the suspects would flee or speed up plans for the attack, British police swarmed on them. They are holding 23 people and have conducted more than 60 searches of homes, businesses, cars and a wooded area.

Searches and interrogations continue as anti-terrorism authorities advance the cumbersome process of building a case from a large amount of raw material.

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"They are logging 1,000 items a day," the law enforcement official said. "The intelligence operation around this was months in the making…. Going into the searches, they knew exactly where to look and what to look for."

In British Inquiry, A Family Caught In Two Worlds (NYT)

By Ian Fisher And Serge F. Kovaleski

The New York Times, August 20, 2006

LONDON, Aug. 19 — The father, Abdul, seems a classic immigrant to Britain: a Pakistani who settled in Birmingham, he opened a bakery and worked long hours. But he also kept exceptionally strong ties to the old country, starting a charity that raised money meant to help Pakistanis in need.

An older son, Rashid, like many second-generation Muslim immigrants here, had a more complicated life, caught between cultures, with Islam the one consistent thread. He, too, felt the strong lure of Pakistan, where he fled in 2002 after an uncle was mysteriously stabbed in Birmingham, and where he apparently joined an extreme Islamic group.

A younger son, Tayib, visited Pakistan and seemed to be following in his father's footsteps as a hard-working baker in Britain. In the early hours of Aug. 10, he collected a check of roughly $3,000 from a customer, then sat with him until 2 a.m., talking and eating potato chips.

"A person who is on the verge of blowing himself up isn't going to sit down and be calm or go around and collect money," said the customer, Mohammad Nazam, a former Birmingham City Council member who owns three supermarkets and has known the family more than 40 years.

But just a few hours later, Tayib was one of 24 Muslim men arrested in the plot to blow up airplanes over the Atlantic, only a day after his brother, Rashid, was arrested in Pakistan amid allegations that he was one of the chief plotters.

Little is known about the strength of the British government's evidence against the suspects. But at this early, sketchy stage, the three men of the Rauf family and the charity the father helped found are at the heart of the investigation into a plot that has shaken Britain.

A central question is whether there was any connection between the mostly young and British-born people who have been detained and the world of sophisticated terrorism based thousands of miles away in the murky recesses of Pakistan and Afghanistan. With much unknown a week after the plot was revealed, the Rauf family represents the strongest possibility of such a link.

A British police official, who has been briefed on the inquiry, said, "The Raufs were targeted precisely because of the family's links to extremist groups in Pakistan that have, over the years, come to work hand in glove with Al Qaeda." The official, who requested anonymity because he is not authorized to speak about the investigation, said that the family had "been flagged red for months" and that the authorities had come to see Tayib as "the leader" of the plot in Britain and Rashid as the connection to Pakistan. But he warned that "what is unclear yet is how far this inquiry has been able to trace their links back to some so-called mastermind in Pakistan."

For years before the airline bombing plot, the Rauf family seemed to have attracted an unusual amount of suspicion, and not only for their ties to Pakistan. Their house in Birmingham was searched, the police say, after two slayings, including the killing of the sons' uncle. Banking regulators put the elder Rauf's charity account under review in March this year. In the summer of 2005, after the subway and bus bombings here that killed 52 people, a neighbor of the charity's office in East London became so suspicious that she called Britain's antiterrorism hot line.

The hot line operator, she said, dismissed her worries. Odd comings and goings at night at the store, a sudden switch from importing cookies to providing charity, all soon after the bombings, did not add up to terrorism. "I understood what they meant," said the neighbor, Linda Brown, 48, a former secretary at the business next door to the charity, Crescent Relief, which operates in an industrial park in the Dagenham section of London. "But maybe if they had investigated, if they had snooped around, who knows what they might have found?"

In fact there is evidence that at least one of the suspects in detention was involved in the Rauf charity. Last October, The Bucks Free Press, in High Wycombe, listed one suspect, Khuram Ali, as a local contact for donations to Crescent Relief to help victims of the October 2005 Kashmir earthquake. The paper, which said 1,000 tents had been flown to Kashmir, also listed a phone number for Mr. Ali that is no longer in service.

In High Wycombe, where Mr. Ali lived, a neighbor of his, Ashley Tighe, said in an interview on Saturday that Mr. Ali had told him that he was involved in a charitable effort to send tents to the areas hit by the quake.

"He said that he was doing work for a charity and that they had sent over tents because of the earthquake, but that some of them had gone missing at the airport," Mr. Tighe recalled. He said he understood that the charity was also sending food and clothing to the area.

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The whereabouts of Abdul Rauf, 52, are unknown. Relatives and neighbors have said that he had been visiting Pakistan at the time of the arrests. ABC News has reported that he, too, has been placed in custody in Pakistan, but the government there has not confirmed that. British authorities have not suggested that Abdul Rauf was involved in the plot, nor have his assets been frozen by the Bank of England, which did act against most of the other suspects.

The portrait of Mr. Rauf that emerges from interviews with friends, neighbors and business associates seems defined by an intensity of religious devotion and a determination not to let go of Pakistan and its traditions amid modern, secular British life.

In all, Mr. Rauf seemed the archetype of the successful immigrant, who like most of Britain's Pakistanis, came from the Mirpur district in Pakistani-controlled Kashmir. He ran a bakery making flat bread and sold cakes and cookies imported from Pakistan, neighbors and a business associate said. He was also deeply involved in charity work, forming Crescent Relief in 2000, and more recently giving money for victims of the earthquake in Kashmir and the 2004 tsunami in Asia.

"They were a working-class family who had very little social time," said Nassar Mahmood, a trustee of the Central Mosque in Birmingham. "They haven't really reaped the full fruits of their business."

But, he added, they had no animosity toward Britain. "I can tell when someone feels alienated or angry about the country's policies," he said. "But that was not these people. They enjoyed their lives in Britain."

At the same time, like many Pakistani immigrants here, Mr. Rauf regularly visited his home village, Haveli Beghal, where he kept a house and reportedly financed the construction of a mosque. He was there attending a wedding, friends say, when his sons were arrested.

And he was so steadfast in his beliefs that he built a little study center for Muslim children in a shed on the back patio of his house on St. Margaret's Road in Birmingham, in a line of modest brick row houses in the Ward End section of the city.

A next-door neighbor, June Lethbridge, said that anywhere from a dozen to 20 youngsters would attend classes there three to four times a week. Mr. Rauf's wife, who never left the house without her head and face covered, gave Koran lessons to girls.

"The best I can remember was that this all started four or five years ago," Mrs. Lethbridge said. "It was amazing that they could all fit in there."

Some tension between cultures in this case — possibly between traditional law and that of their adopted nation — seemed to explode for the Rauf family in April 2002.

Mohammad Saeed, a delivery driver and a brother-in-law of the elder Mr. Rauf, was stabbed to death in April 2002 at his house in Birmingham, in front of his wife and two children. He was 54.

No one was ever arrested, though the Rauf house was searched. Rashid Rauf, believed to be 29, fled shortly afterward to Pakistan.

The police never formally identified a suspect, but news reports pointed to Rashid and what was said to be a family dispute that possibly led to an "honor killing," not uncommon in Pakistan, and often involving possible sexual misbehavior. The West Midlands police refused to comment on the case, other than to confirm that the Rauf's house had been searched in connection with the killing.

Three years later, the family came under suspicion when violent riots between black and Asian youths broke out in Birmingham, leaving among the dead a young black man, Isaiah Youngsam. The police confirm that the Rauf family home was again searched over that killing, though eventually other suspects were arrested.

In the last week, the authorities in Pakistan have described Rashid Rauf as a central figure in the alleged plot and as the prime connection between Britain and Pakistan with links, they say, to Al Qaeda and other militant groups.

There is no evidence that he ever returned to Britain after 2002. About a year after arriving in Pakistan, Rashid Rauf married and later settled in southern Punjab, in the town of Bahawalpur, which is also the home of Jaish-e-Muhammad, one of the most extreme Islamist groups in Pakistan, with strong ties to Al Qaeda.

His sister-in-law is married to the brother of the group's founder, Maulana Masood Azhar, and members have said Rashid Rauf was himself a member through its various incarnations. But this week in Bahawalpur, where donkey carts jostle for space with bicycles and farm vehicles, fearful neighbors and local officials were not willing to provide many details about his life there.

"They were very exceptionally rich," said one neighbor, in the deeply poor village. "They had a lot of money and everyone was wondering how they had the money."

Various news accounts here in Britain, citing anonymous law enforcement officials, suggested that money from the family's charity might have been diverted to the plot. Last week the Charity Commission of England and Wales said it was looking into that possibility.

The last official filing with the commission showed Crescent Relief had a gross income of £89,202, about $168,000, in the fiscal year that ended in October 2004.

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In March, the account came under scrutiny from its bank, Barclays, over a £50,000 ($94,000) transfer made in 2005 to an account at Saudi Pak Bank, said one person briefed on the investigation into the account, who was not authorized to speak publicly.

The person said neither the amount nor the destination of the transfer itself made after the earthquake in Kashmir last year raised concerns. Instead, the account was put under review because the person making the transfer failed to provide proper identification.

The charity's office in Dagenham also attracted the attention of neighbors last year. Ms. Brown, the secretary of a nearby office, said that after several years of operating as a warehouse for imported Pakistani cookies and cakes, it changed soon after the London bombings into a charity to help Kashmir.

People at the new charity, she said, began distributing pamphlets on the plight of people in Kashmir, a region that is the subject of a dispute between Pakistan and India. Ms. Brown and a co-worker said trucks arrived at all hours, especially at night, and backed entirely into the office bay before unloading, as if trying to hide the contents.

"They were so secretive about what was going in and out," said the co-worker, Kay Charles, 60.

In the heightened concern after last year's attacks, Ms. Brown said she called the antiterrorism hot line. She said she was still uncertain that anything wrong was going on. It was, she said, "just a gut feeling."

One of the charity's trustees, Mohammad Farooq, who had also served as a director but left the charity several months ago, said it was completely legitimate. "It's totally normal," Mr. Farooq said in an interview at his house in East London.

With Abdul Rauf in Pakistan this month, one friend said the younger son, Tayib, 22, was left to run the business. "He knows what products are best to buy for his purposes and what prices to get," said the friend, Abid Hussain, a manager of a supermarket in Birmingham.

His other interest, several people said, was the local mosque that adheres to Wahhabism, the strict sect followed by many militants.

One friend, who said he had known Tayib for nine years and attended school with him but declined to give his name, said the family was culturally divided between Pakistan and Britain. The friend remembered that when Tayib recently discussed marriage with his father, the father said it did not need to be an arranged one.

"If Tayib thought the girl was right for him, he could marry her," the friend said. "The parents were not that strict."

Top Police Spar In London Over Muslims As 'Victims' (NYT)

By Alan Cowell

The New York Times, August 20, 2006

LONDON, Aug. 19 — British police officers investigating what they have depicted as a major terrorist plot by Islamic radicals became embroiled Saturday in a remarkable public dispute over whether Muslims in Britain should be depicted as victims.

The clash of views erupted as police officers continued interrogating 23 suspects alleged to have participated in a conspiracy to bomb trans-Atlantic airliners.

The discovery of what the police described as a plot 10 days ago provoked an enormous security alert that brought pandemonium to British airports. Authorities said Saturday that restrictions on cabin baggage and other security measures would continue for at least a week.

The police have given few details of the alleged conspiracy and have declined to confirm reports by the BBC that firearms, bomb-making equipment and what were termed "martyrdom videos" had been recovered in searches of homes and computer hard-drives. In the past 10 days, police officers searching 14 locations have scooped up huge amounts of potential evidence in east London, High Wycombe to the west of the capital and Birmingham.

The searches have been accompanied by broad debates over the question of why Britain, apparently alone among its European allies, seems to produce suicidal extremists such as those who killed 52 people on the London transport system on July 7, 2005. The debate has ranged over issues such as a sense of marginalization and complex questions of identity among Muslims, many of them descended from immigrants from Pakistan who came here in the 1960's.

Two high-ranking police officers of South Asian background have warned in recent days that Muslims feel a keen sense of discrimination against them.

Tarique Ghaffur, the assistant commissioner of London's Metropolitan Police force, who is Britain's highest-ranking officer of Asian descent, said Britain's ever tighter counterterrorism legislation had created a sense of indirect discrimination.

"The cumulative effect of Islamophobia, both internationally and nationally, linked to social exclusion, has created a generation of angry young people who are vulnerable to exploitation," he said. In a speech on Aug. 7, before the newest terror alarm, he said anger among young Muslims in Britain represented a "growing challenge."

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Another officer, Chief Superintendent Ali Dizaei, one of Britain's most senior Muslim officers, said that if Britain introduced ethnic profiling of airline travelers, the result would be to create an offense of "traveling while Asian."

"That's unpalatable to everyone," he said on Monday. "It is communities that defeat terrorism, and what we don't want to do is actually alienate the very communities who are going to help us catch terrorists."

But an officer of equal rank, Chief Superintendent Simon Humphrey, the head of an association representing senior police officers, told the conservative Daily Mail newspaper on Saturday: "Unfortunately, a small, extremely vocal and potentially very influential minority are trying to hijack the terrorism issue and turn it into a debate on racism." He did not identify members of this minority by name.

"They are undermining the objectives of the organization and rank-and-file officers who are doing their utmost to police fairly," he said, objecting to the notion that race and religion should be brought into operational police matters.

"It is wholly unacceptable to continue to portray the Asian community as victims. There are too many personal agendas at play without due consideration of everyday public safety," he said.

Roughly 90 percent of the 30,000-plus Metropolitan Police force is made up of white officers, but the number of nonwhite officers in training is about 17 percent.Since the alleged plot was uncovered, airlines have been on a high state of alert. On Friday, a plane operated by Excel, which usually carries vacationers on low-cost flights, interrupted a flight from London's Gatwick Airport to Hurghada in Egypt and landed in southern Italy, because of a bomb scare. No explosives were found.

One low-cost airline, Ryanair, has threatened to sue the British government, seeking compensation for losses caused by delays as passengers file through more stringent security checks. Additionally, British airline pilots have lodged protests at being included in security measures that prevent passengers from carrying gels and liquids — including toothpaste and contact lens cleaning solution — onto airplanes.

Meanwhile Saturday, around 1,200 Muslim demonstrators filed past the United States Embassy here carrying banners protesting Israeli incursions into Lebanon and feting Hezbollah as the "victor." The protest was organized by the British branch of Hizb ut-Tahrir, a group which describes itself as a nonviolent organization seeking pan-Islamic rule.

Arrest in Bombs on German Trains

BERLIN, Aug. 19 (AP) — German authorities on Saturday arrested a 21-year-old Lebanese student suspected of helping plant two bombs that failed to explode on trains last month, officials said.

The man was detained a day after investigators released surveillance camera videos taken at the Cologne station on July 31, the day of the attempted bombing, showing two men with heavy luggage who were believed to have planted the devices.

The bombs, made with gas canisters, were found inside suitcases left on board trains in Dortmund and Koblenz, both of which had stopped in Cologne. They apparently were supposed to explode simultaneously, 10 minutes before the trains arrived at those stations.

The suspect, identified only by his first names, Youssef Mohamad, was arrested at the main train station in the Baltic Sea port city of Kiel, where he lived and studied mechatronics, a combination of mechanics, information technology and electronics. Officials said they were still seeking the second suspect.

Police Hit Out At FBI Over Leaks (UKOBS)

By Jamie Doward And Mark Townsend

The (UK) Observer, August 20, 2006

Anti-terror police in Britain have made an angry request to their US counterparts asking them to stop leaking details of this month's suspected bomb plot over fears that it could jeopardise the chances of a successful prosecution and hamper the gathering of evidence.

The British security services, MI5 and MI6, are understood to be dismayed that a number of sensitive details surrounding the alleged plot - including an FBI estimate that as many as 50 people were involved - were leaked to the media.

FBI sources confirmed to The Observer that the bureau had been ordered to stop briefing at the request of the British authorities. 'The shutters have come down,' a bureau source said. 'We have been told not to discuss the case any more.'

The request for silence by the British authorities is an early sign that those involved in the investigation have concerns at the way their evidence-gathering is proceeding. It is understood that British anti-terror police wanted to prolong their observation of the suspects for as long as possible in a bid to gather sufficient evidence. There are now fears among some Scotland Yard officers that they may have acted too hastily when deciding to arrest the 24 suspects earlier this month. Although martydom videos and the components of a bomb have been recovered in the investigation, linking such evidence to all those arrested could still prove difficult.

The Home Office maintains the police had no choice but to act when a key suspect, Rashid Rauf, was arrested in Pakistan earlier this month, triggering concerns the alleged terrorist cell would either scatter or look to implement the plot as soon as

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possible. A call from an unknown person to a suspect in Britain - alerting him to Rauf's arrest - is believed to have been intercepted by Pakistan intelligence.

Deputy Prime Minister John Prescott has hinted several of those arrested will not face major charges. So far there has been one further arrest while two have been released without charge.

U.S. Measures Anti-Terror Laws Vs. Britain's (LAT)

By Richard B. Schmitt

The Los Angeles Times, August 20, 2006

Some in the GOP want a more flexible system, such as that used to uncover an alleged plot. Critics say such changes would trample rights.

WASHINGTON — The uncovering of an alleged bomb plot in London has focused new attention on the differences in the legal arsenals available to terrorism hunters in the U.S. and Britain.

Some Republican lawmakers contend the U.S. should emulate parts of the British model because it gives agents more flexibility in monitoring and detaining suspects. But critics say such expansive powers come at a great cost: British laws are generally considered more hostile to civil liberties, and trying to adopt such rules in the U.S. would create legal and public outcry.

While the London case has underscored the importance of efficient police work and secret surveillance, it is far from clear whether Britain's less-restrictive laws for combating terrorism deserve the credit.

A closer look shows some similarities between the British and American rules, due in part to a series of aggressive anti-terrorism moves by the Bush administration since the attacks of Sept. 11, 2001.

"The general consensus, at least initially, seems to be that many of the tools are comparable," said an administration official, speaking on condition of anonymity, who is familiar with the early discussions about broadening executive powers.

The preemptive strike in London is nonetheless sparking a legal and public debate about whether lawmakers are doing all they can to equip U.S. authorities with the tools they need.

The Justice Department announced last week that it was launching a review of U.S. and British anti-terrorism laws. But some officials have downplayed the chances that the effort will lead to new legislation.

The administration's main anti-terrorism priority in Congress is a surveillance bill that, in some ways, would give authorities more leeway than what is allowed in Britain. U.S. officials appear to be hoping that generalized concern about terrorism raised by the London case will help engender support for the legislation, which was worked out between the White House and Senate Judiciary Committee Chairman Arlen Specter (R-Pa.).

With Congress on summer recess, little is likely to happen before the fall, when a number of House and Senate committees are expected to consider what, if any, curbs should be placed on domestic surveillance.

But some lawmakers are already asking whether the United States should consider adopting at least some aspects of Britain's counter-terrorism system. In particular, they have argued that it is too cumbersome to obtain warrants for domestic surveillance in the United States, as is currently required, through a special court established under the 1978 Foreign Intelligence Surveillance Act.

"The British have better tools. If you want to get a warrant, all you have to do is call up a minister," Sen. Pat Roberts (R-Kan.), the chairman of the Senate Intelligence committee, said last week. "I'm not advocating that in the United States with the FISA court or anything else, but it seems to me that they have taken actions that would really speed that along."

News reports said British authorities received a tip that led them to the men involved in the alleged plot. Investigators then used secret surveillance, including intercepting phone calls, to obtain more information.

Bush administration officials said the British experience may contain lessons for America.

"What helped the British in this case is the ability to be nimble, to be fast, to be flexible, to operate based on fast-moving information," said Homeland Security Secretary Michael Chertoff, who formerly headed the Justice Department's criminal division.

But when pressed, he refused to say the law should be changed. "I don't think there's any specific authority I would suggest we need now," he said Aug. 13 on ABC's "This Week."

Critics say the administration has not shown how the British case demonstrates a need for changing U.S. laws.

"Their legal regime [in Britain] is similar to ours," said Bruce Fein, a former Reagan administration lawyer. "The government should have to bear the burden to show the need for making a change.

"In my judgment, this case cuts the other way. The powers they are requesting are irrelevant to the cracking of this case in Britain."

When it comes to surveillance, the British laws share some basic features with those in the United States.

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Investigators in Britain, like their counterparts here, may intercept phone calls and eavesdrop on private conversations, but only under what British authorities describe as a system of "strict control and oversight" that includes individual warrants.

American law also requires investigators to have a warrant before they intercept private phone calls, but administration officials have said that rule is impractical in the war on terrorism.

In December, the president confirmed he had authorized the National Security Agency to intercept, without judicial warrants, some international phone calls and e-mails of people in the U.S. Last week, a federal judge ruled that was unconstitutional and ordered the NSA to stop. Bush said Friday that he disagreed with the ruling and that the administration expected to win an appeal.

Meanwhile, Congress has been debating whether to revise the Foreign Intelligence Surveillance Act, which requires officials to obtain a warrant for such interceptions. Britain tightened its surveillance laws under the 2000 Regulation of Investigatory Powers Act.

"Authority to intercept someone's conversation — listening to a phone conversation, reading a letter or e-mail — requires the agreement of the secretary of State," Britain's Home Office says in describing its surveillance law. "The Home secretary will sign a warrant only once satisfied that it is absolutely necessary and proportionate."

Congress is considering several bills that would permit the government to move quickly to obtain a warrant when a terrorism suspect is being pursued.

But some contend that U.S. law appears to already allow for the sort of targeted surveillance that British authorities reportedly exercised.

"They were focused on a specific set of targets who they believed were conspiring with Al Qaeda or Al Qaeda-affiliated entities, which is different from the administration claim that it can just monitor anyone it wants," said Lisa Graves, a legislative counsel with the American Civil Liberties Union. "The fact of the matter is, under current law, the president can easily get a court order to monitor any American who is conspiring with Al Qaeda, and if there is an emergency, surveillance can begin immediately."

Another flashpoint is British authorities' power to detain terrorism suspects for up to 28 days without charge.

The U.S. Supreme Court has said that most suspects have to be charged or released within 48 hours of being detained, making such a system an apparent non-starter under U.S. law.

Asked about a more liberal detention law in an interview last week with CNN, U.S. Atty. Gen. Alberto R. Gonzales said he believed there were "serious questions as to whether or not that would be constitutional."

But the Bush administration has in a way achieved a functional equivalent through interpretations of other laws, such as those allowing for the detention of people who are material witnesses to crimes. After the Sept. 11 attacks, the government also used immigration statutes to hold terrorism suspects for months even though many were eventually released without any proof that they had posed a threat.

"The notion that we need a preventative detention law [like Britain] is a little disingenuous," said James X. Dempsey, policy director of the Center for Democracy and Technology, a Washington advocacy group. "We already act like we have one."

Times staff writers Maura Reynolds and David G. Savage contributed to this report.

Airport Security (WP)

The Washington Post, August 20, 2006

Hair gels, lipstick and terrorism

CRITICS OF the Department of Homeland Security (including this page) have done a lot of second-guessing (well-deserved) of the agency since its inception. So it's only fair to mention that the department's response to the recent London terrorist threat was measured, calm and efficient.

Within hours of the revelation by British officials of a plot to blow up airplanes using liquid explosives, the Transportation Security Administration moved quickly to impose strict restrictions for carry-on luggage. The often-maligned workers who screen the luggage enforced the often-confusing new rules with surprising effectiveness under difficult circumstances. Homeland Security Secretary Michael Chertoff acted with reassuring calm, provided as much information as he could and adopted a nuanced approach to raising the terror alert -- a welcome departure from the department's early tendency to issue the-sky-is-falling bulletins. The traveling public also deserves credit for understanding that issues larger than inconvenience are at play.

Beyond the immediate convulsions, however, big questions about airline security remain. Have authorities been slow to deal with the danger of unknown liquids given the revelation of a similar plot 11 years earlier? Is enough attention being paid to developing new technologies that could help detect danger? Why do there seem to be inconsistencies in security measures from airport to airport? Are there other threats, such as shoulder-fired missiles, that aren't receiving sufficient attention? What about security on cargo planes?

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Everyone, it seems, has an answer, but there are no easy solutions. Methods used by Israeli authorities are held out as a panacea by those who fail to recognize that the United States not only is far bigger but has a different culture. Some argue that airlines can do more by requiring passengers to provide fuller information, such as passport details, or even undergoing criminal background checks -- yet even some of the Sept. 11 hijackers could have passed that test.

The answer must be that there is not one answer. There need to be various lines of defense, no one of which will be sufficient and all of which must be subjected to constant challenge and adaptation. We are encouraged by indications that the TSA is recognizing this and by signs (most recently its training of officers to spot potential trouble by observing behavior) that it is trying to get beyond the culture of contraband. Homeland security remains a work in progress.

Finding A Friendly Court Is Not So Easy (NYT)

By Jonathan D. Glater

The New York Times, August 20, 2006

PLANNING a legal battle on a big constitutional case would seem to have little in common with making a real estate decision, but any lawyer will tell you that often the same thing matters in both arenas: location.

When lawyers at the American Civil Liberties Union were deciding where to file their case against the Bush administration's policy of wiretapping the international communications of some Americans without a court warrant, they chose Detroit, more specifically the United States District Court there. And last week a judge on that court, Anna Diggs Taylor, ruled that eavesdropping on telephone and Internet communications "without benefit of warrant or other judicial approval" violated the First and Fourth Amendments to the Constitution.

No one has said that filing the same case elsewhere would have led to a different outcome. Nor do lawyers generally claim that where a case is filed determines how a judge will dispose of it. After all, justice is supposed to be blind, guided only by the facts presented and the law.

Nonetheless, lawyers say that anyone who does not think carefully about what court to file a lawsuit in, as well as what judge might preside and who might sit on a jury, acts foolishly. "The forum can be critically important," said Derek Shaffer, executive director of the Stanford Constitutional Law Center.

In some instances that might mean finding the particular district whose judges have proved receptive in the past or, in a case like that challenging the eavesdropping policy, it might mean filing within a more sympathetic circuit court of appeals. "You want the circuit with the precedent that's more favorable to your view of the case," Mr. Shaffer said.

Jameel Jaffer, counsel for the A.C.L.U. in the eavesdropping case, said there were two reasons Michigan was selected. "The last time the Supreme Court considered the constitutionality of warrantless surveillance was a case that came out of the Sixth Circuit," Mr. Jaffer said, referring to the Sixth Circuit Court of Appeals, which will hear the government's appeal of Judge Taylor's decision. "The other reason we filed in Michigan is because many of our clients are in Michigan." This case is a little unusual, Mr. Jaffer added, because the lawyers who brought it fully expect the decision by Judge Taylor, who was appointed by President Jimmy Carter, to be reviewed not just by an appellate court but also by the Supreme Court. In a simpler, more typical case that did not involve broad constitutional principles but basic issues of fact — a slip-and-fall case, for example — a district court decision could well have the last word.

To try to anticipate how receptive different courts might be to particular claims, lawyers review how appellate courts resolved similar cases in the past, because those precedents are binding on lower courts, said Roger Clegg, general counsel for the Center for Equal Opportunity, a Washington group critical of affirmative action. "You can tell by the case law."

But even that is not an infallible guide, he added. In one case Mr. Clegg worked on while at the Justice Department, he expected a conservative appellate panel that would have ruled his way and instead found himself facing a different panel of three judges appointed by President Carter. The government lost.

"These things happen," he said.

Lawyers who specialize in certain areas develop a feel for local courts. Meriem L. Hubbard, a principal attorney in the property-rights group of the Pacific Legal Foundation in Sacramento, said California state courts were generally viewed as less friendly to the claims of property owners affected by government action than federal courts were.

But reliance on generalizations is risky, she said. To pick a court in a specific case, she continued, "I would look at state court and federal court precedents and see how they ruled on the subject matter of my case."

Conventional wisdom has it that judges appointed by Democratic presidents lean to the left and judges appointed by Republican presidents lean right, and that judges' political views can sway cases. But any analysis can become complicated quickly, because a judge generally viewed as sympathetic to the government may exhibit a libertarian streak when it comes to certain subjects like eavesdropping without a warrant.

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Though trial lawyers say they must think about where to file, the idea of "forum-shopping" to find the most favorable courthouse has a bad name — perhaps in part because it conjures up images of slick plaintiffs' lawyers filing absurd claims in obscure courthouses where juries will give them multimillion-dollar verdicts.

"There's a pejorative connotation," said Michael E. Rosman, general counsel at the Center for Individual Rights, a conservative organization in Washington specializing in civil rights cases. "The idea is, if you really had a strong case, you could sue anywhere."

Scholars differ over how exactly judges decide cases before them, Mr. Shaffer said. "There are those who believe it's just a matter of human bias and human instinct."

To talk about whether different courts decide cases differently is to begin a complicated discussion that can challenge notions of fundamental fairness, he continued. If the same facts, presented to different judges in different courts can lead to different outcomes, then can anyone maintain confidence that a particular outcome was just?

In the eavesdropping case, Mr. Jaffer said that deciding where to file was less important than knowing where the case will end up. "Ultimately," he said, "it will be the Supreme Court."

Ruling On Unconstitutional Surveillance (PHI)

The Philadelphia Inquirer, August 20, 2006

The ends justify the means.

Oh, and by the way, President Bush says the means are constitutional. And he's never wrong.

That sums up the rebuttals from the Bush administration to those who fear that the White House's antiterrorism tactics sometimes overreach the Constitution, and even morality.

Never has this rhetoric been in fuller flower than over the past few days. Thursday, a federal judge ruled bluntly that Bush's eager use of warrantless surveillance was both illegal and unconstitutional.

"Those who herald this decision simply do not understand the nature of the world in which we live," said the president. He was reacting to U.S. District Judge Anna Diggs Taylor's sweeping denunciation of how he evaded the courts and Congress in approving National Security Agency eavesdropping on Americans' international calls and e-mail.

Presidential spokesman Tony Snow, said, "The whole point is to detect and prevent terrorist attacks."

Sorry, gentlemen. It's you who don't get it. Most of the Americans upset at this reckless executive arrogance understand full well the seriousness of the terrorist threat.

The urgency to safeguard America is not what's at issue here.

Let's stipulate once and for all: It makes perfect sense to eavesdrop on people likely to hatch another 9/11 plot, or those who aid such efforts. It's just as warranted to snatch villains caught in the act, bring them to justice, or detain them under prisoner-of-war status until they're less likely to rejoin the fray.

Just take those steps to safeguard America in ways that honor the sacred rule of law (which we heard so much about during the Clinton impeachment) and the nation's values.

Here's the problem: On surveillance, as well as on detention and trial of terror suspects, the administration has wasted vast energy and credibility devising extra-legal strategies to achieve its ends.

Rather than bring hundreds of terror suspects before the federal courts or treat them as prisoners under the Geneva Conventions, the administration created the evils of Guantanamo. It crafted twisted rationales for brutal interrogation tactics that violate American ideals. It declared that U.S. citizens could be deprived of core legal rights.

End-running the secret federal court created to oversee foreign intelligence, Bush initiated the warrantless NSA spying purely on his say-so. The dubious justification - rejected by Taylor - was a novel theory about Bush's "inherent powers" and a supposed go-ahead by Congress when it authorized the Afghan campaign.

Over and over, the administration's far-fetched legal rationales are getting shot down by federal courts. Perhaps that's why the White House presses its claim - worthy of a banana republic - that the courts have no right to review its antiterror actions. In Taylor's stinging words, "There are no hereditary kings in America and no powers not created by the Constitution."

Her ruling will be appealed, but the judge has pointed the White House to the best way out of the mess it's made: Proceed constitutionally. Use the tools already in hand to spy on America's enemies legally. Or make the case to Congress for new tools. On the latter point, it's clear that a misguided NSA compromise negotiated by Sen. Arlen Specter (R., Pa.) won't pass muster.

In handling foreign detainees, the United States should accord them the treatment we would demand for American captives.

The nation can be safeguarded without forsaking its core values.

Editorial: Eavesdropping Within The Law (CHIT)

Chicago Tribune, August 20, 2006

After a federal judge ordered a halt to the National Security Agency's eavesdropping on calls and e-mails between the United States and foreign countries, the administration was quick to assert that that's not the final word. President Bush instructed the Justice Department to file an appeal. At any rate, the surveillance will continue at least until early September, when another hearing is scheduled.

But while the outcome is still up for grabs, this verdict affirms the likelihood that the administration won't be able to extend this program indefinitely without some agreement with Congress to submit it to periodic court review. It suggests that the administration had better reach agreement with Congress on an approach that would be more likely to satisfy the judiciary.

U.S. District Judge Anna Diggs Taylor got carried away with this ruling, finding that the NSA program violated not only federal law but the Constitution. She rejected the argument that the president's inherent authority as commander in chief encompassed the power to take this kind of action. She rebuked the president for allegedly ignoring his constitutionally imposed constraints, announcing that "there are no hereditary kings in America." She could have spared us the campaign rhetoric.

Higher courts are not likely to emulate that declamatory style, and they probably won't agree on the constitutional issues, either. The 4th Amendment requires searches to be reasonable, and reasonableness depends a lot on the nature of the danger. The prospect of mass slaughter by foreign terrorists justifies some methods that would be forbidden for the investigation of a small-time burglary ring. What rules are appropriate for surveillance of foreign-based enemies communicating with confederates on U.S. soil has not been spelled out by the Supreme Court.

The decision was on firmer ground in ruling that this sort of surveillance must be governed by the Foreign Intelligence Surveillance Act, enacted in 1978 to regulate domestic wiretapping aimed at gathering foreign intelligence. That would require the NSA to obtain warrants. It followed the lead of the Supreme Court in ruling that when Congress voted to approve military action against Al Qaeda, it didn't implicitly grant broad new powers to the president.

Here is where the administration committed its gravest mistake--not in thinking that broader surveillance was needed after Sept. 11, 2001, but in failing to ask Congress to explicitly authorize a different approach from the one specified by FISA. Had it done so, the courts would only be considering the constitutionality of such eavesdropping. And when it comes to matters of national security in wartime, the courts have generally been deferential to the executive branch.

This decision ought to be a spur to the president and attorney general to reach agreement with Congress on the new tools that are needed to fight terrorism and get them incorporated into law. Sen. Arlen Specter (R-Pa.), chairman of the Senate Judiciary Committee, has proposed a sensible measure to sanction this approach while subjecting it to periodic review by the FISA court. Passing such a bill would not mean an end to litigation, but it would give the administration a much better chance of preserving a program the nation needs.

Editorial: War Doesn't Trump Constitution (CINE)

The Cincinnati Enquirer, August 20, 2006

Federal Judge Anna Diggs Taylor in Detroit dealt a well-aimed blow to President Bush's claims of extraordinary wartime powers by issuing a permanent injunction Thursday against the administration's warrantless wiretapping.

Since shortly after the 9/11 al-Qaida terrorist attacks, a special National Security Agency program has been intercepting international phone calls and e-mails - without prior search warrants. The administration says it's only when one of the parties is located outside the United States and suspected of some link with al-Qaida.

Several civil liberties organizations, activist groups, lawyers and journalists sued to stop the intercepts as a violation of the 1978 Foreign Intelligence Surveillance Act and the Fourth Amendment guarantee against "unreasonable" warrantless searches.

GOVERNMENT'S ARGUMENTS

The government argued their suit should be thrown out on grounds the program is shielded by the state secrets evidentiary privilege. Administration officials also claimed not only that the president possessed inherent constitutional powers to use such national security methods, but that after 9-11, Congress gave the president special powers in its Authorization for Use of Military Force. That authorization says nothing about intelligence gathering or surveillance, but Bush officials argue those powers are implied.

Taylor issued a balanced ruling. She allowed the government's secret data-mining operations, which do not involve listening to the content of calls, to continue. But she ruled against warrantless wiretapping on grounds the government had already publicly admitted to the practices challenged by the lawsuit, and that the president exceeded his constitutional powers. The Justice Department immediately appealed, and the case will go next to the Sixth Circuit Court of Appeals here in Cincinnati.

After the recent arrests of suspects in London for an alleged plot against 10 airliners, we may be more sensitive than ever to the need for U.S. security officials to use every means available to detect threats. But this warrantless wiretapping case isn't

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about "disarming" the government. It is about preserving - even in times of open-ended war - our constitutional form of government that makes this country worth fighting for.

Congress almost three decades ago made it easier for the government to obtain search warrants in electronic surveillance cases. The 1978 Foreign Intelligence Surveillance Act created a "secret" court to pass judgment on warrant requests. High-speed Internet communications today require government security agencies also to move swiftly, but the government has not presented evidence of insurmountable delays with FISA. And as Taylor's ruling points out, Bush officials have not gone to Congress to "upgrade" FISA. Instead they ignore it, bypass the court and are wiretapping without warrants. FISA allows for emergencies, including delayed warrant requests after surveillance has already started.

Does the end of catching terrorists justify the unconstitutional means of intercepting communications without search warrants? We agree with Taylor that it does not.

KENTUCKY CASE

The Kentucky Supreme Court has taken up a warrantless search case of its own, in which a Kentucky State Police detective lied to gain consent to search a Paducah residence for narcotics. The courts have allowed law officers to use trickery and deception in some cases. The detective knew he didn't have probable cause to obtain a search warrant, so he lied to gain the occupant's "consent" to a search, and did find drugs.

Does that worthy end justify skipping judicial scrutiny for probable cause? The strength and survival of our form of government depend on constitutional checks and balances between the three branches of government. Even if FISA's secret court could be a rubber stamp, it's more than a formality. It's an affirmation that even presidents are not immune from judicial scrutiny and federal law.

Editorial: Judge's Ruling On The Mark (LVS)

Las Vegas Sun, August 20, 2006

A federal judge in Detroit rules against the Bush administration's warrantless spying

After The New York Times last December disclosed that the Bush administration was listening in on Americans' international telephone calls without a court order as required by federal law, we wrote that the president overstepped his authority in authorizing the surveillance shortly after 9/11.

Now a U.S. District Court judge in Detroit, ruling on a lawsuit filed by the American Civil Liberties Union and other groups, has reached the same conclusion.

"It was never the intent of the framers (of the U.S. Constitution) to give the president such unfettered control," Judge Anna Diggs Taylor wrote in her 43-page opinion, which was released Thursday. "There are no hereditary kings in America and no powers not created by the Constitution."

Her ruling does not take effect immediately. U.S. Attorney General Alberto Gonzales plans an appeal, and his staff has asked the court to block Taylor's order to stop warrantless wiretapping until after the appeal has been decided. Gonzales said that while the court is considering that request, "We will continue to utilize the program to ensure that America is safer."

What has never been satisfactorily explained by Bush or his staff is why they are so adamant about bypassing the Foreign Intelligence Surveillance Court. This is a special court established after the 1978 Foreign Intelligence Surveillance Act, known as FISA, was passed to prevent abuses of presidential power.

The court, whose proceedings are carried out in secret, over the years has granted almost every request to come before it. The court even allows federal surveillance to begin without warrants as long as they are applied for later. But Bush claims that, as a war president, as commander in chief, he has full authority to ignore FISA and the court it spawned.

Many legal scholars, including law professors from some of the nation's finest universities, reject Bush's contention. And on Thursday another expert voiced his opinion. Lee Hamilton, a former Indiana congressman who served as vice chairman of the 9/11 Commission, said in reaction to Judge Taylor's ruling, "You do not put unchecked power anywhere in the administration."

We agree, and we hope the U.S. Supreme Court will agree as well, if the appeal goes that far.

Op-Ed: NSA Ruling Much Like A Pig In Parlor (CHIT)

By Jonathan Turley, Jonathan Turley, A Law Professor At George Washington University, Has Testified Against The Nsa Oper

Chicago Tribune, August 20, 2006

Since its disclosure last year, President Bush's warrantless domestic surveillance program has been denounced as unlawful by the vast majority of legal experts, Republican and Democratic members of Congress and even conservative commentators.

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Last week, a federal judge joined this growing chorus with a stinging opinion that found Bush had violated the Constitution and federal statutes in ordering the National Security Agency surveillance program. In striking down the controversial monitoring program, Judge Anna Diggs Taylor chastised the government for a flagrant abuse of the Constitution and, in a direct message to the president, observed that there "are no hereditary kings in America."

While Atty. Gen. Alberto Gonzales insists that the legal authority for the program is clear and filed a notice of appeal with the 6th U.S. Circuit Court of Appeals, few experts outside of the Bush administration support the program. To the contrary, federal law seems perfectly clear in prohibiting warrantless surveillance. Even leading Republicans, like Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), have denounced the surveillance program.

The far more difficult question is the implication of Taylor's ruling. If this court is upheld or other courts follow suit, it will leave us with a most unpleasant issue that Democrats and Republicans alike have sought to avoid. Here it is: If this program is unlawful, federal law expressly makes the ordering of surveillance under the program a federal felony. That would mean that the president could be guilty of no fewer than 30 felonies in office. Moreover, it is not only illegal for a president to order such surveillance, it is illegal for other government officials to carry out such an order.

For people working in government, this opinion may lead to some collar tugging. If Taylor's decision is upheld or other courts reject the program, will the president promise to pardon those he ordered to carry out unlawful surveillance?

The question of the president's possible criminal acts has long been the pig in the parlor that polite people in Congress refused to acknowledge. For the last six years, the Republican-controlled Congress has refused to conduct any serious oversight of the administration and has specifically refused to investigate the NSA operation. Certainly, nobody wants to mention the "I" word, particularly not the Democrats who believe that the threat of impeachment could scare away independent voters in the November elections.

Court decisions, however, may make it increasingly difficult for members to ignore a squealing constitutional violation in their midst.

Republicans are now struggling to find a way to protect the president from public accountability. In a widely criticized compromise with Vice President Dick Cheney, Specter wants to retroactively give the president the authority that he claimed and to remove more than 40 cases challenging the NSA program (and other similar programs) to the secret Foreign Intelligence Surveillance Act court. The bill does not actually require the president to submit the program for review. However, he is allowed to do so. Once there, the public and opposing counsel would be barred. Any ruling would be sealed and, if the government wins, no appeal would be allowed.

The secret court is a bit of a misnomer. This is a court that has little authority to actually turn down an application for surveillance, which is why the court has refused only one or two such applications (out of tens of thousands) in its entire existence. To send a major constitutional case to FISA would be like sending Brown vs. Board of Education to a traffic court.

The effort to avoid any further judicial review is likely to increase in the wake of this decision. Though publicly professing absolute confidence in their legal authority, the Bush administration has struggled in dozens of courts to avoid any actual ruling on that authority by seeking to dismiss such cases before review can occur.

When one looks at this train track, it is easy to understand why the administration is not eager to have to present its legal case in court.

It is not alone. This may be the first public commission of federal crimes by a president that is uniformly ignored by members of both parties. It is simply an inconvenient time and a most inconvenient crime. If only we could stop these pesky inconvenient opinions.

Editorial: Gonzales Should Forget Appeal, Improve Program (DECD)

Decatur (AL) Daily, August 20, 2006

Now that a federal judge has ruled the Bush administration's warrantless surveillance program unconstitutional, U.S. Attorney General Alberto Gonzales should focus on how to make the program legal.

Instead of appealing U.S. District Judge Anna Diggs Taylor's ruling, Mr. Gonzales should work with Congress and the Foreign Intelligence Surveillance Act Court to devise a plan that will allow intelligence officers to listen in on terrorists' conversations without trampling on the rights of law-abiding Americans.

The bottom line is that there is already a mechanism in place — the FISA Court — that allows the National Security Agency to legally monitor suspected terrorists overseas.

If Mr. Gonzales is really interested in protecting Americans and his true agenda isn't expanding presidential powers, he will advise his boss to utilize the FISA Court.

The Post-8/10 World (NYT)

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By Christopher Caldwell
The New York Times, August 20, 2006

Just hours before the police arrested 24 British-born Muslims suspected of plotting to blow up as many as 10 airliners over the Atlantic, the British home secretary, John Reid, gave a comprehensive description of how Tony Blair's government saw the war on terror. Reid, who probably knew the raids were coming, called international terrorism the gravest threat to Britain since World War II and attacked civil libertarians as people who "just don't get it." He highlighted a speech that Blair had made little more than a week earlier. Global terrorism, Blair said then, "means traditional civil liberty arguments are not so much wrong as just made for another age."

If you wanted to figure out how the airline plot will change the West, Blair's words would be a good place to start. Fiery speeches have abounded in the five years since Sept. 11 2001, but this is a radical departure. Blair was not trying to buck us up and steel our resolve by saying that we're at war and that we'll have to pitch in and sacrifice our liberties for a while. He was saying that war has shown many of our liberties to be illusory. The "civil liberties" we know do not bubble up from natural law or from something timeless and universal in the human character. They may be significant accomplishments, but they are temporal ones, bound to certain stages of technology or to certain styles of social organization. Maybe there was something like an Age of Civil Liberties, Blair was telling us, but it is over.

This view is not outlandish on its face. The French social scientist Raymond Aron wrote often of war's "revelatory power." You can see that power in the way peacetime arrangements that we assume to have a rational basis turn out not to. In that sense, at least, the war on terror is definitely a war. Consider those airport scanning machines, which would never have detected the explosives the British plotters devised. The plan was to bring liquids onto the plane in energy-drink bottles, combine them into an explosive and detonate them with something like a disposable camera or an iPod. The components were benign separately but lethal in combination.

Where did we get the idea that if something didn't appear on an X-ray, it couldn't blow up? Those dastardly, snickering villains in old novels and cartoons — the ones who nefariously tied women to railroad tracks — carried bottles of nitroglycerin around the way we carry hand sanitizer. And what made us think that if something could play music or take photos, it couldn't do anything else? We've had camera-phones for half a decade and clock radios for eight. What idiots we were. In order to detect many classes of explosives, we still need to rely, as one weapons analyst from Jane's told reporters, on "dogs and people taking their clothes off."

Is Blair calling civil liberties a similar delusion? Do civil liberties cling to our belief system only by custom, in the way that saying "God bless you" when other people sneeze clings to our manners, even though none of us now believes that the sneezer has just blown his soul out through his nose? Well, it depends on what you mean by civil liberties. Blair argues, as did American conservatives in the wake of the Warren Court, that certain legal protections, particularly for accused criminals, are overly punctilious, and damaging to law enforcement. Like George W. Bush, he has wanted to make it easier to extradite terrorism suspects and to intercept suspicious communications. He has gotten Parliament to extend the length of time that suspects can be held without charge. And he has promised to legislate against European human rights law if it interferes with the war on terror. Blair's opponents equate today's civil liberties protections with core British values. He is saying they are no such thing — they are temporary adjustments that were useful under certain specific circumstances in part of Europe between World War II and the late 20th century.

Even before Sept. 11, social critics noted that our culture has tended to mistake relatively ephemeral 20th-century phenomena for eternal truths. In 2001, the art historian T.J. Clark marked how the fortunes of (artistic) modernism rose and fell with those of (political) socialism. Modernism, after all, was presented to every educated Westerner born after 1930 as a new canon that would permanently overshadow the old one. But one could infer from Clark's reading that, after the fall of the Berlin Wall, much of 20th-century art and culture would be revealed as a timebound fad, albeit a big and influential one. As indeed it was. In his book "The Great Disruption," published two years before 9/11, Francis Fukuyama departed from the usual view that the postwar rise in crime, family breakdown and other forms of social disarray was due to either (in the conservative view) the latest sleazy new movie or (in the liberal one) stingy welfare cuts. Larger causes were at work, Fukuyama argued, including the transition from an industrial society to an information one. And yet political leaders are almost bound to take the short-term view rather than the long view.

Some of Britain's Muslim leaders may also be susceptible to this mistake. Muslims have, after all, been present in Europe en masse for only a very few decades. Many community leaders have rightly understood that contemporary Britain's commitment to multiculturalism and tolerance hardly amounts to a license of lawlessness. But not all. The sharp-tongued chairman of the Birmingham Central Mosque, Mohammad Naseem, greeted the worries about the potential mass murder of flying civilians with a cavalierness almost unbelievable under the circumstances. "With the track record of the police," Naseem told The Guardian, "one doesn't have much faith in the basis on which people are detained. And it poses the question whether

the arrests are part of a political objective, by using Muslims as a target, using the perception of terrorism to usurp all our civil liberties and get more and more control while moving towards a totalitarian state." Until five years ago, this kind of talk might have won him a few allies, as well as enemies. Now it is hard even to understand. If Naseem thinks that the rights of defendants are a cause around which 21st-century Britons will rally, he is making a minor misjudgment. If he thinks that the Britain he is addressing is the same Britain that existed from the 1940's until a few years ago, eager to build bridges between communities and classes, no matter the cost, he is making a major one.

HOMELAND RESPONSE:

DHS Terror Research Agency Struggling (WP)

By Spencer S. Hsu, Washington Post Staff Writer

The Washington Post, August 20, 2006

Science and Technology Unit Crippled by Turnover, Budget Cuts, Priority Shifts

The federal research agency in charge of countering emerging terrorist threats such as liquid explosives is so hobbled by poor leadership, weak financial management and inadequate technology that Congress is on the verge of cutting its budget in half.

The Homeland Security Department's Science and Technology Directorate has struggled with turnover, reorganizations and raids on its budget since it was established in 2003, according to independent scientists, department officials and senior members of Congress.

At the same time, the Bush administration's overriding focus on nuclear and biological threats has delayed research on weapons aimed at aviation, a controversial choice that was questioned anew after a plot to blow up U.S.-bound airliners from London was made public Aug. 10.

Few experts believe that accelerated research alone would have been certain to stop a bomb plot involving liquid or gel explosives. Screening for such weapons poses both operational and technological challenges, experts said. But more research on approaches to countering emerging threats from conventional explosives improves the odds of detecting each attack, experts agree, and the years lost when work on new technology is not occurring cannot be recaptured, they said.

"There was a period that actually very little was getting done . . . even though this was something that everyone thought would be heavily funded," said Fred Roder, manager of the explosives countermeasures portfolio at Homeland Security from 2003 to 2006. Lost in the scramble was research to secure aviation cargo and to prevent car and truck bombs, he said.

Disputes over money delayed by two years the testing of walk-through "puffer" machines designed to detect explosive residue at checkpoints, said Tony Fainberg, a private consultant who oversaw explosives and radiation detection at DHS in 2003. Ninety of the devices were finally installed at U.S. airports over the past year.

DHS also delayed consideration of a proposal to deploy breadbox-size chemical trace explosive detectors at overseas airports, Fainberg said, even though about 8,000 are now in the United States.

Despite spending billions of dollars to defend against everything from dirty bombs to anthrax, the administration has not delivered a coherent long-term strategy to underpin its rhetoric, said Albert H. Teich, director of science and policy programs at the American Association for the Advancement of Science (AAAS).

Budgets have fluctuated, and personnel has turned over at a rapid rate, according to many who have worked with the department. Nearly all Homeland Security Department research activities will be cut for the first time next year, Teich said.

"The fundamental question that has not been answered adequately is: Where does science and technology fit into this country's homeland security strategy?" said Michael A. Levi, a fellow at the Council on Foreign Relations.

The Science and Technology Directorate was formed after the Sept. 11, 2001, attacks to set national priorities and end the fragmentation across the government of research into weapons of mass destruction. Its mission includes deploying state-of-the-art detection systems and developing new kinds of response gear, as well as assessing emerging threats.

But with DHS's well-documented start-up problems, the S&T Directorate has been thinly staffed and deprived of money. Its reorganization was put on the back burner by Secretary Michael Chertoff, who took over in March 2005. Meanwhile, its management problems sapped the confidence of administration officials and congressional funders, analysts said.

The resulting turmoil has swept up its leaders. Navy Rear Adm. Jay M. Cohen, its fourth permanent or acting head since 2003, came onto the job this month, after the London plot became public.

In February, the Bush administration announced it would carve $315 million from the agency's $1.3 billion budget to create a new radiological and nuclear detection program. The agency's previous director, Charles E. McQueary, decided he had accomplished all he could and resigned.

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"The appearance of disarray" in the rest of the directorate has led to "a lack of confidence" by Congress to really invest in homeland R&D, said Jonah J. Czerwinski, director of homeland security projects at the Center for the Study of the Presidency, a think tank in Washington.

Cohen was not available for comment last week, but aides said one of his first actions was to create a rapid-response task force to deal with liquid explosives.

"I don't know that we've lost any ground at all. I think we're where we need to be," said Susan Hallowell, director of the Transportation Security Laboratory, which conducts research on countering threats. "Hard decisions need to be made if we're going to use . . . devices for additional screening and slow [airport] queue lines."

In a 2007 spending bill awaiting a vote after the August congressional recess, the Republican-led House would cut spending by the Science and Technology Directorate from $1.3 billion to $668 million. Congress noted about $250 million in unspent agency funds.

Republican and Democratic senators are offering the agency $712 million, but in a budget report cited the agency's lack of goals, mystifying accounting and unspent money, and called it a "rudderless ship."

The rebuke by Congress came after the Bush administration spent three years consolidating nearly all DHS research in the Science and Technology Directorate. But frustrated lawmakers are now only too eager to help the White House dismember the agency, agreeing with the need to spin off radiation detection work.

The Senate would go further, returning explosives countermeasures research to the Transportation Security Administration after a five-year odyssey that saw the Transportation Security Laboratory moved from the Federal Aviation Administration to the TSA to the Science and Technology Directorate.

The laboratory's leading-edge work to protect commercial airliners and other transportation from bombers has been diluted by DHS's reorganization and focus on weapons of mass destruction, analysts said.

"DHS has focused largely on weapons of mass destruction detection and countermeasures. As far as I know, they haven't devoted much attention to airport screening technologies that might detect the kind of explosives that the alleged terrorists in the U.K. were planning to use -- a weakness that was very nearly exploited," Teich said.

According to the AAAS, department spending on nuclear and radiological countermeasures research has grown from $75 million in 2003 to $209 million this year, with more than $234 million proposed next year. Biological countermeasures received about $370 million in those two years, with about $330 million proposed next year.

But money for explosives work has ridden a roller coaster, falling from $110 million to $44 million, with $82 million proposed next year. Despite the post-Sept. 11 emphasis on research and detection, the department has failed for two years to tell the Senate what it is doing with the money.

Almost half of the $4 billion the government spends on research related to homeland security goes to the Department of Health and Human Services, Teich said, to combat bioterrorism, "not because it's the most serious or immediate threat but because" the government's life sciences infrastructure is so strong. More than half of Science and Technology's pending budget of about $700 million would go toward biological and chemical weapons detection.

In 2003, DHS shifted $61 million of its $110 million explosives countermeasures budget to meet operational needs, such as paying passenger screening personnel. That delayed the development of a device to detect liquid explosives.

This year, DHS tried but failed to take $6 million from explosives research to help fill a $42 million budget gap for the Federal Protective Service, which guards government buildings.

Explosives researchers are demoralized, and vendors are confused by the lack of emphasis on conventional methods of attack, Fainberg said. The transportation security lab "urgently needs some stability organizationally and financially to operate," he said.

With the reemergence of Sept. 11-type threats such as the foiled plot to blow up U.S.-bound airliners, experts said this is not the time for less research.

"The likelihood of a low-technology threat, like you've seen with these transatlantic flights, has been assessed by many people to be very likely, as compared with the WMD threats, like a smuggled nuclear weapon into a port," said Czerwinski, whose organization has led the push for nuclear detection research but who now worries that high-explosives work has fallen in priority.

Hokum On Homeland Security (NYT)

The New York Times, August 20, 2006

Ever since British intelligence did such a masterly job in rounding up terrorists intent on blowing up airliners, the Bush administration has relentlessly tried to divert attention from the disintegration in Iraq and focus instead on its supposed prowess

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in protecting our country against terrorist attacks. That ploy ought not to wash. While the administration has been pouring its energies and money into Iraq, it has fallen far behind on steps needed to protect the homeland.

You would not know that from listening to the president or other top officials in recent days. In a tour of the National Counterterrorism Center in Virginia last week, President Bush declared that "America is safer than it has been" and assured Americans that "we're doing everything in our power to protect you."

If only that were so. The sad truth is that while some important steps have been taken to harden our defenses against terrorist attacks, gaping holes remain in our security net.

For starters, consider aviation, where billions have been spent to improve airline and airport security, with only middling results. The likelihood that terrorists will be able to hijack passenger jets as they did on 9/11 has been greatly reduced by hardening cockpit doors, arming pilots on some routes and placing many more air marshals on flights. The screening of all passengers, their carry-on bags and their checked luggage has also made it much harder to smuggle standard bombs or metallic weapons aboard.

But there is still no system to detect liquid explosives, a shocking deficiency more than a decade after terrorists were caught preparing to use such explosives to bring down a dozen airliners over the Pacific Ocean. The installation of "puffer" machines to detect trace explosives is lagging, and a program to integrate explosive-detection machines into the automated baggage conveyor systems at airports will not be finished, at the current pace of spending, for another 18 years.

Very little of the commercial air cargo that is carried aboard planes is screened or inspected, mostly because neither the shippers nor the airlines want to disrupt this lucrative flow of business. There is still no unified watch list to alert airlines to potentially dangerous passengers, and a prescreening program that would match airline passengers against terrorist watch lists remains stuck in development. All this in the industry that has received the most lavish attention since 9/11.

Even worse gaps remain in other areas. Port security relies primarily on certifying that cargo shipments are safe before they are loaded on freighters headed for this country. Only a small percentage of containers are screened once they hit our shores, raising the fearsome possibility that a nuclear or biological weapon might be smuggled in and detonated here.

Programs to keep dangerous nuclear materials in the former Soviet Union out of the hands of terrorists through greater security are moving so slowly that it will take another 14 years to complete the job. This is reckless beyond belief when nuclear terrorism is the most frightening prospect of all.

On the industrial front, the nation's chemical plants, perhaps the most lethal and vulnerable of all our manufacturing complexes, remain dangerously underdefended, mostly because the government has been unwilling to compel private industry to take action. A new tamper-proof identification card for workers in the far-flung transportation industry has yet to be issued.

The leaders of the 9/11 commission issued a final report last December analyzing how well the administration and Congress had done in carrying out the commission's 41 recommendations. They awarded only one A minus (for disrupting terrorist financing), a batch of B's and C's, and a dozen D's in such critical areas as reforming intelligence oversight, assessing infrastructure vulnerabilities and sharing information among government agencies. A failure to share intelligence allowed the 9/11 terrorists to succeed despite advance hints of their presence and intentions.

The commission awarded five failing grades, the most serious of them for Washington's failure to allocate homeland security funds based on risk. Even after moderate tinkering with the formulas this year, greedy legislators from states that face little danger continue to siphon off funds that would be better used to protect New York, Washington and other large cities likely to hold the greatest attraction for terrorists.

Almost everyone agrees that the administration has taken some important steps toward greater security, but as the leaders of the 9/11 commission recently commented, it has not made the issue a top priority. The long, costly, chaotic occupation of Iraq, though touted as a front line of the war on terror, has actually sapped energy, resources and top-level attention that would be better applied to the real threat, a terrorist attack on the homeland.

No Charges To Be Filed Against Detained Passenger (SAEN)

By Vianna Davila, Express-News Staff Writer

San Antonio Express-News, August 20, 2006

Authorities do not plan to file charges against a man they detained on suspicion he tampered with ceiling panels in an airplane bathroom, officials said on Sunday.

The San Antonio man was a passenger on a Delta flight from Atlanta Saturday night, said FBI Spokesman Erik Vasys.

The plane was nearing San Antonio around 5 p.m. when a flight attendant noticed a passenger had been in the bathroom for "an extended period of time," according to Vasys.

When the passenger left, flight attendants checked the lavatory. It appeared as if someone had tampered with the smoke detector, Vasys said.

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Airport police detained the man as passengers left the plane. FBI officials later searched the man's home, with his permission, Vasys said.

Nothing was found out of the ordinary, and authorities still weren't sure what happened in the bathroom. Vasys said officials didn't even have enough evidence "to make it a vandalism or damage charge" against the detained passenger, the spokesman said. The man was "cooperative" throughout the evening.

The plane was scheduled to make one last night, which airline officials canceled in lieu of Saturday's investigation; passengers were put up at a local hotel, according to Vasys.

FBI: Passenger Detained After Flight Not Suspicious After All (SDUT/AP)

Associated Press

The San Diego Union-Tribune, August 20, 2006

SAN ANTONIO – A passenger who was detained after flight attendants said he tampered with a bathroom smoke detector was determined to be "not suspicious at all," the FBI said Sunday.

The passenger, a San Antonio man whose identity wasn't released, was questioned Saturday after flight attendants reported suspicious activity. Explosives experts swept the Delta Air Lines plane after it arrived from Atlanta but found nothing.

"He was cooperative during the interview," FBI spokesman Erik Vasys said Sunday. "He allowed a search of his house, a search of his person, a search of his belongings. Nothing of a suspicious nature was found."

Flight attendants reported he had been "disruptive" in the bathroom and had spent an extended amount of time there, the Transportation Security Administration said. In addition to the smoke detector being tampered with, authorities said ceiling tiles were moved.

Vasys said it appeared someone tried to disconnect the detector, but it was still working and wasn't damaged.

"It wound up being the flight attendant's word against a passenger's, and this guy turned out to be not suspicious at all," he said.

Thirty-six passengers were on board and flight attendants didn't grow suspicious of the passenger until late into the flight, San Antonio International Airport spokesman David Hebert said.

Gov't Fulfills Few Katrina Promises (AP-Y)

By Matt Crenson, Ap National Writer

AP, August 20, 2006

Nearly half of New Orleans was still under water when President Bush stood in the Crescent City's historic Jackson Square and swore he would "do what it takes" to rebuild the communities and lives that had been laid to waste two weeks before by Hurricane Katrina.

"Our goal is to get the work done quickly," the president said.

He promised to spend federal money wisely and accountably. And he vowed to address the poverty exposed by the government's inadequate Katrina response "with bold action."

A year after the storm, the federal government has proven slow and unreliable in keeping the president's promises.

"This is not something that is going to be able to be accomplished in 365 days," White House spokeswoman Dana Perino said. "The president has set the federal government on the course to fulfill its obligations."

The job of clearing debris left by the storm remains unfinished, and has been plagued by accusations of fraud and price gouging. Tens of thousands of families still live in trailers or mobile homes, with no indication of when or how they will be able to obtain permanent housing. Important decisions about rebuilding and improving flood defenses have been delayed. And little if anything has been done to ensure the welfare of the poor in a rebuilt New Orleans.

How has the government performed in the most critical areas of the recovery and reconstruction effort?

EMERGENCY ASSISTANCE: A June report by the Government Accountability Office concluded that FEMA wasted between $600 million and $1.4 billion on "improper and potentially fraudulent individual assistance payments."

Government auditors found that debit cards distributed to Katrina victims were used to pay for things like Dom Perignon champagne, New Orleans Saints season tickets and adult-oriented entertainment. The audit also found that people used fictional addresses, fake Social Security numbers and the identities of dead people to fraudulently register for assistance. FEMA also double-deposited funds in the accounts of 5,000 out of the nearly 11,000 debit card holders.

CLEANUP: The job still isn't done. More than 100 million cubic yards of debris have been cleared from the region affected by Katrina. So far the government has spent $3.6 billion, a figure that might have been considerably smaller had the contracts for debris removal been subject to competitive bidding.

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Working through the U.S. Army Corps of Engineers, FEMA gave each of four companies contracts worth up to $500 million to clear hurricane debris. This spring government inspectors reported that the companies — AshBritt Inc. of Pompano Beach, Fla., Phillips and Jordan Inc. of Knoxville, Tenn., Ceres Environmental Services Inc. of Brooklyn Park, Minn. and ECC Operating Services Inc. of Burlingame, Calif. — charged the government as much as four to six times what they paid their subcontractors who actually did the work.

HOUSING: In his Jackson Square speech, Bush said his goal was to "get people out of shelters by the middle of October."

By and large that goal was met, with all but a few thousand of 270,000 Katrina evacuees out of shelters by mid-October.

But that didn't solve the monumental housing problem created by Katrina. Most of the people who had been in shelters went to hotel rooms, with FEMA picking up the bill. About 50,000 families who had evacuated to other cities were promised a year of rent assistance, though in April FEMA began cutting off some who the agency said did not qualify for the program. More than 100,000 families moved into trailers or mobile homes parked either in the yards of their damaged houses or in makeshift compounds.

Meanwhile, FEMA flailed and flip-flopped on its contracting policies for trailers, mobile homes and other temporary shelter. The first big contracts were handed out non-competitively to four well-connected companies — Shaw Group, Bechtel Corp., CH2M Hill Inc. and Fluor Corp. Then in October FEMA director R. David Paulison promised to rebid the contracts after Congress complained that smaller companies, especially local and minority-owned firms, should have a chance to compete for the work.

A month after that, FEMA said the new contracts would not be awarded until February. That deadline came and went, and then in March a FEMA official announced that the contracts weren't going to be rebid after all.

A week later FEMA reversed itself again, giving up to $3.6 billion in business to small and minority-owned firms.

"I promised Congress I was going to bid them out, and that's what I'm doing," Paulison said.

REBUILDING: Despite Bush's Jackson Square promise to "undertake a close partnership with the states of Louisiana and Mississippi, the city of New Orleans and other Gulf Coast cities," state and local officials had a hard time reaching a deal for federal aid to help residents rebuild their ruined homes.

In January the administration rejected a $30 billion plan for Louisiana as too expensive. The White House also balked at subsidizing the reconstruction of homes in flood plains, a policy that would have excluded all but a small fraction of Louisiana homeowners whose houses were significantly damaged.

The state finally won funding in July for the $9 billion 'Road Home' program, which pays homeowners up to $150,000 either to repair their damaged property or rebuild elsewhere in the state. People who leave the state are eligible for a 60 percent buyout. The money, which is being distributed through escrow accounts to prevent fraud, is just becoming available a year after the hurricane.

LEVEES: The federal government hasn't broken any promises with regard to flood protection — mostly because it has assiduously avoided making any.

White House Katrina recovery czar Donald Powell has said that the administration intends to wait for the completion of a $20 million U.S. Army Corps of Engineers study, due in December 2007, before it decides whether to enhance the flood protection system in southern Louisiana enough to resist a Category 5 hurricane.

A preliminary draft of the study released in July was widely criticized because it omitted five projects that state officials say should be started right away. At the same time, it focused on a massive levee that would stretch hundreds of miles along the Louisiana coast while paying only lip service to the critical task of shoring up the state's vanishing wetlands, which provide a natural barrier to hurricane flooding.

"We're wasting our time and money and attention contemplating large-scale levees across the entire state," said Tim Searchinger, an attorney with the advocacy group Environmental Defense.

The federal government has committed about $6 billion since Katrina to repair and improve the Big Easy's existing levee system. The first goal was to bring the levee system back to "pre-Katrina" levels by the beginning of the 2006 hurricane season on June 1. That goal was largely achieved. The next step will be to make improvements that will bring the system up to what is variously called Category 3 or 100-year protection by 2010.

But planners and state and local officials say that the levees need to be brought up to Category 5 protection, a level that would cost up to $30 billion, if people are to have confidence moving back to areas destroyed by Hurricane Katrina.

POVERTY: Bush offered three proposals in Jackson Square to help combat poverty around the Gulf Coast region. Two of them never went anywhere — the creation of "worker recovery accounts" that would help evacuees find work by paying for school, job training or child care while they looked for employment, and an Urban Homesteading Act that would give poor people building sites for new homes that they would either finance themselves or obtain through programs such as Habitat for Humanity.

A third proposal, the creation of a Gulf Opportunity zone, did come to pass. Signed by President Bush in December, the legislation gives $8.7 billion in tax breaks to developers of low-income housing projects, small businesses and individuals

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affected not just by Katrina but by hurricanes Rita and Wilma as well. The law also provides debt restructuring for financially troubled local governments in the area.

Who's To Blame For State Of New Orleans? (AP-Y)

By Allen G. Breed, Ap National Writer

AP, August 20, 2006

In many ways, New Orleans is a huge crime scene, with bodies and victims and fingerprints — many, many sets of fingerprints. But who did it? Who is responsible for this mess, for a barely functioning city with large swathes still uninhabited — or uninhabitable — a year after Hurricane Katrina?

An anonymous critic, posting his verdict at the edge of the French Quarter, blames the Army Corps of Engineers and its failure to build levees that could keep the floodwaters out: "Hold the Corps Accountable," demands the sign.

Others curse the Federal Emergency Management Agency — for its failure to rescue New Orleans as the waters rose, or in the months after. In ravaged Lakeview, a makeshift gallows bears a sign that reads: "Last Resort Shelter. Reserved for Looters/FEMA Reps/Adjusters."

But the roll of those accused of failing New Orleans is a long one: State and local officials who had no good plan for the disaster, and now preside over a languid recovery. A president who at first seemed remote from the cataclysm, and then made promises that have not been fully realized.

So many did not live up their responsibilities, says G. Paul Kemp, a Louisiana State University engineer and member of Team Louisiana, a group of forensic engineers examining how the flooding occurred. Every time anyone points that out, "people say, `Oh, we don't want to play the blame game. We've got to get things moving.'"

But things are moving agonizingly slow. Piles of debris and wrecked cars are everywhere, and astonishingly, searchers were still finding bodies in ruined homes just weeks ago.

Harried recovery officials say it's only been a year. How much can you expect?

But to Lakeview resident Pascal Warner — who walks through clouds of mosquitoes attracted by a neighbor's fetid, sludge-covered swimming pool still filled with stagnant Katrina floodwater — a year seems like a pretty long time.

"I wouldn't want to spend a year in jail," the retired stagehand says. "Would you?"

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Why did New Orleans go under?

You could blame the French, for locating the city in the middle of a swamp. You could blame generations of local and federal leaders whose decisions to channel and tame the Mississippi starved the delta of silt and caused the land to sink. You could fault the shipping interests who lobbied for the river outlet that gave Katrina's storm surge a clear path to the city's front door.

Or, like Warner and others, you could blame the Corps of Engineers and the levees they were charged with building and maintaining.

"It wasn't Mother Nature," says Warner, whose home was about a dozen blocks from a break in the 17th Street Canal levee. "If it wouldn't have been for the break in the levee, we could have come home the next day and cleaned up the yard ... and gone right on living."

Forensic engineers have since uncovered design and construction flaws that some say border on criminal negligence.

Investigators say many levee sections along the city's drainage canals were built of weak, unstable soils, which apparently were scoured away by the water pressing in from Lake Pontchartrain. Metal sheet pilings that anchor the cement floodwalls atop the earthen structures were driven much shallower into the ground than the Corps believed.

Dan Hitchings, who is overseeing the flood-control repairs as director of the Corps' Task Force Hope, says the question of liability for damage from the collapsed floodwalls is still open. But the Corps must accept responsibility "for sections of this project that failed before we had intended it to."

"It's not anything that anyone in the Corps of Engineers feels good about, believe me."

But the tide unleashed by the levees did not have to reach a city that was unprepared.

"Louisiana had been on notice of its vulnerability to catastrophic hurricanes for decades, but over the long term had never fully upgraded its emergency response systems to the level necessary to protect its citizens from those events," according to a report by the Senate Homeland Security and Governmental Affairs Committee.

FEMA, too, was "unprepared for a catastrophic event" on this scale, the committee said.

And the suffering that resulted is unforgettable.

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As President Bush slapped FEMA chief Michael Brown on the back — praising him for "a heck of a job" — people lay dying in the heat and filth outside the New Orleans convention center. The sick and elderly sweltered in crippled hospitals while ice- and water-laden tractor-trailers circled the country, awaiting orders of where to go.

Brown resigned in disgrace. But Kemp notes that, to a large extent, "We're still dealing with the same people who gave us Katrina."

"I guess probably in the old Stalinist regime, everybody would have been sacked and sent to Siberia," Kemp says. "But we don't do that."

And so thousands of people in and around the city are still awaiting delivery of government trailers, or for workers to install services at mobile homes already in place.

Karen Eugene applied to FEMA in March for an all-electric handicapped trailer after her doctor put her on 24-hour oxygen and told her she could no longer live in the propane-fueled travel trailer she'd been provided. The agency called her just this past week to say her new home was ready.

"I'm not saying I want to be first ... but I mean you work it to where this lady's medical condition is putting her in a different bracket than all these other people," says Eugene, 50, who has diabetes, arthritis, congestive heart failure and chronic obstructive pulmonary disease. "I was told by maybe five, six different people in two weeks, `You'll have your trailer.' I'll go back in two weeks, and that person I talked to no longer works with FEMA. ...

"I can't run around with FEMA no longer."

When FEMA isn't moving too slowly, it is criticized for moving too fast. The agency rushed to get $2,000 debit cards into the hands of evacuees in the storm's immediate aftermath, only to be accused in a government audit of giving as much as $1.4 billion to people who spent their disaster relief on champagne, sports tickets, pornography — even a sex-change operation.

Other government audits found that the government wasted millions of dollars in the contracts it issued in the days after the hurricane struck.

Wrangling among Mayor Ray Nagin and members of the City Council over which areas of the city should be given resources to rebuild has stalled the adoption of a unified redevelopment plan, leaving homeowners in many wrecked neighborhoods in limbo, unable to plan for the future.

When the Broadmoor Improvement Association recently released its 319-page neighborhood redevelopment plan, revitalization committee co-chairman Hal Roark said most of the work was "definitely happening in spite of the government. It's individuals taking their destiny into their own hands, and neighborhoods."

Standing in the space between his mold-infested Lower Ninth Ward duplex and the government trailer where he now lives, TV repairman Arnold Lewis speaks enviously of other neighborhoods that enjoy decent water pressure and city-sponsored wireless Internet service.

"There's something to be desired as far as the pace of recovery down here," Lewis, 46, says as water leaks out onto the ground from a nearby line break. "There's no phone service here. There's no cable service down here, and there's no gas."

Patricia Jones says it's no wonder the companies that provide services have been unwilling to reinvest in the Lower Ninth.

With about half the neighborhood still under a "look and leave" policy, residents have been unable to return and do basic salvage work on their houses, says Jones, who represents the Lower Ninth in the Neighborhood Empowerment Network Association. It seems to her that the neighborhood has been just about written off.

"It's kind of looked at as yesteryear's space," she says. "People just happen to live over there. That's not the main part of the city, so we're not really worried about it."

But services are little better in other, less-destitute sections of the city.

The city is losing about 70 million gallons of water a day to leaks, almost as much water as is making it to homes. Water pressure is so bad in parts of the city that officials have helicopters on standby to haul lake water to douse fires.

Before Katrina, garbage was collected twice a week. Now, the trucks come weekly, if that.

The pungent smell of moldy, rotting garbage wafts through the front door of the house Robert Devine is rehabilitating for his brother-in-law in the largely middle class, mixed-race neighborhood of Gentilly. He says the pile across the street — 4 feet high and 12 feet long — had been there for about a month.

"Sometimes they'll pick it up, sometimes they won't," says Devine, adjusting a cap bearing the slogan "Git R Done." "But they want you to pay for it at the end of the month."

The mayor says his city has had all it could to stave off bankruptcy. At a recent neighborhood meeting in Broadmoor, he made several sarcastic jabs at Washington for not providing more help.

"The only thing we've got as a city to continue to operate is a $150 million loan from the federal government," said Nagin. "They normally give other cities grants, but we got a loan. We're special."

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Reed Kroloff, who resigned in disgust as head of the urban planning committee for the city's Bring New Orleans Back initiative, says inefficiency, political jockeying and downright incompetence on many fronts have delayed the recovery process by a year or more.

"This has been a process where everyone, almost every agency involved has to accept part of the blame," says Kroloff, dean of Tulane University's architecture school. "There's been a failure in leadership at all levels here."

The people in charge say whatever happened, happened. They say they're moving forward.

FEMA has provided housing assistance to more than 900,000 people across the region, more than 300 times its normal yearly workload. The agency has overseen the removal of 45 million cubic yards of debris from the state — enough to fill 10 Superdomes, or enough trucks to stretch end to end across the country four times.

Judy Martinez, who oversees debris removal and other public assistance projects in Louisiana for FEMA, says those numbers are "nothing to sneeze at."

"I think that we're moving full steam ahead," she says. "We're working six days a week, 10, 12 hours a day ... and we have been doing this since day one."

Gil Jamieson, FEMA's deputy director of Gulf Coast recovery, says he's attended town and neighborhood meetings where the agency gets blamed for leaking water pipes or stinking sewer lines — things for which it cannot possibly be responsible. If one of FEMA's new roles is as a target at which people can vent their frustrations, he says, so be it.

"FEMA did get off to a slow start down here, so it's not surprising that there's some fundamental mistrust," he says. "I'm not on a crusade to tell them that we're not responsible for it. Our actions will show our commitment to this problem."

There are other signs of progress. At the Superdome, symbol of some of the deepest suffering in the days after Katrina, workers recently finished restoring the stadium's gleaming-white 9.7-acre roof. And at the restored convention center, which had become festering cattle car of despair, the only smell of urine is in the bathrooms.

But the people of New Orleans have seen far too much bungling to be entirely hopeful.

While he has been working to restore his 1920s-era home in Broadmoor, out-of-work mechanical engineer Matt McBride has been keeping a wary eye on the flood gates the Corps has been installing on the outfall canals.

The canals were built to drain rainwater out of the city and into Lake Pontchartrain. But while the gates should keep storm surge out, the Corps has not installed enough pumps to empty the city in a major rainfall. At the 17th Street Canal gate, there is currently only 10 percent of pre-storm pumping capacity.

The Corps acknowledges that there is decreased pumping capacity and says it is working as fast as it can to improve it.

But based on his own examinations of the Corps' paperwork, and visits to the stations, McBride considers 60 percent of the city's pumping capacity unreliable. He says delays in finishing paperwork, failure to bid out work that was already funded, and the refusal to even acknowledge that some pumps need repair have set the city up for major flooding in a tropical storm, never mind another Katrina.

"For them to have abandoned the city like this is unconscionable, immoral and reprehensible — and possibly criminal, frankly," says McBride, who now regrets the money he's spent restoring his home. "It's a death trap."

Others say all the investment in New Orleans will be for naught if more is not done — and quickly — to restore the city's natural defenses.

In a single day, New Orleans lost wetlands that were expected to last another 50 years. Despite studies that show that every three to four miles of wetland that a storm surge crosses reduces its elevation by one foot, Congress has yet to earmark a single dollar for wetlands restoration, complains environmental advocate David Helvarg.

"The lessons that seem to be learned are how to do better evacuations, not how to prevent the need for the evacuations," says Helvarg, president of the Blue Frontier Campaign.

"The floods ain't going away. They're just going to intensify. But the present policy seems to be designed to create a Third World in this country ... that's never fully able to recover from the last series of storms before the new ones come in."

All together, the refrain is clear: The culprits who brought New Orleans to this sorry state are still not doing enough to reclaim its future.

Kroloff, the dean of Tulane's architecture school, thinks the federal government could easily have doubled or tripled the amount already committed to New Orleans. And he doesn't buy the excuse that the wars in Iraq and Afghanistan or other national priorities should prevent it.

"The rebuilding of this place neither taxes the imagination nor the resources of this country in any way," he says. The amount sent to the city so far is "ludicrous when you think of the relative value of this area to the rest of the country."

Kroloff says every day he wakes up in New Orleans, he is both grateful "and utterly frustrated." He considers New Orleans one of the half dozen truly great American cities, and it pains him to think that it might be allowed to just slip away.

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"Cities come and cities go, there is no doubt about it," he says. "History demonstrates that over and over again. Amazing cities of the past that had huge influence over the way we live don't exist any more. Ultimately, that could be the fate the befalls New Orleans.

"But it's not necessary now."

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EDITOR'S NOTE: National Writer Martha Mendoza and New Orleans staffer Mary Foster contributed to this report.

City To Mark 1 Year Since Katrina (NOTP)

By Susan Finch

New Orleans Times-Picayune, August 20, 2006

As weary New Orleanians approach the first anniversary of Hurricane Katrina and the levee breaks that left most of their city flooded and turned them into evacuees, those of a mind to reflect on what happened Aug. 29 can choose from among a wide range of memorial events that begin this week.

There will be prayer vigils, gospel concerts and dedications of stone markers in honor of the hundreds of people who died in the floodwaters.

There also will be public discussions on how the devastation occurred, how to keep it from happening again and how those who have survived can come together to rebuild their city in a way that leaves its spice and flair intact while offering all residents the opportunity to improve their lot in life, event sponsors say.

Public officials are sponsoring many of the events, among them a bell-ringing ceremony to mark the time of each levee breach. It begins Aug. 29 at 9:38 a.m. on the steps of City Hall.

What will be clear to the rest of the world, which has followed New Orleans' struggles in the past year, is that, like memorials held after the Sept. 11 terrorist attacks, "our commemoration will be perceived as having dignity and respect to it," said Mtangulizi Sanyika, project coordinator of the African American Leadership Project, which is sponsoring several observances.

Native sons' imprimatur

Other events, aimed at helping raise money for the city's recovery, have the imprimatur of native sons with national renown, such as trumpeter Wynton Marsalis.

A long list of other anniversary events are the brainchildren of grass-roots groups that have come up with plans to cast a solemn look back at the events of Aug. 29 and then focus their energy on the future.

City administrators called off plans for a comedy show, fireworks display and a masquerade gala to mark the anniversary. The fact that the city's residents were repulsed by those plans "reflects the deep sense within the Orleanian soul that this was an event of historic proportions," Sanyika said.

"This is a citizen- and public-driven commemoration that has dignity to it, balance to it," he said. "It's a remarkable example of our resilience as a people in this city."

New Orleans is far from the only place where the events of Aug. 29 will be commemorated.

Evacuees to hold events

One of those places is Houston, where thousands of New Orleanians remain displaced and where Katrina anniversary events began last week with an Urban League mental-health workshop for evacuees, offered by the Houston Urban League, said the Rev. Tom Watson, who heads the city's Return to New Orleans Housing Task Force.

On the first anniversary of the flood, Watson said, Mayor Ray Nagin's administration will open up a Journey Home center, where case managers will give displaced New Orleanians information they need to "navigate their way back" to the city. Such centers may be set up later in Baton Rouge and Atlanta, Watson said.

In New Orleans on Aug. 30, an evacuee Welcome Home Center will begin operating at the city's main public library on Loyola Avenue, Watson said.

New Orleans' plight will be the center of attention Friday in 27 cities around the nation and in Canada.

Members of Rising Tide, an international organizations dedicated to confronting the root causes of climate changes that foster catastrophic storms such as Katrina, will ride around on their bicycles handing out information about New Orleans' recovery effort and collecting donations for six relief groups here: Critical Resistance, People's Institute for Survival and Beyond, LA Bucket Brigade, Survivor's Village, Common Ground and INCITE! Women of Color.

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Susan Finch can be reached at sfinch@timespicayune.com or (504) 826-3340.

Where Did The Gulf Coasters Go? (LAT)

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By Joel Kotkin, Joel Kotkin, An Irvine Senior Fellow At The New America Foundation, Is The Author Of "The City: A Gl
The Los Angeles Times, August 20, 2006

Hurricane Katrina's refugees might never go home, and that's good news for Houston, Atlanta and Dallas.

ALMOST A YEAR after Hurricane Katrina ravaged the Gulf Coast, media attention remains riveted on the rebuilding of New Orleans. But what happened to the estimated 1.5 million people who fled their flooded and destroyed homes in Alabama, Mississippi and Louisiana?

The Katrina-spawned diaspora is arguably the largest in U.S. history. Federal statistics suggest that about 1 million evacuees from the hurricane-damaged areas have returned to their homes. That leaves a diaspora population of about half a million people.

Where did they go? What happened to them?

Surprisingly, there are few answers to these questions. Many Gulf Coast residents decamped to Baton Rouge, which is now Louisiana's largest city. Others spread outward across the country, to Los Angeles, Las Vegas, even to Alaska. Most Katrina evacuees appear to have settled in such Southern metropolises as Dallas; Little Rock, Ark.; Atlanta; and Houston. Of the initial quarter of a million hurricane victims who went to Houston, an estimated 110,000 still live in the city, according to the most recent Gallup survey. Texas overall harbors 250,000 evacuees.

Those who have settled in Houston and other cities are disproportionately from New Orleans and its immediate environs. The 2000 census put New Orleans' population at 484,674, down from a high of 630,000 in 1960. Estimates as of June 2006 set the city's population at well below 200,000.

It remains uncertain how many of the evacuees will never go home. Many factors will affect their decision, among them the phaseout of federal assistance in their places of refuge or parents' wishes to keep their children in schools in their new locations. Most crucial will be individual and family assessments of where the best opportunities lie.

Many evacuees in Houston told me that New Orleans is still a powerful magnet for them. In 2000, according to the census, about three of four New Orleans residents were Louisiana natives; the Crescent City roots of many of these families go back generations.

"New Orleans is in my soul," evacuee John Henry, a former journalism student at Loyola University in New Orleans, told me last month. "I dreaded leaving…. I am homesick every day."

Yet, like several evacuees I spoke to, Henry plans to stay in Houston because he believes the opportunities there for him and his family are better than in New Orleans. He doubts that a rebuilt New Orleans will have many places for working-class or even middle-class blacks like him.

He may be right. Most reconstruction plans for New Orleans re-imagine the city as a tourist center. One popular idea is to build a $716-million "Hyatt Jazz District" around the downtown area. By contrast, there has been less talk of reviving the Port of New Orleans, the former bulwark of the city's blue-collar economy; recapturing corporate tenants, particularly the white-collar, job-rich oil industry; or rebuilding the industrial sector.

What seems to be happening is the boutiquing of New Orleans (think San Francisco), with its economy designed to service high-end clientele, tourists and a nomadic population of thrill-seeking young people. Lifestyle and culture would be its commodities.

This prospect may excite real-estate speculators, but it worries Sherby Guillory, a former Tulane University graduate student who counsels Katrina evacuees in Houston. "Seems that they all want to rebuild a shining city on the hill — but without the people."

Many of those displaced people still suffer the aftereffects of Katrina. Not only homesick, they struggle to escape the poverty they brought with them. Household incomes of displaced families in Houston average $19,000 a year, half the per-capita income of a typical city resident. The fact that some from New Orleans' criminal class have remained in diaspora cities hasn't made things any easier for evacuees. In Houston, they are widely blamed for a recent upsurge in violent crime.

Yet headlines can be misleading. Old New Orleans is not being re-created in Space City. The southwest corner of Houston, home to many of the Katrina displaced, exhibits little evidence of the kind of destitution common in New Orleans. Mostly, Houstonians in that part of the city complain about raucous teenage crowds around clubs on weekends.

Nevertheless, Houstonians suffer from what one called "evacuee fatigue." Residents are proud of their generosity and competence in accommodating the Katrina diaspora, says Rice University demographer Stephen Klineberg, but a majority, according to his most recent poll, believe that their city is "worse off" because of the migration.

Of course, the presence in a city of large groups of displaced people often upsets longtime residents. The great migration to New York in the late 19th century, driven largely by czarist pogroms, led a former superintendent of the census to question why the nation was scooping up "every stagnant pool of European population, representing the utterest failures of civilization, the worst defeats in the struggle of existence, the lowest degradation of human nature."

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Yet, over time, diasporas often strengthen the places they settle, inspiring original settlers to strive for more than they otherwise would have. New Orleans, for instance, epitomized a stagnant society in which even educated people felt boxed in by corrupt politics and an economy increasingly dependent on tourism. Ambitious New Orleanians were leaving long before Katrina.

The cities in which Katrina victims are settling have their problems, of course, but they all boast diverse, highly cosmopolitan economies. Houston, Atlanta and Dallas rank in the top five of the best cities for African Americans to live, according to a recent survey by Black Enterprise magazine. In Houston, one in five businesses is owned by an African American, the magazine says.

The prospect of upward mobility in a new location may be the strongest reason for evacuees not to go home. When I asked a group of University of Houston graduate students in social work what is the biggest difference between New Orleans and Houston, they almost all used one word — opportunity.

"This is a place where people go to get ahead," said Crystal Walker, a native New Orleanian and former student at predominantly black Southern University at New Orleans. "You don't have that cloud over you here. New Orleans will always be my first love, but there are better opportunities here for my kids."

Whether these opportunities can be realized will largely depend on how evacuees integrate into the Houston economy. About three-fifths of evacuees in Texas are jobless, according to the Gallup survey. This may be because they lack employable skills, or they have yet to make up their minds about returning home. Laziness, a trait that some Houstonians claim to see in New Orleanians, doesn't seem to be a reason. About 8,500 people showed up last October at a government-sponsored job fair in Houston; 2,000 found work that day.

Breaking ties in Louisiana and setting down roots in a new home is the hardest thing for evacuees. But one sign that this is happening is that as many as 10 long-established New Orleans churches have moved to Houston. For 33-year-old New Orleans native John Taylor, the establishment of his church — the New Home Ministry — in Houston has solidified his plans to stay.

Taylor told me that he and his wife are buying a home and plan to open a day-care center in the next year. "For years, we considered moving to Houston. The church is the only thing that kept us in New Orleans," he said. "I don't want to go back — our future is here."

New Orleans' Soul Survival (LAT)

By Christine Wiltz, Christine Wiltz Is The Author Of Five Books, Her Latest Being "The Last Madam: A Life In The New Orl
The Los Angeles Times, August 20, 2006

The hurricane shattered the city, but it hasn't rattled its spirit.

THE OTHER EVENING, I watched a TV news report about an elderly couple who had spent nearly the entire year since Hurricane Katrina living in their garage behind their flood-ravaged house in New Orleans' 9th Ward. The garage miraculously stood upright, its walls unfinished. A couple of pots were arranged on the floor under roof leaks. There was no door. The couple had stacked their meager belongings neatly in the back of the garage. They spent most of the year gutting their house, and the man had fixed the roof of the garage as well as he could.

Newspeople arrived to watch the couple enter their new trailer from the Federal Emergency Management Agency for the first time, a trailer they had requested 10 months ago and which was delivered three weeks shy of the storm's first anniversary, Aug. 29. If viewers expected anger at the government for the long delay or righteous indignation over the way the couple had lived during those agonizing months, they would have to supply that themselves.

The couple walked toward the trailer not quite knowing what to expect. When they saw the kitchen's bright white cabinets, the stove and refrigerator, they broke into wide, beaming smiles. "Oh," the woman said quietly to her husband, "I'll be able to cook again." He nodded his appreciation for that and opened the refrigerator. "And a big icebox," he told her.

This is the kind of help that I and other New Orleans residents have come to expect from the government; what passes for progress. For this couple, though, the FEMA trailer, a comfortable place to live, means real progress toward getting their house finished.

Progress can't happen quickly enough. In the most devastated areas of New Orleans, people want the rubble removed and city services restored. They want to know if the levees are going to hold next year, and their anxiety level increases daily as we enter the peak of hurricane season knowing that they won't hold this year. They want to know what's going to happen to their property.

Even in the Uptown neighborhood, where things appear normal and for the most part are, people live with the fear of the unknown, worrying about their schools and the medical establishment; they put up with inconveniences such as long waits for doctors, fewer grocery stores, shorter business hours and frequent power outages. Where will we be next year? What about next month? Is the city going to make it?

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The one group of people who don't seem in the least concerned about questions like these are the young adults who have stayed in New Orleans. The ones I know wouldn't think of living anywhere else. They love the city deeply, and their goal is nothing short of saving it. I see it in their eyes, the way I felt when I used to walk through the streets of the French Quarter when I was twentysomething: love, pride and possession. Oh, yes, I owned it. All I wanted to do was write about the city, put my mark on it and show it for the unique and beautiful place where I was lucky enough to have been born.

The young people I know in New Orleans are putting their mark on the city as well. They are starting businesses. One young man has two, his web-design business and, since the storm, a T-shirt business. He has fun coming up with witty, poignant messages to put on the shirts and invites his friends to design and word the shirts as well. Some of my favorites: "I Am New Orleans," "Be a New Orleanian Wherever You Are," "Premium NOLA — Made with Soul" and "The Beauty of Entropy." A young woman I know is also making her mark, creating an e-commerce site to highlight artists, designers, musicians, writers and other artisans, all local. These young people are choosing the Internet to spread the word to the rest of the world the fastest way they can — and give access to the spirit, the very soul, of the city.

And so, a year after Katrina, New Orleans straddles the devastation with one foot in the land of opportunity and one in the swamp of inertia. By habit, residents view change in their city warily. The past is forever present in the old river town, and embedded in its history — of which its food, music, diverse culture and way of life are all a part — is a quality that many people see as New Orleans' most valuable. It's called soul, and residents would argue that it is the city's richest resource. You could say that in New Orleans the bottom line is calculated in soul, and that makes it an equal contender with progress.

As hard as change can be to accept, there is no going back. A year later, nobody really knows how much progress is being made, or how much and in what ways the city has changed. In the mayoral race in April, residents voted to give Mayor C. Ray Nagin a second chance. He won by a surprising 5,000 votes, which analysts found had been cast in the largely white Uptown area, the very Uptowners the mayor had disparaged in his infamous "we will be a chocolate city" speech. They voted for the status quo.

But there is no status quo any longer. The landscape has changed, and the people and city along with it. The narrative also has changed. As a writer, I see no point in telling stories that take place before Katrina. The 19th century novel I was working on will have to wait; it just isn't pertinent at the moment. I see a new narrative of the city beginning with these young people who carry on without any doubt, without fear of the unknown and who see the uncertainty of the times as an opportunity.

As for the soul of the city, all of us laugh at the notion that it's endangered or that a storm could blow it away. We know. We're here.

Mississippi Comeback (LAT)

By George Penick And K. Jack Riley, George Penick Is Director Of The Rand Gulf States Policy Institute. K. Jack Riley Is Associate Direc

The Los Angeles Times, August 20, 2006

Out of the spotlight, the state is making all the right rebuilding moves.

Hurricane Katrina caused as much devastation and human suffering along Mississippi's Gulf Coast as it did to New Orleans. It was the worst disaster to hit the state since the Mississippi River floods of 1927 and the GreatDepression that soon followed. Katrina's powerful winds and floodwaters claimed 231 lives statewide, caused more than $100 billion in damages and destroyed buildings, crops and livestock as far as 100 miles inland.

The rebuilding of Mississippi's Gulf Coast has received far less media attention than New Orleans' reconstruction. Recovery has been hard, and although there has been progress, much remains to be done. But Mississippi appears to have done more things right than wrong.

The chief lesson of its rebuilding experience is that if you have limited funds and other resources, simply spending money on the myriad problems of disaster recovery is not enough. Spending should be guided by research and analysis, not guesswork and politics.

After the hurricane, state government leaders, the business community and nonprofit organizations quickly realized that the pace of rebuilding needed to be the top priority if Mississippi was to recover in a matter of years rather than decades.

The first order of business was to rebuild Mississippi's casino industry as quickly as possible because it is a major employer and revenue source in the state. A special session of the Legislature called by Gov. Haley Barbour allowed casino owners to rebuild on shore instead of on floating barges, making them better protected from future storms. Otherwise, the casino owners had little incentive to spend the hundreds of millions of dollars needed to rebuild.

Katrina wiped out nine of 10 casinos in Biloxi, with the surviving one severely damaged. Currently, five casinos on the Mississippi coast have reopened, and two more are scheduled to restart business operations later this month. In June, gross

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gambling revenue in those casinos was $65.1 million, and total revenue is expected to jump when the additional casinos come on line. On Aug. 29, the first anniversary of the hurricane, the Beau Rivage Resort & Casino will reopen, creating 3,800 jobs.

The rebuilding of homes and communities is much harder. The contributions of government officials at all levels and volunteers were necessary to understand the challenges, set priorities and then find ways to solve the problems.

In the immediate aftermath of Katrina, Barbour created the Governor's Commission on Recovery, Rebuilding and Renewal, which was mostly privately funded. Its report, completed in little more than 100 days and issued at the end of 2005, drew widespread support from the public and the business community.

It principally called for better cooperation among Mississippi's counties on such regional issues as water management, maintaining the human scale of coastal living and new regulations to ensure the construction of affordable housing in the Gulf region.

Compared with Louisiana, where state and local government did not communicate or work well together, Mississippi officials formed a united rebuilding team. Barbour, Senate Appropriations Committee Chairman Thad Cochran (R-Miss.), former Senate Majority Leader Trent Lott (R-Miss.), members of the state's congressional delegation and local officials joined forces. The Washington experience of Cochran, Lott and Barbour, former Republican National Committee chairman, certainly benefited Mississippi.

Rebuilding and repairing Mississippi's housing was also a top priority. Katrina damaged 134,000 homes in the state, including 65,000 that were destroyed. It's a daunting task. Even if the recent rate of roughly 500 housing permits a month in the state's six coastal counties were tripled, it would take almost 10 years to get displaced people out of temporary housing.

Last year, only 2,800 houses were built in the state. So far, rebuilding is proceeding at a slow pace. Barbour has also created a housing council, made up of public and private interests, to ensure that affordable housing is built in the Gulf region. One approach relies on modular housing, which keeps costs down and speeds up reconstruction.

The federal government is encouraging the private sector to participate in the recovery of the Katrina-affected areas. Congress passed, and President Bush signed, legislation providing incentives for investment and new business development in all Gulf Coast counties hit by the hurricane.

Deposits in Mississippi's banks greatly exceed the pre-Katrina levels because of insurance payments, and they will grow as Mississippians receive federal reimbursements for storm damages, providing cash for rebuilding. The recent Governor's Recovery Expo attracted large numbers of businesses and residents eager to begin rebuilding.

Mississippi leaders from the public and private sectors know that acting on the spur of the moment may be justifiable in a short-term emergency but unwise when challenges are long-term, when decisions will have lasting effects, and when spending on the wrong programs can slow down recovery and waste precious dollars.

Yet the pressure to rebuild quickly after a disaster is great. Individuals who can't wait may forfeit insurance reimbursement or violate federal, state or local building codes.

Similarly, communities may discover that their rebuilt roads, bridges, utilities and water systems are far more expensive than they would have been if they had planned and researched the projects.

Whether dealing with hurricanes along the Gulf Coast, earthquakes in California or other natural or man-made disasters elsewhere, it makes sense to devote a small portion of rebuilding money to lay out a path to recovery that will bring the greatest benefits.

This takes time and effort. And it takes a time horizon that stretches not just to next month or next year, but to the next generation and beyond.

Mississippi is working hard to learn this lesson.

Not Too Late For New Orleans (LAT)

The Los Angeles Times, August 20, 2006

City can still get moving on reconstruction, but time's running out.

IT HAS BEEN ALMOST A YEAR SINCE one of the most destructive natural disasters in U.S. history forever altered one of the nation's most historic cities. New Orleans has yet to recover from Hurricane Katrina, and probably won't until the fifth or 10th or 20th anniversary. And it is the city's leaders, more than state or federal officials, who will bear the responsibility for New Orleans' renewal — or lack thereof.

Unfortunately for the residents of the Big Easy, those leaders failed them repeatedly. But as the first anniversary of the hurricane approaches, it's not too late for the area to turn itself around. The key will be whether Mayor C. Ray Nagin and the City Council stop hoping for a solution to rise naturally from the scattered population and start making some tough decisions themselves.

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The bumbling by local, state and federal officials during the initial days of the storm has been well documented. More than 1,000 people died in Louisiana, many of them senior citizens and hospital patients who couldn't get out of Katrina's way. Local officials made baffling errors in implementing their hurricane-response plans, and the belated arrival of the federal cavalry showed this country at its worst.

It will take years for the ruined communities on the Gulf Coast to rebuild. More than 200,000 dwellings were destroyed in Louisiana alone, along with $10 billion worth of roads, sewer systems and other public facilities. So it's not surprising that the hardest-hit areas in and around New Orleans still look like rubble-strewn ghost towns. But it's critical for the city to chart the path now to a future New Orleans that works better than it did before the storms.

And that's where city leaders have performed the worst. Tied in knots by racial and class divisions, they have given storm-battered homeowners and landlords little guidance on whether and how their neighborhoods would be rebuilt. While surrounding areas were developing their reconstruction plans, New Orleans' leaders ignored or rejected the work of two blue-ribbon planning groups. Eventually, separate planning efforts emerged — one funded by the council through a no-bid contract, the other by the Rockefeller Foundation and backed by the state disaster-recovery agency. Those efforts are now being reconciled, but the city's rebuilding road map won't be finished until at least year's end.

Granted, the state and federal governments will still play crucial roles in the rebirth of New Orleans. Armed with $7.5 billion in federal grants, the state is about to start writing checks for up to $150,000 to homeowners whose houses were destroyed. These amounts should cover the bulk of the uninsured losses in Louisiana.

The Army Corps of Engineers has plugged the breaches in the levees, although it may take four more years to fix the design and construction flaws that led to the failures.

But the fate of New Orleans lies mostly in local hands. There are some hopeful signs: The storm accelerated the transformation of the city's public schools; of the 56 that will be open for the 2006-07 school year, all but five are charter schools or under state supervision. And voters will have the chance this fall to eliminate two political fiefdoms that have hindered disaster prevention and recovery: the multiple levee boards and local assessors.

It's some consolation that New Orleans' leaders haven't moved the city in the wrong direction. They just haven't moved it in any direction. With grants starting to flow and repairs soon to begin, residents and businesses are starting to make critical decisions about where they will invest in New Orleans, if at all. The city needs to write its road map to a better New Orleans before the route back to the previous version is set in concrete.

FEMA To Evict Florida's 2004 Hurricane Victims (WT)

By Audrey Hudson, The Washington Times

The Washington Times, August 20, 2006

Hurricane victims living in temporary housing more than two years after four devastating storms struck Florida's coast must find permanent homes by the end of next month.

More than 90 percent of the hurricane victims have moved out of the travel trailers and mobile homes, which were meant to be used as a short-term solution to the immediate crisis, said Jim Homstad, spokesman for the Federal Emergency Management Agency's (FEMA) Long-Term Recovery Office in Florida.

However, more than 1,500 people continue to live in the low-cost housing after FEMA extended its deadline in February beyond the federal requirement of 18 months. Those who remain have been paying rent based on income and other special needs. Their new deadline to leave the temporary housing is Sept. 26.

"FEMA housing assistance should not be considered a permanent housing solution, and it should not be expected to solve local housing shortages that are in place even before a disaster," Mr. Homstad said. "As more homes are rebuilt and rental units come back online, more applicants are finding permanent housing."

The emergency temporary housing provided by FEMA in Florida had been the largest in the agency's history until Hurricanes Katrina and Rita struck the Gulf Coast last year. At the peak of the crisis, the agency housed 17,245 storm victims.

Florida was hit with four hurricanes in a 40-day period in August and September 2004. Hurricane Charley, a Category 4 storm, struck the coast on Aug. 13, followed by three hurricanes in September -- Francis, a Category 2 storm; and Ivan and Jeanne, both Category 3 storms.

"The last time one state was hit with four hurricanes in one season was more than 100 years ago in Texas," Mr. Homstad said.

FEMA officials said they are using lessons they learned in Florida to deal with housing more than 100,000 who remain homeless one year after Hurricanes Katrina and Rita hit.

"We learned that we were capable of accomplishing an extraordinary, unheard of, at the time, housing mission," Mr. Homstad said.

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But he said that helping those left homeless by hurricanes is a job that requires cooperation from a variety of sources.

Communities prone to hurricanes must address affordable-housing issues before a disaster strikes. And state and local governments, as well as the private sector and faith-based organizations, are considered essential to recovery efforts.

"No single agency has all the resources to assist in disaster victims' return to permanent housing. It takes a collaborative and creative effort to make it happen," Mr. Homstad said.

Scientists Disagree On Link Between Storms, Warming (WP)

By Juliet Eilperin

The Washington Post, August 20, 2006

Same Data, Different Conclusions

A year after Hurricane Katrina and other major storms battered the U.S. coast, the question of whether hurricanes are becoming more destructive because of global warming has become perhaps the most hotly contested question in the scientific debate over climate change.

Academics have published a flurry of papers either supporting or debunking the idea that warmer temperatures linked to human activity are fueling more intense storms. The issue remains unresolved, but it has acquired a political potency that has made both sides heavily invested in the outcome.

Paradoxically, the calm hurricane season in the Atlantic so far this year has only intensified the argument.

Both sides are using identical data but coming up with conflicting conclusions. There are several reasons.

Using different time periods to chart hurricane patterns can influence the results. Different academic backgrounds also affect how researchers interpret the data. Climate scientists tend to test hypotheses and examine the underlying causes of climate variability over time, which makes them more comfortable identifying broad climate trends. Hurricane forecasters tend to be more focused on predicting the intensity and paths of individual storms, and often focus on factors such as wind shear and water temperature that can cause a storm to shift within a matter of days or hours, so they tend to emphasize natural variability over long-term climate shifts.

Inevitably, the scientific debate has spilled into the policy arena. Former vice president Al Gore took up the issue in his recent film "An Inconvenient Truth," suggesting that Katrina and other severe storms reflect a broader trend clearly traceable to global warming. Last week, environmentalist Lester Brown, president of the Earth Policy Institute, released a report that called the quarter of a million Katrina evacuees who will not return home "the world's first climate refugees."

On the other side, Myron Ebell, energy and global warming policy director at the Competitive Enterprise Institute, said these pronouncements amount to political opportunism. In contrast to activists who quickly attributed last year's hurricanes to climate change, he said, his side is not ready to claim victory just because this year has brought fewer intense storms.

"I don't think that says much one way or another about whether global warming causes hurricanes," said Ebell, whose group receives funding from the fossil-fuel industry.

Scientists who doubt a link with global warming say this year's average Atlantic hurricane season simply shows how variable weather can be. Christopher Landsea, who works in the National Oceanic and Atmospheric Administration's Hurricane Research Division, published an opinion piece in the journal Science late last month in which he argued that data indicating that recent hurricanes have been more intense than those in the 1970s and '80s may be based on flawed information. Measurement technologies were less sophisticated then and may have underestimated the strength of earlier storms, he said.

"We're woefully underestimating how strong hurricanes were back then," said Landsea, who wrote that five tropical cyclones that were originally classified as Category 3 would be rated as Category 4 today. "I'm sure it's confusing to the general public, since you have different scientists saying different things. We're all trying to figure out the same thing: What's going on with our climate?"

In contrast to the Atlantic, the Pacific is experiencing a much more active than usual storm season this year. Earlier this month, Typhoon Saomai, the strongest to hit China in half a century, crashed into the country's southeast coast and flattened tens of thousands of homes. It killed more than 300 people and prompted the evacuation of more than 1.5 million.

A number of factors might account for the fact that this year's Atlantic season, which runs from June 1 to Nov. 1, has so far produced far fewer named storms than last year's record-breaking season, and not a single hurricane. Sea surface temperatures are not as warm this year -- the ocean needs to be at least 79 degrees Fahrenheit to sustain a hurricane -- and the atmosphere is more stable because of clouds of Saharan dust that have swept across the Atlantic.

Studies supporting a link between global warming and storm intensity keep coming. The latest will be published this week by Florida State University geography professor James B. Elsner in the journal Geophysical Research Letters. Elsner found that average air temperatures during hurricane season predict the Atlantic Ocean's surface temperatures, not vice versa, which he said means it is "much more likely the atmosphere is warming the ocean" and helping create more severe storms.

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And Judith A. Curry, of Georgia Tech's School of Earth and Atmospheric Sciences, who co-authored a paper last year suggesting that rising sea temperatures have been accompanied by more intense hurricanes, has challenged Landsea's critique. She said Landsea and like-minded researchers have not "done the hard work" to reanalyze the entire historic hurricane database to determine whether it really is skewed. She does not go as far as Elsner, however, saying his paper identifies "an interesting statistical relationship" but does not physically explain how warmer air might be heating the Atlantic.

Curry's work, in turn, has been challenged by Phil Klotzbach, a research associate at Colorado State University, who published a paper in May suggesting that, since 1986, there has been no global trend in hurricane intensity. Klotzbach's paper, in Geophysical Research Letters, looked at a 20-year period rather than the 35-year period Curry and others examined, which explains how he reached different conclusions.

"At this point, we haven't seen any significant correlation" between hurricanes and climate change, he said.

MIT professor Kerry Emmanuel -- who helped spark the debate with a paper in the journal Nature a year ago suggesting that warmer sea surface temperatures had spawned more destructive storms -- has made an effort to correct for measurement biases in his studies.

He is still criticized by researchers such as Landsea, but Emmanuel responded in an interview that the bias in the underlying data "isn't very large." He added that he and other researchers in Europe have found such a strong link between warming sea surface temperatures and more intense hurricanes that, "You literally have to argue that the correlation is an accident. That to me is improbable."

Curry noted that the hurricane question has focused Americans on global warming far more than other climate-related developments, such as melting glaciers in Greenland. "Katrina was sort of the 9/11 of global warming," she said in an interview. "It was a lot more real and immediate. It had more of a real socioeconomic impact in the way the melting of glaciers doesn't."

Many environmental groups have seized on the public's concern, arguing that 2005's brutal hurricane season highlights the dangers of global warming. The advocacy group Environmental Defense has a new Web site devoted to "Hurricanes and Climate Change," including "11 Facts That Will Blow You Away."

Meanwhile, William Hooke, who directs the American Meteorological Society's policy program, said that whatever the answer turns out to be, "We ought not to lose sight of the fact that we're doing a poor job of protecting ourselves against the hurricanes we have now."

We're All New Orleanians Now (WP)

By Mike Tidwell

The Washington Post, August 20, 2006

How's this for poetic justice? In future years, the White House and all those federal agencies accused of acting too slowly after Hurricane Katrina smashed New Orleans last August will probably find their own D.C. offices threatened by catastrophic flooding from monster storms. They may be hunkering behind massive levees and fantastic floodgates, harried by the annual threat of Katrina-scale hurricanes.

Because one year after the great catastrophe in Louisiana, this much is clear: It's coming here.

Barring a rapid change in our nation's relationship to fossil fuels, every American within shouting distance of an ocean -- including all of us in the nation's capital -- will become de facto New Orleanians. Imagine a giant floodgate spanning the Potomac River just north of Mount Vernon, there to hold back the tsunami-like surge tide of the next great storm. Imagine the Mall, Reagan National Airport and much of Alexandria well below sea level, at the mercy of "trust-us-they'll-hold" levees maintained by the Army Corps of Engineers. Imagine the rest of Washington vulnerable to the winds of major hurricanes that churn across a hot and swollen Chesapeake Bay, its surface free of the once vast and buffering wetland grasses and "speed bump" islands that slow down storms.

Because of global warming, this is our future. Oceans worldwide are projected to rise as much as three feet this century, and much higher if the Greenland ice sheet melts away. And intense storms are already becoming much more common. These two factors together will in essence export the plight of New Orleans, bringing the Big Easy "bowl" effect here to the Washington area, as well as to Charleston, S.C., Miami, New York and other coastal cities. Assuming we want to keep living in these cities, we'll have to build dikes and learn to exist beneath the surface of surrounding tidal bays, rivers and open seas -- just like New Orleans.

We better be ready, because the hurricanes are coming, and they are more ferocious than they were in the past. Multiple scientific studies in the past year have found that rising sea-surface temperatures linked to global warming are causing an increase in the number of stronger hurricanes. One study by the Massachusetts Institute of Technology concluded that hurricane wind speeds have doubled in the past 30 years. This may account for the fact that among the six most powerful hurricanes recorded in the Atlantic Basin -- going back 150 years -- three occurred over 52 days in 2005: Katrina, Rita and Wilma.

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Like politics, all global warming is essentially local. Forget the polar ice caps and faraway coral reefs -- it's only real if it's in my back yard. And what's coming to Washington's back yard is now on full display, thanks to the National Academy of Sciences. At the Marian Koshland Science Museum in Washington, under a sign that says "Climate Change Hits Home," hangs a giant satellite map of the Chesapeake Bay watershed. Push a button and you see a simulation of this region succumbing to a three-foot rise in sea level.

I pushed that button recently and watched a huge portion of my state of Maryland disappear. Three feet of water rolls in, and the lower third of Dorchester County on the Eastern Shore is erased. The Blackwater National Wildlife Refuge, often called the Everglades of the North, vanishes entirely -- all 28,000 acres. Historic Smith and Tangier Islands are gone. Water pours into Alexandria and the outer suburbs of Baltimore and Washington while tidal rivers throughout the bay system swell into much larger and wider versions of their former selves.

Cumulatively, the effects create a disturbing picture: The open water along the main stem of the Chesapeake Bay, not far from where the tidal Potomac makes its way up to Washington, nearly doubles in width, giving the impression of the Atlantic Ocean moving into the region in a very serious way.

This permanent high water from global warming, if fully realized, will devastate habitats for birds and crabs and destroy countless vacation properties and other coastal structures. The Federal Emergency Management Agency estimates that no fewer than one in four U.S. buildings within 500 feet of a coastline will be destroyed by erosion by mid-century, with rising sea levels a big factor. Agriculture would also suffer enormously. Already, because of just seven inches of sea-level rise in the 20th century, many miles of former farmland along Maryland's Eastern Shore lie idle from saltwater intrusion. Three more feet of rise would almost certainly seep deep into the groundwater, penetrating aquifers critical to irrigating corn and other crops on the Delmarva Peninsula.

More troubling still is the hurricane highway that this kind of water creates. Marshes and islands are natural speed bumps, slowing the surge of big storms. Without them, a storm slipping through the mouth of the bay would have free rein, behaving practically as it does in the open ocean, bringing new and unthinkable threats to Annapolis, Baltimore and Washington.

Higher sea levels create other conditions that will only enhance hurricanes. In 1985, Hurricane Gloria made landfall north of New York Harbor. As a Category 2 storm, it could have had a serious surge tide. But it was a relative dud, causing only minor flooding. New York got lucky because the storm struck at maximum low tide, when the ocean had conveniently lowered itself a full five feet in relation to the land. Had Gloria arrived just six hours earlier or later, experts say, it would have been a monster, at least as destructive as the Great Hurricane of 1938 that killed 50 Long Islanders and caused billions in damage.

But with three feet of sea-level rise, we will be creating what amount to permanent high-tide conditions in the D.C. region and everywhere else, guaranteeing that even Category 2 storms like Gloria will become surge-tide heavyweights.

"You've got a crisis situation, certainly, for everyone who lives near the Chesapeake Bay," says J. Court Stevenson, a marsh ecologist at the University of Maryland. "The buffering landforms that are the enemy of hurricanes will be gone. And the high water that is the best friend of big storms will be here in abundance."

And none of this considers the growing power, brought on by global warming, of hurricanes themselves. Stronger winds can push around more water, creating even higher surge tides that will roll toward coastlines already locked into disastrous high water. According to a study published in the journal Science last fall, the number of Category 4 and 5 storms has nearly doubled in the past 30 years as the planet has warmed. All of these factors, Stevenson says, mean that "100-year floods" won't come to places such as Washington every 100 years anymore, but as frequently as once every 25 years or even once a decade.

In the face of this sobering data suggesting we're bringing New Orleans to the Potomac, what should we do? Realistically, there are three major options: 1) abandon our coastal cities and retreat inland, a response too staggering to imagine, 2) stay put and try to adapt to the menacing new conditions, or 3) switch to clean energy as fast as possible.

Adapting, of course, means committing fully to the New Orleans model. It means potentially thousands of miles of levees and floodwalls across much of the region. And that's just to handle the rising sea. For hurricane surge tides, Stevenson thinks the only solution might be to build a floodgate across the Potomac near Mount Vernon. It could be closed during periods of maximum danger, then reopened as the surge ebbs. He envisions another on the Patapsco River to protect Baltimore. The New York Academy of Sciences, meanwhile, has examined the idea of three such floodgates for New York City.

But are we truly ready to become New Orleanians, casting our lot behind ever-higher, unsustainable walls? Once we commit to fortified levees and massive floodgates, there's no turning back. It's an all-or-nothing proposition, as New Orleans has graphically demonstrated.

Alternatively, we can go with the third option. It's less expensive, less risky and overall much better for us: clean energy. It's the option that treats the disease of global warming, not just the symptoms. Only by dramatically reducing greenhouse gas pollution -- by switching to hybrid cars and wind- and solar-powered electricity and high-efficiency appliances -- can we slow the sea-level rise and potentially calm the growth in hurricane intensity.

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We must join the rest of the world in this effort because, while the effects are local, the solution can only be global. Some adaptation to global warming will still be necessary, given the momentum built into the warming process. And a national clean-energy overhaul will represent a huge challenge to our society, especially given how little time scientists say we have left -- maybe just 10 years -- before runaway climate effects become a reality.

But switching to clean, efficient energy is a challenge compared to what? Compared to life below sea level with a constant eye on the Weather Channel, waiting for the next Category 5 storm to replicate the horrifying events of last Aug. 29?

I've seen the consequences of inaction before. In 2003, my book "Bayou Farewell" chronicled the erosion of coastal Louisiana, leaving the state vulnerable to a killer hurricane that would flatten its cities "like a liquid bulldozer." But Washington didn't act. And today, as New Orleans knows too well, policymakers in D.C. are among the only people in the world whose decisions can directly protect their own homes from global warming. If "Katrina on the Potomac" has a bad ring to it, we can only hope that these leaders will finally do something about it -- and soon.

mwtidwell@aol.com

Mike Tidwell is author of "The Ravaging Tide: Strange Weather, Future Katrinas, and the Coming Death of America's Coastal Cities" (Free Press) and director of the U.S. Climate Emergency Council.

WAR NEWS:

Bush: Iraq War Keystone In Terror Fight (AP)

By Jennifer Loven, Associated Press Writer

AP, August 20, 2006

President Bush said Saturday that his administration's determination to remain in Iraq and its efforts to end violence in Lebanon are key to protecting the U.S. from future terrorist attacks. Democrats countered that Americans will be safer if the nation begins a phased pullout of U.S. forces from Iraq.

"It is no coincidence that two nations that are building free societies in the heart of the Middle East — Lebanon and Iraq — are also the scenes of the most violent terrorist activity," Bush said in his weekly radio address. "We will defeat the terrorists by strengthening young democracies across the broader Middle East."

He acknowledged that "the way forward will be difficult." But, the president said, "America's security depends on liberty's advance in this troubled region."

Democrats chose Joe Sestak, a former Navy vice admiral who is challenging Republican Rep. Curt Weldon in a competitive race outside Philadelphia, to deliver their party's response to the president. Sestak argued for "a new direction for America's security."

He said it is time for the U.S. mission in Iraq to end.

"We must begin a phased redeployment of our forces so that we are prepared to face the security challenges we have worldwide," he said.

The nation's safety looms as a major issue in the midterm elections Nov. 7, particularly after last week's news of a foiled plot in Britain to blow up jetliners over the Atlantic. Both Republicans and Democrats are maneuvering for the political advantage in an election in which control of Congress is at stake.

Democrats have been accusing the Bush administration of trying to ignite fear among Americans and gain political points by claiming they alone can keep them safe. Republicans argue that Democrats are weak on national security.

With American deaths in Iraq over 2,600, the U.S. public growing more weary of the war, and even some troops frustrated with the pace of progress, Democrats have been increasingly vocal about what they say is the lack of a plan for success in Iraq and the need for a timetable for bringing U.S. forces home.

Sestak said ending the U.S. presence in Iraq would free up money and energy to concentrate on other dangers, such as nuclear programs in North Korea and Iran and bolstering homeland security protections. Two days of spending in Iraq would pay for screening all air cargo on passenger planes, while five days of Iraq costs would fund the screening of all cargo coming into the nation's ports, he said.

"We are fostering a culture of dependence in Iraq," Sestak said. "Iraqi leaders must be responsible for their own country. They must make the difficult political compromises that will stop the civil war and bring about stability. Completing our mission in Iraq will also make America safer everywhere."

Bush argued that his approach is working.

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"We will defeat the terrorists and expand freedom across the world, we'll protect the American homeland and work tirelessly to prevent attacks on our country," he said. "The terrorists remain determined to destroy innocent life on a massive scale, and we must be equally determined to stop them."

Car Ban Disrupts Life In Baghdad (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, August 20, 2006

As Millions Are Expected for Holiday, Militia Provides Security at Shrine

BAGHDAD, Aug. 19 -- By 7 p.m., Faris Ali realized the day had been a total loss.

"Today there is no business," grumbled Ali, a 55-year-old pharmacy worker. "No one came."

Most of Baghdad has been locked down because of a weekend ban on vehicle traffic, which the government imposed to prevent violence during a major Shiite Muslim holiday Sunday. Tens of thousands of pilgrims had already gathered by late Saturday for a parade expected to attract millions.

The traffic prohibition, announced Friday, provided yet another obstacle for Iraqis struggling for the semblance of ordinary daily life. The ban made it impossible for many to go to work, meet friends or properly observe the holiday.

Ali said he was afraid to travel Sunday to the golden shrine in Baghdad's Kadhimiyah district to commemorate the death of Imam Moussa Kadhim, one of Shiite Islam's most revered figures. Instead, he planned to stay at home and pray.

"It is way too dangerous to go over," he said, shaking his head.

An estimated 1,000 people were killed during last year's pilgrimage when rumors of a suicide bomber triggered a stampede. The holiday this year began with bloodshed when six pilgrims were killed and 13 were injured in a drive-by shooting Friday night, a police official said. Mortar shells fell near the shrine but caused no injuries.

Iraqi police said late Friday that they had foiled a plot by a group affiliated with al-Qaeda in Iraq to attack pilgrims, al-Iraqiya television reported. Police arrested five members of the group, Tawhid and Jihad, in the Zafaraniyah area south of Baghdad, according to the report.

"We do not care for what might fall on us or explode, for we are the martyrs of the prophet's family," said Sayid Bassil al-Shreaa, a cleric in Kadhimiyah, as women wailed loudly in the streets and men waved black flags.

Members of the Mahdi Army, the militia of anti-American cleric Moqtada al-Sadr, served as the security for the area around the Kadhimiyah shrine, a sign of the strong grip he exerts on swaths of Baghdad. They wore the camouflage trousers of the Iraqi National Guard, the black T-shirts of the Mahdi Army and badges emblazoned with images of Sadr. The militia appeared to work in concert with Iraqi military and police forces, who set up nearby checkpoints.

Streets in the capital were mostly empty of traffic, although in some neighborhoods a few cars were seen driving short distances.

Ayad Abdul Hussein, 48, a construction worker, sat inside a shop complaining that the ban was causing him to miss three days of work. "My wages already can barely cover expenditures," Hussein said as he rubbed a string of black worry beads.

A few customers eventually trickled into the pharmacy where Ali was working, but he said the store sold a fraction of the products it normally sells. Still, he said he supported the ban on vehicles because of the security he hopes it will provide.

"This is saving the lives of many Iraqis, which I consider more important than my business," he said.

The U.S. military announced the capture of three men in al-Rasheed, south of Baghdad, whom it identified as "key death squad leaders" involved in the July massacre of at least 40 people in the capital.

But residents and police officials said the men were innocent. Sheik Abu Muthana al-Qaragholi, head of the local Qaragholi tribe, said the detained men were "simple people" who worked on a small farm and were supported by a monthly stipend from the tribe.

"I'm confident that they did not do anything," said Maali Kamal, a police captain in nearby Yusufiyah. U.S. and Iraqi military forces "have been taking people randomly, and this is putting us in an awkward position in front of the people."

The bloodshed continued throughout Iraq on Saturday. An American soldier from the 1st Brigade, 1st Armored Division was killed in action in Anbar province, a volatile Sunni stronghold in western Iraq, the U.S. military said. No other details were released.

Gunmen in Baqubah, about 35 miles northeast of Baghdad, killed four people and wounded four others in separate attacks Saturday, police said. Near the northern city of Kirkuk, one person was killed and five were injured when an improvised explosive device detonated in a market, a police official said.

In Mahmudiyah, south of Baghdad, mortar rounds fired the past two days have killed one child and injured 19 other people, said Col. Ali Ibrahim, the town's police director. "The goal of this is known: to trigger sectarian strife," he said.

Special correspondents Saad al-Izzi and Naseer Nouri and other Washington Post staff contributed to this report.

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Shiite Festival Precautions Bring Measure Of Calm To Baghdad (LAT)

By Patrick J. McDonnell

The Los Angeles Times, August 20, 2006

Tens of thousands of pilgrims make their way to a shrine amid tight security. A U.S. soldier and 16 other people are slain elsewhere in Iraq.

BAGHDAD — Protected by snipers on rooftops and edgy police officers searching for concealed weapons and explosives belts, multitudes of chanting Shiite Muslim pilgrims walked the streets of this tense and bitterly divided capital Saturday for a religious festival that was marred by tragedy a year ago.

Most vehicular traffic was banned amid fears of sectarian attacks and mass panic, giving much of the city an abandoned feel on what is normally the first day of the bustling workweek.

But the scene was quite different along the approaches to the northern district of Kadhimiya, site of the Iraqi capital's major Shiite shrine, as pilgrims commemorated the death more than 1,200 years ago of a revered Shiite figure.

Television images Saturday showed tens of thousands of pilgrims hoisting black-and-green banners and beating their chests in grief for the long-departed imam, Musa al Kadhim, as they proceeded toward the resplendent shrine and its golden domes.

Last year, about 1,000 pilgrims — many of them women and children — were reported killed during a stampede that was sparked by rumors of a suicide bomber in the midst of worshipers headed to the shrine. That remains the bloodiest day since the U.S.-led invasion in 2003 that toppled Saddam Hussein, a Sunni who favored his minority Muslim sect and repressed the Shiites.

Today, Shiites are engaged in a vicious conflict with Sunni Arabs that has cost thousands of lives and shows no sign of abating. Daily pleas for unity from clerics and politicians have gone unheeded.

Shiite religious gatherings have been recurring targets during the 3-year-old Iraqi insurgency; gunmen and bombers from both sects have hit mosques, preachers and civilians in an ever-escalating chain of atrocities.

U.S. and Iraqi authorities have swarmed Baghdad neighborhoods in recent weeks in a large-scale crackdown meant to contain the bloodshed.

But July was one of the deadliest months since the invasion, with more than 100 people reported killed each day across the country.

In the stampede last year, many of the victims were trapped in the crush on the Aima Bridge and plunged into the muddy Tigris River, where they drowned.

This year, officials closed that bridge and funneled pilgrims to two other bridges. They drastically bolstered patrols and banned most vehicular traffic citywide for the two-day religious feast. Officials set up checkpoints as far as three miles from the shrine and deployed troops among the crowds and in adjacent buildings.

The enhanced security appeared to be effective; no major attacks on Baghdad worshipers were reported Saturday, although authorities said gunmen had killed seven Shiite pilgrims Friday who were walking along a highway in heavily Sunni west Baghdad.

"The people are cooperating very well," Iraqi army Brig. Gen. Abdaljabbar Hamdani said. "So far, the plan is successful."

But the widespread violence that has become a hallmark of the conflict in Iraq continued to rage elsewhere.

A dozen people were reported slain in and around Baqubah, a mixed Sunni-Shiite town northeast of the capital that has been a frequent hot spot. A police official said at least two of the dead were university professors, reflecting a trend in which intellectuals are targeted.

Elsewhere, a sniper killed a police officer in the northern city of Mosul, authorities said, and a roadside bomb killed a civilian and wounded five others in the troubled town of Hawija, near the northern oil hub of Kirkuk.

A roadside bomb targeting an Iraqi army convoy in Diwaniya, south of Baghdad, killed two bodyguards of a brigadier general and wounded three others.

The military said a U.S. soldier was killed in Al Anbar province, a Sunni insurgent stronghold.

It brought the military death toll to at least 2,605 since the U.S.-led invasion, according to a count by the Associated Press.

In the U.S.-fortified "Green Zone" in central Baghdad, United Nations personnel and others marked the third anniversary of the truck bombing of U.N. headquarters here that killed 22 people, including Sergio Vieira de Mello, a Brazilian who was the chief U.N. envoy at the time.

The stunning attack "marked the U.N.'s loss of innocence," U.N. Secretary-General Kofi Annan said in a statement recalling the strike.

"The Baghdad attack dealt a fatal blow to the illusion that wearing a blue helmet, or hoisting a U.N. flag, placed us above the fray," Annan said.

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Times staff writers Saif Rasheed and Suhail Ahmad in Baghdad and special correspondents in Baqubah and Kirkuk contributed to this report.

Shiite Pilgrims Face High Iraqi Security (WP/AP)

By Qais Al-bashir

The Washington Post/AP, August 20, 2006

BAGHDAD, Iraq -- Thousands of pilgrims arrived on foot Saturday at a Shiite shrine in Baghdad to start a major religious commemoration as private vehicles were banned from the streets to prevent car bombings. At least 19 people, including a U.S. soldier, were killed in attacks nationwide.

Prime Minister Nouri al-Maliki urged Iraqis to cooperate with security forces during the ceremonies marking the death in 799 of Imam Moussa ibn Jaafar al-Kadhim, one of 12 Shiite saints.

The imam is buried in a golden-domed shrine in north Baghdad's Kazimiyah district.

Tens of thousands more Shiites were expected to visit the shrine on Sunday, when the ceremonies peak. Fearing an attack among the pilgrims, the government banned all private vehicles on the streets from Friday night until Monday morning. Soldiers, police and Shiite volunteers threw a security cordon around the shrine, frisking pilgrims as they arrived.

Mindful of Sunni-Shiite tensions, al-Maliki, a Shiite, warned against turning the ceremonies into a political demonstration, calling on clerics to urge people to unite and "shun whatever could lead to sectarian fights."

"We warn all those who use podiums (in mosques) to incite sectarian violence that they will be prosecuted as terrorists," he said in a statement, without elaboration.

Shiites from across the country began arriving at the shrine on Friday night on foot. Late Friday, gunmen opened fire on a group of pilgrims walking through the mostly Sunni Adil neighborhood in western Baghdad, killing seven of them.

Three mortars landed in Kazimiyah district late Saturday _ two in a river and one on a school compound _ but caused no casualties.

Last year, the government said about 1,000 people died during the Imam Kadhim commemoration when rumors of suicide bombers triggered a mass stampede on a bridge across the Tigris River. It was the biggest single day death toll since the U.S.-led invasion in March 2003.

"Last year I was on the bridge and I fell into the water but that gave me the power to come back. I challenge the terrorists now that I have come to visit the imam," said Rahim al-Rubaie, 29.

Shiites were prevented from mustering huge crowds at religious ceremonies during Saddam Hussein's Sunni-dominated regime. But since Saddam's ouster in 2003, Shiite politicians and religious leaders have encouraged huge turnouts as a demonstration of the majority sect's power.

As the pilgrims arrived under the blistering summer heat, volunteers handed out orange drinks and free food. Many of the pilgrims waved the green flag of Islam or flags of their tribes, and some were cloaked in white robes, a symbol of their willingness to die.

"My cousins died here last year so I have come this year and I wish to die to be martyr and join my cousins in the paradise " said Ali al-Saedi, a 20-year-old college student.

Because of the vehicle ban, no cars and very few people were seen on the streets except police and army vehicle patrols. But the area around the shrine in Kazimiyah bustled with activity.

A government statement said it was "absolutely forbidden" to carry weapons, cell phones and any type of bags, even plastic ones into the shrine.

The ceremonies are taking place during a major U.S.-Iraqi security operation aimed at curbing Sunni-Shiite violence, which threatens the stability of the new government of national unity. Nearly 12,000 U.S. and Iraqi troop reinforcements are coming in to take control of this city of 6 million people neighborhood by neighborhood.

An American soldier was killed in combat Saturday in Anbar province, the stronghold of the Sunni Arab insurgency west of Baghdad, the U.S. military announced. At least 2,605 members of the U.S. military have died since the Iraq war started in March 2003, according to an Associated Press count.

Nine people were killed Saturday in Baqouba, a major Sunni-Shiite flashpoint, 35 miles northeast of Baghdad. The victims included two professors of the Diyala University who were shot dead while returning home.

Also Saturday, four Iraqi soldiers were killed when the convoy they were traveling in was struck by a roadside bomb in Diwaniyah, 80 miles of Baghdad, police 1st Lt. Raed Jabir said.

Five other people also were killed in scattered violence across the country.

Meanwhile, Pope Benedict XVI appealed for the release of a priest kidnapped at gunpoint in Baghdad, in a telegram sent to the Patriarch of the Iraqi capital, the Vatican said Saturday.

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In the telegram, sent by the Vatican's Secretary of State Angelo Sodano, the pontiff expressed "profound sadness" at the abduction of Rev. Hanna Saad Sirop Tuesday in Baghdad as he left Mass celebrating the Assumption holiday.

Christians make up just 3 percent of Iraq's 26 million people.

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Associated Press Writer Vijay Joshi contributed to this report in Baghdad.

Pope Urges Release Of Priest In Iraq (WP/AP)

The Washington Post/AP, August 20, 2006

VATICAN CITY -- Pope Benedict XVI has appealed for the release of a priest kidnapped at gunpoint in Baghdad earlier this week, the Vatican said Saturday.

In the telegram, sent by the Vatican's Secretary of State Angelo Sodano, the pontiff said he was "deeply saddened" by the abduction of the Rev. Hanna Saad Sirop on Tuesday. The pope also made a "heartfelt appeal to the abductors to release the young priest at once, so that he can return to the service of God, the Christian community and his countrymen."

The telegram was sent to Chaldean Patriarch Emmanuel Delly. It gave the name of the priest as Saad Syrop Hanna, differing slightly from the name first published Friday by the Vatican-affiliated Asia News agency.

Bishops from all of Baghdad's Christian churches have sent a letter to the Iraqi government asking them to help secure the release of the 34-year-old priest.

The priest, who is director of the Theology Department at Babel College, was abducted Tuesday as he left Mass celebrating the Assumption holiday.

The Italian missionary news agency MISNA reported that a large ransom was asked for the release of the priest, but did not say how much.

In his message, Benedict said he would pray for an end to "this dreadful scourge" of kidnappings in Iraq and urged Catholics there "to work together with all religious believers and people of good will toward a future of harmonious and respectful coexistence for the beloved nation of Iraq."

Christians make up just 3 percent of Iraq's 26 million people. The major Christian groups include Chaldean-Assyrians and Armenians, with small numbers of Roman Catholics.

Baghdad's Walls Are Closing In (LAT)

By Jeffrey Fleishman

The Los Angeles Times, August 20, 2006

Shiites and Sunnis are virtually imprisoned in their enclaves. On the street, the wrong answer to a subtle question can be a death sentence.

BAGHDAD — Curling through the desert, wind rattling its marshes, the Tigris once brought so much life to this city, where spices and silks were loaded on wooden boats bound for Basra and beyond. Shiites lived with Sunnis, Christians and Jews, but today, as in other times, unity splinters in bloodshed.

The river's bridges have turned into escape routes for families fleeing sectarian death squads. Some head one way, others go the opposite direction, and many fear that if full-scale civil war erupts, the Tigris will act as a green line, separating Sunni-dominated west Baghdad from the Shiite-controlled east.

The shoes of Akram Mustafa tell the story of a dividing city; the orange dust from the clay tennis courts is fading on them. One of his country's top-ranked tennis players, Mustafa seldom plays these days. Getting to his club along the Tigris would mean crossing from his eastern neighborhood of Sadr City into streets guarded by Sunnis.

"I haven't been out of Sadr City in five or six months," Mustafa said. "Each day we stand in the same place talking the same talk to the same people. We have nothing."

Travel west across the river to the Sunni neighborhood of Amiriya and listen to Fatima Omar: "I have a best friend who's leaving the country in six or seven weeks, and I can't go visit her because she lives in a Shiite neighborhood."

With each explosion, with each firefight, Omar's geography shrinks.

"We are prisoners of the city," she said.

Conditions that lead Pentagon generals to say civil war is close are already polarizing many neighborhoods. Although Shiites and Sunnis still live side by side in some places, about 200,000 Iraqis, most of them from Baghdad, have left their mixed neighborhoods and taken refuge in communities where they can live among their own. In July, the Baghdad morgue reported more than 1,800 violent deaths.

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A widening war would strike at the city's religious complexities, which have grown over time: Each sect has holy sites in the other's territory, and neighborhoods such as Kadhimiya, a Shiite stronghold in west Baghdad, and Adhamiya, a Sunni pocket in the east, would be surrounded by enemies.

"The national character of Iraqis doesn't want the city divided," said Adnan Yassin, a sociologist at Baghdad University. "Sunni and Shiite have lived together for centuries. They've married one another. How can you divide this?"

Gone are the days of walking hand-in-hand with your lover along the Tigris, hearing the clack of backgammon through the scent of fish grilling beneath the moon. Sunni car bombers drive into Shiite marketplaces; Shiite death squads move through the night, leaving Sunni bodies in alleys and date palm groves. Some people carry two identity cards, one for who they really are, the other a lie to save them from death that often waits behind a suspicious gaze.

The Tigris rolls between the rage on both sides. Boatmen pull fish and bodies from the water. Iraqi and U.S. forces race along the banks, and sometimes a child, standing in the wrong place, will vanish in the dust of mortar rounds. It all gets whispered about along the Tigris, as if the river were a thread stitching together the vignettes of a city of 6 million that has lived on the edge for way too long.

Baghdad has become a sinister parlor game of unmasking affiliations with subtle and not so subtle questions: Where does your family come from, north or south? Who is your uncle? What tribe do you belong to? It is a place where death squads call the family of someone they've kidnapped and ask: Is he a Shiite, or a Sunni? A wrong answer can mean a trip to the morgue to identify a body streaked with acid burns and drill holes.

Jabbar Dulaimi bobs along in this vortex. A calm man with neatly combed hair, he's a councilman in Mansour, a once mixed neighborhood that is increasingly dominated by Sunnis. More than 150 shops are shuttered on 14th of Ramadan Street, many of them after owners received fliers from insurgents telling them to close or die. Garbage blows on sidewalks, rats scurry, sewage backs up in homes.

Dulaimi's cellphone buzzes and blinks with calls from constituents, but what can he do if fear keeps his municipal crews from work?

"I can't even pick up the garbage anymore," said Dulaimi, a Sunni. "One ward leader in Mansour told me, 'I can't send my trash collectors in there, they'll kill them.' "

Sectarian bloodshed has escalated since February, when Sunni insurgents attacked a Shiite shrine in Samarra. In the old arithmetic of Iraq, Sunni Arabs, many of them Baathists who benefited under Saddam Hussein, despised the American occupation. The majority Shiites wanted the U.S. to help rebuild a country. Now the Shiites are in control, and their death squads have forced Sunnis to inch toward the Americans for cover.

"One week ago a man came to me. His neighbor had been kidnapped," said Dulaimi, unfolding his anecdote as if were a parable from a sacred, if confounding, book. "The family was terrified. But then they found out he was in American custody, and they were very happy. They started throwing candy in the air. They were joyous the U.S. had him instead of Iraqi government forces or Shiite death squads."

The boys in Sadr City sell block ice and don't drift far from their corners. The neighborhood, with as many as 2 million people, is a poor, hot place devoted to radical Shiite cleric Muqtada Sadr. It is a mesmerizing grid of wind-swept chadors and echoing gunfire guarded by Sadr's Al Mahdi militia, which runs an intelligence network marked by the incessant static of radios and walkie-talkies.

Mustafa feels safe here. His tennis career is suffering, but his life will lengthen if he doesn't too often slip out of any of the neighborhood's 37 entrances and exits. It is a narrow existence, and sometimes, he'd just like to take his wife to another part of town and smoke a water pipe and stroll until 2 a.m. Then he thinks of an uncle with a shrapnel wound and of three friends — a coach and two tennis players on Iraq's Davis Cup team — who were killed not long ago.

He has a daughter. What if he died and never saw her again? The courts at his old Alwiya Club along the Tigris stay mostly empty anyway. But he'd love to hit a topspin forehand again, the ball streaking down the line, a puff of dust.

He works construction when he can. He hasn't had a job in months. He watches people come and go, like the women at Jemila Wholesale, who shop quickly and race home against the possibility that something somewhere might explode.

He doesn't hate Sunnis; he has Sunni friends. But lines are being drawn and it's best not to blur where you stand. He watches every day as more Shiites fleeing Sunni-dominated neighborhoods gather in Sadr City. They pour in with nowhere to go, children straggling through alleys, and fathers visiting Sadr's Al Mahdi militia, hoping for work in a city that has little.

"We ask God to stop this. It can't go on," Mustafa said. "We ask the government to stop this, but how can we trust them? They have done nothing.

"We're all human beings. What is this Kurdish, Sunni, Christian, Shiite? It's selfishness for people wanting things for their groups."

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Fatima Omar lives across the river in the Sunni neighborhood of Amiriya. The tallest female student in the English department at Baghdad University, she is slim and wears a hijab. She has a degree, but no job, and sometimes when she looks for one, she must cross into dangerous neighborhoods that U.S. troops are steadily turning over to Iraqi forces, which are often ambushed by insurgents.

Helicopters shake the night sky and flares float like bright ghosts over the rooftops. A curfew keeps the streets mostly empty, but come daylight, rolling sectarian checkpoints appear, looking for anyone with the wrong last name, like hers.

"A lot of Omars have been killed crossing certain checkpoints," she said. This is why the neighborhood boys, even though they swagger, don't roam far from home, and why her father wants to reinvent himself with a fake ID card.

"I had an interview not long ago," she said. "My dad drove me to the bus stop. I got on quickly and rode to Mansour. Out on the street, I passed a lot of shops and saw things that I needed. But I didn't stop. I went by running. It's been 1 1/2 months since summer vacation, and I haven't stepped outside the courtyard of our house."

Times staff writers Zainab Hussein and Saif Rasheed contributed to this report.

U.S. Soldier Killed In Iraqi Province (WP/AP)

The Washington Post/AP, August 20, 2006

BAGHDAD, Iraq -- An American soldier was killed in combat Saturday in Anbar province, the stronghold of the Sunni Arab insurgency west of Baghdad, the U.S. military announced.

The soldier was assigned to the 1st Brigade, 1st Armored Division, a military statement said. It gave no details except to say the soldier "died from wounds sustained due to enemy action" while operating in Anbar province.

At least 2,605 members of the U.S. military have died since the Iraq war started in March 2003, according to an Associated Press count.

Iranian Shells Land In Kurdish Villages In Northern Iraq, Killing 2 (NYT)

By Edward Wong And Yerevan Adham

The New York Times, August 20, 2006

SULAIMANIYA, Iraq, Aug. 19 — Artillery shells fired from Iran have landed in remote northern villages of Iraqi Kurdistan in the past four days and have killed at least two civilians and wounded four others, a senior Kurdish official said Saturday. Dozens of families have fled the region.

The shells have been aimed at an area around Qandil Mountain, known as a base for militant Kurdish opposition groups seeking independence from Turkey and Iran, said the official, Mustafa Sayed Qadir, a senior member of the Patriotic Union of Kurdistan, which governs the eastern half of Iraqi Kurdistan.

“A lot of homes have been damaged and livestock killed,” he said. A shepherd was wounded Saturday, and two women were among the three people wounded on previous days, he added.

The government of Iraq is aware of the shelling, which has taken place occasionally in recent months, but has not taken an official position, he said.

The president of Iraq, Jalal Talabani, is the head of the Patriotic Union of Kurdistan. He has at times had a close relationship with Iran, especially when he sought Iranian support in the 1990’s against rival Kurdish leaders and Saddam Hussein. But Mr. Talabani is also aware of the Iranian government’s poor treatment of its Kurdish minority. Iranian officials could not be reached for comment Saturday evening.

Iran and Turkey have sizeable Kurdish populations that live in mountainous areas bordering Iraqi Kurdistan. In recent weeks, the two countries have stepped up warnings to Kurdish militant groups, perhaps fearing that they might have enough of a haven in Iraqi Kurdistan to inject new vigor into independence movements in Iran and Turkey. Iraqi Kurdistan is autonomous from the rest of Iraq and is home to most of this country’s five million Kurds.

It is unclear what weaponry or troops Iran has amassed along its border with Iraqi Kurdistan.

American officials have accused Iran of supporting Hezbollah in its recent battle against Israel. This month, the American ambassador to Iraq, Zalmay Khalilzad, said Iran had been pushing small Shiite militias to step up attacks against the American-led forces in retaliation for Israel’s assault on Lebanon.

An American military spokesman said some Shiite militias had been training in Iran and had received weapons from individuals or groups in that country. However, the spokesman, Maj. Gen. William B. Caldwell IV, said the military had not found any evidence that the Iranian government was involved.

In Baghdad on Saturday, thousands of Shiite pilgrims converged on a shrine in the northern part of the capital for an annual procession, walking a route secured by police officers as a citywide ban on driving emptied the streets in an effort to prevent sectarian attacks and panic.

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At least three Shiites were found dead in Baghdad, shot in the head, according to hospital officials. But the Interior Ministry could not confirm whether they were pilgrims.

Elsewhere in Iraq, battles continued to rage. An American soldier died from wounds suffered during fighting in Anbar Province, the American military said in a statement. An Iraqi police patrol was ambushed by sniper fire in Mosul, killing a policeman and wounding another, the police said.

In a series of gun battles in and around Baquba, at least six people were killed. A civilian died from stray gunfire after an attack on an Iraqi police checkpoint in a western suburb; nearby, gunmen killed two professors from Diyala University.

A Nonpartisan Look At The Price Tag Of Overseas Wars (NYT)

By Hubert B. Herring

The New York Times, August 20, 2006

What, exactly, are the wars in Iraq and Afghanistan costing us? (In merely dollar terms, that is; the human cost is another, unthinkable matter entirely.) That's what the Congressional Research Service, Congress's nonpartisan public policy research arm, explored in a recent study.

As the study notes, the Defense Department recently put the "burn rate" — a term for the sums being spent — for Iraq and Afghanistan at $6.8 billion a month. But as the study says, that excludes maintaining and replacing equipment or building and improving facilities. The official "burn rate," it concludes, is only about 70 percent of the true cost.

For fiscal 2006, monthly costs for Iraq alone could hit $8 billion, the study projected.

The study found a bit of surprising news: that the cost of feeding troops in Iraq fell in fiscal 2005 to $1.2 billion from $2 billion, despite comparable troop levels. No, we have not cut rations. The change may simply reflect success at reducing costs, the study says.

Shi'ite Revival Roiling Mideast (WT)

By David R. Sands, The Washington Times

The Washington Times, August 20, 2006

The world's Shi'ite Muslims, traditionally second-class citizens in the Islamic world, may be having their day.

The strong performance by fighters of Lebanon's radical Shi'ite Hezbollah movement in the five-week war with Israel is just the latest sign of a resurgence for the branch of Islam that has long been dominated militarily and economically by the more numerous Sunni Muslims.

But the Shi'ite revival also poses major problems for the Bush administration and for Sunni Arab-dominated regimes such as Egypt and Saudi Arabia, while presenting a strategic opportunity for the world's most-populous Shi'ite state -- Iran.

Vali Nasr, Middle East scholar at the Council on Foreign Relations and author of a new book, "The Shia Revival: How Conflicts Within Islam Will Shape the Future," said the popular perception across the Islamic world of Hezbollah's success was a blow to the Sunni regimes and could force even moderate Shi'ite leaders to take a more radical stance against Israel and U.S. interests.

"The Shi'ites can say, 'We performed better than the Sunnis in standing up for our interests,'" he said. "Hezbollah defended little villages in southern Lebanon better than Saddam Hussein defended Baghdad."

Even before the Lebanon clash, events across the Muslim world had inspired debate over a new "Shi'ite Crescent."

Following U.S.-backed elections, Iraq's Shi'ite majority dominates the government in Baghdad for the first time in a millennium, while Shi'ite militias battle largely Sunni insurgents for control of the country. Iran's Shi'ite Islamic Republic has seen two regional rivals -- the Sunni fundamentalist Taliban in Afghanistan and Saddam's Sunni-dominated secular dictatorship in Iraq -- crushed by U.S.-led military campaigns, while its Hezbollah ally is the strongest and best-armed force in Lebanon.

"Freed from the menace of the Taliban in Afghanistan and of Saddam in Iraq, Iran is riding the crest of the wave of Shi'ite revival," according to Mr. Nasr, "aggressively pursuing nuclear power and demanding international recognition of its interests."

Shi'ite Muslim communities in Sunni-dominated Arab states such as Saudi Arabia and Bahrain -- which has a Shi'ite-majority population -- have recently begun to demand greater rights and economic opportunity.

The world's 120 million Shi'ites represent about 10 percent of Muslims worldwide, and are a majority of the population in just a handful of countries, including Iran (90 percent), Iraq (60 percent), Azerbaijan (75 percent) and Bahrain (75 percent).

Shi'ites make up an estimated 45 percent of Lebanon's population, and are smaller but still significant minorities in countries such as Saudi Arabia, Pakistan and the Persian Gulf states.

Shi'ite Muslims, with a religious tradition that did not focus on state power, have long complained of marginalization at the hands of Sunnis, even in countries such as Iraq, where Sunni Muslims were a minority.

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Some of the most open fears of rising Shi'ite power, often linked to fears of a rising Iran, have come from the Arab world's Sunni leaders.

In December 2004, Jordan's King Abdullah II warned of rising Iranian influence on Iraq's Shi'ite Muslims, referring explicitly to a "Shi'ite crescent" stretching from Lebanon to Iran that could destabilize existing governments and challenge U.S. interests.

Egyptian President Hosni Mubarak in April accused Shi'ite radicals such as Iraqi cleric Muqtada al-Sadr and Hezbollah leader Sheik Hassan Nasrallah of putting religious ties -- in particular, allegiance to Iran -- above national interests.

"Shi'ites are mostly always loyal to Iran and not to the countries where they live," he said.

But some regional commentators say such comments inflate the danger of a pan-regional Shi'ite alliance and reflect the Sunni leaders' fears of Iran and of the impact events such as the Lebanese war could have on their populations at home.

"Clearly, throughout the Gulf and beyond, there is an effort on the part of Arab regimes to use this specter of a Shia crescent for their own purposes," said Council on Foreign Relations Middle East scholar Steven A. Cook at a council symposium in June on the Shi'ite resurgence.

Islam scholars say the Shi'ite-Sunni clash is a complex mix of religion, politics and class issues, and that the schism has never been fixed or permanent in Islam's 1,400-year history. But the sectarian fighting in Iraq and Hezbollah's war in Lebanon have forced ordinary Muslims to choose sides.

"Even secular Sunnis and Shia, because they need to be protected in a place like Iraq, or they fear what might happen in Bahrain or eastern Saudi Arabia, tend to draw towards their own," Mr. Cook said.

"I think that's an unfortunate scenario that is playing itself out throughout the region."

And Now, Islamism Trumps Arabism (NYT)

By Michael Slackman

The New York Times, August 20, 2006

CAIRO

SHE grew up in Cairo with the privileges that go to the daughter of a military officer, attended a university and landed a job in marketing. He grew up in a poor village of dusty unpaved roads, where young men work long hours in a brick factory while dreaming of getting a government job that would pay $90 a month.

But Jihan Mahmoud, 24, from the middle-class neighborhood of Heliopolis, and Madah Ali Muhammad, 23, from a village in the Nile Delta, have come to the exact same conclusion about what they and their country need: a strong Islamic political movement.

“I have more faith in Islam than in my state; I have more faith in Allah than in Hosni Mubarak,” Ms. Mahmoud said, referring to the president of Egypt. “That is why I am proud to be a Muslim.”

The war in Lebanon, and the widespread conviction among Arabs that Hezbollah won that war by bloodying Israel, has fostered and validated those kinds of feelings across Egypt and the region. In interviews on streets and in newspaper commentaries circulated around the Middle East, the prevailing view is that where Arab nations failed to stand up to Israel and the United States, an Islamic movement succeeded.

“The victory that Hezbollah achieved in Lebanon will have earthshaking regional consequences that will have an impact much beyond the borders of Lebanon itself,” Yasser Abuhilalah of Al Ghad, a Jordanian daily, wrote in Tuesday’s issue.

“The resistance celebrates the victory,” read the front-page headline in Al Wafd, an opposition daily in Egypt.

Hezbollah’s perceived triumph has propelled, and been propelled by, a wave already washing over the region. Political Islam was widely seen as the antidote to the failures of Arab nationalism, Communism, socialism and, most recently, what is seen as the false promise of American-style democracy. It was that wave that helped the banned but tolerated Muslim Brotherhood win 88 seats in Egypt’s Parliament last December despite the government’s violent efforts to stop voters from getting to the polls. It was that wave that swept Hamas into power in the Palestinian government in January, shocking Hamas itself.

“We need an umbrella,” said Mona Mahmoud, 40, Jihan’s older sister. “In the 60’s, Arabism was the umbrella. We had a cause. Now we lack an umbrella. We feel lost in space. We need to be affiliated to something. Usually in our part of the world, because of what religion means to us, we immediately resort to it.”

The lesson learned by many Arabs from the war in Lebanon is that an Islamic movement, in this case Hezbollah, restored dignity and honor to a bruised and battered identity. People in Egypt still talk painfully about the loss to Israel in 1967, a loss that was the beginning of the end of pan-Arabism as an ideology to unite the region and define its people.

Hezbollah’s perceived victory has highlighted, and to many people here validated, the rise of another unifying ideology, a kind of Arab-Islamic nationalism. On the street it has even seemed to erase divisions between Islamic sects, like Sunni and Shiite. At the moment, the Hezbollah leader, Sheik Hassan Nasrallah, is widely viewed as a pan-Arab Islamic hero.

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"The losers are going to be the Arab regimes, U.S.A. and Israel," said Dr. Fares Braizat of the Center for Strategic Studies at the University of Jordan. "The secular resistance movements are gone. Now there are the Islamists coming in. So the new nationalism is going to be religious nationalism, and one of the main reasons is dignity. People want their dignity back."

The terms Islamic nationalism and pan-Islamism have a negative connotation in the West, where they are associated with fundamentalism and terrorism. But that is increasingly not the case in Egypt. Under the dual pressures of foreign military attacks in the region and a government widely viewed as corrupt and illegitimate, Islamic groups are seen by many people as incorruptible, disciplined, efficient and caring. A victory for Hezbollah in Lebanon is by extension a victory for the Muslim Brotherhood in Egypt.

"People will say Hezbollah achieved a very good thing, so why should we mistrust the Muslim Brotherhood," said Hassan Naffa, a professor of political science at Cairo University.

There is a wide diversity of views and agendas under the pan-Islamic-Arab umbrella. But as is often the case in politically aligned movements, those differences are easily papered over when that movement is in the opposition.

"Hezbollah is a resistance movement that has given us a solution," said Yomana Samaha, a radio talk-show host in Cairo who identified herself as secular and a supporter of separating religion and government. But when asked if she would vote for a Muslim Brotherhood candidate in Egypt, she said "Yeah, why not?"

It was an answer she seemed reluctant — but relieved — to state.

"If they have a solution," she repeated, "why not?"

A solution to what?

"Loss of dignity," said Mona Mahmoud, who is her friend.

Concepts of individual and collective identity are fluid here. During the British occupation of Egypt, a rise in Egyptian nationalism helped lead to independence in the early 1900's. After the revolution of 1952, Gamal Abdel Nasser led the country and the region to seek unity under the banner of Arabism. That was a theme trumpeted by leaders from Col. Muammar el-Qaddafi in Libya to Hafez al-Assad in Syria to Saddam Hussein in Iraq.

But according to many political scientists and intellectuals, the glue of pan-Arabism began to weaken in Egypt after defeat in the Arab-Israel War of 1967, a decline that quickened through the 1970's and into the 1980's.

"People think that this defeat was a punishment from God because we drifted far from the teachings of Islam," said Gamal Badawi, an Egyptian historian.

Since then there has been a steady and visible change in many Egyptians' relationship to political Islam. It is not that Egyptians are suddenly more religious, political analysts said. This has always been a religious country. It is that they are more apt to define themselves by their faith. On the streets, that is most evident in the number of women — an overwhelming majority — who cover their heads with Islamic headscarves, a sign not just of individual conviction but also of peer pressure.

"The failure of pan-Arabism, the lack of democracy, and corruption — this drives people to an extent of despair where they start to find the solution in religion," said Gamal el-Ghitany, editor of Akhbar al-Adab, a literary magazine distributed in Egypt.

Echoing that view, Diaa Rashwan, an expert in Islamic movements and analyst with the government-financed Center for Political and Strategic Studies in Cairo, said, "People have come to identify themselves more as Muslims during the last five years in response to the U.S.-led 'war on terrorism' which Egyptians frequently feel is a discriminatory campaign targeting Muslims and Islam worldwide."

But it is not just outside pressures that have pressed so many people of this nation, and this region, toward that view. The events that helped shape Mr. Muhammad's world view from his Delta village illustrate the way the government of Egypt also plays a role.

Last December Mr. Muhammad's uncle, Mustafa Abdel Salam, 61, was shot in the head and killed by the Egyptian police as he was going to pray at a mosque, according to witnesses, including Mr. Muhammad and other villagers. The killing occurred on the last day of voting in Egypt's parliamentary elections, a months-long process that was marred by police officers who were ordered to block voters from getting to the polls in many districts. The government grew concerned after candidates affiliated with the Muslim Brotherhood began winning in record numbers. While the brotherhood is banned, candidates affiliated with the organization ran as independents.

The government says that the police did not fire live ammunition at citizens, but many people were killed and doctors and witnesses — including Western diplomats — said that the police did fire live rounds into people trying to vote. After the election was over and Mr. Abdel Salam was buried, the brotherhood-affiliated candidate visited the family to offer his condolences and help. The winning candidate, from the governing National Democratic Party, did not visit.

Mr. Muhammad said that the whole experience strengthened his conviction that "Islam is the solution" — a phrase that is the slogan of the Muslim Brotherhood. "Our voice is not heard," said Mr. Muhammad. "It is only the authorities who have a say. The smallest thing, like we go to vote, and we get beaten. So I will hold on to my religion, and that's it."

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4 U.S. Soldiers Are Killed As Afghan Violence Surges (WP/AP)

By Fisnik Abrashi, Associated Press

The Washington Post, August 20, 2006

On Independence Day, Karzai Stresses Education

KABUL, Insurgents killed four U.S. soldiers and wounded six others in clashes Saturday during an upsurge in violence across the country. Two Afghan soldiers also were killed.

Three U.S. soldiers were killed and three were wounded during operations in the Pech district of the eastern province of Konar, said Col. Tom Collins, a U.S. military spokesman. U.S. troops in that area are hunting for Taliban fighters and insurgents linked to Osama bin Laden's al-Qaeda network in remote mountains hugging the Pakistani border.

In the southern province of Uruzgan, one U.S. soldier and two Afghan soldiers were killed and three Americans were wounded in a four-hour clash with more than 100 insurgents, according to a NATO statement.

The violence occurred as thousands gathered to mark Afghanistan's independence from British rule in 1919, following the third Anglo-Afghan war. Repeated wars and conflicts have devastated the country of 26 million people in the last three decades.

In Kabul, Afghan soldiers with M-16 assault rifles paraded with police officers, sportsmen and horsemen in a stadium that was used regularly for public executions during the Taliban's rule.

President Hamid Karzai told thousands attending a celebration that education was key to protecting the country's independence at a time when guerrillas are trying to undermine his authority.

"Our history proves our bravery," Karzai said. "The only thing we need to keep our independence is education."

Insurgents have targeted schools, burning 144 to the ground over the past year and forcing 200 others to close following threats against teachers and students, according to officials. More than 200,000 children have been unable to continue their education as a result.

The insurgents say that educating girls is against Islam and oppose government-funded schools for boys because they teach secular subjects besides religion. Targeting schools is also considered a tactic to shake the authority of the U.S.-backed government.

On Friday, a local police commander was killed when his vehicle hit a freshly planted mine in the Sori district of the southern province of Zabol, said Noor Mohammad Paktin, the provincial police chief.

Separately, suspected Taliban insurgents wounded Mrich Agha, a spiritual leader in Kandahar province, also in the south, the governor's spokesman said. Agha's driver was killed in the ambush, he said.

Afghanistan's southern provinces are bearing the brunt of the country's worst bout of violence since the fall of the Taliban, a radical Islamic militia, in the U.S.-led invasion in late 2001, as insurgents try to undermine Karzai and his government.

71 Suspected Afghan Militants Killed (SEAPI/AP)

By Noor Khan

Seattle Post-Intelligencer/AP, August 20, 2006

KANDAHAR, Afghanistan -- Afghan police backed by NATO aircraft killed 71 suspected Taliban militants in southern Afghanistan, while separate clashes left four U.S. troops dead and six wounded, officials said Sunday.

The 71 insurgents were killed when they attacked police in Panjwayi district in southern Kandahar province late Saturday, said Niaz Mohammad Sarhadi, the district chief.

NATO troops used artillery and aircraft in the clash that lasted until early Sunday, said Maj. Toby Jackman, a spokesman for the force.

Four police and one Afghan soldier were killed, officials said. Three police and five soldiers were wounded. The bodies of the some of dead militants were found scattered through orchards alongside their weapons, Sarhadi said.

During a clash Saturday against Taliban militants in eastern Kunar province, three U.S. soldiers were killed and three others wounded, said U.S. military spokesman Col. Tom Collins.

American troops in that area are hunting for Taliban fighters and extremists close to Osama bin Laden's al-Qaida network in remote mountains hugging the Pakistani border.

In southern Uruzgan province, an American and an Afghan soldier was killed and three other Americans wounded in a four-hour clash with more than 100 insurgents, according to a NATO statement.

The troops used artillery and air support to repel the insurgent attack, a NATO statement said.

Collins said the troops in Uruzgan are part of a U.S. team training the fledgling Afghan National Army. Currently about 22,000 U.S. forces are in Afghanistan along with 20,000 NATO-led troops.

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The slain American was identified by family members as senior airman Adam Servais, 23, of Onalaska, Wis. The four-year veteran was with Air Force Special Operations.

Officials said they didn't have details on insurgent casualties.

The fighting was reported to be some of the heaviest in recent months and came as war-battered Afghanistan celebrated its independence day.

Thousands gathered Saturday to mark Afghanistan's independence from British rule in 1919, following the third Anglo-Afghan war. Repeated wars and conflicts have devastated the country of 25 million people in the last three decades, with scars still visible on buildings and large swaths of minefields.

Meanwhile, a mine in the country's restive south killed a local police commander and an ambush by suspected insurgents left a spiritual leader wounded.

The officer was killed when his vehicle hit a freshly planted mine in Sori district of southern Zabul province on Friday, said Noor Mohammad Paktin, the provincial police chief.

Separately, suspected Taliban militants wounded Mrich Agha, a spiritual leader in the southern Kandahar province on Saturday, said Dawood Ahmadi, the governor's spokesman. Agha's driver was killed in the ambush, Ahmadi said.

Afghanistan's southern provinces are bearing the brunt of the worst bout of violence to have rocked the country since the fall of the Taliban regime in the U.S.-led invasion in late 2001.

Troops Long Out-Of-Uniform Sent To Iraq (WP/AP)

By Rebecca Santana

The Washington Post/AP, August 20, 2006

CAMP ANACONDA, Iraq -- Spc. Chris Carlson had been out of the U.S. Army for two years and was working at Costco in California when he received notice that he was being called back into service.

The 24-year-old is one of thousands of soldiers and Marines who have been deployed to Iraq under a policy that allows military leaders to recall troops who have left the service but still have time left on their contract.

"I thought it was crazy," said Carlson, who has found himself protecting convoys on Iraq's dangerous roads as part of a New Jersey National Guard unit. "Never in a million years did I think they would call me back."

Although troops are allowed to leave active duty after a few years of service, they generally still have time left on their contract with the military that is known as "inactive ready reserve" status, or IRR. During that time, they have to let their service know their current address, but they don't train, draw a paycheck or associate in any other way with the military.

But with active duty units already completing multiple tours in Iraq, the Pentagon has employed the rarely used tactic of calling people back from IRR status, a policy sometimes referred to as a "backdoor draft."

According to the U.S. Army Reserve, approximately 14,000 soldiers on IRR status have been called to active duty since March 2003 and about 7,300 have been deployed to Iraq. The Marine Corps has mobilized 4,717 Marines who were classified as inactive ready reserve since Sept. 11, and 1,094 have been deployed to Iraq, according to the Marine Forces Reserve.

The 1st Squadron of the 167th Cavalry RSTA, which is based in Lincoln, Neb. and oversees the New Jersey guard unit here in Iraq, has about 40 IRR soldiers within its ranks of roughly 1,000 soldiers, and officers in the squadron say the troops have merged into the unit without any problems.

Jason Mulligan, 28, of Ridgefield, Conn., left the army back in 2002 after two years in the infantry. He was working as a painting contractor while studying wildlife conservation when he received his letter last fall alerting him that he'd been mobilized.

The letter was followed up by another warning to Mulligan that if he didn't comply, the government would prosecute him to the fullest extent of the law.

"My family and my fiancee were telling me 'Don't' report. Don't show up,' said Mulligan, who also serves with a New Jersey National Guard unit as a gunner on a Humvee helping patrol the territory around Camp Anaconda, a base about 50 miles north of Baghdad. "And I thought, 'Well I got that nasty letter saying they were going to put me in jail if I don't show up.'"

Anthony Breaux, 24, from La Place, La., said he had a feeling that eventually he would be recalled to service after hearing of so many other soldiers who were pulled from IRR status. Breaux, who left active duty in September 2002, said he knew it was part of the bargain when he joined the army.

"Well, I signed up. I signed the papers. So you know what? I got to do what I got to do," Breaux said, before getting ready for a reconnaissance patrol around Camp Anaconda.

Loren Thompson, a defense analyst with the Arlington, Va.-based Lexington Institute, said part of the reason that the military has called up so many people who were on reserve status is that certain skill sets such as military police or civil affairs were concentrated in the reserves after the Cold War ended.

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But he said the sheer numbers of IRR soldiers being mobilized also are a sign that the military doesn't have enough people to fight this war, now in its fourth year.

"It seems clear in retrospect that the active-duty force wasn't big enough to sustain a 'long war' against global terrorism, and also lacked the proper mix of skills to wage that war with maximum effectiveness," Thompson said.

That thought is echoed by many of the IRR soldiers. Mulligan said the military's reliance on IRR soldiers shows how "desperate" the services are for troops.

"Maybe it says something for maybe the way the military is treating the people that are over here, because they're just not wanting to stay on," said Mulligan.

Some of the IRR soldiers, such as Carlson, still will have time on their military contracts when they return from this deployment, meaning they could possibly be called back another time. But others will end their IRR status around the same time their deployment in Iraq ends next spring or will have so little time left that they would not be deployed again.

Spc. Mark Wiles, 27, of Phoenix, said his 6 1/2 years of active duty and the time he'll have served on this deployment mean that his reserve status will be over when the unit gets home. The only way that the military could keep him is if they extended the unit's stay in Iraq.

"Those of us who are IRR are seriously hoping they don't do that," Wiles said.

What Next? (WP)

By Daniel L. Byman And Kenneth M. Pollack

The Washington Post, August 20, 2006

The debate is over: By any definition, Iraq is in a state of civil war. Indeed, the only thing standing between Iraq and a descent into total Bosnia-like devastation is 135,000 U.S. troops -- and even they are merely slowing the fall. The internecine conflict could easily spiral into one that threatens not only Iraq but also its neighbors throughout the oil-rich Persian Gulf region with instability, turmoil and war.

The consequences of an all-out civil war in Iraq could be dire. Considering the experiences of recent such conflicts, hundreds of thousands of people may die. Refugees and displaced people could number in the millions. And with Iraqi insurgents, militias and organized crime rings wreaking havoc on Iraq's oil infrastructure, a full-scale civil war could send global oil prices soaring even higher.

However, the greatest threat that the United States would face from civil war in Iraq is from the spillover -- the burdens, the instability, the copycat secession attempts and even the follow-on wars that could emerge in neighboring countries. Welcome to the new "new Middle East" -- a region where civil wars could follow one after another, like so many Cold War dominoes.

And unlike communism, these dominoes may actually fall.

For all the recent attention on the Israeli-Hezbollah conflict, far more people died in Iraq over the past month than in Israel and Lebanon, and tens of thousands have been killed from the fighting and criminal activity since the U.S. occupation began. Additional signs of civil war abound. Refugees and displaced people number in the hundreds of thousands. Militias continue to proliferate. The sense of being an "Iraqi" is evaporating.

Considering how many mistakes the United States has made in Iraq, how much time has been squandered, and how difficult the task is, even a serious course correction in Washington and Baghdad may only postpone the inevitable.

Iraq displays many of the conditions most conducive to spillover. The country's ethnic, tribal and religious groups are also found in neighboring states, and they share many of the same grievances. Iraq has a history of violence with its neighbors, which has fostered desires for vengeance and fomented constant clashes. Iraq also possesses resources that its neighbors covet -- oil being the most obvious, but important religious shrines also figure in the mix -- and its borders are porous.

Civil wars -- whether in Africa, Asia, Europe or the Middle East -- tend to spread across borders. For example, the effects of the Jewish-Palestinian conflict, which began in the 1920s and continued even after formal hostilities ended in 1948, contributed to the 1956 and 1967 Arab-Israeli wars, provoked a civil war in Jordan in 1970-71 and then triggered the Lebanese civil war of 1975-90. In turn, the Lebanese conflict helped spark civil war in Syria in 1976-82.

With an all-out civil war looming in Iraq, Washington must decide how to deal with the most common and dangerous ways such conflicts spill across national boundaries. Only by understanding the refugee crises, terrorism, radicalization of neighboring populations, copycat secessions and foreign interventions that such wars frequently spark can we begin to plan for how to cope with them in the months and years ahead.Refugees Spread The Fighting

Massive refugee flows are a hallmark of major civil wars. Afghanistan's produced the largest such stream since World War II, with more than a third of the population fleeing. Conflicts in the Balkans in the 1990s also generated millions of refugees and internally displaced people: In Kosovo, more than two-thirds of Kosovar Albanians fled the country. In Bosnia, half of the

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country's 4.4 million people were displaced, and 1 million of them fled the country altogether. Comparable figures for Iraq would mean more than 13 million displaced Iraqis, and more than 6 million of them running to neighboring countries.

Refugees are not merely a humanitarian burden. They often continue the wars from their new homes, thus spreading the violence to other countries. At times, armed units move from one side of the border to the other. The millions of Afghans who fled to Pakistan during the anti-Soviet struggle in the 1980s illustrate such violent transformation. Stuck in the camps for years while war consumed their homeland, many refugees joined radical Islamist organizations. When the Soviets departed, refugees became the core of the Taliban. This movement, nurtured by Pakistani intelligence and various Islamist political parties, eventually took power in Kabul and opened the door for Osama bin Laden to establish a new base of operations for al-Qaeda.

Refugee camps often become a sanctuary and recruiting ground for militias, which use them to launch raids on their homelands. Inevitably, their enemies attack the camps -- or even the host governments. In turn, those governments begin to use the refugees as tools to influence events back in their homelands, arming, training and directing them, and thereby exacerbating the conflict.

Perhaps the most tragic example of the problems created by large refugee flows occurred in the wake of the Rwandan genocide in 1994. After the Hutu-led genocide resulted in the death of 800,000 to 1 million Tutsis and moderate Hutus, the Tutsi-led Rwandan Patriotic Front "invaded" the country from neighboring Uganda. The RPF was drawn from the 500,000 or so Tutsis who had already fled Rwanda from past pogroms. As the RPF swept through Rwanda, almost 1 million Hutus fled to neighboring Congo, fearing that the evil they did unto others would be done unto them.

For two years after 1994, Hutu bands continued to conduct raids in Rwanda and began to work with Congolese dictator Mobutu Sese Seko. The new RPF government of Rwanda responded by attacking not only the Hutu militia camps, but also its much larger neighbor, bolstering a formerly obscure Congolese opposition leader named Laurent Kabila and installing him in power in Kinshasa. A civil war in Congo ensued, killing perhaps 4 million people.

The flow of refugees from Iraq could worsen instability in all of its neighboring countries. Kuwait, for example, has just over 1 million citizens, one-third of whom are Shiite. The influx of several hundred thousand Iraqi Shiites across the border could change the religious balance in the country overnight. Both these Iraqi refugees and the Kuwaiti Shiites could turn against the Sunni-dominated Kuwaiti government, seeing violence as a means to end the centuries of discrimination they have faced at the hands of Kuwait's Sunnis.

Numbers of displaced people are already rising in Iraq, although they are nowhere near what they could be if the country slid into a full civil war. About 100,000 Arabs are believed to have fled northern Iraq under pressure from Kurdish militias. As many as 200,000 Sunni Arabs reportedly have been displaced by the fighting between Sunni groups and the American-led coalition in western Iraq. In the past 18 months, 50,000 to 100,000 Shiites have fled mixed-population cities in central Iraq for greater safety farther south. So far, in addition to the Palestinians and other foreigners, only the Iraqi upper and middle classes are fleeing the country altogether, moving to Egypt, Jordan, Lebanon or the Gulf States. As one indicator of the size of this flight, since 2004 the Ministry of Education has issued nearly 40,000 letters permitting parents to take their children's academic records abroad. If the violence continues to escalate, even those without resources will soon flee to vast refugee camps in the nearest country.Terrorism Finds New Homes

The war in Iraq has proved to be a disaster for the struggle against Osama bin Laden. Fighters there are receiving training, building networks and becoming further radicalized -- and the U.S. occupation is proving a dream recruiting tool for young Muslims worldwide. As bad as this is, a wide-scale civil war in Iraq could make the terrorism problem even worse.

Such terrorist organizations as Hezbollah, the Liberation Tigers of Tamil Eelam (LTTE), the Armed Islamic Group (GIA), the Irish Republican Army (IRA) and the Palestine Liberation Organization (PLO) were all born of civil wars. They eventually shifted from assaulting their enemies in Lebanon, Sri Lanka, Algeria, Northern Ireland and Israel, respectively, to mounting attacks elsewhere. Hezbollah has attacked Israeli, American and European targets on four continents. The LTTE assassinated former Indian prime minister Rajiv Gandhi because of his intervention in Sri Lanka. The IRA began a campaign of attacks in Britain in the 1980s. The GIA did the same to France the mid-1990s, hijacking an Air France flight then moving on to bombings in the country. In the 1970s, various Palestinian groups began launching terrorist attacks against Israelis wherever they could find them -- including at the Munich Olympics and airports in Athens and Rome -- and then attacked Western civilians whose governments supported Israel.

In Afghanistan, the anti-Soviet struggle in the 1980s was a key incubator for bin Laden's movement. Many young mujaheddin went to Afghanistan with only the foggiest notion of jihad. But during the fighting in Afghanistan, individuals took on one another's grievances, so that Saudi jihadists learned to hate the Egyptian government and Chechens learned to hate Israel. Meanwhile, al-Qaeda convinced many of them that the United States was at the center of the Muslim world's problems -- a view that almost no Sunni terrorist group had previously embraced. Other civil wars in Muslim countries, including the Balkans, Chechnya and Kashmir, began for local reasons but became enmeshed in the broader jihadist movement. Should Iraq descend

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into a deeper civil war, the country could become a sanctuary for both Shiite and Sunni terrorists, possibly even exceeding the problems of Lebanon in the 1980s or Afghanistan under the Taliban.

Right now, the U.S. military presence keeps a lid on the jihadist effort. There are no enormous training camps such as those the radicals enjoyed in Afghanistan. Likewise, Hezbollah and other Shiite terrorist groups have maintained a low profile in Iraq so far, but the more embattled the Shiites feel, the better the chance they will invite greater Hezbollah involvement. Shiite fighters may even strike the Sunni backers of their Iraqi adversaries, such as Saudi Arabia and Kuwait, or incite their own Shiite populations against them. And lost in the focus on Arab terrorist groups is the Kurdish Workers Party (PKK), an anti-Turkish group that has long fought to establish a Kurdish state in Turkey from bases in Iraq. The more Iraq is consumed by chaos, the more likely it is that the PKK will regain a haven in northern Iraq.

The Sunni jihadists would be particularly likely to go after Saudi Arabia given its long, lightly patrolled border with Iraq, as well as their interest in destabilizing the ruling Saud family. The turmoil in Iraq has energized young Saudi Islamists. In the future, the balance may shift from Saudis helping Iraqi fighters against the Americans to Iraqi fighters helping Saudi jihadists against the Saudi government, with Saudi oil infrastructure an obvious target.Radicalism Is Contagious

Civil wars tend to inflame the passions of neighboring populations. This is often just a matter of proximity: Chaos and slaughter five miles down the road has a much greater emotional impact than a massacre 5,000 miles away. The problem worsens whenever ethnic or religious groupings also spill across borders. Frequently, people demand that their government intervene on behalf of their compatriots embroiled in the civil war. Alternatively, they may aid their co-religionists or co-ethnics on their own -- taking in refugees, funneling money and guns, providing sanctuary.

The Albanian government came under heavy pressure from its people to support the Kosovar Albanians who were fighting for independence from the Serbs. As a result, Tirana provided diplomatic support and covert aid to the Kosovo Liberation Army in 1998-99, and threatened to intervene to prevent Serbia from crushing the Kosovars. Similarly, numerous Irish and Irish American groups clandestinely supported the Irish Republican Army, providing money and guns to the group and lobbying Dublin and Washington.

Sometimes, radicalization works in the opposite direction if neighboring populations share the grievances of their comrades across the border, and as a result are inspired to fight in pursuit of similar goals in their own country. Although Sunni Syrians had chafed under the minority Alawite dictatorship since the 1960s, members of the Muslim Brotherhood (the leading Sunni Arab opposition group) were spurred to action when they saw Lebanese Sunni Arabs fighting to wrest a share of political power from the minority Maronite-dominated government in Beirut. This spurred their own decision to organize against Hafez al-Assad's regime in Damascus. By the late 1970s, their resistance had blossomed into civil war, but Assad's regime was not as weak as Lebanon's. In 1982, Assad razed the center of the city of Hama, a Muslim Brotherhood stronghold, killing 20,000 to 40,000 people and snuffing out the revolt.

Iraq's neighbors are vulnerable to this aspect of spillover. Iraq's own divisions are mirrored throughout the region; for instance, Bahrain, Kuwait and Saudi Arabia all have sizable Shiite communities. In Saudi Arabia, Shiites make up about 10 percent of the population, but they are heavily concentrated in its oil-rich Eastern Province. Bahrain's population is majority Shiite, although the regime is Sunni. Likewise, Iran, Syria and Turkey all have important Kurdish minorities, which are geographically concentrated adjacent to Iraqi Kurdistan.

Populations in some countries around Iraq are already showing dangerous signs of radicalization. In March, after the Sunni jihadist bombing of the Shiite Askariya shrine in Iraq, more than 100,000 Bahraini Shiites took to the streets in anger. In 2004, when U.S. forces were battling Iraqi Sunni insurgents in Fallujah, large numbers of Bahraini Sunnis protested. There has been unrest in Iranian Kurdistan in the past year, prompting Iran to deploy troops to the border and even shell Kurdish positions in Iraq. The Turks, too, have deployed additional forces to the Iraqi border to prevent any movement of Kurdish forces between the two countries.

Most ominous of all, tensions are rising between Shiites and Sunnis in the key Eastern Province of Saudi Arabia. As in Bahrain, many Saudi Shiites saw the success of Iraq's Shiites and are now demanding better political and economic treatment. The government made a few initial concessions, but now the kingdom's Sunnis are openly accusing the Shiites of heresy. Religious leaders on both sides have begun to warn of a coming civil war or schism within Islam. The horrors of such a split are on display only miles away in Iraq.Secession Breeds Secessionism

Iraq's neighbors are just as fractured as Iraq itself. Should Iraq fragment, voices for secession elsewhere will gain strength. The dynamic is clear: One oppressed group with a sense of national identity stakes a claim to independence and goes to war to achieve it. As long as that group isn't crushed immediately, others with similar goals can be inspired to do the same.

The various civil wars in the former Yugoslavia in the 1990s provide a good example. Slovenia was determined to declare independence, which led the Croats to follow suit. When the Serbs opposed Croatian secession from Yugoslavia by force, the first of the Yugoslav civil wars broke out. The European Union foolishly recognized both Slovene and Croatian independence,

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hoping that would end the bloodshed. However, many Bosnian Muslims wanted independence, and when they saw the Slovenes and Croats rewarded for their revolts, they pursued the same course. The new Bosnian government feared that if it did not declare independence, Serbia and Croatia would gobble up the respective Serb- and Croat-inhabited parts of their country. When Bosnia held a March 1992 referendum on independence, 98 percent voted in favor. The barricades went up all over Sarajevo the next day, kicking off the worst of the Balkan civil wars.

It didn't stop there. The eventual success of the Bosnians -- even after four years of war -- was an important element in the thinking of Kosovar Albanians when they agitated against the Serbian government in 1997-98. Serbian repression sparked an escalation toward independence that ended in the 1999 Kosovo War between NATO and Serbia. Kosovo, in turn, inspired Albanians in Macedonia to launch a guerrilla war against the Skopje government in hope of achieving the same or better.

In Iraq's case, the first candidate for secession is obvious: Kurdistan. If any group on Earth deserves its own country, it is surely the Kurds -- a distinct nation of 25 million people living in a geographically contiguous space with their own language and culture. However, if the Iraqi Kurds declare their independence and are protected by the international community, it is not hard to imagine Kurdish groups in Turkey and Iran following suit.

Moreover, the Kurds are not the only candidates. Shiite leader Abdul Aziz Hakim has called for autonomy for Iraq's Shiite regions -- a likely precursor for demands of outright independence. If Iraqi Shiites try to split off, other Shiites in the Gulf region might agitate against their own regimes along similar lines. Moreover, if ethnic or sectarian self-determination begins spreading throughout the Middle East more generally, secessionist movements could also spread to unlikely groups such as Iran's minority Azeri and Baluch populations.Beware of Neighborly Interventions

Another critical problem of civil wars is the tendency of neighboring states to get involved, turning the conflicts into regional wars. Foreign governments may intervene overtly or covertly to "stabilize" the country in turmoil and stop the refugees pouring across their borders, as the Europeans did during the Yugoslav wars. Neighboring states will intervene to eliminate terrorist groups setting up shop in the midst of the civil war, as Israel did repeatedly in Lebanon. They also may intervene to stem the flow of "dangerous ideas" into their country. Iran and Tajikistan intervened in the Afghan civil war on behalf of co-religionists and co-ethnicists suffering at the hands of the rabidly Sunni, rabidly Pashtun Taliban, just as Syria intervened in Lebanon for fear that the conflict there was radicalizing its Sunni population.

In virtually every case, these interventions brought only further grief to the interveners and to the parties of the civil war.

Opportunism is another powerful motive. States often harbor designs on their neighbors' land and resources and see the chaos of civil war as an opportunity to achieve long-frustrated ambitions. Much as Croatia's Franjo Tudjman and Serbia's Slobodan Milosevic may have felt the need to intervene in the Bosnian civil war to protect their ethnic brothers, it seems clear that a more important motive for both was to carve up Bosnia between them.

Many states attempt to influence the course of a civil war by providing money, weapons and other support to one side. In effect, they use their intelligence services to create proxies who can fight the war for them. But states find that proxies are rarely able to secure their interests, typically leading them to escalate to open intervention. Both Israel and Syria employed proxies in Lebanon, for example, but found them inadequate, prompting their own invasions.

Pakistan is one of the few countries to succeed in using a proxy force (the Taliban) to secure its interests in a civil war. However, the nation's support of these radical Islamists encouraged the explosion of Islamic fundamentalism in Pakistan itself -- increasing the number of armed groups operating from Pakistan and creating networks for drugs and weapons to fuel the conflict. Today, Pakistan is a basket case, and much of the reason lies in its costly effort to prevail in the Afghan civil war.

Covert foreign intervention is proceeding apace in Iraq, with Iran leading the way. U.S. military and Iraqi sources think there are several thousand Iranian agents of all kinds already in Iraq. These personnel have simultaneously funneled money, guns and other support to friendly Shiite groups and established the infrastructure to wage a large-scale clandestine war if necessary. Iran has set up an extensive network of safe houses, arms caches, communications channels and proxy fighters, and will be well-positioned to pursue its interests in a full-blown civil war. The Sunni powers of Jordan, Kuwait, Saudi Arabia and Turkey are frightened by Iran's growing influence and presence in Iraq and have been scrambling to catch up.

Turkey may be the most likely country to overtly intervene in Iraq. Turkish leaders fear both the spillover of Turkish secessionism and the possibility that Iraq is becoming a haven for the PKK. Turkey has already massed troops on its southern border, and officials are threatening to intervene.

What's more, none of Iraq's neighbors thinks that it can afford to have the country fall into the hands of the other side. An Iranian "victory" would put the nation's forces in the heartland of the Arab world, bordering Jordan, Kuwait, Saudi Arabia and Syria; several of these states poured tens of billions of dollars into Saddam Hussein's military to prevent just such an occurrence in the 1980s. Similarly, a Sunni Arab victory (backed by the Jordanians, Kuwaitis and Saudis) would put radical Sunni fundamentalists on Iran's doorstep -- a nightmare scenario for Tehran.

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Add in, too, each country's interest in preventing its rivals from capturing Iraq's oil resources. If these states are unable to achieve their goals through clandestine intervention, they will have a powerful incentive to launch a conventional invasion.

* * *

Much as Americans may want to believe that the United States can just walk away from Iraq should it slide into all-out civil war, the threat of spillover from such a conflict throughout the Middle East means it can't. Instead, Washington will have to devise strategies to deal with refugees, minimize terrorist attacks emanating from Iraq, dampen the anger in neighboring populations caused by the conflict, prevent secession fever and keep Iraq's neighbors from intervening. The odds of success are poor, but, nonetheless, we have to try.Providing Support

The United States, along with its Asian and European allies, will have to make a major effort to persuade Iraq's neighbors not to intervene in its civil war. Economic aid should be part of such an effort, but will not suffice. For Jordan and Saudi Arabia, it may require an effort to reinvigorate Israeli-Palestinian peace negotiations, thereby addressing one of their major concerns -- an effort made all the more important and complex in light of the recent conflict between Hezbollah and Israel. For Iran and Syria, it may be a clear (but not cost-free) path toward acceptance back into the international community.

Saudi Arabia and Kuwait would be extremely difficult for the United States to coerce, and the best Washington might do is to convince them that their intervention is unnecessary because the United States and its allies will take great pains to keep Iran from meddling, which will be one of Riyadh's greatest worries.

When it comes to foreign intervention, Iran is the biggest headache of all. Given its immense interests in Iraq, some involvement is inevitable. For Tehran, and probably for Damascus, the United States and its allies probably will have to put down red lines regarding what is absolutely impermissible -- such as sending uniformed Iranian military units into Iraq or claiming Iraqi territory. Washington and its allies will also have to lay out what they will do if Iran crosses any of those red lines. Economic sanctions would be one possibility, but they could be effective only if the European Union, China, India and Russia all cooperate. On its own, the United States could employ punitive military operations, either to make Iran pay an unacceptable price for one-time infractions or to persuade it to halt ongoing violations of one or more red lines.Don't Pick Winners

From Washington, it is tempting to consider ways to play one Iraqi faction against another in an effort to manage the civil war from within. The experiences of other powers, however, suggest how difficult this is. The Soviet Union tried to prop up President Najibullah when it left Afghanistan, and Israel used various Maronite militias as its proxies in Lebanon, but they all proved ineffective. Syria tried to use the Palestine Liberation Army to secure its interests in Lebanon, but its failure forced Damascus to invade instead. Washington tried to use a proxy force and intervene directly in Somalia, with equally disastrous results.

It is difficult, if not impossible, to determine a priori who will prevail in a civil war. The victor is rarely a key player in the country beforehand. Hezbollah did not exist in Lebanon at the start of the civil war there, nor did the Taliban in Afghanistan.

In Iraq, it is not clear which proxy would be the most effective militarily. Many communities are divided, fighting against one another more than against their supposed enemies. Iraq's Shiites may go the way of the Palestinians or the various Lebanese factions, who generally killed more of their own than of their declared enemies.Manage the Kurds

Should chaos engulf Iraq, the Kurds will understandably want out, but this risks inspiring secessionists elsewhere in Iraq and throughout the region. In return for the Kurds agreeing to postpone formal secession, Washington should offer them extensive economic aid, assistance with refugees and security assurances (perhaps backed by U.S. troops) -- as well as promising support for their eventual independence when Iraq is more stable.Buffer the Borders

One of Washington's hardest tasks would be to prevent the flow of dangerous people across Iraq's borders in either direction -- refugees, militias, foreign invaders and terrorists.

One option might be to create a system of buffer zones and refugee collection points inside Iraq staffed by U.S. and other coalition personnel. These collection points would be located on major roads, preferably near airstrips along Iraq's border -- thus on the principal routes that refugees would take to flee, providing a good logistical infrastructure to house, feed and otherwise care for tens or hundreds of thousands of refugees. Iraqi refugees would be gathered at these points and held there. In addition, coalition military forces would defend the refugee camps against attack, pacify and disarm them, and patrol large swaths of Iraqi territory nearby.

These zones would serve as "catch basins" for Iraqis fleeing the fighting, offering a secure place to stay within the nation's borders and thus preventing them from destabilizing neighboring countries. At the same time, they would serve as buffers between Iraq and its neighbors, preventing other forms of spillover -- such as militia movements, refugee flows out of Iraq and invasions into Iraq.

The catch-basin concept, while potentially useful, faces at least one big problem: Iran. Unlike Iraq's borders with Jordan, Kuwait, Saudi Arabia and Syria, the Iranian border is too long and has too many crossing points for it to be policed effectively by smaller numbers of coalition troops. Iran will never allow the United States the access across its territory, let alone logistical

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support, that would be necessary to make catch-basins along the Iran-Iraq border realistic. Thus, this scheme could make it look as though the United States was turning Iraq over to the Iranians, with the catch-basins effectively preventing intervention by Iraq's Sunni neighbors while doing nothing to deter Iran. For this reason, the United States's clear red lines to Iran about not intervening (at least overtly) would have to be enforced assiduously.

Perhaps most important, the catch-basin proposal requires Americans to endure significant long-term costs -- both in blood and treasure -- in Iraq. The United States would still need to deploy tens of thousands of troops to the nation (albeit on its periphery), as well as supplies to feed and care for hundreds of thousands of refugees. The United States would still occupy parts of Iraq, and the U.S. presence would remain a recruiting poster for the jihadist movement. Finally, all of these costs would have to be endured for as long as the war rages; recall that refugees from the wars in Afghanistan lived away from their homes for more than 20 years.

* * *

No country in recent history has successfully managed the spillovers from a full-blown civil war; in fact, most attempts have failed miserably. Syria spent at least eight years trying to end the Lebanese civil war before the 1989 Taif accords and the 1991 Persian Gulf War gave it the opportunity to finally do so. Israel's 1982 invasion was also a bid to end the Lebanese civil war after its previous efforts to contain it had failed, and when this also failed, Jerusalem tried to go back to managing spillover. By 2000, it was clear that this was again ineffective and so Israel pulled out of Lebanon altogether.

Withdrawing from Lebanon was smart for Israel for many reasons, but it did not end its Lebanon problem -- as the latest conflict showed all too clearly. In the Balkans, the United States and its NATO allies realized that it was impossible to manage the Bosnian or Kosovar civil wars and so in both cases they employed coercion -- including the deployment of massive ground forces -- to bring them to an end.

That point is critical: Ending an all-out civil war typically requires overwhelming military power to nail down a political settlement. It took 30,000 British troops to bring the Irish civil war to an end, 45,000 Syrian troops to conclude the Lebanese civil war, 50,000 NATO troops to stop the Bosnian civil war, and 60,000 to do the job in Kosovo. Considering Iraq's much larger population, it probably would require 450,000 troops to quash an all-out civil war there. Such an effort would require a commitment of enormous military and economic resources, far in excess of what the United States has already put forth.

How Iraq got to this point is now an issue for historians (and perhaps for voters in 2008); what matters today is how to move forward and prepare for the tremendous risks an Iraqi civil war poses for this critical region. The outbreak of a large-scale civil conflict would not relieve us of our responsibilities in Iraq; in fact, it could multiply them. Unfortunately, in the Middle East, one should never assume that the situation can't get worse. It always can -- and usually does.

dlb32@georgetown.edu

kpollack@brookings.edu

Daniel L. Byman is director of Georgetown University's Center for Peace and Security Studies. Kenneth M. Pollack is research director at the Saban Center for Middle East Policy at the Brookings Institution.

Keep Pakistan On Our Side (NYT)

By Richard L. Armitage And Kara L. Bue

The New York Times, August 20, 2006

Washington

IN the wake of the foiled terror plot in London involving British Muslims with Pakistani connections, all eyes are again on Pakistan as the breeding ground for terrorists. While the arrests may serve as proof to some that the country cannot be relied on as an ally in our fight against Islamic extremism, we would argue that the recent events should harden our resolve to support it.

On Sept. 12, 2001, the United States gave Pakistan a stark choice — be with us or against us. Understanding the dangers and opportunities of this choice, President Pervez Musharraf chose to stand with America, and since then he has taken tremendous steps to fight Islamic extremists and move Pakistan toward enlightened moderation.

Pakistan has worked closely with the United States, sharing intelligence and capturing and handing over many terrorists, including top Al Qaeda leaders. It has sent more than 70,000 troops to the Afghan border and conducted successful operations to flush out foreign fighters. Hundreds of Pakistani troops have been killed in these efforts, and thousands injured.

Perhaps more important, General Musharraf has shown that he understands the seriousness of dealing with the root causes of extremism, making real efforts to improve economic and educational opportunities. He solved the country's crippling debt crisis and loosened regulations on businesses, paving the way for an economic growth rate rivaling India's. With mixed success, he has worked to free the judiciary from religious control and to loosen the grip of Islamic extremists on madrassas, the prevalent religious academies.

Yes, much remains to be accomplished, particularly in terms of democratization. Pakistan must increase efforts toward a lasting peace with India and eliminate the home-grown jihadists who threaten that peace. And, given the exposure of the arms bazaar run by its top nuclear scientist, Abdul Qadeer Khan, it must prove itself a reliable partner on technology transfer and nuclear nonproliferation.

However, Americans must applaud the counterterrorism steps that have been made so far, which have been taken at great personal risk to General Musharraf, who has faced several assassination attempts.

As Pakistan has pursued change, so too has the United States in its policy toward the country. In the past, our consideration of Pakistan was tied to that of India, and vice versa. We talked of "India-Pakistan" as a sort of two-headed entity. To its credit, the Bush administration has managed to de-hyphenate the relationship. We now attempt to deal with each country on its own terms, for our own reasons.

But we feel we are seeing a slide in our efforts with Pakistan. There appears to be far less immediacy than warranted. We are not overlooking the tremendous economic and military support the United States has provided, including the decision this summer to sell 36 F-16 fighter aircraft to its air force. Our concerns rest with what we see as growing frustration over the pace and difficulties of reforms.

It is critical that Pakistan not be shortchanged in our engagement in the region. While India is clearly important to us for its strategic and economic promise, the success of Pakistan holds the key to stability in the region and perhaps throughout the Muslim world. Were Pakistan to fail, there would be no hope for Afghanistan, a dimmed future for India and an increased threat of Islamist terrorism globally.

As the Sept. 11 Commission correctly pointed out: "If Musharraf stands for enlightened moderation in a fight for his life and for the life of his country, the United States should be willing to make hard choices too, and make the difficult long-term commitment to the future of Pakistan."

We believe General Musharraf continues to stand for these principles and deserves our attention and support, no matter how frustrated we become at the pace of political change and the failure to eliminate Taliban fighters on the Afghan border. It was such short-term thinking that almost led to the derailment of the F-16 deal in Congress.

Instead of threats, we should increase our senior-level interaction with Pakistan across the board, involving cabinet secretaries beyond those representing the State and Defense Departments and placing a new emphasis on trade issues.

We can also take more immediate steps on the ground. For one thing, we could focus our aid on the development of roads, hospitals and electricity plants in rural areas. America's assistance after last year's devastating earthquake was vital; but instead of simply waiting for another one to happen, our military and humanitarian groups could begin programs to help Pakistani officials respond to future disasters on their own.

Education is another obvious but underfinanced example. We should persuade the Pakistani government to focus less on the idea of building flagship universities and more on providing basic and vocational education for the masses. We need to sponsor large-scale teacher training programs and help build elementary schools in communities where none exist.

With Pakistan's help, Britain and the United States were able to prevent a tragedy last week. We must ensure that such help is always available, and hope that it eventually becomes unnecessary through Pakistan's efforts.

The Long War (BSUN)

The Baltimore Sun, August 20, 2006

Between Pearl Harbor and the capitulation of Nazi Germany there elapsed three years, five months and a day. That's how long Americans have now been fighting in Iraq, as of this morning.

What has been accomplished? Violence is escalating. The death rate of Iraqi civilians is escalating. Bomb attacks directed at U.S. soldiers are escalating. President Bush talks about being at war with "Islamic fascists" - a term that's not altogether wrong, though it packs more emotional than explanatory punch - but he seems to have little idea what to do about it in Iraq except to hang on and keep watch as the situation there continues to deteriorate.

Between 1941 and 1945, there was a clear idea about the nature of the fascist threat and a strategy for dealing with it. Allies were key. Between 2003 and 2006, the U.S. has heedlessly gone out of its way to provoke enemies where none had existed before. Deaf to advice, American strategists have been confused, self-deluded and self-defeating.

Here's just one example. When the war began on March 19, 2003, the press was filled with expectations, encouraged by the Bush administration, of an insurgency - an insurgency against Saddam Hussein that never developed. The first mention of "insurgents" who were shooting at Americans seems to have appeared in an article by an embedded Biloxi, Miss., Sun Herald reporter that ran March 25. That was less than a week into the invasion, but for well more than a year - or two - the White House believed in a version of events that had no room for a genuine and determined insurgency, and it has never quite caught up with reality.

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Now Iraq is spiraling downward, and no one in Washington knows what to do. An effort this month to re-establish security in Baghdad with more American troops backing up Iraqi forces has been a fairly spectacular failure. Those who argue that a U.S. withdrawal now will be no worse than a U.S. withdrawal later are probably right - and it doesn't much matter whether you describe it as "cutting and running" or a "strategic redeployment" - but it's bound to be ugly whenever it happens. A lot more people are going to die when the U.S. leaves. The only question is when.

This month has seen the optimism fade in even the most gung-ho circles (outside the White House). Retired and serving officers are asking what the point is and what the goal is. For nearly three years the administration has been holding out for something better to happen in Iraq, but nothing better ever showed up, and that kind of coasting can't go on much longer. Iraq is headed for a crack-up, and it could reverberate throughout the Middle East. The president was reportedly shaken by the sight of 10,000 Iraqis marching in Baghdad in support of Hezbollah, denouncing the United States. He may go down in history as the Last Man to Know.

CORPORATE SCANDALS:

For Prosecution, No Sure Route To Lay's Estate (HC)

By John C. Roper

Houston Chronicle, August 20, 2006

Jury could bring peril with civil case; obstacles also on criminal path

Jurors are rapt as a tearful 61-year-old widow weeps on the witness stand, chastising the government's efforts to take every cent her husband left her.

Some of the panelists, sharing in her anger, glare at the suddenly nervous prosecutors.

The scenario isn't real, but its mere possibility is one of many reasons the Enron Task Force may want to avoid going after the late Ken Lay's estate in civil court, legal experts say.

"If it appears that the government is trying to take her last penny, some jurors might not like that," said David Smith, an Alexandria, Va., lawyer and a national expert on civil forfeiture suits. "She's a much more sympathetic figure than Ken Lay was."

Prosecutors, who declined to comment for this story, have not indicated since Lay's July 5 death, either in court documents or public statements, that they definitely plan to go after his estate.

But a spokesman for the Justice Department said last week, in response to a motion filed by the former Enron chairman's lawyer seeking to have Lay's criminal conviction erased, that the government "remains committed to pursuing all available legal remedies and to reclaim for victims the proceeds of crimes committed by Ken Lay."

Before Lay's death, the government had sought to have him forfeit at least $43 million in what it believed were ill-gotten gains from Enron's collapse.

Should the government decide to go after Lay's money, legal experts say the easiest route would be through the criminal court, where prosecutors would have only to convince U.S. District Judge Sim Lake that the government is entitled to the money.

But to do that, prosecutors first would need to convince Lake that Lay's conviction should be upheld.

And that itself could be difficult because prosecutors would have to combat legal precedent that allows a conviction and indictment to be vacated if the defendant dies before he is sentenced and has had a chance to go through appeals.

If they fail, they then have the option of filing a civil asset forfeiture suit, that, although it requires a lesser burden of proof than a criminal trial, is significantly more costly, takes extensive manpower and could be drawn out in court for years.

Lay's widow, Linda Lay, as executor of his estate, would then have the option of taking the fight to a jury.

Vast resources neededThe potential for a sympathetic witness is not the only reason the civil route would not be preferred, legal experts say.

A civil suit would require the government to re-prove the underlying conviction against Lay, presenting prosecutors with the task of having to trace the proceeds in his estate directly to ill-gotten gains in order to seize them.

"The big downside from the government's standpoint is the resources that have to be expended on it," said Sam Buell, a former prosecutor with the Enron Task Force who is currently teaching law at the Washington University School of Law in St. Louis. "You can't simply use the jury verdict from the criminal case to resolve the civil case. You've got to start back at square one and prove your case. And that's going to take some time and resources."

That's especially true if the Lay family decides to fight the government and then chooses to have a trial by jury instead of before a judge.

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If that happens, it would be "the most expensive civil forfeiture case ever, by a large margin," said Smith, who's written extensively on the subject and helped write national civil forfeiture reform in 2000. "I'm not aware of any civil forfeiture case that involved this complexity."

Lay claimed in his criminal trial to be worth a negative $250,000. His assets identified by prosecutors include his home in River Oaks valued at around $5 million and a Goldman Sachs investment fund worth more than $6 million.

During his trial, prosecutors linked $1 million of the equity in Lay's home to a draw he made on his line of credit at Enron in December 2001 when the company was on the brink of collapse.

Lay was convicted of bank fraud tied to his use of the line of credit, and the trial was a complicated mishmash of accounting rules and conflicting testimony.

The same evidence would have to be raised in a civil trial, except prosecutors wouldn't simply be able to attach his conviction as proof of wrongdoing, legal experts say.

And because of the wide-open discovery phase of a civil trial — where each side gathers mountains of evidence — Lay's family could find some facts to help prove their case.

"Civil discovery is an amazingly powerful tool, and it's a tremendous advantage for whoever has the time and money to engage in it," Smith said. "Who knows what they might come up with that might help the Lay side?"

Still, Smith and others believe if the case goes to trial, the government will win.

"As a practical matter, they'll win the civil forfeiture," Houston defense attorney Joel Androphy predicted, adding the caveat that it likely "will take years" for them to do it.

Androphy, however, doesn't think the civil suit would make it to trial. Instead, he believes, it would end like nearly all such cases — in a settlement.

Should both sides settle or should prosecutors win in civil court, the government has said any money it receives from Lay or former Enron chief Jeff Skilling would go to victims.

Other cases in worksIn the event that the government chooses not to go after Lay's assets, his estate still faces two big civil cases — a massive shareholder lawsuit and one brought by former Enron employees.

The Securities and Exchange Commission also has a suit against Lay, which was put on hold during the criminal proceedings that found Lay guilty of all 10 counts he faced.

"The estate should not take comfort at the dismissal of the criminal proceedings because in the civil actions that are still going on, there is every possibility they are still going to be liable for every single nickel of ill-gotten gain that Lay made or pillaged from Enron," said Tom Kruse, a Houston lawyer who specializes in complex commercial litigation.

Attorneys spearheading the shareholder suit could not be reached for comment.

In the employee suit, Lay and Skilling are the only defendants who have not been dismissed or reached a settlement.

Robin Harrison, an attorney representing the former Enron employees, said that if the government files a civil suit against Lay's estate, the group would likely step aside.

Doing so would allow the ex-employees to avoid the brunt of the cost while still reaping the benefits, Harrison said.

Judge Urged To Reject Moving Nacchio Trial (DENP)

By Andy Vuong, Denver Post Staff Writer

Denver Post, August 20, 2006

A federal judge should deny former Qwest chief executive Joe Nacchio's request to move his criminal insider-trading trial to his home state of New Jersey because "nearly every key event relating to the crimes charged occurred in Colorado," prosecutors argued in a court filing.

The Justice Department also disputed claims Nacchio's attorneys made a few weeks ago that "intensive negative media coverage repeatedly and continually showered on Mr. Nacchio and Qwest" make it impossible for him to get a fair jury trial in Denver.

"While press coverage of Qwest and the defendant has been not insubstantial, it has been neither inflammatory nor prejudicial," the government says in a document filed Friday in U.S. District Court in Denver.

Nacchio faces 42 counts of illegal insider trading connected to his sale of $100.8 million in Qwest stock in early 2001. Prosecutors allege he knew that the company's finances were faltering.

Nacchio has pleaded not guilty. A trial date has not been set. His attorneys have argued that "Nacchio has been among the most reviled figures in recent Denver history."

In their argument against a change of venue, prosecutors noted:

Qwest is based in Denver.

Nacchio's office was in Denver while he served as CEO and a board member from January 1997 to June 2002.

Nacchio acquired the majority of the material, nonpublic information

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alleged in the indictment in Colorado.

The government added that it plans to call as witnesses "several former Qwest senior executives, many of whom are still residents of Colorado."

Prosecutors also said in a separate filing that Nacchio's previous request for the case to be dismissed is without merit and should be denied.

In a third filing, the government asked the judge to close a motions hearing scheduled for Friday so that the parties could discuss how to handle classified information that may be used in the case.

While at Qwest, Nacchio served on two federal advisory panels dealing with national-security issues. Nacchio's attorneys have said they want to use classified information to argue that Nacchio had a rosy outlook for Qwest because he knew the company was in line to receive large government contracts.

Staff writer Andy Vuong can be reached at 303-820-1209 or avuong@denverpost.com.

Fannie Mae Says Last Of Accounting Errors Have Been Found (AP)

By Marcy Gordon, Associated Press

AP, August 20, 2006

WASHINGTON – Fannie Mae said it believes a massive review of its accounting has uncovered the last of the errors, clearing the way for the mortgage company to complete the restatement of its 2004 earnings by the end of this year. The company disclosed that the multibillion-dollar correction could be less than estimated previously.

The government-sponsored company, which finances one of every five home loans in the United States, also announced that it would miss a regulatory deadline for filing its financial report for the second quarter of 2006. Fannie Mae hasn't filed an earnings statement since late 2004.

Federal regulators that year accused Fannie Mae of serious accounting problems and earnings manipulation to meet Wall Street targets, and the Securities and Exchange Commission ordered the company to restate earnings back to 2001.

Last May, the federal agency that regulates Fannie Mae and its smaller government-sponsored sibling, Freddie Mac, issued a blistering report alleging a six-year accounting fraud at Fannie Mae, the second-largest U.S. financial institution after Citigroup Inc. The Justice Department has been pursuing a criminal investigation, which the company confirmed “remains open.”

The anticipated restatement of earnings has been estimated at $10.8 billion. But Fannie Mae indicated in its filing Aug. 9 with the SEC that the final amount could be lower, because its 2004 losses related to accounting for mortgage commitments will be “significantly smaller” than its previous estimate of $2.4 billion. The company could not specify by what amount.

A Fannie Mae official said the Washington-based company has identified weaknesses in its financial controls across several areas.

It expects to spend more than $800 million this year – $286 million in the second quarter – on the complex reworking of its accounting and related expenses, including legal fees for its defense against suits filed by shareholders.

The company said it believes that at this point “we have identified all errors requiring restatement.”

“We've made significant progress; we still do have a lot of work ahead of us,” company President and Chief Executive Daniel Mudd said during a conference call with analysts, in what has become a familiar refrain from Fannie Mae officials in recent months.

“We've made great strides” in restructuring the company, said Mudd, who was the chief operations official at Fannie Mae and was elevated to the top post in December 2004 when the board swept CEO Franklin Raines and Chief Financial Officer Timothy Howard from office.

After the restatement of 2004 earnings is completed and made public by year's end, the company expects those for more recent periods to come “cascading” in the months to follow, Mudd said.

With a scandal spreading through corporate America over possible manipulation of stock option grants to top executives, Mudd was asked whether Fannie Mae had any such problems.

“Our policies don't permit any movement off of the actual grant date” of the option, he said. “I feel pretty good about where we are now” in terms of complying with the relevant rules.

Fannie Mae said the newly disclosed accounting errors involve its so-called master servicing arrangements with the trusts it creates to issue securities backed by the billions of dollars of home mortgages annually that it buys from lenders and bundles together for resale to investors worldwide.

In May, the company disclosed new accounting problems that had been uncovered in that business of issuing securities and in the guaranty fees it charges the banks and other lenders.

Similarly, Fannie Mae in March disclosed new accounting problems that had been uncovered in several areas, including loans, investment securities, houses acquired through foreclosures, interest on delinquent home loans, and reverse mortgages.

They all are in addition to the accounting-rule violations that came to light in September 2004 involving derivatives, the financial instruments that Fannie Mae and Freddie Mac use to hedge against swings in interest rates, and its mortgage commitments.

The report issued in May by the Office of Federal Housing Enterprise Oversight said Fannie Mae employees manipulated accounting to hit company quarterly earnings targets so senior executives could pocket hundreds of millions in bonuses from 1998 to 2004. The company was fined $400 million in a settlement with the agency and the SEC, one of the largest civil penalties ever in an accounting fraud case.

Fannie Mae also agreed to temporarily cap its mortgage holdings at $727 billion. The company said in its filing that it may request a rise in that ceiling early next year.

Fannie Mae and Freddie Mac were created by Congress to pump money into the $8 trillion home-mortgage market to keep interest rates low and make home ownership affordable for low-and moderate-income people. Freddie Mac has been emerging from its own accounting scandal, which surfaced in mid-2003.

CRIMINAL LAW:

JonBenet Link Unsettles Klaas Town (WP/AP)

By Marcus Wohlsen And Michelle Locke, The Associated Press

The Washington Post, August 20, 2006

PETALUMA, Calif. -- Carla Ballestrasse still has a Polly Klaas button pinned to an old raincoat from the days 13 years ago when she, like hundreds of other residents, kept vigil for the missing 12-year-old.

So it was a jolt when she learned that the man arrested in another high-profile child murder, the JonBenet Ramsey case, had briefly lived and taught in the small wine country town of Petaluma.

"I can't say Petaluma is a place where crazy people and weird people come because it's not," Ballestrasse said as she waited on customers in her downtown beauty salon Thursday. Still, she said, John Mark Karr's arrest this past week in Thailand was "a harsh reminder."

For Polly's father, Marc Klaas, it was beyond disturbing. Karr didn't move to Petaluma until long after Polly's killer had been sent to death row, but court documents indicate he took an interest in the case and told a sheriff's detective he had a copy of Polly's death certificate.

"This is getting creepier by the minute," Klaas said in a telephone interview from Southern California, where he was campaigning for Jessica's Law, an initiative that would force many sex offenders to wear satellite-tracked monitoring devices for life and restrict where they could live.

After Polly's death, Klaas became an advocate for child safety, forming the foundation KlaasKids.

"I had gotten myself at a place in my life where I remember the good things," he said. "This is just dragging up the really hideous stuff all over again in about the most disturbing way you could even imagine."

Karr, 41, claims he was with JonBenet when she died in Boulder in 1996, although he has said her death was an accident. However, some experts say some of his details seem off and raise suspicions.

School officials say Karr briefly was a substitute teacher in the Petaluma area until early 2001, when he was charged with possessing child pornography. He disappeared before his trial was due to start in January 2002.

Karr's apprehension is likely to prompt a re-examination of missing-girl cases in other regions where he passed through, said Dave Johnson, an assistant special agent in charge of the FBI's San Francisco office. Until March, Johnson was chief of the crimes against children unit at FBI headquarters in Washington.

"The FBI will pursue all logical investigation in these types of cases until we reach a resolution," Johnson said, declining to comment on the specifics of the JonBenet case.

Tenuous or not, the Petaluma link between JonBenet and Polly startled many.

"Total amazement," said Glena Records, director of communications for The Polly Klaas Foundation, another missing children's center founded after Polly's kidnapping and murder.

Thirteen years ago, Records and her two young daughters were among the volunteers who stuffed envelopes to get the word out about Polly's disappearance.

Now, she said, "it is quite an irony, quite an unfortunate coincidence that Petaluma should figure, however tangentially, in two such tragic murders."

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Polly was kidnapped from her bedroom where she and two friends were having a sleepover on Oct. 1, 1993.

The case made headlines partly because of the audacity of the attack _ Polly's mother was asleep in the next room _ and the shock of such a crime taking place in a small city best known for charming Victorian houses. Interest in the case remained high, stoked by the extraordinary community effort in which hundreds of people turned out to answer phones, search fields and post flyers.

The search ended about two months later when Richard Allen Davis led police to the body. Davis, who had a record of assaulting women, was convicted in 1996 and is under sentence of death.

Divorce records indicate Karr and his then-wife moved from Alabama to Petaluma in 2000 with their three children.

Karr seems to have been interested in both JonBenet and Polly. His father, Wexford Karr, has told reporters his son "researched everything he could," about JonBenet.

In addition, court documents connected to a search of Karr's home in October 2001 show that Karr told a sheriff's detective he had a letter from Davis and a copy of Polly's death certificate.

Prison guards searched Davis' death row cell Thursday after learning that he and Karr may have corresponded, but found no letters.

Mike Kerns, the former Petaluma police sergeant who served as the department's main spokesman in the Klaas case, was struck by the "tremendous coincidence" of Karr's Petaluma stay.

Still, he pointed out that a lot of people move to Petaluma, about 45 miles north of San Francisco, drawn by its quiet setting and good schools.

"Basically, it is a nice safe, town," said Kerns, now a Sonoma County supervisor.

As someone who knew Polly, her case is rarely far from his mind.

"Those memories never go away," Kerns said.

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Associated Press Writer Scott Lindlaw contributed to this report from San Francisco.

Using Nearly Nude Pictures, Child Sex Sites Test Laws (NYT)

By Kurt Eichenwald

The New York Times, August 20, 2006

In the photograph, the model is shown rising out of a bubble bath, suds dripping from her body. Her tight panties and skimpy top are soaked and revealing. She gazes at the viewer, her face showing a wisp of a smile that seems to have been coaxed from off-camera.

In just over seven months, the model has become an online phenomenon. She has thousands of fans from around the world, membership lists show, who pay as much as $30 a month to see images of her. According to the posted schedule, new photographs of her — many clearly intended to be erotic, all supposedly taken that week — are posted online every Friday for her growing legions of admirers.

The model's online name is Sparkle. She is — at most — 9 years old.

Sparkle is one of hundreds of children being photographed by adults, part of what appears to be the latest trend in online child exploitation: Web sites for pedophiles offering explicit, sexualized images of children who are covered by bits of clothing — all in the questionable hope of allowing producers, distributors and customers to avoid child pornography charges.

In recent months, an array of investigations of the child pornography business — by the Justice Department, state and local law enforcement and Congress — have contributed to wholesale shutdowns of some of the most sexually explicit Internet sites trafficking in child images. But they have been rapidly replaced by a growing number of these so-called model sites, Internet locations that offer scores of original photographs of scantily clad under-age children like Sparkle, often posed in ways requested by subscribers.

More than 200 of the sites have been found by The New York Times through online advertising aimed at pedophiles, and a vast majority focus mostly on one child. Almost all the children appear to be between the ages of 2 and 12.

Based on descriptions in online customer forums and in Web pages showing image samples, the children are photographed by people who have frequent access to them. The sites often include images of "guests": children who are described as a friend of the featured child, but who appear for only a day. The sites say the children come from different parts of the world, including the United States.

Based on the images and wording from online advertisements, the sites show toddlers wearing tight thongs, and slightly older children posing evocatively while wearing makeup and feather boas. There is even a site that offers images of girls and boys who appear to be 5 or 6 years old, wearing just diapers.

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In online conversations observed by The Times over four months, pedophiles portrayed model sites as the last of a shrinking number of Internet locations for sexual images of minors.

"I considered the authors of those sites as leaders of a rebellion movement for child porn," a man calling himself Heartfallen wrote in an online site for pedophiles, discussing the decline in the number of sites featuring images of naked minors. "They've vanished. There is much less freedom on the Internet now. We still have a rebellion made up of nonnude child modeling sites. But are they going to suffer the same fate as their predecessors?"

Insight to the Ramsey Case

The secretive world of child exploitation is in the spotlight because of an arrest last week in the 1996 murder of JonBenet Ramsey, a 6-year-old beauty pageant princess. The suspect was a fugitive from charges of possessing child pornography and had exhibited a fascination with the sexual abuse of children.

While many of the recently created sites are veering into new territory, the concept of for-pay modeling sites using children has been around for years. They first appeared in the late 1990's, when entrepreneurs, and even parents, recognized that there was a lucrative market online for images of girls and boys.

Sites with names like lilamber.com emerged, showing photographs of children, usually modeling in clothes or swimsuits. Their existence set off a fury of criticism in Congress about possible child exploitation, but proposed legislation about such sites never passed.

The sites that have emerged in recent months, however, are markedly different. Unlike the original sites, the newer ones are explicit in their efforts to market to pedophiles, referring to young children with phrases like "hot" and "delicious." The children involved are far younger, and the images far more sexual, emphasizing the minors' genitals and buttocks.

Some modeling sites have already attracted the attention of law enforcement. Earlier this year, prosecutors obtained a guilty plea on child pornography charges from Sheila L. Sellinger, then of Shoals, Ind., who had been selling illegal photographs of her 10-year-old daughter on a modeling Web site. Last month, Ms. Sellinger was sentenced to almost 12 years in prison.

Ms. Sellinger, who earned thousands of dollars a week from the pornographic yet clothed images of her daughter, cooperated with law enforcement, leading to the arrest of two men who had been assisting her with her site and had been running several more, court records show.

To attract subscribers, central marketing sites, called portals, list scores of available modeling sites that accept money in exchange for access to children's images. The portals promote the busiest sites, ranking them by the number of hits they receive.

Such a marketing approach proved effective for some online child pornography businesses that have disappeared over the last year, including those that offered illicit videos of children generated by Webcams.

The Times did not subscribe to any sites, which it first saw referenced in online conversations among pedophiles. The Times followed a link posted in those conversations to forum postings and images on freely accessible pages of the modeling sites. Because those sites appeared to be illegal, The Times was required by law to report what it had found to authorities. Federal law enforcement officials were notified in July about the sites.In contrast to their advertising, many of the sites portray themselves on their main pages as regular modeling agencies trying to find work for their talent. But executives in the legitimate modeling business said that virtually everything about the sites runs contrary to industry practice. Most child images for genuine agencies are password-protected, the executives said, with access granted to companies and casting agents only after a check of their backgrounds.

These executives said that real modeling agencies would refuse to use the types of sexualized images of children sought by pedophiles, not only because they are exploitative and illegal, but also because they would be bad business.

Such images on an agency Web site would drive away many parents who might be seeking representation for their child, executives said; indeed, most photographs of child models are nothing more than head shots. And the legitimate agents provide the phone numbers, addresses and names of their executives so potential clients can contact them; most of the sites aimed at pedophiles not only provide little or no means of contact, but even hide the identities of the owners behind anonymous site registrations.

"These are clearly not bona fide companies, and it's obvious these are just Web sites for people to go on and view children in an unhealthy manner," Bonnie Breen, chief booker for the Bizzykidz Agency, a prominent modeling agency for children based in London, said when provided with a description of the emerging modeling sites.

Despite repeated statements on the sites that they are lawful, they may well run afoul of American law. While the issues are far from settled — thus leading to the attempts by Congress to clarify the law — courts have worked over the last two decades to define standards for what constitutes potentially illegal images of children.

'Lascivious Exhibition' Standard

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Under law, for an image that does not involve a child engaged in a sex act, a court must find that it entails "lascivious exhibition of the genitals or pubic area" of a minor to determine that it is child pornography. As a result, courts have ruled that images of naked children were not automatically pornographic, and thus not illegal, while also holding that the mere presence of clothing on a photographed child was not, in itself, adequate to declare the image lawful.

Instead, the courts often apply a six-pronged test, developed in a 1986 case called United States v. Dost, to determine whether an image meets the "lascivious exhibition" standard. That test — which requires a court to examine the child's pose and attire, the suggestiveness and intent of the image and other factors — includes one standard on whether the child is naked. However, no single standard under Dost is absolute, and courts must continuously examine potentially illegal images while considering each part of the test.

The leading precedent on child pornography involving clothed minors is a federal case known as United States v. Knox, which involved a pedophile who obtained erotic videos of girls. In that 1994 case, the Federal Court of Appeals upheld the conviction of the pedophile, Stephen Knox, saying explicitly that clothing alone did not automatically mean that images of children were legal.

"The harm Congress attempted to eradicate by enacting the child pornography laws is present when a photographer unnaturally focuses on a minor child's clothed genital area with the obvious intent to produce an image sexually arousing to pedophiles," the court's ruling says. "The rationale underlying the statute's proscription applies equally to any lascivious exhibition of the genitals or pubic area whether these areas are clad or completely exposed."

While adult pornography has some First Amendment protections, there are no such protections for child pornography. Still, some experts have expressed discomfort, in general, at criminalizing clothed pictures of minors.

"This is a difficult area," said Michael A. Bamberger, a First Amendment specialist at Sonnenschein Nath & Rosenthal, based in New York, who filed a brief on behalf of a booksellers' group in the Knox case. "The whole history of the exception from First Amendment protections for child pornography is based on the harm to the child. But there is in my view a free speech issue with respect to designating photographs of persons under the age of 18 who are clothed as child pornography."

But Mr. Bamberger expressed uncertainty about whether his concerns applied when told details of the model sites found by The Times. "To me, it sounds as if you are really talking about nude equivalents, almost like cellophane clothing, and that's not clothing at all."To distinguish between illegal images and, say, photographs of children posing in underwear for a store catalog, the court said it had to apply the Dost standards and review a range of facts, like the nature of the images and whether the marketing was intended to appeal to pedophiles.

For example, the court noted, a potential customer could know the images of minors were illegal if they were marketed with statements proclaiming that they would "blow your mind so completely you'll be begging for mercy." Explicit listing of the children's ages, along with sexually loaded terms like "hot," could also be used as evidence of illegality, the court said.

The modeling sites reviewed by The Times incorporated many such references to encourage viewers to subscribe.

That is true for one of the most successful collections of sites, according to some portal rankings, run by an entity called PlayToy Entertainment. On its central site, PlayToy holds itself out as a company that helps children start modeling careers. There is, however, no phone number, address or prominent e-mail address available for companies that might seek to hire the girls or for parents who might want their children to be models.

The central PlayToy site originally located by The Times contained links to as many as six sites featuring little girls. In recent days, the central site has been redesigned, removing the links to the girls' individual sites.

Those sites still exist, however, including the one for the girl called Sparkle. Another site features a prepubescent girl named Lolly — a widely used online code word for pornographic images of girls. There are even sexualized images of a girl called Baby, who appears younger than 5 and whose photographs seem to go back as far as her second birthday or earlier, when she was still in diapers.

The marketing makes clear that this is no typical modeling company.

"Call 911 before viewing!!!" proclaims the site for Sparkle, which shows her in a thong so revealing that she appears to be naked below the waist. The ad for the site uses words that echo those cited in the Knox decision, reading, "Only 9 years old! Hot!"

Other PlayToy sites are more explicit. "Feel her breathe on your face, take a gentle touch from your screen, open your mind and push the limits," reads the site for the girl called Lolly. "If you are ready to handle this trip, PlayToy Lolly is calling."

An advertisement for another PlayToy site, featuring a girl called Peach, declares, "A peach has never looked so delicious.**8 years old**."

The site includes a picture of the young girl wearing a tank top pulled off one shoulder. Directly below that is a purple emblem with the company name and the words, "Nonnude website: 100% legal."

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But experts said that assurance was almost certainly not true. Based on the ages of the children, the marketing words and customer comments on the PlayToy sites described to him by The Times, a lead lawyer in the Knox case said that the subscribers had plenty of reason to worry.

"They shouldn't have any comfort that they are not breaking the law," said Edward W. Warren, a partner from the Washington office of Kirkland & Ellis who helped to argue Knox as a representative of 234 members of Congress who joined the case. "This sounds worse and more graphic and more grotesque than what we were dealing with, particularly given how young the children are."

The assurance by the company that the sites are lawful is irrelevant to any potential prosecution, experts said. Indeed, in the Knox decision, the court held that defendants could be found guilty if they were aware of the "general nature and character" of images that they bought involving clothed children in sexual poses.

"The child pornography laws would be eviscerated if a pedophile's personal opinion about the legality of sexually explicit videos was transformed into the applicable law," the court held.

In their comments on PlayToy's site, which can be viewed without registering with the company, the subscribers make clear that they are aware these are sites for pedophiles, not legitimate modeling clients.

"I think it would be awesome to have the models start off fetchingly clothed, and then strip down to tops or panties (or thongs!!)," a customer calling himself head2fat wrote on the forum.

Another client, calling himself ludwig66, instead requested that the girls appear in stockings, "ending up removing them to reveal bare feet and legs." And still another customer, calling himself littlefeet, asked the site owners to pose the girl known as Baby in bare feet with her toes pointed, "so all of those beautiful wrinkles show!!!"

While PlayToy's management and its members repeatedly assure themselves online about the legality of their images, they did not hesitate to post images from known child pornography sites. For example, when Ms. Sellinger was arrested this year for selling photos of her daughter, PlayToy members — and even the site operator — posted messages of dismay, referring to both mother and daughter by name. They also composed a photographic homage to the girl in the forum discussion, using images from the site that had been deemed illegal.

PlayToy's sites have been online since October, company records show. But in that short time, the records show, 6,000 people have subscribed to view the images of the girls. Each subscriber is paying $30 a month for each site; that means the operators have collected a minimum of $180,000 in that short time, assuming every subscriber bought only one site for one month.

The cash has been collected either by credit card — processed through a company called Advanced Internet Billing Services, or through Western Union payments — as well as through an online money system called e-gold. A Tortuous Digital Trail

Attempts to learn the identities of the people behind PlayToy suggested many possible locations. Payments through Western Union were processed through Ukraine. An administrative e-mail address suggested the company was based in Russia. Using a commercial software program, The Times traced messages sent by the PlayToy sites back to servers in Germany and obtained what is known as the Internet protocol address of that online host.

An examination of the registration documents for the sites' names led to a company that is essentially a front, permitting its name to be used as the registrant by people who wish to remain anonymous.

The Times then obtained business records about the site prepared by someone involved in its operation.

If true, the records show the name, address, telephone number and other personal information of a man in Florida who is involved in running the site. An e-mail address listed in the records was traced to postings that appeared in pedophile conversation sites, including comments praising child pornography and images of young girls in thongs. Because of the possibility of identity theft, The Times has elected not to publish the name of that man or of associates who also appear to be involved in the business.

The Florida man did not return a voice mail message left on his cellphone or respond to an e-mail message.

Still, even if the operators of PlayToy are positively identified and compelled to shut their sites, the growing business of model sites would probably continue to thrive. PlayToy's many subscribers, a large number of whom identify themselves on the site as living in America, could simply drift over to other model sites, all offering similar fare.

There, on each of those hundreds of competing sites, the subscribers will find at least one other little girl who, every few days or so, is dressed in panties or thongs, placed in a bathtub or posed on a bed, while a nearby adult snaps pictures for the delight of a paying audience of thousands.

Behind The Cash In The Freezer (LEXHL)

By Sharon Walsh, HERALD-LEADER STAFF WRITER

Lexington Herald-Leader (KY), August 20, 2006

Scandal follows a Louisville businessman's dealings with a Louisiana congressman

Vernon Lamar Jackson and William J. Jefferson and their wives spent a pleasant weekend in New York City in the fall of 2004. The Kentucky businessman and the Louisiana congressman watched U.S. Open tennis from an air-conditioned corporate box, attended The Lion King on Broadway and did a little shopping.

Rep. Jefferson and his wife had become trusted friends of the Jacksons. In e-mail messages and telephone calls, the congressman was simply "Jeff."

The cord that tied the two men was their stated opinion that Jackson's high-tech company, iGate, was going to save the government money and give poor black people around the world access to information they couldn't otherwise afford.

Jefferson seemed to work as hard for iGate as if he were the owner of the company. He went to Louisville for demonstrations. He pressed the Army to test the technology for use by the military, introduced Jackson to political and business stars, including Bill Clinton and Bill Gates, and went with Jackson to Nigeria to help sell his product. Jefferson even found an investor willing to put millions of dollars into iGate.

At the time of the U.S. Open, Jackson might have appeared cocky about his important supporter. What he didn't realize was that the congressman, while appearing to help, was stealing his company, piece by piece.

And Jackson was paying him to do it.

That, at least, is the view of FBI investigators and federal prosecutors, who have recounted secret meetings in Washington and Louisiana where Jefferson plotted to take over the company from Jackson -- a man he didn't think was up to making the company a success.

A review of public and private documents and interviews with associates of both men reveal a relationship from which both planned to profit. Jackson thought his company would get hundreds of millions of dollars worth of business through "Jeff's" help. Jefferson, according to those documents, thought he could reap a financial windfall for his family and ultimately take control of the company.

As for any visible role, "I'm in the shadows, behind the curtain," Jefferson, a Democrat, said in a conversation taped by the FBI.

His role became a very public one 17 months ago, when the FBI searched Jefferson's Washington, D.C., home and found that his freezer contained $90,000 in cash packed in frozen-food containers and wrapped in aluminum foil.

Conundrum of a man

There are many sides to the story of Vernon Jackson, depending on who's doing the telling. Perhaps he is a brilliant engineer who doesn't know how to operate in the world of big business. Perhaps he is a guileless entrepreneur whose product would undermine other companies whose officials fear his technology would outstrip theirs. Or he's a loyal friend who never meant to bribe anyone. Perhaps his product isn't as good as he claims and he needed someone with power to push it forward.

Whether any of these scenarios is true, Vernon Jackson now finds himself in a very different spot than he might have predicted that September night at the U.S. Open. Forecasts that his company and its partners could reap $200 million in earnings by their fifth year of sales in Nigeria alone are now just smoke. His business still exists, but it has no money while it waits for possible Army contracts.

He has pleaded guilty to bribing a public official -- Jefferson -- and is scheduled to be sentenced next month. He could receive a prison sentence of up to 15 years and a fine of $250,000.

The story of his friend "Jeff," who is up for re-election this year, has so far been told only by prosecutors and FBI agents. Was he merely doing business as usual in a pay-to-play Congress? Or was he guiding business to his wife's firm in a way that, although unethical under congressional rules, does not meet the legal test of bribery?

"It would be allowed if it's payment for legitimate services," said Craig Holman, a governmental ethics lobbyist for Public Citizen, a non-profit government watchdog. "But what a very easy and convenient way to try to bribe a member of Congress -- just hire a member's family. Technically, it's not illegal unless they're doing it in exchange for services."

Whether his actions were illegal, unethical or neither, Jefferson is still battling mightily to keep an indictment at bay.

"When all is said and done, you will see that there is an honorable explanation for everything," Jefferson told The Times-Picayune of New Orleans in June. "I believe an impartial forum can reach and will reach that same conclusion."

Wrestling with failure

Vernon L. Jackson, 54, and William J. Jefferson, 62, both had the intelligence and drive to succeed.

Jefferson, a Louisiana native, is a graduate of Southern University and A&M College and Harvard Law School. He has a master's degree in law from Georgetown University. He's proud that three of his five daughters also went to Harvard and Harvard Law. Another is a graduate of Boston University, and the youngest is a student at Brown University.

Jackson, born in Mecklenburg County, N.C., outside Charlotte, had an aptitude for math and engineering, and he was selected for training at Bell Labs at an early age, before he even finished college. He moved to Louisville nearly 20 years ago and soon started his own business.

A powerfully built man with a smooth, shaved head and neatly trimmed mustache, Jackson could have passed for an NFL linebacker a few years ago. Thinner now, he still projects an assurance that he ultimately will succeed, whether at his business or as a sometime lay preacher.

Many associates thought that the technology Jackson had patented would make him incredibly successful. But at every turn, he seemed to wrestle with failure. A previous company he had founded, Videolan Technologies, went bankrupt. Jackson later bought the patents for the technology from the bankruptcy court and formed his second company, iGate, in 1998.

iGate owns patents for technology that can transmit images, audio and data over copper wire faster, farther and more cheaply than most methods, according to iGate's promotional materials. Yet, if its product is as good as it says it is, it apparently has not yet found its market.

In 2001, the Army tested his technology, and it was used at Fort Stewart, Ga.

From 2001 to 2004, Jackson met many of the top officials of the technology giant Siemens -- including Heinrich von Pierer, former chief executive of Siemens AG, and Tony LeDinh, a vice president of Siemens Building Technologies.

The Jacksons and the Jeffersons were guests of Siemens that New York weekend. Jefferson, Jackson and Siemens officials went to the New Jersey offices of iGate to demonstrate its technology. Siemens had a three-year contract to be the exclusive manufacturer of iGate products beginning in 2002. When Jefferson and Jackson flew to Nigeria, a Siemens representative was scheduled to meet them at the airport.

Siemens used iGate products in some airports and at Howard University in Washington, but the amount of business was small compared with what Jackson had expected.

A Siemens spokeswoman said the company did not take the relationship further because iGate did not give Siemens the financial assurances it needed.

As he waited for the payoff for his company, Jackson was often unable to pay his or his company's bills. Siemens wasn't paid for all the equipment it manufactured and sued him. He borrowed money from friends and relatives for daily expenses.

He would drive from Louisville to Chicago to meet von Pierer and drive back, unable to afford airfare or a hotel room.

Jackson met Jefferson in 2000 when the Kentucky businessman was looking for someone in Washington to help him promote his technology in Africa.

Jefferson was the logical person. He was on the Africa Trade and Investment Caucus as well as the Congressional Caucuses on Brazil and Nigeria. From January 2000 until June 2005, Jefferson or members of his staff made nine trips to Nigeria and Brazil.

One of the first things Jefferson did was to get iGate's technology tested at Fort Huachuca, Ariz., where the Army's Technology Integration Center tests any products that might be used by the military.

"Congressmen call up and want us to test a lot of products of these little companies," said Dan Bradford, director of TIC. "My engineers said it would do what the vendor claimed for the Army."

He said that test was performed in early 2001, and it's impossible to know whether the iGate technology has kept up with advances in the field. "Five years is an eternity in this business."

Copper versus fiber

After the TIC tests, William Warner, a former IBM executive, was part of a team that received permission from iGate to market its product to the military.

Few who know Jackson wanted to speak about him, but Warner said that he still believes in him -- and he believes in Jackson's technology.

Warner said the military had promised that, if the product worked at Fort Sam Houston, where it was tested after TIC, it would be rolled out at 22 Army installations in the Southwest.

"They passed with flying colors," Warner said.

Hundreds of Army buildings aren't connected by fiber optics, Warner said. It costs about $1 million to install a mile of fiber optics. The cost to get the same function from iGate's technology is about $5,000, he said.

"Fort Sam Houston was calling this product an alternative to fiber optics. We were, too," Warner said. It turns out, he said, "that wasn't a very smart thing to do."

Why not?

"People in very powerful positions felt threatened by that," he said. "I think the big boys got to them."

Asked who he meant by the big boys, he responded that Halliburton and other big defense contractors have a stake in laying fiber-optic cable for the military.

"Thirty years in this business and I've never experienced anything like this. You go through two years of testing; the product exceeds expectations. Then, nothing. ... We don't know what happened."

"They [the Army] still ain't got anything to touch this" technology, he said.

Army contracting officials did not return telephone calls requesting comment.

Nothing is free

Although Jefferson became the target of a wide-ranging Justice Department investigation more than a year ago, the Louisiana congressman has not been charged with a crime and has denied that he did anything wrong.

In an unprecedented raid in May, the FBI searched Jefferson's homes in Louisiana and Washington and, in a move that some legal experts questioned, his Capitol Hill office. (Jefferson recently won an appeal to review the seized materials and invoke legislative privilege before the Justice Department can review the evidence.)

It was in the search of his Washington home that agents found the cash in the freezer. (That money was to be used to pay off certain Nigerian officials, Jefferson implied on tape.)

"Obviously, these are just allegations, but at some stage, your common sense tells you there's something to it," said Bruce Fein, a Washington lawyer who has watched the case closely.

Prosecutors contend that Jefferson's help for Jackson's company -- and for many others -- was not free. In early 2001, Jefferson told Jackson that if his help was to continue, Jackson would need to pay a marketing company registered in the name of Jefferson's wife $7,500 a month for professional services, plus 5 percent of all sales over $5 million a year and 5 percent of any investments that Jefferson was able to bring to the table.

Between 2001 and September 2004, Jackson paid Jefferson about $400,000.

In addition, the agreement between the two men concluded that Andrea Jefferson's company, the ANJ Group, would receive options for 1 million shares of iGate stock over five years.

But that wasn't enough.

In mid-2003, when Jefferson thought iGate would be the company whose technology would be used to wire Nigeria, he amended the agreement to provide ANJ Group with 35 percent -- not 5 percent -- of any profits iGate might receive in Africa.

A year later, Jefferson met wealthy investor Lori Mody through Brett Pfeffer, a former member of Jefferson's staff. At the time, Pfeffer was working for Mody, looking for investment opportunities for her. (He has pleaded guilty to bribing a public official and was sentenced to eight years in prison.)

Jefferson told Mody that an investment in iGate's Nigerian business was "a deal you can't refuse."

Mody agreed to an initial investment of $3.5 million, with the rest of a $45 million investment to be financed by the Export-Import Bank.

Jefferson also required that Mody initially give 7 percent of the company she set up to do the Nigerian deal to his five daughters. Later, he increased it to 18-20 percent.

"I make a deal for my children. It wouldn't be me," he told her on tape in May 2005.

A month later, Jefferson accepted a stock certificate worth 30 percent of Mody's interest in the Nigerian deal -- again, in the names of his children.

In late July, Jefferson told Mody that he intended to form a new company to take over the role of iGate, according to FBI documents. He feared that Jackson didn't have the business acumen to succeed in the Nigerian affair. He proposed that Mody invest $10 million to finance the takeover of iGate by ANJ -- his wife's marketing company.

Jefferson's plan was to name several friends to the board of directors and a business associate to take over iGate and control its patented technology.

A loan from a friend

In August 2005, Vernon L. Jackson's dreams of selling his technology in Nigeria and other West African nations with the help of Jefferson came to an abrupt end when he was approached by an FBI agent while taking a walk with his wife in Louisville.

Jefferson was working to take over his company and steal his technology, according to the FBI.

When Jackson asked the court to appoint him an attorney because he could not afford to pay one, he reported among his debts a $10,000 personal loan from a friend -- William Jefferson.

News researchers Tish Wells, in Washington, and Lu-Ann Farrar, in Lexington, contributed to this report.

Organized-crime Law Used Against Gangs (AP)

By Andrew Glazer

AP, August 20, 2006

LOS ANGELES - Sneaky, Shy Boy, Big Barney and dozens of other gangsters were not merely hoodlums who ran a bustling drug trade. Prosecutors insist the Vineland Boys were an organized criminal enterprise just like the Mafia.

To prove it, they are relying on the same law that put John Gotti behind bars.

Similar cases are being pursued across the nation as prosecutors go after gangs in novel ways, often using methods created to fight mob activity.

One such trial is expected to start this week in Los Angeles, where prosecutors have charged members of the Vineland Boys not with murder or drug trafficking, but with violating the Racketeer Influenced and Corrupt Organizations Act. The RICO Act targets those who profit from criminal organizations but manage to avoid illegal activities.

"Gang members out here are clearly becoming more sophisticated in their operations and tactics, and we're adjusting to meet that," said Assistant U.S. Attorney Thomas P. O'Brien.

Last year, Attorney General Alberto Gonzales urged increased prosecutions of street gangs, which he called one of the country's greatest threats. In recent months, more than 50 alleged gang members have been indicted on federal drug, gun and racketeering charges -- compared with an average of 10 federal indictments annually over the previous 10 years.

Critics say overzealous prosecutors are trying to get headlines without making any lasting effect on the estimated 80,000 gang members in Los Angeles.

The RICO law, a 1970 statute passed to combat organized crime syndicates, has been used against gangs in California, Georgia, Maryland, Oklahoma and other states.

It can mean a life sentence, but prosecutors must prove that indicted gang members who did not pull the trigger or sell a bag of heroin still profited from the criminal enterprise. That requires exhaustive investigations and indictments that can read like organizational flow charts.

NO REAL HELP

Former federal prosecutor Lawrence Rosenthal said high-profile federal prosecutions do little to improve gang-stricken neighborhoods.

"They will send lots of people to jail, but won't change the streetscape," said Rosenthal, a law professor at Chapman University in Orange County. Six months later a new set of gangs is ``fighting to control turf that old gangs controlled."

The former federal prosecutor who drafted the RICO statute said he never expected it would be used against street gangs but he thinks doing so makes sense if the gang members are suspected of mob-like crimes.

G. Robert Blakey, who is now a law professor at Notre Dame, said federal authorities can arrest and indict several gang members at once, helping to prevent the gang from regenerating.

"The key difference is traditional state prosecutions are retail. Federal prosecutions are wholesale," Blakey said.

Sentences in federal court are also longer and do not offer parole. And federal investigators are better equipped than local authorities to use wiretaps or listening devices and to recruit informants, Blakey said.

According to court papers, the Vineland Boys were founded in the 1980s by members of a San Fernando Valley football team. The gang later merged with other groups, making it a force in the communities north of downtown Los Angeles.

A cadre of founders run its operations, the indictment alleges, and status depends on a willingness to sell drugs. In protecting their enterprise, gang members allegedly killed Burbank police officer Matthew Pavelka during a traffic stop, threatened witnesses and paid "taxes" to the Mexican Mafia prison gang.

PRE-DAWN RAID

Pavelka's 2003 killing spurred an 18-month investigation by a task force of police and federal agents. It culminated in a pre-dawn raid last summer that also resulted in cocaine charges against a popular Burbank councilwoman.

University of Southern California professor emeritus Malcolm Klein has researched street gangs for decades and questions the guiding premise of RICO prosecutions -- that gangs are organized enterprises.

"Ninety-nine-point-nine percent of all gang members are bored teenagers who don't do anything more criminal than smoke pot and get drunk," Klein said.

Hospitals Grew With Medicare Paying The Way (NYT)

By David Kocieniewski

The New York Times, August 20, 2006

LIVINGSTON, N.J. — The St. Barnabas hospital system spent much of the last decade in a sprint to expand through aggressive mergers, political connections and celebrity patrons like the actor Joe Pesci, growing into New Jersey's largest health care provider and the state's second biggest private employer.

But the rapid rise in the prominence of St. Barnabas — which at one time had 3,200 beds in nine hospitals throughout the state — was also fueled by what federal prosecutors called one of the most lucrative Medicare fraud schemes in the nation's history.

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By systematically inflating the bills for their sickest elderly patients, the prosecutors said, the executives of the St. Barnabas Health Care System bilked the federal government of at least $630 million from 1995 to 2003. The hospital system, which is a nonprofit institution, eventually stopped the overcharging when it was publicly questioned, and in June the hospital system and its executives, who had been threatened with criminal prosecution, agreed to repay the federal government $265 million.

St. Barnabas has rejected allegations that it defrauded Medicare. In the settlement, it did not acknowledge any deliberate wrongdoing, and last week, Ellen Greene, a spokeswoman for St. Barnabas, described the situation as the result of a misinterpretation of Medicare's complex rules. She said the company was glad to have gotten past the problem and was focusing on its health care mission.

What happened at this health care system, based largely in suburbs throughout New Jersey, is representative of how hundreds of hospitals around the country, facing pressures from cuts in reimbursements by private insurers, improperly charged the taxpayer-financed Medicare program billions of dollars.

The episode at St. Barnabas, whose legal problems are not over, is part of a wave of Medicare fraud investigations that, according to a federal report, have reached more than 450 hospitals nationwide. Experts said the money involved could exceed $6 billion.

"The way the system has operated, it's almost irresponsible corporate governance for hospitals not to cheat Medicare," said Patrick Burns, an analyst at Taxpayers Against Fraud, a leading watchdog organization.

The problems began a decade ago, when hospital administrators around the country —facing cuts in reimbursements from managed care companies — turned to a handful of accounting firms that promised to help them maximize their financing from Medicare, the nation's health insurance program for the elderly.

By exploiting loopholes in the complex formula that Medicare uses to reimburse providers for their most expensive cases, known as outliers, many hospitals' federal aid doubled, quadrupled or increased 10 times.

St. Barnabas received more federal Medicare money from the pool of outlier money than some national chains 10 times its size. In 2001, the aid accounted for more than 15 percent of St. Barnabas's total revenue, at least five times a typical percentage, and, according to depositions from former employees, the hospital system's bookkeepers were ordered to hide the money elsewhere in the budget to avoid arousing the suspicions of auditors.

Ms. Greene declined to comment on that allegation.

Fearing that a harsher fine might run the St. Barnabas health care system out of business, federal prosecutors said St. Barnabas had been required to pay back less than half of the amount it overbilled.

A few weeks after the government case against St. Barnabas was settled, Tenet Healthcare, one of the nation's largest hospital chains, agreed to repay $788 million of the $1.9 billion it had been accused of overcharging. No one involved in either case faced criminal charges.

After their Medicare subsidies shrank, both St. Barnabas and Tenet closed hospitals, costing hundreds of employees their jobs and disrupting medical care for the communities they had served. Still, in New Jersey, where state officials are impaneling a commission to close a dozen or more hospitals, St. Barnabas finds itself in a far stronger financial position than many hospitals that were not suspected of skirting the law.

As recently as the early 1990's, St. Barnabas — which was named after a martyr who sold his possessions to help the poor, but is not run by the Roman Catholic Church — operated with a low-key business approach usually found at institutions that are licensed as nonprofit.

Faced with pressure from managed care insurance plans and the prospect of federal health care reform, the system's chief executive, Ronald J. Del Mauro, voiced determination to firm up St. Barnabas's financial stability. He preached a strict devotion to the bottom line and engineered a bold set of mergers and acquisitions.

By 1996, St. Barnabas ran seven hospitals in northern and central New Jersey, with 4,000 affiliated doctors, more than 20,000 employees and a million patients. According to depositions by a St. Barnabas consultant and two former employees, which were filed in the settlement, the drive for profits soon affected the Medicare billing, and hospital administrators found a way to capitalize on a loophole in the formula Medicare used to determine reimbursements in outlier cases.

One part of the equation was based on a hospital's retail charges: the amount paid by the small percentage of patients who do not have insurance. By rapidly increasing retail charges for procedures often covered by Medicare, St. Barnabas got a steep increase in federal aid. As a result, its Medicare payments for outlier cases jumped to $287 million in 2002 from $85 million in 1998.

A consultant hired to work with St. Barnabas said in a sworn deposition that the hospital's top executives held meetings to plan a "corporate directive" to increase federal aid by raising the prices charged to Medicare patients. The consultant, James T. Monahan, said that St. Barnabas had routinely added hidden charges to the room-and-board fees of Medicare patients and tried to conceal the windfall profits it was receiving from Medicare, in part by overstating its debt.

Mr. Monahan, who later filed a whistle-blower complaint under which he stands to gain millions of dollars from the legal settlement, declined to be interviewed for this article.

St. Barnabas was hardly alone in that practice. Hundreds of other hospitals were using similar tactics to artificially boost their Medicare payments, and many were clients of two accounting firms that specialized in helping clients do that.

The fraud was so extensive, Medicare officials said in 2003, that to restrict the number of outlier claims, they had to raise the threshold for qualified cases in each of the previous five years: from under $10,000 in 1998, to more than $33,000 in 2003.

Despite the years-long surge in questionable Medicare payments across the country, federal auditors did not undertake a widespread investigation until October 2002, when Kenneth R. Weakley, an analyst for UBS Warburg, wrote a report warning investors that Tenet was receiving an "extraordinary" and unsustainable amount of outlier financing.

As they announced the settlements with Tenet and St. Barnabas in June, Justice Department officials said they were satisfied that they had collected a substantial sum of money without risking an uncertain outcome at trial and without endangering the viability of the two hospital systems. David Knowlton, executive director of the New Jersey Health Care Quality Institute, an advocacy group, said that even though the settlements did not recover all the fraudulently obtained funds, they would provide a strong deterrent.

Officials of St. Barnabas pointed out that they had not admitted any wrongdoing and said they were relieved to be able to focus their attention on health care without the distraction of an investigation.

"This agreement," Michael Slusarz, a vice president and spokesman for St. Barnabas, said in a statement in June, "will allow us to focus our energy and resources on our mission of providing the highest quality of care to our patients."

As the state begins deciding how many, and which, hospitals to close, St. Barnabas is in an enviable position by virtue of its size, its reputation for providing quality health care and its political contacts in Trenton. For instance, the state's health commissioner, Fred Jacobs, was senior vice president of medical affairs at St. Barnabas before being appointed to his current post, and Gov. Jon S. Corzine's deputy chief of staff, Jeaninne LaRue, was a senior vice president and lobbyist for St. Barnabas. The company has also had a long relationship with Senate President Richard J. Codey, whose district in Essex County has some St. Barnabas facilities. During Mr. Codey's 14 months as acting governor, his administration approved St. Barnabas's application to perform highly profitable angioplasty procedures without having a cardiac surgical backup, an arrangement that some health care advocates criticized as favoritism. Mr. Codey insists that the decision was made based on the recommendations of a committee of health care experts, and that he was not personally involved.

"I certainly try to support the hospital, because it's important for the community and a large employer, but there's nothing more to it than that, " he said.

St. Barnabas continues to face legal scrutiny, however.

A class-action suit filed by two hospitals, one from Colorado and one from Maine, claims $514 million in damages because the overbilling by St. Barnabas deprived "all of the legitimate hospitals of aid they were entitled to," said Hal Hirsch, a lawyer for the plaintiffs. Wall Street rating agencies downgraded St. Barnabas bonds after the government settlement was signed and the hospitals' lawsuit was filed.

Hundreds of nonprofit hospitals across the country are being scrutinized by the Internal Revenue Service and examined by Congress to determine whether they are following guidelines that forbid tax-exempt entities to give executives excessive compensation.

The United States attorney's office in New Jersey declined to comment on whether the executive pay structure at St. Barnabas was part of any inquiry. But two people who had been questioned by Justice Department investigators said they had been asked for documentation on how Mr. Del Mauro and two other top administrators at St. Barnabas are paid.

Mr. Del Mauro gets no compensation from St. Barnabas Hospital Center, according to its public filings, but he and two other senior administrators are paid officers of SBC Management, a profit-making company that does business with the hospital center. That sort of arrangement is common in the hospital industry.

In 1998, Mr. Del Mauro received $613,000 from SBC, according to documents on file with the I.R.S. His compensation was $4.7 million in 2003, the last year St. Barnabas received the huge Medicare overpayments. In 2004, it was $4.2 million.

Speaking on Mr. Del Mauro's behalf, Ms. Greene, vice president for public relations and marketing at St. Barnabas, said that she was unable to provide details about Mr. Del Mauro's compensation or the amount and type of business transactions between the hospital and SBC Management, but that the hospital was complying with the law and the federal tax code.

CIVIL LAW:

A Tortured Past (LAT)

By Deborah Nelson And Nick Turse, Special To The Times

The Los Angeles Times, August 20, 2006

Documents show troops who reported abuse in Vietnam were discredited even as the military was finding evidence of worse.

In early 1973, Army Chief of Staff Gen. Creighton Abrams received some bad news from the service's chief of criminal investigations.

An internal inquiry had confirmed an officer's widely publicized charge that members of the 173rd Airborne Brigade had tortured detainees in Vietnam.

But there was a silver lining: Investigators had also compiled a 53-page catalog of alleged discrepancies in retired Lt. Col. Anthony B. Herbert's public accounts of his war experiences.

"This package … provides sufficient material to impeach this man's credibility; should this need arise, I volunteer for the task," wrote Col. Henry H. Tufts, commander of the Army's Criminal Investigation Division.

Now, declassified records show that while the Army was working energetically to discredit Herbert, military investigators were uncovering torture and mistreatment that went well beyond what he had described.

The abuses were not made public, and few of the wrongdoers were punished.

Tufts' agents found that military interrogators in the 173rd Airborne repeatedly beat prisoners, tortured them with electric shocks and forced water down their throats to simulate the sensation of drowning, the records show.

Soldiers in one unit told investigators that their captain approved of such methods and was sometimes present during torture sessions.

In one case, a detainee who had been beaten by interrogators suffered convulsions, lost consciousness and later died in his confinement cage.

Investigators identified 29 members of the 173rd Airborne as suspects in confirmed cases of torture. Fifteen of them admitted the acts. Yet only three were punished, records show. They received fines or reductions in rank. None served any prison time.

The accounts of torture and the Army's effort to discredit Herbert emerged from a review of a once-secret Pentagon archive.

The collection — about 9,000 pages — was compiled in the early 1970s by an Army task force that monitored war crimes investigations. The files, examined recently by the Los Angeles Times, include memos, case summaries, investigative reports and sworn witness statements.

Those and related records detail 141 instances of detainee and prisoner abuse in Vietnam, including 127 involving the 173rd Airborne.

The Army task force, created after journalist Seymour Hersh exposed the 1968 My Lai massacre, served to give military brass and the White House early warning about potentially damaging revelations.

The war crimes records were declassified in 1994 and moved to the National Archives in College Park, Md., where they went largely unnoticed.

The Times examined most of the files before officials removed them from the public shelves, saying they contained personal information that was exempt from the Freedom of Information Act.

Other records were taken by Tufts in the 1970s and donated after his death to the University of Michigan.

The two collections do not provide a complete accounting of prisoner abuse during the Vietnam War. They contain only cases reported to military authorities and flagged for special attention by the Army chief of staff's office or taken home by Tufts. But they represent the largest pool of such records to surface to date.

Retired Brig. Gen. John H. Johns, a Vietnam veteran who served on the task force, said the files provided important lessons for dealing with the prisoner abuse scandal in Iraq.

"If we rationalize it as isolated acts, as we did in Vietnam and as we're doing with Abu Ghraib and similar atrocities, we'll never correct the problem," said Johns, 78.

A Supersoldier's Charges

A coal miner's son, Anthony Herbert was one of the most decorated U.S. soldiers of the Korean War. He went on to become an Army Ranger and a Ranger instructor.

In 1968, he was promoted to lieutenant colonel, and in early 1969 was awarded command of a battalion in the 173rd Airborne.

The brigade was based in Binh Dinh province in the central coastal region when Herbert arrived. Over the next two months, his unit reported more enemy contacts than any other battalion in the 173rd Airborne.

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Then on April 4, 1969, Herbert was relieved of his command for allegedly unsatisfactory performance. He later told investigators from the Criminal Investigation Division that, before his removal, he had informed his superior of war crimes that he had witnessed.

Herbert recounted a series of atrocities.

He said South Vietnamese troops had executed detainees in the presence of an American military advisor in February 1969. One of the victims had her throat slit as her child clung to her pant leg, Herbert said. (Investigators later concluded that about eight detainees had been slain.)

The following month, U.S. and Vietnamese interrogators tortured a teenager or young woman by electric shock and subjected a male detainee to water torture, Herbert said. He said he also saw interrogators beat two Vietnamese women held in metal storage containers.

Herbert told the investigators that he had reported these incidents to Col. J. Ross Franklin. On learning of the allegations, then-Army Chief of Staff Gen. William C. Westmoreland ordered Tufts to create a task force to conduct the investigation.

Before it was finished, Herbert took matters into his own hands and brought charges against Franklin and his superior, Maj. Gen. John W. Barnes, in March 1971, saying they failed to investigate reports of war crimes.

As Army officials feared, the case received widespread coverage because of Herbert's distinguished combat career and Barnes' rank, and because Franklin had served on the commission investigating the My Lai massacre.

Herbert achieved celebrity status as the case played out in the media. He appeared on "The Dick Cavett Show," was interviewed by Playboy magazine and was featured in a New York Times Sunday magazine article titled: "How a Supersoldier Was Fired From His Command."

Barnes and Franklin denied that Herbert had reported war crimes to them. According to news reports at the time, Barnes told an investigator he removed Herbert as battalion commander because he was "a keg of dynamite" who was "completely oriented to killing mercilessly."

The Army dismissed the charges against Barnes and Franklin, and removed Herbert's negative performance review.

Nevertheless, Herbert continued to accuse military leaders of a coverup. The Army responded by releasing "fact sheets" that said the investigation had substantiated only seven of 21 allegations by Herbert and had found no evidence that his superiors knew about them or retaliated against him.

In February 1972, Army magazine said that Herbert's "eminence is undeserved" and devoted six pages to the fact sheets.

Herbert retired from the Army, citing harassment and strain on his family.

In January 1973, his memoir, "Soldier," hit the bookstores, and the Army's public information office scoured its pages for inconsistencies, records show.

Around the same time, the Army leaked internal reports on Herbert to CBS News, according to an Army memorandum. The TV news magazine "60 Minutes" aired a segment on Feb. 4, 1973, that attacked Herbert's claims of coverup and retaliation.

Unknown to the public, Army investigators probing Herbert's charges had learned that abuse of detainees by soldiers of the 173rd Airborne was much more extensive than he had alleged.

When contacted recently at his home in Colorado, Herbert declined to be quoted about the Army investigation, except to say: "If they'd really taken action about the bad apples and been honest about it … then they wouldn't be arguing about Abu Ghraib and different places today."

Earlier Reports

The problem centered on the brigade's 172nd Military Intelligence Detachment, known as the 172nd MI.

Reports that interrogators in the unit were torturing prisoners had begun to surface several years before Herbert first made his allegations.

Among the first to speak out was Peter N. Martinsen, an interrogator from another unit who had worked with members of the 172nd MI. Testifying at the International War Crimes Tribunal, an unofficial forum in Stockholm, in 1967, Martinsen said he had taken part in beatings, and witnessed the use of field telephones to shock prisoners.

Army investigators interviewed him in November 1968. He requested immunity, but the Army's office of the judge advocate general rejected the request, citing "the general nature of the allegation, Mr. Martinsen's attitude and his record," documents show.

Martinsen refused to give a statement. Efforts to reach him for comment for this article were unsuccessful.

Investigators marked his allegations "unsubstantiated" and closed their inquiry.

At the time of Martinsen's interview, Robert Stemme Jr. was serving in the 172nd MI's counterintelligence section. His job was to gather information about the enemy from friendly local sources, such as hamlet officials.

He did not conduct interrogations, he said in a recent interview, but he heard and saw them. Interrogations were conducted around the clock in a building about 10 yards from the tent where he slept, he said.

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"My bed was maybe 30 feet from where all this stuff was going on. So I could hear this … all night long," Stemme told The Times. "It was pretty standard practice that people got slapped around or hit with things, or guns pointed at them, or whatever. Field telephones — all those things — were tools of the trade."

The telephones had hand cranks that could be turned to generate electricity and two wires that could be attached to sensitive parts of a prisoner's body. The shock could be intensified by wetting detainees and placing them in contact with metal objects.

In the spring of 1969, about a dozen members of the 172nd MI organized a letter-writing campaign to complain to higher-ups about the abuse, Stemme said.

"Next thing we know, we have this major coming up from IG's office who is Miranda-izing us and asks us if we're admitting to committing war crimes," Stemme said, referring to the inspector general. "It was all about us, when this was de facto command policy. It was really scary."

They decided as a group not to give any statements, he said.

Stemme returned to the United States in June 1969, and left the service in 1970. In April of that year, he spoke out about prisoner abuse at a news conference at the Greater Los Angeles Press Club. Martinsen and Frederick Brown, another former interrogator with the 172nd MI, joined him.

Army investigators contacted Stemme and Brown that summer. Brown told them that he and others "participated in water-rag and field telephone interrogations of detainees," according to an investigator's summary. Brown, who lives in Orange County, declined to be interviewed for this article.

Stemme met with Army agents in San Francisco. According to an agent's statement, Stemme described abuse of detainees by 11 members of his unit over 12 months beginning in June 1968.

Under oath, Stemme said he saw interrogators punch and kick prisoners, beat them with sticks, administer electrical shocks and urinate on them.

Records show that Stemme detailed specific instances of maltreatment, offering names and approximate dates. Yet a case summary produced by the Army chief of staff's office reported that investigators closed the investigation because Stemme "declined to provide any specific information concerning his allegations."

"I spent hours with these guys," said Stemme, now 63 and retired from his job as an investigator for the San Francisco public defender's office. "There was no reason for me to be reticent."

Interrogation Methods

Stemme identified former Staff Sgt. David Carmon as one of the interrogators who had tortured detainees.

Herbert also accused Carmon of subjecting a detainee to water torture. Herbert said he found Carmon involved in the torture of a Vietnamese man, pouring water onto a rag placed over the captive's nose and mouth.

This technique, called the "water rag," causes a drowning sensation and is banned under international law. Bush administration officials have come under pressure in recent years to explicitly denounce a similar method known as "water-boarding" as an interrogation technique. In May, a Pentagon official told the United Nations Committee Against Torture that the revised Army Field Manual now specifically prohibited water-boarding. On Friday, a spokesman said the U.S. Army did not permit water-boarding — in past wars or as part of today's intelligence-gathering procedures.

When investigators questioned Carmon in December 1970, he admitted using the water rag on a detainee, records show.

"I held the suspect down, placed a cloth over his face and then poured water over the cloth, thus forcing water into his mouth. The suspect, after becoming choked on the water, confessed that he was a VC and stated he was a propaganda man," Carmon said, according to his sworn statement.

He admitted using electrical shock on detainees, the investigators' summary states.

Carmon also told investigators that in the fall of 1968, he took part in interrogating a captive who died soon afterward.

The man had been "beat and kicked," lost consciousness and suffered convulsions, according to summaries of statements given by members of the 172nd MI. A doctor was brought in to examine the detainee, identified as Nguyen Cong, and said there was nothing wrong with him, the records say.

Carmon said he and another member of the military intelligence team "slapped the Vietnamese and poured water on his face from a five-gallon can," according to the investigators' summary

Nguyen passed out "and was carried to the confinement cage where he was later found dead," according to a May 1971 Army report. The investigators' summary said the cause of death was listed in a hospital log as a ruptured spleen, probably due to malaria.

In a 1973 memo to Army Chief of Staff Abrams, Tufts said "maltreatment was not established as the cause of death."

Reached by e-mail in Ohio, Carmon told The Times that abuse of prisoners was widespread in Vietnam and was encouraged by officers.

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"Nothing was sanctioned," he wrote, "but nothing was off-limits short of seriously injuring a prisoner."

In another e-mail, he described the electric shock technique:

"What I saw were leads hooked to the legs of a metal folding chair. It was primarily used with the mountain/country detainees that weren't familiar with electricity. They would [tell] them it would make them sterile or something to that nature. When you turned the phone crank, a light tickle of electricity would generally scare them into talking."

He added: "I am not ashamed of anything I did, and I would most likely conduct myself in the same manner if placed in a Vietnam-type situation again."

Part of a Pattern

Investigators contacted 31 members of the 172nd MI before submitting a report to headquarters that detailed a pattern of "cruelty and maltreatment" from March 1968 to October 1969.

The report said the evidence warranted formal charges against 22 interrogators, some on active duty at the time. It concluded not only that interrogators repeatedly abused prisoners, but that the unit's executive officer, Capt. Norman L. Bowers, had been present during some of the torture incidents.

Yet none of the interrogators nor Bowers was punished, records show. The three soldiers who were disciplined for mistreating detainees served in other units of the 173rd Airborne.

In an interview with The Times, Bowers said he had not witnessed or approved abuse of prisoners, contrary to what his subordinates said.

"It could likely happen, and I wasn't told about it," he said. "Mistreatment of prisoners is a very serious issue, and it's not something someone's going to bring to my attention."

Bowers, now 67 and living in Missouri, said the men may have falsely accused him in hopes of getting him removed because they were working long hours.

"There was a lot of stress on people," he said.

J. Ross Franklin, one of the two superiors whom Herbert accused of covering up war crimes, was deputy commander of the 173rd Airborne from December 1968 to June 1969.

In a recent interview, he said that he was not aware of the investigators' findings, and that no one had ever reported prisoner abuse to him.

"I didn't even know what water-boarding was," said Franklin, now 78 and living in Florida.

He said he did not recall the letter-writing campaign or the nighttime beatings that Stemme described. He said he was housed in an officers' area, in a structure with air-conditioning. "I really wouldn't hear much of anything, other than friendly 'arty' shooting once in a while," he said, referring to artillery.

He added: "Interrogators obviously are under pressure and encouraged to get information, and some of these guys are sadistic at heart. I wouldn't bet my soul that it didn't happen in the 173rd…. If the Army found it, I'd say it probably happened."

Times researcher Janet Lundblad contributed to this report.

*

(INFOBOX BELOW)

About this report

Deborah Nelson, who wrote these articles, is a former staff writer and Washington investigative editor for The Times. Nick Turse is a freelance journalist living in New Jersey.

This report is based in part on records of the Vietnam War Crimes Working Group, on file at the National Archives in College Park, Md. The collection includes 241 case summaries that chronicle more than 300 substantiated atrocities by U.S. forces and 500 unconfirmed allegations.

Turse came across the collection in 2002 while researching his doctoral dissertation for the Center for the History and Ethics of Public Health at Columbia University.

Turse and Nelson also reviewed Army inspector general records in the National Archives; FBI and Army Criminal Investigation Division records; documents shared by military veterans; and case files and related records in the Col. Henry Tufts Archive at the University of Michigan.

The reporters and Times photographer Damon Winter traveled to Vietnam in the spring to visit the sites of incidents described in Army records and to interview victims' relatives. Times researcher Janet Lundblad contributed to the report.

A selection of documents used in preparing this report, and previous articles on this topic, can be found at latimes.com/vietnam. Nelson's e-mail address is dnelson@jmail.umd.edu.

Tobacco Racketeers Get Off Easy (NYT)

The New York Times, August 20, 2006

DOJ_NMG_0050666

If only a public shaming were enough to punish the tobacco industry for its half-century of deception in promoting a product so damaging to the nation's health. There are plenty of shameful acts depicted in a voluminous court opinion issued last week that found that five big tobacco companies had violated civil racketeering laws. But there is apparently nothing that can be done to force them to disgorge their ill-gotten profits or punish them for past mendacities.

Last week's ruling by Judge Gladys Kessler in the Federal District Court for the District of Columbia amounted to a moral victory for prosecutors in a case they had originally hoped would impose huge financial penalties. The 1,742-page opinion lays out in painstaking detail how the industry has obfuscated the health consequences of smoking, duped people into thinking that low-tar and low-nicotine cigarettes might be less harmful, manipulated cigarette design to ensure an addictive dose of nicotine, downplayed the adverse effects of secondhand smoke and seduced young people into taking up smoking while denying that it was doing any such thing. To hide its tracks, the industry, abetted by its lawyers, suppressed research and destroyed documents.

The judge was clearly appalled that the companies marketed and sold their products "with zeal, with deception, with a single-minded focus on their financial success and without regard for the human tragedy or social costs that success exacted." But she felt hemmed in by an appeals court decision, which held that under the civil racketeering statute, no damages could be imposed for past misdeeds, only remedies to restrain future misconduct.

That not only ruled out the huge $280 billion penalty originally sought when the suit was filed in 1999, but even, the judge concluded, the modest billions sought by prosecutors last year to help people quit smoking and reduce the incidence of youth smoking. All the judge felt she could do was to order the companies to mount an advertising campaign to correct years of misrepresentations and to stop using such misleading terms as "light" or "low tar" or "mild" to imply health benefits.

Even these remedies may be appealed by the companies. The prospects for reining in this rogue industry seem limited unless Congress finds the gumption to crack down — or top tobacco executives develop a conscience and decide to get out of the death-dealing business.

CIVIL RIGHTS:

Claims Of Partisanship Are 'Baseless' (MR)

By Wan J. Kim, Special To The Press-register

Mobile Press-Register (AL), August 20, 2006

Regarding Alabama's failure to comply with the law requiring it to create a voter database, some recent news reports have suggested partisanship by both a U.S. district judge and the Department of Justice. These claims -- raised by those with little knowledge of the judicial proceedings in this case -- are baseless.

Evidence presented by the Justice Department in court amply established that Alabama has violated the Help America Vote Act of 2002.

Four years after HAVA was passed, and after receiving $41 million in federal funds, Alabama has not even selected a vendor to begin the process of obtaining compliance.

Both before and after we brought a lawsuit to vindicate the requirements of federal law, the Justice Department worked hard to negotiate an amicable agreement with Alabama.

We asked Alabama to submit a plan that would ensure timely compliance. A federal court then ordered Alabama to do so.

Only after Secretary of State Nancy Worley stated that she could not assure compliance by the presidential primary elections in 2008 -- six years after HAVA was enacted -- did the court reluctantly order the appointment of a special master.

Decades of precedent support the court's decision to appoint a special master in cases where -- as in this case -- a state official is unwilling or unable to comply with the requirements of federal law.

The court went further still, expressly noting that the secretary of state herself preferred the appointment of a special master over an expedited timeline for compliance.

Appointing a state official to be special master is a more moderate remedy than transferring state authority to an unelected person.

Alabama Gov. Bob Riley is the obvious choice, the federal judge made clear, because he commands substantial state resources, wields significant authority and can propose a legislative remedy should one become necessary.

This appointment was supported by the Alabama officials who oversee elections at the county level -- probate judges, 76 percent of whom are Democrats.

Also known to all the participants is the key fact that Gov. Riley intends to delegate his authority as special master to Jim Bennett, a former two-term Alabama secretary of state who enjoys wide bipartisan respect.

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Indeed, the Justice Department made clear that we expect Mr. Bennett to exercise the functions of special master, and further, that we would welcome his direct appointment to that role.

No one has seriously suggested, moreover, that the mere creation of the voter database required by federal law could be partisan -- especially in a state like Alabama, where voters do not register by party.

Indeed, no one has even alleged that the secretary of state would have created a voter database that favored one party or another. She is faulted for demonstrably having failed to create one at all.

Alabama follows New York and Maine as the third state that the Justice Department has sued for non-compliance with HAVA. Two of these states have Republican governors.

This administration also has filed voting lawsuits against state officials of both parties in Georgia, Indiana, Maine, Missouri, North Carolina, Oklahoma, Pennsylvania, Tennessee and Texas.

Facts, not party affiliations, drive our litigation decisions.

It is unsound and unworthy to question the Justice Department's -- much less a federal judge's -- commitment to neutral and even-handed law enforcement.

Williams' Attorney Calls For Jail Changes (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, August 20, 2006

BILOXI - The Harrison County jail's new warden should take a hard look at all aspects of jail operations, including training, and should remove people who are not performing as they should, attorney John Whitfield said Saturday.

Whitfield wants Don Cabana, appointed warden on Friday, to scrutinize all aspects at the jail and make sweeping changes to ensure that what happened to inmate Jessie Lee Williams Jr. on Feb. 4 will never happen again. Whitfield made the comments in a speech to the Harrison County Federation of Democratic Women.

Williams, 40, of Gulfport, died of his injuries, allegedly beaten by jailers while he was restrained.

"If you don't take a look at policies and procedures and training, you can forget about making changes," Whitfield said. "Judging from numerous incidents we've looked at and from the Williams case, you'd have to be deaf, dumb and blind to not know abuse at the jail has been swept under the rug."

Whitfield challenged the Democrats to contact their elected and appointed officials to express concerns about the Williams case, delays in the case and about inmate treatment at the jail. He referred them to District Attorney Cono Caranna, U.S. Attorney Dunn Lampton and the Harrison County Board of Supervisors.

Caranna, who attended Saturday's meeting, disputed some of Whitfield's remarks, but said they "agree that something bad happened."

Whitfield said a pattern of abuse has existed at the jail for several years and authorities have "turned their heads and ignored it."

He described a videotaped incident from the jail booking room in which a young woman, who was drunk, was strapped in a restraint chair at the county jail after a jailer slammed her head against a table. The tape from May 2001 shows a jailer opened the woman's swollen eye and pepper-sprayed her eye.

"A federal judge decided there was no abuse taking place at the jail," Whitfield said.

A Sun Herald review of that videotape and of related court papers confirm the May 2001 incident.

"By the time we're done with this case, Jessie Williams will not have died in vain," Whitfield said.

Authorities have confirmed they have videotapes from Williams' beating in the jail booking room. The tapes have not been made public or provided to attorneys for Williams' estate.

"I would say 95 percent of the workers at the jail are good, hard-working, honest people," Whitfield said, "but the mentality of that small percentage of bad jailers is pervasive. Did you know the jailers only start out making $9 or $10 an hour when there are administrative secretaries at the jail making $40,000-plus a year?"

Whitfield criticized county supervisors for claiming they have no control over the sheriff except for his budget.

"That's a bald-faced lie," Whitfield said, pointing to provisions in a 1995 federal court order involving improvements at the jail. The court order gives the county supervisors authority to request a review to determine if the jail it is in compliance with the court order.

Whitfield was critical of delays in criminal investigation of the Williams case and accused state and federal officials of "sitting on their butts."

Caranna responded, saying, "I, myself, at times have been aggravated at the delays, but that is the federal government's way. I chose to let federal agencies take the lead. They sent in their criminal-investigation team from the U.S. Justice Department's civil-rights division, and this is what these people do."

Caranna challenged the group to search the Internet for news stories on inmate deaths in other areas of the nation.

"It will show you when an event happened, when it was investigated and the time frame of all the steps it takes," Caranna said. "This case is actually coming along more quickly than most of its type."

Caranna acknowledged he has taken "a lot of heat" on complaints over delays in the Williams case.

"As a prosecutor," said Caranna, "I am limited in what I can say, whether I like it or not."

Military Recruiters Cited For Sex Abuse (WT/AP)

The Washington Times/AP, August 20, 2006

More than 100 young women who expressed interest in joining the military in the past year were preyed upon sexually by their recruiters. Women were raped on recruiting office couches, assaulted in government cars and groped en route to entrance exams, a six-month investigation by the Associated Press found.

The investigation found that more than 80 military recruiters were disciplined last year for sexual misconduct with potential enlistees. The cases occurred across all branches of the military and in all regions of the country.

"This should never be allowed to happen," one 18-year-old victim said. "The recruiter had all the power. He had the uniform. He had my future. I trusted him."

At least 35 Army recruiters, 18 Marine Corps recruiters, 18 Navy recruiters and 12 Air Force recruiters were disciplined for sexual misconduct or other inappropriate behavior with potential enlistees in 2005, according to records obtained by the AP under dozens of Freedom of Information Act requests. That's significantly more than the handful of cases disclosed in the past decade.

The AP also found:

· The Army, which accounts for almost half of the military, has had 722 recruiters accused of rape and sexual misconduct since 1996.

· Across all services, one out of 200 frontline recruiters -- the ones who deal directly with young people -- was disciplined for sexual misconduct last year.

· Some cases of improper behavior involved romantic relationships, and sometimes those relationships were initiated by the women.

· Most recruiters found guilty of sexual misconduct are disciplined administratively, facing a reduction in rank or forfeiture of pay; military and civilian criminal prosecutions are rare.

The Pentagon has committed more than $1.5 billion to recruiting efforts this year. Defense Department spokeswoman Lt. Col. Ellen Krenke said that each of the services takes the issue of sexual misconduct by recruiters "very seriously and has processes in place to identify and deal with those members who act inappropriately."

The sexual misconduct almost always takes place in recruiting stations, recruiters' apartments or government vehicles, the AP found. The victims are typically between 16 and 18 years old, and they usually are thinking about enlisting. They usually meet the recruiters at their high schools, but sometimes at malls or recruiting offices.

"We had been drinking, yes. And we went to the recruiting station at about midnight," one young woman's story begins.

The 18-year-old from Ukiah, Calif., hides her face in her hands as she describes the night when Marine Corps recruiter then-Sgt. Brian Fukushima climbed into her sleeping bag on the floor of the station. Two other recruiters were having sex with two of her friends in the same room.

"I don't like to talk about it. I don't like to think about it," she says.

Fukushima was convicted of misconduct in a military court after other young women reported similar assaults. He left the service with a less-than-honorable discharge last fall.

His military attorney, Capt. James Weirick, said Fukushima is "sorry that he let his family down and the Marine Corps down."

"It was a lapse in judgment," Capt. Weirick said.

All of the recruiters the AP spoke with said they were routinely alone in their offices and cars with young women. They also all agreed that the lines were clear: Recruiters do not sleep with enlistees.

"Any recruiter that would try to claim that, 'Oh, it's consensual,' they are lying, they are lying through their teeth," former Marine Corps recruiter Ethan Walker said. "The recruiter has all the power in these situations."

Commandments Display Allowed (NYT/AP)

By The Associated Press

The New York Times, August 20, 2006

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OKLAHOMA CITY, Aug. 19 — A federal judge on Friday said a Ten Commandments monument outside a courthouse in Oklahoma could stay, rejecting arguments that it promotes Christianity at the expense of other religions.

Judge Ronald A. White of Federal District Court in Muskogee ruled that officials in Haskell County did not violate the Constitution by erecting the monument outside the courthouse in Stigler. The county did not "overstep the constitutional line demarcating government neutrality toward religion," Judge White wrote.

The county argued that the monument was part of a historical display that included other monuments recognizing war veterans, the Choctaw Tribe and others. The Ten Commandments monument has the Mayflower Compact on the other side.

"A significant factor is that someone comes and looks at all the monuments on the lawn," said Kevin Theriot, a lawyer for the Haskell County commissioners. "They can't just single out the Ten Commandments monument and say 'Aha!' and that means government is impermissibly endorsing religion."

Micheal Salem, a lawyer representing the American Civil Liberties Union and a Stigler resident, James W. Green, said he thought "the court's decision really represents a loss for religious freedom." Mr. Salem said he would have to review Judge White's decision thoroughly before deciding whether to appeal.

The Supreme Court has ruled that religious displays on government property are not inherently unconstitutional and must be considered case by case.

ANTITRUST:

In Huge Merger Of 2 Utilities, 'Quiet Agency' Is In Spotlight (NYT)

By David W. Chen

The New York Times, August 20, 2006

TRENTON, Aug. 18 — In New Jersey, you cannot go anywhere at home without bumping into something that is regulated by a relatively obscure agency called the Board of Public Utilities.

The five-member board is supposed to make sure your electric, water and natural gas rates are fair, for example, and it monitors the reliability of your telephone service.

But these days, the board has a more visible role. It is on the cusp of making one of the more significant decisions in its 95-year history: whether to approve a $17 billion merger of Exelon, a Chicago-based company, and Public Service Enterprise Group, the parent company of P.S.E.& G., creating the nation's largest utility.

The merger, first proposed in late 2004, has been approved by regulators in New York, Pennsylvania and Connecticut, as well as by the Federal Energy Regulatory Commission and the federal Department of Justice.

That leaves the New Jersey board as the only remaining hurdle.

On Thursday, the board's staff responded with a counterproposal that was welcomed by investors but criticized by consumer groups. Neither Exelon nor Public Service offered an immediate comment. Whether the counterproposal is accepted or modified, the board's commissioners still must act, and that could be weeks away.

As a result, the attention of Wall Street, consumer groups and New Jersey's governor, Jon S. Corzine, has turned to a group unaccustomed to the spotlight: the Board of Public Utilities itself.

"There needs to be serious analysis of the financial terms and conditions for the ratepayers in this state," Mr. Corzine said at a news conference shortly before the counterproposal was offered.

"And I don't think it needs to be done on a crash-course basis," he continued, "just because the board of directors of one of the companies decides that Friday on some day in August is the day that they want a decision." That was a reference to an ultimatum the companies issued earlier in the month.

Among the board's considerations are whether the huge new company would end up raising rates and whether it would eventually shrink its work force in New Jersey.

And with the price of energy rising, the 3.8 million customers of P.S.E.&G., which has played a major role in the state's business and cultural scene, stand to be affected.

Until recently, little attention had been paid to the Newark-based state agency, which has long been regarded as influential but has also occasionally been tarred by scandal and accusations of political patronage.

"It was always a quiet agency that had a lot to do with our lives, even though most people are probably like, 'The B.P.U.? Who are those folks?' " said Victor De Luca, a board member of New Jersey Citizen Action, who has worked on utility issues for years.

Gov. Woodrow Wilson created the board in 1911, primarily to oversee railroads and other utilities, and since then it has sent two of its presidents on to the governor's office: Brendan T. Byrne and Christie Whitman.

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Louisiana is the only other state in which a member of its utility commission has made that leap, with Huey Long and the current governor, Kathleen Babineaux Blanco, according to Robert L. Schain, president of Regulatory Research Associates, an independent energy research company in Jersey City.

Nevertheless, for many years, the New Jersey board was viewed as a sinecure for well-connected politicians nearing the end of their careers and looking for a prestigious full-time job to boost their salaries — now $141,000 a year for the president, and $125,000 for commissioners — and qualify for a higher pension.

Moreover, the board was often criticized for being too cozy with the utility companies it regulated.

The current commissioners, too, have deep political roots.

The president, Jeanne M. Fox, is a former top official with the federal Environmental Protection Agency, and the wife of Steve DeMicco, a Democratic strategist who managed Mr. Corzine's campaign last year and is now managing that of Senator Robert Menendez.

The other Democrats on the board are Frederick F. Butler, a former executive director of the Assembly Democrats, and Joseph L. Fiordaliso, a deputy chief of staff under Gov. Richard J. Codey.

The Republicans include Connie O. Hughes, who served as the chief of management and policy for Donald DiFrancesco when he was the acting governor, and Christine V. Bator, a commissioner of the state's Highway Authority under Mrs. Whitman.

This summer, Republican legislators demanded that the board be investigated for its handling of two bank accounts, with a total balance of about $80 million, that the legislators say were established without permission from the state's Treasury Department.

Yet the board has also been praised, with environmentalists — often the bane of such government agencies — saying it has promoted energy conservation and clean energy initiatives, said Jeff Tittel, the New Jersey executive director of the Sierra Club.

In the matter of the merger, Exelon officials and many analysts on Wall Street say the combined utility would operate more efficiently than P.S.E.&G. does, especially in generation of nuclear power. Exelon currently runs 10 nuclear power plants in New Jersey, Pennsylvania and Illinois.

According to a pamphlet published in May by the two companies, as a result of the merger, rates will go down by 5 percent — "a savings in wholesale electric consumer costs of $397 million to $1.3 billion over the course of 10 years."

In an interview last month with reporters and editors of The New York Times, Mr. Corzine said that he supported the merger, mainly because of concerns about a company like P.S.E.&G. — with a "weak balance sheet" — controlling nuclear power plants.

Underscoring his interest, he has assigned Gary D. Rose, the director of the governor's Office of Economic Growth, to participate in the proceedings.

Yet Mr. Corzine was quick to acknowledge in the interview, "I'm out of sync with my administration on this one," and he noted that the public advocate, Ronald K. Chen, whom he appointed, has been a consistent critic of the merger.

To those opposed to the merger, which would create a company with 28,000 employees and approximately $79 billion in assets, the arrangement would suffocate competition and lead to a monthly electricity rate increase of about $45.

Critics also have expressed the fear that Exelon would eventually press to cut costs, leading to potential safety problems.

On Aug. 2, the two companies made what they called their "last and best offer" and gave the board 48 hours to say yes or no.

But the board's commissioners refused to act based on what critics said was a classic corporate bluff.

"To me, this is not bargaining in good faith," Mr. Fiordaliso said on Aug. 4 at a special meeting of the board. "This commissioner will not tolerate this type of behavior."

Then on Thursday, board staff responded: the new company should offer New Jersey ratepayers a total of $820 million in credits, or $200 million more than the companies' most recent offer; and the companies should be required to sell eight fossil-fuel plants in New Jersey and Pennsylvania, or two more than the Justice Department had recommended.

One manager of a hedge fund who has followed the negotiations said that investors were "reacting positively," because it appeared that the two sides were close, and because it appeared that Mr. Corzine, a former co-chairman of Goldman Sachs, had helped to break the logjam on Thursday by defending the board's scrutiny but also urging it to "bring this to conclusion."

Public Service's stock closed at 71.31 on Friday, up from 67.99 a week before, and Exelon 59.85, up from 57.91.

But Suzanne Leta of the New Jersey Public Interest Research Group said the board was giving away too much.

"It's very disappointing to see the board backtrack on the past two years of really quality work," Ms. Leta said. "It's really important and urgent that the governor's office and the B.P.U. commissioners stick to the facts of this case."

How This Bid Won Petco (SDUT)

By Frank Green, Staff Writer

The San Diego Union-Tribune, August 20, 2006

Private investors prevailed despite their lower offer

Petco Animal Supplies had been weighing the company's future for more than three months, a process that wound up pitting two suitors against each other in a game of corporate one-upmanship.

At the endgame in mid-July, the directors were faced with a tough choice on how best to position the world's second-largest pet supplies chain and how best to maximize shareholder value:

Should the San Diego-based company take the highest offer from an industry competitor – apparently larger rival PetSmart – or go with a lesser, but safer, bid from former Petco owners? Or reject both in favor of a different strategy?

Petco had been squeezed in recent months by 99-cent-style stores and discounters like Wal-Mart Stores undercutting them on price, and nontraditional competitors like Bed, Bath & Beyond and mall kiosks selling pet trinkets and upscale items. And pet owners were cutting back on unnecessary expenses in an inflationary economy in which it not only cost more to feed and pamper a pet but also cost more to drive to the pet store.

When the full board met July 13 to consider the bids, Petco shares stood at $19.45 on the Nasdaq – down 34 percent in one year and basically at the same price as when the company transitioned from a private to public company in 2002.

"The biggest question the board had to consider was, 'Can we get shareholder approval for this at the end of the day?'" said Gloria Sandrino, an associate professor at California Western School of Law in San Diego.

The Petco board decided to reject the higher offer in favor of a $1.8 billion stock and assumed debt bid by private equity firms Leonard Green & Partners and Texas Pacific Group.

The deal has raised questions about the connections between Petco executives and the winning bidders, but experts expect it to be successfully completed – helped along by the purchase price and a 139-page regulatory filing detailing how Petco directors reached their determination.

The acquisition, which still must be ratified by Petco shareholders, values the company's stock at $29 a share – 49 percent above its closing price at the time of the Petco board's vote.

The losing bidder offered $33 per share, a 70 percent premium, according to Petco's filings with the Securities and Exchange Commission.

Neither Petco nor PetSmart will confirm that Phoenix-based PetSmart was the pet industry competitor who made the $33-per-share offer, but PetSmart said last week that it had spent $2.9 million in its second quarter reviewing the possible acquisition of an industry competitor.

Los Angeles-based Leonard Green and Texas Pacific of Fort Worth plan to make Petco a private company again.

Petco said in the SEC filing that it will use $1.35 billion of debt financing to fund the buyout. Leonard Green will provide $350 million of equity financing, and Texas Pacific will contribute $415 million, the filing said.

The private equity firms spent $600 million in 2000 to acquire Petco for the first time – when shares were trading at about $14.93 – and then took the company private.

They made an initial public offering of stock in February 2002 and sold 20 percent of their stake as shares closed at $20. Leonard Green and Texas Pacific sold their last remaining interest in Petco in October 2004 at $35.49 per share.

Three of Petco's current top executives – board chairman Brian Devine, chief executive James Myers and chief financial officer Rodney Carter – worked for Petco when the private equity firms held an interest in the company previously. Seven of nine directors also joined the board before Leonard Green and Texas Pacific sold their final shares.

Leonard Green partner John G. Danhakl has been a Petco board member since the firm's first time as a Petco owner. He did not sit on the committee reviewing the bids in the recent negotiations or vote on the pending deal.

"People who don't think that (Leonard Green-Texas Pacific's) previous ownership of Petco did not influence this deal (are) living in an ivory tower," said Darren Robbins, a partner in the law firm of Lerach Coughlin Stoia Geller Rudman & Robbins. The firm filed shareholder lawsuits in San Diego Superior Court seeking to stop the deal in favor of a process seeking higher bids.

The lawsuits allege that Petco's board and management were unduly influenced by Leonard Green and Texas Pacific because they benefited financially from the firms' ownership in the past – and would stand to do so again. According to one of the suits, the two firms "have a long history of handsomely compensating those who help them fulfill their goals. ... "

Citing the sensitivity of the pending acquisition, Petco executives would not comment for this story.

Leonard Green and Texas Pacific also declined comment, as did PetSmart.

Stocks decline?

But analysts and at least one major shareholder say that Petco has largely jumped through the right hoops in selling the company.

They contend that a combination with a large industry competitor such as PetSmart could have ultimately derailed during a long, and possibly negative, antitrust review by the U.S. Justice Department. Stock prices for both firms could have dropped, they said.

Indeed, PetSmart, the largest pet supplies retailer with 860 stores in the United States and Canada, said Tuesday that it had backed out of the deal it was considering because it wasn't in the best interests of its shareholders.

Petco, the second-largest pet supplies retailer, operates more than 800 outlets.

“A government review of the case could have extended for years,” said David Poneman, an analyst at TIAA-CREF in New York. The retirement fund and financial services firm owns 385,000 shares, or less than 1 percent, of Petco stock.

“If, in the end, the review had been unfavorable, then where is the value for shareholders?” Poneman said in endorsing Petco's proposed deal with Leonard Green and Texas Pacific.

A report on PetSmart issued last week by Goldman Sachs speculated that the firm “likely saw a once-in-a-lifetime opportunity to consolidate the sector, a reasonable temptation, even if we doubted its outcome.”

Petco's detailed SEC filing of Aug. 11 reveals a corporate battlefield in which the company was playing the two rivals for the business against each other, sometimes pushing one side – then the other – to make a better bid.

Danhakl brought the first proposal from Leonard Green and Texas Pacific to buy the company on March 25.

Panel formed

The Petco board on April 5 formed a six-member committee to evaluate the companies' $26.50-a-share offer, according to Petco's SEC filing. The committee did not include any directors, such as Danhakl, who were employed directly by Petco or any of the bidding firms.

The board also hired the law firm of Pillsbury Winthrop Shaw Pittman as its legal adviser in the matter.

Analysts said Petco seems to have followed typical procedure in the post-Enron world, taking pains to show it was diligent in protecting the company and its shareholders when assessing buyout offers and other business.

“It's now standard for companies to assemble independent committees to evaluate a pre-emptive offer,” said Edgar Mendez, a principal in the Mercanti Group investment banking firm in Los Angeles.

Moreover, company boards also protect their members against allegations of favoritism and other charges by hiring outside legal and financial advisers to pore over offers with a cold eye, Mendez added.

It wasn't until April 17, after the Petco independent committee had met several times, that a committee member received an unsolicited written proposal from a pet industry competitor to buy Petco for between $30 and $32 a share. It was also on that date that the committee hired UBS Securities as its financial adviser.

Questions about the possible antitrust implications in a sale to the competitor arose almost immediately. In an account of committee gatherings on May 5 and May 8, there are concerns recorded about “an expensive and time-consuming” antitrust review “that could delay a closing of transaction beyond the date of stockholder approval. ... ”

Challenges seen

Moreover, the merger could pose significant challenges to relationships with “key constituencies such as pet owners, employees, suppliers, creditors and lessors ... ,” the filing states.

From early May to mid-June, the committee met frequently with Petco management on details of the proposals, including how to retain employees during a possible transition of ownership to the industry rival – presumably PetSmart.

The committee also secured confidentiality agreements from both bidders.

During the wrangling, there were ongoing discussions on breakup fees.

Because of antitrust concerns, Petco wanted at least $200 million if a deal with its industry competitor did not go through.

For its part, Leonard Green and Texas Pacific settled on a $50 million termination fee from Petco if things fall apart.

By the third week of June, there were signs that the dueling bidders might be getting impatient. The pet company reaffirmed its proposal of between $30 and $32 a share on June 19, an action that was followed on June 23 by Leonard Green-Texas Pacific offering another proposal at the same $26.50-a-share price made earlier.

In the next week, the committee continued to discuss the proposals with both parties and delivered a draft agreement to the pet company on June 27. The company came back to Petco on June 29 with a revised purchase offer in the range of $31 to $32 a share.

Antitrust advisers

But the Petco committee reviewed advice from its antitrust advisers at its meeting on the same day and continued to believe that a deal with the pet industry rival “posed material risks of execution and a high probability of substantial delay.”

The committee instructed UBS to ask Leonard Green-Texas Pacific to improve its per-share offer, among other concessions.

The next day, Leonard Green-Texas Pacific upped its offer to $27 a share, spurring the committee to reaffirm its intent to negotiate a definitive merger agreement with the firms.

But the pet industry bidder was hardly out of the picture.

On July 7 it offered to buy Petco for $32 a share, bringing a counterproposal from the committee on July 8 asking for $33 a share. The bidder accepted.

However, the Petco committee said two days later that the minimally acceptable price per share for discussion in a face-to-face meeting would be $33.25.

That's when Petco and its pet rival began to part ways, according to the filing.

The companies could not resolve Petco's demands for the termination payment or Petco's concerns about a long antitrust review.

Thus, it was no longer clear to the committee that the pet industry rival would be a better option for Petco stockholders "than the $27 per share and a relatively straightforward path to a closing" offered by Leonard Green-Texas Pacific.

The committee told the private equity firms on July 12 that "a material increase" in its $27-per-share offer could result in the committee's immediate consideration of their offer.

Leonard Green-Texas Pacific sweetened their offer the very next day to $29 a share. Petco's board then unanimously approved the company's sale to Leonard Green-Texas Pacific.

No further bid

Even as the merger was being announced July 14, the other pet company told Petco that it was interested in submitting another proposal. Petco said it would look at any new offer, but no further proposal was made, according to the filing.

Analysts acknowledged that Petco's decision to accept the bid from Leonard Green and Texas Pacific might appear as if the companies had the inside track to reacquire the retailer because of their previous association.

But many pointed out that a federal antitrust review – expected in a deal involving the two top retailers in a major category – could have turned up negative revelations about the companies' operations, thus sending stock prices reeling. The current bid has already passed antitrust review.

"The stock price went up when the acquisition was announced, so it could be expected to fall if the deal was in jeopardy," said Sean Prosser, a partner in the litigation department at Morrison and Foerster in San Diego and a former attorney in the SEC's enforcement division.

The final deal will probably mean a better buy for pet owners, said retail experts. For one thing, having the two Saint Bernards of the industry still growling at each other in the marketplace should keep down prices of dog food and pet beds.

One combined chain "would have had more control, more buying power over vendors," said Joan Storms, an analyst at Wedbush Morgan Securities in Los Angeles who covers both firms. "They could have charged higher prices."

Analysts said it is rare for companies like Leonard Green and Texas Pacific to repurchase a former holding, especially in a turbulent industry like pet supplies retailing.

"Some lay people will say, 'Oh, sure, there was this long-standing relationship'" that helped secure the current deal, said Sandrino of California Western School of Law. "But this is not a hostile takeover, it's a friendly bidding process."

Frank Green: (619) 293-1233; frank.green@uniontrib.com

Fur Back In Business And In Trouble (SEATIMES)

By Craig Welch, Seattle Times staff reporter

The Seattle Times, August 20, 2006

In a drab conference room in a nondescript Renton warehouse last spring, an auctioneer took a podium beneath huge photos of supermodels in mink coats and fur lingerie. He turned on his microphone and began soliciting bids.

Before him, dozens of men and women buzzed in a babel of foreign languages — Russian and Italian, Chinese and Korean. But their common language was hanging on racks in the room next door: some 1.7 million shimmering pelts of farm-raised mink, and hundreds of thousands of wild beaver, raccoon, weasel and fox.

This is the American Legend auction, the largest remaining fur market in the United States, where $100 million in business is transacted in a few days.

Much as they have for more than a century, merchants from all over the world come to Western Washington to pick over silky skins of North American mammals on behalf of garment manufacturers who will produce next year's lines of boots, hats, gloves, scarves, blankets and coats.

After a few rough decades, fur is back. Spurred by a boom in demand from China and recent popularity at home thanks to glossy marketing, the price of American mink pelts jumped 33 percent just last year.

Yet a trade that helped put Seattle on the map today takes place largely out of view, in a heavily guarded, fenced-in warehouse protected from anti-fur protesters. And there's an entirely new unease: Two years ago, a handful of buyers from New York, Canada and China hatched a scheme to rig bids and buy hundreds of otter pelts on the cheap, according to federal prosecutors.

That led to a long-running Justice Department antitrust investigation that may still be in the works. Federal prosecutors remain mum. But class-action lawyers are circling.

And once again the fur trade faces the prospect of being drawn into an uncomfortable spotlight.

"Everybody's nervous right now, because they don't know what's coming next," said Sandy Parker, a New York journalist who has published a newsletter on the fur industry for more than 40 years.

Fur sales suffer, rebound

On an average weekday last May, buyers strolled through a chilly stockroom in the Renton warehouse. As the auction was being prepped in the next room, workers in lab coats hauled garment racks full of colorful, farm-raised mink hides to brightly lit counters for inspection.

Nearby hung a showpiece, a mink coat that supermodel Elle MacPherson once wore for an ad, constructed from 45 pelts of top-of-the-line blackglama mink, which can sell at auction for $1,300 apiece.

All around, buyers ran fingers through the soft hair of the pelts, looking for flaws, and scribbling notes in auction catalogues.

The fur business is a lot different than it was in the 1780s, when English explorer Capt. James Cook first got sea-otter pelts from Northwest tribes and sold them in Asia, launching a trade that became as integral to the Pacific Northwest as salmon and trees.

Nowadays, Denmark rules the fur industry, selling 80 percent more mink than the U.S. Garment manufacturing is ruled by Asia, rather than New York. Expanding markets in China, Korea and Russia are helping drive new demand.

It wasn't always so.

Fur was becoming controversial as early as the 1960s, and by the 1980s and early 1990s it was the target of sabotage by animal-rights activists, who vandalized stores. In 1991, activists burned a small Edmonds factory that made feed for farmed mink. All over the country, mink were sprung from their cages, and farms were raided, even torched.

In addition, there were economic troubles in Asia and a glut of furs. Prices crashed.

To resuscitate the business, American Legend, a cooperative of 220 North American mink ranchers, undertook advertising campaigns, hiring supermodels Cindy Crawford, Gisele Bundchen and MacPherson. They capitalized on exploding Westernization and wealth in Asia brought by a rejuvenating economy.

"Beginning in 1999, we tried to refocus the industry and consumers that [fur] could be an integral part of fashion," said Steve Casotti, vice president of American Legend.

While protesters continue to commit acts of eco-sabotage, and to portray the fur industry as cruel, inhumane and unnecessary in the modern world, celebrities such as rapper Sean "Diddy" Combs and pop singer and actress Jennifer Lopez are now seen and photographed in mink coats. In places such as Korea, China, Russia and Turkey, the rich are "driving expensive cars, wearing Rolexes and buying fur," said Alvin Glickman, a fur buyer in New York.

Now the fur industry is so global that some Native Alaskans buy wild-animal skins through Renton furriers to make traditional clothing, some traders say.

In fact, the Puget Sound region is the country's primary link to fur. American Legend is the country's biggest seller of mink, hosting international auctions twice a year, in February and May, drawing hundreds of buyers from up to 20 countries.

And for one day each February, Canadians take over the Renton auction house and sell hundreds of thousands of furs from wild animals — squirrel and coyote and lynx and otter — that were mostly trapped in Alaska or the Canadian territories.

Still, a surprising share of this business is conducted as it always has been — mostly by well-traveled men, capitalizing on personal relationships, shouting out bids and sweating out the pressure in a room where $4 million can change hands in seven minutes.

And that's where the trouble began.

Allegations of collusion

On February 13, 2004, just before the Renton wild-fur auction, a gruff but well-liked New Yorker named David Karsch, a fixture on the international fur-buying scene for decades, was approached by a woman.

"They want to talk to you," she told him, according to court documents, and she led him to a lounge set up for fur buyers at the auction house. It was a private meeting with some of his competitors in the fur business.

Otter furs were suddenly fashionable in China, so the traders all agreed that Karsch would buy several "strings" of otter pelts, and split them with his competitors after the auction, according to court records. That would could keep prices down because few would bid against him.

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But it also was a federal crime: collusive bidding, or price-fixing.

Someone happened to overhear the conversation, and passed it on to auction officials, who took note when Karsch bought $46,000 in otter furs.

Buyers were already on edge. Rumors of bid-rigging scams had circulated among fur brokers the previous fall.

And American Legend was changing its system. After the 2003 SARS (severe acute respiratory syndrome) epidemic threatened to disrupt international travel, the auction house had planned to introduce an electronic bidding system, so buyers eventually could buy furs without leaving home.

It is a point in history when "you can buy a Monet on eBay," said Ed Brennan, president of American Legend. It was time to merge the past with the future.

But many fur buyers have a foot in the past. Many are in their 70s, or have been in the business for decades. Some were uncomfortable with computers. Others feared they wouldn't get to see who they were bidding against.

Several threatened a boycott. The auction house withdrew its plans.

Then things got worse.

During the May 2004 auction, FBI agents hand-delivered dozens of subpoenas to fur buyers at their hotel rooms. Some foreign buyers were alarmed and confused. One buyer said he saw another chase an auction official around a table, trying to hit him.

Eventually, a grand jury in U.S. District Court in Seattle indicted Karsch, 76, charging him with restraint of trade. He pleaded guilty this summer, even though he made less than $1,500 on the otter-pelt sales. He faces up to three years in prison, and a fine of up to $350,000. His sentencing is scheduled for this fall.

But it's too soon to say whether the chaos is over.

"The whole thing is still at the forefront of everybody's mind," said Glickman, the New York fur buyer.

Under questioning from federal prosecutors, Karsch said he had passed up other schemes to rig bids, in 2001 and 2002, because he "didn't want to go to jail," according to court documents. Federal officials won't say whether they're done investigating.

In January, a few former mink ranchers filed a class-action suit against several mink buyers, alleging widespread bidding collusion to hold down prices. The ranchers' attorneys won't discuss their evidence. But one buyer is cooperating and has given over records.

Gregory Hansel, a Maine attorney for the mink ranchers, said they intend to prove that, just like in the Karsch case, several bidders agreed in advance about who would bid on certain lots, holding prices artificially low.

"Auctions are supposed to be the perfect model of the marketplace," Hansel said. But "we've interviewed a number of people in the industry, and we believe this conspiracy affected mink auctions in particular."

Attorneys for the buyers did not return calls for comment.

For the auction house, the investigation was a blow. Amid the turmoil, many foreign buyers threatened not to return to Seattle. American Legend, for the first time, moved its 2005 auction out of the country, to Vancouver, B.C.

"We were getting punished, and we're an innocent victim in this thing," said Dick Clinton of Seattle, an attorney for American Legend.

Even so, with accusations swirling, more than 340 buyers showed up in Vancouver and paid record prices.

Earlier this year, American Legend officials persuaded the Justice Department to promise not to serve subpoenas or come around asking questions if the auctions moved back to Renton.

At its homecoming in February, American Legend sold $104 million in fur — in two days.

In 1999, it had sold $65 million the entire year.

An uncertain future

Yet, in such a cyclical profession, many still wonder about the future.

In the early 1980s, there were 1,200 mink ranches in the U.S., producing twice as many furs as are produced today. Even that was about half what was produced in the 1960s.

Many farmers are getting on in years. So are many U.S. brokers. And it's not an easy business.

Irwin Goldberg runs a small, family-owned fur-trading business in Renton, H.E. Goldberg & Co. The company has dealt in coyote, muskrat, fox, otter and nutria in the Seattle area since 1919. It once was seven or eight times its size.

Goldberg is now in his 80s, and he has scaled back significantly. He worries whether he can pass his business on to someone. His children, he said, have no interest.

"Without people stepping up to do what used to be so central to our past, there may not be an H.E. Goldberg anymore," he said.

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ENVIRONMENT:

Subpoenas Issued To Alaska Oil Firms (ADN)

By WESLEY LOY And RICHARD MAUER, ANCHORAGE DAILY NEWS

Anchorage (AL) Daily News, August 20, 2006

ANCHORAGE, Alaska - Alaska officials have hit BP and four other oil companies with subpoenas for decades of records pertaining to pipeline maintenance and two oil spills this year in the troubled Prudhoe Bay field.

The subpoenas add to a growing list of government inquiries into how the nation's largest oil field is run, and widens scrutiny beyond just BP to include a broader stable of industry players in Alaska's arctic oil fields.

Under investigation

Officials from the Alaska Department of Environmental Conservation ordered BP, Exxon Mobil, Conoco Phillips, Chevron and Forest Oil to make available all documents relating to an oil spill in March and records on pipeline monitoring dating back 10 years.

Federal officials are seeking company records and a section of the pipeline in question.

BP previously had received a federal grand jury subpoena in connection with an estimated 201,000-gallon crude spill from a corroded pipeline on the western side of the vast oil field. The early March oil spill was the largest on the North Slope since oil production began there in 1977.

Late Thursday, state lawyers for the Alaska Department of Environmental Conservation served BP and its four partners in the Prudhoe field with subpoenas in connection with the March spill as well as an Aug. 6 spill from another pipeline.

The second spill, estimated at 966 gallons, coupled with an alarming inspection report showing runaway pipeline corrosion, prompted BP managers to order an emergency partial shutdown of Prudhoe. The move spooked global oil markets and sparked fears of higher gasoline prices.

Normally, Prudhoe produces an average of 400,000 barrels of crude per day, or almost 8 percent of U.S. production.

On Friday in Anchorage, BP's Alaska president, Steve Marshall, testified at a joint meeting of the state House and Senate resources committees that production had been restored to more than 200,000 barrels per day, and that 340 engineers and pipeline inspectors were working to bring Prudhoe back to normal.

Marshall admitted that BP had "a gap in our corrosion inspection system" that allowed key low-pressure pipelines, known as transit or sales lines, to corrode and develop holes through which oil could escape and tar the tundra. He said the company "deeply regrets" the problems.

Federal and state investigators and regulators are looking beyond regrets and have hit BP with subpoenas for reams of data, documents, photos, maps, notes and even pieces of leaky pipe. Meantime, state and federal lawmakers are scheduling hearings to look into spills and the oil industry's North Slope pipeline-maintenance practices.

BP owns about a quarter of Prudhoe, but it runs the entire field on behalf of all five owner companies, which share the field's costs and profits.

Also receiving subpoenas for the March oil spill were: Exxon Mobil and Conoco Phillips, each of which owns a 36 percent share of the field; Chevron, which owns just over 1 percent; and Forest Oil, which owns less than 1 percent. All five Prudhoe owners Thursday also received a second state subpoena for the Aug. 6 spill.

The state subpoenas command them to not destroy and to make available all documents and computer records that "relate in any way" to the March spill. The subpoenas also ask the companies to make available maintenance and corrosion records spanning the life of the leaky western Prudhoe pipeline; records on pipeline monitoring dating back 10 years; and records on the discovery of and response to the spill.

In a Thursday letter to BP's Marshall, Alaska Attorney General David Marquez said the state served subpoenas on all the Prudhoe owners, and not just operator BP, because "the state is unwilling to make assumptions at this time where liability may ultimately lie."

BP has said it is cooperating fully with state and federal investigations. Spokesmen for Exxon, Chevron and Forest Oil did not respond to requests for comment Friday. Conoco spokeswoman Dawn Patience said her company planned to cooperate.

BP discovered numerous holes or weak spots in the transit pipeline that leaked Aug. 6 after running a test probe known as a "smart pig" through it. The U.S. Pipeline and Hazardous Materials Safety Administration ordered such probes after the March spill.

BP managers have admitted they didn't run pigs through the Prudhoe transit lines for many years, allowing sludge to build up and bacteria-based corrosion to break out.

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BP's Marshall has sent messages to the company's employees telling them of federal and state investigations into the large March leak from a pipeline known as the GC-2 line.

"The investigations may include consideration of whether any criminal laws were violated," according to an April 14 staff e-mail from Marshall. He told employees the company planned to cooperate fully, and that all employees were free to talk with investigators.

Cynthia Magnuson, a Justice Department spokeswoman in Washington, D.C., confirmed the department has a criminal and civil investigation under way related to the March spill. She offered little more detail.

Aside from voluminous records, the federal grand jury wants the section of the GC-2 pipe with the hole in it delivered to Anchorage as evidence, said BP spokesman Daren Beaudo. Cutting out several feet of the pipe, which is 34 inches in diameter, is an expensive job that still hasn't been done, he said.

BP already has a felony environmental record in Alaska.

In 1999, the company pleaded guilty to violating federal law by failing to immediately report that its drilling contractor, Doyon Drilling, had illegally dumped hazardous material down a well at the Endicott oil field. BP was fined $500,000 and put on probation for five years. The company was released from probation in February 2005.

During its probation, BP was required to prepare and adhere to an environmental management system designed to require employees and the company to comply with "best environmental practices" in all its U.S. operations. Did BP fail to adequately inspect and repair its North Slope transit pipelines during its probation?

"I think everybody's asking that question," said Mary Barnes, the federal probation officer in Anchorage on the case.

FBI/DEA/ATF/USMS:

FBI Races The Clock To Reinvent Itself (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, August 20, 2006

In the war on terrorism, investigating criminals after the fact is no longer an option. Intercepting plots requires a culture change for agents.

HOUSTON — Not so long ago, before the war on terrorism, Carlos Barron was a foot soldier in the war on drugs.

As an FBI narcotics investigator, he tracked Mexican drug lords who were importing cocaine and marijuana into the U.S. His sleuthing and testimony led to the conviction of a renowned kingpin who, after serving time, was found stuffed in the back of an SUV, shot 27 times in the head.

"It used to be immediate gratification," Barron says of the old days fighting drug trafficking. "We had a case, and we took it all the way. You put cuffs on him, and you put him in jail."

Today, the culprits he is pursuing are not so recognizable, and the rewards have never been more elusive. Barron now heads an FBI intelligence team that gathers evidence about suspected terrorist plots.

The mission, ultimately, is to make possible the sort of preemptive strike that British authorities pulled off this month in disrupting a suspected plan to blow up U.S.-bound passenger jets. That plot, which officials said was intended to match the enormity of the Sept. 11 attacks, was thought to be in its final stages of preparation.

But that dramatic operation was in sharp contrast to the day-to-day business of terrorist-hunters like Barron. For every credible threat, there are thousands of leads that have to be evaluated. They often lead nowhere.

Barron regularly tracks reports of lost or stolen police uniforms and airport security passes, and the countless people observed taking photos of the oil refineries that make the Houston area a focal point for a possible terrorist attack.

The work often leaves him chasing ghosts rather than identifiable suspects. But every single lead must be checked out and reported.

"That is a shift completely from when I was an agent working a case," he says, adding that the FBI has no choice in its diligence. "One of these incidents could be the stages of a terrorist attack. It could be preoperational. It could be rehearsal. It could be planning."

It could be — and usually is — nothing at all.

A metaphor for the hazy and unpredictable nature of his job sits on a desk outside his office: a collection of fortune-telling novelty eight balls.

The FBI has been behind the eight ball since the attacks of Sept. 11, 2001, when widespread and long-standing deficiencies in the way the bureau operated were exposed. The agency was accused of blowing opportunities to identify and

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possibly apprehend some of the 19 hijackers. Among the troubles: a shoddy analytical program, problems sharing intelligence information, and inattention to counter-terrorism in general.

In a way, the FBI had changed little since it was established the same year that Henry Ford introduced the Model T. Its mission was to investigate crimes that had already happened. Although it did not always get its man, it succeeded enough to be considered the premier law enforcement agency in the world, at least when it came to catching bank robbers, drug dealers, con artists and spies.

Now, under pressure from Congress and several bipartisan commissions, its business model is being turned upside down, with a focus on preventing crime rather than apprehending criminals.

Barron's transitional experience is widely shared throughout the agency. More than 2,000 agents — or 15% of the total workforce — have been switched from traditional crime-fighting jobs to terrorism-tracking positions over the last five years. Whole areas of enforcement — including pursuit of the sort of narcotics operatives that Barron handled in the 1990s — have been largely abandoned or left to other agencies.

The FBI says things are going well. It cites the fact that there has not been another terrorist attack on U.S. soil in five years.

But many experts have doubts and question whether an agency so steeped in crime-fighting can switch to an intelligence operation. Some wonder whether the FBI would have had the same success as British authorities in preventing a major attack.

Some experts doubt that the FBI can succeed in its new role because it is incompatible with the bureau's historical law-enforcement culture. The FBI has measured success on the number of arrests leading to successful prosecutions; intelligence work focuses on the amorphous job of examining trends and recruiting sources.

"Approaching five years after 9/11, we still do not have a domestic intelligence service that can collect effectively against the terrorist threat to the homeland or provide authoritative analysis of that threat," said John Gannon, a former career CIA officer, testifying before the Senate Judiciary Committee in May.

"It is not enough to say these things take time. We should be asking why it is so hard for the FBI to develop a national intelligence capability, and opening ourselves to the possibility that we have asked too much of an otherwise capable criminal-investigation agency. We should be looking seriously at other options."

For now, the new FBI is pushing ahead with its Field Intelligence Groups — or FIGs, as they are known in the bureau.

Dozens of the groups in field offices around the country were created to collect, analyze and disseminate information about possible terrorist activity. Instead of targeting specific cases, each group is supposed to cast a wide net for information, analyze it and share conclusions not only within the FBI but also with other agencies.

Hundreds of analysts have been hired to evaluate threats and other information. Unlike the agents, they do not carry guns, and they are likely to have advanced degrees in international relations or mathematics rather than law enforcement.

Although the FBI has had analysts, they were used mostly to help agents solve existing cases by performing relatively menial tasks, such as conducting computer word-searches for names and addresses of suspects. Many were glorified clerks. Their job now is to anticipate threats and eventually drive what the agents do in the field.

The groups are "scanning the horizon, where the gatherers cannot see," said J. Stephen Tidwell, assistant director of the FBI office in Los Angeles.

"That is the crucial value of the FIG: I have got managers who are telling me where to find the next threat," Tidwell said.

"I am counting on those folks in the FIG as much as I am counting on the street agents to find the next 19," he said, referring to the 19 hijackers from Sept. 11.

Barron transferred from working in the narcotics department to terrorism after Sept. 11, 2001, to help trace phone numbers associated with the hijackers. He now runs one of the bureau's largest intelligence groups. The FBI permitted The Times access to his office, including secret law enforcement bulletins, to show what it is doing in the Houston area.

His team of about 160 people shows how the FBI has switched gears: A financial analyst who once helped chase bank bandits now works on terrorism financing. Arabic speakers were recently added to a corps of translators. Other analysts include a retired Navy intelligence officer and a onetime emergency medical technician.

Most are new to the FBI, and some say that the transition has been less than seamless and that they have not always felt welcome. One of their jobs is to pick the brains of agents about subjects and discuss new ways of looking at issues, but the agents have in some cases brushed them off.

"People would hide stuff from you," said Murray Stockinger, an analyst who writes intelligence reports that are circulated to other agencies. "You could be sitting next to someone who would take a call somewhere else — so you could not tell what they were talking about."

After about a year, things improved, he said, although for a while he was "questioning whether or not I had chosen the right organization to go with."

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A big part of the office's purpose is producing a monthly intelligence bulletin summing up the latest threat information that has been picked up in the Houston region.

The latest bulletin reveals that a man arrested during a bar fight in College Station, Texas, had the word "jihad" on the screen of his cellphone. Two Mexican nationals jailed in South Texas were carrying large amounts of Iraqi currency.

The bulletin is distributed online to many of the roughly 700 state and local law enforcement agencies that operate in the 40-county region.

The state and local police are also encouraged to feed tips they have received to the FBI, essentially extending the long arm of its collection effort.

These local law enforcers include sheriffs of small towns and school district police who have had little or nothing to do with the FBI until now. But they are seen as key figures because many intelligence experts believe state or local police will probably be the ones who pick up the tip that could head off the next terrorist attack.

The FBI has been giving free training in terrorism tracking to hundreds of police officers in the hope that they will give the bureau a hand.

More than 500 officers turned out for a recent two-day session at a civic center in Humble, Texas, that featured classes on "International Terrorism in Transition" and "Explosives and Explosive Devices."

There was also a session on Islamic culture, with the message that knowing something about Islam will help agents gain the trust of otherwise skeptical sources. The instructor, Samer Issa, is a Jordanian-born terrorism investigator from the Los Angeles Police Department.

"If you earn their respect and loyalty, it is like a gold mine," Issa said.

He teaches basics, such as the difference between Arab and Muslim countries and the historical differences between Shiites and Sunnis. He also offers tips, such as shaking the hand of a Muslim woman only if she offers it and avoiding stepping on prayer rugs.

The police officers apparently appreciate the attention. They now supply about half the information that the Houston FIG reviews.

Even seemingly incidental information can sometimes add up to intriguing theories. The FBI not long ago started getting reports of break-ins at cellphone towers throughout the Houston region. After publicizing the episodes, analysts eventually determined that some two dozen had occurred over a 10-month period. One of the towers was used to determine aircraft vectors at the George Bush Intercontinental Airport. Another controlled some of the FBI's own communications.

Whether someone was systemically casing the towers was never established, and no one was ever charged. But an analysis of the phenomenon was prepared and circulated, the sort of thing that the FBI had never done before.

Such work occasionally leads to arrests. Houston was under a heightened alert in the months before the 2004 presidential election because of intelligence showing that terrorists were considering an attack on the refinery complexes here. The FBI got wind of a counterfeit-document ring that was printing bogus industrial safety training cards, giving holders access to the petrochemical facilities.

Even before the ring was busted, the office shared details of its investigation with the intelligence community. For FBI agents accustomed to jealously guarding their work product, it was a sea change in attitude.

"We never, ever, released information before in an ongoing sensitive undercover operation," said Shauna Dunlap, the FBI special agent who handled the case. "We wouldn't do it."

Some civil liberties groups question the aggressive tack.

Alamdar Hamdani, a Houston lawyer who has represented many Muslims who have been questioned by the FBI and other investigators since Sept. 11, 2001, said that the FBI's "threshold for interviewing individuals has been very low."

Though the bureau had tried to portray its interviews as innocuous and informal, he said, it had also been aggressive about prosecuting people who make misstatements during the sessions.

"I tell people the FBI is not in this to make friends," Hamdani said. "They are in this to get vessels of information."

But Barron, who acknowledged that the bureau's new mission may seem amorphous, said the FBI also had an obligation to follow every lead.

"Our job is just to collect it and report it and get it out," he said. "Will it have value to somebody? We don't know. Maybe it will. Maybe it won't."

When it does, sometimes there are concrete results.

Barron's work tracking telephone calls of the 19 hijackers in the U.S. after Sept. 11, 2001, helped lead to the detention of a Qatari man — Ali Saleh Kahlah Al-Marri — who was suspected of being a "sleeper-cell operative" working to settle foreign terrorists in the U.S.

"My job," said Barron, "is to find the next Ali Al-Marri."

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Spectacular Coup (SDUT)

By Robert J. Caldwell

The San Diego Union-Tribune, August 20, 2006

U.S. law enforcement captures the head of Mexico's most violent drug cartel, the Arellano Félix Organization

U.S. law enforcement called it Operation Shadow Game. Its target was Javier Arellano Félix, the latest boss of the ultra-violent, Tijuana-based drug cartel that bears his family's name, the Arellano Félix Organization.

The hunters were a task force of federal agents led by the Drug Enforcement Administration, the U.S. government's front-line agency in the war against the multibillion-dollar trafficking in illegal narcotics smuggled into the United States.

For two decades, the AFO has controlled the Tijuana Plaza, the lucrative drug smuggling corridor across the southwest U.S.-Mexico border. Through this corridor flowed hundreds of tons of cocaine and marijuana bought by the AFO and smuggled – in everything from duffel bags and hidden car panels to tractor-trailer rigs – across the border for resale in the U.S. market.

The profits reaped by the AFO, aka the Tijuana cartel, were enormous; billions of dollars over the years. The money paid for luxurious lifestyles for the expansive Arellano Félix clan, for disguised investments all over Mexico, the United States and elsewhere, and to sustain a drug trafficking empire that stretched out from Tijuana north deep into the United States and south as far away as Colombia, source of 80 percent of the world's cocaine.

To protect this illicit trade, the Arellano Félix Organization spent huge sums every month bribing Mexican law enforcement, government officials and even the Mexican military to look the other way. Those who couldn't be bought were often killed by AFO enforcement teams; heavily armed assassins who drove around Tijuana and other Baja California cities in convoys of armored SUVs equipped with sophisticated radios and other communications gear tuned to Mexican police frequencies.

But despite their wealth, bribes, murders and fearsome reputation, the AFO's fortunes began declining in 2000. In March 2000, Mexican counter-narcotics police apprehended the AFO's reputed financial mastermind, Jesus “Chuy Labra” Labra Aviles in Tijuana. In May 2000, Mexican federal police captured the AFO's operations director, Ismael “El Mayel” Higuera Guerrero, at a villa near Ensenada.

Then, in 2002, the roof fell in on the AFO. On Feb. 10, the cartel's feared enforcer and by all accounts its most sadistic killer, Ramon Arellano Félix, was killed in a shootout with Mexican police in the resort coastal city of Mazatlan. One day short of a month later, Benjamin Arellano Félix, the cartel's shrewd CEO, was captured while hiding in an upscale suburb of the city of Puebla in Mexico's interior by an elite para-military team of Mexican federal police.

With Benjamin in custody, Ramon dead and a third brother, Francisco, in prison in Mexico since 1993, leadership of Mexico's most violent drug trafficking cartel fell to Javier, then 33 years old.

U.S. law enforcement's concerted hunt for Javier Arellano Félix began in the summer of 2003. Previously sealed indictments, returned by a federal grand jury for the Southern District of California, were unsealed and announced by the U.S. attorney in San Diego against the top leadership of the AFO, including Javier Arellano Félix. The U.S. State Department offered a $5 million reward for information leading to Javier's apprehension.

Federal charges against Javier and the other AFO principals included drug trafficking, conspiracy, racketeering, and money laundering.

The AFO's new boss was also wanted on drug trafficking charges in Mexico, where he was regarded as one of that nation's most sought-after fugitives.

By June 2004, U.S. law enforcement's search for Javier was on in earnest. Reportedly, he narrowly escaped capture by Mexican authorities in Tijuana on several occasions.

To protect the vital secrets of intelligence sources and methods, U.S. law enforcement officials won't discuss the specifics of how Javier and his top AFO associates were tracked in Mexico. But at some point, a link was discovered between Javier and a sport fishing boat. A carefully crafted plan emerged to apprehend him if and when he ventured out on the boat, later identified as the Dock Holiday, a vessel registered in the United States.

If caught in international waters, Javier could be arrested by the U.S. Coast Guard acting on the Justice Department warrant issued for his arrest in 2003.

Now the trap was set. Operation Shadow Game was a waiting game.

Finally, on Monday morning, Aug. 14, Javier Arellano Félix made the mistake that would cost him his freedom. The Dock Holiday was in international waters some 15 miles off the Baja port city of Cabo San Lucas. The DEA pulled the trigger, formally requesting that the Coast Guard interdict and board the Dock Holiday.

A Coast Guard boarding team, including members of a specially trained counterterrorism, counter-narcotics unit, promptly deployed from a pre-positioned Coast Guard patrol ship, the Monsoon.

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In minutes, the Coast Guard team boarded the 43-foot Doc Holiday. At first, Javier gave the alias under which he was traveling. The Coast Guard team photographed Javier and others aboard the Dock Holiday and relayed the photographs to the DEA. When it became apparent that his true identity had been discovered, Javier admitted who he was.

The eight adults and three children aboard the fishing boat included two other reputed AFO members, Arturo Villareal Heredia and Marco FernÁndez. Law enforcement sources describe Villareal as an operations lieutenant to Javier. Jose Luis Santiago Vasconselos, Mexico's deputy attorney general for organized crime, calls Villareal and Fernandez "assassins."

For reasons of operational security, Javier's apprehension was kept secret while the Coast Guard was transporting him up the Baja coast toward San Diego. The DEA, Justice Department and the Coast Guard announced their prize bust from Washington 48 hours after the event.

Javier was arraigned in U.S. District Court in San Diego on the 2003 indictment Thursday. Additional charges based on his activities since 2003 may be filed later. The public defender lawyer temporarily assigned to represent him entered a plea of not guilty. If convicted on all 10 counts, he could be sent to prison for life or receive a death sentence.

Either way, Javier Arellano Félix, now 37, is unlikely ever again to experience a single day as a free man.

Call it a down payment pay-back for decades of AFO crimes.

U.S. law enforcement sources estimate that the Arellano Félix Organization is responsible for many hundreds (500 or more is a figure one hears) of murders, most in Mexico but some in the United States.

Among these, certain killings stand out as especially heinous.

A bungled AFO attempt to assassinate a rival drug trafficker at the Guadalajara, Mexico, airport in 1993 instead killed Mexico's Roman Catholic cardinal, Juan Jesus Posdas Ocampo. The cardinal was riddled with bullets fired by AFO gunmen who mistook his car for that of their drug-trafficking rival.

In 1998, an AFO enforcement team, reportedly high on cocaine and alcohol, slaughtered 19 members of three families, including five women and seven children at a rural compound in El Sauzal, south of Ensenada, Mexico. The massacre was said to be retaliation for an unpaid drug trafficking debt owed to the AFO by the patriarch of one of the victim families.

In 2000, the AFO kidnapped a three-member team of counter-narcotics investigators working in Tijuana for the Mexican attorney general's office. The three men were savagely tortured. Their arms and legs were broken. Then they were killed by having their heads crushed flat in an industrial press.

Throughout this two-decade reign of terror, the AFO has acted as a criminal state-within-a-state, defying both Mexico and the United States to stop its drug trafficking and its murderous mayhem.

Now, finally, the AFO's days atop the hierarchy of Mexico's drug cartels may be numbered. With Benjamin and Francisco in prison in Mexico, Ramon dead, and Javier facing at least a life sentence in the United States, there may be no one left of sufficient stature to take their place.

Eduardo Arellano Félix, the remaining Arellano brother still at large, is described as a paranoid recluse. He, too, has a $5 million State Department bounty on his head for information leading to his apprehension. It's widely believed that he is not up to the job to running a multibillion-dollar drug cartel.

Other AFO lieutenants, notably the cunning Gustavo Rivera Martinez (aka "Gus Rivera," or "Chuck") may try to seize control, or ally the Arellano's battered organization with another major Mexican cartel.

"It's unlikely that there is a credible succession," says John Fernandes, special agent in charge of the DEA's San Diego Field Division.

Fernandes describes Javier Arellano Félix as a "top gun of drug trafficking" and his apprehension as "historic."

Meanwhile, the U.S. government continues to seek the extradition from Mexico of Benjamin Arellano Félix and the other imprisoned AFO principals wanted for trial in the United States.

At long last, the lamentable saga of the Arellano Félix Organization may be drawing toward a long-awaited, if probably bloody, denouement. A criminal syndicate that once supplied an estimated 40 percent of all cocaine consumed in the United States has now seen all but one of the Arellano brothers taken down by Mexican or U.S. law enforcement.

Most of those who worked so long and so diligently, and sometimes at great personal risk, to accomplish this hard-won victory must remain unidentified for reasons of security. Yet, it's no exaggeration to say that two nations are in their debt.

Caldwell is editor of the Insight section and can be reached via e-mail at robert.caldwell@uniontrib.com

Column: Justice Department On Steroids (SFC)

By Debra J. Saunders

San Francisco Chronicle, August 20, 2006

Debra J. Saunders

CHRONICLE reporters Mark Fainaru-Wada and Lance Williams should not go to jail if they do not reveal their source for stories on a grand-jury investigation into steroid use in sports. For one thing, they haven't broken any laws.

The U.S. attorney's office in Los Angeles subpoenaed Fainaru-Wada and Williams to find out who leaked grand-jury transcripts in violation of a court order. Apparently prosecutors have been unable to identify the leaker, so they have resorted to the heavy-handed threat of incarceration in order to intimidate the reporters into breaking their pledge of confidentiality.

U.S. District Judge Jeffrey White ruled last week that the law compelled him to deny a motion made by Chronicle lawyers to quash the subpoenas.

Trial attorney John Keker told me White ruled correctly because, "The feds have the law on their side," even if "they don't have common sense or good policy on the side."

As for those of you who see the prosecutors' heavy-handed play as a well-deserved comeuppance for arrogant journalists, you should understand that the same rules that allow the courts to jail reporters who won't give up sources, can be used against any citizen who will not want to testify against a sibling, a co-worker or a neighbor.

That's why you want the courts to use discretion and take circumstances into consideration. In this case, prosecutors should note the federal government's history of not going after journalists unless the national security depends on it, a state law that shields California reporters and the fact that the two reporters stand to serve more time than any other defendants.

Mark Corallo, who served as spokesman for former Attorney General John Ashcroft, signed an affidavit for The Chronicle. He noted that Ashcroft took the steroids case so seriously that he announced the 42-count indictment against individuals tied to BALCO (Bay Area Laboratory Co-Operative) on television.

Still, Corallo believes the Department of Justice under Ashcroft -- a veritable Satan to many civil libertarians -- would not have served subpoenas on Fainaru-Wada and Williams. Corallo approved only one subpoena for a media person, and that was for a matter of "grave national security."

"In the balance that is required under the DOJ guidelines," he wrote, "the public's interest in the free dissemination of ideas and information clearly outweighs the public's interest in effective law enforcement and the fair administration of justice -- particularly in a case where the BALCO criminal defendants plead guilty and have served their sentenced time in prison."

The longest prison term served by a BALCO defendant was four months behind bars -- yet Fainaru-Wada and Williams could face up to 18 months, a full grand-jury term, for reporting leaks about the BALCO case.

Corallo summed up the reporter subpoenas as "a waste of government and taxpayer resources."

In an affidavit, California Attorney General Bill Lockyer argued that the reporter subpoenas undermine the state reporter's shield law, which was supported by 75 percent of voters in 1980: "To jail a journalist because he protected his source is an assault not only on the press, but on Californians as well."

Yes, my view is colored by my profession. I know how important it is for sources to believe a journalist's promise to protect their identity.

But I don't argue that reporters are above the law. If Fainaru-Wada and Williams broke into someone's home to get information, they should go to jail.

Keker told me, "From the government's point of view, it's a much more serious thing to stand up to the government than it is to commit a crime." Must be true, otherwise, the feds would want to reserve prison for real criminals.

E-mail: dsaunders@sfchronicle.com.

Page E - 7

IMMIGRATION:

Expert: State Immigrant Laws Might Fail (AP-Y)

By Erik Schelzig, Associated Press Writer

AP, August 20, 2006

Legislatures around the country are passing state laws to get tough on illegal immigration, but legal experts say many of those laws will turn out to be unconstitutional.

More than 550 bills relating to illegal immigration were introduced in statehouses this year, and at least 77 were enacted, according to a survey presented last week at the annual meeting of the National Conference of State Legislatures.

However, NCSL analyst Ann Morse told lawmakers at the conference that a 1986 federal law forbids states from enacting stricter criminal or civil penalties for illegal immigration than those adopted by Congress.

"The federal government decided it was too complicated for the states to enact their own competing laws on this," she said.

So what about the laws passed this year?

"I believe they'll be tested in court," she said.

State bills aimed at illegal immigration this year have included measures on education, employment, driver's licenses, law enforcement, legal services and trafficking.

"Unique among the states, Georgia introduced a bill that addressed all these different policy arenas, and passed it as one bill earlier this spring," Morse said.

Lawmakers like Tennessee state Rep. Gary Moore are frustrated that proposed federal legislation on illegal immigration has stalled in Congress.

"If we could get the federal government to give us a little more leeway, we would see a lot more reforms at the state level," said Moore, a Democrat, who said a survey of his constituents found immigration was a top concern.

It's unlikely the federal government will want to relinquish enforcement of immigration laws to the states, said Demetrios Papademetriou, president of the Washington-based Migration Policy Institute.

"This is a prerogative that the feds really guard, particularly in Congress, with a passion that is probably unlike anything else," he said.

Still, the states are likely to try to acquire as much authority on the subject as they can.

"Because the Congress is unable to act, people at your level — and the local level — are beginning to take things into their own hands," Papademetriou told lawmakers at the conference. "I think we're seeing the beginnings of something that will gradually transfer more power to the states."

Papademetriou was critical of enforcement-only proposals to address illegal immigration. Some other proposals, like increasing the number of U.S. Border Patrol agents by 2,000 each year for the next six years, are unlikely to succeed, he said.

"I venture to say, in my humble option, that there is no way ... you can come close to that number and sustain it," he said.

It would take tens of thousands of applicants to have enough candidates to qualify, to pass training and to become experienced border patrol agents, he said.

"And when they're experienced enough, what's the biggest problem with the Border Patrol? Attrition," Papademetriou said. "Because people are not stupid: If they are well trained, they are going to find a better paying job somewhere, and an easier job."

Arizona state Sen. Jake Flake, a Republican and a cattle rancher, agreed that attempts to seal off the border are not likely to be successful.

"I find that if you put a bunch of steers in a pasture and run out of feed, there isn't a fence good enough to hold them," Flake said. "And I think people are the same: When they're hungry, there's not going to be a fence big enough to hold them.

"I don't think we're ever going to change this unless we help build the economy of Mexico."

Romney: U.S. Needs Skilled Immigrants (AP-Y)

By Laura Kurtzman, Associated Press Writer

AP, August 20, 2006

Massachusetts Gov. Mitt Romney told the California GOP convention Saturday the United States should encourage foreigners with skills to immigrate, while discouraging those who come here illegally and without skills.

"It is wrong for us to build an absolute concrete wall against those with skills and enterprise," he said, referring to foreign students who come here for advanced study, "and have a wide open door for people with no education and no skills."

His remarks were greeted with enthusiastic applause from this conservative crowd, for whom illegal immigration is a hot issue. Romney, a Republican governor in a Democratic state, is exploring a presidential run in 2008. California, with its reservoir of campaign cash, is a key stop along campaign trails.

Romney, a social conservative, also criticized gay marriage, saying, "every child deserves a mother and a father." He praised President Bush's aggressive foreign and military policies, and said the nation should wean itself from oil.

"This country is using too much oil," he said, adding that billions of dollars were being poured "down black holes in countries who don't like us."

He said improving education and investing in technology was the way to keep America competitive as Asian economies grow.

In California Balancing Act, Immigration May Tip Vote (NYT)

By Randal C. Archibold

The New York Times, August 20, 2006

LOS ANGELES, Aug. 19 — Illegal immigration has long been a political minefield in California, making and breaking political careers. Now, with Congress considering the most sweeping changes to immigration laws in two decades, Gov. Arnold Schwarzenegger is learning just how troublesome that terrain can be in an election year.

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No Republican candidate for governor or president since the 1970's has won in California without getting at least one-third of the Hispanic vote, which Mr. Schwarzenegger, a Republican, achieved in a wide-open recall election in 2003. In his bid for re-election in November, he faces the difficult task of courting both Latino voters and his core conservative supporters, two groups that are often far apart on immigration.

The immigration debate in Congress has also rippled into several other races for governor, including those in Oklahoma, Massachusetts, Colorado and Arizona. Democrats and Republicans are carefully staking out their positions, often with intense political calculation.

Gov. Janet Napolitano of Arizona, a Democrat, has sought to appear tough, declaring a state of emergency last year in the four border counties that bear the brunt of the flow of illegal immigrants from Mexico. But this spring, with a commanding lead in the polls, Ms. Napolitano rejected bills from the Republican-dominated Legislature intended to make life harder for illegal residents and the businesses that employ them, questioning the legality and effectiveness of the proposals.

In Massachusetts, two of the three Democrats in the primary race for governor have said they would consider using state troopers to enforce immigration law, as Gov. Mitt Romney, a Republican, has proposed.

"It's like Iraq," said Jennifer E. Duffy, who tracks governors' races for The Cook Political Report, a nonpartisan newsletter in Washington. "It may not be the driving issue of a campaign, but every candidate has a position that has been articulated."

As a Republican in a state dominated by Democrats, Mr. Schwarzenegger has a difficult task in balancing the two competing constituencies, Ms. Duffy said, because "if just Republicans vote for him, he loses."

So one week Mr. Schwarzenegger defends his support for the Minutemen civilian patrols on the border that many conservatives strongly endorse, and the next he distances himself from an anti-illegal-immigrant ballot initiative passed in 1994 that galvanized Latino political involvement on the side of Democrats.

At a recent town-hall-style campaign appearance by Mr. Schwarzenegger in Orange County, Larry Collins, vice president of a local Republican club, asked the first question, and it was about border security.

Mr. Collins said later that although he supported Mr. Schwarzenegger, he wanted the governor to take a harder line on immigration. He said he could not bear hearing more and more Spanish being spoken in the county, and he wondered about the legality of the newcomers. "We are being overloaded with a potential hazard," Mr. Collins said.

Even as Mr. Schwarzenegger seeks to hold on to voters like Mr. Collins, he is striving to attract Latinos. His aides concede that if the election is close, Latino voters could prove vital, and so they have embarked on a campaign to attract them, particularly native-born middle-class and professional Latinos.

The aides predict that these Latinos are more likely to approve of Mr. Schwarzenegger's stance on other issues, such as his advocacy for small businesses and tax cuts and his promises to improve education and health care.

On Monday, Mr. Schwarzenegger sent one of the nation's most prominent Latino Republican businessmen, Hector V. Barreto, the former head of the Small Business Administration and a board member of the United States Hispanic Chamber of Commerce, to court Latino business owners and others in San Francisco.

"This will be an example of how we're going to run campaigns differently in the Latino community for both Republicans and Democrats," said Matthew Dowd, Mr. Schwarzenegger's chief strategist, who has set a goal of getting 35 percent of the Latino vote.

Mr. Schwarzenegger has given no speeches specifically on immigration reform. But in newspaper opinion articles and at campaign stops he has said that he generally supports President Bush's advocacy of more border security, while he also backs measures that would steer some illegal immigrants toward citizenship.

As the governor of California, he reluctantly sent National Guard troops to the border this summer at the request of Mr. Bush, but rejected another request for more troops.

Still, at a speech on Saturday at the state Republican Party's summer convention in Los Angeles, Mr. Schwarzenegger sought to rally the party faithful in part by criticizing his Democratic opponent's objection to having the Guard at the border. He also attacked his opponent, Phil Angelides, the state treasurer, for his support for allowing illegal immigrants to get driver's licenses, as a public safety measure.

"My opponent wants to pull the National Guard off the border," Mr. Schwarzenegger said. "He wants to give undocumented workers California driver's licenses. His policies are disastrous."

Mr. Schwarzenegger also urged immigrants to learn English, offering himself, tongue in cheek, as an example.

"Being an American means learning English,'' said Mr. Schwarzenegger, a naturalized citizen from Austria whose accent supplies late-night comediens with endless material. "I know because I did, not that it is perfect nearly mind you, but I did. And we must also help immigrants get the same tutoring I got so they can learn English as quickly as possible.''

Democrats are quick to point out that Mr. Schwarzenegger once said the United States should "close our borders," only to clarify the statement to "secure our borders" after being criticized. Democrats view his back and forth as political expediency.

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"We have seen the governor waffle and flip-flop," State Senator Gil Cedillo, Democrat of Los Angeles, said in a conference call with reporters last week. He called on Mr. Schwarzenegger to debate Mr. Angelides on Spanish-language television.

Mr. Angelides is expected to get most of the Latino vote and has endorsements from several high-ranking elected Latino Democrats, with the glaring exception of Mayor Antonio Villaraigosa of Los Angeles, a Democrat and Mexican-American. To the consternation of Mr. Angelides's supporters, the mayor has withheld a promised endorsement while he rallies bipartisan support, including Mr. Schwarzenegger's, for legislation to give him a role in running the public schools.

A Field Poll in July showed Mr. Angelides leading Mr. Schwarzenegger among Latinos by 58 percent to 22 percent, with 20 percent undecided or supporting other candidates. The poll, which sampled 992 registered voters from July 10 to 23 and has a margin of error of 3.8 percentage points, showed Mr. Schwarzenegger leading over all among likely voters, 45 percent to 37 percent.

Everywhere he stops, Mr. Schwarzenegger is mobbed for autographs, and it is no different among Hispanic voters (the governor has let it be known that he has starred in movies filmed in Mexico).

In July, Mr. Schwarzenegger fixed tortillas at the Olvera Street market, where tourists flock for a carefully constructed taste of old Mexican Los Angeles. The visit came days after news photographers snapped him grinning with Mr. Villaraigosa at the National Council of La Raza convention here.

Mr. Schwarzenegger rarely fails to highlight his own immigrant tale of arriving nearly penniless from Austria in 1968 — he is a naturalized United States citizen — and finding success in bodybuilding and Hollywood.

"I was able to make my dream turn into reality," Mr. Schwarzenegger said at a stop in Orange County.

He has also appointed several Hispanics to his campaign and administration staff, including Arnoldo Torres, a former political analyst at the Spanish-language broadcaster Univision, who is a senior adviser to the campaign. Mr. Schwarzenegger has also visited several heavily Latino neighborhoods and has made himself especially accessible to Spanish-language news media. (Mr. Schwarzenegger declined to be interviewed for this article).

"I'm glad he is working toward getting the Latino community," said Martin Gonzalez, 35, an independent voter who watched Mr. Schwarzenegger campaign recently at a bakery started by Cuban immigrants in Glendale. "He is doing it now because now he knows we are important."

Will he vote for Mr. Schwarzenegger?

"I just don't know, but maybe," Mr. Gonzalez said, adding with a laugh, "My kids like his movies."

Schwarzenegger Tries To Calm GOP Anger (LAT)

By Michael Finnegan And Robert Salladay, Times Staff Writers

The Los Angeles Times, August 20, 2006

The governor touts guardsmen on the border at a convention in Century City but fails to score points for his massive spending plan.

Gov. Arnold Schwarzenegger tried to narrow his rift with conservatives Saturday by casting himself as tougher on illegal immigration than his Democratic challenger, Phil Angelides, but failed to quell a Republican revolt over his call for billions in borrowing for housing and school construction.

At a time when Republican candidates nationwide are tapping public anger over illegal immigration, Schwarzenegger made his most aggressive move to date to turn the issue to his advantage against Angelides.

The Republican governor told party loyalists at a state GOP convention in Century City that he had put National Guard troops on the Mexican border — as demanded by President Bush — to help federal authorities "get their act together."

"My opponent wants to pull the National Guard off the border," Schwarzenegger told the crowd of several hundred in a hotel ballroom. "He wants to give undocumented workers California driver's licenses. His policies are disastrous."

Schwarzenegger's record on immigration has drawn the anger of many conservatives who consider his position too lax. At the party convention, some delegates, along with Republican U.S. Senate nominee Richard Mountjoy, took exception to Schwarzenegger's support for a guest worker program and a plan to put illegal immigrants on a path to citizenship.

"I disagree with the governor on that issue, as does almost every other statewide candidate" on the Republican ticket, Mountjoy said.

To quiet conservative grumbling, Schwarzenegger also pounded Angelides, the state treasurer, for supporting higher taxes.

Waving a fist in the air, the governor said his rival "wants to increase the car tax, the sales tax, the property tax, the farm-equipment tax, the income tax, the alcohol tax, and he even wants to tax you when you go and get a tune-up for your car." (Apart from a plan to raise income taxes for the well-to-do, Angelides has renounced those past positions.)

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The boisterous call-and-response that ensued belied the tension between the moderate governor and the conservatives who dominate the state party organization. "What do we say to more taxes?" he shouted.

"No!" they called back.

"What do we say to more government spending?"

"No!"

But Schwarzenegger's own record on state spending stirred an open rebellion. His political team scrambled to gain the party's formal support for $42 billion in construction bonds on the Nov. 7 ballot, but some delegates called the borrowing fiscally irresponsible.

A party committee refused to endorse all of the bond measures, which would fund the most costly state building program in California history. Instead, the panel defied Schwarzenegger by voting to oppose a $2.8-billion housing plan (Proposition 1C) and take no stand on a $10.4-billion school construction proposal (Proposition 1D). The committee also rejected Schwarzenegger's request for party backing of Proposition 84, a $5.4-billion batch of water projects.

Still, the committee agreed to his request for party support for a $19.9-billion roads-and-ports plan (Proposition 1B) and $4.1 billion in disaster preparation projects, including levee repairs (Proposition 1E).

The panel's actions, which are up for a ratification vote today, followed sharp remarks by conservative critics of Schwarzenegger's fiscal record. Anti-tax advocate Tom Hudson of Placer County also told the party committee that Democrats who control the Legislature could not be trusted to spend the construction money wisely.

"We are giving them a giant blank check, and I guarantee you that's not going to work out well if you live in a Republican's district," he said.

The party gathering illustrated the delicate balance that Schwarzenegger must strike to maintain his strong core of conservative support while reaching out to moderates whose votes he also needs to win.

Even as he took a tough posture on immigration and taxes Saturday, Schwarzenegger kept his distance from Mountjoy and several other more conservative candidates on his party's statewide ticket in the Nov. 7 election.

All of them crave the media attention he draws because none is well known, yet Schwarzenegger appeared alone on stage and did not mention their names. (Democrats have tried to spotlight the Republican ticket's lack of diversity, which could dampen Schwarzenegger's appeal. It is composed of seven white men.)

This morning, Schwarzenegger will underscore his calculated detachment from his party's conservative wing with a visit to First AME Church in South Los Angeles. It is one of California's largest black churches and normally a must stop for Democrats, but Angelides has yet to request a chance to visit, as Schwarzenegger did, said Kerman Maddox, who handles political matters for the church.

In response to Schwarzenegger, Angelides told reporters in a conference call that the governor was using illegal immigration to stir up voters and "doing what his Bush-Cheney campaign team told him to do … which is to distort, distort, distort, scare, scare, scare, lie, lie, lie."

"Now he is hearing footsteps from the right wing of his party and he is kowtowing to them, raising the issue of immigration to inflame the passions of his right-wing base," Angelides said. "It's sad the governor is doing this, and it shows he doesn't have core values."

About two dozen opponents of illegal immigration staged a rally outside the convention hotel on Avenue of the Stars, where they waved U.S. flags and complained about Schwarzenegger and Bush. Inside, Jim Gilchrist, founder of the Minuteman citizen border patrol group, said the governor had "better start telling people whether he is for open borders or for protecting California."

"I assume what he had to say on immigration was probably something ineffectual, innocuous and a display of his inability to engage in tough love, which is a necessity for good leadership," said Gilchrist, who did not hear the governor's speech.

The Republicans running for other statewide jobs were relegated to a smaller crowd at a Friday dinner, where their speeches were punctuated by bursts of "You're a Grand Old Flag" from a brass band on stage behind them.

Claude Parrish, the nominee for treasurer, reminisced about working for President Nixon's 1972 campaign for reelection. He also fondly recalled the Republican winner of the 1966 treasurer's race. "Ivy Baker Priest did a darn good job, and I'm going to try and follow in her footsteps," he said.

Chuck Poochigian, the Fresno state senator running for attorney general, unleashed a blistering attack on his Democratic rival, former Democratic Gov. Jerry Brown, saying the Oakland mayor had long been on the "kooky fringe of politics and policy."

"He turned our Supreme Court into a national laughingstock," Poochigian said.

Steve Poizner, the Silicon Valley entrepreneur who faces Lt. Gov. Cruz Bustamante in the race for insurance commissioner, mocked his Democratic opponent for suggesting that his effort to lose weight could inspire others to do the same, lowering insurance costs as the obesity epidemic wanes.

"I'm the lucky guy who gets to run against Cruz Bustamante," Poizner said.

Also hammering Democrats were Republican controller hopeful Tony Strickland and the evening's emcee, lieutenant governor candidate Tom McClintock, who called the coming election a stark choice between contrasting fiscal policies.

"It is a choice between a leadership team with a proven record of reducing the taxes and the regulations that have been crushing Californians and a leadership team with a proven record of increasing those burdens," he said.

In response, state Democratic Party spokesman Jeff Millman said: "It's unfortunate the Republican candidates were spewing hatred and personal attacks rather than explaining how they are going to improve people's lives."

TAX:

I.R.S. Enlists Help In Collecting Delinquent Taxes (NYT)

By David Cay Johnston

The New York Times, August 20, 2006

If you owe back taxes to the federal government, the next call asking you to pay may come not from an Internal Revenue Service officer, but from a private debt collector.

Within two weeks, the I.R.S. will turn over data on 12,500 taxpayers — each of whom owes $25,000 or less in back taxes — to three collection agencies. Larger debtors will continue to be pursued by I.R.S. officers.

The move, an initiative of the Bush administration, represents the first step in a broader plan to outsource the collection of smaller tax debts to private companies over time. Although I.R.S. officials acknowledge that this will be much more expensive than doing it internally, they say that Congress has forced their hand by refusing to let them hire more revenue officers, who could pull in a lot of easy-to-collect money.

The private debt collection program is expected to bring in $1.4 billion over 10 years, with the collection agencies keeping about $330 million of that, or 22 to 24 cents on the dollar.

By hiring more revenue officers, the I.R.S. could collect more than $9 billion each year and spend only $296 million — or about three cents on the dollar — to do so, Charles O. Rossotti, the computer systems entrepreneur who was commissioner from 1997 to 2002, told Congress four years ago.

I.R.S. officials on Friday characterized those figures as correct, but said that the plan Mr. Rossotti had proposed had been forestalled by Congress, which declined to authorize it to hire more revenue officers.

Critics of the privatization plan point not only to the higher cost but also to what they say is a greater potential for abuse. With private companies in the mix, they say, debtors could more easily be tricked into paying money to scam artists using spoof Web sites or other schemes, a problem the I.R.S. alerted taxpayers to in April. Brady R. Bennett, collections director for the I.R.S., said that by 2008, about 350,000 past-due tax records will be distributed among about 10 private debt-collection agencies. To guard against fraud, he said, the agencies will contact taxpayers only by telephone or mail — not the Internet — and will instruct them to send all payments directly to the United States Treasury, not the private collection agency.

One of the three companies selected by the I.R.S. is a law firm in Austin, Tex., where a former partner, Juan Peña, admitted in 2002 that he paid bribes to win a collection contract from the city of San Antonio. He went to jail for the crime.

Last month the same law firm, Linebarger Goggan Blair & Sampson, was again in the news. One of its competitors, Municipal Services Bureau, also of Austin, sued Brownsville, Tex., charging that the city improperly gave the Linebarger firm a collections contract that it suggested was influenced by campaign contributions to two city commissioners.

Joe Householder, a spokesman for Linebarger, which specializes in delinquent tax collections, said it had resolved the issues raised by the Peña case in 2002 and that it believed it had acted properly in Brownsville. The mayor of Brownsville, Eddie Treviño Jr., said that the contract vote had been unanimous and scoffed at the accusations of misconduct.

The two other companies that have won debt collection contracts from the I.R.S. are Pioneer Credit Recovery of Arcade, N.Y., a division of the SLM Corporation, and the CBE Group of Waterloo, Iowa.

The main objection so far to the privatization program is that it is more expensive than internal collection. “I freely admit it,” Mark W. Everson, the tax commissioner, told a House of Representatives committee in March.

Privatizing government services is often promoted as a way to cut costs. But the government would probably net $1.1 billion from private debt collectors over 10 years, compared with the $87 billion that could be reaped if the agency hired more revenue officers, as Mr. Rossotti had recommended.

Taxpayer rights are at risk with privatization, Nina B. Olson, the I.R.S. taxpayer advocate, warned Congress earlier this year. “Because private collectors will operate under rules of profit maximization rather than the I.R.S.’s customer-service based policy,” she warned, the private collectors may have less incentive to safeguard taxpayer rights.

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Al Cleland, a retired I.R.S. tax collector in Minnesota, predicted that using private collectors would cause some debtors to owe more.

"We always told people to get current on their taxes first, so they would not have more penalties added, and then work on paying off their back taxes," Mr. Cleland said. "A private collection agency has no incentive to tell taxpayers that, so people will pay more penalties."

Mr. Bennett of the I.R.S. said that such advice was correct, but that it applied primarily to small business owners, whose cases will not be sent to the private agencies.

Under federal budget rules, money spent to hire tax collectors is treated as a discretionary expense, and Congress is cutting discretionary spending. In business terms, the rules treat the I.R.S. as a cost center, not as the government's profit center.

The private debt-collection program, however, is outside the budget rules because, except for the start-up costs, the collectors are to be paid from the proceeds.

CONGRESS-ADMINISTRATION:

Home But Still Haunted (WP)

By Donna St. George, Washington Post Staff Writer

The Washington Post, August 20, 2006

Md. Iraq Veteran and Thousands Like Her Are Coping With Post-Traumatic Stress

There are times when Trinette Johnson's life seems to stall, when she finds herself staring at the ceiling fan in her bedroom, watching the blades spin, her mind hung on nothing -- not her receptionist job, not her fiance, not her ailing father or her four children.

Not even the war.

The war, of course, is always there somewhere, she said, an unseen force in her life, sometimes producing moments of blank detachment, sometimes stirring up anger like nothing she has ever known.

More than two years after returning from duty in Iraq, she has found herself yelling and cursing at other drivers on the road. Panicked in crowds. Seized with fear at the sight of highway overpasses and tunnels that might suddenly explode.

Doctors gave the 32-year-old Johnson, who served in the D.C. National Guard, a diagnosis of post-traumatic stress disorder, which has plagued thousands of U.S. troops after combat in Iraq -- bringing on flashbacks, numbness, rage and anxiety and leaving many at odds with their old lives, families and jobs.

How women are affected after combat is only starting to be probed. This is the first war in which so many women have been so exposed to hostile fire, working a wider-than-ever array of jobs, for long deployments.

"This is a really unique experience, and we just don't know," said Ronald C. Kessler, a Harvard University professor and author of a landmark study of post-traumatic stress disorder.

For women who are mothers, combat-related PTSD may have added significance. Often, after war, "it's not the same mommy who left," said Yale University associate professor Laurie Harkness, who runs a Veterans Affairs mental health clinic in Connecticut. Although the same can be said for fathers, she said, "mothers in general are the emotional hub of a family."

For Johnson, it was a doctor at Walter Reed Army Medical Center who first uttered the letters P-T-S-D, a defining moment that came after she spent nine months working the bomb-blasted roads near Baghdad. Her job with the 547th Transportation Company was hauling -- troops, supplies, equipment -- and security. At one point, she helped transport dead Iraqis to their wailing relatives.

In one particularly bad period, a roadside bomb claimed the life of a 21-year-old soldier in her unit, Spec. Darryl T. Dent. Later, another bomb severely wounded Johnson's best friend, Spec. Antoinette Scott, a mother of four.

That fall in 2003, Johnson was riding in a truck with her M-16 rifle pointed out the passenger-side window. Out of nowhere came a deafening blast. Her five-ton vehicle swerved and nearly flipped. There was fire. White smoke. Flying debris. A bomb, hidden along a guardrail, had detonated.

Johnson received a Purple Heart for hearing loss in her left ear but stayed in Iraq for several more months, working the same roads. "It seemed like once every other or three days somebody was getting hit," she recalled recently.

But the enemy was elusive. She never fired her M-16.

Unexpectedly, in January 2004, she was shipped home three months early, sidelined with severe kidney stones. Later, at Walter Reed, the dreams started: violent dreams, with exploding mortars and hordes of barking dogs. She mentioned them to a doctor.

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This was while she was living on the hospital grounds, seeing specialists and worrying about whether anyone in her unit had been injured or killed. She called her unit in Iraq every day. But she had not seen her kids.

A counselor prodded her to visit them -- three were being cared for by Johnson's sister in Falls Church, and one was in Richmond with the child's paternal grandmother. None of the children lived with their fathers.

"Mommy! Mommy!" her youngest daughter, then 2, shrieked during a visit in Falls Church, climbing all over her.

Johnson had been a mother since she had her son at age 14. Now she felt overwhelmed. She rose to leave.

"I can't do this," she told her sister.

In her car, she sobbed, wondering how she could feel so disconnected. "I realized that I just walked out on my babies."

* * *

In nearly 3 1/2 years of war, more than 137,000 female troops have served in Iraq and Afghanistan, some exposed to the most profound stresses of combat: ambushes, mortars, bombs, fallen comrades. They have fired M-16s and grenade launchers, killed people and been shot at.

As these women have returned home, Army researchers studying the psychological fallout of Iraq have noted a surprising trend in early studies: Women appear to be showing symptoms of post-traumatic stress disorder and other mental health troubles at roughly the same rates as men.

If this result holds true, it would stand out because women studied in the overall population show markedly higher rates of post-traumatic stress disorder than men -- about twice as much.

"It's not definitive, but it's encouraging," said Patricia A. Resick, director of the Women's Health Sciences Division of the National Center for PTSD, part of the Veterans Affairs Department. Resick said more research is needed.

While studies of the war's effects continue, one fact is clear: A generation of U.S. military women is at risk of combat-related stress disorder as never before.

A recent study showed that, overall, more than one in three U.S. troops sought mental-health care in the year after returning from Iraq. An earlier study found that about one in six showed signs of PTSD, major depression or anxiety after Iraq.

"From our data, what it looks like is that women serving in combat have the same risk as men of getting PTSD or other mental health conditions," said Charles W. Hoge of the Walter Reed Army Institute of Research.

For Johnson, treatment at Walter Reed made things better, with group sessions, art therapy and combat-stress counseling. "You're in there with other people who are going through the same things," she said, "and you kind of feel like, 'Okay, now I don't feel crazy.' "

The most wrenching day, as she remembers it, was when she was sent home: Oct. 3, 2004. No longer did she have the supportive environment of the hospital. She was on her own, medically discharged from the military because of the stress disorder.

Outwardly, Johnson looked much the same: bright eyes peering through delicate glasses, big smile, always seeming on the verge of a laugh. "Dee," everyone called her. But much had changed. "I don't even know this life," she said one day.

For several months, while her fiance supported them, she could not bring herself to go to work. Finally, last year, she returned to her job as a receptionist in the National Guard building in Northwest Washington, which houses a museum lined with exhibits that depict combat.

The images did not bother her.

The hard thing was that in the life she returned to, almost no one seemed to understand Iraq. They did not know what it was like to live with hidden enemies and fatal explosions, to feel so far from family and become so attached to other soldiers.

Some people told her: "I couldn't have left my kids like that."

The comments upset her because they implied a choice she did not have. She was a National Guard soldier, a job she took in 1997 as a steppingstone to more financial stability at a time when she was a single mother of three. The Iraq war did not seem a possibility then. Her father had served 26 years as a guardsman without seeing battle.

In 2003, Johnson left for war as her youngest was learning to talk.

Her eldest daughter was nearly 12 when Johnson returned. The girl seemed different -- dressing in black, skipping school, no more smiles, no hugs. She wondered: Was it because of her absence?

She recalled, "I'm looking and I'm trying to figure out, 'Where is my child?' "

* * *

Even now, there are times Johnson feels uncomfortable talking about post-traumatic stress disorder. It's an invisible wound in a war with daily bloodshed. At Walter Reed, she said, she saw soldiers with missing arms or legs, paralysis, shrapnel scars.

She is not so physically injured.

Still, her diagnosis scares her.

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It took her six months after she left Walter Reed to make herself go to a VA office and stay for an appointment. She put it off at first, then became overwhelmed by the sight: veterans with glazed looks, some seeming at loose ends with nothing else to do.

"I would see some of the older vets sitting there," she recalled, "and I would be like, 'Lord, have mercy. I do not want that to be me.' "

She gave up alcohol. Some veterans drink a lot, she said, and she does not want to "self-medicate," as she called it. "It doesn't make Iraq go away," she said. "But obviously, if you pass out, then there's nothing bothering you at that time."

Johnson understands the danger of alcohol partly from her fiance, Mark Branch, who was her battle buddy in Iraq. He was driving the five-ton truck the day the bomb went off along the guardrail.

After Iraq, he drank so much RÃ©my Martin cognac that she lined up all of his empty liquor-bottle boxes along the top of their kitchen cabinets.

"How many fifths did I go through?" he asked her one day as they thought back.

He checked into a treatment program at Walter Reed, too.

The way Branch sees it, "a lot of us, we come back, and we have to go back to work because we have families, we have jobs, we have houses." Finding time to pursue counseling seemed impossible.

"You're never going to be healed from it," he said. "They just teach you how to live with it."

In her own life, Johnson finds herself off balance in ways that have surprised her.

One day she banged up her car but could not recall how. She heard the smack, yes. But how did she get up on the curb? Did she swipe a fire hydrant? "It's almost like I'm there but I'm not there sometimes," she said.

Another day, she recalled, it was the usual Washington traffic as she drove her Chrysler Concorde with the Purple Heart license plates. Along a snarled street, a bus driver blared his horn at her.

She yelled, cursed, then hurled an empty Coke cup at the bus before she even knew what she was doing. "You don't realize what you're doing until after, or sometimes a lot after," she said, later reflecting: "My temper is on a whole other level."

Then there was the time she got stuck in traffic near a highway overpass in Prince George's County. In Iraq, overpasses could conceal bombs. She felt a crushing sense of danger -- and traffic was at a dead stop.

"I was just losing it," she recalled.

In hysterics, Johnson phoned her fiance, who told her: Put the car in park and walk away until you settle down. When the traffic starts to move, climb back in your car.

More than 2 1/2 years after her return from war, her sense of safety has not returned. She worries as never before about terrorist attacks and suicide bombers.

"I always make sure I'm armed, regardless," she said, mentioning a knife she keeps around. "I always make sure I have something to defend myself."

She has had a hard time with the VA.

She applied for disability compensation, but it took 14 months, and there are still problems. She started mental health sessions but wound up disappointed. She said the VA canceled her appointment in October. In November. In December. Each time, there was a different reason, she said. Her therapist was sick. Her name was not on the schedule. All of that, she said, has added to her stress.

"I haven't been there in four months, and they haven't even noticed," Johnson said early this year. VA officials declined to discuss her case but said that, overall, veterans get the PTSD care they need.

In February, Johnson said, her social worker made some calls and got her a 30-minute session March 8. But problems at work so consumed her that she could not remember what to tell the doctor. Usually, she makes a list of things to bring up.

Once, she asked: How long am I going to be like this?

"It could stop today, or it could go on for years," she said she was told, which brings her to this: "That's what scares me. I just get scared that I'll be one of those homeless people that you see holding the signs because I've lost my mind."

For now, her fate is nothing like that. She and her fiance bought a house this year, a brick rancher with a big back yard in Clinton. Her children seem happier, planted. Her eldest daughter is 14, an honor student and soccer-team captain.

Her youngest, now 5, is still focused on Mommy, and Johnson is glad -- though sometimes she still finds herself overwhelmed. On weekends, she and her fiance often have six or more children around, hers and his and often a niece or nephew.

After Iraq, she rarely goes out anymore -- not to clubs, not to movies. She passed up a chance to apply for a higher-paying job in her office because she felt she could not manage additional pressure.

Some days, she feels perilously close to the edge.

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If she is home, she may retreat to her bedroom. There, she can collect herself. Or she may, for a moment, lose her connection to everything, as the ceiling fan turns, as her mind goes blank.

Mental Health Services Questioned (WP)

By Donna St. George

The Washington Post, August 20, 2006

As more veterans from Iraq and Afghanistan seek mental health treatment from the Department of Veterans Affairs, lawmakers, advocates and even some VA experts have raised questions about whether returning troops will get what they need.

So far, 63,767 of those veterans have gone to VA offices with possible mental health problems, and 29,041 have received a preliminary diagnosis of post-traumatic stress disorder.

VA officials say there are enough staff members and resources to treat them, but critics say the VA is straining to keep up. A report that the VA gave to Congress in February noted a drop of nearly 20 percent in the number of visits with PTSD specialists per veteran from 1995 to 2005.

"We are concerned that this . . . reflects a decrease in capacity at a time when VA needs to reach out" to veterans of Iraq and Afghanistan, the VA report said.

Antonette Zeiss, the department's deputy chief of mental health services, said the February report is being updated to reflect improvements. "We have resources to provide very good care to veterans across the country," she said.

The total number of veterans from all eras treated by the VA for post-traumatic stress disorder jumped 30 percent from 2003 to 2005, according to VA figures. Zeiss noted that the new veterans represent a small portion of the VA's health-care caseload.

The VA has expanded its outreach with a program that aims to help returning veterans with stress disorders, officials said.

In addition, the VA recently completed the largest clinical trial ever of individual psychotherapy for post-traumatic stress disorder in female veterans.

But veterans advocates in some areas say they hear complaints of staff shortages and long waits to get care. Rep. Michael Michaud (D-Maine), a member of the House Veterans' Affairs Committee, cited the case of an Iraq veteran who gets 30 minutes of treatment a month for PTSD. "That's not enough," Michaud said.

"By and large, what we're hearing is that the services aren't there like they should be," said Paul Rieckhoff, executive director of Iraq and Afghanistan Veterans of America.

There is no single course of treatment for PTSD because cases can be very different, said Ira Katz, a mental health official for the VA; services include one-on-one counseling, group therapy and medication.

In West Haven, Conn., Laurie Harkness said the community-based VA mental health clinic she directs has no wait. "We get people in right away," she said.

But in Portland, Ore., Larry Scott, editor of http://vawatchdog.org , said mental health clinics there "have just been decimated," with fewer staff members to treat a growing number of veterans.

Shad Meshad, president of the National Veterans Foundation, said the newest returning troops face a more complex trauma. They are "just young bombs like we were 30 or 35 years ago," he said, but now "you have PTSD layered by multiple tours of duty."

In Military, Disorder Bucks Sexes' Divide (WP)

By Donna St. George

The Washington Post, August 20, 2006

Is there a gender gap when it comes to psychological trauma after war? Researcher Carl A. Castro set out to answer that question last year, looking at mental health data on men and women who worked in Iraq in similar jobs amid hostile fire.

In his analysis, Castro found symptoms of post-traumatic stress disorder in 11 percent of men and 12 percent of women and signs of depression in 5.6 percent of men and 8 percent of women -- differences that are not statistically significant, he said.

"The issue was: Are women doing worse than men? And the answer is no," said Castro, chief of military psychiatry at Walter Reed Army Institute of Research.

This result, based on a study of 400 troops, surprises experts such as Patricia A. Resick, director of the Women's Health Sciences Division of the National Center for PTSD. "One would think women would have a higher rate," as they do in the general population, she said.

The apparent lack of a gender gap, she said, raises all sorts of questions about women serving in Iraq. "Those who make it through boot camp may be a hardier group," Resick said. "It's puzzling. There's a lot we don't know yet."

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Castro suggested it may be that female soldiers are "more resilient" in some unexplored way. "They may have more effective coping mechanisms," he suggested.

Across the United States, 5 percent of men and 10.6 percent of women develop PTSD, said Ronald C. Kessler, a Harvard University researcher.

Experts cannot pinpoint why women's rates are higher -- whether it is because they are more willing to report concerns or experience more intense traumas or react differently.

But Resick suggests the kind of trauma makes a big difference. "Women are more likely to have the events that are more likely to cause PTSD -- rape, child sexual abuse and domestic violence," she said.

For military women, another complicating factor is sexual assault. Since 2003, women deployed to Iraq and Afghanistan have reported more than 500 cases of sexual assault to the Miles Foundation, a private nonprofit group that works with military personnel.

PTSD is widespread among these women, said Anita Sanchez of the foundation. "You're talking about the trauma of first of all being in combat but then being violated in this way," she said.

Department of Defense figures show 2,374 alleged sexual assaults across the military services last year, up nearly 40 percent from 2004. The increase is the result of a new reporting system and more faith in the process, department spokesman Roger Kaplan said.

Disagreeing, Sanchez said part of the jump is the result of deployments overseas. There is an established link between deployment and sexual assault, she said.

Although it's not clear how sexual assaults will affect the overall PTSD rates of Iraq veterans, Kessler pointed out that the general rule is: "The more terrible things that happen to you, the higher the risk of PTSD."

Pundits Renounce The President (WP)

By Peter Baker, Washington Post Staff Writer

The Washington Post, August 20, 2006

Among Conservative Voices, Discord

For 10 minutes, the talk show host grilled his guests about whether "George Bush's mental weakness is damaging America's credibility at home and abroad." For 10 minutes, the caption across the bottom of the television screen read, "IS BUSH AN 'IDIOT'?"

But the host was no liberal media elitist. It was Joe Scarborough, a former Republican congressman turned MSNBC political pundit. And his answer to the captioned question was hardly "no." While other presidents have been called stupid, Scarborough said: "I think George Bush is in a league by himself. I don't think he has the intellectual depth as these other people."

These have been tough days politically for President Bush, what with his popularity numbers mired in the 30s and Republican candidates distancing themselves as elections near. He can no longer even rely as much on once-friendly voices in the conservative media to stand by his side, as some columnists and television commentators lose faith in his leadership and lose heart in the war in Iraq.

While most conservative media figures have not abandoned Bush, influential opinion-makers increasingly have raised questions, expressed doubts or attacked the president outright, particularly on foreign policy, on which he has long enjoyed their strongest support. In some cases, they have complained that Bush has drifted away from their shared principles; in other cases, they think it is the implementation that has fallen short. In most instances, Iraq figures prominently.

"Conservatives for a long time were in protective mode, wanting to emphasize the progress in Iraq to contrast what they felt was an unfair attack on the war by the Democrats and media and other sources," Rich Lowry, editor of the National Review, said in an interview. "But there's more of a sense now that things are on a downward trajectory, and more of a willingness to acknowledge it and pressure the administration to react to it."

Lowry's magazine offers a powerful example. "It is time to say it unequivocally: We are winning in Iraq," Lowry wrote in April 2005, chastising those who disagreed. This month, he published an editorial that concluded that "success in Iraq seems more out of reach than it has at any time since the initial invasion three years ago" and assailed "the administration's on-again-off-again approach to Iraq."

"It is time for the Bush administration to acknowledge that its approach of assuring people that progress is being made and operating on that optimistic basis in Iraq isn't working," the editorial said. Lowry followed up days later in his own column, suggesting that the United States is "losing, or at least not obviously winning, a major war" and asking whether Iraq is "Bush's Vietnam."

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Quin Hillyer, executive editor of the American Spectator, cited Lowry's column in his own last week, writing that many are upset "because we seem not to be winning" and urging the White House to take on militia leaders such as Moqtada al-Sadr. Until it does, he said, "there will be no way for the administration to credibly claim that victory in Iraq is achievable, much less imminent."

Bush aides were bothered by a George F. Will column last week mocking neoconservative desires to transform the Middle East: "Foreign policy 'realists' considered Middle East stability the goal. The realists' critics, who regard realism as reprehensibly unambitious, considered stability the problem. That problem has been solved."

The White House responded with a 2,432-word rebuttal -- three times as long as the column -- e-mailed to supporters and journalists. "Mr. Will's kind of 'stability' and 'realism' -- a kind of world-weary belief that nothing can be done and so nothing should be tried -- would eventually lead to death and destruction on a scale that is almost unimaginable," wrote White House strategic initiatives director Peter H. Wehner.

Bush advisers said that they never counted Will or some others now voicing criticism as strong supporters but that the president's political weakness has encouraged soft supporters and quiet skeptics to speak out.

William F. Buckley Jr., the founder of the National Review and an icon of the Ronald Reagan-era conservative movement, caused a stir earlier this year when he wrote that "our mission has failed" in Iraq -- just a few months after Bush hosted a White House tribute to Buckley's 80th birthday and the magazine's 50th anniversary.

Thomas L. Friedman, a New York Times columnist who is not a conservative but has strongly backed the Iraq war, reversed course this month, writing that " 'staying the course' is pointless, and it's time to start thinking about Plan B -- how we might disengage with the least damage possible."

White House spokesman Tony Snow said the second-guessing was predictable, given the difficulties in Iraq. "It's hardly unusual in times of war that people get anxious, and that would include people who have supported the president," he said. "The president understands that and is not fazed by it."

Snow said much of the frustration articulated by conservatives stems from a desire to accomplish Bush's ambitions. "The good thing is they all have the same goal: They all want to win the war on terror," he said. "You don't have people quibbling over the goals; they're quibbling over the means -- or 'quibbling' is the wrong word. 'Debating.' "

Snow, who hosted a Fox radio talk show before joining the White House this spring, has made an effort to reach out to conservative audiences by appearing on his former competitors' programs, including shows hosted by Rush Limbaugh, Sean Hannity and Laura Ingraham. "We're certainly more engaged on that front," he said.

And some of the president's neoconservative supporters have fired back on his behalf. Norman Podhoretz, editor-at-large of Commentary magazine, wrote an 11,525-word essay this month rebutting not only Will, Buckley and other traditional conservatives but also fellow neoconservatives who "have now taken to composing obituary notices of their own." He noted that he had been a tough critic of Reagan for betraying conservative values, only to later conclude that Reagan's approach served "an overall strategy that in the end succeeded in attaining its great objective."

Fred Barnes, executive editor of the Weekly Standard and a reliable Bush supporter, said the disillusionment is not surprising. "People get weary, especially when they expected a war to be over very quickly," he said in an interview. "Supporters fall off over time. I've been disappointed by some of the people who have fallen off, like George Will, but that's what happens."

Few have struck a nerve more than Scarborough, who questioned the president's intelligence on his show, "Scarborough Country." He showed a montage of clips of Bush's famously inarticulate verbal miscues and then explored with guests John Fund and Lawrence O'Donnell Jr. whether Bush is smart enough to be president.

While the country does not want a leader wallowing in the weeds, Scarborough concluded on the segment, "we do need a president who, I think, is intellectually curious."

"And that is a big question," Scarborough said, "whether George W. Bush has the intellectual curiousness -- if that's a word -- to continue leading this country over the next couple of years."

In a later telephone interview, Scarborough said he aired the segment because he kept hearing even fellow Republicans questioning Bush's capacity and leadership, particularly in Iraq. Like others, he said, he supported the war but now thinks it is time to find a way to get out. "A lot of conservatives are saying, 'Enough's enough,' " he said. Asked about the reaction to his program, he said, "The White House is not happy about it."

U.S. Rep. Don Sherwood Has Heart Surgery (AP-Y)

AP, August 20, 2006

U.S. Rep. Don Sherwood underwent heart surgery and is expected to leave the hospital this week, the hospital announced Saturday.

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The minimally invasive coronary artery bypass surgery was performed Friday as a preventive measure by Dr. Alfred Casale, chief of cardiothoracic surgery at Geisinger Wyoming Valley, according to a hospital news release.

The congressman was admitted to the hospital in Wilkes-Barre after experiencing intermittent chest pains for two days, a statement from his office said.

Sherwood, R-Pa., whose district is in northeastern Pennsylvania, is defending his seat against Democrat Chris Carney, a former Pentagon intelligence analyst who teaches at Penn State University's Worthington Scranton campus.

Sheehan, Others Protest At Rove Event (AP-Y)

By Angela K. Brown, Associated Press Writer

AP, August 20, 2006

Chanting "Try Rove for treason," Cindy Sheehan and more than 50 other war protesters disrupted a reception before President Bush's top adviser Karl Rove spoke at a fundraiser Saturday.

One woman was arrested during a scuffle with police after Sheehan and the anti-war demonstrators rushed toward the closed doors and kept chanting loudly after the guests went into the dinner.

Rove was speaking to the Associated Republicans of Texas, and ticket prices started at $200. He was not in the Renaissance Hotel lobby during the reception.

"I want him arrested. He planned the war that killed my son," Sheehan told officers guarding the door. Sheehan's oldest son Casey was killed in Iraq in 2004.

Police then ordered the group to leave, but some protesters had paid for rooms for the night. Those protesters went upstairs, including Sheehan.

One protester slipped inside the ballroom during the dinner but was escorted out after shouting about men and women dying, the Austin American-Statesman reported in its Sunday editions.

"Pat, did you get her check before she left?" Rove quipped to the GOP group's executive director, Pat Robbins, as the crowd of 300 laughed, the newspaper reported.

"I don't question the patriotism of our critics. Many are hardworking public servants who are doing the best they can. Some of them are people looking for a free meal," Rove said, drawing more laughs.

Earlier, wearing shorts and T-shirts while guests of the lobby reception walked past in sequined dresses and expensive suits, anti-war demonstrators carried American flags and signs, including one that read "Check your conscience." A few protesters unfurled a large banner from a sixth-floor hotel balcony that read "Rove v. Truth: No Contest. Pink slip Rove."

Those at the reception sipped their drinks and largely ignored the protesters before they started chanting. One man looked at the group and said, "Go Bush!"

Earlier Saturday, the group of more than 70 gathered at the hotel entrance, carrying a large banner that read, "Rove: Guilty of crimes against humanity." Ann Wright, a former U.S. diplomat who resigned in 2003 in protest over the war, yelled through a bullhorn, "Karl Rove, you are a criminal!"

After about 30 minutes, Austin police made them move onto grass at the edge of the property about a block away. Dozens remained later Saturday, holding signs as cars drove by, honking their horns.

Sheehan and the group left their campsite in Crawford near Bush's ranch, where they have held vigil the past two weeks, and drove about 100 miles south to Austin.

The war protest will continue until early September, although Bush's ranch 10-day ranch vacation ended last weekend. Sheehan's 26-day protest last August drew more than 10,000 people to her campsite in ditches off the rural road leading to the ranch, but she recently bought land near downtown for the group to camp on.

This Old Space Station: Construction Resumes (NYT)

By Warren E. Leary

The New York Times, August 20, 2006

For more than three years, the International Space Station has floated half-built above the Earth. Maintained by a skeleton crew, the station — an assemblage of modules and girders — has not come close to its stated goal of becoming a world-class research outpost.

But now construction, which has hung in limbo since NASA's space shuttle fleet was grounded after the 2003 Columbia disaster, is scheduled to resume. The shuttle Atlantis is scheduled to lift off next Sunday carrying a bus-size segment of the station's backbone that includes a new set of solar-power arrays.

Since the project began in late 1998 with the joining of two American and Russian modules, the United States and 15 other nations have slowly put together a structure that weighs more than 400,000 pounds, with a habitable volume of almost 15,000

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cubic feet. When completed, it is to weigh almost a million pounds and have a cabin volume of more than 33,000 cubic feet, larger than a typical five-bedroom house.

Getting to that goal will require some of the most difficult shuttle missions ever mounted by the National Aeronautics and Space Administration, starting with the Atlantis's launching from the Kennedy Space Center at Cape Canaveral, Fla. The shuttle and its crew of six will haul a 30,000-pound, 45-foot truss segment to the station, delicately remove it from the cargo bay and install it during three spacewalks by two teams of astronauts.

"The flights ahead will be the most complex and challenging we've ever carried out for construction of the International Space Station in orbit," said Michael Suffredini, the station program manager at NASA.

NASA has allotted about 15 flights to complete the project before the shuttles are retired in 2010. The next four missions will carry other massive truss segments to extend the station's central girder to more than 350 feet. The girder will eventually support four huge sets of solar-power arrays, batteries and heat-dispensing radiators.

The additional truss segments, which will increase the mass of the station by 40 tons, will also include 10-foot-wide rotary joints shaped like wagon wheels that will allow the solar arrays to track the sun for optimum power as the station moves in orbit. The Atlantis is delivering the second array, joining one put on the station in 2000.

"The assembly of the station on these flights has no parallel in space history," Mr. Suffredini said. "We have planned, studied and trained for these missions for years. We know they will be hard, and we may encounter the unexpected. But we are eager to get started."

Work on the station stopped because of the Columbia accident, which forced NASA to redesign many shuttle systems and its own safety procedures. The Columbia disintegrated while returning from a mission on Feb. 1, 2003, killing its crew of seven. The shuttle had been critically damaged during liftoff when a piece of insulating foam broke off its fuel tank and ruptured part of its heat shield.

The shuttle Discovery, equipped with modifications and flying under new safety guidelines, made two flights to test the changes. Worrisome amounts of foam were shed during the first liftoff, a year ago, and still more changes were ordered; a detailed inspection during the second mission, last month, showed far less debris.

NASA managers say shuttle flights should still be considered experimental and somewhat dangerous, but they call the risks "acceptable" for the missions left to finish the station.

"We expect to have some foam loss from the tank on the next flight," said N. Wayne Hale Jr., director of the shuttle program. But a better understanding of these issues, and progress in developing ways to repair damage in flight, allow NASA to resume a regular launching schedule, he said.

"We now feel we are ready to go back into assembly operations," Mr. Hale said.

The Atlantis's mission, which will last about 11 days, will be an exhausting one for its six-member crew.

"We've never had to fit so many activities back to back on consecutive days," said Capt. Brent W. Jett Jr. of the Navy, the mission commander and a veteran of three shuttle flights.

Once in orbit, the crew will spend a full day inspecting the shuttle's heat shield with a Canadian-built robot arm and an attached 50-foot boom tipped with a camera and sensors.

As the shuttle approaches the space station for docking the next day, Captain Jett will stop it about 600 feet away and execute a pitch maneuver that will rotate the orbiter nose-up, allowing the station crew to take detailed photographs of the shuttle's underbelly. Then he and the pilot, Christopher J. Ferguson, another Navy captain who is on his first mission, will dock with the station.

After greeting the station's three-member crew, the Atlantis astronauts will almost immediately use the shuttle and station robot arms to remove the $371.8 million truss segment from the orbiter's cargo bay and make an initial attachment. NASA normally waits a day after a docking to transfer such cargo, but it wants to make sure the girder is delivered in case the shuttle has to make an emergency departure.

Two teams will conduct the spacewalks on the next two days to secure the truss and prepare for deploying the solar array. Joseph R. Tanner, a former Navy pilot and a veteran of three space flights and five spacewalks, will be joined by Heidemarie M. Stefanyshyn-Piper, a Navy commander on her first space flight, for the initial excursion to connect power cables and free parts that were bolted down for launching.

The next day, Daniel C. Burbank, a Coast Guard commander, and Steven G. MacLean of the Canadian Space Agency, both veterans of a shuttle mission, are to conduct their first spacewalk as they prepare the solar panel rotary joint for activation. The solar array will be deployed on the sixth day of the mission, followed the next day by another spacewalk by Mr. Tanner and Commander Stefanyshyn-Piper to deploy a cooling radiator, install joint braces and retrieve a case of scientific experiments left outside the station.

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The space station's crew members are Pavel V. Vinogradov of Russia, Col. Jeffrey N. Williams of the Army and Thomas Reiter of Germany.

Pulling off so many complicated tasks so quickly will require unusual coordination among the spacewalkers, the astronauts aboard the station and shuttle, and the flight controllers and engineers on Earth, said Phil Engelauf, NASA's lead flight director.

"These are extremely intense, extremely tightly choreographed missions," he said, "probably more so than we've done in the past."

OTHER NEWS:

Slower Growth With Low Inflation Spurs Stocks (NYT)

By Jeff Sommer

The New York Times, August 20, 2006

The overall stock market rose every day last week, while a surge in Microsoft shares on Friday propelled the Nasdaq composite index to its best weekly gain in more than three years.

A series of government and private reports suggested that economic growth was slowing and that inflation was moderating — contributing to a bullish mood in the stock market. Government reports on Wednesday indicated that July consumer prices rose at their slowest pace in five months, while homebuilding declined. And on Friday, the University of Michigan's preliminary index of consumer confidence dropped more than expected.

The Nasdaq jumped on Friday after Microsoft said it had completed only a small fraction of a $20 billion stock buyback last week — leaving lots of cash for future purchases. Microsoft's shares rose 5.6 percent last week.

For the week, the Dow Jones industrial average climbed 293.44 points, or 2.6 percent, to close at 11,381.47. The Standard & Poor's 500-stock index rose 35.56 points, or 2.8 percent, to close at 1,302.30. The Nasdaq composite index rose 106.24 points, or 5.2 percent, to close at 2,163.95. The yield on the 10-year Treasury bond fell to 4.84 percent, from 4.97 percent the previous week.

Terror-Proof, Except For All The Vulnerabilities (NYT)

By Daniel Altman

The New York Times, August 20, 2006

FIVE years after 9/11, how terror-proof is the economy? The discovery this month of a plot to blow up American airplanes has sent airlines scrambling, but the rest of the economy has appeared to take it in stride. Some of the vulnerabilities exposed by the 9/11 attacks still exist, however.

Those blows had two major effects on the economy. First, they took a temporary chunk out of spending by consumers and businesses, though this was later offset, at least in part, by a surge of patriotic buying. Next, the geopolitical repercussions, like the uncertainty leading up to the war in Iraq, kept the economy on tenterhooks for many months. Is the economy better protected, or at least more resilient, now? It's hard to measure this empirically, largely because the possibilities for an attack are so varied. Even the size of the American security industry is tough to estimate, though it has probably grown to about $70 billion now from less than $50 billion in 2001, according to Brian W. Ruttenbur, a senior research analyst at Morgan Keegan.

Of course, much of that security has nothing to do with protecting the economy's wheelhouse — its big industries, its infrastructure and its financial system — and experts say the nation still lacks a clear, well-publicized policy to guide the private sector's priorities for protection against terror. So, what works, and what needs improvement?

Infrastructure is a natural place to start, since it's the framework upon which the entire economy rests: the transportation network, energy producers, the electricity grid and other utilities like the water supply. And in some ways, the infrastructure was well prepared to deal with short-term problems in 2001.

"After Sept. 11, in New York City, infrastructure throughout the affected area demonstrated a sort of flexibility," said Rae Zimmerman, a professor of planning and public administration at New York University's Robert F. Wagner Graduate School of Public Service. "There was a tremendous ability, for example, to tap a national network of cell towers for communications and generators to tap electrical power. Also, they were able to run distribution lines to connect electricity transformers outside of the affected area, by running over 30 miles of cabling."

But this flexibility doesn't extend to the national level, which could be a problem in the event of coordinated attacks or wide-ranging sabotage. Professor Zimmerman, who also directs the university's Institute for Civil Infrastructure Systems, said that some parts of the infrastructure were highly interdependent. For example, in research she conducted on the August 2003

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blackout with Carlos E. Restrepo, a colleague at N.Y.U., she found that water systems in Cleveland and Detroit took at least twice as long to recover as the power grid itself.

The geographical concentration of infrastructure may also increase the risk of an attack with far-reaching implications. "Over half of the petroleum refineries are located in just four states," Professor Zimmerman said. "About half of the electric power plants are only in 11 states."

Despite the importance and apparent vulnerability of the infrastructure, a clear policy for managing its security has not yet emerged. "The government really needs to step up to the plate and provide guidance on what minimum preparedness standards are, and they really haven't done that," said David Heyman, director of the homeland security program at the Center for Strategic and International Studies, a research group in Washington.

He noted that 80 percent of infrastructural installations like power plants, switching stations and dams were privately owned, and suggested that market forces might not be enough to compel their owners to choose the right level of protection — even if, for example, public companies had to report their efforts to improve security to the Securities and Exchange Commission.

Even with a national plan in place that prioritizes and mandates security improvements, other questions remain. "If the goal is to harden the infrastructure by putting in more guns, guards and gates, who pays the dime for that?" Mr. Heyman asked. "Does the private sector just incur the cost and pass it on to consumers, or does the public sector provide some support?"

He also criticized what he described as limited communication between the federal government and the private sector. "If you talk to local governments, they'll tell you that the information-sharing mechanism is not working," he said. "It's even more so with the private sector, as the private sector requires some clearances — there's a question about classified information."

Outside the infrastructure providers, different industries are reacting at different speeds. Jeremy M. Kroll, managing director in the New York office of Kroll Inc., a risk consulting firm, says the chemicals industry is one that, in his view, has been lagging.

"They realize their products can be used in evil ways, either to create weapons of mass destruction or to bring down the functionality of a city," Mr. Kroll said. "They understand the implications, but we haven't seen major improvements vis-à-vis manufacturing chemicals as relates to security. Universities are doing a better job of hardening their laboratories, for example." The chemical industry, however, has spent $3 billion enhancing the security of its facilities and distribution since 9/11, according to Jack N. Gerard, president and chief executive of the American Chemistry Council, which represents about 85 percent of domestic chemical production.

"We require our members to assess their risks and responsibilities, develop and implement security plans, and verify those plans through independent auditors," Mr. Gerard said. "These requirements go well beyond the requirements in the law."

Among companies that are doing the most, Mr. Kroll said, are the financial giants, which combine investment and commercial banking services. "The major financial institutions have really led the way in terms of true measures being taken to protect themselves," he said. "They have the largest amount of cooperation from different parts of the government to do so. These folks are the most aware of global exposure and risk."

The financial industry, he added, has achieved the highest level of cooperation between businesses, sharing information and best practices. "We've helped them, but we've also seen them help themselves the most," he said. "It's elevated beyond just director of security. It has truly elevated into the boardroom."

On-site security at major sites, including infrastructure installations, is also changing. "There is a tremendous rise in the use of sensor systems," Professor Zimmerman said, but she warned that those systems, which may monitor anything from radioactivity to computer hacking, require "an awful lot of vigilance." Vigilance also extends to employees, Mr. Kroll said, citing a "very big increase in background checking." Businesses have also become more open to people working from home or in remote locations, he said.

There is plenty of room for improvement, of course. Professor Zimmerman said she hoped that infrastructure companies would reduce their geographical concentration and decentralize the generation of electric power. Mr. Heyman said partnerships between industry and the federal government had to improve, and that the Bush administration needed to re-emphasize security of computer networks.

Yet prevention, especially among for-profit companies, can be a hard sell. "There will always be the human tendency to go to the doctor when you get sick," Mr. Kroll said. "You don't seek preventive medicine."

Second-term Economic Blues (WT)

The Washington Times, August 20, 2006

Dating to the 1870s, midterm elections during the second term of a presidential administration have not been kind to the political party occupying the White House. More recently, in 1974 Republicans lost 47 House seats and five Senate seats. In 1986, Republicans lost five House seats and eight Senate seats, costing them their Senate majority. Defying tradition,

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Democrats in 1998 actually gained four House seats without losing any in the Senate. In the sixth year of the George W. Bush administration, Republicans will be defending their congressional majorities in less than three months. With the economic and political cycles about to merge, now would be a good time to review how the economy has performed during the first five and a half years of the Bush administration and to compare that performance with the three most recent two-term administrations (Nixon, Reagan and Clinton):

m Over the last five and a half years, gross domestic product (GDP) has increased at an average annual rate of 2.6 percent. During the first five and a half years of the other administrations, GDP grew at average annual rates of 3 percent (Nixon), 3.3 percent (Reagan) and 3.5 percent (Clinton). During the 24-month period ending in June 2006, economic growth averaged 3.3 percent per annum. Previously, during the two years ending with the second quarter of the second-midterm-election year, GDP increased by 3.1 percent per year (Nixon), 3.7 percent per year (Reagan) and 4.1 percent per year (Clinton).

m In the labor market, between January 2001 and July 2006, private-sector nonfarm payrolls increased by 1.6 percent (1.8 million jobs). Between January 1969 and July 1974, private-sector jobs increased by 12.4 percent (7.1 million jobs). From January 1981 to July 1986, private-sector payrolls increased by 10.7 percent (8 million jobs). From January 1993 to July 1998, private-sector employment rose by 16.7 percent (15.2 million jobs). Focusing only on the 36 months preceding August of the second-midterm-election year, we find that private payrolls increased by 10.4 percent (6 million jobs) in the Nixon administration; 11.1 percent (8.3 million jobs) in the Reagan administration; 8.4 percent (8.2 million jobs) in the Clinton administration; and 4.8 percent (5.2 million jobs) in the current administration.

m Regarding the unemployment rate, the electorate does not only judge the party occupying the White House based on the current rate; voters also react to how the unemployment rate has changed over time. In this context, the Bush administration inherited a 4.2 percent unemployment rate in January 2001. The jobless rate reached its cyclical peak in June 2003 (6.3 percent). Twelve months ago, it was 5 percent; and today it is 4.8 percent, having increased in July by 0.2 percent from its post-recession low of 4.6 percent.

The Nixon administration inherited a 3.4 percent unemployment rate. In July 1974, in the midst of a recession, the jobless rate was 5.5 percent, having increased from 4.8 percent a year earlier. On election day in November 1974, the rate was 6.6 percent, the highest level it had reached in the Nixon-Ford administration to that point. (It would eventually peak at 9 percent the following spring).

President Reagan inherited an unemployment rate of 7.5 percent, which peaked at 10.8 percent in November-December 1982 before steadily falling over the next three years. In July and November 1986, the jobless rate was 7 percent. In the Clinton administration, which inherited an unemployment rate of 7.3 percent, the jobless rate fell for eight consecutive years. By July 1998, it was 4.5 percent, falling to 4.4 percent on election day.

m Through 2004, the latest year available, real (i.e., inflation-adjusted) median household income (the income level at the midpoint of the income stream) had fallen for five consecutive years. Measured in 2004 dollars, it was $44,389 that year, 3.6 percent below its 2000 level of $46,058. By contrast, real median household income increased by 1.3 percent from 1968 ($37,044) to 1974 ($37,519); by 6.5 percent from 1980 ($38,453) to 1986 ($40,939); and by 11.3 percent from 1992 ($40,422) to 1998 ($45,003), which exceeds the 2004 level ($44,389).

m In January 2001, President Bush inherited an inflation rate of 3.7 percent, measured by the 12-month change in the consumer price index. A year ago it was 3.2 percent, nearly a point below today's inflation rate of 4.1 percent. Mr. Nixon inherited a 4.4 percent inflation rate, which reached 11.5 percent in July 1974, having increased from 5.7 percent a year earlier. It was 12.2 percent on election day. President Reagan inherited a 11.8 percent inflation rate, which fell to 3.6 percent in July 1985, 1.6 percent in July 1986 and 1.3 percent on election day. The inflation rate in January 1993 was 3.3 percent, which declined to 2.2 percent in July 1997, 1.7 percent in July 1998 and 1.5 percent on election day.

Democratic Plan Could Push Presidential Voting Up To 2007 (MCT)

By Steven Thomma

McClatchy Newspapers, August 20, 2006

CHICAGO - Eager to give African-Americans and Hispanics a bigger voice in picking a presidential nominee, Democrats Saturday adopted a new caucus and primary calendar that puts new states on the coveted early voting calendar.

The new calendar would add Nevada, with a large and growing Hispanic population, and South Carolina, with its large African-American population, to the two largely white states of Iowa and New Hampshire that have dominated the early voting for a generation.

Iowa would hold precinct caucuses on Jan. 14, 2008, followed by new Nevada caucuses on Saturday, Jan. 19. New Hampshire's traditional first primary would be on Tuesday, Jan. 22, and South Carolina's primary on Tuesday, Jan. 29.

All other states would be prohibited from starting their voting until a week later, on Tuesday, Feb. 5.

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"If this works, the candidates will go to all the states," said Alexis Herman, the former Clinton administration Labor Secretary who chaired the party's efforts to overhaul its voting.

The plan had broad support from minorities, many of whom cheered and hugged when it was adopted. Rep. Stephanie Tubbs Jones, D-Ohio, noted that it was backed by the Congressional Black Caucus, the Congressional Hispanic Caucus and the Congressional Asian Pacific American Caucus.

"We now have geographic diversity, which means that a lot more of the country will get a chance to meet and understand who these candidates are," added Maria Echaveste, a former top aide in the Clinton White House who supported the plan.

Yet the plan was opposed by party leaders from several states, most notably New Hampshire, which fears that the Nevada caucus just days before will dilute attention to its primary.

New Hampshire state law requires the state primary be scheduled seven days earlier than any "similar" election. While the state has recognized the earlier Iowa caucuses as different and thus okay - they are town hall meetings rather than a primary election - state officials have chafed at whether they would give Nevada's caucuses a similar pass.

New Hampshire officials could move their primary date forward to as early as December 2007. They won't decide until next year, after all other states have set their voting dates.

To prevent an earlier New Hampshire vote, the Democratic National Committee also approved new rules that would punish any presidential candidate who campaigned in a renegade state.

Yet several potential candidates already have said they would still campaign in New Hampshire, arguably more interested in winning the media coverage and momentum that comes with a victory there than they are in losing the state's 18 delegates, which could happen under the new rules.

Among the potential candidates vowing to campaign in New Hampshire: Gov. Bill Richardson of New Mexico, former Gov. Mark Warner of Virginia, and Sens. Evan Bayh of Indiana, Chris Dodd of Connecticut and John Kerry of Massachusetts.

"This just the first chapter," said Mark Brewer, the state party chairman from Michigan, who also opposed the plan because it failed to include any states from the industrial Midwest.

"The test is what the DNC does if New Hampshire doesn't comply. If the rules don't apply to New Hampshire, they don't apply to anybody."

For more on the Democratic National Committee, www.democrats.org.

Democrats Set Primary Calendar And Penalties (NYT)

By Adam Nagourney

The New York Times, August 20, 2006

CHICAGO, Aug. 19 — The Democratic National Committee voted Saturday to penalize 2008 presidential candidates who defied a new nominating calendar devised to lessen the longtime influence of New Hampshire and Iowa, the two states that have traditionally kicked off the nominating process.

The sanctions will be directed at candidates who campaign in any state that refuses to follow a 2008 calendar of primaries and caucuses that was also approved Saturday. Any candidate who campaigns in a state that does not abide by the new calendar will be stripped at the party convention of delegates won in that state.

The party adopted a broad definition of campaigning, barring candidates from giving speeches, attending party events, mailing literature or running television advertisements.

Iowa will continue to start the voting process, with a caucus on Jan. 14. But under the new calendar, there will be a caucus in Nevada on the Saturday between the Iowa caucuses and the New Hampshire primary on Jan. 22. South Carolina will hold a primary at least one week after New Hampshire.

The penalties were adopted in response to threats by New Hampshire officials, who said they might defy the new Democratic calendar and schedule their primary earlier in the year or in 2007 to retain their long-held influence over the nominating process. The New Hampshire secretary of state has the authority to move the primary earlier to make sure it complies with a state law requiring that no state hold any kind of nominating contest within seven days of the New Hampshire primary.

Kathy Sullivan, the leader of the Democratic Party in New Hampshire, warned that the calendar vote would create strife for the party and “rob presidential candidates from doing what they need to take back the White House.”

“Mark my words, in 2008 when our presidential candidates start to introduce themselves to the American public, the changes in the primary calendar will continue to take attention away from where it should be — on their visions for this country,” she said.

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The calendar and penalties were adopted by what appeared to be an overwhelming margin in a voice vote. The decision, which embraces the recommendations of the party's Rules and Bylaws Committee, is the biggest shift in the way Democrats have nominated their presidential candidates in 30 years.

Despite the vote, the fighting over the calendar may not be over. A number of potential 2008 contenders — including Senator John Kerry of Massachusetts; John Edwards, the former senator from North Carolina; and Senator Evan Bayh of Indiana — have expressed support for New Hampshire.

Several Democrats said candidates might make the calculation that it is worth losing delegates — assuming New Hampshire defies the party and the party penalizes candidates — to get the attention that might come from an early New Hampshire victory.

A spokesman for Mr. Bayh, Dan Pfeiffer, said that the senator had asked the Indiana Democratic delegation to oppose the rule change, and that he intended to campaign in New Hampshire.

"Senator Bayh, should he decide to run, intends to stand by his commitment to New Hampshire," Mr. Pfeiffer said. "At the end of the day, the D.N.C. and the various states will set the final calendar and all Senator Bayh can do is compete in the contests as they come — and that includes New Hampshire."

Democrats Add Nevada, S.C. To Early 2008 Voting (LAT)

By Mark Z. Barabak, Times Staff Writer

The Los Angeles Times, August 20, 2006

The party says it widens demographic diversity in the presidential nominating process. But New Hampshire isn't conceding defeat.

CHICAGO — Seeking to broaden the party's nominating process, Democratic leaders voted Saturday to add Nevada and South Carolina to the opening rounds of the 2008 presidential contest.

The move could prove significant by introducing new voices and issues into the race for the White House — but only if Democrats choose to seriously campaign in the two added states.

Iowa and New Hampshire — host of the first caucus and primary, respectively — have long dominated the early balloting, and many of the Democrats' 2008 prospects have opposed changing the political calendar. None wished to anger activists in those traditional proving grounds.

New Hampshire Gov. John Lynch, a Democrat, called Saturday's decision "deplorable" and said he had received a letter with commitments from 10 potential candidates to campaign in his state whenever its primary takes place. Former Virginia Gov. Mark R. Warner, one of those likely to run, appeared with Lynch in New Hampshire and said, "Should I take the plunge, I'll be here to campaign for your support, no matter when you set your primary."

Three hundred members of the Democratic National Committee wrapped up their summer meeting in Chicago with debate and a vote on the new calendar.

The head of the New Hampshire Democratic Party, Kathleen Sullivan, argued that cramming the contests together would mean that Democrats' nominee would be chosen by fewer than 500,000 voters in just four states. "That is not democracy and that is not diversity," Sullivan said.

Despite such opposition, the change passed on a resounding voice vote after less than half an hour of consideration.

"Our rules are not stagnant. They are not meant to be," said U.S. Rep. Stephanie Tubbs Jones (D-Ohio), characterizing the move as part of a decades-long effort to make the party more inclusive.

Under the timetable adopted Saturday, Iowa continues to hold the first caucus, on Jan. 14, 2008, with Nevada five days later. New Hampshire is to hold the first primary, on Jan. 22, with South Carolina voting a week later. Remaining states can schedule their contests after Feb. 4.

Republicans have their own nominating rules and will not necessarily schedule their primaries and caucuses to match dates chosen by Democrats.

The calendar changes that Democrats adopted Saturday addressed years of party activists' complaints that Iowa and New Hampshire were unrepresentative because of their heavily rural and overwhelmingly white populations.

"Part of moving America in a new direction is selecting a presidential nominee who represents the values, issues and concerns of our country's diverse population," Senate Minority Leader Harry Reid (D-Nev.) said in a statement after the committee's vote. He was instrumental in pushing Nevada toward the front of the 2008 calendar.

But New Hampshire is not necessarily bowing to the party's preference. State law requires that New Hampshire's primary precede "similar" contests by at least a week; the Jan. 19 Nevada caucus is only three days before New Hampshire is to vote.

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"I'm sure there's going to be more to this," New Hampshire Secretary of State William H. Gardner said in an interview after the vote. Democratic National Committee Chairman Howard Dean "won't be setting the date of the New Hampshire primary," said Gardner, a Democrat.

The schedule adopted Saturday is to kick off the presidential balloting earlier than ever. As recently as 1996, New Hampshire held its opening primary Feb. 20 — and that was considered unusually early.

The Democratic National Committee also adopted penalties Saturday to strip delegates from any presidential hopeful who campaigns in a state that ignores the party's preferred schedule.

But that may not deter candidates, most of whom would gladly trade a few delegates for the publicity and momentum of a victory in Iowa or New Hampshire, whenever they vote.

Other potential candidates who signed the letter to Gov. Lynch were Iowa Gov. Tom Vilsack, New Mexico Gov. Bill Richardson, former Sen. John Edwards of North Carolina, retired Army Gen. Wesley K. Clark, and Sens. Evan Bayh of Indiana, Joseph R. Biden Jr. of Delaware, Christopher J. Dodd of Connecticut, Russell D. Feingold of Wisconsin and John F. Kerry of Massachusetts.

The Associated Press contributed to this report.

Democrats Add January Voting In 2 More States (WP/AP)

Associated Press

The Washington Post, August 20, 2006

CHICAGO, Aug. 19 -- Democrats agreed to shake up tradition Saturday by wedging Nevada between Iowa's leadoff caucuses and the New Hampshire primary in the 2008 presidential nominating calendar and adding South Carolina soon afterward.

The addition of Nevada's caucuses and the South Carolina primary to a presidential calendar long dominated by Iowa and New Hampshire is intended to give a greater voice to Hispanics and blacks -- minorities critical to Democrats' success.

Nevada has a sizable Hispanic population while South Carolina has a high concentration of black voters. The early contests in those states will give Democrats more prominence in the Southeast and the Southwest, regions that tend to support Republicans.

Advocates of the plan, which the Democratic National Committee passed on a voice vote, say it will force Democratic presidential candidates to develop a broader message that extends beyond the concerns of voters in Iowa and New Hampshire.

But the altered schedule poses risks. New Hampshire, for example, is threatening to ignore the committee's plan by moving its primary even earlier, despite the possibility that the Democratic Party would punish candidates who campaign in states with schedules that violate party rules.

The plan would keep Iowa's caucuses in their leadoff position Jan. 14. Nevada would follow with its own caucuses Jan. 19. New Hampshire would retain its status as the first-in-the-nation primary, with voting Jan. 22. South Carolina would hold its primary Jan. 29.

Eager to keep states from jumping in line, the DNC also passed enforcement rules that would punish candidates who campaign in states that set their own schedules. Some party members worry that would create an unseemly intraparty fight when Democrats can least afford it.

Under the rules, candidates who venture into states that ignore the party schedule would not get any delegates from those contests. But some DNC members were unsure how effective such a sanction would be, particularly if the states are small and have few delegates to offer.

Others complain that the added contests in Nevada and South Carolina would squeeze so many contests early in the nomination process that the party's nominee could be determined by February, before most states even get a chance to vote.

GOP's Financial Edge Shrinks (WP)

By Zachary A. Goldfarb, Special To The Washington Post

The Washington Post, August 20, 2006

Challengers Gain On Incumbents

The traditional fundraising advantage held by incumbent lawmakers -- which Republicans have regarded as a safety wall in their effort to keep control of Congress -- has eroded in many closely contested House races, as many Democratic challengers prove competitive in the race for cash.

In a year of bad omens for the GOP, the latest batch of disclosure forms filed with the Federal Election Commission offers one more: Incumbency no longer means that embattled Republican representatives can expect to overwhelm weakly funded Democratic challengers with massive spending on advertising and get-out-the-vote efforts.

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There are 27 Republican incumbents classified by the nonpartisan Cook Political Report as the most vulnerable to losing reelection this fall. These incumbents still boast a clear fundraising edge, but it is much less pronounced than in years past. According to calculations made from FEC data, the Democratic challengers in these races have raised about 60 percent of what their opponents have collected and have about the same percentage of cash on hand.

At this point in the 2004 election cycle, by contrast, Cook listed nine Republican incumbents as similarly vulnerable. Their Democratic opponents had been able to raise 42 percent of what their opponents collected, and challengers' cash on hand was a lower percentage. There were similar disparities in the 2002 cycle.

Of this year's 27 most vulnerable incumbents, 14 face challengers who have raised at least $1 million, according to FEC reports. At this point in 2004, no Democratic challenger had raised $1 million. What's more, all but one of the 27 Democratic challengers has raised at least $400,000 -- a figure that many election experts consider a minimum price of entry for candidates hoping to mount a credible campaign. Taking into account all House races, 36 Democratic challengers have cleared the $400,000 threshold.

"Challengers, in general, and Democrats, in particular, have made marked improvements in fundraising this election cycle," said Michael E. Toner, the Republican-appointed chairman of the FEC.

For political finance experts, the data are striking because they show that the usual fundraising advantage of incumbents -- who tend to have more access to special-interest money -- is durable but not impervious to competing trends. This year, these include a highly motivated base of Democratic activists and low approval ratings for President Bush and the Republican leadership in Congress.

If anything, the financial figures show that political success can be self-reinforcing. After this year's first-quarter fundraising period, which ended March 31, operatives and campaign funding specialists were struck by how a surge in small, individual contributions was lifting many Democratic candidates -- incumbents and challengers alike -- closer to parity with historically better-funded Republicans.

In the second-quarter period, which ended June 30, in many instances the trend accelerated. Contributors appeared more likely to give to candidates who demonstrated through numbers -- polls and fundraising reports -- that they have a decent shot at winning.

Twelve of the 27 Democratic challengers in Cook's most competitive House races raised more money in the latest quarter than their GOP opponents.

One of those 12 is former Vice Adm. Joe Sestak, a 31-year Navy veteran whose candidacy in Pennsylvania's 7th District in suburban Philadelphia is being driven in large measure by his opposition to the Iraq war. His opponent, 10-term Republican Rep. Curt Weldon, has never faced a competitive challenger, even though the Democratic presidential nominee won the district in the last three elections.

Fueled by financial success in the most recent quarter, Sestak has raised $1.1 million to Weldon's $1.4 million.

Sestak is getting support from traditional sources such as labor unions and newer ones such as the "Net roots" -- online activists who are channeling significant sums to antiwar Democrats. He has raised $230,000 online this cycle, including thousands through blogs.

"We really hit a vein," he said.

"At its peak, I think those numbers really signify the enthusiasm of the Democratic donor base," said Amy Walter, who tracks House races for the Cook Political Report.

Democrats need to win 15 seats to regain control of the House for the first time since being evicted from the majority in the 1994 elections.

Walter and other political analysts said achieving strict equality in fundraising is not a necessity for a challenger. The key, they said, is having enough money to get a message out in advertising and to respond to an opponent's message.

Much of the money raised by Republicans in competitive races, Walter said, will probably buy negative ads against challengers. "The Democratic ability to respond to attacks will be critical, and that relates directly to money," she said.

L. Sandy Maisel, a government professor at Colby College in Maine, agreed that in a year when broader trends favor Democrats, a challenger in a competitive district who can stay within shouting distance financially has an advantage, even if he or she is outspent.

"All they have to have is enough money to make their campaign pitch and respond to whatever the Republican opponent has thrown at them," said Maisel, who once ran unsuccessfully for Congress.

GOP challengers are also raising money effectively, their funds sometimes rivaling the totals raised by Democratic incumbents. The problem for Republicans is that only eight Democratic incumbents are in seats considered highly competitive by Cook, meaning they are considered "toss-ups" or may "lean" a certain direction, but no candidate has sufficient advantage to be deemed a "likely" winner.

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"There's not many opportunities for Republicans to be taking seats from Democrats," said Michael J. Malbin, executive director of the Campaign Finance Institute, a nonpartisan research center affiliated with George Washington University. "There's plenty of races to make up the 15 [that Democrats need]. There's not that many places for Republicans to make the hill steeper."

While Democratic challengers are doing well in the most competitive districts, overall figures for House races make plain that the incumbent financial advantage is hardly on its way to extinction. When all Republican incumbents are figured in, they have raised an average of about eight times what challengers have.

Even in the most intensely contested districts, Republican operatives say their candidates are in good shape to preserve the GOP majority. "If you look at Republican incumbents in competitive races, they are raising more than enough to have the resources they need in October and September," said Carl Forti, spokesman for the National Republican Congressional Committee. "I think our incumbents are in great financial shape and will continue to raise money until Election Day."

Analysts said one wild card this fall will be non-candidate expenditures. National party committees, so-called 527 independent groups, nonprofit organizations and others will spend millions on advertising and voter mobilization.

The dimensions of the fundraising battle are on display in Florida's 22nd District, in what may be the highest-priced House contest of the fall. Rep. E. Clay Shaw Jr., a 13-term incumbent, has raised $3.2 million.

Shaw has faced financially competitive challengers before, but he has become more entrenched in recent election cycles. He had a two-to-one advantage over his challengers in 2002 and 2004.

But his opponent this year, state Sen. Ron Klein, has raised $2.7 million. And Klein's campaign notes that more than a third of Shaw's funds were raised at an $800,000 visit by President Bush in May and an earlier $300,000 visit by Vice President Cheney.

Klein is trying to show he can compete. Two and a half weeks before Election Day, he is to bring in former president Bill Clinton for a fundraiser that the campaign expects could raise $500,000.

GOP Candidate Seeks His Niche In Conn. (AP-Y)

By Cara Rubinsky, Associated Press Writer

AP, August 20, 2006

Overshadowed by two Democrats whose primary battle has drawn national attention, Republican U.S. Senate candidate Alan Schlesinger finds himself fighting for support from his own party.

Schlesinger said Saturday that he was told long before Sen. Joe Lieberman lost the Aug. 8 Democratic primary not to count on support from the national Republican Party unless he could show he had a shot to win.

"Since the primary, nothing's changed," he said.

Schlesinger would pull just 4 percent of the vote in a three-way race with Lieberman, who is now running as an independent, and Democratic primary winner Ned Lamont, according to a poll released Thursday by Quinnipiac University in Hamden. His support slipped from 9 percent in July's poll.

The telephone survey of 1,319 Connecticut voters from Aug. 10-14 has a sampling margin of error of plus or minus 3 percentage points.

Though Lamont edged Lieberman by 10,000 votes in the primary — largely by criticizing the centrist senator's support for the Iraq war — the new poll shows Lieberman attracting 53 percent of the likely voters to Lamont's 41 percent.

Lieberman, the 2000 Democratic vice presidential candidate, enjoys strong support from Connecticut's Republican voters — the latest poll found that 75 percent supported him, as well as 53 percent of unaffiliated voters.

Lieberman's support within the GOP ranks is such that Lamont spokesman Tom Swan has dubbed the incumbent "the de facto Republican" candidate.

Meanwhile, Schlesinger's candidacy has mustered lukewarm responses from the White House and Republican Gov. M. Jodi Rell. The National Republican Senatorial Committee has snubbed him. A spokesman said Thursday that the committee doesn't intend to help Schlesinger because it's not a competitive race.

Adding to Schlesinger's campaign woes are revelations that he was sued by two New Jersey casinos for gambling debts and that he gambled at a Connecticut casino under a false name in the 1990s while a state legislator.

Schlesinger said he is trying to position himself as a fiscal conservative and will seek support from national groups in Washington, though he declined to identify them.

"I'm their only hope," he said. "As our fiscal ship heads toward an iceberg, Lieberman and Lamont are arguing over which deck chair will get the best view. I'm going to try to grab the steering wheel and steer away because it takes a long time to avoid a catastrophe, and we're heading toward one."

DOJ_NMG_0050704

Though Lieberman and Lamont — and most national organizations — are treating Schlesinger as a non-factor, he believes voters will support him once they get to know him. He is working on ads that he said will describe how the race has been "hijacked" by national interests on both sides of the aisle.

"I'm trying to get this race back from being a referendum on where the national Democratic Party is going and turn it back into a referendum on who will be senator in Connecticut for the next six years," he said.

For Webb, Road To Senate Lies In Southwest Va. (WT)

By Seth Mclaughlin, The Washington Times

The Washington Times, August 20, 2006

Democratic lawmakers say their U.S. Senate candidate, James H. Webb Jr., must follow the party's script of making inroads in Southwest Virginia to defeat incumbent Sen. George Allen, a Republican, in the November election.

"If I'm a betting man, I'd bet on George Allen to carry the Southwest," said state Sen. Phillip P. Puckett, Tazewell Democrat. "But we will do anything we can to make this close."

Mark Warner essentially wrote the script when he became governor in 2001 by dominating in Northern Virginia, which is largely Democratic, and not getting steamrolled in the state's Republican-heavy southern regions.

Gov. Timothy M. Kaine, a Democrat, followed the plan last year in defeating former Attorney General Jerry W. Kilgore, a Republican.

"If we get 46 [percent] to 47 percent of the rural vote statewide, [Mr. Allen] can't win," said Dave Saunders, a volunteer for Mr. Webb in Southwest Virginia.

Virginia Republicans say that analysis is overly optimistic because Mr. Warner and Mr. Kaine did not face a politician as established as Mr. Allen, whose 20-year political career in the state has evolved from being delegate in the General Assembly to a member of the U.S. House of Representatives to governor to senator.

According to a Rasmussen poll released in late July, Mr. Allen leads Mr. Webb by 10 percentage points, 51 percent to 41 percent.

Mr. Webb, a decorated Vietnam veteran and former Republican who was secretary of the Navy under President Reagan, is a political newcomer whose appeal is in part based upon his distaste for the role of money in politics.

However, getting enough money to reach voters throughout the state has been made difficult by that stance.

"He has to raise the money to communicate," said state Sen. Robert Creigh Deeds, Bath Democrat. "He has a compelling story to tell, [but] if you can't communicate with the voters, you can't compete."

As of June 30, Mr. Webb had $424,000 in campaign funds, compared with Mr. Allen's $6.6 million.

"I haven't seen any evidence of [Mr. Webb's] campaign at all in [Southside Virginia]," said Delegate Robert Hurt, Chatham Republican. "Quite frankly, when you look at Senator Allen's record in Southside Virginia, I don't see anything Webb can bring to the table that would sway voters away from Senator Allen."

Mr. Webb recently benefited from the free publicity created by Mr. Allen calling a Webb campaign staffer of Indian descent "macaca" during a rally in the town of Breaks, on the Kentucky line.

Macaca is a species of monkey, and the word can be translated to mean a racial slur. Mr. Allen has since apologized.

"It's a long time until the election," Mr. Puckett said. "People tend to forget those kinds of things," unless Mr. Webb tries to makes it a campaign issue.

He said Mr. Webb will get help in the southern part of the state from Democrats also going to the polls to re-elect 12-term Rep. Rick Boucher, but the election is "not going to be won in the Southwest or Southside."

Mr. Webb is expected to remind voters while campaigning in the south about his deep family roots in the region that are detailed in his most recent book, "Born Fighting: How the Scots-Irish Shaped America."

"We got a good horse," Mr. Saunders said. "You don't have to tell him to stomp his foot when he hears bluegrass. Those movements, it's genetic, and he has the right genes."

Webb spokeswoman Kristian Denny Todd said: "When we get out there, and as people get to know Jim, he will be the natural choice."

For One Group, 'Macaca' Recalls Slurs After 9/11 (WP)

By Michael D. Shear And Leef Smith, Washington Post Staff Writers

The Washington Post, August 20, 2006

Many Indian Americans Are Disturbed by Allen's Remarks, but Some See a Chance to Strengthen an Alliance

DOJ_NMG_0050705

Word of Sen. George Allen's controversial comments flashed across the country last week, but nowhere more rapidly than in Virginia's Indian American community, where frustration over ethnic stereotypes has intensified since the terrorist attacks of Sept. 11, 2001.

Dolly Oberoi, chief executive of a Northern Virginia technology company, heard what Allen said to a 20-year-old Indian American from Fairfax County replayed on the radio Monday while driving home from work. "To me it sounded like, 'You dirty kid, get out of my way,' " Oberoi said. "That was very painful to a lot of people."

Allen's comments during a campaign stop in southwest Virginia were directed at S.R. Sidarth, who was videotaping the event for Allen's Democratic opponent, James Webb. Allen repeatedly pointed at Sidarth, dismissively calling him "Macaca, or whatever his name is," and saying "welcome to America and to the real world of Virginia."

Once posted by the Webb campaign on the Internet, the video became a sensation, prompting anger about the use of "macaca," which refers to a genus of monkeys and is a racial slur in some countries.

But it was the scene -- of a senator singling out a member of her community in front of a mostly white crowd -- that affected Oberoi more than any word. It smacked of insults directed at her since terrorists, none of whom were Indian, attacked the Pentagon and World Trade Center nearly five years ago.

Oberoi recalled an incident in which "this woman came and started honking. She parked next to me [and yelled], 'All you people from the Middle East!' "

"They get mixed up about who's from what part of the world," Oberoi added.

Virginia is home to about 80,000 adults with Indian ancestry, most of whom live in Northern Virginia, according to the U.S. Census Bureau. In interviews across the state last week, many said they were offended and disappointed by the comments from the one-term Republican senator and former governor.

Some said they hoped that the video, widely available on the Internet, would make people think twice about voting for Allen in the November election. Others said they hoped the incident would help cement Allen's solid support for their community's issues, such as allowing more visas for high-tech workers from India and backing nuclear cooperation between India and the United States.

The Indian American community in Virginia began expanding dramatically in the 1960s and '70s, when an influx of highly educated young immigrants began arriving. Many were engineers, doctors or teachers who settled in Washington's suburbs.

Thirty years later, the community has broadened and matured, civic leaders say. Many of its members are successful, especially in the region's information technology industries. And they are tight, placing a high value on sharing information quickly. When Allen's comments became public, the video link was sent nearly instantly across a very wired community.

Politically, Indian American influence in Virginia is growing, though it is somewhat limited by their numbers. After the Sept. 11 attacks, Indian Americans formed many groups aimed at expanding their political reach. Many cheered when Gov. Timothy M. Kaine (D) named a young Indian American business executive, Aneesh P. Chopra, to be secretary of technology.

"Increasingly over the last five to eight years, Indians have been very involved in local politics," Oberoi said. "At this point, people are going to get actively involved. This will really heat things up."

Sanjay Puri, the leader of an Indian American political action committee, organized a meeting between Allen and about two dozen Indian Americans last week after the senator's comments became public. "He was very receptive and listened well," Puri said.

After the meeting, Allen promised to continue supporting Indian Americans on the visas and on a nuclear cooperation agreement with India.

"I've learned from it and moved on," Allen said of the reaction to his statements. He said the apology he issued shortly after the comments were made public "was not just to [Sidarth]. It was to anyone who might have been offended."

Some Indian Americans appeared ready to accept Allen at his word. Even amid the uproar, Northern Virginia business executive Sudhakar Shenoy said that "he's been nothing but great to my community."

And Manjit Singh, of Fairfax, wasn't outraged. He wasn't even really offended. He was shocked that Allen would say something so "stupid -- especially for a politician of his stature," said Singh, 48, an accountant whose office is among shops in a Falls Church strip mall that cater largely to Indian Americans.

On weekends, Loehmann's Plaza on Route 50 is packed with theatergoers seeing Bollywood movies. Other people make frequent stops at the Punjab Dhaba Indian Cafe and Carryout to buy food and rent Hindi films.

But several Indian Americans said Allen's comments added to a sense of discrimination that has increased since the Sept. 11 attacks. There were several high-profile attacks on people of Indian descent by those who linked them to terrorists. And sitting in a plane with a turban suddenly attracted suspicious and worried stares.

"All Indians felt some kind of a kinship," said Chopra, the first Indian American to be named to Virginia's cabinet. "After 9/11, the sensitivity went up."

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It is for that reason, he and others said, that some Indian Americans reacted with such dismay to the video of Allen.

Deepa Iyer, 33, executive director of SAALT, a nonprofit organization in Takoma Park that supports people with South Asian ancestry, said the terrorist attacks "led to this perception that South Asians are to be suspected, or to be feared, or somewhat marginalized." She added that Allen's comments to Sidarth are "not an isolated incident. It's part of a broader pattern of incidents. It was, Oh, gosh, here we go again."

Iyer said her group hopes to use Allen's comments, and the fallout from them, to encourage more political activity and awareness among Indian Americans in the Washington area.

"This is something that's coming from both sides of the aisle," she said. "What are the political parties going to do about this?"

Smita Siddhanti, president of an environmental consulting firm in Tysons Corner, said she had planned to vote for Allen before the incident. She doesn't know what was in Allen's heart, but she said she is disturbed that he would be so careless with his words. She said she didn't know whom she would vote for now.

"We all have to think, many times now, about George Allen," she said.

The YouTube Election (NYT)

By Ryan Lizza

The New York Times, August 20, 2006

AUGUST, usually the sleepiest month in politics, has suddenly become raucous, thanks in part to YouTube, the vast videosharing Web site.

Last week, Senator George Allen, the Virginia Republican, was caught on tape at a campaign event twice calling a college student of Indian descent a “macaca,” an obscure racial slur.

The student, working for the opposing campaign, taped the comments, and the video quickly appeared on YouTube, where it rocketed to the top of the site’s most-viewed list. It then bounced from the Web to the front page of The Washington Post to cable and network television news shows. Despite two public apologies by Senator Allen, and his aides’ quick explanations for how the strange word tumbled out, political analysts rushed to downgrade Mr. Allen’s stock as a leading contender for the 2008 Republican presidential nomination.

YouTube’s bite also hurt Senator Joseph I. Lieberman, who was defeated by the political upstart Ned Lamont in Connecticut’s Democratic primary earlier this month. In that contest, pro-Lamont bloggers frequently posted flattering interviews with their candidate on YouTube and unflattering video of Senator Lieberman. The Lamont campaign even hired a staffer, Tim Tagaris, to coordinate the activities of the bloggers and video bloggers.

In the real world, of course, neither Senator Lieberman nor Senator Allen is finished. Senator Lieberman, running as an independent, leads in recent polls. And Senator Allen, who said that he had meant no insult and that he did not know what macaca meant, is favored to win re-election against his Democratic opponent, James Webb. But the experience serves as a warning to politicians: Beware, the next stupid thing you say may be on YouTube.

When politicians say inappropriate things, many voters will want to know. Now they can see it for themselves on the Web.

But YouTube may be changing the political process in more profound ways, for good and perhaps not for the better, according to strategists in both parties. If campaigns resemble reality television, where any moment of a candidate’s life can be captured on film and posted on the Web, will the last shreds of authenticity be stripped from our public officials? Will candidates be pushed further into a scripted bubble? In short, will YouTube democratize politics, or destroy it?

YouTube didn’t even exist until 2005, but it now attracts some 20 million different visitors a month. In statements to the press, the company has been quick to take credit for radically altering the political ecosystem by opening up elections, allowing lesser known candidates to have a platform.

Some political analysts say that YouTube could force candidates to stop being so artificial, since they know their true personalities will come out anyway. “It will favor a kind of authenticity and directness and honesty that is frankly going to be good,” said Carter Eskew, a media consultant who worked for Senator Lieberman’s primary campaign. “People will say what they really think rather than what they think people want to hear.”

But others see a future where politicians are more vapid and risk averse than ever. Matthew Dowd, a longtime strategist for President Bush who is now a partner in a social networking Internet venture, Hot Soup, looks at the YouTube-ization of politics, and sees the death of spontaneity.

“Politicians can’t experiment with messages,” Mr. Dowd said. “They can’t get voter response. Seventy or 80 years ago, a politician could go give a speech in Des Moines and road-test some ideas and then refine it and then test it again in Milwaukee.”

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He sees a future where candidates must be camera-ready before they hit the road, rather than be a work in progress. "What's happened is that politicians now have to be perfect from Day 1," he said. "It's taken some richness out of the political discourse."

Howard Wolfson, a senior adviser to Senator Hillary Rodham Clinton, who is not known for her spontaneity, agrees.

"It is a continuation of a trend in which politicians have to assume they are on live TV all the time," Mr. Wolfson said. "You can't get away with making an offensive or dumb remark and assume it won't get out."

These rules have long applied to White House contenders, but the dynamic is getting stronger and moving down the ballot. "It used to be the kind of thing that was only true for presidents," Mr. Wolfson said. "Now with the proliferation of technology it is increasingly true for many other politicians."

But Mr. Wolfson, who recently led an effort by the Clinton camp to reach out to liberal bloggers hostile to his boss, believes that this trend has one advantage. "It does create more accountability and more democratization of information in the process," he said.

The explosion of instant video may also put pressure on the news media. In the old days, the Allen video would not have been available for all to see. "Imagine this happened 10 years ago," Mr. Wolfson said. "We had video and trackers then. But you had to get it to a TV station or newspaper. You had to persuade them to run a story on it. This allows you to avoid the middleman."

And by doing so, avoid an arbiter, however flawed, of standards. "There's no, 'Is this the right thing for political discourse?' " Mr. Dowd said. "It's just there."

These days journalists are concerned not just about being cut out, but about being part of the show. Reporters often suffer the wrath of bloggers in the same way politicians do. At a recent conference of political bloggers in Las Vegas, reporters more than once reminded one another to be discreet in their conversations because anything overheard was fair game for bloggers to post.

Now, as the campaign trail turns into a 24-hour live set, members of the press corps may find themselves starring on YouTube. "At least one big-time journalist will have their career or life ruined because some element of their behavior that was heretofore private will be exposed publicly," predicted a senior adviser to a potential 2008 presidential candidate. The adviser requested that his name not be used because he did not want his personal views to be taken for his boss's.

Then again, YouTube's impact on politics may be exaggerated. For one, the site's users are generally young and not highly engaged politically.

"Most social networking sites cater to younger audiences, 18 to 24," says Michael Bassik, vice president of Internet advertising at MSHC Partners, which advises candidates on media strategies. "For the most part, it's not political conversations taking place there."

And maybe the Allen video wasn't all that shocking after all.

Jeff Jarvis, author of the BuzzMachine blog and an Internet consultant to The New York Times Company, doesn't think all that much has changed.

"Is it news that politicians say stupid things?" he asks. "Of course not."

It's What They Sayand How They Say It (MINNST)

By Eric Black, Star Tribune

Minneapolis Star Tribune, August 20, 2006

For each main candidate, style and substance will be important factors in the race for this wide-open congressional seat.

Is Michele Bachmann too extreme to be elected to Congress?

Is Patty Wetterling too unclear?

The race for the open seat in Minnesota's Sixth Congressional District will, like every other House race this fall, run the gamut from the war in Iraq to health care to education. But with less than three months to the election, the debate among bloggers, political analysts and the campaigns themselves is making clear that a big factor will be the very different ways the two candidates talk about issues.

Bachmann critics, for example, signaled early that they will raise extremism as an issue at every turn. At a July fundraiser featuring Karl Rove, protester Karl Bremer stood on the sidewalk handing out fortune cookies that contained controversial Bachmann quotes, such as one questioning whether a minimum-wage law is necessary.

The heart of the GOP campaign against Wetterling will likely focus on portraying her as too liberal for the conservative-leaning Sixth District. But neutral political analysts raise the question of her often fuzzy rhetoric; and Bachmann's campaign, which has been taunting Wetterling to debate, wants voters to hear Wetterling talk policy.

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Since entering politics in 1999, state Sen. Bachmann, R-Stillwater, has personified the conviction politician. She has put the most contentious social issues, such as legalizing gay marriage, which she strongly opposes, atop her agenda. She also stakes out positions that go beyond the conventional conservative line. And Bachmann describes those positions with clarity and in provocative, uncompromising rhetoric that thrills her supporters and horrifies her foes.

On the other hand, when child safety advocate Wetterling of St. Joseph talks issues, the rhetoric is neither so edgy nor so clear. The DFLer sometimes complains about questions that require her to choose between two policy options, sometimes refuses to do it and advocates things like "long-term vision" and "solution-seeking." Sometimes she outlines a widely shared goal such as greater access to health care, then talks at some length without really committing to a policy that would reach the goal.

During an interview on Minnesota Public Radio, she was asked how she would vote if a bill of impeachment against President Bush came before the U.S. House.

Wetterling began by saluting Sen. Russ Feingold, D-Wis., for "initiating that." When the host clarified that Feingold favored censure, not impeachment. Wetterling then said she favors holding "all kinds of people in Washington" accountable.

Then she argued that "we have to look at the amount of energy and the end result and what are the impacts of all of our actions." She ended by saying that if she gets to Congress and articles of impeachment come before the House, she "will be open to looking at where we're at, at that point."

The Sixth District seat is open because the incumbent, Republican Mark Kennedy, is running for U.S. Senate. Most national pundits have the Sixth leaning Republican, but Congressional Quarterly rates it as a tossup. The race will be in the spotlight Tuesday when Bush comes to Minnesota to do a Bachmann fundraiser.

Independence Party nominee John Binkowski of St. Mary's Point also is running for the seat.

At the May DFL convention that endorsed Wetterling, Matt Entenza described Bachmann as "the kind of extremist who makes extremists look moderate."

As the campaign proceeds, DFLers will seek to convince conservatives and moderates -- even those who share Bachmann's basic positions on Iraq, gay marriage, abortion, gun rights and taxes -- that her version of those positions is out of the mainstream.

What will they have to work with in making that case?

Amend both constitutions

Perhaps the prime example involves same-sex marriage. Bachmann doesn't just oppose legalizing same-sex marriage. She wants to amend both the state and federal constitutions to guarantee that it won't be legalized, and wants the amendments to rule out the "civil unions" option, under which same-sex couples would receive most of the legal rights of married couples except the right to call their relationship a "marriage."

In March, for example, she was on a radio show advocating a state constitutional amendment to ban same-sex marriage. A caller challenged her to explain how he, a married heterosexual, would be harmed if his gay neighbors were allowed to marry.

Bachmann replied that once a state legalizes gay marriage, "public schools would have to teach that homosexuality and same-sex marriages are normal, natural and that maybe children should try them." She has publicly referred to homosexuality as "sexual dysfunction,"sexual identity disorders," as "personal enslavement," that leads to "sexual anarchy."

Legal experts on both sides of the same-sex marriage question agree that there is no mechanism by which a legalization would automatically translate into a statewide mandate on how schools would teach about marriage. And there is no documented case in which any school curriculum actually encouraged children to experiment with same-sex marriage.

But Bachmann defends her comments, saying some of her constituents feel their children's teachers were promoting homosexuality. She also points to Massachusetts, the only state in which same-sex marriage is recognized, where a school district required grade-schoolers to read a book about two princes who married.

Republicans, meanwhile, are cultivating several potential lines of attack against Wetterling: that she is too liberal for the district, that she is a promise-breaker who said after her loss to Kennedy in 2004 that she wouldn't run for the seat again.

'Out of step with district'

John Collegio, spokesman for the Republican National Campaign Committee, wove those points together when he said that after 2004 Wetterling had "determined that her views were too out of step with the district to run again. Well, the Sixth District hasn't changed and Patty Wetterling's liberal views haven't changed, either."

Asked on MPR whether she considered herself "liberal, moderate or conservative," Wetterling said: "Reasonable."

When she defines herself, she uses terms like "people person" and "advocate" and "not a policy wonk."

Lack of wonkishness may be part of her appeal, but it can make it hard to discern how she might vote in Congress.

On the pro-Bachmann website "Bachmann v. Wetterling," blogger Paul Kouba wrote that "one of Wetterling's greatest weaknesses" is that "when she gets away from child advocacy, she doesn't sound very well-versed in the issues."

As Republicans develop the theme that Wetterling can't communicate her views, what do they have to work with?

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An example from a radio debate, in which she was asked about high gasoline prices:

"Gas problems. We're watching this on the news where people are going to pawn shops and pawning their jewelry so they can fill up their gas tank. It hits every family. It hits the rural areas even harder. I talked to a farmer and he filled up his combine and it cost $1,500.

"So the impact is broad. And one of the challenges that I see that Washington does all the time is slap Band-Aid solutions on problems instead of having long-term vision.

"I was a secondary math teacher and back in the early '70s, '73 I think or '74. We had an energy crisis. And I taught a unit on importing of oil. It was graphing, so we had graphs of barrels of oil as a pictograph. And we had word problems. 'How would this impact your family vacation and how much more would it cost you to travel?'

"The point is, that was 34 years ago that we were talking about this issue. This country has done nothing to address the energy situation. We've got to address our usage. Our consumption. And find some alternative energy sources and vehicles. How can we use these energy sources? "There's a bigger problem. We've got to look at some long-term solutions."

Interviewed for this report, Wetterling stood by her gas comments: "I think that quote kind of reflects that I answer questions very thoughtfully. I'm not a slick politician. I don't have those 20-second meaningless word phrases. Sometimes the answers don't fit in a 20-second spot."

Eric Black · 612-673-7294 · eblack@startribune.com

In Michigan, A Ray Of GOP Hope (WP)

By David S. Broder

The Washington Post, August 20, 2006

TRAVERSE CITY, Mich. -- When word came last week that the unemployment rate in Michigan had jumped up to 7 percent in July, a shiver of apprehension went through the Democratic Party, not just in Michigan but around the nation.

Even though the joblessness figure may have been inflated by seasonal layoffs in auto plants retooling for the new model year, it was bad news for Gov. Jennifer Granholm, one of the Democrats' rising stars. When Granholm won the governorship four years ago, ending 12 years of Republican control in Lansing, she was hailed as a bright new figure on the national scene. With cover-girl looks and a commanding platform style, she was seen as presidential material -- except that her Canadian birth made her ineligible for that office.

But the past four years of confronting a Republican legislature and a declining auto industry have taken a toll on Granholm's standing here at home, and the latest economic news comes at a bad time, just as her reelection campaign is gearing up. Republicans have been pounding Granholm with ads claiming that "only three states have lost jobs in the last four years. Two of them -- Louisiana and Mississippi -- were devastated by hurricanes. The third is Michigan."

In a year when Republicans are on the defensive almost everywhere else, the GOP smells a chance for victory in Michigan -- and a leg up on a vital presidential battleground for 2008, a state where such Republican hopefuls as Arizona Sen. John McCain and Massachusetts Gov. Mitt Romney are already spending lots of time.

A poll released last week by the Detroit News showed the race a statistical tossup, with Granholm leading 50 percent to 47 percent over Republican challenger Dick DeVos. DeVos, a wealthy businessman, is exploiting Granholm's vulnerability with some of the most distinctive political ads I've ever seen. One running now has an anonymous voter -- filmed during a two-hour focus group somewhere in outstate Michigan -- giving voice to the frustrations that so many Michiganders share these days.

The mustachioed man in his fifties uses blunt language: "I've spent two months looking for a job. This last month we had to dip into our savings to pay for health care, a thousand bucks a month, but I can't do that very long without saying, 'Crap! I got to move.' Nobody seems to be serious about all the work that's been leaving the state. The next governor, they need to be serious about bringing work into this state to take care of the people who are voting them into that office."

The ad concludes with a DeVos for Governor banner, but his name is never mentioned by anyone; he appears for only a brief moment at the end during the legally required disclaimer. Absent, too, is any description of his proposed economic remedy -- but it is spelled out in a booklet and on a Web site capsulized in other ads.

DeVos is a first-time candidate but has surrounded himself with tested pros, including his wife, Betsy, a former state Republican chairman, and several of the people who helped John Engler to his victories as governor. He is running a very disciplined campaign, playing down the conservative social issues that have engaged him in the past and focusing on his promise to bring business -- and jobs -- back to Michigan.

Granholm, for her part, accuses DeVos of running a stealth campaign. "He's spent millions on television," she told me recently, "and people still don't know what party he belongs to or what business he ran." Now that the final legislative session of her term has ended, Granholm, who has hoarded her more limited campaign funds, will begin to tell people in TV ads what she wants them to know about DeVos.

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She will tell them that he is a Republican, linked to President Bush, who is no more popular here than elsewhere in the Midwest. And he ran Alticor, the firm formerly known as Amway, and she will say that it outsourced jobs to China -- the very thing that has hurt Michigan's economy.

In truth, parts of Michigan are doing well, including this area in the northwest corner of the Lower Peninsula, where more and more executives from Chicago and other big cities are living and working via Internet and cellphone while enjoying the lakes and golf courses in their back yards. Ann Arbor and other university towns are also thriving, and some high-tech businesses are beginning to arrive in the state, lured by new business incentives pushed by the governor.

A turnaround may be coming, but it's uncertain if it will be in time to save Jennifer Granholm.

davidbroder@washpost.com

Ehrlich Vows To Deal With Effects Of Growth (WP)

By Matthew Mosk, Washington Post Staff Writer

The Washington Post, August 20, 2006

Maryland Gov. Robert L. Ehrlich Jr. gave the first broad outlines of how he would approach a second term in office yesterday, promising to step up his focus on helping the state come to grips with its rapid growth.

Speaking at an annual gathering of county leaders in Ocean City, Ehrlich (R) said he wanted to invest heavily in the construction of schools, draft plans for responsible development in Maryland's fast-growing suburbs and find ways to increase affordable housing.

"Our nurses, lab technicians, our policemen and firemen need to be able to live in or near the communities where they work," Ehrlich said. "Workforce housing" will be "a major, major issue," he said.

The speech, which led off with what the governor described as the most significant achievements of his term, helps set the stage for his bid for reelection this fall. Ehrlich, who was the first Republican elected governor in Maryland in a generation, will face a well-funded challenger in Democrat Martin O'Malley, the mayor of Baltimore who is ahead of Ehrlich in polls.

To date, Ehrlich's campaign has focused largely on the parochial question of how best to improve Baltimore's school system. His speech yesterday, though, never mentioned the subject. And while it was short on details, it was far broader in scope.

The topics ranged from an initiative he launched last year to increase monitoring of child sex offenders, to his success in gaining long-sought federal approval to build the intercounty connector highway to provide a new east-west route across the Washington suburbs.

But Ehrlich told members of the Maryland Association of Counties that, if elected, much of his attention would be focused on the rapid growth that's coming, in part, as a result of a federal base realignment that will bring thousands of new jobs to Fort Meade and the surrounding area.

"Yesterday I was asked what is the single most daunting challenge" facing the state, he said. "It is dealing with our success. We're going to have jobs paying $90,000 a year coming here in the thousands."

Ehrlich's speech came at the conclusion of a three-day conference for the association, and most who stayed to listen were the governor's Republican supporters. One Democrat in the room, U.S. Rep. C.A. Dutch Ruppersberger, said that the speech touched on familiar themes but that he was pleased to hear the governor outline things that are going well in Maryland.

Ehrlich Campaigns On Promises Kept (WT/AP)

By Kristen Wyatt, Associated Press

The Washington Times, August 20, 2006

OCEAN CITY -- Gov. Robert L. Ehrlich Jr. made his case yesterday for a second term, saying he's been a good steward of state finances and should be kept in office.

Mr. Ehrlich, a Republican, repeated his campaign themes before an audience of several hundred at the annual Maryland Association of Counties meeting. He said he steered the state out of a fiscal crisis when he took office in 2003 and that he increased school construction.

He also thanked voters for having the courage to elect a Republican as Maryland governor for the first time in more than 30 years.

"I know there was a degree of trepidation," he said. "The concept of shared power in Annapolis was quite unique."

The governor spent most of his 45-minute speech cataloging what he considered the accomplishments of his term. He said test scores are increasing in many school districts and that thousands of high-paying jobs are coming to Maryland because of military realignment.

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Mr. Ehrlich named some road-improvement projects during his term but said he could have gone on "literally for the next hour" about such work.

He did not mention his inability to get slot-machine gambling approved but acknowledged not always getting his way with a Democrat-controlled legislature.

Mr. Ehrlich suggested that if re-elected he would want more funding to build new schools and said he planned to push for more affordable housing.

"Our nurses, our lab technicians, our police, our firemen need to live in or near the communities where they work," he said.

Reaction to the speech was relatively partisan. Joe Cupani, a Republican and Queen Anne's County commissioner, said Mr. Ehrlich should be credited for taking over when the state faced fiscal challenges.

"Anybody who can take a deficit where it was and sort of guide the state and the economy around is doing a great job," he said.

Clara Floyd, president of the Maryland State Teachers Association, was pleased to hear Mr. Ehrlich talk about more school construction, but her organization has endorsed his Democratic challenger, Baltimore Mayor Martin O'Malley.

"We worked very, very hard" to get the funding already called for by state law, she said.

Governors traditionally address county officials to close the annual summer conference. County workers came to the resort Thursday for study sessions. Aspiring politicians also flocked to the gathering.

Mr. Ehrlich and Mr. O'Malley held receptions Thursday night. U.S. Senate hopefuls Kweisi Mfume and U.S. Rep. Benjamin L. Cardin, Democrats, were among other candidates in the upcoming election to attend a crab feast Friday evening.

Smart Care Via A Mouse, But What Will It Cost? (NYT)

By Steve Lohr

The New York Times, August 20, 2006

THE electronic medical record seems an example of pure progress, a technology that yields only winners. So it has been cast as a geeky hero in health care policy circles.

Michael O. Leavitt, the secretary of health and human services, recently said the rollout of electronic health records was “the most important thing happening in health care.”

Major technology corporations like I.B.M., General Electric and Microsoft, as well as a crowd of specialist companies, including Cerner, Epic Systems and Eclipsys, are all chasing what they see as a fast-growing, multibillion-dollar opportunity to sell health information technology to hospitals, clinics and doctors.

Congress is joining the bandwagon. Last month, the House of Representatives passed a bill to promote the adoption of the computer hardware and software necessary to generate and share digital patient records. The House bill and a previously passed Senate version are scheduled to go to a conference committee next month. Politicians across the spectrum of the health policy debate, from Senator Hillary Rodham Clinton, Democrat of New York, to Bill Frist of Tennessee, the Senate Republican leader, are united on this issue.

The technology itself is simply a software storehouse of a person’s medical history, including chronic conditions, medical tests, drug prescriptions, diagnoses and doctors’ comments. Yet bringing pen-and-ink patient records and prescriptions into the computer age is seen as a vital step toward modernizing the nation’s inefficient, paper-clogged health system. Various studies say that it should reduce medical errors and costs, saving lives and saving dollars — about $80 billion a year, according to the RAND Corporation.

Yet even the technological optimists expect turmoil from the information revolution they see coming in health care. Electronic patient records woven into a national digital network will help identify cost-saving opportunities, they say, but when combined with the emerging field of genomics, the records will also open the door to personalized medicine, new treatments — and, ultimately, more care. While that is by no means a bad thing, it is also not the hoped-for fix for the nation’s rising health care bill.

“All the new information tools have enormous promise,” said Dr. Brian L. Strom, a professor at the University of Pennsylvania School of Medicine, “but they will not necessarily drive down the overall cost of health care.”

The full effect of health-information technology is years away, because only about 20 percent of physicians now use electronic medical records. But the policy and corporate push is under way and accelerating.

Digital files are a building block in the creation of far more efficient markets in health care, medical experts say. That is what the enthusiasm is really about: not computers and software, but health information that can be easily shared, searched, measured and analyzed to determine what treatments and drugs are most effective, and at what cost.

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But efficient markets can be ruthless and unpredictable, threatening incumbent powers and producing losers as well as winners. An information revolution in health promises to be powerfully disruptive for some lucrative businesses in the industry, according to medical experts and economists, and could lead to more spending on health care instead of less.

"Information is a dual-edged sword, especially in health care," said David M. Cutler, a health economist at Harvard. "Better information might blow apart some of the blockbuster markets in the pharmaceutical industry, for example. But it might also increase demand for other drugs in smaller, more focused markets.

"And if better information really helps us understand what is happening in health care," Mr. Cutler added, "it could well lead to more care for more people and higher costs for the system as a whole."

The technology backbone for more efficient health care markets is being called the "national health information network." Such a network — with patient records stripped of their personal identifiers — is intended to someday allow doctors, nurses, researchers and ordinary people to track the outcome of various therapies, drugs and devices.

The idea is that they could tap into a public Web site to sift through health databases that are based on millions of records, updated regularly. Clever software would help them to understand what works and what doesn't — and to seek answers about side effects, recovery times and vitamin regimens. A result, health experts say, is that fewer decisions about how to treat patients would be based on studies by drug companies and medical device makers, as they often are now.

"The technology is just an enabler so we have shareable, useable information," said Dr. David J. Brailer, the architect of the Bush administration's health information technology policy.

A GLIMPSE of the potential impact of a national health information network is found in smaller-scale networks already operating around the country. These are mainly at so-called integrated health systems that combine hospitals, clinics, laboratories, doctors and nurses, and serve a metropolitan area or region. Some, like the Veterans Affairs health system and Kaiser Permanente, the health maintenance organization, are also insurers and well as health care providers.

The integrated health systems have been leaders in adopting electronic records. They have the data, systems and incentives to measure the therapeutic effectiveness and cost-benefit tradeoffs in health care.

Modern computer technology, to be sure, is hardly foolproof. It can magnify privacy problems, and the recent loss of computer files of personal data, including medical records, at the V.A. underline that nettlesome issue. And electronic records will not cure other problems: Kaiser recently suffered a black eye when it paid a $2 million fine for administrative foul-ups and long waits at a kidney transplant center in San Francisco, which it closed in May.

Still, the potential for market-disrupting cost savings is illustrated by what Kaiser and the V.A. have done in their drug management programs with statins, cholesterol-lowering drugs. Statins are the largest prescription drug category in the United States, with sales of $16 billion last year, according to IMS Health, a research group; Lipitor ($8.4 billion), from Pfizer, and Zocor ($4.4 billion), from Merck, took 80 percent of the market.

In recent years, Kaiser and the V.A. have been using generic lovastatin for many of their patients taking statins, saving millions of dollars. At Kaiser, for example, its research pharmacists and cardiologists had been looking at closely at using the generic even before Merck's Mevacor, the brand name for lovastatin, lost its patent protection in 2001. Kaiser's research on safety and effectiveness concluded that lovastatin could generally be used as an alternative.

Lovastatin is less potent than Zocor or Lipitor, so Kaiser doctors prescribe higher doses of lovastatin for equivalent potency. Patients have regular blood tests to monitor their cholesterol levels, which become part of their electronic medical records. Alerts are sent to patients and doctors if tests are missed or cholesterol levels rise.

Doctors are still free to prescribe Lipitor and Zocor, and they do for patients who need the strongest statins. But nearly 90 percent of patients, according to Kaiser's research, can reach their cholesterol-lowering goals with lovastatin. (Zocor lost its patent protection in June, further opening the statin market to lower-priced generics.)

The V.A. also makes extensive use of lovastatin. These kinds of programs can be carried out confidently only at places with the resources to conduct research, monitor individual patients and track outcomes across patient populations using electronic medical records. "This has to be driven by the clinical data, not merely cost savings," said Joseph J. Canzolino, associate chief consultant for pharmacy benefits management at the V.A.

Ideally, electronic patient records and a national health information network would someday give doctors everywhere the information to make similar prescribing decisions and to track their patients closely, if they chose. "Can you imagine the savings if what we do here were done across the country?" said Dr. Ambrose Carrejo, a drug use manager at Kaiser. "We're talking billions of dollars in savings."

Imagine, too, the potential impact on blockbuster products like Lipitor, the world's largest-selling prescription drug. "The whole blockbuster model relies on prescribing a drug for a whole lot of people who don't really need it," said J. Mark Gibson, deputy director of the Center for Evidence-Based Policy at the Oregon Health and Science University, which conducts independent reviews of the effectiveness of drugs and medical treatments.

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"So much of the information doctors get now comes from studies paid for by the companies that are looking for positive outcomes," Mr. Gibson said. "The more independent information you can generate, analyze and distribute, the more the blockbuster model is in doubt."

Lipitor, according to Dr. Gregg Larson, vice president of cardiovascular medical at Pfizer, is a blockbuster by merit. Hundreds of clinical trials, Dr. Larson said, have found the benefits of Lipitor as a particularly potent cholesterol-lowering drug that reduces the risk of cardiovascular disease and strokes. "The evidence demonstrates that not all statins are the same," he said.

Whether more data threatens blockbuster drugs or not, there are likely to be cases in which more information is likely to generate more prescriptions, more care and more health care spending. A wave of genetic research, for example, is under way, and someday a person's genomics information will be included on his or her electronic health record. Genomics holds the promise of personalizing treatments to make them more effective and to reduce unwanted side effects.

CONSIDER the anti-clotting drug warfarin, sold by Bristol-Myers Squibb under the brand name Coumadin. The drug is extremely useful in treating patients with heart and circulatory problems. But it can also be tricky to get the dose right so that a patient gets the blood-thinning benefits without dangerous side effects, like internal bleeding or strokes. Personal-injury lawyers closely watch the use of warfarin, and many doctors are leery of prescribing the drug.

Medical researchers at a number of clinics and universities have identified gene types that appear to determine how an individual metabolizes warfarin. If the early research is confirmed in broader studies, it will be possible to tailor dosages by gene types to minimize the toxic side effects. "We could make warfarin a lot safer with genetic testing," said Dr. Michael Caldwell, a researcher at the Marshfield Clinic, an integrated health system in northern Wisconsin, which has a genetic research program.

But improved safety would also likely mean a lot more prescriptions for warfarin, since studies have concluded that only about half the people who might benefit from the drug are taking it. Yet those prescriptions, in an era of personalized medicine, might well be individually tailored doses. If the old blockbuster business model is endangered, so is the standard pill, in 10-, 20- or 100-milligram doses.

The electronic medical record, for all its promise, is no silver bullet for the nation's health system. Placing too much faith in technology, skeptics warn, could be counterproductive. Dr. David Himmelstein, a physician and associate professor at the Harvard Medical School, said: "It encourages the belief that we don't need real reform, all we need is computers."

Swiping At Industry From Atop The Stump (NYT)

By Floyd Norris

The New York Times, August 20, 2006

BUSINESS bashing by politicians in America has a long history, including rhetoric far more inflammatory than the denunciations being directed at Wal-Mart this year by some Democrats, who sometimes sound as if they are running against the company instead of another politician.

Wal-Mart is under attack for paying too little, providing benefits that are too small and even exploiting illegal immigrants. Laws have been written with Wal-Mart in mind, and more are being proposed.

The company may not appreciate the honor, but its place in the political debate reflects its revolutionary effect on the American economy.

Put simply, the big winners as the economy changes have often been scary to many, particularly those with a stake in the old economic order being torn asunder.

"Twice as many Americans shop at Wal-Mart over the course of a year than voted in the last presidential election," said H. Lee Scott Jr., the company's chief executive, in a speech to the National Governors Association in February.

Wal-Mart's success reflects its ability to charge less for a wide range of goods. That arguably has reduced inflation and made the economy more efficient. It has introduced innovations in managing inventory and shipping goods.

But Wal-Mart's success brought pain to others.

The company has been blamed for destroying downtowns as shoppers desert local merchants for the big-box store.

Local newspapers lost some of their best advertisers. That may not influence news coverage, said Alex Jones, the director of the Shorenstein Center on the Press, Politics and Public Policy at Harvard, but "I don't think you will see many editorials blasting the government for taking on Wal-Mart."

The company's ability to negotiate good deals from suppliers, some of which probably would go out of business if Wal-Mart walked away, has also created anxiety and resentment, both among the suppliers and among merchants who complain that Wal-Mart gets better deals.

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It has infuriated unions by opposing the organization of its employees — even to the point of closing a Canadian store whose workers voted for a union. (It said the closing was not related to the vote.) In some locations, unions have been forced to agree to reductions in wages and benefits at retailers that must lower costs in order to compete with the giant.

Opponents say some Wal-Mart employees are paid wages that still allow them to qualify for Medicaid health insurance, calling that, in effect, a government subsidy for a company that is forcing down pay for workers at other companies.

But the fact that Wal-Mart has more shoppers than any politician has voters shows that many of those workers — and many people higher on the income scale — find its prices irresistible. That group no doubt includes some of the company's critics.

Previous business targets of politicians have similarly been both popular and reviled. The railroads enabled much of America to prosper, but to many people in the late 19th century they were viewed as villains.

They upset old economic relationships by making it possible to ship goods over much longer distances, thus introducing competition for local businesses and farms. At the same time, any given area was likely to be served by just one railroad, giving it monopoly pricing power over the farmers, whose produce became worthless if it could not be shipped to distant markets.

The railroads were lumped together in the public consciousness, but the Pennsylvania, as a major road linking New York to the Midwest, came in for much of the criticism.

The railroads in turn made possible giant industrial companies, and led to new fears of monopolies, culminating in the passage of antitrust acts, and their sometimes vigorous enforcement by President Theodore Roosevelt, who coined the term "malefactors of great wealth" and ran against them.

"There is not," he thundered, "in the world a more ignoble character than the mere money-getting American, insensible to every duty, regardless of every principle, bent only on amassing a fortune, and putting his fortune only to the basest uses — whether these uses be to speculate in stocks and wreck railroads himself, or to allow his son to lead a life of foolish and expensive idleness and gross debauchery, or to purchase some scoundrel of high social position, foreign or native, for his daughter."

By the time of the Great Depression, the Wall Street colossus, embodied by J. P. Morgan, became embroiled in the political arena. Franklin D. Roosevelt inveighed against the "economic royalists" and blamed "the ruthless manipulation of professional gamblers in the stock markets and in the corporate system." In his 1933 inaugural address, he celebrated that "the money changers have fled from their high seats in the temple of our civilization."

The results of all those political agitations were government reforms, although they often had limited effect. The Interstate Commerce Commission was created to regulate the railroads, but that was not the force that eventually knocked the industry from its powerful perch. It was competition, brought about by trucks and their tax-provided highways and airlines and their tax-supported airports.

John D. Rockefeller's Standard Oil was broken up in 1911, but owning stakes in a lot of companies left Rockefeller even wealthier than he was. (Some of the companies have since been recombined, the most notable being the merger of Exxon, the former Standard Oil of New Jersey, with Mobil, the former Standard Oil of New York.)

The Wall Street outrages that angered Franklin Roosevelt brought a wave of legislation, including the creation of the Securities and Exchange Commission, an institution that has not prevented the securities industry from being very profitable.

There have been other cases where industries came under intense political attack, like the oil companies in the 1970's and early 1980's, when the phrase "obscene profits" was coined but little was done to rein in the industry.

Wal-Mart has been on the defensive in some legislative chambers. Maryland adopted legislation intended to force the company to spend more on health insurance, but that was struck down by a federal judge. Chicago passed legislation to force the company to raise its wages.

Wal-Mart is among the most successful companies in the world, but last week it reported a decline in quarterly profits for the first time in a decade, partly because of problems with its international business and partly because competitors are getting better. Its stock price rose 1,100 percent in the 1990's, but it is down by a third in the current decade.

Despite opponents' success in Chicago, it seems unlikely that governments will force Wal-Mart to greatly increase its health insurance benefits. Any such effort would most likely affect many other businesses, some of which would be in no position to afford it.

But it is conceivable that some of Wal-Mart's harshest critics could find it an ally in changing the way health care is paid for in the United States, particularly if more companies come to agree with what Mr. Scott told the National Governors Association after he defended the health care benefits his company did offer.

"The soaring cost of health care in America cannot be sustained over the long term by any business that offers health benefits to its employees.," he said. "And every day that we do not work together to solve this challenge is a day that our country becomes less competitive in the global economy."

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Much of what he went on to say dealt with efforts to control costs and make the health care system more efficient, something few would oppose. But it is unusual for a business leader to call on government to do more in health, while many who attack Wal-Mart now have long advocated a greater government role in paying for health care.

Politics, as someone once said, can make strange bedfellows.

The Osama Card (NSWK)

By Eleanor Clift, Newsweek

Newsweek, August 20, 2006

Expect the Republicans to use the specter of the terror leader to frighten voters ahead of the elections. WEB-EXCLUSIVE COMMENTARY

It will soon be five years since the 9/11 attacks thrust America into a state of perpetual anxiety, and the man who inspired and masterminded the carnage that awful day remains at large. He's almost certainly in Pakistan, way up on the northern border, almost to China, and with the November elections approaching, the name of Osama bin Laden will once again surface as a powerful symbol of who's with us and who's against us.

A Republican Senate hopeful in New York is already linking Hillary Clinton to Osama in a television ad that attacks Clinton for voting against the Patriot Act and speaking out against the administration's unauthorized wiretapping. Former Yonkers mayor John Spencer has no chance of unseating the New York senator, but for Democrats, Osama is the wild card. They remember how he surfaced in a video the weekend before the '04 presidential election, reminding the country of 9/11 and helping turn fearful voters toward President Bush, who was seen as the tougher of the two candidates.

Now Democrats have a good chance of winning back one or both houses of Congress, and they're wondering whether this election's October surprise could be capturing Osama. Peter Bergen, one of the few Western journalists to interview the terrorist leader, spoke at a panel in Washington this week after a preview screening of a new CNN documentary, "In the Footsteps of Bin Laden." Bergen said the administration has a pretty good idea where bin Laden is—based in part on the vegetation that appears in his video. Bergen also wondered why, with all the money the administration is spending, it isn't staking out the offices of the Al-Jazeera offices where the tapes are dropped off for more clues to Osama's whereabouts.

Bush once vowed to capture bin Laden dead or alive. Now he and Karl Rove only haul him out when he's politically useful. Bin Laden has been eclipsed and overtaken by Hassan Nasrallah, the leader of Hizbullah and the new voice of Arab anger. Bergen was asked, "If Osama is eliminated, what then?" He replied that "Binladenism" is the worry now, and it's far more dangerous than the man himself. It's unlikely that bin Laden would be taken alive. He has said repeatedly, "Better a grave than an American prison." Martyrdom is such a powerful force in the Arab world that death would only enhance bin Laden's mythical status.

The CNN documentary, with Christiane Amanpour reporting and narrating, attempts to answer the question of why bin Laden, a shy, polite boy from a wealthy Saudi family, became the leader of radical Islam. He didn't always despise the West. Interviews with 21 people who knew him, from his English teacher to a brother-in-law, chart the transformation of a religious ascetic who spurned material goods into a warrior hardened by battle with global ambitions. The year 1979 was crucial: The ayatollahs took over Iran, signaling the rise of Islamic fundamentalism. The Saudi royal family sent troops to quell an Islamic uprising at a holy site, blasphemy in Osama's eyes. And the Soviet Union, godless communists, invaded Afghanistan, a Muslim country.

The documentary pulls together the threads of Osama's early life. His father rose from a common laborer to head one of the biggest construction companies in the Middle East. The bin Laden name is everywhere. The senior bin Laden had 20 wives and more than 50 children. Osama had little contact with his father, who died when he was 10. His mother, a Syrian, kept him apart from the family, and he did not attend school in the West like all of his brothers. One friend recalls Osama as a young man living in a bare basement apartment, sleeping on the floor and spurning air conditioning. Yet when the first of Osama's more than 20 children had a medical problem, he traveled to the West, either the United States or Britain, it's not certain, to have the boy treated. He would later recall how people stared at him in the airport because he wore traditional Arab dress—"like in a zoo," he said.

It may surprise viewers to learn that the 9/11 attacks were criticized by Al Qaeda "insiders" who saw them as a strategic and tactical mistake. The American retaliation cost Al Qaeda its base in Afghanistan and ousted its protector, the Taliban. Osama's son declared the attacks a disaster and left his father's enterprise in Afghanistan, declaring in Bergen's colloquialism, that Al Qaeda now had an 800-pound gorilla after it. Bin Laden was forced into hiding in the Tora Bora Mountains, where American forces had an opportunity to capture him. They could hear him on his radio apologizing to his followers for having led them into this trap. But there were more journalists than soldiers on the battlefield, a former CIA agent observes in the

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documentary, and Osama, looking frail and much older than his 44 years, escaped. The Qaeda leader has a $25 million bounty on his head, but the war against terrorism is not about money, it's about motivation—theirs and ours.

Block The Vote (WP)

By Bradley A. Smith

The Washington Post, August 20, 2006

Abusing Election Laws to Prevent Competition

Election laws exist to ensure orderly voting and vote counting and to facilitate a democratic process that helps citizens choose their officials. Increasingly, however, election laws are being used not to achieve either of these ends but rather to reduce competition and deprive voters of choices.

In Texas, for example, indicted former House majority leader Tom DeLay chose not to seek reelection. He moved his residence to the Washington area and withdrew from the race for his House seat. Texas Republicans sought to replace him on the ballot. But Texas law makes it difficult to substitute for a candidate nominated in a primary, and Texas Democrats successfully sued to prevent the Texas GOP from naming a replacement for DeLay. The result is that voters in that heavily Republican Texas district will not have a Republican nominee listed on the ballot in November.

Similarly, in Ohio, another scandal-plagued Republican, Rep. Bob Ney, dropped his bid for reelection. Republicans endorsed a popular state senator, Joy Padgett, in Ney's place. Democratic lawyers, however, are seeking to keep her off the ballot, and news coverage has focused less on issues and qualifications than on Padgett's right to appear on the ballot.

What is the logic behind keeping her off? In this spring's GOP primary, she ran for lieutenant governor and lost. Ohio has a "sore loser" law intended to keep candidates who are defeated in a primary from running in the general election (as Joe Lieberman is doing in Connecticut). Though the law is clearly not intended to apply to situations such as this, Democrats argue that it does in fact prevent Padgett from running for Congress.

Democrats aren't the only ones who can play this game. Also in Ohio, Rep. Deborah Pryce faces a tough race in a district that President Bush barely carried in 2004. Charles Morrison, a conservative businessman who challenged Pryce in the Republican primary in 2004, sought to get on the ballot this year as an independent. The Republican Party successfully petitioned the state to take Morrison off the ballot on the grounds that he is not an independent but a Republican. The matter is in the courts.

Meanwhile, in Pennsylvania, the state Democratic Party is challenging the candidacy of the Green Party's U.S. Senate nominee, Carl Romanelli. Although the Greens are a qualified "political party" under Pennsylvania law, they must still submit 67,000 signatures to be placed on the ballot. Romanelli submitted more than 90,000, but Democrats maintain that many of these are fraudulent. Democrats fear that Romanelli will take votes away from their party's candidate, Bob Casey Jr., in his race with Republican incumbent Rick Santorum.

These are only the most prominent examples of many efforts by political parties to use election laws to reduce or eliminate competition this year. I do not address who is right or wrong as a legal matter in any of these disputes. If, for example, the signatures Mr. Romanelli submitted in Pennsylvania are fraudulent, then as a legal matter he is not entitled to appear on the ballot. I do not advocate ignoring the law.

Rather, the point is that these laws are unnecessarily strict. Texas doesn't need to make it so difficult to replace a candidate who withdraws from the race. Ohio's "sore loser" law serves little purpose -- Connecticut, for example, allows Sen. Lieberman to run as an independent after losing the Democratic primary, and the result is unlikely either to destroy the state's election process or to confuse voters. And what state interest -- what interest of voters -- is served by keeping Morrison off the Ohio ballot?

Similarly, election fraud should not be tolerated. But what public purpose is served by Pennsylvania's requirement that minor-party candidates collect 67,000 signatures to appear on the ballot? Surely no more than a few hundred, or at most a few thousand, signatures are needed to address any concern the state has about ensuring orderly ballots. In Connecticut, Lieberman needed just 7,500 signatures to run as an independent.

Elections should be decided by voters in November, not by lawyers and judges in August. For the past six years much attention has been focused on improving the mechanics of voting and on calls for redistricting reform. But another important way to ensure that voters, rather than courts, choose our leaders is to demand election laws that are no more extensive in their reach than absolutely necessary. A comprehensive review of election laws that serve no compelling state interest would be a good place to start in 2007.

The writer, a former chairman of the Federal Election Commission, is a law professor at Capital University in Columbus, Ohio, and a senior adviser to the Center for Competitive Politics.

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CBS Is All Katie, But Rivals Aren't Standing By (NYT)

By Jacques Steinberg

The New York Times, August 20, 2006

To reintroduce Katie Couric to the country as a serious yet still accessible evening news anchor on Sept. 5, CBS has embarked on an image campaign worthy of a presidential candidate.

The network's efforts will put her face on the front of every city bus in New York next month as part of a promotion that would cost in excess of $10 million if the national television commercials featuring her were bought by an outsider.

For all the maligning of the evening news as a dinosaur lurching toward extinction, the prize CBS is pursuing remains among the most lucrative and high-profile in television: the biggest share of the nearly 25 million viewers who still tune in to the three main news broadcasts each night, and the bulk of the nearly $400 million spent each year by advertisers trying to reach them.

Unlike her two main rivals, Brian Williams of NBC and Charles Gibson of ABC, Ms. Couric does not enjoy the incumbent's advantage of already doing the news each weeknight — though they, too, have hardly sat idle.

Little wonder that CBS, which is paying Ms. Couric an estimated $15 million annually, has been convening focus groups at its research center in Las Vegas and other places to ask viewers such questions as how she will fare in a matchup against Mr. Williams, the leader in the Nielsen ratings, and Mr. Gibson, whose program is in second place.

The network would not say whether the "CBS Evening News," mired at No. 3 in the ratings for more than a decade, was able to raise its standing in that most recent internal polling. Regardless, it has used those responses from viewers, including the attributes they seek in an anchor, to help shape Ms. Couric's broadcast.

Meanwhile, like local party leaders, news anchors from the top 48 CBS affiliates were flown to New York this month for a two-day junket in which each was given 10 minutes to interview Ms. Couric — all told, she talked for more than eight hours — for individual segments that will be broadcast prominently on each local station.

Though far more subdued, Mr. Williams and Mr. Gibson have nonetheless been making similar efforts, some of them mischievous in tone, to retain the viewers they have and woo others.

Beginning around Sept. 1, an image of Mr. Williams, four stories tall, will loom over the CBS Broadcast Center in Manhattan from a banner at West 57th Street and 10th Avenue. (Alongside will be another featuring Matt Lauer and Ms. Couric's replacement as his partner on the "Today" show, Meredith Vieira.)

Still, the defection of Ms. Couric from "Today," the top-rated morning program for more than a decade, is being taken so seriously at NBC that her former boss on the program, Jeff Zucker, now chief executive of NBC Universal Television, has been gathering executives for regular meetings intended to guard against complacency, in both the evening and morning time slots.

At ABC, Mr. Gibson — who was moved from "Good Morning America" to "World News" in late May, after the network abandoned a two-anchor format — is being reintroduced himself, in an advertising campaign with its own vaguely presidential tag line: "Your Trusted Source."

The line is intended not only as a dig at Mr. Williams (who assumed the anchor chair at NBC less than two years ago) and Ms. Couric, but also as a way to link Mr. Gibson to Peter Jennings, who led the ABC newscast for more than two decades before his death in August 2005. (The slogan of the last campaign featuring Mr. Jennings, as he had prepared to go up against Mr. Williams in his rookie year, was "Trust Is Earned.")

Having worked within the same news division as Mr. Williams and competed for years against Mr. Gibson in the morning, Ms. Couric, by virtue of her decision to occupy the 6:30 p.m. slot at CBS, has heightened the already spirited competition among the three news divisions.

On a recent afternoon at NBC, one former colleague wondered, with obvious relish, whether Ms. Couric would seek to install a "Today"-style couch on the CBS set — for the record, she will not — and another suggested that Ms. Couric had hired her personal gastroenterologist as her program's new medical correspondent. (She did not; while a sometime guest on "Today," the new CBS reporter, Dr. Jonathan LaPook, is not her doctor, she said, though he did refer her to the doctor who gave her a colonoscopy.)

When asked about one another in separate interviews, the three anchors mostly sought to highlight their rivals' strengths, though a certain bristling was evident.

"Katie comes into the job with a good understanding of the anchor-viewer relationship," Mr. Williams said, when asked in early August about Ms. Couric in his office at 30 Rockefeller Plaza, not far from the "Today" set. "But evening news viewers are different."

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When Mr. Gibson was asked — in an interview just before he presented a live report on the British terrorism arrests on Aug. 10 — whether he had any special plans for the broadcast of Sept. 5, he questioned why a reporter was asking about that date.

"I didn't even know it was Sept. 5 she was starting," he said, with apparent seriousness. "Her beginning the show is not an event in this newsroom."

Then, noting that his arrival on "World News" full time on May 29 had preceded Ms. Couric's at CBS by more than three months, he added, "This is not like a shakedown cruise."

And how does Ms. Couric size up her competition?

In a telephone interview last week, she said, "Clearly we don't want to be rubber-stamping everything they do."

Among the elements she hopes will set her program apart, she said, is the weeding out of the austere delivery she often detects among correspondents on CBS's evening news program — and those of her rivals — in favor of a more relaxed approach.

"It hasn't gotten to Ron Burgundy levels," she said, invoking the robotic, self-absorbed newscaster played by Will Ferrell in the 2004 movie "Anchorman." "But the ability to just talk to people and communicate in simple language that we use in conversation is something that can be done to a greater extent."

Ms. Couric's debut will offer evening news viewers the starkest choice among anchors, at least demographically, in the four-decade history of the half-hour evening news format: a 63-year-old man (Mr. Gibson), a 47-year-old man and the first woman to fly solo behind an anchor desk.

And for all three networks, the arrival of Ms. Couric, 49 — the most established star to take the helm of an evening newscast — represents perhaps the last chance for such programs to make a broad case for their relevance, in an age when news video is instantly available on the Internet. On Thursday, CBS announced that Ms. Couric's program would be shown simultaneously on the Web, a first for the evening news.

The promotions supporting Ms. Couric are the most exhaustive undertaken by CBS News, the network's executives said, and comparable only to the promotions mounted in recent years for prime-time shows like "CSI."

Whether the hype will have any long-term effect remains to be seen. Typically, the pecking order among network newscasts has changed glacially, a function not just of who has delivered the news but also of the popularity of the local newscasts that precede them.

In many respects, Ms. Couric's retooling of the "CBS Evening News" will appear comfortably familiar.

She will sit at a desk finished in ginger root maple laminate — lighter than the mahogany model used by Dan Rather and later Bob Schieffer, but still a desk — atop bright red and blue carpeting, with a 15-foot projection television to her left. Nearby are areas for her to stand and to accommodate chairs for live interviews.

One way she thinks she might stand out from her competitors, she said, is that she will assume that many viewers have already scanned the headlines of the day, giving her license to jettison some stories entirely or to dispense with others in a digest. Doing so, she said, could free up valuable time — no small thing in a broadcast that is actually 22 minutes — to add depth and context to those issues she deems worthy.

"We'll have correspondents working less on 'news of the day' stories and focusing on longer takeouts, if you will," she said.

At least at the outset, Ms. Couric will give over as many as 90 seconds each night to a segment titled "Free Speech," in which ordinary Americans, as well as scholars and sometimes even comedians, will be allowed to sound off. Mr. Schieffer will deliver a weekly essay in this slot, probably on Wednesdays.

Neither Mr. Williams nor Mr. Gibson said he felt inclined to follow suit, saying there was ample commentary on cable news and talk radio.

On average this year, Mr. Williams's broadcast has beaten ABC's by nearly 800,000 viewers each night, drawing a total audience of 8.8 million versus 8 million for ABC, with CBS lagging at 7.3 million, according to Nielsen Media Research. Though the race between NBC and ABC has been far closer among viewers ages 25 to 54, a bellwether for advertisers — NBC's lead there is a slim 100,000 — Mr. Williams said he did not plan to change anything come Sept. 5.

"It wouldn't make sense elsewhere in business for the leading product to make alterations because a product was joining the fray," he said.

Among the ways Mr. Williams's broadcast has evolved in the 20 months since he succeeded Tom Brokaw is that it has sought to leaven his marked sobriety with an occasional nod to his sense of humor. At times, he even answers viewer e-mail on the air.

At other times, though, efforts to make the broadcast (and its associated Web site) even more about Mr. Williams can appear to border on the self-reverential. On July 17, for example, the 10th anniversary of the explosion of TWA Flight 800 over

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Long Island Sound, Mr. Williams chose to mark the occasion by showing extended footage of how he had reported the crash live as an anchor on MSNBC, then in its third night of existence.

"It sounds like it's being said absent modesty," Mr. Williams said, when asked to explain that editorial choice. "That became a bit of a television touchstone that many, many summer viewers associated with that night."

Like Mr. Williams, Mr. Gibson said he did not expect to make major revisions in his broadcast, which recently shortened its name to "World News," from "World News Tonight,'' to reflect its electronic ubiquity.

He said he might emphasize some subjects of personal interest, like the controversy over performance-enhancing drugs in sports, or broadcast nine correspondent segments on some nights when Mr. Williams might do seven.

But in the end, he suggested, all three broadcasts, including Ms. Couric's, will effectively be following a template set decades ago.

"I know there's a lot going to be made about the fact that the CBS thing is changing," Mr. Gibson said. "It's an evolutionary thing for CBS, too.

"Is there something special about her?" he added, referring to Ms. Couric. "I don't know. I'll let you determine that."

Truce Strained As Israelis Raid Lebanon Site (NYT)

By Robert F. Worth And John Kifner

The New York Times, August 20, 2006

BOUDAI, Lebanon, Aug. 19 — Helicopter-borne Israeli commandos landed near the Hezbollah stronghold of Baalbek on Saturday and engaged in a lengthy firefight in what the Lebanese prime minister, Fouad Siniora, called a "flagrant violation" of the cease-fire brokered by the United Nations.

The United Nations issued a statement that Secretary General Kofi Annan also considered the raid a violation and was "deeply concerned."

The Israelis said "the aim of the operation had been to disrupt terrorist activities against Israel and to prevent arms from being transported to Hezbollah from Iran and Syria." Any such resupply effort would itself violate the Security Council cease-fire resolution.

The raid took place overnight under the cover of sonic booms from Israeli jets flying overhead, which occur often over Lebanon. But this time they masked the sound of helicopters bringing in the commando unit and two Humvee vehicles. Villagers said the soldiers were dressed in Lebanese Army uniforms.

The success of the effort was a matter of dispute. One Israeli special operations officer was killed and two commandos were wounded, one seriously, but an Israeli Army spokesman in Jerusalem said the "objectives had been attained in full."

Villagers said otherwise. "They failed completely," said Sadiq Hamdi, 36, a scrap-iron dealer. "They were still on the road when the Hezbollah came upon them. They did not take 1 percent of what they were trying to do."

The Israeli Army said it would continue such raids until "proper monitoring bodies are established on the Lebanese borders," another task for the United Nations forces in Lebanon. On Friday, a top Israeli commander warned that Israel would halt any resupply efforts and vowed to kill the Hezbollah leader, Sheik Hassan Nasrallah. [Page 6.]

Lebanon's defense minister, Elias Murr, said that if Israel carried out any more raids, he would ask the cabinet to halt the Lebanese Army's deployment in the south. That deployment — now being bolstered by United Nations peacekeeping forces — is the cornerstone of the cease-fire, and ending it could end the delicate truce between Israel and Hezbollah that has held since Monday.

Suleiman Chamas, 38, the mayor of this village about 10 miles west of Baalbek, gave the following account.

The disguised commandos landed in the eastern foothills of the Mount Lebanon range, loaded into Humvees and drove east on a road called Ayoun Semman, where they encountered a roadblock guarded by local Hezbollah fighters.

The commandos shouted in Arabic, "Peace be with you, we're one of yours," and tried to pass the roadblock without stopping. The guerrillas started shooting and chased them. The commandos turned onto a dirt road, and a gun battle broke out, drawing more villagers.

"The whole village came down, both those who could shoot and those who cannot," Mayor Chamas said.

Fighter jets and helicopters fired rockets and, within about 40 minutes, evacuated the commandos, he said. Left behind were two fresh craters in the rich red Bekaa Valley soil, signs of casualties — large bloodstains, syringes and surgical masks — and what the villagers said was some kind of device to guide the helicopters. Villagers reported no casualties on the Lebanese side.

Yahya Ali, 30, wearing a red shirt and carrying an AK-47 assault rifle, was one of a number of villagers who said the Israeli commandos had been dressed like Lebanese soldiers.

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He said they had been wearing the mostly green woodland camouflage uniforms that are standard issue for the Lebanese Army, along with olive-green flak jackets and green helmets, also standard issue. Israeli soldiers wear a solid brownish uniform with brown body armor and helmets.

Mr. Ali said he could see the uniform clearly because in the rescue the helicopters and Humvees had bright lights turned on.

The boldness of the raid during the truce suggested the Israelis might have had some major objective in mind, perhaps the rescue of their two captured comrades or the capture of a major Hezbollah figure. Boudai is the home village of Sheik Muhammad Yazbeck, a senior Hezbollah leader and member of the group's Shura Council. The Israeli Army later said it had not captured him and denied his capture was the objective, The Associated Press reported.

The village was the scene of a funeral Friday for a Hezbollah guerrilla, Mahmoud Ahmed Asef, who had died fighting in Bint Jbail. Such funerals sometimes draw leaders.

In Israel, the Foreign Ministry spokesman, Mark Regev, said, "If the Syrians and the Iranians continue to arm Hezbollah in violation of the resolution, Israel is entitled to act to defend the principle of the arms embargo."

But in a statement on the United Nations Web site, Mr. Annan's spokesman, Stephane Dujarric, said the secretary general considered the raid a violation of the resolution and it followed "several air violations." Such violations, he said, "endanger the fragile calm."

Hours before the raid, Mr. Annan appealed to Europe in particular to supply troops for the newly expanded United Nations force, which is supposed to grow to 15,000 from about 1,990 and help the Lebanese Army patrol southern Lebanon.

The appeal, the raid and the alleged renewal of arms supplies also underscore the tenuous condition of the cease-fire, which seemed to conclude a 34-day war between Israel and Hezbollah with an international commitment to exclude the Hezbollah militia from Lebanon south of the Litani River and to disarm it.

Israel Strikes Deep In Lebanon (WP)

By Edward Cody

The Washington Post, August 20, 2006

Premier, U.N. Chief Condemn Attack as Violation of Truce

BEIRUT, Aug. 19 -- Helicopter-borne Israeli commandos raided a Hezbollah stronghold in the Bekaa Valley early Saturday, setting off a fierce gun battle. Lebanon called the attack a "flagrant violation" of a fragile six-day-old cease-fire and threatened to halt troop deployments in protest.

Hezbollah, which battled the Israeli military for 33 days until the truce took hold Monday, said its fighters encountered the Israeli commandos in a field near the town of Boudai, about 20 miles from the Syrian border.

The Israeli military, confirming the raid, said its commandos carried out the operation to interdict shipments of weapons and munitions to Hezbollah from Syria and Iran. The military said one Israeli officer was killed and two soldiers were wounded, one seriously.

Lebanese Prime Minister Fouad Siniora told reporters in Beirut that the attack was a "flagrant violation" of the U.N. cease-fire and that he planned to lodge a complaint with U.N. Secretary General Kofi Annan.

Later Saturday, Annan said that he agreed the raid violated the cease-fire agreement and that he was "deeply concerned."

Hezbollah issued no immediate reaction. But many Lebanese worried that the militant Shiite Muslim movement would retaliate, risking a chain of cease-fire violations that could rekindle the devastating war that drove nearly a fourth of Lebanon's inhabitants from their homes and inflicted an estimated $3.6 billion in damage to bridges, roads and other infrastructure.

In accepting the cease-fire, the Hezbollah leader, Hasan Nasrallah, warned that his militia reserved the right to attack Israelis as long as they remain on Lebanese soil. At the same time, the Israeli military declared that it reserved the right to respond to attacks and prevent weapons shipments to Hezbollah guerrillas in the southern border hills until an international force was in place.

In practice, however, Hezbollah has held its fire even though an unknown number of Israeli troops remain in observation posts scattered across the rocky Lebanese hills just north of the border. Until Saturday, Israel also had refrained from attacks of any size on Hezbollah fighters in the border area or on other Hezbollah installations farther north. The restraint by both sides had led to optimism in Beirut that the truce would hold and that rebuilding could begin -- optimism that suddenly came under doubt.

The Israeli Foreign Ministry spokesman, Mark Regev, said the raid was not a violation of the cease-fire because it was in response to a violation by Hezbollah. "If the other side violates the cease-fire, then we are entitled to act," Regev said.

"Had the Lebanese forces, augmented by international troops, been on the border crossing points with Syria the way they should have been, then our attack would have been superfluous," he added. "Hopefully, those international troops will be there

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soon and then there will be no need for these kinds of actions. In the interim, we cannot have an open border with arms coming from Syria to rearm Hezbollah. The violation of the cease-fire is the arms transfer from Syria to Lebanon."

The Lebanese military, which stood aside during the war, has begun deploying along the border with Syria in northern and eastern Lebanon, in addition to its deployment over the last three days in villages along the southern border with Israel. But the frontier with Syria remains far from secured, officials acknowledged, and Israel is unlikely to relax its vigilance against Hezbollah arms deliveries.

The Lebanese defense minister, Elias Murr, said Lebanon would stop moving troops into the southern part of the country if the United Nations did not intervene, the Associated Press reported.

"We have put the matter forward in a serious manner and the U.N. delegation was understanding of the seriousness of the situation," Murr said. "We are awaiting an answer."

Israeli officials have said they are counting on the arrival of an international peacekeeping force to guarantee that the arms shipments stop. About 50 French military engineers arrived in southern Lebanon as a vanguard of the European and other soldiers who, under the U.N. resolution, will be assigned to reinforce the 2,000-member United Nations Interim Force in Lebanon.

But France and other European nations have expressed reluctance to commit troops to the operation until its U.N. mandate is clearly laid out. France, which was expected to provide several thousand troops, has limited its new contribution to 200. As a result, negotiations on assembling, transporting and tasking the additional peacekeepers could drag out in the days ahead, increasing the risk of cease-fire violations.

Boudai, which lies in the foothills of the Mount Lebanon chain about 10 miles northwest of Baalbek, has long been known as a Hezbollah stronghold. Local officials speculated that a senior Hezbollah leader, Sheik Mohammed Yazbek, may have been the commandos' target. Other Lebanese suggested that the raid may have been an attempt to recover two Israeli soldiers whose seizure by Hezbollah commandos on July 12 precipitated the war.

The Israeli military, however, specified that preventing the transport of weapons was its objective. "The goals were achieved in full," it added in a statement.

Lebanese residents and security officials reported that Israeli planes were heard in the Bekaa Valley through the night, prompting fears of a raid. When they landed around 5 a.m., the Israeli special troops drove toward Boudai in two vehicles transported into Lebanon by helicopters, they said. When challenged, the Israelis identified themselves as Lebanese army troops, but the ploy failed and Hezbollah fighters opened fire, they added.

Hezbollah fighters found bloody bandages and syringes on the ground after the battle, leading them to conclude that the Israelis suffered casualties, according to Foreign Minister Fawzi Salloukh, a Hezbollah ally. Hezbollah's al-Manar television reported a number of Israeli casualties but did not say whether they were killed or wounded.

Correspondent Doug Struck in Jerusalem contributed to this report.

Annan: Israeli Raid Violates Cease-fire (AP)

By Sam F. Ghattas, Associated Press Writer

AP, August 20, 2006

Israeli commandos raided a Hezbollah stronghold deep in Lebanon on Saturday, engaging in a fierce gunbattle, and the Lebanese government threatened to halt further troop deployments to protest what U.N. officials called a violation of the 6-day-old cease-fire.

Israel said the raid was launched to stop arms smuggling from Iran and Syria to the militant Shiite fighters. An Israeli officer was killed during the raid, and two soldiers were wounded, one seriously.

There were no signs of further clashes, but the flare-up underlined worries about the fragility of the cease-fire as the U.N. pleaded for nations to send troops to an international force in southern Lebanon that is to separate Israeli and Hezbollah fighters.

The office of Secretary-General Kofi Annan issued a statement later Saturday labeling the operation a violation of the U.N. truce.

A contingent of 49 French soldiers landed in the south Saturday, providing the first reinforcements for the 2,000-strong U.N. peacekeeping mission known as UNIFIL that has been stationed in the region for years. About 200 more were expected next week.

They were the first additions to what is intended to grow into a 15,000-soldier U.N. force to police the truce with an equal number of Lebanese soldiers. France leads UNIFIL and already had 200 soldiers in Lebanon before the reinforcements.

But with Europe moving slowly to provide more troops, Israel warned it would continue to act on its own to enforce an arms embargo on the Lebanese guerrilla group until the Lebanese army and an expanded U.N. peacekeeping force are in place.

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"If the Syrians and Iran continue to arm Hezbollah in violation of the resolution, Israel is entitled to act to defend the principle of the arms embargo," Israeli Foreign Ministry spokesman Mark Regev said. "Once the Lebanese army and the international forces are active ... then such Israeli activity will become superfluous."

Defense Minister Elias Murr met with U.N. envoy Terje Roed-Larsen and threatened to halt the movement of Lebanese troops into the former war zone in the south if the United Nations did not intervene against Israel. That could deeply damage efforts to deploy a strong U.N. peacekeeping force.

"We have put the matter forward in a serious manner and the U.N. delegation was understanding of the seriousness of the situation," Murr told reporters. "We are awaiting an answer."

Israeli Prime Minister Ehud Olmert defended the raid during a phone conversation with U.N. Secretary-General Kofi Annan, saying it was "intended to prevent the re-supply of new weapons and ammunition for Hezbollah," officials said, speaking on condition of anonymity because they weren't authorized to speak publicly on the issue.

The Israeli leader pointed to the importance of the supervision of the Syrian-Lebanese border as well, they said.

The Israeli military also said the raid was launched "to prevent and interfere with terror activity against Israel, especially the smuggling of arms from Iran and Syria to Hezbollah."

The Foreign Ministry spokesman rejected the characterization of the raid as a truce violation, saying the Lebanese army and U.N. peacekeepers must take control of Lebanon's border with Syria to ensure arms don't reach Hezbollah.

"But in the interim, of course, we can't have a situation where endless amounts of weaponry arrive for Hezbollah, so we are forced to act in response to this violation," he said, warning that further incursions could occur.

A statement issued by Annan's spokesman later Saturday said that the U.N. chief spoke with both Lebanese Prime Minister Fuad Saniora and Olmert about the fighting. "The secretary-general is deeply concerned about a violation by the Israeli side of the cessation of hostilities," it said.

"All such violations of Security Council Resolution 1701 endanger the fragile calm that was reached after much negotiation," said the statement, issued by spokesman Stephane Dujarric.

The White House declined to criticize the raid, noting that Israel said it acted in reaction to arms smuggling into Lebanon and that the U.N. resolution calls for the prevention of resupplying Hezbollah with weapons.

"The incident underscores the importance of quickly deploying the enhanced UNIFIL," White House spokeswoman Jeanie Mamo said.

Roed-Larsen said earlier the Lebanese army has deployed more than 1,500 soldiers in three sectors of the south where Israeli forces have left, and the 2,000 peacekeepers of UNIFIL have set up checkpoints and started patrolling the areas.

The broad outlines of the U.N. cease-fire plan call on Hezbollah to halt all attacks and for Israel to stop offensive operations. It gives Israel the right to respond if attacked, but the commandos were flown in by helicopter and the raid took place far from Israeli troops in southern Lebanon.

Israel did not identify the officer killed in the raid. Hezbollah issued a terse statement saying guerrillas "ambushed" the commando force and suffered no casualties. Lebanese security officials said three guerrillas were killed and three wounded.

The security officials said the commandos flew in by helicopter to a hill outside the village of Boudai west of Baalbek in eastern Lebanon, about 17 miles from the Syrian border. Witnesses said Israeli missiles destroyed a bridge during the fighting.

The officials, who spoke on condition of anonymity because they were not authorized to release information to the media, said the Israelis apparently were seeking a guerrilla target in a nearby school but they had no other details.

Lebanese media speculated that Sheik Mohammed Yazbeck, a senior Hezbollah official in the Bekaa Valley and a member of the group's executive council, may have been the target. Yazbeck is a native of Boudai.

The Israeli army denied it had captured any Hezbollah fighter, and said it had not been the raid's objective.

Overflights by Israeli jet fighters drowned out the clatter of helicopters that flew the commandos into the foothills of the central Lebanese mountains, local Hezbollah officials said.

Using two vehicles also delivered by helicopter, the commandos drove into Boudai and were intercepted by Hezbollah fighters in a field, the officials said. They said the Israelis identified themselves as Lebanese soldiers, but the guerrillas grew suspicious and gunfire erupted.

Israeli helicopters fired missiles as the commandos withdrew and flew them out of the area an hour later, the Hezbollah officials said.

Witnesses reported seeing bandages and syringes at the landing site outside Boudai. The bridge that witnesses said was destroyed was about 500 yards from the landing site.

The area in the eastern Bekaa Valley, 60 miles north of the Israeli border, is a major guerrilla stronghold. Baalbek is the birthplace of Hezbollah, a militant Islamic movement that is supported by Iran and Syria.

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Hezbollah, meanwhile, buried 55 fighters Friday and Saturday in Haris, Majdel Silim, Bint Jbail, Deir Qanoun and south Beirut, security officials said. Israel claims it killed hundreds of guerrillas during the war. Hezbollah reported 68 deaths.

U.N. Deputy Secretary-General Mark Malloch Brown said more countries needed to join the peacekeeping force. The U.N. wants to have 3,500 soldiers on the ground by Aug. 28 to help police the truce that took effect Monday and ended 34 days of brutal warfare.

Bangladesh, Indonesia, Italy, France and Finland have promised troops. In an effort to encourage more countries to sign on, Annan said the peacekeeping force would not "wage war" on Israel, Lebanon or Hezbollah militants, addressing a key concern of many countries.

The U.N. and Lebanon's government have said Hezbollah will not be allowed to bring weapons out in public, but have declined to commit to trying to disarm the guerrillas, as called for in a September 2004 U.N. resolution.

Israel Warns It Will Enforce Arms Ban (AP)

By Josef Federman, Associated Press Writer

AP, August 20, 2006

Israel warned that Saturday's raid against Hezbollah in Lebanon, its first since a cease-fire went into effect six days ago, may not be its last.

With Europe moving slowly to provide troops, the Israeli government said it would act on its own to enforce an arms embargo on the Islamic militant group until the international monitoring force is in place.

Israeli commandos struck near the Hezbollah stronghold of Baalbek, deep inside Lebanon and far from the Israeli border on Saturday, in a mission the army said was aimed at halting arms shipments from Iran and Syria.

Lebanon's Prime Minister Fuad Saniora accused Israel of violating the cease-fire and said he would take up the issue with the United Nations. But Israeli officials rejected the criticism, saying the operation was in line with the truce's ban on the sales and supplies of arms to Hezbollah.

U.N. envoy Terje Roed-Larsen, who was visiting the region, said if the report about the Israeli commando raid was true, the incident would be "a clear violation" of the cease-fire agreement.

"And it is also unhelpful in a very complex and very fragile situation," he said in an interview with the Lebanese Broadcasting Corp.

But Israeli Foreign Ministry spokesman Mark Regev said such incursions may continue until the Lebanese army and an expanded U.N. peacekeeping force laid out in the truce is in control of the Syrian border to enforce the arms ban.

"In the interim, of course, we can't have a situation where endless amounts of weaponry arrive for Hezbollah, so we are forced to act in response to this violation," he said. "Had there been that presence there already, the Israeli operation would have been superfluous."

In a boost for Israel, the U.S. declined to criticize the Israeli campaign, noting the U.N. resolution's arms ban on Hezbollah.

"The incident underscores the importance of quickly deploying the enhanced UNIFIL," White House spokeswoman Jeanie Mamo said, referring to the U.N. monitoring force.

The U.N. cease-fire resolution that paved the way for the cease-fire to take effect on Monday authorized up to 15,000 U.N. peacekeepers to help an equal number of Lebanese troops extend their authority to south Lebanon, which has been controlled by Hezbollah. The United Nations wants 3,500 troops on the ground by Aug. 28, and the entire force in place in three months.

But European nations, expected to lead the multinational force, have been hesitant about committing troops, apparently because of questions about whether the force will be called on to disarm Hezbollah fighters. The Lebanese government already has said it does not plan on disarming the guerrilla group.

France, which commands UNIFIL's current 2,000-strong force, had been expected to make a significant new contribution that would form the backbone of the expanded force.

But French President Jacques Chirac disappointed the United Nations and others by announcing Thursday that France would add just 200 combat engineers to its current 200-member contingent in Lebanon. Nearly 50 French troops landed in Lebanon on Saturday, the first reinforcements.

Other European nations have offered even less. Only Italy and Finland have promised troops, but Italy has not committed to specific numbers and Finland's 250-member contingent will arrive only in November. Spain and Bulgaria are considering sending troops, while Austria, the Czech Republic and Switzerland have made no offer at all.

At a meeting this week of 49 potential contributing nations, the only countries to offer mechanized infantry battalions, which will be the front line of the expanded force, were three Muslim countries that do not have diplomatic relations with Israel — Bangladesh, Indonesia and Malaysia — and Nepal, which is predominantly Hindu.

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Many countries said they wanted to study the operational plans for the force and the rules of engagement before making any decisions. They include several European countries, U.N. diplomats said.

U.N. Deputy Secretary-General Mark Malloch Brown stressed that more European nations would be needed to balance commitments from Muslim countries so that Israel and Lebanon will view the troops as legitimate.

Cristina Gallach, a spokeswoman for European Union foreign policy chief Javier Solana, dismissed the idea that the failure of European nations to send troops could have triggered the Israeli raid.

"Nobody expected the deployment to be this week anyway," she said in a telephone interview. She noted that although the United Nations is working very hard to find units for UNIFIL, most candidate countries had to get parliamentary approval for their troops to be sent overseas.

"It's therefore logical that they want to know the details of the mandate, the rules of engagement, and how the military can apply these," Gallach said.

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Associated Press writer Slobodan Lekic in Brussels, Belgium, contributed to this report.

Israeli Raid Aims To Cut Off Arms Resupply (WT)

By Joshua Mitnick, The Washington Times

The Washington Times, August 20, 2006

TEL AVIV -- In a buckling of a U.N.-brokered Middle East cease-fire, a team of Israeli commandos yesterday carried out a raid deep inside Lebanon aimed at sabotaging weapons shipments from reaching the Iranian-backed Hezbollah militia.

One Israeli commando was killed and another was wounded seriously in the gunbattle with Hezbollah guerrillas in the Bekaa Valley stronghold of the militia group, close to the Syrian border. Hezbollah also reportedly suffered casualties in the fighting.

Lebanon threatened to halt deployment of its soldiers in the south of the country, and Prime Minister Fuad Siniora denounced Israel's operation as a "flagrant violation" of the cease-fire.

U.N. Secretary-General Kofi Annan discussed the operation by phone with Israeli Prime Minister Ehud Olmert, and later called it a "violation by the Israeli side of the cessation of hostilities as laid out in Security Council Resolution 1701."

U.N. Middle East envoy Terje Roed-Larsen said in Beirut that reports on the Israeli strike indicated it constituted a violation of the U.N. Security Council resolution that established a truce early last week after more than a month of fighting.

Israel said the raid did not violate the cease-fire, and Washington appeared to agree with that claim.

An Israeli army spokesman said the goal of the operation was achieved in full, and that the military would continue to prevent Hezbollah from getting weapons shipments from Iran and Syria.

The operation exposed the first major dispute over implementation of Resolution 1701, which helped end fighting in Lebanon earlier last week.

Concerned that the cease-fire will enable Hezbollah to rearm, Israel is demanding that the Lebanese army and international peacekeepers enforce the arms embargo against the militia called for by the cease-fire resolution.

Israeli security officials said the commandos flew in by helicopter to a hill outside the village of Boudai west of Baalbek in eastern Lebanon, about 17 miles from the Syrian border. Witnesses said Israeli missiles destroyed a bridge during the fighting.

Officials told the Associated Press the Israelis apparently were seeking a guerrilla target in a nearby school. Lebanese media speculated that Sheik Mohammed Yazbeck, a senior Hezbollah official in the Bekaa Valley and a member of the group's executive council, may have been the target.

The area in the eastern Bekaa Valley, 60 miles north of the Israeli border, is a major guerrilla stronghold. Baalbek is the birthplace of Hezbollah.

Footage of the aftermath of the battle showed army documents and bloodstains left behind by the Israeli soldiers.

The Israeli army spokesman declined to comment on reports that the commando unit captured two Hezbollah operatives. The commandos reportedly had finished their mission and were on their way back to the helicopters when they encountered Hezbollah gunmen.

Israeli Foreign Ministry spokesman Mark Regev said the commando raid was a response to an infraction of the cease-fire, which calls for a weapons embargo against Hezbollah.

"Israel will not tolerate Hezbollah exploiting the cease-fire to rearm, and to re-equip with strategic weapons from Iran and Syria. Then we're back to square one," Mr. Regev said.

"The international community is very quick to speak out on Lebanon and to pass resolutions, but what we need is concrete steps. We could see 1701 go the way of other resolutions on Lebanon, which promised much, but in the end failed to deliver," he said.

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Mr. Olmert told Mr. Annan the raid was "intended to prevent the resupply of new weapons and ammunition for Hezbollah," the AP reported, quoting unidentified officials.

In Washington, the White House declined to criticize the raid, noting that Israel said it acted in reaction to arms smuggling into Lebanon and that the U.N. resolution calls for the prevention of resupplying Hezbollah with weapons.

"The incident underscores the importance of quickly deploying" an international force in Lebanon, the AP quoted White House spokeswoman Jeanie Mamo as saying.

The multinational force charged with overseeing the cease-fire is coming together more slowly than expected, and in the meantime, Israel said it will enforce the embargo by itself. That could further destabilize the weeklong calm.

Lebanese Defense Minister Elias Murr, who met with Mr. Roed-Larsen, warned that if the U.N. Security Council doesn't address the purported Israeli violations of the agreement, he will freeze the deployment of thousands of Lebanese soldiers in the south of the country.

But the threat did not stop Lebanese soldiers from reaching bases in the south for the first time in decades.

Yesterday, an advance force of 49 French peacekeepers arrived in southern Lebanon. About 200 more are expected this week. The new force will provide reinforcements for the 2,000-strong U.N. peacekeeping mission known as UNIFIL, which has been stationed in the region for years.

They were the first additions to what is intended to grow into a 15,000-soldier U.N. force to police the truce with an equal number of Lebanese troops. France leads UNIFIL -- the United Nations Interim Force in Lebanon -- and already had 200 soldiers in Lebanon before the reinforcements.

Mr. Roed-Larsen said the Lebanese army has deployed more than 1,500 soldiers in three sectors of the south where Israeli forces have left, and the 2,000 peacekeepers of UNIFIL have set up checkpoints and started patrolling the areas.

Israeli Incursion Strains Truce With Hezbollah (LAT)

By Bruce Wallace, Times Staff Writer

The Los Angeles Times, August 20, 2006

The military says it was trying to intercept arms, but observers suspect it wanted to rescue soldiers or abduct a guerrilla for a swap.

BOUDAI, Lebanon — Israeli commandos dropped deep into Lebanon on Saturday, clashing with Hezbollah fighters in a raid here that left one Israeli soldier dead and put the first serious strain on the region's 6-day-old cease-fire.

Israel and Lebanon swiftly accused each other of breaking the U.N. Security Council resolution that established the conditions for ending more than a month of cross-border bombing and rocket attacks that left hundreds of people dead.

Lebanese Prime Minister Fouad Siniora called the raid a "naked violation" of the resolution and said he would complain to U.N. Secretary-General Kofi Annan, who issued a statement later Saturday saying that he was "deeply concerned about a violation by the Israeli side of the cessation of hostilities."

The Israeli military said its special forces were trying to disrupt Hezbollah arms supply routes from Syria, contending that the Lebanese army was failing to prevent the militia from replenishing its weapons stockpiles.

"There was an attempt to bring in weaponry from Syria to Lebanon," Israeli Foreign Ministry spokesman Mark Regev said. "The resolution calls for there to be Lebanese soldiers and international force there on the border crossings to prevent this from happening. Unfortunately, they're not there at the moment. In the interim period, we can't have a situation where Hezbollah is smuggling weapons and is rearming and regrouping."

But Israel produced no evidence of intercepted weapons. And the depth of the Israeli raid — 60 miles inside Lebanon — led to widespread speculation that the commandos might have been on a mission to rescue two Israeli soldiers seized by Hezbollah. Their capture in July was the spark for ferocious fighting between Israel and Hezbollah.

Saturday's firefight occurred in fields outside Boudai, a town just west of the historic city of Baalbek and an area deeply loyal to Hezbollah.

Witnesses said Israeli helicopters landed on a hill amid tobacco fields about 3 a.m. after conducting several mock air raids, presumably as a diversionary tactic.

The Israeli soldiers, who appeared to be dressed in Lebanese military uniforms, drove two vehicles across the fields, but apparently were spotted by Hezbollah fighters who may have been using with night-vision equipment, residents said.

Local Hezbollah fighters said they grew suspicious of what appeared to be a Lebanese patrol, and set up a roadblock, where they confronted the Israelis. The fight, they said, lasted about an hour, before the Israelis fled across the fields and were rescued.

"We celebrated last night," said Ali Shamas, 16, as he worked in a tobacco field today, within sight of the Israeli landing.

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The Israeli military acknowledged that one of its officers was killed and two others were wounded, one seriously. The military said that Israeli jets had to provide cover in order to extricate the soldiers and that at one point the planes dropped bombs to knock out a bridge to prevent more Hezbollah fighters from joining the battle.

Hezbollah officials said none of its fighters were killed or wounded.

"They dropped here and we sent them away," said spokesman Hussein Naboulsi, who said the militant Shiite Muslim organization had not been surprised by the raid. "The world should not be so naive. Israel violates all agreements, all U.N. resolutions, all understandings."

The cease-fire agreement calls on Hezbollah to stop its attacks and Israel to halt "all offensive military operations."

It also requires the Lebanese government to secure its borders to prevent any unauthorized weapons from entering the country. That task has fallen to a force of Lebanese soldiers that is to number 15,000. The soldiers are also supposed to be backed by a more robust force of U.N. peacekeepers, but the United Nations is having trouble finding countries willing to put soldiers in the region.

The Lebanese military began deploying its soldiers to towns south of the Litani River on Thursday. Their presence remains light in a region where the U.N. says 400,000 people have returned to shattered homes and villages littered with an estimated 13,000 pieces of unexploded ordnance. But the army is gradually extending its reach. On Saturday, Lebanese soldiers were seen driving jeeps through border towns such as Kfar Kila, where Israeli subdivisions and tanks were within sight.

Still, the Israeli army said it would continue cross-border raids until "proper monitoring bodies are established on the Lebanese borders." It gave few details of Saturday's raid, although it said the goals of the operation were "achieved in full."

In addition to the speculation that the raid might have been a rescue operation, others contended that Israel might have been trying to seize a high-ranking Hezbollah guerrilla or cleric to be used in a prisoner swap. They noted that Boudai is the hometown of Sheik Mohammed Yazbek, a senior Hezbollah official in the Bekaa Valley.

"They were trying a kidnapping," said Hussein Hajj Hassan, a Hezbollah member of the Lebanese parliament from Baalbek. "People are very angry and upset."

At least one independent analyst expressed skepticism of Israel's claim that the raid was intended to intercept arms supplies. Arthur Hughes, former director-general of the Egypt-Israel Multinational Force and Observers, said the operation was so risky — both for the Israeli soldiers and the country's international standing — that he found the government's official explanation implausible.

"I would guess there was something of high value they were trying to accomplish," Hughes said, suggesting that a rescue mission for the captive Israeli soldiers was more likely.

"None of the objectives stated by the government have been achieved," Hughes said. "They are under a lot of domestic pressure and they have a long tradition of not leaving anybody behind."

He said a commando operation to interdict arms would probably be considered a violation of the cease-fire, but a rescue attempt "is a little bit more of a gray area."

Hezbollah leader Sheik Hassan Nasrallah has vowed to meet any Israeli attacks with force. Naboulsi said he was unaware of what Nasrallah would order. But he suggested an immediate counterstrike was unlikely.

"Not right now," he said, noting that Hezbollah was happy to see Israel going through a wrenching internal postmortem over "their failed attack on Lebanon."

But the Israeli raid provoked anger in the Lebanese government, which is struggling to assert its nationalist credentials to counter Hezbollah's emergence as a dynamic force for dealing what is seen here as a sharp blow to Israeli military pride.

Lebanese Defense Minister Elias Murr told reporters in Beirut that he would consider halting the Lebanese army's deployment into the south if the U.N. did not press Israel over the raid.

Times staff writers Borzou Daragahi in Kfar Kila, Henry Chu in Jerusalem and Maura Reynolds in Washington contributed to this report.

Israeli `war Tourists' Sightsee, As Commandos Strike In Lebanon (MCT)

By Carol Rosenberg

McClatchy Newspapers, August 20, 2006

METULLA, Israel - It's the first Jewish Sabbath of the cease-fire in Israel's war with Hezbollah, and what's a secular Israeli to do? Go sightseeing.

For hours Saturday, motorists, motorcycles and mini vans filled with Israelis snaked through this hilltop Lebanese border town, weaving around army jeeps and armor, surveying the war damage wrought by the Shiite Muslim militia's 3,700-plus Hezbollah rockets.

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They snapped souvenir photos or made home videos. They picnicked on scenic sites overlooking Lebanese villages. Some popped into cafes in the first real burst of business since the war left Metulla a virtual ghost town.

The month-long katyusha rocket volley sent Israel's northern citizens into underground shelters or south to friends' and family's sofas, Mediterranean seaside tent camps and hotels left barren by the cancellations of tourism and pilgrimages.

Now, the exodus has ended. And like coastal residents surveying hard-hit neighborhoods after a hurricane, Israelis from south of the strike zone have been cruising the border to see scorched fields and rocket-pocked roads and buildings, before the insurers inspect and contractors clean up the damage.

"It's solidarity. I came to take pictures, to smell it," said Lior Hamami, 50, from Eilat, Israel's southernmost tip, who for six hours cruised the length of the country on the back of her husband Yehiel's Harley Davidson motorcycle to "see all what's happened in the north."

The Hamami's impromptu itinerary seemed to trace the greatest hits of a month of news bulletins: They went to Haifa, to see where long-range missiles crashed near the beach, further south than ever before for a rocket from Lebanon; breakfasted in Nahariya, at a restaurant near where news crews were rattled, live on television, by a near-miss incoming rocket; stopped at a friend's house in Ma'alot to see the remnants of a Hezbollah rocket in their garden; then on to Metulla, Kiryat Shemona and a grim salute to 12 Israeli soldiers who were killed napping near a cemetery at Kibbutz Kfar Giladi.

As they did, the news broke from Lebanon that helicopter-borne Israeli commandos had swept 60 miles north of the border overnight, striking what Israel said was an Iranian-Syrian re-supply route of arms for fighters loyal to the Hezbollah Party of God's leader Sheik Hassan Nasrallah. An Israeli officer was killed and two others were wounded, as well as an undisclosed number of Hezbollah gunmen.

Lebanese Prime Minister Fouad Siniora labeled the raid a "naked violation" of a United Nations truce, just days after Lebanese Army troops moved into south ostensibly to separate the two sides until the U.N. assembles a 15,000-strong foreign force to stand between Israel and Hezbollah.

Throughout the day, Israelis on tour were dissecting the monthlong war, which ended in a draw, not the decisive victory it claimed in earlier more fabled campaigns. "We talked to the people," explained Hamami. "What will be with Nasrallah? Will there be another war? Will it be in a long time?"

Israel radio reported that the "war tourists" increased Galilee hotel and guesthouse occupancy to 30 percent from virtually zero before the weekend, when scattered reserve soldiers and foreign journalists decamped for the Sabbath because the cease-fire seemed to hold.

Older Israelis remarked that the bumper-to-bumper destruction voyeurism was as old as the nation - a country so small you can day-trip to its furthest reaches. After 1967 Arab-Israeli War, some went south to see Egypt's Sinai Peninsula, others went north to see Syria's Golan Heights, which was seized in a lightning six days, setting expectations that were dashed in this recent month-long offensive.

And everyone, it seemed, went on victorious pilgrimages to Jerusalem to see the Old City, seized from Jordan.

The mood was more bittersweet this weekend as Israelis gawked not at newly conquered territory but old Israel, where volleys of Katyusha rockets set kibbutz date fields ablaze and damaged hundreds of buildings in Kiryat Shemona. The mood turned brooding as the tourists streamed through the military cemetery at Kibbutz Kfar Giladi, near the spot where a katyusha rocket Aug. 6 triggered a huge explosion inside three cars where 12 reserve soldiers were snoozing ahead of deployment into Lebanon.

"Mom, what are we doing here? I'm bored," wailed a two-foot-tall boy, Gil, just after lunchtime.

"Let's just take a look," replied the mother, pointing to a scorched patch of earth. "See where the katyusha burned?"

Just up the way, Israelis with cell phone cameras crowded around a pile of twisted charred metal and spent rocket fragments that had been turned into a shrine of sorts-a car bumper here, shards there, 12 assault rifle muzzles sticking out of the site where the reservists died.

By Saturday, the visitors had left traditional Jewish memorial candles, bunches of flowers and handwritten notes. "Israel will live," said one on notepaper in Hebrew.

The child turned stern, squatted by the wreck, touched the tip of a rifle muzzle, then headed back to the car with his mother.

Israel Committed To Block Arms And Kill Nasrallah (NYT)

By Steven Erlanger

The New York Times, August 20, 2006

JERUSALEM, Aug. 19 — Despite a cease-fire agreement, Israel intends to do its best to keep Iran and Syria from rearming Hezbollah and to kill the militia's leader, Sheik Hassan Nasrallah, says a senior Israeli commander.

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International commitments to exclude the Hezbollah militia from southern Lebanon and to disarm it already seem hollow, said the commander, who had a well-placed view of the war and its planning and has extensive experience in Lebanon.

The officer would only speak on the condition of anonymity in an interview on Friday. But, speaking one day before commandos carried out a raid that Israeli officials said was to disrupt arms shipments for Hezbollah from Syria and Iran, he was explicit that Israel would continue to seek out and block any such attempts. He also emphasized that, despite criticism from the Israeli public and even troops of the performance of the Army and government, he considered the threat and the fighting ability of Hezbollah to have been severely diminished.

Furthermore, he made it clear that Sheik Nasrallah remained a target as the leader of a group that Israel and the United States have labeled terrorist. "There's only one solution for him," he said. At another point, he said simply, "This man must die."

Mr. Nasrallah is regarded as a hero in much of the Muslim world. The pro-Syrian president of Lebanon, Émile Lahoud, praised him and Hezbollah this week for what he called their victory over Israel.

Israel and the United States, however, view Hezbollah as a tool of non-Arab Iran, which created it, and of Syria, which supports and helps to supply it, rather than being loyal to Lebanon and its multireligious government.

Israel, the officer said, views Hezbollah as "Iran's western front'' and, regardless of how poorly the new United Nations forces may perform, he argued, Israel will benefit from new international support for the extension of Lebanese sovereignty to the Israeli border, made most visible in the deployment of the Lebanese Army.

"I don't care about the capability of the Lebanese Army," he said. "What is more important, and here I'm not speaking for the Israeli government, is the understanding that the Lebanese government took control of southern Lebanon. Now we can deal with them as a country and a government, and speak and compromise. This is the huge change this operation created."

Hezbollah, he said, is no longer just Israel's problem, and "the world understands that we are helping to stop the influence of Iran," at least in the longer term.

The army was planning on 15 days of air war before any ground forces were considered, he said. "We didn't want to do any ground assault and thought we could create the conditions for a cease-fire without a major ground assault."

But the army miscalculated, and Hezbollah did not break. The air force failed to kill Sheik Nasrallah or to destroy the Hezbollah leadership. The army was also surprised, he said, by the sheer numbers of the advanced antitank missiles Hezbollah possessed, including Russian Metis-M and Kornet missiles that were sold to Syria and passed on to Hezbollah, he said, and which caused most of Israel's military casualties.

The United Nations was also "too soft and too late" in negotiating a cease-fire, and Israel then felt it had to act to stop the short-range Katyusha rockets that the army and the government knew, he insisted, could not be stopped with air power alone. "We tried to postpone it until we had no other choice," the officer said.

The army asked the government for a five-day ground operation to reach the Litani River and was ready on Monday, Aug. 7, the commander said. "The government asked us to wait because of the negotiations, and we waited Tuesday, Wednesday, Thursday and most of Friday," he said. Only then, when the negotiations at the United Nations were going against Israel, did Prime Minister Ehud Olmert and Defense Minister Amir Peretz order the expanded ground operation, which had only been approved by the cabinet on Aug. 9.

In the end, the army had two days of fighting, not five, before the cease-fire took effect last Monday at 8 a.m.

Israelis have been extremely critical of Mr. Olmert, Mr. Peretz and, to some degree, the army leadership. Israelis overwhelmingly supported the decision to go to war against Hezbollah after its cross-border raid on July 12, when it captured two Israeli soldiers and killed eight people.

But the war dragged on, the government seemed indecisive and Hezbollah was fighting well. Israelis felt there was too much reliance on air power, the ground war was too long delayed and then too modest, and the cease-fire agreement did not even secure the soldiers' release or guarantee the disarming of Hezbollah.

The lifeline of the three-month-old government appears shortened, and the future of the chief of staff, Lt. Gen. Dan Halutz, is uncertain.

Still, the Israeli Army feels it fought well within the limits set for it, and the commander insisted that the Israelis won every battle with Hezbollah, despite its good training and equipment and the underground tunnels, barracks and command posts it constructed with Iranian help.

"We believe it was important to stop the war with Hezbollah understanding that we can beat them anywhere, any time, and we did that," he said. "I believe it will change the situation for a long time."

Israelis are spoiled by the 1967 and 1973 wars, he said, but there is no decisive victory against terrorism. In Washington, too, he said, "I believe the military and security professionals understand what we did, and they are not disappointed."

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The Israeli Army scored two important achievements, he confirmed. First, good intelligence allowed it to knock out up to 80 percent of Hezbollah's medium- and long-range missile launchers in the first two days of the air war, preventing Sheik Nasrallah from firing a longer-range Iranian Zelzal missile on Tel Aviv.

More important, Israel was able to destroy launchers within 45 seconds to a minute after they were used, which no other army in the world can do with regularity, he said. Employing drones, radar, precision weapons and artillery, Israel could track a launching and bomb it.

But it could not do that with the thousands of short-range Katyusha rockets. They are small and easily portable, can be fired from buildings or simple metal tripods or even fired with a simple timer.

There are other tactical lessons, the commander said: more armor plating underneath tanks, better supplies, more money to be spent on reserves and training.

"But in the long run, if we see Hezbollah rearming itself and running southern Lebanon, I believe the next round is coming."

After all, "this is the Middle East," the officer said. "One war ends, and the next one is already at the door."

In the occupied West Bank on Saturday, Israel arrested the Palestinian deputy prime minister, Nasser al-Shaer of Hamas, at his home. Israeli has arrested more than two dozen Hamas cabinet ministers and legislators in the West Bank, including the parliament's speaker, Aziz Dweik, since late June, when Hamas took part in the capture of an Israeli soldier.

Also on Saturday, an Israeli soldier was killed at a checkpoint east of Nablus by an armed Palestinian, who was killed in turn by other soldiers, the Israeli Army said.

Trying To Avoid The Perils Of Peacekeeping (NYT)

By Thom Shanker

The New York Times, August 20, 2006

WASHINGTON, Aug. 19 — As leaders in world capitals this weekend review United Nations planning documents for a peacekeeping force in southern Lebanon, they are weighing whether the stated goals are clear and achievable and whether the rules of engagement will allow them to accomplish the mission and protect their forces.

Diplomats involved in the negotiations acknowledged that efforts to create a peacekeeping force were lagging in part because of the reluctance of governments to introduce troops into a part of the Middle East with deep, unresolved political and religious conflicts.

But they said there were also hurdles beyond that concern, particularly in France, which surprised diplomats by pledging only 200 soldiers to the new force. About 50 French military engineers arrived in Lebanon on Saturday to prepare for their arrival.

Terrorist attacks drove American and French troops from Lebanon once before, in 1983.

The diplomats, who spoke on condition of anonymity because deliberations over the force were continuing, said that another issue slowing the formation of the peacekeeping mission was the experience of the failed Balkans effort of the 1990's, when European and other foreign troops wearing the blue helmet of the United Nations were shackled by an unwieldy chain of command that split responsibilities between national commanders and United Nations officials in New York.

Further, their exact mission was never made clear in that violent sectarian conflict, resulting in an ineffective and humiliating effort that failed to halt forced expulsions and mass murder and rape.

"We have to learn from the mistakes of the past, and so we do not want to revive two precedents," one French official explained in a telephone interview late Friday.

"First was the U.N. forces in Yugoslavia, where in fact they were completely caught in a war in a passive way. We want to have something a little more aggressive in this regard.

"We also want to avoid what happened in 1983," the official said. "We are definitely willing to keep our support for Lebanon and help the Lebanese regain sovereignty. But we cannot put our soldiers in such a harm's way that it will become a mission impossible."

To persuade governments around the world to offer up troops for Lebanon, the United Nations dispatched two documents — one a "concept of operations" for the Lebanon mission, and the other the "rules of engagement" declaring how forcefully international troops may carry out the mission — in advance of negotiations that are resuming next week over generating forces for the mission. The first 3,500 reinforcements are to be deployed by Sept. 2.

Building a force is about more than just numbers. It is about capabilities: the right kind of troops, and how quickly they can get there with adequate training, equipment and the ability to sustain themselves on the ground.

The documents call for a force including mechanized infantry, reconnaissance and engineering battalions, military police companies and helicopters with night-vision capabilities for observation and search-and-rescue missions, according to diplomats and military experts who have studied the proposals.

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Perhaps of most importance, the reinforcements are to support the Lebanese armed forces as they establish an area between the Israeli border and the Litani River that is free of armed personnel and weapons other than those of the government of Lebanon and the United Nations.

The area is not to be used for hostile activities by Hezbollah or Israel. The United Nations troops also are to assist the Lebanese government in securing borders and ports to prevent entry of illicit arms.

The reinforcements are to monitor, report and investigate cease-fire violations; conduct mobile, long-range patrols; and escort medical and food shipments.

Under the proposed rules of engagement, the troops may use force to prevent the area from being used for hostile activities and to resist efforts to prevent the peacekeepers from carrying out duties under Security Council resolutions. Commanders may take all necessary and appropriate action in self-defense, including pre-emptive self-defense in cases where there is adequate evidence that hostile units are committed to an immediate attack.

"We keep telling the member states: read the concept of operations," said one United Nations official. "Read the rules of engagement. We have come a long way from the days of Unprofor in Bosnia," the official said, referring to the United Nations forces deployed in the Balkans.

Another official said, "A lot of the Europeans served in the Balkans, but only a few have recently put boots on the ground" in missions in Africa. "They may have taken away lessons from blue helmet missions that are no longer valid."

One official cited subsequent United Nations interventions in eastern Congo and Liberia, where "we have over the past few years gone to a more robust posture, as circumstances dictate."

Secretary General Kofi Annan has appealed to European countries in particular to supply troops for the Lebanon force.

United Nations officials and American military officers describe the importance of a major nation taking the lead to create momentum for others to contribute; some call it "The Godfather" model.

Troops from advanced militaries would help ensure that the military reinforcements for the small, weak United Nations mission already in Lebanon will be able to deploy rapidly, maneuver easily once on the ground — and be tough enough to send a message to all the warring parties that this new peacekeeping force cannot be pushed around.

United States officials have said that they will support the mission, but no American ground combat forces will be offered. A senior Pentagon planner said that since America is a staunch ally of Israel, the presence of American ground troops in Lebanon could serve as a magnet for Hezbollah attacks, undermining the mission.

Maj. Gen. William L. Nash, who retired from active duty after service that included commanding United States Army forces in Bosnia in 1995 and 1996, warned that the new mission risks being taken hostage: physically taken hostage by Hezbollah, and made a political hostage by Israel.

"We know what they're not going to do, but what will they do?" said General Nash, now a senior fellow at the Council on Foreign Relations.

"They're not going to disarm Hezbollah. But are they going to stop Israel from re-attacking Hezbollah? If the Israeli government decides there is an imminent threat, and attacks with F-16's, what is the mandate for the U.N.? What does the U.N. do?"

Bush: Turn U.N. Resolution Into Action (UPI)

United Press International, August 20, 2006

WASHINGTON, Aug. 19 (UPI) -- U.S. President George Bush said the recent fighting in Lebanon is related to terrorists trying to stop the spread of democracy and freedom.

Bush used his Saturday radio address to recap his week, which included a trip to the National Counterterrorism Center Tuesday and a session with his economic advisers Friday. But the first half of Saturday's talk focused on Lebanon.

He praised the efforts of Secretary of State Condoleezza Rice and U.N. Ambassador John Bolton in getting a U.N. resolution to stop the fighting between Hezbollah militants and the Israeli military in Lebanon.

"The United States is now working with our international partners to turn the words of this resolution into action," Bush said. "The conflict in Lebanon is part of a broader struggle between freedom and terror that is unfolding across the region.

"Terrorists and their sponsors recognize that the Middle East is at a pivotal moment in its history. Freedom has brought hope to millions and it's helped foster the development of young democracies from Baghdad to Beirut."

Arab Nations Urge New Israeli Peace Plan (AP)

By Salah Nasrawi

AP, August 20, 2006

DOJ_NMG_0050731

Worried the Lebanon war has given a boost to Iran and militants in the region, three U.S. allies in the Mideast are spearheading an Arab effort to present a plan for reviving the stalled peace process and talks with Israel.

Details remain sketchy, and already Israel has expressed skepticism, saying it doubts any plan the trio put forward will take its security needs into account. But the effort by Saudi Arabia, Egypt and Jordan is a clear sign of their worries about tensions and Iran's influence.

So far, the United States has not talked about a wider peace effort in the wake of the Lebanon fighting, instead focusing on ensuring the Iranian- and Syrian-backed Hezbollah is reined in.

Leaders of the three moderate Arab governments, however, want to seize the opportunity in the war's ashes to restart negotiations with Israel for peace on the Palestinian, Syrian and Lebanese fronts.

They fear letting the situation stagnate could increase the appeal of radical Islamic groups and allow Iran and Syria to keep using Hezbollah in proxy wars, breeding more resentments and more militancy.

Hesham Youseef, top aide to Arab League chief Amr Moussa, told The Associated Press the Arab countries are putting together a peace plan to present to the U.N. Security Council next month because they believe "we should build on the international concerns on what is going on in the whole area."

"Big crises sometimes create opportunities to find comprehensive solutions for difficult problems," he said, noting Arabs and Israelis began the Madrid peace talks just months after the 1991 Persian Gulf war that expelled Saddam Hussein's army from Kuwait.

"The war in 1973 also led to peace," Youseef said, referring to the diplomacy which began after that Arab-Israeli conflict and eventually resulted in the 1979 peace treaty between Egypt and Israel.

Arab foreign ministers are meeting in Cairo, Egypt, on Sunday to pave the way for an Arab summit planned in Saudi Arabia later this month. A new peace initiative will likely be high on the agenda, along with a Saudi plan to gather money for rebuilding Lebanon — and countering a flood of money from Iran to help Hezbollah win friends with its own reconstruction projects.

Israel's defense minister, Amir Peretz, said last week that resumption of dialogue with Syria and the Palestinians was possible. "Every war creates an opportunity for a new political process," he said.

But the chances of real movement remain unclear.

Israel's U.N. ambassador, Dan Gillerman, said Friday that he seriously doubts any Arab initiative "has a great chance of being a fair one that would take Israel's security concerns into consideration."

He said the 2003 "road map" plan put forward by the Bush administration remained "the only viable option" for progress toward peace.

The road map calls for the creation of an independent Palestinian state living peacefully alongside Israel, but it has been stalled, with both sides failing to take steps to implement it.

Israel also says that before anything else can happen, the international community must execute the terms of the cease-fire outlined in U.N. resolution 1701, to ensure Hezbollah is disarmed and the flow of Syrian and Iranian arms and equipment to the guerrillas is halted.

"We think that anything that would take attention away from 1701 would play into the hands of Iran and Syria," Israeli Foreign Ministry spokesman Mark Regev said.

The Bush administration, highly critical of Hezbollah, Syria and Iran, is also likely to push for full implementation of the cease-fire deal as the first step — a tricky process that could be lengthy.

It is not known how the new Arab peace effort might differ from past ones.

In early 2002, Saudi Arabia put forward a plan calling for peace between Israel and all Arab nations once the Jewish state gave up the Golan Heights, West Bank and other Arab lands seized in wars. The Arab League endorsed the plan, but Israel said its requirement for a withdrawal to pre-1967 borders would jeopardize Israeli security.

Youseef said the new Arab peace effort would build on both the road map and the Saudi plan. "We will not start from scratch. We just want to refocus on the real issue — a just and comprehensive peace," he said.

The Arab countries' motivation is clear: With Hezbollah and its backers, Syria and Iran, declaring victory in the monthlong war that left much of southern Lebanon in ruins, many see a looming struggle over the future of the Middle East.

The split between Syria and other Arab states has only grown deeper since the cease-fire. Syrian President Bashar Assad jabbed at fellow Arab leaders with a speech Tuesday saying the war had revealed them to be "half men" — prompting sizzling denunciations of Assad in Arab media.

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Associated Press writers Steve Weizman in Jerusalem and Edith M. Lederer at the United Nations contributed to this report.

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After The War, An Israeli City Starts Over (NYT)

By Dina Kraft

The New York Times, August 20, 2006

KIRYAT SHMONA, Israel, Aug. 18 — Members of the Babalsky family take turns using the Katyusha rocket that smashed through their roof as a footrest as they reorganize their household belongings on their front lawn.

"It's so difficult mentally and physically now that we need to start over again," said Rachel Babalsky, 50. "It's a lot of work with lots of expenses to pay."

It has been a bittersweet homecoming for the people of Kiryat Shmona and the surrounding area, which was attacked by about 1,000 Hezbollah rockets over the past few weeks. Many who fled the fighting began trickling back into town after the cease-fire took effect Monday, joining those who had stayed behind in bomb shelters.

Residents have begun surveying the damage, sweeping shattered glass and hauling chunks of concrete to garbage bins while wondering out loud whether they would ever feel safe again in this town, just two miles from the border with Lebanon.

In the Bialik neighborhood, made up largely of Jewish families who immigrated from Iraq, Morocco and Iran, entire blocks were damaged by rockets and mortar shells.

The Babalsky home was among those that took a direct hit, the remaining red clay tiles of its roof left to dangle from wooden rafters. On the veranda below, boxes of birthday cards and school projects lay under a thick layer of soot next to a pair of dead pigeons.

The white concrete walls of some houses were pockmarked with deep holes from rocket shrapnel. Some yards were stacked high with broken wooden rafters. Chipped roof tiles, shattered glass and window screens were strewn on lawns among children's bicycles and flowering purple bougainvillea.

"Our house was shelled so don't ask me how I am," Carmella Raz, 50, fumed to a neighbor, Esther Yehuda, as they stood in a kitchen under a shattered roof. "I'm a mess. This hurts so much. We've all been in different places staying with different people and now we have to fix everything, but who has the energy for all this?"

Ms. Raz, a nursery school teacher, said she could not imagine returning to her job. "How can I deal with small children when I am in this kind of mood?" she asked.

A building engineer has declared her second floor uninhabitable because of damage to the roof. Her family will live in a hotel until the damage is repaired.

The two women exchanged stories of how they got through the war.

"Every day I cried and wanted to go home," said Ms. Yehuda, a small-framed woman with jet black hair tucked under a white kerchief.

She moved around the country, spending time with her children in central and southern Israel. Her daughter, Hedva Rakanpor, 32, was on the road for the month with her baby son.

"It was an extremely depressing unwanted vacation," Ms. Rakanpor said.

Those who stayed behind in Kiryat Shmona were usually those with the least means to leave, including the elderly, disabled and immigrants without relatives elsewhere or money for hotels.

Some who stayed, like the Younes family, spent long stretches in the public underground bomb shelter of their low-income housing bloc. "You are always frustrated just sitting there," said Eva Younes, 37. "It's not a normal situation, being so overcome by fear."

The Youneses, a Christian Lebanese family, moved here six years ago after Israel withdrew its forces from southern Lebanon. They feared revenge attacks because Ms. Younes's husband fought in the South Lebanese militia alongside Israel against Hezbollah. The couple and their three children spent long, stifling nights underground not knowing the fate of their relatives still in Lebanon.

Hussein Ogbah, 26, from the northern Arab village of Kfar Tuba, was out getting pizza and taking a drive with his wife on Friday, relieved to be out of the house he shares with his extended family after almost a month barely venturing outside.

"There was a lot of tension in the house," he said. "And we were afraid the war would keep growing."

In Kiryat Shmona, Shoshana Friedman, 53, showed a government assessor the damage to her home, mostly shattered windows and bent door frames.

"In the rest of Israel, people are going back to their normal lives," she said. "But here it will take time."

Israelis Travel To Survey The Damage (AP)

By Benjamin Harvey

AP, August 20, 2006

DOJ_NMG_0050733

Israelis flocked to northern Israel Saturday to view the damage left behind by the 34-day war against Lebanese guerrillas and show solidarity with local residents.

In the northern town of Metulla, the border fence was packed with tourists taking pictures of themselves with the Lebanese village of Kfar Gila in the background.

Families with kids and dogs, lovers holding hands and bikers in groups all poured in Saturday morning, many of them unfolding maps and trying to figure out which village in Lebanon they were looking at.

Just past noon though, after Israeli tanks and armored vehicles still patrolling the area got stuck in a traffic jam, soldiers brandished a military order and forced the tourists out. Underscoring the fragility of Monday's cease-fire, the soldiers said it was still too dangerous to be here.

Ayala Shalom said she wanted to see Lebanon as well as the devastation to her country. "It's supposed to be green, but it's black now," said Shalom, 23, who toured the area with her family from Tel Aviv.

Other tourists were more interested in seeing life get back to normal in the picturesque hills of northern Israel, which is normally a popular tourist destination at this time of year.

There was much criticism during the war that the government, and residents of affluent areas in central Israel, didn't do enough to help the tens of thousands of citizens of the north who were forced by Hezbollah rocket fire to flee or live in bomb shelters for more than a month.

"We came here to give them a push (of encouragement)," said Eitan Sade, 39, who traveled up with a group of 12 families from central Israel to relax at Kibbutz Gonen, a communal farm near the border. The kibbutz was crowded with visitors swimming in its pool and eating ice cream. He said his group wasn't interested in going on tours of sites hit by rockets, which was offered by the kibbutz management.

"We're not here to see disasters, we saw enough on the TV," he said.

Jerusalem residents Anita Clark and Patty Mitchell, who work for a Christian charity that helps people harmed in Palestinian militant attacks, said they were trying to see the border area now because they thought there would be a war here again soon, making it impossible to visit.

"We were so saddened to see the tanks heading south," Clark, 64, said of watching military vehicles withdrawn from Lebanon going back to bases. "It's not finished, there's still work to be done.'"

"This is just a momentary lull because nothing was resolved," added Mitchell, 56.

Earlier, a handful of tourists made their way through an apple orchard to another spot in Metulla, where just 15 yards away, Lebanese villagers could be seen through a barbed wire border fence. The Lebanese were doing some of the same things the Israelis were, though in a slightly different fashion.

At least two Lebanese men stuck out their tongues. One put his thumb in his ear and wiggled his fingers. Many flashed victory signs, and one blue minibus traveling on a road had a picture of Sheikh Hassan Nasrallah, the Hezbollah leader, pasted onto its back right window, facing Israel.

After about 20 minutes, two Israeli soldiers in dark green uniform and holding rifles emerged from the orchard and told everyone to leave. "We don't want any problems. The shooting stopped just a few days ago," one of them said.

The soldiers smiled and waved at a group of Lebanese villagers who stopped to look over, but shouted at them to keep going when they looked like they wanted to approach for an interview.

The villagers obeyed and drove away.

For Families Of Captives, A Long Wait In The Dark (NYT)

By Dina Kraft

The New York Times, August 20, 2006

NAHARIYA, Israel, Aug. 17 — Karnit Goldwasser froze when she found herself being addressed by a speaker at a Beirut rally that was being rebroadcast on Israeli television. “Do you want to be like the Ron Arad family?” the speaker asked.

The taunt was aimed at her deepest fears: would her husband, Ehud Goldwasser, 31, and Eldad Regev, 26, the Israeli Army reservists captured in a Hezbollah raid that sparked the Middle East’s latest war, face the same fate as Captain Arad, an Israeli airman captured 20 years ago and still missing?

“The people we are dealing with are not human; they are animals,” said Ms. Goldwasser, 30, whose husband is an environmental engineering graduate student at the Technion, a technology university in Israel, and a nature enthusiast. “So I know they will play with us.”

The families were devastated by news that the men’s release was not a condition of the United Nations Security Council resolution that ended 34 days of fighting.

The resolution calls for the unconditional return of the soldiers, but only in its nonbinding introductory paragraphs.

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"It's a huge disappointment," said Benny Regev, 35, the older brother of Eldad, a law student.

The Goldwasser and Regev families were invited to Jerusalem to meet Prime Minister Ehud Olmert and to hear directly from him about the conditions of the cease-fire deal last week. They gathered in his office, where he has the soldiers' photographs displayed beside one of Cpl. Gilad Shalit, 19, a soldier captured by Hamas guerrillas near the Gaza Strip in June.

Mr. Olmert explained to them, they said, that as prime minister he had to make the difficult choice between prolonging the war and suffering more casualties or agreeing to the cease-fire.

It was a hard message to hear, the families said. Why, they wondered, was a war that had been started to get the men back now ending without their return or even any information on their fate?

They urged Mr. Olmert, as they had repeatedly since the soldiers were taken on July 12, to negotiate with Hezbollah for their freedom.

"We say let's talk and make a deal," Mr. Regev said. "We've done so in the past." In January 2004, Israel freed 429 prisoners, including 23 Lebanese, in exchange for an Israeli businessman and the remains of three soldiers being held by Hezbollah.

But Mr. Olmert is adamantly opposed to a prisoner swap and continues to demand the unconditional release of the soldiers, Israeli officials said.

The speaker at the Beirut rally was Bassam Kuntar, brother of Samir Kuntar, the most notorious of the Lebanese prisoners in Israeli jails.

Mr. Kuntar was part of a guerrilla cell that in 1979 infiltrated Nahariya, the northern Israeli town where Ms. Goldwasser and her husband grew up. The infiltrators killed a policeman, then broke into an apartment where Mr. Kuntar killed David Haran and smashed the head of Mr. Haran's 4-year-old daughter with the butt of his rifle, killing her as well. Mr. Haran's wife, Smadar, hid from the attackers but accidentally suffocated her 2-year-old daughter in an effort to keep her quiet.

Ms. Goldwasser, who has been touring abroad advocating her husband's release, said she supported any deal that would bring him home. Poised and unflappable, she admitted that whether to release Mr. Kuntar was an especially painful question.

"I cannot answer that, because they are a family that is no longer a family because of what happened," she said referring to the Harans. "I can only say that I want my life back. I want my husband back."

Ms. Goldwasser has taken time off from her graduate studies to work full time for her husband's release. She says she has confidence in the Israeli authorities and, for now, knows of no other way but to continue cooperating with them.

Mr. Olmert recently put Ofer Dekel, the former deputy leader of Shin Bet, Israel's internal security service, in charge of efforts to bring the soldiers, including Corporal Shalit, back to Israel.

Despite their frequent contacts with officials — Foreign Minister Tzipi Livni telephones daily — the families are frustrated that they have received no new information since the day the soldiers were captured.

Hezbollah has not permitted the Red Cross to visit the men, nor has it provided any sign that they are still alive.

"The strategy is not to provide any information so that they will squeeze us emotionally," Ms. Goldwasser said.

Family members say they try to focus their energies on seeking the soldiers' release.

Ms. Goldwasser tries to live week to week, keeping her expectations in check.

"Maybe it's a barrier I put up," Ms. Goldwasser said. "So I won't fall into a black hole."

Olmert Beset By A Mission Not Accomplished (LAT)

By Laura King, Times Staff Writer

The Los Angeles Times, August 20, 2006

Israel's prime minister and several top officials are the target of a public angry over the outcome of the war against Hezbollah in Lebanon.

JERUSALEM — Israel's costly and inconclusive war in Lebanon has triggered a round of internal recriminations so bitter that some observers question whether Prime Minister Ehud Olmert's government can survive.

In the aftermath of weeks of combat and a cease-fire accord that appears to fulfill almost none of Israel's war aims, a wave of public discontent threatens the careers of several senior Olmert associates, and perhaps even the prime minister, analysts say.

"The mood is very, very angry," said historian Tom Segev. "Not because of the outbreak of the war, which many Israelis felt they could live with, but because of the sense that the results are not a victory at all."

A chief target of public wrath is Amir Peretz, the neophyte defense minister whose performance has been pilloried as amateurish, overconfident and inconsistent. Polls last week indicated that more than half of Israelis thought he should be removed.

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Army Chief of Staff Lt. Gen. Dan Halutz is another potential casualty. The former air force commander's battle tactics, including exclusive reliance on airpower in the war's first weeks, were sharply criticized. Then he became embroiled in a scandal over the disclosure that he had sold off his stock portfolio hours after the start of combat.

Also damaged by the conflict's outcome, though less seriously, was Foreign Minister Tzipi Livni, a close Olmert associate who had been seen as a rising star.

Commentators have generally concluded that Livni did a less-than-effective job of presenting the government's rationale for the war to foreign leaders, forcing Israel to accept a premature end to the fighting. One newspaper article even picked apart her grammatical mistakes in English during appearances in New York, where she met with U.N. Secretary-General Kofi Annan.

All this has been a shocking turnabout for the prime minister, whose nearly 80% approval rating in the war's initial weeks was halved after the cease-fire took hold.

"It really remains to be seen whether Olmert has the political wisdom and the political capital at this point to stabilize matters," said Efraim Inbar, the director of the Begin-Sadat Center for Strategic Studies.

The full effect of popular discontent might not yet be evident, he said, because some Israeli troops are still operating in Lebanon and public criticism tends to be muted while soldiers remain under fire.

Olmert stepped in when Prime Minister Ariel Sharon was felled by a stroke, and then led the incapacitated leader's Kadima party to victory in March elections. The new prime minister had been in office less than three months when successive crises broke out in the Gaza Strip in late June and Lebanon in mid-July.

In both cases, large-scale offensives were launched within hours of raids that killed Israeli soldiers and resulted in the capture of three others.

Many analysts now believe that Olmert and Peretz, both of whom have negligible military backgrounds, reacted without sufficient reflection, in part perhaps because they feared appearing weak in comparison with previous leaders who had strong battlefield credentials.

Somewhat paradoxically, critics have blamed Olmert both for relying excessively on top generals' advice and for preventing commanders from carrying out a massive ground offensive until the final 48 hours of fighting, too late to affect the course of the conflict.

Criticism also is being aimed at Sharon, who has been comatose since Jan. 4 and has suffered a series of life-threatening medical setbacks in recent weeks. Sharon was at the helm for most of the six years since Israel's withdrawal from Lebanon in spring 2000.

He is being blamed now for intelligence failures and for failing to prevent Hezbollah from amassing an enormous arsenal of sophisticated weaponry, including long-range missiles and advanced antitank weapons that were used to lethal effect during the fighting.

Sharon's decision to unilaterally withdraw Israeli troops and Jewish settlers from the Gaza Strip, which had been viewed as his principal legacy, is also under assault.

Months of attacks by Palestinian militants in Gaza using crude missiles that rarely caused death or serious damage were not sufficient to make people conclude that the pullout had been a mistake.

However, Hezbollah's hail of nearly 4,000 much more powerful rockets, which killed dozens, injured hundreds and in effect shut down Israel's northern tier, has caused a dramatic reappraisal of what had been the generally held view that unilateral hand-over of territory can lay the groundwork for peace.

"It became clear that the legitimacy of the recognized international border offers Israel no protection against terrorism," prominent commentator Aluf Benn wrote last week in the daily Haaretz.

In light of that, Olmert's aides have quietly acknowledged that his plan to turn over most of the West Bank to the Palestinians is extremely unlikely to proceed soon.

But the idea of uprooting most Jewish settlers from the West Bank and consolidating them in a few settlement blocks close to the pre-1967 border was the centerpiece of Olmert's electoral campaign, and without it, many commentators believe his Kadima party now lacks a raison d'etre.

"The settlers feel very much vindicated by this turn of events," said Segev, the historian. "There's a huge, huge 'I told you so' hanging in the air."

Olmert's main challenger would seem to be former Prime Minister Benjamin Netanyahu, head of the conservative Likud Party that Sharon abandoned a few months before being stricken.

However, under Netanyahu's leadership, Likud won just one-tenth of the 120 parliament seats in March, its worst election result ever. Because of that, even the fortunes of war might not be sufficient to vault him back into contention.

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Netanyahu is also proceeding with caution in light of a reputation for political opportunism that has hurt him in the past. For most of the war, he was careful not to criticize the government. However, after the cease-fire took effect last week, he told lawmakers that there had been "many failures" in the conflict's planning and execution.

Army reservists' accounts of being sent into battle with inadequate training and equipment have added to the public fury. One reservist told Israeli media that supply lines were so poorly organized that thirsty soldiers were forced to strip water canteens from the corpses of Hezbollah fighters.

"With the reservists now returning to their jobs and daily lives, they will be talking with families and colleagues about what happened to them, and this will affect public thinking as well," said Inbar, the analyst.

Some commentators believe Olmert's government has no chance of serving out its four-year term, even if it can survive in the short term.

Commentator Yoel Marcus wrote in Friday's editions of Haaretz that no Israeli government in memory had so swiftly squandered its stature and popularity.

Still, a parliament that has been in office less than four months may be unwilling to hand Olmert a vote of no confidence and thus in effect dissolve itself.

A Cabinet shake-up might be enough to mollify the public for the moment. But even if Peretz were replaced as defense minister, he probably would be given another senior portfolio because of his standing as the leader of the Labor Party, which won the second-largest bloc of parliamentary seats.

Calls have been growing for establishment of a commission to investigate the conduct of the war. Such a panel would be empowered to dismiss senior officials.

Peretz, apparently seeking to forestall such a step, announced last week that he was appointing a committee headed by respected former army Chief of Staff Amnon Lipkin-Shahak to investigate military decision-making during the conflict. But that step only served to spark more criticism.

"It's not right that a minister who was among the decision-makers in time of war would be the one to nominate members of an inquiry to investigate it," said Zehava Galon of the leftist Meretz-Yahad party.

Analysts say it would be perilous for Olmert's government to publicly pit itself against the military establishment, even if it is generally accepted that senior commanders devised a flawed battle plan.

"Israelis consider the army to be part of their family — because it is literally true in so many cases," Segev said. "People can easily turn their backs on a given government. But the army will always have the public's loyalty and support."

Israeli Troops Nab Hamas Official (WT/AP)

By Mohammed Daraghmeh, Associated Press

The Washington Times, August 20, 2006

RAMALLAH, West Bank -- Israeli soldiers burst into the home of the Palestinian deputy prime minister before dawn yesterday and took him away for questioning, detaining the highest-ranking Hamas official in a seven-week-old crackdown against the ruling Islamic militant group.

Palestinian officials condemned the arrest of Nasser Shaer, a former university professor known as a pragmatist in Hamas, and accused Israel of undermining their efforts to form a broad government coalition.

Israel launched its latest crackdown against Hamas, which controls the Palestinian legislature and Cabinet, shortly after Hamas-allied militants from the Gaza Strip captured an Israeli soldier in a cross-border raid June 25. Despite an ongoing Israeli military offensive in the coastal area, the soldier has not been freed.

The Israelis have arrested eight Hamas Cabinet ministers and more than two dozen lawmakers, including the speaker of parliament, since late June.

But Mr. Shaer, 45, eluded arrest until yesterday.

Mr. Shaer's wife, Huda, 43, said he was seized at an apartment where his family, including six children, had been hiding for several weeks. She said the family had cut off contact with friends in Ramallah and rarely ventured outside. The army confirmed the arrest.

Mr. Shaer, who holds a doctorate in comparative religions from England's Manchester University, is considered to be among the more pragmatic members of the Hamas government. He also serves as education minister.

The international community has cut off funds to the Hamas government and said aid would only be restored if Hamas renounces violence and recognizes Israel.

Palestinian Prime Minister Ismail Haniyeh of Hamas called on the international community, including the United Nations, to secure Mr. Shaer's release.

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In other developments yesterday, a Palestinian gunman attacked and killed an Israeli soldier in the West Bank, before being shot and killed himself, the army said.

The Democratic Front for the Liberation of Palestine, a small militant group, claimed responsibility for the attack, which occurred near an Israeli settlement in the northern Jordan Valley.

In Gaza, hundreds of members of the Palestinian security forces briefly stormed banks and burned tires, demanding the banks return money deducted from a small cash advance they received after months of going without wages.

Palestinians Wait To Cross Into Gaza (AP)

By Ashraf Sweillam, Associated Press Writer

AP, August 20, 2006

The border between Egypt and the Gaza Strip opened Saturday, giving hundreds of stranded Palestinians the chance to return to Gaza for the first time in a month.

Egyptian tourism police Capt. Amr Osama said the Rafah border crossing will be open in both directions for two days.

It marked the third time the border has been opened since fresh fighting erupted in Gaza on June 25. The Rafah crossing opened about a week ago for one day but only for people traveling from Gaza to Egypt. The last time Palestinians could cross from Egypt to Gaza was in mid-July.

Rafah is the largest border crossing between Egypt and Gaza and is the strip's main gateway to the outside world. Other, smaller crossings remain closed. The Rafah opening was a joint decision by Egypt, the European mission monitoring the crossing and Israel, which has the final say.

Several hundred Palestinians gathered in front of the crossing early Saturday waiting to return to the Gaza Strip. About 130 Palestinian deportees also were taken by bus from Egypt to Gaza.

About 2,000 people crossed from Gaza into Egypt, officials said.

Hundreds of state security troops were in front of the gates to prevent fighting among the travelers and the crossing officials.

Eleven Palestinians recently hit with shrapnel in the Gaza Strip crossed into Egypt and were taken by ambulance to a hospital in the neighboring town of el-Arish to undergo surgery, said hospital official Ahmed Saleh.

Israel launched its latest offensive in Gaza after Hamas-linked militants killed two Israeli soldiers and captured another in a cross-border raid.

Journalists' Kidnapping Protested In Gaza City (WP/AP)

Associated Press

The Washington Post, August 20, 2006

GAZA CITY, Aug. 19 -- Palestinian journalists on Saturday protested the kidnapping of a Fox News correspondent and cameraman, as concern about the men's safety grew.

Cameraman Olaf Wiig, 36, of New Zealand, and American correspondent Steve Centanni, 60, were taken Monday from their TV van near the Palestinian security services headquarters in Gaza City.

About 30 members of the Palestinian journalists' union gathered outside the parliamentary building in Gaza, holding up signs demanding that the men be freed. Other signs called for security in Gaza, where armed men wander the streets freely.

Jennifer Griffin, chief Fox News correspondent for the Middle East, called the kidnapping a "test for the Palestinian people."

"We don't care who kidnapped them, we want them returned unharmed. This is a very serious case for the Palestinians, for the Palestinian Authority," Griffin said.

More than two dozen foreigners have been abducted by Palestinian gunmen, usually in an attempt to settle personal scores, but almost all have been released within hours.

Security officials said they were concerned for the Fox journalists because no other foreigners have been held this long and all major militant groups in Gaza have denied involvement.

Khaled al-Batch, a leader of the Islamic Jihad militant group, said kidnapping members of the news media "silenced the voice of freedom and justice."

"We . . . have experienced oppression and denial. We don't want to practice this pain and suffering on others, on other wives and people," Batch said.

United Nations: The World's Scapegoat (LAT)

By Paul Kennedy, Paul Kennedy Is A Professor Of History At Yale University. His Latest Book Is "The Parliament Of Man

The Los Angeles Times, August 20, 2006

DOJ_NMG_0050738

Middle East cease-fire will evaporate if great powers hide their failures behind the U.N.

'THIS HAS BEEN an especially unhappy summer for the United Nations," Harvard historian Niall Ferguson observed on this page last week — and who could disagree? With its mission in Lebanon unable to control Hezbollah, its blue-helmeted observers on the southern border blown away by Israeli shells and its role in the latest Mideast crisis being worked over in that boxing ring known as the Security Council, the U.N. seems to have fallen far short of its original, 1945 mission to "save succeeding generations from the scourge of war." Even the cease-fire that was finally negotiated looks incomplete and liable to fragment in the very near future.

So, is the U.N. good for anything? Could we, as U.S. Ambassador John R. Bolton once claimed, lop off 12 stories of the U.N. headquarters building in New York (containing the offices of the secretary-general and his staff) and not notice the difference? What does the U.N. do that helps humankind?

Amid personnel scandals, the oil-for-food fiasco and a constant barrage of neoconservative attacks, that's a fair question. And anyone who holds a belief in the value of the international organization should be ready and willing to answer it. The easy way out would be to point to the many instances in which U.N. representatives have done well: negotiating the Central American peace accords of the early to mid-1990s; supervising elections in countries recovering from war; rebuilding infrastructure; advancing the international human rights agenda, establishing intellectual property rights, the law of the sea and climate accords; fostering cultural cooperation; gathering statistics and the like.

But that would seem an evasion to the many observers who focus on the grinding struggles along Israel's borders or the war on terrorism. To them, the $64,000 question is: What can the U.N. do once and for all to settle the Lebanon crisis and assist the parallel Palestine-Israel peace process? And if the answer is "not much," then the critics will feel justified in their more general dismissal of the utility of international organizations.

So, any defense of the U.N. has to be very careful in explaining what the organization can do, and what it cannot. It is, for example, useless (and ignorant) to blame the UNIFIL (United Nations Interim Force in Lebanon) observer force for not disarming Hezbollah when its Security Council mandate expressly forbade it from taking such military action. And it is silly to blame the secretary-general for failing to exert powers that he does not possess — he is, after all, the "servant" of those two difficult masters, the General Assembly and the Security Council. The U.N.'s performance can only be measured against its existing capacities and authority, not against some mythical, nonexistent strengths. So let us ponder two basic truisms concerning the world organization, the first becoming increasingly obvious to U.N. supporters and detractors alike, the second a far more subtle and cynical point.

The first truism is that the United Nations is not, and never has been, a large and centralized actor in world affairs. Despite its charter being based loosely on parts of the U.S. Constitution, and despite all the founding rhetoric about "the Parliament of man," its creators insisted that it be nothing more than an assembly of sovereign nation states.

It is, if you like, a sort of holding company, with governments as the shareholders, and with some of those shareholders — the five permanent, veto-wielding members of the Security Council — having much more voting power than others. True, all signatories to the U.N. Charter agree to surrender some sovereignty, but always with reservations. There is no U.N. army and no U.N. Treasury Department, both signs of statehood. And, for all the charter's proclaimed purposes to deter aggression and halt massive human rights abuses, the language about using force is very cautious and guarded. Very little about the U.N.'s peacekeeping powers is clear-cut. Everything depends on the circumstances.

This is why it has been and will be so difficult for the world body to bring lasting peace to Lebanon. First, the five permanent veto members have to agree on what is to be done — or, at least, not disagree. Second, U.N. peacekeepers may be very constrained. The resolution authorizing "all necessary action" is actually quite vague in its instructions about where and when force might be used by blue-helmeted troops if Hezbollah-Israeli fighting resumes. Above all, even a large U.N. operation would find it impossible to crush Hezbollah, let alone the Israeli Defense Forces, should either side resume belligerencies. When the foe is weak, the U.N. can be strong (Sierra Leone, East Timor). But if the players are willful and powerful, it can only hope for a fragile peace to continue. More than that we cannot expect.

And the subtle, cynical truism? The United Nations is a scapegoat for the failures of the leading governments to agree or to act. After all, it was not the U.N. that failed the peoples of the Balkans in the early 1990s; it was the quarrels between the United States on the one hand, and Britain and France on the other, about bombing as an alternative to heavy troop commitments, as well as Russia's veto threats on Serbia's behalf. It was not the U.N. that bungled the "catch Gen. Aidid" operation in Mogadishu in 1993, but the U.S. Central Command, which went ahead with that ill-fated venture without even informing local U.N. authorities. It is not the U.N. that has stopped a peace-enforcement mission from being sent to Darfur, but the objections of African states and the possibility of a Chinese veto.

Yet, as every secretary-general has discovered, it remains convenient for the major powers to blame the world body for their own failures to cooperate. And this, as some weary U.N. officials suggest, may be one of the organization's most important

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roles — for if there was not a United Nations to blame for inaction in the face of disaster, then the finger might point directly at the various governments themselves. Horrors!

This suggests, then, the limitations of what the U.N. may be able to achieve in bringing stability around Israel's battered borders. We certainly should not expect too much. If Hezbollah keeps the peace and wisely focuses on rebuilding south Lebanese townships, then Israel will also sit still, immensely suspicious but also baffled by the inconclusiveness of the last month's fighting. International aid will pour into Lebanon and various U.N. agencies will assist in the rebuilding, under the aegis of a UNIFIL force beefed up by much larger numbers of blue helmets. If the cease-fire holds, this operation could go on for years, even decades. Why, future historians might even term it a success!

But if radical Muslim splinter groups resume firing rockets and Israel responds (as it usually feels bound to) in a sledgehammer way; if the permanent veto members quarrel about who is to blame, then the many promising U.N. activities on the ground in Lebanon will end, international staff will be withdrawn and the downward spiral will resume. Still, there will be one consolation. We will all be able to blame the United Nations for being ineffectual, weak-toothed, anti-Israel or anti-Arab, and thus of no good to the world community. It really is quite convenient that we possess such a scapegoat. If we didn't, we would have to invent one.

Editorial: Winning The Peace More Important (MJS)

Milwaukee Journal Sentinel, August 20, 2006

So who won the war in southern Lebanon?

Answering this is consuming the time of many expert spinmeisters, American, Israeli, Arab and Iranian.

The better question is how the peace will be won, though that first question is not insignificant.

If it can be said that the Middle East's most storied army was fought to a standstill, or at least stymied in meeting its objectives, then, it is argued, this emboldens others to wage similar war. But they need only have paid attention to Iraq and U.S. forces mired there to have learned that lesson.

Israel can point to a downgrading of Hezbollah's offensive capability, though how much is still in question, and claim that it didn't lose a single battle in this short but bloody war. If that sounds familiar, it's because that is what has been said about the United States and Vietnam, a much longer and bloodier war, and who knows what might be said of Iraq someday.

But the question of who won ultimately doesn't rate in importance because in this new kind of warfare, victory can be claimed from being a martyr as much as from being the last guy standing. Hezbollah didn't win in the conventional sense, but neither could it ever lose this kind of war.

Much of the state-within-a-state homeland it had carved out of Lebanon was decimated. The population it depended on for support was scattered and has come back homeless and bedraggled. But Hezbollah is providing funds to these people for reconstruction and getting on with their lives, something Israel and the U.S. could easily have done.

The fact is that Hezbollah could have been virtually wiped out and Arab passions against Israel and the U.S. would still be as inflamed as they are by this alleged Hezbollah victory. Just listen to the talk emanating from Damascus, Tehran, Beirut and, sadly, even Baghdad.

The only victory in this kind of war comes from not fighting it on the enemy's terms. Israel was grievously provoked and had to respond. But it didn't have to respond as it did. Hezbollah's stature is now seemingly such that it's unclear which is the state within the state: it or Lebanon. Time - and the efforts of the Lebanese - will tell if this remains so.

Which takes us back to winning the peace.

We can wish that Lebanon and the rest of the Arab world would see Hezbollah as the author of all this death and destruction and demand accountability. Hezbollah did start this war. But rationality is not this region's strong suit these days.

Force has to be part of the solution to combat terrorism - in Lebanon, Iraq, Afghanistan and everywhere. But ultimately, the solution has to be about winning minds, not battles. The jihadists' recruitment of other zealots depends on stepped-up military action against them and creating those martyrs.

Being sucked into fighting a conventional war against unconventional enemies serves no one but the zealots - a lesson the U.S. is learning in Iraq, now teetering toward civil war. The solution is mostly political.

On the military front, winning the peace in Lebanon will mean that the United Nations and Lebanese peacekeeping force must be more than hall monitors. They must be able to both protect themselves and all parties.

Key to that is preventing further Hezbollah depredations such as the kidnapping of two Israeli soldiers that triggered this latest conflict.

On the more important diplomatic front, the world must unite in compelling Iran and Syria to halt the flow of arms and cash to Hezbollah. The organization is balking at disarming, and it appears that the Lebanese army is leery of trying to accomplish that. In fact, it's doubtful that it could succeed at this point without launching a new Lebanese civil war.

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So it needs help from the international community. Otherwise, Lebanon will continue to be a state whose strongest force is an independent militia, an untenable situation - again, as we are learning in Iraq.

But how to win minds so that jihadists are not so self-replenishing?

This will take the U.S. and the West selling what it values most - its values. For the U.S., this is a particularly difficult task at the moment, given the image sullied by Abu Ghraib, Iraq and Guantanamo. Difficult but not impossible if this country returns to protecting and living the values that have made it a beacon for the world.

It is a war but a different kind, involving convincing an economically disadvantaged populace that it is better that its youth be successful entrepreneurs than human bombs.

It's been said before by many others: It's doubtful that democracy and social progression can be taught at the point of a gun.

Who won? No one did. We all lost.

But now, with a ceasefire that we hope lasts, everyone should get on with winning the peace by securing Israel's right to exist.

That means working toward disarming Hezbollah so it cannot again bring the Middle East to the point of wider conflagration, putting more U.S. muscle into wider Jewish-Palestinian peace efforts and making greater strides in convincing much of the Arab world that it is better to live together than to die together. From the Aug. 20, 2006 editions of the Milwaukee Journal Sentinel

Did Israel Neglect Its Ground Forces? (NYT)

The New York Times, August 20, 2006

In an article in the Israeli daily Haaretz about the recent Lebanon war, a Likud member of Parliament, Yuval Steinitz, argued that the Israeli Defense Forces have put too much faith in air power and neglected ground-war capabilities.

In recent years, a concept of “victory from the air” developed, negating the need for ground maneuvers or improved firepower on ground or in sea. In the case of Lebanon, a specific concept of repelling Katyusha rockets and missile fire in the air was developed — hence, the belief that it was possible to conduct a broad confrontation with Hezbollah with no action on the ground.

As a result, infantry, tank, and artillery forces were neglected. ... One factor that made neglect in the military power structure more severe was the self-persuasion of senior security force members who believed that conventional warfare had seen its final days. A total of 23 years without frontal conflict between the I.D.F. and Arab armies allowed ministers of defense, chiefs of staff and other experts to develop a military version of the “end of history” theory.

It was expressed in the belief that the conventional military threat to Israel had been permanently replaced by the threat of unconventional weapons, on one hand, and terror, on the other. This concept remained intact even though we witnessed a conventional clash between the United States and Iraq, a clash which included broad ground maneuvers alongside the battle in the air.

France's Paltry Lebanon Offer (LAT)

The Los Angeles Times, August 20, 2006

Paris played a key role in cease-fire, so what's the deal with the pathetic offer of 200 troops?

AFTER FRANCE INDICATED THAT it would contribute a paltry 200 additional soldiers to a Lebanese peacekeeping force, President Bush responded with what can best be described as politesse. He calmly told reporters on Friday: "France has said they'd send some troops. We hope they send more."

The president and Secretary of State Condoleezza Rice needn't be so courteous in their private conversations with French officials. Unlike its lack of enthusiasm for the war in Iraq (which led to the renaming of French fries as "freedom fries"), France's promise of hundreds rather than thousands of troops for the Lebanese operation really is a slap in the face to the United States, not to mention an impediment to the cause of peace in Israel and Lebanon.

France, which has historic ties to Lebanon and friendly relations with other Arab states, played a key role in negotiating the U.N. Security Council resolution that provides for a 15,000-person peacekeeping force to assist the Lebanese army in pacifying the border with Israel. The U.S. worked cooperatively with France on the cease-fire resolution, with the tacit assumption that France would support its diplomacy with a significant contribution to the expanded United Nations force in Lebanon.

Instead, to the dismay of U.N. officials, France, which has 200 troops in the current U.N. force, offered an additional contribution of only 200 engineers and a backup contingent of 1,700 troops at sea, who wouldn't fall under U.N. command. If France, a key architect of the peacekeeping plan, doesn't have faith in its viability, why should other nations?

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The stingy French offer is more than a symbolic setback. It calls into question the practicality of the U.N.'s plan for a quick deployment of 3,500 peacekeepers in southern Lebanon to augment 2,000 already stationed there. Any delay in deployment runs the risk of encouraging violations of the cease-fire by Hezbollah and a decision by Israel to hedge its bets by leaving some of its soldiers in place.

Because of its involvement in Iraq and its support for Israel, the U.S. is in no position to supply troops to the U.N. force. That leaves France, like the U.S. a permanent member of the U.N. Security Council, as the most influential member of the new force. Its contribution should reflect that prominence.

Iran Tests Short-range Missile (KCS/AP)

The Kansas City Star/AP, August 20, 2006

TEHRAN, Iran - Iran on Sunday test-fired a surface-to-surface short-range missile a day after its army launched large-scale military exercises throughout the country, state-run television reported.

"Saegheh, the missile, has a range of between 80 to 250 kilometers (50 to 150 miles)," the report said. It said the missile was tested in Kashan desert, about 150 miles southeast of Tehran, the capital.

Saegheh means lightning in Farsi.

Iran has routinely held war games over the past two decades to improve its combat readiness and to test equipment such as missiles, tanks and armored personnel carriers. But the new tests, in the wake of the Lebanon-Hezbollah fighting, seemed certain to create new tensions with the West.

State-run television said the missile was built based on domestic know-how, although outside experts say much of the country's missile technology originated from other countries.

State-run TV showed video showing 10 missiles being launched from mobile launching pads.

Iran said it launched the new military exercises Saturday to introduce a new defensive doctrine. They are being held in 14 of the country's 30 provinces and could last five weeks, the government has said.

The Islamic Republic, which views the United States as a foe, is concerned about the U.S. military presence in neighboring Iraq and Afghanistan.

It also has expressed worry about Israeli threats to destroy its nuclear facilities, which the West contends could be used to make a bomb but which Iran insists are for civilian uses only.

Iran is already equipped with the Shahab-3 missile, which means "shooting star" in Farsi, and is capable of carrying a nuclear warhead. An upgraded version of the ballistic missile has a range of more than 1,200 miles and can reach Israel and U.S. forces in the Middle East.

Last year, former Defense Minister Ali Shamkhani said Tehran had successfully tested a solid fuel motor for the Shahab-3, a technological breakthrough for the country's military.

Iran's military test-fired a series of missiles during large-scale war games in the Persian Gulf in March and April, including a missile it claimed was not detectable by radar that can use multiple warheads to hit several targets simultaneously.

After decades of relying on foreign weapons purchases, Iran's military has been working to boost its domestic production of armaments.

Since 1992, Iran has produced its own tanks, armored personnel carriers, missiles and a fighter plane, the government has said. It announced in early 2005 that it had begun production of torpedoes.

Ahmadinejad: U.S. Ties Hurting Britain (AP)

AP, August 19, 2006

Britain's close alliance with the United States is damaging its standing in the Muslim world, Iran's president said in an interview published Saturday.

Mahmoud Ahmadinejad urged Britons to evict Prime Minister Tony Blair's government from office, saying Blair's support for Washington's foreign policy could force Britain into future Mideast conflicts, The Guardian newspaper reported.

"The British people should stop supporting governments that are waging war in the Middle East, such as their own government, the United States government and Israel," Ahmadinejad reportedly said.

Ahmadinejad said that the era in which America and a handful of other nations dominated world affairs was drawing to a close, and vowed that those trying to stop Iran from developing its nuclear capability would not succeed.

"They are trying to deny our right to develop nuclear power," he said. "But no one can impose anything on the Iranian people. They will not succeed. This arrogance will not last forever. Soon you will see the great powers kicked out of their throne."

The U.N. Security Council has said Iran could face sanctions if it does not suspend uranium enrichment, a key step in making nuclear weapons. Tehran has until the end of the month to respond officially.

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America, Britain and their allies suspect Iran is trying to develop nuclear weapons, but Tehran says it only seeks to build civilian power plants.

A Wary Engagement (DMN)

The Dallas Morning News, August 20, 2006

Open door, tighter noose part of Iran strategy

If not a true sign of hope, it was, at least, a wrinkle. Iran's foreign minister said last week that his government might discuss suspending its uranium enrichment program.

That certainly differs from the heels-dug-in stance by Iran's president, Mahmoud Ahmadinejad, who says there's no way Iran will comply with a United Nations demand to suspend its enrichment program – a decision Iran must make before Aug. 31.

The twosome could be playing good cop/bad cop, but, if nothing else, they are hinting at talking this thing over.

As we wrote recently, the United States and its allies would be smart to engage Iran – for our own good. The Shiite Muslim movement is growing, with about 70 percent of people living in the Persian Gulf adhering to this wing of Islam, along with about half of the population from Lebanon to Pakistan.

To the extent the U.S. and its allies can, it makes sense to nudge this movement into the larger world of stable alliances and thriving economies. Iran is central to this approach as the Shiite stronghold.

This strategy won't come close to being easy, but the U.S. has cards to play. Charles Hermann of the Bush School of Government & Public Service suggests we could offer to help Iran with its oil-refining capacity or work indirectly with Iranian moderates through Germany and Russia.

We also need to keep clear what engaging Iran doesn't mean:

Iran doesn't get to keep any of its nuclear program, if it agrees to pull back its proxy Hezbollah from the brawl in Lebanon. Iran is likely to make that offer, which deserves rapid rebuff. The future may require living with Iran as a power, but Iran can get no inch on its nuclear ambitions.

If it stiffs the United Nations, the U.N. and U.S. must sanction Iran. No room for error here. The U.N. and all reasonable nations of the world must play their own version of good cop/bad cop to move Iran forward.

Mexico Bracing For Social Unrest (LAT)

By Héctor Tobar, Times Staff Writer

The Los Angeles Times, August 20, 2006

Tanks are deployed as the nation awaits a ruling on who won the July 2 presidential vote.

MEXICO CITY — A line of armored vehicles awaits outside Mexico's Congress building. Most are brand-new and have never seen action. But many Mexicans wonder whether their menacing presence is a harbinger of this divided country's future.

Federal authorities deployed the tanks to prevent supporters of leftist presidential candidate Andres Manuel Lopez Obrador from shutting down Mexico's legislature in a bid to pressure the Federal Electoral Tribunal to order a full recount of all 41 million votes in the disputed July 2 presidential election.

On Monday, the first and only street battle of Mexico's election controversy erupted outside Congress when federal police arrived to disperse supporters of Lopez Obrador. A handful of lawmakers were bruised in the melee.

"What happened at the legislative palace may be a rehearsal for what we can expect after the tribunal renders its final decision," said Leo Zuckermann, a political analyst here. "Lopez Obrador knows he won't win before the tribunal…. What he is trying to accomplish now is to start a social movement."

The tribunal's seven judges began meeting privately Thursday to debate the results of a partial recount of 4 million votes. They have until early September to declare a winner, but a decision is expected sooner.

Conservative candidate Felipe Calderon led Lopez Obrador in the initial count by 244,000 votes. According to news reports and figures provided by the two campaigns, the partial recount will narrow Calderon's lead — but only by 7,000 to 13,000 votes.

Legal experts say the tribunal probably will not order a full recount, although the judges could still annul the election and order a new vote for next year.

Some members of Lopez Obrador's leftist Democratic Revolution Party, or PRD, have said they will launch a sustained nationwide program of civil disobedience if the tribunal declares Calderon the winner.

Gerardo Fernandez Noroña, a Lopez Obrador aide, said Wednesday that the candidate's supporters would take a position of "rebellion in the face of authority" and might encourage Mexicans to stop paying taxes. However, Ferandez Noroña is known as a loose cannon, and some dismissed his statements as mere bluster.

As the election saga reaches its endgame, there are also indications that some PRD members would balk at taking the radical actions that others in their party favor.

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"Violence and riots in the streets are a less probable outcome than many people in Mexico think," said Pamela Starr of Eurasia Group, a risk analysis firm. "But I wouldn't discount it either. With the current high levels of tension on the streets, it's easy for things to spin out of control."

Lopez Obrador's supporters have shut down Paseo de la Reforma, the city's central axis, since July 30. Mexico City's notorious traffic has significantly worsened, turning even simple commutes into gridlock nightmares.

Many residents say the capital is being held hostage by Lopez Obrador and his supporters. Even longtime backers of the leftist candidate have said the decision to blockade the capital's streets has been a grave political mistake.

"The blockade … is an act of profound callousness that hurts a cause that belongs to many people," Carlos Monsivais and three other prominent leftist writers said in an open letter to Lopez Obrador. "Why pressure the powerful with actions that first and foremost hurt the popular classes?"

The street barricades are seen as a political disaster for Alejandro Encinas, the outgoing mayor of Mexico City and a close Lopez Obrador ally.

Encinas' approval rating has plunged since the protest movement began.

The mayor controls Mexico City's police force — and the officers, rather than reopening the streets, appear to be acting as the protesters' security guards.

Lopez Obrador said Aug. 13 that the street barricades would stay in place during President Vicente Fox's State of the Union speech Sept. 1 and during Mexico's Independence Day celebrations next month.

When Calderon and Fox said preventing the Independence Day celebrations from going forward would be an assault on Mexican patriotism, Encinas responded that the barricades might be temporarily lifted to allow the traditional military parade. But the next day, Fernandez Noroña said the blockades would not be lifted.

Fox has suggested he won't take any action against the protesters until the tribunal confirms the winner of the election.

Addressing a group of supporters Thursday, Lopez Obrador said Fox might use the military to clear the streets by force. The candidate said his backers would resist any effort to provoke a confrontation with the military.

"Do they think they're going to put a puppet president on the throne with the support of the army?" Lopez Obrador asked his supporters. "They're wrong. We are not going to give them any excuse to use force. We won't give them the pleasure of using their tanks."

Mixed Visions Of The Future In Post-Fidel Cuba (LAT)

By Reed Johnson, Times Staff Writer

The Los Angeles Times, August 20, 2006

The nation's capital is part modern metropolis, part time warp. Which of these two versions will prevail after Castro?

HAVANA — In the once-crumbling Plaza Vieja in Old Havana, a European men's clothing store has opened its expensively refurbished doors a few yards from a fancy new Austrian microbrewery. The store's plush, wood-lined interior is stocked with upscale sporting and casual wear reminiscent of Brooks Brothers or L.L. Bean, while the microbrewery, with its sparkling counters, moody lighting and mixed clientele of tourists and laid-back locals, seems more Caribbean party hot spot than one-party socialist state.

A few miles to the west, next to swanky beachfront hotels, Cuba's elite live in modern glass-fronted condominiums and park power boats in the adjoining canals. Along the Malecon, the city's famous seafront promenade, a construction site advertises its future occupant: a sleek new tapas bar.

Three weeks ago, when President Fidel Castro checked into a hospital with reported internal bleeding after making an unprecedented power transfer to his brother Raul, speculation swept the globe regarding his island's economic and political fate. But on the streets of Havana, glimpses of a possible post-Fidel future already may be seen.

These mental snapshots leave contradictory impressions. In many ways, Cuba remains frozen in the late 1950s. The vast majority of Old Havana's elegant colonial-era residences are flaking into oblivion. Their impoverished residents slump in doorways, fanning themselves to stave off the tropical heat. Vintage American cars still cruise the streets, though many have been converted to tourist taxis.

The official Communist Party newspaper, Granma, is still a dreary propaganda sheet with a Cold War-era graphic sensibility. Socialist slogans and iconic images of Che Guevara still hang from public buildings, along with posters declaring, "Long live Fidel — 80 More Years."

But those same slogans and images also are being sold on berets, T-shirts, posters and other kitschy paraphernalia. Plastered across a pale, middle-aged tourist's body, they look about as revolutionary as the Nike swoosh or the Coca-Cola logo.

Despite decades of think-tank predictions that Castro's eventual decline or replacement would provoke crisis in the government and chaos in the streets, the old warrior's convalescence seems to have engendered calm rather than panic.

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Around Havana, there is evidence of the effect of foreign investment and economic joint ventures with the Cuban government that Castro began encouraging after the island lost its longtime Soviet sponsorship in the early 1990s.

The meticulously refurbished baroque buildings that house the men's store and the microbrewery are part of a project to bring back what the government refers to as the nation's architectural "patrimony," a resident said. Pedestrians pausing to admire the handsome facades may hear snatches of traditional Cuban music drifting from half a dozen trendy bars and restaurants surrounding the plaza.

At one restaurant packed with tourists on a recent weeknight, a musician chatted casually with a table of visitors about his band's upcoming foreign tour, and offered his name and e-mail address.

The scene was similar a few blocks away, in the Plaza de la Catedral, where tourists sipped mojitos at cafe tables while listening to street bands and watching cigar-chomping women who came of age during the Eisenhower era.

(Be prepared to pay a tip if you snap their picture. Like many Cubans attuned to the country's active tourist trade, they've learned to keep their palms open.)

Just off the plaza, in the Callejon del Chorro, browsers comb through the technically stunning graphic prints and posters at the government-sponsored Taller Experimental de Grafica, where offerings include seaside landscapes along with depictions of the purported evils of neo-liberal capitalism.

But capitalism isn't always a dirty word in modern Cuba. Along the Parque Central and Obispo avenue in the city's historic center, tourists and Cubans make their way past a modest but apparently growing number of hotels and small shops selling cosmetics, sportswear and other goods.

At the Plaza de Armas, men labor under the hot sun to set down paving stones that will give the historic area a more authentic look.

A male trio sings an a cappella version of "Guantanamera," hoping for spare change from the tourists, while a collection of Jose Martí poems rubs shoulders with Ernest Hemingway's favorite cocktail recipes at the open-air encampment of used-book stalls.

Cuba may be culturally off-limits to the United States, but it is clearly in touch with other parts of the world, especially Europe, Canada and Latin America. The contemporary artworks in the National Museum of Fine Arts reflect a detailed knowledge of modern global art currents. Tourists may flock to hear the old-school sounds popularized by the Buena Vista Social Club, but youths on the street and cabdrivers gravitate to hip-hop and R&B.

A painter who displays his large abstract canvases in a storefront and has placed his work in shows in Europe and the U.S. acknowledged that his paintings travel the world more than he can. But he expressed appreciation for being included in a recent group show sponsored by the Cuban government.

"After 40 years" under Castro's rule, "the people are afraid of what's going to come next," said the man, who like the other people quoted in this article could not be identified for security reasons. But the unease, he believes, is more a general anxiety about the unknown rather than a specific fear about what the next government might or might not do.

Though Cubans typically are hesitant to approach tourists or start a conversation with them, they don't appear to shrink from such encounters. Sometimes these exchanges end in offers of cheap Cohiba cigars, cheap home-cooked meals or cheap sex. But just as often, they may lead to a discussion of the city's historical landmarks, Papa's pub crawls or the state of U.S. politics.

Cuba's capitalistic tendencies may conflict with the official party line, but they are nothing new. The resort area of Varadero, east of Havana, is the largest in the Caribbean and has been attracting hundreds of thousands of foreign tourists to its white-sand beaches and azure waters since the 1970s. The Cuban economy actually can be seen as two economies, one for tourists and the privileged, the other for everyone else.

Two images of the city stand out. One is of a packed downtown movie theater on a humid Sunday afternoon, at a screening of the new feature film "El Benny" about the great Cuban singer Benny More.

The nearly all-Cuban audience hooted and cheered at every risque joke and flashy 1950s nightclub number, a kind of group affirmation of the national culture and identity.

The other is of an old, barefoot man in filthy clothes lying on the curb of Aguacate street, directly across from the Museum of the Revolution.

Which is Cuba's future, and which is its past?

Reed Johnson was recently in Havana.

Venezuela Says It Seized 4 Spies; U.S. Embassy Denies Knowledge (NYT)

By Simon Romero

The New York Times, August 20, 2006

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CARACAS, Venezuela, Aug. 19 — President Hugo Chávez said that the authorities here had captured four people who were spying for the United States, and he taunted the Bush administration for making Venezuela a target of high-level intelligence scrutiny.

Speaking at a campaign rally on Friday night in western Venezuela, Mr. Chávez, who has made attacks on the United States a staple of his re-election campaign, ridiculed the administration's establishment of a mission manager for intelligence on Venezuela and Cuba. J. Patrick Maher, a longtime veteran of the C.I.A., was named to the post on Friday.

Iran and North Korea are the only other countries assigned such senior intelligence managers, who are not expected to directly oversee intelligence operations or analysis but rather guide these activities on a strategic level.

"They selected Jack the Ripper," Mr. Chávez said, referring to Mr. Maher. "Whatever their plan is, we stand ready to defeat it."

Accusations of spying have become commonplace in Venezuela in the past two years, as Mr. Chávez's government grows more explicit in its criticism of the United States, emboldened by climbing oil revenues and a perception that his opponents stand little chance of defeating him in the December election.

Authorities have offered little evidence in relation to the various spying charges, but the government has often pointed to the tacit support the Bush administration gave to a coup that briefly ousted Mr. Chávez in 2002.

The new accusations contained few details, though Mr. Chávez did say: "I've caught four of their spies, four, and I've put them back in their hands. Not long ago we caught a very beautiful woman in Valencia, taking photos."

American officials here appear to be growing used to such charges, after Venezuela's expulsion in February of a naval attaché, contending he was a spy.

"We have no idea what the president is talking about," Brian Penn, a United States Embassy spokesman, said Saturday of the new charges.

Chavez: Venezuela Captured 4 U.S Spies (AP)

By Ian James, Associated Press Writer

AP, August 20, 2006

President Hugo Chavez said Venezuela has caught four people spying for the American government, but a U.S. embassy spokesman said Saturday that he had "no idea what the president is talking about."

Without offering specifics, Chavez said that one woman was caught not long ago while taking photos in the north-central city of Valencia.

"I've caught four of their spies, four, and I've put them back in their hands," Chavez told a campaign rally in western Venezuela Friday night.

U.S. Embassy spokesman Brian Penn said Saturday that more than a year ago, a clerical official working in a military office at the embassy had her purse stolen in Valencia and that inside it was a disposable camera.

The woman, who was on a temporary assignment in Venezuela and eventually moved on to other duties, was never detained or formally accused of spying, Penn said.

Chavez consistently accuses the U.S. of conspiring to oust him and often asserts the CIA is working to destabilize his government. Last year he ordered one U.S.-based missionary group out of Indian communities where they worked, accusing them of spying for the CIA.

In his latest comments, Chavez apparently was counting among the four a naval attache at the U.S. Embassy whom he accused of spying in February and ordered out of the country. The U.S. government responded to that move by expelling a Venezuelan diplomat from Washington.

He predicted that the United States could try to discredit the results of Venezuela's Dec. 3 presidential election, in which Chavez is seeking another six-year term, or could try to provoke violent unrest around the time of the vote.

U.S. officials have denied trying to overthrow the leftist Chavez, who is Cuban President Fidel Castro's close ally and friend. President Bush's government has repeatedly labeled Chavez a threat to democracy.

Chavez warned that Venezuelans should be prepared for a "war of resistance" in case U.S. troops one day invade — a possibility Washington calls preposterous.

U.S. National Intelligence Director John Negroponte announced Friday he was creating a "mission manager" for Cuba and Venezuela to oversee the American spy community's efforts to collect and analyze intelligence on the two countries.

"In a way, it's an honor that they put us alongside revolutionary Cuba" in naming an espionage point man for both countries, Chavez said.

"How are you, Fidel?" he added, saying he believed the ailing Cuban leader was watching the televised speech. "Long live Fidel!"

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U.S. Charity For Chavez (WT)

By Kelly Hearn, The Washington Times

The Washington Times, August 20, 2006

BUENOS AIRES

Venezuelan President Hugo Chavez, one of the hemisphere's harshest critics of the United States, is receiving hundreds of millions of dollars in subsidies from Washington, thanks to an obscure 20-year-old oil pricing formula.

The formula is part of a supply contract between Venezuela's state-owned Petroleos de Venezuela (PDVSA) and its wholly owned U.S. subsidiary, Citgo Petroleum Corp., which forces Citgo to buy PDVSA's crude for at least $5 a barrel over market prices.

The net effect is to reduce Citgo's taxable earnings in the United States and to boost Venezuela's share of oil profits by as much as $1 million a day.

"At the moment, we have the strange situation where the USA is subsidizing Venezuela to the extent of the tax relief on the excess above-market prices" says Oliver Campbell, a former finance coordinator of PDVSA.

James Williams, an Arkansas-based oil analyst with WTRG Economics, estimates that Citgo has been paying $5 to $8 a barrel over market prices for the past two years, amounting to a de facto U.S. subsidy.

Mr. Williams estimates that Venezuela could be earning as much as an extra $1 million a day that would otherwise belong to the U.S. Treasury.

The ironies are ubiquitous on two fronts: demands to end tax breaks for Big Oil in the United States as gasoline prices skyrocket and Mr. Chavez's repeated threats to cut off oil shipments.

"The government of the United States should know that if they go over the line, they are not going to have Venezuelan oil," Mr. Chavez said as recently as February.

"I have already taken measures regarding this. I'm not going to say what because [U.S. officials] think that I can't take these measures because we would not have any place to send the oil," Mr. Chavez said.

Today's record oil prices -- about four times higher than in 1989, when the IRS formula was negotiated -- have provided Venezuela's verbose leader with plenty of cash for his anti-U.S. campaign.

Mr. Chavez cites the hypothetical threat of a U.S.-led military assault to justify purchases of billions of dollars of advanced weapons from Russia.

He also provides generous subsidies to Latin nations with leftist governments, ranging from anti-U.S. Cuba to longtime U.S. friends such as Argentina, which recently benefited from a Venezuelan buyout of debt owed to the International Monetary Fund.

The U.S. Congress' Government Accountability Office (GAO) says that the United States is ill-prepared for a disruption in Venezuelan oil, which could cost the U.S. economy $23 billion in losses to its gross domestic product.

The GAO report also says that Venezuela's economy would suffer. About 70 percent of the nation's oil exports go to the United States.

But analysts say the potential impact on Venezuela would shrink as Mr. Chavez finds new markets and refining potential outside the United States.

During the first four months of 2006, Venezuelan oil exports to the United States fell about 6 percent, to 178 million barrels of crude and petroleum products, from 190 million barrels during the same period a year earlier, according to the U.S. Energy Department.

An analyst with the department says it is too soon to say if this represents a trend, because imports routinely fluctuate, making it difficult to determine whether production lags at PVDSA or sales in new markets caused the decline.

Nevertheless, Venezuela's oil shipments to China clearly are rising.

In 2004, Caracas sent a average of 14,000 barrels a day to China, an amount that spiked to 80,000 barrels a day in 2005, PDVSA's Web site says.

In May, PDVSA announced a $1.3 billion plan to buy 18 oil tankers from Chinese shipyards to boost its shipments to Asia.

"By the end of this year, we should be sending 300,000 barrels a day of oil to China," Mr. Chavez said.

Mr. Chavez is also expanding his energy relationships to Russia and Iran. Both are oil exporters, but have the technology for new refineries that are needed to process Venezuela's heavy crude.

During a state visit to Moscow last month, he clinched a large arms deal and oil agreements with President Vladimir Putin.

"In Volgograd, we agreed with the president of Lukoil that by the end of 2006, this Russian company will start to produce oil in Venezuela, in two regions," Mr. Chavez said.

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The trip included a visit to Tehran, where Iran's state-owned Petropars oil and gas company said it would invest $4 billion in two Venezuelan oil fields.

Venezuela also has deals to supply countries such as Cuba and Bolivia with cheap oil, as well as new supply agreements with India, Jamaica, Haiti and Paraguay.

Argentina and Uruguay last month agreed to work jointly on oil projects in Venezuela's Orinoco region, and Mr. Chavez continues pushing a number of oil initiatives in the Caribbean.

Venezuela is already the world's fifth-largest oil producer. But it has yet to begin developing an oil find in its Orinoco River belt, which would give it oil reserves greater than Saudi Arabia's, according to estimates from both U.S. and international agencies.

"What happens when the weight of global oil shifts from the Middle East to Venezuela?" Jose Cordeiro, a Venezuelan oil specialist, asked recently at an oil forum in Buenos Aires.

U.S. officials are concerned that Mr. Chavez will continue to use his nation's oil wealth to reward regimes to the degree they share his anti-American agenda.

"So what is it, this [U.S.] government is trying to do? Destabilize its secure [oil] supplier?" Mr. Chavez asked rhetorically during his weekly "Hello, President" television and radio show.

He answered his own question, saying that Venezuela "has enough allies on this continent to start a 100-year war."

Barely a day goes by without Mr. Chavez hurling an over-the-top insult or threat at the United States.

Still, Mr. Chavez has plenty of oil-thirsty neighbors. The main obstacle is technical.

Venezuelan oil is sulfur-heavy, making it difficult to refine into products such as gasoline.

Few refineries in the world are up to the task, the bulk being nine U.S. refineries that are either partly or fully owned by PDVSA through Citgo.

"While the United States is unique in its capacity to refine large volumes of the heavy crude oil that constitutes a majority of Venezuela's oil exports, China and other countries, such as Brazil, have plans to build refineries that can process heavy crude oil, which, if built, may create other attractive markets for Venezuela's oil," the GAO report says.

One key to Mr. Chavez's strategy involves developing refineries outside the United States that can process Venezuelan crude. Brazil and Venezuela are jointly building a $2.5 billion refinery in the northeastern Brazilian state of Pernambuco, which is expected to process up to 200,000 barrels of heavy oil daily.

"The crude currently going to Citgo could just as easily go there," said Carter Beasley, an oil industry professional who works in Latin America.

"Brazil is a big importer, and if Venezuela builds the refinery, you would assume there is a clause in there somewhere about supplying the crude," Mr. Beasley said.

PDVSA also has an agreement to upgrade a Uruguayan refinery and reportedly plans to invest in a Paraguayan facility.

Sen. Richard G. Lugar, Indiana Republican and chairman of the Foreign Relations Committee, is urging the United States to plan for the day when Venezuelan oil is no longer available.

"Venezuela's leverage over global oil prices and its direct supply lines and refining capacity in the U.S. give Venezuela undue ability to impact U.S. security and our economy," Mr. Lugar wrote in a recent letter to Secretary of State Condoleezza Rice.

"However unrealistic Venezuelan President Hugo Chavez's repeated threats to disrupt the oil supply may be, we have a responsibility to plan appropriate contingencies that protect the American people," the letter says.

It also warns of "a real risk of having Venezuela act in concert with other countries to disrupt the price of oil."

Energy-hungry China and India figure prominently in Mr. Chavez's plans.

But getting oil from Venezuela to China is expensive. According to one estimate, Caracas loses $3 dollars per barrel in shipping costs.

But a $4.7 billion pipeline planned by Venezuela and Colombia could someday move Venezuelan crude to the Pacific, where it could be loaded onto a new generation of supersize oil tankers that are too big to squeeze through the Panama Canal.

Though Mr. Chavez has big plans for marketing Venezuela's crude to customers other than the United States, it takes time to build pipelines and refineries, making a sudden cutoff unlikely.

Nevertheless, it is clear that Venezuela is moving to disinvest its oil-related assets in the United States.

On Tuesday, Venezuelan Oil Minister Rafael Ramirez announced the sale of Citgo's 41 percent stake in the Lyondell-Citgo refinery in Houston to Lyondell Chemical Co. for about $1.3 billion.

Here lies another irony in Mr. Chavez's oil strategy. Two years ago, when Venezuela began negotiating the sale of its minority share of Lyondell-Citgo, he could say American refineries were a bad deal for his country.

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That appears to have changed because of the obscure pricing mechanism that was negotiated with the IRS to facilitate PDVSA's purchase of Citgo in 1989.

Few details are available about the complicated accounting formula.

A rare and superficial description offered in a 2005 Citgo report to the U.S. Securities and Exchange Commission (SEC) says it takes into account a variety of factors, including the market value of refined petroleum products, transportation costs, refining margins and inflation.

Because Citgo is no longer a publicly traded stock, it no longer files reports with the SEC.

Sources say the formula was designed to help obtain loan financing for the purchase of Citgo, with third-party creditors seeking to ensure the U.S. refinery would not be overcharged in supply contracts.

Before oil prices spiked in recent years, the formula favored Citgo -- and, by extension, the U.S. Treasury -- as PDVSA was forced to sell at below-market prices.

But the formula was structured in such a way that when prices rise above a certain threshold, the balance shifts in favor of the parent company, creating the situation that exists today with the United States subsidizing PDVSA.

Despite paying more for crude, high oil prices have also kept Citgo flush with cash.

In a May interview with the Venezuelan newspaper El Universal, Citgo's Chief Executive Officer Felix Rodriguez said the U.S. company repatriated to Venezuela $785 million in 2005.

Pinochet Court Loss (NYT/AP)

By The Associated Press

The New York Times, August 20, 2006

SANTIAGO, Chile, Aug. 19 (AP) — Chile's Supreme Court voted Friday to strip Gen. Augusto Pinochet of immunity from prosecution, an official said, allowing him to be tried on corruption charges involving his once-secret multimillion-dollar overseas bank accounts.

Judge Carlos Cerda said he found evidence that General Pinochet, 90, the former dictator, used $2 million in government funds to benefit himself and his family during his rule, from 1973 to 1990.

The decision adds to General Pinochet's legal problems. His immunity also has been lifted in cases against him involving human rights abuses and tax evasion.

The court's ruling will be issued Monday after all the justices have signed it, an official at the court's press office said.

Where's The Love, Russia? (LAT)

By Rajan Menon, Rajan Menon, A Fellow At The New America Foundation, Is Monroe J. Rathbone Professor Of Internationa

The Los Angeles Times, August 20, 2006

Russians blame the U.S. for 1990s corruption and economic bullying.

THE BUSH administration's imposition of sanctions on two Russian companies this month for selling military technology to Iran certainly sends the Kremlin a message — but it won't be the one the White House has in mind. The penalties will only deepen the hostility that Russia's political establishment feels toward the United States.

That attitude came through loud and clear in many discussions I had with Russian academics, foreign policy specialists and senior officials during a recent trip to Moscow. President Vladimir V. Putin echoed it in his caustic dismissal of Vice President Dick Cheney's recent complaint that Russian democracy was eroding. And his condemnation of the sanctions as an "illegitimate" attempt to foist U.S. laws on Russian companies was no less acerbic. He will doubtless respond in kind.

The anti-American nationalism so palpable in Russia today is rooted in the 1990s, the decade of Boris N. Yeltsin, whom many Americans credit with ending Soviet totalitarianism and introducing the country to democracy. Russians have a different take on those years. They remember the chaos; the economic contraction; the extreme poverty; the robber barons who, with the connivance of the government, made billions after taking over state-owned industries at bargain-basement prices; and the Yeltsin family's rampant corruption. Rightly or wrongly, they associate these bad experiences with the United States. As one Russian official told me, "We followed your advice, and look where it landed us."

NATO's expansion also feeds Russian anti-Americanism. During the debate here, U.S. experts confidently predicted that Moscow would adjust to the induction of its former Soviet republics — Estonia, Latvia and Lithuania — into the alliance just as it had when Hungary, Poland and the Czech Republic joined. They were wrong.

The Russians I met see the U.S. drive to enlarge the North Atlantic Treaty Organization as unfriendly and unnecessary, undertaken when Russia was weak and without regard for Russian sensibilities. They believe that the U.S. continues to trample over vital Russian security interests, particularly in the post-Soviet republics, where, as they see it, Russia has the right to be

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dominant by virtue of history and geography. The democratic revolutions in Georgia, Kyrgyzstan and Ukraine, hailed in Washington, are viewed in Russia as a U.S. gambit to undercut Moscow's influence in its own backyard by creating what one official sneeringly called "puppet governments." Russia, I was told, would never allow Georgia to retake its breakaway statelets in Abkhazia and South Ossetia; "blood would flow" if it tried. And were Ukraine admitted to NATO, the consequences would be dire: Russia would throw in its lot with China, demand that Ukraine return the Crimea and show Europe who's boss when it comes to energy.

Russia's anti-American nationalism also reflects current circumstances. Although their country has many problems, Russians feel stronger and more confident than they did in the 1990s and are determined to be taken seriously as a great power. The economic disaster of the previous decade is over. Russia's gross domestic product has annually increased, on average, by 5% under Putin. Yeltsin's drunken antics, which made Russians cringe, have been replaced by Putin's authoritative and confident air on the world stage. One young Russian, who finished high school and college in the U.S., told me, with evident admiration, that Putin conducted himself at the G-8 summit with the assurance of an adult tending children.

When Russians look ahead, they feel that they are on a roll. Thanks to sky-high oil prices, Russia is flush with cash. It has paid off much of its foreign debt ahead of schedule. Europe is increasingly dependent on Russian energy, and Western oil and gas companies want to partner with their Russian counterparts, most of which are under state control. The West is desperate for Russian help on Iran and North Korea, and the U.S. is bogged down in Iraq and hated in much of the world. All this makes Russians determined to push back when they feel that they are pushed.

It's folly to assume that a new, post-Soviet generation will seek greater harmony with the U.S. or that Russia's accession to the World Trade Organization (certain to occur) and market forces will necessarily integrate it into the West. When I asked the U.S.-educated Russian whether he shared the anti-American nationalism that I'd heard during my talks with Russian academics and officials, he said he did. What's more, he added, his circle of friends was, if anything, even angrier at the United States for what he regarded as its arrogant foreign policy and disregard of Russia's interests.

Many Russian businessmen want membership in the WTO and want market-oriented reforms to accelerate. But others, in business and in society generally, consider foreign competition a threat, believing that globalization will reduce Russia's independence, contaminate its culture and allow foreigners to control its natural resources. Moscow's populist mayor and a possible Putin successor in 2008, Yuri Luzhkov, said as much when, soon after last month's G-8 meeting, he welcomed Russia's failure to get into the WTO as a blessing. It would be a grave error to see his view, also regularly voiced by the leaders of the Russian Orthodox Church (itself an important source of a nationalism) as idiosyncratic.

Russians have yet to determine the kind of society they want to build and what its relationship with the West, in general, and the United States, in particular, should be. Let's hope that the country's attitudes toward us will have a minimal effect on those choices.

Congo's Presidential Election Heads Toward October Runoff (NYT)

By Jeffrey Gettleman And Anjan Sundaram

The New York Times, August 20, 2006

NAIROBI, Kenya, Aug. 19 — With more than half of the vote counted, the race for the president of Congo seems headed toward a runoff between Joseph Kabila, the incumbent, and Jean-Pierre Bemba, a tycoon who has been accused of war crimes.

On Saturday, the Congolese election commission released a batch of new results indicating that Mr. Kabila was ahead 48 percent to Mr. Bemba's 18 percent, with nearly 12 million of an estimated 20 million votes counted. The rules call for a runoff in October if no candidate clears the 50 percent mark.

The July 30 election, with 33 presidential candidates, was the first major multiparty contest in Congo in more than 40 years. Though the voting went peacefully for the most part, the counting has been turbulent, with some ballots burned, others missing and the results cloaked in mystery.

Initially, Mr. Kabila, who inherited power after his father, Laurent Kabila, was gunned down in 2001, was predicted to win in a walk. Then local election observers, analyzing early results, announced Mr. Bemba was ahead. Now Mr. Kabila seems solidly in front.

Even Mr. Kabila's most energetic supporters say a runoff might not be such a bad thing. If Mr. Kabila won outright, the theory goes, it could fan suspicions that he rigged the outcome, which might ignite violence and upheaval.

The reality is that most Congolese voters are deeply cynical about politics, knowing nothing but dictatorship and corruption. Congo was ruled for more than 30 years by Mobutu Sese Seko, a notoriously extravagant autocrat. Laurent Kabila, an aging rebel leader, helped overthrow him, only to plunge Congo deep into war.

Joseph Kabila is credited with bringing the fighting to an end, and huge posters across the country proclaim him the "artisan of peace."

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But Mr. Bemba's formidable campaign machine raised doubts about whether the president of Congo was even Congolese. President Kabila spent much of his boyhood outside the country because his father was in exile.

"And it was this serious misinformation campaign," said Kikaya bin Karubi, one of Mr. Kabila's top aides, "that cost us millions of votes."

Mr. Bemba, though, has own image problems. The son of one of the richest men in Congo and a businessman in his own right, Mr. Bemba led an insurgent movement in eastern Congo, and his troops have been accused of brutalizing civilians and eating people.

The Bemba camp seemed surprised it had not won more votes in Kinshasa, the capital, where the anti-Kabila rumors were especially rampant.

But Fidèle Babala, a spokesman for Mr. Bemba, said, "In the interests of peace and stability, we will not contest the results of the vote."

It is unclear whom the secondary candidates, like Oscar Kashala, a Harvard-trained cancer scientist, Justine Kasa-Vubu, daughter of Congo's first president, or Antoine Gizenga, a former prime minister, would back if the vote went to a runoff. Election analysts say their support could spell the difference between victory and defeat.

Though President Kabila and Mr. Bemba have not publicly discussed their strategies, many suspect that the two leading candidates are busy lining up allies for Round 2.

Milosevic's Estate Unclaimed By Heirs (WT)

By Ivo Scepanovic, London Sunday Telegraph

The Washington Times, August 20, 2006

BELGRADE, Serbia -- Slobodan Milosevic, the former Serbian strongman who died in March, left land and property worth tens of millions of dollars, but no heirs have come forward to claim it, according to lawyers administering his estate.

By law, his heirs have to launch legal action if they wish to take possession of their inheritance. Yet his son, Marko, and his widow, Mirjana Markovic, are both on the run. Wanted in Serbia for fraud, they are believed to have fled to Russia.

His daughter, Marija, also is living in self-imposed exile after it was claimed she fired several shots during the arrest of Mr. Milosevic, who died in jail in The Hague while on trial for war crimes in Bosnia, Croatia and Kosovo.

As a result, Mr. Milosevic's estate -- which includes two villas in a diplomatic quarter of Belgrade, in addition to land, shares and the contents of private bank accounts -- could remain in legal limbo for many years.

Frustrating for the government, which has said it wants to seize all his assets, there is no time limit for his heirs to stake their claim.

"If we knew their address, we could force them to decide, but we don't even know where they are," said Savka Mangolic, a deputy public prosecutor.

Mr. Milosevic was buried in his home town of Pozarevac after the Serbian government refused him a state funeral. None of his close family attended.

During his trial, Mr. Milosevic pleaded poverty and his attorneys applied for legal aid to help fund his defense. Yet details of his estate, published last week, show that he was a multimillionaire.

"That man destroyed this country. He ordered politically motivated murders. He should not be allowed the right -- even posthumously -- to own properties worth millions in prestigious areas," said Srdjan Sreckovic, the vice president of the Serbian Renewal Party.

Mr. Sreckovic and others say the former Serbian president exploited his position between 1989 and 2000 to buy state-owned properties at bargain-basement prices.

One such property is a sprawling villa in Belgrade's fashionable Dedinje district -- on the same road, Uzicka Street, as the official residence where the former dictator was arrested in March 2001 after a shootout between police officers and his bodyguards.

Mr. Milosevic paid $20,700 for the villa that is worth an estimated $1.88 million and has become the focus of public anger over the extent of his estate. His disputed assets also include about 2½ acres of development land in the capital, while other properties in Pozarevac were transferred to his son's name just before his arrest.

The legal campaign to reclaim the Uzicka Street villa is well under way. Government officials tried to seize the house, arguing that Mr. Milosevic came by it unlawfully, but Belgrade's municipal court ruled their actions illegal. The judge, Marina Klaric, said the house should remain in Mr. Milosevic's estate for his heirs to claim.

Serbian Justice Minister Zoran Stojkovic said the government still hoped to take back the house by proving that Mr. Milosevic had acquired it illegally. It is planning to change the law to help tackle the problem.

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"We have prepared a draft law on illegally earned fortunes, looking at similar laws in the United Kingdom and Ireland," Mr. Stojkovic said. "The new law will be put before parliament soon, but until then, there is nothing we can do."

A Belated Coming To Terms (WP)

By Jim Hoagland

The Washington Post, August 20, 2006

Germany and Japan have served six decades on global probation. It is time for their neighbors, their citizens and the international community to acknowledge the thorough transformation of the former Axis powers into fully democratic and morally responsible nations.

Comes now Guenter Grass, Germany's most accomplished novelist, to remind us of this need, albeit inadvertently. As does Prime Minister Junichiro Koizumi of Japan, much more deliberately. They have touched off controversies that bring into focus questions of war guilt, selective historical amnesia and, for Grass, the role of the artist in consumer-dominated societies.

Grass is simultaneously a Nobel laureate in literature, a deeply flawed political thinker and a willing human lightning rod for national angst. He has based his career on castigating Germans -- more specifically, West Germans during the Cold War -- for refusing to face up to the broad support they gave Hitler's crimes. So jaws dropped last week when Grass, now 78, disclosed his secret past as a 17-year-old Nazi assault trooper at the end of World War II.

Cynics in Germany noted that the revelation came at a strategic marketing moment for Grass's new memoir, which was promptly rushed into stores. The author himself suggested another motivation in a revealing interview in the Frankfurter Allgemeine Zeitung: At his age, there is no hiding place left in the soul.

Grass's complexity as a literary and historical figure makes this much more than a personal tale of an intellectual preaching one thing while doing another. Had he disclosed it, his conscription into the Waffen SS could have made his testimony about the evil of the Nazi era even more compelling. His transformation was a story worth telling long before now.

In any event, what he has written and said about that era over the past half-century stands on its own -- as do the restitution and reconciliation efforts of successive German governments over the same period. People -- and nations -- can, and do, change as a result of their experiences. They must be judged on the entirety of the record, with particular weight being given to the consistency of their behavior in the more recent past.

That is a right that Grass was unwilling to grant to his fellow citizens in West Germany, which he saw as a "petty bourgeois" political entity so corrupt and stained by the past that he opposed German reunification at the end of the Cold War. Having naively excused or whitewashed the shortcomings of the communist system in East Germany for so long, he could not bear to see it disappear.

But the lasting artistry of "The Tin Drum" and other Grass novels towers over such misguided, unsustainable political judgments. Calls for the Nobel Prize awarded to Grass in 1999 to be rescinded because of his Waffen SS role -- and I suspect because of his contemporary political views -- are misplaced. His works and the recognition they have received are in fact important indicators of Germany's having come to terms with the past more successfully than have other world powers, particularly Russia and China.

Koizumi gave China an opening to rake up Japan's militaristic past last week by visiting the Yasukuni war shrine, which honors 2.5 million Japanese war dead, including 14 persons convicted as Class A war criminals by a 1948 tribunal. But China and other Asian nations are engaged in the pursuit of tactical advantage, not historical truth, in pretending they possess moral superiority over an unreconstructed Japan.

It is the unfinished transformation of China, not of Japan, that is the urgent moral and political question today in Asia. It is China's military buildup -- not Japan's increased willingness to take on the burdens of global security -- that is the destabilizing force in Asia. Americans and Europeans should not be taken in by Beijing's flimflammery on the Yasukuni visit.

Such protests and the discrimination against Germany and Japan written into the United Nations Charter are now obsolete. Japanese membership on the Security Council is a necessary first step toward serious reform of the world body. Tokyo should help clear the way for that step by removing the inscriptions that honor war criminals at Yasukuni.

Germany's case for Security Council membership is complicated by the fact that Europe already has seats held by France and Britain. Chancellor Angela Merkel has prudently deferred the once-insistent push by Germany for its own seat. But Germany and Japan both deserve to be heard and treated as the responsible international partners they have become across six decades.

jimhoagland@washpost.com

The Uneasy Sleep Of Japan's Dead (WP)

By George F. Will

The Washington Post, August 20, 2006

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TOKYO -- The past is present everywhere, but Japan is an unusually history-haunted nation. Elsewhere the Cold War is spoken of in the past tense. Japan, however, lives in a dangerous neighborhood with two communist regimes -- truculent China and weird North Korea. For Japan, the fall of the Berlin Wall did not close an epoch. Even World War II still shapes political discourse because of a Shinto shrine in the center of this city.

Young soldiers leaving Japan during that war often would say, "If I don't come home, I'll see you at Yasukuni." The souls of 2.5 million casualties of Japan's wars are believed to be present at that shrine. In 1978, 14 other souls were enshrined there -- those of 14 major war criminals.

Between that enshrinement and 1984, three prime ministers visited Yasukuni 20 times without eliciting protests from China. But both of Japan's most important East Asian neighbors, China and South Korea, now have national identities partly derived from their experience as victims of Japan's 1910-45 militarism. To a significant extent, such national identities are political choices .

Leftist ideology causes South Korea's regime to cultivate victimhood and resentment of a Japan imagined to have expansionism in its national DNA. The choice by China's regime is more interesting. Marxism is bankrupt and causes cognitive dissonance as China pursues economic growth by markedly un-Marxist means. So China's regime, needing a new source of legitimacy, seeks it in memories of resistance to Japanese imperialism.

Actually, most of China's resistance was by Chiang Kai-shek's forces, Mao's enemies. And Mao, to whom there is a sort of secular shrine in Beijing, killed millions more Chinese than even Japan's brutal occupiers did.

Junichiro Koizumi, Japan's prime minister, made a campaign promise to visit the shrine regularly, and has done so, most recently last Tuesday, the anniversary of the end of World War II. Shinzo Abe, a nationalist who is almost certain to replace Koizumi, who is retiring next month, seems inclined to continue something like Koizumi's policy, and for at least one of Koizumi's reasons: China should not dictate the actions of Japan's prime ministers.

This is the Admiral Nelson Fire Poker Principle. Speaking with some of his officers the night before Trafalgar, Nelson picked up a poker and said: It doesn't matter where I put this -- unless Bonaparte says I must put it there . In that case, I must put it someplace else.

The museum adjacent to Yasukuni says "The Greater East Asian War" began because, when the New Deal failed to banish the Depression, "the only option open to Roosevelt . . . was to use embargoes to force resource-poor Japan into war. The U.S. economy made a complete recovery once the Americans entered the war." That is disgracefully meretricious -- and familiar. For years a small but vocal cadre of Americans -- anti-FDR zealots -- said approximately that. But neither Koizumi nor Abe includes the museum in his visits to the shrine.

It would be helpful if Abe would discontinue visiting Yasukuni. He could cite the fact, learned last month, that Emperor Hirohito, who died in 1989, stopped visiting it because he strongly objected to the war criminals' enshrinement. Because China decided to be incensed about Koizumi's visits, there has been no Japan-China summit meeting for five years. In 2005 there were vicious anti-Japan riots in China, and 44 million Chinese signed an Internet petition opposing Japan's quest for a permanent seat on the U.N. Security Council. Relations between the nations are colder than at any time since relations were normalized in 1972, when Mao decreed that both the Chinese and Japanese people had been victims of Japan's militarists.

Things are so bad that, speaking about the incessant incursions by Chinese submarines and military aircraft into Japanese sea and air spaces, a senior Japanese official casually made the startling suggestion that China's regime, like Japan's regime before the war, does not fully control its military. But relations other than diplomatic ones are flourishing. China is, after America, the second-most popular destination for Japanese tourists. Ten thousand people a day travel between the two countries, and in 2004, for the first time since 1945, Japan's trade with China was larger than with the United States.

The controversy about Yasukuni should not mystify Americans. With their comparatively minor but still acrimonious arguments about displays of Confederate flags, Americans know how contentious the politics of national memory can be, and they understand the problem of honoring war dead without necessarily honoring the cause for which they died.

georgewill@washpost.com

Tending To Sri Lanka (WT)

The Washington Times, August 20, 2006

Violence perpetrated by the separatist rebels known as the Liberation Tigers of Tamil Eelam have beset Sri Lanka since the mid-1980s. The most recent cease-fire accord, reached in 2002 with assistance from Norway, has all but dissolved as attacks from rebel Tigers and retaliation from Sri Lankan forces have escalated. So far this year, the death toll has climbed to nearly 800. Citing legitimate mistreatment in the past of the Tamil people by the government in Colombo, the Tigers demand an autonomous state in the North -- amounting to roughly a third of the island -- for the Tamils, who comprise roughly 12 percent of the population.

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Tamil Tigers are known to recruit and train children, indoctrinating them to accept the mentality of suicide bombers. The Tigers are also notorious for high-profile assassinations. The deputy chief of the government peace secretariat, a high-ranking Tamil in the Sri Lankan government, was killed last weekend -- one year to the day after the Sri Lankan minister of foreign affairs, another high-ranking Tamil, was killed. The brazen 1991 assassination of Rajiv Gandhi, the former Indian prime minister who cracked down on the influence of the Tigers in the late 1980s, caused India to formally ban the rebel group in 1992.

The fight against the Tigers, most of whom are Hindu, is a predominantly regional battle, not a part of the greater war against Islamic fascism. That said, Sri Lanka's struggle against terrorism is not entirely isolated from the larger war. Terror tactics pioneered by the Tigers -- most notably suicide bombings -- have been incorporated by other terror groups. There are larger regional implications from this conflict as well. India's opposition to the Tigers is clear: Southern India has a population of 50 million Tamils who may be emboldened by a divided Sri Lanka and push for their own autonomy. But unpleasant memories of the bloody decision to send peacekeepers to Sri Lanka in 1987 kept India in a more circumspect role.

During a visit to the Sri Lankan capital Colombo in January, Undersecretary of State for Political Affairs R. Nicholas Burns said that "this long conflict is only going to come to an end when the LTTE and the government sit down and find a way forward to end the violence and convince the LTTE to stop using violence as a political weapon."

The prerequisite for any true cease-fire and productive discussion, however, is genuine motivation on both sides. For the Sri Lankan government, the desire to resolve a conflict that has torn the small country for more than two decades is very real; for the Tamil Tigers, it is not. In the past, the Tigers have entered cease-fires in a weakened state and used the temporary breaks in hostilities to recover and refortify their position.

After India outlawed the Tigers, the United States designated the group a terrorist organization in 1997; England did the same in 2001, followed by Canada and the European Union this year. These moves dishearten the Tigers, but to make meaningful progress toward a permanent resolution of the crisis, cease-fires cannot function merely as opportunities for the Tigers to regroup. In short, the Tigers' ability to rearm themselves needs to be curtailed, and one way to do that is to stop the flow of money to Sri Lanka from Tiger sympathizers, particularly those in the West.

Spy Or Reporter? (WP)

The Washington Post, August 20, 2006

Beijing locks up another journalist.

THE CHINESE government isn't even pretending that Hong Kong journalist Ching Cheong is getting a fair, impartial trial. The reporter for the Singapore-based Strait Times went on trial last week for allegedly spying for Taiwan. While he hasn't yet been convicted, the embassy here in Washington is already making clear that his guilt is a foregone conclusion. Asked about the case, a spokesman didn't bother with any nonsense about Mr. Ching's being innocent until proven guilty or about waiting for a verdict. "He committed the crime of spying for Taiwan," the spokesman said flatly. "Everyone who commits crimes in China should be punished according to the law." What was the nature of the evidence against him? "I don't have any specific information about that."

Indeed, other than the vague promise that Mr. Ching has confessed, the government has released no evidence. And don't expect any to come out from the trial either. The one-day trial was conducted in secret.

We'll eat this editorial if there is any credible evidence that Mr. Ching is a spy -- rather than a journalist. The Chinese government is engaged in a major crackdown on reporters, currently holding at least 32 of them. Mr. Ching was arrested more than a year ago while trying to collect materials concerning Zhao Ziyang, the Communist Party bigwig purged when he opposed the slaughter at Tiananmen Square in 1989. And China followed up on its prosecution of Mr. Ching with another secret trial Wednesday of an academic named Lu Jianhua, who had been working with him. Mr. Lu's trial took less than two hours.

The bet that political liberty inevitably would follow economic modernization and trade in China may yet prove out in the long run. But the long run is proving very long indeed.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Pakistan Eyes Afghan Link In Foiled London Plot (CSM).....3
Man At Heart Of British Terrorist Plot Laid Roots In A Land Rife With Sunni Extremism (NYT).....5
Kenneth T. Walsh (USNEWS).....6
A Terrorist's Network (TIME).....7
Security Vs. Business (USNEWS).....7
Allah's Recruits (TIME).....8
British Law Against Glorifying Terrorism Has Not Silenced Calls To Kill For Islam (NYT).....10
Britain's Muslim Outreach Hits A Rough Patch (LAT).....11
Pakistanis Find U.S. An Easier Fit Than Britain (NYT).....13
At Guantanamo, Caught In A Legal Trap (WP).....15
In Germany, Terror Suspect's Arrest Shakes Sense Of Security (USAT).....19
A Win For Spying Opponents (USNEWS).....20
Transcript (NBC).....20
CNN Late Edition With Wolf Blitzer (CNN).....22
Pre-Emptive Surveillance (WSJ).....40

Homeland Response:

The Truth Puts You In Jail (NYT).....42
Governors Blast National Guard Legislation (TBO).....43
Damage And Doubts Linger After Katrina (WP).....43
Nursing Home Disaster Plans Found Lacking (WP).....44
Houston Grumbles As Evacuees Stay Put (LAT).....45
Year After Katrina, Few Fully Recovered (USAT).....47
Rough Start For Effort To Remake Faltering New Orleans Schools (NYT).....48
Spike Lee Films The New Orleans Disaster His Way (opinion) (NYT).....50

War News:

Snipers Kill 20 Shi'ite Pilgrims (WT/AP).....51
Snipers Kill 20 Iraq Shiite Pilgrims (USAT).....51
Insurgents Kill 20 In Shiite Pilgrimage Amid Heavy Security (NYT).....52
Gunmen Target Shiite Muslims, Kill 22, Injure Hundreds (LAT).....53
Iraqi Insurgents Kill 20 Pilgrims (WP).....54
Killing Won't Win This War (NYT).....56
A Call To Support Democracy (WP).....57
Hostage: The Jill Carroll Story - Part 6 • Reciting Koranic Verses (CSM).....58
Jill Carroll's Captor Claims To Be Insurgency Chief (CSM).....62
Saddam Faces Genocide Charges Monday (AP-Y).....64
As Trial Nears, Poison Attack Haunts Kurds (NYT).....66
For Kurds, A Long Wait For Justice (WP).....67
Saddam Faces Trial Over Kurdish 'genocide' Campaign (FT).....69
Stage Set For Second Hussein Trial (WSJ).....70
Saddam Faces Genocide Charges Monday (AP).....72
71 Taliban Militants Killed In Fight (USAT).....73
Dozens Of Taliban Die In Attack On NATO And Afghan Soldiers (NYT).....73
Around 90 Killed In Bloody Afghan Weekend (AFP-Y).....74
NATO's 21st-century Task: Going From 'Europe' To 'Global' (CSM).....75

Corporate Scandals:

SEC Enforcement Activity Lags (USAT).....77

Criminal Law:

Ramsey Case Suspect Is Back On U.S. Soil (LAT).....77
Suspect In Ramsey Killing Returns To U.S. (NYT).....78
JonBenet Suspect Heads To U.S. (WP).....80
Flight Of Fancy For JonBenet Suspect (WT).....81
Prosecutor Under Pressure To Make Case Against Karr (WT).....82
Arrest, Bill Won't Deter Online Gambling (USAT).....83

Web Casinos Becoming A Riskier Bet For Investors (NYT).... 84
From Their Own Online World, Pedophiles Extend Their Reach (NYT).... 86
Hollywood Wiretapping Scandal Fizzles (FINDLAW/AP).... 90
U.S. Seeks Hinckley Interviews, Files (WT).... 91
Prosecutor: Boston Cops Are Dangerous, Should Denied Bail (AP).... 92
Boston Police Corruption Case Detailed (BOS).... 93
In Officer's Fall, A Tale Of Two Friends (BOS).... 94
Gotti Greased Goodfella From Jail: Feds (NYDN).... 97
Junior Gotti's Jailhouse Chats Released (NSDY/AP).... 98
After A Ferry Venture Fails, Criticism And Questions (NYT).... 99
Bankest Officers Found Guilty (MH).... 100
Attorney Pleads Guilty To Misconduct (SSJ).... 102
Starbucks Denied Hot-coffee Verdict Dismissal (OREG).... 102
Former Attorney Pleads Guilty To Money Laundering (AP).. 103
Worker Hurt In Robbery Of Georgetown Jewelry Store (WP) 103
1 In 8 Murderers Halted Their Appeals To Speed Execution (USAT).... 104
Lethal Injection -- Still Lethal (LAT).... 104

Civil Law:

Editorial: U.S. Contractors In Iraq Must Be Held To Account For Fraud (YOUNGV).... 105
Unbundling Asbestos (WSJ).... 107
Enter Search Term Here, Forever (NYT).... 108

Civil Rights:

Killer Says He Wasn't There For '98 Dragging (WT).... 109
Trial Run In Brooklyn Court, A Route Out Of Jail For The Mentally Ill (WSJ).... 109
Rule Sought To Prevent Abuse By Recruiters (WP/AP).... 113
Painting Of Jesus Is Stolen From School, But Legal Fight Goes On (NYT/AP).... 113
Changing Face Of Western Cities (WP).... 114
Banish The Bling (WP).... 115

Antitrust:

EU Regulators Issue Objections To Merging Gaz De France, Suez (WSJ/AP).... 117

FBI/DEA/ATF/USMS:

2 Charged In Deadly Heroin Probe (CCP).... 117
Local Detectives Track Heroin To Alleged Source Two Caught Packaging Tainted Drug, Police Say (NJ).... 118
City Stand On Heroin Antidote Risks Lives (PHI).... 119
Committee Talks Border Security (DDD).... 122
Border Is Number 1 Topic In S. Arizona (AZDS).... 123
Jones Is The Latest To Fail A Drug Test (LAT).... 125
Jones Quiet After Test Reports (LAT).... 127
Jones Is Said To Have Failed Drug Test In June (NYT).... 127
Lessons Learned From Balco Are Applied To Fight Doping (NYT).... 128
Coach Backs Marion Jones, Questions Positive Drug Test (USAT).... 130
M. Jones Failed Drug Test In June (WP).... 131
Column: Competitive Urge Has Dark Side (AP).... 132
Raid Nets Suspected Gang Members (TAMPTRIB).... 133

Immigration:

Is The Catholic Church Pro-immigrant? You Bet. (USAT).... 133
One In Five (WP).... 135

Tax:

Tax Farmers, Mercenaries And Viceroys (NYT).... 135

Congress-Administration:

A Humbled Presidency (USNEWS).... 136
A Decade After Welfare Overhaul, A Shift In Policy And Perception (NYT).... 137
10 Years After, Welfare Reformers Look To Build On Gains (WT).... 139
Cold War Missiles Target Of Blackout (WP).... 140
Inside The Beltway (WT).... 142
Public Pension Price Tag (WSJ).... 143
Senate's Most Wanted (WSJ).... 144

Other News:

Fed Reduces Recession Threat (CSM).... 145
Not Too Fast, Not Too Slow... (WSJ).... 146
Consumers Curb Upscale Buying As Gasoline Prices, Housing Bite (WSJ).... 147
Oil's Price Drop Reignites Debate On Turning Point (WSJ). 149
Airlines Tremble At Prospect Of $100-a-barrel Oil (USAT).. 150
Regulation, Yes. Strangulation, No. (WSJ).... 152
US Firms Pressured To Declare Donations (FT).... 153
Targeting Likely Advocates With Web Ads (WP).... 154
GOP Counts On Rove To Head Off Disaster (USAT).... 155
Not All Polls Predicting Doom For GOP (WT).... 158
In Porous Border, GOP Sees An Opening (WP).... 159
Democrats Hit GOP Hopefuls Over Social Security (WT).... 161
Sen. Hagel Says GOP Has Lost Its Way (AP-Y).... 162
Hagel Sees Danger In Barbs Over National Security (Update1) (BLOOM).... 163
McCain Mines Elite Of G.O.P. For 2008 Team (NYT).... 164
Chafee, GOP Rival Swap Salvos (WT).... 166

DOJ_NMG_0050757

Alaska Governor Battles A Shifting Tide (WP) 167
Ready To Run (TIME) 168
Hillary Clinton's Low Profile (NYT) 173
Lieberman Calls On Rumsfeld To Resign (AP) 173
Lieberman Jabs At Rumsfeld, Saying Military Needs A Change (NYT) 174
Kerry Raps Lieberman On War (WT) 175
On Candid Camera (TIME) 176
The Un-American Senator (LAT) 176
Keystone State Scuffle (USNEWS) 177
GOP Gunning For The President's Congressman (USAT) . 178
Political Records, Race Stir Friction In Md. Senate Debate (WP) 179
Ben Cardin For U.S. Senate (WP) 180
Romney Golden To GOP In Blue State (WT) 181
Democrats Topple Tradition For 2008 Election (CSM) 182
States With Moved-up Primaries Showered With Money, Attention (USAT) 183
Europeans Delay Decision On Role Inside Lebanon (NYT) 184
Plans For Lebanon Force Faulted (WP) 187
Israel Puts Conditions On Peacekeepers (AP-Y) 188
Olmert Calls On Italy To Lead Lebanon Force (FT) 189
The Casualties Of War (USNEWS) 190
Grumbling In The Ranks (USNEWS) 191
Strife Amid The Ruins (USNEWS) 191
Reconstruction Wars (TIME) 192
Analysis: Lebanon's Fragile Unity Cracks (AP) 193
Mission Unaccomplished (WSJ) 194
Waiting For Jacques (NYT) 195
A Week After Cease-fire, Where Are The Peacekeepers? (USAT) 196
U.N. Calls For Adherence To Truce (LAT) 197
U.N. Envoy Warns Of Mideast Slide Into 'abyss' (USAT) 198
For Israelis, Truce With Hizbullah Is Unrealistic (CSM) 199
Hezbollah Told Not To Incite Israel (WT/AP) 200
Leverage For A Prisoner Swap (WP) 201
Israel Seizes Senior West Bank Lawmaker (AP) 202
Israel Weighs Syria Peace Talks (WT) 203
Kin Plead For Release Of 2 Fox News Journalists (NYT) 204
Iran Says It Won't Suspend Enrichment (AP) 205
Iran Fires Practice Missiles And Affirms Nuclear Stance (NYT) 206
Tehran Won't Stop Enriching Uranium (WT/AP) 207
In Iran Nuclear Standoff, Scant Leverage For West (WSJ) 208
Venezuela Strengthens Its Relationships In The Middle East (NYT) 209
Seoul Dismisses News Pyongyang Plans Bomb Test (WSJ/AP) 211
Mexico Poll Loser Vows Fight 'on Street' (FT) 211
Business Chiefs Call On Bush To Spur Doha Talks (FT) 212
Indonesian Village Marks Twelfth Case Of Avian Flu (WSJ) 212
The War For China's Soul (TIME) 213

TERRORISM NEWS:

Pakistan Eyes Afghan Link In Foiled London Plot (CSM)

By David Montero

The Christian Science Monitor, August 21, 2006

LAHORE, PAKISTAN

More than a week after the foiled London terror plot, investigators in Pakistan say they have shifted their sights to Afghanistan, after the prime suspect in custody, Rashid Rauf, divulged his liaison with a high-level Al Qaeda operative possibly based in Afghanistan's Kunar Province.

"So far, all agencies have failed to break [Mr. Rauf] in identifying the Afghan national who works as a frontline man of Al Qaeda," says an intelligence official, speaking anonymously. The official added that Rauf admitted to traveling to Afghanistan several times since 2002 to meet with the operative, who conveyed commands on Al Qaeda's behalf.

Against the backdrop of the investigations, evidence suggesting the role of Pakistan-based militants in the terror plot has sparked a fresh round of soul searching here in Pakistan. Over the weekend, President Gen. Pervez Musharraf reiterated a call for cracking down on extremism, and the federal government has reportedly put 400 alleged extremists linked to banned

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organizations on a watch list. Amid the debate by analysts and religious leaders, many are questioning the efficacy of such measures, calling them cosmetic solutions that only fan extremism while failing to address root causes.

Investigations into the alleged plot to blow up planes over the Atlantic took a new turn over the weekend. Intelligence sources say Rauf admitted to having an Al Qaeda liaison who is an Afghan national, purportedly a wealthy businessman with a high rank in the organization. Other news agencies, quoting intelligence sources, have identified the operative as an Arab who works out of Kunar Province, where US and coalition troops are battling Taliban forces. He is said to be a close associate of Al Qaeda's No. 2, Ayman al-Zawahiri. Despite repeated interrogations, intelligence officials say, Rauf would not disclose the operative's true identity.

Pakistan's Interior Ministry would neither confirm nor deny these reports. "We have said that this has got an Al Qaeda connection to Afghanistan," says Interior Minister Aftab Ahmed Sherpao.

Afghan officials have repeatedly rejected such claims, characterizing them as diversionary tactics. Casting some doubt on any Afghan connection are the facts that Pakistan and Afghanistan frequently exchange accusations and the possibility that Rauf may be saying what his Pakistani interrogators want to hear.

London investigators are also facing skepticism over the magnitude of the alleged plot given the paucity of hard evidence made public during what is still an ongoing investigation. The BBC reported, quoting unnamed police sources, that laptops were found with martyrdom tapes, and that a bomb kit was found as well, but the police have refused to comment on this.

Even the simple detail of where the central suspect, Rashid Rauf, was arrested remains unclear. Mr. Sherpao maintains that Rauf was arrested in Bahawalpur, his family's hometown in southern Punjab and the alleged headquarters of Jaish-e Muhammed, a banned militant group. Intelligence sources, however, allege that Rauf was in fact detained in Zhob, near the Afghan border. Wearing a shalwar kameez and looking disheveled, according to investigators, he spent five hours on the Internet at a cafe, where he also made two phone calls to England. The phone calls roused the suspicion of the owner, who called the police, intelligence officials say.

...

Still, Rauf himself has admitted to investigators that he is connected by marriage to the group's leader. "As far as the family relationship, we admit it," says Talha Saif, a family spokesman. "But as far as Rauf's link to Jaish-e Muhammed, we deny that."

As these details continue to unfold, analysts here are compelled once again to question the extent of extremism on Pakistani soil, and the government's tactics in addressing it.

Some eight or nine months ago, the police began a sweeping crackdown on religious hatred here, marshaling police forces and government agencies to monitor the activities of the city's 5,000 mosques. Approximately 900 religious leaders in Lahore have been arrested so far, many allegedly for using their loudspeakers to spread sectarian hatred, and more than 2,000 in Punjab Province as a whole, according to police.

Police officials trumpet the measure as a resounding success, citing an absence of sectarian violence or militancy in Lahore. "I'm very satisfied with the campaign," says Aamir Zulfikar, chief of operations for the Lahore city police. "In 14 months, there has not been a single sectarian killing."

In Lahore's religious community, however, there is a growing tide of resentment toward such policies. "It is a wrong policy," says Mohammed Sarfaz Naeemi, general-secretary of Tanzeemul Madari, a congregation of Sunni religious schools. "[People] will simply turn against the Musharraf government," he says.

Many analysts agree, saying that while crackdowns may prove effective in the short term, they mask the inherent inability of a military-run government to harness public support for its efforts.

"It's a lack of political capacity. That political capacity comes from legitimacy and popular support, and this government does not have that," says Rasul Bakhsh Rais, head of social sciences at the Lahore University of Management Sciences. "They're more concerned with the political mechanisms of survival. They cannot really look deep down into the society and see the problems."

Those problems, other analysts add, are festering at the expense of political cohesion, creating pockets of sympathy for extremists groups.

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"I for one don't drink water," says Sajjad Naseer, a political science professor at the Lahore School of Economics. "I have to put a filtration system in my house or buy a bottle of [mineral water]. The state can't even provide basic services."

The absence of a strong state, he argues, compels the alienated and the disenfranchised to seek support from nonstate actors, including extremist groups.

Man At Heart Of British Terrorist Plot Laid Roots In A Land Rife With Sunni Extremism (NYT)

By Carlotta Gall And Arif Jamal

The New York Times, August 21, 2006

BAHAWALPUR, Pakistan, Aug. 19 — Life is slow in this small scruffy town in southern Punjab, surrounded by cotton and corn fields, lush from the monsoon rains. People lounge on rope beds under the trees, and camels and water buffalo wander along the roadside. But this corner of Pakistan has an undercurrent of sectarian violence and suspicions of links to Al Qaeda that belie the quiet rural image.

It is here that Rashid Rauf, a crucial figure in what British investigators say was a plot to bomb airliners flying from London to the United States, chose four years ago to settle and marry, far from his home in Britain, and from his ancestral village in Pakistani-administered Kashmir in northern Pakistan. And it was here, government officials in Islamabad have said, that Mr. Rauf was arrested some time before Aug. 10, when news of the investigation broke.

What first brought Mr. Rauf to southern Punjab remains as unclear as what role he might have had in any terrorist plot. But one thing is clear: the family he married into is deeply enmeshed in the world of Sunni extremism and sectarian violence, with longstanding connections to Afghanistan and even a link to the killer of the journalist Daniel Pearl.

Mr. Rauf married one of three sisters, said a teacher at a madrasa, Dar-ul-Uloom Madnia, founded by Mr. Rauf's late father-in-law. Another sister, the teacher said, is married to a cleric called Maulana Obaidullah who was arrested by the police two and a half years ago, though no reason is known.

Most significantly, the teacher, Mohammed Sadiq, said the third sister was married to Tahir Masood. He is a younger brother of Maulana Masood Azhar, the founder of Jaish-e-Muhammad, or Army of Muhammad, one of the most extreme Islamist groups in Pakistan, which is banned but remains active under different names.

From Mr. Azhar come many of the most disturbing connections. He was captured in Indian Kashmir and was one of three convicted prisoners held in India who were exchanged in a deal between the Indian government and the hijackers of an Indian Airlines plane in Dec. 24, 1999. The hijackers forced the plane to land in Kandahar, Afghanistan, which was then in the control of the Taliban, and negotiations through the Taliban led to India releasing three people from jail in exchange for the 150 hostages on board the plane.

Another of the prisoners was Ahmed Omar Sheikh, a British citizen of Pakistani descent who was later convicted for his part in the killing of Mr. Pearl, a Wall Street Journal correspondent.

After Mr. Azhar was freed in 2000, he founded Jaish-e-Muhammad, ostensibly as an organization supporting mujahedeen fighting in Afghanistan and Kashmir, but by 2002 it had already been cited as a terrorist organization by the United States and banned by the Pakistani authorities. Mr. Azhar lives and works in Karachi, editing a jihadi newspaper, Al Qalam, or The Pen, according to his father, Allah Baksh Sabir.

Mr. Sabir now runs the Usman-o-Ali madrasa in Bahawalpur, which was founded by Mr. Azhar. Last week, he told reporters that Mr. Rauf had been a member of Jaish-e-Muhammad. The next day, ringed by police officers and plainclothes intelligence officials, he denied making such comments and denied even knowing of the existence of Mr. Rauf, even though his son is Mr. Rauf's brother-in-law.

The brother-in-law, Maulana Suhaib, in his late 20's, is a teacher at Dar-ul-Uloom Madnia, but he had gone into hiding, said Mr. Sadiq, the teacher, who added, "He was very worried because a lot of people have started coming round."

"He said he had nothing to do with anything," Mr. Sadiq said. "Maulana Suhaib did not know who Rashid Rauf was and never expressed any apprehensions before." Of Mr. Rauf, he said: "I used to hear that he was doing big business, selling house furniture and goods such as fridges. I always heard he was a rich man."

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In this southern tip of Punjab, where there are almost equal populations of Sunni and Shiites, Sunni extremism has existed for many years. The Sunni extremist groups have grown out of the Deobandi branch of Islamic scholarship, which is anti-Shiite in its teaching and emphasizes the importance of jihad, or armed struggle. The Taliban in Afghanistan were overwhelmingly Deobandis, as are the most active jihadi militant organizations in Pakistan.

Connections between Pakistani and Afghan extremists grew as Pakistani intelligence services harnessed the Deobandi groups to fight the Soviet Army in Afghanistan in the 1980's. As with Jaish-e-Muhammad, the intelligence services also recruited the groups to fight Indian rule in Kashmir.

Another Sunni extremist group with links to the region is Lashkar-e-Jangvi, which is increasingly seen as an armed instrument of Al Qaeda in Pakistan. It is believed to recruit from other terrorist groups, and to have a number of members who were in Jaish-e-Muhammad.

One of Pakistan's most wanted men is linked to that group. He is Matiur Rehman, who is a main suspect in an assassination attempt on President Pervez Musharraf in 2003. He is from the Bahawalpur district and, according to his father, was a student at the Dar-ul-Uloom Madnia madrasa. Interviewed in his home in the village of Had Rajgan, 47 miles from Bahawalpur, the father, Ali Muhammad Sirhindi, said Mr. Rehman had studied there for five years and then at age 19 went to fight in Afghanistan.

Any connection Mr. Rauf might have to global jihad is now the subject of an international investigation. He does not seem to have been on the police's radar here before the British authorities asked the Pakistanis to put him under surveillance. He was living openly in a middle-class two-story house in the town on a narrow unpaved street, in a neighborhood called Model Town.

The house was quiet on a recent visit, and a metal grill across the entrance was padlocked. Several homeless families were living in tents on an empty plot of land across from the house. Neighbors came out to stare as journalists arrived with a police escort to visit the house, but they said they had seen little of the people living there.

"He was arrested a couple of weeks ago, and police conducted a raid about two weeks ago," said one neighbor living along the street, asking not to be identifed for fear of trouble from the police.

The family moved in about a year ago, but an elderly man inside the house shunned a welcoming visit, another neighbor said. "I never went back," the neighbor said. "A lot of veiled women and bearded men would come to visit around midnight."

Fateh Muhammad, 38, who lives one house down, said of Mr. Rauf: "He was very religious. He used to go to the mosque. He had a long beard, but nearly a month ago, he cut it."

The police carried away a few things after the raid, including computers, but no one was arrested. The rest of the family left, Mr. Muhammad said.

In a small town where everyone knows everyone, the neighbors' reticence to speak in detail told its own tale. Police cars and plainclothes intelligence officers followed foreign reporters everywhere they went in the town, taking notes during some of the interviews and sometimes warning interviewees not to answer a certain question. One resident on Mr. Rauf's street whispered that security officials had warned neighbors not to talk to anyone about the family.

Police officials in the town said they were too busy to be interviewed, except the deputy superintendent of police, who said Mr. Rauf had not been known to the police before his arrest. He could not even confirm his arrest had occurred in the area, which suggested that intelligence agencies, rather than the police forces, had picked him up.

Kenneth T. Walsh (USNEWS)

By Chitra Ragavan And David E. Kaplan

U.S. News and World Report, September 4, 2006

Under Britain's tough anti-terrorism laws, a district judge last week ordered 23 men held another seven days for their suspected role in plotting to bring down as many as 10 U.S.-bound planes over the Atlantic. While the Brits remained tight-lipped about many aspects of the case, including how imminent the alleged plot was, U.S. officials say a dry run was scheduled for the weekend of August 12. British investigators discovered potential evidence including a suitcase reportedly containing explosive materials and other bomb-making components in the woods near where several suspects lived. Also found in their residences: flashlight bulbs, AA batteries, food additives, and hydrogen peroxide, which could be used to make a bomb.

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In addition, law enforcement sources tell U.S. News, investigators found a videotape of several alleged plotters chatting about how the attacks would be viewed by the world. On it, one suspect says that perhaps people will conclude they were "brainwashed." To which another responds, by no means has he been brainwashed; he knows full well what he is doing-from watching television every night, an apparent reference to the Iraq war that has so roiled jihadis and may have persuaded these 23 to plan their one-way journey to martyrdom.

A Terrorist's Network (TIME)

By Bill Powell

Time, September 4, 2006

Rashid Rauf, the 25-year-old Pakistani-born, British-raised baker's son fingered as the central figure in the foiled plot to bomb U.S.-bound flights from London, has been described as friendly and ordinary. But Pakistani security officials familiar with Rauf's interrogation tell TIME that the plan's real mastermind may be anything but--the man who gave Rauf his marching orders is believed to be a senior al-Qaeda operative who may be a top aide to the terrorist group's No. 2, Ayman al-Zawahiri. They would not name the aide, but an official said it was a possibility al-Zawahiri himself may have approved the plane-bombing plan.

That hypothesis would add one more--and very significant--strand to the web of jihadist contacts Rauf maintained. The breadth of that network has gradually emerged since British authorities flagged Rauf as a "person of interest" about six months ago and notified Pakistani law enforcement, which tapped Rauf's phones and monitored his movements. Investigators tell TIME that Rauf--who was arrested in eastern Pakistan on Aug. 9, a day before British authorities rounded up 24 suspects in connection with the plot (one has since been released)--had close links with several known al-Qaeda supporters in Pakistan as well as with an Islamic militant who is one of India's most-wanted terrorists. Rauf's neighbors in Bahawalpur, the city where he lived after moving back to Pakistan in 2002, say he was constantly shuttling between his home and eastern Afghanistan, including the province of Paktia, a Taliban stronghold.

Rauf's arrest and other help from Pakistani authorities in connecting the dots to al-Qaeda may boost the counterterrorism cred of embattled Pakistani President Pervez Musharraf. Although outwardly supportive of Musharraf's government, U.S. military officials have quietly been questioning just how intensely it is battling the Taliban and al-Qaeda fighters who cross routinely between Pakistan and Afghanistan. U.S. casualties in Afghanistan have increased in recent months. And some Pentagon officials have been privately critical of Pakistan for harboring al-Qaeda members in unpoliced areas along the border--the region where, according to Islamabad, the unidentified al-Qaeda mastermind believed to be behind the British plot is said to be hiding.

But Pakistan may have won points with the U.S. for its steadfastness in the Rauf case. British authorities had wanted to wait for the alleged plotters to do a dry run of their mission before striking. Washington vigorously disagreed, and while Pakistan was officially neutral in the spat, an Islamabad official points out, "The last thing we want is for something to happen and everyone says it's linked to Pakistan." According to one source, the U.S. threatened to take Rauf with Pakistan's help even if London didn't move. Washington won, the British swooped down on their suspects, and Pakistan delivered Rauf.

Rauf's networks haven't yet been fully mapped. For instance, investigators say his phone records show a number of calls to contacts in Germany. Who were they? He made numerous phone calls to South Africa. What were they about? Several of his 23 suspected co-conspirators being held in Britain are said to have attended Koranic study sessions run by a hard-line Islamic group known as Tablighi Jamaat (the name roughly means "missionary group"). Did they know Mohammed Sidique Khan and Shehzad Tanweer--who took part in July 2005's London subway bombings and are believed to have been regulars at a Tablighi Jamaat mosque? Were they acquainted with Richard Reid, the jailed, failed shoe bomber, who frequented a Tablighi Jamaat mosque too? Pakistani intelligence officials aren't done with Rauf but expect eventually to hand him over to Britain. "He can be extradited," says an official, "once we get the maximum out of him." One can imagine that will not be a pleasant process.

Security Vs. Business (USNEWS)

By Angie C. Marek

U.S. News and World Report, September 4, 2006

Rep. Ed Markey, a Massachusetts Democrat, was back on familiar ground last week, holding a press conference outside Washington's Ronald Reagan National Airport. Since 9/11, Markey has repeatedly introduced legislation requiring the

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Department of Homeland Security to screen all cargo placed on U.S. passenger planes for explosives. Now he's urging DHS to take cargo off altogether. "If it isn't scanned," Markey said, "It should be banned."

The thwarting of the alleged British-based plot to blow up United States-bound airliners with liquid explosives has renewed attention on what critics say are troublingly familiar-but still unaddressed-security loopholes. Markey and some security experts say the aviation industry, which spent more than $38 million on lobbying in 2004 and 2005, and portions of the business community have helped squash efforts to plug important gaps. Aviation officials argue that deploying expensive but flawed technology could significantly disrupt air travel or even bankrupt airlines. "Nobody cares more about security than we do," says James May of the Air Transport Association, or ATA, the airlines' trade group. But finding a balance between security and commerce is a daunting assignment.

"Disastrous." Take air cargo. Airlines carry 6 billion pounds of commercial cargo each year, earning them $4 billion. When Markey introduced his legislation in May 2005, it prompted letters from the ATA and the National Association of Manufacturers, which called the measure "disastrous." Airlines and shippers say reliable technology for screening cargo doesn't yet exist. Markey says a government report indicates up to 60 percent of that cargo can be broken down and run through X-ray machines used on checked baggage. The 9/11 Commission's recommendation that airliners be equipped with a blastproof container for suspicious cargo just isn't practical, aviation officials say; the containers weigh more than 300 pounds.

The threat from shoulder-fired missiles has proved equally vexing; the weapons can be bought on the black market for $5,000. Two years ago DHSgave two firms $45 million to adapt military technology that throws the missiles off course for use by the country's 6,800 commercial planes. A recent DHS report said one of the companies could install up to 1,000 missile-jamming devices for $1 million per aircraft, with an additional operational cost of $365 per flight. Congress has so far balked at the tab; the devices don't yet meet DHS reliability standards either. But Democratic Rep. Steve Israel says they're "good enough" to be on Air Force One.

DHS also faces turbulence on a proposed requirement that airlines transmit the names of passengers on U.S.-bound flights to American security officials an hour before takeoff. Aviation officials say that might put a crimp in potential last-minute business. So DHS said last week they would allow airlines to tweak the data up to 15 minutes before takeoff.

Allah's Recruits (TIME)

By Jumana Farouky

Time, September 4, 2006

Jamal Harwood prays five times a day. He doesn't drink, smoke or eat pork. He's active in his local Muslim community, and he's very serious about the need for an Islamic state. But if you passed him on the street, you would have no idea. Not just because Harwood, a financial consultant in London, wears a suit instead of traditional Muslim dress. Or because he keeps his beard cropped fashionably close. But because he's white.

Born in Vancouver, Harwood used to be a model Christian, studying the Bible, attending church and taking religion classes at school. "But I had certain reservations," he says, "certain question marks in my mind--some theological, some societal--that I wanted to reconcile." He went to Southeast Asia to find himself and explored Islam there. At 25 he settled in London, where friends helped him learn more about the faith. A year later, he converted and soon joined Hizb ut-Tahrir, a political party known for its radical views that is banned in many Muslim countries. Harwood, 45, is now a spokesman for the group; he says it is opposed to terrorism. Although his life choices may make him an object of scrutiny by his government--Hizb ut-Tahrir has been on Britain's watch list since the July 2005 terrorist attacks in London--he has no regrets. "I found that Islam was giving me good, solid answers to my questions," he says. "It wasn't difficult for me to embrace it."

That sentiment rings true for growing numbers of Westerners, reared on other faiths or none at all, who are converting to Islam--despite the fact that relations between the Muslim world and the West have rarely seemed so strained. Although figures on conversions to Islam in Western countries are difficult to nail down, it's safe to say that Muslim converts in the U.S. and Europe number in the hundreds of thousands, and anecdotal evidence suggests the number is on the rise. The arrest of at least three English converts in the plot to blow up passenger jets over the Atlantic has raised the troubling possibility that jihadist groups may be drawing some of their most committed operatives from the pool of new believers. "When converts are trying to find their way in

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their new religion, they are vulnerable to the influence of extremists," says Didier-Yacine Beyens, former president of Belgium's Muslim Executive and a convert. "They can sometimes be persuaded by radical preachers who claim to represent the 'true' voice of Islam, when in fact they represent nothing of the sort."

The vast majority of converts are, like the vast majority of Muslims, moderates who reject the extremism espoused by al-Qaeda and its ilk. But as with any religion, converts to Islam tend to be more devout than those born into the faith. And it's indisputable that some converts do, in fact, become terrorists, including shoe-bomb suspect Richard Reid; Jose Padilla, the Chicago native arrested four years ago for involvement in an alleged al-Qaeda plot to detonate a radiological bomb; and Germaine Lindsay, a Jamaican-born Briton who was one of the suicide bombers who attacked the London Underground last summer. "Originally, jihadist groups were suspicious of converts because they saw them as a way for intelligence forces to infiltrate," says Gustavo de Aristegui, a Spanish terrorism expert and the author of Jihad in Spain. "But they're realizing that ... someone with a Western last name and blue eyes is going to raise fewer suspicions. Converts can be virtually impossible to detect, especially if they have not revealed their conversion to their family."

So why do they do it? In this day and age, what kind of person is prone to explore religious conversion? And what is the attraction of Islam? The three British converts arrested two weeks ago have three things in common: all are men, all are described by people who know them as friendly, regular guys, and all are in their 20s. But the similarities pretty much end there. According to accounts from friends, Don Stewart-Whyte, who changed his name to Abdul Waheed, converted six months ago, giving up drugs and alcohol. He grew a beard, shaved his head and started wearing traditional Islamic dress. Friends say Brian Young, who is of West Indian descent, was troubled by the decadence of Western society. Oliver Savant, now called Ibrahim, has been a Muslim for some seven years and, friends say, never mentioned politics. "He just talked about soccer and general chitchat," says a friend.

The reasons converts give for making the change vary widely. But one common refrain is that in an increasingly secular world in which society's rules get looser by the day, Islam provides a detailed moral map covering everything from friendships to protecting the environment. And for Western youths, taking up Islam can also serve as an outlet for rebellion. A majority of converts, especially in Western Europe, are in their late teens or 20s. "Islam is a kind of refuge for those who are downtrodden and disenfranchised because it has become the religion of the oppressed," says Farhad Khosrokhavar, a Paris professor and the author of several books on Muslim extremism. "Previously--say, 20 years ago--they may have chosen communism or gone to leftist ideologies. Now Islam is the religion of those who fight against imperialism, who are treated unjustly by the arrogant Western societies and so on."

There's another appeal to converting to Islam: it's relatively easy. In Catholicism and Judaism, the conversion process can involve years of preparation and study. In Islam, the process is called reversion (because islam literally means "submission to God," believers hold that everyone is born Muslim), and it's mainly a matter of uttering a two-line declaration of faith, the Shahadah. Say the Shahadah aloud in Arabic, and the conversion is complete.

But being newcomers to the faith doesn't spare converts from the suspicions and pressures faced by Muslims in the West today. Ali Khan, the national director of the American Muslim Council in Chicago, says he once had to convince a recent convert's wife, who wasn't Muslim, that her husband wouldn't suddenly become a terrorist. "A lot of their families freak out at first," Khan says. He says another convert had to reassure his brother, who asked, "You're not going to kill me in my sleep, are you?" And yet there's little evidence that negative perceptions of Islam--fewer than 20% of Americans say they have a positive image of the religion, according to one poll--have had any effect on the rate of conversion. Instead, since 9/11, some mosques have seen a jump in the number of people converting to Islam. "Awareness of Islam is much greater now, whether positive or negative, than it was prior to September 11," says Khan. "People are becoming curious. Sometimes it starts when they just walk into a bookshop and start reading a Koran after hearing George Bush talking about it."

Ultimately, the path that most converts choose will be determined by the outcome of the larger struggle within Islam, between the forces of moderation and extremism. Abdula, 22, a tall, bearded Londoner of Ghanaian descent, was a devout Christian until a university friend introduced him to Islam. "I started researching more about it to try and find its faults," he says. "But I couldn't, and I was captured." Abdula (who won't give his last name) officially converted eight months ago. He supports equality for women and condemns terrorism, but he acknowledges that his perspective on the world is still taking shape. "These

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are my views, and you must understand they might not be correct because I'm always in need of guidance." The challenge for the West is to makes sure men like Abdula get the right kind. With reporting by With reporting by Lisa Abend / Madrid, Geoff Pingree / Madrid, Theunis Bates / London, Jessica Carsen / London, Adam Smith / London, Jeremy Caplan / New York, Leo Cendrowicz / Brussels, Grant Rosenberg / Paris

British Law Against Glorifying Terrorism Has Not Silenced Calls To Kill For Islam (NYT)

By Souad Mekhennet And Dexter Filkins

The New York Times, August 21, 2006

LONDON, Aug. 20 — From his home on the northwest edge of this city, Muhamad al-Massari runs a Web site that celebrates the violent death of British and American soldiers. It is visited by tens of thousands of people every day, he said.

Mr. Massari maintains the Arabic-language site, tajdeed.org.uk, in the face of a strict new law aimed at curtailing violent speech and publishing. Just last week, the Council of Holy Warriors, a group affiliated with Al Qaeda, posted a declaration on the site praising a suicide bombing in Iraq that killed or wounded 55 people.

"If you kill our civilians, we kill your civilians," Mr. Massari declared during an interview.

Mr. Massari's Web site, and his public remarks, appear to violate of the Antiterrorism Act of 2006, which makes it a crime to glorify or encourage political violence. Inciting violence has long been illegal here but the new rules, drawn up after the London subway and bus bombings in July 2005, are intended to be much tougher.

The law's underlying assumption is that speeches and publications by Britain's more extreme Islamists may play a role in leading disgruntled young men toward violence. In addition to banning speech that encourages terrorism, the new law also criminalizes reckless speech that may have the same effect.

Yet despite the antiglorification law, and an array of other measures approved since last summer's bombings, Islamist leaders like Mr. Massari persist, some of them declaring it the duty of British Muslims to kill in the name of Islam.

Some British leaders are beginning to publicly question why such clerics are allowed to continue. Last week, David Cameron, the leader of the Conservative Party, chastised the government of Prime Minister Tony Blair for failing to enforce laws intended to make it more difficult for political extremists to operate.

In remarks to the press, Mr. Cameron, a possible successor to Mr. Blair, accused the government of failing to "follow through when the headlines have moved on."

"I do not believe that our government is doing enough to fight Islamist extremists at home or to protect our security,'' he said. "Why have so few, if any, preachers of hate been prosecuted or expelled, with those that have gone having done so voluntarily?"

In addition to curtailing political speech, the British government outlawed 15 militant groups, most of them Muslim. It took a sterner attitude toward Islamists who had preached violence in the past, barring one well-known Syrian-born cleric, Omar Bakri Mohammed, from returning to the country. Earlier this year, it secured the conviction of Abu Hamza al-Masri, the country's most militant cleric, for soliciting murder and racial hatred.

Yet for all those actions, the new measures do not appear to have silenced those either praising or calling for violence in the name of Islam. Some Islamist preachers have carefully scaled back their language, even if, in context, the meaning seems clear.

On Sunday, speaking before 8,000 followers in Manchester, Azam Tamimi extolled the glories of suffering for the faith.

"The greatest act of martyrdom is standing up for that is true and just," Mr. Tamimi said. "Martyrs are those who stand up in defiance of George Bush and Tony Blair."

The remarks by Mr. Tamimi, one in a line of Islamist scholars and clerics to address the Manchester crowd, were the latest in a series of carefully worded public statements by British Islamist leaders that seemed aimed at testing the limits of the new law. In the Islamic world, "martyrdom" means sacrificing one's life, often violently, for the faith.

Others, meanwhile, have carried on as before, speaking in support of political violence or publishing tracts that do the same.

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One of them is Atilla Ahmet, leader of the Islamist group Supporters of Shariah. In meetings with supporters and in interviews, the British-born Mr. Ahmet speaks freely about what he considers the necessity for violent action, both here and abroad, to avenge what he considers unjustified attacks on Muslims abroad.

"You are attacking our people in Muslim countries, in Iraq, in Afghanistan,'' Mr. Ahmet said, referring to the British and American governments. "So it's legitimate to attack British soldiers and policemen, government officials, and even the White House."

Mr. Ahmet, a 42-year Briton of Cypriot descent, went on to include bank employees as legitimate targets "because they charge interest," which he says is in violation of Islamic law.

Mr. Ahmet said he is aware of the new law, but that he could not shirk his duty to defend Islam, which he believes is under assault by Britain and the United States in Iraq, Afghanistan and elsewhere. He says he often addresses his followers, who he says number 3,000.

"If you are going to kill a Muslim, then I will do everything in my power to kill you,'' he said.

Mr. Massari, the Web site operator, said he approved of violence against British and American soldiers in Iraq, as well as against most of the governments in the Middle East. He said, for instance, that it "is legitimate for Iraqis to kill Tony Blair, the same with Bush.''

The posting on his Web site about the Iraqi bombing said of the attackers, "We ask God to accept our brothers as martyrs.''

Mr. Massari makes several distinctions that he says insulate him from being deported or prosecuted by the British government. He says, for instance, that he does not post any material on the Web site himself; he lets his members do that, most of whom sign up anonymously. The other important distinction, he said, is that he does not call for violence in Britain.

It does not appear that British law makes such distinctions. The law on the books defines terrorism as violence, or the threat of violence, to influence a government or further a political or religious cause. It does not limit the application of the law to targets in Britain.

Some legal experts here say the British law is so broadly drawn that it may encompass speech that is not necessarily intended to promote terrorism.

A group of Britons of Pakistani descent arguing loudly on a street corner about British or American policy in Iraq, for example, could conceivably be prosecuted under the law, said Gareth Crossman, director of policy for Liberty, a nonprofit legal organization in London.

"It's an extraordinarily vague statute,'' Mr. Crossman said. "No two people can agree on what the law means."

Under those circumstances, Mr. Crossman said, it is hardly surprising that no one had been arrested under the law.

Asked why no one had been arrested or prosecuted for encouraging terrorism, a spokesman for Scotland Yard, the national police force, declined to comment.

The Bush administration, under laws toughened after the Sept. 11 attacks, has prosecuted a number of people for encouraging terrorism.

In one of the more high-profile cases, a Muslim scholar in northern Virginia, Ali al-Timimi, was sentenced to life in prison in 2005 for urging his young Muslim followers to wage war against the United States overseas.

At a dinner meeting on Sept. 16, 2001, Mr. Timimi told some of the men in the group that it was their Muslim duty to fight for Islam overseas and to defend the Taliban in Afghanistan against American forces, according to testimony at his trial. In an Internet message in 2003, he described the destruction of the space shuttle Columbia as a "good omen" for Muslims in an apocalyptic conflict with the West.

In Britain, some experts say they believe the difficulties in the law will be worked out in practice. Indeed, almost no one here is predicting that the recent attacks and plots described by the government will be the last, least of all the Islamists themselves.

"Anyone who supports Tony Blair,'' said Khalid Kelley, an Irish-born convert to Islam, "is not a civilian.''

Britain's Muslim Outreach Hits A Rough Patch (LAT)

By Ralph Frammolino

The Los Angeles Times, August 21, 2006

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LONDON — In the war to win the hearts and minds of budding terrorists, Imtiaz Qadir is an unlikely casualty.

A British-born Muslim who runs a neighborhood gym, Qadir, 49, hoped to counter religious extremism among the young by starting a community organization. He signed a lease on a large meeting hall and formed a foundation. After deadly bombings on the London transit system in July 2005, he helped sponsor a Muslim forum and party that drew 500 young people and earned him national recognition.

But then, he said, everything went wrong.

Angry that he allowed music at the party, conservative Muslims tried to kick Qadir off the mosque governing board. Several regulars at his gym were arrested Aug. 10 for allegedly planning to blow up American-bound jetliners. And his government funding has dried up, leaving him no income to make the monthly rent on the hall.

"We have until [this] morning to come up with one month's rent," Qadir said last week. "If not, we're out."

Qadir's plight is a cautionary tale about Britain's effort to use community groups and social programs, not just Scotland Yard and handcuffs, to battle violent extremists.

Besides detective work, the British government has tried to root out the causes of terrorism among Islamic youths the bureaucratic way. It has generated studies and convened working groups that have consulted with 1,000 British Muslims.

The result is a plan that includes reviewing the nationwide school curriculum, holding community forums to prevent "Islamophobia" and launching "road shows" for Islamic scholars to lecture Muslim youths on the peaceful teachings of their faith.

"It's political correctness gone mad," said Anthony Glees, a professor at Brunel University in London and a widely regarded terrorism expert.

Yet little substantial work has been done, in large part because the government's efforts have been overrun by events.

In 2004, the Home Office, which is responsible for domestic affairs, conducted a study that said anger about the wars in Iraq and Afghanistan was a significant cause of terrorist activity. Fifteen months later, suicide bombers killed 52 commuters and injured more than 700 in London in protest over what they called Western aggression against Islam.

Last month, officials responsible for "engaging" the Muslim community issued a progress report on their efforts to promote "good citizenship, social cohesion, religious tolerance and peaceful coexistence." This month, police arrested 24 young Muslims for an alleged plot to blow up American-bound jetliners.

Yousef Khoei, a Muslim educator who has worked on the government's community approach, acknowledged that the programs had yet to hit their stride. But he said they were necessary to cultivate moderate leaders from within an insular and chaotic religious community that he said had been hijacked by fiery imams.

"It took a good 30 years for the extreme organizations to get where they were," said Khoei, one of the directors of a foundation that runs Muslim schools in Britain and North America. "It may take an equally long time to counter it."

The government's community-oriented effort also has sent conflicting signals to Britain's 1.6 million Muslims.

Although government ministers have visited Islamic communities and one department has drafted a "script" to help public officials avoid using offensive terms, Muslims are fuming over government reports that use the phrase "Islamist terrorists." They are especially angry about Prime Minister Tony Blair's apparent reluctance to see the bombings as a political act and not a religious one.

"The government seeks greater integration to achieve a more cohesive society but seems equally determined to cause more alienation by loose and lurid language," said a recent editorial in the Muslim News.

Some Muslims are used to intervention in their customs. A Forced Marriage Unit intervenes in behalf of women who face ostracism, kidnapping or violence if they refuse arranged nuptials, still common among some immigrants from the Indian subcontinent, many of whom are Muslim.

The government stepped up its activities after the July 2005 bombings by convening seven citizens groups and rushing out a report titled "Preventing Extremism Together." It listed 64 recommendations, whose implementation is under the direction of a newly formed Department of Communities and Local Government.

Only a handful of the recommendations have been carried out. The department hired a "Muslim media specialist" to counteract anti-Muslim images in the tabloid press. An Islamic consultant is reviewing the national curriculum, and the government promises a Muslim student handbook by the next academic year.

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The most significant change has been an independent citizens group that helps advise the government on which radical clerics to keep out of the country. The panel is scheduled to begin work on qualifications for the licensing of imams, and recently published a "good practice guide" for mosques, which serve as the nucleus of Muslim religious and community life.

"We have to have structures so we don't allow extremist ideas" to be fostered, said Khoei, adding that a program for licensing imams should be in force by the end of the year.

Glees, the terrorism expert, called the government's policy a mistake.

"What it has done is to imply that the Muslim community, or the community of Muslims, has some kind of special status in the U.K.," he said. "They've never done this for blacks. They've never done this for Jews. They've never done this for anybody. The government is treating a section of the British people differently than others, and that's precisely what needs to be avoided."

Glees also questioned some of the Muslim leaders the government had deputized in its effort. He said one was involved in an educational institute supported by a Pakistani-based group that promoted the superiority of Islamic law. Another, he said, has "extreme views."

Picking out extremists isn't always easy, said Qadir, the gym owner and frustrated community organizer in Walthamstow, a blue-collar town east of London where several of the alleged airline plotters lived.

Qadir said he knew five of the suspects. Three were regulars at his gym, located on the second floor of a converted garment factory. He doesn't think they are guilty.

"These young men I knew," Qadir said. "Going by their character and the way they appeared, it is totally, totally the opposite of what they're being portrayed as."

Qadir said he was disappointed in what had come of his efforts to build bridges with at-risk youths in Walthamstow. He leased the hall underneath his gym for events, one of the first of which had to be called off when a fight broke out.

He scored what appeared to be a big success with a "Defending Da Hood" party and community forum that he and his mosque, the Waltham Forest Islamic Assn., cosponsored after last year's transit bombings. About 500 young people showed up to talk to police and enjoy free food.

But when Qadir played a mix of Middle Eastern and pop music, the imam objected and walked out.

That led to infighting at the mosque. Qadir said he prevailed against an effort to throw him off the governing board, but opponents organized a boycott of his gym, where men and women worked out on separate days to respect Islamic law.

Since then, local government officials have eliminated his funding for youth activities because of budgetary reasons. And they asked him to cancel a recent booking for the meeting hall when police discovered that his customer was the extremist group Al Ghurabaa under another name. The group has since been banned.

Qadir said he was glad to comply, but that it didn't bother him to rub shoulders with extremist groups.

"Keep your friends close but keep your enemies closer," he said.

Pakistanis Find U.S. An Easier Fit Than Britain (NYT)

By Neil MacFarquhar

The New York Times, August 21, 2006

CHICAGO, Aug. 18 — The stretch of Devon Avenue in North Chicago also named for Muhammad Ali Jinnah, the founder of Pakistan, seems as if it has been transplanted directly from that country. The shops are packed with traditional wedding finery, and the spice mix in the restaurants' kebabs is just right.

Similar enclaves in Britain have been under scrutiny since they have proved to be a breeding ground for cells of terrorists, possibly including the 24 men arrested recently as suspects in a plot to blow up airliners flying out of London.

Yet Devon Avenue is in many ways different. Although heavily Pakistani, the street is far more exposed to other cultures than are similar communities in Britain.

Indian Hindus have a significant presence along the roughly one-and-a-half-mile strip of boutiques, whose other half is named for Gandhi. What was a heavily Jewish neighborhood some 20 years ago also includes recent immigrants from Colombia, Mexico and Ukraine, among others.

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"There is integration even when you have an enclave," said Nizam Arain, 32, a lawyer of Pakistani descent who was born and raised in Chicago. "You don't have the same siege mentality."

Even so, members of the Pakistani immigrant community here find themselves joining the speculation as to whether sinister plots could be hatched in places like Devon (pronounced deh-VAHN) Avenue.

The most common response is no, at least not now, because of differences that have made Pakistanis in the United States far better off economically and more assimilated culturally than their counterparts in Britain. But some Pakistani-Americans do not rule out the possibility, given how little is understood about the exact tipping point that pushes angry young Muslim men to accept an ideology that endorses suicide and mass murder.

The idea of a relatively smaller, more prosperous, more striving immigrant community inoculating against terror cells goes only so far, they say.

"It makes it sound like it couldn't happen here because we are the good immigrants: hard-working, close-knit, educated," said Junaid Rana, an assistant professor of Asian-American studies at the University of Illinois at Urbana-Champaign and an American-born son of Pakistani immigrants. "But we are talking about a cult mind-set, how a cult does its brainwashing."

Yet one major difference between the United States and Britain, some say, is the United States' historical ideal of being a melting-pot meritocracy.

"You can keep the flavor of your ethnicity, but you are expected to become an American," said Omer Mozaffar, 34, a Pakistani-American raised here who is working toward a doctorate in Islamic studies at the University of Chicago.

Britain remains far more rigid. In the United States, for example, Pakistani physicians are more likely to lead departments at hospitals or universities than they are in Britain, said Dr. Tariq H. Butt, a 52-year-old family physician who arrived in the United States 25 years ago for his residency.

Nationwide, Pakistanis appear to be prospering. The census calculated that mean household income in the United States in 2002 was $57,852 annually, while that for Asian households, which includes Pakistanis, was $70,047. By contrast, about one-fifth of young British-born Muslims are jobless, and many subsist on welfare.

Hard numbers on how many people of Pakistani descent live in the United States do not exist, but a forthcoming book from Harvard University Press on charitable donations among Pakistani-Americans, "Portrait of a Giving Community," puts the number around 500,000, with some 35 percent or more of them in the New York metropolitan area. Chicago has fewer than 100,000, while other significant clusters exist in California, Texas and Washington, D.C.

Pakistani immigration to the United States surged after laws in the 1960's made it easier for Asians to enter the country. Most were drawn by jobs in academia, medicine and engineering. It was only in the late 1980's and 90's that Pakistanis arrived to work blue-collar jobs as taxi drivers or shopkeepers, said Adil Najam, the author of the book on donations and an international relations professor at the Fletcher School of Law and Diplomacy at Tufts University.

In Britain, by comparison, the first Pakistanis arrived after World War II to work in factories. Many were fleeing sectarian strife in Kashmir — a lingering source of resentment — and entire communities picked up and resettled together. This created Pakistani ghettos in cities like Bradford and Birmingham, whereas in the United States immigrants tended to be scattered and newcomers forced to assimilate. The trends intensified with time.

A decade ago, for example, a Pakistani in Chicago who wanted to buy halal meat, from animals butchered in a religiously sanctioned manner, could find it only on Devon Avenue. Now halal butchers dot the city and its suburbs.

Thousands of immigrants and their American-born offspring still flock to Devon Avenue because of its restaurants and traditional goods, including wedding saris for women and long, elaborate shirts and gilded slippers with curled toes for men. The avenue's half-dozen rudimentary mosques have a reputation for being more conservative than those elsewhere in Chicago, with the imams emphasizing an adherence to Muslim tradition.

"They go to an area where they have a feeling of nostalgia, and even psychologically it is important for immigrant communities to feel that their home country is represented," said Dr. Butt, an early member of the Association of Physicians of Pakistani Descent of North America, one of the oldest immigrant organizations here.

But immigrants are not mired in the Devon Avenue neighborhood; many move out once they can afford better. Unlike the situation in Britain, there is no collective history here of frustrated efforts to assimilate into a society where a shortened form of

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Pakistani is a stinging slur, and there are no centuries-old grievances nursed from British colonial rule over what became Pakistan.

Where such comparisons fail, however, is in providing a model to predict why some young Muslims turn to violence, although no religion is immune. In the United States there have been a few cases of young Pakistani men being arrested or tried in terror plots, in Atlanta and in Lodi, Calif., for example.

Ifti Nasim, a former luxury car salesman turned poet and gay rights advocate, greets a visitor with a slim volume of his works. The cover photograph shows him wearing a bright orange dress, ropes of pearls and a long blond wig. He has been in the United States since 1971.

Some shoppers crowding the sidewalks on Devon Avenue greet Mr. Nasim warmly, telling him they listen to his radio show or read his columns in a local Urdu-language newspaper. In Pakistan, Mr. Nasim says, his flamboyance would not be tolerated, but here he calls his acceptance "the litmus test of the society."

Like many, however, he has moments of doubt, saying, "Pakistani society in Chicago has made a smooth transition so far, but you never know."

A more important factor in determining who becomes a militant is most likely the feeling of being stigmatized as less than equal, community activists say, noting that such discrimination remains far more common in Britain. It is probably compounded by the fact that violence against Muslims in Iraq, Afghanistan, Palestine and Lebanon feels so much closer there, they say.

Overt bigotry is rarer here, but it exists. For instance, Mohamed Hanis, a taxi driver who is a Pakistani immigrant, said that on the Friday night after the terror alert in London, a young white man climbed into his cab. Noticing the name Mohamed, the man threatened to report that Mr. Hanis had admitted to supporting terrorist attacks unless he could get a free ride. Instead, Mr. Hanis hailed a police officer who forced the passenger to pay.

Mr. Mozaffar, the University of Chicago student, said he had grown up with revered Muslim role models like Muhammad Ali and Kareem Abdul-Jabar, but now there were none. He teaches religion classes for young Muslims, and the question inevitably arises whether the creed justifies using violence for political or religious aims. He emphasizes that Islam forbids killing innocent civilians, and community members here have said they will not tolerate a mosque prayer leader advocating violence.

Initial reports about the British suspects quoted neighbors as saying that some of the men had become more religious, adopting Islamic dress and praying five times a day. That kind of transformation happens in Chicago, too, but the idea that any such change should automatically arouse suspicion rather than be considered teenage rebellion or a religious conversion makes community activists bridle.

For the past eight years, Abdul Qadeer Sheikh, 46, has managed Islamic Books N Things on Devon Avenue, which sells items like Korans, prayer rugs and Arabic alphabet books. He says that since Sept. 11, he has seen signs of the bias that has existed in Britain for decades developing here. He describes a distinctive fear of being seen as Muslim, even along Devon Avenue. Before, a good 70 percent of the women who came into his shop were veiled, he said. Now the reverse is true, and far fewer men wear traditional clothes.

The attitude of the American government in adopting terms like "Islamic fascists" and deporting large numbers of immigrants, he said, makes Muslims feel marked, as if they do not belong here. "The society in the United States is much fairer to foreigners than anywhere else," he said, "but that mood is changing."

At Guantanamo, Caught In A Legal Trap (WP)

By Craig Whitlock

The Washington Post, August 21, 2006

SARAJEVO, Bosnia -- On Jan. 18, 2002, six men suspected of plotting to attack the U.S. Embassy were seized here by U.S. troops and flown to Cuba, where they became some of the first arrivals at the Pentagon's new prison at Guantanamo Bay.

The seizure was ordered by senior U.S. officials in defiance of rulings by top courts in Bosnia that the men were entitled to their freedom and could not be deported. Today, more than four years later, the six remain locked up at Guantanamo, even though the original allegations about the embassy attack have been discredited and dropped, records show.

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In 2004, Bosnian prosecutors and police formally exonerated the six men after a lengthy criminal investigation. Last year, the Bosnian prime minister asked the Bush administration to release them, calling the case a miscarriage of justice.

The men came from Algeria to Bosnia during the 1992-95 Bosnian war. Most were former Muslim fighters who became humanitarian aid workers after the war. They remain imprisoned because the U.S. military still classifies them as "enemy combatants" in the fight against terrorism. A review of thousands of pages of military and civilian court documents, however, shows that many reasons given for the designation are based on flawed or dubious evidence.

The case illustrates how difficult it will be to meet President Bush's stated goal to close Guantanamo as quickly as possible. About 450 detainees remain. While some face military commissions that could sentence them to long prison terms, most are expected to be released to their home countries.

Senior Bosnian officials said they have been told by U.S. diplomats that the six Algerians will never be allowed to return to Bosnia, which had granted dual citizenship to most of the men before their seizure. Instead, U.S. officials have pressed Algeria to take back the prisoners on the condition that they be confined or kept under surveillance there. So far, the Algerian government has balked.

The detainees and their lawyers say they are caught in a trap. They contend that the Pentagon knows the men are not guilty but is unwilling to let them go free because that would be an acknowledgment of a grave error.

"The Americans did not want to return me to Bosnia. Why? Because the Americans claimed to have evidence against me. I can't be returned and found innocent," Mustafa Ait Idr, one of the six Algerians, told a military tribunal at Guantanamo in October 2004, according to a transcript of the hearing.

"So now I am sitting here in Cuba and I do not know why. I do not know what is happening outside; I do not know. But what I do know is that this is a game."A Post-Sept. 11 Roundup

In early October 2001, the United States was still reeling from the shock of the Sept. 11 attacks. U.S. intelligence agents around the globe worked frantically to chase down leads about Islamic radicals who might pose a threat.

Bosnia was seen as a potential haven. Large numbers of Muslim volunteer fighters had remained in the country, marrying Bosnian women, after the war. Some worked for Islamic charities, which U.S. investigators believed were often fronts for money-laundering rackets by terrorist groups.

One foreign fighter whom intelligence operatives wanted to find was an Algerian known only by the nickname Abu Maali. A veteran of conflicts in Algeria, Afghanistan and the Balkans, he was thought to be close to al-Qaeda.

On Oct. 8, 2001, Bosnian police detained an Algerian, Belkacem Bensayah, who they believed might be Abu Maali. While searching his home, they found a piece of notepaper that listed, in a handwritten scrawl, what appeared to be a phone number in Pakistan and the name "Abu Zubeida."

The scrap of paper was considered a vital piece of evidence. It seemed to match the name of one of al-Qaeda's top leaders, a Palestinian named Abu Zubaydah, who had fought in the Balkans and was at the time serving alongside Osama bin Laden in Afghanistan.

Bensayah told police he had never before seen the note, which was found inside a borrowed library book, "The Tragedy of Immorality." Bosnian and U.S. investigators didn't believe him.

Later, U.S. investigators asserted they had phone records indicating Bensayah had called Afghanistan 70 times after Sept. 11 and accused him of being "the top al Qaeda facilitator" in Bosnia, court documents show. The phone records have not been publicly disclosed.

Police turned their attention to an acquaintance of their lead suspect, another Algerian, Saber Lahmar. A worker for a Saudi aid agency in Bosnia, the Saudi High Committee for Relief, Lahmar had another intriguing connection: His father-in-law had recently been hired as a janitor at the U.S. Embassy.

On Oct. 16, U.S. intelligence officers listened in on a wiretap they had placed on Lahmar's phone. According to court records, they heard him speaking "in code" about what they thought was a plan to attack the U.S. and British embassies in Sarajevo.

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The next day, U.S. diplomats and officials from the CIA and FBI met with their Bosnian counterparts. The Americans told the Bosnians that they had closed the embassy for security reasons and made clear they wanted more arrests, according to Bosnian officials present at the meeting.

Over the next week, Bosnian police arrested Lahmar and four other Algerians: Ait Idr, Hadj Boudella, Mohamed Nechle and Lahkdar Boumediene. Most of the men have said they were friends who had met through their charity work.

Srdjan Dizdarevic, president of the Bosnian chapter of the Helsinki Committee for Human Rights, said U.S. officials exerted heavy pressure to round up suspects, threatening to withdraw U.S. peacekeeping troops if Bosnian officials didn't act.

"There was not a single piece of credible evidence against the Algerians," Dizdarevic recalled. "The Bosnian authorities couldn't find anything, and the Americans didn't turn over anything to back up their claims. But the threats from the Americans were enormous. There was a hysteria in their behavior."

Vijay Padmanabhan, a lawyer in the State Department's legal office for political and military affairs, confirmed that U.S. officials met with the Bosnians to discuss the embassy closing.

"We didn't threaten or intimidate the Bosnians into arresting these men," he said. "We provided the Bosnian government with intelligence information, and they took what they felt was the appropriate action based on that information." He declined to provide further details.Court Orders Ignored

After finding the note in the library book, investigators had trouble finding evidence that would stand up in court.

Phone records revealed no calls from Bensayah's home to the phone number attributed to Abu Zubaydah, according to Bosnian judicial documents. U.S. officials declined to provide Bosnian investigators with transcripts of their own wiretaps, saying that could compromise spying methods.

On Jan. 17, 2002, the Bosnian Supreme Court ordered the release of the six Algerians, ruling that there was not enough evidence to warrant their detention. The same day, the Bosnian Human Rights Chamber issued a separate decision that the men had the right to remain in Bosnia and could not be deported.

By then, rumors had swirled for days that U.S. peacekeeping troops would seize the Algerians anyway.

As dusk fell, an angry crowd of more than 150 people surrounded the prison in Sarajevo. A Muslim radio station urged listeners to turn out to protect the men. Scuffles broke out with police, who dispersed the crowd.

Shortly before dawn on Jan. 18, the Algerians were officially released from Bosnian custody. But instead of gaining their freedom, they were handed over by Bosnian police to U.S. military personnel.

"The only way out was to deliver them" to the Americans, said Alija Behmen, Bosnia's prime minister at the time, in an interview. "We were not interested in introducing a new period of instability in Bosnia."

Other officials said the decision caused lasting harm to efforts to solidify the rule of law in a fragile nation trying to recover from civil war.

Manfred Nowak, the U.N. special rapporteur on torture, said it was especially disturbing that the Bosnian and U.S. governments ignored the order of the Bosnian Human Rights Chamber. Nowak noted that the United States had played an instrumental role in creating the human rights court as part of the international effort to rebuild Bosnia.

"There was a clear order not to deport them from Bosnia. The U.S. government totally ignored it," Nowak said. "It's implausible to say they are enemy combatants. They were fighters during the Bosnian war, but that ended in 1995. They may be radical Islamists, but they have definitely not committed any crime."Shifting Allegations

At Guantanamo, the Algerians entered a military justice system where the rules allow hearsay and other uncorroborated evidence to be used as justification for keeping an inmate imprisoned.

The men waited more than 2 1/2 years before they got judicial hearings. In October 2004, a U.S. military tribunal held a hearing to examine the evidence against Hadj Boudella and decide whether he should be classified as an enemy combatant.

Prosecutors accused him of being "associated with al Qaeda" and having connections to other Islamic radical groups, including the Armed Islamic Group of Algeria, known by its initials in French, GIA. It was also noted that Boudella had been arrested on suspicion of plotting to attack the U.S. Embassy in Sarajevo, although there was no mention that Bosnian officials had exonerated him of that claim.

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The basis for the new accusations, some of which were classified, was not disclosed at the hearing. Tribunal members acknowledged they were just as confused as the detainees about the origin of some of the allegations.

"At this point, we don't know why you are being accused of being a member of the Armed Islamic Group," one military officer, whose name was redacted from the tribunal transcript, told Boudella. "Do you have any idea why you are being connected with this group?"

"I don't know," Boudella replied. "I've been here for three years and these accusations were just told to me."

In his defense, Boudella asked if the military tribunal could submit as evidence the Bosnian Supreme Court ruling that ordered his release from the Sarajevo jail, as well as a subsequent Bosnian human rights court decision awarding him $6,000 in damages on grounds that the Bosnian government had illegally deported him to Guantanamo. The documents, he said, would prove his innocence.

U.S. military officers said they had searched for the documents but that they were "unable to be located." At the time, however, the documents were readily available both on the Internet and in U.S. District Court files in Washington, according to the American defense lawyers representing the Algerians.

At the conclusion of the tribunal in October 2004, Boudella -- like the five other Algerians who were in separate hearings that month -- was declared an enemy combatant.

Since then, the military has conducted annual reviews of the six men's status.

Each time, court officers have upheld the original decision.

Records from tribunal sessions in December 2005 show the U.S. military is no longer accusing the Algerians of conspiring to attack the U.S. Embassy in Sarajevo. No explanation for the change is given.

The military has listed other factors in its decision to label the men a security threat.

One detainee was judged a threat in part because he was a karate expert and had taught martial arts to Bosnian orphans, tribunal records show. He was also classified as potentially dangerous because he was familiar with computers.

Another detainee was flagged because he had performed mandatory service in the Algerian army more than a decade ago, as a cook.

Boudella was accused by the U.S. military of joining bin Laden and Taliban fighters at Tora Bora, Afghanistan, the mountain hideout where the al-Qaeda leadership escaped from U.S. forces in December 2001. In fact, at the time, Boudella was locked up thousands of miles away in Sarajevo, after his arrest in the later-discredited embassy plot.

One fresh allegation filed against Boudella last year was that he wore a ring "similar to those that identified the Red Rose Group members of Hamas," the radical Palestinian movement, according to tribunal records.

Boudella's wife, Nadja Dizdarevic, responded in an interview that the ring is a common anniversary band worn by thousands of Bosnian Muslims. She said she obtained an affidavit from the jeweler in Sarajevo where he bought the ring and submitted it to the U.S. military in hopes that they will drop the charge at his next hearing.

"If it is a mark of belonging to Hamas, then 98 percent of the Bosnian Muslims belong to Hamas," she said. "For every claim they make against him, I have proof to show them they are wrong, so they have to invent something new."

The Defense Department declined to answer specific questions about the case, saying that some evidence against the men remains classified.

But a Pentagon spokesman defended the decision to apprehend the six Algerians.

"There was no mistake in originally detaining these individuals as enemy combatants," said Navy Lt. Cmdr. J.D. Gordon. "Their detention was directly related to their combat activities as determined by an appropriate Defense Department official before they were ever transferred to Guantanamo."State Dept. Responds

On Feb. 2, 2005, Bosnian Prime Minister Adnan Terzic wrote a letter to U.S. Secretary of State Condoleezza Rice asking that the Algerians be returned to Bosnia.

"I took it for granted that it was the responsibility of this government to try to bring these people back," Terzic said in an interview.

Rice responded on March 17 that it was not possible to free the six Algerians because "they still possess important intelligence data" and pose a threat to the security of the United States.

Three months later, the State Department offered a somewhat different explanation. In a letter to U.S. Sen. James M. Jeffords (I-Vt.), Matthew A. Reynolds, acting assistant secretary for legislative affairs, explained that the Algerians could not be released in part because the Bosnian government "has not indicated that it is prepared or willing to accept responsibility for them upon transfer."

Bosnian officials said they received no such offer. They express frustration over the lack of action.

Justice Minister Slobodan Kovac said there would be no legal basis to place the men under arrest or surveillance if they were returned to Bosnia because they have already been exonerated there. "There is no case against them here in Bosnia, no criminal case," he said.

In Germany, Terror Suspect's Arrest Shakes Sense Of Security (USAT)

By William Boston Special For

USA Today, August 21, 2006

BERLIN — The weekend arrest of a Lebanese student suspected of trying to blow up two commuter trains last month prompted German authorities to warn that the country has become a target for Islamic terrorists.

“The danger has never been as high,” Interior Minister Wolfgang Schaeuble said in an interview on German public television.

Schaeuble said he feared strikes by homegrown Muslim radicals. “That is the real reason for concern,” he said. “We don't know anymore who is living among us.”

Terrorist attacks in Germany would mark a change of tactics by al-Qaeda and other militant Islamic groups, which have used the country to train, recruit, raise money and gather technical expertise but have avoided striking here.

Germany has been a haven for foreigners linked to Islamic terrorist organizations. Several hijackers involved in the Sept. 11 attacks in the USA, including Saudi national Mohamed Atta, studied in Germany and belonged to an al-Qaeda cell in Hamburg.

The arrest Saturday of a Lebanese student — identified only as Youssef Mohamad E.H., 21 — put police on high alert.

On Sunday, a judge ordered the student held pending possible terrorism charges stemming from the discovery July 31 of bombs in suitcases aboard trains bound for Dortmund and Koblenz. The student was detained after he was identified from surveillance footage.

“I am shocked,” said Jürgen Lesch, 56, a Dresden software developer. “Now it looks like terrorism has reached us, as well.”

Germany's refusal to take part in the U.S.-led war in Iraq once had Germans thinking Islamic terrorists would focus elsewhere, said Lesch's wife, Marita, 52, a teacher. “We didn't fight in Iraq, and until now we assumed that if we behaved well in the world, nothing would happen to us,” she said.

Michael Lüders, a Middle East expert and government policy consultant, said, “Germany is reorienting its (foreign) policy. It did not call for an immediate cease-fire (during Israeli attacks) in Lebanon, and that was disappointing in the Arab world. Some radical forces now think Germany should be punished,” he said.

German counterterrorism officials keep close watch on Islamic activists. In its annual report on extremists, the country's domestic intelligence agency said Germany was home to about 900 members of the militant Lebanese Shiite organization Hezbollah.

Until now, Hezbollah had ordered its activists not to engage in terrorist attacks in Germany, according to a public report by the intelligence agency for the state of North Rhine-Westphalia.

Germany is now vulnerable, said Jörg Ziercke, head of the Federal Crime Agency, or BKA.

“It is imaginable that the perpetrators want to make a statement in light of the conflict in the Middle East,” he told reporters at a news conference Friday in Wiesbaden.

The alleged terrorist plot is also causing Germany to consider intensifying security measures to fight terrorism. Schaeuble called for increasing video surveillance in public places such as train stations. The government is also considering creating a national database on terrorism suspects.

“We are threatened by terrorism, and never before was the threat so near,” Schaeuble told reporters. “The idea that in Germany we are living on an island of the blessed has always been wrong.”

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A Win For Spying Opponents (USNEWS)

By Liz Halloran

U.S. News and World Report, September 4, 2006

Federal District Judge Anna Diggs Taylor's ruling last week in a case challenging the Bush administration's secret domestic surveillance program seemed unequivocal. "There are no hereditary kings in America and no powers not created by the Constitution," she wrote in the first decision to directly address the program's legality. The National Security Agency's warrantless phone eavesdropping, she said, violates U.S. citizens' privacy and free-speech rights and illegally bypasses review by a special court set up to monitor domestic spying. She ordered it stopped.

While it appeared a stinging rebuke of President Bush's broad assertions of executive authority, the battle over spying is far from over. The administration obtained a stay to keep the NSA operation running pending a September 7 hearing and plans to appeal the decision to the Sixth Circuit or the U.S. Supreme Court. More challenges to the program are wending their way through the courts. When Congress returns, members will again hash over a proposed GOP bill that would essentially legalize the surveillance program as is.

Reasoning. Both sides were quick to put their own spin on the ruling. Administration officials defended their efforts as legal and "very important for the security of our country," said Attorney General Alberto Gonzales. Some scholars questioned Taylor's reasoning, but Anthony Romero of the American Civil Liberties Union, the lead plantiff, hailed her decision as "a nail in the coffin" on Bush's use of executive power.

Taylor's ruling gives fresh ammunition to Democrats opposed to an administration-friendly bill proposed by Senate Judiciary Committee Chairman Arlen Specter that would, in effect, stamp "approved" on the NSA program. The handful of court cases challenging the surveillance includes one scheduled for argument September 5 in New York. And 17 cases against phone companies believed to have cooperated with the NSA were recently consolidated and are pending in a San Francisco court.

Transcript (NBC)

NBC's Meet The Press, August 21, 2006

MR. DAVID GREGORY: Our issues this Sunday: Day 1,251 of the war in Iraq. Indications the insurgency has gotten worse, as the number of roadside bombs and attacks against U.S. and Iraqi forces reach record levels; sectarian violence now claiming an average of more than 100 Iraqi civilians a day. Has a civil war already begun?

And here at home: less than 12 weeks until the midterm elections, and the debate over our involvement in Iraq is front and center.

VICE PRES. DICK CHENEY: A number of well-known Democrats have been talking about setting a deadline for withdrawal. That's a bad idea.

MR. GREGORY: But is the U.S. winning? We'll ask our guest, a man who ran for the White House in 2000 and will likely run again in 2008, an exclusive interview with Arizona Senator John McCain.

Then, insights and analysis from a scholar who met with President Bush this week, Vali Nasr, professor at the naval post-graduate school, and author of "The Shia Revival: How Conflicts Within Islam Will Shape the Future"; NBC News analyst and retired Army General Barry McCaffrey, who just returned from the region; and John Harwood of The Wall Street Journal and CNBC.

But first, Senator John McCain.

Welcome back to MEET THE PRESS, Senator.

SEN. JOHN McCAIN (R-AZ): Thank you, David.

MR. GREGORY: This was the story in The New York Times front page this week. Let me put it on the screen. "The number of roadside bombs planted in Iraq rose in July to the highest monthly total of the war, offering more evidence that the anti-American insurgency has continued to strengthen despite the killing of the terrorist leader Abu Musab al-Zarqawi. Along with a sharp increase sectarian attacks, the number of daily strikes against American and Iraqi security forces has doubled since January. ... 'The insurgency,'" this article goes on from last Thursday, "'has gotten worse by almost all measures, with insurgent attacks at historically high levels,' said a senior Defense Department official. ... 'The insurgency has more public support and is

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demonstrably more capable in numbers of people active and in its ability to direct violence than at any point in time.'" Senator, are we winning in Iraq?

SEN. McCAIN: I don't think so, but I'm not sure that it's turned into a civil war. We had testimony, as you know, from the chairman of the Joint Chiefs of Staff and General Abizaid, the commander over there in the region, that it's a possibility. That's the first time that we have—at least from the administration's viewpoint—faced this possibility. I don't think we're there yet, I agree with him, but I think the situation is very serious, it's very dangerous. This Mahdi Army is now becoming more and more powerful. It's interesting, the Sunnis now are the ones who are interested in us staying. But it's a very difficult situation. We've got to win, we do—still do not enough of the kind of troops we need over there, and it's going to be a very difficult process.

MR. GREGORY: The president has said repeatedly that he has a strategy to win, that if his commanders want more forces, they will get them. Should more troops be sent?

SEN. McCAIN: Well, I think it's been well documented now that we didn't have enough there from the beginning, that we allowed the looting, that we did not have control, particularly, of areas, such—in the Sunni Triangle, which led to us paying a very heavy price. We make mistakes in every war, and serious mistakes were made here. The question is, are we going to be able to bring the situation under control now? I still believe we can. I think part of it has to do with the Mahdi Army and Sadr. Sadr has got to be taken out of this equation and his militia has got to be addressed forcefully.

MR. GREGORY: But to do that, do you need more U.S. soldiers on the ground now?

SEN. McCAIN: I think so. I think so. We took troops from places like Ramadi, which are still not under control, to put them into Baghdad. We've had to send in additional troops as they are. All along, we have not had enough troops on the ground to control the situation. Many, many people knew that and it's—we're paying a very heavy price for it. But I want to emphasize that we cannot lose this. It will cause chaos in Iraq and in the region, and it's—I still believe that we, we must prevail.

MR. GREGORY: Let me ask you about military strategy that you just alluded to a moment ago. Michael Gordon, Pentagon correspondent, just returned from Anbar Province. This is what he wrote in today's New York Times Magazine. We'll put it on our screen. "Officially, the Bush administration's strategy [on the ground in Iraq] is: Clear, hold and build. But with limited American forces to do any clearing, the war in western Iraq looks much more like hang on and hand over. Hang on against an insurgency that seems to be laying roadside bombs as quickly as they are discovered, and hand over to an Iraqi military that is still a work in progress."

He talks about severe constraints: Iraqi bureaucracy, they're not getting pay to the soldiers in time, they're not getting food rations there, some of the food is spoiled, they're not getting promotions in time, and some of their troops are simply AWOL. Are these troops actually standing up in Iraq?

SEN. McCAIN: I think they're standing up much better than they were in the past. They're doing a lot better job than they had in the past. The question is, is can they do the job completely, and the answer is no. When American troops are with them, they perform far better than by themselves. There are Iraqi battalions which are excellent, there are some that are poor.

But we—but the real problem is not so much the army as the police. The police have been taken over by militias in many areas of the country, whether it be Basra or others. That, combined with, with an Iranian influence, particularly in the southern region, leads to a very, very difficult situation. And when we move troops from one place to another, it's not clear and hold, it's clear and leave. And that never worked.

MR. GREGORY: Well, let's talk about the movement of troops throughout the country. Earlier this month, you said the following about U.S. forces going back into Iraq, some 7,000 troops. Let's watch.

(Videotape, August 3, 2006):

SEN. McCAIN: And what I worry about is we're playing a game of Whack A Mole here. We move troops—it flares up, we move troops there.

(End videotape)

MR. GREGORY: Whack A Mole. What are you talking about? What's the concern?

SEN. McCAIN: Well, there's the, you know, the old arcade game where the head, and you bang it down, and another head pops up someplace else, and that's basically what I was talking about, is that we have never had sufficient number of troops to

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clear and hold. The, what we call the oil spot strategy, which everybody knows is the successful way to combat an insurgency. So we've had to move our troops around from one place to another.

Fallujah was allowed for a period of a couple of years to become the center for terrorist operations through an insurgency throughout Iraq. We had to go in there, and these brave Marines and Army people, I mean, that was one of the historic battles in Marine and Army history. Eighty-six killed, 1,000 wounded because we didn't have enough troops to control Fallujah to start with. That's the object lesson. So then we had to move to Ramadi. Now, of course, Baghdad is the center of our attention now.

But I want to emphasize again, there are good things happening. We did have a free election, we do have a functioning government. Where—there are some parts of the country, particularly in the north, that things are good. It's not all bad news. But it is a serious situation.

MR. GREGORY: But in the most dangerous parts of the country, you see this Whack-A-Mole approach. So what's the consequence of that?

SEN. McCAIN: The consequences are is that we go in and we control an area for a short period of time and then we leave and then the insurgents filter back in. And...

MR. GREGORY: It's not the right strategy, as far as you're concerned?

CNN Late Edition With Wolf Blitzer (CNN)

CNN.com, August 20, 2006

Interview with Fawzi Hariri; Interview with Charles Rizk; Senators Feinstein, Apecter Discuss Need For U.N. Troops In Lebanon

Aired August 20, 2006 - 11:00 ET

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WOLF BLITZER, CNN ANCHOR: It's 11 a.m. in Washington, 8 a.m. in Los Angeles, 6p.m. in Jerusalem and Beirut, 7 p.m. in Baghdad. Wherever you're watching around the world, thanks for joining us for "Late Edition."

We'll speak with the Lebanese justice minister, Charles Rizk, about all the latest developments in the Middle East in just a moment.

First, though, let's check in with CNN's Fredricka Whitfield at the CNN Center in Atlanta for a quick look at what's in the news right now.

(NEWSBREAK)

BLITZER: Israeli leaders this morning reacted to the criticism of their commando raid into Lebanon and continued to insist on a strong international force on the border with Lebanon. Joining us now live from Jerusalem with more, our CNN international correspondent, Fionnuala Sweeney.

What's the latest from Israel, Fionnuala?

FIONNUALA SWEENEY, CNN CORRESPONDENT: Well, Wolf, Israel taking a very tough line on condemnation from the U.N. secretary-general, Kofi Annan, that Israel's military action taken in the Bekaa Valley overnight of the weekend was a violation of the cease-fire. Israel essentially saying that until a multi-national force is in place, it is the Hezbollah who are violating the cease-fire by organizing transfer of arms from Syria.

(BEGIN VIDEO CLIP)

ISAAC HERZOG, ISRAELI CABINET MINISTER: Some of the major proponents of the resolution, such as France, has not yet delivered on a robust international force, as was promised to Israel, and, therefore, what we are focusing on is to make sure that the arrangements regarding the embargo on arms to the Hezbollah from Iran and Syria will be fully implemented. That's why I beg to differ with the honorable secretary general on his comment.

(END VIDEO CLIP)

SWEENEY: Isaac Herzog there speaking around the cabinet meeting, the weekly cabinet meeting that took place this Sunday after the Jewish weekend was over. Also at that meeting, Israel's defense minister, Amir Peretz, saying Israel should prepare for, quote, "round two," reflecting a feeling in this country that Israel's objectives in its war with Hezbollah were not

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achieved, specifically the kidnapping of two Israeli soldiers that sparked this conflict and the fact that Hezbollah does not, at the moment, seem to be disarming.

And Amir Peretz also saying that it would only allow the Lebanese army to come within two kilometers of Israel's border with a UNIFIL force.

Wolf?

BLITZER: All right, Fionnuala. Thank you so much.

Fionnuala Sweeney reporting for us from Jerusalem.

And we're now six days into this cease-fire between Israel and Lebanon. Things clearly on shaky ground right now. Will both sides live up to the promises? Joining us live from Beirut is the Lebanese justice minister, Charles Rizk.

Minister Rizk, thanks very much for coming back to "Late Edition."

This Israeli commando strike near Baalbek in eastern Lebanon, it's described as an area where Hezbollah is very strong, very strong Hezbollah roots. Listen to what the foreign ministry spokesman, Mark Regev, said in Jerusalem in defending this Israeli raid.

(BEGIN VIDEO CLIP)

MARK REGEV, ISRAELI FOREIGN MINISTRY SPOKESMAN: If you import weapons for Hezbollah, if you transfer weapons for Hezbollah, that's a violation of the resolution, and we're entitled to respond.

(END VIDEO CLIP)

BLITZER: If the Israelis had evidence that Hezbollah was getting weapons through Syria, is that under the U.N. Security Council Resolution 1701 justified for them to take action?

CHARLES RIZK, LEBANESE JUSTICE MINISTER: Look, we fully back the statement and the decision by the secretary general of the United Nations, Kofi Annan, to very, very strongly criticize this threat by the Israelis. As you know, 1701, the U.N. Security Council resolution, provides for a sequence of actions, the first being the withdrawal of the Israeli forces and then the entry of the Lebanese as well as the international forces in the area, evacuated by the Israelis.

When the Israelis do what they have been doing the other day, one day, 36 hours ago, Israel in Baalbek, they violate, obviously, the cease-fire, and they interrupt, as a matter of fact, the withdrawal. Therefore, they provide the opportunity for two things: They give an alibi for Hezbollah to stop talking about disarming, first. Second, they encourage the European powers who pledged to send their forces to strengthen UNIFIL to refrain from doing this. This is a very, very, very counterproductive action that the Israelis have been doing. And on the other hand, the Israelis are not the overseers of Lebanon. Lebanon is still an independent country, and if there is an authority to oversee whether Lebanon receives arms or not, it's the Lebanese forces, one, and also the international community, and absolutely not Israel.

BLITZER: Let me read to you from Resolution 1701, which says this, among other things. It says, "No sales or supply of arms and related material to Lebanon except as authorized by its government." Is the Lebanese army ready to stop arms shipments to Hezbollah?

RIZK: Yes, Wolf, I know by heart 1701. If you read it well, you would see that it's, as I said, it's a sequence of actions. The first, it's (inaudible) paragraph two provides for the evacuation of the Israelis, as well as the entry of the Lebanese forces, as well as the international UNIFIL.

Then Article O.B. (ph) 8, if you read it well, it provides for other actions to be taken. And then -- like the one you are mentioning, and O.B. (ph) 10, which is also the third sequence of these actions, provides also for the two parties to agree on a cease- fire, permanent cease-fire.

And this cease-fire would be based on some points. One of these points is the evacuation of the Shebaa Farm. So you have to take it as a package. As a matter of fact...

BLITZER: But let me interrupt, Minister, and just press you on this point. Is the Lebanese army, at this point, ready to stop arms shipments? If there's evidence that new missiles or rockets or other weapons are coming into Hezbollah from Syria, is the Lebanese army ready to take action to stop that along the border with Syria?

RIZK: As much as we know, there is no such evidence lately, I mean, in the two days, to justify this action by the Israeli commandos. Now, as I'm trying to tell you...

BLITZER: If, in fact, they were -- but if you did get evidence -- if you did get evidence that new weapons shipments were coming into Hezbollah, would you take action?

RIZK: The Lebanese army has committed itself to take action in the limits of 1701, starting with the area between south of Litani and the blue line. Now, this has taken place only a few days ago. And the Lebanese army is expanding.

As you know, it cannot be -- it cannot come just overnight. This is a long process. It has to come progressively. We were progressing, and today we have two envoys from the United Nations secretary general who are discussing this in detail with the Lebanese government. And as much as you are concerned, we are perfectly determined to continue the implementation of 1701 as it provides for.

BLITZER: We see that this international force is having tough times getting its act together. Originally, the French were supposed to send thousands of troops. Now they're saying maybe 200.

BLITZER: They've sent less than 50 so far, mostly engineers coming in. What's going on? What's your understanding, as far as the composition of a U.N. force, which is supposed to have some 15,000 forces?

RIZK: Absolutely. It's a subject of preoccupation, as a matter of fact. First of all, UNIFIL already exists. We have about 2,000 UNIFIL forces are there.

They have to be buttressed by some additional to reach the figure of 15,000, hopefully. And, as you know, this takes time. And a commander, who is a French officer, stated that he is, as a matter of fact, contemplating this process to take place.

Now, when you have such actions as the Israeli raid the other day, this really gives a very bad sign to the European, or to outside forces, for this and makes them shy, as a matter of fact, to expose their soldiers to this and makes them all the more decided to discuss the rules of engagement.

And this is precisely, I mean, what we are discussing now. And in the middle of this process, this very, very unfortunate action by the Israeli commando took place, as if it was to sabotage all this process.

Now, we are progressing in this direction. We are absolutely determined to achieve what we have been committed to, provided on the other way also -- because it takes two to tango -- on the other side, also, the Israelis do the same.

BLITZER: The president of the United States, George W. Bush, spoke out on Friday. And clearly, he blames Hezbollah for all of Lebanon's problems right now. Listen to this.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: The first reaction, of course, of Hezbollah and its supporters is declare victory. I guess I would have done the same thing if I were them.

But sometimes it takes people a while to come to the sober realization of what forces create stability and which don't. Hezbollah is a force of instability.

(END VIDEO CLIP)

BLITZER: Do you agree with the president?

RIZK: No. I perfectly respect the opinion of the president of the United States, although I don't agree with what he said.

As a matter of fact, our view is that we should solve the problem of Hezbollah, the Hezbollah resistance and the Hezbollah weapons at its roots. And the root is the Israeli occupation. As you know, Hezbollah started only in the middle of the mid- '80s. The Israeli occupation started long before. So Hezbollah is not the cause of the Israeli entry into Lebanon. It's exactly the consequence.

So we are very eager, as the president is saying, to solve the problem of the Hezbollah. But because we are eager to solve the problem, we want to solve the roots of the problem and not only the consequences.

We consider Hezbollah, only, as the consequence of a deeper, older occupation, which as I mentioned before, 1701 provides for the evacuation of the tip, in the south of the Lebanese territory which is still under Israeli occupation, which is the Shebaa Farm.

It's provided for in, I think, paragraph 10 of 1701, which gives the secretary general a month to produce project, proposals to the security council to tackle this issue.

So when this is done, the totality of the Lebanese territory will be evacuated. And then we could say that the raison d'etre of Hezbollah's activity in the south and the Hezbollah weaponry will be over. Until then, it won't.

BLITZER: The United Nations certified that Israel withdrew totally from Lebanon, the Lebanese territory in 2000, six years ago. As you know, there has been this dispute over this tiny area called Shebaa Farms, which you referred to.

But the U.N., at least until recently, has always suggested that was Syrian territory, a position that the Israelis have taken as well. If, in fact, the Israelis eventually pull out of Shebaa Farms, will there be no excuse, no reason for Hezbollah to launch attacks against Israel?

RIZK: First of all, 1701 -- the importance of 1701, it provides that Shebaa Farm is Lebanese. And it asks the secretary general to propose a plan for this.

Now, if this is evacuated, and also if all the other provisions of 1701 are implemented by the Israelis, then, yes, Hezbollah won't have any more reason to continue this military activity. And they will reintegrate the Lebanese political society, the Lebanese political community and enter as a civilian and as a political party in the Lebanese political process.

BLITZER: Charles Rizk, the justice minister of Lebanon, we have to leave it there. Thanks very much for spending a few moments with us here on "Late Edition."

RIZK: Thank you.

BLITZER: And coming up at the top of next hour, we'll get a different perspective from the other side of the border. We'll speak live with the Israeli foreign minister spokesman, Mark Regev. We'll ask him whether Israel will continue to strike deep into Lebanon. Up next, though, 50 French soldiers arrive in Lebanon. Thousands were expected. What's going on? We'll discuss that and much more with two U.S. senators, Arlen Specter and Dianne Feinstein.

More bombs and more deaths than ever in Iraq. How can the spiraling sectarian violence be stopped? We'll ask the Iraq minister of industry, Fawzi Hariri.

"Late Edition" will be right back.

(COMMERCIAL BREAK)

(BEGIN VIDEO CLIP)

BUSH: We'll work with nations to step up to the plate and do what they voted to do, the United Nations, and that is to provide robust international forces to help the Lebanese army retake the south.

(END VIDEO CLIP)

BLITZER: President Bush speaking out Friday about the need for U.N. forces on the border of Israel and Lebanon. But the fact is, few nations so far are signing up, and the cease-fire could be in deep trouble.

Joining us now to discuss this and much more, two guests: Republican Senator Arlen Specter of Pennsylvania. He's the chairman of the Senate Judiciary Committee. Senator Specter is joining us from Jerusalem, where he's been meeting with top Israeli officials. Also joining us, Democratic Senator Dianne Feinstein. She serves on the Judiciary Committee as well as the Intelligence Committee. She's joining us from her home state of California.

Senators, thanks to both of you for coming in.

Senator Specter, I know you've been meeting with top Israeli officials. Based on what you're hearing, is this cease-fire going to work?

SENATOR ARLEN SPECTER, (R) PENNSYLVANIA: I think there's a realistic chance that it will work, Wolf. It depends upon whether the United Nations fulfills the commitment to put a robust force on the ground. They're looking for 15,000 U.N. peacekeepers to supplement the 15,000 in the Lebanese army. And the United States is squarely behind the arrangement.

And the progress has not been too good so far. There's been a little disappointment that the French have not put up a substantial force, which they had committed to, but it is early yet. And I talked to the prime minister today, and the defense minister, and they are both optimistic that there will be a U.N. force and that it will stabilize the situation.

BLITZER: Is it hard, Senator Specter, for the U.S. to be encouraging France and other countries to deploy thousands of troops to that border, clearly a dangerous area, when the U.S. itself is gun- shy, doesn't want to get involved?

SPECTER: Well, I think Israel has made it plain that their preference is that the United States not be involved, for many reasons. And the United States has been such a strong supporter of Israel, and justifiably so, for good reason at our national self-interest, that they're looking for other troops, and there has never been any suggestion that the United States would be a part of this U.N. force. So, there's no change in not having the U.S. participate.

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BLITZER: Senator Feinstein, you've not been shy over the years in criticizing President Bush on foreign policy issues or other issues. What do you think he should be doing right now? Is he doing it just about right as far as the Israeli-Lebanese situation is concerned?

SENATOR DIANNE FEINSTEIN, (D) CALIFORNIA: Well, I think Secretary Rice and her team did a good job in putting together this cease-fire and shepherding it through the security council. I think very important in all of this is a resolution to the Shebaa Farms issue. Shebaa Farms is just a rocky, very small area up in the north of Israel. And Syria has laid claim to it historically. But I heard on your show a minister from the Syrian government essentially say that Syria's position was that Shebaa Farms should go to Lebanon.

And I hope that that is the result of what the secretary-general comes up with in the next 30 days. I think deciding that really does take away one of the major organizing tools of Hezbollah, who has laid the claim that parts of Lebanon are occupied. And, of course, one of those parts is Shebaa Farms. So if that issue could be solved, I think it would go a long way.

BLITZER: Senator Specter, when you spoke with the prime minister, Ehud Olmert, today, did you discuss that issue of Shebaa Farms?

SPECTER: We did not discuss that. We focused mostly, Wolf, on the part that Iran and Syria have played in backing Hezbollah, and what is not really broadly recognized is that Hezbollah has had enormous support in advanced military equipment and advanced training.

And one of the things that I had made a floor statement in the Senate before we adjourned for the August recess was that we ought to be trying to bring Iran and Syria before the United Nations for violating the U.N. resolution which calls for the disarmament of Hezbollah. And the principal part of the discussion that I had with the Israeli prime minister today was Iran's participation, and that Israel has really been fighting Iran through the surrogate of the Hezbollah terrorists.

BLITZER: Senator Feinstein, I want to pick up on one thought, then I want to move on to warrantless wiretaps here in the United States.

The U.S. re-establishing a high-level dialogue with Syria, clearly a key player in this region. Is it a good idea for the president of the United States now to authorize high-level discussions with Bashar Al-Assad?

FEINSTEIN: Absolutely. I don't really support this business that we only talk with people that we agree with. I think you talk with people you disagree with. I think it is a mistake to isolate governments. You isolate governments and they become more recalcitrant, not less recalcitrant.

Therefore, I think it is very important -- I think it's very important to clear up the fact that Iran is shipping rockets and missiles from Tehran to Damascus. I believe we stopped one cargo plane full. The question arises, are there others coming through this way? And I think it's extraordinarily important to sit down, when you have a point of difference, and talk with the nation. And, for the life of me, I have never understood this reluctance to do so.

BLITZER: Well, talk about that stopping of that cargo shipment. Some of our viewers might not be familiar with what you're referring to.

FEINSTEIN: What I'm referring to is that there have been rumors for some time that rockets and munitions were coming out of Tehran in, well, actually, commercial planes, going into Damascus. And I believe one was actually stopped. It was a cargo plane. And if there's one, you can be sure there have been more than one.

And I think this alone is worth very serious discussions, rather than long-range threats, which I don't think are really effective. I strongly believe that diplomacy can work, strong diplomacy can work. And I think an example of that, although it was somewhat late, was Secretary Rice and her team putting together this cease-fire.

Now, what also needs to come out of this cease-fire, I think, is a much more general agreement between Israel and the Palestinians and get this solved. I think that that is the one thing that could really be seminal and positively effective in terms of the American relationship with the Muslim world.

BLITZER: I want you to respond, Senator Specter, and then we'll take a quick break, and we'll pick up on the other side of the break with the warrantless wiretapping issue. But go ahead, Senator Specter.

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SPECTER: Well, before coming to Jerusalem, I was part of a Senate delegation in Beijing, China. And I raised the point with the Chinese officials that China is selling missiles to Iran, and Iran is transferring them to Hezbollah, and one of them hit an Israeli ship.

And in the arrangement between China and Iran, there's a commitment by Iran not to transfer the weapons.

SPECTER: And I put the question squarely to top Chinese officials: When Iran breaches that agreement, are you going to stop selling Iran missiles? And the Chinese wouldn't answer.

We know that the Russians have sent equipment to Syria with a non-transfer arrangement. And Syria has turned them over to Hezbollah. And the Russians have stopped selling that equipment to Syria, so that we're really facing, with the Israeli battling the Hezbollah, weapons from China, from Russia. It's quite a heavily stacked deck.

BLITZER: Senator Specter, Senator Feinstein, please stand by. We're going to continue this conversation.

Lots more to talk about, including the political battle unfolding here in the United States over the warrantless wiretapping program of the president.

But up next, a quick check of what's in the news right now, including the latest on the Jon-Benet Ramsay suspect, John Mark Karr. He's on his way to the United States right now.

And this quick programming note: Now, more than ever, you need to know your enemy. This Wednesday, the stories only CNN can tell you about the man who became the world's most-wanted terrorist. Don't miss "In the Footsteps of bin Laden," a CNN Presents special two-hour investigation. That debuts Wednesday night, August 23rd, 9 p.m. Eastern, only here on CNN.

Stay with "Late Edition." We'll be right back.

(COMMERCIAL BREAK)

BLITZER: Welcome back to "Late Edition." We're talking with two U.S. senators, Republican Senator Arlen Specter -- he's joining us today from Jerusalem -- and Democratic Senator Dianne Feinstein. She's joining us from San Francisco.

Senator Specter, put on your hat now as chairman of the Judiciary Committee. Let me read to you what U.S. District Court Judge Anna Diggs Taylor wrote about the president's warrantless wiretapping program in a ruling this past Thursday.

"It was never the intent of the framers to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights. There are no hereditary kings in America and no powers not created by the Constitution. So all 'inherent powers' must derive from that Constitution."

Was she right when she said this warrantless wiretap program is illegal and unconstitutional?

SPECTER: Well, I think she's expressed her opinion. But I think, ultimately, Wolf, that question has to be answered by the Supreme Court of the United States. I've introduced legislation with the view to have that determined.

There is no doubt that the Foreign Intelligence Surveillance Act is being violated, because it requires the exclusive remedy to go to the Foreign Intelligence Surveillance court to get a warrant.

The president has contended that he has inherent powers. And Judge Taylor has disagreed with the president, which is the role of a federal judge. And now, what I will be looking for is to find a way to get the appellate process working, to get it to the Supreme Court of the United States for a definitive decision.

Meanwhile, if I may elaborate just a bit, Senator Feinstein has introduced legislation that she can comment about, which would give additional strength to the court to enforce the Foreign Intelligence Surveillance Act. And I have co-sponsored that.

But ultimately, the Supreme Court of the United States is going to have to decide the issue that Judge Taylor has decided against the president, and that involves a weighing of the importance to security to have these wiretaps contrasted with the invasion of privacy. And it's in the national interest to get that decided.

BLITZER: Senator Feinstein, I'll let you hear what the president said, reacting to that federal judge's decision. Listen to what Mr. Bush said.

(BEGIN VIDEO CLIP)

BUSH: Those who herald this decision simply do not understand the nature of the world in which we live. This country of ours is at war. And we must give those who are -- whose responsibility it is to protect the United States the tools necessary to protect this country in a time of war.

(END VIDEO CLIP)

BLITZER: Is the president right when he says that this program is legal? And he and his attorney general, Alberto Gonzales, have insisted that no new legislation is required as a result, because the program, as it exists right now, is legal.

FEINSTEIN: I think the answer is no. I also think it's potentially very dangerous for any president to have this wide swath of executive power, because it means that a president could order the wiretapping of the telephone calls of really tens of thousands of Americans. And the protection against unreasonable search and seizure would be effectively done away with.

There have been misuses of domestic surveillance in the past. That's what led to the FISA bill, the Foreign Intelligence Surveillance Act, which was passed in the 1970s. It was amended in the 1994, following the Aldrich Ames situation, to include physical searches and seizures. I think it's a very important piece of legislation.

It is one thing to go before the court and get a program approval of what is called meta data, which is the collection of official business records of telephone companies and e-mails, the number of origin, the point of receipt, the time of the call. It's another thing to allow the broad wiretapping of the conversations of American persons.

BLITZER: All right. FEINSTEIN: And I believe that should be done with individual warrants. And let me say one other thing. I have been briefed on this program, and it can fit within the boundaries of the Foreign Intelligence Surveillance Act. BLITZER: Senator Specter, Alberto Gonzales strongly defends the program, the legality of the program, and strongly insists that the legislation you've introduced, the legislation that Senator Feinstein has introduced, is simply not needed because the program is legal right now as it currently stands. Listen to what he said the other day.

(BEGIN VIDEO CLIP)

ALBERTO GONZALES, ATTORNEY GENERAL OF THE UNITED STATES: This is an important program. We have leaders of the intelligence community who have testified to Congress that it's been effective in protecting America. And so, we're going to do everything that we can do in the courts to allow this program to continue, because it is effective, has been effective in protecting America.

(END VIDEO CLIP)

BLITZER: What chance does your legislation or Senator Feinstein's legislation or any legislation have of getting passed when the White House insists no legislation is necessary?

SPECTER: Well, I believe that Attorney General Gonzales is wrong when he says no additional legislation is necessary, because I think if we gave the court seven days instead of three days and increased the resources that a great many of the wiretaps now in effect would be subject to a warrant issued by a judge. When he comes to the issue of inherent presidential power, he may be right or he may be wrong. That involves a weighing of the risk to the nation.

And the president is correct that we're in a tough war against terrorism. And the terrorists could strike at any time. And the threat to the United States has to be weighed against the intrusion of privacy. Now, we've had the opinion of one federal judge, and I respect that.

But that's not the final word. This is a matter of sufficient importance that we need to structure an appellate process to get it to the Supreme Court of the United States, so we have a judicial determination -- which is the tradition of our country -- that what is going on by way of wiretapping electronic surveillance is constitutional.

BLITZER: Senator Specter, Senator Feinstein, thanks to both of you for joining us.

Senator Specter, have a safe trip back here to the United States.

SPECTER: Pleasure being with you. Thank you, Wolf.

BLITZER: Thank you very much. Thanks to both of you.

FEINSTEIN: Thank you, Wolf. BLITZER: And in just a few minutes, at the top of the hour, we'll speak live with a spokesman for the Israeli ministry about the very shaky cease-fire on the border between Israel and Lebanon right now.

But coming up next, we'll turn our attention to Iraq, where more bombings, more murders are happening than ever before. Is Iraq on the brink of civil war? We'll speak with the Iraqi industry minister, Fawzi Hariri, in Baghdad. That's coming up next.

(COMMERCIAL BREAK)

BLITZER: This week's statistics about the situation in Iraq painted a very bleak picture. Since January, the number of IEDs, improvised explosive devices, roadside bombs has almost doubled. In July, there were over 2,600. Even though roughly half were found and defused, the human toll has been extremely high.

On an average day last month, 110 Iraqi civilians were killed in some fashion -- more than 3,400 all together. Again, twice the toll in January of this year. Are we looking, therefore, at a civil war already unfolding in Iraq?

I spoke to the Iraqi industry minister, Fawzi Hariri, about the situation on the ground in Iraq just a short while ago.

(BEGIN VIDEOTAPE)

BLITZER: Minister Hariri, thanks very much for coming in.

Very difficult days for Iraq right now. As we know, the statistics are pretty awful. It looks to those of us watching the situation from the outside that the sectarian violence is going from bad to worse. Is that your assessment?

FAWZI HARIRI, IRAQI INDUSTRY MINISTER: No, it isn't. It always looks bad on television screens, and once we are having some real problems, Wolf, it isn't to the extent that is portrayed by certain television stations as being a sectarian divide or a sectarian problem.

Sectarian wars happened in Rwanda. That's not happening in Iraq. The vast majority of the people of Iraq are determined to end up in a national unity country and a government that is for the whole of Iraqis.

Of course, there are certain elements that are trying to destabilize this situation and are taking advantage of some of the gaps that exist within the security environment of Iraq, because of the wars and the other problems that we have faced over the past three years to try and destabilize, but they will not win.

BLITZER: Listen, though, to what two experts have said in recent days and weeks.

U.S. military General John Abizaid, the commander of the Central Command, told Congress on August 3rd, "I believe that the sectarian violence is probably as bad as I have seen it in Baghdad, in particular, and that, if not stopped, it is possible that Iraq could move toward civil war."

And a day earlier, the British outgoing ambassador to Iraq, William Patey, said, "The prospect of a low-intensity civil war and a de facto division of Iraq is probably more likely at this stage than a successful and substantial transition to a stable democracy."

Those are two credible sources.

HARIRI: They are both credible. And I met Ambassador Patey before his departure, within 24 hours. And he was still extremely confident that the present Iraqi government and the present international support that exists for Iraq and the support of the people of Iraq to the new order in Iraq will overcome the present difficulties.

Clearly, there are certain sectarian attacks. And they are intermittent and are not coordinated. As I said, there is no civil war in Iraq in the sense that we saw in other parts of the world.

What we have is a struggle between two completely different ideologies, one that believes in the new dawn of Iraq, the new democracy, the new harmony amongst its people, and an ideology that is determined to stop the people of Iraq from achieving that goal.

And that is primarily supported by the former regime of Saddam Hussein and its elements and actively supported by some regional interferences in Iraq.

BLITZER: An Iraqi parliament member, Mahmoud Othman, said this past week. He said, "The American policy has failed both in terms of politics and security, but the big problem is that they will not confess or admit it. They are telling the American public that the situation in Iraq will be improved. They want to encourage positive public opinion in the U.S., but the Iraqi citizens are seeing something different. They know the real situation."

Is this parliament member, Mr. Othman, is he a credible source?

HARIRI: Mr. Mahmoud Othman is a credible spokesperson that always speaks his mind. And I have a great deal of respect to him.

However, it is a fact that the U.S., the U.S. administration and the people, have done a great deal to support the people of Iraq. And that is on record by the foreign minister, by the government official, by Mr. Maliki, in his last visit to Washington.

However, the support that existed has had gaps. And everybody admits that. And our job is to identify the gaps and fill them in when it comes to the security situation, when it comes to the build-up of our security forces, when it comes to supporting the Iraqi infrastructure, to develop an industrial capability that provides jobs and services to the people.

That is one of our biggest challenges that we are actively working on at this time.

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BLITZER: All right, another challenge, according to the U.S. ambassador to Iraq, Zalmay Khalilzad, is Iranian meddling in internal affairs in Iraq. Listen to what he told me earlier this week, the U.S. ambassador in Baghdad.

(BEGIN AUDIO CLIP)

ZALMAY KHALILZAD, U.S. AMBASSADOR TO IRAQ: Iran is playing a role in the sectarian violence that is taking place here. It is providing arms, training and money and other support to groups involved in sectarian violence, including militias that have death squads associated with them.

(END AUDIO CLIP)

BLITZER: Is he right?

HARIRI: I have no doubt that Ambassador Khalilzad has grounds to make such a statement. He may have intelligence or access to intelligence information that I don't have.

What is clear is that the Iranian government's position, from the onset of liberation of Iraq, has been the total support of the new regime or, in Iraq, has been the total support of the establishment of a new free Iraq.

If there are elements within the Iranian society that have relations with elements within Iraq that are up to no good, if that is the right phrase, then it's quite possible.

But the official Iranian position has always been to support Iraq and to provide everything that is necessary. As I said, I have no doubt that the ambassador has access to certain information that we do not. And therefore, I respect his opinion, but I don't know how far I could take it.

BLITZER: Minister Hariri, as you probably know, there was dismay here in Washington in many circles by your government's support of Hezbollah against Israel during this most recent war.

Does the Iraqi government stand with Hezbollah, a group that the U.S. regards as a terrorist organization, aligned with Iran?

HARIRI: Well, let me make this point very clear. The support of the government of the Iraq and the people of Iraq, directly, was toward the support of the people of Lebanon. And we felt that the unjustified attack and destruction of the infrastructure in Lebanon was not right.

And, therefore, the government's position was to support the government of Lebanon and the people of Lebanon. Of course, there are political parties within Iraq who support or have connections, fraternal inclinations (ph) with Hezbollah. Iraq is a free society. And that is what we're aiming to build. And therefore, people have a right to display their feelings. The official government of Iraq's policy was with Lebanon, with the people of Lebanon, and that's all.

BLITZER: Fawzi Hariri, thanks very much for joining us.

HARIRI: Thank you very much, Wolf.

BLITZER: And there's much more ahead on "Late Edition." The Lebanese army took up positions on the border, this week, with Israel. But with Hezbollah still armed and United Nations forces in doubt, will the cease-fire hold? We'll speak live with the Israeli foreign ministry spokesman, Mark Regev, in Jerusalem.

And as the leaders of Syria and Iran celebrate Hezbollah's survival, does this make them more powerful in the region? We'll speak with a panel of experts.

Stay with us. We'll be right back.

(COMMERCIAL BREAK)

BLITZER: Welcome back. In a moment, we'll go live to Jerusalem and ask the Israeli foreign ministry spokesman about his nation's take on the very fragile Middle East cease-fire.

First, let's turn to CNN's Fredricka Whitfield to get a quick check of what's in the news right now.

(NEWSBREAK)

BLITZER: Yesterday, the Israeli commandos attacked Hezbollah fighters deep inside Lebanon. The reaction from the Lebanese government was a very angry reaction.

Brent Sadler's in Beirut. He's our bureau chief. He's got more on what's going on today.

Brent?

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BRENT SADLER, CNN CORRESPONDENT: Wolf, thanks. Yes, indeed, it was an angry reaction. The Lebanese defense minister warning that the Lebanese army would be halted in its deployment or at least pulled back, perhaps, as a result of that Israeli raid in the Bekaa Valley, a stronghold for Hezbollah.

Now, as a result of that, the defense minister here has said that the Israelis ought to be condemned for a violation of the cease-fire. We did hear Kofi Annan, the secretary-general of the U.N., making a statement that did condemn Israel for that renewed military action in the Bekaa.

There's also been more moves by the military here, the defense minister, Elias Murr, warning if there's any violation from the Lebanese side by any groups -- Hezbollah, he says, he trusts not to fire rockets again in Israel, not to violate the cease-fire right now -- but if any other groups, militant armed groups that do have short- range rocket capability in Lebanon, if they were to open up against Israel, there would be the full weight of the law against them.

This is what the defense minister had to say.

(BEGIN VIDEO CLIP)

ELIAS MURR, LEBANON DEFENSE MINISTER: Of course, if there is a violation, they will be dealt harshly by the Lebanese army. Because when we feel that -- consider the resistance is committed not to fire any rocket, any rocket fired from the Lebanese territory by the resistance against Israel would give Israel a pretext to strike Lebanon.

Therefore, any violation will be in the best interest of Israel and, therefore, we will have to deal with it. And there will be no hesitation this issue. And whoever we stop, we will have them court- martialed as an agent collaborator for the enemy, not just a person who has used a weapon.

(END VIDEO CLIP)

SADLER: In the past, there have been firings of rockets outside of the control of Hezbollah against Israel. Earlier this day, two top Lebanese officials, the prime minister, Fouad Siniora and the speaker of the parliament here, Nabih Berri, toured the devastation in the southern suburbs of Beirut. This is where, on one day alone, Israel dropped more than 20 tons of explosives in an attempt to destroy Hezbollah's power base in the southern suburbs.

But at the same time, large areas of civilian neighborhoods were laid to waste. Prime Minister Fouad Siniora said that Israel had committed what he said was a crime against humanity.

Wolf?

BLITZER: All right, Brent, thank you very much.

The cease-fire deal clearly could be in serious danger right now. Now, it doesn't appear as if Hezbollah will actually be disarmed. And it's a real question whether a robust United Nations force will appear in south Lebanon.

So what happens next? Will Israel continue to withdraw its troops? To answer these questions, we're joined by Mark Regev. He's Israel's foreign ministry spokesman. He's joining us live from Jerusalem.

Thanks very much for coming in.

MARK REGEV, ISRAELI FOREIGN MINISTRY SPOKESMAN: My pleasure, Wolf.

BLITZER: The United Nations secretary general, Kofi Annan, says Israel clearly violated United Nations Security Council Resolution 1701 by this commando raid the other night in Lebanon north of the Litani River. What's your reaction? REGEV: Israel's military operation, our raid that night, was in response to a violation happening on the Lebanese side. The cease - fire is based on Security Council Resolution 1701, and that resolution is explicit that there has to be enforced a total arms embargo against Hezbollah. And we were seeing the transfer of illicit weapons. That's a clear violation, and we're entitled to act.

BLITZER: The prime minister of Lebanon, Fouad Siniora, says this. He said, "The landing carried out by the Israeli occupation forces today in Bekaa was a flagrant violation of the cessation of hostilities announced by the Security Council."

Why didn't the government of Israel go to the United Nations and complain about information that weapons were coming in? Why not raise it with the U.N. Security Council and make a formal complaint?

REGEV: I think in the real world, I think everyone understands that had we made an official complaint, by the time anyone from the U.N. was there on the ground to see what was happening, of course, the area would have been cleaned out and the weapons would be somewhere else, probably deep inside Lebanon under Hezbollah control.

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And I would remind the prime minister of Lebanon that it's his obligation under U.N. Resolution 1701 to be there on the border with Syria to prevent to prevent this sort of illicit weapons transfer. It's also the responsibility of the international community to be there with forces to augment those of the Lebanese army.

So I would say Israel is acting because of the violation. And if that violation is prevented by the Lebanese government, by the international community, of course Israel wouldn't have to act.

BLITZER: There's been speculation, as you well know, that Israel had another motive in going after this target near Baalbek in the Bekaa Valley. For example, you were looking specifically for a leader of Hezbollah to capture or kill. Do you want to respond to that?

REGEV: Yes. I would say the following, Wolf. In the Middle East, there are no shortages of speculators. There's no shortage of people who've got conspiracy theories and so forth. Our operation was specifically designed to prevent arms transfer.

That site that we hit, that's a Hezbollah center there in the Bekaa. From that point, that's a command and control center which is orchestrating the arms smuggling. And we were trying, actually, to enforce the spirit of the U.N. resolution.

BLITZER: The other speculation that's prevalent is that perhaps you were looking for those two Israeli soldiers who were kidnapped across the border back on July 12th. Is there any truth to that?

REGEV: Also speculation, but the operation was designed, as I say, to stop arms transfers. We want our soldiers home. I make no bones about it. And the U.N. resolution was clear. Our two hostages being held in Lebanon for more than a month now must be released unconditionally and immediately. That's the demand of the U.N. Security Council.

BLITZER: If Israel knew where the leader of Hezbollah was, Hassan Nasrallah, would you kill him?

REGEV: Well, that's a tough one. I mean, Nasrallah's been involved in countless acts of terrorism against Israelis, against Jews. Hezbollah has struck ten years ago, as you'll recall, the largest act of anti-Semitic violence perpetrated by Hezbollah against the Jewish community center in Buenos Aires, scores of people killed. Hezbollah is a terrorist movement with global reach. I think we would have the right to hit Nasrallah. Having said that, Israel will do nothing to upset the cease-fire. We want to see the cease-fire move forward. We want to see the full implementation of Security Council Resolution 1701. And we are very strict under our obligations. We'll keep our obligations under the cease-fire.

BLITZER: So can I take it from that answer that at least for the time being, efforts to kill Nasrallah have been put on hold?

REGEV: We want to see the cease-fire succeed.

BLITZER: I'll take that as a yes. The Lebanese government, just a little while ago, was also formally protesting what it says is another violation of its sovereignty by the Israeli military.

They put out a statement saying, "The Israeli enemy continues to violate Lebanese sovereignty and does not abide by the terms of Resolution 1701. Two Israeli jet fighters entered Lebanese airspace at 10:35 a.m. They starting by flying over the south and then flew over the north and over the Bekaa after that. They left from over Naqoura, toward the sea, at 11:55 local."

They were over Lebanese airspace, according to the statement, for more than an hour. Is this true?

REGEV: I can't confirm the operational details. But I can say the following. I urge anyone making the complaint to read Security Council Resolution 1701. Because 1701 says we cannot, in Israel, take offensive operations, but we are allowed to keep up a presence.

We're allowed to keep up an intelligence presence. We're allowed to stay in south Lebanon until our forces are relieved by the joint command of the Lebanese army and the international forces.

So as I say, nothing we're doing is in contradiction to the U.N. resolution on Lebanon. We want to see that resolution work.

BLITZER: A lot of people around the world, Mark Regev, have had some serious questions about Israel's strategy during this war, this 33-, 34-day war against Hezbollah.

And even strong supporters of Israel have asked why Israel found it so necessary to destroy so much of Lebanon's infrastructure in the process of going after Hezbollah targets.

Today, the Lebanese prime minister, Fouad Siniora, toured some of those targets. He said, "There is no other way to describe this more than it is a criminal act. This is a crime against humanity committed by Israel here and in other areas of Lebanon."

You've seen the devastation. You've seen the damage. What's your response?

REGEV: I think a lot of the damage was, unfortunately, caused by a reality that Hezbollah worked trained and acted out of civilian areas. We had situations where missiles, missiles that were aimed at our people, were put in houses, were put in schools, were put in mosques. This idea that Hezbollah was fighting behind the Lebanese civilian population --which made our job very, very difficult.

And we made every effort possible to try to be as surgical as is humanly possible, in very difficult circumstances. And I know that there are more and more voices coming out of Lebanon who are blaming Hezbollah for the carnage, saying Hezbollah was really willing to fight to the very last Lebanese civilian, that Hezbollah sponsors in Iran and in Syria were willing to sacrifice the Lebanese civilian population to advance their own extremist goals.

BLITZER: But there is a conventional assessment in Lebanon itself that even those who have been critical of Hezbollah in the past, critical of Syria, have, sort of, been united, now, around their condemnation of Israel.

Take Saad Hariri, the son of Rafik Hariri, the slain former Lebanese prime minister. Saad Hariri told this to the Lebanese parliament this week. He said, "The history of Israel is a black history, a hateful one, of destruction, killing and devastation. This is Israel that wants to live off the blood of the Lebanese and Palestinians."

This is someone who's been very critical of the Syrian involvement in Lebanon. But now he's turning, in part, at least, against Israel. What's your reaction to this development?

REGEV: I think it's unfortunate, Wolf, that too often you see in the Arab world -- not just in Lebanon, in the wide Arab world -- politicians seek legitimacy by bashing my country, by bashing Israel. They think that's a way that they achieve legitimacy, that they can galvanize support.

But I would urge you to look at the interesting remarks coming out of Lebanese leadership. And they're raising serious questions about the Syrian role, about the Iranian role.

People are fed up with those two countries, Syria and Iran, using Lebanon as the springboard to attack Israel. And I've heard more and more Lebanese leaders, intellectuals, elected officials say that they're sick and tired of having their country being exploited, being used by external forces to attack Israel, and then Lebanon pays the price.

There's no reason, Wolf, for a conflict between Israel and Lebanon. Israel and Lebanon don't have a border dispute. Israel and Lebanon could really get on fine if it wasn't for those external actors, Hezbollah, Iran and Syria.

BLITZER: One final issue I want to raise before you I let you go, Mark Regev, and that's the latest Israeli abductions of top leaders of the Palestinian Authority. The other day, the deputy prime minister was taken prisoner by Israel. Now there's word that the secretary general (ph) of the parliament has just been captured by Israel. The prime minister, Ismail Haniyeh, saying, "The abduction aims to tear down the Palestinian political system and put obstacles before the government and the movement of harmony on the Palestinian internal scene."

What's the purpose of going after these Hamas political leaders, democratically elected by the people of Palestine?

REGEV: I'd say the following, Wolf. If Palestinian leadership acts like leadership should, like political leadership, as statesman, of course, they'll get the respect that they deserve.

But they can't act like terrorists. They can't be behind suicide bombings. They can't be behind rocket launches against Israeli cities. They can't be behind hostage-taking and expect that Israel treat them in a different way. If you act like a terrorist, you'll be treated accordingly.

BLITZER: Are you going to arrest the prime minister, Ismail Haniyeh, too?

REGEV: I've got no plans to announce on that. But I would urge the Palestinians, I would urge the Palestinian leadership, not to accept Israel's demands, not to America's demands, but meet the benchmarks articulated by Kofi Annan.

Those three benchmarks: accept's Israel's right to exist, renounce terrorism and, of course, accept the peace process. If you do that, the door is open.

Unfortunately, it's not that you have a problem with Israel. It's not that you have a problem with the United States. The Palestinians have a problem with the entire international community.

Do you know, Wolf, today, the U.N. won't even speak to the Hamas leadership because they are so much outside international legitimacy.

BLITZER: Mark Regev is the spokesman for the Israeli foreign ministry.

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Thanks very much for coming in. I appreciate it very much.

And coming up next, will the conflict in the Middle East increase the likelihood of a terrorist attack here in the United States? We'll ask our panel of experts.

And we'll get a live update on Iran's plans for the Middle East from our correspondent in Tehran.

Stay with us. We'll be right back. (COMMERCIAL BREAK)

BLITZER: There's still time for you to weigh in on our Web question of the week: Will U.N. troops be able to keep the cease-fire between Israel and Hezbollah? You can cast your vote. Go to cnn.com/lateedition. The results at the end of the hour.

But straight ahead, President Bush has talked often about change in the Middle East. But can the United States really control who wins and who loses? We'll get analysis from a panel of experts.

You're watching "Late Edition," the last word in Sunday talk.

(COMMERCIAL BREAK)

(BEGIN VIDEO CLIP)

BUSH: The Middle East is at a pivotal moment in its history. The death and destruction we see shows how determined the extremists are to stop just and modern societies from emerging in the region.

(END VIDEO CLIP)

BLITZER: President Bush speaking earlier this week about the crisis in the Middle East.

If the region is changing, will it resemble the president's vision? Joining us now to discuss that and more are three experts: Rami Khouri writes for the Daily Star in Beirut; CNN's national security adviser John McLaughlin is a former deputy director of the CIA; and Danielle Pletka is vice president for foreign and defense policy studies at the American Enterprise Institute, a Washington, D.C. think-tank.

Thanks to all of you for joining us.

Rami, you're in the region. I'll start with you. Is this cease- fire, based on everything you know right now, likely to work?

RAMI KHOURI, LEBANON'S DAILY STAR NEWSPAPER: I think, in the short term, it is likely to work if the Israelis decide that they're going to comply with the United Nations resolution, which they don't have a very good track record of doing, going back over the last 20 years.

So it's really more dependent on the Israelis than it is on Lebanon, because in Lebanon the government and Hezbollah have made a historic agreement to accept the cease-fire, accept the U.N. resolution, accept the seven-point plan of Siniora, and let the army and the international troops into the south.

This is unprecedented, it's historic. We're looking for something of equal magnitude from the Israelis, not like the raid they did yesterday.

BLITZER: Do you really believe, Rami Khouri, that Hezbollah is going to cooperate in this venture -- in other words, allow itself effectively to be disarmed?

KHOURI: If you phrase it like that, the answer is no. If you phrase it in a more reasonable and equitable and politically balanced way, I think the answer is yes.

Hezbollah has taken some historic decisions in the last couple of weeks, working with Siniora and the Lebanese government, to accept the U.N. resolutions, let the troops of the Lebanese government and the international troops expand its force into the south, accept the seven-point plan of Siniora. They said they accept the cease-fire. The defense minister's announcement today is a sign that clearly there's an understanding between the government and Hezbollah.

They need to get the situation in the south calm, get the Israelis out of Lebanon, stop the Israeli threats. That's the perception in Lebanon. In return, there's no more attacks against Israel from Lebanon. And they deal with the Shebaa Farms and the prisoners, and these are relatively manageable issues, I think.

In the longer run, Hezbollah's status in Lebanon is an issue that the Lebanese will deal with. Everybody seems to accept that you have to deal with the issue of Hezbollah's arms, there's no question about that. But that cannot be the first issue. It has to be done once Lebanon is secure and free of Israeli threats.

BLITZER: Let me bring in Danielle Pletka for her assessment.

Will this cease-fire, based on everything you know, Danielle, work?

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DANIELLE PLETKA, AMERICAN ENTERPRISE INSTITUTE: I don't think so. As Rami said, I think it has some reasonable prospects in the short term, but at the end of the day, Hezbollah sustains itself by its terrorist operations, not through its politics in Lebanon. It wants to have its cake and eat it too.

If Hezbollah was committed to this cease-fire, it would not be rearming via Iran and Syria at this very moment. It wouldn't have the need to. So the good intentions aren't there.

And the real seed of the problem is in the U.N. Security Council resolution, which fails to call for the clear and complete and total disarmament of Hezbollah.

BLITZER: Hezbollah has emerged as an effective political entity in Lebanon. In fact, there is widespread assessment right now that they're doing a much better job helping rehabilitate the country than the Lebanese government itself.

PLETKA: There's always been a vacuum in the south of Lebanon, and various groups have stepped in. Hassan Nasrallah is -- and I hate to say this -- he is a very capable politician. The fact that Hezbollah is unwilling to abandon its proxy war on behalf of Iran and Syria against Israel, against Jews and, frankly, against the United States is a big mistake for them. It is a historic mistake for them. BLITZER: From the U.S. perspective, John McLaughlin -- and you're a former deputy director of the CIA; at one point, you were the acting director of the CIA -- is Hezbollah, as some allege, a wholly owned subsidiary of Iran?

JOHN MCLAUGHLIN, CNN NATIONAL SECURITY ADVISER: Well, it pretty much is, Wolf. They get hundreds of millions of dollars from Iran every year. Any major action they take is taken in consultation with Iran. And when they've carried out terrorist operations overseas -- that is, outside of the region -- they've frequently been assisted by Iranian intelligence officers operating out of Iranian embassies.

So they've developed a certain degree of freedom, in the sense that they are also a social service organization in Lebanon, but they depend on Iran for weapons and money.

BLITZER: Rami, do you agree with that assessment?

KHOURI: No, I don't. I think what we're hearing, if I may say so, from my two colleague guests is an assessment that reminds me of the American assessment of the weapons of mass destruction in Iraq before the Iraq war: There's a lot of speculation, there's a lot of ideology, there's a lot of neo-con-driven aggressive politics. There's not a lot of facts on the ground.

If Hezbollah is complicit in any terrorist acts, they should certainly be held accountable, but so should the state of Israel for any crimes against humanity or infractions of international humanitarian law. We cannot apply morality and legality to one side in a two-sided war.

I think Hezbollah only has credibility and legitimacy as a Lebanese organization. And of course it gets support from Iran and Syria. And, as far as I know, the United States gives hundreds of millions of dollars to support to many people in the Arab world: nongovernmental organizations, political groups, women's groups, democracy groups, environmental groups, all kinds of nongovernmental societies.

So, Hezbollah is also an armed group, of course. And it's doing these because the Lebanese government was fundamentally incapacitated by the last 40 years of history, which heavily have been dominated by Israeli attacks, occupations, aggressions. So we have to look at both sides.

BLITZER: Let me let Danielle Pletka respond to that.

Go ahead, Danielle.

PLETKA: Well, I think it's counter-historical and counter- factual. The assessment that John and I, who don't agree on a whole variety of issues, have of this is exactly the same: Hezbollah has been responsible for terrorist attacks in Argentina, as Mark Regev mentioned earlier on your show. It's been responsible for the death of American citizens elsewhere. It operates in Europe; it operates around the world. This isn't just about Lebanon. And I would say that, as much as many others, the Lebanese government and the Lebanese people are victims of Hezbollah's willingness to hijack their democratic policy, their foreign ministry, their own military to start this conflict with Israel. Let's not forget, things were relatively peaceful before that.

BLITZER: Rami Khouri makes a very serious charge. And you were in the CIA at the time that the weapons-of-mass-destruction assessment was put forward, which turned out, as you know, John McLaughlin, to be inaccurate. He says now your assessment on Iranian involvement with Hezbollah is basically the same kind of inaccurate assessment. Do you want to respond to that?

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MCLAUGHLIN: Sure. I mean, these are apples and oranges. As Danielle has pointed out, we may disagree on many things, but on this point, there's a lot of evidence.

Hezbollah was behind the attack, really one of the largest attacks on Israelis since the end of World War II in the tri-border region of South America. It was responsible for the Marine barracks bombing in Beirut some years ago that killed 240 Marines. One Hezbollah bomber was involved in the attack on Khobar Towers. The list goes on.

Hezbollah operatives have been picked up around the world in places like Singapore, France, other parts of Europe. I don't think there's any doubt that this is a terrorist organization, and its impetus for its creation in 1982 came in part from disputes in Lebanon, but also from the Iranian revolution.

BLITZER: All right. We're going to take a break, but I want Rami Khouri to respond to that.

Rami, the widespread assessment here in Washington -- and maybe you have a different assessment -- is that Hezbollah not only is a terrorist organization, but going back to '83 when Imad Mugniyah, one of the top Hezbollah leaders, was involved in ordering that truck bombing of the U.S. Marine barracks outside Beirut, and some of these other activities.

Is it your assessment that Hezbollah was not involved in any of these terrorist attacks?

KHOURI: Oh, no, I wouldn't say that. I'm saying I'm not sure. I'm not a criminal investigator, and I don't have the kind of intelligence that John and Danielle have in Washington there.

But what I'm saying is that you cannot apply the law and morality to one side in a conflict. If Hezbollah is accused of these things -- and these are very serious crimes. If they are accused and there's credible evidence, they should be dealt with through the system that the world has set up of adjudication through courts, through tribunals and other means.

You cannot only ask Hezbollah and Arab groups to obey the law and not ask the same thing of Israel. So of course, bring the evidence out, take them to court, use all available mechanisms. And these are crimes that were done 15, 20, 25 years ago in some cases. By all means, everybody must be held accountable, but not just one side.

We want to -- look what the Israelis have recently done in Lebanon and over the years. So the question is not who did what 15, 20 years ago. The question is, how can we solve this? How can we apply a single standard of law and morality and equal political rights?

The Israelis have a right to live in peace. So do the Lebanese, and so do the Palestinians.

BLITZER: All right. We're going to take a quick break. But we have a lot more to discuss, more questions about the future of the Middle East, with our panel. That's coming up.

Also coming up next, we'll get a quick check of what's in the news right now, including JonBenet Ramsey murder suspect John Mark Karr, he's now on his way to the United States.

Stay with us. We'll be right back.

(COMMERCIAL BREAK)

(NEWSBREAK)

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer in Washington.

We're discussing the shifting balance of power in the Middle East with three experts: Rami Khouri writes for the Daily Star in Beirut. CNN's national security adviser John McLaughlin is a former deputy director of the CIA. And Danielle Pletka is with the American Enterprise Institute, a Washington, D.C., think-tank.

Stand by for a moment. Our Aneesh Raman is in Tehran, joining us live via broadband with the latest from there.

Aneesh, what are you picking up on the streets in Tehran?

ANEESH RAMAN, CNN CORRESPONDENT: Well, Wolf, the signs only continue that Iran sees itself as a growing force in the region. Iran's president, Mahmoud Ahmadinejad, earlier this week said not only had Hezbollah won the war, but that the battle goes on. You see him there at a speech delivered to huge crowds in a province of Iran.

For its part, this weekend Iran's armed forces launched a massive military exercise, war games that are set to take place for the next five weeks in about half of the country's provinces.

RAMAN: Today, a number of surface-to-surface missiles were tested. They're dubbed "Thunder" in Farsi. A military commander says their range is about 155 miles, short-range missiles, but part of a new defensive doctrine.

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They also said Iran is ready for any sudden attack. "Sudden attack" is a word we're hearing more and more among officials here. They're increasingly concerned of military air strikes that could take place, by the West, on Iran's nuclear facilities, which is why these war games, of course, are of seemingly deliberate timing.

Iran, as early as Tuesday, will announce its rejection, by all indications, of the deal that is on the table for it to suspend its nuclear program by the U.N. deadline that comes at the end of the month.

In a press conference today by Iran's foreign ministry spokesman, he all but said that suspension was off the table. Iran has said from the beginning this is a civilian, peaceful nuclear program, that it has the right to pursue it.

But now, it seems all but certain Iran will face sanctions from the U.N. On the streets, there's growing unease among Iranians. They have long supported this program as their nation's right.

But now there is quiet concern as to whether pursuing that right is worth the economic sanctions and, perhaps, military outcome that could come down the line, Wolf.

BLITZER: Aneesh Raman, thanks very much.

Aneesh is joining us live from Iran.

Rami Khouri, you just heard that report from Aneesh. There have been a lot of the more moderate Arab leaders concerned about Iranian Shiite influence in the Middle East.

KHOURI: Early on, we heard from the Saudis, the Egyptians, the Jordanians. How concerned are Sunni Muslims, in particular, about this apparently growing Shiite Iranian influence in the region?

There is a lot of concern among the leaderships and, I think, less so among the people. And what you're getting is not so much only a Sunni-Shiite divide or an Arab-Persian divide but a divide also among leaderships or regimes and public opinion in much of the Arab world. Because, at the grassroots level, what you're seeing in one country after another throughout this region, and not just the Arab world but also Turkey and Pakistan, you're seeing Muslim fundamentalist groups, Islamists groups, Hamas, Hezbollah, Muslim Brotherhood winning election after election.

Even when the elections are rigged as they are in places like Egypt, they're still winning the elections. So popular opinion is very much for an Islamist assertion of political identity, which includes defying and resisting Israel and the U.S., to some extent.

So this is widespread in popular opinion, but the regimes are concerned about what Iran is doing and how it is working with other groups, Shiite and other groups all around the region.

So what we have is a real new cold war in the Middle East for the identity of the Arab world. BLITZER: The president of Iran, Mahmoud Ahmadinejad, Danielle, said this on Tuesday. He said, "Middle East nations are wide awake and they are also envisioning a new Middle East, one that is free of United States and British domination."

You raised a stir a few weeks back by criticizing President Bush and his foreign policy as not being robust enough right now, dealing with these various threats, presumably, from a growing Islamic fundamentalism around the world.

Explain to our viewers what your criticism of the Bush foreign policy was.

PLETKA: At the time, I was very concerned that we, the United States, in concert with our European allies, had made a very generous offer to the Iranians for dialogue in exchange for dialogue for other incentives, for trade, and basically, to sit down face to face for the first time since the revolution, in exchange for nothing more than an Iranian suspension of uranium enrichment.

In other words, they didn't have to do anything more than we'd been demanding for two years and the U.N. Security Council had been demanding. But suddenly, everybody kept offering them more and more and more.

Now, the Iranians are the ultimate bizarre market negotiators. They've done a really good job. They were offering us the same thing and we keep offering a higher price for it. That signals, to the Middle East weakness.

And I don't think that we shouldn't be confused about that. Hezbollah, Al Qaida, the likes of Iran and North Korea all sense that the United States is in retreat.

And because of that, they are challenging us in a whole variety of ways, the Iranians with these military exercises; Hezbollah, I think, with its attack on Israel in the past; North Korea with its missile threats, et cetera, et cetera. This is the signal we've sent. And they are feeling their oats, pushing the envelope and seeing how far they can push back on us. It's not a good idea to signal weakness.

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BLITZER: It looks like the Iranians, as we just heard from Aneesh, John McLaughlin, are moving forward with their nuclear program and are going to resist these calls for suspension of their uranium enrichment.

MCLAUGHLIN: I think that's very likely, Wolf. They're feeling their oats and feeling strong here because they do associate themselves with the fact that a group they support, Hezbollah, was not defeated by Israel.

And that, in a way, challenges one of the fundamental strategic concepts that has brought stability to the Middle East, the assumption by everyone that Israel will always decisively win in any military contest. And that assumption has eroded. Also eroded here, somewhat, is the U.S. role as the honest broker in the Middle East, which is another element of stability that has contributed over the years.

So I think it's time to hit the reset button on a lot of our assumptions about the Middle East. It has never been more complex, and in my judgment, never more dangerous than it is at this moment.

BLITZER: Rami Khouri, I want to switch gears with you, momentarily. We're almost out of time, but to get your thoughts on the taking of these two American journalists, a hostage, if you will, kidnapping of these Fox News Channel journalists, Steve Centanni and Olaf Wiig, in Gaza.

They were there, reporting on the Palestinians, doing some excellent work. Steve Centanni -- I've known him for many years. He's an outstanding reporter. Olaf Wiig -- I don't know him, but by all accounts, a serious photo journalist in the best sense of the word.

What do you make of this? And as a journalist yourself, what advice do you have to try to get these two guys free?

KHOURI: Well, obviously, they should be free. There's absolutely no reason to take journalists or any civilians hostages who are not involved in a military combat in a war. Civilians doing anything should be free from any kind of attempts like this. And people have to work every possible diplomatic and personal button to get them free.

But I think we need to understand this doesn't happen in a vacuum. Palestine is one of four countries, with Lebanon, Afghanistan and Iraq, where the United States and Great Britain have led a forward strategy for freedom using military force, directly or indirectly.

And what we have is chaos, lawlessness, governments losing credibility, losing control, violent groups emerging. There's a massive spread of chaos that goes along with the American-dictated freedom strategy. And Palestine is part of that problem.

So we need to re-look at what the United States is trying to accomplish. And some of its goals are certainly legitimate. Whether it's Iran or the Middle East or Arabs and Israelis, they are legitimate goals. But they cannot be imposed either by military force or diplomatic threats. They have to be done through a negotiating process.

And hopefully, this Lebanon-Israel war will push us back to a comprehensive look for a regional peace agreement.

BLITZER: Well, let's hope that some positive things could come out of this situation. It would be nice if that were to happen.

Rami Khouri, thanks very much for joining us -- John McLaughlin, Danielle Pletka. We'll continue this conversation on "Late Edition."

And coming up next, in case you missed it, we're going to bring you the headlines from the other Sunday morning talk shows here in the United States, where the guests delved into the tough times for the United States in Iraq and its effect on electoral politics.

And then I'll share my perspective on the turbulent weeks we've just witnessed in the Middle East.

Stay with us. We'll be right back.

(COMMERCIAL BREAK)

BLITZER: And now, in case you missed it, let's check some of the highlights from the other Sunday morning talk shows here in the United States.

On NBC, Republican Senator John McCain spoke about the tough going U.S. troops are now facing in Iraq.

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN MCCAIN (R-AZ): All along, we did not have enough troops on the ground to control the situation. Many, many people knew that. And we're paying a very heavy price for it. But I want to emphasize to you: We cannot lose this. It will cause chaos in Iraq and in the region.

(END VIDEO CLIP)

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BLITZER: On ABC, the topic also the politics of Iraq, specifically Senator Joe Lieberman's pro-war stance.

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN KERRY (D-MA): And the fact is, Joe Lieberman is out of step with the people of Connecticut. I believe that he's just dead-wrong with respect to the war. And to adopt the rhetoric of Dick Cheney, who has been wrong about almost everything he has said about Iraq, shows you exactly why he got in trouble with the Democrats there.

(END VIDEO CLIP)

BLITZER: On CBS, Senator Lieberman defended his position on the war in Iraq and criticized his opponent Ned Lamont's campaign.

(BEGIN VIDEO CLIP)

U.S. SENATOR JOE LIEBERMAN (D-CT): I feel that I allowed my opponent to distort my position on Iraq.

BOB SCHIEFFER, HOST, "FACE THE NATION": What do you mean by that?

LIEBERMAN: Well, what I mean is, he made me into a cheerleader for George Bush and everything that's happened. And the record shows that while I believe we did the right thing in overthrowing Saddam Hussein, I've been very critical over the years, particularly in 2003 and 2004, about the failure to send enough American troops to secure the country.

(END VIDEO CLIP)

BLITZER: Finally, on Fox News Sunday, Republican Senator Chuck Hagel was worried about his own party's chances in the upcoming midterm elections.

(BEGIN VIDEO CLIP)

U.S. SENATOR CHUCK HAGEL (R-NE): Where is the fiscal responsibility of the party I joined in '68? Where is the international engagement of the party I joined? Fair, free trade, individual responsibility, not building a bigger government but building a smaller government.

I think we've lost our way. And I think the Republicans are going to be in some jeopardy for that and will be held accountable.

(END VIDEO CLIP)

BLITZER: Highlights from the other Sunday morning talk shows here in the United States. The highlights on "Late Edition," the last word in Sunday talk.

Up next, for much of the past month, I've been watching the war between Israel and Hezbollah on the ground in the Middle East. Some of my final thoughts when we come back.

And don't forget, for our North American viewers, coming up at the top of the hour, Zain Verjee anchors "This Week at War." Stay with us.

(COMMERCIAL BREAK)

BLITZER: Those are the results of our Web question. Remember, though, not a scientific poll.

This final thought. I'm back here in Washington, having spent three of the past four weeks in Israel, watching the war with Hezbollah and then the fragile cease-fire.

During that time, I clearly saw the mood in Israel swing from confidence that Israel's military and political leadership could crush Hezbollah to frustration and anger that the mission was not accomplished.

Listen to this exchange I had with Israel's foreign minister, Tzipi Livni, in her office in Tel Aviv this past week.

(BEGIN VIDEOTAPE)

BLITZER: Even here in Israel, there's a sense that Israel may have made a mistake in the tactics and the strategy. We looked at some recent polls. The prime minister, Ehud Olmert, on July 12th, his approval rating was at 75 percent. It went down to 48 percent. The defense minister, Amir Peretz, his approval rating on July 12th, when those two Israeli soldiers were kidnapped, was at 65 percent. It's gone down to 37 percent.

There's a lot of concern here in Israel that these 34 days of this war were not handled as well as you could have handled them.

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TZIPI LIVNI, FOREIGN MINISTER OF ISRAEL: Well, firstly, I believe that part of democracy is that every government can be criticized. And I have to live and to go to sleep every night with decisions that I made and I will make as a cabinet minister. And it's not easy, especially not in Israel, when it comes to human lives and to the lives of soldiers and civilians.

BLITZER: Are you comfortable with the decisions that you personally made?

LIVNI: Yes. But I want to add something. That at the end of the day, as I said before, time will tell. And only a month ago, nobody could have believed that the Lebanese army will be deployed to the south part. Nobody could have believed that Hezbollah will agree to this kind of understanding of deployment of the Lebanese army, plus international forces. Nobody, I think, would have believed that it's going to be an arm embargo on the borders.

So something is changing. It's not enough. It's only the beginning of the process. Let's meet again in a few months from now.

(END VIDEOTAPE)

BLITZER: And I suspect I will meet with Minister Livni in a few months. She's an up-and-coming political star in Israel and presumably will be around. But the recriminations in Israel against the political leadership, especially against the prime minister, Ehud Olmert, and the defense minister, Amir Peretz, appear to only be just beginning.

There will be formal commissions of inquiry in Israel, and the political opposition led by the former prime minister, Benjamin Netanyahu, is beginning to take off the gloves. In short, the political debate in Israel is heating up, even as the threats facing Israel intensify.

That's your "Late Edition" for this Sunday, August 20th. Please be sure to join us again next Sunday and every Sunday at 11 a.m. Eastern for the last word in Sunday talk.

I'm also in "The Situation Room" Monday through Friday from 4 to 6 p.m. Eastern, as well as another hour at 7 p.m. Eastern.

Until then, thanks very much for watching. I'm Wolf Blitzer in Washington.

For our North American viewers, "This Week at War" is just ahead, right after a check of what's in the news right now.

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Pre-Emptive Surveillance (WSJ)

By James Q. Wilson

The Wall Street Journal, August 21, 2006

Federal district court judge Anna Diggs Taylor has ruled that the warrantless interception of telephone and Internet calls between a foreign agent and American persons is illegal and unconstitutional. It is possible that she is right about the illegality, but she is almost surely wrong that it is unconstitutional. The government has appealed this decision to the Sixth Circuit. No one can say what it will decide, although other appeals courts have tolerated such surveillance. Ultimately the Supreme Court will have to decide the matter.

The constitutional arguments against the surveillance are unpersuasive. A Washington Post editorial dismissed them as "throat clearing." Judge Davis refers to the free speech provision of the First Amendment but fails to explain how listening to a conversation or reading email abridges anyone's right to speak. Taken literally, a constitutional ban on intercepts would make it impossible to overhear the mafia plotting murder or business executives fixing prices.

Of course, the ACLU and the other organizations that brought the suit are not criminal conspirators. But for their claims to be taken seriously they must show that they were materially harmed. This is because the Constitution only allows actual cases or controversies, not hypothetical or imaginary ones, to be heard in court. To meet that test, plaintiffs must show that they are the actual victims of a direct and palpable harm. Without that rule, judges would be issuing advisory opinions on what the law may mean, not in settling concrete disputes. Citing no factual evidence, Judge Taylor says that these organizations do have standing.

She also says that the surveillance violates the Fourth Amendment. But that provision only bans "unreasonable searches and seizures," not all searches and seizures. Customs agents have the right to search, without a warrant, you and your luggage (including your PC) when you enter this country. The Border Patrol can stop and search recent arrivals here when they are miles

from the border. The Supreme Court has authorized customs officers to open incoming international mail without a warrant. It is not clear how a phone call or email originating overseas deserves more protection than clothing, the contents of a computer, or international mail. The Supreme Court has upheld all of these exceptions to constitutional limits on searches.

What is most striking about Judge Davis's decision is that she nowhere discusses the approval of warrantless searches by other and higher federal courts. In 1980, the Court of Appeals for the fourth circuit held (U.S. v. Truong Dinh Hung) that "the Executive need not always obtain a warrant for foreign intelligence surveillance." That is because a "uniform warrant requirement" would "unduly frustrate" the discharge of the president's foreign policy duties. It would "delay executive response to foreign intelligence threats" by requiring the judges instantly to make decisions about rapidly evolving events.

In 2002 the FISA review court itself held (In Re: Sealed Case) that the president "did have inherent authority to conduct warrantless searches to obtain foreign intelligence information." The Supreme Court has never spoken on this matter, but it is astonishing that Judge Davis never discusses the FISA and appellate court decisions that bear directly on this question.

It is possible that the surveillance violates the FISA law. That statute allows the government to tap the communications between foreign powers provided that there is "no substantial likelihood" that these communications will involve a "United States person." If an American will be part of the communication, then a warrant from the FISA court must first be obtained.

This statute, written in 1978, was aimed at dealing with foreign governments that wished us harm, but it preceded our experience with modern terrorists. Now we know that our cities can be attacked at any time in ways that cause thousands of deaths. Listening in on possible overseas terrorists who are talking to Americans is designed to find out who may attack us, when and how. Such eavesdropping is done to discover who is a terrorist. It is impossible to have "probable cause" to justify hearing such calls, and therefore impossible to obtain in a timely manner a FISA warrant.

No one outside the National Security Agency knows the details of our surveillance of communications between an American and a person living overseas, but there can be little doubt that it is intended not to bring criminal charges but to learn who is a terrorist before he has a chance to act. The surveillance is designed to provide investigatory leads, not prosecutions. These leads are, I suspect, sudden, ephemeral and suggestive. It is hard to imagine that, in this country's efforts to connect the dots, that our government should not be allowed to discover the dots.

The government argues that the president has independent constitutional authority to engage in warrantless searches across national boundaries and that this power was strengthened by a law, the Authorization for Use of Military Force (AUMF), that entitles him to use "all necessary and appropriate force against those nations, organizations or persons he determines planned, authorized, committed, or aided the terrorist attacks that occurred on September 11, 2001." The AUMF does not mention surveillance. But then it does not mention detaining terrorists, either, and yet the Supreme Court (in Hamdi) held this detention is a "fundamental and accepted incident to war." If detention, though not mentioned, is legal, is surveillance, which is not mentioned, also legal? That is a bullet the Supreme Court will have to bite. In my view, the war against terrorism requires both surveillance and detention as well as armed conflict.

But suppose that neither the president's constitutional powers nor the AUMF justify an exception to the FISA rule. Congress can correct this problem by amending FISA to create an authorization for warrantless surveillance that is directed at people living overseas, even if they communicate with someone living here, provided that this cannot lead immediately to criminal prosecution. If the surveillance produces leads as to who is a terrorist, then a FISA warrant can be obtained to authorize acquiring supportive evidence.

The war on terror is underway. It will last through my lifetime and that of my children. America will almost certainly suffer further terrorist attacks. We must be prepared to take reasonable steps to protect ourselves. The Constitution, as Justice Robert Jackson said, is not a suicide pact. But neither is it a blanket authorization for any executive action. Congress ought to be able to clarify how far we can go. It will be interesting to see who votes for and who against a reasonable authorization for a bolder antiterrorism measure.

Mr. Wilson, who has taught at Harvard, UCLA and Pepperdine, is the author, with John J. Dilulio, of "American Government" (Houghton Mifflin, 10th ed., 2005).

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HOMELAND RESPONSE:

The Truth Puts You In Jail (NYT)

By Bob Herbert

The New York Times, August 21, 2006

The problem with the way the United States government dealt with Abdallah Higazy had nothing to do with the fact that he was investigated as a possible participant in the Sept. 11 attack on the World Trade Center.

He was caught in a set of circumstances that was highly suspicious, to say the least. It would have been criminal not to have investigated him.

On the morning of the attack, Mr. Higazy, the son of a former Egyptian diplomat, was in his room on the 51st floor of the Millenium Hilton Hotel, which was across the street from the twin towers. He fled the hotel, along with all the other guests, after the attack. But a Hilton security guard said he found an aviation radio, which could be used to communicate with airborne pilots, in the safe in Mr. Higazy's room.

When Mr. Higazy returned to the hotel three months later to pick up his belongings, he was arrested by the F.B.I. as a material witness and thrown into solitary confinement. Federal investigators were understandably suspicious, but they had no evidence at all that Mr. Higazy was involved in the terror attack.

And that's where the government went wrong. In the United States, a free and open society committed to the rule of law, you are not supposed to lock people up — deprive them of their liberty — on mere suspicion.

The government could not link Mr. Higazy to the attack, and yet there he was, trembling in a jail cell, with no reasonable chance of proving that he was innocent.

This was cruel. It was unusual. And it was a blatant abuse of the material witness statute. People arrested as material witnesses are supposed to be just that — witnesses — not criminal suspects. (The witnesses are taken into custody when there is some doubt as to whether their testimony can otherwise be secured.)

When a person is actually arrested for a crime, the government has certain important obligations, including the obligation to provide a prompt arraignment and to demonstrate that there is probable cause that the suspect had committed the offense.

Mr. Higazy was held as a material witness while investigators searched for something to pin on him.

Court records show that eventually Mr. Higazy was coerced into saying that the radio was his by an F.B.I. agent who knew that if he didn't elicit some kind of admission from the suspect, a judge would most likely set him free. Mr. Higazy said the agent made threats regarding his relatives back in Cairo, saying they would be put at the mercy of Egyptian security, which has a reputation for engaging in torture.

Mr. Higazy's admission was not truthful, but that didn't matter. The feds were happy to finally be able to accuse him of a crime. They charged him with lying to federal agents when he said the radio wasn't his.

The case against Mr. Higazy fell completely apart when a pilot, an American, walked serendipitously into the Millenium Hilton, looking for the aviation radio he had left behind on Sept. 11. (It also turned out that the security guard had lied.) Mr. Higazy's original story, which he had clung to as long as he felt he could, had been truthful. He was set free.

It's scary to think about what might have happened to Mr. Higazy if the pilot hadn't shown up to claim his radio.

What the government ignored in Mr. Higazy's case and in so many other cases linked to the so-called war on terror, is that when it comes to throwing people in jail, a hunch is not enough. As Jonathan Abady, a lawyer for Mr. Higazy, said:

"The criminal justice system recognizes that before you deprive somebody of liberty in any significant way, you have to have some quantum of proof that they committed a crime, and the government didn't have it in this case. What they had was a suspicion."

Once we had voodoo economics. Now, in the age of terror, we have voodoo law enforcement. Mr. Higazy's case is far from the most egregious. People have disappeared. People have been sent off to foreign lands to be tortured. People have been condemned to secret dungeons run by the C.I.A. People have been put away at Guantánamo Bay, Cuba, with no hope of being allowed to prove their innocence.

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For five years now Americans have been chasing ghosts and shadows, and demanding that they confess to terrorizing us. Who's terrorizing whom here?

We need to ask ourselves: Do we want a just society? Or are we willing to trade that revolutionary idea for a repressive government that gives us nothing more than the illusion of safety?

Governors Blast National Guard Legislation (TBO)

By Richard Lardner

TBO.com, August 21, 2006

TAMPA - Gov. Jeb Bush and the nation's other state chief executives are opposing legislation that would allow the president to federalize the National Guard without gubernatorial consent.

The plan is part of a defense spending bill in the House of Representatives and authorizes the White House to take control of Guard units in the event of a serious natural or man-made disaster in the United States.

The proposal "represents an unprecedented shift in authority from governors as commanders in chief of the Guard to the federal government," states an Aug. 6 letter from the governors.

"We are responsible for the safety and welfare of our citizens and are in the best position to coordinate all resources to prepare for, respond to and recover from disasters," the letter states.

National Guard troops fall under federal control when called to active duty. For statewide emergencies, the governor retains control.

The Florida National Guard has nearly 12,000 soldiers and airmen, with close to 1,000 serving in places around the world. Helping Hands

A local veteran's organization was awarded a $5,000 grant to continue assisting seriously wounded service members being treated at Tampa's James A. Haley VA Medical Center.

The Tampa chapter of the Military Officers Association of America, which created Operation Helping Hand two years ago, received the grant from the Paul Newman Foundation during an Aug. 11 ceremony at the Pentagon.

In 2005, the chapter's program received a $10,000 "Newman's Own" award, making it one of the nation's top military support initiatives.

"It is an honor to receive this award and recognition again," said retired Navy Capt. Bob Silah, president of the Tampa chapter.

The money will help provide "the greatest possible support" to active-duty military personnel wounded in Iraq or Afghanistan and their families, Silah added.

Gen. Peter Pace, chairman of the Joint Chiefs, presented the award.

Operation Helping Hand donates a variety of items to family members, including money for lodging, air fare and car rentals. Taxi fare coupons, cell phones, phone cards, movie tickets and restaurant gift certificates also are provided.

The Newman's Own awards are sponsored by the Paul Newman Foundation with support from the Fisher House Foundation in Bethesda, Md., and the Military Times Media Group in Springfield, Va.

The awards recognize volunteer organizations working to improve military quality of life. Reunions

Damage And Doubts Linger After Katrina (WP)

By Christopher Lee And Anushka Asthana

The Washington Post, August 21, 2006

Nearly one year after Hurricane Katrina punched into the Gulf Coast, much damage remains, both in the shattered homes that litter parts of New Orleans and in the battered reputation of government institutions, a new survey shows.

The country is in the heart of hurricane season again, and many Americans are not persuaded by federal assurances that the government is ready for the next big storm, according to the national survey by the Kaiser Family Foundation.

Fewer than half of those surveyed said they thought the government is "very prepared" to deal with this year's hurricane season. Only half agreed that the federal government had "learned a lesson from Hurricane Katrina" -- which swamped New

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Orleans, killing more than 1,500 people and displacing hundreds of thousands more -- "and the nation is better prepared for a major disaster as a result." More than four in 10 respondents said the government had not learned anything.

It is an assessment the administration strongly disputes. Speaking Friday at an event entitled "Government after Katrina: Lessons Learned," R. David Paulison, the new director of the Federal Emergency Management Agency, listed changes taking place inside the agency.

Paulison acknowledged that some "extraordinary criticism" FEMA received was "frankly deserved." But he promised the room packed with media and charity workers that the agency is learning.

Although President Bush pledged on Sept. 15 in a nationally televised address from Jackson Square to rebuild New Orleans, 70 percent of those surveyed said most individuals still have not gotten the help they need with housing, health care and restoring their lives. Fifty-six percent said the federal government has not done enough to help state and local governments restore services in the affected areas and 30 percent said it has.

Among African Americans, a group that suffered disproportionately from the storm's devastation, such sentiment ran stronger. Eighty-four percent of black respondents said most people affected by Katrina had not gotten the help they need to move on with their lives, and 75 percent said the federal government had not done enough to help state and local officials.

The blow to public opinion about the government extends beyond immediate Katrina-related matters. More than half of the survey's respondents (53 percent) said the government's handling of the hurricane had a negative impact on their confidence in government overall. Only 13 percent said it had a positive impact and 28 percent said it had no impact. (Five percent said they didn't know.)

Federal officials might find some solace in the fact that, while those surveyed generally gave the thumbs-down to the federal government's response to Katrina, they were willing to spread the blame around.

Thirty-one percent said failures in the response to the storm were mostly those of government agencies. But those queried also cited individual officials and leaders (21 percent of respondents) and residents who did not adequately prepare and leave in time (22 percent).

Paulison said he is concerned about the number of people who still say they will not evacuate when told. He was speaking at an event organized by the Partnership for Public Service as part of a project aiming to discuss what went wrong, what went right and what can provide lessons for future events.

"We need to see Katrina as a wake-up signal," said Max Stier, president of the partnership.

Paulison said there have been changes. He talked of an improved communications system, the ability to register 200,000 victims a day (twice the number possible last year) and a larger and more experienced workforce. FEMA has promised to have 200 buses ready and waiting in Carville, La.

"We cannot let the deaths and suffering of Katrina victims go in vain," he said. "We are taking FEMA and taking it into the 21st century."

But Paulison acknowledged that his words are not enough to convince the nation. "I understand that it is going to be how we perform," he said. "Until we actually do, people are not going to believe it."

Nursing Home Disaster Plans Found Lacking (WP)

The Washington Post, August 21, 2006

Evacuation was not necessarily the right decision for Gulf Coast nursing homes that faced a hurricane. A new report shows they experienced a range of problems, including transportation agreements that fell through, long trips, and a lack of food, water and medicine.

Meanwhile, nursing home administrators who decided not to move residents reported fewer problems, particularly when it came to the health of the residents, according to the report by the inspector general for the U.S. Department of Health and Human Services.

The report called on the federal government to strengthen certification standards for nursing homes' emergency planning.

The inspector general reviewed 20 nursing homes along the Gulf Coast in areas where hurricanes struck in the past few years. Thirteen evacuated. Seven did not. The report did not identify the homes by name or location.

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Although the IG found fewer health problems when nursing homes did not evacuate, it is clear that the homes' administrators faced a difficult decision. Not addressed in the IG's report are 56 deaths at two Louisiana nursing homes that failed to carry out evacuation plans during Hurricane Katrina.

While Hurricane Katrina was the most devastating of recent hurricanes, the IG's investigators also included Hurricanes Ivan, Rita and Wilma in their review.

The nightmarish experience of one nursing home went like this:

The company that had contracted with the nursing home to provide transportation was unavailable. Less than a quarter of the nursing home's employees were able to evacuate with the residents. Staff members and borrowed cars were used to cobble together a nine-vehicle convoy. Roads were clogged, and two vans broke down. Water, food and medicine were scarce during what was supposed to be a two-hour trip.

"Residents arrived at the camp after 19 hours in transit. All survived, but several were treated for cuts and bedsores resulting from the trip," the report said.

Federal law requires that nursing homes receiving Medicare and Medicaid funds have written plans to meet potential emergencies. The homes also must provide training to employees in emergency preparedness.

Nationally, 6 percent of the 16,125 nursing homes surveyed in 2004 and 2005 were cited for planning deficiencies. Twenty percent were cited for training deficiencies.

All of the 20 homes reviewed had been listed as meeting federal requirements on their most recent state survey, but a closer inspection by the investigators showed numerous planning weaknesses. Six of the 20 did not have instructions for evacuating to an alternative site, and nine did not have criteria for making the decision to evacuate or stay. Also, 15 did not have information about the specific needs of residents that would allow the staff to modify plans according to those medical needs.

The Centers for Medicare and Medicaid Services (CMS), which oversees nursing home certification, agreed with the need to strengthen certification requirements, and a review of guidelines had begun before the investigators issued their report.

"The OIG report is extremely helpful as we complete this review," CMS Administrator Mark McClellan said.

The investigators also recommended that state and local governments be encouraged to collaborate more when it comes to emergency planning for nursing homes.

Houston Grumbles As Evacuees Stay Put (LAT)

By Miguel Bustillo

The Los Angeles Times, August 21, 2006

HOUSTON — Almost a year after Hurricane Katrina caused the country's largest mass migration since the Dust Bowl, as many as 150,000 evacuees still live in this city, and increasingly many are indicating that they no longer plan to go home.

To many Houstonians, that's overstaying the welcome.

Houston's homicide rate has shot up 18% since the storm, and police statistics show that one in every five homicides in the city involves a Katrina evacuee as suspect, victim or both.

More than 30,000 evacuee families in Houston still live in government-subsidized housing, and a Zogby International survey sponsored by the city found that three-fourths of the adults receiving housing help were not working, raising questions about how they will survive when federal aid runs out.

Texas Gov. Rick Perry and Houston Mayor Bill White opened their doors to neighbors needing shelter in the nightmarish aftermath of the storm that devastated New Orleans and much of the Gulf Coast.

But privately, Texas leaders quickly began to fret that the bedraggled masses that accepted their invitation were overwhelming the state. In December, White declared that "Houston is full" after more than 250,000 evacuees, including hundreds of families rescued from the fetid Louisiana Superdome, filled the city's housing to the brim.

White and other civic leaders remain committed to helping hurricane victims rebuild their lives, and become Texans if they choose. But in the crowded, apartment-lined neighborhoods here where most evacuees wound up, the famous Texas hospitality is wearing thin. Many residents are fed up with rising crime, and some are upset that evacuees could end up being a financial drain on the city.

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"It's time for them to go home," said Victoria Palacios, the manager of an EZ Loan store in southwest Houston that has been held up four times in the last year, crimes she is convinced evacuees committed because of the distinct accents of the robbers. "Ever since they came here, we've been getting robbed."

The challenges facing Houston as Katrina's Aug. 29 anniversary draws near illustrate the lasting imprint that the storm left throughout the South. Estimates vary, but as many as half a million people remain scattered far from their former homes in Mississippi and Louisiana.

A Gallup Organization survey sponsored by the Texas Health and Human Services Commission, due to be released soon, found that 251,000 evacuees still live in the state. Of adults, 59% were unemployed, and 54% were still receiving housing subsidies. Eighty-one percent were African American, and 61% of the households had earned less than $20,000 a year before Katrina.

Texas officials estimated that the state had housed as many as 400,000 evacuees from hurricanes Katrina and Rita, which lashed the Gulf Coast on Sept. 24.

The federal government is reimbursing much of the cost Texas is incurring, and last week, the U.S. Department of Housing and Urban Development announced that it would provide an additional $429 million in emergency funding.

But Texas officials are concerned that the lingering presence of so many needy people will strain services such as mental health programs, which are in high demand among still-traumatized evacuees.

In Houston, two-thirds of evacuees receiving housing assistance planned to stay, the Zogby Poll found. City leaders are planning for a future that assumes many of them will.

"People were waiting and hoping the situation would change in New Orleans, but many are realizing they may be here for a while," said Cindy Gabriel, a spokeswoman for Houston's Joint Hurricane Housing Task Force. "We're looking at them as Houstonians at this point."

Houston is considering adding two seats to the City Council to better represent the augmented population, which has surpassed 2.1 million people, according to some estimates.

Houston Police Chief Harold L. Hurtt is pushing to hire 400 additional officers to deal with the city's evacuee-fueled crime wave.

In the meantime, police officers are routinely working overtime shifts to increase patrols on the city's most dangerous streets.

"We've had some out-and-out criminals coming over here" from New Orleans, said Capt. Dale Brown, who heads the Houston Police Department's homicide division. "Most evacuees are clearly law abiding. But there is no getting around the fact that some of these people were committing violent crimes in Louisiana, and they are committing them here."

Homicides involving Katrina evacuees continue to be common. Earlier this month, for example, Rolando Rivas, 64, was plunking quarters into a self-service car wash early in the morning when four young men pulled a pistol on him and demanded his money. He resisted, and was fatally shot. Police later found the murder weapon on a 16-year-old near the same car wash. The gun had been stolen in New Orleans. Three teenage evacuees from New Orleans have been arrested.

This year through Aug. 14, there have been 252 homicides in Houston, including 56 that involved Katrina evacuees. At the same point last year, there had been 194 homicides.

Police officials said they have not seen increases in all crimes, but robberies, assaults, and other violent offenses have gone up since evacuees boosted the city's population.

Many of the neighborhoods where evacuees wound up were already plagued by crime, police said, and the added presence of gangs from New Orleans housing projects, with long-standing beefs against one another, has only worsened tensions.

"It took them a couple of months to figure out the town," Houston police spokesman John Cannon said of the Crescent City gangs. "But once they figured out where their enemies were hanging out, that's when we saw the spikes."

While Houston struggles to assimilate the thousands of evacuees, New Orleans is realizing that it must persuade its people to come back if it has any chance of rebuilding into a major American city.

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Many evacuees say they would love to return to New Orleans, but cannot imagine taking their families back to a moldering city where crime is out of control and affordable housing is hard to find.

Trying to challenge that perception, New Orleans Mayor C. Ray Nagin will visit Houston on Tuesday to make a pitch to evacuees that it is safe to come home. He is also visiting other cities around the country with large populations of New Orleans expatriates.

But for a growing number of evacuee families, such pleas come too late: New Orleans is already in their past.

"We were not planning to stay, but there were no facilities for us to go back to in New Orleans. It just wasn't possible," said Nathan Thomas, 59, a former New Orleans art teacher who recently moved into a new house with help from Habitat for Humanity and Oprah Winfrey, who has helped build and furnish 65 homes here. "We have gone back since, and the place is just uninhabitable."

Thomas has not yet found a job, but his wife, Esther, a former 911 dispatcher, is training for a similar position with the Houston police, and he is optimistic that there are opportunities for him in the nation's fourth-largest city. His three children and 10 grandchildren are all settled in Texas now, as are many of his friends and relatives from the New Orleans East neighborhood.

"Everyone is moving here," said Thomas, who is taking care of his 3-year-old grandson, Jamal. "Even though you do have some housing in New Orleans, the cost has skyrocketed. An apartment that used to cost $520 a month now costs over $1,000."

Louisiana is counting on The Road Home, a $7.5 billion housing aid program for victims of Katrina and Rita, to bring back evacuees. But nearly a year after the storms, not a single dollar has been sent to the more than 100,000 families that applied for the assistance.

The grants include up to $150,000 to help homeowners rebuild. It could be at least another year before the money, which was approved by the federal government only about a month ago, is all disbursed.

"We are going to work hard to give as many people as possible the option to go home," said Michael Byrne, the program's director. "We know we have a lot to overcome — this community was devastated — but we want to win people's faith back."

For some business leaders in Houston, particularly in the southwest neighborhoods where most evacuees live, compassion is giving way to concern that crime is only going to get worse when federal housing assistance ends.

Mandy Kao, who owns more than 1,000 apartment units with her husband, is spending an average of $1,000 to repair apartments after evacuees move out — money that is not refunded by federal subsidies. Their property firm has been sued by evacuee tenants who moved out of apartments without giving notice, then claimed they left Rolex watches and other expensive possessions behind.

But Kao, 37, has not been discouraged and has been credited by grass-roots groups with helping evacuees restart their lives. For example, she is considering starting a child care center in one of her apartment buildings so evacuees, many of them single mothers, could go to work. Unless others step up to help, she said, she worries that the future for southwest Houston will be dire.

"If we drop the ball, and fail to help these people get back on their feet again — I don't even want to think about what might happen," Kao said.

"Unfortunately, things are already deteriorating."

*

(INFOBOX BELOW)

Storm diaspora

Location and number of storm evacuees are ever-changing, and different government sources have different totals. Here, according to the Federal Emergency Management Agency, are the top 10 metropolitan areas for Katrina-Rita relief applicants as of Aug. 10:

Source: FEMA. Graphics reporting by Tom Reinken

Year After Katrina, Few Fully Recovered (USAT)

By Susan Page And William Risser

USA Today, August 21, 2006

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WASHINGTON — As the anniversary of Hurricane Katrina approaches next week, a USA TODAY/Gallup Poll of those hit by the storm finds that just 16% say their lives are back to normal.

While most people are still in their homes and back on the job, many report they are struggling with finances, battling with contractors and suffering emotional strain. Among those with children younger than 18, 56% say their kids have been affected in negative ways.

"You take 10 steps forwards and 50 steps backwards," says Brandi Traylor, 26, of Pass Christian, Miss. She and her husband finally moved from a FEMA trailer back into their house last week.

The massive migration the storm prompted isn't over. About a third of those who have returned to their communities say they may move away. Half of those who haven't moved back say they probably won't.

The survey contacted 602 adults from Louisiana, Mississippi and Alabama who registered with the American Red Cross immediately after the storm. They were among 1,510 adults from the Red Cross database of 470,000 who were called in a similar poll last fall.

The number relocating is "startling," especially for such previously stable communities, says William Frey, a demographer at the Brookings Institution. "This is going to change the dynamics of that whole area if you have this degree of displacement going on."

Half of those polled have returned to their communities and plan to stay. One-fifth have returned but say they may move by choice or necessity. One in four haven't returned.

"In the last eight months, I've been in Texas, Georgia, Mississippi and back in Louisiana," says Kentrell Blatcher, 27, a mental health aide in New Orleans when Katrina hit. "I can fix up my house and say, 'Yeah, I'm back in my house,' but I don't think I will ever be able to say, 'This is the city that I left.' "

Sixty-three percent are living in the same home as before the storm. In the survey last fall, 55% were. Sixty percent are in the same job, compared with 61% then.

Rough Start For Effort To Remake Faltering New Orleans Schools (NYT)

By Susan Saulny

The New York Times, August 21, 2006

NEW ORLEANS, Aug. 20 — On Debra Smith's third attempt to enroll her younger sister in a public high school here last week, patience evaporated. For the student, disappointment turned into tears.

Ms. Smith said the school her sister, now a 10th grader, attended before Hurricane Katrina — one of just five the city is still operating — turned her away because of poor grades. Two other options were full.

"Why am I still sitting here begging to get a child into school?" Ms. Smith asked at a registration center teeming with confused and angry parents. Many saw their schools disappear with the storm, replaced by a small but labyrinthine system of state, city and charter-operated schools, each with its own rules, applications and starting dates.

"Why should I think the schools are going to be any better if they can't handle the registration process?" she asked. "Where's the space for these kids?"

For parents throughout the city, the first post-storm back-to-school season is having an inauspicious start. But it is perhaps most chaotic for those relying on a new state effort to rescue dozens of city schools that were a disaster even before Hurricane Katrina. The storm offered one of the worst school districts in the nation an opportunity for rebirth in the Recovery School District, state officials said.

The Recovery District, which was created in 2003, included five schools before the hurricane. But the district really began to take shape when the state took over 107 of the city's worst-performing schools shortly after the storm. The Louisiana Department of Education had already considered the city school district to be in "academic crisis," but after the hurricane, the district neared collapse. The state's goal was to help the schools meet national performance standards and match the state graduation rate, among other things.

"The mission of the R.S.D. is to create a world-class public education system in New Orleans, in which every decision focuses on the best interests of the children," the state's promotional literature said.

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Those lofty goals are at risk now because of a late start to planning for the school year. Well into the summer, it was still unclear how many schools would be chartered and how many teachers and classrooms would be needed. In addition, more students returned to New Orleans than state officials had expected.

The state began interviewing and hiring the hundreds of teachers needed for its Recovery schools only about a month ago. It has about 60 percent of the teachers it will need on Sept. 7, when 8,000 students are expected for the first day of school.

Compounding the problem, the district, with 17 schools, has only 10 administrative staff members, and they are not yet working in permanent offices. In addition, the district has said that at least one storm-damaged school building will not be ready before classes begin, and others face the same risk.

"It's going to be a challenging year," said Siona LaFrance, the district's communications director. Ms. LaFrance added, though, that the district had just signed a lease for office space and that it would be hiring more staff members. She said the district hoped to avoid recreating the bloated bureaucracy of the old school district.

Still, the shaky start has deflated some of the optimism many residents had when they heard about the state taking over schools that the city had mismanaged over the years. It is particularly worrisome to those who are depending on the schools.

"That's hurting to your heart when a child says, 'Mama, I want to go to school,' and you can't find one," said Yvonne Thompson, who is raising a 14-year-old granddaughter who needs special-education classes. Standing outside a registration center, Ms. Thompson added, "I don't understand what's going on."

Robin Jarvis, the superintendent of the Recovery District, said no child would be denied a space. But Dr. Jarvis added that officials were grappling with having more students back in the city than had been expected. Nine of the 17 Recovery schools are already at capacity.

"We are operating more schools than people envisioned in the beginning, and there's more manpower needed," she said. "I think people anticipated a slower rate of return."

Some fear that the opportunity to remake New Orleans by rebuilding the faltering core of its public education system is being squandered by a lack of planning. Many residents believe that the absence of a highly functioning educational system and the city's notoriously high crime rate have been intertwined for decades.

While the state was working on its district, several local and national groups began creating charter schools, a system within a system that has grown to the largest group of charter schools in the nation. This fall, 33 of the schools are scheduled to open, receiving public money but operated by independent groups.

Some charter schools, however, have admissions requirements or the authority to reject students for a variety of reasons, the most common being lack of space. In addition, four of the five city-run schools have selective admission policies, based on academic and other factors. Students who cannot find a spot in a charter or city school will have to turn to the Recovery District, which is obligated to create space.

Out of concern that some charter schools were not accepting the most challenging students — those with physical or learning disabilities — the state added a clause to its contracts in May, Dr. Jarvis said, requiring them to admit a certain percentage of students with disabilities.

"There were some cases where parents said they were having trouble locating schools that would take them," Dr. Jarvis said. "Part of our reasoning was to reduce that and say our expectation is that you will provide for these students."

About 25,000 students are expected to enroll in public education in New Orleans this fall. Before the storm, the city had 65,000 students in more than 100 public schools.

Thousands of public school students who were accepted into charter or city schools have already begun classes. Many openings went smoothly, and parents have lauded the range of choices that was not available before the storm.

But it will be years before it is clear whether those choices lead to higher student achievement and better school performance.

"I think things are looking much, much better than they ever looked," said Tanya Fobbs, a food service worker with two children who will be in public schools this year. Ms. Fobbs applied to charter and traditional schools, and is waiting to hear where her children have been accepted.

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Many remain unsure, calling the new landscape fragmented, uncoordinated and uneven in terms of resources. Some charter schools, for instance, have proved to be powerhouses in winning approval for their ideas and galvanizing resources. Others, particularly in poor areas, have had trouble just getting started.

"We've created the most balkanized school system in North America," said Lance Hill, director of the Southern Institute for Education and Research at Tulane University. "The average parent is mystified."

Many reserve their harshest criticism for the Recovery District.

"It seems to me that the whole Recovery thing is hype," said Jerome Smith, the longtime director of a community center in the Tremé neighborhood. "Here you have people, supposedly professionals, who don't have teachers for the schools, and at the same time have not prepared well for this transition. They are going to be excused for their professional shortcomings, but the children will be penalized forever."

Belden Banks said his 17-year-old niece wanted to drop out of the 12th grade last week after having registration problems at Clark High School. She was told she needed to bring a legal guardian, but she does not have one. The teenager has been separated from her displaced parents since the storm, Mr. Banks said.

"They should have made sure kids didn't have any of these problems because they've been through so much already," he said. "Just a few more classes until graduation, and now she's all upset and wants to quit."

He continued: "If they turn kids away, guess where they're going to end up? On the corner. You hear about it when they get killed."

Spike Lee Films The New Orleans Disaster His Way (opinion) (NYT)

By Nicholas Kulish

The New York Times, August 21, 2006

There are two Spike Lees. One is an artist capable of directing exceptional films, the other a public personality who suffers from flare-ups of foot-in-mouth disease and a fondness for conspiracy theories. Both sides of Mr. Lee's personality express themselves in his new HBO documentary about Hurricane Katrina and the destruction of New Orleans, "When the Levees Broke: A Requiem in Four Acts." As a result it is by turns powerful and frustrating.

There are moments of such sheer emotional force in Mr. Lee's film that words cannot adequately describe them.

A drowned 5-year-old girl named Sarena Polk is laid to rest in a little pink casket. Her mother, Kimberly, walks away from the funeral sobbing. Her cries describe the gulf between despair and sadness. What would probably seem crass and exploitative on the television news feels intimate in this film.

Mr. Lee also sets the record straight on the false reports that spun out of the chaos, stories about men raping babies and shooting at helicopters, which portrayed the victims as savages. Those stories, magnified or invented whole cloth, drowned out the risks and sacrifices of Louisianans, which far outweighed the instances of criminality and opportunism. And those reports helped harden the views of many against rebuilding the city.

There are several reasons to make a documentary like "When the Levees Broke." One is to create a historical record. A more important goal is to draw attention to the continued misery of the victims and, one would hope, encourage a new rush of aid and assistance for those struggling to rebuild. But Mr. Lee undermines the latter goal whenever his film reduces Katrina to a black problem.

Without quite endorsing them, Mr. Lee presents the utterly unfounded charges that the failed levees were blown up to flood poor black neighborhoods.

The resulting deluge destroyed the homes of black and white residents of New Orleans, including those in better-off neighborhoods like Lakeview. There are enough hard facts and plenty of injustice to go around in the story of the dangerous and woefully insufficient levees and the dismally bungled federal response to the disaster. Mr. Lee does not need to dwell on the most divisive rumors.

"When the Levees Broke" soars when it emphasizes what a terrible human tragedy Katrina was. In one instance, Mr. Lee presents a stark montage of bloated corpses. But he refuses to reduce these people to no more than symbols. A friend of one of

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the dead men, whose image is by now familiar because it has been used over and over by media outlets, says sadly yet defiantly, "The guy's name was Eddie." Suddenly, simply, the viewer cannot look at the storm's dead the same way again.

WAR NEWS:

Snipers Kill 20 Shi'ite Pilgrims (WT/AP)

By Vijay Joshi

The Washington Times, August 21, 2006

BAGHDAD -- Snipers lurking on buildings and in a cemetery sprayed bullets into Shi'ite Muslim religious processions in the capital yesterday, killing at least 20 persons in another spasm of sectarian bloodletting that many Iraqis fear is pushing them toward civil war.

About 300 people were injured, mostly when they fell while running from gunfire in Sunni Arab-dominated areas along the parade routes. In one neighborhood, gunmen hid behind tombstones at a Sunni cemetery.

"I was walking, and someone got shot in front of me. It wasn't random fire; it was a clear sniper attack," said Mohammed Jassim, 32.

He said he could hear the faint crack of shots over the noise of the procession. "People panicked and started yelling: 'It came from here, no, from there.'"

Women in black Islamic robes helped one another while running for cover. Many took refuge under an overpass, flinching and ducking at the sound of each gunshot.

It was relatively quiet elsewhere in Iraq, with eight killings reported.

The shootings occurred despite heavy security imposed in Baghdad by Iraqi and U.S. forces as well as a weekend driving ban designed to prevent car bombings amid the tit-for-tat violence that Shi'ites and Sunnis have waged since the Feb. 22 bombing of a Shi'ite mosque in Samarra.

Still, the day's main ceremonies went off peacefully at the golden-domed shrine to Imam Moussa Kadhim, one of 12 Shi'ite Muslim saints.

The attacks on pilgrims occurred in three or four neighborhoods at least a mile from the shrine where Kadhim is buried in the Kazimiyah neighborhood of north Baghdad. Shi'ites believe that Kadhim, who died in 799, was poisoned in prison by a Sunni caliph.

Pilgrims wearing white shrouds to symbolize their willingness to die for Islam chanted: "God bless [the prophet] Muhammad and his descendants" as they converged on the mosque.

"We heed your call, oh imam," they proclaimed before entering the compound, beating their chests and flagellating themselves with steel chains in a traditional Shi'ite expression of grief.

Fadhil al-Sharaa, an aide to Shi'ite Prime Minister Nouri al-Maliki, estimated that 1 million people participated in the processions. Other officials put the figure at 200,000 to 300,000.

The Health Ministry and the Interior Ministry both said 20 pilgrims were killed and 304 injured, only a few of the latter by bullets. Police said four militants, including two snipers, were killed by security forces.

The U.S. military confirmed the deaths of five civilians and was checking reports of 20 killed, spokesman Lt. Col. Barry Johnson said.

Snipers Kill 20 Iraq Shiite Pilgrims (USAT)

USA Today, August 21, 2006

BAGHDAD — Snipers attacked a religious procession by hundreds of thousands of Shiites in Baghdad on Sunday, killing 20 pilgrims and injuring 304. Most of those who were hurt fell while trying to escape.

The attack came a day before Saddam Hussein was to go on trial for genocide in the deaths of tens of thousands of Kurds in 1988.

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Gunmen lurking on buildings and in a cemetery in Sunni-dominated areas sprayed bullets into religious processions. In one spot gunmen hid behind tombstones.

Police said four gunmen, including two snipers, were killed by security forces.

The attackers struck as U.S. and Iraqi troops have been trying to boost security in Baghdad, which has been wracked by suicide bombs and shootings.

About 12,000 extra U.S. and Iraqi troops have deployed in recent weeks. Hundreds of people have died this month in terror attacks.

Industry Minister Fowzi Hariri said Iraq would not slide into civil war.

"The vast majority of the people of Iraq are determined to end up in a national unity country and a government that is for the whole of Iraqis," Hariri said on CNN's Late Edition program. He said "certain elements" are trying to destabilize Iraq, "but they will not win."

Violence at religious processions is not unheard of in Iraq. Last year about 1,000 people died during the Imam Kadhim commemoration when rumors of suicide bombers triggered a stampede on a bridge across the Tigris River.

Despite the shootings, Sunday's main ceremonies went off peacefully at the golden-domed shrine to Imam Moussa Kadhim, one of 12 Shiite Muslim saints.

Meanwhile, a new legal chapter opens today for Saddam when he goes on trial for a second time, charged with war crimes for his brutal offensive against the Kurds.

The case against him and six others is tied to the deaths of tens of thousands of people. Kurdish survivors say many villages were razed and countless young men disappeared. They also accuse the army of using prohibited mustard gas and nerve agents.

Carole O'Leary, an American University professor and expert on the Kurds, said the case is "symbolically important" because Saddam and his immediate family members "are most infamous for what they have done over time to the Kurds."

The trial begins as Saddam and seven others await a verdict for their alleged involvement in the killings of more than 148 Shiite Muslims from Dujail in 1982. Saddam could be sentenced to death.

Insurgents Kill 20 In Shiite Pilgrimage Amid Heavy Security (NYT)

By Paul Von Zielbauer

The New York Times, August 21, 2006

BAGHDAD, Iraq, Aug. 20 — Rooftop snipers and mortar fire killed 20 people and wounded 300 others as they walked through religiously mixed neighborhoods in Baghdad on Sunday to commemorate the death of one of Shiite Islam's holiest figures, an Iraqi Health Ministry spokesman said.

American and Iraqi officials had been planning security for the pilgrimage for months, trying to avoid the huge loss of life during the pilgrimage last year, when more than 950 died after rumors of a suicide bomber caused a stampede on a bridge packed with pilgrims.

To control crowds better this year, the government banned vehicle traffic in the capital from Friday evening until 6 a.m. Monday, requiring the crowds of pilgrims to walk from their neighborhoods and beyond to the mosque where the body of Imam Musa al-Kadhim, the seventh imam of Shiite Islam, is entombed. The mosque and neighborhood surrounding it, known as Kadhimiya, are named for the imam. (The word kadhim means self-restraint from anger.)

A spokesman for the Defense Ministry said Sunday that the security plan consisted of four "rings" to defend the mosque and pilgrims streaming toward it. The first perimeter, around the mosque itself, was made up of armed men from the Interior Ministry, which is tightly controlled by Shiites.

A second ring consisted of Defense Ministry and national police officers at checkpoints around the city, the spokesman said. Iraqi Army soldiers cruising city streets in Humvees made up the third layer of security, with American military helicopters and surveillance as the fourth.

But by early Sunday morning, rival groups were exchanging gunfire on Baghdad's streets, officials and residents said, as processions of pilgrims, segregated by sex, ran into apartment blocs and under highway overpasses for cover.

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Sattar Abu Ali, a 42-year-old Shiite who lives in the Slaikh neighborhood in northeast Baghdad, a mostly Sunni area, said gunmen attacked two mosques in the his district at 7 a.m., and later fired into nearby homes.

"I have seen, from inside the yard of my house, gunmen walking and firing randomly," Mr. Ali said. "Also, mortar rounds fell on some houses. In response to that, the people of Slaikh went up to their roofs and started to fire back at the gunmen."

Witness accounts and street-level images broadcast on Iraqi television described how gunmen on rooftops rained sniper fire onto pilgrims in one predominantly Sunni Arab district here. Security officials fired back, officials said.

The American military released a statement late Sunday that seemed to play down the deaths. "Iraqi military and civil leaders provided a comprehensive security plan to ensure there would be no recurrence of violence that marred last year's event," the American statement said. "As a result, there were no major attacks."

Haider Ahmed Muhammad, a 38-year-old government worker and a Shiite from the Mansour neighborhood, said he began a six-hour walk to the Imam Kadhim shrine at 8 a.m., avoiding the mostly Sunni neighborhood where part of last year's stampede took place. Beside squads of Iraqi Army soldiers and police officers armed with AK-47 assault rifles, groups of Shiite volunteers handed out juice, water, cakes and chai tea, Mr. Muhammad said.

"The whole situation was comfortable and calm, compared to last year," he said.

But he said Sunday proved more violent for a group of his friends, who came under mortar attack as they walked through the Bab al-Muadam district in eastern Baghdad, toward the bridge across the Tigris that leads to the holy shrine. As the group approached the Sunni-controlled Slaikh neighborhood, Mr. Muhammad said his friends later told him, armed men fired their weapons in the air as a warning for the Shiite pilgrims to alter their route.

Undeterred, Mr. Muhammad said, the Shiites moved on to the Sunni area. Snipers then began shooting at them, he said.

Abdul-Wahab Hussein, 47, a high-school teacher, said another gunfight broke out in the same district when armed Shiite militiamen escorting pilgrims confronted a group of shopkeepers to demand they close, as a sign of respect. When the shopkeepers refused, the militiamen fired on them, Mr. Hussein said, wounding two people.

The Defense Ministry spokesman said three men were captured after a protracted exchange of gunfire with gunmen who had fired on the procession of pilgrims.

By Sunday evening, most of the attackers had been killed, captured or driven away, officials said.

Gunmen Target Shiite Muslims, Kill 22, Injure Hundreds (LAT)

By Patrick J. Mcdonnell

The Los Angeles Times, August 21, 2006

BAGHDAD, Iraq -- Gunmen took aim at multitudes of Shiite Muslim worshipers marching through this besieged capital Sunday, killing at least 22 and leaving hundreds injured in a vivid illustration of the sectarian violence driving Iraq toward open civil war.

Panicked pilgrims, including women in full-length black robes, scattered in terror as opportunistic gunmen fired from positions on rooftops, inside buildings and on the streets. Security officers and Shiite militiamen returned fire during rolling gun battles along the routes to the worshipers' destination, a major Shiite shrine.

Iraqi television showed images of pilgrims diving for cover behind parked cars and buildings as ambulances ferried off victims. Authorities reported that security forces killed several of the snipers.

Despite the gunplay, U.S. and Iraqi officials argued that a Draconian weekend security clampdown, including a two-day ban of most vehicular traffic in the capital, helped avert a higher death toll as more than 1 million Shiites headed on foot to the shrine. No major attack was reported at the bustling shrine site.

An Interior Ministry official labeled the security dragnet, which also included the posting of thousands of police and troops at the shrine and along its access roads, as "an extraordinary success," given the potential for mass casualties in the incendiary climate of contemporary Iraq.

Last year, almost 1,000 pilgrims were killed during a stampede sparked by fears of a suicide attack that culminated in a human crush on the Aima Bridge over the Tigris River. Many of the victims, including numerous women and children, were forced into the river and drowned.

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This year, police closed the Aima Bridge and funneled worshipers to two other spans in a move aimed at dispersing the masses and providing greater protection.

The U.S. military praised the "comprehensive security plan" devised by Iraqi military and civil leaders.

"These acts against innocent civilians are deplorable, but Iraqi security forces did an excellent job in preventing more needless loss of innocent civilian lives," U.S. Army Maj. Gen. James D. Thurman, who leads American forces in Baghdad, said in a statement.

Officials cited the lack of car bombs and suicide strikes as significant accomplishments during the two-day religious ceremony, which attracted masses of faithful to the gold-domed shrine in the northern Baghdad neighborhood of Kadhimiya. Four mortar strikes were reported in the capital, an official said, but none were fatal.

Authorities set up checkpoints as far as three miles from the shrine and searched everyone entering the holy site for weapons and concealed suicide devices. Foot patrols hunted for clandestine launching pads used to fire mortar rounds and Katyusha rockets, staples of the insurgent arsenal.

Officials said those killed Sunday were shot en route to or from the shrine as they walked through neighborhoods populated mostly by Sunni Muslims, who are fighting the country's Shiite majority in an increasingly bloody internecine struggle. Many worshipers walked for miles, some barefoot, to pay homage to Musa al Kadhim, who died more than 1,200 years ago and is one of the 12 revered imams of the Shiite sect.

Gunmen shot and killed at least seven other pilgrims along a highway Friday, officials said, before the vehicle ban went into effect.

Authorities said 302 people were injured during this year's pilgrimage, including gunshot victims and shrapnel casualties from mortar strikes. It appeared that many were hurt in other ways, such as falling while scrambling from the gunfire.

Baghdad, whose residents long boasted of religious tolerance, is increasingly a city of Sunni and Shiite enclaves. Many have left once-mixed neighborhoods for the relative safety of zones dominated by one or the other sect and patrolled by corresponding militiamen. Others have been forced out or killed.

But many pilgrims headed to the Kadimiyah shrine had no choice but to pass through largely Sunni districts brimming with resentment about the Shiite political domination that followed the U.S.-led ousting in 2003 of Saddam Hussein, a Sunni tribesman who favored his religious brethren.

"I left my house at 10 p.m. because it is much safer and the weather is cooler," said Ali Hassan, 18, a laborer who arrived safely at the shrine in the predawn hours on Sunday. "But this morning we heard some gunshots aimed at the pilgrims, and some were hit."

Hassan, who was uninjured, said he made the pilgrimage in honor of his older brother, Sadeq, who perished in the Tigris during last year's human stampede.

That a day in which almost two dozen people were shot dead could be labeled a security success is a reflection of the unforgiving calculus of today's Iraq, where as many as 100 civilians are killed daily in an vicious sectarian struggle. Extra ordinary security measures, such as those imposed this weekend and during last year's elections, have managed to curb the bloodshed only for concentrated periods.

Iraq's large-scale Shiite religious celebrations, banned or otherwise held in check during Saddam's reign, have become vivid symbols of the Shiite ascendancy in recent years. Shiite politicians and religious leaders have made no effort to limit the extravaganzas despite the parlous state of security.

But attacks on Shiite festivities have become so commonplace that authorities have begun to devise elaborate security plans well before the pilgrims hit the streets.

Iraqi Insurgents Kill 20 Pilgrims (WP)

By Amit R. Paley

The Washington Post, August 21, 2006

BAGHDAD, Aug. 20 -- Sunni Arab insurgents armed with rifles and mortars killed 20 pilgrims and wounded 300 others who thronged the capital Sunday for one of Shiite Islam's most important holidays, authorities said.

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But in a sign of just how routine the intense sectarian bloodshed in the capital has become, the U.S. military reported "relatively little violence." Prime Minister Nouri al-Maliki touted the "success" of Iraqi security forces "in preventing the terrorists from killing innocents."

The carnage took place despite a weekend ban on car traffic and months of planning by Iraqi security forces to control an estimated million pilgrims who flocked here to commemorate the death of Imam Moussa Kadhim, a revered figured in Shiite Islam. About 1,000 people were killed during the holiday last year when rumors of a suicide bomber triggered a stampede.

The killings also highlighted the growing animosity between Sunni and Shiite Muslims that many fear is causing Iraq to slide into a full-blown civil war.

The largest Sunni bloc in parliament, the Iraqi Islamic Party, denounced the Shiite-led government for announcing the deaths of only Shiite pilgrims. It said Shiite militias had attacked innocent Sunni residents Sunday without interference from the police, killing at least seven people and wounding many more.

"These militias want to extinguish the flame of peace," said Alaa Makki, a leader of the Iraqi Islamic Party. "The militias played a very bad role today."

Shiites from across Iraq flocked to the Kadhimiyah area of Baghdad over the past three days to prepare for Sunday's holiday. The office of radical Shiite cleric Moqtada al-Sadr estimated that 2 million came Sunday, although the U.S. military put the figure at 1 million.

Pilgrims began marching in religious parades at 3 a.m., thrashing their backs with heavy metal chains to the beat of a drum in an act of ritual penance.

"We wish to be bombed and killed so that we will be in the immortal paradise along with Imam Kadhim and the rest of the prophet's family," said Malik al-Majid, 46, a leader of the parade.

The violence began before dawn when 150 to 200 Sunni insurgents began firing mortars and shooting at pilgrims in the Solaikh and Adamiyah districts of Baghdad, said Brig. Gen. Karim Taha, commander of nearby Iraqi army troops. Snipers also targeted worshipers in the Karkh, Kadhimiyah and Bab al-Muadham areas.

Luai Hussein, a Shiite worshiper, said he was returning at 11 a.m. from ceremonies at the gold-domed shrine where Imam Kadhim is believed to be buried when two rooftop snipers shot and killed his friend.

"Be careful, there are snipers!" he recalled members of the Mahdi Army, Sadr's militia, shouting as they fired guns into the air.

Sunni residents, meanwhile, said they were being attacked by members of Shiite militias who seemed bent on avenging the deaths of the estimated 1,000 pilgrims last year.

Makki, of the Iraqi Islamic Party, said Shiite militias, which he declined to identify, used mortars, Katyusha rockets and rocket-propelled grenades to attack Sunnis. He said the exact death toll was unknown because many Sunnis were afraid to visit Shiite-controlled hospitals.

Ahmed Abu Taha, a Sunni who lives near the city's Silikh district, said armed men wearing black clothes and green cloaks attacked a Sunni mosque with the support of Iraqi police. He said Sunnis begged members of the mainly Shiite Iraqi army for help, but they refused.

"Why is the Iraqi army not protecting the Iraqi people?" he said. The fighting did not stop until 3 p.m. when U.S. forces cordoned off the area, Taha said.

The Iraqi government and the U.S. military on Sunday night offered a positive assessment of the Iraqi security forces.

"These acts against innocent civilians are deplorable, but Iraqi Security Forces did an excellent job in preventing more needless loss of innocent civilian lives," Army Maj. Gen. James D. Thurman, commander of the Multinational Division Baghdad, said in a statement.

Maliki issued a statement condemning the violence, which he said had been carried out by Sunni insurgents and supporters of ousted president Saddam Hussein. But he said far fewer people died Sunday than in last year's stampede.

"The success of the police and army forces in preventing the terrorists from killing the innocents, even though a number of martyrs and injured people did fall, reflects the growing abilities of the Iraqi forces," Maliki said.

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Killing Won't Win This War (NYT)

By Terence J. Daly

The New York Times, August 21, 2006

San Francisco

THREE years into the Sunni insurgency in Iraq, everyone from slicksleeved privates fighting for survival in Ramadi to the echelons above reality at the Pentagon still believes that eliminating insurgents will eliminate the insurgency. They are wrong.

There is a difference between killing insurgents and fighting an insurgency. In three years, the Sunni insurgency has grown from nothing into a force that threatens our national objective of establishing and maintaining a free, independent and united Iraq. During that time, we have fought insurgents with airstrikes, artillery, the courage and tactical excellence of our forces, and new technology worth billions of dollars. We are further from our goal than we were when we started.

Counterinsurgency is about gaining control of the population, not killing or detaining enemy fighters. A properly planned counterinsurgency campaign moves the population, by stages, from reluctant acceptance of the counterinsurgent force to, ideally, full support.

American soldiers deride "winning hearts and minds" as the equivalent of sitting around a campfire singing "Kumbaya." But in fact it is a sophisticated, multifaceted, even ruthless struggle to wrest control of a population from cunning and often brutal foes. The counterinsurgent must be ready and able to kill insurgents — lots of them — but as a means, not an end.

Counterinsurgency is work better suited to a police force than a military one. Military forces — by tradition, organization, equipment and training — are best at killing people and breaking things. Police organizations, on the other hand, operate with minimum force. They know their job can't be done from miles away by technology. They are accustomed to face-to-face contact with their adversaries, and they know how to draw street-level information and support from the populace. The police don't threaten the governments they work under, because they don't have the firepower to stage coups.

The United States needs a professional police organization specifically for creating and keeping public order in cooperation with American or foreign troops during international peacekeeping operations. It must be able to help the military control indigenous populations in failing states like Haiti or during insurgencies like the one in Falluja.

The force should include light armored cavalry and air cavalry paramilitary patrol units to deal with armed guerillas, as well as linguistically trained and culturally attuned experts for developing and running informants. It should be skilled and professional at screening and debriefing detainees, and at conducting public information and psychological operations. It must be completely transportable by air and accustomed to working effectively with American and local military forces.

Bureaucratic ownership of this force will doubtless be controversial. Because the mission of international peacekeeping entails dealing mostly with civilians, the force would ideally be a civilian organization. But no civilian department is currently structured in a way that seems suitable.

At least initially, the force would most likely fall under the Department of Defense. The establishing legislation should include a fire wall, however, to guard against the tendency of paramilitary units to evolve into pure warriors with berets, boots and bangles.

Crucial to the success of this force is that the American people thoroughly discuss and understand the organization and its mission. Only by having this discussion can we avoid the example of the Phoenix Program in Vietnam, which combined the Vietnamese National Police with American advisers to root the Viet Cong shadow government out of rural villages. The Phoenix Program was highly effective; because it was supposed to be secret, however, the program was not explained to the American people, and it became impossible to refute charges of torture and assassination. Without the support of the American people, the program lost momentum and died.

The legislation establishing the police force should firmly anchor it in respect for human rights. Its mission will be to advance American ideals of justice and freedom under the law, and it must do so by example as well as word. That will be both difficult and critical in a place like Iraq, where it would have to wrest control of the population from insurgents who regard beheading hostages with chain saws as acceptable.

Stringent population control measures like curfews, random searches, mandatory presentation of identity documents, searches of businesses and residences without warrants and preventive detention would be standing operating procedure. For

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such measures to be acceptable to the public, they must be based on solid legal ground and enforced fairly, transparently and impartially.

The police are used to functioning within legal restraints. Our armed forces, however, are used to obeying only the laws of war and the United States Uniform Code of Military Justice. Soldiers and marines are trained to respond to force with massive force. To expect them to switch overnight to using force only as permitted by a foreign legal code, enforced and reviewed by foreign magistrates and judges, is quite unrealistic. It could also threaten their survival the next time they have to fight a conventional enemy.

Forcing the round peg of our military, which has no equal in speed, firepower, maneuver and shock action, into the square hole of international law enforcement and population control isn't working. We need a peacekeeping force to complement our war-fighters, and we need to start building it now.

A Call To Support Democracy (WP)

By Samir Sumaida'ie

The Washington Post, August 21, 2006

As the debate on Iraq rages on, we hear more and more voices that call for throwing in the towel and leaving the mess to Iraqis to sort out. A new and unexpected proponent of this argument is Thomas Friedman of the New York Times, who said in a recent column that it's time for "Plan B." Only a few months before, he was arguing that it would be time for the United States to pack up and go only "when we don't see Iraqis taking the risk to build a progressive Iraq." Now, under the weight of bad news from Baghdad, he seems ready to abandon those very same brave men and women fighting valiantly to establish peace and justice in Iraq. I am an admirer of Friedman, who is generally thoughtful, well informed and supportive, but in this case he and many like him have gone dangerously off-track.

The controversy over the decision by the United States to remove the Saddam Hussein regime should not prevent an honest assessment of the situation of Iraq today. That the post-Hussein period was not well managed is now widely acknowledged. But we are where we are, and there is a future for all our children to secure. Plan B, advocated by Friedman and others, is to abandon the region to religious fanatics and Baathist terrorists. It is nothing but a declaration of defeat dressed up to look like a vision for the future.

Our enemies' strategy has never changed: creating mayhem and making Iraq ungovernable, thereby driving the Americans and their allies out, and installing a Saddam Hussein look-alike to "make peace." In pursuing this strategy, they have forged many alliances and changed course and tactics many times.

Just as they kept to their strategy and adapted, we should do the same. In this context, "staying the course" should mean being ready to adapt and learn while also standing firm for democracy and for a new vision for the country and the region. If we abandon our effort, our enemies win by default.

Those in the new government and leaders of civil society in Iraq are putting their lives on the line every day to advance a democratic society. And it is this that our enemies are most afraid of -- not U.S. forces but a real democracy in the Middle East that would showcase human rights, women in politics and the rule of law. And they fear that this "worst-case scenario" could prove to be contagious.

What has made the past three years hugely more difficult and complicated is the fact that we all underestimated the determination of our opponents and some of our neighbors to undermine this new project. In the context of a global confrontation, this has pitched our fledgling democracy onto the front line of a monumental struggle. It is these outside forces, allied with Saddamists, other terrorists and regular criminals, that threaten to overwhelm us.

To argue that American withdrawal from Iraq would create a "huge problem for Iran" is disingenuous. Iran is fairly secure within its borders. Any problems in Iraq will be for Iraqis to suffer. If there is a collapse and a civil war in Iraq, it is Iran's proxies who will do the fighting, and when the dust settles these proxies will most likely end up with the oil-rich southern region of Iraq -- a significant strategic gain for Iran.

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There would also be the psychological impact of the perceived defeat for America. That would encourage all the enemies of the United States -- and they are many -- to be bolder and readier to challenge its interests everywhere. A new super-radical, geographically contiguous bloc would be born: Iran, Syria and a radicalized, totalitarian, fragmented Iraq.

As for the argument that the very presence of the foreign forces is a source of tension and that their departure would remove a prime source of violence: It may appear plausible at first glance, but it is in fact without merit. We need to understand precisely who is ready to fight to drive foreign forces out; it is only the Saddamists and the religious extremists (al-Qaeda and the like). If U.S. forces are in fact withdrawn, these people will consider it a victory and go on fighting even harder to achieve control over the country.

Other Iraqis range from those who, while irritated by the foreign forces, would not go so far as to actually fight them to those people who know that there would be big problems for them and the country if those forces were withdrawn prematurely. This majority includes Sunnis as well as Shiites and Kurds.

The question that must be addressed here is what to do now in the face of the combined onslaught of insurgents, terrorists, criminal gangs and sectarian militias. A policy for success should include:

Â· Developing, with the Iraqi government, workable measures for reforming the security forces, and making available the necessary resources to implement them.

Â· Supporting the government of Prime Minister Nouri al-Maliki in its efforts to disarm the militias. What is needed is a detailed multifaceted approach that encompasses political, economic and public information considerations as well as coercive measures.

Â· Applying maximum pressure on regional powers to refrain from undermining security in Iraq and to help stabilize it.

Â· Mobilizing the people to oppose the extremists in their midst. Those who say that Iraqis are at each other's throats and should be left to fight it out are wrong. A minority of sectarian extremists and Saddamists is causing and promoting sectarian violence. These resisters have been successful in intimidating the rest of the population, which abhors them. When they are challenged, as they should be, the great majority of Iraqi men and women will be very supportive.

Â· Taking the initiative from our enemies by acting boldly and aggressively. Our posture should not be defensive. That is a recipe for defeat.

Â· Back here in the United States, where Iraq has become a divisive issue, working out a bipartisan understanding aimed at success; an attitude to win this war for America, Iraq and democracy. This item is for American leaders to achieve; the others are collaborative U.S.-Iraqi endeavors.

Is all this achievable? We know it is. Iraqis are resilient. They thirst for normality and a chance to build a future in freedom and dignity. They are fighting and dying for it every day -- witness the numbers enlisting in the security forces despite horrific losses. Witness the support Iraqi women are providing for the political process, and the potential of their emancipation.

The United States cannot escape responsibility for the current situation in Iraq. Not only would abandoning Iraq to its fate now be irresponsible, it would almost certainly lead to disintegration and dictatorship, with a high risk of a wide regional conflict. It would be catastrophic not just for Iraq but also for the United States and for world peace and stability for decades to come. On the other hand, winning this war would be one of the best gifts the United States could make to the world and to its own people.

Hostage: The Jill Carroll Story - Part 6 • Reciting Koranic Verses (CSM)

By Jill Carroll And Peter Grier, Staff Writers Of The Christian Science Monitor

The Christian Science Monitor, August 21, 2006

Um Ali - the wife of Abu Ali, my stubble-bearded captor - was my constant companion during the first three weeks of captivity. She was about 25, very pretty with big eyes. Wherever I was moved, she came, too, along with some of her children. At first, I thought she might be an ally or at least sympathetic. She wasn't.

One night - one of the first nights in a new house in Abu Ghraib - Um Ali and I had lain down on the thin mattresses that served as beds by night and seats by day. I had just taken off my head scarf when suddenly a guard rattled the key violently in the lock and burst into the room, flipping on the light.

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In a frenzy, using very basic English, he ordered me up. I leapt up, my hands shaking so much I couldn't get my head scarf repinned.

The guard started wrapping a red-and-white-checked kaffiyeh around my mouth and head, violently and tightly. I opened my eyes wide in terror, silently pleading for help to Um Ali, who was standing next to me.

Her gaze returned no sympathy. The guard whispered orders to her in Arabic that I couldn't understand.

"Hurry, hurry, quickly, quickly," the guard hissed angrily in Arabic.

The kaffiyeh was wrapped so hard that the dry fabric was cutting into my mouth.

"They're going to haul me out and shoot me in the head," I thought in panic.

He was so angry. His hatred was obvious from the violence with which he wrapped the kaffiyeh around my head. He didn't know me, but I was an American, a symbol.

Um Ali had my glasses. As they moved me to a chair in the hall, I heard a "click, click." Terrified, I thought it was a gun being cocked.

"If an American soldier comes here you don't speak," he said.

That was the reason for the frenzy! He thought there were soldiers nearby. He then demanded that I recite the Koran.

"I just have to live through this. I just have to live through this," I thought, sitting, head bowed, blind, and breathing with difficulty. I was terrified.

After about 20 minutes it appeared no soldiers were coming. He led me back into the room and barked a command to sleep.

There were no whispered words of comfort or explanation from Um Ali.

In my early days of captivity, at one of the first houses I'd been held, an elderly woman who'd been visiting looked sadly at me and told me that inshallah - "God willing" - I would go home soon.

Then the visitor turned to Um Ali and sighed that my captivity was thuloum, or an injustice.

"This is not thuloum," Um Ali snapped back.

My female companion/jailer/suicide-bomber-wannabe grew more irritated and despondent as the days wore on. Um Ali was stuck with me in a dim little room.

Then one evening she bounded in with a grin. She was delighted by the news reports that thousands of homes in California had been destroyed by forest fires.

"This is justice" wrought by God, she said, "because the soldiers destroy our houses."

• • •

Part of Um Ali's growing hardness toward me came as I tried to let her know that, despite the many hours of reciting the Koran with her, I didn't plan to convert to Islam.

In the beginning I was an eager student, as I saw how much it pleased them whenever I showed an interest in learning. But I soon realized I had made a dangerous mistake.

The more I let my captors teach me, the more they expected me to convert. After a few weeks, the question was always, "Why haven't you come to Islam yet?"

I tried to put the brakes on delicately, afraid of what they might do if they thought I was rejecting Islam. How could I tell them that adopting a new religion and code for living wasn't possible when I was held captive, racked with despair, and in fear daily for my life?

One afternoon, when I was exhausted from listening to Um Ali repeat verses of the Koran over and over so I could memorize them, I said, "I don't understand the Arabic in the Koran, and so I can't understand what it really means."

"We'll bring you an English Koran," said Abu Ali, who had overheard me. "You want this?"

They were always insisting that they didn't want to pressure me into converting, while at the same time asking me why I hadn't converted yet.

"Oh, sure," I said.

Abu Ali whipped out his cellphone, and made a call. "You have a Koran in English?" he said. "Quickly, quickly, bring it."

He sounded almost frantic as he gave the person on the other end of the line directions about where to meet him.

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After about 20 minutes he returned, bearing a small, green Koran. Emblazoned in gold on the cover was "Le Qur'an." It was a French translation - not an English one.

Later, I tried telling Um Ali, gently, that I probably wasn't going to convert after all.

She said she would be angry if I didn't convert, given the time she had spent teaching me.

"We are afraid for you and don't want you to go to hell," she said. "We are afraid that we'll see you [on Judgment Day] and you'll say, 'Why didn't you save me?' "

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In the early days, Mary Beth Carroll did Sudoku puzzles or read cards sent by well-wishers before she went to bed. A week and a half after the abduction, Jill's mother decided to attend a Sunday Mass at which Alan Enwiya was going to be memorialized. She had been invited to a Chicago-area Assyrian Christian church by some of his relatives. It turned out to be a cathartic trip.

Mary Beth and her companions arrived at the church on time - but it was almost empty. As the Mass began, it filled up, pew by pew. By the end of the emotional three-hour service it was jammed with parishioners who prayed for Alan and prayed for Jill, as Mary Beth sobbed into her handkerchief. She knew Jill would want her to be there. It made her feel closer to her absent daughter. And it was the first time she'd cried since the whole ordeal began.

The strain was also evident at the Monitor.

While the public support was heartening, Jill's emergence as an iconic figure - a smart, pretty, and idealistic American caught in the maelstrom of Iraq - heightened the pressure in Boston and Baghdad. After all, terrorists behead Western icons.

While the stress was nothing like what the Carrolls faced, Team Jill and the Baghdad Boys (staff writers Scott Peterson and Dan Murphy) felt compelled to exhaustively pursue every lead, no matter how thin. And it was taking a toll. At one point, a worried British security adviser told editors in Boston that Murphy and Peterson "go to bed at 3 a.m. every night, after plotting the next day's strategy, and wake up expecting this will be the day Jill is found. That's unrealistic, and they can't keep this up."

Through most of the time Jill was in captivity, a single 8-by-11-inch color photo of her in a hijab hung near the door of the building that houses the Monitor's Washington bureau. It had been placed there as a backdrop to a press conference by David Cook, D.C. bureau chief and the paper's public face through the crisis.

The avuncular Mr. Cook has three sons not much younger than Jill. He passed that photo, as it grew more dog-eared and tattered, every day.

"You'd come in the door and see her picture and think, 'Have I done everything I could today to help get her out?' "

- P.G.

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I thought about escape from the beginning and made several elaborate plans. At one of the first places I was held, there was a small window in the bathroom, about six feet up. If I reached up, I could peek out, just a little bit.

I looked out two or three times. Each time, I would do it a little bit longer. I saw a field of tall grass that stretched for about half a kilometer. Behind that was a row of tall palm trees running roughly east, toward Abu Ghraib. I'd overhead them talking about the prison. And the prison meant a bazillion US marines.

But I'd been too brazen. After several days, a guard came in after breakfast and said, "A man told me yesterday you were looking out the bathroom window.

"You know, I have a very dark place under the ground. It's cold, with a very small door," he said, repeating a warning I'd been given my first night in captivity. "There's no light. I have this place."

They hammered a tarp across both the bathroom and bedroom windows. The loss of sunlight was devastating. It may not seem like much, but it was hugely demoralizing.

They watched me all the time. Even when it seemed I was alone, there were men with guns just across the hall. I was moved often. I wasn't sure which direction to run even if I got out. Escape looked impossible. All the things I had imagined about the future - marriage, children - they were just gone. They were just gone, and not going to happen.

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Murphy and Peterson weren't investigators in the law-enforcement sense. They never visited the scene of the kidnapping, as that Baghdad neighborhood was now too dangerous. (Neither did the FBI investigators, who were not allowed to leave the safety of the US-controlled Green Zone without an armed military escort.)

But for almost three months, the two reporters made finding Jill their primary job.

In a way, they became scholars of kidnapping. Dan created a database and drew diagrams of which groups had claimed responsibility for holding which hostages and when, to look for connections. They strategized with the British security firm, the Iraqi police, and the US Embassy's Hostage Working Group in the Green Zone. They were told aspects of the FBI and US military efforts, but never given the full picture. So, they sifted through cases that might be analogous to Jill's, to see who had been released and who hadn't. They looked for things that people on the outside had done that might have helped.

In one instance, the friends of a kidnapped Australian put up posters in the neighborhood where the crime had occurred, pleading for his safety. Murphy and Peterson decided to take that idea and supersize it. They mapped out a three-stage media plan, starting with advertisements in newspapers, then moving to radio news and television public service announcements (PSAs).

Their theme was "Jill Carroll loves Iraq and loves Iraqis. She needs your help. Please help free Jill Carroll."

Each step built on the previous one. The TV spots - produced with the invaluable help of CNN Baghdad staffers - used the voices of Iraqis themselves ("Oh, she was like a sister to me") with pictures of Jill in her hijab, quotes from Mary Beth, and, in one, 30 seconds of the Sunni politician Adnan al-Dulaimi calling for her release.

And Iraqi television news directors were generous with donated time.

The point was to get people who might know something to come forward with information. But the Monitor Baghdad Boys knew they were walking a thin line. They wanted to keep Jill in Iraqi minds, as a sympathetic character -- making it harder for her captors to kill her. But they didn't want to be too loud or make her too hot a property. That might raise any ransom demand through the roof. Or, worse, it might cause her kidnappers to believe that they needed to get rid of her, fast - and that death was their best option.

- P. G.

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One day, Ink Eyes, my chief captor, arrived for a chat. He sat just outside the doorway, out of my field of vision. I leaned against the wall, knees up, head down. I was afraid to even move.

He started by telling me about Abu Musab al-Zarqawi, the Jordanian who was the leader of Al Qaeda in Iraq. He called Zarqawi his "good friend."

"He's such a good man.... If you met him, you would like him so much," Abu Nour said warmly.

But Zarqawi wasn't the head of the mujahideen any more, Abu Nour told me, he was simply one member of something new: the Mejlis Shura Mujahideen Fil Iraq.

Roughly translated, this was "Mujahideen Shura Council in Iraq."

The Americans were constantly saying that the mujahideen in Iraq were led by foreigners, he said. So, the Iraqi insurgents went to Zarqawi and insisted that an Iraqi be put in charge.

Zarqawi agreed, the story went. An Iraqi named Abdullah Rashid was the new head of the council.

"You don't know who is Abdullah Rashid?" said Ink Eyes.

No, I indicated, I didn't.

"I am Abdullah Rashid!" he said.

I sat there in absolute panic. I couldn't even move. This man was telling me he was friends with Zarqawi - someone who personally beheaded hostages! And this guy was Zarqawi's boss? What did this mean?

But as I saw in coming weeks, Zarqawi remained the insurgents' hero, and the most influential member of their council, whatever Nour/Rashid's position. And it seemed to me, based on snatches of conversations, that two cell leaders under him - Abu Rasha and Abu Ahmed - might also be on the council.

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At various times, I heard my captors discussing changes in their plans because of directives from the council and Zarqawi, including one in Arabic I only partially understood: something about how my case should be resolved "without money and without killing."

But that night - with the nature of those who held me spelled out for the first time - I lay on my bed motionless in the dark.

"Come, come pray," I heard Ink Eyes, aka Abu Nour, aka Abdullah Rashid, say in the next room.

Someone else recited the call to prayer. They must all be in there, gathered together.

"Allahu Akbar," the mujahideen said.

I couldn't see them, but I knew the identical motions every Sunni Muslim in the world performs in prayer. Now they were standing shoulder to shoulder, hands raised near their faces, palms out.

The wall was like paper. Only a tissue seemed to stand between their devotions to God and me.

"Allahu Akbar," they said, sighing and quietly grunting as they kneeled on the ground.

"Allahu Akbar," they repeated, as they rose from prostration. "Allahu Akbar, Allahu Akbar," they said, with every movement.

I listened, afraid to breathe. I had to cough, but I suppressed it. I thought, "If I cough during their prayer, maybe they'll kill me."

I lay on my back, hands clasped across my stomach. Eventually I dozed off.

Next morning, I woke up in the same position.

That's the way I woke up every morning in that house - frozen in the position I'd assumed after crawling into bed. I was too afraid to move, even in my sleep.

Next part: False hopes. Cast of captors

Abu Nour - "Ink Eyes." Leader of Jill Carroll's kidnappers. Said he was Abdullah Rashid al-Baghdadi, leader of the Mujahideen Shura Council in Iraq. The council included Abu Musab al-Zarqawi.

Abu Rasha - Nom de guerre of the No. 2 kidnapper. Boss of Carroll's guards. During her first night of captivity, she was kept at his house in Baghdad. Appeared in first video.

Abu Ahmed - A close lieutenant of Abu Nour and appeared to be a member of the Mujahideen Shura Council in Iraq. An Islamic scholar who had recently read an Arabic translation of a Henry Kissinger biography.

Abu Ali - Nom de guerre of the man in charge of an insurgent cell under Abu Nour. Participated in Carroll's abduction. Has a stubbly beard.

Um Ali - Wife of Ali. Guarded Carroll at all times in the first month of captivity. How to help

Alan Enwiya is one of nearly 100 journalists and media assistants killed in Iraq since March 2003. Alan is survived by his wife, Fairuz, his two children, Martin and Mary Ann, and his parents. They have left Iraq and hope to move to the US where they have relatives.

Jill Carroll's driver, Adnan Abbas, is a witness to Alan's murder. He, his wife, and their four children (including a newborn) have also fled Iraq for their own safety.

Jill Carroll's Captor Claims To Be Insurgency Chief (CSM)

By Dan Murphy

The Christian Science Monitor, August 21, 2006

BAGHDAD

Jill Carroll's captors weren't a run-of-the-mill kidnap-for-ransom criminal group. Nor were they just any band of insurgents. They were close allies of Al Qaeda in Iraq.

Her chief captor claimed that after he abducted Ms. Carroll, he was elevated to the leadership of the Mujahideen Shura Council in Iraq (MSC) - the umbrella council over about half a dozen major Sunni insurgent groups - including Al Qaeda in Iraq. While both Iraqi and US officials agree that her former captor is probably the official head of MSC, they disagree over how much power he wields.

More intriguing, say some experts, is that her experience reveals a strong ideological affinity between Iraqi and foreign insurgents that contradicts news reports of a growing schism between them.

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The MSC was a little-known group at the time of Carroll's Jan. 7 kidnapping. But on Jan. 15, the group was formally announced as a front for Iraqi and foreign mujahideen, or holy warriors, in an Internet statement. Abdullah Rashid al - Baghdadi - a pseudonym - was named its emir, or leader. He wore Western business suits

Shortly after that statement, Carroll was approached by her lead captor who used the nom de guerre "Abu Nour," around her. Soft-spoken and stern, he never slept in the same place as his captive. He told her that he was a scholar of Islamic law and hailed from a wealthy Baghdad family. He wore Western business suits and a spicy cologne. He went to some lengths to prevent her from getting a good look at his face, sometimes covering it with a scarf and at other times simply sitting behind her.

Usually reserved, on this day in late January he was excited and happy, almost puffed up with pride, says Carroll. But what he had to say, as he sat just outside a doorway, frightened her: In his halting but effective English, he brought up Abu Musab al-Zarqawi, then leader of Al Qaeda in Iraq.

"He's a very good man, and he's my friend.... If you met him, you would like him so much," Abu Nour said. "But he's not the head of the mujahideen anymore.... We have something new."

He told her that most of the major jihad groups in Iraq had gotten together to form the MSC, a name Carroll had never heard before. (Indeed, the name had been used publicly in Iraq only once before, in a May 2005 propaganda video claiming the kidnapping of Australian contractor Douglas Wood. He was rescued six weeks later.) Abu Nour told her the intent was not to sideline Al Qaeda, but to put Iraqis in the titular lead of the fight against the US presence and the Shiite-led government.

"We decided we need to have an Iraqi face on this," he told Carroll. "The Americans are always saying that foreigners are leading the mujahideen, so people need to see an Iraqi face, and he [Mr. Zarqawi] agreed. So we decided to make Abdullah Rashid the head of this group."

Then Abu Nour dropped his bombshell. "I am Abdullah Rashid! When the editor of your newspaper finds out you spoke to Abdullah Rashid, he will be very happy."

Senior Iraqi police investigators agree that Abu Nour or Abdullah Rashid al-Baghdadi is the head of the MSC, and that he was once a senior officer in Saddam Hussein's air force. The Iraqi investigators refused to reveal their identities for security reasons.

A senior US military intelligence officer in Iraq says that while Carroll's kidnappers were involved with the MSC, Abdullah Rashid was exaggerating his importance to Carroll, perhaps to confuse investigators. This US officer also says, contradicting Iraqi investigators, that the group is operationally minor. The MSC "are a few guys and a dog and an Internet connection," he says. "Al Qaeda really drives the agenda."

Either way, the evidence indicates that Carroll spent almost three months with some of Al Qaeda's closest Iraqi allies.

The MSC proclaimed its ties to, and admiration for, the leader of Al Qaeda in Iraq, Zarqawi, before and after his killing by US forces in early June. "May God accept you, Abu Musab, and join you with the martyrs and the righteous," reads a June 9 MSC statement signed by Abdullah Rashid.

The group has emerged as the largest disseminator of propaganda for the Sunni Arab insurgency in Iraq. On some days, it posts dozens of Internet releases claiming attacks on US forces, and frequently follows these with videos of exploding US Humvees. New leader of Al Qaeda in Iraq?

After Zarqawi's death, foreign intelligence services and analysts speculated that Abdullah Rashid could emerge as the terror leader's successor. That hasn't happened, which has convinced US intelligence officials in Iraq and outside analysts that the MSC is not the leader of the jihadis that it pretends to be, but is instead a largely subservient Iraqi ally of Al Qaeda.

"My understanding is that the MSC is like a front group," says Evan Kohlmann, an author and expert on Al Qaeda propaganda who closely tracks the MSC's public statements. "I would say that if Abdullah Rashid were really the significant leader the MSC portrays him as, then he probably would have taken over Al Qaeda from Zarqawi. Since he hasn't, that's an indication to me that he's more of a front man."

Indeed, while Abdullah Rashid presented himself as the head of the MSC, it became clear to Carroll over time, both from his comments and those of more junior captors, that he was not in complete control of the situation. References were made to waiting for the Shura Council's decisions on what to do with her.

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The Arabic word "shura" implies consultation, but it seemed to Carroll that the final arbiter was Zarqawi. Late in her captivity, Carroll was told that Zarqawi had ordered the MSC not to accept a ransom for her, leaving her junior guards grumbling that that meant they'd be stuck watching her for a long time. He read Kissinger's bio, but his goals mirrored Al Qaeda's

Jill Carroll's senior captors shared much of the worldview and objectives of Al Qaeda.

Abu Ahmed, for example, described himself as a senior planner for the Mujahideen Shura Council in Iraq (MSC). He was a highly educated cleric. During Ms. Carroll's captivity, he told her that he had just finished an Arabic translation of a Henry Kissinger biography and was reading Dale Carnegie's "How to Win Friends and Influence People," also in Arabic. Carroll came to know him while held in his book-filled house west of Fallujah. Abu Ahmed, a nom de guerre, had his own cell under Abu Nour aka Abdullah Rashid al-Baghdadi.

Abu Ahmed and Abu Nour told Carroll of a 20-year plan that would extend far outside Iraq, broken into three phases.

They said that the Americans would have to be driven from Iraq; then an emirate (similar to the United Arab Emirates) would be established in Iraq, but it would be governed under strict Islamic law; then they would destroy Israel and focus on a more global effort. Abu Nour expressed his hatred for existing Arab regimes, which many of the mujahideen see as the principal obstacles to bringing their strict interpretation of Islam to all Muslims.

Last October, the US military released a letter that it claimed was sent by Al Qaeda's chief strategist, the Egyptian Ayman al-Zawahiri, to Abu Musab al-Zarqawi, in which he outlined Al Qaeda's long-term goals. Though some commentators have alleged the letter could be part of a US disinformation campaign, it tracks closely with the plan laid out by Carroll's captors.

In Mr. Zawahiri's letter, he sets out a four-step plan, its only real difference from Abu Ahmed's plan being the timing of the attack on Israel, and specifying that there would be attacks on the US and Arab governments. Zawahiri wrote that it would be tactically best to topple Arab regimes before marching on the Jewish state.

Evan Kohlmann, an expert on Al Qaeda propaganda, says that the political statements of Carroll's captors are interesting because they indicate that some powerful Iraqi Sunni insurgent groups staunchly support Zarqawi's tactics of using suicide bombings, targeting Shiite civilians, and launching terror attacks beyond Iraq's borders.

"It's not just Al Qaeda and it's not just foreign fighters" who support terrorist attacks on civilians, says Mr. Kohlmann. "It's Iraqis, too, who are doing it, and that's a big problem."

US government officials frequently portray Al Qaeda-style terrorist attacks as mostly a foreign import in Iraq, and a number of newspapers have reported that even Iraqi insurgents have turned on those who adopt such tactics.

But Carroll's account and Kohlmann's own research have convinced him that many Iraqi insurgents are backing the most extreme tactics, and he sees little evidence that the operational freedom of such groups has been undermined by Sunni sheikhs such as Osama al-Jadaan, who claimed to have Al Qaeda on the run in Anbar Province.

In February, Mr. Jadaan publicly threatened Carroll's captors with death if she wasn't released unharmed. He was murdered in Baghdad last May. A few days later, the MSC claimed responsibility for his death.

Saddam Faces Genocide Charges Monday (AP-Y)

By Rawya Rageh, Associated Press Writer

AP, August 21, 2006

A new legal chapter opens Monday for Saddam Hussein when the ousted Iraqi leader goes on trial for a second time, charged with genocide and war crimes from his scorched-earth offensive against Kurds nearly two decades ago.

The case against Saddam and six co-defendants is tied to the deaths of tens of thousands of people during the Iraqi army's "Operation Anfal" — Arabic for "spoils of war" — and prosecutors are seeking the death penalty.

The 1987-88 crackdown was aimed at crushing independence-minded Kurdish militias and clearing all Kurds from the northern region along the border with Iran. Saddam accused the Kurds of helping Iran in its war with Iraq.

Kurdish survivors say many villages were razed and countless young men disappeared.

They also accuse the army of using prohibited mustard gas and nerve agents, but the trial does not deal with the most notorious gassing — the March 1988 attack on Halabja that killed an estimated 5,000 Kurds. That incident will be part of a separate investigation by the Iraqi High Tribunal.

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The trial begins as Saddam and seven others await a verdict from a trial for their alleged involvement in the killings of more than 148 Shiite Muslims from Dujail as punishment for an assassination attempt on Saddam in the town in 1982.

Critics have decried the first trial's lengthy, sometimes chaotic proceedings.

Human Rights Watch charged Friday that the Iraqi High Tribunal is incapable of fairly and effectively trying Saddam and others on the Anfal charges "in accordance with international standards and current international criminal law."

The New York-based group said the nine-month Dujail trial showed the court's administration to be "chaotic and inadequate," and also complained that the trial relied too heavily on anonymous witnesses. It said the court must "improve its practices if it is to do justice."

The Dujail trial was marred by disorder, with Saddam repeatedly engaging in arguments with the judges and then boycotting the proceedings. Defense teams repeatedly walked out, prompting the appointment of replacements. Three defense lawyers also were assassinated.

A U.S. official close to the tribunal defended its fairness Sunday.

He said that while none of the judges in the Anfal case have practiced international human rights law, the panel has "an adviser experienced in working with international tribunals." The official would not specify the adviser's nationality but said the person is not an American.

Abdullah al-Amiri, a 54-year-old Shiite who was a judge under Saddam's regime for 25 years, heads the five-member panel as chief judge.

The U.S. official, who spoke on condition of anonymity because of the diplomatic sensitivity of the case, said he expected the trial to proceed faster than the Dujail case and added that more security was being provided for defense attorneys.

Saddam's co-defendants include his cousin Ali Hassan al-Majid, who allegedly led Operation Anfal as secretary of the Baath Party's northern bureau. Al-Majid's alleged role in the operation earned him the name "Chemical Ali" for the use of poison gas.

Both Saddam and al-Majid are charged with genocide. They also are charged with war crimes and crimes against humanity, as are the other five defendants.

Also on trial are Sabir al-Douri, former director of military intelligence; Sultan Hashim Ahmad al-Tai, who was head of the Iraqi army's 1st Corps, which executed the Anfal military operation; and Taher Tawfiq al-Ani, then the Mosul governor.

The two other defendants are Hussein Rashid Mohammed, who was deputy director of operations for the Iraqi military, and Farhan Mutlaq Saleh, then head of military intelligence's Eastern regional office.

Iraqi officials and rights groups say the precise death count resulting from Operation Anfal is difficult to determine because of the attacks' scale. Estimates range from around 50,000 to well over 100,000.

Kurdish legislator Mahmoud Othman, who participated in talks then between the Kurds and the former regime, said al-Majid in a way gave an estimate of around 100,000.

"I was asking them about the whereabouts of 182,000 missing people whom we didn't know if they were alive, dead or detained," Othman told The Associated Press. Al-Majid "got angry and said where did you get these numbers? They're about 100,000."

About 60 to 120 complainants and prosecution witnesses are expected to appear before the court. The judges also will review more than 9,000 documents.

Many Kurds say they expect retribution.

"We have been wishing for this for so long — to see the dictator Saddam Hussein tried for these horrible crimes," said Othman Hajji Mahmoud, interior minister in the Krudish region's provincial government.

The trial will be held at the same heavily guarded courthouse in the Green Zone in Baghdad where the Dujail trial was held.

A verdict in the Dujail trial is expected when that court reconvenes Oct. 16 after an adjournment that began last month.

If Saddam should be convicted and sentenced to death in that case, it is expected that under Iraqi law he would be dropped from the Anfal case, which would continue against the other defendants.

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As Trial Nears, Poison Attack Haunts Kurds (NYT)

By Edward Wong

The New York Times, August 21, 2006

SEWSENAN, Iraq, Aug. 18 — When death came to this village, it had a sweet smell, like perfume.

"People wanted to inhale it," Robitan Hama Amin said.

So went Mr. Amin's memory of the first encounter between the Kurds of this mountain redoubt and Saddam Hussein's chemical weapons.

The attack came at dinnertime on March 22, 1988. Mr. Amin had just sat down with his wife and seven children in their home of mud and stone when Iraqi fighter jets began the bombing.

"I was totally blinded, I couldn't see anything," Mr. Amin, 80, said on a recent afternoon as he crouched on a dirt hill near the village mosque, dressed in baggy olive pants and a gray turban. "Everybody tried to escape. People vomited. Their skin burned. Some people lost their minds."

He clenched his fists. "I'd like to put a rope around the neck of Saddam Hussein myself and drag him through all the Kurdish villages," he said.

Mr. Amin and hundreds of thousands of others who suffered under Mr. Hussein's northern military campaign of 1988, called Anfal, will have their first taste of retribution on Monday, when Mr. Hussein is to stand trial in Baghdad, accused of trying to annihilate Kurds.

It is the first time Mr. Hussein and six co-defendants will be tried for the large-scale killings that were a hallmark of his rule and that President Bush has cited as justification for the 2003 invasion of Iraq.

Mr. Hussein and a top aide, Ali Hassan al-Majid, known as Chemical Ali, commander of the north at that time, are charged with genocide in their campaign against the Kurds, who make up a fifth of Iraq's population. Prosecutors say the policy was carried out through mass murder, the razing of villages and the deportation of Kurds from rural to urban areas.

The scope of the Anfal campaign dwarfs that of the first case brought against Mr. Hussein. The first trial, in which Mr. Hussein and seven others are charged with killing 148 men and boys from the Shiite village of Dujail, began last October and is nearly at an end, with a five-judge panel expected to deliver a verdict in two months. In the Anfal case, the defendants are accused of killing at least 50,000 Kurds and destroying 2,000 villages in an eight-stage military campaign from February to September 1988.

Some international observers have raised doubts over the Iraqi tribunal's ability to handle such a broad case, given its performance during the Dujail trial. Last week, Human Rights Watch issued a statement saying that the judges did not have an adequate understanding of international law, and that the abysmal security conditions in Iraq made a fair trial impossible. Three defense lawyers on the Dujail case have been assassinated.

Furthermore, genocide is an extremely difficult charge to prove, legal experts say. Prosecutors must show that Mr. Hussein and Mr. Majid had command responsibility for the campaign and that they carried out crimes to eliminate their victims because they were Kurds.

The Iraqi military's use of chemical weapons is expected to figure prominently in the prosecution's arguments. Twenty to 25 Kurdish villages were hit with chemical weapons in 1988, said Kamaran Sabir, a Kurdish investigator who helped collect evidence for the trial. The weapons included mustard gas and nerve agents and were usually dropped from fighter jets.

Villages around Sewsenan were attacked in the second stage of the Anfal campaign because Kurdish militiamen had fled here after their headquarters had been wiped out in the first phase, Mr. Sabir said. Mr. Hussein was intent on quashing Kurdish opposition and cutting off any aid from Iran, just across the mountains. About a half-dozen villages in this area suffered chemical attacks.

Sewsenan was hit hardest, and prosecutors are expected to call witnesses from here to testify.

At the western end of the village is a weed-choked cemetery with the faded tombstones of nearly 70 people killed in the attack. A 1-year-old child is among the dead. So are Halima Qadr and Leera Abid Muhammad, local girls or women. Thirteen graves belong to the family of a man named Mahdi Hadi.

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The village never fully recovered. Set on the north side of a broad valley, it once had bountiful fields of tobacco, tomatoes, wheat and barley. Small mounds of rubble now lie scattered among the rebuilt homes. Donkeys and roosters amble along dirt paths. There is no running water. About 70 families live where 300 once thrived.

"I came back here three days after the attack," said Khawar Mahmoud, 55, a native of the village who was living at the time with her husband in the nearby town of Qaradagh. "I saw birds and animals all over the earth. They were swollen. There was a bad stench. There were many dead sparrows."

Ms. Mahmoud said her brother, Ubed Mahmoud Muhammad, a village resident, lost six children and his wife, who was pregnant. "My brother still cries for them," she said, pouring two foreign visitors water outside her home.

The brother's skin was badly burned. Ms. Mahmoud took him by tractor to the regional capital, Sulaimaniya, where he was hospitalized for three months. Doctors had to treat the villagers in secret, for survivors discovered by Iraqi soldiers or intelligence officers were taken away and usually never seen again, Ms. Mahmoud said.

"Thank God he's still alive and managed to remarry and has four children," she said.

Other survivors were not so lucky. Many went insane. One man attacked his sister when she tried to wash the chemicals off his body, Ms. Mahmoud said.

It was hot and dry outside as she spoke, and she invited the visitors into her home for watermelon. Her son, Sadersh, 9, sat down next to her. She pulled off his yellow Spider-Man baseball cap.

"My child is bald," she said, running a hand over his smooth head. "I don't know if it's the effect of the environment or the chemicals."

Ms. Mahmoud's husband had two brothers, both Kurdish militiamen, who were arrested by Iraqi soldiers in the days after the attack and never heard from again.

"If Saddam is given to me, I would eat him," Ms. Mahmoud said. "Saddam is still in prison, and when he goes to court, he still claims he's president of Iraq! When he says that, we start trembling, because we're afraid he'll come back. We beg the Americans not to release him."

In this area, as in much of Kurdistan, there was enough hatred of Mr. Hussein to go around.

A police officer in Qaradagh said the Kurds had been "waiting ages for the trial."

"I don't see any difference between Adolf Hitler and Saddam," the officer, Lt. Ismail Ibrahim Said, 29, said as he sat on the concrete floor of the town's austere police headquarters.

Mr. Said's home village, Derizane, was hit by bombs and artillery shells before the attack on Sewsenan, he said. He and his parents fled into the surrounding caves, then to Iran. His mother died on the journey when a large boulder fell on her while the family was taking shelter from a rainstorm beneath a tarp.

Now, decades later, there is still too little compensation for the families who suffered during Anfal, the officer said. "Nothing has been done for them," he said, referring to the policies of the Kurdish regional government. "They get less than $100 a month."

Mr. Amin, the elderly man in Sewsenan, said he had been fortunate not to lose any of his immediate family. The evening of the attack, he became separated from his four sons when he and his wife fled with their three daughters into the mountains. The family managed to reunite a week later.

They returned to the village after the American military established a no-flight zone over Iraqi Kurdistan in 1991. They found all the houses razed, the crops destroyed. Then came the rebuilding.

Eighteen years after the attack, on this late summer day, flocks of sheep once again grazed along the valley's golden hillsides as herder boys looked on.

But the memories of the villagers are longer than the shadows cast by the tombstones in the waning afternoon light.

"Of course we think about it," Mr. Amin said. "And even when we're in the grave, we'll think about it."

For Kurds, A Long Wait For Justice (WP)

By Sudarsan Raghavan

The Washington Post, August 21, 2006

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DAHUK, Iraq, Aug. 20 -- Mustafa Arab Youssef walked up the grimy, stone steps of the crumbling, sand-colored Nizarkeh fort. As he reached the second floor, his neighbor Haji Mohammed pointed at dark patches on the cracked floor and said, "When I first came in 1988, there were bloodstains here."

Youssef, 35, who wore a gaunt look, a thin beard and oil-stained clothes, nodded in agreement and walked inside a room with a stove, a refrigerator and peeling walls. He gazed up at the ceiling: Thin, black ropes dangled from a long, rusted hook. "Saddam's men used to hang people here to beat them and make them talk," said Youssef, as his 3-year-old son Cihad grabbed his hand.

This room is now Youssef's home, and he has left the ropes hanging from his ceiling as a reminder of what he and other Iraqi Kurds endured during Saddam Hussein's infamous 1988 Anfal campaign, in which poison gas was dropped from the skies and hundreds of thousands of Kurds were killed, tortured, maimed or displaced. Youssef, too, was beaten with clubs at Nizarkeh, leaving his right arm lame and curved.

On Monday, Youssef and his neighbors in Nizarkeh, now home to scores of poor Kurdish families, plan to tune their television sets to watch the Anfal trial of Hussein; Ali Hassan al-Majeed, also known here as "Chemical Ali," who ran the campaign; and six other defendants. The trial is to be held in Baghdad. Both Hussein and Majeed are charged with genocide, while the others are charged with crimes against humanity.

"He destroyed us. Our families and neighbors are all gone. I will be very happy when I see Saddam in that cage," Youssef said, referring to the courtroom box with steel bars where defendants sit.

Across the Kurdish region of northern Iraq, the Anfal trial is raising a flurry of expectations and emotions. In interviews Sunday, survivors said they were living proof of Hussein's atrocities, and, in their minds and hearts, they have already convicted him. Still, the trial, they said, is the biggest development in 18 years to bring the justice that has long eluded them.

"This is a gift from God," said Haji Musa Mohammad, 76, who spent weeks in several concentration camp-like detention centers and lost seven relatives, including a son, during the attacks. "Saddam made us cry for our children. Tomorrow, we're going to laugh."

But the trial, survivors said, is also a painful reminder of the immense, and irreversible, losses they've suffered. A 60-mile drive from Dahuk to the village of Chemanke on Sunday, partly along the road Hussein's army controlled during the attacks, unveiled a Kurdish landscape still reeling from the Anfal campaign.

Shattered villages lie silent, their stone homes left in ruins. Sons grow up without fathers, and widows struggle to provide for their children. Women remain unmarried in the hope their husbands, who disappeared 18 years ago, will miraculously return.

Headaches, coughs, burn marks and other ailments plague those who were exposed to poison gas. Grown men, including peshmerga fighters, cry openly when they speak about Anfal, while children have grown up with nightmares and other psychological problems.

"We're nearing justice, but it's too late," said Rizgar Mohgadeh Basher, 24, whose father was taken away by Hussein's soldiers and never seen again.

Anfal, which in Arabic means "the Spoils," is the name of the eighth sura of the Koran. The eight-stage campaign lasted 6 1/2 months and followed a long history of attacks against the Kurds by Hussein's Baath Party, which viewed the Kurds as a threat to their power.

Human rights groups have estimated that as many as 100,000 Kurds were murdered. Several thousand villages in the Kurdish region were attacked, bombed, or gassed with mustard gas, the nerve agent sarin or other chemical weapons. Residents were rounded up and forced into detention centers, where they were beaten, tortured and sometimes executed.

The trial, the second for Hussein, is expected to hinge on evidence from official documents, survivor testimony and forensic data from unearthed mass graves across Iraq.

In recent days, the New York-based group Human Rights Watch has expressed concern about whether Iraq's tribunal is capable of conducting a trial of this magnitude in a fair manner. The group, in a statement, said it found "serious shortcomings" in the way the tribunal handled the earlier Dujail trial, in which defendants allegedly ordered the murder of villagers following a failed plot to assassinate Hussein.

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The group said Iraqi judges and lawyers showed little understanding of international criminal law and that court's administration of the trial was "chaotic and inadequate."

Two U.S. officials close to the tribunal, speaking on condition of anonymity, expressed confidence in the court's ability to carry out the Anfal trial, and said the Iraqi lawyers and judges have received proper training in conducting a genocide trial.

To Amina Khalid Saleem, 54, Hussein is already guilty. She still vividly remembers the morning the chemical bombs pounded her village of Siareh, nestled in the foothills of Gara Mountain.

"It entered my nose, and I started coughing, and something yellow began to seep from my mouth," said Saleem, a short, strong-voiced woman in a blue skirt and white head scarf. "Everything around me turned yellow, and it became dark. People were fleeing in all directions."

She recalled that she placed a wet rag against her face and escaped into the mountains, where she and her husband took shelter in caves. As she remembered, she broke down in tears. "I still have headaches until now," she said.

Eighteen years later, Saleem still cannot afford to rebuild her house in Siareh, which today resembles a medieval ruin. Her husband died of natural causes, and she lives with relatives. And although she knows Hussein is in jail, she still fears him.

"He attacked village after village with chemical bombs, he destroyed our villages and our field, he killed our men and our children. That's why we're still afraid of him," Saleem said. "They must hang Saddam. This is real justice."

Twenty miles down the road is the village of Chemanke. On one side rises Gara Mountain, where Hussein built a palace after the Anfal campaign. On the other side are rolling green hills and sunflowers swaying in the breeze.

In this idyllic setting, the regional Kurdish government in 2003 built two-story pink-and-beige houses for the residents, the vast majority of whom are still displaced from the Anfal campaign. There are as many as 60 survivors and their families living side by side, all with similar memories of misery.

"We are all trying to forget what happened to us," said Farhad Mohgadeh Basher, 21, Rizgar's brother.

That has been difficult, especially for those who were children then. Farhad Basher said that he still has recurring nightmares of the detention center and not having enough to eat or drink. "I feel like I'm not like the other people because of what happened to us," he said.

Farhad Basher's mother, Khozayja Abdelaziz, 47, is one of many women who were left to head households. In 1988, the village up the road was chemically bombed. She remembers the "burning faces" and clothes that smelled "like apples." The family fled and eventually surrendered to Hussein's troops.

That was the last time she saw her husband, Mohgadeh Basher. Hussein's soldiers separated the men from the women and children, and took the men away. They had five small children. Sometimes, the soldiers tormented her by informing her that her husband had come back and that he was in a nearby room. When she and her children ran to that room, the soldiers burst into laughter, she recalled.

After the Anfal campaign ended, she started to wear only black garments in mourning. She has never worn any other color since, she said. She never remarried in the hope that her husband would one day return. She worked in the fields, managing to feed her children.

It wasn't until after the 2003 U.S.-led invasion that she finally gave up hope. All the jails were opened and thousands of men were freed. Her husband was not among them. And by then, it was too late to remarry.

On Monday, she said, she plans to watch the Anfal trial and imagine ways to take revenge on Hussein.

"The best thing we hope is that they bring Saddam here," Abdelaziz said with a gleam in her brown eyes. "We'll take him and tie him up to our car. Then we'll drag him to village after village so that he can see what he has done to us. Then I want to cut off his ears, his nose, his legs, every part of his body."

Saddam Faces Trial Over Kurdish 'genocide' Campaign (FT)

By Steve Negus

Financial Times, August 21, 2006

Saddam Hussein and six other members of his former regime in Iraq are scheduled to go on trial on Monday on charges related to the 1988 campaign against the Kurds.

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The case is the second of a dozen prepared against members of the former Iraqi leader's regime. Mr Hussein and seven co-defendants are awaiting the verdict for the first case related to a crackdown on inhabitants of the Shia village of Dujail in the 1980s.

This new case is considered more complex. While the main charges in the Dujail trial centred on the execution of 148 residents, the New York-based Human Rights Watch concluded that at least 50,000 and possibly up to 100,000 Kurds were murdered in the main period of the campaign – known as Anfal – between February and September 1988.

The campaign took place at the end of the Iran-Iraq war, when Iraqi forces attempted to quell a Kurdish insurgency by depopulating large sections of countryside. They also allegedly carried out the systematic execution of all military-aged males from the targeted areas.

Evidence may include witness testimony and forensic material from mass grave sites, as well as documents that attempt to prove the personal responsibility of Mr Hussein and other senior regime officials including his cousin Ali Hassan al-Majid, nicknamed "Chemical Ali", for allegedly overseeing gas attacks on Kurdish villages.

However, based on the first trial, Human Rights Watch has argued that the Iraqi special tribunal handling the Anfal case is incapable of fairly and effectively trying a genocide case in accordance with international standards.

The first trial has been plagued by problems. The first judge in the Dujail case stepped down after senior Shia leaders accused him of being too "soft" on Mr Hussein and his fellow defendants who frequently interrupted proceedings with long political speeches. Also, three defence lawyers were assassinated during the procedures.

In a further complication, the tribunal's statutes require any defendants sentenced to death to be executed within 30 days of their final appeal, leaving open the possibility that Mr Hussein, if found guilty of the Dujail charges, may be hanged while the Anfal trial is still running.

Meanwhile, at least 17 people were killed on Sunday in Baghdad after snipers opened fired on processions of Shia pilgrims heading to the shrine of the Imam Kadhem, an eighth-century religious leader. The main routes to the shrine from Shia suburbs pass close to several heavily Sunni neighbourhoods. Last year, fears that suicide bombers would target the crowds led to a stampede on a bridge over the Tigris in which over 1,000 were drowned.

Stage Set For Second Hussein Trial (WSJ)

By Philip Shishkin

The Wall Street Journal, August 21, 2006

Tribunal Tested as Ex-Iraqi President, Six Others Are Charged With Kurdish Genocide

When a new trial of Saddam Hussein, on charges of genocide against tens of thousands of Kurdish civilians, opens in Baghdad Monday, much attention will focus on the ability of the Iraqi High Tribunal to hold fair and efficient proceedings and to counter the perception of a lack of legitimacy and due process that has marred the court since its inception three years ago.

The case against Mr. Hussein and six of his associates on charges of orchestrating the deaths of 100,000 Kurds in the late 1980s will unfold as much inside the courtroom as in the court of Iraqi public opinion, which has been jarred by the chaos, sectarian violence and anti-U.S. sentiment pervasive in Iraq. For those Iraqis who didn't lose loved ones in the former regime's atrocities, the mounting civilian death toll since the 2003 U.S.-led invasion seems more immediate and relevant than the crimes committed under Mr. Hussein.

It is therefore crucial to show many skeptical Iraqis, particularly among the country's embittered Sunni Muslim minority that is still largely in denial of the former regime's atrocities, that the trial isn't following a script imposed by Washington.

"Right now, the perception trumps the reality," says David Crane, former chief prosecutor of the special war-crimes court in Sierra Leone who has followed the Iraqi tribunal. "If they are going to put Saddam to death, and if that's not perceived as something fair and just, then the execution will be seen as an illegitimate result, and you will turn a megamurderer into a martyr."

Such a perception would be dangerous because it could further polarize Iraq along ethnic and sectarian lines at a time when the country's leaders and the U.S. military are struggling to prevent an outbreak of a civil war and fragmentation.

Iraqi insurgents, driven in part by sympathizers of the former Sunni-dominated regime, are increasingly at war not only with U.S. troops but also with the country's majority Shiites, who are using their militias to target Sunnis. The Kurds have largely sat out

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this conflict. The chaos elsewhere in Iraq is feeding the already strong separatist sentiment in their autonomous and mostly peaceful northern enclave.

The Kurdish-genocide trial, in which prosecutors will present graphic evidence and testimony of the alleged mass murders, could further strengthen the Kurdish feelings of victimization at the hands of the country's former rulers and thus reinforce their desire for independence.

"For the people of Kurdistan, it was a huge catastrophe committed in cold blood," says Mahmoud Othman, a Kurdish member of the Iraqi Parliament. "It's important to see those criminals on trial."

Having observed nearly a year of proceedings in a different, much smaller, case against Mr. Hussein and his associates, many international legal experts and human-rights advocates have pointed to shortcomings in the tribunal's work. They include the perception of insufficient respect for the rights of the defense, complaints about the handling of documentary evidence, and lack of an effort to explain to the Iraqis the substance and importance of the process.

The verdict in the earlier case is expected in October. In that trial, the former Iraqi president and several co-defendants stand accused of authorizing executions of 148 Shiite civilians from the village of Dujail after an attempt on Mr. Hussein's life in the 1980s. If found guilty, Mr. Hussein, who says he acted within the law at the time and that the victims received proper trials, could be given the death sentence subject to an automatic appeal. It is therefore possible that Mr. Hussein could be executed before the verdict in the Kurdish-genocide trial -- where he also could face the death penalty -- is reached.

During the Dujail trial, Mr. Hussein has used the courtroom pulpit to harangue the U.S. occupation, praise the insurgents and attack the legitimacy of the tribunal and of the current Shiite-led government -- comments that resonate with many ordinary Iraqis. The court itself, though, has done little to explain to the public its mandate and the importance of the case, in part because the court's rules stipulate that these issues be addressed in the final judgment.

"There's this ironic contradiction: The tribunal seized upon the idea of transparency and decided to televise the trial gavel to gavel," says Michael Scharf, a law professor at Case Western Reserve University in Ohio who helped train the Iraqi judges. "But what [the Iraqis] won't get to see is what the judges are thinking until the end of the trial."

A U.S. official close to the Iraqi tribunal says there are many lessons learned from the experience of the first trial and the court needs to make more efforts "to explain what's going on" to the Iraqis. The official rejected recent statements by Human Rights Watch, which alleged the court is unable "to conduct a trial of this magnitude fairly" and that "none of the Iraqi judges and lawyers has shown an understanding of international criminal law."

The official said the defendants received a fair trial in the Dujail case and the judges themselves have been trained in international law and will be able to rely on international advisers during the Kurdish-genocide trial. Officials also expect the court to move faster with its proceedings, avoiding the kinds of extended breaks and recesses that dragged out the Dujail case in a protracted television drama.

The genocide trial, which is much larger in scope and complexity than the first case against Mr. Hussein, begins at a time when the security situation in Baghdad is tenuous, and it will severely test the tribunal's resources. Several defense counsel have been assassinated during the Dujail trial, prompting the U.S. to beef up security arrangements for the coming proceedings.

In the eyes of many Iraqis, the involvement of the U.S. in the tribunal's work has tainted the court's independence. Although all its judges and prosecutors are Iraqis, the tribunal was founded in the early days of the U.S.-led occupation with significant U.S. help. "The tribunal has severe legitimacy problems because of the way it was founded," says Miranda Sissons, a senior associate at the International Center for Transitional Justice.

The Kurdish-genocide trial will cover the so-called Anfal campaign, a series of eight separate military operations that included chemical-weapons attacks that killed thousands of Kurdish villagers and displaced many more. Alongside Mr. Hussein, another defendant charged with genocide is Ali Hassan al-Majid, a close associate of Mr. Hussein whose role in the Anfal campaign earned him the nickname "Chemical Ali."

While the trial may restore justice in the eyes of the Kurds, it isn't clear that the proceedings will affect the overall state of civil strife and instability in the country. Both the trials of the Nazi leaders after World War II and the trial of former Serbian President Slobodan Milosevic did little to discredit the defendants in their home countries, says Mr. Scharf of Case Western. "There's this myth that if you have such trials you can discredit former leaders and help [national] reconciliation," he says.

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Saddam Faces Genocide Charges Monday (AP)

By Rawya Rageh, Associated Press Writer

AP, August 21, 2006

A new legal chapter opens Monday for Saddam Hussein when the ousted Iraqi leader goes on trial for a second time, charged with genocide and war crimes from his scorched-earth offensive against Kurds nearly two decades ago.

The case against Saddam and six co-defendants is tied to the deaths of tens of thousands of people during the Iraqi army's "Operation Anfal" — Arabic for "spoils of war" — and prosecutors are seeking the death penalty.

The 1987-88 crackdown was aimed at crushing independence-minded Kurdish militias and clearing all Kurds from the northern region along the border with Iran. Saddam accused the Kurds of helping Iran in its war with Iraq.

Kurdish survivors say many villages were razed and countless young men disappeared.

They also accuse the army of using prohibited mustard gas and nerve agents, but the trial does not deal with the most notorious gassing — the March 1988 attack on Halabja that killed an estimated 5,000 Kurds. That incident will be part of a separate investigation by the Iraqi High Tribunal.

The trial begins as Saddam and seven others await a verdict from a trial for their alleged involvement in the killings of more than 148 Shiite Muslims from Dujail as punishment for an assassination attempt on Saddam in the town in 1982.

Critics have decried the first trial's lengthy, sometimes chaotic proceedings.

Human Rights Watch charged Friday that the Iraqi High Tribunal is incapable of fairly and effectively trying Saddam and others on the Anfal charges "in accordance with international standards and current international criminal law."

The New York-based group said the nine-month Dujail trial showed the court's administration to be "chaotic and inadequate," and also complained that the trial relied too heavily on anonymous witnesses. It said the court must "improve its practices if it is to do justice."

The Dujail trial was marred by disorder, with Saddam repeatedly engaging in arguments with the judges and then boycotting the proceedings. Defense teams repeatedly walked out, prompting the appointment of replacements. Three defense lawyers also were assassinated.

A U.S. official close to the tribunal defended its fairness Sunday.

He said that while none of the judges in the Anfal case have practiced international human rights law, the panel has "an adviser experienced in working with international tribunals." The official would not specify the adviser's nationality but said the person is not an American.

Abdullah al-Amiri, a 54-year-old Shiite who was a judge under Saddam's regime for 25 years, heads the five-member panel as chief judge.

The U.S. official, who spoke on condition of anonymity because of the diplomatic sensitivity of the case, said he expected the trial to proceed faster than the Dujail case and added that more security was being provided for defense attorneys.

Saddam's co-defendants include his cousin Ali Hassan al-Majid, who allegedly led Operation Anfal as secretary of the Baath Party's northern bureau. Al-Majid's alleged role in the operation earned him the name "Chemical Ali" for the use of poison gas.

Both Saddam and al-Majid are charged with genocide. They also are charged with war crimes and crimes against humanity, as are the other five defendants.

Also on trial are Sabir al-Douri, former director of military intelligence; Sultan Hashim Ahmad al-Tai, who was head of the Iraqi army's 1st Corps, which executed the Anfal military operation; and Taher Tawfiq al-Ani, then the Mosul governor.

The two other defendants are Hussein Rashid Mohammed, who was deputy director of operations for the Iraqi military, and Farhan Mutlaq Saleh, then head of military intelligence's Eastern regional office.

Iraqi officials and rights groups say the precise death count resulting from Operation Anfal is difficult to determine because of the attacks' scale. Estimates range from around 50,000 to well over 100,000.

Kurdish legislator Mahmoud Othman, who participated in talks then between the Kurds and the former regime, said al-Majid in a way gave an estimate of around 100,000.

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"I was asking them about the whereabouts of 182,000 missing people whom we didn't know if they were alive, dead or detained," Othman told The Associated Press. Al-Majid "got angry and said where did you get these numbers? They're about 100,000."

About 60 to 120 complainants and prosecution witnesses are expected to appear before the court. The judges also will review more than 9,000 documents.

Many Kurds say they expect retribution.

"We have been wishing for this for so long — to see the dictator Saddam Hussein tried for these horrible crimes," said Othman Hajji Mahmoud, interior minister in the Krudish region's provincial government.

The trial will be held at the same heavily guarded courthouse in the Green Zone in Baghdad where the Dujail trial was held.

A verdict in the Dujail trial is expected when that court reconvenes Oct. 16 after an adjournment that began last month.

If Saddam should be convicted and sentenced to death in that case, it is expected that under Iraqi law he would be dropped from the Anfal case, which would continue against the other defendants.

71 Taliban Militants Killed In Fight (USAT)

USA Today, August 21, 2006

Afghan police, backed by NATO aircraft and artillery, killed 71 suspected Taliban militants who attacked a police convoy in the Panjwayi district of Kandahar province, District Chief Niaz Mohammad Sarhadi said Sunday. A NATO statement said its forces had no casualties. In neighboring Helmand province, a clash Sunday left one British soldier dead and three wounded, Britain's Defense Ministry said. On Saturday, three U.S. soldiers were killed during a clash in eastern Kunar province, Army Col. Tom Collins said. NATO said a U.S. soldier was killed in southern Uruzgan province.

The southern provinces are bearing the brunt of the worst violence since U.S.-led forces toppled the hard-line Taliban regime in late 2001. Extremists have stepped up attacks in an effort to undermine the U.S.-backed government of President Hamid Karzai.

Pakistan says airline terror plot linked to al-Qaeda

The alleged plot in Britain to blow up USA-bound airliners over the Atlantic was hatched by al-Qaeda in Afghanistan, Pakistan Foreign Ministry spokeswoman Tasnim Aslam said. She would not identify the alleged mastermind but said he is a senior al-Qaeda leader based in Afghanistan.

It was not known whether the information came from Rashid Rauf, a Briton of Pakistani descent who was arrested in the eastern Pakistani town of Bahawalpur a few days before the alleged plot was disclosed Aug. 10 by British officials. Pakistani Interior Minister Aftab Khan Sherpao said authorities are still interrogating Rauf.

Britain has arrested 23 people in the alleged plan, including a brother of Rauf.

Tight governor's race inMexico's Chiapas state

Voters in remote Indian villages and coastal towns of Chiapas state chose a governor Sunday. It was the latest political battleground for the leftist party that is disputing the results of last month's presidential election.

Preliminary results showed a tight race between leftist candidate Juan Sabines of the Democratic Revolution Party and Jose Antonio Aguilar Bodegas of the Institutional Revolutionary Party. With 52% of polling places counted, election authorities said Aguilar had about 49.8% of ballots counted, compared with 47.8% for Sabines.

More illegal immigrants feared drowned off Italy

At least 10 immigrants trying to enter Italy illegally were feared dead and an additional 20 were missing when a rubber boat overturned off Sicily. The port captain's office in Lampedusa said 10 survivors were transferred to a coast guard ship. It was the second such disaster in the area in two days. A boat packed with as many as 120 illegal immigrants sank Saturday off Sicily. Rescue ships saved 70 and recovered 10 bodies. Five boats carrying a total of 125 immigrants from northern Africa entered Italian waters Sunday. Four were intercepted; one made it to shore.

Dozens Of Taliban Die In Attack On NATO And Afghan Soldiers (NYT)

By Abdul Waheed Wafa

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The New York Times, August 21, 2006

KABUL, Afghanistan, Aug. 20 — Heavy fighting broke out in southern Afghanistan over the weekend when Taliban insurgents attacked in force and fought for hours against Afghan and NATO troops, officials said Sunday.

Dozens of Taliban fighters were reported killed in the fighting, which included artillery fire and airstrikes, military officials said. Five members of the Afghan security forces were killed, they said.

The fighting was in the Panjwai district west of Kandahar, the main city of southern Afghanistan and the former spiritual capital of the Taliban. The firefight began Saturday afternoon when Taliban fighters attacked the local district office while Afghans were celebrating Independence Day, and it raged until early Sunday morning, said Maj. Quentin Innis, a spokesman for the NATO force in Kandahar.

"Panjwai is strategic territory for the Taliban because it impacts on Highway 1," he said, describing Afghanistan's main ring road, which connects Kandahar to Herat, a western city. "The Taliban are continually trying to control that highway."

Four Afghan police officers and one Afghan soldier were killed in the fighting, and four police officers and three soldiers were wounded, said a Defense Ministry statement, which put the total Taliban death toll at 60.

Afghan soldiers found the bodies of 35 Taliban fighters on the ground and had intelligence that the Taliban survivors had removed more than 25 additional bodies, Maj. Gen. Rahmatullah Raufi, the Afghan corps commander of Kandahar, said by telephone. "This was a successful operation," he said.

A local official, who asked not to be identified because he was not authorized to speak to the news media, said district officials and a local representative of the Red Cross had gathered 34 bodies of Taliban fighters and had given them to village elders to return to relatives or to bury. He said villagers had told him that Taliban fighters had taken an additional 45 bodies to neighboring villages — 20 to Pashmul and 25 to Sperwan.

Most of the fighting took place on the main shopping street of the Panjwai district center, Major Innis said. "It was an attempt by the Taliban to overwhelm that district center," he said.

The fighting occurred after four American soldiers were killed Saturday in two clashes with Taliban fighters in Kunar Province in the east, and in Oruzgan in the south.

The British Defense Ministry said Sunday that a British soldier had been killed and three wounded in fighting in Helmand Province, Agence France-Presse reported.

Around 90 Killed In Bloody Afghan Weekend (AFP-Y)

By Nasrat Shoaib

AFP, August 21, 2006

Nearly 90 people died in clashes in Afghanistan at the weekend, including more than 70 Taliban rebels killed in a battle in the south and four US soldiers and a British troop.

Most of the violence was in the south on Saturday where a NATO-led force took command three weeks ago in the alliance's toughest military operation yet. In the deadliest clash, scores of rebels attacked the town of Panjwayi in Kandahar province late Saturday, sparking a five-hour series of battles involving Afghan and NATO soldiers, who called in air and artillery support, officials said Sunday.

The Taliban stormed the town, 35 kilometres (20 miles) west of the main southern city of Kandahar, from three directions and began fighting with local police.

Reinforcements from the Afghan army and police and NATO's International Security Assistance Force surrounded the area and returned the attack, a police official said.

"We have 35 Taliban bodies in Panjwayi town and 11 out of the town," district governor Niaz Mohammad Sarhadi told AFP. Another 25 bodies were found in nearby Sperwan village, he said.

The defence ministry said it could confirm only 60 bodies had been found in Panjwayi town and Sperwan. An Afghan soldier and four policemen were also killed, the security forces said.

The area is the birthplace of the Taliban movement that was ousted from government nearly five years ago and has been joined by Al-Qaeda in a growing insurgency marked by suicide and roadside bombings.

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Panjwayi has seen major clashes that have left scores of people dead this year, with security officials saying they are determined to root out rebel operatives there.

A suicide bomb in the town's bazaar on August 3 killed 21 civilians in one of the bloodiest such attacks in the insurgency.

Afghan officials also announced Sunday that six policemen and four Taliban rebels were killed when militants attacked a border police patrol in the western province of Nimroz Saturday.

The US-led coalition that helped to topple the Taliban in late 2001 announced on Saturday that four of its soldiers were killed in other clashes that day.

In one a bomb struck a unit of the US-led coalition force in hostile Pech district of the eastern province of Kunar. The rebels then opened fire with small arms and artillery.

Three US soldiers were killed and three wounded, coalition spokesman Colonel Thomas Collins told AFP.

In Uruzgan in the south, a US soldier training the national army and an Afghan soldier were killed in heavy fighting Saturday with up to 150 insurgents. Three other US soldiers were wounded.

And on Sunday a British soldier with ISAF was killed and three wounded when their patrol was engaged in a firefight in Helmand province, where the bulk of a British deployment of 4,750 troops is based.

ISAF, which has 21,000 troops from 37 nations, took command of the southern provinces from the coalition on July 31. Since then 14 of its soldiers have been killed, 10 of them in hostile action.

The coalition said the weekend attacks were "localised" and not part of a coordinated Taliban operation.

"It is not like they are mounting an offensive that is sweeping through the south," spokesman Major Thomas Collins told reporters in Kabul.

"There are these very local attacks that give the impression of an offensive but we don't see any command and control at the upper echelons of the Taliban that suggest there is some kind of campaign to take over certain areas."

NATO's 21st-century Task: Going From 'Europe' To 'Global' (CSM)

By Howard Lafranchi

The Christian Science Monitor, August 21, 2006

BRUSSELS

Ever since the breakup of the Soviet Union, NATO has been working to transform itself from a cold-war, Europe-focused bulwark against a communist threat to a military and political alliance relevant to the world of the 21st century.

The answer has been for an expanded NATO - now including some of the very Eastern European nations that were formerly considered the enemy - to broaden its sense of defense and to take on out-of-area challenges that are seen as crucial to global security broadly and the West's well-being specifically.

Perhaps most notably so far, that has meant an expanding role for the alliance in Afghanistan - NATO's first assignment outside Europe. There, the United States has increasingly turned over operations supporting the government of President Hamid Karzai to NATO command.

The fact that the transatlantic alliance has gone in less than a decade from doubts about its purpose to requests for its participation in even the most intractable international disputes - from the Darfur region of Sudan to the recent Mideast war - suggests the pact's transition is considered a success.

"It's no longer 'What's its purpose?' when the topic turns to NATO, but rather 'How can we best use it?' " says NATO spokesman James Apathurai. "That's a big transition."

But officials say the transition from "Europe" to "global" is still incomplete, with major challenges remaining in areas ranging from capacity for intervention to efficiency and member financial commitments.

Some observers worry that demands on NATO are surpassing its abilities and jeopardizing its transition process. The Afghanistan assignment, which involves 16,000 NATO-led soldiers now and a projected 25,000 by the end of the year, has the leadership of some member countries holding their breath, as NATO forces face increasing attacks and an entrenched enemy.

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But officials here say the growing violence was to be expected as units moved into more of the country beyond the capital of Kabul. And they say that assignments like Afghanistan and even Iraq, where NATO operates a training center for security forces, are preparing the alliance for the 21st-century functions envisioned in its transition.

"Yes, it's a hot summer in Afghanistan," says US Ambassador to NATO Victoria Nuland. "But it's also a very important summer for stabilizing the country." Explaining the intensifying heat that NATO forces are facing there as a result of their penetration into more sectors of the country, she adds, "There's more permanent pressure in more of the country ... and neither the Taliban nor the narco-traffickers are happy about it."

Ambassador Nuland says NATO has come a long way since its Balkans intervention in the mid-1990s, including reforms that streamlined military operations. "We've gotten a lot more flexible - but there's still a lot of work to do in that regard," she says.

For example, she notes that during NATO's bombing campaign against Serbia designed to stop Serbia's ethnic-cleansing operations, each target had to be approved by NATO's highest decision-making structure, the North Atlantic Council. Now in Afghanistan, operations are more in the hands of a country mission command.

As fraught with dangers as it may be, NATO's role in Afghanistan is still putting the alliance on the world stage.

"The international community recognizes that NATO has unique assets among international institutions," says Mr. Apathurai. "It's still the best organizer of large multinational military operations. In terms of robust peacekeeping," he adds, "it's still the only game in town."

This fall, the alliance is also planning for a summit to be held in Riga, Latvia. NATO officials hope the summit, in November, will inaugurate a fully operational NATO Reaction Force. It's also expected to push ahead with plans to endow the alliance with "strategic lift" - the means of getting rapid-reaction forces where they need to be. The US is proposing that a consortium of NATO countries purchase eight C-17 transport planes.

But such an expensive proposition raises the touchy topic of spending - and the concerns of NATO Secretary General Jaap de Hoop Scheffer and some members, such as the US, that many NATO countries simply aren't spending enough on defense.

"Low European defense budgets are a brake on our transformation," says Apathurai. Germany, under Chancellor Angela Merkel, is one country that has expressed a desire to spend more on defense. That willingness, however, is being held back by slow economic growth.

This year's summit will take up an expansion of cooperation to "global partners," including Japan and Australia, but it is also expected to mark a pause in the 26-country alliance's expansion.

Mr. De Hoop Scheffer has spoken of the summit offering an encouraging "signal" on membership to several countries including Albania and Macedonia, and a less direct signal to Georgia and Ukraine - countries whose potential membership worries Russia.

"Maybe the bumper sticker for this year's summit is, 'Building a NATO that has global partners and a wider reach,' " says Apathurai.

Yet NATO officials acknowledge an in-house resistance to an alliance that is too broad in its membership and aims. France expresses concerns about a "weakened core," while others fret NATO could become a "mini UN" - with all the inefficiencies and lethargies that comparison entails.

Still, in an era of growing pessimism about the utility of international institutions, NATO has won respect among the doubters. "NATO is one of the few international institutions that has proved its relevance and not fallen into the traps of bureaucracy and grandstanding," says Joshua Muravchik, an analyst of international institutions at the American Enterprise Institute in Washington.

The Bush administration has tended to favor ad hoc efforts or "coalitions of the willing" to spearhead its international efforts - whether in Iraq or in "soft" diplomatic initiatives such as on global warming.

But it has also bucked that trend with its growing reliance on NATO - as in Afghanistan. How NATO stacks up against the growing expectations of its capabilities will be tested over coming months as its engagements grow outside its traditional European arena.

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CORPORATE SCANDALS:

SEC Enforcement Activity Lags (USAT)

By Greg Farrell

USA Today, August 21, 2006

The Securities and Exchange Commission, which has lost several hundred staff positions as a result of budget constraints this year, is struggling to keep up the level of enforcement activity that it attained after accounting frauds were exposed at Enron and WorldCom several years ago.

Through July, or 10 months into the SEC's 2006 fiscal year, the agency had filed 492 enforcement actions, says spokesman John Nester.

At the current rate, the SEC would end up filing about 590 cases for the current fiscal year, a slight drop from the 630 cases filed from Oct. 1, 2004, through Sept. 30, 2005.

But former SEC lawyers, as well as Nester, caution that the final months of the SEC's fiscal year usually generate a flurry of enforcement activity. Thus, the results for fiscal 2006, the first full year under commission Chairman Christopher Cox, could top the 630 cases filed last year.

Still, even if the SEC tops the record number of enforcement actions brought after the bankruptcies of Enron and WorldCom (679 in fiscal 2003), this year's number could be deceiving. The reason: the SEC's new focus on yanking delinquent filers from the public markets.

Beginning in fiscal 2005, the SEC became more aggressive about deregistering companies that had become delinquent in making their required quarterly filings with the regulatory agency. That year, the SEC filed 33 such actions, effectively removing dormant or defunct businesses from the roster of publicly traded companies.

While such actions are important, and are intended to prevent bad actors from using shell companies to deceive investors, they require less work than a thorough investigation of accounting fraud, says Stephen Crimmins, a former SEC attorney now at Bingham McCutcheon.

Without those 33 filings, on an apples-to-apples comparison, the SEC's total enforcement actions for 2005 would have been 597, a sharp drop from the 679 actions filed in 2004, when delinquent filing sanctions by the SEC were negligible.

So far this year, the SEC says it has brought 53 actions against delinquent filers. So traditional enforcement actions could end up being fewer for fiscal 2006 than in any year since 2001.

But Barbara Roper, director of investor protection for the Consumer Federation of America, cautions against reading too much into a drop in the number of enforcement actions at the SEC.

"The challenge of this kind of analysis is that the number of enforcement cases is not an absolute," she says. "If Wall Street has learned anything from the events of the past few years, you would expect a drop in the incidents of crimes leading to enforcement cases."

Still, Roper says, she remains disappointed at the funding levels awarded to the SEC by Congress. For the past year, the agency has been unable to fill all the vacancies created by departures.

According to Nester, the SEC spokesman, the agency employed about 4,000 people as of October. That number could sink to 3,700 by the close of this fiscal year at the end of next month. Going forward, Nester says SEC Chairman Cox is committed to maintaining the agency's staff size.

CRIMINAL LAW:

Ramsey Case Suspect Is Back On U.S. Soil (LAT)

By Stuart Silverstein And Joel Rubin, Times Staff Writers

The Los Angeles Times, August 21, 2006

John Mark Karr lands at LAX and is taken into custody. He faces extradition to Colorado.

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John Mark Karr, the suspect in the slaying of 6-year-old JonBenet Ramsey, arrived in Los Angeles on Sunday night aboard a Thai Airways International flight from Bangkok.

Federal immigration officials processed Karr shortly after he arrived at Los Angeles International Airport. He was taken into police custody on a Colorado warrant, informed of the charges against him and taken by helicopter to the Twin Towers Jail in downtown Los Angeles, officials said.

Karr will be held in isolation at the jail to protect him from other inmates, according to sheriff's spokesman Deputy Rick Pena. "Accused child molesters are targets for some of the other criminals in there," he said.

Colorado authorities said Karr had to be arrested in California and go through an extradition process, rather than simply being put on a connecting flight to Boulder, because of rules that regulate the transfer of accused criminals from one state to another. Los Angeles court officials said Sunday night that an extradition hearing had not yet been scheduled.

Carolyn French, a spokeswoman for the Boulder County district attorney's office, said that if Karr agreed to the extradition, he could be flown to Colorado as soon as a day after the hearing. But if he contests it, she said, he could remain in Los Angeles up to 30 days.

Karr is expected to face charges in Colorado of firstdegree murder, kidnapping and child sexual assault in connection with the 1996 killing of JonBenet.

A passenger who sat near Karr during the long flight said the suspect seemed to enjoy a friendly rapport with law enforcement agents.

"They always had smiles on their faces — except when they were protecting him in the bathroom," said Dan Shiff of Montreal.

Karr shied away from the throngs of cameras that crowded around him in Bangkok, but spent about 30 minutes "primping" before the plane landed in Los Angeles, Shiff said.

Despite the overwhelming media coverage of Karr's moves over the last few days, some aboard the flight were unaware of his presence.

"I didn't know what was going on," said University of Southern California student Lalida Mangkornkanok, 21.

"We weren't informed that he was on the flight…. I'm glad nothing happened."

Five days after he was taken into custody by authorities in Bangkok, Karr, 41, was led out of the Thai city's downtown immigration detention center at 3 p.m. on Sunday. Surrounded closely by a cadre of about a dozen uniformed police officials, Karr was not handcuffed but was ushered quickly to a white van.

Karr, wearing black pants, a maroon, short-sleeved shirt and a black tie, remained expressionless as he walked through a media throng.

A frantic motorcade of several taxis and cars chased the van through Bangkok's traffic-choked streets and onto its express toll road for the 20-minute drive to Don Muang International Airport. As the van pulled up to the curb at Terminal 1 beneath a Thai Airways sign, a crush of television cameramen and photographers descended.

A melee ensued as a phalanx of immigration police officers formed a tight ring to secure Karr. With the escorts pushing violently against the aggressive horde of journalists, travelers looked on as the spectacle snaked its way through the terminal.

Again, Karr stayed silent, looking ahead blankly.

Meanwhile on Sunday, Dr. Thep Vechavisit, a prominent Thai plastic surgeon who specializes in sex-change operations, breast enhancement procedures and other cosmetic plastic surgeries, acknowledged that Karr "was one of my patients," the Associated Press reported.

Vechavisit declined to elaborate, but a staffer at the clinic, who asked for anonymity because she was not authorized to talk to the media, said Karr had consulted the doctor about a sex-change operation.

*

Silverstein reported from Los Angeles and Rubin from Bangkok. Times staff writer Evelyn Larrubia in Los Angeles contributed to this report.

Suspect In Ramsey Killing Returns To U.S. (NYT)

By Ralph Blumenthal

The New York Times, August 21, 2006

BOULDER, Colo., Aug. 20 — John M. Karr wined and dined his way across the Pacific Ocean in custody on Sunday, fellow travelers on his Thai Airways flight reported, ultimately bound for Colorado to face charges in the 1996 murder of 6-year-old JonBenet Ramsey.

The plane arrived in Los Angeles about 9:30 p.m. Pacific time Sunday. Carolyn French, a spokeswoman for the Boulder County district attorney, said , Mr. Karr, a 41-year-old schoolteacher, would be arrested by the California authorities on a sealed warrant from Boulder and held for an extradition hearing, which he could waive. He was not expected to be brought to Boulder for several days, Ms. French said.

An Associated Press reporter on the flight wrote that Mr. Karr chatted amiably with other passengers at the gate in Bangkok, and that once on the plane, seated at a window in business class with three federal and Boulder County escorts, he sipped champagne and drank beer and chardonnay with a meal of fried prawns, amid some speculation that investigators might have been trying to get him to open up.

Mr. Karr's arrest last Wednesday was initially proclaimed by some to be the long-sought breakthrough in a gruesome mystery. But in the ensuing days, his arrest and public confession to being with JonBenet at the time of her death have proved less than definitive amid persistent questions about the strength of the case.

Mobbed by reporters and photographers in Bangkok last week, Mr. Karr said, "I was with JonBenet when she died," and he called her death "an accident." But a federal official, who was briefed by investigators and would not be quoted by name because he was not authorized to discuss the case, said Mr. Karr seemed to possess little information about the crime that was not already in the voluminous public record.

Mr. Karr has yet to be connected to the killing by DNA tests or to the most intriguing clue in the case, a rambling, handwritten ransom note found in the Ramsey house before JonBenet's beaten and strangled body was discovered in the basement on Dec. 26, 1996.

The ransom note to JonBenet's father, John Ramsey, demanding $118,000, the amount of a bonus he had received, was ostensibly written on behalf of "a group of individuals that represent a small foreign faction." It was signed "S.B.T.C.," which has now been widely reported to resemble an entry Mr. Karr wrote in a classmate's yearbook more than 10 years before the murder: "I shall be the conqueror."

But Darnay Hoffman, a New York lawyer who represented a writer the Ramseys once called a suspect, released a letter he wrote on Friday to Mary Lacy, the Boulder County district attorney, that said, "You may be the victim of a hoax." The letter cited reports by handwriting experts in 2001 concluding that JonBenet's mother, Patsy, who died of cancer in June, had written the ransom note. But that conclusion was disputed by other experts at the time.

In the latest disclosure, Thai police officers who searched Mr. Karr's apartment found records showing that he had made calls to Pratunam Polyclinic, one of Southeast Asia's leading cosmetic surgery and sex-change clinics. Dr. Thep Vechwijit, reached by telephone at the clinic, cited privacy constraints but did not deny having had dealings with Mr. Karr. "I cannot be telling any details about my patients," he said.

With the district attorney's office accused of mishandling the investigation from the beginning, Ms. Lacy, who took over in 2001, has steadfastly refused to discuss what evidence prompted Mr. Karr's arrest.

But a University of Colorado journalism professor, Michael Tracey, who has made three documentaries about the killing and exchanged e-mail messages for four years with someone who turned out to be Mr. Karr, said he had turned his information over to the district attorney when one message seemed to betray troubling details of the killing.

More about the unusual e-mail correspondence, samples of which were leaked to The Rocky Mountain News on Friday, emerged in statements from a sports columnist for the Boulder newspaper, The Daily Camera, who said he met Mr. Karr in Paris in June 2002 and put him in touch with Professor Tracey.

The columnist, Mike Sandrock, who covers running, said he had met Mr. Karr, whom he knew only as John, at the Shakespeare & Company bookshop in Paris. Mr. Sandrock said that when Mr. Karr heard he was from Boulder, he peppered him

with questions about the Ramsey case. “He said, ‘Who do you think did the killing?’ ” Mr. Sandrock recalled. “And when I said, ‘Some think the parents, but others say an intruder,’ he kind of had a little smile.”

Mr. Sandrock said Mr. Karr seemed to have a good knowledge of Boulder. Whether that stemmed from having been there or having studied the Ramsey case, Mr. Sandrock said he did not know. But he said, “I did not get the impression he was fishing for facts; he had a lot of facts I didn’t have.”

Mr. Sandrock said that he gave Mr. Karr his e-mail address and that when he returned to Boulder he found messages waiting from him. He then put Mr. Karr in touch with Professor Tracey, and the two began the four-year e-mail exchange in which Mr. Karr guarded his identity.

Ollie Gray, a private investigator who worked for the Ramsey family, said he was in “wait-and-see mode.” “They made the arrest,” he said outside his home in Colorado Springs, “now they have to tie up loose ends.”

Mr. Gray, a former police officer who began working for the Ramseys in August 1999, said he had seen some of the e-mail messages sent by Mr. Karr to Professor Tracey. When asked if he had leaked them to The Rocky Mountain News last week, as reported by some news outlets, Mr. Gray flashed a slight smile and said, “No comment.”

JonBenet Suspect Heads To U.S. (WP)

By Ron Corben

The Washington Post, August 21, 2006

BANGKOK, Aug. 20 -- The American teacher arrested in Bangkok last week as a suspect in the murder of JonBenet Ramsey told Thai police "he just wanted to go home" before his departure late Sunday for the United States.

John Mark Karr, 41, flew out of Thailand after being engulfed by a crush of reporters at Don Muang International Airport, then whisked through customs and immigration for his 15-hour flight to Los Angeles.

Lt. Gen. Suwat Tumrongsiskul, Thailand's immigration police chief, said Karr had received no special attention. "He told me he wanted to go back home," Suwat said. "And I said, 'Don't worry, we will get you back soon.' "

On the flight, however, Karr sipped champagne and dined in style as he chatted with the three U.S. officials escorting him back to the United States, according to the Associated Press, which had a reporter on the Thai Airways International flight.

Karr, who was not handcuffed, sat in business class next to Mark Spray, an investigator with the Boulder County, Colo., district attorney's office. The AP reported that Karr took a glass of champagne from a flight attendant before the aircraft took off and clinked glasses with Spray, who drank orange juice.

The former schoolteacher also drank a beer, then moved on to a chardonnay with his meal, according to the AP.

Karr's departure left many questions unanswered about the man who said he was with JonBenet when she died. JonBenet, 6, was found strangled and beaten in the basement of her family's home in Boulder in December 1996.

The Boulder County district attorney said last week the investigation was at an early stage. Thai police say swabs had been taken from Karr for DNA testing. Reports said a further DNA test will be carried out once Karr is handed over to prosecutors.

Suwat said Thailand had revoked Karr's visa and had no comment about the reports Karr had sought to have a sex-change operation.

The New York Daily News first reported that Karr had been receiving treatment at Pratunam Poly Clinic. A doctor at the clinic, Thep Vechavisit, said Karr had sought treatment but refused to discuss the details.

"You should check with the Thai police. They know everything," Thep said. "I can't speak about a particular patient. I have no opinion about this man."

The clinic lies along the traffic-congested, polluted Rajaprarop Road, its sign in Thai. Plastic seats await patients who face the receptionist just outside Thep's small consultation rooms. Thai police had come across a "patient card" from the clinic during a search of Karr's apartment.

"U.S. customers not very often. Mostly Thai, Vietnamese, Japanese, Chinese . . . more Asian," Thep said.

But he would not be drawn into talking about Karr. "Police find the [clinic's] card, receipt. The police have the information," he said.

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Karr had been working as a teacher and had been just recently hired at an international school in the Sathorn area, a couple of miles from his apartment. Earlier, he had been given a trial as a teacher at the prestigious boys-only Bangkok Christian College and the girls-only St. Joseph Convent School.

Karr's arrest has triggered calls for tougher recruitment checks on prospective foreign teachers in Thailand. The Thai government has been liberalizing the education sector in recent years to boost international education access for Thais and to increase investment and training in the private local and international school sector.

But this may now be reassessed. The Education Ministry's permanent secretary, Kasama Varawarn na Ayutthaya, was reported as saying that with Karr's arrest, she would be asking international schools not to hire foreign teachers until qualification checks are completed.

Flight Of Fancy For JonBenet Suspect (WT)

By Richard Ehrlich

The Washington Times, August 21, 2006

BANGKOK -- Murder suspect John Mark Karr discussed classical music composer Frederick Chopin and was serenaded by his Thai jailer before embarking on a champagne flight back to the United States, where he is likely to face charges in the 1996 death of JonBenet Ramsey.

The Associated Press also reported that Karr -- whose flight was scheduled to land in Los Angeles at midnight yesterday -- had consulted a doctor in Thailand about a sex-change operation.

Because he was not charged with a crime in Thailand, Mr. Carr was not handcuffed for the trip home, on which he was accompanied by a Boulder, Colo., prosecutor and a U.S. Embassy official.

The journey began when Karr, pale and silent, walked self-consciously out of a Thai Immigration Department detention center in the afternoon, escorted for several yards by a phalanx of unarmed Thai police.

Dressed in a maroon short-sleeve shirt, dark tie and dark pants, he was led down a driveway to allow a swarm of waiting journalists to photograph him and shout questions before he was placed in an air-conditioned van.

At Bangkok International Airport, he boarded an evening flight to Los Angeles in a business-class section along with his U.S. escorts and several reporters, who filed from midair on his every move.

The suspect, whose confession to killing 6-year-old JonBenet has been greeted with skepticism, was "peaceful, normal, simple. I just sang a song to him," said police Lt. Gen. Suwat Tumrongsiskul, who heads Thailand's powerful Immigration Department, after escorting him from detention to the police van.

"I asked him what he liked. He said he liked classic songs, like ordinary people. He used to play guitar. So I said, 'Yes, I love music. I played guitar before, too.' So I sang for him," Gen. Suwat said, adding that he had sung a 1968 Bee Gees song, "Words."

Asked to sing the song again, Gen. Suwat spontaneously warbled: "It's only words. And words are all I have to take your heart away."

"You know, we talked like friends. He smiled. I asked him, 'What is your favorite song?' He said he liked Chopin. Classical. He said he misses his children in the U.S.," Gen. Suwat said of Karr, a twice-divorced father of three.

Aboard the plane, Karr was accompanied by Mark Spray, an investigator with the Boulder District Attorney's Office, a U.S. Embassy official and an agent with "Homeland Security" on his T-shirt.

Reporters on board the flight said Karr took a glass of champagne from a flight attendant and clinked glasses with Mr. Spray, who sipped orange juice.

After takeoff, the suspect dined on pate, green salad with walnut dressing and fried king prawns, all served on a starched white tablecloth. Karr drank a beer, crushing the can with his hands when it was empty, and then drank French chardonnay with his main course, the Associated Press reported.

The agency said earlier from Bangkok that Karr had talked to a doctor in the city about having a sex-change operation.

Karr was "one of my patients," Dr. Thep Vechavisit said without offering further details. But another staffer at the dingy downtown Pratunam Polyclinic said Karr had talked with the doctor about sex-change surgery.

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The clinic, which co-sponsors a popular transsexual beauty contest, specializes in sex-change operations and advertises many plastic-surgery procedures in the English-language Bangkok Post.

Knowing he would be seen worldwide via international press, Karr upgraded his appearance yesterday, wearing an outfit he used while applying to teach children in Bangkok.

Saying on his job applications that he was a Catholic, Karr secured temporary positions at Bangkok Christian College and St. Joseph's Convent, but was dismissed within days from both schools for disciplining the students more strictly than Thai teachers did.

Tracking and capturing Karr was "not difficult" for Thai police because "we have a good team," Gen. Suwat said.

Asked whether Thai police would investigate what Karr did while in Bangkok during the past two months, Gen. Suwat replied: "No, no, no, no, no."

U.S. Embassy and Justice Department officials did not ask Thai police to look into Karr's actions while in Thailand, he said.

"If they ask," then Bangkok will start an investigation, he said.

Prosecutor Under Pressure To Make Case Against Karr (WT)

By Valerie Richardson

The Washington Times, August 21, 2006

BOULDER, Colo. -- Murder suspect John Mark Karr's return to the United States puts Boulder County District Attorney Mary Lacy in the hot seat.

If she can make the case that Karr killed JonBenet Ramsey 10 years ago, as she says, her legacy would be assured as the prosecutor who finally solved what had been deemed the perfect crime.

If not -- if it turns out Karr is merely, as skeptics suspect, an obsessed fan and serial confessor who never set foot in Colorado -- then Mrs. Lacy risks compounding the Boulder County justice department's reputation for bungling with another Ramsey-related embarrassment.

Within days of Karr's arrest Wednesday in Bangkok, questions were mounting about whether her office had overreached by bringing him in before the case was solid. Although she was tipped off about Karr in May, investigators did not start gathering evidence from some key witnesses, notably his ex-wife, until after his arrest.

Lara Knutson, who married Karr when she was 16, has yet to be interviewed by Boulder investigators, her attorney, Michael Rains, said last week, although he noted that he has been in contact with Boulder officials since the arrest.

Her recollections could be critical to the case, because she says he spent Christmas 1996 with her and their children in Alabama. Six-year-old JonBenet was found beaten and strangled in her family's Boulder home Dec. 26, 1996.

Boulder investigators did not request a handwriting sample from the Marion County School District in Hamilton, Ala., until the day after the arrest, according to the Denver Post. JonBenet's killer left behind a handwritten three-page ransom note that offers some of the mysterious case's best evidence.

James Cohen, a professor at Fordham University Law School, said prosecutors "possibly jumped the gun," suggesting that it would have been more prudent to arrest Karr on Thai charges and gather more evidence before making the link to the Ramsey case.

"I think [the case] blows up," said Mr. Cohen. "Already there's too much on the record to show that it couldn't be so."

Denver lawyer Scott Robinson agreed that the evidence so far indicates that Karr isn't "the real deal," but he defended Mrs. Lacy's decision to arrest him when she did.

"She's right in bringing the guy back. Absolutely right," said Mr. Robinson, a longtime Ramsey case analyst. "It's a murder case, so it's a no-brainer."

The problem isn't Mrs. Lacy's timing, he said, but the leak that alerted the press to the arrest, making it impossible for investigators to conduct the probe out of the public eye.

"She had a duty to check this individual out. She said herself she would have preferred to conduct this in private," said Mr. Robinson. "If you're going to point the finger at anyone, it's the individual who leaked this information to the press. I know she must be madder than a wet hen that she has to conduct this investigation in public."

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Others, including the Ramsey family, argue that a prosecutor with Mrs. Lacy's experience -- she was elected district attorney in 2000 and re-elected in 2004 -- must have as-yet-unseen evidence beyond Karr's confession to justify the arrest.

"She would never do something when she knows the world's eyes are on her," said Pam Paugh, the sister of JonBenet's mother, Patsy Ramsey, who died of ovarian cancer in June. "She's not just going to go out there willy-nilly and pick some nut case."

Her critics, however, drew parallels to her actions in another high-profile investigation, the 2002 University of Colorado (CU) football team rape case.

During that investigation, Mrs. Lacy announced that a student had been raped and accused the football program of using alcohol and sex as recruiting tools.

Ultimately, however, she charged the five players with contribution to the delinquency of a minor for supplying alcohol and drugs at a campus party, admitting she lacked the evidence for a rape charge.

Later, her office dropped the charges against one player, Ron Monteilh, saying he had been "misidentified."

"She botched horribly the CU football case," said Denver lawyer Dan Caplis, a talk-show host on KOA-AM, adding that "you just cannot trust her judgment."

Arrest, Bill Won't Deter Online Gambling (USAT)

By Jon Swartz, Usa Today

USA Today, August 21, 2006

SAN FRANCISCO — The recent arrest of a high-profile online gambling executive and a federal bill outlawing virtual wagers are generating headlines but will do little to curb the multibillion-dollar industry, gaming experts say.

Former BetOnSports.com CEO David Carruthers is scheduled to appear in a St. Louis federal court Monday. He and his company are charged with mail and wire fraud and money laundering.

His arrest in Dallas last month initially drove down shares of offshore operations such as PartyGaming and Sportingbet. It follows an indictment of another gambling executive and an anti-online gambling bill in Congress. Gaming experts say it does not signal a crackdown, as more sites emerge for poker players and sports fans, and online gambling stocks creep back up.

"One down, another 2,299 (gaming) sites to go," says Joseph Kelly, an online gaming expert who is a professor at SUNY College Buffalo.

BetOnSports, which was delisted from the London Stock Exchange, has fired Carruthers and vowed to press on outside the USA.

The Wire Act of 1961 makes it illegal to bet online. But the law is nearly impossible to enforce, and nearly 80 countries allow wagers online. The $12 billion industry is expected to soar to $24.5 billion by 2010, says researcher Christiansen Capital Advisors.

Because BetOnSports is a regulated UK firm, the U.S. government can do little, says Ken Dreifach, an Internet lawyer who once worked for New York state Attorney General Eliot Spitzer.

The Justice Department is "as vigilant as ever," spokeswoman Jackie Lesch says.

Yet arrests are rare. The only person convicted on federal charges of running an illegal offshore Internet gambling operation was Jay Cohen of World Sports Exchange. He served more than a year in a federal prison. The company is still in business.

William Scott, operator of Worldwide Telesports, was indicted on money-laundering charges in May but has not been caught.

Carruthers became a target for several reasons. BetOnSports advertised on billboards in the USA — a violation of federal law. He often traveled in the USA. And his former employer took bets on an 800-number from Americans, say Dreifach and Kelly. The outspoken Carruthers is out on bail — $1 million in cash — and living in St. Louis, says his lawyer, Scott Rosenblum.

When government officials pursue cases, it is invariably against sports sites. Sports bets are specifically barred by the 1961 law. The only American convicted of gambling online, Jeffrey Trauman, of North Dakota, paid a $500 fine.

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Still, some gambling experts, such as Michael Tew, a principal at consultant CapitalHQ, say Carruthers' arrest underscores a systematic U.S. crackdown. The House recently passed a bill that would restrict the ability of U.S. financial institutions to process wagers.

Web Casinos Becoming A Riskier Bet For Investors (NYT)

By Matt Richtel And Heather Timmons

The New York Times, August 21, 2006

How much more of a gamble has it become to own a piece of an Internet casino? Is it a sucker's bet, or the chance to buy low and score a big payday?

The questions have intensified since BetOnSports, an online sports betting company traded on the London Stock Exchange, stopped taking bets from the United States after the Justice Department charged the company and current and former executives with operating an illegal gambling operation.

Investors and industry analysts, who have long said that owning shares in Internet casinos involves serious risk, nonetheless expressed surprise at the move by prosecutors. They say the development, coupled with legislation in Washington that could clamp down further on the industry, has created new cause for concern.

And yet investors keep coming.

The indictment of BetOnSports prompted a big sell-off in the shares of publicly traded online casinos, but the sector has rebounded. Some industry analysts even call this a buying opportunity.

Greg Harris, an online gambling analyst for Canaccord Adams, a British investment bank, said many investors seemed undaunted by what they viewed as American bluster that could not stop the industry.

"You can throw a lot of things to scare them, but there are still guys finding value," Mr. Harris said of investors bullish on online casinos. He said he also believed that panicked overselling had made some Internet gambling stocks cheap now.

That sentiment is not universal. The controversy swirling around BetOnSports has raised questions about whether other companies might soon be in the Justice Department's sights, industry executives and analysts said.

"None of us know whether this indictment is specific to BetOnSports or a sweeping attack against online gaming per se," said an executive from a publicly traded online gambling firm who requested anonymity because company lawyers had told him not to comment to the press. "We're keeping our heads down."

There are indications that some major investors, including American investment houses, are beginning to distance themselves from the online gambling companies, either by dumping shares or by ceasing to provide analyst coverage.

But other investors, notably hedge funds, have led a comeback. Shares of SportingBet hit 398.5 pence ($7.50) on July 4. On July 18, after the indictment, they tumbled, in heavy volume, reaching a low of 171 pence on July 21. The stock has recovered a bit and is now at 249.25 pence. Shares of PartyGaming also slid in mid-July on heavy volume, hitting a low of 85.25 pence on July 18. But they have revived strongly, hitting a high of 120 pence on Aug. 4. The shares are now at 111 pence.

Neteller, a company used by many online gamblers for payment processing and one seen by some as an industry bellwether, was at 597.50 pence on July 4, fell to 319 on July 20, and is now at 400 pence.

The day the indictment was unsealed on July 17, trading in BetOnSports was halted after a 17 percent slide in the shares. Kevin Smith, a company spokesman, said he thought it could be more than a month more before the London Stock Exchange reopened trading.

There is no doubt there is allure to investing in the offshore casinos, some of which have enjoyed considerable growth. According to Nielsen Net/Ratings, PartyPoker.com recently has been among the world's 10 fastest-growing Web sites, with its traffic up 185 percent in July from the previous year.

Some online gambling companies continue to report strong profit growth and earnings. SportingBet said on Aug. 1 that it was on track to report £103 million ($195 million) in operating profit for the fiscal year that ended July 31. PartyGaming's second-quarter revenue was up 49 percent from a year ago, to $319.3 million.

I. Nelson Rose, a professor and expert in Internet gambling law at Whittier Law School in Costa Mesa, Calif., said he had recently been contacted by major institutional investors trying to decide how to deal with the risk and volatility.

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"The question I got the most was: 'Should we buy?'" Mr. Rose said.

Investors should do so only with the understanding that the investment is so risky that it could virtually disappear, said Sebastian Sinclair, an industry analyst with Christiansen Capital Advisors.

Mr. Sinclair said that BetOnSports, which was getting 70 percent to 80 percent of its wagers from United States residents, has little business left. "They're done; they're toast," he said. "If you're an investor, your investment is worth next to nothing."

On July 16, federal marshals arrested David Carruthers, the chief executive of BetOnSports, as he changed planes in Dallas-Fort Worth International Airport. Mr. Carruthers had been a frequent traveler to the United States, where he met with financiers and sought to rally public support for legalization of online gambling.

But for months, federal prosecutors in St. Louis had been building a case against him and the company on charges of operating an offshore casino in violation of the federal Wire Act of 1961.

On July 17, prosecutors unsealed a 22-count indictment against BetOnSports and several current and former executives and said they would seek $4.5 billion in penalties. They also obtained a temporary restraining order prohibiting BetOnSports from taking bets from United States residents.

Mr. Carruthers has been released on $1 million bail in St. Louis, but he is confined to a local residence.

Mr. Sinclair said he doubted that the Justice Department would succeed in shutting down another Web gambling company, unless its executives traveled to the United States.

"The Department of Justice could say to SportingBet: 'Shut down tomorrow,' but I don't see them doing it," Mr. Sinclair said.

This month BetOnSports affirmed that it would no longer take wagers from United States bettors, a move that Mr. Smith, the spokesman, said was intended in part to reassure investors that it was playing by the rules. He said it planned to focus on taking bets from Asian gamblers.

But, for now, the potential growth from Asia is limited, said Mr. Harris, the analyst from Canaccord Adams. He said that the banking system was more fragmented in Asia than in the United States and that payment processors, like Neteller, had yet to prove they could ensure quick, easy, reliable payments on wagers placed from Asia.

Another potential obstacle is legislation that has passed the House of Representatives, and is pending in the Senate, that could strengthen the laws against offshore casinos and make it a crime for financial institutions to process wagers.

Such a step could have a considerable impact, analysts said. But they also say they doubt that the Senate will pass the bill, partly because of a gambling lobby that hopes for a piece of the action and does not want to see Internet gambling outlawed.

As interest in Web gambling stocks has developed, the investors can generally be broken into two camps: long-term players like pension and mutual funds, and hedge funds that dip in and out of the sector.

Some investors who have owned Web gambling stocks are now getting out. Last December, Fidelity Management held shares in BetOnSports worth about $363 million, or 14.1 percent of the outstanding shares. Those shares were largely held in mutual funds.

But Fidelity Management has sold those shares, according to Vincent Loporchio, a company spokesman, who declined to elaborate.

Last December, Morgan Stanley Securities Ltd., a British subsidiary of the American investment bank, held the largest position in BetOnSports, around 12 million shares, on behalf of one large investor.

Its custodial position has changed considerably. The subsidiary now holds around 2.7 million shares on behalf of one or more large investors, indicating a large divestiture. Morgan Stanley declined to comment.

Some big investment banks have become quiet on the subject. Citigroup's online gambling analyst in London has moved to another sector, and has not been replaced. Morgan Stanley analysts are restricted from speaking about online gambling stocks, but the bank will not say why.

Hedge funds, on the other hand, have been flocking to the volatile sector, and rapidly buying, selling and shorting as BetOnSports makes headlines, according to bankers in London who specialize in the sector. The hedge funds, though they have always been involved in the sector, appear to be trying to capitalize on the uncertainty, gambling on the day-to-day developments in the volatile industry.

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"BetOnSports is going to haunt the market," predicted a London-based banker who took part in the public fund-raising for several Internet gambling companies and would not speak for attribution because he did not want to upset his clients.

Even if no other online company is indicted, the case will be played out over months or years, he said, with events like bail hearings and trial dates making headlines. "Every now and again, the market is going to take a fright," he said. "This is not a market that underreacts."

From Their Own Online World, Pedophiles Extend Their Reach (NYT)

By Kurt Eichenwald

The New York Times, August 21, 2006

At first blush, the two conversations — taking place almost simultaneously in different corners of the Internet — might have seemed unremarkable, even humdrum.

In April, with summer fast approaching, both groups of online friends chatted about jobs at children's camps. Did anyone, one man asked, know of girls' camps willing to hire adult males as counselors? Meanwhile, elsewhere in cyberspace, the second group celebrated the news that one of their own had been offered a job leading a boys' cabin at a sleep-away camp.

But participants in the conversation did not focus on the work. "Hope you see some naked boys in your cabin," a man calling himself PPC responded. "And good luck while restraining yourself from doing anything."

The two groups were made up of self-proclaimed pedophiles — one attracted to under-age girls, the other to boys. Their dialogue runs at all hours in an array of chat rooms, bulletin boards and Web sites set up for adults attracted to children.

But it is no longer just chatter in the ether. What started online almost two decades ago as a means of swapping child pornography has transformed in recent years into a more complex and diversified community that uses the virtual world to advance its interests in the real one.

Today, pedophiles go online to seek tips for getting near children — at camps, through foster care, at community gatherings and at countless other events. They swap stories about day-to-day encounters with minors. And they make use of technology to help take their arguments to others, like sharing online a printable booklet to be distributed to children that extols the benefits of sex with adults.

The community's online infrastructure is surprisingly elaborate. There are Internet radio stations run by and for pedophiles; a putative charity that raised money to send Eastern European children to a camp where they were apparently visited by pedophiles; and an online jewelry company that markets pendants proclaiming the wearer as being sexually attracted to children, allowing anyone in the know to recognize them.

These were the findings of a four-month effort by The New York Times to learn about the pedophiles' online world by delving into their Internet communications. In recent months, new concerns have emerged about whether the ubiquitous nature of broadband technology, instant message communications and digital imagery is presenting new and poorly understood risks to children. Already, there have been many Congressional hearings on the topic, as well as efforts to write comprehensive legislation to address the issue.

But most of those efforts have focused on examining particular instances of harm to children. There have been few, if any, recent attempts to examine the pedophiles themselves, based on their own words to one another, to gain a better recognition of the nature of potential problems.

Last week, that world attracted new attention after reports that John M. Karr, who was arrested last Wednesday as a suspect in the 1996 murder of JonBenet Ramsey, apparently used Internet discussion sites intensively in efforts to communicate with children, sometimes about sex. In e-mail messages to a journalism professor that investigators believe were written by Mr. Karr, statements about children seemed to echo the online dialogue among pedophiles.

"Sometimes little girls are closer to me than with their parents or any other person in their lives,'' the e-mail messages say. "I can only say that I can relate very well to children and the way they think and feel.''

The recent conversations among pedophiles that were examined by The Times took place in virtual rooms in Internet Relay Chat, a text-based system allowing for real-time communications; on message boards on Usenet, which has postings by topic; and on Web sites catering to pedophiles.

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In this online community, pedophiles view themselves as the vanguard of a nascent movement seeking legalization of child pornography and the loosening of age-of-consent laws. They portray themselves as battling for children's rights to engage in sex with adults, a fight they liken to the civil rights movement. And while their effort has brought little success, they celebrated online in May when a small group of men in the Netherlands formed a pedophile political party, and they rejoiced again last month when a Dutch court upheld the party's right to exist.

The conversations themselves are not illegal. And, given the fantasy world that the Internet can be, it is difficult to prove the truth of personal statements, or to demonstrate direct connections between online commentary and real-world actions. Nor can the number of participants in these conversations, taking place around the Internet, be reliably ascertained.

But the existence of this community is significant and troubling, experts said, because it reinforces beliefs that, when acted upon, are criminal. Repeatedly in these conversations, pedophiles said the discussions had helped them accept their attractions and had even allowed them to have sex with a child without guilt.

Indeed, law enforcement officials say that the refrain of justification from online conversations is frequently voiced by adults arrested for molestation, raising concern that such conversations may lower pedophiles' willingness to resist their temptation.

"It is rationalization that allows them to avoid admitting that their desires are harmful and illegal," said Bill Walsh, a former commander of the Crimes Against Children Unit for the Dallas Police Department, who founded the most prominent annual national conference on the issue. "That can allow them to take that final step and cross over from fantasy into real-world offenses."

Still, in their conversations, some pedophiles often maintain that the discussion sites are little more than support groups. They condemn violent child rapists and lament that they are often equated with such criminals. Many see themselves as spiritually connected to children and say that sexual contact is irrelevant. Yet the pedophiles consistently return to discussions justifying sex with minors and child pornography.

Many of these adults described concepts of children that veered into the fantastical — for example, at times depicting themselves as victims of predatory minors. A little girl in a skirt reveals her underwear by doing a cartwheel; a boy in a bathing suit sits on a bench with his legs spread apart; a child playfully jumps on a man's back — all of these ordinary events were portrayed as sexual come-ons.

"It really is like going through the rabbit hole, with this entire alternative reality," said Philip Jenkins, a professor of religious studies at Pennsylvania State University who wrote "Beyond Tolerance," a groundbreaking 2001 book about Internet child pornography.

The conversations also demonstrated technological acumen, with frequent discussions about ways to ensure online anonymity and to encrypt images. That underscores a challenge faced by the authorities who hope to combat online child exploitation with technology. For example, in June, Internet service providers announced plans for an alliance that will use new technologies to locate child pornography traders.

Pedophiles were undaunted. Within hours of the announcement, their discussion rooms were filled with advice on how to continue swapping illegal images while avoiding detection — months before the new technologies were to be in full operation.

Portraits of Pedophilia

In a sense, the creation of the pedophiles' online community was a ripple effect from the success of government efforts to crack down on them.

Washington's efforts in the late 1970's to stamp out child pornography by declaring it illegal were enormously effective, closing off traditional outlets for illicit images.

But the Internet soon presented an alternative. In the early 1980's, through postings on bulletin board systems, pedophiles went online to swap illegal images. From there, they could easily converse with others like themselves, and they found theirs to be a community of diverse backgrounds.

In the conversations observed by The Times, the pedophiles often discussed their personal lives. Their individual jobs were described as being a disc jockey at parties ("a high concentration of gorgeous" children, a man claiming to hold the job said); a pediatric nurse ("lots of looking but no touching"); a piano teacher ("I could tell you stories that would make you ...well... I'll

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be good"); an employee at a water theme park ("bathing suits upon bathing suits!!!!!"); and a pediatrician specializing in gynecology ("No need to add anything more, I feel").

The most frequent job mentioned, however, was schoolteacher. A number of self-described teachers shared detailed observations about children in their classes, including events they considered sexual, like a second-grade boy holding his crotch during class.

The man relating that story held up that action as an expression of sexuality; he was not dissuaded when another participant in the conversation suggested that the boy might have just needed to go to the bathroom.

Some pedophiles revealed that they gained access to children through their own families. Some discussed how they married to be close to the children from their wives' previous marriages. Pedophiles who said they were fathers described moments involving their own children, such as a man who told of watching his sons change for swimming in a locker room, complete with details about the older boy's genitals and emerging pubic hair. Others insisted they would never feel any interest in their own children, but commented on the benefits presented by parenthood.

"I have a daughter and have never been attracted to her," a man with the screen name of jonboy wrote. But, he added, "I did find her friends very attractive."

Pedophiles chafe at suggestions that such comments reflect risks to minors. They point out, correctly, that family members and friends — not strangers — are the most frequent perpetrators of child sexual abuse. They never note, however, that the minors mentioned in their online discussions are most frequently those they know well, like relatives and children of friends.

Justifications Online

In the pedophiles' world view, not all sexual abuse is abuse. There is widespread condemnation and hatred of adults who engage in forcible rape of children. But otherwise, acts of molestation are often celebrated as demonstrations of love.

"My daughter and I have a healthy close relationship," a person with the screen name Sonali posted. "We have been in a 'consensual sexual relationship' almost two months now."

The daughter, Sonali wrote, is 10. Whatever guilt Sonali felt for the relationship was eased by the postings of other pedophiles. "I am so happy to find this site," Sonali wrote. "I thought having a sexual attraction to my daughter was bad. I now do not feel guilty or conflicted."

In that, Sonali was demonstrating what experts said is the most dangerous element of the pedophile Internet community: its justification of illegal acts. Experts described the pedophiles' online worldview as reflective of "neutralization," a psychological rationalization used by groups that deviate from societal norms.

In essence, the groups deem potentially injurious acts and beliefs harmless. That is accomplished in part by denying that a victim is injured, condemning critics and appealing to higher loyalties — in this case, an ostensible struggle for the sexual freedom of children.

Pedophiles see themselves as part of a social movement to gain acceptance of their attractions. The effort has a number of tenets: that pedophiles are beneficial to minors, that children are psychologically capable of consenting and that therapists manipulate the young into believing they are harmed by such encounters.

"Every human being, no matter the age, should be allowed to have consenting mutual sexual relations with anyone they wish," a man calling himself Venn wrote. "All age of consent laws must, and forever, be abolished."

Those same types of comments online are now turning up in court. For example, a man known by the screen name Brother Peteticus is among those who have argued online for legalizing sex with children. In real life, he is Phillip J. Distasio of Rocky River, Ohio, who was arrested last year on charges of raping two autistic boys who were his students. In court this month, Mr. Distasio, 34, portrayed himself as following the dictates of his own religion, and made arguments frequently expressed by the online community.

"I've been a pedophile for 20 years," Mr. Distasio said at the pretrial hearing. "The only reason I'm charged with rape is that no one believes a child can consent to sex. The role of my ministry is to get these cases out of the courtrooms."

In the days that followed, some pedophiles supported that position online, agreeing with Mr. Distasio that mentally handicapped, prepubescent boys could consent to sex with their teacher.

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That same logic is applied by the pedophiles to child pornography, which many of them said should be legalized. "Where is the problem?" from child pornography, a pedophile who used the screen name Writer said in an online posting. "Once again, the underlying issue is the repressive belief that sex is intrinsically sinful."

In making these arguments, pedophiles often demonize parents and other adults as cruel, unloving people who exert authoritarian control over children and stand in the way of minors' sexual freedom. "Anti-pedophiles are NOT about protecting children," a man who called himself Christopher wrote. "They are usually the ones who are beating (they call it spanking) or emotionally neglecting their children."

But their arguments often seem contradictory. While maintaining that they can be trusted with children, some pedophiles said they would not allow minors in their lives to be with other adults attracted to children. "I guess coming from the inside, I know a bunch of the bad stuff that can happen," one man wrote.

Many pedophile sites conduct surveys to learn about the attitudes of their contributors. While none of these surveys are scientifically valid, they do reflect the thinking of some people who traffic in these sites. And not surprisingly, a large number of the surveys are about sex.

For example, on one site, pedophiles were asked if they would "have full intercourse with a little girl." Seventy-four members responded. Only 17 replied no. The same number said that they might. The largest group — over 54 percent — said that they would.

Some attached comments to their survey response. One man provided descriptions of the acts he would repeatedly perform on an 8-year-old to prepare her. The words — too graphic to be printed here — raised no criticism on the site.

But in other discussions, pedophiles cautioned that some comments were too dangerous. When one man described in lurid terms his fantasies about molesting an infant girl, the response was quick. "This is best not discussed," a man calling himself garvy wrote, adding that someday, pedophiles would need evidence proving that they cared only about children's best interests.

"Such posts," garvy concluded, "will be very damaging to the Cause."

A Web of Deception

The booklet — recently circulated through a Web site for pedophiles — had been written, it said, "for any boy who is old enough to be able to read it."

Called "Straight Talk for Boys," it is an 18-page discussion of sex, particularly between children and adults, from the pedophiles' viewpoint. Such encounters are depicted as harmless, even beneficial. The document criticizes parents and therapists. And it encourages boys to wear Speedo bathing suits and shower naked in public places.

But it repeatedly returns to one message: boys should never tell about sex with adults. "Older boys and men may be frightened about getting caught having sex play with you, because they can be put in jail," it says. "So you have to think of ways to 'signal' your interest in another person without openly saying what you want," adding that "nobody else can know about what you agree to do."

The booklet comes with instructions, advising pedophiles on how to distribute it. "The best and safest way is to leave quantities of the booklet in places where boys in the 8 to 14 range can find them, and where adults will not discover them too quickly," the instructions read. "Obviously, you don't want to be observed placing the booklets in your chosen locations."

The booklet reflects how pedophiles can use the Internet to advance their interests in the real world. Like many of those efforts, this one involved deception: the booklet does not reveal, for example, that it has been written and distributed by men who are sexually attracted to children, but instead portrays itself as objective fact.

Using deception to gain access to children is a recurring theme. For example, on a site for adults attracted to boys, someone calling himself Vespucci asked in June whether a single man could become a foster father. The respondents cautioned Vespucci to disguise his pedophilia.

"You better have a darned good excuse why you never married, such as your fiancée died in a car wreck," replied a man calling himself simply "d." "I highly recommend you date women for several years and keep at least a couple of those relationships going for at least a couple of months. Around the women, make a point of being nice to children."

The deception would be worthwhile, d wrote. "It will help out in the reference-check dept. when you apply."

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Pointers on ways to get close to children were frequent topics. One man posted an Internet "help wanted" advertisement from a single mother seeking an overnight baby sitter for her 4-year-old daughter; another recommended shopping at weekend estate sales, since plenty of bored minors showed up accompanying inattentive parents.

Some participants in these conversations claimed to have established charitable efforts that put them in contact with children. For example, an organization called BL Charity said it was seeking money to send Eastern European children to camp.

The charity's site, which recently closed, showed scores of images of children at camp and in their homes, supposedly taken by the men running the site. The effort was organized by pedophiles; BL is the online term for "boy-lover." It eventually shut down, largely from a lack of money, according to a posting from the site's operators. After the site closed, further details of BL Charity could not be learned. Not every organization and effort of the pedophiles is directly tied to trying to reach children. For example, pedophiles have created Internet radio stations for the purpose of providing support for one another and encouraging their perceived social movement.

It is not known how many such stations exist, nor the size of the audience. The most prominent station appears to be Sure Quality Radio, which on its home page proclaims, "From all levels of society you will find us, not as predators but as human beings, loving and caring for boys or girls or both." The site has a program schedule and an online store selling mainstream music and movies featuring children.

People who work with Sure Quality Radio did not respond to questions e-mailed to them from The Times, although one person with the online name of boystory replied by saying he was immediately severing all ties with the station.

There are also online podcasts, recorded talk shows of 60 to 90 minutes featuring discussions among pedophiles. The discussions, as described online, deal with topics like "benefits of age difference in sexual relationships"; "failure of sex offender registries"; "children's sexual autonomy, practices and consequences" and "the misrepresentation of pedophilia in the news media."

With the chat rooms, radio stations and other organizations, pedophiles' views are continually reinforced. But some realize that this online echo chamber can warp reality. For example, a man calling himself AtosW reported to fellow pedophiles that he had been chatting on a game site frequented by boys. A conversation began about the Dutch pedophile party, AtosW said, and the minors reacted with threats of violence.

AtosW was perplexed. "Why are posters THAT young so angry about it?" he asked. "It is after all THEIR rights that they are pushing for."

A man calling himself Ritter responded. "Your post is a typical example of what happens when you spend too much time in the online BL community," he wrote. "Believe it or not, most young children are NOT anxious to have sex with adult men."

Hollywood Wiretapping Scandal Fizzles (FINDLAW/AP)

By Greg Risling, Associated Press Writer

AP, August 21, 2006

(AP) - LOS ANGELES-Hollywood has had its share of blockbusters this summer with pillaging pirates and returning superheroes, but an off-screen reality show starring a private eye accused of running a widespread wiretapping scheme hasn't lived up to its billing.

Federal prosecutors said months ago that at least one more indictment was coming in the case against private detective Anthony Pellicano and 13 other suspects charged with conspiracy, wire fraud and other crimes.

That disclosure ignited speculation on movie sets and in corporate offices about who might be indicted.

However, no new defendants have been named since "Die Hard" director John McTiernan was charged in early April.

Now, the case has lost its sizzle and sent the entertainment industry searching for scandal elsewhere.

"The beef on the bun has been smaller than the promotion," said publicist Michael Levine, whose clients have included pop star Michael Jackson and actor Charlton Heston.

"Right now what is being talked about is all the hype associated with this," he said.

The initial indictment against Pellicano, unsealed in early February, detailed a shady underside of Hollywood where wiretaps were used to get dirt for threats, blackmail and, in some cases, to secure a tactical advantage in litigation.

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It included allegations that Pellicano had illegally wiretapped the phones of Hollywood stars such as Sylvester Stallone and had bribed police officers to run the names of more than 60 people, including comedians Garry Shandling and Kevin Nealon, through government databases.

More charges followed. Among those named were Terry Christensen, a prominent Hollywood attorney who represented billionaire Kirk Kerkorian. He was accused of paying Pellicano at least $100,000 to illegally listen in on conversations involving Lisa Bonder Kerkorian during a 2002 court battle with the mogul over child support.

Christensen has denied wrongdoing.

Hollywood Records president Robert Pfeifer admitted hiring Pellicano to wiretap the phone of his former girlfriend. And McTiernan pleaded guilty to making false statements to an FBI agent about hiring Pellicano to wiretap a producer on his 2002 box-office flop "Rollerball."

Both are awaiting sentencing.

Federal authorities also questioned prominent entertainment attorney Bert Fields and studio bosses Brad Grey of Paramount Pictures and Ron Meyer of Universal Studios about their connections to Pellicano.

Thus far, however, no A-listers have been named as suspects and nearly all the defendants are bit players.

The case has been slowed as authorities struggle to decrypt hundreds of recorded telephone calls recovered during searches of Pellicano's offices.

Prosecutors have said in court they have at least one wiretapped conversation and some of the calls involve Pellicano allegedly speaking to clients and others about wiretaps.

Prosecutors would not elaborate on the recordings or other aspects of the case.

They face two challenges when considering additional indictments: proving Pellicano's clients knew the detective was doing something illegal and ensuring that the wiretap evidence falls within the five-year statute of limitations. Many of the calls listed in the indictment occurred between 1999 and 2002.

Defense attorneys are challenging the validity of search warrants, claiming they were a ruse to get inside Pellicano's offices and look for suspected wrongdoing. They also have complained that prosecutors haven't turned over all their evidence as part of the discovery process.

The disputes led U.S. District Judge Dale Fischer to postpone the trial until Feb. 13.

Pellicano has pleaded not guilty and is anxious to go to trial, said his attorney, Steven Gruel. However, Gruel believes his client won't have to stand trial at all if he can convince a judge the search warrants and resulting evidence should be thrown out.

Hollywood's attention has turned to new scandals such as Mel Gibson's drunken driving case, but legal experts believe the wiretapping case could regain the spotlight if high-profile stars are called to testify during the trial.

"You could still have the parade of Hollywood witnesses even if you don't have further indictments," said Laurie Levenson, a former federal prosecutor and professor at Loyola Law School.

"This is the most egregious civilian wiretapping case I can think of. If you just put Pellicano behind bars, it was worth it," she said.

U.S. Seeks Hinckley Interviews, Files (WT)

By Jim Mcelhatton

The Washington Times, August 21, 2006

The U.S. Justice Department is seeking a court order requiring would-be presidential assassin John W. Hinckley Jr. to cooperate with federal psychiatrists before he is given more freedom from a D.C. mental hospital.

The U.S. attorney's office also asked a judge Friday for access to all of Hinckley's medical files and for permission to hold taped interviews with the 51-year-old mental patient, who was found not guilty by reason of insanity for shooting President Reagan in 1981.

The Washington Times reported last week that Hinckley's attorneys planned to seek an expansion of conditions for his release from St. Elizabeths Hospital in the District.

A hearing on the issues is set for Nov. 6, a spokesman for the U.S. attorney's office said last week.

The two government psychiatrists, Dr. Robert F. Patterson and Dr. Robert T.M. Phillips, who were requested by the U.S. attorney's office, have examined Hinckley previously.

Hinckley's attorneys do not object to the request for his cooperation with the psychiatrists, court records show.

In court filings, Hinckley's attorneys say their client has completed all but one of seven unsupervised trips to his parents' house that U.S. District Court Judge Paul L. Friedman granted last year. Additional trips will require a court order.

"On each of these trips, Mr. Hinckley has complied fully with all of the conditions of release, and not a single negative occurrence has been reported in connection with any of the trips," wrote attorney Barry Levine in a memo to Judge Friedman.

Mr. Levine has asked the judge to permit more trips -- as long as four nights each -- pending a hearing to expand Hinckley's freedom.

Government attorneys have opposed the move, saying that until a hearing is scheduled they cannot get access to medical files on how Hinckley has fared during the overnight stays with his parents.

They also say psychiatrist John J. Lee, who agreed to meet with Hinckley during the unsupervised overnight stays in Williamsburg, is "untested as a reporter of information about Mr. Hinckley."

Mr. Levine, in a response filed Aug. 10, called the government's objections "the latest in a long and uninterrupted series of reflexive objections ... to any conditional-release privileges for Mr. Hinckley."

Hinckley's overnight trips to Williamsburg provide the most freedom he has had since the shooting of Mr. Reagan, presidential spokesman James Brady, Secret Service agent Timothy McCarthy and Metropolitan Police Officer Thomas Delahanty.

In recent years, Hinckley gradually has won increasing freedom from St. Elizabeths. In addition to the Williamsburg visits, he has gone on short trips with his parents, such as a 2005 outing to the Smithsonian National Air and Space Museum.

Prosecutor: Boston Cops Are Dangerous, Should Denied Bail (AP)

By Melissa Trujillo, Associated Press Writer

AP, August 18, 2006

BOSTON— Two Boston police officers charged as part of a corruption probe are a flight risk and danger to the community, partly because of threats one made against the children of his associates, prosecutors said Friday.

Roberto Pulido, 41, and Carlos Pizarro, 36, were arrested on federal drug charges in Miami last month after they allegedly accepted a $35,000 payment from undercover FBI agents for protecting a shipment of illegal drugs.

Assistant U.S. Attorney John McNeil argued during a probable cause and detention hearing for Pulido and Pizarro that they should be held without bail. The officers' defense attorneys asked for a cash bond and supervised release.

U.S. Magistrate Judge Joyce London Alexander did not immediately rule Friday on either case, pending a review of evidence and pre-trial interviews. She also has not decide on detention for a third officer charged, Nelson Carrasquillo, 35.

McNeil pointed to conversations between Pulido, undercover FBI employees and a cooperating witness, in which Pulido threatened the lives of those involved in the plot, as well their children.

"And if something goes bad, and they're at fault, somebody is going to pay, either with their life or their children's lives," Pulido says in transcripts.

McNeil said Pulido and Pizarro had a pact to protect the drug shipment, with their children's lives at stake. If they would agree to that, McNeil asked, what else would they be willing to do to avoid a conviction?

Pulido's attorney, Rudy Miller, countered that Pulido was investigating the cooperating witness and eventually hoped to make his own arrests. The comments he made about children were "puffery," Miller said.

One of Pizarro's attorneys, Jeff Denner, argued there was no pact between the defendants, and said Pizarro couldn't be connected to the statements Pulido made.

"This individual has never threatened the life of any child," he said.

Both men's attorneys argued they had strong ties to the community and were of no threat to the larger community. But McNeil said both had girlfriends hidden from their wives. Pulido's girlfriend also had ties to the Dominican Republic, McNeil said.

"They've been leading double, maybe triple lives," he said.

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Denner denied his client had a history of deceit, saying that the worst-case scenario was that evidence would show Pizarro was having money problems and made a bad decision.

"If he made a mistake, it was an isolated mistake," he said.

Boston Police Corruption Case Detailed (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, August 21, 2006

Prosecutors say Pulido threatened officers' children

As he huddled in an Atlantic City hotel room last May with a handful of reputed drug dealers, Boston police Officer Roberto Pulido boasted that he knew how to test the loyalty of officers he was recruiting to help protect cocaine shipments being trucked through Boston: threaten their children.

In a conversation secretly recorded by the FBI on May 24 and played by prosecutors during a bail hearing yesterday in federal court, Pulido said he approached three officers about helping him guard drug shipments and told them, ``You're my family, but as family does, family sticks to their own."

He said he warned them, ``If something goes bad and they're at fault, somebody is going to pay, either with their life or their children's lives, and as soon as they hear that, they're like, OK -- they back off. The only ones that step forward are the ones that I trust."

When one officer hesitated, he was left out, Pulido said, because ``that was all I needed to hear." But the two other officers ``stepped forward," he said.

Pulido, 41, of Hyde Park, and two other officers, Carlos Pizarro, 36, and Nelson Carrasquillo, 35, both of Dorchester, were arrested July 20 in Miami on a charge of conspiracy to possess with intent to distribute 100 kilograms of cocaine. The three are accused of guarding a truckload of cocaine in June for undercover FBI agents posing as drug dealers, who paid them $50,000. All three remain jailed without bail.

An FBI affidavit also alleges that Pulido was involved in other crimes, including identity theft, steroid trafficking, immigrant smuggling, and hosting illegal afterhours parties in which prostitutes and drug dealers mingled with uniformed officers.

FBI special agent Michael Kreizenbeck testified yesterday that after his arrest Pulido said that he was investigating the purported drug dealers and that his ``long range plan was to get to the kingpin and turn him in."

However, the agent said Pulido hadn't filed any reports with the Boston Police Department about his alleged investigation. Pulido also kept $20,000 that he and Carrasquillo were allegedly paid for protecting an earlier shipment of 40 kilograms of cocaine in April, according to the government.

A prosecutor argued yesterday that Pulido and Pizarro should remain jailed until the case is resolved because they are dangerous men who led double lives, deceiving both the Police Department and their families by working as officers while leading a criminal life.

``If these men would mortgage their children to commit this crime, then what wouldn't they do to avoid prosecution in this case?" said Assistant US Attorney John McNeil, arguing that the officers might retaliate against a cooperating witness and his family if released.

McNeil also argued that Pulido could flee to the Dominican Republic, the native country of the woman he had been having an affair with for 11 years, or to Greece, where his alleged steroid supplier now lives after fleeing Boston to avoid a drug indictment.

Defense lawyers, backed by a courtroom filled with supportive relatives and friends of the officers, argued that Pulido and Pizarro were decorated officers and longtime Boston residents who deserve to be free while defending themselves against bogus charges.

Pulido's lawyer, Rudy Miller, said Pulido had told other officers about his undercover investigation of the purported drug dealers and was ``waiting his time to effect an arrest."

Pulido's boasts about killing children and committing other crimes were ``puffery" and part of Pulido's effort to infiltrate the drug ring, Miller said.

Calling allegations in the affidavit about afterhours parties, identity theft, and other crimes ``absolutely ficticious, fabricated, made-up stories," Miller accused the government of sucking Pulido into the drug conspiracy and relying on a cooperating witness who is a three-time convicted felon.

Pizarro's lawyer, Jeffrey Denner, said Pizarro is charged with being involved in one drug shipment and was unaware of Pulido's boasts about violence against children or other crimes.

``If he made a mistake, it was an isolated mistake that has to be looked at in the context of a very good life," Denner said.

US Magistrate Judge Joyce London Alexander took under advisement the bail requests from Pulido and Pizarro, and a similar request made by Carrasquillo during a hearing earlier this month.

In Officer's Fall, A Tale Of Two Friends (BOS)

By Yvonne Abraham

The Boston Globe, August 21, 2006

Before charges in Pulido case, once-divergent lives had reunited

Everybody in the neighborhood knew the Pulido house on Edge Hill Street.

Emilio and Adelaida Pulido , proud immigrants who had fled Cuba for Jamaica Plain in the early 1960s, had three children, Roberto, Alicia, and Tony, well-behaved kids of whom much was expected. But the couple was also known as ``Papi" and ``Ma" to dozens of other neighborhood children looking for a place to hang out or seeking refuge from their own parents.

One of those children was Troy Lozano , Roberto ``Kiko" Pulido's friend from Madison Park High, who often told people he thought of Kiko as his brother.

The neighborhoods around Hyde and Jackson squares were tough. While some children seemed beyond the lure of the streets, others were drawn to the shadows.

Roberto Pulido went one way, eventually buttoning up the blue Boston Police Department uniform his father, a store security guard, had always wanted.

Troy Lozano went another way, embracing thrills and fast money, drugs and violence.

But then, two decades later, the police officer and the career criminal found each other again, forming a bond that drew Pulido deep into the world from which his father had tried to keep him.

Now Pulido, 41, sits in jail facing federal charges that could send him to prison for life. And Lozano, who helped federal authorities catch his childhood friend, has disappeared.

Roberto Pulido was a deferential youth, his friends and relatives say. He kept mostly to himself and delighted in annoying his little sister. He became a father at 16, and the head of the extended family in his early 20s, after Emilio Pulido died of stomach cancer in 1991.

``My brother was the person I looked up to," said Alicia Pulido. ``My brother became my father."

By 21, he had married Karen Soares , whom he had met while driving a cab. At their Roxbury wedding, only sparkling apple and grape juice were served. Roberto Pulido abhorred drugs, alcohol, and cigarettes, Karen Pulido said.

He became a father to her three children from a previous relationship, supporting his new family as a carpenter in a local union. He was as firm with her children as his father had been with him, she said, telling them that allowances were to be earned, not bestowed.

Like his father, Pulido had always wanted to wear a uniform. He joined the Marine Reserves in 1988, and the Boston Municipal Police in 1992. After three years in the MBTA Transit Police, he achieved his dream of joining the Boston Police in 1996. His family -- and his community -- were enormously proud of him.

``Every time I saw him in that uniform, I felt such a sense of pride because of his father," said Alberto Vasallo , publisher and owner of El Mundo, a Spanish-language weekly in Jamaica Plain.

On the force, Pulido never forgot where he came from. He was not the type to throw his weight around in the old neighborhood, said friends and acquaintances on Centre Street. He kept community leaders in touch with what was happening on the street.

But he had also started using steroids.

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In 1997, Pulido became friendly with a man who had been arrested by another officer for having steroids in his car. They shared an interest in bodybuilding, said the man, who did not want to be identified because of his criminal record. They began working out together, and used the drugs to build muscle faster.

Pulido's responsibilities were heavy. He had divorced his first wife in 1993, and married Evelyn ``Reese" Tucker in 1994, and they already had three children together. But he was also in touch with his former wife's children, who still called him ``Dad," sometimes buying them gifts. His second wife, Evelyn, ran a dance studio, but she did not work full time.

He worked as much overtime and as many paid details as he could, said relatives and friends. He did construction on the side. He managed an auto repair shop on Washington Street in Jamaica Plain, and started a barbershop across the street.

``He wants the best for [us]," Evelyn Pulido said in an interview. ``He didn't care if it took sacrifice. [If] he had to work triple time or whatever, he was going to do it for the kids."

He didn't have time to attend church with her on Sundays, though he did read his Bible, she said. Evelyn Pulido often begged her husband to work less, she said, but he always refused.

``I complained a trillion times over," she said. ``And he will always quote from the Bible: `A man who does not work does not eat.' "

But Pulido was finding time for more than work and family.

In April 1999, he tested positive for cocaine in a routine police department drug test on his hair.

``I thought it was a joke," Evelyn Pulido said. ``I said, `Somebody sprinkled it on his head or something.' "

A police officer who worked with him at the time said his colleagues were shocked, because Pulido seemed so obsessed with his health. Under department regulations, officers can appeal by taking a second test at their own expense. Some of his colleagues were so confident in his innocence that they donated money to help Pulido pay for that test, Evelyn Pulido said.

According to Boston Police, the second test, administered two weeks after the first, was also positive. Pulido fought the finding with the help of the police officers union. An independent arbitrator upheld the test results: The cocaine had been ingested, records from the hearing show.

Still maintaining his innocence, Pulido accepted a 45-day suspension and entered a drug treatment program.

``He fought it till he couldn't fight any more," Evelyn Pulido said.

Pulido was also seeing other women.

In 2000, he had a daughter with Roslyn Williams of Roxbury and was ordered to pay child support of $150 a week. His fourth child with Evelyn Pulido was born the next year.

To help make ends meet, he started a construction company in 2001 with a friend, Alexandras Kontsas , but the enterprise was short-lived. The money took too long to come in.

``He was always hurting for money," said Kontsas, who owns a South Boston pizzeria. ``The child support, the loan on his car, they were taking so much out of his paychecks. One time he showed me a check and it was for $4."

Pulido's job sustained him, said his friends. He loved being a police officer, always wanted to be the first through the door in dangerous situations.

But in March 2002, danger found him, as he was patrolling alone at a school in Jamaica Plain. Pulido was shot in the chest while wearing his bulletproof vest. He was not seriously injured. His assailant was never found. Years later, police department sources would say the shooting seemed suspicious.

But at the time, her brother was a hero, said Alicia Pulido.

``When my brother got shot, people couldn't keep away from this house," said Alicia Pulido, who now owns the Edge Hill street home where they grew up. ``I didn't sleep for two days because of the all the people who came looking for him."

The lure of the street In the years when Pulido was building a career and a large family and struggling to keep up with his obligations, Lozano was amassing a lengthy criminal record.

He faced his first adult charge, in 1982, when he was 18, for gun possession. A string of other convictions followed: possession of an explosive device; trafficking in drugs; armed assault; assault and battery with a dangerous weapon; violating a restraining order.

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He married Cassandra Matthews in 1992, and they had twin girls. After divorcing Matthews, he married again in 1999. That marriage also ended in divorce.

On his marriage certificates, Lozano listed his occupations as ``glazier'' and ``laborer,'' but he was also frequently in courts and jails.

Early in 2003, Lozano, who had been spending time in Lancaster, Pa., was caught in a federal sting, after a woman told investigators from the Bureau of Alcohol, Tobacco, Firearms, and Explosives that she had been purchasing guns on his behalf, according to a federal affidavit. The woman subsequently secretly recorded conversations with Lozano in which he admitted to removing the serial numbers so the guns could not be traced.

In May 2003, he was charged with being a felon in possession of a firearm. He was initially ordered jailed without bail, and faced a maximum sentence of 10 years; his prior convictions could have subjected him to an even longer sentence. But after prosecutors filed a flurry of sealed motions, Lozano was released on bail in September 2003, and allowed to return to Boston. The case is pending.

The federal judge presiding over the case sealed Lozano's file this month -- including papers that had previously been public -- after the Globe requested copies of some documents.

Lozano was also involved in an identity theft operation, according to federal authorities, selling fraudulently obtained retail store gift cards at half price to people who used them or resold them at a profit. One of his regular buyers, authorities say, was Pulido. By the time Lozano came to federal authorities' attention in the gun case, he had allegedly sold Pulido $18,000 worth of the cards.

Lozano agreed to help federal authorities build a case against his old friend. According to a federal affidavit, he severed his ties with the identity theft ring, but continued selling Pulido gift cards -- now paid for by the FBI.

Friends reunited In his old Jamaica Plain neighborhood, it seemed like Lozano suddenly burst back into Pulido's life.

Saying he had been looking for him for a long time, Lozano told Pulido that he wanted to repay the kindness Pulido's family had shown him all those years ago, relatives later recounted.

Lozano made sure everybody in the neighborhood knew that the two men were tight, said business owners who worked near Pulido's police station and barbershop. One time, someone insulted Pulido, and Lozano grabbed him by the throat and threw him up against the window of Pulido's barbershop, threatening to kill him, said a witness, who asked not be named on advice of a lawyer.

Lozano called himself Pulido's brother, and told Evelyn Pulido that he was watching over her. He offered to buy gifts for her children.

``He was willing to do anything for Kiko,'' said Alicia Pulido. ``If they came to my house and I only had Diet Pepsi and Kiko wanted regular Pepsi, Troy ran up the street and got him regular Pepsi.''

Alicia Pulido joked that Lozano was so solicitous she sometimes wondered whether he had romantic designs on her brother.

Though it seemed to Pulido's family that Lozano had reappeared from nowhere, federal prosecutors say the two men had already been in contact for some time, though it is unclear exactly when the two friends reconnected.

After Lozano began assisting the FBI, he sold Pulido about $130,000 more in gift cards, prosecutors say. And at some point, the officer began supplying Lozano with the personal details of people he encountered during routine traffic stops to feed what he thought was Lozano's continuing identity theft operation.

Over the next two years, agents recorded Pulido's cellphone conversations and meetings with Lozano in which the police officer allegedly admitted to a host of crimes, including identity theft, police brutality, planting evidence, insurance fraud, buying and trafficking in steroids, and helping to operate regular illegal after-hours parties with drugs and prostitutes in his wife's dance studio in a desolate Hyde Park neighborhood.

The recordings reveal a man given to bravado and brutality, a man quite different from the one friends and relatives knew, prosecutors say.

To his family, Pulido increasingly was showing signs of strain from overwork.

In May 2005, Roslyn Williams won an increase in child support to $260 a week, with the money deducted directly from Pulido's paychecks. Pulido also had two mortgages, on houses in Hyde Park and Florida. He still tried to make sure everybody was provided for, his wife and sister said.

Last summer, at 40, Pulido had a minor stroke, brought on by overwork and stress, his family said.

``His body was deteriorating," said Evelyn Pulido. ``He hardly slept. He told me, `Four hours of sleep, that's all a man needs.' He was working so hard."

The sting By December, Lozano had been helping federal authorities gather evidence on Pulido for almost two years. Then the stakes grew: He offered Pulido a way to make fast money.

Lozano said he had two cousins who needed protection and a venue for the transfer of 40 kilograms of cocaine to out-of-state buyers.

Pulido agreed to the job, according to federal court documents, but told Lozano he didn't want to touch the cocaine. The two traveled to a hotel in Atlantic City to discuss the $20,000 deal with Lozano's two drug-dealer cousins -- undercover FBI agents. The group posed for a picture in a Russian-themed restaurant, dressed up in Soviet army costumes, smiling, vodka shots raised.

Federal prosecutors say the cocaine transfer was made inside Pulido's Jamaica Plain garage in April, while he and another police officer, Nelson Carrasquillo , 35, monitored the area and police radios.

Then in May, Lozano said his cousins were offering an even bigger deal, guarding 100 kilograms of cocaine. Pulido recruited Carrasquillo and another friend and fellow officer, Carlos Pizarro , 36, prosecutors say. The fee, to be shared between the police officers and Lozano, was $50,000.

After that drug transfer was made on June 8, the undercover agents asked Pulido, Lozano, Pizarro, and Carrasquillo to come to Miami to celebrate and collect their payments.

Just before that trip, on June 24, Lozano remarried his former wife, Cassandra Matthews.

Pulido was best man at the wedding. Lozano was short on cash, Evelyn Pulido said, so Roberto Pulido paid for the photographer, the cake, and part of the couple's honeymoon on the Cape.

On July 19, Pulido, Lozano, their wives, and their other associates were in Miami. Prosecutors say the men went to collect their payments, celebrate their deal, and plan more jobs. Evelyn Pulido said she thought the trip was a celebration of her birthday and Lozano's marriage. In a videotape of one meeting, a voice prosecutors say is Pulido's agreed to a new deal: 500 kilograms of cocaine and heroin.

Pulido, Pizarro, and Carrasquillo were arrested the next day in Miami.

Pulido had told his wife, who spent the afternoon on the beach, that he would pick her up in their room for a birthday dinner. But when he didn't return from the outing with his friends , she became desperate, she said. Left alone with no cash in the Miami hotel, she frantically tried to find Lozano's wife so they could track down their husbands. Lozano and his wife had checked out, she was told.

Lozano, 41, has not been seen since.

Pulido, Pizarro, and Carrasquillo face federal charges of conspiracy to possess with intent to distribute 100 kilograms of cocaine, and prosecutors say they could face additional charges.

``The person they're describing, we don't know him," Evelyn Pulido said. ``That's my husband. That's the father of my four children. Now they call him a kingpin? If he's kingpin, he's a kingpin of working his behind off."

Donovan Slack and Matt Viser of the Globe staff and Globe correspondent Ari Bloomekatz contributed to this report.

Gotti Greased Goodfella From Jail: Feds (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 21, 2006

John A. (Junior) Gotti asked his lawyer to send $500 to a Rhode Island mobster long rumored to be behind the murder of a Howard Beach neighbor who accidentally ran down Gotti's younger brother in 1980.

In a prison chat intercepted by the feds, Gotti spelled out Richard Gomes' name for his attorney, Richard Rehbock, and gave him a prison address in Cranston, R.I., where he could send the money.

"He was very dear to my father," Gotti told Rehbock in a March 11, 2004, conversation prosecutors played for jurors during the first day of testimony in the mob scion's racketeering retrial.

"I want to send $500 to him. I know he's in jail. I know that he's broke, people that come through here told me this. This is a great guy. This is a real man."

Gotti, 42, said he has known Gomes, nicknamed Red Bird, since he was a baby.

Gomes has never been charged with the slaying of John Favara, a 51-year-old father of two whose body has never been found. Favara was driving home from work in March 1980 when he struck and killed 12-year-old Frankie Gotti, who was riding through Howard Beach on a minibike. Favara disappeared several weeks later.

For several years, Gotti and his family have taken out ads in the Daily News wishing his younger brother a "Happy Birthday in Heaven."

Gomes, 72, was linked to the Rhode Island mob and served as the Dapper Don John Gotti's driver in the 1970s. He dutifully clammed up in 1990 when dragged before a federal grand jury investigating his boss.

Gomes was released from a Rhode Island prison last year after serving time for shooting two men in Providence in 1989.

Prosecutors are using the tapes made at a Ray Brook, N.Y., federal prison to counter Gotti's strategy of claiming he had left the mob life by the late 1990s.

Gotti has scored two mistrials, after jurors deadlocked on charges that include the 1992 assault on radio host Curtis Sliwa. He was shot twice by thugs prosecutors say were sent by Gotti, who was upset at Sliwa's relentless on-air criticism of his father and the Gotti clan.

The prison tapes show Gotti was keeping a close tab on the woes of other Gambino crime family members - an interest prosecutors say shows he never quit the mob. His attorneys say he was just gossiping about pending cases of men he knew.

He was even keeping an eye on the murder trial of actor Robert Blake.

"Robert Blake got bail, a step in the right direction, no?" Gotti said during a March 2003 chat. "I'm happy for the guy."

Junior Gotti's Jailhouse Chats Released (NSDY/AP)

By Larry Mcshane, Associated Press Writer

Long Island Newsday, August 21, 2006

"A step in the right direction, no?" Gotti told attorney Richard Rehbock in a March 2003 jailhouse conversation. "I mean, they should have given him bail from day one. They should have given him bail."

Blake, the star of the television series "Baretta," was acquitted of criminal charges last year in the murder of his wife. Gotti, currently out on $7 million bail, is hoping for a similar result in his federal racketeering case that began last week; two previous trials on the charges ended with hung juries.

Gotti is accused of ordering a pair of attacks on radio host and Guardian Angels founder Curtis Sliwa, who was kidnapped, shot three times and nearly killed in the second assault. The attacks were allegedly ordered by Gotti to silence Sliwa, who was maligning Junior's father, John Gotti, the head of the Gambino crime family.

Sliwa is expected to testify once again about his kidnapping and near-slaying, as he did in the first two trials. But the case against Gotti will rely heavily on the testimony of mob turncoats, including his lifelong friend Michael "Mikey Scars" DeLeonardo, an admitted three-time murderer.

In the same jailhouse talk with Rehbock, the now 42-year-old Gotti made his feelings about such informants clear.

"Some guys really fall to pieces when they see this," said Gotti, referring to his prison surroundings. "Sal Vitale is a great example, (Sammy) Gravano was an example. Gravano ... I mean he was a legendary soldier in the street. Brooklyn, he was a legend in Brooklyn. He got to jail, he fell to pieces."

Vitale, known as "Good Lookin' Sal," was a Bonanno family underboss who flipped and helped jail his brother-in-law, Joseph "Fat Joey" Massino. And Gravano served as the underboss and the undoing of "Dapper Don" John Gotti, who died behind bars in 2002.

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The younger Gotti, like his father, never cooperated with authorities. He has denied any involvement in the Sliwa attacks, and his lawyer told the jury in opening arguments Thursday that Gotti quit the mob before pleading guilty in a separate 1999 racketeering case.

Prosecutors disagreed, and introduced the tapes _ recorded with Gotti's knowledge while he was in federal lockup in Ray Brook, N.Y. _ to demonstrate his continued involvement with organized crime. In a March 2004 conversation, Gotti instructed Rehbock to send $500 to Richard "Red Bird" Gomes, a mob associate jailed in Rhode Island.

Gomes, a longtime friend of the Gotti family, was reportedly involved in the slaying of a Queens man who fatally injured Junior Gotti's 12-year-old brother, Frank, in a March 1980 accident.

The boy was riding a minibike when he was struck by John Favara's car. Favara soon disappeared, although Gomes was never charged in the slaying.

"He was very dear to my father," Gotti said of Gomes. "... I know he's in jail, I know that he's broke, people that came through here told me this. This is a great guy. This is a real man."

After A Ferry Venture Fails, Criticism And Questions (NYT)

By Michelle York

The New York Times, August 21, 2006

ROCHESTER, Aug. 16 — In February 2005, a federal bankruptcy hearing turned uncommonly celebratory. A packed courtroom erupted with cheers and a standing ovation after a group of city officials, including the mayor at the time, William A. Johnson Jr., purchased a luxury catamaran for $32 million.

The vessel was bought from the owners, two friends and former Wall Street executives who had started a ferry business in the summer of 2004, taking passengers across Lake Ontario to Toronto. Bad luck, financial losses and, at least according to critics, mismanagement, sent the venture into bankruptcy after less than three months in operation.

Those who approved of the city's bold decision to take over the private service and keep the ferry running were not just the people cheering in the courtroom — many of whom were laid-off ferry workers and unpaid vendors — but also pundits and politicians.

One, United States Senator Charles E. Schumer, credited the city with taking charge. "At least Rochester didn't throw up its hands," he said then.

Today, many people wish Rochester had done just that, after the fast-ferry business failed for a second time last year and continues to drain taxpayer dollars.

Last month, the state comptroller, Alan G. Hevesi, issued an audit that was highly critical of former city officials. The audit reviewed the city's involvement with the ferry from September 2001 to April 2005. This covered the period from when it first began working in earnest with a potential ferry operator to when it purchased the ship.

The audit charged former city officials with "extensive missteps," including ignoring "obvious red flags," from the beginning, being inattentive to finances, and spending nearly $1 million more on the venture than they publicly disclosed.

Mayor Robert J. Duffy, who took office in January after Mr. Johnson retired after 12 years in office, is pressing the Federal Bureau of Investigation to wrap up its yearlong probe into whether the failed venture stretched into criminality. He said he would like to see a federal grand jury impaneled to help investigate.

Mr. Johnson has denied any mismanagement on his watch, but Mayor Duffy said, "There are unanswered questions that need to be explained."

The city had hoped to sell the ferry at the beginning of the summer. But a deal with a potential British buyer, Euroferries Ltd., has stalled. The ferry still is costing the city $6,000 a day — even though it is not operating — because of security, maintenance, insurance and staffing obligations. Auditors believe taxpayers will have lost at least $20 million on the venture once the ship is sold.

"It goes far beyond sheer stupidity," said State Assemblyman Joseph A. Errigo, whose district borders Rochester and who was among those who called for the audit. "If you look at the comptroller's report, there's plenty of proof of malfeasance."

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Rochester, a city with a population of just under 220,000 in 2000, began its foray into a ferry service after suffering for decades from job losses, a population drain and a stubbornly high crime rate. A fast-ferry service to Toronto was a priority for Mayor Johnson, who wanted to turn the city into an international gateway and tourist destination.

Brian F. Prince and Dominick DeLucia, two Rochester natives who had made their fortunes at Lehman Brothers in New York City, put together a plan. They created a ferry company, Canadian American Transportation Systems, and financed the $42 million purchase of the vessel through a complex arrangement involving private German and Australian companies, as well as local and state grants and loans. Mr. DeLucia said he and his partner also invested their own money.

City and state officials invested more than $30 million combined, including redeveloping the local port. The ship, pulled into port in June 2004.

Even though the ferry, which took about two and a half hours to cross Lake Ontario, was locally popular, the business was losing money. Mr. DeLucia and Mr. Prince abruptly stopped service after 80 days.

The city, faced with letting go of the long-held dream, or trying to revive it, decided to buy the ship.

"In the face of a lot of public pressure to do this project, the city did not take seriously enough the warnings of consultants," said Mark P. Pattison, a deputy state comptroller.

The city ran the service for the 2005 season, but lost about $1 million a month for 10 months. After Mr. Johnson left office, one of the first decisions his successor made was to discontinue the ferry service. The state comptroller's audit harshly criticized the city's practices under Mr. Johnson's stewardship. It charged that independent consultants had warned of poor financial planning and little enthusiasm from the Toronto market. Nor did the city thoroughly review the "overly optimistic" business plan by Mr. DeLucia and Mr. Prince, or verify that the two men actually invested $5 million of their own money as they said, accordin g to the report.

The city told the public it spent $1.3 million on the project. But it also spent nearly $1 million more, and officials "made it appear that they intended to hide these transactions from public scrutiny," the audit said.

Since the venture failed, Mr. DeLucia and Mr. Prince have maintained a low profile.

Mr. DeLucia did not return two phone calls seeking comment for this article. Mr. Prince could not be reached.

With the initial owners out of sight, the blame has fallen squarely on city leaders.

"It confirms everybody's worst hunches about the project and the way it was handled by City Hall," said William Nojay, the former chairman of the Rochester-Genesee Regional Transportation Authority, which was originally asked to coordinate and administer the public funding for the project.

Mr. Nojay was one of the few skeptics of the ferry plan from the beginning, and a different city agency eventually became the conduit for local and state funding for the project. "The audit raises more questions than it answers," he said.

In response, Mr. Johnson said he was not given the opportunity to weigh in on their report before it was made public. "There were many people who were wildly supportive of the fast ferry project, and now they're running for the hills," he said .

He vehemently denied any mismanagement by his staff. "I sleep well at night knowing we did the very best to make this work," he said. "It just wasn't meant to be."

Bankest Officers Found Guilty (MH)

By Patrick Danner

The Miami Herald, August 21, 2006

After more than three weeks of deliberation, a Miami federal jury on Wednesday found two Key Biscayne brothers and two others guilty for their roles in one of South Florida's biggest bank-fraud cases ever.

Eduardo and Hector Orlansky, the top officers of E.S. Bankest, each face up to a maximum of 30 years in prison and substantial restitution for conspiring to defraud Espirito Santo Bank of Florida of some $170 million.

The Orlanskys and E.S. Bankest manager R. Peter Stanham were taken into federal custody following the verdict Wednesday. The government argued they were potential flight risks because of their ties to other countries. The Orlanskys are from Argentina.

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Ariadna Puerto, another E.S. Bankest officer, was given home detention. U.S. District Judge Adalberto Jordan set sentencing for Nov. 17.

Eduardo Orlansky stared straight ahead and showed no emotion as the jury foreman read the verdict before a packed courtroom. Hector Orlansky shook his head as the guilty counts against his brother were recited. Puerto cried as the counts against her were read. Stanham also teared up as he said his goodbyes to family members before being taken into custody.

Eduardo Orlansky, 68, E.S. Bankest's chairman, and Hector Orlansky, 61, chief executive, were accused of ripping off Espirito Santo Bank through a sophisticated conspiracy that lasted nearly a decade before crumbling in 2003.

The Justice Department filed criminal charges against the Orlanskys, five other bank officers and two co-conspirators in December 2003. Five of the nine previously pleaded guilty.

The Orlanskys, Stanham and Puerto were found guilty on the lion's share of charges brought by the government, but found not guilty on numerous other counts.

U.S. Attorney Alex Acosta said he was gratified by the verdict. "Bank and investment fraud is not just a paper crime," he said in a statement. ``Real people lose money, employees lose jobs, investors lose savings, and financial markets lose confidence in the integrity of our banking system."

Lawyers for the Orlanskys said they will appeal.

"I'm stunned," said Bruce Lehr, Hector Orlansky's lawyer. "For the jury to come back with 37 or 38 counts of guilty and 17 counts of not guilty, I don't understand how they reached that conclusion. I do not understand the half pregnant." Lehr said they should have been found guilty on all counts or not guilty on all counts.

But Donald Bierman, one of Eduardo Orlansky's lawyers, said he would not call the verdict a "total surprise." He said there were ``very serious charges, with witnesses that will say anything."

On the first day of deliberations, the 12-member jury told Jordan they couldn't reach a verdict. The judge sent them back.

E.S. Bankest was a factoring company created in 1998 by Espirito Santo Bank, part of the Portuguese banking organization, and the Orlanskys' Bankest Capital Corp. Each held an equal stake in the new company.

Factoring companies buy other firms' outstanding bills -- accounts receivable -- at a discount, then collect the bills and pocket the difference. E.S. Bankest got loans to operate its factoring business from Espirito Santo Bank's clients. E.S. Bankest pledged the accounts receivable it purchased as collateral on the loans.

But prosecutors allege E.S. Bankest defrauded the bank by inflating the value of the bills it bought. Within its first four months, E.S. Bankests claimed it owned $16 million in accounts receivable -- a figure that ballooned to more than $235 million by August 2002, according to the superseding indictment filed last year.

E.S. Bankest also presented bogus audited financial statements so it could continue funding from Espirito Santo Bank, prosecutors alleged. And E.S. Bankest vouched it could collect on bills its officials knew were uncollectible.

Lawyers for the Orlanskys maintained during the more than three-month trial that the brothers had been scammed by other E.S. Bankest officials.

One, E.S. Bankest manager Dominick Parlapiano, incorporated a firm called CD JewelBox that claimed to make CD cases.

"It was a sham," said Lehr, Hector Orlansky's lawyer. ``Parlapiano produced false invoices and got millions of dollars [from E.S. Bankest] for this fictitious company."

Parlapiano pleaded guilty in May 2004 to four counts and was sentenced to more than 12 ½ years in federal prison.

As further proof that the Orlanskys didn't defraud Espirito Santo Bank, Lehr said the brothers turned down a $10 million offer from the bank to buy E.S. Bankest. They also borrowed millions from friends and relatives and put up their own inheritance to save the company.

During the course of the trial, Jordan denied requests by Eduardo Orlansky's lawyer to show Orlansky was legally insane during the time of the alleged fraud because he suffered a stroke that left him with dementia. Lawyer Edward Shohat said he will bring up the competency issues on appeal.

Jordan sided with the government in excluding from trial the testimony of Orlansky's medical experts because the judge concluded they could not scientifically show that Orlansky's dementia existed at that time.

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The trial was suspended for three weeks in April while Orlansky underwent gall-bladder surgery.

Following its collapse, E.S. Bankest filed for bankruptcy in 2004.

At trial, E.S. Bankest's court-appointed receiver, Coconut Grove forensic accountant Lewis B. Freeman, said he collected little more $5 million of the purported $220 million in receivables. Asked why he didn't collect more, Freeman responded that it was hard to collect nonexistent receivables.

Miami Herald writer Joseph Tartakoff contributed to this report.

Attorney Pleads Guilty To Misconduct (SSJ)

By Timothy Alex Akimoff, Statesman Journal

Salem (OR) Statesman Journal, August 17, 2006

Ex-Salem lawyer faces as much as 10 years in prison

Former Salem attorney Thomas Knapp is scheduled to be sentenced Nov. 14 in federal court in Eugene. He faces as much as 10 years in prison and a $250,000 fine.

A former Salem attorney pleaded guilty to a money-laundering charge stemming from his involvement in a loan scheme that stretched from Salem to Greece and cost victims about $1.3 million.

Thomas Knapp, who resigned from law practice in January 2004 amid other misconduct allegations, was indicted by a federal grand jury in March 2005 for his part in the scheme. Another man also indicted, Antonio Abirached of Athens, is at large and is considered a fugitive, Assistant U.S. Attorney Christopher Cardani said.

"This was called an advanced-fee scheme," he said. "You have people pretending to have money to lend. They tell would-be borrowers to give them fees in advance to secure the loans."

Fraud victims transferred $800,000 into an Oregon account that Knapp controlled, hoping to secure large loans from Abirached in Greece. The victims were told that there were problems securing the loan and that they would have to transfer additional fees to clear the way, which they also would send to the account that Knapp controlled. It was money from this account that Knapp spent on a 2002 Mercedes Benz automobile and a balloon payment he made on his office building at 3030 Commercial Street SE that constituted the money laundering, said Dan Wardlaw, a spokesman for the Internal Revenue Service.

Charges in the indictment also included foreign travel to commit fraud and conspiracy.

Knapp agreed to pay $300,000 in restitution and faces as much as 10 years in prison and a $250,000 fine. His sentencing is set for Nov. 14.

Starbucks Denied Hot-coffee Verdict Dismissal (OREG)

The Oregonian

The Oregonian, August 21, 2006

Starbucks Corp. lost a request Tuesday to dismiss a New York jury's award to a lawyer who suffered second-degree burns and permanent nerve damage from a cup of spilled coffee.

Manhattan State Supreme Court Judge Emily Jane Goodman denied the coffee shop chain's request to dismiss a March verdict awarding Alice Griffin $50,000 for past pain and suffering, $250,000 for future pain and suffering and $1,000 for medical bills.

A neurologist testified at the trial that the nerve endings of Griffin's left foot were permanently damaged after a Starbucks employee spilled coffee on her in February 2004. Still, in her ruling made public Tuesday, Goodman agreed the damages were excessive and scheduled a settlement conference.

Starbucks charged on appeal that Griffin fabricated the incident, even though George N. Tompkins III, a lawyer for Starbucks, conceded in closing arguments the coffee spilled on Griffin, Goodman noted in her decision. She quoted Tompkins as saying, "The hot coffee seeped through her canvas sneaker, her gym sock and her stocking and caused a second degree burn on the top of her foot."

Griffin testified she jumped and shrieked "Ow!" saw steam coming from her left shoe and felt "intense pain," the transcript shows. She later went to the hospital where she was treated and released, court records show.

-- Bloomberg Business News

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Ex-attorney admits money-laundering scheme

A former Salem attorney, Thomas E. Knapp, pleaded guilty Tuesday to laundering money he received as part of "an international fraud scheme," federal officials said.

Knapp was charged in March 2005 with conspiracy and fraud in an indictment by a Eugene federal grand jury. The plea bargain was announced Tuesday by U.S. Attorney Karin J. Immergut, the FBI and the Internal Revenue Service.

Knapp was accused of wrongfully spending money derived from an international investment program with another man, Antonio Abirached of Athens, Greece. The men said they could secure financing for U.S. companies and were paid $1.2 million in advance fees. They allegedly took the money but never obtained financing for their clients, federal officials said.

Knapp admitted receiving and spending $300,000 of the funds on a Mercedes Benz and to pay off his Salem office property, officials said. He will be sentenced Nov. 14 and could receive up to ten years in prison and a $250,000 fine.

Knapp was required to resign from the Oregon State Bar in January 2004, when he signed a Form B, the functional equivalent of disbarment, the Bar confirmed Tuesday.

Abirached has not appeared in court and is considered a fugitive. There is a warrant pending his arrest.

-- Julie Tripp

Former Attorney Pleads Guilty To Money Laundering (AP)

AP, August 21, 2006

EUGENE, Ore. (AP) — A former Salem attorney has pleaded guilty to a money laundering charge in an international loan scheme that cost victims about $1.3 million.

Thomas Knapp was indicted by a federal grand jury in March 2005. He was accused of taking advance fees from people seeking financing for business plans after assuring them they could obtain funding through individuals in Greece.

The fraud victims transferred $800,000 to a trust account controlled by Knapp, who wrongfully spent some of this money on a luxury car and paid off the building he used for his law practice, according to a release from U.S. Attorney Karin Immergut.

As part of his plea agreement, Knapp forfeited a 2002 Mercedes Benz and his interest in the office building. He also agreed to pay more than $300,000 in restitution, prosecutors said.

Sentencing was set for Nov. 14.

Another man indicted in the scheme, Antonio Abirached of Athens, Greece, is a fugitive.

Worker Hurt In Robbery Of Georgetown Jewelry Store (WP)

By Henri E. Cauvin And Sarah Abruzzese

The Washington Post, August 21, 2006

A jewelry store worker was shot and critically wounded yesterday afternoon in Georgetown during a brazen midday robbery at the Wisconsin Avenue shop where he worked.

The man, whose name was not released, was shot in the back and taken to Georgetown University Hospital, where he underwent surgery. A police spokesman said yesterday evening that he was in critical but stable condition.

The holdup of Georgetown Fine Jewelry and Art, at 1265 Wisconsin Ave. NW, marked the second time in just over a month that a robbery in Georgetown ended in bloodshed.

In early July, a British political activist was killed when he and a friend were accosted on a residential street as they walked home from a movie. Alan Senitt's throat was slashed, allegedly by one of the robbers, when he tried to aid his female companion.

The July 9 slaying was one of 14 during a 12-day stretch last month, and D.C. Police Chief Charles H. Ramsey declared a crime emergency, saying homicides and especially robberies had been occurring at a troubling clip.

Inspector Andy Solberg said at least two and possibly three men entered the jewelry store about 2 p.m. asking to see some merchandise.

What happened next is under investigation, said Solberg, the acting commander of the 2nd Police District, which includes Georgetown. Police would not say whether anything was taken.

After the shooting, Solberg said the assailants went north on Wisconsin, then east on N Street, where they got into a white sedan and fled.

Police sealed off Wisconsin Avenue in front of the store for much of the afternoon as police commanders, detectives and crime scene technicians tried to gather evidence.

Curious passersby, seeing the yellow police tape and the activity, buttonholed those there to ask what had happened. Traffic up and down Wisconsin Avenue was detoured onto side streets for hours. Shops on the affected stretch were closed to the public. Relatives and friends of the wounded man showed up, anxious and searching for answers from police.

Eric Jackson, who works at a nearby hotel, said he sometimes visits the store and knows the family that runs it. "There's no place safe in Washington anymore," he said.

Omid Shaffaat, who said he is a close friend of the wounded man, said he hoped store surveillance camera footage would aid police.

"The person has to be on camera," he said.

Police described two suspects as men in their thirties. One was in an orange turtleneck and a dark sweatshirt. The other was pulling a wheeled suitcase with a duffel bag on top.

Police asked anyone with information to call 202-727-9099.

Up to $10,000 is available for information leading to an arrest and conviction in a District robbery.

1 In 8 Murderers Halted Their Appeals To Speed Execution (USAT)

By Richard Willing

USA Today, August 21, 2006

Executions in America continue to generally decline, according to state and federal records, but one trend remains constant: One in eight convicted murderers who are executed "volunteer" to die by abandoning their legal appeals.

Death row volunteers account for 123 of the 1,041 executions carried out since capital punishment resumed in 1977, according to the Death Penalty Information Center, a group in Washington, D.C., that opposes the death penalty. That rate — about 12% — has held constant for nearly 30 years.

The phenomenon "is something that hasn't gotten much attention, but that is changing," says J.C. Oleson, author of a 2006 law journal article about volunteers. "Why do they do it? And how should the legal system regard someone who just doesn't want to participate? It raises real questions."

This year, five of the 37 murderers put to death were volunteers. Two of the remaining 14 prisoners scheduled for execution have asked to die. Some volunteers, such as Elijah Page — scheduled for execution in South Dakota next week — give no reason for their choice.

Michael Ross, a murderer of four Connecticut women executed last year, said continuing his appeals risked the "living hell" of reliving his "absolute worst deed." Confessed killer Aileen Wuornos, the subject of the 2003 movie Monster, said she wanted to "get right with God" before her 2002 Florida execution.

Death-penalty opponent Robert Nave argues that isolation on death row and anxiety caused by years of appeals produce mental instability that causes volunteers to make an "essentially irrational" choice.

Oleson says that choosing death is "not necessarily an unreasonable or unprincipled thing to do."

He says that lawyers should ask, "What's in my client's best interests at the end of the day?"

In South Dakota last week, a judge questioned Page for about 20 minutes before deciding that he was mentally competent and entitled to abandon his appeal.

This year, Page wrote a letter to South Dakota newspapers saying he wished to "face execution" and that a man convicted of helping him rob, torture and kill a 19-year-old Spearfish, S.D., man was wrongly charged. His accomplice has not volunteered to be executed.

Lethal Injection -- Still Lethal (LAT)

The Los Angeles Times, August 21, 2006

IT LOOKED LIKE AN INGENIOUS WAY around the familiar and so far unavailing argument that the death penalty is unconstitutional. Instead of focusing on the what of capital punishment — state-sanctioned killing — lawyers for death row inmates would take aim at the how of most executions — death by lethal injection.

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Sure enough, courts began to entertain the argument that lethal injection could amount to cruel and unusual punishment, either because insufficient painkillers were administered or because the physiology of some prisoners made pain-free injection impossible. Even the U.S. Supreme Court ruled that a prisoner could use a federal civil rights law to challenge the lethal injection methods by which Florida proposed to put him to death.

Death penalty opponents were energized by this seeming end run around capital punishment. In February, after California postponed the execution of Michael Morales in response to a federal judge's ruling, Century City lawyer Stephen Rhode told The Times that states were "hitting the wall in the futile search for a humane death penalty."

But that wall may be crumbling. Earlier this month, a federal judge in Oklahoma refused to stay the execution of a convicted murderer after the state announced that it would double the dose of a sedative used to block pain when fatal chemicals are injected. Other states are likely to follow suit if the alternative is a moratorium on executions. Beyond that practical reality, challenges to lethal injection are a sideshow in the debate about whether capital punishment as it exists today violates the 8th Amendment's ban on "cruel and unusual punishments."

The phrase "as it exists today" is necessary because that is the benchmark properly used by the Supreme Court in 1972 when it struck down state death penalty laws then on the books. In one of the leading opinions in that case, Justice Potter Stewart wrote that the legal systems of the time permitted the death penalty to be "wantonly and freakishly imposed." Stewart noted that "these death sentences are cruel and unusual in the same way that being struck by lightning is cruel and unusual."

Although the court later upheld revised death penalty statutes, Stewart's insight remains apt. The death penalty in 2006 is still cruel and unusual punishment in part because only a fraction of convicted murderers are put to death — some because they live in a particular state, others because they had a bad lawyer — and even then execution comes years or decades after conviction. (Most of the death penalty cases decided by the Supreme Court in its recent term involved murders committed in the 1980s.)

In the real world, capital punishment is cruel and unusual whether death is delivered by an electric current, a hangman's noose or a chemical cocktail. That is the argument that death penalty opponents need to be making.

CIVIL LAW:

Editorial: U.S. Contractors In Iraq Must Be Held To Account For Fraud (YOUNGV)

Youngstown (OH) Vindicator, August 21, 2006

Tens of billions of dollars have been spent on rebuilding Iraq, so if a federal judge says that a few million that was obviously misspent can't be recovered because of a technicality, should that be cause for alarm? Oh, yes, indeed it should.

In a ruling made public Friday, U.S. District Judge T.S. Ellis III said that Custer Battles LLC, a Fairfax, Va., contractor, wouldn't be forced to pay a $10 million jury verdict because the victim of the company's fraud was the Coalition Provisional Authority, which was formed to run Iraq until a government was established. The company's accusers, Ellis said, failed to prove that the U.S. government was defrauded.

The ruling has the effect of making post-war Iraq a legal no-man's land where billions of U.S. tax dollars were spent — and at least tens of millions misspent — with no mechanism for holding thieves to account.

The implications go beyond Custer Battles to every private contractor operating in Iraq.

The ruling did not come as a complete surprise, since the judge had made it clear that he was uncomfortable with the legal status of the Coalition Provisional Authority. It was incumbent on President Bush's Justice Department to jump in on the side of the plaintiffs and make it clear to the judge that the United States government considered the CPA to be an entity of the United States and that any fraud perpetrated against the CPA was a fraud against the United States and its taxpayers.

The case shouldn't have been that hard to make. President Bush signed an executive order in November 2003 declaring the CPA "an entity of the United States government." And Custer Battles, as well as other contractors operating in Iraq, were often paid in cash: six-inch thick stacks of $100 bills, still wrapped in plastic, fresh from the U.S. Mint. Newsweek magazine ran a picture of CPA officials standing behind a tabletop loaded with hermetically sealed fistfuls of C-notes in April 2005. One such cash payment to Custer Battles was for $2 million.

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Is the Justice Department simply inept or is it malfeasant that it couldn't make a case for protecting the United State taxpayers against avaricious war profiteers? Given all that has gone wrong in Iraq, shouldn't the Justice Department be determined to hold to account anyone who took a U.S. $100 bill without providing $100 worth of value?

Suit's background

The lawsuit was brought by a former Custer Battles employee who had sued under a whistle-blower statute, alleging that the company used shell companies and false invoices to vastly overstate its expenses on a $3 million contract to assist in establishing a currency to replace the Iraqi dinar used during Saddam Hussein's regime.

The jury agreed there was fraud and returned a $10 million verdict, because the law calls for triple damages, plus penalties, fines and legal costs.

The judge's ruling puts in question a separate suit not yet heard regarding an even larger contract Custer Battles had to provide security at the Baghdad airport. Among other transgressions, the company has been accused of confiscating equipment found at the airport, repainting it and charging the government for it.

And there are allegations of fraud by much larger contractors, such as Halliburton and Bechtel, who were working on contracts worth not millions, but billions.

If the ruling on this case is allowed to stand as precedent, greedy contractors will be allowed to laugh all the way to the bank with hundreds of millions of unearned payments that came directly from the pocket of U.S. taxpayers.

It is time for Congress to step in and demand that the administration explain its decision not to vigorously pursue a court ruling that would have made it clear that money stolen from the CPA was money stolen from the U.S. government.

Congress must also demand that Attorney General Alberto Gonzales take personal responsibility for seeing that the Justice Department joins the appeal in this case and joins any other case in which it is necessary to convince a court that any dishonest defense contractor in Iraq did, indeed, steal from the American people and will be held to account.

Conservatives in Congress have long railed against allegations of fraud in the oil-for-food program that was overseen in Iraq by the United Nations. Let's hope they can be just as outraged by fraud that may have impeded the U.S. post-war rebuilding effort in Iraq.

Monday, August 21, 2006

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Unbundling Asbestos (WSJ)

The Wall Street Journal, August 21, 2006

Anything that causes the asbestos bar to pull its hair out is usually a step in the right direction. So judging by the meltdown in Michigan asbestos circles, that state's supreme court has taken a great leap forward in weeding out frivolous lawsuits.

The Michigan high court recently issued a surprising administrative order, outlawing the "bundling" of asbestos cases for collective settlement or trial. Bundling is a favorite tool of trial lawyers, as it allows them to attach hundreds or thousands of claims from the unsick to the claims of the few who truly are ill. The tactic clogs court dockets even as it increases pressure on companies to settle, or head to bankruptcy, or both. The Michigan court, in a 4-3 decision, ordered that from now on "each case should be decided on its own merits." Imagine that.

The Michigan order is the latest to suggest that judges are waking up the big con of asbestos litigation. Courts around the country have been creating "inactive" dockets, where they are parking the suits of healthy claimants -- that is, people who say they've been exposed to asbestos but show no signs of impairment. Bankruptcy courts are also cracking down on certain "prepack" filings designed to loot insurers and hand the proceeds to the lawyers. And individual judges -- perhaps inspired by the scathing silicosis opinion last year of federal Judge Janis Graham Jack -- are increasingly demanding more evidence that patients really are sick.

The Michigan court has spent three years studying how to respond to its asbestos mess. So it is especially notable that, rather than create an "inactive" docket, the court chose to address the root problem: tort bar abuse. Its order notes that the purpose of bundling was "to maximize the number of cases settled." In other words, the lawyers' strategy was to hit companies with so many claims that the firms would lose the stomach to go to court, and would settle instead. It worked: Michigan hasn't seen an asbestos suit make it through trial since 1999.

In his concurring opinion, Judge Stephen Markman also noted the opinion would "advance the interests of the most seriously ill asbestos plaintiffs whose interests have not always been well served by the present system." This was the judge's polite way of referring to the lawyers' practice of using sick people to "leverage" (his word) settlements for the non-sick. In

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particular, asbestos attorneys often agree to discount payouts to mesothelioma or other cancer victims so long as the defendant company also agrees to settle and pay its other, often frivolous, claims.

The three dissenting judges were close to apoplectic in their criticism of the order, and they've since been joined by Michigan trial lawyers who are predicting chaos and claiming rampant injustice. Their main gripe is that this order will further tangle the court system, since each case must now be tried individually. The argument is that bundling is necessary for court "efficiency."

That takes some nerve, since their willingness to file bogus suits is what clogged the courts in the first place. Asbestos litigation began as a way to address a legitimate wrong, but it spun out of control when judges showed they were willing to wave just about any claim through, regardless of merit. The tort bar then set up what became essentially a lawsuit-filing industry, complete with phony diagnoses by quick-buck doctors and screening companies who worked for the very lawyers bringing the suits. More than one grand jury is now looking into this racket.

Our own guess is that if the Michigan high court sticks with this rule -- it is allowing public comments up to December -- the result will be a huge reduction in the number of asbestos cases. The tort lawyers know they can't prove 95% of their suits in court, and they aren't likely to spend the money trying. Congratulations to the Michigan supremes for calling their bluff.

Enter Search Term Here, Forever (NYT)

The New York Times, August 21, 2006

When people search the Internet in their homes, it feels like a private activity. But as AOL reminded the world this month, when it made public 19 million search queries by customers, companies often store searches in ways that allow them to be traced back to specific users. The storing and sharing of data of this kind is a violation of users' privacy rights. Congress, the Federal Trade Commission and the companies should do more to protect these rights.

When people talk on the phone, they assume that the words they utter will disappear when the call is over. They certainly do not expect that their phone company is recording and storing the words, to mine for commercial purposes or to sell to other companies. People have the same expectation about the Internet searches they do: when the search is over, the words they used will disappear.

But that is not how search engine companies are treating the data. Google and other companies store search information indefinitely, and once the data is stored it can easily get out. The companies may sell it to third parties. They may be forced to hand it over in response to a subpoena. Or employees at the companies can leak the information.

People often include information in their Internet searches that they do not want to share with the world. They may be searching for information about topics like cancer or spousal abuse, or looking for sex or gambling Web sites. They may be looking for organizations that are critical of the government.

There should be strong safeguards in place to prevent search engine companies from storing and using this data. The Bush administration, however, has been pushing in the opposite direction. Earlier this year, Attorney General Alberto Gonzales urged Internet companies to keep user data for long periods to help law enforcement.

Congress should step in. Search data is arguably protected by existing privacy laws, but Congress should pass new legislation that removes any doubt. Representative Edward Markey, Democrat of Massachusetts, has introduced a bill to prohibit Internet companies from warehousing personal data, including search queries. It is a good start, but it still gives companies too much leeway to keep data. The bill should be strengthened and passed.

The F.T.C. should also do more. The Electronic Frontier Foundation has filed a complaint against AOL, arguing that the recent well-publicized release of search data from 600,000 AOL customers was a deceptive trade practice. The F.T.C. should uphold the complaint, and send a clear message that invasions of privacy of this sort will be punished.

Whatever the government does, the companies themselves should be acting more responsibly. People who use the Internet have a right to expect privacy. If companies do not have their users' affirmative consent to keep data, they should delete it, and make money from the many other, very profitable parts of the search engine business.

CIVIL RIGHTS:

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Killer Says He Wasn't There For '98 Dragging (WT)

By Hugh Aynesworth

The Washington Times, August 21, 2006

DALLAS -- The reputed leader of one of the worst race hate crimes in recent history -- on death row for more than seven years -- says he wasn't even present when James Byrd Jr. was dragged to his death behind a pickup truck in Jasper, Texas, in 1998.

John William King says the dragging death of the 49-year-old black man was the result of a drug deal gone bad.

He names Shawn Berry, owner of the truck, and his brother, Louis Berry, who was not charged, as the real murderers. Though convicted of murder, Shawn Berry was spared death and given a life sentence, which means he could be eligible for parole in 40 years.

The King motion was filed before the Texas Court of Criminal Appeals in mid-June, claiming his innocence and saying his trial should have been moved because of racial turmoil in the small eastern Texas town of 7,700, where the crime occurred.

King was convicted and given the death penalty Feb. 25, 1999. He did not testify nor did he cooperate with his court-appointed lawyers.

The lengthy brief, along with 1,200 pages of exhibits, filed by California lawyer Richard Ellis in Austin, asks either that the court grant a new trial or that King's death-penalty verdict be changed to life in prison.

Evidence from the crime scene that the prosecution used in the case included a pair of shoes retrieved from King's apartment that purportedly had blood on them that matched the victim.

Though King now says Shawn Berry dropped off him at home while Mr. Byrd agreed to sell Berry steroids at another site, testimony at the trials placed all three together on the lonely highway just outside of Jasper the night of June 7.

King, Mr. Ellis said, was told by his lawyers that it would hurt him to testify. He tried on several occasions to fire his lawyers, to no avail. The trial court refused to allow a switch, saying it would delay the trial considerably.

King's original two lawyers did not return telephone calls to The Times.

His actions, however, haven't drawn much sympathy for his case.

Letters he had written to others in prison almost bragged about the crime. And as he was led out of the Jasper courthouse after the guilty verdict, one reporter asked him whether he had anything to say to the Byrd family.

Sneering, King spat out a vulgar racial retort.

Later, he released a short comment.

"Though I remain adamant about my innocence, it's been obvious from the beginning that this community would get what they desire," he wrote.

Though he refused to be interviewed for this article, King says he has found God and started his own Web site.

"I am neither good nor evil, angel or demon," he wrote a few months ago. "I am but a man."

Trial Run In Brooklyn Court, A Route Out Of Jail For The Mentally Ill (WSJ)

By Gary Fields

The Wall Street Journal, August 21, 2006

BROOKLYN, N.Y. -- Judge Matthew Jude D'Emic of the Brooklyn Mental Health Court summoned Kalvin Berry to the bench to find out why he had been arguing with his court-appointed therapists.

In a series of staccato gripes, Mr. Berry said he'd been mistreated. Before he could finish, Judge D'Emic, a towering man with ruddy cheeks, cut him off: "Your bull -- arguing will get you thrown out of the program and into prison. Do you understand?"

Mr. Berry, 23 years old, was shocked into silence. The court's mental-health program, an increasingly popular way of dealing with mentally ill criminals, is the only thing standing between him and two years in jail. Mr. Berry suffers from severe depression caused by a childhood brain injury. Last April, he pleaded guilty to threatening to blow up a bus, among other charges. Instead of being locked up, however, he was put under the supervision of Judge D'Emic's court.

Brooklyn's mental-health program has become a model for localities trying to deal with a seemingly intractable problem: the increasing number of mentally ill people filling the nation's prisons. The problem stems largely from the shuttering of state-run

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mental-health facilities a generation ago. Once behind bars, the mentally ill are rarely paroled. If released, they usually end up back in prison because of a lack of outside treatment options. The Justice Department estimates that about 330,000 of the nation's 2.2 million inmates are mentally ill.

Mental-health courts, which work in tandem with prosecutors' offices, are slowly emerging as a promising alternative. They came on the scene in the late 1990s and are designed to allow the mentally ill to avoid prison time, provided they adhere to extensive treatment plans set up and monitored by the new courts. Defendants must plead guilty and pass intensive psychiatric evaluations before being admitted. Once under the court's authority, they undergo regular therapy sessions and often their medication is monitored. Prosecutors and judges typically have complete discretion as to whether a defendant can seek this alternative path.

What makes the idea appealing to many is that it represents a middle ground between locking up the mentally ill and letting them roam free.

"The easiest thing we do is put people in jail, [but] you cannot prison-build your way into reducing crime," says Charles Hynes, the longtime Brooklyn district attorney, who helped create the Brooklyn Mental Health Court.

The Brooklyn court routinely hosts visiting judges and court officers interested in the concept. In the past four years, eight mental-health courts have been created in New York state, and three other local jurisdictions are preparing to open such courts of their own. When all are up and running, New York will account for about 10% of the 120 mental-health courts in the U.S.

Most mental-health courts treat only defendants accused of misdemeanors. That's because many lawmakers and prosecutors worry that criminals will game the system and that the mentally ill will relapse and commit new crimes. Brooklyn is one of the few that accept serious felons. Judge D'Emic is keenly aware of the risk that involves.

"If something went really wrong that could be not only the end of your mental-health court, but of mental-health courts in general," he says in an interview.

Close Calls

There have been some close calls. One participant -- a pharmacist who had been self-medicating and who had pleaded guilty to driving under the influence -- crashed into a line of parked cars while driving drunk. The judge kicked him out of the program and sent him to prison, where he may be held up to four years.

Another defendant, diverted into the program after stealing a car in Brooklyn, went to Florida last October, stole a Mercedes and led police on a high-speed chase. He has also been imprisoned.

This danger is one reason mental-health courts have been slow to take off. Legislators in Oklahoma, where more than a third of the state's 24,000 inmates have identifiable mental illnesses, have struggled to set up such a court. And mental-health experts question the court's reliance on medication.

The Brooklyn Mental Health Court was started in 2002 in the aftermath of two notorious New York crimes. Andrew Goldstein, then a 30-year-old schizophrenic with a history of violence, had requested treatment from a number of hospitals but had received only short-term care before he pushed Kendra Webdale in front of a New York subway train, killing her. A few months later, Edgar Rivera lost both legs when another former mental patient shoved him under a train.

"I got tired of reading about the poor soul who pushes another poor soul off the subway platform onto the tracks," says Mr. Hynes, who was first elected in 1989.

Anyone can request a transfer to the mental-health court at any point after an arrest, and sometimes prosecutors themselves suggest it. Potential participants undergo extensive assessments by the court's psychologists. The findings must show persistent mental illness and that the illness contributed to the crime charged. A judge then decides whether the psychiatric evidence is sufficient.

If prosecutors agree, they'll craft a plea offer while the court's clinical team develops a treatment plan. Defendants plead guilty on being accepted into the program and undergo treatment for up to two years, longer in rare circumstances. At any time before the plea agreement is made final, prosecutors can decide to push the case through regular criminal courts based on factors such as the clinical evidence or the severity of the crime.

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Of the 244 felons who have appeared before Judge D'Emic in this court in the past four years, only 19 have violated the terms of the program to such a degree that the judge sent them to jail. There are no data showing what happens to felons after they've completed the court's program.

Most of the participants have setbacks, like failed drug tests as well as missed therapy sessions and court appearances, says Judge D'Emic. But unlike some probation and parole officers who send defendants back to prison for minor infractions, Judge D'Emic doesn't do so quickly or easily. Instead, he urges them, with a mix of humor and schoolmaster sternness, to stick with the program. He has jailed people briefly to get their attention.

After snapping at Mr. Berry, for instance, the judge softened. The court, he told the defendant, is an opportunity to build a strong foundation for combating mental-health problems, but only if Mr. Berry stuck to his treatment plan. Even Jimi Hendrix understood the importance of a foundation, he said to Mr. Berry, before quoting from the late singer: "Castles made of sand fall in the sea, eventually."

Mr. Berry looked blank. "Who is Jimi Hendrix?" he asked.

"You've never heard of Jimi Hendrix? What are they teaching you in school?" Judge D'Emic replied. "Have you heard of the Beatles?"

At the end of conversation, Mr. Berry apologized and promised to be more cooperative.

Appointed to the bench in 1996 by Gov. George Pataki, Judge D'Emic, 53, has deep Brooklyn roots. He lives in the borough's Bay Ridge section, one street over from where he grew up as one of 10 children. Eight of his nine siblings live within a mile of him, including three who are firefighters.

Judge D'Emic had no special medical training before he joined the court. For about a year, he and his law clerk invited their consulting psychiatrist to tutor them every Tuesday. The weekly 90-minute sessions included lectures on depression, schizophrenia and therapy strategies, as well as medications and their side effects. The two still attend conferences and lectures on mental health.

One early success was a college student who had a breakdown. He was suffering from paranoia and schizophrenia, and voices told him to rob students. The prosecutor was initially reluctant to turn him over to the mental-health court because "it was such an easy case to win," the judge recalls. The student eventually pleaded guilty to robbery, underwent treatment for 18 months, finished the program and is now completing college.

"It's not an impossible task to keep this population compliant and out of jail," he says. "If they don't comply, I have the big hammer, the jail sentence."

Judge D'Emic's courtroom, on the 15th floor of the courthouse on Jay Street, is informal. "The very first day he took the bench, his court clerk did the 'all rise routine' and Judge D'Emic asked him not to bother with that again," says Karen Kleinberg, his clerk.

Moments after he entered the courtroom on a recent day, ushering people back to their seats, those in attendance gasped when a cellphone rang loudly. The owner scrambled to silence it, apologizing profusely and looking fearfully at the bench. "It's OK; don't worry about it," said Judge D'Emic. "Is it for me?"

One man, a Russian immigrant, was there because he tried to rob a bank while brandishing a television remote control as a weapon. He spoke little English and was accompanied by an interpreter. Subdued at first, he became animated when Judge D'Emic talked to him -- in Russian.

Another defendant, Lynval Samuel, his salt-and-pepper beard in two braids, came to the bench dressed in a white robe and wearing white gloves. He carried two red roses and asked to address the court. "First I'd like to bring greetings to you from the orders of the Eastern Star," he said, his voice deep and majestic. He read briefly from the Bible and then asked the judge if he had the Bibles Mr. Samuel had presented to him. The judge said he did.

Mr. Samuel -- 53, and bipolar -- was in court for threatening and stalking a U.S. congressman, Major Owens, a New York Democrat. He was doing well enough in therapy and counseling to move from Phase II to Phase III, which meant he was one level from graduating. He was given a certificate from the Mental Health Court to mark the promotion.

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"From my left hand to your left hand," said Judge D'Emic as he passed the certificate to Mr. Samuel, taking care to make the hand-off exactly as he described. The judge's computer summary noted that one of Mr. Samuel's idiosyncrasies is that he accepts and passes items only with his left hand.

The defendants came steadily, an average of one every three minutes, all suffering from some form of mental illness. There was the burglar who walked into a neighbor's home and started eating a chicken dinner that had been left on the dining-room table. Another robbed ATM patrons by putting a knife to his own throat and threatened to slash himself unless they gave him money. One woman, of Irish descent, tried to snatch babies out of their mothers' arms, convinced that she was rescuing Irish children kidnapped by Jewish women.

Mary Brown, 43 and a mother of three, was a newcomer to the program. She quit school in the 11th grade after becoming pregnant and is only now learning to read. For the past seven years, she has been married to Eddie McQueen. The pair -- who both hail from South Carolina -- met at the Tar-Heel Lounge, a Brooklyn nightspot, where Ms. Brown had come to hear rhythm and blues. Mr. McQueen was performing on the piano.

Mr. McQueen, when asked for his age, would say only that he was in his late 50s. He says he often woke at night to find his wife wandering around their apartment building, knocking on neighbors' doors asking, "Where's Eddie?" On occasion, Ms. Brown would vanish outright. "I stayed up half the night hoping she'd call," he says. Sometimes she'd wander into oncoming traffic.

Last October, Ms. Brown stopped taking medication for schizophrenia. Early one morning, she walked into a neighbor's unlocked apartment and entered the bedroom where her neighbor was asleep. As Ms. Brown passed back through the living room, she took a cup filled with $23 in change, according to court records. By the time she walked out of the apartment, the neighbor was awake. Ms. Brown was arrested and pleaded guilty to second-degree burglary.

Despite the relatively benign nature of the crime, the charge of second-degree burglary lumped Ms. Brown into the category of defendants who were armed and injured their victims. Mr. McQueen learned of the mental-health court and asked if his wife might be eligible. The prosecutor ultimately agreed.

Out of Prison

Mr. McQueen says he was looking for anything to keep her out of prison. These days, he gets up before 6 a.m. to fix her breakfast. "I like his cooking," Ms. Brown explains. "I don't want anybody else's cooking."

Joyce Kendrick, Ms. Brown's attorney, who works for Brooklyn Defender Services, a legal-aid organization, says that without the mental-health court, her client was facing mandatory prison time. "I don't know if she understands how serious the charges are against her."

At Judge D'Emic's courtroom, Ms. Brown approached the bench reluctantly and stood there with her head down, like a child waiting to be chastised.

"You're doing great," Judge D'Emic told her. "You're making all your meetings and all your counseling sessions. You're doing perfect. Keep it up." The judge then called her husband to the bench. Shaking Mr. McQueen's hand, the judge thanked him for attending every one of his wife's court appearances and therapy sessions.

As Ms. Brown left, she walked past Harry Rivera, who was wiping a tear from his cheek. He had just learned that his appearance in court would be his last. "What? Nobody told you? Well, you're graduating," said Judge D'Emic, smiling as Mr. Rivera was presented with a gift bag of chocolate.

On graduating, the charge is dropped to a misdemeanor, although the probation part of the sentence remains active.

Mr. Rivera, 27, was a longstanding member of the program. In 2002, he was arrested for armed robbery after he and a co-defendant robbed a victim at gunpoint. Instead of five years behind bars, Mr. Rivera, who suffers from anxiety, depression and a stress-related disorder, pleaded guilty and joined the newly formed mental-health court.

When Mr. Rivera was 5 years old, he scampered into the street and was hit by a car as his pregnant mother, arms laden with groceries, watched helplessly. He stayed in a coma for five days. Learning disabilities and hyperactiveness followed, along with depression and anxiety attacks.

His court-mandated treatment plan included a year at Aurora Concept Inc., a mental-health facility in the New York City borough of Queens, a year in the psychiatric and chemical dependency program of St. Vincent's Services, in the Canarsie

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section of Brooklyn, as well as weekly meetings with a therapist and monthly meetings with a psychiatrist. He also had to appear almost weekly before Judge D'Emic. While participating in the program, Mr. Rivera received his GED and is training at Interborough College to become a medical technician.

His voice filled with emotion, he thanked the court for giving him a second chance. Judge D'Emic called him to the bench and whispered: "I saw your progress little by little. Now look at you. You're making something of your life."

Six weeks later, Mr. Rivera was back at Rikers Island on a probation violation. His return to jail saddens court officials who don't know whether he will be funneled back to the mental-health court, where he will start at the beginning, or into prison.

"It happens," says Lucille Jackson, clinical director of the Mental Health Court. "It shows the difficulty of this program. If someone has cognitive disorders and their judgment and thinking is impaired, the court doesn't make all that go away."

Rule Sought To Prevent Abuse By Recruiters (WP/AP)

The Washington Post, August 21, 2006

KANSAS CITY, Mo. -- The ranking Democrat on the House Armed Services Committee said Sunday that he would push to increase penalties for sexual misconduct by military recruiters.

Rep. Ike Skelton (D-Mo.) was reacting to an investigation by the Associated Press that found more than 80 military recruiters were disciplined last year for sexual misconduct with potential recruits.

"These abuses by military recruiters are absolutely unacceptable," Skelton said in a telephone interview from Washington. "The National Guard's recently adopted rule of 'No One Alone' makes a great deal of sense and should be followed by all services, whether active duty, National Guard or reserve."

The No One Alone policy, adopted by the Indiana National Guard, prohibits recruiters from being alone with potential enlistees of the opposite sex. Violators risk immediate disciplinary action, and other recruiters who know of violations and don't report them also can be disciplined.

The investigation found that the sexual misconduct occurred in all branches of the military and across the country. According to information obtained after dozens of Freedom of Information Act requests, at least 35 Army recruiters, 18 Marine Corps recruiters, 18 Navy recruiters and 12 Air Force recruiters were disciplined in 2005 for sexual misconduct or other inappropriate behavior with potential enlistees.

Skelton said he would seek a hearing of the Armed Services Committee with a view toward inserting language in the Defense Department's authorization bill that would increase penalties for "such outrageous activities."

Painting Of Jesus Is Stolen From School, But Legal Fight Goes On (NYT/AP)

By The Associated Press

The New York Times, August 21, 2006

BRIDGEPORT, W.Va., Aug. 20 — A legal battle over a painting of Jesus hanging in a high school here is continuing, even though the painting was stolen last week.

Two civil liberties groups, Americans United for Separation of Church and State and the American Civil Liberties Union of West Virginia, filed suit in June to remove the painting, “Head of Christ,” saying it sent the message that the public school endorsed Christianity as its official religion.

The Harrison County Board of Education said last week that it would fight the lawsuit, promising not to spend public money in defending itself. The Christian Freedom Fund raised more than $150,000 for a defense fund, including $6,700 raised by students at the school. The board selected the Alliance Defense Fund, a national legal organization founded in part by the Christian group Focus on the Family, was selected as its lead counsel.

“We have decided to step up to the plate here,” said a school board member, Mike Queen. “This is important to us and reflects what our community wants in the schools.”

But early Thursday the painting, which had been at Bridgeport High School for 37 years, was stolen from a wall outside the principal’s office. The theft was recorded by security cameras, but the thief hid his face.

“The most logical question is, ‘Now that the picture’s gone, is it moot?’ ” said the Harrison County school superintendent, Carl Friebel. “We’re all in uncharted water here, but if it resurfaces, then the case wouldn’t be moot.”

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School board members said they hoped the thief would be found, and Mr. Friebel said local churches had offered to replace the painting.

Communities across the country are fighting to keep Christian monuments, crosses and portraits in place, encouraged by the Bush administration's conservative appointments to the United States Supreme Court, said Douglas Laycock, a professor of constitutional law at the University of Texas and an expert in separation of church and state cases.

"Schools are considered the most sensitive location because with children, personal matters like religion are to be left to parents, not government," Mr. Laycock said.

Monetary support like that raised for the Bridgeport legal battle does not always indicate a unified community standard, he said.

"These religiously homogeneous small towns may have a large majority of a single faith, but they're not nearly as unanimous as they might imagine," Mr. Laycock said.

The two civil liberties groups that filed the lawsuit on behalf of local plaintiffs do not believe it is up to the community to decide.

"I think what you're dealing with is a small group of rabble-rousers that only want to live with people who live as they do," said Andrew Schneider, executive director of the A.C.L.U. of West Virginia. "My answer to that is go to a private school, go to a parochial school; don't go to a public school."

Tokens of Christianity, including crosses and religious mottos, can be found in schools and government buildings all over Harrison County. The amenities in a women's restroom at the Board of Education offices include a leatherbound pocket copy of the New Testament, with Psalms and Proverbs.

Pattae Kinney, a parent in Bridgeport, a town of 8,000 people and 40 churches, says she does not understand why her daughter's school is being singled out.

"My take on this is that our country was founded on Christian principles," Ms. Kinney said. "It's on our money — 'In God We Trust' — it's in our Pledge of Allegiance, it's a part of our lives. I know our community, and we're very in favor of keeping this painting."

Changing Face Of Western Cities (WP)

By Anushka Asthana

The Washington Post, August 21, 2006

Anushka Figueroa recently decided to make a change. She gave up her life in California's Silicon Valley and headed to Phoenix to work in marketing. The 37-year-old, who is originally from Puerto Rico, said she was searching for a better quality of life.

Her new home, she says, offers all the benefits that California did when her family moved there in the '70s. "California became too expensive," she said, "and Phoenix has advanced dramatically. It is the best decision I have ever made, and I would not go back."

An influx of Hispanics such as Figueroa has reshaped many urban areas' demographics; demographers say white people soon will be a minority in 35 of the country's 50 largest cities.

An analysis of census data released last week has shown that the white non-Hispanic population in another three of America's 50 largest cities has become a minority. In Phoenix, Tucson and Denver, the white population has recently fallen below 50 percent, according to William H. Frey, a demographer with the Brookings Institution.

He predicts that another four cities will soon follow. Whites will become a minority in Arlington, Tex.; Charlotte; and Las Vegas within two years and in Austin within four years, he said.

Although these changes were once driven by "white flight," Frey said, something else contributed in the cities that most recently reached the tipping point. While they were still losing some whites, the more dramatic shift was the increase in Hispanics, some of whom were moving from California and elsewhere in the United States in search of a better -- and more affordable -- life.

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Figueroa is part of a Hispanic population in Phoenix that has increased from 34 percent of the population to 48 percent in just five years.

"For years, Phoenix has been a retirement magnet, but now the big gain is immigration and secondary migration from California," Frey said. "Phoenix is still West but more affordable. All three cities are influenced by the exodus from California, and Hispanics are part of that."

He said Phoenix and Denver were "new-West cities" where economic change and new industries had created jobs.

Harry Garewal, president of the Arizona Hispanic Chamber of Commerce, said part of the explanation for the growth in the Hispanic population is the area's "very robust economy."

Speaking from his Phoenix office, he said growth has created a greater demand for labor, particularly in construction. He said Arizona has 35,000 Hispanic-owned businesses, adding that the "Hispanic population in the state of Arizona have $26 billion in buying power." The local white population, he said, has benefited from a Hispanic-driven boost to the economy.

The demographic shift has social as well as economic consequences. Schools have to cope with more children who don't natively speak English, and politicians have to accept that their constituencies have changed.

"They will wake up one morning, and it will be a different city," Frey said.

The policymakers in Phoenix, Tucson and Denver could soon face issues similar to California's. Frey gave the example of Orange County. In 1996, after the population had become half Hispanic, Republican Robert K. Dornan was nudged out of the House seat he had held for 12 years by Democrat Loretta Sanchez. When he took her on again, Dornan tried to pitch himself as the "real Latino."

Lorraine Lee, an executive of the Tucson service organization Chicanos por la Causa Inc., said the demographic shift creates a new reality not only for politicians but also for the private sector.

"I think they realize we are here and that they need to take us into consideration," she said. "But to what extent will they go to address our needs?"

She said the huge increase in the Hispanic population is natural and should not cause alarm. "I think the people are drifting towards those communities that are more receptive to families, more receptive to diversity, and don't have populations that all fit into a box."

But Tucson has also suffered tension. Lee pointed to the rise of the Minuteman Project -- a group in the United States that has worked for the past year to deter illegal crossings from Mexico. "One thing that has changed is the overt demonstration of racism," she said. "The element itself is very small but can be intimidating."

But it is unlikely to stop the trend. James P. Allen, a professor of geography at California State University at Northridge, said this is a trend that will not stop in the West. He foresees a time when the 50 largest cities all will have whites in the minority.

Banish The Bling (WP)

By Juan Williams

The Washington Post, August 21, 2006

Have we taken our eyes off the prize? The civil rights movement continues, but the struggle today is not so much in the streets as in the home -- and with our children. If systemic racism remains a reality, there is also a far more sinister obstacle facing African American young people today: a culture steeped in bitterness and nihilism, a culture that is a virtual blueprint for failure.

The emphasis on young people in today's civil rights struggle is rooted in demographics. America's black, Hispanic and immigrant population is far younger than its white population. Those young people of color live in the big cities and rely on big-city public schools.

With 50 percent of Hispanic children and nearly 70 percent of black children born to single women today these young people too often come from fractured families where there is little time for parenting. Their search for identity and a sense of direction is undermined by a twisted popular culture that focuses on the "bling-bling" of fast money associated with famous basketball players, rap artists, drug dealers and the idea that women are at their best when flaunting their sexuality and having babies.

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In Washington, where a crime wave is tied to these troubled young souls, the city reacts with a curfew. It is a band-aid. The real question is how one does battle with the culture of failure that is poisoning young people -- and do so without incurring the wrath of critics who say we are closing our eyes to existing racial injustice and are "blaming the victim."

Recently Bill Cosby has once again run up against these critics. In 2004, on the 50th anniversary of the Brown v. Board of Education decision, Cosby took on that culture of failure in a speech that was a true successor to W.E.B. DuBois's 1903 declaration that breaking the color line of segregation would be the main historical challenge for 20th-century America. In a nation where it is getting tougher and tougher to afford a house, health insurance and a college education -- in other words, to attain solid middle-class status -- Cosby decried the excuses for opting out of the competition altogether.

Cosby said that the quarter of black Americans still living in poverty are failing to hold up their end of a deal with history when they don't take advantage of the opportunities created by the Supreme Court's Brown decision and the sacrifices of civil rights leaders from Martin Luther King Jr. to Thurgood Marshall and Malcolm X. Those leaders in the 1950s and '60s opened doors by winning passage of the Civil Rights Act, the Voting Rights Act and fair housing laws. Their triumphs led to the nationwide rise in black political power on school boards and in city halls and Congress.

Taken as a whole, that era of stunning breakthroughs set the stage for black people, disproportionately poor and ill-educated because of a history of slavery and segregation, to reach new heights -- freed from the weight of government-sanctioned segregation. It also created a national model of social activism to advance the rights of women, Hispanics, gays and others.

Cosby asked the chilling question: "What good is Brown " and all the victories of the civil rights era if nobody wants them? A generation after those major civil rights victories, black America is experiencing alarming dropout rates, shocking numbers of children born to single mothers and a frightening acceptance of criminal behavior that has too many black people filling up the jails. Where is the focus on taking advantage of new opportunities to advance and to close the racial gap in educational and economic achievement?

Incredibly, Cosby's critics don't see the desperate need to pull a generational fire alarm to warn people about a culture of failure that is sabotaging any chance for black people in poverty to move up and help their children reach the security of economic and educational achievement. Not one mainstream civil rights group picked up on his call for marches and protests against bad parenting, drug dealers, hate-filled rap music and failing schools.

Where is the civil rights groundswell on behalf of stronger marriages that will allow more children to grow up in two-parent families and have a better chance of staying out of poverty? Where are the marches demanding good schools for those children -- and the strong cultural reinforcement for high academic achievement (instead of the charge that minority students who get good grades are "acting white")? Where are the exhortations for children to reject the self-defeating stereotypes that reduce black people to violent, oversexed "gangstas," minstrel show comedians and mindless athletes?

In order to face this century's class battles, young minds need the self-confidence that comes from examples of inspiring historical personalities, such as a black woman born into slavery who made herself a national leader, Sojourner Truth, or a black man living under rank segregation, A. Philip Randolph, who defied corporate power to break segregation in organized labor. Frederick Douglass had to teach himself how to read before standing up to defeat slavery.

These examples should empower young people to believe in themselves and to organize across racial lines and build institutions with a solid footing in the nation's political and economic power. This is real black culture, and it is based on strong families creating determined, self-reliant young people.

The defining challenge for this generation of Americans dealing with poverty is putting the next generation in a position to move even higher. Individuals must now use the opportunities made available to them by the sacrifices of past generations if they are to achieve victory in America's long and still unfinished civil rights movement.

Juan Williams is a senior correspondent for National Public Radio, a political analyst for Fox News and author of "Eyes on the Prize: America's Civil Rights Years, 1954-1965."

ANTITRUST:

DOJ_NMG_0050871

EU Regulators Issue Objections To Merging Gaz De France, Suez (WSJ/AP)

Associated Press

The Wall Street Journal, August 21, 2006

BRUSSELS -- European Union regulators released a preliminary list of objections to France's plan to merge Gaz de France SA with rival utility Suez SA.

A statement released by the European Commission identified the risks to competition of bringing together the two main gas and electricity suppliers in Belgium and two of the three main gas and heating suppliers in France.

The EU statement said releasing the "list of grievances" was part of the normal procedure involved in approving such mergers. The commission will make a final decision on the merger only after receiving replies from the companies involved and their proposals for overcoming regulators' objections.

The merger plan, announced in February amid mounting expectations of a bid for Suez by Italy's Enel SpA, would see the two French companies combine to create a new European player in energy, water and waste services with a market capitalization of €72.6 billion ($93.1 billion), privatizing state-controlled GDF in the process.

Under the planned one-for-one stock swap, GDF would acquire Suez following the payment of a €1 special dividend to its shareholders. The European Commission's probe is aimed at ensuring that the tie-up doesn't hurt European consumers.

Brussels has the power to block deals but rarely does so, usually asking companies to resolve antitrust problems by selling off parts of their businesses or changing the way they operate. Suez owns Electrabel SA, Belgium's largest power company, and GDF holds a sizable stake in Belgian power generator SPE.

The combined company would be the biggest player in Belgium's natural-gas market.

The EU said in June it would examine possible antitrust problems in France, Britain, Hungary, Luxembourg and other markets, after its preliminary probe raised concerns over the new group's control of storage facilities, transport networks and power cables. Belgian Prime Minister Guy Verhofstadt warned in March it would be unacceptable for one company to control 90% of his country's electricity market.

FBI/DEA/ATF/USMS:

2 Charged In Deadly Heroin Probe (CCP)

Cherry Hill Courier Post, August 20, 2006

A Philadelphia woman and a juvenile have been arrested in the police investigation of a deadly heroin mixture that has killed hundreds nationwide and about 60 in the tri-county area since April.

The arrests were made a month ago in Philadelphia but were not announced until late Friday by Wilmington, Del., police because the matter was under investigation. The joint probe, which includes federal drug enforcement agencies, is continuing.

Overdose deaths that have occurred in New Jersey, Pennsylvania and Delaware are among hundreds nationwide that have been blamed on heroin tainted with the painkiller fentanyl.

Fentanyl is attractive to drug users because it is highly potent and cheaper than heroin. It is used legally in anesthesia and for some cancer patients.

Of the more than 60 overdose deaths believed to be connected to fentanyl in South Jersey, nearly all were in Camden and Gloucester counties.

There have been 30 deaths in Camden County since the first batch of tainted heroin surfaced in April on the streets of Camden, said county prosecutor's office spokesman Capt. Richard Minardi.

There also have been an estimated 30 deaths linked to the mixture in Gloucester County, Bernie Weisenfeld, spokesman for the Gloucester County prosecutor, said.

There were fewer than a half-dozen overdose deaths in Burlington County in the spring, but Burlington County prosecutor's office spokesman Jack Smith said Saturday he does not know how many have been linked to fentanyl. He said the victims were all young males in Medford, Medford Lakes, Marlton and Moorestown.

DOJ_NMG_0050872

Master Sgt. Steven T. Elliott of the Wilmington police department said the two arrested July 19 are suspected of manufacturing the tainted heroin. He identified them as Yasmin Rosa, 30, and a 17-year-old female who lives with Rosa in the 3000 block of N. 6th Street in Philadelphia, where they were arrested.

In executing a search warrant there, he said investigators from Philadelphia and Delaware found bulk quantities of both heroin and fentanyl valued at more than $40,000 as well as several thousand dollars in cash and drug packaging materials and equipment.

"Philadelphia police, the Philadelphia District Attorney's Office and Drug Enforcement Administration contingents from Delaware and Pennsylvania believe a significant amount of the fentanyl-laced heroin was taken off the street," Elliott said.

He said Wilmington detectives from the Drug, Organized Crime and Vice Division began an investigation in April that led them to the Philadelphia connection and upper-level dealers involved in the supply. Since April there have been nine deaths from tainted heroin in the Wilmington area.

Elliott said the two females tried to flee out the back door of the home but were caught by police who had surrounded the house.

They both have been charged in Philadelphia with possession with the intent to distribute illegal narcotics, possession of drug paraphernalia and drugs, use of telecommunications systems to commit a crime and conspiracy.

New Jersey authorities were not involved in the Philadelphia arrests.

Local Detectives Track Heroin To Alleged Source Two Caught Packaging Tainted Drug, Police Say (NJ)

News Journal, August 19, 2006

Yasmin Rosa, 30, and a 17-year-old girl were arrested last month.

A four-month investigation into overdoses linked to heroin tainted with a powerful painkiller led to the arrest of two Philadelphia residents.

Wilmington police say they waited until Friday, a month after the arrests, to announce the arrests because the investigation is continuing.

"We didn't want to release it prior to now," Wilmington police Capt. Sean E. Finerty said. "There were certain chemical tests that had to be done, there were certain other investigative things that may have been jeopardized if we had released it on the 19th of July."

Police said they "are confident that a significant amount of the fentanyl-laced heroin was taken off the street" but believe there is more out there.

Since April, at least 31 heroin overdoses have been reported in Delaware, including nine deaths, according to a News Journal count. Some of the heroin, police said, had been laced with fentanyl -- a synthetic morphine that is used to treat extreme pain and, in some formulations, to immobilize large animals.

The arrests announced Friday came July 19 at a house in the 3000 block of N. 6th St. in Philadelphia.

As police entered the house, two women tried to run out a rear door but were caught by members of Philadelphia's Highway Patrol.

Arrested were Yasmin Rosa, 30, and a 17-year-old girl. They have been charged in Pennsylvania with possession with the intent to distribute illegal narcotics, possession of drug paraphernalia and use of telecommunications systems to commit a crime. Other charges the women face are knowing and intentional possession of illegal narcotics and conspiracy.

"These women were actually manufacturing these heroin packages," Finerty said. "They were taking the bulk heroin and breaking it down to the smaller street-sale units."

Investigators said they found bulk quantities of heroin and fentanyl in the house, as well as several thousand dollars in cash, drug packaging materials and drug packaging equipment. Investigators estimated the seized drugs had a street value of more than $40,000.

DOJ_NMG_0050873

"It's a great step in the right direction in getting it off the street," said Robert Bovell, whose brother Neil "Jai" Bovell, 38, was found dead April 25 after shooting up in an alley in Wilmington. The medical examiner told Bovell that his brother's bloodstream contained no heroin, only pure fentanyl.

"With them putting a slow to it, maybe it won't be somebody else's brother," Bovell said. "Whether we can find the ones who sold it to whomever, that's a mystery within itself. But I'm glad they are making progress."

Detectives from Wilmington's Drug, Organized Crime and Vice Division began a campaign to find the sources of the deadly mixture in April, according to Finerty. They started by arresting people at the "street supply" level and worked their way up the pyramid. Dozens of people were arrested, he said.

"We know Wilmington is not a source city for the importation of heroin," Finerty said. "So what we started doing is working backwards. We found the overdose victim and we would work on who sold to the overdose victim and we would go over them.

"And we would find out who that person's supplier was and we would go after them. Between April and July, we worked our way up the chain to this source house in Philadelphia."

Finerty said investigators had been in communication with police in Philadelphia, the Drug Enforcement Administration and the Philadelphia District Attorney's Office since the overdoses started. He said the group began focusing on certain Philadelphia neighborhoods in late May and early June. Contact Esteban Parra at 324-2299 or eparra@delawareonline.com.

31

Number of Delaware heroin overdoses that have been reported, including nine that were fatal, according to a News Journal tally.

City Stand On Heroin Antidote Risks Lives (PHI)

By John Sullivan

The Philadelphia Inquirer, August 20, 2006

Two months ago, as scores of drug users in the city began dying of heroin overdoses, two city paramedics discovered something alarming. Narcan, a powerful drug that could almost instantly revive a patient, wasn't working. Post a Comment

In the following weeks, an apparent culprit would be unmasked: Heroin dealers were adding fentanyl to their product, an opioid up to 100 times as powerful. More than 500 people across the country have died of the tainted heroin - a number that is sure to climb.

But as the concerns of the two paramedics made their way up the Fire Department's bureaucracy, the city did not make key changes in how it treated people dying of a fentanyl overdose - though experts say that simply increasing the dosage of the antidote would counteract the fentanyl.

Fire Department officials say that this year, using the current Narcan dosage guidelines, they used the antidote to treat at least 88 fentanyl-related overdose patients who later died.

To make matters worse, many people suffering from overdoses didn't receive Narcan because they lived in areas where the number of emergency medical personnel who could administer the drug had been cut.

"We're losing people every day that don't need to die," said Casey Cook, executive director of Prevention Point Philadelphia, a nonprofit that runs the city's needle-exchange program.

An Inquirer investigation has found that:

City and health officials are at odds over whether current dosages of Narcan are high enough to counteract fentanyl-laced heroin.

The city's chief paramedic, whom top fire officials referred to as an expert during an interview, did not know that Narcan worked as an antidote to fentanyl.

Because of a shuffling of resources, the neighborhoods hardest hit by heroin-related deaths are not specifically served by paramedic units that can administer the antidote.

Unclear on treatment

Even though the fentanyl-poisoned heroin had been on Philadelphia streets for eight months, Philadelphia rescue officials seemed uncertain last week of the proper emergency treatment.

DOJ_NMG_0050874

In interviews, fire paramedic-operations chief Daniel T. Parrish first said he didn't believe that Narcan had an effect on fentanyl.

A few days later, he changed his mind and said the city needed to increase the dose and would change its protocols. "My feeling is that fentanyl needs a much higher dosage," said Parrish.

"Unfortunately, some individuals could not be privileged to the change, and we lost some human beings," he said Thursday. "We will do the best we can to help other individuals [and keep them] from losing their lives."

Experts who study opioids such as heroin and fentanyl caution that emergency cases are complicated by many unknowns, but that unless a patient is brain-dead when paramedics arrive, Narcan can keep them alive.

"They just need to give more of the drug," said Charles P. O'Brien, director of the Charles P. O'Brien Center for Studies in Addiction at the University of Pennsylvania Health System. O'Brien has developed medications to treat alcohol, opioid and cocaine dependence.

But C. Crawford Mechem, medical director of EMS, said Philadelphia's protocol for treating fentanyl-laced heroin overdoses was sufficient, and typical of those in most cities.

"The policy we have in place is perfectly adequate," said Mechem, who is also an attending physician at the Hospital of the University of Pennsylvania's emergency room.

The Fire Department's Parrish said that after his interview with The Inquirer, he discussed the issue with Mechem, and Mechem told him he wanted to review the city's protocol for using Narcan.

Mechem, who oversees Parrish and makes all medical decisions for EMS, said he did not tell Parrish he would reevaluate the policy. Upon hearing Mechem's comments, Parrish said he himself must have been mistaken. "I'm in a chain-of-command situation here, and whatever he said is what it is."

Mechem said paramedics gave 0.4 milligrams of Narcan and continued to administer the drug up to 2 milligrams. After that, they must get permission from a doctor to give more.

When asked whether more Narcan was needed to reverse a fentanyl overdose, Mechem replied: "It may, but there is little literature to support it."

But at least two paramedics whom the city will not identify became concerned when patients did not respond to Narcan.

In a videotaped interview recorded for a White House-sponsored fentanyl conference in Philadelphia last month, one of the paramedics said he began to suspect bad heroin when he saw users with needles still in their arms. He said he could not revive many of the victims because they were too far gone, but he did manage to save two people.

"The treatment of the two people I did have a chance to save, the big difference with that was the protocol," he said. He said he was going to administer a few milligrams of Narcan, but because he suspected fentanyl-laced heroin, he asked to use more.

"We had to use, we had to call... contact base command and our doctors to... give a little more Narcan."

Not just Philadelphia

The spread of fentanyl-laced heroin is a deadly problem that Philadelphia, Chicago, Detroit and other major cities have struggled to deal with. Camden also has seen dozens of deaths. In a large swath of Philadelphia that includes areas where paramedics were removed, fire officials said 137 people had died this year of heroin-related overdoses. An overdose of fentanyl, a powerful painkiller, can kill quickly because it binds to receptors in the brain stem that control breathing, said Bertha Madras, a neurochemistry and psychobiology expert in the White House Office of National Drug Control Policy.

Narcan, which is the brand name of the drug naloxone, is an opioid antagonist that also binds to receptors in the brain. If there are equal numbers of naloxone and fentanyl molecules, naloxone will prevent the fentanyl from binding because it binds more efficiently.

This makes naloxone very effective at reversing the sedation, respiratory depression and low blood pressure that result from an opioid overdose. Some people dying of an overdose will get up and walk away after getting the drug. Further, Narcan is safe, even in large quantities, because it has no effect on people who are not overdosing, experts say.

No Narcan

In Philadelphia, some drug users dying of overdoses didn't get Narcan.

DOJ_NMG_0050875

Before the rash of fentanyl overdoses became apparent, a shortage of paramedics prompted the city to swap them for EMTs, emergency medical technicians. EMTs cannot administer the drug, and the change was made in the very neighborhoods that would be hardest hit by the poisoned drug.

Fire Commissioner Lloyd Ayers said he took the paramedics from places where coverage overlapped and most calls were not medically urgent.

"This is another example of a real crisis we are experiencing in providing our citizens with fast and effective emergency medical services, especially in view of our unprecedented demand," said City Council President Anna C. Verna, who expressed concerns about the moves when Ayers told City Council about them this summer.

Exactly how many drug users who overdosed went without Narcan is hard to say, but during the fentanyl conference, Capt. Richard Bossert, the EMS official in charge of quality assurance for the city, said that if the paramedics hadn't been redeployed, the city would have given Narcan to twice as many people.

As of last month, city paramedics had administered Narcan to 630 people this year, compared with 655 patients in all of 2005.

"That number is skewed low," Bossert told the audience, because EMT units "do not give Narcan."

Deputy Fire Commissioner Ernest F. Hargett later dismissed Bossert's remarks as being "off the cuff."

"I think he was speculating," said Hargett, adding that the numbers would have been lower.

Ayers said that shuffling of city paramedics was a tough choice, but that ultimately it had had little impact on the quality of service.

"I look at every firefighter and every paramedic and I can tell you the quality of care is the highest that's available," said Ayers.

Douglas L. McGee, the past president of the Pennsylvania chapter of the American College of Emergency Physicians, empathizes with Ayers.

"Tainted heroin is not a regular occurrence, so you could redeploy resources only to see the problem go away."

EMS medical director Mechem said that although it is tragic that so many have died, their deaths are not related to whether they received Narcan or how much. He said they represented a relatively small number of patients compared with what the system handles.

It makes no difference, he said, whether an overdosed patient gets treated by a paramedic or an EMT. He said either they're too far gone when EMS arrives or an EMT can keep them alive until they reach one of the city's many hospitals.

"While the ultimate reversal agent for narcotic overdose is naloxone, I don't think the fact that they can't administer naloxone is why these people are dying," said Mechem.

"Ventilating the patient will also keep them alive until they get to the hospital," he said, adding that respiratory depression is what kills most overdose patients.

Mechem said EMTs use a mask with an inflatable bag attached to drive oxygen into the lungs, a practice commonly referred to as bagging.

Dave Kearney, a Philadelphia paramedic for 11 years, said bagging was not practical.

"Can you imagine trying to hold a mask on someone's face, squeeze a bag, all while carrying them on a stretcher down several flights of stairs? It doesn't work," said Kearney, who is the recording secretary for the local firefighters' union and a frequent critic of the city's EMS system.

"Why do that when we can give them a shot?"

Other doctors who have studied fentanyl said that although much depends on the circumstances, bagging is often difficult and can lead to vomiting and aspiration, which can be fatal.

"In theory, there is no doubt that the best treatment is earlier administration of naloxone, because the patient may be near death already and so you want to reverse all the effects," said Paul M. Paris, a nationally recognized expert on emergency medical care and the chairman of the department of emergency medicine at the University of Pittsburgh School of Medicine.

"It's not so simple as providing oxygen."

Paris proposes that Pennsylvania adds naloxone to a list of drugs that EMTs can give patients.

That's exactly what some states have done. New Mexico passed a law allowing police officers to give it.

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In Maine, state EMS medical director Steven E. Diaz said the state allowed EMTs to deliver Narcan after a rash of opiate overdoses three or four years ago.

"This is something we did to save lives, and it worked," said Diaz, a former paramedic who has written two books on emergency medicine.

Committee Talks Border Security (DDD)

By Jonathan Clark, Wick News Service

Douglas Daily Dispatch, August 21, 2006

SIERRA VISTA - Three members of the U.S. House Intelligence Committee peppered a panel of local and regional law enforcement officials with questions about border security and surveillance during an open hearing on Thursday.

What they heard was that Southern Arizona remains a hotspot for smuggling activity, and that while the potential exists for terrorists to penetrate the nation's porous southern border, there is little evidence that they are doing do.

During his opening remarks, ranking committee member Rep. Rick Renzi, a Republican from Arizona's 1st Congressional District, told the audience that human- and drug-smuggling networks operating along the border present a national security risk.

"If not well-monitored and managed, the sophisticated smuggling networks may look to expand their activities," said Renzi, who grew up in Sierra Vista. "Their success in exploiting our security gaps could potentially draw the attention of terrorist groups, like al-Qaida."

A recently prepared intelligence report had suggested a connection between Mexican human and drug smugglers and international terrorist organizations, Renzi said.

When the congressman asked the panel if drug smugglers were taking on human trafficking, Victor Manjarrez, deputy chief patrol agent for the Border Patrol Tucson Sector, said his agents had not seen any evidence.

John Comer, a special agent with the Drug Enforcement Administration, was skeptical of a cartel-terrorist relationship.

"The drug cartels do not want to attract attention to themselves by forming alliances with terrorists," he said.

Other questions seemed to baffle panel members, such as when Renzi asked, "Are we watching the growth of mosques in Mexico?" and "How are we monitoring the radicalization of Muslims in Mexico?"

Darrell Issa, R-Calif., pointed to what he said were "widely published reports" of Hezbollah operations in Mexico, and asked what the panel members knew of that activity.

Manjarrez said he was not aware of any Hezbollah presence in Mexico, but added that while his agency relies on intelligence in its operations, it is not an intelligence-gathering entity.

The committee's lone Democratic member at Thursday's hearing, Rep. Rush Holt of New Jersey, asked the panel if there was any concrete evidence that illegal immigrants arrested in the area had been connected with terrorism, or if there was any evidence suggesting smuggling networks are willing to assist terrorists.

"There is always a potential for that, but to date we have nothing documented," Manjarrez said.

Holt said terrorism and smuggling were being erroneously conflated in the immigration debate.

"People often mix up the different aspects of the problem and they marshal arguments that are peripheral and irrelevant," he said.

During their opening comments, several panel members spoke of the problems of human and drug smuggling without evoking the threat of terrorism.

Comer told the committee of a federation of Mexican narcotics cartels based in Culiacán and Guadalajara that will use "every means necessary to get drugs into the country," while Manjarrez said the Tucson Sector is confiscating an average of 1,800 pounds of marijuana and arresting 1,123 illegal immigrants per day - 104 of whom have prior criminal records.

And while panel members said there was still room for improvement in Mexico's anti-organized crime efforts, they had seen significant improvement during the administration of President Vicente Fox. Comer pointed to Wednesday's arrest of fugitive drug kingpin Javier Arellano Felix as an example of increased U.S.-Mexico cooperation in law enforcement.

Perhaps the most compelling comments on the day came from Cochise County Sheriff Larry Dever, the lone locally elected official or member of the local community to participate on the six-member panel.

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Dever thanked the committee for coming to the area, but added some would say they came too late. He showed the legislators a copy of an Arizona Sheriff magazine from 1987 in which a Border Patrol spokesman promised to heed a congressional mandate to secure the southern border against narcotics traffickers and illegal immigration.

"Twenty years later, we have a growing, not a diminishing, problem," Dever said. "Sadly, the answer to the question 'Who is crossing our borders?' continues to be 'Anyone who really wants to.' "

Dever talked about his experiences during the inaugural Minuteman campaign in April 2005, and suggested they provided a template for how to effectively manage law enforcement intelligence on the border.

The sheriff said his office met extensively throughout that month with every interested law enforcement agency in the area - including those on the Mexican side of the border - to share information in a spirit of trust and cooperation. As a result, he said the disaster that many had forecast for the Minuteman launch was averted.

An ongoing, monthly meeting of area officials grew out of this cooperative effort and continues to be fruitful, Dever said.

Approximately 100 members of the local public - along with a rotating cast of high school classes - turned out for the event held at the Buena Performing Arts Center. Some of those who came expressed disappointment that they were not given the opportunity to address the committee.

"They don't want to hear from the public, they just want to hear from the bureaucrats," said Ed Kolb, a local resident and anti-illegal-immigration activist. "But a Border Patrol agent is not going to speak out against his supervisors' position."

Speaking afterward, Renzi told the Herald/Review that he was sensitive to such concerns.

"There's a fair criticism that the people should have been able to come to the mic, like at a town hall," he said. "But this wasn't a town hall. This was a hearing of the United States Select Committee on Intelligence."

Thursday's event was one of almost two dozen immigration field hearings being promoted by House Republicans during the August legislative recess in hopes of winning support for its enforcement-first immigration bill. The Senate passed a comprehensive, bipartisan bill earlier this year, and now the two houses must try to reach a compromise.

Jerry Covey, head of the Democratic Party in Cochise County, said the Sierra Vista hearing had done little to move the debate forward.

"It's unfortunate that we've got a Republican-led House and a Republican-led Senate that can't agree, even with all the information they have been given," he said. "None of this is new, this is all established."

Covey also objected to statements made by Renzi that he felt equated mosques with terrorism.

"That's a terrible assumption, and it's not true," he said.

A small group of volunteers from the Democratic Party stood outside the event holding signs reading "Stop talking, get to work," "Security now" and "Stop wasting tax dollars." Inside the hall, other attendees draped a "Stop the invasion" sign over a seat in front of the stage and wore buttons bearing the same slogan.

In addition to Dever, Comer and Manjarrez, other panel members included Jim Woosley, director of the Southwest Field Intelligence Unit of Immigration and Customs Enforcement; Martin Vaughn, director of air operations for U.S. Customs and Border Protection; and Robert Halladay, commander of the Arizona Counterterrorism Information Center.

Feds estimate 10.5M illegal immigrantsWASHINGTON (AP) -- An estimated 10.5 million illegal immigrants were living in the United States in 2005, the federal government said in a report Friday.

Committee talks border securitySIERRA VISTA - Three members of the U.S. House Intelligence Committee peppered a panel of local and regional law enforcement officials with questions about border security and surveillance during an open hearing on Thursday.

Governing board approves continuance hearing in Gomez termination caselliana Z. Gamez/The Daily Dispatch

Voter identification measure and hearing purposes 'strictly politics'PHOENIX - Federal legislation to impose national voter identification requirements is designed largely to maintain the Republican majority and not to deal with fraud, a Democratic member of the state's congressional delegation charged Thursday.

Border Is Number 1 Topic In S. Arizona (AZDS)

By Lourdes Medrano

DOJ_NMG_0050878

Arizona Daily Star, August 18, 2006

Border security, illegal immigration and immigrant rights were the talk of Southern Arizona Thursday, with a congressional hearing on intelligence in Sierra Vista and an immigrant-advocacy session in Tucson.

U.S. House Intelligence Committee members arrived at Buena High School in the late morning to explore how intelligence is used to secure the U.S.-Mexican border.

"Far too often the southern border of the United States is characterized as a porous crossing for illegal aliens looking for job opportunities in the United States," Rep. Rick Renzi, R-Ariz., of Flagstaff, said as the meeting opened at the Buena auditorium. The hearing was sparsely attended, and those present did not have a chance to address the committee members.

"The reality is, however, that human traffickers, drug smugglers, narco-terrorists, violent criminal gangs, and yes, we even have to consider the possibility that international terrorist organizations are leveraging the same routes," Renzi said.

Renzi, along with fellow Reps. Darrell Issa, R-Calif., and Rush Holt, D-N.J., peppered two panels of Arizona law enforcement and intelligence officials with questions on how they protect the border.

Holt said illegal immigrants bring both advantages and disadvantages into this country — and clearly many in Congress recognize the need for reform. But narrow immigration laws, such as making felons out of priests and others who aid illegal entrants, won't help solve the problem, he said.

"We have fallen short. We've allowed our immigration system to deteriorate," he said, adding that what is needed is a "humane and realistic process" to deal with the estimated 10 million to 12 million people living in the country illegally.

But Issa said the felony charge, included in the House's proposed legislation that focuses mostly on border enforcement, is a good idea, in part to keep mayors from declaring their cities "safe havens for illegals."

Testimony from officials with such agencies as the Drug Enforcement Administration, the Border Patrol, Immigration and Customs Enforcement and the Arizona Counterrorism Information Center showed that despite enhanced security measures since Sept. 11, 2001, gaps remain. But the officials also made clear that there have been no documented attempts of suspected terrorists trying to enter through the Arizona border.

Nonetheless, throughout the 3 1/2-hour hearing, Renzi, who said he grew up in Sierra Vista, and Issa, who noted he is Muslim-American, delved into the threat that drug cartels, or potentially Muslim extremist groups in Mexico, might pose to this country.

Law enforcement officials said they are committed to protecting the border with the resources they have, but said more funding is needed to combat the increasingly sophisticated equipment and weapons of people-smugglers and drug traffickers.

When asked if the sharing of intelligence among agencies is useful and effective, Victor Manjarrez, deputy chief patrol agent in the Border Patrol Tucson Sector, answered that strides have been made: "Can it get better? Absolutely. We're working on making it better," he said.

The session came as Congress remains deadlocked over different immigration bills. While the House is pushing for more border enforcement, the Senate wants passage of a bill that includes a guest-worker plan and the opportunity for eligible illegal immigrants to stay here legally.

Buena students Heidi Martineau, 17, and Ashley Haas, 16, said they didn't realize that the border was so out of control. "We need more technology to get a handle on it," said Martineau, who was at the hearing with other students away from their government classes.

Petra Leija Falcón, a lead organizer with Tucson's Pima County Interfaith Council, said the absence of border-area residents who live day-in and day-out with the effect of immigration policies was all too noticeable. "They were presenting just one side," she said of the committee. "This will do nothing to advance immigration reform."

Jim Ehl, a retired Sierra Vista resident, said the hearings will be effective only if the committee takes its findings seriously. "If its political posturing, then it's a waste of time."

"Political road shows"

Frustrated with congressional border hearings that they described as shows,

members of several local and national groups held their own public hearing Thursday in Tucson to address border issues.

DOJ_NMG_0050879

"It is no secret that those hearings are more of a political road show," said Rep. Raúl Grijalva, D-Ariz., referring to the Sierra Vista hearing.

Grijalva presided over the hearing at the Armory Park Community Center Ballroom and said he would share the findings with Congress.

Presenters ranging from human-rights advocates to medical experts spoke about border policy and how it was affecting the Hispanic community.

Gerald Lenoir, the coordinator for the Black Alliance for Just Immigration, said the ongoing border militarization has created a fear of immigration throughout the nation.

"To be Latino, or Arab or Muslim is to be automatically suspect," Lenoir said.

Pima County Supervisor Richard Elias, who sat on the panel, agreed. He said there is a perception that immigration is destroying the United States.

"The truth is, we are the folks who work the hardest, receive the least and actually see and believe what was and what is the American dream," he said.

Before the hearing, border activist Russ Dove was arrested after entering the meeting hall and yelling.

Dove, who publicly burned a Mexican flag in April, was asked to leave by organizers, said Sgt. Decio Hopffer, a Tucson police spokesman.

Organizers called police, and Dove was taken to the Pima County jail on one count of suspicion of interfering with a permitted event, Hopffer said. His bond was set at $53.

Border militarization

Also Thursday in Tucson, members of indigenous communities along the southern border spoke out against increased militarization. They say added border security makes it difficult for them to travel to ceremonial sites and to visit family members.

The group Alianza Indigena Sin Fronteras is calling for an agreement between the United States and Mexico, similar to Canada's Jay Treaty, that would allow them to freely cross the international line with a tribal identification card. Since many tribal members were born at home and do not have birth certificates, they do not have passports.

"The border creates divisions in families and creates racism and discrimination," said José Garcia, governor for Tohono O'odham members living in Mexico. "To add more border security would only strengthen the idea that we are two separates and not one blood."

The border between the United States and Mexico cuts through traditional O'odham land. About 1,300 tribal members live on the Mexican side.

Since 1794, indigenous Canadians have been able to freely trade and travel between the United States and Canada, which was then a territory of Great Britain. That right is recognized in the Jay Treaty, also known as the Treaty of Amity, Commerce and Navigation of 1794, and subsequent laws that stem from the Jay Treaty.

Jones Is The Latest To Fail A Drug Test (LAT)

By Alan Abrahamson, Times Staff Writer

The Los Angeles Times, August 19, 2006

The Olympic sprinter has not been accused of a violation pending the results of a 'B sample.'

Five-time Olympic medalist Marion Jones failed a drug test at the U.S. track and field national championships in Indianapolis in June, testing positive for a banned endurance booster, a source familiar with the results said Friday.

Jones, 30, among the most famous woman athletes in the world, has not been accused of a doping violation. The irregularities emerged in initial testing, on the so-called "A sample," said the source, who requested anonymity. Tests on the second part of the sample, the "B sample," are not complete. Only if the B sample also comes back positive for erythropoietin, or EPO, would authorities consider a case against Jones.

Dogged for years by doping allegations, Jones has consistently maintained her innocence. She could not be reached Friday for comment. Nor could her longtime lawyer, Richard M. Nichols, or her agent, Charlie Wells.

Jones is the third star U.S. athlete this summer to confront doping-related allegations.

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Floyd Landis, winner of the Tour de France, registered an "unusual" testosterone ratio in a sample provided July 20 after his stirring breakaway Stage 17 win in the Alps. Officials have also said Landis' sample showed evidence of synthetic testosterone. He denied wrongdoing.

Two days after Landis' initial test results were made public, it was announced that another U.S. track and field standout, sprinter Justin Gatlin, tested positive in April for testosterone. Gatlin won the 100-meter dash at the Athens 2004 Olympics and at last year's track and field world championships; in May, he tied Jamaican Asafa Powell's world record in the 100, 9.77 seconds. Gatlin also has denied misconduct.

Asked Friday about Jones, U.S. track and field officials declined to comment. So too did U.S. Olympic Committee officials.

A doping violation naming Jones, if one were to be filed, would be prosecuted by the U.S. Anti-Doping Agency. Agency officials declined to comment.

Jones' record includes a 1992 suspension handed down by USA Track & Field for failing to show up for a random drug test. At the time, she was still a student at Thousand Oaks High School. Famed lawyer Johnnie Cochran Jr. handled her case on appeal, arguing that neither she nor her coach had received notification of the test, and he won.

Jones holds 12 of the fastest 20 100-meter times in history. Her best, 10.65 seconds in South Africa in 1998, stands fourth on the all-time list; Florence Griffith-Joyner holds the top three times, including a world-record 10.49, set in Indianapolis in 1988.

At the Sydney Olympics in 2000, Jones won five medals, three gold — in the 1,600-meter relay, the 200 and the 100 in 10.75 seconds. She also won bronze in the 400-meter relay and in the long jump.

Since her star turn in Sydney, however, Jones' career had slowed considerably. She failed to qualify for the individual sprints at the 2004 Games in Athens, making the U.S. team only in the long jump, in which she finished fifth. Jones was also named to the U.S. 400-meter relay team at the Games, but the U.S. women did not finish, doomed by a botched handoff.

Jones' struggles came as she repeatedly fended off allegations connected to the federal investigation of BALCO, the Bay Area Laboratory Cooperative in Burlingame, Calif. BALCO, advertised as a nutritional supplements firm, distributed steroids and other banned substances to elite athletes, according to authorities.

In 2003, Internal Revenue Service special agent Jeff Novitzky, in a report recounting an interview with BALCO founder Victor Conte, asserted that Conte gave Jones illicit steroids nicknamed "the cream" and "the clear" in exchange for her endorsement of a zinc-based Conte nutritional supplement.

In a December 2004 appearance on ABC's "20/20," Conte said he had not only supplied Jones with banned substances but had watched her inject herself with human growth hormone. She sued for defamation, alleging $25 million in damages. The case was settled in February; terms were not disclosed.

Last year, officials at some of Europe's leading meets made it clear she was not welcome on the lucrative circuit, citing concerns tied to the BALCO investigation.

Suspicions have also swirled around Jones because of the men in her life.

Jones was formerly married to champion shotputter C.J. Hunter. He tested positive four times in the summer of 2000, before the Sydney Games, for the banned steroid nandrolone, Olympic officials said. He said he had never knowingly ingested it. Later, he and Jones split.

In 2003, Jones gave birth to a son. The father, sprinter Tim Montgomery, had set what was then a world record 9.78 seconds in the 100 in 2002. Last December, he was stripped of that record and issued a two-year suspension because of doping.

Jones used to be trained by Raleigh, N.C.-based coach Trevor Graham, who earlier this month was banned from USOC workout facilities because of his links to more than half a dozen athletes sanctioned or implicated in doping offenses, including Montgomery and Gatlin.

It was Graham who sent a syringe containing a then-unknown designer steroid to the anti-doping agency in 2003, sparking the BALCO scandal. The New York Times reported that he is currently a focus of a federal inquiry. He has consistently denied misconduct.

This summer, her body looking like sculpted marble, Jones started winning again — showing a remarkable leap from her last year's best in the 100, a comparatively pedestrian 11.28.

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In Paris on July 8, Jones ran a winning 10.92 and, at a meet three days later in Lausanne, Switzerland, won in 10.94.

In Rome on July 14, Jones ran her best 100 in four years, 10.91. In that race, she finished just behind Jamaica's Sherone Simpson, first in 10.87 seconds.

Three weeks before, on June 23 at the U.S. nationals in Indianapolis, running in the stadium where nine years before she won her first national title, Jones won the 100 in 11.10.

Afterward, she told the crowd through the public address system, "I feel good. I'm back, and doing my thing."

Jones was scheduled to run Friday at a meet in Zurich, Switzerland. Meet director Hansjorg Wirz told the Associated Press that Jones "received a phone call from the United States this morning and left for personal reasons."

Jones Quiet After Test Reports (LAT)

By Diane Pucin, Times Staff Writer

The Los Angeles Times, August 20, 2006

A day after leaving a track meet in Switzerland amid reports that she had failed a drug test, American track star Marion Jones remained silent Saturday.

Jones told organizers of the meet that she was withdrawing for personal reasons, but sources told several news outlets Friday that Jones tested positive for the synthetic blood doping product erythropoietin, or EPO, at the U.S. nationals in Indianapolis last June.

Jones, 30, from Thousand Oaks, won the 100-meter race and seemed to be rejuvenating a career that had been dogged by drug rumors ever since she won three gold medals and two bronzes at the 2000 Olympics.

United States track officials were refraining from comment until both of Jones' drug samples have been tested. The results disclosed Friday were from her "A" sample. A second test will be conducted on her "B" sample within the next few weeks.

Neither Jones' agent, Charlie Wells, nor her attorney, Rich Nichols, returned messages Saturday, though Nichols released a statement Friday saying Jones was not using drugs.

Victor Conte, founder of BALCO, the Bay Area lab under investigation for distributing steroids and other banned substances, said in a 2004 television interview that he had watched Jones inject herself with steroids. He released an e-mail Saturday about Jones.

"I have always told the truth regarding my relationship with Marion Jones," the e-mail said.

Steve Ungerleider, an Oregon researcher who wrote "Faust's Gold," a book on East Germany's sports doping machine, said that although he found it curious that Jones would test positive for a drug more closely associated with endurance athletes such as cyclists and cross-country skiers, he was also surprised Riddick would be so adamant.

"That's a pretty bizarre thing to say," Ungerleider said. "There have been a handful of cases where the 'B' sample came back negative but usually when you've got a positive 'A' sample, you've got a positive 'B.' I don't think I'd be willing to put my life or my professional credentials on the line in that way."

*

Times staff writer Alan Abrahamson contributed to this report.

Jones Is Said To Have Failed Drug Test In June (NYT)

By Lynn Zinser

The New York Times, August 19, 2006

Marion Jones failed a drug test at the United States track and field championships in June, according to three people briefed on the test results.

Only Jones's A sample has been tested, and if her B sample also tests positive for drugs, Jones would face a two-year suspension. She has been dogged by speculation about drug use for several years, but she had never tested positive for performance-enhancing drugs and had repeatedly denied using them.

The people briefed on the results said the substance found in Jones's urine sample was the blood-booster EPO, which is normally used by endurance athletes, not by sprinters like Jones. The people were granted anonymity because antidoping rules prohibit the release of results until both samples are tested.

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The news comes weeks after Justin Gatlin, who shares the world record and is the reigning Olympic champion in the 100 meters, admitted that he tested positive for testosterone in April, and the Tour de France winner Floyd Landis was found to have synthetic testosterone in his urine. The results of their A samples were confirmed by positive B samples.

Jones, 30, left a meet in Zurich after receiving a late-night telephone call from the United States, according to meet organizers. Her agent, Charles Wells, told the meet director only that Jones's departure was for personal reasons.

"We feel very bad about it," a meet spokesman, Christoph Schmid, said. "We tried to get more information, but that is all they told us."

Wells, who was registered at a Zurich hotel, did not respond to requests for comment.

He added, "She is always prepared to do whatever it takes to demonstrate that she has never taken performance-enhancing substances."

The positive test on Jones's A sample has been reported to track and field's international federation, the I.A.A.F., and USA Track & Field, according to those who were briefed on the results. The test was administered by the United States Anti-Doping Agency, which will also be in charge of the testing of the B sample.

"Even if we do have a possible case, we would not have a statement until after the B sample is tested," Pierre Weiss, the general secretary for the I.A.A.F., said in an interview from the federation's meeting in Beijing. "The athlete has that right, and there should only be two weeks between the A and the B sample."

I.A.A.F. rules, however, say that the federation is to be notified after the A sample comes up positive and that the athlete should not be allowed to compete until the case is settled.

United States antidoping officials refused comment on the test, which is its normal procedure until an athlete receives a hearing. Officials of USA Track & Field and the United States Olympic Committee also declined to comment.

Jones was implicated in the Bay Area Laboratory Co-Operative steroid investigation, but she was never charged. The San Francisco Chronicle reported that her former husband, the shot-putter C. J. Hunter, told the grand jury investigating Balco that Jones had used drugs. Jones also had a relationship with the sprinter Tim Montgomery, who has been barred as a result of grand jury testimony about drug use. Jones and Montgomery have a son.

At the height of the Balco investigation in 2004, Jones's performances fell off sharply. She was the toast of the track world in 2000 when she won five medals at the Sydney Olympics, including gold medals in the 100 and the 200 meters. But she qualified for only the long jump at the 2004 Athens Games. And in the 4x100 relay Jones and Lauryn Williams botched a handoff, and the United States team did not win a medal.

Injuries curtailed her 2005 season, as did several meet directors, including the one in Zurich; they refused to invite her to compete because of the drug suspicions.

Jones was making a successful comeback this year. After only a few races, including one at a meet on Randalls Island, Jones won the 100 at the national championships in Indianapolis. She also raced at several European meets this summer, lowering her time in the 100 to 10.91 seconds, her best in nearly five years, at a meet in July in Rome.

POWELL TIES WORLD RECORD Asafa Powell of Jamaica equaled the 100-meter world record he shares with Justin Gatlin, 9.77 seconds, at the Weltklasse Golden League meet last night in Zurich.

He set the world record June 14, 2005, in Athens. He has tied it twice this year, the first time in June in Gateshead, Britain. Gatlin gained a share of the record in May in Qatar.

"If I'm going to continue to run 9.77 for the rest of career, it's not a bother to me," Powell said.

The United States sprinters Tyson Gay a personal best of (9.84) and Leonard Scott (9.97) finished second and third. (AP)

Lessons Learned From Balco Are Applied To Fight Doping (NYT)

By Lynn Zinser And Juliet Macur

The New York Times, August 20, 2006

Marion Jones's positive test for the blood-boosting agent EPO revealed how antidoping officials are using information about the drug gleaned from the Balco steroids investigation to take aim at possible drug cheats within track and field.

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Jones, one of the world's best-known female athletes, tested positive for EPO in an initial test of her urine sample from the United States track and field championships, which were held in June in Indianapolis. If her second sample, or B sample, also tests positive for any banned substances, she will face a two-year suspension.

Jones had never tested positive for performance-enhancing drugs and has always adamantly denied ever using them. Victor Conte Jr., the founder of the Bay Area Laboratory Co-Operative, had said he provided Jones with a range of banned substances, including human growth hormone, insulin, THG and EPO.

But before the Balco case, EPO was largely considered an endurance drug, more often associated with illegal use by long-distance runners or cyclists. Dick Pound, chairman of the World Anti-Doping Agency, said yesterday that he had not heard of sprinters using EPO until the sprinter Kelli White admitted that it was part of the regimen she used before she was caught during the Balco inquiry and agreed to help investigators.

"If you get a 1 percent boost from it, well, that's open water in the 100 meters," Pound said. "You can see why it's one more thing they'd try."

White, who received a two-year suspension, explained at a WADA board meeting in 2004 that sprinters never worried about being caught using EPO because no one who ran distances shorter than 400 meters was ever tested for it, Pound said in a telephone interview.

Pound said that the EPO test had improved since it was first introduced in 2000, when a blood and a urine test were needed to detect it, and that laboratories had gotten better at reading the test. According to some experts, other tests have also been adjusted, including the carbon-isotope ratio test that detected testosterone in the urine samples of the sprinter Justin Gatlin and the Tour de France winner Floyd Landis. That test, like the EPO test, is more complicated and expensive than most, so it is usually used only where it can be most effective.

Jones's case also signals a change in how positive tests become public in an era of increased scrutiny of drug use. Track and field's international federation, the I.A.A.F., expects to be informed of a failed drug test after the A sample has been shown to test positive. The United States' antidoping procedures, however, do not call for notifying the federation until after the B sample has been tested and the case has been confirmed by a review board.

But when Gatlin, who shares the world record and is the reigning Olympic champion in the 100 meters, tested positive for testosterone in April, the international federation was not informed until after the B sample had also come up positive, in late July.

Many in the international sports community were upset by that delay and some complained publicly. People briefed on the international reporting of both tests said that they believed that was why USA Track & Field reported Jones's positive test so quickly. Those people were granted anonymity because of antidoping rules prohibiting the release of results until both samples have been tested. Jones's B sample is expected to be tested in the next two weeks.

Sports officials in Europe have been particularly aggressive about the drug issue. Several meet directors refused to invite Jones to meets in 2005 because of implications of drug use that came out of the Balco investigation. After Gatlin tested positive in July, several said they would not invite any athletes who trained under Trevor Graham, who coaches Gatlin and who previously coached Jones. Six other runners he coached have served or are serving doping suspensions.

Gatlin competed in the United State championships even after his A sample from the Kansas Relays had come up positive. He won the men's 100 and Jones won the women's 100. Jones found out about her A sample Friday while preparing to compete in a meet in Zurich. Her agent, Charles Wells, told the meet director that she was leaving for personal reasons, and Jones immediately flew home to North Carolina.

Dr. Gary I. Wadler, an antidoping expert and an associate professor of medicine at New York University, said that drug testers might have caught up for now, but that the recent positive tests were more likely a sign of athletes becoming bolder, thinking they would never be caught.

"It's a very disheartening coincidence because you'd think they would see other athletes getting caught and they'd learn from each other," Wadler said, careful to point out that Jones's test should not be labeled a failed test before the results of her B sample came back.

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"But what binds these cases together is the mind-set that would enable somebody to dope, knowing that they are going to get caught, and knowing they are going to get caught for known doping agents," he said. "They're not using product X that nobody ever heard of. We're talking EPO and testosterone, bread-and-butter doping agents."

Jones's test was also taken at a major meet, where athletes surely know they will be tested and where in-competition tests often screen for a longer list of substances than out-of-competition tests.

But logic rarely plays a part in what athletes do, said Christiane Ayotte, the director of the antidoping laboratory in Montreal.

"Often, people are eager to jump in and say there is no way an athlete was using this drug or that drug because it doesn't make sense, but those people don't understand the basic rules of some athletes," she said. "In the subculture of doping, anything goes."

Coach Backs Marion Jones, Questions Positive Drug Test (USAT)

By Dick Patrick, Usa Today

USA Today, August 21, 2006

Marion Jones' coach and an independent expert share an opinion regarding the news the sprint star has a positive "A" sample for the endurance-boosting drug EPO.

"On the surface, this is not rational doping," said Jim Stray-Gundersen, an adjunct professor at the University of Utah and an expert on altitude training who has consulted internationally with athletes and sports federations. "But neither was the idea of Ben Johnson taking anabolic steroids right before the (1988 Olympic) 100-meter final."

Steve Riddick, Jones' coach the last two seasons, also expressed shock that Jones faces a possible two-year ban if her "B," or confirmation, sample tests positive. A track official familiar with the test results confirmed Jones' tested positive in the USA Track and Field Championships in June in Indianapolis.

The second test, at which Jones is allowed to have representatives, could take weeks, based on past cases.

"Everything about this makes no sense," Riddick told USA TODAY during the weekend.

Neither Jones' lawyer, Rich Nichols, nor her agent, Charles Wells, returned phone messages. Jones, who has vehemently denied drug allegations that have engulfed her for three years, has made no public statement about the EPO situation.

The U.S. Anti-Doping Agency, which handled the test, adheres to a policy of not announcing cases until the "B" sample has been analyzed and the athlete has a chance to appear before a review board.

The test for EPO has a controversial history. In 2003 Bernard Lagat, then a Kenyan and now a U.S. citizen, was withdrawn from the world championships by the Kenyan federation, which announced he had an "A" sample positive for EPO. The "B" sample was negative, and Lagat was exonerated.

EPO, a drug that increases red blood cells and thus endurance, once was thought to be the province of distance runners, cross-country skiers, cyclists and triathletes.

"Let's assume the 'B' sample is positive and (EPO) is the only thing they found. It doesn't make a lot of sense," Stray-Gundersen said. "If the only thing she was taking is EPO, that would be highly unlikely. It would enhance oxygen uptake for her ability to run a 5K, but she's not doing anything close to that." That also is Riddick's point: "Marion don't need no EPO."

But the BALCO steroid scandal, which broke in 2003 and included allegations of performance drug use by Jones, revealed sprinters used EPO in addition to steroids, testosterone and human growth hormone. Kelli White, stripped of U.S. and world 100 and 200 titles after admitting performance drug use, said EPO helped intensify her workouts. But, Stray-Gundersen said, "How does she attribute that to EPO when that wasn't the only thing she was using?"

Three years ago, Victor Conte, who founded the Bay Area Laboratory Co-Operative that provided performance drugs to athletes in a variety of sports, told ABC that Jones used a host of banned drugs, including EPO, before, during and after the 2000 Olympics, at which she won five medals.

Jones denied the accusations and sued Conte for $25 million in a case that was settled out of court but hasn't silenced Conte. Since the settlement, Conte hasn't retracted the claims and has repeated the charges.

"I have always told the truth regarding my relationship with Marion Jones," Conte said in a statement.

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A positive for EPO in an in-competition test, such as the USA championships, is rare. The drug has a quick clearance time, exiting an athlete's system in 48 to 72 hours, according to Stray-Gundersen. So the window for a positive test is small. An athlete knowledgeable about the drug presumably would get off it in sufficient time not to turn up positive at the meet.

"That hasn't stopped athletes from doing dumb things in the past," Stray-Gundersen said.

Said Riddick: "Marion knows she's going to be tested (at the U.S. meet). Why would she use EPO a few days before running? This just ain't making no sense."

M. Jones Failed Drug Test In June (WP)

By Amy Shipley, Washington Post Staff Writer

The Washington Post, August 19, 2006

Sprinter Tested Positive for EPO; Confirmation Would Result in 2-Year Ban

U.S. sprinter Marion Jones, a five-time Olympic medalist, failed a drug test at the U.S. national championships in Indianapolis in June, according to sources with knowledge of the test results.

The substance for which Jones tested positive is erythropoietin (EPO), an endurance-boosting drug, the sources said.

The results of the test have not been made public because the testing on Jones's urine sample has not been completed, sources said. Only after the second half of her sample -- the backup sample -- is tested, would Jones be charged with a doping violation. If EPO is found in the B sample as well, she would face a two-year ban from track and field.

Jones, 30, has been dogged with doping allegations since the Bay Area Laboratory Co-Operative (Balco) drug scandal broke in 2003, but she has vehemently maintained her innocence and boasted that she had never failed a drug test.

Should Jones be charged with a doping violation, she would become the third prominent American athlete to face such charges in the last month. Cyclist Floyd Landis tested positive for exogenous testosterone after winning the Tour de France. Sprinter Justin Gatlin, a three-time Olympic medalist who shares the world record in the 100 meters, tested positive for a steroid at a track meet in April.

Both have said they don't know what caused the positive tests.

Jones's agent, Charlie Wells, did not immediately return a call seeking comment. Attorney Joseph Burton, who represented Jones when the U.S. Anti-Doping Agency investigated her in connection to the BALCO case, also did not return a call.

Jones pulled out of a major meet in Zurich on Friday hours before its start, the Associated Press reported. Jones "received a phone call from the United States this morning and left for personal reasons," Hansjorg Wirz, the meet organizer and head of the European Athletics Association told the AP. Wirz said Jones already was on a plane home when she called.

When an athlete's A sample is found to contain a banned substance, the athlete is notified and given the opportunity to be present at the testing of the B sample, which nearly always confirms the A. It is not known when Jones's B sample will be tested. It can take several weeks for the process to run its course.

USADA chief executive Terry Madden declined comment. Spokesmen for USA Track and Field and the U.S. Olympic Committee also declined comment.

Because the test came out of a U.S. meet, the results would be handled by the USADA.

EPO, considered a popular drug among distance runners and cyclists, was not known to be helpful to sprinters until the Balco scandal unfolded. U.S. sprinter Kelli White, who lost two world sprint titles because of drug charges, admitted using it along with steroids. The USADA won cases charging other sprinters with using it.

Since winning five medals at the 2000 Summer Games in Sydney, Jones's career has stalled, but this summer she quietly returned to high-level competition.

She won the 100-meter title at the U.S. championships and five prestigious international 100 races. She finished second in two others, and stands as the second-ranked 100 sprinter in the world. Though she has not approached her personal best in the 100 -- a 10.65 in 1998 -- she has three times been clocked under 11 seconds.

The positive test, if supported by the B sample, could end Jones's career. It would be the latest in a string of blows to a woman once considered Nike's biggest client and arguably the most marketable female athlete in the world. She established herself as one of the best athletes in Olympic history when she claimed three gold medals and two bronze medals in Sydney.

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But at those Games, it was revealed that Jones's then-husband, shot putter C.J. Hunter, tested positive several times for the steroid nandrolone. Jones missed the 2003 season when she gave birth to a son, Monty, whose father Tim Montgomery later received a drug ban for his connection to the BALCO scandal.

Jones, who announced that the USADA was investigating her in connection with the Balco scandal in 2004, made a number of attempts to prove her innocence, including submitting to a polygraph test in which she denied using any drugs.

Jones then endured a disappointing Olympics in Athens in 2004, finishing fifth in the long jump and botching a handoff that led to the women's 4x100 relay team's failure to finish the race. Last year proved equally frustrating: After a spring in which she performed poorly, she was barred from competing at a number of meets in Europe because of the suspicion surrounding her.

Column: Competitive Urge Has Dark Side (AP)

By Jim Litke, The Associated Press

AP, August 19, 2006

-- Marion Jones could have walked away with five Olympic medals and the starring role in a few of her sport's most stirring dramas, and all her critics would have owned were doubts. So maybe even more surprising than her positive drug test is that Jones was reckless enough to tempt fate one more time.

But that's the way it is with winning. If you think drugs are addictive, imagine how it must have felt to win as often and as spectacularly as she did.

The summer of 2006 won't be remembered for the incendiary way the Tigers played _ that would be both Woods, the golfer, and Detroit, the baseball team _ or for the way Italy's World Cup team kept its head when almost everyone else around them was losing theirs.

It will be remembered, instead, as the summer of drug busts.

First Floyd Landis, the Tour de France champion, then Justin Gatlin, co-owner of the world's fastest man title. And now, pending the results of a "B" sample test, Jones.

In her case, it comes at the end of a long-running battle with drug testers, whose suspicions were aroused by her connections to the BALCO lab and founder Victor Conte, and strengthened by a series of investigations since. And depending on how grand jury proceedings stemming from the same probe play out over the next few weeks, Barry Bonds might get invited to make it a foursome.

What those athletes have piled up _ in addition to hefty legal fees _ are accomplishments. And all four are Americans. Those two things combined proves that nobody _ not even the biggest drawing cards in their respective fields _ is above the law.

If the most-talented and hardest-working competitors, already armed with the best of everything, decide to go on the juice at some point, you don't want to know what's going on below. And anybody who thinks this is just cycling's problem, or track and field's, ask yourself why Bonds isn't the only guy in baseball who has grown a few hat sizes, or how NFL players continue to fill up parking spaces usually reserved for doublewide trailers.

In every athletic endeavor, a kid whose gift is identified early is handed a blank sheet of paper. The goal they put on top is to be the best. For the toughest, most dedicated or talented few, that never changes. For the rest, reality sets in at some point, and being better than most becomes good enough. But for all of them, eventually, it becomes a matter of holding their place.

What drug testing has confirmed _ whether it's the rigorous Olympic-caliber programs that nabbed Landis, Gatlin and perhaps Jones, or the barely credible MLB variety that put the Mets' light-hitting Yusaku Iriki on ice for a while _ is that a lot of athletes have turned to drugs to hold those places.

Exactly how many poses an even more intriguing question. Landis and Gatlin tested positive for testosterone, Jones for the blood-booster EPO, and nearly all the baseball players, so far, have been caught using some kind of steroid. But few sports test blood samples and even fewer tests can detect human growth hormone, which offers broader benefits across the strength, speed and endurance spectrums than many of its performance-enhancing predecessors.

And just over the horizon are more designer steroids like the one that sparked the BALCO investigation, and innovations like IGF-1, or insulin-like growth factor-1, a protein that was engineered to promote muscle growth and repair in older folks but offers

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a wealth or sports applications, too. All those possibilities not only raise questions about the present and future credibility of our games, they serve to undermine our confidence in the past.

Landis' positive test ruined what had been one of the most heroic feats in the long and already stained history of the Tour de France. Gatlin's positive turned an Olympic medal into fool's gold and his record 100-meter dash earlier this season into an illusion. The memory of Jones' magical nights in Sydney may turn out to be good for little more than a laugh on "YouTube."

Jones falling in with that crowd can't be called a surprise. Not after her former husband, shot-putter C.J. Hunter, was busted, and her former boyfriend, Tim Montgomery, was run out of track, and her sometimes coach, Trevor Graham, was locked out.

No, the surprising thing is that she may not have known when to stop. Jones gone four years without winning anything, and all the while the heat was on her trail. Yet she turned up at the U.S. Championships in Indianapolis a few months back and won the 100, running as if time and trouble hadn't laid a hand on her.

But now that victory, like all the others, stands to be wiped away. And all because Jones didn't know when to say when.

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Jim Litke is a national sports columnist for The Associated Press. Write to him at jlitke@ap.org

Raid Nets Suspected Gang Members (TAMPTRIB)

By Mari Robyn Jones

Tampa Tribune, August 21, 2006

TAMPA - About 50 people suspected of being affiliated with the Latin Kings gang were arrested Sunday after a joint investigation between local and federal agencies.

The Latin Kings had planned a statewide meeting at The Caribbean American Club, 6211 S. Martindale Ave., to discuss the organization's leadership, Hillsborough sheriff's spokeswoman Debbie Carter said.

About 3 p.m., authorities served a search warrant and arrested dozens of people, Carter said. The sheriff's office declined to release the charges until a news conference, she said. However, by late Sunday, 35 people had been charged with racketeering, according to the county's online jail log. They told authorities they reside in Tampa, Wesley Chapel, Zephryhills, St. Petersburg, New Port Richey, Clearwater and Miami.

Firearms were recovered during the operation, said John F. Ryan, spokesman for the Bureau of Alcohol, Tobacco and Firearms. ATF agents were on scene to help identify firearms, he said. Ryan did not know how many were recovered.

Ryan described the Latin Kings as an "extremely violent," drug-trafficking organization.

Along with the sheriff's office and ATF, the Tampa Police Department and the FBI have been investigating the group for a few months, Carter said.

Residents said they had never heard of any gang problems on their street.

Jerry Miles Little sat on his porch about 6 p.m., watching the bustle of activity across the street at The Caribbean American Club.

Earlier, he had watched as authorities pulled up to the club, which sits among trees in the middle of a residential neighborhood off Interbay Boulevard.

"It's usually quiet out here," Little said.

IMMIGRATION:

Is The Catholic Church Pro-immigrant? You Bet. (USAT)

USA Today, August 21, 2006

The Catholic Church — an unrelenting opponent of abortion and homosexuality and troubled by its own priest-abuse scandals — has been called many things, but fashionable isn't often among them. Yet fashion is why some critics now speculate the church has involved itself in today's third rail of politics: immigration reform. The chorus has been steady and building. A sampling:

TIMELINE:Immigration, Catholicism and America

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• Rep. Pete King, R-N.Y., a Roman Catholic and chairman of the House of Representatives' Homeland Security Committee, told Fox's Bill O'Reilly earlier this year, "This has become the politically correct tune. ... Too many people in the Catholic Church have signed onto this. It's fashionable."

• Rep. Tom Tancredo, R-Colo., a leading opponent of illegal immigration, has blamed the church's stance on "left-leaning religious activists."

• CNN's Lou Dobbs has accused the church of avidly looking south of the border just "to add a few folks to those pews."

Where does the church stand on the current debate? While the Vatican has articulated a broad vision of immigration through the years, it has largely deferred to the bishops' conferences in each country on specific public policy efforts. In the USA, the church favors the Senate's more moderate legislation over the House's heavy-handed enforcement-only approach. Both bills are stalled, but immigration is expected to be a prominent issue once Congress returns from its summer recess.

History tells the story

A snapshot of today's immigrants quickly reveals their significance to the church: 42% of all legal immigrants to the USA are Catholic. And by 2020, the church projects that more than half of its members will have Spanish surnames.

While Tancredo Republicans and Dobbs protectionists speculate that the church wants immigration reform simply because it is fashionable politics or is a way to put more people in the pews, there is a much larger and longer standing Catholic case for migration. The U.S. Catholic Church was founded by and for immigrants, and it sees today's nativist grumblings as the same that confronted the American church in its earliest years.

"We are relearning what it means to be an immigrant church," says Mark Franken, head of migration and refugee services for the U.S. Conference of Catholic Bishops (USCCB). "There are just a lot of people unaware of both the theological dimension for migration, and also our history in this country."

Brought to America by Spanish and French explorers, Catholicism accounted for 1% of the population in the 13 colonies in 1776, according to the Archdiocese of St. Louis. By the end of the 19th century, the Catholic population had swelled, and anti-immigrant sentiment had emerged as Irish and other newcomers had dramatically changed the church's face. In 1920, three of four U.S. Catholics were immigrants, and it is for these immigrants that the church created its vast network of schools, charities and hospitals.

Today, the Catholic Church is America's largest with 69 million members, roughly four times the size of the second-largest, the Southern Baptist Convention. It credits the vast majority of its growth in the USA over the past four decades to this nation's ever-increasing Hispanic population.

For the church, the migrant's plight is a universal one tracing back to the Holy Family. Pope Pius XII, in 1952, declared the Holy Family of Jesus, Mary and Joseph to be the archetype of every refugee family. He based this on their flight into Egypt, calling them "the models and protectors of every migrant, alien and refugee of whatever kind who, whether compelled by fear of persecution or by want, is forced to leave his native land, his beloved parents and relatives, his close friends, and to seek a foreign soil."

The church has emphasized the duty of Christians to "welcome the stranger," citing the commandment in the book of Leviticus that "you shall treat the stranger no differently than the natives born among you." The church also points to Jesus' description of the final judgment, when those who welcomed him in the form of a stranger inherit the kingdom of heaven.

"The biblical tradition puts the migrant and exile at the very center of concern. Therefore, we, as believers and followers of Jesus, can do no less," the USCCB's Franken told a Lutheran gathering in 2004.

Even the church's language is rooted in migration. The word "parishioner," for instance, is related to the Greek word paroikos, which means "wayfarer" or "sojourner." A parish, then, is a community of migrants, and migration itself is a metaphor for humanity, as all people pass through life on the way to their final destination back to God.

Consistent advocacy

The bishops' call for "just and humane" immigration reform is no different from what the church's leaders have advocated: from Pope John XXIII — who said, "Every human being has the right to freedom of movement" — to Pope John Paul II, who in an annual message for World Migration Day in 1995 said, "The illegal migrant comes before us like that 'stranger' in whom Jesus asks to be recognized," and Catholics must help these strangers "whatever their legal status with regard to state law."

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If the Catholic Church has wound up on the politically correct side of today's debate, it certainly took a more principled and traditional route than its skeptics avow.

Paulette Chu Miniter lives in New York and is a fellow at the Phillips Foundation, a non-profit public affairs organization.

One In Five (WP)

The Washington Post, August 21, 2006

FOR THE immigrant-rich Washington area, few conclusions easily flow from the Census Bureau's latest numbers. The mid-decade count of American households reports that as of 2005 more than a million immigrants live in the District and the Washington suburbs -- that's about one in five area residents, up from one in six in 2000. Such a rapid growth in the area's immigrant population is bound to cause strains, real and imagined. Local communities are concerned that fast-growing immigrant populations will tax social services, including health care and local educational systems. School officials in Prince William County say, for example, that since 2001 the number of students taking courses designed for non-English speakers has soared 274 percent.

But the census numbers also show that many of the area's immigrants are well educated and have contributed to the region's recent vitality. Four in 10 have a bachelor's degree or higher. A majority speak English proficiently. And the survey counted both legal and illegal immigrants, so there's no hidden underclass going undocumented. Thousands have moved into areas such as Loudoun County, where skilled Indian immigrants help to fuel the budding Dulles technology corridor.

In short, the many ethnic, religious and national communities that Washington attracts are so varied that not much can be said about them as a group. Arguing over whether the region's immigrant magnet is merely good or bad misses the lesson the census numbers provide. Immigration to the region is too complicated an issue for the kind of broad generalizations often tossed around and abused in this year's congressional debate on immigration.

There's a pernicious image of America's immigrants circulating: unskilled laborers scaling fences along unguarded borders; undocumented workers taking jobs that pay both under the table and under the minimum wage; packed inner-city enclaves filled with newcomers who don't speak English and demand an inordinate amount of government services. That is a grossly distorted image and an incomplete presentation of the facts, at least in the Washington area. It also overshadows a much more complex -- and positive -- reality.

TAX:

Tax Farmers, Mercenaries And Viceroys (NYT)

By Paul Krugman

The New York Times, August 21, 2006

Yesterday The New York Times reported that the Internal Revenue Service would outsource collection of unpaid back taxes to private debt collectors, who would receive a share of the proceeds.

It's an awful idea. Privatizing tax collection will cost far more than hiring additional I.R.S. agents, raise less revenue and pose obvious risks of abuse. But what's really amazing is the extent to which this plan is a retreat from modern principles of government. I used to say that conservatives want to take us back to the 1920's, but the Bush administration seemingly wants to go back to the 16th century.

And privatized tax collection is only part of the great march backward.

In the bad old days, government was a haphazard affair. There was no bureaucracy to collect taxes, so the king subcontracted the job to private "tax farmers," who often engaged in extortion. There was no regular army, so the king hired mercenaries, who tended to wander off and pillage the nearest village. There was no regular system of administration, so the king assigned the task to favored courtiers, who tended to be corrupt, incompetent or both.

Modern governments solved these problems by creating a professional revenue department to collect taxes, a professional officer corps to enforce military discipline, and a professional civil service. But President Bush apparently doesn't like these innovations, preferring to govern as if he were King Louis XII.

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So the tax farmers are coming back, and the mercenaries already have. There are about 20,000 armed "security contractors" in Iraq, and they have been assigned critical tasks, from guarding top officials to training the Iraqi Army.

Like the mercenaries of old, today's corporate mercenaries have discipline problems. "They shoot people, and someone else has to deal with the aftermath," declared a U.S. officer last year.

And armed men operating outside the military chain of command have caused at least one catastrophe. Remember the four Americans hung from a bridge? They were security contractors from Blackwater USA who blundered into Falluja — bypassing a Marine checkpoint — while the Marines were trying to pursue a methodical strategy of pacifying the city. The killing of the four, and the knee-jerk reaction of the White House — which ordered an all-out assault, then called it off as casualties mounted — may have ended the last chance of containing the insurgency.

Yet Blackwater, whose chief executive is a major contributor to the Republican Party, continues to thrive. The Department of Homeland Security sent heavily armed Blackwater employees into New Orleans immediately after Katrina.

To whom are such contractors accountable? Last week a judge threw out a jury's $10 million verdict against Custer Battles, a private contractor that was hired, among other things, to provide security at Baghdad's airport. Custer Battles has become a symbol of the mix of cronyism, corruption and sheer amateurishness that doomed the Iraq adventure — and the judge didn't challenge the jury's finding that the company engaged in blatant fraud.

But he ruled that the civil fraud suit against the company lacked a legal basis, because as far as he could tell, the Coalition Provisional Authority, which ran Iraq's government from April 2003 to June 2004, wasn't "an instrumentality of the U.S. government." It wasn't created by an act of Congress; it wasn't a branch of the State Department or any other established agency.

So what was it? Any premodern monarch would have recognized the arrangement: in effect, the authority was a personal fief run by a viceroy answering only to the ruler. And since the fief operated outside all the usual rules of government, the viceroy was free to hire a staff of political loyalists lacking any relevant qualifications for their jobs, and to hand out duffel bags filled with $100 bills to contractors with the right connections.

Tax farmers, mercenaries and viceroys: why does the Bush administration want to run a modern superpower as if it were a 16th-century monarchy? Maybe people who've spent their political careers denouncing government as the root of all evil can't grasp the idea of governing well. Or maybe it's cynical politics: privatization provides both an opportunity to evade accountability and a vast source of patronage.

But the price is enormous. This administration has thrown away centuries of lessons about how to make government work. No wonder it has failed at everything except fearmongering.

CONGRESS-ADMINISTRATION:

A Humbled Presidency (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, September 4, 2006

Maybe it was the influence of his wife, Laura, a former librarian, or his mother, Barbara, a longtime promoter of literacy. Or perhaps he was just eager to dispel his image as an intellectual lightweight. But President Bush now wants it known that he is a man of letters. In fact, Bush has entered a book-reading competition with Karl Rove, his political adviser. White House aides say the president has read 60 books so far this year (while the brainy Rove, to Bush's competitive delight, has racked up only 50). The commander in chief delved into three volumes in August alone-two on Abraham Lincoln and, more surprising for a man of unambiguous convictions, The Stranger, Albert Camus's existential tale of murder and alienation (story, Page 38).

Bush's critics aren't buying. A man who so regularly mangles the English language and seems to disdain complexity couldn't possibly be so cerebral, they argue. But portraying Bush as a voracious reader is part of an ongoing White House campaign to restore what a senior adviser calls "gravitas" to the Bush persona. He certainly needs something. Only about 34 percent of Americans approve of his job performance-and 58 percent say Bush "seems in over his head," according to Democratic pollster Stan Greenberg. If nothing changes, the president could be a major liability for Republicans in November's congressional elections.

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Changing these perceptions won't be easy. "A president's image is pretty much set after a few years in office, and it will be very difficult [for Bush] to quickly reverse that image with the public," says political historian Julian Zelizer of Boston University. "It's a cynical age and a cynical country, and it's a savvy public." But the White House is giving it a try. Last week provided a glimpse of Bush's new "gravitas campaign"-and illustrated why his presidency has been humbled-if not in spirit, then in Bush's grudging acknowledgment of his current limitations. The latest blow came when a federal judge in Detroit declared Bush's warrantless eavesdropping program unconstitutional (box, Page 38). More broadly, Bush has been forced to come to terms with reluctant allies abroad, continuing bad news from Iraq and Afghanistan, a protracted crisis in Lebanon, looming showdowns with Iran and North Korea, and, at home, a balky Congress and a disapproving electorate.

Stepping up. So Bush is changing the way he does business. He returned to Washington from an August vacation at his Texas ranch after only 10 days, in contrast to the five weeks he spent in Crawford a year ago. His public pace seemed especially frenetic-featuring high-profile meetings to discuss the Iraq war on Monday, sessions to discuss homeland security Tuesday, a visit to a motorcycle plant in Pennsylvania Wednesday, signing a new pension security bill Thursday, and meeting with senior economic advisers at Camp David Friday. Pointedly, Bush didn't hold his meetings in the West Wing but traveled around the Washington area-to the Pentagon, the State Department, a new National Counterterrorism Center in suburban Virginia, and Camp David-all to project a sense of vigor and activism.

A Decade After Welfare Overhaul, A Shift In Policy And Perception (NYT)

By Robert Pear And Erik Eckholm

The New York Times, August 21, 2006

WASHINGTON, Aug. 20 — Ten years after a Republican Congress collaborated with a Democratic president to overhaul the nation's welfare system, the implications are still rippling through policy and politics.

The law, which reversed six decades of social welfare policy and ended the idea of free cash handouts for the poor, was widely seen as a victory for conservative ideas. When it was passed, some opponents offered dire predictions that the law would make things worse for the poor. But the number of people on welfare has plunged to 4.4 million, down 60 percent. Employment of single mothers is up. Child support collections have nearly doubled.

"We have been vindicated by the results," said Representative E. Clay Shaw Jr., Republican of Florida and an architect of the 1996 law who was vilified at the time. "Welfare reform was one of the most successful policy changes in our nation's history."

But critics say it has cut adrift some single mothers who seem unable to hold steady jobs and are not receiving cash assistance — women who have neither work nor welfare.

To help poor single mothers help themselves, officials used a combination of conservative and liberal policy tools. These included work requirements and time limits on public assistance, tax credits for low-income working parents, child-care subsidies and health insurance for people leaving welfare.

"We hardly ever make radical change in this country, but welfare reform was a radical change," said Prof. Richard P. Nathan, director of the Nelson A. Rockefeller Institute of Government at the State University of New York. "It sent a very strong signal to welfare recipients: We can help you, if you help yourself."

In an interview, former President Bill Clinton said he was "more convinced than ever" that he had been right to sign the bill, after vetoing two earlier versions that he had seen as too harsh.

"The bill has done far more good than harm," Mr. Clinton said. "Most of the people who got jobs are still working."

When the 1996 law was passed, Democrats like Senator Daniel Patrick Moynihan, liberal advocacy groups like the Children's Defense Fund and liberal academics predicted that it would increase child poverty, hunger and homelessness. The predictions were not fulfilled.

But Republican hopes have not been completely realized either. While single mothers are more likely to work, many remain in poverty.

The 1996 law did not become a template for changes in other programs, nor did it portend a major ideological shift to the right. President Bush's efforts to curb the growth of larger entitlement programs and to create an "ownership society" have faltered. Congress authorized health savings accounts but rebuffed proposals for a nationwide program of school vouchers. Mr.

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Bush's campaign to overhaul Social Security, with the creation of personal retirement accounts, ended in a political fiasco for him and his party.

The law has largely neutralized welfare as a political issue. Welfare mothers are seen in a more favorable light now that most are required to work. Welfare has become "more supportable and acceptable, more defensible," said Professor Nathan, a moderate Republican who served as a welfare official in the Nixon administration.

Democrats and Republicans fight over important details, like the amount of money available for child care or the number of hours that must be worked by welfare recipients. But hardly anyone advocates a return to the old system.

If the new system has been a success, much of the credit goes to state and local officials who changed the mission of welfare agencies to emphasize work over welfare.

Governors, who lobbied for the 1996 law, have won new respect in Washington, and Congress is more willing to entrust them with power and discretion, as it did in Medicaid legislation passed this year.

The old focus on the "social pathology" of welfare has given way to a broader debate over a more complicated challenge: how to enable not only single mothers, but all low-wage workers to earn more.

"The problems of the working poor who came off welfare are mainly the problems that all low-wage earners in America have," Mr. Clinton said. "They are not unique to people who came off welfare."

Prof. Jeffrey T. Grogger, an economist at the University of Chicago, said, "The 1996 law was more successful in promoting work and reducing the rolls than anyone imagined." But, Professor Grogger said, the earnings of former welfare recipients often remain low.

"We took people who used to be the welfare poor," he said, "and now they are the working poor."

While many people left welfare for jobs that paid progressively better wages, others have been on and off assistance.

Chevaughn L. Stephens of Seattle, a 29-year-old mother of three, said: "The emphasis on work first did not help me at all. It kept me back. It kept me from getting the education and skills I needed."

In the last decade, Ms. Stephens said, she has had jobs as a waitress, a taxi dispatcher and a telephone sales representative. She is taking courses to get a high school equivalency certificate, needed for better-paying jobs.

Ronald T. Haskins, a welfare policy expert who worked on the legislation as an aide to House Republicans, said, "Surveys show that about 60 percent of the mothers who leave welfare are working at any given moment, and around 70 percent have held at least one job since leaving welfare."

But Mr. Haskins, now a senior fellow at the Brookings Institution, said, "Some mothers at the bottom of the income distribution — perhaps 10 percent of single mothers who had been on welfare — are floundering and appear to be worse off now than before welfare reform." He said that federal data suggested "a disconcerting increase in the number of poor mothers with no obvious sources of income."

The 1996 law changed the psychology of welfare recipients and caseworkers. Mindful of time limits under the law, single mothers came to see welfare as temporary, short-term assistance.

One of the most significant features of the 1996 law was the five-year limit on assistance for any family. Democrats feared it would cause immense hardship. To the surprise of welfare officials and policy analysts, most welfare recipients came nowhere near the limit.

But the looming time limit may nevertheless have influenced the choices and behavior of welfare recipients. Professor Grogger said many people, aware of the deadline, left welfare after only a couple of years so they could "save the benefits for a rainy day."

Overhaul of the welfare system coincided with a booming economy, which created more jobs for single mothers surging into the work force. Many of the most positive trends slowed after 2001, suggesting that economic conditions might be just as important as program changes.

"Welfare" used to mean a monthly check that could be immediately converted to cash. But more than half of the money now goes into child care, education, training and other services — a huge shift since 1996.

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Olivia A. Golden, a senior fellow at the Urban Institute who was a welfare official in the Clinton administration, said: “The next steps that will make a difference for low-income families are not primarily about welfare, which now serves a very small number of families. They are about supporting working families who left welfare or never went on it.”

New battle lines are forming. Conservatives are pushing for stiffer work requirements and for more attention to marriage as an antidote to poverty. Many moderates and liberals want to broaden support for poor workers by providing more money for child care, more access to unemployment insurance and higher minimum wages. And many experts say the states have yet to come to grips with the group of single mothers whose lives are so troubled that they are unlikely to hold steady jobs.

10 Years After, Welfare Reformers Look To Build On Gains (WT)

By Cheryl Wetzstein

The Washington Times, August 21, 2006

Ten years ago tomorrow, President Clinton signed the landmark welfare-reform law in a Rose Garden ceremony as beaming Republican and Democratic co-authors looked on. Outside the White House, hundreds of liberal anti-poverty advocates protested what they called Mr. Clinton's betrayal of poor children, and several Clinton administration leaders quit in protest.

As the next stage of welfare reform begins Oct. 1, with the start of the new fiscal year, there are fewer public protests and less talk about poor children forced to sleep on city grates. But there is still high anxiety in some quarters over new welfare rules, which were signed into law in February by President Bush.

Reform supporters say the new rules "reboot" the system and will lead to even greater achievements in promoting work and stable family relationships, including marriage.

New "common sense" work definitions will steer more adults toward preparing for work, searching for work or landing jobs -- "the only activities that can lead you not just out of welfare dependency, but out of poverty as well," said Wade F. Horn, assistant secretary for children and families in the Department of Health and Human Services (HHS).

New $150 million-a-year funding streams for family strengthening are both a welfare-prevention and welfare-intervention strategy, added Mr. Horn. "When children are born in the context of a stable and healthy marriage, they are significantly less likely to be poor and significantly less likely to be in need of welfare."

But others think the new reforms still miss the mark. The new work rules disallow seeking a four-year college degree as a "core" work activity, said Barbara Gault, vice president and director of research at the Institute for Women's Policy Research (IWPR).

This is "very, very disappointing" as "higher education is the strongest route" out of poverty and low-wage jobs, she said, noting that a recent IWPR study found that low-income women who finished college raised their median incomes from $7.50 an hour to $13.14 an hour and often found careers in business, health care and social work.

A "welfare victory lap" is undeserved, Rep. Jim McDermott, Washington Democrat, told a recent hearing before the House Ways and Means Committee. Republicans shouldn't be celebrating welfare reform while there is stagnation in the value of the Earned Income Tax Credit, the minimum wage and spending on work supports for single mothers, he said.

Looking back, America's disenchantment with the 1960s "War on Poverty" programs reached its zenith in the 1990s. Despite the programs' good intentions, grinding poverty, unemployment and low wages -- especially among minority males -- as well as crime, substance abuse and unwed childbearing grew unabated.

The average stay on welfare was eight years, with many mothers relying on welfare checks for 13 years, studies found. Tales of fraud, abuse and indolent, baby-making "welfare queens" abounded, as did complaints about the skyrocketing costs of welfare.

Welfare reform was a perennial legislative issue during the 1980s and 1990s, but no matter what Congress did, caseloads grew, peaking at 14.2 million people in 1994. A watershed moment came when Mr. Clinton offered his 1992 campaign promise to "end welfare as we know it." Momentum was also building in the states, where dozens of governors, led by Wisconsin's Gov. Tommy Thompson, were using federal waivers to revamp their welfare programs.

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Mr. Clinton's initial welfare reform -- which would have cost an extra $9 billion -- fell to the wayside. House Republicans seized the moment and included welfare reform in their Contract With America, the banner under which the party swept into power in 1994.

The resulting 1996 Personal Responsibility and Work Opportunity Reconciliation Act passed with strong bipartisan support and was signed by Mr. Clinton on Aug. 22, after having vetoed two earlier versions.

Under the 1996 law, states received fixed (rather than unlimited) federal funds in exchange for flexibility in designing their own welfare programs within federal guidelines. There was a new five-year limit on federal welfare checks and a mandate for states to assist welfare recipients to prepare for, find and keep jobs -- or lose their benefits. "Work first" was the new mantra.

The welfare caseload plummeted by more than 60 percent or nearly 10 million people. As of December 2005, which ended the first quarter of fiscal 2006, the caseload stood at 4.3 million recipients and 1.8 million families, according to HHS.

Republicans and their allies are proud of the 1996 reform, which has also resulted in a lower rate of child poverty and higher rate of employment among single mothers. The welfare-reform debate showed "how 'we the people' can bring about profound change that dramatically improves the lives of millions of our fellow citizens," former House Speaker Newt Gingrich told the recent Ways and Means hearing.

Before 1996, unwed childbearing rates were growing at a rate that would have taken them to 42 percent of all live births by 2003, Heritage Foundation welfare analyst Robert Rector said in his House hearing testimony. However, the welfare debate, with its focus on personal responsibility, work and time-limited welfare, helped slow the growth of the illegitimacy rate, he said. Today, just under 35 percent of births are out of wedlock, a relatively modest increase compared with the 32 percent figure in 1996.

Brookings Institution scholar Ron Haskins, a former Republican House staff member who has written a new book about his front-row seat at the welfare debates, noted that the 1996 reform also strengthened child-support enforcement, expanded funding for abstinence education, made it easier for faith-based groups to provide welfare services and ended welfare checks to newly arrived immigrants as well as to prisoners and substance abusers.

"Taken together, these reforms constitute the most fundamental change in American social policy since the Social Security Act of 1935," Mr. Haskins wrote in "Work Over Welfare: The Inside Story of the 1996 Welfare Reform Law."

Not everyone, however, views the 1996 law as an unbridled success, nor do they see improved benefits for poor people in the new reforms, which were passed as part of the Deficit Reduction Act of 2005.

At the Ways and Means hearing, Mr. McDermott and his colleagues pointed out that child-poverty rates have started to climb since 2000. Many mothers who have left the welfare rolls are "not better off" -- they're standing in lines at churches, getting food and services to support their families, said Rep. Stephanie Tubbs Jones, Ohio Democrat.

The welfare system has become difficult for poor families to enter -- "more families are falling into the 'no work, no welfare' category," said Sharon Parrott of the liberal Center on Budget and Policy Priorities.

Other critics fault the 1996 law for chasing poor women out of schools and into low-paying jobs while their children are sent into low-quality child care. Child-care funding is woefully inadequate -- only one in seven eligible children receives subsidies, warn groups such as the Center for Law and Social Policy and the Children's Defense Fund.

Amid the policy debates, welfare mothers such as Yolanda Britt continue their day-by-day fight to achieve self-sufficiency.

Miss Britt, 35 and the mother of three, entered the District's welfare system in 2002 after leaving an abusive relationship. She has finished classes in medical administration at the So Others Might Eat's Center for Employment Training and expects to be employed soon and off welfare within the year.

Miss Britt never experienced the "unlimited" welfare of the old system, but says she doesn't mind that the Temporary Assistance for Needy Families (TANF) benefits are limited. "Temporary is just that," she said. "I know that it's going to end."

She is grateful for the many efforts aimed at helping her leave welfare and get a good job. "Nothing is more gratifying than to walk into a grocery story with my own money, rather than a TANF card," she said.

Cold War Missiles Target Of Blackout (WP)

By Chrisopher Lee

The Washington Post, August 21, 2006

DOJ_NMG_0050895

The Bush administration has begun designating as secret some information that the government long provided even to its enemy the former Soviet Union: the numbers of strategic weapons in the U.S. nuclear arsenal during the Cold War.

The Pentagon and the Department of Energy are treating as national security secrets the historical totals of Minuteman, Titan II and other missiles, blacking out the information on previously public documents, according to a new report by the National Security Archive. The archive is a nonprofit research library housed at George Washington University.

"It would be difficult to find more dramatic examples of unjustifiable secrecy than these decisions to classify the numbers of U.S. strategic weapons," wrote William Burr, a senior analyst at the archive who compiled the report. " . . . The Pentagon is now trying to keep secret numbers of strategic weapons that have never been classified before."

The report comes at a time when the Bush administration's penchant for government secrecy has troubled researchers and bred controversy over agency efforts to withhold even seemingly innocuous information. The National Archives was embroiled in scandal during the spring when it was disclosed that the agency had for years kept secret a reclassification program under which the CIA, the Air Force and other agencies removed thousands of records from public shelves.

One month after the Sept. 11, 2001, terrorist attacks, then-Attorney General John D. Ashcroft instructed federal agencies to be more mindful of national security when deciding whether to publicly release documents under the Freedom of Information Act. Last year, in a study of FOIA requests at 22 agencies from 2000 to 2004, the nonpartisan Coalition of Journalists for Open Government found that agencies cited reasons to withhold unclassified information 22 percent more often than before Ashcroft's directive.

The administration's affinity for secrecy also was exemplified in its legal battle to withhold the names of oil company executives and others who attended meetings in 2001 of a White House task force that helped draft a national energy policy. More recently, President Bush has made clear his administration's willingness to prosecute individuals it believes unlawfully possess classified material.

Maj. Patrick Ryder, a Pentagon spokesman, said officials strive to properly apply rules governing what should be classified and are researching why the missile information cited in the archive report was blacked out. The report was released Friday.

"The Department of Defense takes the responsibility of classifying information seriously," Ryder said. "This includes classifying information at the lowest level possible."

Bryan Wilkes, a spokesman for the National Nuclear Security Administration, a part of the Energy Department, said the Pentagon excised the missile numbers. Under a 1998 law, Wilkes's agency focuses on scrubbing declassified documents for sensitive U.S. nuclear weapons information that, in the wrong hands, could be used to harm Americans, he said.

"It's not our call to do missile data," Wilkes said. "There's no question that current classified nuclear weapons data was out there that we had to take back," he added. "And in today's environment, where there is a great deal of concern about rogue nations or terrorist groups getting access to nuclear weapons, this makes a lot of sense."

Archive officials say the Pentagon was using guidelines developed by the Energy Department in blacking out the missile data.

During the Cold War, the United States devoted substantial manpower and money to counting Soviet missiles, experts said. At the same time, U.S. officials sometimes were quite open about the number of American missiles, using the data to illustrate the deterrent power of the U.S. nuclear arsenal and to make the case for more defense spending. Indeed, such numbers were routinely disclosed in annual reports to Capitol Hill by secretaries of defense dating to at least the 1960s, according to Burr.

In a 1971 appearance before the House Armed Services Committee, for instance, Defense Secretary Melvin R. Laird offered a chart showing, among other things, that the United States had 30 strategic bomber squadrons, 54 Titan intercontinental ballistic missiles and 1,000 Minuteman missiles.

Those numbers, made public on March 9, 1971, are redacted in a copy of the chart obtained by the archive's researchers in January as part of a declassified government history of the U.S. air and missile defense system, according to archive officials.

"It's yet another example of silly secrecy," said Thomas Blanton, the archive's director.

In another case, Burr cited two declassified copies of a 75-page memo on military policy issues that Defense Secretary Robert S. McNamara sent to President Lyndon B. Johnson in 1964, one obtained from the National Archives in 1999 and the other from the Pentagon this year.

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In the 2006 copy, Pentagon reviewers blacked out numbers that were left untouched in the earlier version, including the number of ballistic missile launchers and the number of heavy bombers the United States expected to have in 1965, 1967 and 1970. (Comparative numbers for the Soviet Union were left alone.)

Burr also compared two copies of a memo that Secretary of State Henry Kissinger wrote for President Gerald R. Ford for a 1974 National Security Council meeting on arms control negotiations.

One copy, obtained from the NSC through a Freedom of Information Act request in 1999, has visible references to "200 older B-52 bombers" and 240 Trident missiles, among other weapons data. In the second copy, released by the Gerald R. Ford Library in May 2006, such information is blacked out -- as is similar data for the Soviet Union.

Experts say there is no national security reason for the administration to keep such historical information under wraps -- especially when it has been publicly available for years.

Robert S. Norris, a senior research associate at the Natural Resources Defense Council, said U.S. officials handed more detailed accounts of the U.S. nuclear arsenal over to the Soviets as part of the two Strategic Arms Reduction Treaties (START) and the two Strategic Arms Limitation Talks (SALT) agreements in the 1970s, 1980s and early 1990s.

"Is that now going to be reclassified?" asked Norris. "I would say that the horse is out of the barn and they are only making themselves look ridiculous. At someone's direction, declassification reviewers have gotten carried away and are applying the rather vague and open-ended guidelines to the point of absurdity."

Steven Aftergood, director of the Federation of American Scientists' Project on Government Secrecy, said the report illustrates how arbitrary the classification system is.

"Information is classified not because it's sensitive, but because somebody says it is classified," he said. "Several years into the 21st century, we still haven't figured out how to do classification policy right, and the government is still botching the matter."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, August 21, 2006

No time to write

One would gather that Rep. John Conyers Jr. doesn't trust President Bush's judgment when it comes to pardoning people, particularly those who toiled in his White House.

The Michigan Democrat is pushing newly introduced legislation that would require the president to notify Congress upon the pardon of "any Executive Branch employee."

Mr. Conyers explained: "This notification is necessary because it is possible that the president could pardon an employee of his administration as a means of preventing an investigation from running its course and, perhaps, uncovering information critical of the administration."

Any case come to mind?

"The need for this legislation came to light as a result of the Justice Department's investigation into an administration official's leak of CIA officer Valerie Plame Wilson's identity," Mr. Conyers stated when introducing the legislation.

"The indictment of I. Lewis Libby, who was the vice president's chief of staff, for false statements, perjury, and obstruction of justice in connection with the investigation raised concerns that the president might use his authority to pardon Mr. Libby or other officials involved in serious criminal offenses."

Mr. Conyers says he is most concerned because Mr. Bush has yet to respond to the letter he sent to him more than a year ago, July 25, 2005, "seeking his assurance that he would not pardon any former or current officials involved in the leak" of Mrs. Plame's name.

Village 'idiots'

Mother Jones magazine, in its September/October issue, says blame for the "manipulation of intelligence" that eventually led to the U.S. military's march into Iraq does not end with Vice President Dick Cheney, President Bush, or even Donald H. Rumsfeld's Pentagon.

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"It is shared by idiots from the Fourth Estate," the left-wing magazine states. "The New York Times' Judith Miller, to be sure. But also the editors of The Washington Post who routinely relegated vital reporting on the flimsiness of the administration's Iraq intel to page A13."

Mr. Cheney's name, in this particular passage, is placed before the president's in light of a question posed at a congressional hearing this summer by Rep. Walter B. Jones, North Carolina Republican, examining the faulty U.S. intelligence.

"How could the professionals see what was happening and nobody speak out?" Mr. Jones asked.

Retired Army Col. Lawrence Wilkerson, a longtime military adviser and later chief of staff to Secretary of State Colin L. Powell, simply replied: "The vice president."

Public Pension Price Tag (WSJ)

Wall Street Journal, August 21, 2006

E.J. McMahon

The recent enactment of sweeping changes in federal laws governing private pension plans, the issuance of a scathing auditors' report on the collapse of San Diego's pension fund, and the disclosure of potential shortfalls in New York City's pension funds all point to what should be the nation's next big target for financial reform. Because their size and complexity offer such a wide field for abuse, state and local retirement systems pose a significant moral hazard -- threatening the long-term fiscal stability of many of their sponsors.

San Diego's storyline -- marked by deliberate underfunding, increases in already generous retirement benefits and the use of debt to refinance payments -- has had eerie parallels across the country. Only 43 of the 125 retirement systems in the most recent Public Funds Survey were within 10% of full funding status; one-quarter had actuarial funding ratios below 80%. But if private-sector accounting standards were applied to these systems, they would all look much worse.

In determining a system's necessary funding levels, a crucial consideration is the discount rate applied to future obligations: The lower the rate, the larger the contributions required to maintain "fully funded" status. Private plans are required to discount their liabilities based on corporate bond rates -- which are usually lower than these plans' projected returns on investments.

Public funds, however, are allowed to discount their long-term liabilities based on the assumed annual rate of return on their assets -- which, for most public funds, is pegged at an optimistic 8% or more. In other words, the risk premium in the investment target is compounded in the liability estimate. (This accounting twist also explains how politicians can claim, with straight faces, that pension obligation bonds are a nifty arbitrage play.)

If the liabilities of public pension funds were valued on the same basis as private funds -- using, for example, the 30-year municipal bond rate as the discount rate -- funding requirements would be dramatically higher. Estimates of the nation's real public pension funding shortfall range from an added $500 billion for state retirement systems to at least $1 trillion for all public systems.

The 8% rate of return assumption, while shared by some major corporate plans, is certainly open to question. But public pension fund managers are in a pickle: If assumed returns were reduced, even "fully funded" systems like New York's would find themselves tens of billions in the hole -- as shown by alternative calculations buried in financial reports for Gotham's retirement systems. And so, in the name of protecting taxpayers from having to pay higher contributions in the short term, funds expose them to more volatility and risk over the long term.

Public pension funds used to be run on more of an insurance model, heavily reliant on fixed-income securities. But over the past 40 years, the vast expansion of government at every level has vastly expanded the pool of public pension liabilities. This leads to a vicious cycle: As the employee head count rises and unions lobby for bigger pension entitlements, funds feel pressure to pursue riskier investments with higher returns -- which explains their increasing reliance on stocks, as shown in the nearby chart. But when returns exceed expectations, as in the boom market of the 1990s, politicians and fund trustees feel irresistible pressure to raise benefits again.

Meanwhile, their increased presence in the equity markets has turned public pension funds and their managers, like California treasurer and gubernatorial candidate Phil Angelides, into major players on Wall Street. And as my colleague Nicole

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Gelinas has documented, in the wake of corporate accounting scandals, public fund managers have pushed further into corporate boardrooms.

In reforming private sector pensions, Congress and President Bush were motivated largely by a desire to provide greater financial security for current and future retirees threatened by corporate bankruptcies. The public sector is different: Governments can't go out of business, and their retired employees are in no danger of being left high and dry. Guaranteed under state laws and constitutional provisions -- that is, by the taxpayers -- public pensions are far more secure and more generous than those offered by private-sector plans.

The overriding concern of public pension reform should be to reduce the taxpayers' exposure to accounting and financial risk -- now and in the future. Here are four essential steps towards that goal:

• Shift to defined contribution plans for all future workers. In short, stop the bleeding. Because traditional defined-benefit plans rely on contributions from younger employees to finance the benefits of long-term workers, this shift is in no way a quick fix for under-funded systems. But the alternative -- maintaining defined benefit plans, but with lower benefits for the newly hired -- is worse. As long as an open DB plan exists, it will be a target for political and financial manipulation.

• Immediately recognize and fund the full cost of any benefit increase. The ability to amortize benefit increases over decades is one reason why politicians and unions have been able to sell pension sweeteners as a free lunch. Closing this window would be a disincentive for future giveaways.

• Expand financial reports to include alternative funding assumptions. Simply requiring public funds to adhere to the same financial standards as private funds sounds tempting but it would be extremely disruptive, sharply increasing volatility and boosting contribution requirements. Following the lead of New York City's actuary, government financial reports should clearly show how funds would balance if assets were marked to market and if liabilities were discounted at market rates.

• Gradually lower the required rate of return -- and invest accordingly. Over the long term, this is an essential step for reducing the taxpayers' collective risk. It also would reveal the true economic costs of current benefits.

Fraught with financial complexity, the growing public sector pension burden fundamentally poses a test of political wills. Although benefits for their current members are legally untouchable, union leaders derive substantial power from the existing system and will battle any attempt to change it -- as they did in beating back Arnold Schwarzenegger's attempt last year to establish a 401(k) plan in California. Today, improved accounting practices can at least force elected officials to face up to the price tag of their rash promises. In the future, they must turn from union lapdogs to taxpayer watchdogs.

Mr. McMahon is director of the Empire Center for New York State Policy and a senior fellow at the Manhattan Institute.

Senate's Most Wanted (WSJ)

The Wall Street Journal, August 21, 2006

There's a desperate new manhunt across the country, and the suspects are no less than 91 Members of the world's greatest deliberative body. One of these Senators has a big secret, and we should all have some fun as the foes of government pork try to run the mystery politician to ground.

Here's the forensic background: In April, Oklahoma Senator Tom Coburn introduced legislation that would set-up a database to track an estimated $1 trillion in federal grants, earmarks, contracts and loans. Americans would be able to perform Google-like searches to track how their tax dollars are spent -- or frittered away, as the case might be. Twenty-nine Senators have co-sponsored the bill, and it's a testament to how concerned some are about Washington's miserable spending reputation that the list includes a who's who of Presidential hopefuls, from Hillary Rodham Clinton to George Allen to Bill Frist.

Yet most Senators clearly have no desire to shine a light on their spending practices, and at least one -- perhaps more -- has placed a "secret" hold on the legislation. Normally the architects of these holds are exposed within a few legislative days, but with Congress on recess the masked spender has so far evaded capture and public scrutiny.

Porkbusters, a grassroots outfit that fights government waste, found this untransparent move to stymie government transparency a bit rich, and last week launched a campaign to unveil the blocker's identity. It has asked its members to call on their Senators to disavow the hold, and the responses are trickling in. The group, which is tracking the results on its Web site (www.porkbusters.org1), still has the pictures of 91 Senators under its "Suspect" list. The nine Senators who have denied placing

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the hold are now listed as "In the Clear"; they are Senator Coburn, Barack Obama, Mary Landrieu, David Vitter, John McCain, Ron Wyden, Richard Shelby, Jim Inhofe and Jeff Sessions.

If Congress insists on spending like there's no tomorrow, at least the Members could let the voters see what they're spending it on by passing Senator Coburn's reform. Will the real secret Senator please stand up?

OTHER NEWS:

Fed Reduces Recession Threat (CSM)

By Ron Scherer

The Christian Science Monitor, August 21, 2006

NEW YORK

The US economy appears to be on track for a "soft landing" - a period of recession-free but less energetic economic growth.

The job market is now tepid, consumers are tempering their spending, and inventories - from women's apparel to computer hard drives - are starting to rise. The housing sector is the only major concern as developers cancel projects and homes go unsold.

But signs of a benign slowdown are a success story for the Federal Reserve, which has been gradually putting the brakes on the economy.

"The good news of the soft landing is that there is no recession even though there is pain," says Anthony Chan, chief economist at JPMorgan Private Client Services in New York. "There is life after a soft landing."

The slowing economy coincides with declining oil and gasoline prices. Last week, oil prices closed at $71.14 a barrel, down $3.24 for the week. Gasoline prices also fell sharply - dropping 8 cents a gallon, according to GasPriceWatch.com. Falling energy prices will help give consumers some relief from what seems like continuous prices hikes.

This week, economists will look at July sales of new and existing homes as well as durable goods orders - both good barometers of investment spending.

"The new data will give us a sense of how hard the landing will be in housing, and both measures together will give us a sense of how soft the soft landing is," says Mark Zandi of Moody's Economy.com in West Chester, Pa.

In the coming weeks, the Fed will be watching the data closely to see if it can extend its August pause in interest rate increases for the rest of the year.

In the past, the Fed has had difficulty engineering "soft landings." Its last success was in 1995. "The economy today looks very similar to then," says Scott Brown, chief economist at Raymond James & Associates in St. Petersburg, Fla.

The now-and-then similarities were not lost on investors last week as the stock market staged a rally. For the week, the Dow Jones Industrial Average gained 293 points, closing at 11,381, its highest level since mid-May. "The performance of the market is still consistent with the view of a soft landing," says Mr. Chan. "What the markets are telling us is we have a Goldilocks economy - not too hot and not too cold."

In recent weeks, investors have been less optimistic about the bond market. Long-term bonds now yield less than short-term bonds. In Wall Street parlance, this is known as an "inverted yield curve," since long-term bonds have historically had higher returns. If this were to continue for several more weeks, Zandi says, it could augur a recession because banks will become reticent to loan money given the low long-term returns compared to their short-term borrowing costs.

"It has always presaged a downturn and never falsely presaged one," he says.

Based on the stock market, the yield curve, and other economic indicators, Zandi estimates the odds of a recession to be about 25 percent.

Zandi says one of the reasons to be optimistic is the high profitability of American business, which has made balance sheets flush with cash. "Except for General Motors, Ford, and the airlines, profitability has never been stronger," he says.

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Muscular earnings statements are spurring businesses to invest in new plants and equipment. "Business investment has not slowed down," says Stuart Hoffman, chief economist at PNC Financial Services in Pittsburgh. "It's another reason we expect the economy is not in jeopardy of a hard landing."

Businesses can feel confident about investing in part because they can export a lot of their products into a robust world economy. Even Japan and Europe, areas that have lagged in the past, are in stride. "It's rare to find such strong growth everywhere," says Zandi.

The greatest uncertainty facing the economy comes from the housing market. Economist David Rosenberg of Merrill Lynch believes the sector is already in a recession. Zandi agrees the sector is contracting. "The risk is that a correction turns into a crash," he says.

Economists will also be watching the consumer sector closely. Last week, most forecasters were surprised when a University of Michigan consumer survey found plunging confidence. "I think it was the early brush of uncertainty in the Middle East," says Chan. "But, with the fragile cease-fire in place and the current trend to lower energy prices, I don't think such declines are fully sustainable."

Dropping consumer confidence is a bit of a mystery to the White House as well. On Friday, President Bush met with his economic team at Camp David for one of his periodic updates and strategy sessions. Treasury Secretary Henry Paulson, in a press conference on Friday afternoon, said he thought the president does not get credit for the economy because "many of the Americans are not feeling it in terms of their own economic situation" particularly rising healthcare and energy costs.

Office of Management and Budget Director Rob Portman also said he thought polls showed a "disconnect" between how people feel about the economy and how they feel about their own personal situation. This chasm, he believes, is the result of the White House not "communicating" the strength of the economy.

Not Too Fast, Not Too Slow... (WSJ)

By E.s. Browning

The Wall Street Journal, August 21, 2006

Whether the stock rally fizzles out or keeps going will depend heavily on whether Federal Reserve Chairman Ben Bernanke can pull off a nifty trick, piloting the economy to what professional investors call a soft landing.

A soft landing is what you want, but almost never get, at the end of a boom. The idea is for the central bank to slow the economy just enough to prevent serious inflation, but not enough to choke off growth. Success brings another of Wall Street's favorite clichés -- a Goldilocks economy, in which growth is not too hot and not too cold.

Trouble is, although they get talked about a lot, soft landings rarely happen. Going just far enough but not too far -- and doing so during an election year and amid conflicting economic signals -- is one of the hardest things for monetary-policy makers to do. They almost never have succeeded.

Since the mid-1970s, almost every time the Fed has pushed rates higher, it has created a recession, a bear market or both. The notable exception came in 1994 and 1995, when the Fed raised rates without causing either, but did blow up the bond market and tank the Mexican peso. It looked as if the Fed might achieve another soft landing in the late 1990s, but then came the tech wreck and a deep bear market.

The prevailing hope is that, against all odds, Mr. Bernanke will succeed this time. Reports last week showed that the rates of both consumer and wholesale inflation slowed in July, and that sent a wave of joy through financial markets. Talk spread that the Fed might actually start cutting interest rates by late this year or early 2007. The Dow Jones Industrial Average finished Friday at a three-month high of 11381.47, less than 350 points short of the record finish of 11722.98 that dates from Jan. 14, 2000.

But as is often the case in August, trading volume wasn't very heavy, and many investment pros still were standing aside, biting their nails. Some fear the worst of all worlds -- both inflation and an economic slump, an evil combination known as stagflation, the likes of which was last seen in the 1970s.

"The Fed's got a tough job. It is on the horns of a dilemma," says David Kotok, chairman of money-management firm Cumberland Advisors in Vineland, N.J. On one side, he says, labor markets remain hot, underlying inflation even after the July slowdown is above the 2% annual rate Fed officials have said is tolerable, and energy prices are high. On the other side, the

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world is tormented by war and terrorism, and the teetering housing market threatens to stifle consumer spending, taking the wind out of growth.

"We may get the soft landing, but the likelihood is that it will be harder than a lot of people expect," Mr. Kotok says. He also points to a survey by the National Federation of Independent Business that showed small businessmen plan to raise prices, another inflationary pressure.

The Fed stopped raising rates this month so it could "look around and see how much economic damage it did, if any," by raising rates for more than two years, Mr. Kotok says. "I think they are going to see that they didn't do a lot of damage" and end up raising rates some more. He expects to see the central bank's target overnight-lending rate go to 6% or higher from the current 5.25%. That magnitude of increase could discourage consumers, damage corporate profits and hurt stocks.

The money manager has sold some of his stock holdings, turning about 25% of them into cash. He figures that with money markets offering returns of around 5%, cash could be as good as or better than stocks in the days ahead.

Russ Koesterich, senior portfolio manager at Barclays Global Investors in San Francisco, has shifted toward more "defensive" companies whose sales are steady and don't depend on economic growth, such as drug companies and food makers. He says continued wage growth could pressure the Fed to keep raising rates and thinks Wall Street projections for double-digit profit gains in the second half could prove too optimistic.

"The Fed tends to go too far," Mr. Koesterich says. "That has been the historical pattern over time." Another "big wild card" is housing, Mr. Koesterich adds. If falling home values and rising rates make it hard for people to keep boosting mortgage debt in order to buy new televisions and cars, he says, that could create economic trouble.

But last week, at least, investors looked past that kind of worry. Widely followed Wall Street economists were telling clients that even a significant economic weakening might actually be good for stocks.

"If we could have a hard landing but not a recession, I think that would be a favorable outcome for the financial markets," says economist Ed Hyman of New York research and brokerage house International Strategy & Investment. Should the Fed start to worry that it has slowed the economy too much, Mr. Hyman says, then it would have to cut rates sharply. Investors would welcome the rate decline as a boost to growth, consumer spending, the housing market and profits.

"History tells me that a significant weakening in the economy and a crisis-induced reversal of Fed policy could make this stock market move up dramatically," he says.

Consumers Curb Upscale Buying As Gasoline Prices, Housing Bite (WSJ)

By Justin Lahart And Amy Merrick

The Wall Street Journal, August 21, 2006

The high price of gasoline and slowdown in housing are taking a toll on one of the most striking economic trends of recent years: Consumers' widening taste for more upscale purchases.

Amid the broader prosperity of the past decade, Americans grew far more willing to shell out for $4 cups of coffee and $400 handbags. Retailers such as Starbucks Corp., Whole Foods Market Inc. and Williams-Sonoma Inc. -- operator of Pottery Barn and its own kitchen stores -- expanded by appealing to the aspirations of middle-class shoppers.

Now, many of those retailers are feeling pinched. In recent weeks, Starbucks, Whole Foods and Williams-Sonoma -- along with others such as boat maker Brunswick Corp. and specialty-sandwich chain Panera Bread Co. -- have reported disappointing sales that sent their share prices lower. Restaurants catering to middle-income consumers are seeing a sales slump too.

Growing evidence suggests the chief culprit is gasoline prices in the $3-a-gallon range -- up 71 cents from six months ago, according to federal data. Buyers "are spending a lot of money on gas," says Brunswick Chief Executive Dustan McCoy. "The sort of people who boat don't drive around in compact cars. They drive around in big cars or fast cars."

But Wendy Liebmann, president of consulting firm WSL Strategic Retail in New York, finds evidence in a recent survey of 1,500 consumers of a broader shift in consumer behavior after almost a decade in which most were "trading up" for high-end items. Many are now cutting back, she says, with low-income households becoming more likely to stick to dollar stores and supercenters and middle-income families visiting more mass merchants and grocery stores than specialty outlets.

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Especially surprising, Ms. Liebmann says, is evidence that households earning as much as $75,000 a year are changing their habits. Survey responses among this group were more similar to those of low-income households than those of wealthy families, she says. The types of spending most likely to be chopped: fashion accessories, clothing, home décor, electronics and entertainment.

"People are prioritizing before they go off and spend their dollars on luxury items," says Cathy O'Malley, manager of the Fairlaine Town Center mall in Dearborn, Mich.

How deep the trend extends, and how long it will last, are being closely watched by economists and retailers. Three-fourths of U.S. economic growth last year stemmed from increased consumer spending.

Spending has clearly slowed some. While consumer spending rose at an annualized, inflation-adjusted rate of 2.5% in the second quarter, that was down from 4.8% in the first quarter. Retail sales grew 1.4% in July from June, better than had been expected, but economists were divided over whether that meant spending would stay strong or whether the surge looked stronger than it was after an especially weak June.

Meanwhile, consumers seem to be more worried about the economy and prospects of inflation. The University of Michigan's preliminary reading of consumer sentiment plunged to 78.7 in early August from 84.7 in late July, the lowest level since the aftermath of Hurricane Katrina last year, according to economists who viewed the report.

A lasting drop-off in consumer spending could herald the broader slowdown sought by the Federal Reserve in its two-year-old campaign to boost short-term interest rates, which have been raised to 5.25% from 1%. But it also would mean that something else -- like increased business spending or rising exports to other countries -- may need to take up the slack to maintain growth.

For now, the latest slowdown seems to be squarely affecting the middle-income segment. The richest shoppers continue to spend on luxury items. Lower-income shoppers, more vulnerable to high fuel prices, already had been spending less in some areas, as seen by slowing sales at Wal-Mart Stores Inc. and similar chains.

For companies targeting the middle-income group, the spending slowdown could force a shift in strategies -- and expectations. After its fiscal third-quarter sales fell short of Wall Street forecasts, Whole Foods said it may lower prices on nonperishable items and branded organic and natural products to better compete with other grocery stores.

Similarly, many of the more upscale casual-dining spots, including P.F. Chang's China Bistro Inc., Applebee's International Inc. and Cheesecake Factory Inc., have been warning investors of slowing sales. In a conference call last month, P.F. Chang's president, Robert Vivian, said diners who were treating themselves to a splurge in boom times are pulling back. Executives at P.F. Chang's say the casual-dining industry is in its biggest slump since 1991, when it was hurt by the Gulf War and the beginning of a recession.

"You do have to go back over 15 years to find an environment where the consumer has responded like they are today," Chairman and Chief Executive Rick Federico said during a conference call July 26. "We have lowered our expectations for the back half of the year to better reflect current trends in our business."

At Panera, executives said last month that sales at stores open at least 13 months were weaker than had been expected just eight weeks earlier. "We have seen some softening, in recent weeks," said president Neal Yanofsky in a conference call with analysts. But, he said, "It's too soon to determine the causes of this, or more importantly to form an opinion about how fleeting or prolonged it may be."

Boat maker Brunswick says it has adjusted to slowing demand by making fewer of its lower-priced boats in response to the slowdown. "It's better to take the hit right now and have lower production than it is to have too many boats sitting out there," says Mr. McCoy, the CEO.

King's Jewelry & Loan, a pawnbroker with three locations in the Los Angeles area, sees the trend playing out in increased demand for loans. Borrowers at King's tend to be solidly middle class, earning $40,000 to $70,000 a year, according to President Sam Shocket.

On the sales side of his business, Mr. Shocket says, big-ticket items are still selling well, but sales of jewelry in the price range of $500 to $1,000 have dropped off. "People are strained a little bit and are pulling in their expenses in order to manage," he says.

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Besides gasoline prices, economists say, consumers likely are being hit by the slowdown in the housing market. While the market was strong, homeowners extracted cash from their houses though "cash out" mortgage refinancing, drawing on home-equity loans and capital gains on sales, says Diane Swonk, chief economist at Mesirow Financial in Chicago. But housing now appears to be slowing sharply; last Wednesday, the National Association of Home Builders said its index of builder sentiment plunged to its lowest level since 1991. That makes it tougher for homeowners to use their house as a source of cash.

Since homeowners often put such money back into their homes, higher-end home-furnishing retailers could be vulnerable. Last month, Williams-Sonoma warned that fiscal second-quarter sales at Pottery Barn haven't been as strong as expected. The retailer lowered its overall revenue projection for the period to a range of $823 million to $837 million, from a range of $842 million to $856 million.

To be sure, the nascent pullback isn't affecting all retailers equally. Handbag maker Coach Inc., which bills itself as offering "accessible luxury" and prices most of its products in the $200-to-$800 range, said earnings in its most-recent quarter jumped 33%, ahead of the company's and analysts' expectations. Moreover, customer visits to its full-price stores increased more quickly in July than did visits to its factory outlets, where goods are sold at a discount.

Similarly, high-end department-store chains Nordstrom Inc. and Neiman Marcus Group Inc. have continued their three-year run of strong sales, with no warning signs that their customers are tapped out.

Boston Consulting Group senior vice president Michael Silverstein says middle-income shoppers are still trading up for high-end items, but are "making much more deliberate choices and being much more tough-minded about what they want."

That could increase pressure for many businesses with products aimed at middle-class shoppers. "The investment thesis has to be: Are you generating heat?" says Mr. Silverstein. "The companies that aren't are in trouble."

Oil's Price Drop Reignites Debate On Turning Point (WSJ)

By Ann Davis And Bhushan Bahree

The Wall Street Journal, August 21, 2006

A nearly 8% decline in crude-oil prices in the past two weeks, and the market's flirtation Friday with prices below $70 a barrel, is reigniting a debate: Is there an oil-price bubble, and could it burst?

Underlying the question is an argument about what has been a bigger factor buoying oil prices in the first place: record investor inflows into commodities or supply-and-demand fundamentals.

The answer will go a way toward setting the tone for broader financial markets and the economy. High oil prices have affected everything from consumer spending, to the stock and bond markets, to interest-rate increases by the Federal Reserve to curb inflation.

If oil continues to slide even as international tensions flare, "it is going to be much more difficult to argue that crude oil remains a bull market and that all dips are buying opportunities," says Tim Evans, a futures analyst with Citigroup Inc.

Crude-oil futures contracts for near-month settlement on the New York Mercantile Exchange surged more than 33% over nearly six months, hitting $76.98 a barrel on Aug. 7 before falling to a two-month low Thursday of $70.06. After an intraday low of $69.60 Friday, near-month crude-oil prices bounced back to settle at $71.14 a barrel on news of a storm developing in the Gulf of Mexico.

As prices soared earlier in the summer, oil analysts and economists argued that global economic growth, tight refining capacity to process crude oil into usable products like gasoline, and geopolitical tensions could push crude beyond $80 a barrel, even as oil inventories remained high in the U.S.

These specialists dismiss the notion that crude's recent pullback is a turning point. Instead, they point to short-term factors that have pushed oil lower, including a move by Goldman Sachs Group Inc. this month to reduce its exposure to gasoline in the widely watched Goldman Sachs Commodity Index.

In addition, they say BP PLC's Alaska pipeline shutdown had less of an impact on oil supplies than initially feared. Seasonal factors also play a role, including a lighter-than-expected hurricane season, the ending of the summer driving season and the expected drop in demand for crude from refineries as they shift operations for winter-grade fuels.

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"Until I see massive spare capacity in Saudi Arabia or new refining capacity in Asia or the Middle East, the world will still be susceptible to the same exogenous shocks as it has been in the last three years, whether the shocks are from civil strife, geopolitics or weather," says Edward Morse, chief energy economist for Lehman Brothers Holdings Inc. He says global demand remains robust.

Still, an increasing number of analysts and traders predict that oil prices are poised for further decline. They say the market has become somewhat inured to geopolitical uncertainty -- reacting to the news of another kidnapping of oil workers in Nigeria, for example, with a 25-cent jump, when the price used to move $2 on such events.

Traders say prices are high considering some key supply-and-demand indicators. Mark Vonderheide, global head of oil trading for Deutsche Bank AG, points to a large buildup in world inventories. Traders are "balancing the fundamental weakness of this market against the probability of some global event or continuation of global events in Nigeria, Iran or Venezuela....Barring an event, it's very likely we're headed for much lower oil prices."

Oil prices may at least level off a bit, some energy researchers say. Larry Goldstein, president of the Petroleum Industry Research Foundation, calls the recent slide in prices "a move to a new equilibrium level, not the start of a major selloff."

Some increasingly vocal bears are making stark forecasts. Sanford C. Bernstein & Co. energy analyst Ben Dell is calling for $50 crude in early 2007. Philip Verleger, an independent energy economist who heads PK Verleger LLC, predicts in an interview that oil could hit the single digits in the next three years.

In particular, they say, the market hasn't fully grasped the import of investment flows into oil futures and the danger that a slowdown in those investments could cause a lull or even a panic in the oil markets. Institutional money managers have $100 billion to $120 billion in commodities, at least double the amount three years ago and up from $6 billion in 1999, says Barclays Capital, the securities unit of Barclays PLC. Mr. Dell estimates such investors have $40 billion invested in crude alone.

"Too much money has been chasing too few commodities futures," Mr. Verleger argues. He says that as long as economic growth continues, oil could climb as high as $100 a barrel in the fourth quarter of 2007. If the economy slows and demand for petroleum eases, investors will scramble for the exits. "There is no floor. The price could fall to single digits. It won't stay there for very long, but it could fall."

Mr. Verleger's dramatic forecast isn't shared by most analysts. Still, the impact of investment flows into commodities has taken some in the oil establishment off guard. As oil prices steadily rose to triple their levels three year ago, ministers from the Organization of Petroleum Exporting Countries, oil-company executives and others have periodically argued that the fundamentals of supply and demand didn't justify the increase.

Deutsche Bank's Mr. Vonderheide says the inflows into index-related oil investments are a big-enough factor that, if they slow, the market could fall further.

In the days leading up to and just after Goldman's Aug. 9 announcement that it was reducing its allocation to gasoline contracts in its index, gasoline futures took a dive.

Airlines Tremble At Prospect Of $100-a-barrel Oil (USAT)

By Dan Reed

USA Today, August 21, 2006

Beleaguered U.S. airlines seem to have slowly staggered to their feet since the terrorism and recession of earlier this decade. But credit agency Standard & Poor's has come up with a worrisome scenario that could knock them back down: $100-a-barrel oil.

Last month, S&P issued a provocative report saying the steady rise in prices in the past three years and the fear of potential supply disruptions “has created an environment where a triple-digit oil price in the near term is not unimaginable.” The world's tight refining capacity, coupled with political unrest or violent storms, could cause the price, $71.14 at the market close on Friday, to climb to triple digits.

No one, not even S&P, has crawled out on a limb to predict that prices will go that high. And prices have been moderating for more than a week. Still, there are enough potential sources of disruption in the flow of oil and refined fuels that some on Wall Street and in corporate suites are contemplating what would happen to the domestic airline industry if the market price does

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reach $100 a barrel. The speculation comes just as the industry is coming off its best quarter in six years: a collective $1.4 billion profit after setting aside one-time bankruptcy reorganization costs at Northwest and Delta.

What S&P sees at the $100-a-barrel level isn't pretty: Northwest and Delta airlines could be forced to liquidate; others could be pushed into Chapter 11 bankruptcy-court protection. Discount giant Southwest would likely see its remarkable profit streak halted. Industrywide, carriers would ground aircraft, cut service and lay off workers. Travelers could count on fewer choices, more travel hassles and higher fares.

Philip Baggaley, S&P's chief transportation analyst, says airlines would be in the "awful position of desperately needing to raise fares" to cover fuel costs just as "individuals and corporations would be cutting back on non-essentials, like travel."

Though oil prices have fallen since hitting a record $78.40 on July 14, they remain at historically high levels. The price of jet fuel, which has averaged about $2.20 a gallon in the past month, is almost 21/2 times the 90 cents that airlines paid in 2000. If oil goes to $100 a barrel, airlines could expect to pay $3 for a gallon of jet fuel.

Analyst Ben Brockwell at energy tracker Oil Price Information Service calls the concern about $100 oil "hyperbole" driven by "pundits talking about some sort of worst-case scenario." Futures contracts — agreements made now for future delivery of oil — are costing buyers no more than $80 a barrel for any month through 2008.

But a growing number of speculators find nothing far-fetched about $100 oil.

Some investors are buying oil futures options that pay off only if the price of crude reaches $100 or higher. Adam Sieminski, energy analyst at Deutsche Bank in New York, issued a July 28 report ominously entitled "$100 Oil Has Lost Its Shock Value" in the futures options market. Sieminski said that among a rising number of daring options investors, "$125 is the new target for bullish trades." Their high-risk options pay off only if crude's market price gets that high.

They are placing bold, high-risk bets, Brockwell says. "They're gambling that the Iranian standoff with the United Nations won't be resolved, that the cease-fire between Israel and Hezbollah won't hold, that production from BP's Prudhoe Bay (Alaska) fields will be completely shut down (or) that some other major world event will disrupt supply," he says. "I just don't see that kind of price in the markets."

The very thought of $100 oil "makes me sick," says John Heimlich, chief economist at the Air Transport Association, the airlines' trade group. He says oil prices that high could push one or two of his group's big member airlines into bankruptcy, with the most endangered solvent carrier being Houston-based Continental. And, he says, it likely would keep Delta and Northwest in Chapter 11 much longer than anticipated because it would be almost impossible in such market conditions to find investors to provide financing needed to emerge. Both airlines currently expect to exit bankruptcy in 2007.

Northwest officials declined to respond specifically to such suggestions. But in recent financial reports and news releases, Northwest officials have raised the possibility that the company may not be able to absorb escalating fuel costs.

Betsy Talton, spokeswoman for Delta, says high fuel prices "do pose a risk to our plan" to emerge from bankruptcy in 2007. "For 2006, we've seen a nearly $600 million impact from higher fuel prices."

Baggaley agrees that Continental is most at risk of entering bankruptcy protection if oil prices climb to three digits. Despite outperforming most other big carriers by several measures in the past couple of years, Continental has the smallest cash cushion. Continental spokesman David Messing declined to comment on that speculation.

Prolonged oil prices above $100 a barrel could even run the USA's only perennially profitable carrier, Southwest, into the red on a full-year basis for the first time since 1972. The Dallas-based discounter's recent quarterly profits have been mostly the result of gains from its industry-leading fuel-hedging program.

Southwest has locked in fuel prices by contracting for future delivery at negotiated prices. Though it continues to be the best-hedged U.S. carrier, those hedges are eroding as oil prices climb and futures investors seek a premium for locking in a price for the airline. This year, Southwest has contracts guaranteeing that the price of 75% of expected fuel purchases will be based on crude prices no higher than $36 a barrel. Next year, that falls to 65% at $41 a barrel. Only 39% of its 2009 fuel needs are hedged, and at prices up to $44 a barrel.

Southwest CEO Gary Kelly discounts the likelihood of $100 oil. "We don't think the fundamentals justify the current price, and certainly not something as high as $100. There's a lot of fear included in the market price right now." Still, Kelly

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acknowledges that “world events could occur that could push the market price much higher.” That's why, he says, Southwest hedges in the first place.

In the past, global oil production capacity accommodated demand with plenty to spare. But today, with production running almost flat out, the world consumes 98% of the nearly 85 million barrels of crude produced each day. If rebels blow a hole in a Nigerian pipeline, Iran stops shipping oil to make a political point, or a hurricane knocks out U.S. refineries, the lost production can't be replaced quickly or easily.

Larry Goldstein, president of PIRA Energy Group, a petroleum industry-funded think tank, says the prices of crude and refined products such as jet fuel react violently because of the lack of spare production capacity. When an event disrupts or threatens to disrupt production anywhere in the world, spigots elsewhere can't be opened wider.

It “used to be that prices moved in response to supply disruptions by nickels and dimes,” Goldstein says. “Today, without any cushions left, the price moves by dollars in response to disruptions and threats of disruptions.”

Still, some argue that oil is more likely to tumble below $40 a barrel in the next six months to a year than it is to rise to $100.

Aaron Gellman, a professor at Northwestern University's Transportation Center, says prices are likely to fall. Oil-producing nations tend to raise production to keep prices low enough to discourage investment in alternative fuels, says Gellman. Also, he says, “We're finding new sources of oil all the time, and new technologies to re-exploit oil fields that have been let go.”

Any way you look at it, U.S. airlines would be overwhelmed by fuel prices approaching $3 a gallon, the jet fuel price that $100 oil would bring.

According to the ATA, a 33% jump in crude prices, from $75 a barrel to $100, would increase the industry's fuel bill by $32.5 million a day. If $100 oil were to persist for a month, it would cost the airlines an extra $975 million. Over a year, the damage would total $11.7 billion. That's a staggering sum to an industry that collectively lost $42 billion in the five years ended in 2005, and assumes carriers would continue operating current schedules.

For consumers, $100 oil likely would lead to higher fares in the long run.

But as Heimlich notes, “It's one thing to raise fares; it's quite another for anyone to actually buy them.”

Fewer people would be willing to pay higher fares, because $100 oil would mean paying more to fill their cars, more for groceries delivered by truck, more for home energy — more for just about everything.

And that would create a kind of vicious cycle for the airlines: fare increases driving away business, thereby increasing pressure to raise fares again.

Undoubtedly, some people, particularly business people, would continue flying, says Dilip Ballal, director of the von Ohain Fuels and Combustion Center at the University of Dayton in Ohio. But their numbers would be reduced, and their travel and buying patterns would change as they become more price-sensitive. “People will still have to travel. They will just have to get used to paying more and traveling less.”

That's why Ballal and others are attempting to develop alternative fuels and new engine technologies. They want to reduce both the cost of aviation and aviation's draw on the world's finite supply of oil. Ballal and others are looking at ways to create synthetic jet fuels that can be used by themselves or in a mixture with conventional jet fuels.

A Pentagon-sponsored project to produce a synthetic fuel for the U.S. military's aircraft is underway and eventually could lead to commercial use of such fuels. But no one expects relief from the research soon.

Regulation, Yes. Strangulation, No. (WSJ)

By Maurice R. Greenberg

The Wall Street Journal, August 21, 2006

Three words describe the prevailing sentiment in today's business environment -- private is beautiful. Increasingly, major U.S. corporations are removing themselves from the public equities markets and going private.

Why? To a large degree, because the cost of government regulations has become unbearable. HCA, the largest hospital operator, recently announced a record $21 billion deal to take itself private. Among reasons cited by the company's founder, Thomas Frist, for departing the NYSE: the untenable cost of complying with Sarbanes-Oxley. The recent trend of major companies going (or planning to go) private -- Hertz, Toys "R" Us, Kinder Morgan, Albertson's, Univision -- is not coincidental. And

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that's only half the tale. While corporations are retreating from our public capital marketplace, exchanges in the rest of the world are thriving at our expense. Of the 25 largest IPOs worldwide in 2005, only one took place in the U.S. Most went to London or Hong Kong. Even Australia weighed in with three.

Credit the culture of over-regulation that has now infused America's governmental institutions. That's why no one should be surprised that the group taking HCA private is doing so to make the health-care giant grow. A public corporation not only must contend with the pressure of satisfying shareholders, it must also worry that a negative comment from a regulatory agency could trigger a sudden, steep drop in its stock price. When management is diverted from focusing on creating shareholder value so as to contend with increasing regulatory demands, stagnation sets in. It doesn't take a rocket scientist to work out what happens to a business next. So in order to stay out of the crosshairs of government regulators, companies are avoiding risks they might otherwise take to innovate or grow their businesses: "Keep your head down."

This is not to say regulation isn't necessary. Quite the opposite. But it must be enlightened regulation -- the type that enables public markets to remain fair, reliable and profitable. Clearly the marketplace is trying to tell the U.S. something when so much of the world's IPO activity is moving offshore. Consider that in 2001 the U.S. accounted for 36% of global IPO activity in dollars. By 2005 that figure had plunged to 24%, a one-third loss in overall market share. In fact, last year a record 29 countries hosted IPOs worth $1 billion or more, meaning that the competition will only get tougher. In response, the U.S. must make itself more -- not less -- attractive as a financial marketplace.

None of these recent trends are in the national interest. Those making the laws governing corporate America should wonder if "the pendulum swings too far," as Treasury Secretary Hank Paulson commented when asked about recently adopted market regulations. They should look at Sarbanes-Oxley and decide whether the elaborate reporting and certification requirements it imposes on corporations are reasonable -- I'd think a company like GE would now be shipping off truckloads of paperwork to Washington. They should ask whether the cost of complying with the Public Company Accounting Oversight Board isn't too high, especially for smaller firms. They should ask if regulators are properly fulfilling their mission to maintain a level playing field in the securities markets, or whether they too often exceed that mission to the detriment of the corporate community.

In today's environment, the mere threat of an embarrassing lawsuit or the public release of potentially damaging charges -- regardless of veracity -- can throw management off its game for months, even years. As a result, CEOs of public corporations are losing their appetite for risk. They've grown hesitant to explore new ventures, new terrain. The answer, of course, is balance. Congress must fashion a regulatory scheme that demands transparency and fairness without stifling free enterprise and innovation. If corporations continue to shun our public equity markets, this era of heightened regulatory activity will ultimately be regarded as a failure. That is why policymakers must reform the system now according to the following principle: Enlightened regulation, yes. Strangulation, no.

US Firms Pressured To Declare Donations (FT)

By Francesco Guerrera In New York

Financial Times, August 21, 2006

American companies are under unprecedented pressure from shareholders to disclose details of their political donations and hold directors accountable for them, in a sign of deepening investor concerns over the use of corporate funds.

Shareholder groups say that recent scandals on Wall Street and in Washington have prompted investors to demand more transparency on companies' political contributions, which totalled $184m in 2002, the latest major election cycle.

The issue is likely to become more prominent in the run-up to November's elections because candidates in close races are expected to step up their fund-raising efforts with companies.

The moves on political donations underline investors' growing desire to have better oversight of management after the Enron and WorldCom scandals. It will put a spotlight on the close and complex ties between US companies and politicians.

Institutional Shareholder Services, which advises fund managers on how to vote at shareholders meetings, expects investors in US-listed companies to put forward a record number of resolutions asking for more transparency on political donations at this year's annual meetings,

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So far, 35 companies, including Citigroup, Wal-Mart and ExxonMobil, have put such resolutions to the vote. In 2002, no US company was asked by shareholders about political donations, while in 2003 only two had to put the matter to investors. The previous record was in 2004, when 36 companies received the resolutions.

"This is an issue of disclosure and accountability," said Jim Letsky, senior analyst at ISS, which in April scrapped its stance of always advising shareholders to vote against demands for more transparency on political funding. "Ultimately, if it involves corporate funds, it involves shareholders' funds: they have a right to know".

Shareholders cannot force companies to disclose their political payments as the resolutions are non-binding. But several groups, including Morgan Stanley, Mc-Donald's, PepsiCo and Coca-Cola have already agreed to publish a list of contributions and have it reviewed by the board annually.

Most companies remain against revealing political donations, arguing it is costly and time-consuming and that some of the information is available through government agencies.

Companies are banned from contributing directly to national political parties or presidential candidates, but can fund politicians and parties at local and state level. In 2002 their donations accounted for about a third of all state and local political funding.

Activists say that more disclosure and accountability is needed to prevent companies from circumventing existing laws.

Targeting Likely Advocates With Web Ads (WP)

By Jeffrey H. Birnbaum

The Washington Post, August 21, 2006

In contemporary Washington, a C.P.A. is more than a person who does your taxes. It's the newest front in congressional persuasion.

To trade groups hunting for legislative supporters, C.P.A. means Cost Per Advocate, and it refers to the amount they have to spend to sign up a single citizen-activist for their causes. The average C.P.A., by the way, is roughly $5.

That's right, to win over the voluntary services of a voter back home to push an agenda, a company or interest group needs to lay out a mere five spot. These lobbyists-for-a-day can be called upon to send e-mails, make phone calls or even visit their members of Congress to make the lobby's case.

Such approaches, despite their artificial origins, are generally considered the most effective type of influence. When constituents express a preference, lawmakers (who want more than anything to get reelected) tend to listen.

This has made networks of outside-the-Beltway advocates a longtime staple of lobbying. They have been pieced together using various methods -- association membership lists, blind-call telemarketing and direct-mail soliciting.

Lately, Internet advertising has been on the rise as a way to locate supporters, helping to lower the C.P.A. By minutely monitoring the effectiveness of Web-based commercials that invite people to sign up, interest groups are now able to alter their ads almost by the hour and conserve money.

Thanks to such quick-footedness, the $5-per-new-advocate average is commonplace at the OnPoint Advocacy arm of Alexandria-based Democracy Data & Communications LLC, a leading vendor of Internet technology for lobbying firms.

I've written before about the use of online ads to attract grass-roots activists. But when DDC and OnPoint offered to explain in detail how they refine their commercials, I decided to revisit the subject.

Some people (maybe many) will be appalled. They will see these efforts as manipulative, the kind of powerful tool that only wealthy interests can afford. Nonetheless, this is the future -- and the present -- of lobbying. It needs to be discussed.

The first thing you need to know is that the Internet can be watched very closely. OnPoint/DDC's offices in Old Town are filled with cubicles of computer experts who are in near-constant contact with thousands of display advertisements on Web sites. These experts can see when commercials are clicked on -- and when they're not.

That means they can identify which Web sites lure the types of public-policy folks that lobby groups crave and which ones don't. They can also see which ads make the largest number of "sales" -- compel people to sign up as advocates -- and which ones fail to produce.

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It turns out that ugly is better than pretty when it comes to lobbying commercials. Elaborate and beautifully colored ads tend to fall flat, said B.R. McConnon III, chief executive of DDC. Straightforward, text-heavy displays work much better.

In addition, the types of sites you might think would draw a lobbying crowd often don't. For instance, when the American Medical Association, the doctors' lobby, went looking for patients who would push for its policies, health Web sites didn't bring the best results. Game and puzzle sites were far superior.

The AMA hired DDC in 2003 to recruit activists for its then-nascent Patients' Action Network. On May 19, DDC placed 50 different ads on 7,500 Web sites soliciting people who agreed that Washington should crack down on lawsuits filed against physicians. Six weeks later, it had whittled that down to four ads on 123 sites.

Based on its observations, DDC decided to drop commercials that were sarcastic or vague: one that featured a photo of George Washington with a Band-Aid on his forehead, another that pictured a pregnant woman and asked, "Having trouble finding an ob-gyn?"

It settled instead on ads that had a plain white or blue background, pictured a red-tie-wearing President Bush and urged, "Save the U.S. healthcare system! Frivolous lawsuits are raising costs for YOU!" People clicked their "Tell Congress" buttons with alacrity.

DDC then concentrated these ads on news and reference sites (such as dictionaries and thesauruses) that had proved to attract primarily men and on entertainment sites that worked with women.

By the end of the six-week program, people were clicking on commercials twice as often on average than they had at the start. Those who did click though, in addition, were five times more likely to sign up as advocates than those who had clicked initially. The C.P.A. was ultimately cut to under $2.

Today, the Patients' Action Network has grown to more than 1 million members and the AMA is using its activists to press lawmakers to rescind cuts in Medicare reimbursements. OnPoint/DDC helps the AMA keep the network's membership large and eager by e-mailing updates to the advocates at least twice a month.

"Our Patients' Action Network allows us to reach more than 1.2 million people at the touch of a button," said Cecil B. Wilson, AMA's chairman. "More than 320,000 patients have already urged Congress to stop the Medicare physician payment cuts this year." Carefully honed online advertising made it all possible.WPP Picks Up Public Strategies

London-based WPP Group PLC, already the owner of many of Washington's best-known lobbying and public relations companies, has purchased Public Strategies Inc., an Austin-based public affairs firm. Public Strategies, which has done lobbying and PR for major corporations since 1988, has nearly 175 employees in 15 U.S. cities as well as offices in London and Mexico City.

Like other WPP acquisitions, Public Strategies will operate independently under its current management. Its top officers are chairman Jack Martin, a former aide to former Texas senator Lloyd Bentsen; vice chairman Mark McKinnon, who was a media consultant on President Bush's two presidential campaigns; and Jeff Eller, president, who worked on media affairs in President Bill Clinton's White House.

WPP executive vice president Howard Paster, who worked with Eller in the Clinton White House, said he had been trying to buy Public Strategies for years. WPP, which has made a habit of grabbing up valuable government relations firms, already owns Timmons & Co. and the lobbying shops founded by former President Jimmy Carter aide Anne Wexler and former chairman of the Republican National Committee Edward W. Gillespie, among many others.

Rumor has it that WPP is about to buy another K Street company soon. Paster declined to comment.

Jeffrey Birnbaum writes about the intersection of government and business every other Monday. His e-mail address iskstreetconfidential@washpost.com. He will be online to discuss high-tech advocacy and K Street's recent hiring of more Democrats at 1 p.m. today athttp://www.washingtonpost.com.

GOP Counts On Rove To Head Off Disaster (USAT)

By Susan Page, David Jackson And Richard Benedetto

USA Today, August 21, 2006

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WASHINGTON — Karl Rove was waiting for the Southwest Airlines flight to New Hampshire to take off in June when his attorney sent him a welcome four-word message on his BlackBerry: "Fitzgerald called. Case over." Special prosecutor Patrick Fitzgerald wasn't going to try to indict the deputy White House chief of staff over the leak of a CIA officer's name.

"You could see he was relieved," recalls Wayne Semprini, the state Republican chairman who greeted him in Manchester. Relieved, and ready to unleash a typically caustic attack on Democrats for criticizing the Iraq war. "They may be with you for the first shot," Rove said at a dinner that netted $60,000 for the state GOP. "But they're not going … to be with you through the tough battles."

Rove knows something about tough battles, and he's in another one. Freed from the uncertainty over whether he would face criminal charges — an indictment would have forced him to vacate his West Wing office — Bush's top strategist is focusing his full attention on the fall elections.

Some Republicans see him as their best hope for heading off disaster in November.

"If leading Democrats had their way, their policies would make our nation weaker and the enemies of our nation would be stronger," Rove said Saturday at a fundraiser in Austin for the Associated Republicans of Texas, an old-line party group. "That is a stark fact of modern life, and it is the issue on which the forthcoming election should center."

At stake is more than Rove's reputation as a canny tactician. A Democratic takeover of the House or Senate would not only jeopardize President Bush's ability to pass legislation but also enable Democrats to launch the sort of inquiries and subpoenas that Republicans used to bedevil the Clinton White House. Losing control of Congress would undercut Rove's vision of building a durable Republican majority.

"This election is the difference between a six-year presidency and an eight-year presidency," says Grover Norquist, a conservative activist and organizer who is close to Rove. A Democratic-controlled House or Senate "would spend two years saying 'no' to everything."

Norquist says Rove and Bush see this year's outcome as important as the last three contests — the ones that elected and re-elected Bush and bolstered Republican congressional majorities to their highest level since winning control of the House 12 years ago.

Rove is going back to basics. He and one of his closest political associates, Republican Chairman Ken Mehlman, have centralized control at the Republican National Committee. For the first time, the get-out-the-vote operation for House races has been moved from the National Republican Congressional Committee to the RNC.

They are relying on the so-called Voter Vault, a computer at GOP headquarters loaded with voting history and consumer information that can be used to "micro-target" voters. By analyzing such bits of data as what magazines the members of a household subscribe to, how many children they have, what types of cars they drive and what churches they attend, the program can pinpoint who is most likely to be open to a Republican appeal.

What's more difficult this year is shaping a message that will energize the GOP base and draw independent-minded voters. Approval ratings for Bush and Congress have slumped amid an unpopular war in Iraq, record-high gas prices and the sense among most Americans that the country is headed in the wrong direction. A USA TODAY/Gallup Poll taken last month showed Americans preferring Democrats to handle every big issue except terrorism.

"This one here would give him a couple of gray hairs," says Donna Brazile, who managed Vice President Al Gore's campaign against Bush — and Rove — in 2000. The two strategists have since become friends and occasional lunch partners at the White House mess.

"For the White House to get out of this quagmire, they need somebody who is not only a good 'architect,' who can build a campaign infrastructure," she says. (Bush dubbed Rove "the architect" after the 2004 race.) "They need someone with supernatural powers."

Rove is an unlikely-looking wizard. At 55, he has a round face and balding pate. His voice retains the flat tones of the Western states where he grew up. His patter is fast and studded with statistics, sarcasm and historical references. He has been immersed in politics for 35 years, since he dropped out of the University of Utah to run College Republicans.

His aggressive advocacy for Bush and his electoral track record have given him rock-star appeal among Republican partisans.

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At Saturday's dinner in Austin, Kris Anne Vogelpohl, 80, of Galveston, said she was confident Rove could help Republicans prevail in November: "He's done it before." Pat Sweeney Robbins, executive director of Associated Republicans of Texas, called Rove "a student of history" and added, "He understands politics from the ground up."

Remarkably, Rove has become one of the GOP's leading fundraisers — far eclipsing any previous White House staffer in that role. In the past 18 months, according to Republican Party records, he has headlined at least 70 fundraising events and raised $9.66 million.

That's more than any other current White House staffer, Cabinet secretary or agency chief. Only Bush, Vice President Cheney and Laura Bush have raised more. Rove's take represents two-thirds of the $14 million raised by administration officials other than the Bushes and Cheney.

For some, Rove's simple presence is considered a coup.

Jeff Lamberti, an Iowa state senator who is challenging five-term Democratic Rep. Leonard Boswell, hosted Rove at a fundraiser in West Des Moines this summer. "His coming demonstrates that the White House considers this one of the top-tier races in the country," Lamberti says.

Rove spoke for about 10 minutes at a reception, took questions from donors and then posed for photographs. Total raised: $130,000.

He often draws protesters, too. In Austin on Saturday, antiwar activist Cindy Sheehan and others were restrained by police when they tried to get into the dinner. She read an "arrest warrant" listing "crimes" of the "evil mastermind" inside.

A demonstrator who managed to get into the dinner interrupted Rove's speech with a denunciation of the Iraq war and was dragged from the room. Rove joked, "Did you get her check before she left?"

He is controversial. By 2-1, those polled by USA TODAY last month expressed a negative view of Rove. There was a sharp partisan divide: Republicans by 44%-17% had a favorable impression; Democrats by 50%-9% an unfavorable one.

"There's no bigger symbol for nasty campaign tactics and the partisan divisiveness of this administration than Karl Rove," says Bill Burton of the Democratic Congressional Campaign Committee.

Karen Finney of the Democratic National Committee says it is "frankly shameful that after leaking the name of a covert CIA operative in a time of war that he still works in the Bush White House with a security clearance and is a featured speaker at events."

The grand jury Fitzgerald impaneled heard evidence that Rove had mentioned the name of CIA operative Valerie Plame in conversations with at least two reporters, including columnist Robert Novak, but the prosecutor decided against charging Rove with breaking the law by disclosing her name or lying in testimony about it.

He still faces a lawsuit filed last month by Plame and her husband, former ambassador Joseph Wilson, which seeks unspecified damages from him, Vice President Cheney and others.

Some friends say the investigation took a toll on Rove. During the investigation, he had less time to confer with his legendarily broad circle of Republican contacts or counsel nervous Republican candidates. He relied more than before on legwork by Mehlman and Rove's top White House lieutenant, political director Sara Taylor.

"It was like having a star quarterback maybe on the injured list — not on the injured list but maybe," Norquist says. "It was confusing to everybody, and you wondered what was going to happen."

While most political strategists operate behind the scenes, Rove already has been the subject of a shelf of biographies. The titles make it clear that some are admiring and some are not: Bush's Brain: How Karl Rove Made George W. Bush Presidential. Rove Exposed: How Bush's Brain Fooled America. Boy Genius: Karl Rove, The Architect of George W. Bush's Remarkable Political Triumphs. The Architect: Karl Rove and the Master Plan for Absolute Power.

He is so famous, or notorious, that he's become an adjective. In the Connecticut primary this month, challenger Ned Lamont's campaign said Sen. Joe Lieberman acted "purely Rovian" in "distorting" Lamont's position on Iraq. When hackers crashed Lieberman's campaign website on election day, Lieberman's campaign decried it as a "Rovian tactic."

The word generally refers to ploys that ensnare and frustrate unsuspecting opponents.

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This year, the most Rovian gambit of all would be to turn the Iraq war from a political liability to an asset. A majority of Americans now call the invasion a mistake, and Bush's approval rating hasn't risen above an anemic 40% in the USA TODAY survey for six months.

While Rove doesn't advise Republican candidates to distance themselves from Bush — quite the opposite — he does sometimes urge them to change the subject, to concentrate on attacking the vulnerabilities of the Democratic candidate who is on the ballot rather than on defending the president.

"He gets us to focus on the battle ahead of us," says Minnesota Republican Chairman Ron Carey, relaying Rove's advice. "Democrats want to run against George Bush. He's not on the ballot. Democrats are on the ballot, and that's who we are running against. Our job is to define the differences between our candidates and theirs, and to show that our candidates are better. If we do that, we will prevail."

Rove also urges a no-apologies response to criticism of the war. He portrays the Iraq conflict as part of the war against terrorism and criticism of it as evidence of weakness in defending the nation's security.

"If Democrats want to frame this year's election around who's stronger on national security, that will be a debate that we want, a debate we should have, and a debate that we Republicans will win," he said Saturday.

He said the Democrats' plan was "to cut and run."

That approach served Bush and the GOP well in 2002 and 2004, when national security concerns trumped unease on other issues. Some analysts question if it will work again this year, though.

"Karl Rove is a very talented political strategist," says Herb Asher, a political scientist at Ohio State University and author of Presidential Elections and American Politics.

"He can see things in the long term and the short term and make midcourse adjustments. But there's a limit on how much you can spin reality — the reality of Iraq, high gas prices and an uncertain economy."

Rove betrays no qualms about the fight ahead — or its outcome.

The conventional wisdom held that Bush couldn't win in 2000, that the GOP couldn't pick up congressional seats in 2002, that Bush couldn't be re-elected, Rove has said. Each time, he has noted, the conventional wisdom was wrong.

On Saturday, when Rove said the war on terror presents Americans with the choice of "victory or defeat," he could have been talking about his own approach to politics.

"I don't know about you," he said, "but I sure want to win more than I want to lose."

Not All Polls Predicting Doom For GOP (WT)

By Donald Lambro

The Washington Times, August 21, 2006

Voters are said to be in a sour, anti-Republican mood this year, but some polls have contradictory findings that indicate voters aren't thrilled with the Democrats either and could change their minds by Election Day.

The latest right track/wrong track survey by independent pollster John Zogby finds that only 34 percent of likely voters think "the United States is going in the right direction, while 59 percent said the country is on the wrong track."

That finding in a national survey conducted from Aug. 11 to 15, is in line with most other polls that signal Republican losses in the midterm congressional elections, campaign analysts say.

An Associated Press-Ipsos poll of 1,001 Americans, including 813 registered voters, conducted last week found that 71 percent think the country is on the wrong track, compared with only 26 percent who say it's going in the right direction.

This year's primary results, where three congressional incumbents were dumped by the voters, "combined with Congress's abysmal job-approval ratings and extremely high 'wrong-track' numbers -- indicate a very volatile, turbulent election year, the kind that incumbents hate for good reason," election forecaster Charlie Cook writes in the National Journal.

But an earlier poll of 1,047 Americans conducted for CNN by Opinion Research Corporation from Aug. 2 to 3 drew a dramatically different response when it asked people, "How well are things going in the country today?"

A combined 55 percent said things were going "fairly well" (47 percent) or "very well" (8 percent), compared with those who said "pretty badly" (29 percent) or "very badly" (15 percent).

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Keating Holland, CNN's polling director, said the question is fundamentally different from the right track/wrong track that other pollsters ask, but he acknowledged that "it is a measurement of how well Americans think things are going in the country today."

"Different questions get different answers," he said.

Other pollsters are finding that no matter how negative voters are about the Republicans who control both houses of Congress, less than a majority think the Democrats would do a better job of governing. Moreover, many voters who say they will vote for a Democrat in November also say their vote is not definite.

"Only 41 percent of Americans believe that Democratic leaders in Congress 'would move the country in the right direction,' " Mark Preston, CNN's political editor, writes on the network's Web site. That is slightly less than the 43 percent of Americans who believe that Republican leaders in Congress 'would move the country in the right direction.' "

What this means, Mr. Preston said, is that "Democrats need to do a better job of convincing voters they are better equipped than Republicans to lead the Congress."

Pollsters say the election's outcome will be decided by the large number of independent voters, but Mr. Zogby found that most of them still do not know how they will vote.

"Among independents, 32 percent said they prefer Democrats in November, 20 percent said they prefer Republicans and 41 percent said they were undecided," he said.

In the meantime, despite the emphasis that TV and newspaper polls place on the so-called generic congressional vote -- in which voters are asked which party they will support without naming candidates -- a Newsweek poll last week found that very little knowledge went into these responses.

"Most Americans aren't paying attention to politics yet; 68 percent of registered voters say they have only given the November elections 'a little' or no attention," Newsweek said.

In Porous Border, GOP Sees An Opening (WP)

By Jonathan Weisman

The Washington Post, August 21, 2006

ORO VALLEY, Ariz. -- When 11-term Rep. Jim Kolbe (R-Ariz.) announced his retirement, he bestowed his endorsement on soft-spoken state Rep. Steve Huffman. Only someone in his own moderate mold, Kolbe declared, could prevail in a demographically diverse district stretching from the affluent foothills of the Santa Catalina Mountains above Tucson to the rugged border of Mexico.

But when the long-simmering issue of illegal immigration boiled over this year, Huffman lost his favored status in the Sept. 12 Republican primary in the 8th Congressional District and was gasping to keep up with anti-immigration firebrands in his party -- and even with some in the other.

"Stop the invasion," conservative Democrat Bill Johnson bellowed at a candidates' forum last week, as the sun set through the picture window of the Church of the Nazarene here.

"Not only can we secure the border -- we must secure the border," trumpeted former state Rep. Randy Graf, widely considered the new front-runner for the Republican nomination.

There seems to be little doubt that a hard line against illegal immigration is the safer position in a GOP primary. But many Republicans believe, in a year when many national trends are not blowing their way, that it is also the safer position in a general election.

It is a counterintuitive strategy: The way to win a swing district is not with a campaign aimed at swing voters. Instead, the goal is to motivate conservatives with anti-illegal-immigration appeals, hoping they overcome their disenchantment with GOP policies in Washington.

Of course, Republicans also hope to snare independents and even some wayward Democrats with the immigration issue. But they plan to do it with hot words -- not with the cool centrism that is more typical in districts where both parties have run competitively.

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In a way, this strategy borrows from President Bush's rally-the-base approach to winning reelection in 2004, even though it is based on spurning Bush's stance on the immigration issue. Like Kolbe, the Bush administration wants tough border security measures combined with new, legal avenues toward work and citizenship for the country's estimated 11 million illegal immigrants. Many conservatives fear this would be a de facto amnesty for undocumented workers.

It may be little surprise that immigration is a flash point in this district, which is 18 percent Hispanic. But the issue echoes in House campaigns around the country, and the tenor of the debate on the Republican side has grown increasingly unified and increasingly punitive.

In Upstate New York, Republican state Sen. Raymond A. Meier has made a border crackdown and opposition to "amnesty" for illegal immigrants centerpieces of his race to hold the seat of retiring Rep. Sherwood L. Boehlert for his party. House Republicans held an immigration field hearing this month in Dubuque, Iowa, where Rep. Jim Nussle is retiring from his highly competitive seat, to let Republican candidate Mike Whalen highlight his proposal for a tough employment-verification system for immigrant workers.

Last week, House Republican field hearings in San Diego explored the societal and governmental costs of illegal immigrants' use of health-care facilities and welfare. Another in Houston looked at "the criminal consequences of illegal immigration." One near here, in Sierra Vista, examined the nation's strained technical capacity to monitor "the efforts of terrorists and drug cartels" trying to "infiltrate American soil."

At a field hearing Tuesday in Gainesville, Ga., Rep. Charles Whitlow Norwood Jr. (R-Ga.) brushed off complaints by those who wanted a more balanced witness list. "What I wanted was witnesses who agree with me, not disagree with me," he told reporters.

Some believe rigidity is what voters are seeking. Randy Pullen, a Republican National Committeeman from Arizona, pointed to national polls of Republican voters that indicate illegal immigration is a close second behind fighting terrorism on the list of GOP priorities. In that sense, opposition to a porous border may be to November 2006 what opposition to gay marriage was to November 2004.

"If we turn out our base, we win," Pullen said. "In states like Arizona, [illegal immigration] is the issue. There is no other. But nationally, when that much of your base feels so extremely strong about an issue, you need to take notice."

Mike Hellon, a former Arizona GOP chairman running in the primary here, said, "Not since the Watergate year of 1974 have I seen an issue so dominant in an election."Intense Issue in Intense Race

The race to succeed Kolbe promises to be one of the most tightly contested, expensive House races this cycle; the prize is one of only a handful of open seats in swing districts. President Bush carried this district in 2004. But so did Democratic Gov. Janet Napolitano. Independent congressional analysts have labeled the seat one of the Democrats' best pickup chances.

But a race that was expected to pit moderate against moderate on issues such as Iraq and Medicare now seems likely to have a much sharper edge. Like Kolbe, Huffman, a former aide to the retiring congressman, embraces "comprehensive" immigration changes, including a robust guest-worker program for some illegal immigrants and future immigrants.

But other Republicans say Kolbe and Huffman miscalculated the district's mood. Graf, who took 43 percent of the primary vote in an anti-illegal-immigration challenge to Kolbe two years ago, jumped into the race to oppose a guest-worker program and excoriate any candidate offering a path to citizenship for those in the country illegally.

Hellon started with conciliatory rhetoric, then embraced a harder line on immigration. Former Green Beret and Iraq combat veteran Frank Antenori entered the fray, saying he had sat on a mountaintop with night-vision goggles and helped apprehend illegal immigrants.

Democrats said they savor the prospects of a primary victory for one of the immigration firebrands, who they think are too conservative for the district. Huffman agrees, making Graf's "extremism" the centerpiece of his campaign. "An extreme candidate cannot win the general election," he said.

But other Republicans here say moderation is no virtue on this issue. Hellon said Kolbe's endorsement probably cost Huffman some Republican support. With conservative voters so demoralized, said Hellon, if Huffman won the nomination they would rather sit out the vote in November with their eyes on 2008.

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"A vote for Steve Huffman is a vote for the politics of Jim Kolbe. There may have been a time when those politics were valid -- not anymore," said local conservative radio host Charles Heller.

"There is a frustration among the base, and that's why we're going to be successful in this primary," Graf said. "Conservative Republicans in this district have not had a reason to go to the polls to vote for a congressman for quite some time because this congressman has not represented them."

Some voters do not see it that way. On a street in Warren, near what is left of a once-bustling copper mine, Annette Walton was talking to the few customers trickling in for lunch at her no-name diner when she turned to politics.

"Most of those immigrants coming across are working jobs that most people here don't want anyway," she said. "Most of them are good people trying to get a better life. It's a smokescreen, is what it is."

But even some Democrats worry that immigration hard-liners may be accurately gauging the temper of the times -- and that the GOP has found an antidote to its woes.

In the liberal enclave of Bisbee, a picturesque 19th-century mining town spilling down the walls of Tombstone Canyon, the talk among Democratic partisans congregating in artist studios and cafes was of the Bisbee police officer who was pulled off the beat, put into his National Guard uniform and stationed a few miles away at the Naco border post.

"So stupid," said Susan Rohrbach over tea at a Bisbee coffee shop.

But, she added, the anger of the few diehard Democrats in the district may be nothing compared with the rage being stoked among the Republicans by the anti-immigration push.

"I'm afraid that is the right strategy, at least in this state," she said.

At a Graf rally last Monday at Trail Dust Town, a Tucson tourist stop, the talk wasn't over whether to build a wall on the border with Mexico, but what kind.

"Jewish-style," counseled Lee Ewing, 70, referring to the Israeli barrier being erected around the West Bank. "Double-layered, with a berm in between and razor wire."

Ewing railed against Bush's immigration policies, saying he failed to deploy enough resources on the border, and against the war in Iraq, where "2,600 Americans have died . . . for nothing." But given the choice to vote for a Republican vowing to clamp down on illegal immigration and a Democrat promising a new course in Iraq, he said he would not hesitate to vote Republican.

At the Bakers Dozen donut shop in Sierra Vista, Sally Hawk of Huachuca City held her tongue as her husband, Jim, fretted over a Republican Party in control of the House, Senate and White House but "doing nothing." Then, when talk turned to the illegal immigrants flowing over the border, she chimed in hesitantly: "I think they ought to shoot them. I don't have anything against Mexicans. I just want them here legally."Democrats Have Broader Plan

Most of the Democratic candidates are confident that their broader assault on Republican policies will prevail in November. Former Tucson anchorwoman Patty Weiss, who is locked in a contest for the District 8 nomination with former state Sen. Gabrielle Giffords, said candidate coffees and house parties regularly pass without a word about immigration as she talks up universal health care, education and environmental quality.

Giffords said the GOP thrust can be parried with a tough Democratic response that blames Republican inaction for the crisis that illegal immigrants have visited upon resource-strapped schools, health-care systems and law enforcement agencies.

"We're mad here in Arizona," she said. "The Republicans can try to say they're going to come in on a white horse on the immigration issue and save the day, but they have been in power for six years, and they have done nothing."

David Green, a retired journalist and independent voter, milled uncomfortably last week on the fringes of the Graf rally, still very much undecided about his vote in November. Don't be fooled, he said, by the 100 or so Graf supporters so confident a Republican would win the seat. Illegal immigration is just one of the discontents of the district, he added, and it could well work against the Republicans.

"The feeling is, 'I'm fed up with illegal immigration. I'm fed up with Iraq. I'm fed up with gas prices. I'm fed up with nothing being done about the minimum wage,' " Green said, as black thunderheads rolled down the mountainside and chased the rally into Trail Dust Town's faux Old West opera house. "The general attitude is, 'Whoever's in, I want him out.' "

Democrats Hit GOP Hopefuls Over Social Security (WT)

DOJ_NMG_0050916

By Amy Fagan

The Washington Times, August 21, 2006

Republican and Democratic candidates have been sparring over Social Security in key races in New Jersey, Florida, Colorado, Washington and Pennsylvania, with some Republicans distancing themselves from President Bush's idea to create personal retirement accounts.

Democratic leaders made Social Security one of their key issues this election year, warning that Republicans want to privatize the program. Republicans say that's a scare tactic and that Democrats have no plan of their own to fix a system that is set to dole out more than it collects beginning in 2017.

In Florida, which has a large elderly population, Democratic challenger Ron Klein has criticized Republican Rep. E. Clay Shaw Jr. for supporting the idea of Social Security private accounts. Mr. Bush tried unsuccessfully last year to persuade the public to support the idea of diverting part of payroll taxes into private accounts for younger workers to invest for their retirement.

Mr. Shaw is running a television ad distancing himself from Mr. Bush on the issue and highlighting his own Social Security proposal, which he said wouldn't cut benefits, raise taxes or privatize the system.

"Both President Bush and Clay Shaw are pushing privatization plans," said Mr. Klein's campaign manager, Brian Smoot.

In Pennsylvania, which also has a large number of seniors, Democratic challenger Bob Casey blasted Republican Sen. Rick Santorum for being a key supporter of "privatization."

Mr. Santorum is running two television ads touting legislation he crafted to guarantee that those born before 1950 receive their promised Social Security benefits. Spokeswoman Virginia Davis said Mr. Santorum still supports the personal accounts for younger workers but is pushing his senior-guarantee bill.

Mr. Casey's spokesman, Larry Smar, said Mr. Santorum is "hiding from his record."

When asked about Mr. Casey's own ideas for Social Security, Mr. Smar said Mr. Casey thinks growing the economy will boost the Social Security's solvency.

Similar Social Security squabbles have popped up in the Washington Senate race, New Jersey Senate race and a race for an open House seat in Colorado, where Republican Rick O'Donnell and Democrat Ed Perlmutter are duking it out over the future of the retirement system.

In New Jersey, Sen. Robert Menendez and his Democratic colleagues planned a coordinated campaign to hammer Tom Kean Jr. on Social Security, holding town-hall meetings warning that Mr. Kean has supported private accounts in the past.

"His goal is to hide and run away from his position," Mr. Menendez said recently.

Mr. Kean's spokeswoman, Jill Hazelbaker, said that Mr. Kean opposes privatization and that Mr. Menendez has "no credibility" because he voted to give Social Security benefits to illegal aliens as part of the Senate immigration bill.

But Democrats vow to keep up the drumbeat. The advocacy group Americans United has run ads in several states and plans more, warning that Republican control endangers Social Security.

Democrats say Republicans are facing an uphill battle to retain control, partly because last year, they backed Mr. Bush's unpopular accounts idea.

Republicans reject that and say that despite the few Social Security squabbles, it simply won't get the traction Democrats want.

"It's Democratic rhetoric that, come September and October, will fall by the wayside," said Carl Forti, spokesman for the National Republican Congressional Committee.

Sen. Hagel Says GOP Has Lost Its Way (AP-Y)

By Will Lester, Associated Press Writer

AP, August 21, 2006

Republicans have lost their way when it comes to many core GOP principles and may be in jeopardy heading into the fall elections, Sen. Chuck Hagel, R-Neb. says. Hagel, a possible presidential candidate in 2008, said Sunday that the GOP today is very different party from the one when he first voted Republican.

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"First time I voted was in 1968 on top of a tank in the Mekong Delta," said Hagel, a Vietnam veteran. "I voted a straight Republican ticket. The reason I did is because I believe in the Republican philosophy of governance. It's not what it used to be. I don't think it's the same today."

Hagel asked: "Where is the fiscal responsibility of the party I joined in '68? Where is the international engagement of the party I joined — fair, free trade, individual responsibility, not building a bigger government, but building a smaller government?"

His frustration does not lead him to think Democrats offer a better alternative. But Hagel wants to see the GOP return to its basic beliefs.

"I think we've lost our way," Hagel said. "And I think the Republicans are going to be in some jeopardy for that and will be held accountable."

Hagel has not decided whether he will run for president in 2008. But he respects his wife's reservations about being first lady — cited in a book about Hagel.

"I think it just shows the immense good judgment of my wife and how sane she is. I don't know of any spouse who would wish the job of president on their husband or wife," Hagel said on Fox News Sunday. "It's a big job. It's a tough job."

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WASHINGTON (AP) — Sen. John McCain, R-Ariz., said Sunday that in some parts of the country, the fall elections may turn out to be a referendum on the war in Iraq.

"Most of time we know these elections are local, but it's beginning to look more like some of them may be global as far as they are impacted by Iraq," he said. "We've got to fight hard. We've got to win. We need to keep both houses of Congress."

McCain predicted Republicans will retain control of the Senate but said it is too early to tell if they can keep the House.

"This is a very tough election coming up," he said.

"The war is difficult. The president is not getting enough credit for a good economy which we have today," he said.

McCain, a potential presidential candidate for 2008, appeared on NBC's "Meet the Press."

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WASHINGTON (AP) — Sen. Hillary Rodham Clinton matches up well against Sen. John McCain in early polling about a possible presidential contest in 2008.

A Time magazine poll released Sunday found McCain, R-Ariz., at 49 percent and Clinton, D-N.Y., at 47 percent among registered voters when people were asked which candidate they would support for president if they had to decide now.

McCain had a 10-point lead over the Democratic nominee from 2004, Massachusetts Sen. John Kerry, and a 9-point lead over 2000 Democratic nominee Al Gore in similar matchups.

Fifty-six percent of those surveyed said they have a favorable opinion of McCain and 53 percent said they have a favorable view of Clinton.

While Clinton is an early favorite to win the Democratic nomination for president, some have voiced concerns whether she be competitive with the Republican candidate in the general election.

The poll of 1,003 adults was taken July 13-17 and has a margin of sampling error of plus or minus 3 percentage points.

Hagel Sees Danger In Barbs Over National Security (Update1) (BLOOM)

Bloomberg, August 21, 2006

Aug. 20 (Bloomberg) -- American politicians are undermining the U.S. fight against terrorism by seeking political advantage from arguments over national security, Republican U.S. Senator Chuck Hagel said.

The fight against terrorism is ``too serious to be left to headline seekers or politicians or political parties,'' Hagel, a Nebraska Republican, said on the ``Fox News Sunday'' program.

Hagel, a potential candidate for his party's presidential nomination in 2008, acknowledged concern with his own party's tactics in cases such as that of the federal judge who last week ordered the U.S. government to stop warrantless wiretapping of telephone calls involving suspected terrorists.

Following the ruling, the Republican National Committee issued a statement saying, ``Liberal judge backs Dem agenda to weaken national security.'' That type of comment is counterproductive, said Hagel.

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``I've said it, even though it's my own party," Hagel said. ``Both parties are at significant peril in the election this year if they continue to define down to the lowest political common denominator this issue of terrorism."

Midterm Elections

Democrats are trying to wrest control of Congress from President George W. Bush's Republicans in the Nov. 7 midterm elections. The party needs a net gain of 15 seats to take control of the 435-member House and six to win the 100-member Senate.

``We have on the one side the Democrats running around saying well, the Republicans are warmongers, they want to take your rights away from you, you can't trust them," Hagel said, adding that the Republicans ``are saying about the Democrats they're cut and run, you can't trust them."

Both Bush and Attorney General Alberto Gonzales criticized the wiretapping ruling by U.S. District Judge Anna Diggs Taylor in Detroit and pledged to continue such eavesdropping while higher courts review the case.

``Those who herald this decision simply do not understand the nature of the world in which we live," Bush said.

Republican National Committee Chairman Ken Mehlman, citing Democratic opposition on matters such as the telephone surveillance and the war in Iraq, said last week on NBC News that the Democratic Party ``doesn't think America is really at war" against terrorists.

The end result of both parties seeking political advantage from the issue is that ``what you're going to find is the American people not taking it seriously," Hagel said.

Wiretapping

Hagel said he agreed with the judge that Bush went too far with the wiretapping policy. Yet he acknowledged that Bush needs more tools, and said he supports legislation that would expand the administration's legal rights to intercept phone calls involving suspected terrorists.

Several other senators, interviewed on Sunday television talk shows, agreed on the need to expand and define the president's rights.

``Overall we need to be able to listen to people's phone calls, who want to do bad things to America and the world," Senator John McCain, a Republican of Arizona, said on NBC News.

Senators Arlen Specter, a Republican of Pennsylvania, and Dianne Feinstein, a Democrat of California, said on CNN that they also hoped to enact the compromise legislation. It is ``potentially very dangerous for a president to have this wide swath of power," Feinstein said.

``Ultimately, the Supreme Court of the United States is going to have to decide the issue," Specter said.

McCain Mines Elite Of G.O.P. For 2008 Team (NYT)

By John M. Broder

The New York Times, August 21, 2006

WASHINGTON, Aug. 18 — Senator John McCain is locking up a cast of top-shelf Republican strategists, policy experts, fund-raisers and donors, in a methodical effort to build a 2008 presidential campaign machine, drawing supporters of President Bush despite the sometimes rocky history between the two men.

Mr. McCain's effort to woo a diverse lineup of backers and scare off rivals has augmented his travel schedule on behalf of Republicans — which this week and next includes trips to Iowa, Louisiana, Virginia, South Carolina, Ohio and Florida.

The effort is fueling a fund-raising operation that has helped him build loyalty throughout the party by doling out more than $800,000 to candidates since the start of last year through his political action committee.

Other Republican presidential hopefuls are doing likewise, but Mr. McCain is widely judged to be farther along in assembling the kind of national network necessary to sustain a long, expensive campaign for his party's nomination to succeed President Bush.

At a point in the election cycle when policy positions may be less important than general impressions, the signal Mr. McCain is seeking to send to the Republican Party is that anyone who wants a place on his bandwagon should jump on now.

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"We are a party that gravitates toward front-runners," said Rick Davis, who was Mr. McCain's presidential campaign manager in 2000.

Mr. McCain, of Arizona, has long had a constellation of loyal friends and advisers, some of whom date to his years as a naval pilot and prisoner of war in Vietnam, not to mention his presidential bid in 2000.

But as he has tried to claim the mantle of Mr. Bush's natural successor, Mr. McCain has expanded his orbit to encompass supporters who have been part of Mr. Bush's circle, and others who have not previously backed the senator.

His still-informal network includes Richard L. Armitage, the former deputy secretary of state; John A. Thain, chief executive of the New York Stock Exchange; and Sig Rogich, who directed the advertising for the 1988 and 1992 presidential campaigns of Mr. Bush's father.

He is reaching out to Christian conservatives, who helped sink his 2000 presidential bid, by enlisting the aid of figures like Gov. Jon Huntsman Jr. of Utah and former Senator Dan Coats of Indiana, both of whom have strong evangelical followings.

His growing kitchen cabinet spans an array of issues and backgrounds, and includes James Jay Baker, a former lobbyist for the National Rifle Association; Niall Ferguson, a historian at Harvard; and Barry McCaffrey, who was the drug czar under President Bill Clinton.

There is as yet no formal policy council and no regular meetings of the McCain brain trust, aides said. They cautioned that the senator consults widely and that some of those enlisted as advisers or supporters might not play official roles in his campaign, if he decides to run.

Some figures listed as advisers by McCain aides, like Colin L. Powell, the former secretary of state, have been silent in public about their preference, and it is not clear how involved they may become.

Yet the scale and breadth of the list suggest how much time, effort and care Mr. McCain is investing in preparing for a presidential campaign, using the lessons of his race in 2000 and his subsequent effort to rally the party around him.

There is a whiff of opportunism among those signing on early with Mr. McCain as loyalties begin to migrate from the president to those who would succeed him, and Mr. McCain's potential rivals for the Republican nomination are all scrambling to keep up with him in the hunt for money, expertise and ideological credentials.

Rudolph W. Giuliani's political action committee signed Anne Dickerson, who ran Mr. Bush's Pioneer and Ranger fund-raiser program.

Senator George Allen of Virginia has lined up Ed Gillespie, the former chairman of the Republican Party and a Bush backer; Mary Matalin, a close adviser to Vice President Dick Cheney and to the first President Bush; and Frank J. Donatelli, a consultant and former Reagan aide.

And Gov. Mitt Romney of Massachusetts is working with Ron Kaufman, who was a political adviser to the first President Bush and a major fund-raiser for the current president.

Mr. McCain is leading the effort to recruit big-name supporters, drawing on a deep vein of contacts from his 24 years in politics and two decades in the military. "He has the most active cellphone known to the phone company," said John Weaver, his chief strategist.

At this early stage, there is no sign of any battle for influence over policy or political strategy among Mr. McCain's supporters. The real power continues to reside in his longtime inner circle — Mr. Weaver; Mr. Davis; and his Senate chief of staff, Mark Salter. They talk daily, even hourly, as they try to lock up talent, and they and a handful of close political advisers convene weekly conference calls with activists and fund-raisers.

While Mr. McCain has been especially successful in signing up prominent Republicans who have close ties to Mr. Bush, some of his advisers differ among themselves or with the current administration's policies.

Some of Mr. McCain's economic advisers, including Dan L. Crippen and Douglas Holtz-Eakin, both former directors of the Congressional Budget Office, have taken a harder line on budget deficits than has Mr. Bush. The group Mr. McCain consults on foreign policy includes neoconservatives like William Kristol, editor of The Weekly Standard, as well as members of the so-called realist school of foreign policy thought like Brent Scowcroft and Mr. Armitage, who along with his former boss, Mr. Powell, battled the influence of neoconservatives in Mr. Bush's first term.

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Many McCain advisers and money people say it is easy to make the switch from Mr. Bush to Mr. McCain because they have always admired Mr. McCain, or because Mr. McCain and Mr. Bush agree on the things that really matter.

Like the fund-raisers, some strategists and policy advisers who approach the McCain campaign seem willing to put aside longstanding concern among conservatives about Mr. McCain.

Dan Schnur, who was communications director for Mr. McCain's 2000 presidential bid, said there were potential Republican candidates for 2008 who might be closer to Mr. Bush philosophically and politically than Mr. McCain is, citing Senator Sam Brownback of Kansas and Senator Allen. But neither has drawn the support of a sizable cadre of senior Bush advisers.

"There may be other candidates who are more logical stewards of the Bush legacy than McCain, but none of them is going to get elected president in 2008," said Mr. Schnur, who added that he did not expect to be involved in any McCain campaign. "McCain may stray from the Bush line more than other candidates in the field, but none of them is going to be in a position in 2009 to do anything about it."

Mr. McCain and Mr. Bush have grown closer politically in the past few years because of a shared commitment to a decisive battle against terrorism and the insurgency in Iraq, although it is unclear if support for the war will win votes in 2008.

But differences remain on a number of issues, including government ethics, federal spending, stem cell research, climate change and treatment of terrorism suspects. Those divergences and any future splits could prove problematic for Mr. McCain, as well as for some of the Bush loyalists who have signed on with him or are considering doing so.

Despite his past challenges to Mr. Bush, many who served in the president's campaigns or his administration are lining up behind Mr. McCain.

Among the more prominent members of the Bush team who said they expected to play a role in Mr. McCain's candidacy, if he chooses to run, are Mark McKinnon, a Texas political media consultant who has worked for Mr. Bush for years; Terry Nelson, political director of the Bush 2004 re-election campaign; Nicolle Wallace, that campaign's communications director; Wayne L. Berman, a Washington lobbyist, friend of Mr. Bush's and prolific fund-raiser; and F. Philip Handy, chairman of Jeb Bush's two races for governor in Florida and a major supporter of the president.

Mr. McKinnon said that Mr. Bush and his chief strategist, Karl Rove, had been careful not to signal their preference among potential successors. "That said," Mr. McKinnon added, "I think a lot of people are surprised at the extent to which there has been rapprochement between the Bush and McCain worlds."

He said Mr. McCain's biggest challenge would be assuming the role of front-runner rather than free-speaking insurgent or underdog. "He has to be the leader of not just a movement, but the party," Mr. McKinnon said. "That's a whole different drill."

Chafee, GOP Rival Swap Salvos (WT)

By Donald Lambro

The Washington Times, August 21, 2006

Republican Sen. Lincoln Chafee of Rhode Island is trailing Cranston, R.I., Mayor Stephen Laffey in a bitterly divisive primary contest that offers Democrats their best shot at picking up a seat in one of the nation's bluest states.

Internal campaign polls show the conservative mayor's campaign attacks on Mr. Chafee's liberal voting record -- including the incumbent's opposition to President Bush's tax cuts and to Supreme Court Justice Samuel A. Alito Jr.'s nomination -- have struck a responsive chord among Republican voters.

Now Mr. Chafee has fired back with a TV ad that attacks Mr. Laffey's temperament and character, which the senator's campaign spokesman describes as "aggressive, confrontational, over the top and bombastic."

In an interview last week, Mr. Laffey called the ad "a pack of lies."

"I feel sad that a sitting U.S. senator has to resort to false, negative, personal attacks. But after the primary, he is going to have to look himself in the mirror."

Characterizing the new ad as "desperation" on the senator's part a few weeks before the Sept. 12 primary, the two-term mayor said Mr. Chafee "is listening to his Washington handlers and throwing the Hail Mary pass."

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The primary has split Republicans in a state where registered Democrats outnumber Republicans by more than a 2-to-1 margin, setting up a situation that senior Republican campaign officials do not think Mr. Laffey can win. White House strategist Karl Rove and North Carolina Sen. Elizabeth Dole, who heads the National Republican Senatorial Committee, urged Mr. Laffey not to challenge Mr. Chafee, whose cross-party appeal, they said, was the only hope of saving the seat from a Democratic takeover.

Polls showed former state Attorney General Sheldon Whitehouse, the Democrats' expected Senate nominee, leading Mr. Chafee by six percentage points and trouncing Mr. Laffey by 55 percent to 31 percent.

But Mr. Chafee's more immediate task is luring enough of his Democratic supporters into the Republican primary to keepmore conservative rank-and-file voters from dumping him from the ticket. To be eligible to vote in the Republican primary, Democrats must re-register as "unaffiliated voters," and more than 14,000 of them have done that so far.

"Chafee's chances rest on his ability to get a big turnout from unaffiliated voters," elections analyst Stu Rothenberg told his newsletter subscribers last week. "But the challenger will win registered Republicans, who are more likely to turn out regardless of what unaffiliated voters do."

The Chafee campaign said this week that the primary race was still a tossup, but one they fully expected to win.

"The main numbers in all the public polls continue to show the senator remains in a very competitive race," said Chafee spokesman Ian Lang. "Every poll shows that Laffey cannot win in the general election against Whitehouse."

But while Mr. Chafee is selling his ability to reach out to Democrats and independents, Mr. Laffey is pitching his opposition to higher taxes that he calls "the core issue of the campaign," one that he says cuts across all the political lines.

"I just tell the truth that Chafee wants to raise taxes on every single American who is working, and when I go campaigning, I don't find anybody who thinks that's a good idea," Mr. Laffey said.

Alaska Governor Battles A Shifting Tide (WP)

By Dan Balz

The Washington Post, August 21, 2006

ANCHORAGE -- Gov. Frank H. Murkowski (R) left Washington four years ago to serve as Alaska's chief executive and what he hoped would be a gratifying capstone to his many years in public service. He now faces an ignominious end to that long political career as he struggles to avoid defeat in Tuesday's Republican gubernatorial primary.

Murkowski's early campaign commercials told the story of his problems. In one television ad, his wife, Nancy, admits that he's a stubborn man. A newspaper ad had him suggesting that he needed a personality transplant. A radio jingle to the tune of Merle Haggard's ballad "Okie From Muskogee," available on his Web site, ends with: "He might not win awards for his charisma, but Alaska's gonna need Frank in '06."

A defeat on Tuesday would make him the fourth incumbent to lose a primary election this month. On Aug. 8, Sen. Joseph I. Lieberman (D-Conn.), Rep. Cynthia McKinney (D-Ga.) and Rep. John J.H. "Joe" Schwarz (R-Mich.) were defeated in primaries. Murkowski, who has been running third in recent public polls, may be headed for the same fate.

Murkowski spent 22 years in the Senate, rising to chairman of the Energy and Natural Resources Committee, where he battled unsuccessfully to open the Arctic National Wildlife Refuge to oil and gas drilling, fought to prevent bans on logging in the Tongass National Forest with limited success and championed a natural gas pipeline that would bring the state's gas reserves to the Midwest.

When control of the Senate shifted to the Democrats in the spring of 2001, Murkowski decided to return to Alaska and run for governor. He won that 2002 race handily -- and immediately got into trouble by appointing his daughter Lisa to fill the Senate seat he vacated. She won reelection in 2004, but her father never fully recovered.

An automated telephone poll by SurveyUSA last month put Murkowski's approval rating at just 21 percent, second-lowest of any governor. A poll commissioned by the Democratic Governors Association earlier in the summer found that just 15 percent of Alaskans said he deserved reelection.

"He enjoyed a lot of support as part of the delegation while he was in the Senate," said Carl Shepro, a political science professor at the University of Alaska at Anchorage. As governor, he said, "it's become very, very negative."

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Other problems followed his daughter's appointment. Facing a substantial deficit in his first year in office, Murkowski balanced the state budget in part by reducing the longevity bonus payment to older residents. He irritated Alaskans by pushing to buy an expensive new jet. His administration has run into ethical problems, and he upset legislators by secretly negotiating with energy companies over a new natural gas pipeline.

"It's been a cumulative process of bad decision-making," Gerald McBeath, a political science professor at the University of Alaska at Fairbanks, said in an e-mail.

In a televised debate Thursday night in Juneau with his main rivals, Murkowski said, "I think the media is not used to a governor making tough decisions."

Campaign manager Mike Scott said the governor's approval rating has roughly doubled in the past six weeks because the campaign has promoted accomplishments, including a significant increase in education funding and improvement in student test scores. "What the campaign is allowing us to do is to get his record out," he said.

Murkowski's priority has been to win approval for a 2,140-mile pipeline to carry Alaska's vast natural gas reserves from Prudhoe Bay on the North Slope to Canada for delivery to customers in the American Midwest.

Last week, the state legislature approved a new oil production tax that amounted to a significant overhaul of the state's tax code and which will provide the state an estimated $2.7 billion annually in additional revenue. A contract for the pipeline is pending.

Despite the power of incumbency, Murkowski has struggled to raise money and has trailed former Wasilla mayor Sarah Palin and former state senator John Binkley in the battle for the Republican nomination.

Palin has positioned herself as the change candidate. Jean Craciun, an independent pollster, said Palin is drawing support from moderate and independent voters. Binkley, who is largely financing his own campaign, has spent more than $1 million on the primary and has more support from the Republican establishment.

Public polls in July by Craciun and on Aug. 14 by David Dittman, a former Murkowski adviser who quit the campaign several weeks ago, have shown Palin leading, with Binkley second and Murkowski third. Nonetheless, Scott said he thinks Murkowski can win. "What we've got essentially is a horserace," he said.

Democrats are poised to nominate former governor Tony Knowles, who lost the Senate race to Lisa Murkowski in 2004. The general election also will feature an independent candidate. Earlier polls showed Knowles defeating Murkowski. But given Alaska's Republican leanings, he could find himself in another tough fight in the fall against Palin or Binkley.

Ready To Run (TIME)

By Karen Tumulty

Time, September 4, 2006

If you ask anyone around Hillary Clinton the question that everyone is asking, the answer comes back in a shot: The freshman Senator from New York is far too busy concentrating on her re-election in November to be giving even a passing thought to 2008. Thank you very much. But politics is ultimately a game of logistics, and the junior Senator is putting the machinery in place for a campaign that looks far grander than a re-election cakewalk in New York. All it will need is for someone to throw the switch. Against virtually nonexistent opposition for her Senate seat, she is raising money as though she were in the fight of her life, bringing in more than $33 million. What's left over--which might easily be $10 million or more--could be the seed money for a presidential campaign. And as her husband did the year before launching his 1992 bid for the presidency, she has been putting together the intellectual pieces of a campaign agenda in a series of centrist, high-fiber speeches around energy policy, the economy, privacy and even rural issues. Her political operation has grown to an army of 32 full-time employees, plus 10 from her Senate office who draw part of their salary there and 13 consultants who are building, among other things, a national direct-mail operation. She recently added an Internet guru to their ranks. And offering his services for free is the best Democratic political strategist on the planet: Bill Clinton is "thinking about [her presidential prospects] all the time," says one of Hillary's advisers. "He's thinking about it and talking to a lot of people, promoting Hillary. This is something he is very focused on."

Should Hillary run? Could Hillary win? Is this a dynasty in the making? Is a Clinton candidacy good for the republic? Normally, those would be questions that only political consultants would be asking at this stage, but given the outsize status of

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both Clintons, ordinary voters are already wondering the same thing. Hillary would step into the race as the instant front runner, but the risks would be enormous. It is hard to imagine a greater vindication than seeing the second President ever impeached hold the Bible as his wife takes the oath of office. But if Hillary ran and lost, both Clintons would come out tarnished--no small consideration when a promising Senate career and a presidential legacy are in the balance. So sensitive is the question of Hillary's future that both Clintons refused to let TIME interview them about it, and they discouraged those around them from talking, which explains why nearly all the people who did talk did so on the condition that their name not be used.

What they say is that 2008 is closer than it looks on your calendar. Whereas her husband could wait until just four months before the first caucus to make his announcement, a front-loaded presidential primary-and-caucus schedule and a growing field of contenders don't give Hillary that luxury. Her strategists tell TIME they are urging her to make her intentions clear by next spring--by forming an exploratory committee, for instance--to lock up fund-raising and political talent. Those close enough to know say that she is genuinely undecided but that Bill is not disguising his eagerness to see her make a bid for his old job. "He thinks that she should run, and he's going to do everything possible to help her," says Texas insurance mogul and philanthropist Bernard Rapoport, a longtime Clinton friend and backer.

LOVE HER, HATE HER

THE PROSPECT OF A HILLARY-FOR-PRESIDENT campaign has put much of the Democratic establishment in a bind. The early line is that Hillary would be unstoppable in a Democratic primary but unelectable in a general election. That bet would help explain the curious political subspecies I came across frequently in reporting this story: moneymen who are lining her campaign account even as they say privately they hope she won't run.

Her strategists point out that all she would have to do in November 2008 is win every state John Kerry did, plus one. They consider Ohio and Florida her best opportunities. And there is plenty of encouraging news for her in the latest TIME poll. More than half of those surveyed--53%--said they had a favorable impression of her; she registered higher than the other most familiar names in the potential Democratic field, Al Gore (49%), John Edwards (46%) and John Kerry (45%). Her negative ratings (44%) were lower than either Kerry's or Gore's. Edwards generated fewer negative reviews (31%), but 23% of those polled said they didn't know enough about him to have an opinion one way or the other. In hypothetical matchups with the preseason G.O.P. favorite, John McCain, Hillary is the only big-name Democrat to make a real race of it, with McCain edging her by just 2 points among registered voters. By comparison, McCain would trounce Kerry by 10 points and Gore by 9.

But what those overall figures do not show is how differently Hillary is viewed in red and blue America and how familiar she already is to voters. Other candidates may have a chance to persuade voters of their merits, but people have pretty much made up their mind about Hillary. Only 3% of those surveyed in the TIME poll said they had no opinion of her, positive or negative. She is the inkblot test of a polarized electorate. In the TIME poll, Democrats overwhelmingly describe her as a strong leader (77%) who has strong moral values (69%). Republicans by and large see an opportunist who would say or do anything to further her political ambitions (68%) and puts her political interests ahead of her beliefs (60%). As for independents, more than half (53%) of those surveyed said they would not support her, with 34% putting themselves in the "definitely not" category.

Polls aside, what the Clintons know from experience is this: if Hillary runs, the race will be long and brutal and expensive. There are few names that so ignite the Democratic political base. About a year ago, when party pollster Mark Mellman, who does not work for Senator Clinton, asked a focus group of 10 African-American women to name their all-time political hero, eight picked Hillary, he says. But the Clinton opposition is at least as ardent. Hillary has already figured as Lady Macbeth in enough volumes to fill a bookmobile, and in the next year the publishing industry will be adding to the collection with such titles as Liberal Fascism: The Totalitarian Temptation from Mussolini to Hillary Clinton and Whitewash: How the News Media Are Paving Hillary Clinton's Path to the Presidency. One of her hapless opponents for the Senate seat ran an ad against her last week that featured pictures of Hillary and Osama bin Laden on the same screen. As a presidential candidate, Hillary could count on every attack from the right that Bill gotmaybe worse, because he never had to contend with the blogosphere or the newer kind of independent operation that turned swift boat into a verb in the 2004 presidential election.

And she is not as insulated as she once was on the left, which is far angrier than it used to be. Some liberals say they will not forgive her support for the Iraq invasion or, even worse, her refusal to recant that vote. When Hillary addressed the liberal group Campaign for America's Future in June, she was booed. And everyone there knew whom Kerry meant when he said, at the

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same conference, "It's not enough to argue with the logistics or to argue about the details. It is essential to acknowledge that the war itself was a mistake."

Hillary of late has made a point of stepping up her criticism of the Bush Administration, to the point of calling for the ouster of Defense Secretary Donald Rumsfeld. And in a neat bit of Clintonian triangulation, she distanced herself from pro-war Senator Joe Lieberman even as her husband campaigned for him. But the hard truth is, she doesn't have much wiggle room. National security is the toughest test for a Democrat, particularly for a woman and especially for a woman so associated with feminine causes like child care and education. Her chief strategist has a grim assessment of what Hillary is up against on that front. The country may be ready for a woman President, Bill has privately told friends, but the first one to make it is more likely to be a Republican in the Margaret Thatcher mold.

THE TROUBLE WITH BILL

FOR MORE THAN 30 YEARS, THE Clintons have been the most fascinating tango act in politics. Sometimes they moved perfectly in synch. Other times, they had to make up the steps as they went. But always each has known what to do when the other stumbled. She became a Clinton not when she married Bill but after he lost his first bid for re-election as Arkansas Governor and she realized the state's voters weren't ready for a first lady who kept her last name.

Now the choreography is reversed, and it is Hillary's time to take the lead. The Biotechnology Industry Organization learned that the hard way when it paid Bill's customary six-figure speaking fee to book him as the star attraction at its annual convention for 20,000 attendees. A week or so before the April 11 speech in Chicago, his people made a sudden demand: he wanted it closed to all media except the trade press. Hillary, as it happened, had dibs on the spotlight that day, with a speech to the Economic Club of Chicago. The couple's handlers wanted to make sure that she, not he, got the headlines, which is how it turned out. Before Bill's aides make a major commitment for him, says an ally, "there's a lot of checking" with Team Hillary.

Yet ceding center stage does not come naturally to Bill. He can be simultaneously Hillary's best asset and a subtle saboteur. When they appeared together at a $1,000-a-ticket fund raiser for Hillary last summer on Nantucket in Massachusetts, his introductory remarks were longer than her speech, recalls a prominent Democrat who was there. As the guest of honor's turn to speak finally came, much of the crowd migrated to the other side of the pool to gather where her husband continued to talk.

Then there was the scene in Buffalo, N.Y., in May when she formally accepted her party's nomination for re-election at the state Democratic convention. Hillary's handlers had the good sense to plant Bill in the audience and not onstage until after she had finished the speech in which she hailed him as "an inspiration and a mentor and a friend and a partner." But for at least 15 minutes after she and every other politician had left, he lingered at the microphones, answering reporters' questions, oblivious to aides trying to scoot him out.

With the talent he has and the baggage he brings and the sensation he creates, Bill Clinton is the best possible political spouse and the worst. "I don't know what he does. Does he campaign for her? Doesn't he campaign for her?" asks an adviser to Hillary. "I don't think anybody within the inner circle of the Clintons understands how this will work." Her 2000 Senate race was something of a test run. As a sitting President, he could beg off anything more than the occasional campaign appearance. Safely behind the scenes, however, Bill went over her speeches line by line, hassled her staff when they overscheduled her, oversaw her debate prep, second-guessed her ad buys.

Hillary has improved her game considerably since becoming a politician in her own right. When scripted, she can still come off as a scold, but she has learned to attack a rope line with gusto and at her best can be engaging, warm and funny, especially in small settings. Still, "he overpowers her with his gifts," says a senior Democratic strategist. When they appear together, he adds, "it also makes it harder to see the gifts that she has that he doesn't, like a better sense of self and much less insecurity."

Being at Bill's side can seem like standing next to a nuclear blast. Hillary appeared to vanish as he set the audience on fire at Coretta Scott King's funeral in February. When Hillary's moment came, aides noticed something familiar about her ponderous tribute: she was lifting the best line of her husband's 2004 Democratic National Convention speech. She memorialized Martin Luther King Jr.'s widow as having risen from her grief after his assassination to tell the civil rights movement, "Send me." It was a leaden version of the "send me" riff with which Bill had electrified the crowd in Boston two years ago, describing John Kerry's

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Vietnam service. "She doesn't have his touch," says one of their oldest friends. "My recommendation would be that they not campaign together."

But that would create a different problem. People would start wondering, once again, what the deal is with that marriage. More than eight years after the country lived through the trauma of seeing a marital crisis turn into a constitutional one, the state of the Clintons' union continues to fascinate people. A comedian can rarely mention either of them without a dig at their private life. A tally of how much they see each other (14 days a month on average since the beginning of 2005) merited front-page treatment by the New York Times. Even the unveiling in April of their official portraits at the Smithsonian--hers, a luminous profile, evoking the Italian Renaissance; his, a sporty pose you might have expected to see over the fireplace at Southfork--had the sharp-eyed tabloids noting that no wedding ring was visible in his.

As with everything else about the Clintons, how you view their marriage tends to be a good indicator of your politics, and vice versa. Whereas a majority of Democrats in the TIME poll said they believe Hillary stayed with Bill after the Monica Lewinsky scandal because of Hillary's commitment to the marriage, 72% of Republicans said she did it to advance her political career. Nothing makes her strategists more nervous than the occasional scandal-sheet report that Bill had been spotted out on the town. The possibility of another scandal is "the subject nobody wants to touch," says one. "It could be nothing, or it could be the biggest issue. People gave her a break on Monica, but if there's a subsequent relationship, that presents a real problem."

If Bill is a distraction when Hillary shares the stage with him--and more of one when she doesn't--that leaves Hillary with another option: sending him out on the campaign trail alone. What political pros call the surrogate is the most traditional role for the spouse and often the most valuable. But when Bill is subbing for Hillary, you start wondering which one is the candidate. In late July, for instance, people paying $75 a ticket began lining up more than an hour early at Capitale in New York City, where Bill was headlining a fund raiser for Hillary's political-action committee. He opened by saying he wanted to make three points: first, that his absent wife, who was attending to the people's business down in Washington, has been "a really good Senator"; second, that he was "particularly proud" of her for bucking a partisan atmosphere to offer constructive solutions on energy, the environment, health care and education; and third ... well, his third point turned out to be about the "epic struggle" of his presidency. For the rest of Bill's 20-minute speech, his wife merited an individual mention only here and there. Everything else was framed in the first-person-plural we. Not that the crowd seemed to mind, judging from the deafening applause.

Americans, it turns out, have good memories of the Clinton presidency. In the TIME poll, two-thirds said they have a favorable view of that time, and Bill's job-approval rating was 70%, nearly twice George W. Bush's. But do they want him wandering the White House with no real job and no accountability? Only 18% said they would like to see him play a major role in a Hillary Clinton White House. Frets a Hillary confidant: "There's always going to be that question, Is she running on her own, or is she running as his surrogate? If she's going to do this, she's got to do this on her own."

THE HARDWORKING SENATOR

FROM THE BEGINNING, HILLARY HAS MADE sure that her political operation has had her own stamp. There are a few people around from her husband's campaigns, chiefly strategist Mark Penn. But by and large, she has formed a team whose loyalties are to Hillary alone. It is an extraordinarily disciplined operation, one in which she does not allow the turf wars and leaking that always kept his in turmoil. But veterans of Bill's campaigns say privately that Hillary's operation is too inflexible and insular for prime time.

In the Senate, Hillary was initially denied the spot she sought on one of the so-called super-A committees--Appropriations, Armed Services, Finance and Foreign Relations. So she went with her expertise, taking a seat on the Health and Education Committee, among others. But she persisted in lobbying for better assignments. In 2003 she ditched the Budget Committee, which sounds more important than it is, to take a spot that had opened on Armed Services. She was one of the first in Congress to point out that U.S. forces in Iraq lack the armor they need. After 9/11, she became one of the Senate's loudest voices on homeland security, pointing to lapses in port inspections and voicing early criticism of border protection. She counts as her biggest accomplishment her role in securing $20 billion in aid for her state in the aftermath of the World Trade Center attacks. More recently, she has taken a lead role in the fight to increase the minimum wage, proposing to tie wage hikes to congressional pay raises.

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This year the Republicans couldn't even find a credible candidate to take her on, in no small part because of the inroads she has made in more conservative upstate New York. There are other unlikely places where she has won friends and admirers. When Hillary was first elected, General John Keane, then Vice Chief of Staff of the Army, sought an audience, hoping to acquaint the new Senator with some of the Army's priorities in her state, including West Point and the perpetually deployed 10th Mountain Division, based at Fort Drum. It didn't entirely surprise him that it took three months to get on her schedule or that, once he did, her staff called his twice to remind him that she couldn't spare more than 15 minutes.

When he finally got in to see her, however, the meeting did not go as he had expected. For starters, it lasted 45 minutes. "She committed immediately to West Point and the 10th Mountain Division, with follow-up on-site visits," he says. "But it was her enormous depth of knowledge about the military and her sincerity about our people which surprised and disarmed me." As First Lady, Hillary told Keane, she had traveled the globe and had often been able to see parts of the world that security prevented her husband from visiting but where the U.S. Army was always present. "She had an extraordinary grasp of our military culture, our soldiers, our families and what it was like for them," Keane marvels.

Hillary has succeeded in the Senate by recognizing what everyone expected of her and then proving them wrong. Much has been said of the low profile she keeps to avoid having her celebrity bruise any of the tender egos of her more senior colleagues. She shows up early for committee hearings even though her junior status means she is usually the last one to speak. Even more striking is the way she has reached across party lines--sponsoring foster-care legislation with Tom DeLay, then the House majority leader, and pushing health-care proposals with former House Speaker Newt Gingrich, the Clintons' nemesis in their 1994 effort to reform health care. One of her closest friends in the chamber is South Carolina Republican Lindsey Graham, who came to national attention as one of the House managers of the impeachment of William Jefferson Clinton.

So solid is her standing that some who are close to Hillary tell TIME they believe she will in the end forgo a presidential race and set her sights on rising within the Senate leadership, toward the possibility of becoming the first woman majority leader someday. She has worked to tamp down talk of her national ambition by proving there is no New York concern too parochial to merit her attention. When an Appropriations subcommittee passed a bill that was loaded with goodies for New York recently, Hillary's staff bombarded reporters' e-mail with seven press releases in just over an hour, making sure she got credit for communications equipment for Onondaga and Rockland counties, economic-development assistance for Staten Island, a program for at-risk kids on Long Island, a crime lab for Monroe County and much more.

As Hillary has worked to take the partisan edge off her image, she has also underscored the biggest question voters have about her: What does she really believe in? A First Lady can pick and choose her issues, but as a Senator, Hillary has been forced to take stands in areas that go far beyond the health-care and family issues that Americans have long associated with her. Her voting pattern has tilted liberal, but in National Journal's ratings of the five Democratic Senators most often mentioned as presidential contenders, Hillary's record (more liberal than 80.5% of her Senate colleagues', in a computer analysis of key votes) comes down in the middle--less liberal than Kerry (85.7%) but more so than Delaware's Joe Biden (76.8%) and Indiana's Evan Bayh (63.2%).

Some of her positions have been surprising--although not as inconsistent as her critics say. After she called abortion a "sad, even tragic choice" in a January 2005 speech, pundits said she was remaking herself for a presidential race, and liberal groups raised cries of alarm. But in fact, Hillary had made similar comments often in the past. Aides from the 1992 campaign say she helped come up with Bill's signature line that abortion should be "safe, legal and rare."

Whatever she does is held up not only to her own record but also to Bill's. Given the battles he fought to bring his party around to the benefits of globalization, it seemed a repudiation for her to oppose the Bush Administration-- approved deal to turn over operations of some U.S. ports to a Dubai-owned company. Never mind that virtually every other Democrat and Republican on Capitol Hill was right where she was in demagoguing as a national-security threat a deal that would have very little impact, if any, on how the ports would be run. And it didn't help her credibility when the Financial Times revealed that the emirate--where Bill had been paid $450,000 in speaking fees in 2002--was getting advice from her husband on how to go forward with the deal even as she was trying to derail it. His aides said that he was not paid for the advice and that he merely told the company it should submit to additional government review. The deal was later scuttled.

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Even when Bill doesn't get in her way, Hillary has trouble pulling off what came so naturally to him. "I wish she hadn't come out against flag burning," says her supporter and funder Rapoport. "The worst mistake she can make is to move to the right. She's going to lose a lot of the enthusiasm of the people who can get her elected." But others point out that by supporting a statute banning flag burning, she helped defeat a more drastic constitutional amendment that would have done the same thing --very much like what her husband did in 1995 when he produced a balanced budget, horrifying the left with 25% cuts in domestic spending. That helped take the political momentum out of a balanced-budget constitutional amendment. "Do you pretend [an issue] doesn't exist, or do you find a way to beat it?" asks former Clinton White House domestic-policy director Bruce Reed. "The Clintons have always found a way to beat it."

Can they win again? In her memoir, Hillary closed by writing of her final moments in the White House Grand Foyer. The longtime butler there "received my last goodbye embrace and turned it into a joyous dance. We skipped and twirled across the marble floor," she writes. "My husband cut in, taking me in his arms as we waltzed together down the long hall." A farewell, perhaps. Or maybe the Clintons will yet want to have another dance.

Hillary Clinton's Low Profile (NYT)

The New York Times, August 21, 2006

With only a few weeks until New York's Sept. 12 primary elections, many people are probably still unaware that Senator Hillary Clinton is facing a challenge for the Democratic nomination. Her opponent, Jonathan Tasini, is low on almost everything, from funds to name recognition. Mrs. Clinton has successfully ignored Mr. Tasini all summer, and now it seems clear that she has no intention of responding to his demands that she meet him in a debate.

She should change her mind. In a year when New York has very few competitive elections, voters are going to get very little chance to hear serious discussions from the candidates. Since Mr. Tasini is running an antiwar campaign, it would be very useful for New Yorkers to have a chance to hear the two Democratic candidates debate that one issue.

New York voters have been exposed to all the political drama in Connecticut over Senator Joseph Lieberman, who like Mrs. Clinton supported the invasion of Iraq. She has been far more critical of the Bush administration's handling of the war — a point the Clinton campaign makes pains to point out. But she has not been forced to discuss in great detail exactly what she thinks should be done now that things have gone so far awry in the Middle East.

Presuming she wins the primary, Mrs. Clinton will go up against a weak Republican candidate this fall. Anything can happen in an election, but there is a very good chance she could coast all the way to November without being tested on any important issue. Right now is a good time to make sure that does not happen.

Lieberman Calls On Rumsfeld To Resign (AP)

AP, August 21, 2006

Sen. Joe Lieberman, attacked by fellow Democrats as being too close to the White House on the Iraq War, on Sunday called on Defense Secretary Donald Rumsfeld to resign but said the United States cannot "walk away" from the Iraqis.

Lieberman, the one-time Democratic vice presidential candidate, is running as an independent in his bid for a fourth term since losing the Democratic nomination to newcomer Ned Lamont, who harnessed voters' anger against the war in Iraq.

Lieberman, an early supporter of the Iraq war, said he had called for Rumsfeld to step down in 2003.

"With all respect to Don Rumsfeld, who has done a grueling job for six years, we would benefit from new leadership to work with our military in Iraq," he said on CBS' "Face the Nation."

Lieberman said the Bush administration should have sent more troops into Iraq "to secure the country."

"We had a naive vision that the Iraqis were going to embrace us and then go on and live happily ever after," he said.

Lieberman said the administration must "put severe pressure on the Iraqis to contain sectarian violence."

"There is still hope in Iraq and as long as there is we cannot just pick up and walk away and leave them to the sure disaster that would follow and would compromise our security in the war on terrorism," he said.

The Lamont campaign issued a statement Sunday criticizing Lieberman for trying to "paint himself as courageous for clinging to the failed 'stay the course' policy in Iraq and not listening to the voters of Connecticut on the need to change course."

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"His new found 'criticism' of the war won't convince Connecticut voters after so many years of stubbornly rubber-stamping Bush's failed policies," the statement said.

The war in Iraq was the hallmark of Lamont's primary campaign. He calls for the withdrawal of U.S. troops from what he often refers to as "a bloody civil war," and says he believes that those who got America into the conflict should be held accountable.

Lieberman accused Lamont of distorting his stance on Iraq.

"He made me into a cheerleader for George Bush and everything that's happened," Lieberman said. "And the record shows that, while I believe we did the right thing in overthrowing Saddam Hussein, I've been very critical over the years, particularly in 2003 and 2004, about the failure to send enough American troops to secure the country, about the absence of adequate plans and preparation to deal with post-Saddam Iraq."

"As bad as things are now — and they've gotten worse in the last six months — it would be a disaster if America set a deadline and said we're getting all of our troops out by a given date," Lieberman said. "That's a position Ned Lamont has taken."

Tom Swan, campaign manager for Lamont, said Sunday the campaign stands by its criticism of Lieberman as being too close to President Bush.

Asked about Sen. John Kerry, D-Mass., who was quoted as saying that Lieberman echoes Republicans, Lieberman said it was "just plain politics by somebody who has ambitions of his own."

"I voted 90 percent of the time with a majority of Democrats in the U.S. Senate," he said.

"I'm worried that my party may become what we've accused the Republicans of, a kind of litmus-test party," he said. "If you don't agree with us 100 percent of the time, you don't agree with us. I'm devoted to the Democratic Party."

A new Quinnipiac University poll shows Lamont is trailing Lieberman by 12 percentage points among likely voters. It said much of Lieberman's advantage comes from his popularity among Republicans and unaffiliated voters, the largest voting block in Connecticut.

Lieberman Jabs At Rumsfeld, Saying Military Needs A Change (NYT)

By Jennifer Medina

The New York Times, August 21, 2006

HARTFORD, Aug. 20 — Senator Joseph I. Lieberman, facing continued criticism from many in the Democratic Party because of his support for the war in Iraq, leveled his most pointed criticism yet at the Pentagon during a television interview on Sunday, calling for the resignation of Defense Secretary Donald H. Rumsfeld.

Ned Lamont, who defeated Mr. Lieberman in the Democratic primary this month, said later that he had advocated that stance for months, and he questioned the timing of the senator's criticism.

With the nation profoundly divided over the war, the men sought to hone their positions in increasingly pointed remarks.

"I think it's still time for new leadership at the Pentagon," Mr. Lieberman said on CBS's "Face the Nation." "With all respect to Don Rumsfeld, who has done a grueling job for six years, we would benefit from new leadership to work with our military in Iraq."

Mr. Lamont, in an interview at a campaign stop in New Britain, said that while Mr. Rumsfeld's resignation would be "absolutely necessary" for a "fresh strategy" in Iraq, it would do little to quiet the increasing violence.

"I think every day that we're there the situation is getting worse," Mr. Lamont said. "The best hope for us to change course is to have Iraqis step up and replace American frontline personnel and do that within the next year."

Mr. Lieberman has repeatedly criticized calls by Mr. Lamont and other Democrats for a timeline for troop withdrawal.

On Sunday, he said that the situation in Iraq had worsened in the past six months but that setting a deadline would be a "disaster."

"There is still hope in Iraq, and as long as there is, we cannot just pick up and walk away and leave them to the sure disaster that would follow and would compromise our security in the war on terrorism," Mr. Lieberman said.

Shortly after losing the primary, Mr. Lieberman said that if the United States were to withdraw troops by a specific date, it would be seen as a victory for terrorists.

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While he stands by his vote to authorize the war in Iraq, in recent weeks he has sought to clarify his views, saying he has been critical all along of the Bush administration's handling of the war.

Previously, Mr. Lieberman had been on both sides of the issue of Mr. Rumsfeld's resignation. During a television interview in October 2003, when he was running for the Democratic nomination for president, he said it was the president's prerogative to ask for Mr. Rumsfeld's resignation, and added that he would do so if he were president. But earlier this year, when several retired generals urged Mr. Rumsfeld to resign, Mr. Lieberman did not back such an ouster.

Asked about Mr. Lieberman's comments Sunday, Lt. Col. Gary Keck, a Pentagon spokesman, said Mr. Rumsfeld "serves at the pleasure of the president and has repeatedly made it known that he does not get involved in political discussions of this type."

Mr. Lieberman also said on Sunday that he would support an "international crisis conference" on the war in Iraq, convened with leaders from the United States, Europe and Arab countries.

Mr. Lamont said such a conference would be "welcome and long overdue" but would be difficult without committing to troop withdrawal.

"There are no good choices, because President Bush rushed us into this war," he said. "At the end of the day it's a political solution, and other governments have to lend their support to help pacify the region, but that's much more difficult when you have an American face on this war for so long."

He added: "I appreciate the fact that on the eve of an election Senator Lieberman is now talking about Rumsfeld resigning, but where was he years ago?"

A supporter of Mr. Lamont, Senator John Kerry of Massachusetts, who sponsored an amendment earlier this summer calling for troops to begin pulling out of Iraq by July, stepped up his attacks on Mr. Lieberman, saying he was making a "huge mistake" by running as an independent.

"I am concerned that he is making a Republican case and he is uttering almost the same words as Vice President Cheney, and I think it's inappropriate," Mr. Kerry said in an interview Sunday on ABC's "This Week."

Last week, Mr. Kerry sent two e-mail fund-raising appeals to his supporters, urging them to back Mr. Lamont in his bid against Mr. Lieberman and commending Mr. Lamont as having the "courage" to argue against the war.

Mr. Lieberman said Mr. Kerry's actions were "just plain politics by somebody who has ambitions of his own."

Mr. Lamont, who frequently refers to the situation in Iraq as a "bloody civil war," and his allies have tried to portray Mr. Lieberman as too close to President Bush on the war and some domestic policies. Mr. Lieberman calls that a distortion of his record. While he has received widespread support from local and national Republican leaders, on Sunday he called himself a "devoted" Democrat and said he would continue to caucus with the party if re-elected.

Kerry Raps Lieberman On War (WT)

By Eric Pfeiffer

The Washington Times, August 21, 2006

Sen. John Kerry yesterday accused fellow Democrat Sen. Joe Lieberman of adopting "the rhetoric of Dick Cheney" on Iraq, while Mr. Lieberman sought to emphasize his loyalty to the Democratic Party and distance himself from the Bush administration.

"I am concerned that he is making a Republican case," Mr. Kerry said on ABC's "This Week."

"He is uttering almost the same words as Vice President Cheney, and I think it's inappropriate," the Massachusetts Democrat said.

However, during an appearance on CBS' "Face the Nation," Mr. Lieberman, Connecticut Democrat, defended his party credentials and said Mr. Kerry's comments are politically motivated.

"With all respect to John Kerry, an old friend, that's just plain politics by somebody who has ambitions of his own," Mr. Lieberman said. "I am a Democrat. Look at my voting record. I voted 90 percent of the time with the majority of Democrats in the United States Senate. But when I disagree, I'm going to have the courage of my convictions to say so."

Last week, Mr. Kerry sent an e-mail fundraising request to his supporters on behalf of Mr. Lieberman's Democratic opponent, Ned Lamont. On ABC yesterday, Mr. Kerry described Mr. Lamont as "courageous."

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"The fact is, Joe Lieberman is out of step with the people of Connecticut," Mr. Kerry said. "I believe that he's just dead-wrong with respect to the war. And to adopt the rhetoric of Dick Cheney, who has been wrong about almost everything he has said about Iraq, shows you just exactly why he got in trouble with the Democrats there."

Both Mr. Kerry and Mr. Lamont support a withdrawal of troops from Iraq, a view Mr. Lieberman forcefully rebuffed during his CBS appearance. "The position that my opponent and others take to set a deadline by which we will get out is the surest way to get to a civil war, which would be dangerous for our troops, a disaster for Iraq, the Middle East and for the United States of America."

A Quinnipiac poll released last week shows Mr. Lieberman leading Mr. Lamont by 11 percentage points, 49 percent to 38 percent. The Republican nominee, Alan Schlesinger, received 4 percent in the poll. According to the same poll, 75 percent of Connecticut Republicans and 58 percent of independents are supporting the Lieberman campaign.

Sen. John McCain, Arizona Republican, offered his tacit support for Mr. Lieberman during his appearance on NBC's "Meet the Press."

"Look, Joe Lieberman is a close friend of mine, and I would not campaign against him," Mr. McCain said. When asked whether he'd like to see Mr. Lieberman win, Mr. McCain responded, "Well, I wouldn't be disappointed. ... Joe Lieberman is great. I think he's a great American."

On CBS, Mr. Lieberman defended his stance on the war in Iraq, denying claims by party liberals that he is too close to the Bush administration.

"I've been very critical over the years, particularly in 2003 and 2004, about the failure to send enough American troops to secure the country, about the absence of adequate plans and preparation to deal with post-Saddam Iraq," Mr. Lieberman said. "And I, even on this show in October of 2003, about three years ago, said that we needed a new secretary of defense."

Mr. Lieberman also denied rumors that he has received the endorsement of Mr. Cheney, Mr. Lieberman's opponent in the 2000 presidential election. Mr. Cheney told reporters during a recent conference call that Mr. Lamont's primary victory would be welcomed by al Qaeda and was indicative of the Democratic Party's weakness.

"When we see the Democratic Party reject one of its own, a man they selected to be their vice presidential nominee just a few short years ago, it would seem to say a lot about the state the party is in today," Mr. Cheney said.

"Well, that wasn't an endorsement," Mr. Lieberman told CBS. "I haven't sought his endorsement, and I don't expect it."

On Candid Camera (TIME)

By Mike Allen

Time, September 4, 2006

Republican Senator George Allen of Virginia, a sunny conservative, had hoped to use his re-election race this year to build the machinery for a White House run in 2008. Last week he became the first political victim of the phenomenal YouTube era. Allen is videotaped at each campaign stop by a "tracker" for his Democratic opponent, James Webb. Such operatives are standard on the stump, and aides warn candidates to ignore them. But Allen, speaking at a rural picnic, took the bait. He singled out the Webb volunteer, who is of Indian descent, telling the crowd to welcome "Macaca." That's either a French--North African ethnic slur, a type of monkey or a contorted reference to a mohawk haircut--the guy has a mullet-like do--depending on who's translating.

"Macaca" (a.k.a. S.R. Sidarth) got the gibe on video. Last week, three days after Allen spoke, Webb's campaign posted it on YouTube.com and ignited a firestorm. Now other campaigns are worried about being "YouTubed" and losing control of their message in cyberspace. But not everyone thinks the scrutiny that comes with such publicity is a bad thing. In fact, YouTube could be seen as a new tool for political accountability. As a G.O.P. official notes, "If you don't say something stupid, you don't have to worry about YouTube."

The Un-American Senator (LAT)

The Los Angeles Times, August 21, 2006

THE BEST POSSIBLE INTERPRETATION of Sen. George Allen's twice pointing at an Indian American videographer at a campaign rally and sneeringly calling him "macaca" is that, in the words of Allen's own spinmeisters, the Virginia Republican and

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putative 2008 presidential contender was just playfully combining the words "Mohawk" (to mischaracterize the cameraman's haircut) and, well, "caca." As an Allen staffer explained to the National Journal's Hotline blog, he was "an annoyance."

That's the best spin, mind you. The worst — and more believable — is that "macaca" is an Americanized version of the similarly pronounced French racial slur "macaque," which literally refers to a species of stub-tailed monkey, but is figuratively used to insult North Africans and other people with dark skin. It's the French equivalent of "darkie," making all decent people who hear it shudder. Allen's mother is French, from the North African country of Tunisia. He speaks the language well.

Here's what a smiling Allen said to his laughing supporters Aug. 11: "This fellow here, over here with the yellow shirt, macaca, or whatever his name is. He's with my opponent. He's following us around everywhere. And it's just great.... Let's give a welcome to macaca, here. Welcome to America and the real world of Virginia." The object of Allen's ridicule was in fact born in the United States, but the senator's Confederate-tinted understanding of this country apparently has no room for people of color.

Allen grew up not in the "real world of Virginia," but on the tony Palos Verdes Peninsula. There, despite his French mother and Midwestern father (who coached the Rams), Allen developed a curious affectation for what he imagined to be the mores of the South. He began a lifelong embrace of Confederate symbology — lapel pins, bumper stickers and, until recently, flags — while exhibiting some worrying behavior toward African Americans.

According to a damning May profile in the New Republic, Allen once spray-painted something like "Burn, Baby, Burn" on his own high school just before the mostly black Morningside High basketball team from Inglewood came to play Palos Verdes High. Since taking public office, Allen has decorated his workspace with a noose hanging from a tree, opposed dedicating a federal holiday to Martin Luther King Jr., and now employed a vile slur to attack a political opponent.

There is no room for that kind of racism in American politics. We're not in the habit of telling Virginians how to vote, but an Allen defeat this November would send the right message to race-baiting politicians: Welcome to America. Now go home.

Keystone State Scuffle (USNEWS)

U.S. News and World Report, September 4, 2006

NESQUEHONING, PA.-Here in the rolling hills of eastern Pennsylvania, Republican Sen. Rick Santorum seems so relaxed that you might forget that he's in the fight of his life. It's a curious persona for a conservative firebrand, a man known for wearing his religion on his sleeve. That in-your-face style is one of the key reasons Santorum is running behind his Democratic opponent, state Treasurer Bob Casey Jr., in this battleground swing state. It also might explain why, out here on the stump, Santorum is instead calmly focusing on the incumbent's advantage: the ability to bring home the bacon. During a chat with firefighters, Santorum notes that in his 12 years as a senator, he's brought back more than $3 million to this region alone for road and other projects.

"When I get a bee in my bonnet for the people of my state, I pound away hard," he says. But this time around, even that sort of Washington clout could be a double-edged sword, thanks to the flagging popularity of Republicans and the president. George Bush's disapproval rating in Pennsylvania is 59 percent, according to a recent poll-and over the years, this incumbent senator has been with him more often than not. Can Rick Santorum overcome all that?

Nasty. That's the key question in what's shaping up as the Senate's marquee race-a race that may cost $45 million to $50 million or more before it's over. Given Santorum's history and persona, most veteran observers are expecting a hard-fought, nasty battle. And the stakes couldn't be much higher: The Democrats need to pick up six seats to gain control of the U.S. Senate.

A few months ago, it looked like Casey, the son of the late Pennsylvania Gov. Robert Casey, was a sure winner; a Quinnipiac poll in June showed him with a 52-to-34 percent lead over Santorum. But a poll released last week showed that Casey's lead had been cut to just 6 points. Political experts believe that Santorum is gaining thanks to a run of effective television and radio advertising, in which he appears calm and collected, not strident. But Santorum, they argue, has more work to do on softening his image to have a shot at winning. His voting record is one of the most conservative in the Senate, and he has strong views against abortion, embryonic stem cell research, and gay marriage.

In contrast, Casey is a soft-spoken, laid-back moderate Democrat, plugged into the state political scene in Harrisburg. Like Santorum, he is an antiabortion Roman Catholic who opposes gun control and pulling troops out of Iraq. But Casey aims to differentiate himself by arguing that he will not walk in lock step with Bush. Casey is against privatizing Social Security and tax

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cuts for the wealthy, while he supports deficit reduction and decisive action against global warming. "People want to go in a new direction," says Casey, campaigning at Guy's Hardware in Manns Choice, a small town in the southern part of the state. "Senator Santorum's record has been a 98 percent voting record with the president."

But like most incumbents, Santorum has the fundraising advantage; he's raised about $17 million thus far, compared with $11 million for Casey. That's allowed Santorum to spend more on ads, which could be crucial. Three of 10 voters say they don't know Casey well enough to form an opinion, according to a recent poll. His previous posts as state treasurer and state auditor general are relatively low-profile jobs that have done little to define him. "We have a long way to go between now and Election Day to get our message out," admits Casey.

Political experts say the race will be decided in the famously fickle Philadelphia suburbs. So expect Santorum to be running hard and aggressively. Casey, too. It's likely to be a bare-knuckle finale, says Jerry Shuster, professor of political communications at the University of Pittsburgh. "They will be painting each other with a broader brush," he says. "And it will be a black brush."

Rick Santorum. Born: May 10, 1958 Home: Penn Hills, Pa. Elected office: U.S. Senate, 1994-present; U.S. House, 1990-94 Professional career: practicing attorney, 1986-90; staff of Sen. J. Doyle, 1981-86 Family: married, six children

Bob Casey Jr. Born: April 13, 1960 Home: Scranton, Pa. Elected office: state treasurer, 2005-present; state auditor general, 1997-2005 Professional career: practicing attorney, 1991-96; schoolteacher, 1982-83 Family: married, four children

GOP Gunning For The President's Congressman (USAT)

By Richard Benedetto

USA Today, August 21, 2006

CRAWFORD, Texas — As Iraq war veteran Van Taylor stumps for votes in the sprawling 17th Congressional District that runs through here, there is at least one resident he can count on: President Bush.

Taylor, 34, met him about 20 years ago, when a Midland oilman named George W. Bush pinned an Eagle Scout badge on his chest. “My parents were sure that one day he would be president, but I wasn't,” Taylor says.

Today, Bush calls his Prairie Chapel Ranch near this town his legal residence. He's the most famous resident in a district that stretches 200 miles, from the outer exurbs south of Dallas and Fort Worth through Crawford and nearby Waco and down to College Station, home of his father's presidential library at Texas A&M University.

Rep. Chet Edwards, Bush's current congressman, is a Democrat seeking a ninth term.

The National Republican Congressional Committee has made the race one of its top 10 priorities. The president was the main attraction at a Republican fundraiser this month whose proceeds went, in part, to Taylor's campaign. He also benefited from fundraisers headlined by Vice President Cheney and House Speaker Dennis Hastert.

Edwards, 54, says he is unfazed.

“If they didn't beat me in 2004, when George Bush was on the ballot and carried this district with 69% of the vote, they're not going to beat me now, when he's not on the ballot,” Edwards says.

Taylor is the only Republican among a handful of Iraq veterans running for Congress. He's making his military service a centerpiece of his campaign.

As a Marine captain, Taylor led a reconnaissance platoon in Iraq that participated in the operation to rescue American prisoner Jessica Lynch. He also served briefly on security patrol at the Mexican border.

“I'm concerned that the Democrats will hand Iraq to al-Qaeda and sell our troops out,” Taylor says.

Jon Bond, a Texas A&M political scientist, says it will be hard for Taylor to gain traction on the war issue against Edwards: “Edwards is not a typical Democrat on national security. He favors a strong military and has developed a pretty strong relationship with the military and veterans back from when he still had Fort Hood in his district.”

Edwards, who didn't mention the war at a recent speech to the Waco Chamber of Commerce, voted to give Bush the authority to send U.S. troops to Iraq and has continued to support funding for the wars in Iraq and Afghanistan.

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He departs from those members of his party who want the United States to pull out of Iraq. “I am never going to make a decision on the future of this country based on partisanship,” Edwards says. “I am opposed to the immediate withdrawal of our troops.”

As he campaigns, Edwards highlights his 16-year record and ability to bring home federal dollars to help the district. He reminds people at town meetings and local civic groups what he has done for them. A member of the House Appropriations Committee, Edwards has helped secure funding for roads and bridges, water projects, health care research and defense contracts for local employers, such as L-3, an aerospace communications company in Waco. Edwards has also fought to keep open a veterans hospital in Waco.

“I respect my opponent's military service, but this race is about who can be more effective at representing this area in Congress, and I have a track record,” Edwards says.

Edwards has survived in conservative central Texas in part because he has tried to eschew his party's label, preferring to bill himself as “independent minded.” He voted with Republicans on a balanced-budget amendment to the Constitution and a line-item veto. In 2003, he gave up his Democratic leadership post as the liaison to centrists and moderates in the party to concentrate on the district.

Edwards rarely mentions Taylor by name in public appearances, but his news releases have criticized his Exxon stock holdings and the fact that Taylor moved to the district 13 months ago from Dallas.

Edwards has been known to pack his bags, too. He moved three times to qualify for state and federal races, including his most recent move, to Waco in 1989, to run for the House seat he now holds.

Taylor subscribes to the boot-leather school of campaigning. He's now on the third set of tires on his white Chevy Silverado pickup and will sometimes drive 1,000 miles in one week to meet voters. In his travels, Taylor says, he meets people who are drawn to him because of his military service.

“People in central Texas understand that we have got to win the war on terrorism if we are going to survive,” he says. “Winning the war and securing our borders are the two big issues.”

Last April, when Cheney came to the district to raise $300,000 for Taylor, he said Bush needs a man such as Taylor in Congress to vote with him on urgent issues of war and peace.

“As a decorated war veteran, he's shown a commitment to service above self,” Cheney said, “the very quality that has kept America free.”

Edwards has proved resilient before. The district was one of several redrawn in 2003 by state Republicans under the guidance of former House majority leader Tom DeLay. The redistricting was designed to increase Texas' GOP contingent in Congress. Edwards was the only targeted Democrat to hold onto his seat, beating Republican former state representative Arlene Wohlgemuth, 51% to 47%. Both candidates spent more than $2.5 million.

Spending on this year's race could top that total. So far, Edwards has raised $2.1 million and Taylor $1.7 million, according to the Center for Responsive Politics, which tracks money in campaigns. Taylor spent $1 million to win the Republican nomination in March, including $475,000 of his own money, and has vowed to spend whatever it takes to beat Edwards. He can tap personal resources: money made in real estate and inherited oil stock.

Campaign-finance reports show about half of Edwards' money came from political action committees, including those tied to energy, labor and defense companies, and half from about 1,000 individuals, including many lawyers and business executives.

Political Records, Race Stir Friction In Md. Senate Debate (WP)

By Philip Rucker

The Washington Post, August 21, 2006

The most spirited moment of the first one-on-one debate since April between Maryland's two leading Democratic candidates for U.S. Senate yesterday wasn't over foreign or domestic policies. It was about the role of race in a potentially historic election that could pit two black candidates against each other.

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For most of the 30-minute debate recorded last week and televised yesterday morning on WJLA (Channel 7), Rep. Benjamin L. Cardin and former representative Kweisi Mfume revealed few differences on major issues: Both oppose the war in Iraq and President Bush's energy policies. Both support universal health care and increasing federal funding for education.

The candidates did not attack each other, were cordial and appeared relaxed. The starkest difference came in the way they framed their candidacies less than one month before Democrats select their nominee from a crowded field of 18 hopefuls: Cardin presented himself as a lawmaker proud of his record, and Mfume painted himself as an outside agent of change.

With the final question, co-moderator and news anchor Leon Harris asked Cardin about the chance that Mfume and Republican candidate Lt. Gov. Michael S. Steele, both of whom are black, could face each other in the general election: "Don't you think that the Democratic Party and the country might be better served by having one of them represent the state?" Harris asked Cardin.

Cardin rattled off things he has done in Congress and as speaker of the Maryland House of Delegates before that to benefit minorities. "I have a record of inclusion," Cardin said, noting that he fought for minority-owned businesses, worked to diversify the House staff and appointed the first black chairman of the state House Ways and Means Committee.

"I think the people of Maryland want to have a person to represent them who will represent their interests," Cardin said.

Mfume, a former NAACP president, then made a pitch to voters that he could represent all constituents, not only the black community.

"I think all of Maryland is important, whether you're black, white, Latino, Asian, Eastern Shore, Western Shore," Mfume said. "I'm appealing to all Marylanders to consider this campaign for change."

At a time when polls show strong anti-incumbent sentiment among voters, Mfume tried to cast himself as an outsider, despite his having served five terms in Congress from 1986 to 1996. Harris and co-host Kathleen Matthews opened the debate by pointing out Cardin's and Mfume's decades-long tenures in national politics, but Mfume was quick to respond: "I'm not an incumbent.

"I like to think of myself as a change agent," he said.

"This election, you're right, is going to be about change," Mfume added. "People want change. They don't want the same direction. Government is broken. I, more than anyone else, represent the kind of change people say is needed."

Cardin and Mfume said they believe the United States should begin bringing home troops who are serving in Iraq. They agreed that the Bush administration should do a better job diplomatically engaging the international community on issues such as Iran's pursuit of nuclear weapons.

They also agreed when it came to education, one of the most important issues among Maryland voters, according to recent polls. Cardin and Mfume said the federal government should appropriate more funding to schools so educators can meet the standards set by the No Child Left Behind law.

"I think that the federal government has a responsibility to make sure that every family in America has an opportunity to send their children to quality schools," Cardin said.

Mfume echoed Cardin's comment and added that Maryland has some of the best- and worst-performing schools in the nation. He said he believes the quality of schools in the state should be more balanced.

"In some of those worst schools, drugs are more available than textbooks, and we're not doing what we need to do," Mfume said.

Ben Cardin For U.S. Senate (WP)

The Washington Post, August 21, 2006

THE PENDING retirement of Paul S. Sarbanes leaves an open U.S. Senate seat in Maryland, the state's first in a generation. It has spawned a Democratic primary featuring, among others, two heavyweights from Baltimore, Rep. Benjamin L. Cardin and former congressman and ex-NAACP director Kweisi Mfume. For the state's Democrats, the Sept. 12 primary is an embarrassment of political riches: Both candidates are substantive, serious and broadly experienced; either would make a fine senator; and each dwarfs the other candidates on the primary ballot. Our choice is Mr. Cardin, whose mastery of public policy,

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pragmatic bipartisanship and even-keeled determination have made him a superb lawmaker. The Democratic winner will face Lt. Gov. Michael S. Steele, who is all but unopposed in the Republican primary.

First, a word about Mr. Mfume, an electrifying orator and impressive leader with an inspirational life story. Born into a tough neighborhood in Baltimore and in trouble with the law as a youth, he rose to become a community leader, making his mark in the Baltimore City Council before being elected to Congress in 1986, the same year as Mr. Cardin. After service in the House, where he delivered for his Baltimore district, Mr. Mfume left Congress to become the NAACP's executive director, resigning last year to run for the Senate.

Despite Mr. Mfume's generally liberal orthodoxy -- he is an opponent of free trade and job outsourcing -- he has not always been beholden to that wing of his party. He sided with President Clinton on welfare reform and, as director of the NAACP, warned Democrats not to take African American voters for granted. In the current campaign, he has attacked Maryland's Democratic leadership for embracing Mr. Cardin without giving him a fair hearing.

Yet, Mr. Mfume is not Mr. Cardin's equal as a legislator.

Once the boy wonder of Maryland politics, Mr. Cardin has 40 years of legislative experience to his credit, including a stint as one of the youngest-ever and best speakers of the state House of Delegates. In Congress he has forged strategic alliances with key Republicans, thereby breaking from the pack of Democrats who have struggled in an era of GOP dominance to make a mark; he has thus been able to craft important bills to enhance the financial security of retirees and streamline the Internal Revenue Service.

On those measures, his partnership with former representative Rob Portman, an Ohio Republican who is now the White House budget chief, is a textbook lesson in how a minority-party lawmaker can wield influence.

The rap on Mr. Cardin is that he is a legislator's legislator -- a quiet, colorless insider who embodies the system but is ill-equipped to shake it up. In fact, a hallmark of Mr. Cardin's legislative record is tough-minded independence. He was one of a minority of Democrats to vote against the war in Iraq, though once troops were on the ground he acted responsibly by supporting bills to fund and equip them. He broke with many Democrats and labor unions to back the North American Free Trade Agreement. At the same time he has stood against the Bush administration's fiscal recklessness, opposing estate tax cuts for the rich.

Mr. Cardin is a recognized expert on health care, tax and trade policy, and his tough-minded, sensible record has made him one of the House's most respected members on both sides of the aisle.

Both candidates favor a withdrawal of U.S. troops from Iraq, though neither offers a convincing explanation for how that would improve the situation there. The early efforts by Mr. Mfume and other Democrats in the race to portray Mr. Cardin as somehow hawkish on Iraq fell short, given his vote against authorizing the war.

As for the rest of the Democratic field, none of the other candidates is in the same league as Mr. Cardin and Mr. Mfume, though Josh Rales, a wealthy businessman running as a political outsider, is impressively conversant with a range of issues.

A common complaint with politics as usual is that candidates and officeholders are so caught up with partisan wrangling and point-scoring that they have failed to address everyday issues of pressing concern to American voters -- health care, taxes, retirement security. It's a fair critique. The antidote is electing lawmakers such as Mr. Cardin, whose proven competence, integrity and depth have been his trademarks in public service.

Romney Golden To GOP In Blue State (WT)

By Christina Bellantoni

The Washington Times, August 21, 2006

LOS ANGELES -- California Republicans believe a handsome, blue-state Republican such as Mitt Romney would turn the presidential map upside down in 2008, appealing to the voters on both coasts who normally back Democrats in national elections.

Mr. Romney is eyeing a White House bid as he finishes his last few months in the Massachusetts governor's mansion, and made his case to state party activists this weekend at the California Republican Convention. They loved him -- cheering wildly for

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a stump speech that closely resembled a stand-up routine and later praising him as someone with the right kind of fiscal and conservative values.

"He's got the charisma Kennedy had and the morals we wish Kennedy would have had," said Republican Donee Chabot of Los Angeles, who works in real estate.

Mr. Romney, 59, is an attractive candidate for the Republican nomination because of his political savvy, state party officials said.

"He's a national-level player with national-level experience, and he showed that once again tonight," said Duf Sundheim, chairman of the California Republican Party.

Mr. Romney delivered the keynote address to the convention Saturday night, reminding the grass-roots activists he works with a legislature that is 87 percent Democratic, makinghim a "conservative Republican governor in the most liberal blue state in America."

He also told them how he cut more than $3 billion in government waste without raising taxes or borrowing money and touched on a wide scholarship program approved under his watch. He also portrayed himself as an optimist with the right ideas to fix the nation's problems during its most critical period.

"I'm a little concerned about the challenges we face," Mr. Romney said. "But I want you to know as I go through this list of challenges, I'm going to end up telling you why I am the most optimistic person in this room."

After the speech, the audience of nearly 700 erupted in chants of "Run, Mitt, Run" and the governor was surrounded by adoring fans hoping to snap a picture of the grinning, salt-and-pepper-haired politician. He worked the room for nearly an hour as chattering Republicans said things like "What a realist."

Others said Mr. Romney understands the direction the nation is headed, and specifically liked his call for a line-item veto and for reining in federal entitlement programs. They also agreed with his theory on keeping the U.S. competitive with India and other Asian nations.

"He is a visionary. He sees the problems, and he knows how to work them out," said Rosemary Licata of Ventura.

When asked if his remarks were the makings of his first presidential stump speech, Mr. Romney told The Washington Times: "No, no. We're just having fun getting Republicans elected."

The governor's comedy shtick included jokes about Gov. Arnold Schwarzenegger's muscles, gentle ribbing over the Cal Tech-Massachusetts Institute of Technology rivalry and a crack about his ambitions.

"Thank you. I accept the nomination," he said when opening his speech, to roaring laughter. "Wrong convention, sorry."

He also defended President Bush for fighting "extreme Islamists" without specifically mentioning his position on the Iraq war.

"Thank heavens we have a president who understands the nature of this risk," he said, lauding Mr. Bush's "bold and uncompromising mission of offense."

Robert Lanfranco II, 26, a Lake County resident, said Mr. Romney has a wide appeal for coming from the same left-leaning state as liberal Democratic Sens. John Kerry and Edward M. Kennedy and 1988 Democratic presidential nominee Michael S. Dukakis. He said Mr. Romney has been a bridge builder with his state's Democrats, attracting independents.

Iowa native-turned-Californian Kate Wright praised the governor but cautioned that her adopted state is ultimately irrelevant: "If you can't make it in Iowa, you can't resonate in America."

Another Republican privately worried Mr. Romney's Mormon faith would be a deterrent. The activist said Mormonism will be a difficult thing for the nation to get behind, a tougher religion to sell than President Kennedy's Catholicism.

Democrats Topple Tradition For 2008 Election (CSM)

By Linda Feldmann

The Christian Science Monitor, August 21, 2006

WASHINGTON

Move over Iowa and New Hampshire, Nevada and South Carolina are now members of the Democratic Party's "early nominators" club.

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By adding new states to its early roster of presidential nominating contests, the Democratic National Committee (DNC) aims to add racial and geographic diversity to the selection process.

Under the plan, adopted over the weekend in Chicago, Iowa will still hold the very first event - party caucuses - and New Hampshire will keep its traditional first primary in the nation. But Nevada will squeeze its caucuses into the eight-day gap between Iowa and New Hampshire, and South Carolina will hold primaries as soon as a week after New Hampshire. If all the state parties cooperate, these contests could end up taking place in a time frame as tight as 15 days in January 2008.

The new schedule reflects a long-held concern in national party circles that Iowa and New Hampshire are both more white than the nation as a whole, and that their disproportionate clout in determining Democratic presidential nominees was giving blacks and Hispanics short shrift. Nevada, the fastest-growing state in the country, has more Hispanics than the national norm; South Carolina has a large African-American population.

"It's an opportunity for the candidates to speak in a broader way to Democrats across the country," said Alexis Herman, co-chair of the DNC's rules committee, according to the Associated Press.

But New Hampshire Democrats are unhappy over the loss of clout, and it's not clear that they will go along. Aware that this change could be coming, they have long discussed the possibility of holding their primaries in early January 2008, or even in late 2007. To discourage this from happening, the national Democrats adopted a plan that would penalize any candidate who campaigns in a state that defies the new system: Delegates won in such a "rogue" state would not count toward nomination at the summer convention.

If New Hampshire bucks the new system and moves its primary to an earlier date, some candidates may decide the loss of those delegates - a relatively small number, given the state's size - in exchange for the publicity of winning the contest is a worthwhile gamble. If New Hampshire goes its own way, other states may opt to do the same.

But in the end, all the discussion about scheduling undergirds a larger question: Will the plan produce a better nominee - one more capable of winning the presidency?

"It's hard to tell," says John Green, a political scientist at the University of Akron in Ohio. "If you look back at the past manipulations of the primary season, by both parties, they have often not produced the desired results."

In 1988, he notes, Southern Democrats set up "Super Tuesday" - a single day of primaries across the South - to boost the region's clout in the nominating process, in the hope that then-Sen. Al Gore (D) of Tennessee would win. Michael Dukakis, then-governor of Massachusetts, ended up securing the nomination.

Professor Green also points out that it's too early to predict the dynamics of the race for the 2008 nominations. Based on potential candidates' actions now - who's working to build a national coalition, fundraising base, and staff, and who's already visiting New Hampshire and Iowa - it's easy to see who's thinking of running but it's not certain who ultimately will.

"If a strong liberal wins in Iowa, that could create a dynamic in which South Carolina and Nevada don't even matter," says Green.

By setting up a packed schedule of early contests, the Democratic Party appears to be forcing candidates to hopscotch around the country, which would make it difficult for them to engage in the kind of living-room politics that became the hallmark of Iowa and New Hampshire. It's possible, therefore, that some candidates will choose to forgo some of those first four states, and gamble on an attempt to win big in just one or two.

States With Moved-up Primaries Showered With Money, Attention (USAT)

By Jill Lawrence

USA Today, August 21, 2006

WASHINGTON — States with new influence over the presidential nomination process are reaping money and attention once reserved for the traditional kickoff states of Iowa and New Hampshire.

Nevada and South Carolina officially moved to the early part of the Democratic calendar Saturday at a party meeting in Chicago. By then, Indiana Sen. Evan Bayh had sent three campaign workers to Nevada, and 2004 presidential nominee John Kerry was planning a September trip there.

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In South Carolina, former Virginia governor Mark Warner had scheduled fundraisers next month for state legislative candidates, while John Edwards, the 2004 vice presidential nominee, headlines a party fundraiser there Tuesday.

"It has been more intense and involved and engaged," says South Carolina party chairman Joe Erwin, reeling off a half-dozen 2008 White House prospects who visited as the new calendar took shape.

Six prospects also showed up over the past year in Alabama, which recently moved its 2008 presidential primary from June 3 to Feb. 5.

Alabama looms large for Republicans as well. Arizona Sen. John McCain has given $107,750 to state and local candidates and committees there since January. U.S. Senate Majority Leader Bill Frist, R-Tenn., a leading campaigner for GOP Senate candidates, is squeezing in three fundraisers Tuesday for state legislative candidates. Arkansas Gov. Mike Huckabee spoke at a state party fundraising dinner, and Massachusetts Gov. Mitt Romney is planning a trip.

With control of Congress hanging in the balance, politicians weighing presidential campaigns are investing heavily in U.S. House and Senate races. At the same time, with an eye toward the neighborhood networks they'll need for 2008 caucuses and primaries, they are sending piles of cash and other resources to state and local candidates in states with early contests.

Besides giving money, Bayh has found, trained and paid 50 campaign operatives in a program called Camp Bayh. Besides the three in Nevada, he's sent one to South Carolina, 15 to New Hampshire, 25 to Iowa and six to Indiana.

Bayh's Iowa contingent is "by far" the largest any Democrat has ever fielded, Bayh spokesman Dan Pfeiffer says. Most are working on legislative races. All, like their counterparts in the other states, are gaining knowledge and contacts that will be invaluable if Bayh runs and they stick with him.

Romney has created political action committees in Iowa, New Hampshire, Michigan and South Carolina. They can raise lots of money fast because they aren't subject to federal contribution limits. He's spent most of his money on state and local races: $192,650 in Iowa, $95,000 in New Hampshire, $168,715 in Michigan and $131,500 in South Carolina, Romney's records show.

Romney and McCain are fighting a money battle in Michigan and South Carolina, which usually follow Iowa and New Hampshire in the GOP primary lineup. McCain, who won Michigan in 2000, has given at least $158,000 to state and local party committees there, according to federal records and McCain's staff. In South Carolina, which he lost in 2000, McCain has already spent nearly $150,000 on state and local campaigns.

New Hampshire (first primary) and Iowa (first caucuses) are old hands at cashing in on their influential roles. Take the New Hampshire State Senate Democratic Caucus. Republicans control the chamber 16-8, but Democratic 2008 prospects are donating generously. Their gifts include $31,000 from Warner, $15,000 from Iowa Gov. Tom Vilsack and $13,000 from Kerry, senator from neighboring Massachusetts.

Cash is not the only way they are showing they care.

"Warner provided me with a communications director. Bayh provided me with a finance director," says Ray Buckley, director of the caucus.

Iowa's tight race for governor has drawn huge sums from organizations headed by two 2008 prospects. The Democratic Governors Association, led by New Mexico Gov. Bill Richardson, gave $500,000 to Democrat Chet Culver in June. The Republican Governors Association, headed by Romney, matched that last week with $500,000 for Republican Jim Nussle. A day later, Richardson pledged another $500,000 to Culver.

Iowa doesn't have the only close governor's race this year, but other candidates aren't getting that kind of help. "It's the caucuses," says Art Sanders, an Iowa politics expert at Drake University in Des Moines.

Even though the money isn't coming personally from Romney and Richardson, Sanders says, it will open doors for them later. "You can give a million dollars in Wisconsin," he adds, referring to another close race, "but it's not going to help you become president."

Europeans Delay Decision On Role Inside Lebanon (NYT)

By Marlise Simons And John Kifner

The New York Times, August 21, 2006

DOJ_NMG_0050939

PARIS, Aug. 20 — The shaky, United Nations-brokered cease-fire in Lebanon suffered another blow on Sunday when the European countries that had been called upon to provide the backbone of a peacekeeping force delayed a decision on committing troops until the mission is more clearly defined.

Their reservations postponed any action on the force at least until Wednesday, when the European Union will take up the issue.

Haunted by their experiences in Bosnia in the 1990's, when their forces were unable to stop widespread ethnic killing, European governments are insisting upon clarifying the chain of command and rules of engagement before plunging into the even greater complexities of the Middle East.

"In the past, when peacekeeping missions were not properly defined, we've seen major failures,'' a spokeswoman for the French Foreign Ministry, Agnès Romatet-Espagne, said Sunday. "There are the bad memories of Bosnia. This time we want the answers beforehand, so we don't come to the problems when they have happened.''

In addition, a senior French official said, "Italy, Spain and Finland have raised the same questions as France has." Following the usual diplomatic practice, the official asked not to be identified. A spokesman for the Spanish Foreign Ministry said Spain was willing to send troops, "but the rules have to be clarified and agreed on."

Some countries, like Australia, which has placed forces in Iraq and Afghanistan, have refused to commit troops. "We have no intention of making any significant contribution," said a senior Australian government official, who was not authorized to speak publicly on the matter. "We don't have any confidence in it. It is not going to have the mandate to disarm Hezbollah."

The confusion over the peacekeeping force, coming just a day after an Israeli commando raid, added to fears that the cease-fire could easily break down. "Unfortunately, there is a tilting edge where things very easily, within the next weeks or months, can slide out of control," a top United Nations envoy, Terje Roed-Larsen, said at a news conference in Beirut on Sunday, after two days of meetings with Lebanese officials. Finland, which holds the rotating presidency of the European Union, scheduled the Wednesday meeting in Brussels, where diplomatic and military experts were expected to address questions that they believed have still not been properly answered.

"We need to know what are the material and legal means at our disposal," the French defense minister, Michèle Alliot-Marie, said Friday. "You can't send in men and tell them: Observe what is going on, but you don't have the right to defend yourself or shoot.''

In a further complication, Israel's prime minister, Ehud Olmert, told his cabinet on Sunday that he did not want countries that did not have diplomatic relations with Israel to participate in the force, according to an official in the prime minister's office. Malaysia, Indonesia and Bangladesh are among the countries that have offered frontline troops but have no diplomatic ties with Israel.

Mr. Olmert spoke by telephone with Prime Minister Romano Prodi of Italy and called on Italy to take a leading role in the international force, according to a statement released by Mr. Olmert's office. Italy has offered to send up to 3,000 troops while France, which helped broker the cease-fire, has so far refused to commit more than 200.

While the troubled peacekeeping force dominated discussion in Europe, repercussions from a commando raid in Lebanon on Saturday night were still being felt in Israel.

Israeli officials defended the risky nighttime operation, which they said was aimed at stopping the smuggling of weapons to Hezbollah and was fully justified, since the United Nations truce calls for an end to the rearming of the militant group. Officials hinted that the Israeli military would act again if it suspected new weapons were flowing to Hezbollah.

"The resolution has very clear directives on limiting the transfer of weapons from Syria and Iran into Lebanon," said Isaac Herzog, the tourism minister and a member of Israel's security cabinet. "The directives speak of a full embargo. As long as it is not enforced, we have the full right to act against it."

Israel gave few details about the raid, and speculation abounded in the Israeli news media that the commandos were trying to free the two Israeli soldiers whose capture started the conflict, or to kill a Hezbollah leader. One such official, Sheik Muhammad Yazbeck, lives in the area where the operation took place.

In Lebanon, Prime Minister Fouad Siniora, touring the ruins on the Shiite southern edge of the capital, where apartment buildings were flattened for blocks, called the Israel bombing raids "a crime against humanity."

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"What we see today is an image of the crimes Israel has committed," he said. "There is no other description other than a criminal act that shows Israel's hatred."

The Lebanese defense minister, Elias Murr, who on Saturday threatened to halt the deployment of Lebanese troops to the south if Israel carried out any more raids, warned Sunday that anyone who fired rockets toward Israel from southern Lebanon would be treated as a "traitor" for giving the Israelis an excuse to resume hostilities. The warning appeared to be directed not toward Hezbollah, which he said had pledged to honor the cease-fire, but to fringe groups, particularly those in Palestinian refugee camps.

Speaking at a news conference at the Defense Ministry in the hills overlooking Beirut, Mr. Murr also had harsh words for the Israelis, saying the commando raid showed "the whole world" who was violating "international resolutions."

While the Israeli military is normally quick to publicize its successes — sometimes even providing videos of the raids through eerie green night-vision lenses — scant details of the commando raid near the Hezbollah stronghold of Baalbek were disclosed.

An official statement released by the army said, "The goals of the operation were achieved in full."

But in the Lebanese village of Boudai, residents gave graphic accounts yesterday of a commando force, wearing Lebanese Army uniforms and shouting in Arabic, that was chased down by local guerrillas and forced to evacuate by helicopter.

The commandos were from the Sayeret Matkal, the Israeli news media reported, the country's most elite, legendary and secretive unit, one that carried out, among other operations, the famous Entebbe raid to free hostages held on an airliner.

Lt. Col. Emanuel Morano, who was apparently the leader of the force, put at about 100 men by the Israeli news media, was killed and another officer and a soldier were wounded.

In Israel, it was widely assumed that the mission was considered highly important and involved something more than interdicting an effort to resupply Hezbollah with standard weaponry. Many of the reports in the Israeli news media centered on speculation that the raid was intended to gather intelligence or evidence about advanced, Russian-made weaponry sold to Syria and being sent into Lebanon for Hezbollah.

In an analysis in the newspaper Yediot Aharonot, Alex Fishman wrote that Hezbollah had been using advanced Soviet-made antitank weapons. More than 10 days ago, he wrote, a legal opinion was written by lawyers reviewing the United Nations-backed cease-fire agreement "stipulating unequivocally" that attacks on Hezbollah weaponry would be classified as "an act of defense."

Whatever the purpose of the raid, most agreed it never would have been disclosed if the commandos had not run into serious difficulties.

"Nobody was supposed to hear about the secret operation two days ago deep inside Lebanon, one of the secret operations the public is not told about," the newspaper Maarivsaid. But, the paper added, "the mission got in trouble on the way."

The daily Haaretz quoted an unidentified military source as saying, "We were really lucky the operation did not end with 10 commandos killed."

Some commentators described the raid as another black mark for the Israeli military, already under severe criticism for its conduct of the Lebanon war.

Writing in Yediot Aharonot, Amir Rappaport said, "The operation was intended to be absolutely secret and the mere fact that it was revealed and even claimed casualties is proof of its failure.

"The skirmish between the commando troops and the Hezbollah fighters, which was not planned, also displays Israel to the world as though it violated the U.N. resolution. Absurdly enough, the mission that ran into trouble was also intended to allow Israel to provide proof later on that Syria, Hezbollah and Iran were not honoring the agreement."

European hesitation over committing troops to the peacekeeping force is to some extent rooted in bitter memories of the Continent's experiences in Bosnia, where foreign troops were not only unable to prevent large-scale ethnic killing but were themselves held hostage at times by the warring parties. Some of the peacekeepers' ineffectiveness was attributed to unclear rules of engagement and to conflicting chains of command between national defense ministries and the United Nations.

But some critics say the delay may indicate that military chiefs of staff are at odds with their diplomats who helped write the peacekeeping resolution and planning documents.

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The United Nations has said it is looking for at least 3,500 troops to arrive by Sept. 2. So far France has promised 200 soldiers. Fifty military engineers landed in Lebanon this weekend and the rest are to arrive later this week. But France's initial contribution has fallen far short of the 2,500 to 4,000 soldiers that it had been expected to offer. France had also been expected to assume leadership of the entire international force, which was intended to number about 15,000 troops and would join 15,000 Lebanese Army troops in patrolling southern Lebanon.

Meeting in Cairo on Sunday, Arab foreign ministers expressed their "readiness" to contribute to the reconstruction of Lebanon.

"The United Arab Emirates will rebuild the schools and hospitals in southern Lebanon and help remove landmines, Qatar will rebuild the town of Bint Jbail, and Kuwait will set aside $800 million," said Hesham Youssef, adviser to the secretary general of the Arab League. "This is in addition to the $500 million already promised by Saudi Arabia for reconstruction efforts."

Plans For Lebanon Force Faulted (WP)

By Doug Struck

The Washington Post, August 21, 2006

JERUSALEM, Aug. 20 -- Israel on Sunday objected to including countries that do not have diplomatic relations with the Jewish state in the nascent peacekeeping force for Lebanon, even as a U.N. envoy said the Lebanese army had fielded only 3,000 troops, about one-fifth of the force it plans to enforce the cease-fire in the south.

Prime Minister Ehud Olmert raised his opposition to the participation of such countries at a cabinet meeting, a government official confirmed. The list would include the Muslim countries of Indonesia, Malaysia and Bangladesh, which are among the few nations that have pledged troops to the international force that is supposed to work with the Lebanese army to enforce the truce put in place after the five-week war.

"Israel has raised our concerns about having participants in the force that we cannot talk to," a Foreign Ministry spokesman, Mark Regev, said Sunday evening. "The idea that you could have forces on our border from countries that we could not talk to, that we couldn't coordinate with, would cause problems."

In addition, Regev said, Malaysia recently hosted an Islamic conference that included calls for Israel to be "wiped off the map."

"We didn't hear any word on that from the hosts, Malaysia," he said. "How can they be a peacekeeper if they do not disavow those comments?"

Israeli officials acknowledged that the country does not have veto power over the composition of the force. But its objections will complicate the U.N. effort to gather 15,000 peacekeeping soldiers from other countries to work with an equivalent force from the Lebanese army to separate Hezbollah and Israeli combatants.

The forces are the central mechanism in the agreement that ended 33 days of fighting in which more than 1,000 civilians were killed. France, which vigorously advocated creation of the force, has offered fewer than 400 troops. Other countries, too, have been wary of pledging soldiers.

U.N. envoy Terje Roed-Larsen, speaking Sunday in Beirut before traveling to Israel, sought to put a positive light on the Lebanese army's move into southern Lebanon while waiting for international reinforcements. The Lebanese were taking control of southern Lebanon "in a forceful and massive way," he said. "Lebanon is now forcefully establishing its authority."

But Roed-Larsen said that only 3,000 Lebanese troops have been deployed in the south. About 2,000 Lebanese troops are now at the Syrian border, and another 1,000 are on the Mediterranean coast, he said. He warned that the cease-fire "can easily start sliding again and lead us quickly into the abyss of violence and bloodshed."

Israel continued overflights of Lebanon on Sunday, despite Lebanese protests. Israel also has not yet fully withdrawn its forces from southern Lebanon or lifted its sea blockade.

Israel insisted Sunday that it has the right to attack Hezbollah forces, as it did in a raid Saturday morning, to prevent the militia from rearming in violation of the cease-fire. Lebanese officials condemned the raid and U.N. Secretary General Kofi Annan said it "endangers the fragile calm" in the region.

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"The Lebanese are yet to carry out the resolution and are saying that Hezbollah will not be disarmed and that it can hide its weapons," the Israeli housing and construction minister, Meir Sheetrit, said after the cabinet meeting in Jerusalem. "What are we supposed to do? Sit idly and wait for Hezbollah to rearm?"

More than 100 Israeli commandos landed by helicopter in the Bekaa Valley early Saturday, wearing Lebanese army uniforms. Hezbollah discovered the group in a field, and a firefight broke out. One Israeli officer was killed and another was seriously wounded.

Israeli defense officials said the raid was an effort to intercept shipments to Hezbollah from Syria. Some Lebanese have said the commandos may have been sent to try to abduct a Hezbollah official.

Lebanese Defense Minister Elias Murr warned Sunday that no group should give Israel a pretext to strike again. He said that any faction, including Hezbollah and Palestinian groups, "would be considered collaborating with Israel" if it fired rockets into Israel, prompting another strike.

Murr insisted that Hezbollah was committed to the cease-fire that ended the fighting in southern Lebanon, despite the Israeli raid. There was no public statement from Hezbollah.

Meanwhile, Lebanese Prime Minister Fouad Siniora, inspecting the war damage in Beirut's southern suburbs, called the devastation "a crime against humanity committed by Israel."

Israel Puts Conditions On Peacekeepers (AP-Y)

By Josef Federman, Associated Press Writer

AP, August 21, 2006

Prime Minister Ehud Olmert said Sunday that countries that don't have diplomatic relations with the Jewish state should not participate in the international peacekeeping force that will police a truce along the Lebanese border, his office said.

The decision complicated efforts by the United Nations to form a 15,000-strong peacekeeping force, which along with an equally large Lebanese army contingent will help enforce the truce that ended 34 days of fighting between Israel and the Lebanese guerrilla group Hezbollah.

The announcement, which came shortly before the arrival of U.N. envoy Terje Roed-Larsen in Israel, was made during the weekly meeting of Olmert's Cabinet, his office said.

"The prime minister said that countries without diplomatic relations with Israel should not comprise the international force," said David Baker, an official in Olmert's office said.

During a phone conversation with Italian Prime Minister Romano Prodi, Olmert suggested that Italy lead the international force, according to Olmert's office as Rome signaled its willingness to do so.

Prodi said that Italy intends to send a "significant" force and that he would take up the matter with his parliament as soon as possible, the statement said.

The U.N. cease-fire resolution does not explicitly give Israel authority to block countries from joining the peacekeeping mission, but it does say the force should "coordinate its activities ... with the government of Lebanon and government of Israel."

"Israel believes that it's best that we have the ability to be able to communicate with the international forces," said Foreign Ministry spokesman Mark Regev. "As a practical matter, we would have a problem if the international forces don't have the ability to talk to us."

He said the composition of the force should be coordinated between Israel and Lebanon, just as the cease-fire resolution was.

Regev also urged the wider international community to follow through on its commitment to provide troops, saying the cease-fire could be in danger if the peacekeepers don't quickly deploy.

Indonesia, Malaysia and Bangladesh — Muslim countries that do not have diplomatic ties with Israel — are among the only countries to have offered front-line troops for the expanded force.

Europe, which had been expected to lead the force, has been slow to make any firm troop commitments. U.N. officials have called on the Europeans to offer more troops to balance pledges from Muslim countries.

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Italy would be willing to lead the military peace mission in Lebanon should the United Nations ask it to, Piero Fassino, who leads the largest party in Prodi's center-left coalition, said in an interview published Sunday.

"In case U.N. headquarters put forward the request to our country to lead the mission, our country will not refuse, even though it is not seeking it," Fassino was quoted as telling Rome daily Il Messaggero.

Italian Foreign Minister Massimo D'Alema also spoke by phone on Sunday with U.S. Secretary of State Condoleezza Rice, who "expressed the strong appreciation and full backing of Washington for the action that Italy is carrying out aimed at implementing the resolution," the foreign ministry said in a statement.

Rice also encouraged Italy to seek a "strong role" in the peace force, the ministry said.

The U.N. wants 3,500 troops on the ground by Aug. 28.

France, which commands an existing, 2,000-strong force in Lebanon known as UNIFIL, had been expected to make a significant new contribution that would form the backbone of the expanded force. But French President Jacques Chirac disappointed the United Nations by announcing Thursday that France would add just 200 combat engineers to its current 200-member contingent in Lebanon.

Olmert Calls On Italy To Lead Lebanon Force (FT)

By Harvey Morris And Neil MacDonald

Financial Times, August 21, 2006

Israel on Sunday night called on Italy to lead an international force in south Lebanon and to send troops to oversee border crossings from Syria through which it alleges Hizbollah is continuing to receive arms supplies.

Ehud Olmert, in a telephone call to Romano Prodi, his Italian counterpart, said the dispatch of Italian troops was crucial to implementing UN Security Council resolution 1701, according to Mr Olmert's office.

The Israeli statement came after Israel defended a commando raid deep inside Lebanon on Friday night, which it said was to disrupt weapons shipments reaching Hizbollah from Syria and Iran.

It also followed criticism by Israeli ministers that sponsors of the UN resolution, including France, had not so far fulfilled promises to provide adequate forces to implement its terms.

"The prime minister said that it was important that the force arrive as soon as possible, and that it was important that Italy lead the international force, as well as send troops to oversee the border crossings between Syria and Lebanon," Mr Olmert's office said.

Mr Prodi has said Italy intends to send a "significant" military force – some senior politicians involved with defence have the put the figure as high as 3,000 – and that he would raise the matter in the Italian parliament as soon as possible.

Meanwhile Israel warned of possible further commando raids into Lebanon to prevent weapons reaching Hizbollah from Syria and Iran.

Lebanese government officials said they would strive to preserve the fragile truce in spite of the Israeli assault. The raid, in the Bekaa area of north-eastern Lebanon, left one Israeli officer dead and two commandos wounded. The attackers are reported to have killed three Hizbollah fighters.

The fighting underlined the fragility of the ceasefire at a time when the Israeli authorities are engaged in a postmortem on the war that Dan Halutz, chief of staff, acknowledged yesterday had failed to deliver a knockout blow against Hizbollah.

The Israeli defence ministry has appointed a former chief of staff to conduct an inquiry into the readiness of the armed forces to fight in Lebanon, while Ehud Olmert, prime minister, said he would ask the cabinet to approve a state commission to investigate the conduct of the war.

Fouad Siniora, Lebanese prime minister, said Israeli forces had committed "crimes against humanity" during the 34-day war. Air raids on Shia civilian neighbourhoods were a "criminal act that shows Israel's hatred", he said while touring Beirut's heavily damaged southern suburbs yesterday with Nabih Berri, a Shia party leader who backs Hizbollah.

Following the Israeli raid, Eli Yishai, Israel's trade minister, accused the Lebanese government of failing to halt arms shipments.

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"We must give him [Mr Siniora] an ultimatum to stop the arms smuggling from Iran through Syria to Hizbollah, or his infrastructure will be damaged."

Elias Murr, Lebanese defence minister, rejected Israeli claims about intercepting arms shipments to Hizbollah from Syria, but warned that any retaliatory attacks against Israel would be treated as "treason" against the Lebanese state.

Reports that the commandos wore Lebanese army uniforms, possibly in violation of the Geneva Convention, could add "another dimension" to the raid, said Mohamed Shatah, an adviser to Mr Siniora.

The Israeli military said the goals of Friday night's raid were achieved in full. Israel rejected the view of Kofi Annan, UN secretary-general, that the action was a violation of the ceasefire.

Israeli newspapers said one aim of the operation was to collect intelligence on supplies of new weapons. Some commentators suggested the Israeli authorities were seeking further evidence to present to Russia that Syria was diverting Russian-supplied weapons to Hizbollah.

Separately, Arab foreign ministers met at the seat of the Arab League in Cairo yesterday with promises of reconstruction help for Lebanon. However, Syria's minister was absent.

The Casualties Of War (USNEWS)

By Larry Derfner

U.S. News and World Report, September 4, 2006

JERUSALEM-The bumper stickers read: "We will win." This was Prime Minister Ehud Olmert's closing exhortation in his would-be Churchillian speech at the start of the Lebanon war. But as the furious, 34-day "Operation Change of Direction" came to an abrupt halt under a United Nations cease-fire, those blue-and-white stickers all but disappeared.

While Israel had given much better than it had gotten in southern Lebanon, the grim conclusion here was that the superpower of the Middle East had been stymied by a few thousand well-armed, well-trained guerrillas of Hezbollah. Suddenly, Israelis' confidence, which shot up after the successful withdrawal from Gaza a year ago and stayed up even through former Prime Minister Ariel Sharon's incapacitation, was gone. Suddenly, it was overtaken by recriminations over the handling of the war and anxiety over the country's future in this unfriendly, volatile region.

The new, postwar slogans, not yet on bumper stickers but already on the headlines of editorials, are "Olmert must go," and Defense Minister Amir "Peretz must go," and Israel Defense Forces commander Dan "Halutz must go." What was seen here as nothing less than a "war of survival" has come to a deeply disillusioning end for Israel, so much so that the political and military leadership has lost the public's faith. One respected poll found Israelis disapproving of Olmert's war leadership by a 2-to-1 margin; just a week earlier, he'd won a 3-to-1 endorsement.

The government seems in no immediate danger of falling, but that could change rapidly, especially if the rising call for a blue-ribbon inquiry of the war proves irresistible. But Olmert's political survival is already threatened by an investigation into his alleged financial windfall from the sale of his family's Jerusalem apartment. If he comes out of that looking bad, he could have a hard time staying in office. Halutz, meanwhile, is fighting to hold on to his job following the discovery that he sold off a $28,000 stock portfolio a few hours after Hezbollah killed and kidnapped Israeli soldiers, which set the war in motion.

Harsh reality. It is difficult to imagine that there would have been such a domestic outcry over Olmert's and Halutz's financial dealings if the war had ended well. Instead, after starting with great patriotic conviction, it slammed into the harsh reality of Lebanon. Israeli leaders vowed at the outset to rid Israel of the threat of Hezbollah's guerrilla army, then gave glowing updates of the campaign's progress, but after a couple of weeks, it dawned on Israelis that Hezbollah wasn't going away. The terrorists fired as many as 250 rockets a day at northern Israel, killing 39 people, injuring some 5,000, and forcing the region's 1 million-plus residents to either flee south or hide in bomb shelters for the duration. The Army and Air Force found that Hezbollah had too many rockets, fortified bunkers, land mines, and antitank missiles to take out quickly.

Worse, reserve soldiers returning home are telling shocking tales of Army disorganization and confusion that encumbered them at the front. "We weren't even given equipment to adjust the sights on all of our weapons, which is the most basic thing you need to be ready for battle," said "Moshe," 34, a reserve sniper with a paratroopers unit. Because Hezbollah's antitank missiles proved so lethally destructive, the Army was reluctant to send out supply vehicles to the troops, so Moshe and his comrades were

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reduced to stealing food and water from the houses of the abandoned village where they made camp. "We got conflicting orders from day to day," he recalled. "It was a mess from top to bottom."

Grumbling In The Ranks (USNEWS)

By Orly Halpern

U.S. News and World Report, September 4, 2006

HAIFA, ISRAEL-Sgt. Josh Brannon didn't mind the 70-plus pounds of equipment he lugged across the rough terrain of south Lebanon even as his Israeli reconnaissance unit came under fire from Hezbollah. Nor was the tall, 27-year-old former athlete troubled when he ran out of water during the mission. And he could deal with sleeping only an hour a day while taking cover on the bathroom floor of a Lebanese home.

What makes Brannon and many other Israeli soldiers angry is a sense that the war ended prematurely."We were disappointed with the end result," says Brannon, his voice heavy with exhaustion two days after crossing back into Israel. "The war was suddenly over, but the two soldiers were still captured, and Hezbollah was still armed."

After the cease-fire took effect, his company commander held a meeting to discuss the problems the soldiers faced so they could be better prepared for the next round-if need be. "It turned into a shouting match," says Brannon, a California native who volunteered for the Israeli Army 2 1/2 years ago. There was a long list of complaints. The soldiers, reservists between the ages of 23 and 40, arrived highly motivated for what they regarded as an existential war, only to find the Army didn't supply them with basic equipment. "I was going to take my own backpack in," says Brannon. Private donors provided equipment, including scopes for guns.

Tough enemy. The enemy was another surprise. Hezbollah fighters were well trained, well equipped, and well motivated. "This was not like the [Palestinian] territories, where you drive into Nablus in 30 minutes, surround a house, take a wanted guy, and drive back," he says. Hezbollah fighters attacked with antitank missiles. They hit soldiers during rescue operations. They used guerrilla warfare tactics, which, in the six years since Israel's withdrawal from Lebanon, Israeli soldiers had either forgotten or not learned.

Israeli security experts point to shortcomings in Israeli leadership and military intelligence. "The leadership reacted from the gut-it went into the war without thinking," says Eitan Barak, a military affairs expert at the Hebrew University of Jerusalem. Another factor, he says, was Israeli arrogance regarding air power. "Israelis thought: 'I destroyed the whole Syrian air force without losing a single plane, I fly freely over Lebanon, I flew over [Syrian President Bashar] Assad's palace, and no one does anything.'"

Brannon, who was hospitalized for severe dehydration and exhaustion, is bitter. "After five days in the bush and constantly thinking about my family, there are times when a cease-fire sounds good," he says. "But if we would have known the conditions of the cease-fire-then we would have preferred to stay in the bush."

Strife Amid The Ruins (USNEWS)

By Mitchell Prothero

U.S. News and World Report, September 4, 2006

BEIRUT-They waited a few hours to see if the cease-fire would hold. When it did, thousands of refugees from the fighting in south Lebanon came pouring down the bombed-out coastal highway looking for their homes. Many found rubble instead. Thirty-four days of airstrikes, artillery barrages, and brutal house-to-house fighting between Hezbollah and the Israeli military left much of the south in ruins. In rural farming villages, livestock lay dead and rotting in streets cratered by precision-guided bombs. Many homes and shops are now mounds of broken concrete and twisted rebar.

The residents of south Lebanon-mostly poor Shiite Muslims-defied the Israeli military's orders not to drive south of the strategic Litani River to return to their homes. They arrived to greetings from polite young men with hand-held radios, neatly trimmed beards, and clipboards inquiring about what they needed to survive during the rebuilding. Hezbollah's fighters relaxed only a few minutes to congratulate each other on what they call "the Divine Victory" and to use cellphones to check on family and comrades before completely switching gears to run a massive humanitarian operation designed to assist their constituency and head off the inevitable complaints that they had brought this destruction down upon their own people.

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Less than 12 hours after the cease-fire silenced the guns, Hezbollah leader Hassan Nasrallah took to the airwaves both as the most successful Arab military hero of the modern era and as an old-style political ward boss bearing pork-barrel projects. He promised to pay the rent of all the displaced and offered to rebuild and furnish any destroyed homes-and, by the next day, he had deployed more than 1,000 civil engineers and experts around the country to start cataloging the damage.

Hezbollah has long provided social services, including operating schools and hospitals, for Lebanon's poor Shiites. The reconstruction effort had been planned from the onset of fighting, says one Hezbollah official working in Beirut. Unwilling to speak for attribution, he was coordinating the massive effort to care for the hundreds of thousands of internally displaced persons in Beirut alone and preparing for the aftermath even before the cease-fire took hold. "Many of these people are mad they lost their homes," he acknowledges. "We have been told by the highest authorities in the organization: 'People are going to be mad at us; do whatever it takes to help them.'" So we take their abuse and complaints and do whatever we can to assist them."

"Celebration." These concerns were justified. Hezbollah might be the most popular movement among Lebanon's Shiite Muslim community, but people also know that it was Nasrallah's "Party of God" that started the war by crossing the border into Israel, kidnapping two Israeli soldiers and killing three others. For every Hezbollah commander like Hussein Rumati-who claimed, "It is a celebration; even with the destruction of all of the villages in the south, it was worth it"-there is someone returning to a destroyed home or business.

"Damn Hezbollah, damn Nasrallah," yelled one older Shiite woman in a head scarf as she surveyed the destruction of her family's grocery store in Saddiqine, just 3 miles from the Israeli border. Her neighbors and family quickly quieted her by pointing out the presence of a western journalist, but none disagreed. In the tiny hamlet, a few hundred yards from the remains of her store, Hezbollah volunteers were operating heavy machinery to locate bodies trapped under a collapsed house. A Hezbollah escort barred a journalist from conducting interviews in English, apparently concerned people might express criticism of Hezbollah if he couldn't understand the conversation.

Reconstruction Wars (TIME)

By Andrew Lee Butters

Time, August 21, 2006

It's either hearteningÂ or slightly worrisome -- or both -- that the most dramatic thing the Lebanese Army did last week was cross a bridge. The Qasmiya Bridge lies 30 miles south of Beirut, at the main crossing point over the Litani River on the coastal road from Sidon. The bridge was destroyed by an Israeli air strike on July 12, the first day of the war in Lebanon. Working furiously for 48 hours, army engineers finished rebuilding the bridge just a few hours before the first tractor trailer carrying armored vehicles rumbled over. The bridge bowed but held, and Lebanon's army soon took symbolic possession of territory it hasn't controlled since the 1960s.

After a month on the sidelines of the war between Israel and Hizballah, the Lebanese Army--like the government itself--is in a race to restore its authority over a ravaged country. The U.S. wants the army, rather than the U.N. troops following behind it, to take the lead in disarming Hizballah and pushing the group's fighters away from the border with Israel. But that may never happen. To a TIME correspondent following the 11th Brigade as it moved up into the hardscrabble hills above Tyre, it was clear that the army's job will be largely symbolic and humanitarian. With cold war--era equipment--tin-pot helmets and clunky M-16 rifles that looked as if they had served in Vietnam--the units aren't a match for either Israel or Hizballah. Locals who gathered along the road to welcome the army as it passed agreed. "It's great that the army is here," says Hassan Hashim, owner of the Sunset, a bombed-out restaurant in Tibnine, where the 11th Brigade set up headquarters. "But the only ones who can stop the Jews are Hizballah."

Right now, though, most Lebanese have more pressing concerns. The army's journey south revealed a landscape of ruin. The tobacco-farm country around Tibnine, a hill town about 10 miles from the Israeli border, is like a slide show of destruction--scorched earth, leveled homes, torched gas stations--shot in a gray scale of cement dust and summer haze. While refugees have flooded back into other areas of Lebanon, only the brave or desperate have returned to these parts, which are still strewed with unexploded bombs, many of them from antipersonnel cluster munitions. "There are thousands of these out there," says a

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Lebanese military intelligence officer in Tibnine as he holds up a defused cluster bomb. "If you go out to pick tobacco right now, you've got a good chance of dying."

Having claimed victory in the war with Israel, Hizballah is already mobilizing to win the peace. Almost as soon as the cease-fire went into effect last Monday, Hizballah leader Sheik Hassan Nasrallah went on television to promise that the Party of God would give $10,000 to all those whose homes were damaged or destroyed and that Hizballah would rebuild or repair the homes itself. And Nasrallah's aides have dispatched a corps of engineers to survey war-torn areas. Its members show up wearing Hizballah yellow vests and matching baseball caps that say JIHAD OF CONSTRUCTION.

The rebuilding effort is shaping up as a proxy battle for influence in the Middle East. Oil-rich Sunni Arabs who are worried about the rise of Hizballah and other militant Shi'ite groups in Iran and Iraq don't want to lose Lebanon. (Many of them have summer homes here.) The Saudis have already provided $1 billion in emergency funds to Lebanon's central banks and an additional $500 million in reconstruction aid to the Lebanese government. The rebuilding frenzy could provide an opportunity for the U.S. to improve its tarnished reputation with the Lebanese people. So far, the U.S. has pledged $50 million in humanitarian assistance, but few expect American efforts to have much impact. "This is going to be a very politicized reconstruction," says an officer from a U.S.-based aid group. To deliver aid effectively, "we have to work through existing institutions, but in the parts of Lebanon that need the most help, Hizballah is the only institution."

Washington isn't alone in being wary of getting too involved. Although many countries are willing to throw money at Lebanon's problems, few seem inclined to make more serious commitments. The news that France--Lebanon's closest ally in the West--would increase its force by just 200 soldiers to help the Lebanese Army take control of the south provoked dismay in Beirut. "We thought they were going to send thousands," says a Lebanese military expert. "This means they don't think it's safe." With Israeli commandos raiding a Hizballah stronghold in the Bekaa Valley on Saturday and Israeli drones still flying over Beirut and Hizballah ready to reload, it's hard to disagree.

Analysis: Lebanon's Fragile Unity Cracks (AP)

By Sam F. Ghattas, Associated Press Writer

AP, August 21, 2006

Lebanon had not even finished burying the dead from 34 days of war when the country's deep sectarian and political divisions split open again. That has shattered the semblance of unity that held, just barely, through the Israeli attacks against Hezbollah.

In particular, differences over the militant Shiite group — stilled while the war raged — are re-emerging. Critics of the guerrillas and their leader, Sheik Hassan Nasrallah, have begun to speak out, with some Sunnis, Christians and Druse clearly feeling Hezbollah dragged them into a fight they did not want.

So far, it's all rhetoric and factional leaders have been careful not to actively inflame tensions, stressing instead the need to rally behind the government even as they criticize each other.

Yet tensions are rising in a country where most damage was done in Shiite Muslim areas while Christian and Sunni areas remained largely unscathed.

Senior politicians have sought to smooth feelings. Prime Minister Fuad Saniora, a pro-Western Sunni Muslim and Parliament Speaker Nabih Berri, a Shiite and close ally of Hezbollah, toured the devastation of south Beirut together Sunday and pledged unity.

But the newspaper As-Safir, which has an Arab nationalist agenda, warned that Lebanese divisions could cause an explosion. "The country seems on the edge of a political volcano," it said on the front page.

Tension has most noticeably filtered into the reconstruction effort, with complaints from Shiites that the government was slow in acting. By contrast, Hezbollah was swift and bold in its show of aid.

Druse leader Walid Jumblatt, a key figure in the anti-Syrian parliamentary majority and a critic of the pro-Iranian and pro-Syrian Hezbollah, has been among the outspoken.

"Is this (Hezbollah) resistance Lebanese or is it a tool of the Syrian-Iranian axis on Lebanese territory?" he asked Thursday.

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"We have the right — and it is not treason to say it — that we are Lebanese who look forward to a secure future without war of others on our land," Jumblatt added.

Hezbollah's support among the Shiite community — believed to be Lebanon's largest sect — remains strong, buttressed by the guerrillas' efficient drive to rebuild and help those who lost their homes by handing out cash.

Hezbollah's image as defender of the country also remains untarnished, even boosted, despite Israel's destruction of many Shiite villages.

Yet the group has not taken the new criticism lightly. Al-Manar TV, the mouthpiece of the guerrilla group throughout the war, broadcast an unprecedented attack on opponents, accusing them of "backstabbing."

"Why is this turning against the victory and completing the aggression? Is it because Hezbollah, the resistance and Lebanon has emerged victorious?" said the TV's commentary.

The anti-Syrian majority in parliament has been demanding that Hezbollah give up its weapons, but Nasrallah has said that is out of line and out of touch.

With Hezbollah still burying its dead, Nasrallah said any talk of disarmament was insensitive and "immoral." Speaking hours after the cease-fire took effect Aug. 14, he took aim at those calling for Hezbollah to give up its arms: "I advise them not to resort to provocations, threats and pressure through humanitarian or security considerations."

The issue of Hezbollah's weapons is so sensitive there have even been warnings that any attempt to disarm the group by force could lead to a civil war.

Still, there are those in the other communities of this country of 4 million people who say enough is enough.

Bridges in the Christian heartland have been destroyed in what many saw as an attempt to push the Christians to rise up against Hezbollah. That prompted some Christian leaders to call for calm and not to lose focus.

Sunni areas of Akkar lost many bridges, electricity cuts were widespread, fuel shortages and the air and sea blockade have touched all.

Hezbollah's opponents widely blame the guerrilla group for dragging Lebanon into a ruinous war with its July 12 capture of two Israeli soldiers in a cross-border raid. They accuse the group of having a regional agenda serving its backers, Iran and Syria.

While Jumblatt was the most outspoken, others also hit out at Hezbollah.

Saad Hariri, the U.S.-backed Sunni leader of the parliamentary majority, was careful not to directly criticize Hezbollah to avoid inflaming sectarian tensions. But he has focused on the theme that all Lebanese should rally around the government and the army — an implicit call on Hezbollah's military wing to fold.

Samir Geagea, a Christian politician who opposes Hezbollah, said Nasrallah should consider the opinion of other Lebanese "who did not approve what happened."

"It is wrong to think that others do not exist. ... There are popular roots other than theirs (Hezbollah's), deeper roots under a completely different view and did not want what happened," he said in a lengthy TV interview.

Geagea also said Hezbollah's strategy of trying to deter Israel with its rocket arsenal proved futile.

Israel's retaliation has affected "not only the resistance but the entire nation," said Geagea, a member of the anti-Syrian political coalition.

He said that by keeping its arms, Hezbollah "drags Syrian and Iranian intervention into the internal affairs" of Lebanon. The army, he added, should be "the only one responsible for defending Lebanon and taking military action."

Many in the pro-Hezbollah, pro-Syria camp fear that what Israel and the United States could not achieve in fighting may come about in Lebanese politics.

"Mercy for this nation," appealed former Prime Minister Omar Karami, a Sunni, criticizing the disarmament calls as untimely and wrong.

Sam F. Ghattas, based in Beirut, has reported on Lebanese and Arab affairs for two decades.

Mission Unaccomplished (WSJ)

The Wall Street Journal, August 21, 2006

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Most U.N. resolutions don't have the shelf-life of a gallon of milk, which isn't always a bad thing. But in the case of Resolution 1701 -- the cease-fire agreement for Lebanon and Israel adopted unanimously this month by the Security Council -- things seem to be going sour even faster than that. And that is cause for serious unease.

On Thursday, Jacques Chirac confirmed a Le Monde report that his government was prepared to offer only some 200 combat engineers (in addition to the 200 French troops already in Lebanon) to what is supposed to be the resolution's centerpiece: A 15,000-man U.N. force that will help the Lebanese army patrol their southern border and ensure that Hezbollah will no longer use the area as a staging ground for future attacks against Israel.

Given that the French contingent was supposed to be at the vanguard of this enhanced force, it's unclear whether other nations will be willing to chip in with troops of their own. All of this after the French used the promise of a robust, French-led international force to get the U.S. and Israel to agree to a cease-fire and withdrawal. Even less reassuring is the insistence by French Defense Minister Michele Alliot-Marie that her troops will remain in the lead only until February, after which, apparently, it's salaam and adieu.

Then there is the delicate matter of disarming Hezbollah. Although the terrorist militia is so far abiding by the cease-fire, its leader Hassan Nasrallah made a televised statement last week insisting it was the "wrong time" to discuss disarmament. "Who will defend Lebanon in case of a new Israeli offensive?" he asks.

The answer, presumably, is the Lebanese Army. By the terms of the 1989 Taif Accord that ended Lebanon's civil war, all domestic Lebanese militias should have long since disarmed or been folded into the regular army. U.N. Security Council Resolution 1559 of 2004 makes the same demand, as does 1701.

But the U.N. resolutions are dismayingly vague about just who, other than Hezbollah itself, is supposed to do the disarming. "I don't think there is an expectation that this [U.N.] force is going to physically disarm Hezbollah," Secretary of State Condoleezza Rice told USA Today last week. "You have to have a plan, first of all, for the disarmament of a militia, and then the hope is that some people lay down their arms voluntarily."

That's some "hope" on Secretary Rice's part. Emile Lahoud, the pro-Syrian Lebanese President who is nominally commander-in-chief of the army, has described the notion of disarming Hezbollah as "disgraceful": "How can they ask us to disarm while the blood of the martyrs is still warm?" Lebanese Prime Minister Fuad Siniora has been less explicit but little better. The Israeli newspaper Haaretz reports that he has entered into negotiations with Mr. Nasrallah to arrange a modus vivendi between Lebanese troops and Hezbollah fighters still operating in the south of Lebanon.

Resolution 1701 also calls for an arms embargo on Hezbollah, although it specifies no penalties for those who break it. Anyone who has visited the remote, unguarded and unmarked hinterland between Syria and Lebanon must know that such an embargo will be very hard to enforce.

All of this explains Israel's increasing frustration with the cease-fire. Prime Minister Ehud Olmert bought into the agreement based on what now appear to have been insincere pledges that European troops would dominate the U.N. force. Meanwhile, U.N. Secretary General Kofi Annan is displaying his trademark even-handedness by denouncing Israel for trying to enforce the arms embargo while staying silent on the failure of everyone else to enforce it.

Israel can and will defend itself. The person who should really be furious here is Secretary of State Rice. She midwifed this cease-fire in the name of Lebanese democracy and as a way to use diplomacy, and the U.N., to tame Hezbollah and frustrate its patrons. She also believed French promises, so it'd be good to know if she now feels she was lied to. If this U.N. exercise turns out to be as feckless as it increasingly appears, U.S. credibility will also be a loser.

Waiting For Jacques (NYT)

The New York Times, August 21, 2006

It would be tempting to laugh about France's paltry commitment of 200 additional peacekeepers for Lebanon, if it weren't so dangerous. After insisting for years that they be treated like a superpower, the French are behaving as if they have no responsibility for helping dig out of the Lebanon mess.

When the Security Council agreed earlier this month on a cease-fire resolution, scripted by the French and the Americans, it was with the clear understanding that Paris would head the 15,000-member international force and contribute a large number

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of troops. Now President Jacques Chirac's generals have cold feet. Such a condition is highly contagious. And there are serious concerns about whether the United Nations can field enough well-trained troops without the French to ensure that Israeli troops withdraw completely and Hezbollah's attacks on Israel do not start again.

At least part of the explanation for Paris's bait and switch is that Mr. Chirac is a politically unpopular lame duck, unable to keep his generals in line. But the French military command has also raised some legitimate concerns about the peacekeeping force's lack of a clear mission. Most notably the resolution (might we note again that the French helped write it?) sidesteps the question of who, if anyone, will disarm Hezbollah.

The French say they are waiting for the Lebanese government, which is even more frightened of Hezbollah, to cut a deal to get the militia to give up its arms or withdraw from southern Lebanon. If so, they will be waiting safely at home for a long time, while the war could start again at any moment.

The unfortunate reality is that the best that may be hoped for in Lebanon is an eventual political marginalization for Hezbollah. For even that to happen, a well-armed peacekeeping force needs to deploy quickly. At a minimum the troops could block Hezbollah's supply lines from Syria. They could also send an important psychological message to the Lebanese people that if they are looking for a new sheriff, Hezbollah is not the only candidate in town.

The United States, which is badly overstretched in Iraq, has made clear it will not send its own troops. And Americans are so unpopular in the region that that is probably a sound decision. President Bush, however, needs to get on the phone with his on-again friend Mr. Chirac and make clear the cost for both Lebanon and France, if France shirks its responsibility. And Mr. Bush needs to be canvassing other leaders, promising that the United States will be very grateful for any help at all. The United States also needs to take front-line responsibility for rebuilding southern Lebanon. Hezbollah draws at least as much influence from its social services programs as it does from its guns.

The French generals are right to be nervous. This is a very dangerous mission. And there are no guarantees that it will succeed, even with a full complement of peacekeepers, massive deliveries of foreign aid and the sustained attention of the international community. But without such an effort it will certainly fail. A second-tier power can sidestep difficult choices. The superpowers cannot.

A Week After Cease-fire, Where Are The Peacekeepers? (USAT)

USA Today, August 21, 2006

To the relief of civilians in southern Lebanon and northern Israel, the U.N.-brokered cease-fire that took effect last Monday has succeeded in bringing a week of relative peace to the war-torn region.

But with every passing day, the United Nations resolution's more ambitious goals — put a robust peacekeeping force in southern Lebanon, disarm Hezbollah militants, and stop Iran and Syria from rearming them — seem more like a fantasy.

Most of the ingredients that led to the war between Israel and Hezbollah remain, like dry tinder. The truce "can easily start sliding again and lead us quickly into the abyss of violence and bloodshed," senior U.N. envoy Terje Roed-Larsen warned Sunday.

The most glaring problem is that the 30,000-man peacekeeping force, designed to separate the Israelis from Hezbollah and prevent resumption of rocket fire from Lebanon into Israel, has been slow to arrive.

The Lebanese army moved about 3,000 troops into southern Lebanon — 12,000 short of its commitment. As for the remaining 15,000 troops, other nations are waiting on France, which had signaled it would take the lead. But the French, who showed great zeal in drafting the U.N. resolution, have committed just 200 new soldiers, protesting that the rules of engagement are unclear.

U.N. officials are working on those rules with maddening languor. When they are done, countries will think about sending troops. A process that France's U.N. ambassador said would be "swift" is turning out to be anything but.

Then there's the question of what the peacekeepers will do, if they ever get there. It has become clear in the past week what they won't do: disarm Hezbollah.

The Lebanese army, which had years to disarm the militants and assert its own authority throughout the nation, never did. Lebanese officials have signaled they will not try to do so now. Hezbollah has warned that it won't disarm or even talk about

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disarming. What about the yet-to-materialize U.N. force? Secretary of State Condoleezza Rice told USA TODAY last week that that's not its job, either. "The hope is that some people lay down their arms voluntarily," she said.

That's wishful thinking, as is Rice's objective of leaving the situation better than it was before the month-long conflict. While the United States, Europeans and moderate Arab states dither, Hezbollah and its sponsor, Iran, have adroitly strengthened their position by distributing money to pay rent and buy furniture for Lebanese civilians who lost their homes.

The best hope now is to shut down the flow of weapons to Hezbollah, which can otherwise use the cease-fire period to rebuild its stock of rockets and missiles. With its weekend raid in Lebanon's eastern Bekaa Valley, Israel served notice that it is prepared to do that itself if the U.N. won't.

Absent U.N. enforcement, the only other option is to persuade Syria, which serves as a conduit for arms coming from Iran into Lebanon, to shut down the supply lines. But that prospect, too, is remote. The Bush administration has threatened Syria but avoided talks, and the U.N. is investigating Syrian involvement in the assassination of key Lebanese political figures.

Nevertheless, a more substantive initiative is needed. Unless the United States, France and the other signatories to Security Council Resolution 1701 act with greater speed and seriousness, it will quickly join the list of U.N. resolutions that failed to make a difference in the Middle East.

U.N. Calls For Adherence To Truce (LAT)

By Bruce Wallace

The Los Angeles Times, August 21, 2006

BEIRUT — A visiting United Nations envoy warned Sunday that breaches of the cease-fire between Israel and Hezbollah could hamper attempts to build a 15,000-member international peacekeeping force for southern Lebanon by alarming governments already reluctant to commit troops.

"What we have to do now is for all parties concerned to show utmost restraint to produce a situation that is so stable that troop contributors will come forward to hopefully reach the goal of 15,000" peacekeepers, envoy Terje Roed-Larsen said at a news conference.

His comments came a day after U.N. Secretary-General Kofi Annan called Saturday's Israeli commando raid in Lebanon a violation of the Security Council resolution that last week ended 34 days of fighting.

Israel continued to defend the raid, which resulted in a clash with Hezbollah fighters that killed an Israeli officer. It said the attack was aimed at intercepting weapons flowing to Hezbollah from Syria.

"The U.N. resolution includes very clear instructions against the transfer of weapons to Hezbollah from Syria and Iran," said Israeli Cabinet minister Isaac Herzog. "This embargo needs to be implemented. As long as it isn't implemented, we have the right to verify that weapons don't go through."

Israel said its special operations would continue, citing what it contends is the slow pace of the Lebanese army's deployment into southern Lebanon and the sluggish response of the international community to the Security Council's request for peacekeepers.

In Washington, Sen. John McCain (R-Ariz.) defended the Israeli raid.

"If we, in the United States, had someone on our northern border who was being resupplied, who had just attacked us, I think the American people would expect us to take preventive action," McCain, a senior member of the Armed Services Committee, said on NBC's "Meet the Press."

International troop commitments remain far below the U.N.'s 15,000 target, with Western governments pledging only a trickle so far.

Many governments say they are waiting for the U.N. to decide on the rules of engagement so they can assess the risk to their soldiers, noting that combatants in Lebanon had a long history of targeting foreign troops.

But Israel threw up a potential obstacle for the United Nations.

Prime Minister Ehud Olmert's "security Cabinet" indicated it would not accept peacekeeping troops from countries that did not have diplomatic ties with Israel.

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That would preclude soldiers from Indonesia, Bangladesh and Malaysia, whose governments have been the only ones to offer significant numbers of front-line soldiers for the mission.

Olmert's office issued a statement Sunday urging Italy to assume responsibility for leading the international peacekeepers and for monitoring the Lebanese-Syrian border.

The Security Council resolution makes no mention of any government holding veto power over the force's composition.

"It is not up to Israel to decide on the countries which will make up a force that will be stationed in Lebanon," said a Lebanese official, who requested anonymity because his government had not officially commented on the matter.

Roed-Larsen commended the Lebanese army, which has started to deploy 15,000 soldiers to southern Lebanon to try to establish the government's authority.

Despite Israeli criticism, the Lebanese government said the operation was proceeding as well as could be expected.

"We are not concerned at all about the pace of our deployment," said Mohammed Chatah, an advisor to Lebanese Prime Minister Fouad Siniora. "We are concerned that the Israeli withdrawal calendar is slow."

U.N. Envoy Warns Of Mideast Slide Into 'abyss' (USAT)

USA Today, August 21, 2006

BEIRUT — A top U.N. envoy praised the deployment of the Lebanese army on the country's border with Israel but warned Sunday that the week-old truce between Israel and Hezbollah could collapse into an "abyss of violence and bloodshed" if the cease-fire was violated further.

Senior United Nations envoy Terje Roed-Larsen spoke a day after U.N. Secretary-General Kofi Annan condemned an Israeli raid on Hezbollah guerrillas in eastern Lebanon as a violation of the U.N. resolution that halted a 34-day war between the two sides.

Roed-Larsen said the truce provided the Lebanese government with a good chance to extend its authority over the entire country, but "this can easily start sliding again and lead us quickly into the abyss of violence and bloodshed."

He said 2,000 Lebanese soldiers have been deployed along Lebanon's eastern border near Syria.

The goal is to have 8,600 along that border. About 1,000 Lebanese soldiers have been deployed along the coastline, Roed-Larsen said.

"This … (shows) that Lebanon now forcefully is establishing its authority," he said at the end of his two-day trip to Lebanon with Annan's special adviser, Vijay Nambiar.

Under the cease-fire, Lebanon plans to deploy 15,000 soldiers in the south, establishing a government force in the region for the first time in four decades. International peacekeepers are to join the Lebanese troops, but wrangling among countries about sending troops has delayed assembly of the force.

Roed-Larsen called Israel's commando operation in the city of Baalbek on Saturday "unhelpful."

"Such incidents will discourage deployments in the south" by countries wanting to contribute troops to the international peacekeeping force, he said.

Israeli officials said that the raid did not violate the cease-fire and that the military was trying to stop the delivery of arms from Syria to Hezbollah. "We need to thwart any attempt to pass weapons from Syria to Hezbollah," Trade and Industry Minister Eli Yishai said before the weekly Cabinet meeting in Jerusalem. "Any such activity needs a countermeasure."

During a phone conversation with Italian Prime Minister Romano Prodi, Israeli Prime Minister Ehud Olmert suggested that Italy lead the international force, according to a statement from Olmert's office.

Olmert is opposed to countries that don't have diplomatic relations with Israel participating in the international force, said David Baker, an official in Olmert's office.

Indonesia, Malaysia and Bangladesh — Muslim countries that do not have diplomatic ties with Israel — are among the only countries to have offered front-line troops for the force.

Prodi said in a statement that Italy intends to send a "significant" force and that he would take up the matter with Parliament.

Israeli Foreign Ministry spokesman Mark Regev urged the wider international community to follow through on its commitment to provide troops, saying the cease-fire could be in danger if peacekeepers don't deploy quickly.

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For Israelis, Truce With Hizbullah Is Unrealistic (CSM)

By Ilene R. Prusher

The Christian Science Monitor, August 21, 2006

JERUSALEM

Israel's weekend raid on a Hizbullah base in eastern Lebanon, rattling the week-old cease-fire, raises serious questions over whether the two sides will exercise the restraint needed for the truce to last.

There is widespread concern here that the UN resolution that quieted the heavy guns last Monday, after 34 days of fighting, is an agreement that's good on paper but unrealistic in the field. Many say the cease-fire does not represent an end - only an end to "Round 1."

As if to drive home the point, Israeli army Chief of Staff Lt.-Gen. Dan Halutz, under fire for his management of the war, told government ministers here Sunday that it didn't end in a "knockout," but had achieved a victory "by points."

For many Israelis, it is as if the war continues but in a lower gear - at least for now.

"I don't consider the cease-fire truly active," says Unit Commander Roy Timor Rousso, a reserve officer who spoke near the Israeli-Lebanese border last week after returning from the front. "I mean, the orders are clear - we can't open fire. But in our mind-set, this is the most dangerous time, because this is the time when they'll try to take advantage of the calm and rearm."

Lebanese officials, as well as the United Nations Secretary-General Kofi Annan, say that an Israeli commando raid that began late Friday was a violation of the tenuous truce initiated a week ago.

"The secretary-general is deeply concerned about a violation by the Israeli side of the cessation of hostilities as laid out in Security Council Resolution 1701," a spokesman for Mr. Annan said in a statement.

...

Israel argues that it was explicitly acting to stop Hizbullah from replenishing its diminished weapons supply by smuggling arms from Syria into Lebanon.

"We need to thwart any attempt to pass weapons from Syria to Hizbullah. Any such activity needs a counter measure," Trade and Industry Minister Eli Yishai told reporters before a weekly cabinet meeting here Sunday.

"There is no violation of the agreement," he said. "It is the Lebanese who are to be blamed for allowing the weapons transfer. We must not turn a blind eye when ammunition from Iran and Syria is being transferred. The one responsible is [Prime Minister Fouad] Siniora. We should give him an ultimatum - either he stops the weapons transfer or we target his infrastructure." UN Resolution 1701

Part of the difficulty with transforming the cease-fire into something more substantial is the scarcity of specifics on how to implement the deal, and the relative sluggishness of putting a buffer force into play.

As part of the deal, 15,000 international peacekeeping troops are supposed to be deployed in south Lebanon. Along with the Lebanese Army troops, being sent throughout what has essentially become the Hizbullah heartland, these are supposed to amount to 30,000 troops. But so far, only some 50 French Army engineers have arrived and another 150 are on their way. It now looks unlikely that France will take the lead on the buffer force as Israel and US officials had hoped.

Mark Heller, an expert in strategic studies at Tel Aviv University, says that Israel is skeptical of the agreement because it doesn't see any international moves to bring its promises to fruition.

"Nobody takes this deal seriously. If [Security Council Resolution] 1701 were to be implemented, there wouldn't be a problem with Hizbullah anymore. Most people assume it's just lip service, designed to get Israel to stop fighting, or to let the Israeli government save face, so they can say they've achieved something from the war," says Dr. Heller.

He outlined the shortcomings that Israel sees in the cease-fire deal, representing the minimum Israelis would have expected as a sign of a meaningful end to the war.

"There's no closure to arms trade over the Syrian-Lebanese border. There's no disarmament south of the Litani River. There's no sign of the kidnapped soldiers coming back," he says. "The Europeans talk about wanting to restore peace and stability and security, but everyone is fooling themselves: There is no peacekeeping to be done here because there is no peac e to keep." Keeping arms from Hizbullah

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Israel went to war in Lebanon shortly after a Hizbullah raid in Israeli territory on July 12, when the Iranian-backed militia captured two Israeli soldiers and killed eight.

...

In all, at least 1,183 Lebanese and 157 Israelis have been killed in the conflict, which came to a halt last week after intense international efforts to secure a cease-fire.

As part of the agreement, Israel maintains the right of self-defense. But its own definition of what encompasses self-defense differs from how Lebanese and international officials see it.

Military officials say they have been presented with two somewhat contradictory goals: preserve the cease-fire, but keep Hizbullah from receiving fresh arms from abroad.

UN Resolution 1701 says there should be "no sales or supply of arms and related materiel to Lebanon except as authorized by its government," but it does not provide for enforcement of that tenet.

"Resolutions themselves don't have teeth," Heller says. "Teeth are in the expection that someone will abide by or enforce the agreement."

Israelis also say they don't believe that other countries' troops will engage in the perilous task of either disarming Hizbullah or preventing its operatives from attacking Israel.

Israel also says it does not want the force to include soldiers from Muslim countries that don't have relations with the Jewish state. The multinational makeup of the force-to-be is still being negotiated in New York.

"It's not surprising that countries are not willing to put their soldiers' lives on the line if their own vital interests are not at stake," Heller says. "If they send someone, whoever they are, Hizbullah is almost certain to resist."

Hezbollah Told Not To Incite Israel (WT/AP)

By Steven R. Hurst

The Washington Times, August 21, 2006

BEIRUT -- Lebanon's defense minister said yesterday that he is certain Hezbollah will not break the cease-fire, but warned all militant groups of harsh measures and a traitor's fate if they incite Israeli retaliation by firing rockets into the Jewish state.

Defense Minister Elias Murr's strong remarks indicated concern that Syrian-backed militants will try to restart the fighting by drawing retaliation from Israel.

Prime Minister Fuad Siniora, meanwhile, toured the devastated Hezbollah stronghold in southern Beirut and decried the destruction by Israeli bombs as a "crime against humanity." Parliament Speaker Nabih Berri, a Shi'ite and Hezbollah backer, stood at the Sunni prime minister's side and said they spoke with one voice.

In Jerusalem, Israeli Prime Minister Ehud Olmert said countries that don't have diplomatic relations with the Jewish state should not participate in the international peacekeeping force along the Lebanese border.

Mr. Olmert also said he would name a panel to investigate the military and government's performance during the war, which has been criticized by many Israelis as weak and indecisive.

A day after Israeli commandos staged a pre-dawn raid deep into Lebanon -- prompting U.N. Secretary-General Kofi Annan to declare the Israelis in violation of the Security Council cease-fire resolution -- no new clashes were reported.

Residents in the mountains east of Beirut, however, described continued overflights by Israeli warplanes on the truce's seventh day.

Israeli Foreign Ministry spokesman Mark Regev said that Saturday's raid in the town of Boudai was aimed at disrupting arms shipments to Hezbollah and that such operations may continue until international peacekeepers arrive to enforce an arms embargo.

"In the situation where there was a flagrant violation of the embargo, Israel had the right to act. Had there not been a violation, Israel would not have to respond," he said yesterday, expressing impatience with the slow international response in offering troops for the peacekeeping force.

Siding with Jerusalem, the U.S. government also said the Israeli raid underscored the importance of quickly deploying an expanded U.N. peacekeeping force in southern Lebanon.

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Townspeople in Boudai said 300 residents grabbed guns after the Israeli raid began at 3 a.m. and fought beside 15 Hezbollah guerrillas for 90 minutes before the commandos retreated and were flown back to Israel. Residents said there were no casualties on the Lebanese side. One Israeli officer was killed, and two soldiers were wounded.

The Lebanese defense minister said Hezbollah would not retaliate.

"We consider that when [Hezbollah] is committed not to fire rockets, then any rocket that is fired from the Lebanese territory would be considered collaboration with Israel to provide a pretext [for Israel] to strike," Mr. Murr said.

He added that "the Lebanese army will decisively deal with" any attack on Israel and that anyone arrested for violating the truce "will be considered by the military tribunal as an agent of the Israeli enemy."

Under the U.N. cease-fire that took effect a week ago today, Lebanon has started deploying 15,000 soldiers to its southern region, putting a government force there for the first time in four decades.

It is to be joined by an equal force of international peacekeepers, but few countries have volunteered troops.

France, which commands the existing U.N. force in Lebanon, called yesterday for European Union countries to meet this week to determine how many troops they are prepared to contribute.

The effort is complicated by Mr. Olmert's decision to reject peacekeepers from countries that don't have diplomatic relations with the Jewish state.

Indonesia, Malaysia and Bangladesh -- Muslim countries that do not have diplomatic ties with Israel -- are among the only countries so far to have offered front-line troops for the expanded force.

The U.N. cease-fire resolution does not explicitly give Israel authority to block countries from joining the peacekeeping mission, but it does say the force should coordinate its activities with the Lebanese and Israeli governments.

Leverage For A Prisoner Swap (WP)

By Doug Struck

The Washington Post, August 21, 2006

RAMALLAH, West Bank, Aug. 20 -- Nasser Shaer, 45, a bookish former professor and British-educated scholar who wrote dissertations on comparative religions, was hardly a firebrand. But the Palestinian minister of education was a man on the run.

He sneaked into his office at the ministry when he could, took paperwork with him and made calls for work from hidden locations, organizing the start of the Palestinian school year. This weekend, he met his wife and six children after they had left their high-rise apartment to rendezvous secretly at another house. That's where the Israelis found him.

Soldiers stormed into the house shortly before dawn and took Shaer away to be yet another chip in a potential prisoner swap for an abducted Israeli soldier. As the top education official and a deputy prime minister in the Hamas-led government, he is a ranking chip.

On Sunday, Israelis seized another senior Hamas legislator, Mahmoud Ramahi, near Ramallah, bringing to 40 the number of Palestinian officials from Hamas being held by Israel.

A few hours before Shaer's arrest, Israeli commandos landed deep in Lebanon's Bekaa Valley. Israeli officials insisted the nighttime raid was an effort to disrupt the flow of arms to Hezbollah, but many in Lebanon and Israel suspect the commandos were trying to capture a ranking militia member for a swap.

The events were seen as more evidence that Israel may try to win the release of its soldiers abducted to Gaza and Lebanon through a prisoner exchange, an idea once firmly opposed by Prime Minister Ehud Olmert.

U.N. envoys Terje Roed-Larsen and Vijay Nambiar, who will be in Israel on Monday to meet with officials, have said they expect to discuss the possibility of an exchange. Egypt has said publicly that it has been trying to broker a deal between Israel and the Palestinians, and privately that a deal was near.

Following Israel's failure to gain the release of the soldiers through the war in Lebanon and the Gaza siege, Olmert is expected to be more open to the idea of a swap to regain three members of the Israeli army.

Cpl. Gilad Shalit, 19, was captured by Palestinians who tunneled out from the Gaza Strip on June 25, setting off the Israeli siege and fighting in Gaza. On July 12, two Israeli reserve soldiers, Ehud Goldwasser, 31, and Eldad Regev, 26, were taken by Hezbollah in a raid near the Lebanese border.

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After both raids, Olmert announced that Israel would not be blackmailed into returning prisoners it was holding.

"Olmert made a serious stab at trying to avoid this entire game by refusing to deal," said Yossi Alpher, a former official of Mossad, the Israeli intelligence service, who once ran the Jaffee Center for Strategic Studies at Tel Aviv University. "He managed to keep the Israeli public behind him as long as there was perception that by fighting, we would somehow bring about their return under favorable conditions.

"But we ended the war without getting anyone back. I think the public is beginning to feel disillusioned on that score," he said.

Since Shalit was taken outside Gaza, Israel has intensified its hunt for Hamas officials in Palestinian areas. The Israel Defense Forces have captured 35 members of the Palestinian legislature and five other senior members of the Palestinian government.

During the war in Lebanon, Israel also captured about 20 Hezbollah members, according to a senior IDF officer, though he would not say if any of them are ranking. Lebanese officials noted that Israel's raid Saturday was carried out near the base of Sheik Mohammed Yazbek, a senior Hezbollah leader, who many suspect to be the real target of the raid.

Yazid Khader, the editor of Minbar al-Islah, the official Hamas newspaper in Ramallah, said he expected that the captives on both sides would be fodder for deals.

"Although they deny it, through secret negotiations, the Israelis will accept an exchange" for their soldier held in Gaza, he said. "And this will happen in Lebanon. Ultimately, they will sit down at the table and exchange their prisoners."

Such exchanges are not so simple, according to Mark Heller, director of research at the Jaffee Center. Especially with Hezbollah, Israel is reluctant to swap prisoners it held before the recent fighting.

"There's a difference between exchanging someone taken after the Israeli soldiers were taken and giving up people who were being held before. If they were being held before, that looks like we're giving in to straight-out extortion or blackmail," Heller said.

"With Hezbollah, you want to swap military people, rather than exchange soldiers for terrorists," he said. Israel also frequently insists it will not exchange those it holds who have killed Israelis and "have blood on their hands."

The deal that Egypt is attempting to broker reportedly involves the release of about 600 of the estimated 10,000 Palestinians in Israeli custody, and would include provisions for a cessation of violence on both sides and the end of the siege that has virtually cut off the Gaza Strip.

On the Palestinian side, an exchange could be complicated if Hamas officials refuse to take part, according to Ahmad Hezz Shriem, a member of the Palestinian Legislative Council who was a prisoner for nearly 22 years.

"All of them will refuse to be part of a swap. They were kidnapped," he said. The legislators insist that as parliamentarians, they should have immunity from Israeli arrest. Their colleagues say they were taken by the Israelis because they are lawmakers.

"Israel just wants to disrupt our democracy. They want to inject chaos in the Palestinian Authority" because it is headed by Hamas, said Khalida Jarrar, a member of the Palestinian Legislative Council and also a former prisoner.

Mark Regev, a spokesman for the Israeli Foreign Ministry, said Sunday that Hamas members who have been detained by Israel do not deserve immunity.

"If the Palestinian leadership acts like leaders should, like statesmen, they will get the respect they deserve," Regev said on CNN when asked about the arrests. "But they can't act like terrorists, be behind suicide acts, be behind abductions, and get that."

At the Palestinian Education Ministry, Shaer's staff said his detention would seriously complicate efforts to reopen schools for 1.2 million children and 150,000 Palestinian college students.

The teachers have not been paid, but "Dr. Shaer was the one who was talking to the president, to the international community, to the teachers, to try to get the resources and get the school year started," Basri Saleh, an education official, said at the ministry building in Ramallah.

"They have targeted the man who was trying to keep education alive in Palestine," Saleh said. "What will they benefit from that?"

Israel Seizes Senior West Bank Lawmaker (AP)

DOJ_NMG_0050957

By Mohammed Daraghmeh, Associated Press Writer

AP, August 21, 2006

Israeli forces seized a senior Palestinian legislator Sunday in the latest move in a 7-week-old crackdown on the ruling Hamas movement, drawing angry accusations from Palestinian leaders that Israel is undermining their efforts to form a unity government.

Troops and agents of the Shin Bet intelligence agency grabbed Mahmoud al-Ramahi, a senior Hamas member and secretary-general of the Palestinian parliament, at his Ramallah home, a military statement said. It gave no further details, but his sister Yaqeen said the raid took place in broad daylight.

His capture puts almost all of Hamas' West Bank leadership in Israeli custody.

Al-Ramahi had evaded capture since the crackdown on Hamas began after the June 25 abduction of an Israeli soldier in a cross-border raid by Hamas-linked militants from Gaza. Two weeks later by Hezbollah guerrillas captured two Israeli soldiers on Israel's northern border, prompting a 34-day conflict with the Jewish state.

A physician by training, al-Ramahi is the fourth-ranking member of the parliament, dealing with administrative and procedural affairs.

On Saturday, soldiers swooped in on Deputy Prime Minister Nasser Shaer at a home where he had been hiding, also in Ramallah. Shaer was the most senior Hamas official to be detained.

Israel now is holding five Cabinet ministers and more than two dozen lawmakers. Four other Cabinet ministers were rounded up but have been released.

Palestinian Prime Minister Ismail Haniyeh of Hamas said the continued detention of government members and lawmakers is "putting obstacles" in the way of reaching a national consensus and unity government.

"There is a Palestinian consensus that it is difficult to move while the ministers and parliamentarians are in jail," he said.

Haniyeh previously has said he wants all political leaders released by Israel before forming a broad coalition government.

Members of President Mahmoud Abbas' Fatah movement also have accused Israel of undermining efforts to form a unity government.

Abbas believes that forming a coalition will force Hamas, which is committed to Israel's destruction, to moderate its stance and help open the way to renewed peace talks. Hamas has so far refused international calls to renounce violence and recognize Israel, despite a crippling economic boycott.

Israel says its roundup of Hamas officials is a legitimate act against a terrorist group.

"The measures Israel is taking in the territories, including this arrest, have everything to do with security considerations and for the active prevention of terror, " said David Baker, an official in the prime minister's office.

Despite Israel's crackdown on Hamas political leaders, and a large offensive in the Gaza Strip, the captured Israeli soldier, Cpl. Gilad Shalit, has not been released. The militants holding him have demanded a wide-scale release of Palestinian prisoners — a demand Israel has rejected.

Speaking to reporters in Ramallah after meeting Abbas Sunday, Turkish Foreign Minister Abdullah Gul called for Shalit and the imprisoned Hamas officials to be freed as a prelude to restarting Israeli-Palestinian peace efforts.

"It is time to resume negotiations' Gul said. "The key is the release of the kidnapped soldier, and the release of the elected lawmakers so we can go back to the negotiating table."

The Israeli military said Sunday that, to improve the lot of Palestinians in the West Bank, it was easing restrictions imposed in recent months as Israel battled Palestinian militants in Gaza and the Hezbollah militia in Lebanon. The statement said 26,500 Palestinian workers and traders would be allowed to enter Israel and another 1,500 West Bank residents would be allowed to work in the Atarot industrial park on the edge of traditionally Arab east Jerusalem.

Before the Israeli-Palestinian conflict re-erupted six years ago, around 80,000 Palestinians worked in Israel.

Israel Weighs Syria Peace Talks (WT)

By Joshua Mitnick

The Washington Times, August 21, 2006

DOJ_NMG_0050958

TEL AVIV -- Israel is mulling the reopening of peace negotiations with Syria -- frozen for seven years -- after a monthlong war with Hezbollah guerrillas in Lebanon, according to newspaper reports.

After years of ignoring the possibility of talks with Syria because of the U.S. effort to isolate President Bashar Assad, a growing number of voices is calling on the Israeli government to consider talks with Damascus, which could help sever the central link between Hezbollah and its main weapons sponsor, Iran.

The calls come just days after Mr. Assad threatened Israel with war if it didn't opt for peace negotiations and promised that Israel would be destroyed by future Arab generations.

But yesterday, Lebanese Prime Minister Fuad Siniora said Israel could take advantage of the political reshuffling after the war to cut a peace deal -- though he did not say with whom.

Proponents of the Syrian overture think a deal with Damascus would weaken Hezbollah and Iran.

On the other hand, Israel must consider the diplomatic ramifications of starting talks with a regime that supports militants based in the Palestinian territories.

"In the short run, the mission has to be the separation of Syria from Hezbollah and Iran," said Avshalom Vilan, an Israeli parliament member from the dovish Meretz party.

Defense Minister Amir Peretz, a Labor Party member, also is reported to have spoken of investigating the potential for negotiations with Syria.

Mr. Vilan said Arab-Israeli wars often have been followed by successful peace talks. The best example is the landmark treaty between Israel and Egypt, which was concluded six years after the countries fought to a draw in the 1973 Yom Kippur War.

But peace with Syria would be politically difficult because it means returning the Golan Heights -- the strategic plateau that overlooks much of northern Israel. The move also risks further enhancing Hezbollah's status as the one Arab organization that succeeded in holding its ground against Israel.

Foreign Minister Tzipi Livni has commissioned an internal review of Israeli-Syrian peace talks during the 1990s and an assessment of the prospects for a renewal of the negotiations, the Ha'aretz newspaper reported.

The study will include interviews with former Israeli negotiators with Syria, such as Itamar Rabinovich, a former ambassador to the United States, and Uri Saguy, a former Army chief of intelligence.

Peace negotiations with Syria are considered relatively straightforward. The major stumbling block is deciding how close to the Sea of Galilee the border will run.

But Israeli Prime Minister Ehud Olmert reportedly is opposed to opening any diplomatic channel that would help end the Syrian isolation imposed by the United States.

During the monthlong war in Lebanon, Israel came close to sparking a wider war by hitting targets near the Syrian border. Syria responded by putting its troops on high alert and threatening war with Israel.

Kin Plead For Release Of 2 Fox News Journalists (NYT)

By Dina Kraft

The New York Times, August 21, 2006

TEL AVIV, Aug. 20 — Pleas by relatives over the weekend for the release of two Fox News journalists went unheeded by their kidnappers, who have neither claimed responsibility nor issued demands.

The journalists, Steve Centanni, 60, an American reporter based in Washington, and Olaf Wiig, 36, a cameraman from New Zealand, were seized by masked gunmen last Monday night in Gaza City, where they were covering the fighting between Israel and the Palestinians.

Mr. Centanni's brother Ken Centanni issued an appeal on Saturday for his release that was broadcast on the Arab satellite channel Al Jazeera.

"I would like his captors to know that Steve is an honorable man who always tries to do what is right," Mr. Centanni said from San Jose, Calif. "Steve has strong respect for the Palestinian people and their culture. Steve was in Gaza with Olaf Wiig to report the truth. He is far more valuable to the Palestinian people free as a journalist than as a captive."

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Mr. Wiig's wife, Anita McNaught, also a television journalist, took part in a demonstration on Saturday in Gaza City where Palestinian journalists called for the release of the two men.

Ms. McNaught said the Palestinian officials she had met with were embarrassed by the incident and were trying to secure the release of the men.

"There is a great understanding at an official level that this is a really dumb thing to do," Ms. McNaught told the New Zealand radio station, NewstalkZB. "They understand this does not do Gaza any good."

Khaled Abu Hilal, a spokesman for the Palestinian Interior Ministry, said, "All of our security officials are still working on it, but so far we have no news."

Palestinian militant groups in Gaza have abducted Western journalists and aid workers on several occasions in recent years. But all of those seized were released unharmed, usually within 24 hours.

In most instances, the kidnappers were seeking a job in the Palestinian security forces or the release of a relative imprisoned in Gaza.

In this case, the abductors' motive is unknown. American and New Zealand diplomats have been coordinating efforts with Palestinian officials.

"We are concerned about the safety of the journalists and are working to do anything we can to ensure they are safely released," said Micaela Schweitzer-Bluhm, spokeswoman for the United States Consulate in Jerusalem.

Also on Sunday, Israeli soldiers in the West Bank detained Mahmoud al-Ramahi, the secretary general of the Palestinian parliament. The move was part of a crackdown on the Hamas leadership that began after militants, including Hamas members, seized an Israeli soldier in a cross-border raid on June 25.

Israel is holding about 40 members of the Palestinian legislature and cabinet. Some were arrested before they won their positions in Palestinian elections in January, but most were detained in recent weeks.

Israel is calling for the unconditional release of the soldier, Cpl. Gilad Shalit, 19. The Palestinian Authority has called for an exchange that would include freeing many Palestinians held in Israeli jails.

Also on Sunday, Israel said it would allow 28,000 Palestinian workers and merchants in the West Bank to enter Israel. Israel has barred West Bank Palestinians from entering for most of the past five months, though it has eased the restrictions periodically.

Iran Says It Won't Suspend Enrichment (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, August 21, 2006

Iran said Sunday that it will offer a "multifaceted response" Tuesday to a Western package of incentives aimed at persuading Tehran to rein in its nuclear program, but insisted it won't suspend uranium enrichment altogether.

Speaking after Iran's military test-fired 10 short-range missiles, Foreign Ministry spokesman Hamid Reza Asefi said at a news conference that a nuclear compromise would have to be reached during future negotiations.

"Everything has to come out of negotiations," Asefi said. "Suspension is not on our agenda."

The U.N. Security Council passed a resolution last month calling for Iran to suspend uranium enrichment by Aug. 31 or face the threat of economic and diplomatic sanctions.

"We have made clear that if Iran fails to comply with the Security Council's mandate, we will move quickly at the United Nations to impose sanctions," White House spokeswoman Emily Lawrimore said Sunday.

U.N. Secretary-General Kofi Annan said he expected Tehran's response to the incentives package to be positive.

"In a time of acute crisis in the Middle East, I believe that progress on the nuclear issue is essential for the stability not only of the region, but the international system itself. It is time to take steps in the right direction," he said in a statement.

Uranium enrichment produces reactor fuel, but it also can make fissile material for nuclear warheads, and the United States and other countries suspect Iran is trying to develop atomic weapons.

Iran, which claims it only wants reactors to generate electricity, has rejected the resolution as "illegal," saying it has not violated any of its obligations under the Nuclear Non-Proliferation Treaty.

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Asefi said the world could not afford to join the United States in imposing sanctions.

"Iran's influence in the region is clear. A country like Iran has extensive political, economic and cultural capabilities. Will other countries ignore Iran's capabilities in their political and economic cooperation?" he said.

The incentives package, aimed at persuading Iran to suspend uranium enrichment, includes promises that the United States and Europe will provide civilian nuclear technology and that Washington will join direct talks with Iran.

Iran has said the package is an "acceptable basis" for a compromise. Asefi said part of the package was "convincing" but there were ambiguities that needed to be clarified in talks.

Earlier, Iran's state-run television reported the test-firing of 10 surface-to-surface Saegheh missiles Sunday, a day after large-scale military exercises began across the country.

The military exercises come as Iran faces heightened international scrutiny for its support of the Shiite Muslim militants of Hezbollah in Lebanon.

The White House condemned Iran's "show of military force" and said it "serves to remind us of the dangers of its nuclear ambitions."

"Iran sits at the nexus of weapons of mass destruction and terrorism," Lawrimore said. "We know that Iran is producing and developing delivery systems that could threaten our friends and allies in the Middle East and Europe and eventually the United States itself."

The Saegheh has a range of 50-150 miles, state TV said. It did not specify whether the missile is capable of carrying a nuclear warhead, but it isn't believed to be.

Iran already has the Shahab-3 missile, which is capable of carrying a nuclear warhead. An upgraded version of the ballistic missile has a range of more than 1,200 miles and can reach Israel and U.S. forces in the Middle East.

Last year, former Defense Minister Ali Shamkhani said Tehran had successfully tested a solid fuel motor for the Shahab-3, a technological breakthrough for the country's military.

Iran's military test-fired a series of missiles during large-scale war games in the Persian Gulf in March and April, including a missile it claimed was not detectable by radar that can use multiple warheads to hit several targets simultaneously.

Associated Press Writer Nasser Karimi in Tehran and Deb Riechmann in Washington contributed to this report.

Iran Fires Practice Missiles And Affirms Nuclear Stance (NYT)

By Nazila Fathi

The New York Times, August 21, 2006

TEHRAN, Aug. 20 — As Iran fired 10 short-range missiles on the second day of a large-scale military maneuver, officials on Sunday reiterated Iran's stance that it did not intend to halt its uranium enrichment program.

The statement comes two days before Iran's self-imposed deadline of Aug. 22 for responding to a package of incentives offered by six Western nations in return for halting the program. The United Nations Security Council has set a deadline of Aug. 31 for Ian to suspend the program or face the possibility of economic sanctions. Statements by officials so far suggest that Iran will neither agree to the incentives deal nor yield to the Security Council.

A Foreign Ministry spokesman, Hamidreza Assefi, said during a weekly news conference on Sunday that Iran would not suspend the program.

"The issue of suspension means returning to the past," he said. "Suspension is not on our agenda.''

The missiles fired on Sunday, called Saegheh — thunder in Persian — had ranges of 50 and 150 miles, the official ISNA news agency reported. In April, Iran unveiled new weaponry, including radar-evading missiles and high-speed torpedoes.

The war games started in the southern province of Sistan-Baluchestan on Saturday and are expected to continue along the eastern and western borders of the country in 14 provinces. The games are named after Zolfaghar, the sword of Ali, the son-in-law of the Prophet Muhammad. Ali is revered by Shiites as Muhammad's successor.

State television showed helicopters shooting, bombs being dropped in the desert and paratroopers jumping out of helicopters. The report said various types of helicopters, fighter planes, live ammunition and bombs were used.

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"This operation was planned in response to the evil intentions of the enemy," Maj. Gen. Ataollah Salehi said on state television on Saturday.

Brig. Gen. Muhammad Hassan Dadress told the semiofficial FARS news agency that Iran was not displaying "the major part of its military capability."

"The army of the Islamic Republic has developed its equipment in the shortest period of time according to the most modern techniques and equipment of the enemy so that it can confront any threat," he said.

The military maneuver came during increasing international pressure over Iran's nuclear program. Uranium enrichment is a process that can lead to making fuel for nuclear reactors or, if the uranium is enriched to high enough levels, nuclear bombs.

Iran contends that its nuclear program is for peaceful energy purposes. The United States and Europe contend that Iran is seeking to develop nuclear weapons.

Iran has said it will give its official response on Tuesday to a package of proposals by Germany and the five permanent members of the Security Council — China, Britain, Russia, the United States and France. The package includes economic incentives and a promise to help develop Iran's nuclear program in return for Iran's freezing its enrichment program.

Iran has come under increasing international pressure since the war in Lebanon broke out. The United States and Israel have accused Iran of financing and arming Hezbollah.

The daily newspaper Shargh on Saturday quoted a Turkish newspaper report that Turkey had forced two Iranian aircraft on their way to Syria to land in Turkey after Israel said the two aircraft were carrying weapons for Hezbollah. It said no weapons were found on the planes.

Ali Akbar Hashemi Rafsanjani, a senior cleric who is in charge of the powerful Expediency Council, warned the United States in a sermon during Friday Prayer not to initiate a war on Iran over its nuclear program.

"We hope America has learned a lesson from the war in Lebanon and refrains from getting involved in another conflict and causing insecurity in our region," he said in remarks broadcast live on radio. "The problem should be resolved by wise people through negotiations so that we can end this regional and international issue in a good way.''

Tehran Won't Stop Enriching Uranium (WT/AP)

By Ali Akbar Dareini

The Washington Times, August 21, 2006

TEHRAN -- Iran said yesterday that it will offer a "multifaceted response" tomorrow to a Western package of incentives aimed at persuading Tehran to rein in its nuclear program but insisted it won't suspend uranium enrichment altogether.

At a press conference after Iran's military test-fired 10 short-range missiles, Foreign Ministry spokesman Hamid Reza Asefi said a nuclear compromise would have to be reached during future negotiations.

"Everything has to come out of negotiations," Mr. Asefi said. "Suspension is not on our agenda."

The U.N. Security Council passed a resolution last month calling for Iran to suspend uranium enrichment by Aug. 31 or face the threat of economic and diplomatic sanctions.

"We have made clear that if Iran fails to comply with the Security Council's mandate, we will move quickly at the United Nations to impose sanctions," White House spokeswoman Emily Lawrimore said yesterday.

Iran, which says its atomic program is designed only to generate electricity, has rejected the resolution as "illegal." Tehran says it has not violated any of its obligations under the nuclear Non-Proliferation Treaty.

Uranium enrichment produces reactor fuel, but it also can make material for nuclear warheads, and the United States and other countries suspect that Iran is trying to develop atomic weapons.

Mr. Asefi said the world could not afford to join the United States in imposing sanctions.

"Iran's influence in the region is clear. A country like Iran has extensive political, economic and cultural capabilities. Will other countries ignore Iran's capabilities in their political and economic cooperation?" he said.

The incentives package aimed at persuading Iran to suspend uranium enrichment includes promises that the United States and Europe will provide civilian nuclear technology and that Washington will join direct talks with Iran.

DOJ_NMG_0050962

Iran has said the package is an "acceptable basis" for a compromise. Mr. Asefi said that part of the package was "convincing," but that there were ambiguities that needed to be clarified in talks.

Earlier, Iran's state-run television reported the test-firing of 10 surface-to-surface Saegheh missiles yesterday, a day after large-scale military exercises began across the country.

The Saegheh has a range of 50 to 150 miles, state TV said. It did not say whether the missile is capable of carrying a nuclear warhead, but it isn't thought to be.

The White House condemned Iran's "show of military force" and said it "serves to remind us of the dangers of its nuclear ambitions."

In Iran Nuclear Standoff, Scant Leverage For West (WSJ)

By Bhushan Bahree And Marc Champion

The Wall Street Journal, August 21, 2006

For all of the tough talk likely in coming days about using global sanctions to shut down Iran's nuclear-fuel program, the West has few real options for forcing Tehran to back down.

Diplomats in the U.S. and Europe are considering how to pressure the regime should it plow ahead with its nuclear program, as Tehran has signaled it may announce as soon as tomorrow, ahead of an Aug. 31 deadline set by the United Nations. The sanctions being discussed, such as curbs on imports of nuclear-related technology, wouldn't affect Iran's overall economy. But the bluntest weapon available short of war -- targeting Iran's vast energy sector -- is extremely unlikely to be deployed anytime soon.

The West is in this bind because, despite a shared desire to stop Iran from developing nuclear weapons, a number of forces -- the conflicts in Iraq and Lebanon, high oil prices and minimal spare global oil-pumping capacity -- have made the world a different place from the 1980s and 1990s, when the U.S. imposed sanctions forbidding its own companies from doing business with Iran.

Several countries that wield vetoes in the U.N. Security Council, the body that would impose any sanctions, have energy companies invested in Iran. China gets substantial amounts of its oil there. That means sanctions such as prohibiting the purchase of Iranian oil or limiting Western investment in that country's petroleum industry likely would face resistance. In addition, today's tight oil markets and high prices multiply the risks to the global economy of tripping up the energy sector of a major oil producer like Iran. The country pumps about four million barrels a day, nearly 5% of global output, and exports 2.5 million barrels a day -- exceeding Iraq's entire output.

The picture is further complicated by deep-rooted divisions among the world's great powers over how to fix the Middle East and by Iran's ability to strike back at the U.S. and its allies through Shiite militias in Iraq and Lebanon, including Hezbollah.

"Broad economic sanctions, comparable to the isolation of Iraq in the 1990s, are no longer feasible," Jeffrey J. Schott, a senior fellow at the Institute for International Economics in Washington, told a congressional committee last month. "Many Americans would question harsh measures that might push oil above $100 a barrel and trigger a world recession."

As a result, diplomats involved in the Iranian nuclear dispute say discussion of sanctions will focus first on starving Iran's nuclear industry of components and on targeted sanctions against individuals in the regime, such as travel bans.

No mention of oil is made in a menu of potential sanctions that was drawn up as the stick to accompany the June package of U.S.-European incentives for Iran to negotiate closure of its nuclear-fuel program, according to people who have read the text. Western governments believe the program is intended to produce fuel for nuclear weapons, despite Iranian denials.

But the language of the sanctions menu does allow for other "political and economic" measures, an embargo on the "import of specific products" and the prohibition of investment into "certain" Iranian industries -- vague enough to leave the door open for sanctions on Iran's energy sector down the line, these people said.

Set against the risks of targeting Iran's energy industry is the fear in the West of a nuclear-armed Iranian state whose geopolitical ambitions could endanger the security of the broader oil supply from the Middle East, the world's major crude-exporting region. U.S. Energy Secretary Samuel Bodman has said curbing Iran's nuclear ambitions is more important than the price of oil.

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Iran has signaled it intends to proceed with its program to enrich uranium, a process that could be used to build nuclear weapons, although Iran says it wants the technology purely for civilian purposes. Iranian officials have indicated they are ready to talk about suspending the program but say they won't abandon enrichment and won't suspend it before any negotiations, as the West demands.

Tehran has said it will respond by tomorrow to the package of incentives that the five permanent Security Council members -- the U.S., Russia, China, Britain and France -- plus Germany offered to negotiate if Iran suspends enrichment first. A U.N. deadline for Iran to cease enrichment expires at the end of this month. Unless Iran complies, the West will very soon have to consider hitting Iran with sanctions.

The debate over wider economic sanctions will be all about Washington persuading others to join it in punishing Iran, because the U.S. long ago banned its oil and other companies from doing business with Iran. That is likely to be a steep climb.

Russia, France and the U.K. have oil companies with interests in Iran. After Japan, China is Iran's second-biggest oil export market, and Beijing is negotiating a $70 billion deal to develop a natural-gas field, in exchange for imports of Iranian liquefied natural gas.

Iran's oil-output capacity has stagnated for the past decade. Investments, including ones by France's Total SA, Italy's ENI SpA and Anglo-Dutch energy giant Royal Dutch Shell PLC, have merely offset natural declines in Iranian fields.

Export or investment curbs on Iran's large natural-gas industry are just as unattractive. The European Union is backing plans for construction of a €4.6 billion ($5.9 billion) pipeline across Turkey, in part to tap additional gas supplies from Iran, at a time when European use of gas is outstripping growth in output from its main supplier, Russia.

Iran is vulnerable in one surprising respect: The country imports more than a third of the gasoline it uses, because it lacks enough refineries to turn its own crude into fuel. Thus pinching Iran's gasoline supplies is theoretically possible.

But energy-industry officials are urging that sanctions steer clear of oil and seek, instead, to deny Iran nuclear components and cause some pain to the Iranian ruling elite through travel bans and asset freezes. Even then, there is a risk. With oil scarce, Iran could strike back at oil consumers by reducing its exports, causing the world economic pain even as it reaped more revenues from higher prices.

In an interview earlier this year, Iranian Oil Minister Kazem Vaziri Hamaneh said that Iran wouldn't use its exports as a weapon. But since then, other Iranian officials have threatened to play the oil card.

An Iranian foreign-affairs official recently warned that sanctions against Iran could send oil prices to $200 a barrel. Industry officials consider that scenario unlikely, because the U.S. and other major governments have vast stores of oil in strategic inventories that are large enough to offset Iranian exports for about a year and a half. But if Iran held out as the West's stocks ran down, the situation could change.

Venezuela Strengthens Its Relationships In The Middle East (NYT)

By Simon Romero

The New York Times, August 21, 2006

CARACAS, Venezuela, Aug. 20 — Venezuela has long cultivated ties with Middle Eastern governments, finding common ground in trying to keep oil prices high, but its recent engagement of Iran has become a defining element in its effort to build an alliance to curb American influence in developing countries.

In a visit late last month to Tehran by President Hugo Chávez and his oil minister, Rafael Ramírez, the two countries agreed to produce jointly nearly a dozen products, including crude oil and medicines. In a further sign that their ties have taken on a new dimension, the two countries are speaking in a more unified voice in their criticism of Israel and the United States.

The strengthening of ties has turned Iran into Venezuela's closest ally outside Latin America, adding clout to Mr. Chávez's efforts within OPEC to increase revenue through output limits by oil-exporting countries. Venezuela has also become the most vociferous defender of Iran's nuclear program at a time when Iran feels increasingly isolated.

"We stand by Iran at every moment, in any situation," Mr. Chávez said in Tehran, where he received the golden High Medallion of the Islamic Republic from President Mahmoud Ahmadinejad. Venezuela, Syria and Cuba were the only countries to oppose referring Iran to the United Nations Security Council at a meeting in February of the International Atomic Energy Agency.

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Though Venezuela maintains close economic ties with the United States, relations have been strained by verbal sparring between the Bush administration and Mr. Chávez.

Mr. Chávez has also shown recent interest in strengthening ties with Syria, sending his deputy foreign minister, Alcides Rondón, to Damascus last week. Mr. Chávez continues to push for tighter relations with close trading partners of the United States. He is scheduled to arrive in China on Tuesday for a six-day visit aimed at finding ways to ship more Venezuelan oil to Chinese refineries. He is also expected to visit Malaysia and Angola.

Now, with Iranian investment in Venezuela climbing fast, what began as a trickle of ventures has evolved into the most vivid example of Venezuela's move to reshape its foreign policy and distance itself from the United States by reaching out to countries on the margins of American influence, including Belarus, Zimbabwe and Cuba.

Hundreds of Iranian tractors are already rolling off an assembly line at a plant in Venezuela's interior, and Khodro, the Iranian car manufacturer, plans to produce 5,000 Samand sedans a year at factory near Caracas starting in November.

With Venezuela vying for a nonpermanent seat on the United Nations Security Council, the ties with Iran have led to additional friction with the United States.

In testimony last month before the House Subcommittee on International Terrorism and Nonproliferation, Frank Urbancic Jr., the principal deputy coordinator for counterterrorism in the State Department, said Venezuela's close relations, including intelligence operations, with Iran and Cuba helped illustrate a "near complete lack of cooperation" with American efforts to fight terrorism.

The Bush administration further irked Mr. Chávez last week by appointing J. Patrick Maher, a longtime Central Intelligence Agency official, to oversee intelligence-gathering operations on Venezuela and Cuba. A comparable post had existed previously only for Iran and North Korea. Mr. Chávez ridiculed the move and said he had captured four people accused of spying for the United States, though the American Embassy here said it had no knowledge of such apprehensions.

The Bush administration's more aggressive stance has drawn sharp rebuttals from officials here, who contend the United States is planning military action against Venezuela with an eye to controlling the country's petroleum resources, the largest conventional reserves outside the Middle East.

Petropars, the Iranian national oil company, said it could invest as much as $4 billion in petroleum ventures in Venezuela to produce crude oil and natural gas. "We want to help them," said Mohammad Ali Talebi, a Petropars representative in Venezuela and director of a venture that may extract sulfur-laden heavy oil in an eastern region there.

Venezuela has also supported Iran's effort to price oil in euros instead of dollars, a move aimed at weakening the influence of American investment banks and hedge funds, and the creation of an oil exchange in Iran to trade such contracts.

"Geopolitically, the most important front for Chávez in the world at this moment is Iran," said Alberto Garrido, a historian who is writing a book on Venezuela's ties to Muslim countries. "Chávez, together with his closest advisers, have defined the strategic alliance with Iran as a means with which to counter American power."

The ties with Iran have fueled theories among Mr. Chávez's fractious opponents — though without any substantiation — that Venezuela could be sending uranium from its Amazonas state to Iran in exchange for nuclear technology. There have also been unsubstantiated claims that Mr. Chávez wants eventually to replay the Cuban missile crisis.

Venezuela has repeatedly said it has no plans to develop nuclear weapons. Mr. Chávez said in Tehran that he would support an effort to develop a nuclear energy program by Mercosur, the South American trade bloc that Venezuela recently joined.

A strong relationship between Venezuela and Muslim countries is nothing new, dating to the formation of OPEC in Baghdad in 1960, largely the brainchild of a Venezuelan oil minister. An approximation with Iran may have gotten under way in the mid-1990's by Norberto Ceresole, an Argentine sociologist known for his anti-Semitic views who was a Chávez adviser. Mr. Chávez later distanced himself from Mr. Ceresole, who died in 2003. After Mr. Chávez was elected in 1998, he made relations with Iran a priority in his push for OPEC to raise oil prices.

Recent statements by Mr. Chávez in Iran and other Muslim countries, however, are increasing concern here in Caracas that Mr. Chávez is aligning himself too closely with Muslim leaders who have little in common with Venezuela's generally

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inclusive and pluralistic political system. While in Qatar, Mr. Chávez said in an interview with Al Jazeera that Israeli military actions in Lebanon were "being carried out in the style of Hitler, in a fascist fashion."

After the fighting between Israel and the Lebanese Hezbollah militia began, Mr. Chávez recalled his highest-ranking diplomat in Israel. Then, in his weekly television program, Mr. Chávez accused Israel of a "new Holocaust." The authorities in Jerusalem responded by recalling Israel's ambassador in Venezuela, Shlomo Cohen, for consultations.

"We have to categorically reject the comments for attempting to make the Holocaust banal," said Fred Pressner, president of the Confederation of Jewish Associations of Venezuela. But some Jewish leaders here also said earlier this year that comments by Mr. Chávez about the "descendants of the same ones who crucified Christ" were too hastily interpreted as anti-Semitic.

Political analysts here said the comments about Israel and other recent moves, like the appointment of Nicolas Maduro as foreign minister, were evidence of a radicalization of foreign policy that had stronger ties with Iran at its center. Mr. Maduro, who has stepped down as speaker of the National Assembly to take the post, had traveled to Iran in February to show explicit support for its nuclear program.

Seoul Dismisses News Pyongyang Plans Bomb Test (WSJ/AP)

By AP

The Wall Street Journal, August 21, 2006

SEOUL -- South Korea said yesterday it has been monitoring North Korea's nuclear activity but dismissed the possibility of an imminent underground nuclear test amid reports that Pyongyang may be preparing to detonate its first atomic bomb.

South Korea's Defense Ministry said it has sent six personnel to the Korea Institute of Geoscience and Mineral Resources, a state-run agency charged with monitoring seismic tremors on the Korean peninsula, in an apparent attempt to record any seismic movement caused by a test blast.

The Defense Ministry "has been holding a 24-hour surveillance on North Korea's military activity," a ministry official said. He declined to give further details on the North's nuclear activity.

An official of the presidential office also confirmed that Seoul has been keeping a 24-hour watch on the North that was in place before the latest report on a possible nuclear test. "I do not see that there is any possibility of a nuclear test, as it is just part of signs in an initial stage," the official said.

Mexico Poll Loser Vows Fight 'on Street' (FT)

By Adam Thomson

Financial Times, August 21, 2006

Mexico's leftwing presidential candidate vowed at the weekend to continue to reject last month's election result with increasingly radical tactics conducted "from the streets".

Ever since he narrowly lost the July 2 vote to Felipe Calderón of the centre-right National Action party (PAN), Andrés Manuel López Obrador has demanded that the country's electoral authorities order a full recount of the votes.

So far there is little sign of that happening and, with time running out before Mexico's Federal Electoral Tribunal names a president-elect – it has until September 6 to do so – Mr López Obrador said he would take his so-called "civil resistance" movement "to its ultimate consequences" in his effort to defend democracy.

"The most important changes in Mexico have never come about through conventional politics but rather from the streets," he told the FT in a rare interview. Asked whether there was a danger that people would brand him a revolutionary, he replied: "Mexico needs a revolution."

Mr López Obrador's escalating rhetoric will doubtless cause concern among many Mexicans and international investors. Three weeks ago the candidate for the Democratic Revolution party (PRD) ordered supporters to occupy the city's main square and a central avenue in Mexico City – a move that has caused traffic chaos and inflicted millions of dollars in lost revenue on businesses and hotels.

Since then his followers have taken over road tolls and prevented staff from entering the headquarters of foreign-owned banks in the capital. Last Monday there was violence after federal police clashed with them outside Congress.

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"If the fraud is ratified, I could not recognise the institutions, obviously I would not recognise Felipe Calderón because I would consider him to be a spurious, illegal and illegitimate president," he added. "We would fight to make democracy count, renovate the institutions and undertake the changes this country needs."

A radicalisation of his supporters, several of whom voice their willingness to take up an armed struggle if necessary, is noticeable on the occupied avenue of Paseo de la Reforma.

But from the tent in Mexico City's main square that for the past three weeks has served as his office, Mr López Obrador told the FT that he was not worried by such comments. "This is a peaceful movement," he said.

His detractors have accused him of playing on Mexico's less-than-stellar record on elections to support his insistence that last month's vote was fraudulent.

During the 71 years the Institutional Revolutionary party (PRI) ruled the country until 2000, elections were often rigged, leading many Mexicans to develop an instinctive suspicion of the voting process.

But Mr López Obrador, former Mexico City mayor, said the need for a full recount of the votes had become even clearer after a partial recount ordered last week by the electoral tribunal had "turned up serious irregularities".

Among them, he said, were more than 50,000 missing voting slips as well as ballot boxes containing about 50,000 more votes than the number of people on the electoral register.

"It makes no sense . . . Watergate is child's play compared with what went on here," he said. "But they [the authorities] don't want a full recount because they are going to find many irregularities."

Representatives from Mr Calderón's PAN party reject Mr López Obrador's figures, and say the partial recount has turned up insignificant changes compared with the official count carried out last month.

In the event of a negative decision from the tribunal, he said, a "national convention" on September 16 gathering 1m of the movement's delegates would vote on what actions it would take in response.

Business Chiefs Call On Bush To Spur Doha Talks (FT)

By Stephanie Kirchgaessner

Financial Times, August 21, 2006

Chuck Prince, Citigroup chief, has urged President George W. Bush to reinvigorate multilateral trade discussions and "identify a way forward" on the Doha round of trade talks.

In a letter also signed by British Airways chairman Martin Broughton on behalf of the TransAtlantic Business Dialogue, the executives said it was "unacceptable" that transatlantic differences over agriculture, representing less than 3 per cent of transatlantic gross domestic product, were dictating progress on increased market access for goods and services that comprise the majority of global trade.

The corporate leaders said several factors should prompt the administration to revitalise the talks, including the rise of protectionist tendencies, the increase in bilateral agreements between stronger trading nations, and the expiration next June of the president's trade promotion authority to negotiate trade agreements.

World trade talks that were supposed to relieve poverty and improve economic growth were frozen late last month after five years of negotiations because of differences about farm liberalisation.

While there have been few signs that the parties are willing to make concessions, the executives pointed to four meetings in which the Bush administration could "advance discussions" on the cost to developing countries of not proceeding with negotiations.

"Timing is of the essence . . . we urge you to instruct your finance, trade and agriculture ministers to make wise use of these meeting to recalibrate negotiating positions . . . and give a new sense of purpose to the WTO process," the letter said.

Susan Schwab, US trade representative, is due to travel to China this month where she will meet Bo Xilai, commerce minister, to discuss China's role in helping to restart negotiations.

Indonesian Village Marks Twelfth Case Of Avian Flu (WSJ)

The Wall Street Journal, August 21, 2006

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JAKARTA, Indonesia -- An Indonesian woman died of bird flu in a village that has tallied 12 confirmed or suspected cases of the H5N1 virus, a senior health official said yesterday, as authorities stepped up their investigation into the new possible cluster of cases.

Laboratory test results confirmed the 35-year-old woman, who died Thursday at Dr. Slamet Hospital in West Java province's Garut district, had the disease, said Nyoman Kandun, the Ministry of Health's director general of communicable disease control.

"Her 9-year old daughter died a week before her, but we did not take her specimens, so we don't know whether she is positive or negative," Dr. Kandun said.

Most people have been infected after coming into contact with sick birds, but experts fear the virus could mutate into a form that spreads easily among humans, potentially sparking a pandemic.

Clusters of cases heighten the chance of that happening, so health workers were keeping a close eye on Cikelet -- a hamlet 150 kilometers southeast of Jakarta -- where there have been a dozen confirmed or suspected cases of bird flu.

Among them were a four-year-old girl, a 16-year-old boy, and a 60-year-old man who were rushed to Dr. Slamet Hospital late Saturday and early yesterday after coming down with symptoms of the disease, hospital spokesman Yogi Suprayogi said.

Though worrisome, Indonesian officials currently said they believed no human-to-human transmission had occurred in West Java.

"Our team of health officials is collecting all data and information we can from the area," said Dr. Kandun, adding that while the Cikelet cases were "extraordinary...the disease appears to have been spread by sick poultry."

An official said on Saturday that the government was distributing the antiviral medicine Tamiflu to villagers.

The H5N1 virus has killed at least 140 people world-wide since it began ravaging Asian poultry stocks in late 2003. Indonesia has logged 45 deaths, the highest of any country, according to the World Health Organization. That tally doesn't include the death of the Indonesian woman on Thursday.

The War For China's Soul (TIME)

By Simon Elegant

Time, August 21, 2006

Several weeks after the attack, the witness is still trembling. "Everyone knew trouble was coming," the man says, describing the day last month that haunts him still. A fit-looking fortysomething wearing a T shirt and jeans, the man was a volunteer working on a half-completed church in a suburb of Hangzhou, a picturesque lakeside city 112 miles southwest of Shanghai. Financed by local Christians, the church was to serve a community of 5,000 parishioners. Hundreds of them gathered at the site on the afternoon of July 29, some joining the construction crew building the church. Others, many of them elderly parishioners, sat on plastic chairs surrounding the church, singing hymns.

The Christians surely knew they were testing the patience of local government officials, who insisted the building was illegal and had to be torn down. But few were prepared for what happened next. Witnesses told TIME that at about 2:30 p.m., thousands of uniformed police and plainclothes security officers appeared at the construction site. The police cleared a way through the crowds for a few drill-equipped backhoes, and the authorities then demolished the church. Witnesses say police bludgeoned people indiscriminately with nightsticks. "They were picking up women--some of them old ladies--by their hair and swinging them around like dolls, then letting them crash to the ground," says a man who watched the clash from across the street. A statement faxed to TIME by the information office of the Xiaoshan district government describes the scene differently, claiming that about 100 Christians "attacked and injured government officials" and that although the police detained a few protesters, none were injured. But the volunteer interviewed by TIME produced receipts from the local hospital attesting to his treatment for broken ribs, which he says many others suffered as well. "They treated us like dead dogs," he says. "Some of them scoffed at us as we lay there, saying, 'Where is your God now? Why can't he help you? If you want to go to heaven, we'll help you get there right now.'"

The crackdown in Hangzhou may seem unremarkable for a country where a public demonstration of any kind can still trigger a brutal government response. For openly religious Chinese, in particular, that's a constant threat. Human-rights groups

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regularly report cases of harassment, temporary detention and even long-term imprisonment of priests and their followers. But the Hangzhou episode is also unmistakable evidence that Christianity is transforming Chinese society.

After four failed attempts over a millennium and a half by foreign missionaries to gain a foothold in China, Christianity is finally taking root and evolving into a truly Chinese religion. Estimates vary, but some experts say Christians make up 5% of China's population, or 65 million believers. And thousands more are converting every day, the vast majority through unofficial "house" churches like the one that sparked the clash in Hangzhou. "Politically, China hasn't changed at all," says Dennis Balcombe, who has spent the past three decades evangelizing in China from his base in Hong Kong. "But as far as religion is concerned, it is much, much freer."

The flowering of Chinese Christianity reflects a wider religious awakening. Long criticized by Western governments and human-rights groups for its virulently antireligious policies, China's central government has in recent years adopted a more lenient attitude toward religious expression. Traditionally, the Communist Party allowed membership in five officially approved religions: Buddhism, Taoism, Islam, Protestant Christianity and Catholicism. Anything falling outside those groups was officially shunned. Even those adhering to "approved" religions have to register to worship in churches and temples approved by the state. But those rules are becoming harder to enforce. These days, Chinese flock to everything from mystical Taoist sects to huge, prosperous Buddhist temples and spiritually based exercise and meditation systems.

The growth of spirituality poses a challenge for China's ruling class, which pays little more than lip service to communist ideology but still strives to control its restive populace. Faced with a social phenomenon that would use up huge amounts of time, manpower and international goodwill to curb, Beijing's cadres have decided to tolerate the new churches so long as they keep a low profile. The more outspoken and organized such groups become, however, the greater the threat they pose to the authority of the Communist Party. For the moment, that influence is confined to local issues related to their faith, such as church building and education. But observers say the challenge could grow, as churches continue to spread out of the countryside and into the cities, where they draw from the ranks of the rapidly growing middle class. "If you look at Chinese history, all the rebellions that led to change of dynasty had some religious connotations," says Jean-Paul Wiest, an expert in the history of Christianity in China who teaches at Beijing's University of International Business and Economics. "The authorities don't like that."

There may not be much they can do about it. Across the country, Christians are worshipping with a fervor once unimaginable in a communist society. Take the service held at 10 o'clock on a recent Sunday morning in China's booming southern city of Shenzhen. Some 40 people are crowded into the living room of a small two-bedroom apartment. The regulars call the place the Home of Love, and like the majority of Chinese Christians, they worship in private because they can't--or won't--register with the government-controlled official Protestant Church, the so-called Three-Self Church (the church's name refers to its three guiding principles of self-reliance). The cries of hawkers selling vegetables and fruits in the alleyway below drift through the grimy windows, but the worshippers have eyes only for the front of the room, where a plump, middle-aged preacher in a tight gray suit stands at a small lectern. Behind him is a large wooden cross draped with a white cotton cloth. Several pictures of Jesus hang on the walls, and Chinese characters phonetically spelling out Emanuel--"Yi-man-nei-yi"--frame an archway.

Because of fears that officers from the Public Security Bureau might disrupt the proceedings, which are illegal, services in house churches are often low-key. Not at the Home of Love. The congregation starts by belting out a series of hymns to an accompanying sound track booming out of several large loudspeakers. After the singing, the preacher launches into a sermon extolling the growth of Christianity in China. Then he steps among the tightly packed worshippers, holding their heads and praying over them, chanting what would sound to most Chinese like gibberish. Soon most of the room has joined him in fervent, noisy prayer, many swaying back and forth, eyes squeezed shut, moaning, shouting, wailing. One woman repeats over and over, "Oh mashalah, oh Yesu, oh mashalah, oh Yesu, oh Yesu, oh Yesu." (Yesu is Jesus; mashalah seems to mean nothing.) The woman's face is clenched in ecstasy; tears run down her cheeks.

So far, the government hasn't done much to halt the spread of such hothouses of faith. But that may be changing, as evidenced by the assault on the Hangzhou church. The mandarins in Beijing have always reserved special venom for groups they label xie jiao, or evil cults. The most famous is the brutally suppressed Falun Gong movement, but the authorities may be tempted to extend that label to the Christian sects that are growing the fastest--those practicing fervid forms of worship that stress miracles and personal inspiration through prayer. A number of cultlike, pseudo-Christian offshoots have sprung up in the Chinese

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countryside in recent years, apparently inspired by this ecstatic form of worship. Often spawned by the personal ambition of their leaders, these highly secretive groups usually espouse millenarian views that make the authorities profoundly nervous. Members of a sect called the Three Grades of Servants were convicted earlier this year in Heilongjiang province on 20 murder charges, involving attacks on its main rival, Eastern Lightning, a sect that relies on kidnapping and beating to make converts. One of its central aims is the overthrow of the "Great Red Dragon," a thinly disguised reference to Beijing.

Although Christians tend not to see themselves as revolutionaries, house churches have become one of China's few bulwarks against government power. In Wenzhou, a city in coastal Zhejiang province known among Chinese Christians as "China's Jerusalem," 15% to 20% of the population is Christian, a fact that gives the church leaders much greater authority in confronting local party officials. In 2002, for example, a campaign of protests and appeals to Beijing led to the reversal of a city government decision to ban Sunday-school teaching. In Hangzhou, local officials say the clash--about which TIME was the first to hear eyewitness accounts--stemmed from the church builders' long-running defiance of government regulations. The county government's statement contends that three alternative sites had been offered to the Christian community's representatives but were refused by church leaders.

Chinese authorities insist that they are not hostile to religion as long as it is practiced according to their rules. At officially sanctioned churches like St. Paul's in Nanjing, a near puritanical attention to order is maintained. There are rows of wooden pews, a pulpit from which the sermon is preached, even a signboard on which hymn numbers are posted. The pastor of St. Paul's, Kan Renping, 38, says his congregation has grown from a few hundred when he took over in 1994 to some 5,000 regular worshippers today. Many have to watch the proceedings on remote TV from four satellite chapels in a nearby building. Despite the growth, Kan isn't a proselytizer. "Anyone is welcome to come in and have a chat with me about religion," he says. "But if people want to come in and talk politics, that we don't like. We only want to concentrate on religion here."

In the long run, though, government attempts to circumscribe how people practice their faith seem unlikely to succeed--and could well spark more unrest. It's telling that even in the face of such crackdowns, some Chinese Christians say they are confident that they will eventually win the freedom to practice their faith as they choose. Brother Chow (not his real name) is one. He is every inch the model of the modern Chinese Christian, a preacher who doubles as a businessman. Despite his pressed jeans, polo shirt and fancy mobile phone, he professes to believe in a deep, ancient faith, one that he says has carried many a Christian through persecution. "Why don't I think it will be a problem? Because as time goes on, the government will get to know the Christian spirit and realize that God exists." He smiles with the secret knowledge of a true believer. "And then," he says, "they will become Christians too."

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Pakistan Eyes Afghan Link In Foiled London Plot (CSM) 3
Man At Heart Of British Terrorist Plot Laid Roots In A Land Rife With Sunni Extremism (NYT)..... 4
Kenneth T. Walsh (USNEWS)..... 5
A Terrorist's Network (TIME)..... 6
Security Vs. Business (USNEWS)..... 6
Allah's Recruits (TIME) 7
British Law Against Glorifying Terrorism Has Not Silenced Calls To Kill For Islam (NYT) 8
Britain's Muslim Outreach Hits A Rough Patch (LAT) 10
Pakistanis Find U.S. An Easier Fit Than Britain (NYT)..... 11
At Guantanamo, Caught In A Legal Trap (WP) 13
In Germany, Terror Suspect's Arrest Shakes Sense Of Security (USAT) 16
A Win For Spying Opponents (USNEWS)..... 17
Transcript (NBC) 17
CNN Late Edition With Wolf Blitzer (CNN) 19
Pre-Emptive Surveillance (WSJ)..... 35

Homeland Response:

The Truth Puts You In Jail (NYT)..... 36
Governors Blast National Guard Legislation (TBO)..... 37
Damage And Doubts Linger After Katrina (WP) 38
Nursing Home Disaster Plans Found Lacking (WP)..... 38
Houston Grumbles As Evacuees Stay Put (LAT)..... 39
Year After Katrina, Few Fully Recovered (USAT) 41
Rough Start For Effort To Remake Faltering New Orleans Schools (NYT)..... 42
Spike Lee Films The New Orleans Disaster His Way (opinion) (NYT) 43

War News:

Snipers Kill 20 Shi'ite Pilgrims (WT/AP)..... 44
Snipers Kill 20 Iraq Shiite Pilgrims (USAT)..... 45
Insurgents Kill 20 In Shiite Pilgrimage Amid Heavy Security (NYT) 45
Gunmen Target Shiite Muslims, Kill 22, Injure Hundreds (LAT).. 46
Iraqi Insurgents Kill 20 Pilgrims (WP) 47
Killing Won't Win This War (NYT)..... 48
A Call To Support Democracy (WP)..... 49
Hostage: The Jill Carroll Story - Part 6 · Reciting Koranic Verses (CSM)..... 51
Jill Carroll's Captor Claims To Be Insurgency Chief (CSM)..... 54
Saddam Faces Genocide Charges Monday (AP-Y)..... 56
As Trial Nears, Poison Attack Haunts Kurds (NYT) 57
For Kurds, A Long Wait For Justice (WP)..... 58
Saddam Faces Trial Over Kurdish 'genocide' Campaign (FT).... 60
Stage Set For Second Hussein Trial (WSJ) 61
Saddam Faces Genocide Charges Monday (AP) 62
71 Taliban Militants Killed In Fight (USAT) 63
Dozens Of Taliban Die In Attack On NATO And Afghan Soldiers (NYT) 64
Around 90 Killed In Bloody Afghan Weekend (AFP-Y)..... 64
NATO's 21st-century Task: Going From 'Europe' To 'Global' (CSM)..... 65

Corporate Scandals:

SEC Enforcement Activity Lags (USAT)..... 66

Criminal Law:

Ramsey Case Suspect Is Back On U.S. Soil (LAT) 67
Suspect In Ramsey Killing Returns To U.S. (NYT) 68
JonBenet Suspect Heads To U.S. (WP)..... 69
Flight Of Fancy For JonBenet Suspect (WT)..... 70
Prosecutor Under Pressure To Make Case Against Karr (WT)... 71
Arrest, Bill Won't Deter Online Gambling (USAT)..... 72
Web Casinos Becoming A Riskier Bet For Investors (NYT)..... 73
From Their Own Online World, Pedophiles Extend Their Reach (NYT) 74
Hollywood Wiretapping Scandal Fizzles (FINDLAW/AP) 78
U.S. Seeks Hinckley Interviews, Files (WT) 79
Prosecutor: Boston Cops Are Dangerous, Should Denied Bail (AP)..... 80
Boston Police Corruption Case Detailed (BOS) 80
In Officer's Fall, A Tale Of Two Friends (BOS)..... 81
Gotti Greased Goodfella From Jail: Feds (NYDN) 85
Junior Gotti's Jailhouse Chats Released (NSDY/AP)..... 85
After A Ferry Venture Fails, Criticism And Questions (NYT)..... 86
Bankest Officers Found Guilty (MH) 87
Attorney Pleads Guilty To Misconduct (SSJ)..... 88
Starbucks Denied Hot-coffee Verdict Dismissal (OREG)..... 89
Former Attorney Pleads Guilty To Money Laundering (AP)..... 89

Worker Hurt In Robbery Of Georgetown Jewelry Store (WP) 90
1 In 8 Murderers Halted Their Appeals To Speed Execution (USAT) 90
Lethal Injection -- Still Lethal (LAT) 91

Civil Law:

Editorial: U.S. Contractors In Iraq Must Be Held To Account For Fraud (YOUNGV) 91
Unbundling Asbestos (WSJ) 93
Enter Search Term Here, Forever (NYT) 94

Civil Rights:

Killer Says He Wasn't There For '98 Dragging (WT) 94
Trial Run In Brooklyn Court, A Route Out Of Jail For The Mentally Ill (WSJ) 95
Rule Sought To Prevent Abuse By Recruiters (WP/AP) 98
Painting Of Jesus Is Stolen From School, But Legal Fight Goes On (NYT/AP) 98
Changing Face Of Western Cities (WP) 99
Banish The Bling (WP) 100

Antitrust:

EU Regulators Issue Objections To Merging Gaz De France, Suez (WSJ/AP) 101

FBI/DEA/ATF/USMS:

2 Charged In Deadly Heroin Probe (CCP) 102
Local Detectives Track Heroin To Alleged Source Two Caught Packaging Tainted Drug, Police Say (NJ) 103
City Stand On Heroin Antidote Risks Lives (PHI) 104
Committee Talks Border Security (DDD) 106
Border Is Number 1 Topic In S. Arizona (AZDS) 108
Jones Is The Latest To Fail A Drug Test (LAT) 109
Jones Quiet After Test Reports (LAT) 110
Jones Is Said To Have Failed Drug Test In June (NYT) 111
Lessons Learned From Balco Are Applied To Fight Doping (NYT) 112
Coach Backs Marion Jones, Questions Positive Drug Test (USAT) 113
M. Jones Failed Drug Test In June (WP) 114
Column: Competitive Urge Has Dark Side (AP) 115
Raid Nets Suspected Gang Members (TAMPTRIB) 116

Immigration:

Is The Catholic Church Pro-immigrant? You Bet. (USAT) 116
One In Five (WP) 117

Tax:

Tax Farmers, Mercenaries And Viceroys (NYT) 118

Congress-Administration:

A Humbled Presidency (USNEWS) 119
A Decade After Welfare Overhaul, A Shift In Policy And Perception (NYT) 119
10 Years After, Welfare Reformers Look To Build On Gains (WT) 121
Cold War Missiles Target Of Blackout (WP) 122
Inside The Beltway (WT) 124
Public Pension Price Tag (WSJ) 124
Senate's Most Wanted (WSJ) 126

Other News:

Fed Reduces Recession Threat (CSM) 126
Not Too Fast, Not Too Slow... (WSJ) 127
Consumers Curb Upscale Buying As Gasoline Prices, Housing Bite (WSJ) 128
Oil's Price Drop Reignites Debate On Turning Point (WSJ) 130
Airlines Tremble At Prospect Of $100-a-barrel Oil (USAT) 131
Regulation, Yes. Strangulation, No. (WSJ) 133
US Firms Pressured To Declare Donations (FT) 133
Targeting Likely Advocates With Web Ads (WP) 134
GOP Counts On Rove To Head Off Disaster (USAT) 135
Not All Polls Predicting Doom For GOP (WT) 138
In Porous Border, GOP Sees An Opening (WP) 139
Democrats Hit GOP Hopefuls Over Social Security (WT) 141
Sen. Hagel Says GOP Has Lost Its Way (AP-Y) 141
Hagel Sees Danger In Barbs Over National Security (Update1) (BLOOM) 142
McCain Mines Elite Of G.O.P. For 2008 Team (NYT) 143
Chafee, GOP Rival Swap Salvos (WT) 145
Alaska Governor Battles A Shifting Tide (WP) 145
Ready To Run (TIME) 146
Hillary Clinton's Low Profile (NYT) 150
Lieberman Calls On Rumsfeld To Resign (AP) 151
Lieberman Jabs At Rumsfeld, Saying Military Needs A Change (NYT) 152
Kerry Raps Lieberman On War (WT) 153
On Candid Camera (TIME) 153
The Un-American Senator (LAT) 154
Keystone State Scuffle (USNEWS) 154
GOP Gunning For The President's Congressman (USAT) 155
Political Records, Race Stir Friction In Md. Senate Debate (WP) 156
Ben Cardin For U.S. Senate (WP) 157
Romney Golden To GOP In Blue State (WT) 158
Democrats Topple Tradition For 2008 Election (CSM) 159
States With Moved-up Primaries Showered With Money, Attention (USAT) 160
Europeans Delay Decision On Role Inside Lebanon (NYT) 161
Plans For Lebanon Force Faulted (WP) 163
Israel Puts Conditions On Peacekeepers (AP-Y) 164
Olmert Calls On Italy To Lead Lebanon Force (FT) 164
The Casualties Of War (USNEWS) 165
Grumbling In The Ranks (USNEWS) 166
Strife Amid The Ruins (USNEWS) 166
Reconstruction Wars (TIME) 167
Analysis: Lebanon's Fragile Unity Cracks (AP) 168
Mission Unaccomplished (WSJ) 169
Waiting For Jacques (NYT) 170
A Week After Cease-fire, Where Are The Peacekeepers? (USAT) 171
U.N. Calls For Adherence To Truce (LAT) 171
U.N. Envoy Warns Of Mideast Slide Into 'abyss' (USAT) 172
For Israelis, Truce With Hizbullah Is Unrealistic (CSM) 173

DOJ_NMG_0050972

Hezbollah Told Not To Incite Israel (WT/AP)..... 174
Leverage For A Prisoner Swap (WP) 175
Israel Seizes Senior West Bank Lawmaker (AP) 176
Israel Weighs Syria Peace Talks (WT)..... 177
Kin Plead For Release Of 2 Fox News Journalists (NYT)..... 178
Iran Says It Won't Suspend Enrichment (AP)..... 179
Iran Fires Practice Missiles And Affirms Nuclear Stance (NYT) 179
Tehran Won't Stop Enriching Uranium (WT/AP) 180
In Iran Nuclear Standoff, Scant Leverage For West (WSJ)..... 181
Venezuela Strengthens Its Relationships In The Middle East (NYT) 182
Seoul Dismisses News Pyongyang Plans Bomb Test (WSJ/AP)184
Mexico Poll Loser Vows Fight 'on Street' (FT)..... 184
Business Chiefs Call On Bush To Spur Doha Talks (FT)..... 185
Indonesian Village Marks Twelfth Case Of Avian Flu (WSJ) 185
The War For China's Soul (TIME)..... 185

TERRORISM NEWS:

Pakistan Eyes Afghan Link In Foiled London Plot (CSM)

By David Montero
The Christian Science Monitor, August 21, 2006
LAHORE, PAKISTAN

More than a week after the foiled London terror plot, investigators in Pakistan say they have shifted their sights to Afghanistan, after the prime suspect in custody, Rashid Rauf, divulged his liaison with a high-level Al Qaeda operative possibly based in Afghanistan's Kunar Province.

"So far, all agencies have failed to break [Mr. Rauf] in identifying the Afghan national who works as a frontline man of Al Qaeda," says an intelligence official, speaking anonymously. The official added that Rauf admitted to traveling to Afghanistan several times since 2002 to meet with the operative, who conveyed commands on Al Qaeda's behalf.

Against the backdrop of the investigations, evidence suggesting the role of Pakistan-based militants in the terror plot has sparked a fresh round of soul searching here in Pakistan. Over the weekend, President Gen. Pervez Musharraf reiterated a call for cracking down on extremism, and the federal government has reportedly put 400 alleged extremists linked to banned organizations on a watch list. Amid the debate by analysts and religious leaders, many are questioning the efficacy of such measures, calling them cosmetic solutions that only fan extremism while failing to address root causes.

Investigations into the alleged plot to blow up planes over the Atlantic took a new turn over the weekend. Intelligence sources say Rauf admitted to having an Al Qaeda liaison who is an Afghan national, purportedly a wealthy businessman with a high rank in the organization. Other news agencies, quoting intelligence sources, have identified the operative as an Arab who works out of Kunar Province, where US and coalition troops are battling Taliban forces. He is said to be a close associate of Al Qaeda's No. 2, Ayman al-Zawahiri. Despite repeated interrogations, intelligence officials say, Rauf would not disclose the operative's true identity.

Pakistan's Interior Ministry would neither confirm nor deny these reports. "We have said that this has got an Al Qaeda connection to Afghanistan," says Interior Minister Aftab Ahmed Sherpao.

Afghan officials have repeatedly rejected such claims, characterizing them as diversionary tactics. Casting some doubt on any Afghan connection are the facts that Pakistan and Afghanistan frequently exchange accusations and the possibility that Rauf may be saying what his Pakistani interrogators want to hear.

London investigators are also facing skepticism over the magnitude of the alleged plot given the paucity of hard evidence made public during what is still an ongoing investigation. The BBC reported, quoting unnamed police sources, that laptops were found with martyrdom tapes, and that a bomb kit was found as well, but the police have refused to comment on this.

Even the simple detail of where the central suspect, Rashid Rauf, was arrested remains unclear. Mr. Sherpao maintains that Rauf was arrested in Bahawalpur, his family's hometown in southern Punjab and the alleged headquarters of Jaish-e Muhammed, a banned militant group. Intelligence sources, however, allege that Rauf was in fact detained in Zhob, near the Afghan border. Wearing a shalwar kameez and looking disheveled, according to investigators, he spent five hours on the Internet at a cafe, where he also made two phone calls to England. The phone calls roused the suspicion of the owner, who called the police, intelligence officials say.

...

Still, Rauf himself has admitted to investigators that he is connected by marriage to the group's leader. "As far as the family relationship, we admit it," says Talha Saif, a family spokesman. "But as far as Rauf's link to Jaish-e Muhammed, we deny that."

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As these details continue to unfold, analysts here are compelled once again to question the extent of extremism on Pakistani soil, and the government's tactics in addressing it.

Some eight or nine months ago, the police began a sweeping crackdown on religious hatred here, marshaling police forces and government agencies to monitor the activities of the city's 5,000 mosques. Approximately 900 religious leaders in Lahore have been arrested so far, many allegedly for using their loudspeakers to spread sectarian hatred, and more than 2,000 in Punjab Province as a whole, according to police.

Police officials trumpet the measure as a resounding success, citing an absence of sectarian violence or militancy in Lahore. "I'm very satisfied with the campaign," says Aamir Zulfikar, chief of operations for the Lahore city police. "In 14 months, there has not been a single sectarian killing."

In Lahore's religious community, however, there is a growing tide of resentment toward such policies. "It is a wrong policy," says Mohammed Sarfaz Naeemi, general-secretary of Tanzeemul Madari, a congregation of Sunni religious schools. "[People] will simply turn against the Musharraf government," he says.

Many analysts agree, saying that while crackdowns may prove effective in the short term, they mask the inherent inability of a military-run government to harness public support for its efforts.

"It's a lack of political capacity. That political capacity comes from legitimacy and popular support, and this government does not have that," says Rasul Bakhsh Rais, head of social sciences at the Lahore University of Management Sciences. "They're more concerned with the political mechanisms of survival. They cannot really look deep down into the society and see the problems."

Those problems, other analysts add, are festering at the expense of political cohesion, creating pockets of sympathy for extremists groups.

"I for one don't drink water," says Sajjad Naseer, a political science professor at the Lahore School of Economics. "I have to put a filtration system in my house or buy a bottle of [mineral water]. The state can't even provide basic services."

The absence of a strong state, he argues, compels the alienated and the disenfranchised to seek support from nonstate actors, including extremist groups.

Man At Heart Of British Terrorist Plot Laid Roots In A Land Rife With Sunni Extremism (NYT)

By Carlotta Gall And Arif Jamal

The New York Times, August 21, 2006

BAHAWALPUR, Pakistan, Aug. 19 — Life is slow in this small scruffy town in southern Punjab, surrounded by cotton and corn fields, lush from the monsoon rains. People lounge on rope beds under the trees, and camels and water buffalo wander along the roadside. But this corner of Pakistan has an undercurrent of sectarian violence and suspicions of links to Al Qaeda that belie the quiet rural image.

It is here that Rashid Rauf, a crucial figure in what British investigators say was a plot to bomb airliners flying from London to the United States, chose four years ago to settle and marry, far from his home in Britain, and from his ancestral village in Pakistani-administered Kashmir in northern Pakistan. And it was here, government officials in Islamabad have said, that Mr. Rauf was arrested some time before Aug. 10, when news of the investigation broke.

What first brought Mr. Rauf to southern Punjab remains as unclear as what role he might have had in any terrorist plot. But one thing is clear: the family he married into is deeply enmeshed in the world of Sunni extremism and sectarian violence, with longstanding connections to Afghanistan and even a link to the killer of the journalist Daniel Pearl.

Mr. Rauf married one of three sisters, said a teacher at a madrasa, Dar-ul-Uloom Madnia, founded by Mr. Rauf's late father-in-law. Another sister, the teacher said, is married to a cleric called Maulana Obaidullah who was arrested by the police two and a half years ago, though no reason is known.

Most significantly, the teacher, Mohammed Sadiq, said the third sister was married to Tahir Masood. He is a younger brother of Maulana Masood Azhar, the founder of Jaish-e-Muhammad, or Army of Muhammad, one of the most extreme Islamist groups in Pakistan, which is banned but remains active under different names.

From Mr. Azhar come many of the most disturbing connections. He was captured in Indian Kashmir and was one of three convicted prisoners held in India who were exchanged in a deal between the Indian government and the hijackers of an Indian Airlines plane in Dec. 24, 1999. The hijackers forced the plane to land in Kandahar, Afghanistan, which was then in the control of the Taliban, and negotiations through the Taliban led to India releasing three people from jail in exchange for the 150 hostages on board the plane.

Another of the prisoners was Ahmed Omar Sheikh, a British citizen of Pakistani descent who was later convicted for his part in the killing of Mr. Pearl, a Wall Street Journal correspondent.

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After Mr. Azhar was freed in 2000, he founded Jaish-e-Muhammad, ostensibly as an organization supporting mujahedeen fighting in Afghanistan and Kashmir, but by 2002 it had already been cited as a terrorist organization by the United States and banned by the Pakistani authorities. Mr. Azhar lives and works in Karachi, editing a jihadi newspaper, Al Qalam, or The Pen, according to his father, Allah Baksh Sabir.

Mr. Sabir now runs the Usman-o-Ali madrasa in Bahawalpur, which was founded by Mr. Azhar. Last week, he told reporters that Mr. Rauf had been a member of Jaish-e-Muhammad. The next day, ringed by police officers and plainclothes intelligence officials, he denied making such comments and denied even knowing of the existence of Mr. Rauf, even though his son is Mr. Rauf's brother-in-law.

The brother-in-law, Maulana Suhaib, in his late 20's, is a teacher at Dar-ul-Uloom Madnia, but he had gone into hiding, said Mr. Sadiq, the teacher, who added, "He was very worried because a lot of people have started coming round."

"He said he had nothing to do with anything," Mr. Sadiq said. "Maulana Suhaib did not know who Rashid Rauf was and never expressed any apprehensions before." Of Mr. Rauf, he said: "I used to hear that he was doing big business, selling house furniture and goods such as fridges. I always heard he was a rich man."

In this southern tip of Punjab, where there are almost equal populations of Sunni and Shiites, Sunni extremism has existed for many years. The Sunni extremist groups have grown out of the Deobandi branch of Islamic scholarship, which is anti-Shiite in its teaching and emphasizes the importance of jihad, or armed struggle. The Taliban in Afghanistan were overwhelmingly Deobandis, as are the most active jihadi militant organizations in Pakistan.

Connections between Pakistani and Afghan extremists grew as Pakistani intelligence services harnessed the Deobandi groups to fight the Soviet Army in Afghanistan in the 1980's. As with Jaish-e-Muhammad, the intelligence services also recruited the groups to fight Indian rule in Kashmir.

Another Sunni extremist group with links to the region is Lashkar-e-Jangvi, which is increasingly seen as an armed instrument of Al Qaeda in Pakistan. It is believed to recruit from other terrorist groups, and to have a number of members who were in Jaish-e-Muhammad.

One of Pakistan's most wanted men is linked to that group. He is Matiur Rehman, who is a main suspect in an assassination attempt on President Pervez Musharraf in 2003. He is from the Bahawalpur district and, according to his father, was a student at the Dar-ul-Uloom Madnia madrasa. Interviewed in his home in the village of Had Rajgan, 47 miles from Bahawalpur, the father, Ali Muhammad Sirhindi, said Mr. Rehman had studied there for five years and then at age 19 went to fight in Afghanistan.

Any connection Mr. Rauf might have to global jihad is now the subject of an international investigation. He does not seem to have been on the police's radar here before the British authorities asked the Pakistanis to put him under surveillance. He was living openly in a middle-class two-story house in the town on a narrow unpaved street, in a neighborhood called Model Town.

The house was quiet on a recent visit, and a metal grill across the entrance was padlocked. Several homeless families were living in tents on an empty plot of land across from the house. Neighbors came out to stare as journalists arrived with a police escort to visit the house, but they said they had seen little of the people living there.

"He was arrested a couple of weeks ago, and police conducted a raid about two weeks ago," said one neighbor living along the street, asking not to be identifed for fear of trouble from the police.

The family moved in about a year ago, but an elderly man inside the house shunned a welcoming visit, another neighbor said. "I never went back," the neighbor said. "A lot of veiled women and bearded men would come to visit around midnight."

Fateh Muhammad, 38, who lives one house down, said of Mr. Rauf: "He was very religious. He used to go to the mosque. He had a long beard, but nearly a month ago, he cut it."

The police carried away a few things after the raid, including computers, but no one was arrested. The rest of the family left, Mr. Muhammad said.

In a small town where everyone knows everyone, the neighbors' reticence to speak in detail told its own tale. Police cars and plainclothes intelligence officers followed foreign reporters everywhere they went in the town, taking notes during some of the interviews and sometimes warning interviewees not to answer a certain question. One resident on Mr. Rauf's street whispered that security officials had warned neighbors not to talk to anyone about the family.

Police officials in the town said they were too busy to be interviewed, except the deputy superintendent of police, who said Mr. Rauf had not been known to the police before his arrest. He could not even confirm his arrest had occurred in the area, which suggested that intelligence agencies, rather than the police forces, had picked him up.

Kenneth T. Walsh (USNEWS)

By Chitra Ragavan And David E. Kaplan

U.S. News and World Report, September 4, 2006

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Under Britain's tough anti-terrorism laws, a district judge last week ordered 23 men held another seven days for their suspected role in plotting to bring down as many as 10 U.S.-bound planes over the Atlantic. While the Brits remained tight-lipped about many aspects of the case, including how imminent the alleged plot was, U.S. officials say a dry run was scheduled for the weekend of August 12. British investigators discovered potential evidence including a suitcase reportedly containing explosive materials and other bomb-making components in the woods near where several suspects lived. Also found in their residences: flashlight bulbs, AA batteries, food additives, and hydrogen peroxide, which could be used to make a bomb.

In addition, law enforcement sources tell U.S. News, investigators found a videotape of several alleged plotters chatting about how the attacks would be viewed by the world. On it, one suspect says that perhaps people will conclude they were "brainwashed." To which another responds, by no means has he been brainwashed; he knows full well what he is doing-from watching television every night, an apparent reference to the Iraq war that has so roiled jihadis and may have persuaded these 23 to plan their one-way journey to martyrdom.

A Terrorist's Network (TIME)

By Bill Powell

Time, September 4, 2006

Rashid Rauf, the 25-year-old Pakistani-born, British-raised baker's son fingered as the central figure in the foiled plot to bomb U.S.-bound flights from London, has been described as friendly and ordinary. But Pakistani security officials familiar with Rauf's interrogation tell TIME that the plan's real mastermind may be anything but--the man who gave Rauf his marching orders is believed to be a senior al-Qaeda operative who may be a top aide to the terrorist group's No. 2, Ayman al-Zawahiri. They would not name the aide, but an official said it was a possibility al-Zawahiri himself may have approved the plane-bombing plan.

That hypothesis would add one more--and very significant--strand to the web of jihadist contacts Rauf maintained. The breadth of that network has gradually emerged since British authorities flagged Rauf as a "person of interest" about six months ago and notified Pakistani law enforcement, which tapped Rauf's phones and monitored his movements. Investigators tell TIME that Rauf--who was arrested in eastern Pakistan on Aug. 9, a day before British authorities rounded up 24 suspects in connection with the plot (one has since been released)--had close links with several known al-Qaeda supporters in Pakistan as well as with an Islamic militant who is one of India's most-wanted terrorists. Rauf's neighbors in Bahawalpur, the city where he lived after moving back to Pakistan in 2002, say he was constantly shuttling between his home and eastern Afghanistan, including the province of Paktia, a Taliban stronghold.

Rauf's arrest and other help from Pakistani authorities in connecting the dots to al-Qaeda may boost the counterterrorism cred of embattled Pakistani President Pervez Musharraf. Although outwardly supportive of Musharraf's government, U.S. military officials have quietly been questioning just how intensely it is battling the Taliban and al-Qaeda fighters who cross routinely between Pakistan and Afghanistan. U.S. casualties in Afghanistan have increased in recent months. And some Pentagon officials have been privately critical of Pakistan for harboring al-Qaeda members in unpoliced areas along the border--the region where, according to Islamabad, the unidentified al-Qaeda mastermind believed to be behind the British plot is said to be hiding.

But Pakistan may have won points with the U.S. for its steadfastness in the Rauf case. British authorities had wanted to wait for the alleged plotters to do a dry run of their mission before striking. Washington vigorously disagreed, and while Pakistan was officially neutral in the spat, an Islamabad official points out, "The last thing we want is for something to happen and everyone says it's linked to Pakistan." According to one source, the U.S. threatened to take Rauf with Pakistan's help even if London didn't move. Washington won, the British swooped down on their suspects, and Pakistan delivered Rauf.

Rauf's networks haven't yet been fully mapped. For instance, investigators say his phone records show a number of calls to contacts in Germany. Who were they? He made numerous phone calls to South Africa. What were they about? Several of his 23 suspected co-conspirators being held in Britain are said to have attended Koranic study sessions run by a hard-line Islamic group known as Tablighi Jamaat (the name roughly means "missionary group"). Did they know Mohammed Sidique Khan and Shehzad Tanweer--who took part in July 2005's London subway bombings and are believed to have been regulars at a Tablighi Jamaat mosque? Were they acquainted with Richard Reid, the jailed, failed shoe bomber, who frequented a Tablighi Jamaat mosque too? Pakistani intelligence officials aren't done with Rauf but expect eventually to hand him over to Britain. "He can be extradited," says an official, "once we get the maximum out of him." One can imagine that will not be a pleasant process.

Security Vs. Business (USNEWS)

By Angie C. Marek

U.S. News and World Report, September 4, 2006

Rep. Ed Markey, a Massachusetts Democrat, was back on familiar ground last week, holding a press conference outside Washington's Ronald Reagan National Airport. Since 9/11, Markey has repeatedly introduced legislation requiring the

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Department of Homeland Security to screen all cargo placed on U.S. passenger planes for explosives. Now he's urging DHS to take cargo off altogether. "If it isn't scanned," Markey said, "It should be banned."

The thwarting of the alleged British-based plot to blow up United States-bound airliners with liquid explosives has renewed attention on what critics say are troublingly familiar-but still unaddressed-security loopholes. Markey and some security experts say the aviation industry, which spent more than $38 million on lobbying in 2004 and 2005, and portions of the business community have helped squash efforts to plug important gaps. Aviation officials argue that deploying expensive but flawed technology could significantly disrupt air travel or even bankrupt airlines. "Nobody cares more about security than we do," says James May of the Air Transport Association, or ATA, the airlines' trade group. But finding a balance between security and commerce is a daunting assignment.

"Disastrous." Take air cargo. Airlines carry 6 billion pounds of commercial cargo each year, earning them $4 billion. When Markey introduced his legislation in May 2005, it prompted letters from the ATA and the National Association of Manufacturers, which called the measure "disastrous." Airlines and shippers say reliable technology for screening cargo doesn't yet exist. Markey says a government report indicates up to 60 percent of that cargo can be broken down and run through X-ray machines used on checked baggage. The 9/11 Commission's recommendation that airliners be equipped with a blastproof container for suspicious cargo just isn't practical, aviation officials say; the containers weigh more than 300 pounds.

The threat from shoulder-fired missiles has proved equally vexing; the weapons can be bought on the black market for $5,000. Two years ago DHSgave two firms $45 million to adapt military technology that throws the missiles off course for use by the country's 6,800 commercial planes. A recent DHS report said one of the companies could install up to 1,000 missile-jamming devices for $1 million per aircraft, with an additional operational cost of $365 per flight. Congress has so far balked at the tab; the devices don't yet meet DHS reliability standards either. But Democratic Rep. Steve Israel says they're "good enough" to be on Air Force One.

DHS also faces turbulence on a proposed requirement that airlines transmit the names of passengers on U.S.-bound flights to American security officials an hour before takeoff. Aviation officials say that might put a crimp in potential last-minute business. So DHS said last week they would allow airlines to tweak the data up to 15 minutes before takeoff.

Allah's Recruits (TIME)

By Jumana Farouky

Time, September 4, 2006

Jamal Harwood prays five times a day. He doesn't drink, smoke or eat pork. He's active in his local Muslim community, and he's very serious about the need for an Islamic state. But if you passed him on the street, you would have no idea. Not just because Harwood, a financial consultant in London, wears a suit instead of traditional Muslim dress. Or because he keeps his beard cropped fashionably close. But because he's white.

Born in Vancouver, Harwood used to be a model Christian, studying the Bible, attending church and taking religion classes at school. "But I had certain reservations," he says, "certain question marks in my mind--some theological, some societal--that I wanted to reconcile." He went to Southeast Asia to find himself and explored Islam there. At 25 he settled in London, where friends helped him learn more about the faith. A year later, he converted and soon joined Hizb ut-Tahrir, a political party known for its radical views that is banned in many Muslim countries. Harwood, 45, is now a spokesman for the group; he says it is opposed to terrorism. Although his life choices may make him an object of scrutiny by his government--Hizb ut-Tahrir has been on Britain's watch list since the July 2005 terrorist attacks in London--he has no regrets. "I found that Islam was giving me good, solid answers to my questions," he says. "It wasn't difficult for me to embrace it."

That sentiment rings true for growing numbers of Westerners, reared on other faiths or none at all, who are converting to Islam--despite the fact that relations between the Muslim world and the West have rarely seemed so strained. Although figures on conversions to Islam in Western countries are difficult to nail down, it's safe to say that Muslim converts in the U.S. and Europe number in the hundreds of thousands, and anecdotal evidence suggests the number is on the rise. The arrest of at least three English converts in the plot to blow up passenger jets over the Atlantic has raised the troubling possibility that jihadist groups may be drawing some of their most committed operatives from the pool of new believers. "When converts are trying to find their way in their new religion, they are vulnerable to the influence of extremists," says Didier-Yacine Beyens, former president of Belgium's Muslim Executive and a convert. "They can sometimes be persuaded by radical preachers who claim to represent the 'true' voice of Islam, when in fact they represent nothing of the sort."

The vast majority of converts are, like the vast majority of Muslims, moderates who reject the extremism espoused by al-Qaeda and its ilk. But as with any religion, converts to Islam tend to be more devout than those born into the faith. And it's indisputable that some converts do, in fact, become terrorists, including shoe-bomb suspect Richard Reid; Jose Padilla, the Chicago native arrested four years ago for involvement in an alleged al-Qaeda plot to detonate a radiological bomb; and

Germaine Lindsay, a Jamaican-born Briton who was one of the suicide bombers who attacked the London Underground last summer. "Originally, jihadist groups were suspicious of converts because they saw them as a way for intelligence forces to infiltrate," says Gustavo de Aristegui, a Spanish terrorism expert and the author of Jihad in Spain. "But they're realizing that ... someone with a Western last name and blue eyes is going to raise fewer suspicions. Converts can be virtually impossible to detect, especially if they have not revealed their conversion to their family."

So why do they do it? In this day and age, what kind of person is prone to explore religious conversion? And what is the attraction of Islam? The three British converts arrested two weeks ago have three things in common: all are men, all are described by people who know them as friendly, regular guys, and all are in their 20s. But the similarities pretty much end there. According to accounts from friends, Don Stewart-Whyte, who changed his name to Abdul Waheed, converted six months ago, giving up drugs and alcohol. He grew a beard, shaved his head and started wearing traditional Islamic dress. Friends say Brian Young, who is of West Indian descent, was troubled by the decadence of Western society. Oliver Savant, now called Ibrahim, has been a Muslim for some seven years and, friends say, never mentioned politics. "He just talked about soccer and general chitchat," says a friend.

The reasons converts give for making the change vary widely. But one common refrain is that in an increasingly secular world in which society's rules get looser by the day, Islam provides a detailed moral map covering everything from friendships to protecting the environment. And for Western youths, taking up Islam can also serve as an outlet for rebellion. A majority of converts, especially in Western Europe, are in their late teens or 20s. "Islam is a kind of refuge for those who are downtrodden and disenfranchised because it has become the religion of the oppressed," says Farhad Khosrokhavar, a Paris professor and the author of several books on Muslim extremism. "Previously--say, 20 years ago--they may have chosen communism or gone to leftist ideologies. Now Islam is the religion of those who fight against imperialism, who are treated unjustly by the arrogant Western societies and so on."

There's another appeal to converting to Islam: it's relatively easy. In Catholicism and Judaism, the conversion process can involve years of preparation and study. In Islam, the process is called reversion (because islam literally means "submission to God," believers hold that everyone is born Muslim), and it's mainly a matter of uttering a two-line declaration of faith, the Shahadah. Say the Shahadah aloud in Arabic, and the conversion is complete.

But being newcomers to the faith doesn't spare converts from the suspicions and pressures faced by Muslims in the West today. Ali Khan, the national director of the American Muslim Council in Chicago, says he once had to convince a recent convert's wife, who wasn't Muslim, that her husband wouldn't suddenly become a terrorist. "A lot of their families freak out at first," Khan says. He says another convert had to reassure his brother, who asked, "You're not going to kill me in my sleep, are you?" And yet there's little evidence that negative perceptions of Islam--fewer than 20% of Americans say they have a positive image of the religion, according to one poll--have had any effect on the rate of conversion. Instead, since 9/11, some mosques have seen a jump in the number of people converting to Islam. "Awareness of Islam is much greater now, whether positive or negative, than it was prior to September 11," says Khan. "People are becoming curious. Sometimes it starts when they just walk into a bookshop and start reading a Koran after hearing George Bush talking about it."

Ultimately, the path that most converts choose will be determined by the outcome of the larger struggle within Islam, between the forces of moderation and extremism. Abdula, 22, a tall, bearded Londoner of Ghanaian descent, was a devout Christian until a university friend introduced him to Islam. "I started researching more about it to try and find its faults," he says. "But I couldn't, and I was captured." Abdula (who won't give his last name) officially converted eight months ago. He supports equality for women and condemns terrorism, but he acknowledges that his perspective on the world is still taking shape. "These are my views, and you must understand they might not be correct because I'm always in need of guidance." The challenge for the West is to makes sure men like Abdula get the right kind. With reporting by With reporting by Lisa Abend / Madrid, Geoff Pingree / Madrid, Theunis Bates / London, Jessica Carsen / London, Adam Smith / London, Jeremy Caplan / New York, Leo Cendrowicz / Brussels, Grant Rosenberg / Paris

British Law Against Glorifying Terrorism Has Not Silenced Calls To Kill For Islam (NYT)

By Souad Mekhennet And Dexter Filkins

The New York Times, August 21, 2006

LONDON, Aug. 20 — From his home on the northwest edge of this city, Muhamad al-Massari runs a Web site that celebrates the violent death of British and American soldiers. It is visited by tens of thousands of people every day, he said.

Mr. Massari maintains the Arabic-language site, tajdeed.org.uk, in the face of a strict new law aimed at curtailing violent speech and publishing. Just last week, the Council of Holy Warriors, a group affiliated with Al Qaeda, posted a declaration on the site praising a suicide bombing in Iraq that killed or wounded 55 people.

“If you kill our civilians, we kill your civilians,” Mr. Massari declared during an interview.

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Mr. Massari's Web site, and his public remarks, appear to violate of the Antiterrorism Act of 2006, which makes it a crime to glorify or encourage political violence. Inciting violence has long been illegal here but the new rules, drawn up after the London subway and bus bombings in July 2005, are intended to be much tougher.

The law's underlying assumption is that speeches and publications by Britain's more extreme Islamists may play a role in leading disgruntled young men toward violence. In addition to banning speech that encourages terrorism, the new law also criminalizes reckless speech that may have the same effect.

Yet despite the antiglorification law, and an array of other measures approved since last summer's bombings, Islamist leaders like Mr. Massari persist, some of them declaring it the duty of British Muslims to kill in the name of Islam.

Some British leaders are beginning to publicly question why such clerics are allowed to continue. Last week, David Cameron, the leader of the Conservative Party, chastised the government of Prime Minister Tony Blair for failing to enforce laws intended to make it more difficult for political extremists to operate.

In remarks to the press, Mr. Cameron, a possible successor to Mr. Blair, accused the government of failing to "follow through when the headlines have moved on."

"I do not believe that our government is doing enough to fight Islamist extremists at home or to protect our security,'' he said. "Why have so few, if any, preachers of hate been prosecuted or expelled, with those that have gone having done so voluntarily?"

In addition to curtailing political speech, the British government outlawed 15 militant groups, most of them Muslim. It took a sterner attitude toward Islamists who had preached violence in the past, barring one well-known Syrian-born cleric, Omar Bakri Mohammed, from returning to the country. Earlier this year, it secured the conviction of Abu Hamza al-Masri, the country's most militant cleric, for soliciting murder and racial hatred.

Yet for all those actions, the new measures do not appear to have silenced those either praising or calling for violence in the name of Islam. Some Islamist preachers have carefully scaled back their language, even if, in context, the meaning seems clear.

On Sunday, speaking before 8,000 followers in Manchester, Azam Tamimi extolled the glories of suffering for the faith.

"The greatest act of martyrdom is standing up for that is true and just," Mr. Tamimi said. "Martyrs are those who stand up in defiance of George Bush and Tony Blair."

The remarks by Mr. Tamimi, one in a line of Islamist scholars and clerics to address the Manchester crowd, were the latest in a series of carefully worded public statements by British Islamist leaders that seemed aimed at testing the limits of the new law. In the Islamic world, "martyrdom" means sacrificing one's life, often violently, for the faith.

Others, meanwhile, have carried on as before, speaking in support of political violence or publishing tracts that do the same.

One of them is Atilla Ahmet, leader of the Islamist group Supporters of Shariah. In meetings with supporters and in interviews, the British-born Mr. Ahmet speaks freely about what he considers the necessity for violent action, both here and abroad, to avenge what he considers unjustified attacks on Muslims abroad.

"You are attacking our people in Muslim countries, in Iraq, in Afghanistan,'' Mr. Ahmet said, referring to the British and American governments. "So it's legitimate to attack British soldiers and policemen, government officials, and even the White House."

Mr. Ahmet, a 42-year Briton of Cypriot descent, went on to include bank employees as legitimate targets "because they charge interest," which he says is in violation of Islamic law.

Mr. Ahmet said he is aware of the new law, but that he could not shirk his duty to defend Islam, which he believes is under assault by Britain and the United States in Iraq, Afghanistan and elsewhere. He says he often addresses his followers, who he says number 3,000.

"If you are going to kill a Muslim, then I will do everything in my power to kill you,'' he said.

Mr. Massari, the Web site operator, said he approved of violence against British and American soldiers in Iraq, as well as against most of the governments in the Middle East. He said, for instance, that it "is legitimate for Iraqis to kill Tony Blair, the same with Bush.''

The posting on his Web site about the Iraqi bombing said of the attackers, "We ask God to accept our brothers as martyrs.''

Mr. Massari makes several distinctions that he says insulate him from being deported or prosecuted by the British government. He says, for instance, that he does not post any material on the Web site himself; he lets his members do that, most of whom sign up anonymously. The other important distinction, he said, is that he does not call for violence in Britain.

It does not appear that British law makes such distinctions. The law on the books defines terrorism as violence, or the threat of violence, to influence a government or further a political or religious cause. It does not limit the application of the law to targets in Britain.

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Some legal experts here say the British law is so broadly drawn that it may encompass speech that is not necessarily intended to promote terrorism.

A group of Britons of Pakistani descent arguing loudly on a street corner about British or American policy in Iraq, for example, could conceivably be prosecuted under the law, said Gareth Crossman, director of policy for Liberty, a nonprofit legal organization in London.

"It's an extraordinarily vague statute,'' Mr. Crossman said. "No two people can agree on what the law means."

Under those circumstances, Mr. Crossman said, it is hardly surprising that no one had been arrested under the law.

Asked why no one had been arrested or prosecuted for encouraging terrorism, a spokesman for Scotland Yard, the national police force, declined to comment.

The Bush administration, under laws toughened after the Sept. 11 attacks, has prosecuted a number of people for encouraging terrorism.

In one of the more high-profile cases, a Muslim scholar in northern Virginia, Ali al-Timimi, was sentenced to life in prison in 2005 for urging his young Muslim followers to wage war against the United States overseas.

At a dinner meeting on Sept. 16, 2001, Mr. Timimi told some of the men in the group that it was their Muslim duty to fight for Islam overseas and to defend the Taliban in Afghanistan against American forces, according to testimony at his trial. In an Internet message in 2003, he described the destruction of the space shuttle Columbia as a "good omen" for Muslims in an apocalyptic conflict with the West.

In Britain, some experts say they believe the difficulties in the law will be worked out in practice. Indeed, almost no one here is predicting that the recent attacks and plots described by the government will be the last, least of all the Islamists themselves.

"Anyone who supports Tony Blair,'' said Khalid Kelley, an Irish-born convert to Islam, "is not a civilian.''

Britain's Muslim Outreach Hits A Rough Patch (LAT)

By Ralph Frammolino

The Los Angeles Times, August 21, 2006

LONDON — In the war to win the hearts and minds of budding terrorists, Imtiaz Qadir is an unlikely casualty.

A British-born Muslim who runs a neighborhood gym, Qadir, 49, hoped to counter religious extremism among the young by starting a community organization. He signed a lease on a large meeting hall and formed a foundation. After deadly bombings on the London transit system in July 2005, he helped sponsor a Muslim forum and party that drew 500 young people and earned him national recognition.

But then, he said, everything went wrong.

Angry that he allowed music at the party, conservative Muslims tried to kick Qadir off the mosque governing board. Several regulars at his gym were arrested Aug. 10 for allegedly planning to blow up American-bound jetliners. And his government funding has dried up, leaving him no income to make the monthly rent on the hall.

"We have until [this] morning to come up with one month's rent," Qadir said last week. "If not, we're out."

Qadir's plight is a cautionary tale about Britain's effort to use community groups and social programs, not just Scotland Yard and handcuffs, to battle violent extremists.

Besides detective work, the British government has tried to root out the causes of terrorism among Islamic youths the bureaucratic way. It has generated studies and convened working groups that have consulted with 1,000 British Muslims.

The result is a plan that includes reviewing the nationwide school curriculum, holding community forums to prevent "Islamophobia" and launching "road shows" for Islamic scholars to lecture Muslim youths on the peaceful teachings of their faith.

"It's political correctness gone mad," said Anthony Glees, a professor at Brunel University in London and a widely regarded terrorism expert.

Yet little substantial work has been done, in large part because the government's efforts have been overrun by events.

In 2004, the Home Office, which is responsible for domestic affairs, conducted a study that said anger about the wars in Iraq and Afghanistan was a significant cause of terrorist activity. Fifteen months later, suicide bombers killed 52 commuters and injured more than 700 in London in protest over what they called Western aggression against Islam.

Last month, officials responsible for "engaging" the Muslim community issued a progress report on their efforts to promote "good citizenship, social cohesion, religious tolerance and peaceful coexistence." This month, police arrested 24 young Muslims for an alleged plot to blow up American-bound jetliners.

Yousef Khoei, a Muslim educator who has worked on the government's community approach, acknowledged that the programs had yet to hit their stride. But he said they were necessary to cultivate moderate leaders from within an insular and chaotic religious community that he said had been hijacked by fiery imams.

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"It took a good 30 years for the extreme organizations to get where they were," said Khoei, one of the directors of a foundation that runs Muslim schools in Britain and North America. "It may take an equally long time to counter it."

The government's community-oriented effort also has sent conflicting signals to Britain's 1.6 million Muslims.

Although government ministers have visited Islamic communities and one department has drafted a "script" to help public officials avoid using offensive terms, Muslims are fuming over government reports that use the phrase "Islamist terrorists." They are especially angry about Prime Minister Tony Blair's apparent reluctance to see the bombings as a political act and not a religious one.

"The government seeks greater integration to achieve a more cohesive society but seems equally determined to cause more alienation by loose and lurid language," said a recent editorial in the Muslim News.

Some Muslims are used to intervention in their customs. A Forced Marriage Unit intervenes in behalf of women who face ostracism, kidnapping or violence if they refuse arranged nuptials, still common among some immigrants from the Indian subcontinent, many of whom are Muslim.

The government stepped up its activities after the July 2005 bombings by convening seven citizens groups and rushing out a report titled "Preventing Extremism Together." It listed 64 recommendations, whose implementation is under the direction of a newly formed Department of Communities and Local Government.

Only a handful of the recommendations have been carried out. The department hired a "Muslim media specialist" to counteract anti-Muslim images in the tabloid press. An Islamic consultant is reviewing the national curriculum, and the government promises a Muslim student handbook by the next academic year.

The most significant change has been an independent citizens group that helps advise the government on which radical clerics to keep out of the country. The panel is scheduled to begin work on qualifications for the licensing of imams, and recently published a "good practice guide" for mosques, which serve as the nucleus of Muslim religious and community life.

"We have to have structures so we don't allow extremist ideas" to be fostered, said Khoei, adding that a program for licensing imams should be in force by the end of the year.

Glees, the terrorism expert, called the government's policy a mistake.

"What it has done is to imply that the Muslim community, or the community of Muslims, has some kind of special status in the U.K.," he said. "They've never done this for blacks. They've never done this for Jews. They've never done this for anybody. The government is treating a section of the British people differently than others, and that's precisely what needs to be avoided."

Glees also questioned some of the Muslim leaders the government had deputized in its effort. He said one was involved in an educational institute supported by a Pakistani-based group that promoted the superiority of Islamic law. Another, he said, has "extreme views."

Picking out extremists isn't always easy, said Qadir, the gym owner and frustrated community organizer in Walthamstow, a blue-collar town east of London where several of the alleged airline plotters lived.

Qadir said he knew five of the suspects. Three were regulars at his gym, located on the second floor of a converted garment factory. He doesn't think they are guilty.

"These young men I knew," Qadir said. "Going by their character and the way they appeared, it is totally, totally the opposite of what they're being portrayed as."

Qadir said he was disappointed in what had come of his efforts to build bridges with at-risk youths in Walthamstow. He leased the hall underneath his gym for events, one of the first of which had to be called off when a fight broke out.

He scored what appeared to be a big success with a "Defending Da Hood" party and community forum that he and his mosque, the Waltham Forest Islamic Assn., cosponsored after last year's transit bombings. About 500 young people showed up to talk to police and enjoy free food.

But when Qadir played a mix of Middle Eastern and pop music, the imam objected and walked out.

That led to infighting at the mosque. Qadir said he prevailed against an effort to throw him off the governing board, but opponents organized a boycott of his gym, where men and women worked out on separate days to respect Islamic law.

Since then, local government officials have eliminated his funding for youth activities because of budgetary reasons. And they asked him to cancel a recent booking for the meeting hall when police discovered that his customer was the extremist group Al Ghurabaa under another name. The group has since been banned.

Qadir said he was glad to comply, but that it didn't bother him to rub shoulders with extremist groups.

"Keep your friends close but keep your enemies closer," he said.

Pakistanis Find U.S. An Easier Fit Than Britain (NYT)

By Neil MacFarquhar

The New York Times, August 21, 2006

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CHICAGO, Aug. 18 — The stretch of Devon Avenue in North Chicago also named for Muhammad Ali Jinnah, the founder of Pakistan, seems as if it has been transplanted directly from that country. The shops are packed with traditional wedding finery, and the spice mix in the restaurants' kebabs is just right.

Similar enclaves in Britain have been under scrutiny since they have proved to be a breeding ground for cells of terrorists, possibly including the 24 men arrested recently as suspects in a plot to blow up airliners flying out of London.

Yet Devon Avenue is in many ways different. Although heavily Pakistani, the street is far more exposed to other cultures than are similar communities in Britain.

Indian Hindus have a significant presence along the roughly one-and-a-half-mile strip of boutiques, whose other half is named for Gandhi. What was a heavily Jewish neighborhood some 20 years ago also includes recent immigrants from Colombia, Mexico and Ukraine, among others.

"There is integration even when you have an enclave," said Nizam Arain, 32, a lawyer of Pakistani descent who was born and raised in Chicago. "You don't have the same siege mentality."

Even so, members of the Pakistani immigrant community here find themselves joining the speculation as to whether sinister plots could be hatched in places like Devon (pronounced deh-VAHN) Avenue.

The most common response is no, at least not now, because of differences that have made Pakistanis in the United States far better off economically and more assimilated culturally than their counterparts in Britain. But some Pakistani-Americans do not rule out the possibility, given how little is understood about the exact tipping point that pushes angry young Muslim men to accept an ideology that endorses suicide and mass murder.

The idea of a relatively smaller, more prosperous, more striving immigrant community inoculating against terror cells goes only so far, they say.

"It makes it sound like it couldn't happen here because we are the good immigrants: hard-working, close-knit, educated," said Junaid Rana, an assistant professor of Asian-American studies at the University of Illinois at Urbana-Champaign and an American-born son of Pakistani immigrants. "But we are talking about a cult mind-set, how a cult does its brainwashing."

Yet one major difference between the United States and Britain, some say, is the United States' historical ideal of being a melting-pot meritocracy.

"You can keep the flavor of your ethnicity, but you are expected to become an American," said Omer Mozaffar, 34, a Pakistani-American raised here who is working toward a doctorate in Islamic studies at the University of Chicago.

Britain remains far more rigid. In the United States, for example, Pakistani physicians are more likely to lead departments at hospitals or universities than they are in Britain, said Dr. Tariq H. Butt, a 52-year-old family physician who arrived in the United States 25 years ago for his residency.

Nationwide, Pakistanis appear to be prospering. The census calculated that mean household income in the United States in 2002 was $57,852 annually, while that for Asian households, which includes Pakistanis, was $70,047. By contrast, about one-fifth of young British-born Muslims are jobless, and many subsist on welfare.

Hard numbers on how many people of Pakistani descent live in the United States do not exist, but a forthcoming book from Harvard University Press on charitable donations among Pakistani-Americans, "Portrait of a Giving Community," puts the number around 500,000, with some 35 percent or more of them in the New York metropolitan area. Chicago has fewer than 100,000, while other significant clusters exist in California, Texas and Washington, D.C.

Pakistani immigration to the United States surged after laws in the 1960's made it easier for Asians to enter the country. Most were drawn by jobs in academia, medicine and engineering. It was only in the late 1980's and 90's that Pakistanis arrived to work blue-collar jobs as taxi drivers or shopkeepers, said Adil Najam, the author of the book on donations and an international relations professor at the Fletcher School of Law and Diplomacy at Tufts University.

In Britain, by comparison, the first Pakistanis arrived after World War II to work in factories. Many were fleeing sectarian strife in Kashmir — a lingering source of resentment — and entire communities picked up and resettled together. This created Pakistani ghettos in cities like Bradford and Birmingham, whereas in the United States immigrants tended to be scattered and newcomers forced to assimilate. The trends intensified with time.

A decade ago, for example, a Pakistani in Chicago who wanted to buy halal meat, from animals butchered in a religiously sanctioned manner, could find it only on Devon Avenue. Now halal butchers dot the city and its suburbs.

Thousands of immigrants and their American-born offspring still flock to Devon Avenue because of its restaurants and traditional goods, including wedding saris for women and long, elaborate shirts and gilded slippers with curled toes for men. The avenue's half-dozen rudimentary mosques have a reputation for being more conservative than those elsewhere in Chicago, with the imams emphasizing an adherence to Muslim tradition.

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"They go to an area where they have a feeling of nostalgia, and even psychologically it is important for immigrant communities to feel that their home country is represented," said Dr. Butt, an early member of the Association of Physicians of Pakistani Descent of North America, one of the oldest immigrant organizations here.

But immigrants are not mired in the Devon Avenue neighborhood; many move out once they can afford better. Unlike the situation in Britain, there is no collective history here of frustrated efforts to assimilate into a society where a shortened form of Pakistani is a stinging slur, and there are no centuries-old grievances nursed from British colonial rule over what became Pakistan.

Where such comparisons fail, however, is in providing a model to predict why some young Muslims turn to violence, although no religion is immune. In the United States there have been a few cases of young Pakistani men being arrested or tried in terror plots, in Atlanta and in Lodi, Calif., for example.

Ifti Nasim, a former luxury car salesman turned poet and gay rights advocate, greets a visitor with a slim volume of his works. The cover photograph shows him wearing a bright orange dress, ropes of pearls and a long blond wig. He has been in the United States since 1971.

Some shoppers crowding the sidewalks on Devon Avenue greet Mr. Nasim warmly, telling him they listen to his radio show or read his columns in a local Urdu-language newspaper. In Pakistan, Mr. Nasim says, his flamboyance would not be tolerated, but here he calls his acceptance "the litmus test of the society."

Like many, however, he has moments of doubt, saying, "Pakistani society in Chicago has made a smooth transition so far, but you never know."

A more important factor in determining who becomes a militant is most likely the feeling of being stigmatized as less than equal, community activists say, noting that such discrimination remains far more common in Britain. It is probably compounded by the fact that violence against Muslims in Iraq, Afghanistan, Palestine and Lebanon feels so much closer there, they say.

Overt bigotry is rarer here, but it exists. For instance, Mohamed Hanis, a taxi driver who is a Pakistani immigrant, said that on the Friday night after the terror alert in London, a young white man climbed into his cab. Noticing the name Mohamed, the man threatened to report that Mr. Hanis had admitted to supporting terrorist attacks unless he could get a free ride. Instead, Mr. Hanis hailed a police officer who forced the passenger to pay.

Mr. Mozaffar, the University of Chicago student, said he had grown up with revered Muslim role models like Muhammad Ali and Kareem Abdul-Jabar, but now there were none. He teaches religion classes for young Muslims, and the question inevitably arises whether the creed justifies using violence for political or religious aims. He emphasizes that Islam forbids killing innocent civilians, and community members here have said they will not tolerate a mosque prayer leader advocating violence.

Initial reports about the British suspects quoted neighbors as saying that some of the men had become more religious, adopting Islamic dress and praying five times a day. That kind of transformation happens in Chicago, too, but the idea that any such change should automatically arouse suspicion rather than be considered teenage rebellion or a religious conversion makes community activists bridle.

For the past eight years, Abdul Qadeer Sheikh, 46, has managed Islamic Books N Things on Devon Avenue, which sells items like Korans, prayer rugs and Arabic alphabet books. He says that since Sept. 11, he has seen signs of the bias that has existed in Britain for decades developing here. He describes a distinctive fear of being seen as Muslim, even along Devon Avenue. Before, a good 70 percent of the women who came into his shop were veiled, he said. Now the reverse is true, and far fewer men wear traditional clothes.

The attitude of the American government in adopting terms like "Islamic fascists" and deporting large numbers of immigrants, he said, makes Muslims feel marked, as if they do not belong here. "The society in the United States is much fairer to foreigners than anywhere else," he said, "but that mood is changing."

At Guantanamo, Caught In A Legal Trap (WP)

By Craig Whitlock

The Washington Post, August 21, 2006

SARAJEVO, Bosnia -- On Jan. 18, 2002, six men suspected of plotting to attack the U.S. Embassy were seized here by U.S. troops and flown to Cuba, where they became some of the first arrivals at the Pentagon's new prison at Guantanamo Bay.

The seizure was ordered by senior U.S. officials in defiance of rulings by top courts in Bosnia that the men were entitled to their freedom and could not be deported. Today, more than four years later, the six remain locked up at Guantanamo, even though the original allegations about the embassy attack have been discredited and dropped, records show.

In 2004, Bosnian prosecutors and police formally exonerated the six men after a lengthy criminal investigation. Last year, the Bosnian prime minister asked the Bush administration to release them, calling the case a miscarriage of justice.

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The men came from Algeria to Bosnia during the 1992-95 Bosnian war. Most were former Muslim fighters who became humanitarian aid workers after the war. They remain imprisoned because the U.S. military still classifies them as "enemy combatants" in the fight against terrorism. A review of thousands of pages of military and civilian court documents, however, shows that many reasons given for the designation are based on flawed or dubious evidence.

The case illustrates how difficult it will be to meet President Bush's stated goal to close Guantanamo as quickly as possible. About 450 detainees remain. While some face military commissions that could sentence them to long prison terms, most are expected to be released to their home countries.

Senior Bosnian officials said they have been told by U.S. diplomats that the six Algerians will never be allowed to return to Bosnia, which had granted dual citizenship to most of the men before their seizure. Instead, U.S. officials have pressed Algeria to take back the prisoners on the condition that they be confined or kept under surveillance there. So far, the Algerian government has balked.

The detainees and their lawyers say they are caught in a trap. They contend that the Pentagon knows the men are not guilty but is unwilling to let them go free because that would be an acknowledgment of a grave error.

"The Americans did not want to return me to Bosnia. Why? Because the Americans claimed to have evidence against me. I can't be returned and found innocent," Mustafa Ait Idr, one of the six Algerians, told a military tribunal at Guantanamo in October 2004, according to a transcript of the hearing.

"So now I am sitting here in Cuba and I do not know why. I do not know what is happening outside; I do not know. But what I do know is that this is a game."A Post-Sept. 11 Roundup

In early October 2001, the United States was still reeling from the shock of the Sept. 11 attacks. U.S. intelligence agents around the globe worked frantically to chase down leads about Islamic radicals who might pose a threat.

Bosnia was seen as a potential haven. Large numbers of Muslim volunteer fighters had remained in the country, marrying Bosnian women, after the war. Some worked for Islamic charities, which U.S. investigators believed were often fronts for money-laundering rackets by terrorist groups.

One foreign fighter whom intelligence operatives wanted to find was an Algerian known only by the nickname Abu Maali. A veteran of conflicts in Algeria, Afghanistan and the Balkans, he was thought to be close to al-Qaeda.

On Oct. 8, 2001, Bosnian police detained an Algerian, Belkacem Bensayah, who they believed might be Abu Maali. While searching his home, they found a piece of notepaper that listed, in a handwritten scrawl, what appeared to be a phone number in Pakistan and the name "Abu Zubeida."

The scrap of paper was considered a vital piece of evidence. It seemed to match the name of one of al-Qaeda's top leaders, a Palestinian named Abu Zubaydah, who had fought in the Balkans and was at the time serving alongside Osama bin Laden in Afghanistan.

Bensayah told police he had never before seen the note, which was found inside a borrowed library book, "The Tragedy of Immorality." Bosnian and U.S. investigators didn't believe him.

Later, U.S. investigators asserted they had phone records indicating Bensayah had called Afghanistan 70 times after Sept. 11 and accused him of being "the top al Qaeda facilitator" in Bosnia, court documents show. The phone records have not been publicly disclosed.

Police turned their attention to an acquaintance of their lead suspect, another Algerian, Saber Lahmar. A worker for a Saudi aid agency in Bosnia, the Saudi High Committee for Relief, Lahmar had another intriguing connection: His father-in-law had recently been hired as a janitor at the U.S. Embassy.

On Oct. 16, U.S. intelligence officers listened in on a wiretap they had placed on Lahmar's phone. According to court records, they heard him speaking "in code" about what they thought was a plan to attack the U.S. and British embassies in Sarajevo.

The next day, U.S. diplomats and officials from the CIA and FBI met with their Bosnian counterparts. The Americans told the Bosnians that they had closed the embassy for security reasons and made clear they wanted more arrests, according to Bosnian officials present at the meeting.

Over the next week, Bosnian police arrested Lahmar and four other Algerians: Ait Idr, Hadj Boudella, Mohamed Nechle and Lahkdar Boumediene. Most of the men have said they were friends who had met through their charity work.

Srdjan Dizdarevic, president of the Bosnian chapter of the Helsinki Committee for Human Rights, said U.S. officials exerted heavy pressure to round up suspects, threatening to withdraw U.S. peacekeeping troops if Bosnian officials didn't act.

"There was not a single piece of credible evidence against the Algerians," Dizdarevic recalled. "The Bosnian authorities couldn't find anything, and the Americans didn't turn over anything to back up their claims. But the threats from the Americans were enormous. There was a hysteria in their behavior."

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Vijay Padmanabhan, a lawyer in the State Department's legal office for political and military affairs, confirmed that U.S. officials met with the Bosnians to discuss the embassy closing.

"We didn't threaten or intimidate the Bosnians into arresting these men," he said. "We provided the Bosnian government with intelligence information, and they took what they felt was the appropriate action based on that information." He declined to provide further details.Court Orders Ignored

After finding the note in the library book, investigators had trouble finding evidence that would stand up in court.

Phone records revealed no calls from Bensayah's home to the phone number attributed to Abu Zubaydah, according to Bosnian judicial documents. U.S. officials declined to provide Bosnian investigators with transcripts of their own wiretaps, saying that could compromise spying methods.

On Jan. 17, 2002, the Bosnian Supreme Court ordered the release of the six Algerians, ruling that there was not enough evidence to warrant their detention. The same day, the Bosnian Human Rights Chamber issued a separate decision that the men had the right to remain in Bosnia and could not be deported.

By then, rumors had swirled for days that U.S. peacekeeping troops would seize the Algerians anyway.

As dusk fell, an angry crowd of more than 150 people surrounded the prison in Sarajevo. A Muslim radio station urged listeners to turn out to protect the men. Scuffles broke out with police, who dispersed the crowd.

Shortly before dawn on Jan. 18, the Algerians were officially released from Bosnian custody. But instead of gaining their freedom, they were handed over by Bosnian police to U.S. military personnel.

"The only way out was to deliver them" to the Americans, said Alija Behmen, Bosnia's prime minister at the time, in an interview. "We were not interested in introducing a new period of instability in Bosnia."

Other officials said the decision caused lasting harm to efforts to solidify the rule of law in a fragile nation trying to recover from civil war.

Manfred Nowak, the U.N. special rapporteur on torture, said it was especially disturbing that the Bosnian and U.S. governments ignored the order of the Bosnian Human Rights Chamber. Nowak noted that the United States had played an instrumental role in creating the human rights court as part of the international effort to rebuild Bosnia.

"There was a clear order not to deport them from Bosnia. The U.S. government totally ignored it," Nowak said. "It's implausible to say they are enemy combatants. They were fighters during the Bosnian war, but that ended in 1995. They may be radical Islamists, but they have definitely not committed any crime."Shifting Allegations

At Guantanamo, the Algerians entered a military justice system where the rules allow hearsay and other uncorroborated evidence to be used as justification for keeping an inmate imprisoned.

The men waited more than 2 1/2 years before they got judicial hearings. In October 2004, a U.S. military tribunal held a hearing to examine the evidence against Hadj Boudella and decide whether he should be classified as an enemy combatant.

Prosecutors accused him of being "associated with al Qaeda" and having connections to other Islamic radical groups, including the Armed Islamic Group of Algeria, known by its initials in French, GIA. It was also noted that Boudella had been arrested on suspicion of plotting to attack the U.S. Embassy in Sarajevo, although there was no mention that Bosnian officials had exonerated him of that claim.

The basis for the new accusations, some of which were classified, was not disclosed at the hearing. Tribunal members acknowledged they were just as confused as the detainees about the origin of some of the allegations.

"At this point, we don't know why you are being accused of being a member of the Armed Islamic Group," one military officer, whose name was redacted from the tribunal transcript, told Boudella. "Do you have any idea why you are being connected with this group?"

"I don't know," Boudella replied. "I've been here for three years and these accusations were just told to me."

In his defense, Boudella asked if the military tribunal could submit as evidence the Bosnian Supreme Court ruling that ordered his release from the Sarajevo jail, as well as a subsequent Bosnian human rights court decision awarding him $6,000 in damages on grounds that the Bosnian government had illegally deported him to Guantanamo. The documents, he said, would prove his innocence.

U.S. military officers said they had searched for the documents but that they were "unable to be located." At the time, however, the documents were readily available both on the Internet and in U.S. District Court files in Washington, according to the American defense lawyers representing the Algerians.

At the conclusion of the tribunal in October 2004, Boudella -- like the five other Algerians who were in separate hearings that month -- was declared an enemy combatant.

Since then, the military has conducted annual reviews of the six men's status.

Each time, court officers have upheld the original decision.

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Records from tribunal sessions in December 2005 show the U.S. military is no longer accusing the Algerians of conspiring to attack the U.S. Embassy in Sarajevo. No explanation for the change is given.

The military has listed other factors in its decision to label the men a security threat.

One detainee was judged a threat in part because he was a karate expert and had taught martial arts to Bosnian orphans, tribunal records show. He was also classified as potentially dangerous because he was familiar with computers.

Another detainee was flagged because he had performed mandatory service in the Algerian army more than a decade ago, as a cook.

Boudella was accused by the U.S. military of joining bin Laden and Taliban fighters at Tora Bora, Afghanistan, the mountain hideout where the al-Qaeda leadership escaped from U.S. forces in December 2001. In fact, at the time, Boudella was locked up thousands of miles away in Sarajevo, after his arrest in the later-discredited embassy plot.

One fresh allegation filed against Boudella last year was that he wore a ring "similar to those that identified the Red Rose Group members of Hamas," the radical Palestinian movement, according to tribunal records.

Boudella's wife, Nadja Dizdarevic, responded in an interview that the ring is a common anniversary band worn by thousands of Bosnian Muslims. She said she obtained an affidavit from the jeweler in Sarajevo where he bought the ring and submitted it to the U.S. military in hopes that they will drop the charge at his next hearing.

"If it is a mark of belonging to Hamas, then 98 percent of the Bosnian Muslims belong to Hamas," she said. "For every claim they make against him, I have proof to show them they are wrong, so they have to invent something new."

The Defense Department declined to answer specific questions about the case, saying that some evidence against the men remains classified.

But a Pentagon spokesman defended the decision to apprehend the six Algerians.

"There was no mistake in originally detaining these individuals as enemy combatants," said Navy Lt. Cmdr. J.D. Gordon. "Their detention was directly related to their combat activities as determined by an appropriate Defense Department official before they were ever transferred to Guantanamo."State Dept. Responds

On Feb. 2, 2005, Bosnian Prime Minister Adnan Terzic wrote a letter to U.S. Secretary of State Condoleezza Rice asking that the Algerians be returned to Bosnia.

"I took it for granted that it was the responsibility of this government to try to bring these people back," Terzic said in an interview.

Rice responded on March 17 that it was not possible to free the six Algerians because "they still possess important intelligence data" and pose a threat to the security of the United States.

Three months later, the State Department offered a somewhat different explanation. In a letter to U.S. Sen. James M. Jeffords (I-Vt.), Matthew A. Reynolds, acting assistant secretary for legislative affairs, explained that the Algerians could not be released in part because the Bosnian government "has not indicated that it is prepared or willing to accept responsibility for them upon transfer."

Bosnian officials said they received no such offer. They express frustration over the lack of action.

Justice Minister Slobodan Kovac said there would be no legal basis to place the men under arrest or surveillance if they were returned to Bosnia because they have already been exonerated there. "There is no case against them here in Bosnia, no criminal case," he said.

In Germany, Terror Suspect's Arrest Shakes Sense Of Security (USAT)

By William Boston Special For

USA Today, August 21, 2006

BERLIN — The weekend arrest of a Lebanese student suspected of trying to blow up two commuter trains last month prompted German authorities to warn that the country has become a target for Islamic terrorists.

“The danger has never been as high,” Interior Minister Wolfgang Schaeuble said in an interview on German public television.

Schaeuble said he feared strikes by homegrown Muslim radicals. “That is the real reason for concern,” he said. “We don't know anymore who is living among us.”

Terrorist attacks in Germany would mark a change of tactics by al-Qaeda and other militant Islamic groups, which have used the country to train, recruit, raise money and gather technical expertise but have avoided striking here.

Germany has been a haven for foreigners linked to Islamic terrorist organizations. Several hijackers involved in the Sept. 11 attacks in the USA, including Saudi national Mohamed Atta, studied in Germany and belonged to an al-Qaeda cell in Hamburg.

The arrest Saturday of a Lebanese student — identified only as Youssef Mohamad E.H., 21 — put police on high alert.

On Sunday, a judge ordered the student held pending possible terrorism charges stemming from the discovery July 31 of bombs in suitcases aboard trains bound for Dortmund and Koblenz. The student was detained after he was identified from surveillance footage.

"I am shocked," said Jürgen Lesch, 56, a Dresden software developer. "Now it looks like terrorism has reached us, as well."

Germany's refusal to take part in the U.S.-led war in Iraq once had Germans thinking Islamic terrorists would focus elsewhere, said Lesch's wife, Marita, 52, a teacher. "We didn't fight in Iraq, and until now we assumed that if we behaved well in the world, nothing would happen to us," she said.

Michael Lüders, a Middle East expert and government policy consultant, said, "Germany is reorienting its (foreign) policy. It did not call for an immediate cease-fire (during Israeli attacks) in Lebanon, and that was disappointing in the Arab world. Some radical forces now think Germany should be punished," he said.

German counterterrorism officials keep close watch on Islamic activists. In its annual report on extremists, the country's domestic intelligence agency said Germany was home to about 900 members of the militant Lebanese Shiite organization Hezbollah.

Until now, Hezbollah had ordered its activists not to engage in terrorist attacks in Germany, according to a public report by the intelligence agency for the state of North Rhine-Westphalia.

Germany is now vulnerable, said Jörg Ziercke, head of the Federal Crime Agency, or BKA.

"It is imaginable that the perpetrators want to make a statement in light of the conflict in the Middle East," he told reporters at a news conference Friday in Wiesbaden.

The alleged terrorist plot is also causing Germany to consider intensifying security measures to fight terrorism. Schaeuble called for increasing video surveillance in public places such as train stations. The government is also considering creating a national database on terrorism suspects.

"We are threatened by terrorism, and never before was the threat so near," Schaeuble told reporters. "The idea that in Germany we are living on an island of the blessed has always been wrong."

A Win For Spying Opponents (USNEWS)

By Liz Halloran

U.S. News and World Report, September 4, 2006

Federal District Judge Anna Diggs Taylor's ruling last week in a case challenging the Bush administration's secret domestic surveillance program seemed unequivocal. "There are no hereditary kings in America and no powers not created by the Constitution," she wrote in the first decision to directly address the program's legality. The National Security Agency's warrantless phone eavesdropping, she said, violates U.S. citizens' privacy and free-speech rights and illegally bypasses review by a special court set up to monitor domestic spying. She ordered it stopped.

While it appeared a stinging rebuke of President Bush's broad assertions of executive authority, the battle over spying is far from over. The administration obtained a stay to keep the NSA operation running pending a September 7 hearing and plans to appeal the decision to the Sixth Circuit or the U.S. Supreme Court. More challenges to the program are wending their way through the courts. When Congress returns, members will again hash over a proposed GOP bill that would essentially legalize the surveillance program as is.

Reasoning. Both sides were quick to put their own spin on the ruling. Administration officials defended their efforts as legal and "very important for the security of our country," said Attorney General Alberto Gonzales. Some scholars questioned Taylor's reasoning, but Anthony Romero of the American Civil Liberties Union, the lead plantiff, hailed her decision as "a nail in the coffin" on Bush's use of executive power.

Taylor's ruling gives fresh ammunition to Democrats opposed to an administration-friendly bill proposed by Senate Judiciary Committee Chairman Arlen Specter that would, in effect, stamp "approved" on the NSA program. The handful of court cases challenging the surveillance includes one scheduled for argument September 5 in New York. And 17 cases against phone companies believed to have cooperated with the NSA were recently consolidated and are pending in a San Francisco court.

Transcript (NBC)

NBC's Meet The Press, August 21, 2006

MR. DAVID GREGORY: Our issues this Sunday: Day 1,251 of the war in Iraq. Indications the insurgency has gotten worse, as the number of roadside bombs and attacks against U.S. and Iraqi forces reach record levels; sectarian violence now claiming an average of more than 100 Iraqi civilians a day. Has a civil war already begun?

And here at home: less than 12 weeks until the midterm elections, and the debate over our involvement in Iraq is front and center.

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VICE PRES. DICK CHENEY: A number of well-known Democrats have been talking about setting a deadline for withdrawal. That's a bad idea.

MR. GREGORY: But is the U.S. winning? We'll ask our guest, a man who ran for the White House in 2000 and will likely run again in 2008, an exclusive interview with Arizona Senator John McCain.

Then, insights and analysis from a scholar who met with President Bush this week, Vali Nasr, professor at the naval post-graduate school, and author of "The Shia Revival: How Conflicts Within Islam Will Shape the Future"; NBC News analyst and retired Army General Barry McCaffrey, who just returned from the region; and John Harwood of The Wall Street Journal and CNBC.

But first, Senator John McCain.

Welcome back to MEET THE PRESS, Senator.

SEN. JOHN McCAIN (R-AZ): Thank you, David.

MR. GREGORY: This was the story in The New York Times front page this week. Let me put it on the screen. "The number of roadside bombs planted in Iraq rose in July to the highest monthly total of the war, offering more evidence that the anti-American insurgency has continued to strengthen despite the killing of the terrorist leader Abu Musab al-Zarqawi. Along with a sharp increase sectarian attacks, the number of daily strikes against American and Iraqi security forces has doubled since January. ... 'The insurgency,'" this article goes on from last Thursday, "'has gotten worse by almost all measures, with insurgent attacks at historically high levels,' said a senior Defense Department official. ... 'The insurgency has more public support and is demonstrably more capable in numbers of people active and in its ability to direct violence than at any point in time.'" Senator, are we winning in Iraq?

SEN. McCAIN: I don't think so, but I'm not sure that it's turned into a civil war. We had testimony, as you know, from the chairman of the Joint Chiefs of Staff and General Abizaid, the commander over there in the region, that it's a possibility. That's the first time that we have—at least from the administration's viewpoint—faced this possibility. I don't think we're there yet, I agree with him, but I think the situation is very serious, it's very dangerous. This Mahdi Army is now becoming more and more powerful. It's interesting, the Sunnis now are the ones who are interested in us staying. But it's a very difficult situation. We've got to win, we do—still do not enough of the kind of troops we need over there, and it's going to be a very difficult process.

MR. GREGORY: The president has said repeatedly that he has a strategy to win, that if his commanders want more forces, they will get them. Should more troops be sent?

SEN. McCAIN: Well, I think it's been well documented now that we didn't have enough there from the beginning, that we allowed the looting, that we did not have control, particularly, of areas, such—in the Sunni Triangle, which led to us paying a very heavy price. We make mistakes in every war, and serious mistakes were made here. The question is, are we going to be able to bring the situation under control now? I still believe we can. I think part of it has to do with the Mahdi Army and Sadr. Sadr has got to be taken out of this equation and his militia has got to be addressed forcefully.

MR. GREGORY: But to do that, do you need more U.S. soldiers on the ground now?

SEN. McCAIN: I think so. I think so. We took troops from places like Ramadi, which are still not under control, to put them into Baghdad. We've had to send in additional troops as they are. All along, we have not had enough troops on the ground to control the situation. Many, many people knew that and it's—we're paying a very heavy price for it. But I want to emphasize that we cannot lose this. It will cause chaos in Iraq and in the region, and it's—I still believe that we, we must prevail.

MR. GREGORY: Let me ask you about military strategy that you just alluded to a moment ago. Michael Gordon, Pentagon correspondent, just returned from Anbar Province. This is what he wrote in today's New York Times Magazine. We'll put it on our screen. "Officially, the Bush administration's strategy [on the ground in Iraq] is: Clear, hold and build. But with limited American forces to do any clearing, the war in western Iraq looks much more like hang on and hand over. Hang on against an insurgency that seems to be laying roadside bombs as quickly as they are discovered, and hand over to an Iraqi military that is still a work in progress."

He talks about severe constraints: Iraqi bureaucracy, they're not getting pay to the soldiers in time, they're not getting food rations there, some of the food is spoiled, they're not getting promotions in time, and some of their troops are simply AWOL. Are these troops actually standing up in Iraq?

SEN. McCAIN: I think they're standing up much better than they were in the past. They're doing a lot better job than they had in the past. The question is, is can they do the job completely, and the answer is no. When American troops are with them, they perform far better than by themselves. There are Iraqi battalions which are excellent, there are some that are poor.

But we—but the real problem is not so much the army as the police. The police have been taken over by militias in many areas of the country, whether it be Basra or others. That, combined with, with an Iranian influence, particularly in the southern region, leads to a very, very difficult situation. And when we move troops from one place to another, it's not clear and hold, it's clear and leave. And that never worked.

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MR. GREGORY: Well, let's talk about the movement of troops throughout the country. Earlier this month, you said the following about U.S. forces going back into Iraq, some 7,000 troops. Let's watch.

(Videotape, August 3, 2006):

SEN. McCAIN: And what I worry about is we're playing a game of Whack A Mole here. We move troops—it flares up, we move troops there.

(End videotape)

MR. GREGORY: Whack A Mole. What are you talking about? What's the concern?

SEN. McCAIN: Well, there's the, you know, the old arcade game where the head, and you bang it down, and another head pops up someplace else, and that's basically what I was talking about, is that we have never had sufficient number of troops to clear and hold. The, what we call the oil spot strategy, which everybody knows is the successful way to combat an insurgency. So we've had to move our troops around from one place to another.

Fallujah was allowed for a period of a couple of years to become the center for terrorist operations through an insurgency throughout Iraq. We had to go in there, and these brave Marines and Army people, I mean, that was one of the historic battles in Marine and Army history. Eighty-six killed, 1,000 wounded because we didn't have enough troops to control Fallujah to start with. That's the object lesson. So then we had to move to Ramadi. Now, of course, Baghdad is the center of our attention now.

But I want to emphasize again, there are good things happening. We did have a free election, we do have a functioning government. Where—there are some parts of the country, particularly in the north, that things are good. It's not all bad news. But it is a serious situation.

MR. GREGORY: But in the most dangerous parts of the country, you see this Whack-A-Mole approach. So what's the consequence of that?

SEN. McCAIN: The consequences are is that we go in and we control an area for a short period of time and then we leave and then the insurgents filter back in. And...

MR. GREGORY: It's not the right strategy, as far as you're concerned?

CNN Late Edition With Wolf Blitzer (CNN)

CNN.com, August 20, 2006

Interview with Fawzi Hariri; Interview with Charles Rizk; Senators Feinstein, Apecter Discuss Need For U.N. Troops In Lebanon

Aired August 20, 2006 - 11:00 ET

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WOLF BLITZER, CNN ANCHOR: It's 11 a.m. in Washington, 8 a.m. in Los Angeles, 6p.m. in Jerusalem and Beirut, 7 p.m. in Baghdad. Wherever you're watching around the world, thanks for joining us for "Late Edition."

We'll speak with the Lebanese justice minister, Charles Rizk, about all the latest developments in the Middle East in just a moment.

First, though, let's check in with CNN's Fredricka Whitfield at the CNN Center in Atlanta for a quick look at what's in the news right now.

(NEWSBREAK)

BLITZER: Israeli leaders this morning reacted to the criticism of their commando raid into Lebanon and continued to insist on a strong international force on the border with Lebanon. Joining us now live from Jerusalem with more, our CNN international correspondent, Fionnuala Sweeney.

What's the latest from Israel, Fionnuala?

FIONNUALA SWEENEY, CNN CORRESPONDENT: Well, Wolf, Israel taking a very tough line on condemnation from the U.N. secretary-general, Kofi Annan, that Israel's military action taken in the Bekaa Valley overnight of the weekend was a violation of the cease-fire. Israel essentially saying that until a multi-national force is in place, it is the Hezbollah who are violating the cease-fire by organizing transfer of arms from Syria.

(BEGIN VIDEO CLIP)

ISAAC HERZOG, ISRAELI CABINET MINISTER: Some of the major proponents of the resolution, such as France, has not yet delivered on a robust international force, as was promised to Israel, and, therefore, what we are focusing on is to make sure that the arrangements regarding the embargo on arms to the Hezbollah from Iran and Syria will be fully implemented. That's why I beg to differ with the honorable secretary general on his comment.

(END VIDEO CLIP)

SWEENEY: Isaac Herzog there speaking around the cabinet meeting, the weekly cabinet meeting that took place this Sunday after the Jewish weekend was over. Also at that meeting, Israel's defense minister, Amir Peretz, saying Israel should

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prepare for, quote, "round two," reflecting a feeling in this country that Israel's objectives in its war with Hezbollah were not achieved, specifically the kidnapping of two Israeli soldiers that sparked this conflict and the fact that Hezbollah does not, at the moment, seem to be disarming.

And Amir Peretz also saying that it would only allow the Lebanese army to come within two kilometers of Israel's border with a UNIFIL force.

Wolf?

BLITZER: All right, Fionnuala. Thank you so much.

Fionnuala Sweeney reporting for us from Jerusalem.

And we're now six days into this cease-fire between Israel and Lebanon. Things clearly on shaky ground right now. Will both sides live up to the promises? Joining us live from Beirut is the Lebanese justice minister, Charles Rizk.

Minister Rizk, thanks very much for coming back to "Late Edition."

This Israeli commando strike near Baalbek in eastern Lebanon, it's described as an area where Hezbollah is very strong, very strong Hezbollah roots. Listen to what the foreign ministry spokesman, Mark Regev, said in Jerusalem in defending this Israeli raid.

(BEGIN VIDEO CLIP)

MARK REGEV, ISRAELI FOREIGN MINISTRY SPOKESMAN: If you import weapons for Hezbollah, if you transfer weapons for Hezbollah, that's a violation of the resolution, and we're entitled to respond.

(END VIDEO CLIP)

BLITZER: If the Israelis had evidence that Hezbollah was getting weapons through Syria, is that under the U.N. Security Council Resolution 1701 justified for them to take action?

CHARLES RIZK, LEBANESE JUSTICE MINISTER: Look, we fully back the statement and the decision by the secretary general of the United Nations, Kofi Annan, to very, very strongly criticize this threat by the Israelis. As you know, 1701, the U.N. Security Council resolution, provides for a sequence of actions, the first being the withdrawal of the Israeli forces and then the entry of the Lebanese as well as the international forces in the area, evacuated by the Israelis.

When the Israelis do what they have been doing the other day, one day, 36 hours ago, Israel in Baalbek, they violate, obviously, the cease-fire, and they interrupt, as a matter of fact, the withdrawal. Therefore, they provide the opportunity for two things: They give an alibi for Hezbollah to stop talking about disarming, first. Second, they encourage the European powers who pledged to send their forces to strengthen UNIFIL to refrain from doing this. This is a very, very, very counterproductive action that the Israelis have been doing. And on the other hand, the Israelis are not the overseers of Lebanon. Lebanon is still an independent country, and if there is an authority to oversee whether Lebanon receives arms or not, it's the Lebanese forces, one, and also the international community, and absolutely not Israel.

BLITZER: Let me read to you from Resolution 1701, which says this, among other things. It says, "No sales or supply of arms and related material to Lebanon except as authorized by its government." Is the Lebanese army ready to stop arms shipments to Hezbollah?

RIZK: Yes, Wolf, I know by heart 1701. If you read it well, you would see that it's, as I said, it's a sequence of actions. The first, it's (inaudible) paragraph two provides for the evacuation of the Israelis, as well as the entry of the Lebanese forces, as well as the international UNIFIL.

Then Article O.B. (ph) 8, if you read it well, it provides for other actions to be taken. And then -- like the one you are mentioning, and O.B. (ph) 10, which is also the third sequence of these actions, provides also for the two parties to agree on a cease- fire, permanent cease-fire.

And this cease-fire would be based on some points. One of these points is the evacuation of the Shebaa Farm. So you have to take it as a package. As a matter of fact...

BLITZER: But let me interrupt, Minister, and just press you on this point. Is the Lebanese army, at this point, ready to stop arms shipments? If there's evidence that new missiles or rockets or other weapons are coming into Hezbollah from Syria, is the Lebanese army ready to take action to stop that along the border with Syria?

RIZK: As much as we know, there is no such evidence lately, I mean, in the two days, to justify this action by the Israeli commandos. Now, as I'm trying to tell you...

BLITZER: If, in fact, they were -- but if you did get evidence -- if you did get evidence that new weapons shipments were coming into Hezbollah, would you take action?

RIZK: The Lebanese army has committed itself to take action in the limits of 1701, starting with the area between south of Litani and the blue line. Now, this has taken place only a few days ago. And the Lebanese army is expanding.

As you know, it cannot be -- it cannot come just overnight. This is a long process. It has to come progressively. We were progressing, and today we have two envoys from the United Nations secretary general who are discussing this in detail with the

Lebanese government. And as much as you are concerned, we are perfectly determined to continue the implementation of 1701 as it provides for.

BLITZER: We see that this international force is having tough times getting its act together. Originally, the French were supposed to send thousands of troops. Now they're saying maybe 200.

BLITZER: They've sent less than 50 so far, mostly engineers coming in. What's going on? What's your understanding, as far as the composition of a U.N. force, which is supposed to have some 15,000 forces?

RIZK: Absolutely. It's a subject of preoccupation, as a matter of fact. First of all, UNIFIL already exists. We have about 2,000 UNIFIL forces are there.

They have to be buttressed by some additional to reach the figure of 15,000, hopefully. And, as you know, this takes time. And a commander, who is a French officer, stated that he is, as a matter of fact, contemplating this process to take place.

Now, when you have such actions as the Israeli raid the other day, this really gives a very bad sign to the European, or to outside forces, for this and makes them shy, as a matter of fact, to expose their soldiers to this and makes them all the more decided to discuss the rules of engagement.

And this is precisely, I mean, what we are discussing now. And in the middle of this process, this very, very unfortunate action by the Israeli commando took place, as if it was to sabotage all this process.

Now, we are progressing in this direction. We are absolutely determined to achieve what we have been committed to, provided on the other way also -- because it takes two to tango -- on the other side, also, the Israelis do the same.

BLITZER: The president of the United States, George W. Bush, spoke out on Friday. And clearly, he blames Hezbollah for all of Lebanon's problems right now. Listen to this.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: The first reaction, of course, of Hezbollah and its supporters is declare victory. I guess I would have done the same thing if I were them.

But sometimes it takes people a while to come to the sober realization of what forces create stability and which don't. Hezbollah is a force of instability.

(END VIDEO CLIP)

BLITZER: Do you agree with the president?

RIZK: No. I perfectly respect the opinion of the president of the United States, although I don't agree with what he said.

As a matter of fact, our view is that we should solve the problem of Hezbollah, the Hezbollah resistance and the Hezbollah weapons at its roots. And the root is the Israeli occupation. As you know, Hezbollah started only in the middle of the mid- '80s. The Israeli occupation started long before. So Hezbollah is not the cause of the Israeli entry into Lebanon. It's exactly the consequence.

So we are very eager, as the president is saying, to solve the problem of the Hezbollah. But because we are eager to solve the problem, we want to solve the roots of the problem and not only the consequences.

We consider Hezbollah, only, as the consequence of a deeper, older occupation, which as I mentioned before, 1701 provides for the evacuation of the tip, in the south of the Lebanese territory which is still under Israeli occupation, which is the Shebaa Farm.

It's provided for in, I think, paragraph 10 of 1701, which gives the secretary general a month to produce project, proposals to the security council to tackle this issue.

So when this is done, the totality of the Lebanese territory will be evacuated. And then we could say that the raison d'etre of Hezbollah's activity in the south and the Hezbollah weaponry will be over. Until then, it won't.

BLITZER: The United Nations certified that Israel withdrew totally from Lebanon, the Lebanese territory in 2000, six years ago. As you know, there has been this dispute over this tiny area called Shebaa Farms, which you referred to.

But the U.N., at least until recently, has always suggested that was Syrian territory, a position that the Israelis have taken as well. If, in fact, the Israelis eventually pull out of Shebaa Farms, will there be no excuse, no reason for Hezbollah to launch attacks against Israel?

RIZK: First of all, 1701 -- the importance of 1701, it provides that Shebaa Farm is Lebanese. And it asks the secretary general to propose a plan for this.

Now, if this is evacuated, and also if all the other provisions of 1701 are implemented by the Israelis, then, yes, Hezbollah won't have any more reason to continue this military activity. And they will reintegrate the Lebanese political society, the Lebanese political community and enter as a civilian and as a political party in the Lebanese political process.

BLITZER: Charles Rizk, the justice minister of Lebanon, we have to leave it there. Thanks very much for spending a few moments with us here on "Late Edition."

RIZK: Thank you.

BLITZER: And coming up at the top of next hour, we'll get a different perspective from the other side of the border. We'll speak live with the Israeli foreign minister spokesman, Mark Regev. We'll ask him whether Israel will continue to strike deep into Lebanon. Up next, though, 50 French soldiers arrive in Lebanon. Thousands were expected. What's going on? We'll discuss that and much more with two U.S. senators, Arlen Specter and Dianne Feinstein.

More bombs and more deaths than ever in Iraq. How can the spiraling sectarian violence be stopped? We'll ask the Iraq minister of industry, Fawzi Hariri.

"Late Edition" will be right back.

(COMMERCIAL BREAK)

(BEGIN VIDEO CLIP)

BUSH: We'll work with nations to step up to the plate and do what they voted to do, the United Nations, and that is to provide robust international forces to help the Lebanese army retake the south.

(END VIDEO CLIP)

BLITZER: President Bush speaking out Friday about the need for U.N. forces on the border of Israel and Lebanon. But the fact is, few nations so far are signing up, and the cease-fire could be in deep trouble.

Joining us now to discuss this and much more, two guests: Republican Senator Arlen Specter of Pennsylvania. He's the chairman of the Senate Judiciary Committee. Senator Specter is joining us from Jerusalem, where he's been meeting with top Israeli officials. Also joining us, Democratic Senator Dianne Feinstein. She serves on the Judiciary Committee as well as the Intelligence Committee. She's joining us from her home state of California.

Senators, thanks to both of you for coming in.

Senator Specter, I know you've been meeting with top Israeli officials. Based on what you're hearing, is this cease-fire going to work?

SENATOR ARLEN SPECTER, (R) PENNSYLVANIA: I think there's a realistic chance that it will work, Wolf. It depends upon whether the United Nations fulfills the commitment to put a robust force on the ground. They're looking for 15,000 U.N. peacekeepers to supplement the 15,000 in the Lebanese army. And the United States is squarely behind the arrangement.

And the progress has not been too good so far. There's been a little disappointment that the French have not put up a substantial force, which they had committed to, but it is early yet. And I talked to the prime minister today, and the defense minister, and they are both optimistic that there will be a U.N. force and that it will stabilize the situation.

BLITZER: Is it hard, Senator Specter, for the U.S. to be encouraging France and other countries to deploy thousands of troops to that border, clearly a dangerous area, when the U.S. itself is gun- shy, doesn't want to get involved?

SPECTER: Well, I think Israel has made it plain that their preference is that the United States not be involved, for many reasons. And the United States has been such a strong supporter of Israel, and justifiably so, for good reason at our national self- interest, that they're looking for other troops, and there has never been any suggestion that the United States would be a part of this U.N. force. So, there's no change in not having the U.S. participate.

BLITZER: Senator Feinstein, you've not been shy over the years in criticizing President Bush on foreign policy issues or other issues. What do you think he should be doing right now? Is he doing it just about right as far as the Israeli-Lebanese situation is concerned?

SENATOR DIANNE FEINSTEIN, (D) CALIFORNIA: Well, I think Secretary Rice and her team did a good job in putting together this cease-fire and shepherding it through the security council. I think very important in all of this is a resolution to the Shebaa Farms issue. Shebaa Farms is just a rocky, very small area up in the north of Israel. And Syria has laid claim to it historically. But I heard on your show a minister from the Syrian government essentially say that Syria's position was that Shebaa Farms should go to Lebanon.

And I hope that that is the result of what the secretary-general comes up with in the next 30 days. I think deciding that really does take away one of the major organizing tools of Hezbollah, who has laid the claim that parts of Lebanon are occupied. And, of course, one of those parts is Shebaa Farms. So if that issue could be solved, I think it would go a long way.

BLITZER: Senator Specter, when you spoke with the prime minister, Ehud Olmert, today, did you discuss that issue of Shebaa Farms?

SPECTER: We did not discuss that. We focused mostly, Wolf, on the part that Iran and Syria have played in backing Hezbollah, and what is not really broadly recognized is that Hezbollah has had enormous support in advanced military equipment and advanced training.

And one of the things that I had made a floor statement in the Senate before we adjourned for the August recess was that we ought to be trying to bring Iran and Syria before the United Nations for violating the U.N. resolution which calls for the disarmament of Hezbollah. And the principal part of the discussion that I had with the Israeli prime minister today was Iran's participation, and that Israel has really been fighting Iran through the surrogate of the Hezbollah terrorists.

BLITZER: Senator Feinstein, I want to pick up on one thought, then I want to move on to warrantless wiretaps here in the United States.

The U.S. re-establishing a high-level dialogue with Syria, clearly a key player in this region. Is it a good idea for the president of the United States now to authorize high-level discussions with Bashar Al-Assad?

FEINSTEIN: Absolutely. I don't really support this business that we only talk with people that we agree with. I think you talk with people you disagree with. I think it is a mistake to isolate governments. You isolate governments and they become more recalcitrant, not less recalcitrant.

Therefore, I think it is very important -- I think it's very important to clear up the fact that Iran is shipping rockets and missiles from Tehran to Damascus. I believe we stopped one cargo plane full. The question arises, are there others coming through this way? And I think it's extraordinarily important to sit down, when you have a point of difference, and talk with the nation. And, for the life of me, I have never understood this reluctance to do so.

BLITZER: Well, talk about that stopping of that cargo shipment. Some of our viewers might not be familiar with what you're referring to.

FEINSTEIN: What I'm referring to is that there have been rumors for some time that rockets and munitions were coming out of Tehran in, well, actually, commercial planes, going into Damascus. And I believe one was actually stopped. It was a cargo plane. And if there's one, you can be sure there have been more than one.

And I think this alone is worth very serious discussions, rather than long-range threats, which I don't think are really effective. I strongly believe that diplomacy can work, strong diplomacy can work. And I think an example of that, although it was somewhat late, was Secretary Rice and her team putting together this cease-fire.

Now, what also needs to come out of this cease-fire, I think, is a much more general agreement between Israel and the Palestinians and get this solved. I think that that is the one thing that could really be seminal and positively effective in terms of the American relationship with the Muslim world.

BLITZER: I want you to respond, Senator Specter, and then we'll take a quick break, and we'll pick up on the other side of the break with the warrantless wiretapping issue. But go ahead, Senator Specter.

SPECTER: Well, before coming to Jerusalem, I was part of a Senate delegation in Beijing, China. And I raised the point with the Chinese officials that China is selling missiles to Iran, and Iran is transferring them to Hezbollah, and one of them hit an Israeli ship.

And in the arrangement between China and Iran, there's a commitment by Iran not to transfer the weapons.

SPECTER: And I put the question squarely to top Chinese officials: When Iran breaches that agreement, are you going to stop selling Iran missiles? And the Chinese wouldn't answer.

We know that the Russians have sent equipment to Syria with a non-transfer arrangement. And Syria has turned them over to Hezbollah. And the Russians have stopped selling that equipment to Syria, so that we're really facing, with the Israeli battling the Hezbollah, weapons from China, from Russia. It's quite a heavily stacked deck.

BLITZER: Senator Specter, Senator Feinstein, please stand by. We're going to continue this conversation.

Lots more to talk about, including the political battle unfolding here in the United States over the warrantless wiretapping program of the president.

But up next, a quick check of what's in the news right now, including the latest on the Jon-Benet Ramsay suspect, John Mark Karr. He's on his way to the United States right now.

And this quick programming note: Now, more than ever, you need to know your enemy. This Wednesday, the stories only CNN can tell you about the man who became the world's most-wanted terrorist. Don't miss "In the Footsteps of bin Laden," a CNN Presents special two-hour investigation. That debuts Wednesday night, August 23rd, 9 p.m. Eastern, only here on CNN.

Stay with "Late Edition." We'll be right back.

(COMMERCIAL BREAK)

BLITZER: Welcome back to "Late Edition." We're talking with two U.S. senators, Republican Senator Arlen Specter -- he's joining us today from Jerusalem -- and Democratic Senator Dianne Feinstein. She's joining us from San Francisco.

Senator Specter, put on your hat now as chairman of the Judiciary Committee. Let me read to you what U.S. District Court Judge Anna Diggs Taylor wrote about the president's warrantless wiretapping program in a ruling this past Thursday.

"It was never the intent of the framers to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights. There are no hereditary kings in America and no powers not created by the Constitution. So all 'inherent powers' must derive from that Constitution."

Was she right when she said this warrantless wiretap program is illegal and unconstitutional?

SPECTER: Well, I think she's expressed her opinion. But I think, ultimately, Wolf, that question has to be answered by the Supreme Court of the United States. I've introduced legislation with the view to have that determined.

There is no doubt that the Foreign Intelligence Surveillance Act is being violated, because it requires the exclusive remedy to go to the Foreign Intelligence Surveillance court to get a warrant.

The president has contended that he has inherent powers. And Judge Taylor has disagreed with the president, which is the role of a federal judge. And now, what I will be looking for is to find a way to get the appellate process working, to get it to the Supreme Court of the United States for a definitive decision.

Meanwhile, if I may elaborate just a bit, Senator Feinstein has introduced legislation that she can comment about, which would give additional strength to the court to enforce the Foreign Intelligence Surveillance Act. And I have co-sponsored that.

But ultimately, the Supreme Court of the United States is going to have to decide the issue that Judge Taylor has decided against the president, and that involves a weighing of the importance to security to have these wiretaps contrasted with the invasion of privacy. And it's in the national interest to get that decided.

BLITZER: Senator Feinstein, I'll let you hear what the president said, reacting to that federal judge's decision. Listen to what Mr. Bush said.

(BEGIN VIDEO CLIP)

BUSH: Those who herald this decision simply do not understand the nature of the world in which we live. This country of ours is at war. And we must give those who are -- whose responsibility it is to protect the United States the tools necessary to protect this country in a time of war.

(END VIDEO CLIP)

BLITZER: Is the president right when he says that this program is legal? And he and his attorney general, Alberto Gonzales, have insisted that no new legislation is required as a result, because the program, as it exists right now, is legal.

FEINSTEIN: I think the answer is no. I also think it's potentially very dangerous for any president to have this wide swath of executive power, because it means that a president could order the wiretapping of the telephone calls of really tens of thousands of Americans. And the protection against unreasonable search and seizure would be effectively done away with.

There have been misuses of domestic surveillance in the past. That's what led to the FISA bill, the Foreign Intelligence Surveillance Act, which was passed in the 1970s. It was amended in the 1994, following the Aldrich Ames situation, to include physical searches and seizures. I think it's a very important piece of legislation.

It is one thing to go before the court and get a program approval of what is called meta data, which is the collection of official business records of telephone companies and e-mails, the number of origin, the point of receipt, the time of the call. It's another thing to allow the broad wiretapping of the conversations of American persons.

BLITZER: All right. FEINSTEIN: And I believe that should be done with individual warrants. And let me say one other thing. I have been briefed on this program, and it can fit within the boundaries of the Foreign Intelligence Surveillance Act. BLITZER: Senator Specter, Alberto Gonzales strongly defends the program, the legality of the program, and strongly insists that the legislation you've introduced, the legislation that Senator Feinstein has introduced, is simply not needed because the program is legal right now as it currently stands. Listen to what he said the other day.

(BEGIN VIDEO CLIP)

ALBERTO GONZALES, ATTORNEY GENERAL OF THE UNITED STATES: This is an important program. We have leaders of the intelligence community who have testified to Congress that it's been effective in protecting America. And so, we're going to do everything that we can do in the courts to allow this program to continue, because it is effective, has been effective in protecting America.

(END VIDEO CLIP)

BLITZER: What chance does your legislation or Senator Feinstein's legislation or any legislation have of getting passed when the White House insists no legislation is necessary?

SPECTER: Well, I believe that Attorney General Gonzales is wrong when he says no additional legislation is necessary, because I think if we gave the court seven days instead of three days and increased the resources that a great many of the wiretaps now in effect would be subject to a warrant issued by a judge. When he comes to the issue of inherent presidential power, he may be right or he may be wrong. That involves a weighing of the risk to the nation.

And the president is correct that we're in a tough war against terrorism. And the terrorists could strike at any time. And the threat to the United States has to be weighed against the intrusion of privacy. Now, we've had the opinion of one federal judge, and I respect that.

But that's not the final word. This is a matter of sufficient importance that we need to structure an appellate process to get it to the Supreme Court of the United States, so we have a judicial determination -- which is the tradition of our country -- that what is going on by way of wiretapping electronic surveillance is constitutional.

BLITZER: Senator Specter, Senator Feinstein, thanks to both of you for joining us.

Senator Specter, have a safe trip back here to the United States.

SPECTER: Pleasure being with you. Thank you, Wolf.

BLITZER: Thank you very much. Thanks to both of you.

FEINSTEIN: Thank you, Wolf. BLITZER: And in just a few minutes, at the top of the hour, we'll speak live with a spokesman for the Israeli ministry about the very shaky cease-fire on the border between Israel and Lebanon right now.

But coming up next, we'll turn our attention to Iraq, where more bombings, more murders are happening than ever before. Is Iraq on the brink of civil war? We'll speak with the Iraqi industry minister, Fawzi Hariri, in Baghdad. That's coming up next.

(COMMERCIAL BREAK)

BLITZER: This week's statistics about the situation in Iraq painted a very bleak picture. Since January, the number of IEDs, improvised explosive devices, roadside bombs has almost doubled. In July, there were over 2,600. Even though roughly half were found and defused, the human toll has been extremely high.

On an average day last month, 110 Iraqi civilians were killed in some fashion -- more than 3,400 all together. Again, twice the toll in January of this year. Are we looking, therefore, at a civil war already unfolding in Iraq?

I spoke to the Iraqi industry minister, Fawzi Hariri, about the situation on the ground in Iraq just a short while ago.

(BEGIN VIDEOTAPE)

BLITZER: Minister Hariri, thanks very much for coming in.

Very difficult days for Iraq right now. As we know, the statistics are pretty awful. It looks to those of us watching the situation from the outside that the sectarian violence is going from bad to worse. Is that your assessment?

FAWZI HARIRI, IRAQI INDUSTRY MINISTER: No, it isn't. It always looks bad on television screens, and once we are having some real problems, Wolf, it isn't to the extent that is portrayed by certain television stations as being a sectarian divide or a sectarian problem.

Sectarian wars happened in Rwanda. That's not happening in Iraq. The vast majority of the people of Iraq are determined to end up in a national unity country and a government that is for the whole of Iraqis.

Of course, there are certain elements that are trying to destabilize this situation and are taking advantage of some of the gaps that exist within the security environment of Iraq, because of the wars and the other problems that we have faced over the past three years to try and destabilize, but they will not win.

BLITZER: Listen, though, to what two experts have said in recent days and weeks.

U.S. military General John Abizaid, the commander of the Central Command, told Congress on August 3rd, "I believe that the sectarian violence is probably as bad as I have seen it in Baghdad, in particular, and that, if not stopped, it is possible that Iraq could move toward civil war."

And a day earlier, the British outgoing ambassador to Iraq, William Patey, said, "The prospect of a low-intensity civil war and a de facto division of Iraq is probably more likely at this stage than a successful and substantial transition to a stable democracy."

Those are two credible sources.

HARIRI: They are both credible. And I met Ambassador Patey before his departure, within 24 hours. And he was still extremely confident that the present Iraqi government and the present international support that exists for Iraq and the support of the people of Iraq to the new order in Iraq will overcome the present difficulties.

Clearly, there are certain sectarian attacks. And they are intermittent and are not coordinated. As I said, there is no civil war in Iraq in the sense that we saw in other parts of the world.

What we have is a struggle between two completely different ideologies, one that believes in the new dawn of Iraq, the new democracy, the new harmony amongst its people, and an ideology that is determined to stop the people of Iraq from achieving that goal.

And that is primarily supported by the former regime of Saddam Hussein and its elements and actively supported by some regional interferences in Iraq.

BLITZER: An Iraqi parliament member, Mahmoud Othman, said this past week. He said, "The American policy has failed both in terms of politics and security, but the big problem is that they will not confess or admit it. They are telling the American public that the situation in Iraq will be improved. They want to encourage positive public opinion in the U.S., but the Iraqi citizens are seeing something different. They know the real situation."

Is this parliament member, Mr. Othman, is he a credible source?

HARIRI: Mr. Mahmoud Othman is a credible spokesperson that always speaks his mind. And I have a great deal of respect to him.

However, it is a fact that the U.S., the U.S. administration and the people, have done a great deal to support the people of Iraq. And that is on record by the foreign minister, by the government official, by Mr. Maliki, in his last visit to Washington.

However, the support that existed has had gaps. And everybody admits that. And our job is to identify the gaps and fill them in when it comes to the security situation, when it comes to the build-up of our security forces, when it comes to supporting the Iraqi infrastructure, to develop an industrial capability that provides jobs and services to the people.

That is one of our biggest challenges that we are actively working on at this time.

BLITZER: All right, another challenge, according to the U.S. ambassador to Iraq, Zalmay Khalilzad, is Iranian meddling in internal affairs in Iraq. Listen to what he told me earlier this week, the U.S. ambassador in Baghdad.

(BEGIN AUDIO CLIP)

ZALMAY KHALILZAD, U.S. AMBASSADOR TO IRAQ: Iran is playing a role in the sectarian violence that is taking place here. It is providing arms, training and money and other support to groups involved in sectarian violence, including militias that have death squads associated with them.

(END AUDIO CLIP)

BLITZER: Is he right?

HARIRI: I have no doubt that Ambassador Khalilzad has grounds to make such a statement. He may have intelligence or access to intelligence information that I don't have.

What is clear is that the Iranian government's position, from the onset of liberation of Iraq, has been the total support of the new regime or, in Iraq, has been the total support of the establishment of a new free Iraq.

If there are elements within the Iranian society that have relations with elements within Iraq that are up to no good, if that is the right phrase, then it's quite possible.

But the official Iranian position has always been to support Iraq and to provide everything that is necessary. As I said, I have no doubt that the ambassador has access to certain information that we do not. And therefore, I respect his opinion, but I don't know how far I could take it.

BLITZER: Minister Hariri, as you probably know, there was dismay here in Washington in many circles by your government's support of Hezbollah against Israel during this most recent war.

Does the Iraqi government stand with Hezbollah, a group that the U.S. regards as a terrorist organization, aligned with Iran?

HARIRI: Well, let me make this point very clear. The support of the government of the Iraq and the people of Iraq, directly, was toward the support of the people of Lebanon. And we felt that the unjustified attack and destruction of the infrastructure in Lebanon was not right.

And, therefore, the government's position was to support the government of Lebanon and the people of Lebanon. Of course, there are political parties within Iraq who support or have connections, fraternal inclinations (ph) with Hezbollah. Iraq is a free society. And that is what we're aiming to build. And therefore, people have a right to display their feelings. The official government of Iraq's policy was with Lebanon, with the people of Lebanon, and that's all.

BLITZER: Fawzi Hariri, thanks very much for joining us.

HARIRI: Thank you very much, Wolf.

BLITZER: And there's much more ahead on "Late Edition." The Lebanese army took up positions on the border, this week, with Israel. But with Hezbollah still armed and United Nations forces in doubt, will the cease-fire hold? We'll speak live with the Israeli foreign ministry spokesman, Mark Regev, in Jerusalem.

And as the leaders of Syria and Iran celebrate Hezbollah's survival, does this make them more powerful in the region? We'll speak with a panel of experts.

Stay with us. We'll be right back.

(COMMERCIAL BREAK)

BLITZER: Welcome back. In a moment, we'll go live to Jerusalem and ask the Israeli foreign ministry spokesman about his nation's take on the very fragile Middle East cease-fire.

First, let's turn to CNN's Fredricka Whitfield to get a quick check of what's in the news right now.

(NEWSBREAK)

BLITZER: Yesterday, the Israeli commandos attacked Hezbollah fighters deep inside Lebanon. The reaction from the Lebanese government was a very angry reaction.

Brent Sadler's in Beirut. He's our bureau chief. He's got more on what's going on today.

Brent?

BRENT SADLER, CNN CORRESPONDENT: Wolf, thanks. Yes, indeed, it was an angry reaction. The Lebanese defense minister warning that the Lebanese army would be halted in its deployment or at least pulled back, perhaps, as a result of that Israeli raid in the Bekaa Valley, a stronghold for Hezbollah.

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Now, as a result of that, the defense minister here has said that the Israelis ought to be condemned for a violation of the cease-fire. We did hear Kofi Annan, the secretary-general of the U.N., making a statement that did condemn Israel for that renewed military action in the Bekaa.

There's also been more moves by the military here, the defense minister, Elias Murr, warning if there's any violation from the Lebanese side by any groups -- Hezbollah, he says, he trusts not to fire rockets again in Israel, not to violate the cease-fire right now -- but if any other groups, militant armed groups that do have short- range rocket capability in Lebanon, if they were to open up against Israel, there would be the full weight of the law against them.

This is what the defense minister had to say.

(BEGIN VIDEO CLIP)

ELIAS MURR, LEBANON DEFENSE MINISTER: Of course, if there is a violation, they will be dealt harshly by the Lebanese army. Because when we feel that -- consider the resistance is committed not to fire any rocket, any rocket fired from the Lebanese territory by the resistance against Israel would give Israel a pretext to strike Lebanon.

Therefore, any violation will be in the best interest of Israel and, therefore, we will have to deal with it. And there will be no hesitation this issue. And whoever we stop, we will have them court- martialed as an agent collaborator for the enemy, not just a person who has used a weapon.

(END VIDEO CLIP)

SADLER: In the past, there have been firings of rockets outside of the control of Hezbollah against Israel. Earlier this day, two top Lebanese officials, the prime minister, Fouad Siniora and the speaker of the parliament here, Nabih Berri, toured the devastation in the southern suburbs of Beirut. This is where, on one day alone, Israel dropped more than 20 tons of explosives in an attempt to destroy Hezbollah's power base in the southern suburbs.

But at the same time, large areas of civilian neighborhoods were laid to waste. Prime Minister Fouad Siniora said that Israel had committed what he said was a crime against humanity.

Wolf?

BLITZER: All right, Brent, thank you very much.

The cease-fire deal clearly could be in serious danger right now. Now, it doesn't appear as if Hezbollah will actually be disarmed. And it's a real question whether a robust United Nations force will appear in south Lebanon.

So what happens next? Will Israel continue to withdraw its troops? To answer these questions, we're joined by Mark Regev. He's Israel's foreign ministry spokesman. He's joining us live from Jerusalem.

Thanks very much for coming in.

MARK REGEV, ISRAELI FOREIGN MINISTRY SPOKESMAN: My pleasure, Wolf.

BLITZER: The United Nations secretary general, Kofi Annan, says Israel clearly violated United Nations Security Council Resolution 1701 by this commando raid the other night in Lebanon north of the Litani River. What's your reaction? REGEV: Israel's military operation, our raid that night, was in response to a violation happening on the Lebanese side. The cease- fire is based on Security Council Resolution 1701, and that resolution is explicit that there has to be enforced a total arms embargo against Hezbollah. And we were seeing the transfer of illicit weapons. That's a clear violation, and we're entitled to act.

BLITZER: The prime minister of Lebanon, Fouad Siniora, says this. He said, "The landing carried out by the Israeli occupation forces today in Bekaa was a flagrant violation of the cessation of hostilities announced by the Security Council."

Why didn't the government of Israel go to the United Nations and complain about information that weapons were coming in? Why not raise it with the U.N. Security Council and make a formal complaint?

REGEV: I think in the real world, I think everyone understands that had we made an official complaint, by the time anyone from the U.N. was there on the ground to see what was happening, of course, the area would have been cleaned out and the weapons would be somewhere else, probably deep inside Lebanon under Hezbollah control.

And I would remind the prime minister of Lebanon that it's his obligation under U.N. Resolution 1701 to be there on the border with Syria to prevent to prevent this sort of illicit weapons transfer. It's also the responsibility of the international community to be there with forces to augment those of the Lebanese army.

So I would say Israel is acting because of the violation. And if that violation is prevented by the Lebanese government, by the international community, of course Israel wouldn't have to act.

BLITZER: There's been speculation, as you well know, that Israel had another motive in going after this target near Baalbek in the Bekaa Valley. For example, you were looking specifically for a leader of Hezbollah to capture or kill. Do you want to respond to that?

REGEV: Yes. I would say the following, Wolf. In the Middle East, there are no shortages of speculators. There's no shortage of people who've got conspiracy theories and so forth. Our operation was specifically designed to prevent arms transfer.

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That site that we hit, that's a Hezbollah center there in the Bekaa. From that point, that's a command and control center which is orchestrating the arms smuggling. And we were trying, actually, to enforce the spirit of the U.N. resolution.

BLITZER: The other speculation that's prevalent is that perhaps you were looking for those two Israeli soldiers who were kidnapped across the border back on July 12th. Is there any truth to that?

REGEV: Also speculation, but the operation was designed, as I say, to stop arms transfers. We want our soldiers home. I make no bones about it. And the U.N. resolution was clear. Our two hostages being held in Lebanon for more than a month now must be released unconditionally and immediately. That's the demand of the U.N. Security Council.

BLITZER: If Israel knew where the leader of Hezbollah was, Hassan Nasrallah, would you kill him?

REGEV: Well, that's a tough one. I mean, Nasrallah's been involved in countless acts of terrorism against Israelis, against Jews. Hezbollah has struck ten years ago, as you'll recall, the largest act of anti-Semitic violence perpetrated by Hezbollah against the Jewish community center in Buenos Aires, scores of people killed. Hezbollah is a terrorist movement with global reach. I think we would have the right to hit Nasrallah. Having said that, Israel will do nothing to upset the cease-fire. We want to see the cease-fire move forward. We want to see the full implementation of Security Council Resolution 1701. And we are very strict under our obligations. We'll keep our obligations under the cease-fire.

BLITZER: So can I take it from that answer that at least for the time being, efforts to kill Nasrallah have been put on hold?

REGEV: We want to see the cease-fire succeed.

BLITZER: I'll take that as a yes. The Lebanese government, just a little while ago, was also formally protesting what it says is another violation of its sovereignty by the Israeli military.

They put out a statement saying, "The Israeli enemy continues to violate Lebanese sovereignty and does not abide by the terms of Resolution 1701. Two Israeli jet fighters entered Lebanese airspace at 10:35 a.m. They starting by flying over the south and then flew over the north and over the Bekaa after that. They left from over Naqoura, toward the sea, at 11:55 local."

They were over Lebanese airspace, according to the statement, for more than an hour. Is this true?

REGEV: I can't confirm the operational details. But I can say the following. I urge anyone making the complaint to read Security Council Resolution 1701. Because 1701 says we cannot, in Israel, take offensive operations, but we are allowed to keep up a presence.

We're allowed to keep up an intelligence presence. We're allowed to stay in south Lebanon until our forces are relieved by the joint command of the Lebanese army and the international forces.

So as I say, nothing we're doing is in contradiction to the U.N. resolution on Lebanon. We want to see that resolution work.

BLITZER: A lot of people around the world, Mark Regev, have had some serious questions about Israel's strategy during this war, this 33-, 34-day war against Hezbollah.

And even strong supporters of Israel have asked why Israel found it so necessary to destroy so much of Lebanon's infrastructure in the process of going after Hezbollah targets.

Today, the Lebanese prime minister, Fouad Siniora, toured some of those targets. He said, "There is no other way to describe this more than it is a criminal act. This is a crime against humanity committed by Israel here and in other areas of Lebanon."

You've seen the devastation. You've seen the damage. What's your response?

REGEV: I think a lot of the damage was, unfortunately, caused by a reality that Hezbollah worked trained and acted out of civilian areas. We had situations where missiles, missiles that were aimed at our people, were put in houses, were put in schools, were put in mosques. This idea that Hezbollah was fighting behind the Lebanese civilian population --which made our job very, very difficult.

And we made every effort possible to try to be as surgical as is humanly possible, in very difficult circumstances. And I know that there are more and more voices coming out of Lebanon who are blaming Hezbollah for the carnage, saying Hezbollah was really willing to fight to the very last Lebanese civilian, that Hezbollah sponsors in Iran and in Syria were willing to sacrifice the Lebanese civilian population to advance their own extremist goals.

BLITZER: But there is a conventional assessment in Lebanon itself that even those who have been critical of Hezbollah in the past, critical of Syria, have, sort of, been united, now, around their condemnation of Israel.

Take Saad Hariri, the son of Rafik Hariri, the slain former Lebanese prime minister. Saad Hariri told this to the Lebanese parliament this week. He said, "The history of Israel is a black history, a hateful one, of destruction, killing and devastation. This is Israel that wants to live off the blood of the Lebanese and Palestinians."

This is someone who's been very critical of the Syrian involvement in Lebanon. But now he's turning, in part, at least, against Israel. What's your reaction to this development?

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REGEV: I think it's unfortunate, Wolf, that too often you see in the Arab world -- not just in Lebanon, in the wide Arab world -- politicians seek legitimacy by bashing my country, by bashing Israel. They think that's a way that they achieve legitimacy, that they can galvanize support.

But I would urge you to look at the interesting remarks coming out of Lebanese leadership. And they're raising serious questions about the Syrian role, about the Iranian role.

People are fed up with those two countries, Syria and Iran, using Lebanon as the springboard to attack Israel. And I've heard more and more Lebanese leaders, intellectuals, elected officials say that they're sick and tired of having their country being exploited, being used by external forces to attack Israel, and then Lebanon pays the price.

There's no reason, Wolf, for a conflict between Israel and Lebanon. Israel and Lebanon don't have a border dispute. Israel and Lebanon could really get on fine if it wasn't for those external actors, Hezbollah, Iran and Syria.

BLITZER: One final issue I want to raise before you I let you go, Mark Regev, and that's the latest Israeli abductions of top leaders of the Palestinian Authority. The other day, the deputy prime minister was taken prisoner by Israel. Now there's word that the secretary general (ph) of the parliament has just been captured by Israel. The prime minister, Ismail Haniyeh, saying, "The abduction aims to tear down the Palestinian political system and put obstacles before the government and the movement of harmony on the Palestinian internal scene."

What's the purpose of going after these Hamas political leaders, democratically elected by the people of Palestine?

REGEV: I'd say the following, Wolf. If Palestinian leadership acts like leadership should, like political leadership, as statesman, of course, they'll get the respect that they deserve.

But they can't act like terrorists. They can't be behind suicide bombings. They can't be behind rocket launches against Israeli cities. They can't be behind hostage-taking and expect that Israel treat them in a different way. If you act like a terrorist, you'll be treated accordingly.

BLITZER: Are you going to arrest the prime minister, Ismail Haniyeh, too?

REGEV: I've got no plans to announce on that. But I would urge the Palestinians, I would urge the Palestinian leadership, not to accept Israel's demands, not to America's demands, but meet the benchmarks articulated by Kofi Annan.

Those three benchmarks: accept's Israel's right to exist, renounce terrorism and, of course, accept the peace process. If you do that, the door is open.

Unfortunately, it's not that you have a problem with Israel. It's not that you have a problem with the United States. The Palestinians have a problem with the entire international community.

Do you know, Wolf, today, the U.N. won't even speak to the Hamas leadership because they are so much outside international legitimacy.

BLITZER: Mark Regev is the spokesman for the Israeli foreign ministry.

Thanks very much for coming in. I appreciate it very much.

And coming up next, will the conflict in the Middle East increase the likelihood of a terrorist attack here in the United States? We'll ask our panel of experts.

And we'll get a live update on Iran's plans for the Middle East from our correspondent in Tehran.

Stay with us. We'll be right back. (COMMERCIAL BREAK)

BLITZER: There's still time for you to weigh in on our Web question of the week: Will U.N. troops be able to keep the cease-fire between Israel and Hezbollah? You can cast your vote. Go to cnn.com/lateedition. The results at the end of the hour.

But straight ahead, President Bush has talked often about change in the Middle East. But can the United States really control who wins and who loses? We'll get analysis from a panel of experts.

You're watching "Late Edition," the last word in Sunday talk.

(COMMERCIAL BREAK)

(BEGIN VIDEO CLIP)

BUSH: The Middle East is at a pivotal moment in its history. The death and destruction we see shows how determined the extremists are to stop just and modern societies from emerging in the region.

(END VIDEO CLIP)

BLITZER: President Bush speaking earlier this week about the crisis in the Middle East.

If the region is changing, will it resemble the president's vision? Joining us now to discuss that and more are three experts: Rami Khouri writes for the Daily Star in Beirut; CNN's national security adviser John McLaughlin is a former deputy director of the CIA; and Danielle Pletka is vice president for foreign and defense policy studies at the American Enterprise Institute, a Washington, D.C. think-tank.

Thanks to all of you for joining us.

Rami, you're in the region. I'll start with you. Is this cease- fire, based on everything you know right now, likely to work?

RAMI KHOURI, LEBANON'S DAILY STAR NEWSPAPER: I think, in the short term, it is likely to work if the Israelis decide that they're going to comply with the United Nations resolution, which they don't have a very good track record of doing, going back over the last 20 years.

So it's really more dependent on the Israelis than it is on Lebanon, because in Lebanon the government and Hezbollah have made a historic agreement to accept the cease-fire, accept the U.N. resolution, accept the seven-point plan of Siniora, and let the army and the international troops into the south.

This is unprecedented, it's historic. We're looking for something of equal magnitude from the Israelis, not like the raid they did yesterday.

BLITZER: Do you really believe, Rami Khouri, that Hezbollah is going to cooperate in this venture -- in other words, allow itself effectively to be disarmed?

KHOURI: If you phrase it like that, the answer is no. If you phrase it in a more reasonable and equitable and politically balanced way, I think the answer is yes.

Hezbollah has taken some historic decisions in the last couple of weeks, working with Siniora and the Lebanese government, to accept the U.N. resolutions, let the troops of the Lebanese government and the international troops expand its force into the south, accept the seven-point plan of Siniora. They said they accept the cease-fire. The defense minister's announcement today is a sign that clearly there's an understanding between the government and Hezbollah.

They need to get the situation in the south calm, get the Israelis out of Lebanon, stop the Israeli threats. That's the perception in Lebanon. In return, there's no more attacks against Israel from Lebanon. And they deal with the Shebaa Farms and the prisoners, and these are relatively manageable issues, I think.

In the longer run, Hezbollah's status in Lebanon is an issue that the Lebanese will deal with. Everybody seems to accept that you have to deal with the issue of Hezbollah's arms, there's no question about that. But that cannot be the first issue. It has to be done once Lebanon is secure and free of Israeli threats.

BLITZER: Let me bring in Danielle Pletka for her assessment.

Will this cease-fire, based on everything you know, Danielle, work?

DANIELLE PLETKA, AMERICAN ENTERPRISE INSTITUTE: I don't think so. As Rami said, I think it has some reasonable prospects in the short term, but at the end of the day, Hezbollah sustains itself by its terrorist operations, not through its politics in Lebanon. It wants to have its cake and eat it too.

If Hezbollah was committed to this cease-fire, it would not be rearming via Iran and Syria at this very moment. It wouldn't have the need to. So the good intentions aren't there.

And the real seed of the problem is in the U.N. Security Council resolution, which fails to call for the clear and complete and total disarmament of Hezbollah.

BLITZER: Hezbollah has emerged as an effective political entity in Lebanon. In fact, there is widespread assessment right now that they're doing a much better job helping rehabilitate the country than the Lebanese government itself.

PLETKA: There's always been a vacuum in the south of Lebanon, and various groups have stepped in. Hassan Nasrallah is -- and I hate to say this -- he is a very capable politician. The fact that Hezbollah is unwilling to abandon its proxy war on behalf of Iran and Syria against Israel, against Jews and, frankly, against the United States is a big mistake for them. It is a historic mistake for them. BLITZER: From the U.S. perspective, John McLaughlin -- and you're a former deputy director of the CIA; at one point, you were the acting director of the CIA -- is Hezbollah, as some allege, a wholly owned subsidiary of Iran?

JOHN MCLAUGHLIN, CNN NATIONAL SECURITY ADVISER: Well, it pretty much is, Wolf. They get hundreds of millions of dollars from Iran every year. Any major action they take is taken in consultation with Iran. And when they've carried out terrorist operations overseas -- that is, outside of the region -- they've frequently been assisted by Iranian intelligence officers operating out of Iranian embassies.

So they've developed a certain degree of freedom, in the sense that they are also a social service organization in Lebanon, but they depend on Iran for weapons and money.

BLITZER: Rami, do you agree with that assessment?

KHOURI: No, I don't. I think what we're hearing, if I may say so, from my two colleague guests is an assessment that reminds me of the American assessment of the weapons of mass destruction in Iraq before the Iraq war: There's a lot of speculation, there's a lot of ideology, there's a lot of neo-con-driven aggressive politics. There's not a lot of facts on the ground.

If Hezbollah is complicit in any terrorist acts, they should certainly be held accountable, but so should the state of Israel for any crimes against humanity or infractions of international humanitarian law. We cannot apply morality and legality to one side in a two-sided war.

I think Hezbollah only has credibility and legitimacy as a Lebanese organization. And of course it gets support from Iran and Syria. And, as far as I know, the United States gives hundreds of millions of dollars to support to many people in the Arab

world: nongovernmental organizations, political groups, women's groups, democracy groups, environmental groups, all kinds of nongovernmental societies.

So, Hezbollah is also an armed group, of course. And it's doing these because the Lebanese government was fundamentally incapacitated by the last 40 years of history, which heavily have been dominated by Israeli attacks, occupations, aggressions. So we have to look at both sides.

BLITZER: Let me let Danielle Pletka respond to that.

Go ahead, Danielle.

PLETKA: Well, I think it's counter-historical and counter- factual. The assessment that John and I, who don't agree on a whole variety of issues, have of this is exactly the same: Hezbollah has been responsible for terrorist attacks in Argentina, as Mark Regev mentioned earlier on your show. It's been responsible for the death of American citizens elsewhere. It operates in Europe; it operates around the world. This isn't just about Lebanon. And I would say that, as much as many others, the Lebanese government and the Lebanese people are victims of Hezbollah's willingness to hijack their democratic policy, their foreign ministry, their own military to start this conflict with Israel. Let's not forget, things were relatively peaceful before that.

BLITZER: Rami Khouri makes a very serious charge. And you were in the CIA at the time that the weapons-of-mass-destruction assessment was put forward, which turned out, as you know, John McLaughlin, to be inaccurate. He says now your assessment on Iranian involvement with Hezbollah is basically the same kind of inaccurate assessment. Do you want to respond to that?

MCLAUGHLIN: Sure. I mean, these are apples and oranges. As Danielle has pointed out, we may disagree on many things, but on this point, there's a lot of evidence.

Hezbollah was behind the attack, really one of the largest attacks on Israelis since the end of World War II in the tri- border region of South America. It was responsible for the Marine barracks bombing in Beirut some years ago that killed 240 Marines. One Hezbollah bomber was involved in the attack on Khobar Towers. The list goes on.

Hezbollah operatives have been picked up around the world in places like Singapore, France, other parts of Europe. I don't think there's any doubt that this is a terrorist organization, and its impetus for its creation in 1982 came in part from disputes in Lebanon, but also from the Iranian revolution.

BLITZER: All right. We're going to take a break, but I want Rami Khouri to respond to that.

Rami, the widespread assessment here in Washington -- and maybe you have a different assessment -- is that Hezbollah not only is a terrorist organization, but going back to '83 when Imad Mugniyah, one of the top Hezbollah leaders, was involved in ordering that truck bombing of the U.S. Marine barracks outside Beirut, and some of these other activities.

Is it your assessment that Hezbollah was not involved in any of these terrorist attacks?

KHOURI: Oh, no, I wouldn't say that. I'm saying I'm not sure. I'm not a criminal investigator, and I don't have the kind of intelligence that John and Danielle have in Washington there.

But what I'm saying is that you cannot apply the law and morality to one side in a conflict. If Hezbollah is accused of these things -- and these are very serious crimes. If they are accused and there's credible evidence, they should be dealt with through the system that the world has set up of adjudication through courts, through tribunals and other means.

You cannot only ask Hezbollah and Arab groups to obey the law and not ask the same thing of Israel. So of course, bring the evidence out, take them to court, use all available mechanisms. And these are crimes that were done 15, 20, 25 years ago in some cases. By all means, everybody must be held accountable, but not just one side.

We want to -- look what the Israelis have recently done in Lebanon and over the years. So the question is not who did what 15, 20 years ago. The question is, how can we solve this? How can we apply a single standard of law and morality and equal political rights?

The Israelis have a right to live in peace. So do the Lebanese, and so do the Palestinians.

BLITZER: All right. We're going to take a quick break. But we have a lot more to discuss, more questions about the future of the Middle East, with our panel. That's coming up.

Also coming up next, we'll get a quick check of what's in the news right now, including JonBenet Ramsey murder suspect John Mark Karr, he's now on his way to the United States.

Stay with us. We'll be right back.

(COMMERCIAL BREAK)

(NEWSBREAK)

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer in Washington.

We're discussing the shifting balance of power in the Middle East with three experts: Rami Khouri writes for the Daily Star in Beirut. CNN's national security adviser John McLaughlin is a former deputy director of the CIA. And Danielle Pletka is with the American Enterprise Institute, a Washington, D.C., think-tank.

Stand by for a moment. Our Aneesh Raman is in Tehran, joining us live via broadband with the latest from there.

Aneesh, what are you picking up on the streets in Tehran?

ANEESH RAMAN, CNN CORRESPONDENT: Well, Wolf, the signs only continue that Iran sees itself as a growing force in the region. Iran's president, Mahmoud Ahmadinejad, earlier this week said not only had Hezbollah won the war, but that the battle goes on. You see him there at a speech delivered to huge crowds in a province of Iran.

For its part, this weekend Iran's armed forces launched a massive military exercise, war games that are set to take place for the next five weeks in about half of the country's provinces.

RAMAN: Today, a number of surface-to-surface missiles were tested. They're dubbed "Thunder" in Farsi. A military commander says their range is about 155 miles, short-range missiles, but part of a new defensive doctrine.

They also said Iran is ready for any sudden attack. "Sudden attack" is a word we're hearing more and more among officials here. They're increasingly concerned of military air strikes that could take place, by the West, on Iran's nuclear facilities, which is why these war games, of course, are of seemingly deliberate timing.

Iran, as early as Tuesday, will announce its rejection, by all indications, of the deal that is on the table for it to suspend its nuclear program by the U.N. deadline that comes at the end of the month.

In a press conference today by Iran's foreign ministry spokesman, he all but said that suspension was off the table. Iran has said from the beginning this is a civilian, peaceful nuclear program, that it has the right to pursue it.

But now, it seems all but certain Iran will face sanctions from the U.N. On the streets, there's growing unease among Iranians. They have long supported this program as their nation's right.

But now there is quiet concern as to whether pursuing that right is worth the economic sanctions and, perhaps, military outcome that could come down the line, Wolf.

BLITZER: Aneesh Raman, thanks very much.

Aneesh is joining us live from Iran.

Rami Khouri, you just heard that report from Aneesh. There have been a lot of the more moderate Arab leaders concerned about Iranian Shiite influence in the Middle East.

KHOURI: Early on, we heard from the Saudis, the Egyptians, the Jordanians. How concerned are Sunni Muslims, in particular, about this apparently growing Shiite Iranian influence in the region?

There is a lot of concern among the leaderships and, I think, less so among the people. And what you're getting is not so much only a Sunni-Shiite divide or an Arab-Persian divide but a divide also among leaderships or regimes and public opinion in much of the Arab world. Because, at the grassroots level, what you're seeing in one country after another throughout this region, and not just the Arab world but also Turkey and Pakistan, you're seeing Muslim fundamentalist groups, Islamists groups, Hamas, Hezbollah, Muslim Brotherhood winning election after election.

Even when the elections are rigged as they are in places like Egypt, they're still winning the elections. So popular opinion is very much for an Islamist assertion of political identity, which includes defying and resisting Israel and the U.S., to some extent.

So this is widespread in popular opinion, but the regimes are concerned about what Iran is doing and how it is working with other groups, Shiite and other groups all around the region.

So what we have is a real new cold war in the Middle East for the identity of the Arab world. BLITZER: The president of Iran, Mahmoud Ahmadinejad, Danielle, said this on Tuesday. He said, "Middle East nations are wide awake and they are also envisioning a new Middle East, one that is free of United States and British domination."

You raised a stir a few weeks back by criticizing President Bush and his foreign policy as not being robust enough right now, dealing with these various threats, presumably, from a growing Islamic fundamentalism around the world.

Explain to our viewers what your criticism of the Bush foreign policy was.

PLETKA: At the time, I was very concerned that we, the United States, in concert with our European allies, had made a very generous offer to the Iranians for dialogue in exchange for dialogue for other incentives, for trade, and basically, to sit down face to face for the first time since the revolution, in exchange for nothing more than an Iranian suspension of uranium enrichment.

In other words, they didn't have to do anything more than we'd been demanding for two years and the U.N. Security Council had been demanding. But suddenly, everybody kept offering them more and more and more.

Now, the Iranians are the ultimate bizarre market negotiators. They've done a really good job. They were offering us the same thing and we keep offering a higher price for it. That signals, to the Middle East weakness.

And I don't think that we shouldn't be confused about that. Hezbollah, Al Qaida, the likes of Iran and North Korea all sense that the United States is in retreat.

And because of that, they are challenging us in a whole variety of ways, the Iranians with these military exercises; Hezbollah, I think, with its attack on Israel in the past; North Korea with its missile threats, et cetera, et cetera. This is the signal

we've sent. And they are feeling their oats, pushing the envelope and seeing how far they can push back on us. It's not a good idea to signal weakness.

BLITZER: It looks like the Iranians, as we just heard from Aneesh, John McLaughlin, are moving forward with their nuclear program and are going to resist these calls for suspension of their uranium enrichment.

MCLAUGHLIN: I think that's very likely, Wolf. They're feeling their oats and feeling strong here because they do associate themselves with the fact that a group they support, Hezbollah, was not defeated by Israel.

And that, in a way, challenges one of the fundamental strategic concepts that has brought stability to the Middle East, the assumption by everyone that Israel will always decisively win in any military contest. And that assumption has eroded. Also eroded here, somewhat, is the U.S. role as the honest broker in the Middle East, which is another element of stability that has contributed over the years.

So I think it's time to hit the reset button on a lot of our assumptions about the Middle East. It has never been more complex, and in my judgment, never more dangerous than it is at this moment.

BLITZER: Rami Khouri, I want to switch gears with you, momentarily. We're almost out of time, but to get your thoughts on the taking of these two American journalists, a hostage, if you will, kidnapping of these Fox News Channel journalists, Steve Centanni and Olaf Wiig, in Gaza.

They were there, reporting on the Palestinians, doing some excellent work. Steve Centanni -- I've known him for many years. He's an outstanding reporter. Olaf Wiig -- I don't know him, but by all accounts, a serious photo journalist in the best sense of the word.

What do you make of this? And as a journalist yourself, what advice do you have to try to get these two guys free?

KHOURI: Well, obviously, they should be free. There's absolutely no reason to take journalists or any civilians hostages who are not involved in a military combat in a war. Civilians doing anything should be free from any kind of attempts like this. And people have to work every possible diplomatic and personal button to get them free.

But I think we need to understand this doesn't happen in a vacuum. Palestine is one of four countries, with Lebanon, Afghanistan and Iraq, where the United States and Great Britain have led a forward strategy for freedom using military force, directly or indirectly.

And what we have is chaos, lawlessness, governments losing credibility, losing control, violent groups emerging. There's a massive spread of chaos that goes along with the American-dictated freedom strategy. And Palestine is part of that problem.

So we need to re-look at what the United States is trying to accomplish. And some of its goals are certainly legitimate. Whether it's Iran or the Middle East or Arabs and Israelis, they are legitimate goals. But they cannot be imposed either by military force or diplomatic threats. They have to be done through a negotiating process.

And hopefully, this Lebanon-Israel war will push us back to a comprehensive look for a regional peace agreement.

BLITZER: Well, let's hope that some positive things could come out of this situation. It would be nice if that were to happen.

Rami Khouri, thanks very much for joining us -- John McLaughlin, Danielle Pletka. We'll continue this conversation on "Late Edition."

And coming up next, in case you missed it, we're going to bring you the headlines from the other Sunday morning talk shows here in the United States, where the guests delved into the tough times for the United States in Iraq and its effect on electoral politics.

And then I'll share my perspective on the turbulent weeks we've just witnessed in the Middle East.

Stay with us. We'll be right back.

(COMMERCIAL BREAK)

BLITZER: And now, in case you missed it, let's check some of the highlights from the other Sunday morning talk shows here in the United States.

On NBC, Republican Senator John McCain spoke about the tough going U.S. troops are now facing in Iraq.

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN MCCAIN (R-AZ): All along, we did not have enough troops on the ground to control the situation. Many, many people knew that. And we're paying a very heavy price for it. But I want to emphasize to you: We cannot lose this. It will cause chaos in Iraq and in the region.

(END VIDEO CLIP)

BLITZER: On ABC, the topic also the politics of Iraq, specifically Senator Joe Lieberman's pro-war stance.

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN KERRY (D-MA): And the fact is, Joe Lieberman is out of step with the people of Connecticut. I believe that he's just dead-wrong with respect to the war. And to adopt the rhetoric of Dick Cheney, who has been wrong about almost everything he has said about Iraq, shows you exactly why he got in trouble with the Democrats there.

(END VIDEO CLIP)

BLITZER: On CBS, Senator Lieberman defended his position on the war in Iraq and criticized his opponent Ned Lamont's campaign.

(BEGIN VIDEO CLIP)

U.S. SENATOR JOE LIEBERMAN (D-CT): I feel that I allowed my opponent to distort my position on Iraq.

BOB SCHIEFFER, HOST, "FACE THE NATION": What do you mean by that?

LIEBERMAN: Well, what I mean is, he made me into a cheerleader for George Bush and everything that's happened. And the record shows that while I believe we did the right thing in overthrowing Saddam Hussein, I've been very critical over the years, particularly in 2003 and 2004, about the failure to send enough American troops to secure the country.

(END VIDEO CLIP)

BLITZER: Finally, on Fox News Sunday, Republican Senator Chuck Hagel was worried about his own party's chances in the upcoming midterm elections.

(BEGIN VIDEO CLIP)

U.S. SENATOR CHUCK HAGEL (R-NE): Where is the fiscal responsibility of the party I joined in '68? Where is the international engagement of the party I joined? Fair, free trade, individual responsibility, not building a bigger government but building a smaller government.

I think we've lost our way. And I think the Republicans are going to be in some jeopardy for that and will be held accountable.

(END VIDEO CLIP)

BLITZER: Highlights from the other Sunday morning talk shows here in the United States. The highlights on "Late Edition," the last word in Sunday talk.

Up next, for much of the past month, I've been watching the war between Israel and Hezbollah on the ground in the Middle East. Some of my final thoughts when we come back.

And don't forget, for our North American viewers, coming up at the top of the hour, Zain Verjee anchors "This Week at War." Stay with us.

(COMMERCIAL BREAK)

BLITZER: Those are the results of our Web question. Remember, though, not a scientific poll.

This final thought. I'm back here in Washington, having spent three of the past four weeks in Israel, watching the war with Hezbollah and then the fragile cease-fire.

During that time, I clearly saw the mood in Israel swing from confidence that Israel's military and political leadership could crush Hezbollah to frustration and anger that the mission was not accomplished.

Listen to this exchange I had with Israel's foreign minister, Tzipi Livni, in her office in Tel Aviv this past week.

(BEGIN VIDEOTAPE)

BLITZER: Even here in Israel, there's a sense that Israel may have made a mistake in the tactics and the strategy. We looked at some recent polls. The prime minister, Ehud Olmert, on July 12th, his approval rating was at 75 percent. It went down to 48 percent. The defense minister, Amir Peretz, his approval rating on July 12th, when those two Israeli soldiers were kidnapped, was at 65 percent. It's gone down to 37 percent.

There's a lot of concern here in Israel that these 34 days of this war were not handled as well as you could have handled them.

TZIPI LIVNI, FOREIGN MINISTER OF ISRAEL: Well, firstly, I believe that part of democracy is that every government can be criticized. And I have to live and to go to sleep every night with decisions that I made and I will make as a cabinet minister. And it's not easy, especially not in Israel, when it comes to human lives and to the lives of soldiers and civilians.

BLITZER: Are you comfortable with the decisions that you personally made?

LIVNI: Yes. But I want to add something. That at the end of the day, as I said before, time will tell. And only a month ago, nobody could have believed that the Lebanese army will be deployed to the south part. Nobody could have believed that Hezbollah will agree to this kind of understanding of deployment of the Lebanese army, plus international forces. Nobody, I think, would have believed that it's going to be an arm embargo on the borders.

So something is changing. It's not enough. It's only the beginning of the process. Let's meet again in a few months from now.

(END VIDEOTAPE)

BLITZER: And I suspect I will meet with Minister Livni in a few months. She's an up-and-coming political star in Israel and presumably will be around. But the recriminations in Israel against the political leadership, especially against the prime minister, Ehud Olmert, and the defense minister, Amir Peretz, appear to only be just beginning.

There will be formal commissions of inquiry in Israel, and the political opposition led by the former prime minister, Benjamin Netanyahu, is beginning to take off the gloves. In short, the political debate in Israel is heating up, even as the threats facing Israel intensify.

That's your "Late Edition" for this Sunday, August 20th. Please be sure to join us again next Sunday and every Sunday at 11 a.m. Eastern for the last word in Sunday talk.

I'm also in "The Situation Room" Monday through Friday from 4 to 6 p.m. Eastern, as well as another hour at 7 p.m. Eastern.

Until then, thanks very much for watching. I'm Wolf Blitzer in Washington.

For our North American viewers, "This Week at War" is just ahead, right after a check of what's in the news right now.

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Pre-Emptive Surveillance (WSJ)

By James Q. Wilson

The Wall Street Journal, August 21, 2006

Federal district court judge Anna Diggs Taylor has ruled that the warrantless interception of telephone and Internet calls between a foreign agent and American persons is illegal and unconstitutional. It is possible that she is right about the illegality, but she is almost surely wrong that it is unconstitutional. The government has appealed this decision to the Sixth Circuit. No one can say what it will decide, although other appeals courts have tolerated such surveillance. Ultimately the Supreme Court will have to decide the matter.

The constitutional arguments against the surveillance are unpersuasive. A Washington Post editorial dismissed them as "throat clearing." Judge Davis refers to the free speech provision of the First Amendment but fails to explain how listening to a conversation or reading email abridges anyone's right to speak. Taken literally, a constitutional ban on intercepts would make it impossible to overhear the mafia plotting murder or business executives fixing prices.

Of course, the ACLU and the other organizations that brought the suit are not criminal conspirators. But for their claims to be taken seriously they must show that they were materially harmed. This is because the Constitution only allows actual cases or controversies, not hypothetical or imaginary ones, to be heard in court. To meet that test, plaintiffs must show that they are the actual victims of a direct and palpable harm. Without that rule, judges would be issuing advisory opinions on what the law may mean, not in settling concrete disputes. Citing no factual evidence, Judge Taylor says that these organizations do have standing.

She also says that the surveillance violates the Fourth Amendment. But that provision only bans "unreasonable searches and seizures," not all searches and seizures. Customs agents have the right to search, without a warrant, you and your luggage (including your PC) when you enter this country. The Border Patrol can stop and search recent arrivals here when they are miles from the border. The Supreme Court has authorized customs officers to open incoming international mail without a warrant. It is not clear how a phone call or email originating overseas deserves more protection than clothing, the contents of a computer, or international mail. The Supreme Court has upheld all of these exceptions to constitutional limits on searches.

What is most striking about Judge Davis's decision is that she nowhere discusses the approval of warrantless searches by other and higher federal courts. In 1980, the Court of Appeals for the fourth circuit held (U.S. v. Truong Dinh Hung) that "the Executive need not always obtain a warrant for foreign intelligence surveillance." That is because a "uniform warrant requirement" would "unduly frustrate" the discharge of the president's foreign policy duties. It would "delay executive response to foreign intelligence threats" by requiring the judges instantly to make decisions about rapidly evolving events.

In 2002 the FISA review court itself held (In Re: Sealed Case) that the president "did have inherent authority to conduct warrantless searches to obtain foreign intelligence information." The Supreme Court has never spoken on this matter, but it is astonishing that Judge Davis never discusses the FISA and appellate court decisions that bear directly on this question.

It is possible that the surveillance violates the FISA law. That statute allows the government to tap the communications between foreign powers provided that there is "no substantial likelihood" that these communications will involve a "United States person." If an American will be part of the communication, then a warrant from the FISA court must first be obtained.

This statute, written in 1978, was aimed at dealing with foreign governments that wished us harm, but it preceded our experience with modern terrorists. Now we know that our cities can be attacked at any time in ways that cause thousands of deaths. Listening in on possible overseas terrorists who are talking to Americans is designed to find out who may attack us, when and how. Such eavesdropping is done to discover who is a terrorist. It is impossible to have "probable cause" to justify hearing such calls, and therefore impossible to obtain in a timely manner a FISA warrant.

No one outside the National Security Agency knows the details of our surveillance of communications between an American and a person living overseas, but there can be little doubt that it is intended not to bring criminal charges but to learn

who is a terrorist before he has a chance to act. The surveillance is designed to provide investigatory leads, not prosecutions. These leads are, I suspect, sudden, ephemeral and suggestive. It is hard to imagine that, in this country's efforts to connect the dots, that our government should not be allowed to discover the dots.

The government argues that the president has independent constitutional authority to engage in warrantless searches across national boundaries and that this power was strengthened by a law, the Authorization for Use of Military Force (AUMF), that entitles him to use "all necessary and appropriate force against those nations, organizations or persons he determines planned, authorized, committed, or aided the terrorist attacks that occurred on September 11, 2001." The AUMF does not mention surveillance. But then it does not mention detaining terrorists, either, and yet the Supreme Court (in Hamdi) held this detention is a "fundamental and accepted incident to war." If detention, though not mentioned, is legal, is surveillance, which is not mentioned, also legal? That is a bullet the Supreme Court will have to bite. In my view, the war against terrorism requires both surveillance and detention as well as armed conflict.

But suppose that neither the president's constitutional powers nor the AUMF justify an exception to the FISA rule. Congress can correct this problem by amending FISA to create an authorization for warrantless surveillance that is directed at people living overseas, even if they communicate with someone living here, provided that this cannot lead immediately to criminal prosecution. If the surveillance produces leads as to who is a terrorist, then a FISA warrant can be obtained to authorize acquiring supportive evidence.

The war on terror is underway. It will last through my lifetime and that of my children. America will almost certainly suffer further terrorist attacks. We must be prepared to take reasonable steps to protect ourselves. The Constitution, as Justice Robert Jackson said, is not a suicide pact. But neither is it a blanket authorization for any executive action. Congress ought to be able to clarify how far we can go. It will be interesting to see who votes for and who against a reasonable authorization for a bolder antiterrorism measure.

Mr. Wilson, who has taught at Harvard, UCLA and Pepperdine, is the author, with John J. Dilulio, of "American Government" (Houghton Mifflin, 10th ed., 2005).

HOMELAND RESPONSE:

The Truth Puts You In Jail (NYT)

By Bob Herbert

The New York Times, August 21, 2006

The problem with the way the United States government dealt with Abdallah Higazy had nothing to do with the fact that he was investigated as a possible participant in the Sept. 11 attack on the World Trade Center.

He was caught in a set of circumstances that was highly suspicious, to say the least. It would have been criminal not to have investigated him.

On the morning of the attack, Mr. Higazy, the son of a former Egyptian diplomat, was in his room on the 51st floor of the Millenium Hilton Hotel, which was across the street from the twin towers. He fled the hotel, along with all the other guests, after the attack. But a Hilton security guard said he found an aviation radio, which could be used to communicate with airborne pilots, in the safe in Mr. Higazy's room.

When Mr. Higazy returned to the hotel three months later to pick up his belongings, he was arrested by the F.B.I. as a material witness and thrown into solitary confinement. Federal investigators were understandably suspicious, but they had no evidence at all that Mr. Higazy was involved in the terror attack.

And that's where the government went wrong. In the United States, a free and open society committed to the rule of law, you are not supposed to lock people up — deprive them of their liberty — on mere suspicion.

The government could not link Mr. Higazy to the attack, and yet there he was, trembling in a jail cell, with no reasonable chance of proving that he was innocent.

This was cruel. It was unusual. And it was a blatant abuse of the material witness statute. People arrested as material witnesses are supposed to be just that — witnesses — not criminal suspects. (The witnesses are taken into custody when there is some doubt as to whether their testimony can otherwise be secured.)

When a person is actually arrested for a crime, the government has certain important obligations, including the obligation to provide a prompt arraignment and to demonstrate that there is probable cause that the suspect had committed the offense.

Mr. Higazy was held as a material witness while investigators searched for something to pin on him.

Court records show that eventually Mr. Higazy was coerced into saying that the radio was his by an F.B.I. agent who knew that if he didn't elicit some kind of admission from the suspect, a judge would most likely set him free. Mr. Higazy said the agent

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made threats regarding his relatives back in Cairo, saying they would be put at the mercy of Egyptian security, which has a reputation for engaging in torture.

Mr. Higazy's admission was not truthful, but that didn't matter. The feds were happy to finally be able to accuse him of a crime. They charged him with lying to federal agents when he said the radio wasn't his.

The case against Mr. Higazy fell completely apart when a pilot, an American, walked serendipitously into the Millenium Hilton, looking for the aviation radio he had left behind on Sept. 11. (It also turned out that the security guard had lied.) Mr. Higazy's original story, which he had clung to as long as he felt he could, had been truthful. He was set free.

It's scary to think about what might have happened to Mr. Higazy if the pilot hadn't shown up to claim his radio.

What the government ignored in Mr. Higazy's case and in so many other cases linked to the so-called war on terror, is that when it comes to throwing people in jail, a hunch is not enough. As Jonathan Abady, a lawyer for Mr. Higazy, said:

"The criminal justice system recognizes that before you deprive somebody of liberty in any significant way, you have to have some quantum of proof that they committed a crime, and the government didn't have it in this case. What they had was a suspicion."

Once we had voodoo economics. Now, in the age of terror, we have voodoo law enforcement. Mr. Higazy's case is far from the most egregious. People have disappeared. People have been sent off to foreign lands to be tortured. People have been condemned to secret dungeons run by the C.I.A. People have been put away at Guantánamo Bay, Cuba, with no hope of being allowed to prove their innocence.

For five years now Americans have been chasing ghosts and shadows, and demanding that they confess to terrorizing us. Who's terrorizing whom here?

We need to ask ourselves: Do we want a just society? Or are we willing to trade that revolutionary idea for a repressive government that gives us nothing more than the illusion of safety?

Governors Blast National Guard Legislation (TBO)

By Richard Lardner

TBO.com, August 21, 2006

TAMPA - Gov. Jeb Bush and the nation's other state chief executives are opposing legislation that would allow the president to federalize the National Guard without gubernatorial consent.

The plan is part of a defense spending bill in the House of Representatives and authorizes the White House to take control of Guard units in the event of a serious natural or man-made disaster in the United States.

The proposal "represents an unprecedented shift in authority from governors as commanders in chief of the Guard to the federal government," states an Aug. 6 letter from the governors.

"We are responsible for the safety and welfare of our citizens and are in the best position to coordinate all resources to prepare for, respond to and recover from disasters," the letter states.

National Guard troops fall under federal control when called to active duty. For statewide emergencies, the governor retains control.

The Florida National Guard has nearly 12,000 soldiers and airmen, with close to 1,000 serving in places around the world. Helping Hands

A local veteran's organization was awarded a $5,000 grant to continue assisting seriously wounded service members being treated at Tampa's James A. Haley VA Medical Center.

The Tampa chapter of the Military Officers Association of America, which created Operation Helping Hand two years ago, received the grant from the Paul Newman Foundation during an Aug. 11 ceremony at the Pentagon.

In 2005, the chapter's program received a $10,000 "Newman's Own" award, making it one of the nation's top military support initiatives.

"It is an honor to receive this award and recognition again," said retired Navy Capt. Bob Silah, president of the Tampa chapter.

The money will help provide "the greatest possible support" to active-duty military personnel wounded in Iraq or Afghanistan and their families, Silah added.

Gen. Peter Pace, chairman of the Joint Chiefs, presented the award.

Operation Helping Hand donates a variety of items to family members, including money for lodging, air fare and car rentals. Taxi fare coupons, cell phones, phone cards, movie tickets and restaurant gift certificates also are provided.

The Newman's Own awards are sponsored by the Paul Newman Foundation with support from the Fisher House Foundation in Bethesda, Md., and the Military Times Media Group in Springfield, Va.

The awards recognize volunteer organizations working to improve military quality of life. Reunions

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Damage And Doubts Linger After Katrina (WP)

By Christopher Lee And Anushka Asthana

The Washington Post, August 21, 2006

Nearly one year after Hurricane Katrina punched into the Gulf Coast, much damage remains, both in the shattered homes that litter parts of New Orleans and in the battered reputation of government institutions, a new survey shows.

The country is in the heart of hurricane season again, and many Americans are not persuaded by federal assurances that the government is ready for the next big storm, according to the national survey by the Kaiser Family Foundation.

Fewer than half of those surveyed said they thought the government is "very prepared" to deal with this year's hurricane season. Only half agreed that the federal government had "learned a lesson from Hurricane Katrina" -- which swamped New Orleans, killing more than 1,500 people and displacing hundreds of thousands more -- "and the nation is better prepared for a major disaster as a result." More than four in 10 respondents said the government had not learned anything.

It is an assessment the administration strongly disputes. Speaking Friday at an event entitled "Government after Katrina: Lessons Learned," R. David Paulison, the new director of the Federal Emergency Management Agency, listed changes taking place inside the agency.

Paulison acknowledged that some "extraordinary criticism" FEMA received was "frankly deserved." But he promised the room packed with media and charity workers that the agency is learning.

Although President Bush pledged on Sept. 15 in a nationally televised address from Jackson Square to rebuild New Orleans, 70 percent of those surveyed said most individuals still have not gotten the help they need with housing, health care and restoring their lives. Fifty-six percent said the federal government has not done enough to help state and local governments restore services in the affected areas and 30 percent said it has.

Among African Americans, a group that suffered disproportionately from the storm's devastation, such sentiment ran stronger. Eighty-four percent of black respondents said most people affected by Katrina had not gotten the help they need to move on with their lives, and 75 percent said the federal government had not done enough to help state and local officials.

The blow to public opinion about the government extends beyond immediate Katrina-related matters. More than half of the survey's respondents (53 percent) said the government's handling of the hurricane had a negative impact on their confidence in government overall. Only 13 percent said it had a positive impact and 28 percent said it had no impact. (Five percent said they didn't know.)

Federal officials might find some solace in the fact that, while those surveyed generally gave the thumbs-down to the federal government's response to Katrina, they were willing to spread the blame around.

Thirty-one percent said failures in the response to the storm were mostly those of government agencies. But those queried also cited individual officials and leaders (21 percent of respondents) and residents who did not adequately prepare and leave in time (22 percent).

Paulison said he is concerned about the number of people who still say they will not evacuate when told. He was speaking at an event organized by the Partnership for Public Service as part of a project aiming to discuss what went wrong, what went right and what can provide lessons for future events.

"We need to see Katrina as a wake-up signal," said Max Stier, president of the partnership.

Paulison said there have been changes. He talked of an improved communications system, the ability to register 200,000 victims a day (twice the number possible last year) and a larger and more experienced workforce. FEMA has promised to have 200 buses ready and waiting in Carville, La.

"We cannot let the deaths and suffering of Katrina victims go in vain," he said. "We are taking FEMA and taking it into the 21st century."

But Paulison acknowledged that his words are not enough to convince the nation. "I understand that it is going to be how we perform," he said. "Until we actually do, people are not going to believe it."

Nursing Home Disaster Plans Found Lacking (WP)

The Washington Post, August 21, 2006

Evacuation was not necessarily the right decision for Gulf Coast nursing homes that faced a hurricane. A new report shows they experienced a range of problems, including transportation agreements that fell through, long trips, and a lack of food, water and medicine.

Meanwhile, nursing home administrators who decided not to move residents reported fewer problems, particularly when it came to the health of the residents, according to the report by the inspector general for the U.S. Department of Health and Human Services.

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The report called on the federal government to strengthen certification standards for nursing homes' emergency planning.

The inspector general reviewed 20 nursing homes along the Gulf Coast in areas where hurricanes struck in the past few years. Thirteen evacuated. Seven did not. The report did not identify the homes by name or location.

Although the IG found fewer health problems when nursing homes did not evacuate, it is clear that the homes' administrators faced a difficult decision. Not addressed in the IG's report are 56 deaths at two Louisiana nursing homes that failed to carry out evacuation plans during Hurricane Katrina.

While Hurricane Katrina was the most devastating of recent hurricanes, the IG's investigators also included Hurricanes Ivan, Rita and Wilma in their review.

The nightmarish experience of one nursing home went like this:

The company that had contracted with the nursing home to provide transportation was unavailable. Less than a quarter of the nursing home's employees were able to evacuate with the residents. Staff members and borrowed cars were used to cobble together a nine-vehicle convoy. Roads were clogged, and two vans broke down. Water, food and medicine were scarce during what was supposed to be a two-hour trip.

"Residents arrived at the camp after 19 hours in transit. All survived, but several were treated for cuts and bedsores resulting from the trip," the report said.

Federal law requires that nursing homes receiving Medicare and Medicaid funds have written plans to meet potential emergencies. The homes also must provide training to employees in emergency preparedness.

Nationally, 6 percent of the 16,125 nursing homes surveyed in 2004 and 2005 were cited for planning deficiencies. Twenty percent were cited for training deficiencies.

All of the 20 homes reviewed had been listed as meeting federal requirements on their most recent state survey, but a closer inspection by the investigators showed numerous planning weaknesses. Six of the 20 did not have instructions for evacuating to an alternative site, and nine did not have criteria for making the decision to evacuate or stay. Also, 15 did not have information about the specific needs of residents that would allow the staff to modify plans according to those medical needs.

The Centers for Medicare and Medicaid Services (CMS), which oversees nursing home certification, agreed with the need to strengthen certification requirements, and a review of guidelines had begun before the investigators issued their report.

"The OIG report is extremely helpful as we complete this review," CMS Administrator Mark McClellan said.

The investigators also recommended that state and local governments be encouraged to collaborate more when it comes to emergency planning for nursing homes.

Houston Grumbles As Evacuees Stay Put (LAT)

By Miguel Bustillo

The Los Angeles Times, August 21, 2006

HOUSTON — Almost a year after Hurricane Katrina caused the country's largest mass migration since the Dust Bowl, as many as 150,000 evacuees still live in this city, and increasingly many are indicating that they no longer plan to go home.

To many Houstonians, that's overstaying the welcome.

Houston's homicide rate has shot up 18% since the storm, and police statistics show that one in every five homicides in the city involves a Katrina evacuee as suspect, victim or both.

More than 30,000 evacuee families in Houston still live in government-subsidized housing, and a Zogby International survey sponsored by the city found that three-fourths of the adults receiving housing help were not working, raising questions about how they will survive when federal aid runs out.

Texas Gov. Rick Perry and Houston Mayor Bill White opened their doors to neighbors needing shelter in the nightmarish aftermath of the storm that devastated New Orleans and much of the Gulf Coast.

But privately, Texas leaders quickly began to fret that the bedraggled masses that accepted their invitation were overwhelming the state. In December, White declared that "Houston is full" after more than 250,000 evacuees, including hundreds of families rescued from the fetid Louisiana Superdome, filled the city's housing to the brim.

White and other civic leaders remain committed to helping hurricane victims rebuild their lives, and become Texans if they choose. But in the crowded, apartment-lined neighborhoods here where most evacuees wound up, the famous Texas hospitality is wearing thin. Many residents are fed up with rising crime, and some are upset that evacuees could end up being a financial drain on the city.

"It's time for them to go home," said Victoria Palacios, the manager of an EZ Loan store in southwest Houston that has been held up four times in the last year, crimes she is convinced evacuees committed because of the distinct accents of the robbers. "Ever since they came here, we've been getting robbed."

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The challenges facing Houston as Katrina's Aug. 29 anniversary draws near illustrate the lasting imprint that the storm left throughout the South. Estimates vary, but as many as half a million people remain scattered far from their former homes in Mississippi and Louisiana.

A Gallup Organization survey sponsored by the Texas Health and Human Services Commission, due to be released soon, found that 251,000 evacuees still live in the state. Of adults, 59% were unemployed, and 54% were still receiving housing subsidies. Eighty-one percent were African American, and 61% of the households had earned less than $20,000 a year before Katrina.

Texas officials estimated that the state had housed as many as 400,000 evacuees from hurricanes Katrina and Rita, which lashed the Gulf Coast on Sept. 24.

The federal government is reimbursing much of the cost Texas is incurring, and last week, the U.S. Department of Housing and Urban Development announced that it would provide an additional $429 million in emergency funding.

But Texas officials are concerned that the lingering presence of so many needy people will strain services such as mental health programs, which are in high demand among still-traumatized evacuees.

In Houston, two-thirds of evacuees receiving housing assistance planned to stay, the Zogby Poll found. City leaders are planning for a future that assumes many of them will.

"People were waiting and hoping the situation would change in New Orleans, but many are realizing they may be here for a while," said Cindy Gabriel, a spokeswoman for Houston's Joint Hurricane Housing Task Force. "We're looking at them as Houstonians at this point."

Houston is considering adding two seats to the City Council to better represent the augmented population, which has surpassed 2.1 million people, according to some estimates.

Houston Police Chief Harold L. Hurtt is pushing to hire 400 additional officers to deal with the city's evacuee-fueled crime wave.

In the meantime, police officers are routinely working overtime shifts to increase patrols on the city's most dangerous streets.

"We've had some out-and-out criminals coming over here" from New Orleans, said Capt. Dale Brown, who heads the Houston Police Department's homicide division. "Most evacuees are clearly law abiding. But there is no getting around the fact that some of these people were committing violent crimes in Louisiana, and they are committing them here."

Homicides involving Katrina evacuees continue to be common. Earlier this month, for example, Rolando Rivas, 64, was plunking quarters into a self-service car wash early in the morning when four young men pulled a pistol on him and demanded his money. He resisted, and was fatally shot. Police later found the murder weapon on a 16-year-old near the same car wash. The gun had been stolen in New Orleans. Three teenage evacuees from New Orleans have been arrested.

This year through Aug. 14, there have been 252 homicides in Houston, including 56 that involved Katrina evacuees. At the same point last year, there had been 194 homicides.

Police officials said they have not seen increases in all crimes, but robberies, assaults, and other violent offenses have gone up since evacuees boosted the city's population.

Many of the neighborhoods where evacuees wound up were already plagued by crime, police said, and the added presence of gangs from New Orleans housing projects, with long-standing beefs against one another, has only worsened tensions.

"It took them a couple of months to figure out the town," Houston police spokesman John Cannon said of the Crescent City gangs. "But once they figured out where their enemies were hanging out, that's when we saw the spikes."

While Houston struggles to assimilate the thousands of evacuees, New Orleans is realizing that it must persuade its people to come back if it has any chance of rebuilding into a major American city.

Many evacuees say they would love to return to New Orleans, but cannot imagine taking their families back to a moldering city where crime is out of control and affordable housing is hard to find.

Trying to challenge that perception, New Orleans Mayor C. Ray Nagin will visit Houston on Tuesday to make a pitch to evacuees that it is safe to come home. He is also visiting other cities around the country with large populations of New Orleans expatriates.

But for a growing number of evacuee families, such pleas come too late: New Orleans is already in their past.

"We were not planning to stay, but there were no facilities for us to go back to in New Orleans. It just wasn't possible," said Nathan Thomas, 59, a former New Orleans art teacher who recently moved into a new house with help from Habitat for Humanity and Oprah Winfrey, who has helped build and furnish 65 homes here. "We have gone back since, and the place is just uninhabitable."

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Thomas has not yet found a job, but his wife, Esther, a former 911 dispatcher, is training for a similar position with the Houston police, and he is optimistic that there are opportunities for him in the nation's fourth-largest city. His three children and 10 grandchildren are all settled in Texas now, as are many of his friends and relatives from the New Orleans East neighborhood.

"Everyone is moving here," said Thomas, who is taking care of his 3-year-old grandson, Jamal. "Even though you do have some housing in New Orleans, the cost has skyrocketed. An apartment that used to cost $520 a month now costs over $1,000."

Louisiana is counting on The Road Home, a $7.5 billion housing aid program for victims of Katrina and Rita, to bring back evacuees. But nearly a year after the storms, not a single dollar has been sent to the more than 100,000 families that applied for the assistance.

The grants include up to $150,000 to help homeowners rebuild. It could be at least another year before the money, which was approved by the federal government only about a month ago, is all disbursed.

"We are going to work hard to give as many people as possible the option to go home," said Michael Byrne, the program's director. "We know we have a lot to overcome — this community was devastated — but we want to win people's faith back."

For some business leaders in Houston, particularly in the southwest neighborhoods where most evacuees live, compassion is giving way to concern that crime is only going to get worse when federal housing assistance ends.

Mandy Kao, who owns more than 1,000 apartment units with her husband, is spending an average of $1,000 to repair apartments after evacuees move out — money that is not refunded by federal subsidies. Their property firm has been sued by evacuee tenants who moved out of apartments without giving notice, then claimed they left Rolex watches and other expensive possessions behind.

But Kao, 37, has not been discouraged and has been credited by grass-roots groups with helping evacuees restart their lives. For example, she is considering starting a child care center in one of her apartment buildings so evacuees, many of them single mothers, could go to work. Unless others step up to help, she said, she worries that the future for southwest Houston will be dire.

"If we drop the ball, and fail to help these people get back on their feet again — I don't even want to think about what might happen," Kao said.

"Unfortunately, things are already deteriorating."

*

(INFOBOX BELOW)

Storm diaspora

Location and number of storm evacuees are ever-changing, and different government sources have different totals. Here, according to the Federal Emergency Management Agency, are the top 10 metropolitan areas for Katrina-Rita relief applicants as of Aug. 10:

Source: FEMA. Graphics reporting by Tom Reinken

Year After Katrina, Few Fully Recovered (USAT)

By Susan Page And William Risser

USA Today, August 21, 2006

WASHINGTON — As the anniversary of Hurricane Katrina approaches next week, a USA TODAY/Gallup Poll of those hit by the storm finds that just 16% say their lives are back to normal.

While most people are still in their homes and back on the job, many report they are struggling with finances, battling with contractors and suffering emotional strain. Among those with children younger than 18, 56% say their kids have been affected in negative ways.

“You take 10 steps forwards and 50 steps backwards,” says Brandi Traylor, 26, of Pass Christian, Miss. She and her husband finally moved from a FEMA trailer back into their house last week.

The massive migration the storm prompted isn't over. About a third of those who have returned to their communities say they may move away. Half of those who haven't moved back say they probably won't.

The survey contacted 602 adults from Louisiana, Mississippi and Alabama who registered with the American Red Cross immediately after the storm. They were among 1,510 adults from the Red Cross database of 470,000 who were called in a similar poll last fall.

The number relocating is “startling,” especially for such previously stable communities, says William Frey, a demographer at the Brookings Institution. “This is going to change the dynamics of that whole area if you have this degree of displacement going on.”

Half of those polled have returned to their communities and plan to stay. One-fifth have returned but say they may move by choice or necessity. One in four haven't returned.

"In the last eight months, I've been in Texas, Georgia, Mississippi and back in Louisiana," says Kentrell Blatcher, 27, a mental health aide in New Orleans when Katrina hit. "I can fix up my house and say, 'Yeah, I'm back in my house,' but I don't think I will ever be able to say, 'This is the city that I left.' "

Sixty-three percent are living in the same home as before the storm. In the survey last fall, 55% were. Sixty percent are in the same job, compared with 61% then.

Rough Start For Effort To Remake Faltering New Orleans Schools (NYT)

By Susan Saulny

The New York Times, August 21, 2006

NEW ORLEANS, Aug. 20 — On Debra Smith's third attempt to enroll her younger sister in a public high school here last week, patience evaporated. For the student, disappointment turned into tears.

Ms. Smith said the school her sister, now a 10th grader, attended before Hurricane Katrina — one of just five the city is still operating — turned her away because of poor grades. Two other options were full.

"Why am I still sitting here begging to get a child into school?" Ms. Smith asked at a registration center teeming with confused and angry parents. Many saw their schools disappear with the storm, replaced by a small but labyrinthine system of state, city and charter-operated schools, each with its own rules, applications and starting dates.

"Why should I think the schools are going to be any better if they can't handle the registration process?" she asked. "Where's the space for these kids?"

For parents throughout the city, the first post-storm back-to-school season is having an inauspicious start. But it is perhaps most chaotic for those relying on a new state effort to rescue dozens of city schools that were a disaster even before Hurricane Katrina. The storm offered one of the worst school districts in the nation an opportunity for rebirth in the Recovery School District, state officials said.

The Recovery District, which was created in 2003, included five schools before the hurricane. But the district really began to take shape when the state took over 107 of the city's worst-performing schools shortly after the storm. The Louisiana Department of Education had already considered the city school district to be in "academic crisis," but after the hurricane, the district neared collapse. The state's goal was to help the schools meet national performance standards and match the state graduation rate, among other things.

"The mission of the R.S.D. is to create a world-class public education system in New Orleans, in which every decision focuses on the best interests of the children," the state's promotional literature said.

Those lofty goals are at risk now because of a late start to planning for the school year. Well into the summer, it was still unclear how many schools would be chartered and how many teachers and classrooms would be needed. In addition, more students returned to New Orleans than state officials had expected.

The state began interviewing and hiring the hundreds of teachers needed for its Recovery schools only about a month ago. It has about 60 percent of the teachers it will need on Sept. 7, when 8,000 students are expected for the first day of school.

Compounding the problem, the district, with 17 schools, has only 10 administrative staff members, and they are not yet working in permanent offices. In addition, the district has said that at least one storm-damaged school building will not be ready before classes begin, and others face the same risk.

"It's going to be a challenging year," said Siona LaFrance, the district's communications director. Ms. LaFrance added, though, that the district had just signed a lease for office space and that it would be hiring more staff members. She said the district hoped to avoid recreating the bloated bureaucracy of the old school district.

Still, the shaky start has deflated some of the optimism many residents had when they heard about the state taking over schools that the city had mismanaged over the years. It is particularly worrisome to those who are depending on the schools.

"That's hurting to your heart when a child says, 'Mama, I want to go to school,' and you can't find one," said Yvonne Thompson, who is raising a 14-year-old granddaughter who needs special-education classes. Standing outside a registration center, Ms. Thompson added, "I don't understand what's going on."

Robin Jarvis, the superintendent of the Recovery District, said no child would be denied a space. But Dr. Jarvis added that officials were grappling with having more students back in the city than had been expected. Nine of the 17 Recovery schools are already at capacity.

"We are operating more schools than people envisioned in the beginning, and there's more manpower needed," she said. "I think people anticipated a slower rate of return."

Some fear that the opportunity to remake New Orleans by rebuilding the faltering core of its public education system is being squandered by a lack of planning. Many residents believe that the absence of a highly functioning educational system and the city's notoriously high crime rate have been intertwined for decades.

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While the state was working on its district, several local and national groups began creating charter schools, a system within a system that has grown to the largest group of charter schools in the nation. This fall, 33 of the schools are scheduled to open, receiving public money but operated by independent groups.

Some charter schools, however, have admissions requirements or the authority to reject students for a variety of reasons, the most common being lack of space. In addition, four of the five city-run schools have selective admission policies, based on academic and other factors. Students who cannot find a spot in a charter or city school will have to turn to the Recovery District, which is obligated to create space.

Out of concern that some charter schools were not accepting the most challenging students — those with physical or learning disabilities — the state added a clause to its contracts in May, Dr. Jarvis said, requiring them to admit a certain percentage of students with disabilities.

"There were some cases where parents said they were having trouble locating schools that would take them," Dr. Jarvis said. "Part of our reasoning was to reduce that and say our expectation is that you will provide for these students."

About 25,000 students are expected to enroll in public education in New Orleans this fall. Before the storm, the city had 65,000 students in more than 100 public schools.

Thousands of public school students who were accepted into charter or city schools have already begun classes. Many openings went smoothly, and parents have lauded the range of choices that was not available before the storm.

But it will be years before it is clear whether those choices lead to higher student achievement and better school performance.

"I think things are looking much, much better than they ever looked," said Tanya Fobbs, a food service worker with two children who will be in public schools this year. Ms. Fobbs applied to charter and traditional schools, and is waiting to hear where her children have been accepted.

Many remain unsure, calling the new landscape fragmented, uncoordinated and uneven in terms of resources. Some charter schools, for instance, have proved to be powerhouses in winning approval for their ideas and galvanizing resources. Others, particularly in poor areas, have had trouble just getting started.

"We've created the most balkanized school system in North America," said Lance Hill, director of the Southern Institute for Education and Research at Tulane University. "The average parent is mystified."

Many reserve their harshest criticism for the Recovery District.

"It seems to me that the whole Recovery thing is hype," said Jerome Smith, the longtime director of a community center in the Tremé neighborhood. "Here you have people, supposedly professionals, who don't have teachers for the schools, and at the same time have not prepared well for this transition. They are going to be excused for their professional shortcomings, but the children will be penalized forever."

Belden Banks said his 17-year-old niece wanted to drop out of the 12th grade last week after having registration problems at Clark High School. She was told she needed to bring a legal guardian, but she does not have one. The teenager has been separated from her displaced parents since the storm, Mr. Banks said.

"They should have made sure kids didn't have any of these problems because they've been through so much already," he said. "Just a few more classes until graduation, and now she's all upset and wants to quit."

He continued: "If they turn kids away, guess where they're going to end up? On the corner. You hear about it when they get killed."

Spike Lee Films The New Orleans Disaster His Way (opinion) (NYT)

By Nicholas Kulish

The New York Times, August 21, 2006

There are two Spike Lees. One is an artist capable of directing exceptional films, the other a public personality who suffers from flare-ups of foot-in-mouth disease and a fondness for conspiracy theories. Both sides of Mr. Lee's personality express themselves in his new HBO documentary about Hurricane Katrina and the destruction of New Orleans, "When the Levees Broke: A Requiem in Four Acts." As a result it is by turns powerful and frustrating.

There are moments of such sheer emotional force in Mr. Lee's film that words cannot adequately describe them.

A drowned 5-year-old girl named Sarena Polk is laid to rest in a little pink casket. Her mother, Kimberly, walks away from the funeral sobbing. Her cries describe the gulf between despair and sadness. What would probably seem crass and exploitative on the television news feels intimate in this film.

Mr. Lee also sets the record straight on the false reports that spun out of the chaos, stories about men raping babies and shooting at helicopters, which portrayed the victims as savages. Those stories, magnified or invented whole cloth, drowned out

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the risks and sacrifices of Louisianans, which far outweighed the instances of criminality and opportunism. And those reports helped harden the views of many against rebuilding the city.

There are several reasons to make a documentary like "When the Levees Broke." One is to create a historical record. A more important goal is to draw attention to the continued misery of the victims and, one would hope, encourage a new rush of aid and assistance for those struggling to rebuild. But Mr. Lee undermines the latter goal whenever his film reduces Katrina to a black problem.

Without quite endorsing them, Mr. Lee presents the utterly unfounded charges that the failed levees were blown up to flood poor black neighborhoods.

The resulting deluge destroyed the homes of black and white residents of New Orleans, including those in better-off neighborhoods like Lakeview. There are enough hard facts and plenty of injustice to go around in the story of the dangerous and woefully insufficient levees and the dismally bungled federal response to the disaster. Mr. Lee does not need to dwell on the most divisive rumors.

"When the Levees Broke" soars when it emphasizes what a terrible human tragedy Katrina was. In one instance, Mr. Lee presents a stark montage of bloated corpses. But he refuses to reduce these people to no more than symbols. A friend of one of the dead men, whose image is by now familiar because it has been used over and over by media outlets, says sadly yet defiantly, "The guy's name was Eddie." Suddenly, simply, the viewer cannot look at the storm's dead the same way again.

WAR NEWS:

Snipers Kill 20 Shi'ite Pilgrims (WT/AP)

By Vijay Joshi

The Washington Times, August 21, 2006

BAGHDAD -- Snipers lurking on buildings and in a cemetery sprayed bullets into Shi'ite Muslim religious processions in the capital yesterday, killing at least 20 persons in another spasm of sectarian bloodletting that many Iraqis fear is pushing them toward civil war.

About 300 people were injured, mostly when they fell while running from gunfire in Sunni Arab-dominated areas along the parade routes. In one neighborhood, gunmen hid behind tombstones at a Sunni cemetery.

"I was walking, and someone got shot in front of me. It wasn't random fire; it was a clear sniper attack," said Mohammed Jassim, 32.

He said he could hear the faint crack of shots over the noise of the procession. "People panicked and started yelling: 'It came from here, no, from there.'"

Women in black Islamic robes helped one another while running for cover. Many took refuge under an overpass, flinching and ducking at the sound of each gunshot.

It was relatively quiet elsewhere in Iraq, with eight killings reported.

The shootings occurred despite heavy security imposed in Baghdad by Iraqi and U.S. forces as well as a weekend driving ban designed to prevent car bombings amid the tit-for-tat violence that Shi'ites and Sunnis have waged since the Feb. 22 bombing of a Shi'ite mosque in Samarra.

Still, the day's main ceremonies went off peacefully at the golden-domed shrine to Imam Moussa Kadhim, one of 12 Shi'ite Muslim saints.

The attacks on pilgrims occurred in three or four neighborhoods at least a mile from the shrine where Kadhim is buried in the Kazimiyah neighborhood of north Baghdad. Shi'ites believe that Kadhim, who died in 799, was poisoned in prison by a Sunni caliph.

Pilgrims wearing white shrouds to symbolize their willingness to die for Islam chanted: "God bless [the prophet] Muhammad and his descendants" as they converged on the mosque.

"We heed your call, oh imam," they proclaimed before entering the compound, beating their chests and flagellating themselves with steel chains in a traditional Shi'ite expression of grief.

Fadhil al-Sharaa, an aide to Shi'ite Prime Minister Nouri al-Maliki, estimated that 1 million people participated in the processions. Other officials put the figure at 200,000 to 300,000.

The Health Ministry and the Interior Ministry both said 20 pilgrims were killed and 304 injured, only a few of the latter by bullets. Police said four militants, including two snipers, were killed by security forces.

The U.S. military confirmed the deaths of five civilians and was checking reports of 20 killed, spokesman Lt. Col. Barry Johnson said.

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Snipers Kill 20 Iraq Shiite Pilgrims (USAT)

USA Today, August 21, 2006

BAGHDAD — Snipers attacked a religious procession by hundreds of thousands of Shiites in Baghdad on Sunday, killing 20 pilgrims and injuring 304. Most of those who were hurt fell while trying to escape.

The attack came a day before Saddam Hussein was to go on trial for genocide in the deaths of tens of thousands of Kurds in 1988.

Gunmen lurking on buildings and in a cemetery in Sunni-dominated areas sprayed bullets into religious processions. In one spot gunmen hid behind tombstones.

Police said four gunmen, including two snipers, were killed by security forces.

The attackers struck as U.S. and Iraqi troops have been trying to boost security in Baghdad, which has been wracked by suicide bombs and shootings.

About 12,000 extra U.S. and Iraqi troops have deployed in recent weeks. Hundreds of people have died this month in terror attacks.

Industry Minister Fowzi Hariri said Iraq would not slide into civil war.

"The vast majority of the people of Iraq are determined to end up in a national unity country and a government that is for the whole of Iraqis," Hariri said on CNN's Late Edition program. He said "certain elements" are trying to destabilize Iraq, "but they will not win."

Violence at religious processions is not unheard of in Iraq. Last year about 1,000 people died during the Imam Kadhim commemoration when rumors of suicide bombers triggered a stampede on a bridge across the Tigris River.

Despite the shootings, Sunday's main ceremonies went off peacefully at the golden-domed shrine to Imam Moussa Kadhim, one of 12 Shiite Muslim saints.

Meanwhile, a new legal chapter opens today for Saddam when he goes on trial for a second time, charged with war crimes for his brutal offensive against the Kurds.

The case against him and six others is tied to the deaths of tens of thousands of people. Kurdish survivors say many villages were razed and countless young men disappeared. They also accuse the army of using prohibited mustard gas and nerve agents.

Carole O'Leary, an American University professor and expert on the Kurds, said the case is "symbolically important" because Saddam and his immediate family members "are most infamous for what they have done over time to the Kurds."

The trial begins as Saddam and seven others await a verdict for their alleged involvement in the killings of more than 148 Shiite Muslims from Dujail in 1982. Saddam could be sentenced to death.

Insurgents Kill 20 In Shiite Pilgrimage Amid Heavy Security (NYT)

By Paul Von Zielbauer

The New York Times, August 21, 2006

BAGHDAD, Iraq, Aug. 20 — Rooftop snipers and mortar fire killed 20 people and wounded 300 others as they walked through religiously mixed neighborhoods in Baghdad on Sunday to commemorate the death of one of Shiite Islam's holiest figures, an Iraqi Health Ministry spokesman said.

American and Iraqi officials had been planning security for the pilgrimage for months, trying to avoid the huge loss of life during the pilgrimage last year, when more than 950 died after rumors of a suicide bomber caused a stampede on a bridge packed with pilgrims.

To control crowds better this year, the government banned vehicle traffic in the capital from Friday evening until 6 a.m. Monday, requiring the crowds of pilgrims to walk from their neighborhoods and beyond to the mosque where the body of Imam Musa al-Kadhim, the seventh imam of Shiite Islam, is entombed. The mosque and neighborhood surrounding it, known as Kadhimiya, are named for the imam. (The word kadhim means self-restraint from anger.)

A spokesman for the Defense Ministry said Sunday that the security plan consisted of four "rings" to defend the mosque and pilgrims streaming toward it. The first perimeter, around the mosque itself, was made up of armed men from the Interior Ministry, which is tightly controlled by Shiites.

A second ring consisted of Defense Ministry and national police officers at checkpoints around the city, the spokesman said. Iraqi Army soldiers cruising city streets in Humvees made up the third layer of security, with American military helicopters and surveillance as the fourth.

But by early Sunday morning, rival groups were exchanging gunfire on Baghdad's streets, officials and residents said, as processions of pilgrims, segregated by sex, ran into apartment blocs and under highway overpasses for cover.

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Sattar Abu Ali, a 42-year-old Shiite who lives in the Slaikh neighborhood in northeast Baghdad, a mostly Sunni area, said gunmen attacked two mosques in the his district at 7 a.m., and later fired into nearby homes.

"I have seen, from inside the yard of my house, gunmen walking and firing randomly," Mr. Ali said. "Also, mortar rounds fell on some houses. In response to that, the people of Slaikh went up to their roofs and started to fire back at the gunmen."

Witness accounts and street-level images broadcast on Iraqi television described how gunmen on rooftops rained sniper fire onto pilgrims in one predominantly Sunni Arab district here. Security officials fired back, officials said.

The American military released a statement late Sunday that seemed to play down the deaths. "Iraqi military and civil leaders provided a comprehensive security plan to ensure there would be no recurrence of violence that marred last year's event," the American statement said. "As a result, there were no major attacks."

Haider Ahmed Muhammad, a 38-year-old government worker and a Shiite from the Mansour neighborhood, said he began a six-hour walk to the Imam Kadhim shrine at 8 a.m., avoiding the mostly Sunni neighborhood where part of last year's stampede took place. Beside squads of Iraqi Army soldiers and police officers armed with AK-47 assault rifles, groups of Shiite volunteers handed out juice, water, cakes and chai tea, Mr. Muhammad said.

"The whole situation was comfortable and calm, compared to last year," he said.

But he said Sunday proved more violent for a group of his friends, who came under mortar attack as they walked through the Bab al-Muadam district in eastern Baghdad, toward the bridge across the Tigris that leads to the holy shrine. As the group approached the Sunni-controlled Slaikh neighborhood, Mr. Muhammad said his friends later told him, armed men fired their weapons in the air as a warning for the Shiite pilgrims to alter their route.

Undeterred, Mr. Muhammad said, the Shiites moved on to the Sunni area. Snipers then began shooting at them, he said.

Abdul-Wahab Hussein, 47, a high-school teacher, said another gunfight broke out in the same district when armed Shiite militiamen escorting pilgrims confronted a group of shopkeepers to demand they close, as a sign of respect. When the shopkeepers refused, the militiamen fired on them, Mr. Hussein said, wounding two people.

The Defense Ministry spokesman said three men were captured after a protracted exchange of gunfire with gunmen who had fired on the procession of pilgrims.

By Sunday evening, most of the attackers had been killed, captured or driven away, officials said.

Gunmen Target Shiite Muslims, Kill 22, Injure Hundreds (LAT)

By Patrick J. Mcdonnell

The Los Angeles Times, August 21, 2006

BAGHDAD, Iraq -- Gunmen took aim at multitudes of Shiite Muslim worshipers marching through this besieged capital Sunday, killing at least 22 and leaving hundreds injured in a vivid illustration of the sectarian violence driving Iraq toward open civil war.

Panicked pilgrims, including women in full-length black robes, scattered in terror as opportunistic gunmen fired from positions on rooftops, inside buildings and on the streets. Security officers and Shiite militiamen returned fire during rolling gun battles along the routes to the worshipers' destination, a major Shiite shrine.

Iraqi television showed images of pilgrims diving for cover behind parked cars and buildings as ambulances ferried off victims. Authorities reported that security forces killed several of the snipers.

Despite the gunplay, U.S. and Iraqi officials argued that a Draconian weekend security clampdown, including a two-day ban of most vehicular traffic in the capital, helped avert a higher death toll as more than 1 million Shiites headed on foot to the shrine. No major attack was reported at the bustling shrine site.

An Interior Ministry official labeled the security dragnet, which also included the posting of thousands of police and troops at the shrine and along its access roads, as "an extraordinary success," given the potential for mass casualties in the incendiary climate of contemporary Iraq.

Last year, almost 1,000 pilgrims were killed during a stampede sparked by fears of a suicide attack that culminated in a human crush on the Aima Bridge over the Tigris River. Many of the victims, including numerous women and children, were forced into the river and drowned.

This year, police closed the Aima Bridge and funneled worshipers to two other spans in a move aimed at dispersing the masses and providing greater protection.

The U.S. military praised the "comprehensive security plan" devised by Iraqi military and civil leaders.

"These acts against innocent civilians are deplorable, but Iraqi security forces did an excellent job in preventing more needless loss of innocent civilian lives," U.S. Army Maj. Gen. James D. Thurman, who leads American forces in Baghdad, said in a statement.

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Officials cited the lack of car bombs and suicide strikes as significant accomplishments during the two-day religious ceremony, which attracted masses of faithful to the gold-domed shrine in the northern Baghdad neighborhood of Kadhimiya. Four mortar strikes were reported in the capital, an official said, but none were fatal.

Authorities set up checkpoints as far as three miles from the shrine and searched everyone entering the holy site for weapons and concealed suicide devices. Foot patrols hunted for clandestine launching pads used to fire mortar rounds and Katyusha rockets, staples of the insurgent arsenal.

Officials said those killed Sunday were shot en route to or from the shrine as they walked through neighborhoods populated mostly by Sunni Muslims, who are fighting the country's Shiite majority in an increasingly bloody internecine struggle. Many worshipers walked for miles, some barefoot, to pay homage to Musa al Kadhim, who died more than 1,200 years ago and is one of the 12 revered imams of the Shiite sect.

Gunmen shot and killed at least seven other pilgrims along a highway Friday, officials said, before the vehicle ban went into effect.

Authorities said 302 people were injured during this year's pilgrimage, including gunshot victims and shrapnel casualties from mortar strikes. It appeared that many were hurt in other ways, such as falling while scrambling from the gunfire.

Baghdad, whose residents long boasted of religious tolerance, is increasingly a city of Sunni and Shiite enclaves. Many have left once-mixed neighborhoods for the relative safety of zones dominated by one or the other sect and patrolled by corresponding militiamen. Others have been forced out or killed.

But many pilgrims headed to the Kadimiyah shrine had no choice but to pass through largely Sunni districts brimming with resentment about the Shiite political domination that followed the U.S.-led ousting in 2003 of Saddam Hussein, a Sunni tribesman who favored his religious brethren.

"I left my house at 10 p.m. because it is much safer and the weather is cooler," said Ali Hassan, 18, a laborer who arrived safely at the shrine in the predawn hours on Sunday. "But this morning we heard some gunshots aimed at the pilgrims, and some were hit."

Hassan, who was uninjured, said he made the pilgrimage in honor of his older brother, Sadeq, who perished in the Tigris during last year's human stampede.

That a day in which almost two dozen people were shot dead could be labeled a security success is a reflection of the unforgiving calculus of today's Iraq, where as many as 100 civilians are killed daily in an vicious sectarian struggle. Extraordinary security measures, such as those imposed this weekend and during last year's elections, have managed to curb the bloodshed only for concentrated periods.

Iraq's large-scale Shiite religious celebrations, banned or otherwise held in check during Saddam's reign, have become vivid symbols of the Shiite ascendancy in recent years. Shiite politicians and religious leaders have made no effort to limit the extravaganzas despite the parlous state of security.

But attacks on Shiite festivities have become so commonplace that authorities have begun to devise elaborate security plans well before the pilgrims hit the streets.

Iraqi Insurgents Kill 20 Pilgrims (WP)

By Amit R. Paley

The Washington Post, August 21, 2006

BAGHDAD, Aug. 20 -- Sunni Arab insurgents armed with rifles and mortars killed 20 pilgrims and wounded 300 others who thronged the capital Sunday for one of Shiite Islam's most important holidays, authorities said.

But in a sign of just how routine the intense sectarian bloodshed in the capital has become, the U.S. military reported "relatively little violence." Prime Minister Nouri al-Maliki touted the "success" of Iraqi security forces "in preventing the terrorists from killing innocents."

The carnage took place despite a weekend ban on car traffic and months of planning by Iraqi security forces to control an estimated million pilgrims who flocked here to commemorate the death of Imam Moussa Kadhim, a revered figured in Shiite Islam. About 1,000 people were killed during the holiday last year when rumors of a suicide bomber triggered a stampede.

The killings also highlighted the growing animosity between Sunni and Shiite Muslims that many fear is causing Iraq to slide into a full-blown civil war.

The largest Sunni bloc in parliament, the Iraqi Islamic Party, denounced the Shiite-led government for announcing the deaths of only Shiite pilgrims. It said Shiite militias had attacked innocent Sunni residents Sunday without interference from the police, killing at least seven people and wounding many more.

"These militias want to extinguish the flame of peace," said Alaa Makki, a leader of the Iraqi Islamic Party. "The militias played a very bad role today."

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Shiites from across Iraq flocked to the Kadhimiyah area of Baghdad over the past three days to prepare for Sunday's holiday. The office of radical Shiite cleric Moqtada al-Sadr estimated that 2 million came Sunday, although the U.S. military put the figure at 1 million.

Pilgrims began marching in religious parades at 3 a.m., thrashing their backs with heavy metal chains to the beat of a drum in an act of ritual penance.

"We wish to be bombed and killed so that we will be in the immortal paradise along with Imam Kadhim and the rest of the prophet's family," said Malik al-Majid, 46, a leader of the parade.

The violence began before dawn when 150 to 200 Sunni insurgents began firing mortars and shooting at pilgrims in the Solaikh and Adamiyah districts of Baghdad, said Brig. Gen. Karim Taha, commander of nearby Iraqi army troops. Snipers also targeted worshipers in the Karkh, Kadhimiyah and Bab al-Muadham areas.

Luai Hussein, a Shiite worshiper, said he was returning at 11 a.m. from ceremonies at the gold-domed shrine where Imam Kadhim is believed to be buried when two rooftop snipers shot and killed his friend.

"Be careful, there are snipers!" he recalled members of the Mahdi Army, Sadr's militia, shouting as they fired guns into the air.

Sunni residents, meanwhile, said they were being attacked by members of Shiite militias who seemed bent on avenging the deaths of the estimated 1,000 pilgrims last year.

Makki, of the Iraqi Islamic Party, said Shiite militias, which he declined to identify, used mortars, Katyusha rockets and rocket-propelled grenades to attack Sunnis. He said the exact death toll was unknown because many Sunnis were afraid to visit Shiite-controlled hospitals.

Ahmed Abu Taha, a Sunni who lives near the city's Silikh district, said armed men wearing black clothes and green cloaks attacked a Sunni mosque with the support of Iraqi police. He said Sunnis begged members of the mainly Shiite Iraqi army for help, but they refused.

"Why is the Iraqi army not protecting the Iraqi people?" he said. The fighting did not stop until 3 p.m. when U.S. forces cordoned off the area, Taha said.

The Iraqi government and the U.S. military on Sunday night offered a positive assessment of the Iraqi security forces.

"These acts against innocent civilians are deplorable, but Iraqi Security Forces did an excellent job in preventing more needless loss of innocent civilian lives," Army Maj. Gen. James D. Thurman, commander of the Multinational Division Baghdad, said in a statement.

Maliki issued a statement condemning the violence, which he said had been carried out by Sunni insurgents and supporters of ousted president Saddam Hussein. But he said far fewer people died Sunday than in last year's stampede.

"The success of the police and army forces in preventing the terrorists from killing the innocents, even though a number of martyrs and injured people did fall, reflects the growing abilities of the Iraqi forces," Maliki said.

Killing Won't Win This War (NYT)

By Terence J. Daly

The New York Times, August 21, 2006

San Francisco

THREE years into the Sunni insurgency in Iraq, everyone from slicksleeved privates fighting for survival in Ramadi to the echelons above reality at the Pentagon still believes that eliminating insurgents will eliminate the insurgency. They are wrong.

There is a difference between killing insurgents and fighting an insurgency. In three years, the Sunni insurgency has grown from nothing into a force that threatens our national objective of establishing and maintaining a free, independent and united Iraq. During that time, we have fought insurgents with airstrikes, artillery, the courage and tactical excellence of our forces, and new technology worth billions of dollars. We are further from our goal than we were when we started.

Counterinsurgency is about gaining control of the population, not killing or detaining enemy fighters. A properly planned counterinsurgency campaign moves the population, by stages, from reluctant acceptance of the counterinsurgent force to, ideally, full support.

American soldiers deride "winning hearts and minds" as the equivalent of sitting around a campfire singing "Kumbaya." But in fact it is a sophisticated, multifaceted, even ruthless struggle to wrest control of a population from cunning and often brutal foes. The counterinsurgent must be ready and able to kill insurgents — lots of them — but as a means, not an end.

Counterinsurgency is work better suited to a police force than a military one. Military forces — by tradition, organization, equipment and training — are best at killing people and breaking things. Police organizations, on the other hand, operate with minimum force. They know their job can't be done from miles away by technology. They are accustomed to face-to-face contact

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with their adversaries, and they know how to draw street-level information and support from the populace. The police don't threaten the governments they work under, because they don't have the firepower to stage coups.

The United States needs a professional police organization specifically for creating and keeping public order in cooperation with American or foreign troops during international peacekeeping operations. It must be able to help the military control indigenous populations in failing states like Haiti or during insurgencies like the one in Falluja.

The force should include light armored cavalry and air cavalry paramilitary patrol units to deal with armed guerillas, as well as linguistically trained and culturally attuned experts for developing and running informants. It should be skilled and professional at screening and debriefing detainees, and at conducting public information and psychological operations. It must be completely transportable by air and accustomed to working effectively with American and local military forces.

Bureaucratic ownership of this force will doubtless be controversial. Because the mission of international peacekeeping entails dealing mostly with civilians, the force would ideally be a civilian organization. But no civilian department is currently structured in a way that seems suitable.

At least initially, the force would most likely fall under the Department of Defense. The establishing legislation should include a fire wall, however, to guard against the tendency of paramilitary units to evolve into pure warriors with berets, boots and bangles.

Crucial to the success of this force is that the American people thoroughly discuss and understand the organization and its mission. Only by having this discussion can we avoid the example of the Phoenix Program in Vietnam, which combined the Vietnamese National Police with American advisers to root the Viet Cong shadow government out of rural villages. The Phoenix Program was highly effective; because it was supposed to be secret, however, the program was not explained to the American people, and it became impossible to refute charges of torture and assassination. Without the support of the American people, the program lost momentum and died.

The legislation establishing the police force should firmly anchor it in respect for human rights. Its mission will be to advance American ideals of justice and freedom under the law, and it must do so by example as well as word. That will be both difficult and critical in a place like Iraq, where it would have to wrest control of the population from insurgents who regard beheading hostages with chain saws as acceptable.

Stringent population control measures like curfews, random searches, mandatory presentation of identity documents, searches of businesses and residences without warrants and preventive detention would be standing operating procedure. For such measures to be acceptable to the public, they must be based on solid legal ground and enforced fairly, transparently and impartially.

The police are used to functioning within legal restraints. Our armed forces, however, are used to obeying only the laws of war and the United States Uniform Code of Military Justice. Soldiers and marines are trained to respond to force with massive force. To expect them to switch overnight to using force only as permitted by a foreign legal code, enforced and reviewed by foreign magistrates and judges, is quite unrealistic. It could also threaten their survival the next time they have to fight a conventional enemy.

Forcing the round peg of our military, which has no equal in speed, firepower, maneuver and shock action, into the square hole of international law enforcement and population control isn't working. We need a peacekeeping force to complement our war-fighters, and we need to start building it now.

A Call To Support Democracy (WP)

By Samir Sumaida'ie

The Washington Post, August 21, 2006

As the debate on Iraq rages on, we hear more and more voices that call for throwing in the towel and leaving the mess to Iraqis to sort out. A new and unexpected proponent of this argument is Thomas Friedman of the New York Times, who said in a recent column that it's time for "Plan B." Only a few months before, he was arguing that it would be time for the United States to pack up and go only "when we don't see Iraqis taking the risk to build a progressive Iraq." Now, under the weight of bad news from Baghdad, he seems ready to abandon those very same brave men and women fighting valiantly to establish peace and justice in Iraq. I am an admirer of Friedman, who is generally thoughtful, well informed and supportive, but in this case he and many like him have gone dangerously off-track.

The controversy over the decision by the United States to remove the Saddam Hussein regime should not prevent an honest assessment of the situation of Iraq today. That the post-Hussein period was not well managed is now widely acknowledged. But we are where we are, and there is a future for all our children to secure. Plan B, advocated by Friedman and others, is to abandon the region to religious fanatics and Baathist terrorists. It is nothing but a declaration of defeat dressed up to look like a vision for the future.

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Our enemies' strategy has never changed: creating mayhem and making Iraq ungovernable, thereby driving the Americans and their allies out, and installing a Saddam Hussein look-alike to "make peace." In pursuing this strategy, they have forged many alliances and changed course and tactics many times.

Just as they kept to their strategy and adapted, we should do the same. In this context, "staying the course" should mean being ready to adapt and learn while also standing firm for democracy and for a new vision for the country and the region. If we abandon our effort, our enemies win by default.

Those in the new government and leaders of civil society in Iraq are putting their lives on the line every day to advance a democratic society. And it is this that our enemies are most afraid of -- not U.S. forces but a real democracy in the Middle East that would showcase human rights, women in politics and the rule of law. And they fear that this "worst-case scenario" could prove to be contagious.

What has made the past three years hugely more difficult and complicated is the fact that we all underestimated the determination of our opponents and some of our neighbors to undermine this new project. In the context of a global confrontation, this has pitched our fledgling democracy onto the front line of a monumental struggle. It is these outside forces, allied with Saddamists, other terrorists and regular criminals, that threaten to overwhelm us.

To argue that American withdrawal from Iraq would create a "huge problem for Iran" is disingenuous. Iran is fairly secure within its borders. Any problems in Iraq will be for Iraqis to suffer. If there is a collapse and a civil war in Iraq, it is Iran's proxies who will do the fighting, and when the dust settles these proxies will most likely end up with the oil-rich southern region of Iraq -- a significant strategic gain for Iran.

There would also be the psychological impact of the perceived defeat for America. That would encourage all the enemies of the United States -- and they are many -- to be bolder and readier to challenge its interests everywhere. A new super-radical, geographically contiguous bloc would be born: Iran, Syria and a radicalized, totalitarian, fragmented Iraq.

As for the argument that the very presence of the foreign forces is a source of tension and that their departure would remove a prime source of violence: It may appear plausible at first glance, but it is in fact without merit. We need to understand precisely who is ready to fight to drive foreign forces out; it is only the Saddamists and the religious extremists (al-Qaeda and the like). If U.S. forces are in fact withdrawn, these people will consider it a victory and go on fighting even harder to achieve control over the country.

Other Iraqis range from those who, while irritated by the foreign forces, would not go so far as to actually fight them to those people who know that there would be big problems for them and the country if those forces were withdrawn prematurely. This majority includes Sunnis as well as Shiites and Kurds.

The question that must be addressed here is what to do now in the face of the combined onslaught of insurgents, terrorists, criminal gangs and sectarian militias. A policy for success should include:

Â· Developing, with the Iraqi government, workable measures for reforming the security forces, and making available the necessary resources to implement them.

Â· Supporting the government of Prime Minister Nouri al-Maliki in its efforts to disarm the militias. What is needed is a detailed multifaceted approach that encompasses political, economic and public information considerations as well as coercive measures.

Â· Applying maximum pressure on regional powers to refrain from undermining security in Iraq and to help stabilize it.

Â· Mobilizing the people to oppose the extremists in their midst. Those who say that Iraqis are at each other's throats and should be left to fight it out are wrong. A minority of sectarian extremists and Saddamists is causing and promoting sectarian violence. These resisters have been successful in intimidating the rest of the population, which abhors them. When they are challenged, as they should be, the great majority of Iraqi men and women will be very supportive.

Â· Taking the initiative from our enemies by acting boldly and aggressively. Our posture should not be defensive. That is a recipe for defeat.

Â· Back here in the United States, where Iraq has become a divisive issue, working out a bipartisan understanding aimed at success; an attitude to win this war for America, Iraq and democracy. This item is for American leaders to achieve; the others are collaborative U.S.-Iraqi endeavors.

Is all this achievable? We know it is. Iraqis are resilient. They thirst for normality and a chance to build a future in freedom and dignity. They are fighting and dying for it every day -- witness the numbers enlisting in the security forces despite horrific losses. Witness the support Iraqi women are providing for the political process, and the potential of their emancipation.

The United States cannot escape responsibility for the current situation in Iraq. Not only would abandoning Iraq to its fate now be irresponsible, it would almost certainly lead to disintegration and dictatorship, with a high risk of a wide regional conflict. It would be catastrophic not just for Iraq but also for the United States and for world peace and stability for decades to come. On the other hand, winning this war would be one of the best gifts the United States could make to the world and to its own people.

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Hostage: The Jill Carroll Story - Part 6 · Reciting Koranic Verses (CSM)

By Jill Carroll And Peter Grier, Staff Writers Of The Christian Science Monitor

The Christian Science Monitor, August 21, 2006

Um Ali - the wife of Abu Ali, my stubble-bearded captor - was my constant companion during the first three weeks of captivity. She was about 25, very pretty with big eyes. Wherever I was moved, she came, too, along with some of her children. At first, I thought she might be an ally or at least sympathetic. She wasn't.

One night - one of the first nights in a new house in Abu Ghraib - Um Ali and I had lain down on the thin mattresses that served as beds by night and seats by day. I had just taken off my head scarf when suddenly a guard rattled the key violently in the lock and burst into the room, flipping on the light.

In a frenzy, using very basic English, he ordered me up. I leapt up, my hands shaking so much I couldn't get my head scarf repinned.

The guard started wrapping a red-and-white-checked kaffiyeh around my mouth and head, violently and tightly. I opened my eyes wide in terror, silently pleading for help to Um Ali, who was standing next to me.

Her gaze returned no sympathy. The guard whispered orders to her in Arabic that I couldn't understand.

"Hurry, hurry, quickly, quickly," the guard hissed angrily in Arabic.

The kaffiyeh was wrapped so hard that the dry fabric was cutting into my mouth.

"They're going to haul me out and shoot me in the head," I thought in panic.

He was so angry. His hatred was obvious from the violence with which he wrapped the kaffiyeh around my head. He didn't know me, but I was an American, a symbol.

Um Ali had my glasses. As they moved me to a chair in the hall, I heard a "click, click." Terrified, I thought it was a gun being cocked.

"If an American soldier comes here you don't speak," he said.

That was the reason for the frenzy! He thought there were soldiers nearby. He then demanded that I recite the Koran.

"I just have to live through this. I just have to live through this," I thought, sitting, head bowed, blind, and breathing with difficulty. I was terrified.

After about 20 minutes it appeared no soldiers were coming. He led me back into the room and barked a command to sleep.

There were no whispered words of comfort or explanation from Um Ali.

In my early days of captivity, at one of the first houses I'd been held, an elderly woman who'd been visiting looked sadly at me and told me that inshallah - "God willing" - I would go home soon.

Then the visitor turned to Um Ali and sighed that my captivity was thuloum, or an injustice.

"This is not thuloum," Um Ali snapped back.

My female companion/jailer/suicide-bomber-wannabe grew more irritated and despondent as the days wore on. Um Ali was stuck with me in a dim little room.

Then one evening she bounded in with a grin. She was delighted by the news reports that thousands of homes in California had been destroyed by forest fires.

"This is justice" wrought by God, she said, "because the soldiers destroy our houses."

. . .

Part of Um Ali's growing hardness toward me came as I tried to let her know that, despite the many hours of reciting the Koran with her, I didn't plan to convert to Islam.

In the beginning I was an eager student, as I saw how much it pleased them whenever I showed an interest in learning. But I soon realized I had made a dangerous mistake.

The more I let my captors teach me, the more they expected me to convert. After a few weeks, the question was always, "Why haven't you come to Islam yet?"

I tried to put the brakes on delicately, afraid of what they might do if they thought I was rejecting Islam. How could I tell them that adopting a new religion and code for living wasn't possible when I was held captive, racked with despair, and in fear daily for my life?

One afternoon, when I was exhausted from listening to Um Ali repeat verses of the Koran over and over so I could memorize them, I said, "I don't understand the Arabic in the Koran, and so I can't understand what it really means."

"We'll bring you an English Koran," said Abu Ali, who had overheard me. "You want this?"

They were always insisting that they didn't want to pressure me into converting, while at the same time asking me why I hadn't converted yet.

"Oh, sure," I said.

Abu Ali whipped out his cellphone, and made a call. "You have a Koran in English?" he said. "Quickly, quickly, bring it."

He sounded almost frantic as he gave the person on the other end of the line directions about where to meet him.

After about 20 minutes he returned, bearing a small, green Koran. Emblazoned in gold on the cover was "Le Qur'an." It was a French translation - not an English one.

Later, I tried telling Um Ali, gently, that I probably wasn't going to convert after all.

She said she would be angry if I didn't convert, given the time she had spent teaching me.

"We are afraid for you and don't want you to go to hell," she said. "We are afraid that we'll see you [on Judgment Day] and you'll say, 'Why didn't you save me?' "

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In the early days, Mary Beth Carroll did Sudoku puzzles or read cards sent by well-wishers before she went to bed. A week and a half after the abduction, Jill's mother decided to attend a Sunday Mass at which Alan Enwiya was going to be memorialized. She had been invited to a Chicago-area Assyrian Christian church by some of his relatives. It turned out to be a cathartic trip.

Mary Beth and her companions arrived at the church on time - but it was almost empty. As the Mass began, it filled up, pew by pew. By the end of the emotional three-hour service it was jammed with parishioners who prayed for Alan and prayed for Jill, as Mary Beth sobbed into her handkerchief. She knew Jill would want her to be there. It made her feel closer to her absent daughter. And it was the first time she'd cried since the whole ordeal began.

The strain was also evident at the Monitor.

While the public support was heartening, Jill's emergence as an iconic figure - a smart, pretty, and idealistic American caught in the maelstrom of Iraq - heightened the pressure in Boston and Baghdad. After all, terrorists behead Western icons.

While the stress was nothing like what the Carrolls faced, Team Jill and the Baghdad Boys (staff writers Scott Peterson and Dan Murphy) felt compelled to exhaustively pursue every lead, no matter how thin. And it was taking a toll. At one point, a worried British security adviser told editors in Boston that Murphy and Peterson "go to bed at 3 a.m. every night, after plotting the next day's strategy, and wake up expecting this will be the day Jill is found. That's unrealistic, and they can't keep this up."

Through most of the time Jill was in captivity, a single 8-by-11-inch color photo of her in a hijab hung near the door of the building that houses the Monitor's Washington bureau. It had been placed there as a backdrop to a press conference by David Cook, D.C. bureau chief and the paper's public face through the crisis.

The avuncular Mr. Cook has three sons not much younger than Jill. He passed that photo, as it grew more dog-eared and tattered, every day.

"You'd come in the door and see her picture and think, 'Have I done everything I could today to help get her out?' "

- P.G.

***

I thought about escape from the beginning and made several elaborate plans. At one of the first places I was held, there was a small window in the bathroom, about six feet up. If I reached up, I could peek out, just a little bit.

I looked out two or three times. Each time, I would do it a little bit longer. I saw a field of tall grass that stretched for about half a kilometer. Behind that was a row of tall palm trees running roughly east, toward Abu Ghraib. I'd overhead them talking about the prison. And the prison meant a bazillion US marines.

But I'd been too brazen. After several days, a guard came in after breakfast and said, "A man told me yesterday you were looking out the bathroom window.

"You know, I have a very dark place under the ground. It's cold, with a very small door," he said, repeating a warning I'd been given my first night in captivity. "There's no light. I have this place."

They hammered a tarp across both the bathroom and bedroom windows. The loss of sunlight was devastating. It may not seem like much, but it was hugely demoralizing.

They watched me all the time. Even when it seemed I was alone, there were men with guns just across the hall. I was moved often. I wasn't sure which direction to run even if I got out. Escape looked impossible. All the things I had imagined about the future - marriage, children - they were just gone. They were just gone, and not going to happen.

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Murphy and Peterson weren't investigators in the law-enforcement sense. They never visited the scene of the kidnapping, as that Baghdad neighborhood was now too dangerous. (Neither did the FBI investigators, who were not allowed to leave the safety of the US-controlled Green Zone without an armed military escort.)

But for almost three months, the two reporters made finding Jill their primary job.

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In a way, they became scholars of kidnapping. Dan created a database and drew diagrams of which groups had claimed responsibility for holding which hostages and when, to look for connections. They strategized with the British security firm, the Iraqi police, and the US Embassy's Hostage Working Group in the Green Zone. They were told aspects of the FBI and US military efforts, but never given the full picture. So, they sifted through cases that might be analogous to Jill's, to see who had been released and who hadn't. They looked for things that people on the outside had done that might have helped.

In one instance, the friends of a kidnapped Australian put up posters in the neighborhood where the crime had occurred, pleading for his safety. Murphy and Peterson decided to take that idea and supersize it. They mapped out a three-stage media plan, starting with advertisements in newspapers, then moving to radio news and television public service announcements (PSAs).

Their theme was "Jill Carroll loves Iraq and loves Iraqis. She needs your help. Please help free Jill Carroll."

Each step built on the previous one. The TV spots - produced with the invaluable help of CNN Baghdad staffers - used the voices of Iraqis themselves ("Oh, she was like a sister to me") with pictures of Jill in her hijab, quotes from Mary Beth, and, in one, 30 seconds of the Sunni politician Adnan al-Dulaimi calling for her release.

And Iraqi television news directors were generous with donated time.

The point was to get people who might know something to come forward with information. But the Monitor Baghdad Boys knew they were walking a thin line. They wanted to keep Jill in Iraqi minds, as a sympathetic character -- making it harder for her captors to kill her. But they didn't want to be too loud or make her too hot a property. That might raise any ransom demand through the roof. Or, worse, it might cause her kidnappers to believe that they needed to get rid of her, fast - and that death was their best option.

- P. G.

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One day, Ink Eyes, my chief captor, arrived for a chat. He sat just outside the doorway, out of my field of vision. I leaned against the wall, knees up, head down. I was afraid to even move.

He started by telling me about Abu Musab al-Zarqawi, the Jordanian who was the leader of Al Qaeda in Iraq. He called Zarqawi his "good friend."

"He's such a good man.... If you met him, you would like him so much," Abu Nour said warmly.

But Zarqawi wasn't the head of the mujahideen any more, Abu Nour told me, he was simply one member of something new: the Mejlis Shura Mujahideen Fil Iraq.

Roughly translated, this was "Mujahideen Shura Council in Iraq."

The Americans were constantly saying that the mujahideen in Iraq were led by foreigners, he said. So, the Iraqi insurgents went to Zarqawi and insisted that an Iraqi be put in charge.

Zarqawi agreed, the story went. An Iraqi named Abdullah Rashid was the new head of the council.

"You don't know who is Abdullah Rashid?" said Ink Eyes.

No, I indicated, I didn't.

"I am Abdullah Rashid!" he said.

I sat there in absolute panic. I couldn't even move. This man was telling me he was friends with Zarqawi - someone who personally beheaded hostages! And this guy was Zarqawi's boss? What did this mean?

But as I saw in coming weeks, Zarqawi remained the insurgents' hero, and the most influential member of their council, whatever Nour/Rashid's position. And it seemed to me, based on snatches of conversations, that two cell leaders under him - Abu Rasha and Abu Ahmed - might also be on the council.

At various times, I heard my captors discussing changes in their plans because of directives from the council and Zarqawi, including one in Arabic I only partially understood: something about how my case should be resolved "without money and without killing."

But that night - with the nature of those who held me spelled out for the first time - I lay on my bed motionless in the dark.

"Come, come pray," I heard Ink Eyes, aka Abu Nour, aka Abdullah Rashid, say in the next room.

Someone else recited the call to prayer. They must all be in there, gathered together.

"Allahu Akbar," the mujahideen said.

I couldn't see them, but I knew the identical motions every Sunni Muslim in the world performs in prayer. Now they were standing shoulder to shoulder, hands raised near their faces, palms out.

The wall was like paper. Only a tissue seemed to stand between their devotions to God and me.

"Allahu Akbar," they said, sighing and quietly grunting as they kneeled on the ground.

"Allahu Akbar," they repeated, as they rose from prostration. "Allahu Akbar, Allahu Akbar," they said, with every movement.

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I listened, afraid to breathe. I had to cough, but I suppressed it. I thought, "If I cough during their prayer, maybe they'll kill me."

I lay on my back, hands clasped across my stomach. Eventually I dozed off.

Next morning, I woke up in the same position.

That's the way I woke up every morning in that house - frozen in the position I'd assumed after crawling into bed. I was too afraid to move, even in my sleep.

Next part: False hopes. Cast of captors

Abu Nour - "Ink Eyes." Leader of Jill Carroll's kidnappers. Said he was Abdullah Rashid al-Baghdadi, leader of the Mujahideen Shura Council in Iraq. The council included Abu Musab al-Zarqawi.

Abu Rasha - Nom de guerre of the No. 2 kidnapper. Boss of Carroll's guards. During her first night of captivity, she was kept at his house in Baghdad. Appeared in first video.

Abu Ahmed - A close lieutenant of Abu Nour and appeared to be a member of the Mujahideen Shura Council in Iraq. An Islamic scholar who had recently read an Arabic translation of a Henry Kissinger biography.

Abu Ali - Nom de guerre of the man in charge of an insurgent cell under Abu Nour. Participated in Carroll's abduction. Has a stubbly beard.

Um Ali - Wife of Ali. Guarded Carroll at all times in the first month of captivity. How to help

Alan Enwiya is one of nearly 100 journalists and media assistants killed in Iraq since March 2003. Alan is survived by his wife, Fairuz, his two children, Martin and Mary Ann, and his parents. They have left Iraq and hope to move to the US where they have relatives.

Jill Carroll's driver, Adnan Abbas, is a witness to Alan's murder. He, his wife, and their four children (including a newborn) have also fled Iraq for their own safety.

Jill Carroll's Captor Claims To Be Insurgency Chief (CSM)

By Dan Murphy

The Christian Science Monitor, August 21, 2006

BAGHDAD

Jill Carroll's captors weren't a run-of-the-mill kidnap-for-ransom criminal group. Nor were they just any band of insurgents. They were close allies of Al Qaeda in Iraq.

Her chief captor claimed that after he abducted Ms. Carroll, he was elevated to the leadership of the Mujahideen Shura Council in Iraq (MSC) - the umbrella council over about half a dozen major Sunni insurgent groups - including Al Qaeda in Iraq. While both Iraqi and US officials agree that her former captor is probably the official head of MSC, they disagree over how much power he wields.

More intriguing, say some experts, is that her experience reveals a strong ideological affinity between Iraqi and foreign insurgents that contradicts news reports of a growing schism between them.

The MSC was a little-known group at the time of Carroll's Jan. 7 kidnapping. But on Jan. 15, the group was formally announced as a front for Iraqi and foreign mujahideen, or holy warriors, in an Internet statement. Abdullah Rashid al- Baghdadi - a pseudonym - was named its emir, or leader. He wore Western business suits

Shortly after that statement, Carroll was approached by her lead captor who used the nom de guerre "Abu Nour," around her. Soft-spoken and stern, he never slept in the same place as his captive. He told her that he was a scholar of Islamic law and hailed from a wealthy Baghdad family. He wore Western business suits and a spicy cologne. He went to some lengths to prevent her from getting a good look at his face, sometimes covering it with a scarf and at other times simply sitting behind her.

Usually reserved, on this day in late January he was excited and happy, almost puffed up with pride, says Carroll. But what he had to say, as he sat just outside a doorway, frightened her: In his halting but effective English, he brought up Abu Musab al-Zarqawi, then leader of Al Qaeda in Iraq.

"He's a very good man, and he's my friend.... If you met him, you would like him so much," Abu Nour said. "But he's not the head of the mujahideen anymore.... We have something new."

He told her that most of the major jihad groups in Iraq had gotten together to form the MSC, a name Carroll had never heard before. (Indeed, the name had been used publicly in Iraq only once before, in a May 2005 propaganda video claiming the kidnapping of Australian contractor Douglas Wood. He was rescued six weeks later.) Abu Nour told her the intent was not to sideline Al Qaeda, but to put Iraqis in the titular lead of the fight against the US presence and the Shiite-led government.

"We decided we need to have an Iraqi face on this," he told Carroll. "The Americans are always saying that foreigners are leading the mujahideen, so people need to see an Iraqi face, and he [Mr. Zarqawi] agreed. So we decided to make Abdullah Rashid the head of this group."

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Then Abu Nour dropped his bombshell. "I am Abdullah Rashid! When the editor of your newspaper finds out you spoke to Abdullah Rashid, he will be very happy."

Senior Iraqi police investigators agree that Abu Nour or Abdullah Rashid al-Baghdadi is the head of the MSC, and that he was once a senior officer in Saddam Hussein's air force. The Iraqi investigators refused to reveal their identities for security reasons.

A senior US military intelligence officer in Iraq says that while Carroll's kidnappers were involved with the MSC, Abdullah Rashid was exaggerating his importance to Carroll, perhaps to confuse investigators. This US officer also says, contradicting Iraqi investigators, that the group is operationally minor. The MSC "are a few guys and a dog and an Internet connection," he says. "Al Qaeda really drives the agenda."

Either way, the evidence indicates that Carroll spent almost three months with some of Al Qaeda's closest Iraqi allies.

The MSC proclaimed its ties to, and admiration for, the leader of Al Qaeda in Iraq, Zarqawi, before and after his killing by US forces in early June. "May God accept you, Abu Musab, and join you with the martyrs and the righteous," reads a June 9 MSC statement signed by Abdullah Rashid.

The group has emerged as the largest disseminator of propaganda for the Sunni Arab insurgency in Iraq. On some days, it posts dozens of Internet releases claiming attacks on US forces, and frequently follows these with videos of exploding US Humvees. New leader of Al Qaeda in Iraq?

After Zarqawi's death, foreign intelligence services and analysts speculated that Abdullah Rashid could emerge as the terror leader's successor. That hasn't happened, which has convinced US intelligence officials in Iraq and outside analysts that the MSC is not the leader of the jihadis that it pretends to be, but is instead a largely subservient Iraqi ally of Al Qaeda.

"My understanding is that the MSC is like a front group," says Evan Kohlmann, an author and expert on Al Qaeda propaganda who closely tracks the MSC's public statements. "I would say that if Abdullah Rashid were really the significant leader the MSC portrays him as, then he probably would have taken over Al Qaeda from Zarqawi. Since he hasn't, that's an indication to me that he's more of a front man."

Indeed, while Abdullah Rashid presented himself as the head of the MSC, it became clear to Carroll over time, both from his comments and those of more junior captors, that he was not in complete control of the situation. References were made to waiting for the Shura Council's decisions on what to do with her.

The Arabic word "shura" implies consultation, but it seemed to Carroll that the final arbiter was Zarqawi. Late in her captivity, Carroll was told that Zarqawi had ordered the MSC not to accept a ransom for her, leaving her junior guards grumbling that that meant they'd be stuck watching her for a long time. He read Kissinger's bio, but his goals mirrored Al Qaeda's

Jill Carroll's senior captors shared much of the worldview and objectives of Al Qaeda.

Abu Ahmed, for example, described himself as a senior planner for the Mujahideen Shura Council in Iraq (MSC). He was a highly educated cleric. During Ms. Carroll's captivity, he told her that he had just finished an Arabic translation of a Henry Kissinger biography and was reading Dale Carnegie's "How to Win Friends and Influence People," also in Arabic. Carroll came to know him while held in his book-filled house west of Fallujah. Abu Ahmed, a nom de guerre, had his own cell under Abu Nour aka Abdullah Rashid al-Baghdadi.

Abu Ahmed and Abu Nour told Carroll of a 20-year plan that would extend far outside Iraq, broken into three phases.

They said that the Americans would have to be driven from Iraq; then an emirate (similar to the United Arab Emirates) would be established in Iraq, but it would be governed under strict Islamic law; then they would destroy Israel and focus on a more global effort. Abu Nour expressed his hatred for existing Arab regimes, which many of the mujahideen see as the principal obstacles to bringing their strict interpretation of Islam to all Muslims.

Last October, the US military released a letter that it claimed was sent by Al Qaeda's chief strategist, the Egyptian Ayman al-Zawahiri, to Abu Musab al-Zarqawi, in which he outlined Al Qaeda's long-term goals. Though some commentators have alleged the letter could be part of a US disinformation campaign, it tracks closely with the plan laid out by Carroll's captors.

In Mr. Zawahiri's letter, he sets out a four-step plan, its only real difference from Abu Ahmed's plan being the timing of the attack on Israel, and specifying that there would be attacks on the US and Arab governments. Zawahiri wrote that it would be tactically best to topple Arab regimes before marching on the Jewish state.

Evan Kohlmann, an expert on Al Qaeda propaganda, says that the political statements of Carroll's captors are interesting because they indicate that some powerful Iraqi Sunni insurgent groups staunchly support Zarqawi's tactics of using suicide bombings, targeting Shiite civilians, and launching terror attacks beyond Iraq's borders.

"It's not just Al Qaeda and it's not just foreign fighters" who support terrorist attacks on civilians, says Mr. Kohlmann. "It's Iraqis, too, who are doing it, and that's a big problem."

US government officials frequently portray Al Qaeda-style terrorist attacks as mostly a foreign import in Iraq, and a number of newspapers have reported that even Iraqi insurgents have turned on those who adopt such tactics.

But Carroll's account and Kohlmann's own research have convinced him that many Iraqi insurgents are backing the most extreme tactics, and he sees little evidence that the operational freedom of such groups has been undermined by Sunni sheikhs such as Osama al-Jadaan, who claimed to have Al Qaeda on the run in Anbar Province.

In February, Mr. Jadaan publicly threatened Carroll's captors with death if she wasn't released unharmed. He was murdered in Baghdad last May. A few days later, the MSC claimed responsibility for his death.

Saddam Faces Genocide Charges Monday (AP-Y)

By Rawya Rageh, Associated Press Writer

AP, August 21, 2006

A new legal chapter opens Monday for Saddam Hussein when the ousted Iraqi leader goes on trial for a second time, charged with genocide and war crimes from his scorched-earth offensive against Kurds nearly two decades ago.

The case against Saddam and six co-defendants is tied to the deaths of tens of thousands of people during the Iraqi army's "Operation Anfal" — Arabic for "spoils of war" — and prosecutors are seeking the death penalty.

The 1987-88 crackdown was aimed at crushing independence-minded Kurdish militias and clearing all Kurds from the northern region along the border with Iran. Saddam accused the Kurds of helping Iran in its war with Iraq.

Kurdish survivors say many villages were razed and countless young men disappeared.

They also accuse the army of using prohibited mustard gas and nerve agents, but the trial does not deal with the most notorious gassing — the March 1988 attack on Halabja that killed an estimated 5,000 Kurds. That incident will be part of a separate investigation by the Iraqi High Tribunal.

The trial begins as Saddam and seven others await a verdict from a trial for their alleged involvement in the killings of more than 148 Shiite Muslims from Dujail as punishment for an assassination attempt on Saddam in the town in 1982.

Critics have decried the first trial's lengthy, sometimes chaotic proceedings.

Human Rights Watch charged Friday that the Iraqi High Tribunal is incapable of fairly and effectively trying Saddam and others on the Anfal charges "in accordance with international standards and current international criminal law."

The New York-based group said the nine-month Dujail trial showed the court's administration to be "chaotic and inadequate," and also complained that the trial relied too heavily on anonymous witnesses. It said the court must "improve its practices if it is to do justice."

The Dujail trial was marred by disorder, with Saddam repeatedly engaging in arguments with the judges and then boycotting the proceedings. Defense teams repeatedly walked out, prompting the appointment of replacements. Three defense lawyers also were assassinated.

A U.S. official close to the tribunal defended its fairness Sunday.

He said that while none of the judges in the Anfal case have practiced international human rights law, the panel has "an adviser experienced in working with international tribunals." The official would not specify the adviser's nationality but said the person is not an American.

Abdullah al-Amiri, a 54-year-old Shiite who was a judge under Saddam's regime for 25 years, heads the five-member panel as chief judge.

The U.S. official, who spoke on condition of anonymity because of the diplomatic sensitivity of the case, said he expected the trial to proceed faster than the Dujail case and added that more security was being provided for defense attorneys.

Saddam's co-defendants include his cousin Ali Hassan al-Majid, who allegedly led Operation Anfal as secretary of the Baath Party's northern bureau. Al-Majid's alleged role in the operation earned him the name "Chemical Ali" for the use of poison gas.

Both Saddam and al-Majid are charged with genocide. They also are charged with war crimes and crimes against humanity, as are the other five defendants.

Also on trial are Sabir al-Douri, former director of military intelligence; Sultan Hashim Ahmad al-Tai, who was head of the Iraqi army's 1st Corps, which executed the Anfal military operation; and Taher Tawfiq al-Ani, then the Mosul governor.

The two other defendants are Hussein Rashid Mohammed, who was deputy director of operations for the Iraqi military, and Farhan Mutlaq Saleh, then head of military intelligence's Eastern regional office.

Iraqi officials and rights groups say the precise death count resulting from Operation Anfal is difficult to determine because of the attacks' scale. Estimates range from around 50,000 to well over 100,000.

Kurdish legislator Mahmoud Othman, who participated in talks then between the Kurds and the former regime, said al-Majid in a way gave an estimate of around 100,000.

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"I was asking them about the whereabouts of 182,000 missing people whom we didn't know if they were alive, dead or detained," Othman told The Associated Press. Al-Majid "got angry and said where did you get these numbers? They're about 100,000."

About 60 to 120 complainants and prosecution witnesses are expected to appear before the court. The judges also will review more than 9,000 documents.

Many Kurds say they expect retribution.

"We have been wishing for this for so long — to see the dictator Saddam Hussein tried for these horrible crimes," said Othman Hajji Mahmoud, interior minister in the Krudish region's provincial government.

The trial will be held at the same heavily guarded courthouse in the Green Zone in Baghdad where the Dujail trial was held.

A verdict in the Dujail trial is expected when that court reconvenes Oct. 16 after an adjournment that began last month.

If Saddam should be convicted and sentenced to death in that case, it is expected that under Iraqi law he would be dropped from the Anfal case, which would continue against the other defendants.

As Trial Nears, Poison Attack Haunts Kurds (NYT)

By Edward Wong

The New York Times, August 21, 2006

SEWSENAN, Iraq, Aug. 18 — When death came to this village, it had a sweet smell, like perfume.

“People wanted to inhale it,” Robitan Hama Amin said.

So went Mr. Amin’s memory of the first encounter between the Kurds of this mountain redoubt and Saddam Hussein’s chemical weapons.

The attack came at dinnertime on March 22, 1988. Mr. Amin had just sat down with his wife and seven children in their home of mud and stone when Iraqi fighter jets began the bombing.

“I was totally blinded, I couldn’t see anything,” Mr. Amin, 80, said on a recent afternoon as he crouched on a dirt hill near the village mosque, dressed in baggy olive pants and a gray turban. “Everybody tried to escape. People vomited. Their skin burned. Some people lost their minds.”

He clenched his fists. “I’d like to put a rope around the neck of Saddam Hussein myself and drag him through all the Kurdish villages,” he said.

Mr. Amin and hundreds of thousands of others who suffered under Mr. Hussein’s northern military campaign of 1988, called Anfal, will have their first taste of retribution on Monday, when Mr. Hussein is to stand trial in Baghdad, accused of trying to annihilate Kurds.

It is the first time Mr. Hussein and six co-defendants will be tried for the large-scale killings that were a hallmark of his rule and that President Bush has cited as justification for the 2003 invasion of Iraq.

Mr. Hussein and a top aide, Ali Hassan al-Majid, known as Chemical Ali, commander of the north at that time, are charged with genocide in their campaign against the Kurds, who make up a fifth of Iraq’s population. Prosecutors say the policy was carried out through mass murder, the razing of villages and the deportation of Kurds from rural to urban areas.

The scope of the Anfal campaign dwarfs that of the first case brought against Mr. Hussein. The first trial, in which Mr. Hussein and seven others are charged with killing 148 men and boys from the Shiite village of Dujail, began last October and is nearly at an end, with a five-judge panel expected to deliver a verdict in two months. In the Anfal case, the defendants are accused of killing at least 50,000 Kurds and destroying 2,000 villages in an eight-stage military campaign from February to September 1988.

Some international observers have raised doubts over the Iraqi tribunal’s ability to handle such a broad case, given its performance during the Dujail trial. Last week, Human Rights Watch issued a statement saying that the judges did not have an adequate understanding of international law, and that the abysmal security conditions in Iraq made a fair trial impossible. Three defense lawyers on the Dujail case have been assassinated.

Furthermore, genocide is an extremely difficult charge to prove, legal experts say. Prosecutors must show that Mr. Hussein and Mr. Majid had command responsibility for the campaign and that they carried out crimes to eliminate their victims because they were Kurds.

The Iraqi military’s use of chemical weapons is expected to figure prominently in the prosecution’s arguments. Twenty to 25 Kurdish villages were hit with chemical weapons in 1988, said Kamaran Sabir, a Kurdish investigator who helped collect evidence for the trial. The weapons included mustard gas and nerve agents and were usually dropped from fighter jets.

Villages around Sewsenan were attacked in the second stage of the Anfal campaign because Kurdish militiamen had fled here after their headquarters had been wiped out in the first phase, Mr. Sabir said. Mr. Hussein was intent on quashing Kurdish

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opposition and cutting off any aid from Iran, just across the mountains. About a half-dozen villages in this area suffered chemical attacks.

Sewsenan was hit hardest, and prosecutors are expected to call witnesses from here to testify.

At the western end of the village is a weed-choked cemetery with the faded tombstones of nearly 70 people killed in the attack. A 1-year-old child is among the dead. So are Halima Qadr and Leera Abid Muhammad, local girls or women. Thirteen graves belong to the family of a man named Mahdi Hadi.

The village never fully recovered. Set on the north side of a broad valley, it once had bountiful fields of tobacco, tomatoes, wheat and barley. Small mounds of rubble now lie scattered among the rebuilt homes. Donkeys and roosters amble along dirt paths. There is no running water. About 70 families live where 300 once thrived.

"I came back here three days after the attack," said Khawar Mahmoud, 55, a native of the village who was living at the time with her husband in the nearby town of Qaradagh. "I saw birds and animals all over the earth. They were swollen. There was a bad stench. There were many dead sparrows."

Ms. Mahmoud said her brother, Ubed Mahmoud Muhammad, a village resident, lost six children and his wife, who was pregnant. "My brother still cries for them," she said, pouring two foreign visitors water outside her home.

The brother's skin was badly burned. Ms. Mahmoud took him by tractor to the regional capital, Sulaimaniya, where he was hospitalized for three months. Doctors had to treat the villagers in secret, for survivors discovered by Iraqi soldiers or intelligence officers were taken away and usually never seen again, Ms. Mahmoud said.

"Thank God he's still alive and managed to remarry and has four children," she said.

Other survivors were not so lucky. Many went insane. One man attacked his sister when she tried to wash the chemicals off his body, Ms. Mahmoud said.

It was hot and dry outside as she spoke, and she invited the visitors into her home for watermelon. Her son, Sadersh, 9, sat down next to her. She pulled off his yellow Spider-Man baseball cap.

"My child is bald," she said, running a hand over his smooth head. "I don't know if it's the effect of the environment or the chemicals."

Ms. Mahmoud's husband had two brothers, both Kurdish militiamen, who were arrested by Iraqi soldiers in the days after the attack and never heard from again.

"If Saddam is given to me, I would eat him," Ms. Mahmoud said. "Saddam is still in prison, and when he goes to court, he still claims he's president of Iraq! When he says that, we start trembling, because we're afraid he'll come back. We beg the Americans not to release him."

In this area, as in much of Kurdistan, there was enough hatred of Mr. Hussein to go around.

A police officer in Qaradagh said the Kurds had been "waiting ages for the trial."

"I don't see any difference between Adolf Hitler and Saddam," the officer, Lt. Ismail Ibrahim Said, 29, said as he sat on the concrete floor of the town's austere police headquarters.

Mr. Said's home village, Derizane, was hit by bombs and artillery shells before the attack on Sewsenan, he said. He and his parents fled into the surrounding caves, then to Iran. His mother died on the journey when a large boulder fell on her while the family was taking shelter from a rainstorm beneath a tarp.

Now, decades later, there is still too little compensation for the families who suffered during Anfal, the officer said. "Nothing has been done for them," he said, referring to the policies of the Kurdish regional government. "They get less than $100 a month."

Mr. Amin, the elderly man in Sewsenan, said he had been fortunate not to lose any of his immediate family. The evening of the attack, he became separated from his four sons when he and his wife fled with their three daughters into the mountains. The family managed to reunite a week later.

They returned to the village after the American military established a no-flight zone over Iraqi Kurdistan in 1991. They found all the houses razed, the crops destroyed. Then came the rebuilding.

Eighteen years after the attack, on this late summer day, flocks of sheep once again grazed along the valley's golden hillsides as herder boys looked on.

But the memories of the villagers are longer than the shadows cast by the tombstones in the waning afternoon light.

"Of course we think about it," Mr. Amin said. "And even when we're in the grave, we'll think about it."

For Kurds, A Long Wait For Justice (WP)

By Sudarsan Raghavan

The Washington Post, August 21, 2006

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DAHUK, Iraq, Aug. 20 -- Mustafa Arab Youssef walked up the grimy, stone steps of the crumbling, sand-colored Nizarkeh fort. As he reached the second floor, his neighbor Haji Mohammed pointed at dark patches on the cracked floor and said, "When I first came in 1988, there were bloodstains here."

Youssef, 35, who wore a gaunt look, a thin beard and oil-stained clothes, nodded in agreement and walked inside a room with a stove, a refrigerator and peeling walls. He gazed up at the ceiling: Thin, black ropes dangled from a long, rusted hook. "Saddam's men used to hang people here to beat them and make them talk," said Youssef, as his 3-year-old son Cihad grabbed his hand.

This room is now Youssef's home, and he has left the ropes hanging from his ceiling as a reminder of what he and other Iraqi Kurds endured during Saddam Hussein's infamous 1988 Anfal campaign, in which poison gas was dropped from the skies and hundreds of thousands of Kurds were killed, tortured, maimed or displaced. Youssef, too, was beaten with clubs at Nizarkeh, leaving his right arm lame and curved.

On Monday, Youssef and his neighbors in Nizarkeh, now home to scores of poor Kurdish families, plan to tune their television sets to watch the Anfal trial of Hussein; Ali Hassan al-Majeed, also known here as "Chemical Ali," who ran the campaign; and six other defendants. The trial is to be held in Baghdad. Both Hussein and Majeed are charged with genocide, while the others are charged with crimes against humanity.

"He destroyed us. Our families and neighbors are all gone. I will be very happy when I see Saddam in that cage," Youssef said, referring to the courtroom box with steel bars where defendants sit.

Across the Kurdish region of northern Iraq, the Anfal trial is raising a flurry of expectations and emotions. In interviews Sunday, survivors said they were living proof of Hussein's atrocities, and, in their minds and hearts, they have already convicted him. Still, the trial, they said, is the biggest development in 18 years to bring the justice that has long eluded them.

"This is a gift from God," said Haji Musa Mohammad, 76, who spent weeks in several concentration camp-like detention centers and lost seven relatives, including a son, during the attacks. "Saddam made us cry for our children. Tomorrow, we're going to laugh."

But the trial, survivors said, is also a painful reminder of the immense, and irreversible, losses they've suffered. A 60-mile drive from Dahuk to the village of Chemanke on Sunday, partly along the road Hussein's army controlled during the attacks, unveiled a Kurdish landscape still reeling from the Anfal campaign.

Shattered villages lie silent, their stone homes left in ruins. Sons grow up without fathers, and widows struggle to provide for their children. Women remain unmarried in the hope their husbands, who disappeared 18 years ago, will miraculously return.

Headaches, coughs, burn marks and other ailments plague those who were exposed to poison gas. Grown men, including peshmerga fighters, cry openly when they speak about Anfal, while children have grown up with nightmares and other psychological problems.

"We're nearing justice, but it's too late," said Rizgar Mohgadeh Basher, 24, whose father was taken away by Hussein's soldiers and never seen again.

Anfal, which in Arabic means "the Spoils," is the name of the eighth sura of the Koran. The eight-stage campaign lasted 6 1/2 months and followed a long history of attacks against the Kurds by Hussein's Baath Party, which viewed the Kurds as a threat to their power.

Human rights groups have estimated that as many as 100,000 Kurds were murdered. Several thousand villages in the Kurdish region were attacked, bombed, or gassed with mustard gas, the nerve agent sarin or other chemical weapons. Residents were rounded up and forced into detention centers, where they were beaten, tortured and sometimes executed.

The trial, the second for Hussein, is expected to hinge on evidence from official documents, survivor testimony and forensic data from unearthed mass graves across Iraq.

In recent days, the New York-based group Human Rights Watch has expressed concern about whether Iraq's tribunal is capable of conducting a trial of this magnitude in a fair manner. The group, in a statement, said it found "serious shortcomings" in the way the tribunal handled the earlier Dujail trial, in which defendants allegedly ordered the murder of villagers following a failed plot to assassinate Hussein.

The group said Iraqi judges and lawyers showed little understanding of international criminal law and that court's administration of the trial was "chaotic and inadequate."

Two U.S. officials close to the tribunal, speaking on condition of anonymity, expressed confidence in the court's ability to carry out the Anfal trial, and said the Iraqi lawyers and judges have received proper training in conducting a genocide trial.

To Amina Khalid Saleem, 54, Hussein is already guilty. She still vividly remembers the morning the chemical bombs pounded her village of Siareh, nestled in the foothills of Gara Mountain.

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"It entered my nose, and I started coughing, and something yellow began to seep from my mouth," said Saleem, a short, strong-voiced woman in a blue skirt and white head scarf. "Everything around me turned yellow, and it became dark. People were fleeing in all directions."

She recalled that she placed a wet rag against her face and escaped into the mountains, where she and her husband took shelter in caves. As she remembered, she broke down in tears. "I still have headaches until now," she said.

Eighteen years later, Saleem still cannot afford to rebuild her house in Siareh, which today resembles a medieval ruin. Her husband died of natural causes, and she lives with relatives. And although she knows Hussein is in jail, she still fears him.

"He attacked village after village with chemical bombs, he destroyed our villages and our field, he killed our men and our children. That's why we're still afraid of him," Saleem said. "They must hang Saddam. This is real justice."

Twenty miles down the road is the village of Chemanke. On one side rises Gara Mountain, where Hussein built a palace after the Anfal campaign. On the other side are rolling green hills and sunflowers swaying in the breeze.

In this idyllic setting, the regional Kurdish government in 2003 built two-story pink-and-beige houses for the residents, the vast majority of whom are still displaced from the Anfal campaign. There are as many as 60 survivors and their families living side by side, all with similar memories of misery.

"We are all trying to forget what happened to us," said Farhad Mohgadeh Basher, 21, Rizgar's brother.

That has been difficult, especially for those who were children then. Farhad Basher said that he still has recurring nightmares of the detention center and not having enough to eat or drink. "I feel like I'm not like the other people because of what happened to us," he said.

Farhad Basher's mother, Khozayja Abdelaziz, 47, is one of many women who were left to head households. In 1988, the village up the road was chemically bombed. She remembers the "burning faces" and clothes that smelled "like apples." The family fled and eventually surrendered to Hussein's troops.

That was the last time she saw her husband, Mohgadeh Basher. Hussein's soldiers separated the men from the women and children, and took the men away. They had five small children. Sometimes, the soldiers tormented her by informing her that her husband had come back and that he was in a nearby room. When she and her children ran to that room, the soldiers burst into laughter, she recalled.

After the Anfal campaign ended, she started to wear only black garments in mourning. She has never worn any other color since, she said. She never remarried in the hope that her husband would one day return. She worked in the fields, managing to feed her children.

It wasn't until after the 2003 U.S.-led invasion that she finally gave up hope. All the jails were opened and thousands of men were freed. Her husband was not among them. And by then, it was too late to remarry.

On Monday, she said, she plans to watch the Anfal trial and imagine ways to take revenge on Hussein.

"The best thing we hope is that they bring Saddam here," Abdelaziz said with a gleam in her brown eyes. "We'll take him and tie him up to our car. Then we'll drag him to village after village so that he can see what he has done to us. Then I want to cut off his ears, his nose, his legs, every part of his body."

Saddam Faces Trial Over Kurdish 'genocide' Campaign (FT)

By Steve Negus

Financial Times, August 21, 2006

Saddam Hussein and six other members of his former regime in Iraq are scheduled to go on trial on Monday on charges related to the 1988 campaign against the Kurds.

The case is the second of a dozen prepared against members of the former Iraqi leader's regime. Mr Hussein and seven co-defendants are awaiting the verdict for the first case related to a crackdown on inhabitants of the Shia village of Dujail in the 1980s.

This new case is considered more complex. While the main charges in the Dujail trial centred on the execution of 148 residents, the New York-based Human Rights Watch concluded that at least 50,000 and possibly up to 100,000 Kurds were murdered in the main period of the campaign – known as Anfal – between February and September 1988.

The campaign took place at the end of the Iran-Iraq war, when Iraqi forces attempted to quell a Kurdish insurgency by depopulating large sections of countryside. They also allegedly carried out the systematic execution of all military-aged males from the targeted areas.

Evidence may include witness testimony and forensic material from mass grave sites, as well as documents that attempt to prove the personal responsibility of Mr Hussein and other senior regime officials including his cousin Ali Hassan al-Majid, nicknamed "Chemical Ali", for allegedly overseeing gas attacks on Kurdish villages.

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However, based on the first trial, Human Rights Watch has argued that the Iraqi special tribunal handling the Anfal case is incapable of fairly and effectively trying a genocide case in accordance with international standards.

The first trial has been plagued by problems. The first judge in the Dujail case stepped down after senior Shia leaders accused him of being too “soft” on Mr Hussein and his fellow defendants who frequently interrupted proceedings with long political speeches. Also, three defence lawyers were assassinated during the procedures.

In a further complication, the tribunal’s statutes require any defendants sentenced to death to be executed within 30 days of their final appeal, leaving open the possibility that Mr Hussein, if found guilty of the Dujail charges, may be hanged while the Anfal trial is still running.

Meanwhile, at least 17 people were killed on Sunday in Baghdad after snipers opened fired on processions of Shia pilgrims heading to the shrine of the Imam Kadhem, an eighth-century religious leader. The main routes to the shrine from Shia suburbs pass close to several heavily Sunni neighbourhoods. Last year, fears that suicide bombers would target the crowds led to a stampede on a bridge over the Tigris in which over 1,000 were drowned.

Stage Set For Second Hussein Trial (WSJ)

By Philip Shishkin

The Wall Street Journal, August 21, 2006

Tribunal Tested as Ex-Iraqi President, Six Others Are Charged With Kurdish Genocide

When a new trial of Saddam Hussein, on charges of genocide against tens of thousands of Kurdish civilians, opens in Baghdad Monday, much attention will focus on the ability of the Iraqi High Tribunal to hold fair and efficient proceedings and to counter the perception of a lack of legitimacy and due process that has marred the court since its inception three years ago.

The case against Mr. Hussein and six of his associates on charges of orchestrating the deaths of 100,000 Kurds in the late 1980s will unfold as much inside the courtroom as in the court of Iraqi public opinion, which has been jarred by the chaos, sectarian violence and anti-U.S. sentiment pervasive in Iraq. For those Iraqis who didn't lose loved ones in the former regime's atrocities, the mounting civilian death toll since the 2003 U.S.-led invasion seems more immediate and relevant than the crimes committed under Mr. Hussein.

It is therefore crucial to show many skeptical Iraqis, particularly among the country's embittered Sunni Muslim minority that is still largely in denial of the former regime's atrocities, that the trial isn't following a script imposed by Washington.

"Right now, the perception trumps the reality," says David Crane, former chief prosecutor of the special war-crimes court in Sierra Leone who has followed the Iraqi tribunal. "If they are going to put Saddam to death, and if that's not perceived as something fair and just, then the execution will be seen as an illegitimate result, and you will turn a megamurderer into a martyr."

Such a perception would be dangerous because it could further polarize Iraq along ethnic and sectarian lines at a time when the country's leaders and the U.S. military are struggling to prevent an outbreak of a civil war and fragmentation.

Iraqi insurgents, driven in part by sympathizers of the former Sunni-dominated regime, are increasingly at war not only with U.S. troops but also with the country's majority Shiites, who are using their militias to target Sunnis. The Kurds have largely sat out this conflict. The chaos elsewhere in Iraq is feeding the already strong separatist sentiment in their autonomous and mostly peaceful northern enclave.

The Kurdish-genocide trial, in which prosecutors will present graphic evidence and testimony of the alleged mass murders, could further strengthen the Kurdish feelings of victimization at the hands of the country's former rulers and thus reinforce their desire for independence.

"For the people of Kurdistan, it was a huge catastrophe committed in cold blood," says Mahmoud Othman, a Kurdish member of the Iraqi Parliament. "It's important to see those criminals on trial."

Having observed nearly a year of proceedings in a different, much smaller, case against Mr. Hussein and his associates, many international legal experts and human-rights advocates have pointed to shortcomings in the tribunal's work. They include the perception of insufficient respect for the rights of the defense, complaints about the handling of documentary evidence, and lack of an effort to explain to the Iraqis the substance and importance of the process.

The verdict in the earlier case is expected in October. In that trial, the former Iraqi president and several co-defendants stand accused of authorizing executions of 148 Shiite civilians from the village of Dujail after an attempt on Mr. Hussein's life in the 1980s. If found guilty, Mr. Hussein, who says he acted within the law at the time and that the victims received proper trials, could be given the death sentence subject to an automatic appeal. It is therefore possible that Mr. Hussein could be executed before the verdict in the Kurdish-genocide trial -- where he also could face the death penalty -- is reached.

During the Dujail trial, Mr. Hussein has used the courtroom pulpit to harangue the U.S. occupation, praise the insurgents and attack the legitimacy of the tribunal and of the current Shiite-led government -- comments that resonate with many ordinary

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Iraqis. The court itself, though, has done little to explain to the public its mandate and the importance of the case, in part because the court's rules stipulate that these issues be addressed in the final judgment.

"There's this ironic contradiction: The tribunal seized upon the idea of transparency and decided to televise the trial gavel to gavel," says Michael Scharf, a law professor at Case Western Reserve University in Ohio who helped train the Iraqi judges. "But what [the Iraqis] won't get to see is what the judges are thinking until the end of the trial."

A U.S. official close to the Iraqi tribunal says there are many lessons learned from the experience of the first trial and the court needs to make more efforts "to explain what's going on" to the Iraqis. The official rejected recent statements by Human Rights Watch, which alleged the court is unable "to conduct a trial of this magnitude fairly" and that "none of the Iraqi judges and lawyers has shown an understanding of international criminal law."

The official said the defendants received a fair trial in the Dujail case and the judges themselves have been trained in international law and will be able to rely on international advisers during the Kurdish-genocide trial. Officials also expect the court to move faster with its proceedings, avoiding the kinds of extended breaks and recesses that dragged out the Dujail case in a protracted television drama.

The genocide trial, which is much larger in scope and complexity than the first case against Mr. Hussein, begins at a time when the security situation in Baghdad is tenuous, and it will severely test the tribunal's resources. Several defense counsel have been assassinated during the Dujail trial, prompting the U.S. to beef up security arrangements for the coming proceedings.

In the eyes of many Iraqis, the involvement of the U.S. in the tribunal's work has tainted the court's independence. Although all its judges and prosecutors are Iraqis, the tribunal was founded in the early days of the U.S.-led occupation with significant U.S. help. "The tribunal has severe legitimacy problems because of the way it was founded," says Miranda Sissons, a senior associate at the International Center for Transitional Justice.

The Kurdish-genocide trial will cover the so-called Anfal campaign, a series of eight separate military operations that included chemical-weapons attacks that killed thousands of Kurdish villagers and displaced many more. Alongside Mr. Hussein, another defendant charged with genocide is Ali Hassan al-Majid, a close associate of Mr. Hussein whose role in the Anfal campaign earned him the nickname "Chemical Ali."

While the trial may restore justice in the eyes of the Kurds, it isn't clear that the proceedings will affect the overall state of civil strife and instability in the country. Both the trials of the Nazi leaders after World War II and the trial of former Serbian President Slobodan Milosevic did little to discredit the defendants in their home countries, says Mr. Scharf of Case Western. "There's this myth that if you have such trials you can discredit former leaders and help [national] reconciliation," he says.

Saddam Faces Genocide Charges Monday (AP)

By Rawya Rageh, Associated Press Writer

AP, August 21, 2006

A new legal chapter opens Monday for Saddam Hussein when the ousted Iraqi leader goes on trial for a second time, charged with genocide and war crimes from his scorched-earth offensive against Kurds nearly two decades ago.

The case against Saddam and six co-defendants is tied to the deaths of tens of thousands of people during the Iraqi army's "Operation Anfal" — Arabic for "spoils of war" — and prosecutors are seeking the death penalty.

The 1987-88 crackdown was aimed at crushing independence-minded Kurdish militias and clearing all Kurds from the northern region along the border with Iran. Saddam accused the Kurds of helping Iran in its war with Iraq.

Kurdish survivors say many villages were razed and countless young men disappeared.

They also accuse the army of using prohibited mustard gas and nerve agents, but the trial does not deal with the most notorious gassing — the March 1988 attack on Halabja that killed an estimated 5,000 Kurds. That incident will be part of a separate investigation by the Iraqi High Tribunal.

The trial begins as Saddam and seven others await a verdict from a trial for their alleged involvement in the killings of more than 148 Shiite Muslims from Dujail as punishment for an assassination attempt on Saddam in the town in 1982.

Critics have decried the first trial's lengthy, sometimes chaotic proceedings.

Human Rights Watch charged Friday that the Iraqi High Tribunal is incapable of fairly and effectively trying Saddam and others on the Anfal charges "in accordance with international standards and current international criminal law."

The New York-based group said the nine-month Dujail trial showed the court's administration to be "chaotic and inadequate," and also complained that the trial relied too heavily on anonymous witnesses. It said the court must "improve its practices if it is to do justice."

The Dujail trial was marred by disorder, with Saddam repeatedly engaging in arguments with the judges and then boycotting the proceedings. Defense teams repeatedly walked out, prompting the appointment of replacements. Three defense lawyers also were assassinated.

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A U.S. official close to the tribunal defended its fairness Sunday.

He said that while none of the judges in the Anfal case have practiced international human rights law, the panel has "an adviser experienced in working with international tribunals." The official would not specify the adviser's nationality but said the person is not an American.

Abdullah al-Amiri, a 54-year-old Shiite who was a judge under Saddam's regime for 25 years, heads the five-member panel as chief judge.

The U.S. official, who spoke on condition of anonymity because of the diplomatic sensitivity of the case, said he expected the trial to proceed faster than the Dujail case and added that more security was being provided for defense attorneys.

Saddam's co-defendants include his cousin Ali Hassan al-Majid, who allegedly led Operation Anfal as secretary of the Baath Party's northern bureau. Al-Majid's alleged role in the operation earned him the name "Chemical Ali" for the use of poison gas.

Both Saddam and al-Majid are charged with genocide. They also are charged with war crimes and crimes against humanity, as are the other five defendants.

Also on trial are Sabir al-Douri, former director of military intelligence; Sultan Hashim Ahmad al-Tai, who was head of the Iraqi army's 1st Corps, which executed the Anfal military operation; and Taher Tawfiq al-Ani, then the Mosul governor.

The two other defendants are Hussein Rashid Mohammed, who was deputy director of operations for the Iraqi military, and Farhan Mutlaq Saleh, then head of military intelligence's Eastern regional office.

Iraqi officials and rights groups say the precise death count resulting from Operation Anfal is difficult to determine because of the attacks' scale. Estimates range from around 50,000 to well over 100,000.

Kurdish legislator Mahmoud Othman, who participated in talks then between the Kurds and the former regime, said al-Majid in a way gave an estimate of around 100,000.

"I was asking them about the whereabouts of 182,000 missing people whom we didn't know if they were alive, dead or detained," Othman told The Associated Press. Al-Majid "got angry and said where did you get these numbers? They're about 100,000."

About 60 to 120 complainants and prosecution witnesses are expected to appear before the court. The judges also will review more than 9,000 documents.

Many Kurds say they expect retribution.

"We have been wishing for this for so long — to see the dictator Saddam Hussein tried for these horrible crimes," said Othman Hajji Mahmoud, interior minister in the Krudish region's provincial government.

The trial will be held at the same heavily guarded courthouse in the Green Zone in Baghdad where the Dujail trial was held.

A verdict in the Dujail trial is expected when that court reconvenes Oct. 16 after an adjournment that began last month.

If Saddam should be convicted and sentenced to death in that case, it is expected that under Iraqi law he would be dropped from the Anfal case, which would continue against the other defendants.

71 Taliban Militants Killed In Fight (USAT)

USA Today, August 21, 2006

Afghan police, backed by NATO aircraft and artillery, killed 71 suspected Taliban militants who attacked a police convoy in the Panjwayi district of Kandahar province, District Chief Niaz Mohammad Sarhadi said Sunday. A NATO statement said its forces had no casualties. In neighboring Helmand province, a clash Sunday left one British soldier dead and three wounded, Britain's Defense Ministry said. On Saturday, three U.S. soldiers were killed during a clash in eastern Kunar province, Army Col. Tom Collins said. NATO said a U.S. soldier was killed in southern Uruzgan province.

The southern provinces are bearing the brunt of the worst violence since U.S.-led forces toppled the hard-line Taliban regime in late 2001. Extremists have stepped up attacks in an effort to undermine the U.S.-backed government of President Hamid Karzai.

Pakistan says airline terror plot linked to al-Qaeda

The alleged plot in Britain to blow up USA-bound airliners over the Atlantic was hatched by al-Qaeda in Afghanistan, Pakistan Foreign Ministry spokeswoman Tasnim Aslam said. She would not identify the alleged mastermind but said he is a senior al-Qaeda leader based in Afghanistan.

It was not known whether the information came from Rashid Rauf, a Briton of Pakistani descent who was arrested in the eastern Pakistani town of Bahawalpur a few days before the alleged plot was disclosed Aug. 10 by British officials. Pakistani Interior Minister Aftab Khan Sherpao said authorities are still interrogating Rauf.

Britain has arrested 23 people in the alleged plan, including a brother of Rauf.

Tight governor's race inMexico's Chiapas state

Voters in remote Indian villages and coastal towns of Chiapas state chose a governor Sunday. It was the latest political battleground for the leftist party that is disputing the results of last month's presidential election.

Preliminary results showed a tight race between leftist candidate Juan Sabines of the Democratic Revolution Party and Jose Antonio Aguilar Bodegas of the Institutional Revolutionary Party. With 52% of polling places counted, election authorities said Aguilar had about 49.8% of ballots counted, compared with 47.8% for Sabines.

More illegal immigrants feared drowned off Italy

At least 10 immigrants trying to enter Italy illegally were feared dead and an additional 20 were missing when a rubber boat overturned off Sicily. The port captain's office in Lampedusa said 10 survivors were transferred to a coast guard ship. It was the second such disaster in the area in two days. A boat packed with as many as 120 illegal immigrants sank Saturday off Sicily. Rescue ships saved 70 and recovered 10 bodies. Five boats carrying a total of 125 immigrants from northern Africa entered Italian waters Sunday. Four were intercepted; one made it to shore.

Dozens Of Taliban Die In Attack On NATO And Afghan Soldiers (NYT)

By Abdul Waheed Wafa

The New York Times, August 21, 2006

KABUL, Afghanistan, Aug. 20 — Heavy fighting broke out in southern Afghanistan over the weekend when Taliban insurgents attacked in force and fought for hours against Afghan and NATO troops, officials said Sunday.

Dozens of Taliban fighters were reported killed in the fighting, which included artillery fire and airstrikes, military officials said. Five members of the Afghan security forces were killed, they said.

The fighting was in the Panjwai district west of Kandahar, the main city of southern Afghanistan and the former spiritual capital of the Taliban. The firefight began Saturday afternoon when Taliban fighters attacked the local district office while Afghans were celebrating Independence Day, and it raged until early Sunday morning, said Maj. Quentin Innis, a spokesman for the NATO force in Kandahar.

“Panjwai is strategic territory for the Taliban because it impacts on Highway 1,” he said, describing Afghanistan’s main ring road, which connects Kandahar to Herat, a western city. “The Taliban are continually trying to control that highway.”

Four Afghan police officers and one Afghan soldier were killed in the fighting, and four police officers and three soldiers were wounded, said a Defense Ministry statement, which put the total Taliban death toll at 60.

Afghan soldiers found the bodies of 35 Taliban fighters on the ground and had intelligence that the Taliban survivors had removed more than 25 additional bodies, Maj. Gen. Rahmatullah Raufi, the Afghan corps commander of Kandahar, said by telephone. “This was a successful operation,” he said.

A local official, who asked not to be identified because he was not authorized to speak to the news media, said district officials and a local representative of the Red Cross had gathered 34 bodies of Taliban fighters and had given them to village elders to return to relatives or to bury. He said villagers had told him that Taliban fighters had taken an additional 45 bodies to neighboring villages — 20 to Pashmul and 25 to Sperwan.

Most of the fighting took place on the main shopping street of the Panjwai district center, Major Innis said. “It was an attempt by the Taliban to overwhelm that district center,” he said.

The fighting occurred after four American soldiers were killed Saturday in two clashes with Taliban fighters in Kunar Province in the east, and in Oruzgan in the south.

The British Defense Ministry said Sunday that a British soldier had been killed and three wounded in fighting in Helmand Province, Agence France-Presse reported.

Around 90 Killed In Bloody Afghan Weekend (AFP-Y)

By Nasrat Shoaib

AFP, August 21, 2006

Nearly 90 people died in clashes in Afghanistan at the weekend, including more than 70 Taliban rebels killed in a battle in the south and four US soldiers and a British troop.

Most of the violence was in the south on Saturday where a NATO-led force took command three weeks ago in the alliance's toughest military operation yet. In the deadliest clash, scores of rebels attacked the town of Panjwayi in Kandahar province late Saturday, sparking a five-hour series of battles involving Afghan and NATO soldiers, who called in air and artillery support, officials said Sunday.

The Taliban stormed the town, 35 kilometres (20 miles) west of the main southern city of Kandahar, from three directions and began fighting with local police.

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Reinforcements from the Afghan army and police and NATO's International Security Assistance Force surrounded the area and returned the attack, a police official said.

"We have 35 Taliban bodies in Panjwayi town and 11 out of the town," district governor Niaz Mohammad Sarhadi told AFP. Another 25 bodies were found in nearby Sperwan village, he said.

The defence ministry said it could confirm only 60 bodies had been found in Panjwayi town and Sperwan. An Afghan soldier and four policemen were also killed, the security forces said.

The area is the birthplace of the Taliban movement that was ousted from government nearly five years ago and has been joined by Al-Qaeda in a growing insurgency marked by suicide and roadside bombings.

Panjwayi has seen major clashes that have left scores of people dead this year, with security officials saying they are determined to root out rebel operatives there.

A suicide bomb in the town's bazaar on August 3 killed 21 civilians in one of the bloodiest such attacks in the insurgency.

Afghan officials also announced Sunday that six policemen and four Taliban rebels were killed when militants attacked a border police patrol in the western province of Nimroz Saturday.

The US-led coalition that helped to topple the Taliban in late 2001 announced on Saturday that four of its soldiers were killed in other clashes that day.

In one a bomb struck a unit of the US-led coalition force in hostile Pech district of the eastern province of Kunar. The rebels then opened fire with small arms and artillery.

Three US soldiers were killed and three wounded, coalition spokesman Colonel Thomas Collins told AFP.

In Uruzgan in the south, a US soldier training the national army and an Afghan soldier were killed in heavy fighting Saturday with up to 150 insurgents. Three other US soldiers were wounded.

And on Sunday a British soldier with ISAF was killed and three wounded when their patrol was engaged in a firefight in Helmand province, where the bulk of a British deployment of 4,750 troops is based.

ISAF, which has 21,000 troops from 37 nations, took command of the southern provinces from the coalition on July 31. Since then 14 of its soldiers have been killed, 10 of them in hostile action.

The coalition said the weekend attacks were "localised" and not part of a coordinated Taliban operation.

"It is not like they are mounting an offensive that is sweeping through the south," spokesman Major Thomas Collins told reporters in Kabul.

"There are these very local attacks that give the impression of an offensive but we don't see any command and control at the upper echelons of the Taliban that suggest there is some kind of campaign to take over certain areas."

NATO's 21st-century Task: Going From 'Europe' To 'Global' (CSM)

By Howard Lafranchi

The Christian Science Monitor, August 21, 2006

BRUSSELS

Ever since the breakup of the Soviet Union, NATO has been working to transform itself from a cold-war, Europe-focused bulwark against a communist threat to a military and political alliance relevant to the world of the 21st century.

The answer has been for an expanded NATO - now including some of the very Eastern European nations that were formerly considered the enemy - to broaden its sense of defense and to take on out-of-area challenges that are seen as crucial to global security broadly and the West's well-being specifically.

Perhaps most notably so far, that has meant an expanding role for the alliance in Afghanistan - NATO's first assignment outside Europe. There, the United States has increasingly turned over operations supporting the government of President Hamid Karzai to NATO command.

The fact that the transatlantic alliance has gone in less than a decade from doubts about its purpose to requests for its participation in even the most intractable international disputes - from the Darfur region of Sudan to the recent Mideast war - suggests the pact's transition is considered a success.

"It's no longer 'What's its purpose?' when the topic turns to NATO, but rather 'How can we best use it?' " says NATO spokesman James Apathurai. "That's a big transition."

But officials say the transition from "Europe" to "global" is still incomplete, with major challenges remaining in areas ranging from capacity for intervention to efficiency and member financial commitments.

Some observers worry that demands on NATO are surpassing its abilities and jeopardizing its transition process. The Afghanistan assignment, which involves 16,000 NATO-led soldiers now and a projected 25,000 by the end of the year, has the leadership of some member countries holding their breath, as NATO forces face increasing attacks and an entrenched enemy.

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But officials here say the growing violence was to be expected as units moved into more of the country beyond the capital of Kabul. And they say that assignments like Afghanistan and even Iraq, where NATO operates a training center for security forces, are preparing the alliance for the 21st-century functions envisioned in its transition.

"Yes, it's a hot summer in Afghanistan," says US Ambassador to NATO Victoria Nuland. "But it's also a very important summer for stabilizing the country." Explaining the intensifying heat that NATO forces are facing there as a result of their penetration into more sectors of the country, she adds, "There's more permanent pressure in more of the country ... and neither the Taliban nor the narco-traffickers are happy about it."

Ambassador Nuland says NATO has come a long way since its Balkans intervention in the mid-1990s, including reforms that streamlined military operations. "We've gotten a lot more flexible - but there's still a lot of work to do in that regard," she says.

For example, she notes that during NATO's bombing campaign against Serbia designed to stop Serbia's ethnic-cleansing operations, each target had to be approved by NATO's highest decision-making structure, the North Atlantic Council. Now in Afghanistan, operations are more in the hands of a country mission command.

As fraught with dangers as it may be, NATO's role in Afghanistan is still putting the alliance on the world stage.

"The international community recognizes that NATO has unique assets among international institutions," says Mr. Apathurai. "It's still the best organizer of large multinational military operations. In terms of robust peacekeeping," he adds, "it's still the only game in town."

This fall, the alliance is also planning for a summit to be held in Riga, Latvia. NATO officials hope the summit, in November, will inaugurate a fully operational NATO Reaction Force. It's also expected to push ahead with plans to endow the alliance with "strategic lift" - the means of getting rapid-reaction forces where they need to be. The US is proposing that a consortium of NATO countries purchase eight C-17 transport planes.

But such an expensive proposition raises the touchy topic of spending - and the concerns of NATO Secretary General Jaap de Hoop Scheffer and some members, such as the US, that many NATO countries simply aren't spending enough on defense.

"Low European defense budgets are a brake on our transformation," says Apathurai. Germany, under Chancellor Angela Merkel, is one country that has expressed a desire to spend more on defense. That willingness, however, is being held back by slow economic growth.

This year's summit will take up an expansion of cooperation to "global partners," including Japan and Australia, but it is also expected to mark a pause in the 26-country alliance's expansion.

Mr. De Hoop Scheffer has spoken of the summit offering an encouraging "signal" on membership to several countries including Albania and Macedonia, and a less direct signal to Georgia and Ukraine - countries whose potential membership worries Russia.

"Maybe the bumper sticker for this year's summit is, 'Building a NATO that has global partners and a wider reach,' " says Apathurai.

Yet NATO officials acknowledge an in-house resistance to an alliance that is too broad in its membership and aims. France expresses concerns about a "weakened core," while others fret NATO could become a "mini UN" - with all the inefficiencies and lethargies that comparison entails.

Still, in an era of growing pessimism about the utility of international institutions, NATO has won respect among the doubters. "NATO is one of the few international institutions that has proved its relevance and not fallen into the traps of bureaucracy and grandstanding," says Joshua Muravchik, an analyst of international institutions at the American Enterprise Institute in Washington.

The Bush administration has tended to favor ad hoc efforts or "coalitions of the willing" to spearhead its international efforts - whether in Iraq or in "soft" diplomatic initiatives such as on global warming.

But it has also bucked that trend with its growing reliance on NATO - as in Afghanistan. How NATO stacks up against the growing expectations of its capabilities will be tested over coming months as its engagements grow outside its traditional European arena.

CORPORATE SCANDALS:

SEC Enforcement Activity Lags (USAT)

By Greg Farrell

USA Today, August 21, 2006

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The Securities and Exchange Commission, which has lost several hundred staff positions as a result of budget constraints this year, is struggling to keep up the level of enforcement activity that it attained after accounting frauds were exposed at Enron and WorldCom several years ago.

Through July, or 10 months into the SEC's 2006 fiscal year, the agency had filed 492 enforcement actions, says spokesman John Nester.

At the current rate, the SEC would end up filing about 590 cases for the current fiscal year, a slight drop from the 630 cases filed from Oct. 1, 2004, through Sept. 30, 2005.

But former SEC lawyers, as well as Nester, caution that the final months of the SEC's fiscal year usually generate a flurry of enforcement activity. Thus, the results for fiscal 2006, the first full year under commission Chairman Christopher Cox, could top the 630 cases filed last year.

Still, even if the SEC tops the record number of enforcement actions brought after the bankruptcies of Enron and WorldCom (679 in fiscal 2003), this year's number could be deceiving. The reason: the SEC's new focus on yanking delinquent filers from the public markets.

Beginning in fiscal 2005, the SEC became more aggressive about deregistering companies that had become delinquent in making their required quarterly filings with the regulatory agency. That year, the SEC filed 33 such actions, effectively removing dormant or defunct businesses from the roster of publicly traded companies.

While such actions are important, and are intended to prevent bad actors from using shell companies to deceive investors, they require less work than a thorough investigation of accounting fraud, says Stephen Crimmins, a former SEC attorney now at Bingham McCutcheon.

Without those 33 filings, on an apples-to-apples comparison, the SEC's total enforcement actions for 2005 would have been 597, a sharp drop from the 679 actions filed in 2004, when delinquent filing sanctions by the SEC were negligible.

So far this year, the SEC says it has brought 53 actions against delinquent filers. So traditional enforcement actions could end up being fewer for fiscal 2006 than in any year since 2001.

But Barbara Roper, director of investor protection for the Consumer Federation of America, cautions against reading too much into a drop in the number of enforcement actions at the SEC.

“The challenge of this kind of analysis is that the number of enforcement cases is not an absolute,” she says. “If Wall Street has learned anything from the events of the past few years, you would expect a drop in the incidents of crimes leading to enforcement cases.”

Still, Roper says, she remains disappointed at the funding levels awarded to the SEC by Congress. For the past year, the agency has been unable to fill all the vacancies created by departures.

According to Nester, the SEC spokesman, the agency employed about 4,000 people as of October. That number could sink to 3,700 by the close of this fiscal year at the end of next month. Going forward, Nester says SEC Chairman Cox is committed to maintaining the agency's staff size.

CRIMINAL LAW:

Ramsey Case Suspect Is Back On U.S. Soil (LAT)

By Stuart Silverstein And Joel Rubin, Times Staff Writers

The Los Angeles Times, August 21, 2006

John Mark Karr lands at LAX and is taken into custody. He faces extradition to Colorado.

John Mark Karr, the suspect in the slaying of 6-year-old JonBenet Ramsey, arrived in Los Angeles on Sunday night aboard a Thai Airways International flight from Bangkok.

Federal immigration officials processed Karr shortly after he arrived at Los Angeles International Airport. He was taken into police custody on a Colorado warrant, informed of the charges against him and taken by helicopter to the Twin Towers Jail in downtown Los Angeles, officials said.

Karr will be held in isolation at the jail to protect him from other inmates, according to sheriff's spokesman Deputy Rick Pena. "Accused child molesters are targets for some of the other criminals in there," he said.

Colorado authorities said Karr had to be arrested in California and go through an extradition process, rather than simply being put on a connecting flight to Boulder, because of rules that regulate the transfer of accused criminals from one state to another. Los Angeles court officials said Sunday night that an extradition hearing had not yet been scheduled.

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Carolyn French, a spokeswoman for the Boulder County district attorney's office, said that if Karr agreed to the extradition, he could be flown to Colorado as soon as a day after the hearing. But if he contests it, she said, he could remain in Los Angeles up to 30 days.

Karr is expected to face charges in Colorado of firstdegree murder, kidnapping and child sexual assault in connection with the 1996 killing of JonBenet.

A passenger who sat near Karr during the long flight said the suspect seemed to enjoy a friendly rapport with law enforcement agents.

"They always had smiles on their faces — except when they were protecting him in the bathroom," said Dan Shiff of Montreal.

Karr shied away from the throngs of cameras that crowded around him in Bangkok, but spent about 30 minutes "primping" before the plane landed in Los Angeles, Shiff said.

Despite the overwhelming media coverage of Karr's moves over the last few days, some aboard the flight were unaware of his presence.

"I didn't know what was going on," said University of Southern California student Lalida Mangkornkanok, 21.

"We weren't informed that he was on the flight…. I'm glad nothing happened."

Five days after he was taken into custody by authorities in Bangkok, Karr, 41, was led out of the Thai city's downtown immigration detention center at 3 p.m. on Sunday. Surrounded closely by a cadre of about a dozen uniformed police officials, Karr was not handcuffed but was ushered quickly to a white van.

Karr, wearing black pants, a maroon, short-sleeved shirt and a black tie, remained expressionless as he walked through a media throng.

A frantic motorcade of several taxis and cars chased the van through Bangkok's traffic-choked streets and onto its express toll road for the 20-minute drive to Don Muang International Airport. As the van pulled up to the curb at Terminal 1 beneath a Thai Airways sign, a crush of television cameramen and photographers descended.

A melee ensued as a phalanx of immigration police officers formed a tight ring to secure Karr. With the escorts pushing violently against the aggressive horde of journalists, travelers looked on as the spectacle snaked its way through the terminal.

Again, Karr stayed silent, looking ahead blankly.

Meanwhile on Sunday, Dr. Thep Vechavisit, a prominent Thai plastic surgeon who specializes in sex-change operations, breast enhancement procedures and other cosmetic plastic surgeries, acknowledged that Karr "was one of my patients," the Associated Press reported.

Vechavisit declined to elaborate, but a staffer at the clinic, who asked for anonymity because she was not authorized to talk to the media, said Karr had consulted the doctor about a sex-change operation.

*

Silverstein reported from Los Angeles and Rubin from Bangkok. Times staff writer Evelyn Larrubia in Los Angeles contributed to this report.

Suspect In Ramsey Killing Returns To U.S. (NYT)

By Ralph Blumenthal

The New York Times, August 21, 2006

BOULDER, Colo., Aug. 20 — John M. Karr wined and dined his way across the Pacific Ocean in custody on Sunday, fellow travelers on his Thai Airways flight reported, ultimately bound for Colorado to face charges in the 1996 murder of 6-year-old JonBenet Ramsey.

The plane arrived in Los Angeles about 9:30 p.m. Pacific time Sunday. Carolyn French, a spokeswoman for the Boulder County district attorney, said , Mr. Karr, a 41-year-old schoolteacher, would be arrested by the California authorities on a sealed warrant from Boulder and held for an extradition hearing, which he could waive. He was not expected to be brought to Boulder for several days, Ms. French said.

An Associated Press reporter on the flight wrote that Mr. Karr chatted amiably with other passengers at the gate in Bangkok, and that once on the plane, seated at a window in business class with three federal and Boulder County escorts, he sipped champagne and drank beer and chardonnay with a meal of fried prawns, amid some speculation that investigators might have been trying to get him to open up.

Mr. Karr's arrest last Wednesday was initially proclaimed by some to be the long-sought breakthrough in a gruesome mystery. But in the ensuing days, his arrest and public confession to being with JonBenet at the time of her death have proved less than definitive amid persistent questions about the strength of the case.

Mobbed by reporters and photographers in Bangkok last week, Mr. Karr said, “I was with JonBenet when she died,” and he called her death “an accident.” But a federal official, who was briefed by investigators and would not be quoted by name because he was not authorized to discuss the case, said Mr. Karr seemed to possess little information about the crime that was not already in the voluminous public record.

Mr. Karr has yet to be connected to the killing by DNA tests or to the most intriguing clue in the case, a rambling, handwritten ransom note found in the Ramsey house before JonBenet’s beaten and strangled body was discovered in the basement on Dec. 26, 1996.

The ransom note to JonBenet’s father, John Ramsey, demanding $118,000, the amount of a bonus he had received, was ostensibly written on behalf of “a group of individuals that represent a small foreign faction.” It was signed “S.B.T.C.,” which has now been widely reported to resemble an entry Mr. Karr wrote in a classmate’s yearbook more than 10 years before the murder: “I shall be the conqueror.”

But Darnay Hoffman, a New York lawyer who represented a writer the Ramseys once called a suspect, released a letter he wrote on Friday to Mary Lacy, the Boulder County district attorney, that said, “You may be the victim of a hoax.” The letter cited reports by handwriting experts in 2001 concluding that JonBenet’s mother, Patsy, who died of cancer in June, had written the ransom note. But that conclusion was disputed by other experts at the time.

In the latest disclosure, Thai police officers who searched Mr. Karr’s apartment found records showing that he had made calls to Pratunam Polyclinic, one of Southeast Asia’s leading cosmetic surgery and sex-change clinics. Dr. Thep Vechwijit, reached by telephone at the clinic, cited privacy constraints but did not deny having had dealings with Mr. Karr. “I cannot be telling any details about my patients,” he said.

With the district attorney’s office accused of mishandling the investigation from the beginning, Ms. Lacy, who took over in 2001, has steadfastly refused to discuss what evidence prompted Mr. Karr’s arrest.

But a University of Colorado journalism professor, Michael Tracey, who has made three documentaries about the killing and exchanged e-mail messages for four years with someone who turned out to be Mr. Karr, said he had turned his information over to the district attorney when one message seemed to betray troubling details of the killing.

More about the unusual e-mail correspondence, samples of which were leaked to The Rocky Mountain News on Friday, emerged in statements from a sports columnist for the Boulder newspaper, The Daily Camera, who said he met Mr. Karr in Paris in June 2002 and put him in touch with Professor Tracey.

The columnist, Mike Sandrock, who covers running, said he had met Mr. Karr, whom he knew only as John, at the Shakespeare & Company bookshop in Paris. Mr. Sandrock said that when Mr. Karr heard he was from Boulder, he peppered him with questions about the Ramsey case. “He said, ‘Who do you think did the killing?’ ” Mr. Sandrock recalled. “And when I said, ‘Some think the parents, but others say an intruder,’ he kind of had a little smile.”

Mr. Sandrock said Mr. Karr seemed to have a good knowledge of Boulder. Whether that stemmed from having been there or having studied the Ramsey case, Mr. Sandrock said he did not know. But he said, “I did not get the impression he was fishing for facts; he had a lot of facts I didn’t have.”

Mr. Sandrock said that he gave Mr. Karr his e-mail address and that when he returned to Boulder he found messages waiting from him. He then put Mr. Karr in touch with Professor Tracey, and the two began the four-year e-mail exchange in which Mr. Karr guarded his identity.

Ollie Gray, a private investigator who worked for the Ramsey family, said he was in “wait-and-see mode.” “They made the arrest,” he said outside his home in Colorado Springs, “now they have to tie up loose ends.”

Mr. Gray, a former police officer who began working for the Ramseys in August 1999, said he had seen some of the e-mail messages sent by Mr. Karr to Professor Tracey. When asked if he had leaked them to The Rocky Mountain News last week, as reported by some news outlets, Mr. Gray flashed a slight smile and said, “No comment.”

JonBenet Suspect Heads To U.S. (WP)

By Ron Corben

The Washington Post, August 21, 2006

BANGKOK, Aug. 20 -- The American teacher arrested in Bangkok last week as a suspect in the murder of JonBenet Ramsey told Thai police "he just wanted to go home" before his departure late Sunday for the United States.

John Mark Karr, 41, flew out of Thailand after being engulfed by a crush of reporters at Don Muang International Airport, then whisked through customs and immigration for his 15-hour flight to Los Angeles.

Lt. Gen. Suwat Tumrongsiskul, Thailand's immigration police chief, said Karr had received no special attention. "He told me he wanted to go back home," Suwat said. "And I said, 'Don't worry, we will get you back soon.' "

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On the flight, however, Karr sipped champagne and dined in style as he chatted with the three U.S. officials escorting him back to the United States, according to the Associated Press, which had a reporter on the Thai Airways International flight.

Karr, who was not handcuffed, sat in business class next to Mark Spray, an investigator with the Boulder County, Colo., district attorney's office. The AP reported that Karr took a glass of champagne from a flight attendant before the aircraft took off and clinked glasses with Spray, who drank orange juice.

The former schoolteacher also drank a beer, then moved on to a chardonnay with his meal, according to the AP.

Karr's departure left many questions unanswered about the man who said he was with JonBenet when she died. JonBenet, 6, was found strangled and beaten in the basement of her family's home in Boulder in December 1996.

The Boulder County district attorney said last week the investigation was at an early stage. Thai police say swabs had been taken from Karr for DNA testing. Reports said a further DNA test will be carried out once Karr is handed over to prosecutors.

Suwat said Thailand had revoked Karr's visa and had no comment about the reports Karr had sought to have a sex-change operation.

The New York Daily News first reported that Karr had been receiving treatment at Pratunam Poly Clinic. A doctor at the clinic, Thep Vechavisit, said Karr had sought treatment but refused to discuss the details.

"You should check with the Thai police. They know everything," Thep said. "I can't speak about a particular patient. I have no opinion about this man."

The clinic lies along the traffic-congested, polluted Rajaprarop Road, its sign in Thai. Plastic seats await patients who face the receptionist just outside Thep's small consultation rooms. Thai police had come across a "patient card" from the clinic during a search of Karr's apartment.

"U.S. customers not very often. Mostly Thai, Vietnamese, Japanese, Chinese . . . more Asian," Thep said.

But he would not be drawn into talking about Karr. "Police find the [clinic's] card, receipt. The police have the information," he said.

Karr had been working as a teacher and had been just recently hired at an international school in the Sathorn area, a couple of miles from his apartment. Earlier, he had been given a trial as a teacher at the prestigious boys-only Bangkok Christian College and the girls-only St. Joseph Convent School.

Karr's arrest has triggered calls for tougher recruitment checks on prospective foreign teachers in Thailand. The Thai government has been liberalizing the education sector in recent years to boost international education access for Thais and to increase investment and training in the private local and international school sector.

But this may now be reassessed. The Education Ministry's permanent secretary, Kasama Varawarn na Ayutthaya, was reported as saying that with Karr's arrest, she would be asking international schools not to hire foreign teachers until qualification checks are completed.

Flight Of Fancy For JonBenet Suspect (WT)

By Richard Ehrlich

The Washington Times, August 21, 2006

BANGKOK -- Murder suspect John Mark Karr discussed classical music composer Frederick Chopin and was serenaded by his Thai jailer before embarking on a champagne flight back to the United States, where he is likely to face charges in the 1996 death of JonBenet Ramsey.

The Associated Press also reported that Karr -- whose flight was scheduled to land in Los Angeles at midnight yesterday -- had consulted a doctor in Thailand about a sex-change operation.

Because he was not charged with a crime in Thailand, Mr. Carr was not handcuffed for the trip home, on which he was accompanied by a Boulder, Colo., prosecutor and a U.S. Embassy official.

The journey began when Karr, pale and silent, walked self-consciously out of a Thai Immigration Department detention center in the afternoon, escorted for several yards by a phalanx of unarmed Thai police.

Dressed in a maroon short-sleeve shirt, dark tie and dark pants, he was led down a driveway to allow a swarm of waiting journalists to photograph him and shout questions before he was placed in an air-conditioned van.

At Bangkok International Airport, he boarded an evening flight to Los Angeles in a business-class section along with his U.S. escorts and several reporters, who filed from midair on his every move.

The suspect, whose confession to killing 6-year-old JonBenet has been greeted with skepticism, was "peaceful, normal, simple. I just sang a song to him," said police Lt. Gen. Suwat Tumrongsiskul, who heads Thailand's powerful Immigration Department, after escorting him from detention to the police van.

"I asked him what he liked. He said he liked classic songs, like ordinary people. He used to play guitar. So I said, 'Yes, I love music. I played guitar before, too.' So I sang for him," Gen. Suwat said, adding that he had sung a 1968 Bee Gees song, "Words."

Asked to sing the song again, Gen. Suwat spontaneously warbled: "It's only words. And words are all I have to take your heart away."

"You know, we talked like friends. He smiled. I asked him, 'What is your favorite song?' He said he liked Chopin. Classical. He said he misses his children in the U.S.," Gen. Suwat said of Karr, a twice-divorced father of three.

Aboard the plane, Karr was accompanied by Mark Spray, an investigator with the Boulder District Attorney's Office, a U.S. Embassy official and an agent with "Homeland Security" on his T-shirt.

Reporters on board the flight said Karr took a glass of champagne from a flight attendant and clinked glasses with Mr. Spray, who sipped orange juice.

After takeoff, the suspect dined on pate, green salad with walnut dressing and fried king prawns, all served on a starched white tablecloth. Karr drank a beer, crushing the can with his hands when it was empty, and then drank French chardonnay with his main course, the Associated Press reported.

The agency said earlier from Bangkok that Karr had talked to a doctor in the city about having a sex-change operation.

Karr was "one of my patients," Dr. Thep Vechavisit said without offering further details. But another staffer at the dingy downtown Pratunam Polyclinic said Karr had talked with the doctor about sex-change surgery.

The clinic, which co-sponsors a popular transsexual beauty contest, specializes in sex-change operations and advertises many plastic-surgery procedures in the English-language Bangkok Post.

Knowing he would be seen worldwide via international press, Karr upgraded his appearance yesterday, wearing an outfit he used while applying to teach children in Bangkok.

Saying on his job applications that he was a Catholic, Karr secured temporary positions at Bangkok Christian College and St. Joseph's Convent, but was dismissed within days from both schools for disciplining the students more strictly than Thai teachers did.

Tracking and capturing Karr was "not difficult" for Thai police because "we have a good team," Gen. Suwat said.

Asked whether Thai police would investigate what Karr did while in Bangkok during the past two months, Gen. Suwat replied: "No, no, no, no, no."

U.S. Embassy and Justice Department officials did not ask Thai police to look into Karr's actions while in Thailand, he said.

"If they ask," then Bangkok will start an investigation, he said.

Prosecutor Under Pressure To Make Case Against Karr (WT)

By Valerie Richardson

The Washington Times, August 21, 2006

BOULDER, Colo. -- Murder suspect John Mark Karr's return to the United States puts Boulder County District Attorney Mary Lacy in the hot seat.

If she can make the case that Karr killed JonBenet Ramsey 10 years ago, as she says, her legacy would be assured as the prosecutor who finally solved what had been deemed the perfect crime.

If not -- if it turns out Karr is merely, as skeptics suspect, an obsessed fan and serial confessor who never set foot in Colorado -- then Mrs. Lacy risks compounding the Boulder County justice department's reputation for bungling with another Ramsey-related embarrassment.

Within days of Karr's arrest Wednesday in Bangkok, questions were mounting about whether her office had overreached by bringing him in before the case was solid. Although she was tipped off about Karr in May, investigators did not start gathering evidence from some key witnesses, notably his ex-wife, until after his arrest.

Lara Knutson, who married Karr when she was 16, has yet to be interviewed by Boulder investigators, her attorney, Michael Rains, said last week, although he noted that he has been in contact with Boulder officials since the arrest.

Her recollections could be critical to the case, because she says he spent Christmas 1996 with her and their children in Alabama. Six-year-old JonBenet was found beaten and strangled in her family's Boulder home Dec. 26, 1996.

Boulder investigators did not request a handwriting sample from the Marion County School District in Hamilton, Ala., until the day after the arrest, according to the Denver Post. JonBenet's killer left behind a handwritten three-page ransom note that offers some of the mysterious case's best evidence.

James Cohen, a professor at Fordham University Law School, said prosecutors "possibly jumped the gun," suggesting that it would have been more prudent to arrest Karr on Thai charges and gather more evidence before making the link to the Ramsey case.

"I think [the case] blows up," said Mr. Cohen. "Already there's too much on the record to show that it couldn't be so."

Denver lawyer Scott Robinson agreed that the evidence so far indicates that Karr isn't "the real deal," but he defended Mrs. Lacy's decision to arrest him when she did.

"She's right in bringing the guy back. Absolutely right," said Mr. Robinson, a longtime Ramsey case analyst. "It's a murder case, so it's a no-brainer."

The problem isn't Mrs. Lacy's timing, he said, but the leak that alerted the press to the arrest, making it impossible for investigators to conduct the probe out of the public eye.

"She had a duty to check this individual out. She said herself she would have preferred to conduct this in private," said Mr. Robinson. "If you're going to point the finger at anyone, it's the individual who leaked this information to the press. I know she must be madder than a wet hen that she has to conduct this investigation in public."

Others, including the Ramsey family, argue that a prosecutor with Mrs. Lacy's experience -- she was elected district attorney in 2000 and re-elected in 2004 -- must have as-yet-unseen evidence beyond Karr's confession to justify the arrest.

"She would never do something when she knows the world's eyes are on her," said Pam Paugh, the sister of JonBenet's mother, Patsy Ramsey, who died of ovarian cancer in June. "She's not just going to go out there willy-nilly and pick some nut case."

Her critics, however, drew parallels to her actions in another high-profile investigation, the 2002 University of Colorado (CU) football team rape case.

During that investigation, Mrs. Lacy announced that a student had been raped and accused the football program of using alcohol and sex as recruiting tools.

Ultimately, however, she charged the five players with contribution to the delinquency of a minor for supplying alcohol and drugs at a campus party, admitting she lacked the evidence for a rape charge.

Later, her office dropped the charges against one player, Ron Monteilh, saying he had been "misidentified."

"She botched horribly the CU football case," said Denver lawyer Dan Caplis, a talk-show host on KOA-AM, adding that "you just cannot trust her judgment."

Arrest, Bill Won't Deter Online Gambling (USAT)

By Jon Swartz, Usa Today

USA Today, August 21, 2006

SAN FRANCISCO — The recent arrest of a high-profile online gambling executive and a federal bill outlawing virtual wagers are generating headlines but will do little to curb the multibillion-dollar industry, gaming experts say.

Former BetOnSports.com CEO David Carruthers is scheduled to appear in a St. Louis federal court Monday. He and his company are charged with mail and wire fraud and money laundering.

His arrest in Dallas last month initially drove down shares of offshore operations such as PartyGaming and Sportingbet. It follows an indictment of another gambling executive and an anti-online gambling bill in Congress. Gaming experts say it does not signal a crackdown, as more sites emerge for poker players and sports fans, and online gambling stocks creep back up.

"One down, another 2,299 (gaming) sites to go," says Joseph Kelly, an online gaming expert who is a professor at SUNY College Buffalo.

BetOnSports, which was delisted from the London Stock Exchange, has fired Carruthers and vowed to press on outside the USA.

The Wire Act of 1961 makes it illegal to bet online. But the law is nearly impossible to enforce, and nearly 80 countries allow wagers online. The $12 billion industry is expected to soar to $24.5 billion by 2010, says researcher Christiansen Capital Advisors.

Because BetOnSports is a regulated UK firm, the U.S. government can do little, says Ken Dreifach, an Internet lawyer who once worked for New York state Attorney General Eliot Spitzer.

The Justice Department is "as vigilant as ever," spokeswoman Jackie Lesch says.

Yet arrests are rare. The only person convicted on federal charges of running an illegal offshore Internet gambling operation was Jay Cohen of World Sports Exchange. He served more than a year in a federal prison. The company is still in business.

William Scott, operator of Worldwide Telesports, was indicted on money-laundering charges in May but has not been caught.

Carruthers became a target for several reasons. BetOnSports advertised on billboards in the USA — a violation of federal law. He often traveled in the USA. And his former employer took bets on an 800-number from Americans, say Dreifach and Kelly. The outspoken Carruthers is out on bail — $1 million in cash — and living in St. Louis, says his lawyer, Scott Rosenblum.

When government officials pursue cases, it is invariably against sports sites. Sports bets are specifically barred by the 1961 law. The only American convicted of gambling online, Jeffrey Trauman, of North Dakota, paid a $500 fine.

Still, some gambling experts, such as Michael Tew, a principal at consultant CapitalHQ, say Carruthers' arrest underscores a systematic U.S. crackdown. The House recently passed a bill that would restrict the ability of U.S. financial institutions to process wagers.

Web Casinos Becoming A Riskier Bet For Investors (NYT)

By Matt Richtel And Heather Timmons

The New York Times, August 21, 2006

How much more of a gamble has it become to own a piece of an Internet casino? Is it a sucker's bet, or the chance to buy low and score a big payday?

The questions have intensified since BetOnSports, an online sports betting company traded on the London Stock Exchange, stopped taking bets from the United States after the Justice Department charged the company and current and former executives with operating an illegal gambling operation.

Investors and industry analysts, who have long said that owning shares in Internet casinos involves serious risk, nonetheless expressed surprise at the move by prosecutors. They say the development, coupled with legislation in Washington that could clamp down further on the industry, has created new cause for concern.

And yet investors keep coming.

The indictment of BetOnSports prompted a big sell-off in the shares of publicly traded online casinos, but the sector has rebounded. Some industry analysts even call this a buying opportunity.

Greg Harris, an online gambling analyst for Canaccord Adams, a British investment bank, said many investors seemed undaunted by what they viewed as American bluster that could not stop the industry.

"You can throw a lot of things to scare them, but there are still guys finding value," Mr. Harris said of investors bullish on online casinos. He said he also believed that panicked overselling had made some Internet gambling stocks cheap now.

That sentiment is not universal. The controversy swirling around BetOnSports has raised questions about whether other companies might soon be in the Justice Department's sights, industry executives and analysts said.

"None of us know whether this indictment is specific to BetOnSports or a sweeping attack against online gaming per se," said an executive from a publicly traded online gambling firm who requested anonymity because company lawyers had told him not to comment to the press. "We're keeping our heads down."

There are indications that some major investors, including American investment houses, are beginning to distance themselves from the online gambling companies, either by dumping shares or by ceasing to provide analyst coverage.

But other investors, notably hedge funds, have led a comeback. Shares of SportingBet hit 398.5 pence ($7.50) on July 4. On July 18, after the indictment, they tumbled, in heavy volume, reaching a low of 171 pence on July 21. The stock has recovered a bit and is now at 249.25 pence. Shares of PartyGaming also slid in mid-July on heavy volume, hitting a low of 85.25 pence on July 18. But they have revived strongly, hitting a high of 120 pence on Aug. 4. The shares are now at 111 pence.

Neteller, a company used by many online gamblers for payment processing and one seen by some as an industry bellwether, was at 597.50 pence on July 4, fell to 319 on July 20, and is now at 400 pence.

The day the indictment was unsealed on July 17, trading in BetOnSports was halted after a 17 percent slide in the shares. Kevin Smith, a company spokesman, said he thought it could be more than a month more before the London Stock Exchange reopened trading.

There is no doubt there is allure to investing in the offshore casinos, some of which have enjoyed considerable growth. According to Nielsen Net/Ratings, PartyPoker.com recently has been among the world's 10 fastest-growing Web sites, with its traffic up 185 percent in July from the previous year.

Some online gambling companies continue to report strong profit growth and earnings. SportingBet said on Aug. 1 that it was on track to report £103 million ($195 million) in operating profit for the fiscal year that ended July 31. PartyGaming's second-quarter revenue was up 49 percent from a year ago, to $319.3 million.

I. Nelson Rose, a professor and expert in Internet gambling law at Whittier Law School in Costa Mesa, Calif., said he had recently been contacted by major institutional investors trying to decide how to deal with the risk and volatility.

"The question I got the most was: 'Should we buy?'" Mr. Rose said.

Investors should do so only with the understanding that the investment is so risky that it could virtually disappear, said Sebastian Sinclair, an industry analyst with Christiansen Capital Advisors.

Mr. Sinclair said that BetOnSports, which was getting 70 percent to 80 percent of its wagers from United States residents, has little business left. "They're done; they're toast," he said. "If you're an investor, your investment is worth next to nothing."

On July 16, federal marshals arrested David Carruthers, the chief executive of BetOnSports, as he changed planes in Dallas-Fort Worth International Airport. Mr. Carruthers had been a frequent traveler to the United States, where he met with financiers and sought to rally public support for legalization of online gambling.

But for months, federal prosecutors in St. Louis had been building a case against him and the company on charges of operating an offshore casino in violation of the federal Wire Act of 1961.

On July 17, prosecutors unsealed a 22-count indictment against BetOnSports and several current and former executives and said they would seek $4.5 billion in penalties. They also obtained a temporary restraining order prohibiting BetOnSports from taking bets from United States residents.

Mr. Carruthers has been released on $1 million bail in St. Louis, but he is confined to a local residence.

Mr. Sinclair said he doubted that the Justice Department would succeed in shutting down another Web gambling company, unless its executives traveled to the United States.

"The Department of Justice could say to SportingBet: 'Shut down tomorrow,' but I don't see them doing it," Mr. Sinclair said.

This month BetOnSports affirmed that it would no longer take wagers from United States bettors, a move that Mr. Smith, the spokesman, said was intended in part to reassure investors that it was playing by the rules. He said it planned to focus on taking bets from Asian gamblers.

But, for now, the potential growth from Asia is limited, said Mr. Harris, the analyst from Canaccord Adams. He said that the banking system was more fragmented in Asia than in the United States and that payment processors, like Neteller, had yet to prove they could ensure quick, easy, reliable payments on wagers placed from Asia.

Another potential obstacle is legislation that has passed the House of Representatives, and is pending in the Senate, that could strengthen the laws against offshore casinos and make it a crime for financial institutions to process wagers.

Such a step could have a considerable impact, analysts said. But they also say they doubt that the Senate will pass the bill, partly because of a gambling lobby that hopes for a piece of the action and does not want to see Internet gambling outlawed.

As interest in Web gambling stocks has developed, the investors can generally be broken into two camps: long-term players like pension and mutual funds, and hedge funds that dip in and out of the sector.

Some investors who have owned Web gambling stocks are now getting out. Last December, Fidelity Management held shares in BetOnSports worth about $363 million, or 14.1 percent of the outstanding shares. Those shares were largely held in mutual funds.

But Fidelity Management has sold those shares, according to Vincent Loporchio, a company spokesman, who declined to elaborate.

Last December, Morgan Stanley Securities Ltd., a British subsidiary of the American investment bank, held the largest position in BetOnSports, around 12 million shares, on behalf of one large investor.

Its custodial position has changed considerably. The subsidiary now holds around 2.7 million shares on behalf of one or more large investors, indicating a large divestiture. Morgan Stanley declined to comment.

Some big investment banks have become quiet on the subject. Citigroup's online gambling analyst in London has moved to another sector, and has not been replaced. Morgan Stanley analysts are restricted from speaking about online gambling stocks, but the bank will not say why.

Hedge funds, on the other hand, have been flocking to the volatile sector, and rapidly buying, selling and shorting as BetOnSports makes headlines, according to bankers in London who specialize in the sector. The hedge funds, though they have always been involved in the sector, appear to be trying to capitalize on the uncertainty, gambling on the day-to-day developments in the volatile industry.

"BetOnSports is going to haunt the market," predicted a London-based banker who took part in the public fund-raising for several Internet gambling companies and would not speak for attribution because he did not want to upset his clients.

Even if no other online company is indicted, the case will be played out over months or years, he said, with events like bail hearings and trial dates making headlines. "Every now and again, the market is going to take a fright," he said. "This is not a market that underreacts."

From Their Own Online World, Pedophiles Extend Their Reach (NYT)

By Kurt Eichenwald

The New York Times, August 21, 2006

At first blush, the two conversations — taking place almost simultaneously in different corners of the Internet — might have seemed unremarkable, even humdrum.

In April, with summer fast approaching, both groups of online friends chatted about jobs at children's camps. Did anyone, one man asked, know of girls' camps willing to hire adult males as counselors? Meanwhile, elsewhere in cyberspace, the second group celebrated the news that one of their own had been offered a job leading a boys' cabin at a sleep-away camp.

But participants in the conversation did not focus on the work. "Hope you see some naked boys in your cabin," a man calling himself PPC responded. "And good luck while restraining yourself from doing anything."

The two groups were made up of self-proclaimed pedophiles — one attracted to under-age girls, the other to boys. Their dialogue runs at all hours in an array of chat rooms, bulletin boards and Web sites set up for adults attracted to children.

But it is no longer just chatter in the ether. What started online almost two decades ago as a means of swapping child pornography has transformed in recent years into a more complex and diversified community that uses the virtual world to advance its interests in the real one.

Today, pedophiles go online to seek tips for getting near children — at camps, through foster care, at community gatherings and at countless other events. They swap stories about day-to-day encounters with minors. And they make use of technology to help take their arguments to others, like sharing online a printable booklet to be distributed to children that extols the benefits of sex with adults.

The community's online infrastructure is surprisingly elaborate. There are Internet radio stations run by and for pedophiles; a putative charity that raised money to send Eastern European children to a camp where they were apparently visited by pedophiles; and an online jewelry company that markets pendants proclaiming the wearer as being sexually attracted to children, allowing anyone in the know to recognize them.

These were the findings of a four-month effort by The New York Times to learn about the pedophiles' online world by delving into their Internet communications. In recent months, new concerns have emerged about whether the ubiquitous nature of broadband technology, instant message communications and digital imagery is presenting new and poorly understood risks to children. Already, there have been many Congressional hearings on the topic, as well as efforts to write comprehensive legislation to address the issue.

But most of those efforts have focused on examining particular instances of harm to children. There have been few, if any, recent attempts to examine the pedophiles themselves, based on their own words to one another, to gain a better recognition of the nature of potential problems.

Last week, that world attracted new attention after reports that John M. Karr, who was arrested last Wednesday as a suspect in the 1996 murder of JonBenet Ramsey, apparently used Internet discussion sites intensively in efforts to communicate with children, sometimes about sex. In e-mail messages to a journalism professor that investigators believe were written by Mr. Karr, statements about children seemed to echo the online dialogue among pedophiles.

"Sometimes little girls are closer to me than with their parents or any other person in their lives,'' the e-mail messages say. "I can only say that I can relate very well to children and the way they think and feel.''

The recent conversations among pedophiles that were examined by The Times took place in virtual rooms in Internet Relay Chat, a text-based system allowing for real-time communications; on message boards on Usenet, which has postings by topic; and on Web sites catering to pedophiles.

In this online community, pedophiles view themselves as the vanguard of a nascent movement seeking legalization of child pornography and the loosening of age-of-consent laws. They portray themselves as battling for children's rights to engage in sex with adults, a fight they liken to the civil rights movement. And while their effort has brought little success, they celebrated online in May when a small group of men in the Netherlands formed a pedophile political party, and they rejoiced again last month when a Dutch court upheld the party's right to exist.

The conversations themselves are not illegal. And, given the fantasy world that the Internet can be, it is difficult to prove the truth of personal statements, or to demonstrate direct connections between online commentary and real-world actions. Nor can the number of participants in these conversations, taking place around the Internet, be reliably ascertained.

But the existence of this community is significant and troubling, experts said, because it reinforces beliefs that, when acted upon, are criminal. Repeatedly in these conversations, pedophiles said the discussions had helped them accept their attractions and had even allowed them to have sex with a child without guilt.

Indeed, law enforcement officials say that the refrain of justification from online conversations is frequently voiced by adults arrested for molestation, raising concern that such conversations may lower pedophiles' willingness to resist their temptation.

"It is rationalization that allows them to avoid admitting that their desires are harmful and illegal," said Bill Walsh, a former commander of the Crimes Against Children Unit for the Dallas Police Department, who founded the most prominent annual national conference on the issue. "That can allow them to take that final step and cross over from fantasy into real-world offenses."

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Still, in their conversations, some pedophiles often maintain that the discussion sites are little more than support groups. They condemn violent child rapists and lament that they are often equated with such criminals. Many see themselves as spiritually connected to children and say that sexual contact is irrelevant. Yet the pedophiles consistently return to discussions justifying sex with minors and child pornography.

Many of these adults described concepts of children that veered into the fantastical — for example, at times depicting themselves as victims of predatory minors. A little girl in a skirt reveals her underwear by doing a cartwheel; a boy in a bathing suit sits on a bench with his legs spread apart; a child playfully jumps on a man's back — all of these ordinary events were portrayed as sexual come-ons.

"It really is like going through the rabbit hole, with this entire alternative reality," said Philip Jenkins, a professor of religious studies at Pennsylvania State University who wrote "Beyond Tolerance," a groundbreaking 2001 book about Internet child pornography.

The conversations also demonstrated technological acumen, with frequent discussions about ways to ensure online anonymity and to encrypt images. That underscores a challenge faced by the authorities who hope to combat online child exploitation with technology. For example, in June, Internet service providers announced plans for an alliance that will use new technologies to locate child pornography traders.

Pedophiles were undaunted. Within hours of the announcement, their discussion rooms were filled with advice on how to continue swapping illegal images while avoiding detection — months before the new technologies were to be in full operation.

Portraits of Pedophilia

In a sense, the creation of the pedophiles' online community was a ripple effect from the success of government efforts to crack down on them.

Washington's efforts in the late 1970's to stamp out child pornography by declaring it illegal were enormously effective, closing off traditional outlets for illicit images.

But the Internet soon presented an alternative. In the early 1980's, through postings on bulletin board systems, pedophiles went online to swap illegal images. From there, they could easily converse with others like themselves, and they found theirs to be a community of diverse backgrounds.

In the conversations observed by The Times, the pedophiles often discussed their personal lives. Their individual jobs were described as being a disc jockey at parties ("a high concentration of gorgeous" children, a man claiming to hold the job said); a pediatric nurse ("lots of looking but no touching"); a piano teacher ("I could tell you stories that would make you ...well... I'll be good"); an employee at a water theme park ("bathing suits upon bathing suits!!!!!"); and a pediatrician specializing in gynecology ("No need to add anything more, I feel").

The most frequent job mentioned, however, was schoolteacher. A number of self-described teachers shared detailed observations about children in their classes, including events they considered sexual, like a second-grade boy holding his crotch during class.

The man relating that story held up that action as an expression of sexuality; he was not dissuaded when another participant in the conversation suggested that the boy might have just needed to go to the bathroom.

Some pedophiles revealed that they gained access to children through their own families. Some discussed how they married to be close to the children from their wives' previous marriages. Pedophiles who said they were fathers described moments involving their own children, such as a man who told of watching his sons change for swimming in a locker room, complete with details about the older boy's genitals and emerging pubic hair. Others insisted they would never feel any interest in their own children, but commented on the benefits presented by parenthood.

"I have a daughter and have never been attracted to her," a man with the screen name of jonboy wrote. But, he added, "I did find her friends very attractive."

Pedophiles chafe at suggestions that such comments reflect risks to minors. They point out, correctly, that family members and friends — not strangers — are the most frequent perpetrators of child sexual abuse. They never note, however, that the minors mentioned in their online discussions are most frequently those they know well, like relatives and children of friends.

Justifications Online

In the pedophiles' world view, not all sexual abuse is abuse. There is widespread condemnation and hatred of adults who engage in forcible rape of children. But otherwise, acts of molestation are often celebrated as demonstrations of love.

"My daughter and I have a healthy close relationship," a person with the screen name Sonali posted. "We have been in a 'consensual sexual relationship' almost two months now."

The daughter, Sonali wrote, is 10. Whatever guilt Sonali felt for the relationship was eased by the postings of other pedophiles. "I am so happy to find this site," Sonali wrote. "I thought having a sexual attraction to my daughter was bad. I now do not feel guilty or conflicted."

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In that, Sonali was demonstrating what experts said is the most dangerous element of the pedophile Internet community: its justification of illegal acts. Experts described the pedophiles' online worldview as reflective of "neutralization," a psychological rationalization used by groups that deviate from societal norms.

In essence, the groups deem potentially injurious acts and beliefs harmless. That is accomplished in part by denying that a victim is injured, condemning critics and appealing to higher loyalties — in this case, an ostensible struggle for the sexual freedom of children.

Pedophiles see themselves as part of a social movement to gain acceptance of their attractions. The effort has a number of tenets: that pedophiles are beneficial to minors, that children are psychologically capable of consenting and that therapists manipulate the young into believing they are harmed by such encounters.

"Every human being, no matter the age, should be allowed to have consenting mutual sexual relations with anyone they wish," a man calling himself Venn wrote. "All age of consent laws must, and forever, be abolished."

Those same types of comments online are now turning up in court. For example, a man known by the screen name Brother Peteticus is among those who have argued online for legalizing sex with children. In real life, he is Phillip J. Distasio of Rocky River, Ohio, who was arrested last year on charges of raping two autistic boys who were his students. In court this month, Mr. Distasio, 34, portrayed himself as following the dictates of his own religion, and made arguments frequently expressed by the online community.

"I've been a pedophile for 20 years," Mr. Distasio said at the pretrial hearing. "The only reason I'm charged with rape is that no one believes a child can consent to sex. The role of my ministry is to get these cases out of the courtrooms."

In the days that followed, some pedophiles supported that position online, agreeing with Mr. Distasio that mentally handicapped, prepubescent boys could consent to sex with their teacher.

That same logic is applied by the pedophiles to child pornography, which many of them said should be legalized. "Where is the problem?" from child pornography, a pedophile who used the screen name Writer said in an online posting. "Once again, the underlying issue is the repressive belief that sex is intrinsically sinful."

In making these arguments, pedophiles often demonize parents and other adults as cruel, unloving people who exert authoritarian control over children and stand in the way of minors' sexual freedom. "Anti-pedophiles are NOT about protecting children," a man who called himself Christopher wrote. "They are usually the ones who are beating (they call it spanking) or emotionally neglecting their children."

But their arguments often seem contradictory. While maintaining that they can be trusted with children, some pedophiles said they would not allow minors in their lives to be with other adults attracted to children. "I guess coming from the inside, I know a bunch of the bad stuff that can happen," one man wrote.

Many pedophile sites conduct surveys to learn about the attitudes of their contributors. While none of these surveys are scientifically valid, they do reflect the thinking of some people who traffic in these sites. And not surprisingly, a large number of the surveys are about sex.

For example, on one site, pedophiles were asked if they would "have full intercourse with a little girl." Seventy-four members responded. Only 17 replied no. The same number said that they might. The largest group — over 54 percent — said that they would.

Some attached comments to their survey response. One man provided descriptions of the acts he would repeatedly perform on an 8-year-old to prepare her. The words — too graphic to be printed here — raised no criticism on the site.

But in other discussions, pedophiles cautioned that some comments were too dangerous. When one man described in lurid terms his fantasies about molesting an infant girl, the response was quick. "This is best not discussed," a man calling himself garvy wrote, adding that someday, pedophiles would need evidence proving that they cared only about children's best interests.

"Such posts," garvy concluded, "will be very damaging to the Cause."

A Web of Deception

The booklet — recently circulated through a Web site for pedophiles — had been written, it said, "for any boy who is old enough to be able to read it."

Called "Straight Talk for Boys," it is an 18-page discussion of sex, particularly between children and adults, from the pedophiles' viewpoint. Such encounters are depicted as harmless, even beneficial. The document criticizes parents and therapists. And it encourages boys to wear Speedo bathing suits and shower naked in public places.

But it repeatedly returns to one message: boys should never tell about sex with adults. "Older boys and men may be frightened about getting caught having sex play with you, because they can be put in jail," it says. "So you have to think of ways to 'signal' your interest in another person without openly saying what you want," adding that "nobody else can know about what you agree to do."

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The booklet comes with instructions, advising pedophiles on how to distribute it. “The best and safest way is to leave quantities of the booklet in places where boys in the 8 to 14 range can find them, and where adults will not discover them too quickly,” the instructions read. “Obviously, you don’t want to be observed placing the booklets in your chosen locations.”

The booklet reflects how pedophiles can use the Internet to advance their interests in the real world. Like many of those efforts, this one involved deception: the booklet does not reveal, for example, that it has been written and distributed by men who are sexually attracted to children, but instead portrays itself as objective fact.

Using deception to gain access to children is a recurring theme. For example, on a site for adults attracted to boys, someone calling himself Vespucci asked in June whether a single man could become a foster father. The respondents cautioned Vespucci to disguise his pedophilia.

“You better have a darned good excuse why you never married, such as your fiancée died in a car wreck,” replied a man calling himself simply “d.” “I highly recommend you date women for several years and keep at least a couple of those relationships going for at least a couple of months. Around the women, make a point of being nice to children.”

The deception would be worthwhile, d wrote. “It will help out in the reference-check dept. when you apply.”

Pointers on ways to get close to children were frequent topics. One man posted an Internet “help wanted” advertisement from a single mother seeking an overnight baby sitter for her 4-year-old daughter; another recommended shopping at weekend estate sales, since plenty of bored minors showed up accompanying inattentive parents.

Some participants in these conversations claimed to have established charitable efforts that put them in contact with children. For example, an organization called BL Charity said it was seeking money to send Eastern European children to camp.

The charity’s site, which recently closed, showed scores of images of children at camp and in their homes, supposedly taken by the men running the site. The effort was organized by pedophiles; BL is the online term for “boy-lover.” It eventually shut down, largely from a lack of money, according to a posting from the site’s operators. After the site closed, further details of BL Charity could not be learned. Not every organization and effort of the pedophiles is directly tied to trying to reach children. For example, pedophiles have created Internet radio stations for the purpose of providing support for one another and encouraging their perceived social movement.

It is not known how many such stations exist, nor the size of the audience. The most prominent station appears to be Sure Quality Radio, which on its home page proclaims, “From all levels of society you will find us, not as predators but as human beings, loving and caring for boys or girls or both.” The site has a program schedule and an online store selling mainstream music and movies featuring children.

People who work with Sure Quality Radio did not respond to questions e-mailed to them from The Times, although one person with the online name of boystory replied by saying he was immediately severing all ties with the station.

There are also online podcasts, recorded talk shows of 60 to 90 minutes featuring discussions among pedophiles. The discussions, as described online, deal with topics like “benefits of age difference in sexual relationships”; “failure of sex offender registries”; “children’s sexual autonomy, practices and consequences” and “the misrepresentation of pedophilia in the news media.”

With the chat rooms, radio stations and other organizations, pedophiles’ views are continually reinforced. But some realize that this online echo chamber can warp reality. For example, a man calling himself AtosW reported to fellow pedophiles that he had been chatting on a game site frequented by boys. A conversation began about the Dutch pedophile party, AtosW said, and the minors reacted with threats of violence.

AtosW was perplexed. “Why are posters THAT young so angry about it?” he asked. “It is after all THEIR rights that they are pushing for.”

A man calling himself Ritter responded. “Your post is a typical example of what happens when you spend too much time in the online BL community,” he wrote. “Believe it or not, most young children are NOT anxious to have sex with adult men.”

Hollywood Wiretapping Scandal Fizzles (FINDLAW/AP)

By Greg Risling, Associated Press Writer

AP, August 21, 2006

(AP) - LOS ANGELES-Hollywood has had its share of blockbusters this summer with pillaging pirates and returning superheroes, but an off-screen reality show starring a private eye accused of running a widespread wiretapping scheme hasn't lived up to its billing.

Federal prosecutors said months ago that at least one more indictment was coming in the case against private detective Anthony Pellicano and 13 other suspects charged with conspiracy, wire fraud and other crimes.

That disclosure ignited speculation on movie sets and in corporate offices about who might be indicted.

However, no new defendants have been named since "Die Hard" director John McTiernan was charged in early April.

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Now, the case has lost its sizzle and sent the entertainment industry searching for scandal elsewhere.

"The beef on the bun has been smaller than the promotion," said publicist Michael Levine, whose clients have included pop star Michael Jackson and actor Charlton Heston.

"Right now what is being talked about is all the hype associated with this," he said.

The initial indictment against Pellicano, unsealed in early February, detailed a shady underside of Hollywood where wiretaps were used to get dirt for threats, blackmail and, in some cases, to secure a tactical advantage in litigation.

It included allegations that Pellicano had illegally wiretapped the phones of Hollywood stars such as Sylvester Stallone and had bribed police officers to run the names of more than 60 people, including comedians Garry Shandling and Kevin Nealon, through government databases.

More charges followed. Among those named were Terry Christensen, a prominent Hollywood attorney who represented billionaire Kirk Kerkorian. He was accused of paying Pellicano at least $100,000 to illegally listen in on conversations involving Lisa Bonder Kerkorian during a 2002 court battle with the mogul over child support.

Christensen has denied wrongdoing.

Hollywood Records president Robert Pfeifer admitted hiring Pellicano to wiretap the phone of his former girlfriend. And McTiernan pleaded guilty to making false statements to an FBI agent about hiring Pellicano to wiretap a producer on his 2002 box-office flop "Rollerball."

Both are awaiting sentencing.

Federal authorities also questioned prominent entertainment attorney Bert Fields and studio bosses Brad Grey of Paramount Pictures and Ron Meyer of Universal Studios about their connections to Pellicano.

Thus far, however, no A-listers have been named as suspects and nearly all the defendants are bit players.

The case has been slowed as authorities struggle to decrypt hundreds of recorded telephone calls recovered during searches of Pellicano's offices.

Prosecutors have said in court they have at least one wiretapped conversation and some of the calls involve Pellicano allegedly speaking to clients and others about wiretaps.

Prosecutors would not elaborate on the recordings or other aspects of the case.

They face two challenges when considering additional indictments: proving Pellicano's clients knew the detective was doing something illegal and ensuring that the wiretap evidence falls within the five-year statute of limitations. Many of the calls listed in the indictment occurred between 1999 and 2002.

Defense attorneys are challenging the validity of search warrants, claiming they were a ruse to get inside Pellicano's offices and look for suspected wrongdoing. They also have complained that prosecutors haven't turned over all their evidence as part of the discovery process.

The disputes led U.S. District Judge Dale Fischer to postpone the trial until Feb. 13.

Pellicano has pleaded not guilty and is anxious to go to trial, said his attorney, Steven Gruel. However, Gruel believes his client won't have to stand trial at all if he can convince a judge the search warrants and resulting evidence should be thrown out.

Hollywood's attention has turned to new scandals such as Mel Gibson's drunken driving case, but legal experts believe the wiretapping case could regain the spotlight if high-profile stars are called to testify during the trial.

"You could still have the parade of Hollywood witnesses even if you don't have further indictments," said Laurie Levenson, a former federal prosecutor and professor at Loyola Law School.

"This is the most egregious civilian wiretapping case I can think of. If you just put Pellicano behind bars, it was worth it," she said.

U.S. Seeks Hinckley Interviews, Files (WT)

By Jim Mcelhatton

The Washington Times, August 21, 2006

The U.S. Justice Department is seeking a court order requiring would-be presidential assassin John W. Hinckley Jr. to cooperate with federal psychiatrists before he is given more freedom from a D.C. mental hospital.

The U.S. attorney's office also asked a judge Friday for access to all of Hinckley's medical files and for permission to hold taped interviews with the 51-year-old mental patient, who was found not guilty by reason of insanity for shooting President Reagan in 1981.

The Washington Times reported last week that Hinckley's attorneys planned to seek an expansion of conditions for his release from St. Elizabeths Hospital in the District.

A hearing on the issues is set for Nov. 6, a spokesman for the U.S. attorney's office said last week.

The two government psychiatrists, Dr. Robert F. Patterson and Dr. Robert T.M. Phillips, who were requested by the U.S. attorney's office, have examined Hinckley previously.

Hinckley's attorneys do not object to the request for his cooperation with the psychiatrists, court records show.

In court filings, Hinckley's attorneys say their client has completed all but one of seven unsupervised trips to his parents' house that U.S. District Court Judge Paul L. Friedman granted last year. Additional trips will require a court order.

"On each of these trips, Mr. Hinckley has complied fully with all of the conditions of release, and not a single negative occurrence has been reported in connection with any of the trips," wrote attorney Barry Levine in a memo to Judge Friedman.

Mr. Levine has asked the judge to permit more trips -- as long as four nights each -- pending a hearing to expand Hinckley's freedom.

Government attorneys have opposed the move, saying that until a hearing is scheduled they cannot get access to medical files on how Hinckley has fared during the overnight stays with his parents.

They also say psychiatrist John J. Lee, who agreed to meet with Hinckley during the unsupervised overnight stays in Williamsburg, is "untested as a reporter of information about Mr. Hinckley."

Mr. Levine, in a response filed Aug. 10, called the government's objections "the latest in a long and uninterrupted series of reflexive objections ... to any conditional-release privileges for Mr. Hinckley."

Hinckley's overnight trips to Williamsburg provide the most freedom he has had since the shooting of Mr. Reagan, presidential spokesman James Brady, Secret Service agent Timothy McCarthy and Metropolitan Police Officer Thomas Delahanty.

In recent years, Hinckley gradually has won increasing freedom from St. Elizabeths. In addition to the Williamsburg visits, he has gone on short trips with his parents, such as a 2005 outing to the Smithsonian National Air and Space Museum.

Prosecutor: Boston Cops Are Dangerous, Should Denied Bail (AP)

By Melissa Trujillo, Associated Press Writer

AP, August 18, 2006

BOSTON— Two Boston police officers charged as part of a corruption probe are a flight risk and danger to the community, partly because of threats one made against the children of his associates, prosecutors said Friday.

Roberto Pulido, 41, and Carlos Pizarro, 36, were arrested on federal drug charges in Miami last month after they allegedly accepted a $35,000 payment from undercover FBI agents for protecting a shipment of illegal drugs.

Assistant U.S. Attorney John McNeil argued during a probable cause and detention hearing for Pulido and Pizarro that they should be held without bail. The officers' defense attorneys asked for a cash bond and supervised release.

U.S. Magistrate Judge Joyce London Alexander did not immediately rule Friday on either case, pending a review of evidence and pre-trial interviews. She also has not decide on detention for a third officer charged, Nelson Carrasquillo, 35.

McNeil pointed to conversations between Pulido, undercover FBI employees and a cooperating witness, in which Pulido threatened the lives of those involved in the plot, as well their children.

"And if something goes bad, and they're at fault, somebody is going to pay, either with their life or their children's lives," Pulido says in transcripts.

McNeil said Pulido and Pizarro had a pact to protect the drug shipment, with their children's lives at stake. If they would agree to that, McNeil asked, what else would they be willing to do to avoid a conviction?

Pulido's attorney, Rudy Miller, countered that Pulido was investigating the cooperating witness and eventually hoped to make his own arrests. The comments he made about children were "puffery," Miller said.

One of Pizarro's attorneys, Jeff Denner, argued there was no pact between the defendants, and said Pizarro couldn't be connected to the statements Pulido made.

"This individual has never threatened the life of any child," he said.

Both men's attorneys argued they had strong ties to the community and were of no threat to the larger community. But McNeil said both had girlfriends hidden from their wives. Pulido's girlfriend also had ties to the Dominican Republic, McNeil said.

"They've been leading double, maybe triple lives," he said.

Denner denied his client had a history of deceit, saying that the worst-case scenario was that evidence would show Pizarro was having money problems and made a bad decision.

"If he made a mistake, it was an isolated mistake," he said.

Boston Police Corruption Case Detailed (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, August 21, 2006

DOJ_NMG_0051050

Prosecutors say Pulido threatened officers' children

As he huddled in an Atlantic City hotel room last May with a handful of reputed drug dealers, Boston police Officer Roberto Pulido boasted that he knew how to test the loyalty of officers he was recruiting to help protect cocaine shipments being trucked through Boston: threaten their children.

In a conversation secretly recorded by the FBI on May 24 and played by prosecutors during a bail hearing yesterday in federal court, Pulido said he approached three officers about helping him guard drug shipments and told them, ``You're my family, but as family does, family sticks to their own."

He said he warned them, ``If something goes bad and they're at fault, somebody is going to pay, either with their life or their children's lives, and as soon as they hear that, they're like, OK -- they back off. The only ones that step forward are the ones that I trust."

When one officer hesitated, he was left out, Pulido said, because ``that was all I needed to hear." But the two other officers ``stepped forward," he said.

Pulido, 41, of Hyde Park, and two other officers, Carlos Pizarro, 36, and Nelson Carrasquillo, 35, both of Dorchester, were arrested July 20 in Miami on a charge of conspiracy to possess with intent to distribute 100 kilograms of cocaine. The three are accused of guarding a truckload of cocaine in June for undercover FBI agents posing as drug dealers, who paid them $50,000. All three remain jailed without bail.

An FBI affidavit also alleges that Pulido was involved in other crimes, including identity theft, steroid trafficking, immigrant smuggling, and hosting illegal afterhours parties in which prostitutes and drug dealers mingled with uniformed officers.

FBI special agent Michael Kreizenbeck testified yesterday that after his arrest Pulido said that he was investigating the purported drug dealers and that his ``long range plan was to get to the kingpin and turn him in."

However, the agent said Pulido hadn't filed any reports with the Boston Police Department about his alleged investigation. Pulido also kept $20,000 that he and Carrasquillo were allegedly paid for protecting an earlier shipment of 40 kilograms of cocaine in April, according to the government.

A prosecutor argued yesterday that Pulido and Pizarro should remain jailed until the case is resolved because they are dangerous men who led double lives, deceiving both the Police Department and their families by working as officers while leading a criminal life.

``If these men would mortgage their children to commit this crime, then what wouldn't they do to avoid prosecution in this case?" said Assistant US Attorney John McNeil, arguing that the officers might retaliate against a cooperating witness and his family if released.

McNeil also argued that Pulido could flee to the Dominican Republic, the native country of the woman he had been having an affair with for 11 years, or to Greece, where his alleged steroid supplier now lives after fleeing Boston to avoid a drug indictment.

Defense lawyers, backed by a courtroom filled with supportive relatives and friends of the officers, argued that Pulido and Pizarro were decorated officers and longtime Boston residents who deserve to be free while defending themselves against bogus charges.

Pulido's lawyer, Rudy Miller, said Pulido had told other officers about his undercover investigation of the purported drug dealers and was ``waiting his time to effect an arrest."

Pulido's boasts about killing children and committing other crimes were ``puffery" and part of Pulido's effort to infiltrate the drug ring, Miller said.

Calling allegations in the affidavit about afterhours parties, identity theft, and other crimes ``absolutely ficticious, fabricated, made-up stories," Miller accused the government of sucking Pulido into the drug conspiracy and relying on a cooperating witness who is a three-time convicted felon.

Pizarro's lawyer, Jeffrey Denner, said Pizarro is charged with being involved in one drug shipment and was unaware of Pulido's boasts about violence against children or other crimes.

``If he made a mistake, it was an isolated mistake that has to be looked at in the context of a very good life," Denner said.

US Magistrate Judge Joyce London Alexander took under advisement the bail requests from Pulido and Pizarro, and a similar request made by Carrasquillo during a hearing earlier this month.

In Officer's Fall, A Tale Of Two Friends (BOS)

By Yvonne Abraham

The Boston Globe, August 21, 2006

Before charges in Pulido case, once-divergent lives had reunited

Everybody in the neighborhood knew the Pulido house on Edge Hill Street.

Emilio and Adelaida Pulido , proud immigrants who had fled Cuba for Jamaica Plain in the early 1960s, had three children, Roberto, Alicia, and Tony, well-behaved kids of whom much was expected. But the couple was also known as ``Papi'' and ``Ma'' to dozens of other neighborhood children looking for a place to hang out or seeking refuge from their own parents.

One of those children was Troy Lozano , Roberto ``Kiko'' Pulido's friend from Madison Park High, who often told people he thought of Kiko as his brother.

The neighborhoods around Hyde and Jackson squares were tough. While some children seemed beyond the lure of the streets, others were drawn to the shadows.

Roberto Pulido went one way, eventually buttoning up the blue Boston Police Department uniform his father, a store security guard, had always wanted.

Troy Lozano went another way, embracing thrills and fast money, drugs and violence.

But then, two decades later, the police officer and the career criminal found each other again, forming a bond that drew Pulido deep into the world from which his father had tried to keep him.

Now Pulido, 41, sits in jail facing federal charges that could send him to prison for life. And Lozano, who helped federal authorities catch his childhood friend, has disappeared.

Roberto Pulido was a deferential youth, his friends and relatives say. He kept mostly to himself and delighted in annoying his little sister. He became a father at 16, and the head of the extended family in his early 20s, after Emilio Pulido died of stomach cancer in 1991.

``My brother was the person I looked up to,'' said Alicia Pulido. ``My brother became my father.''

By 21, he had married Karen Soares , whom he had met while driving a cab. At their Roxbury wedding, only sparkling apple and grape juice were served. Roberto Pulido abhorred drugs, alcohol, and cigarettes, Karen Pulido said.

He became a father to her three children from a previous relationship, supporting his new family as a carpenter in a local union. He was as firm with her children as his father had been with him, she said, telling them that allowances were to be earned, not bestowed.

Like his father, Pulido had always wanted to wear a uniform. He joined the Marine Reserves in 1988, and the Boston Municipal Police in 1992. After three years in the MBTA Transit Police, he achieved his dream of joining the Boston Police in 1996. His family -- and his community -- were enormously proud of him.

``Every time I saw him in that uniform, I felt such a sense of pride because of his father,'' said Alberto Vasallo , publisher and owner of El Mundo, a Spanish-language weekly in Jamaica Plain.

On the force, Pulido never forgot where he came from. He was not the type to throw his weight around in the old neighborhood, said friends and acquaintances on Centre Street. He kept community leaders in touch with what was happening on the street.

But he had also started using steroids.

In 1997, Pulido became friendly with a man who had been arrested by another officer for having steroids in his car. They shared an interest in bodybuilding, said the man, who did not want to be identified because of his criminal record. They began working out together, and used the drugs to build muscle faster.

Pulido's responsibilities were heavy. He had divorced his first wife in 1993, and married Evelyn ``Reese'' Tucker in 1994, and they already had three children together. But he was also in touch with his former wife's children, who still called him ``Dad,'' sometimes buying them gifts. His second wife, Evelyn, ran a dance studio, but she did not work full time.

He worked as much overtime and as many paid details as he could, said relatives and friends. He did construction on the side. He managed an auto repair shop on Washington Street in Jamaica Plain, and started a barbershop across the street.

``He wants the best for [us],'' Evelyn Pulido said in an interview. ``He didn't care if it took sacrifice. [If] he had to work triple time or whatever, he was going to do it for the kids.''

He didn't have time to attend church with her on Sundays, though he did read his Bible, she said. Evelyn Pulido often begged her husband to work less, she said, but he always refused.

``I complained a trillion times over,'' she said. ``And he will always quote from the Bible: `A man who does not work does not eat.' ''

But Pulido was finding time for more than work and family.

In April 1999, he tested positive for cocaine in a routine police department drug test on his hair.

``I thought it was a joke,'' Evelyn Pulido said. ``I said, `Somebody sprinkled it on his head or something.' ''

A police officer who worked with him at the time said his colleagues were shocked, because Pulido seemed so obsessed with his health. Under department regulations, officers can appeal by taking a second test at their own expense. Some of his colleagues were so confident in his innocence that they donated money to help Pulido pay for that test, Evelyn Pulido said.

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According to Boston Police, the second test, administered two weeks after the first, was also positive. Pulido fought the finding with the help of the police officers union. An independent arbitrator upheld the test results: The cocaine had been ingested, records from the hearing show.

Still maintaining his innocence, Pulido accepted a 45-day suspension and entered a drug treatment program.

``He fought it till he couldn't fight any more," Evelyn Pulido said.

Pulido was also seeing other women.

In 2000, he had a daughter with Roslyn Williams of Roxbury and was ordered to pay child support of $150 a week. His fourth child with Evelyn Pulido was born the next year.

To help make ends meet, he started a construction company in 2001 with a friend, Alexandras Kontsas , but the enterprise was short-lived. The money took too long to come in.

``He was always hurting for money," said Kontsas, who owns a South Boston pizzeria. ``The child support, the loan on his car, they were taking so much out of his paychecks. One time he showed me a check and it was for $4."

Pulido's job sustained him, said his friends. He loved being a police officer, always wanted to be the first through the door in dangerous situations.

But in March 2002, danger found him, as he was patrolling alone at a school in Jamaica Plain. Pulido was shot in the chest while wearing his bulletproof vest. He was not seriously injured. His assailant was never found. Years later, police department sources would say the shooting seemed suspicious.

But at the time, her brother was a hero, said Alicia Pulido.

``When my brother got shot, people couldn't keep away from this house," said Alicia Pulido, who now owns the Edge Hill street home where they grew up. ``I didn't sleep for two days because of the all the people who came looking for him."

The lure of the street In the years when Pulido was building a career and a large family and struggling to keep up with his obligations, Lozano was amassing a lengthy criminal record.

He faced his first adult charge, in 1982, when he was 18, for gun possession. A string of other convictions followed: possession of an explosive device; trafficking in drugs; armed assault; assault and battery with a dangerous weapon; violating a restraining order.

He married Cassandra Matthews in 1992, and they had twin girls. After divorcing Matthews, he married again in 1999. That marriage also ended in divorce.

On his marriage certificates, Lozano listed his occupations as ``glazier" and ``laborer," but he was also frequently in courts and jails.

Early in 2003, Lozano, who had been spending time in Lancaster, Pa., was caught in a federal sting, after a woman told investigators from the Bureau of Alcohol, Tobacco, Firearms, and Explosives that she had been purchasing guns on his behalf, according to a federal affidavit. The woman subsequently secretly recorded conversations with Lozano in which he admitted to removing the serial numbers so the guns could not be traced.

In May 2003, he was charged with being a felon in possession of a firearm. He was initially ordered jailed without bail, and faced a maximum sentence of 10 years; his prior convictions could have subjected him to an even longer sentence. But after prosecutors filed a flurry of sealed motions, Lozano was released on bail in September 2003, and allowed to return to Boston. The case is pending.

The federal judge presiding over the case sealed Lozano's file this month -- including papers that had previously been public -- after the Globe requested copies of some documents.

Lozano was also involved in an identity theft operation, according to federal authorities, selling fraudulently obtained retail store gift cards at half price to people who used them or resold them at a profit. One of his regular buyers, authorities say, was Pulido. By the time Lozano came to federal authorities' attention in the gun case, he had allegedly sold Pulido $18,000 worth of the cards.

Lozano agreed to help federal authorities build a case against his old friend. According to a federal affidavit, he severed his ties with the identity theft ring, but continued selling Pulido gift cards -- now paid for by the FBI.

Friends reunited In his old Jamaica Plain neighborhood, it seemed like Lozano suddenly burst back into Pulido's life.

Saying he had been looking for him for a long time, Lozano told Pulido that he wanted to repay the kindness Pulido's family had shown him all those years ago, relatives later recounted.

Lozano made sure everybody in the neighborhood knew that the two men were tight, said business owners who worked near Pulido's police station and barbershop. One time, someone insulted Pulido, and Lozano grabbed him by the throat and threw him up against the window of Pulido's barbershop, threatening to kill him, said a witness, who asked not be named on advice of a lawyer.

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Lozano called himself Pulido's brother, and told Evelyn Pulido that he was watching over her. He offered to buy gifts for her children.

``He was willing to do anything for Kiko," said Alicia Pulido. ``If they came to my house and I only had Diet Pepsi and Kiko wanted regular Pepsi, Troy ran up the street and got him regular Pepsi."

Alicia Pulido joked that Lozano was so solicitous she sometimes wondered whether he had romantic designs on her brother.

Though it seemed to Pulido's family that Lozano had reappeared from nowhere, federal prosecutors say the two men had already been in contact for some time, though it is unclear exactly when the two friends reconnected.

After Lozano began assisting the FBI, he sold Pulido about $130,000 more in gift cards, prosecutors say. And at some point, the officer began supplying Lozano with the personal details of people he encountered during routine traffic stops to feed what he thought was Lozano's continuing identity theft operation.

Over the next two years, agents recorded Pulido's cellphone conversations and meetings with Lozano in which the police officer allegedly admitted to a host of crimes, including identity theft, police brutality, planting evidence, insurance fraud, buying and trafficking in steroids, and helping to operate regular illegal after-hours parties with drugs and prostitutes in his wife's dance studio in a desolate Hyde Park neighborhood.

The recordings reveal a man given to bravado and brutality, a man quite different from the one friends and relatives knew, prosecutors say.

To his family, Pulido increasingly was showing signs of strain from overwork.

In May 2005, Roslyn Williams won an increase in child support to $260 a week, with the money deducted directly from Pulido's paychecks. Pulido also had two mortgages, on houses in Hyde Park and Florida. He still tried to make sure everybody was provided for, his wife and sister said.

Last summer, at 40, Pulido had a minor stroke, brought on by overwork and stress, his family said.

``His body was deteriorating," said Evelyn Pulido. ``He hardly slept. He told me, `Four hours of sleep, that's all a man needs.' He was working so hard."

The sting By December, Lozano had been helping federal authorities gather evidence on Pulido for almost two years. Then the stakes grew: He offered Pulido a way to make fast money.

Lozano said he had two cousins who needed protection and a venue for the transfer of 40 kilograms of cocaine to out-of-state buyers.

Pulido agreed to the job, according to federal court documents, but told Lozano he didn't want to touch the cocaine. The two traveled to a hotel in Atlantic City to discuss the $20,000 deal with Lozano's two drug-dealer cousins -- undercover FBI agents. The group posed for a picture in a Russian-themed restaurant, dressed up in Soviet army costumes, smiling, vodka shots raised.

Federal prosecutors say the cocaine transfer was made inside Pulido's Jamaica Plain garage in April, while he and another police officer, Nelson Carrasquillo , 35, monitored the area and police radios.

Then in May, Lozano said his cousins were offering an even bigger deal, guarding 100 kilograms of cocaine. Pulido recruited Carrasquillo and another friend and fellow officer, Carlos Pizarro , 36, prosecutors say. The fee, to be shared between the police officers and Lozano, was $50,000.

After that drug transfer was made on June 8, the undercover agents asked Pulido, Lozano, Pizarro, and Carrasquillo to come to Miami to celebrate and collect their payments.

Just before that trip, on June 24, Lozano remarried his former wife, Cassandra Matthews.

Pulido was best man at the wedding. Lozano was short on cash, Evelyn Pulido said, so Roberto Pulido paid for the photographer, the cake, and part of the couple's honeymoon on the Cape.

On July 19, Pulido, Lozano, their wives, and their other associates were in Miami. Prosecutors say the men went to collect their payments, celebrate their deal, and plan more jobs. Evelyn Pulido said she thought the trip was a celebration of her birthday and Lozano's marriage. In a videotape of one meeting, a voice prosecutors say is Pulido's agreed to a new deal: 500 kilograms of cocaine and heroin.

Pulido, Pizarro, and Carrasquillo were arrested the next day in Miami.

Pulido had told his wife, who spent the afternoon on the beach, that he would pick her up in their room for a birthday dinner. But when he didn't return from the outing with his friends , she became desperate, she said. Left alone with no cash in the Miami hotel, she frantically tried to find Lozano's wife so they could track down their husbands. Lozano and his wife had checked out, she was told.

Lozano, 41, has not been seen since.

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Pulido, Pizarro, and Carrasquillo face federal charges of conspiracy to possess with intent to distribute 100 kilograms of cocaine, and prosecutors say they could face additional charges.

``The person they're describing, we don't know him," Evelyn Pulido said. ``That's my husband. That's the father of my four children. Now they call him a kingpin? If he's kingpin, he's a kingpin of working his behind off."

Donovan Slack and Matt Viser of the Globe staff and Globe correspondent Ari Bloomekatz contributed to this report.

Gotti Greased Goodfella From Jail: Feds (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 21, 2006

John A. (Junior) Gotti asked his lawyer to send $500 to a Rhode Island mobster long rumored to be behind the murder of a Howard Beach neighbor who accidentally ran down Gotti's younger brother in 1980.

In a prison chat intercepted by the feds, Gotti spelled out Richard Gomes' name for his attorney, Richard Rehbock, and gave him a prison address in Cranston, R.I., where he could send the money.

"He was very dear to my father," Gotti told Rehbock in a March 11, 2004, conversation prosecutors played for jurors during the first day of testimony in the mob scion's racketeering retrial.

"I want to send $500 to him. I know he's in jail. I know that he's broke, people that come through here told me this. This is a great guy. This is a real man."

Gotti, 42, said he has known Gomes, nicknamed Red Bird, since he was a baby.

Gomes has never been charged with the slaying of John Favara, a 51-year-old father of two whose body has never been found. Favara was driving home from work in March 1980 when he struck and killed 12-year-old Frankie Gotti, who was riding through Howard Beach on a minibike. Favara disappeared several weeks later.

For several years, Gotti and his family have taken out ads in the Daily News wishing his younger brother a "Happy Birthday in Heaven."

Gomes, 72, was linked to the Rhode Island mob and served as the Dapper Don John Gotti's driver in the 1970s. He dutifully clammed up in 1990 when dragged before a federal grand jury investigating his boss.

Gomes was released from a Rhode Island prison last year after serving time for shooting two men in Providence in 1989.

Prosecutors are using the tapes made at a Ray Brook, N.Y., federal prison to counter Gotti's strategy of claiming he had left the mob life by the late 1990s.

Gotti has scored two mistrials, after jurors deadlocked on charges that include the 1992 assault on radio host Curtis Sliwa. He was shot twice by thugs prosecutors say were sent by Gotti, who was upset at Sliwa's relentless on-air criticism of his father and the Gotti clan.

The prison tapes show Gotti was keeping a close tab on the woes of other Gambino crime family members - an interest prosecutors say shows he never quit the mob. His attorneys say he was just gossiping about pending cases of men he knew.

He was even keeping an eye on the murder trial of actor Robert Blake.

"Robert Blake got bail, a step in the right direction, no?" Gotti said during a March 2003 chat. "I'm happy for the guy."

Junior Gotti's Jailhouse Chats Released (NSDY/AP)

By Larry Mcshane, Associated Press Writer

Long Island Newsday, August 21, 2006

"A step in the right direction, no?" Gotti told attorney Richard Rehbock in a March 2003 jailhouse conversation. "I mean, they should have given him bail from day one. They should have given him bail."

Blake, the star of the television series "Baretta," was acquitted of criminal charges last year in the murder of his wife. Gotti, currently out on $7 million bail, is hoping for a similar result in his federal racketeering case that began last week; two previous trials on the charges ended with hung juries.

Gotti is accused of ordering a pair of attacks on radio host and Guardian Angels founder Curtis Sliwa, who was kidnapped, shot three times and nearly killed in the second assault. The attacks were allegedly ordered by Gotti to silence Sliwa, who was maligning Junior's father, John Gotti, the head of the Gambino crime family.

Sliwa is expected to testify once again about his kidnapping and near-slaying, as he did in the first two trials. But the case against Gotti will rely heavily on the testimony of mob turncoats, including his lifelong friend Michael "Mikey Scars" DeLeonardo, an admitted three-time murderer.

In the same jailhouse talk with Rehbock, the now 42-year-old Gotti made his feelings about such informants clear.

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"Some guys really fall to pieces when they see this," said Gotti, referring to his prison surroundings. "Sal Vitale is a great example, (Sammy) Gravano was an example. Gravano ... I mean he was a legendary soldier in the street. Brooklyn, he was a legend in Brooklyn. He got to jail, he fell to pieces."

Vitale, known as "Good Lookin' Sal," was a Bonanno family underboss who flipped and helped jail his brother-in-law, Joseph "Fat Joey" Massino. And Gravano served as the underboss and the undoing of "Dapper Don" John Gotti, who died behind bars in 2002.

The younger Gotti, like his father, never cooperated with authorities. He has denied any involvement in the Sliwa attacks, and his lawyer told the jury in opening arguments Thursday that Gotti quit the mob before pleading guilty in a separate 1999 racketeering case.

Prosecutors disagreed, and introduced the tapes _ recorded with Gotti's knowledge while he was in federal lockup in Ray Brook, N.Y. _ to demonstrate his continued involvement with organized crime. In a March 2004 conversation, Gotti instructed Rehbock to send $500 to Richard "Red Bird" Gomes, a mob associate jailed in Rhode Island.

Gomes, a longtime friend of the Gotti family, was reportedly involved in the slaying of a Queens man who fatally injured Junior Gotti's 12-year-old brother, Frank, in a March 1980 accident.

The boy was riding a minibike when he was struck by John Favara's car. Favara soon disappeared, although Gomes was never charged in the slaying.

"He was very dear to my father," Gotti said of Gomes. "... I know he's in jail, I know that he's broke, people that came through here told me this. This is a great guy. This is a real man."

After A Ferry Venture Fails, Criticism And Questions (NYT)

By Michelle York

The New York Times, August 21, 2006

ROCHESTER, Aug. 16 — In February 2005, a federal bankruptcy hearing turned uncommonly celebratory. A packed courtroom erupted with cheers and a standing ovation after a group of city officials, including the mayor at the time, William A. Johnson Jr., purchased a luxury catamaran for $32 million.

The vessel was bought from the owners, two friends and former Wall Street executives who had started a ferry business in the summer of 2004, taking passengers across Lake Ontario to Toronto. Bad luck, financial losses and, at least according to critics, mismanagement, sent the venture into bankruptcy after less than three months in operation.

Those who approved of the city's bold decision to take over the private service and keep the ferry running were not just the people cheering in the courtroom — many of whom were laid-off ferry workers and unpaid vendors — but also pundits and politicians.

One, United States Senator Charles E. Schumer, credited the city with taking charge. "At least Rochester didn't throw up its hands," he said then.

Today, many people wish Rochester had done just that, after the fast-ferry business failed for a second time last year and continues to drain taxpayer dollars.

Last month, the state comptroller, Alan G. Hevesi, issued an audit that was highly critical of former city officials. The audit reviewed the city's involvement with the ferry from September 2001 to April 2005. This covered the period from when it first began working in earnest with a potential ferry operator to when it purchased the ship.

The audit charged former city officials with "extensive missteps," including ignoring "obvious red flags," from the beginning, being inattentive to finances, and spending nearly $1 million more on the venture than they publicly disclosed.

Mayor Robert J. Duffy, who took office in January after Mr. Johnson retired after 12 years in office, is pressing the Federal Bureau of Investigation to wrap up its yearlong probe into whether the failed venture stretched into criminality. He said he would like to see a federal grand jury impaneled to help investigate.

Mr. Johnson has denied any mismanagement on his watch, but Mayor Duffy said, "There are unanswered questions that need to be explained."

The city had hoped to sell the ferry at the beginning of the summer. But a deal with a potential British buyer, Euroferries Ltd., has stalled. The ferry still is costing the city $6,000 a day — even though it is not operating — because of security, maintenance, insurance and staffing obligations. Auditors believe taxpayers will have lost at least $20 million on the venture once the ship is sold.

"It goes far beyond sheer stupidity," said State Assemblyman Joseph A. Errigo, whose district borders Rochester and who was among those who called for the audit. "If you look at the comptroller's report, there's plenty of proof of malfeasance."

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Rochester, a city with a population of just under 220,000 in 2000, began its foray into a ferry service after suffering for decades from job losses, a population drain and a stubbornly high crime rate. A fast-ferry service to Toronto was a priority for Mayor Johnson, who wanted to turn the city into an international gateway and tourist destination.

Brian F. Prince and Dominick DeLucia, two Rochester natives who had made their fortunes at Lehman Brothers in New York City, put together a plan. They created a ferry company, Canadian American Transportation Systems, and financed the $42 million purchase of the vessel through a complex arrangement involving private German and Australian companies, as well as local and state grants and loans. Mr. DeLucia said he and his partner also invested their own money.

City and state officials invested more than $30 million combined, including redeveloping the local port. The ship, pulled into port in June 2004.

Even though the ferry, which took about two and a half hours to cross Lake Ontario, was locally popular, the business was losing money. Mr. DeLucia and Mr. Prince abruptly stopped service after 80 days.

The city, faced with letting go of the long-held dream, or trying to revive it, decided to buy the ship.

"In the face of a lot of public pressure to do this project, the city did not take seriously enough the warnings of consultants," said Mark P. Pattison, a deputy state comptroller.

The city ran the service for the 2005 season, but lost about $1 million a month for 10 months. After Mr. Johnson left office, one of the first decisions his successor made was to discontinue the ferry service. The state comptroller's audit harshly criticized the city's practices under Mr. Johnson's stewardship. It charged that independent consultants had warned of poor financial planning and little enthusiasm from the Toronto market. Nor did the city thoroughly review the "overly optimistic" business plan by Mr. DeLucia and Mr. Prince, or verify that the two men actually invested $5 million of their own money as they said, according to the report.

The city told the public it spent $1.3 million on the project. But it also spent nearly $1 million more, and officials "made it appear that they intended to hide these transactions from public scrutiny," the audit said.

Since the venture failed, Mr. DeLucia and Mr. Prince have maintained a low profile.

Mr. DeLucia did not return two phone calls seeking comment for this article. Mr. Prince could not be reached.

With the initial owners out of sight, the blame has fallen squarely on city leaders.

"It confirms everybody's worst hunches about the project and the way it was handled by City Hall," said William Nojay, the former chairman of the Rochester-Genesee Regional Transportation Authority, which was originally asked to coordinate and administer the public funding for the project.

Mr. Nojay was one of the few skeptics of the ferry plan from the beginning, and a different city agency eventually became the conduit for local and state funding for the project. "The audit raises more questions than it answers," he said.

In response, Mr. Johnson said he was not given the opportunity to weigh in on their report before it was made public. "There were many people who were wildly supportive of the fast ferry project, and now they're running for the hills," he said.

He vehemently denied any mismanagement by his staff. "I sleep well at night knowing we did the very best to make this work," he said. "It just wasn't meant to be."

Bankest Officers Found Guilty (MH)

By Patrick Danner

The Miami Herald, August 21, 2006

After more than three weeks of deliberation, a Miami federal jury on Wednesday found two Key Biscayne brothers and two others guilty for their roles in one of South Florida's biggest bank-fraud cases ever.

Eduardo and Hector Orlansky, the top officers of E.S. Bankest, each face up to a maximum of 30 years in prison and substantial restitution for conspiring to defraud Espirito Santo Bank of Florida of some $170 million.

The Orlanskys and E.S. Bankest manager R. Peter Stanham were taken into federal custody following the verdict Wednesday. The government argued they were potential flight risks because of their ties to other countries. The Orlanskys are from Argentina.

Ariadna Puerto, another E.S. Bankest officer, was given home detention. U.S. District Judge Adalberto Jordan set sentencing for Nov. 17.

Eduardo Orlansky stared straight ahead and showed no emotion as the jury foreman read the verdict before a packed courtroom. Hector Orlansky shook his head as the guilty counts against his brother were recited. Puerto cried as the counts against her were read. Stanham also teared up as he said his goodbyes to family members before being taken into custody.

Eduardo Orlansky, 68, E.S. Bankest's chairman, and Hector Orlansky, 61, chief executive, were accused of ripping off Espirito Santo Bank through a sophisticated conspiracy that lasted nearly a decade before crumbling in 2003.

DOJ_NMG_0051057

The Justice Department filed criminal charges against the Orlanskys, five other bank officers and two co-conspirators in December 2003. Five of the nine previously pleaded guilty.

The Orlanskys, Stanham and Puerto were found guilty on the lion's share of charges brought by the government, but found not guilty on numerous other counts.

U.S. Attorney Alex Acosta said he was gratified by the verdict. "Bank and investment fraud is not just a paper crime," he said in a statement. ``Real people lose money, employees lose jobs, investors lose savings, and financial markets lose confidence in the integrity of our banking system."

Lawyers for the Orlanskys said they will appeal.

"I'm stunned," said Bruce Lehr, Hector Orlansky's lawyer. "For the jury to come back with 37 or 38 counts of guilty and 17 counts of not guilty, I don't understand how they reached that conclusion. I do not understand the half pregnant." Lehr said they should have been found guilty on all counts or not guilty on all counts.

But Donald Bierman, one of Eduardo Orlansky's lawyers, said he would not call the verdict a "total surprise." He said there were ``very serious charges, with witnesses that will say anything."

On the first day of deliberations, the 12-member jury told Jordan they couldn't reach a verdict. The judge sent them back.

E.S. Bankest was a factoring company created in 1998 by Espirito Santo Bank, part of the Portuguese banking organization, and the Orlanskys' Bankest Capital Corp. Each held an equal stake in the new company.

Factoring companies buy other firms' outstanding bills -- accounts receivable -- at a discount, then collect the bills and pocket the difference. E.S. Bankest got loans to operate its factoring business from Espirito Santo Bank's clients. E.S. Bankest pledged the accounts receivable it purchased as collateral on the loans.

But prosecutors allege E.S. Bankest defrauded the bank by inflating the value of the bills it bought. Within its first four months, E.S. Bankests claimed it owned $16 million in accounts receivable -- a figure that ballooned to more than $235 million by August 2002, according to the superseding indictment filed last year.

E.S. Bankest also presented bogus audited financial statements so it could continue funding from Espirito Santo Bank, prosecutors alleged. And E.S. Bankest vouched it could collect on bills its officials knew were uncollectible.

Lawyers for the Orlanskys maintained during the more than three-month trial that the brothers had been scammed by other E.S. Bankest officials.

One, E.S. Bankest manager Dominick Parlapiano, incorporated a firm called CD JewelBox that claimed to make CD cases.

"It was a sham," said Lehr, Hector Orlansky's lawyer. ``Parlapiano produced false invoices and got millions of dollars [from E.S. Bankest] for this fictitious company."

Parlapiano pleaded guilty in May 2004 to four counts and was sentenced to more than 12 ½ years in federal prison.

As further proof that the Orlanskys didn't defraud Espirito Santo Bank, Lehr said the brothers turned down a $10 million offer from the bank to buy E.S. Bankest. They also borrowed millions from friends and relatives and put up their own inheritance to save the company.

During the course of the trial, Jordan denied requests by Eduardo Orlansky's lawyer to show Orlansky was legally insane during the time of the alleged fraud because he suffered a stroke that left him with dementia. Lawyer Edward Shohat said he will bring up the competency issues on appeal.

Jordan sided with the government in excluding from trial the testimony of Orlansky's medical experts because the judge concluded they could not scientifically show that Orlansky's dementia existed at that time.

The trial was suspended for three weeks in April while Orlansky underwent gall-bladder surgery.

Following its collapse, E.S. Bankest filed for bankruptcy in 2004.

At trial, E.S. Bankest's court-appointed receiver, Coconut Grove forensic accountant Lewis B. Freeman, said he collected little more $5 million of the purported $220 million in receivables. Asked why he didn't collect more, Freeman responded that it was hard to collect nonexistent receivables.

Miami Herald writer Joseph Tartakoff contributed to this report.

Attorney Pleads Guilty To Misconduct (SSJ)

By Timothy Alex Akimoff, Statesman Journal

Salem (OR) Statesman Journal, August 17, 2006

Ex-Salem lawyer faces as much as 10 years in prison

Former Salem attorney Thomas Knapp is scheduled to be sentenced Nov. 14 in federal court in Eugene. He faces as much as 10 years in prison and a $250,000 fine.

A former Salem attorney pleaded guilty to a money-laundering charge stemming from his involvement in a loan scheme that stretched from Salem to Greece and cost victims about $1.3 million.

Thomas Knapp, who resigned from law practice in January 2004 amid other misconduct allegations, was indicted by a federal grand jury in March 2005 for his part in the scheme. Another man also indicted, Antonio Abirached of Athens, is at large and is considered a fugitive, Assistant U.S. Attorney Christopher Cardani said.

"This was called an advanced-fee scheme," he said. "You have people pretending to have money to lend. They tell would-be borrowers to give them fees in advance to secure the loans."

Fraud victims transferred $800,000 into an Oregon account that Knapp controlled, hoping to secure large loans from Abirached in Greece. The victims were told that there were problems securing the loan and that they would have to transfer additional fees to clear the way, which they also would send to the account that Knapp controlled. It was money from this account that Knapp spent on a 2002 Mercedes Benz automobile and a balloon payment he made on his office building at 3030 Commercial Street SE that constituted the money laundering, said Dan Wardlaw, a spokesman for the Internal Revenue Service.

Charges in the indictment also included foreign travel to commit fraud and conspiracy.

Knapp agreed to pay $300,000 in restitution and faces as much as 10 years in prison and a $250,000 fine. His sentencing is set for Nov. 14.

Starbucks Denied Hot-coffee Verdict Dismissal (OREG)

The Oregonian

The Oregonian, August 21, 2006

Starbucks Corp. lost a request Tuesday to dismiss a New York jury's award to a lawyer who suffered second-degree burns and permanent nerve damage from a cup of spilled coffee.

Manhattan State Supreme Court Judge Emily Jane Goodman denied the coffee shop chain's request to dismiss a March verdict awarding Alice Griffin $50,000 for past pain and suffering, $250,000 for future pain and suffering and $1,000 for medical bills.

A neurologist testified at the trial that the nerve endings of Griffin's left foot were permanently damaged after a Starbucks employee spilled coffee on her in February 2004. Still, in her ruling made public Tuesday, Goodman agreed the damages were excessive and scheduled a settlement conference.

Starbucks charged on appeal that Griffin fabricated the incident, even though George N. Tompkins III, a lawyer for Starbucks, conceded in closing arguments the coffee spilled on Griffin, Goodman noted in her decision. She quoted Tompkins as saying, "The hot coffee seeped through her canvas sneaker, her gym sock and her stocking and caused a second degree burn on the top of her foot."

Griffin testified she jumped and shrieked "Ow!" saw steam coming from her left shoe and felt "intense pain," the transcript shows. She later went to the hospital where she was treated and released, court records show.

-- Bloomberg Business News

Ex-attorney admits money-laundering scheme

A former Salem attorney, Thomas E. Knapp, pleaded guilty Tuesday to laundering money he received as part of "an international fraud scheme," federal officials said.

Knapp was charged in March 2005 with conspiracy and fraud in an indictment by a Eugene federal grand jury. The plea bargain was announced Tuesday by U.S. Attorney Karin J. Immergut, the FBI and the Internal Revenue Service.

Knapp was accused of wrongfully spending money derived from an international investment program with another man, Antonio Abirached of Athens, Greece. The men said they could secure financing for U.S. companies and were paid $1.2 million in advance fees. They allegedly took the money but never obtained financing for their clients, federal officials said.

Knapp admitted receiving and spending $300,000 of the funds on a Mercedes Benz and to pay off his Salem office property, officials said. He will be sentenced Nov. 14 and could receive up to ten years in prison and a $250,000 fine.

Knapp was required to resign from the Oregon State Bar in January 2004, when he signed a Form B, the functional equivalent of disbarment, the Bar confirmed Tuesday.

Abirached has not appeared in court and is considered a fugitive. There is a warrant pending his arrest.

-- Julie Tripp

Former Attorney Pleads Guilty To Money Laundering (AP)

AP, August 21, 2006

EUGENE, Ore. (AP) — A former Salem attorney has pleaded guilty to a money laundering charge in an international loan scheme that cost victims about $1.3 million.

Thomas Knapp was indicted by a federal grand jury in March 2005. He was accused of taking advance fees from people seeking financing for business plans after assuring them they could obtain funding through individuals in Greece.

The fraud victims transferred $800,000 to a trust account controlled by Knapp, who wrongfully spent some of this money on a luxury car and paid off the building he used for his law practice, according to a release from U.S. Attorney Karin Immergut.

As part of his plea agreement, Knapp forfeited a 2002 Mercedes Benz and his interest in the office building. He also agreed to pay more than $300,000 in restitution, prosecutors said.

Sentencing was set for Nov. 14.

Another man indicted in the scheme, Antonio Abirached of Athens, Greece, is a fugitive.

Worker Hurt In Robbery Of Georgetown Jewelry Store (WP)

By Henri E. Cauvin And Sarah Abruzzese

The Washington Post, August 21, 2006

A jewelry store worker was shot and critically wounded yesterday afternoon in Georgetown during a brazen midday robbery at the Wisconsin Avenue shop where he worked.

The man, whose name was not released, was shot in the back and taken to Georgetown University Hospital, where he underwent surgery. A police spokesman said yesterday evening that he was in critical but stable condition.

The holdup of Georgetown Fine Jewelry and Art, at 1265 Wisconsin Ave. NW, marked the second time in just over a month that a robbery in Georgetown ended in bloodshed.

In early July, a British political activist was killed when he and a friend were accosted on a residential street as they walked home from a movie. Alan Senitt's throat was slashed, allegedly by one of the robbers, when he tried to aid his female companion.

The July 9 slaying was one of 14 during a 12-day stretch last month, and D.C. Police Chief Charles H. Ramsey declared a crime emergency, saying homicides and especially robberies had been occurring at a troubling clip.

Inspector Andy Solberg said at least two and possibly three men entered the jewelry store about 2 p.m. asking to see some merchandise.

What happened next is under investigation, said Solberg, the acting commander of the 2nd Police District, which includes Georgetown. Police would not say whether anything was taken.

After the shooting, Solberg said the assailants went north on Wisconsin, then east on N Street, where they got into a white sedan and fled.

Police sealed off Wisconsin Avenue in front of the store for much of the afternoon as police commanders, detectives and crime scene technicians tried to gather evidence.

Curious passersby, seeing the yellow police tape and the activity, buttonholed those there to ask what had happened. Traffic up and down Wisconsin Avenue was detoured onto side streets for hours. Shops on the affected stretch were closed to the public. Relatives and friends of the wounded man showed up, anxious and searching for answers from police.

Eric Jackson, who works at a nearby hotel, said he sometimes visits the store and knows the family that runs it. "There's no place safe in Washington anymore," he said.

Omid Shaffaat, who said he is a close friend of the wounded man, said he hoped store surveillance camera footage would aid police.

"The person has to be on camera," he said.

Police described two suspects as men in their thirties. One was in an orange turtleneck and a dark sweatshirt. The other was pulling a wheeled suitcase with a duffel bag on top.

Police asked anyone with information to call 202-727-9099.

Up to $10,000 is available for information leading to an arrest and conviction in a District robbery.

1 In 8 Murderers Halted Their Appeals To Speed Execution (USAT)

By Richard Willing

USA Today, August 21, 2006

Executions in America continue to generally decline, according to state and federal records, but one trend remains constant: One in eight convicted murderers who are executed “volunteer” to die by abandoning their legal appeals.

Death row volunteers account for 123 of the 1,041 executions carried out since capital punishment resumed in 1977, according to the Death Penalty Information Center, a group in Washington, D.C., that opposes the death penalty. That rate — about 12% — has held constant for nearly 30 years.

The phenomenon “is something that hasn't gotten much attention, but that is changing,” says J.C. Oleson, author of a 2006 law journal article about volunteers. “Why do they do it? And how should the legal system regard someone who just doesn't want to participate? It raises real questions.”

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This year, five of the 37 murderers put to death were volunteers. Two of the remaining 14 prisoners scheduled for execution have asked to die. Some volunteers, such as Elijah Page — scheduled for execution in South Dakota next week — give no reason for their choice.

Michael Ross, a murderer of four Connecticut women executed last year, said continuing his appeals risked the "living hell" of reliving his "absolute worst deed." Confessed killer Aileen Wuornos, the subject of the 2003 movie Monster, said she wanted to "get right with God" before her 2002 Florida execution.

Death-penalty opponent Robert Nave argues that isolation on death row and anxiety caused by years of appeals produce mental instability that causes volunteers to make an "essentially irrational" choice.

Oleson says that choosing death is "not necessarily an unreasonable or unprincipled thing to do."

He says that lawyers should ask, "What's in my client's best interests at the end of the day?"

In South Dakota last week, a judge questioned Page for about 20 minutes before deciding that he was mentally competent and entitled to abandon his appeal.

This year, Page wrote a letter to South Dakota newspapers saying he wished to "face execution" and that a man convicted of helping him rob, torture and kill a 19-year-old Spearfish, S.D., man was wrongly charged. His accomplice has not volunteered to be executed.

Lethal Injection -- Still Lethal (LAT)

The Los Angeles Times, August 21, 2006

IT LOOKED LIKE AN INGENIOUS WAY around the familiar and so far unavailing argument that the death penalty is unconstitutional. Instead of focusing on the what of capital punishment — state-sanctioned killing — lawyers for death row inmates would take aim at the how of most executions — death by lethal injection.

Sure enough, courts began to entertain the argument that lethal injection could amount to cruel and unusual punishment, either because insufficient painkillers were administered or because the physiology of some prisoners made pain-free injection impossible. Even the U.S. Supreme Court ruled that a prisoner could use a federal civil rights law to challenge the lethal injection methods by which Florida proposed to put him to death.

Death penalty opponents were energized by this seeming end run around capital punishment. In February, after California postponed the execution of Michael Morales in response to a federal judge's ruling, Century City lawyer Stephen Rhode told The Times that states were "hitting the wall in the futile search for a humane death penalty."

But that wall may be crumbling. Earlier this month, a federal judge in Oklahoma refused to stay the execution of a convicted murderer after the state announced that it would double the dose of a sedative used to block pain when fatal chemicals are injected. Other states are likely to follow suit if the alternative is a moratorium on executions. Beyond that practical reality, challenges to lethal injection are a sideshow in the debate about whether capital punishment as it exists today violates the 8th Amendment's ban on "cruel and unusual punishments."

The phrase "as it exists today" is necessary because that is the benchmark properly used by the Supreme Court in 1972 when it struck down state death penalty laws then on the books. In one of the leading opinions in that case, Justice Potter Stewart wrote that the legal systems of the time permitted the death penalty to be "wantonly and freakishly imposed." Stewart noted that "these death sentences are cruel and unusual in the same way that being struck by lightning is cruel and unusual."

Although the court later upheld revised death penalty statutes, Stewart's insight remains apt. The death penalty in 2006 is still cruel and unusual punishment in part because only a fraction of convicted murderers are put to death — some because they live in a particular state, others because they had a bad lawyer — and even then execution comes years or decades after conviction. (Most of the death penalty cases decided by the Supreme Court in its recent term involved murders committed in the 1980s.)

In the real world, capital punishment is cruel and unusual whether death is delivered by an electric current, a hangman's noose or a chemical cocktail. That is the argument that death penalty opponents need to be making.

CIVIL LAW:

Editorial: U.S. Contractors In Iraq Must Be Held To Account For Fraud (YOUNGV)

Youngstown (OH) Vindicator, August 21, 2006

Tens of billions of dollars have been spent on rebuilding Iraq, so if a federal judge says that a few million that was obviously misspent can't be recovered because of a technicality, should that be cause for alarm? Oh, yes, indeed it should.

DOJ_NMG_0051061

In a ruling made public Friday, U.S. District Judge T.S. Ellis III said that Custer Battles LLC, a Fairfax, Va., contractor, wouldn't be forced to pay a $10 million jury verdict because the victim of the company's fraud was the Coalition Provisional Authority, which was formed to run Iraq until a government was established. The company's accusers, Ellis said, failed to prove that the U.S. government was defrauded.

The ruling has the effect of making post-war Iraq a legal no-man's land where billions of U.S. tax dollars were spent — and at least tens of millions misspent — with no mechanism for holding thieves to account.

The implications go beyond Custer Battles to every private contractor operating in Iraq.

The ruling did not come as a complete surprise, since the judge had made it clear that he was uncomfortable with the legal status of the Coalition Provisional Authority. It was incumbent on President Bush's Justice Department to jump in on the side of the plaintiffs and make it clear to the judge that the United States government considered the CPA to be an entity of the United States and that any fraud perpetrated against the CPA was a fraud against the United States and its taxpayers.

The case shouldn't have been that hard to make. President Bush signed an executive order in November 2003 declaring the CPA "an entity of the United States government." And Custer Battles, as well as other contractors operating in Iraq, were often paid in cash: six-inch thick stacks of $100 bills, still wrapped in plastic, fresh from the U.S. Mint. Newsweek magazine ran a picture of CPA officials standing behind a tabletop loaded with hermetically sealed fistfuls of C-notes in April 2005. One such cash payment to Custer Battles was for $2 million.

Is the Justice Department simply inept or is it malfeasant that it couldn't make a case for protecting the United State taxpayers against avaricious war profiteers? Given all that has gone wrong in Iraq, shouldn't the Justice Department be determined to hold to account anyone who took a U.S. $100 bill without providing $100 worth of value?

Suit's background

The lawsuit was brought by a former Custer Battles employee who had sued under a whistle-blower statute, alleging that the company used shell companies and false invoices to vastly overstate its expenses on a $3 million contract to assist in establishing a currency to replace the Iraqi dinar used during Saddam Hussein's regime.

The jury agreed there was fraud and returned a $10 million verdict, because the law calls for triple damages, plus penalties, fines and legal costs.

The judge's ruling puts in question a separate suit not yet heard regarding an even larger contract Custer Battles had to provide security at the Baghdad airport. Among other transgressions, the company has been accused of confiscating equipment found at the airport, repainting it and charging the government for it.

And there are allegations of fraud by much larger contractors, such as Halliburton and Bechtel, who were working on contracts worth not millions, but billions.

If the ruling on this case is allowed to stand as precedent, greedy contractors will be allowed to laugh all the way to the bank with hundreds of millions of unearned payments that came directly from the pocket of U.S. taxpayers.

It is time for Congress to step in and demand that the administration explain its decision not to vigorously pursue a court ruling that would have made it clear that money stolen from the CPA was money stolen from the U.S. government.

Congress must also demand that Attorney General Alberto Gonzales take personal responsibility for seeing that the Justice Department joins the appeal in this case and joins any other case in which it is necessary to convince a court that any dishonest defense contractor in Iraq did, indeed, steal from the American people and will be held to account.

Conservatives in Congress have long railed against allegations of fraud in the oil-for-food program that was overseen in Iraq by the United Nations. Let's hope they can be just as outraged by fraud that may have impeded the U.S. post-war rebuilding effort in Iraq.

Monday, August 21, 2006

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Unbundling Asbestos (WSJ)

The Wall Street Journal, August 21, 2006

Anything that causes the asbestos bar to pull its hair out is usually a step in the right direction. So judging by the meltdown in Michigan asbestos circles, that state's supreme court has taken a great leap forward in weeding out frivolous lawsuits.

The Michigan high court recently issued a surprising administrative order, outlawing the "bundling" of asbestos cases for collective settlement or trial. Bundling is a favorite tool of trial lawyers, as it allows them to attach hundreds or thousands of claims from the unsick to the claims of the few who truly are ill. The tactic clogs court dockets even as it increases pressure on companies to settle, or head to bankruptcy, or both. The Michigan court, in a 4-3 decision, ordered that from now on "each case should be decided on its own merits." Imagine that.

The Michigan order is the latest to suggest that judges are waking up the big con of asbestos litigation. Courts around the country have been creating "inactive" dockets, where they are parking the suits of healthy claimants -- that is, people who say they've been exposed to asbestos but show no signs of impairment. Bankruptcy courts are also cracking down on certain "prepack" filings designed to loot insurers and hand the proceeds to the lawyers. And individual judges -- perhaps inspired by the scathing silicosis opinion last year of federal Judge Janis Graham Jack -- are increasingly demanding more evidence that patients really are sick.

The Michigan court has spent three years studying how to respond to its asbestos mess. So it is especially notable that, rather than create an "inactive" docket, the court chose to address the root problem: tort bar abuse. Its order notes that the purpose of bundling was "to maximize the number of cases settled." In other words, the lawyers' strategy was to hit companies with so many claims that the firms would lose the stomach to go to court, and would settle instead. It worked: Michigan hasn't seen an asbestos suit make it through trial since 1999.

DOJ_NMG_0051063

In his concurring opinion, Judge Stephen Markman also noted the opinion would "advance the interests of the most seriously ill asbestos plaintiffs whose interests have not always been well served by the present system." This was the judge's polite way of referring to the lawyers' practice of using sick people to "leverage" (his word) settlements for the non-sick. In particular, asbestos attorneys often agree to discount payouts to mesothelioma or other cancer victims so long as the defendant company also agrees to settle and pay its other, often frivolous, claims.

The three dissenting judges were close to apoplectic in their criticism of the order, and they've since been joined by Michigan trial lawyers who are predicting chaos and claiming rampant injustice. Their main gripe is that this order will further tangle the court system, since each case must now be tried individually. The argument is that bundling is necessary for court "efficiency."

That takes some nerve, since their willingness to file bogus suits is what clogged the courts in the first place. Asbestos litigation began as a way to address a legitimate wrong, but it spun out of control when judges showed they were willing to wave just about any claim through, regardless of merit. The tort bar then set up what became essentially a lawsuit-filing industry, complete with phony diagnoses by quick-buck doctors and screening companies who worked for the very lawyers bringing the suits. More than one grand jury is now looking into this racket.

Our own guess is that if the Michigan high court sticks with this rule -- it is allowing public comments up to December -- the result will be a huge reduction in the number of asbestos cases. The tort lawyers know they can't prove 95% of their suits in court, and they aren't likely to spend the money trying. Congratulations to the Michigan supremes for calling their bluff.

Enter Search Term Here, Forever (NYT)

The New York Times, August 21, 2006

When people search the Internet in their homes, it feels like a private activity. But as AOL reminded the world this month, when it made public 19 million search queries by customers, companies often store searches in ways that allow them to be traced back to specific users. The storing and sharing of data of this kind is a violation of users' privacy rights. Congress, the Federal Trade Commission and the companies should do more to protect these rights.

When people talk on the phone, they assume that the words they utter will disappear when the call is over. They certainly do not expect that their phone company is recording and storing the words, to mine for commercial purposes or to sell to other companies. People have the same expectation about the Internet searches they do: when the search is over, the words they used will disappear.

But that is not how search engine companies are treating the data. Google and other companies store search information indefinitely, and once the data is stored it can easily get out. The companies may sell it to third parties. They may be forced to hand it over in response to a subpoena. Or employees at the companies can leak the information.

People often include information in their Internet searches that they do not want to share with the world. They may be searching for information about topics like cancer or spousal abuse, or looking for sex or gambling Web sites. They may be looking for organizations that are critical of the government.

There should be strong safeguards in place to prevent search engine companies from storing and using this data. The Bush administration, however, has been pushing in the opposite direction. Earlier this year, Attorney General Alberto Gonzales urged Internet companies to keep user data for long periods to help law enforcement.

Congress should step in. Search data is arguably protected by existing privacy laws, but Congress should pass new legislation that removes any doubt. Representative Edward Markey, Democrat of Massachusetts, has introduced a bill to prohibit Internet companies from warehousing personal data, including search queries. It is a good start, but it still gives companies too much leeway to keep data. The bill should be strengthened and passed.

The F.T.C. should also do more. The Electronic Frontier Foundation has filed a complaint against AOL, arguing that the recent well-publicized release of search data from 600,000 AOL customers was a deceptive trade practice. The F.T.C. should uphold the complaint, and send a clear message that invasions of privacy of this sort will be punished.

Whatever the government does, the companies themselves should be acting more responsibly. People who use the Internet have a right to expect privacy. If companies do not have their users' affirmative consent to keep data, they should delete it, and make money from the many other, very profitable parts of the search engine business.

CIVIL RIGHTS:

Killer Says He Wasn't There For '98 Dragging (WT)

By Hugh Aynesworth

DOJ_NMG_0051064

The Washington Times, August 21, 2006

DALLAS -- The reputed leader of one of the worst race hate crimes in recent history -- on death row for more than seven years -- says he wasn't even present when James Byrd Jr. was dragged to his death behind a pickup truck in Jasper, Texas, in 1998.

John William King says the dragging death of the 49-year-old black man was the result of a drug deal gone bad.

He names Shawn Berry, owner of the truck, and his brother, Louis Berry, who was not charged, as the real murderers. Though convicted of murder, Shawn Berry was spared death and given a life sentence, which means he could be eligible for parole in 40 years.

The King motion was filed before the Texas Court of Criminal Appeals in mid-June, claiming his innocence and saying his trial should have been moved because of racial turmoil in the small eastern Texas town of 7,700, where the crime occurred.

King was convicted and given the death penalty Feb. 25, 1999. He did not testify nor did he cooperate with his court-appointed lawyers.

The lengthy brief, along with 1,200 pages of exhibits, filed by California lawyer Richard Ellis in Austin, asks either that the court grant a new trial or that King's death-penalty verdict be changed to life in prison.

Evidence from the crime scene that the prosecution used in the case included a pair of shoes retrieved from King's apartment that purportedly had blood on them that matched the victim.

Though King now says Shawn Berry dropped off him at home while Mr. Byrd agreed to sell Berry steroids at another site, testimony at the trials placed all three together on the lonely highway just outside of Jasper the night of June 7.

King, Mr. Ellis said, was told by his lawyers that it would hurt him to testify. He tried on several occasions to fire his lawyers, to no avail. The trial court refused to allow a switch, saying it would delay the trial considerably.

King's original two lawyers did not return telephone calls to The Times.

His actions, however, haven't drawn much sympathy for his case.

Letters he had written to others in prison almost bragged about the crime. And as he was led out of the Jasper courthouse after the guilty verdict, one reporter asked him whether he had anything to say to the Byrd family.

Sneering, King spat out a vulgar racial retort.

Later, he released a short comment.

"Though I remain adamant about my innocence, it's been obvious from the beginning that this community would get what they desire," he wrote.

Though he refused to be interviewed for this article, King says he has found God and started his own Web site.

"I am neither good nor evil, angel or demon," he wrote a few months ago. "I am but a man."

Trial Run In Brooklyn Court, A Route Out Of Jail For The Mentally Ill (WSJ)

By Gary Fields

The Wall Street Journal, August 21, 2006

BROOKLYN, N.Y. -- Judge Matthew Jude D'Emic of the Brooklyn Mental Health Court summoned Kalvin Berry to the bench to find out why he had been arguing with his court-appointed therapists.

In a series of staccato gripes, Mr. Berry said he'd been mistreated. Before he could finish, Judge D'Emic, a towering man with ruddy cheeks, cut him off: "Your bull -- arguing will get you thrown out of the program and into prison. Do you understand?"

Mr. Berry, 23 years old, was shocked into silence. The court's mental-health program, an increasingly popular way of dealing with mentally ill criminals, is the only thing standing between him and two years in jail. Mr. Berry suffers from severe depression caused by a childhood brain injury. Last April, he pleaded guilty to threatening to blow up a bus, among other charges. Instead of being locked up, however, he was put under the supervision of Judge D'Emic's court.

Brooklyn's mental-health program has become a model for localities trying to deal with a seemingly intractable problem: the increasing number of mentally ill people filling the nation's prisons. The problem stems largely from the shuttering of state-run mental-health facilities a generation ago. Once behind bars, the mentally ill are rarely paroled. If released, they usually end up back in prison because of a lack of outside treatment options. The Justice Department estimates that about 330,000 of the nation's 2.2 million inmates are mentally ill.

Mental-health courts, which work in tandem with prosecutors' offices, are slowly emerging as a promising alternative. They came on the scene in the late 1990s and are designed to allow the mentally ill to avoid prison time, provided they adhere to extensive treatment plans set up and monitored by the new courts. Defendants must plead guilty and pass intensive psychiatric evaluations before being admitted. Once under the court's authority, they undergo regular therapy sessions and often their medication is monitored. Prosecutors and judges typically have complete discretion as to whether a defendant can seek this alternative path.

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What makes the idea appealing to many is that it represents a middle ground between locking up the mentally ill and letting them roam free.

"The easiest thing we do is put people in jail, [but] you cannot prison-build your way into reducing crime," says Charles Hynes, the longtime Brooklyn district attorney, who helped create the Brooklyn Mental Health Court.

The Brooklyn court routinely hosts visiting judges and court officers interested in the concept. In the past four years, eight mental-health courts have been created in New York state, and three other local jurisdictions are preparing to open such courts of their own. When all are up and running, New York will account for about 10% of the 120 mental-health courts in the U.S.

Most mental-health courts treat only defendants accused of misdemeanors. That's because many lawmakers and prosecutors worry that criminals will game the system and that the mentally ill will relapse and commit new crimes. Brooklyn is one of the few that accept serious felons. Judge D'Emic is keenly aware of the risk that involves.

"If something went really wrong that could be not only the end of your mental-health court, but of mental-health courts in general," he says in an interview.

Close Calls

There have been some close calls. One participant -- a pharmacist who had been self-medicating and who had pleaded guilty to driving under the influence -- crashed into a line of parked cars while driving drunk. The judge kicked him out of the program and sent him to prison, where he may be held up to four years.

Another defendant, diverted into the program after stealing a car in Brooklyn, went to Florida last October, stole a Mercedes and led police on a high-speed chase. He has also been imprisoned.

This danger is one reason mental-health courts have been slow to take off. Legislators in Oklahoma, where more than a third of the state's 24,000 inmates have identifiable mental illnesses, have struggled to set up such a court. And mental-health experts question the court's reliance on medication.

The Brooklyn Mental Health Court was started in 2002 in the aftermath of two notorious New York crimes. Andrew Goldstein, then a 30-year-old schizophrenic with a history of violence, had requested treatment from a number of hospitals but had received only short-term care before he pushed Kendra Webdale in front of a New York subway train, killing her. A few months later, Edgar Rivera lost both legs when another former mental patient shoved him under a train.

"I got tired of reading about the poor soul who pushes another poor soul off the subway platform onto the tracks," says Mr. Hynes, who was first elected in 1989.

Anyone can request a transfer to the mental-health court at any point after an arrest, and sometimes prosecutors themselves suggest it. Potential participants undergo extensive assessments by the court's psychologists. The findings must show persistent mental illness and that the illness contributed to the crime charged. A judge then decides whether the psychiatric evidence is sufficient.

If prosecutors agree, they'll craft a plea offer while the court's clinical team develops a treatment plan. Defendants plead guilty on being accepted into the program and undergo treatment for up to two years, longer in rare circumstances. At any time before the plea agreement is made final, prosecutors can decide to push the case through regular criminal courts based on factors such as the clinical evidence or the severity of the crime.

Of the 244 felons who have appeared before Judge D'Emic in this court in the past four years, only 19 have violated the terms of the program to such a degree that the judge sent them to jail. There are no data showing what happens to felons after they've completed the court's program.

Most of the participants have setbacks, like failed drug tests as well as missed therapy sessions and court appearances, says Judge D'Emic. But unlike some probation and parole officers who send defendants back to prison for minor infractions, Judge D'Emic doesn't do so quickly or easily. Instead, he urges them, with a mix of humor and schoolmaster sternness, to stick with the program. He has jailed people briefly to get their attention.

After snapping at Mr. Berry, for instance, the judge softened. The court, he told the defendant, is an opportunity to build a strong foundation for combating mental-health problems, but only if Mr. Berry stuck to his treatment plan. Even Jimi Hendrix understood the importance of a foundation, he said to Mr. Berry, before quoting from the late singer: "Castles made of sand fall in the sea, eventually."

Mr. Berry looked blank. "Who is Jimi Hendrix?" he asked.

"You've never heard of Jimi Hendrix? What are they teaching you in school?" Judge D'Emic replied. "Have you heard of the Beatles?"

At the end of conversation, Mr. Berry apologized and promised to be more cooperative.

Appointed to the bench in 1996 by Gov. George Pataki, Judge D'Emic, 53, has deep Brooklyn roots. He lives in the borough's Bay Ridge section, one street over from where he grew up as one of 10 children. Eight of his nine siblings live within a mile of him, including three who are firefighters.

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Judge D'Emic had no special medical training before he joined the court. For about a year, he and his law clerk invited their consulting psychiatrist to tutor them every Tuesday. The weekly 90-minute sessions included lectures on depression, schizophrenia and therapy strategies, as well as medications and their side effects. The two still attend conferences and lectures on mental health.

One early success was a college student who had a breakdown. He was suffering from paranoia and schizophrenia, and voices told him to rob students. The prosecutor was initially reluctant to turn him over to the mental-health court because "it was such an easy case to win," the judge recalls. The student eventually pleaded guilty to robbery, underwent treatment for 18 months, finished the program and is now completing college.

"It's not an impossible task to keep this population compliant and out of jail," he says. "If they don't comply, I have the big hammer, the jail sentence."

Judge D'Emic's courtroom, on the 15th floor of the courthouse on Jay Street, is informal. "The very first day he took the bench, his court clerk did the 'all rise routine' and Judge D'Emic asked him not to bother with that again," says Karen Kleinberg, his clerk.

Moments after he entered the courtroom on a recent day, ushering people back to their seats, those in attendance gasped when a cellphone rang loudly. The owner scrambled to silence it, apologizing profusely and looking fearfully at the bench. "It's OK; don't worry about it," said Judge D'Emic. "Is it for me?"

One man, a Russian immigrant, was there because he tried to rob a bank while brandishing a television remote control as a weapon. He spoke little English and was accompanied by an interpreter. Subdued at first, he became animated when Judge D'Emic talked to him -- in Russian.

Another defendant, Lynval Samuel, his salt-and-pepper beard in two braids, came to the bench dressed in a white robe and wearing white gloves. He carried two red roses and asked to address the court. "First I'd like to bring greetings to you from the orders of the Eastern Star," he said, his voice deep and majestic. He read briefly from the Bible and then asked the judge if he had the Bibles Mr. Samuel had presented to him. The judge said he did.

Mr. Samuel -- 53, and bipolar -- was in court for threatening and stalking a U.S. congressman, Major Owens, a New York Democrat. He was doing well enough in therapy and counseling to move from Phase II to Phase III, which meant he was one level from graduating. He was given a certificate from the Mental Health Court to mark the promotion.

"From my left hand to your left hand," said Judge D'Emic as he passed the certificate to Mr. Samuel, taking care to make the hand-off exactly as he described. The judge's computer summary noted that one of Mr. Samuel's idiosyncrasies is that he accepts and passes items only with his left hand.

The defendants came steadily, an average of one every three minutes, all suffering from some form of mental illness. There was the burglar who walked into a neighbor's home and started eating a chicken dinner that had been left on the dining-room table. Another robbed ATM patrons by putting a knife to his own throat and threatened to slash himself unless they gave him money. One woman, of Irish descent, tried to snatch babies out of their mothers' arms, convinced that she was rescuing Irish children kidnapped by Jewish women.

Mary Brown, 43 and a mother of three, was a newcomer to the program. She quit school in the 11th grade after becoming pregnant and is only now learning to read. For the past seven years, she has been married to Eddie McQueen. The pair -- who both hail from South Carolina -- met at the Tar-Heel Lounge, a Brooklyn nightspot, where Ms. Brown had come to hear rhythm and blues. Mr. McQueen was performing on the piano.

Mr. McQueen, when asked for his age, would say only that he was in his late 50s. He says he often woke at night to find his wife wandering around their apartment building, knocking on neighbors' doors asking, "Where's Eddie?" On occasion, Ms. Brown would vanish outright. "I stayed up half the night hoping she'd call," he says. Sometimes she'd wander into oncoming traffic.

Last October, Ms. Brown stopped taking medication for schizophrenia. Early one morning, she walked into a neighbor's unlocked apartment and entered the bedroom where her neighbor was asleep. As Ms. Brown passed back through the living room, she took a cup filled with $23 in change, according to court records. By the time she walked out of the apartment, the neighbor was awake. Ms. Brown was arrested and pleaded guilty to second-degree burglary.

Despite the relatively benign nature of the crime, the charge of second-degree burglary lumped Ms. Brown into the category of defendants who were armed and injured their victims. Mr. McQueen learned of the mental-health court and asked if his wife might be eligible. The prosecutor ultimately agreed.

Out of Prison

Mr. McQueen says he was looking for anything to keep her out of prison. These days, he gets up before 6 a.m. to fix her breakfast. "I like his cooking," Ms. Brown explains. "I don't want anybody else's cooking."

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Joyce Kendrick, Ms. Brown's attorney, who works for Brooklyn Defender Services, a legal-aid organization, says that without the mental-health court, her client was facing mandatory prison time. "I don't know if she understands how serious the charges are against her."

At Judge D'Emic's courtroom, Ms. Brown approached the bench reluctantly and stood there with her head down, like a child waiting to be chastised.

"You're doing great," Judge D'Emic told her. "You're making all your meetings and all your counseling sessions. You're doing perfect. Keep it up." The judge then called her husband to the bench. Shaking Mr. McQueen's hand, the judge thanked him for attending every one of his wife's court appearances and therapy sessions.

As Ms. Brown left, she walked past Harry Rivera, who was wiping a tear from his cheek. He had just learned that his appearance in court would be his last. "What? Nobody told you? Well, you're graduating," said Judge D'Emic, smiling as Mr. Rivera was presented with a gift bag of chocolate.

On graduating, the charge is dropped to a misdemeanor, although the probation part of the sentence remains active.

Mr. Rivera, 27, was a longstanding member of the program. In 2002, he was arrested for armed robbery after he and a co-defendant robbed a victim at gunpoint. Instead of five years behind bars, Mr. Rivera, who suffers from anxiety, depression and a stress-related disorder, pleaded guilty and joined the newly formed mental-health court.

When Mr. Rivera was 5 years old, he scampered into the street and was hit by a car as his pregnant mother, arms laden with groceries, watched helplessly. He stayed in a coma for five days. Learning disabilities and hyperactiveness followed, along with depression and anxiety attacks.

His court-mandated treatment plan included a year at Aurora Concept Inc., a mental-health facility in the New York City borough of Queens, a year in the psychiatric and chemical dependency program of St. Vincent's Services, in the Canarsie section of Brooklyn, as well as weekly meetings with a therapist and monthly meetings with a psychiatrist. He also had to appear almost weekly before Judge D'Emic. While participating in the program, Mr. Rivera received his GED and is training at Interborough College to become a medical technician.

His voice filled with emotion, he thanked the court for giving him a second chance. Judge D'Emic called him to the bench and whispered: "I saw your progress little by little. Now look at you. You're making something of your life."

Six weeks later, Mr. Rivera was back at Rikers Island on a probation violation. His return to jail saddens court officials who don't know whether he will be funneled back to the mental-health court, where he will start at the beginning, or into prison.

"It happens," says Lucille Jackson, clinical director of the Mental Health Court. "It shows the difficulty of this program. If someone has cognitive disorders and their judgment and thinking is impaired, the court doesn't make all that go away."

Rule Sought To Prevent Abuse By Recruiters (WP/AP)

The Washington Post, August 21, 2006

KANSAS CITY, Mo. -- The ranking Democrat on the House Armed Services Committee said Sunday that he would push to increase penalties for sexual misconduct by military recruiters.

Rep. Ike Skelton (D-Mo.) was reacting to an investigation by the Associated Press that found more than 80 military recruiters were disciplined last year for sexual misconduct with potential recruits.

"These abuses by military recruiters are absolutely unacceptable," Skelton said in a telephone interview from Washington. "The National Guard's recently adopted rule of 'No One Alone' makes a great deal of sense and should be followed by all services, whether active duty, National Guard or reserve."

The No One Alone policy, adopted by the Indiana National Guard, prohibits recruiters from being alone with potential enlistees of the opposite sex. Violators risk immediate disciplinary action, and other recruiters who know of violations and don't report them also can be disciplined.

The investigation found that the sexual misconduct occurred in all branches of the military and across the country. According to information obtained after dozens of Freedom of Information Act requests, at least 35 Army recruiters, 18 Marine Corps recruiters, 18 Navy recruiters and 12 Air Force recruiters were disciplined in 2005 for sexual misconduct or other inappropriate behavior with potential enlistees.

Skelton said he would seek a hearing of the Armed Services Committee with a view toward inserting language in the Defense Department's authorization bill that would increase penalties for "such outrageous activities."

Painting Of Jesus Is Stolen From School, But Legal Fight Goes On (NYT/AP)

By The Associated Press

The New York Times, August 21, 2006

DOJ_NMG_0051068

BRIDGEPORT, W.Va., Aug. 20 — A legal battle over a painting of Jesus hanging in a high school here is continuing, even though the painting was stolen last week.

Two civil liberties groups, Americans United for Separation of Church and State and the American Civil Liberties Union of West Virginia, filed suit in June to remove the painting, "Head of Christ," saying it sent the message that the public school endorsed Christianity as its official religion.

The Harrison County Board of Education said last week that it would fight the lawsuit, promising not to spend public money in defending itself. The Christian Freedom Fund raised more than $150,000 for a defense fund, including $6,700 raised by students at the school. The board selected the Alliance Defense Fund, a national legal organization founded in part by the Christian group Focus on the Family, was selected as its lead counsel.

"We have decided to step up to the plate here," said a school board member, Mike Queen. "This is important to us and reflects what our community wants in the schools."

But early Thursday the painting, which had been at Bridgeport High School for 37 years, was stolen from a wall outside the principal's office. The theft was recorded by security cameras, but the thief hid his face.

"The most logical question is, 'Now that the picture's gone, is it moot?' " said the Harrison County school superintendent, Carl Friebel. "We're all in uncharted water here, but if it resurfaces, then the case wouldn't be moot."

School board members said they hoped the thief would be found, and Mr. Friebel said local churches had offered to replace the painting.

Communities across the country are fighting to keep Christian monuments, crosses and portraits in place, encouraged by the Bush administration's conservative appointments to the United States Supreme Court, said Douglas Laycock, a professor of constitutional law at the University of Texas and an expert in separation of church and state cases.

"Schools are considered the most sensitive location because with children, personal matters like religion are to be left to parents, not government," Mr. Laycock said.

Monetary support like that raised for the Bridgeport legal battle does not always indicate a unified community standard, he said.

"These religiously homogeneous small towns may have a large majority of a single faith, but they're not nearly as unanimous as they might imagine," Mr. Laycock said.

The two civil liberties groups that filed the lawsuit on behalf of local plaintiffs do not believe it is up to the community to decide.

"I think what you're dealing with is a small group of rabble-rousers that only want to live with people who live as they do," said Andrew Schneider, executive director of the A.C.L.U. of West Virginia. "My answer to that is go to a private school, go to a parochial school; don't go to a public school."

Tokens of Christianity, including crosses and religious mottos, can be found in schools and government buildings all over Harrison County. The amenities in a women's restroom at the Board of Education offices include a leatherbound pocket copy of the New Testament, with Psalms and Proverbs.

Pattae Kinney, a parent in Bridgeport, a town of 8,000 people and 40 churches, says she does not understand why her daughter's school is being singled out.

"My take on this is that our country was founded on Christian principles," Ms. Kinney said. "It's on our money — 'In God We Trust' — it's in our Pledge of Allegiance, it's a part of our lives. I know our community, and we're very in favor of keeping this painting."

Changing Face Of Western Cities (WP)

By Anushka Asthana

The Washington Post, August 21, 2006

Anushka Figueroa recently decided to make a change. She gave up her life in California's Silicon Valley and headed to Phoenix to work in marketing. The 37-year-old, who is originally from Puerto Rico, said she was searching for a better quality of life.

Her new home, she says, offers all the benefits that California did when her family moved there in the '70s. "California became too expensive," she said, "and Phoenix has advanced dramatically. It is the best decision I have ever made, and I would not go back."

An influx of Hispanics such as Figueroa has reshaped many urban areas' demographics; demographers say white people soon will be a minority in 35 of the country's 50 largest cities.

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An analysis of census data released last week has shown that the white non-Hispanic population in another three of America's 50 largest cities has become a minority. In Phoenix, Tucson and Denver, the white population has recently fallen below 50 percent, according to William H. Frey, a demographer with the Brookings Institution.

He predicts that another four cities will soon follow. Whites will become a minority in Arlington, Tex.; Charlotte; and Las Vegas within two years and in Austin within four years, he said.

Although these changes were once driven by "white flight," Frey said, something else contributed in the cities that most recently reached the tipping point. While they were still losing some whites, the more dramatic shift was the increase in Hispanics, some of whom were moving from California and elsewhere in the United States in search of a better -- and more affordable -- life.

Figueroa is part of a Hispanic population in Phoenix that has increased from 34 percent of the population to 48 percent in just five years.

"For years, Phoenix has been a retirement magnet, but now the big gain is immigration and secondary migration from California," Frey said. "Phoenix is still West but more affordable. All three cities are influenced by the exodus from California, and Hispanics are part of that."

He said Phoenix and Denver were "new-West cities" where economic change and new industries had created jobs.

Harry Garewal, president of the Arizona Hispanic Chamber of Commerce, said part of the explanation for the growth in the Hispanic population is the area's "very robust economy."

Speaking from his Phoenix office, he said growth has created a greater demand for labor, particularly in construction. He said Arizona has 35,000 Hispanic-owned businesses, adding that the "Hispanic population in the state of Arizona have $26 billion in buying power." The local white population, he said, has benefited from a Hispanic-driven boost to the economy.

The demographic shift has social as well as economic consequences. Schools have to cope with more children who don't natively speak English, and politicians have to accept that their constituencies have changed.

"They will wake up one morning, and it will be a different city," Frey said.

The policymakers in Phoenix, Tucson and Denver could soon face issues similar to California's. Frey gave the example of Orange County. In 1996, after the population had become half Hispanic, Republican Robert K. Dornan was nudged out of the House seat he had held for 12 years by Democrat Loretta Sanchez. When he took her on again, Dornan tried to pitch himself as the "real Latino."

Lorraine Lee, an executive of the Tucson service organization Chicanos por la Causa Inc., said the demographic shift creates a new reality not only for politicians but also for the private sector.

"I think they realize we are here and that they need to take us into consideration," she said. "But to what extent will they go to address our needs?"

She said the huge increase in the Hispanic population is natural and should not cause alarm. "I think the people are drifting towards those communities that are more receptive to families, more receptive to diversity, and don't have populations that all fit into a box."

But Tucson has also suffered tension. Lee pointed to the rise of the Minuteman Project -- a group in the United States that has worked for the past year to deter illegal crossings from Mexico. "One thing that has changed is the overt demonstration of racism," she said. "The element itself is very small but can be intimidating."

But it is unlikely to stop the trend. James P. Allen, a professor of geography at California State University at Northridge, said this is a trend that will not stop in the West. He foresees a time when the 50 largest cities all will have whites in the minority.

Banish The Bling (WP)

By Juan Williams

The Washington Post, August 21, 2006

Have we taken our eyes off the prize? The civil rights movement continues, but the struggle today is not so much in the streets as in the home -- and with our children. If systemic racism remains a reality, there is also a far more sinister obstacle facing African American young people today: a culture steeped in bitterness and nihilism, a culture that is a virtual blueprint for failure.

The emphasis on young people in today's civil rights struggle is rooted in demographics. America's black, Hispanic and immigrant population is far younger than its white population. Those young people of color live in the big cities and rely on big-city public schools.

With 50 percent of Hispanic children and nearly 70 percent of black children born to single women today these young people too often come from fractured families where there is little time for parenting. Their search for identity and a sense of direction is undermined by a twisted popular culture that focuses on the "bling-bling" of fast money associated with famous

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basketball players, rap artists, drug dealers and the idea that women are at their best when flaunting their sexuality and having babies.

In Washington, where a crime wave is tied to these troubled young souls, the city reacts with a curfew. It is a band-aid. The real question is how one does battle with the culture of failure that is poisoning young people -- and do so without incurring the wrath of critics who say we are closing our eyes to existing racial injustice and are "blaming the victim."

Recently Bill Cosby has once again run up against these critics. In 2004, on the 50th anniversary of the Brown v. Board of Education decision, Cosby took on that culture of failure in a speech that was a true successor to W.E.B. DuBois's 1903 declaration that breaking the color line of segregation would be the main historical challenge for 20th-century America. In a nation where it is getting tougher and tougher to afford a house, health insurance and a college education -- in other words, to attain solid middle-class status -- Cosby decried the excuses for opting out of the competition altogether.

Cosby said that the quarter of black Americans still living in poverty are failing to hold up their end of a deal with history when they don't take advantage of the opportunities created by the Supreme Court's Brown decision and the sacrifices of civil rights leaders from Martin Luther King Jr. to Thurgood Marshall and Malcolm X. Those leaders in the 1950s and '60s opened doors by winning passage of the Civil Rights Act, the Voting Rights Act and fair housing laws. Their triumphs led to the nationwide rise in black political power on school boards and in city halls and Congress.

Taken as a whole, that era of stunning breakthroughs set the stage for black people, disproportionately poor and ill-educated because of a history of slavery and segregation, to reach new heights -- freed from the weight of government-sanctioned segregation. It also created a national model of social activism to advance the rights of women, Hispanics, gays and others.

Cosby asked the chilling question: "What good is Brown " and all the victories of the civil rights era if nobody wants them? A generation after those major civil rights victories, black America is experiencing alarming dropout rates, shocking numbers of children born to single mothers and a frightening acceptance of criminal behavior that has too many black people filling up the jails. Where is the focus on taking advantage of new opportunities to advance and to close the racial gap in educational and economic achievement?

Incredibly, Cosby's critics don't see the desperate need to pull a generational fire alarm to warn people about a culture of failure that is sabotaging any chance for black people in poverty to move up and help their children reach the security of economic and educational achievement. Not one mainstream civil rights group picked up on his call for marches and protests against bad parenting, drug dealers, hate-filled rap music and failing schools.

Where is the civil rights groundswell on behalf of stronger marriages that will allow more children to grow up in two-parent families and have a better chance of staying out of poverty? Where are the marches demanding good schools for those children -- and the strong cultural reinforcement for high academic achievement (instead of the charge that minority students who get good grades are "acting white")? Where are the exhortations for children to reject the self-defeating stereotypes that reduce black people to violent, oversexed "gangstas," minstrel show comedians and mindless athletes?

In order to face this century's class battles, young minds need the self-confidence that comes from examples of inspiring historical personalities, such as a black woman born into slavery who made herself a national leader, Sojourner Truth, or a black man living under rank segregation, A. Philip Randolph, who defied corporate power to break segregation in organized labor. Frederick Douglass had to teach himself how to read before standing up to defeat slavery.

These examples should empower young people to believe in themselves and to organize across racial lines and build institutions with a solid footing in the nation's political and economic power. This is real black culture, and it is based on strong families creating determined, self-reliant young people.

The defining challenge for this generation of Americans dealing with poverty is putting the next generation in a position to move even higher. Individuals must now use the opportunities made available to them by the sacrifices of past generations if they are to achieve victory in America's long and still unfinished civil rights movement.

Juan Williams is a senior correspondent for National Public Radio, a political analyst for Fox News and author of "Eyes on the Prize: America's Civil Rights Years, 1954-1965."

ANTITRUST:

EU Regulators Issue Objections To Merging Gaz De France, Suez (WSJ/AP)

Associated Press

The Wall Street Journal, August 21, 2006

DOJ_NMG_0051071

BRUSSELS -- European Union regulators released a preliminary list of objections to France's plan to merge Gaz de France SA with rival utility Suez SA.

A statement released by the European Commission identified the risks to competition of bringing together the two main gas and electricity suppliers in Belgium and two of the three main gas and heating suppliers in France.

The EU statement said releasing the "list of grievances" was part of the normal procedure involved in approving such mergers. The commission will make a final decision on the merger only after receiving replies from the companies involved and their proposals for overcoming regulators' objections.

The merger plan, announced in February amid mounting expectations of a bid for Suez by Italy's Enel SpA, would see the two French companies combine to create a new European player in energy, water and waste services with a market capitalization of €72.6 billion ($93.1 billion), privatizing state-controlled GDF in the process.

Under the planned one-for-one stock swap, GDF would acquire Suez following the payment of a €1 special dividend to its shareholders. The European Commission's probe is aimed at ensuring that the tie-up doesn't hurt European consumers.

Brussels has the power to block deals but rarely does so, usually asking companies to resolve antitrust problems by selling off parts of their businesses or changing the way they operate. Suez owns Electrabel SA, Belgium's largest power company, and GDF holds a sizable stake in Belgian power generator SPE.

The combined company would be the biggest player in Belgium's natural-gas market.

The EU said in June it would examine possible antitrust problems in France, Britain, Hungary, Luxembourg and other markets, after its preliminary probe raised concerns over the new group's control of storage facilities, transport networks and power cables. Belgian Prime Minister Guy Verhofstadt warned in March it would be unacceptable for one company to control 90% of his country's electricity market.

FBI/DEA/ATF/USMS:

2 Charged In Deadly Heroin Probe (CCP)

Cherry Hill Courier Post, August 20, 2006

A Philadelphia woman and a juvenile have been arrested in the police investigation of a deadly heroin mixture that has killed hundreds nationwide and about 60 in the tri-county area since April.

The arrests were made a month ago in Philadelphia but were not announced until late Friday by Wilmington, Del., police because the matter was under investigation. The joint probe, which includes federal drug enforcement agencies, is continuing.

Overdose deaths that have occurred in New Jersey, Pennsylvania and Delaware are among hundreds nationwide that have been blamed on heroin tainted with the painkiller fentanyl.

Fentanyl is attractive to drug users because it is highly potent and cheaper than heroin. It is used legally in anesthesia and for some cancer patients.

Of the more than 60 overdose deaths believed to be connected to fentanyl in South Jersey, nearly all were in Camden and Gloucester counties.

There have been 30 deaths in Camden County since the first batch of tainted heroin surfaced in April on the streets of Camden, said county prosecutor's office spokesman Capt. Richard Minardi.

There also have been an estimated 30 deaths linked to the mixture in Gloucester County, Bernie Weisenfeld, spokesman for the Gloucester County prosecutor, said.

There were fewer than a half-dozen overdose deaths in Burlington County in the spring, but Burlington County prosecutor's office spokesman Jack Smith said Saturday he does not know how many have been linked to fentanyl. He said the victims were all young males in Medford, Medford Lakes, Marlton and Moorestown.

Master Sgt. Steven T. Elliott of the Wilmington police department said the two arrested July 19 are suspected of manufacturing the tainted heroin. He identified them as Yasmin Rosa, 30, and a 17-year-old female who lives with Rosa in the 3000 block of N. 6th Street in Philadelphia, where they were arrested.

In executing a search warrant there, he said investigators from Philadelphia and Delaware found bulk quantities of both heroin and fentanyl valued at more than $40,000 as well as several thousand dollars in cash and drug packaging materials and equipment.

"Philadelphia police, the Philadelphia District Attorney's Office and Drug Enforcement Administration contingents from Delaware and Pennsylvania believe a significant amount of the fentanyl-laced heroin was taken off the street," Elliott said.

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He said Wilmington detectives from the Drug, Organized Crime and Vice Division began an investigation in April that led them to the Philadelphia connection and upper-level dealers involved in the supply. Since April there have been nine deaths from tainted heroin in the Wilmington area.

Elliott said the two females tried to flee out the back door of the home but were caught by police who had surrounded the house.

They both have been charged in Philadelphia with possession with the intent to distribute illegal narcotics, possession of drug paraphernalia and drugs, use of telecommunications systems to commit a crime and conspiracy.

New Jersey authorities were not involved in the Philadelphia arrests.

Local Detectives Track Heroin To Alleged Source Two Caught Packaging Tainted Drug, Police Say (NJ)

News Journal, August 19, 2006

Yasmin Rosa, 30, and a 17-year-old girl were arrested last month.

A four-month investigation into overdoses linked to heroin tainted with a powerful painkiller led to the arrest of two Philadelphia residents.

Wilmington police say they waited until Friday, a month after the arrests, to announce the arrests because the investigation is continuing.

"We didn't want to release it prior to now," Wilmington police Capt. Sean E. Finerty said. "There were certain chemical tests that had to be done, there were certain other investigative things that may have been jeopardized if we had released it on the 19th of July."

Police said they "are confident that a significant amount of the fentanyl-laced heroin was taken off the street" but believe there is more out there.

Since April, at least 31 heroin overdoses have been reported in Delaware, including nine deaths, according to a News Journal count. Some of the heroin, police said, had been laced with fentanyl -- a synthetic morphine that is used to treat extreme pain and, in some formulations, to immobilize large animals.

The arrests announced Friday came July 19 at a house in the 3000 block of N. 6th St. in Philadelphia.

As police entered the house, two women tried to run out a rear door but were caught by members of Philadelphia's Highway Patrol.

Arrested were Yasmin Rosa, 30, and a 17-year-old girl. They have been charged in Pennsylvania with possession with the intent to distribute illegal narcotics, possession of drug paraphernalia and use of telecommunications systems to commit a crime. Other charges the women face are knowing and intentional possession of illegal narcotics and conspiracy.

"These women were actually manufacturing these heroin packages," Finerty said. "They were taking the bulk heroin and breaking it down to the smaller street-sale units."

Investigators said they found bulk quantities of heroin and fentanyl in the house, as well as several thousand dollars in cash, drug packaging materials and drug packaging equipment. Investigators estimated the seized drugs had a street value of more than $40,000.

"It's a great step in the right direction in getting it off the street," said Robert Bovell, whose brother Neil "Jai" Bovell, 38, was found dead April 25 after shooting up in an alley in Wilmington. The medical examiner told Bovell that his brother's bloodstream contained no heroin, only pure fentanyl.

"With them putting a slow to it, maybe it won't be somebody else's brother," Bovell said. "Whether we can find the ones who sold it to whomever, that's a mystery within itself. But I'm glad they are making progress."

Detectives from Wilmington's Drug, Organized Crime and Vice Division began a campaign to find the sources of the deadly mixture in April, according to Finerty. They started by arresting people at the "street supply" level and worked their way up the pyramid. Dozens of people were arrested, he said.

"We know Wilmington is not a source city for the importation of heroin," Finerty said. "So what we started doing is working backwards. We found the overdose victim and we would work on who sold to the overdose victim and we would go over them.

"And we would find out who that person's supplier was and we would go after them. Between April and July, we worked our way up the chain to this source house in Philadelphia."

Finerty said investigators had been in communication with police in Philadelphia, the Drug Enforcement Administration and the Philadelphia District Attorney's Office since the overdoses started. He said the group began focusing on certain Philadelphia neighborhoods in late May and early June. Contact Esteban Parra at 324-2299 or eparra@delawareonline.com.

31

DOJ_NMG_0051073

Number of Delaware heroin overdoses that have been reported, including nine that were fatal, according to a News Journal tally.

City Stand On Heroin Antidote Risks Lives (PHI)

By John Sullivan

The Philadelphia Inquirer, August 20, 2006

Two months ago, as scores of drug users in the city began dying of heroin overdoses, two city paramedics discovered something alarming. Narcan, a powerful drug that could almost instantly revive a patient, wasn't working. Post a Comment

In the following weeks, an apparent culprit would be unmasked: Heroin dealers were adding fentanyl to their product, an opioid up to 100 times as powerful. More than 500 people across the country have died of the tainted heroin - a number that is sure to climb.

But as the concerns of the two paramedics made their way up the Fire Department's bureaucracy, the city did not make key changes in how it treated people dying of a fentanyl overdose - though experts say that simply increasing the dosage of the antidote would counteract the fentanyl.

Fire Department officials say that this year, using the current Narcan dosage guidelines, they used the antidote to treat at least 88 fentanyl-related overdose patients who later died.

To make matters worse, many people suffering from overdoses didn't receive Narcan because they lived in areas where the number of emergency medical personnel who could administer the drug had been cut.

"We're losing people every day that don't need to die," said Casey Cook, executive director of Prevention Point Philadelphia, a nonprofit that runs the city's needle-exchange program.

An Inquirer investigation has found that:

City and health officials are at odds over whether current dosages of Narcan are high enough to counteract fentanyl-laced heroin.

The city's chief paramedic, whom top fire officials referred to as an expert during an interview, did not know that Narcan worked as an antidote to fentanyl.

Because of a shuffling of resources, the neighborhoods hardest hit by heroin-related deaths are not specifically served by paramedic units that can administer the antidote.

Unclear on treatment

Even though the fentanyl-poisoned heroin had been on Philadelphia streets for eight months, Philadelphia rescue officials seemed uncertain last week of the proper emergency treatment.

In interviews, fire paramedic-operations chief Daniel T. Parrish first said he didn't believe that Narcan had an effect on fentanyl.

A few days later, he changed his mind and said the city needed to increase the dose and would change its protocols. "My feeling is that fentanyl needs a much higher dosage," said Parrish.

"Unfortunately, some individuals could not be privileged to the change, and we lost some human beings," he said Thursday. "We will do the best we can to help other individuals [and keep them] from losing their lives."

Experts who study opioids such as heroin and fentanyl caution that emergency cases are complicated by many unknowns, but that unless a patient is brain-dead when paramedics arrive, Narcan can keep them alive.

"They just need to give more of the drug," said Charles P. O'Brien, director of the Charles P. O'Brien Center for Studies in Addiction at the University of Pennsylvania Health System. O'Brien has developed medications to treat alcohol, opioid and cocaine dependence.

But C. Crawford Mechem, medical director of EMS, said Philadelphia's protocol for treating fentanyl-laced heroin overdoses was sufficient, and typical of those in most cities.

"The policy we have in place is perfectly adequate," said Mechem, who is also an attending physician at the Hospital of the University of Pennsylvania's emergency room.

The Fire Department's Parrish said that after his interview with The Inquirer, he discussed the issue with Mechem, and Mechem told him he wanted to review the city's protocol for using Narcan.

Mechem, who oversees Parrish and makes all medical decisions for EMS, said he did not tell Parrish he would reevaluate the policy. Upon hearing Mechem's comments, Parrish said he himself must have been mistaken. "I'm in a chain-of-command situation here, and whatever he said is what it is."

Mechem said paramedics gave 0.4 milligrams of Narcan and continued to administer the drug up to 2 milligrams. After that, they must get permission from a doctor to give more.

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When asked whether more Narcan was needed to reverse a fentanyl overdose, Mechem replied: "It may, but there is little literature to support it."

But at least two paramedics whom the city will not identify became concerned when patients did not respond to Narcan.

In a videotaped interview recorded for a White House-sponsored fentanyl conference in Philadelphia last month, one of the paramedics said he began to suspect bad heroin when he saw users with needles still in their arms. He said he could not revive many of the victims because they were too far gone, but he did manage to save two people.

"The treatment of the two people I did have a chance to save, the big difference with that was the protocol," he said. He said he was going to administer a few milligrams of Narcan, but because he suspected fentanyl-laced heroin, he asked to use more.

"We had to use, we had to call... contact base command and our doctors to... give a little more Narcan."

Not just Philadelphia

The spread of fentanyl-laced heroin is a deadly problem that Philadelphia, Chicago, Detroit and other major cities have struggled to deal with. Camden also has seen dozens of deaths. In a large swath of Philadelphia that includes areas where paramedics were removed, fire officials said 137 people had died this year of heroin-related overdoses. An overdose of fentanyl, a powerful painkiller, can kill quickly because it binds to receptors in the brain stem that control breathing, said Bertha Madras, a neurochemistry and psychobiology expert in the White House Office of National Drug Control Policy.

Narcan, which is the brand name of the drug naloxone, is an opioid antagonist that also binds to receptors in the brain. If there are equal numbers of naloxone and fentanyl molecules, naloxone will prevent the fentanyl from binding because it binds more efficiently.

This makes naloxone very effective at reversing the sedation, respiratory depression and low blood pressure that result from an opioid overdose. Some people dying of an overdose will get up and walk away after getting the drug. Further, Narcan is safe, even in large quantities, because it has no effect on people who are not overdosing, experts say.

No Narcan

In Philadelphia, some drug users dying of overdoses didn't get Narcan.

Before the rash of fentanyl overdoses became apparent, a shortage of paramedics prompted the city to swap them for EMTs, emergency medical technicians. EMTs cannot administer the drug, and the change was made in the very neighborhoods that would be hardest hit by the poisoned drug.

Fire Commissioner Lloyd Ayers said he took the paramedics from places where coverage overlapped and most calls were not medically urgent.

"This is another example of a real crisis we are experiencing in providing our citizens with fast and effective emergency medical services, especially in view of our unprecedented demand," said City Council President Anna C. Verna, who expressed concerns about the moves when Ayers told City Council about them this summer.

Exactly how many drug users who overdosed went without Narcan is hard to say, but during the fentanyl conference, Capt. Richard Bossert, the EMS official in charge of quality assurance for the city, said that if the paramedics hadn't been redeployed, the city would have given Narcan to twice as many people.

As of last month, city paramedics had administered Narcan to 630 people this year, compared with 655 patients in all of 2005.

"That number is skewed low," Bossert told the audience, because EMT units "do not give Narcan."

Deputy Fire Commissioner Ernest F. Hargett later dismissed Bossert's remarks as being "off the cuff."

"I think he was speculating," said Hargett, adding that the numbers would have been lower.

Ayers said that shuffling of city paramedics was a tough choice, but that ultimately it had had little impact on the quality of service.

"I look at every firefighter and every paramedic and I can tell you the quality of care is the highest that's available," said Ayers.

Douglas L. McGee, the past president of the Pennsylvania chapter of the American College of Emergency Physicians, empathizes with Ayers.

"Tainted heroin is not a regular occurrence, so you could redeploy resources only to see the problem go away."

EMS medical director Mechem said that although it is tragic that so many have died, their deaths are not related to whether they received Narcan or how much. He said they represented a relatively small number of patients compared with what the system handles.

It makes no difference, he said, whether an overdosed patient gets treated by a paramedic or an EMT. He said either they're too far gone when EMS arrives or an EMT can keep them alive until they reach one of the city's many hospitals.

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"While the ultimate reversal agent for narcotic overdose is naloxone, I don't think the fact that they can't administer naloxone is why these people are dying," said Mechem.

"Ventilating the patient will also keep them alive until they get to the hospital," he said, adding that respiratory depression is what kills most overdose patients.

Mechem said EMTs use a mask with an inflatable bag attached to drive oxygen into the lungs, a practice commonly referred to as bagging.

Dave Kearney, a Philadelphia paramedic for 11 years, said bagging was not practical.

"Can you imagine trying to hold a mask on someone's face, squeeze a bag, all while carrying them on a stretcher down several flights of stairs? It doesn't work," said Kearney, who is the recording secretary for the local firefighters' union and a frequent critic of the city's EMS system.

"Why do that when we can give them a shot?"

Other doctors who have studied fentanyl said that although much depends on the circumstances, bagging is often difficult and can lead to vomiting and aspiration, which can be fatal.

"In theory, there is no doubt that the best treatment is earlier administration of naloxone, because the patient may be near death already and so you want to reverse all the effects," said Paul M. Paris, a nationally recognized expert on emergency medical care and the chairman of the department of emergency medicine at the University of Pittsburgh School of Medicine.

"It's not so simple as providing oxygen."

Paris proposes that Pennsylvania adds naloxone to a list of drugs that EMTs can give patients.

That's exactly what some states have done. New Mexico passed a law allowing police officers to give it.

In Maine, state EMS medical director Steven E. Diaz said the state allowed EMTs to deliver Narcan after a rash of opiate overdoses three or four years ago.

"This is something we did to save lives, and it worked," said Diaz, a former paramedic who has written two books on emergency medicine.

Committee Talks Border Security (DDD)

By Jonathan Clark, Wick News Service

Douglas Daily Dispatch, August 21, 2006

SIERRA VISTA - Three members of the U.S. House Intelligence Committee peppered a panel of local and regional law enforcement officials with questions about border security and surveillance during an open hearing on Thursday.

What they heard was that Southern Arizona remains a hotspot for smuggling activity, and that while the potential exists for terrorists to penetrate the nation's porous southern border, there is little evidence that they are doing do.

During his opening remarks, ranking committee member Rep. Rick Renzi, a Republican from Arizona's 1st Congressional District, told the audience that human- and drug-smuggling networks operating along the border present a national security risk.

"If not well-monitored and managed, the sophisticated smuggling networks may look to expand their activities," said Renzi, who grew up in Sierra Vista. "Their success in exploiting our security gaps could potentially draw the attention of terrorist groups, like al-Qaida."

A recently prepared intelligence report had suggested a connection between Mexican human and drug smugglers and international terrorist organizations, Renzi said.

When the congressman asked the panel if drug smugglers were taking on human trafficking, Victor Manjarrez, deputy chief patrol agent for the Border Patrol Tucson Sector, said his agents had not seen any evidence.

John Comer, a special agent with the Drug Enforcement Administration, was skeptical of a cartel-terrorist relationship.

"The drug cartels do not want to attract attention to themselves by forming alliances with terrorists," he said.

Other questions seemed to baffle panel members, such as when Renzi asked, "Are we watching the growth of mosques in Mexico?" and "How are we monitoring the radicalization of Muslims in Mexico?"

Darrell Issa, R-Calif., pointed to what he said were "widely published reports" of Hezbollah operations in Mexico, and asked what the panel members knew of that activity.

Manjarrez said he was not aware of any Hezbollah presence in Mexico, but added that while his agency relies on intelligence in its operations, it is not an intelligence-gathering entity.

The committee's lone Democratic member at Thursday's hearing, Rep. Rush Holt of New Jersey, asked the panel if there was any concrete evidence that illegal immigrants arrested in the area had been connected with terrorism, or if there was any evidence suggesting smuggling networks are willing to assist terrorists.

"There is always a potential for that, but to date we have nothing documented," Manjarrez said.

Holt said terrorism and smuggling were being erroneously conflated in the immigration debate.

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"People often mix up the different aspects of the problem and they marshal arguments that are peripheral and irrelevant," he said.

During their opening comments, several panel members spoke of the problems of human and drug smuggling without evoking the threat of terrorism.

Comer told the committee of a federation of Mexican narcotics cartels based in Culiacán and Guadalajara that will use "every means necessary to get drugs into the country," while Manjarrez said the Tucson Sector is confiscating an average of 1,800 pounds of marijuana and arresting 1,123 illegal immigrants per day - 104 of whom have prior criminal records.

And while panel members said there was still room for improvement in Mexico's anti-organized crime efforts, they had seen significant improvement during the administration of President Vicente Fox. Comer pointed to Wednesday's arrest of fugitive drug kingpin Javier Arellano Felix as an example of increased U.S.-Mexico cooperation in law enforcement.

Perhaps the most compelling comments on the day came from Cochise County Sheriff Larry Dever, the lone locally elected official or member of the local community to participate on the six-member panel.

Dever thanked the committee for coming to the area, but added some would say they came too late. He showed the legislators a copy of an Arizona Sheriff magazine from 1987 in which a Border Patrol spokesman promised to heed a congressional mandate to secure the southern border against narcotics traffickers and illegal immigration.

"Twenty years later, we have a growing, not a diminishing, problem," Dever said. "Sadly, the answer to the question 'Who is crossing our borders?' continues to be 'Anyone who really wants to.' "

Dever talked about his experiences during the inaugural Minuteman campaign in April 2005, and suggested they provided a template for how to effectively manage law enforcement intelligence on the border.

The sheriff said his office met extensively throughout that month with every interested law enforcement agency in the area - including those on the Mexican side of the border - to share information in a spirit of trust and cooperation. As a result, he said the disaster that many had forecast for the Minuteman launch was averted.

An ongoing, monthly meeting of area officials grew out of this cooperative effort and continues to be fruitful, Dever said.

Approximately 100 members of the local public - along with a rotating cast of high school classes - turned out for the event held at the Buena Performing Arts Center. Some of those who came expressed disappointment that they were not given the opportunity to address the committee.

"They don't want to hear from the public, they just want to hear from the bureaucrats," said Ed Kolb, a local resident and anti-illegal-immigration activist. "But a Border Patrol agent is not going to speak out against his supervisors' position."

Speaking afterward, Renzi told the Herald/Review that he was sensitive to such concerns.

"There's a fair criticism that the people should have been able to come to the mic, like at a town hall," he said. "But this wasn't a town hall. This was a hearing of the United States Select Committee on Intelligence."

Thursday's event was one of almost two dozen immigration field hearings being promoted by House Republicans during the August legislative recess in hopes of winning support for its enforcement-first immigration bill. The Senate passed a comprehensive, bipartisan bill earlier this year, and now the two houses must try to reach a compromise.

Jerry Covey, head of the Democratic Party in Cochise County, said the Sierra Vista hearing had done little to move the debate forward.

"It's unfortunate that we've got a Republican-led House and a Republican-led Senate that can't agree, even with all the information they have been given," he said. "None of this is new, this is all established."

Covey also objected to statements made by Renzi that he felt equated mosques with terrorism.

"That's a terrible assumption, and it's not true," he said.

A small group of volunteers from the Democratic Party stood outside the event holding signs reading "Stop talking, get to work," "Security now" and "Stop wasting tax dollars." Inside the hall, other attendees draped a "Stop the invasion" sign over a seat in front of the stage and wore buttons bearing the same slogan.

In addition to Dever, Comer and Manjarrez, other panel members included Jim Woosley, director of the Southwest Field Intelligence Unit of Immigration and Customs Enforcement; Martin Vaughn, director of air operations for U.S. Customs and Border Protection; and Robert Halladay, commander of the Arizona Counterterrorism Information Center.

Feds estimate 10.5M illegal immigrantsWASHINGTON (AP) -- An estimated 10.5 million illegal immigrants were living in the United States in 2005, the federal government said in a report Friday.

Committee talks border securitySIERRA VISTA - Three members of the U.S. House Intelligence Committee peppered a panel of local and regional law enforcement officials with questions about border security and surveillance during an open hearing on Thursday.

Governing board approves continuance hearing in Gomez termination caselliana Z. Gamez/The Daily Dispatch

Voter identification measure and hearing purposes 'strictly politics'PHOENIX - Federal legislation to impose national voter identification requirements is designed largely to maintain the Republican majority and not to deal with fraud, a Democratic member of the state's congressional delegation charged Thursday.

Border Is Number 1 Topic In S. Arizona (AZDS)

By Lourdes Medrano

Arizona Daily Star, August 18, 2006

Border security, illegal immigration and immigrant rights were the talk of Southern Arizona Thursday, with a congressional hearing on intelligence in Sierra Vista and an immigrant-advocacy session in Tucson.

U.S. House Intelligence Committee members arrived at Buena High School in the late morning to explore how intelligence is used to secure the U.S.-Mexican border.

"Far too often the southern border of the United States is characterized as a porous crossing for illegal aliens looking for job opportunities in the United States," Rep. Rick Renzi, R-Ariz., of Flagstaff, said as the meeting opened at the Buena auditorium. The hearing was sparsely attended, and those present did not have a chance to address the committee members.

"The reality is, however, that human traffickers, drug smugglers, narco-terrorists, violent criminal gangs, and yes, we even have to consider the possibility that international terrorist organizations are leveraging the same routes," Renzi said.

Renzi, along with fellow Reps. Darrell Issa, R-Calif., and Rush Holt, D-N.J., peppered two panels of Arizona law enforcement and intelligence officials with questions on how they protect the border.

Holt said illegal immigrants bring both advantages and disadvantages into this country — and clearly many in Congress recognize the need for reform. But narrow immigration laws, such as making felons out of priests and others who aid illegal entrants, won't help solve the problem, he said.

"We have fallen short. We've allowed our immigration system to deteriorate," he said, adding that what is needed is a "humane and realistic process" to deal with the estimated 10 million to 12 million people living in the country illegally.

But Issa said the felony charge, included in the House's proposed legislation that focuses mostly on border enforcement, is a good idea, in part to keep mayors from declaring their cities "safe havens for illegals."

Testimony from officials with such agencies as the Drug Enforcement Administration, the Border Patrol, Immigration and Customs Enforcement and the Arizona Counterrorism Information Center showed that despite enhanced security measures since Sept. 11, 2001, gaps remain. But the officials also made clear that there have been no documented attempts of suspected terrorists trying to enter through the Arizona border.

Nonetheless, throughout the 3 1/2-hour hearing, Renzi, who said he grew up in Sierra Vista, and Issa, who noted he is Muslim-American, delved into the threat that drug cartels, or potentially Muslim extremist groups in Mexico, might pose to this country.

Law enforcement officials said they are committed to protecting the border with the resources they have, but said more funding is needed to combat the increasingly sophisticated equipment and weapons of people-smugglers and drug traffickers.

When asked if the sharing of intelligence among agencies is useful and effective, Victor Manjarrez, deputy chief patrol agent in the Border Patrol Tucson Sector, answered that strides have been made: "Can it get better? Absolutely. We're working on making it better," he said.

The session came as Congress remains deadlocked over different immigration bills. While the House is pushing for more border enforcement, the Senate wants passage of a bill that includes a guest-worker plan and the opportunity for eligible illegal immigrants to stay here legally.

Buena students Heidi Martineau, 17, and Ashley Haas, 16, said they didn't realize that the border was so out of control. "We need more technology to get a handle on it," said Martineau, who was at the hearing with other students away from their government classes.

Petra Leija Falcón, a lead organizer with Tucson's Pima County Interfaith Council, said the absence of border-area residents who live day-in and day-out with the effect of immigration policies was all too noticeable. "They were presenting just one side," she said of the committee. "This will do nothing to advance immigration reform."

Jim Ehl, a retired Sierra Vista resident, said the hearings will be effective only if the committee takes its findings seriously. "If its political posturing, then it's a waste of time."

"Political road shows"

Frustrated with congressional border hearings that they described as shows,

members of several local and national groups held their own public hearing Thursday in Tucson to address border issues.

"It is no secret that those hearings are more of a political road show," said Rep. Raúl Grijalva, D-Ariz., referring to the Sierra Vista hearing.

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Grijalva presided over the hearing at the Armory Park Community Center Ballroom and said he would share the findings with Congress.

Presenters ranging from human-rights advocates to medical experts spoke about border policy and how it was affecting the Hispanic community.

Gerald Lenoir, the coordinator for the Black Alliance for Just Immigration, said the ongoing border militarization has created a fear of immigration throughout the nation.

"To be Latino, or Arab or Muslim is to be automatically suspect," Lenoir said.

Pima County Supervisor Richard Elias, who sat on the panel, agreed. He said there is a perception that immigration is destroying the United States.

"The truth is, we are the folks who work the hardest, receive the least and actually see and believe what was and what is the American dream," he said.

Before the hearing, border activist Russ Dove was arrested after entering the meeting hall and yelling.

Dove, who publicly burned a Mexican flag in April, was asked to leave by organizers, said Sgt. Decio Hopffer, a Tucson police spokesman.

Organizers called police, and Dove was taken to the Pima County jail on one count of suspicion of interfering with a permitted event, Hopffer said. His bond was set at $53.

Border militarization

Also Thursday in Tucson, members of indigenous communities along the southern border spoke out against increased militarization. They say added border security makes it difficult for them to travel to ceremonial sites and to visit family members.

The group Alianza Indigena Sin Fronteras is calling for an agreement between the United States and Mexico, similar to Canada's Jay Treaty, that would allow them to freely cross the international line with a tribal identification card. Since many tribal members were born at home and do not have birth certificates, they do not have passports.

"The border creates divisions in families and creates racism and discrimination," said José Garcia, governor for Tohono O'odham members living in Mexico. "To add more border security would only strengthen the idea that we are two separates and not one blood."

The border between the United States and Mexico cuts through traditional O'odham land. About 1,300 tribal members live on the Mexican side.

Since 1794, indigenous Canadians have been able to freely trade and travel between the United States and Canada, which was then a territory of Great Britain. That right is recognized in the Jay Treaty, also known as the Treaty of Amity, Commerce and Navigation of 1794, and subsequent laws that stem from the Jay Treaty.

Jones Is The Latest To Fail A Drug Test (LAT)

By Alan Abrahamson, Times Staff Writer

The Los Angeles Times, August 19, 2006

The Olympic sprinter has not been accused of a violation pending the results of a 'B sample.'

Five-time Olympic medalist Marion Jones failed a drug test at the U.S. track and field national championships in Indianapolis in June, testing positive for a banned endurance booster, a source familiar with the results said Friday.

Jones, 30, among the most famous woman athletes in the world, has not been accused of a doping violation. The irregularities emerged in initial testing, on the so-called "A sample," said the source, who requested anonymity. Tests on the second part of the sample, the "B sample," are not complete. Only if the B sample also comes back positive for erythropoietin, or EPO, would authorities consider a case against Jones.

Dogged for years by doping allegations, Jones has consistently maintained her innocence. She could not be reached Friday for comment. Nor could her longtime lawyer, Richard M. Nichols, or her agent, Charlie Wells.

Jones is the third star U.S. athlete this summer to confront doping-related allegations.

Floyd Landis, winner of the Tour de France, registered an "unusual" testosterone ratio in a sample provided July 20 after his stirring breakaway Stage 17 win in the Alps. Officials have also said Landis' sample showed evidence of synthetic testosterone. He denied wrongdoing.

Two days after Landis' initial test results were made public, it was announced that another U.S. track and field standout, sprinter Justin Gatlin, tested positive in April for testosterone. Gatlin won the 100-meter dash at the Athens 2004 Olympics and at last year's track and field world championships; in May, he tied Jamaican Asafa Powell's world record in the 100, 9.77 seconds. Gatlin also has denied misconduct.

Asked Friday about Jones, U.S. track and field officials declined to comment. So too did U.S. Olympic Committee officials.

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A doping violation naming Jones, if one were to be filed, would be prosecuted by the U.S. Anti-Doping Agency. Agency officials declined to comment.

Jones' record includes a 1992 suspension handed down by USA Track & Field for failing to show up for a random drug test. At the time, she was still a student at Thousand Oaks High School. Famed lawyer Johnnie Cochran Jr. handled her case on appeal, arguing that neither she nor her coach had received notification of the test, and he won.

Jones holds 12 of the fastest 20 100-meter times in history. Her best, 10.65 seconds in South Africa in 1998, stands fourth on the all-time list; Florence Griffith-Joyner holds the top three times, including a world-record 10.49, set in Indianapolis in 1988.

At the Sydney Olympics in 2000, Jones won five medals, three gold — in the 1,600-meter relay, the 200 and the 100 in 10.75 seconds. She also won bronze in the 400-meter relay and in the long jump.

Since her star turn in Sydney, however, Jones' career had slowed considerably. She failed to qualify for the individual sprints at the 2004 Games in Athens, making the U.S. team only in the long jump, in which she finished fifth. Jones was also named to the U.S. 400-meter relay team at the Games, but the U.S. women did not finish, doomed by a botched handoff.

Jones' struggles came as she repeatedly fended off allegations connected to the federal investigation of BALCO, the Bay Area Laboratory Cooperative in Burlingame, Calif. BALCO, advertised as a nutritional supplements firm, distributed steroids and other banned substances to elite athletes, according to authorities.

In 2003, Internal Revenue Service special agent Jeff Novitzky, in a report recounting an interview with BALCO founder Victor Conte, asserted that Conte gave Jones illicit steroids nicknamed "the cream" and "the clear" in exchange for her endorsement of a zinc-based Conte nutritional supplement.

In a December 2004 appearance on ABC's "20/20," Conte said he had not only supplied Jones with banned substances but had watched her inject herself with human growth hormone. She sued for defamation, alleging $25 million in damages. The case was settled in February; terms were not disclosed.

Last year, officials at some of Europe's leading meets made it clear she was not welcome on the lucrative circuit, citing concerns tied to the BALCO investigation.

Suspicions have also swirled around Jones because of the men in her life.

Jones was formerly married to champion shotputter C.J. Hunter. He tested positive four times in the summer of 2000, before the Sydney Games, for the banned steroid nandrolone, Olympic officials said. He said he had never knowingly ingested it. Later, he and Jones split.

In 2003, Jones gave birth to a son. The father, sprinter Tim Montgomery, had set what was then a world record 9.78 seconds in the 100 in 2002. Last December, he was stripped of that record and issued a two-year suspension because of doping.

Jones used to be trained by Raleigh, N.C.-based coach Trevor Graham, who earlier this month was banned from USOC workout facilities because of his links to more than half a dozen athletes sanctioned or implicated in doping offenses, including Montgomery and Gatlin.

It was Graham who sent a syringe containing a then-unknown designer steroid to the anti-doping agency in 2003, sparking the BALCO scandal. The New York Times reported that he is currently a focus of a federal inquiry. He has consistently denied misconduct.

This summer, her body looking like sculpted marble, Jones started winning again — showing a remarkable leap from her last year's best in the 100, a comparatively pedestrian 11.28.

In Paris on July 8, Jones ran a winning 10.92 and, at a meet three days later in Lausanne, Switzerland, won in 10.94.

In Rome on July 14, Jones ran her best 100 in four years, 10.91. In that race, she finished just behind Jamaica's Sherone Simpson, first in 10.87 seconds.

Three weeks before, on June 23 at the U.S. nationals in Indianapolis, running in the stadium where nine years before she won her first national title, Jones won the 100 in 11.10.

Afterward, she told the crowd through the public address system, "I feel good. I'm back, and doing my thing."

Jones was scheduled to run Friday at a meet in Zurich, Switzerland. Meet director Hansjorg Wirz told the Associated Press that Jones "received a phone call from the United States this morning and left for personal reasons."

Jones Quiet After Test Reports (LAT)

By Diane Pucin, Times Staff Writer

The Los Angeles Times, August 20, 2006

A day after leaving a track meet in Switzerland amid reports that she had failed a drug test, American track star Marion Jones remained silent Saturday.

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Jones told organizers of the meet that she was withdrawing for personal reasons, but sources told several news outlets Friday that Jones tested positive for the synthetic blood doping product erythropoietin, or EPO, at the U.S. nationals in Indianapolis last June.

Jones, 30, from Thousand Oaks, won the 100-meter race and seemed to be rejuvenating a career that had been dogged by drug rumors ever since she won three gold medals and two bronzes at the 2000 Olympics.

United States track officials were refraining from comment until both of Jones' drug samples have been tested. The results disclosed Friday were from her "A" sample. A second test will be conducted on her "B" sample within the next few weeks.

Neither Jones' agent, Charlie Wells, nor her attorney, Rich Nichols, returned messages Saturday, though Nichols released a statement Friday saying Jones was not using drugs.

Victor Conte, founder of BALCO, the Bay Area lab under investigation for distributing steroids and other banned substances, said in a 2004 television interview that he had watched Jones inject herself with steroids. He released an e-mail Saturday about Jones.

"I have always told the truth regarding my relationship with Marion Jones," the e-mail said.

Steve Ungerleider, an Oregon researcher who wrote "Faust's Gold," a book on East Germany's sports doping machine, said that although he found it curious that Jones would test positive for a drug more closely associated with endurance athletes such as cyclists and cross-country skiers, he was also surprised Riddick would be so adamant.

"That's a pretty bizarre thing to say," Ungerleider said. "There have been a handful of cases where the 'B' sample came back negative but usually when you've got a positive 'A' sample, you've got a positive 'B.' I don't think I'd be willing to put my life or my professional credentials on the line in that way."

*

Times staff writer Alan Abrahamson contributed to this report.

Jones Is Said To Have Failed Drug Test In June (NYT)

By Lynn Zinser

The New York Times, August 19, 2006

Marion Jones failed a drug test at the United States track and field championships in June, according to three people briefed on the test results.

Only Jones's A sample has been tested, and if her B sample also tests positive for drugs, Jones would face a two-year suspension. She has been dogged by speculation about drug use for several years, but she had never tested positive for performance-enhancing drugs and had repeatedly denied using them.

The people briefed on the results said the substance found in Jones's urine sample was the blood-booster EPO, which is normally used by endurance athletes, not by sprinters like Jones. The people were granted anonymity because antidoping rules prohibit the release of results until both samples are tested.

The news comes weeks after Justin Gatlin, who shares the world record and is the reigning Olympic champion in the 100 meters, admitted that he tested positive for testosterone in April, and the Tour de France winner Floyd Landis was found to have synthetic testosterone in his urine. The results of their A samples were confirmed by positive B samples.

Jones, 30, left a meet in Zurich after receiving a late-night telephone call from the United States, according to meet organizers. Her agent, Charles Wells, told the meet director only that Jones's departure was for personal reasons.

"We feel very bad about it," a meet spokesman, Christoph Schmid, said. "We tried to get more information, but that is all they told us."

Wells, who was registered at a Zurich hotel, did not respond to requests for comment.

He added, "She is always prepared to do whatever it takes to demonstrate that she has never taken performance-enhancing substances."

The positive test on Jones's A sample has been reported to track and field's international federation, the I.A.A.F., and USA Track & Field, according to those who were briefed on the results. The test was administered by the United States Anti-Doping Agency, which will also be in charge of the testing of the B sample.

"Even if we do have a possible case, we would not have a statement until after the B sample is tested," Pierre Weiss, the general secretary for the I.A.A.F., said in an interview from the federation's meeting in Beijing. "The athlete has that right, and there should only be two weeks between the A and the B sample."

I.A.A.F. rules, however, say that the federation is to be notified after the A sample comes up positive and that the athlete should not be allowed to compete until the case is settled.

United States antidoping officials refused comment on the test, which is its normal procedure until an athlete receives a hearing. Officials of USA Track & Field and the United States Olympic Committee also declined to comment.

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Jones was implicated in the Bay Area Laboratory Co-Operative steroid investigation, but she was never charged. The San Francisco Chronicle reported that her former husband, the shot-putter C. J. Hunter, told the grand jury investigating Balco that Jones had used drugs. Jones also had a relationship with the sprinter Tim Montgomery, who has been barred as a result of grand jury testimony about drug use. Jones and Montgomery have a son.

At the height of the Balco investigation in 2004, Jones's performances fell off sharply. She was the toast of the track world in 2000 when she won five medals at the Sydney Olympics, including gold medals in the 100 and the 200 meters. But she qualified for only the long jump at the 2004 Athens Games. And in the 4x100 relay Jones and Lauryn Williams botched a handoff, and the United States team did not win a medal.

Injuries curtailed her 2005 season, as did several meet directors, including the one in Zurich; they refused to invite her to compete because of the drug suspicions.

Jones was making a successful comeback this year. After only a few races, including one at a meet on Randalls Island, Jones won the 100 at the national championships in Indianapolis. She also raced at several European meets this summer, lowering her time in the 100 to 10.91 seconds, her best in nearly five years, at a meet in July in Rome.

POWELL TIES WORLD RECORD Asafa Powell of Jamaica equaled the 100-meter world record he shares with Justin Gatlin, 9.77 seconds, at the Weltklasse Golden League meet last night in Zurich.

He set the world record June 14, 2005, in Athens. He has tied it twice this year, the first time in June in Gateshead, Britain. Gatlin gained a share of the record in May in Qatar.

"If I'm going to continue to run 9.77 for the rest of career, it's not a bother to me," Powell said.

The United States sprinters Tyson Gay a personal best of (9.84) and Leonard Scott (9.97) finished second and third. (AP)

Lessons Learned From Balco Are Applied To Fight Doping (NYT)

By Lynn Zinser And Juliet Macur

The New York Times, August 20, 2006

Marion Jones's positive test for the blood-boosting agent EPO revealed how antidoping officials are using information about the drug gleaned from the Balco steroids investigation to take aim at possible drug cheats within track and field.

Jones, one of the world's best-known female athletes, tested positive for EPO in an initial test of her urine sample from the United States track and field championships, which were held in June in Indianapolis. If her second sample, or B sample, also tests positive for any banned substances, she will face a two-year suspension.

Jones had never tested positive for performance-enhancing drugs and has always adamantly denied ever using them. Victor Conte Jr., the founder of the Bay Area Laboratory Co-Operative, had said he provided Jones with a range of banned substances, including human growth hormone, insulin, THG and EPO.

But before the Balco case, EPO was largely considered an endurance drug, more often associated with illegal use by long-distance runners or cyclists. Dick Pound, chairman of the World Anti-Doping Agency, said yesterday that he had not heard of sprinters using EPO until the sprinter Kelli White admitted that it was part of the regimen she used before she was caught during the Balco inquiry and agreed to help investigators.

"If you get a 1 percent boost from it, well, that's open water in the 100 meters," Pound said. "You can see why it's one more thing they'd try."

White, who received a two-year suspension, explained at a WADA board meeting in 2004 that sprinters never worried about being caught using EPO because no one who ran distances shorter than 400 meters was ever tested for it, Pound said in a telephone interview.

Pound said that the EPO test had improved since it was first introduced in 2000, when a blood and a urine test were needed to detect it, and that laboratories had gotten better at reading the test. According to some experts, other tests have also been adjusted, including the carbon-isotope ratio test that detected testosterone in the urine samples of the sprinter Justin Gatlin and the Tour de France winner Floyd Landis. That test, like the EPO test, is more complicated and expensive than most, so it is usually used only where it can be most effective.

Jones's case also signals a change in how positive tests become public in an era of increased scrutiny of drug use. Track and field's international federation, the I.A.A.F., expects to be informed of a failed drug test after the A sample has been shown to test positive. The United States' antidoping procedures, however, do not call for notifying the federation until after the B sample has been tested and the case has been confirmed by a review board.

But when Gatlin, who shares the world record and is the reigning Olympic champion in the 100 meters, tested positive for testosterone in April, the international federation was not informed until after the B sample had also come up positive, in late July.

Many in the international sports community were upset by that delay and some complained publicly. People briefed on the international reporting of both tests said that they believed that was why USA Track & Field reported Jones's positive test so

quickly. Those people were granted anonymity because of antidoping rules prohibiting the release of results until both samples have been tested. Jones's B sample is expected to be tested in the next two weeks.

Sports officials in Europe have been particularly aggressive about the drug issue. Several meet directors refused to invite Jones to meets in 2005 because of implications of drug use that came out of the Balco investigation. After Gatlin tested positive in July, several said they would not invite any athletes who trained under Trevor Graham, who coaches Gatlin and who previously coached Jones. Six other runners he coached have served or are serving doping suspensions.

Gatlin competed in the United State championships even after his A sample from the Kansas Relays had come up positive. He won the men's 100 and Jones won the women's 100. Jones found out about her A sample Friday while preparing to compete in a meet in Zurich. Her agent, Charles Wells, told the meet director that she was leaving for personal reasons, and Jones immediately flew home to North Carolina.

Dr. Gary I. Wadler, an antidoping expert and an associate professor of medicine at New York University, said that drug testers might have caught up for now, but that the recent positive tests were more likely a sign of athletes becoming bolder, thinking they would never be caught.

"It's a very disheartening coincidence because you'd think they would see other athletes getting caught and they'd learn from each other," Wadler said, careful to point out that Jones's test should not be labeled a failed test before the results of her B sample came back.

"But what binds these cases together is the mind-set that would enable somebody to dope, knowing that they are going to get caught, and knowing they are going to get caught for known doping agents," he said. "They're not using product X that nobody ever heard of. We're talking EPO and testosterone, bread-and-butter doping agents."

Jones's test was also taken at a major meet, where athletes surely know they will be tested and where in-competition tests often screen for a longer list of substances than out-of-competition tests.

But logic rarely plays a part in what athletes do, said Christiane Ayotte, the director of the antidoping laboratory in Montreal.

"Often, people are eager to jump in and say there is no way an athlete was using this drug or that drug because it doesn't make sense, but those people don't understand the basic rules of some athletes," she said. "In the subculture of doping, anything goes."

Coach Backs Marion Jones, Questions Positive Drug Test (USAT)

By Dick Patrick, Usa Today

USA Today, August 21, 2006

Marion Jones' coach and an independent expert share an opinion regarding the news the sprint star has a positive "A" sample for the endurance-boosting drug EPO.

"On the surface, this is not rational doping," said Jim Stray-Gundersen, an adjunct professor at the University of Utah and an expert on altitude training who has consulted internationally with athletes and sports federations. "But neither was the idea of Ben Johnson taking anabolic steroids right before the (1988 Olympic) 100-meter final."

Steve Riddick, Jones' coach the last two seasons, also expressed shock that Jones faces a possible two-year ban if her "B," or confirmation, sample tests positive. A track official familiar with the test results confirmed Jones' tested positive in the USA Track and Field Championships in June in Indianapolis.

The second test, at which Jones is allowed to have representatives, could take weeks, based on past cases.

"Everything about this makes no sense," Riddick told USA TODAY during the weekend.

Neither Jones' lawyer, Rich Nichols, nor her agent, Charles Wells, returned phone messages. Jones, who has vehemently denied drug allegations that have engulfed her for three years, has made no public statement about the EPO situation.

The U.S. Anti-Doping Agency, which handled the test, adheres to a policy of not announcing cases until the "B" sample has been analyzed and the athlete has a chance to appear before a review board.

The test for EPO has a controversial history. In 2003 Bernard Lagat, then a Kenyan and now a U.S. citizen, was withdrawn from the world championships by the Kenyan federation, which announced he had an "A" sample positive for EPO. The "B" sample was negative, and Lagat was exonerated.

EPO, a drug that increases red blood cells and thus endurance, once was thought to be the province of distance runners, cross-country skiers, cyclists and triathletes.

"Let's assume the 'B' sample is positive and (EPO) is the only thing they found. It doesn't make a lot of sense," Stray-Gundersen said. "If the only thing she was taking is EPO, that would be highly unlikely. It would enhance oxygen uptake for her ability to run a 5K, but she's not doing anything close to that." That also is Riddick's point: "Marion don't need no EPO."

But the BALCO steroid scandal, which broke in 2003 and included allegations of performance drug use by Jones, revealed sprinters used EPO in addition to steroids, testosterone and human growth hormone. Kelli White, stripped of U.S. and world 100

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and 200 titles after admitting performance drug use, said EPO helped intensify her workouts. But, Stray-Gundersen said, "How does she attribute that to EPO when that wasn't the only thing she was using?"

Three years ago, Victor Conte, who founded the Bay Area Laboratory Co-Operative that provided performance drugs to athletes in a variety of sports, told ABC that Jones used a host of banned drugs, including EPO, before, during and after the 2000 Olympics, at which she won five medals.

Jones denied the accusations and sued Conte for $25 million in a case that was settled out of court but hasn't silenced Conte. Since the settlement, Conte hasn't retracted the claims and has repeated the charges.

"I have always told the truth regarding my relationship with Marion Jones," Conte said in a statement.

A positive for EPO in an in-competition test, such as the USA championships, is rare. The drug has a quick clearance time, exiting an athlete's system in 48 to 72 hours, according to Stray-Gundersen. So the window for a positive test is small. An athlete knowledgeable about the drug presumably would get off it in sufficient time not to turn up positive at the meet.

"That hasn't stopped athletes from doing dumb things in the past," Stray-Gundersen said.

Said Riddick: "Marion knows she's going to be tested (at the U.S. meet). Why would she use EPO a few days before running? This just ain't making no sense."

M. Jones Failed Drug Test In June (WP)

By Amy Shipley, Washington Post Staff Writer

The Washington Post, August 19, 2006

Sprinter Tested Positive for EPO; Confirmation Would Result in 2-Year Ban

U.S. sprinter Marion Jones, a five-time Olympic medalist, failed a drug test at the U.S. national championships in Indianapolis in June, according to sources with knowledge of the test results.

The substance for which Jones tested positive is erythropoietin (EPO), an endurance-boosting drug, the sources said.

The results of the test have not been made public because the testing on Jones's urine sample has not been completed, sources said. Only after the second half of her sample -- the backup sample -- is tested, would Jones be charged with a doping violation. If EPO is found in the B sample as well, she would face a two-year ban from track and field.

Jones, 30, has been dogged with doping allegations since the Bay Area Laboratory Co-Operative (Balco) drug scandal broke in 2003, but she has vehemently maintained her innocence and boasted that she had never failed a drug test.

Should Jones be charged with a doping violation, she would become the third prominent American athlete to face such charges in the last month. Cyclist Floyd Landis tested positive for exogenous testosterone after winning the Tour de France. Sprinter Justin Gatlin, a three-time Olympic medalist who shares the world record in the 100 meters, tested positive for a steroid at a track meet in April.

Both have said they don't know what caused the positive tests.

Jones's agent, Charlie Wells, did not immediately return a call seeking comment. Attorney Joseph Burton, who represented Jones when the U.S. Anti-Doping Agency investigated her in connection to the BALCO case, also did not return a call.

Jones pulled out of a major meet in Zurich on Friday hours before its start, the Associated Press reported. Jones "received a phone call from the United States this morning and left for personal reasons," Hansjorg Wirz, the meet organizer and head of the European Athletics Association told the AP. Wirz said Jones already was on a plane home when she called.

When an athlete's A sample is found to contain a banned substance, the athlete is notified and given the opportunity to be present at the testing of the B sample, which nearly always confirms the A. It is not known when Jones's B sample will be tested. It can take several weeks for the process to run its course.

USADA chief executive Terry Madden declined comment. Spokesmen for USA Track and Field and the U.S. Olympic Committee also declined comment.

Because the test came out of a U.S. meet, the results would be handled by the USADA.

EPO, considered a popular drug among distance runners and cyclists, was not known to be helpful to sprinters until the Balco scandal unfolded. U.S. sprinter Kelli White, who lost two world sprint titles because of drug charges, admitted using it along with steroids. The USADA won cases charging other sprinters with using it.

Since winning five medals at the 2000 Summer Games in Sydney, Jones's career has stalled, but this summer she quietly returned to high-level competition.

She won the 100-meter title at the U.S. championships and five prestigious international 100 races. She finished second in two others, and stands as the second-ranked 100 sprinter in the world. Though she has not approached her personal best in the 100 -- a 10.65 in 1998 -- she has three times been clocked under 11 seconds.

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The positive test, if supported by the B sample, could end Jones's career. It would be the latest in a string of blows to a woman once considered Nike's biggest client and arguably the most marketable female athlete in the world. She established herself as one of the best athletes in Olympic history when she claimed three gold medals and two bronze medals in Sydney.

But at those Games, it was revealed that Jones's then-husband, shot putter C.J. Hunter, tested positive several times for the steroid nandrolone. Jones missed the 2003 season when she gave birth to a son, Monty, whose father Tim Montgomery later received a drug ban for his connection to the BALCO scandal.

Jones, who announced that the USADA was investigating her in connection with the Balco scandal in 2004, made a number of attempts to prove her innocence, including submitting to a polygraph test in which she denied using any drugs.

Jones then endured a disappointing Olympics in Athens in 2004, finishing fifth in the long jump and botching a handoff that led to the women's 4x100 relay team's failure to finish the race. Last year proved equally frustrating: After a spring in which she performed poorly, she was barred from competing at a number of meets in Europe because of the suspicion surrounding her.

Column: Competitive Urge Has Dark Side (AP)

By Jim Litke, The Associated Press

AP, August 19, 2006

-- Marion Jones could have walked away with five Olympic medals and the starring role in a few of her sport's most stirring dramas, and all her critics would have owned were doubts. So maybe even more surprising than her positive drug test is that Jones was reckless enough to tempt fate one more time.

But that's the way it is with winning. If you think drugs are addictive, imagine how it must have felt to win as often and as spectacularly as she did.

The summer of 2006 won't be remembered for the incendiary way the Tigers played _ that would be both Woods, the golfer, and Detroit, the baseball team _ or for the way Italy's World Cup team kept its head when almost everyone else around them was losing theirs.

It will be remembered, instead, as the summer of drug busts.

First Floyd Landis, the Tour de France champion, then Justin Gatlin, co-owner of the world's fastest man title. And now, pending the results of a "B" sample test, Jones.

In her case, it comes at the end of a long-running battle with drug testers, whose suspicions were aroused by her connections to the BALCO lab and founder Victor Conte, and strengthened by a series of investigations since. And depending on how grand jury proceedings stemming from the same probe play out over the next few weeks, Barry Bonds might get invited to make it a foursome.

What those athletes have piled up _ in addition to hefty legal fees _ are accomplishments. And all four are Americans. Those two things combined proves that nobody _ not even the biggest drawing cards in their respective fields _ is above the law.

If the most-talented and hardest-working competitors, already armed with the best of everything, decide to go on the juice at some point, you don't want to know what's going on below. And anybody who thinks this is just cycling's problem, or track and field's, ask yourself why Bonds isn't the only guy in baseball who has grown a few hat sizes, or how NFL players continue to fill up parking spaces usually reserved for doublewide trailers.

In every athletic endeavor, a kid whose gift is identified early is handed a blank sheet of paper. The goal they put on top is to be the best. For the toughest, most dedicated or talented few, that never changes. For the rest, reality sets in at some point, and being better than most becomes good enough. But for all of them, eventually, it becomes a matter of holding their place.

What drug testing has confirmed _ whether it's the rigorous Olympic-caliber programs that nabbed Landis, Gatlin and perhaps Jones, or the barely credible MLB variety that put the Mets' light-hitting Yusaku Iriki on ice for a while _ is that a lot of athletes have turned to drugs to hold those places.

Exactly how many poses an even more intriguing question. Landis and Gatlin tested positive for testosterone, Jones for the blood-booster EPO, and nearly all the baseball players, so far, have been caught using some kind of steroid. But few sports test blood samples and even fewer tests can detect human growth hormone, which offers broader benefits across the strength, speed and endurance spectrums than many of its performance-enhancing predecessors.

And just over the horizon are more designer steroids like the one that sparked the BALCO investigation, and innovations like IGF-1, or insulin-like growth factor-1, a protein that was engineered to promote muscle growth and repair in older folks but offers a wealth or sports applications, too. All those possibilities not only raise questions about the present and future credibility of our games, they serve to undermine our confidence in the past.

Landis' positive test ruined what had been one of the most heroic feats in the long and already stained history of the Tour de France. Gatlin's positive turned an Olympic medal into fool's gold and his record 100-meter dash earlier this season into an illusion. The memory of Jones' magical nights in Sydney may turn out to be good for little more than a laugh on "YouTube."

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Jones falling in with that crowd can't be called a surprise. Not after her former husband, shot-putter C.J. Hunter, was busted, and her former boyfriend, Tim Montgomery, was run out of track, and her sometimes coach, Trevor Graham, was locked out.

No, the surprising thing is that she may not have known when to stop. Jones gone four years without winning anything, and all the while the heat was on her trail. Yet she turned up at the U.S. Championships in Indianapolis a few months back and won the 100, running as if time and trouble hadn't laid a hand on her.

But now that victory, like all the others, stands to be wiped away. And all because Jones didn't know when to say when.

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Jim Litke is a national sports columnist for The Associated Press. Write to him at jlitke@ap.org

Raid Nets Suspected Gang Members (TAMPTRIB)

By Mari Robyn Jones

Tampa Tribune, August 21, 2006

TAMPA - About 50 people suspected of being affiliated with the Latin Kings gang were arrested Sunday after a joint investigation between local and federal agencies.

The Latin Kings had planned a statewide meeting at The Caribbean American Club, 6211 S. Martindale Ave., to discuss the organization's leadership, Hillsborough sheriff's spokeswoman Debbie Carter said.

About 3 p.m., authorities served a search warrant and arrested dozens of people, Carter said. The sheriff's office declined to release the charges until a news conference, she said. However, by late Sunday, 35 people had been charged with racketeering, according to the county's online jail log. They told authorities they reside in Tampa, Wesley Chapel, Zephryhills, St. Petersburg, New Port Richey, Clearwater and Miami.

Firearms were recovered during the operation, said John F. Ryan, spokesman for the Bureau of Alcohol, Tobacco and Firearms. ATF agents were on scene to help identify firearms, he said. Ryan did not know how many were recovered.

Ryan described the Latin Kings as an "extremely violent," drug-trafficking organization.

Along with the sheriff's office and ATF, the Tampa Police Department and the FBI have been investigating the group for a few months, Carter said.

Residents said they had never heard of any gang problems on their street.

Jerry Miles Little sat on his porch about 6 p.m., watching the bustle of activity across the street at The Caribbean American Club.

Earlier, he had watched as authorities pulled up to the club, which sits among trees in the middle of a residential neighborhood off Interbay Boulevard.

"It's usually quiet out here," Little said.

IMMIGRATION:

Is The Catholic Church Pro-immigrant? You Bet. (USAT)

USA Today, August 21, 2006

The Catholic Church — an unrelenting opponent of abortion and homosexuality and troubled by its own priest-abuse scandals — has been called many things, but fashionable isn't often among them. Yet fashion is why some critics now speculate the church has involved itself in today's third rail of politics: immigration reform. The chorus has been steady and building. A sampling:

TIMELINE:Immigration, Catholicism and America

· Rep. Pete King, R-N.Y., a Roman Catholic and chairman of the House of Representatives' Homeland Security Committee, told Fox's Bill O'Reilly earlier this year, "This has become the politically correct tune. ... Too many people in the Catholic Church have signed onto this. It's fashionable."

· Rep. Tom Tancredo, R-Colo., a leading opponent of illegal immigration, has blamed the church's stance on "left-leaning religious activists."

· CNN's Lou Dobbs has accused the church of avidly looking south of the border just "to add a few folks to those pews."

Where does the church stand on the current debate? While the Vatican has articulated a broad vision of immigration through the years, it has largely deferred to the bishops' conferences in each country on specific public policy efforts. In the USA, the church favors the Senate's more moderate legislation over the House's heavy-handed enforcement-only approach. Both bills are stalled, but immigration is expected to be a prominent issue once Congress returns from its summer recess.

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History tells the story

A snapshot of today's immigrants quickly reveals their significance to the church: 42% of all legal immigrants to the USA are Catholic. And by 2020, the church projects that more than half of its members will have Spanish surnames.

While Tancredo Republicans and Dobbs protectionists speculate that the church wants immigration reform simply because it is fashionable politics or is a way to put more people in the pews, there is a much larger and longer standing Catholic case for migration. The U.S. Catholic Church was founded by and for immigrants, and it sees today's nativist grumblings as the same that confronted the American church in its earliest years.

"We are relearning what it means to be an immigrant church," says Mark Franken, head of migration and refugee services for the U.S. Conference of Catholic Bishops (USCCB). "There are just a lot of people unaware of both the theological dimension for migration, and also our history in this country."

Brought to America by Spanish and French explorers, Catholicism accounted for 1% of the population in the 13 colonies in 1776, according to the Archdiocese of St. Louis. By the end of the 19th century, the Catholic population had swelled, and anti-immigrant sentiment had emerged as Irish and other newcomers had dramatically changed the church's face. In 1920, three of four U.S. Catholics were immigrants, and it is for these immigrants that the church created its vast network of schools, charities and hospitals.

Today, the Catholic Church is America's largest with 69 million members, roughly four times the size of the second-largest, the Southern Baptist Convention. It credits the vast majority of its growth in the USA over the past four decades to this nation's ever-increasing Hispanic population.

For the church, the migrant's plight is a universal one tracing back to the Holy Family. Pope Pius XII, in 1952, declared the Holy Family of Jesus, Mary and Joseph to be the archetype of every refugee family. He based this on their flight into Egypt, calling them "the models and protectors of every migrant, alien and refugee of whatever kind who, whether compelled by fear of persecution or by want, is forced to leave his native land, his beloved parents and relatives, his close friends, and to seek a foreign soil."

The church has emphasized the duty of Christians to "welcome the stranger," citing the commandment in the book of Leviticus that "you shall treat the stranger no differently than the natives born among you." The church also points to Jesus' description of the final judgment, when those who welcomed him in the form of a stranger inherit the kingdom of heaven.

"The biblical tradition puts the migrant and exile at the very center of concern. Therefore, we, as believers and followers of Jesus, can do no less," the USCCB's Franken told a Lutheran gathering in 2004.

Even the church's language is rooted in migration. The word "parishioner," for instance, is related to the Greek word paroikos, which means "wayfarer" or "sojourner." A parish, then, is a community of migrants, and migration itself is a metaphor for humanity, as all people pass through life on the way to their final destination back to God.

Consistent advocacy

The bishops' call for "just and humane" immigration reform is no different from what the church's leaders have advocated: from Pope John XXIII — who said, "Every human being has the right to freedom of movement" — to Pope John Paul II, who in an annual message for World Migration Day in 1995 said, "The illegal migrant comes before us like that 'stranger' in whom Jesus asks to be recognized," and Catholics must help these strangers "whatever their legal status with regard to state law."

If the Catholic Church has wound up on the politically correct side of today's debate, it certainly took a more principled and traditional route than its skeptics avow.

Paulette Chu Miniter lives in New York and is a fellow at the Phillips Foundation, a non-profit public affairs organization.

One In Five (WP)

The Washington Post, August 21, 2006

FOR THE immigrant-rich Washington area, few conclusions easily flow from the Census Bureau's latest numbers. The mid-decade count of American households reports that as of 2005 more than a million immigrants live in the District and the Washington suburbs -- that's about one in five area residents, up from one in six in 2000. Such a rapid growth in the area's immigrant population is bound to cause strains, real and imagined. Local communities are concerned that fast-growing immigrant populations will tax social services, including health care and local educational systems. School officials in Prince William County say, for example, that since 2001 the number of students taking courses designed for non-English speakers has soared 274 percent.

But the census numbers also show that many of the area's immigrants are well educated and have contributed to the region's recent vitality. Four in 10 have a bachelor's degree or higher. A majority speak English proficiently. And the survey counted both legal and illegal immigrants, so there's no hidden underclass going undocumented. Thousands have moved into areas such as Loudoun County, where skilled Indian immigrants help to fuel the budding Dulles technology corridor.

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In short, the many ethnic, religious and national communities that Washington attracts are so varied that not much can be said about them as a group. Arguing over whether the region's immigrant magnet is merely good or bad misses the lesson the census numbers provide. Immigration to the region is too complicated an issue for the kind of broad generalizations often tossed around and abused in this year's congressional debate on immigration.

There's a pernicious image of America's immigrants circulating: unskilled laborers scaling fences along unguarded borders; undocumented workers taking jobs that pay both under the table and under the minimum wage; packed inner-city enclaves filled with newcomers who don't speak English and demand an inordinate amount of government services. That is a grossly distorted image and an incomplete presentation of the facts, at least in the Washington area. It also overshadows a much more complex -- and positive -- reality.

TAX:

Tax Farmers, Mercenaries And Viceroys (NYT)

By Paul Krugman

The New York Times, August 21, 2006

Yesterday The New York Times reported that the Internal Revenue Service would outsource collection of unpaid back taxes to private debt collectors, who would receive a share of the proceeds.

It's an awful idea. Privatizing tax collection will cost far more than hiring additional I.R.S. agents, raise less revenue and pose obvious risks of abuse. But what's really amazing is the extent to which this plan is a retreat from modern principles of government. I used to say that conservatives want to take us back to the 1920's, but the Bush administration seemingly wants to go back to the 16th century.

And privatized tax collection is only part of the great march backward.

In the bad old days, government was a haphazard affair. There was no bureaucracy to collect taxes, so the king subcontracted the job to private "tax farmers," who often engaged in extortion. There was no regular army, so the king hired mercenaries, who tended to wander off and pillage the nearest village. There was no regular system of administration, so the king assigned the task to favored courtiers, who tended to be corrupt, incompetent or both.

Modern governments solved these problems by creating a professional revenue department to collect taxes, a professional officer corps to enforce military discipline, and a professional civil service. But President Bush apparently doesn't like these innovations, preferring to govern as if he were King Louis XII.

So the tax farmers are coming back, and the mercenaries already have. There are about 20,000 armed "security contractors" in Iraq, and they have been assigned critical tasks, from guarding top officials to training the Iraqi Army.

Like the mercenaries of old, today's corporate mercenaries have discipline problems. "They shoot people, and someone else has to deal with the aftermath," declared a U.S. officer last year.

And armed men operating outside the military chain of command have caused at least one catastrophe. Remember the four Americans hung from a bridge? They were security contractors from Blackwater USA who blundered into Falluja — bypassing a Marine checkpoint — while the Marines were trying to pursue a methodical strategy of pacifying the city. The killing of the four, and the knee-jerk reaction of the White House — which ordered an all-out assault, then called it off as casualties mounted — may have ended the last chance of containing the insurgency.

Yet Blackwater, whose chief executive is a major contributor to the Republican Party, continues to thrive. The Department of Homeland Security sent heavily armed Blackwater employees into New Orleans immediately after Katrina.

To whom are such contractors accountable? Last week a judge threw out a jury's $10 million verdict against Custer Battles, a private contractor that was hired, among other things, to provide security at Baghdad's airport. Custer Battles has become a symbol of the mix of cronyism, corruption and sheer amateurishness that doomed the Iraq adventure — and the judge didn't challenge the jury's finding that the company engaged in blatant fraud.

But he ruled that the civil fraud suit against the company lacked a legal basis, because as far as he could tell, the Coalition Provisional Authority, which ran Iraq's government from April 2003 to June 2004, wasn't "an instrumentality of the U.S. government." It wasn't created by an act of Congress; it wasn't a branch of the State Department or any other established agency.

So what was it? Any premodern monarch would have recognized the arrangement: in effect, the authority was a personal fief run by a viceroy answering only to the ruler. And since the fief operated outside all the usual rules of government, the viceroy was free to hire a staff of political loyalists lacking any relevant qualifications for their jobs, and to hand out duffel bags filled with $100 bills to contractors with the right connections.

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Tax farmers, mercenaries and viceroys: why does the Bush administration want to run a modern superpower as if it were a 16th-century monarchy? Maybe people who've spent their political careers denouncing government as the root of all evil can't grasp the idea of governing well. Or maybe it's cynical politics: privatization provides both an opportunity to evade accountability and a vast source of patronage.

But the price is enormous. This administration has thrown away centuries of lessons about how to make government work. No wonder it has failed at everything except fearmongering.

CONGRESS-ADMINISTRATION:

A Humbled Presidency (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, September 4, 2006

Maybe it was the influence of his wife, Laura, a former librarian, or his mother, Barbara, a longtime promoter of literacy. Or perhaps he was just eager to dispel his image as an intellectual lightweight. But President Bush now wants it known that he is a man of letters. In fact, Bush has entered a book-reading competition with Karl Rove, his political adviser. White House aides say the president has read 60 books so far this year (while the brainy Rove, to Bush's competitive delight, has racked up only 50). The commander in chief delved into three volumes in August alone-two on Abraham Lincoln and, more surprising for a man of unambiguous convictions, The Stranger, Albert Camus's existential tale of murder and alienation (story, Page 38).

Bush's critics aren't buying. A man who so regularly mangles the English language and seems to disdain complexity couldn't possibly be so cerebral, they argue. But portraying Bush as a voracious reader is part of an ongoing White House campaign to restore what a senior adviser calls "gravitas" to the Bush persona. He certainly needs something. Only about 34 percent of Americans approve of his job performance-and 58 percent say Bush "seems in over his head," according to Democratic pollster Stan Greenberg. If nothing changes, the president could be a major liability for Republicans in November's congressional elections.

Changing these perceptions won't be easy. "A president's image is pretty much set after a few years in office, and it will be very difficult [for Bush] to quickly reverse that image with the public," says political historian Julian Zelizer of Boston University. "It's a cynical age and a cynical country, and it's a savvy public." But the White House is giving it a try. Last week provided a glimpse of Bush's new "gravitas campaign"-and illustrated why his presidency has been humbled-if not in spirit, then in Bush's grudging acknowledgment of his current limitations. The latest blow came when a federal judge in Detroit declared Bush's warrantless eavesdropping program unconstitutional (box, Page 38). More broadly, Bush has been forced to come to terms with reluctant allies abroad, continuing bad news from Iraq and Afghanistan, a protracted crisis in Lebanon, looming showdowns with Iran and North Korea, and, at home, a balky Congress and a disapproving electorate.

Stepping up. So Bush is changing the way he does business. He returned to Washington from an August vacation at his Texas ranch after only 10 days, in contrast to the five weeks he spent in Crawford a year ago. His public pace seemed especially frenetic-featuring high-profile meetings to discuss the Iraq war on Monday, sessions to discuss homeland security Tuesday, a visit to a motorcycle plant in Pennsylvania Wednesday, signing a new pension security bill Thursday, and meeting with senior economic advisers at Camp David Friday. Pointedly, Bush didn't hold his meetings in the West Wing but traveled around the Washington area-to the Pentagon, the State Department, a new National Counterterrorism Center in suburban Virginia, and Camp David-all to project a sense of vigor and activism.

A Decade After Welfare Overhaul, A Shift In Policy And Perception (NYT)

By Robert Pear And Erik Eckholm

The New York Times, August 21, 2006

WASHINGTON, Aug. 20 — Ten years after a Republican Congress collaborated with a Democratic president to overhaul the nation's welfare system, the implications are still rippling through policy and politics.

The law, which reversed six decades of social welfare policy and ended the idea of free cash handouts for the poor, was widely seen as a victory for conservative ideas. When it was passed, some opponents offered dire predictions that the law would make things worse for the poor. But the number of people on welfare has plunged to 4.4 million, down 60 percent. Employment of single mothers is up. Child support collections have nearly doubled.

"We have been vindicated by the results," said Representative E. Clay Shaw Jr., Republican of Florida and an architect of the 1996 law who was vilified at the time. "Welfare reform was one of the most successful policy changes in our nation's history."

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But critics say it has cut adrift some single mothers who seem unable to hold steady jobs and are not receiving cash assistance — women who have neither work nor welfare.

To help poor single mothers help themselves, officials used a combination of conservative and liberal policy tools. These included work requirements and time limits on public assistance, tax credits for low-income working parents, child-care subsidies and health insurance for people leaving welfare.

"We hardly ever make radical change in this country, but welfare reform was a radical change," said Prof. Richard P. Nathan, director of the Nelson A. Rockefeller Institute of Government at the State University of New York. "It sent a very strong signal to welfare recipients: We can help you, if you help yourself."

In an interview, former President Bill Clinton said he was "more convinced than ever" that he had been right to sign the bill, after vetoing two earlier versions that he had seen as too harsh.

"The bill has done far more good than harm," Mr. Clinton said. "Most of the people who got jobs are still working."

When the 1996 law was passed, Democrats like Senator Daniel Patrick Moynihan, liberal advocacy groups like the Children's Defense Fund and liberal academics predicted that it would increase child poverty, hunger and homelessness. The predictions were not fulfilled.

But Republican hopes have not been completely realized either. While single mothers are more likely to work, many remain in poverty.

The 1996 law did not become a template for changes in other programs, nor did it portend a major ideological shift to the right. President Bush's efforts to curb the growth of larger entitlement programs and to create an "ownership society" have faltered. Congress authorized health savings accounts but rebuffed proposals for a nationwide program of school vouchers. Mr. Bush's campaign to overhaul Social Security, with the creation of personal retirement accounts, ended in a political fiasco for him and his party.

The law has largely neutralized welfare as a political issue. Welfare mothers are seen in a more favorable light now that most are required to work. Welfare has become "more supportable and acceptable, more defensible," said Professor Nathan, a moderate Republican who served as a welfare official in the Nixon administration.

Democrats and Republicans fight over important details, like the amount of money available for child care or the number of hours that must be worked by welfare recipients. But hardly anyone advocates a return to the old system.

If the new system has been a success, much of the credit goes to state and local officials who changed the mission of welfare agencies to emphasize work over welfare.

Governors, who lobbied for the 1996 law, have won new respect in Washington, and Congress is more willing to entrust them with power and discretion, as it did in Medicaid legislation passed this year.

The old focus on the "social pathology" of welfare has given way to a broader debate over a more complicated challenge: how to enable not only single mothers, but all low-wage workers to earn more.

"The problems of the working poor who came off welfare are mainly the problems that all low-wage earners in America have," Mr. Clinton said. "They are not unique to people who came off welfare."

Prof. Jeffrey T. Grogger, an economist at the University of Chicago, said, "The 1996 law was more successful in promoting work and reducing the rolls than anyone imagined." But, Professor Grogger said, the earnings of former welfare recipients often remain low.

"We took people who used to be the welfare poor," he said, "and now they are the working poor."

While many people left welfare for jobs that paid progressively better wages, others have been on and off assistance.

Chevaughn L. Stephens of Seattle, a 29-year-old mother of three, said: "The emphasis on work first did not help me at all. It kept me back. It kept me from getting the education and skills I needed."

In the last decade, Ms. Stephens said, she has had jobs as a waitress, a taxi dispatcher and a telephone sales representative. She is taking courses to get a high school equivalency certificate, needed for better-paying jobs.

Ronald T. Haskins, a welfare policy expert who worked on the legislation as an aide to House Republicans, said, "Surveys show that about 60 percent of the mothers who leave welfare are working at any given moment, and around 70 percent have held at least one job since leaving welfare."

But Mr. Haskins, now a senior fellow at the Brookings Institution, said, "Some mothers at the bottom of the income distribution — perhaps 10 percent of single mothers who had been on welfare — are floundering and appear to be worse off now than before welfare reform." He said that federal data suggested "a disconcerting increase in the number of poor mothers with no obvious sources of income."

The 1996 law changed the psychology of welfare recipients and caseworkers. Mindful of time limits under the law, single mothers came to see welfare as temporary, short-term assistance.

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One of the most significant features of the 1996 law was the five-year limit on assistance for any family. Democrats feared it would cause immense hardship. To the surprise of welfare officials and policy analysts, most welfare recipients came nowhere near the limit.

But the looming time limit may nevertheless have influenced the choices and behavior of welfare recipients. Professor Grogger said many people, aware of the deadline, left welfare after only a couple of years so they could “save the benefits for a rainy day.”

Overhaul of the welfare system coincided with a booming economy, which created more jobs for single mothers surging into the work force. Many of the most positive trends slowed after 2001, suggesting that economic conditions might be just as important as program changes.

“Welfare” used to mean a monthly check that could be immediately converted to cash. But more than half of the money now goes into child care, education, training and other services — a huge shift since 1996.

Olivia A. Golden, a senior fellow at the Urban Institute who was a welfare official in the Clinton administration, said: “The next steps that will make a difference for low-income families are not primarily about welfare, which now serves a very small number of families. They are about supporting working families who left welfare or never went on it.”

New battle lines are forming. Conservatives are pushing for stiffer work requirements and for more attention to marriage as an antidote to poverty. Many moderates and liberals want to broaden support for poor workers by providing more money for child care, more access to unemployment insurance and higher minimum wages. And many experts say the states have yet to come to grips with the group of single mothers whose lives are so troubled that they are unlikely to hold steady jobs.

10 Years After, Welfare Reformers Look To Build On Gains (WT)

By Cheryl Wetzstein

The Washington Times, August 21, 2006

Ten years ago tomorrow, President Clinton signed the landmark welfare-reform law in a Rose Garden ceremony as beaming Republican and Democratic co-authors looked on. Outside the White House, hundreds of liberal anti-poverty advocates protested what they called Mr. Clinton's betrayal of poor children, and several Clinton administration leaders quit in protest.

As the next stage of welfare reform begins Oct. 1, with the start of the new fiscal year, there are fewer public protests and less talk about poor children forced to sleep on city grates. But there is still high anxiety in some quarters over new welfare rules, which were signed into law in February by President Bush.

Reform supporters say the new rules "reboot" the system and will lead to even greater achievements in promoting work and stable family relationships, including marriage.

New "common sense" work definitions will steer more adults toward preparing for work, searching for work or landing jobs -- "the only activities that can lead you not just out of welfare dependency, but out of poverty as well," said Wade F. Horn, assistant secretary for children and families in the Department of Health and Human Services (HHS).

New $150 million-a-year funding streams for family strengthening are both a welfare-prevention and welfare-intervention strategy, added Mr. Horn. "When children are born in the context of a stable and healthy marriage, they are significantly less likely to be poor and significantly less likely to be in need of welfare."

But others think the new reforms still miss the mark. The new work rules disallow seeking a four-year college degree as a "core" work activity, said Barbara Gault, vice president and director of research at the Institute for Women's Policy Research (IWPR).

This is "very, very disappointing" as "higher education is the strongest route" out of poverty and low-wage jobs, she said, noting that a recent IWPR study found that low-income women who finished college raised their median incomes from $7.50 an hour to $13.14 an hour and often found careers in business, health care and social work.

A "welfare victory lap" is undeserved, Rep. Jim McDermott, Washington Democrat, told a recent hearing before the House Ways and Means Committee. Republicans shouldn't be celebrating welfare reform while there is stagnation in the value of the Earned Income Tax Credit, the minimum wage and spending on work supports for single mothers, he said.

Looking back, America's disenchantment with the 1960s "War on Poverty" programs reached its zenith in the 1990s. Despite the programs' good intentions, grinding poverty, unemployment and low wages -- especially among minority males -- as well as crime, substance abuse and unwed childbearing grew unabated.

The average stay on welfare was eight years, with many mothers relying on welfare checks for 13 years, studies found. Tales of fraud, abuse and indolent, baby-making "welfare queens" abounded, as did complaints about the skyrocketing costs of welfare.

Welfare reform was a perennial legislative issue during the 1980s and 1990s, but no matter what Congress did, caseloads grew, peaking at 14.2 million people in 1994. A watershed moment came when Mr. Clinton offered his 1992 campaign promise

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to "end welfare as we know it." Momentum was also building in the states, where dozens of governors, led by Wisconsin's Gov. Tommy Thompson, were using federal waivers to revamp their welfare programs.

Mr. Clinton's initial welfare reform -- which would have cost an extra $9 billion -- fell to the wayside. House Republicans seized the moment and included welfare reform in their Contract With America, the banner under which the party swept into power in 1994.

The resulting 1996 Personal Responsibility and Work Opportunity Reconciliation Act passed with strong bipartisan support and was signed by Mr. Clinton on Aug. 22, after having vetoed two earlier versions.

Under the 1996 law, states received fixed (rather than unlimited) federal funds in exchange for flexibility in designing their own welfare programs within federal guidelines. There was a new five-year limit on federal welfare checks and a mandate for states to assist welfare recipients to prepare for, find and keep jobs -- or lose their benefits. "Work first" was the new mantra.

The welfare caseload plummeted by more than 60 percent or nearly 10 million people. As of December 2005, which ended the first quarter of fiscal 2006, the caseload stood at 4.3 million recipients and 1.8 million families, according to HHS.

Republicans and their allies are proud of the 1996 reform, which has also resulted in a lower rate of child poverty and higher rate of employment among single mothers. The welfare-reform debate showed "how 'we the people' can bring about profound change that dramatically improves the lives of millions of our fellow citizens," former House Speaker Newt Gingrich told the recent Ways and Means hearing.

Before 1996, unwed childbearing rates were growing at a rate that would have taken them to 42 percent of all live births by 2003, Heritage Foundation welfare analyst Robert Rector said in his House hearing testimony. However, the welfare debate, with its focus on personal responsibility, work and time-limited welfare, helped slow the growth of the illegitimacy rate, he said. Today, just under 35 percent of births are out of wedlock, a relatively modest increase compared with the 32 percent figure in 1996.

Brookings Institution scholar Ron Haskins, a former Republican House staff member who has written a new book about his front-row seat at the welfare debates, noted that the 1996 reform also strengthened child-support enforcement, expanded funding for abstinence education, made it easier for faith-based groups to provide welfare services and ended welfare checks to newly arrived immigrants as well as to prisoners and substance abusers.

"Taken together, these reforms constitute the most fundamental change in American social policy since the Social Security Act of 1935," Mr. Haskins wrote in "Work Over Welfare: The Inside Story of the 1996 Welfare Reform Law."

Not everyone, however, views the 1996 law as an unbridled success, nor do they see improved benefits for poor people in the new reforms, which were passed as part of the Deficit Reduction Act of 2005.

At the Ways and Means hearing, Mr. McDermott and his colleagues pointed out that child-poverty rates have started to climb since 2000. Many mothers who have left the welfare rolls are "not better off" -- they're standing in lines at churches, getting food and services to support their families, said Rep. Stephanie Tubbs Jones, Ohio Democrat.

The welfare system has become difficult for poor families to enter -- "more families are falling into the 'no work, no welfare' category," said Sharon Parrott of the liberal Center on Budget and Policy Priorities.

Other critics fault the 1996 law for chasing poor women out of schools and into low-paying jobs while their children are sent into low-quality child care. Child-care funding is woefully inadequate -- only one in seven eligible children receives subsidies, warn groups such as the Center for Law and Social Policy and the Children's Defense Fund.

Amid the policy debates, welfare mothers such as Yolanda Britt continue their day-by-day fight to achieve self-sufficiency.

Miss Britt, 35 and the mother of three, entered the District's welfare system in 2002 after leaving an abusive relationship. She has finished classes in medical administration at the So Others Might Eat's Center for Employment Training and expects to be employed soon and off welfare within the year.

Miss Britt never experienced the "unlimited" welfare of the old system, but says she doesn't mind that the Temporary Assistance for Needy Families (TANF) benefits are limited. "Temporary is just that," she said. "I know that it's going to end."

She is grateful for the many efforts aimed at helping her leave welfare and get a good job. "Nothing is more gratifying than to walk into a grocery story with my own money, rather than a TANF card," she said.

Cold War Missiles Target Of Blackout (WP)

By Chrisopher Lee

The Washington Post, August 21, 2006

The Bush administration has begun designating as secret some information that the government long provided even to its enemy the former Soviet Union: the numbers of strategic weapons in the U.S. nuclear arsenal during the Cold War.

The Pentagon and the Department of Energy are treating as national security secrets the historical totals of Minuteman, Titan II and other missiles, blacking out the information on previously public documents, according to a new report by the National Security Archive. The archive is a nonprofit research library housed at George Washington University.

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"It would be difficult to find more dramatic examples of unjustifiable secrecy than these decisions to classify the numbers of U.S. strategic weapons," wrote William Burr, a senior analyst at the archive who compiled the report. " . . . The Pentagon is now trying to keep secret numbers of strategic weapons that have never been classified before."

The report comes at a time when the Bush administration's penchant for government secrecy has troubled researchers and bred controversy over agency efforts to withhold even seemingly innocuous information. The National Archives was embroiled in scandal during the spring when it was disclosed that the agency had for years kept secret a reclassification program under which the CIA, the Air Force and other agencies removed thousands of records from public shelves.

One month after the Sept. 11, 2001, terrorist attacks, then-Attorney General John D. Ashcroft instructed federal agencies to be more mindful of national security when deciding whether to publicly release documents under the Freedom of Information Act. Last year, in a study of FOIA requests at 22 agencies from 2000 to 2004, the nonpartisan Coalition of Journalists for Open Government found that agencies cited reasons to withhold unclassified information 22 percent more often than before Ashcroft's directive.

The administration's affinity for secrecy also was exemplified in its legal battle to withhold the names of oil company executives and others who attended meetings in 2001 of a White House task force that helped draft a national energy policy. More recently, President Bush has made clear his administration's willingness to prosecute individuals it believes unlawfully possess classified material.

Maj. Patrick Ryder, a Pentagon spokesman, said officials strive to properly apply rules governing what should be classified and are researching why the missile information cited in the archive report was blacked out. The report was released Friday.

"The Department of Defense takes the responsibility of classifying information seriously," Ryder said. "This includes classifying information at the lowest level possible."

Bryan Wilkes, a spokesman for the National Nuclear Security Administration, a part of the Energy Department, said the Pentagon excised the missile numbers. Under a 1998 law, Wilkes's agency focuses on scrubbing declassified documents for sensitive U.S. nuclear weapons information that, in the wrong hands, could be used to harm Americans, he said.

"It's not our call to do missile data," Wilkes said. "There's no question that current classified nuclear weapons data was out there that we had to take back," he added. "And in today's environment, where there is a great deal of concern about rogue nations or terrorist groups getting access to nuclear weapons, this makes a lot of sense."

Archive officials say the Pentagon was using guidelines developed by the Energy Department in blacking out the missile data.

During the Cold War, the United States devoted substantial manpower and money to counting Soviet missiles, experts said. At the same time, U.S. officials sometimes were quite open about the number of American missiles, using the data to illustrate the deterrent power of the U.S. nuclear arsenal and to make the case for more defense spending. Indeed, such numbers were routinely disclosed in annual reports to Capitol Hill by secretaries of defense dating to at least the 1960s, according to Burr.

In a 1971 appearance before the House Armed Services Committee, for instance, Defense Secretary Melvin R. Laird offered a chart showing, among other things, that the United States had 30 strategic bomber squadrons, 54 Titan intercontinental ballistic missiles and 1,000 Minuteman missiles.

Those numbers, made public on March 9, 1971, are redacted in a copy of the chart obtained by the archive's researchers in January as part of a declassified government history of the U.S. air and missile defense system, according to archive officials.

"It's yet another example of silly secrecy," said Thomas Blanton, the archive's director.

In another case, Burr cited two declassified copies of a 75-page memo on military policy issues that Defense Secretary Robert S. McNamara sent to President Lyndon B. Johnson in 1964, one obtained from the National Archives in 1999 and the other from the Pentagon this year.

In the 2006 copy, Pentagon reviewers blacked out numbers that were left untouched in the earlier version, including the number of ballistic missile launchers and the number of heavy bombers the United States expected to have in 1965, 1967 and 1970. (Comparative numbers for the Soviet Union were left alone.)

Burr also compared two copies of a memo that Secretary of State Henry Kissinger wrote for President Gerald R. Ford for a 1974 National Security Council meeting on arms control negotiations.

One copy, obtained from the NSC through a Freedom of Information Act request in 1999, has visible references to "200 older B-52 bombers" and 240 Trident missiles, among other weapons data. In the second copy, released by the Gerald R. Ford Library in May 2006, such information is blacked out -- as is similar data for the Soviet Union.

Experts say there is no national security reason for the administration to keep such historical information under wraps -- especially when it has been publicly available for years.

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Robert S. Norris, a senior research associate at the Natural Resources Defense Council, said U.S. officials handed more detailed accounts of the U.S. nuclear arsenal over to the Soviets as part of the two Strategic Arms Reduction Treaties (START) and the two Strategic Arms Limitation Talks (SALT) agreements in the 1970s, 1980s and early 1990s.

"Is that now going to be reclassified?" asked Norris. "I would say that the horse is out of the barn and they are only making themselves look ridiculous. At someone's direction, declassification reviewers have gotten carried away and are applying the rather vague and open-ended guidelines to the point of absurdity."

Steven Aftergood, director of the Federation of American Scientists' Project on Government Secrecy, said the report illustrates how arbitrary the classification system is.

"Information is classified not because it's sensitive, but because somebody says it is classified," he said. "Several years into the 21st century, we still haven't figured out how to do classification policy right, and the government is still botching the matter."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, August 21, 2006

No time to write

One would gather that Rep. John Conyers Jr. doesn't trust President Bush's judgment when it comes to pardoning people, particularly those who toiled in his White House.

The Michigan Democrat is pushing newly introduced legislation that would require the president to notify Congress upon the pardon of "any Executive Branch employee."

Mr. Conyers explained: "This notification is necessary because it is possible that the president could pardon an employee of his administration as a means of preventing an investigation from running its course and, perhaps, uncovering information critical of the administration."

Any case come to mind?

"The need for this legislation came to light as a result of the Justice Department's investigation into an administration official's leak of CIA officer Valerie Plame Wilson's identity," Mr. Conyers stated when introducing the legislation.

"The indictment of I. Lewis Libby, who was the vice president's chief of staff, for false statements, perjury, and obstruction of justice in connection with the investigation raised concerns that the president might use his authority to pardon Mr. Libby or other officials involved in serious criminal offenses."

Mr. Conyers says he is most concerned because Mr. Bush has yet to respond to the letter he sent to him more than a year ago, July 25, 2005, "seeking his assurance that he would not pardon any former or current officials involved in the leak" of Mrs. Plame's name.

Village 'idiots'

Mother Jones magazine, in its September/October issue, says blame for the "manipulation of intelligence" that eventually led to the U.S. military's march into Iraq does not end with Vice President Dick Cheney, President Bush, or even Donald H. Rumsfeld's Pentagon.

"It is shared by idiots from the Fourth Estate," the left-wing magazine states. "The New York Times' Judith Miller, to be sure. But also the editors of The Washington Post who routinely relegated vital reporting on the flimsiness of the administration's Iraq intel to page A13."

Mr. Cheney's name, in this particular passage, is placed before the president's in light of a question posed at a congressional hearing this summer by Rep. Walter B. Jones, North Carolina Republican, examining the faulty U.S. intelligence.

"How could the professionals see what was happening and nobody speak out?" Mr. Jones asked.

Retired Army Col. Lawrence Wilkerson, a longtime military adviser and later chief of staff to Secretary of State Colin L. Powell, simply replied: "The vice president."

Public Pension Price Tag (WSJ)

Wall Street Journal, August 21, 2006

E.J. McMahon

The recent enactment of sweeping changes in federal laws governing private pension plans, the issuance of a scathing auditors' report on the collapse of San Diego's pension fund, and the disclosure of potential shortfalls in New York City's pension funds all point to what should be the nation's next big target for financial reform. Because their size and complexity offer such a wide field for abuse, state and local retirement systems pose a significant moral hazard -- threatening the long-term fiscal stability of many of their sponsors.

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San Diego's storyline -- marked by deliberate underfunding, increases in already generous retirement benefits and the use of debt to refinance payments -- has had eerie parallels across the country. Only 43 of the 125 retirement systems in the most recent Public Funds Survey were within 10% of full funding status; one-quarter had actuarial funding ratios below 80%. But if private-sector accounting standards were applied to these systems, they would all look much worse.

In determining a system's necessary funding levels, a crucial consideration is the discount rate applied to future obligations: The lower the rate, the larger the contributions required to maintain "fully funded" status. Private plans are required to discount their liabilities based on corporate bond rates -- which are usually lower than these plans' projected returns on investments.

Public funds, however, are allowed to discount their long-term liabilities based on the assumed annual rate of return on their assets -- which, for most public funds, is pegged at an optimistic 8% or more. In other words, the risk premium in the investment target is compounded in the liability estimate. (This accounting twist also explains how politicians can claim, with straight faces, that pension obligation bonds are a nifty arbitrage play.)

If the liabilities of public pension funds were valued on the same basis as private funds -- using, for example, the 30-year municipal bond rate as the discount rate -- funding requirements would be dramatically higher. Estimates of the nation's real public pension funding shortfall range from an added $500 billion for state retirement systems to at least $1 trillion for all public systems.

The 8% rate of return assumption, while shared by some major corporate plans, is certainly open to question. But public pension fund managers are in a pickle: If assumed returns were reduced, even "fully funded" systems like New York's would find themselves tens of billions in the hole -- as shown by alternative calculations buried in financial reports for Gotham's retirement systems. And so, in the name of protecting taxpayers from having to pay higher contributions in the short term, funds expose them to more volatility and risk over the long term.

Public pension funds used to be run on more of an insurance model, heavily reliant on fixed-income securities. But over the past 40 years, the vast expansion of government at every level has vastly expanded the pool of public pension liabilities. This leads to a vicious cycle: As the employee head count rises and unions lobby for bigger pension entitlements, funds feel pressure to pursue riskier investments with higher returns -- which explains their increasing reliance on stocks, as shown in the nearby chart. But when returns exceed expectations, as in the boom market of the 1990s, politicians and fund trustees feel irresistible pressure to raise benefits again.

Meanwhile, their increased presence in the equity markets has turned public pension funds and their managers, like California treasurer and gubernatorial candidate Phil Angelides, into major players on Wall Street. And as my colleague Nicole Gelinas has documented, in the wake of corporate accounting scandals, public fund managers have pushed further into corporate boardrooms.

In reforming private sector pensions, Congress and President Bush were motivated largely by a desire to provide greater financial security for current and future retirees threatened by corporate bankruptcies. The public sector is different: Governments can't go out of business, and their retired employees are in no danger of being left high and dry. Guaranteed under state laws and constitutional provisions -- that is, by the taxpayers -- public pensions are far more secure and more generous than those offered by private-sector plans.

The overriding concern of public pension reform should be to reduce the taxpayers' exposure to accounting and financial risk -- now and in the future. Here are four essential steps towards that goal:

· Shift to defined contribution plans for all future workers. In short, stop the bleeding. Because traditional defined-benefit plans rely on contributions from younger employees to finance the benefits of long-term workers, this shift is in no way a quick fix for under-funded systems. But the alternative -- maintaining defined benefit plans, but with lower benefits for the newly hired -- is worse. As long as an open DB plan exists, it will be a target for political and financial manipulation.

· Immediately recognize and fund the full cost of any benefit increase. The ability to amortize benefit increases over decades is one reason why politicians and unions have been able to sell pension sweeteners as a free lunch. Closing this window would be a disincentive for future giveaways.

· Expand financial reports to include alternative funding assumptions. Simply requiring public funds to adhere to the same financial standards as private funds sounds tempting but it would be extremely disruptive, sharply increasing volatility and boosting contribution requirements. Following the lead of New York City's actuary, government financial reports should clearly show how funds would balance if assets were marked to market and if liabilities were discounted at market rates.

· Gradually lower the required rate of return -- and invest accordingly. Over the long term, this is an essential step for reducing the taxpayers' collective risk. It also would reveal the true economic costs of current benefits.

Fraught with financial complexity, the growing public sector pension burden fundamentally poses a test of political wills. Although benefits for their current members are legally untouchable, union leaders derive substantial power from the existing system and will battle any attempt to change it -- as they did in beating back Arnold Schwarzenegger's attempt last year to

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establish a 401(k) plan in California. Today, improved accounting practices can at least force elected officials to face up to the price tag of their rash promises. In the future, they must turn from union lapdogs to taxpayer watchdogs.

Mr. McMahon is director of the Empire Center for New York State Policy and a senior fellow at the Manhattan Institute.

Senate's Most Wanted (WSJ)

The Wall Street Journal, August 21, 2006

There's a desperate new manhunt across the country, and the suspects are no less than 91 Members of the world's greatest deliberative body. One of these Senators has a big secret, and we should all have some fun as the foes of government pork try to run the mystery politician to ground.

Here's the forensic background: In April, Oklahoma Senator Tom Coburn introduced legislation that would set-up a database to track an estimated $1 trillion in federal grants, earmarks, contracts and loans. Americans would be able to perform Google-like searches to track how their tax dollars are spent -- or frittered away, as the case might be. Twenty-nine Senators have co-sponsored the bill, and it's a testament to how concerned some are about Washington's miserable spending reputation that the list includes a who's who of Presidential hopefuls, from Hillary Rodham Clinton to George Allen to Bill Frist.

Yet most Senators clearly have no desire to shine a light on their spending practices, and at least one -- perhaps more -- has placed a "secret" hold on the legislation. Normally the architects of these holds are exposed within a few legislative days, but with Congress on recess the masked spender has so far evaded capture and public scrutiny.

Porkbusters, a grassroots outfit that fights government waste, found this untransparent move to stymie government transparency a bit rich, and last week launched a campaign to unveil the blocker's identity. It has asked its members to call on their Senators to disavow the hold, and the responses are trickling in. The group, which is tracking the results on its Web site (www.porkbusters.org1), still has the pictures of 91 Senators under its "Suspect" list. The nine Senators who have denied placing the hold are now listed as "In the Clear"; they are Senator Coburn, Barack Obama, Mary Landrieu, David Vitter, John McCain, Ron Wyden, Richard Shelby, Jim Inhofe and Jeff Sessions.

If Congress insists on spending like there's no tomorrow, at least the Members could let the voters see what they're spending it on by passing Senator Coburn's reform. Will the real secret Senator please stand up?

OTHER NEWS:

Fed Reduces Recession Threat (CSM)

By Ron Scherer

The Christian Science Monitor, August 21, 2006

NEW YORK

The US economy appears to be on track for a "soft landing" - a period of recession-free but less energetic economic growth.

The job market is now tepid, consumers are tempering their spending, and inventories - from women's apparel to computer hard drives - are starting to rise. The housing sector is the only major concern as developers cancel projects and homes go unsold.

But signs of a benign slowdown are a success story for the Federal Reserve, which has been gradually putting the brakes on the economy.

"The good news of the soft landing is that there is no recession even though there is pain," says Anthony Chan, chief economist at JPMorgan Private Client Services in New York. "There is life after a soft landing."

The slowing economy coincides with declining oil and gasoline prices. Last week, oil prices closed at $71.14 a barrel, down $3.24 for the week. Gasoline prices also fell sharply - dropping 8 cents a gallon, according to GasPriceWatch.com. Falling energy prices will help give consumers some relief from what seems like continuous prices hikes.

This week, economists will look at July sales of new and existing homes as well as durable goods orders - both good barometers of investment spending.

"The new data will give us a sense of how hard the landing will be in housing, and both measures together will give us a sense of how soft the soft landing is," says Mark Zandi of Moody's Economy.com in West Chester, Pa.

In the coming weeks, the Fed will be watching the data closely to see if it can extend its August pause in interest rate increases for the rest of the year.

In the past, the Fed has had difficulty engineering "soft landings." Its last success was in 1995. "The economy today looks very similar to then," says Scott Brown, chief economist at Raymond James & Associates in St. Petersburg, Fla.

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The now-and-then similarities were not lost on investors last week as the stock market staged a rally. For the week, the Dow Jones Industrial Average gained 293 points, closing at 11,381, its highest level since mid-May. "The performance of the market is still consistent with the view of a soft landing," says Mr. Chan. "What the markets are telling us is we have a Goldilocks economy - not too hot and not too cold."

In recent weeks, investors have been less optimistic about the bond market. Long-term bonds now yield less than short-term bonds. In Wall Street parlance, this is known as an "inverted yield curve," since long-term bonds have historically had higher returns. If this were to continue for several more weeks, Zandi says, it could augur a recession because banks will become reticent to loan money given the low long-term returns compared to their short-term borrowing costs.

"It has always presaged a downturn and never falsely presaged one," he says.

Based on the stock market, the yield curve, and other economic indicators, Zandi estimates the odds of a recession to be about 25 percent.

Zandi says one of the reasons to be optimistic is the high profitability of American business, which has made balance sheets flush with cash. "Except for General Motors, Ford, and the airlines, profitability has never been stronger," he says.

Muscular earnings statements are spurring businesses to invest in new plants and equipment. "Business investment has not slowed down," says Stuart Hoffman, chief economist at PNC Financial Services in Pittsburgh. "It's another reason we expect the economy is not in jeopardy of a hard landing."

Businesses can feel confident about investing in part because they can export a lot of their products into a robust world economy. Even Japan and Europe, areas that have lagged in the past, are in stride. "It's rare to find such strong growth everywhere," says Zandi.

The greatest uncertainty facing the economy comes from the housing market. Economist David Rosenberg of Merrill Lynch believes the sector is already in a recession. Zandi agrees the sector is contracting. "The risk is that a correction turns into a crash," he says.

Economists will also be watching the consumer sector closely. Last week, most forecasters were surprised when a University of Michigan consumer survey found plunging confidence. "I think it was the early brush of uncertainty in the Middle East," says Chan. "But, with the fragile cease-fire in place and the current trend to lower energy prices, I don't think such declines are fully sustainable."

Dropping consumer confidence is a bit of a mystery to the White House as well. On Friday, President Bush met with his economic team at Camp David for one of his periodic updates and strategy sessions. Treasury Secretary Henry Paulson, in a press conference on Friday afternoon, said he thought the president does not get credit for the economy because "many of the Americans are not feeling it in terms of their own economic situation" particularly rising healthcare and energy costs.

Office of Management and Budget Director Rob Portman also said he thought polls showed a "disconnect" between how people feel about the economy and how they feel about their own personal situation. This chasm, he believes, is the result of the White House not "communicating" the strength of the economy.

Not Too Fast, Not Too Slow... (WSJ)

By E.s. Browning

The Wall Street Journal, August 21, 2006

Whether the stock rally fizzles out or keeps going will depend heavily on whether Federal Reserve Chairman Ben Bernanke can pull off a nifty trick, piloting the economy to what professional investors call a soft landing.

A soft landing is what you want, but almost never get, at the end of a boom. The idea is for the central bank to slow the economy just enough to prevent serious inflation, but not enough to choke off growth. Success brings another of Wall Street's favorite clichés -- a Goldilocks economy, in which growth is not too hot and not too cold.

Trouble is, although they get talked about a lot, soft landings rarely happen. Going just far enough but not too far -- and doing so during an election year and amid conflicting economic signals -- is one of the hardest things for monetary-policy makers to do. They almost never have succeeded.

Since the mid-1970s, almost every time the Fed has pushed rates higher, it has created a recession, a bear market or both. The notable exception came in 1994 and 1995, when the Fed raised rates without causing either, but did blow up the bond market and tank the Mexican peso. It looked as if the Fed might achieve another soft landing in the late 1990s, but then came the tech wreck and a deep bear market.

The prevailing hope is that, against all odds, Mr. Bernanke will succeed this time. Reports last week showed that the rates of both consumer and wholesale inflation slowed in July, and that sent a wave of joy through financial markets. Talk spread that the Fed might actually start cutting interest rates by late this year or early 2007. The Dow Jones Industrial Average finished

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Friday at a three-month high of 11381.47, less than 350 points short of the record finish of 11722.98 that dates from Jan. 14, 2000.

But as is often the case in August, trading volume wasn't very heavy, and many investment pros still were standing aside, biting their nails. Some fear the worst of all worlds -- both inflation and an economic slump, an evil combination known as stagflation, the likes of which was last seen in the 1970s.

"The Fed's got a tough job. It is on the horns of a dilemma," says David Kotok, chairman of money-management firm Cumberland Advisors in Vineland, N.J. On one side, he says, labor markets remain hot, underlying inflation even after the July slowdown is above the 2% annual rate Fed officials have said is tolerable, and energy prices are high. On the other side, the world is tormented by war and terrorism, and the teetering housing market threatens to stifle consumer spending, taking the wind out of growth.

"We may get the soft landing, but the likelihood is that it will be harder than a lot of people expect," Mr. Kotok says. He also points to a survey by the National Federation of Independent Business that showed small businessmen plan to raise prices, another inflationary pressure.

The Fed stopped raising rates this month so it could "look around and see how much economic damage it did, if any," by raising rates for more than two years, Mr. Kotok says. "I think they are going to see that they didn't do a lot of damage" and end up raising rates some more. He expects to see the central bank's target overnight-lending rate go to 6% or higher from the current 5.25%. That magnitude of increase could discourage consumers, damage corporate profits and hurt stocks.

The money manager has sold some of his stock holdings, turning about 25% of them into cash. He figures that with money markets offering returns of around 5%, cash could be as good as or better than stocks in the days ahead.

Russ Koesterich, senior portfolio manager at Barclays Global Investors in San Francisco, has shifted toward more "defensive" companies whose sales are steady and don't depend on economic growth, such as drug companies and food makers. He says continued wage growth could pressure the Fed to keep raising rates and thinks Wall Street projections for double-digit profit gains in the second half could prove too optimistic.

"The Fed tends to go too far," Mr. Koesterich says. "That has been the historical pattern over time." Another "big wild card" is housing, Mr. Koesterich adds. If falling home values and rising rates make it hard for people to keep boosting mortgage debt in order to buy new televisions and cars, he says, that could create economic trouble.

But last week, at least, investors looked past that kind of worry. Widely followed Wall Street economists were telling clients that even a significant economic weakening might actually be good for stocks.

"If we could have a hard landing but not a recession, I think that would be a favorable outcome for the financial markets," says economist Ed Hyman of New York research and brokerage house International Strategy & Investment. Should the Fed start to worry that it has slowed the economy too much, Mr. Hyman says, then it would have to cut rates sharply. Investors would welcome the rate decline as a boost to growth, consumer spending, the housing market and profits.

"History tells me that a significant weakening in the economy and a crisis-induced reversal of Fed policy could make this stock market move up dramatically," he says.

Consumers Curb Upscale Buying As Gasoline Prices, Housing Bite (WSJ)

By Justin Lahart And Amy Merrick

The Wall Street Journal, August 21, 2006

The high price of gasoline and slowdown in housing are taking a toll on one of the most striking economic trends of recent years: Consumers' widening taste for more upscale purchases.

Amid the broader prosperity of the past decade, Americans grew far more willing to shell out for $4 cups of coffee and $400 handbags. Retailers such as Starbucks Corp., Whole Foods Market Inc. and Williams-Sonoma Inc. -- operator of Pottery Barn and its own kitchen stores -- expanded by appealing to the aspirations of middle-class shoppers.

Now, many of those retailers are feeling pinched. In recent weeks, Starbucks, Whole Foods and Williams-Sonoma -- along with others such as boat maker Brunswick Corp. and specialty-sandwich chain Panera Bread Co. -- have reported disappointing sales that sent their share prices lower. Restaurants catering to middle-income consumers are seeing a sales slump too.

Growing evidence suggests the chief culprit is gasoline prices in the $3-a-gallon range -- up 71 cents from six months ago, according to federal data. Buyers "are spending a lot of money on gas," says Brunswick Chief Executive Dustan McCoy. "The sort of people who boat don't drive around in compact cars. They drive around in big cars or fast cars."

But Wendy Liebmann, president of consulting firm WSL Strategic Retail in New York, finds evidence in a recent survey of 1,500 consumers of a broader shift in consumer behavior after almost a decade in which most were "trading up" for high-end items. Many are now cutting back, she says, with low-income households becoming more likely to stick to dollar stores and supercenters and middle-income families visiting more mass merchants and grocery stores than specialty outlets.

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Especially surprising, Ms. Liebmann says, is evidence that households earning as much as $75,000 a year are changing their habits. Survey responses among this group were more similar to those of low-income households than those of wealthy families, she says. The types of spending most likely to be chopped: fashion accessories, clothing, home décor, electronics and entertainment.

"People are prioritizing before they go off and spend their dollars on luxury items," says Cathy O'Malley, manager of the Fairlaine Town Center mall in Dearborn, Mich.

How deep the trend extends, and how long it will last, are being closely watched by economists and retailers. Three-fourths of U.S. economic growth last year stemmed from increased consumer spending.

Spending has clearly slowed some. While consumer spending rose at an annualized, inflation-adjusted rate of 2.5% in the second quarter, that was down from 4.8% in the first quarter. Retail sales grew 1.4% in July from June, better than had been expected, but economists were divided over whether that meant spending would stay strong or whether the surge looked stronger than it was after an especially weak June.

Meanwhile, consumers seem to be more worried about the economy and prospects of inflation. The University of Michigan's preliminary reading of consumer sentiment plunged to 78.7 in early August from 84.7 in late July, the lowest level since the aftermath of Hurricane Katrina last year, according to economists who viewed the report.

A lasting drop-off in consumer spending could herald the broader slowdown sought by the Federal Reserve in its two-year-old campaign to boost short-term interest rates, which have been raised to 5.25% from 1%. But it also would mean that something else -- like increased business spending or rising exports to other countries -- may need to take up the slack to maintain growth.

For now, the latest slowdown seems to be squarely affecting the middle-income segment. The richest shoppers continue to spend on luxury items. Lower-income shoppers, more vulnerable to high fuel prices, already had been spending less in some areas, as seen by slowing sales at Wal-Mart Stores Inc. and similar chains.

For companies targeting the middle-income group, the spending slowdown could force a shift in strategies -- and expectations. After its fiscal third-quarter sales fell short of Wall Street forecasts, Whole Foods said it may lower prices on nonperishable items and branded organic and natural products to better compete with other grocery stores.

Similarly, many of the more upscale casual-dining spots, including P.F. Chang's China Bistro Inc., Applebee's International Inc. and Cheesecake Factory Inc., have been warning investors of slowing sales. In a conference call last month, P.F. Chang's president, Robert Vivian, said diners who were treating themselves to a splurge in boom times are pulling back. Executives at P.F. Chang's say the casual-dining industry is in its biggest slump since 1991, when it was hurt by the Gulf War and the beginning of a recession.

"You do have to go back over 15 years to find an environment where the consumer has responded like they are today," Chairman and Chief Executive Rick Federico said during a conference call July 26. "We have lowered our expectations for the back half of the year to better reflect current trends in our business."

At Panera, executives said last month that sales at stores open at least 13 months were weaker than had been expected just eight weeks earlier. "We have seen some softening, in recent weeks," said president Neal Yanofsky in a conference call with analysts. But, he said, "It's too soon to determine the causes of this, or more importantly to form an opinion about how fleeting or prolonged it may be."

Boat maker Brunswick says it has adjusted to slowing demand by making fewer of its lower-priced boats in response to the slowdown. "It's better to take the hit right now and have lower production than it is to have too many boats sitting out there," says Mr. McCoy, the CEO.

King's Jewelry & Loan, a pawnbroker with three locations in the Los Angeles area, sees the trend playing out in increased demand for loans. Borrowers at King's tend to be solidly middle class, earning $40,000 to $70,000 a year, according to President Sam Shocket.

On the sales side of his business, Mr. Shocket says, big-ticket items are still selling well, but sales of jewelry in the price range of $500 to $1,000 have dropped off. "People are strained a little bit and are pulling in their expenses in order to manage," he says.

Besides gasoline prices, economists say, consumers likely are being hit by the slowdown in the housing market. While the market was strong, homeowners extracted cash from their houses though "cash out" mortgage refinancing, drawing on home-equity loans and capital gains on sales, says Diane Swonk, chief economist at Mesirow Financial in Chicago. But housing now appears to be slowing sharply; last Wednesday, the National Association of Home Builders said its index of builder sentiment plunged to its lowest level since 1991. That makes it tougher for homeowners to use their house as a source of cash.

Since homeowners often put such money back into their homes, higher-end home-furnishing retailers could be vulnerable. Last month, Williams-Sonoma warned that fiscal second-quarter sales at Pottery Barn haven't been as strong as expected. The

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retailer lowered its overall revenue projection for the period to a range of $823 million to $837 million, from a range of $842 million to $856 million.

To be sure, the nascent pullback isn't affecting all retailers equally. Handbag maker Coach Inc., which bills itself as offering "accessible luxury" and prices most of its products in the $200-to-$800 range, said earnings in its most-recent quarter jumped 33%, ahead of the company's and analysts' expectations. Moreover, customer visits to its full-price stores increased more quickly in July than did visits to its factory outlets, where goods are sold at a discount.

Similarly, high-end department-store chains Nordstrom Inc. and Neiman Marcus Group Inc. have continued their three-year run of strong sales, with no warning signs that their customers are tapped out.

Boston Consulting Group senior vice president Michael Silverstein says middle-income shoppers are still trading up for high-end items, but are "making much more deliberate choices and being much more tough-minded about what they want."

That could increase pressure for many businesses with products aimed at middle-class shoppers. "The investment thesis has to be: Are you generating heat?" says Mr. Silverstein. "The companies that aren't are in trouble."

Oil's Price Drop Reignites Debate On Turning Point (WSJ)

By Ann Davis And Bhushan Bahree

The Wall Street Journal, August 21, 2006

A nearly 8% decline in crude-oil prices in the past two weeks, and the market's flirtation Friday with prices below $70 a barrel, is reigniting a debate: Is there an oil-price bubble, and could it burst?

Underlying the question is an argument about what has been a bigger factor buoying oil prices in the first place: record investor inflows into commodities or supply-and-demand fundamentals.

The answer will go a way toward setting the tone for broader financial markets and the economy. High oil prices have affected everything from consumer spending, to the stock and bond markets, to interest-rate increases by the Federal Reserve to curb inflation.

If oil continues to slide even as international tensions flare, "it is going to be much more difficult to argue that crude oil remains a bull market and that all dips are buying opportunities," says Tim Evans, a futures analyst with Citigroup Inc.

Crude-oil futures contracts for near-month settlement on the New York Mercantile Exchange surged more than 33% over nearly six months, hitting $76.98 a barrel on Aug. 7 before falling to a two-month low Thursday of $70.06. After an intraday low of $69.60 Friday, near-month crude-oil prices bounced back to settle at $71.14 a barrel on news of a storm developing in the Gulf of Mexico.

As prices soared earlier in the summer, oil analysts and economists argued that global economic growth, tight refining capacity to process crude oil into usable products like gasoline, and geopolitical tensions could push crude beyond $80 a barrel, even as oil inventories remained high in the U.S.

These specialists dismiss the notion that crude's recent pullback is a turning point. Instead, they point to short-term factors that have pushed oil lower, including a move by Goldman Sachs Group Inc. this month to reduce its exposure to gasoline in the widely watched Goldman Sachs Commodity Index.

In addition, they say BP PLC's Alaska pipeline shutdown had less of an impact on oil supplies than initially feared. Seasonal factors also play a role, including a lighter-than-expected hurricane season, the ending of the summer driving season and the expected drop in demand for crude from refineries as they shift operations for winter-grade fuels.

"Until I see massive spare capacity in Saudi Arabia or new refining capacity in Asia or the Middle East, the world will still be susceptible to the same exogenous shocks as it has been in the last three years, whether the shocks are from civil strife, geopolitics or weather," says Edward Morse, chief energy economist for Lehman Brothers Holdings Inc. He says global demand remains robust.

Still, an increasing number of analysts and traders predict that oil prices are poised for further decline. They say the market has become somewhat inured to geopolitical uncertainty -- reacting to the news of another kidnapping of oil workers in Nigeria, for example, with a 25-cent jump, when the price used to move $2 on such events.

Traders say prices are high considering some key supply-and-demand indicators. Mark Vonderheide, global head of oil trading for Deutsche Bank AG, points to a large buildup in world inventories. Traders are "balancing the fundamental weakness of this market against the probability of some global event or continuation of global events in Nigeria, Iran or Venezuela....Barring an event, it's very likely we're headed for much lower oil prices."

Oil prices may at least level off a bit, some energy researchers say. Larry Goldstein, president of the Petroleum Industry Research Foundation, calls the recent slide in prices "a move to a new equilibrium level, not the start of a major selloff."

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Some increasingly vocal bears are making stark forecasts. Sanford C. Bernstein & Co. energy analyst Ben Dell is calling for $50 crude in early 2007. Philip Verleger, an independent energy economist who heads PK Verleger LLC, predicts in an interview that oil could hit the single digits in the next three years.

In particular, they say, the market hasn't fully grasped the import of investment flows into oil futures and the danger that a slowdown in those investments could cause a lull or even a panic in the oil markets. Institutional money managers have $100 billion to $120 billion in commodities, at least double the amount three years ago and up from $6 billion in 1999, says Barclays Capital, the securities unit of Barclays PLC. Mr. Dell estimates such investors have $40 billion invested in crude alone.

"Too much money has been chasing too few commodities futures," Mr. Verleger argues. He says that as long as economic growth continues, oil could climb as high as $100 a barrel in the fourth quarter of 2007. If the economy slows and demand for petroleum eases, investors will scramble for the exits. "There is no floor. The price could fall to single digits. It won't stay there for very long, but it could fall."

Mr. Verleger's dramatic forecast isn't shared by most analysts. Still, the impact of investment flows into commodities has taken some in the oil establishment off guard. As oil prices steadily rose to triple their levels three year ago, ministers from the Organization of Petroleum Exporting Countries, oil-company executives and others have periodically argued that the fundamentals of supply and demand didn't justify the increase.

Deutsche Bank's Mr. Vonderheide says the inflows into index-related oil investments are a big-enough factor that, if they slow, the market could fall further.

In the days leading up to and just after Goldman's Aug. 9 announcement that it was reducing its allocation to gasoline contracts in its index, gasoline futures took a dive.

Airlines Tremble At Prospect Of $100-a-barrel Oil (USAT)

By Dan Reed

USA Today, August 21, 2006

Beleaguered U.S. airlines seem to have slowly staggered to their feet since the terrorism and recession of earlier this decade. But credit agency Standard & Poor's has come up with a worrisome scenario that could knock them back down: $100-a-barrel oil.

Last month, S&P issued a provocative report saying the steady rise in prices in the past three years and the fear of potential supply disruptions “has created an environment where a triple-digit oil price in the near term is not unimaginable.” The world's tight refining capacity, coupled with political unrest or violent storms, could cause the price, $71.14 at the market close on Friday, to climb to triple digits.

No one, not even S&P, has crawled out on a limb to predict that prices will go that high. And prices have been moderating for more than a week. Still, there are enough potential sources of disruption in the flow of oil and refined fuels that some on Wall Street and in corporate suites are contemplating what would happen to the domestic airline industry if the market price does reach $100 a barrel. The speculation comes just as the industry is coming off its best quarter in six years: a collective $1.4 billion profit after setting aside one-time bankruptcy reorganization costs at Northwest and Delta.

What S&P sees at the $100-a-barrel level isn't pretty: Northwest and Delta airlines could be forced to liquidate; others could be pushed into Chapter 11 bankruptcy-court protection. Discount giant Southwest would likely see its remarkable profit streak halted. Industrywide, carriers would ground aircraft, cut service and lay off workers. Travelers could count on fewer choices, more travel hassles and higher fares.

Philip Baggaley, S&P's chief transportation analyst, says airlines would be in the “awful position of desperately needing to raise fares” to cover fuel costs just as “individuals and corporations would be cutting back on non-essentials, like travel.”

Though oil prices have fallen since hitting a record $78.40 on July 14, they remain at historically high levels. The price of jet fuel, which has averaged about $2.20 a gallon in the past month, is almost 21/2 times the 90 cents that airlines paid in 2000. If oil goes to $100 a barrel, airlines could expect to pay $3 for a gallon of jet fuel.

Analyst Ben Brockwell at energy tracker Oil Price Information Service calls the concern about $100 oil “hyperbole” driven by “pundits talking about some sort of worst-case scenario.” Futures contracts — agreements made now for future delivery of oil — are costing buyers no more than $80 a barrel for any month through 2008.

But a growing number of speculators find nothing far-fetched about $100 oil.

Some investors are buying oil futures options that pay off only if the price of crude reaches $100 or higher. Adam Sieminski, energy analyst at Deutsche Bank in New York, issued a July 28 report ominously entitled “$100 Oil Has Lost Its Shock Value” in the futures options market. Sieminski said that among a rising number of daring options investors, “$125 is the new target for bullish trades.” Their high-risk options pay off only if crude's market price gets that high.

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They are placing bold, high-risk bets, Brockwell says. “They're gambling that the Iranian standoff with the United Nations won't be resolved, that the cease-fire between Israel and Hezbollah won't hold, that production from BP's Prudhoe Bay (Alaska) fields will be completely shut down (or) that some other major world event will disrupt supply,” he says. “I just don't see that kind of price in the markets.”

The very thought of $100 oil “makes me sick,” says John Heimlich, chief economist at the Air Transport Association, the airlines' trade group. He says oil prices that high could push one or two of his group's big member airlines into bankruptcy, with the most endangered solvent carrier being Houston-based Continental. And, he says, it likely would keep Delta and Northwest in Chapter 11 much longer than anticipated because it would be almost impossible in such market conditions to find investors to provide financing needed to emerge. Both airlines currently expect to exit bankruptcy in 2007.

Northwest officials declined to respond specifically to such suggestions. But in recent financial reports and news releases, Northwest officials have raised the possibility that the company may not be able to absorb escalating fuel costs.

Betsy Talton, spokeswoman for Delta, says high fuel prices “do pose a risk to our plan” to emerge from bankruptcy in 2007. “For 2006, we've seen a nearly $600 million impact from higher fuel prices.”

Baggaley agrees that Continental is most at risk of entering bankruptcy protection if oil prices climb to three digits. Despite outperforming most other big carriers by several measures in the past couple of years, Continental has the smallest cash cushion. Continental spokesman David Messing declined to comment on that speculation.

Prolonged oil prices above $100 a barrel could even run the USA's only perennially profitable carrier, Southwest, into the red on a full-year basis for the first time since 1972. The Dallas-based discounter's recent quarterly profits have been mostly the result of gains from its industry-leading fuel-hedging program.

Southwest has locked in fuel prices by contracting for future delivery at negotiated prices. Though it continues to be the best-hedged U.S. carrier, those hedges are eroding as oil prices climb and futures investors seek a premium for locking in a price for the airline. This year, Southwest has contracts guaranteeing that the price of 75% of expected fuel purchases will be based on crude prices no higher than $36 a barrel. Next year, that falls to 65% at $41 a barrel. Only 39% of its 2009 fuel needs are hedged, and at prices up to $44 a barrel.

Southwest CEO Gary Kelly discounts the likelihood of $100 oil. “We don't think the fundamentals justify the current price, and certainly not something as high as $100. There's a lot of fear included in the market price right now.” Still, Kelly acknowledges that “world events could occur that could push the market price much higher.” That's why, he says, Southwest hedges in the first place.

In the past, global oil production capacity accommodated demand with plenty to spare. But today, with production running almost flat out, the world consumes 98% of the nearly 85 million barrels of crude produced each day. If rebels blow a hole in a Nigerian pipeline, Iran stops shipping oil to make a political point, or a hurricane knocks out U.S. refineries, the lost production can't be replaced quickly or easily.

Larry Goldstein, president of PIRA Energy Group, a petroleum industry-funded think tank, says the prices of crude and refined products such as jet fuel react violently because of the lack of spare production capacity. When an event disrupts or threatens to disrupt production anywhere in the world, spigots elsewhere can't be opened wider.

It “used to be that prices moved in response to supply disruptions by nickels and dimes,” Goldstein says. “Today, without any cushions left, the price moves by dollars in response to disruptions and threats of disruptions.”

Still, some argue that oil is more likely to tumble below $40 a barrel in the next six months to a year than it is to rise to $100.

Aaron Gellman, a professor at Northwestern University's Transportation Center, says prices are likely to fall. Oil-producing nations tend to raise production to keep prices low enough to discourage investment in alternative fuels, says Gellman. Also, he says, “We're finding new sources of oil all the time, and new technologies to re-exploit oil fields that have been let go.”

Any way you look at it, U.S. airlines would be overwhelmed by fuel prices approaching $3 a gallon, the jet fuel price that $100 oil would bring.

According to the ATA, a 33% jump in crude prices, from $75 a barrel to $100, would increase the industry's fuel bill by $32.5 million a day. If $100 oil were to persist for a month, it would cost the airlines an extra $975 million. Over a year, the damage would total $11.7 billion. That's a staggering sum to an industry that collectively lost $42 billion in the five years ended in 2005, and assumes carriers would continue operating current schedules.

For consumers, $100 oil likely would lead to higher fares in the long run.

But as Heimlich notes, “It's one thing to raise fares; it's quite another for anyone to actually buy them.”

Fewer people would be willing to pay higher fares, because $100 oil would mean paying more to fill their cars, more for groceries delivered by truck, more for home energy — more for just about everything.

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And that would create a kind of vicious cycle for the airlines: fare increases driving away business, thereby increasing pressure to raise fares again.

Undoubtedly, some people, particularly business people, would continue flying, says Dilip Ballal, director of the von Ohain Fuels and Combustion Center at the University of Dayton in Ohio. But their numbers would be reduced, and their travel and buying patterns would change as they become more price-sensitive. “People will still have to travel. They will just have to get used to paying more and traveling less.”

That's why Ballal and others are attempting to develop alternative fuels and new engine technologies. They want to reduce both the cost of aviation and aviation's draw on the world's finite supply of oil. Ballal and others are looking at ways to create synthetic jet fuels that can be used by themselves or in a mixture with conventional jet fuels.

A Pentagon-sponsored project to produce a synthetic fuel for the U.S. military's aircraft is underway and eventually could lead to commercial use of such fuels. But no one expects relief from the research soon.

Regulation, Yes. Strangulation, No. (WSJ)

By Maurice R. Greenberg

The Wall Street Journal, August 21, 2006

Three words describe the prevailing sentiment in today's business environment -- private is beautiful. Increasingly, major U.S. corporations are removing themselves from the public equities markets and going private.

Why? To a large degree, because the cost of government regulations has become unbearable. HCA, the largest hospital operator, recently announced a record $21 billion deal to take itself private. Among reasons cited by the company's founder, Thomas Frist, for departing the NYSE: the untenable cost of complying with Sarbanes-Oxley. The recent trend of major companies going (or planning to go) private -- Hertz, Toys "R" Us, Kinder Morgan, Albertson's, Univision -- is not coincidental. And that's only half the tale. While corporations are retreating from our public capital marketplace, exchanges in the rest of the world are thriving at our expense. Of the 25 largest IPOs worldwide in 2005, only one took place in the U.S. Most went to London or Hong Kong. Even Australia weighed in with three.

Credit the culture of over-regulation that has now infused America's governmental institutions. That's why no one should be surprised that the group taking HCA private is doing so to make the health-care giant grow. A public corporation not only must contend with the pressure of satisfying shareholders, it must also worry that a negative comment from a regulatory agency could trigger a sudden, steep drop in its stock price. When management is diverted from focusing on creating shareholder value so as to contend with increasing regulatory demands, stagnation sets in. It doesn't take a rocket scientist to work out what happens to a business next. So in order to stay out of the crosshairs of government regulators, companies are avoiding risks they might otherwise take to innovate or grow their businesses: "Keep your head down."

This is not to say regulation isn't necessary. Quite the opposite. But it must be enlightened regulation -- the type that enables public markets to remain fair, reliable and profitable. Clearly the marketplace is trying to tell the U.S. something when so much of the world's IPO activity is moving offshore. Consider that in 2001 the U.S. accounted for 36% of global IPO activity in dollars. By 2005 that figure had plunged to 24%, a one-third loss in overall market share. In fact, last year a record 29 countries hosted IPOs worth $1 billion or more, meaning that the competition will only get tougher. In response, the U.S. must make itself more -- not less -- attractive as a financial marketplace.

None of these recent trends are in the national interest. Those making the laws governing corporate America should wonder if "the pendulum swings too far," as Treasury Secretary Hank Paulson commented when asked about recently adopted market regulations. They should look at Sarbanes-Oxley and decide whether the elaborate reporting and certification requirements it imposes on corporations are reasonable -- I'd think a company like GE would now be shipping off truckloads of paperwork to Washington. They should ask whether the cost of complying with the Public Company Accounting Oversight Board isn't too high, especially for smaller firms. They should ask if regulators are properly fulfilling their mission to maintain a level playing field in the securities markets, or whether they too often exceed that mission to the detriment of the corporate community.

In today's environment, the mere threat of an embarrassing lawsuit or the public release of potentially damaging charges -- regardless of veracity -- can throw management off its game for months, even years. As a result, CEOs of public corporations are losing their appetite for risk. They've grown hesitant to explore new ventures, new terrain. The answer, of course, is balance. Congress must fashion a regulatory scheme that demands transparency and fairness without stifling free enterprise and innovation. If corporations continue to shun our public equity markets, this era of heightened regulatory activity will ultimately be regarded as a failure. That is why policymakers must reform the system now according to the following principle: Enlightened regulation, yes. Strangulation, no.

US Firms Pressured To Declare Donations (FT)

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By Francesco Guerrera In New York

Financial Times, August 21, 2006

American companies are under unprecedented pressure from shareholders to disclose details of their political donations and hold directors accountable for them, in a sign of deepening investor concerns over the use of corporate funds.

Shareholder groups say that recent scandals on Wall Street and in Washington have prompted investors to demand more transparency on companies' political contributions, which totalled $184m in 2002, the latest major election cycle.

The issue is likely to become more prominent in the run-up to November's elections because candidates in close races are expected to step up their fund-raising efforts with companies.

The moves on political donations underline investors' growing desire to have better oversight of management after the Enron and WorldCom scandals. It will put a spotlight on the close and complex ties between US companies and politicians.

Institutional Shareholder Services, which advises fund managers on how to vote at shareholders meetings, expects investors in US-listed companies to put forward a record number of resolutions asking for more transparency on political donations at this year's annual meetings,

So far, 35 companies, including Citigroup, Wal-Mart and ExxonMobil, have put such resolutions to the vote. In 2002, no US company was asked by shareholders about political donations, while in 2003 only two had to put the matter to investors. The previous record was in 2004, when 36 companies received the resolutions.

"This is an issue of disclosure and accountability," said Jim Letsky, senior analyst at ISS, which in April scrapped its stance of always advising shareholders to vote against demands for more transparency on political funding. "Ultimately, if it involves corporate funds, it involves shareholders' funds: they have a right to know".

Shareholders cannot force companies to disclose their political payments as the resolutions are non-binding. But several groups, including Morgan Stanley, Mc-Donald's, PepsiCo and Coca-Cola have already agreed to publish a list of contributions and have it reviewed by the board annually.

Most companies remain against revealing political donations, arguing it is costly and time-consuming and that some of the information is available through government agencies.

Companies are banned from contributing directly to national political parties or presidential candidates, but can fund politicians and parties at local and state level. In 2002 their donations accounted for about a third of all state and local political funding.

Activists say that more disclosure and accountability is needed to prevent companies from circumventing existing laws.

Targeting Likely Advocates With Web Ads (WP)

By Jeffrey H. Birnbaum

The Washington Post, August 21, 2006

In contemporary Washington, a C.P.A. is more than a person who does your taxes. It's the newest front in congressional persuasion.

To trade groups hunting for legislative supporters, C.P.A. means Cost Per Advocate, and it refers to the amount they have to spend to sign up a single citizen-activist for their causes. The average C.P.A., by the way, is roughly $5.

That's right, to win over the voluntary services of a voter back home to push an agenda, a company or interest group needs to lay out a mere five spot. These lobbyists-for-a-day can be called upon to send e-mails, make phone calls or even visit their members of Congress to make the lobby's case.

Such approaches, despite their artificial origins, are generally considered the most effective type of influence. When constituents express a preference, lawmakers (who want more than anything to get reelected) tend to listen.

This has made networks of outside-the-Beltway advocates a longtime staple of lobbying. They have been pieced together using various methods -- association membership lists, blind-call telemarketing and direct-mail soliciting.

Lately, Internet advertising has been on the rise as a way to locate supporters, helping to lower the C.P.A. By minutely monitoring the effectiveness of Web-based commercials that invite people to sign up, interest groups are now able to alter their ads almost by the hour and conserve money.

Thanks to such quick-footedness, the $5-per-new-advocate average is commonplace at the OnPoint Advocacy arm of Alexandria-based Democracy Data & Communications LLC, a leading vendor of Internet technology for lobbying firms.

I've written before about the use of online ads to attract grass-roots activists. But when DDC and OnPoint offered to explain in detail how they refine their commercials, I decided to revisit the subject.

Some people (maybe many) will be appalled. They will see these efforts as manipulative, the kind of powerful tool that only wealthy interests can afford. Nonetheless, this is the future -- and the present -- of lobbying. It needs to be discussed.

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The first thing you need to know is that the Internet can be watched very closely. OnPoint/DDC's offices in Old Town are filled with cubicles of computer experts who are in near-constant contact with thousands of display advertisements on Web sites. These experts can see when commercials are clicked on -- and when they're not.

That means they can identify which Web sites lure the types of public-policy folks that lobby groups crave and which ones don't. They can also see which ads make the largest number of "sales" -- compel people to sign up as advocates -- and which ones fail to produce.

It turns out that ugly is better than pretty when it comes to lobbying commercials. Elaborate and beautifully colored ads tend to fall flat, said B.R. McConnon III, chief executive of DDC. Straightforward, text-heavy displays work much better.

In addition, the types of sites you might think would draw a lobbying crowd often don't. For instance, when the American Medical Association, the doctors' lobby, went looking for patients who would push for its policies, health Web sites didn't bring the best results. Game and puzzle sites were far superior.

The AMA hired DDC in 2003 to recruit activists for its then-nascent Patients' Action Network. On May 19, DDC placed 50 different ads on 7,500 Web sites soliciting people who agreed that Washington should crack down on lawsuits filed against physicians. Six weeks later, it had whittled that down to four ads on 123 sites.

Based on its observations, DDC decided to drop commercials that were sarcastic or vague: one that featured a photo of George Washington with a Band-Aid on his forehead, another that pictured a pregnant woman and asked, "Having trouble finding an ob-gyn?"

It settled instead on ads that had a plain white or blue background, pictured a red-tie-wearing President Bush and urged, "Save the U.S. healthcare system! Frivolous lawsuits are raising costs for YOU!" People clicked their "Tell Congress" buttons with alacrity.

DDC then concentrated these ads on news and reference sites (such as dictionaries and thesauruses) that had proved to attract primarily men and on entertainment sites that worked with women.

By the end of the six-week program, people were clicking on commercials twice as often on average than they had at the start. Those who did click though, in addition, were five times more likely to sign up as advocates than those who had clicked initially. The C.P.A. was ultimately cut to under $2.

Today, the Patients' Action Network has grown to more than 1 million members and the AMA is using its activists to press lawmakers to rescind cuts in Medicare reimbursements. OnPoint/DDC helps the AMA keep the network's membership large and eager by e-mailing updates to the advocates at least twice a month.

"Our Patients' Action Network allows us to reach more than 1.2 million people at the touch of a button," said Cecil B. Wilson, AMA's chairman. "More than 320,000 patients have already urged Congress to stop the Medicare physician payment cuts this year." Carefully honed online advertising made it all possible.WPP Picks Up Public Strategies

London-based WPP Group PLC, already the owner of many of Washington's best-known lobbying and public relations companies, has purchased Public Strategies Inc., an Austin-based public affairs firm. Public Strategies, which has done lobbying and PR for major corporations since 1988, has nearly 175 employees in 15 U.S. cities as well as offices in London and Mexico City.

Like other WPP acquisitions, Public Strategies will operate independently under its current management. Its top officers are chairman Jack Martin, a former aide to former Texas senator Lloyd Bentsen; vice chairman Mark McKinnon, who was a media consultant on President Bush's two presidential campaigns; and Jeff Eller, president, who worked on media affairs in President Bill Clinton's White House.

WPP executive vice president Howard Paster, who worked with Eller in the Clinton White House, said he had been trying to buy Public Strategies for years. WPP, which has made a habit of grabbing up valuable government relations firms, already owns Timmons & Co. and the lobbying shops founded by former President Jimmy Carter aide Anne Wexler and former chairman of the Republican National Committee Edward W. Gillespie, among many others.

Rumor has it that WPP is about to buy another K Street company soon. Paster declined to comment.

Jeffrey Birnbaum writes about the intersection of government and business every other Monday. His e-mail address iskstreetconfidential@washpost.com. He will be online to discuss high-tech advocacy and K Street's recent hiring of more Democrats at 1 p.m. today athttp://www.washingtonpost.com.

GOP Counts On Rove To Head Off Disaster (USAT)

By Susan Page, David Jackson And Richard Benedetto

USA Today, August 21, 2006

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WASHINGTON — Karl Rove was waiting for the Southwest Airlines flight to New Hampshire to take off in June when his attorney sent him a welcome four-word message on his BlackBerry: “Fitzgerald called. Case over.” Special prosecutor Patrick Fitzgerald wasn't going to try to indict the deputy White House chief of staff over the leak of a CIA officer's name.

“You could see he was relieved,” recalls Wayne Semprini, the state Republican chairman who greeted him in Manchester. Relieved, and ready to unleash a typically caustic attack on Democrats for criticizing the Iraq war. “They may be with you for the first shot,” Rove said at a dinner that netted $60,000 for the state GOP. “But they're not going … to be with you through the tough battles.”

Rove knows something about tough battles, and he's in another one. Freed from the uncertainty over whether he would face criminal charges — an indictment would have forced him to vacate his West Wing office — Bush's top strategist is focusing his full attention on the fall elections.

Some Republicans see him as their best hope for heading off disaster in November.

“If leading Democrats had their way, their policies would make our nation weaker and the enemies of our nation would be stronger,” Rove said Saturday at a fundraiser in Austin for the Associated Republicans of Texas, an old-line party group. “That is a stark fact of modern life, and it is the issue on which the forthcoming election should center.”

At stake is more than Rove's reputation as a canny tactician. A Democratic takeover of the House or Senate would not only jeopardize President Bush's ability to pass legislation but also enable Democrats to launch the sort of inquiries and subpoenas that Republicans used to bedevil the Clinton White House. Losing control of Congress would undercut Rove's vision of building a durable Republican majority.

“This election is the difference between a six-year presidency and an eight-year presidency,” says Grover Norquist, a conservative activist and organizer who is close to Rove. A Democratic-controlled House or Senate “would spend two years saying ‘no' to everything.”

Norquist says Rove and Bush see this year's outcome as important as the last three contests — the ones that elected and re-elected Bush and bolstered Republican congressional majorities to their highest level since winning control of the House 12 years ago.

Rove is going back to basics. He and one of his closest political associates, Republican Chairman Ken Mehlman, have centralized control at the Republican National Committee. For the first time, the get-out-the-vote operation for House races has been moved from the National Republican Congressional Committee to the RNC.

They are relying on the so-called Voter Vault, a computer at GOP headquarters loaded with voting history and consumer information that can be used to “micro-target” voters. By analyzing such bits of data as what magazines the members of a household subscribe to, how many children they have, what types of cars they drive and what churches they attend, the program can pinpoint who is most likely to be open to a Republican appeal.

What's more difficult this year is shaping a message that will energize the GOP base and draw independent-minded voters. Approval ratings for Bush and Congress have slumped amid an unpopular war in Iraq, record-high gas prices and the sense among most Americans that the country is headed in the wrong direction. A USA TODAY/Gallup Poll taken last month showed Americans preferring Democrats to handle every big issue except terrorism.

“This one here would give him a couple of gray hairs,” says Donna Brazile, who managed Vice President Al Gore's campaign against Bush — and Rove — in 2000. The two strategists have since become friends and occasional lunch partners at the White House mess.

“For the White House to get out of this quagmire, they need somebody who is not only a good ‘architect,' who can build a campaign infrastructure,” she says. (Bush dubbed Rove “the architect” after the 2004 race.) “They need someone with supernatural powers.”

Rove is an unlikely-looking wizard. At 55, he has a round face and balding pate. His voice retains the flat tones of the Western states where he grew up. His patter is fast and studded with statistics, sarcasm and historical references. He has been immersed in politics for 35 years, since he dropped out of the University of Utah to run College Republicans.

His aggressive advocacy for Bush and his electoral track record have given him rock-star appeal among Republican partisans.

At Saturday's dinner in Austin, Kris Anne Vogelpohl, 80, of Galveston, said she was confident Rove could help Republicans prevail in November: “He's done it before.” Pat Sweeney Robbins, executive director of Associated Republicans of Texas, called Rove “a student of history” and added, “He understands politics from the ground up.”

Remarkably, Rove has become one of the GOP's leading fundraisers — far eclipsing any previous White House staffer in that role. In the past 18 months, according to Republican Party records, he has headlined at least 70 fundraising events and raised $9.66 million.

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That's more than any other current White House staffer, Cabinet secretary or agency chief. Only Bush, Vice President Cheney and Laura Bush have raised more. Rove's take represents two-thirds of the $14 million raised by administration officials other than the Bushes and Cheney.

For some, Rove's simple presence is considered a coup.

Jeff Lamberti, an Iowa state senator who is challenging five-term Democratic Rep. Leonard Boswell, hosted Rove at a fundraiser in West Des Moines this summer. “His coming demonstrates that the White House considers this one of the top-tier races in the country,” Lamberti says.

Rove spoke for about 10 minutes at a reception, took questions from donors and then posed for photographs. Total raised: $130,000.

He often draws protesters, too. In Austin on Saturday, antiwar activist Cindy Sheehan and others were restrained by police when they tried to get into the dinner. She read an “arrest warrant” listing “crimes” of the “evil mastermind” inside.

A demonstrator who managed to get into the dinner interrupted Rove's speech with a denunciation of the Iraq war and was dragged from the room. Rove joked, “Did you get her check before she left?”

He is controversial. By 2-1, those polled by USA TODAY last month expressed a negative view of Rove. There was a sharp partisan divide: Republicans by 44%-17% had a favorable impression; Democrats by 50%-9% an unfavorable one.

“There's no bigger symbol for nasty campaign tactics and the partisan divisiveness of this administration than Karl Rove,” says Bill Burton of the Democratic Congressional Campaign Committee.

Karen Finney of the Democratic National Committee says it is “frankly shameful that after leaking the name of a covert CIA operative in a time of war that he still works in the Bush White House with a security clearance and is a featured speaker at events.”

The grand jury Fitzgerald impaneled heard evidence that Rove had mentioned the name of CIA operative Valerie Plame in conversations with at least two reporters, including columnist Robert Novak, but the prosecutor decided against charging Rove with breaking the law by disclosing her name or lying in testimony about it.

He still faces a lawsuit filed last month by Plame and her husband, former ambassador Joseph Wilson, which seeks unspecified damages from him, Vice President Cheney and others.

Some friends say the investigation took a toll on Rove. During the investigation, he had less time to confer with his legendarily broad circle of Republican contacts or counsel nervous Republican candidates. He relied more than before on legwork by Mehlman and Rove's top White House lieutenant, political director Sara Taylor.

“It was like having a star quarterback maybe on the injured list — not on the injured list but maybe,” Norquist says. “It was confusing to everybody, and you wondered what was going to happen.”

While most political strategists operate behind the scenes, Rove already has been the subject of a shelf of biographies. The titles make it clear that some are admiring and some are not: Bush's Brain: How Karl Rove Made George W. Bush Presidential. Rove Exposed: How Bush's Brain Fooled America. Boy Genius: Karl Rove, The Architect of George W. Bush's Remarkable Political Triumphs. The Architect: Karl Rove and the Master Plan for Absolute Power.

He is so famous, or notorious, that he's become an adjective. In the Connecticut primary this month, challenger Ned Lamont's campaign said Sen. Joe Lieberman acted “purely Rovian” in “distorting” Lamont's position on Iraq. When hackers crashed Lieberman's campaign website on election day, Lieberman's campaign decried it as a “Rovian tactic.”

The word generally refers to ploys that ensnare and frustrate unsuspecting opponents.

This year, the most Rovian gambit of all would be to turn the Iraq war from a political liability to an asset. A majority of Americans now call the invasion a mistake, and Bush's approval rating hasn't risen above an anemic 40% in the USA TODAY survey for six months.

While Rove doesn't advise Republican candidates to distance themselves from Bush — quite the opposite — he does sometimes urge them to change the subject, to concentrate on attacking the vulnerabilities of the Democratic candidate who is on the ballot rather than on defending the president.

“He gets us to focus on the battle ahead of us,” says Minnesota Republican Chairman Ron Carey, relaying Rove's advice. “Democrats want to run against George Bush. He's not on the ballot. Democrats are on the ballot, and that's who we are running against. Our job is to define the differences between our candidates and theirs, and to show that our candidates are better. If we do that, we will prevail.”

Rove also urges a no-apologies response to criticism of the war. He portrays the Iraq conflict as part of the war against terrorism and criticism of it as evidence of weakness in defending the nation's security.

“If Democrats want to frame this year's election around who's stronger on national security, that will be a debate that we want, a debate we should have, and a debate that we Republicans will win,” he said Saturday.

He said the Democrats' plan was “to cut and run.”

That approach served Bush and the GOP well in 2002 and 2004, when national security concerns trumped unease on other issues. Some analysts question if it will work again this year, though.

"Karl Rove is a very talented political strategist," says Herb Asher, a political scientist at Ohio State University and author of Presidential Elections and American Politics.

"He can see things in the long term and the short term and make midcourse adjustments. But there's a limit on how much you can spin reality — the reality of Iraq, high gas prices and an uncertain economy."

Rove betrays no qualms about the fight ahead — or its outcome.

The conventional wisdom held that Bush couldn't win in 2000, that the GOP couldn't pick up congressional seats in 2002, that Bush couldn't be re-elected, Rove has said. Each time, he has noted, the conventional wisdom was wrong.

On Saturday, when Rove said the war on terror presents Americans with the choice of "victory or defeat," he could have been talking about his own approach to politics.

"I don't know about you," he said, "but I sure want to win more than I want to lose."

Not All Polls Predicting Doom For GOP (WT)

By Donald Lambro

The Washington Times, August 21, 2006

Voters are said to be in a sour, anti-Republican mood this year, but some polls have contradictory findings that indicate voters aren't thrilled with the Democrats either and could change their minds by Election Day.

The latest right track/wrong track survey by independent pollster John Zogby finds that only 34 percent of likely voters think "the United States is going in the right direction, while 59 percent said the country is on the wrong track."

That finding in a national survey conducted from Aug. 11 to 15, is in line with most other polls that signal Republican losses in the midterm congressional elections, campaign analysts say.

An Associated Press-Ipsos poll of 1,001 Americans, including 813 registered voters, conducted last week found that 71 percent think the country is on the wrong track, compared with only 26 percent who say it's going in the right direction.

This year's primary results, where three congressional incumbents were dumped by the voters, "combined with Congress's abysmal job-approval ratings and extremely high 'wrong-track' numbers -- indicate a very volatile, turbulent election year, the kind that incumbents hate for good reason," election forecaster Charlie Cook writes in the National Journal.

But an earlier poll of 1,047 Americans conducted for CNN by Opinion Research Corporation from Aug. 2 to 3 drew a dramatically different response when it asked people, "How well are things going in the country today?"

A combined 55 percent said things were going "fairly well" (47 percent) or "very well" (8 percent), compared with those who said "pretty badly" (29 percent) or "very badly" (15 percent).

Keating Holland, CNN's polling director, said the question is fundamentally different from the right track/wrong track that other pollsters ask, but he acknowledged that "it is a measurement of how well Americans think things are going in the country today."

"Different questions get different answers," he said.

Other pollsters are finding that no matter how negative voters are about the Republicans who control both houses of Congress, less than a majority think the Democrats would do a better job of governing. Moreover, many voters who say they will vote for a Democrat in November also say their vote is not definite.

"Only 41 percent of Americans believe that Democratic leaders in Congress 'would move the country in the right direction,' " Mark Preston, CNN's political editor, writes on the network's Web site. That is slightly less than the 43 percent of Americans who believe that Republican leaders in Congress 'would move the country in the right direction.' "

What this means, Mr. Preston said, is that "Democrats need to do a better job of convincing voters they are better equipped than Republicans to lead the Congress."

Pollsters say the election's outcome will be decided by the large number of independent voters, but Mr. Zogby found that most of them still do not know how they will vote.

"Among independents, 32 percent said they prefer Democrats in November, 20 percent said they prefer Republicans and 41 percent said they were undecided," he said.

In the meantime, despite the emphasis that TV and newspaper polls place on the so-called generic congressional vote -- in which voters are asked which party they will support without naming candidates -- a Newsweek poll last week found that very little knowledge went into these responses.

"Most Americans aren't paying attention to politics yet; 68 percent of registered voters say they have only given the November elections 'a little' or no attention," Newsweek said.

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In Porous Border, GOP Sees An Opening (WP)

By Jonathan Weisman

The Washington Post, August 21, 2006

ORO VALLEY, Ariz. -- When 11-term Rep. Jim Kolbe (R-Ariz.) announced his retirement, he bestowed his endorsement on soft-spoken state Rep. Steve Huffman. Only someone in his own moderate mold, Kolbe declared, could prevail in a demographically diverse district stretching from the affluent foothills of the Santa Catalina Mountains above Tucson to the rugged border of Mexico.

But when the long-simmering issue of illegal immigration boiled over this year, Huffman lost his favored status in the Sept. 12 Republican primary in the 8th Congressional District and was gasping to keep up with anti-immigration firebrands in his party -- and even with some in the other.

"Stop the invasion," conservative Democrat Bill Johnson bellowed at a candidates' forum last week, as the sun set through the picture window of the Church of the Nazarene here.

"Not only can we secure the border -- we must secure the border," trumpeted former state Rep. Randy Graf, widely considered the new front-runner for the Republican nomination.

There seems to be little doubt that a hard line against illegal immigration is the safer position in a GOP primary. But many Republicans believe, in a year when many national trends are not blowing their way, that it is also the safer position in a general election.

It is a counterintuitive strategy: The way to win a swing district is not with a campaign aimed at swing voters. Instead, the goal is to motivate conservatives with anti-illegal-immigration appeals, hoping they overcome their disenchantment with GOP policies in Washington.

Of course, Republicans also hope to snare independents and even some wayward Democrats with the immigration issue. But they plan to do it with hot words -- not with the cool centrism that is more typical in districts where both parties have run competitively.

In a way, this strategy borrows from President Bush's rally-the-base approach to winning reelection in 2004, even though it is based on spurning Bush's stance on the immigration issue. Like Kolbe, the Bush administration wants tough border security measures combined with new, legal avenues toward work and citizenship for the country's estimated 11 million illegal immigrants. Many conservatives fear this would be a de facto amnesty for undocumented workers.

It may be little surprise that immigration is a flash point in this district, which is 18 percent Hispanic. But the issue echoes in House campaigns around the country, and the tenor of the debate on the Republican side has grown increasingly unified and increasingly punitive.

In Upstate New York, Republican state Sen. Raymond A. Meier has made a border crackdown and opposition to "amnesty" for illegal immigrants centerpieces of his race to hold the seat of retiring Rep. Sherwood L. Boehlert for his party. House Republicans held an immigration field hearing this month in Dubuque, Iowa, where Rep. Jim Nussle is retiring from his highly competitive seat, to let Republican candidate Mike Whalen highlight his proposal for a tough employment-verification system for immigrant workers.

Last week, House Republican field hearings in San Diego explored the societal and governmental costs of illegal immigrants' use of health-care facilities and welfare. Another in Houston looked at "the criminal consequences of illegal immigration." One near here, in Sierra Vista, examined the nation's strained technical capacity to monitor "the efforts of terrorists and drug cartels" trying to "infiltrate American soil."

At a field hearing Tuesday in Gainesville, Ga., Rep. Charles Whitlow Norwood Jr. (R-Ga.) brushed off complaints by those who wanted a more balanced witness list. "What I wanted was witnesses who agree with me, not disagree with me," he told reporters.

Some believe rigidity is what voters are seeking. Randy Pullen, a Republican National Committeeman from Arizona, pointed to national polls of Republican voters that indicate illegal immigration is a close second behind fighting terrorism on the list of GOP priorities. In that sense, opposition to a porous border may be to November 2006 what opposition to gay marriage was to November 2004.

"If we turn out our base, we win," Pullen said. "In states like Arizona, [illegal immigration] is the issue. There is no other. But nationally, when that much of your base feels so extremely strong about an issue, you need to take notice."

Mike Hellon, a former Arizona GOP chairman running in the primary here, said, "Not since the Watergate year of 1974 have I seen an issue so dominant in an election."Intense Issue in Intense Race

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The race to succeed Kolbe promises to be one of the most tightly contested, expensive House races this cycle; the prize is one of only a handful of open seats in swing districts. President Bush carried this district in 2004. But so did Democratic Gov. Janet Napolitano. Independent congressional analysts have labeled the seat one of the Democrats' best pickup chances.

But a race that was expected to pit moderate against moderate on issues such as Iraq and Medicare now seems likely to have a much sharper edge. Like Kolbe, Huffman, a former aide to the retiring congressman, embraces "comprehensive" immigration changes, including a robust guest-worker program for some illegal immigrants and future immigrants.

But other Republicans say Kolbe and Huffman miscalculated the district's mood. Graf, who took 43 percent of the primary vote in an anti-illegal-immigration challenge to Kolbe two years ago, jumped into the race to oppose a guest-worker program and excoriate any candidate offering a path to citizenship for those in the country illegally.

Hellon started with conciliatory rhetoric, then embraced a harder line on immigration. Former Green Beret and Iraq combat veteran Frank Antenori entered the fray, saying he had sat on a mountaintop with night-vision goggles and helped apprehend illegal immigrants.

Democrats said they savor the prospects of a primary victory for one of the immigration firebrands, who they think are too conservative for the district. Huffman agrees, making Graf's "extremism" the centerpiece of his campaign. "An extreme candidate cannot win the general election," he said.

But other Republicans here say moderation is no virtue on this issue. Hellon said Kolbe's endorsement probably cost Huffman some Republican support. With conservative voters so demoralized, said Hellon, if Huffman won the nomination they would rather sit out the vote in November with their eyes on 2008.

"A vote for Steve Huffman is a vote for the politics of Jim Kolbe. There may have been a time when those politics were valid -- not anymore," said local conservative radio host Charles Heller.

"There is a frustration among the base, and that's why we're going to be successful in this primary," Graf said. "Conservative Republicans in this district have not had a reason to go to the polls to vote for a congressman for quite some time because this congressman has not represented them."

Some voters do not see it that way. On a street in Warren, near what is left of a once-bustling copper mine, Annette Walton was talking to the few customers trickling in for lunch at her no-name diner when she turned to politics.

"Most of those immigrants coming across are working jobs that most people here don't want anyway," she said. "Most of them are good people trying to get a better life. It's a smokescreen, is what it is."

But even some Democrats worry that immigration hard-liners may be accurately gauging the temper of the times -- and that the GOP has found an antidote to its woes.

In the liberal enclave of Bisbee, a picturesque 19th-century mining town spilling down the walls of Tombstone Canyon, the talk among Democratic partisans congregating in artist studios and cafes was of the Bisbee police officer who was pulled off the beat, put into his National Guard uniform and stationed a few miles away at the Naco border post.

"So stupid," said Susan Rohrbach over tea at a Bisbee coffee shop.

But, she added, the anger of the few diehard Democrats in the district may be nothing compared with the rage being stoked among the Republicans by the anti-immigration push.

"I'm afraid that is the right strategy, at least in this state," she said.

At a Graf rally last Monday at Trail Dust Town, a Tucson tourist stop, the talk wasn't over whether to build a wall on the border with Mexico, but what kind.

"Jewish-style," counseled Lee Ewing, 70, referring to the Israeli barrier being erected around the West Bank. "Double-layered, with a berm in between and razor wire."

Ewing railed against Bush's immigration policies, saying he failed to deploy enough resources on the border, and against the war in Iraq, where "2,600 Americans have died . . . for nothing." But given the choice to vote for a Republican vowing to clamp down on illegal immigration and a Democrat promising a new course in Iraq, he said he would not hesitate to vote Republican.

At the Bakers Dozen donut shop in Sierra Vista, Sally Hawk of Huachuca City held her tongue as her husband, Jim, fretted over a Republican Party in control of the House, Senate and White House but "doing nothing." Then, when talk turned to the illegal immigrants flowing over the border, she chimed in hesitantly: "I think they ought to shoot them. I don't have anything against Mexicans. I just want them here legally."Democrats Have Broader Plan

Most of the Democratic candidates are confident that their broader assault on Republican policies will prevail in November. Former Tucson anchorwoman Patty Weiss, who is locked in a contest for the District 8 nomination with former state Sen. Gabrielle Giffords, said candidate coffees and house parties regularly pass without a word about immigration as she talks up universal health care, education and environmental quality.

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Giffords said the GOP thrust can be parried with a tough Democratic response that blames Republican inaction for the crisis that illegal immigrants have visited upon resource-strapped schools, health-care systems and law enforcement agencies.

"We're mad here in Arizona," she said. "The Republicans can try to say they're going to come in on a white horse on the immigration issue and save the day, but they have been in power for six years, and they have done nothing."

David Green, a retired journalist and independent voter, milled uncomfortably last week on the fringes of the Graf rally, still very much undecided about his vote in November. Don't be fooled, he said, by the 100 or so Graf supporters so confident a Republican would win the seat. Illegal immigration is just one of the discontents of the district, he added, and it could well work against the Republicans.

"The feeling is, 'I'm fed up with illegal immigration. I'm fed up with Iraq. I'm fed up with gas prices. I'm fed up with nothing being done about the minimum wage,' " Green said, as black thunderheads rolled down the mountainside and chased the rally into Trail Dust Town's faux Old West opera house. "The general attitude is, 'Whoever's in, I want him out.' "

Democrats Hit GOP Hopefuls Over Social Security (WT)

By Amy Fagan

The Washington Times, August 21, 2006

Republican and Democratic candidates have been sparring over Social Security in key races in New Jersey, Florida, Colorado, Washington and Pennsylvania, with some Republicans distancing themselves from President Bush's idea to create personal retirement accounts.

Democratic leaders made Social Security one of their key issues this election year, warning that Republicans want to privatize the program. Republicans say that's a scare tactic and that Democrats have no plan of their own to fix a system that is set to dole out more than it collects beginning in 2017.

In Florida, which has a large elderly population, Democratic challenger Ron Klein has criticized Republican Rep. E. Clay Shaw Jr. for supporting the idea of Social Security private accounts. Mr. Bush tried unsuccessfully last year to persuade the public to support the idea of diverting part of payroll taxes into private accounts for younger workers to invest for their retirement.

Mr. Shaw is running a television ad distancing himself from Mr. Bush on the issue and highlighting his own Social Security proposal, which he said wouldn't cut benefits, raise taxes or privatize the system.

"Both President Bush and Clay Shaw are pushing privatization plans," said Mr. Klein's campaign manager, Brian Smoot.

In Pennsylvania, which also has a large number of seniors, Democratic challenger Bob Casey blasted Republican Sen. Rick Santorum for being a key supporter of "privatization."

Mr. Santorum is running two television ads touting legislation he crafted to guarantee that those born before 1950 receive their promised Social Security benefits. Spokeswoman Virginia Davis said Mr. Santorum still supports the personal accounts for younger workers but is pushing his senior-guarantee bill.

Mr. Casey's spokesman, Larry Smar, said Mr. Santorum is "hiding from his record."

When asked about Mr. Casey's own ideas for Social Security, Mr. Smar said Mr. Casey thinks growing the economy will boost the Social Security's solvency.

Similar Social Security squabbles have popped up in the Washington Senate race, New Jersey Senate race and a race for an open House seat in Colorado, where Republican Rick O'Donnell and Democrat Ed Perlmutter are duking it out over the future of the retirement system.

In New Jersey, Sen. Robert Menendez and his Democratic colleagues planned a coordinated campaign to hammer Tom Kean Jr. on Social Security, holding town-hall meetings warning that Mr. Kean has supported private accounts in the past.

"His goal is to hide and run away from his position," Mr. Menendez said recently.

Mr. Kean's spokeswoman, Jill Hazelbaker, said that Mr. Kean opposes privatization and that Mr. Menendez has "no credibility" because he voted to give Social Security benefits to illegal aliens as part of the Senate immigration bill.

But Democrats vow to keep up the drumbeat. The advocacy group Americans United has run ads in several states and plans more, warning that Republican control endangers Social Security.

Democrats say Republicans are facing an uphill battle to retain control, partly because last year, they backed Mr. Bush's unpopular accounts idea.

Republicans reject that and say that despite the few Social Security squabbles, it simply won't get the traction Democrats want.

"It's Democratic rhetoric that, come September and October, will fall by the wayside," said Carl Forti, spokesman for the National Republican Congressional Committee.

Sen. Hagel Says GOP Has Lost Its Way (AP-Y)

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By Will Lester, Associated Press Writer

AP, August 21, 2006

Republicans have lost their way when it comes to many core GOP principles and may be in jeopardy heading into the fall elections, Sen. Chuck Hagel, R-Neb. says. Hagel, a possible presidential candidate in 2008, said Sunday that the GOP today is very different party from the one when he first voted Republican.

"First time I voted was in 1968 on top of a tank in the Mekong Delta," said Hagel, a Vietnam veteran. "I voted a straight Republican ticket. The reason I did is because I believe in the Republican philosophy of governance. It's not what it used to be. I don't think it's the same today."

Hagel asked: "Where is the fiscal responsibility of the party I joined in '68? Where is the international engagement of the party I joined — fair, free trade, individual responsibility, not building a bigger government, but building a smaller government?"

His frustration does not lead him to think Democrats offer a better alternative. But Hagel wants to see the GOP return to its basic beliefs.

"I think we've lost our way," Hagel said. "And I think the Republicans are going to be in some jeopardy for that and will be held accountable."

Hagel has not decided whether he will run for president in 2008. But he respects his wife's reservations about being first lady — cited in a book about Hagel.

"I think it just shows the immense good judgment of my wife and how sane she is. I don't know of any spouse who would wish the job of president on their husband or wife," Hagel said on Fox News Sunday. "It's a big job. It's a tough job."

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WASHINGTON (AP) — Sen. John McCain, R-Ariz., said Sunday that in some parts of the country, the fall elections may turn out to be a referendum on the war in Iraq.

"Most of time we know these elections are local, but it's beginning to look more like some of them may be global as far as they are impacted by Iraq," he said. "We've got to fight hard. We've got to win. We need to keep both houses of Congress."

McCain predicted Republicans will retain control of the Senate but said it is too early to tell if they can keep the House.

"This is a very tough election coming up," he said.

"The war is difficult. The president is not getting enough credit for a good economy which we have today," he said.

McCain, a potential presidential candidate for 2008, appeared on NBC's "Meet the Press."

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WASHINGTON (AP) — Sen. Hillary Rodham Clinton matches up well against Sen. John McCain in early polling about a possible presidential contest in 2008.

A Time magazine poll released Sunday found McCain, R-Ariz., at 49 percent and Clinton, D-N.Y., at 47 percent among registered voters when people were asked which candidate they would support for president if they had to decide now.

McCain had a 10-point lead over the Democratic nominee from 2004, Massachusetts Sen. John Kerry, and a 9-point lead over 2000 Democratic nominee Al Gore in similar matchups.

Fifty-six percent of those surveyed said they have a favorable opinion of McCain and 53 percent said they have a favorable view of Clinton.

While Clinton is an early favorite to win the Democratic nomination for president, some have voiced concerns whether she be competitive with the Republican candidate in the general election.

The poll of 1,003 adults was taken July 13-17 and has a margin of sampling error of plus or minus 3 percentage points.

Hagel Sees Danger In Barbs Over National Security (Update1) (BLOOM)

Bloomberg, August 21, 2006

Aug. 20 (Bloomberg) -- American politicians are undermining the U.S. fight against terrorism by seeking political advantage from arguments over national security, Republican U.S. Senator Chuck Hagel said.

The fight against terrorism is ``too serious to be left to headline seekers or politicians or political parties," Hagel, a Nebraska Republican, said on the ``Fox News Sunday" program.

Hagel, a potential candidate for his party's presidential nomination in 2008, acknowledged concern with his own party's tactics in cases such as that of the federal judge who last week ordered the U.S. government to stop warrantless wiretapping of telephone calls involving suspected terrorists.

Following the ruling, the Republican National Committee issued a statement saying, ``Liberal judge backs Dem agenda to weaken national security." That type of comment is counterproductive, said Hagel.

``I've said it, even though it's my own party," Hagel said. ``Both parties are at significant peril in the election this year if they continue to define down to the lowest political common denominator this issue of terrorism."

Midterm Elections

Democrats are trying to wrest control of Congress from President George W. Bush's Republicans in the Nov. 7 midterm elections. The party needs a net gain of 15 seats to take control of the 435-member House and six to win the 100-member Senate.

``We have on the one side the Democrats running around saying well, the Republicans are warmongers, they want to take your rights away from you, you can't trust them," Hagel said, adding that the Republicans ``are saying about the Democrats they're cut and run, you can't trust them."

Both Bush and Attorney General Alberto Gonzales criticized the wiretapping ruling by U.S. District Judge Anna Diggs Taylor in Detroit and pledged to continue such eavesdropping while higher courts review the case.

``Those who herald this decision simply do not understand the nature of the world in which we live," Bush said.

Republican National Committee Chairman Ken Mehlman, citing Democratic opposition on matters such as the telephone surveillance and the war in Iraq, said last week on NBC News that the Democratic Party ``doesn't think America is really at war" against terrorists.

The end result of both parties seeking political advantage from the issue is that ``what you're going to find is the American people not taking it seriously," Hagel said.

Wiretapping

Hagel said he agreed with the judge that Bush went too far with the wiretapping policy. Yet he acknowledged that Bush needs more tools, and said he supports legislation that would expand the administration's legal rights to intercept phone calls involving suspected terrorists.

Several other senators, interviewed on Sunday television talk shows, agreed on the need to expand and define the president's rights.

``Overall we need to be able to listen to people's phone calls, who want to do bad things to America and the world," Senator John McCain, a Republican of Arizona, said on NBC News.

Senators Arlen Specter, a Republican of Pennsylvania, and Dianne Feinstein, a Democrat of California, said on CNN that they also hoped to enact the compromise legislation. It is ``potentially very dangerous for a president to have this wide swath of power," Feinstein said.

``Ultimately, the Supreme Court of the United States is going to have to decide the issue," Specter said.

McCain Mines Elite Of G.O.P. For 2008 Team (NYT)

By John M. Broder

The New York Times, August 21, 2006

WASHINGTON, Aug. 18 — Senator John McCain is locking up a cast of top-shelf Republican strategists, policy experts, fund-raisers and donors, in a methodical effort to build a 2008 presidential campaign machine, drawing supporters of President Bush despite the sometimes rocky history between the two men.

Mr. McCain's effort to woo a diverse lineup of backers and scare off rivals has augmented his travel schedule on behalf of Republicans — which this week and next includes trips to Iowa, Louisiana, Virginia, South Carolina, Ohio and Florida.

The effort is fueling a fund-raising operation that has helped him build loyalty throughout the party by doling out more than $800,000 to candidates since the start of last year through his political action committee.

Other Republican presidential hopefuls are doing likewise, but Mr. McCain is widely judged to be farther along in assembling the kind of national network necessary to sustain a long, expensive campaign for his party's nomination to succeed President Bush.

At a point in the election cycle when policy positions may be less important than general impressions, the signal Mr. McCain is seeking to send to the Republican Party is that anyone who wants a place on his bandwagon should jump on now.

"We are a party that gravitates toward front-runners," said Rick Davis, who was Mr. McCain's presidential campaign manager in 2000.

Mr. McCain, of Arizona, has long had a constellation of loyal friends and advisers, some of whom date to his years as a naval pilot and prisoner of war in Vietnam, not to mention his presidential bid in 2000.

But as he has tried to claim the mantle of Mr. Bush's natural successor, Mr. McCain has expanded his orbit to encompass supporters who have been part of Mr. Bush's circle, and others who have not previously backed the senator.

His still-informal network includes Richard L. Armitage, the former deputy secretary of state; John A. Thain, chief executive of the New York Stock Exchange; and Sig Rogich, who directed the advertising for the 1988 and 1992 presidential campaigns of Mr. Bush's father.

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He is reaching out to Christian conservatives, who helped sink his 2000 presidential bid, by enlisting the aid of figures like Gov. Jon Huntsman Jr. of Utah and former Senator Dan Coats of Indiana, both of whom have strong evangelical followings.

His growing kitchen cabinet spans an array of issues and backgrounds, and includes James Jay Baker, a former lobbyist for the National Rifle Association; Niall Ferguson, a historian at Harvard; and Barry McCaffrey, who was the drug czar under President Bill Clinton.

There is as yet no formal policy council and no regular meetings of the McCain brain trust, aides said. They cautioned that the senator consults widely and that some of those enlisted as advisers or supporters might not play official roles in his campaign, if he decides to run.

Some figures listed as advisers by McCain aides, like Colin L. Powell, the former secretary of state, have been silent in public about their preference, and it is not clear how involved they may become.

Yet the scale and breadth of the list suggest how much time, effort and care Mr. McCain is investing in preparing for a presidential campaign, using the lessons of his race in 2000 and his subsequent effort to rally the party around him.

There is a whiff of opportunism among those signing on early with Mr. McCain as loyalties begin to migrate from the president to those who would succeed him, and Mr. McCain's potential rivals for the Republican nomination are all scrambling to keep up with him in the hunt for money, expertise and ideological credentials.

Rudolph W. Giuliani's political action committee signed Anne Dickerson, who ran Mr. Bush's Pioneer and Ranger fund-raiser program.

Senator George Allen of Virginia has lined up Ed Gillespie, the former chairman of the Republican Party and a Bush backer; Mary Matalin, a close adviser to Vice President Dick Cheney and to the first President Bush; and Frank J. Donatelli, a consultant and former Reagan aide.

And Gov. Mitt Romney of Massachusetts is working with Ron Kaufman, who was a political adviser to the first President Bush and a major fund-raiser for the current president.

Mr. McCain is leading the effort to recruit big-name supporters, drawing on a deep vein of contacts from his 24 years in politics and two decades in the military. "He has the most active cellphone known to the phone company," said John Weaver, his chief strategist.

At this early stage, there is no sign of any battle for influence over policy or political strategy among Mr. McCain's supporters. The real power continues to reside in his longtime inner circle — Mr. Weaver; Mr. Davis; and his Senate chief of staff, Mark Salter. They talk daily, even hourly, as they try to lock up talent, and they and a handful of close political advisers convene weekly conference calls with activists and fund-raisers.

While Mr. McCain has been especially successful in signing up prominent Republicans who have close ties to Mr. Bush, some of his advisers differ among themselves or with the current administration's policies.

Some of Mr. McCain's economic advisers, including Dan L. Crippen and Douglas Holtz-Eakin, both former directors of the Congressional Budget Office, have taken a harder line on budget deficits than has Mr. Bush. The group Mr. McCain consults on foreign policy includes neoconservatives like William Kristol, editor of The Weekly Standard, as well as members of the so-called realist school of foreign policy thought like Brent Scowcroft and Mr. Armitage, who along with his former boss, Mr. Powell, battled the influence of neoconservatives in Mr. Bush's first term.

Many McCain advisers and money people say it is easy to make the switch from Mr. Bush to Mr. McCain because they have always admired Mr. McCain, or because Mr. McCain and Mr. Bush agree on the things that really matter.

Like the fund-raisers, some strategists and policy advisers who approach the McCain campaign seem willing to put aside longstanding concern among conservatives about Mr. McCain.

Dan Schnur, who was communications director for Mr. McCain's 2000 presidential bid, said there were potential Republican candidates for 2008 who might be closer to Mr. Bush philosophically and politically than Mr. McCain is, citing Senator Sam Brownback of Kansas and Senator Allen. But neither has drawn the support of a sizable cadre of senior Bush advisers.

"There may be other candidates who are more logical stewards of the Bush legacy than McCain, but none of them is going to get elected president in 2008," said Mr. Schnur, who added that he did not expect to be involved in any McCain campaign. "McCain may stray from the Bush line more than other candidates in the field, but none of them is going to be in a position in 2009 to do anything about it."

Mr. McCain and Mr. Bush have grown closer politically in the past few years because of a shared commitment to a decisive battle against terrorism and the insurgency in Iraq, although it is unclear if support for the war will win votes in 2008.

But differences remain on a number of issues, including government ethics, federal spending, stem cell research, climate change and treatment of terrorism suspects. Those divergences and any future splits could prove problematic for Mr. McCain, as well as for some of the Bush loyalists who have signed on with him or are considering doing so.

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Despite his past challenges to Mr. Bush, many who served in the president's campaigns or his administration are lining up behind Mr. McCain.

Among the more prominent members of the Bush team who said they expected to play a role in Mr. McCain's candidacy, if he chooses to run, are Mark McKinnon, a Texas political media consultant who has worked for Mr. Bush for years; Terry Nelson, political director of the Bush 2004 re-election campaign; Nicolle Wallace, that campaign's communications director; Wayne L. Berman, a Washington lobbyist, friend of Mr. Bush's and prolific fund-raiser; and F. Philip Handy, chairman of Jeb Bush's two races for governor in Florida and a major supporter of the president.

Mr. McKinnon said that Mr. Bush and his chief strategist, Karl Rove, had been careful not to signal their preference among potential successors. "That said," Mr. McKinnon added, "I think a lot of people are surprised at the extent to which there has been rapprochement between the Bush and McCain worlds."

He said Mr. McCain's biggest challenge would be assuming the role of front-runner rather than free-speaking insurgent or underdog. "He has to be the leader of not just a movement, but the party," Mr. McKinnon said. "That's a whole different drill."

Chafee, GOP Rival Swap Salvos (WT)

By Donald Lambro

The Washington Times, August 21, 2006

Republican Sen. Lincoln Chafee of Rhode Island is trailing Cranston, R.I., Mayor Stephen Laffey in a bitterly divisive primary contest that offers Democrats their best shot at picking up a seat in one of the nation's bluest states.

Internal campaign polls show the conservative mayor's campaign attacks on Mr. Chafee's liberal voting record -- including the incumbent's opposition to President Bush's tax cuts and to Supreme Court Justice Samuel A. Alito Jr.'s nomination -- have struck a responsive chord among Republican voters.

Now Mr. Chafee has fired back with a TV ad that attacks Mr. Laffey's temperament and character, which the senator's campaign spokesman describes as "aggressive, confrontational, over the top and bombastic."

In an interview last week, Mr. Laffey called the ad "a pack of lies."

"I feel sad that a sitting U.S. senator has to resort to false, negative, personal attacks. But after the primary, he is going to have to look himself in the mirror."

Characterizing the new ad as "desperation" on the senator's part a few weeks before the Sept. 12 primary, the two-term mayor said Mr. Chafee "is listening to his Washington handlers and throwing the Hail Mary pass."

The primary has split Republicans in a state where registered Democrats outnumber Republicans by more than a 2-to-1 margin, setting up a situation that senior Republican campaign officials do not think Mr. Laffey can win. White House strategist Karl Rove and North Carolina Sen. Elizabeth Dole, who heads the National Republican Senatorial Committee, urged Mr. Laffey not to challenge Mr. Chafee, whose cross-party appeal, they said, was the only hope of saving the seat from a Democratic takeover.

Polls showed former state Attorney General Sheldon Whitehouse, the Democrats' expected Senate nominee, leading Mr. Chafee by six percentage points and trouncing Mr. Laffey by 55 percent to 31 percent.

But Mr. Chafee's more immediate task is luring enough of his Democratic supporters into the Republican primary to keepmore conservative rank-and-file voters from dumping him from the ticket. To be eligible to vote in the Republican primary, Democrats must re-register as "unaffiliated voters," and more than 14,000 of them have done that so far.

"Chafee's chances rest on his ability to get a big turnout from unaffiliated voters," elections analyst Stu Rothenberg told his newsletter subscribers last week. "But the challenger will win registered Republicans, who are more likely to turn out regardless of what unaffiliated voters do."

The Chafee campaign said this week that the primary race was still a tossup, but one they fully expected to win.

"The main numbers in all the public polls continue to show the senator remains in a very competitive race," said Chafee spokesman Ian Lang. "Every poll shows that Laffey cannot win in the general election against Whitehouse."

But while Mr. Chafee is selling his ability to reach out to Democrats and independents, Mr. Laffey is pitching his opposition to higher taxes that he calls "the core issue of the campaign," one that he says cuts across all the political lines.

"I just tell the truth that Chafee wants to raise taxes on every single American who is working, and when I go campaigning, I don't find anybody who thinks that's a good idea," Mr. Laffey said.

Alaska Governor Battles A Shifting Tide (WP)

By Dan Balz

The Washington Post, August 21, 2006

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ANCHORAGE -- Gov. Frank H. Murkowski (R) left Washington four years ago to serve as Alaska's chief executive and what he hoped would be a gratifying capstone to his many years in public service. He now faces an ignominious end to that long political career as he struggles to avoid defeat in Tuesday's Republican gubernatorial primary.

Murkowski's early campaign commercials told the story of his problems. In one television ad, his wife, Nancy, admits that he's a stubborn man. A newspaper ad had him suggesting that he needed a personality transplant. A radio jingle to the tune of Merle Haggard's ballad "Okie From Muskogee," available on his Web site, ends with: "He might not win awards for his charisma, but Alaska's gonna need Frank in '06."

A defeat on Tuesday would make him the fourth incumbent to lose a primary election this month. On Aug. 8, Sen. Joseph I. Lieberman (D-Conn.), Rep. Cynthia McKinney (D-Ga.) and Rep. John J.H. "Joe" Schwarz (R-Mich.) were defeated in primaries. Murkowski, who has been running third in recent public polls, may be headed for the same fate.

Murkowski spent 22 years in the Senate, rising to chairman of the Energy and Natural Resources Committee, where he battled unsuccessfully to open the Arctic National Wildlife Refuge to oil and gas drilling, fought to prevent bans on logging in the Tongass National Forest with limited success and championed a natural gas pipeline that would bring the state's gas reserves to the Midwest.

When control of the Senate shifted to the Democrats in the spring of 2001, Murkowski decided to return to Alaska and run for governor. He won that 2002 race handily -- and immediately got into trouble by appointing his daughter Lisa to fill the Senate seat he vacated. She won reelection in 2004, but her father never fully recovered.

An automated telephone poll by SurveyUSA last month put Murkowski's approval rating at just 21 percent, second-lowest of any governor. A poll commissioned by the Democratic Governors Association earlier in the summer found that just 15 percent of Alaskans said he deserved reelection.

"He enjoyed a lot of support as part of the delegation while he was in the Senate," said Carl Shepro, a political science professor at the University of Alaska at Anchorage. As governor, he said, "it's become very, very negative."

Other problems followed his daughter's appointment. Facing a substantial deficit in his first year in office, Murkowski balanced the state budget in part by reducing the longevity bonus payment to older residents. He irritated Alaskans by pushing to buy an expensive new jet. His administration has run into ethical problems, and he upset legislators by secretly negotiating with energy companies over a new natural gas pipeline.

"It's been a cumulative process of bad decision-making," Gerald McBeath, a political science professor at the University of Alaska at Fairbanks, said in an e-mail.

In a televised debate Thursday night in Juneau with his main rivals, Murkowski said, "I think the media is not used to a governor making tough decisions."

Campaign manager Mike Scott said the governor's approval rating has roughly doubled in the past six weeks because the campaign has promoted accomplishments, including a significant increase in education funding and improvement in student test scores. "What the campaign is allowing us to do is to get his record out," he said.

Murkowski's priority has been to win approval for a 2,140-mile pipeline to carry Alaska's vast natural gas reserves from Prudhoe Bay on the North Slope to Canada for delivery to customers in the American Midwest.

Last week, the state legislature approved a new oil production tax that amounted to a significant overhaul of the state's tax code and which will provide the state an estimated $2.7 billion annually in additional revenue. A contract for the pipeline is pending.

Despite the power of incumbency, Murkowski has struggled to raise money and has trailed former Wasilla mayor Sarah Palin and former state senator John Binkley in the battle for the Republican nomination.

Palin has positioned herself as the change candidate. Jean Craciun, an independent pollster, said Palin is drawing support from moderate and independent voters. Binkley, who is largely financing his own campaign, has spent more than $1 million on the primary and has more support from the Republican establishment.

Public polls in July by Craciun and on Aug. 14 by David Dittman, a former Murkowski adviser who quit the campaign several weeks ago, have shown Palin leading, with Binkley second and Murkowski third. Nonetheless, Scott said he thinks Murkowski can win. "What we've got essentially is a horserace," he said.

Democrats are poised to nominate former governor Tony Knowles, who lost the Senate race to Lisa Murkowski in 2004. The general election also will feature an independent candidate. Earlier polls showed Knowles defeating Murkowski. But given Alaska's Republican leanings, he could find himself in another tough fight in the fall against Palin or Binkley.

Ready To Run (TIME)

By Karen Tumulty

Time, September 4, 2006

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If you ask anyone around Hillary Clinton the question that everyone is asking, the answer comes back in a shot: The freshman Senator from New York is far too busy concentrating on her re-election in November to be giving even a passing thought to 2008. Thank you very much. But politics is ultimately a game of logistics, and the junior Senator is putting the machinery in place for a campaign that looks far grander than a re-election cakewalk in New York. All it will need is for someone to throw the switch. Against virtually nonexistent opposition for her Senate seat, she is raising money as though she were in the fight of her life, bringing in more than $33 million. What's left over--which might easily be $10 million or more--could be the seed money for a presidential campaign. And as her husband did the year before launching his 1992 bid for the presidency, she has been putting together the intellectual pieces of a campaign agenda in a series of centrist, high-fiber speeches around energy policy, the economy, privacy and even rural issues. Her political operation has grown to an army of 32 full-time employees, plus 10 from her Senate office who draw part of their salary there and 13 consultants who are building, among other things, a national direct-mail operation. She recently added an Internet guru to their ranks. And offering his services for free is the best Democratic political strategist on the planet: Bill Clinton is "thinking about [her presidential prospects] all the time," says one of Hillary's advisers. "He's thinking about it and talking to a lot of people, promoting Hillary. This is something he is very focused on."

Should Hillary run? Could Hillary win? Is this a dynasty in the making? Is a Clinton candidacy good for the republic? Normally, those would be questions that only political consultants would be asking at this stage, but given the outsize status of both Clintons, ordinary voters are already wondering the same thing. Hillary would step into the race as the instant front runner, but the risks would be enormous. It is hard to imagine a greater vindication than seeing the second President ever impeached hold the Bible as his wife takes the oath of office. But if Hillary ran and lost, both Clintons would come out tarnished--no small consideration when a promising Senate career and a presidential legacy are in the balance. So sensitive is the question of Hillary's future that both Clintons refused to let TIME interview them about it, and they discouraged those around them from talking, which explains why nearly all the people who did talk did so on the condition that their name not be used.

What they say is that 2008 is closer than it looks on your calendar. Whereas her husband could wait until just four months before the first caucus to make his announcement, a front-loaded presidential primary-and-caucus schedule and a growing field of contenders don't give Hillary that luxury. Her strategists tell TIME they are urging her to make her intentions clear by next spring--by forming an exploratory committee, for instance--to lock up fund-raising and political talent. Those close enough to know say that she is genuinely undecided but that Bill is not disguising his eagerness to see her make a bid for his old job. "He thinks that she should run, and he's going to do everything possible to help her," says Texas insurance mogul and philanthropist Bernard Rapoport, a longtime Clinton friend and backer.

LOVE HER, HATE HER

THE PROSPECT OF A HILLARY-FOR-PRESIDENT campaign has put much of the Democratic establishment in a bind. The early line is that Hillary would be unstoppable in a Democratic primary but unelectable in a general election. That bet would help explain the curious political subspecies I came across frequently in reporting this story: moneymen who are lining her campaign account even as they say privately they hope she won't run.

Her strategists point out that all she would have to do in November 2008 is win every state John Kerry did, plus one. They consider Ohio and Florida her best opportunities. And there is plenty of encouraging news for her in the latest TIME poll. More than half of those surveyed--53%--said they had a favorable impression of her; she registered higher than the other most familiar names in the potential Democratic field, Al Gore (49%), John Edwards (46%) and John Kerry (45%). Her negative ratings (44%) were lower than either Kerry's or Gore's. Edwards generated fewer negative reviews (31%), but 23% of those polled said they didn't know enough about him to have an opinion one way or the other. In hypothetical matchups with the preseason G.O.P. favorite, John McCain, Hillary is the only big-name Democrat to make a real race of it, with McCain edging her by just 2 points among registered voters. By comparison, McCain would trounce Kerry by 10 points and Gore by 9.

But what those overall figures do not show is how differently Hillary is viewed in red and blue America and how familiar she already is to voters. Other candidates may have a chance to persuade voters of their merits, but people have pretty much made up their mind about Hillary. Only 3% of those surveyed in the TIME poll said they had no opinion of her, positive or negative. She is the inkblot test of a polarized electorate. In the TIME poll, Democrats overwhelmingly describe her as a strong leader (77%) who has strong moral values (69%). Republicans by and large see an opportunist who would say or do anything to further her political ambitions (68%) and puts her political interests ahead of her beliefs (60%). As for independents, more than half (53%) of those surveyed said they would not support her, with 34% putting themselves in the "definitely not" category.

Polls aside, what the Clintons know from experience is this: if Hillary runs, the race will be long and brutal and expensive. There are few names that so ignite the Democratic political base. About a year ago, when party pollster Mark Mellman, who does not work for Senator Clinton, asked a focus group of 10 African-American women to name their all-time political hero, eight picked Hillary, he says. But the Clinton opposition is at least as ardent. Hillary has already figured as Lady Macbeth in enough volumes to fill a bookmobile, and in the next year the publishing industry will be adding to the collection with such titles as Liberal

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Fascism: The Totalitarian Temptation from Mussolini to Hillary Clinton and Whitewash: How the News Media Are Paving Hillary Clinton's Path to the Presidency. One of her hapless opponents for the Senate seat ran an ad against her last week that featured pictures of Hillary and Osama bin Laden on the same screen. As a presidential candidate, Hillary could count on every attack from the right that Bill gotmaybe worse, because he never had to contend with the blogosphere or the newer kind of independent operation that turned swift boat into a verb in the 2004 presidential election.

And she is not as insulated as she once was on the left, which is far angrier than it used to be. Some liberals say they will not forgive her support for the Iraq invasion or, even worse, her refusal to recant that vote. When Hillary addressed the liberal group Campaign for America's Future in June, she was booed. And everyone there knew whom Kerry meant when he said, at the same conference, "It's not enough to argue with the logistics or to argue about the details. It is essential to acknowledge that the war itself was a mistake."

Hillary of late has made a point of stepping up her criticism of the Bush Administration, to the point of calling for the ouster of Defense Secretary Donald Rumsfeld. And in a neat bit of Clintonian triangulation, she distanced herself from pro-war Senator Joe Lieberman even as her husband campaigned for him. But the hard truth is, she doesn't have much wiggle room. National security is the toughest test for a Democrat, particularly for a woman and especially for a woman so associated with feminine causes like child care and education. Her chief strategist has a grim assessment of what Hillary is up against on that front. The country may be ready for a woman President, Bill has privately told friends, but the first one to make it is more likely to be a Republican in the Margaret Thatcher mold.

THE TROUBLE WITH BILL

FOR MORE THAN 30 YEARS, THE Clintons have been the most fascinating tango act in politics. Sometimes they moved perfectly in synch. Other times, they had to make up the steps as they went. But always each has known what to do when the other stumbled. She became a Clinton not when she married Bill but after he lost his first bid for re-election as Arkansas Governor and she realized the state's voters weren't ready for a first lady who kept her last name.

Now the choreography is reversed, and it is Hillary's time to take the lead. The Biotechnology Industry Organization learned that the hard way when it paid Bill's customary six-figure speaking fee to book him as the star attraction at its annual convention for 20,000 attendees. A week or so before the April 11 speech in Chicago, his people made a sudden demand: he wanted it closed to all media except the trade press. Hillary, as it happened, had dibs on the spotlight that day, with a speech to the Economic Club of Chicago. The couple's handlers wanted to make sure that she, not he, got the headlines, which is how it turned out. Before Bill's aides make a major commitment for him, says an ally, "there's a lot of checking" with Team Hillary.

Yet ceding center stage does not come naturally to Bill. He can be simultaneously Hillary's best asset and a subtle saboteur. When they appeared together at a $1,000-a-ticket fund raiser for Hillary last summer on Nantucket in Massachusetts, his introductory remarks were longer than her speech, recalls a prominent Democrat who was there. As the guest of honor's turn to speak finally came, much of the crowd migrated to the other side of the pool to gather where her husband continued to talk.

Then there was the scene in Buffalo, N.Y., in May when she formally accepted her party's nomination for re-election at the state Democratic convention. Hillary's handlers had the good sense to plant Bill in the audience and not onstage until after she had finished the speech in which she hailed him as "an inspiration and a mentor and a friend and a partner." But for at least 15 minutes after she and every other politician had left, he lingered at the microphones, answering reporters' questions, oblivious to aides trying to scoot him out.

With the talent he has and the baggage he brings and the sensation he creates, Bill Clinton is the best possible political spouse and the worst. "I don't know what he does. Does he campaign for her? Doesn't he campaign for her?" asks an adviser to Hillary. "I don't think anybody within the inner circle of the Clintons understands how this will work." Her 2000 Senate race was something of a test run. As a sitting President, he could beg off anything more than the occasional campaign appearance. Safely behind the scenes, however, Bill went over her speeches line by line, hassled her staff when they overscheduled her, oversaw her debate prep, second-guessed her ad buys.

Hillary has improved her game considerably since becoming a politician in her own right. When scripted, she can still come off as a scold, but she has learned to attack a rope line with gusto and at her best can be engaging, warm and funny, especially in small settings. Still, "he overpowers her with his gifts," says a senior Democratic strategist. When they appear together, he adds, "it also makes it harder to see the gifts that she has that he doesn't, like a better sense of self and much less insecurity."

Being at Bill's side can seem like standing next to a nuclear blast. Hillary appeared to vanish as he set the audience on fire at Coretta Scott King's funeral in February. When Hillary's moment came, aides noticed something familiar about her ponderous tribute: she was lifting the best line of her husband's 2004 Democratic National Convention speech. She memorialized Martin Luther King Jr.'s widow as having risen from her grief after his assassination to tell the civil rights movement, "Send me." It was a leaden version of the "send me" riff with which Bill had electrified the crowd in Boston two years ago, describing John Kerry's

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Vietnam service. "She doesn't have his touch," says one of their oldest friends. "My recommendation would be that they not campaign together."

But that would create a different problem. People would start wondering, once again, what the deal is with that marriage. More than eight years after the country lived through the trauma of seeing a marital crisis turn into a constitutional one, the state of the Clintons' union continues to fascinate people. A comedian can rarely mention either of them without a dig at their private life. A tally of how much they see each other (14 days a month on average since the beginning of 2005) merited front-page treatment by the New York Times. Even the unveiling in April of their official portraits at the Smithsonian--hers, a luminous profile, evoking the Italian Renaissance; his, a sporty pose you might have expected to see over the fireplace at Southfork--had the sharp-eyed tabloids noting that no wedding ring was visible in his.

As with everything else about the Clintons, how you view their marriage tends to be a good indicator of your politics, and vice versa. Whereas a majority of Democrats in the TIME poll said they believe Hillary stayed with Bill after the Monica Lewinsky scandal because of Hillary's commitment to the marriage, 72% of Republicans said she did it to advance her political career. Nothing makes her strategists more nervous than the occasional scandal-sheet report that Bill had been spotted out on the town. The possibility of another scandal is "the subject nobody wants to touch," says one. "It could be nothing, or it could be the biggest issue. People gave her a break on Monica, but if there's a subsequent relationship, that presents a real problem."

If Bill is a distraction when Hillary shares the stage with him--and more of one when she doesn't--that leaves Hillary with another option: sending him out on the campaign trail alone. What political pros call the surrogate is the most traditional role for the spouse and often the most valuable. But when Bill is subbing for Hillary, you start wondering which one is the candidate. In late July, for instance, people paying $75 a ticket began lining up more than an hour early at Capitale in New York City, where Bill was headlining a fund raiser for Hillary's political-action committee. He opened by saying he wanted to make three points: first, that his absent wife, who was attending to the people's business down in Washington, has been "a really good Senator"; second, that he was "particularly proud" of her for bucking a partisan atmosphere to offer constructive solutions on energy, the environment, health care and education; and third ... well, his third point turned out to be about the "epic struggle" of his presidency. For the rest of Bill's 20-minute speech, his wife merited an individual mention only here and there. Everything else was framed in the first-person-plural we. Not that the crowd seemed to mind, judging from the deafening applause.

Americans, it turns out, have good memories of the Clinton presidency. In the TIME poll, two-thirds said they have a favorable view of that time, and Bill's job-approval rating was 70%, nearly twice George W. Bush's. But do they want him wandering the White House with no real job and no accountability? Only 18% said they would like to see him play a major role in a Hillary Clinton White House. Frets a Hillary confidant: "There's always going to be that question, Is she running on her own, or is she running as his surrogate? If she's going to do this, she's got to do this on her own."

THE HARDWORKING SENATOR

FROM THE BEGINNING, HILLARY HAS MADE sure that her political operation has had her own stamp. There are a few people around from her husband's campaigns, chiefly strategist Mark Penn. But by and large, she has formed a team whose loyalties are to Hillary alone. It is an extraordinarily disciplined operation, one in which she does not allow the turf wars and leaking that always kept his in turmoil. But veterans of Bill's campaigns say privately that Hillary's operation is too inflexible and insular for prime time.

In the Senate, Hillary was initially denied the spot she sought on one of the so-called super-A committees--Appropriations, Armed Services, Finance and Foreign Relations. So she went with her expertise, taking a seat on the Health and Education Committee, among others. But she persisted in lobbying for better assignments. In 2003 she ditched the Budget Committee, which sounds more important than it is, to take a spot that had opened on Armed Services. She was one of the first in Congress to point out that U.S. forces in Iraq lack the armor they need. After 9/11, she became one of the Senate's loudest voices on homeland security, pointing to lapses in port inspections and voicing early criticism of border protection. She counts as her biggest accomplishment her role in securing $20 billion in aid for her state in the aftermath of the World Trade Center attacks. More recently, she has taken a lead role in the fight to increase the minimum wage, proposing to tie wage hikes to congressional pay raises.

This year the Republicans couldn't even find a credible candidate to take her on, in no small part because of the inroads she has made in more conservative upstate New York. There are other unlikely places where she has won friends and admirers. When Hillary was first elected, General John Keane, then Vice Chief of Staff of the Army, sought an audience, hoping to acquaint the new Senator with some of the Army's priorities in her state, including West Point and the perpetually deployed 10th Mountain Division, based at Fort Drum. It didn't entirely surprise him that it took three months to get on her schedule or that, once he did, her staff called his twice to remind him that she couldn't spare more than 15 minutes.

When he finally got in to see her, however, the meeting did not go as he had expected. For starters, it lasted 45 minutes. "She committed immediately to West Point and the 10th Mountain Division, with follow-up on-site visits," he says. "But it was her

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enormous depth of knowledge about the military and her sincerity about our people which surprised and disarmed me." As First Lady, Hillary told Keane, she had traveled the globe and had often been able to see parts of the world that security prevented her husband from visiting but where the U.S. Army was always present. "She had an extraordinary grasp of our military culture, our soldiers, our families and what it was like for them," Keane marvels.

Hillary has succeeded in the Senate by recognizing what everyone expected of her and then proving them wrong. Much has been said of the low profile she keeps to avoid having her celebrity bruise any of the tender egos of her more senior colleagues. She shows up early for committee hearings even though her junior status means she is usually the last one to speak. Even more striking is the way she has reached across party lines--sponsoring foster-care legislation with Tom DeLay, then the House majority leader, and pushing health-care proposals with former House Speaker Newt Gingrich, the Clintons' nemesis in their 1994 effort to reform health care. One of her closest friends in the chamber is South Carolina Republican Lindsey Graham, who came to national attention as one of the House managers of the impeachment of William Jefferson Clinton.

So solid is her standing that some who are close to Hillary tell TIME they believe she will in the end forgo a presidential race and set her sights on rising within the Senate leadership, toward the possibility of becoming the first woman majority leader someday. She has worked to tamp down talk of her national ambition by proving there is no New York concern too parochial to merit her attention. When an Appropriations subcommittee passed a bill that was loaded with goodies for New York recently, Hillary's staff bombarded reporters' e-mail with seven press releases in just over an hour, making sure she got credit for communications equipment for Onondaga and Rockland counties, economic-development assistance for Staten Island, a program for at-risk kids on Long Island, a crime lab for Monroe County and much more.

As Hillary has worked to take the partisan edge off her image, she has also underscored the biggest question voters have about her: What does she really believe in? A First Lady can pick and choose her issues, but as a Senator, Hillary has been forced to take stands in areas that go far beyond the health-care and family issues that Americans have long associated with her. Her voting pattern has tilted liberal, but in National Journal's ratings of the five Democratic Senators most often mentioned as presidential contenders, Hillary's record (more liberal than 80.5% of her Senate colleagues', in a computer analysis of key votes) comes down in the middle--less liberal than Kerry (85.7%) but more so than Delaware's Joe Biden (76.8%) and Indiana's Evan Bayh (63.2%).

Some of her positions have been surprising--although not as inconsistent as her critics say. After she called abortion a "sad, even tragic choice" in a January 2005 speech, pundits said she was remaking herself for a presidential race, and liberal groups raised cries of alarm. But in fact, Hillary had made similar comments often in the past. Aides from the 1992 campaign say she helped come up with Bill's signature line that abortion should be "safe, legal and rare."

Whatever she does is held up not only to her own record but also to Bill's. Given the battles he fought to bring his party around to the benefits of globalization, it seemed a repudiation for her to oppose the Bush Administration-- approved deal to turn over operations of some U.S. ports to a Dubai-owned company. Never mind that virtually every other Democrat and Republican on Capitol Hill was right where she was in demagoguing as a national-security threat a deal that would have very little impact, if any, on how the ports would be run. And it didn't help her credibility when the Financial Times revealed that the emirate--where Bill had been paid $450,000 in speaking fees in 2002--was getting advice from her husband on how to go forward with the deal even as she was trying to derail it. His aides said that he was not paid for the advice and that he merely told the company it should submit to additional government review. The deal was later scuttled.

Even when Bill doesn't get in her way, Hillary has trouble pulling off what came so naturally to him. "I wish she hadn't come out against flag burning," says her supporter and funder Rapoport. "The worst mistake she can make is to move to the right. She's going to lose a lot of the enthusiasm of the people who can get her elected." But others point out that by supporting a statute banning flag burning, she helped defeat a more drastic constitutional amendment that would have done the same thing--very much like what her husband did in 1995 when he produced a balanced budget, horrifying the left with 25% cuts in domestic spending. That helped take the political momentum out of a balanced-budget constitutional amendment. "Do you pretend [an issue] doesn't exist, or do you find a way to beat it?" asks former Clinton White House domestic-policy director Bruce Reed. "The Clintons have always found a way to beat it."

Can they win again? In her memoir, Hillary closed by writing of her final moments in the White House Grand Foyer. The longtime butler there "received my last goodbye embrace and turned it into a joyous dance. We skipped and twirled across the marble floor," she writes. "My husband cut in, taking me in his arms as we waltzed together down the long hall." A farewell, perhaps. Or maybe the Clintons will yet want to have another dance.

Hillary Clinton's Low Profile (NYT)

The New York Times, August 21, 2006

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With only a few weeks until New York's Sept. 12 primary elections, many people are probably still unaware that Senator Hillary Clinton is facing a challenge for the Democratic nomination. Her opponent, Jonathan Tasini, is low on almost everything, from funds to name recognition. Mrs. Clinton has successfully ignored Mr. Tasini all summer, and now it seems clear that she has no intention of responding to his demands that she meet him in a debate.

She should change her mind. In a year when New York has very few competitive elections, voters are going to get very little chance to hear serious discussions from the candidates. Since Mr. Tasini is running an antiwar campaign, it would be very useful for New Yorkers to have a chance to hear the two Democratic candidates debate that one issue.

New York voters have been exposed to all the political drama in Connecticut over Senator Joseph Lieberman, who like Mrs. Clinton supported the invasion of Iraq. She has been far more critical of the Bush administration's handling of the war — a point the Clinton campaign makes pains to point out. But she has not been forced to discuss in great detail exactly what she thinks should be done now that things have gone so far awry in the Middle East.

Presuming she wins the primary, Mrs. Clinton will go up against a weak Republican candidate this fall. Anything can happen in an election, but there is a very good chance she could coast all the way to November without being tested on any important issue. Right now is a good time to make sure that does not happen.

Lieberman Calls On Rumsfeld To Resign (AP)

AP, August 21, 2006

Sen. Joe Lieberman, attacked by fellow Democrats as being too close to the White House on the Iraq War, on Sunday called on Defense Secretary Donald Rumsfeld to resign but said the United States cannot "walk away" from the Iraqis.

Lieberman, the one-time Democratic vice presidential candidate, is running as an independent in his bid for a fourth term since losing the Democratic nomination to newcomer Ned Lamont, who harnessed voters' anger against the war in Iraq.

Lieberman, an early supporter of the Iraq war, said he had called for Rumsfeld to step down in 2003.

"With all respect to Don Rumsfeld, who has done a grueling job for six years, we would benefit from new leadership to work with our military in Iraq," he said on CBS' "Face the Nation."

Lieberman said the Bush administration should have sent more troops into Iraq "to secure the country."

"We had a naive vision that the Iraqis were going to embrace us and then go on and live happily ever after," he said.

Lieberman said the administration must "put severe pressure on the Iraqis to contain sectarian violence."

"There is still hope in Iraq and as long as there is we cannot just pick up and walk away and leave them to the sure disaster that would follow and would compromise our security in the war on terrorism," he said.

The Lamont campaign issued a statement Sunday criticizing Lieberman for trying to "paint himself as courageous for clinging to the failed 'stay the course' policy in Iraq and not listening to the voters of Connecticut on the need to change course."

"His new found 'criticism' of the war won't convince Connecticut voters after so many years of stubbornly rubber-stamping Bush's failed policies," the statement said.

The war in Iraq was the hallmark of Lamont's primary campaign. He calls for the withdrawal of U.S. troops from what he often refers to as "a bloody civil war," and says he believes that those who got America into the conflict should be held accountable.

Lieberman accused Lamont of distorting his stance on Iraq.

"He made me into a cheerleader for George Bush and everything that's happened," Lieberman said. "And the record shows that, while I believe we did the right thing in overthrowing Saddam Hussein, I've been very critical over the years, particularly in 2003 and 2004, about the failure to send enough American troops to secure the country, about the absence of adequate plans and preparation to deal with post-Saddam Iraq."

"As bad as things are now — and they've gotten worse in the last six months — it would be a disaster if America set a deadline and said we're getting all of our troops out by a given date," Lieberman said. "That's a position Ned Lamont has taken."

Tom Swan, campaign manager for Lamont, said Sunday the campaign stands by its criticism of Lieberman as being too close to President Bush.

Asked about Sen. John Kerry, D-Mass., who was quoted as saying that Lieberman echoes Republicans, Lieberman said it was "just plain politics by somebody who has ambitions of his own."

"I voted 90 percent of the time with a majority of Democrats in the U.S. Senate," he said.

"I'm worried that my party may become what we've accused the Republicans of, a kind of litmus-test party," he said. "If you don't agree with us 100 percent of the time, you don't agree with us. I'm devoted to the Democratic Party."

A new Quinnipiac University poll shows Lamont is trailing Lieberman by 12 percentage points among likely voters. It said much of Lieberman's advantage comes from his popularity among Republicans and unaffiliated voters, the largest voting block in Connecticut.

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Lieberman Jabs At Rumsfeld, Saying Military Needs A Change (NYT)

By Jennifer Medina

The New York Times, August 21, 2006

HARTFORD, Aug. 20 — Senator Joseph I. Lieberman, facing continued criticism from many in the Democratic Party because of his support for the war in Iraq, leveled his most pointed criticism yet at the Pentagon during a television interview on Sunday, calling for the resignation of Defense Secretary Donald H. Rumsfeld.

Ned Lamont, who defeated Mr. Lieberman in the Democratic primary this month, said later that he had advocated that stance for months, and he questioned the timing of the senator's criticism.

With the nation profoundly divided over the war, the men sought to hone their positions in increasingly pointed remarks.

"I think it's still time for new leadership at the Pentagon," Mr. Lieberman said on CBS's "Face the Nation." "With all respect to Don Rumsfeld, who has done a grueling job for six years, we would benefit from new leadership to work with our military in Iraq."

Mr. Lamont, in an interview at a campaign stop in New Britain, said that while Mr. Rumsfeld's resignation would be "absolutely necessary" for a "fresh strategy" in Iraq, it would do little to quiet the increasing violence.

"I think every day that we're there the situation is getting worse," Mr. Lamont said. "The best hope for us to change course is to have Iraqis step up and replace American frontline personnel and do that within the next year."

Mr. Lieberman has repeatedly criticized calls by Mr. Lamont and other Democrats for a timeline for troop withdrawal.

On Sunday, he said that the situation in Iraq had worsened in the past six months but that setting a deadline would be a "disaster."

"There is still hope in Iraq, and as long as there is, we cannot just pick up and walk away and leave them to the sure disaster that would follow and would compromise our security in the war on terrorism," Mr. Lieberman said.

Shortly after losing the primary, Mr. Lieberman said that if the United States were to withdraw troops by a specific date, it would be seen as a victory for terrorists.

While he stands by his vote to authorize the war in Iraq, in recent weeks he has sought to clarify his views, saying he has been critical all along of the Bush administration's handling of the war.

Previously, Mr. Lieberman had been on both sides of the issue of Mr. Rumsfeld's resignation. During a television interview in October 2003, when he was running for the Democratic nomination for president, he said it was the president's prerogative to ask for Mr. Rumsfeld's resignation, and added that he would do so if he were president. But earlier this year, when several retired generals urged Mr. Rumsfeld to resign, Mr. Lieberman did not back such an ouster.

Asked about Mr. Lieberman's comments Sunday, Lt. Col. Gary Keck, a Pentagon spokesman, said Mr. Rumsfeld "serves at the pleasure of the president and has repeatedly made it known that he does not get involved in political discussions of this type."

Mr. Lieberman also said on Sunday that he would support an "international crisis conference" on the war in Iraq, convened with leaders from the United States, Europe and Arab countries.

Mr. Lamont said such a conference would be "welcome and long overdue" but would be difficult without committing to troop withdrawal.

"There are no good choices, because President Bush rushed us into this war," he said. "At the end of the day it's a political solution, and other governments have to lend their support to help pacify the region, but that's much more difficult when you have an American face on this war for so long."

He added: "I appreciate the fact that on the eve of an election Senator Lieberman is now talking about Rumsfeld resigning, but where was he years ago?"

A supporter of Mr. Lamont, Senator John Kerry of Massachusetts, who sponsored an amendment earlier this summer calling for troops to begin pulling out of Iraq by July, stepped up his attacks on Mr. Lieberman, saying he was making a "huge mistake" by running as an independent.

"I am concerned that he is making a Republican case and he is uttering almost the same words as Vice President Cheney, and I think it's inappropriate," Mr. Kerry said in an interview Sunday on ABC's "This Week."

Last week, Mr. Kerry sent two e-mail fund-raising appeals to his supporters, urging them to back Mr. Lamont in his bid against Mr. Lieberman and commending Mr. Lamont as having the "courage" to argue against the war.

Mr. Lieberman said Mr. Kerry's actions were "just plain politics by somebody who has ambitions of his own."

Mr. Lamont, who frequently refers to the situation in Iraq as a "bloody civil war," and his allies have tried to portray Mr. Lieberman as too close to President Bush on the war and some domestic policies. Mr. Lieberman calls that a distortion of his

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record. While he has received widespread support from local and national Republican leaders, on Sunday he called himself a “devoted” Democrat and said he would continue to caucus with the party if re-elected.

Kerry Raps Lieberman On War (WT)

By Eric Pfeiffer

The Washington Times, August 21, 2006

Sen. John Kerry yesterday accused fellow Democrat Sen. Joe Lieberman of adopting "the rhetoric of Dick Cheney" on Iraq, while Mr. Lieberman sought to emphasize his loyalty to the Democratic Party and distance himself from the Bush administration.

"I am concerned that he is making a Republican case," Mr. Kerry said on ABC's "This Week."

"He is uttering almost the same words as Vice President Cheney, and I think it's inappropriate," the Massachusetts Democrat said.

However, during an appearance on CBS' "Face the Nation," Mr. Lieberman, Connecticut Democrat, defended his party credentials and said Mr. Kerry's comments are politically motivated.

"With all respect to John Kerry, an old friend, that's just plain politics by somebody who has ambitions of his own," Mr. Lieberman said. "I am a Democrat. Look at my voting record. I voted 90 percent of the time with the majority of Democrats in the United States Senate. But when I disagree, I'm going to have the courage of my convictions to say so."

Last week, Mr. Kerry sent an e-mail fundraising request to his supporters on behalf of Mr. Lieberman's Democratic opponent, Ned Lamont. On ABC yesterday, Mr. Kerry described Mr. Lamont as "courageous."

"The fact is, Joe Lieberman is out of step with the people of Connecticut," Mr. Kerry said. "I believe that he's just dead-wrong with respect to the war. And to adopt the rhetoric of Dick Cheney, who has been wrong about almost everything he has said about Iraq, shows you just exactly why he got in trouble with the Democrats there."

Both Mr. Kerry and Mr. Lamont support a withdrawal of troops from Iraq, a view Mr. Lieberman forcefully rebuffed during his CBS appearance. "The position that my opponent and others take to set a deadline by which we will get out is the surest way to get to a civil war, which would be dangerous for our troops, a disaster for Iraq, the Middle East and for the United States of America."

A Quinnipiac poll released last week shows Mr. Lieberman leading Mr. Lamont by 11 percentage points, 49 percent to 38 percent. The Republican nominee, Alan Schlesinger, received 4 percent in the poll. According to the same poll, 75 percent of Connecticut Republicans and 58 percent of independents are supporting the Lieberman campaign.

Sen. John McCain, Arizona Republican, offered his tacit support for Mr. Lieberman during his appearance on NBC's "Meet the Press."

"Look, Joe Lieberman is a close friend of mine, and I would not campaign against him," Mr. McCain said. When asked whether he'd like to see Mr. Lieberman win, Mr. McCain responded, "Well, I wouldn't be disappointed. ... Joe Lieberman is great. I think he's a great American."

On CBS, Mr. Lieberman defended his stance on the war in Iraq, denying claims by party liberals that he is too close to the Bush administration.

"I've been very critical over the years, particularly in 2003 and 2004, about the failure to send enough American troops to secure the country, about the absence of adequate plans and preparation to deal with post-Saddam Iraq," Mr. Lieberman said. "And I, even on this show in October of 2003, about three years ago, said that we needed a new secretary of defense."

Mr. Lieberman also denied rumors that he has received the endorsement of Mr. Cheney, Mr. Lieberman's opponent in the 2000 presidential election. Mr. Cheney told reporters during a recent conference call that Mr. Lamont's primary victory would be welcomed by al Qaeda and was indicative of the Democratic Party's weakness.

"When we see the Democratic Party reject one of its own, a man they selected to be their vice presidential nominee just a few short years ago, it would seem to say a lot about the state the party is in today," Mr. Cheney said.

"Well, that wasn't an endorsement," Mr. Lieberman told CBS. "I haven't sought his endorsement, and I don't expect it."

On Candid Camera (TIME)

By Mike Allen

Time, September 4, 2006

Republican Senator George Allen of Virginia, a sunny conservative, had hoped to use his re-election race this year to build the machinery for a White House run in 2008. Last week he became the first political victim of the phenomenal YouTube era. Allen is videotaped at each campaign stop by a "tracker" for his Democratic opponent, James Webb. Such operatives are standard on the stump, and aides warn candidates to ignore them. But Allen, speaking at a rural picnic, took the bait. He singled out the Webb volunteer, who is of Indian descent, telling the crowd to welcome "Macaca." That's either a French--North African

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ethnic slur, a type of monkey or a contorted reference to a mohawk haircut--the guy has a mullet-like do--depending on who's translating.

"Macaca" (a.k.a. S.R. Sidarth) got the gibe on video. Last week, three days after Allen spoke, Webb's campaign posted it on YouTube.com and ignited a firestorm. Now other campaigns are worried about being "YouTubed" and losing control of their message in cyberspace. But not everyone thinks the scrutiny that comes with such publicity is a bad thing. In fact, YouTube could be seen as a new tool for political accountability. As a G.O.P. official notes, "If you don't say something stupid, you don't have to worry about YouTube."

The Un-American Senator (LAT)

The Los Angeles Times, August 21, 2006

THE BEST POSSIBLE INTERPRETATION of Sen. George Allen's twice pointing at an Indian American videographer at a campaign rally and sneeringly calling him "macaca" is that, in the words of Allen's own spinmeisters, the Virginia Republican and putative 2008 presidential contender was just playfully combining the words "Mohawk" (to mischaracterize the cameraman's haircut) and, well, "caca." As an Allen staffer explained to the National Journal's Hotline blog, he was "an annoyance."

That's the best spin, mind you. The worst — and more believable — is that "macaca" is an Americanized version of the similarly pronounced French racial slur "macaque," which literally refers to a species of stub-tailed monkey, but is figuratively used to insult North Africans and other people with dark skin. It's the French equivalent of "darkie," making all decent people who hear it shudder. Allen's mother is French, from the North African country of Tunisia. He speaks the language well.

Here's what a smiling Allen said to his laughing supporters Aug. 11: "This fellow here, over here with the yellow shirt, macaca, or whatever his name is. He's with my opponent. He's following us around everywhere. And it's just great…. Let's give a welcome to macaca, here. Welcome to America and the real world of Virginia." The object of Allen's ridicule was in fact born in the United States, but the senator's Confederate-tinted understanding of this country apparently has no room for people of color.

Allen grew up not in the "real world of Virginia," but on the tony Palos Verdes Peninsula. There, despite his French mother and Midwestern father (who coached the Rams), Allen developed a curious affectation for what he imagined to be the mores of the South. He began a lifelong embrace of Confederate symbology — lapel pins, bumper stickers and, until recently, flags — while exhibiting some worrying behavior toward African Americans.

According to a damning May profile in the New Republic, Allen once spray-painted something like "Burn, Baby, Burn" on his own high school just before the mostly black Morningside High basketball team from Inglewood came to play Palos Verdes High. Since taking public office, Allen has decorated his workspace with a noose hanging from a tree, opposed dedicating a federal holiday to Martin Luther King Jr., and now employed a vile slur to attack a political opponent.

There is no room for that kind of racism in American politics. We're not in the habit of telling Virginians how to vote, but an Allen defeat this November would send the right message to race-baiting politicians: Welcome to America. Now go home.

Keystone State Scuffle (USNEWS)

U.S. News and World Report, September 4, 2006

NESQUEHONING, PA.-Here in the rolling hills of eastern Pennsylvania, Republican Sen. Rick Santorum seems so relaxed that you might forget that he's in the fight of his life. It's a curious persona for a conservative firebrand, a man known for wearing his religion on his sleeve. That in-your-face style is one of the key reasons Santorum is running behind his Democratic opponent, state Treasurer Bob Casey Jr., in this battleground swing state. It also might explain why, out here on the stump, Santorum is instead calmly focusing on the incumbent's advantage: the ability to bring home the bacon. During a chat with firefighters, Santorum notes that in his 12 years as a senator, he's brought back more than $3 million to this region alone for road and other projects.

"When I get a bee in my bonnet for the people of my state, I pound away hard," he says. But this time around, even that sort of Washington clout could be a double-edged sword, thanks to the flagging popularity of Republicans and the president. George Bush's disapproval rating in Pennsylvania is 59 percent, according to a recent poll-and over the years, this incumbent senator has been with him more often than not. Can Rick Santorum overcome all that?

Nasty. That's the key question in what's shaping up as the Senate's marquee race-a race that may cost $45 million to $50 million or more before it's over. Given Santorum's history and persona, most veteran observers are expecting a hard-fought, nasty battle. And the stakes couldn't be much higher: The Democrats need to pick up six seats to gain control of the U.S. Senate.

A few months ago, it looked like Casey, the son of the late Pennsylvania Gov. Robert Casey, was a sure winner; a Quinnipiac poll in June showed him with a 52-to-34 percent lead over Santorum. But a poll released last week showed that Casey's lead had been cut to just 6 points. Political experts believe that Santorum is gaining thanks to a run of effective television

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and radio advertising, in which he appears calm and collected, not strident. But Santorum, they argue, has more work to do on softening his image to have a shot at winning. His voting record is one of the most conservative in the Senate, and he has strong views against abortion, embryonic stem cell research, and gay marriage.

In contrast, Casey is a soft-spoken, laid-back moderate Democrat, plugged into the state political scene in Harrisburg. Like Santorum, he is an antiabortion Roman Catholic who opposes gun control and pulling troops out of Iraq. But Casey aims to differentiate himself by arguing that he will not walk in lock step with Bush. Casey is against privatizing Social Security and tax cuts for the wealthy, while he supports deficit reduction and decisive action against global warming. "People want to go in a new direction," says Casey, campaigning at Guy's Hardware in Manns Choice, a small town in the southern part of the state. "Senator Santorum's record has been a 98 percent voting record with the president."

But like most incumbents, Santorum has the fundraising advantage; he's raised about $17 million thus far, compared with $11 million for Casey. That's allowed Santorum to spend more on ads, which could be crucial. Three of 10 voters say they don't know Casey well enough to form an opinion, according to a recent poll. His previous posts as state treasurer and state auditor general are relatively low-profile jobs that have done little to define him. "We have a long way to go between now and Election Day to get our message out," admits Casey.

Political experts say the race will be decided in the famously fickle Philadelphia suburbs. So expect Santorum to be running hard and aggressively. Casey, too. It's likely to be a bare-knuckle finale, says Jerry Shuster, professor of political communications at the University of Pittsburgh. "They will be painting each other with a broader brush," he says. "And it will be a black brush."

Rick Santorum. Born: May 10, 1958 Home: Penn Hills, Pa. Elected office: U.S. Senate, 1994-present; U.S. House, 1990-94 Professional career: practicing attorney, 1986-90; staff of Sen. J. Doyle, 1981-86 Family: married, six children

Bob Casey Jr. Born: April 13, 1960 Home: Scranton, Pa. Elected office: state treasurer, 2005-present; state auditor general, 1997-2005 Professional career: practicing attorney, 1991-96; schoolteacher, 1982-83 Family: married, four children

GOP Gunning For The President's Congressman (USAT)

By Richard Benedetto

USA Today, August 21, 2006

CRAWFORD, Texas — As Iraq war veteran Van Taylor stumps for votes in the sprawling 17th Congressional District that runs through here, there is at least one resident he can count on: President Bush.

Taylor, 34, met him about 20 years ago, when a Midland oilman named George W. Bush pinned an Eagle Scout badge on his chest. “My parents were sure that one day he would be president, but I wasn't,” Taylor says.

Today, Bush calls his Prairie Chapel Ranch near this town his legal residence. He's the most famous resident in a district that stretches 200 miles, from the outer exurbs south of Dallas and Fort Worth through Crawford and nearby Waco and down to College Station, home of his father's presidential library at Texas A&M University.

Rep. Chet Edwards, Bush's current congressman, is a Democrat seeking a ninth term.

The National Republican Congressional Committee has made the race one of its top 10 priorities. The president was the main attraction at a Republican fundraiser this month whose proceeds went, in part, to Taylor's campaign. He also benefited from fundraisers headlined by Vice President Cheney and House Speaker Dennis Hastert.

Edwards, 54, says he is unfazed.

“If they didn't beat me in 2004, when George Bush was on the ballot and carried this district with 69% of the vote, they're not going to beat me now, when he's not on the ballot,” Edwards says.

Taylor is the only Republican among a handful of Iraq veterans running for Congress. He's making his military service a centerpiece of his campaign.

As a Marine captain, Taylor led a reconnaissance platoon in Iraq that participated in the operation to rescue American prisoner Jessica Lynch. He also served briefly on security patrol at the Mexican border.

“I'm concerned that the Democrats will hand Iraq to al-Qaeda and sell our troops out,” Taylor says.

Jon Bond, a Texas A&M political scientist, says it will be hard for Taylor to gain traction on the war issue against Edwards: “Edwards is not a typical Democrat on national security. He favors a strong military and has developed a pretty strong relationship with the military and veterans back from when he still had Fort Hood in his district.”

Edwards, who didn't mention the war at a recent speech to the Waco Chamber of Commerce, voted to give Bush the authority to send U.S. troops to Iraq and has continued to support funding for the wars in Iraq and Afghanistan.

He departs from those members of his party who want the United States to pull out of Iraq. “I am never going to make a decision on the future of this country based on partisanship,” Edwards says. “I am opposed to the immediate withdrawal of our troops.”

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As he campaigns, Edwards highlights his 16-year record and ability to bring home federal dollars to help the district. He reminds people at town meetings and local civic groups what he has done for them. A member of the House Appropriations Committee, Edwards has helped secure funding for roads and bridges, water projects, health care research and defense contracts for local employers, such as L-3, an aerospace communications company in Waco. Edwards has also fought to keep open a veterans hospital in Waco.

"I respect my opponent's military service, but this race is about who can be more effective at representing this area in Congress, and I have a track record," Edwards says.

Edwards has survived in conservative central Texas in part because he has tried to eschew his party's label, preferring to bill himself as "independent minded." He voted with Republicans on a balanced-budget amendment to the Constitution and a line-item veto. In 2003, he gave up his Democratic leadership post as the liaison to centrists and moderates in the party to concentrate on the district.

Edwards rarely mentions Taylor by name in public appearances, but his news releases have criticized his Exxon stock holdings and the fact that Taylor moved to the district 13 months ago from Dallas.

Edwards has been known to pack his bags, too. He moved three times to qualify for state and federal races, including his most recent move, to Waco in 1989, to run for the House seat he now holds.

Taylor subscribes to the boot-leather school of campaigning. He's now on the third set of tires on his white Chevy Silverado pickup and will sometimes drive 1,000 miles in one week to meet voters. In his travels, Taylor says, he meets people who are drawn to him because of his military service.

"People in central Texas understand that we have got to win the war on terrorism if we are going to survive," he says. "Winning the war and securing our borders are the two big issues."

Last April, when Cheney came to the district to raise $300,000 for Taylor, he said Bush needs a man such as Taylor in Congress to vote with him on urgent issues of war and peace.

"As a decorated war veteran, he's shown a commitment to service above self," Cheney said, "the very quality that has kept America free."

Edwards has proved resilient before. The district was one of several redrawn in 2003 by state Republicans under the guidance of former House majority leader Tom DeLay. The redistricting was designed to increase Texas' GOP contingent in Congress. Edwards was the only targeted Democrat to hold onto his seat, beating Republican former state representative Arlene Wohlgemuth, 51% to 47%. Both candidates spent more than $2.5 million.

Spending on this year's race could top that total. So far, Edwards has raised $2.1 million and Taylor $1.7 million, according to the Center for Responsive Politics, which tracks money in campaigns. Taylor spent $1 million to win the Republican nomination in March, including $475,000 of his own money, and has vowed to spend whatever it takes to beat Edwards. He can tap personal resources: money made in real estate and inherited oil stock.

Campaign-finance reports show about half of Edwards' money came from political action committees, including those tied to energy, labor and defense companies, and half from about 1,000 individuals, including many lawyers and business executives.

Political Records, Race Stir Friction In Md. Senate Debate (WP)

By Philip Rucker

The Washington Post, August 21, 2006

The most spirited moment of the first one-on-one debate since April between Maryland's two leading Democratic candidates for U.S. Senate yesterday wasn't over foreign or domestic policies. It was about the role of race in a potentially historic election that could pit two black candidates against each other.

For most of the 30-minute debate recorded last week and televised yesterday morning on WJLA (Channel 7), Rep. Benjamin L. Cardin and former representative Kweisi Mfume revealed few differences on major issues: Both oppose the war in Iraq and President Bush's energy policies. Both support universal health care and increasing federal funding for education.

The candidates did not attack each other, were cordial and appeared relaxed. The starkest difference came in the way they framed their candidacies less than one month before Democrats select their nominee from a crowded field of 18 hopefuls: Cardin presented himself as a lawmaker proud of his record, and Mfume painted himself as an outside agent of change.

With the final question, co-moderator and news anchor Leon Harris asked Cardin about the chance that Mfume and Republican candidate Lt. Gov. Michael S. Steele, both of whom are black, could face each other in the general election: "Don't you think that the Democratic Party and the country might be better served by having one of them represent the state?" Harris asked Cardin.

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Cardin rattled off things he has done in Congress and as speaker of the Maryland House of Delegates before that to benefit minorities. "I have a record of inclusion," Cardin said, noting that he fought for minority-owned businesses, worked to diversify the House staff and appointed the first black chairman of the state House Ways and Means Committee.

"I think the people of Maryland want to have a person to represent them who will represent their interests," Cardin said.

Mfume, a former NAACP president, then made a pitch to voters that he could represent all constituents, not only the black community.

"I think all of Maryland is important, whether you're black, white, Latino, Asian, Eastern Shore, Western Shore," Mfume said. "I'm appealing to all Marylanders to consider this campaign for change."

At a time when polls show strong anti-incumbent sentiment among voters, Mfume tried to cast himself as an outsider, despite his having served five terms in Congress from 1986 to 1996. Harris and co-host Kathleen Matthews opened the debate by pointing out Cardin's and Mfume's decades-long tenures in national politics, but Mfume was quick to respond: "I'm not an incumbent.

"I like to think of myself as a change agent," he said.

"This election, you're right, is going to be about change," Mfume added. "People want change. They don't want the same direction. Government is broken. I, more than anyone else, represent the kind of change people say is needed."

Cardin and Mfume said they believe the United States should begin bringing home troops who are serving in Iraq. They agreed that the Bush administration should do a better job diplomatically engaging the international community on issues such as Iran's pursuit of nuclear weapons.

They also agreed when it came to education, one of the most important issues among Maryland voters, according to recent polls. Cardin and Mfume said the federal government should appropriate more funding to schools so educators can meet the standards set by the No Child Left Behind law.

"I think that the federal government has a responsibility to make sure that every family in America has an opportunity to send their children to quality schools," Cardin said.

Mfume echoed Cardin's comment and added that Maryland has some of the best- and worst-performing schools in the nation. He said he believes the quality of schools in the state should be more balanced.

"In some of those worst schools, drugs are more available than textbooks, and we're not doing what we need to do," Mfume said.

Ben Cardin For U.S. Senate (WP)

The Washington Post, August 21, 2006

THE PENDING retirement of Paul S. Sarbanes leaves an open U.S. Senate seat in Maryland, the state's first in a generation. It has spawned a Democratic primary featuring, among others, two heavyweights from Baltimore, Rep. Benjamin L. Cardin and former congressman and ex-NAACP director Kweisi Mfume. For the state's Democrats, the Sept. 12 primary is an embarrassment of political riches: Both candidates are substantive, serious and broadly experienced; either would make a fine senator; and each dwarfs the other candidates on the primary ballot. Our choice is Mr. Cardin, whose mastery of public policy, pragmatic bipartisanship and even-keeled determination have made him a superb lawmaker. The Democratic winner will face Lt. Gov. Michael S. Steele, who is all but unopposed in the Republican primary.

First, a word about Mr. Mfume, an electrifying orator and impressive leader with an inspirational life story. Born into a tough neighborhood in Baltimore and in trouble with the law as a youth, he rose to become a community leader, making his mark in the Baltimore City Council before being elected to Congress in 1986, the same year as Mr. Cardin. After service in the House, where he delivered for his Baltimore district, Mr. Mfume left Congress to become the NAACP's executive director, resigning last year to run for the Senate.

Despite Mr. Mfume's generally liberal orthodoxy -- he is an opponent of free trade and job outsourcing -- he has not always been beholden to that wing of his party. He sided with President Clinton on welfare reform and, as director of the NAACP, warned Democrats not to take African American voters for granted. In the current campaign, he has attacked Maryland's Democratic leadership for embracing Mr. Cardin without giving him a fair hearing.

Yet, Mr. Mfume is not Mr. Cardin's equal as a legislator.

Once the boy wonder of Maryland politics, Mr. Cardin has 40 years of legislative experience to his credit, including a stint as one of the youngest-ever and best speakers of the state House of Delegates. In Congress he has forged strategic alliances with key Republicans, thereby breaking from the pack of Democrats who have struggled in an era of GOP dominance to make a mark; he has thus been able to craft important bills to enhance the financial security of retirees and streamline the Internal Revenue Service.

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On those measures, his partnership with former representative Rob Portman, an Ohio Republican who is now the White House budget chief, is a textbook lesson in how a minority-party lawmaker can wield influence.

The rap on Mr. Cardin is that he is a legislator's legislator -- a quiet, colorless insider who embodies the system but is ill-equipped to shake it up. In fact, a hallmark of Mr. Cardin's legislative record is tough-minded independence. He was one of a minority of Democrats to vote against the war in Iraq, though once troops were on the ground he acted responsibly by supporting bills to fund and equip them. He broke with many Democrats and labor unions to back the North American Free Trade Agreement. At the same time he has stood against the Bush administration's fiscal recklessness, opposing estate tax cuts for the rich.

Mr. Cardin is a recognized expert on health care, tax and trade policy, and his tough-minded, sensible record has made him one of the House's most respected members on both sides of the aisle.

Both candidates favor a withdrawal of U.S. troops from Iraq, though neither offers a convincing explanation for how that would improve the situation there. The early efforts by Mr. Mfume and other Democrats in the race to portray Mr. Cardin as somehow hawkish on Iraq fell short, given his vote against authorizing the war.

As for the rest of the Democratic field, none of the other candidates is in the same league as Mr. Cardin and Mr. Mfume, though Josh Rales, a wealthy businessman running as a political outsider, is impressively conversant with a range of issues.

A common complaint with politics as usual is that candidates and officeholders are so caught up with partisan wrangling and point-scoring that they have failed to address everyday issues of pressing concern to American voters -- health care, taxes, retirement security. It's a fair critique. The antidote is electing lawmakers such as Mr. Cardin, whose proven competence, integrity and depth have been his trademarks in public service.

Romney Golden To GOP In Blue State (WT)

By Christina Bellantoni

The Washington Times, August 21, 2006

LOS ANGELES -- California Republicans believe a handsome, blue-state Republican such as Mitt Romney would turn the presidential map upside down in 2008, appealing to the voters on both coasts who normally back Democrats in national elections.

Mr. Romney is eyeing a White House bid as he finishes his last few months in the Massachusetts governor's mansion, and made his case to state party activists this weekend at the California Republican Convention. They loved him -- cheering wildly for a stump speech that closely resembled a stand-up routine and later praising him as someone with the right kind of fiscal and conservative values.

"He's got the charisma Kennedy had and the morals we wish Kennedy would have had," said Republican Donee Chabot of Los Angeles, who works in real estate.

Mr. Romney, 59, is an attractive candidate for the Republican nomination because of his political savvy, state party officials said.

"He's a national-level player with national-level experience, and he showed that once again tonight," said Duf Sundheim, chairman of the California Republican Party.

Mr. Romney delivered the keynote address to the convention Saturday night, reminding the grass-roots activists he works with a legislature that is 87 percent Democratic, makinghim a "conservative Republican governor in the most liberal blue state in America."

He also told them how he cut more than $3 billion in government waste without raising taxes or borrowing money and touched on a wide scholarship program approved under his watch. He also portrayed himself as an optimist with the right ideas to fix the nation's problems during its most critical period.

"I'm a little concerned about the challenges we face," Mr. Romney said. "But I want you to know as I go through this list of challenges, I'm going to end up telling you why I am the most optimistic person in this room."

After the speech, the audience of nearly 700 erupted in chants of "Run, Mitt, Run" and the governor was surrounded by adoring fans hoping to snap a picture of the grinning, salt-and-pepper-haired politician. He worked the room for nearly an hour as chattering Republicans said things like "What a realist."

Others said Mr. Romney understands the direction the nation is headed, and specifically liked his call for a line-item veto and for reining in federal entitlement programs. They also agreed with his theory on keeping the U.S. competitive with India and other Asian nations.

"He is a visionary. He sees the problems, and he knows how to work them out," said Rosemary Licata of Ventura.

When asked if his remarks were the makings of his first presidential stump speech, Mr. Romney told The Washington Times: "No, no. We're just having fun getting Republicans elected."

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The governor's comedy shtick included jokes about Gov. Arnold Schwarzenegger's muscles, gentle ribbing over the Cal Tech-Massachusetts Institute of Technology rivalry and a crack about his ambitions.

"Thank you. I accept the nomination," he said when opening his speech, to roaring laughter. "Wrong convention, sorry."

He also defended President Bush for fighting "extreme Islamists" without specifically mentioning his position on the Iraq war.

"Thank heavens we have a president who understands the nature of this risk," he said, lauding Mr. Bush's "bold and uncompromising mission of offense."

Robert Lanfranco II, 26, a Lake County resident, said Mr. Romney has a wide appeal for coming from the same left-leaning state as liberal Democratic Sens. John Kerry and Edward M. Kennedy and 1988 Democratic presidential nominee Michael S. Dukakis. He said Mr. Romney has been a bridge builder with his state's Democrats, attracting independents.

Iowa native-turned-Californian Kate Wright praised the governor but cautioned that her adopted state is ultimately irrelevant: "If you can't make it in Iowa, you can't resonate in America."

Another Republican privately worried Mr. Romney's Mormon faith would be a deterrent. The activist said Mormonism will be a difficult thing for the nation to get behind, a tougher religion to sell than President Kennedy's Catholicism.

Democrats Topple Tradition For 2008 Election (CSM)

By Linda Feldmann

The Christian Science Monitor, August 21, 2006

WASHINGTON

Move over Iowa and New Hampshire, Nevada and South Carolina are now members of the Democratic Party's "early nominators" club.

By adding new states to its early roster of presidential nominating contests, the Democratic National Committee (DNC) aims to add racial and geographic diversity to the selection process.

Under the plan, adopted over the weekend in Chicago, Iowa will still hold the very first event - party caucuses - and New Hampshire will keep its traditional first primary in the nation. But Nevada will squeeze its caucuses into the eight-day gap between Iowa and New Hampshire, and South Carolina will hold primaries as soon as a week after New Hampshire. If all the state parties cooperate, these contests could end up taking place in a time frame as tight as 15 days in January 2008.

The new schedule reflects a long-held concern in national party circles that Iowa and New Hampshire are both more white than the nation as a whole, and that their disproportionate clout in determining Democratic presidential nominees was giving blacks and Hispanics short shrift. Nevada, the fastest-growing state in the country, has more Hispanics than the national norm; South Carolina has a large African-American population.

"It's an opportunity for the candidates to speak in a broader way to Democrats across the country," said Alexis Herman, co-chair of the DNC's rules committee, according to the Associated Press.

But New Hampshire Democrats are unhappy over the loss of clout, and it's not clear that they will go along. Aware that this change could be coming, they have long discussed the possibility of holding their primaries in early January 2008, or even in late 2007. To discourage this from happening, the national Democrats adopted a plan that would penalize any candidate who campaigns in a state that defies the new system: Delegates won in such a "rogue" state would not count toward nomination at the summer convention.

If New Hampshire bucks the new system and moves its primary to an earlier date, some candidates may decide the loss of those delegates - a relatively small number, given the state's size - in exchange for the publicity of winning the contest is a worthwhile gamble. If New Hampshire goes its own way, other states may opt to do the same.

But in the end, all the discussion about scheduling undergirds a larger question: Will the plan produce a better nominee - one more capable of winning the presidency?

"It's hard to tell," says John Green, a political scientist at the University of Akron in Ohio. "If you look back at the past manipulations of the primary season, by both parties, they have often not produced the desired results."

In 1988, he notes, Southern Democrats set up "Super Tuesday" - a single day of primaries across the South - to boost the region's clout in the nominating process, in the hope that then-Sen. Al Gore (D) of Tennessee would win. Michael Dukakis, then-governor of Massachusetts, ended up securing the nomination.

Professor Green also points out that it's too early to predict the dynamics of the race for the 2008 nominations. Based on potential candidates' actions now - who's working to build a national coalition, fundraising base, and staff, and who's already visiting New Hampshire and Iowa - it's easy to see who's thinking of running but it's not certain who ultimately will.

"If a strong liberal wins in Iowa, that could create a dynamic in which South Carolina and Nevada don't even matter," says Green.

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By setting up a packed schedule of early contests, the Democratic Party appears to be forcing candidates to hopscotch around the country, which would make it difficult for them to engage in the kind of living-room politics that became the hallmark of Iowa and New Hampshire. It's possible, therefore, that some candidates will choose to forgo some of those first four states, and gamble on an attempt to win big in just one or two.

States With Moved-up Primaries Showered With Money, Attention (USAT)

By Jill Lawrence

USA Today, August 21, 2006

WASHINGTON — States with new influence over the presidential nomination process are reaping money and attention once reserved for the traditional kickoff states of Iowa and New Hampshire.

Nevada and South Carolina officially moved to the early part of the Democratic calendar Saturday at a party meeting in Chicago. By then, Indiana Sen. Evan Bayh had sent three campaign workers to Nevada, and 2004 presidential nominee John Kerry was planning a September trip there.

In South Carolina, former Virginia governor Mark Warner had scheduled fundraisers next month for state legislative candidates, while John Edwards, the 2004 vice presidential nominee, headlines a party fundraiser there Tuesday.

"It has been more intense and involved and engaged," says South Carolina party chairman Joe Erwin, reeling off a half-dozen 2008 White House prospects who visited as the new calendar took shape.

Six prospects also showed up over the past year in Alabama, which recently moved its 2008 presidential primary from June 3 to Feb. 5.

Alabama looms large for Republicans as well. Arizona Sen. John McCain has given $107,750 to state and local candidates and committees there since January. U.S. Senate Majority Leader Bill Frist, R-Tenn., a leading campaigner for GOP Senate candidates, is squeezing in three fundraisers Tuesday for state legislative candidates. Arkansas Gov. Mike Huckabee spoke at a state party fundraising dinner, and Massachusetts Gov. Mitt Romney is planning a trip.

With control of Congress hanging in the balance, politicians weighing presidential campaigns are investing heavily in U.S. House and Senate races. At the same time, with an eye toward the neighborhood networks they'll need for 2008 caucuses and primaries, they are sending piles of cash and other resources to state and local candidates in states with early contests.

Besides giving money, Bayh has found, trained and paid 50 campaign operatives in a program called Camp Bayh. Besides the three in Nevada, he's sent one to South Carolina, 15 to New Hampshire, 25 to Iowa and six to Indiana.

Bayh's Iowa contingent is "by far" the largest any Democrat has ever fielded, Bayh spokesman Dan Pfeiffer says. Most are working on legislative races. All, like their counterparts in the other states, are gaining knowledge and contacts that will be invaluable if Bayh runs and they stick with him.

Romney has created political action committees in Iowa, New Hampshire, Michigan and South Carolina. They can raise lots of money fast because they aren't subject to federal contribution limits. He's spent most of his money on state and local races: $192,650 in Iowa, $95,000 in New Hampshire, $168,715 in Michigan and $131,500 in South Carolina, Romney's records show.

Romney and McCain are fighting a money battle in Michigan and South Carolina, which usually follow Iowa and New Hampshire in the GOP primary lineup. McCain, who won Michigan in 2000, has given at least $158,000 to state and local party committees there, according to federal records and McCain's staff. In South Carolina, which he lost in 2000, McCain has already spent nearly $150,000 on state and local campaigns.

New Hampshire (first primary) and Iowa (first caucuses) are old hands at cashing in on their influential roles. Take the New Hampshire State Senate Democratic Caucus. Republicans control the chamber 16-8, but Democratic 2008 prospects are donating generously. Their gifts include $31,000 from Warner, $15,000 from Iowa Gov. Tom Vilsack and $13,000 from Kerry, senator from neighboring Massachusetts.

Cash is not the only way they are showing they care.

"Warner provided me with a communications director. Bayh provided me with a finance director," says Ray Buckley, director of the caucus.

Iowa's tight race for governor has drawn huge sums from organizations headed by two 2008 prospects. The Democratic Governors Association, led by New Mexico Gov. Bill Richardson, gave $500,000 to Democrat Chet Culver in June. The Republican Governors Association, headed by Romney, matched that last week with $500,000 for Republican Jim Nussle. A day later, Richardson pledged another $500,000 to Culver.

Iowa doesn't have the only close governor's race this year, but other candidates aren't getting that kind of help. "It's the caucuses," says Art Sanders, an Iowa politics expert at Drake University in Des Moines.

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Even though the money isn't coming personally from Romney and Richardson, Sanders says, it will open doors for them later. "You can give a million dollars in Wisconsin," he adds, referring to another close race, "but it's not going to help you become president."

Europeans Delay Decision On Role Inside Lebanon (NYT)

By Marlise Simons And John Kifner

The New York Times, August 21, 2006

PARIS, Aug. 20 — The shaky, United Nations-brokered cease-fire in Lebanon suffered another blow on Sunday when the European countries that had been called upon to provide the backbone of a peacekeeping force delayed a decision on committing troops until the mission is more clearly defined.

Their reservations postponed any action on the force at least until Wednesday, when the European Union will take up the issue.

Haunted by their experiences in Bosnia in the 1990's, when their forces were unable to stop widespread ethnic killing, European governments are insisting upon clarifying the chain of command and rules of engagement before plunging into the even greater complexities of the Middle East.

"In the past, when peacekeeping missions were not properly defined, we've seen major failures,'' a spokeswoman for the French Foreign Ministry, Agnès Romatet-Espagne, said Sunday. "There are the bad memories of Bosnia. This time we want the answers beforehand, so we don't come to the problems when they have happened.''

In addition, a senior French official said, "Italy, Spain and Finland have raised the same questions as France has." Following the usual diplomatic practice, the official asked not to be identified. A spokesman for the Spanish Foreign Ministry said Spain was willing to send troops, "but the rules have to be clarified and agreed on."

Some countries, like Australia, which has placed forces in Iraq and Afghanistan, have refused to commit troops. "We have no intention of making any significant contribution," said a senior Australian government official, who was not authorized to speak publicly on the matter. "We don't have any confidence in it. It is not going to have the mandate to disarm Hezbollah."

The confusion over the peacekeeping force, coming just a day after an Israeli commando raid, added to fears that the cease-fire could easily break down. "Unfortunately, there is a tilting edge where things very easily, within the next weeks or months, can slide out of control," a top United Nations envoy, Terje Roed-Larsen, said at a news conference in Beirut on Sunday, after two days of meetings with Lebanese officials. Finland, which holds the rotating presidency of the European Union, scheduled the Wednesday meeting in Brussels, where diplomatic and military experts were expected to address questions that they believed have still not been properly answered.

"We need to know what are the material and legal means at our disposal," the French defense minister, Michèle Alliot-Marie, said Friday. "You can't send in men and tell them: Observe what is going on, but you don't have the right to defend yourself or shoot.''

In a further complication, Israel's prime minister, Ehud Olmert, told his cabinet on Sunday that he did not want countries that did not have diplomatic relations with Israel to participate in the force, according to an official in the prime minister's office. Malaysia, Indonesia and Bangladesh are among the countries that have offered frontline troops but have no diplomatic ties with Israel.

Mr. Olmert spoke by telephone with Prime Minister Romano Prodi of Italy and called on Italy to take a leading role in the international force, according to a statement released by Mr. Olmert's office. Italy has offered to send up to 3,000 troops while France, which helped broker the cease-fire, has so far refused to commit more than 200.

While the troubled peacekeeping force dominated discussion in Europe, repercussions from a commando raid in Lebanon on Saturday night were still being felt in Israel.

Israeli officials defended the risky nighttime operation, which they said was aimed at stopping the smuggling of weapons to Hezbollah and was fully justified, since the United Nations truce calls for an end to the rearming of the militant group. Officials hinted that the Israeli military would act again if it suspected new weapons were flowing to Hezbollah.

"The resolution has very clear directives on limiting the transfer of weapons from Syria and Iran into Lebanon," said Isaac Herzog, the tourism minister and a member of Israel's security cabinet. "The directives speak of a full embargo. As long as it is not enforced, we have the full right to act against it."

Israel gave few details about the raid, and speculation abounded in the Israeli news media that the commandos were trying to free the two Israeli soldiers whose capture started the conflict, or to kill a Hezbollah leader. One such official, Sheik Muhammad Yazbeck, lives in the area where the operation took place.

In Lebanon, Prime Minister Fouad Siniora, touring the ruins on the Shiite southern edge of the capital, where apartment buildings were flattened for blocks, called the Israel bombing raids "a crime against humanity."

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"What we see today is an image of the crimes Israel has committed," he said. "There is no other description other than a criminal act that shows Israel's hatred."

The Lebanese defense minister, Elias Murr, who on Saturday threatened to halt the deployment of Lebanese troops to the south if Israel carried out any more raids, warned Sunday that anyone who fired rockets toward Israel from southern Lebanon would be treated as a "traitor" for giving the Israelis an excuse to resume hostilities. The warning appeared to be directed not toward Hezbollah, which he said had pledged to honor the cease-fire, but to fringe groups, particularly those in Palestinian refugee camps.

Speaking at a news conference at the Defense Ministry in the hills overlooking Beirut, Mr. Murr also had harsh words for the Israelis, saying the commando raid showed "the whole world" who was violating "international resolutions."

While the Israeli military is normally quick to publicize its successes — sometimes even providing videos of the raids through eerie green night-vision lenses — scant details of the commando raid near the Hezbollah stronghold of Baalbek were disclosed.

An official statement released by the army said, "The goals of the operation were achieved in full."

But in the Lebanese village of Boudai, residents gave graphic accounts yesterday of a commando force, wearing Lebanese Army uniforms and shouting in Arabic, that was chased down by local guerrillas and forced to evacuate by helicopter.

The commandos were from the Sayeret Matkal, the Israeli news media reported, the country's most elite, legendary and secretive unit, one that carried out, among other operations, the famous Entebbe raid to free hostages held on an airliner.

Lt. Col. Emanuel Morano, who was apparently the leader of the force, put at about 100 men by the Israeli news media, was killed and another officer and a soldier were wounded.

In Israel, it was widely assumed that the mission was considered highly important and involved something more than interdicting an effort to resupply Hezbollah with standard weaponry. Many of the reports in the Israeli news media centered on speculation that the raid was intended to gather intelligence or evidence about advanced, Russian-made weaponry sold to Syria and being sent into Lebanon for Hezbollah.

In an analysis in the newspaper Yediot Aharonot, Alex Fishman wrote that Hezbollah had been using advanced Soviet-made antitank weapons. More than 10 days ago, he wrote, a legal opinion was written by lawyers reviewing the United Nations-backed cease-fire agreement "stipulating unequivocally" that attacks on Hezbollah weaponry would be classified as "an act of defense."

Whatever the purpose of the raid, most agreed it never would have been disclosed if the commandos had not run into serious difficulties.

"Nobody was supposed to hear about the secret operation two days ago deep inside Lebanon, one of the secret operations the public is not told about," the newspaper Maarivsaid. But, the paper added, "the mission got in trouble on the way."

The daily Haaretz quoted an unidentified military source as saying, "We were really lucky the operation did not end with 10 commandos killed."

Some commentators described the raid as another black mark for the Israeli military, already under severe criticism for its conduct of the Lebanon war.

Writing in Yediot Aharonot, Amir Rappaport said, "The operation was intended to be absolutely secret and the mere fact that it was revealed and even claimed casualties is proof of its failure.

"The skirmish between the commando troops and the Hezbollah fighters, which was not planned, also displays Israel to the world as though it violated the U.N. resolution. Absurdly enough, the mission that ran into trouble was also intended to allow Israel to provide proof later on that Syria, Hezbollah and Iran were not honoring the agreement."

European hesitation over committing troops to the peacekeeping force is to some extent rooted in bitter memories of the Continent's experiences in Bosnia, where foreign troops were not only unable to prevent large-scale ethnic killing but were themselves held hostage at times by the warring parties. Some of the peacekeepers' ineffectiveness was attributed to unclear rules of engagement and to conflicting chains of command between national defense ministries and the United Nations.

But some critics say the delay may indicate that military chiefs of staff are at odds with their diplomats who helped write the peacekeeping resolution and planning documents.

The United Nations has said it is looking for at least 3,500 troops to arrive by Sept. 2. So far France has promised 200 soldiers. Fifty military engineers landed in Lebanon this weekend and the rest are to arrive later this week. But France's initial contribution has fallen far short of the 2,500 to 4,000 soldiers that it had been expected to offer. France had also been expected to assume leadership of the entire international force, which was intended to number about 15,000 troops and would join 15,000 Lebanese Army troops in patrolling southern Lebanon.

Meeting in Cairo on Sunday, Arab foreign ministers expressed their "readiness" to contribute to the reconstruction of Lebanon.

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"The United Arab Emirates will rebuild the schools and hospitals in southern Lebanon and help remove landmines, Qatar will rebuild the town of Bint Jbail, and Kuwait will set aside $800 million," said Hesham Youssef, adviser to the secretary general of the Arab League. "This is in addition to the $500 million already promised by Saudi Arabia for reconstruction efforts."

Plans For Lebanon Force Faulted (WP)

By Doug Struck

The Washington Post, August 21, 2006

JERUSALEM, Aug. 20 -- Israel on Sunday objected to including countries that do not have diplomatic relations with the Jewish state in the nascent peacekeeping force for Lebanon, even as a U.N. envoy said the Lebanese army had fielded only 3,000 troops, about one-fifth of the force it plans to enforce the cease-fire in the south.

Prime Minister Ehud Olmert raised his opposition to the participation of such countries at a cabinet meeting, a government official confirmed. The list would include the Muslim countries of Indonesia, Malaysia and Bangladesh, which are among the few nations that have pledged troops to the international force that is supposed to work with the Lebanese army to enforce the truce put in place after the five-week war.

"Israel has raised our concerns about having participants in the force that we cannot talk to," a Foreign Ministry spokesman, Mark Regev, said Sunday evening. "The idea that you could have forces on our border from countries that we could not talk to, that we couldn't coordinate with, would cause problems."

In addition, Regev said, Malaysia recently hosted an Islamic conference that included calls for Israel to be "wiped off the map."

"We didn't hear any word on that from the hosts, Malaysia," he said. "How can they be a peacekeeper if they do not disavow those comments?"

Israeli officials acknowledged that the country does not have veto power over the composition of the force. But its objections will complicate the U.N. effort to gather 15,000 peacekeeping soldiers from other countries to work with an equivalent force from the Lebanese army to separate Hezbollah and Israeli combatants.

The forces are the central mechanism in the agreement that ended 33 days of fighting in which more than 1,000 civilians were killed. France, which vigorously advocated creation of the force, has offered fewer than 400 troops. Other countries, too, have been wary of pledging soldiers.

U.N. envoy Terje Roed-Larsen, speaking Sunday in Beirut before traveling to Israel, sought to put a positive light on the Lebanese army's move into southern Lebanon while waiting for international reinforcements. The Lebanese were taking control of southern Lebanon "in a forceful and massive way," he said. "Lebanon is now forcefully establishing its authority."

But Roed-Larsen said that only 3,000 Lebanese troops have been deployed in the south. About 2,000 Lebanese troops are now at the Syrian border, and another 1,000 are on the Mediterranean coast, he said. He warned that the cease-fire "can easily start sliding again and lead us quickly into the abyss of violence and bloodshed."

Israel continued overflights of Lebanon on Sunday, despite Lebanese protests. Israel also has not yet fully withdrawn its forces from southern Lebanon or lifted its sea blockade.

Israel insisted Sunday that it has the right to attack Hezbollah forces, as it did in a raid Saturday morning, to prevent the militia from rearming in violation of the cease-fire. Lebanese officials condemned the raid and U.N. Secretary General Kofi Annan said it "endangers the fragile calm" in the region.

"The Lebanese are yet to carry out the resolution and are saying that Hezbollah will not be disarmed and that it can hide its weapons," the Israeli housing and construction minister, Meir Sheetrit, said after the cabinet meeting in Jerusalem. "What are we supposed to do? Sit idly and wait for Hezbollah to rearm?"

More than 100 Israeli commandos landed by helicopter in the Bekaa Valley early Saturday, wearing Lebanese army uniforms. Hezbollah discovered the group in a field, and a firefight broke out. One Israeli officer was killed and another was seriously wounded.

Israeli defense officials said the raid was an effort to intercept shipments to Hezbollah from Syria. Some Lebanese have said the commandos may have been sent to try to abduct a Hezbollah official.

Lebanese Defense Minister Elias Murr warned Sunday that no group should give Israel a pretext to strike again. He said that any faction, including Hezbollah and Palestinian groups, "would be considered collaborating with Israel" if it fired rockets into Israel, prompting another strike.

Murr insisted that Hezbollah was committed to the cease-fire that ended the fighting in southern Lebanon, despite the Israeli raid. There was no public statement from Hezbollah.

Meanwhile, Lebanese Prime Minister Fouad Siniora, inspecting the war damage in Beirut's southern suburbs, called the devastation "a crime against humanity committed by Israel."

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Israel Puts Conditions On Peacekeepers (AP-Y)

By Josef Federman, Associated Press Writer

AP, August 21, 2006

Prime Minister Ehud Olmert said Sunday that countries that don't have diplomatic relations with the Jewish state should not participate in the international peacekeeping force that will police a truce along the Lebanese border, his office said.

The decision complicated efforts by the United Nations to form a 15,000-strong peacekeeping force, which along with an equally large Lebanese army contingent will help enforce the truce that ended 34 days of fighting between Israel and the Lebanese guerrilla group Hezbollah.

The announcement, which came shortly before the arrival of U.N. envoy Terje Roed-Larsen in Israel, was made during the weekly meeting of Olmert's Cabinet, his office said.

"The prime minister said that countries without diplomatic relations with Israel should not comprise the international force," said David Baker, an official in Olmert's office said.

During a phone conversation with Italian Prime Minister Romano Prodi, Olmert suggested that Italy lead the international force, according to Olmert's office as Rome signaled its willingness to do so.

Prodi said that Italy intends to send a "significant" force and that he would take up the matter with his parliament as soon as possible, the statement said.

The U.N. cease-fire resolution does not explicitly give Israel authority to block countries from joining the peacekeeping mission, but it does say the force should "coordinate its activities ... with the government of Lebanon and government of Israel."

"Israel believes that it's best that we have the ability to be able to communicate with the international forces," said Foreign Ministry spokesman Mark Regev. "As a practical matter, we would have a problem if the international forces don't have the ability to talk to us."

He said the composition of the force should be coordinated between Israel and Lebanon, just as the cease-fire resolution was.

Regev also urged the wider international community to follow through on its commitment to provide troops, saying the cease-fire could be in danger if the peacekeepers don't quickly deploy.

Indonesia, Malaysia and Bangladesh — Muslim countries that do not have diplomatic ties with Israel — are among the only countries to have offered front-line troops for the expanded force.

Europe, which had been expected to lead the force, has been slow to make any firm troop commitments. U.N. officials have called on the Europeans to offer more troops to balance pledges from Muslim countries.

Italy would be willing to lead the military peace mission in Lebanon should the United Nations ask it to, Piero Fassino, who leads the largest party in Prodi's center-left coalition, said in an interview published Sunday.

"In case U.N. headquarters put forward the request to our country to lead the mission, our country will not refuse, even though it is not seeking it," Fassino was quoted as telling Rome daily Il Messaggero.

Italian Foreign Minister Massimo D'Alema also spoke by phone on Sunday with U.S. Secretary of State Condoleezza Rice, who "expressed the strong appreciation and full backing of Washington for the action that Italy is carrying out aimed at implementing the resolution," the foreign ministry said in a statement.

Rice also encouraged Italy to seek a "strong role" in the peace force, the ministry said.

The U.N. wants 3,500 troops on the ground by Aug. 28.

France, which commands an existing, 2,000-strong force in Lebanon known as UNIFIL, had been expected to make a significant new contribution that would form the backbone of the expanded force. But French President Jacques Chirac disappointed the United Nations by announcing Thursday that France would add just 200 combat engineers to its current 200-member contingent in Lebanon.

Olmert Calls On Italy To Lead Lebanon Force (FT)

By Harvey Morris And Neil MacDonald

Financial Times, August 21, 2006

Israel on Sunday night called on Italy to lead an international force in south Lebanon and to send troops to oversee border crossings from Syria through which it alleges Hizbollah is continuing to receive arms supplies.

Ehud Olmert, in a telephone call to Romano Prodi, his Italian counterpart, said the dispatch of Italian troops was crucial to implementing UN Security Council resolution 1701, according to Mr Olmert's office.

The Israeli statement came after Israel defended a commando raid deep inside Lebanon on Friday night, which it said was to disrupt weapons shipments reaching Hizbollah from Syria and Iran.

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It also followed criticism by Israeli ministers that sponsors of the UN resolution, including France, had not so far fulfilled promises to provide adequate forces to implement its terms.

"The prime minister said that it was important that the force arrive as soon as possible, and that it was important that Italy lead the international force, as well as send troops to oversee the border crossings between Syria and Lebanon," Mr Olmert's office said.

Mr Prodi has said Italy intends to send a "significant" military force – some senior politicians involved with defence have the put the figure as high as 3,000 – and that he would raise the matter in the Italian parliament as soon as possible.

Meanwhile Israel warned of possible further commando raids into Lebanon to prevent weapons reaching Hizbollah from Syria and Iran.

Lebanese government officials said they would strive to preserve the fragile truce in spite of the Israeli assault. The raid, in the Bekaa area of north-eastern Lebanon, left one Israeli officer dead and two commandos wounded. The attackers are reported to have killed three Hizbollah fighters.

The fighting underlined the fragility of the ceasefire at a time when the Israeli authorities are engaged in a postmortem on the war that Dan Halutz, chief of staff, acknowledged yesterday had failed to deliver a knockout blow against Hizbollah.

The Israeli defence ministry has appointed a former chief of staff to conduct an inquiry into the readiness of the armed forces to fight in Lebanon, while Ehud Olmert, prime minister, said he would ask the cabinet to approve a state commission to investigate the conduct of the war.

Fouad Siniora, Lebanese prime minister, said Israeli forces had committed "crimes against humanity" during the 34-day war. Air raids on Shia civilian neighbourhoods were a "criminal act that shows Israel's hatred", he said while touring Beirut's heavily damaged southern suburbs yesterday with Nabih Berri, a Shia party leader who backs Hizbollah.

Following the Israeli raid, Eli Yishai, Israel's trade minister, accused the Lebanese government of failing to halt arms shipments.

"We must give him [Mr Siniora] an ultimatum to stop the arms smuggling from Iran through Syria to Hizbollah, or his infrastructure will be damaged."

Elias Murr, Lebanese defence minister, rejected Israeli claims about intercepting arms shipments to Hizbollah from Syria, but warned that any retaliatory attacks against Israel would be treated as "treason" against the Lebanese state.

Reports that the commandos wore Lebanese army uniforms, possibly in violation of the Geneva Convention, could add "another dimension" to the raid, said Mohamed Shatah, an adviser to Mr Siniora.

The Israeli military said the goals of Friday night's raid were achieved in full. Israel rejected the view of Kofi Annan, UN secretary-general, that the action was a violation of the ceasefire.

Israeli newspapers said one aim of the operation was to collect intelligence on supplies of new weapons. Some commentators suggested the Israeli authorities were seeking further evidence to present to Russia that Syria was diverting Russian-supplied weapons to Hizbollah.

Separately, Arab foreign ministers met at the seat of the Arab League in Cairo yesterday with promises of reconstruction help for Lebanon. However, Syria's minister was absent.

The Casualties Of War (USNEWS)

By Larry Derfner

U.S. News and World Report, September 4, 2006

JERUSALEM-The bumper stickers read: "We will win." This was Prime Minister Ehud Olmert's closing exhortation in his would-be Churchillian speech at the start of the Lebanon war. But as the furious, 34-day "Operation Change of Direction" came to an abrupt halt under a United Nations cease-fire, those blue-and-white stickers all but disappeared.

While Israel had given much better than it had gotten in southern Lebanon, the grim conclusion here was that the superpower of the Middle East had been stymied by a few thousand well-armed, well-trained guerrillas of Hezbollah. Suddenly, Israelis' confidence, which shot up after the successful withdrawal from Gaza a year ago and stayed up even through former Prime Minister Ariel Sharon's incapacitation, was gone. Suddenly, it was overtaken by recriminations over the handling of the war and anxiety over the country's future in this unfriendly, volatile region.

The new, postwar slogans, not yet on bumper stickers but already on the headlines of editorials, are "Olmert must go," and Defense Minister Amir "Peretz must go," and Israel Defense Forces commander Dan "Halutz must go." What was seen here as nothing less than a "war of survival" has come to a deeply disillusioning end for Israel, so much so that the political and military leadership has lost the public's faith. One respected poll found Israelis disapproving of Olmert's war leadership by a 2-to-1 margin; just a week earlier, he'd won a 3-to-1 endorsement.

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The government seems in no immediate danger of falling, but that could change rapidly, especially if the rising call for a blue-ribbon inquiry of the war proves irresistible. But Olmert's political survival is already threatened by an investigation into his alleged financial windfall from the sale of his family's Jerusalem apartment. If he comes out of that looking bad, he could have a hard time staying in office. Halutz, meanwhile, is fighting to hold on to his job following the discovery that he sold off a $28,000 stock portfolio a few hours after Hezbollah killed and kidnapped Israeli soldiers, which set the war in motion.

Harsh reality. It is difficult to imagine that there would have been such a domestic outcry over Olmert's and Halutz's financial dealings if the war had ended well. Instead, after starting with great patriotic conviction, it slammed into the harsh reality of Lebanon. Israeli leaders vowed at the outset to rid Israel of the threat of Hezbollah's guerrilla army, then gave glowing updates of the campaign's progress, but after a couple of weeks, it dawned on Israelis that Hezbollah wasn't going away. The terrorists fired as many as 250 rockets a day at northern Israel, killing 39 people, injuring some 5,000, and forcing the region's 1 million-plus residents to either flee south or hide in bomb shelters for the duration. The Army and Air Force found that Hezbollah had too many rockets, fortified bunkers, land mines, and antitank missiles to take out quickly.

Worse, reserve soldiers returning home are telling shocking tales of Army disorganization and confusion that encumbered them at the front. "We weren't even given equipment to adjust the sights on all of our weapons, which is the most basic thing you need to be ready for battle," said "Moshe," 34, a reserve sniper with a paratroopers unit. Because Hezbollah's antitank missiles proved so lethally destructive, the Army was reluctant to send out supply vehicles to the troops, so Moshe and his comrades were reduced to stealing food and water from the houses of the abandoned village where they made camp. "We got conflicting orders from day to day," he recalled. "It was a mess from top to bottom."

Grumbling In The Ranks (USNEWS)

By Orly Halpern

U.S. News and World Report, September 4, 2006

HAIFA, ISRAEL-Sgt. Josh Brannon didn't mind the 70-plus pounds of equipment he lugged across the rough terrain of south Lebanon even as his Israeli reconnaissance unit came under fire from Hezbollah. Nor was the tall, 27-year-old former athlete troubled when he ran out of water during the mission. And he could deal with sleeping only an hour a day while taking cover on the bathroom floor of a Lebanese home.

What makes Brannon and many other Israeli soldiers angry is a sense that the war ended prematurely."We were disappointed with the end result," says Brannon, his voice heavy with exhaustion two days after crossing back into Israel. "The war was suddenly over, but the two soldiers were still captured, and Hezbollah was still armed."

After the cease-fire took effect, his company commander held a meeting to discuss the problems the soldiers faced so they could be better prepared for the next round-if need be. "It turned into a shouting match," says Brannon, a California native who volunteered for the Israeli Army 2 1/2 years ago. There was a long list of complaints. The soldiers, reservists between the ages of 23 and 40, arrived highly motivated for what they regarded as an existential war, only to find the Army didn't supply them with basic equipment. "I was going to take my own backpack in," says Brannon. Private donors provided equipment, including scopes for guns.

Tough enemy. The enemy was another surprise. Hezbollah fighters were well trained, well equipped, and well motivated. "This was not like the [Palestinian] territories, where you drive into Nablus in 30 minutes, surround a house, take a wanted guy, and drive back," he says. Hezbollah fighters attacked with antitank missiles. They hit soldiers during rescue operations. They used guerrilla warfare tactics, which, in the six years since Israel's withdrawal from Lebanon, Israeli soldiers had either forgotten or not learned.

Israeli security experts point to shortcomings in Israeli leadership and military intelligence. "The leadership reacted from the gut-it went into the war without thinking," says Eitan Barak, a military affairs expert at the Hebrew University of Jerusalem. Another factor, he says, was Israeli arrogance regarding air power. "Israelis thought: 'I destroyed the whole Syrian air force without losing a single plane, I fly freely over Lebanon, I flew over [Syrian President Bashar] Assad's palace, and no one does anything.'"

Brannon, who was hospitalized for severe dehydration and exhaustion, is bitter. "After five days in the bush and constantly thinking about my family, there are times when a cease-fire sounds good," he says. "But if we would have known the conditions of the cease-fire-then we would have preferred to stay in the bush."

Strife Amid The Ruins (USNEWS)

By Mitchell Prothero

U.S. News and World Report, September 4, 2006

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BEIRUT-They waited a few hours to see if the cease-fire would hold. When it did, thousands of refugees from the fighting in south Lebanon came pouring down the bombed-out coastal highway looking for their homes. Many found rubble instead. Thirty-four days of airstrikes, artillery barrages, and brutal house-to-house fighting between Hezbollah and the Israeli military left much of the south in ruins. In rural farming villages, livestock lay dead and rotting in streets cratered by precision-guided bombs. Many homes and shops are now mounds of broken concrete and twisted rebar.

The residents of south Lebanon-mostly poor Shiite Muslims-defied the Israeli military's orders not to drive south of the strategic Litani River to return to their homes. They arrived to greetings from polite young men with hand-held radios, neatly trimmed beards, and clipboards inquiring about what they needed to survive during the rebuilding. Hezbollah's fighters relaxed only a few minutes to congratulate each other on what they call "the Divine Victory" and to use cellphones to check on family and comrades before completely switching gears to run a massive humanitarian operation designed to assist their constituency and head off the inevitable complaints that they had brought this destruction down upon their own people.

Less than 12 hours after the cease-fire silenced the guns, Hezbollah leader Hassan Nasrallah took to the airwaves both as the most successful Arab military hero of the modern era and as an old-style political ward boss bearing pork-barrel projects. He promised to pay the rent of all the displaced and offered to rebuild and furnish any destroyed homes-and, by the next day, he had deployed more than 1,000 civil engineers and experts around the country to start cataloging the damage.

Hezbollah has long provided social services, including operating schools and hospitals, for Lebanon's poor Shiites. The reconstruction effort had been planned from the onset of fighting, says one Hezbollah official working in Beirut. Unwilling to speak for attribution, he was coordinating the massive effort to care for the hundreds of thousands of internally displaced persons in Beirut alone and preparing for the aftermath even before the cease-fire took hold. "Many of these people are mad they lost their homes," he acknowledges. "We have been told by the highest authorities in the organization: 'People are going to be mad at us; do whatever it takes to help them.'" So we take their abuse and complaints and do whatever we can to assist them."

"Celebration." These concerns were justified. Hezbollah might be the most popular movement among Lebanon's Shiite Muslim community, but people also know that it was Nasrallah's "Party of God" that started the war by crossing the border into Israel, kidnapping two Israeli soldiers and killing three others. For every Hezbollah commander like Hussein Rumati-who claimed, "It is a celebration; even with the destruction of all of the villages in the south, it was worth it"-there is someone returning to a destroyed home or business.

"Damn Hezbollah, damn Nasrallah," yelled one older Shiite woman in a head scarf as she surveyed the destruction of her family's grocery store in Saddiqine, just 3 miles from the Israeli border. Her neighbors and family quickly quieted her by pointing out the presence of a western journalist, but none disagreed. In the tiny hamlet, a few hundred yards from the remains of her store, Hezbollah volunteers were operating heavy machinery to locate bodies trapped under a collapsed house. A Hezbollah escort barred a journalist from conducting interviews in English, apparently concerned people might express criticism of Hezbollah if he couldn't understand the conversation.

Reconstruction Wars (TIME)

By Andrew Lee Butters

Time, August 21, 2006

It's either hearteningÂ or slightly worrisome -- or both -- that the most dramatic thing the Lebanese Army did last week was cross a bridge. The Qasmiya Bridge lies 30 miles south of Beirut, at the main crossing point over the Litani River on the coastal road from Sidon. The bridge was destroyed by an Israeli air strike on July 12, the first day of the war in Lebanon. Working furiously for 48 hours, army engineers finished rebuilding the bridge just a few hours before the first tractor trailer carrying armored vehicles rumbled over. The bridge bowed but held, and Lebanon's army soon took symbolic possession of territory it hasn't controlled since the 1960s.

After a month on the sidelines of the war between Israel and Hizballah, the Lebanese Army--like the government itself--is in a race to restore its authority over a ravaged country. The U.S. wants the army, rather than the U.N. troops following behind it, to take the lead in disarming Hizballah and pushing the group's fighters away from the border with Israel. But that may never happen. To a TIME correspondent following the 11th Brigade as it moved up into the hardscrabble hills above Tyre, it was clear that the army's job will be largely symbolic and humanitarian. With cold war--era equipment--tin-pot helmets and clunky M-16 rifles that looked as if they had served in Vietnam--the units aren't a match for either Israel or Hizballah. Locals who gathered along the road to welcome the army as it passed agreed. "It's great that the army is here," says Hassan Hashim, owner of the Sunset, a bombed-out restaurant in Tibnine, where the 11th Brigade set up headquarters. "But the only ones who can stop the Jews are Hizballah."

Right now, though, most Lebanese have more pressing concerns. The army's journey south revealed a landscape of ruin. The tobacco-farm country around Tibnine, a hill town about 10 miles from the Israeli border, is like a slide show of destruction--

scorched earth, leveled homes, torched gas stations--shot in a gray scale of cement dust and summer haze. While refugees have flooded back into other areas of Lebanon, only the brave or desperate have returned to these parts, which are still strewed with unexploded bombs, many of them from antipersonnel cluster munitions. "There are thousands of these out there," says a Lebanese military intelligence officer in Tibnine as he holds up a defused cluster bomb. "If you go out to pick tobacco right now, you've got a good chance of dying."

Having claimed victory in the war with Israel, Hizballah is already mobilizing to win the peace. Almost as soon as the cease-fire went into effect last Monday, Hizballah leader Sheik Hassan Nasrallah went on television to promise that the Party of God would give $10,000 to all those whose homes were damaged or destroyed and that Hizballah would rebuild or repair the homes itself. And Nasrallah's aides have dispatched a corps of engineers to survey war-torn areas. Its members show up wearing Hizballah yellow vests and matching baseball caps that say JIHAD OF CONSTRUCTION.

The rebuilding effort is shaping up as a proxy battle for influence in the Middle East. Oil-rich Sunni Arabs who are worried about the rise of Hizballah and other militant Shi'ite groups in Iran and Iraq don't want to lose Lebanon. (Many of them have summer homes here.) The Saudis have already provided $1 billion in emergency funds to Lebanon's central banks and an additional $500 million in reconstruction aid to the Lebanese government. The rebuilding frenzy could provide an opportunity for the U.S. to improve its tarnished reputation with the Lebanese people. So far, the U.S. has pledged $50 million in humanitarian assistance, but few expect American efforts to have much impact. "This is going to be a very politicized reconstruction," says an officer from a U.S.-based aid group. To deliver aid effectively, "we have to work through existing institutions, but in the parts of Lebanon that need the most help, Hizballah is the only institution."

Washington isn't alone in being wary of getting too involved. Although many countries are willing to throw money at Lebanon's problems, few seem inclined to make more serious commitments. The news that France--Lebanon's closest ally in the West--would increase its force by just 200 soldiers to help the Lebanese Army take control of the south provoked dismay in Beirut. "We thought they were going to send thousands," says a Lebanese military expert. "This means they don't think it's safe." With Israeli commandos raiding a Hizballah stronghold in the Bekaa Valley on Saturday and Israeli drones still flying over Beirut and Hizballah ready to reload, it's hard to disagree.

Analysis: Lebanon's Fragile Unity Cracks (AP)

By Sam F. Ghattas, Associated Press Writer

AP, August 21, 2006

Lebanon had not even finished burying the dead from 34 days of war when the country's deep sectarian and political divisions split open again. That has shattered the semblance of unity that held, just barely, through the Israeli attacks against Hezbollah.

In particular, differences over the militant Shiite group — stilled while the war raged — are re-emerging. Critics of the guerrillas and their leader, Sheik Hassan Nasrallah, have begun to speak out, with some Sunnis, Christians and Druse clearly feeling Hezbollah dragged them into a fight they did not want.

So far, it's all rhetoric and factional leaders have been careful not to actively inflame tensions, stressing instead the need to rally behind the government even as they criticize each other.

Yet tensions are rising in a country where most damage was done in Shiite Muslim areas while Christian and Sunni areas remained largely unscathed.

Senior politicians have sought to smooth feelings. Prime Minister Fuad Saniora, a pro-Western Sunni Muslim and Parliament Speaker Nabih Berri, a Shiite and close ally of Hezbollah, toured the devastation of south Beirut together Sunday and pledged unity.

But the newspaper As-Safir, which has an Arab nationalist agenda, warned that Lebanese divisions could cause an explosion. "The country seems on the edge of a political volcano," it said on the front page.

Tension has most noticeably filtered into the reconstruction effort, with complaints from Shiites that the government was slow in acting. By contrast, Hezbollah was swift and bold in its show of aid.

Druse leader Walid Jumblatt, a key figure in the anti-Syrian parliamentary majority and a critic of the pro-Iranian and pro-Syrian Hezbollah, has been among the outspoken.

"Is this (Hezbollah) resistance Lebanese or is it a tool of the Syrian-Iranian axis on Lebanese territory?" he asked Thursday.

"We have the right — and it is not treason to say it — that we are Lebanese who look forward to a secure future without war of others on our land," Jumblatt added.

Hezbollah's support among the Shiite community — believed to be Lebanon's largest sect — remains strong, buttressed by the guerrillas' efficient drive to rebuild and help those who lost their homes by handing out cash.

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Hezbollah's image as defender of the country also remains untarnished, even boosted, despite Israel's destruction of many Shiite villages.

Yet the group has not taken the new criticism lightly. Al-Manar TV, the mouthpiece of the guerrilla group throughout the war, broadcast an unprecedented attack on opponents, accusing them of "backstabbing."

"Why is this turning against the victory and completing the aggression? Is it because Hezbollah, the resistance and Lebanon has emerged victorious?" said the TV's commentary.

The anti-Syrian majority in parliament has been demanding that Hezbollah give up its weapons, but Nasrallah has said that is out of line and out of touch.

With Hezbollah still burying its dead, Nasrallah said any talk of disarmament was insensitive and "immoral." Speaking hours after the cease-fire took effect Aug. 14, he took aim at those calling for Hezbollah to give up its arms: "I advise them not to resort to provocations, threats and pressure through humanitarian or security considerations."

The issue of Hezbollah's weapons is so sensitive there have even been warnings that any attempt to disarm the group by force could lead to a civil war.

Still, there are those in the other communities of this country of 4 million people who say enough is enough.

Bridges in the Christian heartland have been destroyed in what many saw as an attempt to push the Christians to rise up against Hezbollah. That prompted some Christian leaders to call for calm and not to lose focus.

Sunni areas of Akkar lost many bridges, electricity cuts were widespread, fuel shortages and the air and sea blockade have touched all.

Hezbollah's opponents widely blame the guerrilla group for dragging Lebanon into a ruinous war with its July 12 capture of two Israeli soldiers in a cross-border raid. They accuse the group of having a regional agenda serving its backers, Iran and Syria.

While Jumblatt was the most outspoken, others also hit out at Hezbollah.

Saad Hariri, the U.S.-backed Sunni leader of the parliamentary majority, was careful not to directly criticize Hezbollah to avoid inflaming sectarian tensions. But he has focused on the theme that all Lebanese should rally around the government and the army — an implicit call on Hezbollah's military wing to fold.

Samir Geagea, a Christian politician who opposes Hezbollah, said Nasrallah should consider the opinion of other Lebanese "who did not approve what happened."

"It is wrong to think that others do not exist. ... There are popular roots other than theirs (Hezbollah's), deeper roots under a completely different view and did not want what happened," he said in a lengthy TV interview.

Geagea also said Hezbollah's strategy of trying to deter Israel with its rocket arsenal proved futile.

Israel's retaliation has affected "not only the resistance but the entire nation," said Geagea, a member of the anti-Syrian political coalition.

He said that by keeping its arms, Hezbollah "drags Syrian and Iranian intervention into the internal affairs" of Lebanon. The army, he added, should be "the only one responsible for defending Lebanon and taking military action."

Many in the pro-Hezbollah, pro-Syria camp fear that what Israel and the United States could not achieve in fighting may come about in Lebanese politics.

"Mercy for this nation," appealed former Prime Minister Omar Karami, a Sunni, criticizing the disarmament calls as untimely and wrong.

Sam F. Ghattas, based in Beirut, has reported on Lebanese and Arab affairs for two decades.

Mission Unaccomplished (WSJ)

The Wall Street Journal, August 21, 2006

Most U.N. resolutions don't have the shelf-life of a gallon of milk, which isn't always a bad thing. But in the case of Resolution 1701 -- the cease-fire agreement for Lebanon and Israel adopted unanimously this month by the Security Council -- things seem to be going sour even faster than that. And that is cause for serious unease.

On Thursday, Jacques Chirac confirmed a Le Monde report that his government was prepared to offer only some 200 combat engineers (in addition to the 200 French troops already in Lebanon) to what is supposed to be the resolution's centerpiece: A 15,000-man U.N. force that will help the Lebanese army patrol their southern border and ensure that Hezbollah will no longer use the area as a staging ground for future attacks against Israel.

Given that the French contingent was supposed to be at the vanguard of this enhanced force, it's unclear whether other nations will be willing to chip in with troops of their own. All of this after the French used the promise of a robust, French-led international force to get the U.S. and Israel to agree to a cease-fire and withdrawal. Even less reassuring is the insistence by French Defense Minister Michele Alliot-Marie that her troops will remain in the lead only until February, after which, apparently, it's salaam and adieu.

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Then there is the delicate matter of disarming Hezbollah. Although the terrorist militia is so far abiding by the cease-fire, its leader Hassan Nasrallah made a televised statement last week insisting it was the "wrong time" to discuss disarmament. "Who will defend Lebanon in case of a new Israeli offensive?" he asks.

The answer, presumably, is the Lebanese Army. By the terms of the 1989 Taif Accord that ended Lebanon's civil war, all domestic Lebanese militias should have long since disarmed or been folded into the regular army. U.N. Security Council Resolution 1559 of 2004 makes the same demand, as does 1701.

But the U.N. resolutions are dismayingly vague about just who, other than Hezbollah itself, is supposed to do the disarming. "I don't think there is an expectation that this [U.N.] force is going to physically disarm Hezbollah," Secretary of State Condoleezza Rice told USA Today last week. "You have to have a plan, first of all, for the disarmament of a militia, and then the hope is that some people lay down their arms voluntarily."

That's some "hope" on Secretary Rice's part. Emile Lahoud, the pro-Syrian Lebanese President who is nominally commander-in-chief of the army, has described the notion of disarming Hezbollah as "disgraceful": "How can they ask us to disarm while the blood of the martyrs is still warm?" Lebanese Prime Minister Fuad Siniora has been less explicit but little better. The Israeli newspaper Haaretz reports that he has entered into negotiations with Mr. Nasrallah to arrange a modus vivendi between Lebanese troops and Hezbollah fighters still operating in the south of Lebanon.

Resolution 1701 also calls for an arms embargo on Hezbollah, although it specifies no penalties for those who break it. Anyone who has visited the remote, unguarded and unmarked hinterland between Syria and Lebanon must know that such an embargo will be very hard to enforce.

All of this explains Israel's increasing frustration with the cease-fire. Prime Minister Ehud Olmert bought into the agreement based on what now appear to have been insincere pledges that European troops would dominate the U.N. force. Meanwhile, U.N. Secretary General Kofi Annan is displaying his trademark even-handedness by denouncing Israel for trying to enforce the arms embargo while staying silent on the failure of everyone else to enforce it.

Israel can and will defend itself. The person who should really be furious here is Secretary of State Rice. She midwifed this cease-fire in the name of Lebanese democracy and as a way to use diplomacy, and the U.N., to tame Hezbollah and frustrate its patrons. She also believed French promises, so it'd be good to know if she now feels she was lied to. If this U.N. exercise turns out to be as feckless as it increasingly appears, U.S. credibility will also be a loser.

Waiting For Jacques (NYT)

The New York Times, August 21, 2006

It would be tempting to laugh about France's paltry commitment of 200 additional peacekeepers for Lebanon, if it weren't so dangerous. After insisting for years that they be treated like a superpower, the French are behaving as if they have no responsibility for helping dig out of the Lebanon mess.

When the Security Council agreed earlier this month on a cease-fire resolution, scripted by the French and the Americans, it was with the clear understanding that Paris would head the 15,000-member international force and contribute a large number of troops. Now President Jacques Chirac's generals have cold feet. Such a condition is highly contagious. And there are serious concerns about whether the United Nations can field enough well-trained troops without the French to ensure that Israeli troops withdraw completely and Hezbollah's attacks on Israel do not start again.

At least part of the explanation for Paris's bait and switch is that Mr. Chirac is a politically unpopular lame duck, unable to keep his generals in line. But the French military command has also raised some legitimate concerns about the peacekeeping force's lack of a clear mission. Most notably the resolution (might we note again that the French helped write it?) sidesteps the question of who, if anyone, will disarm Hezbollah.

The French say they are waiting for the Lebanese government, which is even more frightened of Hezbollah, to cut a deal to get the militia to give up its arms or withdraw from southern Lebanon. If so, they will be waiting safely at home for a long time, while the war could start again at any moment.

The unfortunate reality is that the best that may be hoped for in Lebanon is an eventual political marginalization for Hezbollah. For even that to happen, a well-armed peacekeeping force needs to deploy quickly. At a minimum the troops could block Hezbollah's supply lines from Syria. They could also send an important psychological message to the Lebanese people that if they are looking for a new sheriff, Hezbollah is not the only candidate in town.

The United States, which is badly overstretched in Iraq, has made clear it will not send its own troops. And Americans are so unpopular in the region that that is probably a sound decision. President Bush, however, needs to get on the phone with his on-again friend Mr. Chirac and make clear the cost for both Lebanon and France, if France shirks its responsibility. And Mr. Bush needs to be canvassing other leaders, promising that the United States will be very grateful for any help at all. The United States

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also needs to take front-line responsibility for rebuilding southern Lebanon. Hezbollah draws at least as much influence from its social services programs as it does from its guns.

The French generals are right to be nervous. This is a very dangerous mission. And there are no guarantees that it will succeed, even with a full complement of peacekeepers, massive deliveries of foreign aid and the sustained attention of the international community. But without such an effort it will certainly fail. A second-tier power can sidestep difficult choices. The superpowers cannot.

A Week After Cease-fire, Where Are The Peacekeepers? (USAT)

USA Today, August 21, 2006

To the relief of civilians in southern Lebanon and northern Israel, the U.N.-brokered cease-fire that took effect last Monday has succeeded in bringing a week of relative peace to the war-torn region.

But with every passing day, the United Nations resolution's more ambitious goals — put a robust peacekeeping force in southern Lebanon, disarm Hezbollah militants, and stop Iran and Syria from rearming them — seem more like a fantasy.

Most of the ingredients that led to the war between Israel and Hezbollah remain, like dry tinder. The truce "can easily start sliding again and lead us quickly into the abyss of violence and bloodshed," senior U.N. envoy Terje Roed-Larsen warned Sunday.

The most glaring problem is that the 30,000-man peacekeeping force, designed to separate the Israelis from Hezbollah and prevent resumption of rocket fire from Lebanon into Israel, has been slow to arrive.

The Lebanese army moved about 3,000 troops into southern Lebanon — 12,000 short of its commitment. As for the remaining 15,000 troops, other nations are waiting on France, which had signaled it would take the lead. But the French, who showed great zeal in drafting the U.N. resolution, have committed just 200 new soldiers, protesting that the rules of engagement are unclear.

U.N. officials are working on those rules with maddening languor. When they are done, countries will think about sending troops. A process that France's U.N. ambassador said would be "swift" is turning out to be anything but.

Then there's the question of what the peacekeepers will do, if they ever get there. It has become clear in the past week what they won't do: disarm Hezbollah.

The Lebanese army, which had years to disarm the militants and assert its own authority throughout the nation, never did. Lebanese officials have signaled they will not try to do so now. Hezbollah has warned that it won't disarm or even talk about disarming. What about the yet-to-materialize U.N. force? Secretary of State Condoleezza Rice told USA TODAY last week that that's not its job, either. "The hope is that some people lay down their arms voluntarily," she said.

That's wishful thinking, as is Rice's objective of leaving the situation better than it was before the month-long conflict. While the United States, Europeans and moderate Arab states dither, Hezbollah and its sponsor, Iran, have adroitly strengthened their position by distributing money to pay rent and buy furniture for Lebanese civilians who lost their homes.

The best hope now is to shut down the flow of weapons to Hezbollah, which can otherwise use the cease-fire period to rebuild its stock of rockets and missiles. With its weekend raid in Lebanon's eastern Bekaa Valley, Israel served notice that it is prepared to do that itself if the U.N. won't.

Absent U.N. enforcement, the only other option is to persuade Syria, which serves as a conduit for arms coming from Iran into Lebanon, to shut down the supply lines. But that prospect, too, is remote. The Bush administration has threatened Syria but avoided talks, and the U.N. is investigating Syrian involvement in the assassination of key Lebanese political figures.

Nevertheless, a more substantive initiative is needed. Unless the United States, France and the other signatories to Security Council Resolution 1701 act with greater speed and seriousness, it will quickly join the list of U.N. resolutions that failed to make a difference in the Middle East.

U.N. Calls For Adherence To Truce (LAT)

By Bruce Wallace

The Los Angeles Times, August 21, 2006

BEIRUT — A visiting United Nations envoy warned Sunday that breaches of the cease-fire between Israel and Hezbollah could hamper attempts to build a 15,000-member international peacekeeping force for southern Lebanon by alarming governments already reluctant to commit troops.

"What we have to do now is for all parties concerned to show utmost restraint to produce a situation that is so stable that troop contributors will come forward to hopefully reach the goal of 15,000" peacekeepers, envoy Terje Roed-Larsen said at a news conference.

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His comments came a day after U.N. Secretary-General Kofi Annan called Saturday's Israeli commando raid in Lebanon a violation of the Security Council resolution that last week ended 34 days of fighting.

Israel continued to defend the raid, which resulted in a clash with Hezbollah fighters that killed an Israeli officer. It said the attack was aimed at intercepting weapons flowing to Hezbollah from Syria.

"The U.N. resolution includes very clear instructions against the transfer of weapons to Hezbollah from Syria and Iran," said Israeli Cabinet minister Isaac Herzog. "This embargo needs to be implemented. As long as it isn't implemented, we have the right to verify that weapons don't go through."

Israel said its special operations would continue, citing what it contends is the slow pace of the Lebanese army's deployment into southern Lebanon and the sluggish response of the international community to the Security Council's request for peacekeepers.

In Washington, Sen. John McCain (R-Ariz.) defended the Israeli raid.

"If we, in the United States, had someone on our northern border who was being resupplied, who had just attacked us, I think the American people would expect us to take preventive action," McCain, a senior member of the Armed Services Committee, said on NBC's "Meet the Press."

International troop commitments remain far below the U.N.'s 15,000 target, with Western governments pledging only a trickle so far.

Many governments say they are waiting for the U.N. to decide on the rules of engagement so they can assess the risk to their soldiers, noting that combatants in Lebanon had a long history of targeting foreign troops.

But Israel threw up a potential obstacle for the United Nations.

Prime Minister Ehud Olmert's "security Cabinet" indicated it would not accept peacekeeping troops from countries that did not have diplomatic ties with Israel.

That would preclude soldiers from Indonesia, Bangladesh and Malaysia, whose governments have been the only ones to offer significant numbers of front-line soldiers for the mission.

Olmert's office issued a statement Sunday urging Italy to assume responsibility for leading the international peacekeepers and for monitoring the Lebanese-Syrian border.

The Security Council resolution makes no mention of any government holding veto power over the force's composition.

"It is not up to Israel to decide on the countries which will make up a force that will be stationed in Lebanon," said a Lebanese official, who requested anonymity because his government had not officially commented on the matter.

Roed-Larsen commended the Lebanese army, which has started to deploy 15,000 soldiers to southern Lebanon to try to establish the government's authority.

Despite Israeli criticism, the Lebanese government said the operation was proceeding as well as could be expected.

"We are not concerned at all about the pace of our deployment," said Mohammed Chatah, an advisor to Lebanese Prime Minister Fouad Siniora. "We are concerned that the Israeli withdrawal calendar is slow."

U.N. Envoy Warns Of Mideast Slide Into 'abyss' (USAT)

USA Today, August 21, 2006

BEIRUT — A top U.N. envoy praised the deployment of the Lebanese army on the country's border with Israel but warned Sunday that the week-old truce between Israel and Hezbollah could collapse into an "abyss of violence and bloodshed" if the cease-fire was violated further.

Senior United Nations envoy Terje Roed-Larsen spoke a day after U.N. Secretary-General Kofi Annan condemned an Israeli raid on Hezbollah guerrillas in eastern Lebanon as a violation of the U.N. resolution that halted a 34-day war between the two sides.

Roed-Larsen said the truce provided the Lebanese government with a good chance to extend its authority over the entire country, but "this can easily start sliding again and lead us quickly into the abyss of violence and bloodshed."

He said 2,000 Lebanese soldiers have been deployed along Lebanon's eastern border near Syria.

The goal is to have 8,600 along that border. About 1,000 Lebanese soldiers have been deployed along the coastline, Roed-Larsen said.

"This … (shows) that Lebanon now forcefully is establishing its authority," he said at the end of his two-day trip to Lebanon with Annan's special adviser, Vijay Nambiar.

Under the cease-fire, Lebanon plans to deploy 15,000 soldiers in the south, establishing a government force in the region for the first time in four decades. International peacekeepers are to join the Lebanese troops, but wrangling among countries about sending troops has delayed assembly of the force.

Roed-Larsen called Israel's commando operation in the city of Baalbek on Saturday "unhelpful."

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“Such incidents will discourage deployments in the south” by countries wanting to contribute troops to the international peacekeeping force, he said.

Israeli officials said that the raid did not violate the cease-fire and that the military was trying to stop the delivery of arms from Syria to Hezbollah. “We need to thwart any attempt to pass weapons from Syria to Hezbollah,” Trade and Industry Minister Eli Yishai said before the weekly Cabinet meeting in Jerusalem. “Any such activity needs a countermeasure.”

During a phone conversation with Italian Prime Minister Romano Prodi, Israeli Prime Minister Ehud Olmert suggested that Italy lead the international force, according to a statement from Olmert's office.

Olmert is opposed to countries that don't have diplomatic relations with Israel participating in the international force, said David Baker, an official in Olmert's office.

Indonesia, Malaysia and Bangladesh — Muslim countries that do not have diplomatic ties with Israel — are among the only countries to have offered front-line troops for the force.

Prodi said in a statement that Italy intends to send a “significant” force and that he would take up the matter with Parliament.

Israeli Foreign Ministry spokesman Mark Regev urged the wider international community to follow through on its commitment to provide troops, saying the cease-fire could be in danger if peacekeepers don't deploy quickly.

For Israelis, Truce With Hizbullah Is Unrealistic (CSM)

By Ilene R. Prusher

The Christian Science Monitor, August 21, 2006

JERUSALEM

Israel's weekend raid on a Hizbullah base in eastern Lebanon, rattling the week-old cease-fire, raises serious questions over whether the two sides will exercise the restraint needed for the truce to last.

There is widespread concern here that the UN resolution that quieted the heavy guns last Monday, after 34 days of fighting, is an agreement that's good on paper but unrealistic in the field. Many say the cease-fire does not represent an end - only an end to "Round 1."

As if to drive home the point, Israeli army Chief of Staff Lt.-Gen. Dan Halutz, under fire for his management of the war, told government ministers here Sunday that it didn't end in a "knockout," but had achieved a victory "by points."

For many Israelis, it is as if the war continues but in a lower gear - at least for now.

"I don't consider the cease-fire truly active," says Unit Commander Roy Timor Rousso, a reserve officer who spoke near the Israeli-Lebanese border last week after returning from the front. "I mean, the orders are clear - we can't open fire. But in our mind-set, this is the most dangerous time, because this is the time when they'll try to take advantage of the calm and rearm."

Lebanese officials, as well as the United Nations Secretary-General Kofi Annan, say that an Israeli commando raid that began late Friday was a violation of the tenuous truce initiated a week ago.

"The secretary-general is deeply concerned about a violation by the Israeli side of the cessation of hostilities as laid out in Security Council Resolution 1701," a spokesman for Mr. Annan said in a statement.

...

Israel argues that it was explicitly acting to stop Hizbullah from replenishing its diminished weapons supply by smuggling arms from Syria into Lebanon.

"We need to thwart any attempt to pass weapons from Syria to Hizbullah. Any such activity needs a counter measure," Trade and Industry Minister Eli Yishai told reporters before a weekly cabinet meeting here Sunday.

"There is no violation of the agreement," he said. "It is the Lebanese who are to be blamed for allowing the weapons transfer. We must not turn a blind eye when ammunition from Iran and Syria is being transferred. The one responsible is [Prime Minister Fouad] Siniora. We should give him an ultimatum - either he stops the weapons transfer or we target his infrastructure."

UN Resolution 1701

Part of the difficulty with transforming the cease-fire into something more substantial is the scarcity of specifics on how to implement the deal, and the relative sluggishness of putting a buffer force into play.

As part of the deal, 15,000 international peacekeeping troops are supposed to be deployed in south Lebanon. Along with the Lebanese Army troops, being sent throughout what has essentially become the Hizbullah heartland, these are supposed to amount to 30,000 troops. But so far, only some 50 French Army engineers have arrived and another 150 are on their way. It now looks unlikely that France will take the lead on the buffer force as Israel and US officials had hoped.

Mark Heller, an expert in strategic studies at Tel Aviv University, says that Israel is skeptical of the agreement because it doesn't see any international moves to bring its promises to fruition.

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"Nobody takes this deal seriously. If [Security Council Resolution] 1701 were to be implemented, there wouldn't be a problem with Hizbullah anymore. Most people assume it's just lip service, designed to get Israel to stop fighting, or to let the Israeli government save face, so they can say they've achieved something from the war," says Dr. Heller.

He outlined the shortcomings that Israel sees in the cease-fire deal, representing the minimum Israelis would have expected as a sign of a meaningful end to the war.

"There's no closure to arms trade over the Syrian-Lebanese border. There's no disarmament south of the Litani River. There's no sign of the kidnapped soldiers coming back," he says. "The Europeans talk about wanting to restore peace and stability and security, but everyone is fooling themselves: There is no peacekeeping to be done here because there is no peace to keep." Keeping arms from Hizbullah

Israel went to war in Lebanon shortly after a Hizbullah raid in Israeli territory on July 12, when the Iranian-backed militia captured two Israeli soldiers and killed eight.

...

In all, at least 1,183 Lebanese and 157 Israelis have been killed in the conflict, which came to a halt last week after intense international efforts to secure a cease-fire.

As part of the agreement, Israel maintains the right of self-defense. But its own definition of what encompasses self-defense differs from how Lebanese and international officials see it.

Military officials say they have been presented with two somewhat contradictory goals: preserve the cease-fire, but keep Hizbullah from receiving fresh arms from abroad.

UN Resolution 1701 says there should be "no sales or supply of arms and related materiel to Lebanon except as authorized by its government," but it does not provide for enforcement of that tenet.

"Resolutions themselves don't have teeth," Heller says. "Teeth are in the expection that someone will abide by or enforce the agreement."

Israelis also say they don't believe that other countries' troops will engage in the perilous task of either disarming Hizbullah or preventing its operatives from attacking Israel.

Israel also says it does not want the force to include soldiers from Muslim countries that don't have relations with the Jewish state. The multinational makeup of the force-to-be is still being negotiated in New York.

"It's not surprising that countries are not willing to put their soldiers' lives on the line if their own vital interests are not at stake," Heller says. "If they send someone, whoever they are, Hizbullah is almost certain to resist."

Hezbollah Told Not To Incite Israel (WT/AP)

By Steven R. Hurst

The Washington Times, August 21, 2006

BEIRUT -- Lebanon's defense minister said yesterday that he is certain Hezbollah will not break the cease-fire, but warned all militant groups of harsh measures and a traitor's fate if they incite Israeli retaliation by firing rockets into the Jewish state.

Defense Minister Elias Murr's strong remarks indicated concern that Syrian-backed militants will try to restart the fighting by drawing retaliation from Israel.

Prime Minister Fuad Siniora, meanwhile, toured the devastated Hezbollah stronghold in southern Beirut and decried the destruction by Israeli bombs as a "crime against humanity." Parliament Speaker Nabih Berri, a Shi'ite and Hezbollah backer, stood at the Sunni prime minister's side and said they spoke with one voice.

In Jerusalem, Israeli Prime Minister Ehud Olmert said countries that don't have diplomatic relations with the Jewish state should not participate in the international peacekeeping force along the Lebanese border.

Mr. Olmert also said he would name a panel to investigate the military and government's performance during the war, which has been criticized by many Israelis as weak and indecisive.

A day after Israeli commandos staged a pre-dawn raid deep into Lebanon -- prompting U.N. Secretary-General Kofi Annan to declare the Israelis in violation of the Security Council cease-fire resolution -- no new clashes were reported.

Residents in the mountains east of Beirut, however, described continued overflights by Israeli warplanes on the truce's seventh day.

Israeli Foreign Ministry spokesman Mark Regev said that Saturday's raid in the town of Boudai was aimed at disrupting arms shipments to Hezbollah and that such operations may continue until international peacekeepers arrive to enforce an arms embargo.

"In the situation where there was a flagrant violation of the embargo, Israel had the right to act. Had there not been a violation, Israel would not have to respond," he said yesterday, expressing impatience with the slow international response in offering troops for the peacekeeping force.

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Siding with Jerusalem, the U.S. government also said the Israeli raid underscored the importance of quickly deploying an expanded U.N. peacekeeping force in southern Lebanon.

Townspeople in Boudai said 300 residents grabbed guns after the Israeli raid began at 3 a.m. and fought beside 15 Hezbollah guerrillas for 90 minutes before the commandos retreated and were flown back to Israel. Residents said there were no casualties on the Lebanese side. One Israeli officer was killed, and two soldiers were wounded.

The Lebanese defense minister said Hezbollah would not retaliate.

"We consider that when [Hezbollah] is committed not to fire rockets, then any rocket that is fired from the Lebanese territory would be considered collaboration with Israel to provide a pretext [for Israel] to strike," Mr. Murr said.

He added that "the Lebanese army will decisively deal with" any attack on Israel and that anyone arrested for violating the truce "will be considered by the military tribunal as an agent of the Israeli enemy."

Under the U.N. cease-fire that took effect a week ago today, Lebanon has started deploying 15,000 soldiers to its southern region, putting a government force there for the first time in four decades.

It is to be joined by an equal force of international peacekeepers, but few countries have volunteered troops.

France, which commands the existing U.N. force in Lebanon, called yesterday for European Union countries to meet this week to determine how many troops they are prepared to contribute.

The effort is complicated by Mr. Olmert's decision to reject peacekeepers from countries that don't have diplomatic relations with the Jewish state.

Indonesia, Malaysia and Bangladesh -- Muslim countries that do not have diplomatic ties with Israel -- are among the only countries so far to have offered front-line troops for the expanded force.

The U.N. cease-fire resolution does not explicitly give Israel authority to block countries from joining the peacekeeping mission, but it does say the force should coordinate its activities with the Lebanese and Israeli governments.

Leverage For A Prisoner Swap (WP)

By Doug Struck

The Washington Post, August 21, 2006

RAMALLAH, West Bank, Aug. 20 -- Nasser Shaer, 45, a bookish former professor and British-educated scholar who wrote dissertations on comparative religions, was hardly a firebrand. But the Palestinian minister of education was a man on the run.

He sneaked into his office at the ministry when he could, took paperwork with him and made calls for work from hidden locations, organizing the start of the Palestinian school year. This weekend, he met his wife and six children after they had left their high-rise apartment to rendezvous secretly at another house. That's where the Israelis found him.

Soldiers stormed into the house shortly before dawn and took Shaer away to be yet another chip in a potential prisoner swap for an abducted Israeli soldier. As the top education official and a deputy prime minister in the Hamas-led government, he is a ranking chip.

On Sunday, Israelis seized another senior Hamas legislator, Mahmoud Ramahi, near Ramallah, bringing to 40 the number of Palestinian officials from Hamas being held by Israel.

A few hours before Shaer's arrest, Israeli commandos landed deep in Lebanon's Bekaa Valley. Israeli officials insisted the nighttime raid was an effort to disrupt the flow of arms to Hezbollah, but many in Lebanon and Israel suspect the commandos were trying to capture a ranking militia member for a swap.

The events were seen as more evidence that Israel may try to win the release of its soldiers abducted to Gaza and Lebanon through a prisoner exchange, an idea once firmly opposed by Prime Minister Ehud Olmert.

U.N. envoys Terje Roed-Larsen and Vijay Nambiar, who will be in Israel on Monday to meet with officials, have said they expect to discuss the possibility of an exchange. Egypt has said publicly that it has been trying to broker a deal between Israel and the Palestinians, and privately that a deal was near.

Following Israel's failure to gain the release of the soldiers through the war in Lebanon and the Gaza siege, Olmert is expected to be more open to the idea of a swap to regain three members of the Israeli army.

Cpl. Gilad Shalit, 19, was captured by Palestinians who tunneled out from the Gaza Strip on June 25, setting off the Israeli siege and fighting in Gaza. On July 12, two Israeli reserve soldiers, Ehud Goldwasser, 31, and Eldad Regev, 26, were taken by Hezbollah in a raid near the Lebanese border.

After both raids, Olmert announced that Israel would not be blackmailed into returning prisoners it was holding.

"Olmert made a serious stab at trying to avoid this entire game by refusing to deal," said Yossi Alpher, a former official of Mossad, the Israeli intelligence service, who once ran the Jaffee Center for Strategic Studies at Tel Aviv University. "He managed to keep the Israeli public behind him as long as there was perception that by fighting, we would somehow bring about their return under favorable conditions.

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"But we ended the war without getting anyone back. I think the public is beginning to feel disillusioned on that score," he said.

Since Shalit was taken outside Gaza, Israel has intensified its hunt for Hamas officials in Palestinian areas. The Israel Defense Forces have captured 35 members of the Palestinian legislature and five other senior members of the Palestinian government.

During the war in Lebanon, Israel also captured about 20 Hezbollah members, according to a senior IDF officer, though he would not say if any of them are ranking. Lebanese officials noted that Israel's raid Saturday was carried out near the base of Sheik Mohammed Yazbek, a senior Hezbollah leader, who many suspect to be the real target of the raid.

Yazid Khader, the editor of Minbar al-Islah, the official Hamas newspaper in Ramallah, said he expected that the captives on both sides would be fodder for deals.

"Although they deny it, through secret negotiations, the Israelis will accept an exchange" for their soldier held in Gaza, he said. "And this will happen in Lebanon. Ultimately, they will sit down at the table and exchange their prisoners."

Such exchanges are not so simple, according to Mark Heller, director of research at the Jaffee Center. Especially with Hezbollah, Israel is reluctant to swap prisoners it held before the recent fighting.

"There's a difference between exchanging someone taken after the Israeli soldiers were taken and giving up people who were being held before. If they were being held before, that looks like we're giving in to straight-out extortion or blackmail," Heller said.

"With Hezbollah, you want to swap military people, rather than exchange soldiers for terrorists," he said. Israel also frequently insists it will not exchange those it holds who have killed Israelis and "have blood on their hands."

The deal that Egypt is attempting to broker reportedly involves the release of about 600 of the estimated 10,000 Palestinians in Israeli custody, and would include provisions for a cessation of violence on both sides and the end of the siege that has virtually cut off the Gaza Strip.

On the Palestinian side, an exchange could be complicated if Hamas officials refuse to take part, according to Ahmad Hezz Shriem, a member of the Palestinian Legislative Council who was a prisoner for nearly 22 years.

"All of them will refuse to be part of a swap. They were kidnapped," he said. The legislators insist that as parliamentarians, they should have immunity from Israeli arrest. Their colleagues say they were taken by the Israelis because they are lawmakers.

"Israel just wants to disrupt our democracy. They want to inject chaos in the Palestinian Authority" because it is headed by Hamas, said Khalida Jarrar, a member of the Palestinian Legislative Council and also a former prisoner.

Mark Regev, a spokesman for the Israeli Foreign Ministry, said Sunday that Hamas members who have been detained by Israel do not deserve immunity.

"If the Palestinian leadership acts like leaders should, like statesmen, they will get the respect they deserve," Regev said on CNN when asked about the arrests. "But they can't act like terrorists, be behind suicide acts, be behind abductions, and get that."

At the Palestinian Education Ministry, Shaer's staff said his detention would seriously complicate efforts to reopen schools for 1.2 million children and 150,000 Palestinian college students.

The teachers have not been paid, but "Dr. Shaer was the one who was talking to the president, to the international community, to the teachers, to try to get the resources and get the school year started," Basri Saleh, an education official, said at the ministry building in Ramallah.

"They have targeted the man who was trying to keep education alive in Palestine," Saleh said. "What will they benefit from that?"

Israel Seizes Senior West Bank Lawmaker (AP)

By Mohammed Daraghmeh, Associated Press Writer

AP, August 21, 2006

Israeli forces seized a senior Palestinian legislator Sunday in the latest move in a 7-week-old crackdown on the ruling Hamas movement, drawing angry accusations from Palestinian leaders that Israel is undermining their efforts to form a unity government.

Troops and agents of the Shin Bet intelligence agency grabbed Mahmoud al-Ramahi, a senior Hamas member and secretary-general of the Palestinian parliament, at his Ramallah home, a military statement said. It gave no further details, but his sister Yaqeen said the raid took place in broad daylight.

His capture puts almost all of Hamas' West Bank leadership in Israeli custody.

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Al-Ramahi had evaded capture since the crackdown on Hamas began after the June 25 abduction of an Israeli soldier in a cross-border raid by Hamas-linked militants from Gaza. Two weeks later by Hezbollah guerrillas captured two Israeli soldiers on Israel's northern border, prompting a 34-day conflict with the Jewish state.

A physician by training, al-Ramahi is the fourth-ranking member of the parliament, dealing with administrative and procedural affairs.

On Saturday, soldiers swooped in on Deputy Prime Minister Nasser Shaer at a home where he had been hiding, also in Ramallah. Shaer was the most senior Hamas official to be detained.

Israel now is holding five Cabinet ministers and more than two dozen lawmakers. Four other Cabinet ministers were rounded up but have been released.

Palestinian Prime Minister Ismail Haniyeh of Hamas said the continued detention of government members and lawmakers is "putting obstacles" in the way of reaching a national consensus and unity government.

"There is a Palestinian consensus that it is difficult to move while the ministers and parliamentarians are in jail," he said.

Haniyeh previously has said he wants all political leaders released by Israel before forming a broad coalition government.

Members of President Mahmoud Abbas' Fatah movement also have accused Israel of undermining efforts to form a unity government.

Abbas believes that forming a coalition will force Hamas, which is committed to Israel's destruction, to moderate its stance and help open the way to renewed peace talks. Hamas has so far refused international calls to renounce violence and recognize Israel, despite a crippling economic boycott.

Israel says its roundup of Hamas officials is a legitimate act against a terrorist group.

"The measures Israel is taking in the territories, including this arrest, have everything to do with security considerations and for the active prevention of terror, " said David Baker, an official in the prime minister's office.

Despite Israel's crackdown on Hamas political leaders, and a large offensive in the Gaza Strip, the captured Israeli soldier, Cpl. Gilad Shalit, has not been released. The militants holding him have demanded a wide-scale release of Palestinian prisoners — a demand Israel has rejected.

Speaking to reporters in Ramallah after meeting Abbas Sunday, Turkish Foreign Minister Abdullah Gul called for Shalit and the imprisoned Hamas officials to be freed as a prelude to restarting Israeli-Palestinian peace efforts.

"It is time to resume negotiations' Gul said. "The key is the release of the kidnapped soldier, and the release of the elected lawmakers so we can go back to the negotiating table."

The Israeli military said Sunday that, to improve the lot of Palestinians in the West Bank, it was easing restrictions imposed in recent months as Israel battled Palestinian militants in Gaza and the Hezbollah militia in Lebanon. The statement said 26,500 Palestinian workers and traders would be allowed to enter Israel and another 1,500 West Bank residents would be allowed to work in the Atarot industrial park on the edge of traditionally Arab east Jerusalem.

Before the Israeli-Palestinian conflict re-erupted six years ago, around 80,000 Palestinians worked in Israel.

Israel Weighs Syria Peace Talks (WT)

By Joshua Mitnick

The Washington Times, August 21, 2006

TEL AVIV -- Israel is mulling the reopening of peace negotiations with Syria -- frozen for seven years -- after a monthlong war with Hezbollah guerrillas in Lebanon, according to newspaper reports.

After years of ignoring the possibility of talks with Syria because of the U.S. effort to isolate President Bashar Assad, a growing number of voices is calling on the Israeli government to consider talks with Damascus, which could help sever the central link between Hezbollah and its main weapons sponsor, Iran.

The calls come just days after Mr. Assad threatened Israel with war if it didn't opt for peace negotiations and promised that Israel would be destroyed by future Arab generations.

But yesterday, Lebanese Prime Minister Fuad Siniora said Israel could take advantage of the political reshuffling after the war to cut a peace deal -- though he did not say with whom.

Proponents of the Syrian overture think a deal with Damascus would weaken Hezbollah and Iran.

On the other hand, Israel must consider the diplomatic ramifications of starting talks with a regime that supports militants based in the Palestinian territories.

"In the short run, the mission has to be the separation of Syria from Hezbollah and Iran," said Avshalom Vilan, an Israeli parliament member from the dovish Meretz party.

Defense Minister Amir Peretz, a Labor Party member, also is reported to have spoken of investigating the potential for negotiations with Syria.

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Mr. Vilan said Arab-Israeli wars often have been followed by successful peace talks. The best example is the landmark treaty between Israel and Egypt, which was concluded six years after the countries fought to a draw in the 1973 Yom Kippur War.

But peace with Syria would be politically difficult because it means returning the Golan Heights -- the strategic plateau that overlooks much of northern Israel. The move also risks further enhancing Hezbollah's status as the one Arab organization that succeeded in holding its ground against Israel.

Foreign Minister Tzipi Livni has commissioned an internal review of Israeli-Syrian peace talks during the 1990s and an assessment of the prospects for a renewal of the negotiations, the Ha'aretz newspaper reported.

The study will include interviews with former Israeli negotiators with Syria, such as Itamar Rabinovich, a former ambassador to the United States, and Uri Saguy, a former Army chief of intelligence.

Peace negotiations with Syria are considered relatively straightforward. The major stumbling block is deciding how close to the Sea of Galilee the border will run.

But Israeli Prime Minister Ehud Olmert reportedly is opposed to opening any diplomatic channel that would help end the Syrian isolation imposed by the United States.

During the monthlong war in Lebanon, Israel came close to sparking a wider war by hitting targets near the Syrian border. Syria responded by putting its troops on high alert and threatening war with Israel.

Kin Plead For Release Of 2 Fox News Journalists (NYT)

By Dina Kraft

The New York Times, August 21, 2006

TEL AVIV, Aug. 20 — Pleas by relatives over the weekend for the release of two Fox News journalists went unheeded by their kidnappers, who have neither claimed responsibility nor issued demands.

The journalists, Steve Centanni, 60, an American reporter based in Washington, and Olaf Wiig, 36, a cameraman from New Zealand, were seized by masked gunmen last Monday night in Gaza City, where they were covering the fighting between Israel and the Palestinians.

Mr. Centanni's brother Ken Centanni issued an appeal on Saturday for his release that was broadcast on the Arab satellite channel Al Jazeera.

"I would like his captors to know that Steve is an honorable man who always tries to do what is right," Mr. Centanni said from San Jose, Calif. "Steve has strong respect for the Palestinian people and their culture. Steve was in Gaza with Olaf Wiig to report the truth. He is far more valuable to the Palestinian people free as a journalist than as a captive."

Mr. Wiig's wife, Anita McNaught, also a television journalist, took part in a demonstration on Saturday in Gaza City where Palestinian journalists called for the release of the two men.

Ms. McNaught said the Palestinian officials she had met with were embarrassed by the incident and were trying to secure the release of the men.

"There is a great understanding at an official level that this is a really dumb thing to do," Ms. McNaught told the New Zealand radio station, NewstalkZB. "They understand this does not do Gaza any good."

Khaled Abu Hilal, a spokesman for the Palestinian Interior Ministry, said, "All of our security officials are still working on it, but so far we have no news."

Palestinian militant groups in Gaza have abducted Western journalists and aid workers on several occasions in recent years. But all of those seized were released unharmed, usually within 24 hours.

In most instances, the kidnappers were seeking a job in the Palestinian security forces or the release of a relative imprisoned in Gaza.

In this case, the abductors' motive is unknown. American and New Zealand diplomats have been coordinating efforts with Palestinian officials.

"We are concerned about the safety of the journalists and are working to do anything we can to ensure they are safely released," said Micaela Schweitzer-Bluhm, spokeswoman for the United States Consulate in Jerusalem.

Also on Sunday, Israeli soldiers in the West Bank detained Mahmoud al-Ramahi, the secretary general of the Palestinian parliament. The move was part of a crackdown on the Hamas leadership that began after militants, including Hamas members, seized an Israeli soldier in a cross-border raid on June 25.

Israel is holding about 40 members of the Palestinian legislature and cabinet. Some were arrested before they won their positions in Palestinian elections in January, but most were detained in recent weeks.

Israel is calling for the unconditional release of the soldier, Cpl. Gilad Shalit, 19. The Palestinian Authority has called for an exchange that would include freeing many Palestinians held in Israeli jails.

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Also on Sunday, Israel said it would allow 28,000 Palestinian workers and merchants in the West Bank to enter Israel. Israel has barred West Bank Palestinians from entering for most of the past five months, though it has eased the restrictions periodically.

Iran Says It Won't Suspend Enrichment (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, August 21, 2006

Iran said Sunday that it will offer a "multifaceted response" Tuesday to a Western package of incentives aimed at persuading Tehran to rein in its nuclear program, but insisted it won't suspend uranium enrichment altogether.

Speaking after Iran's military test-fired 10 short-range missiles, Foreign Ministry spokesman Hamid Reza Asefi said at a news conference that a nuclear compromise would have to be reached during future negotiations.

"Everything has to come out of negotiations," Asefi said. "Suspension is not on our agenda."

The U.N. Security Council passed a resolution last month calling for Iran to suspend uranium enrichment by Aug. 31 or face the threat of economic and diplomatic sanctions.

"We have made clear that if Iran fails to comply with the Security Council's mandate, we will move quickly at the United Nations to impose sanctions," White House spokeswoman Emily Lawrimore said Sunday.

U.N. Secretary-General Kofi Annan said he expected Tehran's response to the incentives package to be positive.

"In a time of acute crisis in the Middle East, I believe that progress on the nuclear issue is essential for the stability not only of the region, but the international system itself. It is time to take steps in the right direction," he said in a statement.

Uranium enrichment produces reactor fuel, but it also can make fissile material for nuclear warheads, and the United States and other countries suspect Iran is trying to develop atomic weapons.

Iran, which claims it only wants reactors to generate electricity, has rejected the resolution as "illegal," saying it has not violated any of its obligations under the Nuclear Non-Proliferation Treaty.

Asefi said the world could not afford to join the United States in imposing sanctions.

"Iran's influence in the region is clear. A country like Iran has extensive political, economic and cultural capabilities. Will other countries ignore Iran's capabilities in their political and economic cooperation?" he said.

The incentives package, aimed at persuading Iran to suspend uranium enrichment, includes promises that the United States and Europe will provide civilian nuclear technology and that Washington will join direct talks with Iran.

Iran has said the package is an "acceptable basis" for a compromise. Asefi said part of the package was "convincing" but there were ambiguities that needed to be clarified in talks.

Earlier, Iran's state-run television reported the test-firing of 10 surface-to-surface Saegheh missiles Sunday, a day after large-scale military exercises began across the country.

The military exercises come as Iran faces heightened international scrutiny for its support of the Shiite Muslim militants of Hezbollah in Lebanon.

The White House condemned Iran's "show of military force" and said it "serves to remind us of the dangers of its nuclear ambitions."

"Iran sits at the nexus of weapons of mass destruction and terrorism," Lawrimore said. "We know that Iran is producing and developing delivery systems that could threaten our friends and allies in the Middle East and Europe and eventually the United States itself."

The Saegheh has a range of 50-150 miles, state TV said. It did not specify whether the missile is capable of carrying a nuclear warhead, but it isn't believed to be.

Iran already has the Shahab-3 missile, which is capable of carrying a nuclear warhead. An upgraded version of the ballistic missile has a range of more than 1,200 miles and can reach Israel and U.S. forces in the Middle East.

Last year, former Defense Minister Ali Shamkhani said Tehran had successfully tested a solid fuel motor for the Shahab-3, a technological breakthrough for the country's military.

Iran's military test-fired a series of missiles during large-scale war games in the Persian Gulf in March and April, including a missile it claimed was not detectable by radar that can use multiple warheads to hit several targets simultaneously.

Associated Press Writer Nasser Karimi in Tehran and Deb Riechmann in Washington contributed to this report.

Iran Fires Practice Missiles And Affirms Nuclear Stance (NYT)

By Nazila Fathi

The New York Times, August 21, 2006

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TEHRAN, Aug. 20 — As Iran fired 10 short-range missiles on the second day of a large-scale military maneuver, officials on Sunday reiterated Iran's stance that it did not intend to halt its uranium enrichment program.

The statement comes two days before Iran's self-imposed deadline of Aug. 22 for responding to a package of incentives offered by six Western nations in return for halting the program. The United Nations Security Council has set a deadline of Aug. 31 for Ian to suspend the program or face the possibility of economic sanctions. Statements by officials so far suggest that Iran will neither agree to the incentives deal nor yield to the Security Council.

A Foreign Ministry spokesman, Hamidreza Assefi, said during a weekly news conference on Sunday that Iran would not suspend the program.

"The issue of suspension means returning to the past," he said. "Suspension is not on our agenda.''

The missiles fired on Sunday, called Saegheh — thunder in Persian — had ranges of 50 and 150 miles, the official ISNA news agency reported. In April, Iran unveiled new weaponry, including radar-evading missiles and high-speed torpedoes.

The war games started in the southern province of Sistan-Baluchestan on Saturday and are expected to continue along the eastern and western borders of the country in 14 provinces. The games are named after Zolfaghar, the sword of Ali, the son-in-law of the Prophet Muhammad. Ali is revered by Shiites as Muhammad's successor.

State television showed helicopters shooting, bombs being dropped in the desert and paratroopers jumping out of helicopters. The report said various types of helicopters, fighter planes, live ammunition and bombs were used.

"This operation was planned in response to the evil intentions of the enemy," Maj. Gen. Ataollah Salehi said on state television on Saturday.

Brig. Gen. Muhammad Hassan Dadress told the semiofficial FARS news agency that Iran was not displaying "the major part of its military capability."

"The army of the Islamic Republic has developed its equipment in the shortest period of time according to the most modern techniques and equipment of the enemy so that it can confront any threat," he said.

The military maneuver came during increasing international pressure over Iran's nuclear program. Uranium enrichment is a process that can lead to making fuel for nuclear reactors or, if the uranium is enriched to high enough levels, nuclear bombs.

Iran contends that its nuclear program is for peaceful energy purposes. The United States and Europe contend that Iran is seeking to develop nuclear weapons.

Iran has said it will give its official response on Tuesday to a package of proposals by Germany and the five permanent members of the Security Council — China, Britain, Russia, the United States and France. The package includes economic incentives and a promise to help develop Iran's nuclear program in return for Iran's freezing its enrichment program.

Iran has come under increasing international pressure since the war in Lebanon broke out. The United States and Israel have accused Iran of financing and arming Hezbollah.

The daily newspaper Shargh on Saturday quoted a Turkish newspaper report that Turkey had forced two Iranian aircraft on their way to Syria to land in Turkey after Israel said the two aircraft were carrying weapons for Hezbollah. It said no weapons were found on the planes.

Ali Akbar Hashemi Rafsanjani, a senior cleric who is in charge of the powerful Expediency Council, warned the United States in a sermon during Friday Prayer not to initiate a war on Iran over its nuclear program.

"We hope America has learned a lesson from the war in Lebanon and refrains from getting involved in another conflict and causing insecurity in our region," he said in remarks broadcast live on radio. "The problem should be resolved by wise people through negotiations so that we can end this regional and international issue in a good way.''

Tehran Won't Stop Enriching Uranium (WT/AP)

By Ali Akbar Dareini

The Washington Times, August 21, 2006

TEHRAN -- Iran said yesterday that it will offer a "multifaceted response" tomorrow to a Western package of incentives aimed at persuading Tehran to rein in its nuclear program but insisted it won't suspend uranium enrichment altogether.

At a press conference after Iran's military test-fired 10 short-range missiles, Foreign Ministry spokesman Hamid Reza Asefi said a nuclear compromise would have to be reached during future negotiations.

"Everything has to come out of negotiations," Mr. Asefi said. "Suspension is not on our agenda."

The U.N. Security Council passed a resolution last month calling for Iran to suspend uranium enrichment by Aug. 31 or face the threat of economic and diplomatic sanctions.

"We have made clear that if Iran fails to comply with the Security Council's mandate, we will move quickly at the United Nations to impose sanctions," White House spokeswoman Emily Lawrimore said yesterday.

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Iran, which says its atomic program is designed only to generate electricity, has rejected the resolution as "illegal." Tehran says it has not violated any of its obligations under the nuclear Non-Proliferation Treaty.

Uranium enrichment produces reactor fuel, but it also can make material for nuclear warheads, and the United States and other countries suspect that Iran is trying to develop atomic weapons.

Mr. Asefi said the world could not afford to join the United States in imposing sanctions.

"Iran's influence in the region is clear. A country like Iran has extensive political, economic and cultural capabilities. Will other countries ignore Iran's capabilities in their political and economic cooperation?" he said.

The incentives package aimed at persuading Iran to suspend uranium enrichment includes promises that the United States and Europe will provide civilian nuclear technology and that Washington will join direct talks with Iran.

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The Saegheh has a range of 50 to 150 miles, state TV said. It did not say whether the missile is capable of carrying a nuclear warhead, but it isn't thought to be.

The White House condemned Iran's "show of military force" and said it "serves to remind us of the dangers of its nuclear ambitions."

In Iran Nuclear Standoff, Scant Leverage For West (WSJ)

By Bhushan Bahree And Marc Champion

The Wall Street Journal, August 21, 2006

For all of the tough talk likely in coming days about using global sanctions to shut down Iran's nuclear-fuel program, the West has few real options for forcing Tehran to back down.

Diplomats in the U.S. and Europe are considering how to pressure the regime should it plow ahead with its nuclear program, as Tehran has signaled it may announce as soon as tomorrow, ahead of an Aug. 31 deadline set by the United Nations. The sanctions being discussed, such as curbs on imports of nuclear-related technology, wouldn't affect Iran's overall economy. But the bluntest weapon available short of war -- targeting Iran's vast energy sector -- is extremely unlikely to be deployed anytime soon.

The West is in this bind because, despite a shared desire to stop Iran from developing nuclear weapons, a number of forces -- the conflicts in Iraq and Lebanon, high oil prices and minimal spare global oil-pumping capacity -- have made the world a different place from the 1980s and 1990s, when the U.S. imposed sanctions forbidding its own companies from doing business with Iran.

Several countries that wield vetoes in the U.N. Security Council, the body that would impose any sanctions, have energy companies invested in Iran. China gets substantial amounts of its oil there. That means sanctions such as prohibiting the purchase of Iranian oil or limiting Western investment in that country's petroleum industry likely would face resistance. In addition, today's tight oil markets and high prices multiply the risks to the global economy of tripping up the energy sector of a major oil producer like Iran. The country pumps about four million barrels a day, nearly 5% of global output, and exports 2.5 million barrels a day -- exceeding Iraq's entire output.

The picture is further complicated by deep-rooted divisions among the world's great powers over how to fix the Middle East and by Iran's ability to strike back at the U.S. and its allies through Shiite militias in Iraq and Lebanon, including Hezbollah.

"Broad economic sanctions, comparable to the isolation of Iraq in the 1990s, are no longer feasible," Jeffrey J. Schott, a senior fellow at the Institute for International Economics in Washington, told a congressional committee last month. "Many Americans would question harsh measures that might push oil above $100 a barrel and trigger a world recession."

As a result, diplomats involved in the Iranian nuclear dispute say discussion of sanctions will focus first on starving Iran's nuclear industry of components and on targeted sanctions against individuals in the regime, such as travel bans.

No mention of oil is made in a menu of potential sanctions that was drawn up as the stick to accompany the June package of U.S.-European incentives for Iran to negotiate closure of its nuclear-fuel program, according to people who have read the text. Western governments believe the program is intended to produce fuel for nuclear weapons, despite Iranian denials.

But the language of the sanctions menu does allow for other "political and economic" measures, an embargo on the "import of specific products" and the prohibition of investment into "certain" Iranian industries -- vague enough to leave the door open for sanctions on Iran's energy sector down the line, these people said.

Set against the risks of targeting Iran's energy industry is the fear in the West of a nuclear-armed Iranian state whose geopolitical ambitions could endanger the security of the broader oil supply from the Middle East, the world's major crude-

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exporting region. U.S. Energy Secretary Samuel Bodman has said curbing Iran's nuclear ambitions is more important than the price of oil.

Iran has signaled it intends to proceed with its program to enrich uranium, a process that could be used to build nuclear weapons, although Iran says it wants the technology purely for civilian purposes. Iranian officials have indicated they are ready to talk about suspending the program but say they won't abandon enrichment and won't suspend it before any negotiations, as the West demands.

Tehran has said it will respond by tomorrow to the package of incentives that the five permanent Security Council members -- the U.S., Russia, China, Britain and France -- plus Germany offered to negotiate if Iran suspends enrichment first. A U.N. deadline for Iran to cease enrichment expires at the end of this month. Unless Iran complies, the West will very soon have to consider hitting Iran with sanctions.

The debate over wider economic sanctions will be all about Washington persuading others to join it in punishing Iran, because the U.S. long ago banned its oil and other companies from doing business with Iran. That is likely to be a steep climb.

Russia, France and the U.K. have oil companies with interests in Iran. After Japan, China is Iran's second-biggest oil export market, and Beijing is negotiating a $70 billion deal to develop a natural-gas field, in exchange for imports of Iranian liquefied natural gas.

Iran's oil-output capacity has stagnated for the past decade. Investments, including ones by France's Total SA, Italy's ENI SpA and Anglo-Dutch energy giant Royal Dutch Shell PLC, have merely offset natural declines in Iranian fields.

Export or investment curbs on Iran's large natural-gas industry are just as unattractive. The European Union is backing plans for construction of a €4.6 billion ($5.9 billion) pipeline across Turkey, in part to tap additional gas supplies from Iran, at a time when European use of gas is outstripping growth in output from its main supplier, Russia.

Iran is vulnerable in one surprising respect: The country imports more than a third of the gasoline it uses, because it lacks enough refineries to turn its own crude into fuel. Thus pinching Iran's gasoline supplies is theoretically possible.

But energy-industry officials are urging that sanctions steer clear of oil and seek, instead, to deny Iran nuclear components and cause some pain to the Iranian ruling elite through travel bans and asset freezes. Even then, there is a risk. With oil scarce, Iran could strike back at oil consumers by reducing its exports, causing the world economic pain even as it reaped more revenues from higher prices.

In an interview earlier this year, Iranian Oil Minister Kazem Vaziri Hamaneh said that Iran wouldn't use its exports as a weapon. But since then, other Iranian officials have threatened to play the oil card.

An Iranian foreign-affairs official recently warned that sanctions against Iran could send oil prices to $200 a barrel. Industry officials consider that scenario unlikely, because the U.S. and other major governments have vast stores of oil in strategic inventories that are large enough to offset Iranian exports for about a year and a half. But if Iran held out as the West's stocks ran down, the situation could change.

Venezuela Strengthens Its Relationships In The Middle East (NYT)

By Simon Romero

The New York Times, August 21, 2006

CARACAS, Venezuela, Aug. 20 — Venezuela has long cultivated ties with Middle Eastern governments, finding common ground in trying to keep oil prices high, but its recent engagement of Iran has become a defining element in its effort to build an alliance to curb American influence in developing countries.

In a visit late last month to Tehran by President Hugo Chávez and his oil minister, Rafael Ramírez, the two countries agreed to produce jointly nearly a dozen products, including crude oil and medicines. In a further sign that their ties have taken on a new dimension, the two countries are speaking in a more unified voice in their criticism of Israel and the United States.

The strengthening of ties has turned Iran into Venezuela's closest ally outside Latin America, adding clout to Mr. Chávez's efforts within OPEC to increase revenue through output limits by oil-exporting countries. Venezuela has also become the most vociferous defender of Iran's nuclear program at a time when Iran feels increasingly isolated.

"We stand by Iran at every moment, in any situation," Mr. Chávez said in Tehran, where he received the golden High Medallion of the Islamic Republic from President Mahmoud Ahmadinejad. Venezuela, Syria and Cuba were the only countries to oppose referring Iran to the United Nations Security Council at a meeting in February of the International Atomic Energy Agency.

Though Venezuela maintains close economic ties with the United States, relations have been strained by verbal sparring between the Bush administration and Mr. Chávez.

Mr. Chávez has also shown recent interest in strengthening ties with Syria, sending his deputy foreign minister, Alcides Rondón, to Damascus last week. Mr. Chávez continues to push for tighter relations with close trading partners of the United

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States. He is scheduled to arrive in China on Tuesday for a six-day visit aimed at finding ways to ship more Venezuelan oil to Chinese refineries. He is also expected to visit Malaysia and Angola.

Now, with Iranian investment in Venezuela climbing fast, what began as a trickle of ventures has evolved into the most vivid example of Venezuela's move to reshape its foreign policy and distance itself from the United States by reaching out to countries on the margins of American influence, including Belarus, Zimbabwe and Cuba.

Hundreds of Iranian tractors are already rolling off an assembly line at a plant in Venezuela's interior, and Khodro, the Iranian car manufacturer, plans to produce 5,000 Samand sedans a year at factory near Caracas starting in November.

With Venezuela vying for a nonpermanent seat on the United Nations Security Council, the ties with Iran have led to additional friction with the United States.

In testimony last month before the House Subcommittee on International Terrorism and Nonproliferation, Frank Urbancic Jr., the principal deputy coordinator for counterterrorism in the State Department, said Venezuela's close relations, including intelligence operations, with Iran and Cuba helped illustrate a "near complete lack of cooperation" with American efforts to fight terrorism.

The Bush administration further irked Mr. Chávez last week by appointing J. Patrick Maher, a longtime Central Intelligence Agency official, to oversee intelligence-gathering operations on Venezuela and Cuba. A comparable post had existed previously only for Iran and North Korea. Mr. Chávez ridiculed the move and said he had captured four people accused of spying for the United States, though the American Embassy here said it had no knowledge of such apprehensions.

The Bush administration's more aggressive stance has drawn sharp rebuttals from officials here, who contend the United States is planning military action against Venezuela with an eye to controlling the country's petroleum resources, the largest conventional reserves outside the Middle East.

Petropars, the Iranian national oil company, said it could invest as much as $4 billion in petroleum ventures in Venezuela to produce crude oil and natural gas. "We want to help them," said Mohammad Ali Talebi, a Petropars representative in Venezuela and director of a venture that may extract sulfur-laden heavy oil in an eastern region there.

Venezuela has also supported Iran's effort to price oil in euros instead of dollars, a move aimed at weakening the influence of American investment banks and hedge funds, and the creation of an oil exchange in Iran to trade such contracts.

"Geopolitically, the most important front for Chávez in the world at this moment is Iran," said Alberto Garrido, a historian who is writing a book on Venezuela's ties to Muslim countries. "Chávez, together with his closest advisers, have defined the strategic alliance with Iran as a means with which to counter American power."

The ties with Iran have fueled theories among Mr. Chávez's fractious opponents — though without any substantiation — that Venezuela could be sending uranium from its Amazonas state to Iran in exchange for nuclear technology. There have also been unsubstantiated claims that Mr. Chávez wants eventually to replay the Cuban missile crisis.

Venezuela has repeatedly said it has no plans to develop nuclear weapons. Mr. Chávez said in Tehran that he would support an effort to develop a nuclear energy program by Mercosur, the South American trade bloc that Venezuela recently joined.

A strong relationship between Venezuela and Muslim countries is nothing new, dating to the formation of OPEC in Baghdad in 1960, largely the brainchild of a Venezuelan oil minister. An approximation with Iran may have gotten under way in the mid-1990's by Norberto Ceresole, an Argentine sociologist known for his anti-Semitic views who was a Chávez adviser. Mr. Chávez later distanced himself from Mr. Ceresole, who died in 2003. After Mr. Chávez was elected in 1998, he made relations with Iran a priority in his push for OPEC to raise oil prices.

Recent statements by Mr. Chávez in Iran and other Muslim countries, however, are increasing concern here in Caracas that Mr. Chávez is aligning himself too closely with Muslim leaders who have little in common with Venezuela's generally inclusive and pluralistic political system. While in Qatar, Mr. Chávez said in an interview with Al Jazeera that Israeli military actions in Lebanon were "being carried out in the style of Hitler, in a fascist fashion."

After the fighting between Israel and the Lebanese Hezbollah militia began, Mr. Chávez recalled his highest-ranking diplomat in Israel. Then, in his weekly television program, Mr. Chávez accused Israel of a "new Holocaust." The authorities in Jerusalem responded by recalling Israel's ambassador in Venezuela, Shlomo Cohen, for consultations.

"We have to categorically reject the comments for attempting to make the Holocaust banal," said Fred Pressner, president of the Confederation of Jewish Associations of Venezuela. But some Jewish leaders here also said earlier this year that comments by Mr. Chávez about the "descendants of the same ones who crucified Christ" were too hastily interpreted as anti-Semitic.

Political analysts here said the comments about Israel and other recent moves, like the appointment of Nicolas Maduro as foreign minister, were evidence of a radicalization of foreign policy that had stronger ties with Iran at its center. Mr. Maduro, who

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has stepped down as speaker of the National Assembly to take the post, had traveled to Iran in February to show explicit support for its nuclear program.

Seoul Dismisses News Pyongyang Plans Bomb Test (WSJ/AP)

By AP

The Wall Street Journal, August 21, 2006

SEOUL -- South Korea said yesterday it has been monitoring North Korea's nuclear activity but dismissed the possibility of an imminent underground nuclear test amid reports that Pyongyang may be preparing to detonate its first atomic bomb.

South Korea's Defense Ministry said it has sent six personnel to the Korea Institute of Geoscience and Mineral Resources, a state-run agency charged with monitoring seismic tremors on the Korean peninsula, in an apparent attempt to record any seismic movement caused by a test blast.

The Defense Ministry "has been holding a 24-hour surveillance on North Korea's military activity," a ministry official said. He declined to give further details on the North's nuclear activity.

An official of the presidential office also confirmed that Seoul has been keeping a 24-hour watch on the North that was in place before the latest report on a possible nuclear test. "I do not see that there is any possibility of a nuclear test, as it is just part of signs in an initial stage," the official said.

Mexico Poll Loser Vows Fight 'on Street' (FT)

By Adam Thomson

Financial Times, August 21, 2006

Mexico's leftwing presidential candidate vowed at the weekend to continue to reject last month's election result with increasingly radical tactics conducted "from the streets".

Ever since he narrowly lost the July 2 vote to Felipe Calderón of the centre-right National Action party (PAN), Andrés Manuel López Obrador has demanded that the country's electoral authorities order a full recount of the votes.

So far there is little sign of that happening and, with time running out before Mexico's Federal Electoral Tribunal names a president-elect – it has until September 6 to do so – Mr López Obrador said he would take his so-called "civil resistance" movement "to its ultimate consequences" in his effort to defend democracy.

"The most important changes in Mexico have never come about through conventional politics but rather from the streets," he told the FT in a rare interview. Asked whether there was a danger that people would brand him a revolutionary, he replied: "Mexico needs a revolution."

Mr López Obrador's escalating rhetoric will doubtless cause concern among many Mexicans and international investors. Three weeks ago the candidate for the Democratic Revolution party (PRD) ordered supporters to occupy the city's main square and a central avenue in Mexico City – a move that has caused traffic chaos and inflicted millions of dollars in lost revenue on businesses and hotels.

Since then his followers have taken over road tolls and prevented staff from entering the headquarters of foreign-owned banks in the capital. Last Monday there was violence after federal police clashed with them outside Congress.

"If the fraud is ratified, I could not recognise the institutions, obviously I would not recognise Felipe Calderón because I would consider him to be a spurious, illegal and illegitimate president," he added. "We would fight to make democracy count, renovate the institutions and undertake the changes this country needs."

A radicalisation of his supporters, several of whom voice their willingness to take up an armed struggle if necessary, is noticeable on the occupied avenue of Paseo de la Reforma.

But from the tent in Mexico City's main square that for the past three weeks has served as his office, Mr López Obrador told the FT that he was not worried by such comments. "This is a peaceful movement," he said.

His detractors have accused him of playing on Mexico's less-than-stellar record on elections to support his insistence that last month's vote was fraudulent.

During the 71 years the Institutional Revolutionary party (PRI) ruled the country until 2000, elections were often rigged, leading many Mexicans to develop an instinctive suspicion of the voting process.

But Mr López Obrador, former Mexico City mayor, said the need for a full recount of the votes had become even clearer after a partial recount ordered last week by the electoral tribunal had "turned up serious irregularities".

Among them, he said, were more than 50,000 missing voting slips as well as ballot boxes containing about 50,000 more votes than the number of people on the electoral register.

"It makes no sense . . . Watergate is child's play compared with what went on here," he said. "But they [the authorities] don't want a full recount because they are going to find many irregularities."

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Representatives from Mr Calderón's PAN party reject Mr López Obrador's figures, and say the partial recount has turned up insignificant changes compared with the official count carried out last month.

In the event of a negative decision from the tribunal, he said, a "national convention" on September 16 gathering 1m of the movement's delegates would vote on what actions it would take in response.

Business Chiefs Call On Bush To Spur Doha Talks (FT)

By Stephanie Kirchgaessner

Financial Times, August 21, 2006

Chuck Prince, Citigroup chief, has urged President George W. Bush to reinvigorate multilateral trade discussions and "identify a way forward" on the Doha round of trade talks.

In a letter also signed by British Airways chairman Martin Broughton on behalf of the TransAtlantic Business Dialogue, the executives said it was "unacceptable" that transatlantic differences over agriculture, representing less than 3 per cent of transatlantic gross domestic product, were dictating progress on increased market access for goods and services that comprise the majority of global trade.

The corporate leaders said several factors should prompt the administration to revitalise the talks, including the rise of protectionist tendencies, the increase in bilateral agreements between stronger trading nations, and the expiration next June of the president's trade promotion authority to negotiate trade agreements.

World trade talks that were supposed to relieve poverty and improve economic growth were frozen late last month after five years of negotiations because of differences about farm liberalisation.

While there have been few signs that the parties are willing to make concessions, the executives pointed to four meetings in which the Bush administration could "advance discussions" on the cost to developing countries of not proceeding with negotiations.

"Timing is of the essence . . . we urge you to instruct your finance, trade and agriculture ministers to make wise use of these meeting to recalibrate negotiating positions . . . and give a new sense of purpose to the WTO process," the letter said.

Susan Schwab, US trade representative, is due to travel to China this month where she will meet Bo Xilai, commerce minister, to discuss China's role in helping to restart negotiations.

Indonesian Village Marks Twelfth Case Of Avian Flu (WSJ)

The Wall Street Journal, August 21, 2006

JAKARTA, Indonesia -- An Indonesian woman died of bird flu in a village that has tallied 12 confirmed or suspected cases of the H5N1 virus, a senior health official said yesterday, as authorities stepped up their investigation into the new possible cluster of cases.

Laboratory test results confirmed the 35-year-old woman, who died Thursday at Dr. Slamet Hospital in West Java province's Garut district, had the disease, said Nyoman Kandun, the Ministry of Health's director general of communicable disease control.

"Her 9-year old daughter died a week before her, but we did not take her specimens, so we don't know whether she is positive or negative," Dr. Kandun said.

Most people have been infected after coming into contact with sick birds, but experts fear the virus could mutate into a form that spreads easily among humans, potentially sparking a pandemic.

Clusters of cases heighten the chance of that happening, so health workers were keeping a close eye on Cikelet -- a hamlet 150 kilometers southeast of Jakarta -- where there have been a dozen confirmed or suspected cases of bird flu.

Among them were a four-year-old girl, a 16-year-old boy, and a 60-year-old man who were rushed to Dr. Slamet Hospital late Saturday and early yesterday after coming down with symptoms of the disease, hospital spokesman Yogi Suprayogi said.

Though worrisome, Indonesian officials currently said they believed no human-to-human transmission had occurred in West Java.

"Our team of health officials is collecting all data and information we can from the area," said Dr. Kandun, adding that while the Cikelet cases were "extraordinary...the disease appears to have been spread by sick poultry."

An official said on Saturday that the government was distributing the antiviral medicine Tamiflu to villagers.

The H5N1 virus has killed at least 140 people world-wide since it began ravaging Asian poultry stocks in late 2003. Indonesia has logged 45 deaths, the highest of any country, according to the World Health Organization. That tally doesn't include the death of the Indonesian woman on Thursday.

The War For China's Soul (TIME)

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By Simon Elegant
Time, August 21, 2006

Several weeks after the attack, the witness is still trembling. "Everyone knew trouble was coming," the man says, describing the day last month that haunts him still. A fit-looking fortysomething wearing a T shirt and jeans, the man was a volunteer working on a half-completed church in a suburb of Hangzhou, a picturesque lakeside city 112 miles southwest of Shanghai. Financed by local Christians, the church was to serve a community of 5,000 parishioners. Hundreds of them gathered at the site on the afternoon of July 29, some joining the construction crew building the church. Others, many of them elderly parishioners, sat on plastic chairs surrounding the church, singing hymns.

The Christians surely knew they were testing the patience of local government officials, who insisted the building was illegal and had to be torn down. But few were prepared for what happened next. Witnesses told TIME that at about 2:30 p.m., thousands of uniformed police and plainclothes security officers appeared at the construction site. The police cleared a way through the crowds for a few drill-equipped backhoes, and the authorities then demolished the church. Witnesses say police bludgeoned people indiscriminately with nightsticks. "They were picking up women--some of them old ladies--by their hair and swinging them around like dolls, then letting them crash to the ground," says a man who watched the clash from across the street. A statement faxed to TIME by the information office of the Xiaoshan district government describes the scene differently, claiming that about 100 Christians "attacked and injured government officials" and that although the police detained a few protesters, none were injured. But the volunteer interviewed by TIME produced receipts from the local hospital attesting to his treatment for broken ribs, which he says many others suffered as well. "They treated us like dead dogs," he says. "Some of them scoffed at us as we lay there, saying, 'Where is your God now? Why can't he help you? If you want to go to heaven, we'll help you get there right now.'"

The crackdown in Hangzhou may seem unremarkable for a country where a public demonstration of any kind can still trigger a brutal government response. For openly religious Chinese, in particular, that's a constant threat. Human-rights groups regularly report cases of harassment, temporary detention and even long-term imprisonment of priests and their followers. But the Hangzhou episode is also unmistakable evidence that Christianity is transforming Chinese society.

After four failed attempts over a millennium and a half by foreign missionaries to gain a foothold in China, Christianity is finally taking root and evolving into a truly Chinese religion. Estimates vary, but some experts say Christians make up 5% of China's population, or 65 million believers. And thousands more are converting every day, the vast majority through unofficial "house" churches like the one that sparked the clash in Hangzhou. "Politically, China hasn't changed at all," says Dennis Balcombe, who has spent the past three decades evangelizing in China from his base in Hong Kong. "But as far as religion is concerned, it is much, much freer."

The flowering of Chinese Christianity reflects a wider religious awakening. Long criticized by Western governments and human-rights groups for its virulently antireligious policies, China's central government has in recent years adopted a more lenient attitude toward religious expression. Traditionally, the Communist Party allowed membership in five officially approved religions: Buddhism, Taoism, Islam, Protestant Christianity and Catholicism. Anything falling outside those groups was officially shunned. Even those adhering to "approved" religions have to register to worship in churches and temples approved by the state. But those rules are becoming harder to enforce. These days, Chinese flock to everything from mystical Taoist sects to huge, prosperous Buddhist temples and spiritually based exercise and meditation systems.

The growth of spirituality poses a challenge for China's ruling class, which pays little more than lip service to communist ideology but still strives to control its restive populace. Faced with a social phenomenon that would use up huge amounts of time, manpower and international goodwill to curb, Beijing's cadres have decided to tolerate the new churches so long as they keep a low profile. The more outspoken and organized such groups become, however, the greater the threat they pose to the authority of the Communist Party. For the moment, that influence is confined to local issues related to their faith, such as church building and education. But observers say the challenge could grow, as churches continue to spread out of the countryside and into the cities, where they draw from the ranks of the rapidly growing middle class. "If you look at Chinese history, all the rebellions that led to change of dynasty had some religious connotations," says Jean-Paul Wiest, an expert in the history of Christianity in China who teaches at Beijing's University of International Business and Economics. "The authorities don't like that."

There may not be much they can do about it. Across the country, Christians are worshipping with a fervor once unimaginable in a communist society. Take the service held at 10 o'clock on a recent Sunday morning in China's booming southern city of Shenzhen. Some 40 people are crowded into the living room of a small two-bedroom apartment. The regulars call the place the Home of Love, and like the majority of Chinese Christians, they worship in private because they can't--or won't--register with the government-controlled official Protestant Church, the so-called Three-Self Church (the church's name refers to its three guiding principles of self-reliance). The cries of hawkers selling vegetables and fruits in the alleyway below drift through the grimy windows, but the worshippers have eyes only for the front of the room, where a plump, middle-aged preacher in a tight

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gray suit stands at a small lectern. Behind him is a large wooden cross draped with a white cotton cloth. Several pictures of Jesus hang on the walls, and Chinese characters phonetically spelling out Emanuel--"Yi-man-nei-yi"--frame an archway.

Because of fears that officers from the Public Security Bureau might disrupt the proceedings, which are illegal, services in house churches are often low-key. Not at the Home of Love. The congregation starts by belting out a series of hymns to an accompanying sound track booming out of several large loudspeakers. After the singing, the preacher launches into a sermon extolling the growth of Christianity in China. Then he steps among the tightly packed worshippers, holding their heads and praying over them, chanting what would sound to most Chinese like gibberish. Soon most of the room has joined him in fervent, noisy prayer, many swaying back and forth, eyes squeezed shut, moaning, shouting, wailing. One woman repeats over and over, "Oh mashalah, oh Yesu, oh mashalah, oh Yesu, oh Yesu, oh Yesu." (Yesu is Jesus; mashalah seems to mean nothing.) The woman's face is clenched in ecstasy; tears run down her cheeks.

So far, the government hasn't done much to halt the spread of such hothouses of faith. But that may be changing, as evidenced by the assault on the Hangzhou church. The mandarins in Beijing have always reserved special venom for groups they label xie jiao, or evil cults. The most famous is the brutally suppressed Falun Gong movement, but the authorities may be tempted to extend that label to the Christian sects that are growing the fastest--those practicing fervid forms of worship that stress miracles and personal inspiration through prayer. A number of cultlike, pseudo-Christian offshoots have sprung up in the Chinese countryside in recent years, apparently inspired by this ecstatic form of worship. Often spawned by the personal ambition of their leaders, these highly secretive groups usually espouse millenarian views that make the authorities profoundly nervous. Members of a sect called the Three Grades of Servants were convicted earlier this year in Heilongjiang province on 20 murder charges, involving attacks on its main rival, Eastern Lightning, a sect that relies on kidnapping and beating to make converts. One of its central aims is the overthrow of the "Great Red Dragon," a thinly disguised reference to Beijing.

Although Christians tend not to see themselves as revolutionaries, house churches have become one of China's few bulwarks against government power. In Wenzhou, a city in coastal Zhejiang province known among Chinese Christians as "China's Jerusalem," 15% to 20% of the population is Christian, a fact that gives the church leaders much greater authority in confronting local party officials. In 2002, for example, a campaign of protests and appeals to Beijing led to the reversal of a city government decision to ban Sunday-school teaching. In Hangzhou, local officials say the clash--about which TIME was the first to hear eyewitness accounts--stemmed from the church builders' long-running defiance of government regulations. The county government's statement contends that three alternative sites had been offered to the Christian community's representatives but were refused by church leaders.

Chinese authorities insist that they are not hostile to religion as long as it is practiced according to their rules. At officially sanctioned churches like St. Paul's in Nanjing, a near puritanical attention to order is maintained. There are rows of wooden pews, a pulpit from which the sermon is preached, even a signboard on which hymn numbers are posted. The pastor of St. Paul's, Kan Renping, 38, says his congregation has grown from a few hundred when he took over in 1994 to some 5,000 regular worshippers today. Many have to watch the proceedings on remote TV from four satellite chapels in a nearby building. Despite the growth, Kan isn't a proselytizer. "Anyone is welcome to come in and have a chat with me about religion," he says. "But if people want to come in and talk politics, that we don't like. We only want to concentrate on religion here."

In the long run, though, government attempts to circumscribe how people practice their faith seem unlikely to succeed--and could well spark more unrest. It's telling that even in the face of such crackdowns, some Chinese Christians say they are confident that they will eventually win the freedom to practice their faith as they choose. Brother Chow (not his real name) is one. He is every inch the model of the modern Chinese Christian, a preacher who doubles as a businessman. Despite his pressed jeans, polo shirt and fancy mobile phone, he professes to believe in a deep, ancient faith, one that he says has carried many a Christian through persecution. "Why don't I think it will be a problem? Because as time goes on, the government will get to know the Christian spirit and realize that God exists." He smiles with the secret knowledge of a true believer. "And then," he says, "they will become Christians too."

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TODAY'S EDITION

Terrorism News:

Bush Blasts Court Ruling On Surveillance (AP) 3
Bush Slams NSA Surveillance Critics (WT) 5
Bush Predicts Appeals Court Will Lift Ban On Wiretaps (NYT) .5
Feds Appeal Ruling On Surveillance (AP) 6
Experts Fault Reasoning In Surveillance Decision (NYT) 8
6th Circuit More Conservative, Hard To Predict (AP) 9
Ruling Against Wiretaps Further Sharpens Partisan Divide (WP) 10
GOP Sees Strategic Advantage In Court Loss On Wiretapping (LAT) 11
No Kings (HC) 12
7 British Terror Suspects Also Pakistani Citizens (LAT) 13
Air Safety: What Has And Hasn't Changed (WSJ) 15
Airlines In Backlash Over Security Rules (FT) 17
Anti-Terror Weapons We're Afraid To Use (LAT) 17
The 'Profiling' Debate (WSJ) 18
British Plane Diverted After Note Is Found (WP) 19
Suspect Set Up Hamas Forum, Officials Say (CHIT) 20
Feds Say Salah Has Plotted Since 1990 (AP) 21
Jihad Backer Sentenced In $1.4 Million Chicago Food Stamp Fraud (AP) 21
German Police Seeking Suspects In Failed Plot To Bomb 2 Trains (LAT) 22
German Police See Possible Lebanon Link To Failed Train Bombs (NYT) 23
Breakthrough In Bombay Bombing Probe (WT/UPI) 23
US To Release Guantánamo Inmate (FT) 24
A 'Special' Relationship (WSJ) 24

Homeland Response:

Woman, Bottles Not A Threat (HC/AP) 25
North Carolina: In Duke Case, One Judge (NYT) 26
LVIA Gun Means Two Charges For Woman (ETPA) 26
Woman Charged With Trying To Fly With Loaded Gun, Pepper Spray (SCCD) 27
$428.7 Million In Relief Funds Heads To Texas (HC) 27
Nagin Blames Delays On Racism, Red Tape (AP-Y) 28

War News:

An Army Of Some (NYT) 29
Sectarian Suspicion Plagues Iraqi Army (MCT) 34
Fearful Iraqis Avoid Mosques As Attacks Rise (NYT) 35
Mosque Attendance Down In Iraq (WT/uPI) 37
Baghdad Shut To Cars On Eve Of Pilgrimage So Dire In '05 (NYT) 38
Iraq Bans Vehicles During Shiite Event (LAT) 39
Officer Called Haditha Routine (WP) 40
Marine Didn't Suspect Haditha Wrongdoing (NYT/AP) 41
Two Of Iraq's Shiite Parties Denounce Iran (WP) 42
Jordan Sends Ambassador To Iraq (AP) 43
Innocent Children Jailed, U.S. Official Says (WT) 44
Putting The Iraq War On Trial (TIME) 45
AWOL Soldier Heads Back To Ft. Bragg (AP-Y) 46
On Technical Grounds, Judge Sets Aside Verdict Of Billing Fraud In Iraq Rebuilding (NYT) 47
Verdict Against Iraq Contractor Overturned (WP) 48
Afghan City's Rebound Cut Short (WP) 49
Where Is Euphrates Etiquette? (NYT) 51

Corporate Scandals:

Quattrone May Avoid 3rd Trial (NYT) 52

Criminal Law:

Libby Denied Some Classified Documents (AP) 53
Timing Of DA's Probe Questioned (DENP) 53
Ruling Raises Bar In Lobbyists' Case (WP) 55
'Duke' Cunningham's Wife Says She Felt Deceived (LAT/AP) 56
Federal Judge Blasts Texas Attorney General For Seizing X-rays (AP) 57

Conviction In Charlestown Home Invasion (BOS) 58
Column: Justice For A Murdered Father And Daughter? (WP) 59
Moonda Attorney Says Widow Can't Afford Death-penalty Defense (BEAVCT) 60
Judge Given Four-Year Prison Sentence For Indecent Exposure (AP) 61
2 Guardsmen Accused Of Robbery In New Orleans (NYT) ... 62
National Guardsmen Admit Armed Robbery (WT/uPI) 63
Crime: Up Or Down? (WP) 63
Treat The Addict, Cut The Crime Rate (WP) 64

Civil Law:

UH Settles With Whistle-blower Surgeon (CLPD) 65
Hospitals Settle Suit For $14 Million (AP) 66
Nursing Chain Settles Claims (LAT) 66
Tobacco Ruling Seen As A Win For Shareholders (WP) 67
Smoke But No Fire (WP) 68
What Were They Smoking? (WSJ) 68
Court Expands Agent Orange Coverage (AP-Y) 69
Court Rules Government Must Pay For Offshore Agent Orange Exposure (AP) 70
Court Expands Relief For Agent Orange Victims (MSNBC) ... 70
70's Law Costs 61,000 Military Widows Thousands Of Dollars In Survivor Benefits (NYT) 71
Save The Endangered Whistle-Blower (NYT) 72

Civil Rights:

Pony Leagues Will Allow Deaf Kids To Use Sign Language Interpreters In Games (AP) 72
Emergency Contraception Provision Part Of Abortion Ban Debate (AP) 73
Court: Members Of Congress Not Immune From Discrimination Suits (MCT) 74
Touch-Screen Machines Stir Election Anxiety In Md. (WP) ... 74

Antitrust:

Bristol, Sanofi Ask U.S. Judge To Halt Generic Form Of Plavix (BLOOM) 76
Boeing Wins EU Approval To Buy Aviall (DALBIZ) 77

Environment:

Federal DOT Head Tours Alaska Oil Field (AP-Y) 78
2 More Hearings Set To Examine BP's Pipeline Maintenance (MCT) 79
U.S. Rice Supply Contaminated (WP) 79
Scientists Add Years To Ozone Recovery (AP-Y) 80

Immigration:

Homeland Security Says 11 Million Illegals In U.S. (WT) 81
Feds Estimate 10.5M Illegal Immigrants (AP-Y) 82
Chicago Woman's Stand Stirs Immigration Debate (NYT) 83
Guarding The National Guard (WT) 84

Congress-Administration:

Boeing Moves To Close Plant (LAT) 85
End Of An Era In Long Beach (LAT) 86
Boeing Implements First Phase Of C-17 Cargo-Plane Shutdown (WSJ) 87
Boeing To Shut Down C-17 Production (WP/AP) 88
NASA Picks SpaceX, Rocketplane Kistler To Build Ship (BLOOM) 88
2 Companies Picked For Spaceship Project (AP-Y) 89
Air Force Hopes Program Will Provide An Alternative To Foreign Oil (MCT) 90
Rental Aid Outstripped By Demand In Region (WP) 91

Other News:

Ford Is Slashing Production 20% For 4th Quarter (NYT) 92
New Model Ford Unveils Plan For Sweeping Cuts In '06 Production (WSJ) 94
Ford Plans To Slash US Output (FT) 97
Ford Cuts To Move Forward (FREEP) 98
Ford Announces Deep Production Cuts (AP-Y) 99
Ford To Cut Fourth-Quarter N. America Output By 21% (BLOOM) 101
Detroit Waves Flag That No Longer Flies (WP) 102
Dow Adds 2.6%, Nasdaq Rises 5.2% For Week (WSJ) 104
U.S. Stocks Climb For Fifth Day, Led By Oil Shares, Microsoft (BLOOM) 105
U.S. Economy: Consumer Optimism Wanes On Terror Fears (BLOOM) 106
Microsoft Increases Buyback Of Shares (NYT) 108
Microsoft Buyback Falls Short Of Goal But May Bode Well (WSJ) 108
Hold The Champagne (NYT) 109
Young Quits Wal-Mart After Jibe (WT/AP) 110
Different Focus In Atlanta On Young's Remark (NYT) 110
Barr Seeks Fed OK For Morning-after Pill (AP-Y) 112
Allen Flap May Give A Boost To Webb (WP) 112
G.O.P. Deserts One Of Its Own For Lieberman (NYT) 114
Lieberman Hires New Consultant, Pollster (AP-Y) 116
GOP Backs Doctor As Write-in For DeLay (AP-Y) 116
8 Vie To Replace Troubled Ohio Rep. Ney (AP-Y) 117
Alaska Gov. May Be Unseated In Primary (AP-Y) 118

DOJ_NMG_0051160

Catering To Constituency Groups Rouses Friction Among Democrats (MCT) 119
In Nashville, Sounds Of Political Uprising From The Left (NYT) 120
Most States Have Budget Surpluses (WP) 122
What Is K Street's Project? (NYT) 123
First Amendment On Trial (WSJ) 124
Bush Calls On Paris To Commit Troops (FT) 125
U.N. Appeals To Europe For Peacekeepers (AP) 126
U.N. Urges Europe To Join Mideast Effort (WP) 128
Europe Urged To Do More For UN Force (FT) 129
Lebanon Secures Itself (WT) 130
Bush, Lebanon Seek Greater French Role In UN Force (Update2) (BLOOM) 131
Focus On Mideast Arms Flow (LAT) 133
Turkey Says It Forced Iran Planes Down (AP-Y) 135
Mass Burials Begin In Qana, Lebanon (MCT) 135
Mass Funerals Held In Southern Lebanon (AP) 136
With 'Minefields' At Home, War Isn't Over For Lebanese (NYT) 138
Villagers Cheer As Lebanese Army Marches Into The South (NYT) 139
Hezbollah's Transformation Is A Case Study (MCT) 140
Rebuilding And Regrouping (NSWK) 143
Many Israelis See Lebanon War As Major Stumble (WP) 144
Israelis Back From Battle Report Grievous Missteps (WT/AP) 146
Troubled Foray Why Israel's Plans To Curb Hezbollah Went So Poorly (WSJ) 147
Israelis Slam Use Of Russia Missiles (WT/AP) 151
Olmert Shelves West Bank Pull-out Plan (FT) 151
Testing Time For Israel's Leaders (NYT) 152
Making Peace Stick In Lebanon (WP) 152
Israel Seizes Palestinians' Deputy Premier In West Bank (LAT) 154
Wife Of Kidnapped Journalist Issues Plea (LAT/AP) 154
Britain's Plans For Addressing Its Muslims' Concerns Lag (NYT) 155
Raul Castro Finally Speaks Out, Bashes Bush (WP) 156
Cuba Mobilized For A U.S. Attack, Raúl Castro Says (NYT) . 157
Raul Castro Comments On Cuba-U.S. Ties (AP) 157
Anti-Castro Disclosures Could Help `Cuban Five' (LAT) 159
Ex-Bolivian Leader Blames U.S. In Missile Scandal (AP) 160
How A Catastrophic Flood May Help North Korea's Regime (TIME) 160
Gadhafi Says He Spoke With North Korea (BOS/AP) 161
Colombia's Coca Survives U.S. Plan To Uproot It (NYT) 162
U.N. Official Assails South Africa On Its Response To AIDS (NYT) 165
South Africa's Barred Me, Says UN Envoy (AFP) 166
Ending AIDS Epidemic Seen As Multi-Front War (WP) 167
Chinese Crackdown On Rights Lawyers Signals Effort To Deter Increasing Legal Challenges (NYT) 168
Chinese Rights Activist Stands Trial After Police Detain Defense Team (WP) 170
Activist's Trial Proceedings Called Unfair (LAT) 171
Letter From Beijing: A Legal Activist Goes On Trial (TIME) . 172
China's Central Bank Raises Rates In Latest Effort To Slow The Economy (NYT) 173
Mexico (WSJ) 175
Islamists In Somalia Sharply Rebuff Plan For African Peacekeepers (NYT) 175
East African Nations Announce Plans For Somali Peacekeeping Force (AFP) 176

TERRORISM NEWS:

Bush Blasts Court Ruling On Surveillance (AP)

By Deb Riechmann, Associated Press Writer

AP, August 19, 2006

President Bush on Friday criticized a federal court ruling that said his warrantless wiretapping program is unconstitutional, declaring that opponents "do not understand the nature of the world in which we live."

"I strongly disagree with that decision, strongly disagree," Bush said, striking his finger on a podium to underscore his point. "That's why I instructed the Justice Department to appeal immediately, and I believe our appeals will be upheld."

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U.S. District Judge Anna Diggs Taylor in Detroit on Thursday was the first to find the National Security Agency surveillance program unconstitutional. The program involves monitoring international phone calls and e-mails to and from the United States involving people with suspected ties to terrorists.

"If al-Qaida is calling in to the United States, we want to know why they're calling," Bush said.

Critics say the surveillance program skirts the 1978 Foreign Intelligence Surveillance Act, which requires court warrants for domestic eavesdropping. The administration has argued that obtaining warrants from a secret court set up under FISA is a time-consuming process unsuited for the government's fast-moving war on terror.

The judge said the government, in defending the program, appeared to be saying the president had the "inherent power" to violate laws of Congress.

"It was never the intent of the framers to give the president such unfettered control," Taylor wrote in a 43-page opinion. "... There are no hereditary Kings in America and no powers not created by the Constitution. So all 'inherent powers' must derive from that Constitution."

On other issues, Bush said it would take the world time to view the war between Israel and Hezbollah as a loss for the Islamic militant group.

"The first reaction, of course, of Hezbollah and its supporters is, declare victory," Bush said. "I guess I would have done the same thing if I were them, but sometimes it takes people a while to come to the sober realization of what forces create stability and which don't. Hezbollah is a force of instability."

Bush also expressed some disappointment with France's contribution to an expanded peacekeeping force in Lebanon.

France had been expected to make a significant new contribution that would form the backbone of the expanded force. But French President Jacques Chirac disappointed the United Nations and other countries by announcing France would contribute just 200 combat engineers to its current 200-member contingent in Lebanon.

"France has said they will send some troops," the president said. "We hope they'll send more."

Members of Bush's economic team stood alongside the president as he spoke under bright sunshine at the Camp David helipad. Among attendees were Vice President Dick Cheney, Treasury Secretary Henry Paulson, Commerce Secretary Carlos Gutierrez, Labor Secretary Elaine Chao, National Economic Council Director Allan Hubbard and White House budget chief Rob Portman.

The meeting came at a time when only 37 percent of Americans support Bush's handling of the economy, according to AP-Ipsos polling in early August. It's also just weeks before congressional midterm elections that will determine whether Republicans continue to control the House and the Senate.

Bush declared the economy solid and strong because of tax cuts his administration pushed through Congress. He rattled off a series of economic indicators, including the nation's 4.8 percent jobless rate in July and 4 percent annual economic growth rate through the first half of the year.

But House Minority Leader Nancy Pelosi took issue with Bush's upbeat comments on the economy, saying, "President Bush may think the economy is moving forward, but many hard working Americans are stuck living paycheck to paycheck.

"Under President Bush and the Republican Congress, the economic situation for too many Americans is going in the wrong direction," said the California Democrat. Since Bush took office, she said, "real median family income has dropped by $1,700 while families are paying $3,200 more in household costs."

Bush did not mention that the July unemployment rate had inched up from 4.6 percent in June, reflecting a slowdown in job creation that reflects weaker economic growth. And while the gross domestic product expanded at an annual rate of 5.6 percent in the first quarter, it slowed to just 2.5 percent in the April-June quarter.

On Friday, a University of Michigan survey showed consumer confidence fell sharply in early August to the lowest level in 10 months as Americans were rattled by new terrorism concerns and gasoline prices above $3 per gallon.

Bush did not mention the jump in gasoline prices, although he did discuss the need to invest in new energy technologies.

Paulson, speaking to reporters later, said the team spent much time talking about long-term challenges such as changing Social Security, Medicare and Medicaid in view of the pending retirement of 78 million baby boomers.

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"We think it is quite possible to come up with a fix that is quite doable," Paulson said of reforming the government programs. "The question is whether we can get the support of Congress to get something done."

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AP Economics Writer Martin Crutsinger contributed to this report.

Bush Slams NSA Surveillance Critics (WT)

By Joseph Curl, The Washington Times

The Washington Times, August 19, 2006

President Bush yesterday strongly defended his administration's terrorist surveillance program, saying those who oppose it "simply do not understand the nature of the world in which we live."

"This country of ours is at war," the president told reporters at Camp David, a day after a federal judge in Michigan ruled the program unconstitutional. "We must give those whose responsibility it is to protect the United States the tools necessary to protect this country in a time of war."

On Thursday, U.S. District Judge Anna Diggs Taylor struck down the National Security Agency's wiretapping program, ruling that it infringed on the constitutional rights to privacy and free speech.

"The judge's decision was a -- I strongly disagree with that decision, strongly disagree," Mr. Bush said of the ruling in the case brought by the American Civil Liberties Union.

The president said he instructed the Justice Department to immediately appeal the decision.

The program targets international telephone calls and other electronic communications coming into or going out of the United States in which "one of the parties on the call is a suspected al Qaeda or affiliated terrorist," the White House said Thursday.

Democrats pounced on the ruling, saying that it proves Mr. Bush has overstepped his authority and is trampling on the Constitution.

"No one is above the law," said Sen. John Kerry of Massachusetts, who lost to Mr. Bush in the 2004 presidential election. "Now we need an honest debate and constructive steps, not another public relations onslaught from an administration that's good at hiding the truth and spinning the politics and sorely lacking when it comes to making America safe in the world or bringing people together at home."

The president, speaking to reporters yesterday after meeting with his economic team at the presidential retreat in Maryland, refused to address reports that North Korea may be preparing for an underground test of a nuclear bomb, but said: "If North Korea were to conduct a test, it's just a constant reminder for people in the neighborhood in particular that North Korea poses a threat and we expect our friends, those sitting around the table with us, to act in such a manner as to help rid the world of the threat."

He also said that Hezbollah suffered a defeat in its war with Israel.

"The first reaction of course of Hezbollah and its supporters is to declare victory. I guess I would have done the same thing if I were them," Mr. Bush said. "Sometimes it takes people a while to come to the sober realization of what forces create stability and what don't. Hezbollah is a force of instability."

Bush Predicts Appeals Court Will Lift Ban On Wiretaps (NYT)

By Eric Lichtblau

The New York Times, August 19, 2006

WASHINGTON, Aug. 18 — President Bush predicted Friday that an appeals court would ultimately overturn a decision this week declaring his warrantless wiretapping program illegal, and he said that “those who herald this decision simply do not understand the nature of the world in which we live.”

“I strongly disagree with that decision, strongly disagree,” Mr. Bush said of a ruling issued Thursday by Judge Anna Diggs Taylor, a Federal District Court judge in Detroit, in a lawsuit brought by the American Civil Liberties Union.

The decision quickly became a political firecracker, as the Republican National Committee sought to play off the ruling to rally supporters.

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In a "Dear Republican" letter, the committee pointed out that the decision was issued by a "Democratic-appointed judge." It asked, "If you are outraged by this latest development, will you sign the petition against this decision weakening the tools we need to fight the war on terror?"

But Democrats and some legal scholars said they regarded the decision by Judge Taylor, who was appointed by President Jimmy Carter, as an important affirmation of the separation of powers and limits on presidential authority even in a time of war.

Senator Patrick J. Leahy, the ranking Democrat on the Senate Judiciary Committee, said the decision affirmed his view that the wiretapping program was illegal. Mr. Leahy described the program as "another unfortunate example of how White House misdirection, arrogance and mismanagement have needlessly complicated our goal of protecting the American people."

Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, did not comment directly on Judge Taylor's decision but said Republican efforts to "divert people's attention" from what he described as the Bush administration's missteps on foreign policy would not work.

"The bottom line is that most Americans fundamentally believe that you can give the president all the tools he needs to protect us and at the same time uphold the rule of law," Mr. Schumer said. "There's only a very few in the administration who don't hold that view."

In her ruling, Judge Taylor found that the wiretapping program, which allows the National Security Agency to wiretap the international communications of Americans suspected of ties to terrorism without a court warrant, violated both the First and Fourth Amendments, as well as a 1978 law restricting the use of intelligence wiretaps. Nor did a 2001 measure in Congress authorizing the use of military force in Afghanistan give the president power to conduct wiretaps without a warrant, she ruled in ordering a stop to the program.

"It was never the intent of the framers to give the president such unfettered control, particularly when his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights," she wrote. "The three separate branches of government were developed as a check and balance for one another."

In a view echoed by other legal experts interviewed Friday, Peter M. Shane, a law professor at Ohio State University who specializes in separation of powers issues, said he agreed with Judge Taylor's ultimate determination but took issue with elements of her legal analysis, including her reading of constitutional law.

"I agree very strongly that the president's national security powers are not sufficient in this area to defy Congress's express determination," Mr. Shane said. "I just wish she had written it more carefully."

Bush administration officials said Friday that they were eager to exploit what they saw as flaws and omissions in Judge Taylor's legal reasoning.

"What was surprising was the weak reasoning of the opinion," said a senior Justice Department official, who spoke on condition of anonymity because the department is still preparing its appeal. "It lacked any meaningful legal analysis of the substantive issues."

The Justice Department has already appealed the ruling, and the A.C.L.U. agreed that the judge's order would not be enforced until a hearing is held next month, meaning that the program can continue in the interim. Meanwhile, Justice Department officials continued parsing the ruling Friday to prepare for an appeal that lawyers say could ultimately be decided by the Supreme Court.

President Bush, speaking with reporters on Friday at Camp David, sounded confident that the administration would prevail in the courts.

Administration officials "strongly believe" the program is constitutional, Mr. Bush said. Because he disagreed so strongly with the judge's opinion, Mr. Bush said, "that's why I instructed the Justice Department to appeal immediately. And I believe our appeals will be upheld."

He pointed to the plot announced last week in London to bomb planes bound for the United States as further evidence of the need for strong and aggressive counterterrorism measures.

"The American people expect us to protect them, and therefore, I put this program in place," Mr. Bush said.

Feds Appeal Ruling On Surveillance (AP)

By Sarah Karush, Associated Press Writer

AP, August 19, 2006

The Justice Department launched an appeal within hours of a federal judge's ruling that, for the first time, struck down President Bush's warrantless wiretapping program as an unconstitutional infringement on the right to privacy and free speech.

The judge on Thursday ordered an immediate halt to the program, but the government said it would request a stay during the appeals process, arguing that the secret surveillance program is crucial to stopping terrorists.

"We have confidence in the lawfulness of this program," Attorney General Alberto Gonzales said in Washington. "We're going to do everything we can do in the courts to allow this program to continue."

The American Civil Liberties Union, which brought the lawsuit, said it opposed the stay but agreed to delay enforcement of the injunction until the judge hears arguments Sept. 7.

U.S. District Judge Anna Diggs Taylor was the first to find the National Security Agency surveillance program unconstitutional, and she took the Bush administration to task for its arguments, saying it appeared to be saying the president had the "inherent power" to violate laws of Congress.

"There are no hereditary Kings in America and no powers not created by the Constitution. So all 'inherent powers' must derive from that Constitution," Taylor wrote in her 43-page opinion.

"The public interest is clear, in this matter. It is the upholding of our Constitution," she wrote.

The Justice Department quickly filed notice of appeal, saying it would seek a reversal by the 6th U.S. Circuit Court of Appeals.

White House press secretary Tony Snow said the Bush administration "couldn't disagree more with this ruling." He said the program carefully targets communications of suspected terrorists and "has helped stop terrorist attacks and saved American lives."

The lawsuit was filed in January on behalf of journalists, scholars and lawyers who say the program has made it difficult for them to do their jobs. They believe many of their overseas contacts are likely targets of the program, which monitors international phone calls and e-mails to or from the U.S. involving people the government suspects have terrorist links.

The ACLU says the 1978 Foreign Intelligence Surveillance Act, which set up a secret court to grant warrants for such surveillance, gave the government enough tools to monitor suspected terrorists.

But the government says it can't always wait for a court to take action. It says the NSA program is well within the president's authority but proving that would require revealing state secrets.

The ACLU says the state-secrets argument is irrelevant because the Bush administration already had publicly revealed enough information about the program for Taylor to rule. The administration has decried leaks that led to a report in The New York Times last year revealing the existence of the program.

Taylor, a Carter appointee, said the government appeared to believe the program is beyond judicial scrutiny.

"It was never the intent of the framers to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights," she wrote. "The three separate branches of government were developed as a check and balance for one another."

ACLU executive director Anthony Romero called Taylor's opinion "another nail in the coffin in the Bush administration's legal strategy in the war on terror."

While siding with the ACLU on the surveillance issue, Taylor dismissed a separate claim by the group over NSA data-mining of phone records. She said not enough had been publicly revealed about that program to support the claim and further litigation would jeopardize state secrets.

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Associated Press writers Katherine Shrader in Washington and Jeremiah Marquez in Los Angeles contributed to this report.

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On the Net:

Taylor's ruling: http://www.mied.uscourts.gov/eGov/taylorpdf/06%2010204.pdf

Information on the case from the ACLU: http://www.aclu.org/nsaspying

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National Security Agency: http://www.nsa.gov

Experts Fault Reasoning In Surveillance Decision (NYT)

By Adam Liptak

The New York Times, August 19, 2006

Even legal experts who agreed with a federal judge's conclusion on Thursday that a National Security Agency surveillance program is unlawful were distancing themselves from the decision's reasoning and rhetoric yesterday.

They said the opinion overlooked important precedents, failed to engage the government's major arguments, used circular reasoning, substituted passion for analysis and did not even offer the best reasons for its own conclusions.

Discomfort with the quality of the decision is almost universal, said Howard J. Bashman, a Pennsylvania lawyer whose Web log provides comprehensive and nonpartisan reports on legal developments.

"It does appear," Mr. Bashman said, "that folks on all sides of the spectrum, both those who support it and those who oppose it, say the decision is not strongly grounded in legal authority."

The main problems, scholars sympathetic to the decision's bottom line said, is that the judge, Anna Diggs Taylor, relied on novel and questionable constitutional arguments when more straightforward statutory ones were available.

She ruled, for instance, that the program, which eavesdrops without court permission on international communications of people in the United States, violated the First Amendment because it might have chilled the speech of people who feared they might have been monitored.

That ruling is "rather innovative" and "not a particularly good argument," Jack Balkin, a law professor at Yale who believes the program is illegal, wrote on his Web log.

Judge Taylor also ruled that the program violated the Fourth Amendment's ban on unreasonable searches and seizures. But scholars said she failed to take account of the so-called "special needs" exception to the amendment's requirement that the government obtain a warrant before engaging in some surveillance unrelated to routine law enforcement. "It's just a few pages of general ruminations about the Fourth Amendment, much of it incomplete and some of it simply incorrect," Orin S. Kerr, a law professor at George Washington University who believes the administration's legal justifications for the program are weak, said of Judge Taylor's Fourth Amendment analysis on a Web log called the Volokh Conspiracy.

Judge Taylor gave less attention to the more modest statutory argument that has been widely advanced by critics of the program. They say that it violates a 1978 law requiring warrants from a secret court and that neither a 2001 Congressional authorization to use military force against Al Qaeda nor the president's constitutional authority allowed the administration to ignore the law. A recent Supreme Court decision strengthened that argument. Judge Taylor did not cite it.

Some scholars speculated that Judge Taylor, of the Federal District Court in Detroit, may have rushed her decision lest the case be consolidated with several others now pending in federal court in San Francisco or moved to a specialized court in Washington as contemplated by pending legislation. Judge Taylor heard the last set of arguments in the case a little more than a month ago.

The decision has been appealed, and legal scholars said Judge Taylor had done the American Civil Liberties Union, which represents the plaintiffs, few favors beyond handing it a victory. On the other hand, they added, the appeals court is bound to examine the legal arguments in the case afresh in any event.

Indeed, Cass R. Sunstein, a law professor at the University of Chicago, predicted that the plaintiffs would win the case on appeal, but not for the reasons Judge Taylor gave.

"The chances that the Bush program will be upheld are not none, but slim," Professor Sunstein said. "The chances that this judge's analysis will be adopted are also slim."

Eugene Volokh, a law professor at the University of California, Los Angeles, who presides over the Volokh Conspiracy Web log and says he is skeptical of the legality of the wiretapping program, called the decision "not just ill-reasoned, but rhetorically ill-conceived."

"If I were the A.C.L.U.," Professor Volokh said, "I would rather have a decision that came across as more-in-sorrow-than-in-anger and that was as deliberate, meticulous, thoughtful and studiously impartial as possible."

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Anthony Romero, the executive director of the A.C.L.U., said Judge Taylor's decision represented vindication of established limits on the scope of executive authority.

"Ultimately," Mr. Romero said, "any doubts about the decision will be taken up on appeal by sitting federal judges rather than pundits or commentators."

Judge Taylor, a longtime trial court judge who was appointed by President Jimmy Carter, enjoys a good reputation among lawyers who have appeared before her, according to anonymous comments collected by the Almanac of the Federal Judiciary.

"Lawyers interviewed rated Taylor high in legal ability," the almanac concluded. The eight quoted comments ranged from enthusiastic ("She is smart as hell") to lukewarm ("She is competent").

Supporters of the program, disclosed by The New York Times in December, suggested that Judge Taylor's opinion was as good a way to lose as any.

"It's hard to exaggerate how bad it is," said John R. Schmidt, a Justice Department official in the Clinton administration who says the program is legal. He pointed to Judge Taylor's failure to cite what he called several pertinent decisions, including one from the Foreign Intelligence Surveillance Court of Review in 2002 that said it took for granted that Congress "could not encroach on the president's constitutional power" to conduct warrantless surveillance to obtain foreign intelligence.

The decision also failed to cite a Supreme Court decision in June helpful to the plaintiffs, a group of journalists, scholars, lawyers and nonprofit organizations. The decision, Hamdan v. Rumsfeld, struck down the administration's plans to try prisoners at Guantánamo Bay, Cuba, as war criminals. It was widely interpreted as a rebuke to the administration's expansive conception of executive power.

"After Hamdan," Professor Sunstein said, "this program is not easy to defend."

Professor Balkin said there was a rushed quality to Judge Taylor's decision, but he added that her reason for moving fast may have been the laudable one of assuring that more than one appeals court would have the opportunity to pass on the legality of the program.

Martin S. Lederman, a former Justice Department official who believes the program is illegal, said he found the contrast between Justice John Paul Stevens's approach in Hamdan and Judge Taylor's in the wiretapping case telling.

"Justice Stevens was criticized for not including sound bites and sweeping constitutional interpretation," Mr. Lederman said. Judge Taylor's decision, by contrast, he said, "was meant for headlines."

6th Circuit More Conservative, Hard To Predict (AP)

By Dan Sewell, Associated Press Writer

AP, August 19, 2006

CINCINNATI- The Bush administration's warrantless wiretapping program is heading toward a federal appellate court loaded with the president's own appointees.

However, veterans of cases before the 6th U.S. Circuit Court of Appeals caution that the court's mixed record in a broad range of rulings covering elections, death penalty cases, religious displays and other civil liberties issues make it difficult to predict how its judges will view the surveillance the administration says is crucial to stopping terrorists.

"It is not a foregone conclusion that a conservative-dominated court is going to say, 'President Bush did this and we're going to uphold what he wants,'" said Robert A. Sedler, a law professor at Wayne State University. "There are many issues in this case. Conservative judges often have a very strongly libertarian streak."

The Justice Department filed notice of appeal with the Cincinnati-based court, which hears federal appeals from Kentucky, Michigan, Ohio and Tennessee, soon after U.S. District Judge Ann Diggs Taylor on Thursday ruled the National Security Agency's warrantless surveillance was unconstitutional. Taylor, a Jimmy Carter appointee, will hear the government's request for a stay Sept. 7 in Detroit.

President Bush has appointed six judges to the 6th Circuit, including two Michigan judges last summer that gave Republican appointees an 8-6 majority. The chief judge was appointed by Ronald Reagan.

But the three-judge panels that hear appeals still often split their rulings. Depending on scheduling, the panels sometimes include a district court judge or a senior judge who's not a full-time member of the court.

The wiretapping case also could wind up before the full court, in what's called an en banc hearing.

"There's a whole range of judges in terms of experience, age and background," said John Pirich, a Lansing, Mich., attorney who's argued cases here over three decades. "I really can't quantify any of their rulings based upon who appointed them or what year they've been appointed."

Pirich, whose name has been mentioned as a potential Bush appointee to a federal bench, noted that the judges have lifetime appointments and that judicial philosophies sometimes evolve over time.

The appellate court hears cases covering a gamut of constitutional issues.

Just this week, a 6th Circuit panel upheld a ruling that Michigan's prep sports schedule discriminates against girls in some sports. Earlier this year, a panel overturned a lower-court ruling and allowed Tennessee to offer anti-abortion license plates with the message "Choose Life." And a 2-1 ruling in April overturned a lower court and found that punch-card ballots had violated Ohio voters' rights because counties could not ensure that the ballots were counted. The full court has agreed to review the voting case.

Cincinnati attorney Scott Greenwood, a former American Civil Liberties Union general counsel, has had some 40 cases before the 6th Circuit, including a successful argument against display of Ten Commandments in front of public schools in Adams County, Ohio. However, the 6th Circuit later ruled that a display at the Mercer County, Ky., courthouse was constitutional because it was part of a historical display that included replicas of the Bill of Rights and Declaration of Independence.

Greenwood said the court has been altered by Bush's appointments, but said judges likely will take a hard look at the separation of powers issues in the wiretapping case.

"Civil liberties are not liberal and they're not conservative," he said.

He said it's impossible to predict the court's action in the case, but said he doesn't expect this to be the last stop _ the case seems likely to go before the Supreme Court, Greenwood said.

Ruling Against Wiretaps Further Sharpens Partisan Divide (WP)

By Jonathan Weisman, Washington Post Staff Writer

The Washington Post, August 19, 2006

A federal judge's ruling that the National Security Agency's warrantless wiretapping is unconstitutional set off a flurry of political responses yesterday, as Republicans tried to keep control of the national security debate amid signs that their own party's ranks may be breaking under the pressure of the Iraq war.

President Bush concluded a discussion on the economy with a challenge to Democrats, many of whom had hailed U.S. District Judge Anna Diggs Taylor's ruling that the NSA's wiretapping efforts violate both the Bill of Rights and federal law.

"Those who herald this decision simply do not understand the nature of the world in which we live," Bush said after meeting with his economic team at Camp David. "This country of ours is at war, and we must give those whose responsibility it is to protect the United States the tools necessary to protect this country in a time of war."

He then said that "it would be interesting to see . . . how other policymakers react."

Minutes later, under the headline "Dems Rejoice," the Republican National Committee illuminated those reactions, releasing the statements of eight Democrats -- including House Minority Leader Nancy Pelosi (Calif.) and Sen. John F. Kerry (Mass.), the 2004 presidential nominee -- all heralding the decision as a rebuke to the president.

The National Republican Senatorial Committee challenged Democratic candidates to "stand up in opposition to a liberal judge," while the RNC released an Internet advertisement painting the Democrats as soft on defense. The ad shows prominent Democrats decrying warrantless wiretapping, abusive interrogations, ballistic missile defense and the war in Iraq through the opening of a cave, meant to represent the vantage point of terrorists monitoring the opposition party.

"Democrats say they want to talk about national security and the war on terror . . . while terrorists are watching," the narrator intones.

With that burst of activity, Republicans appeared ready to make Taylor's decision on wiretapping the 2006 equivalent of a Massachusetts judge's legalization of same-sex marriage in 2004: a rallying cry for the Republican base.

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"They never miss an opportunity to play divisive politics on national security," said Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee. "The one casualty Americans would accept in the war on terror is partisanship, and that's the one thing George Bush won't give up."

But with polls showing Republican voters more divided on security issues than Democrats are, it was unclear whether the strategy would work again.

"There is no consensus that Republicans are better on terrorism than the Democrats, as once was clearly the case," said Andrew Kohut, director of the Pew Research Center for the People and the Press.

A Pew Research Center poll released Thursday found "no evidence that terrorism is weighing heavily on voters -- just 2 percent cite that as the issue they most want to hear candidates discuss, far fewer than the number mentioning education, gas prices, or health care." The center continued: "And while roughly a third of Americans (35 percent) say they are very concerned that if Democrats gain control of Congress, they will weaken terrorist defenses, even more (46 percent) express great concern that Republicans will involve the U.S. in too many overseas military missions if the GOP keeps its congressional majorities."

Republicans have done such a good job framing the invasion of Iraq as part of a "war on terror" that bad news from Baghdad is casting doubts on the anti-terrorism effort, Kohut said. Republican voters, meanwhile, are split on whether to withdraw U.S. troops from Iraq, the poll found.

Reflecting these pressures, Republicans in swing districts are beginning to waver. In an interview from Israel yesterday, Rep. Christopher Shays (R-Conn.) said the political will of the United States is being stretched to the limit. He promised to offer a time frame for troop withdrawals when he returns next week from his 14th trip to Iraq.

"We have got to find a way to come to some kind of consensus, so we can do what's right for our country and what's right for the Iraqis," said Shays, an ardent supporter of the war who is in a political dogfight with his antiwar Democratic opponent. "We have to say 'This is the latest we will leave' and be able to live with that."

Shays plans to hold three hearings next month to explore whether Iraq is heading toward democracy or civil war, a state parts of the country are already in, he said. "I am more pessimistic, clearly," he said.

On Thursday, Rep. Michael G. Fitzpatrick (R-Pa.) wrote a letter to constituents declaring that he was saying no to "President Bush's 'stay-the-course' strategy" in Iraq. That followed a Fitzpatrick statement earlier this month saying: "When it comes to the war in Iraq, President Bush has been bold, principled, resolute, but mistaken in crucial ways."

Amid such discord, Republicans welcomed a return to debating the NSA's warrantless surveillance program. With no quick resolution of the case in sight, the judicial decision is likely to remain an issue. The Justice Department filed its notice of appeal in the case Thursday with the U.S. Court of Appeals for the 6th Circuit in Cincinnati. But no deadline had been set as of yesterday afternoon for submitting briefs, a Justice Department official said.

"It's an opportunity, as we see it, to highlight the fundamental choice between the two parties," RNC spokeswoman Tracey Schmitt said, "between a party that understands the need for post-9/11 tools in a post-9/11 world and a party that questions giving law enforcement the tools they need to be successful."

Staff writer Dan Eggen contributed to this report.

GOP Sees Strategic Advantage In Court Loss On Wiretapping (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, August 19, 2006

Keeping terrorism the topic of the day is thought to exploit a vulnerability of Democrats -- who'd rather talk about Iraq.

WASHINGTON — This week's federal court ruling that declared the president's warrantless wiretapping program unconstitutional was a blow to the Bush administration and a victory for its critics. But in a reversal, it is Republicans who are highlighting the decision and Democrats who are sidestepping it.

A day after a Detroit judge said the president "blatantly disregarded" the Constitution when he authorized the domestic surveillance program, top Republicans issued a stream of memos discussing her ruling and released a new Web ad accusing Democrats of being against terrorist surveillance.

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Republican National Committee Chairman Ken Mehlman headlined the issue in an e-mail sent Friday to supporters around the country.

"Yesterday, a Democrat-appointed judge in Detroit sided with the ACLU and ordered an immediate halt to the Terrorist Surveillance Program," Mehlman wrote. "This decision is a reminder of what is at stake in 2006. Will we use every tool in our arsenal to respond to emerging threats, or embrace the Democrat-ACLU position that just made it harder for our intelligence agencies to detect terrorist plots inside the United States?"

President Bush himself seemed eager to take on the issue during a brief question-and-answer session with reporters at Camp David.

"Those who herald this decision simply do not understand the nature of the world in which we live," Bush said, pounding the lectern.

He continued: "This country of ours is at war, and we must give those whose responsibility it is to protect the United States the tools necessary to protect this country in a time of war."

Democratic leaders, by contrast, after issuing a few terse comments on Thursday, have fallen largely silent.

"The Republicans are celebrating it secretly, even though it went against them," said Marshall Wittmann, a former aide to Sen. John McCain (R-Ariz.) who is now senior fellow at the center-left Progressive Policy Institute. "My guess is that Democrats won't touch it.... To embrace the decision would underscore Democratic vulnerabilities, especially the charge that they are not tough enough on national security."

In the sometimes common-sense-defying world of politics, political strategists often care more about the discussion topic than its details; as long as the topic works for them, they want it in the news, even if the current specifics might cast their party in a bad light.

"Republicans would like nothing more than to get into a debate over terrorism with the Democrats," Wittmann explained. "But Democrats don't want to play the Republicans' game on national security. They are just not going to go there."

So Republicans embrace discussion of the war on terrorism, and Democrats try to steer the discussion either to domestic issues such as port security or to the military stalemate in Iraq.

The domestic surveillance program "is probably the trickiest issue for us to deal with," conceded a senior Democratic Senate aide, who requested anonymity because he was not authorized to speak publicly on the matter.

"The goal is to try to embrace the goals of the program, and everyone has done that," he said. "What we have to try and avoid is falling into the trap being set for us by the Republicans, suggesting that we are soft on the war on terrorism."

Democratic strategist Stephanie Cutter, who was communications director for 2004 presidential nominee Sen. John F. Kerry, said Democrats' best approach was to link the war on terrorism to Iraq.

"Unlike the past two election cycles, talking about the war on terror won't get Republicans where they need to be this time because Iraq is a big noose around their necks," Cutter said. "The American people understand that Iraq has weakened our hand in the war on terror, and that is Issue No. 1 in this election."

The Detroit ruling could have a Republican downside by slowing momentum in Congress for passing legislation to authorize the warrantless spying. (The Supreme Court ruled this summer — in a case many in Washington consider analogous to the wiretapping issue — that without specific congressional approval, Bush did not have the power to set up special military trials at Guantanamo Bay, Cuba.)

If last week's disruption of an alleged terrorist plot in Britain bolstered those in Congress who hoped to give the administration full authorization for the wiretapping program, this week's court ruling may work the opposite way.

"This takes the wind out of their sails," said a second Democratic aide who requested anonymity.

After the Detroit court decision, "it's not the clean shot they thought they had."

No Kings (HC)

Houston Chronicle, August 19, 2006

Judge rightly rules 'inherent' constitutional powers cannot trump stated limits on government power

A federal district judge in Detroit ruled Thursday that the National Security Agency's warrantless surveillance was illegal and unconstitutional. Chillingly, Judge Anna Diggs Taylor thought it necessary to remind Americans and the administration that, "There are no hereditary kings in America and no powers not created by the Constitution."

President Bush, at Camp David for the weekend, said he strongly disagreed with the judge's ruling.

The ruling applies to government eavesdropping on calls and e-mails originating or terminating in the United States. Congress created a special court to review intelligence eavesdropping on such communications, but the administration maintains the court would impede the program.

The judge's statement about there being no hereditary kings was aimed at Bush's contention that the Constitution gives the president inherent and virtually unlimited powers as commander in chief to defend the nation against terrorist attacks. That contention runs counter to the Constitution's clear statement that Congress has the power to prescribe rules for the armed forces (the NSA is an agency of the Department of Defense).

The Constitution, as Taylor noted, in the Fourth Amendment forbids the government from violating the right of the people to be secure against unreasonable searches and seizures. The amendment makes no exception for wartime, as does the Third Amendment.

White House press secretary Tony Snow said the warrantless surveillance program was a crucial tool in fighting terrorism. But the ruling does not prevent the government from eavesdropping on terrorists, it simply requires that the government do so in a lawful manner, with appropriate court review and warrants issued.

Snow said the program has helped stop terrorist attacks and saved American lives. If so, where are the arrested suspects? What were the terrorists' plans? How were they going to take American lives? What should the public and law enforcement do to better protect themselves?

British police had no qualms about revealing the details of their recent triumph against a group that allegedly planned to use liquids to blow up U.S. airliners taking off from London's Heathrow Airport. Where are the similar victories against terrorism made possible by illegal, warrantless eavesdropping?

7 British Terror Suspects Also Pakistani Citizens (LAT)

By Paul Watson And Mubashir Zaidi, Special To The Times

The Los Angeles Times, August 19, 2006

Alleged airline bomb plotters met often with militants in the Asian nation, officials say.

ISLAMABAD, Pakistan — Officials investigating the alleged plot to blow up transatlantic airliners say at least seven of the suspects arrested in Britain had dual citizenship and made frequent trips here in the last three years, gaining information on how to make detonators and explosives.

Most of the suspects detained in Britain also had met with Rashid Rauf, 25, whom Pakistani authorities arrested two days before the alleged cell was broken up on Aug. 10, a senior Pakistani government source said.

Officials say Rauf, who is related by marriage to a prominent Islamic militant, was a key figure in the suspected plot to detonate liquids on as many as 10 planes. Funding and some of the militants involved in the plot might have come from as far away as Africa, Pakistani officials say.

The new details appear to highlight Pakistan's role as a virtual bazaar for would-be terrorists run by militant groups allied with Al Qaeda.

Investigators say they still don't know whether the suspects were being directed by militants in Pakistan or came here seeking inspiration and expertise for a plot that was hatched in Britain.

And though it is unclear whether they received practical training in making bombs, officials here say they are certain that British-based plotters at least received information on detonators and explosives.

U.S. officials say they are concerned about intelligence suggesting that Pakistan has become a place where militants and Al Qaeda operatives assist and train Islamic militants from Europe, and potentially from the United States.

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The country's perceived role as a center of Islamic militancy has its roots in the 1980s insurgency against Soviet forces in neighboring Afghanistan, when the U.S. funneled billions of dollars in covert aid and training through Pakistan to groups that then spawned anti-Western militants.

Pakistan still has a large pool of fighters who know how to use explosives and small arms in insurgent attacks. Pakistani authorities refer to some of the most dangerous as ATBs, short for "Afghan-trained boys," and say they number at least 3,000.

For its part in a shaky peace process with neighboring India, Pakistan has sharply cut the number of militants infiltrating into the Indian-held portion of Kashmir, leaving thousands of trained militants with time to focus on other areas.

Groups preaching holy war against the West also produce DVD videos that are big sellers, particularly in the markets of militant hubs such as the northern city of Peshawar and southern Punjab province.

The DVDs, which sell for about $1, are dubbed in Urdu and Pashto for audiences in Pakistan and Afghanistan, and in Arabic. Some merchants say they sell 40 to 50 of them on a good day.

"Suicide bombing is the only way to defeat a tough enemy," says a bearded, middle-aged man claiming to be a suicide bomber on a DVD titled "Reality of Death."

"Go straight to heaven and send your enemy to hell."

His message is followed by video of an explosion. A text appears on the screen that claims, apparently falsely, that he killed 13 U.S. Marines in Afghanistan in a suicide attack. No such attack has been reported by the U.S. military.

Other DVDs show people receiving training from Taliban fighters. One shows young men registering to become suicide bombers.

Two of the British suspects have been released without charge, but 23 are expected to remain in custody at least until next week. A British court is scheduled to rule on whether they can be held for further investigation without being charged.

Pakistani officials said Rauf acknowledged under interrogation that he had met with an Arab, whom they described only as "an active Al Qaeda leader," along the Pakistani-Afghan border.

Rauf was under surveillance for several months before he was arrested in Bahawalpur, a city in Punjab province where the outlawed militant group Jaish-e-Muhammed is headquartered. Investigators in the suspected British plot are focusing on an offshoot of that group.

Officials have linked Rauf with two prominent militants. They have said he met with Matiur Rehman, Pakistan's most-wanted terrorism suspect and the reputed head of Al Qaeda's operations in the country. Rehman is a suspect in failed attempts to kill Pakistani President Pervez Musharraf and Prime Minister Shaukat Aziz and in a 2002 car bombing that killed 11 French technicians and three others in Karachi.

Pakistani officials also say Rauf is related by marriage to another important militant, Maulana Masood Azhar, a Muslim cleric and former journalist whose links to anti-American attacks date to the early 1990s.

Azhar has claimed involvement in attacks against U.S. troops in Somalia in 1993 and the 1998 bombings of U.S. embassies in Kenya and Tanzania that killed 224 people, including 12 Americans. One of his lieutenants was convicted of masterminding the kidnapping and murder of American journalist Daniel Pearl in 2002.

One U.S. counter-terrorism official said that Pakistani militant groups had been providing Islamic militants with expert training in explosives, weapons use and other guerrilla warfare techniques for many years.

The groups and many splinter organizations have potentially hundreds of camps spread throughout Pakistan's cities and remote mountainous regions. Some are similar to but smaller than those once operated by Al Qaeda in Afghanistan.

Others are hidden in the back rooms of religious schools or other places where militants congregate. A U.S. counter-terrorism official said those sites are nearly impossible to identify and dismantle. If they are discovered, they are resurrected somewhere else or even in the same place, the official and others said.

The senior Pakistani government source, who spoke on condition of anonymity because he was not authorized to talk to a reporter, said investigators believed that money for the alleged airliner plot came from sources in South Africa, and that authorities were working with South African officials to trace those involved. He said most of them were from southern and eastern Africa, and that the amount of money involved was "huge."

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Investigators are also looking for a suspect from Eritrea, who is presumed to be hiding in Pakistan's rugged border region or may already have fled into Afghanistan, officials said.

Ties to Africa would be a similarity to the July 2005 bomb attacks on London's transit system, which killed 56 people, including the four bombers. The investigation of those attacks led to Zambia, where Haroon Rashid Aswat, a Briton of Indian descent and suspected Al Qaeda figure, was arrested.

British and U.S. investigators questioned him about 20 calls made to the London bombers on a cellphone linked to him. But it was not clear whether Aswat had made the calls, and he ultimately was not charged.

Two weeks after the attacks in London, a group of East Africans led by an Eritrean who is believed to have visited Pakistan tried to copy the attacks, but their backpack bombs did not fully explode.

U.S. officials are particularly concerned about U.S. citizens who have traveled to and from Pakistan for training and possible plotting of attacks. One of them was Mohammed Junaid Babar, a Pakistani American who grew up in Queens, N.Y., and has been quietly cooperating with the international investigation of the London transit bombings.

Babar has been linked to those attacks, as well as an alleged Al Qaeda effort to conduct detailed surveillance of financial institutions in New York, Washington and Newark, N.J. He told authorities that he conspired with top Al Qaeda leaders to organize a training camp in Pakistan and to blow up other targets in Britain such as Heathrow Airport.

In another case, 11 young Muslim men in the Washington area who trained in part through paintball games, were accused of conspiring to commit offenses against the U.S. Officials charged that one of the men had traveled to Pakistan and trained with the militant group Lashkar-e-Taiba.

This year, nine of the 11 were convicted or pleaded guilty, and received prison sentences of as much as 20 years.

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Times staff writers Sebastian Rotella in London and Josh Meyer in Washington contributed to this report.

Air Safety: What Has And Hasn't Changed (WSJ)

By Jessica E. Vascellaro

The Wall Street Journal, August 19, 2006

THE MAIN EVENT

After British authorities said they intercepted a massive terror plot, rattled air travelers this past week coped with confusion over daily rule changes and flight cancellations.

* * *

Twenty-three people are in custody in the United Kingdom in connection with the alleged plot to blow up as many as 10 aircraft over the Atlantic Ocean on planes flying from Britain to the United States. Concluding that the threat of an attack was no longer imminent, the British and U.S. governments downgraded their alert levels last Sunday.

Various policies banning everything from hair gel to cellphones from carry-on baggage showed slight signs of easing, but delays and cancellations continued to stymie schedules. The tally of canceled flights climbed to more than 1,000 to enable security personnel to meet new passenger-screening requirements.

Among other changes, the U.S. Transportation Security Administration started requiring all passengers to subject their shoes to X-rays.

The confusion underscored that nearly five years after the Sept. 11, 2001, attacks, significant holes in airline security remain. Here's a look at what's changed since 9/11 -- and what measures haven't been adopted:

How have airline security procedures changed since 9/11? Early on, the newly created Transportation Security Administration moved quickly to prevent hijackings by installing secure cockpit doors aboard all commercial aircraft -- a move experts say has done as much as anything to protect the safety of passengers.

On the ground, the TSA took control of the hiring and training of screeners, deploying 43,000 screeners to some 450 U.S. airports. It also fast-tracked the deployment of explosive detection for checked luggage, which was in place at all U.S. airports by the end of 2003.

The roster of items banned on board has kept changing. For example, just after 9/11, metal nail files and small scissors were banned. But they were allowed last year because security personnel were wasting too much time confiscating them, time the government thought could be better spent looking for more-dangerous threats.

What are the holes in the current process, and how can they be filled? Detecting explosives in carry-on bags and on passengers remains a concern. Screeners randomly test some baggage with swabs. The security community also has pushed for the adoption of CT scanners, like those used on checked baggage, for carry-on luggage. X-rays identify items by density -- which can make a chocolate bar indistinguishable from some plastics -- while CT machines can detect many explosives by creating a three-dimensional image of the inside of an object. But the TSA hasn't rolled out CT machines for carry-ons; they cost at least 10 times as much as X-ray machines.

Since last year, the agency also has deployed at 36 airports explosive-detection trace portals -- also known as "puffer machines" -- which shoot puffs of air at travelers to shake loose any minute traces of explosive residue. Some experts also are calling for "backscatter" technology that can detect metal, plastic and organic material beneath clothes, but the American Civil Liberties Union has called the machines "a virtual strip search."

Officials also are testing a Registered Traveler program designed to help screeners focus on higher-threat passengers by expediting screening for those who pass background checks. A pilot project at the Orlando International Airport involves 26,000 travelers. Airports in San Jose, Calif., Cincinnati and Indianapolis also expect to go live when the TSA gives the program final approval as early as later this year.

* * *

POINTS OF VIEW

"Travelers are going to be inconvenienced as a result of the steps we've taken. I urge their patience and ask them to be vigilant. The inconvenience occurs because we will take the steps necessary to protect the American people."

--President George W. Bush

"We are not giving screeners the tools they need. The question is: Are we going to pay what it takes?"

-- Douglas Laird, airline-security consultant and former security director of Northwest Airlines

"If last week's foiled terror plot was not a wake-up call to jump-start our screening technology, then I don't know what is."

--Senator Charles Schumer (D., N.Y.)

"This spike in security means delays for business travelers and something worse -- unpredictability. It robs you of productivity."

--Kevin Mitchell, chairman of the Business Travel Coalition

* * *

FACTS

A standard carry-on baggage X-ray machine costs around $30,000. A Computed-Tomography scanner with higher resolution and the ability to detect many explosives can cost about a million dollars. Smaller CT scanners for carry-on baggage are being developed in the $300,000 range.

Amid the latest terror threat, private-jet networks that allow travelers to purchase time-cards or pay as they go are reporting a surge in bookings which, at companies like OneSky Jet Network, were more than triple typical volumes last week.

In tests begun last year, federal investigators were able to sneak components for making a homemade bomb through security checkpoints at all 21 U.S. airports they tried.

Of the more than 60 items the TSA prohibits from carry-ons, lighters constitute 80% of items confiscated, according to the agency. Security screeners seize roughly 37,000 of them a day. The TSA has collected some 17 million lighters since the ban went into effect last April.

The U.K. economy may have lost as much as £10 million ($18.9 million) a day in the days after the foiled terror plot due to lost productivity and tourism revenue as incoming flights were cancelled.

In 2005, U.S. airlines carried 738.6 million passengers, up 11% from 2000. After two years of 9/11-related declines, 2003 saw an upturn.

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Airlines In Backlash Over Security Rules (FT)

By Ft Reporters

Financial Times, August 19, 2006

A week after Britain said it had foiled a terrorist plot to blow up US-bound aircraft, the authorities face a backlash against a confusing array of security restrictions that have baffled passengers, upset pilots and drawn legal threats from one airline.

The world's busiest airports are now mostly free of the grim queues and cancelled flights that afflicted thousands of travellers last weekend, but there is no sign of a change to safety measures that Michael O'Leary, chief executive of Ryanair, Europe's biggest low cost airline, on Friday described as "farcical" and "Keystone Cops-like".

Terrorists "must be rolling around the caves in Pakistan laughing at us" he said, as he threatened to sue the UK government for £2m (€2.9m) in compensation unless normal service resumes within seven days. "We are not in danger of dying at the hands of toiletries," he added.

However, the UK's Department for Transport said it had no immediate plans to end the requirements introduced since last week's terror alert for everyone boarding an aircraft in Britain, including pilots and airline stewards. The measures include searches of every second passenger and no cabin luggage larger than 45cm by 35cm by 16cm.

US-bound passengers are also banned from taking cosmetics, toiletries, liquids or drinks on board aircraft.

The British Airline Pilots Association said it was "illogical and frankly bizarre" to stop pilots taking aboard toothpaste or contact lens fluid, given that they carried thousands of litres of fuel on each flight.

Meanwhile, travellers outside Britain face a range of restrictions that appear to vary according to destination and airline.

In Germany, Fraport – the operating company for Frankfurt, continental Europe's largest airport – said the new hand luggage restrictions only applied to US-bound flights and those operated by US airlines.

But in Spain, the airports authority AENA said that restrictions applied to flights to the UK, the US and Puerto Rico. Iberia, the national carrier, was also putting them on flights to Argentina. Flights to all other destinations are unaffected.

Italy and France banned liquids on flights to the UK, the US and Israel. Italy also has the same hand luggage ban as the UK, but Air France does not. The luggage size restriction does not apply to passengers using US airports either, including those flying to the UK.

A spokesman for Britain's Department for Transport said he knew of no plans to co-ordinate security measures internationally. The lack of consistency in advice has caused confusion at many large companies. RBS, the Edinburgh-based banking group, said it had advised staff to cancel all non-essential travel.

"Other companies must have done the same," it said. "We have also seen more use of video-conferencing."

Meanwhile, an Egypt-bound British charter plane was forced to land at Brindisi in southern Italy on Friday after the captain said a note had been found warning there was a bomb on board. It proved to be a false alarm.

Reporting by FT bureaux in Europe, Asia and the US

Anti-Terror Weapons We're Afraid To Use (LAT)

By John Yoo, John Yoo Teaches Law At Uc Berkeley And Is A Visiting Scholar At The American Enterprise Institute.

The Los Angeles Times, August 19, 2006

The old-fashioned approach to catching terrorists isn't enough.

WITH THE arrests last week of 24 alleged terrorists in Britain, the government's legal tools for fighting Al Qaeda are up for debate once again. Homeland Security Secretary Michael Chertoff suggests that Congress emulate Britain's law allowing extended pretrial detention of suspects. Others have observed that British law enforcement can more easily initiate investigations and obtain search warrants than their American counterparts.

But increasing detention time or making warrants easier to come by merely extends an old-fashioned approach to catching terrorists. These tools require individualized suspicion and "probable cause"; police must have evidence of criminal activity in hand. Such methods did not prevent 9/11, and stopping terrorists, who may have no criminal record, requires something more.

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Instead of enlarging the scope of standard law enforcement methods, we should be doing what Americans do best — innovating and applying new technology to the problem. Despite what civil libertarians might have you think, that means data mining.

Data mining uses supercomputers to analyze vast amounts of information for suspicious patterns of behavior. It appears to have been an important tool in breaking up the plot in Britain. According to news reports, British authorities searched telephone, e-mail and banking records and uncovered connections between the bombers in Britain and their supporters in Pakistan.

American efforts to develop sophisticated data-mining abilities died early in 2003, when criticism killed the Defense Department's Total Information Awareness program. The idea was to develop mining techniques to compare information in government and commercial databases. Civil libertarians engaged in a scare campaign representing the TIA as an unchecked Big Brother. Congress cut off all funding for the program. It was a political defeat early in the war on terrorism, and the president retreated as fast as he could.

But that was a dangerous overreaction. Corporations already use data mining to detect consumer fraud and to market products such as credit cards and magazine subscriptions. Financial companies analyze patterns that might indicate a stolen credit card or bank account number. Why should the government be barred from using similar tools on similar databases to protect the country from attack? Data mining is nothing but an ordinary, ubiquitous feature of technology today.

In fact, the government also already uses modest forms of data mining. In response to drug cartels and organized crime, federal authorities are allowed to search banking records for signs of money laundering. Such analysis has already paid off in the war against terror by identifying groups that funnel funds to extremist organizations.

What about privacy concerns? The Supreme Court has found that the information in business records does not merit 4th Amendment protection because the consumer has already voluntarily turned over the information to a third party.

Still, civil libertarians object to data mining because most of the records and communications that would be searched are innocent, and there is no suspicion of criminal activity attached to any individual whose records may be mined. When the National Security Agency was discovered in May to be looking at telephone billing information on millions of calls within the United States, Sen. Patrick Leahy (D-Vt.) railed at a hearing: "Are you telling me tens of millions of Americans are involved with Al Qaeda?"

But it's important to remember that data mining is not the same thing as gathering the information in the first place. The NSA's program of looking at billing information, for example, doesn't raise the same constitutional issues as its other recently revealed program: warrantless wiretaps. There, the content of communications was captured. A federal trial judge in Detroit enjoined such surveillance Thursday, in a decision already on appeal.

Data mining could be controlled and developed so that it protects us from terror and maintains our privacy. Analysis could be limited to data already turned over to third parties. Searches could be performed initially by computer; only after a certain level of suspicious activity had been registered would an intelligence or law enforcement officer be allowed to see the results. A warrant could still be required to investigate the content of communications or the purpose of purchases.

Right now, we're fighting terror with one hand behind our back by refusing to exploit data-mining tools. London's success should serve notice that we must use our technological sophistication and reject the sky-is-falling claims of the extreme civil libertarians.

The 'Profiling' Debate (WSJ)

The Wall Street Journal, August 19, 2006

In the aftermath of 9/11, Congress rushed to mandate that 100% of checked airline baggage in the U.S. be screened for explosives. But the recently foiled plot to bring down 10 U.S.-bound airliners highlights what has remained a major concern in international aviation security: bombs carried into the cabin by passengers themselves.

The initial response this past week has been to sharply curtail the size and number of allowable carry-on items. But the inconvenience from keeping things like laptops and overnight bags out of the cabin is great enough that it could deter air travel and do long-term economic harm. Subjecting all of what used to pass for normal carry-on baggage to exhaustive searches has a similar effect, assuming it is even practical in the long run.

All of which means a return to any kind of normalcy in travel is going to require that airport security do a better job of separating high-risk passengers from unlikely threats. However, the fact that we may have come within a whisker of losing 3,000 lives over the Atlantic still isn't preventing political correctness from getting in the way of smarter security.

In Britain, a report in the Times of London this week that ethnic and religious background may become one allowable factor in screening decisions touched off preposterous cries that it would make a crime of "flying while Asian." Here in the U.S., Bush Administration officials seem afraid to even discuss the topic, despite the fact that President Bush himself has said that the threat comes primarily from "Islamic" terrorists.

So U.S. policy remains much the same as the one instituted after 9/11 by former Transportation Secretary Norman Mineta, who refused to consider the use of religious or ethnic background as even minor factors in screening decisions. The result -- with which all air travelers are well familiar -- is a policy of random searches that focuses scarce screening resources as much on eight-year-old girls as on 22-year-old men with Pakistani passports. Mr. Mineta's department also undermined another important layer of security -- the discretion of air crews themselves -- by harassing a number of major carriers on civil-rights grounds after suspicious passengers were removed from flights.

Mr. Mineta is gone now. But on Fox News Sunday last week Homeland Security Secretary Michael Chertoff defended this policy of random searches on grounds that "if we become too focused on a particular profile, we're likely to be dropping our guard precisely where the terrorists are going to be acting next." Transportation Security Administration chief Kip Hawley made the same case to us this week. So did House Aviation Subcommittee Chairman John Mica of Florida.

We think they're attacking a straw man. Nobody is suggesting using ethnicity or religion as the only -- or even the primary -- factors in profiling possible terrorists. But it also makes no sense to take zero account of the fact that every suicide attack against U.S. aviation to date has been perpetrated by men of Muslim origin. While al Qaeda is no doubt seeking recruits who don't obviously display such characteristics, that doesn't mean we should ignore the likeliest candidates.

Mr. Hawley has improved things at TSA. His move last year to scrap the nail-clipper ban so that screeners could focus on real threats like bombs was welcome and important. So too has been the initiative to have more airport-security personnel paying attention to passengers who exhibit suspicious behavior. This is a technique that has worked for the Israelis.

On the other hand, Mr. Hawley goes too far when he asserts that "behavior will give you away regardless of what you look like." That's what cops like to say about lie detectors, too, but liars sometimes fool them. Worse, Mr. Hawley hides behind the screen of political correctness himself when he says that taking background into account would be somehow contrary to "American" and "Constitutional" values.

The law on this is settled, and in the other direction. On multiple occasions the federal courts have upheld programs that treat groups differently when a "compelling" public interest can be identified: affirmative action, minority set-asides, composition of Congressional districts, and the all-male draft have all met that legal test. Yet the same people who would allocate jobs, federal contracts and college admissions by race or ethnicity object to using them merely as one factor in deciding whom to inconvenience for a few minutes at an airline checkpoint. Surely aviation security is a far more compelling public interest than the allocation of federal set-asides.

For those who put civil liberties above all else, even the TSA's behavior observation technique is too much. In 2004 the ACLU sued the Massachusetts Port Authority and the Massachusetts state police after one of its employees was identified by a similar program in Boston, with a spokesman claiming there was "a significant prospect this security method is going to be applied in a discriminatory manner." Amid this sort of demagoguery, we can see why the Bush Administration would want to dodge a profiling debate.

But someone needs to explain that one point of a smarter profiling program is to forestall what would be far more onerous racial screening if terrorists succeed again. At stake here is also the future of public support for adequate antiterror measures. If Americans conclude that their inconvenience has less to do with terrorism than it does with political correctness, the Administration will find that it has that much less support for the overall war on terror.

British Plane Diverted After Note Is Found (WP)

By Alexandra Topping, Special To The Washington Post

DOJ_NMG_0051177

The Washington Post, August 19, 2006

LONDON, Aug. 18 -- A British plane carrying 269 passengers and nine crew members made an emergency landing in Italy on Friday because of a bomb scare, officials said.

The Boeing 767, operated by Excel Airways, took off from London's Gatwick Airport on Friday morning and landed in Brindisi, Italy, after a passenger found a handwritten note on an air-sickness bag that read: "There is a bomb on board this flight."

Passengers passed around the note, then handed it to flight attendants. It was finally given to the pilot, who decided to land the aircraft at the nearest airport as a precautionary measure, according to Sue Lester, a spokeswoman for Excel. An Italian F-16 fighter jet escorted the plane to Brindisi, according to reports.

The pilot, speaking over the intercom, alerted passengers to the possibility that there was a bomb on board but said the incident was probably a hoax.

Italian police searched and questioned passengers, and the aircraft was examined. No explosives were found, and no arrests were made. It was unclear how long the note had been on the plane.

Lester said that landing the aircraft was "a prudent measure" and that in the current climate, "it was absolutely the right thing to do."

The charter flight was expected to depart later Friday for its destination, the Red Sea resort of Hurghada, Egypt, the Associated Press reported.

One of the passengers, Mathew Masters, told the BBC that there was "silence, a bit of uneasiness, just a bit of shock" among the passengers. Masters said he and his girlfriend had arrived early at the airport because of heightened security measures. "You think you're going to be safe and then something else happens," he said.

The incident came eight days after police thwarted a suspected plot to blow up as many as 10 passenger planes flying from Britain to the United States. British authorities have detained 23 suspects with permission to hold them until next week before having to charge them, let them go or file for an extension.

Since the arrests, many Britons have said they feel nervous when traveling on public transportation and react quickly if they see an unattended bag.

"There is a climate of paranoia at the moment, but not without reason," Roger McCann, 27, a composer, said outside a pub in London. "People need to wise up."

British air traffic showed signs of returning to normal Friday, with Heathrow Airport in London reporting the cancellation of only two flights, down from the 19 cut Thursday. An airport spokesman said the number of bags waiting to be reunited with owners also had been significantly reduced.

However, restrictions on carry-on luggage and heightened security measures remained in place across the country as police continued their investigations.

Meanwhile, the BBC quoted unnamed officials as saying several videos linked to the alleged plot had been found on at least half a dozen laptop computers belonging to some of the suspects. The computers were allegedly discovered at several addresses linked to some of the suspects.

The BBC had reported Thursday that police found a suitcase containing equipment that could be used to make a bomb in High Wycombe, west of London, where at least four of the suspects were seized.

Scotland Yard would not comment on the report or give further details about its investigation.

Suspect Set Up Hamas Forum, Officials Say (CHIT)

By Rudolph Bush, Tribune Staff Reporter

Chicago Tribune, August 19, 2006

Federal prosecutors Friday offered their most detailed allegations to date against two men accused of aiding the Palestinian extremist group Hamas, charging that one planned a 1993 Hamas "conference" in Philadelphia and another discussed murdering a moderate Palestinian leader.

In a 54-page document, prosecutors presented a large part of their case against Muhammad Salah, of Bridgeview, and his co-defendant, Abdelhaleem Ashqar, of Virginia, in hopes of expanding what testimony can be admitted against them at trial.

DOJ_NMG_0051178

The document includes descriptions of a 1993 conference, allegedly planned by Ashqar at a Marriott hotel in Philadelphia, where prosecutors charge Hamas members discussed ways to sabotage peace talks between the Palestine Liberation Organization and Israel.

The FBI made audio and videotapes of the conference that include discussions of Salah's arrest in Israel that year for delivering funds from accounts in the U.S. to Hamas, prosecutors wrote. Salah was jailed until 1997, then returned to the U.S.

Attorneys for Ashqar and Salah did not return calls requesting comment.

Friday's filing described Ashqar as "a conduit of money, communications and information for Hamas members both in the United States and abroad."

Prosecutors charge that Salah, meanwhile, had a more direct role in Hamas' military operation, including recruiting and training operatives and sending members to scout sites for terrorist attacks. In 1992, Salah and a top Hamas leader discussed whether they should murder a moderate Palestinian leader, prosecutors wrote.

The U.S. declared Hamas a "foreign terrorist organization" in 1997, making it illegal to provide the group with material support, prosecutors noted.

They charge that Salah and Ashqar continued to work on behalf of Hamas after 1997.

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rrbush@tribune.com

Feds Say Salah Has Plotted Since 1990 (AP)

By Mike Robinson

AP, August 19, 2006

Prosecutors outlined Friday their case against two men charged with aiding the Palestinian militant group Hamas, saying they plotted to arm a terrorism campaign with guns, money and fresh recruits.

As early as 1990, Muhammad Salah bought airline tickets to Syria for two recruits who received bomb-making training from a "Hamas military operative who had fought in Afghanistan," the 54-page document alleges.

It traces the story of the 53-year-old Salah, a soft-spoken resident of suburban Bridge-view, from his travel to the West Bank -- allegedly to deliver money to the Palestinian group's underground military organization -- to his 1993 arrest and the five years he spent in an Israeli prison before returning to the Chicago area.

"On the day of his arrest, Israeli authorities armed with a search warrant recovered approximately $97,000 in cash in Salah's east Jerusalem hotel room," says the outline filed with federal Judge Amy St. Eve.

1st to be on terror list

Salah and Abdelhaleem Ashqar, 48, of Alexandria, Va., have pleaded not guilty to a racketeering indictment alleging that they conspired to furnish cash and organizational aid to the Hamas terrorism campaign.

Messages seeking comment were left Friday for Salah attorney Michael E. Deutsch and Ashqar attorney William Moffitt. Deutsch frequently has said the government is trying to convict Salah on the basis of statements he made after he was captured and tortured for days by Israeli security agents.

The outline filed with St. Eve, who is to preside over the trial, is designed to furnish enough evidence that a conspiracy was afoot that the judge might be willing to lift the usual ban on hearsay testimony.

On a historical note, it says that when Salah left prison, he "returned to the United States as the first United States citizen ever listed as a specially designated terrorist by the Treasury Department."

But many of the details have been aired in court filings for years.

Jihad Backer Sentenced In $1.4 Million Chicago Food Stamp Fraud (AP)

By Mike Robinson

AP, August 19, 2006

CHICAGO - A former grocery store owner already facing three years in prison for aiding a terrorist group got 14 months tacked onto his sentence Friday for swindling the food stamp program out of $1.4 million.

DOJ_NMG_0051179

Hatem Fariz, 33, must serve a total of 51 months in federal prison under the sentence handed down by U.S. District Judge Milton I. Shadur.

Fariz, who now lives in Spring Hill, Fla., also was ordered to repay the money he siphoned off by swapping cash for food stamps at the Chicago grocery store he once owned.

"I will serve my time quietly and productively and I just want to get this behind me and go on with my life," Fariz said.

Fariz pleaded guilty in June to one count of wire fraud and one count of money laundering in connection with the bogus food stamp transactions.

Fariz also pleaded guilty in a federal court in Tampa to conspiring to provide financial aid to Palestinian Islamic Jihad, which has been designated by the U.S. government as a terrorist organization.

Fariz received a 37-month sentence on the Florida charge.

Shadur imposed the 51-month sentence, to run concurrent with Fariz's Florida time, saying it was the least he should have gotten if the two cases had been lumped together and placed before one judge for sentencing.

Fariz was a defendant in a major terrorism financing trial in Tampa that ended in December with a stinging defeat for the federal government.

The lead defendant was University of South Florida professor Sami Al-Arian. Prosecutors said he was a key supporter of the Jihad group in a campaign of murder and terror aimed at the Israeli government.

Al-Arian was acquitted of eight of the 17 counts against him. The jury deadlocked on the others. Two co-defendants were acquitted on all charges.

Fariz, also a co-defendant, was acquitted of 25 counts and the jury deadlocked on eight others.

Rather than face another trial, Fariz made a deal with the government. He pleaded guilty to one charge in the Florida case and the seven others were dropped. Shadur told him to surrender to start his sentence Oct. 3.

German Police Seeking Suspects In Failed Plot To Bomb 2 Trains (LAT)

By Jeffrey Fleishman, Times Staff Writer

The Los Angeles Times, August 19, 2006

Propane tanks in suitcases were timed to explode simultaneously, authorities say.

BERLIN — German authorities announced Friday that they are searching for suspects in a failed terrorist plot involving propane bombs concealed in suitcases that were timed to explode simultaneously on two regional trains in western Germany.

"We are now working on the basis that this was the work of a terrorist group … and was an attempt to kill a large number of people," federal prosecutor Rainer Griesbaum said at a news conference in Wiesbaden.

The bombs were constructed of propane tanks, gasoline bottles, ignition switches and timers. They were hidden in two suitcases and placed on trains leaving Cologne for Koblenz and Dortmund on July 31. They were set to explode 10 minutes before reaching their destinations.

Joerg Ziercke, president of the Federal Criminal Police, said the plan failed because "the bomb builders made technical mistakes."

Surveillance video shows two suspects in the Cologne train station. One has long black hair and wears a white shirt. He carries a hiker's backpack around his shoulders and wheels a dark-colored suitcase behind him. The second man has close-cropped black hair and wears a German soccer jersey. He carries a satchel and pulls a large suitcase toward the platform.

At some point, the two men disembarked from the trains, investigators said. Rail workers later discovered the abandoned luggage.

The bombs were cushioned in the suitcases by clothing and surrounded by gasoline bottles intended to spark a fireball when the propane tanks detonated. Police said the suitcases also contained a grocery list written in Arabic, at least one telephone number in Lebanon and bags of cornstarch manufactured in Lebanon and imported to a specialty food trader in Essen, Germany.

"It is possible the suspects wanted to send a signal amid the crisis in the Middle East," Ziercke said, referring to the recent fighting between Israeli troops and Hezbollah militants. Investigators, however, would not elaborate on motives.

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If the plot was the work of a terrorist organization — officials initially suspected it was a blackmail scheme against the German rail system — it would further underscore the vulnerability of Europe's train networks. Investigators also indicated that the plan was probably orchestrated by militants living in Germany. The pattern was similar to transit system bomb attacks by radical Muslims in London in 2005 and Madrid in 2004, killing 243 people.

But investigators said there were major differences: The Madrid attack targeted rush-hour trains and used cellphones as remotes to detonate the bombs. The London blasts were mainly carried out by suicide bombers. And unlike the two earlier attacks, German authorities have not received claims of responsibility and allegiance to Al Qaeda or other terrorist organizations.

"Terror has been in Germany for a long time," Interior Minister Wolfgang Schaeuble said. "Keep in mind that some of the perpetrators of the Sept. 11 attacks planned their actions in Germany. So the idea that we are a blessed island has always been unrealistic and incorrect."

Over the last two years, Germany has arrested radicals suspected of being linked to the Iraqi militant group Ansar al Islam.

Its intelligence services have closely monitored organizations such as Hizb ut-Tahrir, which wants to create an Islamic caliphate in Europe.

When asked why it took weeks to announce that the bombs may have been planted by terrorists, Ziercke said, "We had to investigate videotapes from more than 100 cameras…. I can assure you we have much more material than we show and it makes us absolutely sure that the two perpetrators worked together."

*

Petra Falkenberg in The Times' Berlin Bureau contributed to this report.

German Police See Possible Lebanon Link To Failed Train Bombs (NYT)

By Carter Dougherty, International Herald Tribune

The New York Times, August 19, 2006

WIESBADEN, Germany, Aug. 18 — German investigators said Friday that bombs found on two trains last month might have been planted by two young men angered by the war in Lebanon.

The bombs were discovered in two abandoned suitcases on July 31 by train conductors in regional commuter trains in the northwestern cities of Koblenz and Dortmund.

The ignition mechanisms were activated, but the bombs failed to explode. If they had, officials said, they could have destroyed several train cars and derailed the trains, with an untold number of casualties.

The German police, citing surveillance videos from the station in Cologne where the two young men boarded the trains, described them as men in their 20's with a "southern appearance."

The bombs found in Germany had been programmed to explode at 2:30 p.m., before the trains reached their destinations, the towns of Mönchengladbach and Hamm.

The German police are hypothesizing that the suspects were angry about the Israel-Lebanon war, in part because of evidence that included a bag of Lebanese cooking starch and a Lebanese telephone number.

"It is imaginable that the culprits wanted to send a signal about the conflict in the Near East and were willing to risk massive destruction and possible human casualties," said Jörg Zierke, the president of the Federal Criminal Office, Germany's national investigative arm.

Interior Minister Wolfgang Schäuble said that the authorities, stepping up the policing of trains and stations, might approach travelers and examine luggage.

Mr. Zierke said a reward of up to 50,000 euros, about $64,000, was being offered for information on the case.

Surveillance video from the Cologne station shows the figures clearly but leaves their facial features grainy. But since the bombs failed to detonate, authorities were left with a bounty of evidence, including DNA.

The telephone number was found on a piece of paper with Arabic writing — apparently a shopping list — that was tucked inside clothing used to pad the metal gas canisters inside one suitcase. Mr. Zierke said a store sold the starch primarily to Lebanese families around Essen.

Breakthrough In Bombay Bombing Probe (WT/UPI)

The Washington Times/UPI, August 19, 2006

Indian officials say they have reached a breakthrough, but no arrests, in the investigation of the July 11 serial bombings of Bombay commuter trains.

The Press Trust of India reported Sriprakash Jaiswal, union minister of state for home affairs, as saying authorities have come to understand the conspiracy of the blasts, but that the accused have yet to be arrested.

Bombay is now officially called Mumbai.

"Many things are clear now after the investigation but it will take time to reach to the crux of the matter," he said.

Jaiswal also said that steps have been taken to prevent any future attacks.

"We are serious about the internal security challenges and besides using forces, we want to adopt other methods to deal with terrorists activities," Jaiswal said when asked about recent violence in India's north eastern states.

More than 200 were killed and more than 700 were injured in the July 11 bombings.

US To Release Guantánamo Inmate (FT)

By Hubert Wetzel, Demetri Sevastopulo

Financial Times, August 19, 2006

The US will next week release a German-born man with Turkish citizenship from Guantánamo Bay in a move that is likely to improve relations between Washington and Berlin.

Murat Kurnaz travelled in October 2001 to Pakistan, where he was arrested. He has

been held at Guantánamo Bay - where claims he was sexually abused - since January 2002.

Diplomatic sources told the FT that Mr Kurnaz, nicknamed the “Taliban of Bremen,” would be released despite Germany’s refusal to a US request that he be monitored after his return.

Angela Merkel, the German chancellor, personally lobbied US President George W. Bush for his release. She has said in the past that Guantánamo Bay should be closed down.

The Turkish government, however, refused to pressure the US to release Mr Kuranz from the prison.

In June, the Supreme Court ruled that US military tribunals violated both US law and the Geneva conventions. The high court rejected the Bush administration’s argument that under the 2005 Detainee Treatment Act, US federal courts did not have jurisdiction over Guantánamo detainees.

Less than 15 inmates at Guantánamo have been charged with crimes.

A 'Special' Relationship (WSJ)

By Matthew D'ancona

The Wall Street Journal, August 19, 2006

LONDON -- Hours before the arrest of 23 suspects in the plot to bomb airliners bound for America, John Reid, the British home secretary, gave a speech on security and terrorism. "I sometimes feel," he said with exasperation, "that so many people who should be foremost in recognizing the serious nature of the threat just don't get it."

The good news, according to a poll in this week's Spectator magazine, is that the British people most certainly do "get it." Of the 1,696 respondents, 73% agree that "we are in a world war against Islamic terrorists who threaten the West's way of life." Only 8% believe that "Islamic terrorism is a regional problem that holds no real threat to the West." A truth that eludes so many senior politicians is blindingly obvious to those they represent.

Since the alleged plot was revealed on Aug. 10, it has been routinely claimed that the true fault lies with British "foreign policy" -- code for the Iraq war and Tony Blair's refusal to condemn Israel's bombardment of Hezbollah. According to this analysis, British Islamist cells are essentially a single issue protest movement, bold pimpernels fighting against the wicked West to stop its supposedly neocolonial activities in the Muslim world.

Fortunately, the British people do not buy this nonsense. On the contrary: The Spectator poll shows that more than 50% believe that the proper response to the terrorist threat is a "more aggressive foreign policy." A similar proportion supports the introduction of "passenger profiling" at Britain's airports, while 69% want the police to have powers to hold terror suspects without trial for 90 days (a government proposal that was thrown out by the House of Commons last November).

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That's the good news: For all the hand-wringing by the political and media elite since the plot was foiled, the response of the British people themselves to this emergency has been robust and clearsighted. The bad news -- if you are an Atlanticist like me, at any rate -- is that only 14% of those surveyed said that "Britain should continue to align herself closely with the U.S.," compared to 45% who want "a foreign policy closer to that of the rest of the European Union." Au revoir, George: Bonjour, Jacques! * * *

There is, of course, a glaring contradiction here. It is true that the EU still has theoretical aspirations to build an 80,000-strong European army to enforce a common foreign policy. At a seminar in Brussels last month hosted by the European Parliament's Committee on Security and Defense, it was even suggested that a prospective Euro-army might one day be sent into battle by qualified majority voting (that is, with no national veto). Laurent Fabius, the former French prime minister, wrote recently that "it is at the European level that we will have more and more to determine the number of planes, tanks, aircraft carrier or warships necessary to our safety."

To which all one can say is: Dream on, Monsieur Fabius. The European Rapid Reaction Force established in 1999 is in its infancy, and -- more importantly -- the acrimonious prelude to the Iraq war showed that the very notion of a common European foreign and defense policy remains farfetched. The American hyperpower may one day withdraw from the world stage in a fit of isolationist pique. But the U.S. will not be neatly replaced as a global policeman by the EU.

What the poll shows is Britons' present disillusionment with the U.S.-U.K. special relationship, rather than a surge of EU-philia (the British have long been implacably opposed to further European integration, and particularly to Britain's membership in the euro). The scene in Richard Curtis's romantic comedy, "Love Actually," in which Hugh Grant's Blairesque prime minister stands up to a bullying U.S. president has become iconic -- so much so that Mr. Blair himself referred to it in his Labour conference speech last year. The extradition to the U.S. of the businessmen known as the "NatWest Three" -- in spite of the U.S. Senate's failure to ratify the 2003 U.S.-U.K. Extradition Treaty -- has caused huge ill-feeling in Britain. John Prescott spoke for many in the Labour Party and outside it when (allegedly) he described the president as "just a cowboy with his Stetson" and Mr. Bush's approach to the Middle East road map as "crap." Fifty years after the Suez crisis, the people of this country still get prickly when they think that America is taking them for granted. Fairly or unfairly, the belief that the prime minister has become the president's poodle -- "Yo Blair!" -- has taken root and spawned resentment.

So even those of us who treasure the special relationship must concede that it is at a low ebb. Yet there is no reason to believe that this is irreversible. America has a fine ambassador to the Court of St. James, Bob Tuttle, who is already beginning the repair work. The British do not like President Bush much. That is not to say they will dislike his successors. The Iraq war and its bloody aftermath have been a huge rupture in the geopolitical order. But the wounds, if properly tended, will heal with time. The commercial, cultural, defense and intelligence ties that bind the U.S. and Britain have survived worse tensions, and shall again.

Sulks between friends come and go. In this case, what counts is that the British people seem to grasp intuitively how much is at stake in the war on terror, how much remains to be done at home and abroad, and how long a haul they are in for. The objective of terrorism is not only to cause bloodshed but to spray psychological shrapnel across a society. Amid all the chaos, confusion and anxiety spread by this emergency, it would have been so easy for the British to stick their heads in the sand and turn their backs to the world. That they have not done so shows, once more, that it is people, rather than politicians, who truly decide the fate of nations.

Mr. d'Ancona is editor of the Spectator.

HOMELAND RESPONSE:

Woman, Bottles Not A Threat (HC/AP)

By Shaya Tayefe Mohajer, Associated Press

Houston Chronicle, August 19, 2006

Suspicious liquid at W.Va. airport tests negative for explosives

CHARLESTON, W.VA. — A day after two bottles of liquid tested positive for explosive residue, prompting a West Virginia airport to close for nearly 10 hours, the FBI said neither the containers nor the pregnant woman who carried them were a threat.

DOJ_NMG_0051183

State police said late Thursday that chemical tests on the bottles turned up no explosives, and the FBI said Friday that a second round of tests also turned up negative.

"The FBI does not consider the bottles or the owner a threat at this time," bureau spokesman Jeff Killeen said. A third round of tests was planned, per FBI procedure.

The Tri-State Airport terminal was evacuated Thursday after two bottles of liquid found in Rima Qayyum's carry-on luggage initially tested and retested positive for explosives residue.

The 28-year-old resident of Barboursville, W.Va., who was described as "courteous" by law enforcement, is four months pregnant.

Qayyum had purchased a one-way ticket Wednesday on US Airways for travel to Detroit by way of Charlotte, N.C., on Thursday. But Friday afternoon, she was driving to her parents' home in Jackson, Mich.

"There was a mutual decision between her and the FBI not to fly," Killeen said.

Qayyum is of Pakistani descent, and her mother, Samia Qayyum, said she believes her daughter was the subject of racial profiling at the airport.

Airport manager Larry Salyers disagreed.

"The carry-on bag she presented contained ... items that were on TSA's not-permitted list," he said.

North Carolina: In Duke Case, One Judge (NYT)

By Dan Heyman

The New York Times, August 19, 2006

Two bottles of liquid taken from a woman's carry-on bags on Thursday at an airport outside Huntington did not contain explosives. Special Agent Jeff Killeen of the Federal Bureau of Investigation said the agency did "not consider the containers or the owner of the containers a threat." The State Police said the woman was Rima Qayyum, 28, of Barboursville, near Huntington. The Associated Press reported that Ms. Qayyum is of Pakistani descent. She has not been charged. Two tests at the airport on the liquids were positive, but more accurate tests at the State Police laboratory proved negative. A spokesman for the Transportation Security Administration, Darrin Kayser, said security officers had not singled out Ms. Qayyum because of her appearance.

LVIA Gun Means Two Charges For Woman (ETPA)

By Courtney Lomax And Andrea Eilenberger, The Express-times

Easton Express-Times (NJ/PA), August 19, 2006

Linda Krisko arrested. Neighbors certain it was a misunderstanding.

A 47-year-old Bethlehem woman was charged Friday with trying to take a loaded gun and pepper spray aboard a plane at Lehigh Valley International Airport, authorities say.

Linda K. Krisko of West Market Street was charged with two felonies for the incident at the Hanover Township, Lehigh County, airport, according to Jerri Williams, a special agent with the FBI's Philadelphia Division.

Krisko was stopped by Lehigh Valley International Airport security after a gun was found in her carry-on bag, said George Doughty, executive director of the Lehigh-Northampton Airport Authority.

Krisko has a permit to carry a concealed weapon but it is still illegal to carry a weapon onto an airplane, Williams said.

She was charged by federal magistrate but it is unclear where she was taken.

Krisko was accompanied by an unidentified couple who were already on the 1:29 p.m. flight to Charlotte, N.C. The flight was delayed for about 30 minutes while the couple was questioned. It is unclear what their involvement is or what happened to them after questioning.

Efforts to reach Krisko for comment Saturday were unsuccessful.

Krisko's next door neighbor, Paul Davison, said he was shocked to learn of the charges Saturday. He said she has lived in the Bethlehem home for at least five years and works as an insurance agent.

Davison speculated she had the gun and pepper spray for protection.

"I'm sure it's just one of those things," Davison said.

A woman with the same name is listed as the owner of the Linda K. Krisko Insurance Agency in Allentown, according to the agency's Web site. The woman belongs to the Allentown Chamber of Commerce, the Allentown Garden Club and Central Moravian Church, the Web site says.

She graduated from Lehigh County Community College and is completing a bachelor's degree at Muhlenburg College, according to the site.

She is named as one of the directors of the Lighthouse Network. The network is dedicated to helping "individuals develop the life skills they need to function in healthful, God-honoring ways," according to the group's Web site.

Doughty said Saturday the airport had not increased or altered security measures since the gun and pepper spray were found.

"I'm pleased it was handled properly," he said.

Items like hunting knives or guns, which are clearly prohibited on airplanes, are found during airport security checks about once each year, Doughty said.

He said as far as he knew, nobody had canceled flights or expressed concern due to the incident."Even though it is obviously a crime to do this, people often say during interviews (they) forgot to take it out," Doughty said. "But it is rare charges are brought."

Reporter Courtney Lomax can be reached at 610-863-3841 or by e-mail at clomax@express-times.com.

Reporter Andrea Eilenberger can be reached at 610-258-7171 or by e-mail at aeilenberger@express-times.com.

Woman Charged With Trying To Fly With Loaded Gun, Pepper Spray (SCCD)

The State College Centre Daily, August 19, 2006

ALLENTOWN, Pa. - A woman has been charged with trying to board a plane at Lehigh Valley International Airport with a loaded gun and pepper spray, authorities said.

Linda K. Krisko, 47, of Bethlehem, was charged with two felonies for the incident Friday, FBI spokeswoman Jerri Williams said. Krisko has a permit to carry a concealed weapon but it is still illegal to carry a weapon onto an airplane, Williams said.

Krisko was stopped by airport security after a gun was found in her carry-on bag, said George Doughty, executive director of the Lehigh-Northampton Airport Authority.

It was not immediately clear where she was taken after she was charged by a federal magistrate. Efforts to reach Krisko for comment Saturday were unsuccessful.

A couple who accompanied Krisko and had already boarded the 1:29 p.m. flight to Charlotte, N.C., were questioned by authorities. Officials did not release their names or say what happened to them after questioning, which delayed the flight for about 30 minutes.

Krisko's neighbor, Paul Davison, said she works as an insurance agent. He speculated she had the gun and pepper spray for protection.

Doughty said Saturday the airport had not increased or altered security measures since the gun and pepper spray were found.

Items like hunting knives or guns, which are clearly prohibited on airplanes, are found during airport security checks about once each year, Doughty said.

"Even though it is obviously a crime to do this, people often say during interviews (they) forgot to take it out," Doughty said. "But it is rare charges are brought."

$428.7 Million In Relief Funds Heads To Texas (HC)

By Lori Rodriguez

Houston Chronicle, August 19, 2006

HUD secretary says money will revive cities hurt by Katrina, Rita

Texas will get almost half a billion dollars in federal relief funding to help the state recover from last year's hurricane double whammy, officials announced in Houston on Friday.

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Speaking at the Eastwood Health Clinic on Telephone Road, U.S. Housing and Urban Development Secretary Alphonso Jackson said the new emergency funding is an addition to the $74.5 million HUD allocated to Texas in January to meet the continuing housing needs of Katrina evacuees and Rita victims.

The $428.7 million in emergency funding will be provided through HUD's Community Development Block Grant program.

"These funds will revitalize Houston, Harris County and southeast Texas," said Jackson, adding that the funds are intended to repay Texans "for the service that they've given our country."

Jackson was joined by a bipartisan array of officials, including U.S. Sens. Kay Bailey Hutchison and John Cornyn, Houston Mayor Bill White, Harris County Judge Robert Eckels, U.S. Reps. Sheila Jackson Lee and Kevin Brady, and several others.

Hutchison said it was hard to convince her congressional colleagues and the Bush administration that a hurricane that didn't hit Texas, Katrina, had profound consequence and expenses for the state.

"We need for the money to follow the people, not the infrastructure," she said, referring to the thousands of evacuees who came to Texas when Katrina flooded New Orleans.

Hurricane Rita did strike Texas, coming ashore near the Louisiana border.

When Congress provided $11.5 billion in block grant funds for hurricane relief last year, White said, less than 1 percent was allocated to Texas and Houston got only 1 percent of that.

In sharp contrast, 80 percent of the most recent relief funding approved by Congress in June has been appropriated to meet Texas needs, he said.

"Today's announcement represents a turning point in the relief efforts," White said.

State and federal officials said they are developing a specific plan for using the funds, but the emphasis will be on repairing, rehabilitating and reconstructing affordable rental housing and rebuilding areas ravaged by Rita.

"This money will go a long way in repairing homes and communities in southeast Texas," said Brady, thanking HUD Secretary Jackson for personally touring the stricken areas and being a "strong advocate on behalf of these Texas communities."

Nagin Blames Delays On Racism, Red Tape (AP-Y)

By Ken Kusmer, Associated Press Writer

AP, August 19, 2006

New Orleans Mayor Ray Nagin on Friday blamed racism and government bureaucracy for hamstringing his city's ability to weather Hurricane Katrina and recover from the disaster that struck the Gulf Coast nearly a year ago.

In remarks to the annual meeting of the National Association of Black Journalists, Nagin said the hurricane "exposed the soft underbelly of America as it relates to dealing with race and class."

"And I, to this day, believe that if that would have happened in Orange County, California, if that would have happened in South Beach, Miami, it would have been a different response," Nagin said.

New Orleans was 60 percent black before Katrina struck Aug. 29. Early this year the mayor called on fellow blacks to again make New Orleans a "chocolate" city, but he later apologized.

On Friday, Nagin condemned federal regulations that discourage rebuilding in the largely black and low-lying Ninth Ward.

While tens of billions of dollars in federal aid have flowed to Louisiana and other states devastated by Katrina, much of it has gone to developers and contractors, Nagin said.

"Very little of those dollars have gotten to the local governments or to the people themselves," Nagin said.

Katrina dispersed three-quarters of New Orleans' pre-hurricane population of about 460,000 people, and today it's a city of about 250,000. Nagin suggested that Louisiana and federal officials would prefer the city remain smaller.

He said the city is struggling to deliver services and rebuild with a quarter of its former municipal budget. The federal and state aid the city has received is inadequate and comes with too many rules, he said.

"We are being strangled, and they're using the money to set local policies to try to take control of the city to do things that they had in mind all along, and that's to shrink the footprint, get a bunch of developers in the city, and try to do things in a different way," Nagin said.

"We're not going to let that happen. They're going to give us our money, and we're going to rebuild this city."

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WAR NEWS:

An Army Of Some (NYT)

By Michael R. Gordon

The New York Times, August 19, 2006

The rules posted on the wall of the Marine base in Barwana concisely summed up the American predicament in Iraq: Be polite, be professional, have a plan to kill everyone you meet.

Barwana was a way station for a joint Iraqi and American convoy as it traveled to a stretch of hard-packed sand overlooking the Euphrates in the Haditha triad, one of the more challenging areas in Anbar, the most dangerous province in Iraq. The convoy's goal was to inspect a company of Iraqi soldiers who had been involved in an American-directed operation to round up insurgents. With Iraq engulfed in bloody turmoil, any prospect of establishing a modicum of order depends heavily on the new Iraqi Army and the small cadre of Americans that is training it. The rules at Barwana hinted at one rationale. For all of the U.S. military's fighting skills, the Iraqi troops are better able to differentiate among the welter of tribes, self-styled militias, religious groupings, myriad insurgent organizations and militant jihadists who populate Iraq. But there are other important rationales as well. With American forces stretched perilously thin, the development of Iraq's armed forces is the best hope for putting more boots on the ground. Fielding an Iraqi military — along with the parallel effort to build up the Iraqi police — is also the closest thing the Bush administration has to an exit strategy.

Before arriving in Iraq earlier this summer, I got the basic facts from Pentagon briefings. There is, American officials said, to be a 10-division Iraqi force. The effort to raise and train the troops, they stated, is 85 percent complete. Statistics like these convey a sense of measurable progress in a region that otherwise appears to be a caldron of violence. "The hope of the Americans, the hope of the troops, is that the Iraqis will continue to take over responsibility for the security in their country — and that over time we'll be able to draw down our forces as conditions permit," Defense Secretary Donald H. Rumsfeld said earlier this month.

What I saw in more than three weeks in Anbar Province was not reassuring. Dogged efforts were being undercut by a dysfunctional Iraqi bureaucracy in Baghdad. The American advisers were able and extremely dedicated, and the Iraqi troops under their tutelage were making strides toward becoming an independent fighting element. But Iraq's Ministry of Defense has been slow to issue promotions for the new soldiers and to distribute proper pay. A goodly number of the Iraqi soldiers have voted with their feet and gone AWOL — or left to join the Iraqi police, so they could live close to home.

In the Haditha triad, Col. Jebbar Abass, a beefy man with a drooping mustache, commanded an Iraqi battalion that started out with about 700 soldiers in the fall of 2005. It was now down to about 400 troops. Since almost a third of his battalion is on leave at any one time, that means that Colonel Abass can field about 270 soldiers on any given day, a useful supplement to the Marine forces in and around Haditha but hardly enough to enable the Americans to draw back.

Lt. Col. Norman Cooling, commander of the Third Battalion, Third Marine Regiment, which has responsibility for the Haditha area, says that the Iraqi Army has been making important strides in terms of tactical proficiency. "The problems that have made that the most challenging are problems with leave, pay — those things that relate to Iraqi government decision-making and execution," he told me. "Because of that the Iraqi Army throughout Al Anbar has attrited." Figures provided by American military commanders show that the two Iraqi divisions in Anbar Province are about 5,000 short of their authorized strength, while some 660 soldiers are currently AWOL.

The Americans have some genuine Iraqi partners in one of Iraq's most hostile regions, and Marine commanders believe that Iraqi troop levels in Anbar have finally bottomed out and may be slowly starting to improve. But what kind of exit strategy is this when Iraqi soldiers in some of Iraq's most contested areas have been leaving faster than the Americans?

Anbar is a vast region in western Iraq that borders on Syria, Jordan and Saudi Arabia. The Sunni-dominated area has been a base of operations for Iraqi insurgents and serves as a transit route for foreign fighters who have come to Iraq to wage jihad against the Americans. According to American statistics, there are more attacks in Anbar on a per capita basis than in any other part of Iraq.

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For all this, Anbar has long been what the military calls an "economy of force" operation, which is a polite way of saying that troop requirements elsewhere in Iraq have led American commanders to employ fewer forces in the province than the situation warrants. As a consequence, counterinsurgency operations have taken on the quality of a whack-a-mole arcade game. Every time the Americans have massed force to put out one fire, they have created a vacuum elsewhere that the insurgents have rushed to fill. When the Marines gathered forces to clear Falluja in 2004, they drew troops from the Haditha area, where the insurgents promptly moved in and executed the defenseless local police near the town's soccer field. The Marines returned in strength to Haditha and established several forward bases, including the one at Barwana, but then many of the troops were sent to the far west when commanders decided to clear Al Qaim, near the Syrian border. And the insurgents filtered back to Haditha.

This lethal game would be more manageable if the insurgency were weakening. Instead, it is stronger than ever. In July, 2,625 I.E.D.'s (improvised explosive devices) were found throughout Iraq, almost double the January number and the highest monthly total to date. (Of these, 1,666 exploded, while 959 were discovered before they detonated.) And by now the entire nation is caught in a vicious circle: terrorist attacks have encouraged the development of Shiite militias, which have carried out assaults against Sunnis, who have in turn provided support for insurgents. The Marines have enough combat power in Anbar to operate where they please but not enough to stop the insurgents from intimidating the population, Marine commanders say.

Some of the Marine officers I talked with were frank about the need for more American troops. Lt. Col. Ronald Gridley, executive officer with Regimental Combat Team 7, which has responsibility for a major swath of the province, told me during a visit to the unit's headquarters at Al Asad that the regiment has recommended that additional troops be allocated to its section of Anbar. A battalion or two, he said, would help a great deal. "What we recommend and what we get is going to be two different things," Colonel Gridley said. "In our perfect world, we could use some more infantrymen to be able to patrol the streets and partner with the Iraqi Army."

In fact, with concern rising about the sectarian strife in Baghdad, American military commanders are diverting military police officers that had been earmarked for duty in Anbar to the Iraqi capital. An American unit equipped with Stryker armored vehicles has also been shifted to Baghdad. These moves reflect conscious decisions to assume more risk in Anbar — a province already overflowing with danger — to try to prevent Baghdad from sliding into civil war.

Nor are significant numbers of non-American coalition troops available for duty in Anbar. The only international forces I saw there were a small contingent from Azerbaijan manning checkpoints at the massive Haditha dam, where Colonel Cooling's battalion is headquartered, and a collection of extremely diligent Ugandans, who were hired as contractors and were pulling guard duty inside the wire at Camp Falluja.

That leaves the Iraqi Army, called the I.A. by American troops. To strengthen the coalition's control over Anbar and improve the effort to train the Iraqi military there, the number of Iraqi troops and American forces in the province each need to be increased, Colonel Gridley said. "From my perspective, if we had full battalions right now of Iraqi Army, we couldn't give them a good-quality partnership," he said. "The security piece of this is the I.A."

Officially, the Bush administration's strategy is: Clear, hold and build. But with limited American forces to do any clearing, the war in western Iraq looks much more like hang on and hand over. Hang on against an insurgency that seems to be laying roadside bombs as quickly as they are discovered, and hand over to an Iraqi military that is still a work in progress.

The project to field a new Iraqi Army was greatly hampered by clumsy political engineering in the months following Saddam Hussein's fall. From the start, American generals realized that they lacked the troop strength to seal the borders and control a country the size of California. They counted heavily on the cooperation of anti-Hussein Iraqi troops to carry out the task. The plan to enlist the support of Iraqi troops to control the country was approved in March 2003 by President Bush himself.

But the Iraqi Army went AWOL when faced with the rapid American push to Baghdad, and the Bush administration had to make a decision. Senior American military commanders wanted to stick with the basic plan and recall Iraqi troops to duty. Lt. Gen. David McKiernan, the top American general in Iraq at the time, and the C.I.A. station chief in Baghdad began to work toward this end by meeting with current and former Iraqi generals. Those efforts were stopped, however, when L. Paul Bremer III, the senior civilian official in Iraq, issued a decree abolishing the Iraqi Army, a move that was essentially an extension of the Bush administration's de-Baathification campaign. Bremer gave his order after consulting with Rumsfeld, but neither

Condoleezza Rice, then Bush's national security adviser, nor Secretary of State

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Colin Powell was informed in advance.

Once the Iraqi military had been abolished, a new and very methodical effort to rebuild the armed forces from the ground up was begun. Three Iraqi divisions were to be trained and equipped over two years, an extraordinarily slow pace for a nation that was in chaos. (The new force was to be called the New Iraqi Corps, until American officials learned that N.I.C. sounded like a vulgar profanity in Arabic.) Meanwhile, the security situation got only worse. Most of the Iraqi officers I talked with in Iraq thought that Bremer's decision to disband the military was a mystifying blunder. After the strength of the insurgency became apparent to Washington, the effort to rebuild the Iraqi Army and police was pursued with a new urgency. Today, an American-run organization — the Multinational Security Transition Command — is led by Lt. Gen. Martin Dempsey. The training effort that was once something of an afterthought is now the Bush administration's final card.

The new army is fundamentally unlike the Hussein-era force in one important respect. Lt. Col. Owen Lovejoy, an earnest marine with a Florida drawl who led Haditha's Military Transition Team (as the American advisers are known), observed that the I.A. is "the most volunteer army in the world." Not only does it depend entirely on volunteers, but there is also no penalty for going AWOL or dropping out to find another line of work.

Colonel Abass is himself a volunteer. To an American eye, he seems a most unlikely soldier. Portly, he greets visitors in his office dressed in camouflage as a television in the corner flickers with Egyptian talk shows or soap operas. The marines need to remind him to wear his body armor, if only as an example to his men. The father of five children, Abass has two wives and is looking for a third. Now 43, he has fought in the Iran-Iraq war, joined in the invasion of Kuwait and fought the marsh Arabs in the south when they rose up against the old regime. Trained as an artilleryman, he is an old-school officer. Although he has spent his life in the army, he does not want his sons to join. Drawing a finger across his neck, he insisted that no photos of his face be taken. The insurgents, he feared, might track him down during a leave and kill him.

Colonel Lovejoy saw potential in Abass, who commands the Second Battalion of the Second Brigade of the Seventh Iraqi Division. He was open to instruction, especially when it was not presented as a diktat but as a helpful suggestion, often over a long lunch of rice and beans in his office. Abass seemed to care about his soldiers, and he was prepared to serve in Anbar.

Before Lovejoy and his 12-man training team arrived in February, Abass had a tense relationship with the Marines. The previous Marine team had not been specially selected for this politically delicate mission. Abass says he felt that the old team did not respect his authority, while the Americans thought the battalion would have been better off headed by Major Nouri, the seemingly more approachable executive officer. (Many Iraqi officers are reluctant to be identified, and only his first name was provided.) But several of Lovejoy's marines caught Nouri stuffing dinars in his pockets that had been intended for the jundi, as Iraqi soldiers are called. Nouri was fired from the battalion.

To improve the Iraqi battalion, each of its companies was assigned to live and work with Marine companies in the Haditha triad. The Iraqis were taught to conduct their own convoys, carry out their patrols and drive Humvees. To ensure that their pay (about $330 a month) is not skimmed by corrupt officers, a Marine captain delivers the money to each company and watches as the soldiers sign receipts indicating that they received the proper amount.

The American military has a four-tier system for rating the Iraqi military. Level 4 designates a newly formed unit. Level 3 means that the Iraqi unit is capable of participating in counterinsurgency operations if an American unit is in charge. Level 2 indicates that the Iraqis can assume their own battle space and conduct their own operations with the support of an American team of military advisers. Level 1 signifies that they can operate without U.S. support. The Iraqi battalion at Haditha was somewhere between Level 3 and Level 4 when Colonel Lovejoy took over and is now hovering between Level 2 and Level 3. But even at its best, the Iraqi military faces severe constraints. It has no helicopter-assault capability, indeed no air force to speak of. It mostly relies on the Americans for medical care and reconnaissance. And it has had no tradition of entrusting its sergeants and other noncommissioned officers with important responsibilities.

In the evenings at Haditha, I would sometimes wander over to visit the Iraqi camp. The jundi prayed in a plain wooden mosque. Many of them came from Basra, Nasiriya and the Shiite neighborhoods of Baghdad, reflecting the largely Shiite composition of the military. The line from Iraqi officers is that the differences between Sunni and Shiite are not important in the new national army. But for many of the Shiite jundi, Anbar is a hardship post — a Wild West region, hostile and far from home.

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Jawad, one of the more valued soldiers and a favorite of the marines, led me to one of the barracks, a humble structure with rows of double-decker metal cots where several jundi complained that they were still receiving training pay even though they had been in the army for months. None of these jundi would allow their names to be used, saying they feared retaliation by Iraq's Ministry of Defense.

The jundi also complained vociferously that their officers punish them too harshly and cannot be trusted. Colonel Lovejoy has told the jundi that punishment and discipline are matters for the Iraqi military to decide. It was clear, however, that many of the Iraqi soldiers believe that the mere presence of the Americans is a check against corruption and abuses. At one point, Jawad erupted, saying that he would leave the Iraqi Army when the Americans leave Iraq. Colonel Abass, in turn, dismisses the soldiers' complaints with the high-handedness that typifies the Iraqi officer corps; the jundi, he says, are simply lazy and require a firm hand.

The real test of the Iraqi Army, however, is the life-and-death struggle outside the wire. One scorching July morning, Abass and Lovejoy set out on a joint patrol along a two-lane highway between the towns of Baghdadi and Haqlaniya. The day ended with an Iraqi Humvee being turned into a crumpled and burning piece of metal, three wounded Iraqi soldiers and one "fallen angel," as the Iraqis call their dead. In their enthusiasm, the Iraqis had zoomed up a hillside without first inspecting for I.E.D.'s. Nobody wanted to repeat those mistakes.

Before we set out for Barwana the next day, Abass lectured his soldiers about the importance of checking for I.E.D.'s. The drive to the town, however, demonstrated that there was yet room for improvement. To the frustration of the marines, the Iraqis failed to inspect a particularly dangerous section of road. Then they parked their vehicles so close to the bridge they did inspect that they might have been blown up if the span had been rigged with explosives. When we reached the Barwana base, Lovejoy gave Abass a stern talking-to about what the Iraqis had done wrong. Lovejoy then tried to borrow a metal detector so the Iraqi soldiers could better search for explosives on the dirt roads ahead. Technically, the Marines say, the metal detectors are to be provided by the supply chain overseen by the Iraqi Ministry of Defense, but the Iraqi logistics system is broken. The marines in Barwana didn't have a spare metal detector. So the Iraqis simply had to do without one.

A week later the insurgents struck hard. In a coordinated assault, every Marine base in the Haditha triad was attacked by small-arms fire. A 122-millimeter Chinese rocket soared across the Euphrates and exploded 75 yards from Abass's office. Some of the fiercest fighting was at a combat outpost in Baghdadi, which has the only police force in the Haditha triad. Colonel Lovejoy and others present later described to me how a suicide driver in a fuel truck rigged with explosives bore down on the outpost, which was guarded by a squad of Iraqi troops and the marines with whom they were partnered. Cpl. Jeff Globis fired at the driver four times, killing him. But the truck rumbled on. As it crashed through the concrete barrier protecting the outpost, Globis screamed for everybody to run to the back of the structure. The explosion engulfed the outpost in a fireball.

Sgt. Peter Penree caught on fire and rolled in the dirt to put out the flames. With communications knocked out, he raced to nearby homes and asked to borrow cars to evacuate the wounded. Using their Motorola radios, Iraqi soldiers summoned the Marine Quick Reaction Force. Lieutenant Omar a young Iraqi officer, was trapped under the rubble, his leg crushed by a block of cement.

In all, 12 Iraqi soldiers and 3 marines were wounded, and an Iraqi interpreter was badly burned. Lieutenant Omar lost his leg below the knee. He was replaced by Lieutenant Qusay, a well-regarded officer who recently worked six months without pay. Colonel Cooling concluded that the attacks were a response to the Marine efforts to recruit a new police force for the rest of the Haditha triad. It was also another example of whack-a-mole. With American troops fighting to reclaim Ramadi, in the eastern part of Anbar, the insurgents seemed to be shifting some of their operations to Haditha. Some of the Iraqis I talked to had an almost fatalistic view on how long such fighting could go on. One Iraqi officer who asked not to be identified said he thought the military struggle for Iraq might go on for 25 years.

Before leaving Anbar, I stopped at Camp Falluja to see Col. Tom Greenwood and find out whether the pay problems Abass's battalion had experienced were unusual. Colonel Greenwood had been a military aide on the staff of the National Security Council leading up to the war, then commanded a Marine Expeditionary Unit in Baghdad. Now he was finishing a six-month tour as the senior Marine officer responsible for training the Iraqi Army and police in Anbar. It had been a tough day. An

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American military advisory team near Habbaniya had been blown up by an I.E.D. One marine was dead, two others were seriously wounded and the early reports were that they would lose their legs.

Greenwood explained that the pay issues in Haditha were quite common. In the Anbar region, about 550 Iraqi soldiers received no pay for June, while another 2,200 were receiving less pay than they were entitled to by rank. During one of his many trips to Baghdad to wrestle with the Iraqi bureaucracy, Greenwood was told that 19 men who were owed back pay had mysteriously vanished from the rolls of trained soldiers — and the only way they could get back on the payroll was to go through boot camp all over again.

Logistics was another of Greenwood's worries. American commanders in Baghdad had pushed the Iraqis to take over responsibility for their own logistics, but that led to cases in which Iraqi soldiers had received spoiled meat and rotten vegetables.

"What is the priority," Greenwood asked aloud, "teaching Iraqi civilians how to efficiently execute host-nation contracts on behalf of their new government? Or training and supporting the Iraqi Army in their daily fight against insurgents? In a perfect world, you strive to do both. In the imperfect world of Al Anbar, you frequently have to pick one or the other. And if you want to win, you better pick the latter."

Each month, Iraqi soldiers are granted about a week's leave to deliver their pay to their families, who may live hundreds of miles away, a tradition that reflects the lack of an effective banking system in Iraq. With all the dangers, hardships and problems in receiving pay, the soldiers do not always come back. Factoring in the generous leaves, the day-to-day strength of the Seventh Iraqi Division, Abass's parent unit and the newest division in the army, is about 35 percent of its authorized strength. The First Iraqi Division, which has the responsibility for parts of Falluja and is deployed near Habbaniya, is at about 50 percent strength.

When I raised some of these issues in a telephone interview with General Dempsey, who oversees the training effort for all of Iraq, he insisted that the problems had to be put in perspective. The two divisions in Anbar, he said, were deployed in one of the harshest regions and were in the worst shape, though the Fifth Iraqi Division in the difficult Diyala region was also "challenged" in terms of troop strength. Most Iraqi divisions, he said, had 85 to 90 percent of the troops they were authorized. When leaves were taken into account, that meant they were at 65 to 70 percent strength. The pay problems at Iraq's Ministry of Defense, he said, were being addressed. They reflected the lack of an automated system but also stemmed from the need to guard against corruption and ensure that Iraqi units in the field did not obtain more pay than they were entitled to by putting phantom soldiers on the rolls.

The Iraqi government, he insisted, was eager to enlist recruits and would now allow soldiers to sign up for a two-year tour in which at least one year was spent in their home provinces — a big concern for Sunnis, who are reluctant to serve outside Anbar. As for logistics, he said, it is important that the Iraqis demonstrate that they are in control of their own military by assuming responsibility for sustaining and paying their own soldiers, though measures to ease the strain, like allowing commanders to buy some provisions locally, are under consideration. "A national reconciliation will encourage young men of all groups to step forward and serve their country," Dempsey said. "This is a shared effort and a shared responsibility and not simply a matter of making logistics and pay better."

The day after I visited Colonel Greenwood, I went to a dilapidated soap factory in Falluja where another Marine advisory team was working with an Iraqi battalion. The plant was in the industrial part of town and very austere. Some weight-lifting equipment was stored in a warehouse whose floor was dappled with jagged pools of sunlight. Bullet rounds and mortars had ripped holes in the roof, allowing the burning sun to pour through like some sort of reverse planetarium.

American commanders consider Falluja to be a success story. After the Marines cleared the city in a violent battle in 2004, seven checkpoints were established to control access to the city, making Falluja Iraq's largest gated community. The city is now bustling with traffic. Crowds of Iraqis fleeing the fighting in Ramadi line up to apply for identification cards so they can stay in Falluja.

For all that, militants have managed to slip back into the city. The night I arrived, a roadside bomb killed one Iraqi soldier and wounded another during a shift change at an observation post. The Marine advisory team at the soap factory was commanded by Maj. David E. Richardson, a Marine artillery officer who put aside his plans to attend medical school as the 1991 gulf war approached and joined the Marines. He volunteered for this assignment in Iraq and was advising the battalion headed by

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Col. Abed-el-Mujeed Nasser, a 41-year-old officer who fought in the Iran-Iraq war, participated in the invasion of Kuwait during Saddam Hussein's era, looks older than his years and presides over the battalion with an air of complete authority.

By reputation, Colonel Mujeed is said to be a decisive and experienced officer, which is all to the good, as his forces are approaching a critical phase. The Iraqi Army is scheduled to assume the entire responsibility for securing Falluja this fall, though a Marine unit will be poised to rush in if there is major trouble. The Iraqi colonel said he needed more troops to carry out the mission but expressed no apprehension about doing so.

"I think they will take it over, struggle with it a bit and then grow into it," Major Richardson said. "That is the best-case scenario. The worst-case scenario is they take it over, heavy, heavy violence breaks out and essentially the people don't have any confidence in the army. I don't see that happening because there are some pretty strong battalion commanders, Mujeed being one of them." The Iraqi troops "are brave soldiers," Richardson added. "They can operate. They can shoot. They can communicate, but they can't sustain themselves. That is the next level. From pay to Humvee tires, they've got to be able to sustain themselves."

One of Mujeed's bravest performances may have come that day at the soap factory, when Iraq's new defense minister, Abdul Qader Mohammed Jassim; its new interior minister, Jawad al-Bolani; and Gen. George Casey, the senior American commander, arrived for a visit. Pointing to the list of 70 casualties his battalion suffered in an earlier fight for Ramadi, the Iraqi colonel recounted the familiar litany of problems — the failure to pay soldiers according to their new ranks, the difficulty in getting the Ministry of Defense to approve promotions, the higher pay provided to the local police — and in this case the failure to provide any salaries at all to 34 recruits who graduated from boot camp in April. Because of combat losses and a dearth of recruits, the battalion had less than half of the 759 troops it was authorized.

The Iraqi defense minister insisted that he was only now learning of such problems and promised to take corrective action. Later, I asked Mujeed if he thought anything would come of his appeal. "Sure, he is going to work on it, but he won't get results soon," he said. "It is going to take a while."

Sectarian Suspicion Plagues Iraqi Army (MCT)

By Nancy A. Youssef

McClatchy Newspapers, August 19, 2006

BAGHDAD, Iraq - A three-day tour with U.S. and Iraqi troops aiming to stop Baghdad's plunge toward civil war showed one thing clearly: Iraqi forces remain unprepared to police the capital city alone.

The joint operation's neighborhood searches illuminated the growing distrust that the average Iraqi has for the security forces in the midst of sectarian warfare that's claiming more Iraqi lives each month. Many members of the Shiite Muslim-dominated security forces are suspected of siding with death squads that target Sunni Muslims.

During an operation in the Baghdad neighborhood of Amariyah, a majority Sunni area that's been a hotbed of insurgent activity, resident after resident said they opened their doors to Iraqi forces only when they saw American troops with them. U.S. forces tried to assure them that not all Iraqi troops are bad.

"I think the Iraqis like Americans more than each other," said Maj. Barney Hill, of the 2nd Battalion, 1st Brigade, 6th Iraqi Division Military Transition Team, of Winnemucca, Nev.

The show of might by U.S. forces quelled the violence in what's usually one of Baghdad's most dangerous neighborhoods, but many Iraqis told the soldiers that they feared more killings when the Americans left.

Iraqi soldiers searched the houses while U.S. troops stood outside. In the sector of Capt. Kent Park, the Charlie Company commander of the 172nd Stryker Brigade Combat Team, the Iraqi forces were courteous and professional.

Residents who spoke English, however, quietly pulled some U.S. soldiers aside and told them that once the Americans left, the Iraqi soldiers would steal from and harass Sunni residents.

The U.S. soldiers watched their Iraqi counterparts, observing such things as how many showed up for work. On the first day there were 85. By day three they were down to 64.

"We are the ones who have to push them," said Maj. Will Voohries, who leads the 4th Battalion, 1st Brigade, 6th Iraqi Division Military Transition Team.

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He said three Iraqi soldiers had been fired for stealing cell phones from residents.

Col. Sabbah Kadhim, the commander of the 6th Iraqi Army Division, which was conducting the patrols, denied that there's a problem with sectarianism.

"The people love the Iraqi army. They like the Iraqi army more than they like the Americans," Kadhim said, pointing out two Sunni soldiers in his unit. "They are treated the same as Shiite soldiers." The soldiers nodded hesitantly.

Prime Minister Nouri al Maliki, who's a member of the country's Shiite majority, said Thursday that Iraqi forces could secure most of the country if U.S. troops withdrew.

The Baghdad security plan was launched June 14 in an effort to tamp down the growing violence, which killed 1,815 people last month in Baghdad. American and Iraqi forces are to go through the city neighborhood by neighborhood, searching for insurgents and militiamen, confiscating weapons and conducting a census.

The sweeps are to be accompanied by improvements in electricity and water supplies, though there have been few, if any, visible improvements yet.

Amariyah, once home to Saddam Hussein's top military commanders, was among the first of Baghdad's neighborhoods to fall to the Sunni insurgency. Many shops have been closed for months, and piles of trash line the streets.

The main thoroughfares are littered with burnt-out cars and car parts, evidence of recent bombings. "The insurgency lives," some of the graffiti on the streets reads.

During the three-day operation in Amariyah, U.S. soldiers from the 172nd Stryker Brigade, based near Fairbanks, Alaska, cordoned off every street and supervised Iraqi forces as they searched each of the neighborhood's 3,600 homes. A ban on driving was imposed, keeping many residents from going to work. Nearly all the shops were closed.

Yet the Americans found few insurgents. Not once in the three days was there an insurgent attack. U.S. soldiers stood freely outside their intimidating-looking Stryker vehicles, not fearing the area's snipers.

In the end, the three days netted what seemed like a small haul amid Baghdad's violence: nine suspected insurgents and 37 weapons, most notably two 250-pound bombs.

Some residents pointed out where snipers and fighters usually are stationed. They told the soldiers that if they come back next week, they can find the attackers.

"If there are bad people here, they have already left," Park said. "We disrupted that."

During the third day of the operation, Park reached out to residents, chatting with those who were taking advantage of the quiet, empty streets.

"Is the search affecting your ability to do your job?" Park asked a group of young men working at a bread shop.

They said that as soon as Park's troops left, the problems would begin. They charged that Shiite militias have infiltrated the Iraqi army and police, a common complaint by Sunnis.

"The slaughterers will come back," said one man, who wanted to be identified only as Omar, age 18. He made a slashing motion with his hand along his neck.

When the operation was finished, Park said: "I think we are at a critical point, but this operation isn't going to solve the overall problems."

Fearful Iraqis Avoid Mosques As Attacks Rise (NYT)

By Edward Wong

The New York Times, August 19, 2006

BAGHDAD, Iraq, Aug. 17 — Haider Ali communes with God through his CD player.

That is how he listens to the lectures of Shiite imams these days, for he rarely sets foot in a mosque anymore.

Even on Fridays, the Muslim Sabbath, he prefers to pray at home, kneeling on a rug in a room adorned with posters of green-robed Shiite martyrs slain centuries ago.

“We’d go a lot to mosque before, but it’s too dangerous now,” Mr. Ali, 42, said as he watched his 9-year-old son stack boxes in his downtown convenience store. “Now, you feel a little empty inside.”

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Across central Iraq, more and more Iraqis associate the neighborhood mosque, the cornerstone of life in the Muslim world, with the Kalashnikov rather than the Koran.

Exploding sectarian violence has undermined the mosque's traditional role as a gathering place, further unraveling the country's communal fabric. Mosque attendance has plummeted, according to clerics and government officials, as tens of thousands of Iraqis like Mr. Ali choose to pray at home out of safety concerns. Gatherings at Friday Prayer are sometimes one-tenth the size of what they once were, and parents no longer send their children to mosques for spiritual lessons.

As a result, sales of CD's with religious lectures have boomed, while satellite channels showing bombastic clerics are more popular than ever.

The decline in mosque attendance is a noticeable reversal of a trend that began right after the American invasion of 2003, when religious freedom flowered and worshipers, especially long-oppressed Shiites, flocked to mosques.

Now, however, mosques have become a frequent flash point in the widening Sunni-versus-Shiite warfare.

Assaults on mosques have risen steadily since 2003, but soared after the bombing of a sacred Shiite shrine in Samarra last February, which unleashed a torrent of sectarian bloodletting. There were at least 60 major attacks on Shiite mosques and scores of minor ones in the first half of this year, a figure equivalent to the total in 2005, according to statistics from the Shiite Endowment, which administers Shiite mosques for the government.

Earlier this month, a suicide bomber detonated an explosives belt outside the revered Shiite shrine of Ali in Najaf, killing at least 35 people and wounding more than 120, including Iranian pilgrims.

About 160 Sunni mosques were damaged by rampaging Shiites in the immediate aftermath of the Samarra bombing, a spokesman for the Sunni Endowment said. Shiite militiamen also seized and kept at least 24 Sunni mosques.

Militias regard mosques as either places of refuge or tempting targets. Entire congregations have been wiped out by car bombs. Gunmen abduct imams, and sometimes shoot them outright. American and Iraqi forces often storm the buildings hunting for guerrillas. Airstrikes obliterate minarets.

Sunni mosques have become rallying points for neighborhood militias, blaring "God is great" from their loudspeakers to warn of the approach of Shiite gunmen. Violence around mosques is so rampant that in June the government imposed a curfew on Fridays from 11 a.m. to 3 p.m., the peak prayer time.

Imams walk around with handguns stuffed into their robes, and many mosques look more like prisons than prayer halls, fortified with concertina wire, metal detectors and guards behind mounted machine guns.

"People wouldn't recognize their mosque today," said Sheik Akrim al-Dulaimi, a Sunni imam in the strife-prone Baghdad neighborhood of Dawra.

Shiite policemen in a station right across from Sheik Dulaimi's mosque, called Holy Mecca, opened fire on it the day of the Samarra bombing, he said.

Since then, he has added barbed wire and three feet to what was a five-foot brick wall surrounding the mosque, which is sandwiched between a farm field and a bustling boulevard. Like imams at all Sunni mosques in Dawra, he said, he keeps five Kalashnikovs on hand.

The danger is ever present. In early June, someone spotted a homemade bomb that had been planted outside the main gate before Friday prayers, Sheik Dulaimi said. A volley of mortars landed near the mosque a month later, killing a family in their home.

Sheik Dulaimi, a talkative man with a salt-and-pepper beard, said he now preaches to about 200 worshipers at Friday prayers, down from 2,000 right after the invasion. The mosque still holds five prayer services a day. But an 8 p.m. citywide curfew and constant street violence keep virtually everyone away during the dawn and evening prayers, which used to attract up to 150 people.

"As imams, our main job in the mosque is to call for reform, for goodwill, for worship," he said. "Now, it's tougher to do that because fewer and fewer people are coming to the mosques."

While conservative Islam is on the rise across Iraq, and clerics wield much more influence than they did under Saddam Hussein's secular government, the dwindling attendance has troubled many imams.

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"I'm really frustrated," said Sheik Abdul Wahab al-Adhami, whose Friday gatherings at Abu Hanifa mosque have dropped to 1,000 worshipers from 3,000 after the invasion. "I'm depressed. I can't do my job properly."

The decline at Abu Hanifa is particularly telling. It is one of the largest Sunni mosques in Iraq and a bastion of conservative Sunni power. Saddam Hussein made his final public appearance there before the fall of Baghdad in April 2003. The mosque houses the tomb of a revered Sunni imam and is one of two in Iraq that has what is said to be a hair from the head of the prophet Muhammad.

But surging violence in the mosque's neighborhood of Adhamiya has forced the head imam to flee to Syria. Sheik Adhami has taken over, but says he is too scared to wear a traditional Sunni robe and turban when preaching on Fridays. He has not slept at home in four months, he said, because the police have warned him that gunmen would seek him out there and kill him.

Walking around the compound on a recent afternoon, the sheik pointed out bullet holes in a metal loudspeaker and along a clock tower. The work of Shiite militiamen, he said.

Trunks of palm trees formed barricades on the street outside, and guards with Kalashnikovs stood by the main entrance. Each of five black banners draped along the outer wall spelled out the name of a worshiper who had been killed recently in a sectarian attack.

Sheik Adhami's diminishing control of his home turf became apparent minutes later when a carload of neighborhood militiamen circled the mosque. The mosque's head guard told a foreign visitor to leave immediately. The sheik could not guarantee the visitor's safety.

"We're targeted by all the armed groups," Sheik Adhami said. "If it's not Moktada al-Sadr threatening us, it's Al Qaeda or the Islamic Army of Iraq. If you don't take a stand against the Americans or the Iraqi government, Al Qaeda will target you."

Mr. Adhami blamed the powerful militia of Moktada al-Sadr, the fundamentalist Shiite cleric, for most of the local violence, saying the militiamen engaged in frequent drive-by shootings and mortar attacks.

But just across the Tigris River, in the Shiite enclave of Kadhimiya, imams loyal to Mr. Sadr said they and their congregations were suffering as much as anyone. They were particularly incensed with the Friday curfew.

One imam, Sheik Ayad al-Kabbi, fumed as he strode down a deserted market street toward the golden-domed Kadhimiya Shrine one Friday afternoon to deliver a sermon.

"Look at all of the closed shops," the white-turbaned sheik said, pointing at the storefronts. "Maybe the new government wants to cancel midday prayers. They want to prevent people from coming together. We don't agree with this curfew."

Inside the shrine, a few hundred people had gathered in the courtyard, barely filling a corner. "We used to have six or seven times this many people," Sheik Kabbi said. "The whole floor was covered."

But some Shiite worshipers say the smaller the Sadr presence at mosques, the better.

Hashim Ibrahim Hassan, a politician from the northern Griot neighborhood, said the Sadr militia had recently taken over a Shiite mosque, or husseiniya, that his father built in 1954. The gunmen had kicked out the imam and installed a cleric who had been living in Iran, he said. Women no longer pray there on Fridays.

"Most of the time, I pray at home now," Mr. Hassan said. "Mosques are filled with militias these days. I don't like the religious parties, and I don't believe in them, thank God."

Mosque Attendance Down In Iraq (WT/uPI)

The Washington Times/UPI, August 19, 2006

Violence in Iraq is being blamed for fading attendance at mosques, leading to wear and tear on the nation's communal fabric, The New York Times reported.

Mosques, which traditionally have functioned as gathering places for Muslims, have become associated with escalating sectarian violence, the newspaper said -- with more and more Iraqis associating the mosque with Kalashnikov weapons rather than the Koran.

Citing clerics and government officials, the Times reported that mosque attendance has plummeted, as tens of thousands of Iraqis choose to pray at home out of concern for their safety and that of their families. Friday prayer gatherings are sometimes

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one-tenth the size of what they once were, and parents no longer send their children to mosques for spiritual lessons, the newspaper said.

One consequence of the trend is an increase in sales of CDs containing religious lectures. Another is a new level of popularity for satellite channels featuring sermons by clerics.

Baghdad Shut To Cars On Eve Of Pilgrimage So Dire In '05 (NYT)

By Paul Von Zielbauer

The New York Times, August 19, 2006

BAGHDAD, Iraq, Aug. 18 — With little warning, Iraq's government imposed a nearly three-day ban on vehicle traffic in the capital starting at dusk Friday, in preparation for what is expected to be millions of pilgrims converging Sunday at a shrine to mark the anniversary of the death of one of Shiite Islam's holiest figures.

The last-minute ban on all motorized traffic — excluding government and private security companies' vehicles — is part of what appears to be a concerted effort by Iraqi security forces to avoid the sectarian-inspired panic during last year's pilgrimage, when more than 950 people were killed.

On Aug. 31, 2005, rumors of a suicide bomber in a procession of Shiite pilgrims crossing a bridge in northern Baghdad provoked a deadly stampede. Most of those killed were crushed or suffocated, but many others drowned after falling or jumping into the Tigris River when the panicking crowd broke through the bridge's railings.

The panic that set off the stampede appeared to have started with unfounded rumors of a man wearing a suicide belt on the bridge. But the crowds were already tense after Sunni Arab insurgents fired rockets and mortars near the gold-domed Shiite shrine where the pilgrims were headed, killing at least seven people.

The disaster remains the greatest one-day loss of life since the war began, by a large measure.

The pilgrims were among a throng of hundreds of thousands of mostly poor Shiites commemorating the death of Imam Musa Kadhim, the seventh imam of Shiite Islam, who is said to have been poisoned while imprisoned 12 centuries ago.

Several army officials and other officials, including the defense minister, Abdul Qadr Mohammed Jassim, who appeared on television on Friday evening to announce the vehicle ban, said several security measures would fall into place before Sunday.

Only two bridges will be open between eastern Baghdad, which is mostly Shiite, and the mostly Sunni western half of the city, Iraqi Army officials said.

Prime Minister Nuri Kamal al-Maliki's office also issued a set of guidelines for pilgrims to follow near the shrine, in northern Baghdad just west of the serpentine Tigris River. The statement instructed pilgrims to cooperate with the security forces and asked them to consider not bringing children to the shrine. Carrying weapons, cellphones and large bags was also prohibited.

Violence against pilgrims had already started by Friday afternoon. Seven people driving toward the shrine were killed in the Adel neighborhood of western Baghdad when gunmen opened fire on their car, an Interior Ministry official said.

In the southern Dawra neighborhood, a car bomb exploded near a Shiite mosque, killing one person and wounding four, said the official, who spoke on condition of anonymity.

In anticipation of the second trial of Saddam Hussein and several former members of his government, the International Center for Transitional Justice, a rights group based in New York, urged the authorities here to avoid mistakes that the group said marred Mr. Hussein's first trial.

The trial is scheduled to begin Monday. Mr. Hussein and seven other defendants are charged with crimes against humanity for killing at least 50,000 people in eight military operations in 1988 in the Kurdish region of northern Iraq.

Mr. Hussein and one former official in his government are also charged with genocide. The aide is Ali Hassan al-Majid, who was responsible for northern territories during the operations and is sometimes called Chemical Ali for what officials say was his role in poison-gas attacks that killed thousands of Iraqi Kurds.

On July 27, a nine-month trial of Mr. Hussein and several other officials in his government concluded. They were charged with orchestrating the execution of 148 men and boys in the mostly Shiite village of Dujail in 1982. A verdict is expected on Oct. 16. If found guilty, Mr. Hussein faces the possibility of being sentenced to death by hanging.

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Among problems that undermined the Dujail trial, the justice center said, were a lack of access to documents by defense lawyers and, above all, inadequate security precautions for Mr. Hussein's lawyers, three of whom were killed during the trial.

Iraq Bans Vehicles During Shiite Event (LAT)

By Louise Roug, Times Staff Writer

The Los Angeles Times, August 19, 2006

The two-day prohibition in the capital is meant to avert bloodshed. About 1,000 people were killed in a stampede at the same festival last year.

BAGHDAD — The Iraqi government on Friday imposed a two-day vehicle ban in the capital in an effort to avert bloodshed during a major Shiite festival this weekend.

During the festival last year, pilgrims crossing a bridge over the Tigris River stampeded after rumors spread that a suicide bomber was among them. About 1,000 people, many of them women and children, drowned or were trampled to death in what remains the bloodiest day since the U.S.-led invasion of Iraq in 2003.

This year, authorities estimate that more than 1 million people may attend the festival, which marks the death in 799 of Imam Musa al Kadhim, one of 12 major saints in Shiite Islam.

As pilgrims arrived, they found the capital locked down with ubiquitous checkpoints, concrete blast walls separating neighborhoods and thousands of troops patrolling the streets. The vehicle ban, which covers most of Baghdad, will be in effect until 6 a.m. Monday.

While pilgrims made their way toward the blue-domed shrine in eastern Baghdad where Kadhim is buried, violence continued in and around the capital.

Authorities said gunmen shot and killed seven pilgrims walking along a highway in western Baghdad.

North of Baghdad near Baqubah, a Sunni Arab couple was killed by gunmen. In Dora, one of the most lawless areas of the city, a suicide car bomber detonated explosives near a house of worship, injuring three people.

Meanwhile, the U.S. military announced that the Iraqi army had captured three men suspected of ambushing Iraqis last month at a checkpoint in the Jihad neighborhood.

During the last 12 months, U.S. troops have handed over swaths of the capital to Iraqi forces. In most neighborhoods, security deteriorated rapidly.

To regain control of the capital, the U.S. military recently announced a security plan under which its troops would once again become a more active presence there. The stepped-up security effort, involves 13,000 American troops.

In an office affiliated with radical Shiite cleric and militia leader Muqtada Sadr in western Baghdad, soldiers from the 172nd Stryker Brigade found mortars and three surface-to-air 57-millimeter rockets, one rigged as a roadside bomb, according to the military.

U.S. officers suspect that Sadr's Al Mahdi militia is behind many kidnappings and killings of Sunnis as well as attacks against Americans.

Some militia members have infiltrated the Iraqi army and police forces, making it easier for them to raid homes and move during curfew.

But Shiite leaders have protested U.S. efforts to curb the Sadr militia. "Instead of sending [Iraqi and American] troops to hot spots in Iraq, the government sends them … to peaceful places like Sadr City and Shula where innocent and virtuous people are arrested and houses are raided," said Abdul Mohammedawi during prayers outside a Sadr political office in the Sadr City neighborhood.

Mohammedawi also praised "the Islamic resistance in Lebanon, led by the Hezbollah of Hassan Nasrallah" as worshipers chanted praise of Nasrallah and Sadr.

Most of the U.S.-led security operation has targeted Sunni neighborhoods in western Baghdad. Frustrated American commanders say Sadr and his followers have become "untouchable."

At a Sunni mosque in Baghdad, Khaled Hassnawi told his listeners that violence had become indiscriminate.

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"The killings are everywhere in Iraq: yesterday in Haditha and today in Karbala," he told listeners at the Abdul Qadir Gilani Mosque, referring to a Sunni city to the west and a Shiite city to the south.

*

Times staff writers Saif Hameed and Saif Rasheed contributed to this report.

Officer Called Haditha Routine (WP)

By Thomas E. Ricks

The Washington Post, August 19, 2006

Marine Said Deaths Didn't Merit Inquiry

The Marine officer who commanded the battalion involved in the Haditha killings last November did not consider the deaths of 24 Iraqis, many of them women and children, unusual and did not initiate an inquiry, according to a sworn statement he gave to military investigators in March.

"I thought it was very sad, very unfortunate, but at the time, I did not suspect any wrongdoing from my Marines," Lt. Col. Jeffrey R. Chessani, commander of the 3rd Battalion of the 1st Marines, said in the statement.

"I did not have any reason to believe that this was anything other than combat action," he added.

Chessani's statement, provided to The Washington Post by a person sympathetic to the enlisted Marines involved in the case, helps explain why there was no investigation of the incident at the time, despite the large number of civilian deaths, and why it took several months for the U.S. military chain of command to react to the event.

It also provides a glimpse of the mind-set of a commander on the scene who, despite the carnage, did not stop to consider whether Marines had crossed a line and killed defenseless civilians.

It suggests that top U.S. commanders have been unsuccessful in urging subordinate leaders to focus less on killing insurgents and more on winning the support of the Iraqi people, especially by providing them security.

Chessani told investigators he concluded that insurgents had staged a "complex attack" that began with a roadside bomb, followed by a small-arms ambush that was intended to provoke the Marines to fire into houses where civilians were hiding.

"I did not see any cause for alarm," especially because several firefights had occurred in the area the same day -- Nov. 19, 2005 -- Chessani said. Because of that conclusion, the commander added, he did not see any reason to investigate the matter, or even to ask how many women and children had been killed.

"I just saw this as a large combat action that had been staged by the enemy," he told investigators.

The Haditha incident first attracted notice when Time magazine reported in March that the official U.S. account attributing most of the Iraqi deaths to a roadside bomb was incorrect, and that the Iraqis instead had been killed by U.S. soldiers. It became more controversial in May when Rep. John P. Murtha (D-Pa.), who had been briefed by top Marine officers, said at a news conference that what happened in Haditha was "much worse than reported in Time magazine" and that Marines had "killed innocent civilians in cold blood."

Commentators likened the incident to the Vietnam War's My Lai massacre and predicted that it would damage the U.S. effort in Iraq more than the Abu Ghraib detainee abuse scandal had.

Several Marines are under criminal investigation in connection with the incident. Their lawyers have indicated they intend to argue that those Marines followed the rules of engagement during a difficult day on a chaotic battlefield.

Defense lawyers involved in the case said Friday that they have been told that a criminal inquiry by the Naval Criminal Investigative Service concluded about two weeks ago, and that military prosecutors are working on charges that may be brought next month.

A separate review of decisions by Marine officers, including Chessani and his superiors, was conducted by Army Maj. Gen. Eldon A. Bargewell. His investigation, which concluded many weeks ago, has not been released, but people familiar with its contents have said he found multiple failures by Marine leaders in the training they mandated, in the tone they set and in how information was reported up the chain of command.

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Chessani's statement, which was given at a base in Iraq beginning at midnight on March 20, is the first formal evidence to emerge in the case. Until now, media reports contained accounts provided by Iraqis and Marines rather than official documents produced by the investigatory process.

It provides the first public look at comments from a key commander who oversaw the action there and bolsters the defense argument that troops involved in the Haditha incident saw the events as part of the normal course of combat.

Chessani has not made any public comments about the case. He waived his rights when he provided the statement and did not ask for an attorney, though he had the right to do so. He was told at the outset of the questioning that he was suspected of dereliction of his duty.

Chessani was relieved of command about three weeks after giving his statement, in early April, soon after his battalion returned to its home base at Camp Pendleton, Calif. It is not clear whether he has retained defense counsel. He could not be reached for comment by telephone Friday and did not respond to e-mails.

Chessani said in his statement that when he was first informed by a military investigator that Marines under his command may have intentionally killed civilians, "the allegations seemed baseless." But the investigator then told him, he said, "That we had killed civilians and did not have positive identification in this instance. . . . He described it that we had made entries into rooms and shot women and children. He believed, if I recall right, that some of the rooms, some of the houses that we entered, the Marines weren't being fired at at the time."

After the killings, the Marine Corps issued a statement that Iraqis had been killed in Haditha by a roadside bomb. Chessani said that he did not see the statement then, and that the first time he read it was when an investigator showed it to him about three months later.

"I knew this was inaccurate when I saw it," he stated. The Marine Corps has not issued a retraction, saying the entire matter is under investigation.

At one point, Col. John Ewers, the Marine lawyer who took the statement, seemed almost exasperated with Chessani's passive approach to the incident. Using a profanity, he told Chessani his own reaction was "15 civilians dead, 23 or 24 total dead, with no real indication of how it was that we arrived at the enemy KIA number."

Ewers asked: "Did it occur to you that you needed to do an investigation simply so you could go to the locals and say, 'This was righteous'? . . . And be confident that you were speaking with certainty?"

Chessani responded: "Sir, I did not think about it like that. . . . Enemy has picked the place, he had picked the time, and the location for a reason. . . . [H]e wanted to make us look bad."

Marine Didn't Suspect Haditha Wrongdoing (NYT/AP)

By The Associated Press

The New York Times/AP, August 19, 2006

WASHINGTON (AP) -- The Marine officer in charge of troops suspected of killing 24 Iraqi men, women and children told investigators he did not initiate an inquiry into the carnage because he did not consider the deaths unusual, The Washington Post reported Saturday.

In a sworn statement given to military investigators in March, Lt. Col. Jeffrey R. Chessani said: "I thought it was very sad, very unfortunate, but at the time, I did not suspect any wrongdoing from my Marines." Chessani was commander of the 3rd Battalion of the 1st Marines.

"I did not have any reason to believe that this was anything other than combat action," he added.

The Post said it obtained a copy of Chessani's statement.

Reached by telephone late Friday, Marine Lt. Col. Sean Gibson, a spokesman on the Haditha case, said he had not seen the report and could not comment.

The Marine Corps has been investigating whether its troops deliberately killed the Iraqis in Haditha. The Marines also are looking into whether efforts were made to cover up the incident. Initially, the Marine Corps reported that 15 Iraqis had died in a roadside bombing or were caught in crossfire between Marines and insurgents. Survivors of the encounter and human rights groups, however, claimed that 24 Iraqi civilians had been deliberately shot to death by Marines.

The New York Times reported Thursday that military investigators have concluded that the Marines destroyed or withheld evidence.

No charges have been brought in the Haditha killings, and the official results of the Marine investigation have not been released. Chessani, who has been relieved of his duties, has not spoken publicly about the incident.

According to the Post, Chessani's statement was provided by a source "sympathetic" to the Marines involved in the case. The incident occurred in a dangerous area where insurgent attacks were common.

Because attacks were so common, Chessani told investigators he saw the incident as part of a "complex attack" staged by the enemy, according to the newspaper. "I did not see any cause for alarm," he said.

The Haditha case is among recent cases of alleged atrocities against Iraqi civilians. Five soldiers and a former solider have been charged with raping and killing a 14-year-old Iraqi girl and killing her relatives in Mahmoudiya. Seven Marines and one Navy corpsman have been charged with premeditated murder in connection with the killing of an Iraqi man in Hamdania on April 26.

Two Of Iraq's Shiite Parties Denounce Iran (WP)

By Amit R. Paley And Saad Al-izzi

The Washington Post, August 19, 2006

Allegations Reveal Divisions Within Sect Usually Aligned With Powerful Neighbor

BAGHDAD, Aug. 18 -- Two Shiite Muslim parties on Friday accused Iran of instigating violence in Iraq and attempting to destabilize the country, exposing a growing rift within Iraq's largest sect that many fear will exacerbate the nation's slide into full-scale civil war.

"All of this violence is because of the Shiism in Iran," Adnan Aboudi, head of the Islamic Allegiance Party, said in a telephone interview. "There are external infiltrating fingers playing now throughout the Iraqi arena." The party is the political wing of cleric Mahmoud Abdul Ridha al-Hassani, who is virulently anti-Iranian and anti-American.

The denunciations of Iran, among the most public attacks to date by Iraqi Shiite groups, echoed the recent concern expressed by President Bush and military officials over Tehran's burgeoning influence in the Middle East. Iran, which is governed by Shiite Persians, has close ties to Hezbollah, the Lebanese Shiite militia that has been warring with Israel, as well as to several of the largest parties in Iraq's Shiite-led government.

The pointed criticism of Iran followed a spate of violent clashes this week in southern Iraq between rival Shiite factions. The unrest served as a reminder of the bitter divisions between various parties in the governing coalition, made up of some factions closely tied to Tehran and others that bitterly criticize it.

A senior official with the Fadhila bloc, a powerful Shiite religious party that controls the oil-rich city of Basra, said Friday that "Iranian individuals are trying to depose Fadhila from the government."

"Iran has many tools and individuals in the country who are doing the things that are wanted by Iran," said the official, Abdul Wahab Razouti, who declined to name those individuals or the groups they belong to.

Juan Cole, a professor of the modern Middle East at the University of Michigan, said the recriminations toward Iran were directed at two of the largest Shiite blocs in parliament, the Supreme Council for the Islamic Revolution in Iraq and the Dawa party. The Supreme Council was founded in Iran during Saddam Hussein's rule, and it and Dawa retain strong ties to Iran.

"Those groups are often coded as Iranian puppets," said Cole, the author of the book "Sacred Space and Holy War: The Politics, Culture, and History of Shiite Islam." He said many Iraqis believe that the Supreme Council and its militia, the Badr Organization, receive substantial monetary support from Tehran. "It's obviously in the interest of Iran that parties that are friendly to it remain in power in Iraq," Cole said.

He said the hostility among Shiite factions can be traced to the gap between wealthy members of parties tied to Iran, such as the Supreme Council and Dawa, and impoverished cadres of groups critical of Iran, such as followers of Hassani.

"The Shia-on-Shia violence is, in my view, to some extent a class conflict," he said.

A fuller picture emerged Friday of the latest round of violent skirmishes that broke out between Shiite factions in southern Iraq this week. It apparently began with a car garage.

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Followers of Hassani, a cleric in his late thirties based in the Shiite holy city of Karbala, said they noticed a strange car last month in a garage next to the mosque where Hassani's school and office are located. Investigators later discovered that the vehicle was packed with enough explosives to destroy the entire neighborhood, Hassani supporters said. They said a cellphone, which apparently malfunctioned as the bomb detonator, was found inside the car with 17 missed calls.

Hassani aides begged local officials to remove the car and close the garage, but they did nothing, said Aboudi, the head of Hassani's political wing. A few days later, an improvised explosive device blew up about 3 a.m. in front of Hassani's offices. His supporters were convinced that local police forces were responsible because, they said, the device was planted during a nighttime curfew.

Local government officials in Karbala could not be reached for comment Friday. Aboudi called the two incidents assassination attempts and said Iran was behind them. He said local officials did nothing because of their allegiance to Tehran.

Hassani's supporters later seized control of the garage. But Tuesday afternoon, local forces raided the garage, as well as the next-door mosque and Hassani's offices. Seven people were killed by gunfire, and more than 200 followers of the cleric were detained.

An agreement was reached Thursday to end the violence and return the mosque and offices to Hassani's followers. But both sides said prospects remain high for future clashes.

"They are targeting him because he is an Iraqi," said Aboudi, who said Hassani is one of the most prominent Arab Shiite clerics. Most of the other senior clerics are Persian or have ties to Iran.

Hassani, a former civil engineering student who says he has written 128 books, wears the black turban that identifies him as a descendant of the prophet Muhammad.

Followers of Hassani say he is an ayatollah, which means he can issue religious opinions known as fatwas , but others say he never earned that title. His first major clash with Iran came earlier this summer when a cleric in Tehran ridiculed Hassani on a widely watched Iranian television network. Hassani became the butt of jokes after it was said that he claimed to have lunched with the Imam Mahdi, a revered figure that Shiites believe will reemerge before the end of time. Hassani's followers deny that he ever made those remarks, and some attacked the Iranian consulate in Basra with steel bars and construction tools in June, demanding an apology. They never received one.

Although Hassani is still a relatively minor figure, analysts believe that his growing authority represents rising discontent with Tehran.

Although Hassani was originally aligned with anti-American cleric Moqtada al-Sadr, he is now becoming the more radical of the two, said Cole, the professor of Middle Eastern history. "The people that are really dissatisfied with the status quo might be more likely now to follow Hassani," he said.

The U.S. military announced Friday that American and Iraqi forces in Baghdad have killed 97 people associated with death squads and detained 501 others since the launch of a plan last month to quell the relentless sectarian violence in the city. The military said a combined force of 30,000 security personnel has completed more than 49,500 patrols and seized more than 59 weapons caches since the plan, Operation Forward Together, was launched July 9.

Iraq's government on Friday night imposed a two-day ban on cars in Baghdad to prevent violence among the thousands of pilgrims arriving for a holiday this weekend commemorating the death of Imam Musa Kadhim, the eighth imam of Shiite Islam and one of the religion's most revered figures. About 1,000 people were killed last year during the holiday when rumors of a suicide bomber triggered a stampede.

A car bomb that exploded Friday night killed one person and injured four others, Iraqi television reported.

Special correspondent Naseer Nouri and other Washington Post staff contributed to this report.

Jordan Sends Ambassador To Iraq (AP)

By Vijay Joshi, Associated Press Writer

AP, August 19, 2006

Jordan has become the first Arab state to send a fully accredited ambassador to Iraq, a major display of political support for the U.S.-backed government in the face of past kidnapping-slayings of Muslim diplomats.

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The United States has long urged Iraq's Arab neighbors to upgrade diplomatic relations to the ambassadorial level, rather than maintain missions headed by lesser-ranking diplomats, as an affirmation of support.

But the Arabs had been stalling due to violence and concern over the Shiite-led government's dealings with the Sunni minority, which forms the foundation of Iraq's insurgency, and the government's ties to Shiite-dominated Iran.

Most Arab governments are led by Sunnis; the majority of Iraqis are Shiite.

Ambassador Ahmed al-Lozi presented his credentials Thursday to Iraqi President Jalal Talabani, a presidential statement said Friday. The German ambassador also presented his credentials.

Al-Lozi came to Baghdad with Jordanian Prime Minister Marouf al-Bakhit, who arrived Tuesday for a three-day visit.

Egypt agreed last year to send an ambassador, Ihab al-Sherif, but he was kidnapped in July 2005 and assassinated before presenting his credentials. Two Algerian diplomats were kidnapped in the same month and killed.

In October 2005, two Moroccan Embassy workers were abducted and killed. Two months later, Sudan closed its embassy in return for the release of six embassy employees who had been kidnapped.

Al-Qaida in Iraq claimed responsibility for all the kidnappings and killing, and warned Arab and Muslim countries against establishing relations with Iraq's Shiite-dominated government.

In March, however, Arab countries agreed to open diplomatic missions in Iraq after scathing criticism by Iraq's foreign minister that they are not doing enough to help the wartorn nation.

Also Friday, the government ordered a two-day vehicle ban in the capital to guard against car bombs during weekend rallies commemorating the death of an 8th-century Shiite saint.

Seven Shiite pilgrims were shot dead late Friday as they walked through a Sunni neighborhood en route to the rally site, police said.

The ban went into effect Friday night and was expected to remain until Monday morning. A Cabinet statement said the ban would apply to about 16 neighborhoods. Later, however, Brig. Gen. Qassim al-Musawi, spokesman of the armed forces general command, said the ban would apply citywide.

The Shiite ceremonies mark the death in 799 A.D. of Imam Moussa Kadhim, one of the 12 major Shiite saints.

About 1,000 people died during last year's commemoration when rumors of suicide bombers triggered a mass stampede on a bridge across the Tigris River. It was the biggest single day death toll since the U.S.-led invasion in March 2003.

The ceremonies are taking place during a major U.S.-Iraqi security operation aimed at curbing Sunni-Shiite violence, which threatens the stability of the new government of national unity.

U.S. commanders are sending nearly 12,000 U.S. and Iraqi reinforcements to take control of this city of 6.5 million people neighborhood by neighborhood.

American and Iraqi forces arrested three death squad leaders who were involved in the massacre of 41 Sunnis in Baghdad's Jihad neighborhood last month, the U.S. military announced.

The three were arrested Friday in raids in the Rasheed district of south Baghdad, the statement said. One of the three was believed to have been the overall leader of the July 9 massacre, in which gunmen set up checkpoints, identified Sunnis, hauled them from cars and killed them.

Also Friday, soldiers from the 172nd Stryker Brigade Combat Team discovered a weapons cache in a warehouse in western Baghdad, the U.S. military said. Included were 583 mortar shells, 104 rocket-propelled grenades, 249 rockets, machine guns, automatic rifles, ammunition and bomb-making equipment, the military said. Two suspects were detained.

U.S. and Iraqi troops also raided an office of anti-American cleric Muqtada al-Sadr and found three air-to-surface rockets, one rigged as a bomb, and two mortars, the U.S. said.

Iraqi police found 11 bodies with gunshot wounds — apparent victims of sectarian violence — in various places Friday.

Innocent Children Jailed, U.S. Official Says (WT)

By Sharon Behn, The Washington Times

The Washington Times, August 19, 2006

Children who have never been charged with a crime are being held in juvenile prisons in Iraq, a State Department official stated in a report he posted on the Internet this week.

Some of the children are in the detention centers simply because there is no one to pick them up and take them home, said Marshall Adame, an official with the National Coordination Team based out of Camp Victory in Iraq.

"These are not hardened criminals or terrorists," said Mr. Adame in a personal detailed report he published on an Internet log.

He added that there had been reports of "physical and other abuse" in the detention centers but that the U.S.-led coalition considered the issue "not our urgent business."

Called at home while on vacation in the United States, Mr. Adame said he went ahead and published his report because he wanted it to be part of the public record.

"I'm not talking about those arrested or captured in the process of fighting against the coalition. I'm talking about children who were rounded up for no particular reason, who have not been charged but have been put into detention," he said in a brief telephone interview.

In his report titled "Six Blunders we made in Iraq we can still fix," Mr. Adame praises the work of the coalition forces that have captured and killed terrorists in Iraq.

The bad news, he said, was that "in the process of combing Iraq for bad guys, field commanders, for one reason or another, and at times indiscriminately, have confined many men and women without any specific charges or reasons that can be remembered or recorded."

"Consequently the coalition has, without charge or specific reason, confined many innocent people and deprived them, without cause, of the very liberties we came here to preserve," said Mr. Adame.

Mr. Adame, a retired U.S. Marine who has two sons who have served in Iraq, one of whom was wounded in July while on patrol, also criticized U.S. officials for allowing the militarization of the Ministry of Interior (MOI) and ignoring abuses that took place there.

"It was the U.S. military generals who decided, through advisory influence, on who would control the MOI, and it was all of us who looked the other way while these Iraqi generals, led by the minister, trampled all over the rights and liberties of the good Iraqi people," Mr. Adame wrote in his report.

He describes how, in 2005, he was with an Iraqi general who was in charge of logistics for the Ministry of Interior when the general received an order -- signed by the minister -- to issue 1,000 AK-47 combat rifles to a Muslim cleric.

When the general refused to carry out the order, he was jailed by order of then pro-Iranian Interior Minister Bayan Jabr. Mr. Adame said he intervened and managed to win the release of the man, who shortly afterward survived two assassination attempts.

"Today the MOI is a very powerful military/police force deep in accusations of ethnic cleansing and human rights violations against the Sunni minority and other in Iraq," Mr. Adame wrote.

"Many of the MOI Iraqi police commanders are former and active [Shi'ite] Iraqi army officers who previously never held a civilian or police post or position in their working lives. All this through guidance and with assets provided by the USA," he wrote.

The report, based on Mr. Adame's personal observations during his three years in Iraq, also criticizes the disregard that British forces in the south had toward the Iraqis.

He details that British soldiers looted then-occupied Basra airport, that they diverted the majority of the water supply from the Iraqi airport water plant for their use, and did little to improve the airport's infrastructure. At the time, the water plant was owned, operated and maintained by Iraqis and being repaired by the U.S. Agency for International Development.

"I believe the problems now in Basra are a direct result of the way they approached their whole relationship with the Iraqis," Mr. Adame said in the interview.

Mr. Adame joined the State Department in Baghdad in June 2005, and continues to work there overseeing the roughly 10 provincial reconstruction teams in Iraq -- the civil-military effort that links U.S. and coalition agencies to local governments in Iraq.

Putting The Iraq War On Trial (TIME)

DOJ_NMG_0051203

By Eli Sanders

Time, August 19, 2006

An army officer who refused duty in Iraq goes to court with a novel argument: he had a duty to disobey because the war is illegal

When he refused to deploy to Iraq in June, Army Lt. Ehren Watada said he was following his conscience and upholding his duty not to obey illegal orders. But that didn't impress military officials, who promptly charged him with violating Army rules and sent him on a path toward a likely court-martial.

In doing so, they set up an unusual collision between a man who is believed to be the first officer to refuse duty in Iraq and a military justice system that is now effectively being asked to rule on the war's legality.

In a packed hearing room on this Army base south of Seattle Thursday, lawyers for Lt. Watada used the opportunity to put the war itself on trial, trying to prove he was right to see the war as "manifestly illegal," and as a result, to refuse to participate. "A soldier has an obligation to disobey illegal orders," said Francis Boyle, a Harvard-trained professor of international law who testified on behalf of Lt. Watada and whose mentor wrote the Army's field manual for land warfare. "Under the circumstances of this war, if he had deployed, he would have been facilitating a Nuremberg crime against peace."

Boyle, along with a former United Nations Undersecretary-General and a retired army colonel, argued that the U.S. decision to attack Iraq in 2003 without U.N. authorization made the war illegal from the beginning. He went further, arguing that the failure of the Bush administration to find either weapons of mass destruction or a provable link between Iraq and the Sept. 11 attacks showed that Congress was persuaded "by means of fraud" when it voted to authorize the war.

Lt. Watada, 28, is from Honolulu and was part of a Stryker unit that deployed to Iraq on June 22 — without him. He joined the Army after Sept. 11 and initially served in South Korea, where he received stellar marks from his superiors. As recently as last summer he was willing to go to Iraq. But the more he learned about the war, the more doubts he had, according to his public statements.

In January, after he became convinced that the war was illegal, he tried to resign rather than go to Iraq, but the Army wouldn't let him do so. As a compromise, he asked to be sent instead to Afghanistan, a war he supports. His request was not granted.

At the hearing yesterday — a precursor to a court-martial known as an “Article 32 hearing” — Watada sat calmly in his fatigues, gave no statement, and during breaks answered no questions from the many reporters gathered to watch the proceedings. However, military prosecutors played several clips of Lt. Watada speaking in public about his reasons for not deploying.

In one clip, from a Veterans for Peace convention held last weekend in Seattle, Watada explained that he is trying to put forward a "radical idea" first born during the Vietnam War. "The idea is this," he said. "That to stop an illegal and unjust war, the soldiers and service members can choose to stop fighting it."

That, prosecutors said, is exactly what they most fear. To give credence to Lt. Watada's argument, they said, would create a breakdown in military order and discipline. "It's just dangerous in our Army to allow that to happen," said Capt. Dan Kuecker, one of the prosecutors. Whether the war is legal, he said, "is not a decision for a lieutenant to make — it's a decision for politicians and legislators" Watada's behavior, Capt. Kuecker told the hearing, "is dishonorable and it is disgraceful."

Lt. Col. Mark Keith, who presided over the proceeding, is expected to decide within the next few days whether to recommend a court-martial for Lt. Watada. If one takes place, and Watada is convicted, he could face up to seven years in prison.

AWOL Soldier Heads Back To Ft. Bragg (AP-Y)

By Estes Thompson, Associated Press Writer

AP, August 19, 2006

A Fort Bragg paratrooper who says he left his Army barracks last summer because he was disillusioned with U.S. actions in Iraq surrendered to military authorities Friday.

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Sgt. Ricky Clousing, 24, had walked away from Fort Bragg on June 23, 2005, with only a few clothes and his surfboard. He said earlier Friday that he hopes airborne soldiers at the post, where thousands are deployed to Iraq and Afghanistan, will respect his reasons.

"I don't expect indoctrinated soldiers to have the capacity to understand why I'm doing what I'm doing. Anybody who has an issue with me, I will be more than glad to sit down and explain," he said as he arrived at a North Carolina airport wearing a black T-shirt with the message "Free Speech."

He was met there by Chuck Fager of Quaker House, a Fayetteville organization that counsels soldiers who want to leave the military. Fager said he dropped Clousing at the post after Clousing called military police to determine where to go.

"They told him he wasn't going to be under arrest," he said.

Maj. Tom Earnhardt, spokesman for 82nd Airborne Division, said Clousing is being treated like any other soldier.

"Now the appropriate command is going to make the decision as to what the road ahead looks like," he said.

Clousing joined the Army in 2002 and worked as an interrogator in Iraq from December 2004 until April 2005 while a member of the 313th Military Intelligence Battalion in the 82nd Airborne.

During his time in Iraq, Clousing said he saw an innocent Iraqi man killed by an American soldier in Mosul. He said he tried to talk to unit leaders about the incident but they dismissed him as an inexperienced soldier.

Clousing said he was upset by "the daily physical, emotional and psychological harassment of civilians (and) the daily killing of innocent civilians."

"I learned from the Iraqis their confusion as far as our role there," he said.

Clousing said military authorities told his lawyer that there was no paperwork showing that he was AWOL, but after he turned himself in at Fort Lewis, Wash., last week, the military gave him orders to report to a unit at Fort Bragg that handles absent soldiers.

"It's been my intention to turn myself in," he said. "I really don't feel nervous. I feel totally at peace."

On Technical Grounds, Judge Sets Aside Verdict Of Billing Fraud In Iraq Rebuilding (NYT)

By Erik Eckholm

The New York Times, August 19, 2006

A federal judge has set aside a verdict of corporate fraud in Iraq on disputed technical grounds, raising questions about the ability of whistleblowers and the United States government to pursue companies that profited illegally in Iraq during the chaotic year after the invasion.

Last March, based on evidence provided by two company whistleblowers, a federal jury in Virginia found that the contractor Custer Battles L.L.C. had filed grossly inflated invoices to the Coalition Provisional Authority. In the civil suit, the first Iraq-related case to be brought under the False Claims Act, the company was declared liable for more than $10 million in damages and penalties.

The case was expected to be the first of dozens to be filed under the act, a crucial tool against government fraud that allows company insiders to sue and share any damages awarded to the government. Numerous such cases from Iraq have been filed and are under seal while the Justice Department completes its initial investigations, lawyers and federal officials say.

But an underlying issue, raised by Custer Battles during its trial and on appeal, was whether bills submitted to the Coalition Provisional Authority could be regarded as bills presented to the United States government. The coalition authority is an entity created and largely financed by the United States to run Iraq, and largely staffed by American officials, but with an ambiguous legal status.

The Justice Department in an advisory opinion, and the jury in the Custer Battles case, said that some of the Custer Battles invoices were indeed claims against the American treasury and that the False Claims Act applied.

But in an opinion issued Wednesday and posted yesterday, Judge T. S. Ellis III, of the Federal District Court in Alexandria, Va., said the plaintiffs had “failed to prove that the claims were presented to the United States.” The coalition authority, the judge ruled, was an international entity, and bills presented to American officials then detailed to the authority were not subject to the False Claims Act.

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The judge did not address the appeal to overturn the fraud findings, saying this was not necessary if the act did not apply.

The lead lawyer for the whistleblowers, Alan Grayson, of Grayson & Kubli in McLean, Va., said they would appeal the decision to the United States Court of Appeals for the Fourth Circuit in Richmond, Va.

"If this turns out the way the law ends up, it will make it more difficult to prosecute fraudulent contractors in Iraq," Mr. Grayson said in a telephone interview. "But this is clearly not the final word on the subject."

Judge Ellis did let one part of the original verdict stand, the finding that one of the former Custer Battles officials who brought the charges, William D. Baldwin, had been fired illegally for complaining about illegal billing. Mr. Baldwin was awarded $230,000 in damages.

In a news release issued yesterday, lawyers for Custer Battles, from the Washington office of Porter, Wright, Morris & Arthur, praised the judge for setting aside the jury verdict and repeated that Scott Custer, Mike Battles and their company were innocent of any fraud.

Verdict Against Iraq Contractor Overturned (WP)

By Renae Merle

The Washington Post, August 19, 2006

Postwar Authority's Murky Status Cited

A federal judge threw out a $10 million jury verdict against an American company accused of overcharging on an Iraq reconstruction contract after concluding that the now-defunct Coalition Provisional Authority was not a U.S. government entity.

The civil fraud suit against Custer Battles LLC, which has offices in Northern Virginia, arose out of the chaotic 14-month period during which the authority governed Iraq after the 2003 U.S.-led invasion.

Using federal whistle-blower laws, a former employee and a subcontractor claimed Custer Battles created phony Cayman Islands companies to overcharge the authority on a contract to furnish Iraq with a new currency. The firm denied the claim.

Although a jury found the company guilty, U.S. District Judge T.S. Ellis III ruled on review that the firm could not be sued under the federal False Claims Act because of the ambiguous structure of the authority, which issued the contract. The judge also concluded that the way in which the company had been paid distanced it from the U.S. government.

He said there was ample evidence that the company had submitted "false and fraudulently inflated invoices" but found that the nature of the Coalition Provisional Authority precluded a fraud claim. Ellis signed his ruling Wednesday; it was made public yesterday.

Although "the CPA was principally controlled and funded by the U.S., this degree of control did not rise to the level of exclusive control required to qualify as an instrumentality of the U.S. government," the 23-page ruling said. "In fact, the evidence clearly establishes that it was created through and governed by international consent."

The case is one of several to emerge from the $21 billion U.S. reconstruction effort as complaints emerge about sole-source contracts and allegations of fraud and corruption. The office of the special inspector general for Iraq Reconstruction has referred more than 20 criminal cases to the Justice Department for prosecution and has said that the authority's financial systems were so flimsy that billions of dollars could not be accounted for.

The Custer Battles litigation was brought under a separate anti-fraud law that allows citizens to sue on behalf of the government. It is not known whether any similar cases have been brought against contractors for the CPA. Such matters are sealed until the Justice Department decides whether to join the suit, which it did not in the Custer Battles case.

The Justice Department declined to comment on the ruling or its possible impact on other cases.

The plaintiffs in the Custer Battles suit, Robert Isakson and William Baldwin, will appeal, said their attorney, Alan M. Grayson. "If you want to make a list of all the things the Bush administration has screwed up, they created this Frankenstein entity called the Coalition Provisional Authority," Grayson said.

"CPA was created by the U.S. government, run by largely U.S. employees. This ruling could stand logic on its head," said Sen. Byron L. Dorgan (D-N.D.). "It's a setback for accountability."

Custer Battles was founded by Scott Custer, a former Army Ranger, and Michael Battles, a West Point graduate who served in the CIA. The company grew rapidly after the Iraq war as it was awarded CPA contracts.

The company's owners are "ecstatic," said their attorney, Robert Rhoad.

Staff writer Dan Eggen contributed to this report.

Afghan City's Rebound Cut Short (WP)

By Pamela Constable

The Washington Post, August 19, 2006

Battles Between NATO Forces, Resurgent Taliban Make Ghost Town of Kandahar

KANDAHAR, Afghanistan -- Less than a year ago, this was a city on the rebound after years of conflict, drought and political isolation. Business was booming with an influx of international development aid, shops stayed open late, markets burst with locally grown fruit and traffic snarled hopelessly much of the time.

Today Kandahar is a ghost town, braced for the next suicide bomb and full of refugees from rural districts where Taliban insurgents are battling Afghan and NATO forces. Streets are all but empty of vehicles, foreign aid offices are reduced to skeleton crews and shoppers hurry home before dark instead of lingering at tea shops.

As 10,000 NATO troops fan across southern Afghanistan seeking to contain and quash the rapidly growing insurgency, Kandahar -- both the religious birthplace of the Taliban militia and the homeland of President Hamid Karzai -- seems to symbolize the dashed hopes and angry confusion that have gripped much of Afghanistan's Pashtun tribal belt.

Many residents say they hate and fear the Taliban fighters, who occupy villages, demand food and vehicles, sabotage summer grape harvests, burn down girls' schools and execute district administrators as spies. On the highway through town, drivers rush past the spot where suicide bombers blew up a van of translators bound for a U.S. military base several months ago, killing 13 people.

But people here also express deep disappointment in the Karzai government, saying it has failed to bring security or services to a region that expected much of its president and native son. They also resent the foreign military forces that have raided their homes and bombed their villages and yet have been unable to stop the insurgents. Last month, the region's military command passed from the United States to NATO, but residents of Kandahar are skeptical that the new troops can do any better.

"The Taliban keep appearing from nowhere, and we are not sure if NATO will be strong enough to defeat them," said Fariba Ahmad, 32, a member of parliament from Kandahar, who said she must cover with a veil now to protect herself on the street. "People feel so hopeless and frustrated with the government that some support the Taliban, because they have nowhere else to turn."

The danger is much greater outside this provincial capital, especially in districts such as Panjwai, a grape-growing area about 30 miles west, which has been the scene of near-constant fighting all summer. Many families fled the district in May after a fierce battle between Taliban and pro-government forces led to a U.S. airstrike that killed 16 civilians as well as numerous insurgents.

"The Taliban told us to leave or we would be killed, and then the American bombs destroyed everything. I am angry at both of them," said Shah Bibi, 55, whose family escaped Panjwai on tractors and now occupies a ruined mud compound in the city, without water or electricity. The family brought its guard dog and a crib for the youngest child but had to leave behind its sheep and cows.

"I don't know what became of them," she said with a worried frown.

A different kind of refugee from the fighting is Zahir Akhund, 48, a former longtime Taliban member from Panjwai who recently entered the Afghan government's reconciliation program. He said he had joined the Taliban during the Afghan civil war in the 1990s, resigned during a short-lived general amnesty in 2002 but rejoined the militia last year after he and other former fighters were harassed by Afghan security agencies.

Akhund's story could not be independently verified, but it seemed consistent with other accounts explaining the Taliban militia's recent revival, including its sources of support in neighboring Pakistan, its tactical alliance with opium traffickers and its punitive pressure on members who seek to return to civilian life.

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Akhund said he had spent the past year in the border regions of Pakistan, where he described senior Taliban figures as operating freely and working with Pakistani intelligence agencies. He said he and his men were given money and weapons and sent into Afghanistan to fight, sometimes acting as guides for Pakistani suicide bombers.

"I didn't want to do these things, but the Pakistanis told us if we did not come back here and fight, we would be arrested and turned over to the Americans," said Akhund, who lives with his family in a rented room in Kandahar. "Now I can't go back to Pakistan. But I can't go back to my village either, because the Taliban there would kill me."

Officials of the reconciliation program said there were several hundred other local Taliban members who would be willing to quit fighting, if only the government could find the resources to provide them with shelter, jobs and protection.

Akhund and the officials said Taliban leaders constantly pressured wavering fighters to return to the fray, alternately offering money and threatening death. They also said that while still motivated by Islamic beliefs, the insurgents had moderated their strict policies to win local support, no longer punishing men for wearing short beards, listening to music or holding popular bird fights.

Village elders from Panjwai said that it might be possible to negotiate a truce with local Taliban members but that attempts would be thwarted by their hard-line leaders or backers in Pakistan.

Karzai and other Afghan officials have repeatedly accused Pakistan of supporting and promoting cross-border infiltration by Taliban insurgents. Pakistan's president, Gen. Pervez Musharraf, has strongly denied the allegations and pointed out that he has deployed more than 70,000 troops to patrol the volatile border areas. But few in Kandahar believe that Pakistan is sincere.

"We are tribal people, and a meeting is always the best way to solve things, but it can only work among Afghans," said one elder, Din Mohammed. "Those in control are not from here, and they don't want to sit down and talk. It is up to the foreign forces to deal with them. But now all the people are asking, if the foreigners were able to defeat the Taliban in one month in 2001, why can't they do it now?"

Officials of the NATO military mission, based in Kabul, said their troops have been scattered across the south, with intense fighting in Helmand province. They said that although an ambitious, final U.S.-led operation this summer killed nearly 800 Taliban fighters, it also revealed how large and committed the insurgency has become.

"The Taliban used to be mostly hit and run, but now they have certain areas they want to fight for and keep," said one NATO official, who spoke on condition of anonymity. He said that Kandahar city was still considered relatively safe and that NATO forces in the province were focusing on certain rural areas, which they hope to secure and spread out from -- as the Taliban is trying to do.

Today, the Panjwai district is at the heart of that struggle. A suicide bomber killed 21 people there two weeks ago while approaching a NATO patrol in the central market, and refugees in Kandahar said Taliban fighters were moving freely among its villages, preventing grapes from being harvested, while about 1,000 families have fled the area.

The city has suffered, too. Businessmen, who invested in hotels, restaurants or appliance stores as the city began springing back to life after the overthrow of the Taliban in 2001, said they have incurred heavy losses as foreign visitors and aid workers have been evacuated, the rebuilt highway to Kabul has become too dangerous to travel and Kandahar's feisty spirit has succumbed to fear.

"A year ago, I had a waiting list and was taking in $50,000 a month. Now I am lucky if I have 10 rooms occupied, and my income is $5,000 a month," said Nasir Ahmad, who invested $2 million to build a luxury guesthouse in 2002. "Business from A to Z is zero, the government is zero, security is zero. The Taliban are everywhere, and we are just waiting in the hope that NATO will push them back."

Provincial officials said it was crucial to move forcefully against the insurgency now, before the region comes to a complete economic standstill and the flow of development aid and investment, already reduced to a trickle, dries up. In addition to NATO, they said, the Afghan police and army need to be strengthened and expanded.

"We need more soldiers, more ammunition, a powerful punch to finish them off," said Daud Ahmedi, a media official for the province. "The line is very clear now. This fight is between the democrats and the fundamentalists. If we do not kill the fundamentalists, they will kill us."

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But for some people in this region of conservative tribal ways and religious values, the distinction may not seem so simple. Many residents of Kandahar knew and supported the Taliban in the 1990s and may still come closer to its views than to those of the Karzai government, which includes Westernized technocrats and promotes women's rights.

"The Taliban were good Muslims, and when they were here our business was good," said Abdul Ahad, 50, who was selling grapes on the sidewalk. "Since the infidels came to power, what have we gotten besides television? What we need is security and an improved religion so we can build our society according to Islam."

As a reporter was speaking with Ahad next to his basket of grapes, a man in a dark suit approached her driver and whispered urgently that she should get back in the car. "The security situation is too dangerous now," the plainclothes officer said, turning to her with an apologetic smile. "On the street, we cannot be responsible for your life."

Where Is Euphrates Etiquette? (NYT)

By Maureen Dowd

The New York Times, August 19, 2006

WASHINGTON

You know W. is burned up at the Iraqis.

You know Rummy got disgusted with nation-building ages ago. (In Baghdad in April, Rummy doodled at a news conference while Condi went on about her hopes for Iraq's future.)

You can tell that Condi has grown fed up with the intractable mess in Iraq because she's so focused on the intractable mess in Lebanon.

And certainly Dick Cheney has given up on those obstreperous Iraqis to move on to the more gratifying task of plotting how to liberate Iran and Syria.

W., unschooled in Middle East quicksand politics, learned the hard way that too many Iraqis prefer jihad to Jefferson. The Iraqi forces can't stand up so we can scamper out. The Shiites we gave the country to prefer Iran and Hezbollah to the U.S. and Israel. And our rebellious yet incompetent Iraqi puppets have had the temerity to criticize both the U.S. and Israel for brutal behavior in the region.

How sharper than a serpent's tooth it is to have a thankless child, as the Bard said, and the Bush administration has always condescendingly treated Iraq as though it were an ungrateful child. Rummy, Paul Wolfowitz and Republican lawmakers liked to compare the occupied nation to a tyke on a bike. "If you never take the training wheels off a kid's bicycle,'' Wolfie would say, "he'll never learn to ride without them.''

Thom Shanker and Mark Mazzetti of The Times reported that the president seemed dissatisfied this week in a private meeting at the Pentagon with his war cabinet and outside Middle East experts.

"I sensed a frustration with the lack of progress on the bigger picture of Iraq generally — that we continue to lose a lot of lives, it continues to sap our budget,'' one person who attended the meeting told The Times. "The president wants the people in Iraq to get more on board to bring success." Another said that W. was confounded that 10,000 Iraqi Shiites would take to the streets to rally behind Hezbollah.

W. is sick of holding on to the bike as his legacy crashes. He wants to see some gratitude from his charges — pronto.

The Iraqis have no doubt offended W.'s keen sense of loyalty. He went back to sack Saddam to make up for his father's lack of loyalty to the Shiites who were slaughtered after Poppy encouraged them to rise up, and now the Shiites show little loyalty to W.

Carole O'Leary, an American University professor who is working in Iraq on a State Department grant, told The Times that Mr. Bush offered the view that "the Shia-led government needs to clearly and publicly express the same appreciation for United States efforts and sacrifices as they do in private."

Naturally, Tony Snow denied that President Resolute was frustrated. But if W. can behold how his plans have backfired and not be frustrated, then he's out of touch with reality. And the reason W. is meeting with outside experts is to demonstrate that he is, too, in touch with reality. Even though he doesn't use that expertise to reshape his plan in Iraq, which shows again that he's out of touch with reality.

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Reviewing Paul Bremer's book in The New York Review of Books, Peter Galbraith wrote: "In Bremer's account, the president was seriously interested in one issue: whether the leaders of the government that followed the [Coalition Provisional Authority] would publicly thank the United States. ... Bush had only one demand: 'It's important to have someone who's willing to stand up and thank the American people for their sacrifice in liberating Iraq.' ''

You can take the boy out of Kennebunkport, but you can't take Kennebunkport out of the boy. The erstwhile black sheep is now as obsessed with manners as his dad. He's furious that he got no thank-you note from the Iraqis for the big present of allowing them the opportunity to be like us. They refused our gift, after everything W. did for them — invading their country under the false pretense of protecting our country, shattering their shaky infrastructure, and starting a shame spiral that's led to civil war.

His foreign policy has been more force majeure than the noblesse oblige of his father and grandfather. But now he has embraced noblesse, and puzzles over why the poor Iraqis do not feel more obliged after being blessed with America's philosophical, economic and political riches. How on earth do these benighted folk not understand the difference between the good guys and the bad guys?

CORPORATE SCANDALS:

Quattrone May Avoid 3rd Trial (NYT)

By Andrew Ross Sorkin

The New York Times, August 19, 2006

Frank P. Quattrone, the Silicon Valley banker who helped drive the 1990's boom in technology, has reached a deal with federal prosecutors that will allow him to avoid a third criminal trial on obstruction charges and resume a career in finance, people briefed on the negotiations said yesterday.

Mr. Quattrone will enter into a deferred-prosecution agreement that will impose no penalty if he does not violate any laws in the next several years, these people said. They spoke on the condition of anonymity because the judge has not yet formally approved the settlement. While deferred-prosecution agreements often include an admission of wrongdoing, there is no such statement by Mr. Quattrone in the settlement, they said.

For federal prosecutors who had once sought to portray Mr. Quattrone as a symbol of Wall Street greed and manipulation during the dot-com bubble, the settlement is a significant retreat. The case against Mr. Quattrone had been the most prominent prosecution of a Wall Street figure since Michael R. Milken, who pleaded guilty to six securities charges in 1990.

Now, speculation has been rampant in Silicon Valley that Mr. Quattrone will start a boutique advisory and private equity firm focused on technology companies. He may even try to reassemble some of his former team of bankers from his old firm, Credit Suisse First Boston.

The agreement is expected to be presented for approval before Judge George B. Daniels of Federal District Court in Manhattan at a hearing on Tuesday.

A spokeswoman for the United States attorney's office in Manhattan declined to comment. A spokesman for Mr. Quattrone also declined to comment.

Mr. Quattrone, who as an investment banker led the initial public offerings of companies like Amazon.com and Cisco Systems, was convicted in May 2004 of obstruction of justice as a result of endorsing a colleague's e-mail message in December 2000 that urged his staff to "clean up those files.'' An earlier trial on the same charges resulted in a deadlocked jury and was declared a mistrial.

But in March, a federal appeals court overturned the 2004 conviction, finding that the judge's instructions to the jurors had failed to adequately require that they establish that Mr. Quattrone intended to thwart a government investigation.

That reversal was the first in a series of victories for Mr. Quattrone. A few days later, the Securities and Exchange Commission revoked the lifetime ban from the securities industry that it had imposed on Mr. Quattrone. And in June, NASD, the brokerage industry's regulator, dropped its charges against him.

As a result, Mr. Quattrone, 50, can now return to Wall Street and to deal making for the first time since he left Credit Suisse First Boston in March 2003.

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Still, all the publicity surrounding Mr. Quattrone means that he probably will not return to a major Wall Street firm immediately. The son of a Philadelphia garment worker, Mr. Quattrone was a banker at Morgan Stanley, Deutsche Bank and Credit Suisse First Boston, now Credit Suisse.

The agreement with prosecutors is not expected to limit whatever business venture he pursues next.

Deferred-prosecution agreements are being used in a growing number of white-collar cases, chiefly with the companies themselves in order to avoid an indictment of the company. For many businesses, an indictment is an effective death knell, as it was for the accounting firm Arthur Andersen in 2002. The drug maker Bristol-Myers Squibb, the accounting firm KPMG and others have reached such agreements with federal prosecutors. Their use with individuals is more common in drug cases than in white-collar investigations.

In throwing out the conviction and ordering a new trial, the United States Court of Appeals for the Second Circuit, in Manhattan, did find that there was enough evidence to retry Mr. Quattrone.

But after five years, two trials, thousands of hours of work and millions of dollars, the United States attorney's office in Manhattan has apparently decided that a third trial was not in the public's interest.

And since it first began investigating whether First Boston was soliciting kickbacks from investors in exchange for access to hot stock offerings, the United States attorney's office has secured a number of prominent white-collar victories: the convictions of Martha Stewart, Bernard J. Ebbers of WorldCom and John J. Rigas of Adelphia Communications, among others.

CRIMINAL LAW:

Libby Denied Some Classified Documents (AP)

AP, August 19, 2006

A federal judge blocked Vice President Dick Cheney's former chief of staff on Friday from using some classified material to help with his defense in the CIA leak case.

Former White House aide I. Lewis "Scooter" Libby has been granted access to a number of classified documents to prepare for trial, but U.S. District Judge Reggie B. Walton denied Libby's request for an unspecified number of other documents.

"The documents and information at issue are extremely sensitive and their disclosure could cause serious if not grave damage to the national security of the United States," Walton wrote in a ruling that sides with prosecutors and intelligence officials who opposed turning them over.

Walton ruled that the documents being withheld would not aid Libby's defense.

Libby faces charges of obstruction of justice and lying about how he learned the identity of CIA officer Valerie Plame and what he told reporters about her.

Libby's discussions with reporters came shortly after Plame's husband, former U.S. Ambassador Joseph Wilson, accused the Bush administration of twisting prewar intelligence to exaggerate the Iraqi threat.

When it was revealed in a newspaper column in 2003, Plame's job as an operations officer for the spy agency was classified information.

Libby is scheduled to go on trial in January.

Timing Of DA's Probe Questioned (DENP)

By Kirk Mitchell, Denver Post Staff Writer

Denver Post, August 19, 2006

Fundamental steps in the investigation into John Mark Karr's possible involvement in the murder of JonBenet Ramsey didn't really begin until after his arrest.

Though the Boulder County district attorney's office had enough undisclosed evidence to get a judge to order Karr's arrest in Thailand on a first-degree murder count, it was only after the warrant was issued that investigators started asking questions experts say would form the bedrock of a successful homicide prosecution.

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For example, it wasn't until Wednesday morning, after Karr was in Thai custody on that warrant, that a representative of Boulder DA Mary Lacy's office called the Marion County School District in Hamilton, Ala., where Karr once taught, to seek anything in Karr's handwriting for comparison to the ransom note allegedly left by JonBenet's killer.

Similarly, Lacy's office has still not contacted the Colorado Bureau of Investigation to compare anything from Karr - DNA, handwriting, a palm print, footprint or even shoe size - to the evidence found at the murder scene.

Nor did the DA's office consult with education officials in Colorado or California to see if they could track Karr's teaching history.

Karr's ex-wife and kids also weren't contacted to see if they would provide an alibi for Karr's whereabouts at the time of JonBenét's murder. The ex- wife has told a San Francisco television station that she is sure

Members of the media gather Friday outside the Charlevoix, Mich., home of John Ramsey, the father of JonBenét Ramsey. John Ramsey has chosen not to elaborate on his earlier statement of gratitude over the arrest of John Mark Karr in his daughter s case. (AP / John L. Russell)

he spent Christmas 1996, around the time of the murder, with her and the family.

Likewise, the spokesman for the Sonoma County Sheriff's Department in California, which has had a fugitive warrant since 2001 seeking Karr's arrest on five counts of misdemeanor possession of child pornography, said the department was unaware of Karr's possible connection to the Ramsey case until after he was in Thai custody.

At a news conference Thursday, Lacy indicated that "exigent circumstances" forced the arrest of Karr to occur before she would have preferred. She did not disclose any of the evidence she has that ties Karr to the crime. She added that an investigator from her office was dispatched to Bangkok, Thailand, on just a few hours' notice before Karr was picked up at the request of her office.

Lacy's spokeswoman, Carolyn French, reiterated Friday that public safety and fear of flight generally drive decisions on when to arrest someone.

But former Denver prosecutor Craig Silverman raised questions about the handling of the case.

"You must conclude either Mary Lacy has solid, conclusive evidence or this is massive prosecutorial incompetence," Silverman said.

He said the Sonoma sheriff's office could have been notified by Boulder that Karr was in Thailand and then could have used their California warrant to seek Karr's detention there. Or the U.S. Justice Department could have been asked to issue a warrant charging Karr with unlawful flight to avoid prosecution, Silverman said.

While either California or federal officials had him in custody, evidentiary tests could have been performed that would corroborate Boulder's case against Karr or exclude him, Silverman said. That way the public - and potential jurors - would never have known that a suspect was being tracked in the JonBenet case until prosecutors had it nailed down.

Or detectives could have followed him to a restaurant in Bangkok and picked up a cup he had taken a drink from and done a DNA test, he said.

There was substantial evidence at the JonBenet murder scene that is available for comparison to any suspect, officials say.

Law enforcement sources have previously confirmed the girl was found with "foreign" DNA under her fingernails.

The DNA reportedly did not match genetic material collected from dozens of Ramsey family members and friends. There also was DNA in her underwear.

CBI spokesman Lance Clem said experts there processed 3,000 pieces of evidence, including DNA and 150 handwriting samples, in the Ramsey case. It took 3,000 hours of processing time to develop the evidence.

The office has been asked numerous times to process new evidence in the Ramsey case, but the last time CBI criminologists processed any of the evidence was in June 2005, Clem said.

School Superintendent Bravell

Advertisement

Jackson of Marion County, Ala., where Karr briefly was a substitute teacher, answered a request Wednesday from the Boulder DA's office and faxed a copy of a letter Karr wrote to the district in 1996 when he was fired from the school.

Silverman said the DA's office could have requested the letter earlier. The ransom letter is critical to solving the Ramsey murder case, he said. If Karr's writing isn't a match, it would be compelling evidence that could exclude him, he said.

"Why create this hubbub when you could conduct all the corroborating tests while he is in someone else's custody?" Silverman asks.

Bryan Cunningham, a Denver attorney who tackled international drug cases as a federal prosecutor and extradited drug kingpins to the U.S., said no prosecutor who has probable cause to prove a murder case would ask a foreign government to expel a fugitive on a misdemeanor offense.

Treaties with certain countries may not even allow an extradition on such a minor case as the misdemeanor pornography charge in California, he said.

Christopher Mueller, who teaches evidence law at the University of Colorado Law School, said he believes Lacy has strong evidence in the case, either physical evidence connecting Karr to JonBene;t's murder or he has described elements of the crim e only the killer would know.

In an ideal world, all loose ends, including a DNA test and handwriting comparisons, would be done before an arrest, but if the DA had worries that Karr would flee or molest more children in a school where he was teaching, that would be a good reason to file charges first, he said.

And if DNA tests show that Karr was present in the Ramsey home, it probably won't matter to anyone whether the bulk of the investigative work took place before or after a warrant was issued for his arrest.

"I think it is too early to know if the DA has done something precipitous," Mueller said.

Also Friday, a Thai police official backpedaled on his earlier assertion that Karr had said he drugged JonBenét and picked her up from school before the murder.

Both of those statements were seized upon as inconsistent with the evidence in her murder, but Friday, Gen. Suwat Tumrongsiskul, commissioner of the Thai immigration bureau, said Karr had not said those things, but his earlier statement was the result of a misunderstanding.

Meanwhile, CNN reported that Boulder investigators were interested in a yearbook signature Karr gave to an Alabama classmate, and California authorities unsuccessfully searched the cell of the person convicted of killing 12-year-old Polly Klaas in 1993 for ties to Karr.

Karr wrote in the unidentified woman's yearbook: "sometimes, so blocked by my own eyes, I've seen the best things come and go simultaneously; though deep in the future, MAYBE I SHALL BE THE CONQUERER AND LIVE IN MULTIPLE PEACE." He signed it "Angelicy Forevermore."

The phrase "shall be the conqueror" matches the cryptic initials "SBTC" left in the ransom note by JonBenet's likely killer. Analysts working the case at the time speculated that those initials probably stood for "Saved By The Cross," though without a suspect willing to talk, there was no way to know.

Staff writers Karen Rouse and Michael Riley and Cox News Service contributed to this report.

Staff writer Kirk Mitchell can be reached at 303-820-1206 or kmitchell@denverpost.com.

Ruling Raises Bar In Lobbyists' Case (WP)

By Walter Pincus, Washington Post Staff Writer

The Washington Post, August 19, 2006

Government Now Must Prove Former AIPAC Workers Intended to Harm U.S.

The federal judge who last week refused to throw out charges of conspiring to violate the 1917 Espionage Act against two former pro-Israel lobbyists simultaneously made it much more difficult for the government to prove its case against them, attorneys for the defendants and First Amendment advocates contend.

In a controversial case with wide free-speech implications, two former lobbyists for the American Israel Public Affairs Committee (AIPAC), Steven J. Rosen and Keith Weissman, were charged with conspiring to obtain national defense information from U.S. government officials and pass it on to members of the media and Israeli government officials.

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They are the first U.S. citizens not employed by the government to be charged under the 89-year-old law for allegedly receiving and transmitting such information verbally, rather than through classified documents.

In his Aug. 10 opinion, U.S. District Judge T.S. Ellis III said the law is constitutional. But for the government to prove its case, he ruled, it must show that the two men disclosed national defense information "closely held by the government" and that each "had bad faith purpose" in passing it to others, knowing it "could be potentially damaging to the United States" or "useful to an enemy of the United States."

The former lobbyists have contended that, unlike spies, they were receiving and passing on information as part of their First Amendment right to carry on public discussions about defense and foreign policy issues. Ellis supported that concept and refused to accept the government's assertion that "Espionage Act prosecutions are immune from First Amendment scrutiny."

Ellis said that "the defendants' First Amendment interests [are] at stake in this prosecution," along with those of journalists, academics, think-tank experts and others who argue that the prosecution would infringe on their ability to discuss national security information.

Some experts argued last week that Ellis may have opened the door to criminal prosecutions of reporters or newspapers for publishing classified information. But in an interview, Rosen's attorney, Abbe D. Lowell, said that "to obtain convictions, prosecutors would have to prove that the defendants knew what they were doing was illegal and, in some instances, knew the disclosures could harm American national security or be helpful to a foreign nation."

The government would also have to prove that "national security is genuinely at risk" because of the alleged actions of Rosen and Weissman, Lowell added.

A spokesman for government prosecutors said they would have no comment on the case.

Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said the portion of Ellis's decision requiring proof of intent to harm the United States or help an enemy "gave a bit of relief and something to work with" should journalists become the focus of prosecutions.

Dalglish was less sanguine about Ellis's suggestion that the time had come for Congress to review and perhaps update the espionage law. In his opinion, Ellis wrote: "The conclusion that the statute is constitutionally permissible does not reflect a judgment about whether Congress could strike a more appropriate balance between these competing interests, or whether a more carefully drawn statute could better serve both the national security and the value of public debate."

Ellis said changes in the position of the United States in world affairs since the law was passed, along with the complexity of the country's military and foreign policy establishments, suggest "that the time is ripe for Congress to engage in a thorough review and revision of these provisions" to ensure that they balance national security and free-speech rights.

Dalglish called the idea of Congress taking up the issue "a distressing thought." She noted that Sen. Christopher S. Bond (R-Mo.) recently introduced a bill that would punish government employees who leak classified information, without prosecutors having to prove harm to the United States or aid to a foreign government. A similar bill was vetoed by President Bill Clinton.

Kate Martin, director of the Center for National Security Studies in Washington, noted that the Bush administration carried out a review of secrecy laws and decided in October 2002 that no changes were needed.

In a separate ruling in the case last week, Ellis said the government could not introduce evidence that a document sought by Weissman from a government official was classified by the CIA. The AIPAC defendants have contended that they never sought classified information and that the document they sought was unclassified.

According to Ellis's ruling, the paper was a "publicly distributed" document of a foreign government, but the CIA's "identical copy of that document is classified." To introduce that as evidence, Ellis said, "may mislead the jury into believing that Weissman sought a classified document."

Researcher Julie Tate contributed to this report.

'Duke' Cunningham's Wife Says She Felt Deceived (LAT/AP)

From The Associated Press

The Los Angeles Times, August 19, 2006

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SAN DIEGO — The wife of disgraced former congressman Randy "Duke" Cunningham felt deceived about the extent of her now-estranged husband's corruption, she said in her first public interview since the scandal broke last year.

Nancy Cunningham told New Republic magazine that she didn't question junkets paid for by defense contractors because other senior congressional figures, including Speaker Dennis Hastert, joined in.

"How can it be illegal or unethical if the most important man in Congress is doing it?" she asked interviewer Kitty Kelley, a celebrity biographer.

Duke Cunningham, who held seats on powerful House intelligence and appropriations committees, resigned from Congress in November. He was sentenced in March to more than eight years in federal prison after pleading guilty to accepting $2.4 million in bribes.

Nancy Cunningham, 54, said in the Aug. 28 issue of the magazine that it was her husband's greed that led to his downfall.

"He grew tired of everything he collected and always wanted more," she said.

But she dismissed luxury items given to him as bribes — including yachts, homes and antique furnishings — as "not that great" and described their $2.55-million estate as "a fixer-upper."

Cunningham compared herself to former First Lady Pat Nixon.

"After Richard Nixon's scandal, she internalized his shame to such an extent that she suffered a stroke and died a miserable death," she said. "He got to live long enough to somewhat vindicate himself, but Pat Nixon got nothing. I will not let that happen to me."

She repeatedly called her husband Mr. Cunningham. "It's mental distancing. As far as I'm concerned, he no longer exists," she said.

The Cunninghams have been married since 1974 and have two daughters. Her attorney, James Macy, said the pair have been separated since July 2005, when FBI agents raided their Rancho Santa Fe home.

She said she had told her husband to review his transactions with the House Ethics Committee, and accused congressional staffers of keeping her in the dark about his activities.

"I feel they deceived me all along about what he was doing," she said.

She is suing the federal government to recover a share of the financial settlement that Cunningham forfeited to the federal government as part of his plea agreement.

Her attorneys say they believe her case will be settled in early September. Federal prosecutors involved with the case did not return a message left seeking comment.

Duke Cunningham's attorney, K. Lee Blalack II, declined to comment on the New Republic article.

Federal Judge Blasts Texas Attorney General For Seizing X-rays (AP)

AP, August 19, 2006

A federal judge scolded Texas Attorney General Greg Abbott when she found out important evidence in the investigation into potentially fraudulent diagnoses of the lung disease silicosis had disappeared after he seized documents from a Corpus Christi storage facility, a newspaper reported Friday.

U.S. District Judge Janis Graham Jack rebuked Abbott on Aug. 11 for sending four armed agents to take thousands of X-rays from a private company storing the records for the federal court, The New York Sun reported.

"The arrogance of taking those documents from a federal court-supervised depository is astounding," the newspaper quoted Jack as saying during a conference call with lawyers involved in the case. "The attorney general of the state of Texas has exhibited a total disregard for the rule of law by doing this."

Jack, based in Corpus Christi, made national news last year when she recommended throwing out all but one of about 10,000 silicosis lawsuits because the diagnoses appeared "manufactured for money" to help plaintiffs. Her findings spawned investigations by a congressional committee, federal prosecutors in New York and Abbott.

Court records show Abbott's aides went to the Corpus Christi facility on June 23 and used a grand jury subpoena to seize all the original X-rays gathered by Jack's court.

Jack learned of the seizure on July 5 and ordered Abbott's office to return the documents by noon the following day, according to the court records. The state returned about 40 boxes, but the custodian of the records said last week that 152 X-rays had disappeared.

"All I can say is I can vouch to the court that this office does not have those X-rays," Assistant Attorney General Lance Kutnick told Jack, according to an audio recording of the session.

He added that he had concerns about taking the records but said the decision "was made way above my level." He said he did not know who made the decision.

Abbott spokesman Jerry Strickland said the records were seized through valid subpoenas issued by two Texas grand juries as part of an ongoing criminal investigation.

"All records were returned to the document repository," he said.

Jack said she knew about the state's probe but nobody told her about plans to seize records. She ordered that the Justice Department and appropriate lawmakers be told about the situation, saying "it may be a criminal matter."

New York University law professor Stephen Gillers said a basic principal of American law is that federal courts have supremacy over state government actions.

Abbott's actions were "unprecedented in my experience or memory because no one would think to do something like it," Gillers said. "It gives whole new meaning to the phrase 'Wild West.'"

The X-rays are crucial to the fraud investigations because some doctors diagnosed the same person with both silicosis, which is caused by exposure to airborne particles of finely ground sand, and asbestosis, a disease the stems from exposure to asbestos fibers.

Jack and some of the defendants in the lawsuits argue that the so-called dual diagnoses are evidence of fraud because the conditions are rarely found together. Attorneys for the plaintiffs said many of the diagnoses could be legitimate.

Conviction In Charlestown Home Invasion (BOS)

The Boston Globe, August 19, 2006

BOSTON

A Charlestown man faces at least 20 years in prison after he was convicted yesterday in Suffolk Superior Court of armed home invasion, armed assault with intent to murder, and unlawful possession of a firearm, according to the Suffolk district attorney's office. On March 13, 2005, Brian Smith, 45, had attempted to enter the home of an acquaintance in Charlestown after asking the victim for help buying drugs. Smith will be sentenced on Sept. 7.

Judge won't drop suit against prosecutors US District Judge Nancy Gertner yesterday refused to dismiss a lawsuit alleging that federal prosecutors negligently concealed evidence that might have prevented two men from wrongfully serving three decades in prison. Joseph Salvati and Peter Limone were exonerated in 2000 of murdering Edward ``Teddy'' Deegan in 1965. In the lawsuit, the men allege that the FBI failed to turn over crucial wiretap and informant evidence that would have proved they had been set up by organized crime figures. The US Justice Department, in a court hearing two days ago, asked a judge to dismiss the suit, arguing that the FBI did not have a duty to share the evidence .

Several tunnel, lane closings announced The Massachusetts Turnpike Authority said yesterday that there will be several lane closings in the Ted Williams Tunnel for testing. The Ted Williams Tunnel's westbound left lane was closed yesterday at 9 p.m. and is expected to be reopened at 5 a.m. today. The Ted Williams Tunnel westbound will be closed from 11:59 p.m. to 5 a.m. Monday through Thursday . All traffic will be detoured to the Summer Tunnel . One lane of the Ted Williams Tunnel eastbound will be closed starting Monday until further notice. One lane will remain open to general traffic from Interstate 93 north and South Boston's ramp A. High Street southbound between Summer and Federal streets also was closed for paving yesterday at 10 p.m. and is scheduled to reopen at 7 p.m. today. Local access and one lane of High Street northbound traffic will be maintained.

Marshfield lawyer faces larceny charges A lawyer practicing in Marshfield was indicted on charges that he stole $1.2 million from clients in six cases, Attorney General Thomas F. Reilly said yesterday. Gerard Batista, 58, of Norwell was indicted on six counts of larceny after the Board of Bar Overseers referred several complaints against him to the attorney general's office in

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December . Batista is accused of several instances where he was entrusted with larges sums of his clients' money and failed to return it, authorities said in a press release. Batista allegedly used the funds for personal expenses, including payment of a vehicle and credit card expenses.

Foul ball hits fan in the head at Fenway A foul ball hit by New York Yankee shortstop Derek Jeter yesterday walloped a female fan at Fenway Park in the head. The woman did not have serious injuries and was taken to a hospital as a precaution, said a Red Sox spokesman. The incident occurred in the second inning of the second game of yesterday's Red Sox-Yankees doubleheader. The woman, who had been sitting just behind first base, was not identified. Red Sox owner John Henry later visited her in the hospital, the spokesman said.

Jimmy Fund event raises record $2.49m Yesterday's WEEI/NESN Jimmy Fund Radio Telethon set a record for the annual event, raising $2.49 million as of 11 p.m., a spokeswoman for the Jimmy Fund said last night. Pledges had reached about $2.3 million at 10:15 p.m. and were $60,000 short of the amount raised during the 18-hour event last year, she said. New York developer Donald Trump, who threw out the first ball at yesterday's Red Sox game, the second with the New York Yankees, contributed $60,000 to exceed last year's total. The Jimmy Fund, which raises money for the Dana-Farber Cancer Institute, raised a total of $51 million last year.

FREETOWN

Driver of pickup dies in crash, rollover A man was killed on Route 24 north near Exit 10 in Freetown yesterday morning when his 2002 Ford pickup was struck by a 2006 Honda sedan, State Police said. The Honda, driven by Ronda Duarte, 37, of Fall River, hit the median guardrail and swerved right, crossing both lanes of traffic, police said. The vehicle struck the pickup, which rolled onto its roof in the left lane. The driver of the Ford -- Jacob M. Leahey, 27, of Berkley -- was declared dead at the scene. Duarte and a passenger -- Katelyn Duarte, 18, of Fall River -- were taken to Charlton Hospital with minor injuries. The crash remains under investigation.

Column: Justice For A Murdered Father And Daughter? (WP)

By Colbert I. King

The Washington Post, August 19, 2006

How Government Failures Led to a Parolee's Rampage

Erika Smith would have turned 13 on June 4, 2006, but she missed it by four years.

Two months after her ninth birthday, a stranger carrying a .32-caliber handgun came upon Erika when he broke into the Silver Spring home of her father, Gregory Russell. Erika ran upstairs crying for her father, who was talking on the telephone with a friend. Russell screamed his daughter's name, but it was too late. The intruder, a convicted felon on parole named Anthony Kelly, allegedly lacerated the right side of Erika's face and shot her in the back at point-blank range. He then turned his attention to Erika's father, allegedly shooting him eight times in the leg and chest, killing him.

If the United States government, in the form of the U.S. Parole Commission, the Federal Bureau of Prisons, the Court Services and Offender Supervision Agency (CSOSA), and the prisons bureau halfway house owned and operated by Hope Village Inc. in Southeast Washington, had followed policies and procedures instead of taking a series of slipshod, slovenly and negligent actions, Erika Smith would today be preparing to return to middle school soon after another fun-filled summer with her dad and her mother, Carol Smith.

The murders of father and daughter at the hands of Kelly were reported by Post staff writer Neely Tucker in a 5,151-word story in 2004 following a six-month investigation. Tucker traced Kelly's trail through prison, the federal parole system, a local halfway house in the District and the federal agency, CSOSA, that was created to keep track of D.C. inmates on probation and parole.

Along the way, Tucker reported how Kelly ended up charged with three murders, two rapes, an assault on a police officer, and the theft of five guns and five cars within several months after he walked out of prison.

This column won't tread ground already plowed by Tucker. But taxpayers ought to know about the efforts of Erika's mom to call the U.S. government and the halfway house to account for the brutal and wrongful death of her only child. Two lawsuits filed

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through her attorneys with the Crowell & Moring law firm in U.S. District Court in Washington spell out the havoc wrought by the government on her life. Carol Smith's lawsuits tell how:

Â· The Federal Bureau of Prisons, based on fraudulent representations, released Kelly five years before his sentence was completed.

Â· Kelly violated numerous conditions imposed by the prisons bureau upon his release to the halfway house but was not returned to prison as he should have been.

Â· Kelly, released into the D.C. community on March 7, 2002, under the supervision of CSOSA, managed within a seven-month span to allegedly murder, rape, assault and steal until he was captured on Sept. 5, 2002.

The lawsuit is a stomach-turning tale of federal custody and supervision at its worst. Because of the government's reckless and negligent behavior, a little girl was forced to suffer and die, a father's body was riddled with bullets, and a mother was left to bury her own child. What's more, as Neely Tucker reported, because of the government's incompetent incarceration, supervision and improper release of Kelly into the community, a 60-year-old Silver Spring woman endured a broken wrist, a separated shoulder, a pistol-whipping in the face and a sexual assault, prosecutors said. He didn't stop there. Kelly went on to force a 20-year-old woman in Wheaton into a stolen car, then drove her to a wooded area and raped her, they said.

Why come back to this dreadful story? In the eyes of Washington, D.C., Carol Smith is tantamount to a ghost -- not worth the attention of the attorney general, the big overseer of U.S. criminal justice. The federal agencies under the jurisdiction of Alberto Gonzales's Justice Department expect to get a pass. They're big, she's not, so there.

After Kelly's rampage, the government went on about its business, leaving the cruelly shattered mother to pay for the funeral and burial of her daughter. The government-supported halfway houses, on the other hand, are raking in millions of taxpayer dollars.

Kelly, by the way, is at Clifton T. Perkins Hospital Center, a Maryland state maximum-security forensic psychiatric facility for pretrial detainees with violent tendencies and other mental problems.

Of course the government and the halfway house in the District don't like being sued, let alone admitting liability. Contacted yesterday, Justice Department spokeswoman Donna Sellers said, "It would not be appropriate for the department to comment on a pending case."

Here's hoping Erika's mom gets her day in court.

Her case will bring out the details of how her daughter's murderer slipped through the cracks of the federal community supervision program that has been foisted upon residents of the nation's capital and the region. If Smith can have her way, Justice Department bigwigs may get to hear what really goes on in those halfway houses they impose on unsuspecting communities. They'll hear about the poor training given to halfway house employees. They'll hear rumors about staffers' sexual relationships with subordinates and residents, and the loose supervision and monitoring of residents. They'll see just how haphazardly and how carelessly the federal community supervision program is operated.

And if by chance the Justice Department big shots are too busy to go down to the federal courthouse, they can just watch this space. Trust me, there will be more, much more, to come.

kingc@washpost.com

Moonda Attorney Says Widow Can't Afford Death-penalty Defense (BEAVCT)

By Bill Vidonic, Times Staff

Beaver County (PA) Times, August 19, 2006

AKRON, OHIO - The widow of a wealthy Mercer County doctor won't have enough money to defend herself against the death penalty on charges she hired her lover to shoot her husband to death, her attorney said Thursday.

Donna J. Moonda, 47, of Hermitage pleaded not guilty to four federal charges that she agreed to split millions in inheritance money with Damian Bradford if he killed Dr. Gulam Moonda.

Bradford admitted to carrying out the deadly deed on May 13, 2005, as the Moondas were stopped along the Ohio Turnpike near Cleveland. Bradford said he approached Dr. Moonda as he got out of the passenger side of his Jaguar, which his wife was driving, took his wallet and shot him once in the face.

Bradford has cut a deal with federal prosecutors, agreeing to testify against his former lover in exchange for guilty pleas on charges of interstate stalking and using a firearm in a crime that resulted in a death. He will be sentenced to 17½ years in federal prison once he testifies, which could be before the end of the year.

Thursday, U.S. District Judge David D. Dowd Jr. set a trial date of Oct. 23 for Moonda during her arraignment on the charges she was indicted on Wednesday: murder for hire, aiding and abetting interstate stalking, aiding and abetting the use of a firearm during interstate stalking, and aiding and abetting the use of a firearm during the crime of murder.

She remains in the Medina County Jail in Ohio after Dowd refused to set bail a couple of weeks ago.

Dowd said Thursday he was concerned Moonda's defense attorney, Roger Synenberg of Cleveland, might not have time to prepare to defend Moonda against the death penalty if it comes to that point.

Assistant U.S. Attorney Nancy Kelley said Thursday that Attorney General Alberto Gonzales has to make the final decision on whether she and co-prosecutor Linda Barr will seek the death penalty against Moonda, and could not offer a timetable as to when that decision will be made.

Synenberg said he might not even be able to defend Moonda against the death penalty. He told Dowd that "the money she has available for her defense is not adequate."

After the hearing, Synenberg said a review of other federal death penalty cases has shown it can cost up to $1 million for a defense. Donna Moonda, according to court records, has less than $200,000 available to her, through bank accounts and the sale of jewelry, and she is not receiving money from her husband's estate.

Synenberg said that besides the money issue, he believes an attorney has to have proper certification to handle a death penalty sentencing, and he doesn't have it.

Dowd said he didn't know of that rule, and Kelley said she wasn't sure of it, either.

Synenberg said that if Donna Moonda faces the death penalty, he will likely withdraw from the case and ask Dowd to appoint two defense attorneys, who would be paid with taxpayer dollars.

If prosecutors delay in making a decision, Dowd said, he could rule that they took too long and issue an order saying prosecutors can't seek the death penalty.

Bill Vidonic can be reached online at bvidonic@timesonline.com.

Judge Given Four-Year Prison Sentence For Indecent Exposure (AP)

By Murray Evans, The Associated Press

AP, August 19, 2006

Former Oklahoma judge Donald Thompson was sent to prison for four years Friday for exposing himself by using a sexual device while presiding over jury trials.

Special Judge C. Allen McCall also ordered that Thompson, 59, pay a $40,000 fine. Thompson was convicted on June 29 on four felony courts of indecent exposure for incidents that took place in his court room in Creek County.

McCall denied motions by Thompson's attorneys to either suspend the sentence or to let Thompson serve prison time on the four counts concurrently, which would have meant Thompson would serve only one year of prison time.

"This is not just a one-time incident; this is a continuing series of offenses," McCall said during the sentencing hearing.

McCall, who usually sits on the bench in Comanche County, said he did not believe the accusations against Thompson were fabricated, as Thompson had claimed.

"People who are out to get a judge find an opponent. They don't concoct a story, especially one this bizarre," McCall said.

Thompson showed no reaction when he was sentenced. McCall denied a defense motion that Thompson be allowed to remain free pending an appeal, despite assurances from Thompson's wife, Paula, and older brother, Jim Thompson of Bristow, Okla., that Donald Thompson was not a flight threat. Jim Thompson said his brother was "someone you're proud to walk down the street with."

Donald Thompson was allowed a brief visit with family members before being placed in handcuffs and taken to the state Correction Department's Lexington Assessment and Reception Center.

Thompson served as a state legislator and spent almost 23 years on the bench before he retired in 2004. His former court reporter, Lisa Foster, testified at his trial that she saw Thompson expose himself during trials at least 15 times between 2001 and 2003. Prosecutors said he used a device known as a penis pump during four trials between 2002 and 2003.

Thompson, a married father of three grown children, testified that the penis pump was given to him as a joke by a longtime hunting and fishing buddy.

"It wasn't something I was hiding," he said.

He said he may have absentmindedly squeezed the pump's handle during court cases but never used it to masturbate.

Foster told authorities that she saw Thompson use the device almost daily during the August 2003 murder trial of a man accused of shaking a toddler to death. A whooshing sound could be heard on Foster's audiotape of the trial. When jurors asked the judge about the sound, Thompson said he hadn't heard it but would listen for it.

Police built a case against the judge after a police officer testifying in a 2003 murder trial saw a piece of plastic tubing disappear under Thompson's robe. During a lunch break, officers took photographs of the pump under the desk.

Investigators later checked the carpet, Thompson's robes and the chair behind the bench and found semen, according to court records.

Prosecutor Richard Smothermon said McCall handed down a proper sentence.

"I thought the judge did the right thing," Smothermon said. "He treated this defendant the same as every other defendant in Oklahoma.

"Any sex crime is a serious crime. People with sexual deviances are a danger to society."

Defense attorney Clark Brewster said there were grounds for appeal.

"There was repeated, persistent error throughout the trial," he said.

He said Thompson should have been freed pending appeal.

"If this guy is denied bail, then who ever gets bail?" he asked.

Brewster said he'll ask the state Court of Criminal Appeals early this week to overturn McCall's decision not to allow Thompson to remain free during the appeals process. Thompson's attorneys have 10 days to file notice of an appeal of the verdict with that court and 30 days to file the actual appeal.

The office of state Attorney General Drew Edmondson would handle any appeal, said Smothermon, the district attorney for Pottawatomie and Lincoln counties, who was specially appointed to prosecute the case.

A presentencing report prepared by Carmelia Brossett, a senior probation officer for the state Department of Corrections, said Thompson refused to undergo psychosexual testing and that "Thompson's denial of the offense would likely present difficulty, if not inability for treatment providers to provide meaningful and beneficial sex-offender treatment."

Brossett recommended Thompson serve a prison term of an unspecified length. The jury that convicted Thompson recommended that he be sentenced to a year in jail for each of the four felonies.

In the presentencing report, Foster said that in her 15 years of working with Thompson, she could not recall him ever changing a jury's verdict.

"He voiced to me on more than one occasion that 12 people's opinions were better than one," she said in the report. "He always sentenced in accordance with the jury's verdict. I believe he should be held to his own standard. I believe that this jury wanted Don Thompson to serve four years in the state penitentiary, and I agree."

2 Guardsmen Accused Of Robbery In New Orleans (NYT)

By Adam Nossiter

The New York Times, August 19, 2006

NEW ORLEANS, Aug. 18 — Two of the 300 Louisiana National Guard members called in to combat a summer crime wave in the city have been arrested and charged with armed robbery, the authorities said Friday.

The two are accused of flagging down a car for a routine traffic stop in the Mid-City neighborhood on Aug. 12, asking for identification and then taking cash from the wallets of the car's occupants. The guardsmen were armed, though they did not use

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their guns during the robbery, a Guard spokesman said; the armed robbery charge stems from the fact that they were carrying weapons.

After the two victims were handed back their wallets and saw that they had been emptied, they flagged down another National Guard vehicle, the authorities said.

The guardsmen arrested were Sgt. Caleb P. Wells of the 256th Military Intelligence Company and Specialist Junious R. Buchanan of the 205th Engineer Battalion.

The Guard was sent in on June 20 by Gov. Kathleen Babineaux Blanco after a weekend of violence in which five teenagers were shot in the Central City neighborhood. The troops' mission was to help the beleaguered police by patrolling sparsely populated areas so the city police could concentrate on the ones with high crime.

But July proved to be a deadly month, despite the Guard, with nearly the same number of killings, 21, as in the months before Hurricane Katrina, when the city had twice as many people.

August has been quieter. But with a murder rate that was the highest in the nation last month, the benefits of having the Guard patrol the city's streets are unclear.

Still, Governor Blanco has pledged to keep the troops in New Orleans past a planned September withdrawal date, and one crime expert in the city, Rafael Goyeneche, suggested they were still much needed.

"There's 300 National Guard here," said Mr. Goyeneche, president of the Metropolitan Crime Commission, a citizens' group. "Even after this event, I'm sure if you asked people whose neighborhoods they're patrolling whether they want them there or not, I'm sure the overwhelming response would be yes."

Mr. Goyeneche added that although the city's murder rate was high last month, other categories of crime had been going down.

National Guardsmen Admit Armed Robbery (WT/uPI)

The Washington Times/UPI, August 19, 2006

Two Louisiana National Guard soldiers in New Orleans have admitted committing armed robbery, military officials said.

The soldiers, in New Orleans to help quell the city's recent crime surge, were accused of robbing two individuals during a traffic stop, the New Orleans Times-Picayune reported.

Sgt. Caleb Paul Wells of the 256th Military Intelligence Company and Spec. Junious Rayfield Buchanan of the 205th Engineer Battalion were charged after an investigation into a complaint received by the National Guard on Aug. 12.

Wells and Buchanan were accused of taking money out of the wallets of the two individuals at the traffic stop. The charge of armed robbery stems from the fact the Guardsmen were carrying weapons at the time of the alleged crime.

After consulting with New Orleans District Attorney Eddie Jordan and the New Orleans Police Department, the guard turned the two over to the NOPD.

Crime: Up Or Down? (WP)

The Washington Post, August 19, 2006

One month into the official crime 'emergency,' where are we?

NEARLY FIVE weeks ago, D.C. Police Chief Charles H. Ramsey announced a crime emergency because of a spike in violence in the city. That action produced a flurry of activity in the mayor's office and D.C. Council chambers, resulting in an earlier curfew for juveniles and stepped-up policing in crime hot spots. So where does crime in the nation's capital stand since the chief's July 11 declaration? It all depends on which statistics you choose.

Compared with the same period (July 12 to Aug. 13) last year, overall crime -- that includes violent and property crimes -- is down 5.5 percent. But, of course, that's not the whole story. Violent crimes have declined only 1.0 percent compared with the same period last year. And for the week of Aug. 7 - 13, violent crimes were up 5.6 percent over the same period last year. Likewise, juvenile arrests over the month increased 32.7 percent, from 272 to 361, compared with the same period in 2005. But narrow the time frame to the week of Aug. 7 - 13, and juvenile arrests actually declined 4.4 percent, from 68 to 65.

What does that tell us? Not much. Overall arrests are up since the emergency declaration, but violent crimes are hanging steady.

Curfew violations are where the numbers really shift. Youths up to age 16 now have to be off the streets from 10 p.m. to 6 a.m. seven nights a week, at least through Aug. 30, when the early curfew is slated to end. Last year between July 12 and Aug. 13 -- with an 11 p.m. curfew in effect -- 499 young people were cited for curfew violations. This year, 1,550 youths were picked up, 549 of them between 10 p.m. and midnight.

What is there to learn from these statistics? How many youths are repeat offenders? How have parents responded? Beyond removing these youths from the streets, what benefits, problems and lessons have been discerned as a result of the new curfew? Should the program be extended beyond Aug. 30?

One last statistic stands out: firearm recoveries. Guns are not legally manufactured, bought or sold in the District. But in a comparable period last year, D.C. police took 176 guns off the streets. This year, that number shot up to 259. Thus far in 2006, authorities have recovered 1,509 firearms. Guns fuel the violence that rocks this city, and they keep coming in. If the emergency declaration is making a difference, it's hard to tell.

Treat The Addict, Cut The Crime Rate (WP)

By Nora D. Volkow

The Washington Post, August 19, 2006

There was a time when the nation's crime rate was front-page news. In the 1990s, the crime rate began to drop and we worried less. But a preliminary report released by the FBI in June shows an increase in robberies and violent crime in 2005. Inasmuch as drug abuse can facilitate criminal behavior, this is a good time to take a closer look at how the science in substance abuse has started to provide some answers on how to solve these problems.

The crimes associated with drug abuse include sale or possession of drugs; property crimes or prostitution to support drug habits; and violent crimes reflecting out-of-control behavior. In fact, offender drug use is involved in more than half of all violent crimes and in 60 to 80 percent of child abuse and neglect cases. It is estimated that 70 percent of the people in state prisons and local jails have abused drugs regularly, compared with approximately 9 percent of the general population.

In 2002 approximately 60 percent of male juvenile detainees and 46 percent of female detainees tested positive for drug use. The estimated cost to society of drug abuse in 2002 was $181 billion -- $107 billion of it associated with drug-related crime.

When drug abusers enter the criminal justice system, it signals a pivotal crisis in their lives. It also offers a unique opportunity to institute treatment for drug abuse and addiction. Studies have consistently shown that comprehensive drug treatment works. It not only reduces drug use but also curtails criminal behavior and recidivism. Moreover, for drug-abusing offenders, treatment facilitates successful reentry into the community. This is true even for people who enter treatment under legal mandate.

In a Delaware work-release research study sponsored by the National Institute on Drug Abuse, those who participated in prison-based treatment -- followed by ongoing post-release care -- were seven times more likely to be drug-free and three times more likely to be arrest-free after three years than those who received no treatment. Other studies report similar findings. The Substance Abuse and Mental Health Services Administration reports that substance-abuse treatment cuts drug abuse in half and reduces criminal activity by as much as 80 percent.

If treatment works, then why have some communities resisted offering comprehensive treatment programs to drug-abusing offenders? One reason is that addiction is still often seen as something for the individual to deal with. The other is the cost.

Science now tells us that repeated drug exposure affects the areas of the brain that enable people to exert control over their desires and emotions, which may explain why it is so difficult for an addict to abstain. Drugs also affect areas of the brain responsible for the perception of pleasure and punishment, for learning and cognition, and for motivating our behaviors. These findings have led to the idea of addiction as a complex disease of the brain that cannot be managed with a stern moral lecture -- or even with a period of forced sobriety in jail. If we understand that, we can better understand how to manage drug-abusing offenders.

Some reject the concept of addiction as a disease on the grounds that it removes responsibility from the addict. But in fact it gives the addicted person the responsibility for seeking and maintaining treatment for the disease, just as is the case for other diseases.

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Some courts and communities have also resisted offering comprehensive treatment because of fears of high costs. But recent studies show it is actually less expensive for communities to treat drug-abusing offenders than to let them sit in jail or prison. It is estimated that every dollar invested in addiction treatment programs yields a return of $4 to $7 in reduced drug-related crimes. Savings for some outpatient programs can exceed costs by a ratio of 12 to 1.

Some criminal justice systems are working on innovative approaches to dealing with drug-abusing offenders. In Cook County, Ill., for example, NIDA sponsors a pilot project that trains judges on how addiction affects the brain so they can be better prepared to place addicted defendants in adequate treatment environments. Last month NIDA released a report titled "Principles of Drug Abuse Treatment for Criminal Justice Populations." These principles emphasize the need for customized strategies that can include cognitive behavioral therapy, medication, and consideration of other mental and physical illnesses. Continuity of care after reentry into the community is also essential.

The ultimate goal of treatment, of course, is to help an addict stop using drugs. As a clinician I don't remember ever meeting an addicted person who wanted to be addicted or who expected that compulsive, uncontrollable or even criminal behavior would emerge when he or she started taking drugs. Providing drug-abusing offenders with comprehensive treatment saves lives and protects communities.

The writer is director of the National Institute on Drug Abuse, a component of the National Institutes of Health.

CIVIL LAW:

UH Settles With Whistle-blower Surgeon (CLPD)

By Mike Tobin, Plain Dealer Reporter

The Cleveland Plain Dealer, August 19, 2006

University Hospitals of Cleveland will pay nearly $14 million to settle a lawsuit in which a former surgeon accused the hospital of illegally encouraging its doctors to refer patients only to other UH doctors.

Dr. Thomas Kirby, the former co-chairman of cardiothoracic surgery, criticized the hospital while working there and filed the lawsuit in U.S. District Court under "whistle-blower" provisions.

The suit was filed in 2003 under seal and made public Friday.

He will receive $1.5 million plus legal fees.

The rest of the money will be used to repay Medicare, which Kirby claimed was defrauded through UH's referral practice.

"Dr. Kirby brought this matter to the attention of the hospital three years ago, that there were things illegal and improper going on," said Robert Rotatori, Kirby's lawyer. "For that, he was railroaded and blackballed."

Hospital officials cooperated with the Justice Department and said the settlement will not affect their long-term goals. Spokesman Rob Whitehouse said the hospital's "commitment to providing high-quality advanced, compassionate care for our patients was never questioned."

Kirby filed the lawsuit under a statute that allows a private citizen to sue on behalf of the United States. In an effort to control Medicare costs, Congress passed laws in the past forbidding the use of financial inducements for referrals.

"You don't want people making referrals for economic reasons," Assistant U.S. Attorney Alex Rokakis said.

Hospitals receive millions of dollars annually from Medicare and must certify they are in compliance with federal regulations to get the money, Rokakis said. Kirby claimed that UH's referral practice violated the Medicare policy and resulted in false Medicare claims.

UH did not admit wrongdoing in the settlement but entered into a corporate integrity agreement that will be monitored by federal officials.

Kirby works as a surgeon in Canada. He was suspended from UH in 2002 and left the hospital just before The Plain Dealer published a story outlining his concern about troubles with the hospital's heart surgeries. He eventually filed for bankruptcy and KeyBank foreclosed on his 21-room Fairmount Boulevard home. The $1.5 million he is to receive from the settlement will go to his bankruptcy administrator.

"Hopefully there will be some moneys left," Rotatori said.

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To reach this Plain Dealer reporter:
mtobin@plaind.com, 216-999-4128

Hospitals Settle Suit For $14 Million (AP)

By M . R . Kropko, ASSOCIATED PRESS

AP, August 19, 2006

CLEVELAND — University Hospitals Health System agreed to pay about $14 million to settle a federal whistle-blower lawsuit filed three years ago that alleged some of its affiliated doctors improperly made referrals of Medicare cases, lawyers and the system said Friday.

In the settlement, the Cleveland hospital system admitted no wrongdoing.

The lawsuit alleged that the system and its primary medical campus, University Hospitals of Cleveland, entered into improper financial arrangements with physicians to motivate them to make referrals to other doctors within the system in Medicare cases, said Assistant U.S. Attorney Alex Rokakis, who negotiated the settlement on behalf of the Justice Department.

University Hospitals of Cleveland is an affiliate of Case Western Reserve University.

Dr. Thomas J. Kirby, a heart surgeon, filed the whistleblower lawsuit a few months after he was removed from the hospital system's staff, said Robert Rotatori, his attorney.

"This settlement is a vindication for Dr. Kirby," Rotatori said. Kirby now practices medicine in Canada near Toronto, Rotatori said.

The Justice Department reviewed and took over the case, and Kirby was awarded a $1.5 million whistle-blower fee through the False Claims Act, which allows a private citizen to file a lawsuit on behalf of the United States.

The case had been under seal, but U.S. District Judge Donald C. Nugent in Cleveland unsealed it Friday. The settlement amount was recorded in the system's 2005 financial statements and will have no effect on its present finances or recently announced $1.2 billion expansion plans, according to a statement from the health system.

In addition to the settlement payment, the hospital system has agreed to be monitored by the Department of Health and Human Services' Office of Inspector General.

During the past two years, the health system has been cooperating with the Justice Department in the investigation on relationships between the system and certain physicians dating back to 1997, the statement said.

There are nearly 25,000 physicians and employees at the system's partner hospitals, making it one of northern Ohio's largest employers.

Nursing Chain Settles Claims (LAT)

By Daniel Yi, Times Staff Writer

The Los Angeles Times, August 19, 2006

Beverly Enterprises agrees to pay $20 million to end accusations that its subsidiary fraudulently billed Medicare and Medi-Cal.

Nursing home operator Beverly Enterprises Inc. has agreed to pay $20 million to settle allegations that it defrauded federal and California healthcare programs, the Justice Department announced Friday.

The Fort Smith, Ark.-based company, once the nation's largest nursing home chain with 60 facilities in California, was accused of submitting false reimbursement claims to Medicare and Medi-Cal through a now-defunct subsidiary, MK Medical. Medicare is the federal health plan for seniors and disabled people. Medi-Cal is a federally funded, state-run health plan for the poor.

The company was never charged in court, and its attorney said Friday that the accusations stemmed from lack of proper paperwork, not fraud.

"Beverly raised the issue of proper documentation itself with the government," attorney Russell Hayman said. "It conducted an audit and has now repaid the moneys identified."

The company will pay $14.5 million to federal agencies and $5.5 million to California.

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The Justice Department said federal agencies were investigating reimbursement claims MK filed between 1998 and 2002 for medical equipment used by Medi-Cal and Medicare patients. Hayman said all equipment was delivered to qualified patients.

In 2002, the company settled separate charges of elderly abuse with the state attorney general's office. In that case, it paid more than $2 million in penalties and fines. The company also pleaded no contest to felony elder abuse in the death of two patients and promised to improve the quality of care in all its facilities.

Beverly Enterprises, which was acquired by private investors in March, operates 10 facilities in California.

Tobacco Ruling Seen As A Win For Shareholders (WP)

By Nell Henderson, Washington Post Staff Writer

The Washington Post, August 19, 2006

Tobacco stocks rallied yesterday after investors concluded a U.S. district judge's ruling against eight cigarette companies would cost them little and would clear the way for a corporate restructuring likely to benefit many shareholders.

The ruling by Judge Gladys Kessler, released Thursday after the U.S. stock markets closed, also removed a cloud of uncertainty over how much the Justice Department's seven-year-old racketeering lawsuit might hurt the industry, analysts said.

"From a business perspective, this is a complete win," said David Adelman, an analyst with Morgan Stanley. "They're not making any substantial payments. There's no threat of future substantial payments."

Kessler agreed with the government's argument that the cigarette makers had violated civil racketeering laws by conspiring for decades to mislead the public about the dangers of smoking. And she ordered the companies to alter some of their marketing practices and undertake a massive media campaign to correct years of deceptive advertising.

Those requirements, if upheld on appeal, would cost millions of dollars, analysts said. But they would be "an imperceptible cost of doing business" for an industry that reaped tens of billions of dollars in profit just last year, Adelman said.

Among the biggest financial beneficiaries, analysts said, will be shareholders of Altria Group Inc., parent of Philip Morris USA Inc. and maker of Marlboro cigarettes. As well as being the largest global cigarette company, Altria owns 88.1 percent of Kraft Foods Inc., the second-largest global food and beverage company, known for brands including Nabisco, Maxwell House and Jell-O.

The judge's ruling is likely to spur Altria to move ahead with plans to spin off Kraft as a separate company, which would boost shareholder value, analysts said. Company executives had said the suit, with its potential for large damages, posed a possible obstacle to the breakup.

Altria's stock rose nearly 4 percent yesterday, to close at $83.97 a share. Analysts estimate that after a split, Altria and Kraft shares would be worth $90 to $100 combined.

Altria reported profit of $10.44 billion on sales of $97.85 billion last year. Tobacco accounted for 65 percent of global sales, and food accounted for nearly all the rest.

Altria also might split Philip Morris USA and Philip Morris International into two companies, analysts said. Its foreign tobacco sales were more than double its U.S. cigarette sales.

Kessler ordered the companies to stop labeling cigarettes as "light," "low tar," "mild," or other "deceptive brand descriptors which implicitly or explicitly convey to the smoker and potential smoker that they are less hazardous to health than full-flavor cigarettes."

That part of the ruling would take effect Jan. 1, if not stayed pending an appeal, said Justice Department spokesman Charles Miller. He could not say whether that part would apply to the companies' business practices overseas. Jonathan Turley, a law professor at George Washington University, said he thought the order was unlikely to affect the companies' overseas marketing.

Altria said it would appeal Kessler's ruling. Reynolds American Inc., maker of Camel, Winston, Salem and Kool cigarettes, was considering an appeal, a spokesman said. British American Tobacco PLC plans to appeal, a spokesman said.

The Justice Department brought the case in 1999, originally seeking sanctions of $280 billion from the companies, which executives said could have bankrupted the industry. But an appeals court threw out the claim for those sanctions.

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Kessler also said she had no power to grant the government's request that the industry be forced to spend $14 billion to help smokers quit and to educate people about the dangers of smoking.

Smoke But No Fire (WP)

The Washington Post, August 19, 2006

A tobacco decision makes an important symbolic statement, but it won't prevent smoking deaths.

THIS WEEK'S opinion by U.S. District Judge Gladys Kessler in the government's long-standing racketeering lawsuit against the tobacco industry is moving and powerful. It is exhaustive in scope, detailed and utterly convincing that the industry sought for five decades to mislead the American people and government concerning the deadly consequences of smoking. The opinion, however, in all likelihood will have only the most modest effect on the smoking health hazard. Under an earlier appeals court ruling, Judge Kessler could not order the disgorgement of industry profits, and she believed herself unable to order the industry to fund a massive anti-smoking campaign. So despite documenting in many hundreds of pages decades of industry misdeeds, Judge Kessler was able to order only fairly anemic remedies: getting rid of "low tar" and "light" marketing and requiring advertising to correct for past deceptions. Her opinion is important as a kind of official legal recognition of what this industry has done. But it will not solve the problem of tobacco.

Judge Kessler, to her credit, freely admits as much. "One cannot help wondering whether this litigation was the best vehicle for attempting to hold Defendants accountable for their indifference to the health of American citizens," she wrote in a footnote regarding the government's massive, seven-year court battle. "In a democracy, it is the body elected by the people, namely Congress, that should step up to the plate and address national issues with such enormous economic, public health, commercial, and social ramifications."

Indeed, the tobacco litigation -- for all its high-profile twists and turns -- has always been something of a sideshow. If the government really wanted to reduce what Judge Kessler aptly termed the "staggering number of deaths per year, [the] immeasurable amount of human suffering and economic loss, and [the] profound burden on our national health care system" caused by smoking, the courtroom was never the right forum. The right approach was and remains for Congress to give the Food and Drug Administration regulatory authority over tobacco.

The chief problem with the tobacco industry, after all, is not that it has violated racketeering laws. It is that the industry manufactures a legal product of exceptional lethality that remains unregulated in all key respects. The kind of changes needed in this industry go far beyond what any court could realistically order: a comprehensive regulatory system that gives federal authorities control over ingredients, levels of addictive nicotine, and marketing.

Legislation to do just this has inexcusably languished for years -- in large measure because the same Bush administration that purports to favor civil justice reform in general paradoxically preferred litigation to making responsible regulatory policy in this case. The litigation has yielded -- as most observers predicted--a symbolic statement and minor changes that will not save many lives. The political branches could do so much more, if only they would act responsibly.

What Were They Smoking? (WSJ)

The Wall Street Journal, August 19, 2006

After seven years of litigation, $140 million of taxpayer money and a 1,700-page decision, the government could finally claim this week to have won its racketeering case against the tobacco industry. But then why were tobacco stocks up by some 3% yesterday, with Altria, parent company of Philip Morris and the Marlboro Man, hitting new multi-year highs?

Investors know a loser when they see one, and in this case it's the Justice Department. Federal Judge Gladys Kessler ruled for the government on the civil racketeering charges, claiming that the tobacco companies had done what everyone already knew they'd done for decades, which is aggressively market a dangerous but legal product. But she also awarded no damages, instead requiring a series of "remedial" measures from the cigarette makers. These include a requirement to publish mea culpas in the form of paid advertisements in newspapers, the elimination of the words "light" and "low tar" on cigarette packs and additional warning labels. For whatever that's worth.

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The government will also be allowed to apply for reimbursement of its costs in the case, which were estimated last year at $140 million. But that's a far cry from the $280 billion that government lawyers were seeking before the D.C. Circuit Court of Appeals last year ruled out going after 50 years worth of industry profits, plus interest.

This misbegotten case goes back to the Clinton Administration, which looked at the $250 billion settlement between the industry and the state Attorneys General and decided it wanted its own quarter-trillion-dollar chunk of Big Tobacco's profit stream. The cynicism here is remarkable, since the government was essentially claiming that the industry was unconscionable precisely so it could lay claim to the cash flow from its unconscionable behavior.

So Janet Reno launched a lawsuit, using a law designed to prosecute mobsters to attack an entirely legal industry. The Bush Administration slogged ahead with the suit, not wanting to take any political heat for appearing to give Joe Camel a pass. When former Attorney General John Ashcroft floated the idea of settling the case, career attorneys at Justice sabotaged the effort by leaking word to the press and stirring up liberal opposition. The Bushies backed down, though any settlement then might well have been better for the anti-smoking cause than what Justice has now "won."

Justice may take some consolation because its novel use of the Racketeer-Influenced and Corrupt Organizations Act against legitimate, if unhealthful, businesses was given credence by Judge Kessler. But Justice seems to have used RICO primarily because it carried the prospect of crippling damages. Once the D.C. Circuit put the kibosh on backward-looking remedies in the case, any RICO victory began to look like Israel's recent triumph against Hezbollah.

Philip Morris has already pledged to appeal both the unfavorable ruling and the remedial measures, and legal experts give it some chance of success. Judge Kessler seems to have inserted herself into all manner of minutiae in how cigarettes are sold and marketed. Given how heavily regulated tobacco marketing already is, it's an open question whether the judiciary is stepping on executive branch toes with the ruling.

For the tobacco companies, there's also the matter of the proliferating lawsuits over whether the marketing of "light" cigarettes was misleading. Judge Kessler ruled that it was, since it implied health benefits that may not exist. If her ruling stands, it's possible that it will be used in other civil tort claims currently on the docket around the country.

But we suspect investors know the real score here, and their verdict on Friday was to bid up tobacco stocks. No doubt many state politicians around the country were also cheering the verdict because it means the feds won't be able to horn in on their long-term tobacco income stream. The war against cigarettes long ago stopped being about public health; today it's all about public revenue.

Court Expands Agent Orange Coverage (AP-Y)

By Matt Apuzzo, Associated Press Writer

AP, August 19, 2006

Veterans who patrolled the waters off Vietnam can claim disability benefits for exposure to Agent Orange under an appeals court ruling that opens the door for thousands of servicemen to seek medical coverage.

The ruling was handed down by the U.S. Court of Appeals for Veterans Claims in the case of a former sailor who served on an ammunition ship during the Vietnam War but never stepped foot on land.

The court's order, issued Wednesday, reverses the Veterans Affairs Department's denial of benefits for Jonathan L. Haas, who blamed his diabetes, nerve damage and loss of eyesight on exposure to Agent Orange.

Haas argued that clouds of the toxic defoliate, which the U.S. sprayed on Vietnamese jungles, drifted out to sea, engulfing his ship and landing on his skin.

Veterans officials said that to qualify for coverage, Haas was required to have docked in Vietnam and come ashore.

The three-judge panel said regulations governing the benefits were unclear. The court said it made no sense for veterans who patrolled Vietnam's inland waterways and those simply passing through the country to receive medical coverage while those serving at sea do not.

"Veterans serving on vessels in close proximity to land would have the same risk of exposure to the herbicide Agent Orange as veterans serving on adjacent land, or an even greater risk than that borne by those veterans who may have visited and set foot on the land of the Republic of Vietnam only briefly," Judge William A. Moorman wrote.

DOJ_NMG_0051227

The Veterans Affairs Department said Friday that it was reviewing the opinion and was not sure how many veterans would be affected or how much the added coverage would cost.

Most Vietnam combat veterans receive some medical benefits, but if their illnesses are related to their service, they could receive full coverage and their families might be eligible for benefits.

David Houppert, director of veteran's benefits for the Vietnam Veterans of America, said the ruling could allow thousands of veterans to seek coverage for service-related illnesses. Most are Navy veterans, he said, but some Marines and Army veterans could be affected.

Houppert said the group was encouraging these veterans to seek coverage quickly because the ruling left it up to government officials whether to change federal regulations in a way that could deny coverage.

Court Rules Government Must Pay For Offshore Agent Orange Exposure (AP)

AP, August 19, 2006

WASHINGTON Veterans who patrolled the waters off Vietnam can make disability claims for exposure to Agent Orange even if they didn't set foot in the country.

They won the right in a court ruling handed down today in Washington.

The case involved a former sailor who served on an ammunition ship during the war. Jonathan Haas now suffers from diabetes, nerve damage and a loss of eyesight. He blames it on exposure to Agent Orange, saying clouds of the toxic defoliate drifted out to sea and engulfed his ship.

Veterans Affairs denied his benefits claims, however. To qualify for coverage, the department said veterans would have had to come ashore

But the ruling reverses that decision. It opens the door for thousands of servicemen to seek medical coverage.

Court Expands Relief For Agent Orange Victims (MSNBC)

By Joel Seidman

MSNBC.com, August 18, 2006

A federal appeals court for veterans claims in a ruling Friday expanded the group of Vietnam veterans who may have come in contact with the herbicide Agent Orange during the Vietnam War to include those who served on ships off the coast of Vietnam.

The U.S. Court of Appeals for Veterans Claims ruled that Jonathan Haas, who served in the Navy off the Vietnam coast and never set foot in the country, is entitled to relief for exposure to Agent Orange.

In 2001, Haas submitted an application for VA disability compensation, requesting service connection for diabetes mellitus, peripheral neuropathy and loss of eyesight resulting from "exposure to [A]gent [O]range/radioactive materials" during his service.

Story continues below ? advertisement

Haas testified that during his tour aboard the U.S.S. Mount Katmai, he often saw large clouds of chemicals being dropped by aircraft over the forests. He further stated: "[T]hese large clouds would drift out over the water because of the prevailing offshore winds, and they would engulf ships, my ship in particular. Now you could see the chemicals, you could taste them, smell them, and they landed on your skin."

Haas reported that his exposure occurred in 1966 or 1967. He noted that he was on an ammunition ship about for approximately 20 days at a time, for eight months during each of his two deployments. He testified that he would have to navigate in close proximity to the shoreline to deliver supplies because the "boats that were doing the patrolling could not leave the stations more than a certain amount of time[.] . . . [T]hey couldn't steam out 5 miles to pick up supplies. "

Veterans groups applauded the court's decision. John Rowan, national president of Vietnam Veterans of America, said in a written statement, "Some of the inequities of the application of presumptive coverage for exposure to Agent Orange have finally been set aside." Rowan also said, "This Court decision will allow for an untold number of veterans and their families to receive the compensation and health care they are entitled to, as well as other VA programs."

In the 31-page decision, the court determined the Department of Veterans Affairs (VA) has been unlawfully denying presumptive disability compensation for exposure to Agent Orange for service members who served in the waters offshore of Vietnam and earned the Vietnam Service Medal.

70's Law Costs 61,000 Military Widows Thousands Of Dollars In Survivor Benefits (NYT)

By Lizette Alvarez

The New York Times, August 19, 2006

As many as 61,000 military widows whose husbands died of causes relating to their military service lose out on thousands of dollars a year in survivor benefits because of a law that dates from the 1970's.

Widows and retirees have spent decades trying to persuade Congress to change the law, which hits hardest at the widows of lower-ranking service members and is referred to by many critics as the "widow's tax.''

The Senate passed such a change last year and again this year as part of the military authorization bill. But House Republican leaders oppose the change because of its steep price tag, nearly $9 billion over 10 years, Senate legislative aides from both parties say. A change was not in the military bill that passed the House, but lawmakers who support the change are hoping to make it part of the bill's final version, which is now being worked on by a bipartisan Congressional committee.

"My husband thought he was securing my future," said Edie Smith, a member of the Gold Star Wives, a group of military widows who are lobbying to change the law. "He didn't realize his own disability would void the benefit he purchased for me."

A 1972 law created the Survivor Benefits Plan, a Department of Defense retirement income fund similar to a life insurance policy. The plan, in turn, pays benefits calculated according to a dead service member's rank and length of service.

In addition, widows of veterans who died of service-related causes receive monthly cash stipends from the Department of Veterans Affairs. Known as the Dependency and Indemnity Compensation stipend, it is currently $1,033 plus $257 for each child.

But under the law, which placed restrictions on the plan that it created, the payment to widows enrolled in the Survivor Benefits Plan is reduced, dollar for dollar, by the amount of the Dependency and Indemnity Compensation stipend.

For example, a widow who would be entitled to $1,000 from the Survivor Benefits Plan and the $1,033 Dependency and Indemnity stipend receives $1,033, not $2,033.

Widows whose husband paid into the plan are reimbursed their premiums, without interest, but the amount is taxed and does not make up the losses from the plan.

The Department of Defense opposes changing the law to allow both payments, arguing that survivors should not receive two separate benefits for a single death.

But widows and their supporters say that the Pentagon's opposition to a change in the law really stems from its cost, especially at a time of rising expenses for the war in Iraq.

They also argue that because service members paid into the Survivors Benefits Plan, its benefits should not be reduced.

"If you take one benefit from another, you don't leave the survivor with very much," said Col. Lee Lange, the deputy director of government relations for the influential Military Officers Association of America, which has made this issue a priority. "These are widows. Let them collect both."

Juan del Castillo, a retired Coast Guard commander who has been paying into the plan since 1972, accused the Pentagon of "stealing money from widows."

"They are financing their operation from money stolen from military widows,'' Mr. Castillo said. "They have been doing that since 1972.''

Senator Bill Nelson, Democrat of Florida, who has pushed for five years to change the law, said he had allies in the chairman of the Armed Services Committee, Senator John W. Warner, Republican of Virginia, and the committee's ranking Democrat, Senator Carl Levin of Michigan. The $9 billion price tag needed to insure a full payout under both plans sounds expensive, Mr. Nelson said, but is less than the price of a single aircraft carrier.

"Widows and orphans are made as a result of war," he said. "They are victims of war. They are giving the ultimate sacrifice, and the nation has an obligation to care for them."

In the last two years, Congress has passed several bills to ease restrictions in the Survivor Benefits Plan. It ended a reduction in benefits to widows who reached the age of 62. And in 2003, as more and more women were widowed because of the war in Iraq, Congress decided to allow those whose husbands died after Nov. 23, 2003, to receive money from both funds by designating surviving children instead of wives as beneficiaries. But that does not affect the vast number of the 61,000 widows whose husbands died before that date.

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Representative Duncan Hunter, Republican of California and chairman of the House Armed Services Committee, does not support including the change in this year's military authorization bill. But he has said Congress is doing right by the widows, pointing out that last year it approved significant increases in life insurance payouts and death benefits.

That "should have been done a long time ago," Mr. Hunter said.

Save The Endangered Whistle-Blower (NYT)

The New York Times, August 19, 2006

If ever government whistle-blowers needed protection from official retaliation it is now, in the secrecy-obsessed Bush administration. Federal employees daring to disclose fraud and abuse in their bureaucracies have been under virtual siege, isolated as pariahs and shipped off under gag orders to lesser jobs in far-off places.

Appeals to court review under the 17-year-old Whistle-Blower Protection Act have proved fruitless, with the Supreme Court ruling in May that workers have no right to First Amendment protection when they warn lawmakers and taxpayers of government waste and folly. The ruling has thrown the issue back into the lap of Congress. Fortunately, there is enough anger emerging on both sides of the aisle to raise hopes for remedial legislation.

The Senate has unanimously approved an amendment to close loopholes and spell out whistle-blowers' rights in more forceful detail for the courts. It is attached to a pending military bill, with proponents working for comparably tough legislation to be accepted by the House.

The outcome is not certain. The Justice Department has been opposed to strengthening the law, and a countermove is afoot to give the administration even more power to prosecute whistle-blowers as leakers of official secrets. The coming showdown is a chance for electioneering incumbents to take a stand against the administration's mania for foiling the public's right to government transparency.

The best display of Congressional intent would be for lawmakers to not just reaffirm the 1989 law but to extend it to all the national security bureaucracy and to private contractors. The nation's need for timely whistle-blowers has been painfully driven home by gaffes in pre-9/11 homeland security, the premises for the Iraq invasion, and the administration's illicit intelligence gathering at home.

CIVIL RIGHTS:

Pony Leagues Will Allow Deaf Kids To Use Sign Language Interpreters In Games (AP)

AP, August 19, 2006

WASHINGTON (AP) — The PONY Baseball and Softball league, where Mark McGwire and Alex Rodriguez once honed their skills, will allow deaf children to use sign language interpreters in games under an agreement with the Justice Department.

The department's civil rights division announced an agreement Thursday under which deaf, hard-of-hearing and other disabled kids among the 450,000 children who play in PONY's boys and girls baseball and softball leagues will get new assistance to help them participate fully.

There are 3,500 baseball and fast- and slow-pitch softball leagues organized around the nation by nonprofit PONY Baseball Inc., headquartered in Washington, Pa. The leagues are divided into two-year age brackets to allow boys age 5-18 and girls age 8-18 to compete with players of similar ages and of their own sex.

The case was brought after Justin ''Pono'' Tokioka, a deaf youth, was not allowed to have his father, James, inside the dugout to give him sign language signals during the PONY state regional tournament playoff games in Hilo, Hawaii, in July 2005. Justin was then 10 and played in a Mustang league for 9 and 10-year-olds, and his father had acted as his interpreter in practices and in games on the island of Kauai, where the family lives in Lihue.

PONY officials cited a rule that only three coaches could be in the dugout during tournament games. James and Beth Tokioka filed a complaint under the Americans with Disabilities Act on behalf of their son, but the settlement they won provides nationwide relief for disabled PONY participants.

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''Words can't express how thankful we are that the settlement was favorable not only to Pono, but to thousands of children with disabilities around the country who want to participate equally,'' said Beth Tokioka. ''It's amazing that almost two decades later, the Americans with Disabilities Act is still so poorly understood.''

James Tokioka added, ''All we wanted was for him to have a good experience and to know that he helped his team by participating fully in the tournament. Hopefully, this will make it easier for other kids and their parents to just enjoy the thrill of playing at that level.''

Justin still plays, now in the Bronco level for 11- and 12-year-olds. ''Now he doesn't have to worry about any of this again, which is great,'' Beth Tokioka said.

More than 375 major league baseball players have had experience in PONY leagues, the organization says.

The Justice Department said PONY agreed:

—Not only to allow but also to provide sign language interpreters for deaf or hard-of-hearing players during games.

—To modify its rules and practices to allow disabled children an equal opportunity to participate.

—To train its board of directors in the act's requirements and name an ADA coordinator to ensure that PONY leagues provide reasonable modifications and auxiliary aids for disabled players.

—To pay Justin Tokioka $30,000 in damages.

''Playing baseball is a summertime joy for kids in this country,'' said Wan J. Kim, assistant attorney general in charge of Justice's civil rights division. ''I am pleased that today's agreement opens up PONY's baseball and softball leagues for children with disabilities.''

Associated Press Writer Audrey McAvoy in Honolulu contributed to this report.

Emergency Contraception Provision Part Of Abortion Ban Debate (AP)

AP, August 19, 2006

SIOUX FALLS, S.D. - South Dakota's abortion ban, which faces voters in November, does not allow exceptions for rape and incest victims. But the ban's supporters say it's not as restrictive as it appears.

The legislation allows for emergency contraception to help prevent pregnancy from occurring, said Dr. Stephen Billion of Sioux Falls, who supports the ban.

The provision allows a woman to take emergency birth control before she tests positive for pregnancy.

But the ban's critics say such emergency contraception isn't widely available in South Dakota. They also say many rape and incest survivors don't report the crime at all - let alone within the short time during which the drugs are effective.

The U.S. Justice Department estimates less than 40 percent of rapes and sexual assaults are actually reported.

An abortion-rights supporter, Dr. Maria Bell of Sioux Falls, said the provision doesn't make any sense if, as her opponents say, all life begins at conception.

"Backpedaling to try to capture that segment of the population who disagrees with them is, frankly, a bald-faced lie," Bell said of those pushing the provision.

Anti-abortion lawmakers fought a measure in the 2006 Legislature that would have required hospitals to make women aware that emergency contraception is available. The bill died in committee.

The ban, as passed by the Legislature, makes it a felony punishable by up to five years in prison and a $10,000 fine for anyone to knowingly perform or try to perform an abortion except to save a pregnant woman's life. It's now known as Referred Law 6 on the ballot.

The lack of exceptions for rape and incest victims was a problem for many people who responded to a statewide poll last month. The poll indicates the ban would have more support if the exceptions were included.

Section 3 of Referred Law 6 says that nothing in the ban "may be construed to prohibit the sale, use, prescription or administration of a contraceptive measure, drug or chemical, if it is administered prior to the time when a pregnancy could be determined through conventional medical testing and if the contraceptive measure is sold, used, prescribed, or administered in accordance with manufacturer instructions."

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Ban supporters say rape and incest survivors could use emergency contraception to try to avoid becoming pregnant from the assault - as long as it's done before a test is able to prove the woman is pregnant.

Vote Yes for Life on Six, a political group formed to encourage voters to uphold the ban, says Section 3 is a rape and incest exception.

A broader exception could allow inaccurate rape accusations so women could get abortions, said ban supporter Dr. Glenn Ridder of Sioux Falls.

Bell said exceptions are necessary. "It's just unconscionable not to allow a rape and incest victim to have access to a safe and legal abortion," she said.

The emergency contraception provision is a "practical necessity" in the ban that doesn't meet the common definition of a rape and incest exception, said Robert Burns, South Dakota State University political science professor. "There would be no way of imposing the regulations of the bill before you could tell there was a pregnancy," he said.

Ban opponents say emergency contraception is not readily available in South Dakota.

By law, pharmacists in the state can refuse to dispense any medications to which they morally object. State Rep. Casey Murschel, R-Sioux Falls, executive director of NARAL Pro-Choice South Dakota, said emergency contraception falls into that category for some pharmacists.

South Dakota hospitals are not required to dispense emergency contraception or give information about it to patients.

Court: Members Of Congress Not Immune From Discrimination Suits (MCT)

By Kevin Diaz

McClatchy Newspapers, August 19, 2006

WASHINGTON - A federal appeals court on Friday rejected a motion to dismiss a job discrimination suit against Sen. Mark Dayton, D-Minn., ruling that members of Congress are not automatically immune from such suits under the Constitution.

But in a mixed decision that could lay the groundwork for a review by the U.S. Supreme Court, the judges found that Dayton could still assert immunity under the "speech or debate" clause by formally asserting that a staffer's dismissal was based on the performance of protected legislative duties.

The ruling by the U.S. Court of Appeals for the District of Columbia Circuit was closely watched on Capitol Hill because of the separation of powers and immunity issues it raises for all members of Congress in discrimination and civil rights suits.

For that reason, Dayton's case was joined with a race and gender discrimination suit brought against Rep. Eddie Bernice Johnson, D-Texas.

Brad Hanson, Dayton's former state office manager, sued Dayton in May 2003, claiming he was fired after disclosing that he had a heart condition.

Dayton said Hanson was dismissed for poor job performance.

Hanson's lawyers based his suit largely on the 1995 Congressional Accountability Act, which for the first time extended many common worker protections to congressional employees.

Senate lawyers have been trying to dismiss the lawsuit on the basis of the Constitution's speech or debate clause, which protects lawmakers from legal actions arising from their official duties.

A district court judge in Washington ruled against Dayton in 2004.

The appeal, which was heard by all the active judges on the circuit - an unusual legal step - produced a mixed ruling that seems to favor Dayton's defense team, which characterized Hanson's dismissal as a legislative act protected by the Constitution.

But rather than dismissing the suit outright, the circuit court ruled that immunity "operates as an evidentiary protection for members of Congress," suggesting that Dayton could shield himself from further court scrutiny by testifying directly - likely in a sworn affidavit - that Hanson was fired over the performance of his legislative duties.

Jean Manning, the Senate's chief counsel for employment, said the decision was a victory for Dayton.

Neither Hanson nor his D.C.-based attorney, Richard Salzman, could be reached for comment.

Jack Danielson, Dayton's chief of staff, said Dayton was traveling in northern Minnesota Friday and had not seen the ruling.

Touch-Screen Machines Stir Election Anxiety In Md. (WP)

By Steve Vogel, Washington Post Staff Writer

The Washington Post, August 19, 2006

Touch-screen polling machines, which will be used statewide in Maryland when voters go to the polls for the Sept. 12 primary, were intended to calm fears of election flimflam raised in the wake of the infamous 2000 presidential balloting in Florida.

But the new machines themselves have become a politically charged topic in Maryland. Republican Gov. Robert L. Ehrlich Jr., who agreed to purchase them three years ago, now questions whether they can provide fair and accurate elections, given their vulnerability to computer hackers and their lack of a paper trail to document votes.

"There's a lot to be concerned about here," Ehrlich said recently.

Democrats, in turn, accuse the governor and the Republican Party of trying to dampen voter turnout through scare tactics. "It's highly unfortunate that Bob Ehrlich has chosen to alarm people about the integrity of the voting process," said Del. Peter Franchot (D-Montgomery), a candidate for state comptroller.

Yet Franchot and other Democrats acknowledge their own unease about the equipment.

Rep. Steny H. Hoyer (D-Md.), who was a co-sponsor of the 2002 federal legislation that required states and counties to upgrade equipment, said he is concerned by reports from computer security experts that the voting machines could be manipulated to skew results.

"This is new technology, and we're going to have to watch it," he said. "We want to make sure this new technology is not used to undermine fairness."

State election officials say that their Diebold Elections Systems voting machines, which are being used in Maryland and 28 other states, are safe. "I think the system is fabulous," said Linda Lamone, administrator for the state Board of Elections. "It's probably the most secure system in the country."

Ehrlich has cast doubt on her assurances, citing warnings from computer scientists and accusing the Democrat-controlled General Assembly of stifling efforts to safeguard the system.

Lamone led Maryland's efforts to purchase the voting machines, making the state one of the first to go electronic in every precinct. The process began before Ehrlich took office, but in 2003 he signed a $55 million contract for additional machines and installation. Within weeks, Johns Hopkins University computer scientist Avi Rubin released a report that described the machines as flawed and easily hacked. He said Maryland officials should "ask for their money back."

Ehrlich commissioned a review by computer security consultants, who identified 328 security weaknesses, 26 of them critical. With the promise that the faults would be fixed, he agreed to honor the contract.

"Because of this report, Maryland voters will have one of the safest election environments in the nation," he declared in October 2003.

Joseph M. Getty, Ehrlich's policy director, said the assurances from Diebold and the state election board have not been met. "The board of elections has done nothing to reassure us," Getty said.

Ehrlich informed the board this year that he no longer had confidence in its "ability to conduct fair and accurate elections in 2006."

His concerns align him with a Takoma Park group, TrueVoteMD, that is pushing for a paper trail. "Over the past year, there have been a series of really alarming reports pointing to vulnerabilities, and so far, Maryland hasn't issued any real response," said Bob Ferraro, co-founder of the group.

Maryland is not alone in its concern. In the spring, a test of Diebold machines in Utah revealed how easily the machines could be tampered with, prompting California and Pennsylvania to warn their county election administrators to take additional security steps.

A June report by the Brennan Center for Justice at the New York University School of Law, billed as the nation's first systematic analysis of security vulnerabilities in electronic voting, concluded that all the systems in use "have significant security and reliability vulnerabilities, which pose a real danger to the integrity" of elections.

The greatest vulnerability, according to the report, is that a software virus could be inserted into a voting machine to alter voter tallies.

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The Brennan report notes that systems without paper trails -- a paper record or receipt that voters can use to confirm votes -- lack an important countermeasure to software attacks: the ability to compare paper to electronic records.

Lamone and the election board staff say the Brennan report, as well as those prepared by Rubin and other computer scientists, has sensationalized the issue, ignored practicalities and undermined voter confidence.

"People are so focused on these outlandish theories," Deputy Administrator Ross Goldstein said. "Our system combines security and usability in a very effective manner."

Maryland election officials say the state's system of "parallel testing" provides a better safeguard against tampering than a paper trail. Maryland is one of only three states using parallel testing, which involves selecting voting machines at random and testing them.

In the weeks before the election, election officials will pull machines from each jurisdiction and conduct a mock election, tabulating the results to ensure they match votes cast. Then, on Election Day, one machine will be pulled from each jurisdiction for similar testing, ensuring that some type of "Trojan horse" virus has not sprung to life, Goldstein said.

The Brennan report says this parallel testing is an effective method to find software-based attacks.

Lamone said the machines will be secured after inspection, sealed with tamper-resistant tape and closely monitored on Election Day. "With all the attention given this, I'm confident that someone would notice if anyone tried to muck around with it," she said.

The state has invested more than $90 million in a statewide system of 20,000 AccuVote-TS touch-screen machines. The machines were used for the 2004 election in Maryland. The state had a 0.3 percent residual vote rate -- votes that do not count because of voter error or other problems -- which tied for the lowest in an academic survey of 37 states in the 2004 election.

A bill introduced in the past session of the General Assembly and supported by Ehrlich would have provided $21.8 million for Maryland to replace the Diebold system with paper ballots read by optical scanners. But the elections board opposed the measure, saying the money was not adequate to make the switch and that the confusion could disrupt elections. The House passed the measure, but it died in the Senate.

Maryland election officials are continuing to resist the push for a system that provides a paper trail for future elections in favor of waiting for developing technologies that they say could further safeguard the balloting process.

A paper trail, they say, would not be a panacea. "In my mind, if you add a paper trail, you're going to end up with a lot more questions than answers," Goldstein said. Discrepancies might arise from comparing computer tallies to hand-counted paper receipts, which could be subject to human error.

Nonetheless, elected officials say they believe voters might not be satisfied without a paper trail.

"What people want, and where the legislature is headed, is some kind of paper trail," Franchot said. "I don't believe we're going to have the paper trail for this election, but we're clearly moving in that direction."

ANTITRUST:

Bristol, Sanofi Ask U.S. Judge To Halt Generic Form Of Plavix (BLOOM)

Bloomberg, August 19, 2006

Aug. 18 (Bloomberg) -- Bristol-Myers Squibb Co. and Sanofi- Aventis SA asked a judge to ban rival Apotex Inc. from selling a generic version of their blood thinner Plavix, arguing sales would destroy the $4 billion market they created.

The companies asked U.S. District Judge Sidney Stein in New York today to force Apotex to recall any of the medicine shipped to drugstores and wholesalers since sales began earlier this month. Plavix was the world's second-highest selling drug last year, with more than $3.8 billion in U.S. sales.

Bristol-Myers and Sanofi, the world's third-largest drugmaker, have lost $10 billion in market value since Apotex entered the market Aug. 8 after an agreement to delay entry collapsed, said Evan Chesler, who's representing both companies. According to the National Association of Chain Drug Stores, which is supporting Apotex, more than half of new prescriptions for the medicine are filled using the generic drug.

``You can never put our Humpty Dumpty back together again if this thing isn't stopped," Chesler said.

The arguments before Stein are set to continue on Aug. 21.

Bristol-Myers and Sanofi claim the generic drug infringes a patent for clopidogrel bisulfate, the chemical name for the medicine. The patent expires in 2011. Apotex is challenging the validity of the patent, and the drugmakers say Apotex shouldn't sell generic Plavix until the patent issue is resolved.

Shares of New York-based Bristol-Myers rose 16 cents to $21.64 in New York Stock Exchange composite trading. American depositary receipts of Paris-based Sanofi fell 7 cents to $45.49. Two ADRs represent one ordinary share.

Plavix Benefits

Plavix was approved in 1997 to help prevent heart attacks and strokes. Plavix keeps platelets from clumping together and forming clots. Earlier this week, the companies received regulatory approval to market the drug as a treatment for use after severe heart attacks.

Chesler said Plavix is ``one of the most successful and widely used drugs, frankly, in the history of the U.S. pharmaceutical industry." Only Pfizer Inc.'s cholesterol medicine Lipitor has higher sales.

Apotex lawyer Robert Silver told Stein in opening arguments today that blocking a generic version of Plavix would be counter to consumers' interests in large part because it would drive up prices.

``This pill is a $4 billion product; it's used all over the U.S.," Silver said. ``If we're off the market then they have the entire market again, and they can charge whatever they want."

Weigh the Harm

Silver also asked Stein to weigh the harm Apotex would suffer against granting the plaintiffs' request for a preliminary injunction on sales. Apotex ``incurred massive expenses in amassing its supplies" for entry into the U.S. market, Silver said. If sales were blocked ``we would lose incalculable customer goodwill" and ``disruptions to customer expectations would be devastating," Silver said.

Closely held Apotex, based in Weston, Canada, received final approval to sell generic Plavix in January and started making the medicine in anticipation of a launch, even though a patent- infringement trial was scheduled for June. In March, the three companies struck a deal that would have kept generic Plavix off the market until just months before the expiration of the patent.

That agreement was rejected by state attorneys general who said it didn't comply with a consent decree Bristol-Myers signed in 2003 that limited its ability to sign agreements that would delay entry of generic versions of its drugs.

The U.S. Justice Department is investigating possible criminal charges on allegations that Bristol-Myers and Sanofi had a secret side deal that it didn't disclose to the U.S. Federal Trade Commission, which also had to approve the agreement.

Internal Investigation

Bristol-Myers said yesterday that a continuing investigation by its outside counsel ``has not found any evidence of unlawful conduct" by employees. It's also hired former federal prosecutor Mary Jo White to investigate the Apotex negotiations.

Apotex said in court papers yesterday that Bristol-Myers and Sanofi ``sought to defraud" regulators in seeking approval of the settlement, so they isn't entitled to the court-ordered ban.

The National Association of Chain Drug Stores, representing companies including Rite Aid Corp., Target Corp. and Wal-Mart Stores Inc., filed court papers yesterday opposing the request by Sanofi and Bristol-Myers. The generic drug is selling at a discount of up to 30 percent and pharmacies are filling half the prescriptions with the generic, the group said.

``Generic competition for Plavix is overdue, and this court should not halt it," the association said in court papers.

Some of the group's members, including CVS Pharmacy Inc. and Kroger Co., have filed antitrust suits against Sanofi and Bristol-Myers over efforts to delay generic Plavix.

The case is Sanofi-Synthelabo v. Apotex Inc., 02cv2255, U.S. District Court for the Southern District of New York.

To contact the reporter on this story: Jeff St.Onge in Washington jstonge@bloomberg.net .

Boeing Wins EU Approval To Buy Aviall (DALBIZ)

Dallas Business Journal, August 19, 2006

European antitrust authorities have given approval for The Boeing Co. to buy aviation parts distributor Aviall Inc.

The European Commission raised no antitrust issues related to the $1.7 billion cash deal.

Chicago-based Boeing (NYSE: BA), the world's largest aerospace company and the largest manufacturer of commercial jetliners and military aircraft, has agreed to pay Aviall stockholders $48 a share, plus the assumption of about $350 billion in debt.

Under the deal, Dallas-based Aviall (NYSE: AVL) will become a subsidiary of Boeing's Commercial Aviation Services.

Boeing reported about $55 billion in revenue last year. Aviall has about $1.3 billion in annual revenue. Aviall's shares rose 24.67 percent to $47 a share Monday morning after news of the deal.

The deal is expected to close by the end of the third quarter.

ENVIRONMENT:

Federal DOT Head Tours Alaska Oil Field (AP-Y)

By Rachel D'oro, Associated Press Writer

AP, August 19, 2006

Acting Transportation Secretary Maria Cino toured Prudhoe Bay on Friday to assess BP PLC's progress following federal orders to improve its pipeline corrosion management at the nation's largest oil field.

"It was surprise and a disappointment the way BP maintained these pipelines," she said.

The half-day visit to Alaska's North Slope came almost two weeks after the British oil giant launched a partial shutdown because of leaks and corrosion in low-pressure pipe found on the eastern side of the colossal field. London-based BP operates Prudhoe Bay for itself and other owners.

"We came here to ensure the safe operation of the pipelines and continue working with BP," she said from the field about 650 miles north of Anchorage.

Days after the shutdown, the Transportation Department's Pipeline and Hazardous Materials Safety Administration ordered the company to conduct more rigorous tests on the so-called transit pipelines, which carry market-ready oil to the 800-mile trans-Alaska pipeline. DOT engineers have been onsite since Aug. 8.

The Aug. 10 order is the third involving Prudhoe that has been issued to BP since a March oil spill from a corroded transit line on the western half of the field. Up to 267,000 gallons of crude leaked for days into the snow-packed tundra before it was noticed. The spill was the largest ever on the North Slope and prompted the federal pipeline agency to order BP to improve its corrosion protection management at Prudhoe.

An amended order issued in July directed BP to improve and speed up preparations to test the lines.

Under the latest order, BP must conduct four surveys daily on the 22 miles of transit lines. It must visually inspect the pipe by foot, car, or plane, as well as use heat-seeking infrared equipment to detect leaks.

Pipeline regulators allowed the company to keep operations going in the western half, which has undergone thousands of recent ultrasound inspections. But BP will have to strip insulation from the pipeline there and continue to conduct ultrasonic testing.

Ultimately, 16 miles of transit line will be replaced.

Cino on Friday watched as workers removed the galvanized steel covering on the pipeline and then insulation. Workers then buffed sections of the pipe to ready it for ultrasonic testing foot by foot.

She also saw the last phase of the cleanup of the Aug. 6 spill as yellow-suited workers used propane torches to burn oil that remained on tundra grasses. The state said 23 barrels of oil reached the tundra, and 176 barrels of oil were captured by tanks placed under the pipeline.

Before the shutdown, daily production at Prudhoe was 400,000 barrels, 8 percent of the domestic production and half the current output by North Slope fields. The current production is more than 200,000 barrels daily, BP Alaska President Steve Marshall said Friday in Anchorage.

The federal order requires BP to pass a series of tests before restarting the eastern operation.

The Prudhoe corrosion crisis also has prompted the pipeline agency to ramp up plans to strengthen federal requirements and standards for operating such pipelines, which are exempt from federal regulations.

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Since the shutdown, BP officials have repeatedly acknowledged the lack of upkeep, saying they believed the millions the company spent yearly on corrosion control was adequate.

The eastern side of the oil field never had a high-tech inspection called "smart pigging" before July. That inspection gave officials their first indication of the problems that forced the shutdown. The western side had the check in 1998 and was scheduled for the test this summer.

Alaska Attorney General David Marquez told a special hearing of the state legislature being held in Anchorage Friday that the state has served subpoenas on BP and other Prudhoe Bay leaseholders to preserve all documentation related to the Aug. 6 event and pipeline corrosion dating to 1996.

"After the investigation is complete, appropriate legal action will be taken to protect Alaska's interests," he said.

2 More Hearings Set To Examine BP's Pipeline Maintenance (MCT)

By Lisa Zagaroli

McClatchy Newspapers, August 19, 2006

WASHINGTON - Public scrutiny of BP's pipeline maintenance intensified this week, with lawmakers pledging two more congressional hearings to examine how to prevent transmission lines from corroding to the point of failure.

Rep. Don Young, R-Alaska, on Friday scheduled a hearing of the House Transportation and Infrastructure Committee, which he chairs, for Sept. 13.

He said in a statement that the panel would call in officials from BP along with federal and state regulators to consider ways to prevent further corrosion problems on low-pressure lines to the Trans-Alaska Pipeline.

Sen. Pete Domenici, R-N.M., who chairs the Senate Energy and Natural Resources Committee, said he would hold a hearing, tentatively scheduled for Sept. 12, because he was concerned about the impact on the U.S. oil supply.

"I am particularly worried about what the loss of this oil will mean if the nation faces another difficult hurricane season or a harsh winter," Domenici said Thursday.

They join a growing chorus of government officials who want to know what went wrong on the North Slope.

In March, more than 200,000 gallons of oil seeped out of holes in corroded low-pressure lines, which unlike high-pressure lines are exempt from federal regulation. BP told lawmakers and federal regulators that it had a monitoring system that should have prevented the leaks.

This month, BP was forced to shut down some production on Prudhoe Bay because of another leak and concern that the problem could multiply.

That incident soon was followed by an announcement by the House Energy and Commerce Committee that it would hold a hearing Sept. 7.

Sen. Ted Stevens, R-Alaska, said at a news conference Thursday that he planned to convene the Senate Commerce, Science and Transportation Committee to discuss the matter as well, though a hearing hasn't been formally scheduled.

Lawmakers are considering a reauthorization of a 2002 pipeline-safety act and regulations for low-pressure lines.

Officials at the Pipeline and Hazardous Materials Safety Administration are planning to set testing and maintenance rules for low-pressure lines.

U.S. Rice Supply Contaminated (WP)

By Rick Weiss, Washington Post Staff Writer

The Washington Post, August 19, 2006

Genetically Altered Variety Is Found in Long-Grain Rice

Agriculture Secretary Mike Johanns announced late yesterday that U.S. commercial supplies of long-grain rice had become inadvertently contaminated with a genetically engineered variety not approved for human consumption.

Johanns said the company that made the experimental rice, Bayer CropScience of Monheim, Germany, had provided information to the Agriculture Department and the Food and Drug Administration indicating that the rice poses no threats to human health or the environment.

"Based upon the information we have seen, this product is safe," he said in a telephone news conference.

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Johanns said he did not know where the contaminated rice was found or how widespread it may be in the U.S. food supply. The agency first learned about it from the company, he said, after it discovered "trace amounts" during testing of commercial supplies.

The variety, known as LLRICE 601, is endowed with bacterial DNA that makes rice plants resistant to a weedkiller made by the agricultural giant Aventis.

Johanns said Bayer had not finished the process of getting LLRICE 601 approved for marketing before dropping the project years ago. But the company did complete the process for two other varieties of rice with the same gene. And although neither of those were marketed, he said, their approval offers reassurance that 601 is probably safe, too.

Bayer said in a statement it is "cooperating closely" with the government on the discovery. It added that the protein conferring herbicide tolerance "is well known to regulators and has been confirmed safe for food and feed use in a number of crops by regulators in many countries, including the EU, Japan, Mexico, U.S. and Canada."

Johanns acknowledged that the discovery could have a significant impact on rice sales -- especially exports, which are worth close to $1 billion a year. Many U.S. trading partners have strict policies forbidding importation of certain genetically engineered foods, even if they are approved in the United States.

Those restrictions reflect a mix of science-based fears that some gene-altered foods or seeds may pose health or environmental hazards; cultural beliefs about food purity; and political wrangling over trade disparities.

If other countries cut off imports, the political and economic impact could rival or exceed that of the last such major event -- the discovery in 2000 that the U.S. corn supply had become contaminated with StarLink corn. StarLink, which was engineered to be insect-resistant, was approved for use in animal feed but not for humans because of its potential to trigger allergic reactions.

The StarLink episode led to the recall of hundreds of products and the destruction of corn crops on hundreds of thousands of acres. There have been several smaller incidents requiring similar actions since.

Yesterday's announcement quickly prompted a new round of accusations that the government is failing in its efforts to regulate and contain the burgeoning field of agricultural biotechnology, in which genes from various organisms are added to crops and other plants -- usually to confer resistance to weedkillers or to make the plants produce their own insecticides.

"How many incidents will it take before the government takes their oversight of the biotech industry seriously?" asked Gregory Jaffe, director of the biotechnology project at the District-based Center for Science in the Public Interest. "It's reassuring that in this instance there is no safety risk, but I don't think that justifies the industry's blatant violation of government regulations."

Johanns said Bayer contacted the USDA about the problem on July 31, but the agency delayed announcing the finding until it had developed a test it could share with trading partners and others who might want to check for contamination. That test is now available.

Although Bayer stopped field tests of LLRICE 601 in 2001, the contamination appeared in the 2005 harvest, Johanns said -- a detail that Margaret Mellon, director of the food and environment program at the Union of Concerned Scientists in Washington, found "alarming."

"It's more evidence to me that all of these things that have been getting tested ultimately have a route to the food supply," Mellon said.

Although agency investigations are underway, both Johanns and Robert Brackett of the FDA's Center for Food Safety and Applied Nutrition said they do not anticipate recalls, crop destruction or other regulatory action.

"If we become aware of any new information to suggest that food or feed is unsafe, we will take action," Johanns said.

Instead, Johanns said, Bayer now plans to resurrect its effort to get the product approved -- or in government parlance, "deregulated" -- a move that would make the contamination issue moot in the domestic market.

Researcher Madonna Lebling contributed to this report.

Scientists Add Years To Ozone Recovery (AP-Y)

By Eliane Engeler, Associated Press Writer

AP, August 19, 2006

DOJ_NMG_0051238

The atmosphere will take up to 15 years longer than previously expected to recover from pollution and repair its ozone hole over the southern hemisphere, the United Nations' weather organization said Friday.

Thinning in the ozone layer — due to chemical compounds leaked from refrigerators, air conditioners and other devices — exposes the Earth to harmful solar rays. Too much ultraviolet radiation can cause skin cancer and destroy tiny plants at the beginning of the food chain.

Scientists said Friday it would take until 2065, instead of 2050 as previously expected, for the ozone layer to recover and the hole over the Antarctic to close.

"The Antarctic ozone hole has not become more severe since the late 1990s, but large ozone holes are expected to occur for decades to come," ozone specialist Geir Braathen told reporters in summarizing a new report by the World Meteorological Organization and the U.N. Environment Program. The report will be released next year.

The ozone hole, a thinner-than-normal area in the upper stratosphere's radiation-absorbing gases, has formed each year since the mid-1980s at the end of the Antarctic winter in August, and generally is at its biggest in late September.

Experts said they extended the projected recovery because chlorofluorocarbons, or CFCs, would continue to leak into the atmosphere from air conditioners, aerosol spray cans and other equipment for years to come.

But there was cause for celebration, they said, noting a decline in CFCs in the first two atmospheric layers above Earth.

"The level of ozone-depleting substances continues to decline from its 1992-1994 peak in the troposphere and the late 1990s peak in the stratosphere," WMO secretary-general Michel Jarraud said in a statement.

Less of these chemicals are used every year, he said, after 180 countries in 1997 committed to reducing CFCs under the Montreal Protocal.

"This shows that the Montreal Protocol is effective and is working," he said.

Last year, the ozone hole reached about 10 million square miles on Sept. 20 — just below its largest size in 2003 of about 11.2 million square miles, WMO experts said.

IMMIGRATION:

Homeland Security Says 11 Million Illegals In U.S. (WT)

By Jerry Seper, The Washington Times

The Washington Times, August 19, 2006

The Department of Homeland Security yesterday said there are more than 11 million illegal aliens living and working in the United States, up from 8.5 million in 2000 -- a 24 percent jump with an expected annual growth of more than 408,000.

According to a report by the department's Office of Immigration Statistics, the vast majority of the illegals -- nearly 6 million -- came to the United States from Mexico, followed by El Salvador, Guatemala, India and China with a combined total of about 1.4 million.

The greatest percentage increase in the nation's illegal alien population since 2000 was among people from India, a jump of 133 percent, and Brazil at 70 percent, according to the report.

The report also said most of the illegals migrated to California, which now has an illegal alien population estimated at 2.8 million, followed by Texas with 1.4 million and Florida with 850,000.

It said the states with the greatest percentage increases in illegal aliens from 2000 to 2005 were Georgia, at 114 percent; Arizona, 45 percent; Nevada, 41 percent; and North Carolina, 38 percent.

Getting an accurate count of illegal aliens in this country has been a difficult assignment, and the government has acknowledged that obtaining specific information has been impossible, saying its current estimates are based on assumptions and combinations of data.

"Estimating the size of the unauthorized population living in the United States is challenging because of data limitations," the report said. "There are no national surveys, administrative data or other sources of information that directly provide accurate estimates of this population.

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"As a consequence, the unauthorized immigrant population must be estimated by making certain assumptions and by combining data that measure events with those that measure population," it said.

Immigration analysts, law-enforcement authorities and others have suggested conflicting totals for the actual number of illegal aliens in the United States.

But a comprehensive study of the underground economy in January 2005 by the Wall Street financial firm Bear Stearns said the number of illegals could be as high as 20 million. In a report, the firm said 3 million illegals were entering the country annually and that they were gaining a larger share of the job market, holding 12 million to 15 million jobs in the United States.

"Illegal immigrants constitute a large and growing force in the political, economic, and investment spheres in the United States," the report said. "The size of this extra-legal segment of the population is significantly understated because the official U.S. Census does not capture the total number of illegal immigrants.

"Our research has identified significant evidence that the census estimates of undocumented immigrants may be capturing as little as half of the total undocumented population," the report said. "This gross undercounting is a serious accounting issue, which could ultimately lead to government policy errors in the future."

In March, the Pew Hispanic Center used U.S. Census Bureau data to estimate that the United States had 11.1 million illegal immigrants in March 2005, and former Homeland Security Secretary Tom Ridge said in December 2003 there were 8 million to 12 million illegal aliens in the United States.

The U.S. Census Bureau estimated the number at 8 million in 2003 and a 2001 Northeastern University study put the number at 11 million.

The DHS report calculated the nation's illegal alien population at 10.5 million in January 2005, but said that assuming an annual growth rate of 408,000, the population total would have reached 11 million by January 2006. It said 3.1 million of the 10.5 million illegals had come to the United States in 2000 or later. An estimated 1 million entered in 2003 or 2004, while 2.1 million arrived during 2000 through 2002, it said.

Feds Estimate 10.5M Illegal Immigrants (AP-Y)

By Suzanne Gamboa, Associated Press Writer

AP, August 19, 2006

About 11 million illegal immigrants were living in the U.S. at the start of this year, the federal government said in a report Friday.

That's up from an estimated 8.5 million living in the country in January 2000, according to calculations by the Office of Immigration Statistics in the Department of Homeland Security.

The office estimated that 10.5 million illegal immigrants were living in the United States in January 2005 and that the number grew at a national average of 408,000 a year.

Estimates of the size of the illegal immigrant population vary widely according to the political leanings of groups using them.

The federal government acknowledged the difficulty of getting an accurate count in its report, saying estimates involve assumptions and combinations of data.

A Homeland Security spokeswoman could not be reached immediately.

In March, the Pew Hispanic Center used Census Bureau data to estimate that the United States had 11.1 million illegal immigrants in March 2005. The center used monthly population estimates to project a total of 11.5 million to 12 million in March.

Mexico is the largest contributing country of illegal immigrants, with nearly 6 million in the U.S. in 2005, the government said. El Salvador, Guatemala, India and China followed with a combined contribution of about 1.4 million unauthorized immigrants.

The greatest increase in illegal immigrants in the country was among Mexicans, a jump of 260,000 from 2000 to 2005. The greatest percentage increase in the immigrant population in those years was among people from India, 133 percent, and Brazil, 70 percent.

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California had the largest illegal immigrant population, with 2.8 million in January 2005, followed by Texas with 1.4 million and Florida with 850,000.

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On the Net: Citizenship and Immigration Services: http://www.uscis.gov/graphics/shared/statistics/index.htm

Chicago Woman's Stand Stirs Immigration Debate (NYT)

By Gretchen Ruethling

The New York Times, August 19, 2006

CHICAGO, Aug. 18 — In a small storefront church in a Puerto Rican neighborhood on the city's West Side, Elvira Arellano, a fugitive from the government, waits with her 7-year-old son and prays.

Ms. Arellano, 31, an illegal immigrant from Mexico, defied an order to report to the Department of Homeland Security on Tuesday to be deported and is instead seeking sanctuary in her church.

Ms. Arellano is hoping Congress will act on a private relief bill that would allow her and her son, Saul, a United States citizen who has attention-deficit hyperactivity disorder, to stay in the country, where she says he can get better medical treatment.

"I'm not a terrorist," said Ms. Arellano, who came to the United States illegally nine years ago and is facing her second deportation. "I'm only a single mother with a son who's an American citizen."

Ms. Arellano, president of an advocacy group called La Familia Latina Unida, said she hoped her action would help to bring about legislation to protect families that could be torn apart by deportation.

Immigrants' rights groups and critics of illegal immigration are closely watching her case. Some supporters have likened her to Rosa Parks, while detractors say Ms. Arellano broke the law and should face the consequences.

Critics say illegal immigrants have children with the hope that they will be allowed to stay in the United States. "She had an anchor baby, that's what she did," said Mike McGarry, acting director of the Colorado Alliance for Immigration Reform. "If she was so concerned about her child, she'd take him with her."

Emma Lozano, director of Centro Sin Fronteras, an advocacy group in Chicago, sees it differently. "She became for all of us a symbol of resistance to the unjust, broken laws of this country," Ms. Lozano said. "This cross that she bears for all the undocumented is because she's been chosen."

Ms. Arellano has received supportive calls and e-mail from across the country and beyond.

Dolores Huerta, 76, a laborers' advocate who founded the United Farm Workers union with Cesar Chavez, flew to Chicago from California on Thursday to show her support. "Legislation must be proposed so these children don't stay without their parents," she said.

Ms. Arellano was deported in 1997 after crossing from Mexico illegally. She returned and had Saul, working in Washington State before moving to Chicago in 2000. She was arrested in 2002 at O'Hare International Airport, where she cleaned planes, for using a false Social Security number.

She was granted a stay of deportation after a private relief bill was introduced in the Senate in 2003 because of her son's medical needs. Last year, two similar bills were introduced in the House, but no action has been taken.

At Adalberto United Methodist Church, where Ms. Arellano has been staying, the windows are plastered with copies of letters of support from Representative Luis V. Gutierrez, Democrat of Illinois, who introduced the House legislation, and Mayor Richard M. Daley.

Ms. Arellano also posted a statement, saying if she is arrested on "holy ground," she "will know that God wants me to be an example of the hatred and hypocrisy of the current policy of this government."

Such talk offends people like Rosanna Pulido, director of the Illinois Minuteman Project. "She's spewing all this anti-American stuff," Ms. Pulido said. "The thing that scares me the most is her defiance, it really does."

The Immigration and Customs Enforcement agency said it has the authority to arrest anyone in the country in violation of immigration law. But an immigration official, who spoke on the condition of anonymity because policy prohibits discussing agency plans, said Friday that the authorities had other priorities and did not plan an arrest at the church.

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The church's pastor, the Rev. Walter Coleman, said helping Ms. Arellano was part of his calling. "There's a tradition in this country as well as around the world that governments respect the dignity and the faith of the church and don't trample on that," Mr. Coleman said. "I'm much more afraid of God than I am of Homeland Security."

Ira Mehlman, media director of the Federation for American Immigration Reform, said the law holds parents responsible for their actions regardless of their children's situation. "However sympathetic her child may be, you can't allow someone to hide behind their children," Mr. Mehlman said.

Jaime P. Martinez, national treasurer of the League of United Latin American Citizens, an advocacy group in Washington, said Ms. Arellano's case was mobilizing the movement as the government seems to be cracking down.

"I have never seen these type of deportations in my life," said Mr. Martinez, 50, who visited Ms. Arellano on Thursday. "I believe it's an agenda that they have to turn away the progress that was being made."

But Carlina Tapia-Ruano, an immigration lawyer in Chicago, said she doubted that Ms. Arellano's actions would change anyone's mind.

"My concern is that when we have individuals who so publicly voice their disregard of our laws," Ms. Tapia-Ruano said, "I believe that that gives greater ammunition for those who are on the extremes."

But Ms. Arellano is confident. "I didn't allow them to deport me, and the community is supporting me," she said. "I'm not afraid of anything because I'm in the house of God."

Guarding The National Guard (WT)

The Washington Times, August 19, 2006

When President Bush announced he would send 6,000 National Guard troops to the southern border, we applauded the move, but knew that it was more a symbolic gesture than an actual solution to the crisis. Our concerns deepened after it became known that the Guard troops wouldn't actually be, well, guarding the border. Rather, they would placed in more administrative positions, presumably to free up Border Patrol agents to patrol the field. Now, it looks like even that benign gesture may be doing more harm than good.

As Jerry Seper reported Thursday, Border Patrol agents, instead of being free to guard the border, are having to guard the Guard. "Several veteran Border Patrol agents in Arizona told The Washington Times they were issued standing orders to be within five minutes of National Guard troops along the border and that Border Patrol units were pulled from other regions to protect Guard units -- leaving their own areas short-handed," Mr. Seper reported.

In a word, this is crazy. Border Patrol agents are referring to their new duties as "nanny patrol," and that seems about right to us. A U.S. Customs and Border Protection spokesman tried to sugarcoat the comedy show that has become the southern border, saying "It makes sense that agents would be nearby the National Guard members who are there to be our eyes and ears." Except, of course, when the federal government forbids Guardsmen from bearing arms, it becomes less a question of supporting each other than protecting each other.

The administration has cited recent statistics showing a 45 percent drop in the apprehension of illegal aliens since the Guard was stationed on the border. But National Border Patrol Council President T.J. Bonner put these numbers in context. "There always is a significant seasonal decline in apprehensions at that time of year [May to July], generally about 30 percent," he said. "This year's decline was somewhat higher, about 45 percent, primarily because of the record-breaking heat in June and July, not the presence of the National Guard troops."

But even if some of that 15-point difference is credited to the Guard, which remains nothing to get excited about, CBP Commissioner Ralph Basham said that the presence of 6,000 Guardsmen has freed up only 315 Border Patrol agents to move from administrative duties to the field. That's hardly a reassuring trade-off.

There are a couple of ways to fix this mess. First, arm the Guardsmen on the border. It is idiotic and dangerous to send them to the border armed with just binoculars and a radio when drug dealers and smugglers regularly bring machine guns. Also, the Guardsmen should be on the border, not pushing pencils behind the lines. They should be plugging the gaps that Border Patrol doesn't have the numbers to man.

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Otherwise, all the administration has done is put 6,000 Guardsmen in harm's way. They aren't helping Border Patrol and they sure aren't securing the border.

CONGRESS-ADMINISTRATION:

Boeing Moves To Close Plant (LAT)

By Martin Zimmerman And Ronald D. White, Times Staff Writers

The Los Angeles Times, August 19, 2006

The aerospace giant says it has not given up hope of saving the Long Beach facility, but it begins notifying C-17 suppliers to stop producing parts.

Boeing Co. said Friday that it had taken the first steps toward closing its sprawling C-17 assembly plant in Long Beach, a shutdown that is expected to be completed by the middle of 2009 unless substantial new orders are placed for the giant military aircraft.

Closing the plant, which employs about 5,500 workers, would deprive Long Beach of its largest private employer and deal a blow to hundreds of subcontractors in Southern California and around the nation that supply parts for the C-17. It also would bring to a close almost a century of airplane manufacturing in Southern California — once a pillar of the region's economy.

Boeing began telling suppliers Friday to stop producing parts for the C-17. It also told employees of the decision during an all-hands meeting at the plant, which is adjacent to Long Beach airport.

"I wanted to retire here," information technician Mike Brown, 53, said as he left the meeting. "I'm sad. This is possibly the end of an era. But Boeing will go on, and I hope to go on with them."

The Chicago-based aerospace giant stressed that it would aggressively seek additional customers for the C-17 and continue to push Congress and the Air Force for orders that could keep the assembly line running beyond the expected closing date.

"We haven't given up," said Ron Marcotte, vice president of Boeing Global Mobility Systems.

Although the company has enough orders to keep the plant open for three years, many suppliers will quickly feel the pain of Boeing's stop-work directive.

About 700 contractors employing 25,000 workers, 5,700 of them in Southern California, make parts for the C-17, Boeing said, including landing gear, control surfaces and electronics.

Boeing is issuing the order now because lead times for parts can be as long as 34 months. Without additional buyers for the C-17, Boeing would be ordering parts for planes that might never be built.

"We are sorry to see the C-17 program come to an end," said Irv Freund, vice president of sales and marketing for M.C. Gill Corp. in El Monte, which makes crew seats and other components. "We supported it not just from our two Southern California facilities but also from our facility in Maryland."

Freund said his company, which also supplies Boeing's thriving commercial airliner business, should be able to avoid layoffs despite the loss of the C-17 work.

Boeing's action increases pressure on Congress and the Air Force to decide the future of the C-17, which transports troops and heavy equipment to trouble spots around the globe and delivers relief supplies to disaster areas. Cutting the supply chain now will make it more expensive to build planes in the future if the Air Force decides to request more, Boeing warned.

The Air Force has ordered 180 C-17s, of which 154 have been delivered. A bill that would earmark funds for three more of the planes, which cost about $200 million apiece, is expected to go to the full Senate next month.

"It would truly be a shame to prematurely close down production of one of the great workhorses of our military," Sen. Dianne Feinstein (D-Calif.) said in a statement.

Air Force officials have praised the C-17, also known as the Globemaster III, but funding a new fleet of airborne refueling tankers has been a higher budgetary priority for the service.

However, given the heavy use the plane has logged in flights to Iraq, Afghanistan and other far-flung locales, "it is prudent to discuss additional C-17s if the financial resources are there," an Air Force spokesman said.

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At least one expert believes that the C-17 has a fighting chance.

"Not only is the plane strategically irreplaceable, it's also politically popular," said Richard Aboulafia, an aerospace consultant with Teal Group. "It's not very likely that they'd shut it down after fewer than 200 planes have been delivered, with the existing fleet being worn out much faster than expected and no replacement in sight.

"It all adds up to a pretty good chance of survival."

Indeed, the prospect of additional C-17 orders — 15 from foreign governments and the three pending in Congress for the Air Force — allowed Boeing to push back the planned closing date for the plant, which before Friday was December 2008.

"What we're overlooking is that it wasn't that long ago we were talking about 180 airplanes," Boeing executive Marcotte said. Now we're talking about 180 plus 18."

That wasn't enough of a reprieve to lift the spirits of Boeing workers in Long Beach who got a gloomy glimpse of their future Friday.

Given the outlook, it wouldn't make much sense to just keep working and hoping for new orders, said systems administrator Ruth Riley, 41, who has worked for Boeing for 18 years.

"I love my job, but I will start weighing my options," the Los Angeles resident said. "I will look inside the company first."

Co-workers Ed Mitchell, a 60-year-old engineer, and Richard Petersen, a 78-year-old cost analyst, were among those who wondered why the Globemaster wasn't getting stronger backing from the Pentagon.

"These are generational wars we are fighting," Mitchell said. "They will go on for years, and we will need this aircraft."

A friend, seeing Mitchell and Petersen talking to a reporter, pulled her car to the curb long enough to shout defiantly, "This is not over. We are going to fight for this program!"

But not Petersen. "I've already retired four times," he said. "This will be my last job."

Nearby businesses are also concerned.

"I thought this was a promising location, but it hasn't turned out that way," said Ulises Leon, whose Subway sandwich shop draws Boeing employees in large groups, even on weekends.

Long Beach officials estimate that the C-17 program contributes $831 million a year to the local economy. They note that plant workers live throughout Southern California and suppliers are dotted from Chatsworth to San Diego, spreading the effects well beyond the city.

"It will be a big hit for Long Beach if the plant closes, and it will be an equally big hit for the region," said Robert Swayze, the city's manager of economic development.

It would be especially tough to lose jobs that pay an average of $65,000 a year in an area with an average annual wage of $40,000, said Joseph Magaddino, head of the economics department at Cal State Long Beach.

One bright spot: The 120-acre factory site could find ready takers for redevelopment.

"It's awfully valuable real estate," said Robert Alperin, senior director of brokerage Cushman & Wakefield. "Those kinds of parcels are scarce" in Southern California.

The Long Beach plant's demise would end the age of airplane manufacturing in Southern California that stretches back to the early 20th century. It features such legendary pioneers as Donald Douglas, Charles Lindbergh, Amelia Earhart, Jack Northrop and Howard Hughes. The plant was built by Douglas during World War II and at its peak employed 50,000 people.

"It's a sad moment, not only because of the job losses but because it really is an end of an era," said Magaddino of Cal State Long Beach.

"So much of Southern California's history was associated with the development of commercial and military aircraft."

End Of An Era In Long Beach (LAT)

By Paul Thornton

The Los Angeles Times, August 19, 2006

Cancellation of the C-17 means Southern California may be done with the airplane-building business by 2009, unbelievable as that sounds.

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THE HANGARS are intimidating and massive from the outside. But inside, the activity is so scarce you can hear your voice echo. It wasn't always this way for the aircraft factories at Long Beach Airport. Since opening in 1941, this facility has twice come near permanent closure, only to be saved by corporate mergers. This time, though, Long Beach's iconic Boeing plant probably won't get its miracle.

Boeing announced Friday that it had finally seen the writing on the wall — the company will wind down production of the C-17 aircraft because the Pentagon won't commit to ordering any more. Assembly of the military cargo jet, the last big plane manufactured in Southern California, will probably end in 2009. Despite a strong lobbying effort to save the assembly line and its 5,500 jobs, Congress has refused to set aside the billions of dollars needed to make the Pentagon change its mind.

For those of us who grew up here, it's an idea that would have seemed impossible two decades ago: In three years' time, no more big jets will be built in the Southland.

In March, I toured the Long Beach factories to see the last locally produced commercial jet make its way down the assembly line. The 110-seat Boeing 717, inherited from the company's 1997 purchase of McDonnell-Douglas, occupied just a tiny patch of the hangar's seemingly endless floor.

The rest of the massive building was dark and quiet. On the floor were trolley lines for planes and bike paths with stop signs where they intersect, a testament to the factory's bustling, long-vanished heyday. Over a raised platform, hundreds of yards from the plane, hung a bell that used to be rung when a new order was phoned in. It has been silent since 2004.

Not too far from the 717 building was a fenced-off lot on which a hangar was recently bulldozed to make way for homes and offices. At the height of World War II, these factories churned out a plane every two hours and employed about 50,000 workers. The Long Beach facility saw thousands of DC-3s, a legendary 1940s workhorse, roll off its assembly line. At the peak of Cold War production, more than 100,000 Southern Californians worked in airplane manufacturing alone.

Growing up in Glendale, I often heard kids my age brag that their parents helped build planes in Burbank, probably at Lockheed's ultra-secret Skunk Works plant near the airport (that factory moved to Palmdale in 1989). It seemed as if everyone in Los Angeles had a friend or relative who worked in aerospace. Now, the old buildings, where they exist, look and feel like giant sarcophagi.

The silver lining in this great collapse is that the world is no longer on the brink of nuclear war between the Soviet Union and the United States, a threat that fueled generations' worth of good aerospace jobs. Still, as an aviation nerd, it was a somber experience to visit the Long Beach factories and see what's left of a once-proud industry.

I couldn't make it to Long Beach in May when the last 717 took off on its delivery flight to AirTran Airways. But I plan to save the date in 2009 to bid farewell not only to the final C-17 coming off the line, but to a long, important and, I hope, not forgotten chapter in the Southland's history.

Boeing Implements First Phase Of C-17 Cargo-Plane Shutdown (WSJ)

By Jonathan Karp

The Wall Street Journal, August 19, 2006

Boeing Co. took the first step toward shutting down production of its C-17 military cargo plane by notifying suppliers to stop work on planes that don't have confirmed buyers.

Friday's move was expected after Boeing warned that it couldn't afford the risk of continuing to fund subcontractors without additional C-17 orders from the Pentagon. Boeing has nearly 700 suppliers, and executives said the decision could have immediate impact on a few major components makers, including Honeywell International Inc., Goodrich Corp. and Vought Aircraft Industries Inc.

Boeing has enough orders to keep making the big jet-powered transport plane until mid-2009 but said it had to make Friday's decision because some parts must be ordered 34 months in advance.

Ron Marcotte, Boeing vice president in charge of global mobility systems, said the company would need an Air Force commitment to buy about 10 planes -- worth a total of $2 billion -- in the fiscal-2008 budget in order to extend the production line. "This is reversible," he said of the decision to move toward closure. But he cautioned that the longer the delay in winning new

orders, the higher the cost of producing future planes. The C-17 currently costs about $200 million for the U.S. Air Force and $220 million for international customers.

Boeing has been scrambling to secure fresh Pentagon commitments for the C-17, a highly praised workhorse in Iraq and disaster-relief operations. But severe budget pressures have kept the Pentagon from pledging to buy more than the 180 C-17s under contract. Recent international orders and congressional support for funding three more planes aren't enough to keep the line open indefinitely, Boeing executives said.

Boeing has 5,500 workers at the C-17's main plant in Long Beach, Calif., and nearly 2,000 more working on the program at three other sites. Including suppliers, about 25,000 jobs in 42 states are linked to the C-17 program.

Boeing To Shut Down C-17 Production (WP/AP)

By Gary Gentile

The Washington Post/AP, August 19, 2006

LOS ANGELES -- Boeing Co. said Friday it will begin shutting down production of its C-17 cargo plane, the last to be built in Southern California, because Congress has not funded new purchases.

The decision could affect thousands of Boeing workers in four states and thousands of others employed by companies that supply parts for the C-17.

The Chicago-based company said it has told its suppliers and subcontractors to stop work on planes beyond those already on order. Boeing said it has enough orders to continue production through the middle of 2009.

The company has spent millions to keep its supply line active, in hopes Congress would authorize new purchases. But Friday, Boeing said it could no longer afford to keep the program going.

"The C-17 is one of the Defense Department's most successful acquisition programs ever," said Ron Marcotte, vice president and general manager of Boeing Global Mobility Systems. "But we can't continue carrying the program without additional orders from the U.S. Government."

The decision affects long lead-time items purchased from suppliers, many of which have to be ordered as long as 34 months in advance.

The company left open the possibility that it could continue production if it receives new orders.

"This move will be the first step in an orderly shutdown of the production supply chain, should no further orders be received from the U.S. government," Boeing said in a press release.

The move could ultimately affect 5,500 Boeing employees in California, Missouri, Georgia and Arizona who are directly tied to the C-17 program. Thousands more work to support existing planes. Boeing this week signed a contract to provide support and spare parts for the Royal Australian Air Force's C-17 fleet.

But the decision will first hit the 25,000 employees of the nearly 700 companies in 42 states that supply parts and systems for the plane, Boeing said.

The giant cargo plane, nicknamed the Globemaster III, has been used since 1991 to airlift heavy equipment and transport troops. Supporters say its ability to land on short dirt runways has helped take the load off supply trucks that come under heavy fire in Iraq and Afghanistan.

Production could be restarted if Congress approves funding, which could happen as early as next month. But restarting the supply chain would be costly and add millions of dollars to the cost of each plane _ about $154 million each.

The C-17 plant is the last major airplane factory left in Southern California, which once was a center for aircraft production. Earlier this year, Boeing delivered its last 717 passenger jet, also built in Long Beach.

NASA Picks SpaceX, Rocketplane Kistler To Build Ship (BLOOM)

Bloomberg, August 18, 2006

Aug. 18 (Bloomberg) -- NASA awarded contracts valued at $485 million to two closely held companies to develop a cargo ship to serve the International Space Station, planting the seeds for a commercial space industry.

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The contract for Commercial Orbital Transportation Services will be shared by Space Exploration Technologies Corp., also known as SpaceX, based in El Segundo, California, and Rocketplane Kistler, based in Oklahoma City. It marks the first time the U.S. space agency has hired contractors to build a spaceship that private companies, not the government, will own.

``If the commercial sector can do it safely and more cost effectively, it makes sense to buy that service," Scott Horowitz, a former astronaut and NASA's associate chief for exploration systems, said today on NASA TV. The space agency would be one of the potential customers, including private clients, that could buy rides into space.

The winners beat out two publicly traded companies, SpaceDev Inc. of Poway, California and Webster, Texas-based Spacehab Inc., along with Reston, Virginia-based Transformational Space Corp., also known as T/Space, and Andrews Space Inc. of Seattle.

The project is a bid by NASA to fill a four-year gap between the retirement of the space shuttle fleet in 2010 and construction of a replacement spacecraft by 2014 that can reach the space station and the moon.

Track Record

Neither company has sent a craft into orbit, much less negotiated the complicated procedure of docking with the space station.

Both companies went a step beyond NASA's request for a cargo carrier by offering to also eventually ferry astronauts to the orbiting outpost. NASA has the option to invest more money in the human spaceflight element if the companies prove capable at carrying cargo, Dickey said.

The companies may reach milestones in the next three years, such as testing rocket engines, followed by flight demonstrations in orbit.

SpaceX will receive the larger contract, at $278 million, NASA said. The money will help the company expand its move into manned spaceflight, said Chief Executive Officer Elon Musk in a telephone interview.

``I think it could be some of the best money NASA's ever spent," he said.

Growth

SpaceX will probably increase its staff by 70 percent to 100 percent over the next year, said Musk, who has funded much of his company's growth with money he received when he sold the online- payment company PayPal Inc. to EBay Inc.

Rocketplane Kistler, which will receive $207 million, also expects to use private funds to supplement the government grant, said Will Trafton, the company's chief operating officer in a telephone interview after the announcement.

He said Lockheed Martin Corp., the biggest U.S. defense contractor, will assemble the company's fully reusable vehicle before it is flown to Australia for a launch in late 2008.

Rocketplane Kistler is jointly owned by Rocketplane Ltd. and Kistler Aerospace Corp., according to Kistler's Web site.

To contact the reporters on this story: Steven Bodzin in San Francisco at sbodzin@bloomberg.net ; Demian McLean in Washington at dmclean@bloomberg.net .

2 Companies Picked For Spaceship Project (AP-Y)

By Seth Borenstein, Ap Science Writer

AP, August 19, 2006

NASA on Friday picked two companies — both recovering from different failures — to develop a new commercial spaceship that would eventually resupply the international space station.

One company, Rocketplane-Kistler of Oklahoma City, has a long aerospace technical record but is just emerging from bankruptcy. The other company, Space X of El Segundo, Calif., is funded by the internet tycoon behind PayPal but had a flaming failure in its initial rocket launch earlier this year.

NASA plans to give the two companies nearly $500 million in "seed money" over the next five years for each to develop and test launch new spaceships. The deal would not only make the nation's space agency a regular customer, it would also give the two companies a big start in getting their rocket business going for other private uses, including space tourism.

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The two proposals are quite different. Rocketplane-Kistler's XP Spaceplane would be a completely reusable launch and land over land. Space X would launch its teardrop Dragon capsules on top of its Falcon rockets, which now liftoff from Pacific islands and land in water. Both would use a combination of liquid oxygen and souped-up kerosene as fuel.

Scott Horowitz, NASA's exploration chief who made the decision, said the two companies' recent setbacks weren't a problem because failure and high risk are part of the rocket business and the key is how you recover.

"In some cases, failure is a good thing to have on your record because that learning is behind you," Horowitz said at a late Friday press conference.

Air Force Hopes Program Will Provide An Alternative To Foreign Oil (MCT)

By Drew Brown

McClatchy Newspapers, August 19, 2006

WASHINGTON - The Air Force will begin testing an alternative fuel program next month that it hopes will help wean the U.S. military away from its dependence on foreign oil.

A flight test involving a B-52 bomber is scheduled for the end of September at Edwards Air Force Base, Calif., to determine if synthetic fuel will provide the Air Force with a substitute for conventional jet fuel.

If successful, the B-52 flight will pave the way for the additional testing of combat aircraft, ships and ground vehicles, all part of a Pentagon effort known as the Assured Fuels Initiative that began in 2001.

The program's goal is to provide the U.S. military with cleaner fuels based on secure domestic sources such as coal and natural gas.

"Our goal is by 2025 to have 70 percent of our aviation fuel coming from coal-based sources," said Michael A. Aimone, the Air Force's assistant deputy chief of staff for logistics, installations and mission support.

The Air Force consumes more than 3 billion gallons of fuel a year, more than half of all fuel used by all federal agencies, including the other military services.

A series of engine tests using synthetic fuel have gone well, leading Air Force officials to believe that the B-52 test flight will go off without a snag. Still, they plan to take precautions.

Only two of the aircraft's six engines will use synthetic fuel during the test flight, and it will be blended with conventional JP-8 jet fuel. If the two engines fail during the test, the aircraft's other six engines will be sufficient to land the plane safely, Aimone said.

As fuel prices have risen, the Air Force's use of fuel also has increased because of the wars in Afghanistan and Iraq. The Air Force spends more than $10 million a day on fuel, and every time oil prices go up by $10 a barrel, the service's fuel costs increase by $600 million a year, Air Force officials say.

"It's a national security issue for us and an economic security issue for us," said Aimone. Synthetic fuel is also much cleaner and emits no sulfur dioxide and far fewer pollutants than conventional petroleum products, he said.

According to the National Mining Association, the United States has about 267 billion tons of proven coal reserves. That's 27 percent of the world's total and enough to last the United States 241 years at the current rate of consumption, said Luke Popovich, a National Mining Association spokesman.

Coal is turned into liquid fuel through a conversion known as the "Fischer-Tropsch" process, which was developed in Germany in the 1920s. The process turns coal into gas that is then converted to liquid fuel. The process can be used to convert any hydrocarbon including natural gas and oil shale, both of which are abundant in the United States.

Nazi Germany and Japan used the process to create their own synthetic fuels during World War II because of the scarcity of oil supplies. South Africa used the process to create aviation fuel and other energy when its apartheid government was under international sanctions.

The United States government has experimented periodically with fuel production using the Fischer-Tropsch process, most recently during the gasoline crunch of the late 1970s.

The United States now has only a few makers of synthetic fuel. In early July, the Air Force contracted to purchase 100,000 gallons of natural gas-based fuel from one of them, Syntroleum Corp. in Tulsa, Okla.

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Mel Scott, a spokesman for Syntroleum, declined to disclose the price tag on the Air Force contract, but said that the per gallon price is "not competitive" with traditional fuel. The company makes all its synthetic fuel at a small 70-barrel-a-day demonstration plant in Tulsa.

Some estimate the cost at $20 a gallon.

In May, the Defense Logistics Agency at Fort Belvoir, Va., which supplies all fuel and consumable goods to the military, announced that it was seeking producers for up to 200 million gallons of synthetic fuel in 2008 for testing.

The National Mining Association says a facility that could produce 10,000 barrels of synthetic fuel a day by converting coal to liquid would cost about $1 billion to build. A plant that could produce 80,000 barrels a day would cost at least $6.5 billion and take five to seven years to build. The association says a feasible goal for the United States would be the production of at least 300,000 barrels of coal-derived fuel a day by 2015.

Currently, the only commercial synfuel plant operating worldwide is in the Middle Eastern nation of Qatar.

Steve Bergin of Integrated Concepts and Research Corp., a firm that has worked with Syntroleum on projects in the past, said construction of a commercial synfuel plant with the capacity of a standard aviation fuel facility would cost "billions."

"It would very difficult for the private sector to come up with that investment," he said. "If the U.S. is going to have a Fischer-Tropsch industry based on coal, I don't see any way to make this happen without the government being involved."

A bipartisan group of lawmakers introduced a bill in the House that would guarantee loans to build plants that produce coal-based fuel and would extend tax credits for coal-based fuel products. The bill, called the "American-Made Energy Freedom Act," also contains a provision to open up the Arctic National Wildlife Refuge to oil drilling.

Rental Aid Outstripped By Demand In Region (WP)

By Mary Otto, Washington Post Staff Writer

The Washington Post, August 19, 2006

It was not yet 5 a.m. when Sonia Faustin, 72, closed the door of her small Silver Spring apartment.

Dressed in a simple hat, yellow cardigan and print skirt and carrying a large black purse, as if heading to church, Faustin made her way in the darkness toward the bus stop. She prayed on the way: "God, let me meet someone who can help me."

She was headed to the offices of the Montgomery County Housing Opportunities Commission in Kensington to join thousands of other desperate residents rushing to get on a new waiting list for federally subsidized rental vouchers. They had this week, and this week only, to do it.

The last time Montgomery opened its waiting list was 2003. The county decided it needed a new list because information on the old one was outdated. Applications had to be postmarked or e-mailed no later than yesterday.

The computer applications started rolling in at 12:01 a.m. Monday. By the time the office opened its doors at 8:30 a.m., the line wrapped around the building. County libraries gave away 2,000 applications on Monday alone.

As of yesterday afternoon, county housing officials said, more than 15,000 people had applied. About 8,000 names were on the old list. Even for the people who are signed up, the wait will probably be long. It is unclear how long.

It is long across the Washington region, where housing costs have increased. In the District, 30,000 people are on the waiting list; in Fairfax County, more than 11,000.

"This is very, very, very important," said Faustin, a retired school cafeteria worker. She shares an apartment with her disabled daughter, Nadine, 38. Like many other renters who work at low-paying jobs or live on meager fixed incomes, they are caught in a widening gap between rising housing costs and rent they can afford.

The voucher program, formerly known as Section 8, assists about 1.8 million low-income families nationwide -- about 30,000 in the area -- by helping to pay the difference between what they can afford and the cost of decent housing.

That difference can be great in this region. The average modest two-bedroom apartment in Montgomery rents for slightly more than $1,200 a month, out of reach to a family making less than $49,000, according to statistics provided by county housing officials and the National Low Income Housing Coalition. The median income for a voucher holder in the county is $10,442.

After Faustin and her daughter pay the rent on their $1,200 two-bedroom apartment, she says, they have $200 a month left for other necessities. An older daughter, a nursing home worker, has been helping, but her budget is stretched, too.

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"It's very hard," Faustin said. A federal Housing Choice Voucher would be a boon.

Voucher holders typically pay 30 percent of their household income toward rent and utilities, and the voucher covers the rest. The county Housing Opportunities Commission administers 5,300 vouchers, each of which provides an average monthly subsidy of $950 and must be used for housing approved by the program.

But there are not enough vouchers, housing officials and advocates said.

"There are simply not enough to go around," said Linda Couch of the national coalition. "Housing authorities are really pressed against the wall. They need more federal attention. The waiting lists are massive."

Donna White, spokeswoman for the U.S. Department of Housing and Urban Development, said her agency works hard to serve as many people as it can. The $15 billion program is a substantial portion of HUD's $47 billion budget.

"Congress appropriates an allotted amount," she said.

Joy Flood, the Montgomery commission's rental assistance director, made three trips a day to the post office, carrying applications back by the palletful. Next month, a computer will select the first 100 from the waiting list. Flood says she might have about 300 vouchers available in coming months.

"The waiting list is the only tool we have," Flood said. "We do it by lottery as funding is available."

The rest of the people on the list will have to wait. It's heartbreaking, she said. "By the time they reach me or someone else, they are exhausted."

On Wednesday, after taking three buses, Faustin arrived at the housing office. It was 6 a.m., still dark. By the time the doors opened at 8:30 a.m., there were others who wanted applications, too.

The receptionist handed Faustin a form.

"Here's your application. Fill it out, and mail it in, please."

Faustin paused for a moment and sat down in the waiting room. Then she stowed the form in her large black pocketbook and headed back toward the bus stop.

"I hope everything will be okay," she said. "I am going to keep praying about it."

OTHER NEWS:

Ford Is Slashing Production 20% For 4th Quarter (NYT)

By Micheline Maynard

The New York Times, August 19, 2006

DEARBORN, Mich., Aug. 18 — The Ford Motor Company, which is struggling to keep its grip on second place in the American car market, said Friday that it would cut by one-fifth the number of vehicles it plans to build in the final three months of the year.

The slowdown represented the deepest production cuts since the industry's crisis of the 1980's. It also underscored the difficulty that Detroit, whose business relies on sales of sport utility vehicles and pickup trucks, is having as gas prices remain around $3 a gallon. Detroit's market share has dropped to its lowest level in history, while Asian brands, known for their fuel efficiency, are setting sales records.

The production cuts are the latest indication of just how difficult it will be for the Detroit companies to rejuvenate themselves. Together, Ford and General Motors are shedding tens of thousands of jobs, closing more than two dozen plants and cutting billions of dollars of costs. But those measures are effectively canceled out when automakers cannot sell the vehicles already on the showroom floors.

G.M.'s restructuring plan is aimed at reversing a $10.6 billion loss last year and its own slide in market share, which has fallen 2.5 percentage points this year, to less than a quarter of overall industry sales.

Last week, G.M. said that it would slow the production of its biggest S.U.V.'s in the second half of the year.

Industry analysts said Ford's new cuts showed how urgently it must shift its model lineup to rely less on S.U.V.'s and pickups.

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"Ford cannot continue much longer without a radical change in its business model," said John Casesa, an industry analyst with Casesa Strategic Partners. Both companies "have got to resize, restructure and reinvent themselves."

"This is only the resizing," he said.

The production cuts by Ford, which is the oldest of the major Detroit auto companies, will most deeply affect its F-series pickup truck, which has reigned as America's best-selling vehicle for the last quarter-century and makes up 30 percent of company sales. The F-series will account for more than half the production cuts.

"An unprecedented spike in gasoline prices during the second quarter impacted our product lineup more than that of our competitors because of the longstanding success of our trucks and S.U.V.'s," Ford's chief executive, William Clay Ford Jr., wrote an e-mail message sent to employees. "This action, difficult as it is, reflects an assessment of the marketplace that is conservative and more aligned with the shift in customer demand."

That demand is favoring Ford's Japanese competitors. Last month, Toyota passed Ford in monthly sales for the first time to rank as the second-biggest auto company in the American market (Ford is still ahead for the year).

Because of the cuts, Ford said 10 plants in the United States and Canada would temporarily cease production at times through the end of the year, moves that will have a ripple effect on workers, car dealers and the communities where Ford builds vehicles.

In all, Ford said it would cut 168,000 vehicles from its fourth-quarter production schedule, which is the equivalent of one point of industry market share. It is also cutting another 20,000 vehicles from its third-quarter plans, on top of previously announced cuts of 40,000 vehicles.

The moves will have an immediate impact on the bottom line at Ford, which has already lost roughly $1.5 billion so far this year. Auto companies book vehicles as sold when they leave factories for dealers, not when they are purchased by consumers. Thus, production cuts eliminate the potential for revenue and profit.

On Friday, the Standard & Poor's rating service and Moody's Investors Service said they were reviewing Ford's credit ratings for possible downgrades. Both firms already rate Ford's debt below investment grade.

Bruce Clark, a senior vice president with Moody's, said, "The truck and S.U.V. markets are falling out from under Ford much more quickly than it expected.''

Ford's stock dropped 2 percent, to $8 on Friday.

Automakers generally make smaller, more incremental cuts in production to avoid the disruption of lengthy plant closings. Under union contacts, they must pay workers whether or not the factory is operating. The last time Ford made such draconian cuts was more than 20 years ago when it faced a financial crisis that nearly forced it to seek a Congressional bailout like the one that rescued the Chrysler Corporation in 1979.

The automaker is making broad changes on a number of fronts.

This summer alone, Ford halved its dividend, announced that its second-quarter loss was deeper than it originally expected, and hired a restructuring expert, Kenneth Leet, to advise Mr. Ford on whether to sell the foreign luxury car brands it owns, including Land Rover, Jaguar and Aston Martin.

The moves coincide with an expanded role inside the company for Mr. Ford. Since July 1, he has served as Ford's de facto chief operating officer, the first time he has directed its day-to-day functions in addition to his jobs as chief executive and chairman.

In January, Mr. Ford announced the initial phase of the Way Forward plan. It called for Ford to eliminate 30,000 jobs through 2012 and close 14 factories.

That plan, criticized by some analysts as inadequate, did not take into account the prospect of continued $3- a-gallon gasoline.

In July, Detroit automakers collectively held just 52 percent of the American market, the lowest ever, while Asian companies took 42 percent, their biggest share ever.

On Friday, Ford officials contended that no one in the industry could have anticipated that gasoline prices would remain so high, even though gas prices have been climbing since 2003 and spiked last year after Hurricane Katrina.

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George Pipas, Ford's chief sales analyst, noted that pickup truck sales last year were flat compared with 2004. He said the company noticed a softening in truck sales only this April. But the decline since then has been swift. Sales of the F-series pickup fell 46 percent in July, compared with 2004, while sales of the Ford Explorer S.U.V. dropped more than 50 percent last month.

Rick Wagoner, the chief executive of General Motors, said Friday that he did not anticipate making production cuts as deep as Ford's, but he did not rule out some minor adjustments. He noted that G.M.'s planned production level for the third quarter was lower than a year ago to compensate for slower sales.

"Our inventories are in good shape," he told reporters Friday at a diner along Woodward Avenue in Royal Oak, which has been jammed throughout the week with thousands of classic cars for the Dream Cruise.

Mr. Wagoner said that G.M. had many newer models that were selling well despite the higher gas prices and that he believed that the company's new line of full-size pickups, the Chevrolet Silverado and GMC Sierra, would not suffer a significant drop-off because many buyers need a truck for work.

"The fuel-price situation has been a little surprising to everyone — certainly to us," he said. "We're all moving to react to that."

Analysts disputed Ford's contention that the high gas prices could not have been foreseen. "They might say nobody could see it coming; well, nobody but everyone in the world," said James P. Womack, co-founder of the Lean Enterprise Institute, which studies manufacturing efficiency.

"The whole deal in Motown,'' he continued, "has been a hope and a prayer that interest costs would stay low, fuel costs would stay low and the Japanese would show some restraint."

Auto companies certainly cannot be expected to predict gasoline prices precisely. Because of that, Mr. Casesa said, their manufacturing operations need to be flexible so that they can shift from one type of vehicle to another without having to idle entire factories.

Flexibility has become a hallmark of Japanese companies, particularly Toyota, which has plants in the United States that are able to turn out cars, minivans, sport utilities and pickup trucks — sometimes three different kinds of vehicles on the same assembly line.

Both G.M. and Chrysler are scurrying to make their factories more flexible, and Ford insists flexibility will be a hallmark of the Way Forward program. It has been led by Mark Fields, who was named the company's president for the Americas last fall.

Mr. Fields, previously assigned to Ford's operations in Europe, had only a few weeks to draw up the original Way Forward plan, and has repeatedly said that the program needs to be modified as circumstances change.

Now, Mr. Casesa said, Mr. Fields is under pressure to make sure his next version is on target. Otherwise, his job will be in jeopardy. "Fields has already had his free pass,'' Mr. Casesa, "and now he's on the hot seat to announce a great plan and implement it."

Mr. Womack said he was concerned about the long-term prospects for Ford, which was founded by Mr. Ford's great-grandfather, Henry Ford I, in 1903.

"There is a tragic element here or at least a bit of pathos," Mr. Womack said. "You just have the feeling that all the air is going out of all four tires as well as the spare. You're in a time of discontinuity and a sea change is at hand."

Still, Ford can count on many true believers among its customers. Bill Deater, a farmer who lives near Port Huron, Mich., said Ford would overcome its rough times and rise again. He is a loyal Ford buyer and took his bright red 1948 Ford F-1 pickup to suburban Detroit this week for the Dream Cruise. His wife drives a 1966 Mustang convertible, and the couple also own a newer Ford Expedition and an F-250 pickup truck.

"A lot of people in Michigan depend on them," Mr. Deater said. "I think they can recover."

New Model Ford Unveils Plan For Sweeping Cuts In '06 Production (WSJ)

By Jeffrey McCracken And John D. Stoll

The Wall Street Journal, August 19, 2006

Plummeting Truck, SUV Sales Signal Broad Retrenchment At No. 2 U.S. Auto Maker Ripples for Parts Suppliers

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Ford Motor Co., accelerating its restructuring amid slumping demand for trucks and sport-utility vehicles, unveiled sweeping production cuts in the U.S. and Canada that will partially shut down at least 10 plants that employ more than 20,000 people for the rest of the year.

The move to cut 21% of its North American production -- about 168,000 vehicles -- signals a growing recognition by Chairman and Chief Executive Bill Ford Jr. that the No. 2 U.S. auto maker, a storied enterprise founded by his great-grandfather, faces a painful retrenchment that will leave it substantially smaller and less U.S.-focused. As Ford sheds jobs in the U.S., it is expanding operations and purchasing in new markets such as China. Ford also is contemplating thousands of salaried job cuts, benefit cuts and more, permanent, plant shutdowns. (See a list of affected plants.)

In an email to employees, Mr. Ford hinted at a new era for the auto industry and Ford, which has long relied on its profitable trucks and SUVs, writing that the company now assumes it no longer can "count on the relatively low gasoline prices that our customers enjoyed for decades. ... No one can be pleased by the severity of this cut, which is the most aggressive reduction of a North American production plan in more than 20 years. I am satisfied, however, that we are laying a sturdier foundation upon which to build our business structure going forward."

High gasoline prices, Mr. Ford said, have sapped demand for the vehicles that long were among Ford's most profitable and expensive, including the Ford F-Series pick-up truck, Lincoln Navigator and Ford Explorer. Indeed, while Ford had anticipated SUV sales would slip this year, they have fallen to levels the company didn't expect to reach until 2010.

Though Ford said it plans to increase production of some cars, its revised plans put it on track to build fewer vehicles than in any year since the recession year of 1991. It also will be the fewest cars and trucks Ford has built in a fourth quarter since 1982. That was a recession year, while the U.S. economy is growing today, though there are signs that the pace of expansion is cooling. Ford says it sees a slowing U.S. economy for the rest of this year and into 2007.

Overall, Ford expects to produce 3.05 million vehicles in North America in 2006, including 1.13 million cars and 1.91 million trucks -- 9% below its 2005 level. It was unclear whether the cuts might be permanent. Ford already plans to close permanently 14 North American plants by 2012, and is weighing more permanent plant shutdowns beyond that. Any permanent plant closures would have to be negotiated with the UAW.

Ford's plans drew a tepid response from Wall Street. Its stock slid 2.2%, to $7.99 a share, in 4 p.m. trading on the New York Stock Exchange. The cut will trim Ford's North American profits by an estimated $1.4 billion and put the auto maker on pace to lose $4 billion in North America in 2006, estimated J.P. Morgan & Co. J.P. Morgan expects Ford to lose $1 billion, its first full-year loss since 2001.

"It's pretty ugly in the short term for Ford profits," said J.P. Morgan auto analyst Himanshu Patel. "They might get some credit from people longer term doing a capacity reduction."

Some analysts speculated Ford may now consider a company-wide early-retirement and buyout plan of hourly workers similar to one launched by General Motors Corp. earlier this year. That plan allowed GM to reduce its hourly work force of 113,000 by nearly 35,000, and slash billions in operating costs. Ford recently has limited buyouts to a few plants and estimates it will get only about 12,000 -- from a base of 82,000 -- workers to take early retirement or buyouts in 2006.

Credit-ratings agencies also reacted negatively, with Fitch Ratings downgrading Ford one notch, on par with GM at five notches below investment grade. Fitch analyst Mark Oline estimated Ford will burn through $7 billion in cash this year. Standard & Poor's Corp. and Moody's Investor Service both warned they will now review whether they need to downgrade Ford again. (See related article3.)

Beyond Ford, the cuts are likely to ripple across the industrial Midwest, where auto-parts companies are a big part of the manufacturing sector. Globally, Ford spends $90 billion a year on parts and services. Many beleaguered U.S. auto-parts suppliers already have fallen into Chapter 11 bankruptcy or are teetering as they scramble to restructure and cut jobs. Stock prices for suppliers most reliant on Ford, such as Lear Corp. and Visteon Corp., tumbled on Friday.

RESTRUCTURING PLAN

Ford's revised 2006 production plan, in thousands of vehicles

* The previously announced third-quarter plan was 670,000 vehicles (255,000 cars and 415,000 trucks).

Source: Ford Motor

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The production cuts also will likely make it more difficult for Ford to sell off its former Visteon parts plants, which get most of their sales from Ford. Many suppliers that do business with Ford are trying to sell assets, either in or out of bankruptcy court.

"There is no upside for Ford's suppliers," said Mr. Patel. "If you are a supplier, you need to get more business with the Japanese auto makers."

Ford's cuts will set off a wave of repositioning inside the company. Besides the 10 assembly plants, the cuts will also affect an unknown number of Ford engine, transmission and stamping plants. The revised plan also reduces the company's previously announced third-quarter plan by 20,000 units.

In one example of Ford's dilemma, the auto maker recently spent $300 million to re-tool a plant so it could redesign its large SUVs, the Ford Expedition and Lincoln Navigator. Those redesigned vehicles are to be launched later this year, but Ford is now looking to partially idle the Wayne, Mich., assembly plant that builds them. A Ford sales manager calls that "fairly unprecedented" at Ford.

The cuts weren't a surprise for workers at Ford's Kansas City plant, which employs about 5,000 hourly employees, said Jim Stouffer, president of United Auto Workers Local 249. But, he said, downtime there is a new phenomenon, given the dominance in the last decade of the SUV and trucks assembled at the plant -- the Ford Escape and Ford F-series. "It's contributing a sense of reality, a smack in the face that things are getting tougher," he said.

Mr. Ford has come under increasing pressure from Ford's directors to speed up cost-cutting efforts since the auto maker -- No. 2 after GM in terms of North American production -- reported a $254 million loss in the second quarter and worse-than-expected July U.S. sales. Ford also is looking to permanently close more factories and cut salaried jobs and benefits by 10% to 30%, said several people familiar with the auto maker's plans.

Ford's board is scheduled to meet Sept. 14 to review new plans, and final decisions are expected to be made public a week later, people familiar with the process said. The auto maker is expected to detail some new products at that time to allay concerns among investors that its design pipeline is weak.

In an interview, Ford sales analysis manager George Pipas said Ford will use the production cuts to clear inventory and reduce spending on sales incentives, such as discounts and rebates. As of July 31, there were 674,000 vehicles sitting unsold on Ford dealer lots. Production cuts should help lift dealer margins, which are at an all-time low due to depressed retail sales and Ford's shifting mix of sales toward lower-margin vehicles, such as passenger cars, he said.

The cuts could amplify the efforts by Detroit's auto makers to break their recent cycle of overproduction followed by binge discounting that has undermined their efforts to rebuild strong brand images in the U.S. Ford is betting that by reducing supply, it can put itself in position to firm up both new vehicle prices and the resale values of its used vehicles. GM has had some success pursuing a pricing-over-volume strategy this year, although GM's North American operations are still in the red.

In an interview yesterday, GM CEO Rick Wagoner said Ford's production cuts are indicative of an industry getting serious about introducing "stability" in inventory levels, adding, "I'm not sure that's bad news." He said GM's own production cuts also are an effort to limit sales incentives. Mr. Wagoner declined to comment specifically on Ford's moves.

Ford's plans also are the latest sign of how Detroit is starting to turn away from SUVs, which helped produce outsize profits for most of the 1990s. In many ways, SUVs were a throwback to the profit formula that worked for Detroit in the 1950s and 1960s -- big vehicles with a V-8 engine up front, rear wheel drive, lots of interior space and a commanding presence on the road -- all dependent on cheap gasoline.

But with gas prices now averaging more than $3 a gallon, consumers are switching to smaller vehicles with four cylinder engines -- segments where Japanese and Korean auto makers have both a real and perceived edge. Consumers who want the space and presence of an SUV also have more alternatives, including crossover wagons constructed from components borrowed from passenger cars. Ford, GM and Chrysler all have growing arrays of these vehicles to sell, but they tend to be less profitable, and the segment is far more competitive, as Asian and European manufacturers have strong positions in crossover segments.

While Ford anticipated continued erosion in the SUV segment, Mr. Pipas said, falling demand in the large pickup truck segment over the past four months has been a surprise. He said gasoline prices have led consumers away from Ford's best-selling pickup trucks, long a key source of profits for the auto maker, representing about 25% of Ford's global volume.

But Ford's problem isn't just that its SUVs and pickups aren't selling as they used to. It's that the cars and crossovers it sells aren't reaping competitive -- or in some cases any -- profits. To fix that, Ford ultimately will likely have to radically overhaul its product engineering operations and slash overhead to fit its costs to match the post-SUV reality. Ford also will have to invest money to speed up delivery of new models to plug gaps in its car lineup, such as the glaring failure to offer a subcompact "B" class car to compete with rivals such as the Chevy Aveo, Toyota Yaris or Honda Fit.

A key challenge now for Ford will be marketing and advertising the redesigned Expedition and Navigator, which are built at the Michigan Truck plant. Sales of full-size SUVs have tumbled this year faster than Ford expected, with Expedition sales down 38%, and Navigator sales down 17.9%. A further troubling sign: Sales of Ford Explorers are down 33% even though Ford rolled out a redesigned version late last year.

"We are trying to figure out how and how much you advertise new products that are going into segment that may be DOA," said a Ford manager familiar with the Way Forward plan. "We don't want to duplicate what happened with the Explorer."

Ford Plans To Slash US Output (FT)

By Bernard Simon In Toronto

Financial Times, August 19, 2006

Ford plans to slash its North American output for the rest of this year, with temporary shutdowns at 10 assembly plants, in a dramatic effort to speed up its turnaround plan, reduce inventories and improve the trade-in values of its vehicles.

The 103 year-old, family-controlled carmaker has come under fire in recent months for not acting as decisively as its Detroit-based rival General Motors to reverse its declining fortunes in a ferociously competitive market.

Ford said that fourth-quarter production would tumble by 21 per cent, or 168,000 vehicles, compared to a year ago. Third-quarter output will be 3 per cent lower.

The axe will fall most heavily on pick-up trucks and sport-utility vehicles. Ford's F-Series pick-ups make up more than a quarter of its US light-vehicle business and are among its most profitable models. But January-July sales were more than 12 per cent lower than a year earlier.

"They're just too heavily dependent on the F-Series", said Erich Merkle, analyst at IRN, a Michigan-based consultancy. Mr Merkle ascribed the slump in pick-up sales mainly to the slowing home construction market. Building contractors are among the vehicles' heaviest users.

Furthermore, rising fuel prices have hit demand for SUVs, such as Ford's flagship Explorer. Explorer sales are down by a third so far this year, in spite of the introduction of a new model last autumn.

Mark Fields, head of Ford's American operations, said on Friday that "we are determined to match production and inventories with consumer demand. In doing so, we'll reduce incentive spending and inventory carrying costs for our dealers."

He added that the move would improve trade-in values and "stabilise operating patterns for our plants and our suppliers".

Nonetheless, the cutbacks are a severe blow to parts suppliers with a sizeable exposure to Ford. Shares in Visteon, a former Ford subsidiary, were 3.7 per cent lower at mid-morning on Friday. Lear, which specializes in interiors, was down almost 7 per cent.

Ford announced a recovery plan, known as The Way Forward, in January with the aim of restoring its North American business to profitability by 2008. The carmaker reported a second quarter loss of $254m.

The Way Forward plan envisaged the closure of 14 factories, including seven assembly plants, by 2012, and about 30,000 layoffs.

But Ford's sliding share of a softening market has forced it to revisit the restructuring. The carmaker has said that it will announce further measures by the end of September. Analysts assume that these will include more plant closures, and deeper job and benefit cuts.

Ford is also seeking to step up its presence in the car and crossover vehicle segments where sales remain relatively buoyant.

Ron Tadross, analyst at Bank of America, told clients on Friday that while the cutbacks indicated that Ford was becoming more realistic, "they are not fixing some of their core problems such as multiplicity of brands and high fleet sales".

Ford shares were down 2.6 per cent at mid-morning on Friday.

Standard Poor's said that it might cut Ford's credit rating deeper into junk territory as a result of the production cuts' impact on cash flow.

Ford Cuts To Move Forward (FREEP)

By Sarah A. Webster, Free Press Business Writer

Detroit Free Press, August 19, 2006

In a bold bow to changing consumer tastes, Ford Motor Co. announced a dramatic 21% production cut -- mostly of its lagging F-Series pickup and SUV lineup -- for the last three months of the year that will result in downtime at three local factories and seven others nationwide.

Ford said it would build 168,000 fewer vehicles from October to December than a year ago.

While the cut could result in substantial layoffs at Ford and its suppliers, it will help the financially struggling automaker. Ford would have a chance to provide the fuel-efficient cars and crossovers that consumers want these days, and make fewer of the gas-guzzling trucks they don't.

But it's a risky gambit: The vehicles customers want are far less profitable than the big trucks they have been shunning.

And while the move may help Ford better stock its showrooms for future customers, the cutback is yet another blow for Michigan and its battered automotive industry. Ford, General Motors Corp. and local suppliers have already cut back tens of thousands of jobs in the past year.

Dearborn-based Ford's latest cut is expected to have a ripple effect on the local auto parts industry, especially Lear Corp. and Visteon Corp., where more production cuts and financial losses could follow as Ford needs fewer seats and electronics.

"No one can be pleased by the severity of this cut, which is the most aggressive reduction of a North American production plan in more than 20 years," Bill Ford, the chairman and chief executive, said in an e-mail to employees.

"I am satisfied, however, that we are laying a sturdier foundation upon which to build our business structure going forward. ... This is ... the right call for our customers, our dealers and our long-term future."

Ultimately, the aggressive production cut could be a lifesaver for the ailing 103-year-old automaker, which lost $1.4 billion during the first half of the year.

By building more of the vehicles customers want, and less of those they don't, Ford won't be saddled with parking lots full of hulking vehicles that will have to be discounted later.

Six months from now, Ford's shrewd business move could leave showroom floors full of desirable new 2007 cars and crossovers and far fewer trucks that have been less popular.

Cleaning out the showroom inventory in this manner might be a critical opening play for Ford's updated Way Forward turnaround plan, which is slated to be unveiled after a Sept. 14 board meeting, a person familiar with the company's plans said.

The updated plan might move up plant closures, such as the one previously announced for Wixom; close more plants, especially more of those that build the F-Series, and call for the elimination of even more jobs. Bloomberg reported Friday that Ford is preparing to shed 6,000 salaried jobs in North America, citing a person with knowledge of the plan.

Gov. Jennifer Granholm, who last week boasted about a new agreement with Ford that aims to save 13,000 jobs, called Ford's announcement "terrible news" in a Friday afternoon interview on CNBC.

"We want to keep every single automotive job we have," she said.

Schedules face cuts, too

Locally, Ford said it would cut schedules at plants in Dearborn, where the F-Series is built; in Wayne, where the new Expedition and Navigator SUV are assembled, and in Wixom. That factory, which builds the Lincoln Town Car and Ford GT, is already slated to be idled in 2007.

Ford officials refused to say how many workers might be furloughed at specific facilities.

Overall, however, Ford said it would cut production of cars by 5%, to 235,000 vehicles.

Pickups and SUVs, meanwhile, will take the biggest hit -- 28% -- and only 390,000 of those vehicles will be built in the October-December period.

While 10 assembly plants will cut back, the other seven in North America will run as usual or with overtime, including the Flat Rock and Wayne plants.

"People aren't buying trucks and SUVs because of the cost of gas," said Henry Fischer, 44, a skilled trades worker at the Wixom plant.

For the full year, Ford now plans to produce 3 million vehicles at its North American assembly plants -- 1.1 million cars and 1.9 million trucks -- a 9% reduction from 2005.

Ford officials said the aggressive reduction is part of the company's broader effort to accelerate its Way Forward turnaround plan, which was announced in January. That plan called for cutting 34,000 jobs and idling 14 plants.

The company acknowledged last month that it would have to cut even deeper to get back on track. Through July, sales of Ford's light trucks, a category that includes SUVs, pickups and vans, were down 16.4%. Car sales, meanwhile, were up 3.5%.

As a result of Friday's news, the credit rating agencies Standard & Poor's and Moody's Investors Service both said that they were considering downgrading Ford's credit further into junk, or speculative, territory. Ford shares closed at $8.00 Friday, down 2%, or 17 cents.

Falling pickup sales hurt franchise

While SUV sales have been falling out of favor for some time, the fall of the full-sized pickup is a relatively new and potentially catastrophic phenomenon for Ford.

At Ford, the F-Series is the franchise: Ford Motor has six brands that sold 3.2 million vehicles last year, but F-Series sales made up nearly one-third of that.

Sales in the segment are off 15.3% through July, compared to the same period a year ago. Ford is performing better than that, with F-Series sales down a lesser 12.3% this year.

August sales results won't be released until Sept. 1. But Ford's top sales analyst, George Pipas, said in an interview Friday that sales of the F-Series have continued sliding through the first half of August.

Ford Announces Deep Production Cuts (AP-Y)

By Sarah Karush, Associated Press Writer

AP, August 19, 2006

Ford Motor Co. said Friday it would temporarily halt production at 10 assembly plants between now and the end of the year, blaming high gas prices for pushing many consumers away from its pickups and SUVs and toward higher-mileage models.

Ford said the cuts will reduce the need for costly incentives to reduce bloated inventories. But they also illustrate just how out of step the lineup at the nation's second-largest automaker has become, as it loses market share to mostly Asian competitors under the watch of Chairman and Chief Executive Bill Ford.

General Motors Corp. and DaimlerChrysler AG's Chrysler Group also have been caught in the shift away from trucks and SUVs to smaller cars and crossovers as consumers seek better fuel economy. The Big Three's combined U.S. market share fell to 54.5 percent for the first seven months of 2006, down from 58.7 percent in the same period a year ago.

GM already has announced it will cut production 7 percent to 8 percent in the third-quarter.

Ford announced a turnaround plan in January that called for shedding 25,000 to 30,000 jobs and closing 14 plants by 2012. By year's end, the company was to have cut production capacity 15 percent.

Bill Ford said last month that the plan — dubbed the "Way Forward" — would be accelerated. He said Friday that the details would be revealed in September.

In response to the production cuts, Fitch Ratings downgraded Ford's debt further into junk status, while two other ratings agencies placed the company on review. Analysts said next month's announcements could include more plant closures and job cuts, as well as speeded-up introductions of new cars and crossovers.

The company said fourth-quarter production would be down 21 percent, or 168,000 units, from last year. Third-quarter production will be 20,000 units below what was previously announced and 78,000 units below last year.

For the full year, Ford plans to produce about 9 percent fewer vehicles than last year for a total of just above 3 million.

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"We know this decision will have a dramatic impact on our employees, as well as our suppliers," Chairman and Chief Executive Bill Ford said in an e-mail to employees. "This is, however, the right call for our customers, our dealers and our long-term future."

He said it was the company's biggest North American production cut in more than 20 years.

Dearborn-based Ford, which lost $254 million in the second quarter, said last month that the speed of the market shift away from trucks had taken it by surprise. Like other U.S. automakers, Ford is heavily dependent on sport utility vehicles and other trucks, which have far higher profit margins than cars. Last year, 68 percent of the vehicles sold by the company in the U.S. were trucks, compared with 58 percent for the industry as a whole.

"An unprecedented spike in gasoline prices during the second quarter impacted our product lineup more than that of our competitors because of the long-standing success of our trucks and SUVs," Bill Ford said in his note Friday.

The nation's second-largest automaker said that by better matching inventories to demand, it can avoid costly incentives and reduce inventory carrying costs for dealers.

Reducing incentives will help improve resale values of vehicles, and more rational inventories will help "stabilize operating patterns for our plants and our suppliers," Mark Fields, Ford's president of the Americas, said in a statement.

The Wall Street Journal, citing unidentified sources, reported Friday that Ford is considering shutting down more factories and cutting salaried jobs and benefits by 10 percent to 30 percent.

Ford spokesman Oscar Suris declined to comment on the report.

The new production schedule will result in temporary shutdown this year at assembly plants in St. Thomas, Ontario; Chicago; Wixom, Mich.; Louisville, Ky.; Wayne, Mich.; St. Paul, Minn.; Kansas City, Mo.; Norfolk, Va.; and Dearborn, Mich.; Ford said.

Company officials would not say what specific impact the production cuts would have on workers. In general, hourly workers placed on temporary layoff receive 95 percent of their wages through state unemployment benefits and a supplement by Ford.

The United Auto Workers had no immediate comment on the announcement.

In Louisville, which has two affected plants, Mayor Jerry Abramson said he was told by Ford executives that the Louisville Assembly Plant, which makes the Ford Explorer and Mercury Mountaineer, will be shuttered for six weeks. The Kentucky Truck Plant, one of four plants producing the best-selling F-Series pickups, will close for five weeks in the fourth quarter, he said.

Abramson said state and local officials have asked to meet with Ford officials.

The production cuts are the second time this week that slower sales have forced Ford to announce changes. On Tuesday, it said it would trim the number of dealerships it has in 18 metropolitan areas. Dealer profits declined an average of 10 percent in the first half of 2006, the company has said.

In response to the production cuts, Fitch downgraded Ford and its finance arm Ford Motor Credit Co. to "B" from "B+" and lowered its senior unsecured debt to "B+" from "BB-."

"Implicit in the production cutbacks are expectations of continued weak pickup sales that have resulted in extended inventories," the agency said. "Volume declines in Ford's pickup segment, along with continued declines in mid-size and large SUVs, are likely to accelerate revenue declines and negative cash flows in 2006."

Standard & Poor's Ratings Services and Moody's Investors Service both put Ford's credit ratings on review for possible downgrades further into junk territory.

Ford shares fell 17 cents, or 2.1 percent, to close at $8 on the New York Stock Exchange.

Bank of America analyst Ron Tadross said the cuts are a sign that "Ford is getting more realistic about its share trajectory."

Craig Hutson, an auto analyst at the corporate bond research firm Gimme Credit, said that while the cuts are aimed at matching supply and demand in the long term, "the short-term ramifications will be ugly."

"Trucks are Ford's most profitable vehicles, and the sharp decline in production volumes will make it more difficult to see any signs of a turnaround at Ford," he said in a research note.

The production cuts are likely to affect the revenues of many of Ford suppliers.

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"When our customers adjust production up or down, we obviously adjust accordingly," said Jim Fisher, a spokesman for Visteon Corp., Ford's largest supplier.

Fisher said the company was assessing the impact of Ford's cuts.

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Associated Press Writer Bruce Schreiner in Louisville, Ky., contributed to this report.

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On the Net:

Ford Motor Co.: http://www.ford.com/

Ford To Cut Fourth-Quarter N. America Output By 21% (BLOOM)

Bloomberg, August 18, 2006

Aug. 18 (Bloomberg) -- Ford Motor Co., losing money in its largest market, will slash North American production by 21 percent in the fourth quarter, the biggest drop since the early 1980s. This quarter's output will be trimmed by 11 percent.

More than half of the reduction will be in F-Series pickups, among Ford's most profitable vehicles, company sales analyst George Pipas said today. The cuts come as Ford prepares to shed 6,000 salaried jobs in North America, a person with knowledge of the plan said, on top of 30,000 jobs already being eliminated in the region by 2012.

Chief Executive Officer William Clay Ford Jr., great- grandson of founder Henry Ford, is paring jobs and closing plants as he tries to revive the North American auto operations that have been unprofitable in seven of the past eight quarters.

``The sharp decline in production volumes will make it more difficult to see any signs of a turnaround at Ford," Craig Hutson, a Chicago-based senior analyst at Gimme Credit, wrote in a report.

Ford's North American finances will worsen because the company records revenue when it ships cars and trucks to dealers. The North American unit already was under strain as sales of pickups and sport-utility vehicles decline.

The production cuts will help reduce Ford's second-half earnings by $1.6 billion before taxes, Eric Selle, a bond analyst with JPMorgan Chase & Co. in New York, wrote in a report. The figure includes savings from a health-care agreement with the United Auto Workers union that took effect Aug. 1.

Fitch Ratings cut Ford's credit rating one level to ``B," five steps below investment grade, and Standard & Poor's said it's considering lowering its ``B+" rating. Moody's Investors Service said it also may reduce its B2 rating for Ford and its Ba3 for Ford Motor Credit Co., the company's consumer-finance arm.

Shares Decline

Shares of Ford fell 17 cents to $8 at 4:03 p.m. in New York Stock Exchange composite trading. The stock has tumbled 51 percent since Bill Ford became CEO in October 2001, while the S&P 500 Index climbed 21 percent in the same period.

A Ford spokesman, Oscar Suris, declined to comment about plans to cut the additional 6,000 salaried jobs, saying the company will disclose its strategy next month.

Ford announced its ``Way Forward" restructuring plan in January, including the 30,000 job cuts to be completed by 2012. The company said in July it would accelerate restructuring after recording a $1.44 billion first-half loss, led by losses in North America.

Ford's sales of its U.S. Ford, Lincoln and Mercury brands fell 9.8 percent this year through July, and sales slid 9.7 percent overall. Ford hasn't gained U.S. market share since 1995.

GM's Wagoner Speaks

General Motors Corp. CEO Rick Wagoner, talking to reporters at an appearance today in Royal Oak, Michigan, declined to comment on his company's fourth-quarter production plans in North America. GM will discuss that subject when it announces August sales on Sept. 1, he said.

Third-quarter production in the region is ``locked in," Wagoner said. GM has forecast it will build 1.05 million cars and trucks in North America during the three months ending Sept. 30.

Ford's cuts announced today will shrink its North American output by 8.6 percent to 3.05 million cars and trucks this year. The automaker is ``getting product and inventory lined up with consumer demand," Pipas said.

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Fourth-quarter production will be trimmed by 168,000 cars and trucks, to 625,000, Ford said. Production this quarter will be 650,000 vehicles, down from 728,000 a year ago and a previously announced plan of 670,000. More than half the production cuts involve the F-150 pickup.

Pickups, SUVs

Ford's SUV sales fell through 2005. F-Series sales, Ford's top-selling line of vehicles, began to drop during the second quarter and were down 12 percent for the first seven months of 2006.

The automaker now expects to miss its 2006 sales target of 900,000 F-Series trucks, Pipas said in the interview. Ford sold more than 900,000 of the pickups in the U.S. in 2004 and 2005.

Ford said in a statement that factories in Kansas City, Missouri; Norfolk, Virginia; Dearborn, Michigan; and Louisville, Kentucky, that produce F-Series trucks will have temporary shutdowns between now and the end of the year.

Other facilities scheduled for such shutdowns include a St. Thomas, Ontario, factory makes the Crown Victoria sedan; a Chicago plant that makes the Five Hundred and Montego sedans; a Wixom, Michigan, factory that assembles the Town Car sedan; a Wayne, Michigan, plant that produces the large Expedition SUV; and a St. Paul, Minnesota, plant that makes the small Ranger pickup.

The Wixom plant is set to close next year as part of the restructuring plan announced in January, while the Norfolk and St. Paul plants are scheduled to shut in 2008.

Ford's Suppliers

The production cut ``has the potential to send those suppliers heavily tied to Ford into bankruptcy," said Erich Merkle, an auto analyst at consulting firm IRN Inc. in Grand Rapids, Michigan.

Partsmakers that do significant business with Ford include Visteon Corp., Lear Corp., BorgWarner Inc. and Magna International Inc., Ron Tadross, a New York-based Bank of America analyst, wrote in a report today. Lear, which makes seats for the Expedition, gets about 25 percent of its revenue from Ford, according to U.S. regulatory filings.

``The F-150 for years has been every supplier's favorite contract," said Marc Santucci, an analyst at Lansing, Michigan-based ELM International. The F-150 accounts for about 60 percent of F-Series sales.

Suppliers' Shares

Shares of Visteon fell 19 cents to $9.06. Lear shares declined $1.47 to $21.01. Shares of BorgWarner dropped $2.07 to $58.65. U.S. shares of Magna lost $1.32 to $71.01.

Ford's 7.45 percent bond due July 2031 fell 1.25 cents on the dollar to 77.5 cents on the dollar. The yield rose to 9.9 percent from 9.73 percent.

The perceived risk of owning Ford's debt increased in the credit-default swap market. Contracts based on $10 million of Ford debt climbed to $650,250 from $636,000 yesterday, according to data compiled by Bloomberg.

Credit-default swaps are financial instruments based on corporate bonds and loans that are used to speculate on an increase or decrease in indebtedness.

To contact the reporter of this story: Bill Koenig in Southfield, Michigan, at wkoenig@bloomberg.net

Detroit Waves Flag That No Longer Flies (WP)

By Sholnn Freeman, Washington Post Staff Writer

The Washington Post, August 19, 2006

Congress Embraces Jobs, Growth Created by Foreign Carmakers

Sen. Lamar Alexander has backed a measure to outlaw burning of the American flag and supported a move to recognize English as the national language. He also takes what he calls a pro-American stance on issues related to the U.S. auto industry, but his view doesn't sit well in Detroit.

Alexander believes that for the sake of jobs and economic growth, Detroit's automakers have no choice but to embrace the forces of globalization. His view, echoed by many of his congressional colleagues, reflects a growing acceptance of the swelling numbers of Japanese, German and Korean autos built and sold in the United States.

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Foreign-based automakers employ 101,000 people, according to the Association of International Automobile Manufacturers, a District-based lobbying group for the overseas automakers. In the next three years, these manufacturers will invest $9 billion in new factories, adding 9,000 more jobs.

This growth helps explain why scarcely a murmur of discontent has been raised -- outside of Michigan -- over a potential alliance between General Motors Corp. and two foreign automakers, Nissan Motor Co. of Japan and Renault SA of France. It also provides insight into why Congress has resisted pleas from Detroit's Big Three to turn their high labor and health-care costs into a national priority.

"There's a new definition of the American auto industry," said Alexander, a Republican from Tennessee. "Twenty-five years ago, it was the Big Three companies in Detroit. Now the definition is any company that makes a substantial number of cars and trucks in the U.S. and has a big payroll here, pays big taxes here and buys supplies here."

Supporters of Detroit's automakers say the changing view is partly the result of partisan politics, but others say U.S. sentiment has shifted gradually in line with the realities of the global auto market. Today, Chrysler is part of a German company. Nissan is constructing a new North American headquarters in Tennessee, where it already has a car assembly plant. Alabama is home to major manufacturing facilities of Mercedes-Benz, Honda Motor Co. and Hyundai Motor Co. In all, foreign manufacturers operate 16 assembly plants on American soil, with a 17th opening soon, compared with 48 run by U.S. automakers.

"When you have imported cars with such a ubiquitous presence -- and many of them made in the U.S. now -- it makes this a far less sensitive issue for many Americans," said Harley Shaiken, a labor economics professor at the University of California at Berkeley.

While foreign-owned plants have sprouted in many parts of the country, most have chosen to set up in the nonunionized South. Alexander said that with their wide-ranging operations in the United States, the foreign automakers have altered the political game book.

"Nissan has great support because of its new plant in Canton," Mississippi, he said. "Kentuckians are proud of Toyota because they are in Lexington. Ohioans like Honda. And South Carolinians are proud of BMW because it has a plant there."

Senators whose states have attracted foreign auto plants -- and jobs -- not surprisingly are proponents of globalizing the U.S. market. Sen. Richard C. Shelby (R-Ala.) said Detroit automakers need to revamp their business model.

"The way they do business has to change or they won't be around," Shelby said. "The competition has been brought to our shores. We learn from each other. There is a lot that our automobile manufacturers can learn in the world."

The Detroit automakers, however, contend that the pressure from overseas should raise alarms in Washington. The U.S. companies, struggling to revive their fortunes by slashing costs, benefits and payrolls, are troubled by what they perceive as an unsympathetic ear from Congress and the White House. They say the lack of a U.S. auto policy is putting them at a disadvantage to their fast-rising foreign rivals.

"If you look around the world, most countries have a version of economic patriotism," said Robert Lutz, GM vice chairman in charge of global product development. "They are proud of their own industries. The U.S. is the only major country that, if anything, has negative economic patriotism. I think some people in the United States, in leading government circles, actually detest the American automobile industry. They don't like us."

Lutz said foreign automakers have been "very clever" in building political support for their U.S. operations. He said their decisions on where to locate plants are not based only on economic factors but also on how many representatives and senators the carmakers can win to their side.

Mark Fields, president of the Americas division of Ford Motor Co., who is leading an overhaul of the No. 2 automaker's U.S. operations, blamed inconsistent government and industry collaboration for a "steady exodus" of U.S. auto jobs. Speaking to industry officials in Traverse City, Mich., last week, Fields said the "dismissal" and "cynicism" for U.S. automakers is "like nothing I've ever seen."

In contrast, Fields said, government and consumers in Asian countries view auto manufacturing as a strategically important industry that deserves support. Fields said that in the past four years, Detroit automakers have spent nearly $39 billion in the United States to develop new technology, more than foreign automakers have spent in America over the past 25 years.

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Richard E. Dauch, co-founder and chief executive of Detroit-based auto parts supplier American Axle & Manufacturing, questioned whether GM needed help from Japanese and French automakers to help solve its U.S. problems. "We don't need to have the French running America," Dauch said to applause from the audience at the Traverse City gathering.

Sen. Debbie Stabenow (D-Mich.) said she was cautious about an alliance. Her focus, she said, is on keeping jobs in the United States and in Michigan, where GM is the largest private employer.

Leaders of the United Auto Workers union are cool to a possible deal, a stance that could be a stumbling block if negotiations progress. Alan Reuther, the UAW's legislative director in Washington, said the biggest obstacle to getting Washington to consider the problems of Detroit's automakers is GOP dominance of the federal government. "The Republicans are in control here, not us," he said.

When the oil crisis of the 1970s led to a rapid expansion of imported cars, Detroit attracted much greater sympathy. The nation was in a recession, with high interest rates and inflation. There was fear of Japan's growing economic power. In the early 1980s, the continued strength of imported cars and the possible failure of Chrysler provoked an intense national debate, leading to Chrysler's federal bailout and a voluntary restraint on Japanese imports negotiated by the Reagan administration. The Japanese and other foreign automakers responded by building plants in the United States.

Alexander was instrumental in getting foreign automakers to set up operations in the South. But the factories weren't welcome at first. At a Nissan plant groundbreaking in Smyrna, Tenn., in 1981, Alexander remembers, there was a protest where tacks and nails were spread out. News reports at the time indicated a law enforcement officer was knocked unconscious by a brick and a truck to be used in the event was vandalized.

"We had to walk through it," Alexander said. "The ugliness of the union demonstration backfired. It created a lot of goodwill for Nissan. There's been nothing but goodwill ever since."

Sen. Thad Cochran (R-Miss.) said "the lines are blurring" between an American company and a global one. Two years ago, Nissan completed a $1.4 billion investment in a plant north of Jackson, Miss., providing jobs for 4,100 employees. It assembles several models, including the Titan pickup and the Armada sport-utility vehicle. Some are headed to markets outside the United States, including China, Taiwan, Mexico and Canada.

Meanwhile, the U.S. automakers are undergoing a major restructuring. GM is closing all or part of 12 North American plants or production facilities and eliminating 30,000 jobs. Ford announced yesterday that it will cut production in the fourth quarter by 21 percent and earlier said it plans further job cuts. With the job losses, the Detroit automakers will employ 335,000 workers, still about three times the employment of foreign-owned car manufacturers. The Detroit companies spend $188 billion a year in the United States on auto parts, while the foreign makers lay out $50 billion, according to the Automotive Trade Policy Council.

Lutz said people who believe that foreign automakers would fill the void if Detroit automakers were allowed to "go down the tubes" are seriously mistaken. "Believe me, there is no comparison in terms of the number of jobs, the number of suppliers we use, the number of raw materials we purchase in the United States," he said.

He encouraged federal lawmakers to get out of Washington, talk to GM employees and test drive American-built vehicles. "I think some of these folks -- I know they are very busy, but they don't get out much. And they drive Japanese or German cars and they think Detroit is some horrible place in the Rust Belt. You hope that over time we can educate them."

Graphics editor Karen Yourish contributed to this report.

Dow Adds 2.6%, Nasdaq Rises 5.2% For Week (WSJ)

By Peter A. McKlay

The Wall Street Journal, August 19, 2006

Stock prices continued to edge higher Friday, with technology shares helping to propel the Nasdaq Composite Index to its best weekly gain in more than three years.

Blue-chip shares also jumped, with the Dow Jones Industrial Average adding 46.51 points, or 0.4%, to end at 11381.47, gaining 2.6% over the course of the weeklong rally.

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The Nasdaq rose 6.34 points, or 0.3%, to 2163.95 on Friday, completing a five-session winning streak that added 106.24 points, or 5.2%, for the week.

The blue-chip average was driven largely by rallies in two of its components. Shares of tobacco company Altria Group rose 3.9% in response to a court ruling late Thursday. A federal judge had decided cigarette makers violated racketeering laws, but the judge stopped short of ordering financial remedies, and many investors figured the ruling will give Altria the ammunition needed to accelerate its planned breakup.

The Dow industrials' other big gainer was Microsoft, whose shares added 4.3% on Nasdaq after the software maker extended the period during which it will buy back its own shares under a previously announced plan.

For the technology sector, the rally in Microsoft was partly offset by woes at another bellwether, Dell, whose shares fell 2.9% in the wake of a disappointing earnings report and a regulatory investigation.

"The industry as a whole is doing reasonably well," said technology analyst Richard Stice, of Standard & Poor's Equity Research. "But with Dell in particular, I think there's a problem with the execution of their plan." The analyst pointed to Dell's pricing, which he said seems too high to please consumers but also not high enough to maximize the company's revenue.

The broad Standard & Poor's 500-stock index rose 4.82, or 0.4%, to 1302.30, its first finish higher than the psychologically important 1300-point level since mid-May. For the week, the S&P 500 gained 2.8%.

In major U.S. market action:

Stocks1 and bond prices rose. The 10-year note gained 7/32 point, or $2.1875 for each $1,000 invested, pushing the yield down to 4.843%.

The dollar declined. Against the Japanese currency, the dollar fell to 115.78 yen, compared with 115.94 Thursday. The euro edged up to $1.2830 from $1.2829.

U.S. Stocks Climb For Fifth Day, Led By Oil Shares, Microsoft (BLOOM)

Bloomberg, August 18, 2006

Aug. 18 (Bloomberg) -- U.S. stocks rose for a fifth day, the longest streak in five months, as a rebound in oil prices boosted energy shares and Microsoft Corp., the world's largest software maker, announced a $36 billion share buyback.

Exxon Mobil Corp., the biggest publicly traded oil company, helped lead the advance. Altria Group Inc. jumped after a judge ruled that the maker of Marlboro cigarettes won't have to spend billions of dollars on anti-smoking programs.

Government reports that suggested the Federal Reserve is taming inflation spurred a rally this week. The prospect that the Fed will keep interest rates steady helped stocks recover today from initial losses tied to a drop in consumer confidence.

``We've had one good piece of inflation news after another," said Eric Green, who helps manage $3.5 billion at Penn Capital Management in Cherry Hill, New Jersey. ``It's looking more and more likely that the Fed is done. There are a lot of positive winds in the market."

Signs of slowing inflation have pushed stocks higher every day this week, marking the longest such streak for the Standard & Poor's 500 Index since the six-day period ended March 17.

The S&P 500 gained 4.82, or 0.4 percent, to 1302.30. The Dow Jones Industrial Average rose 46.51, or 0.4 percent, to 11,381.47. Both gauges are at their highest levels in three months. For the week, the S&P 500 and the Dow advanced 2.8 percent and 2.7 percent, respectively.

Nasdaq's Gain

Microsoft's rise helped push the Nasdaq Composite Index to the best weekly gain in more than three years. The gauge jumped 5.2 percent this week and added 6.34, or 0.3 percent, to 2163.95 today.

The University of Michigan's preliminary index of consumer sentiment dropped to 78.7 from 84.7 in July as spending waned amid higher gasoline prices and terrorism fears. Economists forecast a drop to 83.8.

``The market is clearly anxious about the economy," said Bob Sitko, who helps manage $600 million at USAA Private Investment Management in San Antonio. ``The question is whether we'll see a soft landing or a hard landing."

China increased its benchmark lending and deposit rates simultaneously for the first time in two years to curb an investment boom that may lift inflation, calling into question the outlook for growth worldwide.

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The People's Bank of China raised the one-year lending rate 27 basis points to 6.12 percent. The one-year deposit rate was lifted by the same amount to 2.52 percent.

Energy Shares

A gauge of energy shares advanced 1.5 percent for the biggest gain among 10 industry groups in the S&P 500 as oil prices advanced for the first time in five sessions.

Crude oil for September delivery rose 1.5 percent to $71.14 a barrel in New York. Shares of Exxon jumped $1.02 to $69.10.

Microsoft climbed $1.09 or 4.4 percent, to $25.79 for the top gain in the Dow average. The company raised its buyback after investors tendered $3.8 billion in shares in an offer that expired last night, missing a goal of $20 billion. Microsoft boosted stock repurchases by $16 billion to make up the difference.

Altria, the parent of Philip Morris USA, rose $3.22, or 4 percent, to $83.97 for the second-best performance in the Dow average. A federal judge ruled Philip Morris and other U.S. cigarette makers violated anti-racketeering laws by marketing low-tar cigarettes as healthier alternatives than full-flavored brands.

U.S. District Judge Gladys Kessler declined to order the companies to fund programs to help people quit smoking. The government had sought billions of dollars from them for such efforts. Reynolds American Inc. added 91 cents to $64.98.

Dell Falls

Dell Inc. lost 64 cents to $22.16. The company said earnings tumbled 51 percent to $502 million in the second quarter. Chief Executive Officer Kevin Rollins said in an interview that he cut prices ``aggressively'' in the quarter.

The PC maker also said the U.S. Securities and Exchange Commission requested information relating to revenue recognition and other accounting and financial reporting matters for past years. As part of its own investigation, Dell found some ``potential issues'' that are unlikely to have a ``material impact'' on finances, it said.

Ford Motor Co., the second-largest U.S. automaker, dropped 17 cents to $8. The company will cut North American production by 21 percent in the fourth quarter, the biggest drop since the early 1980s, and 11 percent in the current quarter in response to falling U.S. sales.

Ford

The company is also preparing to eliminate 6,000 salaried jobs in North America next month, said a person with knowledge of the plan.

About five stocks rose for every four that fell on the New York Stock Exchange. Some 1.34 billion shares changed hands on the Big Board, 20 percent less than the three-month daily average.

TiVo Inc. jumped 53 cents to $7.02. The company that pioneered the market for digital-television recorders said a judge ordered EchoStar Communications Corp. to stop selling competing products that are infringing TiVo's patent. The judge ordered EchoStar to pay TiVo about $90 million in damages. EchoStar fell 30 cents to $32.45.

Gap Inc. slid 65 cents to $16.65. The largest U.S. clothing chain reduced its profit forecast this year to as much as $1.12 a share, down from as much as $1.27 a share. Prudential Equity Group LLC's Stacy Pak cut her rating on the stock to ``neutral weight'' from ``overweight.''

Spiders, QQQQs

S&P 500 shares, called Spiders, rose 66 cents to $130.69. Nasdaq-100 tracking shares, known by their QQQQ symbol, gained 6 cents to $38.79.

S&P 500 futures expiring in September increased 6.1 to 1307.10 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures rose 7.25 to 1585.

The Russell 2000 Index, a benchmark for companies with a median market value of $581 million, gained 0.1 percent to 711.68.

The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, climbed 0.3 percent to 13,014.67. Based on the change in the Wilshire, the value of stocks increased by $55.5 billion.

U.S. Economy: Consumer Optimism Wanes On Terror Fears (BLOOM)

Bloomberg, August 18, 2006

DOJ_NMG_0051264

Aug. 18 (Bloomberg) -- Terrorism fears and higher gasoline prices unexpectedly drove confidence among U.S. consumers this month to its lowest level since October.

The University of Michigan's preliminary index of sentiment declined more than forecast, to 78.7 from 84.7 in July. Waning optimism threatens to slow consumer spending, which accounts for about three-fourths of gross domestic product.

The survey ends a week of figures pointing to a continuing slowdown in the economy that may allow the Federal Reserve to keep interest rates unchanged after ending a two-year credit tightening last week. The conflict in Lebanon, which drove energy prices higher, and news of a foiled plot to blow up airliners probably contributed to the decline in confidence, economists said.

``The headline news about the foiled terror plot and high gasoline prices are rattling consumer attitudes," said Richard Yamarone, chief economist at Argus Research in New York. ``This helps the Fed's cause of pausing in the interest-rate cycle."

The university's report also showed an increase in inflation expectations, possibly a reflection of the rise in energy costs earlier this month. Consumers in the Michigan survey said they expect an inflation rate of 4.2 percent in one year, up from 3.2 percent in the July survey and the highest since October 2005.

Excluding September and October, when inflation expectations jumped in the aftermath of hurricanes Katrina and Rita, the one-year price reading would be the highest since December 1990, during the run up the 1991 Persian Gulf War.

`Heavy Burden'

The average price of a gallon of regular gasoline jumped to $3.01 in the first two weeks of August, from $2.97 in July, according to the American Automobile Association. The price has since declined to $2.97, as of yesterday.

``The increase in oil prices has hurt consumers," said Kristine Brittingham, an economist at Countrywide Securities in Calabasas, California. ``For the lower income brackets it's a heavy burden. We've seen some of it trickle into the numbers a retailers such as Wal-Mart."

The Michigan index was expected to decline to 83.8 in August, according to the median estimate of 53 economists in a Bloomberg News survey. Forecasts ranged from 80 to 86. The measure has averaged 88.1 since monthly data were first compiled in 1978.

The dollar headed for a weekly decline against the yen and the euro after the confidence survey and earlier reports showing a drop in home construction and a smaller-than-expected increase in industrial production.

The U.S. currency traded at 115.79 yen at 4:22 p.m. in New York, from 115.98 late yesterday. The dollar traded at $1.2828 per euro from $1.2826 yesterday.

Guide to Future

The expectations index, which some economists view as an indicator of future consumer spending, declined to 64.5 from a July reading of 72.5.

A gauge of current conditions, which reflects Americans' perceptions of their financial situation and whether it's a good time to buy big-ticket items like cars, dropped to 100.8 from 103.5.

The preliminary Michigan sentiment index is based on a telephone survey of about 300 households. The final report for the month, due Sept. 1, will reflect about 500 responses.

The Fed kept interest rates unchanged at 5.25 percent last week after 17 straight increases, saying that economic growth has slowed and inflation pressure is likely to ease.

`Blistering Pace'

``The U.S. economy is slowing from its unsustainable, blistering pace of earlier this year," Federal Reserve Bank of Dallas President Richard Fisher said Aug. 16 in remarks at a real estate conference in Dallas.

``The housing downturn and the cumulative effect of energy and electricity price increases and higher interest rates, among other factors, are definitely having an impact on the consumer," Fisher said.

High gasoline prices are limiting disposable incomes, hurting retail sales. Wal-Mart Stores Inc. said sales at stores open more than a year rose 1.7 percent in the three months through July 31, the least in six quarters.

``Customers tell us that they are most concerned about gas prices," H. Lee Scott, chief executive of the world's biggest retailer, said on a recorded call on Aug. 15.

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Home Depot Inc., the world's largest home-improvement retailer, said earnings this year will be at the low end of its forecast. BJ's Wholesale Club Inc., the third-largest U.S. warehouse retailer, cut its full-year earnings estimate this week.

Labor Market

The July unemployment rate rose to 4.8 percent from 4.6 percent, a level that matched the lowest in five years. Average hourly earnings in July rose 0.4 percent for a second month, more than economists forecast, a Labor Department report said Aug. 4.

Initial jobless claims fell by 10,000 to 312,000 in the week that ended Aug. 12, the Labor Department said yesterday. The report indicates demand is strong enough to encourage companies to retain workers, economists said.

The housing market, which is cooling after five record years, also is damping consumer confidence. A slowdown in property values makes homeowners feel less wealthy and limits the opportunities for home-equity financing, which was a major source of cash for spending in recent years.

To contact the reporter on this story: Shobhana Chandra in Washington schandra1@bloomberg.net

Microsoft Increases Buyback Of Shares (NYT)

By Bloomberg News

The New York Times, August 19, 2006

Microsoft nearly doubled its stock buyback, to $36 billion, after an initial invitation for shareholders to sell failed to generate enough interest.

Investors tendered only $3.8 billion of shares at a price the company was willing to accept in a “Dutch auction” that expired Thursday night, missing a goal of $20 billion, Microsoft said yesterday. The company raised the buyback by $16 billion to try to make up the difference.

Microsoft started the tender to support a share price that has fallen 10 percent in two years. The failure of the tender may still be a sign of optimism among investors who are expecting the stock to rise above the price Microsoft was offering.

“Investors are figuring it’s worth more” than what Microsoft was offering, said Brendan Barnicle, an analyst at Pacific Crest Securities. For Microsoft, “it’s going to be a lot more expensive” with a buyback.

Microsoft said on July 20 that it would seek to buy back $20 billion of its shares, or about 8 percent of the outstanding stock, for $22.50 to $24.75 each. The company said yesterday that shareholders had tendered 155 million shares, or 1.5 percent of the company’s stock, at $24.75 a share.

The company completed a $30 billion stock buyback in June in half the time originally promised.

Microsoft Buyback Falls Short Of Goal But May Bode Well (WSJ)

By Robert A. Guth

The Wall Street Journal, August 19, 2006

Microsoft Corp. fell far short of a goal to buy from shareholders as much as $20 billion of its own stock.

But analysts cast the result in a positive light, explaining that investors believe the company will be able to lift its stock price over time and so were unwilling to part with their shares.

A tender offer by Microsoft closed Thursday, and Friday the company said it will repurchase 155 million shares for a total of $3.8 billion, or less than one-fifth of the amount the Redmond, Wash., software maker earmarked last month to spend for 808 million shares.

The high end of Microsoft's price range in the tender was $24.75, a price that many large investors figure they can beat in the open market. Indeed, Microsoft shares on Friday were at $25.79 in 4 p.m. composite trading on the Nasdaq Stock Market.

The result "speaks to the long-term belief that the stock is going to go up," said Howard Silverblatt, a senior index analyst at Standard & Poor's.

The buyback is the latest attempt by Microsoft to break its stock price out of a five-year rut. A combination of slower growth in its traditional personal-computer-software business, combined with heavy investment at new businesses such as online services, have held down its shares even as management has in recent years repurchased more shares and started paying dividends for the first time.

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Microsoft's shares are now behaving less like a classic "growth" stock -- driven by rapid growth in earnings and price appreciation -- and more like a "value" stock, with slower price gains but greater stability and a cash dividend.

Microsoft in July said that in addition to the $20 billion tender offer, it got clearance from its board to repurchase an additional $20 billion worth of shares by 2011. The remaining $16.2 billion will now be included in that buyback plan, Microsoft said on Friday. The amount authorized for the buyback is now $36 billion, which S&P's Mr. Silverblatt said is the biggest repurchase program of any company.

But some analysts expect that Microsoft will spend the remaining $16.2 billion by the end of the year. "We think they'll do it pretty quickly," said Charles Di Bona, an analyst at Sanford C. Bernstein & Co. "They'll probably clear up over the course of this year or sooner."

Microsoft had already been spending large sums on buybacks, including $19.2 billion worth purchased in the fiscal year ended in June and $8 billion in the prior year, according to Mr. Silverblatt.

A number of household-name companies besides Microsoft, including Cisco Systems Inc. and Exxon Mobil Corp., in the past couple of years have spent huge amounts on repurchasing their own shares.

Buybacks reduce the number of shares outstanding, in turn lifting per-share corporate earnings. The repurchased stock can also be used as a currency in corporate acquisitions or as compensation for employees.

Buying back its stock in the open market could cost Microsoft more than through a tender, and that extra expense would weigh on the bottom line. Accordingly, some analysts trimmed their forecasts for the company's current fiscal year, which ends June 30, 2007.

For example, Cowen & Co. analyst Walter Pritchard said in a research note that the new timing of the buyback would lower his forecast for Microsoft's earnings by two cents a share. He now reckons that figure will come in at $1.41 to $1.48, "depending on the magnitude and timing" of the buyback.

Hold The Champagne (NYT)

The New York Times, August 19, 2006

When this week's government reports showed tamer inflation than had been anticipated, investors almost certainly overreacted, pushing up stocks and bonds as if all was right with the economy. A slowdown is certainly preferable to an overheating economy, which raises the likelihood of much higher interest rates and widespread unemployment. But a slowdown is still bound to be painful, especially for the Americans — and they are the majority — whose wages have been stagnating through much of the current economic cycle.

Investors' jubilation was also likely a reflection of their own relief. This week's evidence of decelerating inflation has vindicated the judgment of Ben Bernanke, the new chairman of the Federal Reserve, who decided last week to pause in the two-year-old campaign to raise interest rates. That display of acumen boosted investors' confidence in his ability to correctly call the shots.

What the market doesn't seem to be considering is the possibility of problems for which the Fed has no good answers. The depth and duration of an economic slowdown will depend in large part on the ultimate fate of the housing boom. As the housing sector continues to weaken, employment could take a big hit; the Economic Policy Institute calculates that housing-related jobs accounted for 15 percent of the nation's job growth in 2005. Consumer spending could also be affected, via higher unemployment, less home-equity borrowing and a general reversal in the wealth effect — that free-spending feeling people get when their assets are appreciating.

At the same time, the slowdown is likely to weaken the dollar. Theoretically, a weaker dollar should help the economy over time by increasing American exports. But that assumes that the economies of other countries will continue to chug along, even prosper, as the United States endures a slowdown. Moreover, the ill effects of a housing decline could soon be upon us, while the potentially beneficial effects of a weaker dollar would most likely need time to take hold.

The result could be a slowdown that is more severe than currently anticipated and that could be impervious to interest rate calibrations.

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Of course, that is a scenario, not a prediction. The important point is that today's economy has problems that go beyond price inflation. The last time the Fed successfully orchestrated a slowdown — in the mid-1990's — the economy was not coming off a housing boom. The federal budget was heading toward the black, the trade deficit was a fraction of its current size as a share of the economy, and oil prices, while volatile, were relatively low.

Now is a time for watchful waiting, not uncorking the Champagne.

Young Quits Wal-Mart After Jibe (WT/AP)

The Washington Times, August 19, 2006

ATLANTA (AP) -- Civil rights leader Andrew Young yesterday quit his job as head of a Wal-Mart advocacy group after saying Jews, Koreans and Arabs had "ripped off" the black community.

Mr. Young, a former Atlanta mayor and U.N. ambassador, said he decided to step down from Working Families for Wal-Mart to avoid becoming a "distraction" amid criticism for the remarks, seen as racially offensive, in the weekly Los Angeles Sentinel.

In an interview with the newspaper, Mr. Young was asked about whether he was concerned Wal-Mart causes smaller, mom-and-pop stores to close.

"Well, I think they should; they ran the 'mom and pop' stores out of my neighborhood," the paper quoted Mr. Young as saying. "But, you see, those are the people who have been overcharging us, selling us stale bread and bad meat and wilted vegetables. And they sold out and moved to Florida. I think they've ripped off our communities enough. First it was Jews, then it was Koreans and now it's Arabs; very few black people own these stores."

Mr. Young apologized for the remarks, but said the Sentinel's report had been misread and misinterpreted. He said he decided to end his involvement with the support group for the world's largest retailer after he started getting calls about the story.

"Things that are matter of fact in Atlanta, in the New York and Los Angeles environment tend to be a lot more volatile," said Mr. Young, once a close associate of Martin Luther King.

He also said working with the group "was also taking more of my time than I thought."

Wal-Mart spokesman John Simley said the company supported Mr. Young's decision to resign and that Mr. Young's comments do not reflect Wal-Mart's views.

"We are appalled by those comments," Mr. Simley said. "We are also dismayed that they would come from someone who has worked so hard for so many years for equal rights in this country."

Mr. Simley declined to comment on how the situation might affect Working Families for Wal-Mart.

The remarks surprised Rabbi Marvin Hier, dean and founder of the Simon Wiesenthal Center in Los Angeles, who pointed to Mr. Young's reputation for civil rights work.

"If anyone should know that these are the words of bigotry, anti-Semitism and prejudice, it's him," Rabbi Hier said. "I know he apologized, but I would say this: ... During his years as a leader of the national civil rights movement, if anyone would utter remarks like this about African-Americans his voice would be the first to rise in indignation."

Mr. Young came under fire from the civil rights community after his company, GoodWorks International, was hired by Working Families for Wal-Mart. Mr. Young's company, which he has headed since 1997, works with corporations and governments to foster economic development in Africa and the Caribbean.

In an April letter to the General Synod of the United Church of Christ, Mr. Young said it was wrong for the church and others to blame Wal-Mart for world ills.

"I think we may have erred in not paying enough attention to the potentially positive role of business and the corporate multinational community in seeking solutions to the problems of the poor," Mr. Young wrote at that time.

Different Focus In Atlanta On Young's Remark (NYT)

By Shaila Dewan And Michael Barbaro

The New York Times, August 19, 2006

ATLANTA, Aug. 18 — Andrew Young built his fame as the first lieutenant of the civil rights movement, working closely with the Rev. Dr. Martin Luther King Jr. and becoming the first black congressman from Georgia since Reconstruction.

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A street here is named after him, as is a school of public policy. And there are plans to erect a statue in his honor. So vast is his reservoir of good will, apparently, that even a racially inflammatory comment he made this week seemed unlikely to draw it down.

Instead, people who have known Mr. Young for decades seem rather satisfied that his comment that Jewish, Arab and Korean store owners had "ripped off" black neighborhoods, "selling us stale bread and bad meat and wilted vegetables" had severed his link with his most high-profile client, Wal-Mart Stores, in whose defense he made the remark.

Referring to the remarks as being singled out from a long interview, Mr. Young said Friday in a telephone interview, "I thought this was kind of below the belt."

"Now I don't blame anybody," he said, a day after apologizing for his remarks and resigning from the Wal-Mart payroll. "It was stupid of me to say in that context. No, it wasn't stupid of me. I said it in the appropriate context. But I didn't think about how it would read."

His remarks drew ire from Jewish groups and advocates of diversity, dismay from Wal-Mart executives and a slap from the Rev. Al Sharpton.

But in Atlanta, the comments became an occasion to debate the focus of the civil rights movement and the fidelity of Mr. Young, now 74, to its ideals.

"My guess is that Andy was trying so hard to run a good race on a questionable horse that he stumbled off track with his unfortunate remarks," said the Rev. Joseph E. Lowery, a longtime associate of Mr. Young.

Tom Houck, an Atlantan who worked for the King family, said, "I talked to him today and I said, 'Andy, you sleep with snakes, you're going to get bitten by them.' "

Mr. Young made his comment to a reporter from a black newspaper, The Los Angeles Sentinel, responding to a question about Wal-Mart's effects on mom-and-pop businesses.

"I was giving a rational explanation of a historic phenomenon," he explained later. "Can you talk about ethnicity objectively without it being demeaning or stereotypical?"

He added that he had also discussed black merchants who overcharged the poor.

"The way this came out it makes me sound like I'm refuting everything I've done over almost 70 years, frankly," Mr. Young said.

He defended his work, saying, "I still think that Wal-Mart is good for poor people."

Critics, many also his friends, disagreed. When Wal-Mart asked Mr. Young to become the public face of a new group called Working Families for Wal-Mart that would promote the company and rebut its union critics, an open letter signed by 57 people, mostly clergy members, accused him of siding with the "filthy rich" and "taking a stand that is diametrically opposed to everything Dr. King stood for."

Vernon Jones, one of a younger generation of black politicians who is chief executive officer of DeKalb County, Ga., home to the newest Wal-Mart store in the Atlanta region, said the company had created jobs and revitalized neighborhoods.

"No one can question the fact that Andy Young is for the little person," Mr. Jones said. "He's more for the little person than anyone I know."

In the liberal milieu of the civil rights movement, Mr. Young was never a purist. "Dr. King used to say, 'You know now Andy is my favorite Republican,' " Mr. Houck recalled.

When Mr. Young became mayor in 1982, he told the city's white business community, "I can win without you, but I can't govern without you."

He was never predictable. In 1979, he had to resign as ambassador to the United Nations after meeting a representative of the Palestinian Liberation Organization, a move that supporters now say was indicative of his willingness to listen to all sides.

He traveled to Africa for the Clinton administration and praised the Bush administration for its emphasis on "commerce as the engine for change and prosperity" there. But he has also been criticized for a close relationship with African dictators.

In the recent Georgia primaries, Mr. Young endorsed the controversial and doggedly left-wing Representative Cynthia McKinney, who lost in a runoff.

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Wal-Mart is not the first corporate client for which he has drawn criticism. In 1996, he was paid by Nike to inspect their overseas factories. He largely gave them a pass, helping Nike overcome criticism that it ran exploitative sweatshops.

Mr. Young's critics say there is no better evidence for saying he has morphed from populist to corporate mouthpiece than his relationship with Wal-Mart. Wal-Mart took an interest in Mr. Young in February 2005 when he praised it at one of its Saturday morning meetings that frequently feature politicians and celebrities.

Mona Williams, a company spokeswoman, said that during Black History Month, Mr. Young told executives that "Wal-Mart had done more for poor people than any other institution in this country."

But civil rights advocates criticize the company record. By its admission, the retailer has been slow to diversify senior ranks, turning recently to reducing bonuses unless executives improve promotions of women and minorities. The company is also the subject of the largest sex-discrimination lawsuit.

Since Mr. Young joined it, the company announced many changes, saying it would expand health insurance to the children of part-time workers, commit to sweeping reductions in energy use and promise to support small businesses, including competitors, near its proposed urban stores.

Some defenders said Mr. Young's remark was unfortunately worded, but had a grain of truth.

"In his opinion," said John Hope Bryant, the founder of Operation Hope, which fights urban poverty, "companies like Wal-Mart had simply introduced some much needed competition in our inner-city communities, helping to level the playing field for poor people.''

Barr Seeks Fed OK For Morning-after Pill (AP-Y)

AP, August 19, 2006

The manufacturer of the morning-after pill resubmitted an application Friday seeking federal approval to sell the emergency contraceptive without a prescription.

Barr Pharmaceuticals Inc. resubmitted the application to the Food and Drug Administration, company spokeswoman Carol Cox said. The company did not disclose the contents.

The FDA had asked Barr to amend its application to limit over-the-counter sales of the pills, called Plan B, to women 18 and older. The pills are now sold only by prescription in most states.

"Currently, we remain committed to an expeditious review," FDA spokeswoman Susan Bro said. Bro would not say when the FDA would decide on the application.

Barr originally applied to sell the pills to girls and women of all ages, but later amended its application to limit over-the-counter sales to those 16 and older.

The FDA told it last month it would reconsider that application if the company further amended it to limit nonprescription sales to adult women. The agency also wants details on how pharmacists would enforce the age restrictions on those sales.

Plan B contains a high dose of a drug found in many regular birth control pills that, taken within 72 hours of unprotected sex, can lower the risk of pregnancy by up to 89 percent.

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On the Net:

Food and Drug Administration: http://www.fda.gov/

Allen Flap May Give A Boost To Webb (WP)

By Tim Craig And Michael D. Shear, Washington Post Staff Writers

The Washington Post, August 19, 2006

Reenergized Va. Democrats Gain Support

RICHMOND -- The nationwide fallout from controversial remarks Sen. George Allen (R-Va.) made last week has given Democrats new hope in a race many thought would be difficult to win in the historically conservative state.

Before Allen insulted a native Fairfax County man of Indian descent, many Democratic officials were privately doubtful that James Webb could mount an aggressive challenge to the former governor and possible 2008 presidential candidate.

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But Allen's remarks to S.R. Sidarth, 20 -- which included saying "welcome to America" -- are generating new support for the Webb campaign and energizing Democratic activists.

"Before this week, I thought it would be a very tough race for Jim Webb," said Martin Tillett, a self-described Democrat who is vice president of the Spring Bank Community Association in Fairfax County. He had already opposed Allen for his conservative positions. "This week has just added fuel on the fire as far as I am concerned," he said.

Even Northern Virginia Republicans who support Allen say they are a bit worried.

Rob Jackson, 55, a lawyer from McLean, said he still plans to vote for Allen, despite what he called "a stupid remark that a senator shouldn't have said." Jackson added that the Senate race is probably closer now. "It certainly hurt George Allen," he said. "It was a dumb thing to do."

Political analysts also said they sense a more competitive race.

"If the race wasn't on Democrats' radar screen before, it is now," said Charlie Cook, editor of the Cook Political Report.

A week of national headlines -- none good for Allen -- has the potential to change the Virginia campaign from a Democratic long shot to one that could help decide which party controls the U.S. Senate next year, political analysts said. But only if Webb, who has struggled in his first run for office, can translate the temporary boost into lasting momentum.

Democratic activists across the state have complained for weeks that Webb hasn't been visible enough, was slow in hiring staff and had limited knowledge about many issues. In a debate last month, Allen forced Webb to admit he did not know about the future shipping terminal at Craney Island in Portsmouth.

Webb, an Iraq war opponent who is a former Marine and was secretary of the Navy during the Reagan administration, still faces a relentless campaigner who last month had 10 times as much to spend on his reelection bid.

Republicans say he can't win, regardless of Allen's recent remarks.

"Webb doesn't have his policy ducks in a row, and he doesn't have his campaign ducks in a row," said Sen. Ken Cuccinelli (R-Fairfax). "Is Allen running a perfect campaign? No, or we wouldn't be having this conversation. But they certainly know how to run a campaign."

Dick Wadhams, Allen's campaign manager, said: "The fundamentals of this race have not changed, which are the Democrats have a candidate who is incapable of taking a position on any issue."

Republicans also said Democrats run the risk of making too much of Allen's remarks.

Allen's comments "helped energize the other side," said Eric Lundberg, chairman of the Fairfax County Republican Party. "To the extent they keep harping on it, it will energize our own base."

Still, Democrats say Webb's campaign has been renewed because of Allen's remarks, particularly in Northern Virginia, where about 30 percent of the state's voters live. In last year's gubernatorial race, Timothy M. Kaine (D) trounced former attorney general Jerry W. Kilgore (R) by more than 20 points in some parts of Northern Virginia.

Traffic to Webb's Internet site doubled on several consecutive days this week, campaign officials said, and several Democratic leaders, including Sen. Barbara Boxer (D-Calif.), began asking their supporters to donate to Webb.

"We've always said that when Virginians got to see the real George Allen, they were not going to like what they see," said Phil Singer, communications director for the Democratic Senatorial Campaign Committee.

Because of public dissatisfaction over the war and President Bush, Larry Sabato, a political science professor at the University of Virginia, says his analysis of current polls shows that Democrats could pick up five Senate seats -- Pennsylvania, Montana, Ohio, Rhode Island and Missouri -- if the election were held today. Democrats need to win six seats to retake control.

"This whole Virginia election could be the search for the sixth seat that could turn over control to the Democrats," Sabato said.

Last Friday, while speaking at a GOP rally in southwestern Virginia, Allen singled out Sidarth, a Webb volunteer, and called him "Macaca." He also said: "Welcome to America and the real world of Virginia."

The term "macaca" refers to a genus of monkey and is considered an ethnic slur in some cultures. Allen apologized, saying that he did not know what the word meant and that it was a play on "Mowhak," a nickname given to Sidarth by Allen's campaign staff because of his haircut. Allen's campaign has responded to the incident by accusing Webb of tolerating anti-Semitism.

During Webb's Democratic primary campaign against lobbyist Harris Miller, Webb's campaign distributed a flier in southwestern Virginia that included a caricature of Miller with wads of money coming out of his pocket. Miller, who is Jewish, decried the flier as anti-Semitic. Webb has said the flier was not intended to be offensive.

"Those anti-Semitic fliers are going to be an issue going forward in this entire campaign," Wadhams said.

At the same time, Allen's recent comments are providing Democrats and others with an opportunity to talk about the senator's past controversies involving race.

As a young man, Allen had a fondness for the Confederate flag, which he later said he saw only as a symbol of youthful rebellion. Later, when he was governor in the mid-1990s, Allen opposed the creation of a holiday honoring Martin Luther King Jr.

Webb, who once said the Confederate memorial in Arlington "has a special place in my life," said he does not plan to make an issue of Allen's past.

In his past races, Allen has successfully staved off charges of racial intolerance. During his 2000 bid for Senate, Allen campaign aides said he received 17 percent of the black vote, but some political strategists question that number.

Del. A. Donald McEachin, a black Democrat who represents Richmond, said African Americans will decisively turn out to vote for Webb this year -- even though many have criticized his position on affirmative action.

"The fact you would call someone a species of monkey is offensive," McEachin said.

Amid charges of racism and anti-Semitism, political leaders are braced for a polarizing campaign, especially if it becomes part of a national fight for control of the Senate.

"Any guy who made 'born fighting' his campaign slogan is not going to shy away from confrontation," Rep. James P. Moran Jr. (D-Va.) said of Webb. "And George fancies himself as a tough guy, so let them go at it."

G.O.P. Deserts One Of Its Own For Lieberman (NYT)

By Anne E. Kornblut

The New York Times, August 19, 2006

Facing Senator Joseph I. Lieberman's independent candidacy, Republican officials at the state and national level have made the extraordinary decision to abandon their official candidate, and some are actively working to help Mr. Lieberman win in November.

Despite Mr. Lieberman's position that he will continue to caucus with Democrats if re-elected, all three Republican Congressional candidates in Connecticut have praised Mr. Lieberman and have not endorsed the party's nominee, Alan Schlesinger. An independent group with Republican ties is raising money for Mr. Lieberman, who has been a strong supporter of President Bush on the Iraq war.

Senator John McCain of Arizona, while saying he would support the Republican nominee, is not planning to campaign for him, and even allowed two of his aides to consult with the Lieberman camp before the Aug. 8 Democratic primary. And Newt Gingrich, the Republican who once served as House speaker, has endorsed Mr. Lieberman's candidacy.

While some Republicans are quietly rooting for his Democratic opponent, Ned Lamont, because they feel he would be such a polarizing liberal target, many leading Republicans say it would serve the party better to have a centrist like Mr. Lieberman remain in office, particularly after being spurned by his own party.

But one thing is clear: there is little to no talk of bolstering Mr. Schlesinger, 48, the Republican nominee, a little-known former mayor of Derby who has registered polling numbers so low they are breaking records. Little known throughout the state, Mr. Schlesinger received attention this summer following reports in The Hartford Courant that he had gambled under a fake name and once had gambling debts. He has dismissed the accounts as irrelevant.

Mr. Schlesinger has reacted bitterly to the rejection by his own party, dismissing calls for him to leave the race. He maintains he can win by conveying his conservative platform to voters.

"Washington and the media have attempted to hijack this election and turn it into a referendum on the future of the national Democratic Party," Mr. Schlesinger said in an interview yesterday. "Their interest is not in electing a Republican in Connecticut, or anyone in particular in Connecticut."

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Republican doubts about Mr. Schlesinger were crystallized when the White House spokesman, Tony Snow, pointedly refused on Monday to say the White House would endorse him.

Ken Mehlman, the chairman of the Republican National Committee — whose job is to champion Republican candidates everywhere — pledged to "stay out of this one."

All the major national Republican groups are withholding their fund-raising and organizational support for Mr. Schlesinger, creating a vacuum for Mr. Lieberman, as the centrist in the race, to fill.

"The right thing for people who believe the world is deeply dangerous is to re-elect Lieberman," Mr. Gingrich said. That is especially true, he said, because "the Republican Party's own candidate does not have any possibility of winning."

Initially, in the days after Mr. Lamont's victory, Republican officials had feelers out for a stronger Republican candidate than Mr. Schlesinger, according to strategists with close ties to the party and the White House.

One strategist said the fear was that a hard-fought race between Mr. Lamont and Mr. Lieberman would spur Democratic turnout, which in turn, he said, could harm vulnerable Republicans in the state, like Representatives Christopher Shays and Rob Simmons.

While Republicans were always pessimistic about finding a replacement who could win the Senate race outright — Connecticut is a largely Democratic state — the hope had been to find someone who could excite Republican voters enough to offset a feared surge of Democratic votes in November.

But in the days since the primary, concerns about a Democratic surge have subsided; Mr. Lieberman appears to be creating enthusiasm, even among Republicans, helped in part by the lack of institutional fervor for his Republican rival.

Senator McCain, who was one of the few who has said he would support the Republican nominee in the race, has no intention of campaigning with Mr. Schlesinger, his advisers said.

His nominal support for the party candidate has more to do with wanting to avoid alienating conservatives, one adviser said, than with actually supporting Mr. Schlesinger.

As Mr. Schlesinger's popularity has waned from a minuscule 9 percent in July to an almost invisible 4 percent in a Quinnipiac University poll released Thursday, the question for Republicans has shifted to whether to embrace Mr. Lieberman.

Senator Norm Coleman, Republican of Minnesota, said that from a political perspective, having Mr. Lamont triumph in Connecticut would be "good for Republicans because that's not mainstream America."

"So from that perspective, a Lamont victory shows the extreme nature of the Democratic Party," said Mr. Coleman, who is not making a formal endorsement in the race. "On the other hand, Joe Lieberman is a good senator. And from America's perspective, it would be a good thing for Joe Lieberman to be back in the Senate."

Others cited Mr. Lieberman's support of Mr. Bush's foreign policy.

"For me, it's an uncomplicated decision," said William Kristol, the editor of The Weekly Standard and a neoconservative who is helping Mr. Lieberman through an independent group called Vets for Freedom, which is helping to raise funds and providing strategic advice for the senator.

"Partisan Republicans may be ambivalent; they see a partisan advantage to Lamont," he said. But, he said, "Foreign policy hawks and Bush doctrine believers and prowar types, we want Lieberman to win."

The Lieberman campaign has largely downplayed the Republican support, aware that the Lamont campaign will try to use it to alienate Democrats and independents.

"Part of the problem here is that everyone outside of Connecticut wants to glom onto this race, wants to put their own spin on it and wants to use it for their own advantages," said Dan Gerstein, a Lieberman adviser. "We are not interested in being anyone's political football."

Republican officials said they had hoped to drive him out, but worried that pressuring him further would only antagonize him and possibly create sympathy for his candidacy, drawing attention away from Mr. Lieberman and Mr. Lamont.

On Friday, Gov. M. Jodi Rell distanced herself from Mr. Schlesinger, saying only that he was the "endorsed candidate of the Republican Party," but that she had not spoken with Mr. Schlesinger and had no plans to campaign with him.

Last month, Mrs. Rell called for Mr. Schlesinger to drop out of the race, but Friday she told reporters that "he has given every indication that he intends to stay there."

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According to polling experts at the Quinnipiac survey, Mr. Schlesinger's current poll numbers are lower than that of any other major party candidate in the history of the poll.

The same August survey showed Mr. Lieberman leading with the support of 49 percent of those surveyed compared with 38 percent for Mr. Lamont. The poll had a margin of error of plus or minus 3 percent.

"Based on the public polling, this isn't a competitive race at this time, so we're going to use our resources elsewhere," said Brian Nick, a spokesman for the National Republican Senatorial Committee, which is in charge of recruiting and electing Republican candidates to the Senate.

The White House took an even more passive approach this past week. Mr. Snow, the press secretary, said the administration had been advised by the state party in Connecticut not to make an endorsement, and insisted this was not unusual.

Mr. Snow said the administration had taken a similar course in past races where candidates "didn't meet the expectations of the local parties," although he could not immediately think of any.

Later, the White House issued a statement citing a number of examples dating to 1970.

"I read Tony's comments and it immediately jumped out at me what he was doing," Ari Fleischer, the former White House press secretary, said about the strikingly noncommittal remarks made by Mr. Snow.

"It would be far better for Republicans if Joe Lieberman won than Lamont," Mr. Fleischer continued. "There are enough liberals for Republicans to point to — from Russ Feingold to Hillary Clinton to Nancy Pelosi — that we don't need another one to make our case. But what kind of message would it send if a strong defense, pro-Iraq senator won in this environment? It would prove you can be for what George W. Bush is doing in Iraq and still win, even in the Northeast."

Lieberman Hires New Consultant, Pollster (AP-Y)

By Susan Haigh, Associated Press Writer

AP, August 19, 2006

Sen. Joe Lieberman continued retooling his campaign staff Friday, hiring a nationally known pollster and media consultant to assist in his independent re-election bid.

Lieberman hired Democratic consultant Josh Isay, who has worked for Republican New York Mayor Michael Bloomberg, and GOP pollster Neil Newhouse, who lists popular Republican Gov. M. Jodi Rell of Connecticut among his clients.

Lieberman, who must appeal to Republicans and unaffiliated voters to beat Lamont and Republican Alan Schlesinger in November, touted the new hires as proof of his campaign's bipartisanship.

"They are not just among the best in their respective businesses, but they bring a deep knowledge of Connecticut from across the political spectrum, which will be essential to our effort to build a broad coalition of Democrats, Republicans, and independents," Lieberman said in a written statement.

It's the second major campaign change since Lieberman lost the Democratic primary last week to Greenwich businessman Ned Lamont. Lieberman had previously replaced his campaign manager and campaign spokeswoman and asked other staff members to reapply for their jobs.

Isay replaces Carter Eskew, who had worked with Lieberman in 1988 when he defeated then-Republican U.S. Sen. Lowell P. Weicker Jr.

Lamont edged Lieberman by 10,000 votes in the primary by criticizing Lieberman's support for the Iraq war and linking him to President Bush.

A day after the primary, Lieberman filed petitions to run as an independent in November's general election. A recent poll shows Lieberman leading Lamont by 12 percentage points among likely voters, with Schlesinger trailing far behind.

Liz Dupont-Diehl, Lamont's campaign spokeswoman, said the hirings show Lieberman just wants to "hold onto power."

"These new appointments beg the question: Who is the real Joe Lieberman?" she said.

Top state and national Democrats are endorsing Lamont. Some city mayors and state House Speaker James Amann are supporting Lieberman.

GOP Backs Doctor As Write-in For DeLay (AP-Y)

By Juan A. Lozano, Associated Press Writer

AP, August 19, 2006

Texas Republican leaders, unable to replace former Rep. Tom DeLay's name on the November ballot, sounded confident about the party's chances of holding onto his congressional seat after they voted to support the write-in campaign of a Houston city councilwoman.

Party precinct chairmen from DeLay's 22nd Congressional District met Thursday night and chose Dr. Shelley Sekula-Gibbs, a dermatologist serving her third term on the city council, as the favored Republican candidate.

DeLay, dogged by allegations of money laundering, resigned from Congress a few months after winning the Republican primary. The party wanted to replace him on the Nov. 7 ballot, but the courts ruled against it, leaving the GOP leadership scrambling to find a write-in candidate who could win.

The party faces a tough race against Democrat Nick Lampson, a former congressman. Libertarian Bob Smither also is running.

"Tonight we start the grassroots Republican campaign that this district is well known for," Sekula-Gibbs said. "It is a district that has over 60 percent Republicans and we will turn them out."

Sekula-Gibbs said Friday that the war on terrorism will be a focus of her campaign.

"I have heard from the base that it is critical we support the war on terror and we protect our country from acts of violence against our citizens," she said. "So supporting the president's war on terror is extremely important to me."

Sekula-Gibbs said she also supports limited government, fair taxation and defining marriage as the union between one man and one woman.

State GOP Chairwoman Tina Benkiser said Sekula-Gibbs was selected by a clear majority of the precinct chairmen who attended the gathering Thursday in Pearland, though she said she did not have a breakdown of the vote.

"We will start making the calls, working the precincts, licking the envelopes and running a hard grassroots campaign so the voters really do have an opportunity to have someone who shares their values in Washington, D.C.," Benkiser said.

DeLay also attended the close-door meeting and spoke to the group about his future and the direction of the district. He did not speak to reporters after the meeting.

In addition to Sekula-Gibbs, candidates vying for the GOP's support included David Wallace, mayor of Sugar Land, and Houston businessman Tim Turner.

Turner said he was disappointed but would support Sekula-Gibbs.

Wallace has already filed as a write-in candidate. He has indicated he would probably stay in the race even if he didn't get the party's support, but Sekula-Gibbs said she hoped he will reconsider.

"It is my fervent hope that Mr. Wallace will look into his soul and decide that it's in the best interest of the Republican Party to have one candidate and that is still his choice," she said.

Wallace did not immediately return calls for comment.

8 Vie To Replace Troubled Ohio Rep. Ney (AP-Y)

By John Mccarthy, Associated Press Writer

AP, August 19, 2006

Eight candidates beat the deadline to vie for scandal-scarred Rep. Bob Ney's congressional seat in a special election next month, including two men who lost races in the spring primary and the Republican state lawmaker Ney wants to take his place.

If their petitions are approved, the eight will compete Sept. 14 to replace Ney on the November ballot in a race drawing widespread attention as Democrats try to retake control of the U.S. House.

Ney dropped his re-election campaign last week, citing the strain of an intensifying corruption investigation that has focused for months on his dealings with disgraced lobbyist Jack Abramoff. Ney denies wrongdoing and has not been charged.

The six-term Republican congressman, along with House Majority Leader John Boehner, R-Ohio, asked state Sen. Joy Padgett to run.

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Joining her on the ballot — provided each filed at least 50 valid signatures of registered Republican voters from the 18th Congressional District — will be Ralph Applegate, who finished last in the May 2 Democratic primary, and James Brodbelt Harris, who received less than one-third of the vote against Ney in the Republican primary.

Also filing petitions by Thursday's deadline were Dover Mayor Rick Homrighausen; Holmes County Commissioner Rick Feickert; John Bennett, Ney's Cambridge-based coordinator of veterans affairs; Gregory Zelenitz of Belmont County; and Samuel Firman of Coshocton County.

The winner will face Democrat Zack Space, Dover's law director, in the Nov. 7 general election.

Harris, a financial analyst, came out firing at Padgett, suggesting her personal and corporate bankruptcies make her unfit to help set the federal budget.

"Bankruptcy is not a badge of honor and it is an ethical and professional disqualification from representing Ohio Republicans and taxpayers in Congress," he said.

Padgett was treasurer of an office supply Company in 2005 when it filed for federal bankruptcy protection and defaulted on a Small Business Administration loan. Padgett guaranteed $837,000, then filed for personal bankruptcy protection in June on that debt.

She defended the bankruptcy as a function of Ohio's bad economy.

Voters, she said, "will say, 'This woman understands what the economy is like.'"

Homrighausen said he has shown he can draw votes in his Democratic-leaning part of the district and plans a campaign targeting the cost of gas and electricity and the need for alternative fuels.

The Ohio Democratic Party said Friday it will not try to keep Padgett off the ballot after nearly two weeks of threatening to challenge her right to run.

Alaska Gov. May Be Unseated In Primary (AP-Y)

By Matt Volz, Associated Press Writer

AP, August 19, 2006

Unpopular Alaska incumbent Gov. Frank Murkowski may not escape Tuesday's Republican primary. If Murkowski is unseated, his deal to smooth the way for a $25 billion natural gas pipeline to Canada will likely go down with him.

Murkowski, whose time at the state's helm has been rocky since he left his U.S. Senate seat in 2002, is polling last in the three-way race to win the Republican nomination. Two independent polls released this month show former Wasilla mayor Sarah Palin with a lead over former state legislator John Binkley of Fairbanks, and the governor bringing up the rear.

Palin gained notoriety by calling attention to ethical lapses by Republican Party head Randy Ruedrich in 2003 and then Murkowski's first attorney general, Gregg Renkes, in 2005. She has cast herself as a party iconoclast battling for the nomination after battling for so long against its leaders.

Binkley is a successful Fairbanks businessman who represented rural Alaska in the state Legislature and was a co-chairman of the powerful Senate Finance Committee in the 1980s.

Both Palin and Binkley have fueled their campaigns since Murkowski announced his re-election bid in May by questioning the governor's leadership and particularly by criticizing his pipeline deal with the three largest oil companies in the state.

BP PLC's announcement that it was shutting down the Prudhoe Bay oil field, the nation's largest, has thrown a twist in the campaign's final days. The event, which crimps the state's main economic driver, has led Murkowski's opponents to say his and previous administrations dropped the ball by allowing BP to go years without ensuring proper maintenance of its facilities.

Murkowski says he will hold BP accountable, but state government should not be in the business of physically monitoring the oil company's facilities.

Whoever ends up winning the heated and expensive Republican primary campaign will likely have to face Tony Knowles in the November 7 general election. Knowles, a well-known two-term Democratic former governor, has been quietly raising cash, saving his resources and waiting for a Republican opponent to emerge.

Murkowski has doggedly tried to turn the election into a referendum on his pipeline contract proposal with BP, ConocoPhillips and Exxon Mobil Corp. His campaign has mainly consisted of telling Republican party loyalists that his plan is

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the best way of getting a North Slope gas pipeline and that he is the only real obstacle to Knowles reclaiming the governor's mansion.

"We're about to embark on the greatest significant event since statehood, and that's the gas line," Murkowski said in a candidate debate Thursday. "And I think it's fair to say that I'm the only one that can beat, in my opinion, the Democratic candidate, and that's Tony Knowles."

Murkowski's effort to cast himself as a tough negotiator who will bring a pipeline to Alaska has fallen flat with state lawmakers, who have put off a decision on the gas pipeline contract until after the elections. So now Murkowski is looking for a mandate from the people to give him the leverage to push the deal through.

But decisions he's made over the past four years — from appointing his daughter Lisa to his U.S. Senate seat to purchasing a state jet after being denied by the federal government and state Legislature — have put his approval ratings on the skids.

With Murkowski's fate tied to his pipeline deal, the 73-year-old governor may not get a shot to execute the contract if a different Republican nominee emerges Tuesday.

"I'd say that if the governor doesn't get the nod from the people, it will be very difficult to get his contract moved forward," said Alaska House Majority Leader John Coghill, R-North Pole.

Every other candidate save one has panned the governor's deal and said they would open the pipeline negotiations with the state other groups besides the three companies.

"I thought we conceded too much and then called that a negotiation," Palin said.

The exception is Democrat Eric Croft, Knowles' main opponent in Tuesday's election. Croft wants to use a hammer to give the state better leverage in negotiating a pipeline contract.

Croft is a state representative from Anchorage who is considered an underdog against Knowles. However, Croft's effect on the election will be felt in November, whether or not his name is on the ballot.

Croft is sponsoring a citizen's initiative to tax the three oil companies into building a pipeline. If it passes in November, the oil companies that hold the leases to the North Slope's gas reserves would be taxed $1 billion a year until gas starts flowing to market.

That tax initiative is the reason Murkowski is pressing so hard to execute his gas contract before the Nov. 7 general election. Murkowski said the tax would kill the pipeline before ground is even broken, and his contract proposal includes a shield against the tax for the three companies.

But Murkowski's call to protect the three oil giants against the reserves tax plan hasn't created much support for his contract, even among those who don't want the reserves tax.

"I don't think we should shield it at this point," Coghill said. "I think he should have spent more energy telling people what the consequences are instead of trying to dodge the consequences."

Aside from the governor's race, Alaska voters also will decide on Tuesday whether to institute a $50 per head tax on cruise ship passengers.

Sponsors of the passenger tax say the industry should pay its fair share with an estimated $50 million a year in revenues aimed at improving ports and harbors and other visitor services.

The NorthWest CruiseShip Association, which represents nine cruise lines, hired a public relations firm to run an advertising blitz that says the ballot measure is risky business for Alaska. The industry has spent nearly $2 million and counting to defeat the measure.

Catering To Constituency Groups Rouses Friction Among Democrats (MCT)

By Steven Thomma

McClatchy Newspapers, August 19, 2006

CHICAGO - Emotions rubbed raw, Democrats clashed Friday over efforts to make the party more diverse in deference to some of its most loyal constituent groups.

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The friction came as the Democratic National Committee's Rules Committee debated and adopted two new proposals - one aimed at creating "inclusion programs" for gays, lesbians, bisexuals, transgenders and the disabled; the other designed to enforce a new party move to give African-Americans and Hispanics a bigger voice in picking presidential nominees.

Both proposals were expected to be approved Saturday by the full Democratic National Committee at its summer meeting here. Despite their broad support, however, the moves exposed underlying tensions and illustrated the power that organized minority groups retain within party councils as Democrats gear up for big elections in November and 2008.

The first involved two of the party's most senior strategists - Donna Brazile, who managed Al Gore's 2000 presidential campaign, and Harold Ickes, a former top aide to President Bill Clinton and an ally of Sen. Hillary Rodham Clinton, D-N.Y.

It centered on the proposal to make sure gays, lesbians, bisexuals, transgender people and the disabled are more involved in party business. "As already is the practice, state parties may use goals to achieve these ends," the proposed rule says. "However, in no event may such participation be accomplished by the use of quotas."

While the party has long recognized gays and related groups as an important part of its base, advocates said the new rule was needed to draw a distinction with Republicans, who propose to outlaw gay marriage.

Ickes questioned the need for the new program. He also openly challenged another proposal designed to assuage groups such as African-Americans by acknowledging that they have faced worse political discrimination than gays.

Ickes said gays would be left uncovered by the second proposed rule that reinforced the party's commitment to affirmative action for "historically" oppressed groups, including African-Americans, Hispanics, Native Americans, Asian/Pacific Americans and women.

He further inflamed advocates when, speaking of the history of discrimination, he referred to the long-abandoned practice of limiting voting to property owners. Brazile and some others took his remarks as an insulting lecture.

"I was personally offended. I was offended as a daughter of the Deep South. I was offended as an American. I was offended as a Democrat," said Brazile. "This borders on racism."

She said later in an interview that she was furious at Ickes for using the term "property," without recognizing that African-Americans were once considered property.

"I used some words that offended some people," Ickes said after meeting one-on-one with Brazile. "I apologized."

The second confrontation - notably less personal - was over the party's plans to change the way it picks a presidential nominee in 2008.

Facing complaints that pivotal early primary voting has been dominated by the largely white states of Iowa and New Hampshire, the party wants to share early voting with Nevada and its large Hispanic population, and South Carolina with its large African-American population.

In response some states, especially New Hampshire, might move their primary dates up. To try to stop that, the Rules Committee approved a plan to punish any presidential candidate by barring their delegates from the national convention if he or she campaigns in any state that defies the party-set calendar.

Kathy Sullivan, the Democratic Party chairwoman from New Hampshire, said that was a mistake that would distract the party from its primary goal.

"The work of this committee should be to try to come up with a plan to take back the White House," she told the committee.

"Instead of discussing the issues that matter to the people of this country in taking back the White House, the press will be covering . . . whether or not this committee is going to penalize some of our candidates for our presidential nomination. I find that to be a sad, unintended consequence, which will not help our eventual nominee."

For more on the Democratic National Committee, go to www.democrats.org.

In Nashville, Sounds Of Political Uprising From The Left (NYT)

By Theo Emery

The New York Times, August 19, 2006

NASHVILLE — Country music videos flashed on a television set at the Idle Hour, a Music Row bar where a Crock-Pot of beef stew simmered for hungry musicians.

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Sitting at a table in early August, Bobby Braddock, the longtime songwriter, lamented the conservatism of the country music industry that was demonstrated when the lead singer of the Dixie Chicks became a target of fury three years ago after saying she was ashamed that her band and President Bush shared the same home state.

Asked whether his recent song "Thou Shalt Not Kill" would have airplay, Mr. Braddock said, "Oh, never."

"Something political will not get played on country radio unless it's on the conservative side," he added. "If you show both sides, it's not good enough. It's got to be just on the right."

Country music, the genre of lonely hearts and highways, lost jobs and blue-collar woes, has become a cultural battleground. Conservatism is widely seen as having the upper hand, a red-state answer to left-leaning Hollywood.

Democrats on Music Row, the country music capital here, have grown frustrated with that reputation. A group of record-company executives, talent managers and artists has released an online compilation of 20 songs, several directly critical of Mr. Bush and the Iraq war.

The price for the set is $20, with most of the proceeds going to the group, which calls itself Music Row Democrats and is using the money to support local and national candidates who share its values.

Bob Titley, a former manager of Brooks & Dunn and a co-founder of Music Row Democrats, has no illusions that the songs will shoot to the top of the charts. Rather, Mr. Titley said, he hopes to use them as fund-raisers and to change the image of country as strictly Republican music.

"My hope would be that they would play this music at campaign rallies,'' he said, "and when the volunteers are out on a hot day driving door to door, they'll put it in their cars to keep themselves pumped up and in a good mood."

The songs include Mr. Braddock's "Thou Shalt Not Kill" and "Big Blue Ball of War" by Nanci Griffith. Another longtime songwriter, John Scott Sherrill, contributed "You Let the Fox Run the Henhouse," and former Vice President Al Gore speaks a few words at the end of "Al Gore," which was written by Robert Ellis Orrall and includes the line, "President Gore lives on my street."

Many singers and songwriters who contributed are not household names outside Nashville, but their work is recorded by many big stars, including Toby Keith, LeAnn Rimes and Travis Tritt.

The songwriter Darrell Scott contributed "Goodle U.S.A." Faith Hill had recorded it under a different name and without the line "It's like Joe McCarthy was our acting president."

Mr. Scott recently recorded a new song, "W Cheese," in a basement studio at Famous Music on Music Row. One verse ends, "They filled our plate with freedom fries, red, black and blue, white lies/And a helping, heaping, hating size of stink in' W cheese."

"I've never thought of myself as very political," he said. "It just seems like in the current environment even I have to write about it."

Chris Willman, a senior writer at Entertainment Weekly magazine and the author of "Rednecks & Bluenecks: The Politics of Country Music" (New Press, 2005), said that although the members of Music Row Democrats had industry credibility, few were in the limelight.

"They have a tough row to hoe in convincing people that country music is really, seriously Democrat friendly," Mr. Willman said.

Though Music Row occupies a small patch of Nashville, it looms large over the city's culture. When the lead singer of the Dixie Chicks, Natalie Maines, said at a concert in London in March 2003, "We're ashamed the president of the United States is from Texas," the reaction was fierce and swift.

Country stations stopped playing the group's songs. Talk-radio hosts urged listeners to complain about Ms. Maines's remarks. And a Nashville audience of 18,000 booed the host of a music awards show who urged forgiveness.

None of that was lost on Music Row. Democratic songwriters say that they have since hesitated to express political views, for fear of being "Dixie Chicked."

Record company executives said they were leery of discussing their opinions, to avoid damaging artists they represent.

"I felt like at the time of the Dixie Chicks, as outraged as I was at the whole thing, I couldn't say anything, because I'd put artists that I'm associated with in jeopardy," said Luke Lewis, co-chairman of the Universal Music Group. "They might not go on the radio or a lot of other places."

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At the same time, the Republican Party's use of country music at political events and the popularity of patriotic songs like Toby Keith's "Courtesy of the Red, White and Blue (the Angry American)" and Darryl Worley's "Have You Forgotten?" rankled industry liberals.

Music Row Democrats started in late 2003 with a meeting of more than 20 label executives and songwriters. It says it now has 1,200 members from the Nashville music industry and 1,100 others.

James Stroud, Mr. Lewis's co-chairman at Universal and a Republican, said that many Music Row Democrats were "dear friends," but that he disagreed with their using music for political ends.

"I don't think we need to use music to influence, or try to influence, a big bloc of people when all they want to do is just listen to the music," Mr. Stroud said. "You start fooling with that, and you're going to start having some failure."

Mr. Keith's publicity agent, Elaine Schock, said his conservative reputation was a result of the times. He is a lifelong Democrat, Ms. Schock said, and the perception of him as conservative is a "myth."

"I think when you have a war," she said, "people want you to be on one side or the other."

The singer and songwriter Chely Wright has felt the heat of crossfire, but she said she was not affected by it. Ms. Wright's song "Bumper of My S.U.V.," about a confrontation over a Marine sticker on her vehicle, earned praise from conservatives and scorn from liberals. The daughter of a military family, Ms. Wright says she has no allegiance to Democrats or Republicans.

She recently recorded "I Ain't Gettin' Any Younger," which opens with, "The cost of crude keeps going up/More precious now than gold."

It ends by asking "Why it makes somebody mad/That a baby named John Doe/Might get to have two loving dads."

Ms. Wright said: "When one does say anything less than, 'Ooh baby, ooh baby, I love you,' in a song, in my format, out of this town, you really put yourself out there as a bit of a lightning rod. I can't have those fears."

Most States Have Budget Surpluses (WP)

By Lois Romano, Washington Post Staff Writer

The Washington Post, August 19, 2006

Some Find Creative Uses for Cash

It's tantamount to finding an unexpected wad of cash buried in the pocket of an old jacket -- utter euphoria at the windfall, mad money to splurge on a one-time extravagance.

Only this find is breathtakingly huge.

For first time since Sept. 11, 2001, the vast majority of states reported saving an average of 10 percent of their budgets, one of the highest percentages of unspent money in decades. The $57 billion in unexpected revenue has afforded states an opportunity to find all sorts of creative ways to spend and save their cash, according to a report released this week by the National Conference of State Legislators.

New Mexico has undoubtedly targeted the most unconventional project to lavish money upon -- a space launchpad for future commuter orbital excursions. (No, the spaceport is not in Roswell, home of the rumored 1947 flying saucer.) Nationally, the states' surplus money is a 25 percent increase from the previous fiscal year and a welcomed boost after a five-year slump. The report notes that year-end balances are "widely considered one of best indicators of state fiscal health."

"It's sort of breather . . . like the eye of the storm, before a lot of serious needs kick in," said Corina Eckl, co-author of the report for NCSL. "Overall revenues are not keeping up with spending and these states are still in need of a lot of resources for items such as funding No Child Left Behind and aging prison facilities."

Some states have earmarked the money for one-time expenditures, or they are using it bolster reserves and rainy-day funds. Across the board, education is the largest recipient, with 24 states sending money to kindergarten-through-12th-grade education and 20 spending on higher education, the report said.

Alaska invested $300 million into its Public Education Fund and had another $300 million to place in a new reserve fund. Wyoming used its surplus for natural resources, putting $200 million toward its Permanent Mineral Trust Fund, while New Mexico placed $40 million of its $800 million windfall into its Water Trust Fund. Oklahoma invested some money into cancer and diabetes centers, and North Carolina found veterans nursing homes that needed money.

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Arizona ended up with an extraordinary $1.5 billion more in revenue than expected, money that was generated largely from the real estate boom. The state used about a third of the money to reduce taxes, some to promote the state and some for highway construction, and it still had a solid chunk for the rainy-day fund. "It's given us the opportunity spend money on things that we would normally let slide, such as ongoing repairs" for state property, said Richard Stavneak, director of the Joint Legislative Budget Committee.

A number of states chose to sock away the money in rainy-day funds. Maryland sent $593 million. Connecticut added $440 million -- and used an additional $250 million to catch up on contributions to the teachers pension fund. Georgia's rainy-day fund will receive $430 million.

Nationwide, state lawmakers have been struggling with budgets since the 2001 attacks triggered an economic downturn. After several years of fast-declining revenues, states were conservatively planning based on scaled-back expenditures. Even as revenues started to climb, states were reluctant to count on the money and based budgets on lesser income. As a result, all but five states -- Illinois, Kansas, Louisiana, Michigan and Wisconsin -- reported surpluses.

The study noted that revenues had been projected to grow by only 2.7 percent for last budget year, but they ended up growing by nearly 7.7 percent. Because state budget drafts forecast 18 months in advance, it is often difficult to accurately predict actual revenue.

In New Mexico, the state was bestowed with unexpected revenues from oil and gas leases, and in Connecticut capital gains taxes proved more generous than expected.

"We saw it coming, but what we didn't see coming was the bounce that we got through capital gains revenues," said Susan Shimelman, director of Connecticut's Office of Fiscal Analysis. "So it wasn't budgeting. It's sort of a largess."

Overall, state budget directors are not ready to say that things have turned around such that states can depend on similar revenues in the current fiscal year. And some note that with the windfall comes a whole new set of issues.

New Mexico, a relatively poor state, has approved $100 million for a partnership with Richard Branson's Virgin Galactic to start orbital passenger flights from the state as early as 2009. While the public is solidly behind Democratic Gov. Bill Richardson's push for the spaceport as a source of revenue for the state, there are always constituencies that wonder whether the money could have been better spent on immediate needs.

"Folks come out of the woodwork with all kinds of ideas and images of where we should spend," said David Abbey, director of New Mexico's Legislative Finance Committee. "It puts tremendous pressure in the legislature to fund everything. The challenge becomes separating the good ones from the gleam in someone's eye."

What Is K Street's Project? (NYT)

By Thomas Frank

The New York Times, August 19, 2006

Representative Bob Ney, the Ohio Republican who did such generous favors for the casino clients of Jack Abramoff, announced his retirement from Congress on Aug. 7; the next morning The Washington Post reported that he had acted under pressure from his fellow Ohioan John Boehner, who is said to have told Ney that, if he stood for re-election and lost, he "could not expect a lucrative career on K Street."

This is one of those remarkable moments when the rhetoric falls away and the mysteries of conservative government are briefly revealed: K Street, synonymous with the corporate lobbying industry, will not abide a man whose reputation imperils the Republican majority, even though he has earned that reputation in the service of K Street's leading personality. Irredeemably tainted by his work for K Street (pronounces K Street, via the trusty Boehner), Bob Ney is now ineligible for public office. The corporate lobbying industry demands that the voters of southeastern Ohio submit a different Republican to Washington.

Besides, there are Ney's children to think of, as Boehner helpfully pointed out. They are of college age now, and college, as we all know, is damnably expensive. If Ney wants his descendants to remain on the right side of the nation's growing class divide, he must have K Street's money. So the word comes down from the industry: The time has passed for "freedom fries" and sushi at Jack Abramoff's restaurant. Bob Ney must fall on his sword, doing K Street's bidding in political death as he did in life.

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It has been many years since I was first shocked by a news item about Washington lobbyists, a story about some K Street hit man offing a proposed regulation, or a notice about some corporate grandee contributing to candidates from both parties, thus ensuring his "access" regardless of who won. But like many of the degrading things that shocked me once — bowl games named for corporations, cleavage-themed chain restaurants — those provocations now seem petty and even innocent.

Because with K Street the insults to democracy just keep mounting: the mass exodus to the pharmaceutical lobby of the people who wrote the prescription drug benefit, for example. Or the increasing integration of lobbyists into campaigning and lawmaking, as Thomas Edsall reported last winter. Or the well-known emblems of the rot: Bob Ney's golf weekend in Scotland, Rick Santorum's Tuesday morning lobbyist parleys, the price list that Duke Cunningham drew up for the convenience of his lobbyist friends.

Why does this pay-for-policy spectacle not bother us more? Perhaps because it's so easy to tell ourselves, well, both parties do it. Besides, K Street is sprawling and confusing, with squadrons of lawyers representing every industry's diverging interests and demands, many of these innocent and some of them even healthful.

But K Street is not neutral. From all its complex machinations emerges a discernible political project best described by Joseph Goulden in "The Superlawers" back in 1972, when the lobbying business was so many acorns beside today's forest of towering oaks. The "Washington lawyers," Goulden wrote, had over the years "directed a counterrevolution unique in world economic history. Their mission was not to destroy the New Deal, and its successor reform acts, but to conquer them, and to leave their structures intact so they could be transformed into instruments for the amassing of monopolistic corporate power." (Goulden, by the way, is no radical: he is a former director at the very conservative press watchdog Accuracy in Media.)

K Street's bright young men fill the top posts at federal agencies; K Street's money keeps wages low and prescription drug costs high; K Street's "superlawyers" fight to make our retirement insecure; K Street's deregulation gurus turn our electric utilities into the plaything of Wall Street. What K Street wants from government is often the opposite of what the public wants. And yet what K Street wants, far too frequently it gets — if not by the good offices of Bob Ney, then by the timely disappearance of the now useless Bob Ney.

Whether we are Republicans or Democrats, we are all aware of how much more power corporations hold over everyday life than they used to. "Those who own the country should govern the country," John Jay used to say, and thanks in large part to K Street they do.

First Amendment On Trial (WSJ)

By Theodore J. Boutrous, Jr.

The Wall Street Journal, August 19, 2006

While the subpoenas and contempt orders that came out of the Valerie Plame leak investigation sent a shiver through journalists and other champions of a free press, an equally chilling lawsuit between two congressmen slowly plodded through the courts, barely noticed. No longer. Now, the D.C. Circuit has made a ruling in this dispute that, if it stands, will blow a hole through the First Amendment.

The strange case of Boehner v. McDermott began with a conference call between GOP leaders in December 1996, to decide how to deal with the ethics charges against then-Speaker Newt Gingrich. Rep. (now House Majority Leader) John Boehner participated by cell phone.

A Florida couple intercepted the call on a police scanner and taped it, in violation of federal wiretapping laws. They gave a copy of the tape to Jim McDermott, a Democratic member of the House ethics committee, who gave it to the press, which widely reported on it. Mr. Boehner sued, claiming that Mr. McDermott had invaded his right to privacy and violated federal wiretapping laws.

A few years later, as Mr. Boehner's lawsuit progressed, the Supreme Court decided in Bartnicki v. Vopper that it would violate "the core purposes of the First Amendment" to use the wiretapping statute to punish defendants who had "lawfully" obtained and broadcast a tape of a telephone call that had been illegally recorded by someone else. Such punishment, it said, would impose "sanctions on the publication of truthful information of public concern."

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Nevertheless, in March of this year a panel of the D.C. Circuit upheld a $60,000 judgment for statutory and punitive damages against Mr. McDermott. (Mr. Boehner is now claiming an additional $500,000 in attorney's fees.) Since Mr. McDermott supposedly knew that the tape had been illegally recorded when he received it, the court ruled that he got it "unlawfully" and could be punished, like someone who "is guilty of receiving stolen property."

Judge David Sentelle dissented, emphasizing the rule's potentially sweeping ramifications: "No one in the United States could communicate on this topic of public interest" because -- just like Mr. McDermott -- everyone, including the journalists who wrote about the tape and "every reader of the information in the newspapers," knew that it had been illegally recorded.

The full en banc D.C. Circuit has now agreed to rehear the case, and it is imperative that the court reject the panel's ruling. While Mr. Boehner claimed that his right to privacy trumped Mr. McDermott's First Amendment rights, the Supreme Court in Bartnicki declared: "Privacy concerns give way when balanced against the interest in publishing matters of public importance. . . . The risk of this exposure is an essential incident of life in a society which places a primary value on freedom of speech and of press."

The high court has made clear over and over again -- usually in cases involving the press -- that, absent the most extraordinary and compelling circumstances, as long as a citizen breaks no law in obtaining truthful information of public concern, he cannot be punished for publishing it, even if he knew that his source broke the law. A "receipt of stolen property" exception would overturn this important First Amendment doctrine, threatening the ability of the press to obtain and disseminate news.

As a matter of history, tradition and ordinary newsgathering, the press sometimes obtains vital, highly newsworthy information from sources who may have broken the law, or some legal duty while providing it. Indeed, many of the most significant news stories have been based on information that the source may have acquired or communicated illegally, including the Pentagon Papers case, Watergate, the Monica Lewinsky scandal, stories about the health hazards of tobacco and, more recently, articles about CIA secret prisons in Europe and the NSA surveillance program.

Nevertheless, under Boehner, a reporter who obtains important information could be subjected to punishment, simply because he knew or suspected that the source had broken the law in giving it to him. Such a doctrine would severely hamper traditional newsgathering and reporting activities, and it would inject significant uncertainty into the reporting process.

Unless overturned, Boehner v. McDermott will embolden the government and private citizens to be even more aggressive in taking legal actions that aim to punish and deter truthful speech. This is already happening: The Department of Justice has cited Boehner as "especially instructive" in justifying its prosecution of two former lobbyists of the American Israel Public Affairs Committee for receiving and then discussing with reporters national defense information, in alleged violation of the Espionage Act. Those same prosecutors, as well as Attorney General Alberto Gonzales, have refused to rule out the possibility that the government could launch similar criminal charges against journalists who receive and publish classified information.

It can be extremely tempting to scale back on traditional First Amendment freedoms in the area of national security during war time. The government does have the right to protect information in the name of national security and other compelling interests, and to impose secrecy obligations on government officials to avoid harmful disclosures. But the First Amendment, as a check on government power and an instrument of self-government, tasks the press with ferreting out information that the government wants to keep secret.

That information, after all, really belongs to the people, who have delegated the power to govern to elected officials. Sometimes the only way the public can learn about government wrongdoing, or questionable government policies, is through leaks. The late Yale law professor Alexander Bickel famously called this built-in constitutional tension the "unruly contest" between the press and the government. Boehner v. McDermott would stack the deck in this contest between government secrecy and free speech. It should be rejected. The interests at stake involve all Americans -- not just two feuding congressmen.

Mr. Boutrous has filed a friend-of-the court brief in the Boehner case for 18 news organizations, including Dow Jones, publisher of this newspaper.

Bush Calls On Paris To Commit Troops (FT)

By Jonathan Birchall And Neil McDonald

DOJ_NMG_0051283

Financial Times, August 19, 2006

In an indication of the growing concern over France's apparently lukewarm response to the creation of a United Nations peacekeeping force in Lebanon, US President George W. Bush said on Friday he hoped Paris would decide to commit more troops to the operation.

"France has said they'd send some troops," Mr Bush said. "We hope they send more. There's been different signals coming out of France."

France, which along with the US played a leading role in drawing up the mandate of the force, has said it will command the enlarged version of Unifil, the existing UN peacekeeping presence in southern Lebanon.

But so far Paris has said it will restrict itself – at least for the moment – to providing just 200 extra engineering troops to assist with moving the Lebanese army into the area, and an additional offshore naval and air presence of 1,700, which could include helicopters to be used by Unifil.

French President Jacques Chirac's office has also left open the possibility of providing extra troops.

Diplomats at the UN say Spain and Italy are now expected to provide the first additional units to be deployed, in an effort to reinfornce the existing ceasefire as rapidly as possible.

Italy's cabinet on Friday approved sending an unspecified number of troops, which officials said could be up to 3,000. Spain is reported to be considering sending in a battalion of around 700 troops.

Mark Malloch Brown, the UN deputy secretary-general, on Friday said there was promising news from Italy and Finland, but he stressed that more European nations were needed for the vanguard force of 3,500 troops that the UN wants on the ground by August 27.

Diplomats say a meeting at the UN on Thursday presented a draft "concept of operations" for the new force, as well as its rules of engagement, which had been believed to be the stumbling block to the creation of the force.

However, Michele Ailliot-Marie, the French defence minister, suggested that the rules of engagement remained unclear. "You can't send in men telling them: 'Look what's going on, but you don't have the right to defend yourself or to shoot'," she said.

A spokesman for Fouad Siniora, the Lebanese prime minister, declined to comment on the apparent weakness of the UN force.

But Walid Jumblatt, leader of Lebanon's Druze minority, said: "Who is going to send troops that might be squeezed between Israel and Hizbollah in the next round of conflict?"

Indonesia and Malaysia also offered to send around 1,000 soldiers each, while Bangladesh offered two mechanised regiments, or about 1,600 troops.

Commitments on further troop deployments are expected to come early next week, after consultations in the national capitals of the contributing countries.

A further complexity has been created by Israel, with Dan Gillerman, its UN ambassador, suggesting Israel would not want to have countries participating in the force that do not have diplomatic relations with Tel Aviv – which would exclude potential contributors such as Bangladesh, Malaysia and Indonesia.

However, Tzipi Livni, Israel's foreign minister, was less categorical at the UN this week, saying only that Tel Aviv would not want countries involved who displayed enmity towards Israel.

U.N. Appeals To Europe For Peacekeepers (AP)

By Edith M. Lederer, Associated Press Writer

AP, August 19, 2006

The United Nations appealed to European countries Friday to contribute to an expanded peacekeeping force in Lebanon that would have a balance of European and Muslim troops so that Israel and Lebanon will view it as legitimate.

Italy endorsed sending troops to Lebanon but did not commit itself to specific numbers though Prime Minister Romano Prodi has said the country could quickly send as many as 3,000 soldiers. Finland formally decided to send up to 250 peacekeepers to Lebanon, but said they would not be deployed until November.

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Deputy Secretary-General Mark Malloch Brown said the news was promising but more European soldiers are needed for a vanguard force of 3,500 troops that the U.N. wants on the ground by Aug. 28 to enforce a cease-fire between Israel and Hezbollah militants, who are part of the Lebanese government.

"It's very important that Europe now steps forward," he said. "We want this force that we deploy to have a kind of multinational, multilateral character so that it enjoys the confidence of both sides," he said.

The United Nations has been seeking "a Muslim-European or European-Muslim force" because the combination provides "a legitimacy that satisfies both sides," he said.

At a meeting of 49 nations on Thursday, the only countries to offer mechanized infantry battalions, which will be the front line of the expanded force, were three predominantly Muslim countries — Bangladesh, Indonesia and Malaysia — and Nepal, which is predominantly Hindu.

Malaysia's foreign minister said Friday that Israel should have no role in deciding which countries make up the force.

Israel's U.N. ambassador, Dan Gillerman, told The Associated Press that "the resolution makes it very clear that the force will have to be agreed on by Lebanon and Israel. This is a force which the U.N. can compose but not impose."

"Israel has not ruled anybody out, and is not in any way ruling out Arab and Muslim countries," he said. "It would, in fact, welcome the participation of Arab and Muslim countries. However, the participation of countries who are hostile to Israel or do not recognize Israel's right to exist would be unthinkable."

Bangladesh, Indonesia and Malaysia do not have diplomatic relations with the Jewish state.

Gillerman noted that the Malaysian foreign minister was quoted as saying recently that Hezbollah should be rearmed.

"I doubt whether Israel, Lebanon or the Security Council would welcome the participation of soldiers whose mission is to rearm Hezbollah," he said.

Malloch Brown stressed that the final decision on the composition of the force will be made by the United Nations "but as a matter of good form in peacekeeping you want a force which is broadly acceptable in its composition to both sides."

France, which commands the current 2,000-strong force known as UNIFIL, had been expected to make a significant new contribution that would form the backbone of the expanded force. But French President Jacques Chirac disappointed the United Nations and other countries by announcing that France would contribute just 200 combat engineers to its current 200-member contingent in Lebanon.

President Bush expressed some disappointment Friday with France's decision.

"We hope they send more. And there's been different signals coming out of France," he told reporters at the presidential retreat in Camp David, Md.

The United States has said it will help with logistics and planning, not ground troops. Still, Bush said he would work to convince allies to take part.

French Defense Minister Michele Alliot-Marie defended the country's decision to send just 200 additional troops.

"I can't let it be said or implied that France is not doing its duty in the Lebanese crisis," Alliot-Marie said.

She noted that France was willing to continue leading the force, while Denis Simonneau, a spokesman for the Foreign Ministry, reiterated that France could always send more troops.

In Washington, State Department deputy spokesman Tom Casey told reporters "I expect we haven't heard the last from them."

German Chancellor Angela Merkel said Thursday night that Germany would not send combat troops. Germany instead is prepared to offer "a strong maritime component to control the supply of weapons to Lebanon by sea" and ensure that Hezbollah is not supplied with arms by ship, Foreign Minister Frank-Walter Steinmeier said Friday.

Malloch Brown praised Germany's offer but said it did not help supply the 3,500 troops immediately needed for the vanguard force.

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Associated Press Writers Maria Sanminiatelli in Rome, Gier Moulson in Berlin and Maggie Michael in Cairo, Egypt contributed to this report.

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U.N. Urges Europe To Join Mideast Effort (WP)

By Colum Lynch

The Washington Post, August 19, 2006

Italy Offers Peacekeeping Troops; France, Expected to Lead, Demurs

UNITED NATIONS, Aug. 18 -- The United Nations pressed Italy and other European countries Friday to commit troops to lead a vanguard U.N. peacekeeping force of 3,500 that it hopes to deploy in southern Lebanon by Aug. 28 to help enforce a fragile cease-fire between Israel and Hezbollah.

Italy's cabinet and two chambers of parliament agreed Friday to send an unspecified number of troops to south Lebanon, but the government requested more time to study the mission's rules of engagement before deciding how many troops it will send and when they will go.

Finland announced Friday that it will send 250 troops by November to help the Lebanese army police a demilitarized zone reaching from Lebanon's border with Israel to the Litani River. U.N. officials are also urging Belgium, Sweden, Turkey and others to participate in the first stage of the U.N. deployment.

"It is very important that Europe steps forward," U.N. Deputy Secretary General Mark Malloch Brown told reporters at U.N. headquarters.

U.N. Secretary General Kofi Annan called Italian Prime Minister Romano Prodi on Thursday to urge Rome to be the major European contributor in a U.N. force that will grow to 15,000 troops over the coming months and consist primarily of soldiers from Europe and the Islamic world.

The United States and Britain made it clear weeks ago that they would not send peacekeepers to southern Lebanon, citing their military burdens in Iraq and Afghanistan. But the United States said it would provide unspecified logistical support to the U.N. mission.

The pause in fighting allowed many in Lebanon to carry out burials Friday in about 40 villages for more than 250 people killed during the war, including a huge funeral procession in Qana, where at least 28 victims of an Israel airstrike were buried, according to news agencies.

U.N. relief agencies stepped up efforts in Lebanon, while Hezbollah officials started distributing cash payments of up to $12,000 to families whose homes were destroyed by Israeli air attacks, news agencies said.

More than 400,000 people began the "dangerous journey back home," taxing relief workers in the heavily damaged southern suburbs of Beirut, a top U.N. emergency relief official, Margareta Wahlstrom, told the Security Council. Although the cease-fire increased access for U.N. relief workers, some 8,500 pieces of unexploded artillery, missiles and cluster munitions "resulted in maiming injuries and even deaths among returnees," she said.

After weeks of tense negotiations lead by the United States and France, the U.N. Security Council voted on Aug. 11 to adopt Resolution 1701, which called for a halt to a month-long war between Israel and Hezbollah and the creation of a reinforced U.N. peacekeeping mission to help implement a cease-fire.

The resolution calls for expanding the 2,000-strong U.N. Interim Force in Lebanon, which has been in south Lebanon since 1978, to 15,000 troops, and giving it much tougher rules of engagement. Its main mission will be to help the Lebanese army fill a security vacuum left by the withdrawal of Israel and the Hezbollah militia.

U.N. officials had anticipated that France would lead a mostly European advance force, but Malloch Brown said Italy is the only major European power to make a "firm commitment" to provide "frontline troops" in the vital first phase of the deployment. "It's clear they will be part of the first wave of troops," he said.

Malloch Brown said the United Nations is now looking to poorer countries -- including Indonesia, Malaysia, Bangladesh and Nepal -- that have pledged nearly 4,000 troops but are unable to get their forces to southern Lebanon.

"You want a force that is broadly acceptable in its composition to both sides, which is why we have talked about this European-Muslim core to the force," he said.

France is planning to send a unit of 200 military engineers, in addition to 200 U.N. peacekeepers currently serving in southern Lebanon. President Jacques Chirac said that the force of 1,700 French troops stationed off the coast of Lebanon will continue to help supply U.N. peacekeepers.

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President Bush prodded Chirac and other world leaders to increase their military contributions, saying that the United States will "work with nations to step up to the plate and do what they voted to do at the United Nations, and that is to provide robust international forces to help the Lebanese army retake the south." Bush also noted that France has sent mixed signals about its commitment to help restore calm in southern Lebanon. "France, they said they'd send some troops," he said. "We hope they send more."

Lebanon, a former French protectorate, also urged France to reconsider its military commitment. "We are expecting more from France," Lebanese Foreign Minister Fawzi Salloukh told the British Broadcasting Corp.

French Defense Minister MichÃ¨le Alliot-Marie defended her government's decision to play a limited role in the U.N. mission.

"I can't let it be said or implied that France is not doing its duty in the Lebanese crisis," she told the French radio station RTL. "I'd like to remind you of the experience of painful operations where U.N. forces did not have a sufficiently precise mission or the means to react."

Europe Urged To Do More For UN Force (FT)

By Jonathan Birchall And Neil MacDonald

Financial Times, August 19, 2006

The United Nations on Friday called on Europe to do more to support the deployment of UN peacekeepers in southern Lebanon, amid growing dismay over France's lukewarm commitment to a force it played a major role in creating.

Mark Malloch-Brown, deputy UN secretary-general, on Friday welcomed commitment from Asian countries to plans for a 15,000-strong UN operation. But he said European nations needed to "harden up their commitments" to support plans for 3,500 peacekeepers to be deployed in the region within 10 days.

"It is very important that Europe now step forwards," he said.

The Italian government on Friday approved sending troops to the UN force, with officials suggesting that it might deploy up to 3,000. Finland has also said it will send 250 troops, while Germany is offering police and naval units that would help monitor Lebanon's borders with Syria.

France has said it will command the UN force, but on Thursday announced it would send just 200 engineers immediately to help with the deployment of Lebanese army forces in southern Lebanon.

Paris is also sending an additional offshore naval and air presence of 1,700, which could include helicopters to be used by Unifil, the existing UN force in southern Lebanon.

In an indication of international frustration with the French response, US President George W. Bush on Friday urged Paris to send more troops.

"France has said they'd send some troops," Mr Bush said. "We hope they send more. There's been different signals coming out of France."

France, which along with the US, played a leading role in drawing up the mandate of the force, had been expected to commit up to 3,000 troops to the force.

Mr Malloch-Brown said he was happy that the surprise French announcement had not derailed the drive to secure troop contributions. He noted that France had been directly consulted on drawing up rules of engagement for the force, "which they felt were...correct and a reflection of the resolution that France had obviously been an author of".

However, Michele Ailliot-Marie, the French defence minister, suggested on Friday that the rules of engagement remained unclear. "You can't send in men telling them: 'Look what's going on, but you don't have the right to defend yourself or to shoot'," she said.

A spokesman for Fouad Siniora, the Lebanese prime minister, declined to comment on the apparent weakness of the UN force.

But Walid Jumblatt, leader of Lebanon's Druze minority, said: "Who is going to send troops that might be squeezed between Israel and Hizbollah in the next round of conflict?"

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Indonesia and Malaysia also offered to send around 1,000 soldiers each, while Bangladesh offered two mechanised regiments, or about 1,600 troops.

Commitments on further troop deployments are expected to come early next week, after consultations in the capitals of the contributing countries.

A further complexity has been created by Israel, with Dan Gillerman, its UN ambassador, suggesting Israel would not want to have countries participating in the force that do not have diplomatic relations with Tel Aviv – which would exclude potential contributors such as Bangladesh, Malaysia and Indonesia.

Mr Malloch-Brown noted that it was up to the UN to determine the composition of the force, although it would seek a force that was acceptable to both sides, "which is why we have talked about this European-Muslim core to the force".

Lebanon Secures Itself (WT)

By Sammy Ketz, Agence France-Presse

The Washington Times, August 19, 2006

KHIAM, Lebanon -- Lebanese troops pressed on with a historic deployment to the south yesterday while the United Nations made an urgent appeal to European countries to contribute to a beefed-up peacekeeping force.

"It's very important that Europe now steps forward," Deputy U.N., Secretary-General Mark Malloch Brown told reporters. "The next few days are going to be very challenging to make sure that we meet this commitment to 3,500 troops, or 7,000 boots on the ground in 10 days from now."

He said that while Indonesia, Malaysia, Bangladesh and Nepal had offered troops as part of the expanded U.N. force to help shore up a fragile truce, there was a need to deploy a balanced European-Muslim force that would be acceptable to both Lebanon and Israel.

"That is enormously helpful and a major contribution, but we want this force that we deploy to have a kind of multinational, multilateral character so that it enjoys the confidence of both sides," Mr. Malloch Brown said.

The Jewish state has balked at the prospect of countries with which it has no diplomatic relations -- such as Muslim-majority Malaysia and Indonesia -- being deployed on its border to enforce the cease-fire with Hezbollah.

"We said before that a European-Muslim force [would bring] a legitimacy that satisfies both sides to this conflict," Mr. Malloch Brown said

The scope of the force and its rules of engagement were believed to be the major stumbling blocks for European nations, but the deputy secretary-general said countries now had full details and should be ready to decide on a role.

France announced Thursday it would contribute an extra 200 troops, far short of the major commanding role that many had foreseen for the former colonial power in Lebanon.

President Bush said he hoped France would reconsider its decision and dispatch more troops, noting that "there have been different signals coming out of France."

In Rome, the Cabinet gave its approval in principle to the deployment of Italian troops, but Prime Minister Romano Prodi declined to give any firm commitment on numbers, saying the matter had "not yet been examined."

Besides Italy, several countries, including Indonesia, Malaysia and Turkey, have expressed willingness to contribute troops. Pakistan and Bulgaria have pledged to consider the matter, while Germany ruled out sending ground forces.

Mr. Prodi said that as well as a clear mandate, the U.N. force needed Hezbollah's blessing if Italy were to take part.

"On that point, I have been given commitments from [Lebanese Prime Minister] Fuad Siniora," he said.

The 28-year-old U.N. Interim Forces in Lebanon (UNIFIL) and the extra troops will be charged with policing the fledgling cease-fire between Hezbollah and Israel until the full 15,000 peacekeepers stipulated by the Security Council can be mustered and deployed.

UNIFIL is seeking to add 3,500 troops to its existing 2,000-strong contingent within 10 days as Israel pulls back from areas it occupied in its devastating month-long offensive.

Lebanese troops took up positions in the heavily bombed border town of Khiam at dawn yesterday, deploying outside a school in the hilltop town of 35,000 people just four miles from the Israeli border.

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The town had been a stronghold of the Shi'ite militant group Hezbollah since Israel last pulled out in 2000 after a 22-year occupation.

Government troops began deploying in the south on Thursday for the first time in decades in line with the U.N.,-brokered truce that came into force Monday.

Meanwhile, thousands of families displaced by the conflict continued to flock home to the south, as foreign aid groups voiced concern about getting emergency supplies to the most stricken regions through Israel's continuing blockade.

U.N. aid agencies said 400,000 people in Lebanon have returned to their home areas and another 107,000 refugees who fled to neighboring Syria have crossed back into Lebanon.

Israel said it will enforce the air and sea blockade it imposed on Lebanon at the start of the conflict until it has completed its pullout.

Planes and ships will be given clearance only on a case-by-case basis through the United Nations.

The Lebanese national air company Middle East Airlines said it had been granted permission to resume flights to and from Cairo.

Israel's assault on Lebanon began on July 12 after a deadly cross-border raid by Hezbollah in which the Shi'ite militants captured two Israeli soldiers. The group still holds the two.

The United Nations wants the troops in place a week from tomorrow.

Bush, Lebanon Seek Greater French Role In UN Force (Update2) (BLOOM)

By Judy Mathewson and Bill Varner

Bloomberg, August 19, 2006

Aug. 18 (Bloomberg) -- President George W. Bush joined Lebanon today in urging France to provide more troops to the force of United Nations peacekeepers that is supposed to ensure that the cease-fire between Israel and Hezbollah holds.

``France has said they'll send some troops,'' Bush told reporters today at his Camp David retreat in rural Maryland. ``We hope they send more.'' The French government yesterday pledged to double its current contingent in the UN Interim Force in Lebanon, known as Unifil, to 400 soldiers, a contribution that fell short of Lebanese expectations.

Lebanese Foreign Minister Fawzi Salloukh told the British Broadcasting Corp. today ``we are seeking more from France,'' the likely leader of UN peacekeepers on Lebanon's southern border.

The cease-fire that came into force Aug. 14 ended more than four weeks of fighting between Israel and Hezbollah, regarded by the U.S. and Israel as a terrorist group. A Security Council resolution approved Aug. 11 demanded a halt to hostilities and the withdrawal of Israeli forces after UN and Lebanese troops are deployed in south Lebanon. Israel's military yesterday said it transferred control of 50 percent of the region to the UN.

`Firm Commitments'

At least seven countries have made ``relatively firm commitments,'' UN Deputy Secretary General Mark Malloch Brown said. About one-third of the 23 nations that addressed a UN meeting in New York yesterday said they will send soldiers, Malloch Brown said.

UN military planners are trying to round up contributions from other countries to build a Unifil force of 3,500 soldiers on the ground within 10 days, growing to an eventual 15,000.

The UN force needs Muslim soldiers to underline the international backing of the cease-fire, French Defense Minister Michele Alliot-Marie told RTL radio today. Of countries already promising troops, three are Muslim-majority states --Bangladesh, Indonesia and Malaysia.

Shiite Muslim Hezbollah, sponsored by Iran and Syria, has been linked to scores of terrorist attacks on Israelis and Americans, including rocket assaults on Israeli towns, bombings in Beirut in 1983 that killed 241 U.S. servicemen and 58 French paratroopers, and the 1994 attack that killed 85 people at a Jewish community center in Buenos Aires.

In his remarks to reporters today, Bush accused Syria and Iran of supporting Hezbollah's attempts to create ``havoc'' in the Middle East.

Hezbollah

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The conflict began after Hezbollah abducted two Israeli soldiers in a cross-border attack on July 12. Israeli air strikes were followed by a ground offensive. About 1,200 Lebanese were killed and 4,500 wounded, Lebanese Interior Minister Ahmad Fatfat said on Aug. 16. Israeli Prime Minister Ehud Olmert said Aug. 14 that 159 Israelis were killed. Police said 2,015 Israelis were injured during the hostilities.

Muslim troops are needed to bolster Unifil because ``we have to avoid absolutely giving the image of a Western world imposing peace on the Muslim world," Alliot-Marie said on RTL.

France needs ``precise" terms for a greater commitment to Unifil, Alliot-Marie said. ``A mandate is not enough," she said. ``We need to tell the military why they're there."

Truce Unstable

``The current cessation of hostilities is not going to be stable for long," Malloch Brown said, adding that it is vital that the 3,500 UN soldiers are deployed within 10 days. ``It has to move towards a full disengagement and cease-fire."

France is ready to lead the expanded UN force for its first six months, President Jacques Chirac said yesterday, after speaking with UN Secretary General Kofi Annan and confirming the dispatch of 200 extra soldiers. Lebanon is a former French protectorate.

``We were disappointed," Malloch Brown said. ``We had hoped France would be able to do more, but the French announcement did not deter others." The current UN force is under the command of French Major General Alain Pellegrini.

Malloch Brown said a better response from European nations is needed and that ``the next few days will be very challenging to make sure we meet the commitment of 3,500 troops on the ground in 10 days."

``We want this force to have a multinational, multilateral character, so it enjoys the confidence of both sides," Malloch Brown told reporters. ``With a mix of European and Muslim forces, you bring a legitimacy that satisfies both sides. So it is very important that Europe now steps forward."

Italian Troops

Italian Prime Minister Romano Prodi's government today approved the addition of more troops to the UN force. The exact number of Italians will be decided in the ``coming days," Prodi told reporters in Rome. Italy, like France, has provided soldiers for Unifil since it was created in 1978.

Bangladesh offered two battalions, or about 1,500 to 2,000 soldiers, while Indonesia, Malaysia and Nepal each volunteered a battalion to the UN force.

Germany will send ships to patrol the Lebanese coast, enforcing an arms embargo, and customs agents and police to monitor the Lebanese-Syrian border. Denmark offered two patrol boats, Greece a frigate, and Turkey said the UN could use a seaport and airport. Britain will provide aircraft and ships plus use of a base on Cyprus.

Turkey

Turkish Foreign Ministry spokesman Namik Tan said yesterday in Ankara that, while Turkey, a Muslim nation and a member of the North Atlantic Treaty Organization, hasn't yet made a decision, ``if Turkey decides to send a contingent to Lebanon, it won't be a combat force. It will not join any activities aimed at disarming groups there."

The UN has learned that Finland also will announce a commitment today, Malloch Brown said. He said no further meeting of potential troop contributors has been scheduled.

Hezbollah sees ``no problem" with the arrival of new UN troops, a leading member of the Shiite Muslim group, Nawwar Sahili, said by telephone today. ``We welcome the deployment of the Lebanese army and we see no problem with the deployment of the United Nations," Sahili, one of 14 Hezbollah members in Lebanon's 128-seat parliament, said.

The UN mission has ``a prudent set of rules of engagement which is non-offensive in character, but calls on you to use force if necessary," Malloch Brown said. ``If they don't voluntarily disarm when confronted by our troops, then we will employ force to disarm them."

`Pipe Dream'

Disarming Hezbollah is a ``pipe dream," said Timor Goksel, who was Unifil spokesman for more than 20 years until 2003 and now teaches at the American University in Beirut. ``The Lebanese army is going south to defend Lebanon, not Israel."

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Hezbollah, which has two members in the Lebanese cabinet, has defied UN Resolution 1559, approved in 2004, which calls for the disarming and disbanding of militias in the country.

At a ceremony for the re-burial of Lebanese killed in the Israeli bombardment of the village of Qana on July 30, a Hezbollah leader today said Bush and U.S. Secretary of State Condoleezza Rice bore responsibility.

``The blood of our families is splattering the faces of Bush and Rice," Nabil Qaouk, Hezbollah's most senior official in south Lebanon, said. ``You are Israel's partners in the massacres; there can be no friendship between us, no honest Lebanese can believe in friendship with you."

The UN said 260,000 Lebanese remain homeless, down from nearly 1 million a week ago, and that more than 100,000 have returned to the country from Syria.

Four convoys of food, medical supplies and other aid, a total of 45 trucks, headed today for different parts of southern Lebanon, and two more are planned for tomorrow, the UN said. The World Food Program has delivered nearly 2,000 metric tons of food to 327,300 people, and has targeted 200,000 more, according to the UN.

To contact the reporters on this story: Judy Mathewson in Washington at jmathewson@bloomberg.net Bill Varner at the United Nations at wvarner@bloomberg.net

Focus On Mideast Arms Flow (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, August 19, 2006

U.S. and Israel, fearing a renewal of fighting, press other countries to ensure that their weaponry doesn't get into Hezbollah's hands.

WASHINGTON — The United States and Israel have launched a diplomatic effort to prevent other countries from helping rearm Hezbollah, warning that a resumption of the weapons flow could reignite fighting in Lebanon just as the cease-fire takes hold.

Officials have pressed major world arms suppliers — notably Russia and China — to ensure that their weaponry doesn't find its way to the Lebanese militant group. They also have urged Turkish officials to prevent any flow of weapons across their land or airspace.

Israeli officials, who were jolted by the sophistication of Hezbollah's missiles during the 34-day war, fear that the militant group could procure weapons with an even greater reach into Israel and overcome its defenses. Israeli officials have made it clear that they would try to destroy any shipment they detected, although such an attack probably would bring a Hezbollah retaliation and set off new fighting.

"We're very concerned about this issue," said one Israeli official who declined to be identified. "It's the most urgent one on the table right now."

The stepped-up effort by U.S. and Israeli officials to cut the weapons flow to Hezbollah came as U.N. officials appealed Friday for greater European participation in an expanded multinational force for Lebanon. President Bush urged France to increase its pledge of 200 troops to augment its troops already serving in Lebanon.

"France has said they'd send some troops," Bush said at Camp David. "We hope they send more."

Italy, meanwhile, formally agreed Friday to contribute troops to the Lebanon force. The government of Prime Minister Romano Prodi said the number had not yet been determined, but officials previously said they might send as many as 3,000 soldiers, a contingent that probably would be one of the largest.

As Israel sought to stem the flow of more advanced munitions to militant fighters, officials disclosed Friday that a senior Israeli delegation visited Moscow this week to complain that Russia had sold sophisticated laser-guided Kornet antitank weapons to Iran and Syria, which in turn passed them along to Hezbollah. Iran and Syria are the main backers of the group. Russia disputed the charge, saying it kept tight controls on such sales.

Turkish and Chinese diplomats could not be reached for comment Friday.

David Schenker, a former top Pentagon policy aide on issues pertaining to the Middle East, said attempts to halt the arms flow would face difficulties.

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He said Russia and China had been inconsistent in their support of such efforts. Now, with China eager to maintain its close relationship with Iran, a key oil supplier to the energy-hungry Asian nation, hopes of persuading Beijing to bar weapons transfers "is a longshot at best," he said.

U.S. officials are asking that arms sales to countries such as Syria and Iran be accompanied by restrictions on resales and transfers, especially to groups such as Hezbollah. U.S. officials also may use diplomatic incentives — support for Turkey's goal of European Union membership, for instance — in pressing their case.

U.S. officials acknowledged that they had talked to Turkey about cutting off the shipment of arms by Iran across its territory, a route used this summer after Israeli forces cut off the usual land and sea routes from Syria into Lebanon.

Acting on suspected weapons transfers, Turkey twice forced Iranian planes bound for Syria to land at the Diyarbakir airport to search for rockets and other military equipment. The incidents took place July 27 and Aug. 8, the Hurriyet newspaper reported, but no military equipment was found.

A senior U.S. official, who like others insisted on anonymity because of the sensitivity of the diplomacy, said the Bush administration had "talked to any number of countries about this.... We've made the case that we want them to be alert to this, and if they find people thinking about transferring materials that may not be going to the Lebanese army, they put a stop to it." He said the United States offered its help in trying to halt the flow.

The U.S. official said it appeared that the major countries didn't want to see a return to fighting and "are pretty much on board with this." Yet he acknowledged the difficulty of maintaining an effective arms embargo, pointing to the final years of Saddam Hussein's reign in Iraq.

"No embargo is perfect," he said. "That is a concern."

U.S. officials say that United Nations members are specifically obligated to do what they can to block arms traffic to Hezbollah under the U.N. Security Council resolution adopted last week.

During the fighting, Hezbollah used its sophisticated antitank weapons with lethal effect. According to Israeli estimates, nearly half the 118 Israeli soldiers who died in the conflict were killed by such weapons.

Hezbollah also fired advanced Chinese-designed C-802 anti-ship cruise missiles at an Israeli warship July 14. One of the missiles damaged the ship and killed four Israeli sailors.

Israel disabled a portion of Hezbollah's long-range missiles in the opening hours of the conflict. But Israeli officials fear that if there is renewed fighting, Hezbollah will be better prepared. Next time, the militants may have better ways of concealing their arms, and the weapons may be deadlier, Israeli officials say. Larger, longer-range missiles could enable Hezbollah to target Tel Aviv with missile payloads capable of taking out entire city blocks, they say.

Although Israel sustained about 4,000 missile strikes in the last month, they primarily were from short-range rockets.

"The next round of this could make the last one look like a picnic," said an Israeli official who spoke on condition of anonymity because of the diplomatic efforts underway.

Israel has been hoping that the new multinational force being formed for duty in Lebanon will be able to block arms shipments through Lebanon's borders, airports and seaports. But unresolved U.N. discussions about the force's duties have left unclear the extent of its role in guarding those entry points.

One U.N. official said early this week that the force would not take a direct role, acting only as an advisor at the border crossings.

Schenker, now a senior fellow at the Washington Institute for Near East Policy, said he was skeptical that the U.N. force would have the manpower or the skills to halt the arms flow at the Lebanese border. But he said the Lebanese government could turn to independent international "third party monitors," an idea that has been used by Jordan and Indonesia to watch the passage of banned goods through their borders.

Schenker agreed that Israel, which may have destroyed as much as three-fourths of Hezbollah's rockets and missiles, has a huge stake in halting the rearming.

If Hezbollah is able to restore its arsenal, he said, "this whole campaign may have been for naught."

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Times staff writers Tracy Wilkinson in Rome and Johanna Neuman in Washington contributed to this report.

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Turkey Says It Forced Iran Planes Down (AP-Y)

AP, August 19, 2006

The Turkish Foreign Ministry said Friday that it had forced two Syria-bound Iranian planes to land and be searched for rockets and other military equipment during the conflict between Israel and Hezbollah.

The newspaper Hurriyet reported Wednesday that Iranian planes were forced to land at Diyarbakir airport on July 27 and on Aug. 8 — but that no military equipment was found.

Foreign Ministry deputy spokesman Murat Ozcelik said those were not the only planes that were forced to land.

"We inspect Iranian planes upon any suspicion that they may be carrying any weapons," Ozcelik said. He declined to give further details.

Ozcelik said it was "out of the question" for Turkey to be a major transit point for Iranian weapons to Hezbollah militants, who battled Israel for more than a month with weapons allegedly provided by Iran.

"All the suspicious aircraft are asked to land," Ozcelik said. "Anyone who alleges that Turkey was turning a blind eye is wrong."

Turkey, the only Muslim member of NATO, has good relations with both Israel and its Arab neighbors. It has been trying to cultivate ties with neighboring Iran, a largely Persian country.

Mass Burials Begin In Qana, Lebanon (MCT)

By Leila Fadel

McClatchy Newspapers, August 19, 2006

QANA, Lebanon - In Lebanon, the village of Qana has become a symbol of death.

On Friday, women held portraits of their lost loved ones with plastic roses taped to them and rocked back and forth in tears, kissing the pictures. In the afternoon, hundreds of mourners watched as the bodies of 28 people who were killed in an Israeli air strike July 30 in Qana were buried.

The attack sparked an international outcry against the killings of civilians in Lebanon. The number of dead originally was estimated at 56, and the exact number remains unclear.

"What did Khadeeja do?" Fairouz Younes asked between sobs. The attack killed Younes' sister and her five children.

"Ask Israel: Are these resistance? These children?" said Fatma Ghadboun, 32, as she passed water to the weeping women.

Friday was the fifth day of a tenuous cease-fire after more than a month of heavy conflict that began after a cross-border attack in which Hezbollah militants captured two Israeli soldiers and killed three others. Above the crowd of mourners was the sound of Israeli aircraft.

Across southern Lebanon, Muslims buried their dead on the first Muslim holy day since the cease-fire went into effect. As families came to claim their dead at the government hospital in Tyre, workers dug up the mass graves where bodies had been buried after the hospital's storage facilities filled. About 300 bodies were claimed, according to hospital records, and 50 remained.

"I don't want to talk to get pity," said Mohammed Shalhoub, a disabled man who was injured in the early morning attack. He lost his daughter, his sister and his brother. "These are the terrorists that the Americans are killing through Israel: us and our children."

Hezbollah members on a pickup truck led the funeral procession in Qana, calling out to the crowd of hundreds. The people wept as they followed the coffins. The procession included the bodies of four Hezbollah fighters who were killed in separate incidents. The fighters' coffins were wrapped in green and yellow Hezbollah flags, and those of the people killed in the air strike were covered with Lebanese flags.

Many of them were children. Their bodies were taken from wooden coffins that had been stored in a refrigerated truck at the government hospital in Tyre and placed in individual graves in a field near the house that had been struck.

The tiny body of Rukaiya was laid in one grave, and her mother wept above her. "Sleep, my baby, sleep," she said.

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Men in the yellow hats of the Hezbollah political party lowered the bodies into the graves. One man held up a child's body covered in a green sheet.

"This is the American gift," he said.

In Qana, the chief of Hezbollah in the south, Nabil Kaouk, spoke to the mourners. "The blood of our children taints the faces of Rice and Bush: You are partners in this crime," he said, referring to the secretary of state and the president.

In 1996, Israeli artillery killed more than 100 civilians in Qana. "Through these massacres, they wanted to portray an image of defeat and they wanted to hear the cry of surrender," Kaouk said. "Hezbollah did not lower its head."

"Qana is Karbala," one man sang out, comparing the village to the Shiite Muslim holy city where in A.D. 680 the Shiites' revered martyr, Imam Hussein, and about 70 followers were massacred. Shiites commemorate the killings each year with a 10-day mourning ceremony.

The air strike in Qana brought an international outcry against the mounting civilian death toll during 34 days of fighting between Hezbollah and Israel. More than 1,000 people were killed in Lebanon during the conflict, according to the Lebanese government.

Mass Funerals Held In Southern Lebanon (AP)

By Kathy Gannon And Lauren Frayer, Associated Press Writers

AP, August 19, 2006

The breeze blew fine dust across graves where 29 people killed in an Israeli airstrike — half of them children — were buried, as the ground was opened for funerals in south Lebanon on Friday, the Muslim holy day.

Women in black robes, their heads hidden by black scarves, held pictures of the dead and threw rice and rose petals on the plywood caskets in the village of Qana, struck during the 34-day Israel-Hezbollah war. Twenty-six coffins were draped in the Lebanese flag and three in the yellow Hezbollah flag.

To the east, the Lebanese army symbolically took control of a first border village from withdrawing Israeli forces, as two soldiers drove slowly through Kfar Kila in a jeep. And in a bid to prevent more arms from reaching Hezbollah fighters, the government vowed to take over all border crossings nationwide, including 60 known smuggling routes from Syria.

At a school in south Beirut's Bourj el-Barajneh neighborhood, Hezbollah started handing out crisp $100 bills to residents who lost homes in the Israeli bombing campaign — $12,000 to each claimant. The stacks of bills were pulled out of a suitcase. Hezbollah is financed by oil-rich Iran.

The Higher Relief Council, the government agency that deals with disasters, said Friday that the Lebanese government and U.N. agencies were undertaking assessments countrywide. While the government was still absent from the reconstruction effort, there were other offers of private help besides Hezbollah's direct payments.

Qana, about six miles southeast of the port city of Tyre, held the most elaborate of several funerals in southern Lebanon on Friday after residents decided it was finally safe and hospital morgues made sure all bodies could be claimed. A caravan of cars made its way from one service to the next.

"This is the day to bury our dead," said Shiite cleric Sheik Shoue Qatoon. "It was decided that we would schedule the funerals so that we could all attend them all."

During the war, bodies were taken to the Tyre morgue and later buried in a shallow mass grave when refrigerated trucks holding the corpses became too crowded. On Friday, the bodies were exhumed and taken to the home villages for burial. The coffins were marked with the names of the dead.

Funerals in northern Israeli towns proceeded throughout the fighting, though they were sometimes disrupted by rocket fire. But because of the war in Lebanon, it sometimes took more than 24 hours to bring the bodies of soldiers to Israel for burial, the army said. Jewish law requires burial within 24 hours after death.

In the Lebanese village of Srifa, 12 miles east of Tyre, more than 20 people were buried in a mass grave Friday. Airstrikes damaged a large swath in the village center.

In Qana, the dead were buried in individual graves one beside the other.

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Women broke into piercing screams as the 29 coffins were carried shoulder-high to the grave site, about a third of a mile from the two-story home blasted by an Israeli missile on July 30. World outrage caused Israel to announce a 48-hour halt in aerial attacks while it investigated the assault after Lebanese authorities initially said 56 people were killed.

Hezbollah flags were planted in the mound of earth scooped from the graves. Scores of cars paraded through Qana waving large Hezbollah flags. Banners stretched across the main street read in English: "The great Lebanon has defeated the murderers." Arabic language banners called the war dead "martyrs" and said civilian deaths in Qana "woke up the world."

The dead were all from the Shaloub and Hashem families of Qana.

Fatin Shaloub, a 23-year-old English teacher, lost several members of her family.

"I also lost five of my students," she said. "We didn't think the war would be horrible like this."

Hourra Shaloub, 12, was one of her favorite students and not just because she was a relative, Shaloub said.

"She was very, very smart. She always got top marks. I remember when I heard about the bombing and her death that I recalled her in a play three years ago. That's how I will always remember her, wearing her blue skirt and white T-shirt and singing very loudly," she said.

Throughout the day the hum of an Israeli drone could be heard. One of the pilotless planes also flew above south Beirut, according to Associated Press photographers in the area.

Israeli drones and warplanes also crisscrossed the skies above Lebanon's eastern Bekaa Valley on Friday night, near the Hezbollah stronghold of Baalbek, security officials said. The officials, who spoke on condition of anonymity because they are not authorized to release information to reporters, said there had been anti-aircraft fire to drive off the aircraft but no weapons fired by the Israeli drones and jet fighters.

Standing on a platform overlooking the grave site in Qana, the Hezbollah chief in southern Lebanon, Sheik Nabil Kaouk, accused the United States of being "a partner" in Israeli attacks by supplying Israel with sophisticated weapons.

"You Americans and you in the U.S. administration are partners in committing massacres. You are partners in killing us. You are partners in destroying our country. There will be no friendship between you and us," Kaouk said.

In a televised speech, Lebanese President Emile Lahoud paid tribute to Hezbollah fighters, who he said "brought down the legend of the invincible (Israeli) army. I also salute the leader of the resistance, Sheik Hassan Nasrallah, who wanted this victory to be for all the Lebanese and Arab people."

President Bush acknowledged it could take time for the people of Lebanon and the world to view the war as a loss for the militant group. The State Department has designated Hezbollah as a terrorist organization.

"The first reaction of course of Hezbollah and its supporters is to declare victory. I guess I would have done the same thing if I were them," Bush said.

"Sometimes it takes people awhile to come to the sober realization of what forces create stability and what don't," he said. "Hezbollah is a force of instability."

Near Israel's Galilee panhandle, the Lebanese army's 10th brigade set up camps within a mile of the border — a key step toward taking control of the whole country for the first time since 1968 and a major demand of the U.N. resolution that ended the war on Monday.

The deployment marks the first time the Lebanese army has moved in force to a region that was held by Palestinian guerrillas in the 1970s and by Hezbollah since Israeli troops withdrew from the area in 2000.

"We are all very happy," Brig. Gen. Charles Sheikhani said. "It's our country. and this is the first time we've really been in south Lebanon."

Lebanese troops also deployed in the town of Chebaa near the Israeli-occupied and disputed Chebaa Farms, which Lebanon claims but which Israel seized from Syria in the 1967 Mideast war. It was the first time in 38 years that the Lebanese army had been in Chebaa's Arqoub region, an area that between 1969 and 1982 was a launching pad for Palestinian attacks on Israel.

When the troops arrived in Chebaa, they were showered with rice and flower petals, and villagers also danced and slaughtered sheep. Troops also deployed in the towns of Kfar Chouba and in Khiam.

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With Lebanon moving quickly to get 15,000 soldiers into the south as demanded by the U.N. cease-fire resolution, there was still no firm date for a deployment of an equal number of international peacekeepers. The United Nations had pledges of 3,500 troops for the force, with Bangladesh making the largest offer of up to 2,000 troops.

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Gannon reported from Qana, Lebanon, and Frayer from Kfar Kila, Lebanon.

With 'Minefields' At Home, War Isn't Over For Lebanese (NYT)

By Hassan M. Fattah

The New York Times, August 19, 2006

TYRE, Lebanon, Aug. 18 — Marwa al-Miri, 10, and her 12-year-old cousin Sekneh could not resist the chance of a treasure hunt when they were finally allowed to go out and play on Thursday evening, three days after returning home to Ayt el Shaab.

Almost everywhere the girls and their playmates looked in their rubble-strewn town there was a gem — papers and books covered in dust, dented appliances and, best of all, the occasional toy. Even the metallic gray canister that Marwa held up, the size of a battery with a head that looked like a cigarette lighter, had some allure for the children.

But when she pitched it to her 10-year-old friend Hassan Tahini, it exploded in a loud bang that brought out all the adults in the area. In a split second, Hassan was on the ground unconscious, his gut split open; Marwa was screaming in pain with shrapnel wounds in her legs; and Sekneh was riddled with shrapnel in her chest and struggling for her life.

"It looked like a little can; it was interesting," Marwa recalled Friday, moaning in pain at Jabal Amel Hospital in Tyre, where the three children were being treated.

Thousands of so-called bomblets, smaller than a hand grenade but far more deadly, have turned homes, schools and even hospitals in southern Lebanon into virtual minefields, threatening communities for months, possibly even years to come, say human rights campaigners and mine cleanup groups.

In towns like Yahmour and Nabatiye along the Litani River Valley, where Israeli troops prepared to face off with Hezbollah fighters in the final days of the conflict, thousands of bomblets released by shells fired into the area litter everything from streets to farmland.

In Tibnin, near some of the heaviest fighting along the Israeli border, the little bomblets landed in front of a major hospital, in the middle of the main road through town, in tree branches and even inside cars.

Cluster munitions like the ones used by Israel's military are legal weapons under the Geneva Conventions. Israel acknowledges that it dropped cluster bombs during the monthlong war, but says it tried to avoid using them in civilian areas.

On a battlefield, the multipurpose cluster bombs like the ones fired on Lebanon, many of them made by American contractors, are designed to penetrate thick armor as well as to kill or maim enemy soldiers within several yards, mine clearance officials said. They release small bomblets in midair, expected to fall to the ground and explode on impact across a wide area. That allows for much greater "coverage" than a single artillery shell can provide.

But groups like Human Rights Watch, which has led a campaign to ban the weapons, say they are too inaccurate and unreliable, especially when used in civilian areas, where they can pose a danger long after a war is over.

The bombs are especially dangerous because of their high failure rates, leaving hundreds of the bomblets unexploded on the ground, said Marc Garlasco, a senior military analyst at Human Rights Watch. The artillery shells used by the Israeli military in Lebanon delivered 88 bomblets per shell and have an official failure rate of up to 14 percent, though mine cleanup groups operating in southern Lebanon say the failure rate can reach 40 percent.

"A cluster bomb cannot differentiate between civilian and military areas," Mr. Garlasco said. "You could say maybe the town was empty of civilians when it was fired, but the people eventually come home and have to face a minefield. It becomes a humanitarian nightmare."

In effect, Mr. Garlasco says, when the shells are fired in triplets, as is customary with most artillery, "you're creating 35 to 50 new landmines every time you use them."

By Friday, several cases of deaths and injuries from exploding cluster bombs were reported as residents in southern Lebanon returned to their homes and began the cleanup. Two people were killed in Kafr Rumman and Masaydoun, according

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to the Mines Advisory Group, a British-based nongovernmental organization. In Yahmour, an elderly woman was seriously wounded when she set off one of the bomblets while sweeping inside her home and was hit by shrapnel in her head, legs and arms. In the town of Haboush, two children were killed when they uncovered a bomblet.

In all, at least 16 people have been wounded by unexploded bombs since the cease-fire on Monday, said David Shearer, the United Nations humanitarian coordinator in southern Lebanon. The bomblets have also seriously hampered reconstruction efforts.

"People can't go into their banana plantations because they are scared of unexploded ordnance," Mr. Shearer said. "It is the biggest obstacle to restarting the economy."

"We consider these more dangerous than antipersonnel mines," said Frank Masche, a technical field manager with the Mine Advisory Group, who was examining the main highway near the Tibnin hospital on Thursday for unexploded bombs. "When there's a minefield, people know they can't walk there. Here, people think it is safe to walk around anywhere."

The group has been slowly looking over roads and homes in heavily hit areas of southern Lebanon, working in conjunction with the Lebanese Army to detonate the bombs. On Friday, crews inched up the main road in Yahmour, marking the bombs and then exploding them. The process can take 15 to 30 minutes per bomb; crews there estimate there are hundreds in the town alone.

"The war may be over, but we're still living in a war," said Suad el-Miri, the aunt of Marwa and Sekneh, as she watched over them in the intensive care ward at Jabal Amel Hospital on Friday. "People think it's over, but there are still so many bombs around that our lives and our children's lives remain at risk."

Villagers Cheer As Lebanese Army Marches Into The South (NYT)

By Robert F. Worth

The New York Times, August 19, 2006

BEIRUT, Lebanon, Aug. 18 — Villagers danced in the streets and threw rice on Friday as the Lebanese Army's soldiers reached the southern border with Israel for the first time in decades, and Hezbollah volunteers handed out grants of $12,000 — in stacks of American dollars — as part of its vigorous campaign to help families whose houses were destroyed over the past month.

Mass funerals were held across southern Lebanon for hundreds of people killed in the bombings, including scores of Hezbollah fighters who were hailed as heroes and martyrs. Ambulances, sirens wailing, made way for funeral processions, and the stench of death pervaded the streets. In Tyre, almost 200 bodies were dug up from a temporary mass grave and reburied individually.

The funerals, mostly arranged by Hezbollah, illustrated the group's near-total power over southern Lebanon and underscored the uncertainty of the Lebanese Army's new mission there. Israel and the United States have said they expect the Lebanese Army to disarm Hezbollah under the terms of a United Nations Security Council resolution.

But even as southern residents cheered the arriving soldiers, Hezbollah banners waved nearby. The group's members have said they have no intention of giving up their weapons for now. Lebanese government officials have made clear that the 15,000 soldiers being sent to southern Lebanon will not search for weapons. The United Nations peacekeeping troops expected to join the Lebanese Army will not do any disarmament either, United Nations officials say.

At the United Nations on Friday, diplomats scrambled to meet a deadline of getting the first 3,500-troop detachment of that force on the ground in 10 days, and Mark Malloch Brown, the deputy secretary general, appealed for more input from Europe.

On Thursday, France disappointed planners by committing only 200 soldiers, far fewer than expected, while the countries offering frontline mechanized units were Bangladesh, Indonesia and Malaysia, all Muslim, and Nepal, which is largely Hindu.

"That is enormously helpful and a major contribution," Mr. Malloch Brown said, "but we want this force that we deploy to have a kind of multinational, multilateral character so that it enjoys the confidence of both sides."

Whatever the fate of its weapons, Hezbollah has already asserted itself politically across the south, distributing food and aid in advance of the international relief agencies that are also in the area.

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Hezbollah took its aid program a step further on Friday, making good on a pledge by Sheik Hassan Nasrallah, its leader, to provide cash payments to displaced families. With more than 200,000 residents of the capital's Shiite southern suburbs already back in the area, the group on Friday began giving out the grants of $12,000 — an enormous sum in Lebanon, where an apartment large enough for a small family can be rented for $300 a month.

Lebanese political figures have begun reacting to Hezbollah's new popularity, breaking the facade of national unity that largely held during the month of war with Israel. On Thursday, the Druse leader Walid Jumblatt, speaking at a news conference at his headquarters, said, "Hezbollah must decide once and for all whether it is a Lebanese organization or a tool of Syria and Iran."

Mr. Jumblatt, a leader of the fragile secular coalition that holds a narrow majority in the Lebanese Parliament, ridiculed the new arrangement in the south, saying it had not changed Hezbollah's role. "At any time Israel can launch a pre-emptive attack, and now, as the Lebanese state, we are responsible for the south," he said. "And the Lebanese Army in such a case will just vanish in a couple of hours."

But Mr. Jumblatt stopped short of forcefully calling for Hezbollah's disarmament, saying instead that he favored "dialogue." That hesitation appeared to reflect the weakness of the secular majority and its vulnerability to accusations that it is too close to Israel and the United States.

Instead, Mr. Jumblatt reserved his harshest words for Syria, as did Saad Hariri, the leader of the secular parliamentary majority. In a speech this week, President Bashar al-Assad of Syria suggested that Lebanon's secular leaders favored Israel.

In his own speech, Mr. Hariri lashed out at the Syrian government, accusing it of using Lebanon's tragedy to score political points. "The regime in Syria is trading in the blood of the children of Qana, the children of Gaza, and the children of Baghdad," Mr. Hariri, the son of the assassinated former prime minister Rafik Hariri, said in a speech to hundreds of supporters.

In a sense, the recriminations represented a return to usual in Lebanon, after a month of unaccustomed unity forged by the Israeli bombing.

There were other signs that life was edging back toward normality, at least in the capital. A few civilian flights resumed Thursday at Beirut's international airport for the first time since July 13, when Israeli bombs punched holes in the runways. The Israeli military is still coordinating the flights, but airport officials have said regular flights could start next week.

Beirut's downtown, largely vacant over the past month, now has a trickle of pedestrians during the day, and shops and restaurants are reopening.

"Everything is coming back to life," said Farah Ambriss, 24, as she walked to meet friends for lunch at an outdoor table on al Maarad Street. "But we are still afraid because Israeli troops are still in the south."

Nearby, the owner of Duo, one of the street's restaurants, stood outside its glass doors and sandstone pillars, greeting customers. The interior was almost full, but the outdoor tables were empty. "I've had 100 people a day for lunch since the cease-fire, said the owner, who gave only his first name, Pierre. "Usually we get 500."

Most people are pessimistic, he said. "The fighting could start again any time," he said. "There's no clear solution; it's still gray, neither white nor black."

Hezbollah's Transformation Is A Case Study (MCT)

By Carol Rosenberg

McClatchy Newspapers, August 19, 2006

TEL AVIV, Israel - The Hezbollah force that fought Israel to a draw in a month-long border conflict is the product of a two-decade, Iranian-nurtured program that took a guerrilla group and transformed it into a full-blown Shiite Muslim army.

Interviews with Israeli soldiers and officers as well as published accounts of battles and analyses by experts on military affairs show that Hezbollah has been able to integrate an astonishing array of military capabilities, far outstripping what many Israelis understood were its abilities.

How Hezbollah grew into what one commentator has called the fifth most powerful army in the Middle East is a lesson sure to be studied not only by Israelis but also by their potential opponents in Gaza and the West Bank and by militia groups the world

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over. In Iraq, where Iran is deeply involved in political developments, the Shiite cleric Muqtada al-Sadr is said to have made Hezbollah the model for his Mahdi Army militia.

It also bodes ill for hopes that Hezbollah might be restrained by the presence of U.N. peacekeepers or the Lebanese army, which began deploying in southern Lebanon this week after agreeing not to search for Hezbollah weapons.

"They've been hiding their tracks beautifully," said Timor Goksel, a former U.N. peacekeeper who spent 20 years in southern Lebanon and now teaches a course in ethnic conflict at the American University of Beirut. "Even I'm surprised that they were able to build all these systems."

"This was a real army, a command army, well trained and well equipped," said political scientist Gerald Steinberg, the director of the Conflict Management and Negotiation program at Israel's Bar Ilan University. The Palestinian Hamas movement, he said, "will want it more than they ever wanted it before, and they'll have to work harder than ever to get it. Everybody is going to be much more aware and much more willing to let Israel take action precisely to prevent a situation where Gaza turns into south Lebanon."

To be sure, Israel knew much about Hezbollah's military capabilities. Israeli intelligence had detected a 2003 shipment of long-range, Iranian-made Zelzal-2 missiles, which arrived at the Damascus airport in flights returning to Syria after delivering blankets and other emergency relief supplies to earthquake victims in Iran. Israeli officials said they didn't reveal the shipment at the time because they were afraid of tipping off Hezbollah and its allies to their sources.

Israeli military officers also were aware that Hezbollah was constructing a network of bunkers and tunnels on Israel's northern border. One reserve general called them the "infrastructure of an underground Tehran." They knew as well that Hezbollah fighters were regularly shuttling between Lebanon's Bekaa Valley and Iran for advanced training.

But the depth of Hezbollah's development became clear only once Israel attacked its installations in Lebanon in what some initially envisioned as a one- or two-week campaign. After slightly more than four weeks, Israel agreed to a cease-fire that left Hezbollah intact as the strongest political and military force in Lebanon.

The Israeli invasion showed that Hezbollah, with Iran's help, had taken hundreds of small steps to create a powerhouse. Among them:

-It acquired thousands of Russian-made anti-tank missiles from Syria and Iran, then trained its forces to use them. The missiles were startlingly effective not just against Israeli tanks but also against houses and other buildings where Israeli troops sought shelter.

-It set up a top-down, stealthy military structure that tightly controls operations and is led by a covert chief of staff whose name isn't known to the Israelis or at least isn't made public. Israeli military officials think that some promising Hezbollah fighters have been sent to special Iranian command courses.

-It established a combat-ready organization: a logistics branch to handle the delivery of food, fuel and munitions; a black-clad special forces unit to conduct daring combat missions and abduct Israeli soldiers; navy commandos; and an infantry that trains for complex operations and supports the other units.

-It set up a reserve system that consists of former full-time fighters who can be called back to service and "weekend warriors" who undergo regular training but generally haven't seen combat.

It also created an intelligence unit that recruited a Bedouin spy inside the Israeli army and an air wing that sent drones on test runs over Israel in 2004 and 2005, on flight paths similar to those that its Katyusha rockets followed this summer as they rained down on Israel.

It has Shiite fighters who speak Hebrew, perhaps learned on patrols along the northern border in earshot of Israeli broadcasts. This makes some Israeli soldiers suspect that they were being overheard.

It's also kept its command structure largely secret.

Its uniforms have no emblems and insignia that could help Israeli soldiers sort out the commanders from the rank and file in combat. If Israeli intelligence has an organizational chart, it hasn't made it public.

"It's a well-organized army, unified, well-equipped - a big Shiite army," said Iftach Shapira, an analyst for The Middle East Military Balance, a publication of the Jaffee Center for Strategic Studies in Tel Aviv. "It happened slowly. We knew this army was being built, but I think we didn't appreciate just how strong it was."

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Israelis think that Iran is intimately involved in training Hezbollah, which was founded largely at the behest of the Ayatollah Ruhollah Khomeini, the Muslim cleric who toppled the shah of Iran in 1978 and died in 1989.

At the time of Hezbollah's beginnings, Israel occupied southern Lebanon and the United States had sent peacekeeping forces in an effort to separate warring Lebanese sides in a civil war. Hezbollah's first homegrown military leader, Imad Mugniyeh, a Shiite who served with the Palestine Liberation Organization's elite bodyguard unit, is thought to have planned the suicide bombings in Beirut of the U.S. Embassy and the Marine barracks.

Iran dispatched an estimated 100 Revolutionary Guards to help Hezbollah set up military camps in the Bekaa Valley, where they provided ideological and Islamic education and boot camp-style training.

Since then, according to Israeli military intelligence estimates, as many as 1,000 Lebanese recruits a year have been sent to Iran for specialty training in using rockets, anti-tank missiles and other weapons.

To reinforce the recruits' fervor, their Iranian hosts take them on pilgrimages to shrines and mosques around the Shiite heartland, according to Brig. Gen. Yossi Kuperwasser, until recently Israel's chief of intelligence analysis.

The pilgrimages are important, Kuperwasser said, to provide a religious underpinning to their training.

"The main thing they teach is brainwashing them with their Islamic interpretation of the Quran," he said. "A soldier without motivation is not a soldier."

Much of Israel's freshest information on Hezbollah presumably is coming from the 20-plus Hezbollah fighters it took prisoner in the conflict. Israeli television aired a seven-minute clip from one such interrogation, and provided McClatchy Newspapers with an English-language transcript.

In the clip, the prisoner, Hussein Ali Suleiman, 22, said he joined Hezbollah when he was 15 and studied Hezbollah ideology at a night school until, at age 17, he was sent to 45 days of basic training at a Hezbollah base in Baalbeck, in the Bekaa Valley.

Later that year, he and 40 to 50 others traveled to Iran, first by four-wheel-drive to Syria along a military lane that didn't require passport checks, then aboard a flight to Iran. There, he got advanced training in operating and firing anti-tank missiles in a four-man unit.

He said his unit was deployed twice to southern Lebanon to snatch Israeli soldiers. The first mission was unsuccessful. On the second, on July 12, they killed three soldiers and abducted two others. That raid touched off the most recent fighting.

His assignment: If Israeli armor pursued Hezbollah kidnappers, his unit would fire missiles at the tanks to immobilize them.

Israeli military officers said Suleiman's story illustrated the sophistication of Hezbollah's planning. They noted that not only was he briefed on his role but that his unit also practiced the operation four days before the border incursion.

Israeli officials acknowledge that intelligence gaps led to casualties. For example, Israel didn't know that Hezbollah had acquired sophisticated C-802 land-to-sea guided missiles, one of which struck an Israeli navy ship, the Hanit, off the Lebanese coat, killing four sailors.

Had Israel known about it, officers said, the ship's captain would have engaged an anti-missile system that would have averted the strike.

Israeli intelligence officers won't discuss whether Israel has penetrated Hezbollah successfully. But news accounts make it clear that Hezbollah has infiltrated Israel.

In one case Hezbollah recruited a spy, Israeli army Col. Omar al Heib, a Bedouin scout and Israeli citizen, who provided insights into how the army operated in exchange for heroin and hashish. He was discovered and convicted of espionage last year, and is serving a 15-year sentence.

Hezbollah also made use of unmanned Muhajir aircraft obtained from Iran and capable of carrying camera equipment to over-fly Israel. One of the drones passed over northwestern Israel in April 2005, hours before President Bush and then Israeli Prime Minister Ariel Sharon held a news conference in Crawford, Texas.

Israeli soldiers have been stunned by Hezbollah's first-strike strategy. First Sgt. Guy Nehama's paratroop unit lost its commander, a lieutenant, when Hezbollah commandos fired an anti-tank rocket through the wall of a house in the village of Ait a Shaab where they were staying during the third week of the conflict. The impact sent shards of metal flying, decapitating the commander before his eyes.

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"Maybe the IDF knew," Nehama said, referring to the Israel Defense Forces. "But the people of Israel didn't know that the Hezbollah got so much stronger."

Goksel, the former U.N. peacekeeper, said that every Hezbollah member in south Lebanon had three changes of clothing in his closet: dress uniforms for parades, fatigues to fight in and the ordinary civilian clothes he wears by day to mask his membership.

Rebuilding And Regrouping (NSWK)

By Babak Dehghanpisheh

Newsweek, August 19, 2006

As Lebanese dig themselves out of the rubble, Hizbullah's shift from fighting to politicking is reinforcing its support. WEB EXCLUSIVE

The phones in Abu Ahmed's office just wouldn't stop. As the 45-year-old Lebanese businessman pored over the huge map of south Beirut sprawled across his desk, he held a cell phone at each ear. The map in front of him showed dozens of buildings marked red. "Those are the buildings that are completely demolished," he says, as an aide brings in yet another phone for him to answer.

Abu Ahmed is one of Hizbullah's point men in the reconstruction of the dahiye, the Shiite-dominated southern suburbs of the Lebanese capital that housed Hizbullah's offices and TV station that were hit hardest by the Israeli attacks of recent weeks. Outside his office, many neighborhood residents have lined up with deeds and other official papers to request compensation. Abu Ahmed claims that Hizbullah is paying out an average of $12,000 dollars, roughly equivalent to one years' rent in the neighborhood, to families who lost their homes during the monthlong war. The next phase of activity will focus on shops and businesses that have been damaged.

As the ceasefire with Israel takes a tentative hold, Hizbullah's political moves are proving as skillful as the military strategy that denied the legendary Israeli Army a decisive victory. Hizbullah leader Hassan Nasrallah moved swiftly to take control of the reconstruction process—or at least create that impression. In a victory speech Monday night, he offered the rent and furniture money to any Lebanese who lost their homes in the war. With disciplined supporters fanning out through Beirut and into the battered south to start the rebuilding, the move was certain to bolster the group's support among Lebanese who already admire its resistance to Israel and its strong network of social services. "The issue now for Hizbullah is to prove they are as efficient at peace as they were in war," says Patrick Haenni, an analyst from the International Crisis Group.

Already, Hizbullah has spearheaded the reconstruction efforts in the bombed-out Shiite areas of south Beirut. Huge cranes and jackhammers clear mangled concrete from roadways. Volunteers with red T shirts and hats that read VICTORY FROM GOD sweep away rubble in residential areas. At one intersection, a volunteer poured buckets of shattered glass out of the second story window of a shop called Yukon. Many crushed buildings in the neighborhood have been marked with a banner made from plastic sheeting. The banner notes which regional office the owner should go to for compensation, the opening hours (9 a.m. to 5 p.m.) and is signed: HIZBULLAH.

Most analysts believe the money for this effort is coming from Iran, one of Hizbullah's main backers. Abu Ahmed, who sports gold-rimmed glasses and a silver ring, insists that the cash is coming neither from Tehran nor the Lebanese government but is vague when pressed on where it does originate. "We have an emergency crisis here," he says. "We can't wait for the government. If the government sends someone to assess the damage it may take two months. I can't let my people wait for two months."

Few Lebanese politicians would argue against the need for a quick reconstruction effort. But some say Hizbullah's program, accompanied by congratulatory posters and banners, smacks of political opportunism. Nayla Moawad, the minister for social affairs, says Nasrallah's organization has even taken credit for reconstruction works funded by the government. "Many things the government is funding are being exploited by Hizbullah," she says. "They took it to their advantage." Moawad was so frustrated that she complained to two Hizbullah parliamentarians.

Complaints probably won't help much, though. Moawad and her political allies in the March 14 group—an anti-Syrian political movement formed shortly after the February 2005 assassination of former Prime Minister Rafik Hariri—have taken a hard hit as Hizbullah's popularity has increased in recent weeks. There's a perception among many Lebanese that the March 14

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group was ineffectual in trying to stop the conflict and was abandoned by its sympathizers in Washington. Still, the group does hold the majority in Parliament and will have to play a key role in hashing out sensitive issues like disarming Hizbullah, which holds two ministries and 14 seats in the 128-seat legislature. At the moment, that prospect seems unlikely. "March 14 has no cards," says the ICG's Haenni. "How can they pressure Hizbullah? You can't do more than moral pressure."

Meanwhile, the Lebanese Army fanned out into Hizbullah strongholds across South Lebanon this week to fulfill a portion of United Nations Resolution 1701, which was approved last week to stop the fighting. Hizbullah members, however, remained as elusive as ever. Many of those doing the physical work of rebuilding were fighters who had appeared out of the rubble of many small towns, stashed their weapons and donned civilian garb. "After this war it's impossible to disarm Hizbullah," says one senior Lebanese military official who wasn't authorized to speak on the record. "Disarming Hizbullah is not popular for the government and not popular for the army. The people of Hizbullah are from these villages and towns. They're not going to leave."

Will a strengthened Hizbullah militia set the stage for another Lebanese sectarian war? Perhaps not. One group that could play a key role in convincing Hizbullah to lay down arms: Christian Gen. Michel Aoun's Free Patriotic Movement. Earlier this year, the FPM, which claims to represent the majority of Christians in Lebanon, signed a memorandum of understanding with Hizbullah. This alliance has helped defuse the tension between Shiites and Christians, many of whom blame Hizbullah for dragging them into a war they wanted no part of. "The main factor is General Aoun," says the same Lebanese military official. "It's the only way to prevent civil war. If he switched to the other side the situation would change in all Lebanon."

The political alliance was a savvy move for both Aoun and Hizbullah leader Hassan Nasrallah. And both groups saw the benefits during the current conflict. Thousands of displaced Shiites from South Lebanon were given shelters at schools in Christian areas in and around Beirut overseen by the FPM. Many of the young Christian volunteers, often wearing T shirts with the party's check-mark logo, were interacting with Shiites from the southern portion of the country for the first time. A handful of these volunteers were working in south Beirut today. Gebran Bassil, head of the FPM's political office, helped hammer out the agreement with Hizbullah earlier in the year. He says the FPM has helped temper the views of some of the more radical elements in Hizbullah. In return, the agreement "protected the Christians" during the current conflict, Bassil says.

In the southern suburbs of Beirut this afternoon, Ayman Kraydly, a 21-year-old computer science student, walked away from the ruined apartment block where he lived with his family holding two plastic bags. One bag was filled with clothes and the other was filled with family photos and a Qur'an—all he'd managed to salvage. He'd applied for the Hizbullah stipend a couple of days before but hadn't received any money yet. Still, he said he wasn't bitter about the loss of his home and many of his belongings. And he didn't hold out hope for a lasting peace. "It'll happen again," he says with a shrug. "It's a matter of time. We get used to it."

Many Israelis See Lebanon War As Major Stumble (WP)

By Doug Struck And Tal Zipper

The Washington Post, August 19, 2006

Concern Grows Over Failure To Definitively Defeat Militia

JERUSALEM, Aug. 18 -- Sgt. Lior Rahamin's Israeli reserve unit had not trained in two years. When its members were called up for the Lebanon war, they didn't have straps for their guns, spare ammunition, flak jackets or more than one good radio. There were other shortages: Twice their operations were canceled because they had no water to take; once they went two days without food.

"Hezbollah didn't surprise us. We were surprised by the Israel Defense Forces," said Rahamin, 30, a paratrooper who was wounded fighting in Lebanon in 1997 and who volunteered to go with his unit again. The next time they call, he said, "we will not show up."

From the failure to get food and water to the troops, to complaints of an uncertain war plan and overconfident generals, the Lebanon war is fast being viewed within Israel as a major stumble. Military and political leaders already are trading blame; some are expected to lose their posts. Officers say the mistakes show weakness in the military, the Israel Defense Forces, known as the IDF. Many Israelis worry that the failure of the military to squash the Hezbollah militia will make their country more vulnerable to other enemies.

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"For four weeks we failed to defend ourselves against daily bombardments against our cities. This is a failure that never happened before," said Yuval Steinitz, a Likud Party member and former chairman of parliament's defense committee. "This is going to send a bad message."

Such fears were fueled by a strident speech by Syrian President Bashar al-Assad at the end of the war, promising to follow Hezbollah's model to retake the Golan Heights. Less than 24 hours after the cease-fire, he boasted that Hezbollah had "defeated the legend of the army that had never been defeated."

Brig. Gen. Ido Nehushtan, a member of the Israeli army's general staff who is taking over as head of planning for the military, defended the outcome of the operation. "This was a unique war," he said in an interview Friday. "You can't judge it in a traditional way. Our war was much more like a war on terrorism than a war against an army. . . . It's not realistic to expect any white flag coming from the bunker."

Nehushtan insisted that the military did not expect to stop the Katyusha rocket attacks on Israel -- only to try to cripple Hezbollah.

"To stop the rain of Katyushas, you would have to take every inch of the land. The objective was to deal Hezbollah a significant blow," he said. "They have lost heavy numbers and a huge amount of infrastructure."

The complaints that have emerged as Israel's soldiers return from the field have heightened the country's concerns about the state of its army and the judgment of its leaders.

"If we would have gone in with more foot soldiers, we would have done more," said Avi Hubara, 40, a schoolteacher and reservist who volunteered to go to Lebanon to fight. "But the politicians were scared to make decisions. It was a failure. We got people killed. There was lots of friendly fire. We did not hurt the capability of the Hezbollah. We did not return the kidnapped soldiers. We did not win."

Prime Minister Ehud Olmert and his defense minister, Amir Peretz, have little military experience and are now the target of scathing criticism for faults in the operation. The Knesset, the Israeli parliament, is demanding a judicial investigation of the conduct of the war. Public opinion of the government and military leaders has plunged in the polls, and the returning soldiers are glum.

"Led Astray," said a headline in the Haaretz newspaper. "Why We Didn't Win," the largest-circulation daily, Yediot Aharonoth, pondered in bold type. There is much blame for the military, as well as for political leaders. The returning reserve soldiers tell of confusion, contradictory orders and missing supplies and equipment.

"We were getting ready to board the bus in Lebanon with faces painted for combat, but they called us back," said Sgt. Yuval Drori, 30, a reservist who works at a software company. "Another time we were at the border, with bullets in the chambers, but they canceled again. The mission changed every 30 minutes. There was a great sense of a big mess."

"In the last six years, there hadn't been any preparation" for putting soldiers into combat, said a retired major general, Shaul Givoli, director of the Council for Peace and Security near Tel Aviv. "Even the rations had expired."

Critics list a variety of miscues, some acknowledged by the army. "We made some mistakes in preparation," a high-level military officer said in an interview. "We need to recheck our intelligence, our logistics, the readiness of reserves."

From the outset, Israel tried to wage the war largely from the air, instead of sending a large ground force into Lebanon quickly. The bombardment created scenes of devastation in Lebanon. Israeli army officers insist that the operation brought serious damage to Hezbollah's infrastructure, supplies and manpower. But the bombing did not stop the rain of rockets fired by Hezbollah fighters.

Israeli forces also were surprised by the effectiveness of Hezbollah and its missile armaments, which hit an Israeli ship, may have downed a helicopter, and penetrated about 20 of Israel's most modern tanks.

Public criticism was intense after Israel broadened the ground war inside Lebanon in the last two days before the cease-fire. More than 30 Israeli soldiers were killed during the fighting that weekend to seize ground that the army then abandoned Monday morning when the cease-fire took effect.

The senior Israeli officer, who helped plan the last-minute push, said the ground operation was valuable. The officer, speaking on grounds that he not be identified by name, said that the outlines of the cease-fire were not known when the order to go ahead was given and that the battles helped shape the final agreement.

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But the coming cease-fire was clear to those in the field. "We were called up to go in, and on that night I told my friends, tonight and tomorrow people will die for nothing," said Drori, the reserve sergeant. "The cease-fire agreement was there, and everybody knew what was to be achieved, and people will die.

"It seemed the IDF was trying to drop every single bomb in its arsenal. You could hear the blasts and bombs whistling around you. Then at 7:55 Monday morning, it all went still. Those last 30 casualties were in vain."

Drori's squad escorted combat bulldozers. Then the bulldozers left to be refueled and did not come back. "Nobody told us about it. We finally called the army engineering commander, and he told us to come back because the bulldozers are parked. He said we did a great job. In fact, we didn't do anything."

Gerald Steinberg, who heads the conflict management program at Bar-Ilan University in suburban Tel Aviv, said: "The screw-ups could have been avoided. The hesitations and lack of leadership -- go in, don't go in, go there, go here. We all knew almost daily of troops being told to go in, then being called back. Had the war gone well, that would have been forgotten. But it didn't.

"Then in the last couple days, a mad rush when we all knew there was going to be a cease-fire. We lost 33 soldiers, and so many crippled and badly wounded. Wasn't there a better way to do it?"

Many Israelis see a more ominous consequence of Israel's missteps. The failure of Israel to silence Hezbollah, followed by the claims of triumph from the militia, Syria and Iran may leave the perception of weakness, they feel.

"The only lesson Israel's enemies can possibly have been learning is that after decades of defeat and frustration, they have found the means to effect the demise of the Jewish state. They need only acquire greater rocket and missile capabilities," the editor of the Jerusalem Post, David Horovitz, wrote Friday. "It was brought about by a level of arrogance and complacency probably unparalleled since the" victory in the 1967 war led to Israel being caught unprepared for a surprise attack in 1973, he said.

Writing in the Haaretz newspaper this week, columnist Reuven Pedatzur agreed. "The IDF's failure is eroding our national security's most important asset -- the belligerent image of this country, led by a vast, strong and advanced army capable of dealing our enemies a decisive blow if they even try to bother us," he wrote.

"In Damascus, Gaza, Tehran and Cairo, too, people are looking with amazement at the IDF that could not bring a tiny guerrilla organization to its knees for more than a month," he said. "What happened to this mighty army?"

Knesset member Steinitz said Israel had long relied on a doctrine that when attacked, it had to counterattack deep into enemy territory "and defeat the enemy almost at any cost. Now, in the last decade or so, we developed a culture of strategic war that is less costly to human life. Instead of looking for a knockout, we are looking to gain points. I think it's a mistake."

Others contend that any potential opponent looking at the devastation wreaked by Israel on Lebanon will not see that as evidence of weakness.

"The destruction in Beirut and southern Lebanon do create anger, but they also create deterrence," Steinberg said. "Israelis are coping with this. It's not a sense of denial. It would be a mistake if Hezbollah or others look at Israel as a weakened society. Israeli society is very determined to see this through, and prepared to fight another war."

Zipper reported from Tel Aviv. Special correspondent Samuel Sockol in Jerusalem contributed to this report.

Israelis Back From Battle Report Grievous Missteps (WT/AP)

By Benjamin Harvey, Associated Press

The Washington Times, August 19, 2006

METULLA, Israel -- Soldiers returning from the war in Lebanon say the Israeli army was slow to rescue wounded comrades and suffered from a lack of supplies so dire they had to drink water from the canteens of dead Hezbollah guerrillas.

"We fought for nothing. We cleared houses that will be reoccupied in no time," said Ilia Marshak, a 22-year-old infantryman who spent a week in Lebanon.

Mr. Marshak said his unit was hindered by a lack of information, by poor training and by untested equipment. In one instance, Israeli troops occupying two houses inadvertently fired at each other because of poor communication between their commanders.

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"We almost killed each other," he said. "We shot like blind people. ... We shot sheep and goats."

The war has cost Prime Minister Ehud Olmert much of his political capital. With approval ratings plummeting, he has been forced to shelve his West Bank pullout plan and is struggling to ride out a growing public storm over the government's wartime bungles.

At the height of the war in Lebanon, Mr. Olmert asserted that the fighting could create momentum for a West Bank pullout, prompting angry accusations that he was trying to hijack the war for a divisive political agenda.

However, in meetings this week, the prime minister told Cabinet ministers and key legislators that the West Bank plan was being shelved.

The war in Lebanon ended with considerable losses for Israel -- 118 soldiers killed, hundreds wounded, hundreds of thousands displaced -- but no clear gains.

The war was widely seen in Israel as a justified response to a July 12 cross-border attack in which Hezbollah gunmen killed three Israeli soldiers and captured two. Another five Israeli soldiers died in an unsuccessful rescue attempt

But the wartime solidarity crumbled after Israel agreed to pull its army from south Lebanon without crushing Hezbollah or rescuing the captured soldiers.

In a nation lionized for decisive military victories over Arab foes, the stalemate after a month of war in Lebanon has surprised many.

The Israeli army was often caught off guard by a well-trained guerrilla force backed by Iran and Syria that used sophisticated weapons and tactics. Soldiers, for instance, complained that Hezbollah fighters sometimes disguised themselves in Israeli uniforms.

Critics are demanding an official commission of inquiry, with the power to dismiss top government officials. Such a commission forced Ariel Sharon to resign from the defense minister's job after Israel's 1982 war in Lebanon.

Some of the harshest criticism has come from reservists, who form the backbone of the army. Israeli men do three years of mandatory service beginning at age 18, but continue to do reserve duty several weeks a year into their 40s.

Israeli newspapers quoted disgruntled reservists as saying they had no provisions in Lebanon, were sent into battle with outdated or faulty equipment and insufficient supplies, and received little or no training.

"I personally haven't thrown a grenade in 15 years, and I thought I'd get a chance to do so before going north," an unidentified reservist in an elite infantry brigade was quoted as telling the Ma'ariv daily.

Israel's largest paper, Yediot Ahronot, quoted one soldier as saying thirsty troops threw chlorine tablets into filthy water in sheep and cow troughs. Another said his unit took canteens from dead guerrillas.

"When you're thirsty and have to keep fighting, you don't think a lot, and there is no time to feel disgusted," the unidentified soldier was quoted as saying.

The newspaper said helicopters were hindered from delivering food supplies or carrying out rescue operations because commanders feared the aircraft would be shot down. In some instances, soldiers bled to death because they were not rescued in time, Yediot Ahronot said.

Comrades of the two soldiers captured by Hezbollah sent a petition to the prime minister Thursday accusing the government of abandoning the men.

"We went to reserve duty with the certainty that all of Israel's citizens, and the Israeli government, believe in the same value that every combatant learns from his first day in basic training -- you don't leave friends behind," the soldiers wrote. "This is a moral low point. The Israeli government has abandoned two [Israeli Defense Force] combatants that it sent on a mission."

Troubled Foray Why Israel's Plans To Curb Hezbollah Went So Poorly (WSJ)

By Guy Chazan, Karby Leggett, Neil King

The Wall Street Journal, August 19, 2006

Nation Misgauged Response; Military, Civilian Leaders Were Sometimes at Odds Creating a New Hero for Arabs

When its bombs began falling on southern Lebanon 39 days ago, Israel had high hopes that it could severely damage or even destroy Hezbollah, the militant Islamist group rooted there. Crippling it, they and their Washington allies hoped, would rid

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Israel of an implacable enemy. It would also set back Iran, a longtime supporter of the group, at a crucial time in Iran's nuclear negotiations with the West.

But with the fighting stopped, Hezbollah remains far from defanged. Indeed, in many eyes it is the victor, having faced down the mighty Israeli military and hugely enhanced its standing with the anti-Israeli populations across the Mideast.

Even the scaled-back ambitions that Israel and the U.S. settled on as the conflict unfolded remain in peril. A cease-fire designed to box in Hezbollah militarily appears tenuous, bogged down in disagreements over what a peacekeeping force in part of Lebanon could accomplish and which countries will participate. Lebanon's government, one of the main actors in any plan to disarm Hezbollah, says it can't do so without concessions from Israel that the Israelis appear unlikely to make. Meanwhile, Syria, dealt a big setback last year when it was forced to withdraw from Lebanon, seems to have regained some standing as one of the backers of the tenacious Hezbollah fighters.

What happened? Israel repeatedly underestimated Hezbollah. It miscalculated the political support it would win from Lebanon. Israel's civilian and military leadership divided over how to wage the war. And some Western powers, having seen Hezbollah's might, are wary of taking it on by getting into a peacekeeping venture.

The war and uneasy peace are causing earthquakes across the Middle East. Tremors are rippling through Israel, where an emotional reexamination of what went wrong is under way. Lebanon is groping for a path forward that won't plunge the country into another civil war. Hezbollah is crowing that it has won a victory -- even though the extent of the beating it took is also becoming clearer. President Bush said in his view the militant group is the loser, though it may take some time for the world to see it that way.

The shock waves, meanwhile, have also rattled the balance between two major regional powers: Israel and Iran. Israel and the U.S. remain far from where they wanted to be now, and Iran -- along with fellow Hezbollah-backer Syria -- has gained confidence from Hezbollah's stalwart fight.

The rest of the Middle East now finds itself torn more than ever before between the two poles in a fast-polarizing region. Sunni-Muslim allies of the U.S. such as Saudi Arabia, Egypt and Jordan quietly express deep concern about Shiite-Muslim Hezbollah and the rising influence of Shiite Iran. Yet populations in the U.S.-ally countries -- hostile to Israel and angry with America -- have been electrified by the upstart Hezbollah and its eloquent leader Hassan Nasrallah. If leaders such as Egypt's Hosni Mubarak and Jordan's King Abdullah are going to introduce democratic reforms, as the Bush administration wants, they could find themselves lacking by comparison with the charismatic new Arab hero Mr. Nasrallah.

In Iraq, where the U.S.-backed government is led by Shiite political parties, some are close to Iran and share a faith with Hezbollah. Militant groups like Iraq's Mahdi Army -- which is modeled on Hezbollah's blend of arms, religion and politics -- will watch to see how strong a Hezbollah emerges. What happens in Lebanon in the coming weeks and months thus will influence a host of issues crucial to the U.S., from oil to terrorism to hopes for a flowering of democracy.

The stakes didn't seem so high on the morning of July 12. But the foundations of a larger crisis were already in place. Israel had ended an 18-year occupation of southern Lebanon in 2000, only to watch as Hezbollah claimed victory and began a major effort to further arm. And there had been clashes before. In late May, Hezbollah fired rockets into Israel, which responded by bombing a stretch of earth-and-rock fortifications inside Lebanon. At least since 2004, the Israeli military had plans in place for possibly attacking Hezbollah.

Defining Features

At 9 a.m. July 12, Hezbollah fighters who had sneaked into Israel fired on an Israeli armored vehicle, killing some soldiers and taking two captive. Quickly, some defining features of the conflict to come emerged. The Israelis immediately sent a tank into Lebanon after the abductors, hoping to cut them off before they reached a nearby town. But a Hezbollah mine crippled the tank a short distance over the border. An Israeli unit sent in to rescue the tank crew was pinned down by Hezbollah for hours. Eight Israeli soldiers were killed that morning, and the two captured ones were hustled away. There's been no word about them since.

Israel was already dealing with another hostage crisis in the Gaza Strip Palestinian territory, and its leadership's next decision shaped the rest of the conflict. At a meeting 11 hours after Hezbollah's attack, the cabinet voted to escalate the violence spectacularly, taking the fight not just to Hezbollah but to Lebanon.

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The Israeli leadership made another fateful decision: to do most of the fighting from the air, with bombing strikes. There would be no massive ground assault, largely on the advice of Israeli Chief of Staff Dan Halutz, a former air force commander.

The decision to mount a robust response transformed the border shoot-out into a war and virtually guaranteed it would become a crisis. And the reliance on air power wound up limiting Israel's options, rather than delivering the rapid crippling of Hezbollah that Israeli leaders hoped for. Within hours of the abduction of its soldiers, Israel bombed not only Hezbollah strongholds in Lebanon's south but also major roads and bridges farther north. The next day, it bombed Lebanon's main airport and imposed a naval blockade.

The aim, in part, was to cut Hezbollah off from Iranian and Syrian supplies and hit Hezbollah missiles farther north. But the widespread bombing was also designed with hopes that Lebanese groups opposed to Hezbollah, especially Sunni Muslim and Christian communities would try to rein the group in. And at first, that's what happened.

Lebanon's Prime Minister, Fuad Siniora, was angry at Hezbollah's provocation. Behind closed doors, he and others in his government began developing a plan that they felt, with international help and some Israeli concessions, might eventually bring Hezbollah to disarm.

President Bush was briefed about the rapidly escalating fighting early on the morning of the first day. He and his staff quickly also agreed to try to capitalize on the incident to accomplish the long-pursued goal of getting Hezbollah to give up its weapons. Disarming of the group is something the United Nations had called for two years ago, in Resolution 1559.

For a few days, the Israelis, the U.S. and the Lebanese government were working together off much the same script with regard to disarming Hezbollah. But as Israeli bombing continued fiercely day after day, devastating southern Lebanon and parts of Beirut, Lebanese leaders began aiming their ire at Israel, at times even praising Hezbollah's fight.

At an emotional diplomatic gathering in Rome on July 26, Mr. Siniora, while by now fuming about Israel's widespread bombardment, presented a seven-point Lebanese plan for disarming Hezbollah. He called for an immediate cease-fire, quoting a line from the Roman historian Tacitus: "They created a destruction and called it peace." But U.S. Secretary of State Condoleezza Rice avoided any call for an immediate truce and continued work on a wider plan to disarm Hezbollah.

Then an Israeli bomb hit a residential complex in the Hezbollah stronghold of Qana, killing more than a dozen children, and much of world opinion turned sharply in favor of a quick halt to the fighting. Mr. Siniora cancelled a meeting with Ms. Rice. For the first time in the crisis, Israel and the U.S. were alone, viewed by much of the world as joined in their desire to carry on the fight despite the human toll.

Hezbollah, meanwhile, was showing that its fighters' tenacity -- driven in large part by deep religious convictions -- was no fluke. The group fired sometimes more than a hundred missiles a day into Israel, hitting cities such as Haifa. On the evening of July 14, Mr. Nasrallah spoke by telephone on Lebanese television and urged viewers to look out their windows at the sea. There, one of Israel's most formidable warships was ablaze, hit by a laser-guided Hezbollah missile. Israeli and U.S. officials were taken aback at the sorts of weapons Hezbollah had received, apparently from Iran and Syria, although both countries deny this.

Even as it carried out the biggest bombing campaign in its history, Israel delayed a major ground offensive. Politicians worried about taking heavy casualties in territory that Hezbollah knew far better than their troops, and about getting involved in another grueling occupation. Military commanders chafed at the restraint -- the beginning of a rift between Israel's elected leaders and the military leadership.

On the afternoon of July 27, which was two days before the bombing in Qana began to turn diplomatic currents against Israel and the U.S., Lt. Col. Ishai Efroni, a stout 42-year-old deputy commander of a base in northern Israel, complained that his men were eager to fight in Lebanon but couldn't. "We are using only about 15% to 20% of the resources we have now," he said at the time. "We're being held back."

One question sure to be examined, as Israel convenes panels of inquiry on the war, is whether it should have begun a large ground campaign sooner. Another question: whether the Israeli military was over-confident that an air campaign could cripple Hezbollah's ability to bombard Israel with rockets.

As diplomatic pressure built for a cease-fire, French and U.S. officials at the U.N. worked out a compromise. It promised to halt fighting and quickly bring in a force of 15,000 U.N. troops; they would help an equal number from the Lebanese army to

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replace the Israeli forces as they withdrew. The deal, outlined in Security Council Resolution 1701, repeated a call for Hezbollah to disarm, leaving vague how that would happen.

Cease-Fire Holds for Now

The cease-fire has held so far. But it appears increasingly unlikely its terms will be carried out in full, especially the disarming of Hezbollah. Under the cease-fire plan, which Lebanese government officials say Hezbollah agreed to, the group is supposed to move its fighters north of the Litani River, which is about 18 miles north of Israel. Hezbollah now says it won't do this, and instead has pressured the Lebanese government to accept a compromise: Hezbollah would store its weapons out of public view in return for a pledge that the Lebanese army wouldn't actively hunt for them.

Israel, meantime, says it won't complete its pullout of southern Lebanon before the full arrival of a combined Lebanese and international force. But with Hezbollah still possessing a large arsenal, countries that had pledged to contribute to the international force are starting to balk.

During the fighting, Secretary of State Rice repeatedly said there was no reason to halt it if this meant leaving the situation "status quo ante" -- the same as before. So now the U.N., working with the Lebanese government, needs to come up with a plan to move Hezbollah toward disarming. But the kinds of Israeli concessions Lebanon's government believes it needs to make this happen are ones Israel isn't very likely to make.

One involves a disputed area known as Shebaa Farms, a small piece of land near Israel and Syria that Israel controls. Hezbollah claims the area is Israeli-occupied Lebanese territory. The U.N. says Shebaa Farms actually is part of Syria.

Lebanese government officials say that if Israel were to withdraw from Shebaa Farms, Hezbollah would lose its last solid argument as to why it must remain armed to resist Israeli occupation. Yet Israel has declined to even discuss withdrawing from Shebaa. A senior aide of Lebanon's Mr. Siniora says a best-case scenario is that Lebanon can somehow persuade Israel to relinquish control of the disputed territory.

Without movement on issues like Shebaa Farms, Lebanese say the situation will likely fester, with Hezbollah, at best, keeping its arms but concealing them. But that situation risks a return to fighting at any time. And with the troops of the Lebanese army and the international force positioned between Israel and Hezbollah, a new flare-up would be far more complicated than the war that just ended.

If the procedure outlined in the cease-fire agreement isn't effective in disarming Hezbollah, the U.S. and Israel may feel increasing pressure to consider another policy reversal: making a deal with Syria, one of Hezbollah's biggest supporters and a lifeline for its military wing. Both Israel and the Bush administration have worked hard to isolate Syria in recent years. Some officials relished its humiliation when its army had to end a long occupation of Lebanon last year, amid accusations Syria was involved in the killing of a former Lebanese prime minister. (Syria denied the accusations.)

Yet some prominent Israeli and U.S. experts have argued that a deal with Syria could be the best hope for seeing that Hezbollah is disarmed and the Syrian-Iranian alliance broken up. Such a deal would require more sacrifices from Israel, including perhaps an offer to open negotiations on a possible Israeli withdrawal from the occupied Golan Heights, taken from Syria in 1967. And President Bush would have to explain the policy about-face to hawkish supporters.

Some Israeli officials say the setbacks in Lebanon could, paradoxically, also lead to new thinking about possible diplomatic solutions to long-running conflicts with the Palestinians. They cite the 1973 Yom Kipper War: The aftermath of that conflict, which also raised questions about Israel's ability to defend itself, led to a historic peace deal with Egypt.

Need for New Policy

Certainly, Israel is now badly in need of a new policy on the Palestinians: This week it shelved plans for a unilateral withdrawal from parts of the West Bank, with officials saying that events in Gaza and Lebanon had proved such pullouts don't enhance Israel's security.

Also in the mix is a looming showdown over Tehran's nuclear program. Iran faces an Aug. 31 U.N. deadline to suspend uranium enrichment at its nuclear facilities. If the U.S. and other Security Council members can reach an accommodation with Iran on nuclear and other issues over time, Iran could potentially prompt Hezbollah to drop its weapons, some say. On the other hand, if the nuclear dispute grows to include imposition of economic sanctions or military posturing against Tehran, Hezbollah could become even more belligerent.

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U.S. and Israeli officials say Hezbollah has suffered real losses, particularly to its ability to fire the sort of longer-range missiles that could hit Israel's biggest cities. A senior State Department official contends that "Hezbollah has been boxed in militarily."

Yet Hezbollah in some ways is energized by the outcome. It is flush with cash, some of it evidently from Iran, and is now handing out money to Lebanese whose homes Israel destroyed. In addition, Hezbollah is still standing after battling the strongest military in the region -- plus, in the eyes of some Hezbollah supporters, that military's biggest backer. A banner strung across a ruined building in the Hezbollah stronghold of south Beirut reads: "Made in the U.S.A."

Write to Guy Chazan at guy.chazan@wsj.com1, Karby Leggett at karby.leggett@wsj.com2 and Neil King at neil.king@wsj.com3

Israelis Slam Use Of Russia Missiles (WT/AP)

The Washington Times, August 19, 2006

JERUSALEM (AP) -- Israeli officials said yesterday that a senior delegation went to Moscow this week to complain that Russian-made anti-tank missiles were used by Hezbollah guerrillas in their 34-day conflict with Israeli forces in Lebanon.

Asaf Shariv, a senior adviser to Prime Minister Ehud Olmert, said the delegation had gone to Russia, but did not elaborate.

The anti-tank missiles proved to be one of Hezbollah's most effective weapons in combat in south Lebanon, killing many of the 118 Israeli soldiers who died in the fighting.

Israeli officials say Iran and Syria passed the arms to Hezbollah after buying them from Russia.

Russian Foreign Ministry spokesman Mikhail Kamynin said Russia maintains strict controls over its weapons sales that "makes any inaccuracy in weapons destinations impossible."

Anatoly Tsyganok, head of Russia's Military Forecasting Center, ruled out the possibility that modern anti-tank weapons had reached Hezbollah through Russia or Syria.

"Any accusations alleging Russian or Syrian deliveries of anti-tank weapons to any forces in Lebanon are unfounded. The Israeli side has not presented any evidence of this, and it is unlikely that it will," Mr. Tsyganok was quoted by the Interfax news agency as saying.

"Most probably, such weapons, should Hezbollah militants really have any, might have been brought to Lebanon through third countries," he added.

Olmert Shelves West Bank Pull-out Plan (FT)

By Harvey Morris

Financial Times, August 19, 2006

In the aftermath of the war in Lebanon, Ehud Olmert, Israel's prime minister, has shelved plans for an Israeli withdrawal from parts of the West Bank, the central plank of an electoral platform that brought him to power earlier this year.

Israel Radio quoted ministers of Mr Olmert's Kadima party as saying that the so-called West Bank realignment plan had not been cancelled but had been suspended in view of the need to direct resources to the north. However, the decision to sideline the controversial plan coincided with a backlash against unilateral measures that many blame for weakening Israel's security.

Some analysts have said Israel's decision to leave south Lebanon in 2000 without an agreement with the Lebanese government set the scene for a future conflict with Hizbollah.

Others say that the unilateral decision to withdraw from the Gaza Strip a year ago, without prior agreement with the Palestinian Authority, led to an upsurge in violence directed at Israel in the form of primitive home-made rockets.

Mr Olmert suggested at the height of the Lebanon conflict that a successful outcome for Israel would enhance the prospects of his realignment plan, a comment that enraged a rightwing whose answer to Israel's security needs is to hold on to the occupied territories.

The report of an official committee assessing the consequences of a West Bank withdrawal, leaked to the Ha'aretz newspaper this week, said one of the drawbacks would be the threat of rocket attacks from the territory that would require the army to remain behind even after Jewish settlers left. Mr Olmert presented his plan to relocate as many as 70,000 Jewish settlers

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from the West Bank, while consolidating Israel's control in settlements it intended to retain, as one on which he would seek the agreement of the Palestinians.

However, in the absence of a negotiating track and, in particular, after the election of a Hamas government in the PA, it appeared likely that he would implement the plan unilaterally.

That option now also appears to have been frozen, leaving the Kadima-led government without a clear political platform beyond postwar reconstruction.

In one of a series of scandals unrelated to the war but which have resurfaced since the ceasefire, Mr Olmert on Friday lost one of his key ministerial allies in a cabinet where support for re-alignment was already faltering before the outbreak of the Lebanon conflict.

Haim Ramon, justice minister, said he would resign on Sunday to face an indictment for sexual misconduct. He has denied the accusation of a former government employee that he forcibly kissed her at a defence ministry reception on the day war broke out.

Testing Time For Israel's Leaders (NYT)

The New York Times, August 19, 2006

Israel is politically roiled by public dissatisfaction with the monthlong Lebanon war. The public has been surprised by the inconclusive outcome of the campaign, frightened by unintended consequences like the surging popularity of Hezbollah, and angry that the country's vaunted military has been shown to be less than all-powerful.

This debate could prove politically costly to Prime Minister Ehud Olmert and Defense Minister Amir Peretz, two neophyte leaders who now must answer for a costly military effort that did not lead to the Hezbollah defeat the country expected.

Israelis believe, as we do, that Mr. Olmert was right to respond firmly to Hezbollah's cross-border provocations. Given the implacable hatred of its enemies, Israel cannot afford to show weakness. But it is even more important that whatever it does is done successfully. The military campaign failed to achieve its stated objectives despite its heavy toll in Lebanese and Israeli lives. Now Israelis have a right to ask whether Mr. Olmert rashly raised the ante by demanding the military destruction of Hezbollah without having any clear and realistic strategy for achieving such an ambitious aim.

Mr. Olmert and Mr. Peretz unwisely accepted the assurances of the military chief of staff, an air force general, that a relatively brief air campaign alone could accomplish the mission. Clearly, it didn't. Yet for weeks, they refused to either suspend the airstrikes or switch to a different approach. The ground offensive they finally ordered came too late to make a real difference.

Washington might have helped rescue them from their predicament, but it did not. President Bush still has not learned the difference between supporting Israel and uncritically endorsing the policies of fallible Israeli leaders. That often hurts Israel's larger interests, and America's as well, as it did in this case.

There are things Washington can do for Israel that Israel cannot do for itself, like negotiating with Hezbollah's patrons in Damascus and Tehran and mobilizing diplomatic coalitions that can maneuver Hezbollah into concessions that military pressure alone can never achieve. None of this was done, resulting in a fudge of a United Nations resolution that is worth no more than France's so-far absent will to back it up.

Washington helps Israel best when it supplements, and where necessary restrains, Israeli actions, not when it acts as a mindless echo chamber. America abdicated leadership in this crisis, leaving Mr. Olmert to deal with the messy outcome.

It doesn't help that unlike most of his predecessors, Mr. Olmert does not have a professional military background. But if he is prepared to learn the right lessons, he might survive. His chief political rival, after all, is Benjamin Netanyahu, a man with his own long record of costly and impetuous decisions.

Making Peace Stick In Lebanon (WP)

By Franklin D. Kramer

The Washington Post, August 19, 2006

Not all peacekeeping forces are successful, and certainly not in Lebanon, where U.S. Marines on a peacekeeping mission were killed in their barracks by terrorist truck bombs and where, a few years later, a U.S. military officer leading a United Nations peacekeeping force was kidnapped and killed. If peacekeeping is to be part of a long-term answer for Lebanon, the force there

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needs to be carefully designed to generate an effective solution rather than become part of the problem, as has been the case in the past. To do that requires answering five key questions.

First, what is the mission of the force? It may seem obvious that the overall purpose is to limit the use of violence. But the key question is how the force proposes to do that. Will it be an observer force, a reactive force or a force designed to create new conditions on the ground? To put it another way, will the force actively take on Hezbollah, will it leave that task to others, or will Hezbollah in effect be left alone? Over time, Hezbollah will seek to regain military strength. Will the peacekeeping force seek to ensure that Hezbollah has as little capacity as possible to commit violence? That was the purpose of the force put into Bosnia, and there the peacekeepers maintained the monopoly on violence. Lebanon will be a much harder task, but unless controlling violence is an affirmative mission, the peacekeeping effort is unlikely to succeed in the long-term.

Second, what will be the relationship of the force to the Lebanese government, and particularly to the Lebanese military? It will be going into a country where substantial efforts have been made to generate a more effective central government, with true control over the entire country. A critical element is how to turn Hezbollah into a political, not a military, movement. Enhancing the strength of the Lebanese government and giving it a monopoly on the use of force is thus a key to creating a stable, long-term situation. The government is unlikely to succeed unless it gets significant support from the outside -- and, especially, develops a continuing approach to disarming Hezbollah.

A coordinated effort between the peacekeepers and the government will be critical. The peacekeeping force will need political direction that allows it and the Lebanese military to offer complementary capabilities. An operational political-military committee should be created, consisting of both Lebanese officials and empowered representatives of the peacekeeping force. The committee needs to be promptly established and to meet regularly to resolve the numerous issues that will undoubtedly arise. Unlike many other missions, this one is in a country with a democratically elected government. It must align its efforts with those of the host government.

Third, will the mission go beyond the purely military? Lessons learned from numerous peacekeeping forces demonstrate that unless non-military security, economic, governmental and social factors are taken into account, military peacekeeping has no chance of long-term success. Hezbollah has made inroads into southern Lebanon in part because, beyond its terrorist activities, it also provides social services. Any peacekeeping effort will need the support of the people and therefore will have to move quickly into the non-military arena. It needs to be recognized that this force will be in competition with Hezbollah. There often is a "golden hour" when residents are delighted to have order restored with outside assistance, but in time outside "liberators" all too often turn into "occupiers" when the non-military problems are not taken care of promptly and effectively.

Fourth, what will be the composition of the force? The United States apparently will not be in the patrolling military element. Newspaper reports have suggested a role for various nations, including Turkey, France, Pakistan, Italy, Malaysia and Indonesia. The absence of the United States in the main force does not mean it will fail -- there are other forces that are highly competent. In East Timor, the United States was not involved; Australia very effectively led a U.N. force while the United States played an important backup role in logistics and other support, with the prospect of providing direct military support if necessary.

But a key question is the broad inclusion of Arab as well as other Muslim nations. Patrolling in a potentially hostile area is much more difficult if the peacekeeping force cannot communicate easily with the locals. And the engagement of Arab and Muslim nations could be important in finding a long-term solution.

Fifth, what resources will be provided beyond the peacekeeping force? As noted, non-military security, economic, governance and social factors all will be major elements of a real solution -- but these elements do not come free. It's important to enter a peacekeeping enterprise with eyes wide open about the overall costs. Doing just enough to fail might only add to the instability and insecurity in the region.

Lebanon presents a very hard problem, and it will take real resources to create a good solution. There is a "donors' conference" planned this month, but all too often such conferences are longer on pledges than on performance. The United States needs to recognize the value of playing a lead role in reconstruction if stability is to be achieved.

The U.N. resolution and the efforts many countries made to help establish the cease-fire demonstrate that the world recognizes we cannot stand aside while instability stalks the Middle East. But Lebanon is complicated, and as this very difficult

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undertaking gets going, it needs to be done in a way that makes success the probable outcome. Such a result will benefit the people of Lebanon, Israel, the greater Middle East and the world at large.

The writer was assistant secretary of defense for international security affairs from 1996 to 2001. He is currently an international consultant on defense and national security.

Israel Seizes Palestinians' Deputy Premier In West Bank (LAT)

By Laura King, Times Staff Writer

The Los Angeles Times, August 19, 2006

JERUSALEM — Israeli troops early today arrested the Palestinian Authority's deputy prime minister, the highest-ranking official to be seized since Israel began arresting Hamas members who are figures in the Palestinian government.

Nasser Shaer was taken into custody after troops surrounded his home in the West Bank city of Ramallah before dawn, the army said. No shots were fired during the raid, according to the military, which said Shaer was picked up for being a member of a terrorist organization.

Shaer had mostly been in hiding since Israel arrested more than two dozen Cabinet members and lawmakers nearly two months ago, shortly after the start of an Israeli offensive in the Gaza Strip.

The offensive was launched after Palestinian militants abducted an Israeli soldier in a cross-border raid just outside Gaza on June 25.

One of the militant factions involved in the abduction was Hamas' military wing, and Israel says it holds the Hamas-led government responsible for the continued captivity of Cpl. Gilad Shalit.

The arrests are thought to be part of a campaign to pressure the Hamas leadership to bring about Shalit's release. Israel has also bombed Palestinian government ministries in Gaza and threatened to target Prime Minister Ismail Haniyeh.

Palestinian officials, including those with the Fatah-run executive branch, have condemned the arrests. Shaer's detention comes at a time when Palestinian Authority President Mahmoud Abbas, who is considered a political moderate, is trying to form a "national unity" government with Hamas.

Palestinians hope that the entry of other political groups into the government will help ease a near-total economic embargo of the Palestinian Authority. Hamas is considered a terrorist organization by the United States, Israel and European governments, which imposed sanctions because Hamas refuses to renounce violence and recognize Israel's right to exist.

Wife Of Kidnapped Journalist Issues Plea (LAT/AP)

From The Associated Press

The Los Angeles Times, August 19, 2006

GAZA CITY — The wife of a kidnapped Fox News cameraman made a tearful plea Friday for information about the whereabouts of her husband and a fellow Fox journalist.

Cameraman Olaf Wiig, 36, of New Zealand and American reporter Steve Centanni, 60, were taken Monday from their TV van near the Palestinian security services headquarters.

"If somebody knows any information, can you please tell us because I want him home so much," Wiig's wife, freelance journalist Anita McNaught, said in her televised appeal.

"He and his colleague, Steve, don't deserve this. They are good men … and they should be allowed to come home. Please let him come home. Please," McNaught said.

In the last two years, kidnappers have seized at least 26 foreigners, including nine members of the media, either to protest Israeli or American policies, use the captives as leverage with the Palestinian Authority for jobs and money or to win the release of imprisoned family members. Most of those kidnapped were released after a few hours.

Palestinian security officials said they were concerned for the Fox journalists because no other foreigners had been held this long and all major militant groups in the Gaza Strip had denied involvement.

"This is the first time kidnappers haven't identified themselves or their demands," said Mustafa Wafi, a senior Palestinian security official. "Usually kidnappers announce who they are, sometimes as soon as they kidnap."

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Britain's Plans For Addressing Its Muslims' Concerns Lag (NYT)

By Sarah Lyall

The New York Times, August 19, 2006

LONDON, Aug. 18 — After four British Muslims blew up themselves and 52 others in a series of attacks here on July 7 last year, the British government convened a task force of prominent Muslims and pleaded for help in combating homegrown extremism.

The group's report came out just before Christmas, thick with recommendations and notable for its bold declaration that the war in Iraq had ignited Muslim anger. But since then, its members say, its ambitious plans have all but gathered dust. Sadiq Khan, a Labor member of Parliament and a member of the panel, said recently that only 3 of the 64 recommendations had been carried out.

The government retorted that the number was, in fact, 27. But the skirmish was all too familiar.

For years the government has been trying to engage the country's 1.6 million Muslims, and for years it has appeared to lurch from committee to committee, initiative to initiative and strategy to strategy without much to show for its troubles. And even as it has poured money into Muslim community centers, state-run Muslim schools and local Muslim programs, it has had little success in winning over an increasingly skeptical Muslim population.

The current Labor government would dearly like to know why, just as it would like to know why the two dozen suspects in what the police say was a terrorist plot to blow up trans-Atlantic airliners are born-and-bred British Muslims.

Its political opponents, and many Muslims, say the problem comes not only from the government's failure to follow through on myriad initiatives, but also from its inability to understand the complexities of Britain's Muslim population.

"In dealing with terrorism, the government is happy to pursue grand, headline-grabbing gestures, and with it draconian and sometimes counterproductive legislation," David Davis, the home affairs spokesman for the opposition Conservative Party, said in an e-mail message. "What it seems less willing, or equipped, to do is the grinding, difficult work of eradicating the root causes of this homegrown cancer in our society."

One of the problems is that many Muslims say their mistrust of Britain's policies in places like Iraq and Afghanistan has made them doubt the government, period.

"I used to go to a lot of consultation things with the government," said Joe Ahmed-Dobson, 30, a youth worker and convert to Islam who is the son of Frank Dobson, a former health secretary under Prime Minister Tony Blair.

"I don't get involved any more, because I think it's complete rubbish," he said. "It's all lip service, all this 'We have to take into account the views of the Muslim community.' The government well knows the opinions of the Muslim community, and it's not going to make a blind bit of difference, so why bother?"

Another problem is that the Muslim leaders the government talks to — members of the House of Commons and the House of Lords, for instance, as well as heads of mosques and representatives of relatively mainstream groups like the Muslim Council of Britain — are viewed with mistrust, even derision, by many Muslims.

Roger Ballard, director of the Center for Applied South Asian Studies at the University of Manchester, said many Muslims felt that the so-called community leaders who advised Downing Street were "feathering their nests and advancing their own special interests, rather than those of the common people."

Mr. Ballard said such leaders came from specific political traditions in the Muslim world and did not speak for huge numbers of Muslims, particularly not for the disaffected youths who are more vulnerable to extremism.

But such people, adept at telling the establishment what it wants to hear, serve as the benign face of British Islam, he said.

"Moderate, in the language of Tony Blair, is 'people who talk a language to us that we find totally acceptable,' " Mr. Ballard said.

The roots of Muslim alienation, and of Britain's inability to address it, go back to the 1960's, when thousands of men from rural Pakistan and Bangladesh moved to Britain to take jobs in the textile mills of the north. Their families eventually followed, but the neighborhoods in which the original immigrants settled — swaths of places like Burnley, Oldham and Bradford — remained little pockets of the old country.

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The government has tried and discarded any number of approaches in response. In 1968, Enoch Powell, then a member of the Conservative opposition in Parliament, set the tone for a generation with his notorious "Rivers of Blood" speech in which, arguing that Sikh bus drivers should not be allowed to wear their turbans to work, he said that "to claim special communal rights leads to a dangerous fragmentation within society."

But successive governments gradually began pursuing a more tolerant policy of pluralism and multiculturalism, holding the view that having, for instance, separate schools with traditional Muslim attire for Muslim students was integral to Britain's live-and-let-live liberalism.

In 2001, Burnley and Oldham erupted in violent riots that exposed the anger of British-born young men of South Asian descent whose white neighbors still casually called them "Pakis." A subsequent report ascribed much of their fury to the shocking extent of segregation and poverty in their neighborhoods.

After the bombings last year the approach changed, as officials began to talk up the virtues of Britishness. Trevor Phillips, chairman of the Commission for Racial Equality, suggested that multiculturalism should be replaced with an emphasis on "common values."

The Home Office began holding citizenship ceremonies for immigrants and said it would begin requiring new citizens to take tests on British culture and traditions. Hazel Blears, a government minister, said she found the notion of United States-style hyphenated identities — where people are known as, for instance, Korean-Americans — "quite interesting."

If such statements appealed to traditional, white Britain, which already felt that multiculturalism had gone too far, thank you very much, it made Muslims feel even more marginalized.

But the prime minister's tone has hardened. He recently declared that the problem of Muslim extremism was not the government's to solve, despite all its efforts in the past.

"I profoundly disagree that the problem here is that the government hasn't acted," Mr. Blair told a parliamentary committee last month. "You cannot defeat this extremism through what a government does. You can only defeat it within a community."

That may well be true, but the problem of how that message actually gets across remains.

Last year, said Hanif Qadir, who helps troubled Muslim youths get jobs through his Active Change Foundation in Walthamstow, East London, a delegation of members of Parliament, government officials and other leaders went to an event he had organized.

"They spoke eloquent words and offered a lot of support, and then they went away," Mr. Qadir said. "I've been contacting these organizations on a regular basis to get them to keep their promises, and it's all been falling on deaf ears. It's demoralizing, because all the strategies that were put in place last year, they've all been pushed away."

Raul Castro Finally Speaks Out, Bashes Bush (WP)

By Manuel Roig-franzia

The Washington Post, August 19, 2006

MEXICO CITY, Aug. 18 -- RaÃºl Castro used the occasion of his first public remarks as Cuba's interim leader to announce that he had mobilized tens of thousands of reservists and military troops in case "someone crazy" in the U.S. government decided to attack the island nation. He also said President Bush had a "stupid attitude."

The comments, published Friday in question-and-answer format in the state-run newspaper Granma, revealed little about Castro's plans for governing Cuba while his brother, Fidel Castro, recovers from intestinal surgery. But the interview sent a clear message that RaÃºl Castro shares his brother's distaste for the U.S. government and his penchant for rhetorical broadsides against Bush.

A few days after Fidel Castro's illness was revealed, Bush said the United States would support democratic change in Cuba. In the interview published Friday, RaÃºl Castro called Bush "a common braggart."

He also accused Bush of developing plans to forcibly remove Cubans from their homes and to dismantle the Cuban government's "work in health, education, safety, agricultural reform, urban reform." Millions of Cubans stand ready to meet any invasion of the island "with rifle in hand," he said in the interview, conducted at Cuba's military headquarters.

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Still, RaÃºl Castro said Cuba "has always been open to normalizing relations [with the United States] on an equal plane. What we can't accept is the policy of arrogance and meddling that is frequently assumed by the administration of that country."

RaÃºl Castro was named temporary president of Cuba on July 31 when the government announced that Fidel Castro had undergone surgery. Rumors of Fidel Castro's death were rampant until the Cuban government released photographs of him on Aug. 13, the Communist leader's 80th birthday. That same day, RaÃºl Castro, who is 75, made his first appearance, though he had not commented publicly until the interview appeared Friday in Granma.

"In reality, I'm not accustomed to appearing in public with frequency, except for the moments when it is required," said Castro, who has led Cuba's military for more than four decades. "Many of the tasks related to the defense of the country should not be public. I've always been discreet, that is my way of being."

State Department spokesman Tom Casey dismissed RaÃºl Castro as "Fidel Light" in an interview Friday with the Associated Press: "I don't think we're particularly enamored of the first words we heard."

For his part, RaÃºl Castro gave little hope of improved relations with the United States. He compared the current environment to the 1962 Cuban missile crisis, when the U.S. discovery of Soviet missiles on the island brought the world to the brink of nuclear war.

Cuba Mobilized For A U.S. Attack, Raúl Castro Says (NYT)

By Marc Lacey

The New York Times, August 19, 2006

MEXICO CITY, Aug. 18 — Raúl Castro, in his first public comments since temporarily taking over power in Cuba from his ailing brother, said in an interview published Friday that he had mobilized the country's armed forces in the hours after Fidel Castro's illness was announced, to fend off any invasion that might have been planned by Washington.

"We could not rule out the risk of somebody going crazy, or even crazier, within the U.S. government," Raúl Castro, the country's defense minister, said in an interview with the editor of Granma, the Communist Party newspaper.

In remarks that Cuba watchers said did not veer from the party line, Mr. Castro, 75, said that his older brother, who turned 80 last Sunday, was recovering gradually from surgery and that "absolute tranquillity is reigning in the country."

Mr. Castro, speaking from his office at the Defense Ministry, lashed out at President Bush's push for political change in Cuba as "boorish" and "stupid," and said Cubans stood ready to repel any attacks with "rifle in hand."

"So far the attacks have only been rhetorical, with the exception of the substantial increase in subversive radio and television broadcasts against Cuba," he said in an article with the headline "No Enemy Can Defeat Us."

The Bush administration has said it has no plans to intervene in Cuba militarily but is pushing for a transition to multiparty democracy there. "Our desire is for the Cuban people to choose their own form of government," Mr. Bush said at a news conference on Aug. 7, a week after Fidel Castro's illness was announced.

Cuban government officials have evoked the threat of an American invasion for decades. The fact that a recent report prepared by the Bush administration on accelerating political change in Cuba contains a classified section has only increased suspicions in Havana.

Portraying the Cuban people as more united than ever behind their government, Raúl Castro said the population's calm and discipline in the weeks after his brother's surgery "reminded me of the conduct of the Cuban people during the heroic days of the so-called missile crisis of October 1962."

Mr. Castro, who fought at his brother's side since their revolutionary struggle began in 1953, has largely remained out of the limelight in the nearly three weeks since the government announced a temporary handover of power to allow Fidel Castro to recover from surgery for intestinal bleeding. Without signaling how long he thought his interim presidency would last, Raúl Castro said his low-key style would most likely continue.

"I have always been discreet," he said. "That is my way, and I am thinking of continuing in that way."

Raul Castro Comments On Cuba-U.S. Ties (AP)

By Anita Snow, Associated Press Writer

AP, August 19, 2006

Acting President Raul Castro said Cuba remains open to normalized relations with the United States, but warned the Bush administration in his first comments since assuming power that it will get nowhere with threats or pressure.

Raul Castro also said in Friday editions of the island's Communist Party newspaper that he had mobilized tens of thousands of troops in response to what he called aggressive U.S. acts, including stepped-up radio and television broadcasts to the island, and an $80 million plan to hasten the end of the Castros' rule.

"Some of the empire's war hawks thought that the moment had come to destroy the Revolution this past July 31," the day his brother Fidel Castro's illness was announced, Raul Castro said. "We could not rule out the risk of somebody going crazy, or even crazier, within the U.S. government."

State Department spokesman Tom Casey declined on Friday to respond specifically to Raul Castro's comment but said "I don't think we're particularly enamored of the first words we heard from 'Fidel Light.'"

For more than four decades, U.S. policy toward Cuba has been to undermine Cuba's one-party authoritarian rule through a trade embargo and restrictions on American travel to the Caribbean country. The neighboring countries have been without diplomatic relations since January 1961.

In recent years, the U.S. government has been working on a plan aimed at encouraging a transition to a Western-style democracy and free markets after Fidel Castro is gone, replacing a Communist system that tightly controls the economy and does not tolerate dissent.

The 75-year-old Cuban defense minister said his 80-year-old brother is undergoing a "satisfactory and gradual recovery" from intestinal surgery. The interview in Friday's newspaper seemed aimed at answering questions at home and abroad about Raul Castro's whereabouts and activities after his brother granted him provisional power.

"They should be very clear that it is not possible to achieve anything in Cuba with impositions and threats," the younger Castro said of the U.S. "On the contrary, we have always been disposed to normalize relations on an equal plane.

"What we do not accept is the arrogant and interventionist policy frequently assumed by the current administration of that country," he added.

Raul Castro's comments essentially restated his brother's longstanding position of favoring normalized diplomatic and trade ties with the United States.

In Washington, U.S. State Department characterized the temporary leadership hand over as a "dynastic succession," saying it is not acceptable to the United States and would be rejected by the Cuban people over the long run.

"What we want is a transition from the current dictatorship to a democratic government," Casey said. "And we certainly don't think that a transition from Fidel to Raul Castro fits that bill."

In another move likely to be seen as an aggression by Havana, U.S. National Intelligence Director John Negroponte announced Friday he was creating a "mission manager" for Cuba and Venezuela to oversee the American spy community's efforts to collect and analyze intelligence on the two countries.

Castro took issue with a statement by President Bush a few days after his brother's illness was announced: that American officials "will take note of those, in the current Cuban regime, who obstruct your desire for a free Cuba."

And he criticized the U.S. "transition" plan for Cuba, which includes $80 million in government funds for opposition groups supporting democratic change in Cuba. "The bulk of it will be distributed in Miami, as is usually the case," he said.

Raul Castro has been at his brother's side since they launched the revolution with a 1953 attack against dictator Fulgencio Batista's military. As the No. 2 man in government, he's constitutionally designated to succeed his brother permanently should Fidel Castro die or be permanently incapacitated.

He said he cared about what the Cuban people think, and noted his appearance on state television on Sunday, his brother's 80th birthday, to greet visiting Venezuelan President Hugo Chavez at the airport. He also appeared in photographs taken that afternoon with his brother and Chavez.

"As a point of fact, I am not used to making frequent appearances in public, except at times when it is required," the younger Castro said. "I have always been discreet, that is my way, and in passing I will clarify that I am thinking of continuing in that way."

DOJ_NMG_0051316

Anti-Castro Disclosures Could Help `Cuban Five' (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, August 19, 2006

Convicted in Miami on espionage charges five years ago, the exiles may still win a new trial.

MIAMI — Attorneys for five Cubans convicted of espionage are hoping new disclosures about exile-sponsored plots to kill Fidel Castro could win a new trial for the men, now serving sentences of 15 years to life in maximum-security prisons.

More than five years after their convictions, the case of the Cuban Five — or the Five Heroes, as they are known throughout Cuba — remains a cause celebre on both sides of the Florida Straits. Havana authorities cast the five as victims of exile vengeance. Many Cuban Americans here see them as Castro emissaries bent on undermining U.S. security.

The Cubans fought the federal charges of conspiracy to commit espionage during their 2001 trial by arguing that they were here to infiltrate radical Cuban exile groups that had devised and executed dozens of missions to topple the Communist government in Cuba, or at least its bearded leader.

Among the developments is the admission by Jose Antonio Llama, a 75-year-old exile, that he financed a 1997 mission to kill Castro for which he had already been tried and acquitted.

In addition to Llama's admission, Robert Ferro, a Cuban exile in Upland, Calif., said in April that he collected 1,500 guns and grenades for an assault on Cuba during U.S. military exercises in the Caribbean in May. Ferro was charged with illegal weapons possession. And trial begins next month in the case of Miami developer Santiago Alvarez on charges of amassing guns last year for an attack on Castro.

"We are following these new developments and when we feel we are closer to having the full story, we will be bringing it to a court's attention," said Leonard Weinglass, the civil rights attorney handling appeals for Antonio Guerrero, who is serving a life sentence in Colorado. "But it's not quite ripe for action yet."

The New York-based National Committee to Free the Cuban Five has conscripted high-powered legal help from the National Lawyers Guild and announced a Sept. 23 march in Washington to demand that President Bush free the Cubans.

"The Five should never have been arrested. They were fighting terrorism," said Gloria La Riva, committee coordinator. "New terrorist plots have been revealed since their convictions in Miami which give further weight to the arguments that Miami was a place where they should never have been tried."

Earlier this month, the 11th Circuit Court of Appeals in Atlanta rejected a new trial sought on grounds that the men's 2001 process was conducted in a tainted venue: emotionally charged Miami after the Elian Gonzalez custody battle. The Aug. 9 ruling was a setback, but "not the end of the case — far from it," said Weinglass.

He noted that the appeals court had yet to rule on nine challenges to the Miami federal court conviction.

Llama confirmed anti-Castro actions in interviews in recent weeks, including with The Times, in which he accused five different exiles of selling $1.4 million in equipment he bought for the 1997 operation.

The group planned to "eliminate" Castro during his visit to Venezuela's Isla de Margarita that year, but the Puerto Rican Coast Guard intercepted Llama's cabin cruiser ferrying four men and the weapons. Llama said his fellow plotters sold a cargo helicopter, 10 aircraft, seven boats and weapons while he was on trial in San Juan. He was later acquitted, for lack of evidence, of conspiracy to murder a head of state.

"I understand the implications" for bolstering the defense of the Cuban Five, Llama said of his admissions.

Richard Klugh, who represents Fernando Gonzalez, serving a 19-year sentence at a federal prison in Wisconsin, says the newly emerged anti-Castro actions could justify a new trial but alluded to growing disillusionment among defense attorneys.

"It all adds up, and it really should be filed," Klugh said of the potential grounds for a new trial. "But I'm exhausted. I hate to complain. I pick up my paycheck. But this case really saps the life out of you." Klugh points out the five were convicted of conspiracy to commit espionage without ever having spied. No evidence was presented suggesting any of the five had obtained classified information.

Three are serving life sentences, including alleged ringleader Gerardo Hernandez, found guilty of murder conspiracy based on allegations he provided intelligence to Havana that led to the deaths of four exiles shot down by Cuban MiGs in 1996.

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"Were they here to hurt the United States, or were they here to protect Cuba from crime and violence?" Klugh asks of the five. "It really goes to the core of the case."

Ex-Bolivian Leader Blames U.S. In Missile Scandal (AP)

CNN/AP, August 19, 2006

Rodriguez accused of treason in removal of Chinese-made arms

LA PAZ, Bolivia (AP) -- A former caretaker president who shepherded Bolivia through political turmoil only to be accused of treason in the secret removal of anti-aircraft missiles to U.S. soil says Washington will share the blame if he's convicted.

Eduardo Rodriguez, a former Supreme Court chief who stepped in as president last year after two Bolivian leaders were ousted by street protests, says Washington is refusing to clarify that he had nothing to do with the missiles' removal.

"They ought not to be leaving us hanging," said Rodriguez, who organized December elections won by the radical leftist Evo Morales in a remarkably strife-free process for such a polarized nation.

Twenty-eight Chinese-made shoulder-fired missiles -- Bolivia's lone anti-aircraft defenses -- were spirited out of the country in early October by senior Bolivian military officials and American officials, according to documents provided to The Associated Press by Rodriguez.

Rodriguez said he learned about the operation only later, and protested it, but Morales -- an ally of Cuban President Fidel Castro -- has used the U.S. action to discredit one of his chief potential rivals.

Bolivia's Congress this week began to debate whether Rodriguez should be tried for crimes including espionage, submission of the nation to a foreign power and destruction of documents. The first two charges carry 30-year prison terms.

Rodriguez says he had agreed the HN-5 missiles should be destroyed because they were deteriorating and incapable of downing modern jet fighters.

But Rodriguez, 50, said that he -- as titular commander in chief of Bolivia's armed forces -- never agreed to allow them to leave the country.

Rodriguez showed the AP a September 30 memo in which the Pentagon promised $400,000 in exchange for the missiles' destruction. It was signed by then-Deputy Bolivian Defense Minister Gen. Gonzalo Recabado and a Pentagon official.

The former president said he wasn't told about the agreement until after the missiles were handed over to the Americans. He issued a diplomatic protest and said he refused to accept the money.

U.S. Ambassador David Greenlee said in a written statement: "It is good that those missiles were destroyed and the way we saw it was that everything was done legally and at the request of the Bolivians."

The United States has been campaigning to rid Latin America of portable arms that could fall into the hands of terrorists.

Greenlee declined to respond when asked why Washington thought it had Bolivian government authority to remove the missiles or why it insisted on removing the missiles rather than destroying them in Bolivia.

The missile scandal gave Morales a reason to force 56 generals and admirals, some of whom had developed close ties with U.S. military officers, into early retirement by naming a lower-ranking officer as armed forces chief.

Rodriguez and his personal secretary, Carlos Antonio Miranda, both said Greenlee told them after Morales' election that he was sorry, but that "If we didn't get the missiles out when we did, we weren't going to get them out."

Also named as defendants are former Defense Minister Gonzalo Mendez and the then-armed forces chief, Adm. Marco Antonio Justiniano.

Mendez's attorney, Aldo Burgos, insisted that no documents prove Mendez approved the missiles' transfer. Justiniano said Mendez approved the transfer and that he assumed Rodriguez also knew.

How A Catastrophic Flood May Help North Korea's Regime (TIME)

By Michael Schuman

Time, August 19, 2006

Analysis: Fears of mass starvation may prompt neighbors to resume aid that was curbed as punishment for missile tests

In a country as secretive as North Korea is, even natural disasters can be shrouded in mystery. The international aid community has struggled to determine the impact on North Koreans of the widespread flooding that followed July's torrential

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rainstorms. But some of the estimates suggest a human toll of biblical proportions: This week, the Seoul-based NGO Good Friends claimed that the flooding had left around 54,700 dead or missing and 2.5 million — more than a tenth of the entire population — homeless. Erica Kang, manager of Good Friends, says that many died in landslides, while large sections of the country's main rice-growing region have been washed out. If so, the flooding may be the precursor of another North Korean famine. During the 1990s, the country experienced severe food shortages brought on by floods, economic mismanagement and environmental degradation that, by some estimates, left as many as 2 million people dead. "It is a very horrific and devastating situation," says Kang.

Other NGO and government officials are skeptical of the scale of the damage claimed by Good Friends, and say that the difficulties of making any independent inquiry render an accurate assessment almost impossible. But while the North Korean regime has typically played down the extent of humanitarian suffering on their soil, this time the impression of an imminent catastrophe may actually work in Pyongyang's favor.

The regime's test-launching of seven missiles in early July had brought a tough response from its neighbors — South Korea had suspended food aid, Japan had threatened sanctions, and even China, North Korea's closest ally, consented to a U.N. Security Council resolution embargoing the transfer of missile technology to North Korea. The floods, however, may wash away the hopes of U.S. and Asian hardliners for piling the pressure on Pyongyang. On news of the flooding, South Korea quickly reversed course and promised $10 million of aid. Paik Haksoon, a North Korea specialist at the Sejong Institute in Seoul, says the South Korean government, wedded to its "sunshine policy" of engagement with the North, was looking for an opportunity to soften its stance. "The flood in North Korea has provided a window for resumption of inter-Korean dialogue," he says.

Fear of a famine following the flood bodes ill for U.S. efforts to isolate Pyongyang and pressuring it to dismantle its nuclear weapons and missile programs. That policy had little to show, of course, since China and South Korea have continued to funnel aid to North Korea. Nicholas Eberstadt, a North Korea expert at the American Enterprise Institute, a Washington think tank that favors tougher action against North Korea, figures that the country's imports, which he calls "the critical link to regime survival," jumped 50% to $3 billion between 2001 and 2005.

If reports of a humanitarian crisis prove true, "there will be more pressure on the U.S." to change its policy, says David Steinberg, director of Asian studies at Georgetown University.

So far, though, Washington isn't budging. U.S. food aid to North Korea has been frozen since last year, when Washington halted deliveries after completing only half of its pledged donations, citing concerns that the food wasn't reaching those most in need. "The concerns that caused us to suspend assistance are still there because the North Koreans have not taken any steps that would address them," says one State Department official.

Despite the increased pressure following the July missile tests, North Korea remains defiant and shows no inclination to return to the six-party talks aimed at ending its nuclear program. Unknown millions of North Koreans might be struggling to survive, but right now their plight may even be helping Kim Jong-Il's regime.

—With reporting by Douglas Waller/Washington and Jennifer Veale/Seoul

Gadhafi Says He Spoke With North Korea (BOS/AP)

The Boston Globe/AP, August 19, 2006

TOKYO --Libyan leader Moammar Gadhafi told a visiting Japanese official that his country has urged North Korea to give up efforts to develop weapons of mass destruction, the Foreign Ministry said Friday.

Iwao Matsuda, Japan's state minister for science and technology policy, held talks with Gadhafi in Sebha, about 375 miles south of Tripoli, on Wednesday, the ministry said in a statement issued Friday.

Gadhafi surprised the world in late 2003 when he swore off terrorism and announced plans to dismantle his country's weapons of mass destruction programs. Libya was eager to end his international isolation and economic hardships from United Nations and U.S. sanctions, and Gadhafi concluded the weapons programs were best used as a bargaining chip.

Gadhafi told Matsuda that Libya has been urging North Korea to follow his country's example and called for cooperation from developed countries including Japan in persuading Pyongyang, the ministry said.

Matsuda was the first Cabinet member to hold talks with Gadhafi.

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Gadhafi expressed his hope that Japan's prime minister would visit Libya, the ministry said.

Next year marks the 50th anniversary of diplomatic ties between the two countries. Matsuda was quoted by the ministry as saying that it will be desirable that the leaders of the two countries could reciprocate visits.

Colombia's Coca Survives U.S. Plan To Uproot It (NYT)

By Juan Forero

The New York Times, August 19, 2006

BOGOTÁ, Colombia — The latest chapter in America's long war on drugs — a six-year, $4.7 billion effort to slash Colombia's coca crop — has left the price, quality and availability of cocaine on American streets virtually unchanged.

The effort, begun in 2000 and known as Plan Colombia, had a specific goal of halving this country's coca crop in five years. That has not happened. Instead, drug policy experts say, coca, the essential ingredient for cocaine, has been redistributed to smaller and harder-to-reach plots, adding to the cost and difficulty of the drug war.

Bush administration officials say that coca farmers are on the run, and that the leftist guerrillas and right-wing paramilitaries who feed on drug profits are weaker than ever. That has made Colombia, Washington's closest ally in a tumultuous region, more stable, they say. They argue that the plan has scored important successes, like a spike in the price of cocaine last year.

But that claim was disputed by a wide range of drug policy experts, and some politicians are questioning the drug war's results as well as its assumptions.

The plan seemed simple enough. "The closer we can attack to the source, the greater the likelihood of halting the flow of drugs altogether," a State Department report said soon after Plan Colombia began. "If we destroy crops or force them to remain unharvested, no drugs will enter the system."

Yet recent data show the following results:

¶As much coca is cultivated today in Colombia as was grown at the start of the large-scale aerial fumigation effort in 2000, according to State Department figures.

¶Colombia, Peru and Bolivia, the leading sources of coca and cocaine, produce more than enough cocaine to satisfy world demand, and possibly as much as in the mid-1990's, the United Nations says.

¶In the United States, the government's tracking over the past quarter century shows that the price of cocaine has tumbled and that purity remains high, signs that the drug is as available as ever.

Over all, demand in the United States has dipped in recent years, but experts say that may be a result of many factors, including changing social fads and better law enforcement techniques at home. Meanwhile, demand is rising in Brazil, Europe, Africa and elsewhere.

"If we were to evaluate Plan Colombia by its initial overriding criteria, the results of the drug war have been dubious at best," said Russell Crandall, a former adviser to the White House and the author of "Driven by Drugs," a book on the drug war in the Andes.

"We can switch metaphors — saying it is first and 10, second and 4, light at the end of the tunnel — but what's left are often discouraging results on reducing the amount of drugs and cocaine in the United States," he added.

A Wider War

Bush administration officials believe that verdict is too harsh. "Over the past five years, you see a compression on cultivation," John P. Walters, director of the White House Office of National Drug Control Policy, said in an interview. "You see the remaining cultivation and trafficking in Colombia under pressure as you've never seen it before."

The lingering question is whether America's drug problem would be worse today had the drug war, nearly 40 years in the making, never been waged. That may be unanswerable.

What is clear is that the war on drugs, the original open-ended war against an elusive and ill-defined enemy, has moved inexorably onward, propelled by decades of mostly unflagging political support on both sides of the Congressional aisle.

Jon Caulkins, a drug policy expert at Carnegie Mellon University, echoing other analysts, estimates that the drug war has cost American taxpayers upward of $40 billion annually in recent years, though there is no comprehensive government tally of all its state and federal spending.

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Today that money goes for patrol boats, prisons, police departments and extradition flights to bring drug kingpins to trial in the United States — not to mention a dedicated federal bureaucracy.

Plan Colombia, initiated by the Clinton administration, has been embraced by the Bush White House, the seventh administration to take up a drug war begun under President Nixon.

Bush administration officials say this latest phase, the largest foreign assistance program outside the Middle East, will take still more time, but they insist that Plan Colombia is making inroads.

The seizure of cocaine in the Andes has more than tripled to nearly 400,000 pounds in 2005 from about 132,000 pounds in 2001, it says. The number of traffickers extradited to the United States in the last four years tops 350. The number of clandestine drug labs destroyed by the authorities in Colombia soared to nearly 2,000 last year from 317 in 1999.

Many drug policy analysts, including some who have advised the government, are less sanguine, however. Even the most optimistic see the drug war as just about holding the line.

"In Colombia and an area as difficult as the Andean range, it's hard to say that there's been tremendous success, but it's also hard to say that there has been tremendous failure," said Eduardo Gamarra, a drug policy expert at Florida International University in Miami who has consulted with both the American government and the United Nations.

Progress itself is difficult to measure, experts caution. Numbers of arrests, acres fumigated or tons seized may not provide the most accurate snapshot, simply because it is hard to say what portion of the total hidden trade they actually make up.

But by any estimate, the amount of cocaine produced vastly exceeds demand, so much so that even headline-grabbing seizures do not cut deeply enough into the supply to affect price or availability. That has been the case for years.

Guerrilla Farming

Indeed, a better measure of the war's progress may be taken at the endpoint — the price, availability and purity of cocaine on American streets — and by those indicators, the results of the drug war are far from promising, experts say.

"Prices are still the same," said Richard Curtis, chairman of the anthropology department at the John Jay College of Criminal Justice, who has studied drug patterns for 30 years.

"They go up and down seasonally," he added, "but there has not been significant change in price, and there has not been any change in availability or purity."

Domestic spending on drug war-related projects dwarfs foreign spending, which includes interdiction on the high seas, fumigation, border patrols and other programs that total about $4 billion a year. Yet that foreign spending has in many ways come to define American policy in the region.

Since 2000, crop dusters flown by American and other foreign pilots, accompanied by attack helicopters, have sprayed the equivalent of Central Park 2,600 times in Colombia. In Peru and Bolivia, where the governments oppose aerial fumigation, troops have entered coca-growing regions to pull up the plants by hand, often in the face of protests.

But coca farmers like Jhon Freddy Romero seem anything but worried. In the southern Colombian state of Guaviare, where coca first appeared in the 1970's, he plays a persistent game of cat and mouse with American antidrug planners.

Time and again, American crop dusters have pounded Mr. Romero's small farm with defoliants, leaving withered coca plants in their wake. Undaunted, he repeats the tried-and-true strategy of guerrilla farming, replanting his coca on the edge of a forest where it is harder to spray.

"All this was fumigated — all of it — and then replanted," Mr. Romero, 28, said recently as he waved his hand at the five acres of coca.

All across the country, coca farmers use similar methods. They hide their coca under larger banana plants. If their crops are hit, they prune the stalks, hoping to save the roots. Some go so far as to lather their leaves with concoctions of all kinds, hoping to weaken the defoliants.

For local farmers, the incentive to plant and preserve their coca crop is enormous; few other crops pay as well or as consistently as coca. "We all have a hectare or so of coca," said one farmer, Joel Rubio, 40, in Caldas, a western state better known for coffee. "You keep doing it."

And America's antidrug planes keep spraying. As the coca crop spreads out in Colombia, they must now fumigate three times as much land as they did in 2002 just to kill the same amount of coca, according to State Department data.

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"The spray program has itself increased the difficulty of carrying out the spray program," said John Walsh, who tracks American drug policy for the Washington Office on Latin America, a nonprofit research and human rights group. "And as a result it becomes less efficient and it becomes more costly to accomplish the same thing."

"The bang for the buck that people are expecting hasn't materialized," he added.

Not all the news is bad. The latest United Nations estimates, released in June, show a 28 percent decline in the coca crop for the three Andean countries since Plan Colombia began.

But while that may seem like a big bite, experts say the drop is not significant, because the amount of coca produced so vastly exceeds global demand. Year after year, in fact, the coca crop may be a third larger than is needed, they estimate.

A Regional Worry

State Department figures are far gloomier than those of the United Nations, a disparity attributed to different satellite measurements and a broader survey done last year by the United States that covered 81 percent more area in Colombia — and found still more coca.

After swift declines in the late 1990's, the figures show, coca plantings in Peru and Bolivia are actually on the rise. Total acreage in the Andes is now higher than in 2000, and covers as much ground as it did in 1997, the equivalent of half of Delaware.

The United Nations sees the data as distressing, illustrating the need to add a state presence in lawless coca-growing regions while providing lasting alternatives to poor farmers, something Plan Colombia devotes far less money to.

"Colombia is the only country in the world where the problem of eradication has been resolved 10 times," said Sandro Calvani, chief of the United Nations Office on Drugs and Crime in Bogotá, which monitors the size of coca fields. "The problem is the replanting."

Bush administration officials say the emphasis on eradication and interdiction is right.

David Murray, a senior drug policy analyst at the White House, sees success in the move by coca farmers to smaller plots, which he says are less productive and farther from traditional drug trafficking routes. Coca farmers, he says, are barely keeping up with the spraying. "We are gradually constricting them," he said. "This is a trade whose days are numbered."

As proof, the drug czar's office reported last November that in 2005 the price of a gram of cocaine on American streets had risen to $170 and that purity had fallen. The White House describes the uptick as a sharp and positive change of direction.

But some analysts, like Peter Reuter, a drug policy expert at the University of Maryland, questioned the new numbers because the White House did not reveal its methodology. If viewed over the long term, he said, the price remained low compared to the price of cocaine in the early 1990's.

"Even if you take it at face value, it really is a minor change," said Mr. Reuter, who is also co-director of the Drug Policy Research Center at the RAND Corporation and was part of a research team that studied cocaine's price and purity for the White House.

The White House says it was transparent about how it reached its conclusions, but the recent claims of success have sparked criticism even among some Republicans in Congress.

In an April letter to Mr. Walters of the White House drug policy office, Senator Charles E. Grassley, a Republican from Iowa who leads the caucus on International Narcotics Control, questioned whether data were being selectively used to "provide a rosier but not necessarily more accurate picture of the current situation."

"You have to wonder, if there are more hectares being sprayed, why you get more cultivation," Mr. Grassley said in an interview about the program. "I'm not willing to dump it at this point, but I think there are a lot of legitimate questions about it."

Mr. Grassley said that while he continues to support fumigation, it is becoming clear that antidrug planners "have to find some way to adapt to the new way of cultivation."

Then there is the drug war's political impact on the region. Mr. Grassley agrees with administration officials who credit the fumigation plan with helping Colombia to sharply reduce violence by beefing up security in many towns, aiding the fight against leftist guerrillas.

But while the cartels of flamboyant kingpins like Pablo Escobar are gone, and the leftist insurgency is on its heels, today right-wing paramilitary commanders operate the drug trafficking routes instead. Drug-related corruption scandals have plagued even the upper reaches of Colombia's intelligence service and its army.

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Elsewhere, critics say, the drug war has helped sow instability, particularly in Bolivia, where a former leader of the coca growers union, Evo Morales, is now the president. He has resisted Washington's hard-line efforts to eradicate coca.

Signs of Success

Still, authorities in the United States say they believe the drug war in Latin America, coupled with an emphasis on tougher law enforcement, has made American cities safer than at the height of the crack epidemic in the 1980's and early 1990's.

"We have eliminated a lot of open-air markets, we have reclaimed a lot of neighborhoods," said Bridget Brennan, the special narcotics prosecutor for New York City. "In many neighborhoods, it is still a problem, but it is not as big a problem as it was 15 years ago."

Many drug users, even of cocaine, today shun crack. The National Household Survey on Drug Use and Health says cocaine use among high school students is 60 percent lower today than in 1985.

But that does not mean that America's cocaine addiction is going away. Some government surveys show a rising number of teenagers using the drug for the first time. While the number of hard-core cocaine users — those who drive the trade — may be declining, they still number anywhere from two million to three million people, experts estimate.

No matter the statistics, in the South Bronx, addicts and drug counselors at CitiWide Harm Reduction, a needle-exchange and counseling center, said the drug war has made little difference to them.

Addicts say cocaine is as easy to get as ever, and that a gram can be had for $40 or less, down from $100 years ago. Walter Droz, 45, who has used cocaine for 30 years, just shakes his head when he hears claims of progress in Colombia.

"Cocaine availability has gone up, so how can they be so brazen to say it's working?" he said. "If you know where to look, you can find what you want."

U.N. Official Assails South Africa On Its Response To AIDS (NYT)

By Lawrence K. Altman

The New York Times, August 19, 2006

TORONTO, Aug. 18 — A top United Nations official delivered a blistering attack on South Africa on Friday at the closing of the 16th international AIDS meeting here, saying that its government "is still obtuse, dilatory and negligent about rolling out treatment."

In a keynote address, the official, Stephen Lewis, the ambassador to Africa for AIDS for the United Nations, said South Africa "is the only country in Africa whose government continues to propound theories more worthy of a lunatic fringe than of a concerned and compassionate state."

South Africa has the largest number of H.I.V.-infected people in the world. Its president, Thabo Mbeki, has continually expressed skepticism that H.I.V. causes AIDS, and the country has questioned antiretroviral treatment and delayed providing it to pregnant women and AIDS patients.

In his remarks, Mr. Lewis said, "The government has a lot to atone for," and "I'm of the opinion that they can never achieve redemption."

He said he felt his job demanded that he advocate for the tens of millions of H.I.V.-infected people, including those in South Africa, even though many say a United Nations official has no right to criticize a member state.

Mr. Lewis has long been critical of countries for failing to help women who become infected.

"Gender inequality is driving the pandemic, and we will never subdue the gruesome force of AIDS until the rights of women become paramount in the struggle," he said.

The inequality of women makes them highly vulnerable to becoming infected through "marital rape to rape as a war crime," Mr. Lewis said, adding that, while sexual violence occurs everywhere, in Africa, "The violence and the virus go together."

Preventing the transmission of the AIDS virus from infected pregnant women to newborns, which can be done with simple regimens, is "very near the top in the hierarchy of preventive measures," he said. But the vast majority of pregnant women in the world, he said, go without such prevention, and even the women who receive it are not given full treatment to help keep them alive, so their children often become orphans.

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Yet the world is doing very little for orphans whose number is expected to grow to 18 million by 2010. “I appeal to everyone to recognize that we are walking on the knife’s edge of an unsolvable human catastrophe,” Mr. Lewis said.

Mr. Lewis’s term as envoy ends in December at which time, he said, he hopes his successor will be an African woman.

Other speakers urged training more nurses and health workers in poor countries to deliver the antiretroviral drugs and preventive measures needed to stop the AIDS epidemic. The many international programs that are scaling up efforts to deliver antiretroviral drugs to poor people cannot succeed without large numbers of health workers to monitor the care of AIDS patients.

“We need hundreds of thousands of new nurses” in poor countries, said Dr. James McIntyre, an AIDS expert in South Africa.

But low salaries and poor working conditions are driving health workers into other jobs and away from those countries, leaving “too few people with the right skills,” said Anders Nordstrom, the acting director general of the World Health Organization. “It’s not enough to provide money and drugs and to train people, as important as they are” in the scale-up programs, he said. “You need to pay people.”

Disease is also taking its toll. Countries with 15 percent H.I.V. prevalence rates can be expected to lose 30 percent of their health workers over a 10-year period, Dr. Nordstrom said. At a news conference, he said antiretroviral drugs needed to be offered to more health workers.

Nurses and others involved in the care of AIDS patients often work in unsafe or dangerous conditions, said Dr. Pedro Cahn, the new president of the International AIDS Society, the main organizer of the AIDS conferences. This conference was the largest ever, drawing 26,057 participants.

Dr. McIntyre, the South African, cited the frustration of nurses who deal with high death rates among their patients because of the lack of antiretroviral drugs. He quoted an unidentified nurse who said, “If I wanted to be an undertaker, I wouldn’t have trained as a nurse.”

As the conference speakers delivered their remarks, hundreds of Africans, Asians and people from around the world began dismantling the global village created here to promote discussion of H.I.V. One exhibit, called “Dress Up Against AIDS,” included 10 dresses by Adriana Bertini, a Brazilian artist, made from thousands of condoms. Nearby were women from the Masaka district of Uganda who displayed their crafts, including mats, straw bowls and drums. In another booth, Kenyan workers showed off sandals and beaded necklaces. In others, attendants handed out pamphlets on programs for H.I.V. and AIDS.

The next AIDS conference will be held in Mexico City in August 2008.

South Africa's Barred Me, Says UN Envoy (AFP)

AFP, August 19, 2006

The United Nations' special envoy for HIV/AIDS in Africa, Stephen Lewis, told how he had been barred from working in South Africa after falling out with its controversial health minister over AIDS policies.

"I have been persona non grata for approximately one year," Lewis told AFP at the end of the 16th International AIDS Conference, where he mounted a fiery assault on South African President Thabo Mbeki's record on AIDS.

"It means that I cannot do my envoy work in South Africa. Of course, I can certainly move freely through the country and through Johannesburg and I can see friends and I can have discussions," he said.

"But I can't do what I can do in every other country, see projects on the ground, hold press conferences and so on."

Lewis said that the cause of this was a row he had had at the 15th International AIDS Conference in Bangkok in 2004 with South African Health Minister Manto Tshabalala-Msimang.

"About a year later, it came to a head. She wrote me a letter saying I had to apologise to herself, to the president of South Africa, to the African National Congress and to the people of South Africa, and then I could apply to come in and she would consider it on that basis."

"I spoke to the (UN) secretary general's office and said under no circumstances am I prepared to apologise because I've said nothing for which to apologise, that what I've said is true. They completely supported me."

In his speech to close the six-day Toronto AIDS conference, Lewis -- without naming names -- took an axe to the South African government's policies on AIDS.

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And he leapt to the defence of 44 AIDS activists who were arrested Friday for protesting at the government's policies, saying "the coercive apparatus of the state" had been wielded "against the most principled members of society."

Mbeki has questioned the evidence that AIDS is caused by HIV and Tshabalala-Msimang is promoting a remedy for HIV, made from garlic, beetroot and lemons that scientists say is worthless. In addition, the country -- with the second highest tally of HIV infections in the world -- has been slow to roll out life-saving antiretroviral drugs.

South Africa has about 5.5 million people with HIV or AIDS, a tally that for years was among the highest in the world. It was outstripped last year by India, with 5.7 million.

Lewis, 68, a former Canadian ambassador to the United Nations and deputy executive director of the UN Children's Fund (Unicef), is scheduled to step down as UN chief Kofi Annan's representative for AIDS in Africa at the end of the year.

He said he would recommend an African woman take over the job.

Asked wryly by AFP whether he intended to take a vacation in South Africa any time soon in the light of his fierce attack on the government, Lewis joked: "I doubt it -- they might rig up an elephant stampede. I think I'll take my holidays on the west coast of Canada, thanks."

Ending AIDS Epidemic Seen As Multi-Front War (WP)

By David Brown

The Washington Post, August 19, 2006

Meeting Closes With Hope for New Methods

TORONTO, Aug. 18 -- The scientists, health workers and activists fighting AIDS long ago gave up the idea they could kill the global epidemic with a single blow. But they are beginning to think it might be possible to bleed it to death with a thousand cuts.

That was among the things on the minds of 26,000 delegates to the 16th International AIDS Conference as they headed home and the huge, biennial, multi-ring circus struck its tent yesterday.

There are two large studies underway testing whether -- and by how much -- circumcision reduces a man's chance of becoming infected with the AIDS virus. Five different "microbicides" -- gels that block or kill the virus during intercourse -- are being tested on thousands of women in Africa. Five thousand are trying out an anti-HIV diaphragm.

Scientists are a year or two from learning how much they can cut the risk of HIV infection by treating people for herpes. Men and women on three continents are in experiments to see whether taking a single dose of an antiretroviral drug before sex can block infection.

And then there is the idea of just doing more of what the world has been doing furiously for the past two years -- putting more infected people on life-saving AIDS drugs. Studies presented this week provided yet more evidence that treatment may itself be a great strategy for prevention.

If even some of these approaches turn out to be successful -- and there is good evidence for all of them -- the cumulative effect could profoundly change the trajectory of the 25-year-old AIDS epidemic.

"Taken together, it feels as though we may have found a potential turning point. We may look back on this as an important moment," said Stephen Lewis, the U.N. special envoy for AIDS in Africa, as the conference closed.

The 25-year journey from AIDS's discovery in Los Angeles in 1981 to this conference is littered with the bones of bright ideas and great hopes -- and the bodies of 25 million who have died from the disease. Participants are hesitant to announce the dawning of an era of prevention that could eventually lead to the epidemic's end. That said, there was little doubt the meeting ended on a note of optimism and anticipation.

AIDS has been so disastrous in part because infected people survive a long time, are often unaware of their infection for years and are capable of transmitting the virus the whole time.

The strategy of getting everyone tested for HIV -- which is being pushed in U.S. cities as well as in African villages -- permits infected people to be identified early and to take steps -- both behavioral and pharmaceutical -- to make them less infectious.

If uninfected people can also use new protective strategies, the combined effect will be that each round of HIV infection will be smaller than the one before. The epidemic will contract. Eventually, it will crash.

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The potency of AIDS treatment as a prevention tool is evident from studies of couples in which one person has HIV and the other does not. If the infected person has very little HIV in the bloodstream (a low "viral load" in medical parlance), the chance of the partner becoming infected is close to nil. The way to lower viral load is to take three-drug combinations of antiretroviral drugs -- "triple therapy."

In a Spanish study of nearly 400 such "discordant" couples, 8.6 percent of the partners became infected before the infected person started taking the drugs. In couples in which the infected person starting taking the medicines immediately, no partners became infected.

This happens in whole populations, too.

Data from British Columbia presented this week showed that after triple therapy became widely used in 1996, new HIV infections dropped steeply even though syphilis -- which is also sexually transmitted -- rose for six of the next eight years.

In one of the more provocative presentations, Julio Montaner, the director of British Columbia's AIDS center in Vancouver, showed a mathematical model of what would happen if all identified cases of HIV infection were treated. The line depicting the prevalence of HIV went essentially to zero by 2050.

The total cost of treating AIDS also took a clear downward turn starting in 2015, as the number of new cases fell off.

"I will say it three times: This is theoretical, this is theoretical, this is theoretical," Montaner told the conference as his "End-of-AIDS" graph was projected onto a half-dozen screens in the cavernous main hall of the Metro Toronto Conference Centre.

This conference's slogan was "Time to Deliver," a reference to the urgency with which triple therapy needs to be brought to the developing world. Only 1.5 million people there are getting it, even though 6.8 million need treatment immediately. According to data presented here, many get treatment only when their disease is so far advanced that the drugs are much less effective.

Nobody expects everybody in the world who has HIV to be treated -- not soon, or ever. Nevertheless, Montaner's point impressed many.

"Treated people just simply become less infectious. This is win-win. This is not a subject that requires debate," said Mark A. Wainberg, head of McGill University's AIDS program and one of the co-chairs of the meeting.

The real power of treatment's preventive effect is that it would synergize with other preventive strategies that may roll out a massive scale in the next five to eight years.

Microbicides got a huge rhetorical boost here, as the two star speakers, Microsoft founder Bill Gates and former president Bill Clinton, both touted their promise.

Results are expected over the next three years on the ones now in field tests, which block HIV in nonspecific ways. However, researchers reported early tests of a vaginal ring imbedded with an antiretroviral compound called TMC120 that specifically kills HIV. A woman could keep the ring in for a month, and it would leach out the compound that entire time, protecting her. Further studies, including testing whether African women would accept such a device, are planned.

Also awaited are the results of two studies, underway in Africa and North and South America, testing whether daily doses of the drug acyclovir reduce the risk of HIV infection in people with genital herpes, and in their partners. Herpes infection doubles a person's chance of acquiring HIV and increases an infected person's chance of transmitting it fivefold.

Two big studies of circumcision, which earlier research suggests reduces a man's chance of getting HIV by 60 percent, will have results by the end of next year.

"We think that's great," said Mark R. Dybul, an AIDS physician recently sworn in as the head of the Bush administration's global AIDS program, operated out of the State Department. "You can't just have a treatment program. You have to have prevention and care and treatment."

The next conference will be held in two years in Mexico City.

Chinese Crackdown On Rights Lawyers Signals Effort To Deter Increasing Legal Challenges (NYT)

By Joseph Kahn

The New York Times, August 19, 2006

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BEIJING, Aug. 18 — Chinese officials are stepping up a crackdown on defense lawyers in the latest sign that Communist Party leaders are determined to stamp out legal challenges to their authority.

The Beijing police have detained Gao Zhisheng, one of the country's most outspoken lawyers and dissidents, on suspicion of criminal activity, state media said Friday.

Separately on Friday, court officials in Shandong Province held a closed criminal trial of Chen Guangcheng, a legal expert and advocate of peasants' rights, which Mr. Chen's defense lawyers condemned as heavy-handed political persecution.

While the Chinese leadership is eager to create the impression that it is building an impartial legal system, the latest actions suggest that at least some powerful officials want to curtail the growing use of lawsuits to contest abuses of power, human rights violations, land seizures and official corruption.

The ruling party has encouraged the idea that people have legal rights as a way of checking petty corruption, improving efficiency and channeling social grievances into the party-controlled judicial system.

But a surge in social unrest in recent years, including protests by people frustrated that they are unable to exercise their constitutional rights, has alarmed local and national leaders.

Defense lawyers and legal scholars have also cooperated with one another and formed a nascent legal opposition. Mr. Gao and Mr. Chen are among an informal group of legal experts who consider themselves rights defenders. The moves to punish them may signal a broader effort to rein in legal protests.

Mr. Gao was detained by the Beijing Public Security Bureau "for questioning related to his suspected involvement in criminal activities," the official New China News Agency said in a two-line dispatch on its English-language news wire on Friday.

The detention was not reported in Chinese by the agency or other state-run media. A spokesman for the Beijing police said he had no information about Mr. Gao's case.

Mr. Gao, 42, is a prominent defense lawyer and human rights crusader who was stripped of his license to practice law late last year. He has been under constant police surveillance and harassment since then.

Until Tuesday, when he was detained while visiting relatives in Shandong Province, Mr. Gao remained openly combative. He issued sharply worded letters and statements denouncing official corruption and abuse of power and led a hunger strike to denounce persecutions of journalists and political opposition figures earlier this year.

He rallied members of underground Christian churches and adherents of Falun Gong, an outlawed spiritual group, to assert themselves and press for greater freedoms.

Mr. Gao has offended some other critics of one-party rule, who argued that his flagrant attacks on party leaders were self-aggrandizing and threatened to set back gradual progress toward legal and religious tolerance.

But he has also been widely viewed as an international symbol of legal openness. Some opposition figures said the fact that he had been allowed to remain free despite his provocations indicated that officials under President Hu Jintao were reluctant to risk international opprobrium by arresting him.

"This is a warning to rights activists all around the country that no one is too big to be punished," Hu Jia, an opposition figure who is close to Mr. Gao and was himself put under house arrest last month, said in a telephone interview. "They are attacking the leading symbol of the movement to scare everyone else."

In a separate action, Shandong authorities held a two-hour criminal trial in Yinan County on Friday afternoon of Mr. Chen, 34, who taught himself the law despite being blind. The trial was marred by the detention of three of Mr. Chen's legal advisers on Thursday.

One of them, Xu Zhiyong, a Beijing legal scholar, was held in a local police station until Mr. Chen's hearing concluded, members of Mr. Chen's defense team said. None of Mr. Chen's Beijing-based lawyers were permitted to attend the trial, defense lawyers said. The court permitted two local lawyers to defend him.

Mr. Chen attracted international attention after he tried to organize a class-action suit last year on behalf of residents of the city of Linyi who had been forced to undergo abortions or sterilization in a campaign to meet population control quotas.

Local Communist Party officials retaliated, putting Mr. Chen under house arrest and later charging him with destroying property and blocking traffic. His supporters say the charges are concoctions and that Mr. Chen was under police guard at the time the crimes were said to have occurred.

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There was no immediate verdict. The trial was postponed in July after Mr. Chen's supporters had protested at the courthouse.

Chen Guangfu, Mr. Chen's elder brother, who attended the hearing, said Mr. Chen's lawyers had argued that the prosecution relied mainly on secondhand accounts from local officials. The defense, he said, was not permitted to call witnesses.

"It is difficult to accept that this was a fair trial if the defense cannot call witnesses to support its case," Mr. Chen said.

Chinese Rights Activist Stands Trial After Police Detain Defense Team (WP)

By Maureen Fan

The Washington Post, August 19, 2006

BEIJING, Aug. 18 -- The blind rural lawyer who exposed forced abortions and sterilizations in eastern China last year stood trial Friday without his lawyers, while supporters said the case made a mockery of any effort in China to impose the rule of law.

Chen Guangcheng, 34, appeared pale and thin when he showed up at a county courthouse in eastern Shandong province wearing a black T-shirt, gray pants and slippers, said his brother, Chen Guangfu, 49.

Outside, a heavy police presence prevented supporters from attending the trial, although another two of Chen's brothers were allowed inside.

Chen's three-member defense team, including the nation's top human rights advocates, had been detained by police the previous night, one of them said. Lawyer Xu Zhiyong remained detained until well after Chen's trial had ended.

By noon Friday, the two defense lawyers released from detention appealed to the judge to delay the trial. "Due to the violation of the defendant's rights and the lawyers' rights," they refused to attend the trial and asked for a deferment, said Teng Biao, another lawyer who was assisting the defense team. "We didn't get any reply," he said.

Judge Wang Jun of Yinan county announced that Chen's lawyers could not appear "due to some unexpected reason," and appointed two local lawyers to represent Chen instead.

A furious Chen yelled, "I refuse to attend the court trial if the lawyers designated by me don't show up," his brother said.

"Void," Wang said, as two assistant judges watched.

"Hooligans!" Chen yelled.

"Uncivilized language!" Wang said.

No witnesses were called.

"The so-called defendant lawyers didn't defend my brother at all, but just repeated two words, 'No objection, no objection,' until the very end," Chen's brother said. "They concluded at the end, that this is, one, a case without any confession, and two, that Chen Guangcheng should be shown leniency because he is a blind man."

Chen Guangcheng was so angry he then threw up three times during the two-hour trial, lawyers said.

The three lawyers who were supposed to have defended Chen had been about to leave their hotel for dinner Thursday night when they were suddenly surrounded by six men who accused the attorneys of stealing one of their wallets. The men called the police, who then detained the lawyers at a local police station.

"This is a sham trial. These two lawyers had never met Chen Guangcheng before the trial. How can anyone expect them to effectively defend Chen?" said Li Fangping, one of the three attorneys who was detained.

"Chen himself protested in the court room this afternoon about the unauthorized designation of lawyers, but the judge turned a deaf ear to it," he said.

"It's ridiculous, absurd and illegitimate," said Chen's wife, Yuan Weijing, who was barred from the trial. "Even if Guangcheng did make a crime, the authority should at least have an open trial."

Chen, who has been under house arrest or in police detention for nearly a year, faces charges of destroying public property and disrupting traffic in his home village. Supporters say those charges were trumped up after Chen filed a rare class-action lawsuit last year, revealing abuses in enforcing China's one-child-only policy in Linyi, a city of 10 million people about 400 miles southeast of Beijing.

Rights groups condemned the disregard for Chen's legal rights.

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"Progress toward rule of law at minimum requires the authorities to comply with legal protections and procedures on the books," said Sharon Hom, executive director of New York-based Human Rights in China. In this case, "court-appointed lawyers who remain silent throughout the proceedings and speak only to ask for mercy on the basis of the defendant's blindness make a mockery of the right to legal counsel. The final decision in this case will speak volumes about China's commitment to respecting the rights of its citizens."

The judge was expected to issue a verdict at end of this month or at the beginning of September, said Li, the defense attorney.

Also Friday, a well-known human rights lawyer who has lobbied for Chen's release was detained in Shandong province for questioning in unspecified "criminal activities," the official New China News Agency reported. Gao Zhisheng, 42, has been under surveillance for taking on sensitive causes from labor unrest to Falun Gong, the suppressed religious group.

Researcher Jin Ling contributed to this report.

Activist's Trial Proceedings Called Unfair (LAT)

By Ching-ching Ni, Times Staff Writer

The Los Angeles Times, August 19, 2006

Authorities in China abruptly changed Chen Guangcheng's defense team. He had publicized abuses by officials who oversee family planning.

BEIJING — A blind Chinese activist who attracted international attention by defending villagers forced to undergo late-term abortions went on trial Friday, but only after Chinese authorities arrested his main lawyer.

Chen Guangcheng, a self-taught lawyer, has been charged with illegal assembly and intent to damage public property. The charges came about a year after he publicized forced abortions and other abuses by family planning officials in Shandong, a coastal province southeast of Beijing, China's capital. If convicted, Chen, 35, could face a maximum of five years in prison.

In a two-hour trial in the city of Linyi, Chen was represented by two court-appointed attorneys who were unfamiliar with his case and appeared to have little intention of defending him, said one of Chen's three brothers, the only family members allowed into the courtroom.

"These two lawyers kept repeating one phrase: 'We don't disagree,' " said Chen Guangfu, the defendant's eldest brother. "That means they agreed with everything the prosecutor said. How can there be any justice in a situation like this?"

Chen's main lawyer, Xu Zhiyong, a legal scholar from Beijing, was detained Thursday after he was accused of theft. He was released Friday after the trial ended and was not charged with any crime.

Last year, Chen publicized evidence that tens of thousands of women and men had been subjected to forced abortions and sterilizations in the Linyi municipality, an area that is home to about 10 million people.

Although forced abortions have been reported in other regions, activists say the abuses in Linyi were unusual because local authorities took villagers hostage. When women fled to avoid forced abortion, officials seized their relatives in an effort to coerce the women into returning, lawyers and residents say.

China's family planning officials contend that most of the country's population programs are not coercive and have enabled millions of people to escape poverty. But the central government continues to put pressure on local authorities to meet targets, often spurring abuses.

Chen's work attracted widespread attention. An investigation by China's National Population and Family Planning Commission confirmed many of his findings. As a result of the report, some Linyi officials were fired. Chen became a local hero and an object of official scorn.

In August 2005, Shandong officials placed Chen under house arrest, where he was reportedly beaten and prevented from receiving medical attention. Since then, he and his family have been threatened, put under house arrest and guarded 24 hours a day by at least 20 people, sometimes three times as many, his eldest brother said. Even a trip to the market required the escort of at least five men.

A team of defense lawyers from Beijing has been working on Chen's behalf despite threats.

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The latest example of the dangers Chen's supporters face came just before Friday's trial when Xu was detained by local police and accused of theft.

In a telephone interview shortly after his release, Xu said he had gone to dinner with two other lawyers Thursday. As they were walking, they ran into a group of men who started beating him and accusing him of stealing a wallet. Xu called the police. Both he and his colleagues were taken to the station. The other two were released after two hours, and Xu was detained until Friday afternoon.

"It was clearly a setup," Xu said. "They are totally shameless."

The detention prevented Xu from defending Chen in court; his colleagues also were not allowed to meet with their client. In protest, the lawyers attempted to boycott the trial and demand a recess, both to no avail.

"This trial has no validity," said Teng Biao, another of Chen's lawyers.

Gao Zhisheng, a human rights lawyer who had campaigned for Chen's release and worked on other politically sensitive cases, was detained Friday by police. He was held on suspicion of criminal activity, according to the official New China News Agency.

Court officials in Linyi did not say when a verdict in Chen's case would be issued, but his supporters say they have no doubt what will happen.

"The outcome of this case is a foregone conclusion," said Nicholas Bequelin, a researcher with Human Rights Watch based in Hong Kong. "The trial is just for show. The bigger question is whether you can have justice in China. This is definitely a big setback for what lawyers can do in China."

Although Beijing authorities are concerned about their public image and say they are committed to creating a fair legal system, they are also worried about losing control.

Critics of the government say officials appear to have stepped up efforts to prevent lawyers and others from helping protesters and activists.

"They are clearly sending a message to lawyers: "Don't take these cases," Bequelin said.

Chen's trial, initially scheduled for last month, had been postponed at the last minute after hundreds of supporters showed up. Many were beaten and arrested by police.

On Friday, local roads were blocked by more than 100 police officers, preventing villagers, relatives and defense lawyers from approaching the courthouse.

The several dozen people who did witness the proceedings were mostly police officials, attorneys said.

"When the trial began, my brother tried many times to protest," said Chen's eldest brother. "The judge just said it was pointless."

Letter From Beijing: A Legal Activist Goes On Trial (TIME)

By Susan Jakes

Time, August 19, 2006

The trials — both in court and outside — of a blind, handicapped peasant legal activist serve as a reminder of how far China has yet to travel

Some days, China is the kind of place that can make an optimist out of almost anyone; other days, it does just the opposite.

The day I first learned of Chen Guangcheng was one of the first kind. Chen had beaten the odds. He'd grown up blind in a remote village in a country where people with disabilities aren't allowed to attend college. That meant three strikes against his ever amounting to much: China may be brimming with opportunity, but not for handicapped, uneducated peasants. The odds didn't deter Chen. He educated himself in the law by having relatives read to him, and then used his expertise to help others like him. He became a "barefoot lawyer," offering counsel to peasants with disabilities despite his lack of conventional credentials. His work won him admiration in his hometown, support from established lawyers and academics in Beijing, and even a trip to Washington, D.C., courtesy of the U.S. State Department.

Friday was the second kind of day. At 2.30 p.m. in Shandong's Yinan county, Chen, 34, went on trial on trumped-up charges of illegal assembly and intent to damage public property — charges that seem designed as retaliation by officials whose

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misdeeds he had exposed. Dozens of supporters who had come to stand by him had to spend the afternoon gathered outside the courthouse. Barring their entry were some 200 uniformed police. Also absent from the courtroom were Chen's defense lawyers, three of whom had spent the previous evening confined to a local police station and one of whom would remain there until after Chen's two-hour trial ended with no plea and no verdict.

Friday was one of many such days Chen has had over the past year. Last September, he showed up in Beijing to publicize the plight of his latest clients: victims of a brutal campaign of late-term abortions and forced sterilizations carried out by local officials in clear violation of Chinese laws. National family-planning officials would eventually acknowledge that rules had been violated. But being in the right offered Chen no protection. Just hours after he met with my colleague Hannah Beech, security officials from his hometown arrived to shut him up. They forced him into a van and bundled him back to his home, where they confiscated his computer, began to intimidate and harass his family members and kept him under informal — and illegal — house arrest.

By then, Chen had become an inspiration to a group of idealistic Chinese lawyers — themselves optimists about the power of law to transform Chinese society. These lawyers became legal activists for the legal activist. They publicized his case through essays circulated on the Internet. They filed complaints about his unlawful detention with officials at various levels of government. They kept the foreign media informed. They also tried, on a fairly regular basis, to meet with their client. They often failed — on at least one occasion, badly. In October when three of the lawyers — Xu Zhiyong, Li Subin and Li Fangping — tried to visit Chen's house, a group of unidentified men physically prevented Chen from coming outside, and punched him in the mouth. Later in the day, a similar gang surrounded his lawyers, kicked them and punched them, and then dragged them to a local police station where they were held overnight (without charges or any semblance of due process) before being ordered out of town.

Xu, in particular, has made a career out of the kind of optimism that accompanies a strong sense of justice. Just after earning his Ph.D. at Beijing Daxue Law School, in 2003 he successfully petitioned Beijing to end a system of detention that allowed police to lock people up just for traveling outside their registered hometowns. The following year, he won a seat in his district government in Beijing, in one of the few openly contested elections in the country. In addition to teaching constitutional law, he has been a visiting scholar at Yale, and a defender of peasants on death row. Last year, Xu spent time living in a shantytown on the outskirts of Beijing, conducting first-hand research on its residents, people for whom justice has been so elusive they've come to the capital to plea for help from the senior leadership. Despite having seen so much of his country's dark side, every time I've met Xu he's been remarkably upbeat about China's future. "I'm an optimist," he said earlier this year. "We take on these cases and step by step, maybe we make a little progress."

Not on Friday.

While Xu was in detention — he'd been taken into police custody the night before after men who had been following him around in a car accused him of stealing a wallet, according to his friend and fellow lawyer, Teng Biao — Chen sat through a trial on charges that could earn him five years in jail. According to another of his lawyers, who had spoken to Chen's brother, Chen vomited during the trial. It was, wrote longtime China law scholar Jerome Cohen, in an e-mail sent to reporters, an "understandable and appropriate" response to "the nauseating nature of the unfair sanctions that have been imposed on him and his family for over a year."

Among Beijing's greatest achievements in recent years has been its ability to convince the Chinese people and the rest of the world, that life in China is getting better each day. But as Chen sat through his trial, I — and some of China's brightest optimists — had trouble feeling convinced.

China's Central Bank Raises Rates In Latest Effort To Slow The Economy (NYT)

By Keith Bradsher

The New York Times, August 19, 2006

HONG KONG, Aug. 18 — China's central bank raised interest rates on Friday evening, the latest in a series of moves by the government to choke off a binge in speculative lending and investment that threatens to saddle the country's banks with more bad loans if the economy slows.

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The People's Bank of China raised interest rates for one-year bank loans and bank deposits each by 27-hundredths of a percentage point. Economists had been predicting an interest-rate increase, China's second this year, after government statisticians announced last month that economic growth reached a torrid 11.3 percent in the second quarter.

The government has already increased restrictions on bank lending policies, raised bank reserve requirements and even reprimanded regional officials who pursue speculative construction projects in defiance of Beijing's instructions. Chinese officials have hinted at further brakes on the economy in the months to come.

"It's still too little," said Qu Hongbin, HSBC's chief China economist. The People's Bank of China said in a statement that the rate increases were intended to "curb demand for long-term loans and the overly rapid expansion in fixed-asset investment."

The interest rate increase came despite announcements over the last week that consumer prices had fallen in each of the last three months and that growth slowed last month for industrial production and for investments in factories and other fixed assets. The latest data somewhat reduced the pressure on China's central bankers to act.

"I don't think they are desperate — this is a pre-emptive policy; I don't think the economy is overheating," said Ben Simpfendorfer, a currency strategist and economist in the Hong Kong office of the Royal Bank of Scotland.

The People's Bank of China has been much slower than the Federal Reserve to raise interest rates over the last two years. Keeping interest rates low has made it a little less attractive to invest in China. This has slowed a flood of speculative money that poured into the country last year and threatened to force China to allow its currency to rise more quickly against the dollar.

The relatively low interest rates have also, however, reignited a frenzy of construction of apartment buildings and factories. Investors have borrowed heavily from state-owned banks in the hope of reaping large profits if the economy continues to expand rapidly. If economic growth falters, these loans could be added to the banks' already large portfolios of bad debts.

The central bank raised the benchmark rate for one-year bank loans to corporations to 6.12 percent on Friday

Friday's rate increase comes despite a series of signs over the last week that rapidly rising investments have not yet caused the broader economy to overheat.

Annual growth in industrial production slowed sharply last month, to 16.7 percent from 19.5 percent in June. Even the annual growth in investment in office towers, shopping malls and other urban fixed assets dropped last month to 27.4 percent from 33.5 percent in June.

After rising early this year, the consumer price index fell steadily through May, June and July, and was just 1 percent higher in July than a year ago. That suggested the Chinese economy has not yet run into shortages of labor, transportation and other bottlenecks that could drive prices sharply higher.

By contrast, prices surged in 2004, the last time the Chinese economy experienced an investment frenzy that prompted the government to hit the brakes. Inflation jumped then from nine-tenths of a percent in August 2003 to 5.3 percent a year later as railroads proved unable to ship enough goods, power stations failed to keep up with electricity demand and other shortfalls appeared.

While industrial and price statistics for July gave some sign that problems are under control this year, bank lending and the money supply continued to rise last month. That prompted many analysts to predict that China could face higher inflation and loan defaults in the future if not enough is done to tackle the investment boom now.

In another sign that the central bank is more worried about speculative investment than a broader overheating of the economy, the People's Bank of China took two steps on Friday that appeared to be aimed at helping consumers.

The central bank gave regulatory approval for commercial banks to offer bigger interest rate discounts for home buyers seeking mortgages. And the central bank raised the interest rate that banks can pay on one-year deposits to 2.52 percent from 2.25 percent.

Higher interest rates on deposits will probably help households, who save up to half their incomes these days and put most of their savings in banks because the country's stock markets have a poor image and bonds are very hard to trade.

The government has also not resorted to potentially its biggest weapon for slowing the economy: allowing faster appreciation of the currency, known as the yuan or renminbi. This would make Chinese goods more expensive overseas, slowing demand for them and curbing the growth of China's enormous export sector. The United States, the European Union and Japan have periodically made requests for a currency adjustment.

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Having used two tools, raising bank reserve requirements and interest rates, central bank officials "don't want to add a third one into the mix, particularly one that's unpredictable," Mr. Simpfendorfer said.

Mexico (WSJ)

By John Lyons

The Wall Street Journal, August 19, 2006

A Crucial Test For López Obrador

A gubernatorial vote on Sunday will provide the best gauge yet of whether Andrés Manuel López Obrador's protest movement is damaging the fortunes of the political left.

Since losing the presidential race by a whisper on July 2, Mr. López Obrador has tied up Mexico City with protests to pressure an electoral court to reverse the presidential results. He has taken over the city's central square, while promising to harass departing President Vicente Fox's state-of-the-union address on Sept. 1 and block Independence Day festivities two weeks later. As a result, his poll numbers in Mexico City have dropped, though his advisers say they are engaged in a political struggle, not a popularity contest.

But it looks as if a political backlash against Mr. López Obrador may be gathering strength outside the capital, too. Just a month ago, the governor's race in the impoverished southern state of Chiapas -- the scene of a 1994 rebellion led by the masked leader Subcomandante Marcos -- appeared to be in the bag for Mr. López Obrador's Party of the Democratic Revolution, or PRD. Polls had the PRD candidate, Juan Sabines, leading by as much as 10 points.

While the protests have been confined to Mexico City, they haven't played well around the country, which has a long history of political and economic upheavals. Many Mexicans who voted for Mr. López Obrador saw him as a moderate; now, though, some view him as too radical. That helps to explain his party's sinking fortunes in the Chiapas governor's race, where Mr. Sabines's lead has all but evaporated in the latest polls.

Making matters worse for Mr. López Obrador, the other parties in the race are now throwing their weight behind the No. 2 candidate in the polls, Jose Antonio Aguilar of the Institutional Revolutionary Party, or PRI, which had ruled Mexico for 71 years until Mr. Fox won the 2000 presidency. The alliance includes the conservative National Action Party, or PAN, of winning presidential candidate Felipe Calderón, which has tangled with the PRI for decades.

The anti-PRD alliance in Chiapas may have national significance. It may presage the kind of alliances that the PAN will try to make in order to get key legislation passed -- and diminish the left's influence.

Mr. López Obrador was worried enough about his candidate's fate to abandon the tent village where he is camped out with supporters in Mexico City and fly to Chiapas for some last-minute campaigning. He appeared on stage, adorned in flowers, alongside Mr. Sabines to try to boost voter turnout in the hard-fought race.

Meanwhile, Mr. Calderón is hoping to gain a further political edge by criticizing Mr. López Obrador's threats to spoil the Independence Day celebration. Mexicans look forward to the ringing of the main cathedral's bell -- symbolic of the beginning of Mexico's 19th-century fight with Spain -- with the same anticipation that New Yorkers reserve for the Times Square ball drop on New Year's Eve. "These days are for all Mexicans, not for one ex-candidate," Mr. Calderón said.

Islamists In Somalia Sharply Rebuff Plan For African Peacekeepers (NYT)

By Jeffrey Gettleman

The New York Times, August 19, 2006

NAIROBI, Kenya, Aug. 18 — The Islamic clerics who rule much of Somalia on Friday rejected a plan for African peacekeepers to be deployed there, saying that foreign soldiers, African or not, would be mercilessly repelled.

On Thursday, East African military leaders met in Nairobi and floated a plan to send more than 6,000 soldiers to Somalia. The country seems to be teetering on the edge of war between the Islamic forces who control the capital, Mogadishu, and a fledgling transitional government based in Baidoa and backed by Ethiopia. Many fear that such a war could drag in Somalia's neighbors and destabilize the entire region.

Military chiefs for the Intergovernmental Authority on Development, a regional organization that includes Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan and Uganda, said they would like to dispatch the first troops to Somalia by October.

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But less than 24 hours after the announcement, Islamic clerics in Mogadishu called for a holy war against the peacekeepers.

"We are Muslims, and we are targeted for that identity," said Sheik Hassan Dahir Aweys, the spiritual head of the Islamic forces.

Somalia's Islamic leaders fear that the peacekeeping plan is simply a ruse to back up the transitional government, which has been hurt by defections and rivalries and is still so weak that its leaders are more or less confined to Baidoa, 150 miles inland from Mogadishu.

On Friday, imams at Mogadishu's mosques urged followers to join Islamic militias and prepare for battle. One said, "The mosque will be the industry that will produce heroes," according to a Somali reporter who did not want to be identified because of safety concerns. The militias recently began a recruitment drive for teenage boys, and many war-orphaned children have been signing up.

Similar fervor swept through Mogadishu last month when reports circulated that Ethiopia, Somalia's longtime rival, had dispatched troops to Baidoa to protect the transitional government from collapsing. Ethiopia denied the reports, but the effect was to solidify support for the Islamic clerics, who have cleaned up the capital and restored a degree of law and order after more than 15 years of anarchy.

Somalia's transitional government is energetically supporting the plan for African peacekeepers and seems to have won over military leaders in Kenya.

On Thursday, Jeremiah Kianga, Kenya's chief of general staff, told reporters in Nairobi, "There's an urgency in this deployment and we need to move faster to make the plan a reality."

It is far from clear, though, who would pay for these peacekeepers and provide the logistical support necessary to make any headway in Somalia, which is awash in guns and warring clans. The last time peacekeepers were sent to Somalia, by the United States and the United Nations in the early 1990's, they went home after heavy casualties and without accomplishing their mission.

East African Nations Announce Plans For Somali Peacekeeping Force (AFP)

By Bogonko Bosire And Ali Musa Abdi

AFP, August 19, 2006

East African defense chiefs expect to have the vanguard of a peacekeeping force for Somalia ready by the end of next month, officials have said, despite fierce objections from powerful Islamists in the chaotic Horn of Africa nation.

Under revised plans for the mission agreed here late Thursday, the first elements of the nearly 7,000-strong regional force are to assemble in northeast Kenya near the Somali border in late September, the officials said.

However, the proposed deployment was immediately rejected by Somalia's newly dominant Islamist movement, whose supreme leader vowed to resist the deployment of any foreign troops on Somali soil.

And, it faces numerous other hurdles, not least of which are funding and UN Security Council reluctance to ease a 14-year-old arms embargo to assist the peacekeepers in restoring stability.

Meeting in the Kenyan capital, chiefs of staff and senior military officials from the seven-member Inter-Governmental Authority on Development (IGAD) adopted plans for a Somalia force of 6,800 made up of eight battalions.

They also appealed to the cash-strapped African Union, which has endorsed the force but is already struggling to fund its peacekeepers in Sudan's Darfur region, for 18.5 million dollars (14.4 million euros) to back the mission.

"We agreed that we will deploy eight battalions in Somalia to help in the restoration of peace," IGAD peacekeeping chief Colonel Peter Marwa told AFP after the Nairobi meeting.

"Uganda and Sudan will send the initial two to assemble in Garissa by the end of September and be ready to move into Somalia," he said.

From Garissa, a Kenyan border town about 300 kilometers (185 miles) east of Nairobi, those troops would be deployed to the Baidoa, the temporary seat of the weak Somali transitional government, he said.

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IGAD first agreed to send a peacekeeping force to Somalia two years ago but the plans have been repeatedly frustrated and uncertainty persists over their viability.

In particular, the mission faces vehement opposition from the Supreme Islamic Council of Somalia (SICS), whose militia seized Mogadishu from warlords in June after months of fighting and have been expanding their territory since.

The rise of the Islamists poses a direct threat to the already limited authority of the government, which has repeatedly sought international military assistance to shore up its authority.

On Friday, SICS supreme leader Sheikh Hassan Dahir Aweys, a hardline cleric accused of ties to Osama bin Laden's Al-Qaeda network, renewed the Islamists' stance that peacekeepers are unnecessary and would be resisted.

"If troops are sent here while there is no need for them, we will have no choice but to fulfill our right to defend our country from aggression," Aweys said in an interview with Mogadishu's Shabelle Radio.

"Outsiders can't bring peace to Somalia, 30 countries came here to bring peace and achieved nothing," he said, referring to disastrous military interventions by the United States and United Nations in the early 1990s.

SICS is particularly opposed to any troops from neighboring Ethiopia, an IGAD member, which is accused of already having sent soldiers to Somalia to protect the government from feared Islamist attacks.

Addis Ababa denies the claims but numerous eyewitness accounts of uniformed Ethiopian troops in Somalia persist and have stalled Arab League-mediated talks to ease growing tensions between the government and Islamists.

Marwa, the IGAD official, said the regional bloc that groups Djibouti, Ethiopia, Eritrea, Kenya, Somalia, Sudan and Uganda, hoped all Somali parties would agree to the peacekeepers by the time the first troops are ready.

"We hope that by deployment time there will be consensus among the Somali players," he said, stressing that the peacekeepers would not be occupiers.

"The troops are not going into Somalia to enforce peace or impose the region's will but to help that country regain peace and be accommodated in the international arena," Marwa said.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Bush Blasts Court Ruling On Surveillance (AP) 3
Bush Slams NSA Surveillance Critics (WT)..... 4
Bush Predicts Appeals Court Will Lift Ban On Wiretaps (NYT)..... 5
Feds Appeal Ruling On Surveillance (AP)..... 6
Experts Fault Reasoning In Surveillance Decision (NYT) 7
6th Circuit More Conservative, Hard To Predict (AP)..... 8
Ruling Against Wiretaps Further Sharpens Partisan Divide (WP). 9
GOP Sees Strategic Advantage In Court Loss On Wiretapping (LAT) 10
No Kings (HC) 11
7 British Terror Suspects Also Pakistani Citizens (LAT)..... 11
Air Safety: What Has And Hasn't Changed (WSJ) 13
Airlines In Backlash Over Security Rules (FT)..... 14
Anti-Terror Weapons We're Afraid To Use (LAT)..... 15
The 'Profiling' Debate (WSJ)..... 16
British Plane Diverted After Note Is Found (WP)..... 17
Suspect Set Up Hamas Forum, Officials Say (CHIT)..... 18
Feds Say Salah Has Plotted Since 1990 (AP) 18
Jihad Backer Sentenced In $1.4 Million Chicago Food Stamp Fraud (AP) 19
German Police Seeking Suspects In Failed Plot To Bomb 2 Trains (LAT)..... 19
German Police See Possible Lebanon Link To Failed Train Bombs (NYT) 20
Breakthrough In Bombay Bombing Probe (WT/UPI)..... 21
US To Release Guantánamo Inmate (FT)..... 21
A 'Special' Relationship (WSJ)..... 21

Homeland Response:

Woman, Bottles Not A Threat (HC/AP)..... 22
North Carolina: In Duke Case, One Judge (NYT) 23
LVIA Gun Means Two Charges For Woman (ETPA)..... 23
Woman Charged With Trying To Fly With Loaded Gun, Pepper Spray (SCCD)..... 24
$428.7 Million In Relief Funds Heads To Texas (HC) 24
Nagin Blames Delays On Racism, Red Tape (AP-Y)..... 25

War News:

An Army Of Some (NYT) 25
Sectarian Suspicion Plagues Iraqi Army (MCT) 30
Fearful Iraqis Avoid Mosques As Attacks Rise (NYT) 31
Mosque Attendance Down In Iraq (WT/uPI)..... 33
Baghdad Shut To Cars On Eve Of Pilgrimage So Dire In '05 (NYT) 33
Iraq Bans Vehicles During Shiite Event (LAT)..... 34
Officer Called Haditha Routine (WP) 35
Marine Didn't Suspect Haditha Wrongdoing (NYT/AP) 36
Two Of Iraq's Shiite Parties Denounce Iran (WP) 36
Jordan Sends Ambassador To Iraq (AP)..... 38
Innocent Children Jailed, U.S. Official Says (WT) 39
Putting The Iraq War On Trial (TIME)..... 40
AWOL Soldier Heads Back To Ft. Bragg (AP-Y)..... 40
On Technical Grounds, Judge Sets Aside Verdict Of Billing Fraud In Iraq Rebuilding (NYT)..... 41
Verdict Against Iraq Contractor Overturned (WP) 42
Afghan City's Rebound Cut Short (WP)..... 42
Where Is Euphrates Etiquette? (NYT) 44

Corporate Scandals:

Quattrone May Avoid 3rd Trial (NYT) 45

Criminal Law:

Libby Denied Some Classified Documents (AP) 46
Timing Of DA's Probe Questioned (DENP) 47
Ruling Raises Bar In Lobbyists' Case (WP)..... 48
'Duke' Cunningham's Wife Says She Felt Deceived (LAT/AP) ... 49
Federal Judge Blasts Texas Attorney General For Seizing X-rays (AP) 50
Conviction In Charlestown Home Invasion (BOS)..... 51
Column: Justice For A Murdered Father And Daughter? (WP)... 51
Moonda Attorney Says Widow Can't Afford Death-penalty Defense (BEAVCT)..... 53
Judge Given Four-Year Prison Sentence For Indecent Exposure (AP) 53
2 Guardsmen Accused Of Robbery In New Orleans (NYT)..... 54
National Guardsmen Admit Armed Robbery (WT/uPI)..... 55
Crime: Up Or Down? (WP) 55
Treat The Addict, Cut The Crime Rate (WP)..... 56

Civil Law:

UH Settles With Whistle-blower Surgeon (CLPD)..... 57
Hospitals Settle Suit For $14 Million (AP)..... 57
Nursing Chain Settles Claims (LAT) 58
Tobacco Ruling Seen As A Win For Shareholders (WP) 58

Smoke But No Fire (WP) ... 59
What Were They Smoking? (WSJ) ... 60
Court Expands Agent Orange Coverage (AP-Y) ... 60
Court Rules Government Must Pay For Offshore Agent Orange Exposure (AP) ... 61
Court Expands Relief For Agent Orange Victims (MSNBC) ... 61
70's Law Costs 61,000 Military Widows Thousands Of Dollars In Survivor Benefits (NYT) ... 62
Save The Endangered Whistle-Blower (NYT) ... 63

Civil Rights:

Pony Leagues Will Allow Deaf Kids To Use Sign Language Interpreters In Games (AP) ... 63
Emergency Contraception Provision Part Of Abortion Ban Debate (AP) ... 64
Court: Members Of Congress Not Immune From Discrimination Suits (MCT) ... 65
Touch-Screen Machines Stir Election Anxiety In Md. (WP) ... 65

Antitrust:

Bristol, Sanofi Ask U.S. Judge To Halt Generic Form Of Plavix (BLOOM) ... 67
Boeing Wins EU Approval To Buy Aviall (DALBIZ) ... 68

Environment:

Federal DOT Head Tours Alaska Oil Field (AP-Y) ... 68
2 More Hearings Set To Examine BP's Pipeline Maintenance (MCT) ... 69
U.S. Rice Supply Contaminated (WP) ... 69
Scientists Add Years To Ozone Recovery (AP-Y) ... 70

Immigration:

Homeland Security Says 11 Million Illegals In U.S. (WT) ... 71
Feds Estimate 10.5M Illegal Immigrants (AP-Y) ... 72
Chicago Woman's Stand Stirs Immigration Debate (NYT) ... 72
Guarding The National Guard (WT) ... 73

Congress-Administration:

Boeing Moves To Close Plant (LAT) ... 74
End Of An Era In Long Beach (LAT) ... 76
Boeing Implements First Phase Of C-17 Cargo-Plane Shutdown (WSJ) ... 76
Boeing To Shut Down C-17 Production (WP/AP) ... 77
NASA Picks SpaceX, Rocketplane Kistler To Build Ship (BLOOM) ... 77
2 Companies Picked For Spaceship Project (AP-Y) ... 78
Air Force Hopes Program Will Provide An Alternative To Foreign Oil (MCT) ... 78
Rental Aid Outstripped By Demand In Region (WP) ... 80

Other News:

Ford Is Slashing Production 20% For 4th Quarter (NYT) ... 81
New Model Ford Unveils Plan For Sweeping Cuts In '06 Production (WSJ) ... 83
Ford Plans To Slash US Output (FT) ... 85
Ford Cuts To Move Forward (FREEP) ... 85
Ford Announces Deep Production Cuts (AP-Y) ... 87
Ford To Cut Fourth-Quarter N. America Output By 21% (BLOOM) ... 88
Detroit Waves Flag That No Longer Flies (WP) ... 89
Dow Adds 2.6%, Nasdaq Rises 5.2% For Week (WSJ) ... 91
U.S. Stocks Climb For Fifth Day, Led By Oil Shares, Microsoft (BLOOM) ... 92
U.S. Economy: Consumer Optimism Wanes On Terror Fears (BLOOM) ... 93
Microsoft Increases Buyback Of Shares (NYT) ... 94
Microsoft Buyback Falls Short Of Goal But May Bode Well (WSJ) ... 95
Hold The Champagne (NYT) ... 95
Young Quits Wal-Mart After Jibe (WT/AP) ... 96
Different Focus In Atlanta On Young's Remark (NYT) ... 97
Barr Seeks Fed OK For Morning-after Pill (AP-Y) ... 98
Allen Flap May Give A Boost To Webb (WP) ... 98
G.O.P. Deserts One Of Its Own For Lieberman (NYT) ... 100
Lieberman Hires New Consultant, Pollster (AP-Y) ... 101
GOP Backs Doctor As Write-in For DeLay (AP-Y) ... 102
8 Vie To Replace Troubled Ohio Rep. Ney (AP-Y) ... 102
Alaska Gov. May Be Unseated In Primary (AP-Y) ... 103
Catering To Constituency Groups Rouses Friction Among Democrats (MCT) ... 104
In Nashville, Sounds Of Political Uprising From The Left (NYT) 105
Most States Have Budget Surpluses (WP) ... 107
What Is K Street's Project? (NYT) ... 108
First Amendment On Trial (WSJ) ... 109
Bush Calls On Paris To Commit Troops (FT) ... 110
U.N. Appeals To Europe For Peacekeepers (AP) ... 110
U.N. Urges Europe To Join Mideast Effort (WP) ... 111
Europe Urged To Do More For UN Force (FT) ... 113
Lebanon Secures Itself (WT) ... 113
Bush, Lebanon Seek Greater French Role In UN Force (Update2) (BLOOM) ... 114
Focus On Mideast Arms Flow (LAT) ... 116
Turkey Says It Forced Iran Planes Down (AP-Y) ... 118
Mass Burials Begin In Qana, Lebanon (MCT) ... 118
Mass Funerals Held In Southern Lebanon (AP) ... 119
With 'Minefields' At Home, War Isn't Over For Lebanese (NYT) 120
Villagers Cheer As Lebanese Army Marches Into The South (NYT) ... 121
Hezbollah's Transformation Is A Case Study (MCT) ... 123
Rebuilding And Regrouping (NSWK) ... 125
Many Israelis See Lebanon War As Major Stumble (WP) ... 126
Israelis Back From Battle Report Grievous Missteps (WT/AP) . 128
Troubled Foray Why Israel's Plans To Curb Hezbollah Went So Poorly (WSJ) ... 129
Israelis Slam Use Of Russia Missiles (WT/AP) ... 132
Olmert Shelves West Bank Pull-out Plan (FT) ... 132
Testing Time For Israel's Leaders (NYT) ... 133
Making Peace Stick In Lebanon (WP) ... 133
Israel Seizes Palestinians' Deputy Premier In West Bank (LAT) 134
Wife Of Kidnapped Journalist Issues Plea (LAT/AP) ... 135
Britain's Plans For Addressing Its Muslims' Concerns Lag (NYT) 135
Raul Castro Finally Speaks Out, Bashes Bush (WP) ... 136

DOJ_NMG_0051337

Cuba Mobilized For A U.S. Attack, Raúl Castro Says (NYT) 137
Raul Castro Comments On Cuba-U.S. Ties (AP)..... 138
Anti-Castro Disclosures Could Help `Cuban Five' (LAT)..... 139
Ex-Bolivian Leader Blames U.S. In Missile Scandal (AP) 139
How A Catastrophic Flood May Help North Korea's Regime (TIME) 140
Gadhafi Says He Spoke With North Korea (BOS/AP)..... 141
Colombia's Coca Survives U.S. Plan To Uproot It (NYT)..... 141
U.N. Official Assails South Africa On Its Response To AIDS (NYT) 144
South Africa's Barred Me, Says UN Envoy (AFP) 145
Ending AIDS Epidemic Seen As Multi-Front War (WP) 146
Chinese Crackdown On Rights Lawyers Signals Effort To Deter Increasing Legal Challenges (NYT)..... 147
Chinese Rights Activist Stands Trial After Police Detain Defense Team (WP) 148
Activist's Trial Proceedings Called Unfair (LAT) 149
Letter From Beijing: A Legal Activist Goes On Trial (TIME) 150
China's Central Bank Raises Rates In Latest Effort To Slow The Economy (NYT) 152
Mexico (WSJ)..... 153
Islamists In Somalia Sharply Rebuff Plan For African Peacekeepers (NYT) 153
East African Nations Announce Plans For Somali Peacekeeping Force (AFP) 154

TERRORISM NEWS:

Bush Blasts Court Ruling On Surveillance (AP)

By Deb Riechmann, Associated Press Writer

AP, August 19, 2006

President Bush on Friday criticized a federal court ruling that said his warrantless wiretapping program is unconstitutional, declaring that opponents "do not understand the nature of the world in which we live."

"I strongly disagree with that decision, strongly disagree," Bush said, striking his finger on a podium to underscore his point. "That's why I instructed the Justice Department to appeal immediately, and I believe our appeals will be upheld."

U.S. District Judge Anna Diggs Taylor in Detroit on Thursday was the first to find the National Security Agency surveillance program unconstitutional. The program involves monitoring international phone calls and e-mails to and from the United States involving people with suspected ties to terrorists.

"If al-Qaida is calling in to the United States, we want to know why they're calling," Bush said.

Critics say the surveillance program skirts the 1978 Foreign Intelligence Surveillance Act, which requires court warrants for domestic eavesdropping. The administration has argued that obtaining warrants from a secret court set up under FISA is a time-consuming process unsuited for the government's fast-moving war on terror.

The judge said the government, in defending the program, appeared to be saying the president had the "inherent power" to violate laws of Congress.

"It was never the intent of the framers to give the president such unfettered control," Taylor wrote in a 43-page opinion. "... There are no hereditary Kings in America and no powers not created by the Constitution. So all 'inherent powers' must derive from that Constitution."

On other issues, Bush said it would take the world time to view the war between Israel and Hezbollah as a loss for the Islamic militant group.

"The first reaction, of course, of Hezbollah and its supporters is, declare victory," Bush said. "I guess I would have done the same thing if I were them, but sometimes it takes people a while to come to the sober realization of what forces create stability and which don't. Hezbollah is a force of instability."

Bush also expressed some disappointment with France's contribution to an expanded peacekeeping force in Lebanon.

France had been expected to make a significant new contribution that would form the backbone of the expanded force. But French President Jacques Chirac disappointed the United Nations and other countries by announcing France would contribute just 200 combat engineers to its current 200-member contingent in Lebanon.

"France has said they will send some troops," the president said. "We hope they'll send more."

Members of Bush's economic team stood alongside the president as he spoke under bright sunshine at the Camp David helipad. Among attendees were Vice President Dick Cheney, Treasury Secretary Henry Paulson, Commerce Secretary Carlos Gutierrez, Labor Secretary Elaine Chao, National Economic Council Director Allan Hubbard and White House budget chief Rob Portman.

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The meeting came at a time when only 37 percent of Americans support Bush's handling of the economy, according to AP-Ipsos polling in early August. It's also just weeks before congressional midterm elections that will determine whether Republicans continue to control the House and the Senate.

Bush declared the economy solid and strong because of tax cuts his administration pushed through Congress. He rattled off a series of economic indicators, including the nation's 4.8 percent jobless rate in July and 4 percent annual economic growth rate through the first half of the year.

But House Minority Leader Nancy Pelosi took issue with Bush's upbeat comments on the economy, saying, "President Bush may think the economy is moving forward, but many hard working Americans are stuck living paycheck to paycheck.

"Under President Bush and the Republican Congress, the economic situation for too many Americans is going in the wrong direction," said the California Democrat. Since Bush took office, she said, "real median family income has dropped by $1,700 while families are paying $3,200 more in household costs."

Bush did not mention that the July unemployment rate had inched up from 4.6 percent in June, reflecting a slowdown in job creation that reflects weaker economic growth. And while the gross domestic product expanded at an annual rate of 5.6 percent in the first quarter, it slowed to just 2.5 percent in the April-June quarter.

On Friday, a University of Michigan survey showed consumer confidence fell sharply in early August to the lowest level in 10 months as Americans were rattled by new terrorism concerns and gasoline prices above $3 per gallon.

Bush did not mention the jump in gasoline prices, although he did discuss the need to invest in new energy technologies.

Paulson, speaking to reporters later, said the team spent much time talking about long-term challenges such as changing Social Security, Medicare and Medicaid in view of the pending retirement of 78 million baby boomers.

"We think it is quite possible to come up with a fix that is quite doable," Paulson said of reforming the government programs. "The question is whether we can get the support of Congress to get something done."

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AP Economics Writer Martin Crutsinger contributed to this report.

Bush Slams NSA Surveillance Critics (WT)

By Joseph Curl, The Washington Times

The Washington Times, August 19, 2006

President Bush yesterday strongly defended his administration's terrorist surveillance program, saying those who oppose it "simply do not understand the nature of the world in which we live."

"This country of ours is at war," the president told reporters at Camp David, a day after a federal judge in Michigan ruled the program unconstitutional. "We must give those whose responsibility it is to protect the United States the tools necessary to protect this country in a time of war."

On Thursday, U.S. District Judge Anna Diggs Taylor struck down the National Security Agency's wiretapping program, ruling that it infringed on the constitutional rights to privacy and free speech.

"The judge's decision was a -- I strongly disagree with that decision, strongly disagree," Mr. Bush said of the ruling in the case brought by the American Civil Liberties Union.

The president said he instructed the Justice Department to immediately appeal the decision.

The program targets international telephone calls and other electronic communications coming into or going out of the United States in which "one of the parties on the call is a suspected al Qaeda or affiliated terrorist," the White House said Thursday.

Democrats pounced on the ruling, saying that it proves Mr. Bush has overstepped his authority and is trampling on the Constitution.

"No one is above the law," said Sen. John Kerry of Massachusetts, who lost to Mr. Bush in the 2004 presidential election. "Now we need an honest debate and constructive steps, not another public relations onslaught from an administration that's good at hiding the truth and spinning the politics and sorely lacking when it comes to making America safe in the world or bringing people together at home."

The president, speaking to reporters yesterday after meeting with his economic team at the presidential retreat in Maryland, refused to address reports that North Korea may be preparing for an underground test of a nuclear bomb, but said: "If North Korea were to conduct a test, it's just a constant reminder for people in the neighborhood in particular that North Korea poses a threat and we expect our friends, those sitting around the table with us, to act in such a manner as to help rid the world of the threat."

He also said that Hezbollah suffered a defeat in its war with Israel.

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"The first reaction of course of Hezbollah and its supporters is to declare victory. I guess I would have done the same thing if I were them," Mr. Bush said. "Sometimes it takes people a while to come to the sober realization of what forces create stability and what don't. Hezbollah is a force of instability."

Bush Predicts Appeals Court Will Lift Ban On Wiretaps (NYT)

By Eric Lichtblau

The New York Times, August 19, 2006

WASHINGTON, Aug. 18 — President Bush predicted Friday that an appeals court would ultimately overturn a decision this week declaring his warrantless wiretapping program illegal, and he said that "those who herald this decision simply do not understand the nature of the world in which we live."

"I strongly disagree with that decision, strongly disagree," Mr. Bush said of a ruling issued Thursday by Judge Anna Diggs Taylor, a Federal District Court judge in Detroit, in a lawsuit brought by the American Civil Liberties Union.

The decision quickly became a political firecracker, as the Republican National Committee sought to play off the ruling to rally supporters.

In a "Dear Republican" letter, the committee pointed out that the decision was issued by a "Democratic-appointed judge." It asked, "If you are outraged by this latest development, will you sign the petition against this decision weakening the tools we need to fight the war on terror?"

But Democrats and some legal scholars said they regarded the decision by Judge Taylor, who was appointed by President Jimmy Carter, as an important affirmation of the separation of powers and limits on presidential authority even in a time of war.

Senator Patrick J. Leahy, the ranking Democrat on the Senate Judiciary Committee, said the decision affirmed his view that the wiretapping program was illegal. Mr. Leahy described the program as "another unfortunate example of how White House misdirection, arrogance and mismanagement have needlessly complicated our goal of protecting the American people."

Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, did not comment directly on Judge Taylor's decision but said Republican efforts to "divert people's attention" from what he described as the Bush administration's missteps on foreign policy would not work.

"The bottom line is that most Americans fundamentally believe that you can give the president all the tools he needs to protect us and at the same time uphold the rule of law," Mr. Schumer said. "There's only a very few in the administration who don't hold that view."

In her ruling, Judge Taylor found that the wiretapping program, which allows the National Security Agency to wiretap the international communications of Americans suspected of ties to terrorism without a court warrant, violated both the First and Fourth Amendments, as well as a 1978 law restricting the use of intelligence wiretaps. Nor did a 2001 measure in Congress authorizing the use of military force in Afghanistan give the president power to conduct wiretaps without a warrant, she ruled in ordering a stop to the program.

"It was never the intent of the framers to give the president such unfettered control, particularly when his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights," she wrote. "The three separate branches of government were developed as a check and balance for one another."

In a view echoed by other legal experts interviewed Friday, Peter M. Shane, a law professor at Ohio State University who specializes in separation of powers issues, said he agreed with Judge Taylor's ultimate determination but took issue with elements of her legal analysis, including her reading of constitutional law.

"I agree very strongly that the president's national security powers are not sufficient in this area to defy Congress's express determination," Mr. Shane said. "I just wish she had written it more carefully."

Bush administration officials said Friday that they were eager to exploit what they saw as flaws and omissions in Judge Taylor's legal reasoning.

"What was surprising was the weak reasoning of the opinion," said a senior Justice Department official, who spoke on condition of anonymity because the department is still preparing its appeal. "It lacked any meaningful legal analysis of the substantive issues."

The Justice Department has already appealed the ruling, and the A.C.L.U. agreed that the judge's order would not be enforced until a hearing is held next month, meaning that the program can continue in the interim. Meanwhile, Justice Department officials continued parsing the ruling Friday to prepare for an appeal that lawyers say could ultimately be decided by the Supreme Court.

President Bush, speaking with reporters on Friday at Camp David, sounded confident that the administration would prevail in the courts.

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Administration officials “strongly believe” the program is constitutional, Mr. Bush said. Because he disagreed so strongly with the judge’s opinion, Mr. Bush said, “that’s why I instructed the Justice Department to appeal immediately. And I believe our appeals will be upheld.”

He pointed to the plot announced last week in London to bomb planes bound for the United States as further evidence of the need for strong and aggressive counterterrorism measures.

“The American people expect us to protect them, and therefore, I put this program in place,” Mr. Bush said.

Feds Appeal Ruling On Surveillance (AP)

By Sarah Karush, Associated Press Writer

AP, August 19, 2006

The Justice Department launched an appeal within hours of a federal judge's ruling that, for the first time, struck down President Bush's warrantless wiretapping program as an unconstitutional infringement on the right to privacy and free speech.

The judge on Thursday ordered an immediate halt to the program, but the government said it would request a stay during the appeals process, arguing that the secret surveillance program is crucial to stopping terrorists.

"We have confidence in the lawfulness of this program," Attorney General Alberto Gonzales said in Washington. "We're going to do everything we can do in the courts to allow this program to continue."

The American Civil Liberties Union, which brought the lawsuit, said it opposed the stay but agreed to delay enforcement of the injunction until the judge hears arguments Sept. 7.

U.S. District Judge Anna Diggs Taylor was the first to find the National Security Agency surveillance program unconstitutional, and she took the Bush administration to task for its arguments, saying it appeared to be saying the president had the "inherent power" to violate laws of Congress.

"There are no hereditary Kings in America and no powers not created by the Constitution. So all 'inherent powers' must derive from that Constitution," Taylor wrote in her 43-page opinion.

"The public interest is clear, in this matter. It is the upholding of our Constitution," she wrote.

The Justice Department quickly filed notice of appeal, saying it would seek a reversal by the 6th U.S. Circuit Court of Appeals.

White House press secretary Tony Snow said the Bush administration "couldn't disagree more with this ruling." He said the program carefully targets communications of suspected terrorists and "has helped stop terrorist attacks and saved American lives."

The lawsuit was filed in January on behalf of journalists, scholars and lawyers who say the program has made it difficult for them to do their jobs. They believe many of their overseas contacts are likely targets of the program, which monitors international phone calls and e-mails to or from the U.S. involving people the government suspects have terrorist links.

The ACLU says the 1978 Foreign Intelligence Surveillance Act, which set up a secret court to grant warrants for such surveillance, gave the government enough tools to monitor suspected terrorists.

But the government says it can't always wait for a court to take action. It says the NSA program is well within the president's authority but proving that would require revealing state secrets.

The ACLU says the state-secrets argument is irrelevant because the Bush administration already had publicly revealed enough information about the program for Taylor to rule. The administration has decried leaks that led to a report in The New York Times last year revealing the existence of the program.

Taylor, a Carter appointee, said the government appeared to believe the program is beyond judicial scrutiny.

"It was never the intent of the framers to give the president such unfettered control, particularly where his actions blatantly disregard the parameters clearly enumerated in the Bill of Rights," she wrote. "The three separate branches of government were developed as a check and balance for one another."

ACLU executive director Anthony Romero called Taylor's opinion "another nail in the coffin in the Bush administration's legal strategy in the war on terror."

While siding with the ACLU on the surveillance issue, Taylor dismissed a separate claim by the group over NSA data-mining of phone records. She said not enough had been publicly revealed about that program to support the claim and further litigation would jeopardize state secrets.

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Associated Press writers Katherine Shrader in Washington and Jeremiah Marquez in Los Angeles contributed to this report.

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On the Net:

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Taylor's ruling: http://www.mied.uscourts.gov/eGov/taylorpdf/06%2010204.pdf
Information on the case from the ACLU: http://www.aclu.org/nsaspying
National Security Agency: http://www.nsa.gov

Experts Fault Reasoning In Surveillance Decision (NYT)

By Adam Liptak
The New York Times, August 19, 2006

Even legal experts who agreed with a federal judge's conclusion on Thursday that a National Security Agency surveillance program is unlawful were distancing themselves from the decision's reasoning and rhetoric yesterday.

They said the opinion overlooked important precedents, failed to engage the government's major arguments, used circular reasoning, substituted passion for analysis and did not even offer the best reasons for its own conclusions.

Discomfort with the quality of the decision is almost universal, said Howard J. Bashman, a Pennsylvania lawyer whose Web log provides comprehensive and nonpartisan reports on legal developments.

"It does appear," Mr. Bashman said, "that folks on all sides of the spectrum, both those who support it and those who oppose it, say the decision is not strongly grounded in legal authority."

The main problems, scholars sympathetic to the decision's bottom line said, is that the judge, Anna Diggs Taylor, relied on novel and questionable constitutional arguments when more straightforward statutory ones were available.

She ruled, for instance, that the program, which eavesdrops without court permission on international communications of people in the United States, violated the First Amendment because it might have chilled the speech of people who feared they might have been monitored.

That ruling is "rather innovative" and "not a particularly good argument," Jack Balkin, a law professor at Yale who believes the program is illegal, wrote on his Web log.

Judge Taylor also ruled that the program violated the Fourth Amendment's ban on unreasonable searches and seizures. But scholars said she failed to take account of the so-called "special needs" exception to the amendment's requirement that the government obtain a warrant before engaging in some surveillance unrelated to routine law enforcement. "It's just a few pages of general ruminations about the Fourth Amendment, much of it incomplete and some of it simply incorrect," Orin S. Kerr, a law professor at George Washington University who believes the administration's legal justifications for the program are weak, said of Judge Taylor's Fourth Amendment analysis on a Web log called the Volokh Conspiracy.

Judge Taylor gave less attention to the more modest statutory argument that has been widely advanced by critics of the program. They say that it violates a 1978 law requiring warrants from a secret court and that neither a 2001 Congressional authorization to use military force against Al Qaeda nor the president's constitutional authority allowed the administration to ignore the law. A recent Supreme Court decision strengthened that argument. Judge Taylor did not cite it.

Some scholars speculated that Judge Taylor, of the Federal District Court in Detroit, may have rushed her decision lest the case be consolidated with several others now pending in federal court in San Francisco or moved to a specialized court in Washington as contemplated by pending legislation. Judge Taylor heard the last set of arguments in the case a little more than a month ago.

The decision has been appealed, and legal scholars said Judge Taylor had done the American Civil Liberties Union, which represents the plaintiffs, few favors beyond handing it a victory. On the other hand, they added, the appeals court is bound to examine the legal arguments in the case afresh in any event.

Indeed, Cass R. Sunstein, a law professor at the University of Chicago, predicted that the plaintiffs would win the case on appeal, but not for the reasons Judge Taylor gave.

"The chances that the Bush program will be upheld are not none, but slim," Professor Sunstein said. "The chances that this judge's analysis will be adopted are also slim."

Eugene Volokh, a law professor at the University of California, Los Angeles, who presides over the Volokh Conspiracy Web log and says he is skeptical of the legality of the wiretapping program, called the decision "not just ill-reasoned, but rhetorically ill-conceived."

"If I were the A.C.L.U.," Professor Volokh said, "I would rather have a decision that came across as more-in-sorrow-than-in-anger and that was as deliberate, meticulous, thoughtful and studiously impartial as possible."

Anthony Romero, the executive director of the A.C.L.U., said Judge Taylor's decision represented vindication of established limits on the scope of executive authority.

"Ultimately," Mr. Romero said, "any doubts about the decision will be taken up on appeal by sitting federal judges rather than pundits or commentators."

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Judge Taylor, a longtime trial court judge who was appointed by President Jimmy Carter, enjoys a good reputation among lawyers who have appeared before her, according to anonymous comments collected by the Almanac of the Federal Judiciary.

"Lawyers interviewed rated Taylor high in legal ability," the almanac concluded. The eight quoted comments ranged from enthusiastic ("She is smart as hell") to lukewarm ("She is competent").

Supporters of the program, disclosed by The New York Times in December, suggested that Judge Taylor's opinion was as good a way to lose as any.

"It's hard to exaggerate how bad it is," said John R. Schmidt, a Justice Department official in the Clinton administration who says the program is legal. He pointed to Judge Taylor's failure to cite what he called several pertinent decisions, including one from the Foreign Intelligence Surveillance Court of Review in 2002 that said it took for granted that Congress "could not encroach on the president's constitutional power" to conduct warrantless surveillance to obtain foreign intelligence.

The decision also failed to cite a Supreme Court decision in June helpful to the plaintiffs, a group of journalists, scholars, lawyers and nonprofit organizations. The decision, Hamdan v. Rumsfeld, struck down the administration's plans to try prisoners at Guantánamo Bay, Cuba, as war criminals. It was widely interpreted as a rebuke to the administration's expansive conception of executive power.

"After Hamdan," Professor Sunstein said, "this program is not easy to defend."

Professor Balkin said there was a rushed quality to Judge Taylor's decision, but he added that her reason for moving fast may have been the laudable one of assuring that more than one appeals court would have the opportunity to pass on the legality of the program.

Martin S. Lederman, a former Justice Department official who believes the program is illegal, said he found the contrast between Justice John Paul Stevens's approach in Hamdan and Judge Taylor's in the wiretapping case telling.

"Justice Stevens was criticized for not including sound bites and sweeping constitutional interpretation," Mr. Lederman said. Judge Taylor's decision, by contrast, he said, "was meant for headlines."

6th Circuit More Conservative, Hard To Predict (AP)

By Dan Sewell, Associated Press Writer

AP, August 19, 2006

CINCINNATI- The Bush administration's warrantless wiretapping program is heading toward a federal appellate court loaded with the president's own appointees.

However, veterans of cases before the 6th U.S. Circuit Court of Appeals caution that the court's mixed record in a broad range of rulings covering elections, death penalty cases, religious displays and other civil liberties issues make it difficult to predict how its judges will view the surveillance the administration says is crucial to stopping terrorists.

"It is not a foregone conclusion that a conservative-dominated court is going to say, 'President Bush did this and we're going to uphold what he wants,'" said Robert A. Sedler, a law professor at Wayne State University. "There are many issues in this case. Conservative judges often have a very strongly libertarian streak."

The Justice Department filed notice of appeal with the Cincinnati-based court, which hears federal appeals from Kentucky, Michigan, Ohio and Tennessee, soon after U.S. District Judge Ann Diggs Taylor on Thursday ruled the National Security Agency's warrantless surveillance was unconstitutional. Taylor, a Jimmy Carter appointee, will hear the government's request for a stay Sept. 7 in Detroit.

President Bush has appointed six judges to the 6th Circuit, including two Michigan judges last summer that gave Republican appointees an 8-6 majority. The chief judge was appointed by Ronald Reagan.

But the three-judge panels that hear appeals still often split their rulings. Depending on scheduling, the panels sometimes include a district court judge or a senior judge who's not a full-time member of the court.

The wiretapping case also could wind up before the full court, in what's called an en banc hearing.

"There's a whole range of judges in terms of experience, age and background," said John Pirich, a Lansing, Mich., attorney who's argued cases here over three decades. "I really can't quantify any of their rulings based upon who appointed them or what year they've been appointed."

Pirich, whose name has been mentioned as a potential Bush appointee to a federal bench, noted that the judges have lifetime appointments and that judicial philosophies sometimes evolve over time.

The appellate court hears cases covering a gamut of constitutional issues.

Just this week, a 6th Circuit panel upheld a ruling that Michigan's prep sports schedule discriminates against girls in some sports. Earlier this year, a panel overturned a lower-court ruling and allowed Tennessee to offer anti-abortion license plates with the message "Choose Life." And a 2-1 ruling in April overturned a lower court and found that punch-card ballots had violated

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Ohio voters' rights because counties could not ensure that the ballots were counted. The full court has agreed to review the voting case.

Cincinnati attorney Scott Greenwood, a former American Civil Liberties Union general counsel, has had some 40 cases before the 6th Circuit, including a successful argument against display of Ten Commandments in front of public schools in Adams County, Ohio. However, the 6th Circuit later ruled that a display at the Mercer County, Ky., courthouse was constitutional because it was part of a historical display that included replicas of the Bill of Rights and Declaration of Independence.

Greenwood said the court has been altered by Bush's appointments, but said judges likely will take a hard look at the separation of powers issues in the wiretapping case.

"Civil liberties are not liberal and they're not conservative," he said.

He said it's impossible to predict the court's action in the case, but said he doesn't expect this to be the last stop _ the case seems likely to go before the Supreme Court, Greenwood said.

Ruling Against Wiretaps Further Sharpens Partisan Divide (WP)

By Jonathan Weisman, Washington Post Staff Writer

The Washington Post, August 19, 2006

A federal judge's ruling that the National Security Agency's warrantless wiretapping is unconstitutional set off a flurry of political responses yesterday, as Republicans tried to keep control of the national security debate amid signs that their own party's ranks may be breaking under the pressure of the Iraq war.

President Bush concluded a discussion on the economy with a challenge to Democrats, many of whom had hailed U.S. District Judge Anna Diggs Taylor's ruling that the NSA's wiretapping efforts violate both the Bill of Rights and federal law.

"Those who herald this decision simply do not understand the nature of the world in which we live," Bush said after meeting with his economic team at Camp David. "This country of ours is at war, and we must give those whose responsibility it is to protect the United States the tools necessary to protect this country in a time of war."

He then said that "it would be interesting to see . . . how other policymakers react."

Minutes later, under the headline "Dems Rejoice," the Republican National Committee illuminated those reactions, releasing the statements of eight Democrats -- including House Minority Leader Nancy Pelosi (Calif.) and Sen. John F. Kerry (Mass.), the 2004 presidential nominee -- all heralding the decision as a rebuke to the president.

The National Republican Senatorial Committee challenged Democratic candidates to "stand up in opposition to a liberal judge," while the RNC released an Internet advertisement painting the Democrats as soft on defense. The ad shows prominent Democrats decrying warrantless wiretapping, abusive interrogations, ballistic missile defense and the war in Iraq through the opening of a cave, meant to represent the vantage point of terrorists monitoring the opposition party.

"Democrats say they want to talk about national security and the war on terror . . . while terrorists are watching," the narrator intones.

With that burst of activity, Republicans appeared ready to make Taylor's decision on wiretapping the 2006 equivalent of a Massachusetts judge's legalization of same-sex marriage in 2004: a rallying cry for the Republican base.

"They never miss an opportunity to play divisive politics on national security," said Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee. "The one casualty Americans would accept in the war on terror is partisanship, and that's the one thing George Bush won't give up."

But with polls showing Republican voters more divided on security issues than Democrats are, it was unclear whether the strategy would work again.

"There is no consensus that Republicans are better on terrorism than the Democrats, as once was clearly the case," said Andrew Kohut, director of the Pew Research Center for the People and the Press.

A Pew Research Center poll released Thursday found "no evidence that terrorism is weighing heavily on voters -- just 2 percent cite that as the issue they most want to hear candidates discuss, far fewer than the number mentioning education, gas prices, or health care." The center continued: "And while roughly a third of Americans (35 percent) say they are very concerned that if Democrats gain control of Congress, they will weaken terrorist defenses, even more (46 percent) express great concern that Republicans will involve the U.S. in too many overseas military missions if the GOP keeps its congressional majorities."

Republicans have done such a good job framing the invasion of Iraq as part of a "war on terror" that bad news from Baghdad is casting doubts on the anti-terrorism effort, Kohut said. Republican voters, meanwhile, are split on whether to withdraw U.S. troops from Iraq, the poll found.

Reflecting these pressures, Republicans in swing districts are beginning to waver. In an interview from Israel yesterday, Rep. Christopher Shays (R-Conn.) said the political will of the United States is being stretched to the limit. He promised to offer a time frame for troop withdrawals when he returns next week from his 14th trip to Iraq.

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"We have got to find a way to come to some kind of consensus, so we can do what's right for our country and what's right for the Iraqis," said Shays, an ardent supporter of the war who is in a political dogfight with his antiwar Democratic opponent. "We have to say 'This is the latest we will leave' and be able to live with that."

Shays plans to hold three hearings next month to explore whether Iraq is heading toward democracy or civil war, a state parts of the country are already in, he said. "I am more pessimistic, clearly," he said.

On Thursday, Rep. Michael G. Fitzpatrick (R-Pa.) wrote a letter to constituents declaring that he was saying no to "President Bush's 'stay-the-course' strategy" in Iraq. That followed a Fitzpatrick statement earlier this month saying: "When it comes to the war in Iraq, President Bush has been bold, principled, resolute, but mistaken in crucial ways."

Amid such discord, Republicans welcomed a return to debating the NSA's warrantless surveillance program. With no quick resolution of the case in sight, the judicial decision is likely to remain an issue. The Justice Department filed its notice of appeal in the case Thursday with the U.S. Court of Appeals for the 6th Circuit in Cincinnati. But no deadline had been set as of yesterday afternoon for submitting briefs, a Justice Department official said.

"It's an opportunity, as we see it, to highlight the fundamental choice between the two parties," RNC spokeswoman Tracey Schmitt said, "between a party that understands the need for post-9/11 tools in a post-9/11 world and a party that questions giving law enforcement the tools they need to be successful."

Staff writer Dan Eggen contributed to this report.

GOP Sees Strategic Advantage In Court Loss On Wiretapping (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, August 19, 2006

Keeping terrorism the topic of the day is thought to exploit a vulnerability of Democrats -- who'd rather talk about Iraq.

WASHINGTON — This week's federal court ruling that declared the president's warrantless wiretapping program unconstitutional was a blow to the Bush administration and a victory for its critics. But in a reversal, it is Republicans who are highlighting the decision and Democrats who are sidestepping it.

A day after a Detroit judge said the president "blatantly disregarded" the Constitution when he authorized the domestic surveillance program, top Republicans issued a stream of memos discussing her ruling and released a new Web ad accusing Democrats of being against terrorist surveillance.

Republican National Committee Chairman Ken Mehlman headlined the issue in an e-mail sent Friday to supporters around the country.

"Yesterday, a Democrat-appointed judge in Detroit sided with the ACLU and ordered an immediate halt to the Terrorist Surveillance Program," Mehlman wrote. "This decision is a reminder of what is at stake in 2006. Will we use every tool in our arsenal to respond to emerging threats, or embrace the Democrat-ACLU position that just made it harder for our intelligence agencies to detect terrorist plots inside the United States?"

President Bush himself seemed eager to take on the issue during a brief question-and-answer session with reporters at Camp David.

"Those who herald this decision simply do not understand the nature of the world in which we live," Bush said, pounding the lectern.

He continued: "This country of ours is at war, and we must give those whose responsibility it is to protect the United States the tools necessary to protect this country in a time of war."

Democratic leaders, by contrast, after issuing a few terse comments on Thursday, have fallen largely silent.

"The Republicans are celebrating it secretly, even though it went against them," said Marshall Wittmann, a former aide to Sen. John McCain (R-Ariz.) who is now senior fellow at the center-left Progressive Policy Institute. "My guess is that Democrats won't touch it…. To embrace the decision would underscore Democratic vulnerabilities, especially the charge that they are not tough enough on national security."

In the sometimes common-sense-defying world of politics, political strategists often care more about the discussion topic than its details; as long as the topic works for them, they want it in the news, even if the current specifics might cast their party in a bad light.

"Republicans would like nothing more than to get into a debate over terrorism with the Democrats," Wittmann explained. "But Democrats don't want to play the Republicans' game on national security. They are just not going to go there."

So Republicans embrace discussion of the war on terrorism, and Democrats try to steer the discussion either to domestic issues such as port security or to the military stalemate in Iraq.

The domestic surveillance program "is probably the trickiest issue for us to deal with," conceded a senior Democratic Senate aide, who requested anonymity because he was not authorized to speak publicly on the matter.

"The goal is to try to embrace the goals of the program, and everyone has done that," he said. "What we have to try and avoid is falling into the trap being set for us by the Republicans, suggesting that we are soft on the war on terrorism."

Democratic strategist Stephanie Cutter, who was communications director for 2004 presidential nominee Sen. John F. Kerry, said Democrats' best approach was to link the war on terrorism to Iraq.

"Unlike the past two election cycles, talking about the war on terror won't get Republicans where they need to be this time because Iraq is a big noose around their necks," Cutter said. "The American people understand that Iraq has weakened our hand in the war on terror, and that is Issue No. 1 in this election."

The Detroit ruling could have a Republican downside by slowing momentum in Congress for passing legislation to authorize the warrantless spying. (The Supreme Court ruled this summer — in a case many in Washington consider analogous to the wiretapping issue — that without specific congressional approval, Bush did not have the power to set up special military trials at Guantanamo Bay, Cuba.)

If last week's disruption of an alleged terrorist plot in Britain bolstered those in Congress who hoped to give the administration full authorization for the wiretapping program, this week's court ruling may work the opposite way.

"This takes the wind out of their sails," said a second Democratic aide who requested anonymity.

After the Detroit court decision, "it's not the clean shot they thought they had."

No Kings (HC)

Houston Chronicle, August 19, 2006

Judge rightly rules 'inherent' constitutional powers cannot trump stated limits on government power

A federal district judge in Detroit ruled Thursday that the National Security Agency's warrantless surveillance was illegal and unconstitutional. Chillingly, Judge Anna Diggs Taylor thought it necessary to remind Americans and the administration that, "There are no hereditary kings in America and no powers not created by the Constitution."

President Bush, at Camp David for the weekend, said he strongly disagreed with the judge's ruling.

The ruling applies to government eavesdropping on calls and e-mails originating or terminating in the United States. Congress created a special court to review intelligence eavesdropping on such communications, but the administration maintains the court would impede the program.

The judge's statement about there being no hereditary kings was aimed at Bush's contention that the Constitution gives the president inherent and virtually unlimited powers as commander in chief to defend the nation against terrorist attacks. That contention runs counter to the Constitution's clear statement that Congress has the power to prescribe rules for the armed forces (the NSA is an agency of the Department of Defense).

The Constitution, as Taylor noted, in the Fourth Amendment forbids the government from violating the right of the people to be secure against unreasonable searches and seizures. The amendment makes no exception for wartime, as does the Third Amendment.

White House press secretary Tony Snow said the warrantless surveillance program was a crucial tool in fighting terrorism. But the ruling does not prevent the government from eavesdropping on terrorists, it simply requires that the government do so in a lawful manner, with appropriate court review and warrants issued.

Snow said the program has helped stop terrorist attacks and saved American lives. If so, where are the arrested suspects? What were the terrorists' plans? How were they going to take American lives? What should the public and law enforcement do to better protect themselves?

British police had no qualms about revealing the details of their recent triumph against a group that allegedly planned to use liquids to blow up U.S. airliners taking off from London's Heathrow Airport. Where are the similar victories against terrorism made possible by illegal, warrantless eavesdropping?

7 British Terror Suspects Also Pakistani Citizens (LAT)

By Paul Watson And Mubashir Zaidi, Special To The Times

The Los Angeles Times, August 19, 2006

Alleged airline bomb plotters met often with militants in the Asian nation, officials say.

ISLAMABAD, Pakistan — Officials investigating the alleged plot to blow up transatlantic airliners say at least seven of the suspects arrested in Britain had dual citizenship and made frequent trips here in the last three years, gaining information on how to make detonators and explosives.

Most of the suspects detained in Britain also had met with Rashid Rauf, 25, whom Pakistani authorities arrested two days before the alleged cell was broken up on Aug. 10, a senior Pakistani government source said.

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Officials say Rauf, who is related by marriage to a prominent Islamic militant, was a key figure in the suspected plot to detonate liquids on as many as 10 planes. Funding and some of the militants involved in the plot might have come from as far away as Africa, Pakistani officials say.

The new details appear to highlight Pakistan's role as a virtual bazaar for would-be terrorists run by militant groups allied with Al Qaeda.

Investigators say they still don't know whether the suspects were being directed by militants in Pakistan or came here seeking inspiration and expertise for a plot that was hatched in Britain.

And though it is unclear whether they received practical training in making bombs, officials here say they are certain that British-based plotters at least received information on detonators and explosives.

U.S. officials say they are concerned about intelligence suggesting that Pakistan has become a place where militants and Al Qaeda operatives assist and train Islamic militants from Europe, and potentially from the United States.

The country's perceived role as a center of Islamic militancy has its roots in the 1980s insurgency against Soviet forces in neighboring Afghanistan, when the U.S. funneled billions of dollars in covert aid and training through Pakistan to groups that then spawned anti-Western militants.

Pakistan still has a large pool of fighters who know how to use explosives and small arms in insurgent attacks. Pakistani authorities refer to some of the most dangerous as ATBs, short for "Afghan-trained boys," and say they number at least 3,000.

For its part in a shaky peace process with neighboring India, Pakistan has sharply cut the number of militants infiltrating into the Indian-held portion of Kashmir, leaving thousands of trained militants with time to focus on other areas.

Groups preaching holy war against the West also produce DVD videos that are big sellers, particularly in the markets of militant hubs such as the northern city of Peshawar and southern Punjab province.

The DVDs, which sell for about $1, are dubbed in Urdu and Pashto for audiences in Pakistan and Afghanistan, and in Arabic. Some merchants say they sell 40 to 50 of them on a good day.

"Suicide bombing is the only way to defeat a tough enemy," says a bearded, middle-aged man claiming to be a suicide bomber on a DVD titled "Reality of Death."

"Go straight to heaven and send your enemy to hell."

His message is followed by video of an explosion. A text appears on the screen that claims, apparently falsely, that he killed 13 U.S. Marines in Afghanistan in a suicide attack. No such attack has been reported by the U.S. military.

Other DVDs show people receiving training from Taliban fighters. One shows young men registering to become suicide bombers.

Two of the British suspects have been released without charge, but 23 are expected to remain in custody at least until next week. A British court is scheduled to rule on whether they can be held for further investigation without being charged.

Pakistani officials said Rauf acknowledged under interrogation that he had met with an Arab, whom they described only as "an active Al Qaeda leader," along the Pakistani-Afghan border.

Rauf was under surveillance for several months before he was arrested in Bahawalpur, a city in Punjab province where the outlawed militant group Jaish-e-Muhammed is headquartered. Investigators in the suspected British plot are focusing on an offshoot of that group.

Officials have linked Rauf with two prominent militants. They have said he met with Matiur Rehman, Pakistan's most-wanted terrorism suspect and the reputed head of Al Qaeda's operations in the country. Rehman is a suspect in failed attempts to kill Pakistani President Pervez Musharraf and Prime Minister Shaukat Aziz and in a 2002 car bombing that killed 11 French technicians and three others in Karachi.

Pakistani officials also say Rauf is related by marriage to another important militant, Maulana Masood Azhar, a Muslim cleric and former journalist whose links to anti-American attacks date to the early 1990s.

Azhar has claimed involvement in attacks against U.S. troops in Somalia in 1993 and the 1998 bombings of U.S. embassies in Kenya and Tanzania that killed 224 people, including 12 Americans. One of his lieutenants was convicted of masterminding the kidnapping and murder of American journalist Daniel Pearl in 2002.

One U.S. counter-terrorism official said that Pakistani militant groups had been providing Islamic militants with expert training in explosives, weapons use and other guerrilla warfare techniques for many years.

The groups and many splinter organizations have potentially hundreds of camps spread throughout Pakistan's cities and remote mountainous regions. Some are similar to but smaller than those once operated by Al Qaeda in Afghanistan.

Others are hidden in the back rooms of religious schools or other places where militants congregate. A U.S. counter-terrorism official said those sites are nearly impossible to identify and dismantle. If they are discovered, they are resurrected somewhere else or even in the same place, the official and others said.

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The senior Pakistani government source, who spoke on condition of anonymity because he was not authorized to talk to a reporter, said investigators believed that money for the alleged airliner plot came from sources in South Africa, and that authorities were working with South African officials to trace those involved. He said most of them were from southern and eastern Africa, and that the amount of money involved was "huge."

Investigators are also looking for a suspect from Eritrea, who is presumed to be hiding in Pakistan's rugged border region or may already have fled into Afghanistan, officials said.

Ties to Africa would be a similarity to the July 2005 bomb attacks on London's transit system, which killed 56 people, including the four bombers. The investigation of those attacks led to Zambia, where Haroon Rashid Aswat, a Briton of Indian descent and suspected Al Qaeda figure, was arrested.

British and U.S. investigators questioned him about 20 calls made to the London bombers on a cellphone linked to him. But it was not clear whether Aswat had made the calls, and he ultimately was not charged.

Two weeks after the attacks in London, a group of East Africans led by an Eritrean who is believed to have visited Pakistan tried to copy the attacks, but their backpack bombs did not fully explode.

U.S. officials are particularly concerned about U.S. citizens who have traveled to and from Pakistan for training and possible plotting of attacks. One of them was Mohammed Junaid Babar, a Pakistani American who grew up in Queens, N.Y., and has been quietly cooperating with the international investigation of the London transit bombings.

Babar has been linked to those attacks, as well as an alleged Al Qaeda effort to conduct detailed surveillance of financial institutions in New York, Washington and Newark, N.J. He told authorities that he conspired with top Al Qaeda leaders to organize a training camp in Pakistan and to blow up other targets in Britain such as Heathrow Airport.

In another case, 11 young Muslim men in the Washington area who trained in part through paintball games, were accused of conspiring to commit offenses against the U.S. Officials charged that one of the men had traveled to Pakistan and trained with the militant group Lashkar-e-Taiba.

This year, nine of the 11 were convicted or pleaded guilty, and received prison sentences of as much as 20 years.

*

Times staff writers Sebastian Rotella in London and Josh Meyer in Washington contributed to this report.

Air Safety: What Has And Hasn't Changed (WSJ)

By Jessica E. Vascellaro

The Wall Street Journal, August 19, 2006

THE MAIN EVENT

After British authorities said they intercepted a massive terror plot, rattled air travelers this past week coped with confusion over daily rule changes and flight cancellations.

* * *

Twenty-three people are in custody in the United Kingdom in connection with the alleged plot to blow up as many as 10 aircraft over the Atlantic Ocean on planes flying from Britain to the United States. Concluding that the threat of an attack was no longer imminent, the British and U.S. governments downgraded their alert levels last Sunday.

Various policies banning everything from hair gel to cellphones from carry-on baggage showed slight signs of easing, but delays and cancellations continued to stymie schedules. The tally of canceled flights climbed to more than 1,000 to enable security personnel to meet new passenger-screening requirements.

Among other changes, the U.S. Transportation Security Administration started requiring all passengers to subject their shoes to X-rays.

The confusion underscored that nearly five years after the Sept. 11, 2001, attacks, significant holes in airline security remain. Here's a look at what's changed since 9/11 -- and what measures haven't been adopted:

How have airline security procedures changed since 9/11? Early on, the newly created Transportation Security Administration moved quickly to prevent hijackings by installing secure cockpit doors aboard all commercial aircraft -- a move experts say has done as much as anything to protect the safety of passengers.

On the ground, the TSA took control of the hiring and training of screeners, deploying 43,000 screeners to some 450 U.S. airports. It also fast-tracked the deployment of explosive detection for checked luggage, which was in place at all U.S. airports by the end of 2003.

The roster of items banned on board has kept changing. For example, just after 9/11, metal nail files and small scissors were banned. But they were allowed last year because security personnel were wasting too much time confiscating them, time the government thought could be better spent looking for more-dangerous threats.

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What are the holes in the current process, and how can they be filled? Detecting explosives in carry-on bags and on passengers remains a concern. Screeners randomly test some baggage with swabs. The security community also has pushed for the adoption of CT scanners, like those used on checked baggage, for carry-on luggage. X-rays identify items by density -- which can make a chocolate bar indistinguishable from some plastics -- while CT machines can detect many explosives by creating a three-dimensional image of the inside of an object. But the TSA hasn't rolled out CT machines for carry-ons; they cost at least 10 times as much as X-ray machines.

Since last year, the agency also has deployed at 36 airports explosive-detection trace portals -- also known as "puffer machines" -- which shoot puffs of air at travelers to shake loose any minute traces of explosive residue. Some experts also are calling for "backscatter" technology that can detect metal, plastic and organic material beneath clothes, but the American Civil Liberties Union has called the machines "a virtual strip search."

Officials also are testing a Registered Traveler program designed to help screeners focus on higher-threat passengers by expediting screening for those who pass background checks. A pilot project at the Orlando International Airport involves 26,000 travelers. Airports in San Jose, Calif., Cincinnati and Indianapolis also expect to go live when the TSA gives the program final approval as early as later this year.

* * *

POINTS OF VIEW

"Travelers are going to be inconvenienced as a result of the steps we've taken. I urge their patience and ask them to be vigilant. The inconvenience occurs because we will take the steps necessary to protect the American people."

--President George W. Bush

"We are not giving screeners the tools they need. The question is: Are we going to pay what it takes?"

-- Douglas Laird, airline-security consultant and former security director of Northwest Airlines

"If last week's foiled terror plot was not a wake-up call to jump-start our screening technology, then I don't know what is."

--Senator Charles Schumer (D., N.Y.)

"This spike in security means delays for business travelers and something worse -- unpredictability. It robs you of productivity."

--Kevin Mitchell, chairman of the Business Travel Coalition

* * *

FACTS

A standard carry-on baggage X-ray machine costs around $30,000. A Computed-Tomography scanner with higher resolution and the ability to detect many explosives can cost about a million dollars. Smaller CT scanners for carry-on baggage are being developed in the $300,000 range.

Amid the latest terror threat, private-jet networks that allow travelers to purchase time-cards or pay as they go are reporting a surge in bookings which, at companies like OneSky Jet Network, were more than triple typical volumes last week.

In tests begun last year, federal investigators were able to sneak components for making a homemade bomb through security checkpoints at all 21 U.S. airports they tried.

Of the more than 60 items the TSA prohibits from carry-ons, lighters constitute 80% of items confiscated, according to the agency. Security screeners seize roughly 37,000 of them a day. The TSA has collected some 17 million lighters since the ban went into effect last April.

The U.K. economy may have lost as much as £10 million ($18.9 million) a day in the days after the foiled terror plot due to lost productivity and tourism revenue as incoming flights were cancelled.

In 2005, U.S. airlines carried 738.6 million passengers, up 11% from 2000. After two years of 9/11-related declines, 2003 saw an upturn.

* * *

Airlines In Backlash Over Security Rules (FT)

By Ft Reporters

Financial Times, August 19, 2006

A week after Britain said it had foiled a terrorist plot to blow up US-bound aircraft, the authorities face a backlash against a confusing array of security restrictions that have baffled passengers, upset pilots and drawn legal threats from one airline.

The world's busiest airports are now mostly free of the grim queues and cancelled flights that afflicted thousands of travellers last weekend, but there is no sign of a change to safety measures that Michael O'Leary, chief executive of Ryanair, Europe's biggest low cost airline, on Friday described as "farcical" and "Keystone Cops-like".

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Terrorists "must be rolling around the caves in Pakistan laughing at us" he said, as he threatened to sue the UK government for £2m (€2.9m) in compensation unless normal service resumes within seven days. "We are not in danger of dying at the hands of toiletries," he added.

However, the UK's Department for Transport said it had no immediate plans to end the requirements introduced since last week's terror alert for everyone boarding an aircraft in Britain, including pilots and airline stewards. The measures include searches of every second passenger and no cabin luggage larger than 45cm by 35cm by 16cm.

US-bound passengers are also banned from taking cosmetics, toiletries, liquids or drinks on board aircraft.

The British Airline Pilots Association said it was "illogical and frankly bizarre" to stop pilots taking aboard toothpaste or contact lens fluid, given that they carried thousands of litres of fuel on each flight.

Meanwhile, travellers outside Britain face a range of restrictions that appear to vary according to destination and airline.

In Germany, Fraport – the operating company for Frankfurt, continental Europe's largest airport – said the new hand luggage restrictions only applied to US-bound flights and those operated by US airlines.

But in Spain, the airports authority AENA said that restrictions applied to flights to the UK, the US and Puerto Rico. Iberia, the national carrier, was also putting them on flights to Argentina. Flights to all other destinations are unaffected.

Italy and France banned liquids on flights to the UK, the US and Israel. Italy also has the same hand luggage ban as the UK, but Air France does not. The luggage size restriction does not apply to passengers using US airports either, including those flying to the UK.

A spokesman for Britain's Department for Transport said he knew of no plans to co-ordinate security measures internationally. The lack of consistency in advice has caused confusion at many large companies. RBS, the Edinburgh-based banking group, said it had advised staff to cancel all non-essential travel.

"Other companies must have done the same," it said. "We have also seen more use of video-conferencing."

Meanwhile, an Egypt-bound British charter plane was forced to land at Brindisi in southern Italy on Friday after the captain said a note had been found warning there was a bomb on board. It proved to be a false alarm.

Reporting by FT bureaux in Europe, Asia and the US

Anti-Terror Weapons We're Afraid To Use (LAT)

By John Yoo, John Yoo Teaches Law At Uc Berkeley And Is A Visiting Scholar At The American Enterprise Institute.

The Los Angeles Times, August 19, 2006

The old-fashioned approach to catching terrorists isn't enough.

WITH THE arrests last week of 24 alleged terrorists in Britain, the government's legal tools for fighting Al Qaeda are up for debate once again. Homeland Security Secretary Michael Chertoff suggests that Congress emulate Britain's law allowing extended pretrial detention of suspects. Others have observed that British law enforcement can more easily initiate investigations and obtain search warrants than their American counterparts.

But increasing detention time or making warrants easier to come by merely extends an old-fashioned approach to catching terrorists. These tools require individualized suspicion and "probable cause"; police must have evidence of criminal activity in hand. Such methods did not prevent 9/11, and stopping terrorists, who may have no criminal record, requires something more.

Instead of enlarging the scope of standard law enforcement methods, we should be doing what Americans do best — innovating and applying new technology to the problem. Despite what civil libertarians might have you think, that means data mining.

Data mining uses supercomputers to analyze vast amounts of information for suspicious patterns of behavior. It appears to have been an important tool in breaking up the plot in Britain. According to news reports, British authorities searched telephone, e-mail and banking records and uncovered connections between the bombers in Britain and their supporters in Pakistan.

American efforts to develop sophisticated data-mining abilities died early in 2003, when criticism killed the Defense Department's Total Information Awareness program. The idea was to develop mining techniques to compare information in government and commercial databases. Civil libertarians engaged in a scare campaign representing the TIA as an unchecked Big Brother. Congress cut off all funding for the program. It was a political defeat early in the war on terrorism, and the president retreated as fast as he could.

But that was a dangerous overreaction. Corporations already use data mining to detect consumer fraud and to market products such as credit cards and magazine subscriptions. Financial companies analyze patterns that might indicate a stolen credit card or bank account number. Why should the government be barred from using similar tools on similar databases to protect the country from attack? Data mining is nothing but an ordinary, ubiquitous feature of technology today.

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In fact, the government also already uses modest forms of data mining. In response to drug cartels and organized crime, federal authorities are allowed to search banking records for signs of money laundering. Such analysis has already paid off in the war against terror by identifying groups that funnel funds to extremist organizations.

What about privacy concerns? The Supreme Court has found that the information in business records does not merit 4th Amendment protection because the consumer has already voluntarily turned over the information to a third party.

Still, civil libertarians object to data mining because most of the records and communications that would be searched are innocent, and there is no suspicion of criminal activity attached to any individual whose records may be mined. When the National Security Agency was discovered in May to be looking at telephone billing information on millions of calls within the United States, Sen. Patrick Leahy (D-Vt.) railed at a hearing: "Are you telling me tens of millions of Americans are involved with Al Qaeda?"

But it's important to remember that data mining is not the same thing as gathering the information in the first place. The NSA's program of looking at billing information, for example, doesn't raise the same constitutional issues as its other recently revealed program: warrantless wiretaps. There, the content of communications was captured. A federal trial judge in Detroit enjoined such surveillance Thursday, in a decision already on appeal.

Data mining could be controlled and developed so that it protects us from terror and maintains our privacy. Analysis could be limited to data already turned over to third parties. Searches could be performed initially by computer; only after a certain level of suspicious activity had been registered would an intelligence or law enforcement officer be allowed to see the results. A warrant could still be required to investigate the content of communications or the purpose of purchases.

Right now, we're fighting terror with one hand behind our back by refusing to exploit data-mining tools. London's success should serve notice that we must use our technological sophistication and reject the sky-is-falling claims of the extreme civil libertarians.

The 'Profiling' Debate (WSJ)

The Wall Street Journal, August 19, 2006

In the aftermath of 9/11, Congress rushed to mandate that 100% of checked airline baggage in the U.S. be screened for explosives. But the recently foiled plot to bring down 10 U.S.-bound airliners highlights what has remained a major concern in international aviation security: bombs carried into the cabin by passengers themselves.

The initial response this past week has been to sharply curtail the size and number of allowable carry-on items. But the inconvenience from keeping things like laptops and overnight bags out of the cabin is great enough that it could deter air travel and do long-term economic harm. Subjecting all of what used to pass for normal carry-on baggage to exhaustive searches has a similar effect, assuming it is even practical in the long run.

All of which means a return to any kind of normalcy in travel is going to require that airport security do a better job of separating high-risk passengers from unlikely threats. However, the fact that we may have come within a whisker of losing 3,000 lives over the Atlantic still isn't preventing political correctness from getting in the way of smarter security.

In Britain, a report in the Times of London this week that ethnic and religious background may become one allowable factor in screening decisions touched off preposterous cries that it would make a crime of "flying while Asian." Here in the U.S., Bush Administration officials seem afraid to even discuss the topic, despite the fact that President Bush himself has said that the threat comes primarily from "Islamic" terrorists.

So U.S. policy remains much the same as the one instituted after 9/11 by former Transportation Secretary Norman Mineta, who refused to consider the use of religious or ethnic background as even minor factors in screening decisions. The result -- with which all air travelers are well familiar -- is a policy of random searches that focuses scarce screening resources as much on eight-year-old girls as on 22-year-old men with Pakistani passports. Mr. Mineta's department also undermined another important layer of security -- the discretion of air crews themselves -- by harassing a number of major carriers on civil-rights grounds after suspicious passengers were removed from flights.

Mr. Mineta is gone now. But on Fox News Sunday last week Homeland Security Secretary Michael Chertoff defended this policy of random searches on grounds that "if we become too focused on a particular profile, we're likely to be dropping our guard precisely where the terrorists are going to be acting next." Transportation Security Administration chief Kip Hawley made the same case to us this week. So did House Aviation Subcommittee Chairman John Mica of Florida.

We think they're attacking a straw man. Nobody is suggesting using ethnicity or religion as the only -- or even the primary -- factors in profiling possible terrorists. But it also makes no sense to take zero account of the fact that every suicide attack against U.S. aviation to date has been perpetrated by men of Muslim origin. While al Qaeda is no doubt seeking recruits who don't obviously display such characteristics, that doesn't mean we should ignore the likeliest candidates.

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Mr. Hawley has improved things at TSA. His move last year to scrap the nail-clipper ban so that screeners could focus on real threats like bombs was welcome and important. So too has been the initiative to have more airport-security personnel paying attention to passengers who exhibit suspicious behavior. This is a technique that has worked for the Israelis.

On the other hand, Mr. Hawley goes too far when he asserts that "behavior will give you away regardless of what you look like." That's what cops like to say about lie detectors, too, but liars sometimes fool them. Worse, Mr. Hawley hides behind the screen of political correctness himself when he says that taking background into account would be somehow contrary to "American" and "Constitutional" values.

The law on this is settled, and in the other direction. On multiple occasions the federal courts have upheld programs that treat groups differently when a "compelling" public interest can be identified: affirmative action, minority set-asides, composition of Congressional districts, and the all-male draft have all met that legal test. Yet the same people who would allocate jobs, federal contracts and college admissions by race or ethnicity object to using them merely as one factor in deciding whom to inconvenience for a few minutes at an airline checkpoint. Surely aviation security is a far more compelling public interest than the allocation of federal set-asides.

For those who put civil liberties above all else, even the TSA's behavior observation technique is too much. In 2004 the ACLU sued the Massachusetts Port Authority and the Massachusetts state police after one of its employees was identified by a similar program in Boston, with a spokesman claiming there was "a significant prospect this security method is going to be applied in a discriminatory manner." Amid this sort of demagoguery, we can see why the Bush Administration would want to dodge a profiling debate.

But someone needs to explain that one point of a smarter profiling program is to forestall what would be far more onerous racial screening if terrorists succeed again. At stake here is also the future of public support for adequate antiterror measures. If Americans conclude that their inconvenience has less to do with terrorism than it does with political correctness, the Administration will find that it has that much less support for the overall war on terror.

British Plane Diverted After Note Is Found (WP)

By Alexandra Topping, Special To The Washington Post

The Washington Post, August 19, 2006

LONDON, Aug. 18 -- A British plane carrying 269 passengers and nine crew members made an emergency landing in Italy on Friday because of a bomb scare, officials said.

The Boeing 767, operated by Excel Airways, took off from London's Gatwick Airport on Friday morning and landed in Brindisi, Italy, after a passenger found a handwritten note on an air-sickness bag that read: "There is a bomb on board this flight."

Passengers passed around the note, then handed it to flight attendants. It was finally given to the pilot, who decided to land the aircraft at the nearest airport as a precautionary measure, according to Sue Lester, a spokeswoman for Excel. An Italian F-16 fighter jet escorted the plane to Brindisi, according to reports.

The pilot, speaking over the intercom, alerted passengers to the possibility that there was a bomb on board but said the incident was probably a hoax.

Italian police searched and questioned passengers, and the aircraft was examined. No explosives were found, and no arrests were made. It was unclear how long the note had been on the plane.

Lester said that landing the aircraft was "a prudent measure" and that in the current climate, "it was absolutely the right thing to do."

The charter flight was expected to depart later Friday for its destination, the Red Sea resort of Hurghada, Egypt, the Associated Press reported.

One of the passengers, Mathew Masters, told the BBC that there was "silence, a bit of uneasiness, just a bit of shock" among the passengers. Masters said he and his girlfriend had arrived early at the airport because of heightened security measures. "You think you're going to be safe and then something else happens," he said.

The incident came eight days after police thwarted a suspected plot to blow up as many as 10 passenger planes flying from Britain to the United States. British authorities have detained 23 suspects with permission to hold them until next week before having to charge them, let them go or file for an extension.

Since the arrests, many Britons have said they feel nervous when traveling on public transportation and react quickly if they see an unattended bag.

"There is a climate of paranoia at the moment, but not without reason," Roger McCann, 27, a composer, said outside a pub in London. "People need to wise up."

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British air traffic showed signs of returning to normal Friday, with Heathrow Airport in London reporting the cancellation of only two flights, down from the 19 cut Thursday. An airport spokesman said the number of bags waiting to be reunited with owners also had been significantly reduced.

However, restrictions on carry-on luggage and heightened security measures remained in place across the country as police continued their investigations.

Meanwhile, the BBC quoted unnamed officials as saying several videos linked to the alleged plot had been found on at least half a dozen laptop computers belonging to some of the suspects. The computers were allegedly discovered at several addresses linked to some of the suspects.

The BBC had reported Thursday that police found a suitcase containing equipment that could be used to make a bomb in High Wycombe, west of London, where at least four of the suspects were seized.

Scotland Yard would not comment on the report or give further details about its investigation.

Suspect Set Up Hamas Forum, Officials Say (CHIT)

By Rudolph Bush, Tribune Staff Reporter

Chicago Tribune, August 19, 2006

Federal prosecutors Friday offered their most detailed allegations to date against two men accused of aiding the Palestinian extremist group Hamas, charging that one planned a 1993 Hamas "conference" in Philadelphia and another discussed murdering a moderate Palestinian leader.

In a 54-page document, prosecutors presented a large part of their case against Muhammad Salah, of Bridgeview, and his co-defendant, Abdelhaleem Ashqar, of Virginia, in hopes of expanding what testimony can be admitted against them at trial.

The document includes descriptions of a 1993 conference, allegedly planned by Ashqar at a Marriott hotel in Philadelphia, where prosecutors charge Hamas members discussed ways to sabotage peace talks between the Palestine Liberation Organization and Israel.

The FBI made audio and videotapes of the conference that include discussions of Salah's arrest in Israel that year for delivering funds from accounts in the U.S. to Hamas, prosecutors wrote. Salah was jailed until 1997, then returned to the U.S.

Attorneys for Ashqar and Salah did not return calls requesting comment.

Friday's filing described Ashqar as "a conduit of money, communications and information for Hamas members both in the United States and abroad."

Prosecutors charge that Salah, meanwhile, had a more direct role in Hamas' military operation, including recruiting and training operatives and sending members to scout sites for terrorist attacks. In 1992, Salah and a top Hamas leader discussed whether they should murder a moderate Palestinian leader, prosecutors wrote.

The U.S. declared Hamas a "foreign terrorist organization" in 1997, making it illegal to provide the group with material support, prosecutors noted.

They charge that Salah and Ashqar continued to work on behalf of Hamas after 1997.

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rrbush@tribune.com

Feds Say Salah Has Plotted Since 1990 (AP)

By Mike Robinson

AP, August 19, 2006

Prosecutors outlined Friday their case against two men charged with aiding the Palestinian militant group Hamas, saying they plotted to arm a terrorism campaign with guns, money and fresh recruits.

As early as 1990, Muhammad Salah bought airline tickets to Syria for two recruits who received bomb-making training from a "Hamas military operative who had fought in Afghanistan," the 54-page document alleges.

It traces the story of the 53-year-old Salah, a soft-spoken resident of suburban Bridge-view, from his travel to the West Bank -- allegedly to deliver money to the Palestinian group's underground military organization -- to his 1993 arrest and the five years he spent in an Israeli prison before returning to the Chicago area.

"On the day of his arrest, Israeli authorities armed with a search warrant recovered approximately $97,000 in cash in Salah's east Jerusalem hotel room," says the outline filed with federal Judge Amy St. Eve.

1st to be on terror list

Salah and Abdelhaleem Ashqar, 48, of Alexandria, Va., have pleaded not guilty to a racketeering indictment alleging that they conspired to furnish cash and organizational aid to the Hamas terrorism campaign.

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Messages seeking comment were left Friday for Salah attorney Michael E. Deutsch and Ashqar attorney William Moffitt. Deutsch frequently has said the government is trying to convict Salah on the basis of statements he made after he was captured and tortured for days by Israeli security agents.

The outline filed with St. Eve, who is to preside over the trial, is designed to furnish enough evidence that a conspiracy was afoot that the judge might be willing to lift the usual ban on hearsay testimony.

On a historical note, it says that when Salah left prison, he "returned to the United States as the first United States citizen ever listed as a specially designated terrorist by the Treasury Department."

But many of the details have been aired in court filings for years.

Jihad Backer Sentenced In $1.4 Million Chicago Food Stamp Fraud (AP)

By Mike Robinson

AP, August 19, 2006

CHICAGO - A former grocery store owner already facing three years in prison for aiding a terrorist group got 14 months tacked onto his sentence Friday for swindling the food stamp program out of $1.4 million.

Hatem Fariz, 33, must serve a total of 51 months in federal prison under the sentence handed down by U.S. District Judge Milton I. Shadur.

Fariz, who now lives in Spring Hill, Fla., also was ordered to repay the money he siphoned off by swapping cash for food stamps at the Chicago grocery store he once owned.

"I will serve my time quietly and productively and I just want to get this behind me and go on with my life," Fariz said.

Fariz pleaded guilty in June to one count of wire fraud and one count of money laundering in connection with the bogus food stamp transactions.

Fariz also pleaded guilty in a federal court in Tampa to conspiring to provide financial aid to Palestinian Islamic Jihad, which has been designated by the U.S. government as a terrorist organization.

Fariz received a 37-month sentence on the Florida charge.

Shadur imposed the 51-month sentence, to run concurrent with Fariz's Florida time, saying it was the least he should have gotten if the two cases had been lumped together and placed before one judge for sentencing.

Fariz was a defendant in a major terrorism financing trial in Tampa that ended in December with a stinging defeat for the federal government.

The lead defendant was University of South Florida professor Sami Al-Arian. Prosecutors said he was a key supporter of the Jihad group in a campaign of murder and terror aimed at the Israeli government.

Al-Arian was acquitted of eight of the 17 counts against him. The jury deadlocked on the others. Two co-defendants were acquitted on all charges.

Fariz, also a co-defendant, was acquitted of 25 counts and the jury deadlocked on eight others.

Rather than face another trial, Fariz made a deal with the government. He pleaded guilty to one charge in the Florida case and the seven others were dropped. Shadur told him to surrender to start his sentence Oct. 3.

German Police Seeking Suspects In Failed Plot To Bomb 2 Trains (LAT)

By Jeffrey Fleishman, Times Staff Writer

The Los Angeles Times, August 19, 2006

Propane tanks in suitcases were timed to explode simultaneously, authorities say.

BERLIN — German authorities announced Friday that they are searching for suspects in a failed terrorist plot involving propane bombs concealed in suitcases that were timed to explode simultaneously on two regional trains in western Germany.

"We are now working on the basis that this was the work of a terrorist group … and was an attempt to kill a large number of people," federal prosecutor Rainer Griesbaum said at a news conference in Wiesbaden.

The bombs were constructed of propane tanks, gasoline bottles, ignition switches and timers. They were hidden in two suitcases and placed on trains leaving Cologne for Koblenz and Dortmund on July 31. They were set to explode 10 minutes before reaching their destinations.

Joerg Ziercke, president of the Federal Criminal Police, said the plan failed because "the bomb builders made technical mistakes."

Surveillance video shows two suspects in the Cologne train station. One has long black hair and wears a white shirt. He carries a hiker's backpack around his shoulders and wheels a dark-colored suitcase behind him. The second man has close-cropped black hair and wears a German soccer jersey. He carries a satchel and pulls a large suitcase toward the platform.

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At some point, the two men disembarked from the trains, investigators said. Rail workers later discovered the abandoned luggage.

The bombs were cushioned in the suitcases by clothing and surrounded by gasoline bottles intended to spark a fireball when the propane tanks detonated. Police said the suitcases also contained a grocery list written in Arabic, at least one telephone number in Lebanon and bags of cornstarch manufactured in Lebanon and imported to a specialty food trader in Essen, Germany.

"It is possible the suspects wanted to send a signal amid the crisis in the Middle East," Ziercke said, referring to the recent fighting between Israeli troops and Hezbollah militants. Investigators, however, would not elaborate on motives.

If the plot was the work of a terrorist organization — officials initially suspected it was a blackmail scheme against the German rail system — it would further underscore the vulnerability of Europe's train networks. Investigators also indicated that the plan was probably orchestrated by militants living in Germany. The pattern was similar to transit system bomb attacks by radical Muslims in London in 2005 and Madrid in 2004, killing 243 people.

But investigators said there were major differences: The Madrid attack targeted rush-hour trains and used cellphones as remotes to detonate the bombs. The London blasts were mainly carried out by suicide bombers. And unlike the two earlier attacks, German authorities have not received claims of responsibility and allegiance to Al Qaeda or other terrorist organizations.

"Terror has been in Germany for a long time," Interior Minister Wolfgang Schaeuble said. "Keep in mind that some of the perpetrators of the Sept. 11 attacks planned their actions in Germany. So the idea that we are a blessed island has always been unrealistic and incorrect."

Over the last two years, Germany has arrested radicals suspected of being linked to the Iraqi militant group Ansar al Islam.

Its intelligence services have closely monitored organizations such as Hizb ut-Tahrir, which wants to create an Islamic caliphate in Europe.

When asked why it took weeks to announce that the bombs may have been planted by terrorists, Ziercke said, "We had to investigate videotapes from more than 100 cameras…. I can assure you we have much more material than we show and it makes us absolutely sure that the two perpetrators worked together."

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Petra Falkenberg in The Times' Berlin Bureau contributed to this report.

German Police See Possible Lebanon Link To Failed Train Bombs (NYT)

By Carter Dougherty, International Herald Tribune

The New York Times, August 19, 2006

WIESBADEN, Germany, Aug. 18 — German investigators said Friday that bombs found on two trains last month might have been planted by two young men angered by the war in Lebanon.

The bombs were discovered in two abandoned suitcases on July 31 by train conductors in regional commuter trains in the northwestern cities of Koblenz and Dortmund.

The ignition mechanisms were activated, but the bombs failed to explode. If they had, officials said, they could have destroyed several train cars and derailed the trains, with an untold number of casualties.

The German police, citing surveillance videos from the station in Cologne where the two young men boarded the trains, described them as men in their 20's with a "southern appearance."

The bombs found in Germany had been programmed to explode at 2:30 p.m., before the trains reached their destinations, the towns of Mönchengladbach and Hamm.

The German police are hypothesizing that the suspects were angry about the Israel-Lebanon war, in part because of evidence that included a bag of Lebanese cooking starch and a Lebanese telephone number.

"It is imaginable that the culprits wanted to send a signal about the conflict in the Near East and were willing to risk massive destruction and possible human casualties," said Jörg Zierke, the president of the Federal Criminal Office, Germany's national investigative arm.

Interior Minister Wolfgang Schäuble said that the authorities, stepping up the policing of trains and stations, might approach travelers and examine luggage.

Mr. Zierke said a reward of up to 50,000 euros, about $64,000, was being offered for information on the case.

Surveillance video from the Cologne station shows the figures clearly but leaves their facial features grainy. But since the bombs failed to detonate, authorities were left with a bounty of evidence, including DNA.

The telephone number was found on a piece of paper with Arabic writing — apparently a shopping list — that was tucked inside clothing used to pad the metal gas canisters inside one suitcase. Mr. Zierke said a store sold the starch primarily to Lebanese families around Essen.

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Breakthrough In Bombay Bombing Probe (WT/UPI)

The Washington Times/UPI, August 19, 2006

Indian officials say they have reached a breakthrough, but no arrests, in the investigation of the July 11 serial bombings of Bombay commuter trains.

The Press Trust of India reported Sriprakash Jaiswal, union minister of state for home affairs, as saying authorities have come to understand the conspiracy of the blasts, but that the accused have yet to be arrested.

Bombay is now officially called Mumbai.

"Many things are clear now after the investigation but it will take time to reach to the crux of the matter," he said.

Jaiswal also said that steps have been taken to prevent any future attacks.

"We are serious about the internal security challenges and besides using forces, we want to adopt other methods to deal with terrorists activities," Jaiswal said when asked about recent violence in India's north eastern states.

More than 200 were killed and more than 700 were injured in the July 11 bombings.

US To Release Guantánamo Inmate (FT)

By Hubert Wetzel, Demetri Sevastopulo

Financial Times, August 19, 2006

The US will next week release a German-born man with Turkish citizenship from Guantánamo Bay in a move that is likely to improve relations between Washington and Berlin.

Murat Kurnaz travelled in October 2001 to Pakistan, where he was arrested. He has

been held at Guantánamo Bay - where claims he was sexually abused - since January 2002.

Diplomatic sources told the FT that Mr Kurnaz, nicknamed the “Taliban of Bremen,” would be released despite Germany’s refusal to a US request that he be monitored after his return.

Angela Merkel, the German chancellor, personally lobbied US President George W. Bush for his release. She has said in the past that Guantánamo Bay should be closed down.

The Turkish government, however, refused to pressure the US to release Mr Kuranz from the prison.

In June, the Supreme Court ruled that US military tribunals violated both US law and the Geneva conventions. The high court rejected the Bush administration’s argument that under the 2005 Detainee Treatment Act, US federal courts did not have jurisdiction over Guantánamo detainees.

Less than 15 inmates at Guantánamo have been charged with crimes.

A 'Special' Relationship (WSJ)

By Matthew D'ancona

The Wall Street Journal, August 19, 2006

LONDON -- Hours before the arrest of 23 suspects in the plot to bomb airliners bound for America, John Reid, the British home secretary, gave a speech on security and terrorism. "I sometimes feel," he said with exasperation, "that so many people who should be foremost in recognizing the serious nature of the threat just don't get it."

The good news, according to a poll in this week's Spectator magazine, is that the British people most certainly do "get it." Of the 1,696 respondents, 73% agree that "we are in a world war against Islamic terrorists who threaten the West's way of life." Only 8% believe that "Islamic terrorism is a regional problem that holds no real threat to the West." A truth that eludes so many senior politicians is blindingly obvious to those they represent.

Since the alleged plot was revealed on Aug. 10, it has been routinely claimed that the true fault lies with British "foreign policy" -- code for the Iraq war and Tony Blair's refusal to condemn Israel's bombardment of Hezbollah. According to this analysis, British Islamist cells are essentially a single issue protest movement, bold pimpernels fighting against the wicked West to stop its supposedly neocolonial activities in the Muslim world.

Fortunately, the British people do not buy this nonsense. On the contrary: The Spectator poll shows that more than 50% believe that the proper response to the terrorist threat is a "more aggressive foreign policy." A similar proportion supports the introduction of "passenger profiling" at Britain's airports, while 69% want the police to have powers to hold terror suspects without trial for 90 days (a government proposal that was thrown out by the House of Commons last November).

That's the good news: For all the hand-wringing by the political and media elite since the plot was foiled, the response of the British people themselves to this emergency has been robust and clearsighted. The bad news -- if you are an Atlanticist like me, at any rate -- is that only 14% of those surveyed said that "Britain should continue to align herself closely with the U.S.," compared to 45% who want "a foreign policy closer to that of the rest of the European Union." Au revoir, George: Bonjour, Jacques! * * *

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There is, of course, a glaring contradiction here. It is true that the EU still has theoretical aspirations to build an 80,000-strong European army to enforce a common foreign policy. At a seminar in Brussels last month hosted by the European Parliament's Committee on Security and Defense, it was even suggested that a prospective Euro-army might one day be sent into battle by qualified majority voting (that is, with no national veto). Laurent Fabius, the former French prime minister, wrote recently that "it is at the European level that we will have more and more to determine the number of planes, tanks, aircraft carrier or warships necessary to our safety."

To which all one can say is: Dream on, Monsieur Fabius. The European Rapid Reaction Force established in 1999 is in its infancy, and -- more importantly -- the acrimonious prelude to the Iraq war showed that the very notion of a common European foreign and defense policy remains farfetched. The American hyperpower may one day withdraw from the world stage in a fit of isolationist pique. But the U.S. will not be neatly replaced as a global policeman by the EU.

What the poll shows is Britons' present disillusionment with the U.S.-U.K. special relationship, rather than a surge of EU-philia (the British have long been implacably opposed to further European integration, and particularly to Britain's membership in the euro). The scene in Richard Curtis's romantic comedy, "Love Actually," in which Hugh Grant's Blairesque prime minister stands up to a bullying U.S. president has become iconic -- so much so that Mr. Blair himself referred to it in his Labour conference speech last year. The extradition to the U.S. of the businessmen known as the "NatWest Three" -- in spite of the U.S. Senate's failure to ratify the 2003 U.S.-U.K. Extradition Treaty -- has caused huge ill-feeling in Britain. John Prescott spoke for many in the Labour Party and outside it when (allegedly) he described the president as "just a cowboy with his Stetson" and Mr. Bush's approach to the Middle East road map as "crap." Fifty years after the Suez crisis, the people of this country still get prickly when they think that America is taking them for granted. Fairly or unfairly, the belief that the prime minister has become the president's poodle -- "Yo Blair!" -- has taken root and spawned resentment.

So even those of us who treasure the special relationship must concede that it is at a low ebb. Yet there is no reason to believe that this is irreversible. America has a fine ambassador to the Court of St. James, Bob Tuttle, who is already beginning the repair work. The British do not like President Bush much. That is not to say they will dislike his successors. The Iraq war and its bloody aftermath have been a huge rupture in the geopolitical order. But the wounds, if properly tended, will heal with time. The commercial, cultural, defense and intelligence ties that bind the U.S. and Britain have survived worse tensions, and shall again.

Sulks between friends come and go. In this case, what counts is that the British people seem to grasp intuitively how much is at stake in the war on terror, how much remains to be done at home and abroad, and how long a haul they are in for. The objective of terrorism is not only to cause bloodshed but to spray psychological shrapnel across a society. Amid all the chaos, confusion and anxiety spread by this emergency, it would have been so easy for the British to stick their heads in the sand and turn their backs to the world. That they have not done so shows, once more, that it is people, rather than politicians, who truly decide the fate of nations.

Mr. d'Ancona is editor of the Spectator.

HOMELAND RESPONSE:

Woman, Bottles Not A Threat (HC/AP)

By Shaya Tayefe Mohajer, Associated Press

Houston Chronicle, August 19, 2006

Suspicious liquid at W.Va. airport tests negative for explosives

CHARLESTON, W.VA. — A day after two bottles of liquid tested positive for explosive residue, prompting a West Virginia airport to close for nearly 10 hours, the FBI said neither the containers nor the pregnant woman who carried them were a threat.

State police said late Thursday that chemical tests on the bottles turned up no explosives, and the FBI said Friday that a second round of tests also turned up negative.

"The FBI does not consider the bottles or the owner a threat at this time," bureau spokesman Jeff Killeen said. A third round of tests was planned, per FBI procedure.

The Tri-State Airport terminal was evacuated Thursday after two bottles of liquid found in Rima Qayyum's carry-on luggage initially tested and retested positive for explosives residue.

The 28-year-old resident of Barboursville, W.Va., who was described as "courteous" by law enforcement, is four months pregnant.

Qayyum had purchased a one-way ticket Wednesday on US Airways for travel to Detroit by way of Charlotte, N.C., on Thursday. But Friday afternoon, she was driving to her parents' home in Jackson, Mich.

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"There was a mutual decision between her and the FBI not to fly," Killeen said.

Qayyum is of Pakistani descent, and her mother, Samia Qayyum, said she believes her daughter was the subject of racial profiling at the airport.

Airport manager Larry Salyers disagreed.

"The carry-on bag she presented contained ... items that were on TSA's not-permitted list," he said.

North Carolina: In Duke Case, One Judge (NYT)

By Dan Heyman

The New York Times, August 19, 2006

Two bottles of liquid taken from a woman's carry-on bags on Thursday at an airport outside Huntington did not contain explosives. Special Agent Jeff Killeen of the Federal Bureau of Investigation said the agency did "not consider the containers or the owner of the containers a threat." The State Police said the woman was Rima Qayyum, 28, of Barboursville, near Huntington. The Associated Press reported that Ms. Qayyum is of Pakistani descent. She has not been charged. Two tests at the airport on the liquids were positive, but more accurate tests at the State Police laboratory proved negative. A spokesman for the Transportation Security Administration, Darrin Kayser, said security officers had not singled out Ms. Qayyum because of her appearance.

LVIA Gun Means Two Charges For Woman (ETPA)

By Courtney Lomax And Andrea Eilenberger, The Express-times

Easton Express-Times (NJ/PA), August 19, 2006

Linda Krisko arrested. Neighbors certain it was a misunderstanding.

A 47-year-old Bethlehem woman was charged Friday with trying to take a loaded gun and pepper spray aboard a plane at Lehigh Valley International Airport, authorities say.

Linda K. Krisko of West Market Street was charged with two felonies for the incident at the Hanover Township, Lehigh County, airport, according to Jerri Williams, a special agent with the FBI's Philadelphia Division.

Krisko was stopped by Lehigh Valley International Airport security after a gun was found in her carry-on bag, said George Doughty, executive director of the Lehigh-Northampton Airport Authority.

Krisko has a permit to carry a concealed weapon but it is still illegal to carry a weapon onto an airplane, Williams said.

She was charged by federal magistrate but it is unclear where she was taken.

Krisko was accompanied by an unidentified couple who were already on the 1:29 p.m. flight to Charlotte, N.C. The flight was delayed for about 30 minutes while the couple was questioned. It is unclear what their involvement is or what happened to them after questioning.

Efforts to reach Krisko for comment Saturday were unsuccessful.

Krisko's next door neighbor, Paul Davison, said he was shocked to learn of the charges Saturday. He said she has lived in the Bethlehem home for at least five years and works as an insurance agent.

Davison speculated she had the gun and pepper spray for protection.

"I'm sure it's just one of those things," Davison said.

A woman with the same name is listed as the owner of the Linda K. Krisko Insurance Agency in Allentown, according to the agency's Web site. The woman belongs to the Allentown Chamber of Commerce, the Allentown Garden Club and Central Moravian Church, the Web site says.

She graduated from Lehigh County Community College and is completing a bachelor's degree at Muhlenburg College, according to the site.

She is named as one of the directors of the Lighthouse Network. The network is dedicated to helping "individuals develop the life skills they need to function in healthful, God-honoring ways," according to the group's Web site.

Doughty said Saturday the airport had not increased or altered security measures since the gun and pepper spray were found.

"I'm pleased it was handled properly," he said.

Items like hunting knives or guns, which are clearly prohibited on airplanes, are found during airport security checks about once each year, Doughty said.

He said as far as he knew, nobody had canceled flights or expressed concern due to the incident."Even though it is obviously a crime to do this, people often say during interviews (they) forgot to take it out," Doughty said. "But it is rare charges are brought."

Reporter Courtney Lomax can be reached at 610-863-3841 or by e-mail at clomax@express-times.com.

DOJ_NMG_0051358

Reporter Andrea Eilenberger can be reached at 610-258-7171 or by e-mail at aeilenberger@express-times.com.

Woman Charged With Trying To Fly With Loaded Gun, Pepper Spray (SCCD)

The State College Centre Daily, August 19, 2006

ALLENTOWN, Pa. - A woman has been charged with trying to board a plane at Lehigh Valley International Airport with a loaded gun and pepper spray, authorities said.

Linda K. Krisko, 47, of Bethlehem, was charged with two felonies for the incident Friday, FBI spokeswoman Jerri Williams said. Krisko has a permit to carry a concealed weapon but it is still illegal to carry a weapon onto an airplane, Williams said.

Krisko was stopped by airport security after a gun was found in her carry-on bag, said George Doughty, executive director of the Lehigh-Northampton Airport Authority.

It was not immediately clear where she was taken after she was charged by a federal magistrate. Efforts to reach Krisko for comment Saturday were unsuccessful.

A couple who accompanied Krisko and had already boarded the 1:29 p.m. flight to Charlotte, N.C., were questioned by authorities. Officials did not release their names or say what happened to them after questioning, which delayed the flight for about 30 minutes.

Krisko's neighbor, Paul Davison, said she works as an insurance agent. He speculated she had the gun and pepper spray for protection.

Doughty said Saturday the airport had not increased or altered security measures since the gun and pepper spray were found.

Items like hunting knives or guns, which are clearly prohibited on airplanes, are found during airport security checks about once each year, Doughty said.

"Even though it is obviously a crime to do this, people often say during interviews (they) forgot to take it out," Doughty said. "But it is rare charges are brought."

$428.7 Million In Relief Funds Heads To Texas (HC)

By Lori Rodriguez

Houston Chronicle, August 19, 2006

HUD secretary says money will revive cities hurt by Katrina, Rita

Texas will get almost half a billion dollars in federal relief funding to help the state recover from last year's hurricane double whammy, officials announced in Houston on Friday.

Speaking at the Eastwood Health Clinic on Telephone Road, U.S. Housing and Urban Development Secretary Alphonso Jackson said the new emergency funding is an addition to the $74.5 million HUD allocated to Texas in January to meet the continuing housing needs of Katrina evacuees and Rita victims.

The $428.7 million in emergency funding will be provided through HUD's Community Development Block Grant program.

"These funds will revitalize Houston, Harris County and southeast Texas," said Jackson, adding that the funds are intended to repay Texans "for the service that they've given our country."

Jackson was joined by a bipartisan array of officials, including U.S. Sens. Kay Bailey Hutchison and John Cornyn, Houston Mayor Bill White, Harris County Judge Robert Eckels, U.S. Reps. Sheila Jackson Lee and Kevin Brady, and several others.

Hutchison said it was hard to convince her congressional colleagues and the Bush administration that a hurricane that didn't hit Texas, Katrina, had profound consequence and expenses for the state.

"We need for the money to follow the people, not the infrastructure," she said, referring to the thousands of evacuees who came to Texas when Katrina flooded New Orleans.

Hurricane Rita did strike Texas, coming ashore near the Louisiana border.

When Congress provided $11.5 billion in block grant funds for hurricane relief last year, White said, less than 1 percent was allocated to Texas and Houston got only 1 percent of that.

In sharp contrast, 80 percent of the most recent relief funding approved by Congress in June has been appropriated to meet Texas needs, he said.

"Today's announcement represents a turning point in the relief efforts," White said.

State and federal officials said they are developing a specific plan for using the funds, but the emphasis will be on repairing, rehabilitating and reconstructing affordable rental housing and rebuilding areas ravaged by Rita.

"This money will go a long way in repairing homes and communities in southeast Texas," said Brady, thanking HUD Secretary Jackson for personally touring the stricken areas and being a "strong advocate on behalf of these Texas communities."

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Nagin Blames Delays On Racism, Red Tape (AP-Y)

By Ken Kusmer, Associated Press Writer

AP, August 19, 2006

New Orleans Mayor Ray Nagin on Friday blamed racism and government bureaucracy for hamstringing his city's ability to weather Hurricane Katrina and recover from the disaster that struck the Gulf Coast nearly a year ago.

In remarks to the annual meeting of the National Association of Black Journalists, Nagin said the hurricane "exposed the soft underbelly of America as it relates to dealing with race and class."

"And I, to this day, believe that if that would have happened in Orange County, California, if that would have happened in South Beach, Miami, it would have been a different response," Nagin said.

New Orleans was 60 percent black before Katrina struck Aug. 29. Early this year the mayor called on fellow blacks to again make New Orleans a "chocolate" city, but he later apologized.

On Friday, Nagin condemned federal regulations that discourage rebuilding in the largely black and low-lying Ninth Ward.

While tens of billions of dollars in federal aid have flowed to Louisiana and other states devastated by Katrina, much of it has gone to developers and contractors, Nagin said.

"Very little of those dollars have gotten to the local governments or to the people themselves," Nagin said.

Katrina dispersed three-quarters of New Orleans' pre-hurricane population of about 460,000 people, and today it's a city of about 250,000. Nagin suggested that Louisiana and federal officials would prefer the city remain smaller.

He said the city is struggling to deliver services and rebuild with a quarter of its former municipal budget. The federal and state aid the city has received is inadequate and comes with too many rules, he said.

"We are being strangled, and they're using the money to set local policies to try to take control of the city to do things that they had in mind all along, and that's to shrink the footprint, get a bunch of developers in the city, and try to do things in a different way," Nagin said.

"We're not going to let that happen. They're going to give us our money, and we're going to rebuild this city."

WAR NEWS:

An Army Of Some (NYT)

By Michael R. Gordon

The New York Times, August 19, 2006

The rules posted on the wall of the Marine base in Barwana concisely summed up the American predicament in Iraq: Be polite, be professional, have a plan to kill everyone you meet.

Barwana was a way station for a joint Iraqi and American convoy as it traveled to a stretch of hard-packed sand overlooking the Euphrates in the Haditha triad, one of the more challenging areas in Anbar, the most dangerous province in Iraq. The convoy's goal was to inspect a company of Iraqi soldiers who had been involved in an American-directed operation to round up insurgents. With Iraq engulfed in bloody turmoil, any prospect of establishing a modicum of order depends heavily on the new Iraqi Army and the small cadre of Americans that is training it. The rules at Barwana hinted at one rationale. For all of the U.S. military's fighting skills, the Iraqi troops are better able to differentiate among the welter of tribes, self-styled militias, religious groupings, myriad insurgent organizations and militant jihadists who populate Iraq. But there are other important rationales as well. With American forces stretched perilously thin, the development of Iraq's armed forces is the best hope for putting more boots on the ground. Fielding an Iraqi military — along with the parallel effort to build up the Iraqi police — is also the closest thing the Bush administration has to an exit strategy.

Before arriving in Iraq earlier this summer, I got the basic facts from Pentagon briefings. There is, American officials said, to be a 10-division Iraqi force. The effort to raise and train the troops, they stated, is 85 percent complete. Statistics like these convey a sense of measurable progress in a region that otherwise appears to be a caldron of violence. "The hope of the Americans, the hope of the troops, is that the Iraqis will continue to take over responsibility for the security in their country — and that over time we'll be able to draw down our forces as conditions permit," Defense Secretary Donald H. Rumsfeld said earlier this month.

What I saw in more than three weeks in Anbar Province was not reassuring. Dogged efforts were being undercut by a dysfunctional Iraqi bureaucracy in Baghdad. The American advisers were able and extremely dedicated, and the Iraqi troops under their tutelage were making strides toward becoming an independent fighting element. But Iraq's Ministry of Defense has been slow to issue promotions for the new soldiers and to distribute proper pay. A goodly number of the Iraqi soldiers have voted with their feet and gone AWOL — or left to join the Iraqi police, so they could live close to home.

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In the Haditha triad, Col. Jebbar Abass, a beefy man with a drooping mustache, commanded an Iraqi battalion that started out with about 700 soldiers in the fall of 2005. It was now down to about 400 troops. Since almost a third of his battalion is on leave at any one time, that means that Colonel Abass can field about 270 soldiers on any given day, a useful supplement to the Marine forces in and around Haditha but hardly enough to enable the Americans to draw back.

Lt. Col. Norman Cooling, commander of the Third Battalion, Third Marine Regiment, which has responsibility for the Haditha area, says that the Iraqi Army has been making important strides in terms of tactical proficiency. "The problems that have made that the most challenging are problems with leave, pay — those things that relate to Iraqi government decision-making and execution," he told me. "Because of that the Iraqi Army throughout Al Anbar has attrited." Figures provided by American military commanders show that the two Iraqi divisions in Anbar Province are about 5,000 short of their authorized strength, while some 660 soldiers are currently AWOL.

The Americans have some genuine Iraqi partners in one of Iraq's most hostile regions, and Marine commanders believe that Iraqi troop levels in Anbar have finally bottomed out and may be slowly starting to improve. But what kind of exit strategy is this when Iraqi soldiers in some of Iraq's most contested areas have been leaving faster than the Americans?

Anbar is a vast region in western Iraq that borders on Syria, Jordan and Saudi Arabia. The Sunni-dominated area has been a base of operations for Iraqi insurgents and serves as a transit route for foreign fighters who have come to Iraq to wage jihad against the Americans. According to American statistics, there are more attacks in Anbar on a per capita basis than in any other part of Iraq.

For all this, Anbar has long been what the military calls an "economy of force" operation, which is a polite way of saying that troop requirements elsewhere in Iraq have led American commanders to employ fewer forces in the province than the situation warrants. As a consequence, counterinsurgency operations have taken on the quality of a whack-a-mole arcade game. Every time the Americans have massed force to put out one fire, they have created a vacuum elsewhere that the insurgents have rushed to fill. When the Marines gathered forces to clear Falluja in 2004, they drew troops from the Haditha area, where the insurgents promptly moved in and executed the defenseless local police near the town's soccer field. The Marines returned in strength to Haditha and established several forward bases, including the one at Barwana, but then many of the troops were sent to the far west when commanders decided to clear Al Qaim, near the Syrian border. And the insurgents filtered back to Haditha.

This lethal game would be more manageable if the insurgency were weakening. Instead, it is stronger than ever. In July, 2,625 I.E.D.'s (improvised explosive devices) were found throughout Iraq, almost double the January number and the highest monthly total to date. (Of these, 1,666 exploded, while 959 were discovered before they detonated.) And by now the entire nation is caught in a vicious circle: terrorist attacks have encouraged the development of Shiite militias, which have carried out assaults against Sunnis, who have in turn provided support for insurgents. The Marines have enough combat power in Anbar to operate where they please but not enough to stop the insurgents from intimidating the population, Marine commanders say.

Some of the Marine officers I talked with were frank about the need for more American troops. Lt. Col. Ronald Gridley, executive officer with Regimental Combat Team 7, which has responsibility for a major swath of the province, told me during a visit to the unit's headquarters at Al Asad that the regiment has recommended that additional troops be allocated to its section of Anbar. A battalion or two, he said, would help a great deal. "What we recommend and what we get is going to be two different things," Colonel Gridley said. "In our perfect world, we could use some more infantrymen to be able to patrol the streets and partner with the Iraqi Army."

In fact, with concern rising about the sectarian strife in Baghdad, American military commanders are diverting military police officers that had been earmarked for duty in Anbar to the Iraqi capital. An American unit equipped with Stryker armored vehicles has also been shifted to Baghdad. These moves reflect conscious decisions to assume more risk in Anbar — a province already overflowing with danger — to try to prevent Baghdad from sliding into civil war.

Nor are significant numbers of non-American coalition troops available for duty in Anbar. The only international forces I saw there were a small contingent from Azerbaijan manning checkpoints at the massive Haditha dam, where Colonel Cooling's battalion is headquartered, and a collection of extremely diligent Ugandans, who were hired as contractors and were pulling guard duty inside the wire at Camp Falluja.

That leaves the Iraqi Army, called the I.A. by American troops. To strengthen the coalition's control over Anbar and improve the effort to train the Iraqi military there, the number of Iraqi troops and American forces in the province each need to be increased, Colonel Gridley said. "From my perspective, if we had full battalions right now of Iraqi Army, we couldn't give them a good-quality partnership," he said. "The security piece of this is the I.A."

Officially, the Bush administration's strategy is: Clear, hold and build. But with limited American forces to do any clearing, the war in western Iraq looks much more like hang on and hand over. Hang on against an insurgency that seems to be laying roadside bombs as quickly as they are discovered, and hand over to an Iraqi military that is still a work in progress.

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The project to field a new Iraqi Army was greatly hampered by clumsy political engineering in the months following Saddam Hussein's fall. From the start, American generals realized that they lacked the troop strength to seal the borders and control a country the size of California. They counted heavily on the cooperation of anti-Hussein Iraqi troops to carry out the task. The plan to enlist the support of Iraqi troops to control the country was approved in March 2003 by President Bush himself.

But the Iraqi Army went AWOL when faced with the rapid American push to Baghdad, and the Bush administration had to make a decision. Senior American military commanders wanted to stick with the basic plan and recall Iraqi troops to duty. Lt. Gen. David McKiernan, the top American general in Iraq at the time, and the C.I.A. station chief in Baghdad began to work toward this end by meeting with current and former Iraqi generals. Those efforts were stopped, however, when L. Paul Bremer III, the senior civilian official in Iraq, issued a decree abolishing the Iraqi Army, a move that was essentially an extension of the Bush administration's de-Baathification campaign. Bremer gave his order after consulting with Rumsfeld, but neither

Condoleezza Rice, then Bush's national security adviser, nor Secretary of State

Colin Powell was informed in advance.

Once the Iraqi military had been abolished, a new and very methodical effort to rebuild the armed forces from the ground up was begun. Three Iraqi divisions were to be trained and equipped over two years, an extraordinarily slow pace for a nation that was in chaos. (The new force was to be called the New Iraqi Corps, until American officials learned that N.I.C. sounded like a vulgar profanity in Arabic.) Meanwhile, the security situation got only worse. Most of the Iraqi officers I talked with in Iraq thought that Bremer's decision to disband the military was a mystifying blunder. After the strength of the insurgency became apparent to Washington, the effort to rebuild the Iraqi Army and police was pursued with a new urgency. Today, an American-run organization — the Multinational Security Transition Command — is led by Lt. Gen. Martin Dempsey. The training effort that was once something of an afterthought is now the Bush administration's final card.

The new army is fundamentally unlike the Hussein-era force in one important respect. Lt. Col. Owen Lovejoy, an earnest marine with a Florida drawl who led Haditha's Military Transition Team (as the American advisers are known), observed that the I.A. is "the most volunteer army in the world." Not only does it depend entirely on volunteers, but there is also no penalty for going AWOL or dropping out to find another line of work.

Colonel Abass is himself a volunteer. To an American eye, he seems a most unlikely soldier. Portly, he greets visitors in his office dressed in camouflage as a television in the corner flickers with Egyptian talk shows or soap operas. The marines need to remind him to wear his body armor, if only as an example to his men. The father of five children, Abass has two wives and is looking for a third. Now 43, he has fought in the Iran-Iraq war, joined in the invasion of Kuwait and fought the marsh Arabs in the south when they rose up against the old regime. Trained as an artilleryman, he is an old-school officer. Although he has spent his life in the army, he does not want his sons to join. Drawing a finger across his neck, he insisted that no photos of his face be taken. The insurgents, he feared, might track him down during a leave and kill him.

Colonel Lovejoy saw potential in Abass, who commands the Second Battalion of the Second Brigade of the Seventh Iraqi Division. He was open to instruction, especially when it was not presented as a diktat but as a helpful suggestion, often over a long lunch of rice and beans in his office. Abass seemed to care about his soldiers, and he was prepared to serve in Anbar.

Before Lovejoy and his 12-man training team arrived in February, Abass had a tense relationship with the Marines. The previous Marine team had not been specially selected for this politically delicate mission. Abass says he felt that the old team did not respect his authority, while the Americans thought the battalion would have been better off headed by Major Nouri, the seemingly more approachable executive officer. (Many Iraqi officers are reluctant to be identified, and only his first name was provided.) But several of Lovejoy's marines caught Nouri stuffing dinars in his pockets that had been intended for the jundi, as Iraqi soldiers are called. Nouri was fired from the battalion.

To improve the Iraqi battalion, each of its companies was assigned to live and work with Marine companies in the Haditha triad. The Iraqis were taught to conduct their own convoys, carry out their patrols and drive Humvees. To ensure that their pay (about $330 a month) is not skimmed by corrupt officers, a Marine captain delivers the money to each company and watches as the soldiers sign receipts indicating that they received the proper amount.

The American military has a four-tier system for rating the Iraqi military. Level 4 designates a newly formed unit. Level 3 means that the Iraqi unit is capable of participating in counterinsurgency operations if an American unit is in charge. Level 2 indicates that the Iraqis can assume their own battle space and conduct their own operations with the support of an American team of military advisers. Level 1 signifies that they can operate without U.S. support. The Iraqi battalion at Haditha was somewhere between Level 3 and Level 4 when Colonel Lovejoy took over and is now hovering between Level 2 and Level 3. But even at its best, the Iraqi military faces severe constraints. It has no helicopter-assault capability, indeed no air force to speak of. It mostly relies on the Americans for medical care and reconnaissance. And it has had no tradition of entrusting its sergeants and other noncommissioned officers with important responsibilities.

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In the evenings at Haditha, I would sometimes wander over to visit the Iraqi camp. The jundi prayed in a plain wooden mosque. Many of them came from Basra, Nasiriya and the Shiite neighborhoods of Baghdad, reflecting the largely Shiite composition of the military. The line from Iraqi officers is that the differences between Sunni and Shiite are not important in the new national army. But for many of the Shiite jundi, Anbar is a hardship post — a Wild West region, hostile and far from home.

Jawad, one of the more valued soldiers and a favorite of the marines, led me to one of the barracks, a humble structure with rows of double-decker metal cots where several jundi complained that they were still receiving training pay even though they had been in the army for months. None of these jundi would allow their names to be used, saying they feared retaliation by Iraq's Ministry of Defense.

The jundi also complained vociferously that their officers punish them too harshly and cannot be trusted. Colonel Lovejoy has told the jundi that punishment and discipline are matters for the Iraqi military to decide. It was clear, however, that many of the Iraqi soldiers believe that the mere presence of the Americans is a check against corruption and abuses. At one point, Jawad erupted, saying that he would leave the Iraqi Army when the Americans leave Iraq. Colonel Abass, in turn, dismisses the soldiers' complaints with the high-handedness that typifies the Iraqi officer corps; the jundi, he says, are simply lazy and require a firm hand.

The real test of the Iraqi Army, however, is the life-and-death struggle outside the wire. One scorching July morning, Abass and Lovejoy set out on a joint patrol along a two-lane highway between the towns of Baghdadi and Haqlaniya. The day ended with an Iraqi Humvee being turned into a crumpled and burning piece of metal, three wounded Iraqi soldiers and one "fallen angel," as the Iraqis call their dead. In their enthusiasm, the Iraqis had zoomed up a hillside without first inspecting for I.E.D.'s. Nobody wanted to repeat those mistakes.

Before we set out for Barwana the next day, Abass lectured his soldiers about the importance of checking for I.E.D.'s. The drive to the town, however, demonstrated that there was yet room for improvement. To the frustration of the marines, the Iraqis failed to inspect a particularly dangerous section of road. Then they parked their vehicles so close to the bridge they did inspect that they might have been blown up if the span had been rigged with explosives. When we reached the Barwana base, Lovejoy gave Abass a stern talking-to about what the Iraqis had done wrong. Lovejoy then tried to borrow a metal detector so the Iraqi soldiers could better search for explosives on the dirt roads ahead. Technically, the Marines say, the metal detectors are to be provided by the supply chain overseen by the Iraqi Ministry of Defense, but the Iraqi logistics system is broken. The marines in Barwana didn't have a spare metal detector. So the Iraqis simply had to do without one.

A week later the insurgents struck hard. In a coordinated assault, every Marine base in the Haditha triad was attacked by small-arms fire. A 122-millimeter Chinese rocket soared across the Euphrates and exploded 75 yards from Abass's office. Some of the fiercest fighting was at a combat outpost in Baghdadi, which has the only police force in the Haditha triad. Colonel Lovejoy and others present later described to me how a suicide driver in a fuel truck rigged with explosives bore down on the outpost, which was guarded by a squad of Iraqi troops and the marines with whom they were partnered. Cpl. Jeff Globis fired at the driver four times, killing him. But the truck rumbled on. As it crashed through the concrete barrier protecting the outpost, Globis screamed for everybody to run to the back of the structure. The explosion engulfed the outpost in a fireball.

Sgt. Peter Penree caught on fire and rolled in the dirt to put out the flames. With communications knocked out, he raced to nearby homes and asked to borrow cars to evacuate the wounded. Using their Motorola radios, Iraqi soldiers summoned the Marine Quick Reaction Force. Lieutenant Omar a young Iraqi officer, was trapped under the rubble, his leg crushed by a block of cement.

In all, 12 Iraqi soldiers and 3 marines were wounded, and an Iraqi interpreter was badly burned. Lieutenant Omar lost his leg below the knee. He was replaced by Lieutenant Qusay, a well-regarded officer who recently worked six months without pay. Colonel Cooling concluded that the attacks were a response to the Marine efforts to recruit a new police force for the rest of the Haditha triad. It was also another example of whack-a-mole. With American troops fighting to reclaim Ramadi, in the eastern part of Anbar, the insurgents seemed to be shifting some of their operations to Haditha. Some of the Iraqis I talked to had an almost fatalistic view on how long such fighting could go on. One Iraqi officer who asked not to be identified said he thought the military struggle for Iraq might go on for 25 years.

Before leaving Anbar, I stopped at Camp Falluja to see Col. Tom Greenwood and find out whether the pay problems Abass's battalion had experienced were unusual. Colonel Greenwood had been a military aide on the staff of the National Security Council leading up to the war, then commanded a Marine Expeditionary Unit in Baghdad. Now he was finishing a six-month tour as the senior Marine officer responsible for training the Iraqi Army and police in Anbar. It had been a tough day. An American military advisory team near Habbaniya had been blown up by an I.E.D. One marine was dead, two others were seriously wounded and the early reports were that they would lose their legs.

Greenwood explained that the pay issues in Haditha were quite common. In the Anbar region, about 550 Iraqi soldiers received no pay for June, while another 2,200 were receiving less pay than they were entitled to by rank. During one of his many

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trips to Baghdad to wrestle with the Iraqi bureaucracy, Greenwood was told that 19 men who were owed back pay had mysteriously vanished from the rolls of trained soldiers — and the only way they could get back on the payroll was to go through boot camp all over again.

Logistics was another of Greenwood's worries. American commanders in Baghdad had pushed the Iraqis to take over responsibility for their own logistics, but that led to cases in which Iraqi soldiers had received spoiled meat and rotten vegetables.

"What is the priority," Greenwood asked aloud, "teaching Iraqi civilians how to efficiently execute host-nation contracts on behalf of their new government? Or training and supporting the Iraqi Army in their daily fight against insurgents? In a perfect world, you strive to do both. In the imperfect world of Al Anbar, you frequently have to pick one or the other. And if you want to win, you better pick the latter."

Each month, Iraqi soldiers are granted about a week's leave to deliver their pay to their families, who may live hundreds of miles away, a tradition that reflects the lack of an effective banking system in Iraq. With all the dangers, hardships and problems in receiving pay, the soldiers do not always come back. Factoring in the generous leaves, the day-to-day strength of the Seventh Iraqi Division, Abass's parent unit and the newest division in the army, is about 35 percent of its authorized strength. The First Iraqi Division, which has the responsibility for parts of Falluja and is deployed near Habbaniya, is at about 50 percent strength.

When I raised some of these issues in a telephone interview with General Dempsey, who oversees the training effort for all of Iraq, he insisted that the problems had to be put in perspective. The two divisions in Anbar, he said, were deployed in one of the harshest regions and were in the worst shape, though the Fifth Iraqi Division in the difficult Diyala region was also "challenged" in terms of troop strength. Most Iraqi divisions, he said, had 85 to 90 percent of the troops they were authorized. When leaves were taken into account, that meant they were at 65 to 70 percent strength. The pay problems at Iraq's Ministry of Defense, he said, were being addressed. They reflected the lack of an automated system but also stemmed from the need to guard against corruption and ensure that Iraqi units in the field did not obtain more pay than they were entitled to by putting phantom soldiers on the rolls.

The Iraqi government, he insisted, was eager to enlist recruits and would now allow soldiers to sign up for a two-year tour in which at least one year was spent in their home provinces — a big concern for Sunnis, who are reluctant to serve outside Anbar. As for logistics, he said, it is important that the Iraqis demonstrate that they are in control of their own military by assuming responsibility for sustaining and paying their own soldiers, though measures to ease the strain, like allowing commanders to buy some provisions locally, are under consideration. "A national reconciliation will encourage young men of all groups to step forward and serve their country," Dempsey said. "This is a shared effort and a shared responsibility and not simply a matter of making logistics and pay better."

The day after I visited Colonel Greenwood, I went to a dilapidated soap factory in Falluja where another Marine advisory team was working with an Iraqi battalion. The plant was in the industrial part of town and very austere. Some weight-lifting equipment was stored in a warehouse whose floor was dappled with jagged pools of sunlight. Bullet rounds and mortars had ripped holes in the roof, allowing the burning sun to pour through like some sort of reverse planetarium.

American commanders consider Falluja to be a success story. After the Marines cleared the city in a violent battle in 2004, seven checkpoints were established to control access to the city, making Falluja Iraq's largest gated community. The city is now bustling with traffic. Crowds of Iraqis fleeing the fighting in Ramadi line up to apply for identification cards so they can stay in Falluja.

For all that, militants have managed to slip back into the city. The night I arrived, a roadside bomb killed one Iraqi soldier and wounded another during a shift change at an observation post. The Marine advisory team at the soap factory was commanded by Maj. David E. Richardson, a Marine artillery officer who put aside his plans to attend medical school as the 1991 gulf war approached and joined the Marines. He volunteered for this assignment in Iraq and was advising the battalion headed by Col. Abed-el-Mujeed Nasser, a 41-year-old officer who fought in the Iran-Iraq war, participated in the invasion of Kuwait during Saddam Hussein's era, looks older than his years and presides over the battalion with an air of complete authority.

By reputation, Colonel Mujeed is said to be a decisive and experienced officer, which is all to the good, as his forces are approaching a critical phase. The Iraqi Army is scheduled to assume the entire responsibility for securing Falluja this fall, though a Marine unit will be poised to rush in if there is major trouble. The Iraqi colonel said he needed more troops to carry out the mission but expressed no apprehension about doing so.

"I think they will take it over, struggle with it a bit and then grow into it," Major Richardson said. "That is the best-case scenario. The worst-case scenario is they take it over, heavy, heavy violence breaks out and essentially the people don't have any confidence in the army. I don't see that happening because there are some pretty strong battalion commanders, Mujeed being one of them." The Iraqi troops "are brave soldiers," Richardson added. "They can operate. They can shoot. They can communicate, but they can't sustain themselves. That is the next level. From pay to Humvee tires, they've got to be able to sustain themselves."

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One of Mujeed's bravest performances may have come that day at the soap factory, when Iraq's new defense minister, Abdul Qader Mohammed Jassim; its new interior minister, Jawad al-Bolani; and Gen. George Casey, the senior American commander, arrived for a visit. Pointing to the list of 70 casualties his battalion suffered in an earlier fight for Ramadi, the Iraqi colonel recounted the familiar litany of problems — the failure to pay soldiers according to their new ranks, the difficulty in getting the Ministry of Defense to approve promotions, the higher pay provided to the local police — and in this case the failure to provide any salaries at all to 34 recruits who graduated from boot camp in April. Because of combat losses and a dearth of recruits, the battalion had less than half of the 759 troops it was authorized.

The Iraqi defense minister insisted that he was only now learning of such problems and promised to take corrective action. Later, I asked Mujeed if he thought anything would come of his appeal. "Sure, he is going to work on it, but he won't get results soon," he said. "It is going to take a while."

Sectarian Suspicion Plagues Iraqi Army (MCT)

By Nancy A. Youssef

McClatchy Newspapers, August 19, 2006

BAGHDAD, Iraq - A three-day tour with U.S. and Iraqi troops aiming to stop Baghdad's plunge toward civil war showed one thing clearly: Iraqi forces remain unprepared to police the capital city alone.

The joint operation's neighborhood searches illuminated the growing distrust that the average Iraqi has for the security forces in the midst of sectarian warfare that's claiming more Iraqi lives each month. Many members of the Shiite Muslim-dominated security forces are suspected of siding with death squads that target Sunni Muslims.

During an operation in the Baghdad neighborhood of Amariyah, a majority Sunni area that's been a hotbed of insurgent activity, resident after resident said they opened their doors to Iraqi forces only when they saw American troops with them. U.S. forces tried to assure them that not all Iraqi troops are bad.

"I think the Iraqis like Americans more than each other," said Maj. Barney Hill, of the 2nd Battalion, 1st Brigade, 6th Iraqi Division Military Transition Team, of Winnemucca, Nev.

The show of might by U.S. forces quelled the violence in what's usually one of Baghdad's most dangerous neighborhoods, but many Iraqis told the soldiers that they feared more killings when the Americans left.

Iraqi soldiers searched the houses while U.S. troops stood outside. In the sector of Capt. Kent Park, the Charlie Company commander of the 172nd Stryker Brigade Combat Team, the Iraqi forces were courteous and professional.

Residents who spoke English, however, quietly pulled some U.S. soldiers aside and told them that once the Americans left, the Iraqi soldiers would steal from and harass Sunni residents.

The U.S. soldiers watched their Iraqi counterparts, observing such things as how many showed up for work. On the first day there were 85. By day three they were down to 64.

"We are the ones who have to push them," said Maj. Will Voohries, who leads the 4th Battalion, 1st Brigade, 6th Iraqi Division Military Transition Team.

He said three Iraqi soldiers had been fired for stealing cell phones from residents.

Col. Sabbah Kadhim, the commander of the 6th Iraqi Army Division, which was conducting the patrols, denied that there's a problem with sectarianism.

"The people love the Iraqi army. They like the Iraqi army more than they like the Americans," Kadhim said, pointing out two Sunni soldiers in his unit. "They are treated the same as Shiite soldiers." The soldiers nodded hesitantly.

Prime Minister Nouri al Maliki, who's a member of the country's Shiite majority, said Thursday that Iraqi forces could secure most of the country if U.S. troops withdrew.

The Baghdad security plan was launched June 14 in an effort to tamp down the growing violence, which killed 1,815 people last month in Baghdad. American and Iraqi forces are to go through the city neighborhood by neighborhood, searching for insurgents and militiamen, confiscating weapons and conducting a census.

The sweeps are to be accompanied by improvements in electricity and water supplies, though there have been few, if any, visible improvements yet.

Amariyah, once home to Saddam Hussein's top military commanders, was among the first of Baghdad's neighborhoods to fall to the Sunni insurgency. Many shops have been closed for months, and piles of trash line the streets.

The main thoroughfares are littered with burnt-out cars and car parts, evidence of recent bombings. "The insurgency lives," some of the graffiti on the streets reads.

During the three-day operation in Amariyah, U.S. soldiers from the 172nd Stryker Brigade, based near Fairbanks, Alaska, cordoned off every street and supervised Iraqi forces as they searched each of the neighborhood's 3,600 homes. A ban on driving was imposed, keeping many residents from going to work. Nearly all the shops were closed.

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Yet the Americans found few insurgents. Not once in the three days was there an insurgent attack. U.S. soldiers stood freely outside their intimidating-looking Stryker vehicles, not fearing the area's snipers.

In the end, the three days netted what seemed like a small haul amid Baghdad's violence: nine suspected insurgents and 37 weapons, most notably two 250-pound bombs.

Some residents pointed out where snipers and fighters usually are stationed. They told the soldiers that if they come back next week, they can find the attackers.

"If there are bad people here, they have already left," Park said. "We disrupted that."

During the third day of the operation, Park reached out to residents, chatting with those who were taking advantage of the quiet, empty streets.

"Is the search affecting your ability to do your job?" Park asked a group of young men working at a bread shop.

They said that as soon as Park's troops left, the problems would begin. They charged that Shiite militias have infiltrated the Iraqi army and police, a common complaint by Sunnis.

"The slaughterers will come back," said one man, who wanted to be identified only as Omar, age 18. He made a slashing motion with his hand along his neck.

When the operation was finished, Park said: "I think we are at a critical point, but this operation isn't going to solve the overall problems."

Fearful Iraqis Avoid Mosques As Attacks Rise (NYT)

By Edward Wong

The New York Times, August 19, 2006

BAGHDAD, Iraq, Aug. 17 — Haider Ali communes with God through his CD player.

That is how he listens to the lectures of Shiite imams these days, for he rarely sets foot in a mosque anymore.

Even on Fridays, the Muslim Sabbath, he prefers to pray at home, kneeling on a rug in a room adorned with posters of green-robed Shiite martyrs slain centuries ago.

“We’d go a lot to mosque before, but it’s too dangerous now,” Mr. Ali, 42, said as he watched his 9-year-old son stack boxes in his downtown convenience store. “Now, you feel a little empty inside.”

Across central Iraq, more and more Iraqis associate the neighborhood mosque, the cornerstone of life in the Muslim world, with the Kalashnikov rather than the Koran.

Exploding sectarian violence has undermined the mosque’s traditional role as a gathering place, further unraveling the country’s communal fabric. Mosque attendance has plummeted, according to clerics and government officials, as tens of thousands of Iraqis like Mr. Ali choose to pray at home out of safety concerns. Gatherings at Friday Prayer are sometimes one-tenth the size of what they once were, and parents no longer send their children to mosques for spiritual lessons.

As a result, sales of CD’s with religious lectures have boomed, while satellite channels showing bombastic clerics are more popular than ever.

The decline in mosque attendance is a noticeable reversal of a trend that began right after the American invasion of 2003, when religious freedom flowered and worshipers, especially long-oppressed Shiites, flocked to mosques.

Now, however, mosques have become a frequent flash point in the widening Sunni-versus-Shiite warfare.

Assaults on mosques have risen steadily since 2003, but soared after the bombing of a sacred Shiite shrine in Samarra last February, which unleashed a torrent of sectarian bloodletting. There were at least 60 major attacks on Shiite mosques and scores of minor ones in the first half of this year, a figure equivalent to the total in 2005, according to statistics from the Shiite Endowment, which administers Shiite mosques for the government.

Earlier this month, a suicide bomber detonated an explosives belt outside the revered Shiite shrine of Ali in Najaf, killing at least 35 people and wounding more than 120, including Iranian pilgrims.

About 160 Sunni mosques were damaged by rampaging Shiites in the immediate aftermath of the Samarra bombing, a spokesman for the Sunni Endowment said. Shiite militiamen also seized and kept at least 24 Sunni mosques.

Militias regard mosques as either places of refuge or tempting targets. Entire congregations have been wiped out by car bombs. Gunmen abduct imams, and sometimes shoot them outright. American and Iraqi forces often storm the buildings hunting for guerrillas. Airstrikes obliterate minarets.

Sunni mosques have become rallying points for neighborhood militias, blaring “God is great” from their loudspeakers to warn of the approach of Shiite gunmen. Violence around mosques is so rampant that in June the government imposed a curfew on Fridays from 11 a.m. to 3 p.m., the peak prayer time.

Imams walk around with handguns stuffed into their robes, and many mosques look more like prisons than prayer halls, fortified with concertina wire, metal detectors and guards behind mounted machine guns.

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"People wouldn't recognize their mosque today," said Sheik Akrim al-Dulaimi, a Sunni imam in the strife-prone Baghdad neighborhood of Dawra.

Shiite policemen in a station right across from Sheik Dulaimi's mosque, called Holy Mecca, opened fire on it the day of the Samarra bombing, he said.

Since then, he has added barbed wire and three feet to what was a five-foot brick wall surrounding the mosque, which is sandwiched between a farm field and a bustling boulevard. Like imams at all Sunni mosques in Dawra, he said, he keeps five Kalashnikovs on hand.

The danger is ever present. In early June, someone spotted a homemade bomb that had been planted outside the main gate before Friday prayers, Sheik Dulaimi said. A volley of mortars landed near the mosque a month later, killing a family in their home.

Sheik Dulaimi, a talkative man with a salt-and-pepper beard, said he now preaches to about 200 worshipers at Friday prayers, down from 2,000 right after the invasion. The mosque still holds five prayer services a day. But an 8 p.m. citywide curfew and constant street violence keep virtually everyone away during the dawn and evening prayers, which used to attract up to 150 people.

"As imams, our main job in the mosque is to call for reform, for goodwill, for worship," he said. "Now, it's tougher to do that because fewer and fewer people are coming to the mosques."

While conservative Islam is on the rise across Iraq, and clerics wield much more influence than they did under Saddam Hussein's secular government, the dwindling attendance has troubled many imams.

"I'm really frustrated," said Sheik Abdul Wahab al-Adhami, whose Friday gatherings at Abu Hanifa mosque have dropped to 1,000 worshipers from 3,000 after the invasion. "I'm depressed. I can't do my job properly."

The decline at Abu Hanifa is particularly telling. It is one of the largest Sunni mosques in Iraq and a bastion of conservative Sunni power. Saddam Hussein made his final public appearance there before the fall of Baghdad in April 2003. The mosque houses the tomb of a revered Sunni imam and is one of two in Iraq that has what is said to be a hair from the head of the prophet Muhammad.

But surging violence in the mosque's neighborhood of Adhamiya has forced the head imam to flee to Syria. Sheik Adhami has taken over, but says he is too scared to wear a traditional Sunni robe and turban when preaching on Fridays. He has not slept at home in four months, he said, because the police have warned him that gunmen would seek him out there and kill him.

Walking around the compound on a recent afternoon, the sheik pointed out bullet holes in a metal loudspeaker and along a clock tower. The work of Shiite militiamen, he said.

Trunks of palm trees formed barricades on the street outside, and guards with Kalashnikovs stood by the main entrance. Each of five black banners draped along the outer wall spelled out the name of a worshiper who had been killed recently in a sectarian attack.

Sheik Adhami's diminishing control of his home turf became apparent minutes later when a carload of neighborhood militiamen circled the mosque. The mosque's head guard told a foreign visitor to leave immediately. The sheik could not guarantee the visitor's safety.

"We're targeted by all the armed groups," Sheik Adhami said. "If it's not Moktada al-Sadr threatening us, it's Al Qaeda or the Islamic Army of Iraq. If you don't take a stand against the Americans or the Iraqi government, Al Qaeda will target you."

Mr. Adhami blamed the powerful militia of Moktada al-Sadr, the fundamentalist Shiite cleric, for most of the local violence, saying the militiamen engaged in frequent drive-by shootings and mortar attacks.

But just across the Tigris River, in the Shiite enclave of Kadhimiya, imams loyal to Mr. Sadr said they and their congregations were suffering as much as anyone. They were particularly incensed with the Friday curfew.

One imam, Sheik Ayad al-Kabbi, fumed as he strode down a deserted market street toward the golden-domed Kadhimiya Shrine one Friday afternoon to deliver a sermon.

"Look at all of the closed shops," the white-turbaned sheik said, pointing at the storefronts. "Maybe the new government wants to cancel midday prayers. They want to prevent people from coming together. We don't agree with this curfew."

Inside the shrine, a few hundred people had gathered in the courtyard, barely filling a corner. "We used to have six or seven times this many people," Sheik Kabbi said. "The whole floor was covered."

But some Shiite worshipers say the smaller the Sadr presence at mosques, the better.

Hashim Ibrahim Hassan, a politician from the northern Griot neighborhood, said the Sadr militia had recently taken over a Shiite mosque, or husseiniya, that his father built in 1954. The gunmen had kicked out the imam and installed a cleric who had been living in Iran, he said. Women no longer pray there on Fridays.

"Most of the time, I pray at home now," Mr. Hassan said. "Mosques are filled with militias these days. I don't like the religious parties, and I don't believe in them, thank God."

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Mosque Attendance Down In Iraq (WT/uPI)

The Washington Times/UPI, August 19, 2006

Violence in Iraq is being blamed for fading attendance at mosques, leading to wear and tear on the nation's communal fabric, The New York Times reported.

Mosques, which traditionally have functioned as gathering places for Muslims, have become associated with escalating sectarian violence, the newspaper said -- with more and more Iraqis associating the mosque with Kalashnikov weapons rather than the Koran.

Citing clerics and government officials, the Times reported that mosque attendance has plummeted, as tens of thousands of Iraqis choose to pray at home out of concern for their safety and that of their families. Friday prayer gatherings are sometimes one-tenth the size of what they once were, and parents no longer send their children to mosques for spiritual lessons, the newspaper said.

One consequence of the trend is an increase in sales of CDs containing religious lectures. Another is a new level of popularity for satellite channels featuring sermons by clerics.

Baghdad Shut To Cars On Eve Of Pilgrimage So Dire In '05 (NYT)

By Paul Von Zielbauer

The New York Times, August 19, 2006

BAGHDAD, Iraq, Aug. 18 — With little warning, Iraq's government imposed a nearly three-day ban on vehicle traffic in the capital starting at dusk Friday, in preparation for what is expected to be millions of pilgrims converging Sunday at a shrine to mark the anniversary of the death of one of Shiite Islam's holiest figures.

The last-minute ban on all motorized traffic — excluding government and private security companies' vehicles — is part of what appears to be a concerted effort by Iraqi security forces to avoid the sectarian-inspired panic during last year's pilgrimage, when more than 950 people were killed.

On Aug. 31, 2005, rumors of a suicide bomber in a procession of Shiite pilgrims crossing a bridge in northern Baghdad provoked a deadly stampede. Most of those killed were crushed or suffocated, but many others drowned after falling or jumping into the Tigris River when the panicking crowd broke through the bridge's railings.

The panic that set off the stampede appeared to have started with unfounded rumors of a man wearing a suicide belt on the bridge. But the crowds were already tense after Sunni Arab insurgents fired rockets and mortars near the gold-domed Shiite shrine where the pilgrims were headed, killing at least seven people.

The disaster remains the greatest one-day loss of life since the war began, by a large measure.

The pilgrims were among a throng of hundreds of thousands of mostly poor Shiites commemorating the death of Imam Musa Kadhim, the seventh imam of Shiite Islam, who is said to have been poisoned while imprisoned 12 centuries ago.

Several army officials and other officials, including the defense minister, Abdul Qadr Mohammed Jassim, who appeared on television on Friday evening to announce the vehicle ban, said several security measures would fall into place before Sunday.

Only two bridges will be open between eastern Baghdad, which is mostly Shiite, and the mostly Sunni western half of the city, Iraqi Army officials said.

Prime Minister Nuri Kamal al-Maliki's office also issued a set of guidelines for pilgrims to follow near the shrine, in northern Baghdad just west of the serpentine Tigris River. The statement instructed pilgrims to cooperate with the security forces and asked them to consider not bringing children to the shrine. Carrying weapons, cellphones and large bags was also prohibited.

Violence against pilgrims had already started by Friday afternoon. Seven people driving toward the shrine were killed in the Adel neighborhood of western Baghdad when gunmen opened fire on their car, an Interior Ministry official said.

In the southern Dawra neighborhood, a car bomb exploded near a Shiite mosque, killing one person and wounding four, said the official, who spoke on condition of anonymity.

In anticipation of the second trial of Saddam Hussein and several former members of his government, the International Center for Transitional Justice, a rights group based in New York, urged the authorities here to avoid mistakes that the group said marred Mr. Hussein's first trial.

The trial is scheduled to begin Monday. Mr. Hussein and seven other defendants are charged with crimes against humanity for killing at least 50,000 people in eight military operations in 1988 in the Kurdish region of northern Iraq.

Mr. Hussein and one former official in his government are also charged with genocide. The aide is Ali Hassan al-Majid, who was responsible for northern territories during the operations and is sometimes called Chemical Ali for what officials say was his role in poison-gas attacks that killed thousands of Iraqi Kurds.

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On July 27, a nine-month trial of Mr. Hussein and several other officials in his government concluded. They were charged with orchestrating the execution of 148 men and boys in the mostly Shiite village of Dujail in 1982. A verdict is expected on Oct. 16. If found guilty, Mr. Hussein faces the possibility of being sentenced to death by hanging.

Among problems that undermined the Dujail trial, the justice center said, were a lack of access to documents by defense lawyers and, above all, inadequate security precautions for Mr. Hussein's lawyers, three of whom were killed during the trial.

Iraq Bans Vehicles During Shiite Event (LAT)

By Louise Roug, Times Staff Writer

The Los Angeles Times, August 19, 2006

The two-day prohibition in the capital is meant to avert bloodshed. About 1,000 people were killed in a stampede at the same festival last year.

BAGHDAD — The Iraqi government on Friday imposed a two-day vehicle ban in the capital in an effort to avert bloodshed during a major Shiite festival this weekend.

During the festival last year, pilgrims crossing a bridge over the Tigris River stampeded after rumors spread that a suicide bomber was among them. About 1,000 people, many of them women and children, drowned or were trampled to death in what remains the bloodiest day since the U.S.-led invasion of Iraq in 2003.

This year, authorities estimate that more than 1 million people may attend the festival, which marks the death in 799 of Imam Musa al Kadhim, one of 12 major saints in Shiite Islam.

As pilgrims arrived, they found the capital locked down with ubiquitous checkpoints, concrete blast walls separating neighborhoods and thousands of troops patrolling the streets. The vehicle ban, which covers most of Baghdad, will be in effect until 6 a.m. Monday.

While pilgrims made their way toward the blue-domed shrine in eastern Baghdad where Kadhim is buried, violence continued in and around the capital.

Authorities said gunmen shot and killed seven pilgrims walking along a highway in western Baghdad.

North of Baghdad near Baqubah, a Sunni Arab couple was killed by gunmen. In Dora, one of the most lawless areas of the city, a suicide car bomber detonated explosives near a house of worship, injuring three people.

Meanwhile, the U.S. military announced that the Iraqi army had captured three men suspected of ambushing Iraqis last month at a checkpoint in the Jihad neighborhood.

During the last 12 months, U.S. troops have handed over swaths of the capital to Iraqi forces. In most neighborhoods, security deteriorated rapidly.

To regain control of the capital, the U.S. military recently announced a security plan under which its troops would once again become a more active presence there. The stepped-up security effort, involves 13,000 American troops.

In an office affiliated with radical Shiite cleric and militia leader Muqtada Sadr in western Baghdad, soldiers from the 172nd Stryker Brigade found mortars and three surface-to-air 57-millimeter rockets, one rigged as a roadside bomb, according to the military.

U.S. officers suspect that Sadr's Al Mahdi militia is behind many kidnappings and killings of Sunnis as well as attacks against Americans.

Some militia members have infiltrated the Iraqi army and police forces, making it easier for them to raid homes and move during curfew.

But Shiite leaders have protested U.S. efforts to curb the Sadr militia. "Instead of sending [Iraqi and American] troops to hot spots in Iraq, the government sends them … to peaceful places like Sadr City and Shula where innocent and virtuous people are arrested and houses are raided," said Abdul Mohammedawi during prayers outside a Sadr political office in the Sadr City neighborhood.

Mohammedawi also praised "the Islamic resistance in Lebanon, led by the Hezbollah of Hassan Nasrallah" as worshipers chanted praise of Nasrallah and Sadr.

Most of the U.S.-led security operation has targeted Sunni neighborhoods in western Baghdad. Frustrated American commanders say Sadr and his followers have become "untouchable."

At a Sunni mosque in Baghdad, Khaled Hassnawi told his listeners that violence had become indiscriminate.

"The killings are everywhere in Iraq: yesterday in Haditha and today in Karbala," he told listeners at the Abdul Qadir Gilani Mosque, referring to a Sunni city to the west and a Shiite city to the south.

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Times staff writers Saif Hameed and Saif Rasheed contributed to this report.

DOJ_NMG_0051369

Officer Called Haditha Routine (WP)

By Thomas E. Ricks

The Washington Post, August 19, 2006

Marine Said Deaths Didn't Merit Inquiry

The Marine officer who commanded the battalion involved in the Haditha killings last November did not consider the deaths of 24 Iraqis, many of them women and children, unusual and did not initiate an inquiry, according to a sworn statement he gave to military investigators in March.

"I thought it was very sad, very unfortunate, but at the time, I did not suspect any wrongdoing from my Marines," Lt. Col. Jeffrey R. Chessani, commander of the 3rd Battalion of the 1st Marines, said in the statement.

"I did not have any reason to believe that this was anything other than combat action," he added.

Chessani's statement, provided to The Washington Post by a person sympathetic to the enlisted Marines involved in the case, helps explain why there was no investigation of the incident at the time, despite the large number of civilian deaths, and why it took several months for the U.S. military chain of command to react to the event.

It also provides a glimpse of the mind-set of a commander on the scene who, despite the carnage, did not stop to consider whether Marines had crossed a line and killed defenseless civilians.

It suggests that top U.S. commanders have been unsuccessful in urging subordinate leaders to focus less on killing insurgents and more on winning the support of the Iraqi people, especially by providing them security.

Chessani told investigators he concluded that insurgents had staged a "complex attack" that began with a roadside bomb, followed by a small-arms ambush that was intended to provoke the Marines to fire into houses where civilians were hiding.

"I did not see any cause for alarm," especially because several firefights had occurred in the area the same day -- Nov. 19, 2005 -- Chessani said. Because of that conclusion, the commander added, he did not see any reason to investigate the matter, or even to ask how many women and children had been killed.

"I just saw this as a large combat action that had been staged by the enemy," he told investigators.

The Haditha incident first attracted notice when Time magazine reported in March that the official U.S. account attributing most of the Iraqi deaths to a roadside bomb was incorrect, and that the Iraqis instead had been killed by U.S. soldiers. It became more controversial in May when Rep. John P. Murtha (D-Pa.), who had been briefed by top Marine officers, said at a news conference that what happened in Haditha was "much worse than reported in Time magazine" and that Marines had "killed innocent civilians in cold blood."

Commentators likened the incident to the Vietnam War's My Lai massacre and predicted that it would damage the U.S. effort in Iraq more than the Abu Ghraib detainee abuse scandal had.

Several Marines are under criminal investigation in connection with the incident. Their lawyers have indicated they intend to argue that those Marines followed the rules of engagement during a difficult day on a chaotic battlefield.

Defense lawyers involved in the case said Friday that they have been told that a criminal inquiry by the Naval Criminal Investigative Service concluded about two weeks ago, and that military prosecutors are working on charges that may be brought next month.

A separate review of decisions by Marine officers, including Chessani and his superiors, was conducted by Army Maj. Gen. Eldon A. Bargewell. His investigation, which concluded many weeks ago, has not been released, but people familiar with its contents have said he found multiple failures by Marine leaders in the training they mandated, in the tone they set and in how information was reported up the chain of command.

Chessani's statement, which was given at a base in Iraq beginning at midnight on March 20, is the first formal evidence to emerge in the case. Until now, media reports contained accounts provided by Iraqis and Marines rather than official documents produced by the investigatory process.

It provides the first public look at comments from a key commander who oversaw the action there and bolsters the defense argument that troops involved in the Haditha incident saw the events as part of the normal course of combat.

Chessani has not made any public comments about the case. He waived his rights when he provided the statement and did not ask for an attorney, though he had the right to do so. He was told at the outset of the questioning that he was suspected of dereliction of his duty.

Chessani was relieved of command about three weeks after giving his statement, in early April, soon after his battalion returned to its home base at Camp Pendleton, Calif. It is not clear whether he has retained defense counsel. He could not be reached for comment by telephone Friday and did not respond to e-mails.

Chessani said in his statement that when he was first informed by a military investigator that Marines under his command may have intentionally killed civilians, "the allegations seemed baseless." But the investigator then told him, he said, "That we

had killed civilians and did not have positive identification in this instance. . . . He described it that we had made entries into rooms and shot women and children. He believed, if I recall right, that some of the rooms, some of the houses that we entered, the Marines weren't being fired at at the time."

After the killings, the Marine Corps issued a statement that Iraqis had been killed in Haditha by a roadside bomb. Chessani said that he did not see the statement then, and that the first time he read it was when an investigator showed it to him about three months later.

"I knew this was inaccurate when I saw it," he stated. The Marine Corps has not issued a retraction, saying the entire matter is under investigation.

At one point, Col. John Ewers, the Marine lawyer who took the statement, seemed almost exasperated with Chessani's passive approach to the incident. Using a profanity, he told Chessani his own reaction was "15 civilians dead, 23 or 24 total dead, with no real indication of how it was that we arrived at the enemy KIA number."

Ewers asked: "Did it occur to you that you needed to do an investigation simply so you could go to the locals and say, 'This was righteous'? . . . And be confident that you were speaking with certainty?"

Chessani responded: "Sir, I did not think about it like that. . . . Enemy has picked the place, he had picked the time, and the location for a reason. . . . [H]e wanted to make us look bad."

Marine Didn't Suspect Haditha Wrongdoing (NYT/AP)

By The Associated Press

The New York Times/AP, August 19, 2006

WASHINGTON (AP) -- The Marine officer in charge of troops suspected of killing 24 Iraqi men, women and children told investigators he did not initiate an inquiry into the carnage because he did not consider the deaths unusual, The Washington Post reported Saturday.

In a sworn statement given to military investigators in March, Lt. Col. Jeffrey R. Chessani said: "I thought it was very sad, very unfortunate, but at the time, I did not suspect any wrongdoing from my Marines." Chessani was commander of the 3rd Battalion of the 1st Marines.

"I did not have any reason to believe that this was anything other than combat action," he added.

The Post said it obtained a copy of Chessani's statement.

Reached by telephone late Friday, Marine Lt. Col. Sean Gibson, a spokesman on the Haditha case, said he had not seen the report and could not comment.

The Marine Corps has been investigating whether its troops deliberately killed the Iraqis in Haditha. The Marines also are looking into whether efforts were made to cover up the incident. Initially, the Marine Corps reported that 15 Iraqis had died in a roadside bombing or were caught in crossfire between Marines and insurgents. Survivors of the encounter and human rights groups, however, claimed that 24 Iraqi civilians had been deliberately shot to death by Marines.

The New York Times reported Thursday that military investigators have concluded that the Marines destroyed or withheld evidence.

No charges have been brought in the Haditha killings, and the official results of the Marine investigation have not been released. Chessani, who has been relieved of his duties, has not spoken publicly about the incident.

According to the Post, Chessani's statement was provided by a source "sympathetic" to the Marines involved in the case. The incident occurred in a dangerous area where insurgent attacks were common.

Because attacks were so common, Chessani told investigators he saw the incident as part of a "complex attack" staged by the enemy, according to the newspaper. "I did not see any cause for alarm," he said.

The Haditha case is among recent cases of alleged atrocities against Iraqi civilians. Five soldiers and a former solider have been charged with raping and killing a 14-year-old Iraqi girl and killing her relatives in Mahmoudiya. Seven Marines and one Navy corpsman have been charged with premeditated murder in connection with the killing of an Iraqi man in Hamdania on April 26.

Two Of Iraq's Shiite Parties Denounce Iran (WP)

By Amit R. Paley And Saad Al-izzi

The Washington Post, August 19, 2006

Allegations Reveal Divisions Within Sect Usually Aligned With Powerful Neighbor

BAGHDAD, Aug. 18 -- Two Shiite Muslim parties on Friday accused Iran of instigating violence in Iraq and attempting to destabilize the country, exposing a growing rift within Iraq's largest sect that many fear will exacerbate the nation's slide into full-scale civil war.

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"All of this violence is because of the Shiism in Iran," Adnan Aboudi, head of the Islamic Allegiance Party, said in a telephone interview. "There are external infiltrating fingers playing now throughout the Iraqi arena." The party is the political wing of cleric Mahmoud Abdul Ridha al-Hassani, who is virulently anti-Iranian and anti-American.

The denunciations of Iran, among the most public attacks to date by Iraqi Shiite groups, echoed the recent concern expressed by President Bush and military officials over Tehran's burgeoning influence in the Middle East. Iran, which is governed by Shiite Persians, has close ties to Hezbollah, the Lebanese Shiite militia that has been warring with Israel, as well as to several of the largest parties in Iraq's Shiite-led government.

The pointed criticism of Iran followed a spate of violent clashes this week in southern Iraq between rival Shiite factions. The unrest served as a reminder of the bitter divisions between various parties in the governing coalition, made up of some factions closely tied to Tehran and others that bitterly criticize it.

A senior official with the Fadhila bloc, a powerful Shiite religious party that controls the oil-rich city of Basra, said Friday that "Iranian individuals are trying to depose Fadhila from the government."

"Iran has many tools and individuals in the country who are doing the things that are wanted by Iran," said the official, Abdul Wahab Razouti, who declined to name those individuals or the groups they belong to.

Juan Cole, a professor of the modern Middle East at the University of Michigan, said the recriminations toward Iran were directed at two of the largest Shiite blocs in parliament, the Supreme Council for the Islamic Revolution in Iraq and the Dawa party. The Supreme Council was founded in Iran during Saddam Hussein's rule, and it and Dawa retain strong ties to Iran.

"Those groups are often coded as Iranian puppets," said Cole, the author of the book "Sacred Space and Holy War: The Politics, Culture, and History of Shiite Islam." He said many Iraqis believe that the Supreme Council and its militia, the Badr Organization, receive substantial monetary support from Tehran. "It's obviously in the interest of Iran that parties that are friendly to it remain in power in Iraq," Cole said.

He said the hostility among Shiite factions can be traced to the gap between wealthy members of parties tied to Iran, such as the Supreme Council and Dawa, and impoverished cadres of groups critical of Iran, such as followers of Hassani.

"The Shia-on-Shia violence is, in my view, to some extent a class conflict," he said.

A fuller picture emerged Friday of the latest round of violent skirmishes that broke out between Shiite factions in southern Iraq this week. It apparently began with a car garage.

Followers of Hassani, a cleric in his late thirties based in the Shiite holy city of Karbala, said they noticed a strange car last month in a garage next to the mosque where Hassani's school and office are located. Investigators later discovered that the vehicle was packed with enough explosives to destroy the entire neighborhood, Hassani supporters said. They said a cellphone, which apparently malfunctioned as the bomb detonator, was found inside the car with 17 missed calls.

Hassani aides begged local officials to remove the car and close the garage, but they did nothing, said Aboudi, the head of Hassani's political wing. A few days later, an improvised explosive device blew up about 3 a.m. in front of Hassani's offices. His supporters were convinced that local police forces were responsible because, they said, the device was planted during a nighttime curfew.

Local government officials in Karbala could not be reached for comment Friday. Aboudi called the two incidents assassination attempts and said Iran was behind them. He said local officials did nothing because of their allegiance to Tehran.

Hassani's supporters later seized control of the garage. But Tuesday afternoon, local forces raided the garage, as well as the next-door mosque and Hassani's offices. Seven people were killed by gunfire, and more than 200 followers of the cleric were detained.

An agreement was reached Thursday to end the violence and return the mosque and offices to Hassani's followers. But both sides said prospects remain high for future clashes.

"They are targeting him because he is an Iraqi," said Aboudi, who said Hassani is one of the most prominent Arab Shiite clerics. Most of the other senior clerics are Persian or have ties to Iran.

Hassani, a former civil engineering student who says he has written 128 books, wears the black turban that identifies him as a descendant of the prophet Muhammad.

Followers of Hassani say he is an ayatollah, which means he can issue religious opinions known as fatwas , but others say he never earned that title. His first major clash with Iran came earlier this summer when a cleric in Tehran ridiculed Hassani on a widely watched Iranian television network. Hassani became the butt of jokes after it was said that he claimed to have lunched with the Imam Mahdi, a revered figure that Shiites believe will reemerge before the end of time. Hassani's followers deny that he ever made those remarks, and some attacked the Iranian consulate in Basra with steel bars and construction tools in June, demanding an apology. They never received one.

Although Hassani is still a relatively minor figure, analysts believe that his growing authority represents rising discontent with Tehran.

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Although Hassani was originally aligned with anti-American cleric Moqtada al-Sadr, he is now becoming the more radical of the two, said Cole, the professor of Middle Eastern history. "The people that are really dissatisfied with the status quo might be more likely now to follow Hassani," he said.

The U.S. military announced Friday that American and Iraqi forces in Baghdad have killed 97 people associated with death squads and detained 501 others since the launch of a plan last month to quell the relentless sectarian violence in the city. The military said a combined force of 30,000 security personnel has completed more than 49,500 patrols and seized more than 59 weapons caches since the plan, Operation Forward Together, was launched July 9.

Iraq's government on Friday night imposed a two-day ban on cars in Baghdad to prevent violence among the thousands of pilgrims arriving for a holiday this weekend commemorating the death of Imam Musa Kadhim, the eighth imam of Shiite Islam and one of the religion's most revered figures. About 1,000 people were killed last year during the holiday when rumors of a suicide bomber triggered a stampede.

A car bomb that exploded Friday night killed one person and injured four others, Iraqi television reported.

Special correspondent Naseer Nouri and other Washington Post staff contributed to this report.

Jordan Sends Ambassador To Iraq (AP)

By Vijay Joshi, Associated Press Writer

AP, August 19, 2006

Jordan has become the first Arab state to send a fully accredited ambassador to Iraq, a major display of political support for the U.S.-backed government in the face of past kidnapping-slayings of Muslim diplomats.

The United States has long urged Iraq's Arab neighbors to upgrade diplomatic relations to the ambassadorial level, rather than maintain missions headed by lesser-ranking diplomats, as an affirmation of support.

But the Arabs had been stalling due to violence and concern over the Shiite-led government's dealings with the Sunni minority, which forms the foundation of Iraq's insurgency, and the government's ties to Shiite-dominated Iran.

Most Arab governments are led by Sunnis; the majority of Iraqis are Shiite.

Ambassador Ahmed al-Lozi presented his credentials Thursday to Iraqi President Jalal Talabani, a presidential statement said Friday. The German ambassador also presented his credentials.

Al-Lozi came to Baghdad with Jordanian Prime Minister Marouf al-Bakhit, who arrived Tuesday for a three-day visit.

Egypt agreed last year to send an ambassador, Ihab al-Sherif, but he was kidnapped in July 2005 and assassinated before presenting his credentials. Two Algerian diplomats were kidnapped in the same month and killed.

In October 2005, two Moroccan Embassy workers were abducted and killed. Two months later, Sudan closed its embassy in return for the release of six embassy employees who had been kidnapped.

Al-Qaida in Iraq claimed responsibility for all the kidnappings and killing, and warned Arab and Muslim countries against establishing relations with Iraq's Shiite-dominated government.

In March, however, Arab countries agreed to open diplomatic missions in Iraq after scathing criticism by Iraq's foreign minister that they are not doing enough to help the wartorn nation.

Also Friday, the government ordered a two-day vehicle ban in the capital to guard against car bombs during weekend rallies commemorating the death of an 8th-century Shiite saint.

Seven Shiite pilgrims were shot dead late Friday as they walked through a Sunni neighborhood en route to the rally site, police said.

The ban went into effect Friday night and was expected to remain until Monday morning. A Cabinet statement said the ban would apply to about 16 neighborhoods. Later, however, Brig. Gen. Qassim al-Musawi, spokesman of the armed forces general command, said the ban would apply citywide.

The Shiite ceremonies mark the death in 799 A.D. of Imam Moussa Kadhim, one of the 12 major Shiite saints.

About 1,000 people died during last year's commemoration when rumors of suicide bombers triggered a mass stampede on a bridge across the Tigris River. It was the biggest single day death toll since the U.S.-led invasion in March 2003.

The ceremonies are taking place during a major U.S.-Iraqi security operation aimed at curbing Sunni-Shiite violence, which threatens the stability of the new government of national unity.

U.S. commanders are sending nearly 12,000 U.S. and Iraqi reinforcements to take control of this city of 6.5 million people neighborhood by neighborhood.

American and Iraqi forces arrested three death squad leaders who were involved in the massacre of 41 Sunnis in Baghdad's Jihad neighborhood last month, the U.S. military announced.

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The three were arrested Friday in raids in the Rasheed district of south Baghdad, the statement said. One of the three was believed to have been the overall leader of the July 9 massacre, in which gunmen set up checkpoints, identified Sunnis, hauled them from cars and killed them.

Also Friday, soldiers from the 172nd Stryker Brigade Combat Team discovered a weapons cache in a warehouse in western Baghdad, the U.S. military said. Included were 583 mortar shells, 104 rocket-propelled grenades, 249 rockets, machine guns, automatic rifles, ammunition and bomb-making equipment, the military said. Two suspects were detained.

U.S. and Iraqi troops also raided an office of anti-American cleric Muqtada al-Sadr and found three air-to-surface rockets, one rigged as a bomb, and two mortars, the U.S. said.

Iraqi police found 11 bodies with gunshot wounds — apparent victims of sectarian violence — in various places Friday.

Innocent Children Jailed, U.S. Official Says (WT)

By Sharon Behn, The Washington Times

The Washington Times, August 19, 2006

Children who have never been charged with a crime are being held in juvenile prisons in Iraq, a State Department official stated in a report he posted on the Internet this week.

Some of the children are in the detention centers simply because there is no one to pick them up and take them home, said Marshall Adame, an official with the National Coordination Team based out of Camp Victory in Iraq.

"These are not hardened criminals or terrorists," said Mr. Adame in a personal detailed report he published on an Internet log.

He added that there had been reports of "physical and other abuse" in the detention centers but that the U.S.-led coalition considered the issue "not our urgent business."

Called at home while on vacation in the United States, Mr. Adame said he went ahead and published his report because he wanted it to be part of the public record.

"I'm not talking about those arrested or captured in the process of fighting against the coalition. I'm talking about children who were rounded up for no particular reason, who have not been charged but have been put into detention," he said in a brief telephone interview.

In his report titled "Six Blunders we made in Iraq we can still fix," Mr. Adame praises the work of the coalition forces that have captured and killed terrorists in Iraq.

The bad news, he said, was that "in the process of combing Iraq for bad guys, field commanders, for one reason or another, and at times indiscriminately, have confined many men and women without any specific charges or reasons that can be remembered or recorded."

"Consequently the coalition has, without charge or specific reason, confined many innocent people and deprived them, without cause, of the very liberties we came here to preserve," said Mr. Adame.

Mr. Adame, a retired U.S. Marine who has two sons who have served in Iraq, one of whom was wounded in July while on patrol, also criticized U.S. officials for allowing the militarization of the Ministry of Interior (MOI) and ignoring abuses that took place there.

"It was the U.S. military generals who decided, through advisory influence, on who would control the MOI, and it was all of us who looked the other way while these Iraqi generals, led by the minister, trampled all over the rights and liberties of the good Iraqi people," Mr. Adame wrote in his report.

He describes how, in 2005, he was with an Iraqi general who was in charge of logistics for the Ministry of Interior when the general received an order -- signed by the minister -- to issue 1,000 AK-47 combat rifles to a Muslim cleric.

When the general refused to carry out the order, he was jailed by order of then pro-Iranian Interior Minister Bayan Jabr. Mr. Adame said he intervened and managed to win the release of the man, who shortly afterward survived two assassination attempts.

"Today the MOI is a very powerful military/police force deep in accusations of ethnic cleansing and human rights violations against the Sunni minority and other in Iraq," Mr. Adame wrote.

"Many of the MOI Iraqi police commanders are former and active [Shi'ite] Iraqi army officers who previously never held a civilian or police post or position in their working lives. All this through guidance and with assets provided by the USA," he wrote.

The report, based on Mr. Adame's personal observations during his three years in Iraq, also criticizes the disregard that British forces in the south had toward the Iraqis.

He details that British soldiers looted then-occupied Basra airport, that they diverted the majority of the water supply from the Iraqi airport water plant for their use, and did little to improve the airport's infrastructure. At the time, the water plant was owned, operated and maintained by Iraqis and being repaired by the U.S. Agency for International Development.

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"I believe the problems now in Basra are a direct result of the way they approached their whole relationship with the Iraqis," Mr. Adame said in the interview.

Mr. Adame joined the State Department in Baghdad in June 2005, and continues to work there overseeing the roughly 10 provincial reconstruction teams in Iraq -- the civil-military effort that links U.S. and coalition agencies to local governments in Iraq.

Putting The Iraq War On Trial (TIME)

By Eli Sanders

Time, August 19, 2006

An army officer who refused duty in Iraq goes to court with a novel argument: he had a duty to disobey because the war is illegal

When he refused to deploy to Iraq in June, Army Lt. Ehren Watada said he was following his conscience and upholding his duty not to obey illegal orders. But that didn't impress military officials, who promptly charged him with violating Army rules and sent him on a path toward a likely court-martial.

In doing so, they set up an unusual collision between a man who is believed to be the first officer to refuse duty in Iraq and a military justice system that is now effectively being asked to rule on the war's legality.

In a packed hearing room on this Army base south of Seattle Thursday, lawyers for Lt. Watada used the opportunity to put the war itself on trial, trying to prove he was right to see the war as "manifestly illegal," and as a result, to refuse to participate. "A soldier has an obligation to disobey illegal orders," said Francis Boyle, a Harvard-trained professor of international law who testified on behalf of Lt. Watada and whose mentor wrote the Army's field manual for land warfare. "Under the circumstances of this war, if he had deployed, he would have been facilitating a Nuremberg crime against peace."

Boyle, along with a former United Nations Undersecretary-General and a retired army colonel, argued that the U.S. decision to attack Iraq in 2003 without U.N. authorization made the war illegal from the beginning. He went further, arguing that the failure of the Bush administration to find either weapons of mass destruction or a provable link between Iraq and the Sept. 11 attacks showed that Congress was persuaded "by means of fraud" when it voted to authorize the war.

Lt. Watada, 28, is from Honolulu and was part of a Stryker unit that deployed to Iraq on June 22 — without him. He joined the Army after Sept. 11 and initially served in South Korea, where he received stellar marks from his superiors. As recently as last summer he was willing to go to Iraq. But the more he learned about the war, the more doubts he had, according to his public statements.

In January, after he became convinced that the war was illegal, he tried to resign rather than go to Iraq, but the Army wouldn't let him do so. As a compromise, he asked to be sent instead to Afghanistan, a war he supports. His request was not granted.

At the hearing yesterday — a precursor to a court-martial known as an “Article 32 hearing” — Watada sat calmly in his fatigues, gave no statement, and during breaks answered no questions from the many reporters gathered to watch the proceedings. However, military prosecutors played several clips of Lt. Watada speaking in public about his reasons for not deploying.

In one clip, from a Veterans for Peace convention held last weekend in Seattle, Watada explained that he is trying to put forward a "radical idea" first born during the Vietnam War. "The idea is this," he said. "That to stop an illegal and unjust war, the soldiers and service members can choose to stop fighting it."

That, prosecutors said, is exactly what they most fear. To give credence to Lt. Watada's argument, they said, would create a breakdown in military order and discipline. "It's just dangerous in our Army to allow that to happen," said Capt. Dan Kuecker, one of the prosecutors. Whether the war is legal, he said, "is not a decision for a lieutenant to make — it's a decision for politicians and legislators" Watada's behavior, Capt. Kuecker told the hearing, "is dishonorable and it is disgraceful."

Lt. Col. Mark Keith, who presided over the proceeding, is expected to decide within the next few days whether to recommend a court-martial for Lt. Watada. If one takes place, and Watada is convicted, he could face up to seven years in prison.

AWOL Soldier Heads Back To Ft. Bragg (AP-Y)

By Estes Thompson, Associated Press Writer

AP, August 19, 2006

A Fort Bragg paratrooper who says he left his Army barracks last summer because he was disillusioned with U.S. actions in Iraq surrendered to military authorities Friday.

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Sgt. Ricky Clousing, 24, had walked away from Fort Bragg on June 23, 2005, with only a few clothes and his surfboard. He said earlier Friday that he hopes airborne soldiers at the post, where thousands are deployed to Iraq and Afghanistan, will respect his reasons.

"I don't expect indoctrinated soldiers to have the capacity to understand why I'm doing what I'm doing. Anybody who has an issue with me, I will be more than glad to sit down and explain," he said as he arrived at a North Carolina airport wearing a black T-shirt with the message "Free Speech."

He was met there by Chuck Fager of Quaker House, a Fayetteville organization that counsels soldiers who want to leave the military. Fager said he dropped Clousing at the post after Clousing called military police to determine where to go.

"They told him he wasn't going to be under arrest," he said.

Maj. Tom Earnhardt, spokesman for 82nd Airborne Division, said Clousing is being treated like any other soldier.

"Now the appropriate command is going to make the decision as to what the road ahead looks like," he said.

Clousing joined the Army in 2002 and worked as an interrogator in Iraq from December 2004 until April 2005 while a member of the 313th Military Intelligence Battalion in the 82nd Airborne.

During his time in Iraq, Clousing said he saw an innocent Iraqi man killed by an American soldier in Mosul. He said he tried to talk to unit leaders about the incident but they dismissed him as an inexperienced soldier.

Clousing said he was upset by "the daily physical, emotional and psychological harassment of civilians (and) the daily killing of innocent civilians."

"I learned from the Iraqis their confusion as far as our role there," he said.

Clousing said military authorities told his lawyer that there was no paperwork showing that he was AWOL, but after he turned himself in at Fort Lewis, Wash., last week, the military gave him orders to report to a unit at Fort Bragg that handles absent soldiers.

"It's been my intention to turn myself in," he said. "I really don't feel nervous. I feel totally at peace."

On Technical Grounds, Judge Sets Aside Verdict Of Billing Fraud In Iraq Rebuilding (NYT)

By Erik Eckholm

The New York Times, August 19, 2006

A federal judge has set aside a verdict of corporate fraud in Iraq on disputed technical grounds, raising questions about the ability of whistleblowers and the United States government to pursue companies that profited illegally in Iraq during the chaotic year after the invasion.

Last March, based on evidence provided by two company whistleblowers, a federal jury in Virginia found that the contractor Custer Battles L.L.C. had filed grossly inflated invoices to the Coalition Provisional Authority. In the civil suit, the first Iraq-related case to be brought under the False Claims Act, the company was declared liable for more than $10 million in damages and penalties.

The case was expected to be the first of dozens to be filed under the act, a crucial tool against government fraud that allows company insiders to sue and share any damages awarded to the government. Numerous such cases from Iraq have been filed and are under seal while the Justice Department completes its initial investigations, lawyers and federal officials say.

But an underlying issue, raised by Custer Battles during its trial and on appeal, was whether bills submitted to the Coalition Provisional Authority could be regarded as bills presented to the United States government. The coalition authority is an entity created and largely financed by the United States to run Iraq, and largely staffed by American officials, but with an ambiguous legal status.

The Justice Department in an advisory opinion, and the jury in the Custer Battles case, said that some of the Custer Battles invoices were indeed claims against the American treasury and that the False Claims Act applied.

But in an opinion issued Wednesday and posted yesterday, Judge T. S. Ellis III, of the Federal District Court in Alexandria, Va., said the plaintiffs had “failed to prove that the claims were presented to the United States.” The coalition authority, the judge ruled, was an international entity, and bills presented to American officials then detailed to the authority were not subject to the False Claims Act.

The judge did not address the appeal to overturn the fraud findings, saying this was not necessary if the act did not apply.

The lead lawyer for the whistleblowers, Alan Grayson, of Grayson & Kubli in McLean, Va., said they would appeal the decision to the United States Court of Appeals for the Fourth Circuit in Richmond, Va.

“If this turns out the way the law ends up, it will make it more difficult to prosecute fraudulent contractors in Iraq,” Mr. Grayson said in a telephone interview. “But this is clearly not the final word on the subject.”

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Judge Ellis did let one part of the original verdict stand, the finding that one of the former Custer Battles officials who brought the charges, William D. Baldwin, had been fired illegally for complaining about illegal billing. Mr. Baldwin was awarded $230,000 in damages.

In a news release issued yesterday, lawyers for Custer Battles, from the Washington office of Porter, Wright, Morris & Arthur, praised the judge for setting aside the jury verdict and repeated that Scott Custer, Mike Battles and their company were innocent of any fraud.

Verdict Against Iraq Contractor Overturned (WP)

By Renae Merle

The Washington Post, August 19, 2006

Postwar Authority's Murky Status Cited

A federal judge threw out a $10 million jury verdict against an American company accused of overcharging on an Iraq reconstruction contract after concluding that the now-defunct Coalition Provisional Authority was not a U.S. government entity.

The civil fraud suit against Custer Battles LLC, which has offices in Northern Virginia, arose out of the chaotic 14-month period during which the authority governed Iraq after the 2003 U.S.-led invasion.

Using federal whistle-blower laws, a former employee and a subcontractor claimed Custer Battles created phony Cayman Islands companies to overcharge the authority on a contract to furnish Iraq with a new currency. The firm denied the claim.

Although a jury found the company guilty, U.S. District Judge T.S. Ellis III ruled on review that the firm could not be sued under the federal False Claims Act because of the ambiguous structure of the authority, which issued the contract. The judge also concluded that the way in which the company had been paid distanced it from the U.S. government.

He said there was ample evidence that the company had submitted "false and fraudulently inflated invoices" but found that the nature of the Coalition Provisional Authority precluded a fraud claim. Ellis signed his ruling Wednesday; it was made public yesterday.

Although "the CPA was principally controlled and funded by the U.S., this degree of control did not rise to the level of exclusive control required to qualify as an instrumentality of the U.S. government," the 23-page ruling said. "In fact, the evidence clearly establishes that it was created through and governed by international consent."

The case is one of several to emerge from the $21 billion U.S. reconstruction effort as complaints emerge about sole-source contracts and allegations of fraud and corruption. The office of the special inspector general for Iraq Reconstruction has referred more than 20 criminal cases to the Justice Department for prosecution and has said that the authority's financial systems were so flimsy that billions of dollars could not be accounted for.

The Custer Battles litigation was brought under a separate anti-fraud law that allows citizens to sue on behalf of the government. It is not known whether any similar cases have been brought against contractors for the CPA. Such matters are sealed until the Justice Department decides whether to join the suit, which it did not in the Custer Battles case.

The Justice Department declined to comment on the ruling or its possible impact on other cases.

The plaintiffs in the Custer Battles suit, Robert Isakson and William Baldwin, will appeal, said their attorney, Alan M. Grayson. "If you want to make a list of all the things the Bush administration has screwed up, they created this Frankenstein entity called the Coalition Provisional Authority," Grayson said.

"CPA was created by the U.S. government, run by largely U.S. employees. This ruling could stand logic on its head," said Sen. Byron L. Dorgan (D-N.D.). "It's a setback for accountability."

Custer Battles was founded by Scott Custer, a former Army Ranger, and Michael Battles, a West Point graduate who served in the CIA. The company grew rapidly after the Iraq war as it was awarded CPA contracts.

The company's owners are "ecstatic," said their attorney, Robert Rhoad.

Staff writer Dan Eggen contributed to this report.

Afghan City's Rebound Cut Short (WP)

By Pamela Constable

The Washington Post, August 19, 2006

Battles Between NATO Forces, Resurgent Taliban Make Ghost Town of Kandahar

KANDAHAR, Afghanistan -- Less than a year ago, this was a city on the rebound after years of conflict, drought and political isolation. Business was booming with an influx of international development aid, shops stayed open late, markets burst with locally grown fruit and traffic snarled hopelessly much of the time.

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Today Kandahar is a ghost town, braced for the next suicide bomb and full of refugees from rural districts where Taliban insurgents are battling Afghan and NATO forces. Streets are all but empty of vehicles, foreign aid offices are reduced to skeleton crews and shoppers hurry home before dark instead of lingering at tea shops.

As 10,000 NATO troops fan across southern Afghanistan seeking to contain and quash the rapidly growing insurgency, Kandahar -- both the religious birthplace of the Taliban militia and the homeland of President Hamid Karzai -- seems to symbolize the dashed hopes and angry confusion that have gripped much of Afghanistan's Pashtun tribal belt.

Many residents say they hate and fear the Taliban fighters, who occupy villages, demand food and vehicles, sabotage summer grape harvests, burn down girls' schools and execute district administrators as spies. On the highway through town, drivers rush past the spot where suicide bombers blew up a van of translators bound for a U.S. military base several months ago, killing 13 people.

But people here also express deep disappointment in the Karzai government, saying it has failed to bring security or services to a region that expected much of its president and native son. They also resent the foreign military forces that have raided their homes and bombed their villages and yet have been unable to stop the insurgents. Last month, the region's military command passed from the United States to NATO, but residents of Kandahar are skeptical that the new troops can do any better.

"The Taliban keep appearing from nowhere, and we are not sure if NATO will be strong enough to defeat them," said Fariba Ahmad, 32, a member of parliament from Kandahar, who said she must cover with a veil now to protect herself on the street. "People feel so hopeless and frustrated with the government that some support the Taliban, because they have nowhere else to turn."

The danger is much greater outside this provincial capital, especially in districts such as Panjwai, a grape-growing area about 30 miles west, which has been the scene of near-constant fighting all summer. Many families fled the district in May after a fierce battle between Taliban and pro-government forces led to a U.S. airstrike that killed 16 civilians as well as numerous insurgents.

"The Taliban told us to leave or we would be killed, and then the American bombs destroyed everything. I am angry at both of them," said Shah Bibi, 55, whose family escaped Panjwai on tractors and now occupies a ruined mud compound in the city, without water or electricity. The family brought its guard dog and a crib for the youngest child but had to leave behind its sheep and cows.

"I don't know what became of them," she said with a worried frown.

A different kind of refugee from the fighting is Zahir Akhund, 48, a former longtime Taliban member from Panjwai who recently entered the Afghan government's reconciliation program. He said he had joined the Taliban during the Afghan civil war in the 1990s, resigned during a short-lived general amnesty in 2002 but rejoined the militia last year after he and other former fighters were harassed by Afghan security agencies.

Akhund's story could not be independently verified, but it seemed consistent with other accounts explaining the Taliban militia's recent revival, including its sources of support in neighboring Pakistan, its tactical alliance with opium traffickers and its punitive pressure on members who seek to return to civilian life.

Akhund said he had spent the past year in the border regions of Pakistan, where he described senior Taliban figures as operating freely and working with Pakistani intelligence agencies. He said he and his men were given money and weapons and sent into Afghanistan to fight, sometimes acting as guides for Pakistani suicide bombers.

"I didn't want to do these things, but the Pakistanis told us if we did not come back here and fight, we would be arrested and turned over to the Americans," said Akhund, who lives with his family in a rented room in Kandahar. "Now I can't go back to Pakistan. But I can't go back to my village either, because the Taliban there would kill me."

Officials of the reconciliation program said there were several hundred other local Taliban members who would be willing to quit fighting, if only the government could find the resources to provide them with shelter, jobs and protection.

Akhund and the officials said Taliban leaders constantly pressured wavering fighters to return to the fray, alternately offering money and threatening death. They also said that while still motivated by Islamic beliefs, the insurgents had moderated their strict policies to win local support, no longer punishing men for wearing short beards, listening to music or holding popular bird fights.

Village elders from Panjwai said that it might be possible to negotiate a truce with local Taliban members but that attempts would be thwarted by their hard-line leaders or backers in Pakistan.

Karzai and other Afghan officials have repeatedly accused Pakistan of supporting and promoting cross-border infiltration by Taliban insurgents. Pakistan's president, Gen. Pervez Musharraf, has strongly denied the allegations and pointed out that he has deployed more than 70,000 troops to patrol the volatile border areas. But few in Kandahar believe that Pakistan is sincere.

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"We are tribal people, and a meeting is always the best way to solve things, but it can only work among Afghans," said one elder, Din Mohammed. "Those in control are not from here, and they don't want to sit down and talk. It is up to the foreign forces to deal with them. But now all the people are asking, if the foreigners were able to defeat the Taliban in one month in 2001, why can't they do it now?"

Officials of the NATO military mission, based in Kabul, said their troops have been scattered across the south, with intense fighting in Helmand province. They said that although an ambitious, final U.S.-led operation this summer killed nearly 800 Taliban fighters, it also revealed how large and committed the insurgency has become.

"The Taliban used to be mostly hit and run, but now they have certain areas they want to fight for and keep," said one NATO official, who spoke on condition of anonymity. He said that Kandahar city was still considered relatively safe and that NATO forces in the province were focusing on certain rural areas, which they hope to secure and spread out from -- as the Taliban is trying to do.

Today, the Panjwai district is at the heart of that struggle. A suicide bomber killed 21 people there two weeks ago while approaching a NATO patrol in the central market, and refugees in Kandahar said Taliban fighters were moving freely among its villages, preventing grapes from being harvested, while about 1,000 families have fled the area.

The city has suffered, too. Businessmen, who invested in hotels, restaurants or appliance stores as the city began springing back to life after the overthrow of the Taliban in 2001, said they have incurred heavy losses as foreign visitors and aid workers have been evacuated, the rebuilt highway to Kabul has become too dangerous to travel and Kandahar's feisty spirit has succumbed to fear.

"A year ago, I had a waiting list and was taking in $50,000 a month. Now I am lucky if I have 10 rooms occupied, and my income is $5,000 a month," said Nasir Ahmad, who invested $2 million to build a luxury guesthouse in 2002. "Business from A to Z is zero, the government is zero, security is zero. The Taliban are everywhere, and we are just waiting in the hope that NATO will push them back."

Provincial officials said it was crucial to move forcefully against the insurgency now, before the region comes to a complete economic standstill and the flow of development aid and investment, already reduced to a trickle, dries up. In addition to NATO, they said, the Afghan police and army need to be strengthened and expanded.

"We need more soldiers, more ammunition, a powerful punch to finish them off," said Daud Ahmedi, a media official for the province. "The line is very clear now. This fight is between the democrats and the fundamentalists. If we do not kill the fundamentalists, they will kill us."

But for some people in this region of conservative tribal ways and religious values, the distinction may not seem so simple. Many residents of Kandahar knew and supported the Taliban in the 1990s and may still come closer to its views than to those of the Karzai government, which includes Westernized technocrats and promotes women's rights.

"The Taliban were good Muslims, and when they were here our business was good," said Abdul Ahad, 50, who was selling grapes on the sidewalk. "Since the infidels came to power, what have we gotten besides television? What we need is security and an improved religion so we can build our society according to Islam."

As a reporter was speaking with Ahad next to his basket of grapes, a man in a dark suit approached her driver and whispered urgently that she should get back in the car. "The security situation is too dangerous now," the plainclothes officer said, turning to her with an apologetic smile. "On the street, we cannot be responsible for your life."

Where Is Euphrates Etiquette? (NYT)

By Maureen Dowd

The New York Times, August 19, 2006

WASHINGTON

You know W. is burned up at the Iraqis.

You know Rummy got disgusted with nation-building ages ago. (In Baghdad in April, Rummy doodled at a news conference while Condi went on about her hopes for Iraq's future.)

You can tell that Condi has grown fed up with the intractable mess in Iraq because she's so focused on the intractable mess in Lebanon.

And certainly Dick Cheney has given up on those obstreperous Iraqis to move on to the more gratifying task of plotting how to liberate Iran and Syria.

W., unschooled in Middle East quicksand politics, learned the hard way that too many Iraqis prefer jihad to Jefferson. The Iraqi forces can't stand up so we can scamper out. The Shiites we gave the country to prefer Iran and Hezbollah to the U.S. and Israel. And our rebellious yet incompetent Iraqi puppets have had the temerity to criticize both the U.S. and Israel for brutal behavior in the region.

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How sharper than a serpent's tooth it is to have a thankless child, as the Bard said, and the Bush administration has always condescendingly treated Iraq as though it were an ungrateful child. Rummy, Paul Wolfowitz and Republican lawmakers liked to compare the occupied nation to a tyke on a bike. "If you never take the training wheels off a kid's bicycle,'' Wolfie would say, "he'll never learn to ride without them.''

Thom Shanker and Mark Mazzetti of The Times reported that the president seemed dissatisfied this week in a private meeting at the Pentagon with his war cabinet and outside Middle East experts.

"I sensed a frustration with the lack of progress on the bigger picture of Iraq generally — that we continue to lose a lot of lives, it continues to sap our budget,'' one person who attended the meeting told The Times. "The president wants the people in Iraq to get more on board to bring success." Another said that W. was confounded that 10,000 Iraqi Shiites would take to the streets to rally behind Hezbollah.

W. is sick of holding on to the bike as his legacy crashes. He wants to see some gratitude from his charges — pronto.

The Iraqis have no doubt offended W.'s keen sense of loyalty. He went back to sack Saddam to make up for his father's lack of loyalty to the Shiites who were slaughtered after Poppy encouraged them to rise up, and now the Shiites show little loyalty to W.

Carole O'Leary, an American University professor who is working in Iraq on a State Department grant, told The Times that Mr. Bush offered the view that "the Shia-led government needs to clearly and publicly express the same appreciation for United States efforts and sacrifices as they do in private."

Naturally, Tony Snow denied that President Resolute was frustrated. But if W. can behold how his plans have backfired and not be frustrated, then he's out of touch with reality. And the reason W. is meeting with outside experts is to demonstrate that he is, too, in touch with reality. Even though he doesn't use that expertise to reshape his plan in Iraq, which shows again that he's out of touch with reality.

Reviewing Paul Bremer's book in The New York Review of Books, Peter Galbraith wrote: "In Bremer's account, the president was seriously interested in one issue: whether the leaders of the government that followed the [Coalition Provisional Authority] would publicly thank the United States. ... Bush had only one demand: 'It's important to have someone who's willing to stand up and thank the American people for their sacrifice in liberating Iraq.' "

You can take the boy out of Kennebunkport, but you can't take Kennebunkport out of the boy. The erstwhile black sheep is now as obsessed with manners as his dad. He's furious that he got no thank-you note from the Iraqis for the big present of allowing them the opportunity to be like us. They refused our gift, after everything W. did for them — invading their country under the false pretense of protecting our country, shattering their shaky infrastructure, and starting a shame spiral that's led to civil war.

His foreign policy has been more force majeure than the noblesse oblige of his father and grandfather. But now he has embraced noblesse, and puzzles over why the poor Iraqis do not feel more obliged after being blessed with America's philosophical, economic and political riches. How on earth do these benighted folk not understand the difference between the good guys and the bad guys?

CORPORATE SCANDALS:

Quattrone May Avoid 3rd Trial (NYT)

By Andrew Ross Sorkin

The New York Times, August 19, 2006

Frank P. Quattrone, the Silicon Valley banker who helped drive the 1990's boom in technology, has reached a deal with federal prosecutors that will allow him to avoid a third criminal trial on obstruction charges and resume a career in finance, people briefed on the negotiations said yesterday.

Mr. Quattrone will enter into a deferred-prosecution agreement that will impose no penalty if he does not violate any laws in the next several years, these people said. They spoke on the condition of anonymity because the judge has not yet formally approved the settlement. While deferred-prosecution agreements often include an admission of wrongdoing, there is no such statement by Mr. Quattrone in the settlement, they said.

For federal prosecutors who had once sought to portray Mr. Quattrone as a symbol of Wall Street greed and manipulation during the dot-com bubble, the settlement is a significant retreat. The case against Mr. Quattrone had been the most prominent prosecution of a Wall Street figure since Michael R. Milken, who pleaded guilty to six securities charges in 1990.

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Now, speculation has been rampant in Silicon Valley that Mr. Quattrone will start a boutique advisory and private equity firm focused on technology companies. He may even try to reassemble some of his former team of bankers from his old firm, Credit Suisse First Boston.

The agreement is expected to be presented for approval before Judge George B. Daniels of Federal District Court in Manhattan at a hearing on Tuesday.

A spokeswoman for the United States attorney's office in Manhattan declined to comment. A spokesman for Mr. Quattrone also declined to comment.

Mr. Quattrone, who as an investment banker led the initial public offerings of companies like Amazon.com and Cisco Systems, was convicted in May 2004 of obstruction of justice as a result of endorsing a colleague's e-mail message in December 2000 that urged his staff to "clean up those files.'' An earlier trial on the same charges resulted in a deadlocked jury and was declared a mistrial.

But in March, a federal appeals court overturned the 2004 conviction, finding that the judge's instructions to the jurors had failed to adequately require that they establish that Mr. Quattrone intended to thwart a government investigation.

That reversal was the first in a series of victories for Mr. Quattrone. A few days later, the Securities and Exchange Commission revoked the lifetime ban from the securities industry that it had imposed on Mr. Quattrone. And in June, NASD, the brokerage industry's regulator, dropped its charges against him.

As a result, Mr. Quattrone, 50, can now return to Wall Street and to deal making for the first time since he left Credit Suisse First Boston in March 2003.

Still, all the publicity surrounding Mr. Quattrone means that he probably will not return to a major Wall Street firm immediately. The son of a Philadelphia garment worker, Mr. Quattrone was a banker at Morgan Stanley, Deutsche Bank and Credit Suisse First Boston, now Credit Suisse.

The agreement with prosecutors is not expected to limit whatever business venture he pursues next.

Deferred-prosecution agreements are being used in a growing number of white-collar cases, chiefly with the companies themselves in order to avoid an indictment of the company. For many businesses, an indictment is an effective death knell, as it was for the accounting firm Arthur Andersen in 2002. The drug maker Bristol-Myers Squibb, the accounting firm KPMG and others have reached such agreements with federal prosecutors. Their use with individuals is more common in drug cases than in white-collar investigations.

In throwing out the conviction and ordering a new trial, the United States Court of Appeals for the Second Circuit, in Manhattan, did find that there was enough evidence to retry Mr. Quattrone.

But after five years, two trials, thousands of hours of work and millions of dollars, the United States attorney's office in Manhattan has apparently decided that a third trial was not in the public's interest.

And since it first began investigating whether First Boston was soliciting kickbacks from investors in exchange for access to hot stock offerings, the United States attorney's office has secured a number of prominent white-collar victories: the convictions of Martha Stewart, Bernard J. Ebbers of WorldCom and John J. Rigas of Adelphia Communications, among others.

CRIMINAL LAW:

Libby Denied Some Classified Documents (AP)

AP, August 19, 2006

A federal judge blocked Vice President Dick Cheney's former chief of staff on Friday from using some classified material to help with his defense in the CIA leak case.

Former White House aide I. Lewis "Scooter" Libby has been granted access to a number of classified documents to prepare for trial, but U.S. District Judge Reggie B. Walton denied Libby's request for an unspecified number of other documents.

"The documents and information at issue are extremely sensitive and their disclosure could cause serious if not grave damage to the national security of the United States," Walton wrote in a ruling that sides with prosecutors and intelligence officials who opposed turning them over.

Walton ruled that the documents being withheld would not aid Libby's defense.

Libby faces charges of obstruction of justice and lying about how he learned the identity of CIA officer Valerie Plame and what he told reporters about her.

Libby's discussions with reporters came shortly after Plame's husband, former U.S. Ambassador Joseph Wilson, accused the Bush administration of twisting prewar intelligence to exaggerate the Iraqi threat.

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When it was revealed in a newspaper column in 2003, Plame's job as an operations officer for the spy agency was classified information.

Libby is scheduled to go on trial in January.

Timing Of DA's Probe Questioned (DENP)

By Kirk Mitchell, Denver Post Staff Writer

Denver Post, August 19, 2006

Fundamental steps in the investigation into John Mark Karr's possible involvement in the murder of JonBenet Ramsey didn't really begin until after his arrest.

Though the Boulder County district attorney's office had enough undisclosed evidence to get a judge to order Karr's arrest in Thailand on a first-degree murder count, it was only after the warrant was issued that investigators started asking questions experts say would form the bedrock of a successful homicide prosecution.

For example, it wasn't until Wednesday morning, after Karr was in Thai custody on that warrant, that a representative of Boulder DA Mary Lacy's office called the Marion County School District in Hamilton, Ala., where Karr once taught, to seek anything in Karr's handwriting for comparison to the ransom note allegedly left by JonBenet's killer.

Similarly, Lacy's office has still not contacted the Colorado Bureau of Investigation to compare anything from Karr - DNA, handwriting, a palm print, footprint or even shoe size - to the evidence found at the murder scene.

Nor did the DA's office consult with education officials in Colorado or California to see if they could track Karr's teaching history.

Karr's ex-wife and kids also weren't contacted to see if they would provide an alibi for Karr's whereabouts at the time of JonBenét's murder. The ex- wife has told a San Francisco television station that she is sure

Members of the media gather Friday outside the Charlevoix, Mich., home of John Ramsey, the father of JonBenét Ramsey. John Ramsey has chosen not to elaborate on his earlier statement of gratitude over the arrest of John Mark Karr in his daughter s case. (AP / John L. Russell)

he spent Christmas 1996, around the time of the murder, with her and the family.

Likewise, the spokesman for the Sonoma County Sheriff's Department in California, which has had a fugitive warrant since 2001 seeking Karr's arrest on five counts of misdemeanor possession of child pornography, said the department was unaware of Karr's possible connection to the Ramsey case until after he was in Thai custody.

At a news conference Thursday, Lacy indicated that "exigent circumstances" forced the arrest of Karr to occur before she would have preferred. She did not disclose any of the evidence she has that ties Karr to the crime. She added that an investigator from her office was dispatched to Bangkok, Thailand, on just a few hours' notice before Karr was picked up at the request of her office.

Lacy's spokeswoman, Carolyn French, reiterated Friday that public safety and fear of flight generally drive decisions on when to arrest someone.

But former Denver prosecutor Craig Silverman raised questions about the handling of the case.

"You must conclude either Mary Lacy has solid, conclusive evidence or this is massive prosecutorial incompetence," Silverman said.

He said the Sonoma sheriff's office could have been notified by Boulder that Karr was in Thailand and then could have used their California warrant to seek Karr's detention there. Or the U.S. Justice Department could have been asked to issue a warrant charging Karr with unlawful flight to avoid prosecution, Silverman said.

While either California or federal officials had him in custody, evidentiary tests could have been performed that would corroborate Boulder's case against Karr or exclude him, Silverman said. That way the public - and potential jurors - would never have known that a suspect was being tracked in the JonBenet case until prosecutors had it nailed down.

Or detectives could have followed him to a restaurant in Bangkok and picked up a cup he had taken a drink from and done a DNA test, he said.

There was substantial evidence at the JonBenet murder scene that is available for comparison to any suspect, officials say.

Law enforcement sources have previously confirmed the girl was found with "foreign" DNA under her fingernails.

The DNA reportedly did not match genetic material collected from dozens of Ramsey family members and friends. There also was DNA in her underwear.

CBI spokesman Lance Clem said experts there processed 3,000 pieces of evidence, including DNA and 150 handwriting samples, in the Ramsey case. It took 3,000 hours of processing time to develop the evidence.

The office has been asked numerous times to process new evidence in the Ramsey case, but the last time CBI criminologists processed any of the evidence was in June 2005, Clem said.

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School Superintendent Bravell

Advertisement

Jackson of Marion County, Ala., where Karr briefly was a substitute teacher, answered a request Wednesday from the Boulder DA's office and faxed a copy of a letter Karr wrote to the district in 1996 when he was fired from the school.

Silverman said the DA's office could have requested the letter earlier. The ransom letter is critical to solving the Ramsey murder case, he said. If Karr's writing isn't a match, it would be compelling evidence that could exclude him, he said.

"Why create this hubbub when you could conduct all the corroborating tests while he is in someone else's custody?" Silverman asks.

Bryan Cunningham, a Denver attorney who tackled international drug cases as a federal prosecutor and extradited drug kingpins to the U.S., said no prosecutor who has probable cause to prove a murder case would ask a foreign government to expel a fugitive on a misdemeanor offense.

Treaties with certain countries may not even allow an extradition on such a minor case as the misdemeanor pornography charge in California, he said.

Christopher Mueller, who teaches evidence law at the University of Colorado Law School, said he believes Lacy has strong evidence in the case, either physical evidence connecting Karr to JonBene;t's murder or he has described elements of the crime only the killer would know.

In an ideal world, all loose ends, including a DNA test and handwriting comparisons, would be done before an arrest, but if the DA had worries that Karr would flee or molest more children in a school where he was teaching, that would be a good reason to file charges first, he said.

And if DNA tests show that Karr was present in the Ramsey home, it probably won't matter to anyone whether the bulk of the investigative work took place before or after a warrant was issued for his arrest.

"I think it is too early to know if the DA has done something precipitous," Mueller said.

Also Friday, a Thai police official backpedaled on his earlier assertion that Karr had said he drugged JonBenét and picked her up from school before the murder.

Both of those statements were seized upon as inconsistent with the evidence in her murder, but Friday, Gen. Suwat Tumrongsiskul, commissioner of the Thai immigration bureau, said Karr had not said those things, but his earlier statement was the result of a misunderstanding.

Meanwhile, CNN reported that Boulder investigators were interested in a yearbook signature Karr gave to an Alabama classmate, and California authorities unsuccessfully searched the cell of the person convicted of killing 12-year-old Polly Klaas in 1993 for ties to Karr.

Karr wrote in the unidentified woman's yearbook: "sometimes, so blocked by my own eyes, I've seen the best things come and go simultaneously; though deep in the future, MAYBE I SHALL BE THE CONQUERER AND LIVE IN MULTIPLE PEACE." He signed it "Angelicy Forevermore."

The phrase "shall be the conqueror" matches the cryptic initials "SBTC" left in the ransom note by JonBenet's likely killer. Analysts working the case at the time speculated that those initials probably stood for "Saved By The Cross," though without a suspect willing to talk, there was no way to know.

Staff writers Karen Rouse and Michael Riley and Cox News Service contributed to this report.

Staff writer Kirk Mitchell can be reached at 303-820-1206 or kmitchell@denverpost.com.

Ruling Raises Bar In Lobbyists' Case (WP)

By Walter Pincus, Washington Post Staff Writer

The Washington Post, August 19, 2006

Government Now Must Prove Former AIPAC Workers Intended to Harm U.S.

The federal judge who last week refused to throw out charges of conspiring to violate the 1917 Espionage Act against two former pro-Israel lobbyists simultaneously made it much more difficult for the government to prove its case against them, attorneys for the defendants and First Amendment advocates contend.

In a controversial case with wide free-speech implications, two former lobbyists for the American Israel Public Affairs Committee (AIPAC), Steven J. Rosen and Keith Weissman, were charged with conspiring to obtain national defense information from U.S. government officials and pass it on to members of the media and Israeli government officials.

They are the first U.S. citizens not employed by the government to be charged under the 89-year-old law for allegedly receiving and transmitting such information verbally, rather than through classified documents.

In his Aug. 10 opinion, U.S. District Judge T.S. Ellis III said the law is constitutional. But for the government to prove its case, he ruled, it must show that the two men disclosed national defense information "closely held by the government" and that

each "had bad faith purpose" in passing it to others, knowing it "could be potentially damaging to the United States" or "useful to an enemy of the United States."

The former lobbyists have contended that, unlike spies, they were receiving and passing on information as part of their First Amendment right to carry on public discussions about defense and foreign policy issues. Ellis supported that concept and refused to accept the government's assertion that "Espionage Act prosecutions are immune from First Amendment scrutiny."

Ellis said that "the defendants' First Amendment interests [are] at stake in this prosecution," along with those of journalists, academics, think-tank experts and others who argue that the prosecution would infringe on their ability to discuss national security information.

Some experts argued last week that Ellis may have opened the door to criminal prosecutions of reporters or newspapers for publishing classified information. But in an interview, Rosen's attorney, Abbe D. Lowell, said that "to obtain convictions, prosecutors would have to prove that the defendants knew what they were doing was illegal and, in some instances, knew the disclosures could harm American national security or be helpful to a foreign nation."

The government would also have to prove that "national security is genuinely at risk" because of the alleged actions of Rosen and Weissman, Lowell added.

A spokesman for government prosecutors said they would have no comment on the case.

Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said the portion of Ellis's decision requiring proof of intent to harm the United States or help an enemy "gave a bit of relief and something to work with" should journalists become the focus of prosecutions.

Dalglish was less sanguine about Ellis's suggestion that the time had come for Congress to review and perhaps update the espionage law. In his opinion, Ellis wrote: "The conclusion that the statute is constitutionally permissible does not reflect a judgment about whether Congress could strike a more appropriate balance between these competing interests, or whether a more carefully drawn statute could better serve both the national security and the value of public debate."

Ellis said changes in the position of the United States in world affairs since the law was passed, along with the complexity of the country's military and foreign policy establishments, suggest "that the time is ripe for Congress to engage in a thorough review and revision of these provisions" to ensure that they balance national security and free-speech rights.

Dalglish called the idea of Congress taking up the issue "a distressing thought." She noted that Sen. Christopher S. Bond (R-Mo.) recently introduced a bill that would punish government employees who leak classified information, without prosecutors having to prove harm to the United States or aid to a foreign government. A similar bill was vetoed by President Bill Clinton.

Kate Martin, director of the Center for National Security Studies in Washington, noted that the Bush administration carried out a review of secrecy laws and decided in October 2002 that no changes were needed.

In a separate ruling in the case last week, Ellis said the government could not introduce evidence that a document sought by Weissman from a government official was classified by the CIA. The AIPAC defendants have contended that they never sought classified information and that the document they sought was unclassified.

According to Ellis's ruling, the paper was a "publicly distributed" document of a foreign government, but the CIA's "identical copy of that document is classified." To introduce that as evidence, Ellis said, "may mislead the jury into believing that Weissman sought a classified document."

Researcher Julie Tate contributed to this report.

'Duke' Cunningham's Wife Says She Felt Deceived (LAT/AP)

From The Associated Press

The Los Angeles Times, August 19, 2006

SAN DIEGO — The wife of disgraced former congressman Randy "Duke" Cunningham felt deceived about the extent of her now-estranged husband's corruption, she said in her first public interview since the scandal broke last year.

Nancy Cunningham told New Republic magazine that she didn't question junkets paid for by defense contractors because other senior congressional figures, including Speaker Dennis Hastert, joined in.

"How can it be illegal or unethical if the most important man in Congress is doing it?" she asked interviewer Kitty Kelley, a celebrity biographer.

Duke Cunningham, who held seats on powerful House intelligence and appropriations committees, resigned from Congress in November. He was sentenced in March to more than eight years in federal prison after pleading guilty to accepting $2.4 million in bribes.

Nancy Cunningham, 54, said in the Aug. 28 issue of the magazine that it was her husband's greed that led to his downfall.

"He grew tired of everything he collected and always wanted more," she said.

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But she dismissed luxury items given to him as bribes — including yachts, homes and antique furnishings — as "not that great" and described their $2.55-million estate as "a fixer-upper."

Cunningham compared herself to former First Lady Pat Nixon.

"After Richard Nixon's scandal, she internalized his shame to such an extent that she suffered a stroke and died a miserable death," she said. "He got to live long enough to somewhat vindicate himself, but Pat Nixon got nothing. I will not let that happen to me."

She repeatedly called her husband Mr. Cunningham. "It's mental distancing. As far as I'm concerned, he no longer exists," she said.

The Cunninghams have been married since 1974 and have two daughters. Her attorney, James Macy, said the pair have been separated since July 2005, when FBI agents raided their Rancho Santa Fe home.

She said she had told her husband to review his transactions with the House Ethics Committee, and accused congressional staffers of keeping her in the dark about his activities.

"I feel they deceived me all along about what he was doing," she said.

She is suing the federal government to recover a share of the financial settlement that Cunningham forfeited to the federal government as part of his plea agreement.

Her attorneys say they believe her case will be settled in early September. Federal prosecutors involved with the case did not return a message left seeking comment.

Duke Cunningham's attorney, K. Lee Blalack II, declined to comment on the New Republic article.

Federal Judge Blasts Texas Attorney General For Seizing X-rays (AP)

AP, August 19, 2006

A federal judge scolded Texas Attorney General Greg Abbott when she found out important evidence in the investigation into potentially fraudulent diagnoses of the lung disease silicosis had disappeared after he seized documents from a Corpus Christi storage facility, a newspaper reported Friday.

U.S. District Judge Janis Graham Jack rebuked Abbott on Aug. 11 for sending four armed agents to take thousands of X-rays from a private company storing the records for the federal court, The New York Sun reported.

"The arrogance of taking those documents from a federal court-supervised depository is astounding," the newspaper quoted Jack as saying during a conference call with lawyers involved in the case. "The attorney general of the state of Texas has exhibited a total disregard for the rule of law by doing this."

Jack, based in Corpus Christi, made national news last year when she recommended throwing out all but one of about 10,000 silicosis lawsuits because the diagnoses appeared "manufactured for money" to help plaintiffs. Her findings spawned investigations by a congressional committee, federal prosecutors in New York and Abbott.

Court records show Abbott's aides went to the Corpus Christi facility on June 23 and used a grand jury subpoena to seize all the original X-rays gathered by Jack's court.

Jack learned of the seizure on July 5 and ordered Abbott's office to return the documents by noon the following day, according to the court records. The state returned about 40 boxes, but the custodian of the records said last week that 152 X-rays had disappeared.

"All I can say is I can vouch to the court that this office does not have those X-rays," Assistant Attorney General Lance Kutnick told Jack, according to an audio recording of the session.

He added that he had concerns about taking the records but said the decision "was made way above my level." He said he did not know who made the decision.

Abbott spokesman Jerry Strickland said the records were seized through valid subpoenas issued by two Texas grand juries as part of an ongoing criminal investigation.

"All records were returned to the document repository," he said.

Jack said she knew about the state's probe but nobody told her about plans to seize records. She ordered that the Justice Department and appropriate lawmakers be told about the situation, saying "it may be a criminal matter."

New York University law professor Stephen Gillers said a basic principal of American law is that federal courts have supremacy over state government actions.

Abbott's actions were "unprecedented in my experience or memory because no one would think to do something like it," Gillers said. "It gives whole new meaning to the phrase 'Wild West.'"

The X-rays are crucial to the fraud investigations because some doctors diagnosed the same person with both silicosis, which is caused by exposure to airborne particles of finely ground sand, and asbestosis, a disease the stems from exposure to asbestos fibers.

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Jack and some of the defendants in the lawsuits argue that the so-called dual diagnoses are evidence of fraud because the conditions are rarely found together. Attorneys for the plaintiffs said many of the diagnoses could be legitimate.

Conviction In Charlestown Home Invasion (BOS)

The Boston Globe, August 19, 2006

BOSTON

A Charlestown man faces at least 20 years in prison after he was convicted yesterday in Suffolk Superior Court of armed home invasion, armed assault with intent to murder, and unlawful possession of a firearm, according to the Suffolk district attorney's office. On March 13, 2005, Brian Smith, 45, had attempted to enter the home of an acquaintance in Charlestown after asking the victim for help buying drugs. Smith will be sentenced on Sept. 7.

Judge won't drop suit against prosecutors US District Judge Nancy Gertner yesterday refused to dismiss a lawsuit alleging that federal prosecutors negligently concealed evidence that might have prevented two men from wrongfully serving three decades in prison. Joseph Salvati and Peter Limone were exonerated in 2000 of murdering Edward ``Teddy'' Deegan in 1965. In the lawsuit, the men allege that the FBI failed to turn over crucial wiretap and informant evidence that would have proved they had been set up by organized crime figures. The US Justice Department, in a court hearing two days ago, asked a judge to dismiss the suit, arguing that the FBI did not have a duty to share the evidence .

Several tunnel, lane closings announced The Massachusetts Turnpike Authority said yesterday that there will be several lane closings in the Ted Williams Tunnel for testing. The Ted Williams Tunnel's westbound left lane was closed yesterday at 9 p.m. and is expected to be reopened at 5 a.m. today. The Ted Williams Tunnel westbound will be closed from 11:59 p.m. to 5 a.m. Monday through Thursday . All traffic will be detoured to the Summer Tunnel . One lane of the Ted Williams Tunnel eastbound will be closed starting Monday until further notice. One lane will remain open to general traffic from Interstate 93 north and South Boston's ramp A. High Street southbound between Summer and Federal streets also was closed for paving yesterday at 10 p.m. and is scheduled to reopen at 7 p.m. today. Local access and one lane of High Street northbound traffic will be maintained.

Marshfield lawyer faces larceny charges A lawyer practicing in Marshfield was indicted on charges that he stole $1.2 million from clients in six cases, Attorney General Thomas F. Reilly said yesterday. Gerard Batista, 58, of Norwell was indicted on six counts of larceny after the Board of Bar Overseers referred several complaints against him to the attorney general's office in December . Batista is accused of several instances where he was entrusted with larges sums of his clients' money and failed to return it, authorities said in a press release. Batista allegedly used the funds for personal expenses, including payment of a vehicle and credit card expenses.

Foul ball hits fan in the head at Fenway A foul ball hit by New York Yankee shortstop Derek Jeter yesterday walloped a female fan at Fenway Park in the head. The woman did not have serious injuries and was taken to a hospital as a precaution, said a Red Sox spokesman. The incident occurred in the second inning of the second game of yesterday's Red Sox-Yankees doubleheader. The woman, who had been sitting just behind first base, was not identified. Red Sox owner John Henry later visited her in the hospital, the spokesman said.

Jimmy Fund event raises record $2.49m Yesterday's WEEI/NESN Jimmy Fund Radio Telethon set a record for the annual event, raising $2.49 million as of 11 p.m., a spokeswoman for the Jimmy Fund said last night. Pledges had reached about $2.3 million at 10:15 p.m. and were $60,000 short of the amount raised during the 18-hour event last year, she said. New York developer Donald Trump, who threw out the first ball at yesterday's Red Sox game, the second with the New York Yankees, contributed $60,000 to exceed last year's total. The Jimmy Fund, which raises money for the Dana-Farber Cancer Institute, raised a total of $51 million last year.

FREETOWN

Driver of pickup dies in crash, rollover A man was killed on Route 24 north near Exit 10 in Freetown yesterday morning when his 2002 Ford pickup was struck by a 2006 Honda sedan, State Police said. The Honda, driven by Ronda Duarte, 37, of Fall River, hit the median guardrail and swerved right, crossing both lanes of traffic, police said. The vehicle struck the pickup, which rolled onto its roof in the left lane. The driver of the Ford -- Jacob M. Leahey, 27, of Berkley -- was declared dead at the scene. Duarte and a passenger -- Katelyn Duarte, 18, of Fall River -- were taken to Charlton Hospital with minor injuries. The crash remains under investigation.

Column: Justice For A Murdered Father And Daughter? (WP)

By Colbert I. King

The Washington Post, August 19, 2006

How Government Failures Led to a Parolee's Rampage

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Erika Smith would have turned 13 on June 4, 2006, but she missed it by four years.

Two months after her ninth birthday, a stranger carrying a .32-caliber handgun came upon Erika when he broke into the Silver Spring home of her father, Gregory Russell. Erika ran upstairs crying for her father, who was talking on the telephone with a friend. Russell screamed his daughter's name, but it was too late. The intruder, a convicted felon on parole named Anthony Kelly, allegedly lacerated the right side of Erika's face and shot her in the back at point-blank range. He then turned his attention to Erika's father, allegedly shooting him eight times in the leg and chest, killing him.

If the United States government, in the form of the U.S. Parole Commission, the Federal Bureau of Prisons, the Court Services and Offender Supervision Agency (CSOSA), and the prisons bureau halfway house owned and operated by Hope Village Inc. in Southeast Washington, had followed policies and procedures instead of taking a series of slipshod, slovenly and negligent actions, Erika Smith would today be preparing to return to middle school soon after another fun-filled summer with her dad and her mother, Carol Smith.

The murders of father and daughter at the hands of Kelly were reported by Post staff writer Neely Tucker in a 5,151-word story in 2004 following a six-month investigation. Tucker traced Kelly's trail through prison, the federal parole system, a local halfway house in the District and the federal agency, CSOSA, that was created to keep track of D.C. inmates on probation and parole.

Along the way, Tucker reported how Kelly ended up charged with three murders, two rapes, an assault on a police officer, and the theft of five guns and five cars within several months after he walked out of prison.

This column won't tread ground already plowed by Tucker. But taxpayers ought to know about the efforts of Erika's mom to call the U.S. government and the halfway house to account for the brutal and wrongful death of her only child. Two lawsuits filed through her attorneys with the Crowell & Moring law firm in U.S. District Court in Washington spell out the havoc wrought by the government on her life. Carol Smith's lawsuits tell how:

Â· The Federal Bureau of Prisons, based on fraudulent representations, released Kelly five years before his sentence was completed.

Â· Kelly violated numerous conditions imposed by the prisons bureau upon his release to the halfway house but was not returned to prison as he should have been.

Â· Kelly, released into the D.C. community on March 7, 2002, under the supervision of CSOSA, managed within a seven-month span to allegedly murder, rape, assault and steal until he was captured on Sept. 5, 2002.

The lawsuit is a stomach-turning tale of federal custody and supervision at its worst. Because of the government's reckless and negligent behavior, a little girl was forced to suffer and die, a father's body was riddled with bullets, and a mother was left to bury her own child. What's more, as Neely Tucker reported, because of the government's incompetent incarceration, supervision and improper release of Kelly into the community, a 60-year-old Silver Spring woman endured a broken wrist, a separated shoulder, a pistol-whipping in the face and a sexual assault, prosecutors said. He didn't stop there. Kelly went on to force a 20-year-old woman in Wheaton into a stolen car, then drove her to a wooded area and raped her, they said.

Why come back to this dreadful story? In the eyes of Washington, D.C., Carol Smith is tantamount to a ghost -- not worth the attention of the attorney general, the big overseer of U.S. criminal justice. The federal agencies under the jurisdiction of Alberto Gonzales's Justice Department expect to get a pass. They're big, she's not, so there.

After Kelly's rampage, the government went on about its business, leaving the cruelly shattered mother to pay for the funeral and burial of her daughter. The government-supported halfway houses, on the other hand, are raking in millions of taxpayer dollars.

Kelly, by the way, is at Clifton T. Perkins Hospital Center, a Maryland state maximum-security forensic psychiatric facility for pretrial detainees with violent tendencies and other mental problems.

Of course the government and the halfway house in the District don't like being sued, let alone admitting liability. Contacted yesterday, Justice Department spokeswoman Donna Sellers said, "It would not be appropriate for the department to comment on a pending case."

Here's hoping Erika's mom gets her day in court.

Her case will bring out the details of how her daughter's murderer slipped through the cracks of the federal community supervision program that has been foisted upon residents of the nation's capital and the region. If Smith can have her way, Justice Department bigwigs may get to hear what really goes on in those halfway houses they impose on unsuspecting communities. They'll hear about the poor training given to halfway house employees. They'll hear rumors about staffers' sexual relationships with subordinates and residents, and the loose supervision and monitoring of residents. They'll see just how haphazardly and how carelessly the federal community supervision program is operated.

And if by chance the Justice Department big shots are too busy to go down to the federal courthouse, they can just watch this space. Trust me, there will be more, much more, to come.

kingc@washpost.com

Moonda Attorney Says Widow Can't Afford Death-penalty Defense (BEAVCT)

By Bill Vidonic, Times Staff

Beaver County (PA) Times, August 19, 2006

AKRON, OHIO - The widow of a wealthy Mercer County doctor won't have enough money to defend herself against the death penalty on charges she hired her lover to shoot her husband to death, her attorney said Thursday.

Donna J. Moonda, 47, of Hermitage pleaded not guilty to four federal charges that she agreed to split millions in inheritance money with Damian Bradford if he killed Dr. Gulam Moonda.

Bradford admitted to carrying out the deadly deed on May 13, 2005, as the Moondas were stopped along the Ohio Turnpike near Cleveland. Bradford said he approached Dr. Moonda as he got out of the passenger side of his Jaguar, which his wife was driving, took his wallet and shot him once in the face.

Bradford has cut a deal with federal prosecutors, agreeing to testify against his former lover in exchange for guilty pleas on charges of interstate stalking and using a firearm in a crime that resulted in a death. He will be sentenced to 17½ years in federal prison once he testifies, which could be before the end of the year.

Thursday, U.S. District Judge David D. Dowd Jr. set a trial date of Oct. 23 for Moonda during her arraignment on the charges she was indicted on Wednesday: murder for hire, aiding and abetting interstate stalking, aiding and abetting the use of a firearm during interstate stalking, and aiding and abetting the use of a firearm during the crime of murder.

She remains in the Medina County Jail in Ohio after Dowd refused to set bail a couple of weeks ago.

Dowd said Thursday he was concerned Moonda's defense attorney, Roger Synenberg of Cleveland, might not have time to prepare to defend Moonda against the death penalty if it comes to that point.

Assistant U.S. Attorney Nancy Kelley said Thursday that Attorney General Alberto Gonzales has to make the final decision on whether she and co-prosecutor Linda Barr will seek the death penalty against Moonda, and could not offer a timetable as to when that decision will be made.

Synenberg said he might not even be able to defend Moonda against the death penalty. He told Dowd that "the money she has available for her defense is not adequate."

After the hearing, Synenberg said a review of other federal death penalty cases has shown it can cost up to $1 million for a defense. Donna Moonda, according to court records, has less than $200,000 available to her, through bank accounts and the sale of jewelry, and she is not receiving money from her husband's estate.

Synenberg said that besides the money issue, he believes an attorney has to have proper certification to handle a death penalty sentencing, and he doesn't have it.

Dowd said he didn't know of that rule, and Kelley said she wasn't sure of it, either.

Synenberg said that if Donna Moonda faces the death penalty, he will likely withdraw from the case and ask Dowd to appoint two defense attorneys, who would be paid with taxpayer dollars.

If prosecutors delay in making a decision, Dowd said, he could rule that they took too long and issue an order saying prosecutors can't seek the death penalty.

Bill Vidonic can be reached online at bvidonic@timesonline.com.

Judge Given Four-Year Prison Sentence For Indecent Exposure (AP)

By Murray Evans, The Associated Press

AP, August 19, 2006

Former Oklahoma judge Donald Thompson was sent to prison for four years Friday for exposing himself by using a sexual device while presiding over jury trials.

Special Judge C. Allen McCall also ordered that Thompson, 59, pay a $40,000 fine. Thompson was convicted on June 29 on four felony courts of indecent exposure for incidents that took place in his court room in Creek County.

McCall denied motions by Thompson's attorneys to either suspend the sentence or to let Thompson serve prison time on the four counts concurrently, which would have meant Thompson would serve only one year of prison time.

"This is not just a one-time incident; this is a continuing series of offenses," McCall said during the sentencing hearing.

McCall, who usually sits on the bench in Comanche County, said he did not believe the accusations against Thompson were fabricated, as Thompson had claimed.

"People who are out to get a judge find an opponent. They don't concoct a story, especially one this bizarre," McCall said.

Thompson showed no reaction when he was sentenced. McCall denied a defense motion that Thompson be allowed to remain free pending an appeal, despite assurances from Thompson's wife, Paula, and older brother, Jim Thompson of Bristow,

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Okla., that Donald Thompson was not a flight threat. Jim Thompson said his brother was "someone you're proud to walk down the street with."

Donald Thompson was allowed a brief visit with family members before being placed in handcuffs and taken to the state Correction Department's Lexington Assessment and Reception Center.

Thompson served as a state legislator and spent almost 23 years on the bench before he retired in 2004. His former court reporter, Lisa Foster, testified at his trial that she saw Thompson expose himself during trials at least 15 times between 2001 and 2003. Prosecutors said he used a device known as a penis pump during four trials between 2002 and 2003.

Thompson, a married father of three grown children, testified that the penis pump was given to him as a joke by a longtime hunting and fishing buddy.

"It wasn't something I was hiding," he said.

He said he may have absentmindedly squeezed the pump's handle during court cases but never used it to masturbate.

Foster told authorities that she saw Thompson use the device almost daily during the August 2003 murder trial of a man accused of shaking a toddler to death. A whooshing sound could be heard on Foster's audiotape of the trial. When jurors asked the judge about the sound, Thompson said he hadn't heard it but would listen for it.

Police built a case against the judge after a police officer testifying in a 2003 murder trial saw a piece of plastic tubing disappear under Thompson's robe. During a lunch break, officers took photographs of the pump under the desk.

Investigators later checked the carpet, Thompson's robes and the chair behind the bench and found semen, according to court records.

Prosecutor Richard Smothermon said McCall handed down a proper sentence.

"I thought the judge did the right thing," Smothermon said. "He treated this defendant the same as every other defendant in Oklahoma.

"Any sex crime is a serious crime. People with sexual deviances are a danger to society."

Defense attorney Clark Brewster said there were grounds for appeal.

"There was repeated, persistent error throughout the trial," he said.

He said Thompson should have been freed pending appeal.

"If this guy is denied bail, then who ever gets bail?" he asked.

Brewster said he'll ask the state Court of Criminal Appeals early this week to overturn McCall's decision not to allow Thompson to remain free during the appeals process. Thompson's attorneys have 10 days to file notice of an appeal of the verdict with that court and 30 days to file the actual appeal.

The office of state Attorney General Drew Edmondson would handle any appeal, said Smothermon, the district attorney for Pottawatomie and Lincoln counties, who was specially appointed to prosecute the case.

A presentencing report prepared by Carmelia Brossett, a senior probation officer for the state Department of Corrections, said Thompson refused to undergo psychosexual testing and that "Thompson's denial of the offense would likely present difficulty, if not inability for treatment providers to provide meaningful and beneficial sex-offender treatment."

Brossett recommended Thompson serve a prison term of an unspecified length. The jury that convicted Thompson recommended that he be sentenced to a year in jail for each of the four felonies.

In the presentencing report, Foster said that in her 15 years of working with Thompson, she could not recall him ever changing a jury's verdict.

"He voiced to me on more than one occasion that 12 people's opinions were better than one," she said in the report. "He always sentenced in accordance with the jury's verdict. I believe he should be held to his own standard. I believe that this jury wanted Don Thompson to serve four years in the state penitentiary, and I agree."

2 Guardsmen Accused Of Robbery In New Orleans (NYT)

By Adam Nossiter

The New York Times, August 19, 2006

NEW ORLEANS, Aug. 18 — Two of the 300 Louisiana National Guard members called in to combat a summer crime wave in the city have been arrested and charged with armed robbery, the authorities said Friday.

The two are accused of flagging down a car for a routine traffic stop in the Mid-City neighborhood on Aug. 12, asking for identification and then taking cash from the wallets of the car's occupants. The guardsmen were armed, though they did not use their guns during the robbery, a Guard spokesman said; the armed robbery charge stems from the fact that they were carrying weapons.

After the two victims were handed back their wallets and saw that they had been emptied, they flagged down another National Guard vehicle, the authorities said.

The guardsmen arrested were Sgt. Caleb P. Wells of the 256th Military Intelligence Company and Specialist Junious R. Buchanan of the 205th Engineer Battalion.

The Guard was sent in on June 20 by Gov. Kathleen Babineaux Blanco after a weekend of violence in which five teenagers were shot in the Central City neighborhood. The troops' mission was to help the beleaguered police by patrolling sparsely populated areas so the city police could concentrate on the ones with high crime.

But July proved to be a deadly month, despite the Guard, with nearly the same number of killings, 21, as in the months before Hurricane Katrina, when the city had twice as many people.

August has been quieter. But with a murder rate that was the highest in the nation last month, the benefits of having the Guard patrol the city's streets are unclear.

Still, Governor Blanco has pledged to keep the troops in New Orleans past a planned September withdrawal date, and one crime expert in the city, Rafael Goyeneche, suggested they were still much needed.

"There's 300 National Guard here," said Mr. Goyeneche, president of the Metropolitan Crime Commission, a citizens' group. "Even after this event, I'm sure if you asked people whose neighborhoods they're patrolling whether they want them there or not, I'm sure the overwhelming response would be yes."

Mr. Goyeneche added that although the city's murder rate was high last month, other categories of crime had been going down.

National Guardsmen Admit Armed Robbery (WT/uPI)

The Washington Times/UPI, August 19, 2006

Two Louisiana National Guard soldiers in New Orleans have admitted committing armed robbery, military officials said.

The soldiers, in New Orleans to help quell the city's recent crime surge, were accused of robbing two individuals during a traffic stop, the New Orleans Times-Picayune reported.

Sgt. Caleb Paul Wells of the 256th Military Intelligence Company and Spec. Junious Rayfield Buchanan of the 205th Engineer Battalion were charged after an investigation into a complaint received by the National Guard on Aug. 12.

Wells and Buchanan were accused of taking money out of the wallets of the two individuals at the traffic stop. The charge of armed robbery stems from the fact the Guardsmen were carrying weapons at the time of the alleged crime.

After consulting with New Orleans District Attorney Eddie Jordan and the New Orleans Police Department, the guard turned the two over to the NOPD.

Crime: Up Or Down? (WP)

The Washington Post, August 19, 2006

One month into the official crime 'emergency,' where are we?

NEARLY FIVE weeks ago, D.C. Police Chief Charles H. Ramsey announced a crime emergency because of a spike in violence in the city. That action produced a flurry of activity in the mayor's office and D.C. Council chambers, resulting in an earlier curfew for juveniles and stepped-up policing in crime hot spots. So where does crime in the nation's capital stand since the chief's July 11 declaration? It all depends on which statistics you choose.

Compared with the same period (July 12 to Aug. 13) last year, overall crime -- that includes violent and property crimes -- is down 5.5 percent. But, of course, that's not the whole story. Violent crimes have declined only 1.0 percent compared with the same period last year. And for the week of Aug. 7 - 13, violent crimes were up 5.6 percent over the same period last year. Likewise, juvenile arrests over the month increased 32.7 percent, from 272 to 361, compared with the same period in 2005. But narrow the time frame to the week of Aug. 7 - 13, and juvenile arrests actually declined 4.4 percent, from 68 to 65.

What does that tell us? Not much. Overall arrests are up since the emergency declaration, but violent crimes are hanging steady.

Curfew violations are where the numbers really shift. Youths up to age 16 now have to be off the streets from 10 p.m. to 6 a.m. seven nights a week, at least through Aug. 30, when the early curfew is slated to end. Last year between July 12 and Aug. 13 -- with an 11 p.m. curfew in effect -- 499 young people were cited for curfew violations. This year, 1,550 youths were picked up, 549 of them between 10 p.m. and midnight.

What is there to learn from these statistics? How many youths are repeat offenders? How have parents responded? Beyond removing these youths from the streets, what benefits, problems and lessons have been discerned as a result of the new curfew? Should the program be extended beyond Aug. 30?

One last statistic stands out: firearm recoveries. Guns are not legally manufactured, bought or sold in the District. But in a comparable period last year, D.C. police took 176 guns off the streets. This year, that number shot up to 259. Thus far in 2006,

authorities have recovered 1,509 firearms. Guns fuel the violence that rocks this city, and they keep coming in. If the emergency declaration is making a difference, it's hard to tell.

Treat The Addict, Cut The Crime Rate (WP)

By Nora D. Volkow

The Washington Post, August 19, 2006

There was a time when the nation's crime rate was front-page news. In the 1990s, the crime rate began to drop and we worried less. But a preliminary report released by the FBI in June shows an increase in robberies and violent crime in 2005. Inasmuch as drug abuse can facilitate criminal behavior, this is a good time to take a closer look at how the science in substance abuse has started to provide some answers on how to solve these problems.

The crimes associated with drug abuse include sale or possession of drugs; property crimes or prostitution to support drug habits; and violent crimes reflecting out-of-control behavior. In fact, offender drug use is involved in more than half of all violent crimes and in 60 to 80 percent of child abuse and neglect cases. It is estimated that 70 percent of the people in state prisons and local jails have abused drugs regularly, compared with approximately 9 percent of the general population.

In 2002 approximately 60 percent of male juvenile detainees and 46 percent of female detainees tested positive for drug use. The estimated cost to society of drug abuse in 2002 was $181 billion -- $107 billion of it associated with drug-related crime.

When drug abusers enter the criminal justice system, it signals a pivotal crisis in their lives. It also offers a unique opportunity to institute treatment for drug abuse and addiction. Studies have consistently shown that comprehensive drug treatment works. It not only reduces drug use but also curtails criminal behavior and recidivism. Moreover, for drug-abusing offenders, treatment facilitates successful reentry into the community. This is true even for people who enter treatment under legal mandate.

In a Delaware work-release research study sponsored by the National Institute on Drug Abuse, those who participated in prison-based treatment -- followed by ongoing post-release care -- were seven times more likely to be drug-free and three times more likely to be arrest-free after three years than those who received no treatment. Other studies report similar findings. The Substance Abuse and Mental Health Services Administration reports that substance-abuse treatment cuts drug abuse in half and reduces criminal activity by as much as 80 percent.

If treatment works, then why have some communities resisted offering comprehensive treatment programs to drug-abusing offenders? One reason is that addiction is still often seen as something for the individual to deal with. The other is the cost.

Science now tells us that repeated drug exposure affects the areas of the brain that enable people to exert control over their desires and emotions, which may explain why it is so difficult for an addict to abstain. Drugs also affect areas of the brain responsible for the perception of pleasure and punishment, for learning and cognition, and for motivating our behaviors. These findings have led to the idea of addiction as a complex disease of the brain that cannot be managed with a stern moral lecture -- or even with a period of forced sobriety in jail. If we understand that, we can better understand how to manage drug-abusing offenders.

Some reject the concept of addiction as a disease on the grounds that it removes responsibility from the addict. But in fact it gives the addicted person the responsibility for seeking and maintaining treatment for the disease, just as is the case for other diseases.

Some courts and communities have also resisted offering comprehensive treatment because of fears of high costs. But recent studies show it is actually less expensive for communities to treat drug-abusing offenders than to let them sit in jail or prison. It is estimated that every dollar invested in addiction treatment programs yields a return of $4 to $7 in reduced drug-related crimes. Savings for some outpatient programs can exceed costs by a ratio of 12 to 1.

Some criminal justice systems are working on innovative approaches to dealing with drug-abusing offenders. In Cook County, Ill., for example, NIDA sponsors a pilot project that trains judges on how addiction affects the brain so they can be better prepared to place addicted defendants in adequate treatment environments. Last month NIDA released a report titled "Principles of Drug Abuse Treatment for Criminal Justice Populations." These principles emphasize the need for customized strategies that can include cognitive behavioral therapy, medication, and consideration of other mental and physical illnesses. Continuity of care after reentry into the community is also essential.

The ultimate goal of treatment, of course, is to help an addict stop using drugs. As a clinician I don't remember ever meeting an addicted person who wanted to be addicted or who expected that compulsive, uncontrollable or even criminal behavior would emerge when he or she started taking drugs. Providing drug-abusing offenders with comprehensive treatment saves lives and protects communities.

The writer is director of the National Institute on Drug Abuse, a component of the National Institutes of Health.

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CIVIL LAW:

UH Settles With Whistle-blower Surgeon (CLPD)

By Mike Tobin, Plain Dealer Reporter

The Cleveland Plain Dealer, August 19, 2006

University Hospitals of Cleveland will pay nearly $14 million to settle a lawsuit in which a former surgeon accused the hospital of illegally encouraging its doctors to refer patients only to other UH doctors.

Dr. Thomas Kirby, the former co-chairman of cardiothoracic surgery, criticized the hospital while working there and filed the lawsuit in U.S. District Court under "whistle-blower" provisions.

The suit was filed in 2003 under seal and made public Friday.

He will receive $1.5 million plus legal fees.

The rest of the money will be used to repay Medicare, which Kirby claimed was defrauded through UH's referral practice.

"Dr. Kirby brought this matter to the attention of the hospital three years ago, that there were things illegal and improper going on," said Robert Rotatori, Kirby's lawyer. "For that, he was railroaded and blackballed."

Hospital officials cooperated with the Justice Department and said the settlement will not affect their long-term goals. Spokesman Rob Whitehouse said the hospital's "commitment to providing high-quality advanced, compassionate care for our patients was never questioned."

Kirby filed the lawsuit under a statute that allows a private citizen to sue on behalf of the United States. In an effort to control Medicare costs, Congress passed laws in the past forbidding the use of financial inducements for referrals.

"You don't want people making referrals for economic reasons," Assistant U.S. Attorney Alex Rokakis said.

Hospitals receive millions of dollars annually from Medicare and must certify they are in compliance with federal regulations to get the money, Rokakis said. Kirby claimed that UH's referral practice vio lated the Medi care policy and resulted in false Medicare claims.

UH did not admit wrongdoing in the settlement but entered into a corporate integrity agreement that will be monitored by federal officials.

Kirby works as a surgeon in Canada. He was suspended from UH in 2002 and left the hospital just before The Plain Dealer published a story outlining his concern about troubles with the hospital's heart surgeries. He eventually filed for bankruptcy and KeyBank foreclosed on his 21-room Fairmount Boulevard home. The $1.5 million he is to receive from the settlement will go to his bankruptcy administrator.

"Hopefully there will be some moneys left," Rotatori said.

To reach this Plain Dealer reporter:

mtobin@plaind.com, 216-999-4128

Hospitals Settle Suit For $14 Million (AP)

By M . R . Kropko, ASSOCIATED PRESS

AP, August 19, 2006

CLEVELAND — University Hospitals Health System agreed to pay about $14 million to settle a federal whistle-blower lawsuit filed three years ago that alleged some of its affiliated doctors improperly made referrals of Medicare cases, lawyers and the system said Friday.

In the settlement, the Cleveland hospital system admitted no wrongdoing.

The lawsuit alleged that the system and its primary medical campus, University Hospitals of Cleveland, entered into improper financial arrangements with physicians to motivate them to make referrals to other doctors within the system in Medicare cases, said Assistant U.S. Attorney Alex Rokakis, who negotiated the settlement on behalf of the Justice Department.

University Hospitals of Cleveland is an affiliate of Case Western Reserve University.

Dr. Thomas J. Kirby, a heart surgeon, filed the whistleblower lawsuit a few months after he was removed from the hospital system's staff, said Robert Rotatori, his attorney.

"This settlement is a vindication for Dr. Kirby," Rotatori said. Kirby now practices medicine in Canada near Toronto, Rotatori said.

The Justice Department reviewed and took over the case, and Kirby was awarded a $1.5 million whistle-blower fee through the False Claims Act, which allows a private citizen to file a lawsuit on behalf of the United States.

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The case had been under seal, but U.S. District Judge Donald C. Nugent in Cleveland unsealed it Friday. The settlement amount was recorded in the system's 2005 financial statements and will have no effect on its present finances or recently announced $1.2 billion expansion plans, according to a statement from the health system.

In addition to the settlement payment, the hospital system has agreed to be monitored by the Department of Health and Human Services' Office of Inspector General.

During the past two years, the health system has been cooperating with the Justice Department in the investigation on relationships between the system and certain physicians dating back to 1997, the statement said.

There are nearly 25,000 physicians and employees at the system's partner hospitals, making it one of northern Ohio's largest employers.

Nursing Chain Settles Claims (LAT)

By Daniel Yi, Times Staff Writer

The Los Angeles Times, August 19, 2006

Beverly Enterprises agrees to pay $20 million to end accusations that its subsidiary fraudulently billed Medicare and Medi-Cal.

Nursing home operator Beverly Enterprises Inc. has agreed to pay $20 million to settle allegations that it defrauded federal and California healthcare programs, the Justice Department announced Friday.

The Fort Smith, Ark.-based company, once the nation's largest nursing home chain with 60 facilities in California, was accused of submitting false reimbursement claims to Medicare and Medi-Cal through a now-defunct subsidiary, MK Medical. Medicare is the federal health plan for seniors and disabled people. Medi-Cal is a federally funded, state-run health plan for the poor.

The company was never charged in court, and its attorney said Friday that the accusations stemmed from lack of proper paperwork, not fraud.

"Beverly raised the issue of proper documentation itself with the government," attorney Russell Hayman said. "It conducted an audit and has now repaid the moneys identified."

The company will pay $14.5 million to federal agencies and $5.5 million to California.

The Justice Department said federal agencies were investigating reimbursement claims MK filed between 1998 and 2002 for medical equipment used by Medi-Cal and Medicare patients. Hayman said all equipment was delivered to qualified patients.

In 2002, the company settled separate charges of elderly abuse with the state attorney general's office. In that case, it paid more than $2 million in penalties and fines. The company also pleaded no contest to felony elder abuse in the death of two patients and promised to improve the quality of care in all its facilities.

Beverly Enterprises, which was acquired by private investors in March, operates 10 facilities in California.

Tobacco Ruling Seen As A Win For Shareholders (WP)

By Nell Henderson, Washington Post Staff Writer

The Washington Post, August 19, 2006

Tobacco stocks rallied yesterday after investors concluded a U.S. district judge's ruling against eight cigarette companies would cost them little and would clear the way for a corporate restructuring likely to benefit many shareholders.

The ruling by Judge Gladys Kessler, released Thursday after the U.S. stock markets closed, also removed a cloud of uncertainty over how much the Justice Department's seven-year-old racketeering lawsuit might hurt the industry, analysts said.

"From a business perspective, this is a complete win," said David Adelman, an analyst with Morgan Stanley. "They're not making any substantial payments. There's no threat of future substantial payments."

Kessler agreed with the government's argument that the cigarette makers had violated civil racketeering laws by conspiring for decades to mislead the public about the dangers of smoking. And she ordered the companies to alter some of their marketing practices and undertake a massive media campaign to correct years of deceptive advertising.

Those requirements, if upheld on appeal, would cost millions of dollars, analysts said. But they would be "an imperceptible cost of doing business" for an industry that reaped tens of billions of dollars in profit just last year, Adelman said.

Among the biggest financial beneficiaries, analysts said, will be shareholders of Altria Group Inc., parent of Philip Morris USA Inc. and maker of Marlboro cigarettes. As well as being the largest global cigarette company, Altria owns 88.1 percent of Kraft Foods Inc., the second-largest global food and beverage company, known for brands including Nabisco, Maxwell House and Jell-O.

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The judge's ruling is likely to spur Altria to move ahead with plans to spin off Kraft as a separate company, which would boost shareholder value, analysts said. Company executives had said the suit, with its potential for large damages, posed a possible obstacle to the breakup.

Altria's stock rose nearly 4 percent yesterday, to close at $83.97 a share. Analysts estimate that after a split, Altria and Kraft shares would be worth $90 to $100 combined.

Altria reported profit of $10.44 billion on sales of $97.85 billion last year. Tobacco accounted for 65 percent of global sales, and food accounted for nearly all the rest.

Altria also might split Philip Morris USA and Philip Morris International into two companies, analysts said. Its foreign tobacco sales were more than double its U.S. cigarette sales.

Kessler ordered the companies to stop labeling cigarettes as "light," "low tar," "mild," or other "deceptive brand descriptors which implicitly or explicitly convey to the smoker and potential smoker that they are less hazardous to health than full-flavor cigarettes."

That part of the ruling would take effect Jan. 1, if not stayed pending an appeal, said Justice Department spokesman Charles Miller. He could not say whether that part would apply to the companies' business practices overseas. Jonathan Turley, a law professor at George Washington University, said he thought the order was unlikely to affect the companies' overseas marketing.

Altria said it would appeal Kessler's ruling. Reynolds American Inc., maker of Camel, Winston, Salem and Kool cigarettes, was considering an appeal, a spokesman said. British American Tobacco PLC plans to appeal, a spokesman said.

The Justice Department brought the case in 1999, originally seeking sanctions of $280 billion from the companies, which executives said could have bankrupted the industry. But an appeals court threw out the claim for those sanctions.

Kessler also said she had no power to grant the government's request that the industry be forced to spend $14 billion to help smokers quit and to educate people about the dangers of smoking.

Smoke But No Fire (WP)

The Washington Post, August 19, 2006

A tobacco decision makes an important symbolic statement, but it won't prevent smoking deaths.

THIS WEEK'S opinion by U.S. District Judge Gladys Kessler in the government's long-standing racketeering lawsuit against the tobacco industry is moving and powerful. It is exhaustive in scope, detailed and utterly convincing that the industry sought for five decades to mislead the American people and government concerning the deadly consequences of smoking. The opinion, however, in all likelihood will have only the most modest effect on the smoking health hazard. Under an earlier appeals court ruling, Judge Kessler could not order the disgorgement of industry profits, and she believed herself unable to order the industry to fund a massive anti-smoking campaign. So despite documenting in many hundreds of pages decades of industry misdeeds, Judge Kessler was able to order only fairly anemic remedies: getting rid of "low tar" and "light" marketing and requiring advertising to correct for past deceptions. Her opinion is important as a kind of official legal recognition of what this industry has done. But it will not solve the problem of tobacco.

Judge Kessler, to her credit, freely admits as much. "One cannot help wondering whether this litigation was the best vehicle for attempting to hold Defendants accountable for their indifference to the health of American citizens," she wrote in a footnote regarding the government's massive, seven-year court battle. "In a democracy, it is the body elected by the people, namely Congress, that should step up to the plate and address national issues with such enormous economic, public health, commercial, and social ramifications."

Indeed, the tobacco litigation -- for all its high-profile twists and turns -- has always been something of a sideshow. If the government really wanted to reduce what Judge Kessler aptly termed the "staggering number of deaths per year, [the] immeasurable amount of human suffering and economic loss, and [the] profound burden on our national health care system" caused by smoking, the courtroom was never the right forum. The right approach was and remains for Congress to give the Food and Drug Administration regulatory authority over tobacco.

The chief problem with the tobacco industry, after all, is not that it has violated racketeering laws. It is that the industry manufactures a legal product of exceptional lethality that remains unregulated in all key respects. The kind of changes needed in this industry go far beyond what any court could realistically order: a comprehensive regulatory system that gives federal authorities control over ingredients, levels of addictive nicotine, and marketing.

Legislation to do just this has inexcusably languished for years -- in large measure because the same Bush administration that purports to favor civil justice reform in general paradoxically preferred litigation to making responsible regulatory policy in this case. The litigation has yielded -- as most observers predicted--a symbolic statement and minor changes that will not save many lives. The political branches could do so much more, if only they would act responsibly.

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What Were They Smoking? (WSJ)

The Wall Street Journal, August 19, 2006

After seven years of litigation, $140 million of taxpayer money and a 1,700-page decision, the government could finally claim this week to have won its racketeering case against the tobacco industry. But then why were tobacco stocks up by some 3% yesterday, with Altria, parent company of Philip Morris and the Marlboro Man, hitting new multi-year highs?

Investors know a loser when they see one, and in this case it's the Justice Department. Federal Judge Gladys Kessler ruled for the government on the civil racketeering charges, claiming that the tobacco companies had done what everyone already knew they'd done for decades, which is aggressively market a dangerous but legal product. But she also awarded no damages, instead requiring a series of "remedial" measures from the cigarette makers. These include a requirement to publish mea culpas in the form of paid advertisements in newspapers, the elimination of the words "light" and "low tar" on cigarette packs and additional warning labels. For whatever that's worth.

The government will also be allowed to apply for reimbursement of its costs in the case, which were estimated last year at $140 million. But that's a far cry from the $280 billion that government lawyers were seeking before the D.C. Circuit Court of Appeals last year ruled out going after 50 years worth of industry profits, plus interest.

This misbegotten case goes back to the Clinton Administration, which looked at the $250 billion settlement between the industry and the state Attorneys General and decided it wanted its own quarter-trillion-dollar chunk of Big Tobacco's profit stream. The cynicism here is remarkable, since the government was essentially claiming that the industry was unconscionable precisely so it could lay claim to the cash flow from its unconscionable behavior.

So Janet Reno launched a lawsuit, using a law designed to prosecute mobsters to attack an entirely legal industry. The Bush Administration slogged ahead with the suit, not wanting to take any political heat for appearing to give Joe Camel a pass. When former Attorney General John Ashcroft floated the idea of settling the case, career attorneys at Justice sabotaged the effort by leaking word to the press and stirring up liberal opposition. The Bushies backed down, though any settlement then might well have been better for the anti-smoking cause than what Justice has now "won."

Justice may take some consolation because its novel use of the Racketeer-Influenced and Corrupt Organizations Act against legitimate, if unhealthful, businesses was given credence by Judge Kessler. But Justice seems to have used RICO primarily because it carried the prospect of crippling damages. Once the D.C. Circuit put the kibosh on backward-looking remedies in the case, any RICO victory began to look like Israel's recent triumph against Hezbollah.

Philip Morris has already pledged to appeal both the unfavorable ruling and the remedial measures, and legal experts give it some chance of success. Judge Kessler seems to have inserted herself into all manner of minutiae in how cigarettes are sold and marketed. Given how heavily regulated tobacco marketing already is, it's an open question whether the judiciary is stepping on executive branch toes with the ruling.

For the tobacco companies, there's also the matter of the proliferating lawsuits over whether the marketing of "light" cigarettes was misleading. Judge Kessler ruled that it was, since it implied health benefits that may not exist. If her ruling stands, it's possible that it will be used in other civil tort claims currently on the docket around the country.

But we suspect investors know the real score here, and their verdict on Friday was to bid up tobacco stocks. No doubt many state politicians around the country were also cheering the verdict because it means the feds won't be able to horn in on their long-term tobacco income stream. The war against cigarettes long ago stopped being about public health; today it's all about public revenue.

Court Expands Agent Orange Coverage (AP-Y)

By Matt Apuzzo, Associated Press Writer

AP, August 19, 2006

Veterans who patrolled the waters off Vietnam can claim disability benefits for exposure to Agent Orange under an appeals court ruling that opens the door for thousands of servicemen to seek medical coverage.

The ruling was handed down by the U.S. Court of Appeals for Veterans Claims in the case of a former sailor who served on an ammunition ship during the Vietnam War but never stepped foot on land.

The court's order, issued Wednesday, reverses the Veterans Affairs Department's denial of benefits for Jonathan L. Haas, who blamed his diabetes, nerve damage and loss of eyesight on exposure to Agent Orange.

Haas argued that clouds of the toxic defoliate, which the U.S. sprayed on Vietnamese jungles, drifted out to sea, engulfing his ship and landing on his skin.

Veterans officials said that to qualify for coverage, Haas was required to have docked in Vietnam and come ashore.

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The three-judge panel said regulations governing the benefits were unclear. The court said it made no sense for veterans who patrolled Vietnam's inland waterways and those simply passing through the country to receive medical coverage while those serving at sea do not.

"Veterans serving on vessels in close proximity to land would have the same risk of exposure to the herbicide Agent Orange as veterans serving on adjacent land, or an even greater risk than that borne by those veterans who may have visited and set foot on the land of the Republic of Vietnam only briefly," Judge William A. Moorman wrote.

The Veterans Affairs Department said Friday that it was reviewing the opinion and was not sure how many veterans would be affected or how much the added coverage would cost.

Most Vietnam combat veterans receive some medical benefits, but if their illnesses are related to their service, they could receive full coverage and their families might be eligible for benefits.

David Houppert, director of veteran's benefits for the Vietnam Veterans of America, said the ruling could allow thousands of veterans to seek coverage for service-related illnesses. Most are Navy veterans, he said, but some Marines and Army veterans could be affected.

Houppert said the group was encouraging these veterans to seek coverage quickly because the ruling left it up to government officials whether to change federal regulations in a way that could deny coverage.

Court Rules Government Must Pay For Offshore Agent Orange Exposure (AP)

AP, August 19, 2006

WASHINGTON Veterans who patrolled the waters off Vietnam can make disability claims for exposure to Agent Orange even if they didn't set foot in the country.

They won the right in a court ruling handed down today in Washington.

The case involved a former sailor who served on an ammunition ship during the war. Jonathan Haas now suffers from diabetes, nerve damage and a loss of eyesight. He blames it on exposure to Agent Orange, saying clouds of the toxic defoliate drifted out to sea and engulfed his ship.

Veterans Affairs denied his benefits claims, however. To qualify for coverage, the department said veterans would have had to come ashore

But the ruling reverses that decision. It opens the door for thousands of servicemen to seek medical coverage.

Court Expands Relief For Agent Orange Victims (MSNBC)

By Joel Seidman

MSNBC.com, August 18, 2006

A federal appeals court for veterans claims in a ruling Friday expanded the group of Vietnam veterans who may have come in contact with the herbicide Agent Orange during the Vietnam War to include those who served on ships off the coast of Vietnam.

The U.S. Court of Appeals for Veterans Claims ruled that Jonathan Haas, who served in the Navy off the Vietnam coast and never set foot in the country, is entitled to relief for exposure to Agent Orange.

In 2001, Haas submitted an application for VA disability compensation, requesting service connection for diabetes mellitus, peripheral neuropathy and loss of eyesight resulting from "exposure to [A]gent [O]range/radioactive materials" during his service.

Story continues below ? advertisement

Haas testified that during his tour aboard the U.S.S. Mount Katmai, he often saw large clouds of chemicals being dropped by aircraft over the forests. He further stated: "[T]hese large clouds would drift out over the water because of the prevailing offshore winds, and they would engulf ships, my ship in particular. Now you could see the chemicals, you could taste them, smell them, and they landed on your skin."

Haas reported that his exposure occurred in 1966 or 1967. He noted that he was on an ammunition ship about for approximately 20 days at a time, for eight months during each of his two deployments. He testified that he would have to navigate in close proximity to the shoreline to deliver supplies because the "boats that were doing the patrolling could not leave the stations more than a certain amount of time[.] . . . [T]hey couldn't steam out 5 miles to pick up supplies. "

Veterans groups applauded the court's decision. John Rowan, national president of Vietnam Veterans of America, said in a written statement, "Some of the inequities of the application of presumptive coverage for exposure to Agent Orange have finally been set aside." Rowan also said, "This Court decision will allow for an untold number of veterans and their families to receive the compensation and health care they are entitled to, as well as other VA programs."

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In the 31-page decision, the court determined the Department of Veterans Affairs (VA) has been unlawfully denying presumptive disability compensation for exposure to Agent Orange for service members who served in the waters offshore of Vietnam and earned the Vietnam Service Medal.

70's Law Costs 61,000 Military Widows Thousands Of Dollars In Survivor Benefits (NYT)

By Lizette Alvarez

The New York Times, August 19, 2006

As many as 61,000 military widows whose husbands died of causes relating to their military service lose out on thousands of dollars a year in survivor benefits because of a law that dates from the 1970's.

Widows and retirees have spent decades trying to persuade Congress to change the law, which hits hardest at the widows of lower-ranking service members and is referred to by many critics as the "widow's tax."

The Senate passed such a change last year and again this year as part of the military authorization bill. But House Republican leaders oppose the change because of its steep price tag, nearly $9 billion over 10 years, Senate legislative aides from both parties say. A change was not in the military bill that passed the House, but lawmakers who support the change are hoping to make it part of the bill's final version, which is now being worked on by a bipartisan Congressional committee.

"My husband thought he was securing my future," said Edie Smith, a member of the Gold Star Wives, a group of military widows who are lobbying to change the law. "He didn't realize his own disability would void the benefit he purchased for me."

A 1972 law created the Survivor Benefits Plan, a Department of Defense retirement income fund similar to a life insurance policy. The plan, in turn, pays benefits calculated according to a dead service member's rank and length of service.

In addition, widows of veterans who died of service-related causes receive monthly cash stipends from the Department of Veterans Affairs. Known as the Dependency and Indemnity Compensation stipend, it is currently $1,033 plus $257 for each child.

But under the law, which placed restrictions on the plan that it created, the payment to widows enrolled in the Survivor Benefits Plan is reduced, dollar for dollar, by the amount of the Dependency and Indemnity Compensation stipend.

For example, a widow who would be entitled to $1,000 from the Survivor Benefits Plan and the $1,033 Dependency and Indemnity stipend receives $1,033, not $2,033.

Widows whose husband paid into the plan are reimbursed their premiums, without interest, but the amount is taxed and does not make up the losses from the plan.

The Department of Defense opposes changing the law to allow both payments, arguing that survivors should not receive two separate benefits for a single death.

But widows and their supporters say that the Pentagon's opposition to a change in the law really stems from its cost, especially at a time of rising expenses for the war in Iraq.

They also argue that because service members paid into the Survivors Benefits Plan, its benefits should not be reduced.

"If you take one benefit from another, you don't leave the survivor with very much," said Col. Lee Lange, the deputy director of government relations for the influential Military Officers Association of America, which has made this issue a priority. "These are widows. Let them collect both."

Juan del Castillo, a retired Coast Guard commander who has been paying into the plan since 1972, accused the Pentagon of "stealing money from widows."

"They are financing their operation from money stolen from military widows," Mr. Castillo said. "They have been doing that since 1972."

Senator Bill Nelson, Democrat of Florida, who has pushed for five years to change the law, said he had allies in the chairman of the Armed Services Committee, Senator John W. Warner, Republican of Virginia, and the committee's ranking Democrat, Senator Carl Levin of Michigan. The $9 billion price tag needed to insure a full payout under both plans sounds expensive, Mr. Nelson said, but is less than the price of a single aircraft carrier.

"Widows and orphans are made as a result of war," he said. "They are victims of war. They are giving the ultimate sacrifice, and the nation has an obligation to care for them."

In the last two years, Congress has passed several bills to ease restrictions in the Survivor Benefits Plan. It ended a reduction in benefits to widows who reached the age of 62. And in 2003, as more and more women were widowed because of the war in Iraq, Congress decided to allow those whose husbands died after Nov. 23, 2003, to receive money from both funds by designating surviving children instead of wives as beneficiaries. But that does not affect the vast number of the 61,000 widows whose husbands died before that date.

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Representative Duncan Hunter, Republican of California and chairman of the House Armed Services Committee, does not support including the change in this year's military authorization bill. But he has said Congress is doing right by the widows, pointing out that last year it approved significant increases in life insurance payouts and death benefits.

That "should have been done a long time ago," Mr. Hunter said.

Save The Endangered Whistle-Blower (NYT)

The New York Times, August 19, 2006

If ever government whistle-blowers needed protection from official retaliation it is now, in the secrecy-obsessed Bush administration. Federal employees daring to disclose fraud and abuse in their bureaucracies have been under virtual siege, isolated as pariahs and shipped off under gag orders to lesser jobs in far-off places.

Appeals to court review under the 17-year-old Whistle-Blower Protection Act have proved fruitless, with the Supreme Court ruling in May that workers have no right to First Amendment protection when they warn lawmakers and taxpayers of government waste and folly. The ruling has thrown the issue back into the lap of Congress. Fortunately, there is enough anger emerging on both sides of the aisle to raise hopes for remedial legislation.

The Senate has unanimously approved an amendment to close loopholes and spell out whistle-blowers' rights in more forceful detail for the courts. It is attached to a pending military bill, with proponents working for comparably tough legislation to be accepted by the House.

The outcome is not certain. The Justice Department has been opposed to strengthening the law, and a countermove is afoot to give the administration even more power to prosecute whistle-blowers as leakers of official secrets. The coming showdown is a chance for electioneering incumbents to take a stand against the administration's mania for foiling the public's right to government transparency.

The best display of Congressional intent would be for lawmakers to not just reaffirm the 1989 law but to extend it to all the national security bureaucracy and to private contractors. The nation's need for timely whistle-blowers has been painfully driven home by gaffes in pre-9/11 homeland security, the premises for the Iraq invasion, and the administration's illicit intelligence gathering at home.

CIVIL RIGHTS:

Pony Leagues Will Allow Deaf Kids To Use Sign Language Interpreters In Games (AP)

AP, August 19, 2006

WASHINGTON (AP) — The PONY Baseball and Softball league, where Mark McGwire and Alex Rodriguez once honed their skills, will allow deaf children to use sign language interpreters in games under an agreement with the Justice Department.

The department's civil rights division announced an agreement Thursday under which deaf, hard-of-hearing and other disabled kids among the 450,000 children who play in PONY's boys and girls baseball and softball leagues will get new assistance to help them participate fully.

There are 3,500 baseball and fast- and slow-pitch softball leagues organized around the nation by nonprofit PONY Baseball Inc., headquartered in Washington, Pa. The leagues are divided into two-year age brackets to allow boys age 5-18 and girls age 8-18 to compete with players of similar ages and of their own sex.

The case was brought after Justin "Pono" Tokioka, a deaf youth, was not allowed to have his father, James, inside the dugout to give him sign language signals during the PONY state regional tournament playoff games in Hilo, Hawaii, in July 2005. Justin was then 10 and played in a Mustang league for 9 and 10-year-olds, and his father had acted as his interpreter in practices and in games on the island of Kauai, where the family lives in Lihue.

PONY officials cited a rule that only three coaches could be in the dugout during tournament games. James and Beth Tokioka filed a complaint under the Americans with Disabilities Act on behalf of their son, but the settlement they won provides nationwide relief for disabled PONY participants.

"Words can't express how thankful we are that the settlement was favorable not only to Pono, but to thousands of children with disabilities around the country who want to participate equally," said Beth Tokioka. "It's amazing that almost two decades later, the Americans with Disabilities Act is still so poorly understood."

James Tokioka added, "All we wanted was for him to have a good experience and to know that he helped his team by participating fully in the tournament. Hopefully, this will make it easier for other kids and their parents to just enjoy the thrill of playing at that level."

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Justin still plays, now in the Bronco level for 11- and 12-year-olds. "Now he doesn't have to worry about any of this again, which is great," Beth Tokioka said.

More than 375 major league baseball players have had experience in PONY leagues, the organization says.

The Justice Department said PONY agreed:

—Not only to allow but also to provide sign language interpreters for deaf or hard-of-hearing players during games.

—To modify its rules and practices to allow disabled children an equal opportunity to participate.

—To train its board of directors in the act's requirements and name an ADA coordinator to ensure that PONY leagues provide reasonable modifications and auxiliary aids for disabled players.

—To pay Justin Tokioka $30,000 in damages.

"Playing baseball is a summertime joy for kids in this country," said Wan J. Kim, assistant attorney general in charge of Justice's civil rights division. "I am pleased that today's agreement opens up PONY's baseball and softball leagues for children with disabilities."

Associated Press Writer Audrey McAvoy in Honolulu contributed to this report.

Emergency Contraception Provision Part Of Abortion Ban Debate (AP)

AP, August 19, 2006

SIOUX FALLS, S.D. - South Dakota's abortion ban, which faces voters in November, does not allow exceptions for rape and incest victims. But the ban's supporters say it's not as restrictive as it appears.

The legislation allows for emergency contraception to help prevent pregnancy from occurring, said Dr. Stephen Billion of Sioux Falls, who supports the ban.

The provision allows a woman to take emergency birth control before she tests positive for pregnancy.

But the ban's critics say such emergency contraception isn't widely available in South Dakota. They also say many rape and incest survivors don't report the crime at all - let alone within the short time during which the drugs are effective.

The U.S. Justice Department estimates less than 40 percent of rapes and sexual assaults are actually reported.

An abortion-rights supporter, Dr. Maria Bell of Sioux Falls, said the provision doesn't make any sense if, as her opponents say, all life begins at conception.

"Backpedaling to try to capture that segment of the population who disagrees with them is, frankly, a bald-faced lie," Bell said of those pushing the provision.

Anti-abortion lawmakers fought a measure in the 2006 Legislature that would have required hospitals to make women aware that emergency contraception is available. The bill died in committee.

The ban, as passed by the Legislature, makes it a felony punishable by up to five years in prison and a $10,000 fine for anyone to knowingly perform or try to perform an abortion except to save a pregnant woman's life. It's now known as Referred Law 6 on the ballot.

The lack of exceptions for rape and incest victims was a problem for many people who responded to a statewide poll last month. The poll indicates the ban would have more support if the exceptions were included.

Section 3 of Referred Law 6 says that nothing in the ban "may be construed to prohibit the sale, use, prescription or administration of a contraceptive measure, drug or chemical, if it is administered prior to the time when a pregnancy could be determined through conventional medical testing and if the contraceptive measure is sold, used, prescribed, or administered in accordance with manufacturer instructions."

Ban supporters say rape and incest survivors could use emergency contraception to try to avoid becoming pregnant from the assault - as long as it's done before a test is able to prove the woman is pregnant.

Vote Yes for Life on Six, a political group formed to encourage voters to uphold the ban, says Section 3 is a rape and incest exception.

A broader exception could allow inaccurate rape accusations so women could get abortions, said ban supporter Dr. Glenn Ridder of Sioux Falls.

Bell said exceptions are necessary. "It's just unconscionable not to allow a rape and incest victim to have access to a safe and legal abortion," she said.

The emergency contraception provision is a "practical necessity" in the ban that doesn't meet the common definition of a rape and incest exception, said Robert Burns, South Dakota State University political science professor. "There would be no way of imposing the regulations of the bill before you could tell there was a pregnancy," he said.

Ban opponents say emergency contraception is not readily available in South Dakota.

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By law, pharmacists in the state can refuse to dispense any medications to which they morally object. State Rep. Casey Murschel, R-Sioux Falls, executive director of NARAL Pro-Choice South Dakota, said emergency contraception falls into that category for some pharmacists.

South Dakota hospitals are not required to dispense emergency contraception or give information about it to patients.

Court: Members Of Congress Not Immune From Discrimination Suits (MCT)

By Kevin Diaz

McClatchy Newspapers, August 19, 2006

WASHINGTON - A federal appeals court on Friday rejected a motion to dismiss a job discrimination suit against Sen. Mark Dayton, D-Minn., ruling that members of Congress are not automatically immune from such suits under the Constitution.

But in a mixed decision that could lay the groundwork for a review by the U.S. Supreme Court, the judges found that Dayton could still assert immunity under the "speech or debate" clause by formally asserting that a staffer's dismissal was based on the performance of protected legislative duties.

The ruling by the U.S. Court of Appeals for the District of Columbia Circuit was closely watched on Capitol Hill because of the separation of powers and immunity issues it raises for all members of Congress in discrimination and civil rights suits.

For that reason, Dayton's case was joined with a race and gender discrimination suit brought against Rep. Eddie Bernice Johnson, D-Texas.

Brad Hanson, Dayton's former state office manager, sued Dayton in May 2003, claiming he was fired after disclosing that he had a heart condition.

Dayton said Hanson was dismissed for poor job performance.

Hanson's lawyers based his suit largely on the 1995 Congressional Accountability Act, which for the first time extended many common worker protections to congressional employees.

Senate lawyers have been trying to dismiss the lawsuit on the basis of the Constitution's speech or debate clause, which protects lawmakers from legal actions arising from their official duties.

A district court judge in Washington ruled against Dayton in 2004.

The appeal, which was heard by all the active judges on the circuit - an unusual legal step - produced a mixed ruling that seems to favor Dayton's defense team, which characterized Hanson's dismissal as a legislative act protected by the Constitution.

But rather than dismissing the suit outright, the circuit court ruled that immunity "operates as an evidentiary protection for members of Congress," suggesting that Dayton could shield himself from further court scrutiny by testifying directly - likely in a sworn affidavit - that Hanson was fired over the performance of his legislative duties.

Jean Manning, the Senate's chief counsel for employment, said the decision was a victory for Dayton.

Neither Hanson nor his D.C.-based attorney, Richard Salzman, could be reached for comment.

Jack Danielson, Dayton's chief of staff, said Dayton was traveling in northern Minnesota Friday and had not seen the ruling.

Touch-Screen Machines Stir Election Anxiety In Md. (WP)

By Steve Vogel, Washington Post Staff Writer

The Washington Post, August 19, 2006

Touch-screen polling machines, which will be used statewide in Maryland when voters go to the polls for the Sept. 12 primary, were intended to calm fears of election flimflam raised in the wake of the infamous 2000 presidential balloting in Florida.

But the new machines themselves have become a politically charged topic in Maryland. Republican Gov. Robert L. Ehrlich Jr., who agreed to purchase them three years ago, now questions whether they can provide fair and accurate elections, given their vulnerability to computer hackers and their lack of a paper trail to document votes.

"There's a lot to be concerned about here," Ehrlich said recently.

Democrats, in turn, accuse the governor and the Republican Party of trying to dampen voter turnout through scare tactics. "It's highly unfortunate that Bob Ehrlich has chosen to alarm people about the integrity of the voting process," said Del. Peter Franchot (D-Montgomery), a candidate for state comptroller.

Yet Franchot and other Democrats acknowledge their own unease about the equipment.

Rep. Steny H. Hoyer (D-Md.), who was a co-sponsor of the 2002 federal legislation that required states and counties to upgrade equipment, said he is concerned by reports from computer security experts that the voting machines could be manipulated to skew results.

"This is new technology, and we're going to have to watch it," he said. "We want to make sure this new technology is not used to undermine fairness."

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State election officials say that their Diebold Elections Systems voting machines, which are being used in Maryland and 28 other states, are safe. "I think the system is fabulous," said Linda Lamone, administrator for the state Board of Elections. "It's probably the most secure system in the country."

Ehrlich has cast doubt on her assurances, citing warnings from computer scientists and accusing the Democrat-controlled General Assembly of stifling efforts to safeguard the system.

Lamone led Maryland's efforts to purchase the voting machines, making the state one of the first to go electronic in every precinct. The process began before Ehrlich took office, but in 2003 he signed a $55 million contract for additional machines and installation. Within weeks, Johns Hopkins University computer scientist Avi Rubin released a report that described the machines as flawed and easily hacked. He said Maryland officials should "ask for their money back."

Ehrlich commissioned a review by computer security consultants, who identified 328 security weaknesses, 26 of them critical. With the promise that the faults would be fixed, he agreed to honor the contract.

"Because of this report, Maryland voters will have one of the safest election environments in the nation," he declared in October 2003.

Joseph M. Getty, Ehrlich's policy director, said the assurances from Diebold and the state election board have not been met. "The board of elections has done nothing to reassure us," Getty said.

Ehrlich informed the board this year that he no longer had confidence in its "ability to conduct fair and accurate elections in 2006."

His concerns align him with a Takoma Park group, TrueVoteMD, that is pushing for a paper trail. "Over the past year, there have been a series of really alarming reports pointing to vulnerabilities, and so far, Maryland hasn't issued any real response," said Bob Ferraro, co-founder of the group.

Maryland is not alone in its concern. In the spring, a test of Diebold machines in Utah revealed how easily the machines could be tampered with, prompting California and Pennsylvania to warn their county election administrators to take additional security steps.

A June report by the Brennan Center for Justice at the New York University School of Law, billed as the nation's first systematic analysis of security vulnerabilities in electronic voting, concluded that all the systems in use "have significant security and reliability vulnerabilities, which pose a real danger to the integrity" of elections.

The greatest vulnerability, according to the report, is that a software virus could be inserted into a voting machine to alter voter tallies.

The Brennan report notes that systems without paper trails -- a paper record or receipt that voters can use to confirm votes -- lack an important countermeasure to software attacks: the ability to compare paper to electronic records.

Lamone and the election board staff say the Brennan report, as well as those prepared by Rubin and other computer scientists, has sensationalized the issue, ignored practicalities and undermined voter confidence.

"People are so focused on these outlandish theories," Deputy Administrator Ross Goldstein said. "Our system combines security and usability in a very effective manner."

Maryland election officials say the state's system of "parallel testing" provides a better safeguard against tampering than a paper trail. Maryland is one of only three states using parallel testing, which involves selecting voting machines at random and testing them.

In the weeks before the election, election officials will pull machines from each jurisdiction and conduct a mock election, tabulating the results to ensure they match votes cast. Then, on Election Day, one machine will be pulled from each jurisdiction for similar testing, ensuring that some type of "Trojan horse" virus has not sprung to life, Goldstein said.

The Brennan report says this parallel testing is an effective method to find software-based attacks.

Lamone said the machines will be secured after inspection, sealed with tamper-resistant tape and closely monitored on Election Day. "With all the attention given this, I'm confident that someone would notice if anyone tried to muck around with it," she said.

The state has invested more than $90 million in a statewide system of 20,000 AccuVote-TS touch-screen machines. The machines were used for the 2004 election in Maryland. The state had a 0.3 percent residual vote rate -- votes that do not count because of voter error or other problems -- which tied for the lowest in an academic survey of 37 states in the 2004 election.

A bill introduced in the past session of the General Assembly and supported by Ehrlich would have provided $21.8 million for Maryland to replace the Diebold system with paper ballots read by optical scanners. But the elections board opposed the measure, saying the money was not adequate to make the switch and that the confusion could disrupt elections. The House passed the measure, but it died in the Senate.

Maryland election officials are continuing to resist the push for a system that provides a paper trail for future elections in favor of waiting for developing technologies that they say could further safeguard the balloting process.

A paper trail, they say, would not be a panacea. "In my mind, if you add a paper trail, you're going to end up with a lot more questions than answers," Goldstein said. Discrepancies might arise from comparing computer tallies to hand-counted paper receipts, which could be subject to human error.

Nonetheless, elected officials say they believe voters might not be satisfied without a paper trail.

"What people want, and where the legislature is headed, is some kind of paper trail," Franchot said. "I don't believe we're going to have the paper trail for this election, but we're clearly moving in that direction."

ANTITRUST:

Bristol, Sanofi Ask U.S. Judge To Halt Generic Form Of Plavix (BLOOM)

Bloomberg, August 19, 2006

Aug. 18 (Bloomberg) -- Bristol-Myers Squibb Co. and Sanofi- Aventis SA asked a judge to ban rival Apotex Inc. from selling a generic version of their blood thinner Plavix, arguing sales would destroy the $4 billion market they created.

The companies asked U.S. District Judge Sidney Stein in New York today to force Apotex to recall any of the medicine shipped to drugstores and wholesalers since sales began earlier this month. Plavix was the world's second-highest selling drug last year, with more than $3.8 billion in U.S. sales.

Bristol-Myers and Sanofi, the world's third-largest drugmaker, have lost $10 billion in market value since Apotex entered the market Aug. 8 after an agreement to delay entry collapsed, said Evan Chesler, who's representing both companies. According to the National Association of Chain Drug Stores, which is supporting Apotex, more than half of new prescriptions for the medicine are filled using the generic drug.

``You can never put our Humpty Dumpty back together again if this thing isn't stopped," Chesler said.

The arguments before Stein are set to continue on Aug. 21.

Bristol-Myers and Sanofi claim the generic drug infringes a patent for clopidogrel bisulfate, the chemical name for the medicine. The patent expires in 2011. Apotex is challenging the validity of the patent, and the drugmakers say Apotex shouldn't sell generic Plavix until the patent issue is resolved.

Shares of New York-based Bristol-Myers rose 16 cents to $21.64 in New York Stock Exchange composite trading. American depositary receipts of Paris-based Sanofi fell 7 cents to $45.49. Two ADRs represent one ordinary share.

Plavix Benefits

Plavix was approved in 1997 to help prevent heart attacks and strokes. Plavix keeps platelets from clumping together and forming clots. Earlier this week, the companies received regulatory approval to market the drug as a treatment for use after severe heart attacks.

Chesler said Plavix is ``one of the most successful and widely used drugs, frankly, in the history of the U.S. pharmaceutical industry." Only Pfizer Inc.'s cholesterol medicine Lipitor has higher sales.

Apotex lawyer Robert Silver told Stein in opening arguments today that blocking a generic version of Plavix would be counter to consumers' interests in large part because it would drive up prices.

``This pill is a $4 billion product; it's used all over the U.S.," Silver said. ``If we're off the market then they have the entire market again, and they can charge whatever they want."

Weigh the Harm

Silver also asked Stein to weigh the harm Apotex would suffer against granting the plaintiffs' request for a preliminary injunction on sales. Apotex ``incurred massive expenses in amassing its supplies" for entry into the U.S. market, Silver said. If sales were blocked ``we would lose incalculable customer goodwill" and ``disruptions to customer expectations would be devastating," Silver said.

Closely held Apotex, based in Weston, Canada, received final approval to sell generic Plavix in January and started making the medicine in anticipation of a launch, even though a patent- infringement trial was scheduled for June. In March, the three companies struck a deal that would have kept generic Plavix off the market until just months before the expiration of the patent.

That agreement was rejected by state attorneys general who said it didn't comply with a consent decree Bristol-Myers signed in 2003 that limited its ability to sign agreements that would delay entry of generic versions of its drugs.

The U.S. Justice Department is investigating possible criminal charges on allegations that Bristol-Myers and Sanofi had a secret side deal that it didn't disclose to the U.S. Federal Trade Commission, which also had to approve the agreement.

Internal Investigation

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Bristol-Myers said yesterday that a continuing investigation by its outside counsel ``has not found any evidence of unlawful conduct'' by employees. It's also hired former federal prosecutor Mary Jo White to investigate the Apotex negotiations.

Apotex said in court papers yesterday that Bristol-Myers and Sanofi ``sought to defraud'' regulators in seeking approval of the settlement, so they isn't entitled to the court-ordered ban.

The National Association of Chain Drug Stores, representing companies including Rite Aid Corp., Target Corp. and Wal-Mart Stores Inc., filed court papers yesterday opposing the request by Sanofi and Bristol-Myers. The generic drug is selling at a discount of up to 30 percent and pharmacies are filling half the prescriptions with the generic, the group said.

``Generic competition for Plavix is overdue, and this court should not halt it,'' the association said in court papers.

Some of the group's members, including CVS Pharmacy Inc. and Kroger Co., have filed antitrust suits against Sanofi and Bristol-Myers over efforts to delay generic Plavix.

The case is Sanofi-Synthelabo v. Apotex Inc., 02cv2255, U.S. District Court for the Southern District of New York.

To contact the reporter on this story: Jeff St.Onge in Washington jstonge@bloomberg.net .

Boeing Wins EU Approval To Buy Aviall (DALBIZ)

Dallas Business Journal, August 19, 2006

European antitrust authorities have given approval for The Boeing Co. to buy aviation parts distributor Aviall Inc.

The European Commission raised no antitrust issues related to the $1.7 billion cash deal.

Chicago-based Boeing (NYSE: BA), the world's largest aerospace company and the largest manufacturer of commercial jetliners and military aircraft, has agreed to pay Aviall stockholders $48 a share, plus the assumption of about $350 billion in debt.

Under the deal, Dallas-based Aviall (NYSE: AVL) will become a subsidiary of Boeing's Commercial Aviation Services.

Boeing reported about $55 billion in revenue last year. Aviall has about $1.3 billion in annual revenue. Aviall's shares rose 24.67 percent to $47 a share Monday morning after news of the deal.

The deal is expected to close by the end of the third quarter.

ENVIRONMENT:

Federal DOT Head Tours Alaska Oil Field (AP-Y)

By Rachel D'oro, Associated Press Writer

AP, August 19, 2006

Acting Transportation Secretary Maria Cino toured Prudhoe Bay on Friday to assess BP PLC's progress following federal orders to improve its pipeline corrosion management at the nation's largest oil field.

"It was surprise and a disappointment the way BP maintained these pipelines," she said.

The half-day visit to Alaska's North Slope came almost two weeks after the British oil giant launched a partial shutdown because of leaks and corrosion in low-pressure pipe found on the eastern side of the colossal field. London-based BP operates Prudhoe Bay for itself and other owners.

"We came here to ensure the safe operation of the pipelines and continue working with BP," she said from the field about 650 miles north of Anchorage.

Days after the shutdown, the Transportation Department's Pipeline and Hazardous Materials Safety Administration ordered the company to conduct more rigorous tests on the so-called transit pipelines, which carry market-ready oil to the 800-mile trans-Alaska pipeline. DOT engineers have been onsite since Aug. 8.

The Aug. 10 order is the third involving Prudhoe that has been issued to BP since a March oil spill from a corroded transit line on the western half of the field. Up to 267,000 gallons of crude leaked for days into the snow-packed tundra before it was noticed. The spill was the largest ever on the North Slope and prompted the federal pipeline agency to order BP to improve its corrosion protection management at Prudhoe.

An amended order issued in July directed BP to improve and speed up preparations to test the lines.

Under the latest order, BP must conduct four surveys daily on the 22 miles of transit lines. It must visually inspect the pipe by foot, car, or plane, as well as use heat-seeking infrared equipment to detect leaks.

Pipeline regulators allowed the company to keep operations going in the western half, which has undergone thousands of recent ultrasound inspections. But BP will have to strip insulation from the pipeline there and continue to conduct ultrasonic testing.

Ultimately, 16 miles of transit line will be replaced.

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Cino on Friday watched as workers removed the galvanized steel covering on the pipeline and then insulation. Workers then buffed sections of the pipe to ready it for ultrasonic testing foot by foot.

She also saw the last phase of the cleanup of the Aug. 6 spill as yellow-suited workers used propane torches to burn oil that remained on tundra grasses. The state said 23 barrels of oil reached the tundra, and 176 barrels of oil were captured by tanks placed under the pipeline.

Before the shutdown, daily production at Prudhoe was 400,000 barrels, 8 percent of the domestic production and half the current output by North Slope fields. The current production is more than 200,000 barrels daily, BP Alaska President Steve Marshall said Friday in Anchorage.

The federal order requires BP to pass a series of tests before restarting the eastern operation.

The Prudhoe corrosion crisis also has prompted the pipeline agency to ramp up plans to strengthen federal requirements and standards for operating such pipelines, which are exempt from federal regulations.

Since the shutdown, BP officials have repeatedly acknowledged the lack of upkeep, saying they believed the millions the company spent yearly on corrosion control was adequate.

The eastern side of the oil field never had a high-tech inspection called "smart pigging" before July. That inspection gave officials their first indication of the problems that forced the shutdown. The western side had the check in 1998 and was scheduled for the test this summer.

Alaska Attorney General David Marquez told a special hearing of the state legislature being held in Anchorage Friday that the state has served subpoenas on BP and other Prudhoe Bay leaseholders to preserve all documentation related to the Aug. 6 event and pipeline corrosion dating to 1996.

"After the investigation is complete, appropriate legal action will be taken to protect Alaska's interests," he said.

2 More Hearings Set To Examine BP's Pipeline Maintenance (MCT)

By Lisa Zagaroli

McClatchy Newspapers, August 19, 2006

WASHINGTON - Public scrutiny of BP's pipeline maintenance intensified this week, with lawmakers pledging two more congressional hearings to examine how to prevent transmission lines from corroding to the point of failure.

Rep. Don Young, R-Alaska, on Friday scheduled a hearing of the House Transportation and Infrastructure Committee, which he chairs, for Sept. 13.

He said in a statement that the panel would call in officials from BP along with federal and state regulators to consider ways to prevent further corrosion problems on low-pressure lines to the Trans-Alaska Pipeline.

Sen. Pete Domenici, R-N.M., who chairs the Senate Energy and Natural Resources Committee, said he would hold a hearing, tentatively scheduled for Sept. 12, because he was concerned about the impact on the U.S. oil supply.

"I am particularly worried about what the loss of this oil will mean if the nation faces another difficult hurricane season or a harsh winter," Domenici said Thursday.

They join a growing chorus of government officials who want to know what went wrong on the North Slope.

In March, more than 200,000 gallons of oil seeped out of holes in corroded low-pressure lines, which unlike high-pressure lines are exempt from federal regulation. BP told lawmakers and federal regulators that it had a monitoring system that should have prevented the leaks.

This month, BP was forced to shut down some production on Prudhoe Bay because of another leak and concern that the problem could multiply.

That incident soon was followed by an announcement by the House Energy and Commerce Committee that it would hold a hearing Sept. 7.

Sen. Ted Stevens, R-Alaska, said at a news conference Thursday that he planned to convene the Senate Commerce, Science and Transportation Committee to discuss the matter as well, though a hearing hasn't been formally scheduled.

Lawmakers are considering a reauthorization of a 2002 pipeline-safety act and regulations for low-pressure lines.

Officials at the Pipeline and Hazardous Materials Safety Administration are planning to set testing and maintenance rules for low-pressure lines.

U.S. Rice Supply Contaminated (WP)

By Rick Weiss, Washington Post Staff Writer

The Washington Post, August 19, 2006

Genetically Altered Variety Is Found in Long-Grain Rice

DOJ_NMG_0051404

Agriculture Secretary Mike Johanns announced late yesterday that U.S. commercial supplies of long-grain rice had become inadvertently contaminated with a genetically engineered variety not approved for human consumption.

Johanns said the company that made the experimental rice, Bayer CropScience of Monheim, Germany, had provided information to the Agriculture Department and the Food and Drug Administration indicating that the rice poses no threats to human health or the environment.

"Based upon the information we have seen, this product is safe," he said in a telephone news conference.

Johanns said he did not know where the contaminated rice was found or how widespread it may be in the U.S. food supply. The agency first learned about it from the company, he said, after it discovered "trace amounts" during testing of commercial supplies.

The variety, known as LLRICE 601, is endowed with bacterial DNA that makes rice plants resistant to a weedkiller made by the agricultural giant Aventis.

Johanns said Bayer had not finished the process of getting LLRICE 601 approved for marketing before dropping the project years ago. But the company did complete the process for two other varieties of rice with the same gene. And although neither of those were marketed, he said, their approval offers reassurance that 601 is probably safe, too.

Bayer said in a statement it is "cooperating closely" with the government on the discovery. It added that the protein conferring herbicide tolerance "is well known to regulators and has been confirmed safe for food and feed use in a number of crops by regulators in many countries, including the EU, Japan, Mexico, U.S. and Canada."

Johanns acknowledged that the discovery could have a significant impact on rice sales -- especially exports, which are worth close to $1 billion a year. Many U.S. trading partners have strict policies forbidding importation of certain genetically engineered foods, even if they are approved in the United States.

Those restrictions reflect a mix of science-based fears that some gene-altered foods or seeds may pose health or environmental hazards; cultural beliefs about food purity; and political wrangling over trade disparities.

If other countries cut off imports, the political and economic impact could rival or exceed that of the last such major event -- the discovery in 2000 that the U.S. corn supply had become contaminated with StarLink corn. StarLink, which was engineered to be insect-resistant, was approved for use in animal feed but not for humans because of its potential to trigger allergic reactions.

The StarLink episode led to the recall of hundreds of products and the destruction of corn crops on hundreds of thousands of acres. There have been several smaller incidents requiring similar actions since.

Yesterday's announcement quickly prompted a new round of accusations that the government is failing in its efforts to regulate and contain the burgeoning field of agricultural biotechnology, in which genes from various organisms are added to crops and other plants -- usually to confer resistance to weedkillers or to make the plants produce their own insecticides.

"How many incidents will it take before the government takes their oversight of the biotech industry seriously?" asked Gregory Jaffe, director of the biotechnology project at the District-based Center for Science in the Public Interest. "It's reassuring that in this instance there is no safety risk, but I don't think that justifies the industry's blatant violation of government regulations."

Johanns said Bayer contacted the USDA about the problem on July 31, but the agency delayed announcing the finding until it had developed a test it could share with trading partners and others who might want to check for contamination. That test is now available.

Although Bayer stopped field tests of LLRICE 601 in 2001, the contamination appeared in the 2005 harvest, Johanns said -- a detail that Margaret Mellon, director of the food and environment program at the Union of Concerned Scientists in Washington, found "alarming."

"It's more evidence to me that all of these things that have been getting tested ultimately have a route to the food supply," Mellon said.

Although agency investigations are underway, both Johanns and Robert Brackett of the FDA's Center for Food Safety and Applied Nutrition said they do not anticipate recalls, crop destruction or other regulatory action.

"If we become aware of any new information to suggest that food or feed is unsafe, we will take action," Johanns said.

Instead, Johanns said, Bayer now plans to resurrect its effort to get the product approved -- or in government parlance, "deregulated" -- a move that would make the contamination issue moot in the domestic market.

Researcher Madonna Lebling contributed to this report.

Scientists Add Years To Ozone Recovery (AP-Y)

By Eliane Engeler, Associated Press Writer

AP, August 19, 2006

The atmosphere will take up to 15 years longer than previously expected to recover from pollution and repair its ozone hole over the southern hemisphere, the United Nations' weather organization said Friday.

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Thinning in the ozone layer — due to chemical compounds leaked from refrigerators, air conditioners and other devices — exposes the Earth to harmful solar rays. Too much ultraviolet radiation can cause skin cancer and destroy tiny plants at the beginning of the food chain.

Scientists said Friday it would take until 2065, instead of 2050 as previously expected, for the ozone layer to recover and the hole over the Antarctic to close.

"The Antarctic ozone hole has not become more severe since the late 1990s, but large ozone holes are expected to occur for decades to come," ozone specialist Geir Braathen told reporters in summarizing a new report by the World Meteorological Organization and the U.N. Environment Program. The report will be released next year.

The ozone hole, a thinner-than-normal area in the upper stratosphere's radiation-absorbing gases, has formed each year since the mid-1980s at the end of the Antarctic winter in August, and generally is at its biggest in late September.

Experts said they extended the projected recovery because chlorofluorocarbons, or CFCs, would continue to leak into the atmosphere from air conditioners, aerosol spray cans and other equipment for years to come.

But there was cause for celebration, they said, noting a decline in CFCs in the first two atmospheric layers above Earth.

"The level of ozone-depleting substances continues to decline from its 1992-1994 peak in the troposphere and the late 1990s peak in the stratosphere," WMO secretary-general Michel Jarraud said in a statement.

Less of these chemicals are used every year, he said, after 180 countries in 1997 committed to reducing CFCs under the Montreal Protocal.

"This shows that the Montreal Protocol is effective and is working," he said.

Last year, the ozone hole reached about 10 million square miles on Sept. 20 — just below its largest size in 2003 of about 11.2 million square miles, WMO experts said.

IMMIGRATION:

Homeland Security Says 11 Million Illegals In U.S. (WT)

By Jerry Seper, The Washington Times

The Washington Times, August 19, 2006

The Department of Homeland Security yesterday said there are more than 11 million illegal aliens living and working in the United States, up from 8.5 million in 2000 -- a 24 percent jump with an expected annual growth of more than 408,000.

According to a report by the department's Office of Immigration Statistics, the vast majority of the illegals -- nearly 6 million -- came to the United States from Mexico, followed by El Salvador, Guatemala, India and China with a combined total of about 1.4 million.

The greatest percentage increase in the nation's illegal alien population since 2000 was among people from India, a jump of 133 percent, and Brazil at 70 percent, according to the report.

The report also said most of the illegals migrated to California, which now has an illegal alien population estimated at 2.8 million, followed by Texas with 1.4 million and Florida with 850,000.

It said the states with the greatest percentage increases in illegal aliens from 2000 to 2005 were Georgia, at 114 percent; Arizona, 45 percent; Nevada, 41 percent; and North Carolina, 38 percent.

Getting an accurate count of illegal aliens in this country has been a difficult assignment, and the government has acknowledged that obtaining specific information has been impossible, saying its current estimates are based on assumptions and combinations of data.

"Estimating the size of the unauthorized population living in the United States is challenging because of data limitations," the report said. "There are no national surveys, administrative data or other sources of information that directly provide accurate estimates of this population.

"As a consequence, the unauthorized immigrant population must be estimated by making certain assumptions and by combining data that measure events with those that measure population," it said.

Immigration analysts, law-enforcement authorities and others have suggested conflicting totals for the actual number of illegal aliens in the United States.

But a comprehensive study of the underground economy in January 2005 by the Wall Street financial firm Bear Stearns said the number of illegals could be as high as 20 million. In a report, the firm said 3 million illegals were entering the country annually and that they were gaining a larger share of the job market, holding 12 million to 15 million jobs in the United States.

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"Illegal immigrants constitute a large and growing force in the political, economic, and investment spheres in the United States," the report said. "The size of this extra-legal segment of the population is significantly understated because the official U.S. Census does not capture the total number of illegal immigrants.

"Our research has identified significant evidence that the census estimates of undocumented immigrants may be capturing as little as half of the total undocumented population," the report said. "This gross undercounting is a serious accounting issue, which could ultimately lead to government policy errors in the future."

In March, the Pew Hispanic Center used U.S. Census Bureau data to estimate that the United States had 11.1 million illegal immigrants in March 2005, and former Homeland Security Secretary Tom Ridge said in December 2003 there were 8 million to 12 million illegal aliens in the United States.

The U.S. Census Bureau estimated the number at 8 million in 2003 and a 2001 Northeastern University study put the number at 11 million.

The DHS report calculated the nation's illegal alien population at 10.5 million in January 2005, but said that assuming an annual growth rate of 408,000, the population total would have reached 11 million by January 2006. It said 3.1 million of the 10.5 million illegals had come to the United States in 2000 or later. An estimated 1 million entered in 2003 or 2004, while 2.1 million arrived during 2000 through 2002, it said.

Feds Estimate 10.5M Illegal Immigrants (AP-Y)

By Suzanne Gamboa, Associated Press Writer

AP, August 19, 2006

About 11 million illegal immigrants were living in the U.S. at the start of this year, the federal government said in a report Friday.

That's up from an estimated 8.5 million living in the country in January 2000, according to calculations by the Office of Immigration Statistics in the Department of Homeland Security.

The office estimated that 10.5 million illegal immigrants were living in the United States in January 2005 and that the number grew at a national average of 408,000 a year.

Estimates of the size of the illegal immigrant population vary widely according to the political leanings of groups using them.

The federal government acknowledged the difficulty of getting an accurate count in its report, saying estimates involve assumptions and combinations of data.

A Homeland Security spokeswoman could not be reached immediately.

In March, the Pew Hispanic Center used Census Bureau data to estimate that the United States had 11.1 million illegal immigrants in March 2005. The center used monthly population estimates to project a total of 11.5 million to 12 million in March.

Mexico is the largest contributing country of illegal immigrants, with nearly 6 million in the U.S. in 2005, the government said. El Salvador, Guatemala, India and China followed with a combined contribution of about 1.4 million unauthorized immigrants.

The greatest increase in illegal immigrants in the country was among Mexicans, a jump of 260,000 from 2000 to 2005. The greatest percentage increase in the immigrant population in those years was among people from India, 133 percent, and Brazil, 70 percent.

California had the largest illegal immigrant population, with 2.8 million in January 2005, followed by Texas with 1.4 million and Florida with 850,000.

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On the Net: Citizenship and Immigration Services: http://www.uscis.gov/graphics/shared/statistics/index.htm

Chicago Woman's Stand Stirs Immigration Debate (NYT)

By Gretchen Ruethling

The New York Times, August 19, 2006

CHICAGO, Aug. 18 — In a small storefront church in a Puerto Rican neighborhood on the city's West Side, Elvira Arellano, a fugitive from the government, waits with her 7-year-old son and prays.

Ms. Arellano, 31, an illegal immigrant from Mexico, defied an order to report to the Department of Homeland Security on Tuesday to be deported and is instead seeking sanctuary in her church.

Ms. Arellano is hoping Congress will act on a private relief bill that would allow her and her son, Saul, a United States citizen who has attention-deficit hyperactivity disorder, to stay in the country, where she says he can get better medical treatment.

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"I'm not a terrorist," said Ms. Arellano, who came to the United States illegally nine years ago and is facing her second deportation. "I'm only a single mother with a son who's an American citizen."

Ms. Arellano, president of an advocacy group called La Familia Latina Unida, said she hoped her action would help to bring about legislation to protect families that could be torn apart by deportation.

Immigrants' rights groups and critics of illegal immigration are closely watching her case. Some supporters have likened her to Rosa Parks, while detractors say Ms. Arellano broke the law and should face the consequences.

Critics say illegal immigrants have children with the hope that they will be allowed to stay in the United States. "She had an anchor baby, that's what she did," said Mike McGarry, acting director of the Colorado Alliance for Immigration Reform. "If she was so concerned about her child, she'd take him with her."

Emma Lozano, director of Centro Sin Fronteras, an advocacy group in Chicago, sees it differently. "She became for all of us a symbol of resistance to the unjust, broken laws of this country," Ms. Lozano said. "This cross that she bears for all the undocumented is because she's been chosen."

Ms. Arellano has received supportive calls and e-mail from across the country and beyond.

Dolores Huerta, 76, a laborers' advocate who founded the United Farm Workers union with Cesar Chavez, flew to Chicago from California on Thursday to show her support. "Legislation must be proposed so these children don't stay without their parents," she said.

Ms. Arellano was deported in 1997 after crossing from Mexico illegally. She returned and had Saul, working in Washington State before moving to Chicago in 2000. She was arrested in 2002 at O'Hare International Airport, where she cleaned planes, for using a false Social Security number.

She was granted a stay of deportation after a private relief bill was introduced in the Senate in 2003 because of her son's medical needs. Last year, two similar bills were introduced in the House, but no action has been taken.

At Adalberto United Methodist Church, where Ms. Arellano has been staying, the windows are plastered with copies of letters of support from Representative Luis V. Gutierrez, Democrat of Illinois, who introduced the House legislation, and Mayor Richard M. Daley.

Ms. Arellano also posted a statement, saying if she is arrested on "holy ground," she "will know that God wants me to be an example of the hatred and hypocrisy of the current policy of this government."

Such talk offends people like Rosanna Pulido, director of the Illinois Minuteman Project. "She's spewing all this anti-American stuff," Ms. Pulido said. "The thing that scares me the most is her defiance, it really does."

The Immigration and Customs Enforcement agency said it has the authority to arrest anyone in the country in violation of immigration law. But an immigration official, who spoke on the condition of anonymity because policy prohibits discussing agency plans, said Friday that the authorities had other priorities and did not plan an arrest at the church.

The church's pastor, the Rev. Walter Coleman, said helping Ms. Arellano was part of his calling. "There's a tradition in this country as well as around the world that governments respect the dignity and the faith of the church and don't trample on that," Mr. Coleman said. "I'm much more afraid of God than I am of Homeland Security."

Ira Mehlman, media director of the Federation for American Immigration Reform, said the law holds parents responsible for their actions regardless of their children's situation. "However sympathetic her child may be, you can't allow someone to hide behind their children," Mr. Mehlman said.

Jaime P. Martinez, national treasurer of the League of United Latin American Citizens, an advocacy group in Washington, said Ms. Arellano's case was mobilizing the movement as the government seems to be cracking down.

"I have never seen these type of deportations in my life," said Mr. Martinez, 50, who visited Ms. Arellano on Thursday. "I believe it's an agenda that they have to turn away the progress that was being made."

But Carlina Tapia-Ruano, an immigration lawyer in Chicago, said she doubted that Ms. Arellano's actions would change anyone's mind.

"My concern is that when we have individuals who so publicly voice their disregard of our laws," Ms. Tapia-Ruano said, "I believe that that gives greater ammunition for those who are on the extremes."

But Ms. Arellano is confident. "I didn't allow them to deport me, and the community is supporting me," she said. "I'm not afraid of anything because I'm in the house of God."

Guarding The National Guard (WT)

The Washington Times, August 19, 2006

When President Bush announced he would send 6,000 National Guard troops to the southern border, we applauded the move, but knew that it was more a symbolic gesture than an actual solution to the crisis. Our concerns deepened after it became known that the Guard troops wouldn't actually be, well, guarding the border. Rather, they would placed in more administrative

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positions, presumably to free up Border Patrol agents to patrol the field. Now, it looks like even that benign gesture may be doing more harm than good.

As Jerry Seper reported Thursday, Border Patrol agents, instead of being free to guard the border, are having to guard the Guard. "Several veteran Border Patrol agents in Arizona told The Washington Times they were issued standing orders to be within five minutes of National Guard troops along the border and that Border Patrol units were pulled from other regions to protect Guard units -- leaving their own areas short-handed," Mr. Seper reported.

In a word, this is crazy. Border Patrol agents are referring to their new duties as "nanny patrol," and that seems about right to us. A U.S. Customs and Border Protection spokesman tried to sugarcoat the comedy show that has become the southern border, saying "It makes sense that agents would be nearby the National Guard members who are there to be our eyes and ears." Except, of course, when the federal government forbids Guardsmen from bearing arms, it becomes less a question of supporting each other than protecting each other.

The administration has cited recent statistics showing a 45 percent drop in the apprehension of illegal aliens since the Guard was stationed on the border. But National Border Patrol Council President T.J. Bonner put these numbers in context. "There always is a significant seasonal decline in apprehensions at that time of year [May to July], generally about 30 percent," he said. "This year's decline was somewhat higher, about 45 percent, primarily because of the record-breaking heat in June and July, not the presence of the National Guard troops."

But even if some of that 15-point difference is credited to the Guard, which remains nothing to get excited about, CBP Commissioner Ralph Basham said that the presence of 6,000 Guardsmen has freed up only 315 Border Patrol agents to move from administrative duties to the field. That's hardly a reassuring trade-off.

There are a couple of ways to fix this mess. First, arm the Guardsmen on the border. It is idiotic and dangerous to send them to the border armed with just binoculars and a radio when drug dealers and smugglers regularly bring machine guns. Also, the Guardsmen should be on the border, not pushing pencils behind the lines. They should be plugging the gaps that Border Patrol doesn't have the numbers to man.

Otherwise, all the administration has done is put 6,000 Guardsmen in harm's way. They aren't helping Border Patrol and they sure aren't securing the border.

CONGRESS-ADMINISTRATION:

Boeing Moves To Close Plant (LAT)

By Martin Zimmerman And Ronald D. White, Times Staff Writers

The Los Angeles Times, August 19, 2006

The aerospace giant says it has not given up hope of saving the Long Beach facility, but it begins notifying C-17 suppliers to stop producing parts.

Boeing Co. said Friday that it had taken the first steps toward closing its sprawling C-17 assembly plant in Long Beach, a shutdown that is expected to be completed by the middle of 2009 unless substantial new orders are placed for the giant military aircraft.

Closing the plant, which employs about 5,500 workers, would deprive Long Beach of its largest private employer and deal a blow to hundreds of subcontractors in Southern California and around the nation that supply parts for the C-17. It also would bring to a close almost a century of airplane manufacturing in Southern California — once a pillar of the region's economy.

Boeing began telling suppliers Friday to stop producing parts for the C-17. It also told employees of the decision during an all-hands meeting at the plant, which is adjacent to Long Beach airport.

"I wanted to retire here," information technician Mike Brown, 53, said as he left the meeting. "I'm sad. This is possibly the end of an era. But Boeing will go on, and I hope to go on with them."

The Chicago-based aerospace giant stressed that it would aggressively seek additional customers for the C-17 and continue to push Congress and the Air Force for orders that could keep the assembly line running beyond the expected closing date.

"We haven't given up," said Ron Marcotte, vice president of Boeing Global Mobility Systems.

Although the company has enough orders to keep the plant open for three years, many suppliers will quickly feel the pain of Boeing's stop-work directive.

About 700 contractors employing 25,000 workers, 5,700 of them in Southern California, make parts for the C-17, Boeing said, including landing gear, control surfaces and electronics.

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Boeing is issuing the order now because lead times for parts can be as long as 34 months. Without additional buyers for the C-17, Boeing would be ordering parts for planes that might never be built.

"We are sorry to see the C-17 program come to an end," said Irv Freund, vice president of sales and marketing for M.C. Gill Corp. in El Monte, which makes crew seats and other components. "We supported it not just from our two Southern California facilities but also from our facility in Maryland."

Freund said his company, which also supplies Boeing's thriving commercial airliner business, should be able to avoid layoffs despite the loss of the C-17 work.

Boeing's action increases pressure on Congress and the Air Force to decide the future of the C-17, which transports troops and heavy equipment to trouble spots around the globe and delivers relief supplies to disaster areas. Cutting the supply chain now will make it more expensive to build planes in the future if the Air Force decides to request more, Boeing warned.

The Air Force has ordered 180 C-17s, of which 154 have been delivered. A bill that would earmark funds for three more of the planes, which cost about $200 million apiece, is expected to go to the full Senate next month.

"It would truly be a shame to prematurely close down production of one of the great workhorses of our military," Sen. Dianne Feinstein (D-Calif.) said in a statement.

Air Force officials have praised the C-17, also known as the Globemaster III, but funding a new fleet of airborne refueling tankers has been a higher budgetary priority for the service.

However, given the heavy use the plane has logged in flights to Iraq, Afghanistan and other far-flung locales, "it is prudent to discuss additional C-17s if the financial resources are there," an Air Force spokesman said.

At least one expert believes that the C-17 has a fighting chance.

"Not only is the plane strategically irreplaceable, it's also politically popular," said Richard Aboulafia, an aerospace consultant with Teal Group. "It's not very likely that they'd shut it down after fewer than 200 planes have been delivered, with the existing fleet being worn out much faster than expected and no replacement in sight.

"It all adds up to a pretty good chance of survival."

Indeed, the prospect of additional C-17 orders — 15 from foreign governments and the three pending in Congress for the Air Force — allowed Boeing to push back the planned closing date for the plant, which before Friday was December 2008.

"What we're overlooking is that it wasn't that long ago we were talking about 180 airplanes," Boeing executive Marcotte said. Now we're talking about 180 plus 18."

That wasn't enough of a reprieve to lift the spirits of Boeing workers in Long Beach who got a gloomy glimpse of their future Friday.

Given the outlook, it wouldn't make much sense to just keep working and hoping for new orders, said systems administrator Ruth Riley, 41, who has worked for Boeing for 18 years.

"I love my job, but I will start weighing my options," the Los Angeles resident said. "I will look inside the company first."

Co-workers Ed Mitchell, a 60-year-old engineer, and Richard Petersen, a 78-year-old cost analyst, were among those who wondered why the Globemaster wasn't getting stronger backing from the Pentagon.

"These are generational wars we are fighting," Mitchell said. "They will go on for years, and we will need this aircraft."

A friend, seeing Mitchell and Petersen talking to a reporter, pulled her car to the curb long enough to shout defiantly, "This is not over. We are going to fight for this program!"

But not Petersen. "I've already retired four times," he said. "This will be my last job."

Nearby businesses are also concerned.

"I thought this was a promising location, but it hasn't turned out that way," said Ulises Leon, whose Subway sandwich shop draws Boeing employees in large groups, even on weekends.

Long Beach officials estimate that the C-17 program contributes $831 million a year to the local economy. They note that plant workers live throughout Southern California and suppliers are dotted from Chatsworth to San Diego, spreading the effects well beyond the city.

"It will be a big hit for Long Beach if the plant closes, and it will be an equally big hit for the region," said Robert Swayze, the city's manager of economic development.

It would be especially tough to lose jobs that pay an average of $65,000 a year in an area with an average annual wage of $40,000, said Joseph Magaddino, head of the economics department at Cal State Long Beach.

One bright spot: The 120-acre factory site could find ready takers for redevelopment.

"It's awfully valuable real estate," said Robert Alperin, senior director of brokerage Cushman & Wakefield. "Those kinds of parcels are scarce" in Southern California.

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The Long Beach plant's demise would end the age of airplane manufacturing in Southern California that stretches back to the early 20th century. It features such legendary pioneers as Donald Douglas, Charles Lindbergh, Amelia Earhart, Jack Northrop and Howard Hughes. The plant was built by Douglas during World War II and at its peak employed 50,000 people.

"It's a sad moment, not only because of the job losses but because it really is an end of an era," said Magaddino of Cal State Long Beach.

"So much of Southern California's history was associated with the development of commercial and military aircraft."

End Of An Era In Long Beach (LAT)

By Paul Thornton

The Los Angeles Times, August 19, 2006

Cancellation of the C-17 means Southern California may be done with the airplane-building business by 2009, unbelievable as that sounds.

THE HANGARS are intimidating and massive from the outside. But inside, the activity is so scarce you can hear your voice echo. It wasn't always this way for the aircraft factories at Long Beach Airport. Since opening in 1941, this facility has twice come near permanent closure, only to be saved by corporate mergers. This time, though, Long Beach's iconic Boeing plant probably won't get its miracle.

Boeing announced Friday that it had finally seen the writing on the wall — the company will wind down production of the C-17 aircraft because the Pentagon won't commit to ordering any more. Assembly of the military cargo jet, the last big plane manufactured in Southern California, will probably end in 2009. Despite a strong lobbying effort to save the assembly line and its 5,500 jobs, Congress has refused to set aside the billions of dollars needed to make the Pentagon change its mind.

For those of us who grew up here, it's an idea that would have seemed impossible two decades ago: In three years' time, no more big jets will be built in the Southland.

In March, I toured the Long Beach factories to see the last locally produced commercial jet make its way down the assembly line. The 110-seat Boeing 717, inherited from the company's 1997 purchase of McDonnell-Douglas, occupied just a tiny patch of the hangar's seemingly endless floor.

The rest of the massive building was dark and quiet. On the floor were trolley lines for planes and bike paths with stop signs where they intersect, a testament to the factory's bustling, long-vanished heyday. Over a raised platform, hundreds of yards from the plane, hung a bell that used to be rung when a new order was phoned in. It has been silent since 2004.

Not too far from the 717 building was a fenced-off lot on which a hangar was recently bulldozed to make way for homes and offices. At the height of World War II, these factories churned out a plane every two hours and employed about 50,000 workers. The Long Beach facility saw thousands of DC-3s, a legendary 1940s workhorse, roll off its assembly line. At the peak of Cold War production, more than 100,000 Southern Californians worked in airplane manufacturing alone.

Growing up in Glendale, I often heard kids my age brag that their parents helped build planes in Burbank, probably at Lockheed's ultra-secret Skunk Works plant near the airport (that factory moved to Palmdale in 1989). It seemed as if everyone in Los Angeles had a friend or relative who worked in aerospace. Now, the old buildings, where they exist, look and feel like giant sarcophagi.

The silver lining in this great collapse is that the world is no longer on the brink of nuclear war between the Soviet Union and the United States, a threat that fueled generations' worth of good aerospace jobs. Still, as an aviation nerd, it was a somber experience to visit the Long Beach factories and see what's left of a once-proud industry.

I couldn't make it to Long Beach in May when the last 717 took off on its delivery flight to AirTran Airways. But I plan to save the date in 2009 to bid farewell not only to the final C-17 coming off the line, but to a long, important and, I hope, not forgotten chapter in the Southland's history.

Boeing Implements First Phase Of C-17 Cargo-Plane Shutdown (WSJ)

By Jonathan Karp

The Wall Street Journal, August 19, 2006

Boeing Co. took the first step toward shutting down production of its C-17 military cargo plane by notifying suppliers to stop work on planes that don't have confirmed buyers.

Friday's move was expected after Boeing warned that it couldn't afford the risk of continuing to fund subcontractors without additional C-17 orders from the Pentagon. Boeing has nearly 700 suppliers, and executives said the decision could have immediate impact on a few major components makers, including Honeywell International Inc., Goodrich Corp. and Vought Aircraft Industries Inc.

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Boeing has enough orders to keep making the big jet-powered transport plane until mid-2009 but said it had to make Friday's decision because some parts must be ordered 34 months in advance.

Ron Marcotte, Boeing vice president in charge of global mobility systems, said the company would need an Air Force commitment to buy about 10 planes -- worth a total of $2 billion -- in the fiscal-2008 budget in order to extend the production line. "This is reversible," he said of the decision to move toward closure. But he cautioned that the longer the delay in winning new orders, the higher the cost of producing future planes. The C-17 currently costs about $200 million for the U.S. Air Force and $220 million for international customers.

Boeing has been scrambling to secure fresh Pentagon commitments for the C-17, a highly praised workhorse in Iraq and disaster-relief operations. But severe budget pressures have kept the Pentagon from pledging to buy more than the 180 C-17s under contract. Recent international orders and congressional support for funding three more planes aren't enough to keep the line open indefinitely, Boeing executives said.

Boeing has 5,500 workers at the C-17's main plant in Long Beach, Calif., and nearly 2,000 more working on the program at three other sites. Including suppliers, about 25,000 jobs in 42 states are linked to the C-17 program.

Boeing To Shut Down C-17 Production (WP/AP)

By Gary Gentile

The Washington Post/AP, August 19, 2006

LOS ANGELES -- Boeing Co. said Friday it will begin shutting down production of its C-17 cargo plane, the last to be built in Southern California, because Congress has not funded new purchases.

The decision could affect thousands of Boeing workers in four states and thousands of others employed by companies that supply parts for the C-17.

The Chicago-based company said it has told its suppliers and subcontractors to stop work on planes beyond those already on order. Boeing said it has enough orders to continue production through the middle of 2009.

The company has spent millions to keep its supply line active, in hopes Congress would authorize new purchases. But Friday, Boeing said it could no longer afford to keep the program going.

"The C-17 is one of the Defense Department's most successful acquisition programs ever," said Ron Marcotte, vice president and general manager of Boeing Global Mobility Systems. "But we can't continue carrying the program without additional orders from the U.S. Government."

The decision affects long lead-time items purchased from suppliers, many of which have to be ordered as long as 34 months in advance.

The company left open the possibility that it could continue production if it receives new orders.

"This move will be the first step in an orderly shutdown of the production supply chain, should no further orders be received from the U.S. government," Boeing said in a press release.

The move could ultimately affect 5,500 Boeing employees in California, Missouri, Georgia and Arizona who are directly tied to the C-17 program. Thousands more work to support existing planes. Boeing this week signed a contract to provide support and spare parts for the Royal Australian Air Force's C-17 fleet.

But the decision will first hit the 25,000 employees of the nearly 700 companies in 42 states that supply parts and systems for the plane, Boeing said.

The giant cargo plane, nicknamed the Globemaster III, has been used since 1991 to airlift heavy equipment and transport troops. Supporters say its ability to land on short dirt runways has helped take the load off supply trucks that come under heavy fire in Iraq and Afghanistan.

Production could be restarted if Congress approves funding, which could happen as early as next month. But restarting the supply chain would be costly and add millions of dollars to the cost of each plane _ about $154 million each.

The C-17 plant is the last major airplane factory left in Southern California, which once was a center for aircraft production. Earlier this year, Boeing delivered its last 717 passenger jet, also built in Long Beach.

NASA Picks SpaceX, Rocketplane Kistler To Build Ship (BLOOM)

Bloomberg, August 18, 2006

Aug. 18 (Bloomberg) -- NASA awarded contracts valued at $485 million to two closely held companies to develop a cargo ship to serve the International Space Station, planting the seeds for a commercial space industry.

The contract for Commercial Orbital Transportation Services will be shared by Space Exploration Technologies Corp., also known as SpaceX, based in El Segundo, California, and Rocketplane Kistler, based in Oklahoma City. It marks the first time the U.S. space agency has hired contractors to build a spaceship that private companies, not the government, will own.

``If the commercial sector can do it safely and more cost effectively, it makes sense to buy that service," Scott Horowitz, a former astronaut and NASA's associate chief for exploration systems, said today on NASA TV. The space agency would be one of the potential customers, including private clients, that could buy rides into space.

The winners beat out two publicly traded companies, SpaceDev Inc. of Poway, California and Webster, Texas-based Spacehab Inc., along with Reston, Virginia-based Transformational Space Corp., also known as T/Space, and Andrews Space Inc. of Seattle.

The project is a bid by NASA to fill a four-year gap between the retirement of the space shuttle fleet in 2010 and construction of a replacement spacecraft by 2014 that can reach the space station and the moon.

Track Record

Neither company has sent a craft into orbit, much less negotiated the complicated procedure of docking with the space station.

Both companies went a step beyond NASA's request for a cargo carrier by offering to also eventually ferry astronauts to the orbiting outpost. NASA has the option to invest more money in the human spaceflight element if the companies prove capable at carrying cargo, Dickey said.

The companies may reach milestones in the next three years, such as testing rocket engines, followed by flight demonstrations in orbit.

SpaceX will receive the larger contract, at $278 million, NASA said. The money will help the company expand its move into manned spaceflight, said Chief Executive Officer Elon Musk in a telephone interview.

``I think it could be some of the best money NASA's ever spent," he said.

Growth

SpaceX will probably increase its staff by 70 percent to 100 percent over the next year, said Musk, who has funded much of his company's growth with money he received when he sold the online- payment company PayPal Inc. to EBay Inc.

Rocketplane Kistler, which will receive $207 million, also expects to use private funds to supplement the government grant, said Will Trafton, the company's chief operating officer in a telephone interview after the announcement.

He said Lockheed Martin Corp., the biggest U.S. defense contractor, will assemble the company's fully reusable vehicle before it is flown to Australia for a launch in late 2008.

Rocketplane Kistler is jointly owned by Rocketplane Ltd. and Kistler Aerospace Corp., according to Kistler's Web site.

To contact the reporters on this story: Steven Bodzin in San Francisco at sbodzin@bloomberg.net ; Demian McLean in Washington at dmclean@bloomberg.net .

2 Companies Picked For Spaceship Project (AP-Y)

By Seth Borenstein, Ap Science Writer

AP, August 19, 2006

NASA on Friday picked two companies — both recovering from different failures — to develop a new commercial spaceship that would eventually resupply the international space station.

One company, Rocketplane-Kistler of Oklahoma City, has a long aerospace technical record but is just emerging from bankruptcy. The other company, Space X of El Segundo, Calif., is funded by the internet tycoon behind PayPal but had a flaming failure in its initial rocket launch earlier this year.

NASA plans to give the two companies nearly $500 million in "seed money" over the next five years for each to develop and test launch new spaceships. The deal would not only make the nation's space agency a regular customer, it would also give the two companies a big start in getting their rocket business going for other private uses, including space tourism.

The two proposals are quite different. Rocketplane-Kistler's XP Spaceplane would be a completely reusable launch and land over land. Space X would launch its teardrop Dragon capsules on top of its Falcon rockets, which now liftoff from Pacific islands and land in water. Both would use a combination of liquid oxygen and souped-up kerosene as fuel.

Scott Horowitz, NASA's exploration chief who made the decision, said the two companies' recent setbacks weren't a problem because failure and high risk are part of the rocket business and the key is how you recover.

"In some cases, failure is a good thing to have on your record because that learning is behind you," Horowitz said at a late Friday press conference.

Air Force Hopes Program Will Provide An Alternative To Foreign Oil (MCT)

By Drew Brown

McClatchy Newspapers, August 19, 2006

DOJ_NMG_0051413

WASHINGTON - The Air Force will begin testing an alternative fuel program next month that it hopes will help wean the U.S. military away from its dependence on foreign oil.

A flight test involving a B-52 bomber is scheduled for the end of September at Edwards Air Force Base, Calif., to determine if synthetic fuel will provide the Air Force with a substitute for conventional jet fuel.

If successful, the B-52 flight will pave the way for the additional testing of combat aircraft, ships and ground vehicles, all part of a Pentagon effort known as the Assured Fuels Initiative that began in 2001.

The program's goal is to provide the U.S. military with cleaner fuels based on secure domestic sources such as coal and natural gas.

"Our goal is by 2025 to have 70 percent of our aviation fuel coming from coal-based sources," said Michael A. Aimone, the Air Force's assistant deputy chief of staff for logistics, installations and mission support.

The Air Force consumes more than 3 billion gallons of fuel a year, more than half of all fuel used by all federal agencies, including the other military services.

A series of engine tests using synthetic fuel have gone well, leading Air Force officials to believe that the B-52 test flight will go off without a snag. Still, they plan to take precautions.

Only two of the aircraft's six engines will use synthetic fuel during the test flight, and it will be blended with conventional JP-8 jet fuel. If the two engines fail during the test, the aircraft's other six engines will be sufficient to land the plane safely, Aimone said.

As fuel prices have risen, the Air Force's use of fuel also has increased because of the wars in Afghanistan and Iraq. The Air Force spends more than $10 million a day on fuel, and every time oil prices go up by $10 a barrel, the service's fuel costs increase by $600 million a year, Air Force officials say.

"It's a national security issue for us and an economic security issue for us," said Aimone. Synthetic fuel is also much cleaner and emits no sulfur dioxide and far fewer pollutants than conventional petroleum products, he said.

According to the National Mining Association, the United States has about 267 billion tons of proven coal reserves. That's 27 percent of the world's total and enough to last the United States 241 years at the current rate of consumption, said Luke Popovich, a National Mining Association spokesman.

Coal is turned into liquid fuel through a conversion known as the "Fischer-Tropsch" process, which was developed in Germany in the 1920s. The process turns coal into gas that is then converted to liquid fuel. The process can be used to convert any hydrocarbon including natural gas and oil shale, both of which are abundant in the United States.

Nazi Germany and Japan used the process to create their own synthetic fuels during World War II because of the scarcity of oil supplies. South Africa used the process to create aviation fuel and other energy when its apartheid government was under international sanctions.

The United States government has experimented periodically with fuel production using the Fischer-Tropsch process, most recently during the gasoline crunch of the late 1970s.

The United States now has only a few makers of synthetic fuel. In early July, the Air Force contracted to purchase 100,000 gallons of natural gas-based fuel from one of them, Syntroleum Corp. in Tulsa, Okla.

Mel Scott, a spokesman for Syntroleum, declined to disclose the price tag on the Air Force contract, but said that the per gallon price is "not competitive" with traditional fuel. The company makes all its synthetic fuel at a small 70-barrel-a-day demonstration plant in Tulsa.

Some estimate the cost at $20 a gallon.

In May, the Defense Logistics Agency at Fort Belvoir, Va., which supplies all fuel and consumable goods to the military, announced that it was seeking producers for up to 200 million gallons of synthetic fuel in 2008 for testing.

The National Mining Association says a facility that could produce 10,000 barrels of synthetic fuel a day by converting coal to liquid would cost about $1 billion to build. A plant that could produce 80,000 barrels a day would cost at least $6.5 billion and take five to seven years to build. The association says a feasible goal for the United States would be the production of at least 300,000 barrels of coal-derived fuel a day by 2015.

Currently, the only commercial synfuel plant operating worldwide is in the Middle Eastern nation of Qatar.

Steve Bergin of Integrated Concepts and Research Corp., a firm that has worked with Syntroleum on projects in the past, said construction of a commercial synfuel plant with the capacity of a standard aviation fuel facility would cost "billions."

"It would very difficult for the private sector to come up with that investment," he said. "If the U.S. is going to have a Fischer-Tropsch industry based on coal, I don't see any way to make this happen without the government being involved."

A bipartisan group of lawmakers introduced a bill in the House that would guarantee loans to build plants that produce coal-based fuel and would extend tax credits for coal-based fuel products. The bill, called the "American-Made Energy Freedom Act," also contains a provision to open up the Arctic National Wildlife Refuge to oil drilling.

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Rental Aid Outstripped By Demand In Region (WP)

By Mary Otto, Washington Post Staff Writer

The Washington Post, August 19, 2006

It was not yet 5 a.m. when Sonia Faustin, 72, closed the door of her small Silver Spring apartment.

Dressed in a simple hat, yellow cardigan and print skirt and carrying a large black purse, as if heading to church, Faustin made her way in the darkness toward the bus stop. She prayed on the way: "God, let me meet someone who can help me."

She was headed to the offices of the Montgomery County Housing Opportunities Commission in Kensington to join thousands of other desperate residents rushing to get on a new waiting list for federally subsidized rental vouchers. They had this week, and this week only, to do it.

The last time Montgomery opened its waiting list was 2003. The county decided it needed a new list because information on the old one was outdated. Applications had to be postmarked or e-mailed no later than yesterday.

The computer applications started rolling in at 12:01 a.m. Monday. By the time the office opened its doors at 8:30 a.m., the line wrapped around the building. County libraries gave away 2,000 applications on Monday alone.

As of yesterday afternoon, county housing officials said, more than 15,000 people had applied. About 8,000 names were on the old list. Even for the people who are signed up, the wait will probably be long. It is unclear how long.

It is long across the Washington region, where housing costs have increased. In the District, 30,000 people are on the waiting list; in Fairfax County, more than 11,000.

"This is very, very, very important," said Faustin, a retired school cafeteria worker. She shares an apartment with her disabled daughter, Nadine, 38. Like many other renters who work at low-paying jobs or live on meager fixed incomes, they are caught in a widening gap between rising housing costs and rent they can afford.

The voucher program, formerly known as Section 8, assists about 1.8 million low-income families nationwide -- about 30,000 in the area -- by helping to pay the difference between what they can afford and the cost of decent housing.

That difference can be great in this region. The average modest two-bedroom apartment in Montgomery rents for slightly more than $1,200 a month, out of reach to a family making less than $49,000, according to statistics provided by county housing officials and the National Low Income Housing Coalition. The median income for a voucher holder in the county is $10,442.

After Faustin and her daughter pay the rent on their $1,200 two-bedroom apartment, she says, they have $200 a month left for other necessities. An older daughter, a nursing home worker, has been helping, but her budget is stretched, too.

"It's very hard," Faustin said. A federal Housing Choice Voucher would be a boon.

Voucher holders typically pay 30 percent of their household income toward rent and utilities, and the voucher covers the rest. The county Housing Opportunities Commission administers 5,300 vouchers, each of which provides an average monthly subsidy of $950 and must be used for housing approved by the program.

But there are not enough vouchers, housing officials and advocates said.

"There are simply not enough to go around," said Linda Couch of the national coalition. "Housing authorities are really pressed against the wall. They need more federal attention. The waiting lists are massive."

Donna White, spokeswoman for the U.S. Department of Housing and Urban Development, said her agency works hard to serve as many people as it can. The $15 billion program is a substantial portion of HUD's $47 billion budget.

"Congress appropriates an allotted amount," she said.

Joy Flood, the Montgomery commission's rental assistance director, made three trips a day to the post office, carrying applications back by the palletful. Next month, a computer will select the first 100 from the waiting list. Flood says she might have about 300 vouchers available in coming months.

"The waiting list is the only tool we have," Flood said. "We do it by lottery as funding is available."

The rest of the people on the list will have to wait. It's heartbreaking, she said. "By the time they reach me or someone else, they are exhausted."

On Wednesday, after taking three buses, Faustin arrived at the housing office. It was 6 a.m., still dark. By the time the doors opened at 8:30 a.m., there were others who wanted applications, too.

The receptionist handed Faustin a form.

"Here's your application. Fill it out, and mail it in, please."

Faustin paused for a moment and sat down in the waiting room. Then she stowed the form in her large black pocketbook and headed back toward the bus stop.

"I hope everything will be okay," she said. "I am going to keep praying about it."

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OTHER NEWS:

Ford Is Slashing Production 20% For 4th Quarter (NYT)

By Micheline Maynard

The New York Times, August 19, 2006

DEARBORN, Mich., Aug. 18 — The Ford Motor Company, which is struggling to keep its grip on second place in the American car market, said Friday that it would cut by one-fifth the number of vehicles it plans to build in the final three months of the year.

The slowdown represented the deepest production cuts since the industry's crisis of the 1980's. It also underscored the difficulty that Detroit, whose business relies on sales of sport utility vehicles and pickup trucks, is having as gas prices remain around $3 a gallon. Detroit's market share has dropped to its lowest level in history, while Asian brands, known for their fuel efficiency, are setting sales records.

The production cuts are the latest indication of just how difficult it will be for the Detroit companies to rejuvenate themselves. Together, Ford and General Motors are shedding tens of thousands of jobs, closing more than two dozen plants and cutting billions of dollars of costs. But those measures are effectively canceled out when automakers cannot sell the vehicles already on the showroom floors.

G.M.'s restructuring plan is aimed at reversing a $10.6 billion loss last year and its own slide in market share, which has fallen 2.5 percentage points this year, to less than a quarter of overall industry sales.

Last week, G.M. said that it would slow the production of its biggest S.U.V.'s in the second half of the year.

Industry analysts said Ford's new cuts showed how urgently it must shift its model lineup to rely less on S.U.V.'s and pickups.

"Ford cannot continue much longer without a radical change in its business model," said John Casesa, an industry analyst with Casesa Strategic Partners. Both companies "have got to resize, restructure and reinvent themselves."

"This is only the resizing," he said.

The production cuts by Ford, which is the oldest of the major Detroit auto companies, will most deeply affect its F-series pickup truck, which has reigned as America's best-selling vehicle for the last quarter-century and makes up 30 percent of company sales. The F-series will account for more than half the production cuts.

"An unprecedented spike in gasoline prices during the second quarter impacted our product lineup more than that of our competitors because of the longstanding success of our trucks and S.U.V.'s," Ford's chief executive, William Clay Ford Jr., wrote an e-mail message sent to employees. "This action, difficult as it is, reflects an assessment of the marketplace that is conservative and more aligned with the shift in customer demand."

That demand is favoring Ford's Japanese competitors. Last month, Toyota passed Ford in monthly sales for the first time to rank as the second-biggest auto company in the American market (Ford is still ahead for the year).

Because of the cuts, Ford said 10 plants in the United States and Canada would temporarily cease production at times through the end of the year, moves that will have a ripple effect on workers, car dealers and the communities where Ford builds vehicles.

In all, Ford said it would cut 168,000 vehicles from its fourth-quarter production schedule, which is the equivalent of one point of industry market share. It is also cutting another 20,000 vehicles from its third-quarter plans, on top of previously announced cuts of 40,000 vehicles.

The moves will have an immediate impact on the bottom line at Ford, which has already lost roughly $1.5 billion so far this year. Auto companies book vehicles as sold when they leave factories for dealers, not when they are purchased by consumers. Thus, production cuts eliminate the potential for revenue and profit.

On Friday, the Standard & Poor's rating service and Moody's Investors Service said they were reviewing Ford's credit ratings for possible downgrades. Both firms already rate Ford's debt below investment grade.

Bruce Clark, a senior vice president with Moody's, said, "The truck and S.U.V. markets are falling out from under Ford much more quickly than it expected.''

Ford's stock dropped 2 percent, to $8 on Friday.

Automakers generally make smaller, more incremental cuts in production to avoid the disruption of lengthy plant closings. Under union contacts, they must pay workers whether or not the factory is operating. The last time Ford made such draconian cuts was more than 20 years ago when it faced a financial crisis that nearly forced it to seek a Congressional bailout like the one that rescued the Chrysler Corporation in 1979.

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The automaker is making broad changes on a number of fronts.

This summer alone, Ford halved its dividend, announced that its second-quarter loss was deeper than it originally expected, and hired a restructuring expert, Kenneth Leet, to advise Mr. Ford on whether to sell the foreign luxury car brands it owns, including Land Rover, Jaguar and Aston Martin.

The moves coincide with an expanded role inside the company for Mr. Ford. Since July 1, he has served as Ford's de facto chief operating officer, the first time he has directed its day-to-day functions in addition to his jobs as chief executive and chairman.

In January, Mr. Ford announced the initial phase of the Way Forward plan. It called for Ford to eliminate 30,000 jobs through 2012 and close 14 factories.

That plan, criticized by some analysts as inadequate, did not take into account the prospect of continued $3- a-gallon gasoline.

In July, Detroit automakers collectively held just 52 percent of the American market, the lowest ever, while Asian companies took 42 percent, their biggest share ever.

On Friday, Ford officials contended that no one in the industry could have anticipated that gasoline prices would remain so high, even though gas prices have been climbing since 2003 and spiked last year after Hurricane Katrina.

George Pipas, Ford's chief sales analyst, noted that pickup truck sales last year were flat compared with 2004. He said the company noticed a softening in truck sales only this April. But the decline since then has been swift. Sales of the F-series pickup fell 46 percent in July, compared with 2004, while sales of the Ford Explorer S.U.V. dropped more than 50 percent last month.

Rick Wagoner, the chief executive of General Motors, said Friday that he did not anticipate making production cuts as deep as Ford's, but he did not rule out some minor adjustments. He noted that G.M.'s planned production level for the third quarter was lower than a year ago to compensate for slower sales.

"Our inventories are in good shape," he told reporters Friday at a diner along Woodward Avenue in Royal Oak, which has been jammed throughout the week with thousands of classic cars for the Dream Cruise.

Mr. Wagoner said that G.M. had many newer models that were selling well despite the higher gas prices and that he believed that the company's new line of full-size pickups, the Chevrolet Silverado and GMC Sierra, would not suffer a significant drop-off because many buyers need a truck for work.

"The fuel-price situation has been a little surprising to everyone — certainly to us," he said. "We're all moving to react to that."

Analysts disputed Ford's contention that the high gas prices could not have been foreseen. "They might say nobody could see it coming; well, nobody but everyone in the world," said James P. Womack, co-founder of the Lean Enterprise Institute, which studies manufacturing efficiency.

"The whole deal in Motown,'' he continued, "has been a hope and a prayer that interest costs would stay low, fuel costs would stay low and the Japanese would show some restraint."

Auto companies certainly cannot be expected to predict gasoline prices precisely. Because of that, Mr. Casesa said, their manufacturing operations need to be flexible so that they can shift from one type of vehicle to another without having to idle entire factories.

Flexibility has become a hallmark of Japanese companies, particularly Toyota, which has plants in the United States that are able to turn out cars, minivans, sport utilities and pickup trucks — sometimes three different kinds of vehicles on the same assembly line.

Both G.M. and Chrysler are scurrying to make their factories more flexible, and Ford insists flexibility will be a hallmark of the Way Forward program. It has been led by Mark Fields, who was named the company's president for the Americas last fall.

Mr. Fields, previously assigned to Ford's operations in Europe, had only a few weeks to draw up the original Way Forward plan, and has repeatedly said that the program needs to be modified as circumstances change.

Now, Mr. Casesa said, Mr. Fields is under pressure to make sure his next version is on target. Otherwise, his job will be in jeopardy. "Fields has already had his free pass,'' Mr. Casesa, "and now he's on the hot seat to announce a great plan and implement it."

Mr. Womack said he was concerned about the long-term prospects for Ford, which was founded by Mr. Ford's great-grandfather, Henry Ford I, in 1903.

"There is a tragic element here or at least a bit of pathos," Mr. Womack said. "You just have the feeling that all the air is going out of all four tires as well as the spare. You're in a time of discontinuity and a sea change is at hand."

Still, Ford can count on many true believers among its customers. Bill Deater, a farmer who lives near Port Huron, Mich., said Ford would overcome its rough times and rise again. He is a loyal Ford buyer and took his bright red 1948 Ford F-1 pickup

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to suburban Detroit this week for the Dream Cruise. His wife drives a 1966 Mustang convertible, and the couple also own a newer Ford Expedition and an F-250 pickup truck.

"A lot of people in Michigan depend on them," Mr. Deater said. "I think they can recover."

New Model Ford Unveils Plan For Sweeping Cuts In '06 Production (WSJ)

By Jeffrey McCracken And John D. Stoll

The Wall Street Journal, August 19, 2006

Plummeting Truck, SUV Sales Signal Broad Retrenchment At No. 2 U.S. Auto Maker Ripples for Parts Suppliers

Ford Motor Co., accelerating its restructuring amid slumping demand for trucks and sport-utility vehicles, unveiled sweeping production cuts in the U.S. and Canada that will partially shut down at least 10 plants that employ more than 20,000 people for the rest of the year.

The move to cut 21% of its North American production -- about 168,000 vehicles -- signals a growing recognition by Chairman and Chief Executive Bill Ford Jr. that the No. 2 U.S. auto maker, a storied enterprise founded by his great-grandfather, faces a painful retrenchment that will leave it substantially smaller and less U.S.-focused. As Ford sheds jobs in the U.S., it is expanding operations and purchasing in new markets such as China. Ford also is contemplating thousands of salaried job cuts, benefit cuts and more, permanent, plant shutdowns. (See a list of affected plants.)

In an email to employees, Mr. Ford hinted at a new era for the auto industry and Ford, which has long relied on its profitable trucks and SUVs, writing that the company now assumes it no longer can "count on the relatively low gasoline prices that our customers enjoyed for decades. ... No one can be pleased by the severity of this cut, which is the most aggressive reduction of a North American production plan in more than 20 years. I am satisfied, however, that we are laying a sturdier foundation upon which to build our business structure going forward."

High gasoline prices, Mr. Ford said, have sapped demand for the vehicles that long were among Ford's most profitable and expensive, including the Ford F-Series pick-up truck, Lincoln Navigator and Ford Explorer. Indeed, while Ford had anticipated SUV sales would slip this year, they have fallen to levels the company didn't expect to reach until 2010.

Though Ford said it plans to increase production of some cars, its revised plans put it on track to build fewer vehicles than in any year since the recession year of 1991. It also will be the fewest cars and trucks Ford has built in a fourth quarter since 1982. That was a recession year, while the U.S. economy is growing today, though there are signs that the pace of expansion is cooling. Ford says it sees a slowing U.S. economy for the rest of this year and into 2007.

Overall, Ford expects to produce 3.05 million vehicles in North America in 2006, including 1.13 million cars and 1.91 million trucks -- 9% below its 2005 level. It was unclear whether the cuts might be permanent. Ford already plans to close permanently 14 North American plants by 2012, and is weighing more permanent plant shutdowns beyond that. Any permanent plant closures would have to be negotiated with the UAW.

Ford's plans drew a tepid response from Wall Street. Its stock slid 2.2%, to $7.99 a share, in 4 p.m. trading on the New York Stock Exchange. The cut will trim Ford's North American profits by an estimated $1.4 billion and put the auto maker on pace to lose $4 billion in North America in 2006, estimated J.P. Morgan & Co. J.P. Morgan expects Ford to lose $1 billion, its first full-year loss since 2001.

"It's pretty ugly in the short term for Ford profits," said J.P. Morgan auto analyst Himanshu Patel. "They might get some credit from people longer term doing a capacity reduction."

Some analysts speculated Ford may now consider a company-wide early-retirement and buyout plan of hourly workers similar to one launched by General Motors Corp. earlier this year. That plan allowed GM to reduce its hourly work force of 113,000 by nearly 35,000, and slash billions in operating costs. Ford recently has limited buyouts to a few plants and estimates it will get only about 12,000 -- from a base of 82,000 -- workers to take early retirement or buyouts in 2006.

Credit-ratings agencies also reacted negatively, with Fitch Ratings downgrading Ford one notch, on par with GM at five notches below investment grade. Fitch analyst Mark Oline estimated Ford will burn through $7 billion in cash this year. Standard & Poor's Corp. and Moody's Investor Service both warned they will now review whether they need to downgrade Ford again. (See related article3.)

Beyond Ford, the cuts are likely to ripple across the industrial Midwest, where auto-parts companies are a big part of the manufacturing sector. Globally, Ford spends $90 billion a year on parts and services. Many beleaguered U.S. auto-parts suppliers already have fallen into Chapter 11 bankruptcy or are teetering as they scramble to restructure and cut jobs. Stock prices for suppliers most reliant on Ford, such as Lear Corp. and Visteon Corp., tumbled on Friday.

RESTRUCTURING PLAN

Ford's revised 2006 production plan, in thousands of vehicles

* The previously announced third-quarter plan was 670,000 vehicles (255,000 cars and 415,000 trucks).

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Source: Ford Motor

The production cuts also will likely make it more difficult for Ford to sell off its former Visteon parts plants, which get most of their sales from Ford. Many suppliers that do business with Ford are trying to sell assets, either in or out of bankruptcy court.

"There is no upside for Ford's suppliers," said Mr. Patel. "If you are a supplier, you need to get more business with the Japanese auto makers."

Ford's cuts will set off a wave of repositioning inside the company. Besides the 10 assembly plants, the cuts will also affect an unknown number of Ford engine, transmission and stamping plants. The revised plan also reduces the company's previously announced third-quarter plan by 20,000 units.

In one example of Ford's dilemma, the auto maker recently spent $300 million to re-tool a plant so it could redesign its large SUVs, the Ford Expedition and Lincoln Navigator. Those redesigned vehicles are to be launched later this year, but Ford is now looking to partially idle the Wayne, Mich., assembly plant that builds them. A Ford sales manager calls that "fairly unprecedented" at Ford.

The cuts weren't a surprise for workers at Ford's Kansas City plant, which employs about 5,000 hourly employees, said Jim Stouffer, president of United Auto Workers Local 249. But, he said, downtime there is a new phenomenon, given the dominance in the last decade of the SUV and trucks assembled at the plant -- the Ford Escape and Ford F-series. "It's contributing a sense of reality, a smack in the face that things are getting tougher," he said.

Mr. Ford has come under increasing pressure from Ford's directors to speed up cost-cutting efforts since the auto maker -- No. 2 after GM in terms of North American production -- reported a $254 million loss in the second quarter and worse-than-expected July U.S. sales. Ford also is looking to permanently close more factories and cut salaried jobs and benefits by 10% to 30%, said several people familiar with the auto maker's plans.

Ford's board is scheduled to meet Sept. 14 to review new plans, and final decisions are expected to be made public a week later, people familiar with the process said. The auto maker is expected to detail some new products at that time to allay concerns among investors that its design pipeline is weak.

In an interview, Ford sales analysis manager George Pipas said Ford will use the production cuts to clear inventory and reduce spending on sales incentives, such as discounts and rebates. As of July 31, there were 674,000 vehicles sitting unsold on Ford dealer lots. Production cuts should help lift dealer margins, which are at an all-time low due to depressed retail sales and Ford's shifting mix of sales toward lower-margin vehicles, such as passenger cars, he said.

The cuts could amplify the efforts by Detroit's auto makers to break their recent cycle of overproduction followed by binge discounting that has undermined their efforts to rebuild strong brand images in the U.S. Ford is betting that by reducing supply, it can put itself in position to firm up both new vehicle prices and the resale values of its used vehicles. GM has had some success pursuing a pricing-over-volume strategy this year, although GM's North American operations are still in the red.

In an interview yesterday, GM CEO Rick Wagoner said Ford's production cuts are indicative of an industry getting serious about introducing "stability" in inventory levels, adding, "I'm not sure that's bad news." He said GM's own production cuts also are an effort to limit sales incentives. Mr. Wagoner declined to comment specifically on Ford's moves.

Ford's plans also are the latest sign of how Detroit is starting to turn away from SUVs, which helped produce outsize profits for most of the 1990s. In many ways, SUVs were a throwback to the profit formula that worked for Detroit in the 1950s and 1960s -- big vehicles with a V-8 engine up front, rear wheel drive, lots of interior space and a commanding presence on the road -- all dependent on cheap gasoline.

But with gas prices now averaging more than $3 a gallon, consumers are switching to smaller vehicles with four cylinder engines -- segments where Japanese and Korean auto makers have both a real and perceived edge. Consumers who want the space and presence of an SUV also have more alternatives, including crossover wagons constructed from components borrowed from passenger cars. Ford, GM and Chrysler all have growing arrays of these vehicles to sell, but they tend to be less profitable, and the segment is far more competitive, as Asian and European manufacturers have strong positions in crossover segments.

While Ford anticipated continued erosion in the SUV segment, Mr. Pipas said, falling demand in the large pickup truck segment over the past four months has been a surprise. He said gasoline prices have led consumers away from Ford's best-selling pickup trucks, long a key source of profits for the auto maker, representing about 25% of Ford's global volume.

But Ford's problem isn't just that its SUVs and pickups aren't selling as they used to. It's that the cars and crossovers it sells aren't reaping competitive -- or in some cases any -- profits. To fix that, Ford ultimately will likely have to radically overhaul its product engineering operations and slash overhead to fit its costs to match the post-SUV reality. Ford also will have to invest money to speed up delivery of new models to plug gaps in its car lineup, such as the glaring failure to offer a subcompact "B" class car to compete with rivals such as the Chevy Aveo, Toyota Yaris or Honda Fit.

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A key challenge now for Ford will be marketing and advertising the redesigned Expedition and Navigator, which are built at the Michigan Truck plant. Sales of full-size SUVs have tumbled this year faster than Ford expected, with Expedition sales down 38%, and Navigator sales down 17.9%. A further troubling sign: Sales of Ford Explorers are down 33% even though Ford rolled out a redesigned version late last year.

"We are trying to figure out how and how much you advertise new products that are going into segment that may be DOA," said a Ford manager familiar with the Way Forward plan. "We don't want to duplicate what happened with the Explorer."

Ford Plans To Slash US Output (FT)

By Bernard Simon In Toronto

Financial Times, August 19, 2006

Ford plans to slash its North American output for the rest of this year, with temporary shutdowns at 10 assembly plants, in a dramatic effort to speed up its turnaround plan, reduce inventories and improve the trade-in values of its vehicles.

The 103 year-old, family-controlled carmaker has come under fire in recent months for not acting as decisively as its Detroit-based rival General Motors to reverse its declining fortunes in a ferociously competitive market.

Ford said that fourth-quarter production would tumble by 21 per cent, or 168,000 vehicles, compared to a year ago. Third-quarter output will be 3 per cent lower.

The axe will fall most heavily on pick-up trucks and sport-utility vehicles. Ford's F-Series pick-ups make up more than a quarter of its US light-vehicle business and are among its most profitable models. But January-July sales were more than 12 per cent lower than a year earlier.

"They're just too heavily dependent on the F-Series", said Erich Merkle, analyst at IRN, a Michigan-based consultancy. Mr Merkle ascribed the slump in pick-up sales mainly to the slowing home construction market. Building contractors are among the vehicles' heaviest users.

Furthermore, rising fuel prices have hit demand for SUVs, such as Ford's flagship Explorer. Explorer sales are down by a third so far this year, in spite of the introduction of a new model last autumn.

Mark Fields, head of Ford's American operations, said on Friday that "we are determined to match production and inventories with consumer demand. In doing so, we'll reduce incentive spending and inventory carrying costs for our dealers."

He added that the move would improve trade-in values and "stabilise operating patterns for our plants and our suppliers".

Nonetheless, the cutbacks are a severe blow to parts suppliers with a sizeable exposure to Ford. Shares in Visteon, a former Ford subsidiary, were 3.7 per cent lower at mid-morning on Friday. Lear, which specializes in interiors, was down almost 7 per cent.

Ford announced a recovery plan, known as The Way Forward, in January with the aim of restoring its North American business to profitability by 2008. The carmaker reported a second quarter loss of $254m.

The Way Forward plan envisaged the closure of 14 factories, including seven assembly plants, by 2012, and about 30,000 layoffs.

But Ford's sliding share of a softening market has forced it to revisit the restructuring. The carmaker has said that it will announce further measures by the end of September. Analysts assume that these will include more plant closures, and deeper job and benefit cuts.

Ford is also seeking to step up its presence in the car and crossover vehicle segments where sales remain relatively buoyant.

Ron Tadross, analyst at Bank of America, told clients on Friday that while the cutbacks indicated that Ford was becoming more realistic, "they are not fixing some of their core problems such as multiplicity of brands and high fleet sales".

Ford shares were down 2.6 per cent at mid-morning on Friday.

Standard Poor's said that it might cut Ford's credit rating deeper into junk territory as a result of the production cuts' impact on cash flow.

Ford Cuts To Move Forward (FREEP)

By Sarah A. Webster, Free Press Business Writer

Detroit Free Press, August 19, 2006

In a bold bow to changing consumer tastes, Ford Motor Co. announced a dramatic 21% production cut -- mostly of its lagging F-Series pickup and SUV lineup -- for the last three months of the year that will result in downtime at three local factories and seven others nationwide.

Ford said it would build 168,000 fewer vehicles from October to December than a year ago.

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While the cut could result in substantial layoffs at Ford and its suppliers, it will help the financially struggling automaker. Ford would have a chance to provide the fuel-efficient cars and crossovers that consumers want these days, and make fewer of the gas-guzzling trucks they don't.

But it's a risky gambit: The vehicles customers want are far less profitable than the big trucks they have been shunning.

And while the move may help Ford better stock its showrooms for future customers, the cutback is yet another blow for Michigan and its battered automotive industry. Ford, General Motors Corp. and local suppliers have already cut back tens of thousands of jobs in the past year.

Dearborn-based Ford's latest cut is expected to have a ripple effect on the local auto parts industry, especially Lear Corp. and Visteon Corp., where more production cuts and financial losses could follow as Ford needs fewer seats and electronics.

"No one can be pleased by the severity of this cut, which is the most aggressive reduction of a North American production plan in more than 20 years," Bill Ford, the chairman and chief executive, said in an e-mail to employees.

"I am satisfied, however, that we are laying a sturdier foundation upon which to build our business structure going forward. ... This is ... the right call for our customers, our dealers and our long-term future."

Ultimately, the aggressive production cut could be a lifesaver for the ailing 103-year-old automaker, which lost $1.4 billion during the first half of the year.

By building more of the vehicles customers want, and less of those they don't, Ford won't be saddled with parking lots full of hulking vehicles that will have to be discounted later.

Six months from now, Ford's shrewd business move could leave showroom floors full of desirable new 2007 cars and crossovers and far fewer trucks that have been less popular.

Cleaning out the showroom inventory in this manner might be a critical opening play for Ford's updated Way Forward turnaround plan, which is slated to be unveiled after a Sept. 14 board meeting, a person familiar with the company's plans said.

The updated plan might move up plant closures, such as the one previously announced for Wixom; close more plants, especially more of those that build the F-Series, and call for the elimination of even more jobs. Bloomberg reported Friday that Ford is preparing to shed 6,000 salaried jobs in North America, citing a person with knowledge of the plan.

Gov. Jennifer Granholm, who last week boasted about a new agreement with Ford that aims to save 13,000 jobs, called Ford's announcement "terrible news" in a Friday afternoon interview on CNBC.

"We want to keep every single automotive job we have," she said.

Schedules face cuts, too

Locally, Ford said it would cut schedules at plants in Dearborn, where the F-Series is built; in Wayne, where the new Expedition and Navigator SUV are assembled, and in Wixom. That factory, which builds the Lincoln Town Car and Ford GT, is already slated to be idled in 2007.

Ford officials refused to say how many workers might be furloughed at specific facilities.

Overall, however, Ford said it would cut production of cars by 5%, to 235,000 vehicles.

Pickups and SUVs, meanwhile, will take the biggest hit -- 28% -- and only 390,000 of those vehicles will be built in the October-December period.

While 10 assembly plants will cut back, the other seven in North America will run as usual or with overtime, including the Flat Rock and Wayne plants.

"People aren't buying trucks and SUVs because of the cost of gas," said Henry Fischer, 44, a skilled trades worker at the Wixom plant.

For the full year, Ford now plans to produce 3 million vehicles at its North American assembly plants -- 1.1 million cars and 1.9 million trucks -- a 9% reduction from 2005.

Ford officials said the aggressive reduction is part of the company's broader effort to accelerate its Way Forward turnaround plan, which was announced in January. That plan called for cutting 34,000 jobs and idling 14 plants.

The company acknowledged last month that it would have to cut even deeper to get back on track. Through July, sales of Ford's light trucks, a category that includes SUVs, pickups and vans, were down 16.4%. Car sales, meanwhile, were up 3.5%.

As a result of Friday's news, the credit rating agencies Standard & Poor's and Moody's Investors Service both said that they were considering downgrading Ford's credit further into junk, or speculative, territory. Ford shares closed at $8.00 Friday, down 2%, or 17 cents.

Falling pickup sales hurt franchise

While SUV sales have been falling out of favor for some time, the fall of the full-sized pickup is a relatively new and potentially catastrophic phenomenon for Ford.

At Ford, the F-Series is the franchise: Ford Motor has six brands that sold 3.2 million vehicles last year, but F-Series sales made up nearly one-third of that.

Sales in the segment are off 15.3% through July, compared to the same period a year ago. Ford is performing better than that, with F-Series sales down a lesser 12.3% this year.

August sales results won't be released until Sept. 1. But Ford's top sales analyst, George Pipas, said in an interview Friday that sales of the F-Series have continued sliding through the first half of August.

Ford Announces Deep Production Cuts (AP-Y)

By Sarah Karush, Associated Press Writer

AP, August 19, 2006

Ford Motor Co. said Friday it would temporarily halt production at 10 assembly plants between now and the end of the year, blaming high gas prices for pushing many consumers away from its pickups and SUVs and toward higher-mileage models.

Ford said the cuts will reduce the need for costly incentives to reduce bloated inventories. But they also illustrate just how out of step the lineup at the nation's second-largest automaker has become, as it loses market share to mostly Asian competitors under the watch of Chairman and Chief Executive Bill Ford.

General Motors Corp. and DaimlerChrysler AG's Chrysler Group also have been caught in the shift away from trucks and SUVs to smaller cars and crossovers as consumers seek better fuel economy. The Big Three's combined U.S. market share fell to 54.5 percent for the first seven months of 2006, down from 58.7 percent in the same period a year ago.

GM already has announced it will cut production 7 percent to 8 percent in the third-quarter.

Ford announced a turnaround plan in January that called for shedding 25,000 to 30,000 jobs and closing 14 plants by 2012. By year's end, the company was to have cut production capacity 15 percent.

Bill Ford said last month that the plan — dubbed the "Way Forward" — would be accelerated. He said Friday that the details would be revealed in September.

In response to the production cuts, Fitch Ratings downgraded Ford's debt further into junk status, while two other ratings agencies placed the company on review. Analysts said next month's announcements could include more plant closures and job cuts, as well as speeded-up introductions of new cars and crossovers.

The company said fourth-quarter production would be down 21 percent, or 168,000 units, from last year. Third-quarter production will be 20,000 units below what was previously announced and 78,000 units below last year.

For the full year, Ford plans to produce about 9 percent fewer vehicles than last year for a total of just above 3 million.

"We know this decision will have a dramatic impact on our employees, as well as our suppliers," Chairman and Chief Executive Bill Ford said in an e-mail to employees. "This is, however, the right call for our customers, our dealers and our long-term future."

He said it was the company's biggest North American production cut in more than 20 years.

Dearborn-based Ford, which lost $254 million in the second quarter, said last month that the speed of the market shift away from trucks had taken it by surprise. Like other U.S. automakers, Ford is heavily dependent on sport utility vehicles and other trucks, which have far higher profit margins than cars. Last year, 68 percent of the vehicles sold by the company in the U.S. were trucks, compared with 58 percent for the industry as a whole.

"An unprecedented spike in gasoline prices during the second quarter impacted our product lineup more than that of our competitors because of the long-standing success of our trucks and SUVs," Bill Ford said in his note Friday.

The nation's second-largest automaker said that by better matching inventories to demand, it can avoid costly incentives and reduce inventory carrying costs for dealers.

Reducing incentives will help improve resale values of vehicles, and more rational inventories will help "stabilize operating patterns for our plants and our suppliers," Mark Fields, Ford's president of the Americas, said in a statement.

The Wall Street Journal, citing unidentified sources, reported Friday that Ford is considering shutting down more factories and cutting salaried jobs and benefits by 10 percent to 30 percent.

Ford spokesman Oscar Suris declined to comment on the report.

The new production schedule will result in temporary shutdown this year at assembly plants in St. Thomas, Ontario; Chicago; Wixom, Mich.; Louisville, Ky.; Wayne, Mich.; St. Paul, Minn.; Kansas City, Mo.; Norfolk, Va.; and Dearborn, Mich.; Ford said.

Company officials would not say what specific impact the production cuts would have on workers. In general, hourly workers placed on temporary layoff receive 95 percent of their wages through state unemployment benefits and a supplement by Ford.

The United Auto Workers had no immediate comment on the announcement.

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In Louisville, which has two affected plants, Mayor Jerry Abramson said he was told by Ford executives that the Louisville Assembly Plant, which makes the Ford Explorer and Mercury Mountaineer, will be shuttered for six weeks. The Kentucky Truck Plant, one of four plants producing the best-selling F-Series pickups, will close for five weeks in the fourth quarter, he said.

Abramson said state and local officials have asked to meet with Ford officials.

The production cuts are the second time this week that slower sales have forced Ford to announce changes. On Tuesday, it said it would trim the number of dealerships it has in 18 metropolitan areas. Dealer profits declined an average of 10 percent in the first half of 2006, the company has said.

In response to the production cuts, Fitch downgraded Ford and its finance arm Ford Motor Credit Co. to "B" from "B+" and lowered its senior unsecured debt to "B+" from "BB-."

"Implicit in the production cutbacks are expectations of continued weak pickup sales that have resulted in extended inventories," the agency said. "Volume declines in Ford's pickup segment, along with continued declines in mid-size and large SUVs, are likely to accelerate revenue declines and negative cash flows in 2006."

Standard & Poor's Ratings Services and Moody's Investors Service both put Ford's credit ratings on review for possible downgrades further into junk territory.

Ford shares fell 17 cents, or 2.1 percent, to close at $8 on the New York Stock Exchange.

Bank of America analyst Ron Tadross said the cuts are a sign that "Ford is getting more realistic about its share trajectory."

Craig Hutson, an auto analyst at the corporate bond research firm Gimme Credit, said that while the cuts are aimed at matching supply and demand in the long term, "the short-term ramifications will be ugly."

"Trucks are Ford's most profitable vehicles, and the sharp decline in production volumes will make it more difficult to see any signs of a turnaround at Ford," he said in a research note.

The production cuts are likely to affect the revenues of many of Ford suppliers.

"When our customers adjust production up or down, we obviously adjust accordingly," said Jim Fisher, a spokesman for Visteon Corp., Ford's largest supplier.

Fisher said the company was assessing the impact of Ford's cuts.

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Associated Press Writer Bruce Schreiner in Louisville, Ky., contributed to this report.

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On the Net:

Ford Motor Co.: http://www.ford.com/

Ford To Cut Fourth-Quarter N. America Output By 21% (BLOOM)

Bloomberg, August 18, 2006

Aug. 18 (Bloomberg) -- Ford Motor Co., losing money in its largest market, will slash North American production by 21 percent in the fourth quarter, the biggest drop since the early 1980s. This quarter's output will be trimmed by 11 percent.

More than half of the reduction will be in F-Series pickups, among Ford's most profitable vehicles, company sales analyst George Pipas said today. The cuts come as Ford prepares to shed 6,000 salaried jobs in North America, a person with knowledge of the plan said, on top of 30,000 jobs already being eliminated in the region by 2012.

Chief Executive Officer William Clay Ford Jr., great- grandson of founder Henry Ford, is paring jobs and closing plants as he tries to revive the North American auto operations that have been unprofitable in seven of the past eight quarters.

``The sharp decline in production volumes will make it more difficult to see any signs of a turnaround at Ford," Craig Hutson, a Chicago-based senior analyst at Gimme Credit, wrote in a report.

Ford's North American finances will worsen because the company records revenue when it ships cars and trucks to dealers. The North American unit already was under strain as sales of pickups and sport-utility vehicles decline.

The production cuts will help reduce Ford's second-half earnings by $1.6 billion before taxes, Eric Selle, a bond analyst with JPMorgan Chase & Co. in New York, wrote in a report. The figure includes savings from a health-care agreement with the United Auto Workers union that took effect Aug. 1.

Fitch Ratings cut Ford's credit rating one level to ``B," five steps below investment grade, and Standard & Poor's said it's considering lowering its ``B+" rating. Moody's Investors Service said it also may reduce its B2 rating for Ford and its Ba3 for Ford Motor Credit Co., the company's consumer-finance arm.

Shares Decline

Shares of Ford fell 17 cents to $8 at 4:03 p.m. in New York Stock Exchange composite trading. The stock has tumbled 51 percent since Bill Ford became CEO in October 2001, while the S&P 500 Index climbed 21 percent in the same period.

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A Ford spokesman, Oscar Suris, declined to comment about plans to cut the additional 6,000 salaried jobs, saying the company will disclose its strategy next month.

Ford announced its ``Way Forward'' restructuring plan in January, including the 30,000 job cuts to be completed by 2012. The company said in July it would accelerate restructuring after recording a $1.44 billion first-half loss, led by losses in North America.

Ford's sales of its U.S. Ford, Lincoln and Mercury brands fell 9.8 percent this year through July, and sales slid 9.7 percent overall. Ford hasn't gained U.S. market share since 1995.

GM's Wagoner Speaks

General Motors Corp. CEO Rick Wagoner, talking to reporters at an appearance today in Royal Oak, Michigan, declined to comment on his company's fourth-quarter production plans in North America. GM will discuss that subject when it announces August sales on Sept. 1, he said.

Third-quarter production in the region is ``locked in,'' Wagoner said. GM has forecast it will build 1.05 million cars and trucks in North America during the three months ending Sept. 30.

Ford's cuts announced today will shrink its North American output by 8.6 percent to 3.05 million cars and trucks this year. The automaker is ``getting product and inventory lined up with consumer demand,'' Pipas said.

Fourth-quarter production will be trimmed by 168,000 cars and trucks, to 625,000, Ford said. Production this quarter will be 650,000 vehicles, down from 728,000 a year ago and a previously announced plan of 670,000. More than half the production cuts involve the F-150 pickup.

Pickups, SUVs

Ford's SUV sales fell through 2005. F-Series sales, Ford's top-selling line of vehicles, began to drop during the second quarter and were down 12 percent for the first seven months of 2006.

The automaker now expects to miss its 2006 sales target of 900,000 F-Series trucks, Pipas said in the interview. Ford sold more than 900,000 of the pickups in the U.S. in 2004 and 2005.

Ford said in a statement that factories in Kansas City, Missouri; Norfolk, Virginia; Dearborn, Michigan; and Louisville, Kentucky, that produce F-Series trucks will have temporary shutdowns between now and the end of the year.

Other facilities scheduled for such shutdowns include a St. Thomas, Ontario, factory makes the Crown Victoria sedan; a Chicago plant that makes the Five Hundred and Montego sedans; a Wixom, Michigan, factory that assembles the Town Car sedan; a Wayne, Michigan, plant that produces the large Expedition SUV; and a St. Paul, Minnesota, plant that makes the small Ranger pickup.

The Wixom plant is set to close next year as part of the restructuring plan announced in January, while the Norfolk and St. Paul plants are scheduled to shut in 2008.

Ford's Suppliers

The production cut ``has the potential to send those suppliers heavily tied to Ford into bankruptcy,'' said Erich Merkle, an auto analyst at consulting firm IRN Inc. in Grand Rapids, Michigan.

Partsmakers that do significant business with Ford include Visteon Corp., Lear Corp., BorgWarner Inc. and Magna International Inc., Ron Tadross, a New York-based Bank of America analyst, wrote in a report today. Lear, which makes seats for the Expedition, gets about 25 percent of its revenue from Ford, according to U.S. regulatory filings.

``The F-150 for years has been every supplier's favorite contract,'' said Marc Santucci, an analyst at Lansing, Michigan-based ELM International. The F-150 accounts for about 60 percent of F-Series sales.

Suppliers' Shares

Shares of Visteon fell 19 cents to $9.06. Lear shares declined $1.47 to $21.01. Shares of BorgWarner dropped $2.07 to $58.65. U.S. shares of Magna lost $1.32 to $71.01.

Ford's 7.45 percent bond due July 2031 fell 1.25 cents on the dollar to 77.5 cents on the dollar. The yield rose to 9.9 percent from 9.73 percent.

The perceived risk of owning Ford's debt increased in the credit-default swap market. Contracts based on $10 million of Ford debt climbed to $650,250 from $636,000 yesterday, according to data compiled by Bloomberg.

Credit-default swaps are financial instruments based on corporate bonds and loans that are used to speculate on an increase or decrease in indebtedness.

To contact the reporter of this story: Bill Koenig in Southfield, Michigan, at wkoenig@bloomberg.net

Detroit Waves Flag That No Longer Flies (WP)

By Sholnn Freeman, Washington Post Staff Writer

The Washington Post, August 19, 2006

Congress Embraces Jobs, Growth Created by Foreign Carmakers

Sen. Lamar Alexander has backed a measure to outlaw burning of the American flag and supported a move to recognize English as the national language. He also takes what he calls a pro-American stance on issues related to the U.S. auto industry, but his view doesn't sit well in Detroit.

Alexander believes that for the sake of jobs and economic growth, Detroit's automakers have no choice but to embrace the forces of globalization. His view, echoed by many of his congressional colleagues, reflects a growing acceptance of the swelling numbers of Japanese, German and Korean autos built and sold in the United States.

Foreign-based automakers employ 101,000 people, according to the Association of International Automobile Manufacturers, a District-based lobbying group for the overseas automakers. In the next three years, these manufacturers will invest $9 billion in new factories, adding 9,000 more jobs.

This growth helps explain why scarcely a murmur of discontent has been raised -- outside of Michigan -- over a potential alliance between General Motors Corp. and two foreign automakers, Nissan Motor Co. of Japan and Renault SA of France. It also provides insight into why Congress has resisted pleas from Detroit's Big Three to turn their high labor and health-care costs into a national priority.

"There's a new definition of the American auto industry," said Alexander, a Republican from Tennessee. "Twenty-five years ago, it was the Big Three companies in Detroit. Now the definition is any company that makes a substantial number of cars and trucks in the U.S. and has a big payroll here, pays big taxes here and buys supplies here."

Supporters of Detroit's automakers say the changing view is partly the result of partisan politics, but others say U.S. sentiment has shifted gradually in line with the realities of the global auto market. Today, Chrysler is part of a German company. Nissan is constructing a new North American headquarters in Tennessee, where it already has a car assembly plant. Alabama is home to major manufacturing facilities of Mercedes-Benz, Honda Motor Co. and Hyundai Motor Co. In all, foreign manufacturers operate 16 assembly plants on American soil, with a 17th opening soon, compared with 48 run by U.S. automakers.

"When you have imported cars with such a ubiquitous presence -- and many of them made in the U.S. now -- it makes this a far less sensitive issue for many Americans," said Harley Shaiken, a labor economics professor at the University of California at Berkeley.

While foreign-owned plants have sprouted in many parts of the country, most have chosen to set up in the nonunionized South. Alexander said that with their wide-ranging operations in the United States, the foreign automakers have altered the political game book.

"Nissan has great support because of its new plant in Canton," Mississippi, he said. "Kentuckians are proud of Toyota because they are in Lexington. Ohioans like Honda. And South Carolinians are proud of BMW because it has a plant there."

Senators whose states have attracted foreign auto plants -- and jobs -- not surprisingly are proponents of globalizing the U.S. market. Sen. Richard C. Shelby (R-Ala.) said Detroit automakers need to revamp their business model.

"The way they do business has to change or they won't be around," Shelby said. "The competition has been brought to our shores. We learn from each other. There is a lot that our automobile manufacturers can learn in the world."

The Detroit automakers, however, contend that the pressure from overseas should raise alarms in Washington. The U.S. companies, struggling to revive their fortunes by slashing costs, benefits and payrolls, are troubled by what they perceive as an unsympathetic ear from Congress and the White House. They say the lack of a U.S. auto policy is putting them at a disadvantage to their fast-rising foreign rivals.

"If you look around the world, most countries have a version of economic patriotism," said Robert Lutz, GM vice chairman in charge of global product development. "They are proud of their own industries. The U.S. is the only major country that, if anything, has negative economic patriotism. I think some people in the United States, in leading government circles, actually detest the American automobile industry. They don't like us."

Lutz said foreign automakers have been "very clever" in building political support for their U.S. operations. He said their decisions on where to locate plants are not based only on economic factors but also on how many representatives and senators the carmakers can win to their side.

Mark Fields, president of the Americas division of Ford Motor Co., who is leading an overhaul of the No. 2 automaker's U.S. operations, blamed inconsistent government and industry collaboration for a "steady exodus" of U.S. auto jobs. Speaking to industry officials in Traverse City, Mich., last week, Fields said the "dismissal" and "cynicism" for U.S. automakers is "like nothing I've ever seen."

In contrast, Fields said, government and consumers in Asian countries view auto manufacturing as a strategically important industry that deserves support. Fields said that in the past four years, Detroit automakers have spent nearly $39 billion in the United States to develop new technology, more than foreign automakers have spent in America over the past 25 years.

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Richard E. Dauch, co-founder and chief executive of Detroit-based auto parts supplier American Axle & Manufacturing, questioned whether GM needed help from Japanese and French automakers to help solve its U.S. problems. "We don't need to have the French running America," Dauch said to applause from the audience at the Traverse City gathering.

Sen. Debbie Stabenow (D-Mich.) said she was cautious about an alliance. Her focus, she said, is on keeping jobs in the United States and in Michigan, where GM is the largest private employer.

Leaders of the United Auto Workers union are cool to a possible deal, a stance that could be a stumbling block if negotiations progress. Alan Reuther, the UAW's legislative director in Washington, said the biggest obstacle to getting Washington to consider the problems of Detroit's automakers is GOP dominance of the federal government. "The Republicans are in control here, not us," he said.

When the oil crisis of the 1970s led to a rapid expansion of imported cars, Detroit attracted much greater sympathy. The nation was in a recession, with high interest rates and inflation. There was fear of Japan's growing economic power. In the early 1980s, the continued strength of imported cars and the possible failure of Chrysler provoked an intense national debate, leading to Chrysler's federal bailout and a voluntary restraint on Japanese imports negotiated by the Reagan administration. The Japanese and other foreign automakers responded by building plants in the United States.

Alexander was instrumental in getting foreign automakers to set up operations in the South. But the factories weren't welcome at first. At a Nissan plant groundbreaking in Smyrna, Tenn., in 1981, Alexander remembers, there was a protest where tacks and nails were spread out. News reports at the time indicated a law enforcement officer was knocked unconscious by a brick and a truck to be used in the event was vandalized.

"We had to walk through it," Alexander said. "The ugliness of the union demonstration backfired. It created a lot of goodwill for Nissan. There's been nothing but goodwill ever since."

Sen. Thad Cochran (R-Miss.) said "the lines are blurring" between an American company and a global one. Two years ago, Nissan completed a $1.4 billion investment in a plant north of Jackson, Miss., providing jobs for 4,100 employees. It assembles several models, including the Titan pickup and the Armada sport-utility vehicle. Some are headed to markets outside the United States, including China, Taiwan, Mexico and Canada.

Meanwhile, the U.S. automakers are undergoing a major restructuring. GM is closing all or part of 12 North American plants or production facilities and eliminating 30,000 jobs. Ford announced yesterday that it will cut production in the fourth quarter by 21 percent and earlier said it plans further job cuts. With the job losses, the Detroit automakers will employ 335,000 workers, still about three times the employment of foreign-owned car manufacturers. The Detroit companies spend $188 billion a year in the United States on auto parts, while the foreign makers lay out $50 billion, according to the Automotive Trade Policy Council.

Lutz said people who believe that foreign automakers would fill the void if Detroit automakers were allowed to "go down the tubes" are seriously mistaken. "Believe me, there is no comparison in terms of the number of jobs, the number of suppliers we use, the number of raw materials we purchase in the United States," he said.

He encouraged federal lawmakers to get out of Washington, talk to GM employees and test drive American-built vehicles. "I think some of these folks -- I know they are very busy, but they don't get out much. And they drive Japanese or German cars and they think Detroit is some horrible place in the Rust Belt. You hope that over time we can educate them."

Graphics editor Karen Yourish contributed to this report.

Dow Adds 2.6%, Nasdaq Rises 5.2% For Week (WSJ)

By Peter A. McKlay

The Wall Street Journal, August 19, 2006

Stock prices continued to edge higher Friday, with technology shares helping to propel the Nasdaq Composite Index to its best weekly gain in more than three years.

Blue-chip shares also jumped, with the Dow Jones Industrial Average adding 46.51 points, or 0.4%, to end at 11381.47, gaining 2.6% over the course of the weeklong rally.

The Nasdaq rose 6.34 points, or 0.3%, to 2163.95 on Friday, completing a five-session winning streak that added 106.24 points, or 5.2%, for the week.

The blue-chip average was driven largely by rallies in two of its components. Shares of tobacco company Altria Group rose 3.9% in response to a court ruling late Thursday. A federal judge had decided cigarette makers violated racketeering laws, but the judge stopped short of ordering financial remedies, and many investors figured the ruling will give Altria the ammunition needed to accelerate its planned breakup.

The Dow industrials' other big gainer was Microsoft, whose shares added 4.3% on Nasdaq after the software maker extended the period during which it will buy back its own shares under a previously announced plan.

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For the technology sector, the rally in Microsoft was partly offset by woes at another bellwether, Dell, whose shares fell 2.9% in the wake of a disappointing earnings report and a regulatory investigation.

"The industry as a whole is doing reasonably well," said technology analyst Richard Stice, of Standard & Poor's Equity Research. "But with Dell in particular, I think there's a problem with the execution of their plan." The analyst pointed to Dell's pricing, which he said seems too high to please consumers but also not high enough to maximize the company's revenue.

The broad Standard & Poor's 500-stock index rose 4.82, or 0.4%, to 1302.30, its first finish higher than the psychologically important 1300-point level since mid-May. For the week, the S&P 500 gained 2.8%.

In major U.S. market action:

Stocks1 and bond prices rose. The 10-year note gained 7/32 point, or $2.1875 for each $1,000 invested, pushing the yield down to 4.843%.

The dollar declined. Against the Japanese currency, the dollar fell to 115.78 yen, compared with 115.94 Thursday. The euro edged up to $1.2830 from $1.2829.

U.S. Stocks Climb For Fifth Day, Led By Oil Shares, Microsoft (BLOOM)

Bloomberg, August 18, 2006

Aug. 18 (Bloomberg) -- U.S. stocks rose for a fifth day, the longest streak in five months, as a rebound in oil prices boosted energy shares and Microsoft Corp., the world's largest software maker, announced a $36 billion share buyback.

Exxon Mobil Corp., the biggest publicly traded oil company, helped lead the advance. Altria Group Inc. jumped after a judge ruled that the maker of Marlboro cigarettes won't have to spend billions of dollars on anti-smoking programs.

Government reports that suggested the Federal Reserve is taming inflation spurred a rally this week. The prospect that the Fed will keep interest rates steady helped stocks recover today from initial losses tied to a drop in consumer confidence.

``We've had one good piece of inflation news after another," said Eric Green, who helps manage $3.5 billion at Penn Capital Management in Cherry Hill, New Jersey. ``It's looking more and more likely that the Fed is done. There are a lot of positive winds in the market."

Signs of slowing inflation have pushed stocks higher every day this week, marking the longest such streak for the Standard & Poor's 500 Index since the six-day period ended March 17.

The S&P 500 gained 4.82, or 0.4 percent, to 1302.30. The Dow Jones Industrial Average rose 46.51, or 0.4 percent, to 11,381.47. Both gauges are at their highest levels in three months. For the week, the S&P 500 and the Dow advanced 2.8 percent and 2.7 percent, respectively.

Nasdaq's Gain

Microsoft's rise helped push the Nasdaq Composite Index to the best weekly gain in more than three years. The gauge jumped 5.2 percent this week and added 6.34, or 0.3 percent, to 2163.95 today.

The University of Michigan's preliminary index of consumer sentiment dropped to 78.7 from 84.7 in July as spending waned amid higher gasoline prices and terrorism fears. Economists forecast a drop to 83.8.

``The market is clearly anxious about the economy," said Bob Sitko, who helps manage $600 million at USAA Private Investment Management in San Antonio. ``The question is whether we'll see a soft landing or a hard landing."

China increased its benchmark lending and deposit rates simultaneously for the first time in two years to curb an investment boom that may lift inflation, calling into question the outlook for growth worldwide.

The People's Bank of China raised the one-year lending rate 27 basis points to 6.12 percent. The one-year deposit rate was lifted by the same amount to 2.52 percent.

Energy Shares

A gauge of energy shares advanced 1.5 percent for the biggest gain among 10 industry groups in the S&P 500 as oil prices advanced for the first time in five sessions.

Crude oil for September delivery rose 1.5 percent to $71.14 a barrel in New York. Shares of Exxon jumped $1.02 to $69.10.

Microsoft climbed $1.09 or 4.4 percent, to $25.79 for the top gain in the Dow average. The company raised its buyback after investors tendered $3.8 billion in shares in an offer that expired last night, missing a goal of $20 billion. Microsoft boosted stock repurchases by $16 billion to make up the difference.

Altria, the parent of Philip Morris USA, rose $3.22, or 4 percent, to $83.97 for the second-best performance in the Dow average. A federal judge ruled Philip Morris and other U.S. cigarette makers violated anti-racketeering laws by marketing low-tar cigarettes as healthier alternatives than full-flavored brands.

U.S. District Judge Gladys Kessler declined to order the companies to fund programs to help people quit smoking. The government had sought billions of dollars from them for such efforts. Reynolds American Inc. added 91 cents to $64.98.

Dell Falls

Dell Inc. lost 64 cents to $22.16. The company said earnings tumbled 51 percent to $502 million in the second quarter. Chief Executive Officer Kevin Rollins said in an interview that he cut prices ``aggressively'' in the quarter.

The PC maker also said the U.S. Securities and Exchange Commission requested information relating to revenue recognition and other accounting and financial reporting matters for past years. As part of its own investigation, Dell found some ``potential issues'' that are unlikely to have a ``material impact'' on finances, it said.

Ford Motor Co., the second-largest U.S. automaker, dropped 17 cents to $8. The company will cut North American production by 21 percent in the fourth quarter, the biggest drop since the early 1980s, and 11 percent in the current quarter in response to falling U.S. sales.

Ford

The company is also preparing to eliminate 6,000 salaried jobs in North America next month, said a person with knowledge of the plan.

About five stocks rose for every four that fell on the New York Stock Exchange. Some 1.34 billion shares changed hands on the Big Board, 20 percent less than the three-month daily average.

TiVo Inc. jumped 53 cents to $7.02. The company that pioneered the market for digital-television recorders said a judge ordered EchoStar Communications Corp. to stop selling competing products that are infringing TiVo's patent. The judge ordered EchoStar to pay TiVo about $90 million in damages. EchoStar fell 30 cents to $32.45.

Gap Inc. slid 65 cents to $16.65. The largest U.S. clothing chain reduced its profit forecast this year to as much as $1.12 a share, down from as much as $1.27 a share. Prudential Equity Group LLC's Stacy Pak cut her rating on the stock to ``neutral weight'' from ``overweight.''

Spiders, QQQQs

S&P 500 shares, called Spiders, rose 66 cents to $130.69. Nasdaq-100 tracking shares, known by their QQQQ symbol, gained 6 cents to $38.79.

S&P 500 futures expiring in September increased 6.1 to 1307.10 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures rose 7.25 to 1585.

The Russell 2000 Index, a benchmark for companies with a median market value of $581 million, gained 0.1 percent to 711.68.

The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, climbed 0.3 percent to 13,014.67. Based on the change in the Wilshire, the value of stocks increased by $55.5 billion.

U.S. Economy: Consumer Optimism Wanes On Terror Fears (BLOOM)

Bloomberg, August 18, 2006

Aug. 18 (Bloomberg) -- Terrorism fears and higher gasoline prices unexpectedly drove confidence among U.S. consumers this month to its lowest level since October.

The University of Michigan's preliminary index of sentiment declined more than forecast, to 78.7 from 84.7 in July. Waning optimism threatens to slow consumer spending, which accounts for about three-fourths of gross domestic product.

The survey ends a week of figures pointing to a continuing slowdown in the economy that may allow the Federal Reserve to keep interest rates unchanged after ending a two-year credit tightening last week. The conflict in Lebanon, which drove energy prices higher, and news of a foiled plot to blow up airliners probably contributed to the decline in confidence, economists said.

``The headline news about the foiled terror plot and high gasoline prices are rattling consumer attitudes,'' said Richard Yamarone, chief economist at Argus Research in New York. ``This helps the Fed's cause of pausing in the interest-rate cycle.''

The university's report also showed an increase in inflation expectations, possibly a reflection of the rise in energy costs earlier this month. Consumers in the Michigan survey said they expect an inflation rate of 4.2 percent in one year, up from 3.2 percent in the July survey and the highest since October 2005.

Excluding September and October, when inflation expectations jumped in the aftermath of hurricanes Katrina and Rita, the one-year price reading would be the highest since December 1990, during the run up the 1991 Persian Gulf War.

`Heavy Burden'

The average price of a gallon of regular gasoline jumped to $3.01 in the first two weeks of August, from $2.97 in July, according to the American Automobile Association. The price has since declined to $2.97, as of yesterday.

``The increase in oil prices has hurt consumers,'' said Kristine Brittingham, an economist at Countrywide Securities in Calabasas, California. ``For the lower income brackets it's a heavy burden. We've seen some of it trickle into the numbers a retailers such as Wal-Mart.''

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The Michigan index was expected to decline to 83.8 in August, according to the median estimate of 53 economists in a Bloomberg News survey. Forecasts ranged from 80 to 86. The measure has averaged 88.1 since monthly data were first compiled in 1978.

The dollar headed for a weekly decline against the yen and the euro after the confidence survey and earlier reports showing a drop in home construction and a smaller-than-expected increase in industrial production.

The U.S. currency traded at 115.79 yen at 4:22 p.m. in New York, from 115.98 late yesterday. The dollar traded at $1.2828 per euro from $1.2826 yesterday.

Guide to Future

The expectations index, which some economists view as an indicator of future consumer spending, declined to 64.5 from a July reading of 72.5.

A gauge of current conditions, which reflects Americans' perceptions of their financial situation and whether it's a good time to buy big-ticket items like cars, dropped to 100.8 from 103.5.

The preliminary Michigan sentiment index is based on a telephone survey of about 300 households. The final report for the month, due Sept. 1, will reflect about 500 responses.

The Fed kept interest rates unchanged at 5.25 percent last week after 17 straight increases, saying that economic growth has slowed and inflation pressure is likely to ease.

`Blistering Pace'

``The U.S. economy is slowing from its unsustainable, blistering pace of earlier this year," Federal Reserve Bank of Dallas President Richard Fisher said Aug. 16 in remarks at a real estate conference in Dallas.

``The housing downturn and the cumulative effect of energy and electricity price increases and higher interest rates, among other factors, are definitely having an impact on the consumer," Fisher said.

High gasoline prices are limiting disposable incomes, hurting retail sales. Wal-Mart Stores Inc. said sales at stores open more than a year rose 1.7 percent in the three months through July 31, the least in six quarters.

``Customers tell us that they are most concerned about gas prices," H. Lee Scott, chief executive of the world's biggest retailer, said on a recorded call on Aug. 15.

Home Depot Inc., the world's largest home-improvement retailer, said earnings this year will be at the low end of its forecast. BJ's Wholesale Club Inc., the third-largest U.S. warehouse retailer, cut its full-year earnings estimate this week.

Labor Market

The July unemployment rate rose to 4.8 percent from 4.6 percent, a level that matched the lowest in five years. Average hourly earnings in July rose 0.4 percent for a second month, more than economists forecast, a Labor Department report said Aug. 4.

Initial jobless claims fell by 10,000 to 312,000 in the week that ended Aug. 12, the Labor Department said yesterday. The report indicates demand is strong enough to encourage companies to retain workers, economists said.

The housing market, which is cooling after five record years, also is damping consumer confidence. A slowdown in property values makes homeowners feel less wealthy and limits the opportunities for home-equity financing, which was a major source of cash for spending in recent years.

To contact the reporter on this story: Shobhana Chandra in Washington schandra1@bloomberg.net

Microsoft Increases Buyback Of Shares (NYT)

By Bloomberg News

The New York Times, August 19, 2006

Microsoft nearly doubled its stock buyback, to $36 billion, after an initial invitation for shareholders to sell failed to generate enough interest.

Investors tendered only $3.8 billion of shares at a price the company was willing to accept in a “Dutch auction” that expired Thursday night, missing a goal of $20 billion, Microsoft said yesterday. The company raised the buyback by $16 billion to try to make up the difference.

Microsoft started the tender to support a share price that has fallen 10 percent in two years. The failure of the tender may still be a sign of optimism among investors who are expecting the stock to rise above the price Microsoft was offering.

“Investors are figuring it’s worth more” than what Microsoft was offering, said Brendan Barnicle, an analyst at Pacific Crest Securities. For Microsoft, “it’s going to be a lot more expensive” with a buyback.

Microsoft said on July 20 that it would seek to buy back $20 billion of its shares, or about 8 percent of the outstanding stock, for $22.50 to $24.75 each. The company said yesterday that shareholders had tendered 155 million shares, or 1.5 percent of the company’s stock, at $24.75 a share.

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The company completed a $30 billion stock buyback in June in half the time originally promised.

Microsoft Buyback Falls Short Of Goal But May Bode Well (WSJ)

By Robert A. Guth

The Wall Street Journal, August 19, 2006

Microsoft Corp. fell far short of a goal to buy from shareholders as much as $20 billion of its own stock.

But analysts cast the result in a positive light, explaining that investors believe the company will be able to lift its stock price over time and so were unwilling to part with their shares.

A tender offer by Microsoft closed Thursday, and Friday the company said it will repurchase 155 million shares for a total of $3.8 billion, or less than one-fifth of the amount the Redmond, Wash., software maker earmarked last month to spend for 808 million shares.

The high end of Microsoft's price range in the tender was $24.75, a price that many large investors figure they can beat in the open market. Indeed, Microsoft shares on Friday were at $25.79 in 4 p.m. composite trading on the Nasdaq Stock Market.

The result "speaks to the long-term belief that the stock is going to go up," said Howard Silverblatt, a senior index analyst at Standard & Poor's.

The buyback is the latest attempt by Microsoft to break its stock price out of a five-year rut. A combination of slower growth in its traditional personal-computer-software business, combined with heavy investment at new businesses such as online services, have held down its shares even as management has in recent years repurchased more shares and started paying dividends for the first time.

Microsoft's shares are now behaving less like a classic "growth" stock -- driven by rapid growth in earnings and price appreciation -- and more like a "value" stock, with slower price gains but greater stability and a cash dividend.

Microsoft in July said that in addition to the $20 billion tender offer, it got clearance from its board to repurchase an additional $20 billion worth of shares by 2011. The remaining $16.2 billion will now be included in that buyback plan, Microsoft said on Friday. The amount authorized for the buyback is now $36 billion, which S&P's Mr. Silverblatt said is the biggest repurchase program of any company.

But some analysts expect that Microsoft will spend the remaining $16.2 billion by the end of the year. "We think they'll do it pretty quickly," said Charles Di Bona, an analyst at Sanford C. Bernstein & Co. "They'll probably clear up over the course of this year or sooner."

Microsoft had already been spending large sums on buybacks, including $19.2 billion worth purchased in the fiscal year ended in June and $8 billion in the prior year, according to Mr. Silverblatt.

A number of household-name companies besides Microsoft, including Cisco Systems Inc. and Exxon Mobil Corp., in the past couple of years have spent huge amounts on repurchasing their own shares.

Buybacks reduce the number of shares outstanding, in turn lifting per-share corporate earnings. The repurchased stock can also be used as a currency in corporate acquisitions or as compensation for employees.

Buying back its stock in the open market could cost Microsoft more than through a tender, and that extra expense would weigh on the bottom line. Accordingly, some analysts trimmed their forecasts for the company's current fiscal year, which ends June 30, 2007.

For example, Cowen & Co. analyst Walter Pritchard said in a research note that the new timing of the buyback would lower his forecast for Microsoft's earnings by two cents a share. He now reckons that figure will come in at $1.41 to $1.48, "depending on the magnitude and timing" of the buyback.

Hold The Champagne (NYT)

The New York Times, August 19, 2006

When this week's government reports showed tamer inflation than had been anticipated, investors almost certainly overreacted, pushing up stocks and bonds as if all was right with the economy. A slowdown is certainly preferable to an overheating economy, which raises the likelihood of much higher interest rates and widespread unemployment. But a slowdown is still bound to be painful, especially for the Americans — and they are the majority — whose wages have been stagnating through much of the current economic cycle.

Investors' jubilation was also likely a reflection of their own relief. This week's evidence of decelerating inflation has vindicated the judgment of Ben Bernanke, the new chairman of the Federal Reserve, who decided last week to pause in the two-year-old campaign to raise interest rates. That display of acumen boosted investors' confidence in his ability to correctly call the shots.

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What the market doesn't seem to be considering is the possibility of problems for which the Fed has no good answers. The depth and duration of an economic slowdown will depend in large part on the ultimate fate of the housing boom. As the housing sector continues to weaken, employment could take a big hit; the Economic Policy Institute calculates that housing-related jobs accounted for 15 percent of the nation's job growth in 2005. Consumer spending could also be affected, via higher unemployment, less home-equity borrowing and a general reversal in the wealth effect — that free-spending feeling people get when their assets are appreciating.

At the same time, the slowdown is likely to weaken the dollar. Theoretically, a weaker dollar should help the economy over time by increasing American exports. But that assumes that the economies of other countries will continue to chug along, even prosper, as the United States endures a slowdown. Moreover, the ill effects of a housing decline could soon be upon us, while the potentially beneficial effects of a weaker dollar would most likely need time to take hold.

The result could be a slowdown that is more severe than currently anticipated and that could be impervious to interest rate calibrations.

Of course, that is a scenario, not a prediction. The important point is that today's economy has problems that go beyond price inflation. The last time the Fed successfully orchestrated a slowdown — in the mid-1990's — the economy was not coming off a housing boom. The federal budget was heading toward the black, the trade deficit was a fraction of its current size as a share of the economy, and oil prices, while volatile, were relatively low.

Now is a time for watchful waiting, not uncorking the Champagne.

Young Quits Wal-Mart After Jibe (WT/AP)

The Washington Times, August 19, 2006

ATLANTA (AP) -- Civil rights leader Andrew Young yesterday quit his job as head of a Wal-Mart advocacy group after saying Jews, Koreans and Arabs had "ripped off" the black community.

Mr. Young, a former Atlanta mayor and U.N. ambassador, said he decided to step down from Working Families for Wal-Mart to avoid becoming a "distraction" amid criticism for the remarks, seen as racially offensive, in the weekly Los Angeles Sentinel.

In an interview with the newspaper, Mr. Young was asked about whether he was concerned Wal-Mart causes smaller, mom-and-pop stores to close.

"Well, I think they should; they ran the 'mom and pop' stores out of my neighborhood," the paper quoted Mr. Young as saying. "But, you see, those are the people who have been overcharging us, selling us stale bread and bad meat and wilted vegetables. And they sold out and moved to Florida. I think they've ripped off our communities enough. First it was Jews, then it was Koreans and now it's Arabs; very few black people own these stores."

Mr. Young apologized for the remarks, but said the Sentinel's report had been misread and misinterpreted. He said he decided to end his involvement with the support group for the world's largest retailer after he started getting calls about the story.

"Things that are matter of fact in Atlanta, in the New York and Los Angeles environment tend to be a lot more volatile," said Mr. Young, once a close associate of Martin Luther King.

He also said working with the group "was also taking more of my time than I thought."

Wal-Mart spokesman John Simley said the company supported Mr. Young's decision to resign and that Mr. Young's comments do not reflect Wal-Mart's views.

"We are appalled by those comments," Mr. Simley said. "We are also dismayed that they would come from someone who has worked so hard for so many years for equal rights in this country."

Mr. Simley declined to comment on how the situation might affect Working Families for Wal-Mart.

The remarks surprised Rabbi Marvin Hier, dean and founder of the Simon Wiesenthal Center in Los Angeles, who pointed to Mr. Young's reputation for civil rights work.

"If anyone should know that these are the words of bigotry, anti-Semitism and prejudice, it's him," Rabbi Hier said. "I know he apologized, but I would say this: ... During his years as a leader of the national civil rights movement, if anyone would utter remarks like this about African-Americans his voice would be the first to rise in indignation."

Mr. Young came under fire from the civil rights community after his company, GoodWorks International, was hired by Working Families for Wal-Mart. Mr. Young's company, which he has headed since 1997, works with corporations and governments to foster economic development in Africa and the Caribbean.

In an April letter to the General Synod of the United Church of Christ, Mr. Young said it was wrong for the church and others to blame Wal-Mart for world ills.

"I think we may have erred in not paying enough attention to the potentially positive role of business and the corporate multinational community in seeking solutions to the problems of the poor," Mr. Young wrote at that time.

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Different Focus In Atlanta On Young's Remark (NYT)

By Shaila Dewan And Michael Barbaro

The New York Times, August 19, 2006

ATLANTA, Aug. 18 — Andrew Young built his fame as the first lieutenant of the civil rights movement, working closely with the Rev. Dr. Martin Luther King Jr. and becoming the first black congressman from Georgia since Reconstruction.

A street here is named after him, as is a school of public policy. And there are plans to erect a statue in his honor. So vast is his reservoir of good will, apparently, that even a racially inflammatory comment he made this week seemed unlikely to draw it down.

Instead, people who have known Mr. Young for decades seem rather satisfied that his comment that Jewish, Arab and Korean store owners had "ripped off" black neighborhoods, "selling us stale bread and bad meat and wilted vegetables" had severed his link with his most high-profile client, Wal-Mart Stores, in whose defense he made the remark.

Referring to the remarks as being singled out from a long interview, Mr. Young said Friday in a telephone interview, "I thought this was kind of below the belt."

"Now I don't blame anybody," he said, a day after apologizing for his remarks and resigning from the Wal-Mart payroll. "It was stupid of me to say in that context. No, it wasn't stupid of me. I said it in the appropriate context. But I didn't think about how it would read."

His remarks drew ire from Jewish groups and advocates of diversity, dismay from Wal-Mart executives and a slap from the Rev. Al Sharpton.

But in Atlanta, the comments became an occasion to debate the focus of the civil rights movement and the fidelity of Mr. Young, now 74, to its ideals.

"My guess is that Andy was trying so hard to run a good race on a questionable horse that he stumbled off track with his unfortunate remarks," said the Rev. Joseph E. Lowery, a longtime associate of Mr. Young.

Tom Houck, an Atlantan who worked for the King family, said, "I talked to him today and I said, 'Andy, you sleep with snakes, you're going to get bitten by them.' "

Mr. Young made his comment to a reporter from a black newspaper, The Los Angeles Sentinel, responding to a question about Wal-Mart's effects on mom-and-pop businesses.

"I was giving a rational explanation of a historic phenomenon," he explained later. "Can you talk about ethnicity objectively without it being demeaning or stereotypical?"

He added that he had also discussed black merchants who overcharged the poor.

"The way this came out it makes me sound like I'm refuting everything I've done over almost 70 years, frankly," Mr. Young said.

He defended his work, saying, "I still think that Wal-Mart is good for poor people."

Critics, many also his friends, disagreed. When Wal-Mart asked Mr. Young to become the public face of a new group called Working Families for Wal-Mart that would promote the company and rebut its union critics, an open letter signed by 57 people, mostly clergy members, accused him of siding with the "filthy rich" and "taking a stand that is diametrically opposed to everything Dr. King stood for."

Vernon Jones, one of a younger generation of black politicians who is chief executive officer of DeKalb County, Ga., home to the newest Wal-Mart store in the Atlanta region, said the company had created jobs and revitalized neighborhoods.

"No one can question the fact that Andy Young is for the little person," Mr. Jones said. "He's more for the little person than anyone I know."

In the liberal milieu of the civil rights movement, Mr. Young was never a purist. "Dr. King used to say, 'You know now Andy is my favorite Republican,' " Mr. Houck recalled.

When Mr. Young became mayor in 1982, he told the city's white business community, "I can win without you, but I can't govern without you."

He was never predictable. In 1979, he had to resign as ambassador to the United Nations after meeting a representative of the Palestinian Liberation Organization, a move that supporters now say was indicative of his willingness to listen to all sides.

He traveled to Africa for the Clinton administration and praised the Bush administration for its emphasis on "commerce as the engine for change and prosperity" there. But he has also been criticized for a close relationship with African dictators.

In the recent Georgia primaries, Mr. Young endorsed the controversial and doggedly left-wing Representative Cynthia McKinney, who lost in a runoff.

Wal-Mart is not the first corporate client for which he has drawn criticism. In 1996, he was paid by Nike to inspect their overseas factories. He largely gave them a pass, helping Nike overcome criticism that it ran exploitative sweatshops.

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Mr. Young's critics say there is no better evidence for saying he has morphed from populist to corporate mouthpiece than his relationship with Wal-Mart. Wal-Mart took an interest in Mr. Young in February 2005 when he praised it at one of its Saturday morning meetings that frequently feature politicians and celebrities.

Mona Williams, a company spokeswoman, said that during Black History Month, Mr. Young told executives that "Wal-Mart had done more for poor people than any other institution in this country."

But civil rights advocates criticize the company record. By its admission, the retailer has been slow to diversify senior ranks, turning recently to reducing bonuses unless executives improve promotions of women and minorities. The company is also the subject of the largest sex-discrimination lawsuit.

Since Mr. Young joined it, the company announced many changes, saying it would expand health insurance to the children of part-time workers, commit to sweeping reductions in energy use and promise to support small businesses, including competitors, near its proposed urban stores.

Some defenders said Mr. Young's remark was unfortunately worded, but had a grain of truth.

"In his opinion," said John Hope Bryant, the founder of Operation Hope, which fights urban poverty, "companies like Wal-Mart had simply introduced some much needed competition in our inner-city communities, helping to level the playing field for poor people.''

Barr Seeks Fed OK For Morning-after Pill (AP-Y)

AP, August 19, 2006

The manufacturer of the morning-after pill resubmitted an application Friday seeking federal approval to sell the emergency contraceptive without a prescription.

Barr Pharmaceuticals Inc. resubmitted the application to the Food and Drug Administration, company spokeswoman Carol Cox said. The company did not disclose the contents.

The FDA had asked Barr to amend its application to limit over-the-counter sales of the pills, called Plan B, to women 18 and older. The pills are now sold only by prescription in most states.

"Currently, we remain committed to an expeditious review," FDA spokeswoman Susan Bro said. Bro would not say when the FDA would decide on the application.

Barr originally applied to sell the pills to girls and women of all ages, but later amended its application to limit over-the-counter sales to those 16 and older.

The FDA told it last month it would reconsider that application if the company further amended it to limit nonprescription sales to adult women. The agency also wants details on how pharmacists would enforce the age restrictions on those sales.

Plan B contains a high dose of a drug found in many regular birth control pills that, taken within 72 hours of unprotected sex, can lower the risk of pregnancy by up to 89 percent.

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On the Net:

Food and Drug Administration: http://www.fda.gov/

Allen Flap May Give A Boost To Webb (WP)

By Tim Craig And Michael D. Shear, Washington Post Staff Writers

The Washington Post, August 19, 2006

Reenergized Va. Democrats Gain Support

RICHMOND -- The nationwide fallout from controversial remarks Sen. George Allen (R-Va.) made last week has given Democrats new hope in a race many thought would be difficult to win in the historically conservative state.

Before Allen insulted a native Fairfax County man of Indian descent, many Democratic officials were privately doubtful that James Webb could mount an aggressive challenge to the former governor and possible 2008 presidential candidate.

But Allen's remarks to S.R. Sidarth, 20 -- which included saying "welcome to America" -- are generating new support for the Webb campaign and energizing Democratic activists.

"Before this week, I thought it would be a very tough race for Jim Webb," said Martin Tillett, a self-described Democrat who is vice president of the Spring Bank Community Association in Fairfax County. He had already opposed Allen for his conservative positions. "This week has just added fuel on the fire as far as I am concerned," he said.

Even Northern Virginia Republicans who support Allen say they are a bit worried.

Rob Jackson, 55, a lawyer from McLean, said he still plans to vote for Allen, despite what he called "a stupid remark that a senator shouldn't have said." Jackson added that the Senate race is probably closer now. "It certainly hurt George Allen," he said. "It was a dumb thing to do."

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Political analysts also said they sense a more competitive race.

"If the race wasn't on Democrats' radar screen before, it is now," said Charlie Cook, editor of the Cook Political Report.

A week of national headlines -- none good for Allen -- has the potential to change the Virginia campaign from a Democratic long shot to one that could help decide which party controls the U.S. Senate next year, political analysts said. But only if Webb, who has struggled in his first run for office, can translate the temporary boost into lasting momentum.

Democratic activists across the state have complained for weeks that Webb hasn't been visible enough, was slow in hiring staff and had limited knowledge about many issues. In a debate last month, Allen forced Webb to admit he did not know about the future shipping terminal at Craney Island in Portsmouth.

Webb, an Iraq war opponent who is a former Marine and was secretary of the Navy during the Reagan administration, still faces a relentless campaigner who last month had 10 times as much to spend on his reelection bid.

Republicans say he can't win, regardless of Allen's recent remarks.

"Webb doesn't have his policy ducks in a row, and he doesn't have his campaign ducks in a row," said Sen. Ken Cuccinelli (R-Fairfax). "Is Allen running a perfect campaign? No, or we wouldn't be having this conversation. But they certainly know how to run a campaign."

Dick Wadhams, Allen's campaign manager, said: "The fundamentals of this race have not changed, which are the Democrats have a candidate who is incapable of taking a position on any issue."

Republicans also said Democrats run the risk of making too much of Allen's remarks.

Allen's comments "helped energize the other side," said Eric Lundberg, chairman of the Fairfax County Republican Party. "To the extent they keep harping on it, it will energize our own base."

Still, Democrats say Webb's campaign has been renewed because of Allen's remarks, particularly in Northern Virginia, where about 30 percent of the state's voters live. In last year's gubernatorial race, Timothy M. Kaine (D) trounced former attorney general Jerry W. Kilgore (R) by more than 20 points in some parts of Northern Virginia.

Traffic to Webb's Internet site doubled on several consecutive days this week, campaign officials said, and several Democratic leaders, including Sen. Barbara Boxer (D-Calif.), began asking their supporters to donate to Webb.

"We've always said that when Virginians got to see the real George Allen, they were not going to like what they see," said Phil Singer, communications director for the Democratic Senatorial Campaign Committee.

Because of public dissatisfaction over the war and President Bush, Larry Sabato, a political science professor at the University of Virginia, says his analysis of current polls shows that Democrats could pick up five Senate seats -- Pennsylvania, Montana, Ohio, Rhode Island and Missouri -- if the election were held today. Democrats need to win six seats to retake control.

"This whole Virginia election could be the search for the sixth seat that could turn over control to the Democrats," Sabato said.

Last Friday, while speaking at a GOP rally in southwestern Virginia, Allen singled out Sidarth, a Webb volunteer, and called him "Macaca." He also said: "Welcome to America and the real world of Virginia."

The term "macaca" refers to a genus of monkey and is considered an ethnic slur in some cultures. Allen apologized, saying that he did not know what the word meant and that it was a play on "Mowhak," a nickname given to Sidarth by Allen's campaign staff because of his haircut. Allen's campaign has responded to the incident by accusing Webb of tolerating anti-Semitism.

During Webb's Democratic primary campaign against lobbyist Harris Miller, Webb's campaign distributed a flier in southwestern Virginia that included a caricature of Miller with wads of money coming out of his pocket. Miller, who is Jewish, decried the flier as anti-Semitic. Webb has said the flier was not intended to be offensive.

"Those anti-Semitic fliers are going to be an issue going forward in this entire campaign," Wadhams said.

At the same time, Allen's recent comments are providing Democrats and others with an opportunity to talk about the senator's past controversies involving race.

As a young man, Allen had a fondness for the Confederate flag, which he later said he saw only as a symbol of youthful rebellion. Later, when he was governor in the mid-1990s, Allen opposed the creation of a holiday honoring Martin Luther King Jr.

Webb, who once said the Confederate memorial in Arlington "has a special place in my life," said he does not plan to make an issue of Allen's past.

In his past races, Allen has successfully staved off charges of racial intolerance. During his 2000 bid for Senate, Allen campaign aides said he received 17 percent of the black vote, but some political strategists question that number.

Del. A. Donald McEachin, a black Democrat who represents Richmond, said African Americans will decisively turn out to vote for Webb this year -- even though many have criticized his position on affirmative action.

"The fact you would call someone a species of monkey is offensive," McEachin said.

Amid charges of racism and anti-Semitism, political leaders are braced for a polarizing campaign, especially if it becomes part of a national fight for control of the Senate.

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"Any guy who made 'born fighting' his campaign slogan is not going to shy away from confrontation," Rep. James P. Moran Jr. (D-Va.) said of Webb. "And George fancies himself as a tough guy, so let them go at it."

G.O.P. Deserts One Of Its Own For Lieberman (NYT)

By Anne E. Kornblut

The New York Times, August 19, 2006

Facing Senator Joseph I. Lieberman's independent candidacy, Republican officials at the state and national level have made the extraordinary decision to abandon their official candidate, and some are actively working to help Mr. Lieberman win in November.

Despite Mr. Lieberman's position that he will continue to caucus with Democrats if re-elected, all three Republican Congressional candidates in Connecticut have praised Mr. Lieberman and have not endorsed the party's nominee, Alan Schlesinger. An independent group with Republican ties is raising money for Mr. Lieberman, who has been a strong supporter of President Bush on the Iraq war.

Senator John McCain of Arizona, while saying he would support the Republican nominee, is not planning to campaign for him, and even allowed two of his aides to consult with the Lieberman camp before the Aug. 8 Democratic primary. And Newt Gingrich, the Republican who once served as House speaker, has endorsed Mr. Lieberman's candidacy.

While some Republicans are quietly rooting for his Democratic opponent, Ned Lamont, because they feel he would be such a polarizing liberal target, many leading Republicans say it would serve the party better to have a centrist like Mr. Lieberman remain in office, particularly after being spurned by his own party.

But one thing is clear: there is little to no talk of bolstering Mr. Schlesinger, 48, the Republican nominee, a little-known former mayor of Derby who has registered polling numbers so low they are breaking records. Little known throughout the state, Mr. Schlesinger received attention this summer following reports in The Hartford Courant that he had gambled under a fake name and once had gambling debts. He has dismissed the accounts as irrelevant.

Mr. Schlesinger has reacted bitterly to the rejection by his own party, dismissing calls for him to leave the race. He maintains he can win by conveying his conservative platform to voters.

"Washington and the media have attempted to hijack this election and turn it into a referendum on the future of the national Democratic Party," Mr. Schlesinger said in an interview yesterday. "Their interest is not in electing a Republican in Connecticut, or anyone in particular in Connecticut."

Republican doubts about Mr. Schlesinger were crystallized when the White House spokesman, Tony Snow, pointedly refused on Monday to say the White House would endorse him.

Ken Mehlman, the chairman of the Republican National Committee — whose job is to champion Republican candidates everywhere — pledged to "stay out of this one."

All the major national Republican groups are withholding their fund-raising and organizational support for Mr. Schlesinger, creating a vacuum for Mr. Lieberman, as the centrist in the race, to fill.

"The right thing for people who believe the world is deeply dangerous is to re-elect Lieberman," Mr. Gingrich said. That is especially true, he said, because "the Republican Party's own candidate does not have any possibility of winning."

Initially, in the days after Mr. Lamont's victory, Republican officials had feelers out for a stronger Republican candidate than Mr. Schlesinger, according to strategists with close ties to the party and the White House.

One strategist said the fear was that a hard-fought race between Mr. Lamont and Mr. Lieberman would spur Democratic turnout, which in turn, he said, could harm vulnerable Republicans in the state, like Representatives Christopher Shays and Rob Simmons.

While Republicans were always pessimistic about finding a replacement who could win the Senate race outright — Connecticut is a largely Democratic state — the hope had been to find someone who could excite Republican voters enough to offset a feared surge of Democratic votes in November.

But in the days since the primary, concerns about a Democratic surge have subsided; Mr. Lieberman appears to be creating enthusiasm, even among Republicans, helped in part by the lack of institutional fervor for his Republican rival.

Senator McCain, who was one of the few who has said he would support the Republican nominee in the race, has no intention of campaigning with Mr. Schlesinger, his advisers said.

His nominal support for the party candidate has more to do with wanting to avoid alienating conservatives, one adviser said, than with actually supporting Mr. Schlesinger.

As Mr. Schlesinger's popularity has waned from a minuscule 9 percent in July to an almost invisible 4 percent in a Quinnipiac University poll released Thursday, the question for Republicans has shifted to whether to embrace Mr. Lieberman.

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Senator Norm Coleman, Republican of Minnesota, said that from a political perspective, having Mr. Lamont triumph in Connecticut would be "good for Republicans because that's not mainstream America."

"So from that perspective, a Lamont victory shows the extreme nature of the Democratic Party," said Mr. Coleman, who is not making a formal endorsement in the race. "On the other hand, Joe Lieberman is a good senator. And from America's perspective, it would be a good thing for Joe Lieberman to be back in the Senate."

Others cited Mr. Lieberman's support of Mr. Bush's foreign policy.

"For me, it's an uncomplicated decision," said William Kristol, the editor of The Weekly Standard and a neoconservative who is helping Mr. Lieberman through an independent group called Vets for Freedom, which is helping to raise funds and providing strategic advice for the senator.

"Partisan Republicans may be ambivalent; they see a partisan advantage to Lamont," he said. But, he said, "Foreign policy hawks and Bush doctrine believers and prowar types, we want Lieberman to win."

The Lieberman campaign has largely downplayed the Republican support, aware that the Lamont campaign will try to use it to alienate Democrats and independents.

"Part of the problem here is that everyone outside of Connecticut wants to glom onto this race, wants to put their own spin on it and wants to use it for their own advantages," said Dan Gerstein, a Lieberman adviser. "We are not interested in being anyone's political football."

Republican officials said they had hoped to drive him out, but worried that pressuring him further would only antagonize him and possibly create sympathy for his candidacy, drawing attention away from Mr. Lieberman and Mr. Lamont.

On Friday, Gov. M. Jodi Rell distanced herself from Mr. Schlesinger, saying only that he was the "endorsed candidate of the Republican Party," but that she had not spoken with Mr. Schlesinger and had no plans to campaign with him.

Last month, Mrs. Rell called for Mr. Schlesinger to drop out of the race, but Friday she told reporters that "he has given every indication that he intends to stay there."

According to polling experts at the Quinnipiac survey, Mr. Schlesinger's current poll numbers are lower than that of any other major party candidate in the history of the poll.

The same August survey showed Mr. Lieberman leading with the support of 49 percent of those surveyed compared with 38 percent for Mr. Lamont. The poll had a margin of error of plus or minus 3 percent.

"Based on the public polling, this isn't a competitive race at this time, so we're going to use our resources elsewhere," said Brian Nick, a spokesman for the National Republican Senatorial Committee, which is in charge of recruiting and electing Republican candidates to the Senate.

The White House took an even more passive approach this past week. Mr. Snow, the press secretary, said the administration had been advised by the state party in Connecticut not to make an endorsement, and insisted this was not unusual.

Mr. Snow said the administration had taken a similar course in past races where candidates "didn't meet the expectations of the local parties," although he could not immediately think of any.

Later, the White House issued a statement citing a number of examples dating to 1970.

"I read Tony's comments and it immediately jumped out at me what he was doing," Ari Fleischer, the former White House press secretary, said about the strikingly noncommittal remarks made by Mr. Snow.

"It would be far better for Republicans if Joe Lieberman won than Lamont," Mr. Fleischer continued. "There are enough liberals for Republicans to point to — from Russ Feingold to Hillary Clinton to Nancy Pelosi — that we don't need another one to make our case. But what kind of message would it send if a strong defense, pro-Iraq senator won in this environment? It would prove you can be for what George W. Bush is doing in Iraq and still win, even in the Northeast."

Lieberman Hires New Consultant, Pollster (AP-Y)

By Susan Haigh, Associated Press Writer

AP, August 19, 2006

Sen. Joe Lieberman continued retooling his campaign staff Friday, hiring a nationally known pollster and media consultant to assist in his independent re-election bid.

Lieberman hired Democratic consultant Josh Isay, who has worked for Republican New York Mayor Michael Bloomberg, and GOP pollster Neil Newhouse, who lists popular Republican Gov. M. Jodi Rell of Connecticut among his clients.

Lieberman, who must appeal to Republicans and unaffiliated voters to beat Lamont and Republican Alan Schlesinger in November, touted the new hires as proof of his campaign's bipartisanship.

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"They are not just among the best in their respective businesses, but they bring a deep knowledge of Connecticut from across the political spectrum, which will be essential to our effort to build a broad coalition of Democrats, Republicans, and independents," Lieberman said in a written statement.

It's the second major campaign change since Lieberman lost the Democratic primary last week to Greenwich businessman Ned Lamont. Lieberman had previously replaced his campaign manager and campaign spokeswoman and asked other staff members to reapply for their jobs.

Isay replaces Carter Eskew, who had worked with Lieberman in 1988 when he defeated then-Republican U.S. Sen. Lowell P. Weicker Jr.

Lamont edged Lieberman by 10,000 votes in the primary by criticizing Lieberman's support for the Iraq war and linking him to President Bush.

A day after the primary, Lieberman filed petitions to run as an independent in November's general election. A recent poll shows Lieberman leading Lamont by 12 percentage points among likely voters, with Schlesinger trailing far behind.

Liz Dupont-Diehl, Lamont's campaign spokeswoman, said the hirings show Lieberman just wants to "hold onto power."

"These new appointments beg the question: Who is the real Joe Lieberman?" she said.

Top state and national Democrats are endorsing Lamont. Some city mayors and state House Speaker James Amann are supporting Lieberman.

GOP Backs Doctor As Write-in For DeLay (AP-Y)

By Juan A. Lozano, Associated Press Writer

AP, August 19, 2006

Texas Republican leaders, unable to replace former Rep. Tom DeLay's name on the November ballot, sounded confident about the party's chances of holding onto his congressional seat after they voted to support the write-in campaign of a Houston city councilwoman.

Party precinct chairmen from DeLay's 22nd Congressional District met Thursday night and chose Dr. Shelley Sekula-Gibbs, a dermatologist serving her third term on the city council, as the favored Republican candidate.

DeLay, dogged by allegations of money laundering, resigned from Congress a few months after winning the Republican primary. The party wanted to replace him on the Nov. 7 ballot, but the courts ruled against it, leaving the GOP leadership scrambling to find a write-in candidate who could win.

The party faces a tough race against Democrat Nick Lampson, a former congressman. Libertarian Bob Smither also is running.

"Tonight we start the grassroots Republican campaign that this district is well known for," Sekula-Gibbs said. "It is a district that has over 60 percent Republicans and we will turn them out."

Sekula-Gibbs said Friday that the war on terrorism will be a focus of her campaign.

"I have heard from the base that it is critical we support the war on terror and we protect our country from acts of violence against our citizens," she said. "So supporting the president's war on terror is extremely important to me."

Sekula-Gibbs said she also supports limited government, fair taxation and defining marriage as the union between one man and one woman.

State GOP Chairwoman Tina Benkiser said Sekula-Gibbs was selected by a clear majority of the precinct chairmen who attended the gathering Thursday in Pearland, though she said she did not have a breakdown of the vote.

"We will start making the calls, working the precincts, licking the envelopes and running a hard grassroots campaign so the voters really do have an opportunity to have someone who shares their values in Washington, D.C.," Benkiser said.

DeLay also attended the close-door meeting and spoke to the group about his future and the direction of the district. He did not speak to reporters after the meeting.

In addition to Sekula-Gibbs, candidates vying for the GOP's support included David Wallace, mayor of Sugar Land, and Houston businessman Tim Turner.

Turner said he was disappointed but would support Sekula-Gibbs.

Wallace has already filed as a write-in candidate. He has indicated he would probably stay in the race even if he didn't get the party's support, but Sekula-Gibbs said she hoped he will reconsider.

"It is my fervent hope that Mr. Wallace will look into his soul and decide that it's in the best interest of the Republican Party to have one candidate and that is still his choice," she said.

Wallace did not immediately return calls for comment.

8 Vie To Replace Troubled Ohio Rep. Ney (AP-Y)

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By John Mccarthy, Associated Press Writer

AP, August 19, 2006

Eight candidates beat the deadline to vie for scandal-scarred Rep. Bob Ney's congressional seat in a special election next month, including two men who lost races in the spring primary and the Republican state lawmaker Ney wants to take his place.

If their petitions are approved, the eight will compete Sept. 14 to replace Ney on the November ballot in a race drawing widespread attention as Democrats try to retake control of the U.S. House.

Ney dropped his re-election campaign last week, citing the strain of an intensifying corruption investigation that has focused for months on his dealings with disgraced lobbyist Jack Abramoff. Ney denies wrongdoing and has not been charged.

The six-term Republican congressman, along with House Majority Leader John Boehner, R-Ohio, asked state Sen. Joy Padgett to run.

Joining her on the ballot — provided each filed at least 50 valid signatures of registered Republican voters from the 18th Congressional District — will be Ralph Applegate, who finished last in the May 2 Democratic primary, and James Brodbelt Harris, who received less than one-third of the vote against Ney in the Republican primary.

Also filing petitions by Thursday's deadline were Dover Mayor Rick Homrighausen; Holmes County Commissioner Rick Feickert; John Bennett, Ney's Cambridge-based coordinator of veterans affairs; Gregory Zelenitz of Belmont County; and Samuel Firman of Coshocton County.

The winner will face Democrat Zack Space, Dover's law director, in the Nov. 7 general election.

Harris, a financial analyst, came out firing at Padgett, suggesting her personal and corporate bankruptcies make her unfit to help set the federal budget.

"Bankruptcy is not a badge of honor and it is an ethical and professional disqualification from representing Ohio Republicans and taxpayers in Congress," he said.

Padgett was treasurer of an office supply Company in 2005 when it filed for federal bankruptcy protection and defaulted on a Small Business Administration loan. Padgett guaranteed $837,000, then filed for personal bankruptcy protection in June on that debt.

She defended the bankruptcy as a function of Ohio's bad economy.

Voters, she said, "will say, 'This woman understands what the economy is like.'"

Homrighausen said he has shown he can draw votes in his Democratic-leaning part of the district and plans a campaign targeting the cost of gas and electricity and the need for alternative fuels.

The Ohio Democratic Party said Friday it will not try to keep Padgett off the ballot after nearly two weeks of threatening to challenge her right to run.

Alaska Gov. May Be Unseated In Primary (AP-Y)

By Matt Volz, Associated Press Writer

AP, August 19, 2006

Unpopular Alaska incumbent Gov. Frank Murkowski may not escape Tuesday's Republican primary. If Murkowski is unseated, his deal to smooth the way for a $25 billion natural gas pipeline to Canada will likely go down with him.

Murkowski, whose time at the state's helm has been rocky since he left his U.S. Senate seat in 2002, is polling last in the three-way race to win the Republican nomination. Two independent polls released this month show former Wasilla mayor Sarah Palin with a lead over former state legislator John Binkley of Fairbanks, and the governor bringing up the rear.

Palin gained notoriety by calling attention to ethical lapses by Republican Party head Randy Ruedrich in 2003 and then Murkowski's first attorney general, Gregg Renkes, in 2005. She has cast herself as a party iconoclast battling for the nomination after battling for so long against its leaders.

Binkley is a successful Fairbanks businessman who represented rural Alaska in the state Legislature and was a co-chairman of the powerful Senate Finance Committee in the 1980s.

Both Palin and Binkley have fueled their campaigns since Murkowski announced his re-election bid in May by questioning the governor's leadership and particularly by criticizing his pipeline deal with the three largest oil companies in the state.

BP PLC's announcement that it was shutting down the Prudhoe Bay oil field, the nation's largest, has thrown a twist in the campaign's final days. The event, which crimps the state's main economic driver, has led Murkowski's opponents to say his and previous administrations dropped the ball by allowing BP to go years without ensuring proper maintenance of its facilities.

Murkowski says he will hold BP accountable, but state government should not be in the business of physically monitoring the oil company's facilities.

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Whoever ends up winning the heated and expensive Republican primary campaign will likely have to face Tony Knowles in the November 7 general election. Knowles, a well-known two-term Democratic former governor, has been quietly raising cash, saving his resources and waiting for a Republican opponent to emerge.

Murkowski has doggedly tried to turn the election into a referendum on his pipeline contract proposal with BP, ConocoPhillips and Exxon Mobil Corp. His campaign has mainly consisted of telling Republican party loyalists that his plan is the best way of getting a North Slope gas pipeline and that he is the only real obstacle to Knowles reclaiming the governor's mansion.

"We're about to embark on the greatest significant event since statehood, and that's the gas line," Murkowski said in a candidate debate Thursday. "And I think it's fair to say that I'm the only one that can beat, in my opinion, the Democratic candidate, and that's Tony Knowles."

Murkowski's effort to cast himself as a tough negotiator who will bring a pipeline to Alaska has fallen flat with state lawmakers, who have put off a decision on the gas pipeline contract until after the elections. So now Murkowski is looking for a mandate from the people to give him the leverage to push the deal through.

But decisions he's made over the past four years — from appointing his daughter Lisa to his U.S. Senate seat to purchasing a state jet after being denied by the federal government and state Legislature — have put his approval ratings on the skids.

With Murkowski's fate tied to his pipeline deal, the 73-year-old governor may not get a shot to execute the contract if a different Republican nominee emerges Tuesday.

"I'd say that if the governor doesn't get the nod from the people, it will be very difficult to get his contract moved forward," said Alaska House Majority Leader John Coghill, R-North Pole.

Every other candidate save one has panned the governor's deal and said they would open the pipeline negotiations with the state other groups besides the three companies.

"I thought we conceded too much and then called that a negotiation," Palin said.

The exception is Democrat Eric Croft, Knowles' main opponent in Tuesday's election. Croft wants to use a hammer to give the state better leverage in negotiating a pipeline contract.

Croft is a state representative from Anchorage who is considered an underdog against Knowles. However, Croft's effect on the election will be felt in November, whether or not his name is on the ballot.

Croft is sponsoring a citizen's initiative to tax the three oil companies into building a pipeline. If it passes in November, the oil companies that hold the leases to the North Slope's gas reserves would be taxed $1 billion a year until gas starts flowing to market.

That tax initiative is the reason Murkowski is pressing so hard to execute his gas contract before the Nov. 7 general election. Murkowski said the tax would kill the pipeline before ground is even broken, and his contract proposal includes a shield against the tax for the three companies.

But Murkowski's call to protect the three oil giants against the reserves tax plan hasn't created much support for his contract, even among those who don't want the reserves tax.

"I don't think we should shield it at this point," Coghill said. "I think he should have spent more energy telling people what the consequences are instead of trying to dodge the consequences."

Aside from the governor's race, Alaska voters also will decide on Tuesday whether to institute a $50 per head tax on cruise ship passengers.

Sponsors of the passenger tax say the industry should pay its fair share with an estimated $50 million a year in revenues aimed at improving ports and harbors and other visitor services.

The NorthWest CruiseShip Association, which represents nine cruise lines, hired a public relations firm to run an advertising blitz that says the ballot measure is risky business for Alaska. The industry has spent nearly $2 million and counting to defeat the measure.

Catering To Constituency Groups Rouses Friction Among Democrats (MCT)

By Steven Thomma

McClatchy Newspapers, August 19, 2006

CHICAGO - Emotions rubbed raw, Democrats clashed Friday over efforts to make the party more diverse in deference to some of its most loyal constituent groups.

The friction came as the Democratic National Committee's Rules Committee debated and adopted two new proposals - one aimed at creating "inclusion programs" for gays, lesbians, bisexuals, transgenders and the disabled; the other designed to enforce a new party move to give African-Americans and Hispanics a bigger voice in picking presidential nominees.

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Both proposals were expected to be approved Saturday by the full Democratic National Committee at its summer meeting here. Despite their broad support, however, the moves exposed underlying tensions and illustrated the power that organized minority groups retain within party councils as Democrats gear up for big elections in November and 2008.

The first involved two of the party's most senior strategists - Donna Brazile, who managed Al Gore's 2000 presidential campaign, and Harold Ickes, a former top aide to President Bill Clinton and an ally of Sen. Hillary Rodham Clinton, D-N.Y.

It centered on the proposal to make sure gays, lesbians, bisexuals, transgender people and the disabled are more involved in party business. "As already is the practice, state parties may use goals to achieve these ends," the proposed rule says. "However, in no event may such participation be accomplished by the use of quotas."

While the party has long recognized gays and related groups as an important part of its base, advocates said the new rule was needed to draw a distinction with Republicans, who propose to outlaw gay marriage.

Ickes questioned the need for the new program. He also openly challenged another proposal designed to assuage groups such as African-Americans by acknowledging that they have faced worse political discrimination than gays.

Ickes said gays would be left uncovered by the second proposed rule that reinforced the party's commitment to affirmative action for "historically" oppressed groups, including African-Americans, Hispanics, Native Americans, Asian/Pacific Americans and women.

He further inflamed advocates when, speaking of the history of discrimination, he referred to the long-abandoned practice of limiting voting to property owners. Brazile and some others took his remarks as an insulting lecture.

"I was personally offended. I was offended as a daughter of the Deep South. I was offended as an American. I was offended as a Democrat," said Brazile. "This borders on racism."

She said later in an interview that she was furious at Ickes for using the term "property," without recognizing that African-Americans were once considered property.

"I used some words that offended some people," Ickes said after meeting one-on-one with Brazile. "I apologized."

The second confrontation - notably less personal - was over the party's plans to change the way it picks a presidential nominee in 2008.

Facing complaints that pivotal early primary voting has been dominated by the largely white states of Iowa and New Hampshire, the party wants to share early voting with Nevada and its large Hispanic population, and South Carolina with its large African-American population.

In response some states, especially New Hampshire, might move their primary dates up. To try to stop that, the Rules Committee approved a plan to punish any presidential candidate by barring their delegates from the national convention if he or she campaigns in any state that defies the party-set calendar.

Kathy Sullivan, the Democratic Party chairwoman from New Hampshire, said that was a mistake that would distract the party from its primary goal.

"The work of this committee should be to try to come up with a plan to take back the White House," she told the committee.

"Instead of discussing the issues that matter to the people of this country in taking back the White House, the press will be covering . . . whether or not this committee is going to penalize some of our candidates for our presidential nomination. I find that to be a sad, unintended consequence, which will not help our eventual nominee."

For more on the Democratic National Committee, go to www.democrats.org.

In Nashville, Sounds Of Political Uprising From The Left (NYT)

By Theo Emery

The New York Times, August 19, 2006

NASHVILLE — Country music videos flashed on a television set at the Idle Hour, a Music Row bar where a Crock-Pot of beef stew simmered for hungry musicians.

Sitting at a table in early August, Bobby Braddock, the longtime songwriter, lamented the conservatism of the country music industry that was demonstrated when the lead singer of the Dixie Chicks became a target of fury three years ago after saying she was ashamed that her band and President Bush shared the same home state.

Asked whether his recent song “Thou Shalt Not Kill” would have airplay, Mr. Braddock said, “Oh, never.”

“Something political will not get played on country radio unless it’s on the conservative side,” he added. “If you show both sides, it’s not good enough. It’s got to be just on the right.”

Country music, the genre of lonely hearts and highways, lost jobs and blue-collar woes, has become a cultural battleground. Conservatism is widely seen as having the upper hand, a red-state answer to left-leaning Hollywood.

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Democrats on Music Row, the country music capital here, have grown frustrated with that reputation. A group of record-company executives, talent managers and artists has released an online compilation of 20 songs, several directly critical of Mr. Bush and the Iraq war.

The price for the set is $20, with most of the proceeds going to the group, which calls itself Music Row Democrats and is using the money to support local and national candidates who share its values.

Bob Titley, a former manager of Brooks & Dunn and a co-founder of Music Row Democrats, has no illusions that the songs will shoot to the top of the charts. Rather, Mr. Titley said, he hopes to use them as fund-raisers and to change the image of country as strictly Republican music.

"My hope would be that they would play this music at campaign rallies,'' he said, "and when the volunteers are out on a hot day driving door to door, they'll put it in their cars to keep themselves pumped up and in a good mood."

The songs include Mr. Braddock's "Thou Shalt Not Kill" and "Big Blue Ball of War" by Nanci Griffith. Another longtime songwriter, John Scott Sherrill, contributed "You Let the Fox Run the Henhouse," and former Vice President Al Gore speaks a few words at the end of "Al Gore," which was written by Robert Ellis Orrall and includes the line, "President Gore lives on my street."

Many singers and songwriters who contributed are not household names outside Nashville, but their work is recorded by many big stars, including Toby Keith, LeAnn Rimes and Travis Tritt.

The songwriter Darrell Scott contributed "Goodle U.S.A." Faith Hill had recorded it under a different name and without the line "It's like Joe McCarthy was our acting president."

Mr. Scott recently recorded a new song, "W Cheese," in a basement studio at Famous Music on Music Row. One verse ends, "They filled our plate with freedom fries, red, black and blue, white lies/And a helping, heaping, hating size of stinkin' W cheese."

"I've never thought of myself as very political," he said. "It just seems like in the current environment even I have to write about it."

Chris Willman, a senior writer at Entertainment Weekly magazine and the author of "Rednecks & Bluenecks: The Politics of Country Music" (New Press, 2005), said that although the members of Music Row Democrats had industry credibility, few were in the limelight.

"They have a tough row to hoe in convincing people that country music is really, seriously Democrat friendly," Mr. Willman said.

Though Music Row occupies a small patch of Nashville, it looms large over the city's culture. When the lead singer of the Dixie Chicks, Natalie Maines, said at a concert in London in March 2003, "We're ashamed the president of the United States is from Texas," the reaction was fierce and swift.

Country stations stopped playing the group's songs. Talk-radio hosts urged listeners to complain about Ms. Maines's remarks. And a Nashville audience of 18,000 booed the host of a music awards show who urged forgiveness.

None of that was lost on Music Row. Democratic songwriters say that they have since hesitated to express political views, for fear of being "Dixie Chicked."

Record company executives said they were leery of discussing their opinions, to avoid damaging artists they represent.

"I felt like at the time of the Dixie Chicks, as outraged as I was at the whole thing, I couldn't say anything, because I'd put artists that I'm associated with in jeopardy," said Luke Lewis, co-chairman of the Universal Music Group. "They might not go on the radio or a lot of other places."

At the same time, the Republican Party's use of country music at political events and the popularity of patriotic songs like Toby Keith's "Courtesy of the Red, White and Blue (the Angry American)" and Darryl Worley's "Have You Forgotten?" rankled industry liberals.

Music Row Democrats started in late 2003 with a meeting of more than 20 label executives and songwriters. It says it now has 1,200 members from the Nashville music industry and 1,100 others.

James Stroud, Mr. Lewis's co-chairman at Universal and a Republican, said that many Music Row Democrats were "dear friends," but that he disagreed with their using music for political ends.

"I don't think we need to use music to influence, or try to influence, a big bloc of people when all they want to do is just listen to the music," Mr. Stroud said. "You start fooling with that, and you're going to start having some failure."

Mr. Keith's publicity agent, Elaine Schock, said his conservative reputation was a result of the times. He is a lifelong Democrat, Ms. Schock said, and the perception of him as conservative is a "myth."

"I think when you have a war," she said, "people want you to be on one side or the other."

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The singer and songwriter Chely Wright has felt the heat of crossfire, but she said she was not affected by it. Ms. Wright's song "Bumper of My S.U.V.," about a confrontation over a Marine sticker on her vehicle, earned praise from conservatives and scorn from liberals. The daughter of a military family, Ms. Wright says she has no allegiance to Democrats or Republicans.

She recently recorded "I Ain't Gettin' Any Younger," which opens with, "The cost of crude keeps going up/More precious now than gold."

It ends by asking "Why it makes somebody mad/That a baby named John Doe/Might get to have two loving dads."

Ms. Wright said: "When one does say anything less than, 'Ooh baby, ooh baby, I love you,' in a song, in my format, out of this town, you really put yourself out there as a bit of a lightning rod. I can't have those fears."

Most States Have Budget Surpluses (WP)

By Lois Romano, Washington Post Staff Writer

The Washington Post, August 19, 2006

Some Find Creative Uses for Cash

It's tantamount to finding an unexpected wad of cash buried in the pocket of an old jacket -- utter euphoria at the windfall, mad money to splurge on a one-time extravagance.

Only this find is breathtakingly huge.

For first time since Sept. 11, 2001, the vast majority of states reported saving an average of 10 percent of their budgets, one of the highest percentages of unspent money in decades. The $57 billion in unexpected revenue has afforded states an opportunity to find all sorts of creative ways to spend and save their cash, according to a report released this week by the National Conference of State Legislators.

New Mexico has undoubtedly targeted the most unconventional project to lavish money upon -- a space launchpad for future commuter orbital excursions. (No, the spaceport is not in Roswell, home of the rumored 1947 flying saucer.) Nationally, the states' surplus money is a 25 percent increase from the previous fiscal year and a welcomed boost after a five-year slump. The report notes that year-end balances are "widely considered one of best indicators of state fiscal health."

"It's sort of breather . . . like the eye of the storm, before a lot of serious needs kick in," said Corina Eckl, co-author of the report for NCSL. "Overall revenues are not keeping up with spending and these states are still in need of a lot of resources for items such as funding No Child Left Behind and aging prison facilities."

Some states have earmarked the money for one-time expenditures, or they are using it bolster reserves and rainy-day funds. Across the board, education is the largest recipient, with 24 states sending money to kindergarten-through-12th-grade education and 20 spending on higher education, the report said.

Alaska invested $300 million into its Public Education Fund and had another $300 million to place in a new reserve fund. Wyoming used its surplus for natural resources, putting $200 million toward its Permanent Mineral Trust Fund, while New Mexico placed $40 million of its $800 million windfall into its Water Trust Fund. Oklahoma invested some money into cancer and diabetes centers, and North Carolina found veterans nursing homes that needed money.

Arizona ended up with an extraordinary $1.5 billion more in revenue than expected, money that was generated largely from the real estate boom. The state used about a third of the money to reduce taxes, some to promote the state and some for highway construction, and it still had a solid chunk for the rainy-day fund. "It's given us the opportunity spend money on things that we would normally let slide, such as ongoing repairs" for state property, said Richard Stavneak, director of the Joint Legislative Budget Committee.

A number of states chose to sock away the money in rainy-day funds. Maryland sent $593 million. Connecticut added $440 million -- and used an additional $250 million to catch up on contributions to the teachers pension fund. Georgia's rainy-day fund will receive $430 million.

Nationwide, state lawmakers have been struggling with budgets since the 2001 attacks triggered an economic downturn. After several years of fast-declining revenues, states were conservatively planning based on scaled-back expenditures. Even as revenues started to climb, states were reluctant to count on the money and based budgets on lesser income. As a result, all but five states -- Illinois, Kansas, Louisiana, Michigan and Wisconsin -- reported surpluses.

The study noted that revenues had been projected to grow by only 2.7 percent for last budget year, but they ended up growing by nearly 7.7 percent. Because state budget drafts forecast 18 months in advance, it is often difficult to accurately predict actual revenue.

In New Mexico, the state was bestowed with unexpected revenues from oil and gas leases, and in Connecticut capital gains taxes proved more generous than expected.

"We saw it coming, but what we didn't see coming was the bounce that we got through capital gains revenues," said Susan Shimelman, director of Connecticut's Office of Fiscal Analysis. "So it wasn't budgeting. It's sort of a largess."

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Overall, state budget directors are not ready to say that things have turned around such that states can depend on similar revenues in the current fiscal year. And some note that with the windfall comes a whole new set of issues.

New Mexico, a relatively poor state, has approved $100 million for a partnership with Richard Branson's Virgin Galactic to start orbital passenger flights from the state as early as 2009. While the public is solidly behind Democratic Gov. Bill Richardson's push for the spaceport as a source of revenue for the state, there are always constituencies that wonder whether the money could have been better spent on immediate needs.

"Folks come out of the woodwork with all kinds of ideas and images of where we should spend," said David Abbey, director of New Mexico's Legislative Finance Committee. "It puts tremendous pressure in the legislature to fund everything. The challenge becomes separating the good ones from the gleam in someone's eye."

What Is K Street's Project? (NYT)

By Thomas Frank

The New York Times, August 19, 2006

Representative Bob Ney, the Ohio Republican who did such generous favors for the casino clients of Jack Abramoff, announced his retirement from Congress on Aug. 7; the next morning The Washington Post reported that he had acted under pressure from his fellow Ohioan John Boehner, who is said to have told Ney that, if he stood for re-election and lost, he "could not expect a lucrative career on K Street."

This is one of those remarkable moments when the rhetoric falls away and the mysteries of conservative government are briefly revealed: K Street, synonymous with the corporate lobbying industry, will not abide a man whose reputation imperils the Republican majority, even though he has earned that reputation in the service of K Street's leading personality. Irredeemably tainted by his work for K Street (pronounces K Street, via the trusty Boehner), Bob Ney is now ineligible for public office. The corporate lobbying industry demands that the voters of southeastern Ohio submit a different Republican to Washington.

Besides, there are Ney's children to think of, as Boehner helpfully pointed out. They are of college age now, and college, as we all know, is damnably expensive. If Ney wants his descendants to remain on the right side of the nation's growing class divide, he must have K Street's money. So the word comes down from the industry: The time has passed for "freedom fries" and sushi at Jack Abramoff's restaurant. Bob Ney must fall on his sword, doing K Street's bidding in political death as he did in life.

It has been many years since I was first shocked by a news item about Washington lobbyists, a story about some K Street hit man offing a proposed regulation, or a notice about some corporate grandee contributing to candidates from both parties, thus ensuring his "access" regardless of who won. But like many of the degrading things that shocked me once — bowl games named for corporations, cleavage-themed chain restaurants — those provocations now seem petty and even innocent.

Because with K Street the insults to democracy just keep mounting: the mass exodus to the pharmaceutical lobby of the people who wrote the prescription drug benefit, for example. Or the increasing integration of lobbyists into campaigning and lawmaking, as Thomas Edsall reported last winter. Or the well-known emblems of the rot: Bob Ney's golf weekend in Scotland, Rick Santorum's Tuesday morning lobbyist parleys, the price list that Duke Cunningham drew up for the convenience of his lobbyist friends.

Why does this pay-for-policy spectacle not bother us more? Perhaps because it's so easy to tell ourselves, well, both parties do it. Besides, K Street is sprawling and confusing, with squadrons of lawyers representing every industry's diverging interests and demands, many of these innocent and some of them even healthful.

But K Street is not neutral. From all its complex machinations emerges a discernible political project best described by Joseph Goulden in "The Superlawers" back in 1972, when the lobbying business was so many acorns beside today's forest of towering oaks. The "Washington lawyers," Goulden wrote, had over the years "directed a counterrevolution unique in world economic history. Their mission was not to destroy the New Deal, and its successor reform acts, but to conquer them, and to leave their structures intact so they could be transformed into instruments for the amassing of monopolistic corporate power." (Goulden, by the way, is no radical: he is a former director at the very conservative press watchdog Accuracy in Media.)

K Street's bright young men fill the top posts at federal agencies; K Street's money keeps wages low and prescription drug costs high; K Street's "superlawyers" fight to make our retirement insecure; K Street's deregulation gurus turn our electric utilities into the plaything of Wall Street. What K Street wants from government is often the opposite of what the public wants. And yet what K Street wants, far too frequently it gets — if not by the good offices of Bob Ney, then by the timely disappearance of the now useless Bob Ney.

Whether we are Republicans or Democrats, we are all aware of how much more power corporations hold over everyday life than they used to. "Those who own the country should govern the country," John Jay used to say, and thanks in large part to K Street they do.

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First Amendment On Trial (WSJ)

By Theodore J. Boutrous, Jr.

The Wall Street Journal, August 19, 2006

While the subpoenas and contempt orders that came out of the Valerie Plame leak investigation sent a shiver through journalists and other champions of a free press, an equally chilling lawsuit between two congressmen slowly plodded through the courts, barely noticed. No longer. Now, the D.C. Circuit has made a ruling in this dispute that, if it stands, will blow a hole through the First Amendment.

The strange case of Boehner v. McDermott began with a conference call between GOP leaders in December 1996, to decide how to deal with the ethics charges against then-Speaker Newt Gingrich. Rep. (now House Majority Leader) John Boehner participated by cell phone.

A Florida couple intercepted the call on a police scanner and taped it, in violation of federal wiretapping laws. They gave a copy of the tape to Jim McDermott, a Democratic member of the House ethics committee, who gave it to the press, which widely reported on it. Mr. Boehner sued, claiming that Mr. McDermott had invaded his right to privacy and violated federal wiretapping laws.

A few years later, as Mr. Boehner's lawsuit progressed, the Supreme Court decided in Bartnicki v. Vopper that it would violate "the core purposes of the First Amendment" to use the wiretapping statute to punish defendants who had "lawfully" obtained and broadcast a tape of a telephone call that had been illegally recorded by someone else. Such punishment, it said, would impose "sanctions on the publication of truthful information of public concern."

Nevertheless, in March of this year a panel of the D.C. Circuit upheld a $60,000 judgment for statutory and punitive damages against Mr. McDermott. (Mr. Boehner is now claiming an additional $500,000 in attorney's fees.) Since Mr. McDermott supposedly knew that the tape had been illegally recorded when he received it, the court ruled that he got it "unlawfully" and could be punished, like someone who "is guilty of receiving stolen property."

Judge David Sentelle dissented, emphasizing the rule's potentially sweeping ramifications: "No one in the United States could communicate on this topic of public interest" because -- just like Mr. McDermott -- everyone, including the journalists who wrote about the tape and "every reader of the information in the newspapers," knew that it had been illegally recorded.

The full en banc D.C. Circuit has now agreed to rehear the case, and it is imperative that the court reject the panel's ruling. While Mr. Boehner claimed that his right to privacy trumped Mr. McDermott's First Amendment rights, the Supreme Court in Bartnicki declared: "Privacy concerns give way when balanced against the interest in publishing matters of public importance. . . . The risk of this exposure is an essential incident of life in a society which places a primary value on freedom of speech and of press."

The high court has made clear over and over again -- usually in cases involving the press -- that, absent the most extraordinary and compelling circumstances, as long as a citizen breaks no law in obtaining truthful information of public concern, he cannot be punished for publishing it, even if he knew that his source broke the law. A "receipt of stolen property" exception would overturn this important First Amendment doctrine, threatening the ability of the press to obtain and disseminate news.

As a matter of history, tradition and ordinary newsgathering, the press sometimes obtains vital, highly newsworthy information from sources who may have broken the law, or some legal duty while providing it. Indeed, many of the most significant news stories have been based on information that the source may have acquired or communicated illegally, including the Pentagon Papers case, Watergate, the Monica Lewinsky scandal, stories about the health hazards of tobacco and, more recently, articles about CIA secret prisons in Europe and the NSA surveillance program.

Nevertheless, under Boehner, a reporter who obtains important information could be subjected to punishment, simply because he knew or suspected that the source had broken the law in giving it to him. Such a doctrine would severely hamper traditional newsgathering and reporting activities, and it would inject significant uncertainty into the reporting process.

Unless overturned, Boehner v. McDermott will embolden the government and private citizens to be even more aggressive in taking legal actions that aim to punish and deter truthful speech. This is already happening: The Department of Justice has cited Boehner as "especially instructive" in justifying its prosecution of two former lobbyists of the American Israel Public Affairs Committee for receiving and then discussing with reporters national defense information, in alleged violation of the Espionage Act. Those same prosecutors, as well as Attorney General Alberto Gonzales, have refused to rule out the possibility that the government could launch similar criminal charges against journalists who receive and publish classified information.

It can be extremely tempting to scale back on traditional First Amendment freedoms in the area of national security during war time. The government does have the right to protect information in the name of national security and other compelling interests, and to impose secrecy obligations on government officials to avoid harmful disclosures. But the First Amendment, as a

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check on government power and an instrument of self-government, tasks the press with ferreting out information that the government wants to keep secret.

That information, after all, really belongs to the people, who have delegated the power to govern to elected officials. Sometimes the only way the public can learn about government wrongdoing, or questionable government policies, is through leaks. The late Yale law professor Alexander Bickel famously called this built-in constitutional tension the "unruly contest" between the press and the government. Boehner v. McDermott would stack the deck in this contest between government secrecy and free speech. It should be rejected. The interests at stake involve all Americans -- not just two feuding congressmen.

Mr. Boutrous has filed a friend-of-the court brief in the Boehner case for 18 news organizations, including Dow Jones, publisher of this newspaper.

Bush Calls On Paris To Commit Troops (FT)

By Jonathan Birchall And Neil McDonald

Financial Times, August 19, 2006

In an indication of the growing concern over France's apparently lukewarm response to the creation of a United Nations peacekeeping force in Lebanon, US President George W. Bush said on Friday he hoped Paris would decide to commit more troops to the operation.

"France has said they'd send some troops," Mr Bush said. "We hope they send more. There's been different signals coming out of France."

France, which along with the US played a leading role in drawing up the mandate of the force, has said it will command the enlarged version of Unifil, the existing UN peacekeeping presence in southern Lebanon.

But so far Paris has said it will restrict itself – at least for the moment – to providing just 200 extra engineering troops to assist with moving the Lebanese army into the area, and an additional offshore naval and air presence of 1,700, which could include helicopters to be used by Unifil.

French President Jacques Chirac's office has also left open the possibility of providing extra troops.

Diplomats at the UN say Spain and Italy are now expected to provide the first additional units to be deployed, in an effort to reinfornce the existing ceasefire as rapidly as possible.

Italy's cabinet on Friday approved sending an unspecified number of troops, which officials said could be up to 3,000. Spain is reported to be considering sending in a battalion of around 700 troops.

Mark Malloch Brown, the UN deputy secretary-general, on Friday said there was promising news from Italy and Finland, but he stressed that more European nations were needed for the vanguard force of 3,500 troops that the UN wants on the ground by August 27.

Diplomats say a meeting at the UN on Thursday presented a draft "concept of operations" for the new force, as well as its rules of engagement, which had been believed to be the stumbling block to the creation of the force.

However, Michele Ailliot-Marie, the French defence minister, suggested that the rules of engagement remained unclear. "You can't send in men telling them: 'Look what's going on, but you don't have the right to defend yourself or to shoot'," she said.

A spokesman for Fouad Siniora, the Lebanese prime minister, declined to comment on the apparent weakness of the UN force.

But Walid Jumblatt, leader of Lebanon's Druze minority, said: "Who is going to send troops that might be squeezed between Israel and Hizbollah in the next round of conflict?"

Indonesia and Malaysia also offered to send around 1,000 soldiers each, while Bangladesh offered two mechanised regiments, or about 1,600 troops.

Commitments on further troop deployments are expected to come early next week, after consultations in the national capitals of the contributing countries.

A further complexity has been created by Israel, with Dan Gillerman, its UN ambassador, suggesting Israel would not want to have countries participating in the force that do not have diplomatic relations with Tel Aviv – which would exclude potential contributors such as Bangladesh, Malaysia and Indonesia.

However, Tzipi Livni, Israel's foreign minister, was less categorical at the UN this week, saying only that Tel Aviv would not want countries involved who displayed enmity towards Israel.

U.N. Appeals To Europe For Peacekeepers (AP)

By Edith M. Lederer, Associated Press Writer

AP, August 19, 2006

DOJ_NMG_0051445

The United Nations appealed to European countries Friday to contribute to an expanded peacekeeping force in Lebanon that would have a balance of European and Muslim troops so that Israel and Lebanon will view it as legitimate.

Italy endorsed sending troops to Lebanon but did not commit itself to specific numbers though Prime Minister Romano Prodi has said the country could quickly send as many as 3,000 soldiers. Finland formally decided to send up to 250 peacekeepers to Lebanon, but said they would not be deployed until November.

Deputy Secretary-General Mark Malloch Brown said the news was promising but more European soldiers are needed for a vanguard force of 3,500 troops that the U.N. wants on the ground by Aug. 28 to enforce a cease-fire between Israel and Hezbollah militants, who are part of the Lebanese government.

"It's very important that Europe now steps forward," he said. "We want this force that we deploy to have a kind of multinational, multilateral character so that it enjoys the confidence of both sides," he said.

The United Nations has been seeking "a Muslim-European or European-Muslim force" because the combination provides "a legitimacy that satisfies both sides," he said.

At a meeting of 49 nations on Thursday, the only countries to offer mechanized infantry battalions, which will be the front line of the expanded force, were three predominantly Muslim countries — Bangladesh, Indonesia and Malaysia — and Nepal, which is predominantly Hindu.

Malaysia's foreign minister said Friday that Israel should have no role in deciding which countries make up the force.

Israel's U.N. ambassador, Dan Gillerman, told The Associated Press that "the resolution makes it very clear that the force will have to be agreed on by Lebanon and Israel. This is a force which the U.N. can compose but not impose."

"Israel has not ruled anybody out, and is not in any way ruling out Arab and Muslim countries," he said. "It would, in fact, welcome the participation of Arab and Muslim countries. However, the participation of countries who are hostile to Israel or do not recognize Israel's right to exist would be unthinkable."

Bangladesh, Indonesia and Malaysia do not have diplomatic relations with the Jewish state.

Gillerman noted that the Malaysian foreign minister was quoted as saying recently that Hezbollah should be rearmed.

"I doubt whether Israel, Lebanon or the Security Council would welcome the participation of soldiers whose mission is to rearm Hezbollah," he said.

Malloch Brown stressed that the final decision on the composition of the force will be made by the United Nations "but as a matter of good form in peacekeeping you want a force which is broadly acceptable in its composition to both sides."

France, which commands the current 2,000-strong force known as UNIFIL, had been expected to make a significant new contribution that would form the backbone of the expanded force. But French President Jacques Chirac disappointed the United Nations and other countries by announcing that France would contribute just 200 combat engineers to its current 200-member contingent in Lebanon.

President Bush expressed some disappointment Friday with France's decision.

"We hope they send more. And there's been different signals coming out of France," he told reporters at the presidential retreat in Camp David, Md.

The United States has said it will help with logistics and planning, not ground troops. Still, Bush said he would work to convince allies to take part.

French Defense Minister Michele Alliot-Marie defended the country's decision to send just 200 additional troops.

"I can't let it be said or implied that France is not doing its duty in the Lebanese crisis," Alliot-Marie said.

She noted that France was willing to continue leading the force, while Denis Simonneau, a spokesman for the Foreign Ministry, reiterated that France could always send more troops.

In Washington, State Department deputy spokesman Tom Casey told reporters "I expect we haven't heard the last from them."

German Chancellor Angela Merkel said Thursday night that Germany would not send combat troops. Germany instead is prepared to offer "a strong maritime component to control the supply of weapons to Lebanon by sea" and ensure that Hezbollah is not supplied with arms by ship, Foreign Minister Frank-Walter Steinmeier said Friday.

Malloch Brown praised Germany's offer but said it did not help supply the 3,500 troops immediately needed for the vanguard force.

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Associated Press Writers Maria Sanminiatelli in Rome, Gier Moulson in Berlin and Maggie Michael in Cairo, Egypt contributed to this report.

U.N. Urges Europe To Join Mideast Effort (WP)

By Colum Lynch

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The Washington Post, August 19, 2006

Italy Offers Peacekeeping Troops; France, Expected to Lead, Demurs

UNITED NATIONS, Aug. 18 -- The United Nations pressed Italy and other European countries Friday to commit troops to lead a vanguard U.N. peacekeeping force of 3,500 that it hopes to deploy in southern Lebanon by Aug. 28 to help enforce a fragile cease-fire between Israel and Hezbollah.

Italy's cabinet and two chambers of parliament agreed Friday to send an unspecified number of troops to south Lebanon, but the government requested more time to study the mission's rules of engagement before deciding how many troops it will send and when they will go.

Finland announced Friday that it will send 250 troops by November to help the Lebanese army police a demilitarized zone reaching from Lebanon's border with Israel to the Litani River. U.N. officials are also urging Belgium, Sweden, Turkey and others to participate in the first stage of the U.N. deployment.

"It is very important that Europe steps forward," U.N. Deputy Secretary General Mark Malloch Brown told reporters at U.N. headquarters.

U.N. Secretary General Kofi Annan called Italian Prime Minister Romano Prodi on Thursday to urge Rome to be the major European contributor in a U.N. force that will grow to 15,000 troops over the coming months and consist primarily of soldiers from Europe and the Islamic world.

The United States and Britain made it clear weeks ago that they would not send peacekeepers to southern Lebanon, citing their military burdens in Iraq and Afghanistan. But the United States said it would provide unspecified logistical support to the U.N. mission.

The pause in fighting allowed many in Lebanon to carry out burials Friday in about 40 villages for more than 250 people killed during the war, including a huge funeral procession in Qana, where at least 28 victims of an Israel airstrike were buried, according to news agencies.

U.N. relief agencies stepped up efforts in Lebanon, while Hezbollah officials started distributing cash payments of up to $12,000 to families whose homes were destroyed by Israeli air attacks, news agencies said.

More than 400,000 people began the "dangerous journey back home," taxing relief workers in the heavily damaged southern suburbs of Beirut, a top U.N. emergency relief official, Margareta Wahlstrom, told the Security Council. Although the cease-fire increased access for U.N. relief workers, some 8,500 pieces of unexploded artillery, missiles and cluster munitions "resulted in maiming injuries and even deaths among returnees," she said.

After weeks of tense negotiations lead by the United States and France, the U.N. Security Council voted on Aug. 11 to adopt Resolution 1701, which called for a halt to a month-long war between Israel and Hezbollah and the creation of a reinforced U.N. peacekeeping mission to help implement a cease-fire.

The resolution calls for expanding the 2,000-strong U.N. Interim Force in Lebanon, which has been in south Lebanon since 1978, to 15,000 troops, and giving it much tougher rules of engagement. Its main mission will be to help the Lebanese army fill a security vacuum left by the withdrawal of Israel and the Hezbollah militia.

U.N. officials had anticipated that France would lead a mostly European advance force, but Malloch Brown said Italy is the only major European power to make a "firm commitment" to provide "frontline troops" in the vital first phase of the deployment. "It's clear they will be part of the first wave of troops," he said.

Malloch Brown said the United Nations is now looking to poorer countries -- including Indonesia, Malaysia, Bangladesh and Nepal -- that have pledged nearly 4,000 troops but are unable to get their forces to southern Lebanon.

"You want a force that is broadly acceptable in its composition to both sides, which is why we have talked about this European-Muslim core to the force," he said.

France is planning to send a unit of 200 military engineers, in addition to 200 U.N. peacekeepers currently serving in southern Lebanon. President Jacques Chirac said that the force of 1,700 French troops stationed off the coast of Lebanon will continue to help supply U.N. peacekeepers.

President Bush prodded Chirac and other world leaders to increase their military contributions, saying that the United States will "work with nations to step up to the plate and do what they voted to do at the United Nations, and that is to provide robust international forces to help the Lebanese army retake the south." Bush also noted that France has sent mixed signals about its commitment to help restore calm in southern Lebanon. "France, they said they'd send some troops," he said. "We hope they send more."

Lebanon, a former French protectorate, also urged France to reconsider its military commitment. "We are expecting more from France," Lebanese Foreign Minister Fawzi Salloukh told the British Broadcasting Corp.

French Defense Minister MichÃ¨le Alliot-Marie defended her government's decision to play a limited role in the U.N. mission.

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"I can't let it be said or implied that France is not doing its duty in the Lebanese crisis," she told the French radio station RTL. "I'd like to remind you of the experience of painful operations where U.N. forces did not have a sufficiently precise mission or the means to react."

Europe Urged To Do More For UN Force (FT)

By Jonathan Birchall And Neil MacDonald

Financial Times, August 19, 2006

The United Nations on Friday called on Europe to do more to support the deployment of UN peacekeepers in southern Lebanon, amid growing dismay over France's lukewarm commitment to a force it played a major role in creating.

Mark Malloch-Brown, deputy UN secretary-general, on Friday welcomed commitment from Asian countries to plans for a 15,000-strong UN operation. But he said European nations needed to "harden up their commitments" to support plans for 3,500 peacekeepers to be deployed in the region within 10 days.

"It is very important that Europe now step forwards," he said.

The Italian government on Friday approved sending troops to the UN force, with officials suggesting that it might deploy up to 3,000. Finland has also said it will send 250 troops, while Germany is offering police and naval units that would help monitor Lebanon's borders with Syria.

France has said it will command the UN force, but on Thursday announced it would send just 200 engineers immediately to help with the deployment of Lebanese army forces in southern Lebanon.

Paris is also sending an additional offshore naval and air presence of 1,700, which could include helicopters to be used by Unifil, the existing UN force in southern Lebanon.

In an indication of international frustration with the French response, US President George W. Bush on Friday urged Paris to send more troops.

"France has said they'd send some troops," Mr Bush said. "We hope they send more. There's been different signals coming out of France."

France, which along with the US, played a leading role in drawing up the mandate of the force, had been expected to commit up to 3,000 troops to the force.

Mr Malloch-Brown said he was happy that the surprise French announcement had not derailed the drive to secure troop contributions. He noted that France had been directly consulted on drawing up rules of engagement for the force, "which they felt were...correct and a reflection of the resolution that France had obviously been an author of".

However, Michele Ailliot-Marie, the French defence minister, suggested on Friday that the rules of engagement remained unclear. "You can't send in men telling them: 'Look what's going on, but you don't have the right to defend yourself or to shoot'," she said.

A spokesman for Fouad Siniora, the Lebanese prime minister, declined to comment on the apparent weakness of the UN force.

But Walid Jumblatt, leader of Lebanon's Druze minority, said: "Who is going to send troops that might be squeezed between Israel and Hizbollah in the next round of conflict?"

Indonesia and Malaysia also offered to send around 1,000 soldiers each, while Bangladesh offered two mechanised regiments, or about 1,600 troops.

Commitments on further troop deployments are expected to come early next week, after consultations in the capitals of the contributing countries.

A further complexity has been created by Israel, with Dan Gillerman, its UN ambassador, suggesting Israel would not want to have countries participating in the force that do not have diplomatic relations with Tel Aviv – which would exclude potential contributors such as Bangladesh, Malaysia and Indonesia.

Mr Malloch-Brown noted that it was up to the UN to determine the composition of the force, although it would seek a force that was acceptable to both sides, "which is why we have talked about this European-Muslim core to the force".

Lebanon Secures Itself (WT)

By Sammy Ketz, Agence France-Presse

The Washington Times, August 19, 2006

KHIAM, Lebanon -- Lebanese troops pressed on with a historic deployment to the south yesterday while the United Nations made an urgent appeal to European countries to contribute to a beefed-up peacekeeping force.

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"It's very important that Europe now steps forward," Deputy U.N., Secretary-General Mark Malloch Brown told reporters. "The next few days are going to be very challenging to make sure that we meet this commitment to 3,500 troops, or 7,000 boots on the ground in 10 days from now."

He said that while Indonesia, Malaysia, Bangladesh and Nepal had offered troops as part of the expanded U.N. force to help shore up a fragile truce, there was a need to deploy a balanced European-Muslim force that would be acceptable to both Lebanon and Israel.

"That is enormously helpful and a major contribution, but we want this force that we deploy to have a kind of multinational, multilateral character so that it enjoys the confidence of both sides," Mr. Malloch Brown said.

The Jewish state has balked at the prospect of countries with which it has no diplomatic relations -- such as Muslim-majority Malaysia and Indonesia -- being deployed on its border to enforce the cease-fire with Hezbollah.

"We said before that a European-Muslim force [would bring] a legitimacy that satisfies both sides to this conflict," Mr. Malloch Brown said

The scope of the force and its rules of engagement were believed to be the major stumbling blocks for European nations, but the deputy secretary-general said countries now had full details and should be ready to decide on a role.

France announced Thursday it would contribute an extra 200 troops, far short of the major commanding role that many had foreseen for the former colonial power in Lebanon.

President Bush said he hoped France would reconsider its decision and dispatch more troops, noting that "there have been different signals coming out of France."

In Rome, the Cabinet gave its approval in principle to the deployment of Italian troops, but Prime Minister Romano Prodi declined to give any firm commitment on numbers, saying the matter had "not yet been examined."

Besides Italy, several countries, including Indonesia, Malaysia and Turkey, have expressed willingness to contribute troops. Pakistan and Bulgaria have pledged to consider the matter, while Germany ruled out sending ground forces.

Mr. Prodi said that as well as a clear mandate, the U.N. force needed Hezbollah's blessing if Italy were to take part.

"On that point, I have been given commitments from [Lebanese Prime Minister] Fuad Siniora," he said.

The 28-year-old U.N. Interim Forces in Lebanon (UNIFIL) and the extra troops will be charged with policing the fledgling cease-fire between Hezbollah and Israel until the full 15,000 peacekeepers stipulated by the Security Council can be mustered and deployed.

UNIFIL is seeking to add 3,500 troops to its existing 2,000-strong contingent within 10 days as Israel pulls back from areas it occupied in its devastating month-long offensive.

Lebanese troops took up positions in the heavily bombed border town of Khiam at dawn yesterday, deploying outside a school in the hilltop town of 35,000 people just four miles from the Israeli border.

The town had been a stronghold of the Shi'ite militant group Hezbollah since Israel last pulled out in 2000 after a 22-year occupation.

Government troops began deploying in the south on Thursday for the first time in decades in line with the U.N.,-brokered truce that came into force Monday.

Meanwhile, thousands of families displaced by the conflict continued to flock home to the south, as foreign aid groups voiced concern about getting emergency supplies to the most stricken regions through Israel's continuing blockade.

U.N. aid agencies said 400,000 people in Lebanon have returned to their home areas and another 107,000 refugees who fled to neighboring Syria have crossed back into Lebanon.

Israel said it will enforce the air and sea blockade it imposed on Lebanon at the start of the conflict until it has completed its pullout.

Planes and ships will be given clearance only on a case-by-case basis through the United Nations.

The Lebanese national air company Middle East Airlines said it had been granted permission to resume flights to and from Cairo.

Israel's assault on Lebanon began on July 12 after a deadly cross-border raid by Hezbollah in which the Shi'ite militants captured two Israeli soldiers. The group still holds the two.

The United Nations wants the troops in place a week from tomorrow.

Bush, Lebanon Seek Greater French Role In UN Force (Update2) (BLOOM)

By Judy Mathewson and Bill Varner

Bloomberg, August 19, 2006

Aug. 18 (Bloomberg) -- President George W. Bush joined Lebanon today in urging France to provide more troops to the force of United Nations peacekeepers that is supposed to ensure that the cease-fire between Israel and Hezbollah holds.

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``France has said they'll send some troops," Bush told reporters today at his Camp David retreat in rural Maryland. ``We hope they send more." The French government yesterday pledged to double its current contingent in the UN Interim Force in Lebanon, known as Unifil, to 400 soldiers, a contribution that fell short of Lebanese expectations.

Lebanese Foreign Minister Fawzi Salloukh told the British Broadcasting Corp. today ``we are seeking more from France," the likely leader of UN peacekeepers on Lebanon's southern border.

The cease-fire that came into force Aug. 14 ended more than four weeks of fighting between Israel and Hezbollah, regarded by the U.S. and Israel as a terrorist group. A Security Council resolution approved Aug. 11 demanded a halt to hostilities and the withdrawal of Israeli forces after UN and Lebanese troops are deployed in south Lebanon. Israel's military yesterday said it transferred control of 50 percent of the region to the UN.

`Firm Commitments'

At least seven countries have made ``relatively firm commitments," UN Deputy Secretary General Mark Malloch Brown said. About one-third of the 23 nations that addressed a UN meeting in New York yesterday said they will send soldiers, Malloch Brown said.

UN military planners are trying to round up contributions from other countries to build a Unifil force of 3,500 soldiers on the ground within 10 days, growing to an eventual 15,000.

The UN force needs Muslim soldiers to underline the international backing of the cease-fire, French Defense Minister Michele Alliot-Marie told RTL radio today. Of countries already promising troops, three are Muslim-majority states --Bangladesh, Indonesia and Malaysia.

Shiite Muslim Hezbollah, sponsored by Iran and Syria, has been linked to scores of terrorist attacks on Israelis and Americans, including rocket assaults on Israeli towns, bombings in Beirut in 1983 that killed 241 U.S. servicemen and 58 French paratroopers, and the 1994 attack that killed 85 people at a Jewish community center in Buenos Aires.

In his remarks to reporters today, Bush accused Syria and Iran of supporting Hezbollah's attempts to create ``havoc" in the Middle East.

Hezbollah

The conflict began after Hezbollah abducted two Israeli soldiers in a cross-border attack on July 12. Israeli air strikes were followed by a ground offensive. About 1,200 Lebanese were killed and 4,500 wounded, Lebanese Interior Minister Ahmad Fatfat said on Aug. 16. Israeli Prime Minister Ehud Olmert said Aug. 14 that 159 Israelis were killed. Police said 2,015 Israelis were injured during the hostilities.

Muslim troops are needed to bolster Unifil because ``we have to avoid absolutely giving the image of a Western world imposing peace on the Muslim world," Alliot-Marie said on RTL.

France needs ``precise" terms for a greater commitment to Unifil, Alliot-Marie said. ``A mandate is not enough," she said. ``We need to tell the military why they're there."

Truce Unstable

``The current cessation of hostilities is not going to be stable for long," Malloch Brown said, adding that it is vital that the 3,500 UN soldiers are deployed within 10 days. ``It has to move towards a full disengagement and cease-fire."

France is ready to lead the expanded UN force for its first six months, President Jacques Chirac said yesterday, after speaking with UN Secretary General Kofi Annan and confirming the dispatch of 200 extra soldiers. Lebanon is a former French protectorate.

``We were disappointed," Malloch Brown said. ``We had hoped France would be able to do more, but the French announcement did not deter others." The current UN force is under the command of French Major General Alain Pellegrini.

Malloch Brown said a better response from European nations is needed and that ``the next few days will be very challenging to make sure we meet the commitment of 3,500 troops on the ground in 10 days."

``We want this force to have a multinational, multilateral character, so it enjoys the confidence of both sides," Malloch Brown told reporters. ``With a mix of European and Muslim forces, you bring a legitimacy that satisfies both sides. So it is very important that Europe now steps forward."

Italian Troops

Italian Prime Minister Romano Prodi's government today approved the addition of more troops to the UN force. The exact number of Italians will be decided in the ``coming days," Prodi told reporters in Rome. Italy, like France, has provided soldiers for Unifil since it was created in 1978.

Bangladesh offered two battalions, or about 1,500 to 2,000 soldiers, while Indonesia, Malaysia and Nepal each volunteered a battalion to the UN force.

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Germany will send ships to patrol the Lebanese coast, enforcing an arms embargo, and customs agents and police to monitor the Lebanese-Syrian border. Denmark offered two patrol boats, Greece a frigate, and Turkey said the UN could use a seaport and airport. Britain will provide aircraft and ships plus use of a base on Cyprus.

Turkey

Turkish Foreign Ministry spokesman Namik Tan said yesterday in Ankara that, while Turkey, a Muslim nation and a member of the North Atlantic Treaty Organization, hasn't yet made a decision, ``if Turkey decides to send a contingent to Lebanon, it won't be a combat force. It will not join any activities aimed at disarming groups there."

The UN has learned that Finland also will announce a commitment today, Malloch Brown said. He said no further meeting of potential troop contributors has been scheduled.

Hezbollah sees ``no problem" with the arrival of new UN troops, a leading member of the Shiite Muslim group, Nawwar Sahili, said by telephone today. ``We welcome the deployment of the Lebanese army and we see no problem with the deployment of the United Nations," Sahili, one of 14 Hezbollah members in Lebanon's 128-seat parliament, said.

The UN mission has ``a prudent set of rules of engagement which is non-offensive in character, but calls on you to use force if necessary," Malloch Brown said. ``If they don't voluntarily disarm when confronted by our troops, then we will employ force to disarm them."

`Pipe Dream'

Disarming Hezbollah is a ``pipe dream," said Timor Goksel, who was Unifil spokesman for more than 20 years until 2003 and now teaches at the American University in Beirut. ``The Lebanese army is going south to defend Lebanon, not Israel."

Hezbollah, which has two members in the Lebanese cabinet, has defied UN Resolution 1559, approved in 2004, which calls for the disarming and disbanding of militias in the country.

At a ceremony for the re-burial of Lebanese killed in the Israeli bombardment of the village of Qana on July 30, a Hezbollah leader today said Bush and U.S. Secretary of State Condoleezza Rice bore responsibility.

``The blood of our families is splattering the faces of Bush and Rice," Nabil Qaouk, Hezbollah's most senior official in south Lebanon, said. ``You are Israel's partners in the massacres; there can be no friendship between us, no honest Lebanese can believe in friendship with you."

The UN said 260,000 Lebanese remain homeless, down from nearly 1 million a week ago, and that more than 100,000 have returned to the country from Syria.

Four convoys of food, medical supplies and other aid, a total of 45 trucks, headed today for different parts of southern Lebanon, and two more are planned for tomorrow, the UN said. The World Food Program has delivered nearly 2,000 metric tons of food to 327,300 people, and has targeted 200,000 more, according to the UN.

To contact the reporters on this story: Judy Mathewson in Washington at jmathewson@bloomberg.net Bill Varner at the United Nations at wvarner@bloomberg.net

Focus On Mideast Arms Flow (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, August 19, 2006

U.S. and Israel, fearing a renewal of fighting, press other countries to ensure that their weaponry doesn't get into Hezbollah's hands.

WASHINGTON — The United States and Israel have launched a diplomatic effort to prevent other countries from helping rearm Hezbollah, warning that a resumption of the weapons flow could reignite fighting in Lebanon just as the cease-fire takes hold.

Officials have pressed major world arms suppliers — notably Russia and China — to ensure that their weaponry doesn't find its way to the Lebanese militant group. They also have urged Turkish officials to prevent any flow of weapons across their land or airspace.

Israeli officials, who were jolted by the sophistication of Hezbollah's missiles during the 34-day war, fear that the militant group could procure weapons with an even greater reach into Israel and overcome its defenses. Israeli officials have made it clear that they would try to destroy any shipment they detected, although such an attack probably would bring a Hezbollah retaliation and set off new fighting.

"We're very concerned about this issue," said one Israeli official who declined to be identified. "It's the most urgent one on the table right now."

The stepped-up effort by U.S. and Israeli officials to cut the weapons flow to Hezbollah came as U.N. officials appealed Friday for greater European participation in an expanded multinational force for Lebanon. President Bush urged France to increase its pledge of 200 troops to augment its troops already serving in Lebanon.

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"France has said they'd send some troops," Bush said at Camp David. "We hope they send more."

Italy, meanwhile, formally agreed Friday to contribute troops to the Lebanon force. The government of Prime Minister Romano Prodi said the number had not yet been determined, but officials previously said they might send as many as 3,000 soldiers, a contingent that probably would be one of the largest.

As Israel sought to stem the flow of more advanced munitions to militant fighters, officials disclosed Friday that a senior Israeli delegation visited Moscow this week to complain that Russia had sold sophisticated laser-guided Kornet antitank weapons to Iran and Syria, which in turn passed them along to Hezbollah. Iran and Syria are the main backers of the group. Russia disputed the charge, saying it kept tight controls on such sales.

Turkish and Chinese diplomats could not be reached for comment Friday.

David Schenker, a former top Pentagon policy aide on issues pertaining to the Middle East, said attempts to halt the arms flow would face difficulties.

He said Russia and China had been inconsistent in their support of such efforts. Now, with China eager to maintain its close relationship with Iran, a key oil supplier to the energy-hungry Asian nation, hopes of persuading Beijing to bar weapons transfers "is a longshot at best," he said.

U.S. officials are asking that arms sales to countries such as Syria and Iran be accompanied by restrictions on resales and transfers, especially to groups such as Hezbollah. U.S. officials also may use diplomatic incentives — support for Turkey's goal of European Union membership, for instance — in pressing their case.

U.S. officials acknowledged that they had talked to Turkey about cutting off the shipment of arms by Iran across its territory, a route used this summer after Israeli forces cut off the usual land and sea routes from Syria into Lebanon.

Acting on suspected weapons transfers, Turkey twice forced Iranian planes bound for Syria to land at the Diyarbakir airport to search for rockets and other military equipment. The incidents took place July 27 and Aug. 8, the Hurriyet newspaper reported, but no military equipment was found.

A senior U.S. official, who like others insisted on anonymity because of the sensitivity of the diplomacy, said the Bush administration had "talked to any number of countries about this…. We've made the case that we want them to be alert to this, and if they find people thinking about transferring materials that may not be going to the Lebanese army, they put a stop to it." He said the United States offered its help in trying to halt the flow.

The U.S. official said it appeared that the major countries didn't want to see a return to fighting and "are pretty much on board with this." Yet he acknowledged the difficulty of maintaining an effective arms embargo, pointing to the final years of Saddam Hussein's reign in Iraq.

"No embargo is perfect," he said. "That is a concern."

U.S. officials say that United Nations members are specifically obligated to do what they can to block arms traffic to Hezbollah under the U.N. Security Council resolution adopted last week.

During the fighting, Hezbollah used its sophisticated antitank weapons with lethal effect. According to Israeli estimates, nearly half the 118 Israeli soldiers who died in the conflict were killed by such weapons.

Hezbollah also fired advanced Chinese-designed C-802 anti-ship cruise missiles at an Israeli warship July 14. One of the missiles damaged the ship and killed four Israeli sailors.

Israel disabled a portion of Hezbollah's long-range missiles in the opening hours of the conflict. But Israeli officials fear that if there is renewed fighting, Hezbollah will be better prepared. Next time, the militants may have better ways of concealing their arms, and the weapons may be deadlier, Israeli officials say. Larger, longer-range missiles could enable Hezbollah to target Tel Aviv with missile payloads capable of taking out entire city blocks, they say.

Although Israel sustained about 4,000 missile strikes in the last month, they primarily were from short-range rockets.

"The next round of this could make the last one look like a picnic," said an Israeli official who spoke on condition of anonymity because of the diplomatic efforts underway.

Israel has been hoping that the new multinational force being formed for duty in Lebanon will be able to block arms shipments through Lebanon's borders, airports and seaports. But unresolved U.N. discussions about the force's duties have left unclear the extent of its role in guarding those entry points.

One U.N. official said early this week that the force would not take a direct role, acting only as an advisor at the border crossings.

Schenker, now a senior fellow at the Washington Institute for Near East Policy, said he was skeptical that the U.N. force would have the manpower or the skills to halt the arms flow at the Lebanese border. But he said the Lebanese government could turn to independent international "third party monitors," an idea that has been used by Jordan and Indonesia to watch the passage of banned goods through their borders.

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Schenker agreed that Israel, which may have destroyed as much as three-fourths of Hezbollah's rockets and missiles, has a huge stake in halting the rearming.

If Hezbollah is able to restore its arsenal, he said, "this whole campaign may have been for naught."

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Times staff writers Tracy Wilkinson in Rome and Johanna Neuman in Washington contributed to this report.

Turkey Says It Forced Iran Planes Down (AP-Y)

AP, August 19, 2006

The Turkish Foreign Ministry said Friday that it had forced two Syria-bound Iranian planes to land and be searched for rockets and other military equipment during the conflict between Israel and Hezbollah.

The newspaper Hurriyet reported Wednesday that Iranian planes were forced to land at Diyarbakir airport on July 27 and on Aug. 8 — but that no military equipment was found.

Foreign Ministry deputy spokesman Murat Ozcelik said those were not the only planes that were forced to land.

"We inspect Iranian planes upon any suspicion that they may be carrying any weapons," Ozcelik said. He declined to give further details.

Ozcelik said it was "out of the question" for Turkey to be a major transit point for Iranian weapons to Hezbollah militants, who battled Israel for more than a month with weapons allegedly provided by Iran.

"All the suspicious aircraft are asked to land," Ozcelik said. "Anyone who alleges that Turkey was turning a blind eye is wrong."

Turkey, the only Muslim member of NATO, has good relations with both Israel and its Arab neighbors. It has been trying to cultivate ties with neighboring Iran, a largely Persian country.

Mass Burials Begin In Qana, Lebanon (MCT)

By Leila Fadel

McClatchy Newspapers, August 19, 2006

QANA, Lebanon - In Lebanon, the village of Qana has become a symbol of death.

On Friday, women held portraits of their lost loved ones with plastic roses taped to them and rocked back and forth in tears, kissing the pictures. In the afternoon, hundreds of mourners watched as the bodies of 28 people who were killed in an Israeli air strike July 30 in Qana were buried.

The attack sparked an international outcry against the killings of civilians in Lebanon. The number of dead originally was estimated at 56, and the exact number remains unclear.

"What did Khadeeja do?" Fairouz Younes asked between sobs. The attack killed Younes' sister and her five children.

"Ask Israel: Are these resistance? These children?" said Fatma Ghadboun, 32, as she passed water to the weeping women.

Friday was the fifth day of a tenuous cease-fire after more than a month of heavy conflict that began after a cross-border attack in which Hezbollah militants captured two Israeli soldiers and killed three others. Above the crowd of mourners was the sound of Israeli aircraft.

Across southern Lebanon, Muslims buried their dead on the first Muslim holy day since the cease-fire went into effect. As families came to claim their dead at the government hospital in Tyre, workers dug up the mass graves where bodies had been buried after the hospital's storage facilities filled. About 300 bodies were claimed, according to hospital records, and 50 remained.

"I don't want to talk to get pity," said Mohammed Shalhoub, a disabled man who was injured in the early morning attack. He lost his daughter, his sister and his brother. "These are the terrorists that the Americans are killing through Israel: us and our children."

Hezbollah members on a pickup truck led the funeral procession in Qana, calling out to the crowd of hundreds. The people wept as they followed the coffins. The procession included the bodies of four Hezbollah fighters who were killed in separate incidents. The fighters' coffins were wrapped in green and yellow Hezbollah flags, and those of the people killed in the air strike were covered with Lebanese flags.

Many of them were children. Their bodies were taken from wooden coffins that had been stored in a refrigerated truck at the government hospital in Tyre and placed in individual graves in a field near the house that had been struck.

The tiny body of Rukaiya was laid in one grave, and her mother wept above her. "Sleep, my baby, sleep," she said.

Men in the yellow hats of the Hezbollah political party lowered the bodies into the graves. One man held up a child's body covered in a green sheet.

"This is the American gift," he said.

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In Qana, the chief of Hezbollah in the south, Nabil Kaouk, spoke to the mourners. "The blood of our children taints the faces of Rice and Bush: You are partners in this crime," he said, referring to the secretary of state and the president.

In 1996, Israeli artillery killed more than 100 civilians in Qana. "Through these massacres, they wanted to portray an image of defeat and they wanted to hear the cry of surrender," Kaouk said. "Hezbollah did not lower its head."

"Qana is Karbala," one man sang out, comparing the village to the Shiite Muslim holy city where in A.D. 680 the Shiites' revered martyr, Imam Hussein, and about 70 followers were massacred. Shiites commemorate the killings each year with a 10-day mourning ceremony.

The air strike in Qana brought an international outcry against the mounting civilian death toll during 34 days of fighting between Hezbollah and Israel. More than 1,000 people were killed in Lebanon during the conflict, according to the Lebanese government.

Mass Funerals Held In Southern Lebanon (AP)

By Kathy Gannon And Lauren Frayer, Associated Press Writers

AP, August 19, 2006

The breeze blew fine dust across graves where 29 people killed in an Israeli airstrike — half of them children — were buried, as the ground was opened for funerals in south Lebanon on Friday, the Muslim holy day.

Women in black robes, their heads hidden by black scarves, held pictures of the dead and threw rice and rose petals on the plywood caskets in the village of Qana, struck during the 34-day Israel-Hezbollah war. Twenty-six coffins were draped in the Lebanese flag and three in the yellow Hezbollah flag.

To the east, the Lebanese army symbolically took control of a first border village from withdrawing Israeli forces, as two soldiers drove slowly through Kfar Kila in a jeep. And in a bid to prevent more arms from reaching Hezbollah fighters, the government vowed to take over all border crossings nationwide, including 60 known smuggling routes from Syria.

At a school in south Beirut's Bourj el-Barajneh neighborhood, Hezbollah started handing out crisp $100 bills to residents who lost homes in the Israeli bombing campaign — $12,000 to each claimant. The stacks of bills were pulled out of a suitcase. Hezbollah is financed by oil-rich Iran.

The Higher Relief Council, the government agency that deals with disasters, said Friday that the Lebanese government and U.N. agencies were undertaking assessments countrywide. While the government was still absent from the reconstruction effort, there were other offers of private help besides Hezbollah's direct payments.

Qana, about six miles southeast of the port city of Tyre, held the most elaborate of several funerals in southern Lebanon on Friday after residents decided it was finally safe and hospital morgues made sure all bodies could be claimed. A caravan of cars made its way from one service to the next.

"This is the day to bury our dead," said Shiite cleric Sheik Shoue Qatoon. "It was decided that we would schedule the funerals so that we could all attend them all."

During the war, bodies were taken to the Tyre morgue and later buried in a shallow mass grave when refrigerated trucks holding the corpses became too crowded. On Friday, the bodies were exhumed and taken to the home villages for burial. The coffins were marked with the names of the dead.

Funerals in northern Israeli towns proceeded throughout the fighting, though they were sometimes disrupted by rocket fire. But because of the war in Lebanon, it sometimes took more than 24 hours to bring the bodies of soldiers to Israel for burial, the army said. Jewish law requires burial within 24 hours after death.

In the Lebanese village of Srifa, 12 miles east of Tyre, more than 20 people were buried in a mass grave Friday. Airstrikes damaged a large swath in the village center.

In Qana, the dead were buried in individual graves one beside the other.

Women broke into piercing screams as the 29 coffins were carried shoulder-high to the grave site, about a third of a mile from the two-story home blasted by an Israeli missile on July 30. World outrage caused Israel to announce a 48-hour halt in aerial attacks while it investigated the assault after Lebanese authorities initially said 56 people were killed.

Hezbollah flags were planted in the mound of earth scooped from the graves. Scores of cars paraded through Qana waving large Hezbollah flags. Banners stretched across the main street read in English: "The great Lebanon has defeated the murderers." Arabic language banners called the war dead "martyrs" and said civilian deaths in Qana "woke up the world."

The dead were all from the Shaloub and Hashem families of Qana.

Fatin Shaloub, a 23-year-old English teacher, lost several members of her family.

"I also lost five of my students," she said. "We didn't think the war would be horrible like this."

Hourra Shaloub, 12, was one of her favorite students and not just because she was a relative, Shaloub said.

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"She was very, very smart. She always got top marks. I remember when I heard about the bombing and her death that I recalled her in a play three years ago. That's how I will always remember her, wearing her blue skirt and white T-shirt and singing very loudly," she said.

Throughout the day the hum of an Israeli drone could be heard. One of the pilotless planes also flew above south Beirut, according to Associated Press photographers in the area.

Israeli drones and warplanes also crisscrossed the skies above Lebanon's eastern Bekaa Valley on Friday night, near the Hezbollah stronghold of Baalbek, security officials said. The officials, who spoke on condition of anonymity because they are not authorized to release information to reporters, said there had been anti-aircraft fire to drive off the aircraft but no weapons fired by the Israeli drones and jet fighters.

Standing on a platform overlooking the grave site in Qana, the Hezbollah chief in southern Lebanon, Sheik Nabil Kaouk, accused the United States of being "a partner" in Israeli attacks by supplying Israel with sophisticated weapons.

"You Americans and you in the U.S. administration are partners in committing massacres. You are partners in killing us. You are partners in destroying our country. There will be no friendship between you and us," Kaouk said.

In a televised speech, Lebanese President Emile Lahoud paid tribute to Hezbollah fighters, who he said "brought down the legend of the invincible (Israeli) army. I also salute the leader of the resistance, Sheik Hassan Nasrallah, who wanted this victory to be for all the Lebanese and Arab people."

President Bush acknowledged it could take time for the people of Lebanon and the world to view the war as a loss for the militant group. The State Department has designated Hezbollah as a terrorist organization.

"The first reaction of course of Hezbollah and its supporters is to declare victory. I guess I would have done the same thing if I were them," Bush said.

"Sometimes it takes people awhile to come to the sober realization of what forces create stability and what don't," he said. "Hezbollah is a force of instability."

Near Israel's Galilee panhandle, the Lebanese army's 10th brigade set up camps within a mile of the border — a key step toward taking control of the whole country for the first time since 1968 and a major demand of the U.N. resolution that ended the war on Monday.

The deployment marks the first time the Lebanese army has moved in force to a region that was held by Palestinian guerrillas in the 1970s and by Hezbollah since Israeli troops withdrew from the area in 2000.

"We are all very happy," Brig. Gen. Charles Sheikhani said. "It's our country. and this is the first time we've really been in south Lebanon."

Lebanese troops also deployed in the town of Chebaa near the Israeli-occupied and disputed Chebaa Farms, which Lebanon claims but which Israel seized from Syria in the 1967 Mideast war. It was the first time in 38 years that the Lebanese army had been in Chebaa's Arqoub region, an area that between 1969 and 1982 was a launching pad for Palestinian attacks on Israel.

When the troops arrived in Chebaa, they were showered with rice and flower petals, and villagers also danced and slaughtered sheep. Troops also deployed in the towns of Kfar Chouba and in Khiam.

With Lebanon moving quickly to get 15,000 soldiers into the south as demanded by the U.N. cease-fire resolution, there was still no firm date for a deployment of an equal number of international peacekeepers. The United Nations had pledges of 3,500 troops for the force, with Bangladesh making the largest offer of up to 2,000 troops.

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Gannon reported from Qana, Lebanon, and Frayer from Kfar Kila, Lebanon.

With 'Minefields' At Home, War Isn't Over For Lebanese (NYT)

By Hassan M. Fattah

The New York Times, August 19, 2006

TYRE, Lebanon, Aug. 18 — Marwa al-Miri, 10, and her 12-year-old cousin Sekneh could not resist the chance of a treasure hunt when they were finally allowed to go out and play on Thursday evening, three days after returning home to Ayt el Shaab.

Almost everywhere the girls and their playmates looked in their rubble-strewn town there was a gem — papers and books covered in dust, dented appliances and, best of all, the occasional toy. Even the metallic gray canister that Marwa held up, the size of a battery with a head that looked like a cigarette lighter, had some allure for the children.

But when she pitched it to her 10-year-old friend Hassan Tahini, it exploded in a loud bang that brought out all the adults in the area. In a split second, Hassan was on the ground unconscious, his gut split open; Marwa was screaming in pain with shrapnel wounds in her legs; and Sekneh was riddled with shrapnel in her chest and struggling for her life.

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"It looked like a little can; it was interesting," Marwa recalled Friday, moaning in pain at Jabal Amel Hospital in Tyre, where the three children were being treated.

Thousands of so-called bomblets, smaller than a hand grenade but far more deadly, have turned homes, schools and even hospitals in southern Lebanon into virtual minefields, threatening communities for months, possibly even years to come, say human rights campaigners and mine cleanup groups.

In towns like Yahmour and Nabatiye along the Litani River Valley, where Israeli troops prepared to face off with Hezbollah fighters in the final days of the conflict, thousands of bomblets released by shells fired into the area litter everything from streets to farmland.

In Tibnin, near some of the heaviest fighting along the Israeli border, the little bomblets landed in front of a major hospital, in the middle of the main road through town, in tree branches and even inside cars.

Cluster munitions like the ones used by Israel's military are legal weapons under the Geneva Conventions. Israel acknowledges that it dropped cluster bombs during the monthlong war, but says it tried to avoid using them in civilian areas.

On a battlefield, the multipurpose cluster bombs like the ones fired on Lebanon, many of them made by American contractors, are designed to penetrate thick armor as well as to kill or maim enemy soldiers within several yards, mine clearance officials said. They release small bomblets in midair, expected to fall to the ground and explode on impact across a wide area. That allows for much greater "coverage" than a single artillery shell can provide.

But groups like Human Rights Watch, which has led a campaign to ban the weapons, say they are too inaccurate and unreliable, especially when used in civilian areas, where they can pose a danger long after a war is over.

The bombs are especially dangerous because of their high failure rates, leaving hundreds of the bomblets unexploded on the ground, said Marc Garlasco, a senior military analyst at Human Rights Watch. The artillery shells used by the Israeli military in Lebanon delivered 88 bomblets per shell and have an official failure rate of up to 14 percent, though mine cleanup groups operating in southern Lebanon say the failure rate can reach 40 percent.

"A cluster bomb cannot differentiate between civilian and military areas," Mr. Garlasco said. "You could say maybe the town was empty of civilians when it was fired, but the people eventually come home and have to face a minefield. It becomes a humanitarian nightmare."

In effect, Mr. Garlasco says, when the shells are fired in triplets, as is customary with most artillery, "you're creating 35 to 50 new landmines every time you use them."

By Friday, several cases of deaths and injuries from exploding cluster bombs were reported as residents in southern Lebanon returned to their homes and began the cleanup. Two people were killed in Kafr Rumman and Masaydoun, according to the Mines Advisory Group, a British-based nongovernmental organization. In Yahmour, an elderly woman was seriously wounded when she set off one of the bomblets while sweeping inside her home and was hit by shrapnel in her head, legs and arms. In the town of Haboush, two children were killed when they uncovered a bomblet.

In all, at least 16 people have been wounded by unexploded bombs since the cease-fire on Monday, said David Shearer, the United Nations humanitarian coordinator in southern Lebanon. The bomblets have also seriously hampered reconstruction efforts.

"People can't go into their banana plantations because they are scared of unexploded ordnance," Mr. Shearer said. "It is the biggest obstacle to restarting the economy."

"We consider these more dangerous than antipersonnel mines," said Frank Masche, a technical field manager with the Mine Advisory Group, who was examining the main highway near the Tibnin hospital on Thursday for unexploded bombs. "When there's a minefield, people know they can't walk there. Here, people think it is safe to walk around anywhere."

The group has been slowly looking over roads and homes in heavily hit areas of southern Lebanon, working in conjunction with the Lebanese Army to detonate the bombs. On Friday, crews inched up the main road in Yahmour, marking the bombs and then exploding them. The process can take 15 to 30 minutes per bomb; crews there estimate there are hundreds in the town alone.

"The war may be over, but we're still living in a war," said Suad el-Miri, the aunt of Marwa and Sekneh, as she watched over them in the intensive care ward at Jabal Amel Hospital on Friday. "People think it's over, but there are still so many bombs around that our lives and our children's lives remain at risk."

Villagers Cheer As Lebanese Army Marches Into The South (NYT)

By Robert F. Worth

The New York Times, August 19, 2006

BEIRUT, Lebanon, Aug. 18 — Villagers danced in the streets and threw rice on Friday as the Lebanese Army's soldiers reached the southern border with Israel for the first time in decades, and Hezbollah volunteers handed out grants of $12,000 —

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in stacks of American dollars — as part of its vigorous campaign to help families whose houses were destroyed over the past month.

Mass funerals were held across southern Lebanon for hundreds of people killed in the bombings, including scores of Hezbollah fighters who were hailed as heroes and martyrs. Ambulances, sirens wailing, made way for funeral processions, and the stench of death pervaded the streets. In Tyre, almost 200 bodies were dug up from a temporary mass grave and reburied individually.

The funerals, mostly arranged by Hezbollah, illustrated the group's near-total power over southern Lebanon and underscored the uncertainty of the Lebanese Army's new mission there. Israel and the United States have said they expect the Lebanese Army to disarm Hezbollah under the terms of a United Nations Security Council resolution.

But even as southern residents cheered the arriving soldiers, Hezbollah banners waved nearby. The group's members have said they have no intention of giving up their weapons for now. Lebanese government officials have made clear that the 15,000 soldiers being sent to southern Lebanon will not search for weapons. The United Nations peacekeeping troops expected to join the Lebanese Army will not do any disarmament either, United Nations officials say.

At the United Nations on Friday, diplomats scrambled to meet a deadline of getting the first 3,500-troop detachment of that force on the ground in 10 days, and Mark Malloch Brown, the deputy secretary general, appealed for more input from Europe.

On Thursday, France disappointed planners by committing only 200 soldiers, far fewer than expected, while the countries offering frontline mechanized units were Bangladesh, Indonesia and Malaysia, all Muslim, and Nepal, which is largely Hindu.

"That is enormously helpful and a major contribution," Mr. Malloch Brown said, "but we want this force that we deploy to have a kind of multinational, multilateral character so that it enjoys the confidence of both sides."

Whatever the fate of its weapons, Hezbollah has already asserted itself politically across the south, distributing food and aid in advance of the international relief agencies that are also in the area.

Hezbollah took its aid program a step further on Friday, making good on a pledge by Sheik Hassan Nasrallah, its leader, to provide cash payments to displaced families. With more than 200,000 residents of the capital's Shiite southern suburbs already back in the area, the group on Friday began giving out the grants of $12,000 — an enormous sum in Lebanon, where an apartment large enough for a small family can be rented for $300 a month.

Lebanese political figures have begun reacting to Hezbollah's new popularity, breaking the facade of national unity that largely held during the month of war with Israel. On Thursday, the Druse leader Walid Jumblatt, speaking at a news conference at his headquarters, said, "Hezbollah must decide once and for all whether it is a Lebanese organization or a tool of Syria and Iran."

Mr. Jumblatt, a leader of the fragile secular coalition that holds a narrow majority in the Lebanese Parliament, ridiculed the new arrangement in the south, saying it had not changed Hezbollah's role. "At any time Israel can launch a pre-emptive attack, and now, as the Lebanese state, we are responsible for the south," he said. "And the Lebanese Army in such a case will just vanish in a couple of hours."

But Mr. Jumblatt stopped short of forcefully calling for Hezbollah's disarmament, saying instead that he favored "dialogue." That hesitation appeared to reflect the weakness of the secular majority and its vulnerability to accusations that it is too close to Israel and the United States.

Instead, Mr. Jumblatt reserved his harshest words for Syria, as did Saad Hariri, the leader of the secular parliamentary majority. In a speech this week, President Bashar al-Assad of Syria suggested that Lebanon's secular leaders favored Israel.

In his own speech, Mr. Hariri lashed out at the Syrian government, accusing it of using Lebanon's tragedy to score political points. "The regime in Syria is trading in the blood of the children of Qana, the children of Gaza, and the children of Baghdad," Mr. Hariri, the son of the assassinated former prime minister Rafik Hariri, said in a speech to hundreds of supporters.

In a sense, the recriminations represented a return to usual in Lebanon, after a month of unaccustomed unity forged by the Israeli bombing.

There were other signs that life was edging back toward normality, at least in the capital. A few civilian flights resumed Thursday at Beirut's international airport for the first time since July 13, when Israeli bombs punched holes in the runways. The Israeli military is still coordinating the flights, but airport officials have said regular flights could start next week.

Beirut's downtown, largely vacant over the past month, now has a trickle of pedestrians during the day, and shops and restaurants are reopening.

"Everything is coming back to life," said Farah Ambriss, 24, as she walked to meet friends for lunch at an outdoor table on al Maarad Street. "But we are still afraid because Israeli troops are still in the south."

Nearby, the owner of Duo, one of the street's restaurants, stood outside its glass doors and sandstone pillars, greeting customers. The interior was almost full, but the outdoor tables were empty. "I've had 100 people a day for lunch since the cease-fire, said the owner, who gave only his first name, Pierre. "Usually we get 500."

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Most people are pessimistic, he said. “The fighting could start again any time,” he said. “There’s no clear solution; it’s still gray, neither white nor black.”

Hezbollah's Transformation Is A Case Study (MCT)

By Carol Rosenberg

McClatchy Newspapers, August 19, 2006

TEL AVIV, Israel - The Hezbollah force that fought Israel to a draw in a month-long border conflict is the product of a two-decade, Iranian-nurtured program that took a guerrilla group and transformed it into a full-blown Shiite Muslim army.

Interviews with Israeli soldiers and officers as well as published accounts of battles and analyses by experts on military affairs show that Hezbollah has been able to integrate an astonishing array of military capabilities, far outstripping what many Israelis understood were its abilities.

How Hezbollah grew into what one commentator has called the fifth most powerful army in the Middle East is a lesson sure to be studied not only by Israelis but also by their potential opponents in Gaza and the West Bank and by militia groups the world over. In Iraq, where Iran is deeply involved in political developments, the Shiite cleric Muqtada al-Sadr is said to have made Hezbollah the model for his Mahdi Army militia.

It also bodes ill for hopes that Hezbollah might be restrained by the presence of U.N. peacekeepers or the Lebanese army, which began deploying in southern Lebanon this week after agreeing not to search for Hezbollah weapons.

"They've been hiding their tracks beautifully," said Timor Goksel, a former U.N. peacekeeper who spent 20 years in southern Lebanon and now teaches a course in ethnic conflict at the American University of Beirut. "Even I'm surprised that they were able to build all these systems."

"This was a real army, a command army, well trained and well equipped," said political scientist Gerald Steinberg, the director of the Conflict Management and Negotiation program at Israel's Bar Ilan University. The Palestinian Hamas movement, he said, "will want it more than they ever wanted it before, and they'll have to work harder than ever to get it. Everybody is going to be much more aware and much more willing to let Israel take action precisely to prevent a situation where Gaza turns into south Lebanon."

To be sure, Israel knew much about Hezbollah's military capabilities. Israeli intelligence had detected a 2003 shipment of long-range, Iranian-made Zelzal-2 missiles, which arrived at the Damascus airport in flights returning to Syria after delivering blankets and other emergency relief supplies to earthquake victims in Iran. Israeli officials said they didn't reveal the shipment at the time because they were afraid of tipping off Hezbollah and its allies to their sources.

Israeli military officers also were aware that Hezbollah was constructing a network of bunkers and tunnels on Israel's northern border. One reserve general called them the "infrastructure of an underground Tehran." They knew as well that Hezbollah fighters were regularly shuttling between Lebanon's Bekaa Valley and Iran for advanced training.

But the depth of Hezbollah's development became clear only once Israel attacked its installations in Lebanon in what some initially envisioned as a one- or two-week campaign. After slightly more than four weeks, Israel agreed to a cease-fire that left Hezbollah intact as the strongest political and military force in Lebanon.

The Israeli invasion showed that Hezbollah, with Iran's help, had taken hundreds of small steps to create a powerhouse. Among them:

-It acquired thousands of Russian-made anti-tank missiles from Syria and Iran, then trained its forces to use them. The missiles were startlingly effective not just against Israeli tanks but also against houses and other buildings where Israeli troops sought shelter.

-It set up a top-down, stealthy military structure that tightly controls operations and is led by a covert chief of staff whose name isn't known to the Israelis or at least isn't made public. Israeli military officials think that some promising Hezbollah fighters have been sent to special Iranian command courses.

-It established a combat-ready organization: a logistics branch to handle the delivery of food, fuel and munitions; a black-clad special forces unit to conduct daring combat missions and abduct Israeli soldiers; navy commandos; and an infantry that trains for complex operations and supports the other units.

-It set up a reserve system that consists of former full-time fighters who can be called back to service and "weekend warriors" who undergo regular training but generally haven't seen combat.

It also created an intelligence unit that recruited a Bedouin spy inside the Israeli army and an air wing that sent drones on test runs over Israel in 2004 and 2005, on flight paths similar to those that its Katyusha rockets followed this summer as they rained down on Israel.

It has Shiite fighters who speak Hebrew, perhaps learned on patrols along the northern border in earshot of Israeli broadcasts. This makes some Israeli soldiers suspect that they were being overheard.

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It's also kept its command structure largely secret.

Its uniforms have no emblems and insignia that could help Israeli soldiers sort out the commanders from the rank and file in combat. If Israeli intelligence has an organizational chart, it hasn't made it public.

"It's a well-organized army, unified, well-equipped - a big Shiite army," said Iftach Shapira, an analyst for The Middle East Military Balance, a publication of the Jaffee Center for Strategic Studies in Tel Aviv. "It happened slowly. We knew this army was being built, but I think we didn't appreciate just how strong it was."

Israelis think that Iran is intimately involved in training Hezbollah, which was founded largely at the behest of the Ayatollah Ruhollah Khomeini, the Muslim cleric who toppled the shah of Iran in 1978 and died in 1989.

At the time of Hezbollah's beginnings, Israel occupied southern Lebanon and the United States had sent peacekeeping forces in an effort to separate warring Lebanese sides in a civil war. Hezbollah's first homegrown military leader, Imad Mugniyeh, a Shiite who served with the Palestine Liberation Organization's elite bodyguard unit, is thought to have planned the suicide bombings in Beirut of the U.S. Embassy and the Marine barracks.

Iran dispatched an estimated 100 Revolutionary Guards to help Hezbollah set up military camps in the Bekaa Valley, where they provided ideological and Islamic education and boot camp-style training.

Since then, according to Israeli military intelligence estimates, as many as 1,000 Lebanese recruits a year have been sent to Iran for specialty training in using rockets, anti-tank missiles and other weapons.

To reinforce the recruits' fervor, their Iranian hosts take them on pilgrimages to shrines and mosques around the Shiite heartland, according to Brig. Gen. Yossi Kuperwasser, until recently Israel's chief of intelligence analysis.

The pilgrimages are important, Kuperwasser said, to provide a religious underpinning to their training.

"The main thing they teach is brainwashing them with their Islamic interpretation of the Quran," he said. "A soldier without motivation is not a soldier."

Much of Israel's freshest information on Hezbollah presumably is coming from the 20-plus Hezbollah fighters it took prisoner in the conflict. Israeli television aired a seven-minute clip from one such interrogation, and provided McClatchy Newspapers with an English-language transcript.

In the clip, the prisoner, Hussein Ali Suleiman, 22, said he joined Hezbollah when he was 15 and studied Hezbollah ideology at a night school until, at age 17, he was sent to 45 days of basic training at a Hezbollah base in Baalbeck, in the Bekaa Valley.

Later that year, he and 40 to 50 others traveled to Iran, first by four-wheel-drive to Syria along a military lane that didn't require passport checks, then aboard a flight to Iran. There, he got advanced training in operating and firing anti-tank missiles in a four-man unit.

He said his unit was deployed twice to southern Lebanon to snatch Israeli soldiers. The first mission was unsuccessful. On the second, on July 12, they killed three soldiers and abducted two others. That raid touched off the most recent fighting.

His assignment: If Israeli armor pursued Hezbollah kidnappers, his unit would fire missiles at the tanks to immobilize them.

Israeli military officers said Suleiman's story illustrated the sophistication of Hezbollah's planning. They noted that not only was he briefed on his role but that his unit also practiced the operation four days before the border incursion.

Israeli officials acknowledge that intelligence gaps led to casualties. For example, Israel didn't know that Hezbollah had acquired sophisticated C-802 land-to-sea guided missiles, one of which struck an Israeli navy ship, the Hanit, off the Lebanese coat, killing four sailors.

Had Israel known about it, officers said, the ship's captain would have engaged an anti-missile system that would have averted the strike.

Israeli intelligence officers won't discuss whether Israel has penetrated Hezbollah successfully. But news accounts make it clear that Hezbollah has infiltrated Israel.

In one case Hezbollah recruited a spy, Israeli army Col. Omar al Heib, a Bedouin scout and Israeli citizen, who provided insights into how the army operated in exchange for heroin and hashish. He was discovered and convicted of espionage last year, and is serving a 15-year sentence.

Hezbollah also made use of unmanned Muhajir aircraft obtained from Iran and capable of carrying camera equipment to over-fly Israel. One of the drones passed over northwestern Israel in April 2005, hours before President Bush and then Israeli Prime Minister Ariel Sharon held a news conference in Crawford, Texas.

Israeli soldiers have been stunned by Hezbollah's first-strike strategy. First Sgt. Guy Nehama's paratroop unit lost its commander, a lieutenant, when Hezbollah commandos fired an anti-tank rocket through the wall of a house in the village of Ait a Shaab where they were staying during the third week of the conflict. The impact sent shards of metal flying, decapitating the commander before his eyes.

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"Maybe the IDF knew," Nehama said, referring to the Israel Defense Forces. "But the people of Israel didn't know that the Hezbollah got so much stronger."

Goksel, the former U.N. peacekeeper, said that every Hezbollah member in south Lebanon had three changes of clothing in his closet: dress uniforms for parades, fatigues to fight in and the ordinary civilian clothes he wears by day to mask his membership.

Rebuilding And Regrouping (NSWK)

By Babak Dehghanpisheh

Newsweek, August 19, 2006

As Lebanese dig themselves out of the rubble, Hizbullah's shift from fighting to politicking is reinforcing its support. WEB EXCLUSIVE

The phones in Abu Ahmed's office just wouldn't stop. As the 45-year-old Lebanese businessman pored over the huge map of south Beirut sprawled across his desk, he held a cell phone at each ear. The map in front of him showed dozens of buildings marked red. "Those are the buildings that are completely demolished," he says, as an aide brings in yet another phone for him to answer.

Abu Ahmed is one of Hizbullah's point men in the reconstruction of the dahiye, the Shiite-dominated southern suburbs of the Lebanese capital that housed Hizbullah's offices and TV station that were hit hardest by the Israeli attacks of recent weeks. Outside his office, many neighborhood residents have lined up with deeds and other official papers to request compensation. Abu Ahmed claims that Hizbullah is paying out an average of $12,000 dollars, roughly equivalent to one years' rent in the neighborhood, to families who lost their homes during the monthlong war. The next phase of activity will focus on shops and businesses that have been damaged.

As the ceasefire with Israel takes a tentative hold, Hizbullah's political moves are proving as skillful as the military strategy that denied the legendary Israeli Army a decisive victory. Hizbullah leader Hassan Nasrallah moved swiftly to take control of the reconstruction process—or at least create that impression. In a victory speech Monday night, he offered the rent and furniture money to any Lebanese who lost their homes in the war. With disciplined supporters fanning out through Beirut and into the battered south to start the rebuilding, the move was certain to bolster the group's support among Lebanese who already admire its resistance to Israel and its strong network of social services. "The issue now for Hizbullah is to prove they are as efficient at peace as they were in war," says Patrick Haenni, an analyst from the International Crisis Group.

Already, Hizbullah has spearheaded the reconstruction efforts in the bombed-out Shiite areas of south Beirut. Huge cranes and jackhammers clear mangled concrete from roadways. Volunteers with red T shirts and hats that read VICTORY FROM GOD sweep away rubble in residential areas. At one intersection, a volunteer poured buckets of shattered glass out of the second story window of a shop called Yukon. Many crushed buildings in the neighborhood have been marked with a banner made from plastic sheeting. The banner notes which regional office the owner should go to for compensation, the opening hours (9 a.m. to 5 p.m.) and is signed: HIZBULLAH.

Most analysts believe the money for this effort is coming from Iran, one of Hizbullah's main backers. Abu Ahmed, who sports gold-rimmed glasses and a silver ring, insists that the cash is coming neither from Tehran nor the Lebanese government but is vague when pressed on where it does originate. "We have an emergency crisis here," he says. "We can't wait for the government. If the government sends someone to assess the damage it may take two months. I can't let my people wait for two months."

Few Lebanese politicians would argue against the need for a quick reconstruction effort. But some say Hizbullah's program, accompanied by congratulatory posters and banners, smacks of political opportunism. Nayla Moawad, the minister for social affairs, says Nasrallah's organization has even taken credit for reconstruction works funded by the government. "Many things the government is funding are being exploited by Hizbullah," she says. "They took it to their advantage." Moawad was so frustrated that she complained to two Hizbullah parliamentarians.

Complaints probably won't help much, though. Moawad and her political allies in the March 14 group—an anti-Syrian political movement formed shortly after the February 2005 assassination of former Prime Minister Rafik Hariri—have taken a hard hit as Hizbullah's popularity has increased in recent weeks. There's a perception among many Lebanese that the March 14 group was ineffectual in trying to stop the conflict and was abandoned by its sympathizers in Washington. Still, the group does hold the majority in Parliament and will have to play a key role in hashing out sensitive issues like disarming Hizbullah, which holds two ministries and 14 seats in the 128-seat legislature. At the moment, that prospect seems unlikely. "March 14 has no cards," says the ICG's Haenni. "How can they pressure Hizbullah? You can't do more than moral pressure."

Meanwhile, the Lebanese Army fanned out into Hizbullah strongholds across South Lebanon this week to fulfill a portion of United Nations Resolution 1701, which was approved last week to stop the fighting. Hizbullah members, however, remained as

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elusive as ever. Many of those doing the physical work of rebuilding were fighters who had appeared out of the rubble of many small towns, stashed their weapons and donned civilian garb. "After this war it's impossible to disarm Hizbullah," says one senior Lebanese military official who wasn't authorized to speak on the record. "Disarming Hizbullah is not popular for the government and not popular for the army. The people of Hizbullah are from these villages and towns. They're not going to leave."

Will a strengthened Hizbullah militia set the stage for another Lebanese sectarian war? Perhaps not. One group that could play a key role in convincing Hizbullah to lay down arms: Christian Gen. Michel Aoun's Free Patriotic Movement. Earlier this year, the FPM, which claims to represent the majority of Christians in Lebanon, signed a memorandum of understanding with Hizbullah. This alliance has helped defuse the tension between Shiites and Christians, many of whom blame Hizbullah for dragging them into a war they wanted no part of. "The main factor is General Aoun," says the same Lebanese military official. "It's the only way to prevent civil war. If he switched to the other side the situation would change in all Lebanon."

The political alliance was a savvy move for both Aoun and Hizbullah leader Hassan Nasrallah. And both groups saw the benefits during the current conflict. Thousands of displaced Shiites from South Lebanon were given shelters at schools in Christian areas in and around Beirut overseen by the FPM. Many of the young Christian volunteers, often wearing T shirts with the party's check-mark logo, were interacting with Shiites from the southern portion of the country for the first time. A handful of these volunteers were working in south Beirut today. Gebran Bassil, head of the FPM's political office, helped hammer out the agreement with Hizbullah earlier in the year. He says the FPM has helped temper the views of some of the more radical elements in Hizbullah. In return, the agreement "protected the Christians" during the current conflict, Bassil says.

In the southern suburbs of Beirut this afternoon, Ayman Kraydly, a 21-year-old computer science student, walked away from the ruined apartment block where he lived with his family holding two plastic bags. One bag was filled with clothes and the other was filled with family photos and a Qur'an—all he'd managed to salvage. He'd applied for the Hizbullah stipend a couple of days before but hadn't received any money yet. Still, he said he wasn't bitter about the loss of his home and many of his belongings. And he didn't hold out hope for a lasting peace. "It'll happen again," he says with a shrug. "It's a matter of time. We get used to it."

Many Israelis See Lebanon War As Major Stumble (WP)

By Doug Struck And Tal Zipper

The Washington Post, August 19, 2006

Concern Grows Over Failure To Definitively Defeat Militia

JERUSALEM, Aug. 18 -- Sgt. Lior Rahamin's Israeli reserve unit had not trained in two years. When its members were called up for the Lebanon war, they didn't have straps for their guns, spare ammunition, flak jackets or more than one good radio. There were other shortages: Twice their operations were canceled because they had no water to take; once they went two days without food.

"Hezbollah didn't surprise us. We were surprised by the Israel Defense Forces," said Rahamin, 30, a paratrooper who was wounded fighting in Lebanon in 1997 and who volunteered to go with his unit again. The next time they call, he said, "we will not show up."

From the failure to get food and water to the troops, to complaints of an uncertain war plan and overconfident generals, the Lebanon war is fast being viewed within Israel as a major stumble. Military and political leaders already are trading blame; some are expected to lose their posts. Officers say the mistakes show weakness in the military, the Israel Defense Forces, known as the IDF. Many Israelis worry that the failure of the military to squash the Hezbollah militia will make their country more vulnerable to other enemies.

"For four weeks we failed to defend ourselves against daily bombardments against our cities. This is a failure that never happened before," said Yuval Steinitz, a Likud Party member and former chairman of parliament's defense committee. "This is going to send a bad message."

Such fears were fueled by a strident speech by Syrian President Bashar al-Assad at the end of the war, promising to follow Hezbollah's model to retake the Golan Heights. Less than 24 hours after the cease-fire, he boasted that Hezbollah had "defeated the legend of the army that had never been defeated."

Brig. Gen. Ido Nehushtan, a member of the Israeli army's general staff who is taking over as head of planning for the military, defended the outcome of the operation. "This was a unique war," he said in an interview Friday. "You can't judge it in a traditional way. Our war was much more like a war on terrorism than a war against an army. . . . It's not realistic to expect any white flag coming from the bunker."

Nehushtan insisted that the military did not expect to stop the Katyusha rocket attacks on Israel -- only to try to cripple Hezbollah.

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"To stop the rain of Katyushas, you would have to take every inch of the land. The objective was to deal Hezbollah a significant blow," he said. "They have lost heavy numbers and a huge amount of infrastructure."

The complaints that have emerged as Israel's soldiers return from the field have heightened the country's concerns about the state of its army and the judgment of its leaders.

"If we would have gone in with more foot soldiers, we would have done more," said Avi Hubara, 40, a schoolteacher and reservist who volunteered to go to Lebanon to fight. "But the politicians were scared to make decisions. It was a failure. We got people killed. There was lots of friendly fire. We did not hurt the capability of the Hezbollah. We did not return the kidnapped soldiers. We did not win."

Prime Minister Ehud Olmert and his defense minister, Amir Peretz, have little military experience and are now the target of scathing criticism for faults in the operation. The Knesset, the Israeli parliament, is demanding a judicial investigation of the conduct of the war. Public opinion of the government and military leaders has plunged in the polls, and the returning soldiers are glum.

"Led Astray," said a headline in the Haaretz newspaper. "Why We Didn't Win," the largest-circulation daily, Yediot Aharonoth, pondered in bold type. There is much blame for the military, as well as for political leaders. The returning reserve soldiers tell of confusion, contradictory orders and missing supplies and equipment.

"We were getting ready to board the bus in Lebanon with faces painted for combat, but they called us back," said Sgt. Yuval Drori, 30, a reservist who works at a software company. "Another time we were at the border, with bullets in the chambers, but they canceled again. The mission changed every 30 minutes. There was a great sense of a big mess."

"In the last six years, there hadn't been any preparation" for putting soldiers into combat, said a retired major general, Shaul Givoli, director of the Council for Peace and Security near Tel Aviv. "Even the rations had expired."

Critics list a variety of miscues, some acknowledged by the army. "We made some mistakes in preparation," a high-level military officer said in an interview. "We need to recheck our intelligence, our logistics, the readiness of reserves."

From the outset, Israel tried to wage the war largely from the air, instead of sending a large ground force into Lebanon quickly. The bombardment created scenes of devastation in Lebanon. Israeli army officers insist that the operation brought serious damage to Hezbollah's infrastructure, supplies and manpower. But the bombing did not stop the rain of rockets fired by Hezbollah fighters.

Israeli forces also were surprised by the effectiveness of Hezbollah and its missile armaments, which hit an Israeli ship, may have downed a helicopter, and penetrated about 20 of Israel's most modern tanks.

Public criticism was intense after Israel broadened the ground war inside Lebanon in the last two days before the cease-fire. More than 30 Israeli soldiers were killed during the fighting that weekend to seize ground that the army then abandoned Monday morning when the cease-fire took effect.

The senior Israeli officer, who helped plan the last-minute push, said the ground operation was valuable. The officer, speaking on grounds that he not be identified by name, said that the outlines of the cease-fire were not known when the order to go ahead was given and that the battles helped shape the final agreement.

But the coming cease-fire was clear to those in the field. "We were called up to go in, and on that night I told my friends, tonight and tomorrow people will die for nothing," said Drori, the reserve sergeant. "The cease-fire agreement was there, and everybody knew what was to be achieved, and people will die.

"It seemed the IDF was trying to drop every single bomb in its arsenal. You could hear the blasts and bombs whistling around you. Then at 7:55 Monday morning, it all went still. Those last 30 casualties were in vain."

Drori's squad escorted combat bulldozers. Then the bulldozers left to be refueled and did not come back. "Nobody told us about it. We finally called the army engineering commander, and he told us to come back because the bulldozers are parked. He said we did a great job. In fact, we didn't do anything."

Gerald Steinberg, who heads the conflict management program at Bar-Ilan University in suburban Tel Aviv, said: "The screw-ups could have been avoided. The hesitations and lack of leadership -- go in, don't go in, go there, go here. We all knew almost daily of troops being told to go in, then being called back. Had the war gone well, that would have been forgotten. But it didn't.

"Then in the last couple days, a mad rush when we all knew there was going to be a cease-fire. We lost 33 soldiers, and so many crippled and badly wounded. Wasn't there a better way to do it?"

Many Israelis see a more ominous consequence of Israel's missteps. The failure of Israel to silence Hezbollah, followed by the claims of triumph from the militia, Syria and Iran may leave the perception of weakness, they feel.

"The only lesson Israel's enemies can possibly have been learning is that after decades of defeat and frustration, they have found the means to effect the demise of the Jewish state. They need only acquire greater rocket and missile capabilities," the editor of the Jerusalem Post, David Horovitz, wrote Friday. "It was brought about by a level of arrogance and complacency

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probably unparalleled since the" victory in the 1967 war led to Israel being caught unprepared for a surprise attack in 1973, he said.

Writing in the Haaretz newspaper this week, columnist Reuven Pedatzur agreed. "The IDF's failure is eroding our national security's most important asset -- the belligerent image of this country, led by a vast, strong and advanced army capable of dealing our enemies a decisive blow if they even try to bother us," he wrote.

"In Damascus, Gaza, Tehran and Cairo, too, people are looking with amazement at the IDF that could not bring a tiny guerrilla organization to its knees for more than a month," he said. "What happened to this mighty army?"

Knesset member Steinitz said Israel had long relied on a doctrine that when attacked, it had to counterattack deep into enemy territory "and defeat the enemy almost at any cost. Now, in the last decade or so, we developed a culture of strategic war that is less costly to human life. Instead of looking for a knockout, we are looking to gain points. I think it's a mistake."

Others contend that any potential opponent looking at the devastation wreaked by Israel on Lebanon will not see that as evidence of weakness.

"The destruction in Beirut and southern Lebanon do create anger, but they also create deterrence," Steinberg said. "Israelis are coping with this. It's not a sense of denial. It would be a mistake if Hezbollah or others look at Israel as a weakened society. Israeli society is very determined to see this through, and prepared to fight another war."

Zipper reported from Tel Aviv. Special correspondent Samuel Sockol in Jerusalem contributed to this report.

Israelis Back From Battle Report Grievous Missteps (WT/AP)

By Benjamin Harvey, Associated Press

The Washington Times, August 19, 2006

METULLA, Israel -- Soldiers returning from the war in Lebanon say the Israeli army was slow to rescue wounded comrades and suffered from a lack of supplies so dire they had to drink water from the canteens of dead Hezbollah guerrillas.

"We fought for nothing. We cleared houses that will be reoccupied in no time," said Ilia Marshak, a 22-year-old infantryman who spent a week in Lebanon.

Mr. Marshak said his unit was hindered by a lack of information, by poor training and by untested equipment. In one instance, Israeli troops occupying two houses inadvertently fired at each other because of poor communication between their commanders.

"We almost killed each other," he said. "We shot like blind people. ... We shot sheep and goats."

The war has cost Prime Minister Ehud Olmert much of his political capital. With approval ratings plummeting, he has been forced to shelve his West Bank pullout plan and is struggling to ride out a growing public storm over the government's wartime bungles.

At the height of the war in Lebanon, Mr. Olmert asserted that the fighting could create momentum for a West Bank pullout, prompting angry accusations that he was trying to hijack the war for a divisive political agenda.

However, in meetings this week, the prime minister told Cabinet ministers and key legislators that the West Bank plan was being shelved.

The war in Lebanon ended with considerable losses for Israel -- 118 soldiers killed, hundreds wounded, hundreds of thousands displaced -- but no clear gains.

The war was widely seen in Israel as a justified response to a July 12 cross-border attack in which Hezbollah gunmen killed three Israeli soldiers and captured two. Another five Israeli soldiers died in an unsuccessful rescue attempt

But the wartime solidarity crumbled after Israel agreed to pull its army from south Lebanon without crushing Hezbollah or rescuing the captured soldiers.

In a nation lionized for decisive military victories over Arab foes, the stalemate after a month of war in Lebanon has surprised many.

The Israeli army was often caught off guard by a well-trained guerrilla force backed by Iran and Syria that used sophisticated weapons and tactics. Soldiers, for instance, complained that Hezbollah fighters sometimes disguised themselves in Israeli uniforms.

Critics are demanding an official commission of inquiry, with the power to dismiss top government officials. Such a commission forced Ariel Sharon to resign from the defense minister's job after Israel's 1982 war in Lebanon.

Some of the harshest criticism has come from reservists, who form the backbone of the army. Israeli men do three years of mandatory service beginning at age 18, but continue to do reserve duty several weeks a year into their 40s.

Israeli newspapers quoted disgruntled reservists as saying they had no provisions in Lebanon, were sent into battle with outdated or faulty equipment and insufficient supplies, and received little or no training.

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"I personally haven't thrown a grenade in 15 years, and I thought I'd get a chance to do so before going north," an unidentified reservist in an elite infantry brigade was quoted as telling the Ma'ariv daily.

Israel's largest paper, Yediot Ahronot, quoted one soldier as saying thirsty troops threw chlorine tablets into filthy water in sheep and cow troughs. Another said his unit took canteens from dead guerrillas.

"When you're thirsty and have to keep fighting, you don't think a lot, and there is no time to feel disgusted," the unidentified soldier was quoted as saying.

The newspaper said helicopters were hindered from delivering food supplies or carrying out rescue operations because commanders feared the aircraft would be shot down. In some instances, soldiers bled to death because they were not rescued in time, Yediot Ahronot said.

Comrades of the two soldiers captured by Hezbollah sent a petition to the prime minister Thursday accusing the government of abandoning the men.

"We went to reserve duty with the certainty that all of Israel's citizens, and the Israeli government, believe in the same value that every combatant learns from his first day in basic training -- you don't leave friends behind," the soldiers wrote. "This is a moral low point. The Israeli government has abandoned two [Israeli Defense Force] combatants that it sent on a mission."

Troubled Foray Why Israel's Plans To Curb Hezbollah Went So Poorly (WSJ)

By Guy Chazan, Karby Leggett, Neil King

The Wall Street Journal, August 19, 2006

Nation Misgauged Response; Military, Civilian Leaders Were Sometimes at Odds Creating a New Hero for Arabs

When its bombs began falling on southern Lebanon 39 days ago, Israel had high hopes that it could severely damage or even destroy Hezbollah, the militant Islamist group rooted there. Crippling it, they and their Washington allies hoped, would rid Israel of an implacable enemy. It would also set back Iran, a longtime supporter of the group, at a crucial time in Iran's nuclear negotiations with the West.

But with the fighting stopped, Hezbollah remains far from defanged. Indeed, in many eyes it is the victor, having faced down the mighty Israeli military and hugely enhanced its standing with the anti-Israeli populations across the Mideast.

Even the scaled-back ambitions that Israel and the U.S. settled on as the conflict unfolded remain in peril. A cease-fire designed to box in Hezbollah militarily appears tenuous, bogged down in disagreements over what a peacekeeping force in part of Lebanon could accomplish and which countries will participate. Lebanon's government, one of the main actors in any plan to disarm Hezbollah, says it can't do so without concessions from Israel that the Israelis appear unlikely to make. Meanwhile, Syria, dealt a big setback last year when it was forced to withdraw from Lebanon, seems to have regained some standing as one of the backers of the tenacious Hezbollah fighters.

What happened? Israel repeatedly underestimated Hezbollah. It miscalculated the political support it would win from Lebanon. Israel's civilian and military leadership divided over how to wage the war. And some Western powers, having seen Hezbollah's might, are wary of taking it on by getting into a peacekeeping venture.

The war and uneasy peace are causing earthquakes across the Middle East. Tremors are rippling through Israel, where an emotional reexamination of what went wrong is under way. Lebanon is groping for a path forward that won't plunge the country into another civil war. Hezbollah is crowing that it has won a victory -- even though the extent of the beating it took is also becoming clearer. President Bush said in his view the militant group is the loser, though it may take some time for the world to see it that way.

The shock waves, meanwhile, have also rattled the balance between two major regional powers: Israel and Iran. Israel and the U.S. remain far from where they wanted to be now, and Iran -- along with fellow Hezbollah-backer Syria -- has gained confidence from Hezbollah's stalwart fight.

The rest of the Middle East now finds itself torn more than ever before between the two poles in a fast-polarizing region. Sunni-Muslim allies of the U.S. such as Saudi Arabia, Egypt and Jordan quietly express deep concern about Shiite-Muslim Hezbollah and the rising influence of Shiite Iran. Yet populations in the U.S.-ally countries -- hostile to Israel and angry with America -- have been electrified by the upstart Hezbollah and its eloquent leader Hassan Nasrallah. If leaders such as Egypt's Hosni Mubarak and Jordan's King Abdullah are going to introduce democratic reforms, as the Bush administration wants, they could find themselves lacking by comparison with the charismatic new Arab hero Mr. Nasrallah.

In Iraq, where the U.S.-backed government is led by Shiite political parties, some are close to Iran and share a faith with Hezbollah. Militant groups like Iraq's Mahdi Army -- which is modeled on Hezbollah's blend of arms, religion and politics -- will watch to see how strong a Hezbollah emerges. What happens in Lebanon in the coming weeks and months thus will influence a host of issues crucial to the U.S., from oil to terrorism to hopes for a flowering of democracy.

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The stakes didn't seem so high on the morning of July 12. But the foundations of a larger crisis were already in place. Israel had ended an 18-year occupation of southern Lebanon in 2000, only to watch as Hezbollah claimed victory and began a major effort to further arm. And there had been clashes before. In late May, Hezbollah fired rockets into Israel, which responded by bombing a stretch of earth-and-rock fortifications inside Lebanon. At least since 2004, the Israeli military had plans in place for possibly attacking Hezbollah.

Defining Features

At 9 a.m. July 12, Hezbollah fighters who had sneaked into Israel fired on an Israeli armored vehicle, killing some soldiers and taking two captive. Quickly, some defining features of the conflict to come emerged. The Israelis immediately sent a tank into Lebanon after the abductors, hoping to cut them off before they reached a nearby town. But a Hezbollah mine crippled the tank a short distance over the border. An Israeli unit sent in to rescue the tank crew was pinned down by Hezbollah for hours. Eight Israeli soldiers were killed that morning, and the two captured ones were hustled away. There's been no word about them since.

Israel was already dealing with another hostage crisis in the Gaza Strip Palestinian territory, and its leadership's next decision shaped the rest of the conflict. At a meeting 11 hours after Hezbollah's attack, the cabinet voted to escalate the violence spectacularly, taking the fight not just to Hezbollah but to Lebanon.

The Israeli leadership made another fateful decision: to do most of the fighting from the air, with bombing strikes. There would be no massive ground assault, largely on the advice of Israeli Chief of Staff Dan Halutz, a former air force commander.

The decision to mount a robust response transformed the border shoot-out into a war and virtually guaranteed it would become a crisis. And the reliance on air power wound up limiting Israel's options, rather than delivering the rapid crippling of Hezbollah that Israeli leaders hoped for. Within hours of the abduction of its soldiers, Israel bombed not only Hezbollah strongholds in Lebanon's south but also major roads and bridges farther north. The next day, it bombed Lebanon's main airport and imposed a naval blockade.

The aim, in part, was to cut Hezbollah off from Iranian and Syrian supplies and hit Hezbollah missiles farther north. But the widespread bombing was also designed with hopes that Lebanese groups opposed to Hezbollah, especially Sunni Muslim and Christian communities would try to rein the group in. And at first, that's what happened.

Lebanon's Prime Minister, Fuad Siniora, was angry at Hezbollah's provocation. Behind closed doors, he and others in his government began developing a plan that they felt, with international help and some Israeli concessions, might eventually bring Hezbollah to disarm.

President Bush was briefed about the rapidly escalating fighting early on the morning of the first day. He and his staff quickly also agreed to try to capitalize on the incident to accomplish the long-pursued goal of getting Hezbollah to give up its weapons. Disarming of the group is something the United Nations had called for two years ago, in Resolution 1559.

For a few days, the Israelis, the U.S. and the Lebanese government were working together off much the same script with regard to disarming Hezbollah. But as Israeli bombing continued fiercely day after day, devastating southern Lebanon and parts of Beirut, Lebanese leaders began aiming their ire at Israel, at times even praising Hezbollah's fight.

At an emotional diplomatic gathering in Rome on July 26, Mr. Siniora, while by now fuming about Israel's widespread bombardment, presented a seven-point Lebanese plan for disarming Hezbollah. He called for an immediate cease-fire, quoting a line from the Roman historian Tacitus: "They created a destruction and called it peace." But U.S. Secretary of State Condoleezza Rice avoided any call for an immediate truce and continued work on a wider plan to disarm Hezbollah.

Then an Israeli bomb hit a residential complex in the Hezbollah stronghold of Qana, killing more than a dozen children, and much of world opinion turned sharply in favor of a quick halt to the fighting. Mr. Siniora cancelled a meeting with Ms. Rice. For the first time in the crisis, Israel and the U.S. were alone, viewed by much of the world as joined in their desire to carry on the fight despite the human toll.

Hezbollah, meanwhile, was showing that its fighters' tenacity -- driven in large part by deep religious convictions -- was no fluke. The group fired sometimes more than a hundred missiles a day into Israel, hitting cities such as Haifa. On the evening of July 14, Mr. Nasrallah spoke by telephone on Lebanese television and urged viewers to look out their windows at the sea. There, one of Israel's most formidable warships was ablaze, hit by a laser-guided Hezbollah missile. Israeli and U.S. officials were taken aback at the sorts of weapons Hezbollah had received, apparently from Iran and Syria, although both countries deny this.

Even as it carried out the biggest bombing campaign in its history, Israel delayed a major ground offensive. Politicians worried about taking heavy casualties in territory that Hezbollah knew far better than their troops, and about getting involved in another grueling occupation. Military commanders chafed at the restraint -- the beginning of a rift between Israel's elected leaders and the military leadership.

On the afternoon of July 27, which was two days before the bombing in Qana began to turn diplomatic currents against Israel and the U.S., Lt. Col. Ishai Efroni, a stout 42-year-old deputy commander of a base in northern Israel, complained that his

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men were eager to fight in Lebanon but couldn't. "We are using only about 15% to 20% of the resources we have now," he said at the time. "We're being held back."

One question sure to be examined, as Israel convenes panels of inquiry on the war, is whether it should have begun a large ground campaign sooner. Another question: whether the Israeli military was over-confident that an air campaign could cripple Hezbollah's ability to bombard Israel with rockets.

As diplomatic pressure built for a cease-fire, French and U.S. officials at the U.N. worked out a compromise. It promised to halt fighting and quickly bring in a force of 15,000 U.N. troops; they would help an equal number from the Lebanese army to replace the Israeli forces as they withdrew. The deal, outlined in Security Council Resolution 1701, repeated a call for Hezbollah to disarm, leaving vague how that would happen.

Cease-Fire Holds for Now

The cease-fire has held so far. But it appears increasingly unlikely its terms will be carried out in full, especially the disarming of Hezbollah. Under the cease-fire plan, which Lebanese government officials say Hezbollah agreed to, the group is supposed to move its fighters north of the Litani River, which is about 18 miles north of Israel. Hezbollah now says it won't do this, and instead has pressured the Lebanese government to accept a compromise: Hezbollah would store its weapons out of public view in return for a pledge that the Lebanese army wouldn't actively hunt for them.

Israel, meantime, says it won't complete its pullout of southern Lebanon before the full arrival of a combined Lebanese and international force. But with Hezbollah still possessing a large arsenal, countries that had pledged to contribute to the international force are starting to balk.

During the fighting, Secretary of State Rice repeatedly said there was no reason to halt it if this meant leaving the situation "status quo ante" -- the same as before. So now the U.N., working with the Lebanese government, needs to come up with a plan to move Hezbollah toward disarming. But the kinds of Israeli concessions Lebanon's government believes it needs to make this happen are ones Israel isn't very likely to make.

One involves a disputed area known as Shebaa Farms, a small piece of land near Israel and Syria that Israel controls. Hezbollah claims the area is Israeli-occupied Lebanese territory. The U.N. says Shebaa Farms actually is part of Syria.

Lebanese government officials say that if Israel were to withdraw from Shebaa Farms, Hezbollah would lose its last solid argument as to why it must remain armed to resist Israeli occupation. Yet Israel has declined to even discuss withdrawing from Shebaa. A senior aide of Lebanon's Mr. Siniora says a best-case scenario is that Lebanon can somehow persuade Israel to relinquish control of the disputed territory.

Without movement on issues like Shebaa Farms, Lebanese say the situation will likely fester, with Hezbollah, at best, keeping its arms but concealing them. But that situation risks a return to fighting at any time. And with the troops of the Lebanese army and the international force positioned between Israel and Hezbollah, a new flare-up would be far more complicated than the war that just ended.

If the procedure outlined in the cease-fire agreement isn't effective in disarming Hezbollah, the U.S. and Israel may feel increasing pressure to consider another policy reversal: making a deal with Syria, one of Hezbollah's biggest supporters and a lifeline for its military wing. Both Israel and the Bush administration have worked hard to isolate Syria in recent years. Some officials relished its humiliation when its army had to end a long occupation of Lebanon last year, amid accusations Syria was involved in the killing of a former Lebanese prime minister. (Syria denied the accusations.)

Yet some prominent Israeli and U.S. experts have argued that a deal with Syria could be the best hope for seeing that Hezbollah is disarmed and the Syrian-Iranian alliance broken up. Such a deal would require more sacrifices from Israel, including perhaps an offer to open negotiations on a possible Israeli withdrawal from the occupied Golan Heights, taken from Syria in 1967. And President Bush would have to explain the policy about-face to hawkish supporters.

Some Israeli officials say the setbacks in Lebanon could, paradoxically, also lead to new thinking about possible diplomatic solutions to long-running conflicts with the Palestinians. They cite the 1973 Yom Kipper War: The aftermath of that conflict, which also raised questions about Israel's ability to defend itself, led to a historic peace deal with Egypt.

Need for New Policy

Certainly, Israel is now badly in need of a new policy on the Palestinians: This week it shelved plans for a unilateral withdrawal from parts of the West Bank, with officials saying that events in Gaza and Lebanon had proved such pullouts don't enhance Israel's security.

Also in the mix is a looming showdown over Tehran's nuclear program. Iran faces an Aug. 31 U.N. deadline to suspend uranium enrichment at its nuclear facilities. If the U.S. and other Security Council members can reach an accommodation with Iran on nuclear and other issues over time, Iran could potentially prompt Hezbollah to drop its weapons, some say. On the other hand, if the nuclear dispute grows to include imposition of economic sanctions or military posturing against Tehran, Hezbollah could become even more belligerent.

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U.S. and Israeli officials say Hezbollah has suffered real losses, particularly to its ability to fire the sort of longer-range missiles that could hit Israel's biggest cities. A senior State Department official contends that "Hezbollah has been boxed in militarily."

Yet Hezbollah in some ways is energized by the outcome. It is flush with cash, some of it evidently from Iran, and is now handing out money to Lebanese whose homes Israel destroyed. In addition, Hezbollah is still standing after battling the strongest military in the region -- plus, in the eyes of some Hezbollah supporters, that military's biggest backer. A banner strung across a ruined building in the Hezbollah stronghold of south Beirut reads: "Made in the U.S.A."

Write to Guy Chazan at guy.chazan@wsj.com1, Karby Leggett at karby.leggett@wsj.com2 and Neil King at neil.king@wsj.com3

Israelis Slam Use Of Russia Missiles (WT/AP)

The Washington Times, August 19, 2006

JERUSALEM (AP) -- Israeli officials said yesterday that a senior delegation went to Moscow this week to complain that Russian-made anti-tank missiles were used by Hezbollah guerrillas in their 34-day conflict with Israeli forces in Lebanon.

Asaf Shariv, a senior adviser to Prime Minister Ehud Olmert, said the delegation had gone to Russia, but did not elaborate.

The anti-tank missiles proved to be one of Hezbollah's most effective weapons in combat in south Lebanon, killing many of the 118 Israeli soldiers who died in the fighting.

Israeli officials say Iran and Syria passed the arms to Hezbollah after buying them from Russia.

Russian Foreign Ministry spokesman Mikhail Kamynin said Russia maintains strict controls over its weapons sales that "makes any inaccuracy in weapons destinations impossible."

Anatoly Tsyganok, head of Russia's Military Forecasting Center, ruled out the possibility that modern anti-tank weapons had reached Hezbollah through Russia or Syria.

"Any accusations alleging Russian or Syrian deliveries of anti-tank weapons to any forces in Lebanon are unfounded. The Israeli side has not presented any evidence of this, and it is unlikely that it will," Mr. Tsyganok was quoted by the Interfax news agency as saying.

"Most probably, such weapons, should Hezbollah militants really have any, might have been brought to Lebanon through third countries," he added.

Olmert Shelves West Bank Pull-out Plan (FT)

By Harvey Morris

Financial Times, August 19, 2006

In the aftermath of the war in Lebanon, Ehud Olmert, Israel's prime minister, has shelved plans for an Israeli withdrawal from parts of the West Bank, the central plank of an electoral platform that brought him to power earlier this year.

Israel Radio quoted ministers of Mr Olmert's Kadima party as saying that the so-called West Bank realignment plan had not been cancelled but had been suspended in view of the need to direct resources to the north. However, the decision to sideline the controversial plan coincided with a backlash against unilateral measures that many blame for weakening Israel's security.

Some analysts have said Israel's decision to leave south Lebanon in 2000 without an agreement with the Lebanese government set the scene for a future conflict with Hizbollah.

Others say that the unilateral decision to withdraw from the Gaza Strip a year ago, without prior agreement with the Palestinian Authority, led to an upsurge in violence directed at Israel in the form of primitive home-made rockets.

Mr Olmert suggested at the height of the Lebanon conflict that a successful outcome for Israel would enhance the prospects of his realignment plan, a comment that enraged a rightwing whose answer to Israel's security needs is to hold on to the occupied territories.

The report of an official committee assessing the consequences of a West Bank withdrawal, leaked to the Ha'aretz newspaper this week, said one of the drawbacks would be the threat of rocket attacks from the territory that would require the army to remain behind even after Jewish settlers left. Mr Olmert presented his plan to relocate as many as 70,000 Jewish settlers from the West Bank, while consolidating Israel's control in settlements it intended to retain, as one on which he would seek the agreement of the Palestinians.

However, in the absence of a negotiating track and, in particular, after the election of a Hamas government in the PA, it appeared likely that he would implement the plan unilaterally.

That option now also appears to have been frozen, leaving the Kadima-led government without a clear political platform beyond postwar reconstruction.

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In one of a series of scandals unrelated to the war but which have resurfaced since the ceasefire, Mr Olmert on Friday lost one of his key ministerial allies in a cabinet where support for re-alignment was already faltering before the outbreak of the Lebanon conflict.

Haim Ramon, justice minister, said he would resign on Sunday to face an indictment for sexual misconduct. He has denied the accusation of a former government employee that he forcibly kissed her at a defence ministry reception on the day war broke out.

Testing Time For Israel's Leaders (NYT)

The New York Times, August 19, 2006

Israel is politically roiled by public dissatisfaction with the monthlong Lebanon war. The public has been surprised by the inconclusive outcome of the campaign, frightened by unintended consequences like the surging popularity of Hezbollah, and angry that the country's vaunted military has been shown to be less than all-powerful.

This debate could prove politically costly to Prime Minister Ehud Olmert and Defense Minister Amir Peretz, two neophyte leaders who now must answer for a costly military effort that did not lead to the Hezbollah defeat the country expected.

Israelis believe, as we do, that Mr. Olmert was right to respond firmly to Hezbollah's cross-border provocations. Given the implacable hatred of its enemies, Israel cannot afford to show weakness. But it is even more important that whatever it does is done successfully. The military campaign failed to achieve its stated objectives despite its heavy toll in Lebanese and Israeli lives. Now Israelis have a right to ask whether Mr. Olmert rashly raised the ante by demanding the military destruction of Hezbollah without having any clear and realistic strategy for achieving such an ambitious aim.

Mr. Olmert and Mr. Peretz unwisely accepted the assurances of the military chief of staff, an air force general, that a relatively brief air campaign alone could accomplish the mission. Clearly, it didn't. Yet for weeks, they refused to either suspend the airstrikes or switch to a different approach. The ground offensive they finally ordered came too late to make a real difference.

Washington might have helped rescue them from their predicament, but it did not. President Bush still has not learned the difference between supporting Israel and uncritically endorsing the policies of fallible Israeli leaders. That often hurts Israel's larger interests, and America's as well, as it did in this case.

There are things Washington can do for Israel that Israel cannot do for itself, like negotiating with Hezbollah's patrons in Damascus and Tehran and mobilizing diplomatic coalitions that can maneuver Hezbollah into concessions that military pressure alone can never achieve. None of this was done, resulting in a fudge of a United Nations resolution that is worth no more than France's so-far absent will to back it up.

Washington helps Israel best when it supplements, and where necessary restrains, Israeli actions, not when it acts as a mindless echo chamber. America abdicated leadership in this crisis, leaving Mr. Olmert to deal with the messy outcome.

It doesn't help that unlike most of his predecessors, Mr. Olmert does not have a professional military background. But if he is prepared to learn the right lessons, he might survive. His chief political rival, after all, is Benjamin Netanyahu, a man with his own long record of costly and impetuous decisions.

Making Peace Stick In Lebanon (WP)

By Franklin D. Kramer

The Washington Post, August 19, 2006

Not all peacekeeping forces are successful, and certainly not in Lebanon, where U.S. Marines on a peacekeeping mission were killed in their barracks by terrorist truck bombs and where, a few years later, a U.S. military officer leading a United Nations peacekeeping force was kidnapped and killed. If peacekeeping is to be part of a long-term answer for Lebanon, the force there needs to be carefully designed to generate an effective solution rather than become part of the problem, as has been the case in the past. To do that requires answering five key questions.

First, what is the mission of the force? It may seem obvious that the overall purpose is to limit the use of violence. But the key question is how the force proposes to do that. Will it be an observer force, a reactive force or a force designed to create new conditions on the ground? To put it another way, will the force actively take on Hezbollah, will it leave that task to others, or will Hezbollah in effect be left alone? Over time, Hezbollah will seek to regain military strength. Will the peacekeeping force seek to ensure that Hezbollah has as little capacity as possible to commit violence? That was the purpose of the force put into Bosnia, and there the peacekeepers maintained the monopoly on violence. Lebanon will be a much harder task, but unless controlling violence is an affirmative mission, the peacekeeping effort is unlikely to succeed in the long-term.

Second, what will be the relationship of the force to the Lebanese government, and particularly to the Lebanese military? It will be going into a country where substantial efforts have been made to generate a more effective central government, with true control over the entire country. A critical element is how to turn Hezbollah into a political, not a military, movement. Enhancing the

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strength of the Lebanese government and giving it a monopoly on the use of force is thus a key to creating a stable, long-term situation. The government is unlikely to succeed unless it gets significant support from the outside -- and, especially, develops a continuing approach to disarming Hezbollah.

A coordinated effort between the peacekeepers and the government will be critical. The peacekeeping force will need political direction that allows it and the Lebanese military to offer complementary capabilities. An operational political-military committee should be created, consisting of both Lebanese officials and empowered representatives of the peacekeeping force. The committee needs to be promptly established and to meet regularly to resolve the numerous issues that will undoubtedly arise. Unlike many other missions, this one is in a country with a democratically elected government. It must align its efforts with those of the host government.

Third, will the mission go beyond the purely military? Lessons learned from numerous peacekeeping forces demonstrate that unless non-military security, economic, governmental and social factors are taken into account, military peacekeeping has no chance of long-term success. Hezbollah has made inroads into southern Lebanon in part because, beyond its terrorist activities, it also provides social services. Any peacekeeping effort will need the support of the people and therefore will have to move quickly into the non-military arena. It needs to be recognized that this force will be in competition with Hezbollah. There often is a "golden hour" when residents are delighted to have order restored with outside assistance, but in time outside "liberators" all too often turn into "occupiers" when the non-military problems are not taken care of promptly and effectively.

Fourth, what will be the composition of the force? The United States apparently will not be in the patrolling military element. Newspaper reports have suggested a role for various nations, including Turkey, France, Pakistan, Italy, Malaysia and Indonesia. The absence of the United States in the main force does not mean it will fail -- there are other forces that are highly competent. In East Timor, the United States was not involved; Australia very effectively led a U.N. force while the United States played an important backup role in logistics and other support, with the prospect of providing direct military support if necessary.

But a key question is the broad inclusion of Arab as well as other Muslim nations. Patrolling in a potentially hostile area is much more difficult if the peacekeeping force cannot communicate easily with the locals. And the engagement of Arab and Muslim nations could be important in finding a long-term solution.

Fifth, what resources will be provided beyond the peacekeeping force? As noted, non-military security, economic, governance and social factors all will be major elements of a real solution -- but these elements do not come free. It's important to enter a peacekeeping enterprise with eyes wide open about the overall costs. Doing just enough to fail might only add to the instability and insecurity in the region.

Lebanon presents a very hard problem, and it will take real resources to create a good solution. There is a "donors' conference" planned this month, but all too often such conferences are longer on pledges than on performance. The United States needs to recognize the value of playing a lead role in reconstruction if stability is to be achieved.

The U.N. resolution and the efforts many countries made to help establish the cease-fire demonstrate that the world recognizes we cannot stand aside while instability stalks the Middle East. But Lebanon is complicated, and as this very difficult undertaking gets going, it needs to be done in a way that makes success the probable outcome. Such a result will benefit the people of Lebanon, Israel, the greater Middle East and the world at large.

The writer was assistant secretary of defense for international security affairs from 1996 to 2001. He is currently an international consultant on defense and national security.

Israel Seizes Palestinians' Deputy Premier In West Bank (LAT)

By Laura King, Times Staff Writer

The Los Angeles Times, August 19, 2006

JERUSALEM — Israeli troops early today arrested the Palestinian Authority's deputy prime minister, the highest-ranking official to be seized since Israel began arresting Hamas members who are figures in the Palestinian government.

Nasser Shaer was taken into custody after troops surrounded his home in the West Bank city of Ramallah before dawn, the army said. No shots were fired during the raid, according to the military, which said Shaer was picked up for being a member of a terrorist organization.

Shaer had mostly been in hiding since Israel arrested more than two dozen Cabinet members and lawmakers nearly two months ago, shortly after the start of an Israeli offensive in the Gaza Strip.

The offensive was launched after Palestinian militants abducted an Israeli soldier in a cross-border raid just outside Gaza on June 25.

One of the militant factions involved in the abduction was Hamas' military wing, and Israel says it holds the Hamas-led government responsible for the continued captivity of Cpl. Gilad Shalit.

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The arrests are thought to be part of a campaign to pressure the Hamas leadership to bring about Shalit's release. Israel has also bombed Palestinian government ministries in Gaza and threatened to target Prime Minister Ismail Haniyeh.

Palestinian officials, including those with the Fatah-run executive branch, have condemned the arrests. Shaer's detention comes at a time when Palestinian Authority President Mahmoud Abbas, who is considered a political moderate, is trying to form a "national unity" government with Hamas.

Palestinians hope that the entry of other political groups into the government will help ease a near-total economic embargo of the Palestinian Authority. Hamas is considered a terrorist organization by the United States, Israel and European governments, which imposed sanctions because Hamas refuses to renounce violence and recognize Israel's right to exist.

Wife Of Kidnapped Journalist Issues Plea (LAT/AP)

From The Associated Press

The Los Angeles Times, August 19, 2006

GAZA CITY — The wife of a kidnapped Fox News cameraman made a tearful plea Friday for information about the whereabouts of her husband and a fellow Fox journalist.

Cameraman Olaf Wiig, 36, of New Zealand and American reporter Steve Centanni, 60, were taken Monday from their TV van near the Palestinian security services headquarters.

"If somebody knows any information, can you please tell us because I want him home so much," Wiig's wife, freelance journalist Anita McNaught, said in her televised appeal.

"He and his colleague, Steve, don't deserve this. They are good men … and they should be allowed to come home. Please let him come home. Please," McNaught said.

In the last two years, kidnappers have seized at least 26 foreigners, including nine members of the media, either to protest Israeli or American policies, use the captives as leverage with the Palestinian Authority for jobs and money or to win the release of imprisoned family members. Most of those kidnapped were released after a few hours.

Palestinian security officials said they were concerned for the Fox journalists because no other foreigners had been held this long and all major militant groups in the Gaza Strip had denied involvement.

"This is the first time kidnappers haven't identified themselves or their demands," said Mustafa Wafi, a senior Palestinian security official. "Usually kidnappers announce who they are, sometimes as soon as they kidnap."

Britain's Plans For Addressing Its Muslims' Concerns Lag (NYT)

By Sarah Lyall

The New York Times, August 19, 2006

LONDON, Aug. 18 — After four British Muslims blew up themselves and 52 others in a series of attacks here on July 7 last year, the British government convened a task force of prominent Muslims and pleaded for help in combating homegrown extremism.

The group's report came out just before Christmas, thick with recommendations and notable for its bold declaration that the war in Iraq had ignited Muslim anger. But since then, its members say, its ambitious plans have all but gathered dust. Sadiq Khan, a Labor member of Parliament and a member of the panel, said recently that only 3 of the 64 recommendations had been carried out.

The government retorted that the number was, in fact, 27. But the skirmish was all too familiar.

For years the government has been trying to engage the country's 1.6 million Muslims, and for years it has appeared to lurch from committee to committee, initiative to initiative and strategy to strategy without much to show for its troubles. And even as it has poured money into Muslim community centers, state-run Muslim schools and local Muslim programs, it has had little success in winning over an increasingly skeptical Muslim population.

The current Labor government would dearly like to know why, just as it would like to know why the two dozen suspects in what the police say was a terrorist plot to blow up trans-Atlantic airliners are born-and-bred British Muslims.

Its political opponents, and many Muslims, say the problem comes not only from the government's failure to follow through on myriad initiatives, but also from its inability to understand the complexities of Britain's Muslim population.

"In dealing with terrorism, the government is happy to pursue grand, headline-grabbing gestures, and with it draconian and sometimes counterproductive legislation," David Davis, the home affairs spokesman for the opposition Conservative Party, said in an e-mail message. "What it seems less willing, or equipped, to do is the grinding, difficult work of eradicating the root causes of this homegrown cancer in our society."

One of the problems is that many Muslims say their mistrust of Britain's policies in places like Iraq and Afghanistan has made them doubt the government, period.

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"I used to go to a lot of consultation things with the government," said Joe Ahmed-Dobson, 30, a youth worker and convert to Islam who is the son of Frank Dobson, a former health secretary under Prime Minister Tony Blair.

"I don't get involved any more, because I think it's complete rubbish," he said. "It's all lip service, all this 'We have to take into account the views of the Muslim community.' The government well knows the opinions of the Muslim community, and it's not going to make a blind bit of difference, so why bother?"

Another problem is that the Muslim leaders the government talks to — members of the House of Commons and the House of Lords, for instance, as well as heads of mosques and representatives of relatively mainstream groups like the Muslim Council of Britain — are viewed with mistrust, even derision, by many Muslims.

Roger Ballard, director of the Center for Applied South Asian Studies at the University of Manchester, said many Muslims felt that the so-called community leaders who advised Downing Street were "feathering their nests and advancing their own special interests, rather than those of the common people."

Mr. Ballard said such leaders came from specific political traditions in the Muslim world and did not speak for huge numbers of Muslims, particularly not for the disaffected youths who are more vulnerable to extremism.

But such people, adept at telling the establishment what it wants to hear, serve as the benign face of British Islam, he said.

"Moderate, in the language of Tony Blair, is 'people who talk a language to us that we find totally acceptable,' " Mr. Ballard said.

The roots of Muslim alienation, and of Britain's inability to address it, go back to the 1960's, when thousands of men from rural Pakistan and Bangladesh moved to Britain to take jobs in the textile mills of the north. Their families eventually followed, but the neighborhoods in which the original immigrants settled — swaths of places like Burnley, Oldham and Bradford — remained little pockets of the old country.

The government has tried and discarded any number of approaches in response. In 1968, Enoch Powell, then a member of the Conservative opposition in Parliament, set the tone for a generation with his notorious "Rivers of Blood" speech in which, arguing that Sikh bus drivers should not be allowed to wear their turbans to work, he said that "to claim special communal rights leads to a dangerous fragmentation within society."

But successive governments gradually began pursuing a more tolerant policy of pluralism and multiculturalism, holding the view that having, for instance, separate schools with traditional Muslim attire for Muslim students was integral to Britain's live-and-let-live liberalism.

In 2001, Burnley and Oldham erupted in violent riots that exposed the anger of British-born young men of South Asian descent whose white neighbors still casually called them "Pakis." A subsequent report ascribed much of their fury to the shocking extent of segregation and poverty in their neighborhoods.

After the bombings last year the approach changed, as officials began to talk up the virtues of Britishness. Trevor Phillips, chairman of the Commission for Racial Equality, suggested that multiculturalism should be replaced with an emphasis on "common values."

The Home Office began holding citizenship ceremonies for immigrants and said it would begin requiring new citizens to take tests on British culture and traditions. Hazel Blears, a government minister, said she found the notion of United States-style hyphenated identities — where people are known as, for instance, Korean-Americans — "quite interesting."

If such statements appealed to traditional, white Britain, which already felt that multiculturalism had gone too far, thank you very much, it made Muslims feel even more marginalized.

But the prime minister's tone has hardened. He recently declared that the problem of Muslim extremism was not the government's to solve, despite all its efforts in the past.

"I profoundly disagree that the problem here is that the government hasn't acted," Mr. Blair told a parliamentary committee last month. "You cannot defeat this extremism through what a government does. You can only defeat it within a community."

That may well be true, but the problem of how that message actually gets across remains.

Last year, said Hanif Qadir, who helps troubled Muslim youths get jobs through his Active Change Foundation in Walthamstow, East London, a delegation of members of Parliament, government officials and other leaders went to an event he had organized.

"They spoke eloquent words and offered a lot of support, and then they went away," Mr. Qadir said. "I've been contacting these organizations on a regular basis to get them to keep their promises, and it's all been falling on deaf ears. It's demoralizing, because all the strategies that were put in place last year, they've all been pushed away."

Raul Castro Finally Speaks Out, Bashes Bush (WP)

By Manuel Roig-franzia

The Washington Post, August 19, 2006

DOJ_NMG_0051471

MEXICO CITY, Aug. 18 -- RaÃºl Castro used the occasion of his first public remarks as Cuba's interim leader to announce that he had mobilized tens of thousands of reservists and military troops in case "someone crazy" in the U.S. government decided to attack the island nation. He also said President Bush had a "stupid attitude."

The comments, published Friday in question-and-answer format in the state-run newspaper Granma, revealed little about Castro's plans for governing Cuba while his brother, Fidel Castro, recovers from intestinal surgery. But the interview sent a clear message that RaÃºl Castro shares his brother's distaste for the U.S. government and his penchant for rhetorical broadsides against Bush.

A few days after Fidel Castro's illness was revealed, Bush said the United States would support democratic change in Cuba. In the interview published Friday, RaÃºl Castro called Bush "a common braggart."

He also accused Bush of developing plans to forcibly remove Cubans from their homes and to dismantle the Cuban government's "work in health, education, safety; agricultural reform, urban reform." Millions of Cubans stand ready to meet any invasion of the island "with rifle in hand," he said in the interview, conducted at Cuba's military headquarters.

Still, RaÃºl Castro said Cuba "has always been open to normalizing relations [with the United States] on an equal plane. What we can't accept is the policy of arrogance and meddling that is frequently assumed by the administration of that country."

RaÃºl Castro was named temporary president of Cuba on July 31 when the government announced that Fidel Castro had undergone surgery. Rumors of Fidel Castro's death were rampant until the Cuban government released photographs of him on Aug. 13, the Communist leader's 80th birthday. That same day, RaÃºl Castro, who is 75, made his first appearance, though he had not commented publicly until the interview appeared Friday in Granma.

"In reality, I'm not accustomed to appearing in public with frequency, except for the moments when it is required," said Castro, who has led Cuba's military for more than four decades. "Many of the tasks related to the defense of the country should not be public. I've always been discreet, that is my way of being."

State Department spokesman Tom Casey dismissed RaÃºl Castro as "Fidel Light" in an interview Friday with the Associated Press: "I don't think we're particularly enamored of the first words we heard."

For his part, RaÃºl Castro gave little hope of improved relations with the United States. He compared the current environment to the 1962 Cuban missile crisis, when the U.S. discovery of Soviet missiles on the island brought the world to the brink of nuclear war.

Cuba Mobilized For A U.S. Attack, Raúl Castro Says (NYT)

By Marc Lacey

The New York Times, August 19, 2006

MEXICO CITY, Aug. 18 — Raúl Castro, in his first public comments since temporarily taking over power in Cuba from his ailing brother, said in an interview published Friday that he had mobilized the country's armed forces in the hours after Fidel Castro's illness was announced, to fend off any invasion that might have been planned by Washington.

"We could not rule out the risk of somebody going crazy, or even crazier, within the U.S. government," Raúl Castro, the country's defense minister, said in an interview with the editor of Granma, the Communist Party newspaper.

In remarks that Cuba watchers said did not veer from the party line, Mr. Castro, 75, said that his older brother, who turned 80 last Sunday, was recovering gradually from surgery and that "absolute tranquillity is reigning in the country."

Mr. Castro, speaking from his office at the Defense Ministry, lashed out at President Bush's push for political change in Cuba as "boorish" and "stupid," and said Cubans stood ready to repel any attacks with "rifle in hand."

"So far the attacks have only been rhetorical, with the exception of the substantial increase in subversive radio and television broadcasts against Cuba," he said in an article with the headline "No Enemy Can Defeat Us."

The Bush administration has said it has no plans to intervene in Cuba militarily but is pushing for a transition to multiparty democracy there. "Our desire is for the Cuban people to choose their own form of government," Mr. Bush said at a news conference on Aug. 7, a week after Fidel Castro's illness was announced.

Cuban government officials have evoked the threat of an American invasion for decades. The fact that a recent report prepared by the Bush administration on accelerating political change in Cuba contains a classified section has only increased suspicions in Havana.

Portraying the Cuban people as more united than ever behind their government, Raúl Castro said the population's calm and discipline in the weeks after his brother's surgery "reminded me of the conduct of the Cuban people during the heroic days of the so-called missile crisis of October 1962."

Mr. Castro, who fought at his brother's side since their revolutionary struggle began in 1953, has largely remained out of the limelight in the nearly three weeks since the government announced a temporary handover of power to allow Fidel Castro to

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recover from surgery for intestinal bleeding. Without signaling how long he thought his interim presidency would last, Raúl Castro said his low-key style would most likely continue.

"I have always been discreet," he said. "That is my way, and I am thinking of continuing in that way."

Raul Castro Comments On Cuba-U.S. Ties (AP)

By Anita Snow, Associated Press Writer

AP, August 19, 2006

Acting President Raul Castro said Cuba remains open to normalized relations with the United States, but warned the Bush administration in his first comments since assuming power that it will get nowhere with threats or pressure.

Raul Castro also said in Friday editions of the island's Communist Party newspaper that he had mobilized tens of thousands of troops in response to what he called aggressive U.S. acts, including stepped-up radio and television broadcasts to the island, and an $80 million plan to hasten the end of the Castros' rule.

"Some of the empire's war hawks thought that the moment had come to destroy the Revolution this past July 31," the day his brother Fidel Castro's illness was announced, Raul Castro said. "We could not rule out the risk of somebody going crazy, or even crazier, within the U.S. government."

State Department spokesman Tom Casey declined on Friday to respond specifically to Raul Castro's comment but said "I don't think we're particularly enamored of the first words we heard from 'Fidel Light.'"

For more than four decades, U.S. policy toward Cuba has been to undermine Cuba's one-party authoritarian rule through a trade embargo and restrictions on American travel to the Caribbean country. The neighboring countries have been without diplomatic relations since January 1961.

In recent years, the U.S. government has been working on a plan aimed at encouraging a transition to a Western-style democracy and free markets after Fidel Castro is gone, replacing a Communist system that tightly controls the economy and does not tolerate dissent.

The 75-year-old Cuban defense minister said his 80-year-old brother is undergoing a "satisfactory and gradual recovery" from intestinal surgery. The interview in Friday's newspaper seemed aimed at answering questions at home and abroad about Raul Castro's whereabouts and activities after his brother granted him provisional power.

"They should be very clear that it is not possible to achieve anything in Cuba with impositions and threats," the younger Castro said of the U.S. "On the contrary, we have always been disposed to normalize relations on an equal plane.

"What we do not accept is the arrogant and interventionist policy frequently assumed by the current administration of that country," he added.

Raul Castro's comments essentially restated his brother's longstanding position of favoring normalized diplomatic and trade ties with the United States.

In Washington, U.S. State Department characterized the temporary leadership hand over as a "dynastic succession," saying it is not acceptable to the United States and would be rejected by the Cuban people over the long run.

"What we want is a transition from the current dictatorship to a democratic government," Casey said. "And we certainly don't think that a transition from Fidel to Raul Castro fits that bill."

In another move likely to be seen as an aggression by Havana, U.S. National Intelligence Director John Negroponte announced Friday he was creating a "mission manager" for Cuba and Venezuela to oversee the American spy community's efforts to collect and analyze intelligence on the two countries.

Castro took issue with a statement by President Bush a few days after his brother's illness was announced: that American officials "will take note of those, in the current Cuban regime, who obstruct your desire for a free Cuba."

And he criticized the U.S. "transition" plan for Cuba, which includes $80 million in government funds for opposition groups supporting democratic change in Cuba. "The bulk of it will be distributed in Miami, as is usually the case," he said.

Raul Castro has been at his brother's side since they launched the revolution with a 1953 attack against dictator Fulgencio Batista's military. As the No. 2 man in government, he's constitutionally designated to succeed his brother permanently should Fidel Castro die or be permanently incapacitated.

He said he cared about what the Cuban people think, and noted his appearance on state television on Sunday, his brother's 80th birthday, to greet visiting Venezuelan President Hugo Chavez at the airport. He also appeared in photographs taken that afternoon with his brother and Chavez.

"As a point of fact, I am not used to making frequent appearances in public, except at times when it is required," the younger Castro said. "I have always been discreet, that is my way, and in passing I will clarify that I am thinking of continuing in that way."

DOJ_NMG_0051473

Anti-Castro Disclosures Could Help `Cuban Five' (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, August 19, 2006

Convicted in Miami on espionage charges five years ago, the exiles may still win a new trial.

MIAMI — Attorneys for five Cubans convicted of espionage are hoping new disclosures about exile-sponsored plots to kill Fidel Castro could win a new trial for the men, now serving sentences of 15 years to life in maximum-security prisons.

More than five years after their convictions, the case of the Cuban Five — or the Five Heroes, as they are known throughout Cuba — remains a cause celebre on both sides of the Florida Straits. Havana authorities cast the five as victims of exile vengeance. Many Cuban Americans here see them as Castro emissaries bent on undermining U.S. security.

The Cubans fought the federal charges of conspiracy to commit espionage during their 2001 trial by arguing that they were here to infiltrate radical Cuban exile groups that had devised and executed dozens of missions to topple the Communist government in Cuba, or at least its bearded leader.

Among the developments is the admission by Jose Antonio Llama, a 75-year-old exile, that he financed a 1997 mission to kill Castro for which he had already been tried and acquitted.

In addition to Llama's admission, Robert Ferro, a Cuban exile in Upland, Calif., said in April that he collected 1,500 guns and grenades for an assault on Cuba during U.S. military exercises in the Caribbean in May. Ferro was charged with illegal weapons possession. And trial begins next month in the case of Miami developer Santiago Alvarez on charges of amassing guns last year for an attack on Castro.

"We are following these new developments and when we feel we are closer to having the full story, we will be bringing it to a court's attention," said Leonard Weinglass, the civil rights attorney handling appeals for Antonio Guerrero, who is serving a life sentence in Colorado. "But it's not quite ripe for action yet."

The New York-based National Committee to Free the Cuban Five has conscripted high-powered legal help from the National Lawyers Guild and announced a Sept. 23 march in Washington to demand that President Bush free the Cubans.

"The Five should never have been arrested. They were fighting terrorism," said Gloria La Riva, committee coordinator. "New terrorist plots have been revealed since their convictions in Miami which give further weight to the arguments that Miami was a place where they should never have been tried."

Earlier this month, the 11th Circuit Court of Appeals in Atlanta rejected a new trial sought on grounds that the men's 2001 process was conducted in a tainted venue: emotionally charged Miami after the Elian Gonzalez custody battle. The Aug. 9 ruling was a setback, but "not the end of the case — far from it," said Weinglass.

He noted that the appeals court had yet to rule on nine challenges to the Miami federal court conviction.

Llama confirmed anti-Castro actions in interviews in recent weeks, including with The Times, in which he accused five different exiles of selling $1.4 million in equipment he bought for the 1997 operation.

The group planned to "eliminate" Castro during his visit to Venezuela's Isla de Margarita that year, but the Puerto Rican Coast Guard intercepted Llama's cabin cruiser ferrying four men and the weapons. Llama said his fellow plotters sold a cargo helicopter, 10 aircraft, seven boats and weapons while he was on trial in San Juan. He was later acquitted, for lack of evidence, of conspiracy to murder a head of state.

"I understand the implications" for bolstering the defense of the Cuban Five, Llama said of his admissions.

Richard Klugh, who represents Fernando Gonzalez, serving a 19-year sentence at a federal prison in Wisconsin, says the newly emerged anti-Castro actions could justify a new trial but alluded to growing disillusionment among defense attorneys.

"It all adds up, and it really should be filed," Klugh said of the potential grounds for a new trial. "But I'm exhausted. I hate to complain. I pick up my paycheck. But this case really saps the life out of you." Klugh points out the five were convicted of conspiracy to commit espionage without ever having spied. No evidence was presented suggesting any of the five had obtained classified information.

Three are serving life sentences, including alleged ringleader Gerardo Hernandez, found guilty of murder conspiracy based on allegations he provided intelligence to Havana that led to the deaths of four exiles shot down by Cuban MiGs in 1996.

"Were they here to hurt the United States, or were they here to protect Cuba from crime and violence?" Klugh asks of the five. "It really goes to the core of the case."

Ex-Bolivian Leader Blames U.S. In Missile Scandal (AP)

CNN/AP, August 19, 2006

Rodriguez accused of treason in removal of Chinese-made arms

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LA PAZ, Bolivia (AP) -- A former caretaker president who shepherded Bolivia through political turmoil only to be accused of treason in the secret removal of anti-aircraft missiles to U.S. soil says Washington will share the blame if he's convicted.

Eduardo Rodriguez, a former Supreme Court chief who stepped in as president last year after two Bolivian leaders were ousted by street protests, says Washington is refusing to clarify that he had nothing to do with the missiles' removal.

"They ought not to be leaving us hanging," said Rodriguez, who organized December elections won by the radical leftist Evo Morales in a remarkably strife-free process for such a polarized nation.

Twenty-eight Chinese-made shoulder-fired missiles -- Bolivia's lone anti-aircraft defenses -- were spirited out of the country in early October by senior Bolivian military officials and American officials, according to documents provided to The Associated Press by Rodriguez.

Rodriguez said he learned about the operation only later, and protested it, but Morales -- an ally of Cuban President Fidel Castro -- has used the U.S. action to discredit one of his chief potential rivals.

Bolivia's Congress this week began to debate whether Rodriguez should be tried for crimes including espionage, submission of the nation to a foreign power and destruction of documents. The first two charges carry 30-year prison terms.

Rodriguez says he had agreed the HN-5 missiles should be destroyed because they were deteriorating and incapable of downing modern jet fighters.

But Rodriguez, 50, said that he -- as titular commander in chief of Bolivia's armed forces -- never agreed to allow them to leave the country.

Rodriguez showed the AP a September 30 memo in which the Pentagon promised $400,000 in exchange for the missiles' destruction. It was signed by then-Deputy Bolivian Defense Minister Gen. Gonzalo Recabado and a Pentagon official.

The former president said he wasn't told about the agreement until after the missiles were handed over to the Americans. He issued a diplomatic protest and said he refused to accept the money.

U.S. Ambassador David Greenlee said in a written statement: "It is good that those missiles were destroyed and the way we saw it was that everything was done legally and at the request of the Bolivians."

The United States has been campaigning to rid Latin America of portable arms that could fall into the hands of terrorists.

Greenlee declined to respond when asked why Washington thought it had Bolivian government authority to remove the missiles or why it insisted on removing the missiles rather than destroying them in Bolivia.

The missile scandal gave Morales a reason to force 56 generals and admirals, some of whom had developed close ties with U.S. military officers, into early retirement by naming a lower-ranking officer as armed forces chief.

Rodriguez and his personal secretary, Carlos Antonio Miranda, both said Greenlee told them after Morales' election that he was sorry, but that "If we didn't get the missiles out when we did, we weren't going to get them out."

Also named as defendants are former Defense Minister Gonzalo Mendez and the then-armed forces chief, Adm. Marco Antonio Justiniano.

Mendez's attorney, Aldo Burgos, insisted that no documents prove Mendez approved the missiles' transfer. Justiniano said Mendez approved the transfer and that he assumed Rodriguez also knew.

How A Catastrophic Flood May Help North Korea's Regime (TIME)

By Michael Schuman

Time, August 19, 2006

Analysis: Fears of mass starvation may prompt neighbors to resume aid that was curbed as punishment for missile tests

In a country as secretive as North Korea is, even natural disasters can be shrouded in mystery. The international aid community has struggled to determine the impact on North Koreans of the widespread flooding that followed July's torrential rainstorms. But some of the estimates suggest a human toll of biblical proportions: This week, the Seoul-based NGO Good Friends claimed that the flooding had left around 54,700 dead or missing and 2.5 million — more than a tenth of the entire population — homeless. Erica Kang, manager of Good Friends, says that many died in landslides, while large sections of the country's main rice-growing region have been washed out. If so, the flooding may be the precursor of another North Korean famine. During the 1990s, the country experienced severe food shortages brought on by floods, economic mismanagement and environmental degradation that, by some estimates, left as many as 2 million people dead. "It is a very horrific and devastating situation," says Kang.

Other NGO and government officials are skeptical of the scale of the damage claimed by Good Friends, and say that the difficulties of making any independent inquiry render an accurate assessment almost impossible. But while the North Korean regime has typically played down the extent of humanitarian suffering on their soil, this time the impression of an imminent catastrophe may actually work in Pyongyang's favor.

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The regime's test-launching of seven missiles in early July had brought a tough response from its neighbors — South Korea had suspended food aid, Japan had threatened sanctions, and even China, North Korea's closest ally, consented to a U.N. Security Council resolution embargoing the transfer of missile technology to North Korea. The floods, however, may wash away the hopes of U.S. and Asian hardliners for piling the pressure on Pyongyang. On news of the flooding, South Korea quickly reversed course and promised $10 million of aid. Paik Haksoon, a North Korea specialist at the Sejong Institute in Seoul, says the South Korean government, wedded to its "sunshine policy" of engagement with the North, was looking for an opportunity to soften its stance. "The flood in North Korea has provided a window for resumption of inter-Korean dialogue," he says.

Fear of a famine following the flood bodes ill for U.S. efforts to isolate Pyongyang and pressuring it to dismantle its nuclear weapons and missile programs. That policy had little to show, of course, since China and South Korea have continued to funnel aid to North Korea. Nicholas Eberstadt, a North Korea expert at the American Enterprise Institute, a Washington think tank that favors tougher action against North Korea, figures that the country's imports, which he calls "the critical link to regime survival," jumped 50% to $3 billion between 2001 and 2005.

If reports of a humanitarian crisis prove true, "there will be more pressure on the U.S." to change its policy, says David Steinberg, director of Asian studies at Georgetown University.

So far, though, Washington isn't budging. U.S. food aid to North Korea has been frozen since last year, when Washington halted deliveries after completing only half of its pledged donations, citing concerns that the food wasn't reaching those most in need. "The concerns that caused us to suspend assistance are still there because the North Koreans have not taken any steps that would address them," says one State Department official.

Despite the increased pressure following the July missile tests, North Korea remains defiant and shows no inclination to return to the six-party talks aimed at ending its nuclear program. Unknown millions of North Koreans might be struggling to survive, but right now their plight may even be helping Kim Jong-Il's regime.

—With reporting by Douglas Waller/Washington and Jennifer Veale/Seoul

Gadhafi Says He Spoke With North Korea (BOS/AP)

The Boston Globe/AP, August 19, 2006

TOKYO --Libyan leader Moammar Gadhafi told a visiting Japanese official that his country has urged North Korea to give up efforts to develop weapons of mass destruction, the Foreign Ministry said Friday.

Iwao Matsuda, Japan's state minister for science and technology policy, held talks with Gadhafi in Sebha, about 375 miles south of Tripoli, on Wednesday, the ministry said in a statement issued Friday.

Gadhafi surprised the world in late 2003 when he swore off terrorism and announced plans to dismantle his country's weapons of mass destruction programs. Libya was eager to end his international isolation and economic hardships from United Nations and U.S. sanctions, and Gadhafi concluded the weapons programs were best used as a bargaining chip.

Gadhafi told Matsuda that Libya has been urging North Korea to follow his country's example and called for cooperation from developed countries including Japan in persuading Pyongyang, the ministry said.

Matsuda was the first Cabinet member to hold talks with Gadhafi.

Gadhafi expressed his hope that Japan's prime minister would visit Libya, the ministry said.

Next year marks the 50th anniversary of diplomatic ties between the two countries. Matsuda was quoted by the ministry as saying that it will be desirable that the leaders of the two countries could reciprocate visits.

Colombia's Coca Survives U.S. Plan To Uproot It (NYT)

By Juan Forero

The New York Times, August 19, 2006

BOGOTÁ, Colombia — The latest chapter in America's long war on drugs — a six-year, $4.7 billion effort to slash Colombia's coca crop — has left the price, quality and availability of cocaine on American streets virtually unchanged.

The effort, begun in 2000 and known as Plan Colombia, had a specific goal of halving this country's coca crop in five years. That has not happened. Instead, drug policy experts say, coca, the essential ingredient for cocaine, has been redistributed to smaller and harder-to-reach plots, adding to the cost and difficulty of the drug war.

Bush administration officials say that coca farmers are on the run, and that the leftist guerrillas and right-wing paramilitaries who feed on drug profits are weaker than ever. That has made Colombia, Washington's closest ally in a tumultuous region, more stable, they say. They argue that the plan has scored important successes, like a spike in the price of cocaine last year.

But that claim was disputed by a wide range of drug policy experts, and some politicians are questioning the drug war's results as well as its assumptions.

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The plan seemed simple enough. “The closer we can attack to the source, the greater the likelihood of halting the flow of drugs altogether,” a State Department report said soon after Plan Colombia began. “If we destroy crops or force them to remain unharvested, no drugs will enter the system.”

Yet recent data show the following results:

¶As much coca is cultivated today in Colombia as was grown at the start of the large-scale aerial fumigation effort in 2000, according to State Department figures.

¶Colombia, Peru and Bolivia, the leading sources of coca and cocaine, produce more than enough cocaine to satisfy world demand, and possibly as much as in the mid-1990’s, the United Nations says.

¶In the United States, the government’s tracking over the past quarter century shows that the price of cocaine has tumbled and that purity remains high, signs that the drug is as available as ever.

Over all, demand in the United States has dipped in recent years, but experts say that may be a result of many factors, including changing social fads and better law enforcement techniques at home. Meanwhile, demand is rising in Brazil, Europe, Africa and elsewhere.

“If we were to evaluate Plan Colombia by its initial overriding criteria, the results of the drug war have been dubious at best,” said Russell Crandall, a former adviser to the White House and the author of “Driven by Drugs,” a book on the drug war in the Andes.

“We can switch metaphors — saying it is first and 10, second and 4, light at the end of the tunnel — but what’s left are often discouraging results on reducing the amount of drugs and cocaine in the United States,” he added.

A Wider War

Bush administration officials believe that verdict is too harsh. “Over the past five years, you see a compression on cultivation,” John P. Walters, director of the White House Office of National Drug Control Policy, said in an interview. “You see the remaining cultivation and trafficking in Colombia under pressure as you’ve never seen it before.”

The lingering question is whether America’s drug problem would be worse today had the drug war, nearly 40 years in the making, never been waged. That may be unanswerable.

What is clear is that the war on drugs, the original open-ended war against an elusive and ill-defined enemy, has moved inexorably onward, propelled by decades of mostly unflagging political support on both sides of the Congressional aisle.

Jon Caulkins, a drug policy expert at Carnegie Mellon University, echoing other analysts, estimates that the drug war has cost American taxpayers upward of $40 billion annually in recent years, though there is no comprehensive government tally of all its state and federal spending.

Today that money goes for patrol boats, prisons, police departments and extradition flights to bring drug kingpins to trial in the United States — not to mention a dedicated federal bureaucracy.

Plan Colombia, initiated by the Clinton administration, has been embraced by the Bush White House, the seventh administration to take up a drug war begun under President Nixon.

Bush administration officials say this latest phase, the largest foreign assistance program outside the Middle East, will take still more time, but they insist that Plan Colombia is making inroads.

The seizure of cocaine in the Andes has more than tripled to nearly 400,000 pounds in 2005 from about 132,000 pounds in 2001, it says. The number of traffickers extradited to the United States in the last four years tops 350. The number of clandestine drug labs destroyed by the authorities in Colombia soared to nearly 2,000 last year from 317 in 1999.

Many drug policy analysts, including some who have advised the government, are less sanguine, however. Even the most optimistic see the drug war as just about holding the line.

“In Colombia and an area as difficult as the Andean range, it’s hard to say that there’s been tremendous success, but it’s also hard to say that there has been tremendous failure,” said Eduardo Gamarra, a drug policy expert at Florida International University in Miami who has consulted with both the American government and the United Nations.

Progress itself is difficult to measure, experts caution. Numbers of arrests, acres fumigated or tons seized may not provide the most accurate snapshot, simply because it is hard to say what portion of the total hidden trade they actually make up.

But by any estimate, the amount of cocaine produced vastly exceeds demand, so much so that even headline-grabbing seizures do not cut deeply enough into the supply to affect price or availability. That has been the case for years.

Guerrilla Farming

Indeed, a better measure of the war’s progress may be taken at the endpoint — the price, availability and purity of cocaine on American streets — and by those indicators, the results of the drug war are far from promising, experts say.

“Prices are still the same,” said Richard Curtis, chairman of the anthropology department at the John Jay College of Criminal Justice, who has studied drug patterns for 30 years.

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"They go up and down seasonally," he added, "but there has not been significant change in price, and there has not been any change in availability or purity."

Domestic spending on drug war-related projects dwarfs foreign spending, which includes interdiction on the high seas, fumigation, border patrols and other programs that total about $4 billion a year. Yet that foreign spending has in many ways come to define American policy in the region.

Since 2000, crop dusters flown by American and other foreign pilots, accompanied by attack helicopters, have sprayed the equivalent of Central Park 2,600 times in Colombia. In Peru and Bolivia, where the governments oppose aerial fumigation, troops have entered coca-growing regions to pull up the plants by hand, often in the face of protests.

But coca farmers like Jhon Freddy Romero seem anything but worried. In the southern Colombian state of Guaviare, where coca first appeared in the 1970's, he plays a persistent game of cat and mouse with American antidrug planners.

Time and again, American crop dusters have pounded Mr. Romero's small farm with defoliants, leaving withered coca plants in their wake. Undaunted, he repeats the tried-and-true strategy of guerrilla farming, replanting his coca on the edge of a forest where it is harder to spray.

"All this was fumigated — all of it — and then replanted," Mr. Romero, 28, said recently as he waved his hand at the five acres of coca.

All across the country, coca farmers use similar methods. They hide their coca under larger banana plants. If their crops are hit, they prune the stalks, hoping to save the roots. Some go so far as to lather their leaves with concoctions of all kinds, hoping to weaken the defoliants.

For local farmers, the incentive to plant and preserve their coca crop is enormous; few other crops pay as well or as consistently as coca. "We all have a hectare or so of coca," said one farmer, Joel Rubio, 40, in Caldas, a western state better known for coffee. "You keep doing it."

And America's antidrug planes keep spraying. As the coca crop spreads out in Colombia, they must now fumigate three times as much land as they did in 2002 just to kill the same amount of coca, according to State Department data.

"The spray program has itself increased the difficulty of carrying out the spray program," said John Walsh, who tracks American drug policy for the Washington Office on Latin America, a nonprofit research and human rights group. "And as a result it becomes less efficient and it becomes more costly to accomplish the same thing."

"The bang for the buck that people are expecting hasn't materialized," he added.

Not all the news is bad. The latest United Nations estimates, released in June, show a 28 percent decline in the coca crop for the three Andean countries since Plan Colombia began.

But while that may seem like a big bite, experts say the drop is not significant, because the amount of coca produced so vastly exceeds global demand. Year after year, in fact, the coca crop may be a third larger than is needed, they estimate.

A Regional Worry

State Department figures are far gloomier than those of the United Nations, a disparity attributed to different satellite measurements and a broader survey done last year by the United States that covered 81 percent more area in Colombia — and found still more coca.

After swift declines in the late 1990's, the figures show, coca plantings in Peru and Bolivia are actually on the rise. Total acreage in the Andes is now higher than in 2000, and covers as much ground as it did in 1997, the equivalent of half of Delaware.

The United Nations sees the data as distressing, illustrating the need to add a state presence in lawless coca-growing regions while providing lasting alternatives to poor farmers, something Plan Colombia devotes far less money to.

"Colombia is the only country in the world where the problem of eradication has been resolved 10 times," said Sandro Calvani, chief of the United Nations Office on Drugs and Crime in Bogotá, which monitors the size of coca fields. "The problem is the replanting."

Bush administration officials say the emphasis on eradication and interdiction is right.

David Murray, a senior drug policy analyst at the White House, sees success in the move by coca farmers to smaller plots, which he says are less productive and farther from traditional drug trafficking routes. Coca farmers, he says, are barely keeping up with the spraying. "We are gradually constricting them," he said. "This is a trade whose days are numbered."

As proof, the drug czar's office reported last November that in 2005 the price of a gram of cocaine on American streets had risen to $170 and that purity had fallen. The White House describes the uptick as a sharp and positive change of direction.

But some analysts, like Peter Reuter, a drug policy expert at the University of Maryland, questioned the new numbers because the White House did not reveal its methodology. If viewed over the long term, he said, the price remained low compared to the price of cocaine in the early 1990's.

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"Even if you take it at face value, it really is a minor change," said Mr. Reuter, who is also co-director of the Drug Policy Research Center at the RAND Corporation and was part of a research team that studied cocaine's price and purity for the White House.

The White House says it was transparent about how it reached its conclusions, but the recent claims of success have sparked criticism even among some Republicans in Congress.

In an April letter to Mr. Walters of the White House drug policy office, Senator Charles E. Grassley, a Republican from Iowa who leads the caucus on International Narcotics Control, questioned whether data were being selectively used to "provide a rosier but not necessarily more accurate picture of the current situation."

"You have to wonder, if there are more hectares being sprayed, why you get more cultivation," Mr. Grassley said in an interview about the program. "I'm not willing to dump it at this point, but I think there are a lot of legitimate questions about it."

Mr. Grassley said that while he continues to support fumigation, it is becoming clear that antidrug planners "have to find some way to adapt to the new way of cultivation."

Then there is the drug war's political impact on the region. Mr. Grassley agrees with administration officials who credit the fumigation plan with helping Colombia to sharply reduce violence by beefing up security in many towns, aiding the fight against leftist guerrillas.

But while the cartels of flamboyant kingpins like Pablo Escobar are gone, and the leftist insurgency is on its heels, today right-wing paramilitary commanders operate the drug trafficking routes instead. Drug-related corruption scandals have plagued even the upper reaches of Colombia's intelligence service and its army.

Elsewhere, critics say, the drug war has helped sow instability, particularly in Bolivia, where a former leader of the coca growers union, Evo Morales, is now the president. He has resisted Washington's hard-line efforts to eradicate coca.

Signs of Success

Still, authorities in the United States say they believe the drug war in Latin America, coupled with an emphasis on tougher law enforcement, has made American cities safer than at the height of the crack epidemic in the 1980's and early 1990's.

"We have eliminated a lot of open-air markets, we have reclaimed a lot of neighborhoods," said Bridget Brennan, the special narcotics prosecutor for New York City. "In many neighborhoods, it is still a problem, but it is not as big a problem as it was 15 years ago."

Many drug users, even of cocaine, today shun crack. The National Household Survey on Drug Use and Health says cocaine use among high school students is 60 percent lower today than in 1985.

But that does not mean that America's cocaine addiction is going away. Some government surveys show a rising number of teenagers using the drug for the first time. While the number of hard-core cocaine users — those who drive the trade — may be declining, they still number anywhere from two million to three million people, experts estimate.

No matter the statistics, in the South Bronx, addicts and drug counselors at CitiWide Harm Reduction, a needle-exchange and counseling center, said the drug war has made little difference to them.

Addicts say cocaine is as easy to get as ever, and that a gram can be had for $40 or less, down from $100 years ago. Walter Droz, 45, who has used cocaine for 30 years, just shakes his head when he hears claims of progress in Colombia.

"Cocaine availability has gone up, so how can they be so brazen to say it's working?" he said. "If you know where to look, you can find what you want."

U.N. Official Assails South Africa On Its Response To AIDS (NYT)

By Lawrence K. Altman

The New York Times, August 19, 2006

TORONTO, Aug. 18 — A top United Nations official delivered a blistering attack on South Africa on Friday at the closing of the 16th international AIDS meeting here, saying that its government "is still obtuse, dilatory and negligent about rolling out treatment."

In a keynote address, the official, Stephen Lewis, the ambassador to Africa for AIDS for the United Nations, said South Africa "is the only country in Africa whose government continues to propound theories more worthy of a lunatic fringe than of a concerned and compassionate state."

South Africa has the largest number of H.I.V.-infected people in the world. Its president, Thabo Mbeki, has continually expressed skepticism that H.I.V. causes AIDS, and the country has questioned antiretroviral treatment and delayed providing it to pregnant women and AIDS patients.

In his remarks, Mr. Lewis said, "The government has a lot to atone for," and "I'm of the opinion that they can never achieve redemption."

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He said he felt his job demanded that he advocate for the tens of millions of H.I.V.-infected people, including those in South Africa, even though many say a United Nations official has no right to criticize a member state.

Mr. Lewis has long been critical of countries for failing to help women who become infected.

"Gender inequality is driving the pandemic, and we will never subdue the gruesome force of AIDS until the rights of women become paramount in the struggle," he said.

The inequality of women makes them highly vulnerable to becoming infected through "marital rape to rape as a war crime," Mr. Lewis said, adding that, while sexual violence occurs everywhere, in Africa, "The violence and the virus go together."

Preventing the transmission of the AIDS virus from infected pregnant women to newborns, which can be done with simple regimens, is "very near the top in the hierarchy of preventive measures," he said. But the vast majority of pregnant women in the world, he said, go without such prevention, and even the women who receive it are not given full treatment to help keep them alive, so their children often become orphans.

Yet the world is doing very little for orphans whose number is expected to grow to 18 million by 2010. "I appeal to everyone to recognize that we are walking on the knife's edge of an unsolvable human catastrophe," Mr. Lewis said.

Mr. Lewis's term as envoy ends in December at which time, he said, he hopes his successor will be an African woman.

Other speakers urged training more nurses and health workers in poor countries to deliver the antiretroviral drugs and preventive measures needed to stop the AIDS epidemic. The many international programs that are scaling up efforts to deliver antiretroviral drugs to poor people cannot succeed without large numbers of health workers to monitor the care of AIDS patients.

"We need hundreds of thousands of new nurses" in poor countries, said Dr. James McIntyre, an AIDS expert in South Africa.

But low salaries and poor working conditions are driving health workers into other jobs and away from those countries, leaving "too few people with the right skills," said Anders Nordstrom, the acting director general of the World Health Organization. "It's not enough to provide money and drugs and to train people, as important as they are" in the scale-up programs, he said. "You need to pay people."

Disease is also taking its toll. Countries with 15 percent H.I.V. prevalence rates can be expected to lose 30 percent of their health workers over a 10-year period, Dr. Nordstrom said. At a news conference, he said antiretroviral drugs needed to be offered to more health workers.

Nurses and others involved in the care of AIDS patients often work in unsafe or dangerous conditions, said Dr. Pedro Cahn, the new president of the International AIDS Society, the main organizer of the AIDS conferences. This conference was the largest ever, drawing 26,057 participants.

Dr. McIntyre, the South African, cited the frustration of nurses who deal with high death rates among their patients because of the lack of antiretroviral drugs. He quoted an unidentified nurse who said, "If I wanted to be an undertaker, I wouldn't have trained as a nurse."

As the conference speakers delivered their remarks, hundreds of Africans, Asians and people from around the world began dismantling the global village created here to promote discussion of H.I.V. One exhibit, called "Dress Up Against AIDS," included 10 dresses by Adriana Bertini, a Brazilian artist, made from thousands of condoms. Nearby were women from the Masaka district of Uganda who displayed their crafts, including mats, straw bowls and drums. In another booth, Kenyan workers showed off sandals and beaded necklaces. In others, attendants handed out pamphlets on programs for H.I.V. and AIDS.

The next AIDS conference will be held in Mexico City in August 2008.

South Africa's Barred Me, Says UN Envoy (AFP)

AFP, August 19, 2006

The United Nations' special envoy for HIV/AIDS in Africa, Stephen Lewis, told how he had been barred from working in South Africa after falling out with its controversial health minister over AIDS policies.

"I have been persona non grata for approximately one year," Lewis told AFP at the end of the 16th International AIDS Conference, where he mounted a fiery assault on South African President Thabo Mbeki's record on AIDS.

"It means that I cannot do my envoy work in South Africa. Of course, I can certainly move freely through the country and through Johannesburg and I can see friends and I can have discussions," he said.

"But I can't do what I can do in every other country, see projects on the ground, hold press conferences and so on."

Lewis said that the cause of this was a row he had had at the 15th International AIDS Conference in Bangkok in 2004 with South African Health Minister Manto Tshabalala-Msimang.

"About a year later, it came to a head. She wrote me a letter saying I had to apologise to herself, to the president of South Africa, to the African National Congress and to the people of South Africa, and then I could apply to come in and she would consider it on that basis."

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"I spoke to the (UN) secretary general's office and said under no circumstances am I prepared to apologise because I've said nothing for which to apologise, that what I've said is true. They completely supported me."

In his speech to close the six-day Toronto AIDS conference, Lewis -- without naming names -- took an axe to the South African government's policies on AIDS.

And he leapt to the defence of 44 AIDS activists who were arrested Friday for protesting at the government's policies, saying "the coercive apparatus of the state" had been wielded "against the most principled members of society."

Mbeki has questioned the evidence that AIDS is caused by HIV and Tshabalala-Msimang is promoting a remedy for HIV, made from garlic, beetroot and lemons that scientists say is worthless. In addition, the country -- with the second highest tally of HIV infections in the world -- has been slow to roll out life-saving antiretroviral drugs.

South Africa has about 5.5 million people with HIV or AIDS, a tally that for years was among the highest in the world. It was outstripped last year by India, with 5.7 million.

Lewis, 68, a former Canadian ambassador to the United Nations and deputy executive director of the UN Children's Fund (Unicef), is scheduled to step down as UN chief Kofi Annan's representative for AIDS in Africa at the end of the year.

He said he would recommend an African woman take over the job.

Asked wryly by AFP whether he intended to take a vacation in South Africa any time soon in the light of his fierce attack on the government, Lewis joked: "I doubt it -- they might rig up an elephant stampede. I think I'll take my holidays on the west coast of Canada, thanks."

Ending AIDS Epidemic Seen As Multi-Front War (WP)

By David Brown

The Washington Post, August 19, 2006

Meeting Closes With Hope for New Methods

TORONTO, Aug. 18 -- The scientists, health workers and activists fighting AIDS long ago gave up the idea they could kill the global epidemic with a single blow. But they are beginning to think it might be possible to bleed it to death with a thousand cuts.

That was among the things on the minds of 26,000 delegates to the 16th International AIDS Conference as they headed home and the huge, biennial, multi-ring circus struck its tent yesterday.

There are two large studies underway testing whether -- and by how much -- circumcision reduces a man's chance of becoming infected with the AIDS virus. Five different "microbicides" -- gels that block or kill the virus during intercourse -- are being tested on thousands of women in Africa. Five thousand are trying out an anti-HIV diaphragm.

Scientists are a year or two from learning how much they can cut the risk of HIV infection by treating people for herpes. Men and women on three continents are in experiments to see whether taking a single dose of an antiretroviral drug before sex can block infection.

And then there is the idea of just doing more of what the world has been doing furiously for the past two years -- putting more infected people on life-saving AIDS drugs. Studies presented this week provided yet more evidence that treatment may itself be a great strategy for prevention.

If even some of these approaches turn out to be successful -- and there is good evidence for all of them -- the cumulative effect could profoundly change the trajectory of the 25-year-old AIDS epidemic.

"Taken together, it feels as though we may have found a potential turning point. We may look back on this as an important moment," said Stephen Lewis, the U.N. special envoy for AIDS in Africa, as the conference closed.

The 25-year journey from AIDS's discovery in Los Angeles in 1981 to this conference is littered with the bones of bright ideas and great hopes -- and the bodies of 25 million who have died from the disease. Participants are hesitant to announce the dawning of an era of prevention that could eventually lead to the epidemic's end. That said, there was little doubt the meeting ended on a note of optimism and anticipation.

AIDS has been so disastrous in part because infected people survive a long time, are often unaware of their infection for years and are capable of transmitting the virus the whole time.

The strategy of getting everyone tested for HIV -- which is being pushed in U.S. cities as well as in African villages -- permits infected people to be identified early and to take steps -- both behavioral and pharmaceutical -- to make them less infectious.

If uninfected people can also use new protective strategies, the combined effect will be that each round of HIV infection will be smaller than the one before. The epidemic will contract. Eventually, it will crash.

The potency of AIDS treatment as a prevention tool is evident from studies of couples in which one person has HIV and the other does not. If the infected person has very little HIV in the bloodstream (a low "viral load" in medical parlance), the chance of

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the partner becoming infected is close to nil. The way to lower viral load is to take three-drug combinations of antiretroviral drugs -- "triple therapy."

In a Spanish study of nearly 400 such "discordant" couples, 8.6 percent of the partners became infected before the infected person started taking the drugs. In couples in which the infected person starting taking the medicines immediately, no partners became infected.

This happens in whole populations, too.

Data from British Columbia presented this week showed that after triple therapy became widely used in 1996, new HIV infections dropped steeply even though syphilis -- which is also sexually transmitted -- rose for six of the next eight years.

In one of the more provocative presentations, Julio Montaner, the director of British Columbia's AIDS center in Vancouver, showed a mathematical model of what would happen if all identified cases of HIV infection were treated. The line depicting the prevalence of HIV went essentially to zero by 2050.

The total cost of treating AIDS also took a clear downward turn starting in 2015, as the number of new cases fell off.

"I will say it three times: This is theoretical, this is theoretical, this is theoretical," Montaner told the conference as his "End-of-AIDS" graph was projected onto a half-dozen screens in the cavernous main hall of the Metro Toronto Conference Centre.

This conference's slogan was "Time to Deliver," a reference to the urgency with which triple therapy needs to be brought to the developing world. Only 1.5 million people there are getting it, even though 6.8 million need treatment immediately. According to data presented here, many get treatment only when their disease is so far advanced that the drugs are much less effective.

Nobody expects everybody in the world who has HIV to be treated -- not soon, or ever. Nevertheless, Montaner's point impressed many.

"Treated people just simply become less infectious. This is win-win. This is not a subject that requires debate," said Mark A. Wainberg, head of McGill University's AIDS program and one of the co-chairs of the meeting.

The real power of treatment's preventive effect is that it would synergize with other preventive strategies that may roll out a massive scale in the next five to eight years.

Microbicides got a huge rhetorical boost here, as the two star speakers, Microsoft founder Bill Gates and former president Bill Clinton, both touted their promise.

Results are expected over the next three years on the ones now in field tests, which block HIV in nonspecific ways. However, researchers reported early tests of a vaginal ring imbedded with an antiretroviral compound called TMC120 that specifically kills HIV. A woman could keep the ring in for a month, and it would leach out the compound that entire time, protecting her. Further studies, including testing whether African women would accept such a device, are planned.

Also awaited are the results of two studies, underway in Africa and North and South America, testing whether daily doses of the drug acyclovir reduce the risk of HIV infection in people with genital herpes, and in their partners. Herpes infection doubles a person's chance of acquiring HIV and increases an infected person's chance of transmitting it fivefold.

Two big studies of circumcision, which earlier research suggests reduces a man's chance of getting HIV by 60 percent, will have results by the end of next year.

"We think that's great," said Mark R. Dybul, an AIDS physician recently sworn in as the head of the Bush administration's global AIDS program, operated out of the State Department. "You can't just have a treatment program. You have to have prevention and care and treatment."

The next conference will be held in two years in Mexico City.

Chinese Crackdown On Rights Lawyers Signals Effort To Deter Increasing Legal Challenges (NYT)

By Joseph Kahn

The New York Times, August 19, 2006

BEIJING, Aug. 18 — Chinese officials are stepping up a crackdown on defense lawyers in the latest sign that Communist Party leaders are determined to stamp out legal challenges to their authority.

The Beijing police have detained Gao Zhisheng, one of the country's most outspoken lawyers and dissidents, on suspicion of criminal activity, state media said Friday.

Separately on Friday, court officials in Shandong Province held a closed criminal trial of Chen Guangcheng, a legal expert and advocate of peasants' rights, which Mr. Chen's defense lawyers condemned as heavy-handed political persecution.

While the Chinese leadership is eager to create the impression that it is building an impartial legal system, the latest actions suggest that at least some powerful officials want to curtail the growing use of lawsuits to contest abuses of power, human rights violations, land seizures and official corruption.

The ruling party has encouraged the idea that people have legal rights as a way of checking petty corruption, improving efficiency and channeling social grievances into the party-controlled judicial system.

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But a surge in social unrest in recent years, including protests by people frustrated that they are unable to exercise their constitutional rights, has alarmed local and national leaders.

Defense lawyers and legal scholars have also cooperated with one another and formed a nascent legal opposition. Mr. Gao and Mr. Chen are among an informal group of legal experts who consider themselves rights defenders. The moves to punish them may signal a broader effort to rein in legal protests.

Mr. Gao was detained by the Beijing Public Security Bureau "for questioning related to his suspected involvement in criminal activities," the official New China News Agency said in a two-line dispatch on its English-language news wire on Friday.

The detention was not reported in Chinese by the agency or other state-run media. A spokesman for the Beijing police said he had no information about Mr. Gao's case.

Mr. Gao, 42, is a prominent defense lawyer and human rights crusader who was stripped of his license to practice law late last year. He has been under constant police surveillance and harassment since then.

Until Tuesday, when he was detained while visiting relatives in Shandong Province, Mr. Gao remained openly combative. He issued sharply worded letters and statements denouncing official corruption and abuse of power and led a hunger strike to denounce persecutions of journalists and political opposition figures earlier this year.

He rallied members of underground Christian churches and adherents of Falun Gong, an outlawed spiritual group, to assert themselves and press for greater freedoms.

Mr. Gao has offended some other critics of one-party rule, who argued that his flagrant attacks on party leaders were self-aggrandizing and threatened to set back gradual progress toward legal and religious tolerance.

But he has also been widely viewed as an international symbol of legal openness. Some opposition figures said the fact that he had been allowed to remain free despite his provocations indicated that officials under President Hu Jintao were reluctant to risk international opprobrium by arresting him.

"This is a warning to rights activists all around the country that no one is too big to be punished," Hu Jia, an opposition figure who is close to Mr. Gao and was himself put under house arrest last month, said in a telephone interview. "They are attacking the leading symbol of the movement to scare everyone else."

In a separate action, Shandong authorities held a two-hour criminal trial in Yinan County on Friday afternoon of Mr. Chen, 34, who taught himself the law despite being blind. The trial was marred by the detention of three of Mr. Chen's legal advisers on Thursday.

One of them, Xu Zhiyong, a Beijing legal scholar, was held in a local police station until Mr. Chen's hearing concluded, members of Mr. Chen's defense team said. None of Mr. Chen's Beijing-based lawyers were permitted to attend the trial, defense lawyers said. The court permitted two local lawyers to defend him.

Mr. Chen attracted international attention after he tried to organize a class-action suit last year on behalf of residents of the city of Linyi who had been forced to undergo abortions or sterilization in a campaign to meet population control quotas.

Local Communist Party officials retaliated, putting Mr. Chen under house arrest and later charging him with destroying property and blocking traffic. His supporters say the charges are concoctions and that Mr. Chen was under police guard at the time the crimes were said to have occurred.

There was no immediate verdict. The trial was postponed in July after Mr. Chen's supporters had protested at the courthouse.

Chen Guangfu, Mr. Chen's elder brother, who attended the hearing, said Mr. Chen's lawyers had argued that the prosecution relied mainly on secondhand accounts from local officials. The defense, he said, was not permitted to call witnesses.

"It is difficult to accept that this was a fair trial if the defense cannot call witnesses to support its case," Mr. Chen said.

Chinese Rights Activist Stands Trial After Police Detain Defense Team (WP)

By Maureen Fan

The Washington Post, August 19, 2006

BEIJING, Aug. 18 -- The blind rural lawyer who exposed forced abortions and sterilizations in eastern China last year stood trial Friday without his lawyers, while supporters said the case made a mockery of any effort in China to impose the rule of law.

Chen Guangcheng, 34, appeared pale and thin when he showed up at a county courthouse in eastern Shandong province wearing a black T-shirt, gray pants and slippers, said his brother, Chen Guangfu, 49.

Outside, a heavy police presence prevented supporters from attending the trial, although another two of Chen's brothers were allowed inside.

Chen's three-member defense team, including the nation's top human rights advocates, had been detained by police the previous night, one of them said. Lawyer Xu Zhiyong remained detained until well after Chen's trial had ended.

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By noon Friday, the two defense lawyers released from detention appealed to the judge to delay the trial. "Due to the violation of the defendant's rights and the lawyers' rights," they refused to attend the trial and asked for a deferment, said Teng Biao, another lawyer who was assisting the defense team. "We didn't get any reply," he said.

Judge Wang Jun of Yinan county announced that Chen's lawyers could not appear "due to some unexpected reason," and appointed two local lawyers to represent Chen instead.

A furious Chen yelled, "I refuse to attend the court trial if the lawyers designated by me don't show up," his brother said.

"Void," Wang said, as two assistant judges watched.

"Hooligans!" Chen yelled.

"Uncivilized language!" Wang said.

No witnesses were called.

"The so-called defendant lawyers didn't defend my brother at all, but just repeated two words, 'No objection, no objection,' until the very end," Chen's brother said. "They concluded at the end, that this is, one, a case without any confession, and two, that Chen Guangcheng should be shown leniency because he is a blind man."

Chen Guangcheng was so angry he then threw up three times during the two-hour trial, lawyers said.

The three lawyers who were supposed to have defended Chen had been about to leave their hotel for dinner Thursday night when they were suddenly surrounded by six men who accused the attorneys of stealing one of their wallets. The men called the police, who then detained the lawyers at a local police station.

"This is a sham trial. These two lawyers had never met Chen Guangcheng before the trial. How can anyone expect them to effectively defend Chen?" said Li Fangping, one of the three attorneys who was detained.

"Chen himself protested in the court room this afternoon about the unauthorized designation of lawyers, but the judge turned a deaf ear to it," he said.

"It's ridiculous, absurd and illegitimate," said Chen's wife, Yuan Weijing, who was barred from the trial. "Even if Guangcheng did make a crime, the authority should at least have an open trial."

Chen, who has been under house arrest or in police detention for nearly a year, faces charges of destroying public property and disrupting traffic in his home village. Supporters say those charges were trumped up after Chen filed a rare class-action lawsuit last year, revealing abuses in enforcing China's one-child-only policy in Linyi, a city of 10 million people about 400 miles southeast of Beijing.

Rights groups condemned the disregard for Chen's legal rights.

"Progress toward rule of law at minimum requires the authorities to comply with legal protections and procedures on the books," said Sharon Hom, executive director of New York-based Human Rights in China. In this case, "court-appointed lawyers who remain silent throughout the proceedings and speak only to ask for mercy on the basis of the defendant's blindness make a mockery of the right to legal counsel. The final decision in this case will speak volumes about China's commitment to respecting the rights of its citizens."

The judge was expected to issue a verdict at end of this month or at the beginning of September, said Li, the defense attorney.

Also Friday, a well-known human rights lawyer who has lobbied for Chen's release was detained in Shandong province for questioning in unspecified "criminal activities," the official New China News Agency reported. Gao Zhisheng, 42, has been under surveillance for taking on sensitive causes from labor unrest to Falun Gong, the suppressed religious group.

Researcher Jin Ling contributed to this report.

Activist's Trial Proceedings Called Unfair (LAT)

By Ching-ching Ni, Times Staff Writer

The Los Angeles Times, August 19, 2006

Authorities in China abruptly changed Chen Guangcheng's defense team. He had publicized abuses by officials who oversee family planning.

BEIJING — A blind Chinese activist who attracted international attention by defending villagers forced to undergo late-term abortions went on trial Friday, but only after Chinese authorities arrested his main lawyer.

Chen Guangcheng, a self-taught lawyer, has been charged with illegal assembly and intent to damage public property. The charges came about a year after he publicized forced abortions and other abuses by family planning officials in Shandong, a coastal province southeast of Beijing, China's capital. If convicted, Chen, 35, could face a maximum of five years in prison.

In a two-hour trial in the city of Linyi, Chen was represented by two court-appointed attorneys who were unfamiliar with his case and appeared to have little intention of defending him, said one of Chen's three brothers, the only family members allowed into the courtroom.

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"These two lawyers kept repeating one phrase: 'We don't disagree,' " said Chen Guangfu, the defendant's eldest brother. "That means they agreed with everything the prosecutor said. How can there be any justice in a situation like this?"

Chen's main lawyer, Xu Zhiyong, a legal scholar from Beijing, was detained Thursday after he was accused of theft. He was released Friday after the trial ended and was not charged with any crime.

Last year, Chen publicized evidence that tens of thousands of women and men had been subjected to forced abortions and sterilizations in the Linyi municipality, an area that is home to about 10 million people.

Although forced abortions have been reported in other regions, activists say the abuses in Linyi were unusual because local authorities took villagers hostage. When women fled to avoid forced abortion, officials seized their relatives in an effort to coerce the women into returning, lawyers and residents say.

China's family planning officials contend that most of the country's population programs are not coercive and have enabled millions of people to escape poverty. But the central government continues to put pressure on local authorities to meet targets, often spurring abuses.

Chen's work attracted widespread attention. An investigation by China's National Population and Family Planning Commission confirmed many of his findings. As a result of the report, some Linyi officials were fired. Chen became a local hero and an object of official scorn.

In August 2005, Shandong officials placed Chen under house arrest, where he was reportedly beaten and prevented from receiving medical attention. Since then, he and his family have been threatened, put under house arrest and guarded 24 hours a day by at least 20 people, sometimes three times as many, his eldest brother said. Even a trip to the market required the escort of at least five men.

A team of defense lawyers from Beijing has been working on Chen's behalf despite threats.

The latest example of the dangers Chen's supporters face came just before Friday's trial when Xu was detained by local police and accused of theft.

In a telephone interview shortly after his release, Xu said he had gone to dinner with two other lawyers Thursday. As they were walking, they ran into a group of men who started beating him and accusing him of stealing a wallet. Xu called the police. Both he and his colleagues were taken to the station. The other two were released after two hours, and Xu was detained until Friday afternoon.

"It was clearly a setup," Xu said. "They are totally shameless."

The detention prevented Xu from defending Chen in court; his colleagues also were not allowed to meet with their client. In protest, the lawyers attempted to boycott the trial and demand a recess, both to no avail.

"This trial has no validity," said Teng Biao, another of Chen's lawyers.

Gao Zhisheng, a human rights lawyer who had campaigned for Chen's release and worked on other politically sensitive cases, was detained Friday by police. He was held on suspicion of criminal activity, according to the official New China News Agency.

Court officials in Linyi did not say when a verdict in Chen's case would be issued, but his supporters say they have no doubt what will happen.

"The outcome of this case is a foregone conclusion," said Nicholas Bequelin, a researcher with Human Rights Watch based in Hong Kong. "The trial is just for show. The bigger question is whether you can have justice in China. This is definitely a big setback for what lawyers can do in China."

Although Beijing authorities are concerned about their public image and say they are committed to creating a fair legal system, they are also worried about losing control.

Critics of the government say officials appear to have stepped up efforts to prevent lawyers and others from helping protesters and activists.

"They are clearly sending a message to lawyers: "Don't take these cases," Bequelin said.

Chen's trial, initially scheduled for last month, had been postponed at the last minute after hundreds of supporters showed up. Many were beaten and arrested by police.

On Friday, local roads were blocked by more than 100 police officers, preventing villagers, relatives and defense lawyers from approaching the courthouse.

The several dozen people who did witness the proceedings were mostly police officials, attorneys said.

"When the trial began, my brother tried many times to protest," said Chen's eldest brother. "The judge just said it was pointless."

Letter From Beijing: A Legal Activist Goes On Trial (TIME)

By Susan Jakes

DOJ_NMG_0051485

Time, August 19, 2006

The trials — both in court and outside — of a blind, handicapped peasant legal activist serve as a reminder of how far China has yet to travel

Some days, China is the kind of place that can make an optimist out of almost anyone; other days, it does just the opposite.

The day I first learned of Chen Guangcheng was one of the first kind. Chen had beaten the odds. He'd grown up blind in a remote village in a country where people with disabilities aren't allowed to attend college. That meant three strikes against his ever amounting to much: China may be brimming with opportunity, but not for handicapped, uneducated peasants. The odds didn't deter Chen. He educated himself in the law by having relatives read to him, and then used his expertise to help others like him. He became a "barefoot lawyer," offering counsel to peasants with disabilities despite his lack of conventional credentials. His work won him admiration in his hometown, support from established lawyers and academics in Beijing, and even a trip to Washington, D.C., courtesy of the U.S. State Department.

Friday was the second kind of day. At 2.30 p.m. in Shandong's Yinan county, Chen, 34, went on trial on trumped-up charges of illegal assembly and intent to damage public property — charges that seem designed as retaliation by officials whose misdeeds he had exposed. Dozens of supporters who had come to stand by him had to spend the afternoon gathered outside the courthouse. Barring their entry were some 200 uniformed police. Also absent from the courtroom were Chen's defense lawyers, three of whom had spent the previous evening confined to a local police station and one of whom would remain there until after Chen's two-hour trial ended with no plea and no verdict.

Friday was one of many such days Chen has had over the past year. Last September, he showed up in Beijing to publicize the plight of his latest clients: victims of a brutal campaign of late-term abortions and forced sterilizations carried out by local officials in clear violation of Chinese laws. National family-planning officials would eventually acknowledge that rules had been violated. But being in the right offered Chen no protection. Just hours after he met with my colleague Hannah Beech, security officials from his hometown arrived to shut him up. They forced him into a van and bundled him back to his home, where they confiscated his computer, began to intimidate and harass his family members and kept him under informal — and illegal — house arrest.

By then, Chen had become an inspiration to a group of idealistic Chinese lawyers — themselves optimists about the power of law to transform Chinese society. These lawyers became legal activists for the legal activist. They publicized his case through essays circulated on the Internet. They filed complaints about his unlawful detention with officials at various levels of government. They kept the foreign media informed. They also tried, on a fairly regular basis, to meet with their client. They often failed — on at least one occasion, badly. In October when three of the lawyers — Xu Zhiyong, Li Subin and Li Fangping — tried to visit Chen's house, a group of unidentified men physically prevented Chen from coming outside, and punched him in the mouth. Later in the day, a similar gang surrounded his lawyers, kicked them and punched them, and then dragged them to a local police station where they were held overnight (without charges or any semblance of due process) before being ordered out of town.

Xu, in particular, has made a career out of the kind of optimism that accompanies a strong sense of justice. Just after earning his Ph.D. at Beijing Daxue Law School, in 2003 he successfully petitioned Beijing to end a system of detention that allowed police to lock people up just for traveling outside their registered hometowns. The following year, he won a seat in his district government in Beijing, in one of the few openly contested elections in the country. In addition to teaching constitutional law, he has been a visiting scholar at Yale, and a defender of peasants on death row. Last year, Xu spent time living in a shantytown on the outskirts of Beijing, conducting first-hand research on its residents, people for whom justice has been so elusive they've come to the capital to plea for help from the senior leadership. Despite having seen so much of his country's dark side, every time I've met Xu he's been remarkably upbeat about China's future. "I'm an optimist," he said earlier this year. "We take on these cases and step by step, maybe we make a little progress."

Not on Friday.

While Xu was in detention — he'd been taken into police custody the night before after men who had been following him around in a car accused him of stealing a wallet, according to his friend and fellow lawyer, Teng Biao — Chen sat through a trial on charges that could earn him five years in jail. According to another of his lawyers, who had spoken to Chen's brother, Chen vomited during the trial. It was, wrote longtime China law scholar Jerome Cohen, in an e-mail sent to reporters, an "understandable and appropriate" response to "the nauseating nature of the unfair sanctions that have been imposed on him and his family for over a year."

Among Beijing's greatest achievements in recent years has been its ability to convince the Chinese people and the rest of the world, that life in China is getting better each day. But as Chen sat through his trial, I — and some of China's brightest optimists — had trouble feeling convinced.

DOJ_NMG_0051486

China's Central Bank Raises Rates In Latest Effort To Slow The Economy (NYT)

By Keith Bradsher

The New York Times, August 19, 2006

HONG KONG, Aug. 18 — China's central bank raised interest rates on Friday evening, the latest in a series of moves by the government to choke off a binge in speculative lending and investment that threatens to saddle the country's banks with more bad loans if the economy slows.

The People's Bank of China raised interest rates for one-year bank loans and bank deposits each by 27-hundredths of a percentage point. Economists had been predicting an interest-rate increase, China's second this year, after government statisticians announced last month that economic growth reached a torrid 11.3 percent in the second quarter.

The government has already increased restrictions on bank lending policies, raised bank reserve requirements and even reprimanded regional officials who pursue speculative construction projects in defiance of Beijing's instructions. Chinese officials have hinted at further brakes on the economy in the months to come.

"It's still too little," said Qu Hongbin, HSBC's chief China economist. The People's Bank of China said in a statement that the rate increases were intended to "curb demand for long-term loans and the overly rapid expansion in fixed-asset investment."

The interest rate increase came despite announcements over the last week that consumer prices had fallen in each of the last three months and that growth slowed last month for industrial production and for investments in factories and other fixed assets. The latest data somewhat reduced the pressure on China's central bankers to act.

"I don't think they are desperate — this is a pre-emptive policy; I don't think the economy is overheating," said Ben Simpfendorfer, a currency strategist and economist in the Hong Kong office of the Royal Bank of Scotland.

The People's Bank of China has been much slower than the Federal Reserve to raise interest rates over the last two years. Keeping interest rates low has made it a little less attractive to invest in China. This has slowed a flood of speculative money that poured into the country last year and threatened to force China to allow its currency to rise more quickly against the dollar.

The relatively low interest rates have also, however, reignited a frenzy of construction of apartment buildings and factories. Investors have borrowed heavily from state-owned banks in the hope of reaping large profits if the economy continues to expand rapidly. If economic growth falters, these loans could be added to the banks' already large portfolios of bad debts.

The central bank raised the benchmark rate for one-year bank loans to corporations to 6.12 percent on Friday

Friday's rate increase comes despite a series of signs over the last week that rapidly rising investments have not yet caused the broader economy to overheat.

Annual growth in industrial production slowed sharply last month, to 16.7 percent from 19.5 percent in June. Even the annual growth in investment in office towers, shopping malls and other urban fixed assets dropped last month to 27.4 percent from 33.5 percent in June.

After rising early this year, the consumer price index fell steadily through May, June and July, and was just 1 percent higher in July than a year ago. That suggested the Chinese economy has not yet run into shortages of labor, transportation and other bottlenecks that could drive prices sharply higher.

By contrast, prices surged in 2004, the last time the Chinese economy experienced an investment frenzy that prompted the government to hit the brakes. Inflation jumped then from nine-tenths of a percent in August 2003 to 5.3 percent a year later as railroads proved unable to ship enough goods, power stations failed to keep up with electricity demand and other shortfalls appeared.

While industrial and price statistics for July gave some sign that problems are under control this year, bank lending and the money supply continued to rise last month. That prompted many analysts to predict that China could face higher inflation and loan defaults in the future if not enough is done to tackle the investment boom now.

In another sign that the central bank is more worried about speculative investment than a broader overheating of the economy, the People's Bank of China took two steps on Friday that appeared to be aimed at helping consumers.

The central bank gave regulatory approval for commercial banks to offer bigger interest rate discounts for home buyers seeking mortgages. And the central bank raised the interest rate that banks can pay on one-year deposits to 2.52 percent from 2.25 percent.

Higher interest rates on deposits will probably help households, who save up to half their incomes these days and put most of their savings in banks because the country's stock markets have a poor image and bonds are very hard to trade.

The government has also not resorted to potentially its biggest weapon for slowing the economy: allowing faster appreciation of the currency, known as the yuan or renminbi. This would make Chinese goods more expensive overseas, slowing demand for them and curbing the growth of China's enormous export sector. The United States, the European Union and Japan have periodically made requests for a currency adjustment.

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Having used two tools, raising bank reserve requirements and interest rates, central bank officials “don’t want to add a third one into the mix, particularly one that’s unpredictable,” Mr. Simpfendorfer said.

Mexico (WSJ)

By John Lyons

The Wall Street Journal, August 19, 2006

A Crucial Test For López Obrador

A gubernatorial vote on Sunday will provide the best gauge yet of whether Andrés Manuel López Obrador's protest movement is damaging the fortunes of the political left.

Since losing the presidential race by a whisper on July 2, Mr. López Obrador has tied up Mexico City with protests to pressure an electoral court to reverse the presidential results. He has taken over the city's central square, while promising to harass departing President Vicente Fox's state-of-the-union address on Sept. 1 and block Independence Day festivities two weeks later. As a result, his poll numbers in Mexico City have dropped, though his advisers say they are engaged in a political struggle, not a popularity contest.

But it looks as if a political backlash against Mr. López Obrador may be gathering strength outside the capital, too. Just a month ago, the governor's race in the impoverished southern state of Chiapas -- the scene of a 1994 rebellion led by the masked leader Subcomandante Marcos -- appeared to be in the bag for Mr. López Obrador's Party of the Democratic Revolution, or PRD. Polls had the PRD candidate, Juan Sabines, leading by as much as 10 points.

While the protests have been confined to Mexico City, they haven't played well around the country, which has a long history of political and economic upheavals. Many Mexicans who voted for Mr. López Obrador saw him as a moderate; now, though, some view him as too radical. That helps to explain his party's sinking fortunes in the Chiapas governor's race, where Mr. Sabines's lead has all but evaporated in the latest polls.

Making matters worse for Mr. López Obrador, the other parties in the race are now throwing their weight behind the No. 2 candidate in the polls, Jose Antonio Aguilar of the Institutional Revolutionary Party, or PRI, which had ruled Mexico for 71 years until Mr. Fox won the 2000 presidency. The alliance includes the conservative National Action Party, or PAN, of winning presidential candidate Felipe Calderón, which has tangled with the PRI for decades.

The anti-PRD alliance in Chiapas may have national significance. It may presage the kind of alliances that the PAN will try to make in order to get key legislation passed -- and diminish the left's influence.

Mr. López Obrador was worried enough about his candidate's fate to abandon the tent village where he is camped out with supporters in Mexico City and fly to Chiapas for some last-minute campaigning. He appeared on stage, adorned in flowers, alongside Mr. Sabines to try to boost voter turnout in the hard-fought race.

Meanwhile, Mr. Calderón is hoping to gain a further political edge by criticizing Mr. López Obrador's threats to spoil the Independence Day celebration. Mexicans look forward to the ringing of the main cathedral's bell -- symbolic of the beginning of Mexico's 19th-century fight with Spain -- with the same anticipation that New Yorkers reserve for the Times Square ball drop on New Year's Eve. "These days are for all Mexicans, not for one ex-candidate," Mr. Calderón said.

Islamists In Somalia Sharply Rebuff Plan For African Peacekeepers (NYT)

By Jeffrey Gettleman

The New York Times, August 19, 2006

NAIROBI, Kenya, Aug. 18 — The Islamic clerics who rule much of Somalia on Friday rejected a plan for African peacekeepers to be deployed there, saying that foreign soldiers, African or not, would be mercilessly repelled.

On Thursday, East African military leaders met in Nairobi and floated a plan to send more than 6,000 soldiers to Somalia. The country seems to be teetering on the edge of war between the Islamic forces who control the capital, Mogadishu, and a fledgling transitional government based in Baidoa and backed by Ethiopia. Many fear that such a war could drag in Somalia’s neighbors and destabilize the entire region.

Military chiefs for the Intergovernmental Authority on Development, a regional organization that includes Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan and Uganda, said they would like to dispatch the first troops to Somalia by October.

But less than 24 hours after the announcement, Islamic clerics in Mogadishu called for a holy war against the peacekeepers.

“We are Muslims, and we are targeted for that identity,” said Sheik Hassan Dahir Aweys, the spiritual head of the Islamic forces.

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Somalia's Islamic leaders fear that the peacekeeping plan is simply a ruse to back up the transitional government, which has been hurt by defections and rivalries and is still so weak that its leaders are more or less confined to Baidoa, 150 miles inland from Mogadishu.

On Friday, imams at Mogadishu's mosques urged followers to join Islamic militias and prepare for battle. One said, "The mosque will be the industry that will produce heroes," according to a Somali reporter who did not want to be identified because of safety concerns. The militias recently began a recruitment drive for teenage boys, and many war-orphaned children have been signing up.

Similar fervor swept through Mogadishu last month when reports circulated that Ethiopia, Somalia's longtime rival, had dispatched troops to Baidoa to protect the transitional government from collapsing. Ethiopia denied the reports, but the effect was to solidify support for the Islamic clerics, who have cleaned up the capital and restored a degree of law and order after more than 15 years of anarchy.

Somalia's transitional government is energetically supporting the plan for African peacekeepers and seems to have won over military leaders in Kenya.

On Thursday, Jeremiah Kianga, Kenya's chief of general staff, told reporters in Nairobi, "There's an urgency in this deployment and we need to move faster to make the plan a reality."

It is far from clear, though, who would pay for these peacekeepers and provide the logistical support necessary to make any headway in Somalia, which is awash in guns and warring clans. The last time peacekeepers were sent to Somalia, by the United States and the United Nations in the early 1990's, they went home after heavy casualties and without accomplishing their mission.

East African Nations Announce Plans For Somali Peacekeeping Force (AFP)

By Bogonko Bosire And Ali Musa Abdi

AFP, August 19, 2006

East African defense chiefs expect to have the vanguard of a peacekeeping force for Somalia ready by the end of next month, officials have said, despite fierce objections from powerful Islamists in the chaotic Horn of Africa nation.

Under revised plans for the mission agreed here late Thursday, the first elements of the nearly 7,000-strong regional force are to assemble in northeast Kenya near the Somali border in late September, the officials said.

However, the proposed deployment was immediately rejected by Somalia's newly dominant Islamist movement, whose supreme leader vowed to resist the deployment of any foreign troops on Somali soil.

And, it faces numerous other hurdles, not least of which are funding and UN Security Council reluctance to ease a 14-year-old arms embargo to assist the peacekeepers in restoring stability.

Meeting in the Kenyan capital, chiefs of staff and senior military officials from the seven-member Inter-Governmental Authority on Development (IGAD) adopted plans for a Somalia force of 6,800 made up of eight battalions.

They also appealed to the cash-strapped African Union, which has endorsed the force but is already struggling to fund its peacekeepers in Sudan's Darfur region, for 18.5 million dollars (14.4 million euros) to back the mission.

"We agreed that we will deploy eight battalions in Somalia to help in the restoration of peace," IGAD peacekeeping chief Colonel Peter Marwa told AFP after the Nairobi meeting.

"Uganda and Sudan will send the initial two to assemble in Garissa by the end of September and be ready to move into Somalia," he said.

From Garissa, a Kenyan border town about 300 kilometers (185 miles) east of Nairobi, those troops would be deployed to the Baidoa, the temporary seat of the weak Somali transitional government, he said.

IGAD first agreed to send a peacekeeping force to Somalia two years ago but the plans have been repeatedly frustrated and uncertainty persists over their viability.

In particular, the mission faces vehement opposition from the Supreme Islamic Council of Somalia (SICS), whose militia seized Mogadishu from warlords in June after months of fighting and have been expanding their territory since.

The rise of the Islamists poses a direct threat to the already limited authority of the government, which has repeatedly sought international military assistance to shore up its authority.

On Friday, SICS supreme leader Sheikh Hassan Dahir Aweys, a hardline cleric accused of ties to Osama bin Laden's Al-Qaeda network, renewed the Islamists' stance that peacekeepers are unnecessary and would be resisted.

"If troops are sent here while there is no need for them, we will have no choice but to fulfill our right to defend our country from aggression," Aweys said in an interview with Mogadishu's Shabelle Radio.

"Outsiders can't bring peace to Somalia, 30 countries came here to bring peace and achieved nothing," he said, referring to disastrous military interventions by the United States and United Nations in the early 1990s.

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SICS is particularly opposed to any troops from neighboring Ethiopia, an IGAD member, which is accused of already having sent soldiers to Somalia to protect the government from feared Islamist attacks.

Addis Ababa denies the claims but numerous eyewitness accounts of uniformed Ethiopian troops in Somalia persist and have stalled Arab League-mediated talks to ease growing tensions between the government and Islamists.

Marwa, the IGAD official, said the regional bloc that groups Djibouti, Ethiopia, Eritrea, Kenya, Somalia, Sudan and Uganda, hoped all Somali parties would agree to the peacekeepers by the time the first troops are ready.

"We hope that by deployment time there will be consensus among the Somali players," he said, stressing that the peacekeepers would not be occupiers.

"The troops are not going into Somalia to enforce peace or impose the region's will but to help that country regain peace and be accommodated in the international arena," Marwa said.

DOJ_NMG_0051490

Martinson, Wanda

Subject:	Updated: CANCELLED for 8/21: OLP Policy Coordination Meeting
Location:	4236 OLP Conference Room
Start:	Monday, August 21, 2006 3:00 PM
End:	Monday, August 21, 2006 3:30 PM
Show Time As:	Tentative
Recurrence:	Weekly
Recurrence Pattern:	every 2 weeks on Monday from 3:00 PM to 3:30 PM
Meeting Status:	Not yet responded
Organizer:	Martinson, Wanda
Required Attendees:	Hertling, Richard; Macklin, Kristi R; McIntosh, Brent; Bounds, Ryan W (OLP); Battle, Michael (USAEO); Voris, Natalie (USAEO); Campbell, Benton; Elwood, Courtney; Epley, Mark D; Otis, Lee L; Gorsuch, Neil M; Todd, Gordon (SMO); Jezierski, Crystal; Kim, Wan (CRT); Schofield, Regina; Scolinos, Tasia; Roehrkasse, Brian; Seidel, Rebecca; Clinger, James H; Stuart, Diane; Taylor, Jeffrey (OAG); Vargas, Omar; Hagy, David; Comisac, Rena (CRT); Blomquist, Kathleen M; Cook, Elisebeth C
Optional Attendees:	Moschella, William

When: Monday, August 21, 2006 3:00 PM-3:30 PM (GMT-05:00) Eastern Time (US & Canada).
Where: 4236 OLP Conference Room

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Attendees: Rachel Brand, Richard Hertling, Kristi Macklin, Brent McIntosh, Ryan Bounds
Michael Battle or Natalie Voris, Ben Campbell, Courtney Elwood, Mark Epley or Lee Otis, Neil Gorsuch or Gordon Todd, Crystal Jezierski or Omar Vargas, Wan Kim or Rena Comisac, Regina Schofield or David Hagy, Kat Blomquist or Tasia Scolinos or Brian Roehrkasse, Rebecca Seidel or James Clinger (or Will Moschella), Diane Stuart, Jeff Taylor

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, August 22, 2006 8:07 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, August 22, 2006
Attachments:	agnb060822.pdf; agnb060822.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, AUGUST 22, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Judge Dismisses On Charge Against Padilla....4
US, European Authorities Want More Access To International Flight Passenger Data....4
Eleven Charged In London Terror Plot....5
Botched Terror Plot Prompts German Debate Over Law Enforcement Powers....5
FBI Arrests 13 Tamil Tiger Supporters On Terrorism Charges....6
US Sues Maine PUC, Verizon Over NSA Surveillance Cooperation....7
Root Of Islamic Extremism Said To Not Be Western Oppression....7

Homeland Response:

Gonzales Pledges More Agents, Prosecutors For New Orleans....7
Environmentalist's Comment About Removing Dam Prompts FBI Terror Probe....8
IG Report Says Sensitive Data Vulnerable At DHS....8
Alter Says FBI Computer Upgrade Delays Undermining US Security....9
California Muslim-Americans Angry, Frustrated By Increased Scrutiny....9
Fiscal Impact Of Hurricane Katrina Expected To Continue To Rise....9

War News:

Bush Defends Iraq Policies, Criticizes Calls For US Pullout....9
Four More US Soldiers Killed In Iraq....12
Saddam's Second Trial Gets Underway....12
VA Secretary, Congressmen Return From Iraq....13
Iraqi Colonel Keeps High Profile In His Sector Of Baghdad....13
Iraq Facing Loss Of Oil Professionals....13
Carroll Suspected Dulaimi Of Complicity In Her Kidnapping 13
Pakistan Remains A Center Of Islamic Militancy....14

Corporate Scandals:

Quattrone Deal Would Avert Third Trial....14
SEC Seeks To Freeze Assets Of Group Accused Of Fraud....15
Imax Names CFO Amid SEC Probe....15

Criminal Law:

Gonzales Launches Campaign To Curb Internet Crimes Against Children....15
Judge Allows Hinckley More Trips To Visit Parents....15
Karr Extradition Hearing To Be Held Today....16
Judge Ordered DOJ To Investigate AIPAC Probe Leak To CBS....17
Tennessee Waltz Defendant Pleads Guilty To Bribery Charge....18
Former Nevada Commissioners Sentenced To Prison For Bribery....18
Missouri Mayor Pleads Not Guilty To Bribery Charges....18
Armitage's Calendar Shows Meeting With Woodward In June 2003....19
Cunningham Probe To Extend Beyond November Elections 19
FBI, New Jersey Investigators Launch Probes Of Former Newark Mayor....19
Michigan Prescription Drug Supplier Arraigned On Medicaid Fraud Charges....19
Last Of Michigan Financial Fraud Ring Defendant Pleads Guilty....19
Mob Turncoat Testifies Gotti Ordered Attack On Sliwa....20
LAPD, FBI Launch Campaign Against Takeover Robbers....20
Man Charged With Two Killings Near Virginia Tech Campus20
Oakland Fights Crime With Tough Talk....21
Law Enforcement Officials Oppose Crime-Fighting Funding Cuts....21
Prosecutors, Victims Seek Justice Beyond Military System....21

Civil Law:
Judge Blasts Attorneys For Role In Hiding Tobacco Risks 22
Administration Classification Policy Seen As Broadly Expansive 22

Civil Rights:
8th Circuit Strikes Missouri's Ban On Sexual Highway Billboards 22
Writer Decries Use Of Prisoners For Medical Experiments ... 23
Author Decries Blacks' Opposition To Gay Marriage 23
WSJournal Decries Young Comments 23

Antitrust:
Supreme Court Denies Stolt-Nielsen Emergency Appeal 24
DOJ May Review South Carolina Hospital Decision 24
CRH To Purchase Ashland's Road Unit For $1.3 Billion 24
Chicago Professor Joins DOJ Antitrust Division 24
Sanofi Defends Plavix Patent Against Apotex Generic Challenge 25
Canadian Mining Firm To Buy EuroZinc 25
Coles Myer Directors To Weigh KKR Buyout Bid 25
Morgan Stanley Funds To Purchase Glenborough For $1.9 Billion 26

Environment/Indian Affairs:
Three US Agencies Probing BP's Alaskan Operations 26
Utility Executives Divided Over Future Of Nuclear Power 26
EPA-Influenced Garbage Truck Slated For Roll Out Next Year 26
Bears Disturb Peace Of Alaskan Fishing Village 26
NYTimes Praises Court Ruling On Clean Air Law 27
Casinos Open Up Wealth Divisions Between Tribes 27

FBI/DEA/ATF/USMS:
Bucella Leaving FBI For Bank Of America Post 28
Raids Snared Entire Florida Latin Kings Leadership 28
Agents Seize Millions Of Dollars In Meth, Cocaine Buried Near Atlanta, Four Arrested 28
Accused Drug "Kingpin" May Face Death Penalty In US 29
Somali Immigrants Say Khat Bust Rooted In Lack Of Cultural Understanding 29
Marion Jones Says Her Positive Drug Test Is Surprising 29
Drug Use Among College Students Said To Have Hit Record Levels 30

Immigration:
DOJ Seeks Review Of Asylum Denial For Congolese Woman 30
Experts Say Sex Slavery Trade Is Widespread 30
CBO Says Senate Immigration Bill Would Cost $127 Billion Over 10 Years 31

Congress-Administration:
Bush Orders Federal Departments To Share Info On Health Care 32
Some Mothers Left Behind By Welfare Reform Bill 32
"Rock Star" Snow Is A Big Hit In Republican Circles 32
Sumwalt Sworn In As Member Of NTSB 32
Cole Commander Ruled Unfit For Promotion 32
Congress Said To Be Ignoring Asbestos, Other Dangers In Capitol Tunnels 33
Bush Reliance On Intuition Criticized 33
Buchwald Says Bush Should Be Tested For Performance Enhancing Drugs 33
Author Says GOP Has Been In Charge In Capital Too Long .. 33
WSJournal Decries "Alarmist Rhetoric" About Entitlement Reform 34

Other News:
Gasoline Prices Fall Sharply 34
Stock Markets Fall On Geopolitics, Consumer Spending Worries 34
AOL's Technology Chief Leaves Over Security Breach 34
Bush Tells GOP Candidates To Run On Economy, Taxes ... 35
House Republicans Have Financial Advantage Going Into November Elections 36
Wallace Drops Bid To Replace DeLay 36
Group Seeks To Remove Lieberman From Ballot 37
Casey Capitalizes On Conservative Anger At Santorum 37
Clinton Rival Suspends Campaign 37
Octogenarians Byrd, Akaka Seeking Reelection To Senate .. 37
Book Says Hagel Fell From Grace After Challenging GOP Leadership 37
Obama Visits Former South African Prison 38
Senate Majority Leadership Seen As Worthy Post For Hillary Clinton 38
Professor Says Liberals Face A "Fertility Gap." 38
Dionne Says Liberals Owe A Debt To Hofstader 38
Ford Receives Pacemaker 39
Schwarzenegger, Lawmakers Reach Deal On Minimum Wage Hike 39
NYTimes Says Public Employee Pensions Are A "Financial Time Bomb." 39
BAE Is A Major Contributor To US Candidates 39
Bush Urges Rapid Deployment Of UN Force To Preserve Lebanon Ceasefire 39

DOJ_NMG_0051494

Iran Promises "Forceful" Pursuit Of Nuclear Program 42
Sudan Backs Plan To Deploy Own Troops To Darfur 43
Election-Related Unrest Continues In Congo 43
India Plans Offensive Against Long-Lived Maoist Insurgency 43
PRD Candidate Has "Wafer-Thin" Lead In Chiapas Election 43
Chavez Said To Seek UNSC Seat During Beijing Visit..... 44
Russia Eyes Spot In Paris Club After Repaying Last Of Debts 44
Extremist Belgian Parties Seek To Reshape Views On Minorities 44

The Big Picture:

Headlines From Today's Front Pages..... 44

Washington's Schedule:

Today's Events In Washington 45

DOJ_NMG_0051495

TERRORISM NEWS:

Judge Dismisses On Charge Against Padilla.

The CBS Evening News (8/21, story 6, 0:15, Schieffer, 7.66M) reported, "A Miami Federal judge threw out one murder conspiracy count in the terror indictment against Jose Padilla accused of setting off a radioactive dirty bomb in a major American city. The judge let stand two other accounts against Padilla and his codefendants."

The AP (8/22, Anderson) reports, "A federal judge on Monday threw out one count in the terror indictment against alleged al-Qaida operative Jose Padilla and his co-defendants, concluding that the indictment improperly repeated other charges within the same document." The AP continues, "U.S. District Judge Marcia Cooke's ruling leaves intact two other terror-related counts against Padilla and the others, alleging a conspiracy to provide material support to Islamic extremist causes worldwide. The count that was dropped charged a conspiracy to 'murder, kidnap and maim persons in a foreign country.' … Cooke ruled that charge was unnecessary because the alleged illegal acts were already covered by the other terror-related counts in the indictment. Prosecuting all three charges, she said, would violate the Constitution's ban against double jeopardy, or prosecution of the same charges twice. … 'There can be no question that the government has charged a single conspiracy offense multiple times, in separate counts, when in law and fact, only one crime has been committed,' Cooke wrote in her eight-page ruling."

The New York Times (8/22, Lichtblau) reports, "Judge Cooke threw out a conspiracy charge that the men conspired to murder, kidnap and maim people in a foreign country. … Andrew Patel, a lawyer for Mr. Padilla, said the decision could ultimately mean the difference between Mr. Padilla's facing a life sentence and a maximum of 20 years. … 'This is cleaning up the indictment,' Mr. Patel said. 'It's procedural. This is a highly technical legal issue that doesn't affect the trial at all. It may in a theoretical sense affect the maximum time' faced by Mr. Padilla." The Times adds, "Justice Department officials said they were considering an appeal. The United States attorney in Miami, R. Alexander Acosta, said in a statement, 'We stand by the charges in this indictment and will respond after a full review of the court's order.'"

The Miami Daily Business Review (8/22, Norman) reports, "The count that was dismissed carried a maximum penalty of life in prison. In order to wring a life sentence out of the remaining counts in the indictment, prosecutors will have to prove that the three men were directly responsible for deaths abroad. … 'Usually the first count is the one that the government alleges is the most serious count,' Swartz said. 'So when that disappears, it might raise some questions.'"

US, European Authorities Want More Access To International Flight Passenger Data.

The New York Times (8/22, Lipton, 1.21M) reports US and European authorities, "looking for more tools to detect terrorist plots, want to expand the screening of international airline passengers by digging deep into a vast repository of airline itineraries, personal information and payment data." A proposal "by Homeland Security Secretary Michael Chertoff would allow the United States government not only to look for known terrorists on watch lists, but also to search broadly through the passenger itinerary data to identify people who may be linked to terrorists, he said in a recent interview." European leaders are "considering seeking access to this same database, which contains not only names and addresses of travelers, but often their credit card information, e-mail addresses, telephone numbers and related hotel or car reservations." But the "proposals, prompted by the recent British bomb-plot allegations, have inspired a new round of protests from civil libertarians and privacy experts, who had objected to earlier efforts to plumb those repositories for clues."

Tougher Airport Security Rules Add To Burden For Travelers Aid. The Wall Street Journal (8/22, Trottman, 2.03M) reports, "This month's news about the foiling of an alleged terror plot raised the anxiety levels of fliers, but it also has added to what already was growing demand for the services of Travelers Aid, the nonprofit organization devoted to assisting confused, frustrated and stranded travelers." The calls "for help that have poured into Travelers Aid offices around the country in recent days have underscored the service's challenge in finding funding and volunteers. Travelers Aid operates booths in 27 North American airports, where volunteers help travelers with such requests as

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booking hotels after flights are canceled and supplying emergency diapers for infants."

GOP Candidates Call For Increased Screening Of Muslim Airline Passengers. In its "Washington Wire" column on its web site the Wall Street Journal (8/21, 2.03M) reported that Mark Flanagan, a Republican candidate in Florida's 13th Congressional district, "has become the third Republican office-seeker to call for heightened screening of Muslim airline passengers since the foiling of an airline bombing plot in Britain." Flanagan "said he was the only congressional candidate calling for profiling of Muslim passengers. But Paul Nelson, a Republican running in the third district of Wisconsin, endorsed the idea last week on a local radio show." New York gubernatorial candidate John Faso "also has supported profiling, saying, 'If a 25-year-old Muslim man who has been traveling frequently to Yemen or Pakistan tries to board a plane, then not only statistical analysis but also common sense tells us that he is more of a potential threat than the grandmother from Queens.'"

Eleven Charged In London Terror Plot. The Financial Times (8/22, Burns, Bokhari) reports, "Eight suspects arrested over the alleged plot to blow up several US-bound aircraft in mid-flight were on Monday charged with conspiracy to murder, as senior security officials warned of a 'deadly and enduring' terrorist threat. Three other people were also charged with different offences." Peter Clarke, "the head of Scotland Yard's anti-terrorist branch, said the investigation into the alleged plot was 'far from complete' and its scale 'immense' and global in nature." The Times adds, "It emerged separately that investigators are looking into other links to the plot in several European countries, including Italy, and possibly Germany and Spain, as well as pursuing inquiries in Pakistan and Afghanistan."

The New York Times (8/22, Cowell, 1.21M) reports, "A police official, who insisted on anonymity because the case was still unfolding, said it was possible that more people would be charged with conspiracy. Under British law, people who have been charged may not be interviewed further by the police, unlike those held under the 28-day counterterrorism law."

The Los Angeles Times (8/22, Murphy, 918K) reports, "Authorities said they expect to spend months examining the results of at least 69 searches of houses, business, cars and woods, which have yielded more than 400 computers, 200 mobile telephones and 8,000 computer data storage devices." Authorities, adds the Times, "have faced increased skepticism from the public, particularly Britain's estimated 1.5 million Muslims, after two previous controversial cases in which terror suspects were shot during the course of police actions that did not produce prosecutable evidence of terrorism plots." Eleven suspects "remain in custody without charges. One suspect, a woman, was released Monday."

The Wall Street Journal (8/22, Mollenkamp, Crawford, Simpson, 2.03M) reports, "One suspect arrested in Britain Aug. 10 but not charged is Tayib Rauf. The Birmingham man is viewed by investigators as a critical link because of ties to his brother who lives in Pakistan, according to people familiar with the situation. Just days before the arrests in Britain, Mr. Rauf's brother Rashid was arrested in Pakistan. Pakistani authorities have said Rashid received training in explosives at al Qaeda camps." The Washington Post (8/22, A1, Cooper, 748K) says "most of the suspects are from London." But "the investigation has also involved inquiries in Pakistan. Rashid Rauf, a Briton detained two weeks ago in Bahawalpur, Pakistan, is still being questioned there."

Meanwhile, ABC World News Tonight (8/21, story 7, 0:15, Gibson, 8.78M) reported "investigators say they found bomb-make equipment and so-called martyrdom videos like those made by suicide bombers." The CBS Evening News (8/21, story 5, 2:45, Schieffer, 7.66M) said "police there found what could be a trove of physical evidence in that plot last week to blow up the civilian airliners over the Atlantic and they charged 11 of the people that they arrested last week." CBS (MacVicar) added, "The police say their investigation of the plot to blow up ten US bound jumbo jets in mid flight is immense and complex." NBC Nightly News (8/21, story 5, 2:30, P. Williams, 9.87M) also reported, "Of the 11, eight were charged with planning to commit murder. Two others were accused of knowing about the plot but failing to tell police." USA Today (8/22, Stinson, 2.27M) reports Clarke said police had also seized "about 400 laptops and 200 cellphones." The Washington Times (8/22, Webb, 88K) runs a similar report.

Botched Terror Plot Prompts German Debate Over Law Enforcement Powers. The New York Times (8/22, Landler, 1.21M) reports the "disclosure that a botched plot to bomb two German trains last month involved a 21-year-old Lebanese man has punctured the sense of immunity many Germans felt from the Islamic terrorist attacks that have haunted other European

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countries." The bombing plot, "which has led to the arrest of the Lebanese suspect in northern Germany and an intense manhunt for a second suspect, is also reshaping a politically charged debate in Berlin over how much latitude to give law enforcement authorities in fighting terrorism." While the "extent of the plot is still shrouded in mystery, prosecutors said it was unlikely that the would-be bombers were acting alone. The men may have been motivated by anger over the war in Lebanon, in which the German government has agreed to play a limited, peacekeeping role."

More Commentary. The Wall Street Journal (8/22, 2.03M) says in an editorial that the security footage of the would-be train bombers "has been especially shocking to Germans who have wanted to believe they are immune to Islamic terrorism. Lead 9/11 plotter Mohammed Atta may have operated out of Hamburg. But the view inside Germany is that the terrorists were only abusing German hospitality in order to attack elsewhere -- surely not in a peace-loving country that had so strongly opposed the Iraq war. So much for that illusion. The sophistication of the plot suggests it was not the act of lone bombers." The German public "may finally be figuring out that opposing U.S. foreign policy is no defense against Islamic terrorists."

FBI Arrests 13 Tamil Tiger Supporters On Terrorism Charges. The New York Times (8/22, Rashbaum, 1.21M) reports, "Federal agents in four states, including New York and Connecticut, have arrested 13 men on charges that they plotted to buy weapons for a Sri Lankan separatist group and bribe agents posing as State Department officials to remove the group from a list of foreign terrorist organizations. The men were charged yesterday" with providing material support for terrorism, "and others were being sought, in a case arising from two sting operations, the authorities said." The Times notes that the investigation "was conducted by the Joint Terrorist Task Force in the F.B.I.'s Newark office and overseen by federal prosecutors in Brooklyn, with assistance from 20 other F.B.I. offices and authorities in 10 other nations."

The AP (8/22, Hays) adds that the "emissaries of the Tamil Tigers rebel group conspired to buy surface-to-air missiles," and suspect Nachimuthu Socrates of Simsbury, Conn., allegedly "paid bribes and tried to buy a classified intelligence document" which "referred to a U.S. investigation into a charity suspected of being a front for a Tigers fundraising organization." The AP notes, "Another defendant 'made it clear that he had traveled to the United States on behalf of (the Tamil Tigers') senior leadership in Sri Lanka,' the complaint said."

The Hartford Courant (8/22, Struzzi, 195K) reports, "Socrates arrest came after a far-reaching federal investigation conducted by the Newark Division of the FBI's Joint Terrorism Task Force with assistance from more than 20 of the agency's field offices, including Connecticut, New York and Illinois. According to Special Agent Steven Siegel in the FBI's Newark office, 13 individuals were in custody Monday with additional arrests expected. Federal authorities had been investigating the case for six years and set up sting operations in which individuals negotiated the purchase of sophisticated weaponry. The weapons were never exchanged, federal officials said." WIVB-TV Buffalo (8/21, Hovenden) reports on the arrest of suspect Vijay-Shanthar Patpanathan in Williamville, N.Y., noting that "the Joint Terrorism Task Force and the FBI joined other law enforcement officers in raiding the home…Sunday morning. Agents seized a computer and other items."

The New York Daily News (8/22, Marzulli, 729K) reports, Brooklyn prosecutors said the audacious scheme was hatched by senior terror group leaders, who dispatched an operative to the U.S. in 2004 to gain favor with a Sri Lankan national living in Staten Island with purported 'government sources.' The Staten Island Sri Lankan turned out to be an FBI informant, who introduced…Socrates to an undercover law enforcement agent posing as a State Department official, the complaint stated." The New York Sun (8/22, Gerstein) adds that Attorney General Alberto Gonzales said in a statement, "The multi-faceted scheme…demonstrates the need for continued vigilance in the global war against terrorism. These defendants allegedly sought to obtain, through a variety of means, weapons and materials to carry out a deadly campaign of violence." Newsday (8/22, DeStefano) and the New York Post (8/22, Haberman, 608K) also report on the arrests, and the Seattle Post Intelligencer (8/22) notes, "FBI agents arrested a 27-year-old Seattle man of Sri Lankan origin" in the alleged plot.

CNN.com (8/21) noted, "All eight are charged with conspiracy to provide material support to a designated foreign terrorist organization, according to the U.S. Attorney's office in New York." US Attorney Roslyn Mauskopf said, "We refuse to allow the LTTE and its supporters to use the United States as a source of supply for weapons, technology, and financial resources." The Canadian Press (8/22, Gorham) reports, "An

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FBI affidavit says one of the Canadians, Sathajhan Sarachandran, told the agents he was taking direction from Pottu Amman, the man alleged to have masterminded the 1991 assassination of Rajiv Gandhi." Sarachandran and fellow Canadians Sahilal Sabaratnam and Thiruthanikan Thanigasalam "travelled to Long Island on Aug. 19 to try to buy black market weapons for an estimated $900,000 US, court documents allege."

US Sues Maine PUC, Verizon Over NSA Surveillance Cooperation. The AP (8/22) reports, "Federal prosecutors filed suit Monday against Maine utility regulators and Verizon to block disclosure of confidential information linked to questions of whether the company broke the law by cooperating with a domestic surveillance program." The AP continues, "The U.S. District Court complaint followed an Aug. 9 order by the Public Utilities Commission that Verizon attest in a sworn statement to its previous public comments about the National Security Agency's warrantless eavesdropping program. … The suit said compliance with the order would 'place Verizon in a position of having to confirm or deny the existence of information that cannot be confirmed or denied without causing exceptionally grave harm to national security.'" The AP adds, "In a letter last month, the U.S. Department of Justice served notice to the PUC that it was prepared to go to court if the agency elected to move ahead with an investigation into alleged privacy law violations. … The commission stopped short of ordering the investigation. Instead, it gave Verizon two weeks to provide additional information. The company said in a May news release that it would not discuss any relationship with the NSA program but denied media reports that it had provided customer call data or records. … Similar cases have surfaced in other states in response to news reports alleging that phone companies have cooperated with government surveillance efforts. The Justice Department has filed lawsuits to prevent disclosure of confidential information in New Jersey and Missouri."

Posner Says Warrants Not Necessary For Electronic Monitoring. In a Wall Street Journal op-ed (8/22), Judge Richard Posner says, "Last week a federal district judge in Detroit ruled that the National Security Agency's conduct of electronic surveillance outside the boundaries of the Foreign Intelligence Surveillance Act is illegal. As a judge I cannot comment on the correctness of her decision. But I can remark on the strangeness of confiding so momentous an issue of national security to a randomly selected member of the federal judiciary's corps of almost 700 district judges, subject to review by appellate and Supreme Court judges also not chosen for their knowledge of national security." But Posner nonetheless concludes that "monitoring, even when it takes the form of wiretapping or other electronic interceptions, need not be conducted under a warrant. The Fourth Amendment restricts warrants, as I have said, but warrantless searches are permissible as long as they are reasonable. The potential abuses of warrantless surveillance can be minimized, without judicial intervention, by rules limiting the use of intercepted communications to national security, requiring that the names of persons whose communications are intercepted (and the reasons for and results of the interception) be turned over to executive and congressional watchdog committees, and imposing draconian penalties on officials who violate civil liberties in conducting surveillance."

Root Of Islamic Extremism Said To Not Be Western Oppression. In a Wall Street Journal op-ed (8/22), Hoover Institution fellow Shelby Steele says, "From nations on the verge of nuclear weapons to isolated individuals -- take the recent Seattle shootings -- Islamic militancy grounded in hatred of Israel and America has become the Muslim world's most animating idea. Why? I don't believe it is because of the reasons usually cited -- Israeli and American 'outrages.'" But Islamic extremists "don't hate the West because they are oppressed by it. They hate it precisely because the end of oppression and colonialism -- not their continuance -- forced the Muslim world to compete with the West. Less oppression, not more, opened this world to the sense of defeat that turned into extremism."

HOMELAND RESPONSE:

Gonzales Pledges More Agents, Prosecutors For New Orleans. The AP (8/22) reports, "Attorney General Alberto Gonzales said Monday he will send additional resources here - including 10 assistant U.S. attorneys - to help fight fraud and a recent rise in violent crime. … He said four additional agents from the Bureau of Alcohol, Tobacco and Firearms and four additional deputy U.S. marshals also will be sent to the city." The AP continues, "Crime plummeted in New Orleans after Hurricane Katrina hit

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last Aug. 29. But violent crime has made a comeback in recent months in the city and its suburbs. Louisiana Gov. Kathleen Blanco sent in state police and National Guard troops after five teenagers were shot to death in a sport utility vehicle in mid June. … Gonzales announced the additional help for the city during a news conference at the Port of New Orleans. … He also said the ATF will relaunch a 24-hour hot line people can call to report the illegal use and possession of firearms, and that the Justice Department will fund programs designed to prevent crime, such as helping to re-establish Boys and Girls Clubs of America." The AP n otes, "Gonzales said more than $61 million in federal money has been appropriated for local law enforcement agencies devastated by the storm. … The commitment of more federal funds and resources comes nearly three weeks after Louisiana's senior U.S. senator, Mary Landrieu, D-La., sent a letter to Gonzales asking for more help. The senator Monday praised the attorney general for his quick response."

The Washington Times (8/22, Seper) reports, "During meetings with law-enforcement authorities in New Orleans, Mr. Gonzales said he will dispatch 10 more prosecutors to the region, hire nine others to assist in fraud and violent-crime cases, and send four additional agents each from the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and the U.S. Marshals Service. … 'The people of New Orleans deserve the chance to rebuild their city without the threat of violent crime,' Mr. Gonzales said." The Times notes, "The Justice Department has made more than $20 million in grants available to Orleans Parish to help rebuild the criminal justice system in an effort to fight rising violent crime. More than $61 million in justice assistance grants and Katrina relief law-enforcement infrastructure funds have been made available to Louisiana. … During his visit, Mr. Gonzales said state and local law-enforcement facilities remain damaged from Katrina, including the Orleans Parish criminal justice complex and the New Orleans Police Department's headquarters. … The attorney general also met with members of the Louisiana congressional delegation and state and local government officials to discuss how the department can best assist in combating violent crime."

CNN.com (8/22, Frieden) reports, "In advance of President Bush's planned visit to New Orleans next week to mark the first anniversary of the devastating hurricane, Gonzales sought to highlight federal law enforcement assistance to the New Orleans area over the past year. … Justice Department figures show the federal government has made more than $20 million available to New Orleans and Orleans Parish to help rebuild the criminal justice system. Another $61 million was provided to the state of Louisiana for justice assistance grants and funds for law enforcement infrastructure damaged by Katrina." CNN notes, "New Orleans officials have complained that promised federal assistance to help the city to recover from Katrina's wrath has been slow in coming. … Federal officials have acknowledged that funding for Katrina assistance to Mississippi has been smoother and encountered fewer delays than has federal aid to Louisiana."

The New Orleans Times-Picayune (8/22, Waller) reports, "As New Orleans' criminal justice system struggles to recover from Katrina, Gonzales said a major concern is 'hemorrhaging of personnel' because of the storm's financial toll and housing shortages. … But he said the Justice Department is looking for ways to help local law enforcement. … 'We have a chance to put back a functional criminal justice system that is second to none,' Gonzales said. 'This provides a wonderful opportunity to make some significant structural changes in this city.'"

Environmentalist's Comment About Removing Dam Prompts FBI Terror Probe. The New York Times (8/22, Dean, 1.21M) reports on environmental activist Jim Bensman of Alton, Ill., who says he received a call from an FBI agent after he told a Corps of Engineers public meeting that the Melvin Price Lock and Dam should be destroyed, rather than construct a proposed fish channel, which "was an idea the corps itself had considered." The Times adds that "when the agent said he wanted to visit him at home, Mr. Bensman became frightened. … 'I know what Bush is doing with all these secret programs spying on the so-called terrorists, all these provisions in the Patriot Act that I think crosses the line, being able to spy on a suspected terrorist without the check and balance of a court or a judge,' he said." The Times notes Springfield FBI spokesman Marshall Stone said of the alleged probe, "A lot of things we look into turn out to be things we don't have to be concerned about."

IG Report Says Sensitive Data Vulnerable At DHS. The Washington Times (8/22, Hudson, 88K) reports a report released yesterday by DHS IG Richard Skinner says "shortcomings in the Homeland Security Department's use of technology" have created vulnerabilities Customs and Border

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Protection, the Transportation Security Administration and the US Visitor and Immigrant Status Indicator Technology program. The report found that the use of RFID chips created "vulnerabilities on databases that could be exploited to gain unauthorized or undetected access to sensitive data." It focused on CBP, TSA and US-VISIT because DHS "lacks 'an accurate inventory of systems using RFID technology.'" Officials at the agency "agreed with the inspector general's findings and say additional security measures will be taken and guidelines developed to secure databases."

Alter Says FBI Computer Upgrade Delays Undermining US Security. Under the headline "Dangerous Disgrace," in a Newsweek (8/21, 3.12M) Web Exclusive column, Jonathan Alter writes, "Everyone's got an Exhibit A of the mind-bending, staggering and almost incomprehensible incompetence of the Bush Era. … But let's add one more. Should, God forbid, we be hit again by terrorists, historians will point an unforgiving finger at the computers of the FBI." Alter adds that although "the blame begins with Louis Freeh," after 9/11, Director Robert Mueller "insisted he was focused on the task at hand. He spent $170 million on a plan called 'Trilogy'" but "from the start, it was a rip-off." Alter concludes, "There's enough blame to go around. Why did the Republican Congress, which has abdicated oversight, settle for asking a few pointed questions, then call it a day when told to be patient? Why didn't the White House ride herd on the computer upgrade until it was successfully completed? Why wasn't Mueller fired?"

California Muslim-Americans Angry, Frustrated By Increased Scrutiny. The Orville (CA) Mercury Register (8/21, Jones) reported, "It is a difficult time to be a young Muslim man in America, after a year of arrests of alleged home-grown terror suspects here and in Britain. And for parents, it's not much easier." The Register noted that in 2004, Pakistani-American Firdous Kamran "received a call from FBI agents who said they wanted to come by and chat," and "she started to panic." Kamran "declined to meet with two agents who turned up at her house, referring all questions to her attorney," who later "told her that lengthy phone calls to England had sparked the agents' interest." The Register added that her son, Atif Kamran "said he has shied away from more virulent Islamic sentiment among Muslims at the University of California, Irvine, but he said the sentiment among his Muslim friends is there. 'People are angry. People are frustrated,' Atif said."

Fiscal Impact Of Hurricane Katrina Expected To Continue To Rise. USA Today (8/22, Wolf, 2.27M) reports that Hurricane Katrina's "fiscal impact…shows no sign of ending." With $122 billion in spending already approved, Gulf Coast officials "say the region's coast and infrastructure will require tens of billions more in years to come. 'Louisiana will not be made whole by what Congress has appropriated thus far,' says Andy Kopplin, executive director of the Louisiana Recovery Authority." However, the region's "appetite for federal funds could clash with lawmakers' wallets." Meanwhile, "The White House is scrutinizing how federal aid is spent. 'Should there be more requests, our job is to be sure it's based upon good data,' says Donald Powell, federal coordinator of Gulf Coast rebuilding."

WAR NEWS:

Bush Defends Iraq Policies, Criticizes Calls For US Pullout. While President Bush hit on a number of issues during Monday's press conference, including Lebanon and the upcoming midterm elections, most media reports last night and this morning focused on his comments about the war in Iraq. On Iraq, Bush's delivery is generally being described as forceful and emphatic. NBC Nightly News (8/21, lead story, 3:55, O'Donnell, 9.87M) reported, "What was so noticeable today was the forcefulness of the President, his animated defense that American troops will stay in Iraq, despite public anxiety over the war, bringing them out too soon would be in his word, a disaster." The "Iraq war dominated. With no talk about troops coming home, he was emphatic." Bush was shown saying, "We're not leaving so long as I'm the President. That would be a huge mistake." In a similar report, the CBS Evening News (8/21, lead story, 3:10, Schieffer, 7.66M) said, "The war in Iraq may be going badly, public support for the war in this country may be sagging and…Bush's standing in the polls may be down because of it, but the President said today in every way you can say it he does not plan to change a thing. … One way or another the President made the point more than a dozen times today that the troops won't be pulling out of Iraq on his watch."

CNN's The Situation Room (8/21, Henry) reported the President "started out jovial," but "the mood shifted pretty

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quickly in that room because of the fact that the President was very serious and sober about the situation in Iraq." Likewise, the Chicago Tribune (8/22, SIlva, 623K) says Bush "waged an impassioned and sometimes heated defense of the war in a press conference Monday."

The Washington Post (8/22, A1, Fletcher, Kessler, 748K) refers to Bush's "impassioned defense of his Iraq policy," and says he was "resolute and at times exasperated." Bush "was adamant in arguing that the [Iraq] conflict is crucial to the broader battle against terrorism." Bush said yesterday, "Imagine a world in which Saddam Hussein was there, stirring up even more trouble in a part of the world that had so much resentment and so much hatred that people came and killed 3,000 of our citizens."

The press conference was the lead on each of the networks, which devoted a total of 12 minutes to the story. Network reports generally suggested Bush spoke to reporters impelled by the "problems around the world" brewing this summer. For example, ABC World News Tonight (8/21, 2:30, lead story, 3:00, Gibson, 8.78M) reported, "We checked the records and this is the first August 21 of his Presidency that President Bush has been in Washington. Such is nature of problems around the world that the President came back to Washington from vacation, held two days of high level strategy meetings and rare summer news conference today."

During his news conference, the President appeared to criticize Democrats who are calling for a US pullout from Iraq. However, on network TV the political aspects of the Iraq war and its implications for the midterm elections were downplayed in all three of the lead stories. Not so on print media. The New York Times (8/22, Rutenberg, 1.21M) headlines its story "In Election Push, Bush Faults Talk Of Iraq Pullout," and says Bush sought to make "an election-year case that his political rivals did not properly understand the threats to the nation and would create a more dangerous world." It was "the most direct attack on Democrats that Mr. Bush has made from a White House lectern this election year, and it effectively signaled the beginning of a more outright political season for him and his aides as they work to help Republicans maintain control of Congress."

The AP (8/22, Hunt) reports Bush "served notice at a news conference that he would not change course or flinch from debate about the unpopular war as he campaigns for Republicans in the fall congressional elections. In fact, he suggested that national security and the economy should be the top political issues, and criticized the Democrats' approach on both." Bush said "many Democrats want to leave Iraq 'before the job is done.'"

USA Today (8/22, Jackson, 2.27M) describes Bush as "politically combative," saying "proposals by some Democratic officials would create chaos in Iraq and give terrorists an oil-rich base for attacks." Said Bush, "If you think it's bad now, imagine what Iraq would look like if the United States leaves before this government can defend itself and sustain itself. … Chaos in Iraq would be very unsettling in the region."

CNN's The Situation Room (8/21, Henry) reported Bush "suggested there will be consequences in November for Democrats urging that large numbers of US troops come home from Iraq starting this year." Similarly, Fox News' Special Report (8/21, Hume) said the President "was critical, though not by name of Democrats calling for an immediate pullout." Fox (Baier) reported, "Bush told reporters as tough as it is in Iraq, pulling troops out now would be a huge mistake." Bush "said three times that a failed Iraq would make the US less secure and would give terrorists control of revenue from Iraq's oil sales."

The Washington Times (8/22, Dinan, 88K) reports Bush said, "Any sign that says we're going to leave before the job is done simply emboldens terrorists and creates a certain amount of doubt for people so they won't take the risk necessary to help a civil society evolve in the country. I'm sure they're watching the campaign carefully. There are a lot of good, decent people saying: 'Get out now; vote for me, I will do everything I can' to, I guess, cut off money, is what they'll try to do to get our troops out. It's a big mistake.'"

The Los Angeles Times (8/22, Wallsten, 918K) reports, "Democrats are eager to score points with voters this fall by talking about President Bush's handling of Iraq, Hurricane Katrina and gas prices. But on Monday Bush showed that he, too, is eager to discuss those topics -- framing them as winners for Republican candidates in November, even if polls show voters disagreeing now." Bush "went out of his way to invoke one of the Democrats' favorite topics -- the National Security Agency's warrantless domestic surveillance of terrorism suspects, which a federal judge ruled unconstitutional last week -- as a way to ridicule his political opponents while tying Iraq to his broader foreign policy of targeting terrorists. 'Those who heralded the decision not to give law enforcement the tools necessary to protect the American people simply don't see the world the way we do,' he said."

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The White House Bulletin/US News (8/21) reported the "nearly hour-long news conference was carried by ABC, CBS, NBC, CNN and Fox. More broadly, the media encounter was part of a new White House effort to cast Bush in a more elevated light and show what White House advisers call his 'gravitas.'" Bush advisers are "increasingly concerned by his low job-approval ratings and the unpopularity of the war in Iraq. They believe that media events like today's, especially when carried by the networks, help Bush reach the American people unfiltered by the press. That's because the strategists believe that viewers listen mainly to the first 10 or so minutes of the conference, when Bush gives his remarks, and less to the give-and-take follow-up with the press." Also, and "typically as part of the strategy, White House reporters were notified of the 10 AM news conference in an e-mail from the press office at 8:13 AM. They were told to sign up by 8:45 AM. In this the West Wing strategy hasn't changed: The President's advisers like to announce his press conferences at the last minute in order to keep reporters off balance. The late notice makes it difficult for all the reporters to make it to the conference, and makes it harder for reporters who do make it to do the homework necessary to prepare tough questions. Last of all, it reminds reporters who's in charge here -- in this case, the White House."

Bush Says "Difficult Times" Are "Straining The Psyche Of Our Country." A number of media outlets noted Bush's assertion that these "aren't joyous times. These are challenging times and difficult times. And they are straining the psyche of our country." All three networks showed Bush making that statement. ABC World News Tonight (8/21, 2:30, lead story, 3:00, Raddatz, 8.78M) reported, "These are challenging times, said the President today. While he was talking about Iraq, it was a phrase that could apply to so many troubled spots around the world." The President "acknowledges that he is sometimes frustrated by the lack of progress in Iraq and worries about civil war. But he was adamant that the US will stay the course." The CBS Evening News (8/21, lead story, 3:10, Plante, 7.66M) said that "as the public's frustration with the war continues to grow, the President conceded the daily reports of death and destruction take a toll both on the nation and on him."

USA Today (8/22, Jackson, 2.27M) headlines its story on the news conference, "Bush Acknowledges US Under Strain," and CNN's The Situation Room (8/21, Henry) referred to it as "a dramatic admission from the President about just how unpopular the war in Iraq has become."

Eugene Robinson, in a column for the Washington Post (8/22, A15, 748K) titled "President On Another Planet," writes, "In his news conference, the Decider did make a couple of nods to objective reality. He admitted in plain language that Iraq had nothing to do with the Sept. 11 attacks and possessed no weapons of mass destruction -- in other words, that his rationale for this elective, preemptive war had no substance. And he acknowledged a certain occasional exasperation." After noting Bush's assertion that "these aren't joyous times," Robinson concludes, "No, they're not."

Reid Says Bush's Iraq Strategy Is Not Working. CNN's The Situation Room (8/21, Henry) reported, "Senate Democratic leader Harry Reid firing back today, teeing off on the fact that the President was talking about the American people's psyche in dealing with this conflict. Reid saying this is not a question of resolve from the American people, it's a question of strategy. And in the estimation of Reid and other Democrats, they think that strategy in Iraq is failing."

CNN Poll Finds 61% Oppose Iraq War. CNN's The Situation Room (8/21, Blitzer) reported, "Our latest CNN poll out this hour shows 61 percent of the American public now opposes the war in Iraq, while only 35 percent favor the war. That's the lowest figure yet in our polling since the war started."

LATimes Blasts Bush's Comments On Iraq. The Los Angeles Times (8/22, 918K), in an editorial, criticizes Bush's "simplistic rhetoric," and says the President said "no fewer than 10 times in his news conference Monday that US forces would not leave Iraq 'before the job is done.' It's a clever piece of rhetoric, appealing to Americans' sense of duty as well as their pride. Just one question: What was that job again? Is it to end the sectarian violence in Iraq? Prevent terrorists from flocking to the United States? Bring democracy to Iraq and thus provide a beacon for reformers throughout the Middle East? All of the above, apparently -- and then some." Bush "is trying to make it harder for critics of an open-ended US commitment to question any particular goal. The debate that needs to take place is about which, if any, of those objectives can justify the president's ominously open-ended commitment."

Disagreement In Washington Over Whether Iraq Is In Civil War Noted. The Washington Post (8/22, A2, Milbank, 748K) reports that an "all out fight" has broken out in Washington over whether what is happening in Iraq can be called a civil war. With some claiming that the conflict has become a civil war, the Bush Administration "rallied its

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semantic defenses." Into "this rhetorical minefield stepped an anxious Bush yesterday morning. … He started with an opening statement about Lebanese reconstruction, but the Associated Press's Terry Hunt yanked him right into Iraq, reminding him about 'the highest civilian monthly toll since the war began.'" Reporters "were stuck in the humorless rut of internecine war."

Four More US Soldiers Killed In Iraq. The CBS Evening News (8/21, story 2, 0:15, Schieffer, 7.66M) said last night the US military had "reported four more American service members killed in action. That pushes the total American dead in the war to at least 2,610, at least 45,000 Iraqis have now died in the war and July was the worst month ever as 3,500 died."

Saddam's Second Trial Gets Underway. The CBS Evening News (8/21, story 3, 0:15, Schieffer, 7.66M) reported, "In Baghdad today Saddam Hussein went on trial for the second time, even before a verdict has been reached in his first trial. This time he is charged with genocide for ordering a military campaign against Iraqi Kurds, including poison gas attacks that killed tens of thousands of people in the 1980s." NBC Nightly News (8/21, story 3, 0:20, Williams, 9.87M) said Saddam "was again…defiant. He refused to enter any plea and he insisted he is still the President of Iraq."

The New York Times (8/22, Wong, 1.21M) reports this trial "was televised across the Middle East on satellite networks." In "the heart of Iraqi Kurdistan, people sat fixed on screens in cafes, homes and offices, watching as the former dictator and some of his most powerful aides faced questions and accusations from black-robed judges. Survivors of the Anfal campaign organized rallies in several villages. Government offices called for five minutes of silence for the victims before the trial began."

USA Today/AP (8/22, Rageh) reports the second trial "comes with the verdict still pending from the first -- the killings of 148 Shiites in the town of Dujail in the 1980s after an assassination attempt against the dictator. Saddam could face execution by hanging if convicted in either case." The Dujail court "is likely to pronounce its judgment Oct. 16. If Saddam is sentenced to death and the verdict stands up on appeal, Iraqi law provides for him to be taken off the second case for the sentence to be carried out, but Iraqi officials have not said how they would deal with the possibility."

The Washington Post (8/22, A10, Paley, 748K) reports, "Hussein and his co-defendants in the trial -- six former top aides including Ali Hassan al-Majeed, known as 'Chemical Ali' -- are expected to argue that they launched the eight-part military campaign because of Kurdish support for Iran, which had been warring against Iraq for most of the decade. The six co-defendants pleaded not guilty." The Post adds, "Legal experts say Hussein and Majeed, the two defendants charged with genocide, could be acquitted of that charge -- though not the other crimes -- by showing that their campaign also killed many Sunnis and Shiites, or by arguing that the campaign's only goal was to take control of the oil-rich swaths of land where the Kurds live." The Los Angeles Times (8/22, McDonnell, 918K) runs a similar report.

ABC World News Tonight (8/21, story 3, 2:30, McCarthy, 8.78M) recounted the attacks, "A village of women. A life of suffering. 18 years ago Saddam Hussein's soldiers took away all the males over 5 years old. None of them ever came back. Nasreen Omar had a husband and four brothers. 'Just before sunset,' she says, Iraqi soldiers surrounded the area and started shelling the village.' It was April 1988. Saddam's campaign to clear large areas of northern Iraq of its Kurdish residents was just beginning. The villagers of Maha Baram were trucked to a detention center where the men were separated from the women. … It was not until Saddam's fall in 2003 and prisons were opened that it became clear all the men had been killed."

More Commentary. The New York Times (8/22, 1.21M) editorializes, "Amid all of Iraq's present horrors, its past horrors must not be forgotten. This week, Saddam Hussein goes on trial for his campaign… to exterminate Iraqi Kurds." President Bush "has claimed the murderous campaign against the Kurds as one of his reasons for invading Iraq. With all the hype and hokum, it is easy to become cynical. But it would be yet another tragedy of this war if Americans came away believing that they have no responsibility and no means for stopping genocide." The Times adds, "One of the biggest tragedies of the Bush administration's gross mishandling of the occupation of Iraq -- the lack of basic security and jobs, the shame and horror of Abu Ghraib, the thousands of civilian deaths -- is that the rest of Iraq will likely not take the time to mourn the victims of Anfal." Iraqis "are too focused on surviving. They are too angry at Americans. And they are too suspicious of each other to consider whether they may also bear some responsibility for the past -- or for ensuring that such horrors never happen again. Those, we fear, are the real spoils of the Iraq war."

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VA Secretary, Congressmen Return From Iraq. Newspapers in Colorado and California report on legislators' return from a trip to Iraq with VA Secretary James Nicholson. Newspapers accounts lead with comments from the local congressman, only mentioning Nicholson's presence in passing.

For example, the Fort Smith (AR) Times-Record (8/21, Sadler) reports that AR3 Rep. John Boozman (R) "was scheduled to return today from Iraq, where he met with the country's president and visited U.S. troops." He "was joined by two other members of the House Veterans Affairs committee and VA Secretary Jim Nicholson for the trip to Kuwait, Baghdad and Landstuhl, Germany." The Times Record adds, "Boozman spokesman Ryan James said the trip was arranged by the Veterans Affairs committee said the purpose of the trip was to inspect medical facilities." The Arkansas Democrat-Gazette (8/22, Barton) reports, "Boozman traveled to Iraq last week with other members of the House Veterans Affairs Committee and Jim Nicholson, secretary of veterans affairs. He returned over the weekend." The Democrat-Gazette adds, "Boozman said that instead of just talking about getting Iraqis to handle their own security, American officials were now getting them to do so. More than 269,000 Iraqis have been trained, he said."

The Rocky Mountain News (8/21, Sprengelmeyer) reports that CO3 Rep. John Salazar (D) " found some signs of hope on his second visit to Iraq last week, but he said the overall security situation is more dangerous than it was 18 months ago and that he sees 'the beginnings of a civil war.'" The News does not mention Nicholson at all, and neither does the Denver Post (8/21, Mulkern, 256K). However, the Pueblo (CO) Chieftain (8/22, Roper) reports, "Salazar, a member of the House Veterans Affairs Committee, made a four-day trip to Iraq last week with the panel's chairman, Rep. Steve Buyer, R-Ind., and VA Secretary Jim Nicholson."

The AP (8/21, Herman) reports that IN4 Rep. Steve Buyer "said Monday night the Iraqi people want the U.S.-led coalition to leave, but not until their country has been stabilized and made secure." The AP adds, "Buyer…VA Secretary Jim Nicholson were among a U.S. delegation that met with Iraqi President Jalal Talabani and other government leaders in Baghdad.

Iraqi Colonel Keeps High Profile In His Sector Of Baghdad. USA Today (8/22, Michaels, 2.27M) reports on Iraqi Col. Talib Abdul Razzaq, who patrols the neighborhoods in his battalion's sector of Baghdad twice a day. During the patrols, Razzaq listens "to what merchants, local leaders and ordinary people have to say about security in their neighborhoods." According to USA Today, the US "wants more commanders like Razzaq. Finding good leaders for the Iraqi forces has been tough." Razzaq's battalion "is responsible for a swath of central Baghdad, including Palestine Street, a main shopping thoroughfare, and Fadhl, an ancient neighborhood of narrow and noisy streets crowded with kebab stands and tea shops. … Razzaq's battalion is mostly Shiite. … He says he uses diplomacy as often as combat to neutralize militias and insurgents in his sector. That's a departure from the military under Saddam Hussein, which preferred to rule through fear."

Iraq Facing Loss Of Oil Professionals. The Wall Street Journal (8/22, Cummins, 2.03M) reports, "Iraq, sitting atop the biggest conventional oil reserves after Saudi Arabia and Iran, is facing what may be the direst threat yet in its eight decades as a petroleum powerhouse: a brain drain. When the Saddam Hussein regime fell in 2003, a large cadre of oil professionals who had stayed on through Mr. Hussein's wars and purges were seen as the key to expanding Iraqi output. But the ranks of these technocrats are thinning rapidly. … Political turmoil contributes to the heavy loss of talent. The oil ministry lost hundreds of managers when US officials fired members of Mr. Hussein's Baath Party in 2003. Others later were caught up in serial political purges. Still others have taken leaves of absence or stay home because of the violence."

Carroll Suspected Dulaimi Of Complicity In Her Kidnapping. In part seven of her 11-part series in the Christian Science Monitor (8/22, 58K), former hostage Jill Carroll discusses her life after being moved to her sixth place in three weeks of captivity. She states that she suspected Sunni politician Adnan al-Dulaimi of being complicit in her kidnapping, "Within minutes of my capture, I had suspected Dulaimi, the head of the Iraqi Accordance Front, a Sunni political party. The kidnappers were waiting for us when we left his office. They must have known about my appointment ahead of time."

The Christian Science Monitor (8/22, Peterson, 58K) reports in a separate article, "Jill Carroll says her kidnapping was set up by Adnan al-Dulaimi or someone in his Baghdad office. Mr. Dulaimi met with her chief captor at least twice

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during her captivity, and the Sunni politician pleaded for Ms. Carroll's freedom, according to her captors." The politically prominent Dulaimi "now claims to have paid a ransom for her release. But when he is pressed with questions about her abduction, a nervous tic comes to life in his left cheek."

Carroll Interviewed Own Kidnapper. The Christian Science Monitor (8/22, 58K) reports, "The night before Jill Carroll was released, Abu Nour, her chief captor who claims to be a leader of the Sunni insurgency, ordered her to do one final interview." In this interview, he claimed, "I have maybe 2,000 mujahideen in all Iraq, in all towns. ... If I divide this into groups of 20, I have 100 groups. So this means I have 100 operations in a week. So in a month I have 400 operations. So if in every operation I kill only 2 soldiers, I kill 800 soldiers in a month."

Pakistan Remains A Center Of Islamic Militancy. In an analysis piece entitled, "Pakistan Fails To End Preoccupation With Jihad," the Financial Times (8/22, Bokhari) reports the hope that Pakistan is near "an end to the country's preoccupation with jihad" has come to look "like wishful thinking." After UK authorities foiled a transatlantic terror plot, "Pakistan is again in the spotlight. Some see the country as a frontline state against terrorism, others accuse it of being the epicentre of global jihad." Experts "warn that Pakistan suffers not just from its historical association with militant causes, which dates back to its sponsorship of Islamic fighters resisting the Soviet occupation of Aghanistan in the 1980s. They point to Pakistan's failure to regulate closely the country's network of madrassah schools as an example of tacit support for militant networks." Observers "say political reforms are needed to help curb the influence of Islamists," and President Pervez Musharraf "needs to step down as head of the military and let more liberal politicians, such as former prime ministers Benazir Bhutto and Nawaz Sharif, who both live in exile, return home." While such efforts might alleviate some tension, the Times says, "members of Pakistan's pro-jihad lobby will not be put off easily."

Pakistani Police Arrest Two In Foy Murder. The AP (8/22, Khan) reports, "Police on Monday arrested two suspected al-Qaida-linked militants accused of orchestrating a suicide attack near the U.S. Consulate in Karachi that killed" US diplomat David Foy "and three Pakistanis, a senior police official said." The suspects "confessed to 'preparing' a suicide bomber who on March 2 slammed his explosive-laden vehicle into" Foy's car outside the consulate, a day before President Bush's visit. The AP adds, "Over the weekend, a Pakistani security official said six men had been detained in connection with the bombing and that the suicide bomber name was Raja Tahir, a militant from the outlawed Pakistani group Jaish-e-Mohammed."

CORPORATE SCANDALS:

Quattrone Deal Would Avert Third Trial. The Washington Post (8/22, D1, Johnson) reports, "Former investment banking star Frank P. Quattrone is expected to appear in a New York courtroom today to seek a federal judge's approval for a deal that would allow him to avoid prison time, bringing his six-year legal odyssey to a murky conclusion." The Post continues, "Prosecutors in the U.S. Attorney's Office for the Southern District of New York are preparing an agreement that would avert the need for Quattrone to stand trial for a third time on obstruction-of-justice charges. Under its terms, Quattrone would promise to stay out of legal trouble for a specific time period -- at least one year -- after which the government would dismiss the case, according to two sources who spoke on condition of anonymity because the deal still requires the blessing of U.S. District Judge George B. Daniels." The Post adds, "Legal experts said the deferred prosecution was the government's way of resolving several problems, including the relatively slender evidence against Quattrone, lingering questions about one of the laws under which he was charged and turnover within the prosecution's ranks. … Quattrone, who played a central role in the initial public offerings of such prominent companies as Amazon.com Inc. and Cisco Systems Inc., earned hundreds of millions of dollars as the technology sector boomed in the late 1990s. But his role in doling out shares of hot IPOs to favored customers brought his then-employer, Credit Suisse First Boston LLC, under the scrutiny of securities regulators. CSFB eventually paid $100 million to settle the allegations. … Separately, federal prosecutors filed criminal obstruction-of-justice charges against Quattrone for urging employees in a December 2000 e-mail to 'clean up those files' as the investigation of IPO share allocations was widening. But the government's case was built around that single e-mail and what Quattrone intended his employees to do with it, and his first trial ended in a hung jury in 2003. The government tried Quattrone again the following year and won a conviction only to have it

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overturned by an appeals court this March because of faulty jury instructions."

SEC Seeks To Freeze Assets Of Group Accused Of Fraud. The Wall Street Journal (8/22, Hughes) reports, "The Securities and Exchange Commission filed a lawsuit to freeze the assets of a group of New Yorkers accused of selling at least $1.6 million of fraudulent investments to unsuspecting investors, many of them elderly." The Journal continues, "The SEC complaint, filed yesterday in U.S. District Court for the Eastern District of New York, accused One Wall Street Inc. and its chief executive, among others, of selling securities to at least 64 investors, falsely promising that the company would soon conduct an initial public offering and that it was preparing to merge with E*Trade Financial Corp. … Instead, the SEC said, Chief Executive Donte Jarvis used the proceeds as 'a personal piggy bank,' paying for jewelry, gambling and 'adult entertainment' services. The 31-year-old also was accused of giving his wife, La Shondra Hatter, at least $166,000 in checks drawn on the One Wall Street account. One Wall Street allegedly raised money by issuing unregistered securities starting in March 2003."

Imax Names CFO Amid SEC Probe. The Wall Street Journal (8/22) reports, "Imax Corp., the big-screen movie company, said it appointed Edward MacNeil, 41 years old, as interim chief financial officer." The Journal continues, "Mr. MacNeil, who most recently was Imax's vice president of finance, tax and special projects, succeeds Frank Joyce, who resigned to become chief financial officer Macquarie Infrastructure Co. Trust., an affiliate of Macquarie Bank Ltd." The Journal adds, "Mr. Joyce, 53, is departing Imax after the company announced earlier this month that its revenue-recognition practices are subject to an informal inquiry by the Securities and Exchange Commission. … At that time, Imax, which had been up for sale for five months, said it couldn't find a buyer at a price acceptable to the company."

CRIMINAL LAW:

Gonzales Launches Campaign To Curb Internet Crimes Against Children. The AP (8/22, Stengle) reports, "Attorney General Alberto Gonzales announced a new public service campaign Monday that will warn teenage girls against posting information on the Internet that could put them at risk of attack by child predators. … 'Every day, these predators are looking for someone to hurt,' Gonzales said at the 18th annual Crimes Against Children Conference in Dallas. 'Every day, we must educate parents and children about the threat.'" The AP continues, "About 2,700 law enforcement officials from around the world are attending the conference, which runs through Thursday. … 'We want the front line professionals to be able to go back to their communities to protect the children in their communities,' Gonzales said. 'This conference brings folks together from all parts of the world and gets them talking with each other.'" The AP adds, "A third of this year's 180 workshops are focusing on Internet crime, said Lynn Davis, president and CEO of the Dallas Children's Advocacy Center, which is hosting the conference with the Dallas Police Department. … The ad campaign by the Department of Justice, in partnership with the National Center for Missing & Exploited Children and the Ad Council, will begin running early next year. … 'It's all part of the ongoing effort to educate the public about this very serious threat,' Gonzales said. … According to a Justice Department study, one in seven children using the Internet has been sexually solicited and one in three has been exposed to unwanted sexual material. One in 11 has been harassed."

UPI (8/22) reports, "U.S. Attorney General Alberto Gonzales, at a speech Monday in Dallas, said the department was joining with the National Center for Missing and Exploited Children and the Ad Council for the series of ads. … 'Make no mistake, this is war,' Gonzales said. 'It is a wrenching reality that every day children are sexually exploited online.' … The attorney general said the Internet provides a venue for predators to 'brag about their crimes, creating a sick field of competitions to see who can produce the most unthinkable photos or videos or rape and molestation. In their perverse eyes, this manes the younger the better.' … He said the ads would be distributed early next year as part of the Justice Department's Project Safe Childhood. The department said the newest ads will warn teenage girls not to post pictures or information that could put them at risk of victimization."

Judge Allows Hinckley More Trips To Visit Parents. The Washington Times (8/22, Mcelhatton) reports, "A federal judge has ruled that would-be presidential assassin John W. Hinckley Jr. can continue going on four-night trips to his parents' house in Williamsburg, Va., over

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objections from the U.S. Department of Justice." The Times continues, "Hinckley, 51, who shot President Reagan in 1981, 'does not present a danger to himself or others if permitted to make visits to his parents' home' under conditions of a previous court order, U.S. District Judge Paul L. Friedman wrote. … Judge Friedman's order was made Thursday and entered in court filings yesterday." The Times adds, "The Justice Department has opposed allowing Hinckley continued visits, as his attorneys move to expand the conditions of his release from St. Elizabeths Hospital in the District. … A mental patient at the hospital since 1982, Hinckley was granted seven overnight visits last year -- the most freedom he has had since he was found not guilty by reason of insanity 24 years ago. … Hinckley's attorneys earlier this month asked the judge for more trips while they prepare legal arguments aimed at further expanding Hinckley's conditions of release. … The U.S. Attorney's Office objected, saying authorities have not had a chance to review Hinckley's medical files."

Karr Extradition Hearing To Be Held Today.

ABC World News Tonight (8/21, story 5, 2:35, Gibson) reported, "The man who claims he killed JonBenet Ramsey is in jail tonight in California. After flying back from Thailand, comfortably, in business class last night. But now back in this country, investigators have many questions about John Mark Karr's confession." ABC adds, "But after a 15-hour flight from Thailand to Los Angeles in business class, replete with champagne and fried prawns, more details are merging about Karr's life. Home movies from 15 years ago show a Karr joking with kids and adults. He married and divorced two teenaged girls. He was fired from several schools around the world for questionable behavior. Before he surfaced as a suspect in the ten-year-old murder of JonBenet Ramsey. Is his confession credible?"

The CBS Evening News (8/21, story 7,1:30, Schieffer) reported, "John Mark Karr apparently does not have an attorney yet but he does have an extra decision hearing set for early tomorrow morning in Los Angeles. He is expected to leave California without a fight. On his way out of Thailand first class treatment for a first-degree murder suspect. John Mark Karr spent his last 15 hours of freedom enjoying fine food and free drinks."

NBC Nightly News (8/21, story 9, 2:20, Williams) reported that "while John Mark Karr May be a disturbed, sex-obsessed 41-year-old man with an unnatural interest in the murder of the child beauty queen, many experts say with each passing day, his confession sounds less believable. … Karr wouldn't be the first false confessor. Hundreds claimed to have kidnapped the Lindberg baby and among modern example, there's Henry Lee Lucas" who "made phony confessions about some 600 murders. If Karr has made a phony confession, some see him as being out for the attention he's attracted."

USA Today (8/22, Kenworthy) reports, "John Mark Karr will appear at an extradition hearing in Los Angeles today to determine how soon he will be sent to Colorado to face charges in the 1996 slaying of child beauty queen JonBenét Ramsey." USA continues, "If Karr, 41, does not contest the extradition, he will be taken to Boulder, Colo., within days, said Carolyn French, spokeswoman for Boulder County District Attorney Mary Lacy. His first court appearance in the city where JonBenét was killed would come within a day or two of his arrival, French said. If Karr resists extradition, the process will take more time. … It remained unclear what evidence Boulder prosecutors have against Karr. After he was arrested last week in Bangkok on a sealed Colorado warrant, Karr told reporters he was with JonBenét when she died but said her death was accidental. The 6-year-old girl's body was found in the basement of her family's home."

Family Disputes Karr's Account Of Whereabouts. The Washington Post (8/22, A3, Goldstein, Hull) reports, "The father and brothers of John Mark Karr, the man arrested last week on suspicion of killing JonBenet Ramsey in Colorado the day after Christmas a decade ago, do not recall his ever missing Christmas dinner in Atlanta or traveling to Colorado after the holiday, a lawyer for the family said yesterday." The Post adds, "Gary C. Harris said that the suspect's father, Wexford Karr, found a photograph indicating that his son was part of the family's Christmas gathering in 1996, the day before the child beauty queen was found strangled in her home in Boulder. … The Christmas Day photograph does not include John Karr but shows his three sons, who Harris said never attended the holiday dinner without their parents. Although the photo is undated, the lawyer said the family is certain it was taken in 1996, because an infant pictured in it, Karr's nephew, was 2 weeks old that Christmas. … The account of Karr's father and two brothers deepens the uncertainty of whether the 41-year-old teacher was responsible for the killing. Last week, Karr told reporters after his arrest in Thailand that he had been with the 6-year-old when she died."

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DNA Test Could Be Done Within Days. USA Today (8/22, Willing) reports, "DNA testing that could be done within days would help determine whether John Mark Karr was, as he has suggested, involved in the slaying of JonBenét Ramsey in 1996, forensic analysts say." USA continues, "Because the Colorado warrant justifying his arrest in the case remains sealed, the evidence against Karr is unclear. However, Max Houck, a former FBI lab analyst, says he expects lab technicians to move quickly to obtain a DNA sample from Karr to compare it with biological evidence found at the crime scene in the 6-year-old girl's home in Boulder. … Houck, who heads the forensic science program at West Virginia University, says technicians likely would obtain a DNA sample from Karr with a cheek swab. Then they would use the skin cells on the swab to create a profile of the former teacher's unique genetic code. The profile could be compared with DNA found in a droplet of dried blood on JonBenét's underwear. … 'It should be no trouble to get a (court) order for his DNA,' said Christopher Plourd, a defense lawyer in San Diego who specializes in DNA cases. 'But (Karr) seems like the kind of guy who'd give it up without even being asked.'"

Evidence Of Karr's Involvement Still Under Wraps. The Los Angeles Times (8/22, Spano) reports, "Prosecutors in Boulder have declined to provide details of their evidence suggesting Karr's alleged involvement in the Ramsey murder, one of the most sensational crimes of the last decade. … Media organizations including The Associated Press on Monday asked a judge to unseal the arrest warrant and other documents involving Karr. The filing noted previous mistakes in the Ramsey investigation and said there was 'great public interest' in whether Karr's arrest was 'yet another "mistake,"' The Associated Press reported." The Times adds, "In an Aug. 15 order, Boulder County District Judge Roxanne Bailin ordered case documents sealed, saying disclosure could jeopardize the investigation. Monday's filing asked her to consider releasing edited versions of the documents if she ruled against their full release."

Karr Reportedly Confessed To Californians Five Years Ago. The Washington Times (8/22, Richardson) reports, "It was shocking when authorities arrested a suspect last week in the JonBenet Ramsey killing, but in some ways, it's more surprising that it didn't happen years ago." The Times continues, "John Mark Karr, the 41-year-old schoolteacher who has said he was with JonBenet when she died in 1996, tangled with California authorities five years ago after telling an acquaintance that he broke into the Ramsey house the night of the slaying. … Wendy Hutchens of Roseville, Calif., told the Santa Rosa Press Democrat and KRON-TV in San Francisco that she contacted Sonoma County authorities five years ago after Karr told her that he met JonBenet at the family's Christmas party, then sneaked back into the house that night through a downstairs storm window." The Times adds, "Mrs. Hutchens said she alerted the Sonoma County Sheriff's Department and recorded her conversations with Karr as evidence. Authorities later searched Karr's Petaluma home and found enough evidence to charge Karr with five counts of child-pornography possession. He served six months in jail before leaving the United States."

Arrest Highlights Lax Teacher Controls In Thailand. The Christian Science Monitor (8/22, Montlake) reports, "Every year, thousands of footloose university graduates cross the Pacific to try their luck at teaching English in Asia. Some quit after a few semesters; others make it their career, and hop from school to school, and country to country. … But the arrest here last week of John Mark Karr for the murder of JonBenet Ramsey spotlights the dark side of the international school circuit, and has prompted calls for stricter controls on teacher hires." The Monitor adds, "Campaigners against child abuse in Asia warn that a troubled minority lurks among the ranks of foreign teachers. Pedophiles have also worked in orphanages and Thai child aid projects. Mr. Karr lost his California teaching license after being jailed in 2001 for possessing child pornography. He later left the US and taught in several countries, including Thailand, where he was hired earlier this year to teach elementary classes at two private schools in Bangkok. His arrest came two days after he had started at another school. … Karr is not accused of any offenses in Thailand. In May another American teacher was deported to face charges in the US after spending a year in a Thai jail for sexually abusing teenage boys at his school. Earlier this month, an Australian teacher was charged in Jakarta, Indonesia, with molesting street children."

Judge Ordered DOJ To Investigate AIPAC Probe Leak To CBS. The New York Sun (8/22, Gerstein) reports, "A federal judge has ordered a Justice Department probe into how CBS News obtained a story two years ago disclosing an FBI investigation into" AIPAC lobbyists Steven Rosen and Keith Weissman. In his ruling last week,

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US District Judge Thomas Ellis III "instructed the Justice Department 'to conduct an investigation into the identity of any government employee responsible for the August 2004 disclosure to CBS News of info. related to the investigation of defendants/whether the investigation relied on info. collected pursuant to' the Foreign Intelligence Surveillance Act, according to an entry placed on the docket of the Alexandria, Va.-based court yesterday." The Sun notes, "It is not clear whether Judge Ellis wants the alleged leak prosecuted."

Tennessee Waltz Defendant Pleads Guilty To Bribery Charge. WREG-TV Memphis (8/21) reported, "Michael Hooks, Sr., former Chairman of the Shelby County Commission, pleaded guilty today to one count of accepting bribes to influence official duties in the Shelby County Commission. … 'Violation of the public trust by government officials defies the confidence that citizens expect from their representatives,' said U.S. Attorney Kustoff." Kustoff added, "The operation continues to be an ongoing, active investigation into public corruption of elected representatives and other government officials." WREG noted, "Hooks is not alone in being caught in the Tennessee Waltz FBI sting. There are several other politicians indicted." WMC-TV Memphis (8/21) reported, "Hooks' attorney, Steve Farese, said his client decided to plead guilty after he saw the evidence the federal government had against him. … Farese said Hooks has not made any deal with prosecutors to testify in other Tennessee Waltz cases." Hooks' plea "gave federal prosecutors their sixth conviction in Operation Tennessee Waltz."

The AP (8/22, Baird) also notes that "prosecutors got a sixth conviction in an ongoing statewide corruption scandal" when Hooks "admitted taking bribes from undercover FBI agents." Leaving the court house, "Hooks blamed his troubles on 'an error in judgment.' 'I have nobody to blame but me,' he said. 'I don't blame the sting operation.'"

Bowers Seen As Nearing Guilty Plea. The Memphis Commercial Appeal (8/22, Buser, 172K) reports, "Attorneys indicated Monday that state Sen. Kathryn Bowers may be nearing a guilty plea to bribery charges stemming from the FBI's Tennessee Waltz sting operation. In a status report on the case, federal prosecutor Tim DiScenza told U.S. Dist. Court Judge J. Daniel Breen that there is no longer a need for a trial date. Bowers' attorney William Massey concurred and asked for a final report date," although he "declined to say whether his client planned to plead guilty." The Commercial Appeal notes, "She is accused of accepting $11,500 in payoffs in 2004 and 2005 to support legislation for E-Cycle Management, the FBI's fictional business that was willing to pay for political favors." WMC-TV Memphis (8/21, Madden) added, "Bowers didn't want to talk about" Hooks' guilty plea, but Massey "admitted that the fate of others caught up in the Tennessee Waltz Corruption Scandal…could factor into the Bowers decision. 'We are always continually evaluating our position,' Massey said, 'particularly in light of everybody else, and in light of the discovery that we have, and we'll make a decision in Senator Bowers best interests.'"

Former Nevada Commissioners Sentenced To Prison For Bribery. In a widely-distributed story, the AP (8/22, Ritter) reports former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey "were sentenced Monday to federal prison for taking bribes from a southern Nevada strip club owner in a political corruption case dubbed G-sting." Herrera "was sentenced to 50 months," and Kincaid-Chauncey "was sentenced to 2 1/2 years in federal prison." The AP notes that at the sentencing, "the judge called Herrera's actions, 'bribery of the worst level' and lambasted Herrera for attempting to 'spin' a story while testifying at trial. … Daniel Bogden, U.S. attorney for Nevada, called the sentences just." KLAS-TV Las Vegas (8/21) added, "As she left federal court, Mary Kincaid-Chauncey said she wasn't giving up. 'I am still going to appeal the case for two reasons. I want to clear my name and I want to be able to vote,' she said. … Former prosecutor Charles Kelly says that means Dario Hererra could serve somewhere between 30 and 36 months. Kincaid-Chauncey will probably spend less than a year behind bars."

Missouri Mayor Pleads Not Guilty To Bribery Charges. The St. Louis Post-Dispatch (8/22, Bryant, 300K) reports St. Peters Mayor Shawn Brown pleaded not guilty yesterday to bribery charges. "A federal indictment returned last week said Brown, 34, solicited and accepted $2,750 in bribe money from a company that has the contract to install red-light cameras in St. Peters. Brown allegedly told an employee of Redflex Traffic Systems Inc. that he would veto a measure approving the installation of the company's computerized camera systsm unless the company paid him off. Redflex employees then alerted the FBI and cooperated with the agency in carrying out the alleged bribe."

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Armitage's Calendar Shows Meeting With Woodward In June 2003. The AP (8/22, Apuzzo, Solomon) reports then-Deputy Secretary of State Richard Armitage "met with Washington Post reporter Bob Woodward in mid-June 2003, the same time the reporter has testified an administration official talked to him about CIA employee Valerie Plame." Armitage's official State Department calendars, "provided to The Associated Press under the Freedom of Information Act, show a one-hour meeting marked 'private appointment' with Woodward on June 13, 2003." When "contacted at home Monday night, Woodward declined to discuss his meeting with Armitage or the identity of his source in the CIA leak case. Instead, he referred to his statement last year that he had a "casual and offhand" discussion about Plame with an unidentified administration official in mid-June 2003." Meanwhile, a "person familiar with the information prosecutors have gathered" said "Woodward's meeting with the confidential source was June 13, 2003." The calendar "released to the AP is the first confirmation that Woodward and Armitage met during the key time in the CIA leak case that was the focus of Fitzgerald's probe."

Cunningham Probe To Extend Beyond November Elections. The investigation which grew out of former Rep. Randy Cunningham's conviction on bribery charges will continue well beyond the November's elections, according the federal court schedule set yesterday. The AP (8/22) reports, "The announcement came at a status hearing for defense contractor Mitchell Wade, who is cooperating with federal prosecutors after pleading guilty in February to bribing Cunningham in exchange for government contracts. U.S. District Judge Ricardo Urbina agreed to delay sentencing proceedings against Wade and set the next status hearing in his case for March 12. That will allow Wade's cooperation to continue in the investigation, which still has several unresolved pieces."

FBI, New Jersey Investigators Launch Probes Of Former Newark Mayor. The Newark Star-Ledger (8/22, Shearn) reports, "Federal and state investigators launched separate criminal investigations yesterday into the use of city-issued credit cards by Sharpe James when he was mayor of Newark. … The subpoenas followed a story in The Sunday Star-Ledger detailing years of travel, meals and entertainment, including a trip to Rio de Janeiro his last week in office, that James charged to two city credit cards." The Star-Ledger notes, "Just before 8 p.m. yesterday, FBI agents descended on the Public Storage facility in Hillside and carted out file boxes and a piece of furniture. Steve Siegel, spokesman for the FBI's Newark division, confirmed the search warrant but declined to discuss the purpose or the results of the search."

The New York Post/AP (8/22) reports, "A spokesman for Mayor Cory Booker said the subpoenas involving James asked for 'anything involving credit or debit cards that he's used, his mayoral staff and his security detail' from 2002 to 2006. … 'We're going to comply and do everything they ask for and we'll cooperate fully into the investigation,' said Booker spokesman Amin Nathari." The AP adds, "Michael Drewniak, a spokesman for U.S. Attorney Christopher Christie, would not confirm any subpoenas, saying grand-jury discussions are confidential."

Michigan Prescription Drug Supplier Arraigned On Medicaid Fraud Charges. The Detroit News (8/22, Cain) reports, "The president of a Livonia pharmaceutical supply company stood mute Monday at his arraignment on 148 counts of Medicaid fraud, the largest case of its kind in state history, according to Attorney General Mike Cox." Daniel Edward Lohmeier, "who heads Specialized Pharmacy Services Inc., waived his right to a 14-day pretrial hearing during a brief appearance before Judge David Jordan in 54B District Court in East Lansing. … According to Cox, Lohmeier from 1999 through 2005 bilked the state out of at least $5 million through Medicaid fraud, including the billing for prescriptions allegedly dispensed to 20 deceased people." The News notes, "Jordan said a pretrial hearing would be scheduled at some future date, allowing attorneys reasonable time to review the volumes of paperwork involved in the criminal investigation by the Attorney General's Office, the Michigan Department of Community Health, the U.S. Department of Health and Human Services and the FBI."

Last Of Michigan Financial Fraud Ring Defendant Pleads Guilty. The Detroit News (8/17, Egan) reported, "The last of 17 Detroit-area men indicted in a massive credit card, mortgage and bankruptcy fraud scheme pleaded guilty Thursday in U.S. District Court in Ann Arbor, U.S. Attorney Stephen Murphy announced. The men and women, who pleaded guilty before Judge John Corbett O'Meara, are all to be sentenced in November and

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December." The News noted, "As part of the scheme, two men used their companies to process over $1 million in credit card transactions for other defendants in return for cash and merchandise. Others charged avoided payment on the credit card charges."

Mob Turncoat Testifies Gotti Ordered Attack On Sliwa. The New York Daily News (8/22, Zambito, 729K) reports, Junior Gotti had a moment straight out of 'Goodfellas' -- terrorizing a bartender to the amusement of his cronies before ordering up the beating of Curtis Sliwa, a mob turncoat testified yesterday." Joseph "Little Joey" D'Angelo, "a protégé of notorious Mafia killer Salvatore (Sammy Bull) Gravano, has admitted driving the rigged taxicab used in the 1992 assault on Sliwa. … D'Angelo said Gotti, under orders from his father, wanted Sliwa badly hurt because of his repeated on-air attacks on Dapper Don John Gotti." The Daily News adds, "When D'Angelo wondered why they didn't just shoot him in the knees, he said Gotti's response was chilling: 'I want him to feel our hands on him.'" The New York Post (8/22, Cornell, 608K) notes, "Prosecutors also grilled D'Angelo on mob messages he passed to Gotti while the two were gearing up for trial together -- an attempt to poke holes in Gotti's claim that he left the mob in 1999. D'Angelo -- who became a turncoat in July 2005 -- recounted telling Gotti that then-acting boss Arnold 'Zeke' Squitieri and powerful capo Alphonse 'Funzi' Sisca wanted to 'send their love.' 'He told me to tell Funzi and Arnold when this is all over we'll have dinner together,' D'Angelo said."

LAPD, FBI Launch Campaign Against Takeover Robbers. The Los Angeles Times (8/22, Blankstein, Winton, 918K) reports the LAPD has launched an extensive "campaign…to stop a group of criminals who for the last two years are believed responsible for more than 50 'takeover' robberies of Valley eateries and taverns. Their most recent hit came Sunday night at Ca' del Sole, a popular Italian restaurant in Toluca Lake. Officials admitted Monday that they are frustrated the crime spree has gone on for so long, and said they are trying to take a more aggressive approach in catching the robbery crew. Detectives are studying the restaurants that have already been hit in an effort to predict the next potential targets." The Times notes, "The FBI is also assisting in the campaign."

Man Charged With Two Killings Near Virginia Tech Campus. The CBS Evening News (8/21, story 11, 2:25, Schieffer) reported, "An escape prison suspected in two killings was recaptured today near a college campus in Blackburg, Virginia. It was opening day at Virginia Tech University but classes for 25,000 students were cancelled, and the campus was locked down while police searched for the suspect. He is accused of shooting a hospital guard and a sheriff's deputy."

The Washington Post (8/22, A1, Shear, Kinzie) reports, "A hunt for an escaped inmate accused of killing a sheriff's deputy and a security guard ended with his capture Monday at Virginia Tech, where students were told to stay in their rooms, and classes were canceled on the first day of school." The Post continues, "William C. Morva, 24, described by state and local law enforcement officials as an 'anti-government survivalist,' was found hiding shirtless and shoeless in a briar patch near campus athletic fields and less than 150 yards from where he is alleged to have shot and killed a popular and highly decorated sheriff's deputy Monday morning. … His capture came hours after edgy police officers interrupted what started as a placid first day of school for the 32,000 students and staff at Virginia Tech. The campus was shut down, and students were sent into locked-down dorms."

USA Today (8/22, Dorell, Bazar) reports, "Morva was already in custody on a charge of attempted robbery and was being treated for a sprained ankle at Montgomery County Regional Hospital Sunday when he overpowered a county sheriff's deputy and stole his pistol, according to the Blacksburg Police Department. He then allegedly shot and killed Derrick McFarland, 26, a hospital security guard who was trying to help the deputy. … About 2:30 a.m. Monday, a second deputy, Cpl. Eric Sutphin, 47, was gunned down while looking for Morva on a nature trail about a mile from the university's campus, according to the Blacksburg Police Department. "

The Washington Times/AP (8/22, Lindsey) reports, "Mr. Morva was rushed in shackles to the Montgomery County Jail under a heavy police presence and was to be transferred to a regional facility 'for security reasons,' Montgomery County Sheriff Tommy Whitt said." The AP adds, "Mr. Morva was wearing shorts with no shirt or shoes when he was captured. Police earlier said he was wearing a tie-dyed shirt and khakis and feared that he would blend in with students on campus. … Mr. Morva was charged with capital murder, use of a firearm in a felony, escape and felony assault on a police

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officer. He had not been charged with the shooting yesterday morning."

The New York Times (8/22, Urbina) reports, "Daniel B. Thorp, a history professor at Virginia Tech, said most people on campus remained calm despite the police activity. Professor Thorp said he was involved in orientation for about 12 new graduate students when he started receiving phone and e-mail messages saying the southern part of the campus was cordoned off. The messages eventually told him that most buildings should be locked from the inside. … Because the manhunt began around 2 a.m, most students arriving on campus were aware of it, he said."

Oakland Fights Crime With Tough Talk. The New York Times (8/22, McKinley) reports, "Stuck in the grips of a violent crime wave, including a soaring murder rate, the authorities (in Oakland, CA) are taking a page from juvenile hall that has become increasing popular nationwide: They have decided to call in the bad guys and tell them to knock it off. Or else." The Times continues, "The Oakland police have drawn up a kind of criminal hit parade that includes the top 100 "persons of interest" in the city, primarily ex-convicts, who the authorities believe are causing trouble and contributing to a climate of lawlessness. … Under the plan, which will be rolled out over the coming months, the police will call the suspects into court and inform them that they must behave. … 'We're going to tell them that we know they've been responsible for a number of things in your neighborhood, and that we've been watching you,' said Howard A. Jordan, a deputy police chief. 'And we want you to change your life around. And if you don't, you will suffer the consequences.'" The Times notes, "Called Operation Cease-Fire, the program builds on an experiment that was first tried a decade ago in Boston, where law enforcement officials credit the straight-talk approach with helping sharply reduce the number of killings within months. Dubbed the 'Boston Miracle,' it caught the attention of police departments nationwide, including those in Chicago, Los Angeles and San Francisco, all of which have tried variations of the approach."

Law Enforcement Officials Oppose Crime-Fighting Funding Cuts. McClatchy News (8/22, Douglas) reports, "With murder and other violent crimes on the rise in many American cities, local law enforcement agencies and elected officials are battling to stave off $1.1 billion in federal funding cuts proposed by President Bush." McClatchy continues, "There's no question that violent crime is up sharply. Murders and non-negligent manslaughter increased 4.8 percent nationwide in 2005, the largest jump in 15 years, according to a preliminary FBI report in June. Murders were up over 2004 rates by 76 percent in Birmingham, Ala., 44.1 percent in Charlotte/Mecklenburg County, N.C., 42 percent in Kansas City, Mo., and 38 percent in Cleveland. … At the same time, the Bush administration is cutting grants for state and local crime-fighting programs on the grounds that they've outlived their usefulness or under-performed. One such program is COPS, a Clinton-era initiative originally designed to hire 100,000 police officers nationwide." McClatchy adds, "Like many local law enforcers and crime analysts, Greenville, S.C., Police Chief W. L. Williams disagrees with the Bush administration's reasoning. His department received a $4.47 million COPS grant in May to improve radio communications so that police, fire and other emergency agencies in four counties can speak to one another. That fixes a glaring weakness exposed by the Sept. 11, 2001, terrorist attacks. … 'COPS is working,' Williams said of his department's grant. 'This is a huge step for law enforcement in the state of South Carolina and something that could not be done on our own.' … That's a local example of a national problem. Former New Jersey Gov. Thomas Kean, who chaired the bipartisan commission on the Sept. 11 attacks and made recommendations to prevent more of them, called the federal government's failure to solve such communications problems among emergency-response agencies a 'scandal.' Last December, his panel gave the White House and Congress an 'F' for failing to adequately address this issue."

Prosecutors, Victims Seek Justice Beyond Military System. The AP (8/22, Mendoza) reports, "Dissatisfied with the military's handling of sexual assault cases involving recruiters, some local prosecutors and victims are challenging the misconduct on their own, charging everything from a violation of an Indian treaty to racketeering." The AP continues, "Most such cases are handled administratively by the military - for example, 13 of the 19 Air Force recruiters whose misconduct was confirmed since 2004 received letters of reprimand in their personnel files and fines that ranged from $200 to $1,200." The AP adds, "In seeking greater penalties, victims and local authorities have taken unusual tacks. … In South Dakota, a young Oglala Sioux woman, Laveeta Elk, is suing the federal

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government under an 1868 treaty which says that if 'bad men' among government officials commit 'any wrong' upon the person or property of any Sioux, the United States will reimburse the injured person for the loss sustained. … Elk chose to have her name released when she filed her lawsuit. She says she was assaulted by Army recruiter Sgt. Joseph Kopf in his government car, when he stopped in a remote area while driving her to a military evaluation center. Kopf has been demoted and reassigned within the Army, officials said." The AP notes, "In another case, prosecutor Barbara Trathen of Hamilton County, Indiana, has charged National Guard recruiter Sgt. Eric Vetesy - accused of assaulting seven young women - with racketeering along with 31 charges of rape and sexual battery. His trial is scheduled for later this summer."

CIVIL LAW:

Judge Blasts Attorneys For Role In Hiding Tobacco Risks. The Legal Times (8/22, Schwartz) reports, "Judge Gladys Kessler's scorn for the tobacco industry was evident in her 1,742-page opinion last week, which found that nine cigarette manufacturers and two trade groups had conspired to hide the truth about smoking's adverse health consequences for more than 50 years." The Times continues, "Her wrath, though, was directed not only at company executives at the forefront of the multibillion-dollar tobacco industry but also at the lawyers she said aided the decades-long project to illegally shade the industry from scrutiny. … 'At every stage, lawyers played an absolutely central role in the creation and perpetuation of the Enterprise and the implementation of its fraudulent schemes,' the D.C. federal judge wrote. She pointed to how both in-house counsel and outside law firms 'devised' and 'coordinated' strategy, directed scientists' research in favor of the industry, destroyed documents, and 'took shelter behind baseless assertions of attorney client privilege.'" The Times adds, "Although the majority of the incidents of lawyers' malfeasance took place decades ago, some of the wrongdoing appeared to continue into the most recent case, which was brought by the Justice Department in 1999. As recently as 2004, Kessler disqualified Neil Koslowe of Shearman & Sterling from representing British American Tobacco Services Ltd. because he had been involved in the government's case as a lawyer for the Justice Department. … While the tobacco industry will have to funnel millions into reworking its marketing schemes, lawyers may find themselves under further scrutiny if people injured by the companies decide to file suit. 'Any time you see such a strongly worded opinion, that tends to capture the attention of the plaintiffs bar,' says Kevin Rosen, head of the legal malpractice group at Gibson, Dunn & Crutcher. But, Rosen added, in the same way that some law firms were immediately dismissed from liability in the Enron litigation while others faced steep penalties, the outcome of any subsequent suits could vary widely."

Administration Classification Policy Seen As Broadly Expansive. The CBS Evening News (8/21, story 9, 2:00, Schieffer, 7.66M) reported, "It is no secret that President Bush and his Administration like secrets. But today it became known that they have taken it all to a new level. They have begun a campaign to stamp 'secret' on information that has been available to the public for decades." CBS (Andrews) added, "30 years ago during the Cold War the US had a thousand Minuteman missiles capable of hitting the Soviet Union, and it wasn't a secret. The Pentagon wanted the Russians to know it." That's why "it surprised William Burr, who is doing a study on Cold War weapons to learn that what was public 30 years ago has been made secret today." Those Minuteman numbers and "other weapon counts released to Congress in 1971 are blacked out today in the very same document. Burr says it is because of renewed concern over nuclear weapons." Burr: "Since September 11th I think there has been a lot more caution of the government about which information should be released. They're worried about nuclear threats in the future, they're worried about proliferation." CBS adds James Lewis, who "tracks the policy on secrecy calls the Administration overprotective."

CIVIL RIGHTS:

8th Circuit Strikes Missouri's Ban On Sexual Highway Billboards. The AP (8/22, Douglas) reports, "A two-year-old state law banning sexually suggestive billboards along Missouri highways is unconstitutional, a federal appeals court panel ruled Monday." The AP continues, "The ruling by the three-judge panel for the 8th U.S. Circuit Court of Appeals in St. Louis overturned a U.S. District Court's ruling earlier this year that banning such billboards within a mile of state highways was a constitutional regulation of commercial speech. … The law, which took

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effect in August 2004, sought to reduce the possible negative effects posed by sexually suggestive billboards, including harming minors, reducing traffic safety and dropping property values. … But the appellate judges ruled that the Missouri statute had no such effect." The AP adds, "The ruling said the law was not 'narrowly drawn' to meet those goals, and the state 'failed to make a showing that a more limited speech regulation would not have adequately served the state's interest.' … Passions Video Inc., an adult book store; Gala Entertainment Inc., a Kansas City strip club; and the Lion's Den adult stores filed the suit last year against Attorney General Jay Nixon. John Haltom, an adult-business owner with 10 stores that sell lingerie, sex toys and adult videos in six states, also sued the state. … The state will seek a rehearing from the full 8th Circuit, and if unsuccessful, might appeal the decision to the U.S. Supreme Court, Nixon spokesman John Fougere said."

Writer Decries Use Of Prisoners For Medical Experiments. In an op-ed in USA Today (8/22), Paul Wright, founder and editor of Prison Legal News, a monthly human rights magazine, and co-editor of the forthcoming book Prison Profiteers: Who Profits from Mass Imprisonment, writes, "The United States has a lengthy history of abusing prisoners in the name of medical research. It was this well-documented history that led to the near prohibition of federally funded prisoner medical experimentation by the 1970s. The Institute of Medicine's proposal to loosen these recommendations is ill-advised and shows a poor understanding of the modern American prison system. … The key element to any ethical system of human subject testing is informed, voluntary consent. Prisons and jails fail on all counts. All 50 states and the federal government have banned sex among prisoners and staff because detention facilities are inherently coercive, and prisoners cannot give "consent" in any meaningful sense of the word." Wright adds, "Prisoners are still being used for privately funded medical research. Investigative reports have found that these experiments are shrouded in secrecy, and the prisoners are unlikely to have given meaningful consent. They often have 'volunteered' in a desperate attempt to get what they perceive to be better medical care than they otherwise would. … The door that was mostly shut 30 years ago on prisoner medical testing should remain firmly closed."

USA Today Urges More Drug Tests On Prisoners. USA Today (8/22) editorializes that "the Institute of Medicine (IOM), a federal panel of medical advisers, wants the government to permit greater research with prisoners but under a tough new oversight regime that would prevent the abuses of the past and limit experiments to those that have a direct potential benefit to prisoners. … Why reopen such a delicate debate? … Because the current rules arbitrarily exclude prisoners from research that could be critical to improving their health and living conditions. Because such research could help control HIV, hepatitis C, tuberculosis, mental illness and substance abuse that are rampant in correctional centers. And because 95% of prisoners are eventually released, society as a whole would also benefit." USA adds, "Given the sordid history of prison research, expansion of testing raises obvious and serious worries. Prison experiments are conducted in an inherently coercive environment with prisoners as a convenient source of subjects. … Even so, any research involves the balancing of risks and benefits. It's a mistake to so severely exclude this population from studies that could improve the quality of prisoners' lives and conditions unique to prisons. With stronger oversight, human dignity and medical progress needn't be incompatible."

Author Decries Blacks' Opposition To Gay Marriage. Sheryl McCarthy writes in USA Today (8/22, 2.27M), "As the debate rages over whether gays and lesbians should be allowed to marry, I'm disappointed whenever I hear other African-Americans say, 'No, they shouldn't.' … The fight for gay rights is like our civil rights struggle, however, and it's hypocritical for groups that have had to fight long and hard to win their own constitutional rights to turn around and try to deny them to the next group. We're seeing this in the descendants of immigrant groups that were despised and vilified during their early days in this country, and that now want to deny recent immigrants the means to become lawful citizens." McCarthy adds, "I see marriage as a civil right, and no group's religious beliefs should be allowed to deny the rights of others. And because blacks have suffered from bigotry and injustice that were cloaked by religion and morality, we should avoid doing the same thing to others."

WSJournal Decries Young Comments. An editorial in the Wall Street Journal (8/22, 2.03M) says, "We're not sure why, but the media expressed shock last week after Andrew Young told a reporter that Jewish, Korean and Arab inner-city shopkeepers are guilty of 'overcharging' minorities

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for inferior goods. The subsequent criticism of Mr. Young is certainly warranted, but his remarks shouldn't have surprised anyone." The Journal adds, "Rather than scapegoat immigrant entrepreneurs, Mr. Young and other civil rights leaders would do better to address the cultural and economic barriers that make it difficult for more black Americans to start businesses in the same neighborhoods."

ANTITRUST:

Supreme Court Denies Stolt-Nielsen Emergency Appeal. The AP (8/22) reports, "An emergency appeal by Stolt-Nielsen SA to freeze Justice Department prosecution of the shipping company was rejected Monday for the second time by the U.S. Supreme Court." The AP continues, "The justices again turned away the petition without comment, ending the company's bid to get the Supreme Court to temporarily bar Justice prosecutors from seeking indictments against it." The AP adds, "Stolt-Nielsen, based in London, has challenged the ability of government prosecutors to revoke an amnesty agreement shielding it from prosecution in an alleged plot to divvy up customers in the parcel shipping business, which involves the transport of bulk liquids such as chemicals. The company has said the Justice Department is pursuing indictments against it and at least one company executive. … 'Stolt-Nielsen will pursue every avenue to prevent this flagrant breach of covenant and abuse of power by the antitrust division,' said James Hurlock, an outside director and legal affairs committee chairman for the company. 'Although the Supreme Court did not grant our renewed application, we will promptly move to dismiss any action brought against the Company.'" The AP notes, "In July, Justice David Souter denied the company's first emergency petition. Souter handles emergency appeals from the 3rd U.S. Circuit Court of Appeals in Philadelphia, but rejected appeals can be filed with additional justices. … Justice John Paul Stevens received the second petition, but he referred the request to the entire court, which in effect blocks the filing of additional petitions."

DOJ May Review South Carolina Hospital Decision. The Charlotte Business Journal (8/22) reports, "The U.S. Department of Justice wants to examine the way South Carolina chose Piedmont Medical Center to build a Fort Mill hospital, to make sure the process didn't squash competition." The Journal continues, "According to The Herald of Rock Hill, Hospital Partners of America Inc. complained to the Justice Department after the Rock Hill hospital won approval in May to build the 100-bed facility." The Journal adds, "S.C. Department of Health and Environmental Control chose the Piedmont Medical proposal over bids submitted by Hospital Partners, Presbyterian HealthCare and Carolinas HealthCare System, all based in Charlotte. … 'What the state did we feel was patently unfair,' Terry Linn, chief development officer for Hospital Partners, told the newspaper. 'We're just making the world aware of what is going on in South Carolina.' … The issue 'merits full discussion at a final review conference,' states a document signed by Richard Cooke, a member of the Justice Department's litigation section. … Presbyterian and Carolinas HealthCare are also challenging DHEC's decision, filing appeals at the state level."

CRH To Purchase Ashland's Road Unit For $1.3 Billion. Bloomberg (8/22, McGee, Kaskey) reports, "CRH Plc, Europe's third-biggest supplier of building materials, agreed to buy the highway- construction unit of Ashland Inc. for $1.3 billion in cash to expand in the U.S. Midwest and South." Bloomberg continues, "Some analysts had forecast a higher price, and the shares of Ashland, based in Covington, Kentucky, fell as much as 5.6 percent. Top managers at the Ashland Paving & Construction, North America's biggest road-builder, will keep their positions, Dublin-based CRH said today in a statement. The unit has rock and asphalt divisions in 14 U.S. states." Bloomberg adds, "The purchase by CRH, already the largest producer of asphalt in the U.S., would be the company's biggest takeover. It has made $4 billion in acquisitions in 20 months, the most of any Irish company. The 40-year-old unit was sold to focus on specialty chemicals, Ashland Chief Executive Officer James O'Brien said. The company also announced a stock buyback and a special dividend. … 'CRH investors should take comfort from Ashland's exposure to U.S. infrastructure and highways work, and not housing, that the purchase will give it,' said John Mattimoe, an analyst at Merrion Capital in Dublin. 'CRH could also use it as a vehicle for bolt-on acquisitions.'"

Chicago Professor Joins DOJ Antitrust Division. The Financial Times (8/22, Milton) reports, "Dennis Carlton, a professor of economics at the University of

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Chicago Graduate School of Business, has been appointed to the U.S. Department of Justice antitrust division. As deputy assistant attorney general for economic analysis, he will direct and supervise all economic analysis work undertaken by the division." The Times continues, "Professor Carlton joined the Chicago GSB faculty in 1984 and specializes in industrial organization and theoretical and applied economics. He had previously taught at the University of Chicago law school and economics department, and at the Massachusetts Institute of Technology. … He has written many articles on market behaviour and antitrust issues and has served as co-editor of the Journal of Law and Economics since 1980. He will be on leave of absence from his current post at Chicago GSB while he goes to work in Washington from the beginning of October."

Sanofi Defends Plavix Patent Against Apotex Generic Challenge. United Press International (8/22, Mitchell) reports, "Sanofi-aventis is likely to prevail in its fight to protect its patent on Plavix and fend off generic challenger Apotex, a market analyst predicted Monday, adding that it's far more likely that a victory in court would send the company's stock soaring, than an unfavorable decision would drag the shares downward." UPI continues, "Sanofi and Bristol-Myers Squibb filed an injunction in U.S. District Court for the Southern District of New York last week seeking to halt sales of Apotex's generic version of the blood thinner, which was launched earlier this month. … A decision is expected in the next few days, but even if Sanofi doesn't prevail, this will probably have little effect on the stock, Julien Dormois, an analyst with Bryan, Garnier and Co., told United Press International. … 'If the ruling is negative, the impact will likely be very limited, especially given the sharp decline we've seen in Sanofi already,' Dormois said." UPI adds, "On the other hand, a favorable ruling could be a significant boost. … 'A positive decision, probably less expected by the market, will probably be a great help to Sanofi and would send shares to previous levels of 75 or 78 euros,' Dormois said. … 'The upside potential is really significant for Sanofi,' he added. … If Sanofi loses, the Plavix patent will still probably be upheld ultimately. A separate trial on the patent issue that is expected to conclude next year is expected to get underway later this year."

Canadian Mining Firm To Buy EuroZinc. The Wall Street Journal (8/22, Heinzl) reports, "Lundin Mining Corp. agreed to acquire EuroZinc Mining Corp. in a share swap valued at about 1.8 billion Canadian dollars, or US$1.6 billion, continuing the consolidation spree in the mining sector. … But shares of both companies fell, in a sign that merger speculation already may be priced into mining stocks." The Journal continues, "With prices for various metals flying high and new mines scarce, mining companies have been joining forces, with a flurry of deals and takeover battles in recent months. EuroZinc and Lundin said their combination is aimed at creating a midsize metals producer with added financial clout to pursue further growth." The Journal adds, "The share swap, structured as a reverse merger that leaves EuroZinc's shareholders with a majority stake in the combined company, valued EuroZinc shares at about C$3.21 (US$2.85) each. EuroZinc, based in Vancouver, British Columbia, produces zinc and copper at a mine in Portugal and plans to produce zinc, lead and silver at another mine in Portugal starting next year. Amid surging copper prices, the company's net income soared to US$71.6 million in the second quarter from US$16.3 million a year earlier, while revenue more than doubled to US$168.5 million."

Coles Myer Directors To Weigh KKR Buyout Bid. The Wall Street Journal (8/22, Murdoch) reports, "The board of Coles Myer Ltd. will meet Tuesday to consider a takeover approach valued at more than 15 billion Australian dollars, or more than US$11 billion, from a consortium led by Kohlberg Kravis Roberts & Co., people familiar with situation said." The Journal continues, "On Friday, George Roberts, co-founder of the U.S. buyout firm, met with Australia's second-biggest retailer, a person close to KKR said, making a tentative bid that could lead to the nation's biggest takeover. 'We are wanting to work as constructively as possible with the executives and board of Coles Myer,' the person said." The Journal adds, "Analysts said a hostile bid could cause considerable short-term damage to the Coles business, which is battling to match rival supermarket company Woolworths Ltd. in sales growth while it overhauls its supermarket supply chain. … Board support will be instrumental for KKR and its plan for a friendly bid, as many of the 400,000 Coles investors are retail shareholders who initially bought the stock for a now-defunct discount plan on grocery items."

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Morgan Stanley Funds To Purchase Glenborough For $1.9 Billion. The Wall Street Journal (8/22, Spence, Morrissey) reports, "Glenborough Realty Trust Inc., a real-estate investment trust that concentrates on multitenant office properties, agreed to be acquired for $1.9 billion, including debt, by funds managed by Morgan Stanley." The Journal continues, "Glenborough is the latest REIT to be taken private, in a sector that has seen record levels of acquisition activity over the past two years. More than a dozen deals have been struck involving REITs over the past 18 months, with most involving companies being taken private, and most offering double-digit percentage premiums over where the stocks had been trading before takeover rumors took hold or acquisition agreements were reached." The Journal adds, "The San Mateo, Calif., REIT said holders of its limited-partnership units can opt to receive either $26 in cash per unit, common units in the surviving operating partnership or preferred units in the surviving operating partnership. Its common units rose $1.94, or 8%, to $25.97 as of 4 p.m. in New York Stock Exchange composite trading. … As part of the transaction, Morgan Stanley will repay or assume Glenborough's existing debt and redeem its Series A convertible preferred stock. As of June 30, Glenborough had $806 million of debt."

ENVIRONMENT/INDIAN AFFAIRS:

Three US Agencies Probing BP's Alaskan Operations. AFP (8/22) reports, "Three US government agencies are probing BP after the British energy giant partially shut down a giant Alaskan oil field due to a leaking pipeline, an official said. 'The Department of Transportation, the Department of Justice and EPA ... have confirmed that we are involved in an investigation of the company up there in Alaska,' a spokesman for the US Environmental Protection Agency (EPA) said." AFP continues, "State agencies are also probing BP's operations and senior Washington lawmakers have called for congressional hearings into its management of Alaska's Prudhoe Bay oil field, which accounts for 8.0 percent of total US oil output. 'What we have confirmed is that we are part of this investigation, but we can neither confirm nor deny any specifics about any investigation that is underway,' the EPA spokesman said." AFP adds, "BP initially said it would have to shut down the entire Prudhoe Bay field, which normally produces 400,000 barrels of oil a day, after it discovered the small leak from the corroded pipeline on August 9. However, it subsequently initiated just a partial closure of the field following an assessment of its infrastructure. Media reports have claimed that complaints about ageing infrastructure by BP workers to management fell on deaf ears, long before the August leak and an earlier, much bigger oil spill in March. BP has responded by saying it always encourages employees to air their concerns. … The Justice Department is already probing BP over a huge explosion at its Texas City refinery last year which killed 15 people."

Utility Executives Divided Over Future Of Nuclear Power. The New York Times (8/22, Wald, 1.21M) reports that with the energy industry so consolidated, most nuclear reactors "are in the hands of a comparatively few operators." Utility executives "are sharply divided over whether nuclear power offers an attractive choice as they seek to satisfy a growing demand for electricity. For them, the question comes down not so much to safety and environmental impact but to whether the potential reward is worth the financial risk. And those who already operate several reactors are prone to want more. The debate within the utility industry over reviving nuclear power has taken on added importance, though, because unlike plants that burn coal and other fossil fuels, reactors do not produce gases that contribute to global warming."

EPA-Influenced Garbage Truck Slated For Roll Out Next Year. The Wall Street Journal (8/22, Fialka, 2.03M) reports that engineers at the EPA's National Vehicle and Fuel Emissions Laboratory have encouraged US manufacturers to build cleaner, more fuel efficient vehicles of years and will soon see the first EPA-influenced product travel beyond the laboratory. The vehicle, a garbage truck, is slated for rollout next year. It is a hybrid vehicle. Most hybrids "use two power sources. In this case, the garbage truck will tap a diesel-burning engine and a hydraulic pump." Peterbilt "will market the garbage trucks and has targeted both the private sector and municipalities as sales prospects. Among US cities, Chicago, Houston and Los Angeles have indicated the greatest interest thus far, according to Peterbilt."

Bears Disturb Peace Of Alaskan Fishing Village. The Wall Street Journal (8/22, Carlton) reports, "Just 25 minutes by car from downtown Anchorage, Bird

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Creek is one of Alaska's most popular salmon-fishing destinations. Nestled at the base of the Chugach Mountains and lined by spruce and fir trees, the creek is so well-liked that fishermen coined the phrase 'combat fishing' to describe the dozens of anglers who stand cheek by jowl in the glacial runoff letting loose their hooks and lines." The Journal continues, "For years, people who fished here were unmolested by local wildlife, which is not the case in many other parts of Alaska. Bears stayed away, possibly spooked by the number of people who visited the area. Animals also seemed to be put off by all the cars on the adjacent Seward Highway, which connects Anchorage to Seward. … That changed this summer, making Bird Creek a flashpoint in a bear resurgence across the U.S. In the past few weeks, grizzlies and black bears have started sneaking behind anglers, making off with Hefty bags and fishing lines filled with salmon. In one recent incident, two bears sauntered down, grabbed a tourist's backpack and calmly returned to the woods. On another occasion, a grizzly wandered around nonchalantly, scaring an angler into dropping his catch just a few feet from the parking lot." The Journal adds, "Now non-fishing tourists hoping to see real grizzlies in the wild are also flocking to Bird Creek. That is causing traffic jams and is filling the area's 160-car parking lot, in scenes reminiscent of the 1960s when people fed the bears in Yellowstone National Park. Greg Wilkinson, spokesman for the Alaska State Troopers, says he's worried that things will get out of hand. 'This has all the makings of trouble,' he notes. … Alaska is full of bear stories, but Bird Creek is unusual for the sudden arrival of the bears and their sheer brazenness. The chaos has sparked tales of close encounters and has pitted fishermen against one another. The commotion comes as a bear uprising takes place in the lower 48 states, with some of the animals invading houses, garages and even swimming pools. … Wildlife biologists attribute such bold behavior to a rise in bear populations nationally, as well to encroaching development pushing ever deeper into the woods. Although only about 1,000 grizzlies remain in the lower 48 states, Alaska is home to a thriving population that biologists estimate at as many as 30,000. Like other critters, bears grow accustomed to being around people, and start finding it easier to scarf up leftovers in a Dumpster than to forage in the wild."

NYTimes Praises Court Ruling On Clean Air Law. The New York Times (8/22, 1.21M) editorializes, "In a unanimous decision, a federal appeals court in Chicago upheld a controversial provision of the act that requires older plants to install modern pollution controls whenever they undergo physical or operational changes that increase harmful emissions. … Thursday's decision, from a three-judge panel of the Court of Appeals for the Seventh Circuit in Chicago, turned on the question of how to measure emissions. The plaintiff in the case, Cinergy, a major Midwestern power producer recently acquired by Duke Energy, argued that the appropriate standard was the hourly rate of emissions. Judge Richard Posner, who wrote the decision, said that what counted was the plant's annual emissions, since a plant that had been upgraded could presumably be driven harder, producing more emissions over time." The "fact that a distinguished conservative jurist like Judge Posner came down so clearly and sensibly on the side of the law has given clean air advocates hope that they, and the law itself, may yet prevail."

Casinos Open Up Wealth Divisions Between Tribes. The Los Angeles Times (8/22, Morain) reports, "Gambling has brought some Native Americans wealth that was unimaginable 10 years ago. Others have been unable to get a piece of the action; only 9% of Native Americans in California directly benefit from tribe-owned casinos, according to a recent state report." The Times continues, "As the wealthy groups expand their gambling empires, they are using the power that comes with money to keep the poor tribes out. They hire blue-chip lawyers, lobbyists and public relations experts to promote their cause in Sacramento, where permission to own casinos is granted. They give millions in campaign cash to lawmakers who approve and block tribal pacts. … 'The rich tribes are denying us a future,' said Mike Jackson, president of the Quechan Tribe in the far southeast corner of California. 'Money has pushed tribes apart.'" The Times adds, "Wealthy tribes pay into a fund that grants $1.1 million a year to each tribe that lacks a casino or has a small one. But for the 3,000 or so Quechan members, it's not much. … On the rich side of the divide, Jacob L. Coin, communications director of the San Manuel Band of Serrano Mission Indians, said Indian gambling was never intended to be 'a share-the-wealth program or a welfare program for all Indian tribes.' The San Manuel casino abuts San Bernardino and is one of the busiest in the state. … 'No tribe is guaranteed a successful casino,' Coin said. 'There are some tribes that are poorly located, and there are some tribes that

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are especially favorably located. The law basically understands that.' … Gov. Arnold Schwarzenegger's administration is fashioning deals to grant thousands more slot machines to rich Southern California Indian bands, including the San Manuel. The governor agreed this month to allow the Agua Caliente Band of Cahuilla Indians to increase its Palm Springs-based operation to include three casinos and 5,000 slot machines, up from its existing two casinos and 2,000 slots."

FBI/DEA/ATF/USMS:

Bucella Leaving FBI For Bank Of America Post. UPI (8/22) reports, "The head of the FBI-led interagency Terrorist Screening Center, Donna Bucella, is the latest in a string of senior-level departures from the bureau." Bank of America "announced last week that Bucella would join them in mid-October" to "lead the bank's business-continuity planning and recovery efforts, both domestically and overseas.' UPI notes, "Bucella is the second high-ranking FBI official to join the bank this year -- in May, they announced it had hired Chris Swecker, one of the bureau's three assistant directors, to be head of corporate security."

Raids Snared Entire Florida Latin Kings Leadership. The Tampa Tribune (8/22, McCartney) reports, "The entire Florida leadership structure of the Latin Kings gang is in the custody of the Hillsborough County Sheriff's Office, Sheriff David Gee announced" Monday. "A raid on the Caribbean American Club in south Tampa Sunday afternoon netted 39 people – many of them top-tier leaders of the notorious and violent Latin Kings gang. … The raid came while the gang was holding a 'universal' – a meeting of the statewide leadership of the highly-regimented gang. Authorities were reluctant to say…how they infiltrated the gang, but said their efforts will significantly disrupt the Latin Kings' criminal activity in Florida." The St. Petersburg Times (8/22, Vansickle) adds, "The 15-month investigation into the Latin Kings statewide leadership reached a tipping point in May, when the Sheriff's Office learned about the beating of a local gang leader, Alexander Valdez," who "was beaten by several other Latin Kings as punishment, after they held a 'trial,' deputies said." The Times notes that the FBI was among the federal and state law enforcement agencies involved in the investigation.

In a widely-distributed story, the AP (8/22, Stacy) reports, "Those arrested range in age from 16 to 39 and listed addresses that included Tampa, New Port Richey, Miami, Clearwater, St. Petersburg and Deltona, according to the sheriff's office. All appeared in court Monday morning where high bonds were set, State Attorney Mark Ober said. Among them was the alleged statewide leader of the Latin Kings, Samuel David Alvarado, 26, also known as 'King Sam,'" and "he was being held without bond, according to jail records."

Agents Seize Millions Of Dollars In Meth, Cocaine Buried Near Atlanta, Four Arrested. The New York Times (8/22, Goodman) reports federal agents "seized buried cocaine and crystal methamphetamine last week with an estimated street value of up to $50 million. Investigators with the Drug Enforcement Administration said that the 187 pounds of a highly concentrated form of methamphetamine called ice was the third-largest cache found this year and that it was likely the largest ever found east of the Mississippi. The cache, buried in the woods behind a house in Buford, a suburb of Atlanta, included more than 90 pounds of cocaine." The Houston Chronicle published the Times story.

The Washington Times (8/22, Seper) reports DEA agents yesterday "arrested four men in a raid on a house in Atlanta, seizing what authorities called a record amount of crystal methamphetamine. U.S. Attorney David E. Nahmias called the seizure 'another stark reminder' that Atlanta has become a major national hub for drug trafficking, including the sale of potent methamphetamines that 'pose the greatest new drug threat to our Georgia communities.'" The Times continues, "According to the complaint, the DEA began an undercover investigation in March into a suspected large-scale Mexican drug ring in the Atlanta area, involving the importation and distribution of multikilogram quantities of methamphetamine and cocaine from Mexico."

The AP (8/21) reports, "Sherri Strange, special agent in charge of the Drug Enforcement Agency's Atlanta office…called it the third largest meth seizure in the U.S. this year, with an estimated total street value of $25 million to $50 million. … The cache was hidden in duffel bags inside 55-gallon trash cans that were buried so that the tops were flush with the ground." FOX News posted the AP story on its Web site. Tennessee's Knoxville News Sentinel also published the AP story.

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On its Web site, WXIA-TV, Atlanta (8/22) reports the DEA "says a drug seizure in Buford last week is another indication Atlanta is a major distribution hub for Mexican drug lords. DEA agents seized over $25 million worth of cocaine and methamphetamine behind a home on Suwanee Dam Road. The drugs were buried underground, according to the DEA."

The Atlanta Journal Constitution (8/21) also reported on the seizure.

Meth Production Said To Be More Organized. The Anderson (SC) Independent Mail (8/21) reports officials say meth production "is becoming more organized, with large super labs producing 'ice' for large-scale distribution. … But more often, they say, meth is coming in from organized labs in Mexico. An example was revealed recently in the case against Victoriano Vega-Jimenez, 42, of Lawrenceville, Ga., who in April was sentenced on charges of conspiring to distribute 174 pounds of crystal methamphetamine — or ice. His organization reportedly did at least $10 million in business in only seven months, ending in March 2005."

Local TV Coverage. WAGA-TV, Atlanta (8/21, 10:00 p.m.) reported, "It's one of the seizures of crystal methamphetamine put on display today. It is estimated at $50 million. … They say this is the third largest methamphetamine seizure in the United States this year. The DEA says this is a big drug ring, and it is moved from New Mexico to Texas, California, eventually it arrives in Atlanta and from here is distributed up and down the East Coast. Four men are under arrest."

WXIA-TV, Atlanta (8/21, 7:00 p.m.) reported, "It is at least largest [seizure] since February 2005, when the DEA seized 125 pounds of ice. The drug is to methamphetamine what crack is to cocaine. The US Attorney's Office says these busts send a message to the drug traffickers, but they are also an indication that the message has not gotten through yet."

Accused Drug "Kingpin" May Face Death Penalty In US. In San Diego, the AP (8/22, Hoffman) reports the federal government "may seek the death penalty for the accused kingpin of one of Mexico's oldest and most notorious drug cartels, a prosecutor said Monday. Francisco Javier Arellano Felix currently faces a maximum sentence of 40 years in prison under a 2003 indictment that accused him and others of moving tons of Colombian cocaine and Mexican marijuana to the United States and involvement in a string of assassinations or plots. … Mexican Attorney General Daniel Cabeza de Vaca also said Mexico would seek Arellano Felix's extradition to Mexico, but perhaps not until he had been tried and sentenced for crimes in the United States."

The San Diego Union-Tribune (8/22) reports Francisco Javier Arellano Félix "agreed yesterday not to fight prosecutors' effort to keep him in jail until his case is over. Prosecutor Laura Duffy said Arellano is dangerous and may flee if he were allowed to go free. … Prosecutors list 20 killings on both sides of the border among the racketeering acts, and those could be used to seek capital punishment if an amended indictment is brought."

Somali Immigrants Say Khat Bust Rooted In Lack Of Cultural Understanding. Under the headline "DEA's Khat Sting Stirs Up Somali 'Cultural Clash,'" the Los Angeles Times (8/22, Verhovek, 918K) reports that "federal agents arrested 14 members of Seattle's Somali community recently, part of what the Drug Enforcement Administration hailed as a 'coordinated takedown' of a 44-person trafficking ring that had smuggled about 25 tons of khat…from Africa into U.S. cities. The cases may unwind as clear violations of U.S. drug laws, but among Somali immigrants here and elsewhere, reaction has been more complicated. Many insist that the laws are based on a misunderstanding of the role of khat…in their society." The Times adds, "One court-appointed lawyer said he was considering a 'cultural defense' for his client, a man arrested in Seattle."

Marion Jones Says Her Positive Drug Test Is Surprising. The New York Times (8/22, Zinser) reports Marion Jones "issued a statement yesterday about her positive drug test, saying little more than how surprised she was. Jones had not made any public comment since receiving word Friday that the blood-booster EPO had been found in the primary sample, or A sample, of her urine test from the United States championships June 23. She won the 100 meters that day. If her backup sample, or B sample, also tests positive, Jones faces a two-year suspension."

The AP (8/22) reports Jones "broke her silence on her positive drug test Monday, saying she was startled by the result and wants the second sample examined quickly."

Athletes Said To Be Turning Away From "Designer" Steroids. The Washington Post (8/22, Shipley) reports a spate of positive drug tests among star athletes "suggests that some are returning to more traditional forms of

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performance-enhancing substances and away from 'designer' steroids that are more difficult to detect, according to sports doping experts. … Drug experts speculate that some athletes fear they can no longer get away with using designer steroids in the aftermath of the Bay Area Laboratory Co-Operative (BALCO) scandal. Though more traditional performance-enhancing drugs carry the risk of detection, previously athletes were able to slip through testing as long as they were careful, the experts say."

IAAF President Says "Drug Cheats" Are Hurting Track & Field. The AP (8/21) reports the president of track and field's world governing body "says drug cheats have damaged the sport's credibility. Lamine Diack, speaking to the IAAF Council after the World Junior Championships, 'expressed his personal disappointment with the positive test result of Justin Gatlin,' the IAAF said in a statement Monday." The IAAF also "said it had reached an agreement with the United States Track & Field Federation to notify the world governing body of positive results in the future. … The IAAF said it learned of the test through Gatlin's management team, rather than from the USATF, which had been aware of the result for more than a month." The AP also reports that sprinter Mark Lewis-Francis has "won an appeal of his Olympic ban and will be able to compete again for Britain despite a failed doping test last year. The British Olympic Association has a rule that any competitor who tests positive is automatically banned from the games."

Drug Use Among College Students Said To Have Hit Record Levels. In an article titled "Ten Things Your College Student Won't Tell You," Kristin Kovner of Smart Money writes in the Wall Street Journal/Dow Jones (8/22), the "use of narcotics other than heroin is back up to record levels among college students, and there's a newer trend causing concern: 29 percent say they have used prescription drugs recreationally."

IMMIGRATION:

DOJ Seeks Review Of Asylum Denial For Congolese Woman. The Los Angeles Times (8/22, Weinstein) reports, "The U.S. Justice Department has asked federal immigration officials to reopen a political asylum case that was denied despite strong evidence that the petitioner was repeatedly raped for six weeks by Congolese officials allegedly investigating the 2001 assassination of President Laurent Kabila." The Times continues, "Such intervention by the Justice Department is rare, and human rights lawyers applauded the decision. They are concerned that if the original decision to deny asylum stands, it could, by implication, make legitimate the use of rape in the course of an investigation." The Times adds, "The woman at the center of the case, identified as Monique M, fled the Democratic Republic of Congo, formerly known as Zaire, and is living with a friend in San Antonio. … Anibal Martinez, a Justice Department lawyer, and Jayne Fleming of Oakland, a specialist in political asylum cases who first sought to have the case reopened, filed a joint brief on Monique's behalf last week with the Executive Office of Immigration Review. … The attorneys argued that new evidence shows that the Congolese prosecutor and his subordinates 'may not have been pursuing a legitimate investigative purpose' when they detained her. They say that Col. Charles Alamba, the prosecutor, was himself a criminal who was later convicted of murder." The Times notes, "In affirming the immigration judge's decision not to grant Monique asylum, the U.S. 5th Circuit Court of Appeals concluded she was not eligible because she did not prove she would be persecuted in her home country under one of five defined categories — because of race, religion, nationality, membership in a particular social group or political opinion. The rapes and prolonged imprisonment she suffered were part of a 'legitimate investigation,' the New Orleans-based appeals court held in March. … That reasoning is disputed in briefs filed in the case."

Experts Say Sex Slavery Trade Is Widespread. The AP (8/22, Neumeister) reports, "Raids that uncovered more than 70 suspected Korean sex slaves focused on 20 brothels in the eastern United States, but they illustrated a long-ignored national problem found in towns large and small, experts say. … 'It's a very overwhelming subject for a lot of people to recognize that there is slavery at this time in our country,' said Carole Angel, staff attorney with the Immigrant Women Program of the women's rights advocacy group Legal Momentum in Washington. 'It's hard for us as humans to contemplate what this means.'" The AP continues, "The concept of slavery in the 21st century is foreign to most people, agreed Jolene Smith, executive director of Free The Slaves, a Washington-based organization dedicated to ending slavery worldwide. … 'Americans are conditioned to believe that slavery was a thing

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of the past,' Smith said. 'We have to reeducate ourselves about this reality.'" The AP adds, "On Tuesday, federal and local law enforcement raided brothels disguised as massage parlors, health spas and acupuncture clinics in New York, Connecticut, Pennsylvania, North Carolina, Maryland, Rhode Island and Washington, D.C., arresting 31 people on trafficking charges. … Authorities said they also freed more than 70 sex workers, taking them to undisclosed locations for questioning and to provide basic services such as health care and food. Authorities said it might take weeks to get the Korean immigrants to trust them enough to discuss their ordeal. … 'Human traffickers profit by turning dreams into nightmares,' said U.S. Attorney Michael Garcia in Manhattan, where the majority of the traffickers face prosecution. 'These women sought a better life in America and found instead forced prostitution and misery.'"

CBO Says Senate Immigration Bill Would Cost $127 Billion Over 10 Years. The AP (8/22, Gamboa) reports the Congressional Budget Office said the Senate's immigration proposal "would cost $49 billion over the next five years and $127 billion over the next decade." The "majority of the costs would be for increased enforcement, such as hiring more Border Patrol officers and building more detention facilities." The legislation "would offer a chance at citizenship for millions of immigrants. Spending on government benefits programs, including refundable tax credits for the working poor, would rise by $16 billion for the years 2007-11, and by $48 billion over the decade, the CBO said in a report released over the weekend." Legalization of "now illegal immigrants would increase spending on Social Security and Medicare benefits by $10.5 billion over the next 10 years, the CBO said. Eligibility by many of them for refundable earned income tax credits aimed at helping low-income families would cost another $24.5 billion."

The Washington Post (8/22, A1, Weisman, 748K) reports in a front page story that the CBO report is "the most detailed analysis to date of legislation that has divided the Republican Party, energized millions of Latinos, and become a focal point of congressional campaigns from southern Arizona to upstate New York." Rep. Tom Tancredo said, "The cost aspect of the Senate plan has never been taken into consideration. When combined with the policy implementations, this should certainly stick a fork in it." The Post adds supporters "of the legislation cautioned that the CBO's total needs to be put into context. For instance, most of the $78 billion in discretionary spending that the Senate bill authorizes through 2016 would fund law enforcement measures that conservatives are pushing for anyway."

More Small Towns Follow Pennsylvania City's Effort To Rein In Illegal Immigrants. The Washington Post (8/22, A3, Powell, Garcia, 748K) reports Mayor Lou Barletta "wants to make Hazleton 'the toughest place on illegal immigrants in America.'" Barletta said, "What I'm doing here is protecting the legal taxpayer of any race. And I will get rid of the illegal people. It's this simple: They must leave." The Post adds that last month, "in a raucous meeting, the mayor and City Council passed the Illegal Immigration Relief Act." The ordinance "imposes a $1,000-per-day fine on any landlord who rents to an illegal immigrant, and it revokes for five years the business license of any employer who hires one." And so "another fire is set in the nation's immigration wars, which as often burn most fiercely not in the urban megalopolises but in small cities and towns, where for the first time in generations immigrants have made their presence felt. In these corners, the mayors, councils and cops cobble together ambitious plans -- some of which are legally dubious -- to turn back illegal immigration." Hazleton has "upped that ante, and four neighboring municipalities in Pennsylvania and Riverside, N.J., already have passed identical ordinances. Seven more cities, from Allentown, Pa., to Palm Beach, Fla., are debating similar legislation."

Buchanan Calls For Expansive Proposals To Combat Illegal Immigration. The Washington Times (8/22, A1, Pfeiffer, 88K) reports in a front page story that Pat Buchanan "says illegal immigration from poor and developing countries will overwhelm the United States and other Western countries in the next 50 years unless something is done." Buchanan said, "We've already won the battle with the public. The question is, when will the government respond?" The Times adds that in his "new book 'State of Emergency: The Third World Invasion and Conquest of America,' the former presidential candidate and White House speechwriter examines immigration-related social problems and documents high levels of support among Hispanics for the so-called 'Reconquista' of the U.S. Southwest." Buchanan's book – "ranked No. 2 at Amazon.com yesterday -- proposes measures to address the 'emergency' that are more far-reaching than any legislation advocated by conservatives in Congress."

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CONGRESS-ADMINISTRATION:

Bush Orders Federal Departments To Share Info On Health Care. The AP (8/22, Freking) reports, "An executive order being signed Tuesday by President Bush is designed to help people make more informed decisions about doctors and hospitals. Four federal agencies will be required to compile information about the quality and price of care they pay for and share that information with their customers and each other." Agencies affected include VA, the Defense Department, HHS, and the Federal Employees Health Benefit Program.

Some Mothers Left Behind By Welfare Reform Bill. The New York Times (8/22, Eckholm, 1.21M) reports that as political leaders "give two cheers on Tuesday for the 10th anniversary of the welfare reform law that helped draw many single mothers from dependency into the work force, though often leaving them still in poverty, social workers and researchers are raising concerns about families that have not made the transition and often lead extraordinarily precarious lives." These "include mothers who, so beleaguered by personal problems and parenting that they have not been able to keep jobs, continue to need counseling and cash. They also include another large group of poor mothers — one million by some estimates — who are neither working nor receiving benefits." Simply "cutting families off at an arbitrary date has often proved impractical, because a significant group of mothers like Ms. Autry — no one has precise numbers — have not been able to hold on to jobs, even after attending required classes and while receiving other aid." Their lives "are simply too troubled by disabilities, turmoil and, often, bad personal choices, researchers say. Poor education, lack of support from their families or their children's fathers, mental health and drug problems, and unstable living conditions are common among this group, and a rigid time limit may only harm the children."

Clinton Touts Success Of Welfare Reform. In a New York Times op-ed (8/22), former President Clinton says, "On Aug. 22, 1996, after vetoing two earlier versions, I signed welfare reform into law. At the time, I was widely criticized by liberals who thought the work requirements too harsh and conservatives who thought the work incentives too generous. Three members of my administration ultimately resigned in protest. Thankfully, a majority of both Democrats and Republicans voted for the bill because they shouldn't be satisfied with a system that had led to intergenerational dependency. The last 10 years have shown that we did in fact end welfare as we knew it, creating a new beginning for millions of Americans. In the past decade, welfare rolls have dropped substantially, from 12.2 million in 1996 to 4.5 million today. At the same time, caseloads declined by 54 percent. Sixty percent of mothers who left welfare found work, far surpassing predictions of experts."

"Rock Star" Snow Is A Big Hit In Republican Circles. The White House Bulletin/US News (8/21) reported Bush press secretary Tony Snow "seems to be a big hit on the political circuit. Snow is a former conservative commentator on Fox News, where he gained a considerable public following and became widely known in Republican circles. Now that he is in the public eye every day from the podium in the White House briefing room, Snow seems more popular than ever." An "admirer" in the West Wing said, "Tony's been fantastic, a really good force for change. And he has celebrity star power that's really remarkable." The Bulletin adds that a "case in point" is Snow's "boffo performance at a gathering of Republican activists in Austin, Texas on August 10. The event slipped under the national media's radar, but one person who attended said Snow received 'rock star treatment,' and spent an hour chatting and shaking hands afterward." Snow told US News and the Bulletin "that he is gratified that there is no envy among his colleagues at the White House when he gets positive attention from the media, adding: 'The reason nobody [at the White House] minds when somebody gets positive attention is because it's directed at the guy in the Oval Office, who is the real rock star.'"

Sumwalt Sworn In As Member Of NTSB. The Washington Post/AP (8/22, A13) reports that Robert L. Sumwalt III, yesterday was sworn in as a member of the National Transportation Safety Board. Sumwalt, "who spent more than two decades flying for Piedmont Airlines and US Airways, has written extensively in trade journals about aviation safety. He said joining the NTSB was a longtime goal. … Sumwalt, whom President Bush appointed and the Senate confirmed early this month for a five-year term, will serve as the board's vice chairman."

Cole Commander Ruled Unfit For Promotion. The Washington Post/AP (8/22, A13) reports, "Nearly six years

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after the deadly terrorist attack on the USS Cole, the Navy has decided that the officer who was skipper of the ship is not qualified for a promotion. The attack killed 17 sailors and nearly sank the destroyer in the Yemeni port of Aden. A Navy investigation concluded in 2001 that Cmdr. Kirk Lippold and his crew probably could not have prevented the attack and should not be punished. But in a written statement yesterday, the Navy said Secretary Donald C. Winter had concluded that Lippold's actions before the attack on Oct. 12, 2000, 'did not meet the high standard' expected of commanding officers."

Congress Said To Be Ignoring Asbestos, Other Dangers In Capitol Tunnels. NBC Nightly News (8/21, story 7, 3:00, Williams, 9.87M) reported, "A dangerous tunnel system full of asbestos where huge slabs of concrete fall from the ceilings, endangers workers. Those workers say their employer has ignored these safety problems for years and doesn't seem to care. And you might be surprised to learn just who that employer is." NBC (Myers) added, "Federal investigators recently found that overall conditions in the tunnels pose an imminent danger to the workers and that the tunnels' owner had effectively ignored safety warnings for six years. So who is responsible for these tunnels? The United States Congress. The tunnels snake for miles beneath the US Capitol complex, providing steam and water to congress and other buildings. Documents obtained by NBC News show that since 2000, Congress has been warned of asbestos and other potentially life-threatening safety and health violations in the tunnels. But a recent inspection found little had been fixed. And despite all the warnings, it wasn't until March of this year that tunnel workers finally were told to wear protective masks." Who's "responsible for these workers' safety? This man, the architect of the US Capitol. He recently admitted to Congress having failed the workers, but insists improvements are being made." Alan Hantman, Architect of Capitol: "We're trying to solve problems and make sure that everybody who goes down into those tunnels will be safe." Myers: "Making these tunnels safe may cost as much as $500 million. So far, Congress has appropriated only a tiny fraction of that for repairs."

Bush Reliance On Intuition Criticized. In a Los Angeles Times op-ed (8/22), Hope College (MI) social psychologist David Myers says, "Six years and two wars into his presidency, the president still relies on his gut instincts." In "flying by the seat of his pants, Bush has much company." So, "is our president smart to harness the powers of his intuition? Or should he, and we, be subjecting our hunches to scrutiny? Intuition is important, but we often underestimate its perils." In "hundreds of experiments, people have greatly overestimated their eyewitness recollections, their interviewee assessments and their stock-picking talents. It's humbling to realize how often we misjudge and mispredict reality and then display "belief perseverance" when facing disconfirming information." The President, "like all of us, should check his intuitions against the facts. He can welcome the creative whispers of the unseen mind, but only as the beginning of inquiry. Smart thinking often begins with hunches but continues as one examines assumptions, evaluates evidence, invites critique and tests conclusions. As Proverbs says: 'He who trusts in his own heart is a fool.'"

Buchwald Says Bush Should Be Tested For Performance Enhancing Drugs. In his Washington Post column (8/22), Art Buchwald says, "Floyd Landis, who won the Tour de France, has been accused of taking drugs to win the race." President Bush "rides his bike at Camp David so fast the Secret Service agents can't catch up with him, but no one has ever asked President Bush to be tested. I think presidential testing is important, because how do we know the president's decisions aren't influenced by testosterone and human growth hormone? For example, when he vetoed the stem cell research bill, he should have been tested to see if he was doped."

Author Says GOP Has Been In Charge In Capital Too Long. Author Thomas Frank writes in the New York Times (8/22, 1.21M) that those who live or work in Washington know "a cynicism that is, in fact, the health of the conservative state. The object of this form of cynicism is 'government,' whose helpful or liberating possibilities are to be derided whenever the opportunity presents." Frank adds, "What really worries me, though, is that our response to all this may be to burrow deeper into our own cynicism, ultimately reinforcing the gang that owns the patent on cynicism and thus setting us up for another helping of the same. This may not be apparent now, with the identity of the culprits still vivid and the GOP apparently heading for a midterm spanking." Frank continues, "The problem with GOP miscreants is simply that they've been in DC so long they've 'gone native,' to use a favorite phrase of the right; they are 'becoming cozy with

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Beltway mores,' in The Wall Street Journal's telling. If you don't like the corruption, you must do away with government."

WSJournal Decries "Alarmist Rhetoric" About Entitlement Reform. An editorial in the Wall Street Journal (8/22, 2.03M), "Will America have to declare Chapter 11 because of $80 trillion in unfunded entitlement promises? That's a question posed recently by Laurence Kotlikoff, an economist at Boston University, in his attention-grabbing essay on Medicare, Medicaid and Social Security entitled: 'Is the United States Bankrupt?' Mr. Kotlikoff's answer is perhaps yes: 'Nations can go broke, the United States is going broke . . . and radical reform of U.S. fiscal institutions is essential.'" The Journal says there are "good reasons to doubt Mr. Kotlikoff's dire scenario, unless our politicians make even more policy blunders," adding that "alarmist rhetoric about impending bankruptcy isn't credible, and it only discredits reform advocates."

OTHER NEWS:

Gasoline Prices Fall Sharply. ABC World News Tonight (8/21, story 8, 0:15, Gibson, 8.78M) reported, "The price of gasoline has fallen considerably in the past week. The Energy Department reports the average price for a gallon of regular is now $2.92, and that's down eight cents in just a week, but the relief might be short-lived. Crude oil prices rose sharply today."

USA Today (8/22, Hagenbaugh, 2.27M), in a front-page story, also reports, "Good news for drivers: Gasoline prices likely have peaked for the year as oil costs have backed off record highs and the busy summer driving season comes to a close." Some analysts "say gasoline prices likely will continue to decline in coming weeks. But they warn that a number of factors could toss out that forecast and send oil and gasoline prices higher." The average price of gasoline "fell for the 11th consecutive day Monday, motor club AAA and the Oil Price Information Service said. The average price was $2.929, 11 cents lower than the recent peak on Aug. 8." DOE "said the nationwide average price was $2.924 Monday, down 7.6 cents from a week ago. That was the biggest one-week drop in nine months and the lowest price in two months."

Stock Markets Fall On Geopolitics, Consumer Spending Worries. NBC Nightly News (8/21, story 10, 0:10, Williams, 9.87M) reported, "On Wall Street today after last weeks big run up there, today the Dow is down 36 points [to close at 11,345.05]. The Nasdaq lost more than 16 points on the day [to close at 2,147.75]."

USA Today (8/22, Krantz, 2.27M) reports, "Worries about tension in the Mideast, oil prices and consumer spending caused stocks to suddenly lose their momentum Monday." President Bush's "vow to remain committed to the war in Iraq revived geopolitical worries on Wall Street," and a "cautious earnings forecast from home improvement retailer Lowe's also gave investors pause." Hurt "mainly by stocks in the Internet retail, railroad and automobile manufacturing industries, the Standard & Poor's 500 index declined 4.78 points to 1297.52. The index still has a 3.9% gain this year."

The Financial Times (8/22, O'Doherty) reports, "Wall Street sagged on Monday, breaking its five-day winning streak as oil prices rose on the back of increased geopolitical concerns over Iran's nuclear programme." Hugh Johnson, "chairman and chief investment officer of Johnson Illington Advisors, attributed the falls to investors taking money off the table following the strong gains of last week."

The Wall Street Journal (8/22, Browning, 2.03M) reports after "surging 2.6% in last week's rally, the Dow Jones Industrial Average started the new week with a modest pullback. Hobbled partly by concerns over rising oil prices, and partly by investors' desire to cash in some of the previous week's profits, the Dow Jones Industrial Average yesterday edged down 36.42 points, or 0.32%, to 11345.05. The blue chips advanced every day last week and remain up 5.9% for the year, less than 380 points from the record close of 11722.98 at which they finished Jan. 14, 2000."

AOL's Technology Chief Leaves Over Security Breach. The Washington Post (8/22, D1, Nakashima) reports, "AOL's chief technology officer is stepping down and the firm has fired two other people following last month's massive data breach that caused more than 36 million member search queries to be released on the Internet, according to an internal memo and a source familiar with the matter." The Post continues, "In addition, the company has begun notifying dozens of individuals whose Social Security or credit card numbers were part of the exposed data, said the source, an employee who spoke on the condition of anonymity because it involved a personnel issue. The data came from 658,000 members who used AOL's search engine between March and May." The Post

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adds, "The news comes as AOL's profits have been falling and the company, in an effort to reverse its fortunes, is eliminating subscriptions and focusing more on advertising revenue. Maureen Govern, whose division was responsible for the breach, decided to leave immediately, according to an in-house announcement by AOL chief executive Jonathan F. Miller. The individuals fired were the researcher who posted the data and the researcher's supervisor, the source said."

USA Today (8/22, Kessler, Maney) reports, "An unidentified employee who released the records and his supervisor were fired, says a person with knowledge of the situation, who asked not to be identified because it would jeopardize his career. The supervisor reported to Govern. … 'Someone had to fall on her sword over this big one, and Govern got it,' says consultant and AOL watcher Gary Arlen." USA adds, "Govern, CTO for less than a year, will be temporarily replaced by former CTO John McKinley, who had planned to leave the company. … Also Monday, AOL said it is creating a task force to re-evaluate its privacy policy. The team will debate how long AOL should save search records and how to further protect records by, for example, removing all sets of numbers that look like credit card numbers." USA notes, "This is a sensitive time for AOL. It is overhauling its business, changing from a paid-subscription model to a service that's free to consumers and makes money selling ads — like chief rivals Yahoo and Google. … AOL's reputation got hammered after the fired employee posted the search records so computer scientists could use them for research. The employee failed to get internal approvals to do that."

The Wall Street Journal (8/22, Karnitschnig) reports, "Before joining AOL last year, Ms. Govern, a Stanford graduate who began her career at Bell Laboratories in 1978, was chief technology officer at Convergys Corp., a billing and human-resources services company. She has also worked at Motorola Inc. … Ms. Govern oversaw the AOL division responsible for the data release. In addition to her, the researcher who released the data and a manager overseeing the search-data project are leaving." The Journal notes, "The departures follow weeks of negative publicity in connection with the disclosure, which AOL said was a mistake. The data release reignited a debate about Internet privacy and whether search companies should be required to keep private the data they collect. Last week, the World Privacy Forum, a privacy-rights group, and the Electronic Frontier Foundation, a civil-liberties organization, filed separate complaints with the Federal Trade Commission, calling for a formal investigation of the incident."

Bush Tells GOP Candidates To Run On Economy, Taxes. The AP (8/22) reports even though "he's not running for re-election this year, President Bush knows just what he would focus on if he were: the economy and taxes." As Republicans "face an increasingly tough political outlook, in part because of Bush's sagging approval ratings, the president offered some advice Monday to GOP candidates in the midterm elections." Bush said, "If I were a candidate ... I'd say, 'Look at what the economy has done. It's strong. We've created a lot of jobs. ... I'd be telling people that the Democrats will raise your taxes. That's what they said. I'd be reminding people that tax cuts have worked in terms of stimulating the economy." The AP adds "only 37 percent of Americans support Bush's handling of the economy, according to the Associated Press-Ipsos poll in early August. The same survey showed Bush's overall approval rating at 33 percent."

The networks gave midterm election politics second billing in their coverage of President Bush's news conference. CBS was the only network to give extensive coverage in its lead story to Bush's view of the impact of the Iraq war on the campaign; NBC mentioned in its lead story and returned to the topic in a follow-up analysis story. The CBS Evening News (8/21, lead story, 3:10, Schieffer, 7.66M) reported, "And with midterm elections approaching the President said he would stay out of the race in Connecticut in which Senator Joe Lieberman is running as an independent after his support for the Iraq war cost him the Democratic primary. But Mr. Bush wasn't bashful about his disagreement with anti-war Democrats." President Bush: "What matters is that in this campaign that we clarify the different point of view. And there are a lot of people in the Democrat Party who believe that the best course of action is to leave Iraq before the job is done. Period. And they're wrong. And the American people have got to understand the consequence of leaving Iraq before the job is done." Plante: "And that's the argument that the White House will be making in this election year. But there are already signs that it isn't selling very well. And that's making a lot of Republicans very nervous."

NBC Nightly News (8/21, lead story, 3:55, Williams, 9.87M) reported, "He's aware of the effect the war may have on Republican candidates in the upcoming elections but today more than any other time, the President seemed to be

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showing his own party the way forward while admitting there are dangers along the way." NBC (O'Donnell) added, "On Democrats running with a get-out-of-Iraq message, the President said they are no less patriotic, just wrong." President Bush: "If you think it's bad now, imagine what Iraq would look like if the United States leaves before this government can defend itself and sustain itself."

On NBC Nightly News (8/21, story 2, 2:00, Williams, 9.87M), NBC Washington bureau chief Tim Russert said, "60% of Americans are against the war but he faces a critical midterm election 12 weeks from tomorrow. He has to be seen as a man of resolve rather than a stubborn man. That's why 15 times you heard him say today, by my count, until the job is done, or until the mission is done, we're not going to leave Iraq. And then basically saying, the terrorists are watching this election and that what we have to do is not leave an Iraq behind that would be similar to Afghanistan because if you do that, it could bring a terrorist back over here or another September 11."

Bush, Congressional Republicans Get Boost From Terror Arrests In USA/Gallup Poll. USA Today (8/22, Page, Jackson, 2.27M) reports the "arrest of terror suspects in London has helped buoy President Bush to his highest approval rating in six months and dampen Democratic congressional prospects to their lowest in a year." In a USA TODAY/Gallup Poll "taken Friday through Sunday, support for an unnamed Democratic congressional candidate over a Republican one narrowed to 2 percentage points, 47%-45%, among registered voters." Now, 42% "of Americans say they approve of the job Bush is doing as president, up 5 points since early this month. His approval rating on handling terrorism is 55%, the highest in more than a year. The boost may prove to be temporary, but it was evidence of the continuing political power of terrorism." The "telephone survey of 1,001 adults has a margin of error of +/-3 percentage points."

CNN's The Situation Room (8/21, Blitzer) reported that in the latest CNN poll, "42 percent approve of the way the president is now doing his job, while 57 percent disapprove. The latest job approval rating continues a low, but steady up-tic for the President."

Bush Wrong On Claim Of Being Only Presidential Candidate To Lose Birth State. The New York Times (8/22, Stout, 1.21M) reports that at his news conference, President Bush said, "I may be the only person, the only presidential candidate who never carried the state in which he was born." The Times adds, "Uh, no, Mr. President. There have been quite a few, actually. Some are known only to historians, while others are famous. You might even call one a household name, Mr. President, depending on which household." Bush "made his comment while expanding on his intention to stay out of the Senate race in Connecticut, where the incumbent, Joseph I. Lieberman, is trying to win despite being denied the nomination of his own Democratic Party." In "good-naturedly dodging the question, Mr. Bush noted that he himself failed to carry Connecticut twice, despite having been born in New Haven in 1946." While Al Gore "failed to carry Tennessee in 2000," he "was born in Washington, D.C., which he carried overwhelmingly." George McGovern, "a South Dakota native, carried only Massachusetts and the District of Columbia against President Richard M. Nixon in 1972." Others on the list include Hubert Humphrey, Adlai Stevenson, Alfred Smith, and George Herbert Walker Bush, who was "born in the Town of Milton in eastern Massachusetts, a state he lost twice."

House Republicans Have Financial Advantage Going Into November Elections. The Washington Times (8/22, Pierce, 88K) reports in its "Inside Politics" column, "Republicans trying to hold on to the House raised $12.5 million in July, outpacing Democrats by a 3-to-1 margin for the month but leaving themselves just $1 million ahead in cash on hand, the Associated Press reports. The influx of money -- largely from political action committees -- gives Republicans a slight advantage more than two months before the November elections. Democrats need a net gain of 15 seats to seize control of the House. The National Republican Congressional Committee has raised $70 million and has $34.1 million in the bank. The Democratic Congressional Campaign Committee raised $4.2 million in July, taking the group's total to $81 million this cycle and $33 million in cash on hand."

Wallace Drops Bid To Replace DeLay. Sugar Land, Texas Mayor David Wallace yesterday withdrew as a Republican write-in candidate for the congressional seat vacated by former House Majority Leader Tom DeLay. The Washington Post/AP (8/22, A4) reports that Wallace's action "left the Texas GOP united behind one write-in candidate, Houston City Council member Shelley Sekula-Gibbs. She won the party's endorsement last week."

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Group Seeks To Remove Lieberman From Ballot. A group whose members called themselves peace activists yesterday asked an elections official to remove Sen. Joe Lieberman's name from the Democratic Party, saying he cannot be a Democrat while running under another party's banner. The Washington Post/AP (8/22, A6) reports, "The request could lead to a hearing in which Lieberman, the Democrats' vice presidential nominee in 2000, would have to argue that he still adheres to the party's principles. … Ferrucci said she would research the request, the first of its kind in her two decades on the job. Lieberman campaign manager Sherry Brown branded the effort 'dirty political tricks at its worst.'"

Casey Capitalizes On Conservative Anger At Santorum. The Washington Times (8/22, Hurt, 88K) reports that longtime supporters of Sen. Rick Santorum, who faces "one of the biggest challenges facing a Republican incumbent nationwide," say that "after 16 years in Washington, he has 'lost touch' with the vision of smaller, more responsible federal government that he promised. And while [Democrat challenger Robert] Casey [Jr.] has not proved himself any more loyal to such beliefs, his campaign is certainly capitalizing on conservative dissatisfaction with Mr. Santorum." The Post adds, "Come November, Mr. Santorum will need the vote of every breathing conservative in Pennsylvania. Mostly, they are the folks in the Philadelphia suburbs and vast rural middle of the state who in past elections have knocked on thousands of doors for fiscally conservative, pro-life, pro-gun candidates."

Santorum Says Casey Avoids Tough Issues. A separate story in the Washington Times (8/22, Hurt, 88K) reports that Casey "prides himself on his independence from national Democrats on hot-button issues such as abortion. … But his independence quickly evaporates when it comes to other thorny political issues such as Social Security reform or whether he would have supported the Iraq war resolution." Casey "would not give a direct answer" when asked whether he favored cutting benefits or raising taxes to save Social Security. Similarly, Casey "refuses to say whether he would have voted for or against the Senate resolution to go to war in Iraq." Santorum "says Mr. Casey steers clear of tough issues and runs on the famous name of his beloved father, who dominated the Pennsylvania political landscape for decades, most notably as governor from 1987 to 1995."

Clinton Rival Suspends Campaign. Republican KT McFarland, who was seeking to unseat Sen. Hillary Clinton, yesterday suspended her campaign "until further notice." Newsday (8/21, Gormley) reported that McFarland, "who has been in a bitter primary fight against former Yonkers mayor John Spencer, has canceled her upcoming events with barely three weeks left before the Sept. 12 election, her spokesman William O'Reilly said. 'This past Saturday, my 16-year-old daughter, Camilla, was caught shoplifting from two stores in Suffolk County,' McFarland said in a statement. Her daughter will not contest the charges, two counts each of petty theft and possession of stolen goods, McFarland said."

Octogenarians Byrd, Akaka Seeking Reelection To Senate. USA Today (8/22, Kiely, 2.27M) reports that Sen. Robert Byrd "is seeking an unprecedented ninth Senate term on Nov. 7. Less than two weeks later, he will turn 89. He's not the only octogenarian running for re-election to the Senate this year: Daniel Akaka of Hawaii turns 82 on Sept. 11, just 12 days before the state's primary. … In the Senate, age is relative. Strom Thurmond, a South Carolina Republican, left the Senate in 2003 at age 100. At the beginning of this term, the average age of senators was 60.4, and those with the most seniority are in their 70s and 80s. The two men vying to replace Byrd and Akaka are both in their 50s."

Book Says Hagel Fell From Grace After Challenging GOP Leadership. The Washington Post (8/22, A13, Pianin, 748K) reviews the book "Chuck Hagel: Moving Forward," by Charlyne Berens. The book notes that Hagel "has tumbled from grace within the party after repeatedly challenging the Republican leadership on Capitol Hill and leveling bruising critiques of President Bush's handling of the war in Iraq and domestic policy." The book says that the independent streak that marked Hagel's formative years "has hurt his relations with many of his Republican colleagues and diminished his effectiveness as a lawmaker." The book "suggests that Hagel's Vietnam experience helped to shape his internationalist perspective and to put him on a track to a political career. It also may have heavily influenced his views on the U.S. invasion of Iraq -- which he voted to authorize and later came to regret -- as well as his skepticism of the administration's motives and dismay with its performance."

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Obama Visits Former South African Prison. The Chicago Tribune (8/21, Zeleny, 623K) reported South African member of Parliament Ahmed Kathrada, a longtime prisoner of the apartheid government, "willingly returns to Robben Island, personally leading dignitaries and celebrities from all corners of the globe through the hallways of his own living hell." On Sunday morning, "under a glorious blue sky, Sen. Barack Obama (D-Ill.) took his turn. After boarding a ferry on Cape Town's waterfront district, he took a seat next to Kathrada on the lower deck and quizzed him for virtually the entire 20-minute ride. Even as Robben Island came into view and the ferry cut its engines, Obama was still peppering him with questions about what it was like to be held captive for a quarter-century." For the "next hour, Obama made his way across the sprawling grounds of the prison, spending considerable time in the rocky prison yard where Mandela had once buried pages of his writing, sealing them in bags and placing them below ground before they were smuggled out."

The AFP (8/22) reports Sen. Obama "joined the chorus of criticism of South Africa's response to the AIDS pandemic, and called for some 'clinical truth telling.'" Obama said, "There needs to be a sense of urgency and an almost clinical truth telling about AIDS in this country for the problem to be solved." The AFP adds Obama said "he was hoping to meet with South African President Thabo Mbeki, who has been under pressure to axe his controversial health minister Manto Tshabalala-Msimang after she took a beating over the government's AIDS policies at a global summit in Toronto."

The AP (8/22, Nullis) reports Nobel Peace prize winner Desmond Tutu offered Obama "a boost Monday for any future presidential bid." Tutu said, "You're born to be a very credible presidential candidate. … I hope that I would be equally nice to a young white senator, but I'm glad you are black." The AP adds Obama "laughed off Tutu's remarks. But in a speech to the South African Institute of International Affairs he struck a serious tone about U.S. foreign policy."

Kenya Eagerly Awaits Visit Of "Favorite Son." The Los Angeles Times (8/22, Sanders, 918K) reports, "You can't fault Kenyan officials for wanting to spruce up a little before the eagerly anticipated visit late this week of Sen. Barack Obama of Illinois, a rising star in the Democratic Party whose late father hailed from this tiny farming town." Obama "mania is sweeping the nation, particularly in the long-marginalized west, which is preparing a hero's homecoming for the half-Kansan, half-Kenyan. Obama, 45, began a 15-day, five-nation African tour last weekend." The "Hawaiian-born Obama met his father only once and last visited Kenya 14 years ago. His support for abortion and gay rights would roil most voters here. But none of that matters to locals, who see Obama as their new favorite son."

Senate Majority Leadership Seen As Worthy Post For Hillary Clinton. In a Los Angeles Times op-ed (8/22), Ezra Klein of the American Prospect says, "Earlier this month, Steve Clemons' blog, the Washington Note, quoted highly placed sources as saying that Democratic Senate Minority Leader Harry Reid had pulled Clinton aside and offered her a deal: Eschew the presidential campaign and succeed Reid as leader of the Senate Democrats in 2009. Reid's office, of course, strenuously denies the claim. But Clemons, the director of the New America Foundation's American Strategy program, is no fabulist, and this week, similar speculation showed up in Time magazine." It is "obvious that someone wants word of this bargain to be fruitful and multiply. After all, it offers Clinton a way to disengage from an increasingly uphill effort, and it simultaneously floats the image of her in the minority or majority leader's seat, a position she's uniquely well-suited for." Whatever the "hype, Clinton's path to the presidency isn't an easy one. But the road to Senate leadership may be."

Professor Says Liberals Face A "Fertility Gap." Arthur Brooks, a professor at Syracuse University's Maxwell School of Public Affairs, writes in the Wall Street Journal (8/22, 2.03M) that "liberals have a big baby problem: They're not having enough of them, they haven't for a long time, and their pool of potential new voters is suffering as a result. According to the 2004 General Social Survey, if you picked 100 unrelated, politically liberal adults at random, you would find that they had, between them, 147 children. If you picked 100 conservatives, you would find 208 kids. That's a 'fertility gap' of 41%. Given the fact that about 80% of people with an identifiable party preference grow up to vote the same way as their parents, this gap translates into lots more little Republicans than little Democrats to vote in future elections."

Dionne Says Liberals Owe A Debt To Hofstader. E.J. Dionne writes in the Washington Post (8/22, A15, 748K) that the word "liberal" has become "such a turnoff that countless liberals dare not admit to their own label." Liberalism has "become associated with elitism,

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arrogance and disdain for the values of average Americans. … How all this happened is complicated, but some important clues are contained in the most important political book of 2006 that is not a book about politics at all. David S. Brown's 'Richard Hofstadter: An Intellectual Biography' offers us the life of one of our country's most revered historians." Hofstadter "brilliantly revised accepted and sometimes pious views of what the populists and progressives were about. But there was something dismissive about Hofstadter's analysis that blinded liberals to the legitimate grievances of the populists, the progressives and, yes, the right wing." Dionne added, "I'd like to think it's an honor to Hofstadter's legacy that we might subject his own history to the kind of revisionism he practiced with such skill. Liberals owe a debt to Hofstadter, and they owe themselves an argument with him, too."

Ford Receives Pacemaker. According to an aide, former President Gerald Ford received a cardiac pacemaker yesterday at the Mayo Clinic. The AP (8/22) reports, "Ford was expected to continue to recuperate at the clinic for several days. The pacemaker is designed to enhance his heart's performance. He was admitted Aug. 15 for tests and evaluation. At the time, neither the clinic nor his chief of staff would comment in detail on his condition."

ABC World News Tonight (8/21, story 4, 0:15, Gibson, 8.78M), the CBS Evening News (8/21, story 10, O:45, Schieffer, 7.66M) and NBC Nightly News (8/21, story 6, 0:20 , Williams, 9.87M) all reported on Ford's procedure. NBC noted, "The procedure went smoothly and tonight the second oldest former president in American history is resting comfortably."

Schwarzenegger, Lawmakers Reach Deal On Minimum Wage Hike. California Gov. Arnold Schwarzenegger and Democratic lawmakers have reached a deal to raise the state's minimum wage for the first time since 2004. The Los Angeles Times (8/22, Lifsher, 918K) reports that the hike "will lift the state minimum wage to $8 an hour from $6.75. Workers will get the first 75-cent increment on Jan. 1 and another 50 cents on Jan. 1, 2008." The jump to $7.50 on New Year's Day "will make California's minimum wage the nation's fourth highest, trailing the states of Washington, Oregon and Connecticut, according to the California Federation of Labor." The Post adds, "Schwarzenegger praised the agreement as a boost for both low-wage workers and the business climate."

NYTimes Says Public Employee Pensions Are A "Financial Time Bomb." An editorial in the New York Times (8/22, 1.21M) says, "Public employee pension plans are a financial time bomb in many states and localities. Now New York City's independent actuary says his calculations suggest a potential future shortfall of up to $49 billion. … But for all the complications of the pension issue, there is one simple, obvious, outrageous part of the problem that is easy to explain. The governor and the State Legislature have been utterly irresponsible in expanding the city's obligations without providing any money to pay the additional cost." The Times adds, "New York is certainly not alone in wrestling with pension burdens. But the sheer size of its work force, with 180,000 municipal retirees and a quarter-million current employees, makes it a useful harbinger of the coming financial storm for governments, local, state and federal."

BAE Is A Major Contributor To US Candidates. The Financial Times (8/22, Kirchgaessner) reports, "BAE, the British defence group, has emerged as one of the most powerful corporate contributors to candidates in the current US election cycle, ranking number 18 in a list of the biggest corporate donors. US subsidiaries of British companies have doled out about $3.7m in political contributions ahead of November's congressional election, with 68 per cent of the donations supporting Republican candidates, according to an analysis by the FT of figures compiled by Political Moneyline, a website that tracks political contributions."

Bush Urges Rapid Deployment Of UN Force To Preserve Lebanon Ceasefire. President Bush's comments on the Iraq war dominated the coverage of his Monday press conference, but his call for the quick deployment of an international force to preserve the cease fire between Israel and Hezbollah is also receiving attention. In fact, Fox News' Special Report (8/21, Hume) reported, "The reason…Bush called that news conference today was to comment on that ceasefire in Lebanon. He made it clear that he hoped the international community would do more to organize a force that could prevent Hezbollah from threatening Israel again and he announced a renewed effort to get that done." Fox (Rosen) added, "From President Bush at the White House, a surprise announcement about ongoing efforts to clarify the mandate of union any fill, the force being created." Bush was shown saying, "There will be another

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resolution coming out of the United Nations giving instructions to the international force. First thing is to get the rules of engagement clear so that the force will be robust to help the Lebanese."

The Washington Post (8/22, A1, Fletcher, Kessler, 748K) notes Bush "opened the news conference with an 'urgent' plea for 'an effective international force' to support the" ceasefire, which the Post says is "an effort that is faltering because European countries, led by France, have been reluctant to contribute enough troops."

The CBS Evening News (8/21, lead story, 3:10, Schieffer, 7.66M) reported Bush "linked Hezbollah and the violence in Lebanon to that in Iraq. Both in his view the work of terrorists. And he called for quick deployment of an international force to stabilize Lebanon." Bush was shown saying, "The reality is for Lebanon to succeed and we want Lebanon's democracy to succeed, the process is going to -- the Lebanese government is going to have to deal with Hezbollah."

On ABC World News Tonight (8/21, 2:30, lead story, 3:00, Raddatz, 8.78M), Bush was shown saying, "The international community must now designate the leadership of this new international force, give it robust rules engagement and deploy it as quickly as possible to secure the peace." The President also "said the US would offer logistic support …and additional $230 million in humanitarian laid for the Lebanese people." NBC Nightly News (8/21, lead story, 3:55, O'Donnell, 9.87M) also noted the President "talked about getting more humanitarian aid which is now totaling $230 million to get schools open and homes rebuilt and maybe that will repair the imagine of the US there as well."

The Wall Street Journal (8/22, McKinnon, King, 2.03M) says Bush "offered little to suggest the US has a plan to overcome the difficulties in getting European troops on the ground quickly to round out a United Nations peacekeeping force once envisioned to be 15,000 strong."

The Financial Times (8/22, Arnold, Sevastopulo, Khalaf) reports Lebanese "officials said the delay in dispatching the UN force was fuelling renewed unease in the country, only a week after the ceasefire…had raised hope" of an end to the violence. The New York Times (8/22, Cooper, 1.21M) also says "the biggest obstacle to rebuilding Lebanon right now is the slow pace of assembling an international peacekeeping force." USA Today (8/22, Nichols, 2.27M) titles its report "UN Struggles To Form Peacekeeping Force," and the Washington Times (8/22, Dinan, 88K) runs a similar story.

Situation In Southern Lebanon Remains Tense. The New York Times (8/22, Fattah, 1.21M) reports from Shamaa, in Southern Lebanon, "More than a week after a United Nations-mandated cease-fire took hold in Lebanon, the fighting has come to a halt, but the trappings of war linger on. The eerie sense of quiet in the villages and towns on southern Lebanon's western edge underscores the sense of a war frozen in time, with the combatants still facing off and the deployment of international and Lebanese soldiers just a promise. The aura of imminent violence is pervasive." The Times adds, "Israeli troops and Hezbollah soldiers clashed here on Monday, The Associated Press reported, leaving three Hezbollah fighters dead. By midday, Israeli tanks that had burrowed into the end of the hill moved out, leaving behind a mound of garbage, supplies and equipment." Israeli "military officials said Monday that all of the reservists called up last month had been pulled out of Lebanon, but regular soldiers -- estimated at 8,000 to 10,000 by Israeli news reports -- remained in Lebanon, awaiting the arrival of an international peacekeeping force."

UN Force Seen As Unlikely To Disarm Hezbollah, Lebanese Army "Conspicuous By Its Absence." ABC World News Tonight (8/21, story 2, 2:10, Berman, 8.78M) reported, "A week into the cease-fire, and the only new UN forces to arrive in southern Lebanon are 50 French troops. Hardly an auspicious start to a crucial peacekeeping effort. What is taking so long?" Fareed Zakaria, Newsweek International: "Countries are reluctant to donate to this force because it is a very messy political military situation." Berman: "Nations that might contribute troops say the UN resolution is not clear about what they are supposed to do. Are they supposed to use force to disarm Hezbollah? In southern Lebanon today, this UN peacekeeper told me he thought no." Lt. Gojo Opong-Marfo, UN peacekeeper: "Our rules of engagement don't allow us to battle anybody and I don't see a situation that would allow that." Berman: "These UN troops didn't want to talk about it on camera, but privately, they tell us they doubt they could disarm Hezbollah even if they tried. That is a huge problem for Israel." Michael Oren, Israeli political analyst: "If Hezbollah terrorists are wandering around with weapons, displaying weapons, then Israel will call on the international force to live up to its mandate. It the international force does not live up to its mandate, then Israel will really have no choice but to intervene to protect itself."

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The CBS Evening News (8/21, story 4, 2:15, Pizzey, 7.66M) reported, "The Lebanese army has orders to shoot anyone who breaks the cease-fire but for the moment all they seem to be concentrating on is reestablishing check points which are now dominated by Hezbollah. Further south UN outposts provide the only credible supervision here. They have no orders to search cars either. Not even those flying the Hezbollah flag." The Lebanese army "is conspicuous by its absence here, posts abandoned long ago remain derelict on roads like this which run right alongside the Israeli border through villages where Hezbollah rules."

Meanwhile, NBC Nightly News (8/21, story 4, 1:50, Engel, 9.87M) reported, "A week after the cease-fire, more Israeli troops headed home today. But so far, Hezbollah is the only power moving in behind them."

Israeli Reservists Demand Olmert's Resignation, Inquiry Over Conduct Of War. The Wall Street Journal (8/22, Chazan, 2.03M) reports, "A snowballing protest movement led by Israeli reservist soldiers enraged at the government's conduct of the war with Hezbollah is roiling Israel's political establishment and fueling demands for the resignation of Prime Minister Ehud Olmert and the military top brass." The Journal says the protest effort "is being compared to the wave of soul-searching that followed the bloody 1973 Middle East war," and notes it "could add volatility to Israel's postwar politics, though Mr. Olmert may be able to tough it out -- for now. He may have to acquiesce to the growing clamor for a state commission of inquiry into his government's handling of the war, but its findings wouldn't be published for months, giving Mr. Olmert breathing room to repair his reputation. There are also virtually no politicians whom Israelis see as a potential alternative to the prime minister."

In a 1,000-word piece, the New York Times (8/22, Erlanger, 1.21M) adds the reservists, "most of whom have gone back to civilian life, say that their training was inadequate and that they were sent into Lebanon with unclear missions, inadequate supplies, outdated equipment and a lack of basics, like drinking water. They called for a national inquiry into how the war was waged."

The AP (8/22, Federman) reports Olmert "tried to defuse growing public anger…promising to rebuild rocket-scarred border areas but rejecting peace talks with Syria, a key supporter of the Lebanese guerrillas." The Washington Times (8/22, Mitnick, 88K) runs a similar report.

Olmert Rules Out Talks With Syria. The Washington Post (8/22, A10, Struck, 748K) reports Olmert "on Monday ruled out peace negotiations with Syria." But in Olmert's cabinet, "Public Security Minister Avi Dichter said Monday that Israel ought to restart the negotiations with Syria that ended in 2000. Since the fighting in Lebanon, there has been increasing public debate over whether to seek a deal with Syria that would bring peace to the border and help isolate Iran."

More Commentary. Fred Gedrich, a foreign policy and nation security analyst who served in the State and Defense Departments, and Retired Maj. Gen. Paul E. Vallely, a military analyst for Fox News and 'Stand Up America' radio host, write in the Washington Times (8/22, 88K), "Many statesmen, diplomats and others cast the prime warring parties in Lebanon -- Israel and the terror group Hezbollah -- as morally equivalent. Espousing this view enables them to argue that diplomacy alone can resolve this conflict. They're wrong. … A sustainable peace can only emerge after the civilized world collectively accepts and acts on the fact that Hezbollah leaders and militia, and others like them, are not 'freedom fighters' and morally equivalent to free-state leaders and armies, but despicable 'war criminals' seeking to destroy the civilized way of life."

Richard Cohen writes in the Washington Post (8/22, A15, 748K) that "when it comes to the Middle East, 1938 is…a pretty instructive year. At the moment, the United Nations has committed itself to maintaining peace in Lebanon. It has done so by saying it will interpose an armed force between Israel on the one hand and Hezbollah on the other. At the same time, the Lebanese army will -- as it has already started to do -- invade its own country (gasp!), securing the south for the first time in decades."

USA Today (8/22, 2.27M) says in an editorial Hezbollah "has been handing out wads of cash to people whose homes were destroyed in the month-long war between Israel and Hezbollah. Just business as usual. Therein lies a challenge for the United States: how to counter terrorist groups that double as popular, effective social service organizations. On Monday, President Bush boosted an American aid offer to Lebanon from $50 million to $230 million. After Hezbollah's well-publicized generosity, it looked like belated catch-up. And the U.S. offer carries credibility problems, given that some Israeli bombs were made in the USA, sparking a fierce anti-American outburst among the Lebanese. Even so, the enhanced aid effort in Lebanon can be a first step toward

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recognizing something long lost in the Bush administration's approach to the world: that military might can't solve every crisis."

In a New York Times op-ed (8/22), Carlos Pascual, vice president for foreign policy studies at the Brookings Institution, and Martin Indyk, director of Brookings's Saban Center for Middle East Policy, say, "Victory in the latest war in Lebanon will not be won on the battlefield, but in the race between Hezbollah and the Lebanese government to rebuild homes and lives. Despite President Bush's pledge yesterday of an additional $230 million for reconstruction, Hezbollah is far out front. The international community will need to get $1 billion into Lebanon now, raise $2.5 billion more over three years, and stimulate $5 billion in private investment to enable the Lebanese government to demonstrate that it, not Hezbollah, can build a peaceful and prosperous society." Pascual and Indyk identify six principals to "guide this reconstruction effort": "Speed," putting "the Lebanese government out front," using "local capacity," "security," making "maximum use of the private sector," and "finally, rescuing Lebanon will require patience and persistence."

Iran Promises "Forceful" Pursuit Of Nuclear Program. The New York Times (8/22, Slackman, 1.21M) reports Iranian leader Ayatollah Ali Khamenei "said Monday that his nation would continue to pursue its nuclear program 'forcefully.' The remarks came one day before Iran's self-imposed deadline for responding to" the international incentives deal. Khamenei "stayed consistent with Iran's confrontational, no-backing-down tone while remaining vague in terms of substance. He gave no indication of what 'forceful' meant, though over the past week, and again on Monday, officials said Iran would refuse to give up uranium enrichment." The Times says Iranian "defiance was offered up on several fronts on Monday, even as officials [in Tehran] said that within 24 hours the leadership would give a formal response to the" incentives package. One Iranian official "said Tehran was moving ahead with plans to start up a heavy water plant that would feed a nuclear reactor." However, "amid the tough talk and missile firing, Tehran did not provide any details on how it would respond to the" package. The CBS Evening News (8/21, story 8, 0:10, Schieffer, 7.66M) also noted "the country's supreme leader indicates today the answer will be no deal. That could mean UN sanctions against Iran."

The Financial Times (8/22, Smyth, Sevastopulo, Dombey) adds Tehran "on Monday gave the strongest indication yet that it would reject international calls to scale back its nuclear programme, intensifying the long-running controversy over its ambitions and nudging world oil prices higher."

The Wall Street Journal (8/22, King, Crawford, 2.03M) says Khamenei's comments were "setting the stage for a tough international fight over how to penalize the Tehran government." Tehran's statements "in recent weeks have been a mix of bluster and accommodation, though U.S. and European officials say they don't expect a satisfactory response and plan to push ahead on a sanctions package as early as the first week of September."

In a more definitive account of Tehran's intentions, the Washington Post (8/22, A11, Linzer, 748K) reports, "The Iranian government has told senior European officials that it will not accept the only condition set by the Bush administration and its Western allies for talks on the country's nuclear program and will continue enriching uranium, despite the threat of international sanctions." Diplomats said Tehran "is willing to enter negotiations and to consider a freeze of the program, but it will not accept a freeze as a precondition for the talks." The Post notes, "The Iranian position is nearly identical to its initial reaction to the" incentives, and "U.S., British and French diplomats concluded yesterday, after receiving word of Iran's intention, that the government simply bought time to advance its nuclear program, rather than scale it back as the U.N. resolution requires."

IAEA Inspectors Denied Access To Natanz. The AP (8/22, Jahn) reports, "Iran turned away U.N. inspectors from an underground site meant to shelter its uranium enrichment program from attack… Iran's unprecedented refusal to allow access to its underground facility at Natanz could seriously hamper U.N. attempts to ensure Tehran is not trying to produce nuclear weapons, and might violate the" NPT. Describing "other signs of Iranian defiance," diplomats "said Iran denied entry visas to two IAEA inspectors in the last few weeks after doing the same earlier this summer for Chris Charlier, the expert heading the U.N. agency's team to Tehran. Additionally, they said, other inspectors were given only single-entry visas during their visits to Iran last week, instead of the customary multiple-entry permits." These moves "were likely to harden Western resolve to punish the Tehran regime if it refuses to give up uranium enrichment."

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The Washington Times (8/22, Sands, 88K) runs a similar report.

Former Iranian President To Speak In Washington. The Washington Post (8/22, A11, Wright, 748K) reports, "Despite a looming diplomatic showdown with Iran over its nuclear program, the Bush administration has agreed to issue a visa to former Iranian President Mohammad Khatami to give a public address at the Washington National Cathedral next month, according to the Rev. Canon John L. Peterson, director of the Center for Global Justice and Reconciliation." Khatami "would be the most senior Iranian to visit Washington since Iran's 1979 revolution and the 1979-1981 takeover of the U.S. Embassy, which led Washington to sever relations with a country that had been one of its two closest allies in the Middle East." The State Department "said yesterday that it had not yet approved a visa for Khatami because he has not yet formally applied, which he must do outside Iran."

Sudan Backs Plan To Deploy Own Troops To Darfur. The New York Times (8/22, Polgreen, 1.21M) reports Khartoum "has proposed using more than 10,000 of its own troops to quell the violence in the troubled region of Darfur instead of the United Nations peacekeeping force that it has repeatedly refused." The Times says "whether [the plan] is a serious blueprint or another tactic in the country's efforts to stall or thwart a United Nations peacekeeping force remains to be seen." Sudanese President Omar Hassan al-Bashir "has been engaged in an escalating war of words over the proposed" force, "declaring that Sudan would 'defeat any forces entering the country just as Hezbollah has defeated the Israeli forces.'" While Bashir's "plan does not explicitly reject a United Nations force," it "makes clear that Sudan believes it should be responsible for stabilizing the worsening crisis in Darfur."

WPost Blasts Sudan, Qatar For Opposing UN Peacekeepers In Darfur. A Washington Post (8/22, A14, 748K) editorial expresses frustration at the reluctance of Sudan's government to accept a U.S and British proposal to allow some 20,000 U.N. peacekeepers into the troubled Darfur region. The Post notes that the "only outspoken critic of the resolution on the Security Council is Qatar, which is reflecting the collective unwisdom of the Arab League. The Arabs have long opposed a U.N. deployment in Darfur, apparently because they believe in the sovereign right of governments to slaughter civilians." Moreover, promises from Arab states to fund an existing African peacekeeping force have come to naught. The Post concludes by equating the continued blockage of peacekeepers entry with genocide.

Election-Related Unrest Continues In Congo. The AP (8/22, Sundaram), in a story published by some 40 papers and websites, including the Washington Post and the Washington Times, reports on the second day of fighting in the Congo after the announcement of president Joseph Kabila's failure to win a majority of votes in the country's "first vote in more than four decades," leading to a run-off with opponent Jean-Pierre Bemba. Meanwhile, "U.N. peacekeepers safely evacuated foreign diplomats who had been trapped inside the challenger's besieged home when gunfire broke out." The Congo's army has been issued orders not to appear in public with weapons, in an effort to calm the violence. "Kabila won 45 percent of the 16.9 million votes cast in the July 30 balloting; Mr. Bemba had 20 percent. … Voter turnout was about 70 percent. A second round will be held Oct. 29."

India Plans Offensive Against Long-Lived Maoist Insurgency. The Christian Science Monitor (8/22, Chopra, 58K) reports on the Indian government's increased attention to growing Maoist insurgency, manifesting in an deployment of "11 battalions of paramilitary police" and the support of "opposing vigilante groups who espouse violence." The rebels, called Naxalites, have grown in prominence in the past decade, and now operate in half of India's states, running "parallel 'People's' governments." "Prime Minister Manmohan Singh turned heads recently by calling the Naxalites, 'The single biggest internal security challenge ever faced by our country.'" The Monitor continues to detail the impact the conflict has had on rural civilians, noting that in neighboring Nepal, a Maoist insurrection has recently joined the mainstream political process.

PRD Candidate Has "Wafer-Thin" Lead In Chiapas Election. The Financial Times (8/22, Thomson) reports that Juan Sabines, Democratic Revolution party candidate for the governorship of Mexico's southern Chiapas state, "was holding on to a wafer-thin lead on Monday." The Times reports that Sabines is backed by Andrés Manuel López Obrador, the leftwing candidate for Mexico's contested presidency. Sabines leads his Institutional Revolutionary Party opponent José Antonio Aguilar "by the tiny margin of 0.22 per cent. If confirmed – official results are not due for days – Mr Sabines' victory

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would hand Mr López Obrador's party an important gubernatorial foothold in the south, adding a seat to the five governorships it holds nationally" and could aid López Obrador "in his bid to challenge results of last month's presidential election."

The Wall Street Journal (8/22, Lyons, 2.03M) also notes the significance of the Chiapas election, calling the race a "virtual tie, with both candidates declaring victory," and adding that it "echoes political turmoil at the national level" following the July 2 presidential election. The Journal reports that Sabines "held a tiny 2,000-vote advantage" over Aguilar. "Supporters of both men took to the streets to celebrate victory, honking horns and waving flags. … If Mr. Sabines's narrow margin holds up, he will have avoided a major embarrassment for Mr. López Obrador, whose postelectoral campaign of street blockades and marches may be fomenting a backlash against his left-wing party."

Chavez Said To Seek UNSC Seat During Beijing Visit. The Wall Street Journal (8/22, Oster, 2.03M) reports Venezuelan President Hugo Chávez "arrives in China Tuesday on a six-day tour to drum up support for his bid for a nonpermanent seat on the United Nations Security Council as he tries to deepen oil ties with Beijing." The Journal says Beijing's "soaring energy needs have brought it closer to Venezuela. Beijing's imports of Venezuelan crude oil jumped 40% in June from a year earlier. Mr. Chávez has said he wants to increase oil sales to China, to 200,000 barrels a day from about 150,000 barrels," and "wants to buy supertankers and oil-drilling equipment from China." Washington "fears Mr. Chávez would use a seat on the Security Council…as a platform for anti-American rhetoric. The U.S. supports Guatemala for the seat." The Journal notes it is "unclear if Mr. Chávez will achieve what he'd like from his China visit. Beijing isn't keen to support Venezuela's U.N. bid, analysts say," and there are "doubts about how much oil Mr. Chávez can pledge to supply. Analysts say Chinese refiners are limited in how much more of the particularly thick Venezuelan crude oil they can process."

Russia Eyes Spot In Paris Club After Repaying Last Of Debts. The Washington Post (8/22, A12, Finn, 748K) reports, "Eight years after it defaulted on more than $40 billion in debt and slid into financial chaos, Russia transferred $23.7 billion to the Paris Club of creditors Monday, wiping out the last of its Soviet-era debts and underlining the extent to which oil and gas revenue has transformed the country's finances." The Finance Ministry said the early payment, which carried a $1 billion penalty, "will save the country more than $12 billion in interest payments on debt that was not due until 2020." As a percentage of GDP, Russia's public debt has fallen from 96 percent in 1999 to 9 percent today. "Foreign currency and gold reserves stand at nearly $280 billion, the third largest in the world, and the economy is growing at around 6 percent annually. The government projects a $55 billion budget surplus next year." Notably, "Russia said it was prepared to become one of the 19-member Paris Club's lenders." The Times notes the country "is now the world's largest exporter of natural gas and the world's second-largest exporter of oil," and "is swimming in cash." However, analysts warn "that, because the Kremlin is so buoyed by the influx of petrodollars, it has little incentive to foster the kind of political competition and economic diversity that can sustain the country's boom over the long haul should oil prices, or demand for Russian energy, falter."

Extremist Belgian Parties Seek To Reshape Views On Minorities. In a Wall Street Journal (8/22, 2.03M) "Global View" column, Bret Stephens writes about the "surreal" aspects of fascism in Belgium. "The hallmark of nearly every European socialist party has long been hostility to religion. … But then the Socialists began taking note of Belgium's Muslim community, some 500,000 strong." Moreover, a Flemish secessionist group, the Vlaams Belang, which was long know for "its call to forcibly deport immigrants who failed to assimilate," has stepped away from its erstwhile anti-Semitism, and has begun "making pro-Israel overtures. And the party's tough-on-crime, hostile-to-Muslims stance began to attract a considerable share of the Jewish vote, particularly among Orthodox Antwerp Jews who felt increasingly vulnerable in the face of the city's hostile Muslim community. Today, Vlaams Belang is the largest single party in the country."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"A Law Unto Herself."
"Casino Tribes Try To Keep Entire Pot."
"Bush Treads On Critics' Turf."

DOJ_NMG_0051536

"Senator's Kenya Visit Inspires Obama-Mania."
"Bomb Plot Evidence 'Immense,' British Say."
"Deal to Raise Wage To $8."
"When A Match Becomes A Scandal, That's Not Cricket."

USA Today:

"Colonel Walks Baghdad 'To Make People Believe.'"
"Poll: GOP Up After Terror Arrests."
"Katrina Cost Continues To Swell."
"Gas Prices Slip, And The Worst May Be Over For This Year."

New York Times:

"Britain Charges 11 in Plane Case; Bomb Gear Cited."
"Officials Seek Broader Access To Airline Data."
"4 Days Later, Race For First Is A Runaway."
"In Election Push, Bush Faults Talk Of Iraq Pullout."
"State Upgrades Pensions, And City Gets the Bill."
"Oakland Fights Crime With Talk."
"Under One Roof, Trial, Penalty And Civics Lesson."

Washington Post:

"Bush Offers Staunch Defense Of Iraq Policy."
"British Charge 11 Suspects In Airliner Plot."
"Man Arrested Near Va. Tech In Two Killings."
"The Future of D.C. Public Schools: Traditional Or Charter Education?"
"Scientists Offer Proof Of 'Dark Matter.'"
"Cost Of Immigration Bill Is Put In Billions."

Washington Times:

"Bush Stands By Iraq Until 'Job Is Done.'"
"Israeli Reservist Protest Olmert."
"Area Power Supply Adequate—For Now."
"Buchanan Warns Of Flood Of Illegals."
"Collegiate Ranking Looks Beyond Books."
"Santorum Goes Full Circle."

Detroit Free Press:

"Ford Workers' Buyout Anxiety."
"In The City For Love?"
"Granholm Orders Review Of Prison Health Care System."
"Fans Rush To Score 'Madden.'"

Atlanta Journal-Constitution:

"Bush: Stick It Out In Iraq."
"Few Grasp Asthma's dangers."
"Usher On Broadway."
"Huntsville Is Rocket City Again."

Houston Chronicle:

"British Give New Details In Airliner Bomb Plot."
"Trial Of Boy In His Father's Death Adds To Legal Battles In The Case."
"Now UT Really Has Something To Party About."
"Mexico Adds Sex To School Syllabus."
"His Simple Click Captured A Legacy Of Courage."

Story Lineup From Last Night's Network News:

ABC: Bush News Conference; Lebanon Cease-Fire; Hussein's Second Trial; Fords Health; JonBenet; College Rankings; UK Terror Plot; Gas Prices; Joe Rosenthal-Obit; Bush-Iraq Position; Male Only Sunday School Teachers.
CBS: Bush News Conference; Sectarian Violence; Hussein's Second Trial; Lebanon Cease-Fire; Terror Plot; Padilla Case; JonBenet; Iran Possible Sanctions; Government Secrets; Ford's Health; Prisoner Recaptured; HIV & Cancer Breakthrough; Children-Sleep Apnea; Joe Rosenthal Obit.
NBC: Bush News Conference; Bush -Middle East Analysis; Hussein's Second Trial; Lebanon Cease Fire; Terror Plot; Ford's Health; Capitol Tunnels; Acne Medicine –Health Risk; JonBenet; Stock Markets; Joe Rosenthal Obit.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Karr Extradition; UK-Terror Arrests; Bush-News Conference; Islamic Holiday.
CBS: Karr Extradition; UK-Terror Arrests; Bush Press Conference; Israel-Gaza Incursion; Study-Asthma In Children; Ford-Heart Surgery.
NPR: North Korea Nuclear Program; Bush Press Conference; Padilla-One Charge Thrown Out; Ford-Heart Surgery; Wall Street; Foreign Stock Markets; Mexico-Civil Unrest; UK-Terror Arrests.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a panel discussion on health transparency, Minneapolis Marriott Southwest, Minnetonka, Minn.; attends Bachmann for Congress and Minnesota Republican Party reception. Private residence, Wayzata, Minn. Note: Returns to Washington following the event.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

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Other: ACCOUNTANTS _ The American Institute of Certified Public Accountants holds the 2006 AICPA National Governmental Accounting & Auditing Update Conference. Highlights: 8:15 a.m. Concurrent sessions on ``FASAB -- Coming of Age, with Tom Allen, member, FASAB, Washington, DC; and Wendy Comes, executive director, FASAB, Washington, DC. 3:20 p.m. CFO Panel: :Are We Really Members of Management?," with Charlie Johnson, Assistant Secretary for Budget, Technology and Finance, HHS, Washington, DC; Sam Mok, Chief Financial Officer, DOL, Washington DC; Jennifer Main, Chief Financial Officer, SBA, Washington, DC. Location: JW Marriott, 1331 Pennsylvania Ave. NW.

INFRASTRUCTURE PROTECTION _ The InfraGard National Members Alliance and the FBI hold a conference to discuss the protection of and potential threats to national and global critical infrasatructures. Highlights: 8 a.m. Former HHS Secretary Tommy Thompson. 12 p.m. Shell Oil Co. President John Hofmeister. Location: Washington Renaissance Hotel, 999 9th St. NW.

CHINA-FINANCIAL _ 10 a.m. - 4:30 p.m. The US-China Economic and Security Review Commission holds a hearing titled ``China's Financial System and Monetary Policies: The Impact on U.S. Exchange Rates, Capital Markets, and Interest Rates." Location: Room 385, Russell Senate Office Building.

FRY-IRAQ BRIEFING _ 9 a.m. UK Royal Marine Lt. Gen. Sir Robert Fry, deputy commander of Multi-national Force--Iraq and senior British representative in Iraq, will brief live from Iraq with an update on operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

IRAN-NUCLEAR _ 10 a.m. The Center for Arms Control and Nonproliferation holds a telephone briefing on Iran's response to the UN nuclear proposal. Contacts: Carah Ong, 202-546-0795 ext 122. Notes: Callin number: 800-371-8200; passcode: 12217. RSVP requested.

OZONE HOLE _ 10 a.m. NOAA and the National Science Foundation hold a news conference to mark the 20th anniversary of the discovery of the cause of the Antarctic ozone hole. Location: National Press Club.

CONGRESS-DOMESTIC SURVEILLANCE _ 1 p.m. The American Civil Liberties Union holds a telephone briefing on congressional reaction to last week's federal court ruling concerning the NSA's domestic surveillance program. Contacts: Shin Inouye, 202-675-2309. Notes: Callin number: 800-816-4134; passcode: 69922.

KATRINA RESPONSE _ 1 p.m. - 2:30 p.m. The Center for American Progress hosts a presentation, ``Disaster: A Look at the Response and Recovery One Year after Katrina." Participants are: Robert Block, Homeland Security Correspondent, The Wall Street Journal; Christopher Cooper, National Political Correspondent, The Wall Street Journal; Oliver M. Thomas, Jr., President, New Orleans City Council; and P.J. Crowley, Senior Fellow and Director of National Defense and Homeland Security, Center for American Progress. Location: National Press Club, Holeman Lounge.

MARINE-SURRENDER _ 4 p.m. Matt Solowynsky, 19, of Corona, Calif., who allegedly fled torture during training, is scheduled to surrender to Marine Corps authorities. Location: Marine Corps base, Quantico.

WELFARE REFORM _ 4 p.m. The Cato Institute hosts a policy forum, ``Welfare Reform Turns 10: A Look Back, A Look Ahead." Charles Murray, American Enterprise Institute; Robert Rector, Heritage Foundation; and Michael Tanner, Cato Institute. Location: Cato Institute, 1000 Massachusetts Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, AUGUST 22, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Judge Dismisses On Charge Against Padilla 3
US, European Authorities Want More Access To International Flight Passenger Data 3
Eleven Charged In London Terror Plot 4
Botched Terror Plot Prompts German Debate Over Law Enforcement Powers 4
FBI Arrests 13 Tamil Tiger Supporters On Terrorism Charges 4
US Sues Maine PUC, Verizon Over NSA Surveillance Cooperation 5
Root Of Islamic Extremism Said To Not Be Western Oppression 6

Homeland Response:

Gonzales Pledges More Agents, Prosecutors For New Orleans .. 6
Environmentalist's Comment About Removing Dam Prompts FBI Terror Probe 7
IG Report Says Sensitive Data Vulnerable At DHS 7
Alter Says FBI Computer Upgrade Delays Undermining US Security 7
California Muslim-Americans Angry, Frustrated By Increased Scrutiny 7
Fiscal Impact Of Hurricane Katrina Expected To Continue To Rise 7

War News:

Bush Defends Iraq Policies, Criticizes Calls For US Pullout 8
Four More US Soldiers Killed In Iraq 10
Saddam's Second Trial Gets Underway 10
VA Secretary, Congressmen Return From Iraq 10
Iraqi Colonel Keeps High Profile In His Sector Of Baghdad 11
Iraq Facing Loss Of Oil Professionals 11
Carroll Suspected Dulaimi Of Complicity In Her Kidnapping 11
Pakistan Remains A Center Of Islamic Militancy 11

Corporate Scandals:

Quattrone Deal Would Avert Third Trial 12
SEC Seeks To Freeze Assets Of Group Accused Of Fraud 12
Imax Names CFO Amid SEC Probe 12

Criminal Law:

Gonzales Launches Campaign To Curb Internet Crimes Against Children 13
Judge Allows Hinckley More Trips To Visit Parents 13
Karr Extradition Hearing To Be Held Today 13
Judge Ordered DOJ To Investigate AIPAC Probe Leak To CBS 15
Tennessee Waltz Defendant Pleads Guilty To Bribery Charge .. 15
Former Nevada Commissioners Sentenced To Prison For Bribery 15
Missouri Mayor Pleads Not Guilty To Bribery Charges 16
Armitage's Calendar Shows Meeting With Woodward In June 2003 16
Cunningham Probe To Extend Beyond November Elections 16
FBI, New Jersey Investigators Launch Probes Of Former Newark Mayor 16
Michigan Prescription Drug Supplier Arraigned On Medicaid Fraud Charges 16
Last Of Michigan Financial Fraud Ring Defendant Pleads Guilty 16
Mob Turncoat Testifies Gotti Ordered Attack On Sliwa 17
LAPD, FBI Launch Campaign Against Takeover Robbers 17
Man Charged With Two Killings Near Virginia Tech Campus 17
Oakland Fights Crime With Tough Talk 18
Law Enforcement Officials Oppose Crime-Fighting Funding Cuts18
Prosecutors, Victims Seek Justice Beyond Military System 18

Civil Law:

Judge Blasts Attorneys For Role In Hiding Tobacco Risks 19
Administration Classification Policy Seen As Broadly Expansive 19

Civil Rights:

8th Circuit Strikes Missouri's Ban On Sexual Highway Billboards19
Writer Decries Use Of Prisoners For Medical Experiments 19
Author Decries Blacks' Opposition To Gay Marriage 20
WSJournal Decries Young Comments 20

Antitrust:

Supreme Court Denies Stolt-Nielsen Emergency Appeal 20
DOJ May Review South Carolina Hospital Decision 21
CRH To Purchase Ashland's Road Unit For $1.3 Billion 21
Chicago Professor Joins DOJ Antitrust Division 21
Sanofi Defends Plavix Patent Against Apotex Generic Challenge21
Canadian Mining Firm To Buy EuroZinc 21
Coles Myer Directors To Weigh KKR Buyout Bid 22
Morgan Stanley Funds To Purchase Glenborough For $1.9 Billion 22

Environment/Indian Affairs:

Three US Agencies Probing BP's Alaskan Operations 22
Utility Executives Divided Over Future Of Nuclear Power..... 22
EPA-Influenced Garbage Truck Slated For Roll Out Next Year.. 23
Bears Disturb Peace Of Alaskan Fishing Village..... 23
NYTimes Praises Court Ruling On Clean Air Law..... 23
Casinos Open Up Wealth Divisions Between Tribes..... 23

FBI/DEA/ATF/USMS:

Bucella Leaving FBI For Bank Of America Post..... 24
Raids Snared Entire Florida Latin Kings Leadership 24
Agents Seize Millions Of Dollars In Meth, Cocaine Buried Near Atlanta, Four Arrested..... 24
Accused Drug "Kingpin" May Face Death Penalty In US 25
Somali Immigrants Say Khat Bust Rooted In Lack Of Cultural Understanding..... 25
Marion Jones Says Her Positive Drug Test Is Surprising..... 25
Drug Use Among College Students Said To Have Hit Record Levels..... 26

Immigration:

DOJ Seeks Review Of Asylum Denial For Congolese Woman .. 26
Experts Say Sex Slavery Trade Is Widespread..... 26
CBO Says Senate Immigration Bill Would Cost $127 Billion Over 10 Years..... 26

Congress-Administration:

Bush Orders Federal Departments To Share Info On Health Care 27
Some Mothers Left Behind By Welfare Reform Bill..... 27
"Rock Star" Snow Is A Big Hit In Republican Circles..... 28
Sumwalt Sworn In As Member Of NTSB..... 28
Cole Commander Ruled Unfit For Promotion..... 28
Congress Said To Be Ignoring Asbestos, Other Dangers In Capitol Tunnels..... 28
Bush Reliance On Intuition Criticized..... 28
Buchwald Says Bush Should Be Tested For Performance Enhancing Drugs 29
Author Says GOP Has Been In Charge In Capital Too Long..... 29
WSJournal Decries "Alarmist Rhetoric" About Entitlement Reform 29

Other News:

Gasoline Prices Fall Sharply..... 29
Stock Markets Fall On Geopolitics, Consumer Spending Worries29
AOL's Technology Chief Leaves Over Security Breach..... 30
Bush Tells GOP Candidates To Run On Economy, Taxes..... 30
House Republicans Have Financial Advantage Going Into November Elections..... 31
Wallace Drops Bid To Replace DeLay 32
Group Seeks To Remove Lieberman From Ballot..... 32
Casey Capitalizes On Conservative Anger At Santorum 32
Clinton Rival Suspends Campaign 32
Octogenarians Byrd, Akaka Seeking Reelection To Senate..... 32
Book Says Hagel Fell From Grace After Challenging GOP Leadership 32
Obama Visits Former South African Prison..... 32
Senate Majority Leadership Seen As Worthy Post For Hillary Clinton 33
Professor Says Liberals Face A "Fertility Gap."..... 33
Dionne Says Liberals Owe A Debt To Hofstader 33
Ford Receives Pacemaker..... 34
Schwarzenegger, Lawmakers Reach Deal On Minimum Wage Hike 34
NYTimes Says Public Employee Pensions Are A "Financial Time Bomb." 34
BAE Is A Major Contributor To US Candidates 34
Bush Urges Rapid Deployment Of UN Force To Preserve Lebanon Ceasefire 34
Iran Promises "Forceful" Pursuit Of Nuclear Program..... 36
Sudan Backs Plan To Deploy Own Troops To Darfur..... 37
Election-Related Unrest Continues In Congo 37
India Plans Offensive Against Long-Lived Maoist Insurgency..... 37
PRD Candidate Has "Wafer-Thin" Lead In Chiapas Election..... 38
Chavez Said To Seek UNSC Seat During Beijing Visit..... 38
Russia Eyes Spot In Paris Club After Repaying Last Of Debts... 38
Extremist Belgian Parties Seek To Reshape Views On Minorities38

The Big Picture:

Headlines From Today's Front Pages 39

Washington's Schedule:

Today's Events In Washington 39

DOJ_NMG_0051540

TERRORISM NEWS:

Judge Dismisses On Charge Against Padilla. The CBS Evening News (8/21, story 6, 0:15, Schieffer, 7.66M) reported, "A Miami Federal judge threw out one murder conspiracy count in the terror indictment against Jose Padilla accused of setting off a radioactive dirty bomb in a major American city. The judge let stand two other accounts against Padilla and his codefendants."

The AP (8/22, Anderson) reports, "A federal judge on Monday threw out one count in the terror indictment against alleged al-Qaida operative Jose Padilla and his co-defendants, concluding that the indictment improperly repeated other charges within the same document." The AP continues, "U.S. District Judge Marcia Cooke's ruling leaves intact two other terror-related counts against Padilla and the others, alleging a conspiracy to provide material support to Islamic extremist causes worldwide. The count that was dropped charged a conspiracy to 'murder, kidnap and maim persons in a foreign country.' … Cooke ruled that charge was unnecessary because the alleged illegal acts were already covered by the other terror-related counts in the indictment. Prosecuting all three charges, she said, would violate the Constitution's ban against double jeopardy, or prosecution of the same charges twice. … 'There can be no question that the government has charged a single conspiracy offense multiple times, in separate counts, when in law and fact, only one crime has been committed,' Cooke wrote in her eight-page ruling."

The New York Times (8/22, Lichtblau) reports, "Judge Cooke threw out a conspiracy charge that the men conspired to murder, kidnap and maim people in a foreign country. … Andrew Patel, a lawyer for Mr. Padilla, said the decision could ultimately mean the difference between Mr. Padilla's facing a life sentence and a maximum of 20 years. … 'This is cleaning up the indictment,' Mr. Patel said. 'It's procedural. This is a highly technical legal issue that doesn't affect the trial at all. It may in a theoretical sense affect the maximum time' faced by Mr. Padilla." The Times adds, "Justice Department officials said they were considering an appeal. The United States attorney in Miami, R. Alexander Acosta, said in a statement, 'We stand by the charges in this indictment and will respond after a full review of the court's order.'"

The Miami Daily Business Review (8/22, Norman) reports, "The count that was dismissed carried a maximum penalty of life in prison. In order to wring a life sentence out of the remaining counts in the indictment, prosecutors will have to prove that the three men were directly responsible for deaths abroad. … 'Usually the first count is the one that the government alleges is the most serious count,' Swartz said. 'So when that disappears, it might raise some questions.'"

US, European Authorities Want More Access To International Flight Passenger Data. The New York Times (8/22, Lipton, 1.21M) reports US and European authorities, "looking for more tools to detect terrorist plots, want to expand the screening of international airline passengers by digging deep into a vast repository of airline itineraries, personal information and payment data." A proposal "by Homeland Security Secretary Michael Chertoff would allow the United States government not only to look for known terrorists on watch lists, but also to search broadly through the passenger itinerary data to identify people who may be linked to terrorists, he said in a recent interview." European leaders are "considering seeking access to this same database, which contains not only names and addresses of travelers, but often their credit card information, e-mail addresses, telephone numbers and related hotel or car reservations." But the "proposals, prompted by the recent British bomb-plot allegations, have inspired a new round of protests from civil libertarians and privacy experts, who had objected to earlier efforts to plumb those repositories for clues."

Tougher Airport Security Rules Add To Burden For Travelers Aid. The Wall Street Journal (8/22, Trottman, 2.03M) reports, "This month's news about the foiling of an alleged terror plot raised the anxiety levels of fliers, but it also has added to what already was growing demand for the services of Travelers Aid, the nonprofit organization devoted to assisting confused, frustrated and stranded travelers." The calls "for help that have poured into Travelers Aid offices around the country in recent days have underscored the service's challenge in finding funding and volunteers. Travelers Aid operates booths in 27 North American airports, where volunteers help travelers with such requests as booking hotels after flights are canceled and supplying emergency diapers for infants."

GOP Candidates Call For Increased Screening Of Muslim Airline Passengers. In its "Washington Wire" column on its web site the Wall Street Journal (8/21, 2.03M) reported that Mark Flanagan, a Republican candidate in Florida's 13th Congressional district, "has become the third Republican office-seeker to call for heightened screening of Muslim airline passengers since the foiling of an airline bombing plot in Britain." Flanagan "said he was the only congressional candidate calling for profiling of Muslim passengers. But Paul Nelson, a Republican running in the third district of Wisconsin, endorsed the idea last week on a local radio show." New York gubernatorial candidate John

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Faso "also has supported profiling, saying, 'If a 25-year-old Muslim man who has been traveling frequently to Yemen or Pakistan tries to board a plane, then not only statistical analysis but also common sense tells us that he is more of a potential threat than the grandmother from Queens.'"

Eleven Charged In London Terror Plot. The Financial Times (8/22, Burns, Bokhari) reports, "Eight suspects arrested over the alleged plot to blow up several US-bound aircraft in mid-flight were on Monday charged with conspiracy to murder, as senior security officials warned of a 'deadly and enduring' terrorist threat. Three other people were also charged with different offences." Peter Clarke, "the head of Scotland Yard's anti-terrorist branch, said the investigation into the alleged plot was 'far from complete' and its scale 'immense' and global in nature." The Times adds, "It emerged separately that investigators are looking into other links to the plot in several European countries, including Italy, and possibly Germany and Spain, as well as pursuing inquiries in Pakistan and Afghanistan."

The New York Times (8/22, Cowell, 1.21M) reports, "A police official, who insisted on anonymity because the case was still unfolding, said it was possible that more people would be charged with conspiracy. Under British law, people who have been charged may not be interviewed further by the police, unlike those held under the 28-day counterterrorism law."

The Los Angeles Times (8/22, Murphy, 918K) reports, "Authorities said they expect to spend months examining the results of at least 69 searches of houses, business, cars and woods, which have yielded more than 400 computers, 200 mobile telephones and 8,000 computer data storage devices." Authorities, adds the Times, "have faced increased skepticism from the public, particularly Britain's estimated 1.5 million Muslims, after two previous controversial cases in which terror suspects were shot during the course of police actions that did not produce prosecutable evidence of terrorism plots." Eleven suspects "remain in custody without charges. One suspect, a woman, was released Monday."

The Wall Street Journal (8/22, Mollenkamp, Crawford, Simpson, 2.03M) reports, "One suspect arrested in Britain Aug. 10 but not charged is Tayib Rauf. The Birmingham man is viewed by investigators as a critical link because of ties to his brother who lives in Pakistan, according to people familiar with the situation. Just days before the arrests in Britain, Mr. Rauf's brother Rashid was arrested in Pakistan. Pakistani authorities have said Rashid received training in explosives at al Qaeda camps." The Washington Post (8/22, A1, Cooper, 748K) says "most of the suspects are from London." But "the investigation has also involved inquiries in Pakistan. Rashid Rauf, a Briton detained two weeks ago in Bahawalpur, Pakistan, is still being questioned there."

Meanwhile, ABC World News Tonight (8/21, story 7, 0:15, Gibson, 8.78M) reported "investigators say they found bomb-make equipment and so-called martyrdom videos like those made by suicide bombers." The CBS Evening News (8/21, story 5, 2:45, Schieffer, 7.66M) said "police there found what could be a trove of physical evidence in that plot last week to blow up the civilian airliners over the Atlantic and they charged 11 of the people that they arrested last week." CBS (MacVicar) added, "The police say their investigation of the plot to blow up ten US bound jumbo jets in mid flight is immense and complex." NBC Nightly News (8/21, story 5, 2:30, P. Williams, 9.87M) also reported, "Of the 11, eight were charged with planning to commit murder. Two others were accused of knowing about the plot but failing to tell police." USA Today (8/22, Stinson, 2.27M) reports Clarke said police had also seized "about 400 laptops and 200 cellphones." The Washington Times (8/22, Webb, 88K) runs a similar report.

Botched Terror Plot Prompts German Debate Over Law Enforcement Powers. The New York Times (8/22, Landler, 1.21M) reports the "disclosure that a botched plot to bomb two German trains last month involved a 21-year-old Lebanese man has punctured the sense of immunity many Germans felt from the Islamic terrorist attacks that have haunted other European countries." The bombing plot, "which has led to the arrest of the Lebanese suspect in northern Germany and an intense manhunt for a second suspect, is also reshaping a politically charged debate in Berlin over how much latitude to give law enforcement authorities in fighting terrorism." While the "extent of the plot is still shrouded in mystery, prosecutors said it was unlikely that the would-be bombers were acting alone. The men may have been motivated by anger over the war in Lebanon, in which the German government has agreed to play a limited, peacekeeping role."

More Commentary. The Wall Street Journal (8/22, 2.03M) says in an editorial that the security footage of the would-be train bombers "has been especially shocking to Germans who have wanted to believe they are immune to Islamic terrorism. Lead 9/11 plotter Mohammed Atta may have operated out of Hamburg. But the view inside Germany is that the terrorists were only abusing German hospitality in order to attack elsewhere -- surely not in a peace-loving country that had so strongly opposed the Iraq war. So much for that illusion. The sophistication of the plot suggests it was not the act of lone bombers." The German public "may finally be figuring out that opposing U.S. foreign policy is no defense against Islamic terrorists."

FBI Arrests 13 Tamil Tiger Supporters On Terrorism Charges. The New York Times (8/22,

DOJ_NMG_0051542

Rashbaum, 1.21M) reports, "Federal agents in four states, including New York and Connecticut, have arrested 13 men on charges that they plotted to buy weapons for a Sri Lankan separatist group and bribe agents posing as State Department officials to remove the group from a list of foreign terrorist organizations. The men were charged yesterday" with providing material support for terrorism, "and others were being sought, in a case arising from two sting operations, the authorities said." The Times notes that the investigation "was conducted by the Joint Terrorist Task Force in the F.B.I.'s Newark office and overseen by federal prosecutors in Brooklyn, with assistance from 20 other F.B.I. offices and authorities in 10 other nations."

The AP (8/22, Hays) adds that the "emissaries of the Tamil Tigers rebel group conspired to buy surface-to-air missiles," and suspect Nachimuthu Socrates of Simsbury, Conn., allegedly "paid bribes and tried to buy a classified intelligence document" which "referred to a U.S. investigation into a charity suspected of being a front for a Tigers fundraising organization." The AP notes, "Another defendant 'made it clear that he had traveled to the United States on behalf of (the Tamil Tigers') senior leadership in Sri Lanka,' the complaint said."

The Hartford Courant (8/22, Struzzi, 195K) reports, "Socrates arrest came after a far-reaching federal investigation conducted by the Newark Division of the FBI's Joint Terrorism Task Force with assistance from more than 20 of the agency's field offices, including Connecticut, New York and Illinois. According to Special Agent Steven Siegel in the FBI's Newark office, 13 individuals were in custody Monday with additional arrests expected. Federal authorities had been investigating the case for six years and set up sting operations in which individuals negotiated the purchase of sophisticated weaponry. The weapons were never exchanged, federal officials said." WIVB-TV Buffalo (8/21, Hovenden) reports on the arrest of suspect Vijay-Shanthar Patpanathan in Williamville, N.Y., noting that "the Joint Terrorism Task Force and the FBI joined other law enforcement officers in raiding the home…Sunday morning. Agents seized a computer and other items."

The New York Daily News (8/22, Marzulli, 729K) reports, Brooklyn prosecutors said the audacious scheme was hatched by senior terror group leaders, who dispatched an operative to the U.S. in 2004 to gain favor with a Sri Lankan national living in Staten Island with purported 'government sources.' The Staten Island Sri Lankan turned out to be an FBI informant, who introduced…Socrates to an undercover law enforcement agent posing as a State Department official, the complaint stated." The New York Sun (8/22, Gerstein) adds that Attorney General Alberto Gonzales said in a statement, "The multi-faceted scheme…demonstrates the need for continued vigilance in the global war against terrorism. These defendants allegedly sought to obtain, through a variety of means, weapons and materials to carry out a deadly campaign of violence." Newsday (8/22, DeStefano) and the New York Post (8/22, Haberman, 608K) also report on the arrests, and the Seattle Post Intelligencer (8/22) notes, "FBI agents arrested a 27-year-old Seattle man of Sri Lankan origin" in the alleged plot.

CNN.com (8/21) noted, "All eight are charged with conspiracy to provide material support to a designated foreign terrorist organization, according to the U.S. Attorney's office in New York." US Attorney Roslyn Mauskopf said, "We refuse to allow the LTTE and its supporters to use the United States as a source of supply for weapons, technology, and financial resources." The Canadian Press (8/22, Gorham) reports, "An FBI affidavit says one of the Canadians, Sathajhan Sarachandran, told the agents he was taking direction from Pottu Amman, the man alleged to have masterminded the 1991 assassination of Rajiv Gandhi." Sarachandran and fellow Canadians Sahilal Sabaratnam and Thiruthanikan Thanigasalam "travelled to Long Island on Aug. 19 to try to buy black market weapons for an estimated $900,000 US, court documents allege."

US Sues Maine PUC, Verizon Over NSA Surveillance Cooperation. The AP (8/22) reports, "Federal prosecutors filed suit Monday against Maine utility regulators and Verizon to block disclosure of confidential information linked to questions of whether the company broke the law by cooperating with a domestic surveillance program." The AP continues, "The U.S. District Court complaint followed an Aug. 9 order by the Public Utilities Commission that Verizon attest in a sworn statement to its previous public comments about the National Security Agency's warrantless eavesdropping program. … The suit said compliance with the order would 'place Verizon in a position of having to confirm or deny the existence of information that cannot be confirmed or denied without causing exceptionally grave harm to national security.'" The AP adds, "In a letter last month, the U.S. Department of Justice served notice to the PUC that it was prepared to go to court if the agency elected to move ahead with an investigation into alleged privacy law violations. … The commission stopped short of ordering the investigation. Instead, it gave Verizon two weeks to provide additional information. The company said in a May news release that it would not discuss any relationship with the NSA program but denied media reports that it had provided customer call data or records. … Similar cases have surfaced in other states in response to news reports alleging that phone companies have cooperated with government surveillance efforts. The Justice Department has filed lawsuits to prevent disclosure of confidential information in New Jersey and Missouri."

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Posner Says Warrants Not Necessary For Electronic Monitoring. In a Wall Street Journal op-ed (8/22), Judge Richard Posner says, "Last week a federal district judge in Detroit ruled that the National Security Agency's conduct of electronic surveillance outside the boundaries of the Foreign Intelligence Surveillance Act is illegal. As a judge I cannot comment on the correctness of her decision. But I can remark on the strangeness of confiding so momentous an issue of national security to a randomly selected member of the federal judiciary's corps of almost 700 district judges, subject to review by appellate and Supreme Court judges also not chosen for their knowledge of national security." But Posner nonetheless concludes that "monitoring, even when it takes the form of wiretapping or other electronic interceptions, need not be conducted under a warrant. The Fourth Amendment restricts warrants, as I have said, but warrantless searches are permissible as long as they are reasonable. The potential abuses of warrantless surveillance can be minimized, without judicial intervention, by rules limiting the use of intercepted communications to national security, requiring that the names of persons whose communications are intercepted (and the reasons for and results of the interception) be turned over to executive and congressional watchdog committees, and imposing draconian penalties on officials who violate civil liberties in conducting surveillance."

Root Of Islamic Extremism Said To Not Be Western Oppression. In a Wall Street Journal op-ed (8/22), Hoover Institution fellow Shelby Steele says, "From nations on the verge of nuclear weapons to isolated individuals -- take the recent Seattle shootings -- Islamic militancy grounded in hatred of Israel and America has become the Muslim world's most animating idea. Why? I don't believe it is because of the reasons usually cited -- Israeli and American 'outrages.'" But Islamic extremists "don't hate the West because they are oppressed by it. They hate it precisely because the end of oppression and colonialism -- not their continuance -- forced the Muslim world to compete with the West. Less oppression, not more, opened this world to the sense of defeat that turned into extremism."

HOMELAND RESPONSE:

Gonzales Pledges More Agents, Prosecutors For New Orleans. The AP (8/22) reports, "Attorney General Alberto Gonzales said Monday he will send additional resources here - including 10 assistant U.S. attorneys - to help fight fraud and a recent rise in violent crime. … He said four additional agents from the Bureau of Alcohol, Tobacco and Firearms and four additional deputy U.S. marshals also will be sent to the city." The AP continues, "Crime plummeted in New Orleans after Hurricane Katrina hit last Aug. 29. But violent crime has made a comeback in recent months in the city and its suburbs. Louisiana Gov. Kathleen Blanco sent in state police and National Guard troops after five teenagers were shot to death in a sport utility vehicle in mid June. … Gonzales announced the additional help for the city during a news conference at the Port of New Orleans. … He also said the ATF will relaunch a 24-hour hot line people can call to report the illegal use and possession of firearms, and that the Justice Department will fund programs designed to prevent crime, such as helping to re-establish Boys and Girls Clubs of America." The AP n otes, "Gonzales said more than $61 million in federal money has been appropriated for local law enforcement agencies devastated by the storm. … The commitment of more federal funds and resources comes nearly three weeks after Louisiana's senior U.S. senator, Mary Landrieu, D-La., sent a letter to Gonzales asking for more help. The senator Monday praised the attorney general for his quick response."

The Washington Times (8/22, Seper) reports, "During meetings with law-enforcement authorities in New Orleans, Mr. Gonzales said he will dispatch 10 more prosecutors to the region, hire nine others to assist in fraud and violent-crime cases, and send four additional agents each from the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and the U.S. Marshals Service. … 'The people of New Orleans deserve the chance to rebuild their city without the threat of violent crime,' Mr. Gonzales said." The Times notes, "The Justice Department has made more than $20 million in grants available to Orleans Parish to help rebuild the criminal justice system in an effort to fight rising violent crime. More than $61 million in justice assistance grants and Katrina relief law-enforcement infrastructure funds have been made available to Louisiana. … During his visit, Mr. Gonzales said state and local law-enforcement facilities remain damaged from Katrina, including the Orleans Parish criminal justice complex and the New Orleans Police Department's headquarters. … The attorney general also met with members of the Louisiana congressional delegation and state and local government officials to discuss how the department can best assist in combating violent crime."

CNN.com (8/22, Frieden) reports, "In advance of President Bush's planned visit to New Orleans next week to mark the first anniversary of the devastating hurricane, Gonzales sought to highlight federal law enforcement assistance to the New Orleans area over the past year. … Justice Department figures show the federal government has made more than $20 million available to New Orleans and Orleans Parish to help rebuild the criminal justice system. Another $61 million was provided to the state of Louisiana for justice assistance grants and funds for law enforcement infrastructure damaged by Katrina." CNN notes, "New Orleans officials have complained that promised federal

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assistance to help the city to recover from Katrina's wrath has been slow in coming. … Federal officials have acknowledged that funding for Katrina assistance to Mississippi has been smoother and encountered fewer delays than has federal aid to Louisiana."

The New Orleans Times-Picayune (8/22, Waller) reports, "As New Orleans' criminal justice system struggles to recover from Katrina, Gonzales said a major concern is 'hemorrhaging of personnel' because of the storm's financial toll and housing shortages. … But he said the Justice Department is looking for ways to help local law enforcement. … 'We have a chance to put back a functional criminal justice system that is second to none,' Gonzales said. 'This provides a wonderful opportunity to make some significant structural changes in this city.'"

Environmentalist's Comment About Removing Dam Prompts FBI Terror Probe. The New York Times (8/22, Dean, 1.21M) reports on environmental activist Jim Bensman of Alton, Ill., who says he received a call from an FBI agent after he told a Corps of Engineers public meeting that the Melvin Price Lock and Dam should be destroyed, rather than construct a proposed fish channel, which "was an idea the corps itself had considered." The Times adds that "when the agent said he wanted to visit him at home, Mr. Bensman became frightened. … 'I know what Bush is doing with all these secret programs spying on the so-called terrorists, all these provisions in the Patriot Act that I think crosses the line, being able to spy on a suspected terrorist without the check and balance of a court or a judge,' he said." The Times notes Springfield FBI spokesman Marshall Stone said of the alleged probe, "A lot of things we look into turn out to be things we don't have to be concerned about."

IG Report Says Sensitive Data Vulnerable At DHS. The Washington Times (8/22, Hudson, 88K) reports a report released yesterday by DHS IG Richard Skinner says "shortcomings in the Homeland Security Department's use of technology" have created vulnerabilities Customs and Border Protection, the Transportation Security Administration and the US Visitor and Immigrant Status Indicator Technology program. The report found that the use of RFID chips created "vulnerabilities on databases that could be exploited to gain unauthorized or undetected access to sensitive data." It focused on CBP, TSA and US-VISIT because DHS "lacks 'an accurate inventory of systems using RFID technology.'" Officials at the agency "agreed with the inspector general's findings and say additional security measures will be taken and guidelines developed to secure databases."

Alter Says FBI Computer Upgrade Delays Undermining US Security. Under the headline "Dangerous Disgrace," in a Newsweek (8/21, 3.12M) Web Exclusive column, Jonathan Alter writes, "Everyone's got an Exhibit A of the mind-bending, staggering and almost incomprehensible incompetence of the Bush Era. … But let's add one more. Should, God forbid, we be hit again by terrorists, historians will point an unforgiving finger at the computers of the FBI." Alter adds that although "the blame begins with Louis Freeh," after 9/11, Director Robert Mueller "insisted he was focused on the task at hand. He spent $170 million on a plan called 'Trilogy'" but "from the start, it was a rip-off." Alter concludes, "There's enough blame to go around. Why did the Republican Congress, which has abdicated oversight, settle for asking a few pointed questions, then call it a day when told to be patient? Why didn't the White House ride herd on the computer upgrade until it was successfully completed? Why wasn't Mueller fired?"

California Muslim-Americans Angry, Frustrated By Increased Scrutiny. The Orville (CA) Mercury Register (8/21, Jones) reported, "It is a difficult time to be a young Muslim man in America, after a year of arrests of alleged home-grown terror suspects here and in Britain. And for parents, it's not much easier." The Register noted that in 2004, Pakistani-American Firdous Kamran "received a call from FBI agents who said they wanted to come by and chat," and "she started to panic." Kamran "declined to meet with two agents who turned up at her house, referring all questions to her attorney," who later "told her that lengthy phone calls to England had sparked the agents' interest." The Register added that her son, Atif Kamran "said he has shied away from more virulent Islamic sentiment among Muslims at the University of California, Irvine, but he said the sentiment among his Muslim friends is there. 'People are angry. People are frustrated,' Atif said."

Fiscal Impact Of Hurricane Katrina Expected To Continue To Rise. USA Today (8/22, Wolf, 2.27M) reports that Hurricane Katrina's "fiscal impact…shows no sign of ending." With $122 billion in spending already approved, Gulf Coast officials "say the region's coast and infrastructure will require tens of billions more in years to come. 'Louisiana will not be made whole by what Congress has appropriated thus far,' says Andy Kopplin, executive director of the Louisiana Recovery Authority." However, the region's "appetite for federal funds could clash with lawmakers' wallets." Meanwhile, "The White House is scrutinizing how federal aid is spent. 'Should there be more requests, our job is to be sure it's based upon good data,' says Donald Powell, federal coordinator of Gulf Coast rebuilding."

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WAR NEWS:

Bush Defends Iraq Policies, Criticizes Calls For US Pullout. While President Bush hit on a number of issues during Monday's press conference, including Lebanon and the upcoming midterm elections, most media reports last night and this morning focused on his comments about the war in Iraq. On Iraq, Bush's delivery is generally being described as forceful and emphatic. NBC Nightly News (8/21, lead story, 3:55, O'Donnell, 9.87M) reported, "What was so noticeable today was the forcefulness of the President, his animated defense that American troops will stay in Iraq, despite public anxiety over the war, bringing them out too soon would be in his word, a disaster." The "Iraq war dominated. With no talk about troops coming home, he was emphatic." Bush was shown saying, "We're not leaving so long as I'm the President. That would be a huge mistake." In a similar report, the CBS Evening News (8/21, lead story, 3:10, Schieffer, 7.66M) said, "The war in Iraq may be going badly, public support for the war in this country may be sagging and…Bush's standing in the polls may be down because of it, but the President said today in every way you can say it he does not plan to change a thing. … One way or another the President made the point more than a dozen times today that the troops won't be pulling out of Iraq on his watch."

CNN's The Situation Room (8/21, Henry) reported the President "started out jovial," but "the mood shifted pretty quickly in that room because of the fact that the President was very serious and sober about the situation in Iraq." Likewise, the Chicago Tribune (8/22, SIlva, 623K) says Bush "waged an impassioned and sometimes heated defense of the war in a press conference Monday."

The Washington Post (8/22, A1, Fletcher, Kessler, 748K) refers to Bush's "impassioned defense of his Iraq policy," and says he was "resolute and at times exasperated." Bush "was adamant in arguing that the [Iraq] conflict is crucial to the broader battle against terrorism." Bush said yesterday, "Imagine a world in which Saddam Hussein was there, stirring up even more trouble in a part of the world that had so much resentment and so much hatred that people came and killed 3,000 of our citizens."

The press conference was the lead on each of the networks, which devoted a total of 12 minutes to the story. Network reports generally suggested Bush spoke to reporters impelled by the "problems around the world" brewing this summer. For example, ABC World News Tonight (8/21, 2:30, lead story, 3:00, Gibson, 8.78M) reported, "We checked the records and this is the first August 21 of his Presidency that President Bush has been in Washington. Such is nature of problems around the world that the President came back to Washington from vacation, held two days of high level strategy meetings and rare summer news conference today."

During his news conference, the President appeared to criticize Democrats who are calling for a US pullout from Iraq. However, on network TV the political aspects of the Iraq war and its implications for the midterm elections were downplayed in all three of the lead stories. Not so on print media. The New York Times (8/22, Rutenberg, 1.21M) headlines its story "In Election Push, Bush Faults Talk Of Iraq Pullout," and says Bush sought to make "an election-year case that his political rivals did not properly understand the threats to the nation and would create a more dangerous world." It was "the most direct attack on Democrats that Mr. Bush has made from a White House lectern this election year, and it effectively signaled the beginning of a more outright political season for him and his aides as they work to help Republicans maintain control of Congress."

The AP (8/22, Hunt) reports Bush "served notice at a news conference that he would not change course or flinch from debate about the unpopular war as he campaigns for Republicans in the fall congressional elections. In fact, he suggested that national security and the economy should be the top political issues, and criticized the Democrats' approach on both." Bush said "many Democrats want to leave Iraq 'before the job is done.'"

USA Today (8/22, Jackson, 2.27M) describes Bush as "politically combative," saying "proposals by some Democratic officials would create chaos in Iraq and give terrorists an oil-rich base for attacks." Said Bush, "If you think it's bad now, imagine what Iraq would look like if the United States leaves before this government can defend itself and sustain itself. … Chaos in Iraq would be very unsettling in the region."

CNN's The Situation Room (8/21, Henry) reported Bush "suggested there will be consequences in November for Democrats urging that large numbers of US troops come home from Iraq starting this year." Similarly, Fox News' Special Report (8/21, Hume) said the President "was critical, though not by name of Democrats calling for an immediate pullout." Fox (Baier) reported, "Bush told reporters as tough as it is in Iraq, pulling troops out now would be a huge mistake." Bush "said three times that a failed Iraq would make the US less secure and would give terrorists control of revenue from Iraq's oil sales."

The Washington Times (8/22, Dinan, 88K) reports Bush said, "Any sign that says we're going to leave before the job is done simply emboldens terrorists and creates a certain amount of doubt for people so they won't take the risk necessary to help a civil society evolve in the country. I'm sure they're watching the campaign carefully. There are a lot of good, decent people saying: 'Get out now; vote for me, I will do everything I can' to, I guess, cut off money, is what they'll try to do to get our troops out. It's a big mistake.'"

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The Los Angeles Times (8/22, Wallsten, 918K) reports, "Democrats are eager to score points with voters this fall by talking about President Bush's handling of Iraq, Hurricane Katrina and gas prices. But on Monday Bush showed that he, too, is eager to discuss those topics -- framing them as winners for Republican candidates in November, even if polls show voters disagreeing now." Bush "went out of his way to invoke one of the Democrats' favorite topics -- the National Security Agency's warrantless domestic surveillance of terrorism suspects, which a federal judge ruled unconstitutional last week -- as a way to ridicule his political opponents while tying Iraq to his broader foreign policy of targeting terrorists. 'Those who heralded the decision not to give law enforcement the tools necessary to protect the American people simply don't see the world the way we do,' he said."

The White House Bulletin/US News (8/21) reported the "nearly hour-long news conference was carried by ABC, CBS, NBC, CNN and Fox. More broadly, the media encounter was part of a new White House effort to cast Bush in a more elevated light and show what White House advisers call his 'gravitas.'" Bush advisers are "increasingly concerned by his low job-approval ratings and the unpopularity of the war in Iraq. They believe that media events like today's, especially when carried by the networks, help Bush reach the American people unfiltered by the press. That's because the strategists believe that viewers listen mainly to the first 10 or so minutes of the conference, when Bush gives his remarks, and less to the give-and-take follow-up with the press." Also, and "typically as part of the strategy, White House reporters were notified of the 10 AM news conference in an e-mail from the press office at 8:13 AM. They were told to sign up by 8:45 AM. In this the West Wing strategy hasn't changed: The President's advisers like to announce his press conferences at the last minute in order to keep reporters off balance. The late notice makes it difficult for all the reporters to make it to the conference, and makes it harder for reporters who do make it to do the homework necessary to prepare tough questions. Last of all, it reminds reporters who's in charge here -- in this case, the White House."

Bush Says "Difficult Times" Are "Straining The Psyche Of Our Country." A number of media outlets noted Bush's assertion that these "aren't joyous times. These are challenging times and difficult times. And they are straining the psyche of our country." All three networks showed Bush making that statement. ABC World News Tonight (8/21, 2:30, lead story, 3:00, Raddatz, 8.78M) reported, "These are challenging times, said the President today. While he was talking about Iraq, it was a phrase that could apply to so many troubled spots around the world." The President "acknowledges that he is sometimes frustrated by the lack of progress in Iraq and worries about civil war. But he was adamant that the US will stay the course." The CBS Evening News (8/21, lead story, 3:10, Plante, 7.66M) said that "as the public's frustration with the war continues to grow, the President conceded the daily reports of death and destruction take a toll both on the nation and on him."

USA Today (8/22, Jackson, 2.27M) headlines its story on the news conference, "Bush Acknowledges US Under Strain," and CNN's The Situation Room (8/21, Henry) referred to it as "a dramatic admission from the President about just how unpopular the war in Iraq has become."

Eugene Robinson, in a column for the Washington Post (8/22, A15, 748K) titled "President On Another Planet," writes, "In his news conference, the Decider did make a couple of nods to objective reality. He admitted in plain language that Iraq had nothing to do with the Sept. 11 attacks and possessed no weapons of mass destruction -- in other words, that his rationale for this elective, preemptive war had no substance. And he acknowledged a certain occasional exasperation." After noting Bush's assertion that "these aren't joyous times," Robinson concludes, "No, they're not."

Reid Says Bush's Iraq Strategy Is Not Working. CNN's The Situation Room (8/21, Henry) reported, "Senate Democratic leader Harry Reid firing back today, teeing off on the fact that the President was talking about the American people's psyche in dealing with this conflict. Reid saying this is not a question of resolve from the American people, it's a question of strategy. And in the estimation of Reid and other Democrats, they think that strategy in Iraq is failing."

CNN Poll Finds 61% Oppose Iraq War. CNN's The Situation Room (8/21, Blitzer) reported, "Our latest CNN poll out this hour shows 61 percent of the American public now opposes the war in Iraq, while only 35 percent favor the war. That's the lowest figure yet in our polling since the war started."

LATimes Blasts Bush's Comments On Iraq. The Los Angeles Times (8/22, 918K), in an editorial, criticizes Bush's "simplistic rhetoric," and says the President said "no fewer than 10 times in his news conference Monday that US forces would not leave Iraq 'before the job is done.' It's a clever piece of rhetoric, appealing to Americans' sense of duty as well as their pride. Just one question: What was that job again? Is it to end the sectarian violence in Iraq? Prevent terrorists from flocking to the United States? Bring democracy to Iraq and thus provide a beacon for reformers throughout the Middle East? All of the above, apparently -- and then some." Bush "is trying to make it harder for critics of an open-ended US commitment to question any particular goal. The debate that needs to take place is about which, if any, of those objectives can justify the president's ominously open-ended commitment."

Disagreement In Washington Over Whether Iraq Is In Civil War Noted. The Washington Post (8/22, A2, Milbank, 748K) reports that an "all out fight" has broken out in Washington over whether what is happening in Iraq can be

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called a civil war. With some claiming that the conflict has become a civil war, the Bush Administration "rallied its semantic defenses." Into "this rhetorical minefield stepped an anxious Bush yesterday morning. … He started with an opening statement about Lebanese reconstruction, but the Associated Press's Terry Hunt yanked him right into Iraq, reminding him about 'the highest civilian monthly toll since the war began.'" Reporters "were stuck in the humorless rut of internecine war."

Four More US Soldiers Killed In Iraq. The CBS Evening News (8/21, story 2, 0:15, Schieffer, 7.66M) said last night the US military had "reported four more American service members killed in action. That pushes the total American dead in the war to at least 2,610, at least 45,000 Iraqis have now died in the war and July was the worst month ever as 3,500 died."

Saddam's Second Trial Gets Underway. The CBS Evening News (8/21, story 3, 0:15, Schieffer, 7.66M) reported, "In Baghdad today Saddam Hussein went on trial for the second time, even before a verdict has been reached in his first trial. This time he is charged with genocide for ordering a military campaign against Iraqi Kurds, including poison gas attacks that killed tens of thousands of people in the 1980s." NBC Nightly News (8/21, story 3, 0:20, Williams, 9.87M) said Saddam "was again…defiant. He refused to enter any plea and he insisted he is still the President of Iraq."

The New York Times (8/22, Wong, 1.21M) reports this trial "was televised across the Middle East on satellite networks." In "the heart of Iraqi Kurdistan, people sat fixed on screens in cafes, homes and offices, watching as the former dictator and some of his most powerful aides faced questions and accusations from black-robed judges. Survivors of the Anfal campaign organized rallies in several villages. Government offices called for five minutes of silence for the victims before the trial began."

USA Today/AP (8/22, Rageh) reports the second trial "comes with the verdict still pending from the first -- the killings of 148 Shiites in the town of Dujail in the 1980s after an assassination attempt against the dictator. Saddam could face execution by hanging if convicted in either case." The Dujail court "is likely to pronounce its judgment Oct. 16. If Saddam is sentenced to death and the verdict stands up on appeal, Iraqi law provides for him to be taken off the second case for the sentence to be carried out, but Iraqi officials have not said how they would deal with the possibility."

The Washington Post (8/22, A10, Paley, 748K) reports, "Hussein and his co-defendants in the trial -- six former top aides including Ali Hassan al-Majeed, known as 'Chemical Ali' -- are expected to argue that they launched the eight-part military campaign because of Kurdish support for Iran, which had been warring against Iraq for most of the decade. The six co-defendants pleaded not guilty." The Post adds, "Legal experts say Hussein and Majeed, the two defendants charged with genocide, could be acquitted of that charge -- though not the other crimes -- by showing that their campaign also killed many Sunnis and Shiites, or by arguing that the campaign's only goal was to take control of the oil-rich swaths of land where the Kurds live." The Los Angeles Times (8/22, McDonnell, 918K) runs a similar report.

ABC World News Tonight (8/21, story 3, 2:30, McCarthy, 8.78M) recounted the attacks, "A village of women. A life of suffering. 18 years ago Saddam Hussein's soldiers took away all the males over 5 years old. None of them ever came back. Nasreen Omar had a husband and four brothers. 'Just before sunset,' she says, Iraqi soldiers surrounded the area and started shelling the village.' It was April 1988. Saddam's campaign to clear large areas of northern Iraq of its Kurdish residents was just beginning. The villagers of Maha Baram were trucked to a detention center where the men were separated from the women. … It was not until Saddam's fall in 2003 and prisons were opened that it became clear all the men had been killed."

More Commentary. The New York Times (8/22, 1.21M) editorializes, "Amid all of Iraq's present horrors, its past horrors must not be forgotten. This week, Saddam Hussein goes on trial for his campaign… to exterminate Iraqi Kurds." President Bush "has claimed the murderous campaign against the Kurds as one of his reasons for invading Iraq. With all the hype and hokum, it is easy to become cynical. But it would be yet another tragedy of this war if Americans came away believing that they have no responsibility and no means for stopping genocide." The Times adds, "One of the biggest tragedies of the Bush administration's gross mishandling of the occupation of Iraq -- the lack of basic security and jobs, the shame and horror of Abu Ghraib, the thousands of civilian deaths -- is that the rest of Iraq will likely not take the time to mourn the victims of Anfal." Iraqis "are too focused on surviving. They are too angry at Americans. And they are too suspicious of each other to consider whether they may also bear some responsibility for the past -- or for ensuring that such horrors never happen again. Those, we fear, are the real spoils of the Iraq war."

VA Secretary, Congressmen Return From Iraq. Newspapers in Colorado and California report on legislators' return from a trip to Iraq with VA Secretary James Nicholson. Newspapers accounts lead with comments from the local congressman, only mentioning Nicholson's presence in passing.

For example, the Fort Smith (AR) Times-Record (8/21, Sadler) reports that AR3 Rep. John Boozman (R) "was scheduled to return today from Iraq, where he met with the country's president and visited U.S. troops." He "was joined

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by two other members of the House Veterans Affairs committee and VA Secretary Jim Nicholson for the trip to Kuwait, Baghdad and Landstuhl, Germany." The Times Record adds, "Boozman spokesman Ryan James said the trip was arranged by the Veterans Affairs committee said the purpose of the trip was to inspect medical facilities." The Arkansas Democrat-Gazette (8/22, Barton) reports, "Boozman traveled to Iraq last week with other members of the House Veterans Affairs Committee and Jim Nicholson, secretary of veterans affairs. He returned over the weekend." The Democrat-Gazette adds, "Boozman said that instead of just talking about getting Iraqis to handle their own security, American officials were now getting them to do so. More than 269,000 Iraqis have been trained, he said."

The Rocky Mountain News (8/21, Sprengelmeyer) reports that CO3 Rep. John Salazar (D) " found some signs of hope on his second visit to Iraq last week, but he said the overall security situation is more dangerous than it was 18 months ago and that he sees 'the beginnings of a civil war.'" The News does not mention Nicholson at all, and neither does the Denver Post (8/21, Mulkern, 256K). However, the Pueblo (CO) Chieftain (8/22, Roper) reports, "Salazar, a member of the House Veterans Affairs Committee, made a four-day trip to Iraq last week with the panel's chairman, Rep. Steve Buyer, R-Ind., and VA Secretary Jim Nicholson."

The AP (8/21, Herman) reports that IN4 Rep. Steve Buyer "said Monday night the Iraqi people want the U.S.-led coalition to leave, but not until their country has been stabilized and made secure." The AP adds, "Buyer…VA Secretary Jim Nicholson were among a U.S. delegation that met with Iraqi President Jalal Talabani and other government leaders in Baghdad.

Iraqi Colonel Keeps High Profile In His Sector Of Baghdad. USA Today (8/22, Michaels, 2.27M) reports on Iraqi Col. Talib Abdul Razzaq, who patrols the neighborhoods in his battalion's sector of Baghdad twice a day. During the patrols, Razzaq listens "to what merchants, local leaders and ordinary people have to say about security in their neighborhoods." According to USA Today, the US "wants more commanders like Razzaq. Finding good leaders for the Iraqi forces has been tough." Razzaq's battalion "is responsible for a swath of central Baghdad, including Palestine Street, a main shopping thoroughfare, and Fadhl, an ancient neighborhood of narrow and noisy streets crowded with kebab stands and tea shops. … Razzaq's battalion is mostly Shiite. … He says he uses diplomacy as often as combat to neutralize militias and insurgents in his sector. That's a departure from the military under Saddam Hussein, which preferred to rule through fear."

Iraq Facing Loss Of Oil Professionals. The Wall Street Journal (8/22, Cummins, 2.03M) reports, "Iraq, sitting atop the biggest conventional oil reserves after Saudi Arabia and Iran, is facing what may be the direst threat yet in its eight decades as a petroleum powerhouse: a brain drain. When the Saddam Hussein regime fell in 2003, a large cadre of oil professionals who had stayed on through Mr. Hussein's wars and purges were seen as the key to expanding Iraqi output. But the ranks of these technocrats are thinning rapidly. … Political turmoil contributes to the heavy loss of talent. The oil ministry lost hundreds of managers when US officials fired members of Mr. Hussein's Baath Party in 2003. Others later were caught up in serial political purges. Still others have taken leaves of absence or stay home because of the violence."

Carroll Suspected Dulaimi Of Complicity In Her Kidnapping. In part seven of her 11-part series in the Christian Science Monitor (8/22, 58K), former hostage Jill Carroll discusses her life after being moved to her sixth place in three weeks of captivity. She states that she suspected Sunni politician Adnan al-Dulaimi of being complicit in her kidnapping, "Within minutes of my capture, I had suspected Dulaimi, the head of the Iraqi Accordance Front, a Sunni political party. The kidnappers were waiting for us when we left his office. They must have known about my appointment ahead of time."

The Christian Science Monitor (8/22, Peterson, 58K) reports in a separate article, "Jill Carroll says her kidnapping was set up by Adnan al-Dulaimi or someone in his Baghdad office. Mr. Dulaimi met with her chief captor at least twice during her captivity, and the Sunni politician pleaded for Ms. Carroll's freedom, according to her captors." The politically prominent Dulaimi "now claims to have paid a ransom for her release. But when he is pressed with questions about her abduction, a nervous tic comes to life in his left cheek."

Carroll Interviewed Own Kidnapper. The Christian Science Monitor (8/22, 58K) reports, "The night before Jill Carroll was released, Abu Nour, her chief captor who claims to be a leader of the Sunni insurgency, ordered her to do one final interview." In this interview, he claimed, "I have maybe 2,000 mujahideen in all Iraq, in all towns. ... If I divide this into groups of 20, I have 100 groups. So this means I have 100 operations in a week. So in a month I have 400 operations. So if in every operation I kill only 2 soldiers, I kill 800 soldiers in a month."

Pakistan Remains A Center Of Islamic Militancy. In an analysis piece entitled, "Pakistan Fails To End Preoccupation With Jihad," the Financial Times (8/22, Bokhari) reports the hope that Pakistan is near "an end to the country's preoccupation with jihad" has come to look "like wishful thinking." After UK authorities foiled a transatlantic terror plot, "Pakistan is again in the spotlight. Some see the

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country as a frontline state against terrorism, others accuse it of being the epicentre of global jihad." Experts "warn that Pakistan suffers not just from its historical association with militant causes, which dates back to its sponsorship of Islamic fighters resisting the Soviet occupation of Aghanistan in the 1980s. They point to Pakistan's failure to regulate closely the country's network of madrassah schools as an example of tacit support for militant networks." Observers "say political reforms are needed to help curb the influence of Islamists," and President Pervez Musharraf "needs to step down as head of the military and let more liberal politicians, such as former prime ministers Benazir Bhutto and Nawaz Sharif, who both live in exile, return home." While such efforts might alleviate some tension, the Times says, "members of Pakistan's pro-jihad lobby will not be put off easily."

Pakistani Police Arrest Two In Foy Murder. The AP (8/22, Khan) reports, "Police on Monday arrested two suspected al-Qaida-linked militants accused of orchestrating a suicide attack near the U.S. Consulate in Karachi that killed" US diplomat David Foy "and three Pakistanis, a senior police official said." The suspects "confessed to 'preparing' a suicide bomber who on March 2 slammed his explosive-laden vehicle into" Foy's car outside the consulate, a day before President Bush's visit. The AP adds, "Over the weekend, a Pakistani security official said six men had been detained in connection with the bombing and that the suicide bomber name was Raja Tahir, a militant from the outlawed Pakistani group Jaish-e-Mohammed."

CORPORATE SCANDALS:

Quattrone Deal Would Avert Third Trial. The Washington Post (8/22, D1, Johnson) reports, "Former investment banking star Frank P. Quattrone is expected to appear in a New York courtroom today to seek a federal judge's approval for a deal that would allow him to avoid prison time, bringing his six-year legal odyssey to a murky conclusion." The Post continues, "Prosecutors in the U.S. Attorney's Office for the Southern District of New York are preparing an agreement that would avert the need for Quattrone to stand trial for a third time on obstruction-of-justice charges. Under its terms, Quattrone would promise to stay out of legal trouble for a specific time period -- at least one year -- after which the government would dismiss the case, according to two sources who spoke on condition of anonymity because the deal still requires the blessing of U.S. District Judge George B. Daniels." The Post adds, "Legal experts said the deferred prosecution was the government's way of resolving several problems, including the relatively slender evidence against Quattrone, lingering questions about one of the laws under which he was charged and turnover within the prosecution's ranks. … Quattrone, who played a central role in the initial public offerings of such prominent companies as Amazon.com Inc. and Cisco Systems Inc., earned hundreds of millions of dollars as the technology sector boomed in the late 1990s. But his role in doling out shares of hot IPOs to favored customers brought his then-employer, Credit Suisse First Boston LLC, under the scrutiny of securities regulators. CSFB eventually paid $100 million to settle the allegations. … Separately, federal prosecutors filed criminal obstruction-of-justice charges against Quattrone for urging employees in a December 2000 e-mail to 'clean up those files' as the investigation of IPO share allocations was widening. But the government's case was built around that single e-mail and what Quattrone intended his employees to do with it, and his first trial ended in a hung jury in 2003. The government tried Quattrone again the following year and won a conviction only to have it overturned by an appeals court this March because of faulty jury instructions."

SEC Seeks To Freeze Assets Of Group Accused Of Fraud. The Wall Street Journal (8/22, Hughes) reports, "The Securities and Exchange Commission filed a lawsuit to freeze the assets of a group of New Yorkers accused of selling at least $1.6 million of fraudulent investments to unsuspecting investors, many of them elderly." The Journal continues, "The SEC complaint, filed yesterday in U.S. District Court for the Eastern District of New York, accused One Wall Street Inc. and its chief executive, among others, of selling securities to at least 64 investors, falsely promising that the company would soon conduct an initial public offering and that it was preparing to merge with E*Trade Financial Corp. … Instead, the SEC said, Chief Executive Donte Jarvis used the proceeds as 'a personal piggy bank,' paying for jewelry, gambling and 'adult entertainment' services. The 31-year-old also was accused of giving his wife, La Shondra Hatter, at least $166,000 in checks drawn on the One Wall Street account. One Wall Street allegedly raised money by issuing unregistered securities starting in March 2003."

Imax Names CFO Amid SEC Probe. The Wall Street Journal (8/22) reports, "Imax Corp., the big-screen movie company, said it appointed Edward MacNeil, 41 years old, as interim chief financial officer." The Journal continues, "Mr. MacNeil, who most recently was Imax's vice president of finance, tax and special projects, succeeds Frank Joyce, who resigned to become chief financial officer Macquarie Infrastructure Co. Trust., an affiliate of Macquarie Bank Ltd." The Journal adds, "Mr. Joyce, 53, is departing Imax after the company announced earlier this month that its revenue-recognition practices are subject to an informal inquiry by the Securities and Exchange Commission. … At that time, Imax,

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which had been up for sale for five months, said it couldn't find a buyer at a price acceptable to the company."

CRIMINAL LAW:

Gonzales Launches Campaign To Curb Internet Crimes Against Children. The AP (8/22, Stengle) reports, "Attorney General Alberto Gonzales announced a new public service campaign Monday that will warn teenage girls against posting information on the Internet that could put them at risk of attack by child predators. … 'Every day, these predators are looking for someone to hurt,' Gonzales said at the 18th annual Crimes Against Children Conference in Dallas. 'Every day, we must educate parents and children about the threat.'" The AP continues, "About 2,700 law enforcement officials from around the world are attending the conference, which runs through Thursday. … 'We want the front line professionals to be able to go back to their communities to protect the children in their communities,' Gonzales said. 'This conference brings folks together from all parts of the world and gets them talking with each other.'" The AP adds, "A third of this year's 180 workshops are focusing on Internet crime, said Lynn Davis, president and CEO of the Dallas Children's Advocacy Center, which is hosting the conference with the Dallas Police Department. … The ad campaign by the Department of Justice, in partnership with the National Center for Missing & Exploited Children and the Ad Council, will begin running early next year. … 'It's all part of the ongoing effort to educate the public about this very serious threat,' Gonzales said. … According to a Justice Department study, one in seven children using the Internet has been sexually solicited and one in three has been exposed to unwanted sexual material. One in 11 has been harassed."

UPI (8/22) reports, "U.S. Attorney General Alberto Gonzales, at a speech Monday in Dallas, said the department was joining with the National Center for Missing and Exploited Children and the Ad Council for the series of ads. … 'Make no mistake, this is war,' Gonzales said. 'It is a wrenching reality that every day children are sexually exploited online.' … The attorney general said the Internet provides a venue for predators to 'brag about their crimes, creating a sick field of competitions to see who can produce the most unthinkable photos or videos or rape and molestation. In their perverse eyes, this manes the younger the better.' … He said the ads would be distributed early next year as part of the Justice Department's Project Safe Childhood. The department said the newest ads will warn teenage girls not to post pictures or information that could put them at risk of victimization."

Judge Allows Hinckley More Trips To Visit Parents. The Washington Times (8/22, Mcelhatton) reports, "A federal judge has ruled that would-be presidential assassin John W. Hinckley Jr. can continue going on four-night trips to his parents' house in Williamsburg, Va., over objections from the U.S. Department of Justice." The Times continues, "Hinckley, 51, who shot President Reagan in 1981, 'does not present a danger to himself or others if permitted to make visits to his parents' home' under conditions of a previous court order, U.S. District Judge Paul L. Friedman wrote. … Judge Friedman's order was made Thursday and entered in court filings yesterday." The Times adds, "The Justice Department has opposed allowing Hinckley continued visits, as his attorneys move to expand the conditions of his release from St. Elizabeths Hospital in the District. … A mental patient at the hospital since 1982, Hinckley was granted seven overnight visits last year -- the most freedom he has had since he was found not guilty by reason of insanity 24 years ago. … Hinckley's attorneys earlier this month asked the judge for more trips while they prepare legal arguments aimed at further expanding Hinckley's conditions of release. … The U.S. Attorney's Office objected, saying authorities have not had a chance to review Hinckley's medical files."

Karr Extradition Hearing To Be Held Today. ABC World News Tonight (8/21, story 5, 2:35, Gibson) reported, "The man who claims he killed JonBenet Ramsey is in jail tonight in California. After flying back from Thailand, comfortably, in business class last night. But now back in this country, investigators have many questions about John Mark Karr's confession." ABC adds, "But after a 15-hour flight from Thailand to Los Angeles in business class, replete with champagne and fried prawns, more details are merging about Karr's life. Home movies from 15 years ago show a Karr joking with kids and adults. He married and divorced two teenaged girls. He was fired from several schools around the world for questionable behavior. Before he surfaced as a suspect in the ten-year-old murder of JonBenet Ramsey. Is his confession credible?"

The CBS Evening News (8/21, story 7,1:30, Schieffer) reported, "John Mark Karr apparently does not have an attorney yet but he does have an extra decision hearing set for early tomorrow morning in Los Angeles. He is expected to leave California without a fight. On his way out of Thailand first class treatment for a first-degree murder suspect. John Mark Karr spent his last 15 hours of freedom enjoying fine food and free drinks."

NBC Nightly News (8/21, story 9, 2:20, Williams) reported that "while John Mark Karr May be a disturbed, sex-obsessed 41-year-old man with an unnatural interest in the murder of the child beauty queen, many experts say with each passing day, his confession sounds less believable. … Karr wouldn't be the first false confessor. Hundreds claimed to have kidnapped the Lindberg baby and among modern

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example, there's Henry Lee Lucas" who "made phony confessions about some 600 murders. If Karr has made a phony confession, some see him as being out for the attention he's attracted."

USA Today (8/22, Kenworthy) reports, "John Mark Karr will appear at an extradition hearing in Los Angeles today to determine how soon he will be sent to Colorado to face charges in the 1996 slaying of child beauty queen JonBenét Ramsey." USA continues, "If Karr, 41, does not contest the extradition, he will be taken to Boulder, Colo., within days, said Carolyn French, spokeswoman for Boulder County District Attorney Mary Lacy. His first court appearance in the city where JonBenét was killed would come within a day or two of his arrival, French said. If Karr resists extradition, the process will take more time. … It remained unclear what evidence Boulder prosecutors have against Karr. After he was arrested last week in Bangkok on a sealed Colorado warrant, Karr told reporters he was with JonBenét when she died but said her death was accidental. The 6-year-old girl's body was found in the basement of her family's home."

Family Disputes Karr's Account Of Whereabouts. The Washington Post (8/22, A3, Goldstein, Hull) reports, "The father and brothers of John Mark Karr, the man arrested last week on suspicion of killing JonBenet Ramsey in Colorado the day after Christmas a decade ago, do not recall his ever missing Christmas dinner in Atlanta or traveling to Colorado after the holiday, a lawyer for the family said yesterday." The Post adds, "Gary C. Harris said that the suspect's father, Wexford Karr, found a photograph indicating that his son was part of the family's Christmas gathering in 1996, the day before the child beauty queen was found strangled in her home in Boulder. … The Christmas Day photograph does not include John Karr but shows his three sons, who Harris said never attended the holiday dinner without their parents. Although the photo is undated, the lawyer said the family is certain it was taken in 1996, because an infant pictured in it, Karr's nephew, was 2 weeks old that Christmas. … The account of Karr's father and two brothers deepens the uncertainty of whether the 41-year-old teacher was responsible for the killing. Last week, Karr told reporters after his arrest in Thailand that he had been with the 6-year-old when she died."

DNA Test Could Be Done Within Days. USA Today (8/22, Willing) reports, "DNA testing that could be done within days would help determine whether John Mark Karr was, as he has suggested, involved in the slaying of JonBenét Ramsey in 1996, forensic analysts say." USA continues, "Because the Colorado warrant justifying his arrest in the case remains sealed, the evidence against Karr is unclear. However, Max Houck, a former FBI lab analyst, says he expects lab technicians to move quickly to obtain a DNA sample from Karr to compare it with biological evidence found at the crime scene in the 6-year-old girl's home in Boulder. … Houck, who heads the forensic science program at West Virginia University, says technicians likely would obtain a DNA sample from Karr with a cheek swab. Then they would use the skin cells on the swab to create a profile of the former teacher's unique genetic code. The profile could be compared with DNA found in a droplet of dried blood on JonBenét's underwear. … 'It should be no trouble to get a (court) order for his DNA,' said Christopher Plourd, a defense lawyer in San Diego who specializes in DNA cases. 'But (Karr) seems like the kind of guy who'd give it up without even being asked.'"

Evidence Of Karr's Involvement Still Under Wraps. The Los Angeles Times (8/22, Spano) reports, "Prosecutors in Boulder have declined to provide details of their evidence suggesting Karr's alleged involvement in the Ramsey murder, one of the most sensational crimes of the last decade. … Media organizations including The Associated Press on Monday asked a judge to unseal the arrest warrant and other documents involving Karr. The filing noted previous mistakes in the Ramsey investigation and said there was 'great public interest' in whether Karr's arrest was 'yet another "mistake,"' The Associated Press reported." The Times adds, "In an Aug. 15 order, Boulder County District Judge Roxanne Bailin ordered case documents sealed, saying disclosure could jeopardize the investigation. Monday's filing asked her to consider releasing edited versions of the documents if she ruled against their full release."

Karr Reportedly Confessed To Californians Five Years Ago. The Washington Times (8/22, Richardson) reports, "It was shocking when authorities arrested a suspect last week in the JonBenet Ramsey killing, but in some ways, it's more surprising that it didn't happen years ago." The Times continues, "John Mark Karr, the 41-year-old schoolteacher who has said he was with JonBenet when she died in 1996, tangled with California authorities five years ago after telling an acquaintance that he broke into the Ramsey house the night of the slaying. … Wendy Hutchens of Roseville, Calif., told the Santa Rosa Press Democrat and KRON-TV in San Francisco that she contacted Sonoma County authorities five years ago after Karr told her that he met JonBenet at the family's Christmas party, then sneaked back into the house that night through a downstairs storm window." The Times adds, "Mrs. Hutchens said she alerted the Sonoma County Sheriff's Department and recorded her conversations with Karr as evidence. Authorities later searched Karr's Petaluma home and found enough evidence to charge Karr with five counts of child-pornography possession. He served six months in jail before leaving the United States."

Arrest Highlights Lax Teacher Controls In Thailand. The Christian Science Monitor (8/22, Montlake) reports, "Every year, thousands of footloose university graduates cross the Pacific to try their luck at teaching English in Asia.

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Some quit after a few semesters; others make it their career, and hop from school to school, and country to country. … But the arrest here last week of John Mark Karr for the murder of JonBenet Ramsey spotlights the dark side of the international school circuit, and has prompted calls for stricter controls on teacher hires." The Monitor adds, "Campaigners against child abuse in Asia warn that a troubled minority lurks among the ranks of foreign teachers. Pedophiles have also worked in orphanages and Thai child aid projects. Mr. Karr lost his California teaching license after being jailed in 2001 for possessing child pornography. He later left the US and taught in several countries, including Thailand, where he was hired earlier this year to teach elementary classes at two private schools in Bangkok. His arrest came two days after he had started at another school. … Karr is not accused of any offenses in Thailand. In May another American teacher was deported to face charges in the US after spending a year in a Thai jail for sexually abusing teenage boys at his school. Earlier this month, an Australian teacher was charged in Jakarta, Indonesia, with molesting street children."

Judge Ordered DOJ To Investigate AIPAC Probe Leak To CBS. The New York Sun (8/22, Gerstein) reports, "A federal judge has ordered a Justice Department probe into how CBS News obtained a story two years ago disclosing an FBI investigation into" AIPAC lobbyists Steven Rosen and Keith Weissman. In his ruling last week, US District Judge Thomas Ellis III "instructed the Justice Department 'to conduct an investigation into the identity of any government employee responsible for the August 2004 disclosure to CBS News of info. related to the investigation of defendants/whether the investigation relied on info. collected pursuant to' the Foreign Intelligence Surveillance Act, according to an entry placed on the docket of the Alexandria, Va.-based court yesterday." The Sun notes, "It is not clear whether Judge Ellis wants the alleged leak prosecuted."

Tennessee Waltz Defendant Pleads Guilty To Bribery Charge. WREG-TV Memphis (8/21) reported, "Michael Hooks, Sr., former Chairman of the Shelby County Commission, pleaded guilty today to one count of accepting bribes to influence official duties in the Shelby County Commission. … 'Violation of the public trust by government officials defies the confidence that citizens expect from their representatives,' said U.S. Attorney Kustoff." Kustoff added, "The operation continues to be an ongoing, active investigation into public corruption of elected representatives and other government officials." WREG noted, "Hooks is not alone in being caught in the Tennessee Waltz FBI sting. There are several other politicians indicted." WMC-TV Memphis (8/21) reported, "Hooks' attorney, Steve Farese, said his client decided to plead guilty after he saw the evidence the federal government had against him. … Farese said Hooks has not made any deal with prosecutors to testify in other Tennessee Waltz cases." Hooks' plea "gave federal prosecutors their sixth conviction in Operation Tennessee Waltz."

The AP (8/22, Baird) also notes that "prosecutors got a sixth conviction in an ongoing statewide corruption scandal" when Hooks "admitted taking bribes from undercover FBI agents." Leaving the court house, "Hooks blamed his troubles on 'an error in judgment.' 'I have nobody to blame but me,' he said. 'I don't blame the sting operation.'"

Bowers Seen As Nearing Guilty Plea. The Memphis Commercial Appeal (8/22, Buser, 172K) reports, "Attorneys indicated Monday that state Sen. Kathryn Bowers may be nearing a guilty plea to bribery charges stemming from the FBI's Tennessee Waltz sting operation. In a status report on the case, federal prosecutor Tim DiScenza told U.S. Dist. Court Judge J. Daniel Breen that there is no longer a need for a trial date. Bowers' attorney William Massey concurred and asked for a final report date," although he "declined to say whether his client planned to plead guilty." The Commercial Appeal notes, "She is accused of accepting $11,500 in payoffs in 2004 and 2005 to support legislation for E-Cycle Management, the FBI's fictional business that was willing to pay for political favors." WMC-TV Memphis (8/21, Madden) added, "Bowers didn't want to talk about" Hooks' guilty plea, but Massey "admitted that the fate of others caught up in the Tennessee Waltz Corruption Scandal…could factor into the Bowers decision. 'We are always continually evaluating our position,' Massey said, 'particularly in light of everybody else, and in light of the discovery that we have, and we'll make a decision in Senator Bowers best interests.'"

Former Nevada Commissioners Sentenced To Prison For Bribery. In a widely-distributed story, the AP (8/22, Ritter) reports former Clark County Commissioners Dario Herrera and Mary Kincaid-Chauncey "were sentenced Monday to federal prison for taking bribes from a southern Nevada strip club owner in a political corruption case dubbed G-sting." Herrera "was sentenced to 50 months," and Kincaid-Chauncey "was sentenced to 2 1/2 years in federal prison." The AP notes that at the sentencing, "the judge called Herrera's actions, 'bribery of the worst level' and lambasted Herrera for attempting to 'spin' a story while testifying at trial. … Daniel Bogden, U.S. attorney for Nevada, called the sentences just." KLAS-TV Las Vegas (8/21) added, "As she left federal court, Mary Kincaid-Chauncey said she wasn't giving up. 'I am still going to appeal the case for two reasons. I want to clear my name and I want to be able to vote,' she said. … Former prosecutor Charles Kelly says that means Dario Hererra

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could serve somewhere between 30 and 36 months. Kincaid-Chauncey will probably spend less than a year behind bars."

Missouri Mayor Pleads Not Guilty To Bribery Charges. The St. Louis Post-Dispatch (8/22, Bryant, 300K) reports St. Peters Mayor Shawn Brown pleaded not guilty yesterday to bribery charges. "A federal indictment returned last week said Brown, 34, solicited and accepted $2,750 in bribe money from a company that has the contract to install red-light cameras in St. Peters. Brown allegedly told an employee of Redflex Traffic Systems Inc. that he would veto a measure approving the installation of the company's computerized camera systsm unless the company paid him off. Redflex employees then alerted the FBI and cooperated with the agency in carrying out the alleged bribe."

Armitage's Calendar Shows Meeting With Woodward In June 2003. The AP (8/22, Apuzzo, Solomon) reports then-Deputy Secretary of State Richard Armitage "met with Washington Post reporter Bob Woodward in mid-June 2003, the same time the reporter has testified an administration official talked to him about CIA employee Valerie Plame." Armitage's official State Department calendars, "provided to The Associated Press under the Freedom of Information Act, show a one-hour meeting marked 'private appointment' with Woodward on June 13, 2003." When "contacted at home Monday night, Woodward declined to discuss his meeting with Armitage or the identity of his source in the CIA leak case. Instead, he referred to his statement last year that he had a "casual and offhand" discussion about Plame with an unidentified administration official in mid-June 2003." Meanwhile, a "person familiar with the information prosecutors have gathered" said "Woodward's meeting with the confidential source was June 13, 2003." The calendar "released to the AP is the first confirmation that Woodward and Armitage met during the key time in the CIA leak case that was the focus of Fitzgerald's probe."

Cunningham Probe To Extend Beyond November Elections. The investigation which grew out of former Rep. Randy Cunningham's conviction on bribery charges will continue well beyond the November's elections, according the federal court schedule set yesterday. The AP (8/22) reports, "The announcement came at a status hearing for defense contractor Mitchell Wade, who is cooperating with federal prosecutors after pleading guilty in February to bribing Cunningham in exchange for government contracts. U.S. District Judge Ricardo Urbina agreed to delay sentencing proceedings against Wade and set the next status hearing in his case for March 12. That will allow Wade's cooperation to continue in the investigation, which still has several unresolved pieces."

FBI, New Jersey Investigators Launch Probes Of Former Newark Mayor. The Newark Star-Ledger (8/22, Shearn) reports, "Federal and state investigators launched separate criminal investigations yesterday into the use of city-issued credit cards by Sharpe James when he was mayor of Newark. … The subpoenas followed a story in The Sunday Star-Ledger detailing years of travel, meals and entertainment, including a trip to Rio de Janeiro his last week in office, that James charged to two city credit cards." The Star-Ledger notes, "Just before 8 p.m. yesterday, FBI agents descended on the Public Storage facility in Hillside and carted out file boxes and a piece of furniture. Steve Siegel, spokesman for the FBI's Newark division, confirmed the search warrant but declined to discuss the purpose or the results of the search."

The New York Post/AP (8/22) reports, "A spokesman for Mayor Cory Booker said the subpoenas involving James asked for 'anything involving credit or debit cards that he's used, his mayoral staff and his security detail' from 2002 to 2006. … 'We're going to comply and do everything they ask for and we'll cooperate fully into the investigation,' said Booker spokesman Amin Nathari." The AP adds, "Michael Drewniak, a spokesman for U.S. Attorney Christopher Christie, would not confirm any subpoenas, saying grand-jury discussions are confidential."

Michigan Prescription Drug Supplier Arraigned On Medicaid Fraud Charges. The Detroit News (8/22, Cain) reports, "The president of a Livonia pharmaceutical supply company stood mute Monday at his arraignment on 148 counts of Medicaid fraud, the largest case of its kind in state history, according to Attorney General Mike Cox." Daniel Edward Lohmeier, "who heads Specialized Pharmacy Services Inc., waived his right to a 14-day pretrial hearing during a brief appearance before Judge David Jordan in 54B District Court in East Lansing. … According to Cox, Lohmeier from 1999 through 2005 bilked the state out of at least $5 million through Medicaid fraud, including the billing for prescriptions allegedly dispensed to 20 deceased people." The News notes, "Jordan said a pretrial hearing would be scheduled at some future date, allowing attorneys reasonable time to review the volumes of paperwork involved in the criminal investigation by the Attorney General's Office, the Michigan Department of Community Health, the U.S. Department of Health and Human Services and the FBI."

Last Of Michigan Financial Fraud Ring Defendant Pleads Guilty. The Detroit News (8/17,

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Egan) reported, "The last of 17 Detroit-area men indicted in a massive credit card, mortgage and bankruptcy fraud scheme pleaded guilty Thursday in U.S. District Court in Ann Arbor, U.S. Attorney Stephen Murphy announced. The men and women, who pleaded guilty before Judge John Corbett O'Meara, are all to be sentenced in November and December." The News noted, "As part of the scheme, two men used their companies to process over $1 million in credit card transactions for other defendants in return for cash and merchandise. Others charged avoided payment on the credit card charges."

Mob Turncoat Testifies Gotti Ordered Attack On Sliwa. The New York Daily News (8/22, Zambito, 729K) reports, Junior Gotti had a moment straight out of 'Goodfellas' -- terrorizing a bartender to the amusement of his cronies before ordering up the beating of Curtis Sliwa, a mob turncoat testified yesterday." Joseph "Little Joey" D'Angelo, "a protégé of notorious Mafia killer Salvatore (Sammy Bull) Gravano, has admitted driving the rigged taxicab used in the 1992 assault on Sliwa. … D'Angelo said Gotti, under orders from his father, wanted Sliwa badly hurt because of his repeated on-air attacks on Dapper Don John Gotti." The Daily News adds, "When D'Angelo wondered why they didn't just shoot him in the knees, he said Gotti's response was chilling: 'I want him to feel our hands on him.'" The New York Post (8/22, Cornell, 608K) notes, "Prosecutors also grilled D'Angelo on mob messages he passed to Gotti while the two were gearing up for trial together -- an attempt to poke holes in Gotti's claim that he left the mob in 1999. D'Angelo -- who became a turncoat in July 2005 -- recounted telling Gotti that then-acting boss Arnold 'Zeke' Squitieri and powerful capo Alphonse 'Funzi' Sisca wanted to 'send their love.' 'He told me to tell Funzi and Arnold when this is all over we'll have dinner together,' D'Angelo said."

LAPD, FBI Launch Campaign Against Takeover Robbers. The Los Angeles Times (8/22, Blankstein, Winton, 918K) reports the LAPD has launched an extensive "campaign…to stop a group of criminals who for the last two years are believed responsible for more than 50 'takeover' robberies of Valley eateries and taverns. Their most recent hit came Sunday night at Ca' del Sole, a popular Italian restaurant in Toluca Lake. Officials admitted Monday that they are frustrated the crime spree has gone on for so long, and said they are trying to take a more aggressive approach in catching the robbery crew. Detectives are studying the restaurants that have already been hit in an effort to predict the next potential targets." The Times notes, "The FBI is also assisting in the campaign."

Man Charged With Two Killings Near Virginia Tech Campus. The CBS Evening News (8/21, story 11, 2:25, Schieffer) reported, "An escape prison suspected in two killings was recaptured today near a college campus in Blackburg, Virginia. It was opening day at Virginia Tech University but classes for 25,000 students were cancelled, and the campus was locked down while police searched for the suspect. He is accused of shooting a hospital guard and a sheriff's deputy."

The Washington Post (8/22, A1, Shear, Kinzie) reports, "A hunt for an escaped inmate accused of killing a sheriff's deputy and a security guard ended with his capture Monday at Virginia Tech, where students were told to stay in their rooms, and classes were canceled on the first day of school." The Post continues, "William C. Morva, 24, described by state and local law enforcement officials as an 'anti-government survivalist,' was found hiding shirtless and shoeless in a briar patch near campus athletic fields and less than 150 yards from where he is alleged to have shot and killed a popular and highly decorated sheriff's deputy Monday morning. … His capture came hours after edgy police officers interrupted what started as a placid first day of school for the 32,000 students and staff at Virginia Tech. The campus was shut down, and students were sent into locked-down dorms."

USA Today (8/22, Dorell, Bazar) reports, "Morva was already in custody on a charge of attempted robbery and was being treated for a sprained ankle at Montgomery County Regional Hospital Sunday when he overpowered a county sheriff's deputy and stole his pistol, according to the Blacksburg Police Department. He then allegedly shot and killed Derrick McFarland, 26, a hospital security guard who was trying to help the deputy. … About 2:30 a.m. Monday, a second deputy, Cpl. Eric Sutphin, 47, was gunned down while looking for Morva on a nature trail about a mile from the university's campus, according to the Blacksburg Police Department. "

The Washington Times/AP (8/22, Lindsey) reports, "Mr. Morva was rushed in shackles to the Montgomery County Jail under a heavy police presence and was to be transferred to a regional facility 'for security reasons,' Montgomery County Sheriff Tommy Whitt said." The AP adds, "Mr. Morva was wearing shorts with no shirt or shoes when he was captured. Police earlier said he was wearing a tie-dyed shirt and khakis and feared that he would blend in with students on campus. … Mr. Morva was charged with capital murder, use of a firearm in a felony, escape and felony assault on a police officer. He had not been charged with the shooting yesterday morning."

The New York Times (8/22, Urbina) reports, "Daniel B. Thorp, a history professor at Virginia Tech, said most people on campus remained calm despite the police activity. Professor Thorp said he was involved in orientation for about

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12 new graduate students when he started receiving phone and e-mail messages saying the southern part of the campus was cordoned off. The messages eventually told him that most buildings should be locked from the inside. … Because the manhunt began around 2 a.m, most students arriving on campus were aware of it, he said."

Oakland Fights Crime With Tough Talk. The New York Times (8/22, McKinley) reports, "Stuck in the grips of a violent crime wave, including a soaring murder rate, the authorities (in Oakland, CA) are taking a page from juvenile hall that has become increasing popular nationwide: They have decided to call in the bad guys and tell them to knock it off. Or else." The Times continues, "The Oakland police have drawn up a kind of criminal hit parade that includes the top 100 "persons of interest" in the city, primarily ex-convicts, who the authorities believe are causing trouble and contributing to a climate of lawlessness. … Under the plan, which will be rolled out over the coming months, the police will call the suspects into court and inform them that they must behave. … 'We're going to tell them that we know they've been responsible for a number of things in your neighborhood, and that we've been watching you,' said Howard A. Jordan, a deputy police chief. 'And we want you to change your life around. And if you don't, you will suffer the consequences.'" The Times notes, "Called Operation Cease-Fire, the program builds on an experiment that was first tried a decade ago in Boston, where law enforcement officials credit the straight-talk approach with helping sharply reduce the number of killings within months. Dubbed the 'Boston Miracle,' it caught the attention of police departments nationwide, including those in Chicago, Los Angeles and San Francisco, all of which have tried variations of the approach."

Law Enforcement Officials Oppose Crime-Fighting Funding Cuts. McClatchy News (8/22, Douglas) reports, "With murder and other violent crimes on the rise in many American cities, local law enforcement agencies and elected officials are battling to stave off $1.1 billion in federal funding cuts proposed by President Bush." McClatchy continues, "There's no question that violent crime is up sharply. Murders and non-negligent manslaughter increased 4.8 percent nationwide in 2005, the largest jump in 15 years, according to a preliminary FBI report in June. Murders were up over 2004 rates by 76 percent in Birmingham, Ala., 44.1 percent in Charlotte/Mecklenburg County, N.C., 42 percent in Kansas City, Mo., and 38 percent in Cleveland. … At the same time, the Bush administration is cutting grants for state and local crime-fighting programs on the grounds that they've outlived their usefulness or under-performed. One such program is COPS, a Clinton-era initiative originally designed to hire 100,000 police officers nationwide." McClatchy adds, "Like many local law enforcers and crime analysts, Greenville, S.C., Police Chief W. L. Williams disagrees with the Bush administration's reasoning. His department received a $4.47 million COPS grant in May to improve radio communications so that police, fire and other emergency agencies in four counties can speak to one another. That fixes a glaring weakness exposed by the Sept. 11, 2001, terrorist attacks. … 'COPS is working,' Williams said of his department's grant. 'This is a huge step for law enforcement in the state of South Carolina and something that could not be done on our own.' … That's a local example of a national problem. Former New Jersey Gov. Thomas Kean, who chaired the bipartisan commission on the Sept. 11 attacks and made recommendations to prevent more of them, called the federal government's failure to solve such communications problems among emergency-response agencies a 'scandal.' Last December, his panel gave the White House and Congress an 'F' for failing to adequately address this issue."

Prosecutors, Victims Seek Justice Beyond Military System. The AP (8/22, Mendoza) reports, "Dissatisfied with the military's handling of sexual assault cases involving recruiters, some local prosecutors and victims are challenging the misconduct on their own, charging everything from a violation of an Indian treaty to racketeering." The AP continues, "Most such cases are handled administratively by the military - for example, 13 of the 19 Air Force recruiters whose misconduct was confirmed since 2004 received letters of reprimand in their personnel files and fines that ranged from $200 to $1,200." The AP adds, "In seeking greater penalties, victims and local authorities have taken unusual tacks. … In South Dakota, a young Oglala Sioux woman, Laveeta Elk, is suing the federal government under an 1868 treaty which says that if 'bad men' among government officials commit 'any wrong' upon the person or property of any Sioux, the United States will reimburse the injured person for the loss sustained. … Elk chose to have her name released when she filed her lawsuit. She says she was assaulted by Army recruiter Sgt. Joseph Kopf in his government car, when he stopped in a remote area while driving her to a military evaluation center. Kopf has been demoted and reassigned within the Army, officials said." The AP notes, "In another case, prosecutor Barbara Trathen of Hamilton County, Indiana, has charged National Guard recruiter Sgt. Eric Vetesy - accused of assaulting seven young women - with racketeering along with 31 charges of rape and sexual battery. His trial is scheduled for later this summer."

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CIVIL LAW:

Judge Blasts Attorneys For Role In Hiding Tobacco Risks. The Legal Times (8/22, Schwartz) reports, "Judge Gladys Kessler's scorn for the tobacco industry was evident in her 1,742-page opinion last week, which found that nine cigarette manufacturers and two trade groups had conspired to hide the truth about smoking's adverse health consequences for more than 50 years." The Times continues, "Her wrath, though, was directed not only at company executives at the forefront of the multibillion-dollar tobacco industry but also at the lawyers she said aided the decades-long project to illegally shade the industry from scrutiny. … 'At every stage, lawyers played an absolutely central role in the creation and perpetuation of the Enterprise and the implementation of its fraudulent schemes,' the D.C. federal judge wrote. She pointed to how both in-house counsel and outside law firms 'devised' and 'coordinated' strategy, directed scientists' research in favor of the industry, destroyed documents, and 'took shelter behind baseless assertions of attorney client privilege.'" The Times adds, "Although the majority of the incidents of lawyers' malfeasance took place decades ago, some of the wrongdoing appeared to continue into the most recent case, which was brought by the Justice Department in 1999. As recently as 2004, Kessler disqualified Neil Koslowe of Shearman & Sterling from representing British American Tobacco Services Ltd. because he had been involved in the government's case as a lawyer for the Justice Department. … While the tobacco industry will have to funnel millions into reworking its marketing schemes, lawyers may find themselves under further scrutiny if people injured by the companies decide to file suit. 'Any time you see such a strongly worded opinion, that tends to capture the attention of the plaintiffs bar,' says Kevin Rosen, head of the legal malpractice group at Gibson, Dunn & Crutcher. But, Rosen added, in the same way that some law firms were immediately dismissed from liability in the Enron litigation while others faced steep penalties, the outcome of any subsequent suits could vary widely."

Administration Classification Policy Seen As Broadly Expansive. The CBS Evening News (8/21, story 9, 2:00, Schieffer, 7.66M) reported, "It is no secret that President Bush and his Administration like secrets. But today it became known that they have taken it all to a new level. They have begun a campaign to stamp 'secret' on information that has been available to the public for decades." CBS (Andrews) added, "30 years ago during the Cold War the US had a thousand Minuteman missiles capable of hitting the Soviet Union, and it wasn't a secret. The Pentagon wanted the Russians to know it." That's why "it surprised William Burr, who is doing a study on Cold War weapons to learn that what was public 30 years ago has been made secret today." Those Minuteman numbers and "other weapon counts released to Congress in 1971 are blacked out today in the very same document. Burr says it is because of renewed concern over nuclear weapons." Burr: "Since September 11th I think there has been a lot more caution of the government about which information should be released. They're worried about nuclear threats in the future, they're worried about proliferation." CBS adds James Lewis, who "tracks the policy on secrecy calls the Administration overprotective."

CIVIL RIGHTS:

8th Circuit Strikes Missouri's Ban On Sexual Highway Billboards. The AP (8/22, Douglas) reports, "A two-year-old state law banning sexually suggestive billboards along Missouri highways is unconstitutional, a federal appeals court panel ruled Monday." The AP continues, "The ruling by the three-judge panel for the 8th U.S. Circuit Court of Appeals in St. Louis overturned a U.S. District Court's ruling earlier this year that banning such billboards within a mile of state highways was a constitutional regulation of commercial speech. … The law, which took effect in August 2004, sought to reduce the possible negative effects posed by sexually suggestive billboards, including harming minors, reducing traffic safety and dropping property values. … But the appellate judges ruled that the Missouri statute had no such effect." The AP adds, "The ruling said the law was not 'narrowly drawn' to meet those goals, and the state 'failed to make a showing that a more limited speech regulation would not have adequately served the state's interest.' … Passions Video Inc., an adult book store; Gala Entertainment Inc., a Kansas City strip club; and the Lion's Den adult stores filed the suit last year against Attorney General Jay Nixon. John Haltom, an adult-business owner with 10 stores that sell lingerie, sex toys and adult videos in six states, also sued the state. … The state will seek a rehearing from the full 8th Circuit, and if unsuccessful, might appeal the decision to the U.S. Supreme Court, Nixon spokesman John Fougere said."

Writer Decries Use Of Prisoners For Medical Experiments. In an op-ed in USA Today (8/22), Paul Wright, founder and editor of Prison Legal News, a monthly human rights magazine, and co-editor of the forthcoming book Prison Profiteers: Who Profits from Mass Imprisonment, writes, "The United States has a lengthy history of abusing prisoners in the name of medical research. It was this well-documented history that led to the near prohibition of

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federally funded prisoner medical experimentation by the 1970s. The Institute of Medicine's proposal to loosen these recommendations is ill-advised and shows a poor understanding of the modern American prison system. … The key element to any ethical system of human subject testing is informed, voluntary consent. Prisons and jails fail on all counts. All 50 states and the federal government have banned sex among prisoners and staff because detention facilities are inherently coercive, and prisoners cannot give "consent" in any meaningful sense of the word." Wright adds, "Prisoners are still being used for privately funded medical research. Investigative reports have found that these experiments are shrouded in secrecy, and the prisoners are unlikely to have given meaningful consent. They often have 'volunteered' in a desperate attempt to get what they perceive to be better medical care than they otherwise would. … The door that was mostly shut 30 years ago on prisoner medical testing should remain firmly closed."

USA Today Urges More Drug Tests On Prisoners. USA Today (8/22) editorializes that "the Institute of Medicine (IOM), a federal panel of medical advisers, wants the government to permit greater research with prisoners but under a tough new oversight regime that would prevent the abuses of the past and limit experiments to those that have a direct potential benefit to prisoners. … Why reopen such a delicate debate? … Because the current rules arbitrarily exclude prisoners from research that could be critical to improving their health and living conditions. Because such research could help control HIV, hepatitis C, tuberculosis, mental illness and substance abuse that are rampant in correctional centers. And because 95% of prisoners are eventually released, society as a whole would also benefit." USA adds, "Given the sordid history of prison research, expansion of testing raises obvious and serious worries. Prison experiments are conducted in an inherently coercive environment with prisoners as a convenient source of subjects. … Even so, any research involves the balancing of risks and benefits. It's a mistake to so severely exclude this population from studies that could improve the quality of prisoners' lives and conditions unique to prisons. With stronger oversight, human dignity and medical progress needn't be incompatible."

Author Decries Blacks' Opposition To Gay Marriage. Sheryl McCarthy writes in USA Today (8/22, 2.27M), "As the debate rages over whether gays and lesbians should be allowed to marry, I'm disappointed whenever I hear other African-Americans say, 'No, they shouldn't.' … The fight for gay rights is like our civil rights struggle, however, and it's hypocritical for groups that have had to fight long and hard to win their own constitutional rights to turn around and try to deny them to the next group. We're seeing this in the descendants of immigrant groups that were despised and vilified during their early days in this country, and that now want to deny recent immigrants the means to become lawful citizens." McCarthy adds, "I see marriage as a civil right, and no group's religious beliefs should be allowed to deny the rights of others. And because blacks have suffered from bigotry and injustice that were cloaked by religion and morality, we should avoid doing the same thing to others."

WSJournal Decries Young Comments. An editorial in the Wall Street Journal (8/22, 2.03M) says, "We're not sure why, but the media expressed shock last week after Andrew Young told a reporter that Jewish, Korean and Arab inner-city shopkeepers are guilty of 'overcharging' minorities for inferior goods. The subsequent criticism of Mr. Young is certainly warranted, but his remarks shouldn't have surprised anyone." The Journal adds, "Rather than scapegoat immigrant entrepreneurs, Mr. Young and other civil rights leaders would do better to address the cultural and economic barriers that make it difficult for more black Americans to start businesses in the same neighborhoods."

ANTITRUST:

Supreme Court Denies Stolt-Nielsen Emergency Appeal. The AP (8/22) reports, "An emergency appeal by Stolt-Nielsen SA to freeze Justice Department prosecution of the shipping company was rejected Monday for the second time by the U.S. Supreme Court." The AP continues, "The justices again turned away the petition without comment, ending the company's bid to get the Supreme Court to temporarily bar Justice prosecutors from seeking indictments against it." The AP adds, "Stolt-Nielsen, based in London, has challenged the ability of government prosecutors to revoke an amnesty agreement shielding it from prosecution in an alleged plot to divvy up customers in the parcel shipping business, which involves the transport of bulk liquids such as chemicals. The company has said the Justice Department is pursuing indictments against it and at least one company executive. … 'Stolt-Nielsen will pursue every avenue to prevent this flagrant breach of covenant and abuse of power by the antitrust division,' said James Hurlock, an outside director and legal affairs committee chairman for the company. 'Although the Supreme Court did not grant our renewed application, we will promptly move to dismiss any action brought against the Company.'" The AP notes, "In July, Justice David Souter denied the company's first emergency petition. Souter handles emergency appeals from the 3rd U.S. Circuit Court of Appeals in Philadelphia, but rejected appeals can be filed with additional justices. … Justice John Paul Stevens received the second petition, but he referred the request to

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the entire court, which in effect blocks the filing of additional petitions."

DOJ May Review South Carolina Hospital Decision. The Charlotte Business Journal (8/22) reports, "The U.S. Department of Justice wants to examine the way South Carolina chose Piedmont Medical Center to build a Fort Mill hospital, to make sure the process didn't squash competition." The Journal continues, "According to The Herald of Rock Hill, Hospital Partners of America Inc. complained to the Justice Department after the Rock Hill hospital won approval in May to build the 100-bed facility." The Journal adds, "S.C. Department of Health and Environmental Control chose the Piedmont Medical proposal over bids submitted by Hospital Partners, Presbyterian HealthCare and Carolinas HealthCare System, all based in Charlotte. … 'What the state did we feel was patently unfair,' Terry Linn, chief development officer for Hospital Partners, told the newspaper. 'We're just making the world aware of what is going on in South Carolina.' … The issue 'merits full discussion at a final review conference,' states a document signed by Richard Cooke, a member of the Justice Department's litigation section. … Presbyterian and Carolinas HealthCare are also challenging DHEC's decision, filing appeals at the state level."

CRH To Purchase Ashland's Road Unit For $1.3 Billion. Bloomberg (8/22, McGee, Kaskey) reports, "CRH Plc, Europe's third-biggest supplier of building materials, agreed to buy the highway- construction unit of Ashland Inc. for $1.3 billion in cash to expand in the U.S. Midwest and South." Bloomberg continues, "Some analysts had forecast a higher price, and the shares of Ashland, based in Covington, Kentucky, fell as much as 5.6 percent. Top managers at the Ashland Paving & Construction, North America's biggest road-builder, will keep their positions, Dublin-based CRH said today in a statement. The unit has rock and asphalt divisions in 14 U.S. states." Bloomberg adds, "The purchase by CRH, already the largest producer of asphalt in the U.S., would be the company's biggest takeover. It has made $4 billion in acquisitions in 20 months, the most of any Irish company. The 40-year-old unit was sold to focus on specialty chemicals, Ashland Chief Executive Officer James O'Brien said. The company also announced a stock buyback and a special dividend. … 'CRH investors should take comfort from Ashland's exposure to U.S. infrastructure and highways work, and not housing, that the purchase will give it,' said John Mattimoe, an analyst at Merrion Capital in Dublin. 'CRH could also use it as a vehicle for bolt-on acquisitions.'"

Chicago Professor Joins DOJ Antitrust Division. The Financial Times (8/22, Milton) reports, "Dennis Carlton, a professor of economics at the University of Chicago Graduate School of Business, has been appointed to the U.S. Department of Justice antitrust division. As deputy assistant attorney general for economic analysis, he will direct and supervise all economic analysis work undertaken by the division." The Times continues, "Professor Carlton joined the Chicago GSB faculty in 1984 and specializes in industrial organization and theoretical and applied economics. He had previously taught at the University of Chicago law school and economics department, and at the Massachusetts Institute of Technology. … He has written many articles on market behaviour and antitrust issues and has served as co-editor of the Journal of Law and Economics since 1980. He will be on leave of absence from his current post at Chicago GSB while he goes to work in Washington from the beginning of October."

Sanofi Defends Plavix Patent Against Apotex Generic Challenge. United Press International (8/22, Mitchell) reports, "Sanofi-aventis is likely to prevail in its fight to protect its patent on Plavix and fend off generic challenger Apotex, a market analyst predicted Monday, adding that it's far more likely that a victory in court would send the company's stock soaring, than an unfavorable decision would drag the shares downward." UPI continues, "Sanofi and Bristol-Myers Squibb filed an injunction in U.S. District Court for the Southern District of New York last week seeking to halt sales of Apotex's generic version of the blood thinner, which was launched earlier this month. … A decision is expected in the next few days, but even if Sanofi doesn't prevail, this will probably have little effect on the stock, Julien Dormois, an analyst with Bryan, Garnier and Co., told United Press International. … 'If the ruling is negative, the impact will likely be very limited, especially given the sharp decline we've seen in Sanofi already,' Dormois said." UPI adds, "On the other hand, a favorable ruling could be a significant boost. … 'A positive decision, probably less expected by the market, will probably be a great help to Sanofi and would send shares to previous levels of 75 or 78 euros,' Dormois said. … 'The upside potential is really significant for Sanofi,' he added. … If Sanofi loses, the Plavix patent will still probably be upheld ultimately. A separate trial on the patent issue that is expected to conclude next year is expected to get underway later this year."

Canadian Mining Firm To Buy EuroZinc. The Wall Street Journal (8/22, Heinzl) reports, "Lundin Mining Corp. agreed to acquire EuroZinc Mining Corp. in a share swap valued at about 1.8 billion Canadian dollars, or US$1.6 billion, continuing the consolidation spree in the mining sector. … But shares of both companies fell, in a sign that merger speculation already may be priced into mining stocks." The Journal continues, "With prices for various

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metals flying high and new mines scarce, mining companies have been joining forces, with a flurry of deals and takeover battles in recent months. EuroZinc and Lundin said their combination is aimed at creating a midsize metals producer with added financial clout to pursue further growth." The Journal adds, "The share swap, structured as a reverse merger that leaves EuroZinc's shareholders with a majority stake in the combined company, valued EuroZinc shares at about C$3.21 (US$2.85) each. EuroZinc, based in Vancouver, British Columbia, produces zinc and copper at a mine in Portugal and plans to produce zinc, lead and silver at another mine in Portugal starting next year. Amid surging copper prices, the company's net income soared to US$71.6 million in the second quarter from US$16.3 million a year earlier, while revenue more than doubled to US$168.5 million."

Coles Myer Directors To Weigh KKR Buyout Bid. The Wall Street Journal (8/22, Murdoch) reports, "The board of Coles Myer Ltd. will meet Tuesday to consider a takeover approach valued at more than 15 billion Australian dollars, or more than US$11 billion, from a consortium led by Kohlberg Kravis Roberts & Co., people familiar with situation said." The Journal continues, "On Friday, George Roberts, co-founder of the U.S. buyout firm, met with Australia's second-biggest retailer, a person close to KKR said, making a tentative bid that could lead to the nation's biggest takeover. 'We are wanting to work as constructively as possible with the executives and board of Coles Myer,' the person said." The Journal adds, "Analysts said a hostile bid could cause considerable short-term damage to the Coles business, which is battling to match rival supermarket company Woolworths Ltd. in sales growth while it overhauls its supermarket supply chain. … Board support will be instrumental for KKR and its plan for a friendly bid, as many of the 400,000 Coles investors are retail shareholders who initially bought the stock for a now-defunct discount plan on grocery items."

Morgan Stanley Funds To Purchase Glenborough For $1.9 Billion. The Wall Street Journal (8/22, Spence, Morrissey) reports, "Glenborough Realty Trust Inc., a real-estate investment trust that concentrates on multitenant office properties, agreed to be acquired for $1.9 billion, including debt, by funds managed by Morgan Stanley." The Journal continues, "Glenborough is the latest REIT to be taken private, in a sector that has seen record levels of acquisition activity over the past two years. More than a dozen deals have been struck involving REITs over the past 18 months, with most involving companies being taken private, and most offering double-digit percentage premiums over where the stocks had been trading before takeover rumors took hold or acquisition agreements were reached." The Journal adds, "The San Mateo, Calif., REIT said holders of its limited-partnership units can opt to receive either $26 in cash per unit, common units in the surviving operating partnership or preferred units in the surviving operating partnership. Its common units rose $1.94, or 8%, to $25.97 as of 4 p.m. in New York Stock Exchange composite trading. … As part of the transaction, Morgan Stanley will repay or assume Glenborough's existing debt and redeem its Series A convertible preferred stock. As of June 30, Glenborough had $806 million of debt."

ENVIRONMENT/INDIAN AFFAIRS:

Three US Agencies Probing BP's Alaskan Operations. AFP (8/22) reports, "Three US government agencies are probing BP after the British energy giant partially shut down a giant Alaskan oil field due to a leaking pipeline, an official said. 'The Department of Transportation, the Department of Justice and EPA ... have confirmed that we are involved in an investigation of the company up there in Alaska,' a spokesman for the US Environmental Protection Agency (EPA) said." AFP continues, "State agencies are also probing BP's operations and senior Washington lawmakers have called for congressional hearings into its management of Alaska's Prudhoe Bay oil field, which accounts for 8.0 percent of total US oil output. 'What we have confirmed is that we are part of this investigation, but we can neither confirm nor deny any specifics about any investigation that is underway,' the EPA spokesman said." AFP adds, "BP initially said it would have to shut down the entire Prudhoe Bay field, which normally produces 400,000 barrels of oil a day, after it discovered the small leak from the corroded pipeline on August 9. However, it subsequently initiated just a partial closure of the field following an assessment of its infrastructure. Media reports have claimed that complaints about ageing infrastructure by BP workers to management fell on deaf ears, long before the August leak and an earlier, much bigger oil spill in March. BP has responded by saying it always encourages employees to air their concerns. … The Justice Department is already probing BP over a huge explosion at its Texas City refinery last year which killed 15 people."

Utility Executives Divided Over Future Of Nuclear Power. The New York Times (8/22, Wald, 1.21M) reports that with the energy industry so consolidated, most nuclear reactors "are in the hands of a comparatively few operators." Utility executives "are sharply divided over whether nuclear power offers an attractive choice as they seek to satisfy a growing demand for electricity. For them, the question comes down not so much to safety and

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environmental impact but to whether the potential reward is worth the financial risk. And those who already operate several reactors are prone to want more. The debate within the utility industry over reviving nuclear power has taken on added importance, though, because unlike plants that burn coal and other fossil fuels, reactors do not produce gases that contribute to global warming."

EPA-Influenced Garbage Truck Slated For Roll Out Next Year. The Wall Street Journal (8/22, Fialka, 2.03M) reports that engineers at the EPA's National Vehicle and Fuel Emissions Laboratory have encouraged US manufacturers to build cleaner, more fuel efficient vehicles of years and will soon see the first EPA-influenced product travel beyond the laboratory. The vehicle, a garbage truck, is slated for rollout next year. It is a hybrid vehicle. Most hybrids "use two power sources. In this case, the garbage truck will tap a diesel-burning engine and a hydraulic pump." Peterbilt "will market the garbage trucks and has targeted both the private sector and municipalities as sales prospects. Among US cities, Chicago, Houston and Los Angeles have indicated the greatest interest thus far, according to Peterbilt."

Bears Disturb Peace Of Alaskan Fishing Village. The Wall Street Journal (8/22, Carlton) reports, "Just 25 minutes by car from downtown Anchorage, Bird Creek is one of Alaska's most popular salmon-fishing destinations. Nestled at the base of the Chugach Mountains and lined by spruce and fir trees, the creek is so well-liked that fishermen coined the phrase 'combat fishing' to describe the dozens of anglers who stand cheek by jowl in the glacial runoff letting loose their hooks and lines." The Journal continues, "For years, people who fished here were unmolested by local wildlife, which is not the case in many other parts of Alaska. Bears stayed away, possibly spooked by the number of people who visited the area. Animals also seemed to be put off by all the cars on the adjacent Seward Highway, which connects Anchorage to Seward. … That changed this summer, making Bird Creek a flashpoint in a bear resurgence across the U.S. In the past few weeks, grizzlies and black bears have started sneaking behind anglers, making off with Hefty bags and fishing lines filled with salmon. In one recent incident, two bears sauntered down, grabbed a tourist's backpack and calmly returned to the woods. On another occasion, a grizzly wandered around nonchalantly, scaring an angler into dropping his catch just a few feet from the parking lot." The Journal adds, "Now non-fishing tourists hoping to see real grizzlies in the wild are also flocking to Bird Creek. That is causing traffic jams and is filling the area's 160-car parking lot, in scenes reminiscent of the 1960s when people fed the bears in Yellowstone National Park. Greg Wilkinson, spokesman for the Alaska State Troopers, says he's worried that things will get out of hand. 'This has all the makings of trouble,' he notes. … Alaska is full of bear stories, but Bird Creek is unusual for the sudden arrival of the bears and their sheer brazenness. The chaos has sparked tales of close encounters and has pitted fishermen against one another. The commotion comes as a bear uprising takes place in the lower 48 states, with some of the animals invading houses, garages and even swimming pools. … Wildlife biologists attribute such bold behavior to a rise in bear populations nationally, as well to encroaching development pushing ever deeper into the woods. Although only about 1,000 grizzlies remain in the lower 48 states, Alaska is home to a thriving population that biologists estimate at as many as 30,000. Like other critters, bears grow accustomed to being around people, and start finding it easier to scarf up leftovers in a Dumpster than to forage in the wild."

NYTimes Praises Court Ruling On Clean Air Law. The New York Times (8/22, 1.21M) editorializes, "In a unanimous decision, a federal appeals court in Chicago upheld a controversial provision of the act that requires older plants to install modern pollution controls whenever they undergo physical or operational changes that increase harmful emissions. … Thursday's decision, from a three-judge panel of the Court of Appeals for the Seventh Circuit in Chicago, turned on the question of how to measure emissions. The plaintiff in the case, Cinergy, a major Midwestern power producer recently acquired by Duke Energy, argued that the appropriate standard was the hourly rate of emissions. Judge Richard Posner, who wrote the decision, said that what counted was the plant's annual emissions, since a plant that had been upgraded could presumably be driven harder, producing more emissions over time." The "fact that a distinguished conservative jurist like Judge Posner came down so clearly and sensibly on the side of the law has given clean air advocates hope that they, and the law itself, may yet prevail."

Casinos Open Up Wealth Divisions Between Tribes. The Los Angeles Times (8/22, Morain) reports, "Gambling has brought some Native Americans wealth that was unimaginable 10 years ago. Others have been unable to get a piece of the action; only 9% of Native Americans in California directly benefit from tribe-owned casinos, according to a recent state report." The Times continues, "As the wealthy groups expand their gambling empires, they are using the power that comes with money to keep the poor tribes out. They hire blue-chip lawyers, lobbyists and public relations experts to promote their cause in Sacramento, where permission to own casinos is granted. They give millions in campaign cash to lawmakers who approve and block tribal pacts. … 'The rich tribes are denying us a future,'

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said Mike Jackson, president of the Quechan Tribe in the far southeast corner of California. 'Money has pushed tribes apart.'" The Times adds, "Wealthy tribes pay into a fund that grants $1.1 million a year to each tribe that lacks a casino or has a small one. But for the 3,000 or so Quechan members, it's not much. … On the rich side of the divide, Jacob L. Coin, communications director of the San Manuel Band of Serrano Mission Indians, said Indian gambling was never intended to be 'a share-the-wealth program or a welfare program for all Indian tribes.' The San Manuel casino abuts San Bernardino and is one of the busiest in the state. … 'No tribe is guaranteed a successful casino,' Coin said. 'There are some tribes that are poorly located, and there are some tribes that are especially favorably located. The law basically understands that.' … Gov. Arnold Schwarzenegger's administration is fashioning deals to grant thousands more slot machines to rich Southern California Indian bands, including the San Manuel. The governor agreed this month to allow the Agua Caliente Band of Cahuilla Indians to increase its Palm Springs-based operation to include three casinos and 5,000 slot machines, up from its existing two casinos and 2,000 slots."

FBI/DEA/ATF/USMS:

Bucella Leaving FBI For Bank Of America Post. UPI (8/22) reports, "The head of the FBI-led interagency Terrorist Screening Center, Donna Bucella, is the latest in a string of senior-level departures from the bureau." Bank of America "announced last week that Bucella would join them in mid-October" to "lead the bank's business-continuity planning and recovery efforts, both domestically and overseas.' UPI notes, "Bucella is the second high-ranking FBI official to join the bank this year -- in May, they announced it had hired Chris Swecker, one of the bureau's three assistant directors, to be head of corporate security."

Raids Snared Entire Florida Latin Kings Leadership. The Tampa Tribune (8/22, McCartney) reports, "The entire Florida leadership structure of the Latin Kings gang is in the custody of the Hillsborough County Sheriff's Office, Sheriff David Gee announced" Monday. "A raid on the Caribbean American Club in south Tampa Sunday afternoon netted 39 people – many of them top-tier leaders of the notorious and violent Latin Kings gang. … The raid came while the gang was holding a 'universal' – a meeting of the statewide leadership of the highly-regimented gang. Authorities were reluctant to say…how they infiltrated the gang, but said their efforts will significantly disrupt the Latin Kings' criminal activity in Florida." The St. Petersburg Times (8/22, Vansickle) adds, "The 15-month investigation into the Latin Kings statewide leadership reached a tipping point in May, when the Sheriff's Office learned about the beating of a local gang leader, Alexander Valdez," who "was beaten by several other Latin Kings as punishment, after they held a 'trial,' deputies said." The Times notes that the FBI was among the federal and state law enforcement agencies involved in the investigation.

In a widely-distributed story, the AP (8/22, Stacy) reports, "Those arrested range in age from 16 to 39 and listed addresses that included Tampa, New Port Richey, Miami, Clearwater, St. Petersburg and Deltona, according to the sheriff's office. All appeared in court Monday morning where high bonds were set, State Attorney Mark Ober said. Among them was the alleged statewide leader of the Latin Kings, Samuel David Alvarado, 26, also known as 'King Sam,'" and "he was being held without bond, according to jail records."

Agents Seize Millions Of Dollars In Meth, Cocaine Buried Near Atlanta, Four Arrested. The New York Times (8/22, Goodman) reports federal agents "seized buried cocaine and crystal methamphetamine last week with an estimated street value of up to $50 million. Investigators with the Drug Enforcement Administration said that the 187 pounds of a highly concentrated form of methamphetamine called ice was the third-largest cache found this year and that it was likely the largest ever found east of the Mississippi. The cache, buried in the woods behind a house in Buford, a suburb of Atlanta, included more than 90 pounds of cocaine." The Houston Chronicle published the Times story.

The Washington Times (8/22, Seper) reports DEA agents yesterday "arrested four men in a raid on a house in Atlanta, seizing what authorities called a record amount of crystal methamphetamine. U.S. Attorney David E. Nahmias called the seizure 'another stark reminder' that Atlanta has become a major national hub for drug trafficking, including the sale of potent methamphetamines that 'pose the greatest new drug threat to our Georgia communities.'" The Times continues, "According to the complaint, the DEA began an undercover investigation in March into a suspected large-scale Mexican drug ring in the Atlanta area, involving the importation and distribution of multikilogram quantities of methamphetamine and cocaine from Mexico."

The AP (8/21) reports, "Sherri Strange, special agent in charge of the Drug Enforcement Agency's Atlanta office…called it the third largest meth seizure in the U.S. this year, with an estimated total street value of $25 million to $50 million. … The cache was hidden in duffel bags inside 55-gallon trash cans that were buried so that the tops were flush with the ground." FOX News posted the AP story on its Web site. Tennessee's Knoxville News Sentinel also published the AP story.

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On its Web site, WXIA-TV, Atlanta (8/22) reports the DEA "says a drug seizure in Buford last week is another indication Atlanta is a major distribution hub for Mexican drug lords. DEA agents seized over $25 million worth of cocaine and methamphetamine behind a home on Suwanee Dam Road. The drugs were buried underground, according to the DEA."

The Atlanta Journal Constitution (8/21) also reported on the seizure.

Meth Production Said To Be More Organized. The Anderson (SC) Independent Mail (8/21) reports officials say meth production "is becoming more organized, with large super labs producing 'ice' for large-scale distribution. … But more often, they say, meth is coming in from organized labs in Mexico. An example was revealed recently in the case against Victoriano Vega-Jimenez, 42, of Lawrenceville, Ga., who in April was sentenced on charges of conspiring to distribute 174 pounds of crystal methamphetamine — or ice. His organization reportedly did at least $10 million in business in only seven months, ending in March 2005."

Local TV Coverage. WAGA-TV, Atlanta (8/21, 10:00 p.m.) reported, "It's one of the seizures of crystal methamphetamine put on display today. It is estimated at $50 million. … They say this is the third largest methamphetamine seizure in the United States this year. The DEA says this is a big drug ring, and it is moved from New Mexico to Texas, California, eventually it arrives in Atlanta and from here is distributed up and down the East Coast. Four men are under arrest."

WXIA-TV, Atlanta (8/21, 7:00 p.m.) reported, "It is at least largest [seizure] since February 2005, when the DEA seized 125 pounds of ice. The drug is to methamphetamine what crack is to cocaine. The US Attorney's Office says these busts send a message to the drug traffickers, but they are also an indication that the message has not gotten through yet."

Accused Drug "Kingpin" May Face Death Penalty In US. In San Diego, the AP (8/22, Hoffman) reports the federal government "may seek the death penalty for the accused kingpin of one of Mexico's oldest and most notorious drug cartels, a prosecutor said Monday. Francisco Javier Arellano Felix currently faces a maximum sentence of 40 years in prison under a 2003 indictment that accused him and others of moving tons of Colombian cocaine and Mexican marijuana to the United States and involvement in a string of assassinations or plots. … Mexican Attorney General Daniel Cabeza de Vaca also said Mexico would seek Arellano Felix's extradition to Mexico, but perhaps not until he had been tried and sentenced for crimes in the United States."

The San Diego Union-Tribune (8/22) reports Francisco Javier Arellano Félix "agreed yesterday not to fight prosecutors' effort to keep him in jail until his case is over. Prosecutor Laura Duffy said Arellano is dangerous and may flee if he were allowed to go free. … Prosecutors list 20 killings on both sides of the border among the racketeering acts, and those could be used to seek capital punishment if an amended indictment is brought."

Somali Immigrants Say Khat Bust Rooted In Lack Of Cultural Understanding. Under the headline "DEA's Khat Sting Stirs Up Somali 'Cultural Clash,'" the Los Angeles Times (8/22, Verhovek, 918K) reports that "federal agents arrested 14 members of Seattle's Somali community recently, part of what the Drug Enforcement Administration hailed as a 'coordinated takedown' of a 44-person trafficking ring that had smuggled about 25 tons of khat…from Africa into U.S. cities. The cases may unwind as clear violations of U.S. drug laws, but among Somali immigrants here and elsewhere, reaction has been more complicated. Many insist that the laws are based on a misunderstanding of the role of khat…in their society." The Times adds, "One court-appointed lawyer said he was considering a 'cultural defense' for his client, a man arrested in Seattle."

Marion Jones Says Her Positive Drug Test Is Surprising. The New York Times (8/22, Zinser) reports Marion Jones "issued a statement yesterday about her positive drug test, saying little more than how surprised she was. Jones had not made any public comment since receiving word Friday that the blood-booster EPO had been found in the primary sample, or A sample, of her urine test from the United States championships June 23. She won the 100 meters that day. If her backup sample, or B sample, also tests positive, Jones faces a two-year suspension."

The AP (8/22) reports Jones "broke her silence on her positive drug test Monday, saying she was startled by the result and wants the second sample examined quickly."

Athletes Said To Be Turning Away From "Designer" Steroids. The Washington Post (8/22, Shipley) reports a spate of positive drug tests among star athletes "suggests that some are returning to more traditional forms of performance-enhancing substances and away from 'designer' steroids that are more difficult to detect, according to sports doping experts. … Drug experts speculate that some athletes fear they can no longer get away with using designer steroids in the aftermath of the Bay Area Laboratory Co-Operative (BALCO) scandal. Though more traditional performance-enhancing drugs carry the risk of detection, previously athletes were able to slip through testing as long as they were careful, the experts say."

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IAAF President Says "Drug Cheats" Are Hurting Track & Field. The AP (8/21) reports the president of track and field's world governing body "says drug cheats have damaged the sport's credibility. Lamine Diack, speaking to the IAAF Council after the World Junior Championships, 'expressed his personal disappointment with the positive test result of Justin Gatlin,' the IAAF said in a statement Monday." The IAAF also "said it had reached an agreement with the United States Track & Field Federation to notify the world governing body of positive results in the future. … The IAAF said it learned of the test through Gatlin's management team, rather than from the USATF, which had been aware of the result for more than a month." The AP also reports that sprinter Mark Lewis-Francis has "won an appeal of his Olympic ban and will be able to compete again for Britain despite a failed doping test last year. The British Olympic Association has a rule that any competitor who tests positive is automatically banned from the games."

Drug Use Among College Students Said To Have Hit Record Levels. In an article titled "Ten Things Your College Student Won't Tell You," Kristin Kovner of Smart Money writes in the Wall Street Journal/Dow Jones (8/22), the "use of narcotics other than heroin is back up to record levels among college students, and there's a newer trend causing concern: 29 percent say they have used prescription drugs recreationally."

IMMIGRATION:

DOJ Seeks Review Of Asylum Denial For Congolese Woman. The Los Angeles Times (8/22, Weinstein) reports, "The U.S. Justice Department has asked federal immigration officials to reopen a political asylum case that was denied despite strong evidence that the petitioner was repeatedly raped for six weeks by Congolese officials allegedly investigating the 2001 assassination of President Laurent Kabila." The Times continues, "Such intervention by the Justice Department is rare, and human rights lawyers applauded the decision. They are concerned that if the original decision to deny asylum stands, it could, by implication, make legitimate the use of rape in the course of an investigation." The Times adds, "The woman at the center of the case, identified as Monique M, fled the Democratic Republic of Congo, formerly known as Zaire, and is living with a friend in San Antonio. … Anibal Martinez, a Justice Department lawyer, and Jayne Fleming of Oakland, a specialist in political asylum cases who first sought to have the case reopened, filed a joint brief on Monique's behalf last week with the Executive Office of Immigration Review. … The attorneys argued that new evidence shows that the Congolese prosecutor and his subordinates 'may not have been pursuing a legitimate investigative purpose' when they detained her. They say that Col. Charles Alamba, the prosecutor, was himself a criminal who was later convicted of murder." The Times notes, "In affirming the immigration judge's decision not to grant Monique asylum, the U.S. 5th Circuit Court of Appeals concluded she was not eligible because she did not prove she would be persecuted in her home country under one of five defined categories — because of race, religion, nationality, membership in a particular social group or political opinion. The rapes and prolonged imprisonment she suffered were part of a 'legitimate investigation,' the New Orleans-based appeals court held in March. … That reasoning is disputed in briefs filed in the case."

Experts Say Sex Slavery Trade Is Widespread. The AP (8/22, Neumeister) reports, "Raids that uncovered more than 70 suspected Korean sex slaves focused on 20 brothels in the eastern United States, but they illustrated a long-ignored national problem found in towns large and small, experts say. … 'It's a very overwhelming subject for a lot of people to recognize that there is slavery at this time in our country,' said Carole Angel, staff attorney with the Immigrant Women Program of the women's rights advocacy group Legal Momentum in Washington. 'It's hard for us as humans to contemplate what this means.'" The AP continues, "The concept of slavery in the 21st century is foreign to most people, agreed Jolene Smith, executive director of Free The Slaves, a Washington-based organization dedicated to ending slavery worldwide. … 'Americans are conditioned to believe that slavery was a thing of the past,' Smith said. 'We have to reeducate ourselves about this reality.'" The AP adds, "On Tuesday, federal and local law enforcement raided brothels disguised as massage parlors, health spas and acupuncture clinics in New York, Connecticut, Pennsylvania, North Carolina, Maryland, Rhode Island and Washington, D.C., arresting 31 people on trafficking charges. … Authorities said they also freed more than 70 sex workers, taking them to undisclosed locations for questioning and to provide basic services such as health care and food. Authorities said it might take weeks to get the Korean immigrants to trust them enough to discuss their ordeal. … 'Human traffickers profit by turning dreams into nightmares,' said U.S. Attorney Michael Garcia in Manhattan, where the majority of the traffickers face prosecution. 'These women sought a better life in America and found instead forced prostitution and misery.'"

CBO Says Senate Immigration Bill Would Cost $127 Billion Over 10 Years. The AP (8/22, Gamboa) reports the Congressional Budget Office said the Senate's immigration proposal "would cost $49 billion over the next five years and $127 billion over the next decade." The "majority

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of the costs would be for increased enforcement, such as hiring more Border Patrol officers and building more detention facilities." The legislation "would offer a chance at citizenship for millions of immigrants. Spending on government benefits programs, including refundable tax credits for the working poor, would rise by $16 billion for the years 2007-11, and by $48 billion over the decade, the CBO said in a report released over the weekend." Legalization of "now illegal immigrants would increase spending on Social Security and Medicare benefits by $10.5 billion over the next 10 years, the CBO said. Eligibility by many of them for refundable earned income tax credits aimed at helping low-income families would cost another $24.5 billion."

The Washington Post (8/22, A1, Weisman, 748K) reports in a front page story that the CBO report is "the most detailed analysis to date of legislation that has divided the Republican Party, energized millions of Latinos, and become a focal point of congressional campaigns from southern Arizona to upstate New York." Rep. Tom Tancredo said, "The cost aspect of the Senate plan has never been taken into consideration. When combined with the policy implementations, this should certainly stick a fork in it." The Post adds supporters "of the legislation cautioned that the CBO's total needs to be put into context. For instance, most of the $78 billion in discretionary spending that the Senate bill authorizes through 2016 would fund law enforcement measures that conservatives are pushing for anyway."

More Small Towns Follow Pennsylvania City's Effort To Rein In Illegal Immigrants. The Washington Post (8/22, A3, Powell, Garcia, 748K) reports Mayor Lou Barletta "wants to make Hazleton 'the toughest place on illegal immigrants in America.'" Barletta said, "What I'm doing here is protecting the legal taxpayer of any race. And I will get rid of the illegal people. It's this simple: They must leave." The Post adds that last month, "in a raucous meeting, the mayor and City Council passed the Illegal Immigration Relief Act." The ordinance "imposes a $1,000-per-day fine on any landlord who rents to an illegal immigrant, and it revokes for five years the business license of any employer who hires one." And so "another fire is set in the nation's immigration wars, which as often burn most fiercely not in the urban megalopolises but in small cities and towns, where for the first time in generations immigrants have made their presence felt. In these corners, the mayors, councils and cops cobble together ambitious plans -- some of which are legally dubious -- to turn back illegal immigration." Hazleton has "upped that ante, and four neighboring municipalities in Pennsylvania and Riverside, N.J., already have passed identical ordinances. Seven more cities, from Allentown, Pa., to Palm Beach, Fla., are debating similar legislation."

Buchanan Calls For Expansive Proposals To Combat Illegal Immigration. The Washington Times (8/22, A1, Pfeiffer, 88K) reports in a front page story that Pat Buchanan "says illegal immigration from poor and developing countries will overwhelm the United States and other Western countries in the next 50 years unless something is done." Buchanan said, "We've already won the battle with the public. The question is, when will the government respond?" The Times adds that in his "new book 'State of Emergency: The Third World Invasion and Conquest of America,' the former presidential candidate and White House speechwriter examines immigration-related social problems and documents high levels of support among Hispanics for the so-called 'Reconquista' of the U.S. Southwest." Buchanan's book – "ranked No. 2 at Amazon.com yesterday -- proposes measures to address the 'emergency' that are more far-reaching than any legislation advocated by conservatives in Congress."

CONGRESS-ADMINISTRATION:

Bush Orders Federal Departments To Share Info On Health Care. The AP (8/22, Freking) reports, "An executive order being signed Tuesday by President Bush is designed to help people make more informed decisions about doctors and hospitals. Four federal agencies will be required to compile information about the quality and price of care they pay for and share that information with their customers and each other." Agencies affected include VA, the Defense Department, HHS, and the Federal Employees Health Benefit Program.

Some Mothers Left Behind By Welfare Reform Bill. The New York Times (8/22, Eckholm, 1.21M) reports that as political leaders "give two cheers on Tuesday for the 10th anniversary of the welfare reform law that helped draw many single mothers from dependency into the work force, though often leaving them still in poverty, social workers and researchers are raising concerns about families that have not made the transition and often lead extraordinarily precarious lives." These "include mothers who, so beleaguered by personal problems and parenting that they have not been able to keep jobs, continue to need counseling and cash. They also include another large group of poor mothers — one million by some estimates — who are neither working nor receiving benefits." Simply "cutting families off at an arbitrary date has often proved impractical, because a significant group of mothers like Ms. Autry — no one has precise numbers — have not been able to hold on to jobs, even after attending required classes and while receiving other aid." Their lives "are simply too troubled by disabilities, turmoil and, often, bad personal choices, researchers say. Poor education, lack of support from their families or their children's fathers, mental health and drug problems, and

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unstable living conditions are common among this group, and a rigid time limit may only harm the children."

Clinton Touts Success Of Welfare Reform. In a New York Times op-ed (8/22), former President Clinton says, "On Aug. 22, 1996, after vetoing two earlier versions, I signed welfare reform into law. At the time, I was widely criticized by liberals who thought the work requirements too harsh and conservatives who thought the work incentives too generous. Three members of my administration ultimately resigned in protest. Thankfully, a majority of both Democrats and Republicans voted for the bill because they shouldn't be satisfied with a system that had led to intergenerational dependency. The last 10 years have shown that we did in fact end welfare as we knew it, creating a new beginning for millions of Americans. In the past decade, welfare rolls have dropped substantially, from 12.2 million in 1996 to 4.5 million today. At the same time, caseloads declined by 54 percent. Sixty percent of mothers who left welfare found work, far surpassing predictions of experts."

"Rock Star" Snow Is A Big Hit In Republican Circles. The White House Bulletin/US News (8/21) reported Bush press secretary Tony Snow "seems to be a big hit on the political circuit. Snow is a former conservative commentator on Fox News, where he gained a considerable public following and became widely known in Republican circles. Now that he is in the public eye every day from the podium in the White House briefing room, Snow seems more popular than ever." An "admirer" in the West Wing said, "Tony's been fantastic, a really good force for change. And he has celebrity star power that's really remarkable." The Bulletin adds that a "case in point" is Snow's "boffo performance at a gathering of Republican activists in Austin, Texas on August 10. The event slipped under the national media's radar, but one person who attended said Snow received 'rock star treatment,' and spent an hour chatting and shaking hands afterward." Snow told US News and the Bulletin "that he is gratified that there is no envy among his colleagues at the White House when he gets positive attention from the media, adding: 'The reason nobody [at the White House] minds when somebody gets positive attention is because it's directed at the guy in the Oval Office, who is the real rock star.'"

Sumwalt Sworn In As Member Of NTSB. The Washington Post/AP (8/22, A13) reports that Robert L. Sumwalt III, yesterday was sworn in as a member of the National Transportation Safety Board. Sumwalt, "who spent more than two decades flying for Piedmont Airlines and US Airways, has written extensively in trade journals about aviation safety. He said joining the NTSB was a longtime goal. … Sumwalt, whom President Bush appointed and the Senate confirmed early this month for a five-year term, will serve as the board's vice chairman."

Cole Commander Ruled Unfit For Promotion. The Washington Post/AP (8/22, A13) reports, "Nearly six years after the deadly terrorist attack on the USS Cole, the Navy has decided that the officer who was skipper of the ship is not qualified for a promotion. The attack killed 17 sailors and nearly sank the destroyer in the Yemeni port of Aden. A Navy investigation concluded in 2001 that Cmdr. Kirk Lippold and his crew probably could not have prevented the attack and should not be punished. But in a written statement yesterday, the Navy said Secretary Donald C. Winter had concluded that Lippold's actions before the attack on Oct. 12, 2000, 'did not meet the high standard' expected of commanding officers."

Congress Said To Be Ignoring Asbestos, Other Dangers In Capitol Tunnels. NBC Nightly News (8/21, story 7, 3:00, Williams, 9.87M) reported, "A dangerous tunnel system full of asbestos where huge slabs of concrete fall from the ceilings, endangers workers. Those workers say their employer has ignored these safety problems for years and doesn't seem to care. And you might be surprised to learn just who that employer is." NBC (Myers) added, "Federal investigators recently found that overall conditions in the tunnels pose an imminent danger to the workers and that the tunnels' owner had effectively ignored safety warnings for six years. So who is responsible for these tunnels? The United States Congress. The tunnels snake for miles beneath the US Capitol complex, providing steam and water to congress and other buildings. Documents obtained by NBC News show that since 2000, Congress has been warned of asbestos and other potentially life-threatening safety and health violations in the tunnels. But a recent inspection found little had been fixed. And despite all the warnings, it wasn't until March of this year that tunnel workers finally were told to wear protective masks." Who's "responsible for these workers' safety? This man, the architect of the US Capitol. He recently admitted to Congress having failed the workers, but insists improvements are being made." Alan Hantman, Architect of Capitol: "We're trying to solve problems and make sure that everybody who goes down into those tunnels will be safe." Myers: "Making these tunnels safe may cost as much as $500 million. So far, Congress has appropriated only a tiny fraction of that for repairs."

Bush Reliance On Intuition Criticized. In a Los Angeles Times op-ed (8/22), Hope College (MI) social psychologist David Myers says, "Six years and two wars into his presidency, the president still relies on his gut instincts." In "flying by the seat of his pants, Bush has much company."

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So, "is our president smart to harness the powers of his intuition? Or should he, and we, be subjecting our hunches to scrutiny? Intuition is important, but we often underestimate its perils." In "hundreds of experiments, people have greatly overestimated their eyewitness recollections, their interviewee assessments and their stock-picking talents. It's humbling to realize how often we misjudge and mispredict reality and then display "belief perseverance" when facing disconfirming information." The President, "like all of us, should check his intuitions against the facts. He can welcome the creative whispers of the unseen mind, but only as the beginning of inquiry. Smart thinking often begins with hunches but continues as one examines assumptions, evaluates evidence, invites critique and tests conclusions. As Proverbs says: 'He who trusts in his own heart is a fool.'"

Buchwald Says Bush Should Be Tested For Performance Enhancing Drugs. In his Washington Post column (8/22), Art Buchwald says, "Floyd Landis, who won the Tour de France, has been accused of taking drugs to win the race." President Bush "rides his bike at Camp David so fast the Secret Service agents can't catch up with him, but no one has ever asked President Bush to be tested. I think presidential testing is important, because how do we know the president's decisions aren't influenced by testosterone and human growth hormone? For example, when he vetoed the stem cell research bill, he should have been tested to see if he was doped."

Author Says GOP Has Been In Charge In Capital Too Long. Author Thomas Frank writes in the New York Times (8/22, 1.21M) that those who live or work in Washington know "a cynicism that is, in fact, the health of the conservative state. The object of this form of cynicism is 'government,' whose helpful or liberating possibilities are to be derided whenever the opportunity presents." Frank adds, "What really worries me, though, is that our response to all this may be to burrow deeper into our own cynicism, ultimately reinforcing the gang that owns the patent on cynicism and thus setting us up for another helping of the same. This may not be apparent now, with the identity of the culprits still vivid and the GOP apparently heading for a midterm spanking." Frank continues, "The problem with GOP miscreants is simply that they've been in DC so long they've 'gone native,' to use a favorite phrase of the right; they are 'becoming cozy with Beltway mores,' in The Wall Street Journal's telling. If you don't like the corruption, you must do away with government."

WSJournal Decries "Alarmist Rhetoric" About Entitlement Reform. An editorial in the Wall Street Journal (8/22, 2.03M), "Will America have to declare Chapter 11 because of $80 trillion in unfunded entitlement promises? That's a question posed recently by Laurence Kotlikoff, an economist at Boston University, in his attention-grabbing essay on Medicare, Medicaid and Social Security entitled: 'Is the United States Bankrupt?' Mr. Kotlikoff's answer is perhaps yes: 'Nations can go broke, the United States is going broke . . . and radical reform of U.S. fiscal institutions is essential.'" The Journal says there are "good reasons to doubt Mr. Kotlikoff's dire scenario, unless our politicians make even more policy blunders," adding that "alarmist rhetoric about impending bankruptcy isn't credible, and it only discredits reform advocates."

OTHER NEWS:

Gasoline Prices Fall Sharply. ABC World News Tonight (8/21, story 8, 0:15, Gibson, 8.78M) reported, "The price of gasoline has fallen considerably in the past week. The Energy Department reports the average price for a gallon of regular is now $2.92, and that's down eight cents in just a week, but the relief might be short-lived. Crude oil prices rose sharply today."

USA Today (8/22, Hagenbaugh, 2.27M), in a front-page story, also reports, "Good news for drivers: Gasoline prices likely have peaked for the year as oil costs have backed off record highs and the busy summer driving season comes to a close." Some analysts "say gasoline prices likely will continue to decline in coming weeks. But they warn that a number of factors could toss out that forecast and send oil and gasoline prices higher." The average price of gasoline "fell for the 11th consecutive day Monday, motor club AAA and the Oil Price Information Service said. The average price was $2.929, 11 cents lower than the recent peak on Aug. 8." DOE "said the nationwide average price was $2.924 Monday, down 7.6 cents from a week ago. That was the biggest one-week drop in nine months and the lowest price in two months."

Stock Markets Fall On Geopolitics, Consumer Spending Worries. NBC Nightly News (8/21, story 10, 0:10, Williams, 9.87M) reported, "On Wall Street today after last weeks big run up there, today the Dow is down 36 points [to close at 11,345.05]. The Nasdaq lost more than 16 points on the day [to close at 2,147.75]."

USA Today (8/22, Krantz, 2.27M) reports, "Worries about tension in the Mideast, oil prices and consumer spending caused stocks to suddenly lose their momentum Monday." President Bush's "vow to remain committed to the war in Iraq revived geopolitical worries on Wall Street," and a "cautious earnings forecast from home improvement retailer Lowe's also gave investors pause." Hurt "mainly by stocks in the Internet retail, railroad and automobile manufacturing

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industries, the Standard & Poor's 500 index declined 4.78 points to 1297.52. The index still has a 3.9% gain this year."

The Financial Times (8/22, O'Doherty) reports, "Wall Street sagged on Monday, breaking its five-day winning streak as oil prices rose on the back of increased geopolitical concerns over Iran's nuclear programme." Hugh Johnson, "chairman and chief investment officer of Johnson Illington Advisors, attributed the falls to investors taking money off the table following the strong gains of last week."

The Wall Street Journal (8/22, Browning, 2.03M) reports after "surging 2.6% in last week's rally, the Dow Jones Industrial Average started the new week with a modest pullback. Hobbled partly by concerns over rising oil prices, and partly by investors' desire to cash in some of the previous week's profits, the Dow Jones Industrial Average yesterday edged down 36.42 points, or 0.32%, to 11345.05. The blue chips advanced every day last week and remain up 5.9% for the year, less than 380 points from the record close of 11722.98 at which they finished Jan. 14, 2000."

AOL's Technology Chief Leaves Over Security Breach. The Washington Post (8/22, D1, Nakashima) reports, "AOL's chief technology officer is stepping down and the firm has fired two other people following last month's massive data breach that caused more than 36 million member search queries to be released on the Internet, according to an internal memo and a source familiar with the matter." The Post continues, "In addition, the company has begun notifying dozens of individuals whose Social Security or credit card numbers were part of the exposed data, said the source, an employee who spoke on the condition of anonymity because it involved a personnel issue. The data came from 658,000 members who used AOL's search engine between March and May." The Post adds, "The news comes as AOL's profits have been falling and the company, in an effort to reverse its fortunes, is eliminating subscriptions and focusing more on advertising revenue. Maureen Govern, whose division was responsible for the breach, decided to leave immediately, according to an in-house announcement by AOL chief executive Jonathan F. Miller. The individuals fired were the researcher who posted the data and the researcher's supervisor, the source said."

USA Today (8/22, Kessler, Maney) reports, "An unidentified employee who released the records and his supervisor were fired, says a person with knowledge of the situation, who asked not to be identified because it would jeopardize his career. The supervisor reported to Govern. … 'Someone had to fall on her sword over this big one, and Govern got it,' says consultant and AOL watcher Gary Arlen." USA adds, "Govern, CTO for less than a year, will be temporarily replaced by former CTO John McKinley, who had planned to leave the company. … Also Monday, AOL said it is creating a task force to re-evaluate its privacy policy. The team will debate how long AOL should save search records and how to further protect records by, for example, removing all sets of numbers that look like credit card numbers." USA notes, "This is a sensitive time for AOL. It is overhauling its business, changing from a paid-subscription model to a service that's free to consumers and makes money selling ads — like chief rivals Yahoo and Google. … AOL's reputation got hammered after the fired employee posted the search records so computer scientists could use them for research. The employee failed to get internal approvals to do that."

The Wall Street Journal (8/22, Karnitschnig) reports, "Before joining AOL last year, Ms. Govern, a Stanford graduate who began her career at Bell Laboratories in 1978, was chief technology officer at Convergys Corp., a billing and human-resources services company. She has also worked at Motorola Inc. … Ms. Govern oversaw the AOL division responsible for the data release. In addition to her, the researcher who released the data and a manager overseeing the search-data project are leaving." The Journal notes, "The departures follow weeks of negative publicity in connection with the disclosure, which AOL said was a mistake. The data release reignited a debate about Internet privacy and whether search companies should be required to keep private the data they collect. Last week, the World Privacy Forum, a privacy-rights group, and the Electronic Frontier Foundation, a civil-liberties organization, filed separate complaints with the Federal Trade Commission, calling for a formal investigation of the incident."

Bush Tells GOP Candidates To Run On Economy, Taxes. The AP (8/22) reports even though "he's not running for re-election this year, President Bush knows just what he would focus on if he were: the economy and taxes." As Republicans "face an increasingly tough political outlook, in part because of Bush's sagging approval ratings, the president offered some advice Monday to GOP candidates in the midterm elections." Bush said, "If I were a candidate ... I'd say, 'Look at what the economy has done. It's strong. We've created a lot of jobs. ... I'd be telling people that the Democrats will raise your taxes. That's what they said. I'd be reminding people that tax cuts have worked in terms of stimulating the economy." The AP adds "only 37 percent of Americans support Bush's handling of the economy, according to the Associated Press-Ipsos poll in early August. The same survey showed Bush's overall approval rating at 33 percent."

The networks gave midterm election politics second billing in their coverage of President Bush's news conference. CBS was the only network to give extensive coverage in its lead story to Bush's view of the impact of the Iraq war on the

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campaign; NBC mentioned in its lead story and returned to the topic in a follow-up analysis story. The CBS Evening News (8/21, lead story, 3:10, Schieffer, 7.66M) reported, "And with midterm elections approaching the President said he would stay out of the race in Connecticut in which Senator Joe Lieberman is running as an independent after his support for the Iraq war cost him the Democratic primary. But Mr. Bush wasn't bashful about his disagreement with anti-war Democrats." President Bush: "What matters is that in this campaign that we clarify the different point of view. And there are a lot of people in the Democrat Party who believe that the best course of action is to leave Iraq before the job is done. Period. And they're wrong. And the American people have got to understand the consequence of leaving Iraq before the job is done." Plante: "And that's the argument that the White House will be making in this election year. But there are already signs that it isn't selling very well. And that's making a lot of Republicans very nervous."

NBC Nightly News (8/21, lead story, 3:55, Williams, 9.87M) reported, "He's aware of the effect the war may have on Republican candidates in the upcoming elections but today more than any other time, the President seemed to be showing his own party the way forward while admitting there are dangers along the way." NBC (O'Donnell) added, "On Democrats running with a get-out-of-Iraq message, the President said they are no less patriotic, just wrong." President Bush: "If you think it's bad now, imagine what Iraq would look like if the United States leaves before this government can defend itself and sustain itself."

On NBC Nightly News (8/21, story 2, 2:00, Williams, 9.87M), NBC Washington bureau chief Tim Russert said, "60% of Americans are against the war but he faces a critical midterm election 12 weeks from tomorrow. He has to be seen as a man of resolve rather than a stubborn man. That's why 15 times you heard him say today, by my count, until the job is done, or until the mission is done, we're not going to leave Iraq. And then basically saying, the terrorists are watching this election and that what we have to do is not leave an Iraq behind that would be similar to Afghanistan because if you do that, it could bring a terrorist back over here or another September 11."

Bush, Congressional Republicans Get Boost From Terror Arrests In USA/Gallup Poll. USA Today (8/22, Page, Jackson, 2.27M) reports the "arrest of terror suspects in London has helped buoy President Bush to his highest approval rating in six months and dampen Democratic congressional prospects to their lowest in a year." In a USA TODAY/Gallup Poll "taken Friday through Sunday, support for an unnamed Democratic congressional candidate over a Republican one narrowed to 2 percentage points, 47%-45%, among registered voters." Now, 42% "of Americans say they approve of the job Bush is doing as president, up 5 points since early this month. His approval rating on handling terrorism is 55%, the highest in more than a year. The boost may prove to be temporary, but it was evidence of the continuing political power of terrorism." The "telephone survey of 1,001 adults has a margin of error of +/-3 percentage points."

CNN's The Situation Room (8/21, Blitzer) reported that in the latest CNN poll, "42 percent approve of the way the president is now doing his job, while 57 percent disapprove. The latest job approval rating continues a low, but steady up-tic for the President."

Bush Wrong On Claim Of Being Only Presidential Candidate To Lose Birth State. The New York Times (8/22, Stout, 1.21M) reports that at his news conference, President Bush said, "I may be the only person, the only presidential candidate who never carried the state in which he was born." The Times adds, "Uh, no, Mr. President. There have been quite a few, actually. Some are known only to historians, while others are famous. You might even call one a household name, Mr. President, depending on which household." Bush "made his comment while expanding on his intention to stay out of the Senate race in Connecticut, where the incumbent, Joseph I. Lieberman, is trying to win despite being denied the nomination of his own Democratic Party." In "good-naturedly dodging the question, Mr. Bush noted that he himself failed to carry Connecticut twice, despite having been born in New Haven in 1946." While Al Gore "failed to carry Tennessee in 2000," he "was born in Washington, D.C., which he carried overwhelmingly." George McGovern, "a South Dakota native, carried only Massachusetts and the District of Columbia against President Richard M. Nixon in 1972." Others on the list include Hubert Humphrey, Adlai Stevenson, Alfred Smith, and George Herbert Walker Bush, who was "born in the Town of Milton in eastern Massachusetts, a state he lost twice."

House Republicans Have Financial Advantage Going Into November Elections. The Washington Times (8/22, Pierce, 88K) reports in its "Inside Politics" column, "Republicans trying to hold on to the House raised $12.5 million in July, outpacing Democrats by a 3-to-1 margin for the month but leaving themselves just $1 million ahead in cash on hand, the Associated Press reports. The influx of money -- largely from political action committees -- gives Republicans a slight advantage more than two months before the November elections. Democrats need a net gain of 15 seats to seize control of the House. The National Republican Congressional Committee has raised $70 million and has $34.1 million in the bank. The Democratic Congressional Campaign Committee raised $4.2 million in July, taking the group's total to $81 million this cycle and $33 million in cash on hand."

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Wallace Drops Bid To Replace DeLay. Sugar Land, Texas Mayor David Wallace yesterday withdrew as a Republican write-in candidate for the congressional seat vacated by former House Majority Leader Tom DeLay. The Washington Post/AP (8/22, A4) reports that Wallace's action "left the Texas GOP united behind one write-in candidate, Houston City Council member Shelley Sekula-Gibbs. She won the party's endorsement last week."

Group Seeks To Remove Lieberman From Ballot. A group whose members called themselves peace activists yesterday asked an elections official to remove Sen. Joe Lieberman's name from the Democratic Party, saying he cannot be a Democrat while running under another party's banner. The Washington Post/AP (8/22, A6) reports, "The request could lead to a hearing in which Lieberman, the Democrats' vice presidential nominee in 2000, would have to argue that he still adheres to the party's principles. … Ferrucci said she would research the request, the first of its kind in her two decades on the job. Lieberman campaign manager Sherry Brown branded the effort 'dirty political tricks at its worst.'"

Casey Capitalizes On Conservative Anger At Santorum. The Washington Times (8/22, Hurt, 88K) reports that longtime supporters of Sen. Rick Santorum, who faces "one of the biggest challenges facing a Republican incumbent nationwide," say that "after 16 years in Washington, he has 'lost touch' with the vision of smaller, more responsible federal government that he promised. And while [Democrat challenger Robert] Casey [Jr.] has not proved himself any more loyal to such beliefs, his campaign is certainly capitalizing on conservative dissatisfaction with Mr. Santorum." The Post adds, "Come November, Mr. Santorum will need the vote of every breathing conservative in Pennsylvania. Mostly, they are the folks in the Philadelphia suburbs and vast rural middle of the state who in past elections have knocked on thousands of doors for fiscally conservative, pro-life, pro-gun candidates."

Santorum Says Casey Avoids Tough Issues. A separate story in the Washington Times (8/22, Hurt, 88K) reports that Casey "prides himself on his independence from national Democrats on hot-button issues such as abortion. … But his independence quickly evaporates when it comes to other thorny political issues such as Social Security reform or whether he would have supported the Iraq war resolution." Casey "would not give a direct answer" when asked whether he favored cutting benefits or raising taxes to save Social Security. Similarly, Casey "refuses to say whether he would have voted for or against the Senate resolution to go to war in Iraq." Santorum "says Mr. Casey steers clear of tough issues and runs on the famous name of his beloved father, who dominated the Pennsylvania political landscape for decades, most notably as governor from 1987 to 1995."

Clinton Rival Suspends Campaign. Republican KT McFarland, who was seeking to unseat Sen. Hillary Clinton, yesterday suspended her campaign "until further notice." Newsday (8/21, Gormley) reported that McFarland, "who has been in a bitter primary fight against former Yonkers mayor John Spencer, has canceled her upcoming events with barely three weeks left before the Sept. 12 election, her spokesman William O'Reilly said. 'This past Saturday, my 16-year-old daughter, Camilla, was caught shoplifting from two stores in Suffolk County,' McFarland said in a statement. Her daughter will not contest the charges, two counts each of petty theft and possession of stolen goods, McFarland said."

Octogenarians Byrd, Akaka Seeking Reelection To Senate. USA Today (8/22, Kiely, 2.27M) reports that Sen. Robert Byrd "is seeking an unprecedented ninth Senate term on Nov. 7. Less than two weeks later, he will turn 89. He's not the only octogenarian running for re-election to the Senate this year: Daniel Akaka of Hawaii turns 82 on Sept. 11, just 12 days before the state's primary. … In the Senate, age is relative. Strom Thurmond, a South Carolina Republican, left the Senate in 2003 at age 100. At the beginning of this term, the average age of senators was 60.4, and those with the most seniority are in their 70s and 80s. The two men vying to replace Byrd and Akaka are both in their 50s."

Book Says Hagel Fell From Grace After Challenging GOP Leadership. The Washington Post (8/22, A13, Pianin, 748K) reviews the book "Chuck Hagel: Moving Forward," by Charlyne Berens. The book notes that Hagel "has tumbled from grace within the party after repeatedly challenging the Republican leadership on Capitol Hill and leveling bruising critiques of President Bush's handling of the war in Iraq and domestic policy." The book says that the independent streak that marked Hagel's formative years "has hurt his relations with many of his Republican colleagues and diminished his effectiveness as a lawmaker." The book "suggests that Hagel's Vietnam experience helped to shape his internationalist perspective and to put him on a track to a political career. It also may have heavily influenced his views on the U.S. invasion of Iraq -- which he voted to authorize and later came to regret -- as well as his skepticism of the administration's motives and dismay with its performance."

Obama Visits Former South African Prison. The Chicago Tribune (8/21, Zeleny, 623K) reported South African member of Parliament Ahmed Kathrada, a longtime prisoner of the apartheid government, "willingly returns to Robben

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Island, personally leading dignitaries and celebrities from all corners of the globe through the hallways of his own living hell." On Sunday morning, "under a glorious blue sky, Sen. Barack Obama (D-Ill.) took his turn. After boarding a ferry on Cape Town's waterfront district, he took a seat next to Kathrada on the lower deck and quizzed him for virtually the entire 20-minute ride. Even as Robben Island came into view and the ferry cut its engines, Obama was still peppering him with questions about what it was like to be held captive for a quarter-century." For the "next hour, Obama made his way across the sprawling grounds of the prison, spending considerable time in the rocky prison yard where Mandela had once buried pages of his writing, sealing them in bags and placing them below ground before they were smuggled out."

The AFP (8/22) reports Sen. Obama "joined the chorus of criticism of South Africa's response to the AIDS pandemic, and called for some 'clinical truth telling.'" Obama said, "There needs to be a sense of urgency and an almost clinical truth telling about AIDS in this country for the problem to be solved." The AFP adds Obama said "he was hoping to meet with South African President Thabo Mbeki, who has been under pressure to axe his controversial health minister Manto Tshabalala-Msimang after she took a beating over the government's AIDS policies at a global summit in Toronto."

The AP (8/22, Nullis) reports Nobel Peace prize winner Desmond Tutu offered Obama "a boost Monday for any future presidential bid." Tutu said, "You're born to be a very credible presidential candidate. … I hope that I would be equally nice to a young white senator, but I'm glad you are black." The AP adds Obama "laughed off Tutu's remarks. But in a speech to the South African Institute of International Affairs he struck a serious tone about U.S. foreign policy."

Kenya Eagerly Awaits Visit Of "Favorite Son." The Los Angeles Times (8/22, Sanders, 918K) reports, "You can't fault Kenyan officials for wanting to spruce up a little before the eagerly anticipated visit late this week of Sen. Barack Obama of Illinois, a rising star in the Democratic Party whose late father hailed from this tiny farming town." Obama "mania is sweeping the nation, particularly in the long-marginalized west, which is preparing a hero's homecoming for the half-Kansan, half-Kenyan. Obama, 45, began a 15-day, five-nation African tour last weekend." The "Hawaiian-born Obama met his father only once and last visited Kenya 14 years ago. His support for abortion and gay rights would roil most voters here. But none of that matters to locals, who see Obama as their new favorite son."

Senate Majority Leadership Seen As Worthy Post For Hillary Clinton. In a Los Angeles Times op-ed (8/22), Ezra Klein of the American Prospect says, "Earlier this month, Steve Clemons' blog, the Washington Note, quoted highly placed sources as saying that Democratic Senate Minority Leader Harry Reid had pulled Clinton aside and offered her a deal: Eschew the presidential campaign and succeed Reid as leader of the Senate Democrats in 2009. Reid's office, of course, strenuously denies the claim. But Clemons, the director of the New America Foundation's American Strategy program, is no fabulist, and this week, similar speculation showed up in Time magazine." It is "obvious that someone wants word of this bargain to be fruitful and multiply. After all, it offers Clinton a way to disengage from an increasingly uphill effort, and it simultaneously floats the image of her in the minority or majority leader's seat, a position she's uniquely well-suited for." Whatever the "hype, Clinton's path to the presidency isn't an easy one. But the road to Senate leadership may be."

Professor Says Liberals Face A "Fertility Gap." Arthur Brooks, a professor at Syracuse University's Maxwell School of Public Affairs, writes in the Wall Street Journal (8/22, 2.03M) that "liberals have a big baby problem: They're not having enough of them, they haven't for a long time, and their pool of potential new voters is suffering as a result. According to the 2004 General Social Survey, if you picked 100 unrelated, politically liberal adults at random, you would find that they had, between them, 147 children. If you picked 100 conservatives, you would find 208 kids. That's a 'fertility gap' of 41%. Given the fact that about 80% of people with an identifiable party preference grow up to vote the same way as their parents, this gap translates into lots more little Republicans than little Democrats to vote in future elections."

Dionne Says Liberals Owe A Debt To Hofstader. E.J. Dionne writes in the Washington Post (8/22, A15, 748K) that the word "liberal" has become "such a turnoff that countless liberals dare not admit to their own label." Liberalism has "become associated with elitism, arrogance and disdain for the values of average Americans. … How all this happened is complicated, but some important clues are contained in the most important political book of 2006 that is not a book about politics at all. David S. Brown's 'Richard Hofstadter: An Intellectual Biography' offers us the life of one of our country's most revered historians." Hofstadter "brilliantly revised accepted and sometimes pious views of what the populists and progressives were about. But there was something dismissive about Hofstadter's analysis that blinded liberals to the legitimate grievances of the populists, the progressives and, yes, the right wing." Dionne added, "I'd like to think it's an honor to Hofstadter's legacy that we might subject his own history to the kind of revisionism he practiced with such skill. Liberals owe a debt to Hofstadter, and they owe themselves an argument with him, too."

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Ford Receives Pacemaker. According to an aide, former President Gerald Ford received a cardiac pacemaker yesterday at the Mayo Clinic. The AP (8/22) reports, "Ford was expected to continue to recuperate at the clinic for several days. The pacemaker is designed to enhance his heart's performance. He was admitted Aug. 15 for tests and evaluation. At the time, neither the clinic nor his chief of staff would comment in detail on his condition."

ABC World News Tonight (8/21, story 4, 0:15, Gibson, 8.78M), the CBS Evening News (8/21, story 10, O:45, Schieffer, 7.66M) and NBC Nightly News (8/21, story 6, 0:20 , Williams, 9.87M) all reported on Ford's procedure. NBC noted, "The procedure went smoothly and tonight the second oldest former president in American history is resting comfortably."

Schwarzenegger, Lawmakers Reach Deal On Minimum Wage Hike. California Gov. Arnold Schwarzenegger and Democratic lawmakers have reached a deal to raise the state's minimum wage for the first time since 2004. The Los Angeles Times (8/22, Lifsher, 918K) reports that the hike "will lift the state minimum wage to $8 an hour from $6.75. Workers will get the first 75-cent increment on Jan. 1 and another 50 cents on Jan. 1, 2008." The jump to $7.50 on New Year's Day "will make California's minimum wage the nation's fourth highest, trailing the states of Washington, Oregon and Connecticut, according to the California Federation of Labor." The Post adds, "Schwarzenegger praised the agreement as a boost for both low-wage workers and the business climate."

NYTimes Says Public Employee Pensions Are A "Financial Time Bomb." An editorial in the New York Times (8/22, 1.21M) says, "Public employee pension plans are a financial time bomb in many states and localities. Now New York City's independent actuary says his calculations suggest a potential future shortfall of up to $49 billion. … But for all the complications of the pension issue, there is one simple, obvious, outrageous part of the problem that is easy to explain. The governor and the State Legislature have been utterly irresponsible in expanding the city's obligations without providing any money to pay the additional cost." The Times adds, "New York is certainly not alone in wrestling with pension burdens. But the sheer size of its work force, with 180,000 municipal retirees and a quarter-million current employees, makes it a useful harbinger of the coming financial storm for governments, local, state and federal."

BAE Is A Major Contributor To US Candidates. The Financial Times (8/22, Kirchgaessner) reports, "BAE, the British defence group, has emerged as one of the most powerful corporate contributors to candidates in the current US election cycle, ranking number 18 in a list of the biggest corporate donors. US subsidiaries of British companies have doled out about $3.7m in political contributions ahead of November's congressional election, with 68 per cent of the donations supporting Republican candidates, according to an analysis by the FT of figures compiled by Political Moneyline, a website that tracks political contributions."

Bush Urges Rapid Deployment Of UN Force To Preserve Lebanon Ceasefire. President Bush's comments on the Iraq war dominated the coverage of his Monday press conference, but his call for the quick deployment of an international force to preserve the cease fire between Israel and Hezbollah is also receiving attention. In fact, Fox News' Special Report (8/21, Hume) reported, "The reason…Bush called that news conference today was to comment on that ceasefire in Lebanon. He made it clear that he hoped the international community would do more to organize a force that could prevent Hezbollah from threatening Israel again and he announced a renewed effort to get that done." Fox (Rosen) added, "From President Bush at the White House, a surprise announcement about ongoing efforts to clarify the mandate of union any fill, the force being created." Bush was shown saying, "There will be another resolution coming out of the United Nations giving instructions to the international force. First thing is to get the rules of engagement clear so that the force will be robust to help the Lebanese."

The Washington Post (8/22, A1, Fletcher, Kessler, 748K) notes Bush "opened the news conference with an 'urgent' plea for 'an effective international force' to support the" ceasefire, which the Post says is "an effort that is faltering because European countries, led by France, have been reluctant to contribute enough troops."

The CBS Evening News (8/21, lead story, 3:10, Schieffer, 7.66M) reported Bush "linked Hezbollah and the violence in Lebanon to that in Iraq. Both in his view the work of terrorists. And he called for quick deployment of an international force to stabilize Lebanon." Bush was shown saying, "The reality is for Lebanon to succeed and we want Lebanon's democracy to succeed, the process is going to -- the Lebanese government is going to have to deal with Hezbollah."

On ABC World News Tonight (8/21, 2:30, lead story, 3:00, Raddatz, 8.78M), Bush was shown saying, "The international community must now designate the leadership of this new international force, give it robust rules engagement and deploy it as quickly as possible to secure the peace." The President also "said the US would offer logistic support …and additional $230 million in humanitarian laid for the Lebanese people." NBC Nightly News (8/21, lead

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story, 3:55, O'Donnell, 9.87M) also noted the President "talked about getting more humanitarian aid which is now totaling $230 million to get schools open and homes rebuilt and maybe that will repair the imagine of the US there as well."

The Wall Street Journal (8/22, McKinnon, King, 2.03M) says Bush "offered little to suggest the US has a plan to overcome the difficulties in getting European troops on the ground quickly to round out a United Nations peacekeeping force once envisioned to be 15,000 strong."

The Financial Times (8/22, Arnold, Sevastopulo, Khalaf) reports Lebanese "officials said the delay in dispatching the UN force was fuelling renewed unease in the country, only a week after the ceasefire…had raised hope" of an end to the violence. The New York Times (8/22, Cooper, 1.21M) also says "the biggest obstacle to rebuilding Lebanon right now is the slow pace of assembling an international peacekeeping force." USA Today (8/22, Nichols, 2.27M) titles its report "UN Struggles To Form Peacekeeping Force," and the Washington Times (8/22, Dinan, 88K) runs a similar story.

Situation In Southern Lebanon Remains Tense. The New York Times (8/22, Fattah, 1.21M) reports from Shamaa, in Southern Lebanon, "More than a week after a United Nations-mandated cease-fire took hold in Lebanon, the fighting has come to a halt, but the trappings of war linger on. The eerie sense of quiet in the villages and towns on southern Lebanon's western edge underscores the sense of a war frozen in time, with the combatants still facing off and the deployment of international and Lebanese soldiers just a promise. The aura of imminent violence is pervasive." The Times adds, "Israeli troops and Hezbollah soldiers clashed here on Monday, The Associated Press reported, leaving three Hezbollah fighters dead. By midday, Israeli tanks that had burrowed into the end of the hill moved out, leaving behind a mound of garbage, supplies and equipment." Israeli "military officials said Monday that all of the reservists called up last month had been pulled out of Lebanon, but regular soldiers -- estimated at 8,000 to 10,000 by Israeli news reports -- remained in Lebanon, awaiting the arrival of an international peacekeeping force."

UN Force Seen As Unlikely To Disarm Hezbollah, Lebanese Army "Conspicuous By Its Absence." ABC World News Tonight (8/21, story 2, 2:10, Berman, 8.78M) reported, "A week into the cease-fire, and the only new UN forces to arrive in southern Lebanon are 50 French troops. Hardly an auspicious start to a crucial peacekeeping effort. What is taking so long?" Fareed Zakaria, Newsweek International: "Countries are reluctant to donate to this force because it is a very messy political military situation." Berman: "Nations that might contribute troops say the UN resolution is not clear about what they are supposed to do. Are they supposed to use force to disarm Hezbollah? In southern Lebanon today, this UN peacekeeper told me he thought no." Lt. Gojo Opong-Marfo, UN peacekeeper: "Our rules of engagement don't allow us to battle anybody and I don't see a situation that would allow that." Berman: "These UN troops didn't want to talk about it on camera, but privately, they tell us they doubt they could disarm Hezbollah even if they tried. That is a huge problem for Israel." Michael Oren, Israeli political analyst: "If Hezbollah terrorists are wandering around with weapons, displaying weapons, then Israel will call on the international force to live up to its mandate. It the international force does not live up to its mandate, then Israel will really have no choice but to intervene to protect itself."

The CBS Evening News (8/21, story 4, 2:15, Pizzey, 7.66M) reported, "The Lebanese army has orders to shoot anyone who breaks the cease-fire but for the moment all they seem to be concentrating on is reestablishing check points which are now dominated by Hezbollah. Further south UN outposts provide the only credible supervision here. They have no orders to search cars either. Not even those flying the Hezbollah flag." The Lebanese army "is conspicuous by its absence here, posts abandoned long ago remain derelict on roads like this which run right alongside the Israeli border through villages where Hezbollah rules."

Meanwhile, NBC Nightly News (8/21, story 4, 1:50, Engel, 9.87M) reported, "A week after the cease-fire, more Israeli troops headed home today. But so far, Hezbollah is the only power moving in behind them."

Israeli Reservists Demand Olmert's Resignation, Inquiry Over Conduct Of War. The Wall Street Journal (8/22, Chazan, 2.03M) reports, "A snowballing protest movement led by Israeli reservist soldiers enraged at the government's conduct of the war with Hezbollah is roiling Israel's political establishment and fueling demands for the resignation of Prime Minister Ehud Olmert and the military top brass." The Journal says the protest effort "is being compared to the wave of soul-searching that followed the bloody 1973 Middle East war," and notes it "could add volatility to Israel's postwar politics, though Mr. Olmert may be able to tough it out -- for now. He may have to acquiesce to the growing clamor for a state commission of inquiry into his government's handling of the war, but its findings wouldn't be published for months, giving Mr. Olmert breathing room to repair his reputation. There are also virtually no politicians whom Israelis see as a potential alternative to the prime minister."

In a 1,000-word piece, the New York Times (8/22, Erlanger, 1.21M) adds the reservists, "most of whom have gone back to civilian life, say that their training was inadequate and that they were sent into Lebanon with unclear missions, inadequate supplies, outdated equipment and a lack of basics, like drinking water. They called for a national inquiry into how the war was waged."

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The AP (8/22, Federman) reports Olmert "tried to defuse growing public anger…promising to rebuild rocket-scarred border areas but rejecting peace talks with Syria, a key supporter of the Lebanese guerrillas." The Washington Times (8/22, Mitnick, 88K) runs a similar report.

Olmert Rules Out Talks With Syria. The Washington Post (8/22, A10, Struck, 748K) reports Olmert "on Monday ruled out peace negotiations with Syria." But in Olmert's cabinet, "Public Security Minister Avi Dichter said Monday that Israel ought to restart the negotiations with Syria that ended in 2000. Since the fighting in Lebanon, there has been increasing public debate over whether to seek a deal with Syria that would bring peace to the border and help isolate Iran."

More Commentary. Fred Gedrich, a foreign policy and nation security analyst who served in the State and Defense Departments, and Retired Maj. Gen. Paul E. Vallely, a military analyst for Fox News and 'Stand Up America' radio host, write in the Washington Times (8/22, 88K), "Many statesmen, diplomats and others cast the prime warring parties in Lebanon -- Israel and the terror group Hezbollah -- as morally equivalent. Espousing this view enables them to argue that diplomacy alone can resolve this conflict. They're wrong. … A sustainable peace can only emerge after the civilized world collectively accepts and acts on the fact that Hezbollah leaders and militia, and others like them, are not 'freedom fighters' and morally equivalent to free-state leaders and armies, but despicable 'war criminals' seeking to destroy the civilized way of life."

Richard Cohen writes in the Washington Post (8/22, A15, 748K) that "when it comes to the Middle East, 1938 is…a pretty instructive year. At the moment, the United Nations has committed itself to maintaining peace in Lebanon. It has done so by saying it will interpose an armed force between Israel on the one hand and Hezbollah on the other. At the same time, the Lebanese army will -- as it has already started to do -- invade its own country (gasp!), securing the south for the first time in decades."

USA Today (8/22, 2.27M) says in an editorial Hezbollah "has been handing out wads of cash to people whose homes were destroyed in the month-long war between Israel and Hezbollah. Just business as usual. Therein lies a challenge for the United States: how to counter terrorist groups that double as popular, effective social service organizations. On Monday, President Bush boosted an American aid offer to Lebanon from $50 million to $230 million. After Hezbollah's well-publicized generosity, it looked like belated catch-up. And the U.S. offer carries credibility problems, given that some Israeli bombs were made in the USA, sparking a fierce anti-American outburst among the Lebanese. Even so, the enhanced aid effort in Lebanon can be a first step toward recognizing something long lost in the Bush administration's approach to the world: that military might can't solve every crisis."

In a New York Times op-ed (8/22), Carlos Pascual, vice president for foreign policy studies at the Brookings Institution, and Martin Indyk, director of Brookings's Saban Center for Middle East Policy, say, "Victory in the latest war in Lebanon will not be won on the battlefield, but in the race between Hezbollah and the Lebanese government to rebuild homes and lives. Despite President Bush's pledge yesterday of an additional $230 million for reconstruction, Hezbollah is far out front. The international community will need to get $1 billion into Lebanon now, raise $2.5 billion more over three years, and stimulate $5 billion in private investment to enable the Lebanese government to demonstrate that it, not Hezbollah, can build a peaceful and prosperous society." Pascual and Indyk identify six principals to "guide this reconstruction effort": "Speed," putting "the Lebanese government out front," using "local capacity," "security," making "maximum use of the private sector," and "finally, rescuing Lebanon will require patience and persistence."

Iran Promises "Forceful" Pursuit Of Nuclear Program. The New York Times (8/22, Slackman, 1.21M) reports Iranian leader Ayatollah Ali Khamenei "said Monday that his nation would continue to pursue its nuclear program 'forcefully.' The remarks came one day before Iran's self-imposed deadline for responding to" the international incentives deal. Khamenei "stayed consistent with Iran's confrontational, no-backing-down tone while remaining vague in terms of substance. He gave no indication of what 'forceful' meant, though over the past week, and again on Monday, officials said Iran would refuse to give up uranium enrichment." The Times says Iranian "defiance was offered up on several fronts on Monday, even as officials [in Tehran] said that within 24 hours the leadership would give a formal response to the" incentives package. One Iranian official "said Tehran was moving ahead with plans to start up a heavy water plant that would feed a nuclear reactor." However, "amid the tough talk and missile firing, Tehran did not provide any details on how it would respond to the" package. The CBS Evening News (8/21, story 8, 0:10, Schieffer, 7.66M) also noted "the country's supreme leader indicates today the answer will be no deal. That could mean UN sanctions against Iran."

The Financial Times (8/22, Smyth, Sevastopulo, Dombey) adds Tehran "on Monday gave the strongest indication yet that it would reject international calls to scale back its nuclear programme, intensifying the long-running controversy over its ambitions and nudging world oil prices higher."

The Wall Street Journal (8/22, King, Crawford, 2.03M) says Khamenei's comments were "setting the stage for a

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tough international fight over how to penalize the Tehran government." Tehran's statements "in recent weeks have been a mix of bluster and accommodation, though U.S. and European officials say they don't expect a satisfactory response and plan to push ahead on a sanctions package as early as the first week of September."

In a more definitive account of Tehran's intentions, the Washington Post (8/22, A11, Linzer, 748K) reports, "The Iranian government has told senior European officials that it will not accept the only condition set by the Bush administration and its Western allies for talks on the country's nuclear program and will continue enriching uranium, despite the threat of international sanctions." Diplomats said Tehran "is willing to enter negotiations and to consider a freeze of the program, but it will not accept a freeze as a precondition for the talks." The Post notes, "The Iranian position is nearly identical to its initial reaction to the" incentives, and "U.S., British and French diplomats concluded yesterday, after receiving word of Iran's intention, that the government simply bought time to advance its nuclear program, rather than scale it back as the U.N. resolution requires."

IAEA Inspectors Denied Access To Natanz. The AP (8/22, Jahn) reports, "Iran turned away U.N. inspectors from an underground site meant to shelter its uranium enrichment program from attack… Iran's unprecedented refusal to allow access to its underground facility at Natanz could seriously hamper U.N. attempts to ensure Tehran is not trying to produce nuclear weapons, and might violate the" NPT. Describing "other signs of Iranian defiance," diplomats "said Iran denied entry visas to two IAEA inspectors in the last few weeks after doing the same earlier this summer for Chris Charlier, the expert heading the U.N. agency's team to Tehran. Additionally, they said, other inspectors were given only single-entry visas during their visits to Iran last week, instead of the customary multiple-entry permits." These moves "were likely to harden Western resolve to punish the Tehran regime if it refuses to give up uranium enrichment." The Washington Times (8/22, Sands, 88K) runs a similar report.

Former Iranian President To Speak In Washington. The Washington Post (8/22, A11, Wright, 748K) reports, "Despite a looming diplomatic showdown with Iran over its nuclear program, the Bush administration has agreed to issue a visa to former Iranian President Mohammad Khatami to give a public address at the Washington National Cathedral next month, according to the Rev. Canon John L. Peterson, director of the Center for Global Justice and Reconciliation." Khatami "would be the most senior Iranian to visit Washington since Iran's 1979 revolution and the 1979-1981 takeover of the U.S. Embassy, which led Washington to sever relations with a country that had been one of its two closest allies in the Middle East." The State Department "said yesterday that it had not yet approved a visa for Khatami because he has not yet formally applied, which he must do outside Iran."

Sudan Backs Plan To Deploy Own Troops To Darfur. The New York Times (8/22, Polgreen, 1.21M) reports Khartoum "has proposed using more than 10,000 of its own troops to quell the violence in the troubled region of Darfur instead of the United Nations peacekeeping force that it has repeatedly refused." The Times says "whether [the plan] is a serious blueprint or another tactic in the country's efforts to stall or thwart a United Nations peacekeeping force remains to be seen." Sudanese President Omar Hassan al-Bashir "has been engaged in an escalating war of words over the proposed" force, "declaring that Sudan would 'defeat any forces entering the country just as Hezbollah has defeated the Israeli forces.'" While Bashir's "plan does not explicitly reject a United Nations force," it "makes clear that Sudan believes it should be responsible for stabilizing the worsening crisis in Darfur."

WPost Blasts Sudan, Qatar For Opposing UN Peacekeepers In Darfur. A Washington Post (8/22, A14, 748K) editorial expresses frustration at the reluctance of Sudan's government to accept a U.S and British proposal to allow some 20,000 U.N. peacekeepers into the troubled Darfur region. The Post notes that the "only outspoken critic of the resolution on the Security Council is Qatar, which is reflecting the collective unwisdom of the Arab League. The Arabs have long opposed a U.N. deployment in Darfur, apparently because they believe in the sovereign right of governments to slaughter civilians." Moreover, promises from Arab states to fund an existing African peacekeeping force have come to naught. The Post concludes by equating the continued blockage of peacekeepers entry with genocide.

Election-Related Unrest Continues In Congo. The AP (8/22, Sundaram), in a story published by some 40 papers and websites, including the Washington Post and the Washington Times, reports on the second day of fighting in the Congo after the announcement of president Joseph Kabila's failure to win a majority of votes in the country's "first vote in more than four decades," leading to a run-off with opponent Jean-Pierre Bemba. Meanwhile, "U.N. peacekeepers safely evacuated foreign diplomats who had been trapped inside the challenger's besieged home when gunfire broke out." The Congo's army has been issued orders not to appear in public with weapons, in an effort to calm the violence. "Kabila won 45 percent of the 16.9 million votes cast in the July 30 balloting; Mr. Bemba had 20 percent. … Voter turnout was about 70 percent. A second round will be held Oct. 29."

India Plans Offensive Against Long-Lived Maoist Insurgency. The Christian Science Monitor

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(8/22, Chopra, 58K) reports on the Indian government's increased attention to growing Maoist insurgency, manifesting in an deployment of "11 battalions of paramilitary police" and the support of "opposing vigilante groups who espouse violence." The rebels, called Naxalites, have grown in prominence in the past decade, and now operate in half of India's states, running "parallel 'People's' governments." "Prime Minister Manmohan Singh turned heads recently by calling the Naxalites, 'The single biggest internal security challenge ever faced by our country.'" The Monitor continues to detail the impact the conflict has had on rural civilians, noting that in neighboring Nepal, a Maoist insurrection has recently joined the mainstream political process.

PRD Candidate Has "Wafer-Thin" Lead In Chiapas Election. The Financial Times (8/22, Thomson) reports that Juan Sabines, Democratic Revolution party candidate for the governorship of Mexico's southern Chiapas state, "was holding on to a wafer-thin lead on Monday." The Times reports that Sabines is backed by Andrés Manuel López Obrador, the leftwing candidate for Mexico's contested presidency. Sabines leads his Institutional Revolutionary Party opponent José Antonio Aguilar "by the tiny margin of 0.22 per cent. If confirmed – official results are not due for days – Mr Sabines' victory would hand Mr López Obrador's party an important gubernatorial foothold in the south, adding a seat to the five governorships it holds nationally" and could aid López Obrador "in his bid to challenge results of last month's presidential election."

The Wall Street Journal (8/22, Lyons, 2.03M) also notes the significance of the Chiapas election, calling the race a "virtual tie, with both candidates declaring victory," and adding that it "echoes political turmoil at the national level" following the July 2 presidential election. The Journal reports that Sabines "held a tiny 2,000-vote advantage" over Aguilar. "Supporters of both men took to the streets to celebrate victory, honking horns and waving flags. … If Mr. Sabines's narrow margin holds up, he will have avoided a major embarrassment for Mr. López Obrador, whose postelectoral campaign of street blockades and marches may be fomenting a backlash against his left-wing party."

Chavez Said To Seek UNSC Seat During Beijing Visit. The Wall Street Journal (8/22, Oster, 2.03M) reports Venezuelan President Hugo Chávez "arrives in China Tuesday on a six-day tour to drum up support for his bid for a nonpermanent seat on the United Nations Security Council as he tries to deepen oil ties with Beijing." The Journal says Beijing's "soaring energy needs have brought it closer to Venezuela. Beijing's imports of Venezuelan crude oil jumped 40% in June from a year earlier. Mr. Chávez has said he wants to increase oil sales to China, to 200,000 barrels a day from about 150,000 barrels," and "wants to buy supertankers and oil-drilling equipment from China." Washington "fears Mr. Chávez would use a seat on the Security Council…as a platform for anti-American rhetoric. The U.S. supports Guatemala for the seat." The Journal notes it is "unclear if Mr. Chávez will achieve what he'd like from his China visit. Beijing isn't keen to support Venezuela's U.N. bid, analysts say," and there are "doubts about how much oil Mr. Chávez can pledge to supply. Analysts say Chinese refiners are limited in how much more of the particularly thick Venezuelan crude oil they can process."

Russia Eyes Spot In Paris Club After Repaying Last Of Debts. The Washington Post (8/22, A12, Finn, 748K) reports, "Eight years after it defaulted on more than $40 billion in debt and slid into financial chaos, Russia transferred $23.7 billion to the Paris Club of creditors Monday, wiping out the last of its Soviet-era debts and underlining the extent to which oil and gas revenue has transformed the country's finances." The Finance Ministry said the early payment, which carried a $1 billion penalty, "will save the country more than $12 billion in interest payments on debt that was not due until 2020." As a percentage of GDP, Russia's public debt has fallen from 96 percent in 1999 to 9 percent today. "Foreign currency and gold reserves stand at nearly $280 billion, the third largest in the world, and the economy is growing at around 6 percent annually. The government projects a $55 billion budget surplus next year." Notably, "Russia said it was prepared to become one of the 19-member Paris Club's lenders." The Times notes the country "is now the world's largest exporter of natural gas and the world's second-largest exporter of oil," and "is swimming in cash." However, analysts warn "that, because the Kremlin is so buoyed by the influx of petrodollars, it has little incentive to foster the kind of political competition and economic diversity that can sustain the country's boom over the long haul should oil prices, or demand for Russian energy, falter."

Extremist Belgian Parties Seek To Reshape Views On Minorities. In a Wall Street Journal (8/22, 2.03M) "Global View" column, Bret Stephens writes about the "surreal" aspects of fascism in Belgium. "The hallmark of nearly every European socialist party has long been hostility to religion. … But then the Socialists began taking note of Belgium's Muslim community, some 500,000 strong." Moreover, a Flemish secessionist group, the Vlaams Belang, which was long know for "its call to forcibly deport immigrants who failed to assimilate," has stepped away from its erstwhile anti-Semitism, and has begun "making pro-Israel overtures. And the party's tough-on-crime, hostile-to-Muslims stance began to attract a considerable share of the Jewish vote, particularly among Orthodox Antwerp Jews who felt

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increasingly vulnerable in the face of the city's hostile Muslim community. Today, Vlaams Belang is the largest single party in the country."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"A Law Unto Herself."
"Casino Tribes Try To Keep Entire Pot."
"Bush Treads On Critics' Turf."
"Senator's Kenya Visit Inspires Obama-Mania."
"Bomb Plot Evidence 'Immense,' British Say."
"Deal to Raise Wage To $8."
"When A Match Becomes A Scandal, That's Not Cricket."

USA Today:
"Colonel Walks Baghdad 'To Make People Believe.'"
"Poll: GOP Up After Terror Arrests."
"Katrina Cost Continues To Swell."
"Gas Prices Slip, And The Worst May Be Over For This Year."

New York Times:
"Britain Charges 11 in Plane Case; Bomb Gear Cited."
"Officials Seek Broader Access To Airline Data."
"4 Days Later, Race For First Is A Runaway."
"In Election Push, Bush Faults Talk Of Iraq Pullout."
"State Upgrades Pensions, And City Gets the Bill."
"Oakland Fights Crime With Talk."
"Under One Roof, Trial, Penalty And Civics Lesson."

Washington Post:
"Bush Offers Staunch Defense Of Iraq Policy."
"British Charge 11 Suspects In Airliner Plot."
"Man Arrested Near Va. Tech In Two Killings."
"The Future of D.C. Public Schools: Traditional Or Charter Education?"
"Scientists Offer Proof Of 'Dark Matter.'"
"Cost Of Immigration Bill Is Put In Billions."

Washington Times:
"Bush Stands By Iraq Until 'Job Is Done.'"
"Israeli Reservist Protest Olmert."
"Area Power Supply Adequate—For Now."
"Buchanan Warns Of Flood Of Illegals."
"Collegiate Ranking Looks Beyond Books."
"Santorum Goes Full Circle."

Detroit Free Press:
"Ford Workers' Buyout Anxiety."
"In The City For Love?"
"Granholm Orders Review Of Prison Health Care System."
"Fans Rush To Score 'Madden.'"

Atlanta Journal-Constitution:
"Bush: Stick It Out In Iraq."
"Few Grasp Asthma's dangers."
"Usher On Broadway."
"Huntsville Is Rocket City Again."

Houston Chronicle:
"British Give New Details In Airliner Bomb Plot."
"Trial Of Boy In His Father's Death Adds To Legal Battles In The Case."
"Now UT Really Has Something To Party About."
"Mexico Adds Sex To School Syllabus."
"His Simple Click Captured A Legacy Of Courage."

Story Lineup From Last Night's Network News:
ABC: Bush News Conference; Lebanon Cease-Fire; Hussein's Second Trial; Fords Health; JonBenet; College Rankings; UK Terror Plot; Gas Prices; Joe Rosenthal-Obit; Bush-Iraq Position; Male Only Sunday School Teachers.
CBS: Bush News Conference; Sectarian Violence; Hussein's Second Trial; Lebanon Cease-Fire; Terror Plot; Padilla Case; JonBenet; Iran Possible Sanctions; Government Secrets; Ford's Health; Prisoner Recaptured; HIV & Cancer Breakthrough; Children-Sleep Apnea; Joe Rosenthal Obit.
NBC: Bush News Conference; Bush -Middle East Analysis; Hussein's Second Trial; Lebanon Cease Fire; Terror Plot; Ford's Health; Capitol Tunnels; Acne Medicine –Health Risk; JonBenet; Stock Markets; Joe Rosenthal Obit.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Karr Extradition; UK-Terror Arrests; Bush-News Conference; Islamic Holiday.
CBS: Karr Extradition; UK-Terror Arrests; Bush Press Conference; Israel-Gaza Incursion; Study-Asthma In Children; Ford-Heart Surgery.
NPR: North Korea Nuclear Program; Bush Press Conference; Padilla-One Charge Thrown Out; Ford-Heart Surgery; Wall Street; Foreign Stock Markets; Mexico-Civil Unrest; UK-Terror Arrests.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a panel discussion on health transparency, Minneapolis Marriott Southwest, Minnetonka, Minn.; attends Bachmann for Congress and Minnesota Republican Party reception. Private residence, Wayzata, Minn. Note: Returns to Washington following the event.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

DOJ_NMG_0051577

US House: No Scheduled Events.

Other: ACCOUNTANTS _ The American Institute of Certified Public Accountants holds the 2006 AICPA National Governmental Accounting & Auditing Update Conference. Highlights: 8:15 a.m. Concurrent sessions on ``FASAB -- Coming of Age, with Tom Allen, member, FASAB, Washington, DC; and Wendy Comes, executive director, FASAB, Washington, DC. 3:20 p.m. CFO Panel: :Are We Really Members of Management?," with Charlie Johnson, Assistant Secretary for Budget, Technology and Finance, HHS, Washington, DC; Sam Mok, Chief Financial Officer, DOL, Washington DC; Jennifer Main, Chief Financial Officer, SBA, Washington, DC. Location: JW Marriott, 1331 Pennsylvania Ave. NW.

INFRASTRUCTURE PROTECTION _ The InfraGard National Members Alliance and the FBI hold a conference to discuss the protection of and potential threats to national and global critical infrasatructures. Highlights: 8 a.m. Former HHS Secretary Tommy Thompson. 12 p.m. Shell Oil Co. President John Hofmeister. Location: Washington Renaissance Hotel, 999 9th St. NW.

CHINA-FINANCIAL _ 10 a.m. - 4:30 p.m. The US-China Economic and Security Review Commission holds a hearing titled ``China's Financial System and Monetary Policies: The Impact on U.S. Exchange Rates, Capital Markets, and Interest Rates." Location: Room 385, Russell Senate Office Building.

FRY-IRAQ BRIEFING _ 9 a.m. UK Royal Marine Lt. Gen. Sir Robert Fry, deputy commander of Multi-national Force--Iraq and senior British representative in Iraq, will brief live from Iraq with an update on operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

IRAN-NUCLEAR _ 10 a.m. The Center for Arms Control and Nonproliferation holds a telephone briefing on Iran's response to the UN nuclear proposal. Contacts: Carah Ong, 202-546-0795 ext 122. Notes: Callin number: 800-371-8200; passcode: 12217. RSVP requested.

OZONE HOLE _ 10 a.m. NOAA and the National Science Foundation hold a news conference to mark the 20th anniversary of the discovery of the cause of the Antarctic ozone hole. Location: National Press Club.

CONGRESS-DOMESTIC SURVEILLANCE _ 1 p.m. The American Civil Liberties Union holds a telephone briefing on congressional reaction to last week's federal court ruling concerning the NSA's domestic surveillance program. Contacts: Shin Inouye, 202-675-2309. Notes: Callin number: 800-816-4134; passcode: 69922.

KATRINA RESPONSE _ 1 p.m. - 2:30 p.m. The Center for American Progress hosts a presentation, ``Disaster: A Look at the Response and Recovery One Year after Katrina." Participants are: Robert Block, Homeland Security Correspondent, The Wall Street Journal; Christopher Cooper, National Political Correspondent, The Wall Street Journal; Oliver M. Thomas, Jr., President, New Orleans City Council; and P.J. Crowley, Senior Fellow and Director of National Defense and Homeland Security, Center for American Progress. Location: National Press Club, Holeman Lounge.

MARINE-SURRENDER _ 4 p.m. Matt Solowynsky, 19, of Corona, Calif., who allegedly fled torture during training, is scheduled to surrender to Marine Corps authorities. Location: Marine Corps base, Quantico.

WELFARE REFORM _ 4 p.m. The Cato Institute hosts a policy forum, ``Welfare Reform Turns 10: A Look Back, A Look Ahead." Charles Murray, American Enterprise Institute; Robert Rector, Heritage Foundation; and Michael Tanner, Cato Institute. Location: Cato Institute, 1000 Massachusetts Ave. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: **THE ATTORNEY GENERAL AND SENIOR STAFF**

DATE: **TUESDAY, AUGUST 22, 2006 7:45 AM EDT**

TODAY'S EDITION

Terrorism News:

Judge Tosses One Charge In Padilla Terror Case (FINDLAW/AP) 5
Judge Throws Out Charges In Padilla Case (NYT) 5
Miami Federal Judge Tosses Lead Charge In Padilla Terror Conspiracy Case (LAW) 6
Officials Seek Broader Access To Airline Data (NYT) 7
Terror Fears Stretch Already Burdened Travelers Aid Group (WSJ) 8
Looking Ahead To Iowa (WSJ) 10
Eleven Charged Over Alleged Terror Plot (FT) 15
Britain Charges 11 In Plane Case; Bomb Gear Cited (NYT) 16
11 Suspects Are Charged In Alleged Airliner Plot (LAT) 18
Eleven Suspects Are Charged In Foiled Airline-Terror Plot (WSJ) 19
British Charge 11 Suspects In Airliner Plot (WP) 20
Britain Charges 11 In Alleged Plot To Blow Up Planes (USAT) 21
11 British Muslims Charged In Bomb Plot (WT) 21
Bomb Plot Shocks Germans Into Antiterrorism Debate (NYT) 22
7/31, Almost (WSJ) 24
13 Tied To Sri Lankan Separatists Are Charged By U.S. With Aiding Terrorists (NYT) 24
Authorities: Tamil Tigers Sought Weapons (WP/AP) 26
Simsbury Man Arrested For Part In Terrorist Conspiracy (HARTC) 26
Federal Agents Raid Amherst Home, Charge Suspect With Supporting Terrorism (WIVB-TV) 27
S.I. Terror Bribe Link (NYDN) 27
Men Linked To Tamil Tigers Arrested For Attempted Bribery Of Federal Officials (NYS) 28
Charges In 'Tiger' Plot (NSDY) 29
TERROR TIGERS IN ARMS BUST (NYPOST) 29
Seattle Man Accused Of Aiding Tamil Tigers (SEAPI) 30
U.S. Charges 8 Over 'Tiger Plot' (CNN) 30
Eight Tamil Tigers Supporters, Including 3 Canadians, Accused Of Terror Support (CP) 31
Feds Sue Maine PUC, Verizon Over Surveillance (AP) 31
The Constitution Vs. Counterterrorism (WSJ) 32
Life And Death (WSJ) 33

Homeland Response:

Gonzales: More Agents, Prosecutors Will Be Sent To New Orleans (AP) 35
Gonzales Offers Resources To Fight New Orleans Crime (WT) 35
Gonzales Vows Federal Aid To Fight New Orleans Crime (CNN) 36
U.S. Official Sees Katrina Problems (NOTP) 37
A Man, A Plan, A Dam. Then, An F.B.I. Call. (NYT) 37
Radio Chips Leave Visa Data Unsecured (WT) 38
Dangerous Disgrace (NSWK) 39
Anger, Worry Pervades Local Muslim Community (ORVMR) 40
Katrina Cost Continues To Swell (USAT) 42

War News:

Bush Defends War, Acknowledges Some Frustration (LEXHL) 42
Bush Says Iraq Pullout Would Be 'A Disaster' (WP) 43
In Election Push, Bush Faults Talk Of Iraq Pullout (NYT) 45
Bush: Leaving Iraq Now Would Be Disaster (AP) 46
Bush Acknowledges U.S. Under Strain (USAT) 48
Bush Stands By Iraq Until 'Job Is Done' (WT) 48
Bush Takes On His Critics Over Iraq, Katrina, Gas Prices (LAT) 50
President On Another Planet (WP) 51
Finish What Job? (LAT) 52
The Wagging Of The 'Civil' Tongues (WP) 53
Prosecutors Detail Atrocities In Hussein's Trial (NYT) 54

Saddam Rejects Court, Won't Plead On Genocide Charges (USAT/AP) ... 56
As Genocide Trial Begins, Hussein Is Again Defiant (WP) ... 56
The Prosecution Of Saddam Hussein, Part Two (LAT) ... 58
The Spoils (NYT) ... 59
Boozman Visits Iraq (TRECAK) ... 60
Iraq Is Avoiding Civil War So Far, Boozman Says (ARDEMGAZ) ... 60
Rep. Salazar Returns From Second Trip To Iraq (ROCK) ... 61
Salazar: Iraq Mission Not Complete (DENP) ... 62
Salazar Says Iraqi Troops Key To U.S. Withdrawal (PUEB) ... 62
Success Is Only Option For Iraq, Buyer Says (AP) ... 63
Colonel Walks Baghdad 'to Make People Believe' (USAT) ... 64
Vital Commodity Energy Security Is Hostage To Supply Of Oil Professionals (WSJ) ... 66
Hostage: The Jill Carroll Story - Part 7 • False Hopes (CSM) 69
Did A Sunni Politician Set Jill Carroll Up - Or Pay $1.5 Million To Free Her? (CSM) ... 73
An Interview With An Iraqi Insurgent (CSM) ... 74
Pakistan Fails To End Preoccupation With Jihad (FT) ... 76
Arrests Made In U.S. Consulate Bombing (AP) ... 76

Corporate Scandals:

Deal With Quattrone Would Avert Third Trial (WP) ... 77
SEC Sues Group Of New Yorkers (WSJ) ... 78
Imax Names Finance Chief Amid Probe (WSJ) ... 78

Criminal Law:

U.S. Attorney General Announces Campaign To Help Prevent Internet Crimes Against Children (AP) ... 79
Justice Dept. Warns Of Child Exploitation (UPI) ... 79
Hinckley Allowed More Trips To See Parents (WT) ... 80
Next Stop For Karr: Extradition Hearing (USAT) ... 80
Relatives Dispute Karr's Account Of Whereabouts (WP) ... 81
Suspect In JonBenét Killing Could Have DNA Tested Soon (USAT) ... 82
Details Of Karr's Involvement Still Under Wraps (LAT) ... 82
Karr Confessed To Californians 5 Years Ago (WT) ... 83
Karr Arrest Highlights Lax Teacher Vetting In Thailand (CSM) ... 84
Judge Orders Justice Department Investigation Of Leak To CBS Report (NYS) ... 85
Hooks Pleads Guilty (WREG-TV) ... 86
Hooks Pleads Guilty To One Of Two Felony Charges (WMC-TV) ... 86
County Official Pleads In Corruption Case (KNOXNS/AP) ... 86
Bowers Could Be Nearing Guilty Plea (MCA) ... 87
Bowers' Attorney Evaluating Position After Latest Waltz Decision (WMC-TV) ... 88
Two Former Commissioners Sentenced In Las Vegas Corruption Case (AP) ... 88
Two Former County Commissioners Are Sentenced (KLAS-TV) ... 90
St. Peters' Mayor Makes First Appearance On Federal Charge (SLPD) ... 91
Calendars Show Armitage Met Reporter (AP) ... 91
Bribery Probe Going Beyond Elections (AP-Y) ... 93
2 Probes Launched Into James' Spending (NSL) ... 93
SHARPE JAMES PROBED (NYPOST/AP) ... 94
Man Faces Charges In Medicaid Fraud Case (DEN) ... 94
Last Suspect Pleads Guilty In Financial Scheme (DEN) ... 94
Gotti's A Crass Act, Mob Rat Sez (NYDN) ... 95
INSIDE THE PLOT VS. SLIWA (NYPOST) ... 95
LAPD Targets Valley Holdups (LAT) ... 96
Man Arrested Near Va. Tech In Two Killings (WP) ... 97
School Starts With A Scare At Va. Tech (USAT) ... 99
Escaped Inmate Caught After Scare At Virginia Tech (WT/AP) ... 99
Escapee Kills Two Before Capture, Police Say (NYT) ... 100
Oakland Fights Crime With Talk (NYT) ... 101
As Violent Crimes Rise, Law Enforcement Officials Battle $1.1 Billion Funding Cut (MCT) ... 103
Some Prosecutors, Victims Seeking Justice Outside Military System (FINDLAW/AP) ... 105

Civil Law:

Judge Slams Lawyers For Role In Hiding Tobacco Risks (LAW) ... 106

Civil Rights:

8th Circuit: Ban On Sexy Highway Billboards Is Unconstitutional (LAW/AP) ... 107
Look Elsewhere For Subjects (USAT) ... 107
Test Drugs On Inmates? Yes (USAT) ... 108
Same-sex Marriage Is Surely A Civil Right (USAT) ... 109
Blaming The Middleman (WSJ) ... 110

Antitrust:

U.S. Supreme Court Denies Second Stolt-Nielsen Emergency Appeal (FINDLAW/AP) ... 110
Feds May Review Fort Mill Hospital Decision (CHARBIZ) ... 111
CRH To Buy Ashland's U.S. Roads Unit For $1.3 Billion (Update4) (BLOOM) ... 111
Chicago Prof Joins US Government (FT) ... 113
Analysis: Sanofi Defends Plavix Patent (UPI/UPI) ... 113

DOJ_NMG_0051581

Canadian Miner Lundin To Buy EuroZinc In $1.6 Billion Deal (WSJ) 114
Coles Myer Board Will Meet To Weigh KKR Buyout Bid (WSJ) 114
Morgan Stanley Funds To Acquire Glenborough In $1.9 Billion Deal (WSJ) 115

Environment/Indian Affairs:

Three US Govt Agencies Probing BP's Alaskan Operations (AFP) 116
Slow Start For Revival Of Nuclear Reactors (NYT) 116
EPA-Influenced Vehicles Get Set To Hit Road (WSJ) 119
Fishermen Love Alaska's Bird Creek, But So Do Grizzlies (WSJ) 120
A Victory For Cleaner Air (NYT) 122
Casino Tribes Try To Keep Entire Pot (LAT) 122

FBI/DEA/ATF/USMS:

Head Of FBI Terror Screening Center Leaves (UPI/UPI) 125
Gang Leadership Jailed (TAMPTRIB) 125
Latin Kings Face Conspiracy Charges (SPT) 126
Tampa Raid Takes Down 39 Alleged Leaders Of Latin Kings Gang (AP) 126
$50 Million Drug Cache Is Found Near Atlanta (NYT) 127
DEA Arrests Four, Disrupts Meth Operation In Atlanta (WT) 128
Record Meth Bust In Buford (AP) 128
Atlanta: Meth Distribution Hub (WXIA) 129
187 Pounds Of Meth Seized 4 Arrested At Buford Home Containing As Much As $50 Million In Drugs (AJC) 130
Meth Ice Is As Cold As Death (AIM) 130
Accused Drug Lord May Face Death Penalty (AP) 131
DA Weighing Cartel Case For Capital Punishment (SDUT) 132
DEA's Khat Sting Stirs Up Somali `Cultural Clash' (LAT) 133
Jones Says She Is 'Shocked' By Her Positive Drug Test (NYT) 134
Jones Shocked At Positive EPO Test (AP) 134
Tests Suggest Revival Of Well-Known Drugs (WP) 135
Notebook: IAAF President Says Credibility Of Track And Field Hurt By Drug Cheats (AP) 137
SmartMoney(9/1) Ten Things Your College Student Won't Tell You (WSJ/DJ) 138

Immigration:

Contesting The Bar To Asylum (LAT) 141
U.S. Experts Say Sex Slavery Trade, Highlight By Raids In Northeast, Is Widespread (FINDLAW/AP) 142
Immigration Bill's Cost Pegged At $127B (AP) 144
Cost Of Senate Immigration Bill Put At $126 Billion (WP) 144
Pa. City Puts Illegal Immigrants On Notice (WP) 145
Buchanan Warns Off Lood Of Illegals (WT) 147

Congress-Administration:

Bush Seeks Better Heath Care Cost Info (WP/AP) 148
A Welfare Law Milestone Finds Many Left Behind (NYT) 149
How We Ended Welfare, Together (NYT) 151
BRIEFLY (WP) 152
Bush Needs A Fact-Check, Not A Gut Check (LAT) 152
Pumped-Up Presidency (WP) 154
G.O.P. Corruption? Bring In The Conservatives. (NYT) 154
The Entitlement Panic (WSJ) 155

Other News:

Gas Prices Slip, And The Worst May Be Over For This Year (USAT) 156
Stocks Stumble Over Oil, Spending Worries (USAT) 157
Wall St Falls On Rising Oil And Iran Fears (FT) 157
Stocks Slip As Oil Worries Resurface (WSJ) 158
3 Leave AOL Over Security Breach (WP) 159
AOL's Tech Chief Quits After Breach Of Privacy (USAT) 160
AOL Tech Chief Resigns Over Issue Of Released Data (WSJ) 160
Bush To GOP Candidates: Focus On Economy (AP-Y) 161
Poll: GOP Up After Terror Arrests (USAT) 162
To A Presidential Notion: Sorry, Mr. Bush, But No (NYT) 162
Contender For DeLay Seat Quits (WP/AP) 163
Connecticut Groups Push To Remove Lieberman From Ballot (WP/AP) 164
Santorum Goes Full Circle (WT) 164
Casey Touts Independence But Shuns Tough Issues (WT) 167
Clinton Challenger Suspends Campaign (NSDY/AP) 167
Senators Say Age Is No Reason To Quit Running (USAT) 168
For Hagel, Standing Up Brought A Fall From Favor (WP) 169
Obama Visits Robben Island (CHIT) 171
US Senator Joins Chorus Of Disapproval Over South Africa's AIDS Policies (AFP) 171
Tutu Has Encouraging Words For Obama (AP-Y) 172
High Expectations Await Obama In Kenya (LAT) 173
The Job Sen. Clinton Should Want (LAT) 174
The Fertility Gap (WSJ) 175
A Wrong Turn Led To The 'L-Word' (WP) 176
Former President Ford Receives Pacemaker (AP-Y) 177
Gov., Lawmakers Strike Deal To Raise Minimum Wage (LAT) 178
Public Pensions In Trouble (NYT) 179
BAE Is Major Donor To US Candidates (FT) 180

DOJ_NMG_0051582

Bush Pushes For Lebanon Force, Vows More U.S. Aid (WSJ) 180
Bush Urges Rapid UN Move Into Lebanon (FT) 181
Bush Calls Need For Robust Lebanon Force 'Urgent,' As Europeans Continue To Seek Specifics (NYT) 182
U.N. Struggles To Form Peacekeeping Force (USAT) 183
Bush Pledges Millions To Lebanon (WT) 184
War Lingers In The South Of Lebanon (NYT) 185
Israeli Reservists Lead Growing Protest Movement (WSJ) ... 187
Reservists In Israel Protest Conduct Of Lebanon War (NYT) 188
Olmert Tries To Defuse Public Anger (AP-Y) 190
Israeli Reservists Protest Olmert (WT) 191
Olmert Rejects Syria Talks, Dismisses Soldiers' Protests (WP) 192
Despicable Breeders (WT) 193
Mideast Echoes Of 1938 (WP) 194
How To Counter Terrorists Who Also Pass Out Cash (USAT) 195
In Lebanon, Even Peace Is A Battle (NYT) 196
Iran Defiant On Nuclear Program As Deadline Approaches (NYT) 197
Iran Defiant On Calls For Nuclear U-turn (FT) 199
Iran Vows To Pursue Nuclear Work, Defying U.N. (WSJ) 199
Iran Rejects Offer For Nuclear Talks (WP) 200
Iran Denies Inspectors Access To Site (AP) 201
Inspectors Kept Out Of Key Site Ahead Of Deadline (WT) ... 203
Former President Of Iran Invited To Speak In D.C. (WP) 204
Sudan's Plan For Darfur Involves Its Own Force, Not The U.N.'s (NYT) 205
Genocide, Continued (WP) 206
Congolese Continue To Battle Over Vote (WT/AP) 207
Maoist Rebels Spread Across Rural India (CSM) 207
Slim Lead For López Obrador Party In Chiapas (FT) 209
Chiapas Vote Magnifies Mexican Political Strains (WSJ) 210
Chávez Woos Reluctant Beijing Over U.N. Bid (WSJ) 211
Oil Profits Help Russia Pay Off Soviet-Era Debt (WP) 211
The Many Faces Of Belgian Fascism (WSJ) 212

DOJ_NMG_0051583

TERRORISM NEWS:

Judge Tosses One Charge In Padilla Terror Case (FINDLAW/AP)

By Curt Anderson, Ap Legal Affairs Writer

AP, August 22, 2006

(AP) - MIAMI-A federal judge on Monday threw out one count in the terror indictment against alleged al-Qaida operative Jose Padilla and his co-defendants, concluding that the indictment improperly repeated other charges within the same document.

U.S. District Judge Marcia Cooke's ruling leaves intact two other terror-related counts against Padilla and the others, alleging a conspiracy to provide material support to Islamic extremist causes worldwide. The count that was dropped charged a conspiracy to "murder, kidnap and maim persons in a foreign country."

Cooke ruled that charge was unnecessary because the alleged illegal acts were already covered by the other terror-related counts in the indictment. Prosecuting all three charges, she said, would violate the Constitution's ban against double jeopardy, or prosecution of the same charges twice.

"There can be no question that the government has charged a single conspiracy offense multiple times, in separate counts, when in law and fact, only one crime has been committed," Cooke wrote in her eight-page ruling.

Padilla, 35, is a U.S. citizen and former Chicago gang member who was held without charges for 3 1/2 years by the U.S. military as an enemy combatant. He was arrested in May 2002 at Chicago's O'Hare International Airport, purportedly on an al-Qaida mission to detonate a radioactive "dirty bomb" in a major U.S. city.

The dismissed charge carried a potential life prison sentence, while the remaining conspiracy count could net a maximum of 15 years. But Padilla and the others might still get a life sentence if the prosecutors can link the alleged material support conspiracy directly to a person's death.

U.S. Attorney R. Alexander Acosta of Miami said prosecutors were undeterred by the setback.

"We stand by the charges in this indictment and will respond after a full review of the court's order," Acosta said.

Padilla's lawyer Andrew Patel declined to comment other than to say the order "speaks for itself."

Kenneth Swartz, attorney for defendant Adham Amin Hassoun, said the ruling was significant because it removed what he called "exaggerated allegations" from the case.

"It made it sound a lot more serious and a lot worse," Swartz said. "But we're still facing the same case. It's still a very serious charge."

Padilla was added in November to an existing Miami terrorism case after an intense legal battle over President George W. Bush's wartime detention powers. The Miami indictment does not mention the "dirty bomb" allegations, contending instead that Padilla was part of a North American terrorism support cell led by Hassoun.

The case is scheduled to go to trial in January. The other two defendants in U.S. custody are Hassoun, allegedly Padilla's recruiter, and Kifah Wael Jayyousi. Two others named in the indictment are in custody overseas.

The defendants have pleaded not guilty to charges of raising money and recruiting operatives to fight for radical Islamic causes in Bosnia, Somalia, Egypt, Afghanistan, Kosovo, Chechnya and elsewhere. Padilla is accused in the indictment of filling out an al-Qaida application in July 2000 to train for "violent jihad" in Afghanistan.

Judge Throws Out Charges In Padilla Case (NYT)

By Eric Lichtblau

The New York Times, August 22, 2006

DOJ_NMG_0051584

WASHINGTON, Aug. 21 — A federal judge has ruled that the government brought overlapping and redundant charges against Jose Padilla, a former "enemy combatant" linked to Al Qaeda, and she dismissed one that could have resulted in a life sentence.

The judge, Marcia G. Cooke of Federal District Court in Miami, said constitutional problems were raised in the charges that Mr. Padilla and two co-defendants were in a conspiracy to support violent jihad campaigns overseas.

All three charges related to one conspiracy to support terrorism overseas, Judge Cooke said.

"Charging the defendants with a single offense multiple times is violative of the Double Jeopardy Clause of the Fifth Amendment," she wrote in a decision dated Friday and released on Monday.

Judge Cooke threw out a conspiracy charge that the men conspired to murder, kidnap and maim people in a foreign country.

Andrew Patel, a lawyer for Mr. Padilla, said the decision could ultimately mean the difference between Mr. Padilla's facing a life sentence and a maximum of 20 years.

"This is cleaning up the indictment," Mr. Patel said. "It's procedural. This is a highly technical legal issue that doesn't affect the trial at all. It may in a theoretical sense affect the maximum time" faced by Mr. Padilla.

Justice Department officials said they were considering an appeal. The United States attorney in Miami, R. Alexander Acosta, said in a statement, "We stand by the charges in this indictment and will respond after a full review of the court's order."

Mr. Padilla, a one-time gang member in Chicago who converted to Islam, was linked in 2002 to a reported plot to detonate a "dirty bomb" on American streets. He was declared an enemy combatant and held in a brig in South Carolina for three and a half years without being charged. The Justice Department, facing a deadline, decided in November to prosecute him in federal court on unrelated terrorism charges.

Miami Federal Judge Tosses Lead Charge In Padilla Terror Conspiracy Case (LAW)

By Forrest Norman, Daily Business Review

Miami Daily Business Review, August 22, 2006

A Miami federal judge on Monday threw out the lead count of a conspiracy indictment against Jose Padilla and two co-defendants in the latest setback for the government in its bid to prosecute the trio as terror supporters.

U.S. District Judge Marcia Cooke threw out the first count of the indictment against Padilla, a former Broward County resident, and Adham Amin Hassoun and Kifah Wael Jayyousi, making the possibility of a life sentence much more difficult for prosecutors to achieve.

A defense team headed by Miami attorneys Kenneth Swartz and Jeanne Baker successfully characterized the first count of the indictment, alleging "a conspiracy to murder, kidnap, and maim persons in a foreign country," as multiplicitous of the second and third counts in the indictment.

"There can be no question that the government has charged a single conspiracy count multiple times, in separate counts, when in law and fact, only one crime has been committed," Cooke wrote in an order filed Friday and made public Monday.

The count that was dismissed carried a maximum penalty of life in prison. In order to wring a life sentence out of the remaining counts in the indictment, prosecutors will have to prove that the three men were directly responsible for deaths abroad.

"Usually the first count is the one that the government alleges is the most serious count," Swartz said. "So when that disappears, it might raise some questions."

Defense attorney Michael Caruso, a lawyer with the federal public defender's office in Miami, was pleased with the judge's order. "The order is eminently well-reasoned, and the judge's logic is unassailable," he said.

The defense also successfully argued that Count II of the indictment alleges separate violations that should have been presented as two counts in the indictment. Cooke chose to divide the indictment and left it to prosecutors to decide what to do.

"Although the court has found Count II to be duplicitous, dismissal is not the appropriate remedy," Cooke wrote.

Cooke has been critical of the government's case, twice ordering prosecutors to provide more details before proceeding to trial.

DOJ_NMG_0051585

Miami U.S. Attorney Alex Acosta released the following statement in response to the judge's order: "We stand by the charges in this indictment and will respond after a full review of the court's order."

Officials Seek Broader Access To Airline Data (NYT)

By Eric Lipton

The New York Times, August 22, 2006

WASHINGTON, Aug. 21 — United States and European authorities, looking for more tools to detect terrorist plots, want to expand the screening of international airline passengers by digging deep into a vast repository of airline itineraries, personal information and payment data.

A proposal by Homeland Security Secretary Michael Chertoff would allow the United States government not only to look for known terrorists on watch lists, but also to search broadly through the passenger itinerary data to identify people who may be linked to terrorists, he said in a recent interview.

Similarly, European leaders are considering seeking access to this same database, which contains not only names and addresses of travelers, but often their credit card information, e-mail addresses, telephone numbers and related hotel or car reservations.

“It forms part of an arsenal of tools which should be at least at the disposal of law enforcement authorities,” Friso Roscam Abbing, a spokesman for Franco Frattini, vice president of the European Commission and the European commissioner responsible for justice and security, said Monday.

The proposals, prompted by the recent British bomb-plot allegations, have inspired a new round of protests from civil libertarians and privacy experts, who had objected to earlier efforts to plumb those repositories for clues.

“This is a confirmation of our warnings that once you let the camel’s nose under the tent, it takes 10 minutes for them to want to start expanding these programs in all different directions,” said Jay Stanley, a privacy expert at the American Civil Liberties Union.

The United States already has rules in place, and European states will have rules by this fall, allowing them to obtain basic passenger information commonly found in a passport, like name, nationality and date of birth. American officials are pressing to get this information, from a database called the Advance Passenger Information System, transmitted to them even before a plane takes off for the United States.

But a second, more comprehensive database known as the Passenger Name Record is created by global travel reservation services like Sabre, Galileo and Amadeus, companies that handle reservations for most airlines as well as for Internet sites like Travelocity.

Each time someone makes a reservation, a file is created, including the name of the person who reserved the flight and any others traveling in the party. The electronic file often also contains details on rental cars or hotels, credit card information relating to travel, contact information for the passenger and next of kin, and at times even personal preferences, like a request for a king-size bed in a hotel.

European authorities currently have no system in place to routinely gain access to this Passenger Name Record data. Mr. Frattini, his spokesman said, intends to propose that governments across Europe establish policies that allow them to tap into this data so they can quickly check the background of individuals boarding flights to Europe.

“It is not going to solve all our problems,” Mr. Abbing said. “It is not going to stop terrorism. But you need a very comprehensive policy.”

American authorities, under an agreement reached with European authorities in 2004, are already allowed to pull most of this information from the reservation company databases for flights to the United States to help look for people on watch lists.

Members of the European Parliament successfully challenged the legality of this agreement, resulting in a ruling in May by Europe’s highest court prohibiting the use of the data after Sept. 30, unless the accord is renegotiated. European and American officials expect to reach a new agreement by the end of September.

But Mr. Chertoff said that in addition to simply reinstating the existing agreement, he would like to see it eventually revised so American law enforcement officials had greater ability to search the data for links to terrorists.

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Under the current agreement, for example, the United States government can maintain Passenger Name Record data on European flights for three and a half years. But it is limited in its ability to give the data to law enforcement agencies to conduct computerized searches. Those searches could include comparing the passenger data to addresses, telephone numbers or credit card records on file for known or suspected terrorists, Mr. Chertoff said.

"Ideally, I would like to know, did Mohamed Atta get his ticket paid on the same credit card," Mr. Chertoff said, citing the lead hijacker of the 2001 plots. "That would be a huge thing. And I really would like to know that in advance, because that would allow us to identify an unknown terrorist."

Paul Rosenzweig, a senior policy adviser at the Homeland Security department, said the use of the passenger data would be negotiated with European authorities.

"We are handcuffed in what we can do with it now," he said. "It would be a big step forward if we could identify ways in which we can use this information to enhance our ability to detect and prevent terrorism while at the same time remaining respectful and responsive to European concerns regarding privacy."

But the proposals to expand access to this data will be likely to spur objections.

Graham Watson, the leader of the Liberal Democrat group in the European Parliament, said that given the previous opposition to the American use of the passenger record data, he expects the plan by Mr. Frattini will draw protests.

"I think that is unlikely to fly," he said in an interview on Monday.

The problem, Mr. Watson said, is not a lack of information, but the unwillingness of individual European states to share with other countries data on possible terrorists so that it can be effectively used to block their movement internationally.

Mr. Stanley of the civil liberties union said that if Mr. Chertoff and Mr. Frattini continued in the direction they are headed, the government would soon be maintaining and routinely searching giant databases loaded with personal information on tens of millions of law-abiding Americans and foreigners.

But Stephen A. Luckey, a retired Northwest Airlines pilot and aviation security consultant, said those efforts were an essential ingredient in a robust aviation security system.

"Even with the best technology in the world, we will never be able to separate the individual from the tools he needs to attack us," said Mr. Luckey, who helped airlines in the United States develop a screening system for domestic passengers. "You are not going to find them all. You have to look for the person with hostile intent."

Terror Fears Stretch Already Burdened Travelers Aid Group (WSJ)

By Melanie Trottman

The Wall Street Journal, August 22, 2006

As the Dallas director of Travelers Aid International, which serves as a guardian angel to people on the move, Bruce Freeman has become an expert in helping road warriors navigate the shifting landscape of airport security.

His new morning office routine includes logging on to a federal-government Web site to download the latest list of items banned and allowed aboard planes. On Wednesday, he puzzled over how he would explain the newest addition to the Transportation Security Administration's list: gel-filled bras. (They are allowed when worn for medical reasons, but the TSA recommended that they be put in checked baggage.) The new guidelines also have kept him busy mailing home banned items for travelers who are forced to remove them from carry-on bags.

This month's news about the foiling of an alleged terror plot raised the anxiety levels of fliers, but it also has added to what already was growing demand for the services of Travelers Aid, the nonprofit organization devoted to assisting confused, frustrated and stranded travelers.

The calls for help that have poured into Travelers Aid offices around the country in recent days have underscored the service's challenge in finding funding and volunteers. Travelers Aid operates booths in 27 North American airports, where volunteers help travelers with such requests as booking hotels after flights are canceled and supplying emergency diapers for infants.

The requests for assistance may not involve matters of national security, but they are deeply important to the parties involved. When Tom Giordano, a scout for the Texas Rangers baseball team, settled in on a flight from Dallas-Fort Worth

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International Airport earlier this month, he realized he had forgotten his laptop at the airport security checkpoint. Seeking help, he says he was fruitlessly bounced from the airline to the Transportation Security Administration. Then he called Travelers Aid, which handles lost and found at the Dallas-Fort Worth airport, and it mailed the laptop to him. "In less than 24 hours, I got my computer back. It was amazing," said Mr. Giordano.

At Washington-Dulles International Airport, where Travelers Aid helps manage the airport's lost-and-found department, one woman deliberately left behind an expensive bottle of perfume at the Travelers Aid office hoping she could later collect it from the lost and found -- a strategy many travelers seemed to be adopting as random items have been "forgotten" at the organization's office in recent days, said Mary DeHaven, the Travelers Aid program manager at Dulles.

As airlines cut services to help reduce expenses, fliers are turning to Travelers Aid to pick up some of the slack. The cutbacks have come amid a surge in air travel. Last year 5.5 million people came to the Washington-based group for help in airports, up from 4.7 million in 2003 and three million in 2000 according to the agency. As U.S. airlines have eliminated 165,000 jobs since 2001 -- many of them customer-service agents at airports -- airline employees are more frequently referring their customers to Travelers Aid, says Christine Okinaga, director of volunteers for the group at Los Angeles International Airport, which helped more than 900,000 people last year.

A spokesman for the Air Transport Association, a trade group for U.S. carriers, says he hadn't heard anything about airlines shifting more work to Travelers Aid. But he acknowledges that airline budgets are tighter. "They're faced with the same economic uncertainty as many other organizations dealing with commercial transportation," says the spokesman.

Travelers Aid is having its own problems these days. Some chapters lack the funding to pay for parking fees and meals for volunteers who often work overtime during hectic periods. That's made it harder to recruit volunteers, especially when many potential workers say they don't want the hassles of dealing with increasing airport security.

Travelers Aid dates to 1851 when the population of the U.S. was expanding westward. A St. Louis mayor bequeathed seed money to start a group to help pioneers who had stalled in their journey because of illness, a lack of food or money, or unreliable stagecoach service. During World War II, Travelers Aid operated "troop transit" lounges in 175 locations including bus and train depots. Today the group still operates in 10 bus terminals and six train stations, though its major presence is in airports.

Travelers Aid is trying to adapt to the times. Sixteen months ago, the group's national headquarters hired a director of development in hopes of raising money to open booths at more airports and raise the group's profile. Since then, the group has managed to add locations -- five over the past 12 months -- sometimes by linking up with other stand-alone passenger-aid programs at airports, said Martha Morris, director of development at the national headquarters.

Each local Travelers Aid chapter has its own budget and funding sources. The chapters don't get funding from national headquarters, but they do benefit from partnerships the organization has arranged, such as discounts on Greyhound bus tickets and prepaid phone cards. Funding for all the chapters amounts to about $21 million a year, says Ms. Morris.

The agency has approached the airlines for financial help, reasoning that most of the people it helps are the airlines' customers, but requests have either been ignored or politely declined, says Ms. Morris. Some chapters have gotten creative in their search for funding. At Dallas-Fort Worth International Airport, one of the busiest in the nation, where Travelers Aid is funded in part by the United Way, the agency recently wangled a deal to serve as the airport's Lost and Found office in exchange for some additional funding from the airport.

The organization is broadening its effort to attract volunteers, using the Internet as a recruiting tool, but many locations remain short-staffed. Los Angeles International's volunteer force has remained at 285 for the past five years though traffic at the airport has grown substantially. The worker shortage forces Travelers Aid to close booths in some cities as early as 6 p.m.

Still, some workers find themselves drawn to the agency. Many Travelers Aid volunteers are airline-industry retirees who want to stay close to the excitement of aviation after leaving their jobs.

Jim Feaster liked volunteering for Travelers Aid so much that, after 13 years of service, he recently became a part-time employee for the organization's Dallas chapter. "I was always interested in the travel industry," says Mr. Feaster, a retiree from Southwestern Bell who said he visits airports as if they're tourist attractions. "I think people get frustrated with voice mails. They want to talk to a person," he says.

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Questions from passengers are getting more complicated, as well as more numerous. Direct flights from Chicago's O'Hare International Airport to India, for example, have flooded the Chicago Travelers Aid office with more Hindu-speaking passengers seeking assistance in their native language. That means greater use of a translation hot line the group supplies.

And while the Internet has given travelers more control over their itineraries, it's sometimes worked against them as travelers miss connecting flights because they didn't allow enough time to change gates.

At Reagan Washington National Airport, volunteer Roger Lotz has had to put in extra shifts recently. Among other tasks, he has helped to find hotel rooms for travelers who have missed flights because they were stuck in long security lines.

On one Friday night before the latest terrorism scare, Mr. Lotz helped to field about 150 questions in a three-hour period. He returned three lost wallets to their owners, helped an Army sergeant heading home to retrieve her baggage after missing a connecting flight, and negotiated discounted hotel room rates for stranded passengers.

"We're going to be that calm voice that says: 'We understand that something bad has happened to you. And we're going to help fix it,' " says Mr. Lotz.

Looking Ahead To Iowa (WSJ)

WSJ Online's "Washington Wire", August 21, 2006

The Republican party has yet to set a date for the Iowa caucus preceding the 2008 presidential election, but Arizona Senator and presumptive candidate John McCain is already making folksy appeals to the state's voters. Appearing on NBC's "Meet the Press" this morning, McCain said he had the privilege of meeting a nearly 1,200-pound pig named Waldo during a recent trip to the Iowa State Fair. "Talk about pork barrel spending," said McCain, an outspoken critic of excessive federal spending. "Give me an earmark," McCain said Waldo told him. – Ben Winograd

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August 20, 2006, 1:50 pm McCain and Connecticut

On NBC's "Meet the Press," John McCain is asked if he would campaign for longshot Republican Alan Schlesinger in the three-way Connecticut Senate race against Ned Lamont and Joseph Lieberman. McCain says no, first pointing to his party-determined appearance calendar but then adding that while he will support the Republican nominee, he couldn't campaign against Lieberman, whom he calls a close friend and a "great American."

Looking ahead to 2008, McCain appears strong against big-name Democrats who could figure as presidential challengers. Hillary Clinton makes the best challenge, trailing McCain by two points among registered voters in a newly released Time magazine poll. Other leading Democrats fare worse: Al Gore is down 9, while John Kerry trails by 10.

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August 20, 2006, 1:31 pm Rethinking Iraq

Sen. Joseph Lieberman's support for the war in Iraq cost him his party's nomination in defending his seat this year, but if the situation continues to deteriorate there he concedes Congress may have to have a chance to revisit the issue.

Asked on CBS's "Face the Nation" if the sectarian violence develops into civil war, should Congress get another vote on a continued U.S. presence there, after some hemming he said yes, it should. "And I think there would be bipartisan in doing it. But look, let me state it again. We have to do everything we possibly can; we have to demand everything we possibly can of the Iraqis." He also said more needs to be done by the international community.

"We have to try — I saw a suggestion recently, not a bad one, that the United States and our allies, the Brits particularly, ought to try to convene and international crisis conference on Iraq, bringing in the Europeans, and particularly, the other Arab countries who are now worrying that, if Iraq collapses and falls into civil war, that Iran will surge in and dominate and claim a victory. I think it's worth trying that again and bringing the various parties in Iraq to that international conference."

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August 20, 2006, 1:26 pm Keeping Mum on Pension Reform

Though it has its own concerns about sweeping pension overhaul legislation signed into law last week, the government's pension insurer isn't cooperating with another critic and has refused to turn over documents that include its latest funding analysis of the law.

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In a July 27 letter to Rep. George Miller (D., Calif.), the Pension Benefit Guaranty Corp. denied Miller's Freedom of Information Act request for the documents, saying "the disclosure of this material would not further the public interest at this time and would impede the operations of the PBGC." The PBGC, which assumes the pensions of companies that file for bankruptcy protection, said it had identified three e-mails "that appear to fall within the scope of your request."

Miller opposed the pension reform bill, which requires that companies fully fund their defined-benefit pension plans, arguing that it was weaker than current law. President Bush signed it Thursday. The law takes effect in 2008 andwill be phased in over seven years. – Deborah Solomon

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August 18, 2006, 4:06 pm Economy as Bright Spot

On a sun-splashed morning at Camp David, Bush and White House advisers gave glowing accounts of the economy, hopeful of improving voters' dark mood.

Bush doesn't get much credit in polls for keeping the economy intact through stock-market gyrations, corporate scandals, terrorist attacks, two wars and soaring energy prices. Voters also seem surprisingly pessimistic about the economic future, given the current good growth, inflation and unemployment numbers.

The global war on terrorism is one big factor in voters' dim views of the economy. In a conference call with reporters later in the afternoon, chief White House economist Ed Lazear noted that assessments of the economy improved by 13 percentage points after U.S. forces killed Abu Mussab al Zarqawi, the al Qaeda leader in Iraq, an event that had virtually no real economic impact. Long-term worries about globalization are another overhang. Hence yesterday's confab with the administration's economic team.

In his own remarks, Bush's message was simply that "things are good for American workers and good for the entrepreneurs." No new policy was enunciated, although Bush's advisers said later that they'll make another push for entitlement reform as well as tax reform. They also are hopeful that new proposals on higher education and scientific research will quiet voters' fears about the long term outlook, while new spending on alternative fuels will help with gas price worries.

For his fall agenda, Bush also pushed the line-item veto power; various proposals to make health care more affordable; litigation reform; and opening new markets. The White House also believes that the squeeze being felt by low-wage workers due to high gas prices and health care inflation is mitigating somewhat, thanks to decent levels of new job creation, as Treasury Secretary Paulson noted.

For his brief remarks, Bush brought a big retinue. As he stood at the lectern he was flanked by eight members of his administration, including Vice President Cheney, Al Hubbard, director of the National Economic Council, and budget director Rob Portman. –John D. McKinnon

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August 18, 2006, 2:12 pm Labor Strife

Today's Labor Department report on state unemployment trends has bad news for some incumbents, and good news for challengers.

Sen. Debbie Stabenow, a Michigan Democrat, touts her six-point job creation plan, but her state lost 26,800 jobs last month and the unemployment rate in Michigan soared 0.7% to 7%. The National Republican Senatorial Committee, which naturally supports her challenger, Oakland County Sheriff Michael Bouchard, pounced on the news, calling the incumbent "anti-business" and saying she'd voted for the interests of the National Association of Manufacturers only 18% of the time.

Michigan's job losses are a problem for another Democrat in that state, incumbent Gov. Jennifer Granholm, who is facing Republican businessman Dick DeVos in November.

Alaska's Gov. Frank Murkowski's tough primary fight next Tuesday didn't get any easier with the annoucement that his state's jobless rate hit 7% in July, up from 6.6% in June.

The report also presents a challenge for Republican incumbents in Ohio such as Rep. Deborah Pryce and Sen. Mike DeWine. Ohio shed 5,000 jobs in July, pushing the state's unemployment rate up to 5.8% from 5.1%, well over the national average of 4.8%. Likewise in Rhode Island, where moderate Republican Sen. Lincoln Chafee faces a challenge from more conservative Steve Laffey. The state unemployment rate is now 5.6%, up from 5%

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On the other hand, Virginia's unemployment rate stood at 3.2% in July, well below the national rate, which could be a boon to incumbents facing reelection such as Republican Sen. George Allen. Similarly, embattled Republican Sen. Conrad Burns of Montana has the benefit of his state's low 3.8% unemployment rate and a gain of 5,500 jobs last month. –Christopher Conkey

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August 18, 2006, 8:12 am A Rebellion in Rhode Island?

Democrats chafed when Republicans used antiwar Senate candidate Ned Lamont's Connecticut primary victory to portray them as captives of their left wing. There could be some payback next month.

That's when Rhode Island Republicans face their own choice about whether to oust their party's version of a moderate incumbent, antiwar Sen. Lincoln Chafee, in favor of a sharp-edged partisan conservative. Challenger Steve Laffey supports the Iraq war, opposes abortion rights, wants border controls to tighten immigration before any guest-worker program is considered and backs extension of all of President Bush's tax cuts — all positions contrary to Chafee's.

The competition is also one of personalities, pitting a wealthy, soft-spoken aristocrat — Chafee — against a self-made businessman — and current mayor of Cranston — who thrives on confrontation and competition. Darrell West, a political-science professor at Brown University, says Laffey "is polarizing. People either love him or hate him." There are no public polls on the primary that quantify their standings, but both candidates are campaigning as if they are in a tight race, and even Chafee acknowledges his political career could be endangered. Read the full article. – Jeanne Cummings

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August 18, 2006, 12:06 am White House Battles to Stem Slide in Support for Iraq War

Most Americans and lawmakers have opposed rapid exit despite Baghdad violence. But opponents, recalling CBS anchor Cronkite's 1968 turn against Vietnam, see pivotal moment as columnists Friedman and Will hit administration stance.

"The key to whether we're at a turning point is … whether Iraq is in a civil war," says Duke professor Chris Gelpi; demand for pullout would swell if public accepts that "permanent label of failure." Rove deputy Pete Wehner, rebutting Will, insists changing Middle East requires "more than the historical blink of an eye."

Bush's average approval in recent polls resembles LBJ's 36% after Cronkite's "stalemate" declaration.

BUSH TEAM can't count on falling gas prices.

Economic advisers gather at Camp David today, weeks before traditional end-of-summer easing of demand. Yet prices stand 30% above 2005 levels, and remain sensitive to supply disruptions.

In three of past four years, prices rose after August. In Arizona Senate race, Republican incumbent Kyl hails more spending on renewable fuels as Democratic challenger Pederson ties him to Bush's "more of the same" approach.

DEMOCRATS WORK to deflect Republican security theme.

House Leader Pelosi will unveil task force headed by California Rep. Waxman to probe $100 billion in alleged wasteful or fraudulent spending on Iraq, Katrina and homeland security. Senate counterpart Reid makes "Hope and Recovery" trip to Louisiana in advance of Bush's visit.

But Republicans count on alleged London airline-bombing plot and Democratic divisions in Connecticut to help restore traditional security edge. "The new 9/11 movie can frame the public mindset" around five-year anniversary, says a top aide to House Speaker Hastert.

In new Pew poll, just 2% say they most want to hear candidates discuss terrorism, far behind education or gas prices.

NEW TACTIC?: U.S. counterterrorism officials join European allies in considering employing moderate Muslim imams to stem radicalism. Police departments in New York and Los Angeles explore same idea, but officials stress difficulty of handling the sensitive issue.

NEW LIFE? Failed congressional security proposals seek post-London revival. Democratic Rep. Markey promotes screening all air cargo for explosives, while airports seek to raise the 45,000 cap on federal screeners. But House subcommittee chairman Hal Rogers of Kentucky, who has blocked efforts to raise cap, calls current level "very reasonable."

NEW ISSUE? Forthcoming census data on income inequality may fuel 2006 campaign debate. Typical voters "feel they're falling behind," says Democratic pollster Fred Yang. Republicans hail recent rise in take-home pay for average workers.

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NEW URGENCY? Despite competition with Iran to show goodwill, Western offers for Lebanon rebuilding have been tentative, with talk of a donor's conference next month. World Bank President Wolfowitz creates a task force, but needs assessment alone could take up to 60 days. No decisions have been made on type of assistance package.

SEN. ALLEN HURTS nascent presidential bid by making fun of challenger's aide.

Virginia Republican's videotaped jibes at the aide, an American of Indian descent, are "not the way to re-enter" national stage, says key New Hampshire Republican Tom Rath. Allen had won praise for affability, and sought to quiet questions about racial views by promoting apology for Senate's historic failure to outlaw lynching.

"Today, if he calls into South Carolina or New Hampshire or Iowa, he must start the conversation with an explanation," crows a strategist for 2008 rival McCain. Noting Allen's apology and lead over Senate challenger Jim Webb, 2006 campaign manager Dick Wadhams vows "we'll come out stronger" from the "learning experience."

Bush adviser says incident won't keep president from next week's Allen fund-raiser, hosted by ex-Republican chief Ed Gillespie.

MINOR MEMOS: Capitol Advantage offers free service attaching constituents' pictures to their emails to Congress, citing help in avoiding spam filters. … Ex-Clinton Cabinet Secretary Espy limped out of Washington in corruption probe, but football-playing son has sprinted back, leading Redskins receivers with four catches in first preseason game. – John Harwood

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August 17, 2006, 5:57 pm Planning Ahead

A coalition of Democratic groups announced Thursday formation of "Foundation for the Future," a new 527 political action group aimed at helping elect state legislators in 2008 and 2010, putting them in place before the 2012 redistricting effort that could revamp the boundaries of House seats.

The group plans to raise $17 million during the next six years to research demographics, analyze voting patterns and help Democrats win elections. The American Federation of State, County and Municipal Employees labor union has pledged to donate $9 million.

The effort responds to a Supreme Court ruling upholding a Texas redistricting map orchestrated by former Majority Leader Tom DeLay that netted five Republican seats. –Jeanne Cummings

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August 17, 2006, 5:53 pm Politics Makes Strange Bedfellows

Without a party to call home, Connecticut Sen. Joe Lieberman is assembling a surrogate that could have some odd pairings. Lieberman is running as an independent candidate after losing his primary last month to businessman Ned Lamont.

The U.S. Chamber of Commerce, which endorsed Lieberman, vows to continue helping. Meanwhile, the Connecticut AFL-CIO ponders its next move. Several unions are split between Lieberman and Lamont, firefighters back the incumbent while teachers are with the newcomer. Both candidates are courting Big Labor players, the SEIU and AFSCME, which will make endorsement announcements next month.

Meanwhile, a new Quinnipiac University poll of likely voters released Thursday shows Mr. Lieberman ahead with 53% of the vote. Lamont trails with 41% and Republican nominee Alan Schlesinger garners just 4% support. Both Lieberman and Lamont had more backing from Republicans than Schlesinger. – Jeanne Cummings

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August 17, 2006, 3:11 pm Moving On at DOT

The Transportation Department's chief of staff, John Flaherty, is following his former boss out the door next month after more than five and a half years on the job. Norman Mineta, the only Democrat in President Bush's cabinet, stepped down as Transportation secretary this spring.

"I've put on more weight and have less hair" than when he assumed the post in Jan. 2001, Flaherty said. He said he is weighing "four or five different but interesting offers" and hasn't decided which one to take. His last day at the department is Sept. 5. –Laura Meckler

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August 17, 2006, 2:06 pm Surveying Surveillance

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A federal judge's ruling rejecting the government's warrantless wiretapping program comes amid swirling debate over the use of both surveillance and profiling in defending against potential terrorist attacks. A new Harris Interactive poll released late Wednesday shows a majority of Americans favor increasing surveillance of suspected terrorists through cameras, banking records and cellphones. But many say such actions should require authorization by Congress. The poll — conducted July 21-24, 2006, before news of the trans-Atlantic terrorist plot — also shows that public opinion of the Bush administration's efforts at fighting terrorism is falling: 45% said it has done an excellent or pretty good job, down from 57% in June 2005 and 70% in February 2004. Read more on the poll. Also, read Judge Judge Anna Diggs Taylor's ruling in the wiretapping case.

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August 17, 2006, 2:02 pm No-Match Matters

The National Immigration Law Center, a Los Angeles-based advocacy and legal-aid group, warns that the government's push for tougher workplace enforcement of immigration laws will spur the underground economy.

In a 24-page letter to the Department of Homeland Security, the law center writes that its experience is that "the fired [illegal] workers will not leave the country....[T]hey will simply find more marginal jobs, most likely in the unregulated cash economy."

The law center wrote the warning on behalf of the AFL-CIO, a day-laborers' organization, and some church and Hispanic-advocacy groups that have been lobbying for a Senate bill that would allow illegal immigrants to stay in the country and eventually acquire citizenship. Even so, the center's warning raises a new question in the immigration debate: Could measures to improve workplace enforcement actually backfire?

A key to the Senate measure is tougher scrutiny of the documents, including Social Security cards, that workers must show to prospective employers. Employers now aren't required to check that those documents are valid, and many illegal immigrants use forged Social Security cards that use another person's Social Security number. The fraud can be revealed when the employer sends the worker's taxes into that Social Security account, and the name and number don't match. At that point, the government sends the employer a "no-match letter," indicating a problem.

The law center warns that the current stepped up workplace enforcement will prompt "overly-cautious employers" to fire workers rather than resolve the discrepancy. That, it adds, will "risk the livelihoods of hundreds of thousands — possibly millions — of workers," yet have "no impact" on illegal immigration. Immigrants will keep coming, it warns, and will work off the books, resulting in "substantial losses in state and federal tax revenues." Beyond that, it cautions, Social Security would take on a new role — immigration enforcement — for which it's not prepared. –June Kronholz

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August 17, 2006, 1:20 pm After Dramatic Engine Failure, FAA Steps In

Federal regulators are significantly tightening inspection and repair schedules for a family of General Electric engines widely used on jetliners, in the wake of an engine failure during ground testing in June that badly damaged an American Airlines Boeing 767.

The FAA decided to tighten safety rules for the engines following a spectacular failure of an engine in June during grounds tests at Los Angeles International Airport. Federal accident investigators said such a failure, if it had occurred during flight, could have resulted in a crash.

In a written summary of its actions, the FAA said it decided to act "even before determining" the root cause of the June incident in order to "reduce the risk of another such event." Read the full article. – Andy Pasztor

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August 17, 2006, 8:55 am Bounce for Lamont, but Lieberman Still Leads

The strange math of the Connecticut Senate race is getting even stranger, as Ned Lamont's numbers improve and the Republican nominee falls deeper. In the latest Quinnipiac poll, Joe Lieberman, running as an independent, leads Lamont among registered voters 49% to 38%, while Republican Alan Schlesinger gets support from just 4%. While this means Lamont still trails the man he just beat in the Democratic primary, it does mark a significant tightening of the race. In the previous three-way Quinnipiac poll, held ahead of the Democratic primary, Lieberman led Lamont 51% to 27%, with Schlesinger at 9%.

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August 17, 2006, 8:16 am Pennsylvania Barometer

The Pennsylvania Senate race is a barometer for a crucial question this election year: Will widespread public anger — about President Bush and issues ranging from war to scandal — lead voters to toss out large numbers of Republican incumbents and end Republican control of Congress? Or can Republicans do enough to distance themselves from their party's leader and his track record to hang on?

This campaign suggests it could go either way. Polls have consistently shown Democrat Robert Casey Jr., now state treasurer, with a strong lead throughout the year. But two recent surveys have shown Sen. Rick Santorum closing the gap. A Quinnipiac University poll released Tuesday shows Casey leading 47% to 40% in a two-way race, down from a 52% to 34% lead in June. In a three-way race, including a Green Party candidate who has received funds from Santorum's supporters, Casey leads 48% to 42%.

Mr. Santorum's gains came after an advertising and campaigning blitz that played down his ties to the White House and the congressional Republican leadership. When President Bush arrived in Lancaster, Pa., yesterday to campaign for the Republican gubernatorial candidate, Santorum was 130 miles away campaigning at an agricultural event. Read the full article. – Sarah Lueck

Aug.18, 2006

Labor Strife

Aug.18, 2006

A Rebellion in Rhode Island?

Aug.18, 2006

White House Battles to Stem Slide in Support for Iraq War

Aug.18, 2006

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READER RESOURCES

See several key resources, including The Wall Street Journal/NBC News poll, a roundup of Senate and gubernatorial races and links to government, political and public-policy Web sites.

Eleven Charged Over Alleged Terror Plot (FT)

By Jimmy Burns And Farhan Bokhari

Financial Times, August 22, 2006

Eight suspects arrested over the alleged plot to blow up several US-bound aircraft in mid-flight were on Monday charged with conspiracy to murder, as senior security officials warned of a "deadly and enduring" terrorist threat.

Three other people were also charged with different offences.

Peter Clarke, the head of Scotland Yard's anti-terrorist branch, said the investigation into the alleged plot was "far from complete" and its scale "immense" and global in nature.

It emerged separately that investigators are looking into other links to the plot in several European countries, including Italy, and possibly Germany and Spain, as well as pursuing inquiries in Pakistan and Afghanistan.

"We must be realistic. The threat from terrorism is real, it's here, it is deadly and it is enduring," said Mr Clarke.

A total of 11 were charged – eight under enhanced British terrorism laws with conspiracy to murder and preparing acts of terrorism between January this year and August 10, when UK police moved overnight to thwart the suspected plot to bring down

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as many as 10 planes travelling from the UK to the US. Two others were accused of failing to disclose information and a 17-year-old male faces a charge of possessing articles useful to a person preparing acts of terrorism.

A further 11 individuals arrested during the August 10 operation remained in custody on Monday night without charge but under "active investigation". A man and a woman have been released. Police on Monday confirmed that they had seized bomb making equipment, including hydrogen peroxide, a component similar to that used in a home-made explosive by the London suicide bombers of July last year, and a favourite weapon of suicide bombers in the Middle East. They also revealed that they had seized more than 400 computers, 200 mobile telephones and 8,000 items such as memory sticks, CDs and DVDs, including so-called "martyrdom videos" made by some of the alleged plotters.

Sally Leivesley, a leading security analyst who advises governments on transport and infrastructure safety and protection, said the information released by UK police suggested the alleged terror plot had been planned to be the biggest attack since those against New York and Washington on September 11, 2001.

"This looks like a plot with a huge international dimension, with a plan to cause more casualties than even 9/11, with numerous planes at risk of crashing into populated areas," Ms Leivesley said. She urged the airline industry to agree on international standards that would reduce the amount of hand-luggage permitted and suggested all major airlines allow passengers to take on board only documents in transparent plastic bags.

While the state of alert in the UK has been reduced from "critical" to "severe", there have been arrests over the past 10 days in Germany and Italy linked to possible further attacks on transport systems. In Pakistan, investigators believe an al-Qaeda cell based in Kandahar, a stronghold of the Taliban movement, in southern Afghanistan may have played a key role.

Britain Charges 11 In Plane Case; Bomb Gear Cited (NYT)

By Alan Cowell

The New York Times, August 22, 2006

LONDON, Aug. 21 — The British authorities charged 11 people on Monday in connection with a suspected plot to blow up United States-bound airliners, and said investigators had discovered "martyrdom videos" and bomb-making materials in a far-reaching search of homes, cars, woodland and other locations.

At least 8 of the 11 were thought to form a hard core of bombers who planned to assemble liquid-based explosives on board airplanes and detonate them, they said.

The 11 charged, who are to be arraigned Tuesday, were among 23 people being held in the case. Of the remaining 12, one woman, who was not identified, is to be freed. The rest are to remain in custody under counterterrorism laws permitting 28 days of detention without charge, said Susan Hemming, a lawyer from the Crown Prosecution Service.

The decision to press formal charges followed days of widening public skepticism about the extent of the suspected plot, first disclosed on Aug. 10, when the police warned that conspirators had planned to commit mass murder on what one officer called an "unimaginable scale."

The information disclosed Monday gave a sense of the scope of the investigation, beginning with months of surveillance of the suspects before most were arrested on Aug. 10 that produced "highly significant video and audio recordings," said Peter Clarke, the head of London's anti-terrorism police.

Since then, he said, the police have searched "69 houses, flats and business premises, vehicles and open spaces" and recovered 400 computers, 200 cellphones and 8,000 data storage devices such as memory sticks and DVD's. The aim in offering such detail at the news conference — at which no questions were permitted — seemed twofold: to give the public a glimpse into the kind of evidence that was being amassed and to offset charges that the police had overreacted to a threat.

But the credibility of the allegations will not be tested until the accused are taken before a jury — a trial not expected to begin for at least two years.

Ms. Hemming said 8 of the 11 suspects charged Monday were accused of conspiracy to murder as well as an offense under new counterterrorism laws, "preparing acts of terrorism." The charges accuse them of planning "to smuggle the component parts of improvised explosive devices onto aircraft and assemble and detonate them on board."

The three others were charged with lesser offenses under counterterrorism legislation dating to 2000, Ms. Hemming said.

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The extent of the charges raised new speculation about the plot, possibly suggesting that it was more limited than indicated by the sweep of the first arrests. Of an initial 24 arrested, only 8 were charged Monday with the most serious offenses.

The 11 charged suspects do not include all of those on a list issued earlier by the Bank of England of people whose assets were being frozen as part of the inquiry. For example, they do not include Tayib Rauf of Birmingham, whose brother Rashid Rauf was arrested by Pakistani authorities who said they suspected him of being a "key player."

Ms. Hemming said the authorities had not decided whether to seek the further detention of any of the suspects still being held without charge. Under counterterrorism laws, the authorities must apply to a High Court judge by Wednesday to detain them for another seven days.

A police official, who insisted on anonymity because the case was still unfolding, said it was possible that more people would be charged with conspiracy. Under British law, people who have been charged may not be interviewed further by the police, unlike those held under the 28-day counterterrorism law.

So far, Mr. Clarke said, the police have found bomb-making chemicals, including hydrogen peroxide and electrical components, recalling earlier British and American accounts that there was a plan to mix liquids into an explosive cocktail once they had been carried aboard airliners heading for American cities.

Mr. Clarke went on to say: "We have also found a number of video recordings — these are sometimes referred to as martyrdom videos. This has all given us a clearer picture of the alleged plot."

After the London Transport bombings of July 7, 2005, two of the four attackers, who killed 52 people, were shown in videos warning that more attacks would follow.

Although the July 7 bombings and further attempts two weeks later, on July 21, caused deep anxiety, little information has emerged about the extent of the continuing terrorist threat. No criminal charges have been brought in connection with the July 7 bombings, and there are tight legal restrictions preventing British news organizations from reporting details of other suspected plots, for fear of prejudicing trials.

Mr. Clarke offered no prospect of a quick solution to the latest case.

"The meticulous investigation of all this material will take many months," he said, referring to the seizure of documents and computer data taking up 6,000 gigabytes. "All the data will be analyzed. There will be thousands of forensic examinations and comparisons. Fingerprints, DNA, electronic data, handwriting comparisons, chemical analysis and indeed the full range of forensic disciplines will be used."

In discussing the case in public, the police trace a fine line between seeking to convince the public of the threat they face and avoiding prejudicing the suspects' trial.

Currently the British police are embroiled in one major terrorism trial under way and a second that is to open in October, when five suspects face charges related to the failed bombings on July 21, 2005.

The 11 suspects who were charged Monday seemed to be mostly British Muslims of Pakistani descent, but one was identified as Umar Islam, also known as Brian Young, a convert to Islam. Another was Ibrahim Savant, also a convert.

The eight people charged with conspiracy to murder were also charged with planning "to smuggle the component parts of improvised explosive devices onto aircraft and assemble them and detonate them on board."

The three others include the youngest suspect, a 17-year-old — whose name was not released because of British legal restrictions on identifying minors — accused of possession of "a book on improvised explosives devices, some suicide notes and wills with the identities of persons prepared to commit acts of terrorism and a map of Afghanistan containing information likely to be useful to a person committing or preparing an act of terrorism."

They also include a woman, Cossar Ali, and a man called Mehran Hussain, who were accused of failing to disclose information that could prevent an act of terrorism.

Mr. Hussain was charged with failing to tell the authorities what he knew about Nabeel Hussain, one of the 11 people still held without charge under the counterterrorism laws. The charge against Mehran Hussain dated to Sept. 23, 2005, suggesting that he had been under surveillance since then.

Ms. Ali was accused of failing to divulge information about Ahmed Abdullah Ali, also known as Abdullah Ahmed Khan, widely reported in British newspapers to be her husband. He is one of the eight accused of conspiracy to murder.

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Those eight were, in addition to Mr. Ali, Adam Khatib, Ibrahim Savant, Waheed Zaman, Tanvir Hussain, Umar Islam, Arafat Waheed Khan and Assad Ali Sarwar.

11 Suspects Are Charged In Alleged Airliner Plot (LAT)

By Kim Murphy

The Los Angeles Times, August 22, 2006

LONDON -- Citing evidence that includes "martyrdom videos," suicide notes and bomb-making equipment, authorities Monday filed criminal charges accusing 11 suspects of involvement in an alleged plot to smuggle explosive devices onto airliners bound for the United States.

The first public disclosure of the results of a months-long investigation offered only a brief overview of evidence, but hinted at a trove of material and leads yet to be examined.

"The scale is immense. Inquiries will span the globe. The enormity of the alleged plot will be matched only by our determination to follow every lead, and every line of inquiry," said Peter Clarke, chief of counterterrorism for the London police.

Authorities said they expect to spend months examining the results of at least 69 searches of houses, business, cars and woods, which have yielded more than 400 computers, 200 mobile telephones and 8,000 computer data storage devices.

"I would like to reassure the public that we are doing everything we can to keep you safe, for you to live your lives without constant fear. However, we must be realistic," Clarke said at a news conference announcing the criminal charges.

"The threat from terrorism is real, it is here, it is deadly and it is enduring," he said. "As we look for explanations, we cannot afford to be complacent and ignore the reality of what we face."

But authorities have faced increased skepticism from the public, particularly Britain's estimated 1.5 million Muslims, after two previous controversial cases in which terror suspects were shot during the course of police actions that did not produce prosecutable evidence of terrorism plots.

Eleven suspects remain in custody without charges. One suspect, a woman, was released Monday.

Eight suspects were charged with conspiracy to commit murder and preparing acts of terrorism. Two others, including a young mother whose husband was charged in the plot, were accused to failing to disclose information that could have prevented a terrorist attack.

A 17-year-old boy, who was not identified because of his age, was charged with possessing a book on bombs, suicide notes and the wills of people who were prepared to commit acts of terror. He also had in his possession a map of Afghanistan containing information "likely to be useful" to a person preparing an act of terrorism, authorities said.

All of those charged are British nationals of Pakistani descent, except for two non-Asians who are converts to Islam.

Two brothers who have been identified in British press reports as the purported ringleaders of the plot -- Rashid Rauf, whose arrest in Pakistan is thought to have triggered the other arrests, and his brother, Tayib, arrested in Birmingham -- are among the 11 suspects who have not been charged in the British courts; Rashid Rauf remains in custody in Pakistan.

Susan Hemming, head of the Crown Prosecutors Service counterterrorism division, who signed off on the charges, said the remaining suspects are "under active investigation."

"Their position is being assessed on a regular basis with a view to considering the need to keep them in detention," she said. "We cannot yet make a decision about whether further charges will follow," or whether authorities will seek to extend their detention when the current warrant runs out on Wednesday, she said.

Under British law, police can hold terrorism suspects for 28 days without filing criminal charges, though a judge must review the cases periodically during that period.

Legal analysts said the government was under substantial public pressure to disclose the nature of the evidence, after several investigations went awry.

In the first case, a 27-year-old Brazilian man was shot to death in the subway by police officers who said he had emerged from a house that was being watched, and acted suspiciously. The July 22, 2005 incident came a day after police foiled a bomb plot aimed at London's transit system, and three weeks after the July 7, 2005 explosions that killed 52 people on that system.

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In June, police looking for a purported chemical device raided a house in the neighborhood of Forest Gate and shot 23-year-old Mohammed Abdul Kahar, who lived there, in what police said was an "accidental discharge" of an officer's weapon. Kahar survived the shooting. No chemical device was found.

Public skepticism about the current case has grown in the days since authorities announced sweeping arrests and a plot police said at the beginning was "intended to be mass murder on an unimaginable scale."

Muslim community leaders have warned that a third case of unfounded or exaggerated allegations is likely to exacerbate tensions and resentment among Britain's 1.5 million Muslims.

Some community leaders on Monday said the new evidence -- presented only in its barest outlines, and not connected to any specific suspects -- still leaves room for skepticism. Much of what the authorities claim is physical evidence of bomb-making materials, for example, including hydrogen peroxide and electrical components, also could have innocent explanations, they suggested.

"People bleach their hair with hydrogen peroxide," said Mohammed Khaliel, a spokesman for the mosque and Islamic center in the town of High Wycombe, which several of the suspects attended.

He also said he believed some of the evidence attributed to the bomb plot may have included material that suspects allegedly downloaded from the Internet. "These young people may very well have downloaded videos off the Internet. That's not necessarily what it's portrayed to be," he said.

British law affords far less leeway than the American courts in discussing evidence before trial. Analysts said it was unusual for authorities to release even as much as they did about the evidence collected. Doing so, said Roger O'Keefe, deputy director of the Lauterpacht Center for International Law at Cambridge University, risks jeopardizing the trial and the ongoing investigation.

"It's an extraordinarily difficult problem for the government," he said. "If they reveal a lot of evidence to the public ... First of all, they compromise the lives of their informants, and secondly, they undoubtedly jeopardize ongoing investigations into similar intelligence question marks," he said.

"It will also in a sense tie their hands," he added. "They always run the risk when they present the evidence straight away of being accused later of having cooked up a whole lot more in the meantime, as more and more evidence keeps emerging."

Eleven Suspects Are Charged In Foiled Airline-Terror Plot (WSJ)

By Carrick Mollenkamp, David Crawford And Glenn R. Simpson

The Wall Street Journal, August 22, 2006

British authorities charged 11 people with a range of offenses including conspiracy to commit murder and intent to detonate bombs onboard airplanes in what they say were sophisticated plans to blow up planes flying to the U.S. from the U.K.

Police also continue to hold 11 other suspects who could be charged.

Eight men were charged with conspiracy to commit murder as well as with the "intention of committing acts of terrorism" by detonating explosives onboard the planes, under a U.K. terrorism law passed earlier this year. Two other people were charged with failing to alert authorities to the plot, according to London's Metropolitan Police Service.

A 17-year-old male was charged with possessing terrorist-related materials. The charges are an important break in the investigation since officials disclosed 12 days ago that 24 people had been arrested in the alleged plot. Among the evidence that the Metropolitan Police said it had collected: bomb-making equipment, chemicals including hydrogen peroxide, and a number of video recordings in which some suspects give their allegiance to Muslim people facing threats from Western countries, said Peter Clarke, the head of the antiterrorist branch at the police service, also known as Scotland Yard. (Read the British police's statement1.)

Investigators continue to look at connections with other plots. Police in Germany are looking into whether a Lebanese man, Youssef Mohamad El Haj, arrested in Kiel, Germany, on Saturday, had links to suspects in the London investigation. Mr. Haj is charged with planting a bomb on a regional train that failed to explode in July. Police also are investigating possible links between Mr. Haj and Redouane Habab, a 36-year-old German of Moroccan descent who was arrested in July on charges of transmitting messages between a fugitive Sept. 11 suspect and his family. Both men lived in Kiel. Mr. Habab was in contact with one of the London plot suspects, according to a German security official with knowledge of the matter.

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One suspect arrested in Britain Aug. 10 but not charged is Tayib Rauf. The Birmingham man is viewed by investigators as a critical link because of ties to his brother who lives in Pakistan, according to people familiar with the situation. Just days before the arrests in Britain, Mr. Rauf's brother Rashid was arrested in Pakistan. Pakistani authorities have said Rashid received training in explosives at al Qaeda camps.

Under U.K. antiterrorism laws, British police may hold suspects for 28 days without charge and must petition the court to keep them every few days.

A potential lead as a source of funding or aid to the plot is a London charity, Crescent Relief. The Rauf brothers' father once served as a director, according to U.K. records. One of the suspects is believed to have worked with the charity and also be linked to a second charity identified by the U.S. government as a front for terrorist activities, according to Evan Kohlmann, a U.S. antiterrorism consultant. A representative for the U.K. Charity Commission said the regulator is looking into the charity. A Crescent Relief director, Ghazanfer Ali, said he welcomes the probe.

British Charge 11 Suspects In Airliner Plot (WP)

By Glenda Cooper

The Washington Post, August 22, 2006

LONDON, Aug. 21 -- Britain charged 11 people on Monday in the alleged plot to blow up transatlantic airliners, and police said they had uncovered bomb-making equipment and "martyrdom" videos in the course of their investigation.

Authorities said that eight of the suspects -- all men, ages 19 to 28 -- face charges of conspiracy to commit murder and preparing acts of terrorism. A 17-year-old boy is accused of possessing items useful for terrorists, and two other suspects, including a young mother, have been charged with failing to disclose information that could have helped prevent a terrorist attack.

Eleven people being held in the investigation are still being questioned, and one woman has been released without charge, said Susan Hemming, the lead prosecutor in the case. The suspects who have been charged are due to appear in court Tuesday morning.

Peter Clarke, the head of Scotland Yard's anti-terrorism branch, said at a televised news conference that because of the sheer scope of the alleged plot, the inquiry was far from complete and would eventually "span the globe."

Clarke went into significant detail about the evidence uncovered so far -- an unusual step for British prosecutors and police, who are strictly limited in what they can disclose publicly before a criminal trial. In particular, he said there had been important video and audio surveillance carried out before the alleged plot was revealed on Aug. 10, and that bomb-making materials including hydrogen peroxide, electrical components and documents had been found.

"This has all given us a clearer picture of the alleged plot," he said.

So far, he said, 69 houses, businesses, vehicles and open spaces had been searched. The searches yielded more than 400 computers, 200 cellphones and 8,000 computer media items such as memory sticks, CDs and DVDs. Police have removed 6,000 gigabytes of data from the seized computers alone.

Clarke added that it would take many months for all of the data to be analyzed.

"Fingerprints, DNA, electronic data, handwriting comparisons, chemical analysis, and indeed the full range of forensic disciplines will be used" in the investigation, he said.

Among the finds were "martyrdom videos," an apparent reference to videos in which would-be suicide bombers issued their final testaments. Clarke did not release details.

Police disclosed the alleged conspiracy to blow up transatlantic airliners after indications that the plotters were nearly ready to strike. Both the United States and Britain were put on high states of alert and hundreds of flights were delayed or canceled.

At the same time, raids took place in London, Birmingham and High Wycombe, a suburb 30 miles west of the capital. It was in woods there that the bomb-making equipment was found in a suitcase, the BBC reported earlier.

The eight men named on murder conspiracy charges were identified as Ahmed Abdullah Ali, Tanvir Hussain, Arafat Waheed Khan, Assad Ali Sarwar, Adam Khatib, Ibrahim Savant, Waheed Zaman and Umar Islam, who is also known as Brian Young.

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They intended "to smuggle the component parts of improvised explosive devices onto aircraft and assemble and detonate them on board," according to the charges.

The 17-year-old is not being named, but authorities said he possessed items useful for the alleged conspirators, including their suicide notes and wills, as well as a book on bombs.

The suspects charged with failing to pass on information to authorities were identified as Mehran Hussain and Cossar Ali. Ali, 23, is married to Ahmed Abdullah Ali, and is the mother of an 8-month-old.

Most of the suspects are from London. But the investigation has also involved inquiries in Pakistan. Rashid Rauf, a Briton detained two weeks ago in Bahawalpur, Pakistan, is still being questioned there.

Under British law, police can hold the remaining suspects until Wednesday before charging them or seeking an extension to keep them in custody.

Clarke said that while he wanted to reassure the British public that the police were doing everything to keep them safe, he had to be realistic.

"The threat from terrorism is real. It is here, it is deadly and it is enduring," he said.

Britain Charges 11 In Alleged Plot To Blow Up Planes (USAT)

By Jeffrey Stinson

USA Today, August 22, 2006

LONDON — Britain said Monday that it had charged 11 people and seized "martyrdom" videos and bomb-making materials in connection with an alleged plot to blow up jetliners headed for the USA.

Eight were charged with conspiracy to commit murder. Three were charged with terrorism-related offenses.

Peter Clarke, who heads the Metropolitan Police Department's anti-terrorism branch, said police had seized bomb-making chemicals, electronic components — about 400 laptops and 200 cellphones — and the videos.

Martyrdom videos are often made by suicide bombers for release after they have died.

British police initially arrested 24 suspects Aug. 10-11 in connection with the plot; 23 have been held in custody since then. Pakistan has arrested as many as 17 others.

Clarke said the investigation is far from complete. "The scale is immense," he said. "Inquiries will span the globe."

Monday's announcement was the first update by British authorities since Aug. 10, when they disclosed the alleged plot to bring down U.S.-bound airliners. The suspects planned to manufacture and smuggle components of improvised explosive devices onto aircraft, assemble them on board and detonate them, Britain said. The developments led to new carry-on baggage rules and other security measures that snarled airports.

Of the eight suspects charged with conspiracy, six live in London and two in High Wycombe, about 30 miles northwest of London, according to a list released by Britain's central bank, which was told to freeze the suspects' assets.

A 17-year-old from London was charged with possession of material that could be used in terrorism. Two others, including a 23-year-old mother from London, were charged with failing to disclose information that could have prevented an act of terrorism.

Susan Hemming, head of the counterterrorism division of the Crown Prosecution Service, said a woman who had been arrested in connection with the case had been released. Eleven remain in custody without being charged.

11 British Muslims Charged In Bomb Plot (WT)

By Al Webb

The Washington Times, August 22, 2006

LONDON -- Police yesterday charged 11 British Muslims in a plot to destroy U.S.-bound jetliners with liquid explosives smuggled aboard in carry-on baggage, eight with conspiracy to commit murder and the other three with terrorism-related offenses.

Police also disclosed the discovery of bomb-making chemicals and equipment, suicide notes and so-called "martyrdom videos" of the would-be bombers.

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In making the announcement, Deputy Assistant Police Commissioner Peter Clarke warned that the investigation "is far from complete; the scale is immense" and that the probe "will span the globe."

Mr. Clarke also said that the danger is far from over and that Britain remains on "severe" terrorist alert.

After weeks of surveillance, British police struck Aug. 10 at homes and offices in London, Birmingham and the Thames River Valley, arresting 24 suspects in a plot that, had it succeeded, could have been deadlier than the September 11, 2001, terror attacks on the United States.

Up to 10 airliners bound from Britain to Washington, New York and California were to have been blown up in the air, police said.

Police, intelligence officers and the Crown Prosecution Service decided yesterday morning that they had enough evidence to charge eight of the suspects with conspiracy to murder and with a new crime, preparing acts of terrorism.

The Crown Prosecution Service identified them as Ahmed Abdullah Ali, also known as Abdullah Ali Ahmen Khan, 25; Tanvir Hussain, 25; Umar Islam, also known as Brian Young, 28; Arafat Waheed Khan, 25; Assad Ali Sarwar, 26; Adam Khatib, 19; Ibrahim Savant, 25; and Waheed Zaman, 22.

A ninth suspect, identified as a 17-year-old, was charged with "possession of articles useful to a person preparing an act of terrorism." As a juvenile, his name was not released.

One report said he possessed a book about improvised explosives devices, suicide notes and wills of co-conspirators, as well as an annotated map of Afghanistan.

Two other suspects were charged with failing to disclose information that could have prevented a terrorist act. Another 11 were still undergoing questioning from police and intelligence agents, and one woman was freed without charge.

The Aug. 10 sweep that cracked the plot threw Britain's aviation industry into chaos, with draconian new security measures that forced hundreds of flight cancellations and hundreds of delays -- turmoil that rolled across much of the rest of Europe and across the Atlantic to the United States.

British police and its MI5 intelligence service had known for months that something dangerous was in the works.

"First, there is evidence from surveillance carried out before August 10," which set the stage for the raids, said Mr. Clarke, who also heads the Metropolitan Police's anti-terrorist branch.

Since those raids and the original 24 arrests, "we have found bomb-making equipment," he added. "There are chemicals, including hydrogen peroxide, electrical components, documents and other items."

"We have also found a number of video recordings," Mr. Clarke said. "These are sometimes referred to as 'martyrdom videos.' "

He described the video and audio recordings as "important, indeed highly significant."

The anti-terror chief said that police had conducted 69 raids on houses, apartments, offices and vehicles. They have dug up open fields and confiscated more than 400 computers, 200 cell phones and 8,000 computer media devices such as memory sticks, compact discs (CDs) and digital video disks (DVDs).

The purpose of all this equipment and paraphernalia, British authorities said, was to promote an elaborate scheme to smuggle ingredients and suicide bombers in three waves of three or four planes at a time.

Susan Hemming, head of the Crown Prosecution Service's Counterterrorism Division, said: "We have been carefully examining and assessing the evidence against each individual with the assistance of anti-terrorist officers in order to come to charging decisions at the earliest practicable opportunity."

Said Mr. Clarke: "The threat from terrorism is real. It is here, it is deadly, and it is enduring."

Bomb Plot Shocks Germans Into Antiterrorism Debate (NYT)

By Mark Landler

The New York Times, August 22, 2006

FRANKFURT, Aug. 21 — The disclosure that a botched plot to bomb two German trains last month involved a 21-year-old Lebanese man has punctured the sense of immunity many Germans felt from the Islamic terrorist attacks that have haunted other European countries.

The bombing plot, which has led to the arrest of the Lebanese suspect in northern Germany and an intense manhunt for a second suspect, is also reshaping a politically charged debate in Berlin over how much latitude to give law enforcement authorities in fighting terrorism.

On Monday, Chancellor Angela Merkel reaffirmed her support for expanded use of closed-circuit cameras in train stations and other public places. A camera caught grainy images of two men with suitcases boarding trains in Cologne, and the police arrested one, identified as Youssef Mohammed E. H., on Saturday, a day after they broadcast the videotape.

The suitcases, stuffed with propane bombs and left on the trains, failed to explode because of a "technical defect," according to the German federal prosecutor. That close call has led Germans to rethink their historic reluctance to measures like video surveillance and extensive database searches.

"We haven't had this serious a threat since 9/11," said Rolf Tophoven, a prominent terrorism expert. "It's clear we have people in Germany who are willing to carry out a huge and harmful attack."

While the extent of the plot is still shrouded in mystery, prosecutors said it was unlikely that the would-be bombers were acting alone. The men may have been motivated by anger over the war in Lebanon, in which the German government has agreed to play a limited, peacekeeping role.

On Monday, prosecutors said Lebanon's military intelligence agency had offered the German authorities "decisive" information that led to the arrest. That has added to worries that Germany is now in the sights of Islamic terrorists.

"The threat has never been greater," Wolfgang Schäuble, the German interior minister, said in an interview over the weekend with the German broadcaster ZDF.

Terrorism experts stopped short of comparing the train plot to the foiled attempt to blow up passenger planes flying from Britain to the United States. The explosives, Mr. Tophoven noted, were clumsily made, and there is no evidence that the perpetrators intended to be suicide bombers.

Still, the case has rattled Germans, many of whom have clung to the belief that their government's opposition to the war in Iraq would insulate them from attacks like those in London or Madrid. The trouble-free World Cup in Germany last month reinforced the sense of security.

"People thought for the longest time that Germany would be safe because we didn't send troops to Iraq," said Johannes Schmalz, the president of the agency for the protection of the constitution — a rough equivalent of the Federal Bureau of Investigation — in the state of Baden-Wurttemberg.

"This presumption is wrong," he said. "The enemy of violent Islamists is the Western world as a whole."

That blunt reality is influencing the debate over how strongly to respond — a debate that goes back to 2001, when the Sept. 11 hijackers hatched their plot while posing as students in Hamburg.

Germany, owing largely to its Nazi past, has been reluctant to pursue more aggressive antiterrorism measures that are standard in Britain and the United States. Berlin and other cities have far fewer surveillance cameras than does London, and the government does not keep a central antiterrorism database.

Now, though, there is widening support for more sweeping measures, specifically in the area of video surveillance and the collection of data on suspicious people.

"We must continue to discuss the balance between video surveillance, which I'm totally in favor of, data protection and the restriction of certain rights," Mrs. Merkel said at a news conference in Berlin.

Mr. Schäuble is pushing to install more video cameras and to create a central database with information on suspicious people — something Germany has resisted out of privacy concerns.

It is inevitable, Mr. Tophoven said, that Germany would install a surveillance network as extensive as that in Britain. There are already some video cameras in train stations and along the autobahn.

The scope of the proposed antiterrorism database remains in dispute. Germany's data-protection commission would support a database that included basic information, like names, addresses and motor vehicle registrations, according to a spokeswoman, Ira von Wahl.

But a richer database — known as a full-text database — would raise privacy concerns, Ms. von Wahl said, by making a wide range of personal information available to the police and other authorities.

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Terrorism experts said such details would have helped unravel this plot, which has raised a host of questions. "The investigation has been effective," said Berndt Georg Thamm, an expert on terrorism. "But we really need the antiterror database. God forbid that we would need an attack to change the debate."

The police found the suitcases with the bombs on July 31, on regional trains in the western cities of Dortmund and Koblenz. The explosives were timed to detonate at 2:30 p.m., shortly before the trains reached their destinations.

Using DNA evidence from one of the suitcases as well as the videotape, the police narrowed their search to Kiel, a northern university town, where Youssef Mohammed E. H. was about to begin studies (under German law, the full names of suspects in criminal cases are not disclosed). He was arrested around 4 a.m. at Kiel's main railway station.

The videotape, which showed an image of the man wearing a German soccer jersey and lugging a bag, was broadcast widely here. Among those who saw it was the suspect, who called his family in Lebanon to ask for advice, according to a report by the state broadcaster ARD on Monday. Lebanese intelligence picked up the call, ARD said, and tipped off the Germans.

German officials said it was probable that the Lebanese man was part of larger organization within Germany, though they have not yet suggested any links to Al Qaeda, Hezbollah or other groups.

"Are these home-grown terrorists, like in London, or is it Al Qaeda?" Mr. Schmalz said. "We have to be prepared for everything. We don't have a consistent picture of the Islamic terrorists here yet."

7/31, Almost (WSJ)

The Wall Street Journal, August 22, 2006

Britain yesterday indicted 11 of the 23 suspects it's been holding in the Atlantic Ocean airline plot, but less well known is the recent luck that spared Germany its own terror massacre. On Saturday, police arrested Yussuf Mohammed E.H. (authorities haven't released his family name) at the Kiel train station, apparently as he was about to flee the northern city where he studied engineering. The 21-year-old Lebanese was charged with attempted murder and belonging to a terror group.

On July 31, a video camera at the Cologne train station filmed Yussuf Mohammed and another man -- who remains at large -- wheeling two suitcases, each filled with an 11-liter gas container and gasoline bottles. Timers in the bags were set to detonate simultaneously. The suitcases were found only after the bombs had failed to ignite. "Terrorism has reached us very directly," August Hanning, a senior interior ministry official, told German TV yesterday.

The train-bomb video has been especially shocking to Germans who have wanted to believe they are immune to Islamic terrorism. Lead 9/11 plotter Mohammed Atta may have operated out of Hamburg. But the view inside Germany is that the terrorists were only abusing German hospitality in order to attack elsewhere -- surely not in a peace-loving country that had so strongly opposed the Iraq war.

So much for that illusion. The sophistication of the plot suggests it was not the act of lone bombers. "We are now working on the basis that this was the work of a terrorist group based in Germany," federal prosecutor Rainer Griesbaum told reporters Friday. According to German secret-service estimates quoted in Der Tagesspiegel, among the thousands of Islamic extremists believed to be in Germany, 300 to 400 are considered "acute threats" willing to carry out terror attacks.

Bomb scares temporarily shut down several train stations over the weekend. The German public may finally be figuring out that opposing U.S. foreign policy is no defense against Islamic terrorists.

13 Tied To Sri Lankan Separatists Are Charged By U.S. With Aiding Terrorists (NYT)

By William K. Rashbaum

The New York Times, August 22, 2006

Federal agents in four states, including New York and Connecticut, have arrested 13 men on charges that they plotted to buy weapons for a Sri Lankan separatist group and bribe agents posing as State Department officials to remove the group from a list of foreign terrorist organizations.

The men were charged yesterday, and others were being sought, in a case arising from two sting operations, the authorities said. The men were said to have close ties to the group, the Tamil Tigers. Three arrests were made in Buffalo and one each in Simsbury, Conn., San Jose, Calif., and Seattle.

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The men were accused of a range of crimes, from trying to buy Russian-made shoulder-fired surface-to-air missiles and assault rifles from an undercover agent on Long Island to conspiring to pay a $1 million bribe to get off the government list.

The defendants included a Sri Lankan doctor who lives in London and met last year in a Staten Island apartment with an undercover F.B.I. agent posing as a State Department official to discuss the bribe, officials said. The doctor and five other men were arraigned and ordered held without bail yesterday in United States District Court in Brooklyn.

Also arrested were a Connecticut man with a master's degree from Columbia University, and a financial adviser, the authorities said. Three of the men were American citizens; others were from Sri Lanka, India and Canada.

Among the suspects still being sought in the case was one identified in court papers as "a principal liaison" between the leader of the group, formally known as the Liberation Tigers of Tamil Eelam, and its supporters in North America, Europe and Asia.

That man, whose name was redacted from the court papers because he was still being sought, was actively involved in procuring military equipment for the group from around the world, the papers said.

The arrests came three weeks after a frail four-year-old cease-fire between the Tamil Tigers and the Sri Lankan government fell apart and the government stepped up airstrikes against the group.

Criminal complaints unsealed in the case said the group relied heavily on supporters in the United States, Europe, Canada and elsewhere "to raise and launder money, acquire intelligence, purchase technology and military arms and equipment and improperly influence elected politicians."

In Cumberland, Md., F.B.I. agents searched the offices of a charity that, according to its Web site, has raised money to aid tsunami victims in Sri Lanka. The court papers identified it as a suspected front for a Tamil Tigers fund-raising organization.

The State Department designated the Tamil Tigers as a foreign terrorist organization in 1997, and the investigation into its activities in the United States began two years later, according to the complaints.

The complaints detail an escalating series of deadly attacks by the Tamil Tigers, including one in June in which, they said, the group detonated a remote-controlled mine on an overcrowded bus, killing 64 people, including 15 children.

The investigation, which was conducted by the Joint Terrorist Task Force in the F.B.I.'s Newark office and overseen by federal prosecutors in Brooklyn, with assistance from 20 other F.B.I. offices and authorities in 10 other nations, essentially ran on two tracks, officials said.

One track focused on the group's fund-raising efforts. A confidential informer who had infiltrated the group introduced one of the defendants to an undercover federal agent posing as a State Department official. They began discussions about the possibility of a million-dollar bribe to remove the group from the State Department list, according to the bribery complaint.

The second track developed late last month, when one of the men contacted the same informer, believing he had a relationship with a black market arms dealer who could acquire weapons, including missiles. That began a series of telephone conversations and e-mail messages that ended with a Saturday meeting at a Long Island office, secretly recorded and videotaped by the F.B.I., one complaint said. Several of the men were arrested at the meeting.

The five men sought to buy 10 SA-18 shoulder-fired surface-to-air missiles, 500 AK-47's and other military equipment, according to the complaint. One law enforcement official said they arrived at the meeting with a "shopping list."

"These folks took this to another level of aggression in their desire to acquire sophisticated weapons," said Leslie G. Wiser Jr., the special agent in charge of the Newark F.B.I. office.

Nachimuthu Socrates, 54, one of the defendants charged yesterday in the bribery complaint, which described him as a Tamil Tigers supporter based in North America, was arrested at his home in Simsbury, Conn., officials said.

The complaint says Mr. Socrates met with the federal agent posing as a State Department official and the informant five times in 2004 and 2005. They had detailed discussions about financial terms to remove the group from the State Department list, according to the complaint.

Mr. Socrates's daughter, Thernal Socrates, said the family was surprised by the charges. "We think he's innocent and that all the charges will be dropped," she said. "I think this seems to be the new trend these days," she said of the government charges, adding, "I don't know where this is coming from.

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She said her father, who came to the United States from India in 1976, is an engineer with a master's degree from Columbia University and runs his own granite business.

Authorities: Tamil Tigers Sought Weapons (WP/AP)

By Tom Hays, The Associated Press

The Washington Post, August 22, 2006

NEW YORK -- Emissaries of the Tamil Tigers rebel group conspired to buy surface-to-air missiles in the United States amid an escalating conflict with military forces in Sri Lanka, authorities said Monday.

The eight men also tried to get the Tamil Tigers removed from a list of terrorist organizations and sought to bribe U.S. officials for classified information, the newly unsealed criminal complaints allege.

At a hearing in federal court in Brooklyn, six men of Sri Lankan descent were ordered held without bail on charges of conspiring to provide material support to a terrorist organization. If convicted, each could face up to 15 years in prison.

The other two defendants were in custody outside New York.

A defense attorney confirmed Nachimuthu Socrates, described in court papers as a Tamil Tigers supporter, had been arrested at his Simsbury, Conn., home.

"We plan to fully and vigorously contest the charges," said attorney Gerald Del Piano.

Authorities said Socrates paid bribes and tried to buy a classified intelligence document. The document referred to a U.S. investigation into a charity suspected of being a front for a Tigers fundraising organization.

The rebel group, which began fighting in 1983 for a separate state in the Indian Ocean island, was added to the U.S. State Department's list of foreign terrorist organizations in 1997. The designation bars the group from raising money, obtaining weaponry or lobbying for support in the United States.

In a sting operation, undercover agents posing as State Department officials were offered millions of dollars during a series of secret meetings in a New York City apartment, one of the complaints said.

At a meeting in July 2005, Socrates asked undercover agents whether they "could stop the United States government from sending arms to the Sri Lankan government" and "provide intelligence about this issue," the papers said.

Another defendant "made it clear that he had traveled to the United States on behalf of (the Tamil Tigers') senior leadership in Sri Lanka," the complaint said.

Other defendants were recorded in a separate sting last month in the borough of Queens negotiating the purchase of 10 Russian-made missiles and 500 AK-47 rifles, prosecutors said.

The Tamil Tigers fought for almost two decades to carve out a separate homeland for Sri Lanka's 3.2 million ethnic Tamil minority. The civil war killed about 65,000 people.

A recent surge in fighting has killed hundreds of people and threatened to drag Sri Lanka back into civil war, four years after the Tamil Tigers and government reached a cease-fire brokered by Norway.

Simsbury Man Arrested For Part In Terrorist Conspiracy (HARTC)

By Diane Struzzi, Courant Staff Writer

The Hartford Courant, August 22, 2006

SIMSBURY -- Federal agents arrested a 54-year-old town man Monday as part of a national sting operation that arrested at least 13 individuals and charged them with conspiring to provide support to the terrorist organization Liberation Tigers of Tamil Eelam.

Federal authorities charged Nachimuthu Socrates with conspiring to bribe public officials and conspiring to provide material support and resources to the Liberation Tigers of Tamil Eelam, which is also known as the "LTTE" or "Tamil Tigers."

The federal government describes the organization as using illegal methods, including suicide bombings, to establish an independent Tamil state in northern Sri Lanka. It is on the U.S. State Department's Foreign Terrorist Organization list.

America was not a target of the suspects accused in this investigation, federal officials said.

Socrates was being held Monday pending a court date in the U.S. District Court Eastern District of New York, which Socrates' lawyer, Gerald A. Del Piano hoped would be later this week.

Wearing jeans and a yellow shirt, Socrates was led into U.S. District Court in Hartford Monday by FBI agents. He wore a hearing aid in his right ear and stood by his lawyer for the brief proceeding. He said little, other than to indicate that he understood U.S. Magistrate Judge Thomas P. Smith.

Assistant U.S. Attorney Mark Rubino asked that Socrates be detained because the government viewed him as a flight risk and a danger to the community.

After the proceedings, Del Piano described Socrates as a business man and an "outstanding member of the community who looks forward to resolving these issues as soon as possible."

While Del Piano declined to say where Socrates worked, state records indicate that he owns E.W. Granites & Marbles, which is located in Farmington. His company's website says it specializes in the fabrication and installation of granite and marble. Employees contacted Monday at the company declined to comment about Socrates.

Socrates arrest came after a far-reaching federal investigation conducted by the Newark Division of the FBI's Joint Terrorism Task Force with assistance from more than 20 of the agency's field offices, including Connecticut, New York and Illinois. According to Special Agent Steven Siegel in the FBI's Newark office, 13 individuals were in custody Monday with additional arrests expected.

Federal authorities had been investigating the case for six years and set up sting operations in which individuals negotiated the purchase of sophisticated weaponry. The weapons were never exchanged, federal officials said.

Socrates is implicated in a scheme to bribe a state department official, who was actually an undercover law enforcement officer. According to allegations unsealed in U.S. District Court in Brooklyn, Socrates' goal in bribing the official was to remove the LTTE from the list of foreign terrorist organizations.

In at least five meetings the financial terms of the bribe were discussed. According to federal court records, Socrates later gave the undercover agents a $500 check followed by $5,000 in cash. He asked questions about whether the undercover agents could stop the U.S. from sending arms to the Sri Lankan government and if they could provide intelligence on the issue, according to the allegations. The allegations also include Socrates viewing a "purported classified intelligence document about the LTTE."

Socrates' son, Aristotle Socrates, said his father is an engineer who came from India and is a U.S. citizen.

"He's a well-educated community oriented father," he said.

Staff Writer Daniel P. Jones contributed information to this story.

Federal Agents Raid Amherst Home, Charge Suspect With Supporting Terrorism (WIVB-TV)

WIVB-TV, August 22, 2006

(Williamsville, NY, August 21, 2006) - - Federal agents raided a house in Amherst over the weekend in a sweeping criminal case targeting the Sri Lanka-based Tamil Tigers terrorist group. News 4's Jodi Hovenden reports.

Prosecutors have confirmed at least one person arrested in Williamville on Sunday has been charged with conspiracy to provide material support to a terrorist organization.

They say he's accused of being involved with a group trying to buy weapons for a terrorist group in Sri Lanka.

The Joint Terrorism Task Force and the FBI joined other law enforcement officers in raiding the home at 190 Shetland Drive in Williamsville Sunday morning.

Agents seized a computer and other items, and arrested 44-year-old Vijay-Shanthar Patpanathan.

Patpanathan is one of eight people charged in Brooklyn with conspiracy to provide material support and resources to a terrorist organization.

Prosecutors say four others charged in the alleged conspiracy attempted to purchase Russian-made surface-to-air missiles and hundreds of AK-47s from an undercover agent to be used by the Tamil Tigers against the Sri Lankan military.

Two other people were taken into custody during the raid on Sunday, but so far, there's no word on if they've been charged.

A woman believed to be Patpanathan's wife didn't want to talk on camera, but she did tell News 4 that her husband did nothing wrong.

S.I. Terror Bribe Link (NYDN)

By John Marzulli, Daily News Staff Writer

New York Daily News, August 22, 2006

Supporters of the lethal Tamil Tigers offered a $1 million bribe to a State Department official to remove the Sri Lankan rebel group from a terrorist watch list, federal officials charged yesterday.

Brooklyn prosecutors said the audacious scheme was hatched by senior terror group leaders, who dispatched an operative to the U.S. in 2004 to gain favor with a Sri Lankan national living in Staten Island with purported "government sources."

The Staten Island Sri Lankan turned out to be an FBI informant, who introduced Tamil Tigers operative Nachimuthu Socrates to an undercover law enforcement agent posing as a State Department official, the complaint stated.

In addition, rebel operatives met this month with the informant in Queens, Staten Island and Long Island to discuss buying Russian-made missiles that could down Sri Lankan military aircraft, officials said.

"We refuse to allow the [Tamil Tigers] and its supporters to use the United States as a source of supply for weapons, technology and financial resources," said Brookyn U.S. Attorney Roslynn Mauskopf.

After Socrates gave the official a $5,500 down payment on a $1 million bribe to lift the ban barring the Tamil Tigers from fund-raising in the U.S., the scheme was put on hold, authorities said.

The complaint alleged that Tamil Tigers supporter Murugesu Vinayagamoorthy, a physician in London, declared that rebel leaders would never renounce suicide bombings and the use of children as soldiers as a condition of getting off the watch list.

Besides Socrates, 55, and Vinayagamoorthy, 57, the feds charged 11 others in the bribery scheme and in a separate plot to buy weaponry for the rebel group.

The Tamil Tigers group was founded in 1976 to establish an independent state in northern Sri Lanka and has carried out 200 suicide bombings over the past 15 years.

Men Linked To Tamil Tigers Arrested For Attempted Bribery Of Federal Officials (NYS)

By Joseph Goldstein, - Staff Reporter of the Sun

New York Sun, August 22, 2006

A sting operation netted several men linked to Sri Lankan terrorists who hoped a bribe would get their group, the Tamil Tigers, removed from the federal government's list of terrorist organizations, law enforcement officials announced yesterday.

By yesterday afternoon, 13 men linked to the Tamil Tigers had been taken into custody for the alleged bribery conspiracy and another plot. In the second scheme, several liaisons to the terrorist organization allegedly sought to purchase missiles that could down Sri Lankan government jets, which have conducted airstrikes on positions held by the Tamil Tigers in recent weeks as fighting there has escalated.

The men arrested in both sting operations are being held without bail. Several of the defendants were in close communication with top members of the terrorist organization in Sri Lanka, according to a criminal complaint unsealed in U.S. District Court in Brooklyn yesterday.

"The multi-faceted scheme by members and supporters of the Sri Lankan organization known as the Tamil Tigers demonstrates the need for continued vigilance in the global war against terrorism," Attorney General Alberto Gonzales said in an e-mailed statement. "These defendants allegedly sought to obtain, through a variety of means, weapons and materials to carry out a deadly campaign of violence."

In the bribery sting operation, law enforcement officers posing as corrupt State Department officials met with several liaisons to the Tamil Tigers at a Staten Island residence belonging to a police informant, according to a criminal complaint. During the meetings, which began in September 2004 and took place as recently as February of this year, the representatives of the Tamil Tigers sought to learn how much it would cost to bribe officials to remove the organization from the State Department's list of terror organizations, according to the complaint. One defendant, Nachimuthu Socrates, 54, cut a $500 check and provided $5,000 in cash to the undercover agents as a down payment, the complaint alleges.

It is a crime for American citizens to make contributions, or in any way assist, an organization that the government has named a terrorist group. The State Department placed the Tamil Tigers on the list in 1997.

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One of the defendants, Murugesu Vinayagamoorthy, 57, said the head of the Tamil Tigers would not be willing to spend more than $1 million to have the group removed from the list.

Charges In 'Tiger' Plot (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, August 22, 2006

8 accused of trying to help Sri Lankan terrorist group get weapons, conspiring to bribe officials

Eight men allegedly tied to the terrorist Tamil Tiger group in Sri Lanka have been arrested on charges that they tried to get weapons, including surface-to-air missiles, and attempted to bribe purported U.S. State Department officials, federal prosecutors announced yesterday.

In two criminal complaints unsealed in Brooklyn federal court, the defendants were charged with attempting to provide material support to a terrorist group and other crimes stemming from an undercover investigation that involved meetings in Queens and Nassau County. The suspects were allegedly closely linked with Tamil Tiger leaders in Sri Lanka, investigators said.

Four of the suspects were arrested Saturday after a meeting with federal undercover agents in an undisclosed location in Mineola, said an attorney familiar with the case. The others were arrested at various locations since, officials said.

The FBI joint terrorism task force, with help from agency offices in New York and elsewhere, is handling the probe.

The Tamil Tigers, also known by the name "Liberation Tigers of Tamil Eelam" or LTTE, have been fighting a guerrilla war against the government of Sri Lanka since 1983. The Tamil Tigers are believed to have several thousand combatants and are seeking to set up an independent Tamil state in northern Sri Lanka. The group has carried out a number of major political assassinations in Asia, including the 1991 killing of former Indian Prime Minister Rajiv Gandhi, as well as more than 200 suicide bombings that have taken hundreds of lives, officials said.

"We refuse to allow the LTTE and its supporters to use the United States as a source of supply for weapons, technology and financial resources," said Brooklyn U.S. Attorney Roslynn R. Mauskopf in a joint statement with Attorney General Alberto R. Gonzales.

According to the complaints filed in federal court, at least two of the defendants were accused of conspiring to bribe undercover officials to remove the Tamil Tigers from the State Department's list of foreign terrorist organizations. A bribe of up to $1 million was discussed along with interim payments of several thousand dollars paid to the confidential witness, the complaint stated. The bribe plot was ultimately dropped because of the political situation in Sri Lanka, investigators said.

Another complaint stated that at least four defendants were involved in a plan this year to secure weapons for the Tamil Tigers. Meetings were held this month and last month at an undisclosed location in Queens to get anti-aircraft missiles that would be effective against Israel-made Kfir jet fighters used by the Sri Lanka military against the rebels, according to the complaint.

Three of the defendants met on Saturday with undercover agents in Mineola to further discuss the missile deal, which sought to get 10 missiles for a price of nearly $1 million, according to one legal source and the complaint.

None of the defendants, ranging in age from 27 to 57 years old, appeared to be residents of the United States, officials said.

They all were held without bail after their arraignments yesterday. Federal authorities are seeking other suspects.

TERROR TIGERS IN ARMS BUST (NYPOST)

By Zach Haberman

The New York Post, August 22, 2006

More than a dozen members of a Sri Lankan terror group were busted for trying to buy weapons, including anti-aircraft missiles, from a black-market dealer and attempting to bribe U.S. officials, authorities said yesterday.

Two separate complaints unsealed in Brooklyn federal court charge the men - connected with the Tamil Tigers - with offering a bribe of at least $1 million to a State Department official in order to get the group removed from a terrorist blacklist.

Some of the Tigers were caught in an FBI sting trying to buy $1 million in AK-47 rifles and Russian-made surface-to-air missiles, the feds said. .

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Seattle Man Accused Of Aiding Tamil Tigers (SEAPI)

Seattle Post-Intelligencer, August 22, 2006

SEATTLE -- FBI agents arrested a 27-year-old Seattle man of Sri Lankan origin early Monday, accusing him of providing financial services and moving money for the Tamil Tigers terrorist organization.

Thirukumaran Sivasurbramaniam faces charges of providing material support to a foreign terrorist organization and willfully dealing in property of an organization designated as terrorist by the State Department.

Sivasurbramaniam was one of eight people arrested around the nation Monday in an undercover sting operation that allegedly exposed attempts by the Tamil Tigers to obtain military equipment and to bribe U.S. government officials to remove their organization from the terrorist list.

The Tamil Tigers, according to court papers, have engaged in suicide bombings and assassinations in Sri Lanka as part of efforts to establish an independent state for the Tamil people, a minority ethnic group.

U.S. Charges 8 Over 'Tiger Plot' (CNN)

CNN.com, August 22, 2006

Group tried to buy missiles, bribe officials, prosecutors say

NEW YORK (CNN) -- Eight men have been charged with plotting to buy surface-to-air missiles for Sri Lanka's Tamil Tiger rebels, U.S. federal prosecutors have announced.

The men also are accused of plotting to bribe U.S. State Department officials into removing the Tamil Tiger group from a list of terrorist organizations and of trying to obtain classified information.

All eight are charged with conspiracy to provide material support to a designated foreign terrorist organization, according to the U.S. Attorney's office in New York.

Prosecutors said the men were "closely connected" to the Tamil Tiger leadership, but disclosed little else about the suspects.

According to prosecutors, the men conspired to buy surface-to-air missiles from a black-market source in the United States. They also sought to have the group -- formally known as the Liberation Tigers of Tamil Eelam -- removed from the U.S. list of terrorist organizations and obtain classified intelligence by bribing State Department officials.

"As charged for more than 15 years, the LTTE has waged a war of terror, assassinations, and suicide bombings in Sri Lanka and elsewhere," Roslyn Mauskopf, the U.S. attorney in Brooklyn, said in a statement announcing the charges. "We refuse to allow the LTTE and its supporters to use the United States as a source of supply for weapons, technology, and financial resources."

The group was made up of Canadian and Sri Lankan nationals, and only one was living in the United States, said Bob Nardoza, a spokesman for Mauskopf's office. The investigation was still going on, and more arrests were expected, Nardoza said.

The Tamil Tigers have fought for a separate homeland for Sri Lanka's ethnic Tamil minority for decades in a conflict that has killed tens of thousands of people. The group was behind the 1993 assassination of Sri Lankan President Ranasinghe Premadasa and the 1991 killing of Indian Prime Minister Rajiv Gandhi.

The State Department added the Tamil Tigers to its list of international terrorist organizations in 1997, barring it from raising money, obtaining weaponry or lobbying for support in the United States.

The defendants -- Sathajhan Sarachandran, Sahilal Sabaratnam, Thiruthanikan Thanigasalm, Nadarasa Yograrasa, Murugesu Vinayagamoorthy, Nachimuthu Socrates, Vijayshanthar Patpanathan, and Thirukumaran Sivasubramaniam -- were being held without bail and had initial appearances before a federal judge in Brooklyn on Monday, Nardoza said.E-mail accounts

Prosecutors said Vinayagamoorthy and Socrates met an informant and two people posing as State Department officials numerous times beginning in 2004, offering them $1 million in advance to get the LTTE off the terrorism list and to provide U.S. secrets to the group. The plan was later shelved, according to court papers.

Reached at his home in Simsbury, Connecticut, Nachimuthu Socrates' son, Aristotle Socrates, told CNN that the charges were "absurd," that his father was innocent and that he would be contesting the charges.

Socrates said his father was a businessman who had lived in Simsbury for 24 years.

"They've made a gross miscalculation," he said.

Three of the defendants traveled to New York from Canada last week in an attempt to purchase hand-held anti-aircraft missiles from an undercover FBI agent, prosecutors said.

Those three, and a fourth defendant, were arrested on Long Island last week, prosecutors said.

Attempts to reach any of the defendants or their attorneys were unsuccessful.

According to court papers, the defendants wanted the missiles to bring down Sri Lankan government warplanes.

Prosecutors allege the defendants also used several U.S. e-mail accounts to make inquiries about buying weapons; unmanned aerial vehicles; submarine design software; flight lessons; and radio and satellite-navigation equipment.

Eight Tamil Tigers Supporters, Including 3 Canadians, Accused Of Terror Support (CP)

By Beth Gorham

Canadian Press, August 22, 2006

WASHINGTON (CP) - Supporters of the Tamil Tigers rebel group, including three Canadians, are facing charges they conspired to buy surface-to-air missiles from undercover agents in the United States.

American authorities allege the three travelled to New York from Canada in a bid to buy weapons, including Russian-made missiles, launchers and AK-47s, to be used by the group in its escalating conflict against the Sri Lankan military.

The criminal complaints also allege some of the men tried to obtain classified information by bribing U.S. officials and tried to get the group removed from an American list of terrorist organizations where they've been named since 1997.

The charges include fundraising and money laundering through "front" charitable organizations and U.S. bank accounts.

Canada added the Tamil Tigers, which has fought for an independent state in Sri Lanka since 1983 for the 3.2 million ethnic Tamil minority, to its own official list of terrorist organizations in April.

The designations bar the group from raising money, obtaining weapons or lobbying for support.

Six of the eight men charged appeared at a federal court hearing in Brooklyn and were ordered held without bail. If convicted, they could face up to 15 years in prison.

An FBI affidavit says one of the Canadians, Sathajhan Sarachandran, told the agents he was taking direction from Pottu Amman, the man alleged to have masterminded the 1991 assassination of Rajiv Gandhi, India's former prime minister.

The other two Canadians charged are Sahilal Sabaratnam and Thiruthanikan Thanigasalam.

The three men travelled to Long Island on Aug. 19 to try to buy black market weapons for an estimated $900,000 US, court documents allege.

They were looking for missiles to attack fighter jets and ships, officials say.

One of the men charged told agents that more money for the rebel cause is raised in Canada than the United States.

There's been a recent surge in fighting in Sri Lanka since late last year, four years after the Tamil Tigers and government reached a ceasefire brokered by Norway.

Foreign Affairs Minister Peter MacKay called last week for an immediate end to hostilities that have killed hundreds of people, mostly civilians, and a return to negotiations.

Most of Canada's Tamil population, fleeing the longstanding civil war, is located in Toronto.

Human Rights Watch says the group has become an important source of income for the Tamil Tigers.

The Canadian Security Intelligence Service said in 2000 that at least eight non-profit groups and five companies were operating in Canada as fronts for the Tamil Tigers.

Feds Sue Maine PUC, Verizon Over Surveillance (AP)

AP, August 22, 2006

PORTLAND -- Federal prosecutors filed suit Monday against Maine utility regulators and Verizon to block disclosure of confidential information linked to questions of whether the company broke the law by cooperating with a domestic surveillance program.

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The U.S. District Court complaint followed an Aug. 9 order by the Public Utilities Commission that Verizon attest in a sworn statement to its previous public comments about the National Security Agency's warrantless eavesdropping program.

The suit said compliance with the order would "place Verizon in a position of having to confirm or deny the existence of information that cannot be confirmed or denied without causing exceptionally grave harm to national security."

In a letter last month, the U.S. Department of Justice served notice to the PUC that it was prepared to go to court if the agency elected to move ahead with an investigation into alleged privacy law violations.

The commission stopped short of ordering the investigation. Instead, it gave Verizon two weeks to provide additional information. The company said in a May news release that it would not discuss any relationship with the NSA program but denied media reports that it had provided customer call data or records.

Similar cases have surfaced in other states in response to news reports alleging that phone companies have cooperated with government surveillance efforts. The Justice Department has filed lawsuits to prevent disclosure of confidential information in New Jersey and Missouri.

Named as defendants in the Maine lawsuit were Kurt Adams, the PUC chairman; Sharon Reishus, a commissioner; Dennis Keschl, the commission's acting administrative director; and Verizon New England.

Messages left for Phil Lindley, a commission spokesman, were not immediately returned.

The lawsuit argued that the PUC lacked authority to issue its order to Verizon because of the federal government's exclusive control over national security and foreign intelligence gathering activities.

A group of 22 Mainers filed a complaint in May asking the PUC to order Verizon to answer whether it provided telephone records and information to the federal government without customers' knowledge or consent.

The Constitution Vs. Counterterrorism (WSJ)

By Richard A. Posner

The Wall Street Journal, August 22, 2006

Last week a federal district judge in Detroit ruled that the National Security Agency's conduct of electronic surveillance outside the boundaries of the Foreign Intelligence Surveillance Act is illegal. As a judge I cannot comment on the correctness of her decision. But I can remark on the strangeness of confiding so momentous an issue of national security to a randomly selected member of the federal judiciary's corps of almost 700 district judges, subject to review by appellate and Supreme Court judges also not chosen for their knowledge of national security.

A further strangeness is that the Foreign Intelligence Surveillance Court and the Foreign Intelligence Surveillance Court of Review (which hears appeals from FISC) have been bypassed, with regard to adjudicating the legality of the NSA program, in favor of the federal district court in Detroit. The reason is that the jurisdiction of those courts is limited to foreign intelligence surveillance warrants, and the NSA program under attack involves warrantless surveillance.

In June, the Supreme Court in the Hamdan decision invalidated the military commissions that the Defense Department had established to try captive terrorists -- commissions that had never succeeded in conducting any trials. And the pending Senate bill to revise the Foreign Intelligence Surveillance Act contemplates the submission of NSA programs to the Foreign Intelligence Surveillance Court for an opinion on their legality -- a problematic procedure because federal courts are not permitted to render advisory opinions. A court might even hold that a surveillance "program," as distinct from the surveillance of specific individuals, was a "general warrant," which the Fourth Amendment forbids.

Five years after the 9/11 attacks, the institutional structure of U.S. counterterrorism is in disarray. The Department of Homeland Security remains a work in progress -- slow and painful progress -- and likewise for the restructuring of the intelligence community decreed by Congress in the Intelligence Reform and Terrorism Prevention Act of 2004. And now, in the wake of Hamdan and the Detroit case, we learn that we do not have a coherent judicial dimension to our efforts to combat terrorism. (One reason may be that there is no official with overall responsibility for counterterrorism policy.) Other than the judges assigned to the two foreign intelligence courts, federal judges do not have security clearances and, more to the point, have no expertise in national security matters. Moreover, the criminal justice system is designed for dealing with ordinary crimes, not today's global

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terrorism, as is shown by the rules, for example, that entitle a person who is arrested to a prompt probable-cause hearing before a judge and require that criminal trials be open to the public. * * *

Other countries have greater flexibility in tailoring their judicial procedures to the special problems posed by terrorism. We are boxed in by our revered 18th-century Constitution as interpreted by the Supreme Court. The Hamdan decision suggests that a majority, albeit a bare majority, of the court is unsympathetic to arguments that our understanding of certain provisions of the Constitution needs to be revised to meet contemporary needs. The court that resisted Roosevelt's New Deal in the 1930s eventually bowed, and so may the court in the current era, but we cannot wait for that to happen.

The dilemma of defeating terrorism while respecting essential civil liberties can perhaps be resolved by a change of focus from the adjudicative process to executive and congressional oversight. This would mean less effort at trying to prevent terrorism by means of criminal prosecutions, whether in regular courts or in ad hoc military tribunals, and less use of devices, such as the warrant, that are used mainly in criminal-law enforcement. It is telling that no one was ever tried by the military commissions set up in the wake of 9/11, and that criminal prosecutions of terrorists have been few and have seemed to have had little impact on the terrorist menace.

Terrorists are difficult to deter and locking them up has only a limited preventive effect because the supply of terrorists is virtually unlimited. Fortunately, if a terrorist plot is detected it will usually be possible to neutralize the plotters without prosecuting them. Some can be deported, some held in administrative detention, some "turned" to work for us, some discredited in the eyes of their accomplices, some sent off on wild-goose chases by carefully planted disinformation, and some carefully monitored in the hope that they will lead us to their accomplices.

Monitoring, even when it takes the form of wiretapping or other electronic interceptions, need not be conducted under a warrant. The Fourth Amendment restricts warrants, as I have said, but warrantless searches are permissible as long as they are reasonable. The potential abuses of warrantless surveillance can be minimized, without judicial intervention, by rules limiting the use of intercepted communications to national security, requiring that the names of persons whose communications are intercepted (and the reasons for and results of the interception) be turned over to executive and congressional watchdog committees, and imposing draconian penalties on officials who violate civil liberties in conducting surveillance.

Mr. Posner, a federal circuit judge and a senior lecturer at the University of Chicago Law School, is the author of "Uncertain Shield: The U.S. Intelligence System in the Throes of Reform" (Rowman & Littlefield, 2006).

Life And Death (WSJ)

By Shelby Steele

The Wall Street Journal, August 22, 2006

The simple back-and-forth of war can create the illusion that both sides have a legitimate point to make even when this is not so, and it is clear that Hezbollah's cause has greatly benefited from war's "equalizing" effect. This Shiite militia seems to have known that merely fighting Israel would gain legitimacy for its cause. A cease-fire would make it a "partner" in peace. The Goliath Israeli military would make it a David whose passion proved the truth of its cause. But amidst all the drama of this war there has been very little talk of exactly what Hezbollah's cause is.

And, of course, it is not just Hezbollah's cause. There is Hamas, one more in a family of politicized terrorist groups spread across the Muslim world. Beyond these more conventional groups there is the free-floating and world-wide terrorism of groups like al Qaeda. In Europe, there are cells of self-invented middle-class terrorists living modern lives by day and plotting attacks on modernity by night. And around these cells there is often a nourishing atmosphere of fellow traveling. Then there are the radical nation-states in league with terrorism, Iran and Syria most prominent among them. From nations on the verge of nuclear weapons to isolated individuals -- take the recent Seattle shootings -- Islamic militancy grounded in hatred of Israel and America has become the Muslim world's most animating idea. Why?

I don't believe it is because of the reasons usually cited -- Israeli and American "outrages." No doubt Israel and America have made mistakes in the Middle East. Certainly, Israel was born at the price of considerable dislocation and suffering on the part of the Palestinians. And yes, there will never be a satisfying answer for this. Yet every Israeli land-for-peace gesture has been met with a return volley of suicide bombers and rockets. Palestinians have balked every time their longed-for nationhood has

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come within grasp. They have seemed to prefer the aggrieved dignity of their resentments to the challenges of nationhood. And Hezbollah launched the current war from territory Israel had relinquished six years earlier.

If this war makes anything clear, it is that Israel can do nothing to appease the Muslim animus against her. And now much of the West is in a similar position, living in a state of ever-heightening security against the constant threat of violence from Islamic extremists. So here, from the Muslim world, comes an unappeasable hatred that seems to exist for its own sake, a hatred with very little actual reference to those it claims to hate. Even the fighting of Islamic terrorist groups is oddly self-referential, fighting not for territory or treasure but for the fighting itself. Standing today in the rubble of Lebanon, having not taken a single inch of Israeli territory, Hezbollah claims a galvanizing victory. * * *

All this follows the familiar pattern of a very old vice: anti-Semitism. The anti-Semite is always drawn to the hatred of Jews by his own unacknowledged inadequacy. As Sartre says in his great essay on the subject, the anti-Semite "is a man who is afraid. Not of Jews of course, but of himself." By hating Jews, he asserts that his own group represents the kind of human being that God truly wants. His group is God's archetype, the only authentic humanity, already complete and superior. No striving or self-reflection is necessary. If Jews are superior in some ways, it is only out of their alienated striving, their exile from God's grace. For the anti-Semite, hating and fighting Jews is both self-affirmation and a way of doing God's work.

So the anti-Semite comes to a chilling place: He easily joins himself to evil in order to serve God. Fighting and even killing Jews brings the world closer to God's intended human hierarchy. For Nazis, the "final solution" was an act of self-realization and a fulfillment of God's will. At the center of today's militant Islamic identity there is a passion to annihilate rather than contain Israel. And today this identity applies the anti-Semitic model of hatred to a vastly larger group -- the infidel. If the infidel is not yet the object of that pristine hatred reserved for Jews, he is not far behind. Bombings in London, Madrid and Mumbai; riots in Paris; murders in Amsterdam; and of course 9/11 -- all these follow the formula of anti-Semitism: murder of a hated enemy as self-realization and service to God.

Hatred and murder are self-realization because they impart grandeur to Islamic extremists -- the sense of being God's chosen warrior in God's great cause. Hatred delivers the extremist to a greatness that compensates for the ineffectuality in his world. Jews and infidels are irrelevant except that they offer occasion to hate and, thus, to experience grandiosity. This is why Hezbollah -- Party of God -- can take no territory and still claim to have won. The grandiosity is in the hating and fighting, not the victory.

And death -- both homicide and suicide -- is the extremist's great obsession because its finality makes the grandiosity "real." If I am not afraid to kill and die, then I am larger than life. Certainly I am larger than the puny Westerners who are reduced to decadence by their love of life. So my hatred and my disregard of death, my knowledge that life is trivial, deliver me to a human grandeur beyond the reach of the West. After the Madrid bombings a spokesman for al-Qaeda left a message: "You love life, and we love death." The horror is that greatness is tied to death rather than to achievement in life.

The West is stymied by this extremism because it is used to enemies that want to live. In Vietnam, America fought one whose communism was driven by an underlying nationalism, the desire to live free of the West. Whatever one may think of this, here was an enemy that truly wanted to live, that insisted on territory and sovereignty. But Osama bin Laden fights only to achieve a death that will enshrine him as a figure of awe. The gift he wants to leave his people is not freedom or even justice; it is consolation.

White guilt in the West -- especially in Europe and on the American left -- confuses all this by seeing Islamic extremism as a response to oppression. The West is so terrified of being charged with its old sins of racism, imperialism and colonialism that it makes oppression an automatic prism on the non-Western world, a politeness. But Islamic extremists don't hate the West because they are oppressed by it. They hate it precisely because the end of oppression and colonialism -- not their continuance -- forced the Muslim world to compete with the West. Less oppression, not more, opened this world to the sense of defeat that turned into extremism. * * *

But the international left is in its own contest with American exceptionalism. It keeps charging Israel and America with oppression hoping to mute American power. And this works in today's world because the oppression script is so familiar and because American power cringes when labeled with sins of the white Western past. Yet whenever the left does this, it makes

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room for extremism by lending legitimacy to its claim of oppression. And Israel can never use its military fire power without being labeled an oppressor -- which brings legitimacy to the enemies she fights. Israel roars; much of Europe supports Hezbollah.

Over and over, white guilt turns the disparity in development between Israel and her neighbors into a case of Western bigotry. This despite the fact that Islamic extremism is the most explicit and dangerous expression of human bigotry since the Nazi era. Israel's historical contradiction, her torture, is to be a Western nation whose efforts to survive trap her in the moral mazes of white guilt. Its national defense will forever be white aggression.

But white guilt's most dangerous suppression is to keep from discussion the most conspicuous reality in the Middle East: that the Islamic world long ago fell out of history. Islamic extremism is the saber-rattling of an inferiority complex. America has done a good thing in launching democracy as a new ideal in this region. Here is the possibility -- if still quite remote -- for the Islamic world to seek power through contribution rather than through menace.

HOMELAND RESPONSE:

Gonzales: More Agents, Prosecutors Will Be Sent To New Orleans (AP)

AP, August 22, 2006

Aug. 21, 2006 — Attorney General Alberto Gonzales said Monday he will send additional resources here - including 10 assistant U.S. attorneys - to help fight fraud and a recent rise in violent crime.

He said four additional agents from the Bureau of Alcohol, Tobacco and Firearms and four additional deputy U.S. marshals also will be sent to the city.

Crime plummeted in New Orleans after Hurricane Katrina hit last Aug. 29. But violent crime has made a comeback in recent months in the city and its suburbs. Louisiana Gov. Kathleen Blanco sent in state police and National Guard troops after five teenagers were shot to death in a sport utility vehicle in mid June.

Gonzales announced the additional help for the city during a news conference at the Port of New Orleans.

He also said the ATF will relaunch a 24-hour hot line people can call to report the illegal use and possession of firearms, and that the Justice Department will fund programs designed to prevent crime, such as helping to re-establish Boys and Girls Clubs of America.

Gonzales said more than $61 million in federal money has been appropriated for local law enforcement agencies devastated by the storm.

The commitment of more federal funds and resources comes nearly three weeks after Louisiana's senior U.S. senator, Mary Landrieu, D-La., sent a letter to Gonzales asking for more help. The senator Monday praised the attorney general for his quick response.

"When infrastructures are damaged and resources are compromised - and I've seen vivid evidence of that reality here in New Orleans today - it is appropriate for the federal government to come alongside a community," Gonzales said.

He said that unless New Orleans is safe people would not return and investors would shy from putting their dollars into the city and region.

"We now have an opportunity to put in place a functioning criminal justice system second to none," the attorney general said.

At first, 10 prosecutors would be brought in temporarily to beef up the prosecutor's office in New Orleans and pursue firearms, drug and immigration cases. He added that eventually nine prosecutors would be hired specifically for the New Orleans office to nail down fraud and violent crime cases.

Gonzales Offers Resources To Fight New Orleans Crime (WT)

By Jerry Seper, The Washington Times

The Washington Times, August 22, 2006

Attorney General Alberto R. Gonzales said yesterday that he will send additional prosecutors and federal agents to New Orleans to combat rising violent crime in the city in the wake of Hurricane Katrina.

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During meetings with law-enforcement authorities in New Orleans, Mr. Gonzales said he will dispatch 10 more prosecutors to the region, hire nine others to assist in fraud and violent-crime cases, and send four additional agents each from the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and the U.S. Marshals Service.

"The people of New Orleans deserve the chance to rebuild their city without the threat of violent crime," Mr. Gonzales said.

The Justice Department has made more than $20 million in grants available to Orleans Parish to help rebuild the criminal justice system in an effort to fight rising violent crime. More than $61 million in justice assistance grants and Katrina relief law-enforcement infrastructure funds have been made available to Louisiana.

Violent crime declined in New Orleans after Katrina hit last August but has risen sharply in the past few months -- both in the city and the suburbs. Louisiana Gov. Kathleen Babineaux Blanco sent in state police and National Guard troops after five teenagers were fatally shot in a sport utility vehicle in mid-June.

During his visit, Mr. Gonzales said state and local law-enforcement facilities remain damaged from Katrina, including the Orleans Parish criminal justice complex and the New Orleans Police Department's headquarters.

The attorney general also met with members of the Louisiana congressional delegation and state and local government officials to discuss how the department can best assist in combating violent crime.

He said the department will:

•Send four ATF agents to supplement a Violent Crime Impact Team that has targeted gun crime, and four deputy marshals to supplement a Crescent Star Fugitive Task Force that locates and arrests fugitives wanted in connection with violent crimes.

•Assign 10 attorneys temporarily to the region to assist in prosecuting firearms, drug and immigration cases with a federal link, and hire nine more prosecutors to assist with fraud and violent crime cases.

•Begin a Violent Crime Intelligence Initiative through the FBI and state and local authorities to gather information on violent criminals, develop a list of most violent offenders and distribute that information to federal, state and local authorities. In addition, the resources will be used to rebuild communities and provide ways for the residents of New Orleans to keep their children safe and to assist law enforcement.

Mr. Gonzales said the Boys & Girls Clubs of America will re-establish the clubs destroyed by Katrina with funding provided through the Bureau of Justice Assistance and Office of Juvenile Justice and Delinquency Prevention. The ATF will restart a 24-hour hot line (504/581-GUNS) to allow citizens to report the illegal use and possession of firearms for federal response.

Gonzales Vows Federal Aid To Fight New Orleans Crime (CNN)

CNN.com, August 22, 2006

WASHINGTON (CNN) -- Attorney General Alberto Gonzales is promising federal help to police battling increasing crime in New Orleans.

Gonzales said he will immediately send 10 federal prosecutors from other locations to New Orleans to help prosecute federal firearms-, drug- and immigration-related violations.

The temporary assignment of prosecutors from the Justice Department in Washington and other locations is designed to provide needed assistance until nine assistant U.S. attorneys can be hired, trained and placed in the New Orleans office, he said Monday.

Gonzales announced funding for the new positions at a news conference with local officials at the Port of New Orleans.

In addition, the Bureau of Alcohol, Tobacco, Firearms and Explosives will send four more agents to beef up the Violent Crime Impact Team, which combats gun crimes. Gonzales also committed the U.S. Marshals Service to dispatching four deputy marshals to supplement the fugitive task force in New Orleans.

Officials said that after an initial drop in crime in the wake of Hurricane Katrina, violent crime has spiked this summer, highlighted by the high-profile shooting death in June of five teens while riding in a vehicle.

In advance of President Bush's planned visit to New Orleans next week to mark the first anniversary of the devastating hurricane, Gonzales sought to highlight federal law enforcement assistance to the New Orleans area over the past year.

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Justice Department figures show the federal government has made more than $20 million available to New Orleans and Orleans Parish to help rebuild the criminal justice system. Another $61 million was provided to the state of Louisiana for justice assistance grants and funds for law enforcement infrastructure damaged by Katrina.

New Orleans officials have complained that promised federal assistance to help the city to recover from Katrina's wrath has been slow in coming.

Federal officials have acknowledged that funding for Katrina assistance to Mississippi has been smoother and encountered fewer delays than has federal aid to Louisiana.

U.S. Official Sees Katrina Problems (NOTP)

By Mark Waller, Staff Writer

New Orleans Times-Picayune, August 22, 2006

Gonzales vows funds, personnel

After a tour of hurricane-damaged police facilities in New Orleans on Monday, U.S. Attorney General Alberto Gonzales announced reinforcements for federal law enforcement agencies operating in Katrina's aftermath.

"We're concerned about the recent increase in crime," especially violent crime in New Orleans, Gonzales said in a news conference at the Port of New Orleans, with police chiefs and sheriffs from several parishes gathered behind him.

"Justice must be served in these extremely difficult times."

He said the Bureau of Alcohol, Tobacco, Firearms and Explosives soon will receive four more special agents in New Orleans to focus on reducing gun crime.

The U.S. Marshals Service will receive four more deputy marshals to track down violent fugitives.

And the U.S. attorney's office will receive 10 temporary lawyers to help prosecute gun, drug and immigration cases, and it will hire nine more permanent lawyers to handle fraud cases.

"Their primary objective will be to file federal charges when we can," Gonzales said of the additional prosecutors.

As New Orleans' criminal justice system struggles to recover from Katrina, Gonzales said a major concern is "hemorrhaging of personnel" because of the storm's financial toll and housing shortages.

But he said the Justice Department is looking for ways to help local law enforcement.

"We have a chance to put back a functional criminal justice system that is second to none," Gonzales said. "This provides a wonderful opportunity to make some significant structural changes in this city."

He cited a new initiative of the FBI and state and local agencies jointly to gather information on violent criminals.

He said Alcohol, Tobacco and Firearms also will re-establish a 24-hour hotline for citizens to report illegal possession and use of guns.

The Justice Department will help form a National Police Athletic League for children in New Orleans, Gonzales said. It will help create "safe haven" recreation and learning centers in targeted neighborhoods.

And it will contribute money to restart Boys and Girls Clubs of America chapters that were lost to the hurricane.

"What we want to do is work with folks in New Orleans to help create an environment so if people want to come back, they can feel secure," Gonzales said.

Donald Powell, federal coordinator of Gulf Coast recovery, said criminal justice has become a leading concern in the New Orleans area and that the allocation of new personnel represents President Bush's continuing commitment to the hurricane recovery.

U.S. Attorney Jim Letten described Gonzales as "a rock" in supporting law enforcement affected by the Katrina.

A statement from the Justice Department said it has made $20 million in grants available for rebuilding the criminal justice system in New Orleans and a total of $61 million across Louisiana.

"Do we still have challenges? You bet we do," Gonzales said. "And that's why we're amassing these additional resources."

. . . . . .

Mark Waller may be reached at mwaller@timespicayune.com or (504) 717-7706.

A Man, A Plan, A Dam. Then, An F.B.I. Call. (NYT)

By Cornelia Dean

The New York Times, August 22, 2006

On July 25, Jim Bensman of Alton, Ill., attended a public meeting on the proposed construction of a bypass channel for fish at a dam on the Mississippi River. Less than a week later, he was under investigation by the F.B.I. — the victim, depending on how you look at it, of either a comedy of errors or alarming antiterror zeal.

The meeting was organized by the Army Corps of Engineers, which maintains Mississippi River navigation systems, including the Melvin Price Lock and Dam in East Alton, Ill., where it is considering construction of a fish passage.

At the meeting, Mr. Bensman, a coordinator with Heartwood, an environmental organization, suggested the corps simply destroy the dam. It was an idea the corps itself had considered. In fact, a photograph of an exploding dam was included in the corps' PowerPoint presentation, explosive demolition being by far the most common method of dam removal.

Mr. Bensman said he had long criticized the system of locks and dams as environmentally damaging and an unfair government subsidy benefiting boat traffic over railroads. "I've been fighting these things for decades," he said.

But news accounts of the hearing did not put it quite like that. One newspaper said simply that he "would like to see the dam blown up."

And on July 31, he said, he got a telephone call from someone who identified himself as Matt Federhofer, an agent of the Federal Bureau of Investigation. There is such a person at the agency's office in Fairview Heights, Ill., a St. Louis suburb, but he did not respond to a voicemail message yesterday. .

When Mr. Bensman learned what the call was about "it was just kind of disbelief," he said. "How could anyone be so utterly stupid as to think that was a terrorist threat?" For one thing, he said, it would be ridiculous for a would-be terrorist to announce explosive intentions at a public meeting, much less a meeting sponsored by an arm of the military.

But when the agent said he wanted to visit him at home, Mr. Bensman became frightened. "I was thinking, I need to talk to an attorney," Mr. Bensman recalled. "And he said, 'Well, O.K., I will put you down as not cooperating.' "

That was when Mr. Bensman got angry. "I know what Bush is doing with all these secret programs spying on the so-called terrorists, all these provisions in the Patriot Act that I think crosses the line, being able to spy on a suspected terrorist without the check and balance of a court or a judge," he said. "That's just something that really worries you."

He said he also remembered that the F.B.I. had a history of spying on civil rights, antiwar and environmental activists. He said one reason he knew his caller was a genuine agent was that he could cite items in Mr. Bensman's own F.B.I. file.

Mr. Bensman said the agent had told him that someone from the corps had asked the F.B.I. to investigate him. "I was saying, 'What in the world?' There is no way anyone in the corps could reasonably think I was a terrorist threat. They know me."

Kevin Bluhm, the corps official who moderated the meeting, said he doubted the call came from the corps. Though he conceded that Mr. Bensman has long been a thorn in its collective side, "he's not malicious, oh no," Mr. Bluhm said. "This was just Jim. He comes to a lot of our meetings, and he is anti a lot of the stuff that we do."

Mr. Bluhm, who leads the corps' public communication efforts along the Mississippi, said he could understand why the F.B.I. felt obliged to check Mr. Bensman out, but "if they would have asked me first, I would have said no, there's not that kind of risk there."

Marshall Stone, a spokesman for the Springfield, Ill., office of the F.B.I., said, "A lot of things we look into turn out to be things we don't have to be concerned about."

Mr. Bensman, who wrote an account of his experience which is circulating on the Internet, said he had been informed that he is not now suspected of anything. But he worries that his phone may be tapped and wonders what will happen if he is pulled over for a traffic violation: "Are the cops going to think I am a terrorist? You never know what is going to happen nowadays."

Radio Chips Leave Visa Data Unsecured (WT)

By Audrey Hudson

The Washington Times, August 22, 2006

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Foreign visas and information on U.S. aircraft protection are vulnerable to unauthorized access because of shortcomings in the Homeland Security Department's use of technology, according to a report released yesterday by the department's inspector general.

The report says the security issues involve the use of radio frequency identification chips (RFID) and databases at three Homeland Security agencies.

"These security-related concerns, if not addressed, increase the potential for unauthorized access to DHS resources and data," the report said. "We identified vulnerabilities on databases that could be exploited to gain unauthorized or undetected access to sensitive data."

The report was only able to focus on Customs and Border Protection (CBP), Transportation Security Administration (TSA), and the U.S. Visitor and Immigrant Status Indicator Technology program (US-VISIT) because the department lacks "an accurate inventory of systems using RFID technology."

RFID chips use wireless technology to store data that can be retrieved to confirm the identity of a person or location of an object through a tiny radio transmitter.

"The flexibility and portability of RFID technology and devices, as well as the information that resides on the tags, increases the need for security and privacy controls," the report said.

The report found security concerns in password management, user access permission and a lack of auditing in the systems that CBP uses to track foreign visitors upon entry at the two U.S. land borders. The Free and Secure Trade (FAST) program on the Mexican border and the Global Enrollment System on the Canadian border collect information that is fed into the US-VISIT program, which contains personal and biometric information on 17.5 million foreign visitors who have passed through nearly 200 air, land and sea ports.

Homeland officials agreed with the inspector general's findings and say additional security measures will be taken and guidelines developed to secure databases. The chips are still in the testing stage at the TSA to identify airline pilots, track their weapons, cargo and passenger bags.

The inspector's general findings on the weapons-tracking system was redacted. However, the Federal Flight Deck Officer operation that would identify pilots and track guns "is currently capturing operational data in support of TSA's mission," Inspector General Richard L. Skinner said in a July 7 letter to Edmund "Kip" Hawley, TSA assistant secretary.

The weapons-tracking system does not use encryption and is neither certified or accredited for operation, the letter said.

The State Department is using RFID chips in new e-passports for all U.S. citizens that will be issued by the end of this year, despite concerns the chips can be easily cloned.

Infineon, a German company, announced yesterday that it will supply the technology for the new passports, which will contain the tiny RFID chips on the back of their covers. Frank Moss, deputy assistant secretary for consular affairs at the State Department, says Infineon's e-passport system has been approved by the National Institute of Standards and Technology.

However, researchers at the Black Hat Briefings security conference in Las Vegas earlier this month were able to copy information from the chip.

Dangerous Disgrace (NSWK)

By Jonathan Alter, Newsweek

Newsweek, August 22, 2006

The FBI's continued technological incompetence is putting America at risk WEB EXCLUSIVE

Everyone's got an Exhibit A of the mind-bending, staggering and almost incomprehensible incompetence of the Bush Era. Iraq. Katrina. Medicare. But let's add one more. Should, God forbid, we be hit again by terrorists, historians will point an unforgiving finger at the computers of the FBI.

As The Washington Post reported on August 18, five years after 9/11 the FBI's computer system is still not fixed. How can this be? It's an ugly story of poor management, contractor abuse and an agency that cannot electronically connect the dots--even though nearly everyone agreed in 2001 that developing that ability should be among the top priorities for the United States. It's as

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if after Pearl Harbor President Franklin D. Roosevelt ordered that ships and aircraft be built to fight the Japanese, only to discover that five years later the government had built none.

The blame begins with Louis Freeh, who smugly headed the FBI for eight years under President Bill Clinton. Although he claims to have tried to upgrade the bureau's computers in 1995, he failed miserably. In 2001, when any large business in the world that wanted to make money was long since fully automated-and when most American six-year olds could download Little League snapshots-the FBI remained in the horse-and-buggy era. Its rusty mainframes used text-only "green screens" and could not scan reports or transmit photographs. Agents had no PCs and were forced to share e-mail accounts. Because it took 12 steps to upload a single document, most agents gave up and did everything the old-fashioned way-on paper.

Remember the period right after 9/11? I was hardly the only one writing about computers at the FBI. The new FBI director, Robert Mueller, insisted he was focused on the task at hand. He spent $170 million on a plan called "Trilogy" that was meant to solve the Bureau's technology problems.

From the start, it was a rip-off. The contractor, Science Applications International Corp. (SAIC), assigned 200 people to a program that, according to a former employer, could easily have been handled by a dozen. Instead of adapting off-the-shelf software, which any computer consultant with half a brain (make that any person with half a brain) knows is the only way to go, the company decided to design a software system from scratch. Surprise! It didn't work. If you've read even one of the 500,000 articles in the popular press about software development, it's obvious that the first try never works.

The consultants would, naturally, have us believe that the FBI's requirements were so complex and security-related that they needed their own system. This is a crock. Many businesses are larger and more complex than the FBI and they, too, have major security considerations. But this is how SAIC ballooned its contract from $14 million annually to $170 million. Then, when it had clearly failed, the contractor blamed the supervisors within the FBI. Natch.

By the time the National Research Council investigated the FBI's progress in May 2004, the results were pathetic. The review team found that three years after 9/11, the system still didn't allow agents to take their cases into the field on laptops. The program did not have bookmarking or archiving features that are standard in the least expensive commercial software. And the system could not properly sort data. Worst of all, the researchers found that the whole system could easily crash and the FBI had no backup plan. "A bunch of us were planning on committing a crime spree the day they switched over," a computer science professor who was on the review team told the Post.

After pulling the plug on Trilogy in January, 2005, the FBI started over with a different contractor, Lockheed Martin Corp. Its new system, called Sentinel, is said to be on budget and schedule, but at $305 million dollars it is many times more expensive than what a similar project would cost in the private sector. We're told this system will work some day. Keep your finger crossed.

There's enough blame to go around. Why did the Republican Congress, which has abdicated oversight, settle for asking a few pointed questions, then call it a day when told to be patient? Why didn't the White House ride herd on the computer upgrade until it was successfully completed? Why wasn't Mueller fired?

The sad truth is that accountability in Washington is dead. We won't get it back until we throw out those responsible. Let's hope it's not too late.

Anger, Worry Pervades Local Muslim Community (ORVMR)

By Jonathan Jones, STAFF WRITER

Orville (CA) Mercury Register, August 22, 2006

FREMONT — Atif Kamran seldom loses his cool over political or religious issues.

He has spent almost his entire life in Fremont. He played football and performed in musicals at Irvington High School. He listens to Cyprus Hill, Pink Floyd, the Red Hot Chili Peppers and Metallica. Occasionally he indulges in watching W.W.E. wrestling, and has an autographed picture of the wrestler known as The Undertaker.

Still, Kamran, a 19-year-old American Muslim of Pakistani descent, found himself all riled up during an Aug. 8 peace vigil at the corner of Mowry Avenue and Fremont Boulevard, where he and his mother, along with 20 others, were calling for a cease-fire in Lebanon.

At he stood at the corner, Atif heard a heckler yell at the group of 20 to go "blow yourselves up." Atif started to shout back.

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"I was yelling all kinds of stuff," Atif recalled. "Stuff I would say in high school. I think I threatened to toilet paper their house."

His mother, Firdous Kamran, heard the commotion. To her surprise, she spotted her son shouting at the car as it passed by.

"I said, 'What are you thinking?'" Firdous recalled. "'They can say whatever they want. But if you say something, who's to say the FBI or law enforcement won't come and take you away?' I'm scared for my kids."

It is a difficult time to be a young Muslim man in America, after a year of arrests of alleged home-grown terror suspects here and in Britain. And for parents, it's not much easier.

Moina Shaiq, an American Muslim parent of two sons ages 18 and 23, has became more worried for her son's safety after the July 2005 London commuter bombings. The recent arrests of British Muslim youth for allegedly plotting to blow up American-bound jets have heightened her fears.

"Both my boys have beards and dark skin, and I know some people categorize them just by their looks," Shaiq said. "I really worry about them when they're away from home because I fear a backlash. You never know who's walking around out there or what is on their mind."

Like many of America's estimated 1.6 million Muslims, Kamran and Shaiq said they've grown frustrated with the U.S. wars in Iraq and Afghanistan and a tendency by some U.S. public officials to equate the acts and views of radical extremists with the world's

1.3 billion Muslims as a whole.

Shaiq said she has become much more nosy about what her sons are reading on the Internet and asks them to stay away from any topics or images that could be considered radical or extremist to an outside observer.

"My younger son feels (that I'm getting too much into his business)," Shaiq said. "I tell him, 'I'm a concerned mother; you don't know who's under the watch of the FBI or the government.'"

Firdous, on the other hand, knows full well.

While Atif was away at college in the winter of 2004, she received a call from FBI agents who said they wanted to come by and chat, she said.

Firdous, who runs a Muslim matchmaking service with clients from all over the world, said she started to panic.

One of her friends, whom she consulted at the time, described her response as "petrified."

After contacting the American Civil Liberties Union and Muslim civil rights groups, Firdous declined to meet with two agents who turned up at her house, referring all questions to her attorney.

Later, her attorney told her that lengthy phone calls to England had sparked the agents' interest. Firdous said she was calling her niece, who had been admitted to the hospital in Britain because of complications with her pregnancy.

"If they were listening to my phone calls, then they would have known I was talking to my niece," Firdous said. "It makes you think: How much time and money are they wasting on stuff like this?"

Like her son, she considers herself an American. But, she said, she's afraid her country is failing her and her family.

"Terror is not just about bombings," Firdous said. "Terror is also about restricting freedom of speech. It's about always being afraid. It's about always worrying what might happen next."

Atif said he has shied away from more virulent Islamic sentiment among Muslims at the University of California, Irvine, but he said the sentiment among his Muslim friends is there.

"People are angry. People are frustrated," Atif said. "There's so much sensationalism out there, and the anger — on both sides — is a byproduct of that fear and a lack of understanding."

Mohamad Rajabally, a Fremont dentist and a former president of the Islamic Society of the East Bay, said American Muslim religious leaders recognize the "frustration and anger" among younger Muslims. He said many imams have worked hard to encourage younger Muslims to channel their emotions in positive ways.

"We've got to promote Muslim youth and give them a sense of belonging," Rajabally said. "We don't want to ostracize them. We don't want to marginalize them by reinforcing stereotypes."

Like others their age, many American Muslim young adults are idealistic and convinced they can change the world for the better, Rajabally added.

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"We need to harness that energy and use it in a positive way that can benefit the greater community," Rajabally said. "That should be the goal of every high school, every campus and every mosque. We don't need people to become xenophobic."

Katrina Cost Continues To Swell (USAT)

By Richard Wolf

USA Today, August 22, 2006

WASHINGTON — The fiscal impact of Hurricane Katrina, the most costly natural disaster in U.S. history, shows no sign of ending.

Congress has already approved $122 billion in spending, and is now paving the way for Gulf Coast states to get billions more. As much as $20 billion for coastal restoration could come from offshore-drilling royalties in the next few decades. Louisiana has been seeking $14 billion for that purpose.

The Bush administration may need $2 billion more for public projects such as roads, schools and utilities. It awaits a study next year that could recommend even stronger levees in New Orleans than are now being built.

President Bush said Monday the government has made "a strong commitment" but added, "There is more work to be done, particularly when it comes to housing." That money has been appropriated, but much of it remains to be spent.

Most of the federal money has gone to compensate victims, clear debris, house evacuees and make repairs to New Orleans' levees. Local officials say the region's coast and infrastructure will require tens of billions more in years to come.

"Louisiana will not be made whole by what Congress has appropriated thus far," says Andy Kopplin, executive director of the Louisiana Recovery Authority. Sen. Mary Landrieu, D-La., says the Gulf Coast could need "a few billion dollars a year" in additional funds.

That appetite for federal funds could clash with lawmakers' wallets. Congress has approved $87 billion in cash, nearly $20 billion in flood-insurance payouts and billions in tax breaks for victims. As much as $1.4 billion was misspent because the Federal Emergency Management Agency lacked safeguards, according to the Government Accountability Office.

The White House is scrutinizing how federal aid is spent. "Should there be more requests, our job is to be sure it's based upon good data," says Donald Powell, federal coordinator of Gulf Coast rebuilding.

Some in Congress say enough is enough. "Not another dime should go," says Colorado Rep. Tom Tancredo, one of 11 Republicans who opposed the largest spending bill last year. Others want offsets in the budget. "Maybe we should stop funding Radio Free Europe," says Rep. Jeb Hensarling, R-Texas.

The flow of money has some worried about precedents. Sen. Judd Gregg, R-N.H., budget committee chairman, says when floods struck his state in May, "people were wondering why they didn't get the same amount as Katrina" victims did.

WAR NEWS:

Bush Defends War, Acknowledges Some Frustration (LEXHL)

By Mark Silva

Lexington Herald-Leader (KY), August 22, 2006

WASHINGTON - After more than three years of prosecuting the war in Iraq as a matter of fighting the "global war on terror," President Bush faces the challenge of defending the war in his party's struggle for control of Congress this fall.

The president waged an impassioned and sometimes heated defense of the war in a press conference Monday. But he acknowledged his frustration at times with the progress of the Iraqi security force even as he insisted on the importance of maintaining the U.S. military mission "until the job is done."

Yet as the war in Iraq becomes a focal point of many fall campaigns at home, Bush faces a daunting political challenge: upholding the costly, unpopular presence of American forces in Iraq as a growing chorus of Democratic congressional candidates demands a strategy for withdrawal.

The president is supporting a strategy already outlined by the GOP and played out on the campaign trail by Vice President Dick Cheney and others based on the view that a hasty withdrawal from Iraq would leave Americans more vulnerable to terrorism

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at home. While Cheney warns that anti-war critics are playing into the hands of "al-Qaida types" who might attack the U.S., Bush is waging a more conciliatory argument with opponents, asserting that he does not question their patriotism.

"There's a lot of people - good, decent people - saying, `Withdraw now.' They're absolutely wrong," Bush said in a nearly hour-long news conference. "What matters is that in this campaign ... we clarify the different point of view. There are a lot of people in the Democrat Party who believe that the best course of action is to leave Iraq before the job is done, period. And they're wrong."

The war in Iraq isn't the only crisis in the Middle East facing the president.

Bush announced Monday that he will boost his commitment of humanitarian aid and money for reconstruction of war-torn Lebanon from $50 million to more than $230 million, as the U.S. helps the Lebanese rebuild roads, bridges and schools bombed and shelled in a month-long conflict between Israel and Hezbollah guerrillas in southern Lebanon. Bush also called on a balking international community to deploy the forces needed for a United Nations-sponsored peacekeeping force in Lebanon.

The president also faces a showdown in the U.N. with Iran, which is refusing to suspend its enrichment of uranium. Iran is unlikely to meet an Aug. 31 U.N. deadline for suspension of the enrichment, which it claims will support civilian nuclear power but which the West views as part of a bomb-building program.

"Iran is obviously ... part of the problem" of securing peace in the broader Middle East, Bush said. "They sponsor Hezbollah. ... Imagine how difficult this issue would be if Iran had a nuclear weapon."

But it is the war in Iraq that is weighing most heavily on the fall campaign as Bush tries to stave off a Democratic takeover of Congress that would make his final two years in office much tougher.

Democrats wasted little time Monday going after Bush's comments.

"President Bush's plan for his final two years amounts to three simple words: Stay the course," said Rep. Rahm Emanuel, D-Ill., chairman of the Democratic congressional campaign.

Senate Democratic Leader Harry Reid, D-Nev., called the president misguided in framing the war as "a question of resolve. Instead, it is a question of strategy. ... Three years into the war in Iraq, the unfortunate truth is that the president's strategy is a failure."

The president's personal approach is gentler than that of Cheney or the Republican Party chairman, Ken Mehlman, who has lashed out at "Defeat-ocrats" for opposing the war.

Bush was asked at the press conference about Cheney's suggestion that the defeat of Sen. Joe Lieberman in Connecticut's Democratic primary by an antiwar opponent will embolden al-Qaida forces hoping to "break the will of the American people."

The president did not directly address the question. "What all of us in this administration have been saying is that leaving Iraq before the mission is complete will send the wrong message to the enemy and will create a more dangerous world," Bush said. "It's an honest debate.

"I will never question the patriotism of somebody who disagrees with me," Bush added. "These are decent people. They're just as American as I am. I just happen to strongly disagree with them. And it's very important for the American people to understand the consequences of leaving Iraq before the job is done. ... If we withdraw before the job is done, the enemy will follow us here."

The president acknowledged frustration about continuing violence in Iraq.

"Frustrated? Sometimes I'm frustrated," Bush said. "Sometimes I'm happy. ... But war is not a time of joy. These aren't joyous times. These are challenging times, and they're difficult times, and they're straining the psyche of our country."

And he voiced a sense of resignation about his own standing in the polls, driven down by war.

"Presidents care about whether people support their policies," he said. "Of course I care. But I understand why people are discouraged about Iraq. ... I'm going to do what I think is right. And if, you know, if people don't like me for it, that's just the way it is."

Bush Says Iraq Pullout Would Be 'A Disaster' (WP)

By Michael A. Fletcher And Glenn Kessler

The Washington Post, August 22, 2006

DOJ_NMG_0051622

President Bush laid down an impassioned defense of his Iraq policy yesterday, saying the United States must stay in the fight despite an escalating death toll, increasing calls for the withdrawal of U.S. troops and growing public sentiment against the war.

While acknowledging that raging sectarian violence and mounting U.S. casualties in Iraq are "straining the psyche of our country," Bush said that withdrawing U.S. troops before the nation is stabilized would be disastrous.

"Leaving before the job would be done would send a message that America really is no longer engaged, nor cares about the form of governments in the Middle East," he said. "Leaving before the job was done would send a signal to our troops that the sacrifices they made were not worth it. Leaving before the job is done would be a disaster, and that's what we're saying."

Resolute and at times exasperated during a 56-minute news conference, Bush cast the war in Iraq as part of a broader struggle against Islamic extremism that holds serious implications for the security of the United States. Bush's defense of his Iraq policy touched on familiar themes, but his passionate and lengthy plea to keep fighting was striking in light of the plummeting support for the war among the public and -- more worrisome for the White House -- among Republicans.

Many Democrats, and some Republicans, have called for a fixed timetable for withdrawing U.S. troops from Iraq. Also, an increasing number of conservative commentators who once agitated for the invasion are now critical of Bush's handling of the war. Iraq has become the central issue in the campaigns leading to this fall's congressional elections, prompting some GOP candidates to avoid public appearances with the president.

"You know, it's an interesting debate we're having in America about how to handle Iraq," Bush said. "There's a lot of people -- good, decent people -- saying 'Withdraw now.' They're absolutely wrong. It would be a huge mistake for this country."

Bush opened the news conference with an "urgent" plea for "an effective international force" to support the truce between Israel and Hezbollah in southern Lebanon -- an effort that is faltering because European countries, led by France, have been reluctant to contribute enough troops. A U.N. resolution calls for up to 15,000 troops, and Bush said that "the international community must now designate the leadership of this new international force, give it robust rules of engagement, and deploy it as quickly as possible to secure the peace."

State Department officials said the effort to build the peacekeeping force is going slowly in part because the resolution has left unclear who is responsible for disarming Hezbollah. Bush seemed to back off his call for the militia to immediately give up its weapons, saying: "Hopefully, over time, Hezbollah will disarm."

U.N. Secretary General Kofi Annan strained over the weekend to persuade leaders from Finland, India, Italy and Spain to provide firmer commitments to serve in the U.N. mission. U.N. military planners had hoped that Italy would have made a firm commitment to send thousands of troops to Lebanon before the end of the month. Prime Minister Romano Prodi told Annan in a telephone conversation Sunday that he was still considering whether to provide a major military contribution. But he added that it would be easier to build public support for the risky mission if an Italian commander were to lead the force.

The United Nations had intended to renew the contract of its mission's French commander, Alain Pellegrini, when it expires in February. But officials said Annan probably would yield to Prodi's request if he carries through on a pledge to send as many as 3,000 troops. At a closed-door meeting at the U.N. Security Council yesterday, a French official said France had supplied a vanguard force of 200 troops, but U.S. officials are pressing for France to provide significantly more. "I would hope they would put more troops in," Bush said.

The United States has ruled out providing troops to the force, but Bush has offered logistical support, as well as command and control, communications and intelligence help. He also announced a $180 million increase in U.S. aid -- to $230 million -- in an effort to counter the millions of dollars that Hezbollah is distributing to rebuild housing and feed people in the areas of Lebanon devastated by Israeli attacks.

Turning back to Iraq, Bush was adamant in arguing that the conflict is crucial to the broader battle against terrorism. "If you think it's bad now, imagine what Iraq would look like if the United States leaves before this government can defend itself and sustain itself," he said.

Asked whether that would be true if the United States had not invaded Iraq, Bush responded: "Imagine a world in which Saddam Hussein was there, stirring up even more trouble in a part of the world that had so much resentment and so much hatred that people came and killed 3,000 of our citizens."

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And although Vice President Cheney repeatedly implied that an Iraqi intelligence agent met with a Sept. 11, 2001, hijacker five months before the attacks long after the story had been discredited, Bush said that "nobody has ever suggested that the attacks of September 11 were ordered by Iraq."

"I have suggested, however, that resentment and the lack of hope create the breeding ground for terrorists," he added.

Underscoring the difficult challenge posed by the situation in Iraq, Bush's news conference came one day after Sunni Arab gunmen killed 20 religious pilgrims and wounded 300 others who had gathered in Baghdad for a Shiite holiday. The deaths occurred during a period when more than 100 Iraqis a day have been killed by the sectarian violence that some say is bordering on civil war.

"I hear a lot of talk about civil war. I'm concerned about that, of course, and I've talked to a lot of people about it. And what I've found from my talks are that the Iraqis want a unified country," Bush said. "And that the Iraqi leadership is determined to thwart the efforts of the extremists and the radicals."

Several prominent Democrats rejected Bush's call for staying the course in Iraq, saying the problem there is not a lack of will but lack of a winning strategy. "We need to set a date to force Iraqis to stand up for Iraq, force the administration to finally do the diplomacy necessary to find the political solution our generals say is needed," said Sen. John F. Kerry (Mass.). Senate Minority Leader Harry M. Reid (Nev.) also called for Bush to change direction. "President Bush is wrong to say that success in Iraq is a question of resolve," he said. "Instead, it is a question of strategy."

Bush dismissed such critics as "wrong," adding that those calling for a withdrawal don't understand the consequences of leaving Iraq "before the job is done."

"We'll complete the mission in Iraq," Bush added. "I can't tell you exactly when it's going to be done, but I do know that it's important for us to support the Iraqi people, who have shown incredible courage in their desire to live in a free society. And if we ever give up the desire to help people who live in freedom, we will have lost our soul as a nation, as far as I'm concerned."

In Election Push, Bush Faults Talk Of Iraq Pullout (NYT)

By Jim Rutenberg

The New York Times, August 22, 2006

WASHINGTON, Aug. 21 — President Bush seized on Monday on Democratic calls for withdrawal from Iraq to make an election-year case that his political rivals did not properly understand the threats to the nation and would create a more dangerous world.

It was the most direct attack on Democrats that Mr. Bush has made from a White House lectern this election year, and it effectively signaled the beginning of a more outright political season for him and his aides as they work to help Republicans maintain control of Congress.

The appearance offered a preview of the themes the White House and Republicans will use this fall during their most daunting electoral challenge of Mr. Bush's presidency, with continued voter dissatisfaction over the course of the war, the high price of gasoline and the president's overall job performance.

Democrats have pointed to polls showing that public support for the war continues to wane, and the president acknowledged as much on Monday.

"These are challenging times, and they're difficult times, and they're straining the psyche of our country," Mr. Bush said in an hourlong news conference. "Nobody wants to turn on their TV on a daily basis and see havoc wrought by terrorists."

Analysts from both parties have called the war the biggest political liability facing the Republicans this year. Mr. Bush's political aides have urged fellow Republicans to embrace the conflict, and Mr. Bush seemed to go a step further, suggesting that he hoped the midterm elections would be fought over rival approaches on Iraq.

"What matters is that in this campaign that we clarify the different points of view," Mr. Bush said from the press secretary's lectern in the White House conference center up the street from the Oval Office. "And there are a lot of people in the Democrat Party who believe that the best course of action is to leave Iraq before the job is done, period, and they're wrong."

In calling the opposition the "Democrat Party" Mr. Bush was repeating a truncated, incorrect version of the party's name that some Democrats have called a slight, an assertion the White House dismissed as ridiculous. Either way, it was the president as

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political strategist whom television viewers got a glimpse of Monday, with Mr. Bush laying out what he believed Republicans should focus on this election year and rehearsing an argument that used Iraq as a foil, by contending that the early withdrawal advocated by some Democrats would embolden terrorists everywhere.

Democrats have sought to stoke public displeasure with the war, and they seized on Mr. Bush's remarks about Iraq as evidence that he was choosing to stay with a failed policy.

"The president's promise to keep American forces in Iraq as long as he is in office is no substitute for an effective plan to complete the mission," Representative Nancy Pelosi of California, the House Democratic leader, said in a statement, referring to Mr. Bush's promise that "we're not leaving so long as I'm president."

Ms. Pelosi added, "Democrats believe it's time for a new direction in Iraq, with responsible redeployment of U.S. forces from Iraq that begins this year."

The dissatisfaction over the war now extends to some Republican officeholders who supported the American invasion of Iraq in 2003 but now express displeasure with the execution of the war.

Mr. Bush acknowledged that "sometimes I'm frustrated" about the continuing violence in Iraq, even though that impression is one that some around the president have sought to play down in recent days. But Mr. Bush also said that he was sometimes "happy" over progress in Iraq, and that while concerned about the prospect of civil war, he believed the Iraqis would work for unity.

Mr. Bush appeared generally upbeat, occasionally rocking back and forth behind the lectern as he fielded questions. The White House announced the 10 a.m. news conference less than two hours before it began. It acted after recent weeks in which some of Mr. Bush's conservative supporters had argued that his Iraq campaign might need adjustment.

The Iraq war and the buildup to it helped fuel Republican victories in 2002 and 2004, but polls now show that a majority of Americans have doubts about progress in Iraq.

The White House and Republican Party officials have argued that the Iraq war remains potent politically for Republicans when they cast it as part of the broader war on terror, though they have sometimes found it difficult to make that case.

When Mr. Bush referred to the Sept. 11 terrorist attacks on Monday in reference to a question about Iraq, a reporter pressed him, "What did Iraq have to do with that?"

"Nothing," Mr. Bush responded somewhat testily, adding, "Nobody has ever suggested in this administration that Saddam Hussein ordered the attack."

Leading up to the invasion in March 2003, Vice President Dick Cheney did call attention to the theory, since discredited, that one of the Sept. 11 hijackers might have met in Prague with an Iraqi intelligence officer.

In general, however, Mr. Bush struck a different tone than the vice president has used in recent weeks, including Mr. Cheney's suggestion two weeks ago that Ned Lamont's victory over Senator Joseph I. Lieberman in the Connecticut Democratic primary might embolden "Al Qaeda types."

In response to a question, Mr. Bush said Monday that the administration's message was that leaving Iraq would embolden terrorists, but he added, "We'll continue to speak out in a respectful way, never challenging somebody's love for America when you criticize their strategies or their point of view."

Strategists on both sides have pointed to Iraq as a major drag on the president's popularity, which in turn has been a drag on his party. Just two weeks ago, a close White House ally, Senator Mitch McConnell of Kentucky, said in an interview on Fox News, "I wish the president's approval rating were better than it is, and that's not a plus for us."

In a follow-up interview on Monday, Mr. McConnell played down that remark, saying Republicans would ultimately maintain control of Congress in November by highlighting Democratic flaws.

Mr. Bush said the party could also score points on tax cuts and the economy. As for flagging support for the war in Iraq, he said, "Presidents care about whether people support their policies," and acknowledged, "Of course I care."

But, he added, "I'm going to do what I think is right, and if people don't like me for it, that's just the way it is."

Bush: Leaving Iraq Now Would Be Disaster (AP)

By Terence Hunt

The Associated Press, August 22, 2006

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President Bush said Monday the Iraq war is "straining the psyche of our country" but leaving now would be a disaster.

Bush served notice at a news conference that he would not change course or flinch from debate about the unpopular war as he campaigns for Republicans in the fall congressional elections. In fact, he suggested that national security and the economy should be the top political issues, and criticized the Democrats' approach on both.

Many Democrats want to leave Iraq "before the job is done," the president said. "I can't tell you exactly when it's going to be done," he said, but "if we ever give up the desire to help people who live in freedom, we will have lost our soul as a nation, as far as I'm concerned."

Now in its fourth year, the war has taken a toll — more than 2,600 Americans have died and many more Iraqis have been killed. Last month alone, about 3,500 Iraqis died violently, the highest monthly civilian toll so far. Bush's approval rating has slumped to the lowest point of his presidency, and Republicans are concerned that they could lose control of Congress because of voters' unhappiness.

Bush said he was frustrated by the war at times.

"War is not a time of joy," he said. "These are challenging times, and they're difficult times, and they're straining the psyche of our country. I understand that. You know, nobody likes to see innocent people die. Nobody wants to turn on their TV on a daily basis and see havoc wrought by terrorists."

But Bush said he agreed with Gen. John Abizaid, the top U.S. commander in the Middle East, that if "we leave before the mission is done, the terrorists will follow us here." A failed Iraq would provide a safe haven for terrorists and extremists and give them revenue from oil sales, Bush said.

In response, Democrats said it was time for a new direction and Bush should begin redeploying troops this year.

"Our soldiers in Iraq should transition to a more limited mission focused on counterterrorism, force protection of U.S. personnel and training and logistical support of Iraqi security forces," House Democratic Leader Nancy Pelosi said.

Senate Democratic Leader Harry Reid said, "Far from spreading freedom and democracy in the Middle East, the Bush administration has watched while extremists grow stronger, Iran goes nuclear, Iraq falls into civil war and oil and gas prices skyrocket. Simply staying the course is unacceptable."

Bush said differences over Iraq provide "an interesting debate." "There's a lot of people — good, decent people — saying `withdraw now.' They're absolutely wrong. ... We're not leaving, so long as I'm the president. That would be a huge mistake."

"Leaving before the job is done would be a disaster."

Bush said he would not question the patriotism of someone who disagreed with him — although Vice President Dick Cheney said recently the Democratic primary election victory of anti-war candidate Ned Lamont over incumbent Sen. Joe Lieberman, a defender of the war, might encourage "the al-Qaida types."

Bush opened his nearly hour-long news conference by calling for quick deployment of an international force to help uphold the fragile cease-fire in southern Lebanon. "The need is urgent," Bush said. He said the United States was increasing humanitarian and reconstruction aid to more than $230 million.

European countries expected to provide the bulk of peacekeepers have delayed committing troops. France disappointed allies by merely doubling its contingent of 200.

The president also said the United States would seek a new U.N. resolution on disarming Hezbollah in southern Lebanon but he sounded doubtful about achieving results soon on the ground. "Hopefully, over time, Hezbollah will disarm," the president said.

Bush also urged patience about the rebuilding of New Orleans and other gulf communities ravaged by Hurricane Katrina a year ago. The federal government has committed $110 billion to help. "I also want the people down there to understand that it's going to take awhile to recover," the president said. "This was a huge storm." He suggested the federal government had done its part and state and local officials should move faster.

On other points, Bush said:

• He talked Monday with Chinese President Hu Jintao about trying to revive six-party negotiations aimed getting North Korea to give up its nuclear ambitions. The White House said the two leaders, in a 21-minute call, also discussed economic issues that have caused friction.

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• There is no quick fix for soaring gasoline prices. He said the answer was to diversify away from crude oil.

• A morning-after contraceptive pill, known as Plan B, should require a prescription for minors. Anti-abortion groups want Bush to withdraw Dr. Andrew von Eschenbach, his nominee to head the Food and Drug Administration, because they think he will approve over-the-counter sales of the morning-after pill. Democrats, meanwhile, are upset that the FDA has long delayed settling the debate over whether at least some women could buy the contraceptive without a doctor's note.

Bush Acknowledges U.S. Under Strain (USAT)

By David Jackson

USA Today, August 22, 2006

WASHINGTON — President Bush said Monday that he understands voter frustrations over Iraq, but pulling out would only help terrorists who want to attack the United States.

"These are challenging times, and they're difficult times, and they're straining the psyche of our country," Bush said during a news conference spent mainly defending his Iraq policy.

Bush was also politically combative during the 56-minute conference. He said proposals by some Democratic officials would create chaos in Iraq and give terrorists an oil-rich base for attacks. "If you think it's bad now, imagine what Iraq would look like if the United States leaves before this government can defend itself and sustain itself," he said. "Chaos in Iraq would be very unsettling in the region."

Senate Minority Leader Harry Reid, D-Nev., said Bush's Iraq policy has made the United States more vulnerable. "Far from spreading freedom and democracy in the Middle East," Reid said, "the Bush administration has watched while extremists grow stronger, Iran goes nuclear, Iraq falls into civil war, and oil and gas prices skyrocket."

As the Iraq war has hurt Bush's popularity, some of his fellow Republicans have criticized the handling of the war. Sen. Chuck Hagel of Nebraska said it would be a mistake to send more U.S. troops into Baghdad. Rep. Michael Fitzpatrick of Pennsylvania, who faces a tough re-election campaign in a district outside Philadelphia, called Bush's Iraq policy "extreme" in a mailing sent to constituents last week.

Bush said the elections Nov. 7 will be decided on many issues: the economy and tax cuts as well as the war on terrorism. The president said he is not challenging his Iraq critics' patriotism.

"They're just as American as I am," Bush said. "I just happen to strongly disagree with them."

He rejected suggestions that attempts to forge democracy in Iraq and other places in the Middle East create more violence. Bush called that a "stir-up-the-hornet's-nest theory" that "just doesn't hold water."

"The terrorists attacked us, and killed 3,000 of our citizens before we started the freedom agenda in the Middle East," Bush said.

When asked what Iraq had to do with the Sept. 11 terror attacks, Bush said, "Nothing." But the attacks, he said, taught him to deal with threats such as Saddam Hussein before they fully materialized.

"I fully believe it was the right decision to remove Saddam Hussein," Bush said. "Now the question is, how do we succeed in Iraq?"

Bush said Iraq's future ultimately depends on the reformers who live there, and that applies to the Middle East in general. The United States, he said, needs to help because ultimately the power of democracy will offset violence.

"In the long term, the only way to defeat this terrorist bunch is through the spread of liberty and freedom," Bush said.

Bush also said the United Nations Security Council should sanction Iran if it doesn't suspend nuclear enrichment in exchange for an energy aid package. Iran has until Aug. 31 to respond to the offer.

"In order for the U.N. to be effective, there must be consequences," Bush said.

Bush Stands By Iraq Until 'Job Is Done' (WT)

By Stephen Dinan

The Washington Times, August 22, 2006

President Bush yesterday pledged to remain in Iraq throughout his presidency and put the issue squarely at the top of this year's congressional elections, saying it will be a defining difference between Republicans and Democrats.

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"Either you say, yes, it's important that we stay there and get it done, or we leave. We're not leaving so long as I'm the president," the president said at a press conference yesterday morning, in which he also announced expanded U.S. aid for Lebanon and Israel, defended the pace of progress on rebuilding after Hurricane Katrina and said the United Nations must be ready to impose sanctions on Iran.

The Iraq war dominated the nearly hourlong session, with the president defending his goals in the Middle East, although he acknowledged the war is "straining the psyche" of Americans here at home. He also said he is concerned about a civil war in Iraq, a term the White House had been avoiding.

But the president said that if the U.S. loses the will to help other nations toward freedom, "we will have lost our soul as a nation," adding that the terrorists are watching the political debate this year.

"Any sign that says we're going to leave before the job is done simply emboldens terrorists and creates a certain amount of doubt for people so they won't take the risk necessary to help a civil society evolve in the country," Mr. Bush said. "I'm sure they're watching the campaign carefully. There are a lot of good, decent people saying: 'Get out now; vote for me, I will do everything I can' to, I guess, cut off money, is what they'll try to do to get our troops out. It's a big mistake."

Democrats said they welcome the election-year debate and charged Mr. Bush isn't offering anything concrete for voters to back.

"'Stay the course' has produced the situation President Bush now decries, and his repeated failure to offer a new direction provides no hope for a lessening of the sectarian violence that is the greatest threat to Iraq's future," said House Minority Leader Nancy Pelosi, California Democrat. "Democrats believe it's time for a new direction in Iraq, with responsible redeployment of U.S. forces from Iraq that begins this year."

And Sen. John Kerry, the Democrats' 2004 presidential nominee, said Mr. Bush was wrong when he said Iraq was straining Americans' psyche.

"The American psyche isn't the problem. The problem is this administration's disastrous Iraq policy," the Massachusetts senator said. "Patience is strained because almost five years later, Osama bin Laden is still on the loose, and gone is the promise of 'wanted dead or alive.' The administration's credibility is strained because the president's mantra that 'U.S. troops will stand down as Iraqis stand up' is another misleading myth, and 'stay the course' is a recipe for disaster when the course is broken."

Mr. Bush stressed that he is not calling Democrats unpatriotic, but he said the election will be a referendum on where the two parties stand.

"Elections are won based upon economic issues and national-security issues," he said. "And there's a fundamental difference between many of the Democrats and my party, and that is, they want to leave before the job is completed in Iraq."

Democratic voters in Connecticut catapulted the issue to the forefront earlier this month when they nominated Ned Lamont, an anti-war candidate, instead of incumbent Sen. Joe Lieberman. Mr. Lieberman is running as an independent, and yesterday Mr. Bush gave him a boost by saying he will not endorse the Republican candidate in that race.

"I'm going to stay out of Connecticut," he said.

He said that if he were a candidate, he would run by charging that Democrats will raise taxes, touting Republican economic policies that he credited with cutting the projected deficit this year and campaigning on a promise to address long-term Social Security and Medicare costs.

Mr. Bush yesterday also:

•Said he is comfortable with the $110 billion that the federal government has committed to rescue, recovery and rebuilding from Hurricane Katrina, but said those on the ground should be patient as the efforts continue.

•Defended his nominee to head the Food and Drug Administration, Dr. Andrew von Eschenbach, in the face of criticism from conservatives who think he will approve over-the-counter sales of Plan B, a morning-after contraceptive pill widely attacked in pro-life circles as an abortifacient. Mr. Bush said that minors should be required to have a prescription for the pill.

•Said the United Nations faces a test later this month as the deadline approaches for Iran to suspend its nuclear program and must move quickly to approve sanctions if Iran doesn't meet the target.

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"In order for the U.N. to be effective, there must be consequences if people thumb their nose at the United Nations Security Council," the president said.

Bush Takes On His Critics Over Iraq, Katrina, Gas Prices (LAT)

By Peter Wallsten

The Los Angeles Times, August 22, 2006

WASHINGTON — Democrats are eager to score points with voters this fall by talking about President Bush's handling of Iraq, Hurricane Katrina and gas prices. But on Monday Bush showed that he, too, is eager to discuss those topics — framing them as winners for Republican candidates in November, even if polls show voters disagreeing now.

He did so during his third extended question-and-answer session with reporters in as many weeks, underscoring GOP strategists' hopes that even a president plagued by low approval ratings can turn the bully pulpit of his office into an advantage by filling the airwaves with a message designed to help the party's candidates.

On each topic, Bush acknowledged public anxiety. But he defended his record and, particularly on national security, accused Democrats of weakness.

"I will never question the patriotism of somebody who disagrees with me," Bush said. "This has nothing to do with patriotism. It has everything to do with understanding the world in which we live."

He went out of his way to invoke one of the Democrats' favorite topics — the National Security Agency's warrantless domestic surveillance of terrorism suspects, which a federal judge ruled unconstitutional last week — as a way to ridicule his political opponents while tying Iraq to his broader foreign policy of targeting terrorists.

"Those who heralded the decision not to give law enforcement the tools necessary to protect the American people simply don't see the world the way we do," he said.

Monday's hourlong news conference, held in a temporary briefing room across Pennsylvania Avenue from the White House, was the latest in Bush's efforts to reassure voters who have grown increasingly wary of his leadership on foreign and domestic fronts.

While Bush has often been accused of avoiding critical questioners, the appearance suggested that he is settling into a pattern of regular, wide-ranging interactions with reporters in which he can appear confident and presidential.

"Look, I understand gas prices are like a hidden tax," Bush said when asked how fuel prices might affect the GOP's tenuous grip on its House and Senate majorities. "Not a hidden tax, it's a tax — it's taking money out of people's pockets. I know that."

Asked about the slow pace of recovery in New Orleans and other Gulf Coast communities devastated a year ago by Hurricane Katrina, Bush promised that millions of dollars in housing grants were on the way and he defended the federal commitment of more than $100 billion overall.

Democrats have pointed to the response to Katrina as evidence of administration incompetence and insensitivity to African Americans, while some conservatives have balked at Bush's promises to spend billions on recovery.

Still, today's session was dominated by discussion of the Middle East, including the situation in Iraq and the tepid cease-fire between Israel and the Shiite militia Hezbollah.

Bush called for the disarming of Hezbollah, which from bases in southern Lebanon launched hundreds of rockets at northern Israel over a four-week period before the cease-fire took effect last week.

But with the group receiving help from Iran and Syria and the Lebanese government lacking the political and military power to intervene, Bush conceded that the process might be long and difficult. And he acknowledged the need for further negotiations before France and other members of a proposed international force are willing to play their role.

"First things first," he said, "is to get the rules of engagement clear, so that the force will be robust to help the Lebanese."

On Iraq, Bush said that the outcome of the war and the extent to which the United States remains engaged are central not just to the future of Iraq, but to America's security as well.

"The question facing this country is, will — do we, one, understand the threat to America?" Bush asked. "In other words, do we understand that a failed — failed states in the Middle East are a direct threat to our country's security?

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"And secondly, will we continue to stay engaged in helping reformers, in working to advance liberty, to defeat an ideology that doesn't believe in freedom?" he added. "And my answer is, so long as I'm the president, we will."

Even as he attempted to link Iraq to broader questions of fighting terrorism, Bush offered one of his bluntest concessions to date that Iraqi dictator Saddam Hussein, deposed in the U.S. invasion, had no role in the Sept. 11 terrorist attacks.

Even though Bush and other administration officials argued frequently before the 2003 invasion that Iraq had forged ties with Al Qaeda and had been seeking to build a nuclear weapon, and despite polls indicating that many Americans believe Hussein had a role, Bush summed up Iraq's involvement Monday with one word: "Nothing."

"Nobody has ever suggested that the attacks of September the 11th were ordered by Iraq," Bush said. "I have suggested, however, that resentment and the lack of hope create the breeding grounds for terrorists who are willing to use suiciders to kill to achieve an objective."

Bush's comments came as Democrats, long hesitant to engage the White House on national security, have decided to go toe to toe with Bush on the issue, charging that the costly Iraq war — an estimated $308.6 billion so far — has wasted money that could have been spent on domestic programs and distracted attention from the hunt for Osama bin Laden and other Al Qaeda leaders who plotted the attacks on the United States.

Senate Minority Leader Harry Reid (D-Nev.) responded to Bush's comments today by calling his strategy in Iraq a "failure."

"Far from spreading freedom and democracy in the Middle East, the Bush administration has watched while extremists grow stronger, Iran goes nuclear, Iraq falls into civil war, and oil and gas prices skyrocket," Reid said in a statement. "Simply staying the course is unacceptable. We need a new direction in the Middle East, especially in Iraq, where the president's failed policies have made America less safe."

Bush appeared lighthearted and relaxed during his news conference, teasing reporters about their "fancy" temporary quarters and pledging that the press corps would return to the West Wing when renovations of the press area are completed. The precise return date is unclear, and some journalists are concerned that White House officials have conspired to move the press farther away for good.

"I'm looking forward to hugging you when you come back, everybody," Bush said, then paused and asked: "When are you coming back?"

"You tell us," one reporter replied.

President On Another Planet (WP)

By Eugene Robinson

The Washington Post, August 22, 2006

For a moment there, I was almost encouraged. George W. Bush, the most resolutely incurious and inflexible of presidents, was reported last week to have been surprised at seeing Iraqi citizens -- who ought to be grateful beneficiaries of the American occupation, I mean "liberation" -- demonstrating in support of Hezbollah and against Israel.

Surprise would be a start, since it would mean the Decider was admitting novel facts to his settled base of knowledge and reacting to them. Alas, it seems the door to the presidential mind is still locked tight. "I don't remember being surprised," he said at his news conference yesterday. "I'm not sure what they mean by that."

I'm guessing "they" might mean that when you try to impose your simplistic, black-and-white template on a kaleidoscopic world, and you end up setting the Middle East on fire, either you're surprised or you're not paying attention. But that's just me.

As for George Bush, what on earth is on his mind?

Even conservatives have begun openly assessing the president's intellect, especially its impermeability to new information. Cable television pundit Joe Scarborough, a former Republican congressman, devoted a segment of his MSNBC show to "George Bush's mental weakness," with a legend at the bottom of the screen that impertinently asked: "IS BUSH AN 'IDIOT'?"

It's tempting to go there, but I'm not sure we'd get very far. While we have the president on the couch, I'm more interested in trying to understand his emotional response -- or lack of response -- to the chaos he has spawned.

According to the Iraqi government, 3,438 civilians were killed in July, making it the bloodiest month since the invasion. The president was asked yesterday whether the failure of the U.S.-backed "unity" government to stem the orgy of sectarian carnage

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disappoints him, and he said that no, it didn't. How, I wonder, is that possible? Does he believe it would be a sign of weakness to admit that the flowering of democracy in Iraq isn't going exactly as planned? Does he believe saying everything's just fine will make it so? Is he in denial? Or do 3,438 deaths really just roll off his back after he's had his workout and a nice bike ride?

"I hear a lot of talk about civil war" in Iraq, he allowed -- much of it apparently from his own generals, who have been increasingly bold in using the once-forbidden phrase -- but all that talk doesn't seem to penetrate very far. To the president, is all the bad news from Iraq just "talk" without objective reality?

Here's another line from the president's news conference: "What's very interesting about the violence in Lebanon and the violence in Iraq and the violence in Gaza is this: These are all groups of terrorists who are trying to stop the advance of democracy."

Now, whatever you think about George Bush's intellect, he knows full well that the Hamas government in Gaza was democratically elected. He also knows full well that Hezbollah participates in the democratically elected government of Lebanon, or what's left of Lebanon. And so he has to know full well that U.S.-backed Israeli assaults on Gaza and Lebanon -- even if you believe they were justified -- had the impact of crippling, if not crushing, two nascent democracies of the kind the Bush administration wants to cultivate throughout the Middle East.

He also knows that the Iraqi government has real sovereignty over only the Green Zone in Baghdad -- a fortress made secure by the presence of U.S. troops -- and assorted other enclaves where American and British troops enforce the peace. He has heard the leader of that nominal government praise Hezbollah and denounce Israel.

So when the president lauds democracy as the magic elixir that will cure the scourge of terrorism, is he really putting faith in his favorite mantra rather than his lying eyes? Is his view of the world so unchangeable that he dismisses actual events the way he dismisses mere "talk"?

Or is he just trying to hold on until January 2009, when all this will become somebody else's problem?

In his news conference, the Decider did make a couple of nods to objective reality. He admitted in plain language that Iraq had nothing to do with the Sept. 11 attacks and possessed no weapons of mass destruction -- in other words, that his rationale for this elective, preemptive war had no substance. And he acknowledged a certain occasional exasperation.

"Frustrated? Sometimes I'm frustrated. Rarely surprised," the president said. "Sometimes I'm happy. This is -- but war is not a time of joy. These aren't joyous times."

No, they're not.

Finish What Job? (LAT)

The Los Angeles Times, August 22, 2006

PRESIDENT BUSH EMPHASIZED no fewer than 10 times in his news conference Monday that U.S. forces would not leave Iraq "before the job is done." It's a clever piece of rhetoric, appealing to Americans' sense of duty as well as their pride. Just one question: What was that job again?

Is it to end the sectarian violence in Iraq? Prevent terrorists from flocking to the United States? Bring democracy to Iraq and thus provide a beacon for reformers throughout the Middle East?

All of the above, apparently — and then some. Previous rationales, such as locating Saddam Hussein's weapons of mass destruction and avenging 9/11, are no longer convincing even to the president (which should give pause to those few still clinging to them, including some members of Congress). But on Monday, Bush had others at the ready.

At times, the loudest noise at his news conference was the sound of mission creep. In June, Bush conceded that a democratic Iraq will at some point have to stand or fall on its own. ("Success in Iraq," he said, "depends upon the Iraqis.") On Monday, however, Bush said U.S. forces would remain until the Iraqi people "achieve their objectives and their dreams, which is a democratic society." Success may depend on the Iraqis, but it is defined by the Americans.

And the justification for continued U.S. involvement isn't just nation building. Success in Iraq, Bush declared, is central not only to the war on terrorism but to the grandiose strategy of fostering democracy in the Middle East and protecting the flow of oil. "A failed Iraq would make America less secure," Bush said. "A failed Iraq in the heart of the Middle East will provide safe haven for

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terrorists and extremists. It will embolden those who are trying to thwart the ambitions of reformers. In this case, it would give the terrorists and extremists an additional tool besides safe haven, and that is revenues from oil sales."

This debate is not, as the president would like it to be, over whether one supports or opposes "a failed Iraq." Of course no one wants a failed Iraq — just as no one wants a failed Somalia or a failed Haiti.

Yet the U.S. has finite resources, and whatever effect they have in Iraq is blunted by the growing civil war there. The U.S. mission has a patchwork of goals — supporting democrats, providing transitional security and, above all, making it less likely that Iraq becomes an exporter of terror. Some goals are short term, others not; some are complementary, others in conflict; some may suggest a reduction in U.S. military involvement, others an increase.

In tying together several U.S. objectives in one vital "job," Bush is trying to make it harder for critics of an open-ended U.S. commitment to question any particular goal. The debate that needs to take place is about which, if any, of those objectives can justify the president's ominously open-ended commitment.

The Wagging Of The 'Civil' Tongues (WP)

By Dana Milbank

The Washington Post, August 22, 2006

It's official: The Iraq Civil War has begun -- not necessarily in Iraq, but in Washington, where an all-out fight has broken out over whether what is happening on the Tigris can be called a civil war.

"You know, I hear a lot of talk about civil war," President Bush said at the top of a news conference yesterday. "I'm concerned about that, of course."

But not that concerned. An unusually gloomy Bush admitted with Carter-esque candor that he has been "frustrated" and that Iraq is "straining the psyche of our country." Civil war, however, was not part of his confession. "The security forces remain united behind the government," he said.

Two hours later, former ambassador Peter Galbraith presented a rather different view to the Middle East Institute in Dupont Circle. "There is a civil war, and it is a lot like Lebanon in the '70s and '80s," he declared. "The United States basically has a choice: Either we use our forces to stop the civil war, or we withdraw."

The uninitiated might wonder about the point of such a dispute. With 3,500 civilians killed in Iraq last month, you could call it a ham sandwich and the scene would be no less gruesome. But don't tell that to policymakers here.

Gen. John Abizaid, the top U.S. commander for the region, started the name game earlier this month, when he told a Senate committee that "it is possible that Iraq could move toward civil war."

About the same time, William Patey, the departing British ambassador to Iraq, cautioned that "a low-intensity civil war and a de facto division of Iraq is probably more likely at this stage than a successful and substantial transition to a stable democracy."

That's all Sen. Christopher Dodd (D-Conn.) needed to hear. "This is a civil war," he declared.

Facing a linguistic insurrection, the administration rallied its semantic defenses. "They have sectarian differences, and some of those are violent," Secretary of State Condoleezza Rice said. "It's not civil war."

Defense Secretary Donald Rumsfeld argued that Iraq would not have civil war until the Confederates attack Fort Sumter. "It seems to me that it is not a classic civil war at this stage," Professor Rumsfeld argued. "It certainly isn't like our civil war."

And White House press secretary Tony Snow was categorical. "There is not a civil war going on," he said last week.

But the label would not go away. "We in fact are in probably a low-grade, maybe a very defined civil war," Sen. Chuck Hagel (R-Neb.) proposed over the weekend.

Into this rhetorical minefield stepped an anxious Bush yesterday morning. "These aren't joyous times," he acknowledged as he probed the nation's strained psyche. He started with an opening statement about Lebanese reconstruction, but the Associated Press's Terry Hunt yanked him right into Iraq, reminding him about "the highest civilian monthly toll since the war began."

Hunt said nothing about civil war, but Bush raised the subject himself. "I've talked to a lot of people about it, and what I've found from my talks are that the Iraqis want a unified country," he reported.

ABC News's Martha Raddatz was not satisfied. "The violence has gotten worse in certain areas," she reminded him. "Is it not time for a new strategy?"

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Bush acted as if Raddatz were Cindy Sheehan. "We're not leaving, so long as I'm the president," he vowed. "That would be a huge mistake. It would send an unbelievably terrible signal to reformers across the region. It would say we've abandoned our desire to change the conditions that create terror. It would give the terrorists a safe haven from which to launch attacks. It would embolden Iran. It would embolden extremists."

"Sir," Raddatz pointed out, "that's not really the question."

Bush shook his head in disbelief. "Sounded like the question to me," he said.

The president reached for the playful banter that served him well in past dealings with the press. Three times he paused to call attention to the seersucker suit on Cox News correspondent Ken Herman. "Just ridiculous-looking," the president teased.

But reporters were stuck in the humorless rut of internecine war. "It seems that al-Qaeda and foreign fighters are much less of a problem," said NBC's Kelly O'Donnell, "and that it really is Iraqi versus Iraqi."

Bush didn't like that formulation. "I would surmise that some of the more spectacular bombings are done by al-Qaeda suiciders," he said, only then adding: "No question there's sectarian violence as well."

No question. Things are so nasty in Baghdad that the Kurds have started a marketing campaign borrowing from the pork industry, calling their land "The Other Iraq." And at the nonpartisan Middle East Institute yesterday, the session's title presumed that the debate about Iraq's status was over: "Exit Strategies in a Civil War."

"You have a government that isn't a government, a nation that isn't a nation," said Galbraith, Clinton administration ambassador to Croatia. His answer: withdrawal.

"If we do what I recommend, there will be horrific sectarian cleansing in the mixed areas, particularly in Baghdad, and civil war," he said. "If we stay the course, there will be horrific sectarian cleansing in Baghdad, and civil war."

No wonder Bush preferred to talk about seersucker.

Prosecutors Detail Atrocities In Hussein's Trial (NYT)

By Edward Wong

The New York Times, August 22, 2006

SULAIMANIYA, Iraq, Aug. 21 — At the start of his trial on the charge of genocide, Saddam Hussein insisted once more on Monday that he was still the president of Iraq, and he refused to enter a plea on accusations that he ordered massacres, deportations and chemical attacks to annihilate the country's Kurdish minority.

For most of the five-hour session, Mr. Hussein sat stone-faced in a courtroom in the fortified Green Zone of Baghdad, listening to prosecutors give a detailed account of how he and six co-defendants embarked on an eight-stage military campaign in 1988 to eliminate the Kurds from swaths of their mountainous homeland in northern Iraq.

Prosecutors said the campaign, called Anfal after a Koranic phrase that means "the spoils of war," killed at least 50,000 Kurds and resulted in the destruction of 2,000 villages.

More than an hour into the session, they presented grim photographs of mass grave sites, including one showing the body of a young girl, and cited an order from one of Mr. Hussein's top aides telling military commanders to rid villages of "human or even animal presence."

Those efficient and emotional arguments were in marked contrast to the prosecution's performance at the start of Mr. Hussein's first trial last October, when the chief prosecutor, Jaafar al-Mousawi, delivered a rambling diatribe and was eventually forced to stop by the chief judge.

This trial was televised across the Middle East on satellite networks. Here in the heart of Iraqi Kurdistan, people sat fixed on screens in cafes, homes and offices, watching as the former dictator and some of his most powerful aides faced questions and accusations from black-robed judges.

Survivors of the Anfal campaign organized rallies in several villages. Government offices called for five minutes of silence for the victims before the trial began.

This session was the first time that Mr. Hussein and his aides have stood trial for the killings, which have become a lasting legacy of his rule and which President Bush has cited as one of several rationales for the American-led invasion of Iraq.

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Mr. Hussein marched into the wood-railed defendants' pen at 11:45 a.m. wearing a charcoal suit and white shirt, his customary attire for court. His gray beard appeared neatly trimmed, and he clutched a Koran in one hand. Later, as two prosecutors presented the case, he watched with raised eyebrows, an index finger occasionally perched on his lip. He scribbled on a notepad. He did not smile.

At the start of the trial, the chief judge, Abdullah al-Amiri, who had also served as a judge in Mr. Hussein's government, asked each defendant to state his name, occupation and place of residence.

"I won't give you my name because all the Iraqis know my name," Mr. Hussein said in a gravelly voice.

The judge held up a book of regulations. "Do you respect this law?"

"You're sitting there in the name of the occupation and not the name of Iraq," Mr. Hussein said. Eventually, Mr. Hussein did give his name and called himself "the president of the republic of Iraq and commander in chief of the heroic Iraqi armed forces." He referred to those forces as holy warriors, an apparent reference to the ongoing insurgency.

Judge Amiri entered a plea of not guilty for Mr. Hussein and one other defendant who also refused to enter a plea. The other defendants, accused of crimes against humanity, pleaded not guilty. Like Mr. Hussein, they generally sat in silence during the session, sometimes jotting notes.

Sitting in a white robe at the rear of the defendants' pen was Ali Hassan al-Majid, perhaps Mr. Hussein's most feared aide, known as Chemical Ali because of the weapons he is said to have unleashed. Mr. Hussein and Mr. Majid, commander of the north at the time of Anfal, are each charged with genocide for trying to annihilate the Kurds, who make up a fifth of Iraq's population.

The prosecutors said the campaign, which began in February 1988 and lasted eight months, was carried out through helicopter and artillery strikes, imprisonment of Kurds in camps and the razing of villages and farmland. Soldiers raped women and separated children from their mothers, they said.

"The only reason Anfal was committed against the Kurds was just because they were Kurds, and it's time for the international community to admit the scale of Anfal," said Munqith Al Faroon, the second prosecutor. Kurds were buried in mass graves in the southern desert near Samawa and by the northern town of Hatra, the prosecutors said. They showed the court a photo taken of a grave site, using a pen to point to a decayed body with tattered strips of clothing.

The genocide charges against Mr. Hussein and Mr. Majid will be difficult to prove, legal experts say. The prosecutors must establish that the two men had command responsibility for the Anfal campaign and wanted to eliminate the Kurds because of their ethnicity. The prosecutors said in court that they had more than 9,000 pages of documents to back up their arguments, as well as numerous witnesses.

The defense team did not directly address the Anfal charges. Mr. Hussein's chief lawyer, Khalil al-Dulaimi, challenged the legitimacy of the court, saying it had been created by the American occupation authority. He invoked the Geneva Conventions and said the very existence of the tribunal violated international law.

Mr. Hussein plunged into a tirade after a recess in the late afternoon, when Judge Amiri noted that Mr. Hussein looked anxious and allowed him to talk. Mr. Hussein leapt to his feet and jabbed a finger at the prosecutors, saying he had never allowed women to be raped.

"I can't sit down and remain silent when it's said that an Iraqi woman was raped," he said. "This couldn't happen while Saddam Hussein is alive."

Mr. Hussein's histrionics were a throwback to the first trial, in which he and seven co-defendants are charged with executing 148 men and boys from a Shiite village, Dujail. That trial has been marked by lengthy outbursts from Mr. Hussein and his half-brother, Barzan al-Tikriti. The five-judge panel is expected to deliver a verdict in mid-October.

Mr. Hussein faces the possibility of a death sentence in each case. A death sentence could be appealed to judges and would have to be approved by the Iraqi president, Jalal Talabani.

In a primary school in Sulaimaniya, the principal, Muhammad Bayer Arif, said it would be too easy for Mr. Hussein to be hanged or shot. "I want him to be kept in a cage where the families of those killed in Anfal can go see him, just like at a zoo," he said. "They can ask him, 'What do you think now that you're in this cage? Do you have any remorse now?' "

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Saddam Rejects Court, Won't Plead On Genocide Charges (USAT/AP)

By Rawya Rageh

USA Today, August 22, 2006

BAGHDAD — Saddam Hussein refused to enter a plea on genocide charges and dismissed the court as illegitimate as his second trial began Monday.

Prosecutors said the case will expose the wide-scale killings of tens of thousands of Kurds nearly two decades ago. They showed the court photos of women and children found in mass graves left from a military assault called Operation Anfal in 1987-88.

A large map of northern Iraq in the courtroom was dotted with stickers showing villages allegedly hit with mustard gas and nerve agents. "It's time for humanity to know … the magnitude and scale of the crimes committed against the people of Kurdistan," lead prosecutor Munqith al-Faroon said in his opening statement.

The trial is the second for Saddam in connection with alleged atrocities during his regime, and it comes with the verdict still pending from the first — the killings of 148 Shiites in the town of Dujail in the 1980s after an assassination attempt against the dictator. Saddam could face execution by hanging if convicted in either case.

The Dujail court is likely to pronounce its judgment Oct. 16. If Saddam is sentenced to death and the verdict stands up on appeal, Iraqi law provides for him to be taken off the second case for the sentence to be carried out, but Iraqi officials have not said how they would deal with the possibility.

On Monday, Saddam wore the black suit and white shirt he wore throughout the Dujail trial — and sat in the same courtroom in Baghdad. The rest of the principals were mostly different, including a new chief judge, Abdullah al-Amiri, 54, who was a judge under Saddam's regime for 25 years.

Saddam's six new co-defendants are almost all former military figures, in contrast to the seven former intelligence and Baath Party officials on trial with him in the Dujail case.

Saddam, 69, showed the same defiance to the tribunal that he displayed throughout the Dujail proceedings. Asked to give his name for the record, Saddam replied, "You know me" — then he denounced the court as following "the law of the occupation." Finally, he identified himself as "the president of the republic and commander in chief of the armed forces," insisting he is still Iraq's leader.

Asked for his plea on charges of genocide, crimes against humanity and war crimes, he said, "That would require volumes of books." Al-Amiri ordered a plea of innocent entered.

As Genocide Trial Begins, Hussein Is Again Defiant (WP)

By Amit R. Paley

The Washington Post, August 22, 2006

BAGHDAD, Aug. 21 -- Saddam Hussein on Monday refused to enter a plea on charges of genocide and other crimes, as a court began hearing allegations that the former Iraqi leader tried to systematically annihilate the country's Kurdish population.

The 69-year-old former president slumped in his seat as prosecutors accused him of orchestrating the 1987-88 Anfal campaign against the Kurds, an operation that included the use of mustard gas and nerve agents to slaughter entire villages; concentration camps where women and children died after being stuffed 100 to a room; and mass graves dug so shallow that wild animals consumed the corpses. Prosecutors said the campaign claimed 182,000 victims.

In addition to the charges of genocide, Hussein faces charges of crimes against humanity and war crimes. The judge entered a plea of not guilty on his behalf.

Hussein faces other charges in a separate case involving the killings of 148 men and boys from the Shiite village of Dujail. But it is the charge of genocide in the Anfal case that has attracted the most rapt attention from Iraqis and international observers. Besides former Yugoslav leader Slobodan Milosevic, who died during his trial, Hussein is the only former head of state to be tried for genocide.

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On Monday, prosecutors argued that Anfal, which in Arabic means "the spoils of war," meets the criteria for the charge because Hussein issued a memo ordering the execution, without trial, of all Kurds between the ages of 15 and 70 in their homeland in northern Iraq.

"The aim of all the memos and orders was to wipe out the Kurdish civilian population," said the chief prosecutor, Jaafar al-Mousawi. "All they were accused of was being part of the Kurdish nationality."

Hussein and his co-defendants in the trial -- six former top aides including Ali Hassan al-Majeed, known as "Chemical Ali" -- are expected to argue that they launched the eight-part military campaign because of Kurdish support for Iran, which had been warring against Iraq for most of the decade. The six co-defendants pleaded not guilty.

Legal experts say Hussein and Majeed, the two defendants charged with genocide, could be acquitted of that charge -- though not the other crimes -- by showing that their campaign also killed many Sunnis and Shiites, or by arguing that the campaign's only goal was to take control of the oil-rich swaths of land where the Kurds live.

"We were in a war with Iran, which was driving into the country with the cooperation of the Kurds," said defendant Husayn Rashid Mohammad al-Tikriti, 66, the deputy of operations for the Iraqi armed forces under Hussein. "I was a soldier and I took the oath of my country and defended my country as best I could."

If found guilty in either the Dujail case or the Anfal case, Hussein would face the death penalty, which means that the first tribunal could order his execution before the Anfal trial is completed. In that event, the charge against him would be dropped but the case would continue, according to a U.S. official close to the court.

Legal experts say it is notoriously difficult to prove genocide, which is defined as the systematic elimination of a group of people because of their religion, race, ethnicity or nationality. In addition to showing that crimes against humanity took place, prosecutors must also prove that a significant factor in those crimes was the group identity of the victims.

"Genocide being the crime of all crimes, if he is convicted of it, then it proves that he is one of the worst of the worst that mankind has ever seen," said Michael P. Scharf, a professor at Case Western Reserve University School of Law and an adviser to the Iraqi Special Tribunal. "But the risks are also high, because if he is acquitted, then people will say that he is just a minor thug."

The Anfal tribunal opened in the former headquarters of Hussein's Baath Party, in the Green Zone. The former president, in a black suit and white shirt with an open collar, was the first defendant to enter the room. Like all of the defendants, he sat in a wooden cage divided into three rows.

The last defendant to enter was Majeed, commander of northern Iraq during the time of the Anfal campaign, whose frail appearance belied his fearsome reputation. A stooped man with plum-sized bags under his eyes, he shuffled in slowly with the aid of a cane.

Hussein had far fewer outbursts Monday than in his first trial, when he hurled insults at the judges. At one point on Monday, he showed out-of-character deference after he attempted to interrupt the chief judge.

"Please don't interrupt," snapped the judge, Abdullah al-Amiri.

"Sorry, I thought you had finished," said Hussein, who then kept quiet.

But Hussein also exhibited his unruly side at times, especially at the beginning of the session. When asked to state his name, he refused.

"You know my name," Hussein retorted. "My name is well known to you."

"I must ask you your name," said Amiri, noting that the law required him to do so. He waved a book of regulations in the air. "Do you respect this law?"

Hussein sat stone-faced for a few moments before replying: "This is the law of the occupation." Eventually he stated his name and declared himself "president of the Republic of Iraq and commander in chief of the heroic Iraqi armed forces."

He became visibly angry only later in the session, when he vehemently denied that widespread rapes had taken place during Anfal. "How could it be that an Iraqi Kurdish woman was raped while Saddam Hussein was in power?" he asked.

Legal experts and U.S. officials expect Amiri, a 54-year-old Shiite with 25 years of experience as a judge, to exert greater discipline on the courtroom than in the first trial, which was widely seen as chaotic. "It was a mess," said Scharf, the law professor.

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The judge was also unyielding in his enforcement of a law that prevents non-Iraqi lawyers from speaking in the court, even though it was allowed in the Dujail case. Two defense attorneys walked out of the court room in protest.

The chief prosecutor, Mousawi, said in an interview after court that the judge "had two characteristics: total calmness and strength. He was in total control for the entire session, over the lawyers and the witnesses."

Elsewhere in Iraq, the U.S. military announced the deaths of two Marines and a sailor during fighting Sunday in Anbar province, a western redoubt of the Sunni insurgency. The U.S. military also announced the death of a service member Monday in Baghdad when his vehicle was struck by a bomb. No details were available.

Interior Ministry officials said 20 people were killed Monday in incidents in and around Baghdad. And the casualty toll from attacks by Sunni insurgents on Shiite pilgrims marching Sunday in Baghdad increased to 25 dead and nearly 400 wounded, according to a Health Ministry spokesman.

At a meeting with reporters in Baghdad, a top U.S. military official said U.S.-led forces would turn over command of an entire Iraqi army division for the first time on Sept. 3. U.S. troops, though, will continue to handle logistics for the division, the Kut-based 8th, said the official, Brig. Gen. Dan Pittard, commander of the Iraqi Assistance Group, which advises Iraqi security forces.

Correspondents Ellen Knickmeyer and Sudarsan Raghavan in Baghdad, special correspondents Saad al-Izzi and Naseer Nouri in Baghdad and Saad Sarhan in Najaf, and other Washington Post staff contributed to this report.

The Prosecution Of Saddam Hussein, Part Two (LAT)

By Patrick J. Mcdonnell

The Los Angeles Times, August 22, 2006

BAGHDAD — Defiant and alert, Saddam Hussein bickered with the judge, challenged prosecutors and vented outrage Monday on the opening day of his second trial.

This time around, Hussein faces charges of genocide, war crimes and crimes against humanity linked to an Iraqi military campaign against rebellious Kurds almost two decades ago.

He is standing trial before the Iraqi Special Tribunal along with six former aides, the most notorious being his cousin Ali Hassan Majid, who earned the nickname Chemical Ali because of his purported sanctioning of the use of internationally banned chemical weapons.

Hussein and Majid could face the death penalty if convicted of being responsible for the slayings of as many as 100,000 Kurds during the 1988 Anfal campaign in Iraqi Kurdistan.

Pleas of not guilty were entered for the seven defendants, who are expected to argue that the regime used appropriate force to put down pro-Iranian Kurdish rebels during a crucial stage of the bloody Iraq-Iran war.

Although seven years younger than the 69-year-old Hussein, Majid appeared frailer, trudging into court on cream-colored sandals and using a cane to steady himself. Majid donned a red-checked tribal head covering and Arab robe, while Hussein opted for a black suit and an open-necked white shirt.

Asked his name, Hussein's once-ferocious commander replied, "The fighting comrade Staff Maj. Gen. pilot Ali Hassan al Majid." He gave his occupation as "detainee."

Hussein often parried the judge's questions, refusing to respond when asked if he was innocent or guilty. "That would require volumes of books," Hussein finally said.

Hussein chided presiding Judge Abdullah Amiri for silencing two defense lawyers, an Egyptian and a Jordanian, because they were not Iraqi.

The former Iraqi leader never wavered during the almost five-hour court proceeding, occasionally taking a green-covered Koran in hand as he rose to challenge a point. He was seen to crack a smile only once: when Majid and another former regime official stood up in respect after Hussein returned from a short break.

"Sit down!" commanded the enraged Amiri, who frequently jousted with Hussein. "Sit down!"

At another point, the judge warned Hussein not to interrupt comments from the bench.

"I'm sorry," Hussein responded, with unusual deference. "I thought you had finished."

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Hussein, sporting a close-trimmed salt-and-pepper beard, looked gaunt but appeared focused. He projected a sense of coiled power as he listened to the proceedings and frequently expressed indignation — especially at suggestions that his soldiers had raped Kurdish women during the Anfal campaign.

"To say a … woman was raped and Saddam is president, this is intolerable," said Hussein, wagging his fingers in disgust. "Whoever says this is my personal enemy…. Where is Saddam's honor?"

He recalled a purported incident in Kuwait after the Iraqi invasion of the oil-rich kingdom in 1990 when an Iraqi officer was found to have raped a woman. Hussein said the officer was court-martialed and, at Hussein's orders, hanged at the site of the alleged assault, and his body was left for several days as an example.

Hussein also disputed the prosecutor's interpretation of the word Anfal, said to mean "spoils of war." Hussein hinted at a more benign meaning, though he never spelled out an alternate definition.

The judge rejected a plea from Hussein and defense lawyers to throw out the charges because the tribunal had been formed during the U.S. occupation. A similar defense tactic failed in the first trial against Hussein.

Despite such tensions, the first day ran smoothly compared with the chaos that prevailed at Hussein's first trial. In that proceeding, he and seven codefendants were tried in the slayings of 148 Shiite Muslims after a 1982 assassination attempt on Hussein in the town of Dujayl. A verdict in that case is expected in October. Hussein faces the death penalty if convicted of the Dujayl charges.

U.S. and Iraqi officials are determined to avoid the delays and outbursts that led some independent observers to label the first trial a kangaroo court. Three defense lawyers were assassinated during the course of the trial.

Testimony is expected to last until December and feature many survivors of the alleged extermination campaign in Kurdistan.

"Humanity cannot believe what happened," said the lead prosecutor, Munqith Faroon. "Entire villages were razed to the ground…. It is as if genocide itself was not enough."

The prosecution displayed pictures of mass graves. One photo showed the remains of a young girl and a milk bottle, which she apparently took to her grave.

"It's time for humanity to know … the magnitude and scale of the crimes committed against the people of Kurdistan," Faroon said.

Prosecutors accused Hussein of using banned mustard gas and nerve agents during the campaign.

A courtroom wall featured a large map of Iraqi Kurdistan, with scores of red and orange dots. Officials said the orange dots indicated the thousands of villages allegedly destroyed during the Iraqi government's Anfal campaign; the red dots specified villages in which gas was allegedly used.

The Spoils (NYT)

The New York Times, August 22, 2006

Amid all of Iraq's present horrors, its past horrors must not be forgotten. This week, Saddam Hussein goes on trial for his campaign — known as Anfal, Arabic for "the spoils of war" — to exterminate Iraqi Kurds.

Over six months in 1988, at least 50,000 Kurds were killed, many of them victims of the mustard and nerve gas rained down by Iraqi planes. Tens of thousands more were tortured or saw their villages turned to rubble, their fields and rivers and newborn infants poisoned by the chemical attacks.

Genocide, nothing less, was Mr. Hussein's goal. At the time, the world — including the United States — did little to stop it. Mr. Hussein was America's ally of convenience against Iran, and it was easier for the Reagan White House to look the other way.

President Bush has claimed the murderous campaign against the Kurds as one of his reasons for invading Iraq. With all the hype and hokum, it is easy to become cynical. But it would be yet another tragedy of this war if Americans came away believing that they have no responsibility and no means for stopping genocide.

That was not the lesson in Iraq in 1988. And it should not be the lesson today in Darfur.

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The dangers will be even greater for Iraqis if they misinterpret what they learn about Anfal at Mr. Hussein's trial. Iraqi citizens need a full accounting and a full understanding of their past. But at a time when the country is teetering on the brink of a civil war, it must not be used as another argument for ethnic division and hate.

We fear that some Iraqi Kurds are already heralding the proceedings as a long-delayed chance for revenge as much as justice. Their political leaders should not use the trial to whip up even more arguments for separation.

Iraq's central government, which is dominated by two Shiite fundamentalist parties, is also fanning ethnic divisions rather than trying to unify the country. Like the Kurds, the Shiites were victims of horrifying crimes under Saddam Hussein.

But the cycle of killing and revenge will not be stopped by the new government's licensing Shiite ethnic militias to mete out vigilante justice. It can be stopped only by establishing impartial rule of law for all Iraqis.

One of the biggest tragedies of the Bush administration's gross mishandling of the occupation of Iraq — the lack of basic security and jobs, the shame and horror of Abu Ghraib, the thousands of civilian deaths — is that the rest of Iraq will likely not take the time to mourn the victims of Anfal.

Iraqis are too focused on surviving. They are too angry at Americans. And they are too suspicious of each other to consider whether they may also bear some responsibility for the past — or for ensuring that such horrors never happen again. Those, we fear, are the real spoils of the Iraq war.

Boozman Visits Iraq (TRECAK)

By Aaron Sadler

Times Record (Fort Smith, Arkansas), August 21, 2006

WASHINGTON — Rep. John Boozman was scheduled to return today from Iraq, where he met with the country's president and visited U.S. troops.

Boozman, R-Rogers, was joined by two other members of the House Veterans Affairs committee and VA Secretary Jim Nicholson for the trip to Kuwait, Baghdad and Landstuhl, Germany.

It was Boozman's fifth trip to the Middle East since the Iraq war began in 2003.

His last visit was just before Christmas last year.

"I am proud and honored to be able to give our soldiers a well-deserved pat on the back," Boozman said in a news release. "Their sacrifice, being here on the front lines, deserves our respect and praise."

Boozman spokesman Ryan James said the trip was arranged by the Veterans Affairs committee said the purpose of the trip was to inspect medical facilities.

The group on Thursday and Friday visited wounded troops at Landstuhl Regional Medical Center.

The delegation stopped at Camp Arifjan, Kuwait, on Tuesday before heading to Baghdad.

While in Iraq, Boozman and others met with Iraqi President Jalal Talibani and other Iraqi government leaders at Talibani's home.

They received an update on the war's progress from Gen. George Casey, the military commander in Iraq, James said.

In addition to Nicholson and Boozman, Rep. Stephen Buyer, R-Ind., and Rep. John Salazar, D-Colo., were on the trip.

Buyer is chairman of the veterans affairs committee.

Iraq Is Avoiding Civil War So Far, Boozman Says (ARDEMGAZ)

By Paul Barton

Arkansas Democrat-Gazette, August 22, 2006

WASHINGTON - Just back from his fifth visit to Iraq, Rep. John Boozman said Monday he didn't see that country slipping into civil war - at least not yet.

"People over there don't feel like they are in all-out civil war," the Republican congressman from Arkansas' 3rd Congressional District said in a telephone interview.

Boozman traveled to Iraq last week with other members of the House Veterans Affairs Committee and Jim Nicholson, secretary of veterans affairs. He returned over the weekend.

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The congressman spent one day in Kuwait, two days in Iraq and one day at Landstuhl Regional Medical Center in Germany, the largest American hospital overseas.

President Bush, in a news conference Monday, acknowledged the ongoing war was "straining the psyche of our country" but warned that abandoning Iraq would mean "we will have lost our soul as a nation."

Boozman said that instead of just talking about getting Iraqis to handle their own security, American officials were now getting them to do so. More than 269,000 Iraqis have been trained, he said.

"Nobody can do this but the Iraqis themselves," Boozman said.

Iraqi officials recognize they must secure their homeland and polls indicate Iraqi citizens want U.S. forces to leave, but not right away. Getting more and more Iraqis into the field, Boozman said, is what's going to bring Americans home more quickly. That job is being accomplished at a faster clip, he added.

One purpose of the trip, he said, was to reassure the troops that their country was behind them, despite news reports they may see about debate over Iraq. The attitude he observed among the troops continued to be "real positive," Boozman said, and he rejected suggestions that Iraq had become a quagmire for Americans.

"I don't see that," he said.

The Arkansas Republican said U.S. military officials were hesitant to set a timeline for leaving the country.

But, overall, Boozman said, "I feel like we very definitely have an exit strategy."

While he didn't see a civil war yet, Boozman acknowledged that insurgents were doing all they could to foment one in Iraq.

"I would argue the possibility exists that they will descend into civil war," he said.

Adding to problems is the large number of criminals roaming the streets of Iraqi cities, he said.

"They have a huge gang problem."

Numerous political problems remain as well, he said, adding that Iraqis must set up what is tantamount to a federal system.

How the oil wealth will be divided among the provinces is another major hurdle, Boozman said.

"They've got some real things to get settled."

What most Iraqis still want, he said, "is a strong country with minority rights protected."

Rep. Salazar Returns From Second Trip To Iraq (ROCK)

By M.E. Sprengelmeyer

Rocky Mountain News, August 21, 2006

Rep. John Salazar found some signs of hope on his second visit to Iraq last week, but he said the overall security situation is more dangerous than it was 18 months ago and that he sees "the beginnings of a civil war."

"We made some significant progress as far as training Iraqi troops so they can take care of their own destiny, but actually the violence has escalated," said Salazar, D-Manassa. "In that respect there's less optimism we're going to be able to bring our troops home earlier."

Salazar was part of a delegation organized by the House Veterans Affairs Committee, which is in charge of issues facing returning troops, such as health care and other benefits.

It was his second visit in the last year and a half. Over that span, there has been progress in the number of Iraqi military and police units certified to take over security roles. Still, violence once focused primarily on U.S. troops has shifted targets and intensified, Salazar said.

"The attacks now are not just focused on American soldiers. They're focused on one another," Salazar said, referring to Sunni Muslim and Shite Muslim factions. "I think we're in the beginnings of a civil war."

Despite the gloomy signs, Salazar echoed the theme of President Bush today at a televised press conference in Washington, D.C. Bush acknowledged the continuing violence, civilian casualties and how many Americans are "discouraged," but he said repeatedly that, "We're not going to leave before the mission is complete."

At one point, Bush said: "We're not leaving so long as I'm president," which signals U.S. troops could be in Iraq at least another 2 1/2 years.

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Salazar said he still hopes there can be a gradual draw-down of troops more quickly. He said he had candid discussions with troops stationed in Iraq.

"They clearly understand the mission is not complete," he said. "They're asking America to be a little patient, and hopefully we can wind this up quickly.

"The only thing we can really do in my opinion is continue training Iraqi forces, give them their own responsibility so they'll be responsible for their own country. I think troop withdrawals have to be based on conditions on the ground. And hopefully we can (improve) those conditions."

"Clearly, now is not the time to pull our troops," Salazar said. He said he did not know when that day would come, but added, "not until the Iraqi troops are totally in control of their destiny."

Salazar: Iraq Mission Not Complete (DENP)

By Anne C. Mulkern

Denver Post, August 21, 2006

Washington - Returning from a visit to Iraq, Rep. John Salazar today reiterated his belief that U.S. troop withdrawals should be based on conditions there and not on the calendar.

"Our troops are very committed. They are very proud of what they are doing," said Salazar, D-Manassa. "Everyone I talked to felt their mission was not complete."

Salazar traveled to Iraq, Kuwait and Germany last week along with other House members on the Veterans' Affairs Committee. Salazar's comments today came as President Bush spoke on the need to stay committed in Iraq.

Salazar, a military veteran, disagrees with many fellow Democrats - including his brother, Sen. Ken Salazar, D-Colo. - who are calling for a troop withdrawal timetable.

"This administration's Iraq policy has been an unmitigated disaster and has set us back in the war on terror," Sen. John Kerry, D-Mass., said in response to Bush's speech. "Our troops are stuck in a civil war. The violence is worse than ever."

John Salazar, who flew by helicopter into Fallujah to meet with troops, said he believes they want to stay until their work is done. He said he didn't get the sense that they are frustrated, and talked of wounded military members in hospitals who wanted to return to help their units.

But Salazar also conceded he has conflicting opinions about what the future holds for Iraq.

Reflecting on his previous trip to the

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country 18 months ago, "I am more optimistic in some respects that we are turning control over to the Iraqis," Salazar said, citing improved numbers of trained Iraqi security forces. "But at the same time I am not as optimistic when I see the sectarian violence that's breaking out."

Salazar met with Gen. George Casey, the top U.S. commander in Iraq, who repeated what he said the first week in August that the hope of troop reductions by year's end is diminishing, and that civil war is possible.

Salazar believes some of that violence will ease as American troops eventually pull out. "We're seen as occupiers," he said. "Once Iraqis are in control, I believe there'll be less violence."

Salazar said he wanted to find out more about what's needed to help veterans of the war. Many will need treatment for post traumatic stress disorder, he said.

And Congress, he added, needs to fight for more funding for that and the latest prosthetic technology, given the grievous injuries suffered by some fighters.

Salazar Says Iraqi Troops Key To U.S. Withdrawal (PUEB)

By Peter Roper

Pueblo (CO) Chieftain, August 22, 2006

Rep. John Salazar received a blunt reminder last week of the widespread violence in Iraq as he rode a helicopter from Baghdad into the battle-torn city of Fallujah in western Iraq.

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"The machine gunner started firing at something on the ground, saying there had been rocket activity in the area," Salazar, D-Colo., said in an interview Monday. "I didn't see anything being fired at us, but the night before we got to Fallujah, two of our Marines had been killed in an ambush there, so it's still a very dangerous city."

Salazar, a member of the House Veterans Affairs Committee, made a four-day trip to Iraq last week with the panel's chairman, Rep. Steve Buyer, R-Ind., and VA Secretary Jim Nicholson.

It was Salazar's second trip to Iraq and after meeting with top U.S. and Iraqi officials, he came away with two strong impressions - that U.S. forces are having success in training Iraqi troops and police, but despite that, Iraq has become more dangerous as Sunnis and Shiites make war on each other.

July was the deadliest month of the fighting in Iraq, with 3,438 civilians killed in sectarian attacks.

Salazar said U.S. officials - he met with the senior commander, Army Gen. George Casey - are frank in acknowledging that fighting between Sunnis and Shiites has grown in the past year and makes it unlikely that any withdrawal of U.S. troops is likely in the near future.

"Gen. Casey told me he wasn't optimistic as he was a year ago about our withdrawing troops anytime soon," the congressman said.

Salazar sounded much like President Bush at his news conference on Monday, saying that the situation on the ground ultimately will dictate when U.S. troops may leave.

"All we can do is try to turn the job of security over to Iraqis as soon as it's possible to do that, "he said.

Salazar said the group also met with Iraqi President Jalal Talibani and received much the same message.

"The State Department has done some polling in Iraq and their latest survey showed that 76 percent of Iraqis want the U.S. to leave, but only 46 percent want us to leave soon," he said.

The progress, Salazar said, is in the number of Iraqi soldiers now trained and the broader regions where they are taking responsibility for security. Iraqi units are now operating independently of U.S. forces in some areas, taking charge of more than 40 forward operating bases.

"There has been talk that no progress is being made in Iraq, but it seems the Iraqi army is taking more responsibility for the country," he said. "They are having 49 commercial flights a day into Baghdad's airport and that certainly wasn't the case when I was there 18 months ago."

After leaving Iraq, the congressional group stopped in Langstuhl, Germany, to see the U.S. military hospital there.

"The day we got there, they were bringing in 14 wounded soldiers and some had truly awful injuries," he said. "The care they received was impressive, but the reason those of us on the veterans committee made the trip is to see what these soldiers are going to need when they are transitioned into civilian life."

Salazar was unsuccessful last spring in trying to add $600 million to an emergency Pentagon spending bill that would pay for additional mental health services for returning Iraqi veterans.

By its own analysis, the Army said that 1 in 3 returning veterans was requesting mental health treatment and that burden likely would shift to the VA as personnel left the service.

Success Is Only Option For Iraq, Buyer Says (AP)

By Steve Herman

AP, August 21, 2006

INDIANAPOLIS - Rep. Steve Buyer, just back from a trip to Iraq, said Monday night the Iraqi people want the U.S.-led coalition to leave, but not until their country has been stabilized and made secure.

Buyer, an Indiana Republican who is chairman of the House Veterans Affairs Committee, and VA Secretary Jim Nicholson were among a U.S. delegation that met with Iraqi President Jalal Talabani and other government leaders in Baghdad.

Buyer and Reps. John Boozman, R-Ark., and John Salazar, D-Colo., also inspected medical facilities and treatment available to wounded American troops.

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"I care for the consequences of war, in particular the health consequences," said Buyer, who was a military lawyer in the Persian Gulf during the first war with Iraq. "So going there in person and witnessing that and getting a sense and feel of America's contribution to care for our most precious asset was invaluable."

He told reporters at Indianapolis International Airport that the meeting with Talabani left him confident the Iraqis understand that "success is their only option" against terrorist violence.

"I could not help but sense the parallels they're experiencing with the parallels of the framers of our own government," Buyer said. "So the institutions, whether they are sectarian, or cultural, civil or religious, still want to hold their pockets of regional strength rather than compromising and giving any of that up to the Iraqi government themselves.

"The Iraqi people are a proud people," he continued. "They want the coalition forces to leave, I really believe that. But they also recognize that they need the security and the stability for the unity government to succeed."

Buyer said he met with Iraqi ministers of defense, the interior and security and that 60 percent of Baghdad is under Iraqi control.

"There will continue to be a handoff (of responsibility for security)," he said.

Buyer said many Americans serving in Iraq are "worried" about the defeat of Sen. Joe Lieberman in the Connecticut Democratic primary.

"I had quite a few of them ask me `What did that mean?'" Buyer said. "I told them that little pocket in the northeast doesn't speak for America."

Colonel Walks Baghdad 'to Make People Believe' (USAT)

By Jim Michaels

USA Today, August 22, 2006

BAGHDAD — The Humvee has barely rolled to a stop, and Iraqi army Col. Talib Abdul Razzaq is already out of the vehicle.

He moves like a politician, stopping on the sidewalk to playfully cuff a young boy on the head and joke with a man selling shoes. He quizzes several people about violence and militias in the neighborhood. Most say the streets have been quiet.

"I'm trying to make people believe in the Iraqi army," Razzaq says at the next stop, where a sidewalk vendor gives him a complimentary sandwich from his cart. "They will feel more safe." Razzaq hands the sandwich to an aide and keeps moving.

Twice a day, Razzaq patrols the troubled neighborhoods in his battalion's sector of Baghdad. He's checking on his troops, who have set up checkpoints in the area. And he's listening to what merchants, local leaders and ordinary people have to say about security in their neighborhoods.

"I am an officer, but my job is like a tribal leader," says Razzaq, who in this polarized society refuses to say whether he is a Shiite Muslim or a Sunni.

The United States wants more commanders like Razzaq. Finding good leaders for the Iraqi forces has been tough. "Frankly, some of our guys will say it's still kind of the limiting factor," says Gen. George Casey, the top U.S. military commander in Iraq. "If you want to grow two more divisions, the real question is: Can you come up with two divisions' worth of good Iraqi leaders?"

President Bush has said the United States will be able to withdraw its forces when the Iraqi government and military can take over responsibility for the country's security. The U.S. military says it has trained and equipped 275,000 security forces: 115,000 in the military and 160,000 police officers.

Whether they will stand and fight, and whether they will win the respect of Iraqis, depends largely on the quality of the men who lead them.

"Equipment and arms are important, but they only go so far," says U.S. Army Lt. Col. John Nagl, an Iraq veteran who wrote a book on counterinsurgency warfare.

Iraq's army is being put to the test now in Baghdad. U.S. and Iraqi forces have launched a major offensive to pacify the capital. The U.S. military says securing Iraq's seat of government and biggest city is critical to stabilizing the rest of the country.

In the first phase of the operation, police and soldiers have flooded the streets and set up checkpoints throughout the city. More than 5,000 additional U.S. troops and 6,000 additional Iraqi security forces were ordered to move in to join the 52,000 Iraqi

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and U.S. troops already here. They face a mix of militias, insurgents and criminals who have shaken this sprawling city of 6 million. The forces will begin clearing neighborhoods block by block.

Razzaq's 1,000-man battalion — the 2nd Battalion, 2nd Brigade of the 6th Division — is responsible for a swath of central Baghdad, including Palestine Street, a main shopping thoroughfare, and Fadhl, an ancient neighborhood of narrow and noisy streets crowded with kebab stands and tea shops. The battalion's area includes a potentially volatile mix of Sunni and Shiites. Escalating violence between the sects has brought Iraq to the brink of civil war.

Razzaq's battalion is mostly Shiite. “Soldiers are always trying to find out what I am,” he says, referring to whether he is Sunni or Shiite. “I won't tell them.”

He says he uses diplomacy as often as combat to neutralize militias and insurgents in his sector. That's a departure from the military under Saddam Hussein, which preferred to rule through fear.

Razzaq says some Baghdad residents are taken aback when they see him walking the crowded streets and asking people how they are doing; they are surprised that a military officer would care what people think or would risk taking to the streets by foot, even if he is backed by armed soldiers.

A stocky man with a thick mustache and a quick smile, Razzaq strides through the streets without body armor. He wears a red beret and a freshly pressed camouflage uniform and travels with an entourage of more than a dozen soldiers. When he stops to talk, he often furrows his brow and leans in to listen to what people are saying.

At one street corner, he sits with a local leader who says one of his colleagues on the district council was assassinated that day. The local hospital has refused to release the body to the man's family. Razzaq says he will escort the family to the hospital. The next day, he sends a detachment from his unit to the hospital. The family retrieves the body.

When Sunnis and Shiites from two neighboring districts began fighting each other several months ago, Razzaq brought neighborhood leaders together and brokered a peace agreement.

“We were having lots of attacks here,” Capt. Sean Troyer, 34, a U.S. adviser, says as he drives between the neighborhoods. “It's really calmed down recently.”

Violence hasn't been eliminated, and tensions endure. On a recent day, bombings in a neighborhood adjacent to the battalion's area killed 10 people. A flag belonging to the Mahdi Army, a Shiite militia loyal to radical cleric Muqtada al-Sadr, flies from an overpass as Razzaq walks by. Some young men glare at the commander's convoy of Humvees. Posters of al-Sadr are plastered on walls in Shiite neighborhoods. They are reminders that the area becomes a contested zone as soon as Iraqi soldiers leave the streets at dark.

Razzaq's battalion was given control of its own sector last year. That means the U.S. military considers the unit capable of functioning without American support. It was among the first Iraqi units to be declared independent. Five of the 10 Iraqi divisions deployed across the country now have assumed responsibility for areas, among them Tikrit, Saddam's hometown.

Even the independent units, however, have American advisers who live and work with them to try to improve their performance. “It's hard to hold this army to our standards,” Troyer says. “They still need a little push.” The Iraqi soldiers and officers sometimes are reluctant to engage the enemy, he says. “Typically, they don't initiate contact.”

One of the checkpoints that Razzaq's battalion mans was approached by militiamen a few weeks ago. The soldiers tried to talk with them at first and only started shooting when they came under fire. Eventually, the militia and soldiers stopped firing and “dispersed,” Troyer says. The Iraqi soldiers did not pursue the militiamen, allowing them to get away. “Sometimes they take the low-risk decision,” Troyer says.

When U.S. advisers accompanying the battalion came under fire recently, five militiamen were killed. There were no U.S. casualties.

Overall, casualties in the battalion have been low. A few soldiers have been injured in the past few months. None died in that time.

The 2nd Battalion, like many Iraqi army units, was formed by recruiting locals. The soldiers know the streets and neighborhoods they patrol. Their unwillingness to fight militiamen who may be cousins or friends, though, has raised concern among U.S. advisers. “It truly is a Catch-22,” says Lt. Col. Paul Finken, an adviser to the 2nd Brigade, the battalion's parent unit.

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"The good thing is they know the area," he says. "But in some sense it does cause a problem. You're now putting tribal loyalties at odds with some military operations."

There are worries that some of the soldiers may be moonlighting as militiamen, Troyer says. "I have heard it's worse in other battalions," he says. "It's not as prevalent in this battalion."

Also worrisome: meddling from superiors at Iraqi military headquarters and government officials who may have links to Shiite militias. A number of operations planned by the battalion have been scrubbed by more senior officers. Troyer says he suspects some may be protecting friends or certain neighborhoods. "It's frustrating when you get calls from one or two levels higher that say, 'Do not search that home,' " he says.

About 60% of the killings in Baghdad now are the work of Shiite death squads, Casey says. That puts the Shiite-dominated government in a sensitive spot. Some Shiite leaders are reluctant to confront Shiite militias, such as the Mahdi Army. Al-Sadr's political party has seats in the parliament and controls some ministries. The ruling Shiite alliance depends on the support of al-Sadr's party.

Lt. Qayis Morad, 31, a member of Razzaq's battalion, says some officers in the Iraqi army will hide information from U.S. forces to protect friends. "Some are working with the Sunnis. Some are working with Shiites. This battalion commander is different," he says, referring to Razzaq. "He is working for nobody."

Razzaq, 40, is a native of Diyala province, a mixed Sunni-Shiite area northeast of Baghdad. He graduated from a military academy in 1986 and entered the Iraqi army as an officer during the Iran-Iraq war, which raged from 1980 to 1988.

He says he was not destined for the top ranks of Saddam's military. A cousin had been executed by the regime, and Razzaq never joined the ruling Baath Party, an essential step to ensure promotion.

During the U.S.-led invasion in 2003, his infantry unit was in Kut, a town south of Baghdad. Razzaq says his unit melted away in the face of U.S. forces without firing a shot. "We didn't waste one bullet," he says. "We just put on civilian clothes and left."

The U.S.-led occupation government disbanded Saddam's army. "All of us were jobless," Razzaq says. He started a private security company and later opened a car dealership, which he still owns. When the U.S.-led coalition announced plans to build a new army, he was among the first to join. He took command of the battalion last October.

Pay has helped attract men into the military. Colonels are paid about $900 a month. That compares with $50 under Saddam, according to Iraq's Defense Ministry. Entry-level soldiers now earn about $300 a month.

Razzaq grew up in a military culture in which officers followed orders and avoided decisions. "Even a hint of initiative could get a leader murdered," says Thomas X. Hammes, a retired Marine Corps officer who wrote The Sling and the Stone: On War in the 21st Century. That creates a critical problem today because "initiative is essential in counterinsurgency operations."

Finding officers able to break with that tradition has been difficult.

The Iraqi army that the U.S. military hastily put together after the fall of Saddam in 2003 failed its first test.

When supporters of al-Sadr staged a rebellion in April 2004, large parts of Iraq's army collapsed. Soldiers deserted in droves.

A lack of competent leadership was a major cause of the failure. Morad, who has been with 2nd Battalion for three years, says the battalion commander at the time disappeared. He disguised himself as a farmer, dressed in a traditional dishdasha robe and fled in a truck with crates of tomatoes. The next commander wasn't much better, Morad says. He stayed in his office all day. "We only saw him when he went home."

After the 2004 rebellion by al-Sadr's supporters, the U.S. military took a more deliberate approach to rebuilding Iraq's military. U.S. advisers now are embedded with most Iraqi forces. "We are providing adviser teams to each unit to mentor and guide them," Hammes says.

Razzaq's soldiers say he has absorbed U.S. military values, including the importance of earning the trust of subordinates. The colonel, they say, will help a soldier get money to get married or pay for a funeral. "He's watching out for his troops," says Sgt. Firas Aburazaq, 25. "He fights alongside us. Just like a soldier."

Vital Commodity Energy Security Is Hostage To Supply Of Oil Professionals (WSJ)

By Chip Cummins

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The Wall Street Journal, August 22, 2006

BAGHDAD, Iraq -- Mohammed al-Jibouri belongs to Iraq's premier business fraternity: the geologists, engineers and finance men who run the country's vast oil industry.

Through decades of war and trade sanctions, these professionals kept Iraq pumping. By last year, Mr. Jibouri, an oil economist, was a top contender to head the State Oil Marketing Organization, a powerful agency that sells Iraq's crude oil abroad.

But senior Iraqi oil men were getting caught up in bitter political feuds. Other senior oil men were being murdered by insurgents. One of Mr. Jibouri's aides was gunned down. So instead of lobbying for the important oil post, the 57-year-old industry veteran packed up late last year and moved to Jordan, joining a legion of elite technocrats fleeing the chaos.

Iraq, sitting atop the biggest conventional oil reserves after Saudi Arabia and Iran, is facing what may be the direst threat yet in its eight decades as a petroleum powerhouse: a brain drain. When the Saddam Hussein regime fell in 2003, a large cadre of oil professionals who had stayed on through Mr. Hussein's wars and purges were seen as the key to expanding Iraqi output. But the ranks of these technocrats are thinning rapidly.

Of the top 100 or so managers running the Iraqi oil ministry and its branches in 2003, about two-thirds are no longer at their jobs, according to current and former Iraqi officials and outside analysts. The ministry says it doesn't track this but it says about 100 officials and lower-level engineers and technicians have been murdered since the U.S.-led invasion, along with about 150 oil-field security guards. Among recent victims: the head of Iraq's domestic fuel-distribution company and a high-ranking colonel in the force that protects oil fields.

Political turmoil contributes to the heavy loss of talent. The oil ministry lost hundreds of managers when U.S. officials fired members of Mr. Hussein's Baath Party in 2003. Others later were caught up in serial political purges. Still others have taken leaves of absence or stay home because of the violence.

The petroleum exodus is of far-reaching importance as a blow to the fragile new Iraqi government the U.S. encourages. It also compounds another challenge that has increasingly dogged the world in the new century: the struggle to ensure stable supplies of energy.

That struggle faces many threats. Some fear that after decades of pumping, mankind has finally begun exhausting the earth's reserves of crude oil. Consumption is surging in China, India and oil-producing Mideast nations themselves. Some national oil companies -- which control as much as 90% of global reserves -- are unable or unwilling to fully exploit these riches because of rebel threats or political policy. The U.S. energy infrastructure is vulnerable, as exposed by last year's hurricanes and the pipeline corrosion that has crimped production in Alaska's North Slope.

But among the most immediate obstacles to energy security is a short supply of oil-field know-how. On this front, Iraq has been the hottest battlefield. The 2003 invasion stirred hopes in the Bush administration that ousting the Hussein regime would lead to fresh investment, a developing industry and new supplies. Instead, it set off one of the biggest disruptions in crude supplies in a quarter century, as calculated by the U.S. Department of Energy. Rebels and bandits keep at least 20% of potential Iraqi output shuttered, contributing to high energy prices.

To keep Iraqi oil flowing, American commanders are training thousands of Iraqis to guard the country's network of oil pipelines and fields. U.S. warships circle the country's Persian Gulf export terminals. The U.S. has also deployed soldiers and ships to protect some other vulnerable supply lines as well.

But it will take more than arms to keep Iraq pumping. Retaining veteran oil men like Mr. Jibouri is a critical requirement to meeting the world's growing thirst for crude.

The entire global oil industry faces a manpower crunch. In the U.S. and Europe, when prices were low in past years, oil companies slashed recruitment and cut existing staff. Now there's a scramble to hire engineers. The problem is far worse in certain volatile regions, where politics and war have hollowed out the expertise of entire state industries and contributed to large production shortfalls. Some of these long-term supply outages have been so large that without them, world crude-oil prices would almost surely be lower than today's $70-a-barrel range.

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One is Venezuela, where President Hugo Chávez fired 19,000 state oil-company employees during a strike in 2002 and 2003. Many technicians were replaced by inexperienced workers, delaying or botching projects. Venezuela hasn't returned to pre-strike production, depriving world markets of up to a million barrels a day, by some estimates.

Iran's production, too, remains depressed. Technocrats fled after the 1979 revolution and the subsequent eight-year war with Iraq. Some who stayed behind were sidelined by political ideologues. Iran's oil output, which had hit a peak of six million barrels a day before the turmoil, is still running two million barrels a day shy of that, and former Iranian officials say a major reason, among several, is the loss of talent.

"The industry became politicized, and the [top managers] were politicians who didn't have any technical knowledge," says Manouchehr Takin, who led exploration research for Iran's state oil company before leaving in 1982. Mr. Takin is now an oil analyst in London.

Nations that retain their oil-field talent tend to bounce back. Algeria's petroleum industry survived a bloody civil war in the 1990s, in part because local managers and expatriates worked deep in the desert, protected from attacks.

Iraq's talent vacuum is in many ways already much worse than those in Iran and Venezuela, with personnel losses paralyzing large chunks of the industry.

Work at Iraq's State Company for Oil Projects, which spearheads big oil-field construction efforts, recently dried up after a series of attacks and threats against executives. Kidnappers snatched Muthanna al-Badri, the director general, in June. He is still missing.

Mr. Badri's replacement resigned after being threatened. And that man's successor quit after being abducted and beaten for a night, according to current and former officials. Three other senior executives recently received threats and took leave, says an official still at the agency.

Efforts to restart Iraq's rich northern fields have been hobbled by the kidnapping last month of Adel Kazzaz, longtime head of state-owned North Oil Co. Iraq was pumping about 2.5 million barrels a day of crude oil before the 2003 invasion. Production remains about 500,000 barrels a day below that level, and outages in the north account for much of the drop. Mr. Kazzaz remains missing.

Political parties in Iraq have demanded patronage jobs in the oil ministry for their backers. According to U.S. and Iraqi officials, corruption and smuggling also plague the oil ministry and the several state-owned oil companies under its umbrella.

To be sure, many oil engineers are still in the country, and a few agencies have managed to hold on to top talent and achieve a measure of success. Veteran engineers in Iraq's southern fields are pumping about what they were before the U.S.-led invasion. In recent months, South Oil Co., the state-owned company that operates those fields, has managed to increase its oil production to two million barrels a day. That represents the bulk of Iraqi production, since the country's northern fields are still bottled up.

But there's been so much turnover at the oil-marketing agency Somo -- six different directors since the 2003 invasion -- that it now is believed to have just two or three executives fluent in English, the lingua franca of the global oil industry. Western buyers say the talent drain makes the agency less reliable. A meeting scheduled for Amman in May, during which buyers were looking forward to renewing six-month oil-purchase contracts and meeting the new faces at Somo, was abruptly canceled. The contracts were eventually renewed by fax.

Somo officials are making some simple goofs. An independent audit released this month found that the agency had undercharged a customer by about $4.8 million late last year because officials used the pricing formula for the wrong month on the invoice.

Also this month, Iraq's new oil minister suspended three Somo executives after accusing the agency of corruption. "Bad coins are starting to replace the good coins" throughout Iraq's oil sector, says Assem Jihad, a spokesman for the oil ministry in Baghdad.

Mr. Jibouri's tumultuous experiences in the Iraqi industry illustrate why it is struggling.

Mr. Jibouri hails from a prominent Sunni farming family near the city of Mosul in the north. After studying petroleum economics in Scotland, he returned to Iraq in the early 1980s and joined the oil-marketing agency. He was part of a team of 14

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who worked two shifts, fielding bids for Iraq's crude oil from Asian, European and American buyers by phone, fax and telex machine.

Eventually, he and other petroleum economists met monthly to debate global market trends, gauge thirst for Iraqi oil and establish prices for buyers. Although the broad price of oil is determined by global supply-and-demand forces, setting the exact price for a given shipment of a given grade of oil is a delicate process, a balance between getting the best price and keeping customers happy. "Pricing is key," says Dhiaa al-Bakkaa, a former Somo head, who worked with Mr. Jibouri. "If you're no good, you can leave hundreds of millions of dollars on the table." Mr. Jibouri developed into one of Iraq's top price-setting experts.

Like other technocrats, Mr. Jibouri also was swept up in the intrigue of the Hussein era. He joined the ruling Baath Party. Then Mr. Hussein's wars caught the oil industry in the crossfire. Iraq's 1980-88 war with Iran damaged Iraqi oil terminals and fields. Two years later, just as these facilities were getting back to normal, Mr. Hussein invaded Kuwait. The subsequent Gulf War and trade sanctions bottled up exports. Somo executives were barred from travel, and Mr. Jibouri quit the Baath Party, in what he says was a protest against the invasion of Kuwait.

Iraq kept the oil industry together, in part by cheating. Under the oil-for-food program that let Somo market some of Iraq's oil abroad, the regime imposed secret surcharges, and a state-sponsored smuggling operation spirited oil to neighboring countries. Mr. Jibouri says he and others disapproved, but followed orders.

When the Hussein regime fell in 2003, looters carted off every chair and desk from Somo's compound. Mr. Jibouri and a band of Somo colleagues regrouped. Oil-ministry officials put the word out that each state-controlled oil company should elect new leaders. American occupation officials ruled that Baath Party members couldn't keep ministry posts. Hundreds were forced to leave.

Mr. Jibouri was deemed free of Baathist taint and won the top job at Somo. American officials dropped off a stack of $100 bills for new office furniture. Within weeks, Mr. Jibouri had Somo selling oil again, checking tanker arrivals by satellite phone from the sun-baked roof of his Baghdad office where reception was best.

He also started emergency imports of refined products to stem shortages due to fighting. He managed to acquire gasoline for a lower price than Halliburton Co. did under a Pentagon contract -- a price gap that some in the U.S. Congress seized on in accusing Halliburton of profiteering, a charge the company denied.

But turmoil mounted at the oil-marketing agency. A U.S.-chosen interim government appointed as oil minister Ibrahim Bahr al-Uloum, an expatriate consultant and son of a prominent Shiite cleric. He purged several long-serving technocrats, and in late 2003 demoted Mr. Jibouri.

Mr. Jibouri told the Iraqi and international press that he had refused a demand from the new minister's political backers, including onetime Pentagon favorite Ahmed Chalabi, to steer oil contracts to certain traders. Mr. Chalabi's deputies denied making such a demand. A Chalabi-controlled newspaper accused Mr. Jibouri of corruption. No charges were ever brought, and Mr. Jibouri was later offered an advisory role at the ministry. Instead, he quit and started a consulting business in Baghdad and Amman.

In the summer of 2004, he returned when a fresh U.S.-brokered government named him Iraq's trade minister. But Mr. Jibouri says the graft he saw spreading through the bureaucracy around him gradually turned him off government work. "I was engulfed by corruption. The flood was stronger than me," he says.

After Iraq's first free elections last year, politicians sounded out Mr. Jibouri about staying on as trade minister or taking the top job again at Somo. But he says many of the top technicians he had worked with had left, and political appointees bloated the agency.

His other worry was violence. Last year, just before Mr. Jibouri stepped down as trade minister, gunmen killed one of his deputies, riddling the man's car with bullets as he drove to work.

A few months later, Mr. Jibouri packed up and moved his wife and three children to Amman. "I wanted to stay in Baghdad," Mr. Jibouri said on a recent afternoon over grilled fish at a new Amman restaurant serving Iraqi dishes and filled with exiles. "But it was impossible. If you are honest you will be killed."

Hostage: The Jill Carroll Story - Part 7 • False Hopes (CSM)

DOJ_NMG_0051648

By Jill Carroll And Peter Grier

The Christian Science Monitor, August 22, 2006

It was late January the next time we moved. Hot and tired of traveling, I threw up all over myself. They didn't know that I'd always been prone to car sickness.

"Do you need a doctor? Are you sick? We can bring you a doctor," said Abu Rasha, my No. 2 captor, who was driving. Again and again, I saw that their beliefs would allow them to deprive me of my freedom and kill Alan, yet also lead them to express sincere concern over my health and well-being as their hostage.

When we finally came to a stop I was led, stinking, into a new house - the sixth place I'd been, in the three weeks I'd been held. It wouldn't take much to prompt a move: a helicopter overhead, wild dogs barking at night, a US patrol in the vicinity. At the time, I thought the house was south of Baghdad. The US military now says it was near Abu Ghraib.

Once inside, they steered me directly into the bathroom, and I stripped off my soiled clothes.

The house was so new that the mujahideen were still building it around me. No family lived here. This was a house built by Abu Nour, my lead captor, solely for the use of the mujahideen. It was a meeting house, a bomb factory, and, for me, a jail.

In my head, I called it "the clubhouse."

Here there were no women and children to serve as buffers between me and my captors - or to witness my eventual fate.

I'd felt some measure of safety in the presence of the mujahideen families. That might have been an illusion. In any case, now it was gone.

As the weeks of my captivity accumulated, I felt physical and mental stress begin to mount.

The inactivity was claustrophobic. The psychological poking and prodding of my captors - who knew so little about Americans that they were shocked I wasn't blond - sometimes made me feel like an animal in a zoo.

Constant adrenaline crashed up against chronic fatigue. I'd lie down at night, and my eyes would feel swollen. I'd close my eyelids and it would seem as if they weren't big enough to go around my eyeballs.

Sometimes I would think about people back home and I would feel a little better. My grandparents are Catholic and they go to Mass every day. I would figure what time it was in the US and would think, "I bet they're praying for me right now. I bet they're saying, 'Let's pray for our granddaughter, Jill Carroll.' "

If it was early morning in America, I would imagine my mom, dad, and twin sister, Katie, waking up. If it was a little later I would think, "They're having their morning meeting at the Monitor. Maybe they're talking about me."

That was my only escape.

• • •

At first in the clubhouse, I was happy to sit alone in my bedroom and not be bothered.

Between moments of terror, throughout my captivity were long hours doing nothing. Here, I didn't want to look around the room too much, because I wanted to save the newness, and the interest of looking at new things as long as I could. After fear, boredom was my tormentor, my constant enemy.

I'd think, "I'm going to spend today looking at the heater. And then tomorrow, I'll sit in a different part of the room, and it'll look different." I'd stare at flies for hours.

It sounds crazy now, but then it seemed normal. If you looked at everything all at once, it became familiar and boring really fast.

I sang camp songs to myself, and songs that Mom used to sing to me. I spun fantasies of US marines rescuing me. I ruminated over old boyfriends and choices I'd made. I deeply questioned my decision to come to Iraq. I had devoted a year in Jordan to studying Arabic and working at an English-language newspaper, slowly learning my craft. For what? To spend my last days under the thumb of the bleepin' muj? If I ever got out, I decided I'd never leave the US again.

At night, I would think hard about Katie, sending her mental messages: 'I'm OK. Don't worry. Can you feel me, Katie?' In my head, I'd write letters to Dad, in North Carolina, telling him about my days. I'd imagine him hugging me and hugging me in the doorway, telling me everything was OK.

I spent a lot of time staring at my toes, and wondering if I was slowly going around the bend.

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After several days at the clubhouse, the guards asked me if I wanted to watch them make dinner. Then they let me watch a little TV. Eventually, they let me pace the length of the house, about 15 steps, and help wash dishes and prepare meals. I was overjoyed with these activities after so many hours spent doing nothing.

Access to sunlight became the most important new benefit, though. It poured into the sparse sitting room where my guards slept and where we all ate.

I was desperate for light after painful days in dim rooms in the Abu Ghraib house with my now-departed female minder, Um Ali. I had been handed off to a different cell under Abu Nour, to a different set of guards.

One of the guards at this new house, who had himself spent time in prison, seemed to understand the way I felt. One morning before breakfast, he tied back the thin curtains.

"Sun," he said smiling and gesturing at the bright streams pouring in through the etched glass windows.

I sat on the ground in the sunbeam and closed my eyes. It penetrated my eyelids and warmed my face.

• • •

By this point, I had learned much about the way the mujahideen operated. To me, at least, some of their tactics were surprisingly clever.

Take transportation. Men with beards, and cars with only one or two men, drew too much attention from patrols and at checkpoints. So they shaved their beards and drove around as families, kids and women included. They played Shiite music. As insurgents, they knew how to not look like an insurgent.

They have the home-field advantage. As Abu Nour, the leader, told me more than once: "I can go out, plant my bomb, and go back and have a homemade dinner with my wife. What are American soldiers going to do? They go back [to their base] and do not have good food or get to see their family."

Abu Nour ("Ink Eyes") began coming to see me almost every day. Clearly, he felt freer to visit the clubhouse than the other places I'd been held. It was during one of these visits that he'd mentioned Margaret Hassan, and I'd hysterically begged for the guards to use a gun to kill me, not a knife.

At the clubhouse, he also appeared eager to have me "interview" him. He seemed to have begun to view me as a messenger - an idea I had been pushing, hoping it would give them a reason to set me free.

My hands always shook when I did these "interviews." Like all interactions with my captors, they felt like mine fields, or chess games.

Among other things, Abu Nour said that some people joined the mujahideen because they were angry about the treatment of prisoners in Abu Ghraib prison or raids on their homes at night. Many enlisted following a battle they considered a great victory - the April 2004 fight for Fallujah, a city west of Baghdad in the Anbar Province.

Abu Nour added that too many of these new recruits had impure motives. That, he said, is why they lost Fallujah to US forces in November 2004.

"A good mujahid enters the war so [that] if he dies he goes to heaven," Abu Nour insisted.

Secular insurgents were useful allies, but wouldn't be allowed to take part in the Iraqi government after the mujahideen's final victory, he said. Sunni politicians participating in the current US-backed government were traitors to Islam and should be killed.

My captors would laugh, for example, when Adnan al-Dulaimi would appear on TV - either when he was pleading for my release or as part of a group of politicians trying to form a new government. I had gone to interview Mr. Dulaimi when they seized me in front of his political headquarters in Baghdad.

[In a press conference on Jan. 20, Dulaimi said: "By kidnapping her, you are insulting me. You're insulting the work that I've been doing for Iraq.... release her...." Nine days later he issued another tearful public appeal for Jill's release, which was featured in the Monitor's Iraqi media campaign in February and March.]

"Look, Jill. Ha, ha. There's your 'friend' Dulaimi," they scoffed each time he appeared. "Oh, please, please free Jill! Ha, ha, ha, ha." They mocked him.

Within minutes of my capture, I had suspected Dulaimi, the head of the Iraqi Accordance Front, a Sunni political party. The kidnappers were waiting for us when we left his office. They must have known about my appointment ahead of time.

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During one of these talks at the "clubhouse," Abu Nour said that Dulaimi had been to see him that week. Dulaimi had begged Ink Eyes to let me go. Later, the guards told me that Dulaimi had been back again. Dulaimi said, "Please, please let her go. The [US] soldiers are threatening to arrest my sons. Tell me where Jill is. Let her go."

My captors were angry about being labeled "terrorists." But the deaths of innocent people caused by their activities - such as the murder of my interpreter, Alan Enwiya - didn't taint the purity of their jihad.

"Sometimes when we try to hit the American soldier or Iraqi soldier, sometimes we kill women and children in this operation," said Abu Nour at one point. "We don't want to ..., but this is war."

Periodically, Abu Nour would tell me people were calling for my release. He would never say whether this was good or bad.

Throughout my ordeal, my captors would make oblique references to what I later discovered were organized appeals on my behalf. For example, Abu Nour wanted to know if I knew the leader of Hamas, the Palestinian militant group. I thought it was another test of my character. Later, I learned Hamas had issued a statement condemning the kidnapping of civilians.

When my father and mother made their first televised statements, Abu Rasha said, "Your father and mother say, 'Hello' to you."

"Very good man, good man, your father," he said.

It was clear that whatever my parents had said on TV had made a good impression.

One day Abu Nour arrived, and said that five women detainees had been released. This was important, and good news, he said.

"This is Step 1," he said. "Now we have to go to Step 2."

He wanted me to make another video, and ask for the release of all Iraqi women prisoners.

I was crushed. Another video meant days or weeks of waiting for it to air, then waiting for a reply. The black-eyed leader - someone who I thought never saw me as a person, despite the chocolates he brought from Baghdad - now thought he had something really valuable. The last thing they were going to do was let me go.

It wasn't until later that I figured the release of the five women had helped by making it harder to justify killing me.

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Five Iraqi female detainees were released on Jan. 26, along with some 450 male prisoners. While US officials denied this was in response to Jill's captors' demands, her family saw it as a hopeful sign.

But four days later, Jill's twin sister, Katie, got a disturbing call from Amelia Newcomb, deputy foreign editor, who served as the Monitor's liaison to the family. The kidnappers had released another video, said Newcomb; and on this one Jill was crying.

Immediately Katie assumed the worst - that this was evidence her sister was being mistreated. She snapped on her television, and, indeed, saw a picture of a sobbing Jill. And in an instant, she felt much better.

Jill was faking, Katie thought.

She knew her sister. She knew that when Jill really cried it was like the Nile at the crest of a flood. The tears would come so hard, Jill wouldn't even be able to see, if she didn't wipe them away.

But this was different. This was ... restrained. Maybe the kidnappers were coaching Jill. Maybe she wasn't being physically mistreated.

Katie wasn't the only family member to take heart from the ostensibly disturbing video. Mary Beth Carroll didn't think her daughter was crying, either. Clearly, Jill was being fed - her cheeks weren't sunken - and she was dressed in a neat hijab, which seemed in some manner a token of respect.

Nine days later, a third video of Jill appeared on a Kuwaiti television station. This time, for the first time, her voice could be heard. "I am with the mujahideen," she said. "I sent you a letter written by my hand, but you wanted more evidence, so we are sending you this letter now to prove I am with the mujahideen."

On Feb. 10, a day later, the owner of the Kuwaiti television station said that sources close to the kidnappers had told him there was a Feb. 26 deadline. Two whole weeks! The US had that long to release all Iraqi women from its prisons, or else. To Mary Beth, that meant Jill's safety was guaranteed for the next 16 days.

The day after the video came out, Mary Beth woke up in a good mood. After the daily worries she and the rest of the family had experienced, this was almost like being on vacation, she thought.

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- P.G.

Next part: The new enemy

Did A Sunni Politician Set Jill Carroll Up - Or Pay $1.5 Million To Free Her? (CSM)

By Scott Peterson

The Christian Science Monitor, August 22, 2006

BAGHDAD

Jill Carroll says her kidnapping was set up by Adnan al-Dulaimi or someone in his Baghdad office. Mr. Dulaimi met with her chief captor at least twice during her captivity, and the Sunni politician pleaded for Ms. Carroll's freedom, according to her captors.

"Dulaimi himself personally knew Abu Nour," recalls Carroll. "He met with [the insurgent leader] several times, and begged him to let me go."

Dulaimi - one of the most influential Sunni politicians in the US-backed Iraqi government - denies ever meeting Carroll's kidnappers. In fact, he now claims to have paid a ransom for her release. But when he is pressed with questions about her abduction, a nervous tick comes to life in his left cheek.

Carroll was taken, and interpreter Alan Enwiya was shot dead, just 100 yards from Dulaimi's office, when the Iraqi politician failed to show up for a prearranged Jan. 7 interview.

"It was very highly organized," says Adnan Abbas, Carroll's driver, who was shot at but managed to escape. "It was a setup, a perfect ambush."

Establishing who engineered Mr. Enwiya's murder and Carroll's kidnapping - and what finally prompted her safe release - may prove impossible amid the bloody sectarian and insurgent politics that have defined Iraq this year.

Since that day in January, Dulaimi - who wears a trademark black sedarat hat once favored by Iraq's monarchy-era administrators - has protested his innocence and claimed the kidnappers wanted to undermine him politically.

But his version of events - including initially denying he had any appointment to meet with Carroll - has changed over time, in multiple meetings with the Monitor during and after her captivity, and in public statements.

Dulaimi now claims that he alone secured Carroll's release by secretly paying a $1.5 million ransom. It is one ransom claim among many others that have surfaced from inside and outside Iraq since Carroll's release.

Monitor editors and the Carroll family say they have seen no evidence that money changed hands to buy Carroll's freedom.

Early in her captivity, Carroll's kidnappers told her that they hoped to gain the release of "four or five" female Iraqi detainees at Abu Ghraib prison - and Carroll's first and second videos broadcast on Al Jazeera in January called for their freedom.

"It was clear that money wasn't the central issue," says Carroll, who overheard her captors making that point among themselves. But sometimes, especially during the first month, she did hear money discussed. When US officials stated their refusal to bargain over women detainees, the kidnappers told Carroll they would demand $10 million from the newspaper or her family "because we can't just let you go for nothing."

"After one month [of captivity]," recalls Carroll, "it wasn't clear what they wanted or who they were talking to, or when, and who was lying to me about what."

Dulaimi made similar requests to release prisoners. Once during a meeting with the Monitor he brandished a list of 1,000 male detainees he wanted freed, saying their release would "help" bolster his own efforts. He also made several tearful and high-profile calls for Carroll's release.

Why is he claiming to have paid a ransom now?

"I refused to talk [publicly at the time] because I wanted success - any mistakes would lead to [Carroll] being killed," said Dulaimi, during a recent meeting in the heavily fortified Green Zone, between sessions of parliament. Knowledge that he paid is "not in the public interest. It puts me in danger.

"I swear I paid," added Dulaimi, noting that he informed US Embassy staff in Baghdad. "I challenge anyone to say I [didn't] pay.... The proof is just me. Either it's my proof, or I am lying."

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"That's crazy," says a US investigator familiar with the case. "[Dulaimi] did nothing to assist us to get Jill back.... When push came to shove, he did nothing." One US Embassy official in Baghdad says he does not believe Dulaimi was involved, either directly with Carroll's kidnapping, or in her release.

Dulaimi did permit some of his office guards and staff to be questioned by agents of the US Federal Bureau of Investigation. But those sessions yielded answers that often contradicted reporting by Western news agencies on the day of the incident. The French news agency AFP quoted an office guard saying he heard gunshots "a short distance away and rushed to find the body of a slain man." The Associated Press quoted guard Samir Najim describing details of the incident 100 yards from Dulaimi's office.

Dulaimi told the Monitor that his staff was unaware that the incident took place on his street. His staff said the same thing to the FBI. He also denied that any guard called Najim worked for him.

"Dulaimi would not [orchestrate the kidnapping], because he was waiting for a presidential posting, and this would have very bad side effects," says a senior Iraqi police officer. "But someone did this behind his wheels."

Still, one theory is that Dulaimi may have signed off on a brief kidnapping, to perhaps regain some credibility with Sunni extremists - or someone in his office set it up - only for events to then spin out of his control. Carroll was told at first that she would only be held for a week.

But Carroll's captors frequently ridiculed Dulaimi and other Sunni leaders in government, when they appeared on television news. Dulaimi is deemed a traitor by Sunni insurgents, for turning his Iraqi Accordance Front into the most powerful Sunni bloc in Parliament.

"Dulaimi's not good.... We won't ever deal with him," Carroll recalls Abu Nour telling her. "Maybe his sons one day...."

Dulaimi denies ever knowing Abu Nour's nom de guerre Abdullah Rashid al-Baghdadi, much less meeting with the militant chief. He says he heard the name for the first time when the Monitor raised it during a late-June interview.

Abdullah Rashid has issued statements saying he leads the Mujahideen Shura Council, a Sunni umbrella group for the most extreme jihadist groups, including Al Qaeda in Iraq, which formed in mid-January.

Dulaimi further claims he had no link with the kidnappers until weeks before Carroll's release, when an Iraqi journalist working for Al Rai television in Kuwait interviewed him in March about the abduction.

Al Rai had received and broadcast the third and final public Carroll video on Feb. 9. Shortly after the March Al-Rai interview, Dulaimi says he was contacted by an intermediary, called a bayi. Dulaimi says he met once with the bayi - the root word in Arabic means "salesman" - who "does not know any information" about Carroll's captors.

Dulaimi claims he paid $500,000 the morning Carroll was released. It was a "sacrifice" he was willing to make, he says; subsequent payments completed in late June brought the total to $1.5 million - half the initial $3 million demand.

"I have to pay them because I gave a promise and should keep the promise, for security for myself, because no one can prevent them from doing any bad thing," says Dulaimi, of the apparent blackmail. "I paid them because they can do anything."

An Interview With An Iraqi Insurgent (CSM)

The Christian Science Monitor, August 22, 2006

The night before Jill Carroll was released, Abu Nour, her chief captor who claims to be a leader of the Sunni insurgency, ordered her to do one final interview. He'd done about a dozen previous interviews, covering similar topics, but had later destroyed those notes. What follows are excerpts from his last interview, in broken English, with Ms. Carroll. The importance of Fallujah

Fallujah 1 [the first battle for Fallujah in April 2004] was a point of change in the war between America and mujahideen [holy warriors].... All Muslims in the world ... asked themselves, 'How [did] they win a war against the American army? It was impossible.... [Afterward] Muslim babies [were] named Fallujah.

Why [did] we lose Fallujah 2 [the second battle for the city in November 2004]?

[Too many bad Muslims joined the insurgency.] If you have a few mujahideen [who are] good [Muslims, it] is better than [to] have a lot of the bad kind [of Muslims]. A good mujahid enters the war [expecting that] if he dies, he goes to heaven.... Muhammad told us that heaven is not all the same place. It is divided into many places. The martyrs take the top [spot] in heaven. The help of Allah

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Muhammad, Peace Be Upon Him, is a very important leader in war. To make his soldier enter the war he tells him about martyrdom - he will go directly to heaven. A martyr takes 72 women ... different from the women on Earth. The women on Earth are not perfect.... The Prophet said if the sun were to shine on the [women of heaven, they would be] more beautiful than the sun.

A good Muslim prays five times a day, he reads the Koran, he is good in dealing with his wife, with his mother and father.... He doesn't lie, and he makes his work in a good way.... This is a good kind of mujahid.

We think this is a very important point to win a war. If we lose the help of Allah we cannot [achieve] anything [against] American soldiers, because this is a very strong army. We can continue for 10 years

The American soldier comes from America. He left his country, his family, his children, his wife. He cannot see them, maybe six months or more. This is very big problem because they are men.... The mujahideen, [we] can [leave] our homes for 20 minutes, hit the American soldier, and come back home. So we [have fought] continuously now three years, and we can continue 10 years or more. But Americans cannot continue one year. It is impossible. Scale of the insurgency

I have maybe 2,000 mujahideen in all Iraq, in all towns.... If I divide this into groups of 20, I have 100 groups. So this means I have 100 operations in a week. So in a month I have 400 operations. So if in every operation I kill only 2 soldiers, I kill 800 soldiers in a month. So [President] Bush is very tired because of this number of operations ... so we are sure that the American army cannot continue in Iraq. US soldiers' treatment of Iraqis

When the American army took me they hit me. They hit me all over my body. They took my money.... The problem is how the American soldiers are dealing with the people. Why call us terrorists?

Why [does the] American government say the mujahideen are terrorists? Sometimes when we try to hit the American soldier, or Iraqi soldier, sometimes we kill women and children in this operation. We don't want to kill the women or children, but this is war....

Allah judges people, asking you, 'How did you deal with the people, the wife, and with Jill Carroll?' Sunnis vs. Shiites

In jihad, we don't want to kill women and children or old men, sick men. Why [do] we kill the Shia [Muslims]? Because they help the American army.... We don't want to make a complex [meaning coalition] government from Sunni and Shia. We want to make a government with Sunni only, because we know that the Shia don't like Sunni and Sunni don't like Shia. This is a fact. This is a very important historical fact.

So if we want to make a successful government, we must make this government Sunni only. And if the Shia want to make a government in the south, [that's] no problem for the mujahideen. We accept federalism. America wanted federalism in Iraq, no problem.... Oil for America, US cars for Iraq

I want to send a message to the American people. The mujahideen in Iraq, we have no problem with American people. Our problem is with Bush and his government.... [It's] no problem for Iraq, for the mujahideen government in the future, to send the oil to America and America to send to [the] Iraqi people the money or the cars or the computers or anything because the technology in America is very good.

We maybe go to America in the future to visit America. Maybe send our sons as students in American universities. We want to build our country. We don't want the war with any country. We want to build our country like the UAE [United Arab Emirates] because we know our country is very rich. We have a lot of oil, and two rivers. So we can build our country in a short time. A message for US parents

So we ask all the fathers and mothers in America, 'You don't want your sons killed in Iraq?' We don't want your sons killed in Iraq. We don't want our sons killed, also. So we ask all fathers and mothers in America, 'Why [do] your sons kill our sons?' A Muslim-Christian government?

Americans say the mujahideen don't know [what] we [will] do after the occupation. We know exactly what we will make: a government from the mujahideen and others. The government will be technocrats. For example, in the Ministry of Health, we can not put a farmer. We must put a doctor.

If we found [a] technocrat [who is a] mujahideen, we [would] put him [in charge]. If we don't find him in [among the] mujahideen, maybe we [will] take [someone] from outside [the] mujahideen. If we found a person [who] is not Muslim, maybe a Christian, and he is a good person from a good family - [it's] no problem for [the] mujahideen to put him in [charge of] a ministry.

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Islam and the Koran don't prevent [us from] putting this person in a ministry. But the president of Iraq must be Sunni. The Koran [requires] the president of a Muslim country [to be] a Muslim. Postwar US-Iraq relations

Iraq is very tired [after the] war in Iran and after that war in Kuwait and the war now. We want to build the country very good and give every person a big house and a top car and make [it possible for] him to travel to the US and Europe and live like the other people in the world - like [the United Arab] Emirates people or Qatar people.

[The] American government or [President] Bush says we are terrorists in Iraq. If we finish this war, [he says] we [will] go to America to make problems in America. This is not true. We want to build our country.

Pakistan Fails To End Preoccupation With Jihad (FT)

By Farhan Bokhari

Financial Times, August 22, 2006

When Pakistan's late military ruler General Zia ul Haq died in an aircraft crash 18 years ago, some believed it would mean an end to the country's preoccupation with jihad, or holy war – a movement fostered by the hardline pro-Islamist leader.

Last Thursday, as a group of mourners gathered at the late general's grave to commemorate the anniversary of his death, those hopes looked like wishful thinking.

More than a week after a bomb alert at London's Heathrow airport unleashed yet another global probe into terrorist groups, Pakistan is again in the spotlight. Some see the country as a frontline state against terrorism, others accuse it of being the epicentre of global jihad.

Most of the suspects in the alleged airline bomb plot arrested in Britain are believed to be British-born of Pakistani origin. Additionally, at least one UK citizen of Pakistani origin, Rashid Rauf, and up to six Pakistani nationals have been arrested in Pakistan in the case.

Pakistani officials have claimed an Afghanistan-based al-Qaeda cell was involved in the attempt to attack aircraft departing from Heathrow, rejecting reports of domestic links.

One official claimed the arrested suspects had ties to Jamaat-ud-Dawa in Pakistan – a prominent Islamic charity listed in April by the Bush administration as actively supporting terrorism.

But a senior Pakistani intelligence official said: "Terrorists are smart people. They work very discreetly, not using easily identifiable fronts."

Pakistani officials say the investigations have broadened beyond Pakistan and the UK, possibly to Africa and other European countries.

But analysts warn that Pakistan suffers not just from its historical association with militant causes, which dates back to its sponsorship of Islamic fighters resisting the Soviet occupation of Aghanistan in the 1980s. They point to Pakistan's failure to regulate closely the country's network of madrassahschools as an example of tacit support for militant networks.

Madrassah,which are meant to provide Islamic education, became radicalised in the 1980s when Pakistan, US and Saudi intelligence services began training their students to attack Soviet troops in Afghanistan. The role of madrassah was highlighted last year when at least one of the suicide bombers who attacked London's transport system was believed to have visited a madrassah in Pakistan.

Analysts say political reforms are needed to help curb the influence of Islamists. General Pervez Musharraf, the military ruler, needs to step down as head of the military and let more liberal politicians, such as former prime ministers Benazir Bhutto and Nawaz Sharif, who both live in exile, return home, they say.

Ironically, while Gen Musharraf has positioned himself as an ally in the US war on terror, Islamic political groups campaigning on an anti-western platform have won an unprecedented number of seats in parliament.

"If Musharraf allows more liberal politicians with a wider political base to return to politics, that could begin curbing the militant legacy," said Hasan Askari Rizvi, a scholar on Pakistan's security and national affairs.

But members of Pakistan's pro-jihad lobby will not be put off easily.

Arrests Made In U.S. Consulate Bombing (AP)

By Zarar Khan, Associated Press Writer

DOJ_NMG_0051655

AP, August 22, 2006

Police on Monday arrested two suspected al-Qaida-linked militants accused of orchestrating a suicide attack near the U.S. Consulate in Karachi that killed a U.S. diplomat and three Pakistanis, a senior police official said.

Anwarul Haq, 30, and Usman Ghani, 28, were captured in a raid, said Jehangir Mirza, police chief for Sindh province, of which Karachi is the capital.

During interrogation, the suspects confessed to "preparing" a suicide bomber who on March 2 slammed his explosive-laden vehicle into the car of U.S. diplomat David Foy near the consulate, Mirza said.

"The terrorists we arrested today have links with al-Qaida," he said, without offering evidence.

The attack, which wounded about 50 other people and was claimed by al-Qaida, came a day before President Bush made an official visit to Pakistan.

Over the weekend, a Pakistani security official said six men had been detained in connection with the bombing and that the suicide bomber name was Raja Tahir, a militant from the outlawed Pakistani group Jaish-e-Mohammed.

Mirza confirmed that Tahir was the bomber, but denied the arrests of six men last week. "We arrested two terrorists today, and police are looking for some of their associates," he said.

Karachi has been the scene of several terrorist attacks targeting Westerners since President Gen. Pervez Musharraf made this Islamic nation a key ally of the United States in its war on terror after the Sept. 11, 2001, attacks.

A car bombing killed 14 people outside the U.S. Consulate in Karachi in June 2002.

CORPORATE SCANDALS:

Deal With Quattrone Would Avert Third Trial (WP)

By Carrie Johnson

The Washington Post, August 22, 2006

Former investment banking star Frank P. Quattrone is expected to appear in a New York courtroom today to seek a federal judge's approval for a deal that would allow him to avoid prison time, bringing his six-year legal odyssey to a murky conclusion.

Prosecutors in the U.S. Attorney's Office for the Southern District of New York are preparing an agreement that would avert the need for Quattrone to stand trial for a third time on obstruction-of-justice charges. Under its terms, Quattrone would promise to stay out of legal trouble for a specific time period -- at least one year -- after which the government would dismiss the case, according to two sources who spoke on condition of anonymity because the deal still requires the blessing of U.S. District Judge George B. Daniels.

Legal experts said the deferred prosecution was the government's way of resolving several problems, including the relatively slender evidence against Quattrone, lingering questions about one of the laws under which he was charged and turnover within the prosecution's ranks.

Quattrone, who played a central role in the initial public offerings of such prominent companies as Amazon.com Inc. and Cisco Systems Inc., earned hundreds of millions of dollars as the technology sector boomed in the late 1990s. But his role in doling out shares of hot IPOs to favored customers brought his then-employer, Credit Suisse First Boston LLC, under the scrutiny of securities regulators. CSFB eventually paid $100 million to settle the allegations.

Separately, federal prosecutors filed criminal obstruction-of-justice charges against Quattrone for urging employees in a December 2000 e-mail to "clean up those files" as the investigation of IPO share allocations was widening. But the government's case was built around that single e-mail and what Quattrone intended his employees to do with it, and his first trial ended in a hung jury in 2003. The government tried Quattrone again the following year and won a conviction only to have it overturned by an appeals court this March because of faulty jury instructions.

"It's one of those gray cases that falls a little bit short of the proof-beyond-a-reasonable-doubt standard," said Columbia University law professor John C. Coffee Jr.

The obstruction-of-justice law that prosecutors wielded against Quattrone is itself a problem. In most fraud cases, obstruction charges are attractive because it is easier for jurors to understand the concept of destroyed documents or erased e-

mails than the mechanics of a complex accounting scam. But jury instructions that accompanied the old statute, since supplanted by the 2002 Sarbanes-Oxley law, would have allowed jurors to find a defendant guilty even if they concluded he did not intend to break the law.

That flaw became clear after Chicago accounting firm Arthur Andersen LLP was convicted of obstruction charges in 2002. The firm hemorrhaged clients and partners -- but three years later, the Supreme Court, citing the faulty jury instructions, tossed the case. Given the firm's near-defunct status, the Justice Department decided not to retry Andersen. Meanwhile, business groups protested that the government had imposed a virtual death sentence on the company rather than targeting specific employees who may have engaged in wrongdoing.

So the Justice Department increasingly has rolled out deferred prosecution agreements of the sort under discussion with Quattrone. The deals allow government lawyers to avoid a costly, resource-intensive trial and offer defendants a middle ground that often includes no prison time.

William B. Mateja, a partner at Fish & Richardson PC who oversaw the Justice Department's white-collar crime efforts earlier in the Bush administration, said the decision to strike a deal with Quattrone is a purely practical one. Two government lawyers who prosecuted him have departed for private practice.

"The guy's already been tried two times," Mateja said. "There is a substantial price that he's paid. He's had to sit through two trials and has paid his lawyers."

Coffee, the Columbia professor, noted: "This is becoming a historical incident, not a current crisis."

The agreement leaves Quattrone the option of returning to investment banking, where he was a dominant presence who earned more than $100 million in a single year. But it is unclear whether he will find a home at one of the major Wall Street banks that have struggled to polish their images after the trading abuses and conflict-of-interest allegations that have emerged over the past several years.

SEC Sues Group Of New Yorkers (WSJ)

By Siobhan Hughes

The Wall Street Journal, August 22, 2006

WASHINGTON -- The Securities and Exchange Commission filed a lawsuit to freeze the assets of a group of New Yorkers accused of selling at least $1.6 million of fraudulent investments to unsuspecting investors, many of them elderly.

The SEC complaint, filed yesterday in U.S. District Court for the Eastern District of New York, accused One Wall Street Inc. and its chief executive, among others, of selling securities to at least 64 investors, falsely promising that the company would soon conduct an initial public offering and that it was preparing to merge with E*Trade Financial Corp.

Instead, the SEC said, Chief Executive Donte Jarvis used the proceeds as "a personal piggy bank," paying for jewelry, gambling and "adult entertainment" services. The 31-year-old also was accused of giving his wife, La Shondra Hatter, at least $166,000 in checks drawn on the One Wall Street account. One Wall Street allegedly raised money by issuing unregistered securities starting in March 2003. The company has an office in Hicksville, N.Y. A person who answered the telephone yesterday morning at a number for Mr. Jarvis and Ms. Hatter in Wheatley Heights, N.Y., said they weren't in.

"This case emphasizes our continuing commitment to protecting elderly investors," Mark Schonfeld, director of the SEC's Northeast regional office, said in a statement. "Here, we are seeking emergency relief to halt the fraud and preserve investor funds."

It isn't clear whether investors, including a 79-year-old who allegedly invested $136,000 last month, will get their money back. Even in successful SEC actions, investors don't receive all the money they invested.

Imax Names Finance Chief Amid Probe (WSJ)

The Wall Street Journal, August 22, 2006

TORONTO -- Imax Corp., the big-screen movie company, said it appointed Edward MacNeil, 41 years old, as interim chief financial officer.

Mr. MacNeil, who most recently was Imax's vice president of finance, tax and special projects, succeeds Frank Joyce, who resigned to become chief financial officer Macquarie Infrastructure Co. Trust., an affiliate of Macquarie Bank Ltd.

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Mr. Joyce, 53, is departing Imax after the company announced earlier this month that its revenue-recognition practices are subject to an informal inquiry by the Securities and Exchange Commission.

At that time, Imax, which had been up for sale for five months, said it couldn't find a buyer at a price acceptable to the company.

An Imax spokesman said there was no link between Mr. Joyce's departure and these corporate developments. Imax said Mr. Joyce had informed the company "several months ago of his desire to pursue other professional opportunities."

CRIMINAL LAW:

U.S. Attorney General Announces Campaign To Help Prevent Internet Crimes Against Children (AP)

By Jamie Stengle, Associated Press

AP, August 22, 2006

DALLAS – Attorney General Alberto Gonzales announced a new public service campaign Monday that will warn teenage girls against posting information on the Internet that could put them at risk of attack by child predators.

"Every day, these predators are looking for someone to hurt," Gonzales said at the 18th annual Crimes Against Children Conference in Dallas. "Every day, we must educate parents and children about the threat."

About 2,700 law enforcement officials from around the world are attending the conference, which runs through Thursday.

"We want the front line professionals to be able to go back to their communities to protect the children in their communities," Gonzales said. "This conference brings folks together from all parts of the world and gets them talking with each other."

A third of this year's 180 workshops are focusing on Internet crime, said Lynn Davis, president and CEO of the Dallas Children's Advocacy Center, which is hosting the conference with the Dallas Police Department.

The ad campaign by the Department of Justice, in partnership with the National Center for Missing & Exploited Children and the Ad Council, will begin running early next year.

"It's all part of the ongoing effort to educate the public about this very serious threat," Gonzales said.

According to a Justice Department study, one in seven children using the Internet has been sexually solicited and one in three has been exposed to unwanted sexual material. One in 11 has been harassed.

The ad campaign is the latest in a series from the Justice Department.

One that warned about the dangers online was developed in 2004, giving advice to parents on how to protect their children from Internet predators. A second series of ads released in 2005 warned teen girls about forming online relationships with people they don't know.

On the Net:

Dallas Children's Advocacy Center: www.dcac.org/

Nat'l Center for Missing & Exploited Children : www.missingkids.com/

Justice Dept. Warns Of Child Exploitation (UPI)

UPI, August 22, 2006

DALLAS, Aug. 21 (UPI) -- The U.S. Department of Justice announced a series of public service announcements to raise awareness of the dangers of online child sexual exploitation.

U.S. Attorney General Alberto Gonzales, at a speech Monday in Dallas, said the department was joining with the National Center for Missing and Exploited Children and the Ad Council for the series of ads.

"Make no mistake, this is war," Gonzales said. "It is a wrenching reality that every day children are sexually exploited online."

The attorney general said the Internet provides a venue for predators to "brag about their crimes, creating a sick field of competitions to see who can produce the most unthinkable photos or videos or rape and molestation. In their perverse eyes, this manes the younger the better."

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He said the ads would be distributed early next year as part of the Justice Department's Project Safe Childhood. The department said the newest ads will warn teenage girls not to post pictures or information that could put them at risk of victimization.

Hinckley Allowed More Trips To See Parents (WT)

By Jim Mcelhatton

The Washington Times, August 22, 2006

A federal judge has ruled that would-be presidential assassin John W. Hinckley Jr. can continue going on four-night trips to his parents' house in Williamsburg, Va., over objections from the U.S. Department of Justice.

Hinckley, 51, who shot President Reagan in 1981, "does not present a danger to himself or others if permitted to make visits to his parents' home" under conditions of a previous court order, U.S. District Judge Paul L. Friedman wrote.

Judge Friedman's order was made Thursday and entered in court filings yesterday.

The Justice Department has opposed allowing Hinckley continued visits, as his attorneys move to expand the conditions of his release from St. Elizabeths Hospital in the District.

A mental patient at the hospital since 1982, Hinckley was granted seven overnight visits last year -- the most freedom he has had since he was found not guilty by reason of insanity 24 years ago.

Hinckley's attorneys earlier this month asked the judge for more trips while they prepare legal arguments aimed at further expanding Hinckley's conditions of release.

The U.S. Attorney's Office objected, saying authorities have not had a chance to review Hinckley's medical files.

Judge Friedman's ruling permits Hinckley an unspecified number of four-night visits to his parents' house.

In recent years, Hinckley gradually has won increasing freedom from St. Elizabeths. In addition to the Williamsburg visits, he has gone on short trips with his parents, such as an outing last year to the Smithsonian Institution's National Air and Space Museum.

The U.S. Attorney's Office is seeking a court order that would require that Hinckley cooperate for interviews with government psychiatrists.

A hearing on an proposal by Hinckley's attorneys to expand the conditions of his release from St. Elizabeths Hospital is set for Nov. 6.

Hospital officials noted in a letter to Judge Friedman last year that on visits to his parents' house, Hinckley "will be encouraged to develop independent living skills such as cooking, cleaning and shopping."

Judge Friedman stated in a ruling in December that the goal of Hinckley's treatment is "reintegration into society, whether that takes place in his parents' community or elsewhere."

Hinckley has expressed a desire for finding a girlfriend on his trips to Williamsburg but said it would be difficult.

"I can tell when a man or a woman is interested in me for my notoriety, and I don't want a woman who is interested in me for that," Hinckley said, according to a clinical assessment dated July 20, 2005, and included in court filings.

Next Stop For Karr: Extradition Hearing (USAT)

By Tom Kenworthy

USA Today, August 22, 2006

DENVER — John Mark Karr will appear at an extradition hearing in Los Angeles today to determine how soon he will be sent to Colorado to face charges in the 1996 slaying of child beauty queen JonBenét Ramsey.

If Karr, 41, does not contest the extradition, he will be taken to Boulder, Colo., within days, said Carolyn French, spokeswoman for Boulder County District Attorney Mary Lacy. His first court appearance in the city where JonBenét was killed would come within a day or two of his arrival, French said. If Karr resists extradition, the process will take more time.

It remained unclear what evidence Boulder prosecutors have against Karr. After he was arrested last week in Bangkok on a sealed Colorado warrant, Karr told reporters he was with JonBenét when she died but said her death was accidental. The 6-year-old girl's body was found in the basement of her family's home.

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Karr ate prawns and roast duck and drank wine on his flight from Thailand. Such treatment ended once he was on U.S. soil, Los Angeles sheriff's spokesman Steve Whitmore said. Karr is being held in a cell that is about 6 feet by 9 feet. His meals Monday included a balogna sandwich, carrots and punch for lunch.

Karr, a former schoolteacher, went abroad after being charged with possession of child pornography in California in 2001.

Relatives Dispute Karr's Account Of Whereabouts (WP)

By Amy Goldstein And Anne Hull

The Washington Post, August 22, 2006

The father and brothers of John Mark Karr, the man arrested last week on suspicion of killing JonBenet Ramsey in Colorado the day after Christmas a decade ago, do not recall his ever missing Christmas dinner in Atlanta or traveling to Colorado after the holiday, a lawyer for the family said yesterday.

Gary C. Harris said that the suspect's father, Wexford Karr, found a photograph indicating that his son was part of the family's Christmas gathering in 1996, the day before the child beauty queen was found strangled in her home in Boulder.

The Christmas Day photograph does not include John Karr but shows his three sons, who Harris said never attended the holiday dinner without their parents. Although the photo is undated, the lawyer said the family is certain it was taken in 1996, because an infant pictured in it, Karr's nephew, was 2 weeks old that Christmas.

The account of Karr's father and two brothers deepens the uncertainty of whether the 41-year-old teacher was responsible for the killing. Last week, Karr told reporters after his arrest in Thailand that he had been with the 6-year-old when she died.

A former wife of Karr, who was married to him in 1996, also has said she remembers that he was with her and his family during Christmas that year. An attorney for Lara Knutson, who lives in Northern California and was married to Karr for a dozen years until 2001, said she has "a great deal of contempt" for her ex-husband but wants to give investigators accurate information. Harris, the attorney for Karr's father and brothers, said they have had little contact with her since the divorce, though they remain in touch with her teenage sons by phone.

In an interview, Harris, of Clayton, Ga., said Boulder County investigators were in Georgia yesterday and interviewed Karr's father, 85, and half-brother, Nathaniel Karr, 34, Sunday night. "I don't think they have the right guy," Harris said, based on conversations with the family.

The matching recollections from different parts of Karr's family emerged yesterday as the suspect spent his first known day back in the United States in five years being held as a fugitive in a windowless cell in the Los Angeles County jail. Escorted by representatives of the Boulder County district attorney and U.S. Immigration and Customs Enforcement, Karr arrived Sunday night on a flight from Bangkok. He has not been charged with any crime related to JonBenet's death.

This morning, Karr is scheduled to appear in court in Los Angeles County for a hearing to determine how rapidly he will be transferred to Boulder. It was unclear yesterday whether Karr plans to waive or contest his extradition to Colorado. A spokeswoman for the Boulder County district attorney said that if he waives extradition, sheriff's deputies from Boulder will have 10 days to retrieve him.

Reached at his father's home in Atlanta yesterday, Nathaniel Karr said the family hopes to arrange to see his brother. "We don't even know how to do that yet," he said. Harris, who said he has known the family for two decades, said that, until John Karr's arrest last week, "they thought he was dead. They really did."

Karr was last known to have been in the United States in 2001. That spring, he was arrested on child pornography charges in Sonoma County, Calif., where he and his family had recently moved. He spent five months in jail and, shortly after his release, skipped a pretrial court appearance. He did not contact anyone in his family after that. RÃ©sumÃ©s he posted on various Web sites said he held brief teaching jobs in Europe and Asia. A doctor at a Bangkok clinic that specializes in sex-reassignment hormone therapy and surgery has confirmed that Karr was a recent patient.

Harris said that none of Karr's relatives remembers his ever missing Christmas celebrations before he disappeared five years ago. Moreover, he said, they do not think Karr has ever been in Boulder or ever took a trip right after Christmas. "If he had flown to Colorado or somewhere at that time, they would have remembered it," Harris said. "I mean, he wasn't a world-class

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traveler. . . . These people are not well-off financially," he said, adding that it would have been "a big deal" for him to take a trip by plane.

Harris said that Karr's father and brothers "are frantically looking for" other photographs from their Christmas gathering in 1996.

Before Karr disappeared, Harris said, he had a "pretty normal relationship with the family," adding: "I just think he has some emotional problems."

Suspect In JonBenét Killing Could Have DNA Tested Soon (USAT)

By Richard Willing

USA Today, August 22, 2006

DNA testing that could be done within days would help determine whether John Mark Karr was, as he has suggested, involved in the slaying of JonBenét Ramsey in 1996, forensic analysts say.

Because the Colorado warrant justifying his arrest in the case remains sealed, the evidence against Karr is unclear. However, Max Houck, a former FBI lab analyst, says he expects lab technicians to move quickly to obtain a DNA sample from Karr to compare it with biological evidence found at the crime scene in the 6-year-old girl's home in Boulder.

Houck, who heads the forensic science program at West Virginia University, says technicians likely would obtain a DNA sample from Karr with a cheek swab. Then they would use the skin cells on the swab to create a profile of the former teacher's unique genetic code. The profile could be compared with DNA found in a droplet of dried blood on JonBenét's underwear.

“It should be no trouble to get a (court) order for his DNA,” said Christopher Plourd, a defense lawyer in San Diego who specializes in DNA cases. “But (Karr) seems like the kind of guy who'd give it up without even being asked.”

Associated Press reports from Thailand, where Karr was arrested last week, said authorities there collected swabs of his DNA.

Lance Clem, spokesman for the Colorado Bureau of Investigation, said Monday that no DNA from Karr had been sent to the state lab. An analysis could be done within two days, said Kevin Lothridge of the National Forensic Science Technology Center in Largo, Fla., which audits crime labs for the U.S. government.

During a DNA analysis, Karr's profile would be compared with unique DNA markers — essentially sequences of tiny mutations in the genetic code — found in the bloodstain from the crime scene. Because the stain was degraded, analysts obtained only a partial set of DNA markers.

However, Dan Krane, a specialist in DNA match statistics at Wright State University in Dayton, Ohio, said the stain sample from JonBenét's house appears good enough to produce a match with a likelihood of accuracy “in the hundreds of billions.”

Houck said DNA “doesn't have an opinion about what your motivations are or why you're saying something. If it says you were there, unless you have an identical twin, you were.”

If Karr's profile differed from the crime scene DNA at even one genetic marker, he would be ruled out as the source of the blood.

Such a result would not rule out the possibility that Karr — who told reporters in Bangkok that he was with JonBenét in her home when she died and that her death was an accident — was there and did not leave any biological evidence behind.

“Absence of evidence is not evidence of absence,” said Paul Ferrara, forensic science director for Virginia. “Given the statements (Karr) has made and the way this has played out, I think everyone would sigh and say, ‘Back to square one.' ”

Details Of Karr's Involvement Still Under Wraps (LAT)

By John Spano

The Los Angeles Times, August 22, 2006

John Mark Karr lunched on a bologna sandwich, carrots and an apple in the Los Angeles County jail Monday, a day after he washed down seafood with champagne aboard a flight from Thailand to face charges in the murder of JonBenet Ramsey nearly 10 years ago.

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Karr, who spent the day in the facility that once housed O.J. Simpson, "Nightstalker" Richard Ramirez and actor Robert Blake, is scheduled to appear in court early Tuesday to announce whether he will oppose extradition to Colorado, where Ramsey was murdered Dec. 26, 1996.

Karr has told reporters that he was with 6-year-old JonBenet when she died in the basement of her Boulder, Colo., home. He said her death was an accident.

Prosecutors in Boulder have declined to provide details of their evidence suggesting Karr's alleged involvement in the Ramsey murder, one of the most sensational crimes of the last decade.

Media organizations including The Associated Press on Monday asked a judge to unseal the arrest warrant and other documents involving Karr. The filing noted previous mistakes in the Ramsey investigation and said there was "great public interest" in whether Karr's arrest was "yet another `mistake,'" The Associated Press reported.

In an Aug. 15 order, Boulder County District Judge Roxanne Bailin ordered case documents sealed, saying disclosure could jeopardize the investigation. Monday's filing asked her to consider releasing edited versions of the documents if she ruled against their full release.

On the international flight, Karr was flanked by an investigator with the Boulder County district attorney's office and federal immigration officials. None could be reached for comment.

The 41-year-old school teacher's return to the United States was voluntary, and he was not handcuffed before or during the 15-hour flight from Bangkok, Thailand.

Karr, once detained on charges of possessing child pornography, in recent years apparently traveled to Europe, Central America and Asia in search of teaching jobs. He taught in at least two Thai schools.

Karr Confessed To Californians 5 Years Ago (WT)

By Valerie Richardson

The Washington Times, August 22, 2006

BOULDER, Colo. -- It was shocking when authorities arrested a suspect last week in the JonBenet Ramsey killing, but in some ways, it's more surprising that it didn't happen years ago.

John Mark Karr, the 41-year-old schoolteacher who has said he was with JonBenet when she died in 1996, tangled with California authorities five years ago after telling an acquaintance that he broke into the Ramsey house the night of the slaying.

Wendy Hutchens of Roseville, Calif., told the Santa Rosa Press Democrat and KRON-TV in San Francisco that she contacted Sonoma County authorities five years ago after Karr told her that he met JonBenet at the family's Christmas party, then sneaked back into the house that night through a downstairs storm window.

Mrs. Hutchens said she alerted the Sonoma County Sheriff's Department and recorded her conversations with Karr as evidence. Authorities later searched Karr's Petaluma home and found enough evidence to charge Karr with five counts of child-pornography possession. He served six months in jail before leaving the United States.

Sonoma and Boulder county authorities would not comment on the woman's accusations, nor whether the Sonoma County office ever contacted the Boulder prosecutor about a connection to the Ramsey slaying.

Karr, who arrived in Los Angeles early yesterday morning after a 15-hour flight from Bangkok, is scheduled to appear in court today for an extradition hearing. If he waives extradition, he could be in Boulder as early as tomorrow to face charges of first-degree murder, kidnapping and sexual assault on a child.

Karr has made no secret of his obsession with JonBenet. He initiated e-mail conversations about the Ramsey case with both Mrs. Hutchens and a University of Colorado professor, and discussed the case with strangers, including a Boulder hiker who recalls meeting the suspect in Paris.

That Sonoma County officials knew about Karr's link to the case and apparently failed to notify Boulder County prosecutors could indicate that they thought his claims had little merit, said Denver lawyer and analyst Scott Robinson.

"They must have discounted what he had to say because it doesn't look like they ever contacted Boulder," Mr. Robinson said. "If it does turn out he's the guy, then they've got some heavy explaining to do."

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Mrs. Hutchens said Karr initially contacted her because of his interest in the case of Polly Klaas, the Petaluma girl who was killed in 1993. Mrs. Hutchens was a childhood acquaintance of the killer in that case, Richard Allen Davis, whom Karr was eager to meet.

Karr said that he sent letters to Davis, prompting officers to search the convicted murderer's death-row cell at San Quentin over the weekend for evidence.

Mrs. Hutchens said she has 20 hours of taped phone conversations and e-mails from Karr. Her name also appears on a judge's order granting Karr supervised release after he served his jail term.

In a recording played for a Press Democrat reporter, a man with a Southern accent called JonBenet's death "accidental." At last week's press conference in Thailand, Karr said the girl's death was "an accident."

"How would that person apologize for such an atrocity?" the caller says. "Would that person say, 'I strangled your daughter and it was so accidental and I was so afraid?' "

Mrs. Hutchens said she regretted that the man who could be JonBenet's killer was set free. "Five years ago he was sitting in jail. It just breaks my heart," she said. "I felt so bad for the Ramseys. If there was a possibility that he did it, I wanted them to investigate him."

Karr Arrest Highlights Lax Teacher Vetting In Thailand (CSM)

By Simon Montlake

The Christian Science Monitor, August 22, 2006

BANGKOK, THAILAND

Every year, thousands of footloose university graduates cross the Pacific to try their luck at teaching English in Asia. Some quit after a few semesters; others make it their career, and hop from school to school, and country to country.

But the arrest here last week of John Mark Karr for the murder of JonBenet Ramsey spotlights the dark side of the international school circuit, and has prompted calls for stricter controls on teacher hires.

Campaigners against child abuse in Asia warn that a troubled minority lurks among the ranks of foreign teachers. Pedophiles have also worked in orphanages and Thai child aid projects. Mr. Karr lost his California teaching license after being jailed in 2001 for possessing child pornography. He later left the US and taught in several countries, including Thailand, where he was hired earlier this year to teach elementary classes at two private schools in Bangkok. His arrest came two days after he had started at another school.

Karr is not accused of any offenses in Thailand. In May another American teacher was deported to face charges in the US after spending a year in a Thai jail for sexually abusing teenage boys at his school. Earlier this month, an Australian teacher was charged in Jakarta, Indonesia, with molesting street children.

"Private schools say they have high standards, but they're not checking the backgrounds of foreign teachers," says Wanchai Roujamawong, a former public prosecutor who heads the probation department at the Thai Ministry of Justice. Schools must "make sure all teachers have a license and clean records."

International schools have mushroomed across Thailand over the last five years, as well as English-language immersion programs in Thai public schools. While some international schools cater to expatriates and recruit teachers in their home country, others serve Thai parents who want their children to become bilingual. Some 7,000 foreign teachers work in Thailand.

The rising demand for native speakers means even inexperienced applicants find jobs. Thai authorities say some teachers are not properly screened, and want stricter enforcement of regulations.

"It's a question of standards. We shouldn't lower our standards for the sake of opening more schools," says Jakrapop Penkair, a member of a government committee on private-sector education. "We have enough laws in Thailand, but we disregard them."

Education officials say some international schools have complained that background checks take too long, such as verifying overseas university degrees. Uncovering criminal records is even more cumbersome, unless the applicant shows up on an international police watch-list at immigration. Plus, schools say high turnover means they often must fill positions quickly, or else cancel key programs.

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Some expatriate teachers have weighed in on website forums. Many are skeptical of government calls for closer scrutiny, and say inflexible labor laws lead to teachers working illegally, avoiding any formal screening process.

A government overreaction prompted by concerns over pedophiles may backfire, says Frank Moore, an American teacher who moderates a forum at www.ajarn.com (ajarn is a Thai word for teacher). "Many of us teaching here for the long haul are scared there will be a crackdown and expulsion of good teachers because we don't have a Bachelor of Education degree, or our employers won't get us a work permit," he says.

Teachers are critical, though, of administrators that hire native speakers for English-language programs without proper evaluation. In June, Karr began teaching first grade at Bangkok Christian College, an all-boys school founded in 1852 by American missionaries. He gave another prestigious school, St Joseph's Convent, as a reference, even though that school had fired him after only a few weeks.

But Bangkok Christian College still hired Karr, because of a teacher shortage. He was later dropped after parents reportedly complained that he was too strict.

Outside St. Joseph's, an all-girls Catholic school, parents expressed alarm over its hiring policy. "I'm worried about this person. I think the school should know the history and background of its teachers," says Monthol Junchaya, whose daughter is in the first grade.

Antipedophile campaigners say lax monitoring of foreigners working at private schools is a red flag for potential child molesters who exploit the high level of respect for teachers in Asian societies. Through informal networks, campaigners encourage teachers to report suspicions so names can be quietly checked.

"We suspect there may be pedophiles teaching in our schools, but we can't prove it. They may not be serious abusers, but they'll seek opportunities to molest children, and in ways that adults don't always notice," says Wanchai.

Australia restricts travel for convicted pedophiles. The US and some European countries allow the prosecution of nationals that commit child-sex offenses overseas. This puts the onus back on the countries of origin, which have more resources to fight such crimes, says Carmen Madrinan, executive director of ECPAT International, a Bangkok advocacy group.

Judge Orders Justice Department Investigation Of Leak To CBS Report (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, August 22, 2006

A federal judge has ordered a Justice Department probe into how CBS News obtained a story two years ago disclosing an FBI investigation into a pro-Israel lobbying group, the American Israel Public Affairs Committee.

Judge Thomas Ellis III issued the order last week in connection with the prosecution of two former Aipac employees, Steven Rosen and Keith Weissman. The two men are facing criminal charges of conspiracy to acquire and disclose classified information.

Judge Ellis instructed the Justice Department "to conduct an investigation into the identity of any government employee responsible for the August 2004 disclosure to CBS News of info. related to the investigation of defendants/whether the investigation relied on info. collected pursuant to" the Foreign Intelligence Surveillance Act, according to an entry placed on the docket of the Alexandria, Va.-based court yesterday. A more detailed opinion explaining the judge's ruling is under seal.

It is not clear whether Judge Ellis wants the alleged leak prosecuted, but disclosure of information from a foreign intelligence wiretap is punishable by up to five years in prison and a fine of up to $10,000.

On August 27, 2004, CBS reported that the FBI was about to arrest "a mole working at the highest levels of the Pentagon." The report by Lesley Stahl on the "CBS Evening News" said the FBI had used "wiretaps, undercover surveillance, and photography, to document the passing of classified information from the mole, to the men at Aipac, and on to the Israelis."

Ms. Stahl's report did not cite any sources by name or organization, but CBS made several references to the thinking of "federal agents" and "investigators."

According to court records, Messrs. Rosen and Weissman were confronted at their homes that same day and FBI agents carried out search warrants at Aipac's offices in Washington. The timing raises the possibility that CBS learned of the probe from

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someone outside the government. However, it is also possible that the FBI acted after discovering that the network was about to make the investigation public.

Hooks Pleads Guilty (WREG-TV)

WREG-TV, August 22, 2006

Memphis, TN- Michael Hooks, Sr., former Chairman of the Shelby County Commission, pleaded guilty today to one count of accepting bribes to influence official duties in the Shelby County Commission. He is scheduled to be sentenced on December 6, 2006.

"Violation of the public trust by government officials defies the confidence that citizens expect from their representatives," said U.S. Attorney Kustoff. "The public should have the confidence that their government is not for sale."

Michael Hooks admitted in open court that he violated the public's trust in his capacity as a member of the Shelby County Board of Commissioners and took complete responsibility for the illicit and unlawful actions he committed.

The case against Michael Hooks arose from Operation Tennessee Waltz, a public corruption investigation of public officials. "The operation continues to be an ongoing, active investigation into public corruption of elected representatives and other government officials," said U. S. Attorney Kustoff.

Hooks is currently accused of two accounts of indictment stating that he received $24,200 in bribes in order to use his influence to obtain county contracts for a FBI undercover corporation. He was indicted nearly a year ago and the FBI say Hooks received the bribes so the dummy company could obtain a contract with the county.

Hooks is not alone in being caught in the Tennessee Waltz FBI sting. There are several other politicians indicted including former state legislator John Ford and current state senators Kathryn Bowers and Ward Crutchfield. Former Senator Roscoe Dixon has already been found guilty and is awaiting sentencing.

Hooks Pleads Guilty To One Of Two Felony Charges (WMC-TV)

WMC-TV, August 22, 2006

MEMPHIS- Former Shelby County Commissioner Michael Hooks, Sr. pleaded guilty Monday morning to one of two felony counts he faced in the Tennessee Waltz public corruption case.

Hooks was accused of taking payoffs totaling $24,000 dollars from a company trying to gain a computer recycling contract with county government.

"I pleaded guilty simply because I am," Hooks said after the hearing. "I have nobody to blame but me. I don't blame the sting operation. I have nobody to blame but me. I simply shouldn't have taken the hook."

Hooks, a long-time politician and former county assessor, told reporters gathered outside the federal building downtown that it has been a hard and fast fall.

"I knew better. I should have done better," he said. "I failed myself, my community, and my family."

Hooks' attorney, Steve Farese, said his client decided to plead guilty after he saw the evidence the federal government had against him.

"I was able to sit down for three straight days with Michael," Farese said. "He knew at that time that a trial was simply out of the question."

Farese said Hooks has not made any deal with prosecutors to testify in other Tennessee Waltz cases. He also says he believes Hooks will get prison time when he is sentenced.

The plea came on the day Hooks' trial was to begin. It gave federal prosecutors their sixth conviction in Operation Tennessee Waltz.

Former state Senator Roscoe Dixon and former Hamilton County Commissioner William Cotton were convicted at trial. Former state Representative Chris Newton pleaded guilty.

Confessed payoff bagmen Barry Myers and Charles Love also pleaded guilty.

County Official Pleads In Corruption Case (KNOXNS/AP)

By Woody Baird, Associated Press

DOJ_NMG_0051665

Knoxville News Sentinel (TN), August 22, 2006

MEMPHIS — Prosecutors got a sixth conviction in an ongoing statewide corruption scandal Monday when Michael Hooks Sr. admitted taking bribes from undercover FBI agents while he served on the Shelby County Commission.

Five of 11 defendants indicted in the investigation called Tennessee Waltz await trial, including three who were state lawmakers when they were arrested.

Hooks pleaded guilty to a federal charge of accepting $24,200 in bribes from agents posing as representatives E-Cycle Management, an FBI front company supposedly dealing in used government computers.

"I entered a plea of guilty simply because I am," Hooks said as he left the federal courthouse in downtown Memphis.

U.S. Attorney David Kustoff said Tennessee Waltz is "an ongoing, active investigation" and Hooks' guilty plea "demonstrates the strength of the government's case."

Hooks announced last week that he would resign from the county's law-making board. Defense lawyer Steve Farese said the resignation took effect Monday just hours before the guilty plea.

Hooks blamed his troubles on "an error in judgment."

"I have nobody to blame but me," he said. "I don't blame the sting operation."

Judge J. Daniel Breen scheduled sentencing for Dec. 6.

The offense Hooks admitted committing is punishable by up to 10 years in prison, but sentencing guidelines likely will call for a much lighter punishment for a first-time offender.

Under a plea agreement, a corruption charge against Hooks will be dismissed when he is sentenced.

During the Tennessee Waltz investigation, agents made hundreds of hours of secret video and audio recordings.

After reviewing recordings of his meetings with undercover agents, Hooks "knew at that time that a trial was simply out of the question," Farese said.

Farese said he did not know if Hooks will testify at the trials of other defendants.

"If anyone is subpoenaed to testify, they testify, but as far as any agreement that's been reached with the government, there has been none," Farese said.

Hooks is the second elected official to plead guilty to Tennessee Waltz charges.

Former state Rep. Chris Newton, R-Cleveland, pleaded guilty to accepting bribes from E-Cycle and is serving a one-year prison sentence.

Former state Sen. Roscoe Dixon, D-Memphis, and former Hamilton County Commissioner William Cotton were convicted at trial. Dixon is to be sentenced in September. Cotton is serving a three-year prison term.

Sen. Kathryn Bowers, D-Memphis, Sen. Ward Crutchfield, D-Chattanooga, and former Sen. John Ford, D-Memphis, are awaiting trial.

Also awaiting trial are former Memphis School Board member Michael Hooks Jr. and Calvin Williams, the former chief administrator for the Shelby County Commission.

Confessed payoff bagmen Barry Myers of Memphis and Charles Love of Chattanooga also pleaded guilty and are awaiting sentencing.

Bowers Could Be Nearing Guilty Plea (MCA)

By Lawrence Buser

Memphis Commercial Appeal, August 22, 2006

Attorneys indicated Monday that state Sen. Kathryn Bowers may be nearing a guilty plea to bribery charges stemming from the FBI's Tennessee Waltz sting operation.

In a status report on the case, federal prosecutor Tim DiScenza told U.S. Dist. Court Judge J. Daniel Breen that there is no longer a need for a trial date.

Bowers' attorney William Massey concurred and asked for a final report date, which is now set for Sept. 5.

"We need to go over this once more with the government and with Mrs. Bowers," said Massey, who declined to say whether his client planned to plead guilty. "We've not made arrangements for that. We always are continually evaluating our position."

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Bowers, 63, had been scheduled to be tried on Oct. 3.

She is accused of accepting $11,500 in payoffs in 2004 and 2005 to support legislation for E-Cycle Management, the FBI's fictional business that was willing to pay for political favors.

Earlier Monday, Breen accepted the guilty plea of former County Commissioner Michael Hooks, who also was caught in the FBI's net during an undercover public corruption probe which began in 2003.

Hooks will be sentenced Dec. 6 on one count of bribery.

In elections earlier this month, Bowers easily won the Democratic nomination for her Dist. 33 Senate seat.

Seven of the 12 officials or aides indicted in the Tennessee Waltz operation have been convicted either in trial or by guilty plea.

After court, Bowers said she is happy to be alive after "a near-death situation" last week while driving on Interstate 40 in East Tennessee.

She said treads on her tires unraveled, forcing her to struggle to keep her vehicle from crashing or going over a cliff.

Bowers referred Tennessee Waltz questions to Massey.

Bowers' Attorney Evaluating Position After Latest Waltz Decision (WMC-TV)

WMC-TV, August 22, 2006

On the same day Michael Hooks, Sr. pleaded guilty in his Tennessee Waltz case, Kathryn Bowers made an appearance of her own.

"I don't have any comments about anybody else concerning what's happening," she said Action News 5's Ursula Madden.

Bowers didn't want to talk about Michael Hooks Sr.'s admission of guilt, but her attorney, Bill Massey, admitted that the fate of others caught up in the Tennessee Waltz Corruption Scandal, including the conviction of former state senator Roscoe Dixon and that guilty plea from Hooks, could factor into the Bowers decision.

"We are always continually evaluating our position," Massey said, "particularly in light of everybody else, and in light of the discovery that we have, and we'll make a decision in Senator Bowers best interests."

There was no guilty plea in federal court from Bowers, at least not at a status conference Monday in Federal Court.

Massey said he has reviewed all the evidence in the case, and asked Judge Daniel Breen for a two week extension, which was granted. But when the judge asked US Attorney Tim Discenza if he wanted to set a trial date, Discenza said there was no need.

"He didn't want the court to set a trail date and reserve a spot right now," Massey said. "We're still in the report phase."

Whether Bowers goes to trial, or if she decides to change her plea to guilty, she said physically, she's taken a beating. "This overall ordeal has really taken a serious toll on my health," she said Monday. "I'm sure that whenever all of this is over, that I'll be able to spend a little time thinking about what I will do for Kathryn Bowers, in terms of my health."

Massey said Bowers is a strong lady, but said a case of this magnitude would take a toll on anyone.

Two Former Commissioners Sentenced In Las Vegas Corruption Case (AP)

By Ken Ritter, ASSOCIATED PRESS

AP, August 22, 2006

LAS VEGAS (AP) - Two former Clark County commissioners were sentenced Monday to federal prison for taking bribes from a southern Nevada strip club owner in a political corruption case dubbed G-sting.

Dario Herrera, 33, a one-time Democratic candidate for Congress and former state Assemblyman, was sentenced to 50 months.

His former colleague, Mary Kincaid-Chauncey, a 68-year-old flower shop owner and 24-year political veteran, was sentenced to 2 1/2 years in federal prison.

The two former commissioners were among four indicted in May 2003 in a case that detailed how strip club owner Michael Galardi traded money and sex for political favors. One former commissioner pleaded guilty. Another is due to go to trial next month.

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Herrera, a former political protege of Senate Minority Leader Harry Reid, was found guilty in May of 17 of 19 conspiracy, wire fraud and extortion charges. Kincaid-Chauncey was convicted of 13 of 14 charges, including conspiracy, wire fraud and extortion.

Besides his 50-month sentence, Herrera must pay a $15,000 fine and forfeit $60,000 that U.S. District Judge Larry Hicks said he received illegally. He faces three years of supervised release after prison.

Herrera appeared to choke with emotion as he apologized to the court and pledged to make amends to "Clark County, my wife and my children."

His lawyer, Jerry Bernstein, sought leniency, saying Herrera will not appeal his conviction or his sentence.

But the judge called Herrera's actions, "bribery of the worst level" and lambasted Herrera for attempting to "spin" a story while testifying at trial.

"The jury obviously saw through that," the judge said. "It definitely was an attempt to obstruct justice. It was absurd."

Hicks made a distinction between Herrera' conduct as chairman of the commission and Kincaid-Chauncey's position on the seven-member board, and focused on an image left with the jury of Herrera parked outside Galardi's strip club, "waiting for Mr. Galardi to show up at Cheetah's and make the payoff.

"And he is the chairman of the Clark County Commission," the judge declared.

In contrast, the judge said that while he was convinced Kincaid-Chauncey lied on the witness stand, she posed no ongoing threat. He cited her service to the community, her church and her family, and said he was impressed by the 67 letters of support submitted to the court on her behalf.

Kincaid-Chauncey daubed her eyes as she stood before the judge.

"I regret all the pain this has caused my family and friends," she said before she was sentenced to a term shorter than what prosecutors had sought.

"It does not seem to me to achieve anything to sentence this lady to 41 to 51 months," Hicks said.

Kincaid-Chauncey also was fined $7,500, ordered to forfeit $19,000 and spend two years on supervised release after prison.

Both former politicians remained free, pending their surrender to federal authorities by Jan. 12. The judge agreed to recommend that Herrera serve his time at the prison camp at the Englewood federal prison in Littleton, Colo., and that Kincaid-Chauncey go to a federal prison in Victorville, Calif., about 145 miles west of Las Vegas.

After her sentencing, Kincaid-Chauncey hugged supporters and family members.

"It could have been worse, guys," she said.

Outside the courtroom, she said she was "pleasantly surprised" at the sentence.

Her lawyer, Richard Wright, said he expected Kincaid-Chauncey might serve 27 months before she could be released to a halfway house.

Daniel Bogden, U.S. attorney for Nevada, called the sentences just.

"The jury gave a clear message that corruption was not going to be tolerated in this community," he said. "The judge has determined these corrupt politicians will go to prison."

Kincaid-Chauncey and Herrera were snared in a G-sting FBI surveillance operation that also led to federal indictments three years ago against Galardi and the two other former commissioners, Lance Malone and Erin Kenny.

The judge last month denied requests from lawyers for Kincaid-Chauncey and Herrera to set aside the May 5 verdicts that followed more than seven weeks of sometimes lurid testimony, hours of FBI wiretaps and several videotapes. Jurors learned that commissioners met with Galardi and his representative in restaurants, cars, at home and on the golf course as he sought votes favorable to his three strip clubs.

Galardi, 44, pleaded guilty to bankrolling political corruption in Las Vegas and San Diego, where he also owned a strip club. He testified in return for a promise that he will receive no more than five years in prison in both cases. His sentencing is pending.

Kenny, 45, pleaded guilty and testified against her former colleagues in Las Vegas. She is expected to be sentenced to no more than four years in prison.

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Malone, who became a Galardi lobbyist, was tried and found guilty in July 2005 in San Diego of conspiracy, wire fraud and extortion for delivering Galardi cash to San Diego City Council members. Malone remains free while appealing that conviction and a three-year prison sentence.

His trial in Las Vegas begins Sept. 18.

Two Former County Commissioners Are Sentenced (KLAS-TV)

KLAS-TV, August 22, 2006

As she left federal court, Mary Kincaid-Chauncey said she wasn't giving up. "I am still going to appeal the case for two reasons. I want to clear my name and I want to be able to vote," she said.

The mood was more somber when Dario Herrera left the courthouse with his wife Emily and attorneys. Neither he nor his attorneys would comment on the sentencing.

Judge Larry Hicks handed down a stiffer sentence for Herrera than Kincaid-Chauncey. Both were given until January 2007 to report to prison.

Also on the Web

History of G-Sting

They once helped lead the county, but now two former Clark County commissioners are going to prison. Dario Herrera and Mary Kincaid-Chauncey were sentenced Monday on their convictions for taking bribes from a former strip club owner.

The judge handed down a stiffer sentence for Herrera than Kincaid-Chauncey. Both were given until January 2007 to report to prison.

Kincaid-Chauncey and Herrera were two of the four former commissioners caught up in the G-Sting political corruption scandal involving Michael Galardi.

Dario Herrera was sentenced to a total of 50 months in prison, which is just over four years. He was also ordered to pay more than $76,000 in fines and restitution. Herrera also received three years of supervised release and 100 hours of community service.

Mary Kincaid-Chauncey was sentenced to 30 months, two and a half years. She was ordered to pay $36,500 in fines and restitution.

Both were found guilty in May after a two-month long trial that involved dozens of witnesses.

Herrera was found guilty on one count of conspiracy, ten counts of wire fraud, and six of the eight counts of extortion.

Kincaid-Chauncey was also found guilty on one count of conspiracy, nine counts of wire fraud, and three of the four counts of extortion.

It was Mike Galardi's testimony that helped prosecutors prove their case. Galardi testified in exchange for a plea deal.

On Monday, no cameras were allowed inside the courtroom, but Eyewitness News was inside for the sentencing of both defendants.

It was an emotional day.

While both Mary Kincaid-Chauncey and Dario Herrera teared up while talking to the judge, the judge ultimately said bribery by a public official is one of the worst offenses.

As she left federal court, Mary Kincaid-Chauncey said she wasn't giving up.

"I am still going to appeal the case for two reasons. I want to clear my name and I want to be able to vote," she said.

Kincaid-Chauncey seemed relieved about her 30-month prison sentence.

"I've heard this is a really tough judge so I feel blessed I was able to get a lighter sentence. It'll be hard. But with God's help I'll be able to make it through," she continued.

Her attorney, Richard Wright argued for a lighter sentence asking the judge to consider her age and that she contributed a lot to our community. Wright even got choked up when telling the judge that Kincaid-Chauncey was one of the most "selfless" people he's ever represented.

Kincaid-Chauncey asked the judge to consider that she's taking care of her grandson whose father is in Iraq, and that she's worried about her husband's health.

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She said, "I told him I have some family situations but I would accept whatever he decides. I regret the pain it's caused my family."

But the prosecution argued that despite her years of experience in the public sector she still committed a crime. In the end, the judge said Kincaid-Chauncey is quote a "nice lady" and he considered the 67 letters friends and family sent on her behalf.

When asked about Dario Herrera, Kincaid-Chauncey had only kind words. "He's a nice kid and has a lot of potential in the future," she commented.

The two embraced outside the courtroom after she was sentenced.

The mood was more somber when Dario Herrera left the courthouse with his wife Emily and attorneys. Neither he nor his attorneys would comment on the sentencing.

In the courtroom Hererra's attorney, Jerry Bernstein told the judge that Herrera is accepting responsibility for his actions and is not appealing his case. Bernstein asked the judge to take that in consideration.

Herrera became emotional when talking to the judge saying he only has himself to blame, but the prosecution argued for a tough sentence.

Kincaid-Chauncey asked to be sent to a prison in Victorville, California. While Herrera wants to go to a federal prison in Inglewood, Colorado.

During Monday's proceedings, the judge called Michael Galardi a "credible witness" when referring to the money that Galardi paid to Kincaid-Chauncey and Herrera.

Many are wondering what this may mean for Lance Malone's trial and if others will see Galardi as credible, too.

The judge had harsh word for Herrera as well calling the conviction shocking and extremely disturbing.

Herrera had no visible reaction when he was sentenced and kept a straight face when leaving the courthouse.

The U-S attorney's office had this to say about the sentencing.

"I think the judge reiterated several times how serious he thinks this matter is, certainly when he's imposing the sentence. I certainly think the judge made it loud and clear this is a serious offense and something we're going to continue to pursue."

Under federal rules, offenders wind up doing about 85-percent of their time. They can get time off for entering various programs and also can spend time in places like halfway houses.

Former prosecutor Charles Kelly says that means Dario Hererra could serve somewhere between 30 and 36 months.

Kincaid-Chauncey will probably spend less than a year behind bars.

G-Sting: Lance Malone is Prepared For Trial

There were two other commissioners involved in the Las Vegas portion of the G-Sting scandal. Erin Kenny took a plea deal and is awaiting sentencing. Lance Malone is alleged to have been the bagman for strip club owner Mike Galardi.

St. Peters' Mayor Makes First Appearance On Federal Charge (SLPD)

By Tim Bryant, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, August 22, 2006

St. Peters Mayor Shawn Brown pleaded not guilty today to a federal bribery charge and remained free on his promise to show up for scheduled court appearances.

A federal indictment returned last week said Brown, 34, solicited and accepted $2,750 in bribe money from a company that has the contract to install red-light cameras in St. Peters.

Brown allegedly told an employee of Redflex Traffic Systems Inc. that he would veto a measure approving the installation of the company's computerized camera systsm unless the company paid him off.

Redflex employees then alerted the FBI and cooperated with the agency in carrying out the alleged bribe, a spokesman for the Scottsdale, Ariz., firm has said.

Brown entered his not guilty plea before a magistrate judge in U.S. District Court in St. Louis. His next scheduled court appearance will be for an evidentiary hearing on Sept. 21. A tentative trial date has not been set.

If convicted, Brown could face a prison sentence and a large fine.

Calendars Show Armitage Met Reporter (AP)

By Matt Apuzzo And John Solomon

The Associated Press, August 22, 2006

Then-Deputy Secretary of State Richard Armitage met with Washington Post reporter Bob Woodward in mid-June 2003, the same time the reporter has testified an administration official talked to him about CIA employee Valerie Plame.

Armitage's official State Department calendars, provided to The Associated Press under the Freedom of Information Act, show a one-hour meeting marked "private appointment" with Woodward on June 13, 2003.

Special Prosecutor Patrick Fitzgerald has investigated whether Bush administration officials intentionally revealed Plame's identity as a one-time CIA covert operative to punish her husband, former ambassador Joseph Wilson, for criticizing the administration's march to war with Iraq.

When contacted at home Monday night, Woodward declined to discuss his meeting with Armitage or the identity of his source in the CIA leak case. Instead, he referred to his statement last year that he had a "casual and offhand" discussion about Plame with an unidentified administration official in mid-June 2003.

A person familiar with the information prosecutors have gathered, who spoke only on condition of anonymity because the material remains sealed, said Woodward's meeting with the confidential source was June 13, 2003.

The calendar released to the AP is the first confirmation that Woodward and Armitage met during the key time in the CIA leak case that was the focus of Fitzgerald's probe.

The identity of Woodward's source remains one of the big mysteries in the case because the Post reporter is the first member of the news media known to have discussed Plame's CIA employment with an administration official.

Woodward's former Post editor, Ben Bradlee, has speculated publicly that Armitage was the reporter's "likely source."

And defense attorneys for I. Lewis "Scooter" Libby, the lone administration official charged in the CIA leak case, also have suggested Armitage could have been Woodward's source when they unsuccessfully tried to persuade a court to order the release of State Department documents.

Fitzgerald's office declined comment Monday. Reached at his home in Virginia, Armitage said he could not discuss his cooperation with Fitzgerald's office, the meeting with Woodward or any details of the case.

Libby, the former chief of staff to Vice President Dick Cheney, faces trial in January on charges he lied to authorities about conversations he had with reporters about Plame.

Libby's lawyer, William Jeffress, said Monday that Armitage's calendar only bolsters the defense's argument that information about the State Department official's role in the CIA leak affair should be released.

"I would hope that the facts on that would come out," Jeffress said. "We have asked for information as to Woodward's source in discovery but that has been denied."

Woodward's current boss, Post Executive Editor Leonard Downie Jr., said Monday, "We are not going to disclose the identity of a confidential source."

Woodward has said he received a written release from his confidentiality obligation to the source and was even asked by his source to tell prosecutors about their conversation. But he has refused to publicly identify the person.

Woodward has said Plame came up incidentally during an interview he was conducting for a book he wrote on the Iraq war. He said the source told him that Plame was a CIA analyst on weapons of mass destruction, and no evidence has emerged in public that Woodward's source actually knew she had been a covert agent. Fitzgerald has signaled there are no plans — beyond the Libby indictment — to prosecute any other officials for releasing Plame's identity.

Armitage's calendar also shows that a week before Woodward's meeting with Armitage, the deputy secretary of state met for 15 minutes with Libby.

That meeting occurred as State officials were about to prepare a report outlining how Plame's husband was sent to Niger before the Iraq war to check unverified intelligence that Iraq was seeking nuclear materials from Africa.

Wilson reported back to the Bush administration that he was unable to verify the claim, but the administration continued to use the information to bolster its argument for war. Wilson has cited the decision to rely on the bad intelligence in his criticisms of the administration.

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Two people familiar with the meeting, however, said the Libby-Armitage meeting dealt with issues involving Pakistan and said the subject of the CIA leak case wasn't raised. Both spoke only on condition of anonymity because some information about the meeting remains classified.

Bribery Probe Going Beyond Elections (AP-Y)

AP, August 22, 2006

The investigation stemming from the bribery conviction of former Rep. Randy "Duke" Cunningham, R-Calif., will continue well past the November midterm elections under a federal court schedule set Monday.

The announcement came at a status hearing for defense contractor Mitchell Wade, who is cooperating with federal prosecutors after pleading guilty in February to bribing Cunningham in exchange for government contracts.

U.S. District Judge Ricardo Urbina agreed to delay sentencing proceedings against Wade and set the next status hearing in his case for March 12. That will allow Wade's cooperation to continue in the investigation, which still has several unresolved pieces.

Among them, a grand jury in San Diego has focused on defense contractor Brent Wilkes, who has not been charged. Also, Wilkes' childhood friend Kyle "Dusty" Foggo, a former high-ranking CIA official who resigned from the agency earlier this year, is under investigation over his role in the awarding of a government contract that went to Wilkes.

Cunningham is serving an eight-year prison term after pleading guilty to taking $2.4 million in bribes from Wilkes, Wade and others in return for funneling government contracts their way.

The Cunningham case has spawned an investigation of House Appropriations Committee Chairman Jerry Lewis, R-Calif., over his ties to a lobbying firm that represented Wilkes' company.

An attorney for Wade declined comment. A spokesman for the U.S. attorney's office did not immediately respond to a message.

2 Probes Launched Into James' Spending (NSL)

By IAN T. SHEARN, Star-Ledger Staff

Newark Star-Ledger, August 22, 2006

Subpoenas seek records of use of city credit cards

Federal and state investigators launched separate criminal investigations yesterday into the use of city-issued credit cards by Sharpe James when he was mayor of Newark.

Grand jury subpoenas from the U.S. Attorney's Office and the state Attorney General's Office were delivered in the morning to City Hall and the Newark Police Department, demanding the former mayor's credit card records and related documents.

The subpoenas followed a story in The Sunday Star-Ledger detailing years of travel, meals and entertainment, including a trip to Rio de Janeiro his last week in office, that James charged to two city credit cards.

One of James' credit card statements shows a payment to Public Storage for $2,797.80 on June 4, according to records obtained by The Star-Ledger.

Just before 8 p.m. yesterday, FBI agents descended on the Public Storage facility in Hillside and carted out file boxes and a piece of furniture.

Steve Siegel, spokesman for the FBI's Newark division, confirmed the search warrant but declined to discuss the purpose or the results of the search. Spokesmen for the U.S. Attorney's Office and the state Attorney General's Office also declined comment.

Reached by phone at his home yesterday, James said only: "No. You misquoted. Sorry." Then he hung up.

In a written response to the Associated Press, James called the allegations a politically motivated attack.

James had use of two credit cards for his expenses: one that was billed to City Hall and another that was billed to the Police Department, which was intended to cover expenses incurred by his bodyguards.

Over the past 2 1/2 years, more than $80,000 was billed to the police card, including trips to Puerto Rico, the Dominican Republic, Florida, Arizona and Martha's Vineyard.

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SHARPE JAMES PROBED (NYPOST/AP)

Ap

The New York Post, August 22, 2006

New Jersey's U.S. attorney and attorney general subpoenaed debit- and credit-card records yesterday for former Newark Mayor Sharpe James after reports surfaced that he racked up tens of thousands of dollars in charges at taxpayers' expense, a city official said.

A spokesman for Mayor Cory Booker said the subpoenas involving James asked for "anything involving credit or debit cards that he's used, his mayoral staff and his security detail" from 2002 to 2006.

"We're going to comply and do everything they ask for and we'll cooperate fully into the investigation," said Booker spokesman Amin Nathari.

Michael Drewniak, a spokesman for U.S. Attorney Christopher Christie, would not confirm any subpoenas, saying grand-jury discussions are confidential.

Man Faces Charges In Medicaid Fraud Case (DEN)

Detroit News, August 22, 2006

Livonia drug firm's president accused of bilking state of $5M; more charges possible.

The president of a Livonia pharmaceutical supply company stood mute Monday at his arraignment on 148 counts of Medicaid fraud, the largest case of its kind in state history, according to Attorney General Mike Cox.

Daniel Edward Lohmeier, 43, of South Lyon, who heads Specialized Pharmacy Services Inc., waived his right to a 14-day pretrial hearing during a brief appearance before Judge David Jordan in 54B District Court in East Lansing.

Afterward, neither Lohmeier nor his attorney, David DuMouchel of Detroit, would comment on the charges.

According to Cox, Lohmeier from 1999 through 2005 bilked the state out of at least $5 million through Medicaid fraud, including the billing for prescriptions allegedly dispensed to 20 deceased people.

Cox said the investigation is ongoing and could result in additional charges. He said investigators will continue to probe for evidence of "any corporate fraud or liability."

Jordan said a pretrial hearing would be scheduled at some future date, allowing attorneys reasonable time to review the volumes of paperwork involved in the criminal investigation by the Attorney General's Office, the Michigan Department of Community Health, the U.S. Department of Health and Human Services and the FBI.

Cox said the case against Lohmeier also includes charges that he double-billed for drugs and in other instances billed the state for prescriptions that were never filled.

Specialized Pharmacy is a subsidiary of Omnicare Inc., a Fortune 500 company based in Covington, Ky.

Omnicare is the nation's largest provider of prescription drugs and pharmacy services to long-term care facilities.

You can reach Charlie Cain at (517) 371-2470 or ccain@detnews.com.

Last Suspect Pleads Guilty In Financial Scheme (DEN)

Detroit News, August 22, 2006

DETROIT -- The last of 17 Detroit-area men indicted in a massive credit card, mortgage and bankruptcy fraud scheme pleaded guilty Thursday in U.S. District Court in Ann Arbor, U.S. Attorney Stephen Murphy announced.

The men and women, who pleaded guilty before Judge John Corbett O'Meara, are all to be sentenced in November and December. All but two of them are from Dearborn.

As part of the scheme, two men used their companies to process over $1 million in credit card transactions for other defendants in return for cash and merchandise. Others charged avoided payment on the credit card charges.

Ali Abdul Karim Farhat, 42, Abdulamir Berro, 38, and Sadek (Sam) Berro, 51, pleaded guilty to conspiracy to racketeer and each face up to 97 months in prison and fines of up to $250,000.

Also pleading guilty to various conspiracy or fraud charges were Abdul Halim Berro, 41, Nassib Saadallah Berro, 61, Bilal El-Sablani, 33, Sami Ahmad Berro, 53, Zeinab Berro, 43, Noura Berro, 49, Salwa Nassib Berro, 41, Amira Farhat, 42, Houda

Mohamad Berro, 28, Abdul Karim Akram Berro, 24, Lina Reda, 26, Almire Ali-Sadek Berro, 26, Akram Berro, 49, of Taylor, and Jamal Berro, 51, of Taylor.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Gotti's A Crass Act, Mob Rat Sez (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 22, 2006

Junior Gotti had a moment straight out of "Goodfellas" - terrorizing a bartender to the amusement of his cronies before ordering up the beating of Curtis Sliwa, a mob turncoat testified yesterday.

When the barkeep at the Gambino hangout Our Friends Social Club in Queens served a glass of water to the mob scion, Gotti allegedly rejected it in a manner worthy of Joe Pesci's crazed character in the film - tossing the drink in his face.

"He told him it's not cold enough," Joseph (Little Joey) D'Angelo told jurors at Gotti's racketeering trial in Manhattan Federal Court. "Everybody laughed."

D'Angelo, a protégé of notorious Mafia killer Salvatore (Sammy Bull) Gravano, has admitted driving the rigged taxicab used in the 1992 assault on Sliwa. But he felt a pang of guilt watching Gotti toss water in the overweight bartender's face.

"I felt kind of bad for the guy," said D'Angelo, 37, who was involved in at least two gangland slayings. "It was humiliating."

It marked D'Angelo's third time on the witness stand after jurors deadlocked at Gotti's two previous trials.

The water toss occurred before Gotti allegedly pulled out the cap, gloves and vest D'Angelo wore when he picked up Sliwa from an East Village street on June 19, 1992.

"Now, you look like a cabbie," Gotti allegedly told him.

Sliwa was shot twice but survived by jumping out a passenger's side window that D'Angelo left down because of the hot weather.

D'Angelo said Gotti, under orders from his father, wanted Sliwa badly hurt because of his repeated on-air attacks on Dapper Don John Gotti.

"This Curtis Sliwa, we're gonna put him in the hospital," D'Angelo said Gotti told him. "He's been badmouthing the family. He's been badmouthing the boss."

When D'Angelo wondered why they didn't just shoot him in the knees, he said Gotti's response was chilling: "I want him to feel our hands on him."

INSIDE THE PLOT VS. SLIWA (NYPOST)

By Kati Cornell

The New York Post, August 22, 2006

A mob turncoat who 'fessed up to driving a stolen cab used to kidnap Curtis Sliwa recounted the chilling order from John "Junior" Gotti to send the radio host to the hospital and make him "feel our hands on him."

Testifying against his former boss, mob canary Joseph D'Angelo told jurors how Gotti orchestrated the 1992 attack at the behest of his then-jailed father, John "Dapper Don" Gotti, who was the subject of regular on-air rants by Sliwa.

"I got an order from the boss. This Curtis Sliwa, we're going to put him in the hospital. He's been badmouthing the family. He's been badmouthing the boss," Gotti said, according to D'Angelo.

"This is personal. I want him to know we can put our hands on him and do this anytime we want. I want him to feel our hands on him," Gotti told D'Angelo, who was instructed to kidnap Sliwa with two other mobsters and dish out a severe beating.

Yesterday's testimony marked the third time D'Angelo, 37, has taken the witness stand against Gotti after two previous juries failed to reach a verdict.

D'Angelo gave jurors a new glimpse into Gotti's cruelty, describing how the mob scion humiliated an underling.

In a planning session for the Sliwa attack, D'Angelo said Gotti ordered a glass of water from the bartender at Our Friends social club in Ozone Park, Queens, and then "threw it in his face."

Gotti "said it wasn't cold enough. Everybody laughed," D'Angelo said. "I felt bad for the guy. It was humiliating."

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D'Angelo said he and another mob goon set out to kidnap Sliwa in a taxi early on June 19, 1992 - but the plot went horribly awry when mobster Michael Yannotti suddenly blasted the radio host with his gun.

"Mike started shooting. Curtis started jumping. It was crazy," said D'Angelo, adding that within minutes, Sliwa "was halfway out the passenger-side window."

"I said, 'Throw him out the window,' " D'Angelo recalled. "I was just trying to get away and not get caught."

Sliwa suffered near-fatal bullet wounds to his legs and abdomen.

"It's not what we wanted," Gotti allegedly told D'Angelo.

Prosecutors also grilled D'Angelo on mob messages he passed to Gotti while the two were gearing up for trial together - an attempt to poke holes in Gotti's claim that he left the mob in 1999.

D'Angelo - who became a turncoat in July 2005 - recounted telling Gotti that then-acting boss Arnold "Zeke" Squitieri and powerful capo Alphonse "Funzi" Sisca wanted to "send their love."

"He told me to tell Funzi and Arnold when this is all over we'll have dinner together," D'Angelo said.

LAPD Targets Valley Holdups (LAT)

By Andrew Blankstein And Richard Winton, Times Staff Writers

The Los Angeles Times, August 22, 2006

Officers take a more aggressive approach in seeking a group wanted for dozens of 'takeover' robberies at eateries.

Undercover officers are lurking around upscale eateries in the San Fernando Valley, trying to blend into the nighttime pedestrian traffic.

Patrol cars circle around restaurants looking for anything out of place.

And from the air, police helicopters are switching on infrared cameras while checking tips radioed to them from officers on the ground.

It's all part of a campaign by authorities to stop a group of criminals who for the last two years are believed responsible for more than 50 "takeover" robberies of Valley eateries and taverns.

Their most recent hit came Sunday night at Ca' del Sole, a popular Italian restaurant in Toluca Lake.

Officials admitted Monday that they are frustrated the crime spree has gone on for so long, and said they are trying to take a more aggressive approach in catching the robbery crew.

Detectives are studying the restaurants that have already been hit in an effort to predict the next potential targets. They also are poring over records in search of potential suspects with histories of takeover-style armed holdups.

The FBI is also assisting in the campaign.

"It's frightening," said Joel Simon, president of the Encino Chamber of Commerce. "I don't think I ever felt that way before, and I've been living out there a long, long time. Our community has to pull together and give the police as much support as we can. You can't put a cop in every restaurant."

As in their other crimes, the thieves struck just around closing time and entered Ca' del Sole with their semiautomatic handguns drawn and their identities concealed with ski masks and gloves.

Police said one of the robbers trained his weapon on several employees and patrons, forcing them to the ground and taking their money and jewelry while also clearing out the cash register.

Another robber took money from a safe before both men escaped in an unknown vehicle with several thousand dollars.

Robberies are up 17% across the Valley, which has seen more than 200 takeover robberies of eateries and other business over the last two years. But LAPD officials said they are particularly concerned about this one elusive group of robbers.

"It's certainly been a challenge to identify and capture them," said Lt. Paul Vernon. "The Valley is huge. There are many restaurants. We've had to look in lots of haystacks to find this one needle."

The group has targeted some of the Valley's most well-known eateries, including Valley Inn, Killer Shrimp and Barone's.

They also are believed to be responsible for fatally shooting a worker in May 2005 at a Thai restaurant in Northridge.

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LAPD Robbery-Homicide Division Det. Steve Koman said the thieves probably are casing establishments before robbing them, and may even be sophisticated enough to try to gauge the police response to the location and how frequently patrol cruisers come by the restaurant.

He added that the bandits appear to have two distinct units that carry out the crimes.

The first crew, which is believed to have participated in the fatal shooting at the Thai restaurant, was part of an initial crime wave that targeted 18 restaurants from January to August 2004.

Detectives are puzzled because the robberies appeared to stop last summer after the crimes were first publicized. Koman said it is possible that some members of the gang were arrested or that they decided to take a break until media attention subsided.

But the robberies resumed in March, adding another dozen to the tally. Detectives believe this new round of crimes involved a second crew that may include some members from the first.

"These are very violent men willing to do whatever it takes," Koman said. "Sooner or later they are going to make a mistake and they're going to get caught."

The robbers burst into restaurants with guns drawn, using the shock of a sudden holdup to their advantage.

Witnesses have alternately described the suspects as black, Hispanic or white.

The biggest problem for detectives is that the robbers wear masks, which have made it impossible to develop descriptions of them.

Because of the crimes, LAPD Chief William J. Bratton and the Los Angeles City Council are seeking increased penalties when masks are used in a crime.

LAPD Deputy Chief Michel Moore said police still have their hands full as thieves look for softer targets.

He recently addressed the United Valley Chambers of Commerce and the Valley Industry Trade and Commerce Assn. about the robberies and the steps businesses can take to prevent them.

LAPD officials in the past have suggested that restaurants keep back doors locked, install security cameras and hire security guards.

While the LAPD is struggling with the ski-mask bandits, Vernon noted that the department has arrested suspects who it believes are responsible for numerous robberies of businesses as well as thefts of personal electronic devices, purses and jewelry.

Man Arrested Near Va. Tech In Two Killings (WP)

By Michael D. Shear And Susan Kinzie

The Washington Post, August 22, 2006

BLACKSBURG, Va., Aug. 21 -- A hunt for an escaped inmate accused of killing a sheriff's deputy and a security guard ended with his capture Monday at Virginia Tech, where students were told to stay in their rooms, and classes were canceled on the first day of school.

William C. Morva, 24, described by state and local law enforcement officials as an "anti-government survivalist," was found hiding shirtless and shoeless in a briar patch near campus athletic fields and less than 150 yards from where he is alleged to have shot and killed a popular and highly decorated sheriff's deputy Monday morning.

His capture came hours after edgy police officers interrupted what started as a placid first day of school for the 32,000 students and staff at Virginia Tech. The campus was shut down, and students were sent into locked-down dorms.

Little information was provided, and rumors swirled about a gunman on the loose as hundreds of officers -- with machine guns and dogs and supported by helicopters -- searched the campus and surrounding area. Students were confined to their rooms and other school buildings while their parents watched the scene play out on national television.

"A woman came screaming and yelling, 'Don't go down the stairs,' " as students left class, recalled Shivani Handa, 17, a freshman from Centreville, who said she was just getting over the anxiety of going to her first college class when she heard about the gunman. No one knew what was going on, Handa said, and scores of students waited in a study area linking a classroom building and the library. "We were just stuck there," Handa said.

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Authorities said the search began Sunday morning at Montgomery County Regional Hospital in southwestern Virginia after Morva overpowered a deputy, seized his gun and killed an unarmed hospital security guard, Derrick McFarland, 26, then disappeared into the night.

Sheriff Tommy Whitt declined to describe how Morva escaped but said prisoners are usually shackled on the ankles and handcuffed to chains around their waists when taken to the public hospital. News reports said Morva, who had been in jail awaiting trial in an attempted robbery of a local deli, had complained of a sprained ankle.

"We'd be foolish not to look at our procedures," Whitt said.

Law enforcement officers searched through the night, encountering Morva about 7 a.m. Monday on Huckleberry Trail, which connects the campus to the nearby town of Christiansburg. There, authorities said, Morva shot Cpl. Eric Sutphin, 40, a sheriff's deputy from Virginia's Montgomery County on bike patrol. Sutphin had been awarded the state's medal of valor in 2004 by then-Gov. Mark R. Warner (D) for his role in capturing a suspect in the killing of a police officer. Sutphin was shot twice in that incident.

Local authorities, who appeared devastated by Sutphin's death, declined to describe the circumstances of his shooting. They said doing so could compromise the case against Morva, who has been charged with capital murder, firearms violations, felony escape and assaulting an officer.

"We lost two very good people," Montgomery County Commonwealth's Attorney Bradley W. Finch told reporters as he announced the charges against Morva. "We now feel that we can grieve for that fallen officer. After that, we will pursue justice against the perpetrator."

Virginia Attorney General Robert F. McDonnell (R) said Morva "essentially ambushed" Sutphin on the bike trail.

McDonnell said Morva appears to be a "Timothy McVeigh-like anti-government type," referring to the man who bombed a federal building in Oklahoma City in 1995. "He is one of those self-described anti-government survivalists who apparently has some great opposition to authority and government," said McDonnell, who was briefed on the incident Monday.

Whitt confirmed that assessment. He said Morva had previously expressed "anti-government, anti-social and anti law-enforcement" views to other police officers.

McDonnell said Morva grew up in Blacksburg and is familiar with the dense woods near the Virginia Tech campus.

Many in Blacksburg knew Morva from coffee shops around town, where he hung out barefoot in the summer and coatless in the winter, drinking coffee, playing backgammon, reading and arguing. "He was a happy guy, and everyone liked him," said Andrew Mullin, 18, of Blacksburg, who was close to Morva.

Mullin described him as a survivalist -- someone who got by on his own, who owned a gun and who went camping and hunting for long stretches, drifting from place to place -- and militant.

"He sort of denounces society's view of what's normal," Mullin said. "He didn't like the government -- taxes and police and control, and he sort of felt like money and materialism kind of held you down."

In capturing Morva, police credited the huge armed presence that descended on the area. More than 24 agencies, including officers from the FBI, the Drug Enforcement Administration, Virginia State Police and neighboring police departments, blanketed the campus and its surroundings.

Kurt J. Krause, vice president for business affairs at Virginia Tech, said the cordon of heavily armed officers was designed to keep Morva from escaping, and he said he ordered students and others to stay inside to keep them away from Morva.

"There were just too many rumors, too many people walking around," he said of the decision to cancel classes and essentially quarantine students.

Susan Ruggiero was doing yard work at her Stafford County home when her freshman daughter, Sarah, 17, called.

"Here she goes to her first day of class, and this happens," said Susan Ruggiero, who checked the news all day, watching for updates. "The whole thing with this moment in time -- when you allow your child to go off to college, you can't protect them from the world."

Havens Smith of Reston was filling out forms in her first class -- biology -- when a police officer burst into the auditorium carrying a big gun, she said, and told everybody to leave the building immediately.

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When she was safely back in her room, she tried to call her parents but couldn't get through on her cellphone. Finally, her father called the land line in her room: Her grandparents in Florida had seen Virginia Tech on the news.

"As a parent, you work so hard to get your kid to have this opportunity," said Mark Smith, her father. "In our case, Havens is our only child. You get 'em all geared up for this experience in life, you get 'em down there, all moved in and everything, and you never dream -- two days later you wake up, listen to the news, and this is going on."

School Starts With A Scare At Va. Tech (USAT)

By Oren Dorell And Emily Bazar

USA Today, August 22, 2006

A hunt for a fugitive accused of killing an unarmed hospital security guard and a sheriff's deputy Monday forced a virtual lockdown of Virginia Tech on the first day of the fall semester.

Hundreds of police officers swarmed through the 2,600-acre campus searching for a young man who shot his way out of a hospital less than 2 miles from the Blacksburg, Va., school.

“He is a 24-year-old individual and could have blended in,” said Mark Owczarski, a spokesman for Virginia Tech.

William Morva of Blacksburg was captured in the afternoon hiding in a briar patch along a trail near the campus, said Robert Parker, a spokesman for Montgomery County. He was charged with murder.

Morva was already in custody on a charge of attempted robbery and was being treated for a sprained ankle at Montgomery County Regional Hospital Sunday when he overpowered a county sheriff's deputy and stole his pistol, according to the Blacksburg Police Department. He then allegedly shot and killed Derrick McFarland, 26, a hospital security guard who was trying to help the deputy.

About 2:30 a.m. Monday, a second deputy, Cpl. Eric Sutphin, 47, was gunned down while looking for Morva on a nature trail about a mile from the university's campus, according to the Blacksburg Police Department.

With two men dead and a suspect on the lam, the university at 10 a.m. ordered the school's 28,000 students and 3,600 employees to stay indoors, Owczarski said.

Freshman Jacob Coutry, 18, was ready to start his first day of classes when his roommate said police ordered all students back to their dorms.

“It was pretty crazy,” Coutry said. “No one really knew what to think.”

Morva's eldest brother, Nat, 34, said “Will” was the youngest of four siblings in a churchgoing family whose parents coached their sports teams. William Morva loved soccer and music, especially classical and swing, Nat Morva said. William was never in trouble growing up, Nat Morva said.

After their father, Charles, died of cancer in 2004, William Morva became distant and began having serious trouble with the law, Nat Morva said. “We know right from wrong,” he said of his family. “If I could ask God one question I'd ask God, ‘What is my brother thinking?' ”

Escaped Inmate Caught After Scare At Virginia Tech (WT/AP)

By Sue Lindsey

The Washington Times, August 22, 2006

BLACKSBURG, Va. -- A manhunt that closed the Virginia Tech campus ended yesterday with the arrest of an escaped inmate sought in the slayings of a sheriff's deputy and an unarmed hospital guard, police said.

William Morva was arrested at about 3:30 p.m. when he was found hiding in a brier patch on an off-campus trail about 150 yards from where the deputy was shot yesterday morning, interim Blacksburg Police Chief Kim Crannis said at an afternoon press conference.

A weapon was recovered, but police would not elaborate.

Mr. Morva was rushed in shackles to the Montgomery County Jail under a heavy police presence and was to be transferred to a regional facility "for security reasons," Montgomery County Sheriff Tommy Whitt said.

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The search for Mr. Morva brought hundreds of police to the 2,600-acre campus on the first day of classes for the semester. About 6,000 professors and other Tech workers were sent home for the day, and the school asked its 26,000 students to stay in the dormitories or apartments.

Mr. Morva, 24, was sought in the fatal shooting of Montgomery County Sheriff's Cpl. Eric E. Sutphin as the decorated police veteran moved in on the fugitive on the trail yesterday morning.

He escaped early Sunday after, police said, he overpowered a sheriff's deputy, took the deputy's gun and then shot hospital security guard Derrick McFarland, 26, police said. The deputy was in stable condition with a concussion and other severe head injuries he suffered in the attack.

Mr. Morva had been taken from the Montgomery County Jail to Montgomery Regional Hospital for treatment of a sprained leg and wrist. He had been jailed awaiting trial on charges of attempting to rob a store last year. He was scheduled for trial tomorrow.

As police sirens signaled his arrest, shopkeepers in this college town celebrated the end of the tense search.

"Hallelujah. I'm ready for life to go back to normal," said Paula Bolte, who had put a sign in her Main Street shop, Annie Kay's Whole Foods, to welcome students back to campus.

Police tactical teams were conducting a search of the area, and Mr. Morva was spotted in thick brush on their second pass, Chief Crannis said.

"He was challenged," she said. "He did not resist."

Mr. Morva was wearing shorts with no shirt or shoes when he was captured. Police earlier said he was wearing a tie-dyed shirt and khakis and feared that he would blend in with students on campus.

Mr. Morva was charged with capital murder, use of a firearm in a felony, escape and felony assault on a police officer. He had not been charged with the shooting yesterday morning.

No court appearances were set, but Commonwealth's Attorney Brad Finch said one could take place as early as today.

Chief Crannis would not say what Mr. Morva had been doing since the shooting or whether he had contacted anyone or been spotted by people.

A Virginia Tech employee said she offered a ride to a man who she thinks was Mr. Morva while on her way to work yesterday.

"As soon as he got in, he said something about a bus and a place where there weren't any police barricades," Mary Jane Smith told the Associated Press. "As soon as I did it, I thought, 'Oh my gosh.'"

Miss Smith said the man appeared nervous and looked as if he had just had a shower. He was wearing a white shirt and dark slacks and was carrying a dark bag.

"I called 911 as soon as I let him out," Miss Smith said. "I still don't know if it was him or not. ... I think it was him."

Blacksburg Police Officer M.L. Haynie said 300 to 500 officers arrived to help yesterday after hearing two of their own had been fatally shot.

"Eric was a true professional dedicated to the service of the citizens of Montgomery County," Sheriff Whitt said yesterday of Cpl. Sutphin. He was emotional as he talked about the slain deputy, who had 13 years in law enforcement in Charlottesville and Montgomery County.

In 2004, Cpl. Sutphin was among law-enforcement officers in Virginia receiving a commonwealth medal of valor. He was honored for his role in a May 9, 2003, incident in which he rammed the vehicle of suspect fleeing a fatal police shooting in Christiansburg. Cpl. Sutphin exchanged gunfire with the suspect and was wounded in the exchange.

Despite his injuries, Cpl. Sutphin was among three officers who eventually cornered the suspect, killing him.

Cpl. Sutphin was the seventh law-enforcement officer killed in the line of duty in Virginia this year, Attorney General Robert F. McDonnell said.

Escapee Kills Two Before Capture, Police Say (NYT)

By Ian Urbina

The New York Times, August 22, 2006

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An escaped jail inmate shot and killed a deputy sheriff and a security guard before the police caught him yesterday in the woods near Virginia Tech University in Blacksburg, police officials said.

The capture ended a manhunt that had locked down most businesses and municipal buildings in the city.

The escape led to the cancellation of the first day of classes at the university, with many of the 25,000 undergraduates staying in their dormitories.

The inmate, William Morva, 24, escaped on Sunday while being treated at Montgomery County Regional Hospital for a sprained ankle and wrist. Mr. Morva overpowered and injured the deputy before taking his gun, officials said.

As Mr. Morva fled, he shot Derrick McFarland, 26, an unarmed hospital security guard who died from his wounds, police officials said.

About 7 a.m. yesterday, Mr. Morva shot and killed Cpl. Eric E. Sutphin, who had worked for the Montgomery County Sheriff's Department for 13 years. Corporal Sutphin confronted Mr. Morva near the head of Huckleberry Trail, connecting the university campus and the hospital, Robert Parker, a county spokesman, said.

Police officials said that in capturing Mr. Morva they recovered the weapon believed to have been used in the two shootings.

In 2003, Corporal Sutphin was awarded the Governor's Medal of Valor for bravery in pursuing and capturing the killer of a fellow officer, despite having been shot twice.

Mr. Morva was awaiting trial after being charged in August 2005 in connection with the attempted robbery of a convenience store in Blacksburg.

Daniel B. Thorp, a history professor at Virginia Tech, said most people on campus remained calm despite the police activity. Professor Thorp said he was involved in orientation for about 12 new graduate students when he started receiving phone and e-mail messages saying the southern part of the campus was cordoned off. The messages eventually told him that most buildings should be locked from the inside.

Because the manhunt began around 2 a.m, most students arriving on campus were aware of it, he said.

"Most of the chatter has been about what it takes to get a gun permit around here," Professor Thorp said.

Christina Gardner, a bartender at the Rivermill bar in downtown Blacksburg, said she was a close friend of Mr. Morva, having attended Blacksburg High School with him. He regularly used the shower at her apartment, she said, to clean up, because he was homeless and lived in the woods.

"I never knew him to be a monster," said Ms. Gardner, 24, who recounted how Mr. Morva intervened in a fight years ago and saved an older man's life one night when drunk teenagers tried to rob him.

Ms. Gardner said that several months ago she heard from a shared acquaintance that Mr. Morva was in jail in the section where sexual offenders were housed.

"One of my friends saw him in the jail," she said, "and was really worried about what was happening to him over there and whether he was getting sexually assaulted or something. I do wonder whether what happened at the hospital might have been his attempt to get out of jail."

An official at the county jail who answered the phone but refused to give his name said he did not believe that Ms. Gardner's information was correct. He refused to give more details or to transfer the call for more details.

Oakland Fights Crime With Talk (NYT)

By Jesse Mckinley

The New York Times, August 22, 2006

OAKLAND, Calif., Aug. 21 — Stuck in the grips of a violent crime wave, including a soaring murder rate, the authorities here are taking a page from juvenile hall that has become increasing popular nationwide: They have decided to call in the bad guys and tell them to knock it off. Or else.

The Oakland police have drawn up a kind of criminal hit parade that includes the top 100 "persons of interest" in the city, primarily ex-convicts, who the authorities believe are causing trouble and contributing to a climate of lawlessness.

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Under the plan, which will be rolled out over the coming months, the police will call the suspects into court and inform them that they must behave.

"We're going to tell them that we know they've been responsible for a number of things in your neighborhood, and that we've been watching you," said Howard A. Jordan, a deputy police chief. "And we want you to change your life around. And if you don't, you will suffer the consequences."

Called Operation Cease-Fire, the program builds on an experiment that was first tried a decade ago in Boston, where law enforcement officials credit the straight-talk approach with helping sharply reduce the number of killings within months. Dubbed the "Boston Miracle," it caught the attention of police departments nationwide, including those in Chicago, Los Angeles and San Francisco, all of which have tried variations of the approach.

David M. Kennedy, the director for the Center on Crime Prevention and Control at the John Jay College of Criminal Justice, and one of architects of the approach, said Oakland's decision to single out 100 troublemakers had a basis in studies on the causes of crime.

"The kind of serious gun, street, drug-related violence that Oakland is dealing with right now is deeply embedded in a very small population of very active offending groups on the street," said Mr. Kennedy, who is traveling to Oakland this month to consult with police officials. "You can call them gangs or sets or crews or whatever, but what you always get is this very active, group-based street scene. And this approach was developed to change the behavior of those groups."

The Top 100 group is subject to change. Since Operation Cease-Fire was announced on Aug. 3, one of the list's members has been killed.

"Unfortunately," Deputy Chief Jordan said, "he was easy to replace."

Details are still being worked out, and the list is still being put together by beat officers, specialized narcotics units and community-based crime reduction teams. But the police expect to use the leverage afforded by the conditions normally placed on parolees and probationers to encourage them to attend the "call-ins."

Victims of violent crime will be on hand to bring emotional pressure to bear, as will community activists and in some cases people from the suspects' neighborhoods.

People suspected of committing crimes who are not already in the justice system will be asked to come in voluntarily, with the authorities using relatives, friends and girlfriends to entice them to cooperate.

Once in the courtroom, the suspects will be warned by various local and federal law officials that they will be subject to the full weight of the law if they are arrested again. A gun charge, for example, may be made federal, rather than state, so the penalties can be more severe, Deputy Chief Jordan said.

"It's a question of 'Do you want to do five years or do you want to turn your life around?' " he said.

Mr. Kennedy said a large part of the approach's success came from the social impact of being called out, and called in.

"These guys think they are anonymous," he said. "They do not know they've been singled out. By the time they get caught, its too late for them to change their behavior. They don't know that there's help they can take advantage of. And they don't know the community they are in desperately wants them to stop what they are doing."

There will be enticements in Oakland, not just threats. The authorities will offer social services, including job training, help with substance abuse and educational opportunities to help increase the odds that suspects do not return to the criminal world. Such services are already offered to offenders, but Operation Cease-Fire will make them much more readily available.

"You have to replace a negative with a positive," said Capt. Rod Yee, the program's co-chairman.

One place where the approach has worked is Stockton, Calif., about an hour east of Oakland, which began it in 1997. The three-pronged program included an aggressive arrest policy, street-corner community outreach and intervention-style forums like those planned for Oakland. The result was a major reduction in murder and violent crime, said Wayne Hose, the city's chief of police.

"You get some of those guys right on the edge that could maybe go one way or another, and maybe you can reach them," Chief Hose said.

Still, he said, the program was labor-intensive and eventually started to lag. Now, though, with its murder rate rising again, Stockton has decided to reinstitute it.

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"There's a whole new set of players this will be new to," Chief Hose.

In Boston, too, after a spike in violent crime, the police have recently "reinvigorated" their program, said Elaine Driscoll, the department's director of communications.

Like many other American cities, Oakland is experiencing a surge in crime, including 89 murders through Monday, compared with 94 all last year. Assaults and other violent crime have also increased, Deputy Chief Jordan said, including the Aug. 14 beating and sexual assault of a 89-year-old woman who had been gardening in her yard in broad daylight.

"It's all drugs or gangs or people getting caught in the crossfire," said Mayor Jerry Brown, one of the main backers of Operation Cease-Fire and a candidate for state attorney general. "It's not people who are working at the local insurance company, wearing a suit and tie, I'll tell you that."

Deputy Chief Jordan was less willing to blame drugs or gangs. "If I were to attribute this to anything, it would be just a wanton disregard for each other's lives," he said.

The police force is also understaffed, with only about 700 officers for this city of 400,000 across the bay from San Francisco.

In the Allendale neighborhood of East Oakland, near where the assault on the 89-year-old woman took place, residents say they have seen more police officers in recent weeks. Not that Rick Anderson, 43, a former auto detailer, is not still afraid.

"You could be walking by, and someone could be shooting, or stabbing something, and you could get hit," Mr. Anderson said. "It's wild wherever you go."

Mark Schlosberg, the police practices policy director for the American Civil Liberties Union of Northern California, said that he was not familiar with the exact legal mechanisms of Operation Cease-Fire but that the program could raise some constitutional red flags.

"To the extent that law enforcement is going to take somebody into custody to talk to them, without probable cause or other legal justification, that's problematic," Mr. Schlosberg said.

The Oakland police say that they are well aware of the constitutional restrictions, and that the people invited in are not being taken into custody. They say they are also moving slowly to make sure that those on their list really are causing trouble.

"We still have to respect people's Fourth Amendment rights," Mr. Jordan said. "You can't just go out and arbitrarily arrest them."

Their care is well-advised. The Oakland police are already operating under a federal court order that forced the department to revamp its supervisory and command structures and realign many of its operations and command structures.

"It's like turning around a big ship in the ocean," Mayor Brown said of changes in the police force. "It happens slowly."

As Violent Crimes Rise, Law Enforcement Officials Battle $1.1 Billion Funding Cut (MCT)

By William Douglas, McClatchy Newspapers

McClatchy News, August 22, 2006

WASHINGTON - With murder and other violent crimes on the rise in many American cities, local law enforcement agencies and elected officials are battling to stave off $1.1 billion in federal funding cuts proposed by President Bush.

There's no question that violent crime is up sharply. Murders and non-negligent manslaughter increased 4.8 percent nationwide in 2005, the largest jump in 15 years, according to a preliminary FBI report in June. Murders were up over 2004 rates by 76 percent in Birmingham, Ala., 44.1 percent in Charlotte/Mecklenburg County, N.C., 42 percent in Kansas City, Mo., and 38 percent in Cleveland.

At the same time, the Bush administration is cutting grants for state and local crime-fighting programs on the grounds that they've outlived their usefulness or under-performed. One such program is COPS, a Clinton-era initiative originally designed to hire 100,000 police officers nationwide.

Like many local law enforcers and crime analysts, Greenville, S.C., Police Chief W. L. Williams disagrees with the Bush administration's reasoning. His department received a $4.47 million COPS grant in May to improve radio communications so that police, fire and other emergency agencies in four counties can speak to one another. That fixes a glaring weakness exposed by the Sept. 11, 2001, terrorist attacks.

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"COPS is working," Williams said of his department's grant. "This is a huge step for law enforcement in the state of South Carolina and something that could not be done on our own."

That's a local example of a national problem. Former New Jersey Gov. Thomas Kean, who chaired the bipartisan commission on the Sept. 11 attacks and made recommendations to prevent more of them, called the federal government's failure to solve such communications problems among emergency-response agencies a "scandal." Last December, his panel gave the White House and Congress an "F" for failing to adequately address this issue.

Some experts say that declining federal grants for crime-fighting could be contributing to the rise in crime. But they note that other factors are probably involved as well, including a generation of criminals incarcerated in the 1980s and `90s that is now returning to the streets.

"It is true that the federal support for local law enforcement and preventive programs has plummeted," said David Kennedy, director of the Center for Crime Prevention at New York's John Jay College of Criminal Justice. "I think that matters. I would say that's not the only thing going on, but it does hurt."

Senior lawmakers in Congress agree.

"The Bush administration has repeatedly cut federal funding for law enforcement, and I don't think the rise in violent crime we've seen recently is a coincidence," Sen. Joseph Biden, D-Del., a member of the Senate Judiciary Committee, said in a written statement. "Because of these shortsighted budgeting decisions, the Bush administration has effectively abandoned our front-line defenders against crime and terrorism."

In his fiscal 2007 budget, Bush asked for $19.5 billion for Justice Department discretionary spending, an 8 percent decrease from fiscal 2006. About $1.1 billion of the cuts would come from funds for grants to state and local law enforcement.

Administration officials labeled several programs as obsolete or underachieving, including the Byrne Justice Assistance Grants, a crime-fighting grant program for states; the COPS Law Enforcement Technology Grants, which provide funds for police agencies to modernize equipment; and the Juvenile Accountability Block Grants, which support efforts to stem youth crime.

"Federal law enforcement funds need to be spent where they are most effective, and (those programs) have failed to demonstrate significant effectiveness," said Scott Milburn, a spokesman for the White House Office of Management and Budget. "Since 2001, Congress has worked with the administration to reduce their funding and redirect funds to other, more effective efforts."

State and local police departments are in a tug-of-war for federal dollars with federal homeland security programs, some experts contend.

"Everything is going to homeland security," said David Jones, executive director of the North Carolina governor's crime commission. "Our position is, homeland security begins with hometown security."

Facing intense lobbying from groups such as the National Sheriff's Association and the International Association of Chiefs of Police, many lawmakers in Congress are working to increase federal funds for local law enforcement.

Last month, the Senate Appropriations Committee expressed "disappointment" that the White House would ignore "the largest increase in violent crime in the United States since 1991" and slash funding for state and local law enforcement.

The committee, chaired by Sen. Richard Shelby, R-Ala., included $537 million for the COPS and Byrne Justice Assistance Grants in a big spending bill. The full Senate is expected to vote on it next month. The House of Representatives passed its bill containing $545 million for local law enforcement in late June.

OMB's Milburn said that federal grants account for only 1 percent of state and local law enforcement funding, with the rest coming from states and municipalities.

But with violent crime on the upswing, every penny counts, says Blake Wallace, sheriff of Duplin County, N. C., a largely rural locality about 60 miles southeast of Raleigh.

Wallace frets because his department's federal grant money is rapidly running out as his 75 deputies combat crystal methamphetamine labs and an escalating gang problem fueled by an influx of illegal immigrants.

Mara Salvatrucha, or MS-13, an ultra-violent Salvadoran gang, has opened shop in the 55,000-resident county, leaving graffiti on buildings and a brazen, daylight execution-style murder for Wallace to solve.

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Wallace's department operates on a $5 million budget, which also pays for the jail. He said his department received $520,000 in COPS grants over the past five years, but that's all gone. A $1.2 million federal Highway Safety grant expires in October.

"For a department our size, the federal grants are vital," Wallace said. "We need all the help we can get: We're dealing with things we weren't dealing with five years ago."

Some Prosecutors, Victims Seeking Justice Outside Military System (FINDLAW/AP)

By Martha Mendoza, Ap National Writer

AP, August 22, 2006

(AP) - Dissatisfied with the military's handling of sexual assault cases involving recruiters, some local prosecutors and victims are challenging the misconduct on their own, charging everything from a violation of an Indian treaty to racketeering.

Most such cases are handled administratively by the military - for example, 13 of the 19 Air Force recruiters whose misconduct was confirmed since 2004 received letters of reprimand in their personnel files and fines that ranged from $200 (â,¬155) to $1,200 (â,¬932).

In seeking greater penalties, victims and local authorities have taken unusual tacks.

In South Dakota, a young Oglala Sioux woman, Laveeta Elk, is suing the federal government under an 1868 treaty which says that if "bad men" among government officials commit "any wrong" upon the person or property of any Sioux, the United States will reimburse the injured person for the loss sustained.

Elk chose to have her name released when she filed her lawsuit. She says she was assaulted by Army recruiter Sgt. Joseph Kopf in his government car, when he stopped in a remote area while driving her to a military evaluation center. Kopf has been demoted and reassigned within the Army, officials said. Kopf could not be reached for comment.

"I decided to file a lawsuit because I know I'm not the only girl he did this to. I want to put a stop to it," Elk said. "He has no excuse for what he did. It shouldn't happen to anybody."

Her attorney Adam Horowitz said this is the first time this law has been tested. In April, a federal judge denied the government's request to dismiss the lawsuit.

In another case, prosecutor Barbara Trathen of Hamilton County, Indiana, has charged National Guard recruiter Sgt. Eric Vetesy - accused of assaulting seven young women - with racketeering along with 31 charges of rape and sexual battery. His trial is scheduled for later this summer.

Vetesy, a married father of three, met most of his alleged victims, ages 16 to 20, while recruiting at Indianapolis-area high schools, according to the indictment. Victims told the grand jury he threw them against a wall of the armory, raped them on a countertop and forced them to fondle him.

Trathen said she charged him with racketeering under the section that bans corrupt business influence and official misconduct. "It's rape, yes, and it's sexual assault. But it's more than that. He had a pattern of misusing his position of power," she said.

In another case, two teenage women who claim a pair of former Marine Corps sergeants raped them in a recruiting office sued the military in federal court in San Francisco in May. They're seeking a requirement that all Marine Corps recruiters receive proper training and supervision.

One of the victims, 17, shared portions of her handwritten journal with the AP.

"I lost my virginity to (the recruiter) ... in the back room on the sofa. I didn't want to have sex but I didn't want him to be upset with me and make me go all the way back to my old recruiter. He was also the type of guy to bad mouth a person if he didn't get what he wanted," she wrote about their first encounter.

Both recruiters were demoted after court-martial proceedings, but acquitted of the most serious charges they faced. Both have since left the military.

CIVIL LAW:

DOJ_NMG_0051684

Judge Slams Lawyers For Role In Hiding Tobacco Risks (LAW)

By Emma Schwartz, Legal Times

Legal Times, August 22, 2006

Judge Gladys Kessler's scorn for the tobacco industry was evident in her 1,742-page opinion last week, which found that nine cigarette manufacturers and two trade groups had conspired to hide the truth about smoking's adverse health consequences for more than 50 years.

Her wrath, though, was directed not only at company executives at the forefront of the multibillion-dollar tobacco industry but also at the lawyers she said aided the decades-long project to illegally shade the industry from scrutiny.

"At every stage, lawyers played an absolutely central role in the creation and perpetuation of the Enterprise and the implementation of its fraudulent schemes," the D.C. federal judge wrote. She pointed to how both in-house counsel and outside law firms "devised" and "coordinated" strategy, directed scientists' research in favor of the industry, destroyed documents, and "took shelter behind baseless assertions of attorney client privilege."

Although the majority of the incidents of lawyers' malfeasance took place decades ago, some of the wrongdoing appeared to continue into the most recent case, which was brought by the Justice Department in 1999. As recently as 2004, Kessler disqualified Neil Koslowe of Shearman & Sterling from representing British American Tobacco Services Ltd. because he had been involved in the government's case as a lawyer for the Justice Department.

While the tobacco industry will have to funnel millions into reworking its marketing schemes, lawyers may find themselves under further scrutiny if people injured by the companies decide to file suit. "Any time you see such a strongly worded opinion, that tends to capture the attention of the plaintiffs bar," says Kevin Rosen, head of the legal malpractice group at Gibson, Dunn & Crutcher. But, Rosen added, in the same way that some law firms were immediately dismissed from liability in the Enron litigation while others faced steep penalties, the outcome of any subsequent suits could vary widely.

Numerous lawyers and firms aided the tobacco industry over the years, but Kessler's opinion highlighted three firms in particular: Covington & Burling; Jacob, Medinger & Finnegan; and Shook, Hardy & Bacon.

One of the law firms' key roles was running the Tobacco Institute, a trade association that sought to cast doubt on the scientific relationship between smoking and disease. Shook, Hardy and "particularly Covington & Burling became the guiding strategist for the Enterprise and were deeply involved in implementation of those strategies once adopted," Kessler wrote. Covington, led by partner John Rupp (now the managing partner of the firm's London office), reviewed agenda proposals before they were sent to the institute's member companies, and Covington "cleared press releases issued by the Tobacco Institute," Kessler wrote.

Kessler specifically noted the misconduct of Robert Northrip of Shook, Hardy, who would "normally bill either three or four tobacco companies" for his time at one meeting for the institute.

Both firms denied any wrongdoing. "We believe that our firm acted appropriately and played a legitimate role as advocates for our clients," Covington said in a statement.

John Murphy, chairman of Shook, Hardy, declined to give any specific comment on Kessler's ruling but said his firm "represents each and every one of our clients in an ethical manner."

Attorneys also played a key role in the Council for Tobacco Research, where they pushed funding for projects hoping "to obtain and develop witnesses favorable to Defendants for testimony before Congress and other regulatory bodies, for use in litigation and for support of industry public statements," wrote Kessler.

In the 1960s this effort included input from major firms, including Chadbourne & Parke; White & Case; Davis, Polk & Wardell; and Shook, Hardy.

Lawyers also were involved in suppressing scientific research and destroying documents that were adverse to the companies' public and litigation positions.

In 1983, for instance, R.J. Reynolds decided to "remove Council for Tobacco Research and related smoking and health materials from our premises for legal reason," Kessler quoted from a company document. The materials were sent to Jacob, Medinger. Similarly, in 1985, British American Tobacco Co. sent "contentious" research reports to Robert Maddox, an attorney in Louisville, Ky.

In short, Kessler saw the lawyers' involvement as "a sad and disquieting chapter in the history of an honorable and often courageous profession."

Emma Schwartz can be contacted at eschwartz@alm.com.

CIVIL RIGHTS:

8th Circuit: Ban On Sexy Highway Billboards Is Unconstitutional (LAW/AP)

By Jeff Douglas, The Associated Press

AP, August 22, 2006

A two-year-old state law banning sexually suggestive billboards along Missouri highways is unconstitutional, a federal appeals court panel ruled Monday.

The ruling by the three-judge panel for the 8th U.S. Circuit Court of Appeals in St. Louis overturned a U.S. District Court's ruling earlier this year that banning such billboards within a mile of state highways was a constitutional regulation of commercial speech.

The law, which took effect in August 2004, sought to reduce the possible negative effects posed by sexually suggestive billboards, including harming minors, reducing traffic safety and dropping property values.

But the appellate judges ruled that the Missouri statute had no such effect.

The ruling said the law was not "narrowly drawn" to meet those goals, and the state "failed to make a showing that a more limited speech regulation would not have adequately served the state's interest."

Passions Video Inc., an adult book store; Gala Entertainment Inc., a Kansas City strip club; and the Lion's Den adult stores filed the suit last year against Attorney General Jay Nixon. John Haltom, an adult-business owner with 10 stores that sell lingerie, sex toys and adult videos in six states, also sued the state.

The state will seek a rehearing from the full 8th Circuit, and if unsuccessful, might appeal the decision to the U.S. Supreme Court, Nixon spokesman John Fougere said.

Messages left with attorneys for the adult businesses that filed the suit were not immediately returned Monday.

The law would have forced the adult-business owners and others with sexually suggestive billboards near highways to take them down by mid-2007. Billboard advertising companies have refused to allow new ones to go up since the 2004 law.

Sen. Matt Bartle, R-Lee's Summit, spearheaded the legislation, modeling it after a similar law upheld by the New Jersey Supreme Court.

The law eventually would have allowed an adult-oriented business located within a mile of a highway to have just two signs -- one showing the business' name and operating hours, the other noting it is off-limits to minors.

House Speaker Rod Jetton called the 8th Circuit's ruling "unfortunate."

"It leaves Missourians of every age exposed to sleazy billboards along our highways," Jetton said in a statement. "Billboards like these are distasteful, unnecessary distractions that pose a real threat to highway safety and give children and adults the wrong impression about what quality entertainment really is."

If the attorney general was not successful in appealing the ruling, Jetton said, the Legislature would work to correct the problem "so Missourians have the protections a law like this provides."

Look Elsewhere For Subjects (USAT)

USA Today, August 22, 2006

More than 100 prisoners in Washington and Oregon were paid $10 a month to have their testicles irradiated by government researchers. Prisoners in Pennsylvania were among those who had dioxin rubbed into their skin. They were also given LSD and other hallucinogens by military scientists. These abuses continued well into the 1970s. And until the early 1990s, private companies used prisoners in Arkansas and Arizona as plasma donors, which dramatically increased the contamination of the U.S. blood supply with hepatitis and HIV.

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The United States has a lengthy history of abusing prisoners in the name of medical research. It was this well-documented history that led to the near prohibition of federally funded prisoner medical experimentation by the 1970s. The Institute of Medicine's proposal to loosen these recommendations is ill-advised and shows a poor understanding of the modern American prison system.

The key element to any ethical system of human subject testing is informed, voluntary consent. Prisons and jails fail on all counts. All 50 states and the federal government have banned sex among prisoners and staff because detention facilities are inherently coercive, and prisoners cannot give "consent" in any meaningful sense of the word.

The average American prisoner is, statistically, likely to be mentally ill, substance addicted and functionally illiterate. Prisoners also tend to be impoverished. Given the decades of abuse medical experimenters have inflicted on U.S. prisoners, we know that this is an especially vulnerable group.

The claim that prisoners, very few of whom even have access to adequate medical care, would somehow benefit from cutting-edge research would be laughable if the consequences were not so serious.

Prisoners are still being used for privately funded medical research. Investigative reports have found that these experiments are shrouded in secrecy, and the prisoners are unlikely to have given meaningful consent. They often have "volunteered" in a desperate attempt to get what they perceive to be better medical care than they otherwise would.

The door that was mostly shut 30 years ago on prisoner medical testing should remain firmly closed.

Paul Wright is the founder and editor of Prison Legal News, a monthly human rights magazine, and co-editor of the forthcoming book Prison Profiteers: Who Profits from Mass Imprisonment

Test Drugs On Inmates? Yes (USAT)

USA Today, August 22, 2006

From the late 1940s to the mid-1970s, inmates at Philadelphia's Holmesburg Prison and other correctional facilities across the country were treated as human guinea pigs in gruesome medical experiments. The prisoners were "volunteers" who received a few hundred dollars a month but weren't told they had signed up to be exposed to chemical warfare agents and radioactive, hallucinogenic and cancer-causing chemicals.

When this unconscionable exploitation was revealed, Congress passed a law in 1978 that limited testing on inmates to research involving only the most minimal risk.

Now the Institute of Medicine (IOM), a federal panel of medical advisers, wants the government to permit greater research with prisoners but under a tough new oversight regime that would prevent the abuses of the past and limit experiments to those that have a direct potential benefit to prisoners.

Why reopen such a delicate debate?

Because the current rules arbitrarily exclude prisoners from research that could be critical to improving their health and living conditions. Because such research could help control HIV, hepatitis C, tuberculosis, mental illness and substance abuse that are rampant in correctional centers. And because 95% of prisoners are eventually released, society as a whole would also benefit.

The IOM recommendations, which offer a safe and ethical framework, would:

• Set uniform guidelines for all research involving prisoners, regardless of its source of funding. The current restrictions apply only to a few federally funded programs, leaving much research largely unregulated.

• Urge Congress to mandate tough oversight at all federal, state and county facilities, and to expand protections to cover people on parole or probation.

• Limit prisoner research to only those studies where potential benefits to prisoners clearly outweigh risks and are in the least dangerous phases of clinical trials.

• Establish rigorous independent review of all research and a special prisoner advocate to make sure the studies are appropriate, inmates are fully informed of risks, and there is no coercion or undue inducement in getting them to give consent.

• Create a national database to track research involving prisoners. It's impossible now to know how many are involved in studies because no such database exists.

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Many of these recommendations can be implemented by federal regulators; others require congressional approval. Given the sordid history of prison research, expansion of testing raises obvious and serious worries. Prison experiments are conducted in an inherently coercive environment with prisoners as a convenient source of subjects.

Even so, any research involves the balancing of risks and benefits. It's a mistake to so severely exclude this population from studies that could improve the quality of prisoners' lives and conditions unique to prisons. With stronger oversight, human dignity and medical progress needn't be incompatible.

Same-sex Marriage Is Surely A Civil Right (USAT)

USA Today, August 22, 2006

Many blacks oppose such unions for religious reasons, but bigotry is bigotry, even if it's cloaked in faith. Blacks should know this better than most.

As the debate rages over whether gays and lesbians should be allowed to marry, I'm disappointed whenever I hear other African-Americans say, "No, they shouldn't."

We're more opposed to same-sex marriage than whites are, according to a June survey by the Pew Research Center for the People and the Press, which found that 65% of African-Americans are against it compared with 53% of whites.

I understand the reasons.

African-Americans are overwhelmingly Christians, and many of us believe that the Bible condemns homosexuality. Beyond that, even suggesting that the struggle of gays and lesbians for the right to marry is similar to our own civil rights struggle is often perceived as an insult.

I've heard the most racially militant blacks argue that the gay struggle is different from our own because we have no choice about being black while gays can choose whom they want to sleep with. This reasoning persists despite growing scientific evidence that people's sexual orientation is innate and that they don't choose it any more than they choose their sex or race.

Some African-Americans also argue that gays and lesbians were never slaves or victims of a system designed to keep them in their place, and that while homosexuals have the option of keeping their sex lives private, few blacks can hide their race.

A comparable struggle

Even some civil rights leaders, such as Jesse Jackson, have tried to put distance between the black and gay struggles. And black ministers, among them the Rev. Bernice King, Martin Luther King Jr.'s daughter, have led protests to fight efforts to legalize same-sex marriage.

The fight for gay rights is like our civil rights struggle, however, and it's hypocritical for groups that have had to fight long and hard to win their own constitutional rights to turn around and try to deny them to the next group. We're seeing this in the descendants of immigrant groups that were despised and vilified during their early days in this country, and that now want to deny recent immigrants the means to become lawful citizens.

This hypocrisy was apparent to me as I was growing up in a black Baptist church. I routinely heard ministers condemn gays from the pulpit, even though half the male choir members, the choir director, the flower arranger and plenty of other male church members were obviously gay. The church would have had difficulty functioning without them.

Because it's difficult enough to be black in this country, I know that black communities would prefer not to have to deal with the added stigma society attaches to homosexuals, and the obvious link to HIV and AIDS. And with stable heterosexual marriages rare enough in black communities, some African-Americans think that encouraging same-sex marriage would only complicate the situation.

Nonetheless, the main argument used against same-sex marriage is that the Bible says it's wrong. We point to the Scriptures, to the story of Adam and Eve (and the absence of Adam and Steve), to the retribution inflicted on the sinners of Sodom and Gomorrah, and to depictions of male-on-male sex in Leviticus and Romans as being so perverse that it warranted death.

I won't attempt to argue with the Scriptures, other than to say they reflect the mores and biases of the times they were written. And just as there are Scriptures ordering slaves to obey their masters, cautioning women to be silent in church and submissive at home, and applauding the persecution of the Jews because they killed Jesus, none of these positions is argued by enlightened people today.

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I won't dismiss the beliefs of blacks who believe that homosexuality is immoral, but I'd caution them that morality has often been used as a cloak for old-fashioned bigotry, fear and discomfort with people and behaviors that are different.

But what about religion?

How can African-Americans reconcile religious beliefs with acceptance of same-sex marriage?

I asked the Rev. James Forbes, pastor of The Riverside Church in New York. Forbes is black, and his diverse congregation has gone on record as supporting same-sex marriages — and all other families that are based on the principles of love and justice. Forbes says acceptance might increase as African-Americans become more aware of scientific evidence that suggests sexual orientation is innate — and not a choice.

As for the Bible's apparent disapproval of homosexual behavior, Forbes says it's a matter of how one reads the Bible.

"What is clear," he says, "is that the Bible says the highest principle is love. Once it becomes clear that our sexual orientation is more or less a given, I think black people will begin to recognize that including all in the family of God is a more righteous principle than the abhorrence of gay love."

I see marriage as a civil right, and no group's religious beliefs should be allowed to deny the rights of others. And because blacks have suffered from bigotry and injustice that were cloaked by religion and morality, we should avoid doing the same thing to others.

Sheryl McCarthy is a freelance writer and columnist for Newsday on Long Island, N.Y.She's also a member of USA TODAY's board of contributors.

Blaming The Middleman (WSJ)

The Wall Street Journal, August 22, 2006

We're not sure why, but the media expressed shock last week after Andrew Young told a reporter that Jewish, Korean and Arab inner-city shopkeepers are guilty of "overcharging" minorities for inferior goods. The subsequent criticism of Mr. Young is certainly warranted, but his remarks shouldn't have surprised anyone.

The notion that racial animus rather than marketplace realities are responsible for high prices in urban ghettos is unfortunately far too common. And that's in part because black civil rights leaders such as Mr. Young and Al Sharpton and Jesse Jackson have long ignored economic factors and blamed supposedly exploitative immigrant middlemen. The right Reverend Al has referred to them as "interlopers."

Mr. Young had been retained by Wal-Mart to counter criticism of the company, and he was responding to a reporter from a black newspaper who asked him about Wal-Mart displacing urban mom-and-pop operations. The former United Nations ambassador answered with his ethnic broadside; he apologized and resigned after the comments were published.

To his credit, Mr. Young has distinguished himself from much of the black left by not siding with Big Labor, environmentalists and other liberals who would happily deny minorities the jobs and low-price goods that big-box stores have to offer. Which makes it all the more unfortunate that Mr. Young's economic analysis is so off-base.

Businesses charge more in low-income, high-crime areas in part because it costs more to deliver goods and services in those areas. Inner-city grocery stores have higher operating costs and tend to be smaller than their big-box suburban counterparts. Taking advantage of economies of scale, the latter are able to offer more brands and sizes at lower prices. Urban supermarkets also typically have less competition, which allows them to charge more than they otherwise could. Wal-Mart's ability to offer more selection and lower prices is due to scale and efficiency, not virtue.

Rather than scapegoat immigrant entrepreneurs, Mr. Young and other civil rights leaders would do better to address the cultural and economic barriers that make it difficult for more black Americans to start businesses in the same neighborhoods.

ANTITRUST:

U.S. Supreme Court Denies Second Stolt-Nielsen Emergency Appeal (FINDLAW/AP)

AP, August 22, 2006

DOJ_NMG_0051689

(AP) - WASHINGTON-An emergency appeal by Stolt-Nielsen SA to freeze Justice Department prosecution of the shipping company was rejected Monday for the second time by the U.S. Supreme Court.

The justices again turned away the petition without comment, ending the company's bid to get the Supreme Court to temporarily bar Justice prosecutors from seeking indictments against it.

Stolt-Nielsen, based in London, has challenged the ability of government prosecutors to revoke an amnesty agreement shielding it from prosecution in an alleged plot to divvy up customers in the parcel shipping business, which involves the transport of bulk liquids such as chemicals. The company has said the Justice Department is pursuing indictments against it and at least one company executive.

"Stolt-Nielsen will pursue every avenue to prevent this flagrant breach of covenant and abuse of power by the antitrust division," said James Hurlock, an outside director and legal affairs committee chairman for the company. "Although the Supreme Court did not grant our renewed application, we will promptly move to dismiss any action brought against the Company."

In July, Justice David Souter denied the company's first emergency petition. Souter handles emergency appeals from the 3rd U.S. Circuit Court of Appeals in Philadelphia, but rejected appeals can be filed with additional justices.

Justice John Paul Stevens received the second petition, but he referred the request to the entire court, which in effect blocks the filing of additional petitions.

A separate routine appeal remains pending at the Supreme Court. The court will act on that petition this fall. The case is 06-97. The emergency application is 06-A79.

The company's American Depositary Receipts fell $1.01, or 3.9 percent, to $24.65 in afternoon trading Monday on the Nasdaq Stock Market.

Feds May Review Fort Mill Hospital Decision (CHARBIZ)

Charlotte Business Journal, August 22, 2006

The U.S. Department of Justice wants to examine the way South Carolina chose Piedmont Medical Center to build a Fort Mill hospital, to make sure the process didn't squash competition.

According to The Herald of Rock Hill, Hospital Partners of America Inc. complained to the Justice Department after the Rock Hill hospital won approval in May to build the 100-bed facility.

S.C. Department of Health and Environmental Control chose the Piedmont Medical proposal over bids submitted by Hospital Partners, Presbyterian HealthCare and Carolinas HealthCare System, all based in Charlotte.

"What the state did we feel was patently unfair," Terry Linn, chief development officer for Hospital Partners, told the newspaper. "We're just making the world aware of what is going on in South Carolina."

The issue "merits full discussion at a final review conference," states a document signed by Richard Cooke, a member of the Justice Department's litigation section.

Presbyterian and Carolinas HealthCare are also challenging DHEC's decision, filing appeals at the state level.

DHEC officials have said Piedmont Medical was chosen because it plans a larger hospital than the 64-bed facilities proposed by its rivals, and thus would be more capable of meeting the demands of the growing community.

"It's very, very difficult for a new provider to come into a market," Linn told the newspaper. "We thought (the decision) was peculiar to the state and not in the spirit of competition and the antitrust laws that govern health care."

CRH To Buy Ashland's U.S. Roads Unit For $1.3 Billion (Update4) (BLOOM)

By Brian McGee And Jack Kaskey

Bloomberg, August 22, 2006

Aug. 21 (Bloomberg) -- CRH Plc, Europe's third-biggest supplier of building materials, agreed to buy the highway-construction unit of Ashland Inc. for $1.3 billion in cash to expand in the U.S. Midwest and South.

Some analysts had forecast a higher price, and the shares of Ashland, based in Covington, Kentucky, fell as much as 5.6 percent. Top managers at the Ashland Paving & Construction, North America's biggest road-builder, will keep their positions, Dublin-based CRH said today in a statement. The unit has rock and asphalt divisions in 14 U.S. states.

The purchase by CRH, already the largest producer of asphalt in the U.S., would be the company's biggest takeover. It has made $4 billion in acquisitions in 20 months, the most of any Irish company. The 40-year-old unit was sold to focus on specialty chemicals, Ashland Chief Executive Officer James O'Brien said. The company also announced a stock buyback and a special dividend.

``CRH investors should take comfort from Ashland's exposure to U.S. infrastructure and highways work, and not housing, that the purchase will give it," said John Mattimoe, an analyst at Merrion Capital in Dublin. ``CRH could also use it as a vehicle for bolt-on acquisitions."

Shares of Ashland fell $2.85, or 4.3 percent, to $63.50 at 12:25 p.m. in New York Stock Exchange composite trading. Before today, they had gained 10 percent in the past year.

Deal Estimates

Mattimoe estimated CRH would pay $1.5 billion after the companies on June 19 announced exclusive negotiations on a deal. JP Morgan Securities analyst Jeffrey J. Zekauskas, who rates Ashland shares ``overweight," estimated $1.7 billion.

``We expect the shares to trade lower today reflecting a lower-than-anticipated sale price," Zekauskas said in a report.

CRH rose 30 cents, or 1.2 percent, to 25.65 euros in Dublin. They have gained 13 percent in the past year. Merrion Capital's Mattimoe rates the stock ``buy."

CRH made the purchase through its Washington-based Oldcastle unit, which operates in the Northeast, Midwest and West. The deal topped the company's 700 million euro ($903 million) purchase of for Netherlands-based Cementbouw in 2003.

Proceeds from the sale will be used for share buybacks on the open market and a special dividend to be declared after Sept. 15, O'Brien said on a conference call with analysts and investors. The repurchase will be as much as 10.5 million shares, or 15 percent of the total outstanding, O'Brien said.

Cash Hoard?

Jefferies & Co. analyst Laurence Alexander said after-tax proceeds of $1.25 billion were in line with his forecast. He recommends buying Ashland shares.

``The disappointment on the proceeds is somewhat offset by the clarity on the use of proceeds," Alexander said in an interview. Some investors were concerned Ashland might hoard cash for acquisitions, he said.

Ashland plans to make as much $2 billion in acquisitions related to remaining businesses, which include performance materials, chemical distribution, water treatment and Valvoline motor oil, O'Brien said. Ashland last year sold its stake in a U.S. oil-refining venture to slash debt and focus on specialty chemicals.

The Ashland unit ``has some first-class aggregates operations, and that was the real attraction," CRH Chief Executive Officer Liam O'Mahony said on a conference call. Increased spending on U.S. infrastructure probably will boost revenue, he said.

Annual savings from the acquisition, which has won antitrust approval and is scheduled to close this month, will reach $40 million within three years, CRH said.

Ashland paving president, Kirk Randolph, will continue to have responsibility for the operation at CRH's Americas Materials division.

$2.9 Billion Revenue

The Ashland unit employs 9,700 people, produces 32.5 million tons of aggregates and 31 million tons of asphalt annually and reported an operating profit of $220 million on revenue of $2.9 billion in the 12 months through June. That's equal to 29 percent of Ashland's total turnover.

About two-thirds of the unit's asphalt and a third of its sand and gravel are used by its own construction business.

``There is a little more asphalt and a little less aggregates than we would like," O'Mahony said on the call. ``We want to redress that balance."

More than half of CRH's sales come from North America, where construction spending climbed 8.9 percent last year to a record $1.12 trillion. The U.S. federal government has budgeted $223 billion for upgrading highways by 2009, and CRH would be in a strong position to win orders, Mattimoe said.

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CRH is targeting road building amid a slowdown in the U.S. housing market, which it also supplies with materials. Home construction last month dropped to the lowest level in almost two years after higher mortgage rates clipped sales and left builders with bloated inventories.

To contact the reporters on this story: Brian McGee in London at bmcgee3@bloomberg.net ; Jack Kaskey in New York at jkaskey@bloomberg.net .

Chicago Prof Joins US Government (FT)

By Ursula Milton

Financial Times, August 22, 2006

Dennis Carlton, a professor of economics at the University of Chicago Graduate School of Business, has been appointed to the U.S. Department of Justice antitrust division. As deputy assistant attorney general for economic analysis, he will direct and supervise all economic analysis work undertaken by the division.

Professor Carlton joined the Chicago GSB faculty in 1984 and specializes in industrial organization and theoretical and applied economics. He had previously taught at the University of Chicago law school and economics department, and at the Massachusetts Institute of Technology.

He has written many articles on market behaviour and antitrust issues and has served as co-editor of the Journal of Law and Economics since 1980. He will be on leave of absence from his current post at Chicago GSB while he goes to work in Washington from the beginning of October.

Analysis: Sanofi Defends Plavix Patent (UPI/UPI)

By Steve Mitchell, Upi Senior Medical Correspondent

United Press International, August 22, 2006

WASHINGTON, Aug. 21 (UPI) -- Sanofi-aventis is likely to prevail in its fight to protect its patent on Plavix and fend off generic challenger Apotex, a market analyst predicted Monday, adding that it's far more likely that a victory in court would send the company's stock soaring, than an unfavorable decision would drag the shares downward.

Sanofi and Bristol-Myers Squibb filed an injunction in U.S. District Court for the Southern District of New York last week seeking to halt sales of Apotex's generic version of the blood thinner, which was launched earlier this month.

A decision is expected in the next few days, but even if Sanofi doesn't prevail, this will probably have little effect on the stock, Julien Dormois, an analyst with Bryan, Garnier and Co., told United Press International.

"If the ruling is negative, the impact will likely be very limited, especially given the sharp decline we've seen in Sanofi already," Dormois said.

On the other hand, a favorable ruling could be a significant boost.

"A positive decision, probably less expected by the market, will probably be a great help to Sanofi and would send shares to previous levels of 75 or 78 euros," Dormois said.

"The upside potential is really significant for Sanofi," he added.

If Sanofi loses, the Plavix patent will still probably be upheld ultimately. A separate trial on the patent issue that is expected to conclude next year is expected to get underway later this year.

"Now that the litigation has restarted with Apotex over Plavix patent validity, we still believe Sanofi-aventis is very likely to win in court," Dormois stated in a note issued Monday.

"Plavix will be OK through 2011," Dormois said.

He rated the stock a "buy," saying that most of the negative news is behind the company. "The next major element that will trigger a clear re-rating of the stock will be the FDA's decision on Acomplia and its exact labelling," which is expected to occur in September or October, he stated.

"As we are betting on a positive outcome, we have a "buy" recommendation on Sanofi-aventis and we see the share price heading towards our target price of 90 euros," he wrote.

The FDA previously issued an approvable letter on Acomplia, but Sanofi has not disclosed the issues the agency raised about the drug, which is intended for weight management.

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Sanofi and BMS had previously filed a suit against Apotex claiming its generic drug violated the Plavix patent. But the companies reached a settlement, under which Apotex was to delay the launch of its generic until 2011.

However, the U.S. Justice Department launched a criminal probe into the deal and it collapsed, so Sanofi and BMS resumed their litigation against Apotex.

Sanofi is also facing patent challenges to its other blood thinner Lovenox, but Dormois said he thinks that drug will be OK until 2011.

"Lovenox will not face major competition until that date," he stated.

Meanwhile, "We are waiting on the judge's decision," in the New York suit, company spokesman Salah Mahyoui told UPI. "We are confident in our patent and we believe in our right, but then it will be a decision of the court," he added.

Asked how a negative ruling would impact Sanofi, Mahyoui said, "We will compete by all means available to us to defend the patent and investment we put in."

Sanofi's share of sales of Plavix in 2005 was approximately $2.6 billion, he said.

Canadian Miner Lundin To Buy EuroZinc In $1.6 Billion Deal (WSJ)

By Mark Heinzl

The Wall Street Journal, August 22, 2006

Lundin Mining Corp. agreed to acquire EuroZinc Mining Corp. in a share swap valued at about 1.8 billion Canadian dollars, or US$1.6 billion, continuing the consolidation spree in the mining sector.

But shares of both companies fell, in a sign that merger speculation already may be priced into mining stocks.

With prices for various metals flying high and new mines scarce, mining companies have been joining forces, with a flurry of deals and takeover battles in recent months. EuroZinc and Lundin said their combination is aimed at creating a midsize metals producer with added financial clout to pursue further growth.

The share swap, structured as a reverse merger that leaves EuroZinc's shareholders with a majority stake in the combined company, valued EuroZinc shares at about C$3.21 (US$2.85) each. EuroZinc, based in Vancouver, British Columbia, produces zinc and copper at a mine in Portugal and plans to produce zinc, lead and silver at another mine in Portugal starting next year. Amid surging copper prices, the company's net income soared to US$71.6 million in the second quarter from US$16.3 million a year earlier, while revenue more than doubled to US$168.5 million.

Lundin Mining, also based in Vancouver, is a copper-and-zinc producer that operates two mines in Sweden and one in Ireland. The company's net income jumped to US$37.2 million in the second quarter from US$3.2 million a year earlier, while revenue more than doubled to US$112.9 million.

EuroZinc shareholders will receive 0.0952 of a share of Lundin for each EuroZinc share held; they will own about 57% of the combined company.

Lundin shares fell 55 Canadian cents to C$33.75 on the Toronto Stock Exchange yesterday, while EuroZinc shares were off five Canadian cents to C$3.37.

EuroZinc shares traded below C$1 for several years before taking off over the past year with soaring metal prices. Shares of EuroZinc had previously climbed, including a 9% jump on Friday, on speculation about a takeover. Lundin's offer contained no premium over Friday's closing price; it was based on EuroZinc's average trading price over the past 20 days, officials said.

EuroZinc Chief Executive Colin Benner will be chief executive of the combined company, which will continue as Lundin Mining Corp., based in Vancouver. Lundin Chief Executive Karl-Axel Waplan will be president and chief operating officer.

Coles Myer Board Will Meet To Weigh KKR Buyout Bid (WSJ)

By Susan Murdoch

The Wall Street Journal, August 22, 2006

MELBOURNE, Australia -- The board of Coles Myer Ltd. will meet Tuesday to consider a takeover approach valued at more than 15 billion Australian dollars, or more than US$11 billion, from a consortium led by Kohlberg Kravis Roberts & Co., people familiar with situation said.

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On Friday, George Roberts, co-founder of the U.S. buyout firm, met with Australia's second-biggest retailer, a person close to KKR said, making a tentative bid that could lead to the nation's biggest takeover. "We are wanting to work as constructively as possible with the executives and board of Coles Myer," the person said.

Analysts said a hostile bid could cause considerable short-term damage to the Coles business, which is battling to match rival supermarket company Woolworths Ltd. in sales growth while it overhauls its supermarket supply chain.

Board support will be instrumental for KKR and its plan for a friendly bid, as many of the 400,000 Coles investors are retail shareholders who initially bought the stock for a now-defunct discount plan on grocery items.

"There's still thousands of small shareholders left as a hangover from the discount scheme, and they're going to be looking for guidance from the board," said Ross Barker, managing director of the Australian Foundation Investment Co. "They will need board support to get over the line, unless the offer is irresistible. But I can't imagine a private-equity group will do that."

Mr. Barker said AFIC was a long-term holder of Coles stock, with just under 1% of the company, and any offer would need to be "considerably above" the current share price.

Coles Myer shares closed Monday in Sydney at A$13.40 apiece, down five Australian cents. The stock has rallied more than 15% since the board confirmed Thursday it was in "ownership" discussions but didn't elaborate.

Australian businessman Tom Hedley, who in February acquired a 1.6% stake in Coles through the sale of his liquor business, also wants a premium offer. A spokesman for Mr. Hedley said A$14 a share "is too low."

People with knowledge of the talks have said the KKR consortium includes Texas Pacific Group's Asia-focused arm, Newbridge Capital, Carlyle Group and CVC Capital Partners, which is being advised by Swiss investment bank UBS AG. KKR and UBS declined to comment. Carlyle, Newbridge and CVC were unavailable for comment.

Deutsche Bank said in a research note Friday that a bidder could pay A$16.78 a share for Coles Myer, which would value the company at almost A$20 billion. UBS has estimated a per-share bid price of between A$13.40 and A$14.60.

Chief Executive John Fletcher has streamlined Coles Myer's business by selling the underperforming Myer department-store chain in May to Newbridge Capital for A$1.4 billion. He also has signaled plans to roll its general-merchandise arm, Kmart, and its liquor businesses under the Coles supermarket banner. Its stationery and small-business supplier, Officeworks, and Target department stores are being kept separate.

"The Coles business is ripe for private equity. It has business units you can easily sell off, costs from head office that can be trimmed, and it's been an underperformer," said Atul Lele, a fund manager at White Funds Management in Sydney. "It's almost a perfect scenario for any private-equity outfit to have those three things aligned."

Morgan Stanley Funds To Acquire Glenborough In $1.9 Billion Deal (WSJ)

By John Spence And Janet Morrissey

The Wall Street Journal, August 22, 2006

Glenborough Realty Trust Inc., a real-estate investment trust that concentrates on multitenant office properties, agreed to be acquired for $1.9 billion, including debt, by funds managed by Morgan Stanley.

Glenborough is the latest REIT to be taken private, in a sector that has seen record levels of acquisition activity over the past two years. More than a dozen deals have been struck involving REITs over the past 18 months, with most involving companies being taken private, and most offering double-digit percentage premiums over where the stocks had been trading before takeover rumors took hold or acquisition agreements were reached.

The San Mateo, Calif., REIT said holders of its limited-partnership units can opt to receive either $26 in cash per unit, common units in the surviving operating partnership or preferred units in the surviving operating partnership. Its common units rose $1.94, or 8%, to $25.97 as of 4 p.m. in New York Stock Exchange composite trading.

As part of the transaction, Morgan Stanley will repay or assume Glenborough's existing debt and redeem its Series A convertible preferred stock. As of June 30, Glenborough had $806 million of debt.

Glenborough says it has a portfolio of 45 properties encompassing about eight million square feet. The REIT, which went public in 1996, has been selling assets in an effort to focus on its core coastal markets and reduce debt. Its properties are concentrated in high-growth markets: Washington, California, metropolitan Boston and northern New Jersey.

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In a separate REIT transaction, Sizeler Property Investors Inc. agreed to be acquired by Revenue Properties Co. for $324 million, or $15.10 a share. Sizeler, Kenner, La., is a retail and apartment REIT that operates in the Southeastern U.S., while Revenue Properties is a Canadian real-estate developer. Revenue Properties will also assume $85 million in debt. Sizeler shares were up six cents at $14.75 in 4 p.m. NYSE composite trading.

ENVIRONMENT/INDIAN AFFAIRS:

Three US Govt Agencies Probing BP's Alaskan Operations (AFP)

AFP, August 22, 2006

WASHINGTON (AFP) - Three US government agencies are probing BP (LSE: BP.L - news) after the British energy (LSE: BGY.L - news) giant partially shut down a giant Alaskan oil field due to a leaking pipeline, an official said. "The Department of Transportation, the Department of Justice and EPA ... have confirmed that we are involved in an investigation of the company up there in Alaska," a spokesman for the US Environmental Protection Agency (EPA) said.

State agencies are also probing BP's operations and senior Washington lawmakers have called for congressional hearings into its management of Alaska's Prudhoe Bay oil field, which accounts for 8.0 percent of total US oil output. "What we have confirmed is that we are part of this investigation, but we can neither confirm nor deny any specifics about any investigation that is underway," the EPA spokesman said. BP initially said it would have to shut down the entire Prudhoe Bay field, which normally produces 400,000 barrels of oil a day, after it discovered the small leak from the corroded pipeline on August 9. However, it subsequently initiated just a partial closure of the field following an assessment of its infrastructure. Media reports have claimed that complaints about ageing infrastructure by BP workers to management fell on deaf ears, long before the August leak and an earlier, much bigger oil spill in March. BP has responded by saying it always encourages employees to air their concerns. The Financial Times reported Monday that part of the government probe focuses on allegations that BP had "manipulated inspection data to avoid replacing pipelines at Prudhoe Bay," some of which date to the 1970s. It said subpoenas had been issued to BP as part of the probe. BP had said it was surprised by the August leak and had no indication it was going to occur, although it has since conceded that it needs to improve its corrosion maintenance programs in Alaska. The Justice Department is already probing BP over a huge explosion at its Texas City refinery last year which killed 15 people.

Slow Start For Revival Of Nuclear Reactors (NYT)

By Matthew L. Wald

The New York Times, August 22, 2006

BALTIMORE — Nobody in the United States has started building a nuclear power plant in more than three decades. Mayo A. Shattuck III could be the first.

As the chief executive of Constellation Energy, a utility holding company in Baltimore that already operates five nuclear reactors, Mr. Shattuck is convinced that nuclear power is on the verge of a renaissance, ready to provide reliable electricity at a competitive price. He has already taken the first steps toward achieving that, moving recently to order critical parts for a new reactor.

But Constellation's neighboring utility, the PPL Corporation, takes a different view. Even though PPL has successfully operated two reactors since 1983, its chairman, William F. Hecht, said that he had no plans for new nuclear plants.

When nuclear reactors were first commercialized almost half a century ago, every self-respecting electric utility wanted one. They were encouraged by a government that saw nuclear energy as a peaceful, redemptive byproduct of the deadly power unleashed at Hiroshima. The federal official for promoting nuclear energy, Lewis L. Strauss, said it would produce electricity "too cheap to meter."

It has never given consumers anything like that. But with the industry now consolidated so that most reactors are in the hands of a comparatively few operators, utility executives are sharply divided over whether nuclear power offers an attractive choice as they seek to satisfy a growing demand for electricity.

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For them, the question comes down not so much to safety and environmental impact but to whether the potential reward is worth the financial risk. And those who already operate several reactors are prone to want more.

The debate within the utility industry over reviving nuclear power has taken on added importance, though, because unlike plants that burn coal and other fossil fuels, reactors do not produce gases that contribute to global warming.

And once again, Washington is encouraging utilities to push ahead. The summer of 2005's energy bill offered a generous production tax credit, insurance against regulatory delays and loan guarantees. Earlier legislation gave the industry money to help plan new plants. And they continue to benefit from a ceiling on liability damages in case of an accident.

Despite nuclear power's promise as a clean energy source that could hold down emissions of global warming gases, most environmentalists are skeptical of the latest claims by its advocates. They say that utilities, at best, will move ahead with a handful of plants that will receive lavish incentives from the government. But the risks of nuclear power are still so high, they argue, that no utility will be willing to put its own money into building a plant unless the federal government heavily subsidizes it.

"What dismays me about the present situation is the extent to which the Congress and the administration, and now an occasional state legislature, have rushed to anoint it as the solution to climate change," said Peter A. Bradford, a former member of the Nuclear Regulatory Commission and former chairman of the public service commissions of both Maine and New York. If nuclear plants cannot compete without subsidies, he said, they should not be built.

Today, nuclear power supplies just under 20 percent of the electricity used in the United States. Its share has been slipping lately as new plants running on other fuels have come online.

With the price of natural gas increasing, coal has emerged once again as the most popular way to generate electricity, a trend that — if it continues — is expected to lead to a significant rise in emissions of carbon dioxide. The utility sector emits about a third of the carbon dioxide produced in this country, nearly all of that from coal.

Adding dozens more nuclear reactors to that mix could reverse the rise in carbon dioxide from the electricity-generating system, but its advance would also run up against certain limits.

Nuclear plants cannot replace all of the fossil fuel used in power generation because current nuclear designs do not easily alter the power output. Plants running on natural gas and coal, by contrast, can adjust their output over the course of a day to match demand.

For a long time, the underlying confidence of utilities in nuclear technology was moot because the economics would not support a new reactor; all those ordered after 1973 were canceled.

But now, because of high prices for natural gas and uncertainty about how emissions from coal plants will be regulated in the future, the nuclear industry is moving from near death to the prospect that perhaps a handful of plants will be ordered in the next few years. The Nuclear Regulatory Commission counts 27 potential reactors under consideration; 103 are now operable.

For all the momentum behind the push, however, there is still a high degree of skepticism within the utility industry.

PPL, for example, has successfully operated two reactors in Berwick, Pa., for 23 years. But with some utilities around the country making preliminary moves or joining consortiums to explore new designs, PPL is absent.

There are better places to put the money of shareholders, Mr. Hecht of PPL said. At the moment he sees a much greater advantage in cleaning up his coal-fired plants, investing $1.5 billion to scrub out most of the sulfur dioxide. That would not only benefit the environment but also generate pollution credits PPL can profitably sell.

That decision was "dull and basic," Mr. Hecht said, but adheres to a paramount goal: maximizing shareholder returns. He won't rule out nuclear plants forever, Mr. Hecht said in an interview, but the business case would have to be a lot clearer than it is now.

"Technology often has zealots, it seems, behind it," he said of companies moving forward on nuclear power.

By contrast, Constellation Energy not only wants to build reactors for itself, it also has formed a partnership with a reactor manufacturer to build and operate them for other utilities.

"This organization has a history of feeling that they have done well in nuclear," Mr. Shattuck said. Constellation executives think that they "can continue to do well in nuclear and shouldn't shy away from their responsibility."

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Constellation plans to apply for a reactor-operating license by the end of 2007, probably at either the Calvert Cliffs site in Maryland where it runs two nuclear reactors built in the 1960's and 1970's, or at Nine Mile Point, in Scriba, N.Y., on Lake Ontario, where it operates two reactors it bought in 2001.

Its decision has implications beyond the corporate bottom line for the global environment. There are also arguments over nuclear waste and the risk of accidents. Around New York City, especially, there is concern over reactors as terrorist targets.

But the risk that really matters to utility executives is financial. Among the companies that would actually build these plants, executives focus more on uncertain factors like the future price of power, the cost of producing competing fuels, and the cost of cleaning up coal plants to meet standards for the pollutants that Washington does regulate — sulfur dioxide, nitrogen oxides and soot.

At this point companies do not face any constraints on carbon emissions.

Companies that want to build — among them Entergy, Dominion and Duke Energy — talk about new designs intended to further reduce the risk of an accident and their ability to manage nuclear waste until the government eventually opens a national waste repository.

Opponents often cite the risk of accidents and the problem of nuclear waste, but the companies that do not want to build say that those are not factors in their decisions.

When PPL builds a power plant, it usually sells the power first, and uses the signed contracts to reassure the investors and the bankers from whom it is seeking financing. "I'm not going to build any large generation unhedged," Mr. Hecht said.

But this is not easy with a nuclear plant. For one thing, Mr. Hecht said, no one could be sure when it would be finished. And despite the industry's efforts to shorten the time from order to completion, it could still be 10 years, he said.

"If you build 1,000 megawatts,'' he asked, "how are you going to find someone to buy it 10 years out, for 10 years after it is finished?"

A nuclear plant ordered in 2007 could well turn out to be a more economical power source in 2020 than a coal plant ordered at the same time, he said, but the range of uncertainty is much larger. He is content to let others take the lead.

Constellation Energy insists it is driving risk out of the proposition. Constellation, which doubled its nuclear bet in the 1990's by buying more reactors as the utility industry reorganized, contends that it has demonstrated one marketable skill — running reactors profitably — and that it could quickly follow a new plant with a copycat, building both on time and on budget.

Constellation has an expertise gained in the early, difficult years of nuclear power, Mr. Shattuck said, citing Michael J. Wallace, president of his company's generation division.

"Mike is the only executive in the utility sector today who was an executive responsible for building new nuclear plants last time around," he said. Mr. Wallace oversaw the construction and start-up of two nuclear plants built in Illinois: Byron, which fully entered commercial service in 1987, and Braidwood, the following year.

Constellation proposes a fleet of plants, identical down to the "carpeting and wallpaper," Mr. Shattuck said, reducing the design costs on subsequent reactors to near zero. Operating processes would be identical, and operators could be shuffled among the plants, something that is often impossible today even with adjacent reactors. The company wants partners that would offer either equity or operating skills.

Constellation has a partnership, called UniStar Nuclear, with Areva, the French-German company, which is owned by Framatome and Siemens, to build a model. One model is under construction in Finland.

"A lot of it is establishing a model that mitigates risk as you move forward," Mr. Shattuck said. "A lot of players out there haven't quite figured out how they're going to go to their boards and ask for $4 billion, for which I'll get cash flows in 13 years."

Last December, Constellation and FPL, parent of Florida Power and Light, announced that they would merge, creating the country's largest competitive marketer of power. That would put the company in an even better position to build new reactors, Mr. Shattuck said.

Some experts, however, remain skeptical that new reactors should be built, although they acknowledge this is increasingly likely. In the last 20 years or so, said Mr. Bradford, the former regulator, utility restructuring has often shifted the risks of new construction from ratepayers to investors.

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"What the Congress has done now, for the first six or so plants, is to find a third pocket," he said. "Now they've called upon the taxpayer to pony up."

But even if a few plants are built, industry insiders do not expect nuclear power to assume a significantly greater role. Roger W. Gale, an electricity expert and former Energy Department official, asks several hundred utility executives each year what they foresee in their industry.

While they are convinced that a new plant will be ordered soon, the more than 100 senior utility executives who responded also said they do not expect "a future where nuclear generation represents a larger share of generation" than today.

EPA-Influenced Vehicles Get Set To Hit Road (WSJ)

By John J. Fialka

The Wall Street Journal, August 22, 2006

ANN ARBOR, Mich. -- After badgering American manufacturers to produce cleaner, more-fuel-efficient vehicles, the Environmental Protection Agency is about to see its first product hit the streets.

The engineers at the EPA's National Vehicle and Fuel Emissions Laboratory here have built and tested many prototypes over the years, including a diesel-hydraulic passenger car that gets more than 80 miles per gallon. But the first EPA-influenced product to travel beyond the laboratory will be a garbage truck.

The garbage truck -- slated for rollout next year -- is a hybrid vehicle. Most hybrids use two power sources. In this case, the garbage truck will tap a diesel-burning engine and a hydraulic pump.

Soaring gasoline prices are pushing American auto buyers into showrooms for more-efficient vehicles, but the impetus is stronger among buyers of big trucks, says Bradley F. Bohlmann, a marketing manager for Eaton Corp. The Cleveland company will begin producing and selling the hydraulic-hybrid-transmission system pioneered by the EPA lab next year. The systems will be installed in truck bodies assembled by Peterbilt, a division of Paccar, Inc., of Bellevue, Wash.

Peterbilt in turn will market the garbage trucks and has targeted both the private sector and municipalities as sales prospects. Among U.S. cities, Chicago, Houston and Los Angeles have indicated the greatest interest thus far, according to Peterbilt.

The garbage truck, which stores and reuses energy normally lost in the braking process, will increase fuel-efficiency as much as 30%, Mr. Bohlmann predicts. Following the garbage truck may be a parade of yet more-efficient vehicles, starting with delivery trucks used by United Parcel Service Inc., which is testing two hydraulic-hybrid vehicles.

In the UPS trucks, the vehicle's entire mechanical-transmission system and drive shaft are replaced with a hydraulic system that delivers power from its diesel engine to pump motors that turn the rear wheels. Robert Hall, environmental manager for UPS, says the hydraulic hybrids may be less expensive and easier to maintain than hybrid gasoline-electric vehicles, which rely on batteries to store energy. UPS spends $2.1 billion a year on fuel, Mr. Hall says.

Other big truck buyers, including the Army and the Postal Service, are interested. And the Chinese government has been in touch with the EPA about using the technology to power a fleet of hydraulic-hybrid buses for the 2008 Olympics.

Such commercial interest is unusual for the EPA lab, which has seen many of its ideas shelved or abandoned. The lab's primary function is testing vehicles to ensure they meet EPA emission standards, but since 1970 it has kept a small unit of engineers and technicians working on ideas for cleaner, more-fuel-efficient cars. The Advanced Technology Division, which worked on hybrid gasoline-electric vehicles in the 1970s, decided in the late 1980s that hydraulic hybrids would be even more efficient.

"We felt strongly we shouldn't abandon the idea," says Christopher Grundler, director of the lab, who credits Charles Gray Jr., an automotive engineer who runs the advanced section, for persevering. "We never wanted to be a hobby shop, working on things that nobody wanted," Mr. Gray says.

Mr. Gray's theory was that hydraulic-drive systems, commonly used in heavy-construction equipment, could be adapted for other vehicles, especially those that make frequent stops. Using so-called regenerative braking systems, electric hybrids capture about 25% of the power lost in braking and store it in batteries. A hydraulic system, using pistons to capture the wasted energy by

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compressing nitrogen gas stored in a tank, can capture as much as 75% of the wasted energy. When the nitrogen is allowed to expand, it pushes hydraulic fluid that helps the engine turn the rear wheels.

In the late 1980s, then-Vice President George H.W. Bush was interested in the idea, which in 1993 became part of the Clinton administration's quest for the "Supercar." That was a voluntary research effort among U.S. auto makers and government labs to build a passenger car that could get 80 miles a gallon and be ready for production by 2004. Toyota Motor Corp. asked to join the program but was rejected and went on to develop its Prius hybrid electric car.

"The drive system [Toyota] produced looked like the one we developed in the 1970s," says Mr. Gray, who recalls the results of the EPA program were published before it was dropped for other priorities. David Hermance, executive engineer for Toyota's U.S. Technical Center, said the Prius was developed from Toyota's own research but added that it "would certainly be accurate" to say that the goals of the government's Supercar program spurred the Prius's development. Toyota has sold more than 372,000 of its hybrid electric cars in the U.S. since 1999.

But superefficient cars drew scant attention from U.S. auto makers and consumers in the late 1990s. To spur them, Mr. Gray's lab used spare parts to build a hydraulic hybrid with a Volkswagen diesel engine. The vehicle, which was about the size of a Ford Taurus and looked like a dune buggy, got 80 mpg. It sank in 2001 when the Supercar program was abandoned. The current Bush administration shifted government research to the "Freedom Car," which would use hydrogen-powered fuel cells.

Mr. Gray's team was allowed to press on in a joint venture with Ford Motor Co., which announced it would use the EPA technology to improve the fuel economy of light-duty trucks and sport-utility vehicles. Ford and EPA scientists developed a hybrid-hydraulic Ford Expedition, a big SUV that got more than 27 mpg in city driving. Then in 2004, Ford withdrew, opting instead for a licensing agreement with Toyota that allowed it to build hybrid-electric vehicles. "We definitely think hydraulic hybrid has merit," says Nick Twork, a technology spokesman for Ford, "but we decided that it wasn't going to be on the top of our list."

"You can't imagine the grieving we did when Ford left," Mr. Gray recalls. "We were that close," he said, to making production vehicles.

The EPA lab still hopes to prod consumers toward the 80-mpg passenger car, using the new heavy-truck prototypes. As Mr. Gray explains it: "There is a good chance of that happening if people look at the UPS truck sitting next to them at a stoplight and realize that it's getting better mileage than some of the vehicles they're driving."

Fishermen Love Alaska's Bird Creek, But So Do Grizzlies (WSJ)

By Jim Carlton

The Wall Street Journal, August 22, 2006

BIRD CREEK, Alaska -- Just 25 minutes by car from downtown Anchorage, Bird Creek is one of Alaska's most popular salmon-fishing destinations. Nestled at the base of the Chugach Mountains and lined by spruce and fir trees, the creek is so well-liked that fishermen coined the phrase "combat fishing" to describe the dozens of anglers who stand cheek by jowl in the glacial runoff letting loose their hooks and lines.

For years, people who fished here were unmolested by local wildlife, which is not the case in many other parts of Alaska. Bears stayed away, possibly spooked by the number of people who visited the area. Animals also seemed to be put off by all the cars on the adjacent Seward Highway, which connects Anchorage to Seward.

That changed this summer, making Bird Creek a flashpoint in a bear resurgence across the U.S. In the past few weeks, grizzlies and black bears have started sneaking behind anglers, making off with Hefty bags and fishing lines filled with salmon. In one recent incident, two bears sauntered down, grabbed a tourist's backpack and calmly returned to the woods. On another occasion, a grizzly wandered around nonchalantly, scaring an angler into dropping his catch just a few feet from the parking lot.

Now non-fishing tourists hoping to see real grizzlies in the wild are also flocking to Bird Creek. That is causing traffic jams and is filling the area's 160-car parking lot, in scenes reminiscent of the 1960s when people fed the bears in Yellowstone National Park. Greg Wilkinson, spokesman for the Alaska State Troopers, says he's worried that things will get out of hand. "This has all the makings of trouble," he notes.

Drew Rigdon, 32, had just caught his first fish in Alaska on the evening of Aug. 1 when two grizzlies lumbered out of the woods toward him. He walked in the other direction, but the bears cut him off. "A ranger across the creek yelled, 'You need to

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drop the fish,' and I did and ran to safety," recalls Mr. Rigdon, a computer technician who recently moved to Anchorage from Oklahoma.

Alaska is full of bear stories, but Bird Creek is unusual for the sudden arrival of the bears and their sheer brazenness. The chaos has sparked tales of close encounters and has pitted fishermen against one another. The commotion comes as a bear uprising takes place in the lower 48 states, with some of the animals invading houses, garages and even swimming pools. At Lake Tahoe, a black bear recently sashayed into the MontBleu Resort Casino & Spa in Nevada, causing a stir before leaving without hurting anybody.

Wildlife biologists attribute such bold behavior to a rise in bear populations nationally, as well to encroaching development pushing ever deeper into the woods. Although only about 1,000 grizzlies remain in the lower 48 states, Alaska is home to a thriving population that biologists estimate at as many as 30,000. Like other critters, bears grow accustomed to being around people, and start finding it easier to scarf up leftovers in a Dumpster than to forage in the wild.

Some speculate the bears have returned to Bird Creek for the prospect of an easy meal, with already-caught fish lying around by the dozen. "It's much easier to patrol the bank and have people throw fish at you," says Rick Sinnott, a wildlife biologist for the Alaska Department of Fish and Game. "They're very smart when it comes to food."

Biologists say sometimes the problem is caused by young bears scrounging for food in people-infested areas as they search for a territory and try to figure out how to feed themselves. But older bears can also get used to human food.

No one seems to have been injured in these incidents. Alaska state troopers say that until the calls started tapering off a few days ago, they had been responding to complaints almost every day for more than a month from fishermen and bystanders spooked by the furry encounters.

On the evening of July 26, Alaskan State Trooper Ronald Hayes says he was called to investigate a showdown between two fishermen. According to witnesses, Mr. Hayes says, a fisherman on one side of the creek fired three shots into the air from his .50-caliber handgun to scare a lurking grizzly. Another fisherman on the opposite side of the creek complained that the fellow shouldn't fire a gun with so many people around. In response, the gunman said, "I've got one of those [bullets] with your name on it," Mr. Hayes said, citing an audio recording of the incident made by a witness.

The trooper confiscated the pistol briefly, but didn't press charges. He says he doesn't blame the fisherman for popping off a few warning shots, adding that it's a bit worrisome that the bear didn't flinch at the sound. "One swipe from one of those bears, and you're done," Mr. Hayes says.

Visitors these days certainly get fair warning that they are entering bear country. A sign posted at the creek's entrance warns: "If the bear shows interest in you and/or approaches, it wants your stuff. If the bear is slobbering, huffing, jaw-popping, hop-charging, you are in serious danger."

On a recent afternoon, tension filled the cool mountain air as about four dozen anglers crowded a 200-yard stretch of the rushing stream. A grizzly estimated at 300 pounds had gone on a rampage a few hours earlier, snatching fish and a backpack from 34-year-old Kristi Williams. Mrs. Williams says she had been minding her own business sitting on the creek bank with her Labrador, Saxon.

"Saxon started growling, and I looked up and the bear walks down about 10 feet away," says Mrs. Williams, a nurse from Anchorage whose husband, Alan, was fishing at the time. "He wasn't scared of people at all." She adds she backed away with her dog and left her backpack and a line of two salmon to the bear. The bear gobbled up the fish. Then he tore open the backpack and sank his teeth into a container of yogurt, as well as a can of deodorant. "At least now he smells nice," she says.

Mrs. Williams was telling her story when her eyes widened and she whispered, "There he is." A darkish brown grizzly emerged from the woods, about 30 yards away. Mrs. Williams's husband stood his ground on a gravel island but glanced nervously at the bear. The grizzly eventually moved along upstream, where he put on a display of his own fishing prowess.

A few days later, authorities got a report of bears invading tents at a nearby campground, prompting closure of tent camping in the vicinity. While officials aren't sure how many bears there are, the common view is that there are about six of them.

Whatever reason they're here, officials say they may have to end up destroying some bears for the public's safety. Biologists say bears that become habituated to humans usually won't go back to finding food on their own. That would be a shame, wildlife

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biologist Mr. Sinnott says, because it's usually people's fault that bears get their food. In the case of Bird Creek, he says fishermen accosted by bears should release their catch back into the creek rather than surrender fish to the bears.

"The solution," contends Mr. Sinnott, "is to fix the fishermen."

A Victory For Cleaner Air (NYT)

The New York Times, August 22, 2006

Americans who live in areas with substandard air won another important round last week in the tortured legal battle to force power companies, other industrial polluters and the Bush administration itself to obey the Clean Air Act. In a unanimous decision, a federal appeals court in Chicago upheld a controversial provision of the act that requires older plants to install modern pollution controls whenever they undergo physical or operational changes that increase harmful emissions.

The provision, known as New Source Review, has been critical to the efforts of New York and other Northeastern states to reduce air pollution from Midwestern power plants. But industry hates it, and the administration has spent the last five years trying to get rid of it. This effort seemed very close to success until the courts intervened, delivering two rebuffs in less than half a year.

The first rebuff came in March when a three-judge panel of the Court of Appeals for the District of Columbia Circuit struck down an effort by the administration to redefine major modifications in power plants as “routine maintenance,” thereby placing them outside the scope of the law and sparing the power companies the need to invest in pollution controls.

Thursday’s decision, from a three-judge panel of the Court of Appeals for the Seventh Circuit in Chicago, turned on the question of how to measure emissions. The plaintiff in the case, Cinergy, a major Midwestern power producer recently acquired by Duke Energy, argued that the appropriate standard was the hourly rate of emissions. Judge Richard Posner, who wrote the decision, said that what counted was the plant’s annual emissions, since a plant that had been upgraded could presumably be driven harder, producing more emissions over time.

Both decisions are likely to be appealed, and the Supreme Court has already agreed to hear a case in which the Fourth Circuit, faced with the same arguments that confronted Judge Posner, produced the opposite result. But the fact that a distinguished conservative jurist like Judge Posner came down so clearly and sensibly on the side of the law has given clean air advocates hope that they, and the law itself, may yet prevail.

Casino Tribes Try To Keep Entire Pot (LAT)

By Dan Morain, Times Staff Writer

The Los Angeles Times, August 22, 2006

The wealthy groups use political clout to stymie efforts by poor Indians to open own facilities.

With her kerosene lantern, Francine Kupsch helped lead California Indians into the golden era of casino riches.

A film crew recorded Kupsch as she used the lamp's glow to teach her young son to read and talked about how gambling profits would bring electricity to her reservation: "We'll have a refrigerator."

The commercial was beamed across the state several years ago as tribes asked California voters to legalize Nevada-style gambling on their land. "I felt honored," Kupsch said. "Now I don't. It gives me that nauseated feeling."

Six years after voters said yes, Kupsch is little better off and feels that she was a pawn. The closest she has come to the promise that casinos would bring self-reliance was eight months' work at a gambling palace near Temecula, a 45-minute drive away.

As a member of the Los Coyotes Band of Cahuilla and Cupeno Indians, she is on the poor side of a divide. Gambling has brought some Native Americans wealth that was unimaginable 10 years ago. Others have been unable to get a piece of the action; only 9% of Native Americans in California directly benefit from tribe-owned casinos, according to a recent state report.

As the wealthy groups expand their gambling empires, they are using the power that comes with money to keep the poor tribes out. They hire blue-chip lawyers, lobbyists and public relations experts to promote their cause in Sacramento, where permission to own casinos is granted. They give millions in campaign cash to lawmakers who approve and block tribal pacts.

"The rich tribes are denying us a future," said Mike Jackson, president of the Quechan Tribe in the far southeast corner of California. "Money has pushed tribes apart."

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Wealthy tribes pay into a fund that grants $1.1 million a year to each tribe that lacks a casino or has a small one. But for the 3,000 or so Quechan members, it's not much.

On the rich side of the divide, Jacob L. Coin, communications director of the San Manuel Band of Serrano Mission Indians, said Indian gambling was never intended to be "a share-the-wealth program or a welfare program for all Indian tribes." The San Manuel casino abuts San Bernardino and is one of the busiest in the state.

"No tribe is guaranteed a successful casino," Coin said. "There are some tribes that are poorly located, and there are some tribes that are especially favorably located. The law basically understands that."

Gov. Arnold Schwarzenegger's administration is fashioning deals to grant thousands more slot machines to rich Southern California Indian bands, including the San Manuel. The governor agreed this month to allow the Agua Caliente Band of Cahuilla Indians to increase its Palm Springs-based operation to include three casinos and 5,000 slot machines, up from its existing two casinos and 2,000 slots.

Tribes are not required to publicly report their gambling profits. But a single slot machine can generate $350 in profits a day, or more. Multiplied by 5,000, that's about $640 million a year.

The Agua Caliente pact passed the state Senate on Monday and is expected to receive final approval from the Assembly this week. Poor tribes' pending compacts have languished for more than a year.

The Agua Caliente have spent $24 million on state campaigns since 1998, when Kupsch's commercial first aired, including $16,000 donated to lawmakers since Schwarzenegger announced his deal with the tribe.

"These tribes do not want competition," state Sen. Roy Ashburn (R-Bakersfield) said. "And I think they're using the influence that they have to stop it.... It's not any more complicated than that."

Tribes across the state have been caught in the maelstrom.

In California's southeast corner, the Fort Yuma Quechan Indian Nation has 3,250 members and a 45,000-acre reservation that bridges California and Arizona. At California's northwest edge, the Yurok tribe has 5,000 members and a reservation that straddles the Klamath River, a mile wide on each side. They are the state's two largest tribes.

Schwarzenegger struck deals with the Yurok and Quechan last year that would have permitted each to build casinos on their own land. Last year, rich tribes' leaders and their representatives, operating from the office of state Senate leader Don Perata (D-Oakland), lobbied against the two tribes' deals. The legislative session ended without a vote on either.

"It's frustrating to have tiny tribes that have benefited so much from gambling stop a far larger tribe such as the Yurok," said Sen. Wes Chesbro (D-Arcata), who has tried to shepherd the Yurok compact through the Legislature.

The Yurok have an annual budget of $12 million — less than what one of its opponents, Agua Caliente, spent on a failed 2004 initiative campaign to gain unlimited gambling rights. Eighty percent of Yurok homes lack electricity, and 75% of the tribe's members have no jobs or phone lines, according to a recent report by the California Research Bureau, an arm of the state library. The tribe wants a 350-slot casino.

"It never entered my mind that we would be challenged," Yurok Chairman Howard McConnell said, sitting in his office in Klamath, near the mouth of the Klamath River and Redwood National Park.

The Quechan have two casinos, one in Arizona with 475 slot machines, and a smaller one across a narrow walkway in California. The enterprises employ 170 of the tribe's people. The tribe also owns agricultural land that produces lettuce and melons.

But the Quechan still struggle: Unemployment is 67%, and 40% of adults have diabetes. Quechan leader Jackson scoffed at the notion of his tribe handing out fat campaign donations to get the third casino it wants.

"We've got to feed our people," he said.

The tribe believes it can improve things if it can open up to 1,100 slot machines on tribal land off Interstate 8 in California. It envisions a hotel, golf course and water park.

The governor approved the plan, but Jackson saw the power of the rich tribes again this year, when an Assembly committee refused to put it to a vote in June.

"We got the door slammed because of the almighty dollar," Jackson said.

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The Quechan tribe, like the Yurok, still hopes that its pact will pass the Legislature in the next two weeks, before lawmakers adjourn for the year.

Rich tribes also oppose two other deals the governor struck with poor tribes, which would allow off-reservation casinos. Those pacts involve the Los Coyotes band and the Big Lagoon Rancheria.

No tribe has less than Francine Kupsch's Los Coyotes. About 70 of the 380 members live on the 25,000-acre reservation in homes built with federal aid. Many collect welfare. They receive federal commodity cheese and charity turkeys at Thanksgiving.

Casino developers have concluded that the land, in the northern San Diego County mountains, is too remote to support a casino. The nearest settlement is Warner Springs, down a narrow road. The closest city is Temecula, 40 miles away.

Now, Los Coyotes hopes to open a casino in Barstow, off Interstate 15 between Los Angeles and Las Vegas. That proposal is controversial — the desert town is two counties and more than 100 miles from the reservation. The group would need permission from the U.S. Interior Department for an off-site casino, but Congress is considering banning off-reservation gambling.

Schwarzenegger suggested that the 21 Indians who make up the Big Lagoon Rancheria join Los Coyotes in the Barstow project. The lagoon that gave the tribe its name is 700 miles from Barstow, in Humboldt County in far Northern California, and Schwarzenegger was hoping to preserve their stretch of largely undisturbed coast.

Each band could have 2,250 slot machines in the Barstow deal. But the compacts announced last year to allow the deal have languished in the Legislature.

In May of this year, San Manuel donated $1 million to California campaigns, dividing the money between Democrats and Republicans. In June, San Manuel and other tribes with casinos denounced the compacts before a legislative committee. One who testified, Vincent Duro of the San Manuel band, has been appearing in television commercials that describe charity work paid for by San Manuel.

"That's the terrible part about this," said Kevin Siva, a Los Coyotes leader. "It is our own people who are fighting us."

Assemblyman Joe Coto (D-San Jose) led the legislative opposition to the Los Coyotes-Big Lagoon deal, which failed. The previous December, San Manuel had given $295,000 to a political action committee he chairs. Coto declined to discuss the matter.

Big Lagoon Chairman Virgil Moorehead is holding on to his artist's rendition of a casino with 250 slot machines and a hotel with 50 or 70 rooms. He agrees with environmentalists that the tribe's 20 acres of coastal land — forested with redwoods, spruce and alder and surrounded by parks — is not a good place for a casino.

But unless he can move to Barstow, Moorehead said, "this is what I'm left with."

Barstow's City Council, believing that a casino would bring jobs, has embraced the gambling proposal. A Detroit development group, BarWest LLC, is financing it in exchange for up to 30% of any profits.

Los Coyotes and Big Lagoon make no apology for working with well-heeled developers. They need someone with expertise. Besides, not many fellow Indians have lent them a hand.

Coin, San Manuel's communications director, said he has no problem with either tribe building a casino, only not in Barstow. He contends that Barstow is part of San Manuel's ancestral land, though others dispute that.

The San Manuel tribe "has a first and primary obligation to its own tribal nation, its own tribal government," Coin said. "Protecting ancestral land is one of the basic tenets of that responsibility."

Coin's concept is difficult for Kupsch, who supports herself as the Los Coyotes tribal secretary, to stomach.

In 1998, Kupsch lived with her two small children in a tiny trailer at the edge of the Los Coyotes reservation. Water came from a garden hose, light from her lantern.

When pro-gambling operatives wanted to turn her story into a 30-second television spot, she was happy to play her part.

Kupsch now lives in a manufactured house. It has electricity, but a tarp covers a front window to keep the weather out. She wonders when her tribe might benefit from all the riches.

"I got a complimentary copy of the commercial," she said. "So I have that as a memento."

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FBI/DEA/ATF/USMS:

Head Of FBI Terror Screening Center Leaves (UPI/UPI)

United Press International, August 22, 2006

WASHINGTON, Aug. 21 (UPI) -- The head of the FBI-led interagency Terrorist Screening Center, Donna Bucella, is the latest in a string of senior-level departures from the bureau.

Charlotte, N.C.-based Bank of America announced last week that Bucella would join them in mid-October. In a statement the company said she would lead the bank's business-continuity planning and recovery efforts, both domestically and overseas.

Bucella will report to Doug Smith, the bank's corporate information security and business-continuity executive.

She "brings a unique set of skills to the bank, along with a broad background in continuity planning and implementation," Smith said. "We are pleased to have someone with her level of expertise and leadership skills in this critically important role."

Bucella is the second high-ranking FBI official to join the bank this year -- in May, they announced it had hired Chris Swecker, one of the bureau's three assistant directors, to be head of corporate security.

Bucella, a former litigator with the U.S. Department of Justice and U.S. Army, previously worked as a director at the Transportation Security Administration with oversight of security operations at 80 southeast U.S. airports. She received a bachelor's degree from the University of Virginia in 1978, and obtained her law degree at the University of Miami in 1983.

Gang Leadership Jailed (TAMPTRIB)

By ANTHONY McCARTNEY

Tampa Tribune, August 22, 2006

TAMPA -- The entire Florida leadership structure of the Latin Kings gang is in the custody of the Hillsborough County Sheriffâ€™s Office, Sheriff David Gee announced this morning.

A raid on the Caribbean American Club in south Tampa Sunday afternoon netted 39 people â€“ many of them top-tier leaders of the notorious and violent Latin Kings gang.

The raid culminated a 15-month operation started by Tampa police, Gee said. The raid came while the gang was holding a â€œuniversalâ€ â€“ a meeting of the statewide leadership of the highly-regimented gang.

Authorities were reluctant to say this morning how they infiltrated the gang, but said their efforts will significantly disrupt the Latin Kingsâ€™ criminal activity in Florida.

Unidentified man arrested

in Sunday raid.

The gang is blamed for running drugs, kidnapping and numerous other violent crimes.

Gee said the May 20 beating of a former Latin King leader gave detectives the leads that allowed Sundayâ€™s raid to take place.

It was unclear why Tampa was chosen for the meeting; Gee said the gang likes to rotate its meeting places.

The Caribbean American Club was unaware that a gang meeting was taking place on its premises and has cooperated with the Sheriff's office, officials said.

An undercover detective, donning a black mask to conceal his identity, said the Latin Kings may have as many as 70 members in Hillsborough County. He said he did not know how many members the gang had statewide.

Suspected gang members from New Port Richey, St. Petersburg, Tampa and Miami were all arrested Sunday.

Some of the people arrested Sunday were third-generation members and others had ties to the highest ranks of the Latin Kings, which is generally divided into two factions based in Chicago and New York.

Authorities said they confiscated 10 guns and some marijuana and cocaine.

Currently, the 39 people arrested face conspiracy to commit racketeering or RICO charges. State Attorney Mark Ober said his office was going over the files and making decisions about how to proceed. RICO prosecutions, he said.

More information about the Latin Kings will be released later this week, he said, when his office releases documents pertaining to the May 20 beating of a former gang leader.

Reporter Anthony McCartney can be reached at (813) 259-7616 or

Latin Kings Face Conspiracy Charges (SPT)

By Abbie Vansickle

St. Petersburg Times, August 22, 2006

Thirty-nine gang members who were arrested Sunday in an undercover sting operation are accused of racketeering.

TAMPA — Most of the state leadership for the Latin Kings gang was behind bars Monday, following a weekend raid in South Tampa, according to law enforcement officials.

"This is tremendous; it's tremendous for the state of Florida," said Hillsborough Sheriff David Gee.

The investigation, known as "Down Crown," targeted statewide leadership of the Latin Kings, a gang symbolized by a crown.

After serving a search warrant Sunday at the Caribbean American Club off Interbay Boulevard, investigators arrested 39 people from several cities, including Tampa, Miami, St. Petersburg, Clearwater and New Port Richey.

Those arrested face charges of conspiracy to engage in racketeering, said Hillsborough State Attorney Mark Ober.

The 15-month investigation into the Latin Kings statewide leadership reached a tipping point in May, when the Sheriff's Office learned about the beating of a local gang leader, Alexander Valdez, 23, of Town 'N Country.

On May 20, Valdez was beaten by several other Latin Kings as punishment, after they held a "trial," deputies said.

On May 25, Orange County investigators arrested Michael Victor Lugo on a warrant, accusing him of the beating.

Lugo has held several leadership positions within the Latin Kings, including the Inca of Florida, the top job, according to the Hillsborough Sheriff's Office. After Lugo's arrest, other Latin Kings leaders planned a statewide meeting, investigators say.

That information came through undercover deputies, who were able to work their way into the organization. They spoke with reporters at a news conference Monday, each wearing a black mask over his head, shielding all but his eyes.

Investigators described the Latin Kings as a close-knit, well-organized group that will be disrupted by the raid.

The group is controlled at the state level by five main leaders, each representing a point on a crown, deputies explained.

There are an estimated 70 members of the Latin Kings in Tampa.

Assistant State Attorney Tom Palermo said to prove the conspiracy to commit racketeering charge, prosecutors must prove two or more people conspired and committed at least two criminal acts.

The charge is a first-degree felony, punishable by a maximum of 30 years in prison.

Ober urged reporters to "stay tuned" for more criminal charges.

Several law enforcement agencies participated in the investigation, including the Sheriff's Office, Tampa police, the FBI, the Bureau of Alcohol, Tobacco and Firearms, Immigration and Customs Enforcement and the Hillsborough State Attorney's Office. Officials said the owner of the Caribbean American Club did not realize the facility was being used by the Kings.

The Latin Kings started decades ago in Chicago, sheriff's officials said. Now, the gang is nationally known.

So how big of a problem are the Latin Kings locally?

Alayne Unterberger, executive director of the Florida Institute for Community Studies, works in a multicultural family center in Town 'N Country. She said the Latin Kings are well-established in the community.

She hasn't seen a lot of violence directly related to the gang. The Latin Kings have put on community social events, such as birthday parties and wedding receptions.

"It's like a family," she said.

Abbie VanSickle can be reached at 226-3373 or vansickle@sptimes.com.

Tampa Raid Takes Down 39 Alleged Leaders Of Latin Kings Gang (AP)

By Mitch Stacy, Associated Press Writer

AP, August 22, 2006

Every known leader of the Latin Kings gang in Florida was taken off the street when law enforcement raided a rented club where high-level members were meeting, authorities said Monday.

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The Sunday afternoon raid netted the arrests of 39 alleged gang leaders on charges of conspiracy to commit racketeering, taking a huge chunk out of the highly organized structure of a statewide criminal enterprise, Hillsborough County Sheriff David Gee said.

The "extremely violent" gang has been involved in major crimes ranging from drug dealing to attempted murder, Gee said. Prosecutors say more charges could result from the arrests, which occurred without violence.

Those arrested range in age from 16 to 39 and listed addresses that included Tampa, New Port Richey, Miami, Clearwater, St. Petersburg and Deltona, according to the sheriff's office. All appeared in court Monday morning where high bonds were set, State Attorney Mark Ober said.

Among them was the alleged statewide leader of the Latin Kings, Samuel David Alvarado, 26, also known as "King Sam," who lives in Lake Worth, the sheriff's office said. He was being held without bond, according to jail records, which did not say if he had a lawyer.

The Tampa meeting, attended by all the so-called "crowns" in the state, was called to discuss leadership issues after one of the gang's leaders was severely beaten by other high-ranking members in May, Gee said.

The Latin Kings rented the Caribbean American Club in south Tampa for what they described as a party. The venue is often rented out for events, and members of the club didn't know the real purpose of Sunday's meeting, Gee said.

Around 100 local officers and federal agents participated in the raid. Ten guns, five ammunition magazines and a small amount of marijuana and cocaine also were seized.

An undercover deputy said it's hard to tell where and how many people are affiliated with the Latin Kings statewide, but there are around 70 members in the Tampa area alone. He appeared at a news conference with his face covered to protect his identity.

Gee said the gang has been active in the area for at least 20 years and may have ties to chapters in New York and Chicago. The Chicago Crime Commission now estimates that there are more than 20,000 Latin Kings in the Chicago area alone.

Sunday's raid in Tampa was the culmination of a 14-month investigation that also included Tampa police, the FBI, Bureau of Alcohol, Tobacco and Firearms, Immigration and Customs Enforcement and local prosecutors.

"We have been inside this organization for well over a year, following many of their moves throughout the state," Gee said.

$50 Million Drug Cache Is Found Near Atlanta (NYT)

By Brenda Goodman

The New York Times, August 22, 2006

ATLANTA, Aug. 21 — Federal agents seized buried cocaine and crystal methamphetamine last week with an estimated street value of up to $50 million, the authorities announced Monday.

Investigators with the Drug Enforcement Administration said that the 187 pounds of a highly concentrated form of methamphetamine called ice was the third-largest cache found this year and that it was likely the largest ever found east of the Mississippi. The cache, buried in the woods behind a house in Buford, a suburb of Atlanta, included more than 90 pounds of cocaine.

“This tells us Atlanta continues to be a hub for meth distribution in the Southeast,” said Sherri F. Strange, special agent in charge of the Atlanta field division of the drug agency.

For 18 months, investigators watched as high-volume methamphetamine operations, historically concentrated in California and Texas, have crept east. In March 2005, D.E.A. agents here announced the discovery of the first high-volume methamphetamine laboratory on the East Coast, in Smyrna.

While “mom and pop” laboratories may produce an ounce of methamphetamine at a time, “superlabs” like the one in Smyrna can produce more than 10 pounds a day, said Ruth Porter-Whipple, a group supervisor in the Atlanta office of the drug agency.

Within a month of finding the Smyrna laboratory, agents seized 174 pounds of methamphetamine in Lawrenceville, another bedroom community for Atlanta.

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The Buford cache was found on Wednesday 34 miles northeast of Atlanta when investigators, acting on a tip about odd activity at a house there, saw a man wearing work gloves and carrying a flashlight walk into woods behind the house.

Investigators found six large buried garbage cans. The drugs in them were carefully wrapped and stuffed in duffel bags along with $30,000. Agents also found a money counter, digital scales and a notebook computer with details of scores of drug deals.

The authorities said they believed that at least some of the drug was on its way to New York.

Four men were arrested and charged with possession with intent to distribute methamphetamine and cocaine. They are Julio R. Barajas, 28, of Santa Ana, Calif.; Enrique Medina, 25, of Magdalena, Mexico; Eduardo C. Torres, 43, of Michoacán, Mexico; and Ignacio C. Torres, 39, of Buford.

DEA Arrests Four, Disrupts Meth Operation In Atlanta (WT)

By Jerry Seper

The Washington Times, August 22, 2006

U.S. Drug Enforcement Administration (DEA) agents yesterday arrested four men in a raid on a house in Atlanta, seizing what authorities called a record amount of crystal methamphetamine.

U.S. Attorney David E. Nahmias called the seizure "another stark reminder" that Atlanta has become a major national hub for drug trafficking, including the sale of potent methamphetamines that "pose the greatest new drug threat to our Georgia communities."

"The DEA and other law-enforcement agents working on this case are to be commended for disrupting a major trafficking organization and for finding an enormous quantity of crystal meth literally buried behind a house in a residential area, along with dozens of kilos of cocaine inside," Mr. Nahmias said.

DEA spokesman Garrison K. Courtney said those arrested were Eduardo Castro Torres, 43, of Michoacan, Mexico, who also is a resident of California; Julio Ruesga Barajas, of Santa Ana, Calif.; Ignacio Castro Torres, 39, of Buford, Ga.; and Enrique Medina, 25, of Madalena, Mexico. They were charged in a criminal complaint with possession with intent to distribute methamphetamine and cocaine.

According to the complaint, the DEA began an undercover investigation in March into a suspected large-scale Mexican drug ring in the Atlanta area, involving the importation and distribution of multikilogram quantities of methamphetamine and cocaine from Mexico.

It said agents began surveillance last week on a house in Buford in anticipation of executing a federal search warrant, observing the four suspects leaving and returning on several occasions. At one point, the complaint said, agents saw Mr. Medina walk to a wooded area near the house, where he put on work gloves and pulled out a flashlight, shining it on an area where DEA agents had positioned themselves.

The complaint said Mr. Medina ran to the house to alert the others and was joined in running from the location by Mr. Barajas and Eduardo Torres, although they were chased down and arrested by the agents. Ignacio Torres was arrested later.

While agents chased the three men, other agents -- armed with a search warrant -- raided the house, where Mr. Courtney said they found 90 pounds of cocaine and 190 pounds of crystal methamphetamine inside large duffel bags -- with a street value of about $25 million. He said the duffel bags were located inside six trash cans buried in the same wooded area where Mr. Medina had spotted the agents.

Mr. Courtney said agents also recovered a money counter and digital scales buried in a container on the side of the garage. Inside the garage, he said, they seized suspected drug proceeds wrapped in a clear plastic vacuum-sealed bag, which was marked "#44" and "30,000."

Agents also recovered a notebook inside a hidden compartment in a vehicle on the premises, he said, adding that it is thought to be a detailed account of transactions involving multikilogram quantities of cocaine and large pound quantities of methamphetamine, as well as an account of millions of dollars of drug proceeds.

Record Meth Bust In Buford (AP)

AP, August 21, 2006

BUFORD - Federal officials on Monday announced a "record-breaking seizure" of crystal methamphetamine buried in the back yard of a suburban home that they say was operated by a Mexican-based drug ring.

Drug Enforcement Administration agents found 187 1/2 pounds of suspected meth and 41 1-kilo bricks _ just over 90 pounds _ of suspected cocaine during a search last week, said Sherri Strange, special agent in charge of the Drug Enforcement Agency's Atlanta office.

She called it the third largest meth seizure in the U.S. this year, with an estimated total street value of $25 million to $50 million.

"Atlanta continues to be a hub for meth distribution in the Southeast," Strange said.

Four men have been charged with possession with intent to distribute methamphetamine and cocaine: Eduardo Castro Torres, 43, of Michoacan, Mexico, also a resident of California; Julio Ruesga Barajas, 28, of Santa Ana, Calif.; Ignacio Castro Torres, 39, of Buford, Ga.; and Enrique Medina, 25, of Madalena, Mexico. All four were at the home in Buford at the time of the seizure. Buford is 33 miles northeast of Atlanta.

A notebook found in a hidden compartment of a Nissan Quest found on the premises is believed to detail transactions involving large quantities of meth and cocaine.

Strange said the agents were watching the house Wednesday and saw two of the men uncovering something in the backyard. The cache was hidden in duffel bags inside 55-gallon trash cans that were buried so that the tops were flush with the ground.

She called the case unique because the house itself was pretty "clean" _ everything was hidden outside.

Law enforcement officials found a money counter and digital scales buried in a Rubbermaid container next to the garage. Inside the garage, they found $30,000 in cash wrapped in a clear plastic vacuum-sealed bag.

Officials said the operation in Buford was part of a Mexican drug ring that imports and distributes multi-kilogram quantities of meth and cocaine from Mexico by moving it through California and Texas to points throughout the U.S.

Assistant U.S. Attorney Bill Thomas said the seizure "underscores the increasing significance that Atlanta plays in the world of drug trafficking."

Atlanta: Meth Distribution Hub (WXIA)

WXIA-TV, August 22, 2006

The Drug Enforcement Administration says a drug seizure in Buford last week is another indication Atlanta is a major distribution hub for Mexican drug lords. DEA agents seized over $25 million worth of cocaine and methamphetamine behind a home on Suwanee Dam Road. The drugs were buried underground, according to the DEA.

DEA Special Agent in Charge Sherri Strange says she is being conservative when she estimates the drugs worth. She says depending how the drugs are cut before distribution; the street value could reach $50 million.

“It could have been shipped anywhere in the United States from Miami to New York,” Special Agent Strange said. “It tells us that Atlanta continues to be a hub for meth distribution in the southeast.”

Last Wednesday, federal agents set up surveillance at the house in Buford. Special Agent in Charge Strange says they watched suspects walk from the house to the woods behind it.

“They came out, moved some leaves and debris and they removed the top of something. We saw them reach in remove what we believed to be contraband,” she said.

In the woods behind the house investigators found at least five 55 gallon trash cans buried in the ground. The lids of those trash cans were flush with the ground. The drugs seized were inside the trash cans.

“When we process it, it may very well be the biggest one in Atlanta. It may very well be the largest one on the southeast coast,” Strange said. The 187 pounds of ice seized are at least the largest since February 2005 when the DEA seized 125 pounds of ice. The DEA says ice is the crystallized form of methamphetamine.

The U.S. Attorneys office says these busts send a message to the drug traffickers. But, Atlanta continues to be a hub for distribution of the drug throughout the United States.

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Four people who were in the home were charged with possession with intent to distribute methamphetamine. Arrested were: 43-year-old Eduardo Castro Torres of Michoacan, Mexico; 28-year-old Julio Ruesga Barajas of Santa Ana, California; 39-year-old Ignacio Castro Torres of Buford; and 25-year-old Enrique Medina of Madelena, Mexico.

187 Pounds Of Meth Seized 4 Arrested At Buford Home Containing As Much As $50 Million In Drugs (AJC)

By Lateef Mungin, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, August 21, 2006

Federal agents stormed a Gwinnett County home and seized what could be as much as $50 million in crystal methamphetamines, authorities announced Monday morning.

Seized was 187 pounds of meth, a dozen kilograms of cocaine and four men who were arrested during the raid of a Buford home last Wednesday, said Sherri Strange, special agent in charge of the Atlanta office of the Drug Enforcement Agency.

Strange called the huge seizure one of the largest crystal methamphetamine busts on the East Coast.

"We are still tallying the figures but this could turn out to be the largest," said Strange at a morning press conference, where agents displayed the contraband on large picnic tables, much of it packaged in plastic cases.

Strange said agents learned that there might be a large quantity of the drugs at the Buford home located at 6251 Suwanee Dam Road. Agents put the home under surveillance and watched as two men walked outside and began pulling drugs from a big stash they buried in the ground, Strange said.

Agents got a search warrant, arrested the men plus two others. The agents then searched in the holes in

the ground and found that suspects had buried several trash cans in the ground that were filled with drugs.

Strange said the street value of the drugs could range from $25 to $50 million depending on what quantity the drugs were sold in.

Authorities identified the suspects arrested as Eduardo Castro Torres, 43, of California; Julio Ruesga Barajas, 28, of California; Ignacio Castro Torres, of Buford, and Enrique Medina of Mexico.

The arrests came on the heels of several other huge drug busts in Gwinnett County. On Friday, authorities seized 30 kilos of cocaine from a Norcross home. Last March, federal authorities also seized 174 pounds of crystal methamphetamine from several homes in Gwinnett County.

At that time authorities called that bust the biggest crystal methamphetamine seizure on the East Coast.

At the press conference today, William Thomas, chief of a U.S. Department of Justice drug task force said these busts should send a signal to drug cartels.

"These seizures show that Atlanta is a significant player in the world of major drug traffickers," said Thomas. "But we are saying to the trafficker that Atlanta is not the place to do business. All it will get you is a lengthy federal prison sentence."

Meth Ice Is As Cold As Death (AIM)

By Julie Belschner And David Williams

Anderson Independent Mail, August 21, 2006

Ice isn't cool. It's deadly and scarily addictive.

Ice is the nickname for pure crystal methamphetamine, a step up — or down — from ordinary meth. And it's not a biker, California or Midwest drug. It's a Southeast drug.

Manufacturing ordinary meth is simple enough that it can be done in a home, a box, a bucket or a boat. Just ask local law enforcement officials, who take down meth labs on a regular basis.

But officials say meth production is becoming more organized, with large super labs producing "ice" for large-scale distribution. A super lab was taken down recently in Gwinnett County. But more often, they say, meth is coming in from organized labs in Mexico.

An example was revealed recently in the case against Victoriano Vega-Jimenez, 42, of Lawrenceville, Ga., who in April was sentenced on charges of conspiring to distribute 174 pounds of crystal methamphetamine — or ice. His organization reportedly

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did at least $10 million in business in only seven months, ending in March 2005, according to law enforcement officials. He was sentenced to 20 years in prison, according to the U.S. Attorney's office in Atlanta.

"Atlanta is a crossroads," said Kurt Erskine, assistant U.S. attorney in Atlanta. "Atlanta's accessibility allows meth to go to all parts of Georgia and South Carolina, all over the Southeast and other places."

Mr. Erskine said safe houses in Atlanta store the meth, which is then passed on to distributors and often cut down to 5-pound amounts.

Traditionally, meth has been a small local lab problem across the country, with numbers increasing dramatically in the past five years in Georgia and South Carolina. But law enforcement has been finding and shutting down more and more homemade labs. So it's become increasingly easier for dealers to bring in 100-pound shipments than it is to set up a lab and manufacture that amount, Mr. Erskine said.

According to the U.S. Drug Enforcement Administration, 65 percent of all meth consumed in the United States now comes from Mexican drug cartels, 53 percent from labs in Mexico and 12 percent from Mexican-run labs in the United States.

Those "professional" labs are slowly pushing home-based labs out of business. But it's not a good thing; the professionally made meth is stronger and more addictive, law enforcement officials say.

Restrictions on pseudoephedrine, the precursor chemical often found in simple cold medicines, are almost non-existent in Mexico. Last November, Mexican government officials pledged to set a limit on imports of pseudoephedrine and reduce the number of pharmacies selling products containing the chemical. In 2004, Mexico had imported 224 tons of pseudoephedrine, a figure estimated to be double the national demand for cold medicine — and quadruple the 66 tons imported in 2000.

The "trickle down" to places that are considered rural South — such as the western corner of South Carolina and the north half of Georgia— is more like a steady river, according to DEA.

"The legal traffic that's coming out of Mexico with illegal drugs will blow your mind," Hart County Sheriff Mike Cleveland said.

Chrissy Adams, the 10th Judicial Circuit Solicitor for Anderson and Oconee counties, said the war on meth and its cost is taking a toll on society whether it's directly or indirectly.

"It disrupts families, neighborhoods and countless lives," Ms. Adams said. "Arrests are now, sadly, routine."

Accused Drug Lord May Face Death Penalty (AP)

By Allison Hoffman, The Associated Press

AP, August 21, 2006

SAN DIEGO -- The federal government may seek the death penalty for the accused kingpin of one of Mexico's oldest and most notorious drug cartels, a prosecutor said Monday.

Francisco Javier Arellano Felix currently faces a maximum sentence of 40 years in prison under a 2003 indictment that accused him and others of moving tons of Colombian cocaine and Mexican marijuana to the United States and involvement in a string of assassinations or plots, U.S. authorities said.

Laura Duffy, an assistant U.S. attorney, said the government may seek new charges against Arellano Felix that would allow for the death penalty or life in prison if he is convicted. She did not elaborate on the possible charges at a hearing before U.S. District Judge Larry A. Burns.

Arellano Felix, 36, dressed in an orange jumpsuit and shackled at his wrists and ankles, gave one-word answers in Spanish and did not seek bail during a hearing Monday.

He pleaded not guilty last week to racketeering, racketeering conspiracy, conspiracy to import and distribute controlled substances and money laundering.

Last week, Mexican Attorney General Daniel Cabeza de Vaca also said Mexico would seek Arellano Felix's extradition to Mexico, but perhaps not until he had been tried and sentenced for crimes in the United States.

Arellano Felix, He was captured by the U.S. Coast Guard last week off the coast of La Paz, Mexico, aboard the U.S.-registered sport boat Dock Holiday.

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Seven other men aboard the yacht were arrested and taken to the United States last week, including Arturo Villarreal Heredia, whom U.S. authorities said was a high-ranking figure in the Tijuana-based Arellano Felix cartel.

John Kirby, a former federal prosecutor in San Diego who worked on the 2003 indictment, said Arellano Felix took over field operations after his older brother Benjamin was jailed in Mexico in 2002 and brother Ramon was killed that same year.

DA Weighing Cartel Case For Capital Punishment (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, August 22, 2006

The accused leader of a notorious Mexican drug cartel may face the death penalty, a prosecutor said yesterday.

Francisco Javier Arellano Félix agreed yesterday not to fight prosecutors' effort to keep him in jail until his case is over.

Prosecutor Laura Duffy said Arellano is dangerous and may flee if he were allowed to go free.

She also said her superiors are deciding whether to seek the death penalty against Arellano, who faces up to 40 years in prison under a 2003 indictment on racketeering, conspiracy to import tons of marijuana and cocaine, and conspiracy to launder money.

Arellano pleaded not guilty Thursday.

Prosecutors list 20 killings on both sides of the border among the racketeering acts, and those could be used to seek capital punishment if an amended indictment is brought.

Duffy said in court that grand jurors could soon begin hearing evidence.

Arellano appeared in court yesterday wearing an orange jumpsuit and sneakers. He was chained hand and foot.

He said one word – "Yes" – when asked by U.S. District Judge Larry Burns if he agreed to waive his right to a bail hearing.

Prosecutors agreed to the release of one of the seven men arrested with Arellano on Aug. 14 aboard a 43-foot sportfishing boat known as the Dock Holiday.

The 19-year-old man was a baby-sitter for three boys who were on the boat – one was Arellano's son – and is scheduled to be returned to Mexico.

The boys, ages 5 to 11, were returned to Mexico following last week's arrests.

The judge ordered one man, Francisco Javier Mesa Castro, 45, held as a material witness. Lawyers for the other men postponed hearings regarding bail until they could learn more about the case.

Three of those men have been identified by a Drug Enforcement Administration agent in court filings as high-ranking members of the cartel.

Duffy said agents are still sorting out how the other men are involved.

Arellano's decision not to fight detention without bail was not surprising, because people charged with racketeering and certain drug offenses are presumed ineligible for bail under federal rules.

To fight such a presumption, defense lawyer David Bartick said in an interview, he would need to know more about the case than he does now.

And, he said, even if Burns set bail for Arellano, immigration officials would move to hold him in custody because he doesn't have the right to be in the United States.

Bartick said Arellano has taken an active role in the case.

"It's been a tremendous transition for him coming from a luxury yacht in the open seas to being placed, essentially, in solitary confinement," he said.

"He was concerned initially about the status of the minors."

In court, Bartick asked Burns to appoint another lawyer to help with the case, certain to involve hundreds of thousands of pages of evidence and an investigation dating to the 1980s.

"For me to try to catch up without the assistance of co-counsel, it just has me very concerned," he said.

Court rules allow two court-appointed defense lawyers to be assigned to death penalty cases.

Bartick, who has handled numerous murder and death penalty cases, has been provisionally appointed to represent Arellano.

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He said he plans to file a financial affidavit by the end of the month in an effort to have Arellano declared indigent.

Prosecutors contend the drug trade has been exceedingly lucrative for the cartel. The indictment calls for cartel leaders to forfeit nearly $300 million in drug proceeds.

Burns must decide whether the public should keep paying Bartick to represent Arellano.

Bartick also asked for a hearing on whether Burns has a conflict that should prevent him from presiding over the case. Burns, he said, was part of the U.S. Attorney's Office in 1997, when prosecutors first asked a grand jury to indict Arellano.

Burns agreed to consider that question at a hearing Sept. 5, but said he doesn't believe there is a conflict.

“I was not in the narcotics section,” he said. “I had nothing to do with this case.”

DEA's Khat Sting Stirs Up Somali `Cultural Clash' (LAT)

By Sam Howe Verhovek, Times Staff Writer

The Los Angeles Times, August 22, 2006

The stimulant is widely used in some countries. But in America, it has resulted in 44 arrests.

SEATTLE — It is a stimulant and social elixir widely used in East Africa and the Arabian Peninsula, and it is one with more than 40 street names in this country, including khat, chat, gat, qat, African salad, Abyssinian tea and Somali tea.

But, as federal drug guidelines put it: "There is no legitimate use for khat in the United States."

With that stark reminder, federal agents arrested 14 members of Seattle's Somali community recently, part of what the Drug Enforcement Administration hailed as a "coordinated takedown" of a 44-person trafficking ring that had smuggled about 25 tons of khat — with an estimated street value of $10 million — from Africa into U.S. cities.

The cases may unwind as clear violations of U.S. drug laws, but among Somali immigrants here and elsewhere, reaction has been more complicated. Many insist that the laws are based on a misunderstanding of the role of khat — generally pronounced "cot," and either chewed or brewed like a tea — in their society.

"It is not a drug that makes people crazy or aggressive," said Ali Abdirazak, 48, a Somali American school counselor, who said the arrests were "unfortunate." Many members of the Somali community view the stimulant as more akin to a strong cup of coffee than a dangerous menace, Abdirazak said.

One court-appointed lawyer said he was considering a "cultural defense" for his client, a man arrested in Seattle.

As the lawyer, Terry Kellogg, put it: "Khat is more like caffeine than anything else. If these defendants wind up in prison, then so should Howard Schultz," the chairman of Starbucks.

Federal authorities say the couriers, middlemen and street sellers involved in the khat trade were all engaged in clearly illegal activities, with proceeds laundered and at least one transaction marked by a death threat from the dealer.

In several cases, packages of khat for "John Smith," "John Kerry" and other obviously fictitious recipients were sent via delivery services to the Somali men involved in the operation, according to an affidavit in the case. One defendant, employed at the United Nations, allegedly used diplomatic pouches to smuggle the plant into this country.

But Omar Jamal, executive director of the Somali Justice Advocacy Center in St. Paul, Minn., described the recent arrests as "a classic cultural clash" in which, he said, some defendants told him they did not know they were breaking the law.

"Their way of looking at it, where they are coming from, is that khat has been around for a very, very long time," Jamal said in a telephone interview. "So, it is shock and disbelief to hear that this is illegal." Jamal noted that khat is not banned in England, Germany, Holland and other European countries.

Ignorance of the law is, of course, a risky line of defense before any jury. Federal authorities are clearly skeptical that anyone involved in the surreptitious buying and selling of khat could have thought they were acting legally.

"These defendants were looking to make easy money at the expense of their fellow immigrants," said John McKay, the U.S. attorney in Seattle. "We will not let their greed shatter the hopes and dreams of other hard-working immigrant families who have fled the chaos of their homeland."

The Minneapolis-St. Paul area is home to a large Somali immigrant population and 14 of the men arrested in the crackdown. Other suspects were arrested in New York, Boston and Columbus, Ohio, as well as Seattle.

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In announcing the arrests, John P. Gilbride, the special agent in charge of the DEA's New York office, described khat as "highly addictive and devastating" to the people who use it.

Federal drug guidelines say khat contains a psychoactive ingredient, cathinone, that is chemically similar to amphetamine.

Many Somalis say khat creates only a mild buzz that is not dangerous and, unlike alcohol, does not impair judgment or motor skills. Used in moderation, they say, it stimulates or enhances conversation.

In some cases, they say, people use it as they do caffeine — to stay awake.

None of the defendants in the recent crackdown has spoken publicly, and some leaders in Seattle's Somali community were careful to say that although use of the stimulant was acceptable in their native country, they were not advocating that U.S. laws be flouted.

"I cannot agree that the law can be broken just because people are free to use khat back where they came from," said Mohamed Abdi, the president of Somali Community Services of Seattle, at one of the group's recent Saturday lunches. "But I do know that many people feel khat is not understood in this country at all." 'Khat is more like caffeine than anything else. If these defendants wind up in prison, then so should Howard Schultz' of Starbucks.

Terry Kellogg, defense attorney

Jones Says She Is 'Shocked' By Her Positive Drug Test (NYT)

By Lynn Zinser

The New York Times, August 22, 2006

Marion Jones issued a statement yesterday about her positive drug test, saying little more than how surprised she was.

Jones had not made any public comment since receiving word Friday that the blood-booster EPO had been found in the primary sample, or A sample, of her urine test from the United States championships June 23. She won the 100 meters that day.

If her backup sample, or B sample, also tests positive, Jones faces a two-year suspension.

"I was shocked when I was informed about the positive A sample," Jones said in her statement, which was released by her lawyer, Howard Jacobs, via e-mail. "I have requested that the testing of my B sample be expedited."

Jacobs said that he expected the B sample to be tested in early September, and that Jones would not comment again until those results became available. He said he had spoken with Jones but had not discussed any reasons for the positive test.

In her statement, Jones seemed to distance herself from comments by her coach, Steve Riddick, who has said Jones is innocent and is being singled out by the drug-testing agencies. She said that "only my lawyers have the authority to speak on my behalf in this matter."

Jacobs has defended other athletes accused of using performance-enhancing drugs, including Floyd Landis, whose positive test for testosterone could make him the first person ever stripped of the Tour de France title; the cyclist Tyler Hamilton, who is serving a two-year suspension for blood doping; and the skeleton racer Zach Lund, who was barred for a year after testing positive for an antibaldness drug that can also be used to mask steroids.

Jacobs represented the sprinter Tim Montgomery in the Bay Area Laboratory Co-Operative investigation. Montgomery, Jones's former companion and the father of her son, was barred for two years based on testimony in the Balco case.

Jones Shocked At Positive EPO Test (AP)

By The Associated Press

AP, August 22, 2006

Marion Jones broke her silence on her positive drug test Monday, saying she was startled by the result and wants the second sample examined quickly.

The five-time Olympic medalist and four-time world champion released a statement through her new attorney, Howard Jacobs, who has represented many athletes in doping cases, including Jones' former boyfriend Tim Montgomery, the father of her child.

"I was shocked when I was informed about the positive "A" sample," she said. "I have requested that the testing of my `B' sample be expedited and done as soon as possible.

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"Only my lawyers have the authority to speak on my behalf in this matter, and I will have no further comment until the results of the `B' sample are released."

In a telephone interview, Jacobs said he has not discussed with Jones how the positive test might have come about. He also noted the results were supposed to remain private until the "B" sample was tested but were improperly leaked to the media. Jacobs also represents Tour de France champion Floyd Landis, who tested positive for elevated levels of testosterone during the Tour.

Jones' positive test for the banned endurance enhancer EPO came June 23 at the U.S. Track & Field Championships in Indianapolis, where she won the 100 meters, her 14th national title but first since 2002. If the backup "B" sample is positive, the 30-year-old sprinter faces a minimum two-year ban from the sport.

Long dogged by doping suspicions, Jones vehemently has denied using performance-enhancing substances. She withdrew from a meet in Zurich, Switzerland, on Friday, shortly before the positive test came to light.

Dick Pound, chairman of the World Anti-Doping Association, said tests for EPO have improved considerably recently.

"Up until 2000, we didn't even have a test, much less a reliable one," he said in a telephone interview.

Pound said he knows the U.S. Anti-Doping Agency has closely watched Jones because of her ties to the Bay Area Laboratory Co-Operative.

"If it's all wrong it's really unfortunate," Pound said, referring to the suspicion surrounding Jones, "but people have a tendency to judge you by the company you keep, and there's clearly been ongoing discussions with USADA which have never been satisfactorily resolved. All that we hear is that the BALCO affair is not over."

Long a critic of how USA Track & Field has handled doping cases, Pound said he believes things have improved and gave credit to Peter Ueberroth, chairman of the U.S. Olympic Committee.

"He's prepared to step up and say this is not what the United States of America stands for," Pound said, adding that he supports the USOC's decision to ban coach Trevor Graham from its training facilities.

Graham is Jones' former coach and the coach of Justin Gatlin, the 100-meter co-world record holder and Olympic gold medalist who tested positive for testosterone and other steroids in April. Several athletes who trained with Graham have tested positive over the years.

The coach also has acknowledged he's the one who sent a vial of the designer steroid THG to USADA, telling investigators it was the drug of choice for cheating athletes at the time.

Tests Suggest Revival Of Well-Known Drugs (WP)

By Amy Shipley, Washington Post Staff Writer

The Washington Post, August 22, 2006

A recent spate of positive drug tests among star athletes suggests that some are returning to more traditional forms of performance-enhancing substances and away from "designer" steroids that are more difficult to detect, according to sports doping experts.

Tour de France winner Floyd Landis, three-time Olympic medalist Justin Gatlin and five-time Olympic medalist Marion Jones have produced positive tests in recent weeks for well-known performance-enhancing drugs. The testing on Jones's sample has not yet been completed and she has not been charged with a doping violation.

Drug experts speculate that some athletes fear they can no longer get away with using designer steroids in the aftermath of the Bay Area Laboratory Co-Operative (Balco) scandal. Though more traditional performance-enhancing drugs carry the risk of detection, previously athletes were able to slip through testing as long as they were careful, the experts say.

However, athletes are now running into more sophisticated and aggressive testing methods by national and international sports bodies. Since the Balco scandal erupted in 2003, the U.S. Anti-Doping Agency and the World Anti-Doping Agency are using more effective -- but also more expensive and time-consuming -- tests on athletes who are under suspicion and in situations where cheating is more likely to occur.

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"It's a combination of things," said David Black, a drug-testing expert from Nashville-based Aegis Analytical Laboratories who has testified in many doping cases. "The World Anti-Doping Agency and USADA have become more aggressive in following up information suggesting use . . . [and] accidents or mistakes will occur."

Landis tested positive for the steroid testosterone. Gatlin tested positive for testosterone or its precursors. In initial testing, Jones tested positive for erythropoietin (EPO), an endurance-boosting drug. Landis and Gatlin have said they did not knowingly take banned substances; Jones said yesterday through her attorney that she is "shocked" by the positive test.

The designer steroid THG was apparently used by athletes fearlessly and with abandon until a syringe of THG was sent to the USADA in the summer of 2003. It kicked off the scandal surrounding the Balco lab in Burlingame, Calif., and led to the steroid's detection in the urine of numerous track and field athletes.

The previous summer, Donald Catlin, head of the U.S. Olympic drug testing laboratory at UCLA, had discovered another designer steroid, norbolethone, but athletes had moved on to THG. Catlin also identified a designer form of EPO, a stimulant, and a number of other designer steroids sold in dietary supplements, most of which have since been removed from the market.

Catlin has identified nine designer steroids in the last three years. The attention given to Catlin's discoveries might be discouraging athletes and coaches from trusting new designer substances, even though chemists say the menu of possible undetectable drugs remains large.

"I could come up with [an undetectable steroid] that Catlin couldn't find if it were taped to his forehead," said a retired chemist who has worked with athletes in the past and requested anonymity. "But nobody is interested in" such substances.

The chemist and other sources said testosterone has long been a staple of drug-testing regimes because of its effectiveness and relative ease in sliding it past testers since it occurs naturally in the body and leaves the system relatively quickly. The fact that athletes can now take testosterone without injections -- testosterone patches and creams have been introduced by pharmaceutical companies in recent years -- has added to the substance's appeal.

Until recently, athletes could load up on testosterone as long as they monitored their ratio of testosterone to epitestosterone (T/E), making sure it did not surpass the suspicious-test threshold of 6 to 1 (the average human has a ratio of 1 to 1). At that threshold or higher, testing authorities would order a more extensive examination.

But things have changed. The threshold for flagging suspicious tests was lowered this year to 4 to 1. That meant more samples would be subjected to what amounts to testosterone confirmation testing: the carbon isotope ratio test, which Catlin popularized in the 1990s after developing the test with a Frenchman. That test can distinguish natural testosterone from exogenous testosterone.

And the USADA also has quietly begun using the carbon isotope ratio test routinely, rather than only on samples with an elevated T/E ratio. That means athletes who take testosterone but are savvy enough to ensure their ratios remain around normal levels still might get caught.

Gatlin's testosterone positive came only from the carbon isotope test, several sources said. The T/E ratio of Gatlin's sample was in the normal range, indicating he was the subject of targeted testing by the USADA, which either was looking at Gatlin specifically or a number of athletes at the April meet in Kansas during which he tested positive.

The World Anti-Doping Code allows drug-testing agencies to target athletes suspected of drug use.

Testing for EPO also has improved. Once a two-part test, a blood screen and urine confirmation, EPO exams are now often done using only the urine test, meaning that athletes using EPO who are smart enough to keep their blood profile within normal ranges now face detection.

Testing authorities also have broadened the population of athletes tested for EPO, having learned from the Balco scandal that the substance is abused among sprinters as well as endurance athletes. Jones was not subjected to a blood test, according to a source with knowledge of the testing.

"One thing that is clear is we have become increasingly better at detecting things," said Gary Wadler, a committee member for the WADA and spokesman for the American College of Sports Medicine. "Things athletes have gotten away with in the past are much more difficult to get away with."

Though the likelihood of mistakes among doping athletes increases when they use detectable substances, three sources who have been connected to drugs in sport said it defied reason that three top athletes would all be felled in one summer by their

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own carelessness. They speculated that Gatlin or Jones, or both, could have been sabotaged by rivals or enemies of Gatlin's coach, Trevor Graham, who used to coach Jones and evoked the ire of many in the track and field community when he sent in the syringe that turned investigators on to Balco. All of the sources requested anonymity.

Graham has blamed the positive test on a vengeful massage therapist who rubbed testosterone cream on Gatlin's legs shortly before he went into drug-testing after running a relay. The massage therapist has denied the allegation.

Two prominent track and field agents, Emanuel Hudson and Ray Flynn, have dismissed Graham's explanation, with Hudson calling it "stupid" and Flynn calling for Graham to be banned from the sport because of his connection to a number of athletes who have tested positive for performance-enhancing drugs. Meantime, USA Track and Field spokeswoman Jill Geer said the USATF proposed the Kansas meet for drug-testing months last fall; the USADA had nothing to do with the selection.

Gatlin's attorney, Cameron Myler, said she expected USADA to charge Gatlin formally this week, which means he would soon have a chance to make his case at a hearing. None of the cases has reached its conclusion.

"It's terribly important that we get into the nitty-gritty details," Wadler said. "We shouldn't assume any individual is in fact culpable until it's played out. [Athletes] have every right to make their case."

Notebook: IAAF President Says Credibility Of Track And Field Hurt By Drug Cheats (AP)

AP, August 21, 2006

BEIJING — The president of track and field's world governing body says drug cheats have damaged the sport's credibility.

Lamine Diack, speaking to the IAAF Council after the World Junior Championships, "expressed his personal disappointment with the positive test result of Justin Gatlin," the IAAF said in a statement Monday.

Gatlin, the co-world record holder in the 100 meters, tested positive for testosterone or other steroids after a relay race in Kansas in April.

Another American sprinter, five-time Olympic medalist Marion Jones, failed a doping test at the U.S. championships in June.

"Diack told his Council colleagues that the credibility of the sport continues to be seriously damaged by the activities of cheats and that the IAAF, despite its long established leadership role in anti-doping, must devise imaginative strategies and devote even more resources to this struggle," the IAAF added.

The IAAF also said it had reached an agreement with the United States Track & Field Federation to notify the world governing body of positive results in the future.

The compromise came as a result of Gatlin's test. The IAAF said it learned of the test through Gatlin's management team, rather than from the USATF, which had been aware of the result for more than a month.

The council said it will also continue to investigate athletes lying about their age, and said it received a record nine bids to host the 2011 worlds.

Doctor who gave steroids to Ben Johnson dies at 60

BASSETERRE, St. Kitts — Jamie Astaphan, the doctor who gave Canadian sprinter Ben Johnson the steroids that cost him an Olympic gold medal, has died. He was 60.

Astaphan died Friday at his home in Frigate Bay after a heart attack, St. Kitts Police Commissioner Meredith Charles said Monday.

Astaphan, a native of the Caribbean island, had moved back to St. Kitts after Johnson was stripped of his medal and banned for two years for testing positive for steroids at the 1988 Seoul Olympics. Johnson tested positive for testosterone in 1993 and was banned for life.

Astaphan, who was born George Mario Astaphan, initially denied giving the banned substances to Johnson, but then testified at a 1989 inquiry that he injected the sprinter with steroids between 50 and 60 times over five years leading to the Seoul Games.

Astaphan defended the use of steroids, which he prescribed to a number of athletes from his practice in Toronto.

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"The axiom among track and field and other athletes was: If you don't take it you won't make it," Astaphan said at the inquiry. "So if I didn't monitor them and if I didn't give it to them they were going to get it elsewhere, and most of them had got it elsewhere. They came to me for advice and for supervision and I thought it was my responsibility to do this."

Astaphan was banned for practicing for 18 months and fined $4,472 after being found guilty of professional misconduct by the College of Physicians and Surgeons in June of 1991.

Boston Marathon to start two hours earlier

BOSTON — The Boston Marathon is breaking with age-old tradition and moving up its start time by two hours.

The change was announced Monday by the Boston Athletic Association, the race organizer, in an attempt to ease traffic in the eight cities and towns along the course.

Since last year, organizers of the world's oldest annual marathon had been discussing the idea of starting at 10 a.m. instead of noon with city and town officials. The association announced the new start time after receiving approval from officials in each community, as well as from the state.

"An earlier starting time will benefit the 22,500 runners who compete in the marathon due to the cooler temperatures, while allowing all of the communities, and the city of Boston in particular, to reopen roads to traffic earlier in the day," executive director Guy Morse said.

The Boston Marathon follows a 26.2-mile route from Hopkinton into Ashland, then Framingham, Natick, Wellesley, Newton, Brookline and, finally, Boston. The inaugural race, held in 1897, began at 12:19 p.m. It traditionally got underway at noon in the 109 races that followed.

The mobility-impaired program, wheelchair and elite women's divisions will continue to start earlier. The next race, to be held on April 16, will have a two-wave start — the first starting at 10 a.m. — the association announced.

In addition to weather and traffic concerns, the association said runners overwhelmingly prefer the earlier start; the event's medical directors support the move; and international media deadlines would be more easily met, allowing for better coverage.

Sprinter wins appeal to compete at Olympics despite positive test

LONDON — Sprinter Mark Lewis-Francis won an appeal of his Olympic ban and will be able to compete again for Britain despite a failed doping test last year.

The British Olympic Association has a rule that any competitor who tests positive is automatically banned from the games.

But the 100-meter sprinter, who tested positive for marijuana at the 2005 European Indoor Championships in Madrid, Spain, successfully appealed that ruling on the basis that the drug involved was not performance enhancing.

At the time, he was given a written warning by UK Athletics with no fine or suspension.

In a statement, the BOA said it accepted the view that this was a minor offense under the terms of its rules and agreed that the athlete's eligibility for selection should be immediately and unconditionally restored.

Lewis-Francis ran the last leg when Britain won the 400-meter relay at the 2004 Athens Games and repeated when the team won the same event at the recent European Championships in Goteborg, Sweden.

SmartMoney(9/1) Ten Things Your College Student Won't Tell You (WSJ/DJ)

Wall Street Journal/Dow Jones, August 21, 2006

1. "Sure, I've cheated. Who hasn't?"

BLAME IT ON Enron or blame it on Martha Stewart -- the fact is that cheating has reached an all-time high on today's college campuses, with 70 percent of students now admitting to some form of it. Incidents involving unsourced material from the Internet in written work have quadrupled in the past six years, yet 77 percent of students don't consider it cheating or "very serious." "Some students have justified it to themselves," says Donald McCabe, founding president of the Center for Academic Integrity. "They'll say it's the faculty's fault if they're too lazy to stop it."

Mobile devices exacerbate the problem; students can text-message answers to one another or use camera phones to post exams online. Spark-Mobile, a service from study-guide publisher SparkNotes, lets students send in text-message queries and get crib notes in seconds. But that's just one of many such services: GradeSaver.com grants access to sample essays for $6 a

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month, while RentACoder.com lets computer-science students outsource homework to India for around $20. The companies say their sites weren't designed to help students cheat, but "it's impossible to police," admits RentACoder founder Ian Ippolito.

2. "Everyone knows that 'studying abroad' is one big party."

CONGRESS RECENTLY passed a resolution dubbing 2006 the "Year of Study Abroad." "We want the next generation of adults to be in touch with their national and global citizenship," says Jessica Townsend-Teague, program manager at the Commission on the Abraham Lincoln Study Abroad Fellowship.

But despite good PR, study-abroad programs are often less than rigorous, and underage drinking is rampant. "It's necessary for the image of study abroad to shift from a 'party hearty' experience to a very serious national priority," Townsend-Teague avers. It's also a matter of safety: "Students go from being unable to drink legally to countries where alcohol is free-flowing," says Gary Rhodes, director of the Center for Global Education at Loyola Marymount University. "Some students have died while abroad."

Schools are doing their part to protect students, requiring better orientation and urging them to avoid countries deemed unsafe by the State Department. But Townsend-Teague advises students to think before they act: "Take a moment to be very sober about what we can and cannot do to rescue a student overseas."

3. "I'd stay here forever if I could get you to pay for it."

BRIAN BORDEAU graduated this spring from the State University of New York at Binghamton. He says it wasn't a big deal, but admits everyone else thought it was -- he'd been in school for seven years. "Honestly, I'd rather come to school again next fall," he says. "I really like it here."

Bordeau isn't alone: Just 53 percent of students enrolled in standard undergraduate programs get their bachelor's degree within five years. Changing majors, transferring schools and good old slacking off can all result in extended enrollment. One of the obvious downsides is the added financial burden of an extra year or two in school. But there are hidden costs too. "You lose a lot of money in loan interest and forgone wages by taking that fifth or six year to finish," says Jacqueline King, director of the American Council on Education Center for Policy Analysis.

If you plan to pay your child's way through college, King suggests setting a firm timetable. When Bordeau was forced to take out loans to pay for tuition during his sixth year, he began to buckle down and hit the books. "This year I paid for it," he says. "That motivated me to finish."

4. "College life can be hazardous to my health."

PARENTS OF COLLEGE students often worry about their children's well-being -- and for good reason. The university experience can be marred by physical and mental health issues ranging from anorexia and communicable diseases to depression. But the most serious concern for parents and educators is suicide, which accounts for an estimated 1,100 student deaths each year.

Fortunately, most schools now have counseling and intervention programs, but they differ widely. Some colleges ask those who've disclosed thoughts of suicide to withdraw -- a policy that can inadvertently keep students from seeking help. The University of Illinois has developed another approach: protecting a student's "right to be in school," but requiring those who have threatened or attempted suicide to attend assessment sessions. "If a student says he wants to take his own life, those statements should always be taken seriously," says Paul Joffe, chair of the Suicide Prevention Team at the University of Illinois. The program is aggressive, but it works: UI's suicide rate has decreased by 45 percent since it began 21 years ago and is around half that of other Big Ten schools.

5. "My resume isn't the only thing I have posted on the Internet."

SOCIAL-NETWORKING sites are wildly popular among college students, providing a forum for meeting and chatting with friends, posting photos, and writing about their lives and interests. But search Facebook -- as some employers do to screen job candidates -- and you'll find photos of underage drinking, partying and scantily clad college kids. "There are students who work like crazy on their GPA, but don't think twice about what they're posting on Facebook," says Lauren Steinfeld, chief privacy officer at the University of Pennsylvania.

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College athletes have been particularly brazen. In a recent incident involving Northwestern's girls' soccer team, pictures on Webshots.com showed rookies blindfolded and in their underwear performing sexually suggestive acts. The team was temporarily suspended, and some members await further disciplinary action.

"It's hard for anyone over the age of 30 to truly understand what is going on at college these days without seeing it for themselves," says Bob Reno, founder of BadJocks.com, a sports-scandal site. And these days, it seems, "seeing it" is just a mouse click away.

6. "Just because I was a straight arrow in high school, doesn't mean I will be in college."

THE STATISTICS ARE pretty scary: Each year 2.8 million college students drive drunk, and 1,700 die from alcohol-related injuries. Nearly half a million engage in unprotected sex, and almost 100,000 students are victims of alcohol-related sexual assault or date rape. But alcohol isn't the only substance that's a problem. Use of narcotics other than heroin is back up to record levels among college students, and there's a newer trend causing concern: 29 percent say they have used prescription drugs recreationally. These include pain relievers like Vicodin, which can lead to respiratory and liver failure, and amphetamines such as Ritalin and Adderall, which can result in cardiac arrhythmia and coma -- and can lead to harder drugs. Students using these stimulants are 20 times more likely to try cocaine.

Ironically, while drug use in high school is also up, drinking there is at an all-time low. According to the latest UCLA survey, fewer than half of last year's incoming college freshmen say they drank beer as high school seniors. And while that's surely good news, it remains to be seen whether the trend holds once these students hit campus.

7. "My grades are none of your business."

EVEN THOUGH PARENTS may have taken their child on campus visits, helped her move into her dorm and are now picking up the tuition bill, they could be denied access to their child's college records. Want to see if your son failed math? Wonder if your daughter has been ill? Depending on a given school's policy, you may have to get your college kid to sign a consent form.

Some schools grant access to parents of students who are claimed as dependents; there's also an exception permitting disclosure in the case of a medical emergency, such as a suicide attempt or testing positive for tuberculosis. "Nobody should get the impression that anything is absolutely confidential," says Steinfeld, at the University of Pennsylvania. Each school's approach to these exceptions is different, and the policy is usually detailed on the university's Web site.

8. "I'll do just about anything for money."

IT'S NO SURPRISE that college students are strapped for cash, but what they'll do to earn it can be shocking. From being poked and prodded in lab tests to handing over their DNA, students will do almost anything that pays.

Participating in research studies and surveys is one way to earn cash without committing to a steady gig. Fliers advertising participation in an experiment -- worth anywhere from $7 to $80, depending on the task and time commitment -- adorn campus bulletin boards and psych-department Web sites. "I have to get my money somehow," says Yale senior Elizabeth Friedlander, who averages three experiments per month -- so far including two MRIs.

For an even bigger payout, young women have begun donating their eggs to infertile couples: An "elite" ovum harvested from a healthy female at a top university can fetch anywhere from $10,000 to $35,000. "You'll see ads in all the Ivy League newspapers," says Debora Spar, a professor at Harvard Business School and author of The Baby Business. "Some women donate for money, some out of a sense of altruism, and most for a complicated mix of both motives." But the process is relatively new and virtually unregulated. "In other medical fields, we know the long-term effects," Spar says. "Here there's less information."

9. "I'm up to my ears in credit card debt . . ."

NO ONE SAID college would be cheap -- tuition is up 95 percent from a decade ago at four-year public institutions and 74 percent at private schools. The cost of books, room and board is also on the rise. But many students who graduate with debt have only themselves to blame: Experts say the idea of living within one's means now seems alien to many students and cite growing pressure to keep up with classmates by purchasing expensive clothes, cars and gadgets. The average college senior now has six credit cards and a $3,200 total balance.

The effect is profound: 11 percent of college students frequently pay less than their monthly minimum, which can make it difficult to rent an apartment, obtain a car loan or even get a job. "Debt strangles their ability to become adults and make good

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career choices," says Tamara Draut, author of Strapped: Why America's 20- and 30-Somethings Can't Get Ahead. In fact, 17 percent of young adults significantly alter their career path because they're so far in the red so early; Draut says that often "the door is locked" to fields like teaching and nursing, since salaries are too low to support young grads carrying heavy debt.

10. ". . . so I'll be moving back home after graduation."

ON GRADUATION DAY students are ready for the real world, and parents are finally off the hook, right? Not necessarily. Currently, in 13 million households -- up 70 percent from 2000 -- parents are financially supporting children 18 and over, whether they live at home or not. It's a trend that experts don't expect to end anytime soon.

What's more, even working adult children are struggling to make ends meet -- and they're moving back home in droves. They're called "boomerang kids," and 8 million homes currently house them, according to MacroMonitor, a market-research program operated by Consumer Financial Decisions. "They're not dependent according to taxes, but they're sleeping on the couch, running up the utilities and using the ice box," says Larry Cohen, director of CFD. "The nest isn't quite empty."

Experts cite rising rents, the difficulty of finding a well-paying entry-level job and debt as the primary contributors to this national homecoming. It's not all bad -- moving home may give young adults a leg up, since they can use salaries to pay off debt and won't have to jump at the first job they're offered just to pay the bills. "If your parents live somewhere where you can find a job, do yourself a favor and live rent-free for a year or two. It makes a big difference," Draut says.

IMMIGRATION:

Contesting The Bar To Asylum (LAT)

By Henry Weinstein, Times Staff Writer

The Los Angeles Times, August 22, 2006

The Justice Department asks for review of a Congolese woman's case. Activists say the denial implies rape is OK in investigations.

The U.S. Justice Department has asked federal immigration officials to reopen a political asylum case that was denied despite strong evidence that the petitioner was repeatedly raped for six weeks by Congolese officials allegedly investigating the 2001 assassination of President Laurent Kabila.

Such intervention by the Justice Department is rare, and human rights lawyers applauded the decision. They are concerned that if the original decision to deny asylum stands, it could, by implication, make legitimate the use of rape in the course of an investigation.

The woman at the center of the case, identified as Monique M, fled the Democratic Republic of Congo, formerly known as Zaire, and is living with a friend in San Antonio.

Anibal Martinez, a Justice Department lawyer, and Jayne Fleming of Oakland, a specialist in political asylum cases who first sought to have the case reopened, filed a joint brief on Monique's behalf last week with the Executive Office of Immigration Review.

The attorneys argued that new evidence shows that the Congolese prosecutor and his subordinates "may not have been pursuing a legitimate investigative purpose" when they detained her. They say that Col. Charles Alamba, the prosecutor, was himself a criminal who was later convicted of murder.

In affirming the immigration judge's decision not to grant Monique asylum, the U.S. 5th Circuit Court of Appeals concluded she was not eligible because she did not prove she would be persecuted in her home country under one of five defined categories — because of race, religion, nationality, membership in a particular social group or political opinion. The rapes and prolonged imprisonment she suffered were part of a "legitimate investigation," the New Orleans-based appeals court held in March.

That reasoning is disputed in briefs filed in the case.

"Repeated rapes are never part of a legitimate investigation. Rape is torture," wrote law professors Karen Musalo of UC Hastings College of Law in San Francisco, and Joseph Vail of the University of Houston Law Center. In asking the 5th Circuit to rehear the case they cited a December 1994 United Nations resolution denouncing systematic rape as a weapon of war.

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Monique was falsely accused of being involved in Kabila's assassination because she was considered a political opponent, the professors said, and a person persecuted for political views has a basis for asylum.

Among those who have expressed dismay over the appeals court ruling is Eleanor Acer, an attorney with Human Rights First in New York. "The decision is very disturbing because it essentially views government investigations that involve torture and rape as some kind of legitimate criminal investigation," said Acer. "Repressive regimes often jail people who are in opposition to them and simply say they are conducting criminal investigations."

The bid to reopen the case comes just weeks after Congo held its first democratic elections in more than four decades. The country's 1998-2002 civil war claimed about 4 million lives. Although the civil war has officially ended, violence continues to plague the country and nongovernmental organizations estimate that 1,250 people a day die in Congo, primarily as a result of hunger and disease.

An Amnesty International report in October 2004 stated that tens of thousands of women and girls had been the "victims of systematic rape and sexual assault committed by combatant forces" and that the war left parts of the country in a lawless state.

At the time of the assassination, Monique M was working as a secretary in the Marble Palace, the chief government building in the capital Kinshasa. She was taken into custody shortly after Kabila was killed on Jan. 16, 2001. Government interrogators told her that her friends said she had helped the assassins enter the palace. Monique told the interrogators she had not been involved in Kabila's death and had no information about who killed him.

Monique later told U.S. officials that she was held in a small cell with five other women and the guards in charge beat and raped them daily, each taking a turn while others held the woman. At the time she was taken into custody, Monique was the mother of three and was one month pregnant.

She told U.S. immigration officials that after one of the rapes she had a miscarriage.

Eventually, one of the judges conducting the assassination investigation told Monique that because he knew her family he would help her. A few days later, she was secretly taken to the border in the trunk of a car. She said the official who helped her said it would be made to appear on paper that she had been killed in prison and told her never to return to Congo or to communicate with anyone there. He said her parents would be told she had escaped from the country.

After stops in Ethiopia, Italy, New York and North Carolina, Monique arrived in San Antonio, where she is living with another person from the Congo. He advised her to apply for political asylum and helped her file the application in September 2001.

The immigration judge rejected Monique's bid, however, saying her testimony lacked credibility. He said, for example, that it was implausible that she fled without saying goodbye to her family.

Although the 5th Circuit Court of Appeals upheld the judge's ruling, it did not dispute the authenticity of Monique's story.

Many of the immigration judge's key findings "are not supported by the record and are based on pure speculation and conjecture…. There is nothing in the record to suggest that aliens fleeing from prison to a different country usually go home to say goodbye," wrote 5th Circuit Judge Jerry E. Smith. The court scoffed at the immigration judge's conclusion that the brutality Monique described "is simply not comprehensible."

Smith wrote: "That brutality is extraordinary does not render it implausible." Under the immigration judge's logic, he added, "Jews fleeing Nazi Germany and describing the concentration camp atrocities would have been denied asylum because the brutality they described would be 'incomprehensible.' "

In addition, Smith said, "the record shows that the Congolese guards apparently told [Monique] that she deserved to be raped and die because she was a criminal. This justification for brutality is far from incomprehensible."

Nonetheless, the 5th Circuit said Monique was not entitled to asylum because her persecution did not fit into any of the established categories.

U.S. Experts Say Sex Slavery Trade, Highlight By Raids In Northeast, Is Widespread (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, August 22, 2006

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(AP) - NEW YORK-Raids that uncovered more than 70 suspected Korean sex slaves focused on 20 brothels in the eastern United States, but they illustrated a long-ignored national problem found in towns large and small, experts say.

"It's a very overwhelming subject for a lot of people to recognize that there is slavery at this time in our country," said Carole Angel, staff attorney with the Immigrant Women Program of the women's rights advocacy group Legal Momentum in Washington. "It's hard for us as humans to contemplate what this means."

The concept of slavery in the 21st century is foreign to most people, agreed Jolene Smith, executive director of Free The Slaves, a Washington-based organization dedicated to ending slavery worldwide.

"Americans are conditioned to believe that slavery was a thing of the past," Smith said. "We have to reeducate ourselves about this reality."

On Tuesday, federal and local law enforcement raided brothels disguised as massage parlors, health spas and acupuncture clinics in New York, Connecticut, Pennsylvania, North Carolina, Maryland, Rhode Island and Washington, D.C., arresting 31 people on trafficking charges.

Authorities said they also freed more than 70 sex workers, taking them to undisclosed locations for questioning and to provide basic services such as health care and food. Authorities said it might take weeks to get the Korean immigrants to trust them enough to discuss their ordeal.

"Human traffickers profit by turning dreams into nightmares," said U.S. Attorney Michael Garcia in Manhattan, where the majority of the traffickers face prosecution. "These women sought a better life in America and found instead forced prostitution and misery."

Angel said the raids should not give the impression that trafficking is limited to immigrants, who are often enticed into coming to America for legitimate jobs but then forced to work in brothels, sweatshops and restaurants to pay off debts of up to $30,000 (â,¬23,000) to their traffickers.

"There are so many faces on this," she said. "It happens in rural communities, big cities. It spans all education levels, different countries, different races."

Such forced labor also thrives in agricultural and domestic work, as well as in sweatshops or unregulated industries, said Laurel Fletcher, law professor at the University of California at Berkeley International Human Rights Law Clinic.

Fletcher was one of several authors of a 2004 report believed to be the first comprehensive study of forced labor in the United States.

That study, by Free The Slaves and the Human Rights Center of the University of California at Berkeley, concluded that at least 10,000 people are forced laborers at any time across the United States.

The State Department estimates there are among up to 800,000 trafficking victims worldwide.

The Berkeley study concluded that forced labor victims came from more than 35 countries, with the most from China, followed by Mexico and Vietnam. It found reports of forced labor in at least 90 U.S. cities, most often in areas with large immigrant populations.

Fletcher cautioned that trafficking in smaller communities is likely harder to detect.

The study also concluded that prostitution and sex services accounted for 46 percent of the documented forced labor. Domestic service made up 27 percent, agriculture 10 percent, sweatshop factory work 5 percent and restaurant and hotel work 4 percent.

Julie L. Myers, assistant secretary for U.S. Immigration and Customs Enforcement, said the federal government has begun numerous investigations and seized tens of millions of dollars from traffickers.

With increased investigations, the number of arrests has risen more than 400 percent in recent years, Myers said. And the amount of assets seized from human smugglers and human trafficking organizations has gone from almost nothing in 2003 to nearly $27 million (â,¬21 million) in 2005, she noted.

Myers said criminals look at the slaves as a commodity.

"But we know that the victims of trafficking and smuggling are not cargo," Myers said. They are human beings who often have been mentally and physically broken down in every way possible."

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Immigration Bill's Cost Pegged At $127B (AP)

By Suzanne Gamboa

The AP, August 21, 2006

The Senate's immigration proposal would cost $49 billion over the next five years and $127 billion over the next decade, according to the Congressional Budget Office.

The majority of the costs would be for increased enforcement, such as hiring more Border Patrol officers and building more detention facilities.

The legislation would offer a chance at citizenship for millions of immigrants. Spending on government benefits programs, including refundable tax credits for the working poor, would rise by $16 billion for the years 2007-11, and by $48 billion over the decade, the CBO said in a report released over the weekend.

Legalization of now illegal immigrants would increase spending on Social Security and Medicare benefits by $10.5 billion over the next 10 years, the CBO said. Eligibility by many of them for refundable earned income tax credits aimed at helping low-income families would cost another $24.5 billion.

The CBO forecast only modest increases in other popular benefit programs as a result of illegal immigrants and new guest workers acquiring legal status.

"We estimate that enrollment in child nutrition, Food Stamp and Medicaid programs ... would each be about 2 percent to 3 percent higher in 2016 than under current law," it said.

In the written proposal, federal revenue would be reduced in the next five years. But the CBO said a technical change to a tax provision would increase federal revenue by about $44 billion over the next 10 years through payroll taxes, visa fees, fines and penalties assessed immigrants.

"Clearly the biggest-ticket items are the enforcement programs, building fences and increasing the number of Border Patrol agents," said Benjamin Johnson, executive director of the Immigration Policy Center. "Legalization is nearly a wash in terms of costs and revenues." Johnson's center rejects an enforcement-only solution to U.S. immigration problems.

More than 16 million people would become legal residents or adjust to some other legal status through 2016 under the Senate bill, the CBO estimated. Of that number, about 9.5 million are already in the country or will enter in the next decade under current law.

Steve Camarota, research director for the Center for Immigration Studies, which advocates for strict immigration laws, said the numbers make a case for restricting legal immigration as well as cracking down on illegal residents.

The House passed an enforcement-focused immigration bill last December. House Republicans have balked at meeting with Senate counterparts to stitch together a compromise immigration bill, and held hearings focusing on problems in the Senate bill.

The CBO estimated in a report last year that the House bill would cost about $1.9 billion over the five years beginning in 2006 and "substantial amounts" after 2010.

Cost Of Senate Immigration Bill Put At $126 Billion (WP)

By Jonathan Weisman

The Washington Post, August 22, 2006

The Senate's embattled immigration bill would raise government spending by as much as $126 billion over the next decade, as the government begins paying out federal benefits to millions of new legal workers and cracks down on the border, a new Congressional Budget Office analysis concludes.

Law enforcement measures alone would necessitate the hiring of nearly 31,000 federal workers in the next five years, while the building and maintenance of 870 miles of fencing and vehicle barriers would cost $3.3 billion. Newly legalized immigrants would claim nearly $50 billion in federal benefits such as the earned income and child tax credits, Medicaid, and Social Security.

The CBO report is the most detailed analysis to date of legislation that has divided the Republican Party, energized millions of Latinos, and become a focal point of congressional campaigns from southern Arizona to upstate New York. Under the

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legislation, passed this spring by a bipartisan Senate coalition, tough border security measures would be coupled with a path to legal work and citizenship for most of the nation's 11 million undocumented workers and a new guest-worker program for prospective migrants.

President Bush applauded its passage, but House GOP leaders have dug in their heels against it, favoring a House-passed measure that would make illegal immigrants felons, build hundreds of miles of fencing on the southern border and offer no new guest-worker programs.

The nonpartisan CBO analysis is sure to offer fuel for that fight.

"The cost aspect of the Senate plan has never been taken into consideration," said Rep. Tom Tancredo (R-Colo.), the firebrand opponent of illegal immigration who is leading the resistance to the Senate bill. "When combined with the policy implementations, this should certainly stick a fork in it."

Supporters of the legislation cautioned that the CBO's total needs to be put into context. For instance, most of the $78 billion in discretionary spending that the Senate bill authorizes through 2016 would fund law enforcement measures that conservatives are pushing for anyway.

The CBO's five-year cost estimates include $800 million to hire 1,000 additional Border Patrol agents; $2.6 billion to build detention facilities for 20,000; $3.3 billion to build and maintain 370 miles of border fencing and 500 miles of vehicle barriers along the U.S.-Mexico frontier; and $1.6 billion to establish a computerized system to verify the eligibility of applicants for lawful employment.

"Most people recognize there is going to be a price tag for fixing a broken immigration system, no question about that," said Ben Johnson, director of the Immigration Policy Center, which favors the Senate bill. "It still comes down to the moral question of 'How do we create a new, workable immigration policy?' "

In the long run, tax revenue generated by new workers would ease the baby-boom generation's burden on Social Security and offset virtually all the additional spending, said James Horney, a senior fellow at the liberal Center on Budget and Policy Priorities.

The report "will be problematic," he said. "People who don't like the bill will jump on the 10-year number. But I hope others will look at the longer term and realize in the end, the answer is still the same. It's all a wash."

The CBO study, released Friday evening, not only details the Senate bill's cost but also enumerates the plan's impact on the population. By 2016, CBO researchers estimate, more than 16 million people would either become legal permanent residents under the bill or attain some other legal status. That total includes 4.4 million legalized undocumented workers, 3.3 million guest workers and 2.6 million family members brought in through the new programs. By 2026, the addition to the U.S. population would jump to 24.4 million.

That number is far lower than the Heritage Foundation's estimate of 103 million immigrants legalized by 2026, a calculation that has been widely circulated in conservative circles. But the CBO estimate is far higher than the 8 million figure White House officials have pointed to in their rebuttal of the Heritage study.

The report said legalized immigrants would represent "only a modest increase" in enrollment for child nutrition programs, food stamps and Medicaid. Caseloads would be 2 to 3 percent higher by 2016, the CBO said.

But that may understate the political costs of those entitlement claims. Over the next decade, legalized workers and their families, in addition to guest workers and theirs, would claim $24.5 billion in tax refunds through the earned income credit and child credit, $15.4 billion in Medicare and Medicaid, $5.2 billion in Social Security benefits and $3.7 billion in food stamps and child nutrition programs, the report estimates.

Pa. City Puts Illegal Immigrants On Notice (WP)

By Michael Powell And Michelle Garcã-a

The Washington Post, August 22, 2006

HAZLETON, Pa. -- An immigrant's grandson, Louis J. Barletta, the mayor of this once-sleepy hill city, leans forward behind the desk in his corner office and with an easy smile confides his goal.

Barletta wants to make Hazleton "the toughest place on illegal immigrants in America."

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"What I'm doing here is protecting the legal taxpayer of any race," said the dapper 50-year-old mayor, sweeping his hands toward the working-class city outside. "And I will get rid of the illegal people. It's this simple: They must leave ."

Last month, in a raucous meeting, the mayor and City Council passed the Illegal Immigration Relief Act. (Barletta wore a bulletproof vest because, he says, Hazleton is menaced by a surge in crime committed by illegal immigrants.) The act imposes a $1,000-per-day fine on any landlord who rents to an illegal immigrant, and it revokes for five years the business license of any employer who hires one.

The act also declares English to be the city's official language. Employees are forbidden to translate documents into another language without official authorization.

The law doesn't take effect for another month. But the Republican mayor already sees progress. "I see illegal immigrants picking up and leaving -- some Mexican restaurants say business is off 75 percent," Barletta says. "The message is out there."

So another fire is set in the nation's immigration wars, which as often burn most fiercely not in the urban megalopolises but in small cities and towns, where for the first time in generations immigrants have made their presence felt. In these corners, the mayors, councils and cops cobble together ambitious plans -- some of which are legally dubious -- to turn back illegal immigration.

Last year two New Hampshire police chiefs began arresting illegal immigrants for trespassing, a tactic the courts tossed out. On New York's Long Island, the Suffolk County Legislature is expected to adopt a proposal next month prohibiting contractors from hiring illegal immigrants.

Hazleton has upped that ante, and four neighboring municipalities in Pennsylvania and Riverside, N.J., already have passed identical ordinances. Seven more cities, from Allentown, Pa., to Palm Beach, Fla., are debating similar legislation.

"The ideas that these things are happening spontaneously would be mistaken," said Devin Burghart, who tracks the immigration wars for the nonprofit Center for New Community in Chicago. "What is driving folks is fear of change and changing demographics."

German, Italian and Japanese television crews have interviewed Barletta. He has received 9,000 favorable e-mails and has raised thousands of dollars for the city's legal defense on a Web site called Small Town Defenders. (Two staffers from Sen. Rick Santorum's staff prepared the site; Santorum, a Republican who is in a tight reelection race, has pushed for immigration crackdowns.)

But Barletta and the council just might walk off a legal cliff. The American Civil Liberties Union and the Puerto Rican Legal Defense and Education Fund have sued to block the ordinance, saying it could ensnare many who are here legally.

Even the Federation for American Immigration Reform, which organizes cities and towns to push for tighter immigration quotas and much tougher enforcement, says Hazleton's ordinance is overly broad.

"If you are going to use the word 'illegal immigrant,' you have to be very careful when you are defining that term that it corresponds to federal immigration classification," said Michael Hethmon, a lawyer with FAIR. "You can't use terminology that mixes and matches illegal immigrants and legal immigrants."

High in coal country, Hazleton sits perched on a rocky mountain ridge, and more than once immigration has been the agent of the city's deliverance.

Hazleton (it was supposed to be "Hazelton," but a clerk misspelled the name at incorporation) was founded in the early 1800s atop a thick vein of anthracite coal -- "black diamonds" -- and immigrants arrived by the thousands to mine it. The Irish came first, then Italians and Tiroleans, Poles and Slavs. There were mine disasters, and for decades bosses and workers fought pitched wars. Always there were complaints that the most recent arrivals didn't speak English or understand American customs.

Hazleton's city fathers, though, tended to be progressive. In 1891, the city became the third in the nation to electrify. And they helped silk and garment mills open. Not all of this was wholesome -- worthies from Murder Inc., not least mafia boss Albert Anastasia, owned a few mills. Sometimes politics was settled with fists or a carefully aimed pistol.

In the 1930s the coal mines closed, and then the mills moved south. Barletta was elected mayor in 2000, and he's credited with working hard at Hazleton's revival.

But the big change came half a decade back when Latinos -- Puerto Ricans, who are citizens of the United States, and Dominicans -- began driving west on Interstate 80, fleeing the high housing prices and cacophony of inner-city New York,

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Philadelphia and Providence. They found in Hazleton a city with an industrial base and cheap housing (an old Victorian could be had for $40,000 five years ago).

Latino-owned markets, restaurants and clothing stores sprang up along Wyoming Street, and property values tripled. Hazleton's population has jumped from 23,000 to 31,000 in the past six years.

Daniel Diaz stands behind the cash register in his supermarket filled with plantains and tamales and Goya products. The gray-haired grocer was born in the Dominican Republic but spent 31 years in New York City. He moved here in 2000. He loved the mountain air and bought properties and invited friends to move here, too.

"Five years ago?" He's incredulous you might think it was better then. "It was d-e-a-d. It's gotten better and better.

"Now? Business is down. I don't get it -- they don't like this revival?"

Barletta says it's not that simple. He says his epiphany came in May, when several illegal immigrants walked up to a local man at 11 o'clock one night and shot him in the forehead. One suspect had four false identity papers. "It took us nine hours of overtime just to run down who he was," Barletta said.

This, he said, came on the heels of crack dealing on playgrounds and pit bulls lunging at cops.

"I lay in bed and thought: I've lost my city," he recalls. "I love the new legal immigrants; they want their kids to be safe just like I do. I had to declare war on the illegals."

In truth, the crime wave is hard to measure. Crime is up 10 percent, but the population has risen just as fast. Violent crime has jumped more sharply, but on a small statistical base. Barletta insists there's no whiff of racial antagonism. "This isn't racial, because 'illegal' and 'legal' don't have a race," he says.

It's not hard, however, to discern a note of racial grievance. Many whites who attended the council vote serenaded Latino opponents with chants of "Hit the road, Jack!" A prominent Hispanic leader said Hazleton had become a "Nazi city."

But it's a complicated tapestry. To walk Sixth Street, near the ridge line, is to hear white old-timers warn about the gang graffiti and drug dealing on playgrounds, and then listen as Latino homeowners echo those complaints. A Puerto Rican metal worker and a ponytailed white truck driver swap stories about Mexican laborers driving down construction wages.

Connie and David Fallotovich sit on their porch on a cool summer evening. They sort of miss their sleepy old white city, and they favor a crackdown -- why should an illegal immigrant get a break? They also see their new Dominican neighbors as a big improvement.

David, a custodian, jerks his head at the house next door. "The couple now is really nice. Tell you the truth, buddy, a white family lived there for 20 years and they were a . . . nightmare."

Buchanan Warns Off Lood Of Illegals (WT)

By Eric Pfeiffer

The Washington Times, August 22, 2006

Pat Buchanan says illegal immigration from poor and developing countries will overwhelm the United States and other Western countries in the next 50 years unless something is done.

"We've already won the battle with the public," Mr. Buchanan tells The Washington Times. "The question is, when will the government respond?"

In his new book "State of Emergency: The Third World Invasion and Conquest of America," the former presidential candidate and White House speechwriter examines immigration-related social problems and documents high levels of support among Hispanics for the so-called "Reconquista" of the U.S. Southwest.

Several authors have addressed the immigration issue in recent years, but Mr. Buchanan's book -- ranked No. 2 at Amazon.com yesterday -- proposes measures to address the "emergency" that are more far-reaching than any legislation advocated by conservatives in Congress.

His plan includes deporting illegal aliens with criminal backgrounds, a 10-year limit on legal immigration set between 150,000 and 200,000 persons per year, and a $10 billion, 2,000-mile security fence along the border of the United States and Mexico.

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With an estimated 12 million to 20 million illegal aliens in the United States, which now has about 34 million foreign-born residents, polls indicate most Americans share Mr. Buchanan's concerns. A 2003 survey found that 58 percent would prefer total annual immigration be reduced to below 300,000, a two-thirds reduction from current levels of 1 million per year.

Yet critics say a "get tough" approach is impractical.

"Even if Mr. Buchanan's proposals were put into place, we'd still have rising levels of immigration," says Daniel T. Griswold, a scholar at the libertarian Cato Institute. "Frustration with the issue is rising. Congress has utterly failed to deal with the issue. But that doesn't necessarily point to Pat Buchanan's prescription."

Since 2000, more than 400,000 illegal aliens a year have entered the United States, the Department of Homeland Security recently estimated. Most of the illegals came from Mexico, DHS reported.

In his book, Mr. Buchanan says high levels of immigration threaten the future of American culture.

"As Rome passed away, so the West is passing away, from the same causes and in much the same way," Mr. Buchanan writes. "What the Danube and Rhine were to Rome, the Rio Grande and Mediterranean are to America and Europe, the frontiers of a civilization no longer defended."

Mr. Buchanan has long been seen as a polarizing figure in American politics -- he was castigated by some in the Republican Party for his 1992 Republican National Convention address, in which he spoke of a "cultural war ... for the soul of America." Many of Mr. Buchanan's critics view his immigration rhetoric as counterproductive.

"I don't know what kind of America he envisions, but I think that immigrants are strengthening America," said Mr. Griswold, director of Cato's Center for Trade Policy Studies.

But Mr. Buchanan says the immigration debate has shifted toward his position.

"In 1992, I was down in California calling for only 70 miles of border fencing," Mr. Buchanan said. "And I was called a lot of bad things. If I'm insensitive, then so are the 70 percent of Americans who agree with me on this issue."

Politically, neither Republicans nor Democrats have been able to gain an upper hand on the immigration issue, with a recent Newsweek poll showing 39 percent of Americans trust Democrats more to handle immigration, while 37 percent chose Republicans.

Mr. Buchanan has harsh words for Republicans in Congress. He denounces as "de facto amnesty" the Senate-passed bill sponsored by Sens. John McCain, Arizona Republican, and Edward M. Kennedy, Massachusetts Democrat. However, Mr. Buchanan adds that when he started writing his book, "I didn't know the House would push for such a strong bill," speaking of the enforcement-only measure passed by the House in December.

"Congress is a wholly owned subsidiary of corporate America," Mr. Buchanan says when asked why elected officials do not support more stringent restrictions on immigration. "Until they get it right, they should be defeated at the ballot box."

In his book, however, Mr. Buchanan saves his strongest criticism for President Bush, writing: "Concerned about his legacy, George W. Bush may yet live to see his name entered into the history of his country as the president who lost the American Southwest that James K. Polk won for the United States."

CONGRESS-ADMINISTRATION:

Bush Seeks Better Heath Care Cost Info (WP/AP)

By Kevin Freking, The Associated Press

The Washington Post, August 22, 2006

WASHINGTON -- Customers shop around when they buy an airline ticket or a new car, so why not when they need a hip replacement or treatment for a sore throat?

An executive order being signed Tuesday by President Bush is designed to help people make more informed decisions about doctors and hospitals.

Four federal agencies will be required to compile information about the quality and price of care they pay for and share that information with their customers and each other.

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"We're all about being cost-conscious," said Health and Human Services Secretary Mike Leavitt. "It's just the American way. We clip coupons. We check for bargain flights on the Web. We carefully research major purchases. But when it comes to health care, we lack the tools to compare either quality or the costs."

Bush will sign the executive order in Minnesota, where he will talk with health care providers about "health transparency." Afterward, he will attend a campaign fundraiser.

The order directs the agencies to:

_Use, where available, health information computer systems that talk to each other. That way, the health records of a veteran living in Maine can be viewed by a doctor working in California if the veteran needs emergency care there during a vacation.

_Enact programs that measure the quality of care, and develop those measures with the private sector and other government agencies.

_Make available to beneficiaries the prices that agencies pay for common procedures.

_Develop and identify practices that promote high-quality health care.

The agencies affected by the executive order are the Health and Human Services Department, which oversees Medicare; the Defense Department, which oversees health care for the military; the Veterans Affairs Department and the Federal Employees Health Benefit Program. A draft of the order says agencies must comply by Jan. 1, but Leavitt said the programs must be under way by that point, rather than completed.

Leavitt said the federal government's role is critical because it pays for nearly 40 percent of health care. That's a lot of data that insurers and other health care providers can use to educate consumers, he said.

"It will fuel a substantial amount of change in the way health care is ultimately purchased, but it will take time for that to unfold," Leavitt said.

A Welfare Law Milestone Finds Many Left Behind (NYT)

By Erik Eckholm

The New York Times, August 22, 2006

PHILADELPHIA, Aug. 18 — Over the last five years, Mysheda Autry has received welfare checks and food stamps, gone through a welfare-to-work program and briefly held several jobs. She has also given birth to her second and third children.

Ms. Autry, 25, with a 10th-grade education, was finally overwhelmed by the demands of work and family, and in February she showed up at the People's Emergency Center, a social service agency, with her three children, a fourth on the way, no job and no place to live.

She has exceeded the usual five-year limit for receiving welfare, and although the state has given her a reprieve, her benefits will be cut off, she has been warned, if she does not resume full-time job-skill classes and a job search within eight and a half months after her new baby is born.

As political leaders give two cheers on Tuesday for the 10th anniversary of the welfare reform law that helped draw many single mothers from dependency into the work force, though often leaving them still in poverty, social workers and researchers are raising concerns about families that have not made the transition and often lead extraordinarily precarious lives.

These include mothers who, so beleaguered by personal problems and parenting that they have not been able to keep jobs, continue to need counseling and cash. They also include another large group of poor mothers — one million by some estimates — who are neither working nor receiving benefits.

The central idea of the nation's public assistance programs since 1996 has been that cash aid should be only a temporary support while parents are ushered into jobs, with skills training and child-care subsidies to help. The federal government set a time limit of five years for individual recipients, though exemptions were allowed for hardship cases, and states could extend aid with their own money.

Simply cutting families off at an arbitrary date has often proved impractical, because a significant group of mothers like Ms. Autry — no one has precise numbers — have not been able to hold on to jobs, even after attending required classes and while receiving other aid.

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Their lives are simply too troubled by disabilities, turmoil and, often, bad personal choices, researchers say. Poor education, lack of support from their families or their children's fathers, mental health and drug problems, and unstable living conditions are common among this group, and a rigid time limit may only harm the children.

"There aren't so many mothers who could never get on track, but getting them into work will take a lot more time and resources than many states have been able to provide," said LaDonna A. Pavetti, a welfare researcher with Mathematica Policy Research.

Without such extra attention, more will join a growing group of poor families, known to scholars as the "disconnected," that are scraping by without either cash benefits or employment.

According to new calculations by the private Center on Budget and Policy Priorities, as of 2003, the last year for which detailed data are available, about one million single mothers were neither working nor receiving cash benefits from welfare, disability or unemployment insurance and were not living with a partner who had any of these income sources either.

Other studies suggest that 10 percent to 20 percent of mothers who left the welfare rolls in the years after the 1996 overhaul did not have work or other significant means of support a year or two later.

While some have sources of unreported income — a little money from a new companion perhaps — and many are helped by food stamps, their children are often growing up in the poverty and tumult that the reforms were intended to end.

On Friday, days before her new baby was due, Ms. Autry described her life's obstacles so far.

She, five brothers and a sister grew up with a mother who split from Ms. Autry's father early on and was on welfare. After Ms. Autry became pregnant in the 10th grade and dropped out of school, she continued living in a crowded, tumultuous house filling with babies. She had to move out last February, however, when her mother moved to a smaller home that she now shares with two sons, the other daughter and that daughter's two children.

The father of Ms. Autry's 6-year-old boy is out of the picture, as is the father of the girl whose birth is imminent. The father of her 3-year-old girl and her 21-month-old boy is in prison.

After the birth of her first child, she worked at McDonald's for several months. But she could not stand it, she said, when the boy started referring to her mother as Mom.

She went into a jobs program, working 20 hours a week at a Y.M.C.A. with her wages paid by the welfare office and spending an additional 10 hours a week in a required search for permanent work. Eventually she landed a receptionist's job at a construction company where she worked for seven months.

"I just couldn't manage the child care," she said, though the state offered aid. At the time, her mother, who had been the prime caregiver, had herself been required to go into a work program.

For the last two years, Ms. Autry has received cash welfare benefits of $496 a month, plus $397 in food stamps. She has vowed to have no more children and to get her G.E.D. With no apparent drug or alcohol problem or serious cognitive drawbacks, she is in a better state than some other women lagging on welfare.

"We see families coming in who don't have one monolithic problem; instead it's a lethal combination of 10 issues in their lives that come together," said Gloria M. Guard, president of the People's Emergency Center, where Ms. Autry and her children found shelter. "They end up with lots of kids, no family support, no education, no coping skills, so they get a job and lose it and get another job and lose it. It's not like they are lying around not doing anything: their lives are constantly on the go as they run behind their kids. But they end up falling way behind."

Pennsylvania has been among the more generous states, Ms. Guard said, in allowing exemptions from time limits and working with mothers who show a willingness to try. But the services to help such women have been hurt by federal budget cuts, she said, and welfare agencies are under new federal pressure to get more women into jobs.

Ms. Autry and her children are living in a one-room "transitional apartment" at the emergency center. She may soon move into a larger efficiency apartment within the graduated system of the center, where, contrary to her current circumstances, she will have to shop and cook for herself and get the children to school or the doctor on her own — practice for a bigger move.

"Sooner or later she'll have to get a job," Ms. Guard said.

A possibility, once Ms. Autry gets some training, may be work as a home health aide.

But "the real problem," Ms. Guard said, "is how is she going to keep it."

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How We Ended Welfare, Together (NYT)

By Bill Clinton

The New York Times, August 22, 2006

TEN years ago today I signed the Personal Responsibility and Work Opportunity Reconciliation Act. By then I had long been committed to welfare reform. As a governor, I oversaw a workfare experiment in Arkansas in 1980 and represented the National Governors Association in working with Congress and the Reagan administration to draft the welfare reform bill enacted in 1988.

Yet when I ran for president in 1992, our system still was not working for the taxpayers or for those it was intended to help. In my first State of the Union address, I promised to "end welfare as we know it," to make welfare a second chance, not a way of life, exactly the change most welfare recipients wanted it to be.

Most Democrats and Republicans wanted to pass welfare legislation shifting the emphasis from dependence to empowerment. Because I had already given 45 states waivers to institute their own reform plans, we had a good idea of what would work. Still, there were philosophical gaps to bridge. The Republicans wanted to require able-bodied people to work, but were opposed to continuing the federal guarantees of food and medical care to their children and to spending enough on education, training, transportation and child care to enable people to go to work in lower-wage jobs without hurting their children.

On Aug. 22, 1996, after vetoing two earlier versions, I signed welfare reform into law. At the time, I was widely criticized by liberals who thought the work requirements too harsh and conservatives who thought the work incentives too generous. Three members of my administration ultimately resigned in protest. Thankfully, a majority of both Democrats and Republicans voted for the bill because they shouldn't be satisfied with a system that had led to intergenerational dependency.

The last 10 years have shown that we did in fact end welfare as we knew it, creating a new beginning for millions of Americans.

In the past decade, welfare rolls have dropped substantially, from 12.2 million in 1996 to 4.5 million today. At the same time, caseloads declined by 54 percent. Sixty percent of mothers who left welfare found work, far surpassing predictions of experts. Through the Welfare to Work Partnership, which my administration started to speed the transition to employment, more than 20,000 businesses hired 1.1 million former welfare recipients. Welfare reform has proved a great success, and I am grateful to the Democrats and Republicans who had the courage to work together to take bold action.

The success of welfare reform was bolstered by other anti-poverty initiatives, including the doubling of the earned-income tax credit in 1993 for lower-income workers; the 1997 Balanced Budget Act, which included $3 billion to move long-term welfare recipients and low-income, noncustodial fathers into jobs; the Access to Jobs initiative, which helped communities create innovative transportation services to enable former welfare recipients and other low-income workers to get to their new jobs; and the welfare-to-work tax credit, which provided tax incentives to encourage businesses to hire long-term welfare recipients.

I also signed into law the toughest child-support enforcement in history, doubling collections; an increase in the minimum wage in 1997; a doubling of federal financing for child care, helping parents look after 1.5 million children in 1998; and a near doubling of financing for Head Start programs.

The results: child poverty dropped to 16.2 percent in 2000, the lowest rate since 1979, and in 2000, the percentage of Americans on welfare reached its lowest level in four decades. Overall, 100 times as many people moved out of poverty and into the middle class during our eight years as in the previous 12. Of course the booming economy helped, but the empowerment policies made a big difference.

Regarding the politics of welfare reform, there is a great lesson to be learned, particularly in today's hyper-partisan environment, where the Republican leadership forces bills through Congress without even a hint of bipartisanship. Simply put, welfare reform worked because we all worked together. The 1996 Welfare Act shows us how much we can achieve when both parties bring their best ideas to the negotiating table and focus on doing what is best for the country.

The recent welfare reform amendments, largely Republican-only initiatives, cut back on states' ability to devise their own programs. They also disallowed hours spent pursuing an education from counting against required weekly work hours. I doubt they will have the positive impact of the original legislation.

We should address the inadequacies of the latest welfare reauthorization in a bipartisan manner, by giving states the flexibility to consider higher education as a category of "work," and by doing more to help people get the education they need and

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the jobs they deserve. And perhaps even more than additional welfare reform, we need to raise the minimum wage, create more good jobs through a commitment to a clean energy future and enact tax and other policies to support families in work and child-rearing.

Ten years ago, neither side got exactly what it had hoped for. While we compromised to reach an agreement, we never betrayed our principles and we passed a bill that worked and stood the test of time. This style of cooperative governing is anything but a sign of weakness. It is a measure of strength, deeply rooted in our Constitution and history, and essential to the better future that all Americans deserve, Republicans and Democrats alike.

BRIEFLY (WP)

The Washington Post, August 22, 2006

Pilot Always Wanted to Join NTSB; Now He Has

It is not one of those honorary boards to which presidents hand out appointments as perks.

The National Transportation Safety Board exists to investigate all civil aviation accidents and other transportation incidents in the United States.

Yesterday, Robert L. Sumwalt III, a former airline pilot and safety consultant, was sworn in as a member of the board.

Sumwalt, 50, who spent more than two decades flying for Piedmont Airlines and US Airways, has written extensively in trade journals about aviation safety. He said joining the NTSB was a longtime goal.

As a young pilot, he said, he often spent time in the University of South Carolina library reading NTSB accident reports, which fascinated him. "I knew at some point that I would like to be a part of the board," he said.

As a representative of the Air Line Pilots Association, Sumwalt aided the NTSB in several major crash investigations. He went through the NTSB's accident investigation course in 1992.

At US Airways, he helped create safety programs to prevent pilots from accidentally leaving their assigned altitudes and to keep them better focused on monitoring what was happening inside and outside the cockpit, the NTSB said.

Sumwalt, whom President Bush appointed and the Senate confirmed early this month for a five-year term, will serve as the board's vice chairman.

Two weeks ago, Mark V. Rosenker was sworn in as chairman of the NTSB. Rosenker, 59, had been acting as chairman since March of last year. One slot on the five-member board remains vacant.

-- Del Quentin Wilber

USS Cole Commander Called Unqualified for Promotion

Nearly six years after the deadly terrorist attack on the USS Cole, the Navy has decided that the officer who was skipper of the ship is not qualified for a promotion.

The attack killed 17 sailors and nearly sank the destroyer in the Yemeni port of Aden. A Navy investigation concluded in 2001 that Cmdr. Kirk Lippold and his crew probably could not have prevented the attack and should not be punished.

But in a written statement yesterday, the Navy said Secretary Donald C. Winter had concluded that Lippold's actions before the attack on Oct. 12, 2000, "did not meet the high standard" expected of commanding officers.

Based on that assessment, Winter determined that Lippold was "not the best and fully qualified for promotion to the higher grade" of captain, said Cmdr. David Werner, a Navy spokesman.

A Navy promotion board had selected Lippold for promotion to captain in 2002, but he was not confirmed by the Senate. His status had been in limbo since then. Winter decided to strike Lippold's name from the promotion list, meaning he will remain at his current rank, commander. If he chooses to stay in the Navy, he will become eligible early next year to be considered a gain for promotion, Navy officials said.

Lippold is serving on the staff of the top Navy officer, Adm. Michael G. Mullen, at the Pentagon.

The top Navy officer when the USS Cole was attacked, Adm. Vern Clark, said after the Navy's investigation: "There is a collective responsibility. We all in the chain of command share responsibility for what happened onboard USS Cole."

Bush Needs A Fact-Check, Not A Gut Check (LAT)

By David G. Myers

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The Los Angeles Times, August 22, 2006

SAY THIS MUCH for President Bush: He is not deaf to the inner whispers of his intuition.

"I know there's no evidence that shows the death penalty has a deterrent effect," he reportedly said as Texas governor, "but I just feel in my gut it must be true."

Six years and two wars into his presidency, the president still relies on his gut instincts. His recent fly-in to Baghdad was, he explained to U.S. troops, "to look Prime Minister [Nouri] Maliki in the eyes — to determine whether or not he is as dedicated to a free Iraq as you are." The president's snap assessment? "I believe he is." He told Larry King in an interview last month: "If you make decisions based upon what you believe in your heart of hearts, you stay resolved."

In flying by the seat of his pants, Bush has much company.

"Buried deep within each and every one of us, there is an instinctive, heart-felt awareness that provides — if we allow it to — the most reliable guide," offered Prince Charles, whose decisions also have been relentlessly second-guessed for much of his adult life.

For those disposed to follow their inner guide, today's pop psychology offers books on "intuitive healing," "intuitive learning," "intuitive managing," "intuitive trading" and much more.

So, when hiring and firing, fearing and risking, investing and gambling, should we follow Bush's example and tune down that analytical, linear, left-brained mind? Should we stop obsessing over logic and data and trust the force within?

Today's psychological science documents a vast intuitive mind. More than we realize, our thinking, memory and attitudes operate on two levels — conscious and unconscious — with the larger part operating automatically. We know more than we know we know.

Studies show that as we gain expertise, even reasoned judgments can become automatic. Rather than wend their way through a decision tree, experienced car mechanics and physicians will often, after a quick listen and look, diagnose problems. Chess masters intuitively know the right move. And Japanese chicken sexers use complex pattern recognition to separate newborn pullets and cockerels with near perfect accuracy.

Moreover, we're all experts when it comes to reading people's emotions. Psychologists Nalini Ambady and Robert Rosenthal report that after viewing mere "thin slices" of college professors' teaching — three two-second clips — observers' ratings of them correlate well with students' end-of-semester ratings. To gain a sense of someone's energy and warmth, six seconds will often do.

So, is our president smart to harness the powers of his intuition? Or should he, and we, be subjecting our hunches to scrutiny?

Intuition is important, but we often underestimate its perils. My geographical intuition tells me that Reno is east of Los Angeles and that Rome is south of New York. But I am wrong. "The first principle," said Nobel Prize-winning physicist Richard Feynman, "is that you must not fool yourself — and you are the easiest person to fool." In hundreds of experiments, people have greatly overestimated their eyewitness recollections, their interviewee assessments and their stock-picking talents. It's humbling to realize how often we misjudge and mispredict reality and then display "belief perseverance" when facing disconfirming information.

We fear things that claim lives in bunches. Smoking kills 400,000 Americans a year, and carbon dioxide looks to be the biggest weapon of mass destruction, but terrorists frighten us more. We are told, but are unmoved by, statistics showing that the most dangerous part of air travel is the drive to the airport.

Intuition — automatic, effortless, unreasoned thinking — guides our lives. But intuition also errs, and false intuitions may go before a fall.

After meeting Russian President Vladimir Putin, Bush felt that he had him sized up. "I looked the man in the eye," Bush said. "I was able to get a sense of his soul." But the president has since expressed frustration at Putin's democracy-suffocating record. Bush also told Bob Woodward that intuition was a key to his decision to launch the Iraq war: "I'm a gut player. I rely on my instincts." Bush still insists that he made the right decision, but most Americans now disagree.

The president, like all of us, should check his intuitions against the facts. He can welcome the creative whispers of the unseen mind, but only as the beginning of inquiry. Smart thinking often begins with hunches but continues as one examines

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assumptions, evaluates evidence, invites critique and tests conclusions. As Proverbs says: "He who trusts in his own heart is a fool."

Pumped-Up Presidency (WP)

By Art Buchwald

The Washington Post, August 22, 2006

Floyd Landis, who won the Tour de France, has been accused of taking drugs to win the race. The Tour de France is the most important bicycle race in the world. He was tested and found to have a high level of testosterone -- or at least a lot more testosterone than normal.

Who is the second most famous bicyclist in the world? It's President Bush.

He rides his bike at Camp David so fast the Secret Service agents can't catch up with him, but no one has ever asked President Bush to be tested.

I think presidential testing is important, because how do we know the president's decisions aren't influenced by testosterone and human growth hormone? For example, when he vetoed the stem cell research bill, he should have been tested to see if he was doped.

Bush has made many controversial decisions, and some people have said he was on steroids when he made them. They say he shouldn't have gone into Iraq without being tested. If the test had come out positive, the people would have a different idea about why we're there.

In the race for democracy, the president is the leader of the pack. He sets the pace.

The president should have said, if asked: "I have never taken any illegal substance, including testosterone. I won the race for the hearts and minds of the people and that is why I am the strongest president in history."

The big question is, when the president was making his decisions, did he violate the country's code of ethics? The pro-Bush people maintain that if a hormone helps build muscle and improves stamina, the president should take it.

I know it's silly to compare President Bush's bicycling to Landis' Tour de France behavior, but this is the silly season.

G.O.P. Corruption? Bring In The Conservatives. (NYT)

By Thomas Frank

The New York Times, August 22, 2006

In the lexicon of American business, “cynicism” means doubt about the benevolence of market forces, and it is a vice of special destructiveness. Those who live or work in Washington, however, know another variant of cynicism, a fruitful one, a munificent one, a cynicism that is, in fact, the health of the conservative state. The object of this form of cynicism is “government,” whose helpful or liberating possibilities are to be derided whenever the opportunity presents.

Remember how President Reagan claimed to find terror in the phrase, “I’m from the government and I’m here to help”? Or how the humorist P. J. O’Rourke won fame by declaring that even the proceedings of a New England town meeting were a form of thievery?

The true scoffer demands sterner stuff, though, and in the cold light of economic science he can see that government is not merely susceptible to corruption; government is corruption, a vile profaning of the market-most-holy in which some groups contrive to swipe the property of other groups via taxation and regulation. Politicians use the threat of legislation to extort bribes from industry, and even federal quality standards — pure food and so on — are tantamount to theft, since by certifying that any product in a given field won’t kill you, they nullify the reputations for quality and goodness that individual companies in the field have built up at great expense over the years.

The ideas I am describing are basic building blocks of the conservative faith. You can find their traces throughout the movement’s literature. You can hear their echoes in chambers of commerce across the land. But what happens when you elevate to high public office people who actually believe these things — who think that “the public interest” is a joke, that “reform” is a canard, and that every regulatory push is either a quest for monopoly by some company or a quest for bribes by some politician? What happens when the machinery of the state falls into the hands of people who laugh at the function for which it was designed?

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The obvious answer is an auctioning-off of public policy in a manner we have not seen since the last full-blown antigovernment regime held office, in the 1920's. Agencies and commissions are brazenly turned over to campaign contributors; high-ranking officers of Congress throw grander and gaudier fund-raisers even after being arraigned; well-connected middlemen sell access for unprecedented amounts.

What really worries me, though, is that our response to all this may be to burrow deeper into our own cynicism, ultimately reinforcing the gang that owns the patent on cynicism and thus setting us up for another helping of the same. This may not be apparent now, with the identity of the culprits still vivid and the G.O.P. apparently heading for a midterm spanking. Recall, though, that while the short-term effects of the Watergate scandal were jail sentences for several Republicans and the election of many Democrats to Congress in 1974, its long-term effect was the destruction of public faith in government itself and the wave that swept in Ronald Reagan six years later.

In the absence of a theory of corruption that pins the tail squarely on the elephant, this is certainly what will happen again. Conservatives are infinitely better positioned to capitalize on public disillusionment with the political system, regardless of who does the disillusioning. Indeed, the chorus has already started chanting that the real culprit in the current Beltway scandals is the corrupting influence of government, not conservative operatives or their noble doctrine. The problem with G.O.P. miscreants is simply that they've been in D.C. so long they've "gone native," to use a favorite phrase of the right; they are "becoming cozy with Beltway mores," in The Wall Street Journal's telling. If you don't like the corruption, you must do away with government.

Were he not the main figure in all this, Jack Abramoff would undoubtedly be nodding in agreement with those editorials. A self-described "free-marketeer" who spent his days fighting "government intervention in the economy" and leading the catcalls at Tip O'Neill, he would undoubtedly have seen the political gold beneath the scandals. If, in our revulsion at Abramoff's crimes, we are induced to accept Abramoff's politics, it will be K Street's greatest triumph yet.

The Entitlement Panic (WSJ)

The Wall Street Journal, August 22, 2006

Will America have to declare Chapter 11 because of $80 trillion in unfunded entitlement promises? That's a question posed recently by Laurence Kotlikoff, an economist at Boston University, in his attention-grabbing essay on Medicare, Medicaid and Social Security entitled: "Is the United States Bankrupt?" Mr. Kotlikoff's answer is perhaps yes: "Nations can go broke, the United States is going broke . . . and radical reform of U.S. fiscal institutions is essential."

Mr. Kotlikoff is a first-rate economist, and his gloomy predictions are gaining adherents. Some of them are on the free-market right -- at the Heritage Foundation and Cato Institute -- and among Republicans on Capitol Hill. They've begun to beat the drums for immediate solutions, including in some cases tax increases if that's what it takes to get Democrats to agree to reform. With President Bush still angling for an entitlement superdeal before he leaves office, maybe it's time to put this issue in perspective.

The budget math is simple enough: The estimated $80 trillion in unfunded future entitlement liabilities is about six times larger than the U.S. economy and 16 times the federal debt held by the public. Mr. Kotlikoff calculates that future workers would have to pay tax rates from 55% to 80% over their lifetimes to fund these promises. This would indeed be a ticket on the bullet train to European socialism.

Now, we take a back seat to no one in promoting reforms in Social Security, Medicare and Medicaid. But there are also good reasons to doubt Mr. Kotlikoff's dire scenario, unless our politicians make even more policy blunders.

For one thing, the U.S. fiscal "balance sheet" isn't a static ledger and includes assets as well as liabilities. While the U.S. national debt has climbed from $800 billion in 1981 to $5 trillion today, the nation's assets have climbed from $11 trillion to $67 trillion over that same period. (See nearby chart.) Include all private assets and liabilities, and net national wealth has increased by $40 trillion over the same period. Declinists have consistently underestimated American growth, productivity and technological innovation. In only the past four years, U.S. assets have risen by $13 trillion -- much of which will be passed down to the next generation of workers to finance their parents' benefits.

Mr. Kotlikoff and allies counter that we can't grow our way out of this mess because the promised benefits are scheduled to rise at the rate of real wage increases. Technically that's right, but it misses a key point. Paying benefits to 75 million baby

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boomers in 2030 will be a much lighter lift if we have a $25 trillion GDP and net worth of $100 trillion than if slower growth in the interim years leaves us, say, a third less wealthy. The most vital policy imperative is to sustain pro-growth policies, including free trade, free capital flows, low taxes and an education system to train our human capital.

Everyone also agrees that the entitlements crisis is driven by demographics, namely fewer young workers to finance more retirees who live much longer. Japan and most European nations with birth rates well below replacement levels are in an especially difficult pickle. In the U.S., however, birthrates are typically higher and we also have the advantage of greater immigration. The Social Security actuaries calculate that the addition of one million immigrants reduces the long-term unfunded liability of Social Security by at least $5 trillion.

The biggest false assumption, however, is that the current level of benefits will ever be paid. They won't, for many of Mr. Kotlikoff's reasons. If current politicians are too afraid to reduce future benefits or reform the programs, future politicians will have no choice -- unless they want to raise taxes to confiscatory levels or have no money to spend on other priorities, such as national defense.

There's a key legal point here: Entitlement benefits are not a contractual government obligation in the sense that a T-bond is. For the feds to default on the interest of a 10-year note would be a form of national "bankruptcy." But in its landmark 1960 decision, Flemming v. Nestor, the Supreme Court ruled that there is no such legal right to Social Security. Today's Congress can promise future retirees a lifetime golf pass and free trip to the moon, but it can't bind a future Congress. Rarely does a year go by that Congress doesn't already tinker with entitlements in some way, making benefits more or less generous depending on the political mood.

It is precisely the unsustainability of these future benefits that will make reform attractive to younger people who realize they have no hope of getting what they're now paying for. A crucial, if little understood, point about personal Social Security accounts is that for the first time they'd give workers an actual property right to their own savings, protecting them from future political whim.

By all means let's educate Americans about the financial ditch that Congress is driving toward. But alarmist rhetoric about impending bankruptcy isn't credible, and it only discredits reform advocates. It may even play into the hands of those on the political left who resist reform but would love to impose a vast new source of federal tax revenue, such as a European-style value-added-tax or an increase in payroll taxes. Those policies would put America on a slower growth path and make it even harder to build the wealth to finance future benefits.

The national fisc isn't what's going bankrupt. That description better applies to the New Deal and Great Society programs that were designed for another era and long ago became unsustainable. Sooner or later they'll have to be changed, and this is where reformers should focus their political effort.

OTHER NEWS:

Gas Prices Slip, And The Worst May Be Over For This Year (USAT)

By Barbara Hagenbaugh

USA Today, August 22, 2006

WASHINGTON — Good news for drivers: Gasoline prices likely have peaked for the year as oil costs have backed off record highs and the busy summer driving season comes to a close.

A number of analysts, including those at Moody's Economy.com, Wachovia and Global Insight, say gasoline prices likely will continue to decline in coming weeks. But they warn that a number of factors could toss out that forecast and send oil and gasoline prices higher.

“Unless you get another Katrina-Rita (hurricane) kind of event, odds are we've probably seen the worst of it,” Bill O'Grady of A.G. Edwards says.

The average U.S. price of a gallon of regular gasoline fell for the 11th consecutive day Monday, motor club AAA and the Oil Price Information Service said. The average price was $2.929, 11 cents lower than the recent peak on Aug. 8.

In a separate, weekly report, the Energy Department said the nationwide average price was $2.924 Monday, down 7.6 cents from a week ago. That was the biggest one-week drop in nine months and the lowest price in two months.

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But drivers aren't completely in the clear.

The hurricane season does not end until Nov. 30. A bad hurricane, like Katrina last year, could damage production and refining facilities, leading to lower supply and higher prices.

Further, tensions with Iran, the world's fourth-largest oil producer, are building regarding that country's nuclear program. Although the United States does not import oil from Iran, there is concern that if sanctions were imposed on that nation, there would be less oil on the world market.

"It's too early to call the top in gasoline prices," Briefing .com's Kimberly DuBord says.

Stocks Stumble Over Oil, Spending Worries (USAT)

By Matt Krantz

USA Today, August 22, 2006

Worries about tension in the Mideast, oil prices and consumer spending caused stocks to suddenly lose their momentum Monday.

President Bush's vow to remain committed to the war in Iraq revived geopolitical worries on Wall Street. A cautious earnings forecast from home improvement retailer Lowe's also gave investors pause (story, 4B). The company warned the slowing housing market would injure consumers' willingness to improve and upgrade their homes.

Those two developments helped push the Dow Jones industrial average down 36.42 points to 11,345.05, snapping what had been a five-session, 293-point rally. The Dow is still up 5.9% this year.

Meanwhile, hurt mainly by stocks in the Internet retail, railroad and automobile manufacturing industries, the Standard & Poor's 500 index declined 4.78 points to 1297.52. The index still has a 3.9% gain this year.

But the Nasdaq composite index lost another 16.20 points to 2147.75, which puts it deeper in the hole for the year. The Nasdaq is down 2.6% this year.

Peter Cardillo, chief market analyst with S.W. Bach, says investors are keeping their eyes trained on the price of oil before making sudden moves. The price of a barrel of oil added $1.31, to $72.45, amid worries about Iran's work to develop its nuclear program. An economic sanction of Iran would likely lead to higher oil prices, and "the odds of the economy moving toward recession would increase substantially," he says. "The key is oil prices."

Investors continue to be torn between clinging to the relative safety of shares of large companies and the craving for larger returns from riskier stocks, says Charles Carlson, CEO of Horizon Investment Services. He expects investors to wrestle with how to posture their portfolios until September. "Markets are in a transitional stage," he says.

Highlights:

Lowe's fell $1.17 to $28.35 after the company reported 11% higher quarterly earnings of 60 cents a share, which missed estimates by a penny. It also warned earnings this year would be weaker than expected.

•Dollar General, a discount retailer, fell $1.35 to $12.74. The company cut its outlook for second-quarter results by 28%.

•Kensey Nash, a medical supply company, lost $2.88 to $26.72 after posting 22% lower earnings of $2.7 million, or 21 cents a share.

Wall St Falls On Rising Oil And Iran Fears (FT)

By John O'doherty In New York

Financial Times, August 22, 2006

Wall Street sagged on Monday, breaking its five-day winning streak as oil prices rose on the back of increased geopolitical concerns over Iran's nuclear programme.

Lowe's was among the biggest losers after the home improvement retailer reported second-quarter profits that fell short of analysts' forecasts. The company lowered its full-year sales guidance. Its shares tumbled 4 per cent to $28.35. The stock is down 15 per cent since the beginning of the year. Home Depot followed Lowe's, shedding 1.4 per cent to $34.30.

Ford Motor lost 7.5 per cent to $7.47 – its worst day since April – following Friday's announcement of production cutbacks, including the mothballing of 10 assembly plants, to reduce inventory and speed up its turnround plan.

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At the close, the S&P 500 was down 0.4 per cent, or 4.78 points, at 1,297.52. The Nasdaq Composite was down 0.8 per cent, or 16.20 points, at 2,147.75. The Dow Jones Industrial Average fell 0.3 per cent, or 36.42 points, to 11,345.05.

Hugh Johnson, chairman and chief investment officer of Johnson Illington Advisors, attributed the falls to investors taking money off the table following the strong gains of last week. “It’s a pullback, but its predictable,” he said. “We had a pretty unusual week [last week] and so it’s natural to expect some profit-taking.”

Energy stocks bounced back as crude pushed higher on geopolitical concerns. Exxon Mobil added 1.1 per cent to $69.83 and Marathon Oil rose 3.1 per cent to $89.94.

Transport stocks were hit by the gains in crude. Burlington Northern Santa Fe fell 3.5 per cent to $66.07 and Norfolk Southern lost 4.1 per cent to $42.46.

Gold and related stocks benefited as investors sought a safe haven in the geopolitical unease. Newmont Mining gained 3.6 per cent to $52.55, while Barrick Gold rose 4.2 per cent to $33.00.

Fading hopes for an immediate resolution to a strike by Chilean miners at the Escondida copper mine pushed copper stocks higher. Freeport McMoran rose 4.7 per cent to $57.15, and Coeur d’Alene gained 4.9 per cent to $5.37.

Technology stocks were down across the board. Amazon sank 3.4 per cent to $28.13. Yahoo dropped 3 per cent to $28.90. Google lost 1.6 per cent to $377.30. National Semiconductor dropped 4.9 per cent to $22.71 after Lehman Brothers cut its rating on the stock from “overweight” to “equal weight”.

Chemicals and construction company Ashland dipped after it said it had agreed to sell its highway construction business to Irish construction group CRH for $1.3bn. Some investors had forecast a better price for the sale and shares fell 5.7 per cent to $62.55.

Discount retailer Dollar General dropped 9.6 per cent to a three-year low of $12.74 after it lowered its earnings guidance for its fiscal second quarter .

Stocks Slip As Oil Worries Resurface (WSJ)

By E.S. Browning

The Wall Street Journal, August 22, 2006

After surging 2.6% in last week's rally, the Dow Jones Industrial Average started the new week with a modest pullback.

Hobbled partly by concerns over rising oil prices, and partly by investors' desire to cash in some of the previous week's profits, the Dow Jones Industrial Average yesterday edged down 36.42 points, or 0.32%, to 11345.05. The blue chips advanced every day last week and remain up 5.9% for the year, less than 380 points from the record close of 11722.98 at which they finished Jan. 14, 2000.

Most other indexes also retreated after strong gains last week.

"People came in, saw the previous week's move, and decided to take something off the table," said Andy Brooks, head of stock trading at Baltimore money-management group T. Rowe Price. "But it is important not to read too much into the market action, because we are absolutely moving into the summer doldrums." With many investors and traders on vacation, trading volume was light, and could remain so until Labor Day, almost two weeks away.

Troubling some investors was news that Iran was still refusing to end its program to enrich uranium, which Western countries fear is aimed at developing nuclear weapons. Iran is a major oil exporter, and continuing fears of Middle East instability helped push oil futures up $1.31, or 1.84%, to $72.45 a barrel. Gold futures rose $13.60, or 2.22%, to $625.70 a troy ounce.

Also weighing on investors' optimism was a warning from Lowe's that its annual profit will be lower than it had expected, which the home-improvement chain blamed on a slowing economy. The news reinforced fears that higher interest rates and gasoline prices are holding back consumer spending, which has been the economy's backbone.

Ford Motor's announcement Friday that it would cut North American production 21% this year also contributed to concerns about consumer spending and weighed on manufacturing stocks.

The signs of economic weakness reinforced hopes that the Federal Reserve would avoid raising interest rates when it meets Sept. 20. Rate increases hurt both stocks and bonds. Treasury bond prices rallied on the prospect that the Fed could leave rates unchanged for a second consecutive month, and the higher bond prices sent yields lower.

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The day's stock pullback was less than 1% for most indexes, and many traders remained optimistic that last week's signs of waning inflation will keep interest rates down and support stock prices.

The Standard & Poor's 500-stock index fell 0.37%, or 4.78 points, to 1297.52. It is up 3.9% this year, but has been unable to remain above the much-watched 1300 level.

The Nasdaq Composite Index, whose many technology stocks benefited from last week's rally but were harder hit than most yesterday, declined 0.75%, or 16.20 points, to 2147.75, down 2.6% in 2006.

In major U.S. market action:

Stocks retreated. Total trading volume for stocks listed on the New York Stock Exchange was 1.78 billion shares, as 1,351 stocks rose and 1,943 fell.

Bond prices gained. The 10-year Treasury note rose 5/32, or $1.56 for each $1,000 invested, pushing the yield down to 4.823%. The 30-year bond was up 9/32 to yield 4.961%.

The dollar was mixed. Late in New York, it traded at 115.86 yen, up from 115.78, while the euro rose against the dollar to $1.2892 from $1.2830.

3 Leave AOL Over Security Breach (WP)

By Ellen Nakashima

The Washington Post, August 22, 2006

AOL's chief technology officer is stepping down and the firm has fired two other people following last month's massive data breach that caused more than 36 million member search queries to be released on the Internet, according to an internal memo and a source familiar with the matter.

In addition, the company has begun notifying dozens of individuals whose Social Security or credit card numbers were part of the exposed data, said the source, an employee who spoke on the condition of anonymity because it involved a personnel issue. The data came from 658,000 members who used AOL's search engine between March and May.

The news comes as AOL's profits have been falling and the company, in an effort to reverse its fortunes, is eliminating subscriptions and focusing more on advertising revenue. Maureen Govern, whose division was responsible for the breach, decided to leave immediately, according to an in-house announcement by AOL chief executive Jonathan F. Miller. The individuals fired were the researcher who posted the data and the researcher's supervisor, the source said.

"After the great lengths we've taken to build our members' trust and be an industry leader on privacy, it was disheartening to see so much good work destroyed by a single act," Miller said in a separate company memo. "This incident took place because some employees did not exercise good judgment or review their proposal with our privacy team."

Miller said AOL also will set up a task force to reconsider how long it saves data, including search terms such as those disclosed last month on an AOL Web site intended for academics who study how people search the Internet. The firm also will further restrict internal access to search data and other "potentially sensitive" member data, even if it is made anonymous with a random identification numbers or not linked to an individual's account, the memo said.

Andrew Weinstein, an AOL spokesman, said that data held in a user's name are stored for 30 days. Anonymous data are kept indefinitely.

Last week, Weinstein said the company had no way to link such data to an individual because the firm "double scrambles" ID information -- first giving each member a random identification number and then assigning that number a new one.

AOL has asked credit card companies to notify those individuals whose card numbers appeared in search queries, according to the source, who declined to explain how the firm was identifying people based on Social Security numbers.

"There are mechanisms to help notify people," the source said.

Kevin Bankston, staff attorney at the Electronic Frontier Foundation, said notifying members whose data was posted was "the right thing to do," but AOL should go further and notify as many members as possible whose data was made public.

"I don't think any personnel changes at any particular company are going to get at the root of the problem, which is that . . . these companies, whether it's AOL, MSN, Yahoo or Google, are storehousing massive amounts of incredibly sensitive and intimate data about their customers or users and yet those users have little idea that this is being done," Bankston said.

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The advocacy group has filed a complaint against AOL with the Federal Trade Commission, alleging deceptive practices and violation of the firm's privacy policy.

The company said it was developing new systems to ensure that sensitive information was not included in research databases, and would launch a program to educate employees on how to protect sensitive information and address privacy issues.

Govern, hired in September, will be replaced by the firm's former technology officer, John McKinley.

AOL's Tech Chief Quits After Breach Of Privacy (USAT)

By Michelle Kessler And Kevin Maney

USA Today, August 22, 2006

AOL's chief technology officer left the company on Monday, two weeks after the division she ran made public the search records of 658,000 customers.

CEO Jon Miller told employees in an internal memo that Maureen Govern "decided to leave AOL effective immediately." He provided few other details.

An unidentified employee who released the records and his supervisor were fired, says a person with knowledge of the situation, who asked not to be identified because it would jeopardize his career. The supervisor reported to Govern.

"Someone had to fall on her sword over this big one, and Govern got it," says consultant and AOL watcher Gary Arlen.

Govern, CTO for less than a year, will be temporarily replaced by former CTO John McKinley, who had planned to leave the company. Neither could be reached for comment.

Also Monday, AOL said it is creating a task force to re-evaluate its privacy policy. The team will debate how long AOL should save search records and how to further protect records by, for example, removing all sets of numbers that look like credit card numbers.

This is a sensitive time for AOL. It is overhauling its business, changing from a paid-subscription model to a service that's free to consumers and makes money selling ads — like chief rivals Yahoo and Google.

AOL's reputation got hammered after the fired employee posted the search records so computer scientists could use them for research. The employee failed to get internal approvals to do that.

The data had no names attached. But Pam Dixon, executive director of the World Privacy Forum, says she was able to easily identify two AOL customers by looking through search terms.

"The whole situation augurs poorly for AOL and for the entire Internet safety net," Arlen says.

AOL pulled the data down and apologized, but copies had already been made. They continue to be available online.

Privacy has become such an important issue that "having a very public security breach is the quickest path to the exit door for any (high)-level tech exec," says Gary Beach, publisher of CIO Magazine.

Some privacy advocates said AOL's actions are too little, too late.

"Rearranging their staff is not going to get at the root of the problem," says Kevin Bankston, an attorney with the Electronic Frontier Foundation, an advocacy group. AOL and competitors such as Google and Yahoo are "storehousing massive amounts of incredibly sensitive data" without being upfront about how it's being used, he says.

AOL has run into privacy trouble before. Last year, an ex-employee pleaded guilty to stealing 92 million customer e-mail addresses, which he sold to spammers.

AOL Tech Chief Resigns Over Issue Of Released Data (WSJ)

By Matthew Karnitschnig

The Wall Street Journal, August 22, 2006

(See Corrections and Amplifications item below.)

Time Warner Inc.'s AOL unit, responding to a recent furor over its release of Web-search data on 658,000 of its subscribers, accepted its chief technology officer's resignation and fired two other employees responsible for the breach.

Maureen Govern, whom the online service provider hired as its technology chief in September, will leave the company immediately. An internal memorandum to staff said she had chosen to depart. Ms. Govern couldn't be reached to comment.

THE DEBATE OVER DATA

1 • Reply All: Should web-search data be stored?2

Before joining AOL last year, Ms. Govern, a Stanford graduate who began her career at Bell Laboratories in 1978, was chief technology officer at Convergys Corp., a billing and human-resources services company. She has also worked at Motorola Inc.

Ms. Govern oversaw the AOL division responsible for the data release. In addition to her, the researcher who released the data and a manager overseeing the search-data project are leaving. John McKinley, president of AOL's digital services division, will take over Ms. Govern's job on an interim basis.

The departures follow weeks of negative publicity in connection with the disclosure, which AOL said was a mistake. The data release reignited a debate about Internet privacy and whether search companies should be required to keep private the data they collect. Last week, the World Privacy Forum, a privacy-rights group, and the Electronic Frontier Foundation, a civil-liberties organization, filed separate complaints with the Federal Trade Commission, calling for a formal investigation of the incident.

The uproar comes at a difficult time for AOL, which has been hemorrhaging one million subscribers a quarter as its users trade the narrowband access it offers for high-speed Internet service from other providers. AOL reported 17.7 million subscribers as of June 30. The migration forced AOL this month to abandon its subscriber model. The company plans to offer nearly all of its services free to users with a high-speed Internet connection and rely on advertising. For the new strategy to work, however, AOL has to secure its subscribers' loyalty as they shift to broadband, a task made more difficult by the search-data scandal.

In an email message to employees yesterday, AOL Chief Executive Jonathan Miller attributed the data breach to poor judgment by some AOL staffers. "We are taking a number of additional steps, on top of our existing security systems, to help ensure this type of incident never happens again," Mr. Miller said in the email.

Mr. Miller said management had devised a "four-part plan" to buttress the company's privacy policy. The plan includes the creation of a task force to look at how long AOL should retain search data. The company also plans tighter restrictions on employee access to the data.

AOL researchers posted the information, which detailed more than 20 million queries from 658,000 of its users between March 1 and May 31, to a new AOL research Web site last month. The document was intended for use by other search-technology researchers but was noticed by bloggers in the search-marketing field. Their discovery set off a flurry of blog postings and led to hundreds of downloads of the data. AOL said it pulled the data off its site after it realized what had happened.

AOL users were identified by anonymous user-ID numbers rather than by name. However, the searchers' identities in many cases could be gleaned when personal information such as addresses or interests was included in searches. In some cases, people searched for their own names, and that information was included in the data.

Bush To GOP Candidates: Focus On Economy (AP-Y)

AP, August 22, 2006

Even though he's not running for re-election this year, President Bush knows just what he would focus on if he were: the economy and taxes.

As Republicans face an increasingly tough political outlook, in part because of Bush's sagging approval ratings, the president offered some advice Monday to GOP candidates in the midterm elections.

"If I were a candidate ... I'd say, 'Look at what the economy has done. It's strong. We've created a lot of jobs. ... I'd be telling people that the Democrats will raise your taxes. That's what they said. I'd be reminding people that tax cuts have worked in terms of stimulating the economy," Bush told reporters at a news conference.

The economy has slowed in recent months, in part because of the slump in the housing market. Recent economic indicators showed a 4.8 percent jobless rate in July and 4 percent annual economic growth rate through the first half of the year.

The Labor Department recently said employers added just 113,000 new jobs in July, down from 124,000 in June.

Only 37 percent of Americans support Bush's handling of the economy, according to the Associated Press-Ipsos poll in early August. The same survey showed Bush's overall approval rating at 33 percent.

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As a candidate, Bush said he would remind voters of the "philosophical difference between those who want to raise taxes and have the government spend the money, and those of us who say, 'You get to spend the money the way you want to see fit. It's your money.'"

"I'd remind people that pro-growth economic policies had helped us cut that deficit faster than we thought," he said.

In 2000, the last year of the Clinton administration, the surplus was $236 billion. The $260 billion deficit forecast for the current budget year, which ends Sept. 30, is $112 billion below previous estimates. Tax revenues contributed to the smaller deficit.

Bush also said Republican and Democratic candidates should focus on working with the president to solve the budget problems facing the Medicare and Social Security programs.

"People expect us to come here to solve problems. And thus far, the attitude has been: Let's just kind of ignore what the president has said and just hope somebody else comes and solves it for us," he said.

Poll: GOP Up After Terror Arrests (USAT)

By Susan Page And David Jackson

USA Today, August 22, 2006

WASHINGTON — The arrest of terror suspects in London has helped buoy President Bush to his highest approval rating in six months and dampen Democratic congressional prospects to their lowest in a year.

In a USA TODAY/Gallup Poll taken Friday through Sunday, support for an unnamed Democratic congressional candidate over a Republican one narrowed to 2 percentage points, 47%-45%, among registered voters. Over the past year, Democrats have led by wider margins that ranged up to 16 points.

Now 42% of Americans say they approve of the job Bush is doing as president, up 5 points since early this month. His approval rating on handling terrorism is 55%, the highest in more than a year.

The boost may prove to be temporary, but it was evidence of the continuing political power of terrorism.

“The arrests reminded people that terrorists were out there, and this is his strong suit,” says political scientist Gary Jacobson of the University of California, San Diego. Now, as in 2002 and 2004, Bush and GOP congressional candidates argue that they can be better trusted to combat terrorism.

The alleged plot to bomb flights to the USA “also changes the subject of public discussion from the war in Iraq, which people are not very happy about,” says Christopher Gelpi, a political scientist at Duke University.

The war on terror is the only area in which Bush has a positive standing and the only one that significantly changed. His rating is below 40% on six other issues.

At a news conference, Bush said there was an “urgent” need for an international force to be deployed to southern Lebanon to uphold a fragile cease-fire between Israel and Hezbollah. The United States won't send troops but will assist with logistics, communication and intelligence-gathering.

The USA TODAY poll found Americans pessimistic about the aftermath of the month-long war there:

•Nine in 10 predict that the cease-fire will be temporary and fighting will break out again soon.

•Seven in 10 say the conflict hurt the image of the United States and the prospects for a long-term peace.

•Two-thirds say the United States should play a minor role or no role in developing a peace agreement. Just 14% say the United States should take the lead.

The telephone survey of 1,001 adults has a margin of error of +/-3 percentage points.

To regain control in Congress, Democrats need to pick up 15 seats in the House, six in the Senate.

Bill Burton of the Democratic Congressional Campaign Committee questions whether the GOP bounce will last.

“Polls are going to go up and down,” he says, “but it's obvious the American people want change.”

Tracey Schmitt of the Republican National Committee said the GOP “will continue to make the case that a post-9/11 America can't afford to have leaders in office who believe defeatism is an acceptable strategy to protect our nation and win the war on terror.”

To A Presidential Notion: Sorry, Mr. Bush, But No (NYT)

DOJ_NMG_0051741

By David Stout

The New York Times, August 22, 2006

WASHINGTON, Aug. 21 — "I may be the only person, the only presidential candidate who never carried the state in which he was born," President Bush said on Monday.

Uh, no, Mr. President. There have been quite a few, actually. Some are known only to historians, while others are famous. You might even call one a household name, Mr. President, depending on which household.

But we get ahead of ourselves.

Mr. Bush made his comment while expanding on his intention to stay out of the Senate race in Connecticut, where the incumbent, Joseph I. Lieberman, is trying to win despite being denied the nomination of his own Democratic Party.

Since Mr. Lieberman has supported the president on the Iraq war, the inevitable question has been how hard Mr. Bush would campaign against him, if at all. In good-naturedly dodging the question, Mr. Bush noted that he himself failed to carry Connecticut twice, despite having been born in New Haven in 1946.

Now, a trip down Trivia Lane to recall other presidential candidates who were defeated in the states in which they were born. And, no, we do not assert that the list is complete, nor do we gloat, for there are many ways to be tripped when playing Facts About the Presidents (and would-be presidents).

Al Gore, for instance. History buffs will remember that he failed to carry Tennessee in 2000. But while Tennessee is often called his "home state," he was born in Washington, D.C., which he carried overwhelmingly.

George McGovern, on the other hand, unambiguously joins Mr. Bush as a presidential candidate who failed to carry the state of his birth. Mr. McGovern, a South Dakota native, carried only Massachusetts and the District of Columbia against President Richard M. Nixon in 1972.

Hubert H. Humphrey, of course, was a giant in Minnesota politics. But he was born in South Dakota, a state he lost to Nixon in 1968.

Others on the list include Adlai E. Stevenson, born in Los Angeles, who did not carry California (or Illinois, where he was governor) against Dwight D. Eisenhower in 1952 or 1956.

There was Gov. Alfred E. Smith of New York, who grew up in Manhattan, but failed to carry the Empire State against Herbert Hoover in 1928. Let us not forget James W. Cox, who was born in Ohio but lost to another Ohioan, Warren G. Harding, in 1920. And surely we must recognize Alton B. Parker, born in Cortland, N.Y., who lost the 1904 election to another New Yorker, Theodore Roosevelt.

When he won the White House in 1844, James K. Polk did not carry the state of his birth, North Carolina, or the state where he had been governor, Tennessee. Fast-forward to the time of Abraham Lincoln, who failed to carry his birth state, Kentucky, in 1860 or 1864. (His 1864 opponent, George B. McClellan, did not carry Pennsylvania, even though he was born in Philadelphia.)

Let us close with some familiar names of our time. Another presidential candidate who did not carry the state where he was born was Senator John Kerry, Democrat of Massachusetts, who was born in Colorado.

And the household name, Mr. President? That would be your father, George Herbert Walker Bush, born in the Town of Milton in eastern Massachusetts, a state he lost twice.

Contender For DeLay Seat Quits (WP/AP)

The Washington Post, August 22, 2006

SUGAR LAND, Tex., Aug. 21 -- Sugar Land Mayor David G. Wallace withdrew Monday as a Republican write-in candidate for the seat vacated by the resignation of former House majority leader Tom DeLay.

His action left the Texas GOP united behind one write-in candidate, Houston City Council member Shelley Sekula-Gibbs. She won the party's endorsement last week.

Wallace previously indicated he would stay in the race despite the party's snub.

"What I am choosing to do at this time is unite with the Republican Party behind one candidate," Wallace said at a news conference. "There is no way that two write-in candidates could win. It would be very difficult and divisive to the Republican Party." He said the party did not pressure him to withdraw.

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DeLay won the GOP primary in March. He resigned from Congress in June as he faced increasing scrutiny over ethical troubles, including state money laundering charges and fallout from his association with convicted lobbyist Jack Abramoff.

Connecticut Groups Push To Remove Lieberman From Ballot (WP/AP)

The Washington Post, August 22, 2006

HARTFORD, Conn., Aug. 21 -- Critics of Sen. Joseph I. Lieberman's independent run to keep his job attacked on two fronts Monday, with one group asking an elections official to throw him out of the Democratic Party and a former rival calling on state officials to keep his name off the November ballot.

Staffers for the senator from Connecticut, who lost the Aug. 8 Democratic primary to Greenwich businessman Ned Lamont, called both efforts dirty politics. The senator filed as an independent candidate a day after the loss, running under the new Connecticut for Lieberman Party.

A group whose members describe themselves as peace activists asked Sharon Ferrucci, Democratic registrar of voters in New Haven, to remove Lieberman from the party, arguing that he cannot be a Democrat while running under another party's banner.

The request could lead to a hearing in which Lieberman, the Democrats' vice presidential nominee in 2000, would have to argue that he still adheres to the party's principles.

"The law is pretty clear he is no longer a member of the Democratic Party in good standing," said group leader Henry Lowendorf. "There was an open vote, and he was voted out. He joined a different party."

Ferrucci said she would research the request, the first of its kind in her two decades on the job.

Lieberman campaign manager Sherry Brown branded the effort "dirty political tricks at its worst."

"This kind of ridiculous, partisan game-playing is not going to provide anyone in Connecticut with better jobs, better health care or better schools," she said.

Since losing the primary, Lieberman has referred to himself as an "independent Democrat" and said he plans to remain part of the Democratic caucus in Washington, even though several leading Democrats have called for him to give up his independent run.

Lieberman, popular among Republicans and unaffiliated voters, led Lamont by 12 percentage points in a recent statewide poll, with Republican Alan Schlesinger far behind.

John Orman, a Democrat who gave up a challenge to Lieberman last year, argued in complaints filed with the state Monday that the senator should be kept off the Nov. 7 ballot.

Orman, a Fairfield University professor of political science, accused Lieberman of creating "a fake political party" and added: "He's doing anything he can to get his name on the ballot."

Santorum Goes Full Circle (WT)

By Charles Hurt

The Washington Times, August 22, 2006

First of an occasional series

PITTSBURGH -- When Sen. Rick Santorum was first elected to Congress 16 years ago, he was among the firebrand conservatives who mapped out the Republican Revolution to slash government spending and end political careerism in Washington.

Today, the Pennsylvanian is the third-ranking Republican in the Senate. But the Republican Revolution is over, and he faces one of the toughest re-election campaigns in the country.

Typical of his campaigning these days was a stop earlier this month at the Pittsburgh Zoo, where he boasted to local reporters about how he'd fetched $500,000 from federal taxpayers to build one of the most luxurious polar-bear exhibits outside Arctic climes.

"They're building underwater tunnels so you're actually under water," Mr. Santorum told his awe-struck children as they toured the construction site and approached a tunnel of 4-inchglass that will allow zoo visitors to view the bears from below.

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In November, Mr. Santorum faces state Treasurer Bob Casey Jr., a conservative Democrat who says Mr. Santorum has lost touch with the voters who first elected him and accuses him of helping usher in a new and deeper era of fiscal irresponsibility.

The race is viewed by many -- including Mr. Santorum -- as one of the biggest challenges facing a Republican incumbent nationwide as Democrats seek six seats to gain control of the chamber. Mr. Santorum, chairman of the Senate Republican Conference, says Democrats want revenge for Republicans' 2004 toppling of Minority Leader Tom Daschle in South Dakota.

After the zoo event, Mr. Santorum was asked whether funding for the polar-bear exhibit really was all that important, given the federal government's hemorrhaging debt, looming financial crisis in entitlement programs and expensive emergencies, such as the war in Iraq and rebuilding after Hurricane Katrina.

"If the pot of money is there, I'm going to make sure we get a piece of that money," said Mr. Santorum, who defended his record of support for "lean" budgets.

"The federal government does finance educational programs with respect to biology and zoology and a whole host of areas that we think is important for our children," he said. "Is that an important thing? Well, you know, yeah, it probably is."

That's the wrong answer for some of his longtime supporters.

"Where does the federal government get the constitutional right to take $500,000 from people to build a polar-bear exhibit?" asked Charlie Clift, who has supported Mr. Santorum in every past election.

'Lost touch'

To be sure, conservative Republicans such as Mr. Clift, who lives in Bucks County north of Philadelphia, aren't upset at Mr. Santorum simply because he directed federal funding for the polar-bear exhibit. They say that after 16 years in Washington, he has "lost touch" with the vision of smaller, more responsible federal government that he promised.

And while Mr. Casey has not proved himself any more loyal to such beliefs, his campaign is certainly capitalizing on conservative dissatisfaction with Mr. Santorum.

A favorite line in Mr. Casey's stump speech is that Mr. Santorum has steadfastly opposed increases in the federal minimum wage even as he has voted three times to raise his own salary.

It gets worse when Casey staffers dredge up statements that Mr. Santorum made 16 years ago that he would never accept a pay raise, even a cost-of-living adjustment.

"The public is fed up with members of Congress having no limits on their ability to increase their salaries," the Associated Press quoted Mr. Santorum saying in 1990. "And members do not seem willing to voluntarily limit their salaries like I have, vowing never to accept any more salary than what is provided upon taking office."

Today, Mr. Santorum has come down from the ramparts.

"I believe that members of Congress should, by and large, receive cost-of-living adjustments," he said when asked about Mr. Casey's charges. "If we'd left the salary what it was when I first took office, we'd be getting a third of the value of the dollar than what I got when I came in."

It's an issue that has already cost several Pennsylvania politicians their careers.

Just last year, the Pennsylvania legislature outraged residents by granting themselves a pay raise in the middle of the night. As word of the deed spread, there came a public outcry and the formation of a nonpartisan organization called Pennsylvania Clean Sweep, dedicated to throwing out all the incumbents.

Clean Sweep "is not a Republican, Democrat, Libertarian, Constitution, Green or Reform Party movement," according to its organizers. "It's us vs. them. The governed vs. the government. The taxpayers vs. the tax wasters." And the group's record of success has every incumbent in the state fearing for his job.

This year, all 203 members of the state House and 25 of the state Senate's 50 members face re-election. In the May primaries, 35 Pennsylvania Clean Sweep candidates won their races, a staggering seven having toppled incumbents.

Mr. Santorum's only hope is that voters remember that Mr. Casey, who eventually joined those opposed to the pay-raise plot, is the state treasurer who had signed all the fattened checks.

'I still feel the knife'

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Come November, Mr. Santorum will need the vote of every breathing conservative in Pennsylvania. Mostly, they are the folks in the Philadelphia suburbs and vast rural middle of the state who in past elections have knocked on thousands of doors for fiscally conservative, pro-life, pro-gun candidates.

Just two years ago, they were out in force for former Rep. Patrick J. Toomey, a conservative who challenged and nearly beat Pennsylvania's longtime senior senator, Arlen Specter, who is among the most liberal Republicans in the Senate.

In 2004, Republicans knew that if Mr. Specter won the primary, he'd cruise to victory with his traditional support from Democrats and independents. If Mr. Toomey had won the primary, he would have had a much harder time winning the general election.

Because it was a presidential year in which Pennsylvania could be crucial, the White House wanted a safe bet and got behind Mr. Specter. And so did Mr. Santorum.

"We had a 51-49 United States Senate, and every seat mattered," Mr. Santorum said. "It was important, I thought, for the president to have someone strong on the ticket. I thought it was important for us to keep this seat."

Although Mr. Specter speaks publicly of his gratitude for Mr. Santorum's backing, it's a decision that has returned to haunt the Santorum campaign.

"I still feel the knife in my back from that," Mr. Clift said. "We worked very hard for Pat Toomey. All [Mr. Santorum] had to do was keep his mouth shut, and we'd all be fat, dumb and happy supporting him right now. I won't lift a finger to help him."

In addition, he said, "I'm not pulling the Santorum lever this time. I'll write my own name in before I'll vote for him."

Although many conservatives told The Washington Times that they will not campaign for Mr. Santorum as actively as they would have otherwise, they'll still vote for him.

"There is no enthusiasm," said Tim Krieger, a lawyer in Westmoreland. "If you press Republicans, they say, 'Yeah, Santorum is better than Casey,' but they're not going to spend their Saturdays knocking on doors."

One Toomey supporter who has forgiven Mr. Santorum is Mr. Toomey himself, who is now the president of the conservative Club for Growth. He has endorsed Mr. Santorum and held a fundraiser for him earlier this year.

State Sen. Bob Robbins enthusiastically supports Mr. Santorum, but said he's not surprised that the two-term incumbent faces a stiff challenge.

"Rick Santorum is a principled leader, and he has been a champion for conservative issues of our time," he told supporters at a recent rally. "Legislators like Rick who have a solid record and are strong in their positions often have a target on their back."

Bush drag

One political ally voters won't see with Mr. Santorum at any endorsement rallies is President Bush, who is unpopular in Pennsylvania.

"The president isn't going around doing campaign rallies for people," Mr. Santorum said. "What a president is best at doing for a candidate is one thing: raising money. When you have the president at an event, people will pay money to see him."

Despite a host of formidable obstacles, Mr. Santorum's campaign is much better off today than it was just a few months ago when he trailed Mr. Casey by a double-digit margin.

The most recent poll by Franklin and Marshall College in Lancaster, Pa., had Mr. Santorum trailing by six percentage points, 47 percent to 41 percent, with 12 percent undecided.

And, Mr. Santorum is a tireless and unwavering campaigner, who seems to relish his underdog status.

At the Pittsburgh Zoo, he was treated with great fanfare by hosts grateful for the federal funding Mr. Santorum had secured for the polar-bear exhibit. After surveying the construction site, the staff escorted him to the neighboring sea-lion exhibit.

Wearing loafers, a golf shirt and an uncomfortable grin, Mr. Santorum stood inside the pen and watched as zookeepers tossed dead fish to eager, well-fattened sea lions.

One of the sea lions hopped out with a splash and waddled to within a few feet of Mr. Santorum. A dead fish was thrown, and the sea lion caught it. With a series of barks, the beast reared back on its rump and clapped its flippers.

But that applause is not universal.

Recently, Mr. Santorum with several armed guards in tow began traveling through this state in a giant, blue RV emblazoned with the smiling faces of him and his family.

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As it lumbered through a toll booth on the interstate between Pittsburgh and Erie, it caught the eye of a toll collector a few booths down.

"Yo, do me a favor, would you?" he asked a driver as he gave him change.

"When you pull out of here, hit that truck," said the toll collector as he watched Mr. Santorum's smiling face pull away.

Casey Touts Independence But Shuns Tough Issues (WT)

By Charles Hurt

The Washington Times, August 22, 2006

NEW BERLIN, Pa. -- Pennsylvania Treasurer Bob Casey Jr. prides himself on his independence from national Democrats on hot-button issues such as abortion.

"When people review my record and the way I've approached issues, I've been independent on a lot of things," he said in a recent interview with The Washington Times.

But his independence quickly evaporates when it comes to other thorny political issues such as Social Security reform or whether he would have supported the Iraq war resolution.

Asked whether he favored cutting benefits or raising taxes to save Social Security, Mr. Casey repeatedly would not give a direct answer.

"I would do what they did in the 1980s: sit down and have a bipartisan agreement, where both sides sit down and work it out," he said. "And that could mean a lot of things. You can't even begin to describe what would happen until these guys in Washington have some kind of real commitment to bipartisanship."

In the end, the chief financial officer of the sixth most populous state in the country would not offer a single suggestion for Social Security reform.

It is an issue that his opponent, two-term Sen. Rick Santorum, has never shied away from.

Well before President Bush came to Washington, Mr. Santorum proposed creating private accounts with Social Security payments as a way to prohibit the federal government from raiding people's retirement savings, which is the root cause of the problem.

And although Mr. Casey says he wants to find bipartisan solutions to Social Security problems, he is quick to attack the only idea that is being discussed -- Mr. Bush's "scheme to privatize."

Mr. Casey said he would discuss Mr. Bush's proposal "if I thought it was a proposal that was worthy of debate -- I thought it was a scheme. There's an agenda in their party, which is to undo a lot of what the New Deal did. Their idea is that the market should be controlling a lot more of what government is doing now."

Similarly, Mr. Casey refuses to say whether he would have voted for or against the Senate resolution to go to war in Iraq.

"If we knew then what we knew now, I don't think there would have been a resolution," he said.

Mr. Santorum says Mr. Casey steers clear of tough issues and runs on the famous name of his beloved father, who dominated the Pennsylvania political landscape for decades, most notably as governor from 1987 to 1995.

So wary is Mr. Casey that he has avoided any formal debates with Mr. Santorum.

Mr. Santorum has made numerous requests since November for up to 10 debates, according to letters produced by his campaign. One such letter, sent by certified mail postmarked July 13 to Mr. Casey's campaign manager, was returned July 26 with the word "refused" written across it.

Mr. Casey has rebuffed so many offers to debate that Mr. Santorum's campaign has taken to sending a man in a duck suit to some Casey events. Mr. Casey's campaign said yesterday that it is now in talks with Mr. Santorum's campaign and several television stations to schedule debates.

Clinton Challenger Suspends Campaign (NSDY/AP)

By Michael Gormley

Newsday, August 21, 2006

ALBANY, N.Y. -- One of Sen. Hillary Clinton's Republican rivals suspended her campaign "until further notice" Monday following her teenage daughter's arrest on a shoplifting charge.

Kathleen Troia "KT" McFarland, who has been in a bitter primary fight against former Yonkers mayor John Spencer, has canceled her upcoming events with barely three weeks left before the Sept. 12 election, her spokesman William O'Reilly said.

"This past Saturday, my 16-year-old daughter, Camilla, was caught shoplifting from two stores in Suffolk County," McFarland said in a statement. Her daughter will not contest the charges, two counts each of petty theft and possession of stolen goods, McFarland said.

Further details on the arrest were not immediately available.

"My husband Alan and I are deeply alarmed by this incident and will be spending every waking hour in the coming days dealing head-on with the repercussions of her actions," she said. "I will resume active campaigning only when I am certain that my daughter is OK and getting the help she needs."

McFarland said Camilla is "a bright and wonderful child" who "has made a serious mistake."

"No one is above the law," she added.

A top aide to McFarland said the race would go on. "It's certainly not the end of the campaign," Ed Rollins said. "We'll get the campaign functioning in a few days. ... This is a personal tragedy."

McFarland, a former Pentagon official under President Reagan, and Spencer, the party's designee, both trail Clinton substantially in polls and fundraising.

Spencer did not immediately respond to a phone call Monday seeking comment.

Senators Say Age Is No Reason To Quit Running (USAT)

By Kathy Kiely

USA Today, August 22, 2006

HINTON, W.Va. — This old railroad town clinging to a mountainside above the rapids of the New River can't hide its age. Neither does Sen. Robert Byrd.

When he arrived here last week to dedicate a high-technology center for which he wrested more than $3 million from the federal budget, the 88-year-old Democrat couldn't resist unpacking some memories of “my 60 years in public service.”

They included recollections of local congressman Nick Rahall's grandfather and grocer Buzzy Hellem's father, the Longhorn cheese and pepperoni that Buzzy sometimes sends him, and of other food favored by the humble country folk who reared him.

But lest anyone mistake Byrd's sentimental ramblings for a valedictory, the Senate's longest-serving member made sure to include a pointed plug for the future — especially his.

“God and the people of West Virginia put me into a position where I could do something for West Virginia, and I did it with all my might. Hallelujah!” Byrd declared. “And, no, I'm not done yet!”

Byrd is seeking an unprecedented ninth Senate term on Nov. 7. Less than two weeks later, he will turn 89. He's not the only octogenarian running for re-election to the Senate this year: Daniel Akaka of Hawaii turns 82 on Sept. 11, just 12 days before the state's primary.

Byrd and Akaka represent the leading edge of a trend, said John Challenger, head of the executive outplacement firm Challenger Gray & Christmas. “People just aren't retiring any more,” he says. As baby boomers reach retirement age, companies concerned with manpower shortages are deciding “they can ill-afford to lose these people,” Challenger said.

In the Senate, age is relative. Strom Thurmond, a South Carolina Republican, left the Senate in 2003 at age 100. At the beginning of this term, the average age of senators was 60.4, and those with the most seniority are in their 70s and 80s. The two men vying to replace Byrd and Akaka are both in their 50s.

In West Virginia, Byrd faces Republican John Raese, 56, a wealthy businessman whose family holdings include steel mills and a chain of radio stations. Akaka has drawn opposition in the Democratic primary from two-term congressman Ed Case, 53, a cousin of America Online founder Steve Case.

Raese entered the Senate race after Republican Rep. Shelly Moore Capito decided not to run. He says he's in it to win, even though some members of his party aren't sure of the wisdom of trying to knock off Byrd.

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"He is an institution in this state. I don't know anybody who could beat him," said Gayle Mason, an accountant and Republican who lunched with Byrd on the opening day of the state fair in Lewisburg. When the senator spent some money at the Amish Fudge stand, he attracted a throng of constituents eager to have their photos taken with him.

"I have always wanted to meet him. This is like a miracle," said Ken Stone of Charleston, who wore a "USA" baseball cap and a "God Bless America" T-shirt.

Raese said Byrd has grown too left-wing for West Virginia, which voted for President Bush in the past two elections. Stone, a Vietnam veteran, never mentioned Byrd's outspoken opposition to the Iraq war. Instead, he focused on Byrd's efforts for the military. "He saved the National Guard in Charleston," Stone said.

Raese isn't making age an issue in West Virginia, but Case is in Hawaii. "We have two 82-year-old senators," Case told USA TODAY in an interview, referring to Akaka and Sen. Daniel Inouye, D-Hawaii, Akaka's elder by four days. "They're coming to the end of their careers. … What makes complete sense in an objective way is to bring in the next senator now to build up seniority while Inouye is still serving."

Case's reasoning brings a sharp retort from Inouye, who ranks second to Byrd among Democrats on the powerful Senate Appropriations Committee.

"It sounds almost as if Mr. Case is playing God, suggesting that Sen. Akaka or I could soon be meeting our maker," Inouye said. "Yes, Sen. Akaka and I could be hit by a car or by lightning. But so, too, could Mr. Case."

Akaka says he's in good health "so I want to go as far as I can to continue to serve the people of Hawaii." Democratic senators from Edward Kennedy of Massachusetts, age 74, and Barack Obama of Illinois, 45, have made television commercials for Akaka.

A Rasmussen Reports poll this month of likely voters showed a tight race with Akaka leading Case 47%-45%. Conversations with Hawaii voters reveal deep divisions. Jack Rivers, 45, a Honolulu fashion consultant, thinks Case is violating local mores about respecting elders. "We have a tradition of kinship in Hawaii, and what he's doing could upset the family," Rivers said.

Retired airline pilot Gerry Madison, 67, questions what Akaka has done in three terms in the Senate. "Akaka has seniority, but he doesn't use it for any good purpose," he said. "I'd rather see a younger, more dynamic person in office like Case."

The difference between the Byrd and Akaka races may reflect their state's economies. Akaka represents a state where the median income is $49,820 and the poverty rate is 11%. In West Virginia, where 18% of households live in poverty and the median income is $29,696, the jobs and roads and other federal largess Byrd has been able to command looms large.

"I put a billion dollars into West Virginia in my first six years of being chairman of the Appropriations Committee," Byrd told the crowd at Hinton. "Don't you doubt it. Man, I put several billion into West Virginia."

That's why David Brewer, 56, a retired coal miner, said Byrd deserves another six years. "Don't back off now," he said. "He doesn't look like he's losing anything."

For Hagel, Standing Up Brought A Fall From Favor (WP)

By Eric Pianin

The Washington Post, August 22, 2006

Chuck Hagel: Moving Forward

Charlyne Berens

University of Nebraska Press, 230 pp. $25

Not long ago, Sens. Chuck Hagel of Nebraska and John McCain of Arizona were the Stardust Twins of the GOP, both decorated Vietnam War veterans and fearless conservative mavericks who occupied much the same political ground.

Hagel was at McCain's side when the Arizonan waged a bitter presidential primary battle against George W. Bush in 2000, and he introduced McCain to the Republican National Convention in Philadelphia. By then, of course, McCain's "Straight Talk Express" campaign had been derailed by Bush, while Hagel's popularity among party regulars surged to the point that he was mentioned as a possible running mate for Bush.

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But six years later, that picture has been turned upside down: McCain has morphed from party outsider to Bush administration booster and a leading contender for the 2008 GOP presidential nomination. Hagel, meanwhile, has tumbled from grace within the party after repeatedly challenging the Republican leadership on Capitol Hill and leveling bruising critiques of President Bush's handling of the war in Iraq and domestic policy.

How could the onetime toast of the GOP have fallen so far, and what are the chances that Hagel will run for president in 2008 in the face of so many obstacles? In her new book, "Chuck Hagel: Moving Forward," University of Nebraska at Lincoln journalism professor Charlyne Berens attempts to answer those questions with a sympathetic portrait of a public figure who is immensely appealing and astute, yet the architect of his own political frustrations.

Berens begins her book noting that Hagel, a loyal Republican and internationalist in outlook, "time and again has taken shots at his party's and his president's engagement -- or lack of it -- with the rest of the world" and has scolded his conservative colleagues for their unilateralist tendencies. Hagel strongly values international alliances and global institutions such as the United Nations and NATO, a view that he has enunciated from his perch on the Senate Foreign Relations Committee and that put him at odds with Bush's early go-it-alone approach to foreign policy.

Hagel commands respect for his thoughtful views on foreign policy, his one real passion in the Senate, and his candor has made him a favorite of the Washington press corps, as when he declared after Bush was nominated for a second term that the Republican Party "has come loose of its moorings."

Yet that same independent streak that marked his formative years and his remarkable climb to power has hurt his relations with many of his Republican colleagues and diminished his effectiveness as a lawmaker. While McCain has vigorously defended Bush's war policies and mended fences with the Rev. Jerry Falwell and other right-wing foes, Hagel's complaints about the war and his opposition to the No Child Left Behind education plan and other signature Bush domestic initiatives have marginalized his prospects as a presidential candidate.

As Hagel's chief of staff, Lou Ann Linehan, often lamented: "I don't know why we have to run in front of every bullet."

"So now he's considering running for the presidency," Berens writes. "Just how will his outspokenness affect that aspiration?"

Berens offers a wide range of opinions and speculation on the subject from political scholars and operatives, but by the conclusion of the book, the questions of whether Hagel will run or could mount an effective campaign are left hanging.

Authors of speculative books on politics run the risk of being overtaken by events, and Berens's observations have a slightly dated feel. Her book leaves off in early 2005, with the Hamlet-like Hagel still pondering his future. But a lot has happened since then, and other Republicans, including McCain, Gov. Mitt Romney of Massachusetts and Sen. George Allen of Virginia, are way ahead of Hagel in organization, fundraising and prominence in the polls.

For all the frustration Hagel expresses about the Republican Party, he is philosophically in tune with many of its traditional stances. He is an ardent free-trader, favors as little government as possible (wishful thinking in an era of exploding government growth) and supports limits to government intrusion in the private lives of Americans, while Bush has authorized warrantless wiretaps of telephones and e-mails.

Hagel, 59, still has bits of shrapnel in his chest and the remnants of burns to his face from his service as an infantryman in Vietnam in the late 1960s. Unlike his brother, Tom, who walked point with him in the same infantry unit, Hagel supported the war effort and never took part in protests. It took decades of study and reflection before he came around to his brother's conclusion that the war had been a huge mistake and that, as he described it, "there was just so much dishonesty in it."

Recently, Hagel called Iraq "an absolute replay of Vietnam."

The book suggests that Hagel's Vietnam experience helped to shape his internationalist perspective and to put him on a track to a political career. It also may have heavily influenced his views on the U.S. invasion of Iraq -- which he voted to authorize and later came to regret -- as well as his skepticism of the administration's motives and dismay with its performance. He has asserted that the White House has lost touch with reality and that the reconstruction effort in Iraq is "beyond pitiful."

In the fall of 2004, Harold W. Andersen, the retired publisher of the Omaha World-Herald, wrote a column for the paper declaring that Nebraska Republicans were tired of Hagel's criticism of Bush's handling of the war in Iraq. Hagel responded that it

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was his responsibility as a senator to ask the hard questions that "were not asked when we sent young men and women into Vietnam."

"Where were our elected officials then?" he asked, with the same straight-from-the-shoulder forthrightness that has gotten him into hot water with his party.

Obama Visits Robben Island (CHIT)

By Jeff Zeleny, Tribune Correspondent

Chicago Tribune, August 22, 2006

ROBBEN ISLAND, South Africa -- The tour guide was Prisoner No. 468.

His name is Ahmed Kathrada and for 26 years he was held captive inside the impenetrable stone fortress off the shores of Cape Town. A confidant of Nelson Mandela's, he was arrested at age 34 and released two months after turning 60.

Now, after serving in Parliament, he willingly returns to Robben Island, personally leading dignitaries and celebrities from all corners of the globe through the hallways of his own living hell.

Bill Clinton and Al Gore have stood and listened as he told his story from inside the prison yard, where the daily task of otherwise accomplished political prisoners was to break big stones into gravel.

Margaret Thatcher and Fidel Castro have made pilgrimages of their own, too, walking down the dank corridors of the maximum-security prison where thousands of men had been held during the 340-year history of Robben Island.

"We've had Hollywood here, too," said Kathrada, who promptly began ticking through an A-list of names, from Oprah Winfrey and Janet Jackson to Denzel Washington and Will Smith. "And I'm only talking about the people that I accompanied."

On Sunday morning, under a glorious blue sky, Sen. Barack Obama (D-Ill.) took his turn.

After boarding a ferry on Cape Town's waterfront district, he took a seat next to Kathrada on the lower deck and quizzed him for virtually the entire 20-minute ride. Even as Robben Island came into view and the ferry cut its engines, Obama was still peppering him with questions about what it was like to be held captive for a quarter-century.

"Were there ever any escapes?" Obama asked.

"Only one," his guide replied. "Back in 1658."

For the next hour, Obama made his way across the sprawling grounds of the prison, spending considerable time in the rocky prison yard where Mandela had once buried pages of his writing, sealing them in bags and placing them below ground before they were smuggled out. The works ultimately formed Mandela's book, "The Long Walk to Freedom."

While Mandela's former cell is off-limits to regular visitors to Robben Island, VIPs are allowed. So with a silver key in hand, Obama walked down a narrow hallway, stopping at the fourth cell on the right.

It was here, inside a room not much larger than a modern-day bathroom stall, where Mandela had spent the lion's share of his time during his 27-year incarceration. There was no furniture and the lights never went off in the chilly room, where gray paint was peeling from the walls.

"How does it make you feel when you come back?" Obama asked Kathrada, as television and documentary crews scrambled to capture the senator playing the role of questioner.

"I'm always reminded," Kathrada replied, "that you missed children."

The tour continued to the lime quarry – newspapers were smuggled here for prisoners to read, hoping to find good news about the liberation movement – and onto the Penguin Boardwalk. As water from the chilly Atlantic crashed onto a rocky shoreline, the small white and black penguins offered one of the few signs of natural life on the island.

Walking back to a white tour bus, Obama reflected on Robben Island, the first stop on a two-week tour of Africa.

"It puts into perspective the work that I do and that most of us in politics do in the United States," he said. "People complain that they have a negative ad against them. That's fairly trivial stuff compared to the elemental, basic struggles that the men here went through."

Then, he added: "It's humbling."

COMING MONDAY: A visit with AIDS patients, a meeting with Archbishop Desmond Tutu and a speech in Cape Town.

US Senator Joins Chorus Of Disapproval Over South Africa's AIDS Policies (AFP)

AFP, August 22, 2006

United States senator Barack Obama joined the chorus of criticism of South Africa's response to the AIDS pandemic, and called for some "clinical truth telling".

Obama, the only African American senator, said: "There needs to be a sense of urgency and an almost clinical truth telling about AIDS in this country for the problem to be solved."

"But (it has to be) addressed in an unambiguous fashion," he told reporters in Cape Town.

"There should not be a contradiction or conflict between traditional values and modern science," he added.

Obama said he was hoping to meet with South African President Thabo Mbeki, who has been under pressure to axe his controversial health minister Manto Tshabalala-Msimang after she took a beating over the government's AIDS policies at a global summit in Toronto.

The United Nations' special envoy on AIDS in Africa, Stephen Lewis, lambasted Pretoria for its response to HIV/AIDS, affecting some 5.5 million South Africans.

Lewis blasted South Africa's AIDS policies as "wrong, immoral (and) indefensible", saying they were "theories more worthy of a lunatic fringe than of a concerned and compassionate state".

The South African stand at the Toronto summit casued outrage by displaying beetroot, garlic and lemons alongside anti-AIDS medicines.

Health Minister Manto Tshabalala-Msimang advocates the quirky diet to fight HIV. And Mbeki himself came under fire several years ago after questioning the link between HIV and AIDS.

Pretoria responded angrily over the weekend to Lewis' comments, saying it rejected "with contempt the statement made by Stephen Lewis with regard to the response of the South African government to the challenge of HIV and AIDS".

"Lewis should tell the world which other developing country has invested resources comparable to South Africa in implementing HIV and AIDS prevention, care and treatment programmes," said health ministry spokesman Sibani Mngadi.

The South African government has tripled the budget allocation for HIV and AIDS over the last four years to 3.5 billion rand (500 million dollars, 390 million euros), the spokesman said.

Tutu Has Encouraging Words For Obama (AP-Y)

By Clare Nullis, Associated Press Writer

AP, August 22, 2006

Nobel Peace prize winner Desmond Tutu offered Illinois' freshman senator a boost Monday for any future presidential bid.

"You're born to be a very credible presidential candidate," Tutu told Sen. Barack Obama, the son of a Kenyan economist and the U.S. Senate's only black member.

"I hope that I would be equally nice to a young white senator, but I'm glad you are black," grinned the anti-apartheid veteran.

Though still in his first term, Obama has become a well-known political figure and is often mentioned by political analysts and activists as a future president or vice president.

He laughed off Tutu's remarks. But in a speech to the South African Institute of International Affairs he struck a serious tone about U.S. foreign policy.

"The Democrats have an opportunity to shape a new vision and create a consensus," said Obama, a member of the Senate Foreign Relations subcommittee on Africa.

"If the United States wants to form truly effective partnerships to counter the threats of the 21st century, then we must be willing to devote serious efforts to building good will and popular support for our policies among not just governments but the people themselves."

The Democrat's session with the religious leader came after meetings with AIDS activists and victims on the second day of his two-week African tour.

Obama, who is due to visit his father's home in Kenya, as well as Chad and the Congo, reiterated one of his favorite themes: that African countries should not expect handouts and could not blame colonialism indefinitely for their woes. Instead they should strive for good governance and invest in the future by better education.

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"The factor of corruption has impeded development dramatically," he commented.

High Expectations Await Obama In Kenya (LAT)

By Edmund Sanders

The Los Angeles Times, August 22, 2006

NYANGOMA-KOGELO, Kenya -- For years, farmers here complained about the broken dirt road through their village, so bumpy that taxis and buses refused to drive on it. Then, two weeks ago the government suddenly sent a tractor to smooth the way, conspicuously stopping at the doorstep of one family.

"They're not fooling anyone," said Said Hussein Obama, whose home lies at the end of the newly improved road. "It's only because he's coming. You watch, next week we'll have electricity!"

You can't fault Kenyan officials for wanting to spruce up a little before the eagerly anticipated visit late this week of Sen. Barack Obama of Illinois, a rising star in the Democratic Party whose late father hailed from this tiny farming town.

Obama mania is sweeping the nation, particularly in the long-marginalized west, which is preparing a hero's homecoming for the half-Kansan, half-Kenyan. Obama, 45, began a 15-day, five-nation African tour last weekend.

Construction workers are racing to complete the new science lab at the recently rededicated Senator Obama Secondary School. A play based on his best-selling autobiography recently took the stage at Kenya's National Theater. Sales of long-popular "Senator" beer, which locals dubbed "Obama" after his election, have doubled since June, brewery officials said.

The Hawaiian-born Obama met his father only once and last visited Kenya 14 years ago. His support for abortion and gay rights would roil most voters here. But none of that matters to locals, who see Obama as their new favorite son.

"He's a role model for all of Africa," said Kenyan playwright George Orido, who adapted Obama's "Dreams From My Father" into a play. When the publisher refused to authorize the production, Orido proceeded anyway.

"His story is our story now," the writer explained. "It's moved beyond him. He proves that Africans have the brains to lead. They don't always have to be dictators or despots."

High expectations are symptomatic of the underdevelopment plaguing so much of Africa. This part of western Kenya remains one of the most impoverished regions in the country. Obama's family homestead, near the western city of Kisumu, has never received running water, paved roads or electricity.

Obama is facing strong cultural and tribal traditions that demand family and clan members, even distant ones or ones returning after a long absence, should share their success with the less fortunate. Villagers and family members here see Obama as a rich, powerful American, speaking about him with pride and admiration, but also a hint of disappointment that he hasn't done more to help them.

"It's tradition that when your man is on top, he is supposed to help," said Said Obama, the senator's uncle, a brewery mechanic who has been laid off from his job.

Barack Obama visited Kenya twice before, in 1987 and 1992, while he was still in school and when he was working as a community organizer in Chicago. His political career soared after a rousing speech during the 2004 Democratic Convention, which began speculation that he'd one day run for president.

In an interview before he departed for Kenya this time, the senator said he hoped his trip would shine a spotlight on Africa's struggles, from the bloodshed in Darfur to the promise of recent elections in Democratic Republic of Congo. Monday, he toured an AIDS treatment facility in Cape Town where he criticized the South African government's response to the disease.

In Kenya, Obama said he planned to use his personal connection to the country to challenge leaders about good governance and anti-corruption, with a strong emphasis on African self-reliance.

"I may be able to talk to Africans in a way that other American politicians are not able to talk, and to challenge them," Obama said. "Aid packages alone don't deliver the goods for people on the ground. ... The key to Kenya's success is going to come from folks on the inside, not the outside."

Back at the family homestead, people are not asking what they can do for Africa, but what Obama can do for them.

There's no shortage of ideas. A new tarmac road would be nice, one resident said. Others spoke of the shoddy health dispensary, which lacks bandages and drugs. A councilman wondered whether Obama could divert World Bank funds to the

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village. A student suggested an educational exchange program, similar to the one that allowed Obama's father to leave the village in the late 1950s and study in Hawaii, where he met Obama's mother. (The couple separated when Obama was 2. His father went on to study at Harvard University before returning to Kenya.)

At the high school named in the senator's honor, the empty science laboratory is intended as a not-so-subtle hint. "When he sees that it is empty, maybe he will fill it," said Mairsat Onyango, the school secretary.

Some in the town scoffed at the hype associated with Obama's visit. "It borders on hero worship," said Francis Oketch, a land surveyor.

But inside the school, Obama's story serves as a lesson about the merits of hard work. "If he can do it, so can I," said Stephen Momodi, 17, a freshman. "I just need to study more."

Asked what he might say to the famous man when he visits, the teenager responded: "I'd ask him to pay for my school fees."

Obama said high expectations were not surprising, given the stark differences in quality of life between Kenya and the United States.

"I'm going to try to tamp them down when I'm there," he said. "But my suspicion is that there are going to be some disappointments if people think I'm coming with a suitcase full of help."

He has made a personal $14,000 donation to an AIDS orphan-care facility, but he said he does not plan to announce any additional contributions during the trip.

Relatives said they had heard Obama made a small fortune from his autobiography, which traces his search to learn about his absent father, who died in a car accident in 1982, and chronicles an emotional visit to Kenya in 1987 to meet his father's family for the first time. The book helped earn Obama $1.4 million last year in royalties and an advance for a new three-book deal.

With about 50 acres of farmland, Obama's family here shares a collection of small tin-roofed shacks with concrete floors. A new water pump means the Obamas don't have to rely on daily deliveries from a donkey cart, but they still can't afford a generator.

Obama's grandmother, Sarah Ogwel Onyango, 85, grows and sells vegetables at the local market to help support the family. "Working keeps me strong," she said.

Hanging on the yellow walls of her sitting room was a row of family photos, including some of a young-looking Obama helping her carry a sack of vegetables. In between the pictures was an autographed Obama campaign poster from his 2004 Senate race.

"We will be so happy to see him," Onyango said, adding that she was particularly looking forward to spending time with Obama's two young daughters.

Relatives say Obama has hosted visits to the United States by a handful of family members since his election, but he hasn't sent back money, as other relatives do from time to time. Obama's grandmother, who said she dreams of owning a small rental property to support her in retirement, predicted that would change after his visit.

"Barack is mature and observant," she said. "He will see for himself what is lacking here, and then, if he can, he will help."

The Job Sen. Clinton Should Want (LAT)

By Ezra Klein

The Los Angeles Times, August 22, 2006

CONVENTIONAL WISDOM has it that Hillary Clinton's presidential campaign is an absolute certainty. But in Washington, many believe otherwise, fearing for her prospects and those of the Democratic Party she represents. And now there are fascinating hints that these forces are aligning to offer her a dignified way to demur from an ugly and ill-fated presidential effort, while still emerging a national leader.

Earlier this month, Steve Clemons' blog, the Washington Note, quoted highly placed sources as saying that Democratic Senate Minority Leader Harry Reid had pulled Clinton aside and offered her a deal: Eschew the presidential campaign and succeed Reid as leader of the Senate Democrats in 2009. Reid's office, of course, strenuously denies the claim. But Clemons, the director of the New America Foundation's American Strategy program, is no fabulist, and this week, similar speculation showed up in Time magazine.

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It's obvious that someone wants word of this bargain to be fruitful and multiply. After all, it offers Clinton a way to disengage from an increasingly uphill effort, and it simultaneously floats the image of her in the minority or majority leader's seat, a position she's uniquely well-suited for.

Before running through her qualifications for the job, it's worth explaining why she'd want it in the first place. After all, Clinton is the unquestioned front-runner for the Democratic nomination for president. She commands an unmatched war chest, an unrivaled collection of political talent (headed by her legendarily adroit husband) and star power that most putative candidates can only dream of.

But if her candidacy gleams in theory, its reality looks a little dimmer each day. Clinton is a polarizing figure, commanding a strong base of support but little room for growth. A CBS News poll in late July found her favorables at 32% and her unfavorables at 39% — a worrying ratio for a figure so well established in the public mind.

Many of her potential competitors score far better on likeability indices, notably John Edwards, who's turned his charm into a 4% lead in the crucial early presidential caucus state, Iowa. More troubling for Clinton, Democratic leaders have shuffled the caucus and primary schedule, placing Nevada after Iowa and South Carolina after New Hampshire. Nevada is essentially one big union town, mainly through the hotel workers union Unite Here, which Edwards is closely allied with. Then comes New Hampshire, where Clinton is ahead by single digits, and then South Carolina — Edwards' birth state, which he won in 2004. It's a series tailor-made for Edwards, and thus daunting for Clinton.

Worse yet, the blogs — the weathervane of the emergent left — can't stand Clinton. Markos Moulitsas Zúniga, proprietor of the liberal megasite Daily Kos, even took to the Washington Post to write of his distaste. And her problems don't stop with the primaries — surveys show she routinely loses to John McCain and Rudy Giuliani in head-to-head matchups.

So whatever the hype, Clinton's path to the presidency isn't an easy one. But the road to Senate leadership may be. Clinton possesses qualities that could turn the thankless, grueling realities of congressional preeminence into something glamorous and powerful. She's a human megaphone, for one, able to focus the press corps on whatever it is she wishes to say that morning. Such a skill would prove invaluable to a legislative leader, allowing her to set the agenda and advance her priorities even from the minority.

Second, she's an extraordinary fundraiser, far and away the best the Democrats have. She's raised $33 million for a Senate reelection campaign that lacks a serious opponent — partly the benefit of retaining the Clinton Rolodex, partly a function of her own magnetism.

Perhaps most important, her ability to bury enmities and forge alliances has been astonishing. She's reached out to the bitterest foes of her husband's presidency, seeking rapprochement with everyone from impeachment manager Sen. Lindsey Graham (R-S.C.) to bête noire Newt Gingrich. In the famously collegial Senate, where success relies on odd bedfellows and mountains of goodwill, she's that rarest of creatures, able to conjure partisan passions when elections beckon but also to resurrect constructive relationships when legislation need be passed.

All those qualities would make her a superlative Senate leader, both for the health of the Democratic Party and the workings of the legislative body. Clinton, a serious policy wonk with a deep-seated drive to improve the world, could effect real change, possibly even more than the relentlessly partisan position of president would allow.

Better yet, her path to the Senate leadership is a far safer road, ensuring that Clinton's trailblazing migration from first lady to senator remained unmarred by a catastrophic defeat in a presidential campaign. She would be the first woman to occupy the august body's leadership position, and she would remain resolutely in the public eye, ready and waiting were the ground to shift and 2012 to look more inviting.

The Fertility Gap (WSJ)

By Arthur C. Brooks

The Wall Street Journal, August 22, 2006

The midterm election looms, and once again efforts begin afresh to increase voter participation. It has become standard wisdom in American politics that voter turnout is synonymous with good citizenship, justifying just about any scheme to get people

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to the polls. Arizona is even considering a voter lottery, in which all voters are automatically registered for a $1 million giveaway. Polling places and liquor stores in Arizona will now have something in common.

On the political left, raising the youth vote is one of the most common goals. This implicitly plays to the tired old axiom that a person under 30 who is not a liberal has no heart (whereas one who is still a liberal after 30 has no head). The trouble is, while most "get out the vote" campaigns targeting young people are proxies for the Democratic Party, these efforts haven't apparently done much to win elections for the Democrats. The explanation we often hear from the left is that the new young Democrats are more than counterbalanced by voters scared up by the Republicans on "cultural issues" like abortion, gun rights and gay marriage.

But the data on young Americans tell a different story. Simply put, liberals have a big baby problem: They're not having enough of them, they haven't for a long time, and their pool of potential new voters is suffering as a result. According to the 2004 General Social Survey, if you picked 100 unrelated, politically liberal adults at random, you would find that they had, between them, 147 children. If you picked 100 conservatives, you would find 208 kids. That's a "fertility gap" of 41%. Given the fact that about 80% of people with an identifiable party preference grow up to vote the same way as their parents, this gap translates into lots more little Republicans than little Democrats to vote in future elections. Over the past 30 years this gap has not been below 20% -- explaining, to a large extent, the current ineffectiveness of liberal youth voter campaigns today.

Alarmingly for the Democrats, the gap is widening at a bit more than half a percentage point per year, meaning that today's problem is nothing compared to what the future will most likely hold. Consider future presidential elections in a swing state (like Ohio), and assume that the current patterns in fertility continue. A state that was split 50-50 between left and right in 2004 will tilt right by 2012, 54% to 46%. By 2020, it will be certifiably right-wing, 59% to 41%. A state that is currently 55-45 in favor of liberals (like California) will be 54-46 in favor of conservatives by 2020 -- and all for no other reason than babies.

The fertility gap doesn't budge when we correct for factors like age, income, education, gender, race -- or even religion. Indeed, if a conservative and a liberal are identical in all these ways, the liberal will still be 19 percentage points more likely to be childless than the conservative. Some believe the gap reflects an authentic cultural difference between left and right in America today. As one liberal columnist in a major paper graphically put it, "Maybe the scales are tipping to the neoconservative, homogenous right in our culture simply because they tend not to give much of a damn for the ramifications of wanton breeding and environmental destruction and pious sanctimony, whereas those on the left actually seem to give a whit for the health of the planet and the dire effects of overpopulation." It would appear liberals have been quite successful controlling overpopulation -- in the Democratic Party.

Of course, politics depends on a lot more than underlying ideology. People vote for politicians, not parties. Lots of people are neither liberal nor conservative, but rather vote on the basis of personalities and specific issues. But all things considered, if the Democrats continue to appeal to liberals and the Republicans to conservatives, getting out the youth vote may be increasingly an exercise in futility for the American left.

Democratic politicians may have no more babies left to kiss.

Mr. Brooks, a professor at Syracuse University's Maxwell School of Public Affairs, is the author of "Who Really Cares: The Surprising Truth About Compassionate Conservatism," forthcoming from Basic Books.

A Wrong Turn Led To The 'L-Word' (WP)

By E. J. Dionne Jr.

The Washington Post, August 22, 2006

Why are liberals the way liberals are? What is it about the L-word that has become so offensive to so many? It has become such a turnoff that countless liberals dare not admit to their own label.

At its best, liberalism is about the defense of the underdog, of minority rights, of social justice, of active but restrained government, of civil liberties, of openness and tolerance.

In their own defense, those who still admit to being liberals would argue that the very fact that they have stood up for minority rights -- including, heroically, for civil rights in the 1960s -- made them unpopular, sometimes with a majority of the country.

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They also argue, correctly, that the demonization of their creed goes all the way back to those who opposed Franklin D. Roosevelt's program of reform at home and internationalism abroad. The reaction to FDR bred McCarthyism and the libelous charge that liberals were, at best, "squishy soft" on communism.

But liberalism has also become associated with elitism, arrogance and disdain for the values of average Americans. Think of the consumer preferences tossed at liberals from the right as epithets: brie, chablis (now updated to merlot), Volvos, lattes, vacations on Martha's Vineyard. Never mind that it's conservatives who want to eliminate inheritance taxes on those Vineyard mansions.

How all this happened is complicated, but some important clues are contained in the most important political book of 2006 that is not a book about politics at all.

David S. Brown's "Richard Hofstadter: An Intellectual Biography" offers us the life of one of our country's most revered historians. Hofstadter, the author of such enduringly popular works as "The American Political Tradition" and "The Age of Reform," shaped modern liberalism in ways that we must still grapple with today.

Anyone who loves American history owes a debt to Hofstadter, and that would include me. I was blessed with two inspiring high school history teachers, Jim Garman and Norm Hess, who stoked my passion for the subject by introducing me to Hofstadter.

Along with thousands of students, I was entranced by Hofstadter's grace of expression, his gift for aphorism and his icon-smashing approach to America's heroes. He was a liberal who was as tough on progressives, populists and reformers as he was on right-wing mass movements, anti-intellectualism and the countryside's disdain for the city. To this day -- we can dream, can't we? -- I still aspire to Hofstadter's clarity and to his gift for synthesis.

But reading Brown is also a reminder of where Hofstadter may have misled the very liberal movement to which he was devoted. There was, first, his emphasis on American populists as embodying a "deeply ingrained provincialism" (Brown's term) whose revolt was as much a reaction to the rise of the cosmopolitan big city as to economic injustices.

Many progressives and reformers, he argued, represented an old Anglo-Saxon middle class who suffered from "status anxiety" in reaction to the rise of a vulgar new business elite. Hofstadter analyzed the right wing of the 1950s and early 1960s in similar terms. Psychological disorientation and social displacement became more important than ideas or interests.

Now, Hofstadter was exciting precisely because he brilliantly revised accepted and sometimes pious views of what the populists and progressives were about. But there was something dismissive about Hofstadter's analysis that blinded liberals to the legitimate grievances of the populists, the progressives and, yes, the right wing.

The late Christopher Lasch, one of Hofstadter's students and an admiring critic, noted that by conducting "political criticism in psychiatric categories," Hofstadter and his intellectual allies excused themselves "from the difficult work of judgment and argumentation."

Lasch added archly: "Instead of arguing with opponents, they simply dismissed them on psychiatric grounds."

This was, I believe, a wrong turn for liberalism. It was a mistake to tear liberalism from its populist roots and to emphasize the irrational element of popular movements almost to the exclusion of their own self-understanding. FDR, whom Hofstadter admired, always understood the need to marry the urban (and urbane) forms of liberalism to the traditions of reform and popular protest.

Hofstadter died of leukemia in 1970, much too young at the age of 54. Few writers have left behind so much good work, books steeped in the paradoxes and ironies of our national story. I'd like to think it's an honor to Hofstadter's legacy that we might subject his own history to the kind of revisionism he practiced with such skill. Liberals owe a debt to Hofstadter, and they owe themselves an argument with him, too.

Former President Ford Receives Pacemaker (AP-Y)

AP, August 22, 2006

Former President Ford received a cardiac pacemaker Monday at the Mayo Clinic, a top aide said.

Ford, 93, was resting comfortably after the operation, and his wife and children were with him, according to a statement issued Monday afternoon by Penny Circle, his chief of staff.

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Ford was expected to continue to recuperate at the clinic for several days. The pacemaker is designed to enhance his heart's performance.

He was admitted Aug. 15 for tests and evaluation. At the time, neither the clinic nor his chief of staff would comment in detail on his condition.

Ford spent a few days in Colorado's Vail Valley Medical Center last month because of shortness of breath. In January, he was hospitalized for 12 days in Rancho Mirage, Calif., to treat pneumonia. Five years ago, Ford suffered two small strokes and spent about a week in a hospital.

Ford became the nation's oldest living former president after the death of Ronald Reagan in 2004.

Ford was House minority leader when President Nixon chose him to replace Spiro Agnew, who resigned, as vice president in 1973.

Ford became president on Aug. 9, 1974, when Nixon resigned amid the Watergate scandal.

Gov., Lawmakers Strike Deal To Raise Minimum Wage (LAT)

By Marc Lifsher

The Los Angeles Times, August 22, 2006

SACRAMENTO — More than 1 million California minimum-wage workers will get their pay raised by almost 20% over the next year and a half, thanks to an agreement announced Monday between Gov. Arnold Schwarzenegger and Democratic leaders in the Legislature.

The hike, the first since early 2004, will lift the state minimum wage to $8 an hour from $6.75. Workers will get the first 75-cent increment on Jan. 1 and another 50 cents on Jan. 1, 2008.

Schwarzenegger praised the agreement as a boost for both low-wage workers and the business climate. "I have always said that when the economy was ready, we should reward the efforts of California's hard-working families by raising our minimum wage," he said. "This is another sign California is coming back stronger than ever."

The jump to $7.50 on New Year's Day will make California's minimum wage the nation's fourth highest, trailing the states of Washington, Oregon and Connecticut, according to the California Federation of Labor. The federal minimum wage is $5.15 an hour.

"It's a long time coming, and frankly, the reason it's coming is because this is a political year," said Art Pulaski, secretary-treasurer of the labor federation.

He said Schwarzenegger, running for re-election in November, has twice before vetoed similar bills, but changed his mind this year as part of a election-year move toward the political center.

Despite expected opposition from Republican lawmakers, a minimum wage bill is expected to win easy passage from the Democrat-controlled Legislature and be on the governor's desk shortly after lawmakers adjourn on Aug. 31.

Getting a deal involved give and take from both the Republican governor and the Legislature's two top Democrats - Assembly Speaker Fabian Nuñez of Los Angeles and Senate President Pro Tem Don Perata of Alameda.

Schwarzenegger agreed to fatten the increase to $1.25 an hour from $1. The Democrats and their labor union allies bargained down to $1.25 from $1.50 and relinquished a call to add an automatic, annual cost-of-living increase to the minimum wage.

Schwarzenegger's opponent in November, Democratic State Treasurer Phil Angelides, said, if elected, he would sign any bill indexing minimum wage increases to inflation so that "working families are not held hostage to politics."

To further sweeten the deal for workers, Democrats said they got a commitment from Schwarzenegger to sign both the minimum wage bill and unrelated legislation that would extend for two years the ability of some workers to pick their own doctor rather than go to their employers' clinics to treat on-the-job injuries.

Both Nuñez and Perata called the increase "long overdue."

Nuñez, the lead negotiator, noted that "California's most vulnerable workers will be getting a larger boost in their pay and quicker than we had hoped for."

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Some business groups backed the minimum wage hike, while all showed relief that Schwarzenegger's compromise protected them from being locked in to giving annual raises to their employees.

"We are happy to see that there is no indexing or cost-of-living increases as part of this package," said Gary ToebbenÖ, president of the Los Angeles Area Chamber of Commerce. "This means that any future increases have to be debated and sold on their merits."

Other business organizations, including the California Chamber of Commerce, said they still oppose any minimum wage hike, contending that the requirement for higher pay could backfire for some workers.

"The effect on employers could be not to hire more people and to make full-time people part-time," said MartynÖ Hopper, California state director of the National Federation of Independent Businesses.

Restaurateurs said they were particularly disappointed that the minimum wage jump would mainly help sometimes well-paid waiters rather than hourly kitchen workers, who generally earn wages that are above the minimum. The California Restaurant Assn. had advocated that hourly wages be frozen at $6.75 for the 400,000 tipped employees, who earn on average between $25 and $35 an hour in tips, said association President JotÖ CondieÖ.

Condie predicted that a higher minimum wage is going "to result in inflation at the dinner table" for customers of the state's 870,000 restaurants. "You're not going to see mass closures of restaurants, but, ultimately, the cost will be passed on," he said.

The hike, which when fully in place will add an extra $2,600 a year to the $14,040 now earned by a full-time minimum-wage employee, should help both the state's lowest-paid workers and their colleagues who make a little more, said Jean Ross, executive director of the California Budget Project, a Sacramento-based policy think tank specializing in issues that affect low and middle-income families.

Ross dismissed some employers' claims that the bulk of minimum-wage workers are teenagers and senior citizens, who have other sources of income. "Our research shows that more than eight of 10 are adults, and 60% are full-time workers," she said.

The planned increases, though significant, still don't cover the basic needs of most workers, Ross cautioned. A single worker with no dependents should earn $12.44 an hour to pay for basic needs and health insurance, she said.

Public Pensions In Trouble (NYT)

The New York Times, August 22, 2006

Public employee pension plans are a financial time bomb in many states and localities. Now New York City's independent actuary says his calculations suggest a potential future shortfall of up to $49 billion.

That's a staggering figure. The Bloomberg administration, which has raised the city's annual contributions to the pension funds, disagrees wholeheartedly. The mayor and his aides say their own number-crunching shows near fully funded obligations. All taxpayers can conclude right now that they need — and deserve — a longer and more informed conversation on this issue, involving the comptroller and the City Council as well.

Unlike private business, public pension funds have no uniform standard for reporting, making the potential for confusion — and misinformation — enormous. But for all the complications of the pension issue, there is one simple, obvious, outrageous part of the problem that is easy to explain. The governor and the State Legislature have been utterly irresponsible in expanding the city's obligations without providing any money to pay the additional cost.

Leaders from both political parties in Albany love to throw large, meaty bones to municipal labor unions in return for election-year support. Six years ago, they decided to give current and future pensioners annual cost-of-living adjustments, instead of a set annuity not tied to inflation. By the time the change is fully phased in 2010, that change alone will require New York to add $822 million to its pension contributions, according the city's nonpartisan Independent Budget Office.

Neither that nor other special benefits, like annual Christmas bonuses for pensioners costing tens of millions every year, were negotiated in collective bargaining. It was much easier for the unions to do an end run around the system and simply buy the benefits with campaign contributions and political support. And no one, obviously, asked the city if it could afford to pay the bill. The city, in fact, argued long and loud that it couldn't. No one cared.

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New York is certainly not alone in wrestling with pension burdens. But the sheer size of its work force, with 180,000 municipal retirees and a quarter-million current employees, makes it a useful harbinger of the coming financial storm for governments, local, state and federal.

BAE Is Major Donor To US Candidates (FT)

By BAE Is Major Donor To US Candidates

Financial Times, August 22, 2006

BAE, the British defence group, has emerged as one of the most powerful corporate contributors to candidates in the current US election cycle, ranking number 18 in a list of the biggest corporate donors.

US subsidiaries of British companies have doled out about $3.7m in political contributions ahead of November's congressional election, with 68 per cent of the donations supporting Republican candidates, according to an analysis by the FT of figures compiled by Political Moneyline, a website that tracks political contributions.

Bush Pushes For Lebanon Force, Vows More U.S. Aid (WSJ)

By John D. McKinnon And Neil King Jr.

The Wall Street Journal, August 22, 2006

WASHINGTON -- President Bush tried to address international anxiety over Lebanon by boosting U.S. aid, but there is no sign he has figured out how to surmount a more pressing problem: getting fast international agreement on a peacekeeping force essential to saving the cease-fire there.

Mr. Bush promised to increase aid for Lebanon to $230 million from the $50 million the White House had pledged earlier. The money will go to rebuild homes, roads, bridges and schools. It also will provide training and equipment for Lebanon's armed forces, which the U.S. hopes will some day be able to contain Hezbollah's strongholds in southern Lebanon and prevent more attacks on Israel.

But even as Mr. Bush unveiled the aid commitment, he offered little to suggest the U.S. has a plan to overcome the difficulties in getting European troops on the ground quickly to round out a United Nations peacekeeping force once envisioned to be 15,000 strong.

European leaders -- including the French, who were counted on to be the backbone of a new force -- fear being caught in the crossfire between Israeli and Hezbollah forces, and they have been hesitant to promise troops amid uncertainty over whether Hezbollah intends to turn over its weapons. They also are seeking a clear international decision on whether the job of disarming Hezbollah would somehow fall to the U.N. force.

To address that concern, U.S. officials say they plan to push in coming days for a second U.N. resolution, following on the Security Council's cease-fire resolution passed 10 days ago, that would spell out details on the disarmament and the future of Hezbollah. But U.S. officials also insist that discussion of the new measure shouldn't slow the deployment of troops.

European diplomats reacted warily to talk of a second Lebanon resolution, fearing it could revive debate over Israel's role in the conflict and calls among Arab countries that Israel be forced to withdraw its forces from Lebanon immediately. European Union foreign ministers plan to meet tomorrow to hammer out a plan for providing a core contingent along with troops from various Muslim countries.

Meanwhile, the danger is that the lack of a robust international peacekeeping force may be creating a vacuum in southern Lebanon, inviting both Israeli strikes at Hezbollah targets and Hezbollah attacks on Israeli forces. That kind of violence could make the entire cease-fire unravel. That is also why U.S. officials don't want the movement of some troops into the region to be stalled during the days it might take to get U.N. approval of a second resolution.

As part of the aid package, Mr. Bush said the U.S. will clean up an oil slick off the Lebanese coast and send a delegation of private-sector leaders to Lebanon to coordinate relief from American businesses and nonprofit groups. Yesterday's moves are aimed in part at countering Hezbollah efforts to build goodwill in the area by pouring in its own reconstruction aid. The White House also hopes to ratchet up pressure on the international community to agree quickly on the makeup of a multilateral peacekeeping force.

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"The need is urgent" for international assistance, Mr. Bush said. While America will "do its part" with expanded aid, he said, "the international community must now designate the leadership of this new international force, give it robust rules of engagement and deploy it as quickly as possible to secure the peace." German Chancellor Angela Merkel also warned that the situation in Lebanon is "very fragile."

Failure to establish the peacekeeping force would raise the risk of renewed clashes between the Israeli military and Hezbollah, as well as new rocket attacks by the militant group into northern Israel. More broadly, it would mark a political defeat for the Bush administration in its effort to drum up international support for its overhaul agenda in the Middle East.

Initially, France was expected to lead the peacekeeping mission, but so far has promised to add only 200 troops to the effort. Italy was emerging yesterday as the likely successor to France for the lead role as Italian Prime Minister Romano Prodi indicated that Italy was willing to command the force.

But the Italian government shares France's reservations, and also is awaiting clarification of the rules of engagement from the U.N.

The U.N. wants to send 3,500 troops into the region next week, but it isn't clear whose soldiers they will be. Adding to the air of instability, the Israeli military said its troops shot and wounded two Hezbollah guerrillas yesterday. The Israeli officials said the guerrillas approached their troops in a threatening manner. Hezbollah denied that.

Israeli jets flew over northern Lebanon yesterday, apparently in an effort to patrol the country's borders and prevent re-arming of Hezbollah from Syria. Over the weekend, Israel prompted protests from the Lebanese government when it conducted a commando helicopter raid in eastern Lebanon to disrupt Hezbollah arms shipments.

Bush Urges Rapid UN Move Into Lebanon (FT)

By Martin Arnold, Demetri Sevastopulo And Roula Khalaf

Financial Times, August 22, 2006

George W. Bush on Monday urged rapid deployment of a UN force to southern Lebanon amid intensifying criticism of apparent foot-dragging in dispatching troops by France and other European nations.

"The international community must now designate the leadership of this international force, give it ro- bust rules of engagement and deploy it as quickly as possible to secure the peace," said the US president.

The European Union will meet on Wednesday, at the request of Paris, to discuss which countries are willing to support the planned UN force of up to 15,000 troops. Its deployment was a key part of the UN ceasefire resolution – drafted by the US and France – and passed 11 days ago. The UN could meet as early as today to discuss again the force's mandate.

French officials on Monday said they could send more troops to Lebanon in addition to the 200 already dispatched if other EU countries also gave military backing.

A French defence ministry official said: "We could, maybe, deploy a few more troops if we wanted, but there is still the strategic problem of what mandate they would have."

France had promised to lead the UN force. On Monday however, Romano Prodi, Italy's prime minister, said he had told Kofi Annan, UN secretary-general, that his country was ready to take on the command, and that Mr Annan would make a final decision on the leadership this weekend. Israel has already said it would be happy if Italy led the force.

In Beirut, the government welcomed Italy's offer of 2,000 troops, the biggest commitment any country has yet made. Officials said the delay in dispatching the UN force was fuelling renewed unease in the country, only a week after the ceasefire between Israel and Hizbollah had raised hope of a permanent end to the war.

Lebanon acknowledges that last week's decision to send the Lebanese army to the south has not been sufficient to reassure potential participants in the international force.

Despite a strong government statement at the time that it would tolerate no other armed authority in a demilitarised buffer zone south of the Litani river, a compromise with Hizbollah apparently stipulates that guerrillas conceal weapons rather than remove them.

Angela Merkel, Germany's chancellor, added her voice to calls for swift action. "It is necessary to get at least some of the Unifil force out there quickly. The situation is very fragile," she said at a news conference.

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France's President Jacques Chirac will discuss Lebanon in a meeting with Ms Merkel on Friday. Analysts said Mr Chirac's eagerness to seize the Lebanon crisis as an opportunity to salvage some lost credibility might have encouraged France to overplay its hand diplomatically.

"Some diplomats wanted to use Lebanon to show that after what happened over Iraq [France's opposition to the US-led war], France could still be of use on the international stage," said Philippe Moreau Defarges, analyst at France's Institute of International Relations. "It is the Gallic cockerel, always putting itself forward forcefully, then saying 'merde' after it realises it has gone too far."

Mr Bush said the US would provide over $230m (£122m, €179m) in aid to Lebanon to rebuild the country, including a proposed $42m grant to strengthen the Lebanese military.

Bush Calls Need For Robust Lebanon Force 'Urgent,' As Europeans Continue To Seek Specifics (NYT)

By Helene Cooper

The New York Times, August 22, 2006

WASHINGTON, Aug. 21 — President Bush called Monday for a swift deployment of United Nations peacekeeping troops to southern Lebanon to help enforce a fragile cease-fire, as European governments continued to put off committing their forces to the effort.

"The need is urgent," Mr. Bush said during an hourlong news conference. "The international community must now designate the leadership of this new international force, give it robust rules of engagement and deploy it as quickly as possible to secure the peace."

Mr. Bush said the United States would contribute $230 million in relief and reconstruction aid to Lebanon, and would also prod American companies to help the effort.

But the biggest obstacle to rebuilding Lebanon right now is the slow pace of assembling an international peacekeeping force.

A United Nations resolution on Aug. 11 authorized a force of up to 15,000 troops, but diplomats are already talking of reducing that number substantially, particularly in light of France's refusal so far to commit more than 200 troops, including a large number of engineers.

Diplomats in New York and Washington said the peacekeeping force would probably not number more than 6,000 or 7,000 troops.

The question is whether that will be enough to enforce a cease-fire, particularly if the force's mandate also extends to preventing Hezbollah from resupplying itself with arms and munitions, and dealing with the disputed area of Shabaa Farms.

Potential contributors, many of whom helped draft the resolution that authorized the force, are also expressing concern about the rules of engagement, including what troops would be required to do, and who would disarm Hezbollah.

...

Denmark, Sweden and Norway have not announced any formal troop contributions, but may do so after a European Union meeting on the issue on Wednesday.

Several Muslim countries have pledged troops, but that effort has also become complicated, because Israel has said it does not want countries in the force that do not have diplomatic relations with it.

The delay has heightened concern that the cease-fire brokered by the United States and France, which wobbled somewhat on Saturday after Israel launched strikes in the Bekaa, the central valley in Lebanon, might crumble. In Berlin, Chancellor Angela Merkel described the situation in Lebanon as "very fragile."

Mr. Bush said: "An international force requires international commitment. Previous resolutions have failed in Lebanon because they were not implemented by the international community, and in this case, did not prevent Hezbollah and their sponsors from instigating violence."

There was some confusion on Monday after Mr. Bush said there would be another resolution coming out of the United Nations to give "further instructions" to the peacekeeping force. While the original resolution expressed the Security Council's

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"intention to consider a later resolution" to enhance the force's mandate and take steps to secure a long-term political solution, American officials hastened to correct the impression that the new measure was imminent or that it could delay the deployment of a peacekeeping force.

"I don't think we have a particular view on time," said John R. Bolton, the American ambassador, when asked about the president's reference. "There's no reason that it should hold up deployment."

Mr. Bolton told reporters after a morning Security Council session that a robust international force needed to get on the ground in Lebanon as soon as possible. Asked how confident he was that the United Nations could come up with the numbers it needs, Mr. Bolton said: "I think it's still a work in progress. I think that's the best I can say."

France, after initially indicating that it would lead the force with a substantial troop contribution, has come under fire for its offer of only 200 troops, particularly given that it negotiated the resolution calling for the force — and laid out the rules of engagement that it now says it does not understand.

Beyond that, France, once Lebanon's colonial master, has a historical relationship that led many to believe it was inconceivable that France would not lead the peacekeeping contingent with a strong contribution.

"I would hope they would put more troops in," Mr. Bush said. "They understand the region as well as anybody."

The French foreign minister, Philippe Douste-Blazy, on Sunday held out hope that France might yet go beyond that number.

"We want the United Nations to define more clearly the missions, chain of command," he said in an interview with French radio. "What freedom of movement will this force have? How should it respond to an incident on the ground?"

Western diplomats said a schism between the French Foreign Ministry and the country's military command may be responsible for the pullback.

"This was a classic case where the Foreign Ministry decides something and then the military pulls them back," one senior American official said.

The official, who asked that his name not be used because he was not authorized to speak publicly on the issue, compared the French split to similar tensions between former Secretary of State Colin Powell and Vice President Dick Cheney.

"It's like when Powell would negotiate something, and Cheney would say no," the official said.

But however much Bush administration officials might understand the French predicament, it leaves them in the position of trying to rally support from other countries.

American officials are talking to their Italian counterparts, as well as to diplomats in Denmark, Sweden and Norway.

Daniel Keohane, a defense specialist at the Center for European Reform, a London-based research institute, offered another view of why the French may have stepped back.

"The French don't want to be seen occupying a Muslim country, particularly because of their history in Algeria. Shooting at the Israeli Defense Forces also would not go down well with the French Jewish community," he said.

He added that the Germans had similar anxieties about deploying ground troops.

Mr. Keohane said the Italians "have less baggage than the French" because there are fewer Jews in Italy and because the Italians have less of a history of colonizing Muslim countries.

Except for the response by Italy, the European reaction to a Lebanon force so far has been dismal, United Nations officials said.

"They've offered ships and frigates to police the Mediterranean," said one official, who spoke on condition of anonymity under normal diplomatic rules. "We need boots, not boats."

U.N. Struggles To Form Peacekeeping Force (USAT)

By Bill Nichols

USA Today, August 22, 2006

WASHINGTON — The United Nations struggled Monday to find European countries willing to contribute large numbers of troops to a peacekeeping force being assembled in southern Lebanon. Such skittishness could endanger the cease-fire between Israel and Hezbollah.

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President Bush said at a news conference that the "need is urgent" for the force to be deployed. "The international community must now designate the leadership of this international force, give it robust rules of engagement and deploy it as quickly as possible to secure the peace," Bush said.

The shaky nature of the week-old cease-fire was underlined again Monday when Israeli troops shot three alleged Hezbollah fighters in southern Lebanon, according to an Israeli army statement. The statement did not say whether the fighters were killed.

Experts on U.N. peacekeeping said the wary reaction from Europe to the call for up to 15,000 peacekeepers to assist a similar number of Lebanese troops stems from two factors: vaguely defined rules of engagement for when force might be used, and a historic reluctance by many countries to participate in U.N. forces that face the possibility of combat.

The United Nations wants 3,500 troops in southern Lebanon by next week.

"This situation is a prime example of the difficulty of structuring this kind of mission … especially when it may be more of a peacemaking mission than a peacekeeping mission" said Ted Galen Carpenter, a foreign policy analyst at the Cato Institute.

When the Security Council passed U.N. Resolution 1701 unanimously on Aug. 11, expectations were for France to lead the new force to create a buffer zone between Israel and Hezbollah and contribute thousands of troops.

Instead, France is sending 200 soldiers; 49 arrived Sunday.

"We want the United Nations to define more clearly the mission," French Foreign Minister Philippe Douste-Blazy told RTL Radio. Douste-Blazy said clearer rules of engagement are needed as well as details on how the force will be run and by whom.

Italian Prime Minister Romano Prodi told U.N. Secretary-General Kofi Annan on Monday that Italy is willing to lead the force. Annan is to make a final decision this weekend.

Other European nations echoed French concerns. "We need the right rules," German Chancellor Angela Merkel said.

Bush said the United States is considering proposing a second U.N. resolution on Lebanon to make the rules of engagement clearer.

John Bolton, the U.S. ambassador to the United Nations, said later that the new resolution would deal primarily with how to disarm Hezbollah rather than concerns about the force. Bolton said there is no schedule for submitting a second resolution.

European Union diplomats plan to meet in Brussels on Wednesday for discussions about the force. Some key concerns:

•Mandate. Resolution 1701 steers clear of the issue of disarming Hezbollah.

Secretary of State Condoleezza Rice told USA TODAY last week that the force would not be required to disarm Hezbollah.

Yet the resolution says that in the southern zone occupied by Hezbollah, "there will be no weapons without the consent of the government of Lebanon and no authority other than that of the government of Lebanon."

Victoria Holt, an expert on U.N. peacekeeping at the Henry L. Stimson Center, says, "The language used in this mandate is pretty ugly, even for sausage-making."

•Rules of engagement. Under Chapter 7 of the U.N. Charter, the use of force is allowed to accomplish a peacekeeping mission.

The Lebanon resolution, however, makes no mention of Chapter 7 and says only that the U.N. force should "take all necessary action … as it deems within its capabilities."

Confusion about when force could be used was one of the issues that led to the failure of a United Nations force to stop ethnic violence in the former Yugoslavia in the mid-1990s, said retired Army general William Nash, who commanded U.S. forces in Bosnia-Herzegovina in 1995-96.

"There's been more talk about what the U.N. force and the Lebanese army will not do than how to create the capabilities for what they should do," said Nash, an analyst at the Council on Foreign Relations.

•A big-name leader. Other problems can fall away if a major country is the lead nation in a U.N. peacekeeping operation, says Kimberly Martens, chairwoman of the political science department at Barnard College, Columbia University. Martens points to peacekeeping operations in East Timor, led by Australia, and Sierra Leone, led by Britain, as cases where significant countries helped structure the force and the mission, giving important stability.

Bush Pledges Millions To Lebanon (WT)

DOJ_NMG_0051763

By Stephen Dinan

The Washington Times, August 22, 2006

President Bush yesterday announced $180 million in new humanitarian aid to Lebanon and urged quick deployment of an expanded international peacekeeping force to provide a security buffer between that nation and Israel, though he said the task of disarming Hezbollah will be left to the Lebanese government.

The president said it is "urgent" that the military force of up to 15,000 international troops be deployed, and said past U.N. resolutions to try to address the problems on the Israel-Lebanon border failed because the international community didn't follow through on disarming Hezbollah.

Italy offered yesterday to command the international force, according to several news agencies, even as the tenuous Aug. 14 cease-fire was tested by Israeli reports that soldiers had shot two Hezbollah guerrillas. Lebanese forces will also be deployed to the nation's southern areas.

Meanwhile, Israeli Prime Minister Ehud Olmert continued to be battered at home by criticism the government was indecisive during the 34-day war that began when Hezbollah kidnapped two Israeli soldiers.

Mr. Bush said the United Nations will pass another resolution with instructions on the international force's mission, and a key question is whether the troops will be limited to separating Israelis and Hezbollah, or whether they will be given the task of actively disarming Hezbollah.

Asked whether he would insist that the international force disarm Hezbollah, Mr. Bush did not answer directly, saying instead that the force would create a "security cushion." He seemed to leave the decision of disarming up to Hezbollah and Lebanon.

"Hopefully, over time, Hezbollah will disarm," he said, adding that Lebanon should not allow an armed faction to exist within its borders.

"The reality is, in order for Lebanon to succeed -- and we want Lebanon's democracy to succeed -- the Lebanese government's eventually going to have to deal with Hezbollah," he said.

Hezbollah has won public support among many in the Middle East by moving quickly to rebuild devastated parts of Lebanon, and the Bush administration is now trying to push its own reconstruction efforts ahead.

"Our nation is wasting no time in helping the people of Lebanon. In other words, we're acting before the [international peacekeeping] force gets in there," Mr. Bush said at an hourlong press conference, in which he also pledged to remain in Iraq through the end of his presidency.

"We've been on the ground in Beirut for weeks," Mr. Bush said, adding that the U.S. has already distributed about $25 million in aid, or half of the previous commitment made in July.

Yesterday's new aid brings the total commitment to $230 million and includes $42 million to help Lebanon's military prepare for deployment in southern Lebanon, money to rebuild schools in time for the school year and a response team to help clean up an oil spill off the country's coast.

Mr. Bush said he also will ask Congress to extend loan guarantees to Israel to help that nation rebuild.

War Lingers In The South Of Lebanon (NYT)

By Hassan M. Fattah

The New York Times, August 22, 2006

SHAMAA, Lebanon, Aug. 21 — Israeli soldiers in the hilltops watch as Hezbollah men on dirt bikes patrol the valleys, barely a mile away. Lebanese Army soldiers harass civilians at checkpoints, but not the combatants. A van with a rocket-launcher sits rusting near a mosque. Villages remain empty as terrified civilians stay away. United Nations peacekeepers look on, offering only meek smiles.

More than a week after a United Nations-mandated cease-fire took hold in Lebanon, the fighting has come to a halt, but the trappings of war linger on.

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The eerie sense of quiet in the villages and towns on southern Lebanon's western edge underscores the sense of a war frozen in time, with the combatants still facing off and the deployment of international and Lebanese soldiers just a promise. The aura of imminent violence is pervasive.

"I'm no student of war, but even I can tell you we're still at war," said Abdulkhaleq Saifeddine, the mayor of Shamaa, a coastal village less than 10 miles from the Israeli border, where Israeli soldiers maintained positions until early Monday morning.

Israeli troops and Hezbollah soldiers clashed here on Monday, The Associated Press reported, leaving three Hezbollah fighters dead. By midday, Israeli tanks that had burrowed into the end of the hill moved out, leaving behind a mound of garbage, supplies and equipment.

"They don't want peacekeepers here; they want someone to destroy Hezbollah," Mr. Saifeddine said. "Our safety is irrelevant. They just want to protect the border."

Israeli military officials said Monday that all of the reservists called up last month had been pulled out of Lebanon, but regular soldiers — estimated at 8,000 to 10,000 by Israeli news reports — remained in Lebanon, awaiting the arrival of an international peacekeeping force.

On Saturday, 49 French troops arrived as part of a larger, 200-man brigade scheduled to arrive later in the week. But there is no clear mandate, and few here hold much hope that the United Nations presence will make a major difference.

So Shamaa remains a virtual ghost town as residents keep their distance. They may come to visit, but few stay very long. Many have secured shelter far away, removing what valuables they can from their homes. On Sunday, a hundred or so villagers returned here to bury two Hezbollah members killed in fighting, as well as an elderly shepherd killed by Israeli fire and a 2-year-old girl killed in a bombing raid on the civil defense building in Tyre.

Many spent the duration of the funeral watching an Israeli soldier moving in the distance.

"Look there!" one man shouted.

"There's no one there, just keep focused," another answered.

"No look, look, he's moving," the man responded. "He's moving on the balcony."

Within a half hour, the crowd shoveled dirt into the graves and drove off, leaving the town empty again.

Even Mr. Saifeddine, who has presided over the rapidly growing town, where there was a building boom after Israel pulled out of southern Lebanon in 2000, now sleeps miles away with his relatives.

"The Israelis are still here and there are unexploded bombs everywhere,'' he said. "I can do nothing but tell my villagers not to come back home yet. Any kind of brush with the Israelis can be dangerous. So we would prefer the villagers not to come back."

In Al Qawzah, a Christian town about 20 minutes' drive to the east, Charles Abu Elias, the deputy mayor, oversaw the cleanup of the town church on Monday, after Israeli soldiers who were holed up inside for days during the war departed. Mr. Abu Elias's family was one of only four that had returned to the village, which had been occupied by the soldiers and virtually ransacked.

"Don't think that they were picking and choosing their targets," he said. "Everybody was hurt by this, Sunni, Shia and Christian. The pain goes all around."

Marwaheen, a town that overlooks the Israeli border, remained empty as well. A graveyard prepared for the victims of an Israeli air attack in the war's first week remained unused, the bodies still in a temporary grave in Tyre, miles away, because local people have been too frightened to return to bury their dead.

On July 15, residents of Marwaheen, a predominantly Sunni Muslim village, scrambled to leave after Israeli loudspeakers across the border warned them to evacuate within two hours. The families gathered in the center of the village and went to a nearby United Nations base for shelter, but were turned away. Many returned to the village.

Another group drove toward Tyre, through Shamaa. When they reached Shamaa's outskirts, the convoy was struck by missiles fired by an Israeli helicopter, killing 23 people, including 17 children.

Wreckage from the attack, a pickup truck and a car, lay on their side on Monday, next to where Israeli tanks had recently taken a position.

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"Everybody has been too terrified to return," said Ahmad Ghanam, who lost his brother and all his children, his niece and her children, and several other relatives in the attack. "The old-timers began going back this week, but the young people remain terrified. You never know what could happen to them."

Villagers put the finishing touches on 23 graves on Monday, and agreed to bury the bodies here on Thursday.

"We will simply bury them and leave, there's no other way of doing it," Mr. Ghanam said. "We figure maybe the Israelis will have left by then."

Next to the town mosque, the burned-out hulk of a van with a rocket-launcher inside hinted at what the Israeli military's target might have been. Residents insist it arrived after they left. But the tank tracks in the pavement in the center of town overnight only confirmed fears that the Israelis would continue to reach deep into the village.

"They are supposed to be implementing U.N. resolutions, but the tanks are still moving around our villages," said Hassan Ghanam, Marwaheen's mayor. "So what the hell are they doing? We want the army to come here and give us assurances of security. We don't want another massacre."

Israeli Reservists Lead Growing Protest Movement (WSJ)

By Guy Chazan

The Wall Street Journal, August 22, 2006

TEL AVIV -- A snowballing protest movement led by Israeli reservist soldiers enraged at the government's conduct of the war with Hezbollah is roiling Israel's political establishment and fueling demands for the resignation of Prime Minister Ehud Olmert and the military top brass.

Dozens of reservists gathered near Mr. Olmert's office in Jerusalem demanding he step down, others are distributing petitions for his ouster while further protests are planned by the families of soldiers killed in the 34-day war.

The campaign is being compared to the wave of soul-searching that followed the bloody 1973 Middle East war, when demobilized reservists, shocked by Israel's heavy combat losses, were at the vanguard of protests that ultimately forced Prime Minister Golda Meir to resign.

"Ehud Olmert is just not a leader," said Micah Afni, a reservist who served in southern Lebanon this month and thinks the prime minister should quit. "People give up their personal life to defend their country, and if the government is incapable of doing the job then it should be replaced."

The movement could add volatility to Israel's postwar politics, though Mr. Olmert may be able to tough it out -- for now. He may have to acquiesce to the growing clamor for a state commission of inquiry into his government's handling of the war, but its findings wouldn't be published for months, giving Mr. Olmert breathing room to repair his reputation. There are also virtually no politicians whom Israelis see as a potential alternative to the prime minister.

Mr. Olmert has sought to calm public anger by pledging to quickly rebuild northern areas destroyed by Hezbollah missiles, and blaming his predecessors for their failure to prepare for the looming threat posed by the Shiite militia. His defense minister, Amir Peretz, has set up a panel of retired generals to look into prosecution of the war, but critics deride it as toothless.

Reservists' gripes filtered out even before the fighting ended. They complained of inadequate training and a shortage of basic equipment, and said on some days they were forced to fight without food and water. Troops were kept idle for weeks and then sent into Lebanon only two days before the United Nations-brokered cease-fire went into effect. Intelligence, especially on Hezbollah's elaborate system of tunnels and bunkers, was inadequate or out of date. Some soldiers complained they were exposed to unnecessary danger by being sent on daytime missions that should only have been carried out under cover of darkness.

The failures have exposed a reserve army eroded by years of neglect and underfunding. With many fearing that the conflict with Hezbollah could be just the prelude to a bigger war, possibly with Iran's involvement, there are public demands that Israel hurry to address its military weaknesses -- including an upgrade of its reserves -- before the inevitable next round begins.

Israel's reserve army, its main ground force, is the backbone of the country's defenses. In addition to their three-year military service, most Israeli men are required to do about 20 days' reserve duty every year up to the age of 40, and can be called up at times of war.

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But in the 1990s, the reserve-duty requirement fell as peace agreements with the Palestinians and Jordan led to cuts in the defense budget. Also, the focus of military strategy began to shift away from traditional ground forces toward fighting high-tech wars. Then with the outbreak of the second intifada in 2000, reservists often found themselves manning checkpoints in the West Bank and Gaza and policing Palestinian towns rather than training for a real war.

In southern Lebanon, the new approach was exposed as flawed. Instead of launching a ground offensive at the start, Israel waged a high-tech air war that failed to destroy Hezbollah's short-range rockets. Meanwhile, its infantry came under fierce attack on the ground from Hezbollah fighters armed with state-of-the-art antitank guided missiles.

Lt. Adam Kima, a reservist who fought this month in Lebanon, blames the technological advances reshaping the army for some of the failures of the war. "The generals sit in a room surrounded by plasma screens and move troops around on a map," he said. "That's why the orders were often so unclear."

The discontent bubbled to the surface yesterday when one group of reservists published an open letter lambasting Israel's leaders and demanding a commission of inquiry into their handling of the war. Senior commanders showed "cold feet" and "indecisiveness," the letter said. Operational plans weren't carried out: missions were canceled and war aims were changed during the course of the fighting, it said.

The army acknowledges some of the complaints are legitimate. "The government was bouncing between the demands of diplomacy and the exigencies of war," said one Israeli military official. "There were a variety of considerations that overlapped, and that led to some sense of confusion in the field."

But some senior figures in the army have gone further. In a rare mea culpa, Brigadier-General Yossi Heiman, the departing head of Israel's infantry and paratroops, said to troops Sunday that he had failed to prepare them adequately for war. He and others in the army felt a "certain sense of failure and missed opportunities," he said. "We were guilty ... of the sin of arrogance."

Lt. Kima's story exemplifies the mistrust that has opened up between combat troops and the top brass. An army engineer, he was told to clear a road close to the south Lebanese village of Bint Jbeil earlier this month. He balked: the place, he said, was crawling with Hezbollah fighters and heavily mined.

"It was a problematic mission," he says. "We said we needed more manpower, more artillery, more helicopters. Why endanger my soldiers' lives unnecessarily?"

For that, the 26-year-old was detained by his brigade commander for 48 hours and threatened with court martial, while five of his team were imprisoned for 21 days. After a military prosecutor upheld Lt. Kima's version of events, they were all released without charge.

He defends the war as one for Israel's survival, and he signed up for service even before receiving his call-up papers. But he's now left with a bitter aftertaste. "In this war, a gulf opened up between combat soldiers and senior commanders," he says. "There's a crisis of trust."

Reservists In Israel Protest Conduct Of Lebanon War (NYT)

By Steven Erlanger

The New York Times, August 22, 2006

JERUSALEM, Aug. 21 — A group of Israeli reservist soldiers who served during the recent fighting in Lebanon, angry about the conduct of the war, on Monday demanded the resignations of Prime Minister Ehud Olmert, Defense Minister Amir Peretz and the army chief of staff, Lt. Gen. Dan Halutz.

The reservists, most of whom have gone back to civilian life, say that their training was inadequate and that they were sent into Lebanon with unclear missions, inadequate supplies, outdated equipment and a lack of basics, like drinking water. They called for a national inquiry into how the war was waged.

During a protest march, one of the participants, Roni Zwiegenboim of the Alexandroni Brigade, said, “Beyond the whole issue of the ammunition, the food and the water that wasn’t, the issue was that there was no leadership.” He added with disgust, “In the end it was just a mess, and it all starts at the top.”

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The protest march of about 100 people went from Castel, the site of a 1948 battle, to Mr. Olmert's house. It reflected considerable domestic angst about the uncertain outcome of the war, the fragility of the cease-fire, general skepticism about the ability of any United Nations force to control Hezbollah and the failure to reach stated goals, like the release of captured soldiers.

Protests by reservists, who are allowed to criticize the army freely, unlike enlisted men and women, helped lead to the fall of the Golda Meir government after the 1973 war, when an Egyptian attack took Israel by surprise.

This war with Hezbollah is not considered that kind of failure, though, and the growing criticism — including other recent protests — has not yet gathered enough momentum to shake the government.

Mr. Olmert and his new Kadima Party were just elected on March 28, and there is little appetite here for another round of voting. Kadima and the Labor Party are more likely to pull together to preserve their coalition, especially when the immediate beneficiaries of a breakup are likely to be on the right. But Mr. Olmert and Mr. Peretz have been badly weakened, and their main campaign promise, of a sweeping new withdrawal of settlers from the occupied West Bank, has been shelved for now.

Mr. Olmert told the cabinet on Sunday that the government's priority should be to rebuild Israel's north.

But the call for an investigation is finding an echo in Parliament. Mr. Olmert is trying to forestall such an inquiry, which might have legal powers to question him and other top officials.

During a visit on Monday to Kiryat Shmona, which was hit by almost one-quarter of the nearly 4,000 rockets fired into Israel by Hezbollah, Mr. Olmert said the point was to concentrate on the future. "I won't be part of this game of self-flagellation," he said. "I won't be part of this game of slandering the army."

Speaking of the Israel Defense Forces, Mr. Olmert said: "We have no other army. Who is the I.D.F.? It's our children, it's our brother, it's our public, part of it in the regular army, part of it in the reserves. What are we going to do now? Stand them in a line and give them a slap on the face? Try them? Put them in front of commissions of inquiry each and every day, so they won't be able to properly assess the next conflict because they will be afraid we shall come complaining to them?"

Mr. Olmert has asked his attorney general to come up with alternatives to a formal inquiry. A governmental investigation authorized by the cabinet, for example, could be better controlled by Mr. Olmert, even if outsiders are involved, and the cabinet could decide what is published.

Mr. Peretz, the defense minister, has been criticized for opening an inquiry into the army's performance led by one of his own advisers, former Chief of Staff Amnon Lipkin-Shahak. The committee has begun to take testimony, but is expected to grant the army's demand that such testimony be kept confidential.

Meanwhile, hundreds of reserve soldiers from the Alexandroni Brigade met Sunday with General Halutz, the army chief of staff, and told him there was a crisis of confidence in senior officers. He promised a thorough investigation.

In another protest, reservists from the Spearhead Paratroop Brigade complained in an open letter covered in Israeli newspapers on Monday that soldiers were prevented from winning the war because of poor leadership. They said that the war was marked by indecision and complained that their missions were repeatedly canceled. "This led to prolonged stays in hostile territory without an operational purpose," the letter said.

"To us, the indecisiveness expressed deep disrespect for our willingness to join the ranks and fight and made us feel as though we had been spat at," it said.

The letter, signed by several hundred reservists, also called for an inquiry into how the war was carried out.

Another kind of protest came Sunday from Brig. Gen. Yossi Hyman, who is leaving as commander of the Infantry Corps and Paratroops. "We were guilty of the sin of arrogance," General Hyman said at his farewell ceremony. "Despite heroic fighting by the soldiers and commanders, especially at the company and battalion level, we all feel a certain sense of failure and missed opportunity."

He said he took the blame for not preparing the infantry better and for not preventing "burnout among professional companies and platoons," adding, "I feel no relief whatsoever in the face of the array of excuses."

Mr. Olmert has rejected a suggestion from his public security minister, Avi Dichter, a former head of the domestic security service, that Israel pursue peace talks with Syria, a Hezbollah sponsor, even if it means giving up the Golan Heights, which Israel conquered in 1967.

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Mr. Olmert said he favored negotiations, but not while the Syrian leader, Bashar al-Assad, continues to support groups that Israel and the United States label as terrorist organizations, like Hezbollah and Hamas.

"Before we negotiate with Syria, they should stop financing terror; before we negotiate with Bashar Assad, let him stop launching missiles by means of Hezbollah onto the heads of innocent Israelis," Mr. Olmert said. "And before we sit down to negotiate, let them stop funding Hamas's murder, sabotage and terror. If they meet all these tests we shall negotiate with them."

Still, Foreign Minister Tzipi Livni said last week that she had picked Yaakov Dayan, formerly her chief of staff, to explore the idea that secular Syria might be pulled out of the orbit of Shiite Iran.

Olmert Tries To Defuse Public Anger (AP-Y)

By Josef Federman

AP, August 22, 2006

Prime Minister Ehud Olmert tried to defuse growing public anger Monday over his handling of the war against Hezbollah, promising to rebuild rocket-scarred border areas but rejecting peace talks with Syria, a key supporter of the Lebanese guerrillas.

With efforts to recruit troops for an international peacekeeping force facing resistance from Europe, the week-old truce appeared increasingly fragile. The Israeli army, which is waiting for the U.N. force to arrive before fully withdrawing from southern Lebanon, said its soldiers shot two Hezbollah guerrillas who approached in a "threatening manner" late Monday. A Hezbollah official called the report "untrue and entirely baseless."

Although Italy offered Monday to command the enhanced international force, many European countries are apparently hesitant to commit troops because of questions about whether they will be called on to disarm Hezbollah fighters, who have largely melted back into the civilian population. Indonesia, Malaysia and Bangladesh have offered front-line troops but Israel does not want them because those Muslim nations have not recognized the Jewish state.

Since the U.N.-brokered cease-fire took effect, ending 34 days of war, the Israeli public's frustration with the performance of the government and the military has grown steadily. On Monday, hundreds of reservists signed a petition calling for an official inquiry, some marching outside Olmert's office to demand his resignation.

Olmert's government, a coalition headed by his centrist Kadima party and the moderate Labor party, is in no immediate danger of collapse. It could be brought down only by parliament, which is in recess until October, and it is not clear whether the public storm will last until then.

"I think Olmert will simply allow the anger to pass and get on with his business," said Gadi Wolfsfeld, a professor of political science at Hebrew University. He said none of the parties in the ruling coalition are eager to hold new elections, and there is no leader in Kadima with the clout to replace him.

The war, launched in response to a Hezbollah raid in which two soldiers were captured and three killed, initially enjoyed broad public support that withered as the fighting dragged on and the Israeli death toll grew. Critics said Israel's political and military leaders were indecisive, set unrealistic goals and settled for an insufficient truce.

The harshest criticism has come from reserve soldiers, who form an integral part of the military. Reservists returning from Lebanon complained about poor command and a lack of food, water and equipment.

"No goal was achieved. ... Nothing was done in this war," Roni Elmakyes, whose son Omri was killed in the fighting, told Israel Radio.

Even the army's leadership began to show signs of dissent. Brig. Gen. Yossi Hyman, the outgoing head of infantry, said this week that "we all feel a certain sense of failure."

Olmert has said he is ready for an investigation, but did not say what kind. An independent commission could call for the resignation of government and military officials.

During a tour of the north Monday, Olmert appeared cool toward such an inquiry, saying the second-guessing would undermine the army. "I won't play this game, the game of beating ourselves up," he said.

The defense ministry has already established a team to look into the war, but the panel of retired generals has been derided as toothless.

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Olmert's tour stops included Kiryat Shemona, one of the hardest-hit border towns, and the Arab village of Maghar, which also came under Hezbollah rocket fire during the fighting.

Facing local officials, Olmert pledged speedy reconstruction and defended his government's performance. He also appeared to pin some of the blame on his predecessors, saying his government had been in power for just two months when the war broke out.

"We knew for years that there was a great danger, but for some reason, we didn't translate that understanding into action, like we just did," he said. "We knew what Iran was doing, what Syria was doing, arming Hezbollah. We acted as if we didn't know."

Olmert also rejected a proposal by some members of his Cabinet to resume peace talks with Syria, a key Hezbollah supporter. He said talks could resume only if Syria stops supporting militant groups.

"Syria is a committed, aggressive member of the axis of evil, which starts in Iran," Olmert said. "Before we negotiate with (President) Bashar Assad, let him stop launching missiles, by means of Hezbollah, onto the heads of innocent Israelis."

The three main U.S. allies in the Arab world — Egypt, Jordan and Saudi Arabia — have been pushing for a revival of negotiations between Israel and Syria because they are worried the Lebanon war has given a boost to Iran, an ally of Syria.

In other developments:

• Nearly all of the 180,000 Lebanese who took refuge in Syria during the war had returned by Sunday, leaving only 2,500 to 5,000 refugees there, said U.N. High Commissioner for Refugees spokesman Jack Redden.

• Lebanon needs about $3.5 billion to repair buildings and infrastructure damaged during the war, and the rebuilding effort was being hampered by lack of government leadership, the Lebanese official in charge of reconstruction, Fadel al-Shalaq, told CNN.

• Israel handed over to U.N. peacekeepers five Lebanese men who were captured during an Israeli commando raid on Aug. 1 in Baalbek. At least 16 Lebanese were killed in the raid on what authorities in the Bekaa Valley city said was in Iranian-built hospital. Israel said the building was a Hezbollah base.

Israeli Reservists Protest Olmert (WT)

By Joshua Mitnick

The Washington Times, August 22, 2006

JERUSALEM -- Israeli reservists, fresh from fighting in southern Lebanon, demanded yesterday that Israeli Prime Minister Ehud Olmert resign over what they describe as the debacle of the monthlong war with Hezbollah.

The calls of the reservists will make it more difficult for Mr. Olmert's Cabinet to avoid appointing a formal "state commission of inquiry," panels that helped bring down two prominent Israeli leaders in the past 33 years.

Reservists told of insufficient provisions, of having no water in the summer heat and being forced to drink from canteens of dead Hezbollah guerrillas, shortages of combat equipment and indecisive orders.

One group of about 200 from the reservist Infantry Brigade 8101 gathered in front of Mr. Olmert's office after a protest march through the city.

"When a CEO fails, they usually fire him. There were big mistakes -- mistakes that even the simple soldier could see," said Yossi Avigur. "They didn't give us the tools to win, and they didn't give us the momentum to win."

The soldiers also called for the resignation of Defense Minister Amir Peretz and Army Chief of Staff Dan Halutz.

The protests were amplified in an open letter to the government by a separate unit of reservists, who also called for a panel of inquiry.

The letter accused the government of getting cold feet during the war, and it charged political and military leaders with indecisiveness.

"The feeling that all of the echelons above us were plagued with unpreparedness and lack of seriousness ... leads us to the question: Why have we been called up?" said the letter.

"The crisis of confidence between ourselves as soldiers and the upper political and military strata will only be solved by an independent panel."

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Reservists, the backbone of Israel's military, carry huge moral authority in Israeli society. They are mostly young professionals with families who spend one month a year on active service.

After being called up to fight in Lebanon, the reservists view the criticism being leveled at the Olmert government as transcending partisan politics.

"They are not perceived as protesting against the war for political reasons, but what they saw in the field," said Sam Lehman Wilzig, a professor of political science at Bar Ilan University.

"They are viewed as salt-of-the-earth, pillar-of-society kind of people. These are not people mouthing off as a commentator or a kibitzer on the sideline."

The protests strike an especially deep chord among older Israelis, who recall a demonstration by one lone reservist after the 1973 Yom Kippur War that helped prod the government to set up a panel of inquiry.

The panel's findings led to the resignation of then-Prime Minister Golda Meir.

In 1982, a state commission of inquiry found then-Defense Minister Ariel Sharon negligent in the first Lebanese war and recommended he be barred from the position. Mr. Sharon resigned.

In the streets of Jerusalem yesterday, reservists carrying Israeli flags and wearing baseball-style caps with the insignia of their unit recounted how their orders were changed several times within hours.

Nicknamed the "Alexandroni battalion," the soldiers, who spent two weeks in Lebanon, said they were forced to loot Lebanese stores and houses to get food.

The soldiers said Israel doesn't need a commission of inquiry, because the war's mismanagement is clear.

"If a dentist sees a rotten tooth, he doesn't put in a filling, he does a root canal," said Roni Zvigenheim, an organizer of the march.

Mr. Olmert has defended himself by saying previous governments failed to prepare for the Hezbollah threat.

"We knew for years that there was a great danger, but for some reason, we didn't translate that understanding into action, like we just did," he said. "We knew what Iran was doing, what Syria was doing, in arming Hezbollah. We acted as if we didn't know."

Olmert Rejects Syria Talks, Dismisses Soldiers' Protests (WP)

By Doug Struck

The Washington Post, August 22, 2006

JERUSALEM, Aug. 21 -- Israeli Prime Minister Ehud Olmert on Monday ruled out peace negotiations with Syria and rejected criticisms of the Lebanon war as reserve soldiers expanded their protests over the government's handling of the conflict.

"We don't have a lot of time to talk about what happened. We have to talk about what will happen," Olmert said. His government has faced growing criticism and calls for investigations into the conduct of the 33-day conflict.

More than 100 protesters, many of them Israeli reservists, staged a demonstration Monday in Jerusalem over shortfalls in the army operation. Another group of paratroops addressed an open letter in the Haaretz newspaper to Olmert, complaining about indecisiveness in the military's top ranks. Hundreds of soldiers signed the letter.

"I won't be part of this game of self-flagellation," Olmert responded as he toured Kiryat Shemona, a northern border town hit repeatedly by Hezbollah rockets during the war.

Olmert suggested that he does not want a formal judicial inquiry, which the Knesset, Israel's parliament, is demanding. Defense Minister Amir Peretz has reportedly appointed an investigating committee to review the war, but various political leaders are calling for an outside, independent commission of inquiry.

"What are we going to do now?" Olmert said. "Stand them in a line and give them a slap on the face? Try them? Put them in front of commissions of inquiry each and every day, so they won't be able to properly assess the next conflict?"

Many of the complaints have been directed at Olmert and Peretz for a war plan that critics say was disorganized and relied too heavily on intensive air bombing in Lebanon. Reserve soldiers who returned from the war also have complained of disorganization in the officer ranks and missing supplies.

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The letter from the reservists argued that policymakers got "cold feet" and left the soldiers in the field, directionless. Since the cease-fire began a week ago, soldiers have given accounts of orders that were unclear or contradicted, of operations postponed and postponed again, and of having to forage for food, water and equipment.

"The management of the war," the reservists wrote in the public letter, "caused us to feel that they were spitting in our face."

Moshe Muskal, the father of an Israeli soldier killed at the start of the war, is organizing a protest among parents of slain soldiers to demand Olmert's resignation. "He must bear the responsibility," Muskal said.

Olmert's government has argued that the operation in southern Lebanon was a military success: It seriously damaged Hezbollah, a militant Shiite Muslim movement, and forced Lebanese troops to move into southern Lebanon.

But the public mood in Israel remains sour, and Olmert has been battling the perception that the war highlighted Israel's weaknesses. The military failed to stop the Katyusha rocket attacks on Israel, did not oust Hezbollah and did not win the return of two Israeli soldiers seized July 12 by Hezbollah guerrillas in the incident that sparked the war.

Olmert also defended his foreign policy in response to suggestions by critics and his political allies that a shift in tactics is needed.

In Olmert's cabinet, Public Security Minister Avi Dichter said Monday that Israel ought to restart the negotiations with Syria that ended in 2000. Since the fighting in Lebanon, there has been increasing public debate over whether to seek a deal with Syria that would bring peace to the border and help isolate Iran.

"What we did with Egypt and Jordan is also legitimate in this case," Dichter said in an interview with Israel's Army Radio, referring to peace agreements reached with those Arab countries. A peace deal with Syria would involve Syria's demands for a return of the Golan Heights, which it lost in 1967.

"Before we negotiate with Syria, they should stop financing terror," Olmert said on his tour of the north. He went on, referring to the Syrian president and the militant Islamic group now in charge of Palestinian ministries: "Before we negotiate with Bashar Assad, let him stop launching missiles by means of Hezbollah onto the heads of innocent Israelis. And before we sit down to negotiate, let them stop funding Hamas murder, sabotage and terror. If they meet all these tests, we shall negotiate with them."

He added: "The antitank weapons which took the lives of very many of our soldiers were supplied by Syria. I can tell you Syria is a committed, aggressive member of the axis of evil."

Late Monday, an Israeli military spokesman said soldiers shot and wounded three armed men who approached an Israeli post in southern Lebanon. Hezbollah denied that any of its fighters were hit. About 8,000 Israeli troops remain in southern Lebanon, and Israel says they will remain until the Lebanese army and an international peacekeeping force take control.

Despicable Breeders (WT)

By Fred Gedrich And Paul E. Vallel

The Washington Times, August 22, 2006

Many statesmen, diplomats and others cast the prime warring parties in Lebanon — Israel and the terror group Hezbollah — as morally equivalent. Espousing this view enables them to argue that diplomacy alone can resolve this conflict. They're wrong.

During the dark days leading to World War II, many European and American leaders mistakenly thought they could bargain with, or isolate their countries from, sinister forces threatening mankind. Their failure to recognize right from wrong, and good from evil, prevented them from promptly acting collectively against that gathering threat. As a result, 60 million died, including 6 million Jews.

With the dark cloud of Islamic fascism hovering over the world today, another generation of appeasers, pacifists and isolationists clamor incessantly for diplomatic solutions to this global threat — even if it means cutting deals with untrustworthy terror masters and maintaining the status quo in the freedom-deprived Middle East region. According to the late Gen. Douglas MacArthur, such behavior "begets new and bloodier war." It has already resulted in substantial spilling of innocent blood, and its full consequences are yet to be determined.

Israel, the lone democratic outpost in the Arab region, sits in the most precarious position of all Free World nations. It is flanked by many hostile Arabs on northern, eastern and southern borders with the Mediterranean Sea to its West. This nation

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exists on 8,000 square miles of land (roughly the size of New Jersey) with 6.4 million residents, about three-quarters of them Jews.

The Jewish state is dwarfed in size and population by neighbors. The Arab world consists of 21 countries and the area controlled by the Palestinian Authority in Gaza and the West Bank. Its land mass encompasses 5.2 million square miles and it is populated by 333 million people. It also owns the distinction of being the world's pre-eminent terrorist breeding ground. According to the State Department, 19 terror organizations operate in the Arab world. Many Middle East observers believe they do so with winks and nods from Arab hosts.

Suffering devastating losses in five major conventional wars, Israel's Arab enemies have resorted to terrorism as a way to achieve their penultimate aim of destroying the Jewish state and greatly diminishing U.S. regional and global influence. They view Israel as an illegal, Western foreign imposition on their soil and their hatred extends to the United States because it is viewed as the ultimate guarantor of Israel's survival.

Ironically, many of Israel's critics have described the current conflict in Lebanon in David and Goliath terms, with Israel being the villain simply because of its military's superior firepower. In doing so, they endanger the very foundation of the international nation-state system.

Israel is a law-abiding state rooted in democratic principles and liberal ideals, seeking to live in peace with its neighbors within borders established by the United Nations after it became an internationally recognized state in 1948. It abides by the laws and customs of war. Its soldiers wear military uniforms, carry arms openly and do not purposely target civilian non-combatants during operations.

Hezbollah is the antithesis of Israel. It has defied the international mandate to dismantle and disarm as required by U.N. Security Council Resolution 1559 and is the provocateur in the latest conflict. The group is tethered to a nexus of terror lifeline stretching from Iran to Syria to its base of operations in Southern Lebanon. During the current conflict with Israel, its Khomeini-inspired shia militia disguise themselves as civilians, embed in civilian populations, and use civilians as shields. They also store weapons in, and fire them from, mosques, schools, hospitals and civilian residences. They have also intentionally targeted Israeli civilian non-combatants for death with suicide bombers and Katyusha rockets as they attend schools, ride buses, shop in marketplaces, dine in restaurants, and innocently go about doing other daily affairs.

In the 1980s, Hezbollah suicide bombing missions destroyed two U.S. embassies in Beirut as well as barracks containing U.S. Marine and French troops with heavy loss of life. They also are responsible for a series of kidnappings and killings of Americans.

The U.N. Security Council recently voted unanimously for another cease-fire resolution intended to end the fighting between Israel's defense forces and Hezbollah's outlaw militia. Like previous diplomatically arranged U.N. peace-deals, this one is also doomed to fail because it doesn't authorize international peacemakers to do what the Lebanese military is unable or unwilling to do, forcibly defang the terror group.

A sustainable peace can only emerge after the civilized world collectively accepts and acts on the fact that Hezbollah leaders and militia, and others like them, are not "freedom fighters" and morally equivalent to free-state leaders and armies, but despicable "war criminals" seeking to destroy the civilized way of life.

Fred Gedrich is a foreign policy and nation security analyst who served in the State and Defense Departments. Retired Maj. Gen. Paul E. Vallely is a military analyst for Fox News and "Stand Up America" radio host.

Mideast Echoes Of 1938 (WP)

By Richard Cohen

The Washington Post, August 22, 2006

In his upcoming book about the horrors of the 20th century, "The War of the World," the British historian Niall Ferguson has a chapter called "The Pity of Peace." It is about 1938, when World War II loomed, and Britain -- especially and importantly Britain -- did precious little to stop it. The warnings of Churchill -- "believe me, it may be the last chance . . ." -- were ignored, and the government under Neville Chamberlain obstinately pursued a policy that forever after made the word appeasement one of the most odious in history. Somehow, though, it looks like 1938 all over again.

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The events in the Middle East are often compared to 1914 and the start of World War I. That war -- the Great War, the war to end all wars -- is actually the all-purpose war. It not only began for what seemed like a trivial reason (the assassination of someone who wasn't a head of state) but it was fought with tenacity and brutality for what now seems no reason at all. In the end, millions died and the world was utterly changed. Why?

But when it comes to the Middle East, 1938 is also a pretty instructive year. At the moment, the United Nations has committed itself to maintaining peace in Lebanon. It has done so by saying it will interpose an armed force between Israel on the one hand and Hezbollah on the other. At the same time, the Lebanese army will -- as it has already started to do -- invade its own country (gasp!), securing the south for the first time in decades.

A critical part of that plan is the establishment of the international peacekeeping force. It is supposed to have 15,000 troops, who will join 15,000 Lebanese troops to ensure that Hezbollah is not rearmed with Iranian and Syrian missiles and that Israel not only pulls out of Lebanon but stays out. The backbone of the international force is supposed to come from Europe, particularly France. It was France, in fact, that was most insistent on the establishment of the force.

Now France is having second thoughts . . . or cold feet . . . or mere questions. If it is the last, that's understandable. The French military is said to worry about the command structure, since this was a problem with the U.N. force in Bosnia in the 1990s. Command structure, though, was not nearly the whole problem in the Balkans. After all, Dutch soldiers were on the spot when Bosnian troops massacred Muslim men and boys at Srebrenica. It is hard to this day to account for what happened.

If only questions about the command structure vexed the French, there would be little cause for worry. But there are ample signs that more is at work here than a table of organization. Maybe the French and other Europeans have just plain lost the political will. The upshot is that now there is no international force worth its name in Lebanon -- certainly not one willing and able to shoot.

This inability of Europe to get its act together is what suggests 1938. Back then, Winston Churchill was hardly the only one who thought Hitler was intent on war. After all, the German leader was an ideological zealot and a murderer to boot. Still, England did little. Similarly, you don't have to have Churchillian prescience to see that what happened once in Lebanon can happen again. Hezbollah's avowed aim is to eradicate Israel. Listen to what it says. Pay attention. It will renew its attacks the first chance it gets. This is why it exists.

When George Bush used the term "Islamic fascists," he had a point. But it's futile to use colorful language when, in reality, you're out of the conversation altogether. This is another baleful consequence of the Iraq war. The United States is not only preoccupied, it is loathed. The leadership it once was able to exert -- especially in the Middle East -- is a thing of the past. If its credibility is to be restored, another president will have to do so. In the meantime, as we always learn, Europe without American leadership is a mere tourist destination.

What's striking about Ferguson's account of 1938 is the almost total absence of Franklin D. Roosevelt. The American president is almost never mentioned -- sidelined by the Great Depression and, more important, American isolationism. That year, too, Europe was left on its own, and England, pathetically, was not up to the job. Now, by default, the leadership of Europe has slipped to France. We can all sense war coming and a kind of crazy chronology forming like storm clouds for all to see -- 1938 becoming 1914.

How To Counter Terrorists Who Also Pass Out Cash (USAT)

USA Today, August 22, 2006

Imagine you're in a financial bind. You can't pay your electricity bill. Or your child wants to go to college but family finances don't stretch that far. Some men turn up at your apartment, pay your bills and negotiate future reductions with the power company. They foot the college tuition. They ask for nothing in return but gratitude.

Welcome to the way Hezbollah has been operating in poor, Shiite southern Lebanon since the group was created, with Iran's help, in the early 1980s. In recent days, it has been handing out wads of cash to people whose homes were destroyed in the month-long war between Israel and Hezbollah. Just business as usual.

Therein lies a challenge for the United States: how to counter terrorist groups that double as popular, effective social service organizations.

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On Monday, President Bush boosted an American aid offer to Lebanon from $50 million to $230 million. After Hezbollah's well-publicized generosity, it looked like belated catch-up. And the U.S. offer carries credibility problems, given that some Israeli bombs were made in the USA, sparking a fierce anti-American outburst among the Lebanese.

Even so, the enhanced aid effort in Lebanon can be a first step toward recognizing something long lost in the Bush administration's approach to the world: that military might can't solve every crisis.

The United States can't hope to match the laser-targeted aid given by Hezbollah in Lebanon and Hamas in the Palestinian territories. Both have networks of informants who know everyone's business. But showing understanding and respect of other people, as well as a willingness to help, is key to winning hearts and minds — as that Dale Carnegie classic How to Win Friends and Influence People preaches.

The Bush administration's post-9/11 approach to the world — dividing it into friends and enemies and relying on bullying rhetoric and military might — has stirred so much anti-Americanism that it could be called How to Lose Friends and Alienate People.

To be sure, terrorism and anti-Americanism aren't going to be solved by niceness or naive PR. But recent history provides a solid example of success. During the Cold War, the United States ran programs to reach out to people under communist dictatorships. Many an Eastern European fell in love with America and what it stood for by hearing a visiting jazz musician, stopping by a U.S. library, studying at a U.S. college or developing a friendship with an exchange student. Solid relationships develop over time and at a very personal level. That's something Hezbollah understands — and the United States needs to relearn.

The world, and the enemies, are different today. Religious fanatics are harder to convert than godless communists. Satellite TV and the Internet have changed communications. But reaching out is still possible. Major aid efforts after Indonesia's tsunami and Pakistan's earthquake, for example, boosted the U.S. image in those Muslim nations.

In 2000, when Bush was a candidate for president, he defined his future foreign policy: "If we're an arrogant nation, they'll resent us," he said. "If we're a humble nation, but strong, they'll welcome us." It's not too late to start acting on those forgotten, pre-9/11 words of wisdom.

In Lebanon, Even Peace Is A Battle (NYT)

By Carlos Pascual And Martin Indyk

The New York Times, August 22, 2006

Washington

VICTORY in the latest war in Lebanon will not be won on the battlefield, but in the race between Hezbollah and the Lebanese government to rebuild homes and lives. Despite President Bush's pledge yesterday of an additional $230 million for reconstruction, Hezbollah is far out front. The international community will need to get $1 billion into Lebanon now, raise $2.5 billion more over three years, and stimulate $5 billion in private investment to enable the Lebanese government to demonstrate that it, not Hezbollah, can build a peaceful and prosperous society.

Six principles should guide this reconstruction effort.

The first is speed. An emergency donors' conference should have already been convened. An international fund needs to be created with procedures for fast, audited disbursement. It is important that there be just one trust fund, with one set of rules for all donors, or more time will be spent on the bureaucracy of spending than on restoring economic activity.

The oil-rich Persian Gulf states should provide the bulk of the resources. They have a huge stake in ensuring that a ruined Lebanon does not now fall into the hands of Iran via its Hezbollah proxy. Iran is already financing Hezbollah's offer of $10,000 grants to pay for housing, furniture and family needs. Recognizing the challenge, Saudi Arabia pledged $500 million in reconstruction assistance.

But the United States needs to do even more, more quickly. Recall that tiny Kosovo, with half the population Lebanon, absorbed more than $2 billion after the 1999 conflict. Congress should make an emergency appropriation of an additional $500 million. And Israel, although it has its own reconstruction needs, should request that Washington temporarily reallocate some of its annual $2.3 billion in American military assistance to help the Lebanese government.

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The second principle is to put the Lebanese government out front. If the "root cause" that President Bush has sought to address is the existence of Hezbollah's "state within a state," then the cure is to replace the militant group's efforts with government programs to meet the needs of the mainly Shiite population of southern Lebanon and the southern suburbs of Beirut.

Some in Washington may balk at allowing nongovernmental groups to work in municipalities that have elected officials from Hezbollah. But it is exactly Hezbollah's political success in those areas that shows why the international community must present a visible and effective alternative in all parts of the south.

Doing so will require getting money and programs to the local level, where residents will know what is needed and possible. Aid groups like Mercy Corps, World Vision and Catholic Relief Services — groups whose approaches have been well tested in other war-torn areas — are ready to create family, business and community support programs to help rebuild local economies. But they will need some $100 million immediately from international donors to support these local efforts for the most affected 1.5 million people.

The third principle is to use local capacity. Iraq taught us how not to rebuild: using international contractors that take months to get in place and spend perhaps a third of their budgets protecting themselves. Lebanon has world-class engineers and experience from rebuilding the country after its civil war. Lebanese and Arab contractors who employ local workers should be given priority. Of course, international donors will need to help the Lebanese government design streamlined procurement rules with external auditors. Again, let's learn from Iraq: payments should be based on results, not on level of effort.

The fourth principle is security. We concur with the urgent calls to deploy an international force in the south. But two other factors are key. One is to train and equip the Lebanese Army — starting with the 15,000 Lebanese troops that will deploy to the south with the international force. Based on experience elsewhere, supporting them will cost at least $20,000 per soldier, about $300 million — about seven times what Mr. Bush proposed. Fortunately, even before this conflict, the Pentagon had studied the modernization needs of the Lebanese military. This plan must be turned into action.

Another security requirement is to bolster the Lebanese civil police force so it can maintain order in areas now controlled by Hezbollah. The United States does not have much capacity in this area, but the European Union does — and Washington should help pay. The Bush administration should tap two separate special authorities Congress provided in the 2006 budget for up to $300 million in emergency security transfers from the Defense Department budget.

A fifth principle is to make maximum use of the private sector. As they showed in recovering from civil war, the Lebanese are among the most entrepreneurial people on earth. Rather than having the West send huge amounts of food aid that can depress local markets, families should be given cash grants that will allow them to buy food.

Thinking big, donors should tap insurance companies and private banks to help Lebanese businesses. Here there is a positive lesson from Afghanistan, where the United States Overseas Private Investment Corporation has insured businesses for more than $1 billion. Imagine the potential in Lebanon if the United States, the European Union, and the World Bank's International Finance Corporation announced that they would insure $5 billion of new business activity.

And, finally, rescuing Lebanon will require patience and persistence. Among countries that managed to stop wars that were tearing them apart, some 40 percent were at it again within five years. A major reason is that international donors pull out too quickly, before reconstruction takes root.

Yet again, conflict between Israel and Lebanon has wrought immense destruction on both sides. A lasting peace will occur only if the Lebanese people come to see that their government is more capable than Hezbollah of providing them with security, dignity and hope for a normal life.

Iran Defiant On Nuclear Program As Deadline Approaches (NYT)

By Michael Slackman

The New York Times, August 22, 2006

TEHRAN, Aug. 21 — Iran's supreme leader, Ayatollah Ali Khamenei, said Monday that his nation would continue to pursue its nuclear program "forcefully." The remarks came one day before Iran's self-imposed deadline for responding to an international package of incentives intended to persuade the nation to voluntarily stop enriching uranium.

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In a speech to a group described by Iranian television news as "Islamic intellectuals," Ayatollah Khamenei stayed consistent with Iran's confrontational, no-backing-down tone while remaining vague in terms of substance. He gave no indication of what "forceful" meant, though over the past week, and again on Monday, officials said Iran would refuse to give up uranium enrichment.

"The Islamic Republic of Iran has made up its mind based on the experience of the past 27 years to forcefully pursue its nuclear program and other issues it is faced with, and will rely on God," he said in remarks reported on the Iranian state news. "Be patient, and hopefully we will taste a sweet outcome."

Iran's defiance was offered up on several fronts on Monday, even as officials here said that within 24 hours the leadership would give a formal response to the proposal offered by the United States, Russia, China, Britain, France and Germany. One official, in an interview with the Iranian Fars News Agency, said Tehran was moving ahead with plans to start up a "heavy water" plant that would feed a nuclear reactor.

Beyond that, The Associated Press reported that Iran turned inspectors away from a nuclear facility in Natanz, which would be a violation of the Nuclear Nonproliferation Treaty.

One day earlier, Iran had held military exercises in which it test-fired surface-to-surface missiles during a second day of war games.

But amid the tough talk and missile firing, Tehran did not provide any details on how it would respond to the Western package of incentives. The West has accused Iran of wanting to develop weapons, while Iran has insisted that it is pursuing peaceful nuclear energy. Though Iran had initially spoken favorably about the package, its tone changed last month when it was ordered by the United Nations Security Council to halt enrichment by Aug. 31 or face political and economic sanctions.

"Arrogant powers and the U.S. are putting their utmost pressure on Iran while knowing Iran is not pursuing nuclear weapons," Ayatollah Khamenei said Monday.

Iranian officials have also threatened to keep their nuclear work a secret — hidden from all public view — if the Security Council tried to force them to stop. Iran's chief national security official and lead nuclear negotiator, Ali Larijani, was quoted by Iranian television news earlier this month as saying that under the Nuclear Nonproliferation Treaty, "if we are threatened, we can act in secret."

He said Iran would interpret sanctions as just that kind of threat.

Political analysts in Tehran with personal relationships with those in government and security agencies said they were expecting Iran to respond with what might be called a conditional approval of the package — accepting some elements in whole, calling for negotiating over others and rejecting the demand to stop uranium enrichment completely. They said the leadership was already preparing for sanctions but hoping that the room for additional negotiations would encourage China and Russia to help Iran buy time.

"As usual, nobody really expects Iran to give a definitive answer to the package," said Mohammad Hossein Hafezian, a specialist on Middle East issues in Tehran. "It is very difficult for this system to make compromise — to reverse or retreat."

For Iran's leaders, the negotiations over its nuclear program are a flashpoint in an internal debate or conflict over how far to integrate the country into the international community in political, diplomatic and economic terms, analysts and diplomats here said.

Reaching an agreement with Europe and the United States on the program could open a door that the clerical leaders are not prepared to open, fearful that foreign investment and renewed diplomatic relations with the West would undermine their absolute authority and ideological grip on all of the levers of power.

In addition to responding to the offer of incentives, officials here said that next week President Mahmoud Ahmadinejad would formally announce Iran's decision on the demand that it stop enrichment by the end of the month. That announcement, however, is expected to be no different from Iran's position has been so far: a refusal to suspend enriching uranium.

It is unclear how Iran would ultimately respond if it were saddled with biting sanctions. Analysts said there were rumors that if Iran were pushed to the wall, it might ultimately accept a Russian proposal to have enrichment conducted there.

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As for the package, "I believe their response will be conditional rather than a yes," said Nasser Hadian, a professor of political science at Tehran University, adding that while the Iranians will give assurances not to develop weapons, "they will refuse to suspend" enrichment.

Iran Defiant On Calls For Nuclear U-turn (FT)

By Gareth Smyth, Demetri Sevastopulo And Daniel Dombey

Financial Times, August 22, 2006

Tehran on Monday gave the strongest indication yet that it would reject international calls to scale back its nuclear programme, intensifying the long-running controversy over its ambitions and nudging world oil prices higher.

Comments by Ayatollah Ali Khamenei, Iran's supreme leader, which suggested such a rejection prompted President George W. Bush to call for a firm response by the United Nations in the wake of any Iranian refusal.

Iran has said it will respond by Tuesday to an incentive package to curb its nuclear activities, while the UN Security Council has set Tehran a deadline of August 31 for suspending uranium enrichment – a process that can produce both nuclear fuel and weapons grade material.

Iranian state television on Monday reported Mr Khamenei as saying that Iran had "made its own decision" and "God willing, with patience and power, will continue its path".

Mohammad Saeedi, the deputy head of Tehran's Atomic Energy Organisation, told Iran's Fars news agency that suspending uranium enrichment was "not possible any more".

Iran's defiant tone, and the potential threat of sanctions against Tehran, helped push oil futures higher, with Nymex crude rising 61c at $71.75 a barrel in midday New York trading. Brent rose 75 cents to $73.05.

Speaking at a press conference in Washington, Mr Bush said the US would await a formal response from Iran. "I certainly want to solve this problem diplomatically and I believe the best chance to do so is for there to be more than one voice speaking clearly to the Iranians."

But he added: "In order for the UN to be effective, there must be consequences if people thumb their nose at the UN Security Council."

The US government has made clear it will argue for sanctions against Iran if it fails to comply, although Russia and China have argued against the early use of punitive measures.

On Monday the Associated Press also reported that Iran had restricted UN inspectors' access to the country's nuclear site of Natanz. But it was unclear whether the reduced access amounted to a violation of Tehran's international obligations.

Iran Vows To Pursue Nuclear Work, Defying U.N. (WSJ)

By Neil King Jr. And David Crawford

The Wall Street Journal, August 22, 2006

Iran promised to push ahead on its nuclear development despite a United Nations demand that it halt a uranium-enrichment project, setting the stage for a tough international fight over how to penalize the Tehran government.

While U.S. and European officials continue to wait for a formal reply from Iran to an incentives package put forward in June, Iran's supreme leader, Ayatollah Ali Khamenei, said yesterday that Iran "has made its own decision" and "will continue its path" on nuclear-development work. Iranian President Mahmoud Ahmadinejad made similar statements last week.

Iranian comments in recent weeks have been a mix of bluster and accommodation, though U.S. and European officials say they don't expect a satisfactory response and plan to push ahead on a sanctions package as early as the first week of September.

The U.S. and its chief European partners on the Iran front -- Britain, France and Germany -- contend that Tehran is using its civilian nuclear program as a cover to develop atomic weapons, an assertion top Iranian officials reject. To force the issue, the Security Council last month passed a resolution demanding that Iran cease its uranium-enrichment work by Aug. 31 or face potentially tough -- but unspecified -- sanctions.

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Iran's Foreign Ministry during the weekend said it plans to offer a "multifaceted response" to the European incentives proposal, which was offered with U.S. support. U.S. and European officials say they have little expectation that Iran will agree to a full enrichment freeze.

Assuming an unsatisfactory reply, senior aides to President Bush have been preparing for weeks to begin a push within the Security Council to impose an array of sanctions on Iran. Mr. Bush said yesterday that it is imperative that Iran be punished if it flouts last month's resolution. "There must be consequences if people thumb their nose at the United Nations Security Council," Mr. Bush said in a nearly hour-long news conference. He stressed that the international community has "to work in concert for effective diplomacy," reflecting concerns that the near-consensus on Iran last month within the Security Council might fray.

Crude-oil prices rose yesterday on the New York Mercantile Exchange, with the September futures contract climbing $1.31, or 1.8%, to $72.45 a barrel.

U.S. and European diplomats at the U.N. fear this next round of negotiations on Iran stands to be particularly grueling. Of the five permanent, veto-wielding members of the council, Russia and China remain hesitant about imposing tough penalties on Iran, in part for fear of disrupting important business ties. Britain, France and the U.S. are intent on pushing ahead on a range of penalties, though details have yet to be laid out.

Diplomats also worry that strains over the war involving Israel and Lebanon and its aftermath could spill over into diplomacy over Iran, making it harder to agree to a first set of sanctions.

German diplomats cautioned that it could be several days before Iran responds formally to the European package, which offered a set of trade and political inducements if Iran freezes its uranium work and agrees to international safeguards on its nuclear program. Under the deal, the U.S. would enter into direct talks with Iran for the first time in decades.

Iran stirred a flurry of speculation in recent weeks when it appeared to set its own deadline -- today -- for responding to the European incentives package. Various scholars and Internet commentators noted that the date overlaps with the ceremonial commemoration of the Prophet Muhammad's flight to heaven from Jerusalem and back on the back of a winged horse.

Diplomats say the speculation as to why Tehran would pick such an otherwise arbitrary date is founded on a simple misunderstanding. When Iranian officials said earlier this summer that they would respond at the end of the month, they were referring to the current Iranian calendar month, which ends today.

Officials at the International Atomic Energy Agency couldn't confirm an Associated Press report saying that Iran had blocked IAEA inspectors from entering a research facility at Natanz. Inspectors were in Iran last week for a routine inspection, according to a Vienna-based diplomat, and returned to Vienna as planned. The U.N. agency plans to send another inspection team to Iran next week for another round of inspections.

Iran Rejects Offer For Nuclear Talks (WP)

By Dafna Linzer

The Washington Post, August 22, 2006

The Iranian government has told senior European officials that it will not accept the only condition set by the Bush administration and its Western allies for talks on the country's nuclear program and will continue enriching uranium, despite the threat of international sanctions, several senior U.S. and European officials said yesterday.

Diplomats in Washington, Tehran and European capitals said the Iranian government is willing to enter negotiations and to consider a freeze of the program, but it will not accept a freeze as a precondition for the talks.

Ali Larijani, Iran's chief nuclear negotiator, informed Javier Solana, foreign policy chief for the European Union, of the decision in a phone call over the weekend. The two men will likely meet again today, along with representatives of France, Britain and Germany, to discuss the Iranian position. But U.S. officials said they would push for strong financial sanctions against the Tehran government and expected support from Europe.

The Iranian position is nearly identical to its initial reaction to the offer, which was presented in June and includes a package of U.S.-backed economic and political incentives. U.S., British and French diplomats concluded yesterday, after receiving word of Iran's intention, that the government simply bought time to advance its nuclear program, rather than scale it back as the U.N. resolution requires.

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In Tehran, the country's supreme leader, Ayatollah Ali Khamenei, said the nuclear program is peaceful and will continue. "The Islamic Republic of Iran has made its own decision, and in the nuclear case, God willing, with patience and power, will continue its path," Khamenei was quoted as saying by state television.

Mohammad Saeedi, the deputy director of Iran's Atomic Energy Organization, told an Iranian news agency that "under current circumstances, the suspension of uranium enrichment is not possible." Still, he said Iran's response would be "very comprehensive" and would provide "a suitable opportunity for the West to solve the nuclear dossier through negotiations."

President Bush said yesterday that he would wait for the formal reply, but, anticipating the rejection, he urged the United Nations to respond forcefully. "There must be consequences if people thumb their nose at the United Nations Security Council, and we will work with people in the Security Council to achieve that objective," he said.

Earlier this month, the Security Council passed a resolution giving Iran 30 days to stop the program or face the threat of sanctions. For the first time, U.S. officials began feeling optimistic that sanctions could be achieved. "The U.N. resolution calls for us to come back together on the 31st of August," Bush said yesterday. "Dates -- you know, dates are fine, but what really matters is will, and one of the things I will continue to remind our friends and allies is the danger of a nuclear-armed" Iran.

But even some of Washington's closest allies worried yesterday that the effort was becoming more difficult, complicated by the recent fighting in Lebanon between Israel and Hezbollah, which is backed financially and militarily by Iran.

"The Iranians are extremely confident following the outcome of the Israel conflict," said one senior European official, who agreed to discuss sensitive details in the matter on the condition of anonymity. "Their Syria-Iran-Hezbollah axis has gone from minority player to lionized hero of the Arab street."

A U.S. official, who spoke on the condition of anonymity, said senior U.S., French, German and British diplomats agreed during a conference call yesterday to press for sanctions.

Even before fighting broke out in Lebanon, many Security Council members seemed skittish about imposing financial measures against a major oil exporter.

For years, the Bush administration has tried to convince allies to pressure Iran to give up a program that the Tehran government insists is for generating electricity, and not part of a covert nuclear weapons effort.

But Iran, rich in oil and natural gas, built its nuclear program in secret over 18 years. It was forced to acknowledge the large-scale program and accept an outside investigation after an Iranian exile group, listed by the State Department as a terrorist organization, publicly revealed the location of Iran's largest nuclear facility, in Natanz, four years ago.

Since then, inspectors with the International Atomic Energy Agency have been trying to determine the scope and history of Iran's nuclear efforts. They have conducted hundreds of inspections, uncovered Iranian experiments with plutonium and uranium, and exposed a secret relationship between Iran and Pakistan, which was instrumental in the development of Iran's nuclear program.

The inspectors, however, have been unable to confirm Tehran's claims that its nuclear energy program is peaceful. Yesterday, officials in Vienna, where the IAEA is based, said Iran had refused a request by inspectors in the past week to view construction progress at the Natanz site, a vast complex that houses uranium-enrichment efforts.

Inspectors, preparing to report on Iran's program to U.N. members next month, are trying to determine how much uranium the Iranians have enriched in the last several months. Although Iran is advancing its nuclear efforts, U.N. inspectors, as well as analysts working for U.S. and British intelligence, believe the Iranians are technically poor at enriching uranium.

Based on what is known about Iran's program, Western intelligence believes that it will be years before Iran can manufacture enough uranium for a nuclear bomb.

Iran Denies Inspectors Access To Site (AP)

By George Jahn

AP, August 22, 2006

Iran turned away U.N. inspectors from an underground site meant to shelter its uranium enrichment program from attack, diplomats said Monday, while the country's supreme leader insisted Tehran will not give up its contentious nuclear technology.

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Ayatollah Ali Khamenei's comments came on the eve of a self-imposed deadline to respond formally to Western incentives aimed at curbing its atomic program, deflating hopes that Iran will accept a U.N. Security Council demand that it freeze enrichment by Aug. 31 or face the possibility of sanctions.

Iran's unprecedented refusal to allow access to its underground facility at Natanz could seriously hamper U.N. attempts to ensure Tehran is not trying to produce nuclear weapons, and might violate the Nuclear Nonproliferation Treaty, diplomats and U.N. officials told The Associated Press.

Speaking on condition of anonymity because of the sensitivity of the information, the diplomats and officials from the U.N. nuclear watchdog, the International Atomic Energy Agency, described other signs of Iranian defiance.

They said Iran denied entry visas to two IAEA inspectors in the last few weeks after doing the same earlier this summer for Chris Charlier, the expert heading the U.N. agency's team to Tehran. Additionally, they said, other inspectors were given only single-entry visas during their visits to Iran last week, instead of the customary multiple-entry permits.

Iran's reported actions were likely to harden Western resolve to punish the Tehran regime if it refuses to give up uranium enrichment, which can be used to create the fissile core of nuclear warheads.

Diplomats told AP on Monday that sanctions could include a ban on the sale of missile and nuclear technology to Tehran, international refusal to grant entry visas to people involved in Iran's nuclear program and a freeze of their assets, and a ban on investment in Iran.

IAEA head Mohamed ElBaradei is to report by Sept. 11 to the agency's board on Iran's compliance with the Security Council deadline on freezing enrichment and on other aspects of Tehran's cooperation with U.N. inspectors.

The U.S. ambassador to the United Nations, John Bolton, said that "nothing surprises me about how Iran treats its obligations" under the nonproliferation agreement. He said Iran concealed things from inspectors in the past and alleged Tehran also has falsified data.

Although Bolton said he had no specific knowledge of the reported recent blocking of U.N. inspectors, he said, "More obstructionism doesn't surprise me at all."

IAEA officials at the agency's headquarters in Vienna, Austria, refused to comment.

The Islamic republic has promised to formally respond Tuesday to an offer of economic and political rewards for it to freeze enrichment and negotiate strengthened monitoring of its nuclear program.

The proposal from six world powers — the U.S., Russia, China, Britain, France and Germany — includes promises that the United States and Europe will provide civilian nuclear technology and that Washington will join direct talks with Iran.

But Iran's supreme leader again ruled out an enrichment freeze.

"The Islamic Republic of Iran has made its own decision and in the nuclear case, God willing, with patience and power, will continue its path," Khamenei was quoted as saying Monday by state television.

He accused the United States of pressuring Iran despite Tehran's assertions it is not working on nuclear weapons, as Washington and its key allies contend. Iran says its enrichment work is intended solely to produce fuel for nuclear reactors that will generate electricity.

"Arrogant powers and the U.S. are putting their utmost pressure on Iran while knowing Iran is not pursuing nuclear weapons," Khamenei said.

Iran said Sunday that it would offer a "multifaceted response" to the incentives proposal but already insisted a full enrichment freeze was out of the question.

In Washington, President Bush said Iran already was giving an inkling of its response. "Dates are fine," he said, "but what really matters is will. And one of the things I will continue to remind our friends and allies is the danger of a nulear-armed Iran."

A State Department spokesman, Gonzalo Gallegos, said, "We await their final decision."

German Chancellor Angela Merkel pressed for a "solid answer" from Iran. "I still hope that it will be positive, although some signals have been very confused," she said.

Tehran says uranium enrichment does not violate any of its obligations under the Nuclear Nonproliferation Treaty.

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But U.N. officials suggested the refusal to allow IAEA inspectors access to the underground nuclear site being built at Natanz was in itself a violation of the treaty because it contravenes Tehran's commitment to inform the agency of the progress of such projects.

Iranian officials have said the country intended to move toward large-scale uranium enrichment involving 3,000 interconnected centrifuges in underground halls at Natanz, in central Iran, by late this year and would later expand the program to 54,000 centrifuges.

Former U.N. nuclear inspector David Albright, president of the Washington-based Institute for Science and International Security, describes the site as a vast complex 75 feet underground, covered by layers of materials. It is unclear whether that includes concrete.

Associated Press writers George Jahn reported this story from Vienna, Austria, and Nasser Karimi from Tehran, Iran.

Inspectors Kept Out Of Key Site Ahead Of Deadline (WT)

By David R. Sands

The Washington Times, August 22, 2006

Facing a self-imposed deadline today to respond to a U.S.-backed offer to suspend its nuclear programs, Iran yesterday blocked international inspectors from a key research site and vowed once more never to surrender its atomic energy programs.

President Bush called for strong international action if Tehran turns down a compromise offer to suspend its uranium enrichment programs in exchange for trade and other concessions, but Western diplomats were increasingly pessimistic about a deal.

Mr. Bush told a White House press conference there has to be "consequences" if Iran refuses to bargain over its nuclear programs, including new sanctions by the U.N. Security Council. Iran says its nuclear programs are for civilian energy, but the United States and its allies maintain the Islamic republic is secretly trying to obtain nuclear weapons.

Saying he wanted to solve the standoff diplomatically, Mr. Bush declared, "Dates are fine, but what really matters is will."

The signals coming out of Tehran in recent days have not been encouraging.

Western diplomats at the Vienna, Austria-based International Atomic Energy Agency, the U.N. nuclear watchdog, said yesterday that Iran was blocking access for IAEA inspectors to a major facility in Natanz, a violation of Iran's obligations under the nuclear Non-Proliferation Treaty.

The heavily fortified site uses gas centrifuges to enrich uranium, which then could be used for either civilian or military purposes.

Alaeddin Boroujerdi, a leading foreign policy voice in Iran's parliament, told the official Iranian news agency yesterday that lawmakers may restrict access to other nuclear sites if sanctions are imposed.

Iranian supreme leader Ayatollah Ali Khamenei said in a television interview in Tehran that Iran would not give up its nuclear programs, despite U.S. and U.N. pressure.

Mohammad Saeedi, deputy head of Iran's atomic energy agency, said even a temporary halt in Iran's uranium enrichment program -- the basic demand of the international offer -- was not acceptable.

"Considering the technical achievement of Iranian scientists, the suspension of uranium enrichment is not possible anymore," he told [a wire service] news agency.

The five permanent U.N. Security Council powers -- the United States, Britain, France, Russia and China -- and Germany presented the incentives package in June, including an offer by the Bush administration for limited direct talks with Tehran, in exchange for a freeze on Iran's nuclear enrichment work.

Ignoring Western demands for an answer, Iranian leaders said they would present a written reply to European diplomats by today. The Security Council voted at the end of last month to set an Aug. 31 deadline for a final reply or face new sanctions.

German Foreign Minister Frank-Walter Steinmeier said he hoped Mahmoud Ahmadinejad, Iran's hard-line president, would give a response that would keep the negotiations on track.

"But I also have to say that after the events this week, I am skeptical," Mr. Steinmeier told reporters during a visit to Afghanistan's capital of Kabul.

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Analysts say it is unlikely Iran will give a flat yes or no to the nuclear offer, forcing the United States and its partners to coordinate their own response. Sanctions against Iran likely would meet resistance from Russia, China and other countries that have oil ties and extensive business contacts with Iran.

Iran's response also could provide one of the first clues to how the recent Israel-Hezbollah conflict in Lebanon has scrambled diplomatic and security calculations in the region.

Iran is closely allied with Lebanon's Hezbollah Shi'ite militia, and many in Tehran celebrated what they said was Hezbollah's unexpectedly strong showing against Israel's fabled military in the 34-day fight.

Kenneth Pollack, a Middle East scholar at the Brookings Institution, said Iran's answer on the nuclear offer was likely to be "more no than yes," in part because hard-liners who favor confrontation with the United States and its allies now had the upper hand because of Lebanon.

Former President Of Iran Invited To Speak In D.C. (WP)

By Robin Wright

The Washington Post, August 22, 2006

Despite a looming diplomatic showdown with Iran over its nuclear program, the Bush administration has agreed to issue a visa to former Iranian President Mohammad Khatami to give a public address at the Washington National Cathedral next month, according to the Rev. Canon John L. Peterson, director of the Center for Global Justice and Reconciliation.

Khatami would be the most senior Iranian to visit Washington since Iran's 1979 revolution and the 1979-1981 takeover of the U.S. Embassy, which led Washington to sever relations with a country that had been one of its two closest allies in the Middle East.

The State Department said yesterday that it had not yet approved a visa for Khatami because he has not yet formally applied, which he must do outside Iran.

The White House decision to allow a prominent Iranian reformer to visit comes at a time of mounting tension with the new hard-line leadership in Tehran. Iran is expected to give its official answer today to a U.S.-backed package of incentives designed to get Tehran to give up uranium enrichment, a process in a peaceful nuclear energy program that can be converted to develop a nuclear weapon.

Undersecretary of State R. Nicholas Burns said Friday that the United States is ready to push for new international sanctions on Iran at the United Nations if it does not accept the undisclosed package. Burns's office made the decision to grant the visa, according to the cathedral.

Khatami, a former minister of culture once purged by hard-liners, was a dark-horse presidential candidate in 1997 who led a sweeping upset that began a period of freer press, talk of political reform, cultural openings and encouragement of exchanges with the outside world. American tourists even returned to Iran.

In 1998, Khatami urged an end to the "wall of mistrust" between Iran and the United States. He also made an overture to the West by calling for a dialogue of civilizations, a proposal adopted by the United Nations when it declared 2001 the Year of Dialogue Among Civilizations.

But relations between the two countries have remained locked during the Clinton and Bush administrations over Iran's support for groups that rejected the Arab-Israeli peace process, its backing of militant groups such as Hezbollah and Hamas, and its potential to subvert its energy program.

Evan Anderson, deputy director of the Center For Global Justice and Reconciliation, said the visit comes at a critical juncture in U.S.-Iran relations, particularly in light of the current crisis in the Middle East.

The Rev. Samuel T. Lloyd III, dean of the cathedral, said, "It will be an honor for the cathedral to provide a platform for President Khatami." He added: "President Khatami's commitment to a dialogue between civilizations and cultures is an important component in the peace process. This is much needed in the world today."

After serving two terms, the presidential limit, Khatami left office last year, and the clerical board that certifies candidates did not allow other reform candidates to run to replace him. He was succeeded by Mahmoud Ahmadinejad, a hard-liner, who has come into his own politically by capitalizing on tensions with the West over the nuclear issue.

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Reformers have since been further sidelined, and some have been prosecuted. The new government has also ridiculed the Bush administration project to provide $75 million to foster democracy in Iran.

After leaving office, Khatami endorsed Iran's right to enrich uranium, which is legal under terms of the Non-Proliferation Treaty. But U.S. and European officials believe Iran is intent on secretly developing weapons capability.

In February, Khatami founded the International Institute for Dialogue Among Civilizations and Cultures, headquartered in Tehran. He plans to speak in Washington on the dialogue of civilizations and the role the three Abrahamic faiths -- Islam, Judaism and Christianity -- can play in the peace process. Plans call for the event, at the National Cathedral at 7:30 p.m. on Sept. 7, to be free and open to the public.

Before visiting Washington, Khatami is scheduled to attend a U.N. conference as part of the Alliance of Civilizations, led by the prime ministers of Spain and Turkey.

Sudan's Plan For Darfur Involves Its Own Force, Not The U.N.'s (NYT)

By Lydia Polgreen

The New York Times, August 22, 2006

KHARTOUM, Sudan, Aug. 21 — Sudan's government has proposed using more than 10,000 of its own troops to quell the violence in the troubled region of Darfur instead of the United Nations peacekeeping force that it has repeatedly refused.

The Sudanese plan was presented to the United Nations Security Council last week, but whether it is a serious blueprint or another tactic in the country's efforts to stall or thwart a United Nations peacekeeping force remains to be seen. Sudan's president, Omar Hassan al-Bashir, has been engaged in an escalating war of words over the proposed United Nations peacekeeping force in Darfur, declaring that Sudan would "defeat any forces entering the country just as Hezbollah has defeated the Israeli forces," according to the state-run news agency, Suna.

Under the plan, the Sudanese government would use the troops to "gain control of the security situation and achieve stability in Darfur" and to "deal with the threats posed by the activities of groups that have rejected the Darfur peace agreement," which was signed on May 5.

The plan does not explicitly reject a United Nations force, which the United States and others have advocated to secure the shaky peace agreement. But it makes clear that Sudan believes it should be responsible for stabilizing the worsening crisis in Darfur.

"The restoration of stability and the protection of civilians are central responsibilities of the government of the Sudan," Mr. Bashir wrote in a letter to Kofi Annan, the secretary general of the United Nations.

But the Sudanese proposal, taken with what advisers for the African Union, human rights groups and aid organizations describe as a large buildup of military forces in Darfur, indicate that the government may intend to deal with the escalating crisis in its western provinces by force.

"More than a diplomatic road map, this is showing their military intentions," said David Buchbinder, a Darfur researcher at Human Rights Watch. "I don't think this in any way is going to protect civilians."

The Sudanese government signed a peace agreement with the strongest of the rebel groups fighting for greater autonomy and a share of Sudan's wealth in Darfur, but since the agreement was reached, Darfur has grown more chaotic and violent.

The African Union peacekeeping force that is supposed to monitor the peace agreement is running out of money and unable to protect itself, much less civilians. Two Rwandan soldiers were killed Saturday when a convoy of fuel tankers they were escorting came under attack.

Darfur rebel groups that have not signed the peace agreement have splintered and realigned, creating alliances and divisions that have made the conflict more complex and dangerous. Elements of a faction of the Sudan Liberation Army and the Justice and Equality Movement, an Islamist group, have formed the National Redemption Front.

The group has been carrying out ever more brazen attacks. Earlier this month it claimed to have downed a government Antonov bomber with a Russian-made Strela shoulder-fired missile, a relatively sophisticated anti-aircraft weapon the rebel groups have not been known to use in the past.

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Attacks on aid workers have put hundreds of thousands of people beyond the reach of food, medicine and clean water supplies, according to the United Nations. Last month nine aid workers were killed in Darfur, more than in the entire conflict before then.

On Friday, Mark Malloch Brown, the deputy secretary general of the United Nations, warned at a news conference that the United Nations was "extremely worried about the deterioration in the humanitarian and security situation in Darfur and the absence of a clear political path to the deployment of the U.N. force." He added that "something very ugly is brewing."

More than 200,000 people have already died in the conflict in Darfur, and more than 2 million have been forced from their homes. The conflict began when a non-Arab rebel group seeking more wealth and autonomy for Darfur from the Arab-dominated government attacked an army post in 2003. The government responded by unleashing Arab militias upon non-Arab tribes, using the militias, known as janjaweed, as a counterinsurgency force.

The attacks were so brutal, deadly and systematic that some people, including President Bush, have called the conflict in Darfur genocide, but the Sudanese government and some analysts reject that label.

The United States and Britain introduced a draft resolution last week at the Security Council calling for a peacekeeping force of at least 17,000 troops, but Sudan has repeatedly said it will not allow a United Nations force to deploy in Darfur.

Sudan has argued that the current African Union force should be strengthened and given the responsibility of carrying out the peace agreement in Darfur. But the 7,000-member force has struggled to carry out even its limited mandate, which allows them to monitor but not enforce the cease-fire agreement. Criticized as ineffective and badly managed, the force will run out of money at the end of September, and donors at a conference held last month in Brussels to raise money for the force refused to extend its life beyond that deadline.

"We will be almost completely out of money," said Lt. Col. Ferdinand Eze, a top military adviser with the African Union. "We cannot cope with the mission we have now, never mind additional duties."

Genocide, Continued (WP)

The Washington Post, August 22, 2006

SUDAN'S DIPLOMATS have sometimes had the gall to describe the killing in Darfur as a problem of underdevelopment. Poverty creates desperation and violence, they plead; rather than blaming the Sudanese government for the suffering that results, the United States and its allies should show that they care about Africans by offering practical assistance. Well, last week Britain and the United States circulated a U.N. Security Council resolution that would get about 20,000 peacekeeping troops and police officers into Darfur; if such a force were actually deployed, it would represent the greatest step forward for Darfur since the killing started. But Sudan's president, Omar Hassan al-Bashir, seems determined to frustrate this offer of assistance.

The resolution is said to have the support of most members of the Security Council. It was developed in consultation with France, which initially tried to minimize the proposed number of troops but then accepted the Anglo-American position. China, which bends over backward not to offend Sudan's government because of its oil investments in the country, nonetheless has yet to veto any Sudan resolution at the United Nations and would probably go along with this one.

The only outspoken critic of the resolution on the Security Council is Qatar, which is reflecting the collective unwisdom of the Arab League. The Arabs have long opposed a U.N. deployment in Darfur, apparently because they believe in the sovereign right of governments to slaughter civilians. To disguise the brutality of this position, the Arabs have in the past professed a preference for the existing African Union peacekeeping force in Darfur, even offering to provide resources to it. But that was just talk. Virtually all the funding for the African Union force has come from Europe and the United States. It will dry up at the end of September, making a U.N. follow-on force vital.

Fortunately, the Arabs' cynical stance need not prevent the resolution from being adopted. But to deploy the proposed force, the United Nations will need cooperation from Sudan's government; it cannot fight its way into Darfur. Mr. Bashir has already accepted a 12,000-member U.N. force in Sudan's south, so he can't claim a principled objection to the presence of U.N. peacekeepers in his country. But he retains an unprincipled determination to keep the United Nations out of Darfur, even though the need for a peacekeeping force is clearer than ever.

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The world needs to be clear what Mr. Bashir's position amounts to. As a result of his government's systematic destruction of African villages in Darfur, more than 2 million displaced people there depend on humanitarian relief, but mounting violence that claimed the lives of eight aid workers last month makes the delivery of relief extremely difficult. In these circumstances, barring the entry of peacekeepers is to condemn thousands of displaced civilians to starvation. It is to continue the policy of genocide that has marked this crisis from the outset.

Congolese Continue To Battle Over Vote (WT/AP)

By Anjan Sundaram

The Washington Times, August 22, 2006

KINSHASA, Congo -- Battles between forces loyal to President Joseph Kabila and those of his main campaign rival raged for a second day yesterday, and U.N. peacekeepers safely evacuated foreign diplomats who had been trapped inside the challenger's besieged home when gunfire broke out.

The fighting in the central African nation came after election officials announced Sunday that Mr. Kabila had failed to win an outright majority in Congo's first vote in more than four decades and would face former rebel leader Jean-Pierre Bemba in a second round in October.

U.N. spokesman Jean-Tobias Okala said the diplomats, including U.N. Chief of Mission William Swing, were being returned to the world body's offices in the capital, Kinshasa, after being evacuated from Mr. Bemba's compound by U.N. troops in armored personnel carriers.

"They're out, and they're coming to U.N. headquarters. Everyone's safe," he said.

The foreign envoys were meeting with Mr. Bemba when fighting erupted outside his compound. Mr. Swing, the head of the world body's 17,500-troop peacekeeping mission, was inside, along with envoys from the United States, France, China and other countries.

It was not clear whether the diplomats are ambassadors or lower-ranking officials.

A U.N. official at its headquarters in New York, speaking on the condition of anonymity because of the sensitivity of the mission, said peacekeepers were there "to assist in an evacuation ... of VIPs from Bemba's compound."

In a bid to quell the violence, the army issued orders yesterday for all soldiers in the Congolese capital to lay down their arms.

Army spokesman Col. Richard Leon Kasonga appeared on national television and issued orders barring all troops from carrying their weapons in public without a written exemption. He appealed for calm, saying, "We're all members of the same army."

Mr. Bemba's political party said Mr. Kabila's guards attacked the house, drawing return fire from Mr. Bemba's guards. Mr. Bemba was in his office when the fighting started, said his spokesman, Moise Musangana.

A senior military official confirmed that Mr. Kabila's special presidential guards were battling members of the postwar military drawn from Mr. Bemba's insurgent ranks. But the official said Mr. Bemba's guards provoked the battle.

Gunbattles in the nation as large as all of Western Europe already had killed at least two persons, a grim backdrop for another round of campaigning.

Mr. Kabila won 45 percent of the 16.9 million votes cast in the July 30 balloting; Mr. Bemba had 20 percent, Electoral Commission Chairman Apollinaire Malu Malu said. The rest of the votes cast were shared among 31 other candidates. Voter turnout was about 70 percent.

A second round will be held Oct. 29.

Congo's elections are meant to select a leader to knit together the country's 58 million people and end years of corrupt rule and war since it won independence from Belgium in 1960. Congo's last multiparty vote for a leader was in 1961. The winner was killed as military regimes took power.

Maoist Rebels Spread Across Rural India (CSM)

By Anuj Chopra

The Christian Science Monitor, August 22, 2006

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ULGARA, INDIA

A sprawling, yet largely hidden, war is raging in India's rural countryside, and after years of ignoring it, Delhi is signalling a military counteroffensive.

India's Maoist insurgents, also called Naxalites, have expanded their area of operations from just four states 10 years ago to half of India's 28 states today. In 165 districts, they claim to run parallel "People's" governments. This year alone, fighting between rebel and government forces has claimed more than 500lives - many civilian.

Prime Minister Manmohan Singh turned heads recently by calling the Naxalites, "The single biggest internal security challenge ever faced by our country."

To tackle the threat, Delhi is planning to deploy 11 battalions of paramilitary police and is sponsoring opposing vigilante groups who espouse violence. But issues of underdevelopment and poor human rights are the real oxygen of the Maoist insurgency, not local police weakness, argue critics of the new government approach.

"India has failed to rein in the Maoists simply because there are no quick-fix solutions to the problems arising out of [bad governance]," says Suhas Chakma, the director of the Asian Centre for Human Rights (ACHR), Delhi.

Hardest hit in this conflict are poor, tribal residents of rural villages like Ulgara, a hamlet in the rural interior of Jharkhand state. Naxalites pass through often, stopping sometimes to demand food, which villagers quietly admit they give out of fear. Five years ago, in the wee hours of the night, nearly 100 guerrillas attacked the village, torching 19-year-old Rakesh Kumar's house. His father was shot and his family beaten.

"We're stuck in the middle - between the Naxalites and the state," says Mr. Kumar, explaining that it's neither safe to support the Maoists nor turn them away.

Many beleaguered villagers have fled the area. Others, including the Kumars, are scrounging together money to move to the city. In parts of India, fearful villagers have reportedly abandoned whole villages. Aiming to bring the fight to cities

Recent reports suggest that this rural insurgency is slowly, yet inexorably, spreading into four more states, with what analysts see is a long-term plan to extend their red corridor - called the "Compact Revolutionary Zone" - throughout India. Their ultimate stated goal is to capture India's cities and overthrow Parliament. In an interview last year with The Telegraph newspaper, a national daily, a member of the Maoist Central Committee named "Comrade Dhruba" said, "Our mass base is getting ready. After five years, we will launch our strikes."

While most observers doubt the Naxalites can directly threaten urban India, the guerrilla attacks are becoming more audacious - and lethal. Rebels attack in large numbers - much like the Maoists of Nepal, with whom they're suspected to have links - often to overwhelm their target.

Attacks on police forces, train hijacking, and brutal beheadings are common. Just last month, India witnessed its worst spasm of Naxalite violence. In the thick of the night, nearly 800 armed Maoists sprayed bullets, killing 32, in an anti-Maoist relief camp in the Indian state of Chattisgarh - an impoverished region most affected by Naxalite violence.

While the insurgents garner support mainly through fear, Mr. Chakma says, some people in the hinterlands relate to and support them because they champion the cause of the poor at the bottom rung of India's caste and class hierarchy.

In remote, interior villages, Naxalites claim to distribute sacks of pulses to the masses, collect funds to run schools, and organize mass weddings for the impoverished. They also target corrupt officials, despotic landlords, and loan sharks. Sluggish courts vs. swift Naxalites

The Jharkhand High Court recently expressed concern over the fact that more and more people in areas where Naxalites are active were approaching the kangaroo courts of the Maoists to settle disputes. Government courts take years to dispense justice. A recent study revealed that for every million people, there were only 10 judges in India's courts. The rebels can be approached any time, and justice - most often from the barrel of a gun - is swift.

An elderly woman in Chaukhra, an obscure village, says she approached Naxalites for settling a lengthy land dispute she had with another villager. "They were most helpful," she says, declining to give her name for fear of local chastisement. "They know very well who is right and who is wrong."

As the twilight sets over Ranchi, the capital of Jharkhand, a tiny band of leftist ideologues led a protest against rising food prices. A stream of adivasis, or tribal people, mill around the rally. Many are said to be Naxalites who slip back into the forest after

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the meeting under the cover of darkness. The Naxalites are sustained in their jungle war with the help of leaders who run underground front organizations in the cities - which operate despite being banned. These leaders provide strategic assistance, mobilize Naxalite sympathizers, and instigate such demonstrations.

"We're not not terrorists," says one such front organization leader. "We're fighting a people's war. We want the proletariat to rule, not imperialistic governments."

This decades-old armed rebellion, he says, is to stop pauperization of India's indigenous, tribal people at the hands of the rich, and their displacement due to industrialization.

Governments in states like Jharkhand and Chattisgarh have signed deals worth millions of dollars with industrial companies for steel mills and power stations - deals that the state sees as necessary to create jobs and provide the raw materials for economic growth. However, such deals, he says, end up displacing villagers, and, moreover, the benefits never trickle down to them.

"These injustices have happened for decades. People's voices have been muzzled. It's the only way to get them heard," he says responding to a question asking if violence is the only way to remedy the problem. "Why else would our cadres live such unglamorous lives in jungles?"

Although the death toll of civilians killed in Naxalite violence is mounting, their aim is to "never harm the proletariat," he says. Claims of child soldiers denied

He refuted eyewitness reports suggesting that the Bal Mandal - children's division - of the Naxalites were being used for armed conflicts. "Children in this conflict are used only as messengers and informers," he says. Without giving an estimate on the number of children enrolled with the Maoists, he says the Naxalites do provide them "military training" to prepare them for "any situation."

The Indian government's tougher approach to the growing Naxalite problem includes arming thousands of villagers with guns, spears, and bows and arrows. Human Rights Watch calls the move "a mistake," arguing that "scrupulous respect for rights is the best answer to the Naxalites."

As Maoists enter the political process in Nepal - with help from the Indian government - some observers wonder if the same process can be tried with India's Maoists. So far, however, the insurgents have shown no proclivity for joining hands with the Indian government, and Delhi has said that the rebels must give up arms before any dialogue can happen.

Slim Lead For López Obrador Party In Chiapas (FT)

By Adam Thomson

Financial Times, August 22, 2006

A candidate backed by Andrés Manuel López Obrador, the leftwing presidential contender, was holding on to a wafer-thin lead on Monday in a vital race to win the governorship of Chiapas state in southern Mexico.

With 94 per cent of the votes counted, Juan Sabines, who is running as the local candidate for Mr López Obrador's Democratic Revolution party (PRD), on Monday was ahead of José Antonio Aguilar of the Institutional Revolutionary party (PRI) by the tiny margin of 0.22 per cent.

If confirmed – official results are not due for days – Mr Sabines' victory would hand Mr López Obrador's party an important gubernatorial foothold in the south, adding a seat to the five governorships it holds nationally.

It would also represent a personal boost for Mr López Obrador in his bid to challenge results of last month's presidential election. The leftwing leader, who narrowly lost to Felipe Calderón of the ruling centre-right National Action party (PAN), has mounted a civil resistance campaign to force a full recount of what he believes was a fraudulent election.

Early on Monday, Mr Sabines told a local media source that he was confident he would win by at least two percentage points "in spite of the irregularities in the [voting] process".

He also extended a hand of reconciliation to Mr Aguilar, and asked him to join his political programme "to avoid electoral problems that could place in jeopardy the stability of the state".

Like the presidential campaign, the race for governorship of Chiapas has been marred by accusations from both sides of foul play.

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The most striking aspect of the campaign came two weeks ago. Francisco Rojas, Mr Calderón's candidate, decided to withdraw to increase Mr Aguilar's chances.

Many voters were dismayed at news of the pact between the PAN and the PRI, two long-time enemies. The alliance, which Mr Calderón quickly distanced himself from, also lent weight to Mr López Obrador's arguments that the two traditional parties would stop at nothing to prevent his PRD from accumulating power.

Chiapas Vote Magnifies Mexican Political Strains (WSJ)

By John Lyons

The Wall Street Journal, August 22, 2006

MEXICO CITY -- Less than two months after Mexico's disputed presidential election, a closely watched gubernatorial race has also ended in a virtual tie with both candidates declaring victory, further aggravating tensions in the country's young democracy and setting the stage for another prolonged postelection fight.

With 94% of the votes counted in southern Chiapas state yesterday, Juan Sabines of the leftist Party of the Democratic Revolution, or PRD, held a tiny 2,000-vote advantage -- or about 0.2 percentage point -- over José Antonio Aguilar of the Institutional Revolutionary Party, or PRI. Supporters of both men took to the streets to celebrate victory, honking horns and waving flags.

The disputed result echoes political turmoil at the national level that has followed the July 2 presidential contest, Mexico's first since President Vicente Fox defeated the Institutional Revolutionary Party candidate in 2000 to end 71 years of single-party rule. Conservative Felipe Calderón beat PRD candidate Andrés Manuel López Obrador by 244,000 votes out of 42 million cast, but the leftist has been trying to undo his defeat in court and through massive street protests.

In Chiapas, however, the PRD will likely find itself defending the legitimacy of the election process, even as it argues the process was unfair during the presidential vote. Mr. Aguilar has vowed to challenge his defeat in court. The disputed result could spell trouble for an impoverished and violent state, site of the brief 1994 Zapatista uprising.

If Mr. Sabines's narrow margin holds up, he will have avoided a major embarrassment for Mr. López Obrador, whose postelectoral campaign of street blockades and marches may be fomenting a backlash against his left-wing party. Hoping to strike a blow against Mr. López Obrador in a state he won comfortably in the presidential vote, Mr. Calderón's National Action Party, or PAN, candidate dropped out of the governor's race last week to endorse the PRI candidate, who had a better shot at winning.

"The political stakes have been increased so much that the Chiapas race took on a national dimension of the fight between López Obrador and Calderón," said Emilio Zebadúa, a candidate in the gubernatorial race from a smaller party who also withdrew to join the link-up against Mr. López Obrador's candidate.

Still, the slight margin of victory for Mr. Sabines is hardly comforting to the left. Political analysts had expected the PRD to win the state easily after Mr. López Obrador cruised to victory there with a 10-percentage-point advantage in the presidential vote. But his traffic-snarling protests in Mexico City aren't playing well across the country, raising concerns that he is far less moderate than he portrayed himself to be during the campaign.

Mr. Sabines watched a 10-percentage-point-advantage in the polls evaporate in the weeks since the campaign to overturn the presidential vote began. What is more, the anti-PRD coalition in Chiapas could provide a template for the kinds of cross-party alliances that Mr. Calderón is hoping to forge to get his legislative agenda passed in Congress and expand his ability to govern.

Mr. López Obrador had much in play in the Chiapas vote as well. With his chances of attaining the presidency unlikely, he is seeking to consolidate his role as leader of the left. A defeat -- especially in the underdeveloped south where the PRD draws much of its support -- would undermine his position.

In a speech to his supporters gathered in Mexico City's central square Sunday, Mr. López Obrador criticized the alliance formed against him in Chiapas, calling it more evidence of the conspiracy of electoral officials, politicians, church leaders and businessmen who he claims rigged the presidential vote against him.

"Without any shame at all, and acting immorally, they have come together to try to prevent a government emanating from the popular will from being installed," he said.

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Chávez Woos Reluctant Beijing Over U.N. Bid (WSJ)

By Shai Oster

The Wall Street Journal, August 22, 2006

BEIJING -- Venezuela's President Hugo Chávez arrives in China Tuesday on a six-day tour to drum up support for his bid for a nonpermanent seat on the United Nations Security Council as he tries to deepen oil ties with Beijing.

The trip comes as some people in the U.S. are worried by China's growing role in Latin America, where it is gaining access to important oil and mineral resources.

China's soaring energy needs have brought it closer to Venezuela. Beijing's imports of Venezuelan crude oil jumped 40% in June from a year earlier. Mr. Chávez has said he wants to increase oil sales to China, to 200,000 barrels a day from about 150,000 barrels.

Mr. Chávez has also said he wants to buy supertankers and oil-drilling equipment from China, and he has invited Chinese companies to look for oil in his country.

The U.S. fears Mr. Chávez would use a seat on the Security Council, frequently held by a Latin American country, as a platform for anti-American rhetoric. The U.S. supports Guatemala for the seat.

Mr. Chávez's trip includes Malaysia and Angola. He has been trying to move Venezuela away from dependence on the U.S., turning toward countries like China, Russia and Iran for arms and trade. He has accused the U.S. of trying to overthrow him during a nationwide strike in 2002 and 2003. Despite the friction, the U.S. remains the top buyer of oil from Venezuela, the world's fifth-biggest exporter.

Zhang Yao, a researcher at Shanghai Institute for International Studies, says that while the China would never comment on Mr. Chávez's antagonism toward the U.S., many people in the country respect his position. "Privately, many Chinese people [admire] him," Mr. Zhang says. "After all, few people would dare to stand up to the U.S. like he has."

But it's unclear if Mr. Chávez will achieve what he'd like from his China visit. Beijing isn't keen to support Venezuela's U.N. bid, analysts say. Beijing has kept a relatively low profile on the Security Council and may not want to be seen helping him hector the U.S., China's key trading and strategic partner, on issues such as containing North Korea's nuclear ambitions.

There are also doubts about how much oil Mr. Chávez can pledge to supply. Analysts say Chinese refiners are limited in how much more of the particularly thick Venezuelan crude oil they can process. Buying more crude from Venezuela would require extensive upgrades to their facilities. Instead, they could buy more from Africa or Central Asia.

More crucially, Venezuela's oil production has been declining because of the opposition-led strike and other factors. Output has fallen to an estimated 1.6 million barrels a day, compared with nearly 3 million barrels in 1998.

Oil Profits Help Russia Pay Off Soviet-Era Debt (WP)

By Peter Finn, Washington Post Foreign Service

The Washington Post, August 22, 2006

MOSCOW, Aug. 21 Eight years after it defaulted on more than $40 billion in debt and slid into financial chaos, Russia transferred $23.7 billion to the Paris Club of creditors Monday, wiping out the last of its Soviet-era debts and underlining the extent to which oil and gas revenue has transformed the country's finances.

The state-owned bank Vnesheconombank transferred the money, including a $1 billion early payment fee. The debt clearance, plus a repayment in 2005, will save the country more than $12 billion in interest payments on debt that was not due until 2020, the Finance Ministry said in a statement.

"The early settlement with creditor countries was possible thanks to the Russian Federation's growing financial and economic might," the ministry said, adding that the payment "would strengthen Russia's international authority."

In May 2005, Russia paid back $15 billion and began negotiating to clear the rest of its debt to the creditor group.

Russia said it was prepared to become one of the 19-member Paris Club's lenders. "We are ready to extend credits to other countries," said Sergei Storchak, deputy finance minister.

In 1998, with oil selling at $14 a barrel, the country defaulted on debts and devalued the ruble. In 1999, Russia's public debt amounted to 96 percent of its gross domestic product. Following Monday's payment, it will fall to 9 percent, officials said.

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Russia is now the world's largest exporter of natural gas and the world's second-largest exporter of oil. With prices at historic highs, the country is swimming in cash.

"We used to live with our hand held out for many years," President Vladimir Putin said in an Internet question-and-answer session with Russians last month. "But now the Russian economy can not only repay debts but do so ahead of time."

The ministry statement said the repayment would improve Russia's reputation as an honest borrower and help improve the country's investment climate.

Foreign currency and gold reserves stand at nearly $280 billion, the third largest in the world, and the economy is growing at around 6 percent annually. The government projects a $55 billion budget surplus next year.

The new wealth is particularly visible in Moscow, a veritable boomtown, although large parts of the provinces remain mired in poverty. The government is accelerating its capital and social spending while trying to keep a check on inflation; it has placed $82 billion in a rainy-day account known as the Stabilization Fund.

But some analysts fear that, because the Kremlin is so buoyed by the influx of petrodollars, it has little incentive to foster the kind of political competition and economic diversity that can sustain the country's boom over the long haul should oil prices, or demand for Russian energy, falter.

The Many Faces Of Belgian Fascism (WSJ)

By Bret Stephens

The Wall Street Journal, August 22, 2006

BRUSSELS -- Belgium is the birthplace of René Magritte. So perhaps it's not surprising that, in politics, even the fascism here is surreal.

Take Belgian Socialists, Flemish or Walloon. The hallmark of nearly every European socialist party has long been hostility to religion. In recent years, Belgium's ruling Socialist-Liberal coalition has antagonized Catholics by legalizing gay marriage and euthanasia, banning crucifixes from government buildings and abolishing the traditional Te Deum service previously held by the government to commemorate the inauguration of Leopold I, first king of the Belgians.

But then the Socialists began taking note of Belgium's Muslim community, some 500,000 strong. In Brussels, notes Joël Rubinfeld of the Atlantis Institute think tank, half of the Socialist Party's 26-member slate in the city's 75-seat parliament is Muslim. In the commune of Molenbeek, longstanding Socialist mayor Philippe Moureaux has made Halal meals standard in all schools; police officers are also barred from eating or drinking on the streets during Ramadan. The Socialist Party was also, improbably, the leading opponent of a bill that would have criminalized the denial of the Armenian genocide. This, too, is a product of burgeoning Muslim-Socialist alliance, as is the party's routine denunciations of Israel.

Now take the Vlaams Belang (Flemish Interest), the secessionist Flemish Party previously known as the Vlaams Blok until a court ruled it illegal in 2004. The Blok has longstanding links to Nazi collaborators. One of the party's founding members is Karel Dillen, who in 1951 translated into Flemish a French tract denying the Holocaust (possibly the only French text for which a Vlams Blok party member has ever shown sympathy.) For many years, the party's chief selling point was its call to forcibly deport immigrants who failed to assimilate. It also made plain its sympathies with other far-right wing European parties, such as Jean-Marie Le Pen's National Front in France.

But that's changing. Younger party leaders, realizing their anti-Semitic taint was poison, began making pro-Israel overtures. And the party's tough-on-crime, hostile-to-Muslims stance began to attract a considerable share of the Jewish vote, particularly among Orthodox Antwerp Jews who felt increasingly vulnerable in the face of the city's hostile Muslim community. Today, Vlaams Belang is the largest single party in the country.

Then there are the government's actual policies. In April, Belgians were shocked by the murder of a teenager named Joe Van Holsbeeck, who was stabbed to death in Brussels's central train station by two Gypsy youths, at the height of the afternoon rush hour, in broad view of dozens of onlookers. (Apparently, the killers wanted his MP3 player.)

Amid a pervasive and growing sense of lawlessness -- Belgium's per capita murder rate, at 9.1 per 100,000 is nearly twice that of the U.S. -- the murder became the occasion of much national soul-searching. When Jean-Marie Dedecker, a senator

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from the ruling Liberal Party, opined in an op-ed that "policemen look the other way in order to avoid being accused of racism," he was rebuked by Prime Minister Guy Verhofstadt for "inciting hostilities."

There is also the amazing case of journalist Paul Belien, who edits the Brussels Journal, a pro-American, Euroskeptic, anti-Islamist blog. In February, the blog was one of the few news sources to republish the notorious Danish cartoons of the prophet Mohammad, thereby attracting some two million unique visits. It also attracted extraordinary scrutiny from the Flemish newsweekly Knack. Noting that Mr. Belien's blog had been cited by Middle East scholar Daniel Pipes, Knack described the link as "no coincidence," but rather a "deliberate provocation by the neocons," the ultimate aim of which was to make Americans and Europeans believe "that all Muslims are violent and dangerous, after which the clash in Palestine, Iran and Syria can really kick off."

But that was as nothing compared to the reaction Mr. Belien provoked by an article following the Van Holsbeeck murder, in which he described the killers as "predators" and called for Belgium to decriminalize the possession of self-defense weapons (pepper-spray is what he says he had mainly in mind).

Two weeks after the article appeared, Mr. Belien received a letter from the Center for Equal Opportunities and Opposition to Racism, a government-mandated body whose mission is to "assist victims of discrimination" and "sensitize the general public on anti-discrimination." (Belgium has one of the strongest anti-discrimination regimes anywhere.) Mr. Belien's article, according to the CEOOR, constituted an "incitement to violence"; he was ordered to remove it from his blog or face state prosecution. He complied. In the meantime, he says he received emails with pictures of burned corpses and messages reading, "This is what is going to happen to you."

Mr. Belien has since been questioned by the police for homeschooling his five children, four of whom have moved on to university or beyond. Part of Mr. Belien's problem, surely, is that his wife is a member in parliament for the Vlaams Belang. But whatever her politics, Mr. Belien is not a member of the party, and nothing on the Brussels Journal suggests that it is a party vehicle. His chief crime, rather, seems to be that he has laid bare, to an English-speaking audience, the lesser-known charms of the Belgian state.

Meanwhile, the real fascists in Belgium are gaining strength, largely protected from scrutiny by the country's "anti-racism" legislation. At Brussels's Imam Reza mosque, a preacher commemorated the 17th anniversary of the Ayatollah Khomeini's death: "The enemies cannot extinguish the light of the Islamic Revolution." And in Molenbeek, the newspaper Het Volk published a study of the local Muslim population: The editor, Gunther Vanpraet, described the commune as "a breeding ground for thousands of Jihad candidates."

The Belgian government may prefer not to notice. But as Magritte might have said, this is not a pipe.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Judge Tosses One Charge In Padilla Terror Case (FINDLAW/AP) ... 4
Judge Throws Out Charges In Padilla Case (NYT) ... 4
Miami Federal Judge Tosses Lead Charge In Padilla Terror Conspiracy Case (LAW) ... 5
Officials Seek Broader Access To Airline Data (NYT) ... 5
Terror Fears Stretch Already Burdened Travelers Aid Group (WSJ) ... 7
Looking Ahead To Iowa (WSJ) ... 8
Eleven Charged Over Alleged Terror Plot (FT) ... 13
Britain Charges 11 In Plane Case; Bomb Gear Cited (NYT) ... 13
11 Suspects Are Charged In Alleged Airliner Plot (LAT) ... 15
Eleven Suspects Are Charged In Foiled Airline-Terror Plot (WSJ) ... 16
British Charge 11 Suspects In Airliner Plot (WP) ... 17
Britain Charges 11 In Alleged Plot To Blow Up Planes (USAT) ... 18
11 British Muslims Charged In Bomb Plot (WT) ... 18
Bomb Plot Shocks Germans Into Antiterrorism Debate (NYT) ... 19
7/31, Almost (WSJ) ... 20
13 Tied To Sri Lankan Separatists Are Charged By U.S. With Aiding Terrorists (NYT) ... 21
Authorities: Tamil Tigers Sought Weapons (WP/AP) ... 22
Simsbury Man Arrested For Part In Terrorist Conspiracy (HARTC) ... 22
Federal Agents Raid Amherst Home, Charge Suspect With Supporting Terrorism (WIVB-TV) ... 23
S.I. Terror Bribe Link (NYDN) ... 24
Men Linked To Tamil Tigers Arrested For Attempted Bribery Of Federal Officials (NYS) ... 24
Charges In 'Tiger' Plot (NSDY) ... 25
TERROR TIGERS IN ARMS BUST (NYPOST) ... 25
Seattle Man Accused Of Aiding Tamil Tigers (SEAPI) ... 25
U.S. Charges 8 Over 'Tiger Plot' (CNN) ... 26
Eight Tamil Tigers Supporters, Including 3 Canadians, Accused Of Terror Support (CP) ... 26
Feds Sue Maine PUC, Verizon Over Surveillance (AP) ... 27
The Constitution Vs. Counterterrorism (WSJ) ... 28
Life And Death (WSJ) ... 29

Homeland Response:

Gonzales: More Agents, Prosecutors Will Be Sent To New Orleans (AP) ... 30
Gonzales Offers Resources To Fight New Orleans Crime (WT) 31
Gonzales Vows Federal Aid To Fight New Orleans Crime (CNN) 31
U.S. Official Sees Katrina Problems (NOTP) ... 32
A Man, A Plan, A Dam. Then, An F.B.I. Call. (NYT) ... 32
Radio Chips Leave Visa Data Unsecured (WT) ... 33
Dangerous Disgrace (NSWK) ... 34
Anger, Worry Pervades Local Muslim Community (ORVMR) ... 35
Katrina Cost Continues To Swell (USAT) ... 36

War News:

Bush Defends War, Acknowledges Some Frustration (LEXHL) . 36
Bush Says Iraq Pullout Would Be 'A Disaster' (WP) ... 38
In Election Push, Bush Faults Talk Of Iraq Pullout (NYT) ... 39
Bush: Leaving Iraq Now Would Be Disaster (AP) ... 40
Bush Acknowledges U.S. Under Strain (USAT) ... 41
Bush Stands By Iraq Until 'Job Is Done' (WT) ... 42
Bush Takes On His Critics Over Iraq, Katrina, Gas Prices (LAT) 43
President On Another Planet (WP) ... 44
Finish What Job? (LAT) ... 45
The Wagging Of The 'Civil' Tongues (WP) ... 46
Prosecutors Detail Atrocities In Hussein's Trial (NYT) ... 47
Saddam Rejects Court, Won't Plead On Genocide Charges (USAT/AP) ... 48
As Genocide Trial Begins, Hussein Is Again Defiant (WP) ... 49
The Prosecution Of Saddam Hussein, Part Two (LAT) ... 50
The Spoils (NYT) ... 51
Boozman Visits Iraq (TRECAK) ... 52
Iraq Is Avoiding Civil War So Far, Boozman Says (ARDEMGAZ) 52
Rep. Salazar Returns From Second Trip To Iraq (ROCK) ... 53
Salazar: Iraq Mission Not Complete (DENP) ... 54
Salazar Says Iraqi Troops Key To U.S. Withdrawal (PUEB) ... 54
Success Is Only Option For Iraq, Buyer Says (AP) ... 55
Colonel Walks Baghdad 'to Make People Believe' (USAT) ... 56
Vital Commodity Energy Security Is Hostage To Supply Of Oil Professionals (WSJ) ... 58
Hostage: The Jill Carroll Story - Part 7 · False Hopes (CSM) ... 60
Did A Sunni Politician Set Jill Carroll Up - Or Pay $1.5 Million To Free Her? (CSM) ... 63

An Interview With An Iraqi Insurgent (CSM) ... 65
Pakistan Fails To End Preoccupation With Jihad (FT) ... 66
Arrests Made In U.S. Consulate Bombing (AP) ... 67

Corporate Scandals:

Deal With Quattrone Would Avert Third Trial (WP) ... 67
SEC Sues Group Of New Yorkers (WSJ) ... 68
Imax Names Finance Chief Amid Probe (WSJ) ... 68

Criminal Law:

U.S. Attorney General Announces Campaign To Help Prevent Internet Crimes Against Children (AP) ... 69
Justice Dept. Warns Of Child Exploitation (UPI) ... 69
Hinckley Allowed More Trips To See Parents (WT) ... 69
Next Stop For Karr: Extradition Hearing (USAT) ... 70
Relatives Dispute Karr's Account Of Whereabouts (WP) ... 70
Suspect In JonBenét Killing Could Have DNA Tested Soon (USAT) ... 71
Details Of Karr's Involvement Still Under Wraps (LAT) ... 72
Karr Confessed To Californians 5 Years Ago (WT) ... 72
Karr Arrest Highlights Lax Teacher Vetting In Thailand (CSM) ... 73
Judge Orders Justice Department Investigation Of Leak To CBS Report (NYS) ... 74
Hooks Pleads Guilty (WREG-TV) ... 75
Hooks Pleads Guilty To One Of Two Felony Charges (WMC-TV) 75
County Official Pleads In Corruption Case (KNOXNS/AP) ... 75
Bowers Could Be Nearing Guilty Plea (MCA) ... 76
Bowers' Attorney Evaluating Position After Latest Waltz Decision (WMC-TV) ... 77
Two Former Commissioners Sentenced In Las Vegas Corruption Case (AP) ... 77
Two Former County Commissioners Are Sentenced (KLAS-TV) 78
St. Peters' Mayor Makes First Appearance On Federal Charge (SLPD) ... 80
Calendars Show Armitage Met Reporter (AP) ... 80
Bribery Probe Going Beyond Elections (AP-Y) ... 81
2 Probes Launched Into James' Spending (NSL) ... 81
SHARPE JAMES PROBED (NYPOST/AP) ... 82
Man Faces Charges In Medicaid Fraud Case (DEN) ... 82
Last Suspect Pleads Guilty In Financial Scheme (DEN) ... 82
Gotti's A Crass Act, Mob Rat Sez (NYDN) ... 83
INSIDE THE PLOT VS. SLIWA (NYPOST) ... 83
LAPD Targets Valley Holdups (LAT) ... 84
Man Arrested Near Va. Tech In Two Killings (WP) ... 85
School Starts With A Scare At Va. Tech (USAT) ... 86
Escaped Inmate Caught After Scare At Virginia Tech (WT/AP) ... 87
Escapee Kills Two Before Capture, Police Say (NYT) ... 88
Oakland Fights Crime With Talk (NYT) ... 88
As Violent Crimes Rise, Law Enforcement Officials Battle $1.1 Billion Funding Cut (MCT) ... 90
Some Prosecutors, Victims Seeking Justice Outside Military System (FINDLAW/AP) ... 91

Civil Law:

Judge Slams Lawyers For Role In Hiding Tobacco Risks (LAW) 92

Civil Rights:

8th Circuit: Ban On Sexy Highway Billboards Is Unconstitutional (LAW/AP) ... 93
Look Elsewhere For Subjects (USAT) ... 94
Test Drugs On Inmates? Yes (USAT) ... 94
Same-sex Marriage Is Surely A Civil Right (USAT) ... 95
Blaming The Middleman (WSJ) ... 96

Antitrust:

U.S. Supreme Court Denies Second Stolt-Nielsen Emergency Appeal (FINDLAW/AP) ... 96
Feds May Review Fort Mill Hospital Decision (CHARBIZ) ... 97
CRH To Buy Ashland's U.S. Roads Unit For $1.3 Billion (Update4) (BLOOM) ... 97
Chicago Prof Joins US Government (FT) ... 98
Analysis: Sanofi Defends Plavix Patent (UPI/UPI) ... 99
Canadian Miner Lundin To Buy EuroZinc In $1.6 Billion Deal (WSJ) ... 99
Coles Myer Board Will Meet To Weigh KKR Buyout Bid (WSJ) 100
Morgan Stanley Funds To Acquire Glenborough In $1.9 Billion Deal (WSJ) ... 101

Environment/Indian Affairs:

Three US Govt Agencies Probing BP's Alaskan Operations (AFP) ... 101
Slow Start For Revival Of Nuclear Reactors (NYT) ... 101
EPA-Influenced Vehicles Get Set To Hit Road (WSJ) ... 104
Fishermen Love Alaska's Bird Creek, But So Do Grizzlies (WSJ) 105
A Victory For Cleaner Air (NYT) ... 106
Casino Tribes Try To Keep Entire Pot (LAT) ... 107

FBI/DEA/ATF/USMS:

Head Of FBI Terror Screening Center Leaves (UPI/UPI) ... 109
Gang Leadership Jailed (TAMPTRIB) ... 109
Latin Kings Face Conspiracy Charges (SPT) ... 110
Tampa Raid Takes Down 39 Alleged Leaders Of Latin Kings Gang (AP) ... 110
$50 Million Drug Cache Is Found Near Atlanta (NYT) ... 111
DEA Arrests Four, Disrupts Meth Operation In Atlanta (WT) ... 111
Record Meth Bust In Buford (AP) ... 112
Atlanta: Meth Distribution Hub (WXIA) ... 113
187 Pounds Of Meth Seized 4 Arrested At Buford Home Containing As Much As $50 Million In Drugs (AJC) ... 113
Meth Ice Is As Cold As Death (AIM) ... 114
Accused Drug Lord May Face Death Penalty (AP) ... 114
DA Weighing Cartel Case For Capital Punishment (SDUT) ... 115
DEA's Khat Sting Stirs Up Somali `Cultural Clash' (LAT) ... 116
Jones Says She Is 'Shocked' By Her Positive Drug Test (NYT) 117
Jones Shocked At Positive EPO Test (AP) ... 117
Tests Suggest Revival Of Well-Known Drugs (WP) ... 118
Notebook: IAAF President Says Credibility Of Track And Field Hurt By Drug Cheats (AP) ... 119
SmartMoney(9/1) Ten Things Your College Student Won't Tell You (WSJ/DJ) ... 121

Immigration:

Contesting The Bar To Asylum (LAT) ... 123

DOJ_NMG_0051794

U.S. Experts Say Sex Slavery Trade, Highlight By Raids In Northeast, Is Widespread (FINDLAW/AP) 124
Immigration Bill's Cost Pegged At $127B (AP)..... 125
Cost Of Senate Immigration Bill Put At $126 Billion (WP)..... 126
Pa. City Puts Illegal Immigrants On Notice (WP)..... 127
Buchanan Warns Off Lood Of Illegals (WT) 128

Congress-Administration:

Bush Seeks Better Heath Care Cost Info (WP/AP)..... 129
A Welfare Law Milestone Finds Many Left Behind (NYT) 130
How We Ended Welfare, Together (NYT) 131
BRIEFLY (WP)..... 132
Bush Needs A Fact-Check, Not A Gut Check (LAT)..... 133
Pumped-Up Presidency (WP)..... 134
G.O.P. Corruption? Bring In The Conservatives. (NYT)..... 135
The Entitlement Panic (WSJ)..... 135

Other News:

Gas Prices Slip, And The Worst May Be Over For This Year (USAT)..... 136
Stocks Stumble Over Oil, Spending Worries (USAT)..... 137
Wall St Falls On Rising Oil And Iran Fears (FT)..... 137
Stocks Slip As Oil Worries Resurface (WSJ)..... 138
3 Leave AOL Over Security Breach (WP) 139
AOL's Tech Chief Quits After Breach Of Privacy (USAT) 139
AOL Tech Chief Resigns Over Issue Of Released Data (WSJ) 140
Bush To GOP Candidates: Focus On Economy (AP-Y) 141
Poll: GOP Up After Terror Arrests (USAT) 141
To A Presidential Notion: Sorry, Mr. Bush, But No (NYT) 142
Contender For DeLay Seat Quits (WP/AP) 143
Connecticut Groups Push To Remove Lieberman From Ballot (WP/AP)..... 143
Santorum Goes Full Circle (WT)..... 143
Casey Touts Independence But Shuns Tough Issues (WT) 146
Clinton Challenger Suspends Campaign (NSDY/AP) 146
Senators Say Age Is No Reason To Quit Running (USAT) 147
For Hagel, Standing Up Brought A Fall From Favor (WP) 148
Obama Visits Robben Island (CHIT) 149
US Senator Joins Chorus Of Disapproval Over South Africa's AIDS Policies (AFP)..... 150
Tutu Has Encouraging Words For Obama (AP-Y) 150
High Expectations Await Obama In Kenya (LAT)..... 151
The Job Sen. Clinton Should Want (LAT)..... 152
The Fertility Gap (WSJ) 153
A Wrong Turn Led To The 'L-Word' (WP) 154
Former President Ford Receives Pacemaker (AP-Y) 155
Gov., Lawmakers Strike Deal To Raise Minimum Wage (LAT) 155
Public Pensions In Trouble (NYT)..... 156
BAE Is Major Donor To US Candidates (FT)..... 157
Bush Pushes For Lebanon Force, Vows More U.S. Aid (WSJ) 157
Bush Urges Rapid UN Move Into Lebanon (FT)..... 158
Bush Calls Need For Robust Lebanon Force 'Urgent,' As Europeans Continue To Seek Specifics (NYT) 159
U.N. Struggles To Form Peacekeeping Force (USAT) 160
Bush Pledges Millions To Lebanon (WT) 161
War Lingers In The South Of Lebanon (NYT) 162
Israeli Reservists Lead Growing Protest Movement (WSJ) 163
Reservists In Israel Protest Conduct Of Lebanon War (NYT) ... 165
Olmert Tries To Defuse Public Anger (AP-Y) 166
Israeli Reservists Protest Olmert (WT) 167
Olmert Rejects Syria Talks, Dismisses Soldiers' Protests (WP) 168
Despicable Breeders (WT)..... 169
Mideast Echoes Of 1938 (WP) 170
How To Counter Terrorists Who Also Pass Out Cash (USAT) . 171
In Lebanon, Even Peace Is A Battle (NYT) 171
Iran Defiant On Nuclear Program As Deadline Approaches (NYT) 173
Iran Defiant On Calls For Nuclear U-turn (FT)..... 174
Iran Vows To Pursue Nuclear Work, Defying U.N. (WSJ)..... 174
Iran Rejects Offer For Nuclear Talks (WP)..... 175
Iran Denies Inspectors Access To Site (AP)..... 176
Inspectors Kept Out Of Key Site Ahead Of Deadline (WT)..... 177
Former President Of Iran Invited To Speak In D.C. (WP) 178
Sudan's Plan For Darfur Involves Its Own Force, Not The U.N.'s (NYT) 179
Genocide, Continued (WP)..... 180
Congolese Continue To Battle Over Vote (WT/AP)..... 180
Maoist Rebels Spread Across Rural India (CSM) 181
Slim Lead For López Obrador Party In Chiapas (FT)..... 183
Chiapas Vote Magnifies Mexican Political Strains (WSJ)..... 183
Chávez Woos Reluctant Beijing Over U.N. Bid (WSJ)..... 184
Oil Profits Help Russia Pay Off Soviet-Era Debt (WP)..... 184
The Many Faces Of Belgian Fascism (WSJ)..... 185

DOJ_NMG_0051795

TERRORISM NEWS:

Judge Tosses One Charge In Padilla Terror Case (FINDLAW/AP)

By Curt Anderson, Ap Legal Affairs Writer

AP, August 22, 2006

(AP) - MIAMI-A federal judge on Monday threw out one count in the terror indictment against alleged al-Qaida operative Jose Padilla and his co-defendants, concluding that the indictment improperly repeated other charges within the same document.

U.S. District Judge Marcia Cooke's ruling leaves intact two other terror-related counts against Padilla and the others, alleging a conspiracy to provide material support to Islamic extremist causes worldwide. The count that was dropped charged a conspiracy to "murder, kidnap and maim persons in a foreign country."

Cooke ruled that charge was unnecessary because the alleged illegal acts were already covered by the other terror-related counts in the indictment. Prosecuting all three charges, she said, would violate the Constitution's ban against double jeopardy, or prosecution of the same charges twice.

"There can be no question that the government has charged a single conspiracy offense multiple times, in separate counts, when in law and fact, only one crime has been committed," Cooke wrote in her eight-page ruling.

Padilla, 35, is a U.S. citizen and former Chicago gang member who was held without charges for 3 1/2 years by the U.S. military as an enemy combatant. He was arrested in May 2002 at Chicago's O'Hare International Airport, purportedly on an al-Qaida mission to detonate a radioactive "dirty bomb" in a major U.S. city.

The dismissed charge carried a potential life prison sentence, while the remaining conspiracy count could net a maximum of 15 years. But Padilla and the others might still get a life sentence if the prosecutors can link the alleged material support conspiracy directly to a person's death.

U.S. Attorney R. Alexander Acosta of Miami said prosecutors were undeterred by the setback.

"We stand by the charges in this indictment and will respond after a full review of the court's order," Acosta said.

Padilla's lawyer Andrew Patel declined to comment other than to say the order "speaks for itself."

Kenneth Swartz, attorney for defendant Adham Amin Hassoun, said the ruling was significant because it removed what he called "exaggerated allegations" from the case.

"It made it sound a lot more serious and a lot worse," Swartz said. "But we're still facing the same case. It's still a very serious charge."

Padilla was added in November to an existing Miami terrorism case after an intense legal battle over President George W. Bush's wartime detention powers. The Miami indictment does not mention the "dirty bomb" allegations, contending instead that Padilla was part of a North American terrorism support cell led by Hassoun.

The case is scheduled to go to trial in January. The other two defendants in U.S. custody are Hassoun, allegedly Padilla's recruiter, and Kifah Wael Jayyousi. Two others named in the indictment are in custody overseas.

The defendants have pleaded not guilty to charges of raising money and recruiting operatives to fight for radical Islamic causes in Bosnia, Somalia, Egypt, Afghanistan, Kosovo, Chechnya and elsewhere. Padilla is accused in the indictment of filling out an al-Qaida application in July 2000 to train for "violent jihad" in Afghanistan.

Judge Throws Out Charges In Padilla Case (NYT)

By Eric Lichtblau

The New York Times, August 22, 2006

WASHINGTON, Aug. 21 — A federal judge has ruled that the government brought overlapping and redundant charges against Jose Padilla, a former “enemy combatant” linked to Al Qaeda, and she dismissed one that could have resulted in a life sentence.

The judge, Marcia G. Cooke of Federal District Court in Miami, said constitutional problems were raised in the charges that Mr. Padilla and two co-defendants were in a conspiracy to support violent jihad campaigns overseas.

All three charges related to one conspiracy to support terrorism overseas, Judge Cooke said.

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"Charging the defendants with a single offense multiple times is violative of the Double Jeopardy Clause of the Fifth Amendment," she wrote in a decision dated Friday and released on Monday.

Judge Cooke threw out a conspiracy charge that the men conspired to murder, kidnap and maim people in a foreign country.

Andrew Patel, a lawyer for Mr. Padilla, said the decision could ultimately mean the difference between Mr. Padilla's facing a life sentence and a maximum of 20 years.

"This is cleaning up the indictment," Mr. Patel said. "It's procedural. This is a highly technical legal issue that doesn't affect the trial at all. It may in a theoretical sense affect the maximum time" faced by Mr. Padilla.

Justice Department officials said they were considering an appeal. The United States attorney in Miami, R. Alexander Acosta, said in a statement, "We stand by the charges in this indictment and will respond after a full review of the court's order."

Mr. Padilla, a one-time gang member in Chicago who converted to Islam, was linked in 2002 to a reported plot to detonate a "dirty bomb" on American streets. He was declared an enemy combatant and held in a brig in South Carolina for three and a half years without being charged. The Justice Department, facing a deadline, decided in November to prosecute him in federal court on unrelated terrorism charges.

Miami Federal Judge Tosses Lead Charge In Padilla Terror Conspiracy Case (LAW)

By Forrest Norman, Daily Business Review

Miami Daily Business Review, August 22, 2006

A Miami federal judge on Monday threw out the lead count of a conspiracy indictment against Jose Padilla and two co-defendants in the latest setback for the government in its bid to prosecute the trio as terror supporters.

U.S. District Judge Marcia Cooke threw out the first count of the indictment against Padilla, a former Broward County resident, and Adham Amin Hassoun and Kifah Wael Jayyousi, making the possibility of a life sentence much more difficult for prosecutors to achieve.

A defense team headed by Miami attorneys Kenneth Swartz and Jeanne Baker successfully characterized the first count of the indictment, alleging "a conspiracy to murder, kidnap, and maim persons in a foreign country," as multiplicitous of the second and third counts in the indictment.

"There can be no question that the government has charged a single conspiracy count multiple times, in separate counts, when in law and fact, only one crime has been committed," Cooke wrote in an order filed Friday and made public Monday.

The count that was dismissed carried a maximum penalty of life in prison. In order to wring a life sentence out of the remaining counts in the indictment, prosecutors will have to prove that the three men were directly responsible for deaths abroad.

"Usually the first count is the one that the government alleges is the most serious count," Swartz said. "So when that disappears, it might raise some questions."

Defense attorney Michael Caruso, a lawyer with the federal public defender's office in Miami, was pleased with the judge's order. "The order is eminently well-reasoned, and the judge's logic is unassailable," he said.

The defense also successfully argued that Count II of the indictment alleges separate violations that should have been presented as two counts in the indictment. Cooke chose to divide the indictment and left it to prosecutors to decide what to do.

"Although the court has found Count II to be duplicitous, dismissal is not the appropriate remedy," Cooke wrote.

Cooke has been critical of the government's case, twice ordering prosecutors to provide more details before proceeding to trial.

Miami U.S. Attorney Alex Acosta released the following statement in response to the judge's order: "We stand by the charges in this indictment and will respond after a full review of the court's order."

Officials Seek Broader Access To Airline Data (NYT)

By Eric Lipton

The New York Times, August 22, 2006

WASHINGTON, Aug. 21 — United States and European authorities, looking for more tools to detect terrorist plots, want to expand the screening of international airline passengers by digging deep into a vast repository of airline itineraries, personal information and payment data.

A proposal by Homeland Security Secretary Michael Chertoff would allow the United States government not only to look for known terrorists on watch lists, but also to search broadly through the passenger itinerary data to identify people who may be linked to terrorists, he said in a recent interview.

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Similarly, European leaders are considering seeking access to this same database, which contains not only names and addresses of travelers, but often their credit card information, e-mail addresses, telephone numbers and related hotel or car reservations.

"It forms part of an arsenal of tools which should be at least at the disposal of law enforcement authorities," Friso Roscam Abbing, a spokesman for Franco Frattini, vice president of the European Commission and the European commissioner responsible for justice and security, said Monday.

The proposals, prompted by the recent British bomb-plot allegations, have inspired a new round of protests from civil libertarians and privacy experts, who had objected to earlier efforts to plumb those repositories for clues.

"This is a confirmation of our warnings that once you let the camel's nose under the tent, it takes 10 minutes for them to want to start expanding these programs in all different directions," said Jay Stanley, a privacy expert at the American Civil Liberties Union.

The United States already has rules in place, and European states will have rules by this fall, allowing them to obtain basic passenger information commonly found in a passport, like name, nationality and date of birth. American officials are pressing to get this information, from a database called the Advance Passenger Information System, transmitted to them even before a plane takes off for the United States.

But a second, more comprehensive database known as the Passenger Name Record is created by global travel reservation services like Sabre, Galileo and Amadeus, companies that handle reservations for most airlines as well as for Internet sites like Travelocity.

Each time someone makes a reservation, a file is created, including the name of the person who reserved the flight and any others traveling in the party. The electronic file often also contains details on rental cars or hotels, credit card information relating to travel, contact information for the passenger and next of kin, and at times even personal preferences, like a request for a king-size bed in a hotel.

European authorities currently have no system in place to routinely gain access to this Passenger Name Record data. Mr. Frattini, his spokesman said, intends to propose that governments across Europe establish policies that allow them to tap into this data so they can quickly check the background of individuals boarding flights to Europe.

"It is not going to solve all our problems," Mr. Abbing said. "It is not going to stop terrorism. But you need a very comprehensive policy."

American authorities, under an agreement reached with European authorities in 2004, are already allowed to pull most of this information from the reservation company databases for flights to the United States to help look for people on watch lists.

Members of the European Parliament successfully challenged the legality of this agreement, resulting in a ruling in May by Europe's highest court prohibiting the use of the data after Sept. 30, unless the accord is renegotiated. European and American officials expect to reach a new agreement by the end of September.

But Mr. Chertoff said that in addition to simply reinstating the existing agreement, he would like to see it eventually revised so American law enforcement officials had greater ability to search the data for links to terrorists.

Under the current agreement, for example, the United States government can maintain Passenger Name Record data on European flights for three and a half years. But it is limited in its ability to give the data to law enforcement agencies to conduct computerized searches. Those searches could include comparing the passenger data to addresses, telephone numbers or credit card records on file for known or suspected terrorists, Mr. Chertoff said.

"Ideally, I would like to know, did Mohamed Atta get his ticket paid on the same credit card," Mr. Chertoff said, citing the lead hijacker of the 2001 plots. "That would be a huge thing. And I really would like to know that in advance, because that would allow us to identify an unknown terrorist."

Paul Rosenzweig, a senior policy adviser at the Homeland Security department, said the use of the passenger data would be negotiated with European authorities.

"We are handcuffed in what we can do with it now," he said. "It would be a big step forward if we could identify ways in which we can use this information to enhance our ability to detect and prevent terrorism while at the same time remaining respectful and responsive to European concerns regarding privacy."

But the proposals to expand access to this data will be likely to spur objections.

Graham Watson, the leader of the Liberal Democrat group in the European Parliament, said that given the previous opposition to the American use of the passenger record data, he expects the plan by Mr. Frattini will draw protests.

"I think that is unlikely to fly," he said in an interview on Monday.

The problem, Mr. Watson said, is not a lack of information, but the unwillingness of individual European states to share with other countries data on possible terrorists so that it can be effectively used to block their movement internationally.

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Mr. Stanley of the civil liberties union said that if Mr. Chertoff and Mr. Frattini continued in the direction they are headed, the government would soon be maintaining and routinely searching giant databases loaded with personal information on tens of millions of law-abiding Americans and foreigners.

But Stephen A. Luckey, a retired Northwest Airlines pilot and aviation security consultant, said those efforts were an essential ingredient in a robust aviation security system.

"Even with the best technology in the world, we will never be able to separate the individual from the tools he needs to attack us," said Mr. Luckey, who helped airlines in the United States develop a screening system for domestic passengers. "You are not going to find them all. You have to look for the person with hostile intent."

Terror Fears Stretch Already Burdened Travelers Aid Group (WSJ)

By Melanie Trottman

The Wall Street Journal, August 22, 2006

As the Dallas director of Travelers Aid International, which serves as a guardian angel to people on the move, Bruce Freeman has become an expert in helping road warriors navigate the shifting landscape of airport security.

His new morning office routine includes logging on to a federal-government Web site to download the latest list of items banned and allowed aboard planes. On Wednesday, he puzzled over how he would explain the newest addition to the Transportation Security Administration's list: gel-filled bras. (They are allowed when worn for medical reasons, but the TSA recommended that they be put in checked baggage.) The new guidelines also have kept him busy mailing home banned items for travelers who are forced to remove them from carry-on bags.

This month's news about the foiling of an alleged terror plot raised the anxiety levels of fliers, but it also has added to what already was growing demand for the services of Travelers Aid, the nonprofit organization devoted to assisting confused, frustrated and stranded travelers.

The calls for help that have poured into Travelers Aid offices around the country in recent days have underscored the service's challenge in finding funding and volunteers. Travelers Aid operates booths in 27 North American airports, where volunteers help travelers with such requests as booking hotels after flights are canceled and supplying emergency diapers for infants.

The requests for assistance may not involve matters of national security, but they are deeply important to the parties involved. When Tom Giordano, a scout for the Texas Rangers baseball team, settled in on a flight from Dallas-Fort Worth International Airport earlier this month, he realized he had forgotten his laptop at the airport security checkpoint. Seeking help, he says he was fruitlessly bounced from the airline to the Transportation Security Administration. Then he called Travelers Aid, which handles lost and found at the Dallas-Fort Worth airport, and it mailed the laptop to him. "In less than 24 hours, I got my computer back. It was amazing," said Mr. Giordano.

At Washington-Dulles International Airport, where Travelers Aid helps manage the airport's lost-and-found department, one woman deliberately left behind an expensive bottle of perfume at the Travelers Aid office hoping she could later collect it from the lost and found -- a strategy many travelers seemed to be adopting as random items have been "forgotten" at the organization's office in recent days, said Mary DeHaven, the Travelers Aid program manager at Dulles.

As airlines cut services to help reduce expenses, fliers are turning to Travelers Aid to pick up some of the slack. The cutbacks have come amid a surge in air travel. Last year 5.5 million people came to the Washington-based group for help in airports, up from 4.7 million in 2003 and three million in 2000 according to the agency. As U.S. airlines have eliminated 165,000 jobs since 2001 -- many of them customer-service agents at airports -- airline employees are more frequently referring their customers to Travelers Aid, says Christine Okinaga, director of volunteers for the group at Los Angeles International Airport, which helped more than 900,000 people last year.

A spokesman for the Air Transport Association, a trade group for U.S. carriers, says he hadn't heard anything about airlines shifting more work to Travelers Aid. But he acknowledges that airline budgets are tighter. "They're faced with the same economic uncertainty as many other organizations dealing with commercial transportation," says the spokesman.

Travelers Aid is having its own problems these days. Some chapters lack the funding to pay for parking fees and meals for volunteers who often work overtime during hectic periods. That's made it harder to recruit volunteers, especially when many potential workers say they don't want the hassles of dealing with increasing airport security.

Travelers Aid dates to 1851 when the population of the U.S. was expanding westward. A St. Louis mayor bequeathed seed money to start a group to help pioneers who had stalled in their journey because of illness, a lack of food or money, or unreliable stagecoach service. During World War II, Travelers Aid operated "troop transit" lounges in 175 locations including bus and train depots. Today the group still operates in 10 bus terminals and six train stations, though its major presence is in airports.

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Travelers Aid is trying to adapt to the times. Sixteen months ago, the group's national headquarters hired a director of development in hopes of raising money to open booths at more airports and raise the group's profile. Since then, the group has managed to add locations -- five over the past 12 months -- sometimes by linking up with other stand-alone passenger-aid programs at airports, said Martha Morris, director of development at the national headquarters.

Each local Travelers Aid chapter has its own budget and funding sources. The chapters don't get funding from national headquarters, but they do benefit from partnerships the organization has arranged, such as discounts on Greyhound bus tickets and prepaid phone cards. Funding for all the chapters amounts to about $21 million a year, says Ms. Morris.

The agency has approached the airlines for financial help, reasoning that most of the people it helps are the airlines' customers, but requests have either been ignored or politely declined, says Ms. Morris. Some chapters have gotten creative in their search for funding. At Dallas-Fort Worth International Airport, one of the busiest in the nation, where Travelers Aid is funded in part by the United Way, the agency recently wangled a deal to serve as the airport's Lost and Found office in exchange for some additional funding from the airport.

The organization is broadening its effort to attract volunteers, using the Internet as a recruiting tool, but many locations remain short-staffed. Los Angeles International's volunteer force has remained at 285 for the past five years though traffic at the airport has grown substantially. The worker shortage forces Travelers Aid to close booths in some cities as early as 6 p.m.

Still, some workers find themselves drawn to the agency. Many Travelers Aid volunteers are airline-industry retirees who want to stay close to the excitement of aviation after leaving their jobs.

Jim Feaster liked volunteering for Travelers Aid so much that, after 13 years of service, he recently became a part-time employee for the organization's Dallas chapter. "I was always interested in the travel industry," says Mr. Feaster, a retiree from Southwestern Bell who said he visits airports as if they're tourist attractions. "I think people get frustrated with voice mails. They want to talk to a person," he says.

Questions from passengers are getting more complicated, as well as more numerous. Direct flights from Chicago's O'Hare International Airport to India, for example, have flooded the Chicago Travelers Aid office with more Hindu-speaking passengers seeking assistance in their native language. That means greater use of a translation hot line the group supplies.

And while the Internet has given travelers more control over their itineraries, it's sometimes worked against them as travelers miss connecting flights because they didn't allow enough time to change gates.

At Reagan Washington National Airport, volunteer Roger Lotz has had to put in extra shifts recently. Among other tasks, he has helped to find hotel rooms for travelers who have missed flights because they were stuck in long security lines.

On one Friday night before the latest terrorism scare, Mr. Lotz helped to field about 150 questions in a three-hour period. He returned three lost wallets to their owners, helped an Army sergeant heading home to retrieve her baggage after missing a connecting flight, and negotiated discounted hotel room rates for stranded passengers.

"We're going to be that calm voice that says: 'We understand that something bad has happened to you. And we're going to help fix it,' " says Mr. Lotz.

Looking Ahead To Iowa (WSJ)

WSJ Online's "Washington Wire", August 21, 2006

The Republican party has yet to set a date for the Iowa caucus preceding the 2008 presidential election, but Arizona Senator and presumptive candidate John McCain is already making folksy appeals to the state's voters. Appearing on NBC's "Meet the Press" this morning, McCain said he had the privilege of meeting a nearly 1,200-pound pig named Waldo during a recent trip to the Iowa State Fair. "Talk about pork barrel spending," said McCain, an outspoken critic of excessive federal spending. "Give me an earmark," McCain said Waldo told him. – Ben Winograd

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August 20, 2006, 1:50 pm McCain and Connecticut

On NBC's "Meet the Press," John McCain is asked if he would campaign for longshot Republican Alan Schlesinger in the three-way Connecticut Senate race against Ned Lamont and Joseph Lieberman. McCain says no, first pointing to his party-determined appearance calendar but then adding that while he will support the Republican nominee, he couldn't campaign against Lieberman, whom he calls a close friend and a "great American."

Looking ahead to 2008, McCain appears strong against big-name Democrats who could figure as presidential challengers. Hillary Clinton makes the best challenge, trailing McCain by two points among registered voters in a newly released Time magazine poll. Other leading Democrats fare worse: Al Gore is down 9, while John Kerry trails by 10.

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August 20, 2006, 1:31 pm Rethinking Iraq

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Sen. Joseph Lieberman's support for the war in Iraq cost him his party's nomination in defending his seat this year, but if the situation continues to deteriorate there he concedes Congress may have to have a chance to revisit the issue.

Asked on CBS's "Face the Nation" if the sectarian violence develops into civil war, should Congress get another vote on a continued U.S. presence there, after some hemming he said yes, it should. "And I think there would be bipartisan in doing it. But look, let me state it again. We have to do everything we possibly can; we have to demand everything we possibly can of the Iraqis." He also said more needs to be done by the international community.

"We have to try — I saw a suggestion recently, not a bad one, that the United States and our allies, the Brits particularly, ought to try to convene and international crisis conference on Iraq, bringing in the Europeans, and particularly, the other Arab countries who are now worrying that, if Iraq collapses and falls into civil war, that Iran will surge in and dominate and claim a victory. I think it's worth trying that again and bringing the various parties in Iraq to that international conference."

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August 20, 2006, 1:26 pm Keeping Mum on Pension Reform

Though it has its own concerns about sweeping pension overhaul legislation signed into law last week, the government's pension insurer isn't cooperating with another critic and has refused to turn over documents that include its latest funding analysis of the law.

In a July 27 letter to Rep. George Miller (D., Calif.), the Pension Benefit Guaranty Corp. denied Miller's Freedom of Information Act request for the documents, saying "the disclosure of this material would not further the public interest at this time and would impede the operations of the PBGC." The PBGC, which assumes the pensions of companies that file for bankruptcy protection, said it had identified three e-mails "that appear to fall within the scope of your request."

Miller opposed the pension reform bill, which requires that companies fully fund their defined-benefit pension plans, arguing that it was weaker than current law. President Bush signed it Thursday. The law takes effect in 2008 andwill be phased in over seven years. – Deborah Solomon

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August 18, 2006, 4:06 pm Economy as Bright Spot

On a sun-splashed morning at Camp David, Bush and White House advisers gave glowing accounts of the economy, hopeful of improving voters' dark mood.

Bush doesn't get much credit in polls for keeping the economy intact through stock-market gyrations, corporate scandals, terrorist attacks, two wars and soaring energy prices. Voters also seem surprisingly pessimistic about the economic future, given the current good growth, inflation and unemployment numbers.

The global war on terrorism is one big factor in voters' dim views of the economy. In a conference call with reporters later in the afternoon, chief White House economist Ed Lazear noted that assessments of the economy improved by 13 percentage points after U.S. forces killed Abu Mussab al Zarqawi, the al Qaeda leader in Iraq, an event that had virtually no real economic impact. Long-term worries about globalization are another overhang. Hence yesterday's confab with the administration's economic team.

In his own remarks, Bush's message was simply that "things are good for American workers and good for the entrepreneurs." No new policy was enunciated, although Bush's advisers said later that they'll make another push for entitlement reform as well as tax reform. They also are hopeful that new proposals on higher education and scientific research will quiet voters' fears about the long term outlook, while new spending on alternative fuels will help with gas price worries.

For his fall agenda, Bush also pushed the line-item veto power; various proposals to make health care more affordable; litigation reform; and opening new markets. The White House also believes that the squeeze being felt by low-wage workers due to high gas prices and health care inflation is mitigating somewhat, thanks to decent levels of new job creation, as Treasury Secretary Paulson noted.

For his brief remarks, Bush brought a big retinue. As he stood at the lectern he was flanked by eight members of his administration, including Vice President Cheney, Al Hubbard, director of the National Economic Council, and budget director Rob Portman. –John D. McKinnon

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August 18, 2006, 2:12 pm Labor Strife

Today's Labor Department report on state unemployment trends has bad news for some incumbents, and good news for challengers.

Sen. Debbie Stabenow, a Michigan Democrat, touts her six-point job creation plan, but her state lost 26,800 jobs last month and the unemployment rate in Michigan soared 0.7% to 7%. The National Republican Senatorial Committee, which naturally supports her challenger, Oakland County Sheriff Michael Bouchard, pounced on the news, calling the incumbent "anti-business" and saying she'd voted for the interests of the National Association of Manufacturers only 18% of the time.

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Michigan's job losses are a problem for another Democrat in that state, incumbent Gov. Jennifer Granholm, who is facing Republican businessman Dick DeVos in November.

Alaska's Gov. Frank Murkowski's tough primary fight next Tuesday didn't get any easier with the annoucement that his state's jobless rate hit 7% in July, up from 6.6% in June.

The report also presents a challenge for Republican incumbents in Ohio such as Rep. Deborah Pryce and Sen. Mike DeWine. Ohio shed 5,000 jobs in July, pushing the state's unemployment rate up to 5.8% from 5.1%, well over the national average of 4.8%. Likewise in Rhode Island, where moderate Republican Sen. Lincoln Chafee faces a challenge from more conservative Steve Laffey. The state unemployment rate is now 5.6%, up from 5%

On the other hand, Virginia's unemployment rate stood at 3.2% in July, well below the national rate, which could be a boon to incumbents facing reelection such as Republican Sen. George Allen. Similarly, embattled Republican Sen. Conrad Burns of Montana has the benefit of his state's low 3.8% unemployment rate and a gain of 5,500 jobs last month. –Christopher Conkey

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August 18, 2006, 8:12 am A Rebellion in Rhode Island?

Democrats chafed when Republicans used antiwar Senate candidate Ned Lamont's Connecticut primary victory to portray them as captives of their left wing. There could be some payback next month.

That's when Rhode Island Republicans face their own choice about whether to oust their party's version of a moderate incumbent, antiwar Sen. Lincoln Chafee, in favor of a sharp-edged partisan conservative. Challenger Steve Laffey supports the Iraq war, opposes abortion rights, wants border controls to tighten immigration before any guest-worker program is considered and backs extension of all of President Bush's tax cuts — all positions contrary to Chafee's.

The competition is also one of personalities, pitting a wealthy, soft-spoken aristocrat — Chafee — against a self-made businessman — and current mayor of Cranston — who thrives on confrontation and competition. Darrell West, a political-science professor at Brown University, says Laffey "is polarizing. People either love him or hate him." There are no public polls on the primary that quantify their standings, but both candidates are campaigning as if they are in a tight race, and even Chafee acknowledges his political career could be endangered. Read the full article. – Jeanne Cummings

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August 18, 2006, 12:06 am White House Battles to Stem Slide in Support for Iraq War

Most Americans and lawmakers have opposed rapid exit despite Baghdad violence. But opponents, recalling CBS anchor Cronkite's 1968 turn against Vietnam, see pivotal moment as columnists Friedman and Will hit administration stance.

"The key to whether we're at a turning point is … whether Iraq is in a civil war," says Duke professor Chris Gelpi; demand for pullout would swell if public accepts that "permanent label of failure." Rove deputy Pete Wehner, rebutting Will, insists changing Middle East requires "more than the historical blink of an eye."

Bush's average approval in recent polls resembles LBJ's 36% after Cronkite's "stalemate" declaration.

BUSH TEAM can't count on falling gas prices.

Economic advisers gather at Camp David today, weeks before traditional end-of-summer easing of demand. Yet prices stand 30% above 2005 levels, and remain sensitive to supply disruptions.

In three of past four years, prices rose after August. In Arizona Senate race, Republican incumbent Kyl hails more spending on renewable fuels as Democratic challenger Pederson ties him to Bush's "more of the same" approach.

DEMOCRATS WORK to deflect Republican security theme.

House Leader Pelosi will unveil task force headed by California Rep. Waxman to probe $100 billion in alleged wasteful or fraudulent spending on Iraq, Katrina and homeland security. Senate counterpart Reid makes "Hope and Recovery" trip to Louisiana in advance of Bush's visit.

But Republicans count on alleged London airline-bombing plot and Democratic divisions in Connecticut to help restore traditional security edge. "The new 9/11 movie can frame the public mindset" around five-year anniversary, says a top aide to House Speaker Hastert.

In new Pew poll, just 2% say they most want to hear candidates discuss terrorism, far behind education or gas prices.

NEW TACTIC?: U.S. counterterrorism officials join European allies in considering employing moderate Muslim imams to stem radicalism. Police departments in New York and Los Angeles explore same idea, but officials stress difficulty of handling the sensitive issue.

NEW LIFE? Failed congressional security proposals seek post-London revival. Democratic Rep. Markey promotes screening all air cargo for explosives, while airports seek to raise the 45,000 cap on federal screeners. But House subcommittee chairman Hal Rogers of Kentucky, who has blocked efforts to raise cap, calls current level "very reasonable."

NEW ISSUE? Forthcoming census data on income inequality may fuel 2006 campaign debate. Typical voters "feel they're falling behind," says Democratic pollster Fred Yang. Republicans hail recent rise in take-home pay for average workers.

NEW URGENCY? Despite competition with Iran to show goodwill, Western offers for Lebanon rebuilding have been tentative, with talk of a donor's conference next month. World Bank President Wolfowitz creates a task force, but needs assessment alone could take up to 60 days. No decisions have been made on type of assistance package.

SEN. ALLEN HURTS nascent presidential bid by making fun of challenger's aide.

Virginia Republican's videotaped jibes at the aide, an American of Indian descent, are "not the way to re-enter" national stage, says key New Hampshire Republican Tom Rath. Allen had won praise for affability, and sought to quiet questions about racial views by promoting apology for Senate's historic failure to outlaw lynching.

"Today, if he calls into South Carolina or New Hampshire or Iowa, he must start the conversation with an explanation," crows a strategist for 2008 rival McCain. Noting Allen's apology and lead over Senate challenger Jim Webb, 2006 campaign manager Dick Wadhams vows "we'll come out stronger" from the "learning experience."

Bush adviser says incident won't keep president from next week's Allen fund-raiser, hosted by ex-Republican chief Ed Gillespie.

MINOR MEMOS: Capitol Advantage offers free service attaching constituents' pictures to their emails to Congress, citing help in avoiding spam filters. … Ex-Clinton Cabinet Secretary Espy limped out of Washington in corruption probe, but football-playing son has sprinted back, leading Redskins receivers with four catches in first preseason game. – John Harwood

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August 17, 2006, 5:57 pm Planning Ahead

A coalition of Democratic groups announced Thursday formation of "Foundation for the Future," a new 527 political action group aimed at helping elect state legislators in 2008 and 2010, putting them in place before the 2012 redistricting effort that could revamp the boundaries of House seats.

The group plans to raise $17 million during the next six years to research demographics, analyze voting patterns and help Democrats win elections. The American Federation of State, County and Municipal Employees labor union has pledged to donate $9 million.

The effort responds to a Supreme Court ruling upholding a Texas redistricting map orchestrated by former Majority Leader Tom DeLay that netted five Republican seats. –Jeanne Cummings

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August 17, 2006, 5:53 pm Politics Makes Strange Bedfellows

Without a party to call home, Connecticut Sen. Joe Lieberman is assembling a surrogate that could have some odd pairings. Lieberman is running as an independent candidate after losing his primary last month to businessman Ned Lamont.

The U.S. Chamber of Commerce, which endorsed Lieberman, vows to continue helping. Meanwhile, the Connecticut AFL-CIO ponders its next move. Several unions are split between Lieberman and Lamont, firefighters back the incumbent while teachers are with the newcomer. Both candidates are courting Big Labor players, the SEIU and AFSCME, which will make endorsement announcements next month.

Meanwhile, a new Quinnipiac University poll of likely voters released Thursday shows Mr. Lieberman ahead with 53% of the vote. Lamont trails with 41% and Republican nominee Alan Schlesinger garners just 4% support. Both Lieberman and Lamont had more backing from Republicans than Schlesinger. – Jeanne Cummings

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August 17, 2006, 3:11 pm Moving On at DOT

The Transportation Department's chief of staff, John Flaherty, is following his former boss out the door next month after more than five and a half years on the job. Norman Mineta, the only Democrat in President Bush's cabinet, stepped down as Transportation secretary this spring.

"I've put on more weight and have less hair" than when he assumed the post in Jan. 2001, Flaherty said. He said he is weighing "four or five different but interesting offers" and hasn't decided which one to take. His last day at the department is Sept. 5. –Laura Meckler

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August 17, 2006, 2:06 pm Surveying Surveillance

A federal judge's ruling rejecting the government's warrantless wiretapping program comes amid swirling debate over the use of both surveillance and profiling in defending against potential terrorist attacks. A new Harris Interactive poll released late Wednesday shows a majority of Americans favor increasing surveillance of suspected terrorists through cameras, banking records and cellphones. But many say such actions should require authorization by Congress. The poll — conducted July 21-24, 2006, before news of the trans-Atlantic terrorist plot — also shows that public opinion of the Bush administration's efforts at fighting terrorism is falling: 45% said it has done an excellent or pretty good job, down from 57% in June 2005 and 70% in February 2004. Read more on the poll. Also, read Judge Judge Anna Diggs Taylor's ruling in the wiretapping case.

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August 17, 2006, 2:02 pm No-Match Matters

The National Immigration Law Center, a Los Angeles-based advocacy and legal-aid group, warns that the government's push for tougher workplace enforcement of immigration laws will spur the underground economy.

In a 24-page letter to the Department of Homeland Security, the law center writes that its experience is that "the fired [illegal] workers will not leave the country….[T]hey will simply find more marginal jobs, most likely in the unregulated cash economy."

The law center wrote the warning on behalf of the AFL-CIO, a day-laborers' organization, and some church and Hispanic-advocacy groups that have been lobbying for a Senate bill that would allow illegal immigrants to stay in the country and eventually acquire citizenship. Even so, the center's warning raises a new question in the immigration debate: Could measures to improve workplace enforcement actually backfire?

A key to the Senate measure is tougher scrutiny of the documents, including Social Security cards, that workers must show to prospective employers. Employers now aren't required to check that those documents are valid, and many illegal immigrants use forged Social Security cards that use another person's Social Security number. The fraud can be revealed when the employer sends the worker's taxes into that Social Security account, and the name and number don't match. At that point, the government sends the employer a "no-match letter," indicating a problem.

The law center warns that the current stepped up workplace enforcement will prompt "overly-cautious employers" to fire workers rather than resolve the discrepancy. That, it adds, will "risk the livelihoods of hundreds of thousands — possibly millions — of workers," yet have "no impact" on illegal immigration. Immigrants will keep coming, it warns, and will work off the books, resulting in "substantial losses in state and federal tax revenues." Beyond that, it cautions, Social Security would take on a new role — immigration enforcement — for which it's not prepared. –June Kronholz

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August 17, 2006, 1:20 pm After Dramatic Engine Failure, FAA Steps In

Federal regulators are significantly tightening inspection and repair schedules for a family of General Electric engines widely used on jetliners, in the wake of an engine failure during ground testing in June that badly damaged an American Airlines Boeing 767.

The FAA decided to tighten safety rules for the engines following a spectacular failure of an engine in June during grounds tests at Los Angeles International Airport. Federal accident investigators said such a failure, if it had occurred during flight, could have resulted in a crash.

In a written summary of its actions, the FAA said it decided to act "even before determining" the root cause of the June incident in order to "reduce the risk of another such event." Read the full article. – Andy Pasztor

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August 17, 2006, 8:55 am Bounce for Lamont, but Lieberman Still Leads

The strange math of the Connecticut Senate race is getting even stranger, as Ned Lamont's numbers improve and the Republican nominee falls deeper. In the latest Quinnipiac poll, Joe Lieberman, running as an independent, leads Lamont among registered voters 49% to 38%, while Republican Alan Schlesinger gets support from just 4%. While this means Lamont still trails the man he just beat in the Democratic primary, it does mark a significant tightening of the race. In the previous three-way Quinnipiac poll, held ahead of the Democratic primary, Lieberman led Lamont 51% to 27%, with Schlesinger at 9%.

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August 17, 2006, 8:16 am Pennsylvania Barometer

The Pennsylvania Senate race is a barometer for a crucial question this election year: Will widespread public anger — about President Bush and issues ranging from war to scandal — lead voters to toss out large numbers of Republican incumbents and end Republican control of Congress? Or can Republicans do enough to distance themselves from their party's leader and his track record to hang on?

This campaign suggests it could go either way. Polls have consistently shown Democrat Robert Casey Jr., now state treasurer, with a strong lead throughout the year. But two recent surveys have shown Sen. Rick Santorum closing the gap. A Quinnipiac University poll released Tuesday shows Casey leading 47% to 40% in a two-way race, down from a 52% to 34% lead in June. In a three-way race, including a Green Party candidate who has received funds from Santorum's supporters, Casey leads 48% to 42%.

Mr. Santorum's gains came after an advertising and campaigning blitz that played down his ties to the White House and the congressional Republican leadership. When President Bush arrived in Lancaster, Pa., yesterday to campaign for the Republican gubernatorial candidate, Santorum was 130 miles away campaigning at an agricultural event. Read the full article. – Sarah Lueck

Aug.18, 2006
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Aug.18, 2006
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Aug.18, 2006
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Aug.18, 2006
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See several key resources, including The Wall Street Journal/NBC News poll, a roundup of Senate and gubernatorial races and links to government, political and public-policy Web sites.

Eleven Charged Over Alleged Terror Plot (FT)

By Jimmy Burns And Farhan Bokhari

Financial Times, August 22, 2006

Eight suspects arrested over the alleged plot to blow up several US-bound aircraft in mid-flight were on Monday charged with conspiracy to murder, as senior security officials warned of a "deadly and enduring" terrorist threat.

Three other people were also charged with different offences.

Peter Clarke, the head of Scotland Yard's anti-terrorist branch, said the investigation into the alleged plot was "far from complete" and its scale "immense" and global in nature.

It emerged separately that investigators are looking into other links to the plot in several European countries, including Italy, and possibly Germany and Spain, as well as pursuing inquiries in Pakistan and Afghanistan.

"We must be realistic. The threat from terrorism is real, it's here, it is deadly and it is enduring," said Mr Clarke.

A total of 11 were charged – eight under enhanced British terrorism laws with conspiracy to murder and preparing acts of terrorism between January this year and August 10, when UK police moved overnight to thwart the suspected plot to bring down as many as 10 planes travelling from the UK to the US. Two others were accused of failing to disclose information and a 17-year-old male faces a charge of possessing articles useful to a person preparing acts of terrorism.

A further 11 individuals arrested during the August 10 operation remained in custody on Monday night without charge but under "active investigation". A man and a woman have been released. Police on Monday confirmed that they had seized bomb making equipment, including hydrogen peroxide, a component similar to that used in a home-made explosive by the London suicide bombers of July last year, and a favourite weapon of suicide bombers in the Middle East. They also revealed that they had seized more than 400 computers, 200 mobile telephones and 8,000 items such as memory sticks, CDs and DVDs, including so-called "martyrdom videos" made by some of the alleged plotters.

Sally Leivesley, a leading security analyst who advises governments on transport and infrastructure safety and protection, said the information released by UK police suggested the alleged terror plot had been planned to be the biggest attack since those against New York and Washington on September 11, 2001.

"This looks like a plot with a huge international dimension, with a plan to cause more casualties than even 9/11, with numerous planes at risk of crashing into populated areas," Ms Leivesley said. She urged the airline industry to agree on international standards that would reduce the amount of hand-luggage permitted and suggested all major airlines allow passengers to take on board only documents in transparent plastic bags.

While the state of alert in the UK has been reduced from "critical" to "severe", there have been arrests over the past 10 days in Germany and Italy linked to possible further attacks on transport systems. In Pakistan, investigators believe an al-Qaeda cell based in Kandahar, a stronghold of the Taliban movement, in southern Afghanistan may have played a key role.

Britain Charges 11 In Plane Case; Bomb Gear Cited (NYT)

By Alan Cowell

The New York Times, August 22, 2006

DOJ_NMG_0051805

LONDON, Aug. 21 — The British authorities charged 11 people on Monday in connection with a suspected plot to blow up United States-bound airliners, and said investigators had discovered "martyrdom videos" and bomb-making materials in a far-reaching search of homes, cars, woodland and other locations.

At least 8 of the 11 were thought to form a hard core of bombers who planned to assemble liquid-based explosives on board airplanes and detonate them, they said.

The 11 charged, who are to be arraigned Tuesday, were among 23 people being held in the case. Of the remaining 12, one woman, who was not identified, is to be freed. The rest are to remain in custody under counterterrorism laws permitting 28 days of detention without charge, said Susan Hemming, a lawyer from the Crown Prosecution Service.

The decision to press formal charges followed days of widening public skepticism about the extent of the suspected plot, first disclosed on Aug. 10, when the police warned that conspirators had planned to commit mass murder on what one officer called an "unimaginable scale."

The information disclosed Monday gave a sense of the scope of the investigation, beginning with months of surveillance of the suspects before most were arrested on Aug. 10 that produced "highly significant video and audio recordings," said Peter Clarke, the head of London's anti-terrorism police.

Since then, he said, the police have searched "69 houses, flats and business premises, vehicles and open spaces" and recovered 400 computers, 200 cellphones and 8,000 data storage devices such as memory sticks and DVD's. The aim in offering such detail at the news conference — at which no questions were permitted — seemed twofold: to give the public a glimpse into the kind of evidence that was being amassed and to offset charges that the police had overreacted to a threat.

But the credibility of the allegations will not be tested until the accused are taken before a jury — a trial not expected to begin for at least two years.

Ms. Hemming said 8 of the 11 suspects charged Monday were accused of conspiracy to murder as well as an offense under new counterterrorism laws, "preparing acts of terrorism." The charges accuse them of planning "to smuggle the component parts of improvised explosive devices onto aircraft and assemble and detonate them on board."

The three others were charged with lesser offenses under counterterrorism legislation dating to 2000, Ms. Hemming said.

The extent of the charges raised new speculation about the plot, possibly suggesting that it was more limited than indicated by the sweep of the first arrests. Of an initial 24 arrested, only 8 were charged Monday with the most serious offenses.

The 11 charged suspects do not include all of those on a list issued earlier by the Bank of England of people whose assets were being frozen as part of the inquiry. For example, they do not include Tayib Rauf of Birmingham, whose brother Rashid Rauf was arrested by Pakistani authorities who said they suspected him of being a "key player."

Ms. Hemming said the authorities had not decided whether to seek the further detention of any of the suspects still being held without charge. Under counterterrorism laws, the authorities must apply to a High Court judge by Wednesday to detain them for another seven days.

A police official, who insisted on anonymity because the case was still unfolding, said it was possible that more people would be charged with conspiracy. Under British law, people who have been charged may not be interviewed further by the police, unlike those held under the 28-day counterterrorism law.

So far, Mr. Clarke said, the police have found bomb-making chemicals, including hydrogen peroxide and electrical components, recalling earlier British and American accounts that there was a plan to mix liquids into an explosive cocktail once they had been carried aboard airliners heading for American cities.

Mr. Clarke went on to say: "We have also found a number of video recordings — these are sometimes referred to as martyrdom videos. This has all given us a clearer picture of the alleged plot."

After the London Transport bombings of July 7, 2005, two of the four attackers, who killed 52 people, were shown in videos warning that more attacks would follow.

Although the July 7 bombings and further attempts two weeks later, on July 21, caused deep anxiety, little information has emerged about the extent of the continuing terrorist threat. No criminal charges have been brought in connection with the July 7 bombings, and there are tight legal restrictions preventing British news organizations from reporting details of other suspected plots, for fear of prejudicing trials.

Mr. Clarke offered no prospect of a quick solution to the latest case.

"The meticulous investigation of all this material will take many months," he said, referring to the seizure of documents and computer data taking up 6,000 gigabytes. "All the data will be analyzed. There will be thousands of forensic examinations and comparisons. Fingerprints, DNA, electronic data, handwriting comparisons, chemical analysis and indeed the full range of forensic disciplines will be used."

In discussing the case in public, the police trace a fine line between seeking to convince the public of the threat they face and avoiding prejudicing the suspects' trial.

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Currently the British police are embroiled in one major terrorism trial under way and a second that is to open in October, when five suspects face charges related to the failed bombings on July 21, 2005.

The 11 suspects who were charged Monday seemed to be mostly British Muslims of Pakistani descent, but one was identified as Umar Islam, also known as Brian Young, a convert to Islam. Another was Ibrahim Savant, also a convert.

The eight people charged with conspiracy to murder were also charged with planning "to smuggle the component parts of improvised explosive devices onto aircraft and assemble them and detonate them on board."

The three others include the youngest suspect, a 17-year-old — whose name was not released because of British legal restrictions on identifying minors — accused of possession of "a book on improvised explosives devices, some suicide notes and wills with the identities of persons prepared to commit acts of terrorism and a map of Afghanistan containing information likely to be useful to a person committing or preparing an act of terrorism."

They also include a woman, Cossar Ali, and a man called Mehran Hussain, who were accused of failing to disclose information that could prevent an act of terrorism.

Mr. Hussain was charged with failing to tell the authorities what he knew about Nabeel Hussain, one of the 11 people still held without charge under the counterterrorism laws. The charge against Mehran Hussain dated to Sept. 23, 2005, suggesting that he had been under surveillance since then.

Ms. Ali was accused of failing to divulge information about Ahmed Abdullah Ali, also known as Abdullah Ahmed Khan, widely reported in British newspapers to be her husband. He is one of the eight accused of conspiracy to murder.

Those eight were, in addition to Mr. Ali, Adam Khatib, Ibrahim Savant, Waheed Zaman, Tanvir Hussain, Umar Islam, Arafat Waheed Khan and Assad Ali Sarwar.

11 Suspects Are Charged In Alleged Airliner Plot (LAT)

By Kim Murphy

The Los Angeles Times, August 22, 2006

LONDON -- Citing evidence that includes "martyrdom videos," suicide notes and bomb-making equipment, authorities Monday filed criminal charges accusing 11 suspects of involvement in an alleged plot to smuggle explosive devices onto airliners bound for the United States.

The first public disclosure of the results of a months-long investigation offered only a brief overview of evidence, but hinted at a trove of material and leads yet to be examined.

"The scale is immense. Inquiries will span the globe. The enormity of the alleged plot will be matched only by our determination to follow every lead, and every line of inquiry," said Peter Clarke, chief of counterterrorism for the London police.

Authorities said they expect to spend months examining the results of at least 69 searches of houses, business, cars and woods, which have yielded more than 400 computers, 200 mobile telephones and 8,000 computer data storage devices.

"I would like to reassure the public that we are doing everything we can to keep you safe, for you to live your lives without constant fear. However, we must be realistic," Clarke said at a news conference announcing the criminal charges.

"The threat from terrorism is real, it is here, it is deadly and it is enduring," he said. "As we look for explanations, we cannot afford to be complacent and ignore the reality of what we face."

But authorities have faced increased skepticism from the public, particularly Britain's estimated 1.5 million Muslims, after two previous controversial cases in which terror suspects were shot during the course of police actions that did not produce prosecutable evidence of terrorism plots.

Eleven suspects remain in custody without charges. One suspect, a woman, was released Monday.

Eight suspects were charged with conspiracy to commit murder and preparing acts of terrorism. Two others, including a young mother whose husband was charged in the plot, were accused to failing to disclose information that could have prevented a terrorist attack.

A 17-year-old boy, who was not identified because of his age, was charged with possessing a book on bombs, suicide notes and the wills of people who were prepared to commit acts of terror. He also had in his possession a map of Afghanistan containing information "likely to be useful" to a person preparing an act of terrorism, authorities said.

All of those charged are British nationals of Pakistani descent, except for two non-Asians who are converts to Islam.

Two brothers who have been identified in British press reports as the purported ringleaders of the plot -- Rashid Rauf, whose arrest in Pakistan is thought to have triggered the other arrests, and his brother, Tayib, arrested in Birmingham -- are among the 11 suspects who have not been charged in the British courts; Rashid Rauf remains in custody in Pakistan.

Susan Hemming, head of the Crown Prosecutors Service counterterrorism division, who signed off on the charges, said the remaining suspects are "under active investigation."

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"Their position is being assessed on a regular basis with a view to considering the need to keep them in detention," she said. "We cannot yet make a decision about whether further charges will follow," or whether authorities will seek to extend their detention when the current warrant runs out on Wednesday, she said.

Under British law, police can hold terrorism suspects for 28 days without filing criminal charges, though a judge must review the cases periodically during that period.

Legal analysts said the government was under substantial public pressure to disclose the nature of the evidence, after several investigations went awry.

In the first case, a 27-year-old Brazilian man was shot to death in the subway by police officers who said he had emerged from a house that was being watched, and acted suspiciously. The July 22, 2005 incident came a day after police foiled a bomb plot aimed at London's transit system, and three weeks after the July 7, 2005 explosions that killed 52 people on that system.

In June, police looking for a purported chemical device raided a house in the neighborhood of Forest Gate and shot 23-year-old Mohammed Abdul Kahar, who lived there, in what police said was an "accidental discharge" of an officer's weapon. Kahar survived the shooting. No chemical device was found.

Public skepticism about the current case has grown in the days since authorities announced sweeping arrests and a plot police said at the beginning was "intended to be mass murder on an unimaginable scale."

Muslim community leaders have warned that a third case of unfounded or exaggerated allegations is likely to exacerbate tensions and resentment among Britain's 1.5 million Muslims.

Some community leaders on Monday said the new evidence -- presented only in its barest outlines, and not connected to any specific suspects -- still leaves room for skepticism. Much of what the authorities claim is physical evidence of bomb-making materials, for example, including hydrogen peroxide and electrical components, also could have innocent explanations, they suggested.

"People bleach their hair with hydrogen peroxide," said Mohammed Khaliel, a spokesman for the mosque and Islamic center in the town of High Wycombe, which several of the suspects attended.

He also said he believed some of the evidence attributed to the bomb plot may have included material that suspects allegedly downloaded from the Internet. "These young people may very well have downloaded videos off the Internet. That's not necessarily what it's portrayed to be," he said.

British law affords far less leeway than the American courts in discussing evidence before trial. Analysts said it was unusual for authorities to release even as much as they did about the evidence collected. Doing so, said Roger O'Keefe, deputy director of the Lauterpacht Center for International Law at Cambridge University, risks jeopardizing the trial and the ongoing investigation.

"It's an extraordinarily difficult problem for the government," he said. "If they reveal a lot of evidence to the public ... First of all, they compromise the lives of their informants, and secondly, they undoubtedly jeopardize ongoing investigations into similar intelligence question marks," he said.

"It will also in a sense tie their hands," he added. "They always run the risk when they present the evidence straight away of being accused later of having cooked up a whole lot more in the meantime, as more and more evidence keeps emerging."

Eleven Suspects Are Charged In Foiled Airline-Terror Plot (WSJ)

By Carrick Mollenkamp, David Crawford And Glenn R. Simpson

The Wall Street Journal, August 22, 2006

British authorities charged 11 people with a range of offenses including conspiracy to commit murder and intent to detonate bombs onboard airplanes in what they say were sophisticated plans to blow up planes flying to the U.S. from the U.K.

Police also continue to hold 11 other suspects who could be charged.

Eight men were charged with conspiracy to commit murder as well as with the "intention of committing acts of terrorism" by detonating explosives onboard the planes, under a U.K. terrorism law passed earlier this year. Two other people were charged with failing to alert authorities to the plot, according to London's Metropolitan Police Service.

A 17-year-old male was charged with possessing terrorist-related materials. The charges are an important break in the investigation since officials disclosed 12 days ago that 24 people had been arrested in the alleged plot. Among the evidence that the Metropolitan Police said it had collected: bomb-making equipment, chemicals including hydrogen peroxide, and a number of video recordings in which some suspects give their allegiance to Muslim people facing threats from Western countries, said Peter Clarke, the head of the antiterrorist branch at the police service, also known as Scotland Yard. (Read the British police's statement1.)

Investigators continue to look at connections with other plots. Police in Germany are looking into whether a Lebanese man, Youssef Mohamad El Haj, arrested in Kiel, Germany, on Saturday, had links to suspects in the London investigation. Mr. Haj is charged with planting a bomb on a regional train that failed to explode in July. Police also are investigating possible links

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between Mr. Haj and Redouane Habab, a 36-year-old German of Moroccan descent who was arrested in July on charges of transmitting messages between a fugitive Sept. 11 suspect and his family. Both men lived in Kiel. Mr. Habab was in contact with one of the London plot suspects, according to a German security official with knowledge of the matter.

One suspect arrested in Britain Aug. 10 but not charged is Tayib Rauf. The Birmingham man is viewed by investigators as a critical link because of ties to his brother who lives in Pakistan, according to people familiar with the situation. Just days before the arrests in Britain, Mr. Rauf's brother Rashid was arrested in Pakistan. Pakistani authorities have said Rashid received training in explosives at al Qaeda camps.

Under U.K. antiterrorism laws, British police may hold suspects for 28 days without charge and must petition the court to keep them every few days.

A potential lead as a source of funding or aid to the plot is a London charity, Crescent Relief. The Rauf brothers' father once served as a director, according to U.K. records. One of the suspects is believed to have worked with the charity and also be linked to a second charity identified by the U.S. government as a front for terrorist activities, according to Evan Kohlmann, a U.S. antiterrorism consultant. A representative for the U.K. Charity Commission said the regulator is looking into the charity. A Crescent Relief director, Ghazanfer Ali, said he welcomes the probe.

British Charge 11 Suspects In Airliner Plot (WP)

By Glenda Cooper

The Washington Post, August 22, 2006

LONDON, Aug. 21 -- Britain charged 11 people on Monday in the alleged plot to blow up transatlantic airliners, and police said they had uncovered bomb-making equipment and "martyrdom" videos in the course of their investigation.

Authorities said that eight of the suspects -- all men, ages 19 to 28 -- face charges of conspiracy to commit murder and preparing acts of terrorism. A 17-year-old boy is accused of possessing items useful for terrorists, and two other suspects, including a young mother, have been charged with failing to disclose information that could have helped prevent a terrorist attack.

Eleven people being held in the investigation are still being questioned, and one woman has been released without charge, said Susan Hemming, the lead prosecutor in the case. The suspects who have been charged are due to appear in court Tuesday morning.

Peter Clarke, the head of Scotland Yard's anti-terrorism branch, said at a televised news conference that because of the sheer scope of the alleged plot, the inquiry was far from complete and would eventually "span the globe."

Clarke went into significant detail about the evidence uncovered so far -- an unusual step for British prosecutors and police, who are strictly limited in what they can disclose publicly before a criminal trial. In particular, he said there had been important video and audio surveillance carried out before the alleged plot was revealed on Aug. 10, and that bomb-making materials including hydrogen peroxide, electrical components and documents had been found.

"This has all given us a clearer picture of the alleged plot," he said.

So far, he said, 69 houses, businesses, vehicles and open spaces had been searched. The searches yielded more than 400 computers, 200 cellphones and 8,000 computer media items such as memory sticks, CDs and DVDs. Police have removed 6,000 gigabytes of data from the seized computers alone.

Clarke added that it would take many months for all of the data to be analyzed.

"Fingerprints, DNA, electronic data, handwriting comparisons, chemical analysis, and indeed the full range of forensic disciplines will be used" in the investigation, he said.

Among the finds were "martyrdom videos," an apparent reference to videos in which would-be suicide bombers issued their final testaments. Clarke did not release details.

Police disclosed the alleged conspiracy to blow up transatlantic airliners after indications that the plotters were nearly ready to strike. Both the United States and Britain were put on high states of alert and hundreds of flights were delayed or canceled.

At the same time, raids took place in London, Birmingham and High Wycombe, a suburb 30 miles west of the capital. It was in woods there that the bomb-making equipment was found in a suitcase, the BBC reported earlier.

The eight men named on murder conspiracy charges were identified as Ahmed Abdullah Ali, Tanvir Hussain, Arafat Waheed Khan, Assad Ali Sarwar, Adam Khatib, Ibrahim Savant, Waheed Zaman and Umar Islam, who is also known as Brian Young.

They intended "to smuggle the component parts of improvised explosive devices onto aircraft and assemble and detonate them on board," according to the charges.

The 17-year-old is not being named, but authorities said he possessed items useful for the alleged conspirators, including their suicide notes and wills, as well as a book on bombs.

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The suspects charged with failing to pass on information to authorities were identified as Mehran Hussain and Cossar Ali. Ali, 23, is married to Ahmed Abdullah Ali, and is the mother of an 8-month-old.

Most of the suspects are from London. But the investigation has also involved inquiries in Pakistan. Rashid Rauf, a Briton detained two weeks ago in Bahawalpur, Pakistan, is still being questioned there.

Under British law, police can hold the remaining suspects until Wednesday before charging them or seeking an extension to keep them in custody.

Clarke said that while he wanted to reassure the British public that the police were doing everything to keep them safe, he had to be realistic.

"The threat from terrorism is real. It is here, it is deadly and it is enduring," he said.

Britain Charges 11 In Alleged Plot To Blow Up Planes (USAT)

By Jeffrey Stinson

USA Today, August 22, 2006

LONDON — Britain said Monday that it had charged 11 people and seized "martyrdom" videos and bomb-making materials in connection with an alleged plot to blow up jetliners headed for the USA.

Eight were charged with conspiracy to commit murder. Three were charged with terrorism-related offenses.

Peter Clarke, who heads the Metropolitan Police Department's anti-terrorism branch, said police had seized bomb-making chemicals, electronic components — about 400 laptops and 200 cellphones — and the videos.

Martyrdom videos are often made by suicide bombers for release after they have died.

British police initially arrested 24 suspects Aug. 10-11 in connection with the plot; 23 have been held in custody since then. Pakistan has arrested as many as 17 others.

Clarke said the investigation is far from complete. "The scale is immense," he said. "Inquiries will span the globe."

Monday's announcement was the first update by British authorities since Aug. 10, when they disclosed the alleged plot to bring down U.S.-bound airliners. The suspects planned to manufacture and smuggle components of improvised explosive devices onto aircraft, assemble them on board and detonate them, Britain said. The developments led to new carry-on baggage rules and other security measures that snarled airports.

Of the eight suspects charged with conspiracy, six live in London and two in High Wycombe, about 30 miles northwest of London, according to a list released by Britain's central bank, which was told to freeze the suspects' assets.

A 17-year-old from London was charged with possession of material that could be used in terrorism. Two others, including a 23-year-old mother from London, were charged with failing to disclose information that could have prevented an act of terrorism.

Susan Hemming, head of the counterterrorism division of the Crown Prosecution Service, said a woman who had been arrested in connection with the case had been released. Eleven remain in custody without being charged.

11 British Muslims Charged In Bomb Plot (WT)

By Al Webb

The Washington Times, August 22, 2006

LONDON -- Police yesterday charged 11 British Muslims in a plot to destroy U.S.-bound jetliners with liquid explosives smuggled aboard in carry-on baggage, eight with conspiracy to commit murder and the other three with terrorism-related offenses.

Police also disclosed the discovery of bomb-making chemicals and equipment, suicide notes and so-called "martyrdom videos" of the would-be bombers.

In making the announcement, Deputy Assistant Police Commissioner Peter Clarke warned that the investigation "is far from complete; the scale is immense" and that the probe "will span the globe."

Mr. Clarke also said that the danger is far from over and that Britain remains on "severe" terrorist alert.

After weeks of surveillance, British police struck Aug. 10 at homes and offices in London, Birmingham and the Thames River Valley, arresting 24 suspects in a plot that, had it succeeded, could have been deadlier than the September 11, 2001, terror attacks on the United States.

Up to 10 airliners bound from Britain to Washington, New York and California were to have been blown up in the air, police said.

Police, intelligence officers and the Crown Prosecution Service decided yesterday morning that they had enough evidence to charge eight of the suspects with conspiracy to murder and with a new crime, preparing acts of terrorism.

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The Crown Prosecution Service identified them as Ahmed Abdullah Ali, also known as Abdullah Ali Ahmen Khan, 25; Tanvir Hussain, 25; Umar Islam, also known as Brian Young, 28; Arafat Waheed Khan, 25; Assad Ali Sarwar, 26; Adam Khatib, 19; Ibrahim Savant, 25; and Waheed Zaman, 22.

A ninth suspect, identified as a 17-year-old, was charged with "possession of articles useful to a person preparing an act of terrorism." As a juvenile, his name was not released.

One report said he possessed a book about improvised explosives devices, suicide notes and wills of co-conspirators, as well as an annotated map of Afghanistan.

Two other suspects were charged with failing to disclose information that could have prevented a terrorist act. Another 11 were still undergoing questioning from police and intelligence agents, and one woman was freed without charge.

The Aug. 10 sweep that cracked the plot threw Britain's aviation industry into chaos, with draconian new security measures that forced hundreds of flight cancellations and hundreds of delays -- turmoil that rolled across much of the rest of Europe and across the Atlantic to the United States.

British police and its MI5 intelligence service had known for months that something dangerous was in the works.

"First, there is evidence from surveillance carried out before August 10," which set the stage for the raids, said Mr. Clarke, who also heads the Metropolitan Police's anti-terrorist branch.

Since those raids and the original 24 arrests, "we have found bomb-making equipment," he added. "There are chemicals, including hydrogen peroxide, electrical components, documents and other items."

"We have also found a number of video recordings," Mr. Clarke said. "These are sometimes referred to as 'martyrdom videos.' "

He described the video and audio recordings as "important, indeed highly significant."

The anti-terror chief said that police had conducted 69 raids on houses, apartments, offices and vehicles. They have dug up open fields and confiscated more than 400 computers, 200 cell phones and 8,000 computer media devices such as memory sticks, compact discs (CDs) and digital video disks (DVDs).

The purpose of all this equipment and paraphernalia, British authorities said, was to promote an elaborate scheme to smuggle ingredients and suicide bombers in three waves of three or four planes at a time.

Susan Hemming, head of the Crown Prosecution Service's Counterterrorism Division, said: "We have been carefully examining and assessing the evidence against each individual with the assistance of anti-terrorist officers in order to come to charging decisions at the earliest practicable opportunity."

Said Mr. Clarke: "The threat from terrorism is real. It is here, it is deadly, and it is enduring."

Bomb Plot Shocks Germans Into Antiterrorism Debate (NYT)

By Mark Landler

The New York Times, August 22, 2006

FRANKFURT, Aug. 21 — The disclosure that a botched plot to bomb two German trains last month involved a 21-year-old Lebanese man has punctured the sense of immunity many Germans felt from the Islamic terrorist attacks that have haunted other European countries.

The bombing plot, which has led to the arrest of the Lebanese suspect in northern Germany and an intense manhunt for a second suspect, is also reshaping a politically charged debate in Berlin over how much latitude to give law enforcement authorities in fighting terrorism.

On Monday, Chancellor Angela Merkel reaffirmed her support for expanded use of closed-circuit cameras in train stations and other public places. A camera caught grainy images of two men with suitcases boarding trains in Cologne, and the police arrested one, identified as Youssef Mohammed E. H., on Saturday, a day after they broadcast the videotape.

The suitcases, stuffed with propane bombs and left on the trains, failed to explode because of a “technical defect,” according to the German federal prosecutor. That close call has led Germans to rethink their historic reluctance to measures like video surveillance and extensive database searches.

“We haven’t had this serious a threat since 9/11,” said Rolf Tophoven, a prominent terrorism expert. “It’s clear we have people in Germany who are willing to carry out a huge and harmful attack.”

While the extent of the plot is still shrouded in mystery, prosecutors said it was unlikely that the would-be bombers were acting alone. The men may have been motivated by anger over the war in Lebanon, in which the German government has agreed to play a limited, peacekeeping role.

On Monday, prosecutors said Lebanon’s military intelligence agency had offered the German authorities “decisive” information that led to the arrest. That has added to worries that Germany is now in the sights of Islamic terrorists.

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"The threat has never been greater," Wolfgang Schäuble, the German interior minister, said in an interview over the weekend with the German broadcaster ZDF.

Terrorism experts stopped short of comparing the train plot to the foiled attempt to blow up passenger planes flying from Britain to the United States. The explosives, Mr. Tophoven noted, were clumsily made, and there is no evidence that the perpetrators intended to be suicide bombers.

Still, the case has rattled Germans, many of whom have clung to the belief that their government's opposition to the war in Iraq would insulate them from attacks like those in London or Madrid. The trouble-free World Cup in Germany last month reinforced the sense of security.

"People thought for the longest time that Germany would be safe because we didn't send troops to Iraq," said Johannes Schmalz, the president of the agency for the protection of the constitution — a rough equivalent of the Federal Bureau of Investigation — in the state of Baden-Wurttemberg.

"This presumption is wrong," he said. "The enemy of violent Islamists is the Western world as a whole."

That blunt reality is influencing the debate over how strongly to respond — a debate that goes back to 2001, when the Sept. 11 hijackers hatched their plot while posing as students in Hamburg.

Germany, owing largely to its Nazi past, has been reluctant to pursue more aggressive antiterrorism measures that are standard in Britain and the United States. Berlin and other cities have far fewer surveillance cameras than does London, and the government does not keep a central antiterrorism database.

Now, though, there is widening support for more sweeping measures, specifically in the area of video surveillance and the collection of data on suspicious people.

"We must continue to discuss the balance between video surveillance, which I'm totally in favor of, data protection and the restriction of certain rights," Mrs. Merkel said at a news conference in Berlin.

Mr. Schäuble is pushing to install more video cameras and to create a central database with information on suspicious people — something Germany has resisted out of privacy concerns.

It is inevitable, Mr. Tophoven said, that Germany would install a surveillance network as extensive as that in Britain. There are already some video cameras in train stations and along the autobahn.

The scope of the proposed antiterrorism database remains in dispute. Germany's data-protection commission would support a database that included basic information, like names, addresses and motor vehicle registrations, according to a spokeswoman, Ira von Wahl.

But a richer database — known as a full-text database — would raise privacy concerns, Ms. von Wahl said, by making a wide range of personal information available to the police and other authorities.

Terrorism experts said such details would have helped unravel this plot, which has raised a host of questions. "The investigation has been effective," said Berndt Georg Thamm, an expert on terrorism. "But we really need the antiterror database. God forbid that we would need an attack to change the debate."

The police found the suitcases with the bombs on July 31, on regional trains in the western cities of Dortmund and Koblenz. The explosives were timed to detonate at 2:30 p.m., shortly before the trains reached their destinations.

Using DNA evidence from one of the suitcases as well as the videotape, the police narrowed their search to Kiel, a northern university town, where Youssef Mohammed E. H. was about to begin studies (under German law, the full names of suspects in criminal cases are not disclosed). He was arrested around 4 a.m. at Kiel's main railway station.

The videotape, which showed an image of the man wearing a German soccer jersey and lugging a bag, was broadcast widely here. Among those who saw it was the suspect, who called his family in Lebanon to ask for advice, according to a report by the state broadcaster ARD on Monday. Lebanese intelligence picked up the call, ARD said, and tipped off the Germans.

German officials said it was probable that the Lebanese man was part of larger organization within Germany, though they have not yet suggested any links to Al Qaeda, Hezbollah or other groups.

"Are these home-grown terrorists, like in London, or is it Al Qaeda?" Mr. Schmalz said. "We have to be prepared for everything. We don't have a consistent picture of the Islamic terrorists here yet."

7/31, Almost (WSJ)

The Wall Street Journal, August 22, 2006

Britain yesterday indicted 11 of the 23 suspects it's been holding in the Atlantic Ocean airline plot, but less well known is the recent luck that spared Germany its own terror massacre. On Saturday, police arrested Yussuf Mohammed E.H. (authorities haven't released his family name) at the Kiel train station, apparently as he was about to flee the northern city where he studied engineering. The 21-year-old Lebanese was charged with attempted murder and belonging to a terror group.

DOJ_NMG_0051812

On July 31, a video camera at the Cologne train station filmed Yussuf Mohammed and another man -- who remains at large -- wheeling two suitcases, each filled with an 11-liter gas container and gasoline bottles. Timers in the bags were set to detonate simultaneously. The suitcases were found only after the bombs had failed to ignite. "Terrorism has reached us very directly," August Hanning, a senior interior ministry official, told German TV yesterday.

The train-bomb video has been especially shocking to Germans who have wanted to believe they are immune to Islamic terrorism. Lead 9/11 plotter Mohammed Atta may have operated out of Hamburg. But the view inside Germany is that the terrorists were only abusing German hospitality in order to attack elsewhere -- surely not in a peace-loving country that had so strongly opposed the Iraq war.

So much for that illusion. The sophistication of the plot suggests it was not the act of lone bombers. "We are now working on the basis that this was the work of a terrorist group based in Germany," federal prosecutor Rainer Griesbaum told reporters Friday. According to German secret-service estimates quoted in Der Tagesspiegel, among the thousands of Islamic extremists believed to be in Germany, 300 to 400 are considered "acute threats" willing to carry out terror attacks.

Bomb scares temporarily shut down several train stations over the weekend. The German public may finally be figuring out that opposing U.S. foreign policy is no defense against Islamic terrorists.

13 Tied To Sri Lankan Separatists Are Charged By U.S. With Aiding Terrorists (NYT)

By William K. Rashbaum

The New York Times, August 22, 2006

Federal agents in four states, including New York and Connecticut, have arrested 13 men on charges that they plotted to buy weapons for a Sri Lankan separatist group and bribe agents posing as State Department officials to remove the group from a list of foreign terrorist organizations.

The men were charged yesterday, and others were being sought, in a case arising from two sting operations, the authorities said. The men were said to have close ties to the group, the Tamil Tigers. Three arrests were made in Buffalo and one each in Simsbury, Conn., San Jose, Calif., and Seattle.

The men were accused of a range of crimes, from trying to buy Russian-made shoulder-fired surface-to-air missiles and assault rifles from an undercover agent on Long Island to conspiring to pay a $1 million bribe to get off the government list.

The defendants included a Sri Lankan doctor who lives in London and met last year in a Staten Island apartment with an undercover F.B.I. agent posing as a State Department official to discuss the bribe, officials said. The doctor and five other men were arraigned and ordered held without bail yesterday in United States District Court in Brooklyn.

Also arrested were a Connecticut man with a master's degree from Columbia University, and a financial adviser, the authorities said. Three of the men were American citizens; others were from Sri Lanka, India and Canada.

Among the suspects still being sought in the case was one identified in court papers as "a principal liaison" between the leader of the group, formally known as the Liberation Tigers of Tamil Eelam, and its supporters in North America, Europe and Asia.

That man, whose name was redacted from the court papers because he was still being sought, was actively involved in procuring military equipment for the group from around the world, the papers said.

The arrests came three weeks after a frail four-year-old cease-fire between the Tamil Tigers and the Sri Lankan government fell apart and the government stepped up airstrikes against the group.

Criminal complaints unsealed in the case said the group relied heavily on supporters in the United States, Europe, Canada and elsewhere "to raise and launder money, acquire intelligence, purchase technology and military arms and equipment and improperly influence elected politicians."

In Cumberland, Md., F.B.I. agents searched the offices of a charity that, according to its Web site, has raised money to aid tsunami victims in Sri Lanka. The court papers identified it as a suspected front for a Tamil Tigers fund-raising organization.

The State Department designated the Tamil Tigers as a foreign terrorist organization in 1997, and the investigation into its activities in the United States began two years later, according to the complaints.

The complaints detail an escalating series of deadly attacks by the Tamil Tigers, including one in June in which, they said, the group detonated a remote-controlled mine on an overcrowded bus, killing 64 people, including 15 children.

The investigation, which was conducted by the Joint Terrorist Task Force in the F.B.I.'s Newark office and overseen by federal prosecutors in Brooklyn, with assistance from 20 other F.B.I. offices and authorities in 10 other nations, essentially ran on two tracks, officials said.

One track focused on the group's fund-raising efforts. A confidential informer who had infiltrated the group introduced one of the defendants to an undercover federal agent posing as a State Department official. They began discussions about the possibility of a million-dollar bribe to remove the group from the State Department list, according to the bribery complaint.

DOJ_NMG_0051813

The second track developed late last month, when one of the men contacted the same informer, believing he had a relationship with a black market arms dealer who could acquire weapons, including missiles. That began a series of telephone conversations and e-mail messages that ended with a Saturday meeting at a Long Island office, secretly recorded and videotaped by the F.B.I., one complaint said. Several of the men were arrested at the meeting.

The five men sought to buy 10 SA-18 shoulder-fired surface-to-air missiles, 500 AK-47's and other military equipment, according to the complaint. One law enforcement official said they arrived at the meeting with a "shopping list."

"These folks took this to another level of aggression in their desire to acquire sophisticated weapons," said Leslie G. Wiser Jr., the special agent in charge of the Newark F.B.I. office.

Nachimuthu Socrates, 54, one of the defendants charged yesterday in the bribery complaint, which described him as a Tamil Tigers supporter based in North America, was arrested at his home in Simsbury, Conn., officials said.

The complaint says Mr. Socrates met with the federal agent posing as a State Department official and the informant five times in 2004 and 2005. They had detailed discussions about financial terms to remove the group from the State Department list, according to the complaint.

Mr. Socrates's daughter, Thernal Socrates, said the family was surprised by the charges. "We think he's innocent and that all the charges will be dropped," she said. "I think this seems to be the new trend these days," she said of the government charges, adding, "I don't know where this is coming from.

She said her father, who came to the United States from India in 1976, is an engineer with a master's degree from Columbia University and runs his own granite business.

Authorities: Tamil Tigers Sought Weapons (WP/AP)

By Tom Hays, The Associated Press

The Washington Post, August 22, 2006

NEW YORK -- Emissaries of the Tamil Tigers rebel group conspired to buy surface-to-air missiles in the United States amid an escalating conflict with military forces in Sri Lanka, authorities said Monday.

The eight men also tried to get the Tamil Tigers removed from a list of terrorist organizations and sought to bribe U.S. officials for classified information, the newly unsealed criminal complaints allege.

At a hearing in federal court in Brooklyn, six men of Sri Lankan descent were ordered held without bail on charges of conspiring to provide material support to a terrorist organization. If convicted, each could face up to 15 years in prison.

The other two defendants were in custody outside New York.

A defense attorney confirmed Nachimuthu Socrates, described in court papers as a Tamil Tigers supporter, had been arrested at his Simsbury, Conn., home.

"We plan to fully and vigorously contest the charges," said attorney Gerald Del Piano.

Authorities said Socrates paid bribes and tried to buy a classified intelligence document. The document referred to a U.S. investigation into a charity suspected of being a front for a Tigers fundraising organization.

The rebel group, which began fighting in 1983 for a separate state in the Indian Ocean island, was added to the U.S. State Department's list of foreign terrorist organizations in 1997. The designation bars the group from raising money, obtaining weaponry or lobbying for support in the United States.

In a sting operation, undercover agents posing as State Department officials were offered millions of dollars during a series of secret meetings in a New York City apartment, one of the complaints said.

At a meeting in July 2005, Socrates asked undercover agents whether they "could stop the United States government from sending arms to the Sri Lankan government" and "provide intelligence about this issue," the papers said.

Another defendant "made it clear that he had traveled to the United States on behalf of (the Tamil Tigers') senior leadership in Sri Lanka," the complaint said.

Other defendants were recorded in a separate sting last month in the borough of Queens negotiating the purchase of 10 Russian-made missiles and 500 AK-47 rifles, prosecutors said.

The Tamil Tigers fought for almost two decades to carve out a separate homeland for Sri Lanka's 3.2 million ethnic Tamil minority. The civil war killed about 65,000 people.

A recent surge in fighting has killed hundreds of people and threatened to drag Sri Lanka back into civil war, four years after the Tamil Tigers and government reached a cease-fire brokered by Norway.

Simsbury Man Arrested For Part In Terrorist Conspiracy (HARTC)

By Diane Struzzi, Courant Staff Writer

The Hartford Courant, August 22, 2006

DOJ_NMG_0051814

SIMSBURY -- Federal agents arrested a 54-year-old town man Monday as part of a national sting operation that arrested at least 13 individuals and charged them with conspiring to provide support to the terrorist organization Liberation Tigers of Tamil Eelam.

Federal authorities charged Nachimuthu Socrates with conspiring to bribe public officials and conspiring to provide material support and resources to the Liberation Tigers of Tamil Eelam, which is also known as the "LTTE" or "Tamil Tigers."

The federal government describes the organization as using illegal methods, including suicide bombings, to establish an independent Tamil state in northern Sri Lanka. It is on the U.S. State Department's Foreign Terrorist Organization list.

America was not a target of the suspects accused in this investigation, federal officials said.

Socrates was being held Monday pending a court date in the U.S. District Court Eastern District of New York, which Socrates' lawyer, Gerald A. Del Piano hoped would be later this week.

Wearing jeans and a yellow shirt, Socrates was led into U.S. District Court in Hartford Monday by FBI agents. He wore a hearing aid in his right ear and stood by his lawyer for the brief proceeding. He said little, other than to indicate that he understood U.S. Magistrate Judge Thomas P. Smith.

Assistant U.S. Attorney Mark Rubino asked that Socrates be detained because the government viewed him as a flight risk and a danger to the community.

After the proceedings, Del Piano described Socrates as a business man and an "outstanding member of the community who looks forward to resolving these issues as soon as possible."

While Del Piano declined to say where Socrates worked, state records indicate that he owns E.W. Granites & Marbles, which is located in Farmington. His company's website says it specializes in the fabrication and installation of granite and marble. Employees contacted Monday at the company declined to comment about Socrates.

Socrates arrest came after a far-reaching federal investigation conducted by the Newark Division of the FBI's Joint Terrorism Task Force with assistance from more than 20 of the agency's field offices, including Connecticut, New York and Illinois. According to Special Agent Steven Siegel in the FBI's Newark office, 13 individuals were in custody Monday with additional arrests expected.

Federal authorities had been investigating the case for six years and set up sting operations in which individuals negotiated the purchase of sophisticated weaponry. The weapons were never exchanged, federal officials said.

Socrates is implicated in a scheme to bribe a state department official, who was actually an undercover law enforcement officer. According to allegations unsealed in U.S. District Court in Brooklyn, Socrates' goal in bribing the official was to remove the LTTE from the list of foreign terrorist organizations.

In at least five meetings the financial terms of the bribe were discussed. According to federal court records, Socrates later gave the undercover agents a $500 check followed by $5,000 in cash. He asked questions about whether the undercover agents could stop the U.S. from sending arms to the Sri Lankan government and if they could provide intelligence on the issue, according to the allegations. The allegations also include Socrates viewing a "purported classified intelligence document about the LTTE."

Socrates' son, Aristotle Socrates, said his father is an engineer who came from India and is a U.S. citizen.

"He's a well-educated community oriented father," he said.

Staff Writer Daniel P. Jones contributed information to this story.

Federal Agents Raid Amherst Home, Charge Suspect With Supporting Terrorism (WIVB-TV)

WIVB-TV, August 22, 2006

(Williamsville, NY, August 21, 2006) - - Federal agents raided a house in Amherst over the weekend in a sweeping criminal case targeting the Sri Lanka-based Tamil Tigers terrorist group. News 4's Jodi Hovenden reports.

Prosecutors have confirmed at least one person arrested in Williamville on Sunday has been charged with conspiracy to provide material support to a terrorist organization.

They say he's accused of being involved with a group trying to buy weapons for a terrorist group in Sri Lanka.

The Joint Terrorism Task Force and the FBI joined other law enforcement officers in raiding the home at 190 Shetland Drive in Williamsville Sunday morning.

Agents seized a computer and other items, and arrested 44-year-old Vijay-Shanthar Patpanathan.

Patpanathan is one of eight people charged in Brooklyn with conspiracy to provide material support and resources to a terrorist organization.

Prosecutors say four others charged in the alleged conspiracy attempted to purchase Russian-made surface-to-air missiles and hundreds of AK-47s from an undercover agent to be used by the Tamil Tigers against the Sri Lankan military.

Two other people were taken into custody during the raid on Sunday, but so far, there's no word on if they've been charged.

A woman believed to be Patpanathan's wife didn't want to talk on camera, but she did tell News 4 that her husband did nothing wrong.

S.I. Terror Bribe Link (NYDN)

By John Marzulli, Daily News Staff Writer

New York Daily News, August 22, 2006

Supporters of the lethal Tamil Tigers offered a $1 million bribe to a State Department official to remove the Sri Lankan rebel group from a terrorist watch list, federal officials charged yesterday.

Brooklyn prosecutors said the audacious scheme was hatched by senior terror group leaders, who dispatched an operative to the U.S. in 2004 to gain favor with a Sri Lankan national living in Staten Island with purported "government sources."

The Staten Island Sri Lankan turned out to be an FBI informant, who introduced Tamil Tigers operative Nachimuthu Socrates to an undercover law enforcement agent posing as a State Department official, the complaint stated.

In addition, rebel operatives met this month with the informant in Queens, Staten Island and Long Island to discuss buying Russian-made missiles that could down Sri Lankan military aircraft, officials said.

"We refuse to allow the [Tamil Tigers] and its supporters to use the United States as a source of supply for weapons, technology and financial resources," said Brookyn U.S. Attorney Roslynn Mauskopf.

After Socrates gave the official a $5,500 down payment on a $1 million bribe to lift the ban barring the Tamil Tigers from fund-raising in the U.S., the scheme was put on hold, authorities said.

The complaint alleged that Tamil Tigers supporter Murugesu Vinayagamoorthy, a physician in London, declared that rebel leaders would never renounce suicide bombings and the use of children as soldiers as a condition of getting off the watch list.

Besides Socrates, 55, and Vinayagamoorthy, 57, the feds charged 11 others in the bribery scheme and in a separate plot to buy weaponry for the rebel group.

The Tamil Tigers group was founded in 1976 to establish an independent state in northern Sri Lanka and has carried out 200 suicide bombings over the past 15 years.

Men Linked To Tamil Tigers Arrested For Attempted Bribery Of Federal Officials (NYS)

By Joseph Goldstein, - Staff Reporter of the Sun

New York Sun, August 22, 2006

A sting operation netted several men linked to Sri Lankan terrorists who hoped a bribe would get their group, the Tamil Tigers, removed from the federal government's list of terrorist organizations, law enforcement officials announced yesterday.

By yesterday afternoon, 13 men linked to the Tamil Tigers had been taken into custody for the alleged bribery conspiracy and another plot. In the second scheme, several liaisons to the terrorist organization allegedly sought to purchase missiles that could down Sri Lankan government jets, which have conducted airstrikes on positions held by the Tamil Tigers in recent weeks as fighting there has escalated.

The men arrested in both sting operations are being held without bail. Several of the defendants were in close communication with top members of the terrorist organization in Sri Lanka, according to a criminal complaint unsealed in U.S. District Court in Brooklyn yesterday.

"The multi-faceted scheme by members and supporters of the Sri Lankan organization known as the Tamil Tigers demonstrates the need for continued vigilance in the global war against terrorism," Attorney General Alberto Gonzales said in an e-mailed statement. "These defendants allegedly sought to obtain, through a variety of means, weapons and materials to carry out a deadly campaign of violence."

In the bribery sting operation, law enforcement officers posing as corrupt State Department officials met with several liaisons to the Tamil Tigers at a Staten Island residence belonging to a police informant, according to a criminal complaint. During the meetings, which began in September 2004 and took place as recently as February of this year, the representatives of the Tamil Tigers sought to learn how much it would cost to bribe officials to remove the organization from the State Department's list of terror organizations, according to the complaint. One defendant, Nachimuthu Socrates, 54, cut a $500 check and provided $5,000 in cash to the undercover agents as a down payment, the complaint alleges.

It is a crime for American citizens to make contributions, or in any way assist, an organization that the government has named a terrorist group. The State Department placed the Tamil Tigers on the list in 1997.

One of the defendants, Murugesu Vinayagamoorthy, 57, said the head of the Tamil Tigers would not be willing to spend more than $1 million to have the group removed from the list.

Charges In 'Tiger' Plot (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, August 22, 2006

8 accused of trying to help Sri Lankan terrorist group get weapons, conspiring to bribe officials

Eight men allegedly tied to the terrorist Tamil Tiger group in Sri Lanka have been arrested on charges that they tried to get weapons, including surface-to-air missiles, and attempted to bribe purported U.S. State Department officials, federal prosecutors announced yesterday.

In two criminal complaints unsealed in Brooklyn federal court, the defendants were charged with attempting to provide material support to a terrorist group and other crimes stemming from an undercover investigation that involved meetings in Queens and Nassau County. The suspects were allegedly closely linked with Tamil Tiger leaders in Sri Lanka, investigators said.

Four of the suspects were arrested Saturday after a meeting with federal undercover agents in an undisclosed location in Mineola, said an attorney familiar with the case. The others were arrested at various locations since, officials said.

The FBI joint terrorism task force, with help from agency offices in New York and elsewhere, is handling the probe.

The Tamil Tigers, also known by the name "Liberation Tigers of Tamil Eelam" or LTTE, have been fighting a guerrilla war against the government of Sri Lanka since 1983. The Tamil Tigers are believed to have several thousand combatants and are seeking to set up an independent Tamil state in northern Sri Lanka. The group has carried out a number of major political assassinations in Asia, including the 1991 killing of former Indian Prime Minister Rajiv Gandhi, as well as more than 200 suicide bombings that have taken hundreds of lives, officials said.

"We refuse to allow the LTTE and its supporters to use the United States as a source of supply for weapons, technology and financial resources," said Brooklyn U.S. Attorney Roslynn R. Mauskopf in a joint statement with Attorney General Alberto R. Gonzales.

According to the complaints filed in federal court, at least two of the defendants were accused of conspiring to bribe undercover officials to remove the Tamil Tigers from the State Department's list of foreign terrorist organizations. A bribe of up to $1 million was discussed along with interim payments of several thousand dollars paid to the confidential witness, the complaint stated. The bribe plot was ultimately dropped because of the political situation in Sri Lanka, investigators said.

Another complaint stated that at least four defendants were involved in a plan this year to secure weapons for the Tamil Tigers. Meetings were held this month and last month at an undisclosed location in Queens to get anti-aircraft missiles that would be effective against Israel-made Kfir jet fighters used by the Sri Lanka military against the rebels, according to the complaint.

Three of the defendants met on Saturday with undercover agents in Mineola to further discuss the missile deal, which sought to get 10 missiles for a price of nearly $1 million, according to one legal source and the complaint.

None of the defendants, ranging in age from 27 to 57 years old, appeared to be residents of the United States, officials said.

They all were held without bail after their arraignments yesterday. Federal authorities are seeking other suspects.

TERROR TIGERS IN ARMS BUST (NYPOST)

By Zach Haberman

The New York Post, August 22, 2006

More than a dozen members of a Sri Lankan terror group were busted for trying to buy weapons, including anti-aircraft missiles, from a black-market dealer and attempting to bribe U.S. officials, authorities said yesterday.

Two separate complaints unsealed in Brooklyn federal court charge the men - connected with the Tamil Tigers - with offering a bribe of at least $1 million to a State Department official in order to get the group removed from a terrorist blacklist.

Some of the Tigers were caught in an FBI sting trying to buy $1 million in AK-47 rifles and Russian-made surface-to-air missiles, the feds said. .

Seattle Man Accused Of Aiding Tamil Tigers (SEAPI)

Seattle Post-Intelligencer, August 22, 2006

SEATTLE -- FBI agents arrested a 27-year-old Seattle man of Sri Lankan origin early Monday, accusing him of providing financial services and moving money for the Tamil Tigers terrorist organization.

Thirukumaran Sivasurbramaniam faces charges of providing material support to a foreign terrorist organization and willfully dealing in property of an organization designated as terrorist by the State Department.

DOJ_NMG_0051817

Sivasurbramaniam was one of eight people arrested around the nation Monday in an undercover sting operation that allegedly exposed attempts by the Tamil Tigers to obtain military equipment and to bribe U.S. government officials to remove their organization from the terrorist list.

The Tamil Tigers, according to court papers, have engaged in suicide bombings and assassinations in Sri Lanka as part of efforts to establish an independent state for the Tamil people, a minority ethnic group.

U.S. Charges 8 Over 'Tiger Plot' (CNN)

CNN.com, August 22, 2006

Group tried to buy missiles, bribe officials, prosecutors say

NEW YORK (CNN) -- Eight men have been charged with plotting to buy surface-to-air missiles for Sri Lanka's Tamil Tiger rebels, U.S. federal prosecutors have announced.

The men also are accused of plotting to bribe U.S. State Department officials into removing the Tamil Tiger group from a list of terrorist organizations and of trying to obtain classified information.

All eight are charged with conspiracy to provide material support to a designated foreign terrorist organization, according to the U.S. Attorney's office in New York.

Prosecutors said the men were "closely connected" to the Tamil Tiger leadership, but disclosed little else about the suspects.

According to prosecutors, the men conspired to buy surface-to-air missiles from a black-market source in the United States. They also sought to have the group -- formally known as the Liberation Tigers of Tamil Eelam -- removed from the U.S. list of terrorist organizations and obtain classified intelligence by bribing State Department officials.

"As charged for more than 15 years, the LTTE has waged a war of terror, assassinations, and suicide bombings in Sri Lanka and elsewhere," Roslyn Mauskopf, the U.S. attorney in Brooklyn, said in a statement announcing the charges. "We refuse to allow the LTTE and its supporters to use the United States as a source of supply for weapons, technology, and financial resources."

The group was made up of Canadian and Sri Lankan nationals, and only one was living in the United States, said Bob Nardoza, a spokesman for Mauskopf's office. The investigation was still going on, and more arrests were expected, Nardoza said.

The Tamil Tigers have fought for a separate homeland for Sri Lanka's ethnic Tamil minority for decades in a conflict that has killed tens of thousands of people. The group was behind the 1993 assassination of Sri Lankan President Ranasinghe Premadasa and the 1991 killing of Indian Prime Minister Rajiv Gandhi.

The State Department added the Tamil Tigers to its list of international terrorist organizations in 1997, barring it from raising money, obtaining weaponry or lobbying for support in the United States.

The defendants -- Sathajhan Sarachandran, Sahilal Sabaratnam, Thiruthanikan Thanigasalm, Nadarasa Yograrasa, Murugesu Vinayagamoorthy, Nachimuthu Socrates, Vijayshanthar Patpanathan, and Thirukumaran Sivasubramaniam -- were being held without bail and had initial appearances before a federal judge in Brooklyn on Monday, Nardoza said.E-mail accounts

Prosecutors said Vinayagamoorthy and Socrates met an informant and two people posing as State Department officials numerous times beginning in 2004, offering them $1 million in advance to get the LTTE off the terrorism list and to provide U.S. secrets to the group. The plan was later shelved, according to court papers.

Reached at his home in Simsbury, Connecticut, Nachimuthu Socrates' son, Aristotle Socrates, told CNN that the charges were "absurd," that his father was innocent and that he would be contesting the charges.

Socrates said his father was a businessman who had lived in Simsbury for 24 years.

"They've made a gross miscalculation," he said.

Three of the defendants traveled to New York from Canada last week in an attempt to purchase hand-held anti-aircraft missiles from an undercover FBI agent, prosecutors said.

Those three, and a fourth defendant, were arrested on Long Island last week, prosecutors said.

Attempts to reach any of the defendants or their attorneys were unsuccessful.

According to court papers, the defendants wanted the missiles to bring down Sri Lankan government warplanes.

Prosecutors allege the defendants also used several U.S. e-mail accounts to make inquiries about buying weapons; unmanned aerial vehicles; submarine design software; flight lessons; and radio and satellite-navigation equipment.

Eight Tamil Tigers Supporters, Including 3 Canadians, Accused Of Terror Support (CP)

By Beth Gorham

Canadian Press, August 22, 2006

DOJ_NMG_0051818

WASHINGTON (CP) - Supporters of the Tamil Tigers rebel group, including three Canadians, are facing charges they conspired to buy surface-to-air missiles from undercover agents in the United States.

American authorities allege the three travelled to New York from Canada in a bid to buy weapons, including Russian-made missiles, launchers and AK-47s, to be used by the group in its escalating conflict against the Sri Lankan military.

The criminal complaints also allege some of the men tried to obtain classified information by bribing U.S. officials and tried to get the group removed from an American list of terrorist organizations where they've been named since 1997.

The charges include fundraising and money laundering through "front" charitable organizations and U.S. bank accounts.

Canada added the Tamil Tigers, which has fought for an independent state in Sri Lanka since 1983 for the 3.2 million ethnic Tamil minority, to its own official list of terrorist organizations in April.

The designations bar the group from raising money, obtaining weapons or lobbying for support.

Six of the eight men charged appeared at a federal court hearing in Brooklyn and were ordered held without bail. If convicted, they could face up to 15 years in prison.

An FBI affidavit says one of the Canadians, Sathajhan Sarachandran, told the agents he was taking direction from Pottu Amman, the man alleged to have masterminded the 1991 assassination of Rajiv Gandhi, India's former prime minister.

The other two Canadians charged are Sahilal Sabaratnam and Thiruthanikan Thanigasalam.

The three men travelled to Long Island on Aug. 19 to try to buy black market weapons for an estimated $900,000 US, court documents allege.

They were looking for missiles to attack fighter jets and ships, officials say.

One of the men charged told agents that more money for the rebel cause is raised in Canada than the United States.

There's been a recent surge in fighting in Sri Lanka since late last year, four years after the Tamil Tigers and government reached a ceasefire brokered by Norway.

Foreign Affairs Minister Peter MacKay called last week for an immediate end to hostilities that have killed hundreds of people, mostly civilians, and a return to negotiations.

Most of Canada's Tamil population, fleeing the longstanding civil war, is located in Toronto.

Human Rights Watch says the group has become an important source of income for the Tamil Tigers.

The Canadian Security Intelligence Service said in 2000 that at least eight non-profit groups and five companies were operating in Canada as fronts for the Tamil Tigers.

Feds Sue Maine PUC, Verizon Over Surveillance (AP)

AP, August 22, 2006

PORTLAND -- Federal prosecutors filed suit Monday against Maine utility regulators and Verizon to block disclosure of confidential information linked to questions of whether the company broke the law by cooperating with a domestic surveillance program.

The U.S. District Court complaint followed an Aug. 9 order by the Public Utilities Commission that Verizon attest in a sworn statement to its previous public comments about the National Security Agency's warrantless eavesdropping program.

The suit said compliance with the order would “place Verizon in a position of having to confirm or deny the existence of information that cannot be confirmed or denied without causing exceptionally grave harm to national security.”

In a letter last month, the U.S. Department of Justice served notice to the PUC that it was prepared to go to court if the agency elected to move ahead with an investigation into alleged privacy law violations.

The commission stopped short of ordering the investigation. Instead, it gave Verizon two weeks to provide additional information. The company said in a May news release that it would not discuss any relationship with the NSA program but denied media reports that it had provided customer call data or records.

Similar cases have surfaced in other states in response to news reports alleging that phone companies have cooperated with government surveillance efforts. The Justice Department has filed lawsuits to prevent disclosure of confidential information in New Jersey and Missouri.

Named as defendants in the Maine lawsuit were Kurt Adams, the PUC chairman; Sharon Reishus, a commissioner; Dennis Keschl, the commission's acting administrative director; and Verizon New England.

Messages left for Phil Lindley, a commission spokesman, were not immediately returned.

The lawsuit argued that the PUC lacked authority to issue its order to Verizon because of the federal government's exclusive control over national security and foreign intelligence gathering activities.

A group of 22 Mainers filed a complaint in May asking the PUC to order Verizon to answer whether it provided telephone records and information to the federal government without customers' knowledge or consent.

DOJ_NMG_0051819

The Constitution Vs. Counterterrorism (WSJ)

By Richard A. Posner

The Wall Street Journal, August 22, 2006

Last week a federal district judge in Detroit ruled that the National Security Agency's conduct of electronic surveillance outside the boundaries of the Foreign Intelligence Surveillance Act is illegal. As a judge I cannot comment on the correctness of her decision. But I can remark on the strangeness of confiding so momentous an issue of national security to a randomly selected member of the federal judiciary's corps of almost 700 district judges, subject to review by appellate and Supreme Court judges also not chosen for their knowledge of national security.

A further strangeness is that the Foreign Intelligence Surveillance Court and the Foreign Intelligence Surveillance Court of Review (which hears appeals from FISC) have been bypassed, with regard to adjudicating the legality of the NSA program, in favor of the federal district court in Detroit. The reason is that the jurisdiction of those courts is limited to foreign intelligence surveillance warrants, and the NSA program under attack involves warrantless surveillance.

In June, the Supreme Court in the Hamdan decision invalidated the military commissions that the Defense Department had established to try captive terrorists -- commissions that had never succeeded in conducting any trials. And the pending Senate bill to revise the Foreign Intelligence Surveillance Act contemplates the submission of NSA programs to the Foreign Intelligence Surveillance Court for an opinion on their legality -- a problematic procedure because federal courts are not permitted to render advisory opinions. A court might even hold that a surveillance "program," as distinct from the surveillance of specific individuals, was a "general warrant," which the Fourth Amendment forbids.

Five years after the 9/11 attacks, the institutional structure of U.S. counterterrorism is in disarray. The Department of Homeland Security remains a work in progress -- slow and painful progress -- and likewise for the restructuring of the intelligence community decreed by Congress in the Intelligence Reform and Terrorism Prevention Act of 2004. And now, in the wake of Hamdan and the Detroit case, we learn that we do not have a coherent judicial dimension to our efforts to combat terrorism. (One reason may be that there is no official with overall responsibility for counterterrorism policy.) Other than the judges assigned to the two foreign intelligence courts, federal judges do not have security clearances and, more to the point, have no expertise in national security matters. Moreover, the criminal justice system is designed for dealing with ordinary crimes, not today's global terrorism, as is shown by the rules, for example, that entitle a person who is arrested to a prompt probable-cause hearing before a judge and require that criminal trials be open to the public. * * *

Other countries have greater flexibility in tailoring their judicial procedures to the special problems posed by terrorism. We are boxed in by our revered 18th-century Constitution as interpreted by the Supreme Court. The Hamdan decision suggests that a majority, albeit a bare majority, of the court is unsympathetic to arguments that our understanding of certain provisions of the Constitution needs to be revised to meet contemporary needs. The court that resisted Roosevelt's New Deal in the 1930s eventually bowed, and so may the court in the current era, but we cannot wait for that to happen.

The dilemma of defeating terrorism while respecting essential civil liberties can perhaps be resolved by a change of focus from the adjudicative process to executive and congressional oversight. This would mean less effort at trying to prevent terrorism by means of criminal prosecutions, whether in regular courts or in ad hoc military tribunals, and less use of devices, such as the warrant, that are used mainly in criminal-law enforcement. It is telling that no one was ever tried by the military commissions set up in the wake of 9/11, and that criminal prosecutions of terrorists have been few and have seemed to have had little impact on the terrorist menace.

Terrorists are difficult to deter and locking them up has only a limited preventive effect because the supply of terrorists is virtually unlimited. Fortunately, if a terrorist plot is detected it will usually be possible to neutralize the plotters without prosecuting them. Some can be deported, some held in administrative detention, some "turned" to work for us, some discredited in the eyes of their accomplices, some sent off on wild-goose chases by carefully planted disinformation, and some carefully monitored in the hope that they will lead us to their accomplices.

Monitoring, even when it takes the form of wiretapping or other electronic interceptions, need not be conducted under a warrant. The Fourth Amendment restricts warrants, as I have said, but warrantless searches are permissible as long as they are reasonable. The potential abuses of warrantless surveillance can be minimized, without judicial intervention, by rules limiting the use of intercepted communications to national security, requiring that the names of persons whose communications are intercepted (and the reasons for and results of the interception) be turned over to executive and congressional watchdog committees, and imposing draconian penalties on officials who violate civil liberties in conducting surveillance.

Mr. Posner, a federal circuit judge and a senior lecturer at the University of Chicago Law School, is the author of "Uncertain Shield: The U.S. Intelligence System in the Throes of Reform" (Rowman & Littlefield, 2006).

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Life And Death (WSJ)

By Shelby Steele

The Wall Street Journal, August 22, 2006

The simple back-and-forth of war can create the illusion that both sides have a legitimate point to make even when this is not so, and it is clear that Hezbollah's cause has greatly benefited from war's "equalizing" effect. This Shiite militia seems to have known that merely fighting Israel would gain legitimacy for its cause. A cease-fire would make it a "partner" in peace. The Goliath Israeli military would make it a David whose passion proved the truth of its cause. But amidst all the drama of this war there has been very little talk of exactly what Hezbollah's cause is.

And, of course, it is not just Hezbollah's cause. There is Hamas, one more in a family of politicized terrorist groups spread across the Muslim world. Beyond these more conventional groups there is the free-floating and world-wide terrorism of groups like al Qaeda. In Europe, there are cells of self-invented middle-class terrorists living modern lives by day and plotting attacks on modernity by night. And around these cells there is often a nourishing atmosphere of fellow traveling. Then there are the radical nation-states in league with terrorism, Iran and Syria most prominent among them. From nations on the verge of nuclear weapons to isolated individuals -- take the recent Seattle shootings -- Islamic militancy grounded in hatred of Israel and America has become the Muslim world's most animating idea. Why?

I don't believe it is because of the reasons usually cited -- Israeli and American "outrages." No doubt Israel and America have made mistakes in the Middle East. Certainly, Israel was born at the price of considerable dislocation and suffering on the part of the Palestinians. And yes, there will never be a satisfying answer for this. Yet every Israeli land-for-peace gesture has been met with a return volley of suicide bombers and rockets. Palestinians have balked every time their longed-for nationhood has come within grasp. They have seemed to prefer the aggrieved dignity of their resentments to the challenges of nationhood. And Hezbollah launched the current war from territory Israel had relinquished six years earlier.

If this war makes anything clear, it is that Israel can do nothing to appease the Muslim animus against her. And now much of the West is in a similar position, living in a state of ever-heightening security against the constant threat of violence from Islamic extremists. So here, from the Muslim world, comes an unappeasable hatred that seems to exist for its own sake, a hatred with very little actual reference to those it claims to hate. Even the fighting of Islamic terrorist groups is oddly self-referential, fighting not for territory or treasure but for the fighting itself. Standing today in the rubble of Lebanon, having not taken a single inch of Israeli territory, Hezbollah claims a galvanizing victory. * * *

All this follows the familiar pattern of a very old vice: anti-Semitism. The anti-Semite is always drawn to the hatred of Jews by his own unacknowledged inadequacy. As Sartre says in his great essay on the subject, the anti-Semite "is a man who is afraid. Not of Jews of course, but of himself." By hating Jews, he asserts that his own group represents the kind of human being that God truly wants. His group is God's archetype, the only authentic humanity, already complete and superior. No striving or self-reflection is necessary. If Jews are superior in some ways, it is only out of their alienated striving, their exile from God's grace. For the anti-Semite, hating and fighting Jews is both self-affirmation and a way of doing God's work.

So the anti-Semite comes to a chilling place: He easily joins himself to evil in order to serve God. Fighting and even killing Jews brings the world closer to God's intended human hierarchy. For Nazis, the "final solution" was an act of self-realization and a fulfillment of God's will. At the center of today's militant Islamic identity there is a passion to annihilate rather than contain Israel. And today this identity applies the anti-Semitic model of hatred to a vastly larger group -- the infidel. If the infidel is not yet the object of that pristine hatred reserved for Jews, he is not far behind. Bombings in London, Madrid and Mumbai; riots in Paris; murders in Amsterdam; and of course 9/11 -- all these follow the formula of anti-Semitism: murder of a hated enemy as self-realization and service to God.

Hatred and murder are self-realization because they impart grandeur to Islamic extremists -- the sense of being God's chosen warrior in God's great cause. Hatred delivers the extremist to a greatness that compensates for the ineffectuality in his world. Jews and infidels are irrelevant except that they offer occasion to hate and, thus, to experience grandiosity. This is why Hezbollah -- Party of God -- can take no territory and still claim to have won. The grandiosity is in the hating and fighting, not the victory.

And death -- both homicide and suicide -- is the extremist's great obsession because its finality makes the grandiosity "real." If I am not afraid to kill and die, then I am larger than life. Certainly I am larger than the puny Westerners who are reduced to decadence by their love of life. So my hatred and my disregard of death, my knowledge that life is trivial, deliver me to a human grandeur beyond the reach of the West. After the Madrid bombings a spokesman for al-Qaeda left a message: "You love life, and we love death." The horror is that greatness is tied to death rather than to achievement in life.

The West is stymied by this extremism because it is used to enemies that want to live. In Vietnam, America fought one whose communism was driven by an underlying nationalism, the desire to live free of the West. Whatever one may think of this,

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here was an enemy that truly wanted to live, that insisted on territory and sovereignty. But Osama bin Laden fights only to achieve a death that will enshrine him as a figure of awe. The gift he wants to leave his people is not freedom or even justice; it is consolation.

White guilt in the West -- especially in Europe and on the American left -- confuses all this by seeing Islamic extremism as a response to oppression. The West is so terrified of being charged with its old sins of racism, imperialism and colonialism that it makes oppression an automatic prism on the non-Western world, a politeness. But Islamic extremists don't hate the West because they are oppressed by it. They hate it precisely because the end of oppression and colonialism -- not their continuance -- forced the Muslim world to compete with the West. Less oppression, not more, opened this world to the sense of defeat that turned into extremism. * * *

But the international left is in its own contest with American exceptionalism. It keeps charging Israel and America with oppression hoping to mute American power. And this works in today's world because the oppression script is so familiar and because American power cringes when labeled with sins of the white Western past. Yet whenever the left does this, it makes room for extremism by lending legitimacy to its claim of oppression. And Israel can never use its military fire power without being labeled an oppressor -- which brings legitimacy to the enemies she fights. Israel roars; much of Europe supports Hezbollah.

Over and over, white guilt turns the disparity in development between Israel and her neighbors into a case of Western bigotry. This despite the fact that Islamic extremism is the most explicit and dangerous expression of human bigotry since the Nazi era. Israel's historical contradiction, her torture, is to be a Western nation whose efforts to survive trap her in the moral mazes of white guilt. Its national defense will forever be white aggression.

But white guilt's most dangerous suppression is to keep from discussion the most conspicuous reality in the Middle East: that the Islamic world long ago fell out of history. Islamic extremism is the saber-rattling of an inferiority complex. America has done a good thing in launching democracy as a new ideal in this region. Here is the possibility -- if still quite remote -- for the Islamic world to seek power through contribution rather than through menace.

HOMELAND RESPONSE:

Gonzales: More Agents, Prosecutors Will Be Sent To New Orleans (AP)

AP, August 22, 2006

Aug. 21, 2006 — Attorney General Alberto Gonzales said Monday he will send additional resources here - including 10 assistant U.S. attorneys - to help fight fraud and a recent rise in violent crime.

He said four additional agents from the Bureau of Alcohol, Tobacco and Firearms and four additional deputy U.S. marshals also will be sent to the city.

Crime plummeted in New Orleans after Hurricane Katrina hit last Aug. 29. But violent crime has made a comeback in recent months in the city and its suburbs. Louisiana Gov. Kathleen Blanco sent in state police and National Guard troops after five teenagers were shot to death in a sport utility vehicle in mid June.

Gonzales announced the additional help for the city during a news conference at the Port of New Orleans.

He also said the ATF will relaunch a 24-hour hot line people can call to report the illegal use and possession of firearms, and that the Justice Department will fund programs designed to prevent crime, such as helping to re-establish Boys and Girls Clubs of America.

Gonzales said more than $61 million in federal money has been appropriated for local law enforcement agencies devastated by the storm.

The commitment of more federal funds and resources comes nearly three weeks after Louisiana's senior U.S. senator, Mary Landrieu, D-La., sent a letter to Gonzales asking for more help. The senator Monday praised the attorney general for his quick response.

"When infrastructures are damaged and resources are compromised - and I've seen vivid evidence of that reality here in New Orleans today - it is appropriate for the federal government to come alongside a community," Gonzales said.

He said that unless New Orleans is safe people would not return and investors would shy from putting their dollars into the city and region.

"We now have an opportunity to put in place a functioning criminal justice system second to none," the attorney general said.

At first, 10 prosecutors would be brought in temporarily to beef up the prosecutor's office in New Orleans and pursue firearms, drug and immigration cases. He added that eventually nine prosecutors would be hired specifically for the New Orleans office to nail down fraud and violent crime cases.

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Gonzales Offers Resources To Fight New Orleans Crime (WT)

By Jerry Seper, The Washington Times

The Washington Times, August 22, 2006

Attorney General Alberto R. Gonzales said yesterday that he will send additional prosecutors and federal agents to New Orleans to combat rising violent crime in the city in the wake of Hurricane Katrina.

During meetings with law-enforcement authorities in New Orleans, Mr. Gonzales said he will dispatch 10 more prosecutors to the region, hire nine others to assist in fraud and violent-crime cases, and send four additional agents each from the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and the U.S. Marshals Service.

"The people of New Orleans deserve the chance to rebuild their city without the threat of violent crime," Mr. Gonzales said.

The Justice Department has made more than $20 million in grants available to Orleans Parish to help rebuild the criminal justice system in an effort to fight rising violent crime. More than $61 million in justice assistance grants and Katrina relief law-enforcement infrastructure funds have been made available to Louisiana.

Violent crime declined in New Orleans after Katrina hit last August but has risen sharply in the past few months -- both in the city and the suburbs. Louisiana Gov. Kathleen Babineaux Blanco sent in state police and National Guard troops after five teenagers were fatally shot in a sport utility vehicle in mid-June.

During his visit, Mr. Gonzales said state and local law-enforcement facilities remain damaged from Katrina, including the Orleans Parish criminal justice complex and the New Orleans Police Department's headquarters.

The attorney general also met with members of the Louisiana congressional delegation and state and local government officials to discuss how the department can best assist in combating violent crime.

He said the department will:

·Send four ATF agents to supplement a Violent Crime Impact Team that has targeted gun crime, and four deputy marshals to supplement a Crescent Star Fugitive Task Force that locates and arrests fugitives wanted in connection with violent crimes.

·Assign 10 attorneys temporarily to the region to assist in prosecuting firearms, drug and immigration cases with a federal link, and hire nine more prosecutors to assist with fraud and violent crime cases.

·Begin a Violent Crime Intelligence Initiative through the FBI and state and local authorities to gather information on violent criminals, develop a list of most violent offenders and distribute that information to federal, state and local authorities. In addition, the resources will be used to rebuild communities and provide ways for the residents of New Orleans to keep their children safe and to assist law enforcement.

Mr. Gonzales said the Boys & Girls Clubs of America will re-establish the clubs destroyed by Katrina with funding provided through the Bureau of Justice Assistance and Office of Juvenile Justice and Delinquency Prevention. The ATF will restart a 24-hour hot line (504/581-GUNS) to allow citizens to report the illegal use and possession of firearms for federal response.

Gonzales Vows Federal Aid To Fight New Orleans Crime (CNN)

CNN.com, August 22, 2006

WASHINGTON (CNN) -- Attorney General Alberto Gonzales is promising federal help to police battling increasing crime in New Orleans.

Gonzales said he will immediately send 10 federal prosecutors from other locations to New Orleans to help prosecute federal firearms-, drug- and immigration-related violations.

The temporary assignment of prosecutors from the Justice Department in Washington and other locations is designed to provide needed assistance until nine assistant U.S. attorneys can be hired, trained and placed in the New Orleans office, he said Monday.

Gonzales announced funding for the new positions at a news conference with local officials at the Port of New Orleans.

In addition, the Bureau of Alcohol, Tobacco, Firearms and Explosives will send four more agents to beef up the Violent Crime Impact Team, which combats gun crimes. Gonzales also committed the U.S. Marshals Service to dispatching four deputy marshals to supplement the fugitive task force in New Orleans.

Officials said that after an initial drop in crime in the wake of Hurricane Katrina, violent crime has spiked this summer, highlighted by the high-profile shooting death in June of five teens while riding in a vehicle.

In advance of President Bush's planned visit to New Orleans next week to mark the first anniversary of the devastating hurricane, Gonzales sought to highlight federal law enforcement assistance to the New Orleans area over the past year.

Justice Department figures show the federal government has made more than $20 million available to New Orleans and Orleans Parish to help rebuild the criminal justice system. Another $61 million was provided to the state of Louisiana for justice assistance grants and funds for law enforcement infrastructure damaged by Katrina.

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New Orleans officials have complained that promised federal assistance to help the city to recover from Katrina's wrath has been slow in coming.

Federal officials have acknowledged that funding for Katrina assistance to Mississippi has been smoother and encountered fewer delays than has federal aid to Louisiana.

U.S. Official Sees Katrina Problems (NOTP)

By Mark Waller, Staff Writer

New Orleans Times-Picayune, August 22, 2006

Gonzales vows funds, personnel

After a tour of hurricane-damaged police facilities in New Orleans on Monday, U.S. Attorney General Alberto Gonzales announced reinforcements for federal law enforcement agencies operating in Katrina's aftermath.

"We're concerned about the recent increase in crime," especially violent crime in New Orleans, Gonzales said in a news conference at the Port of New Orleans, with police chiefs and sheriffs from several parishes gathered behind him.

"Justice must be served in these extremely difficult times."

He said the Bureau of Alcohol, Tobacco, Firearms and Explosives soon will receive four more special agents in New Orleans to focus on reducing gun crime.

The U.S. Marshals Service will receive four more deputy marshals to track down violent fugitives.

And the U.S. attorney's office will receive 10 temporary lawyers to help prosecute gun, drug and immigration cases, and it will hire nine more permanent lawyers to handle fraud cases.

"Their primary objective will be to file federal charges when we can," Gonzales said of the additional prosecutors.

As New Orleans' criminal justice system struggles to recover from Katrina, Gonzales said a major concern is "hemorrhaging of personnel" because of the storm's financial toll and housing shortages.

But he said the Justice Department is looking for ways to help local law enforcement.

"We have a chance to put back a functional criminal justice system that is second to none," Gonzales said. "This provides a wonderful opportunity to make some significant structural changes in this city."

He cited a new initiative of the FBI and state and local agencies jointly to gather information on violent criminals.

He said Alcohol, Tobacco and Firearms also will re-establish a 24-hour hotline for citizens to report illegal possession and use of guns.

The Justice Department will help form a National Police Athletic League for children in New Orleans, Gonzales said. It will help create "safe haven" recreation and learning centers in targeted neighborhoods.

And it will contribute money to restart Boys and Girls Clubs of America chapters that were lost to the hurricane.

"What we want to do is work with folks in New Orleans to help create an environment so if people want to come back, they can feel secure," Gonzales said.

Donald Powell, federal coordinator of Gulf Coast recovery, said criminal justice has become a leading concern in the New Orleans area and that the allocation of new personnel represents President Bush's continuing commitment to the hurricane recovery.

U.S. Attorney Jim Letten described Gonzales as "a rock" in supporting law enforcement affected by the Katrina.

A statement from the Justice Department said it has made $20 million in grants available for rebuilding the criminal justice system in New Orleans and a total of $61 million across Louisiana.

"Do we still have challenges? You bet we do," Gonzales said. "And that's why we're amassing these additional resources."

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Mark Waller may be reached at mwaller@timespicayune.com or (504) 717-7706.

A Man, A Plan, A Dam. Then, An F.B.I. Call. (NYT)

By Cornelia Dean

The New York Times, August 22, 2006

On July 25, Jim Bensman of Alton, Ill., attended a public meeting on the proposed construction of a bypass channel for fish at a dam on the Mississippi River. Less than a week later, he was under investigation by the F.B.I. — the victim, depending on how you look at it, of either a comedy of errors or alarming antiterror zeal.

The meeting was organized by the Army Corps of Engineers, which maintains Mississippi River navigation systems, including the Melvin Price Lock and Dam in East Alton, Ill., where it is considering construction of a fish passage.

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At the meeting, Mr. Bensman, a coordinator with Heartwood, an environmental organization, suggested the corps simply destroy the dam. It was an idea the corps itself had considered. In fact, a photograph of an exploding dam was included in the corps' PowerPoint presentation, explosive demolition being by far the most common method of dam removal.

Mr. Bensman said he had long criticized the system of locks and dams as environmentally damaging and an unfair government subsidy benefiting boat traffic over railroads. "I've been fighting these things for decades," he said.

But news accounts of the hearing did not put it quite like that. One newspaper said simply that he "would like to see the dam blown up."

And on July 31, he said, he got a telephone call from someone who identified himself as Matt Federhofer, an agent of the Federal Bureau of Investigation. There is such a person at the agency's office in Fairview Heights, Ill., a St. Louis suburb, but he did not respond to a voicemail message yesterday. .

When Mr. Bensman learned what the call was about "it was just kind of disbelief," he said. "How could anyone be so utterly stupid as to think that was a terrorist threat?" For one thing, he said, it would be ridiculous for a would-be terrorist to announce explosive intentions at a public meeting, much less a meeting sponsored by an arm of the military.

But when the agent said he wanted to visit him at home, Mr. Bensman became frightened. "I was thinking, I need to talk to an attorney," Mr. Bensman recalled. "And he said, 'Well, O.K., I will put you down as not cooperating.' "

That was when Mr. Bensman got angry. "I know what Bush is doing with all these secret programs spying on the so-called terrorists, all these provisions in the Patriot Act that I think crosses the line, being able to spy on a suspected terrorist without the check and balance of a court or a judge," he said. "That's just something that really worries you."

He said he also remembered that the F.B.I. had a history of spying on civil rights, antiwar and environmental activists. He said one reason he knew his caller was a genuine agent was that he could cite items in Mr. Bensman's own F.B.I. file.

Mr. Bensman said the agent had told him that someone from the corps had asked the F.B.I. to investigate him. "I was saying, 'What in the world?' There is no way anyone in the corps could reasonably think I was a terrorist threat. They know me."

Kevin Bluhm, the corps official who moderated the meeting, said he doubted the call came from the corps. Though he conceded that Mr. Bensman has long been a thorn in its collective side, "he's not malicious, oh no," Mr. Bluhm said. "This was just Jim. He comes to a lot of our meetings, and he is anti a lot of the stuff that we do."

Mr. Bluhm, who leads the corps' public communication efforts along the Mississippi, said he could understand why the F.B.I. felt obliged to check Mr. Bensman out, but "if they would have asked me first, I would have said no, there's not that kind of risk there."

Marshall Stone, a spokesman for the Springfield, Ill., office of the F.B.I., said, "A lot of things we look into turn out to be things we don't have to be concerned about."

Mr. Bensman, who wrote an account of his experience which is circulating on the Internet, said he had been informed that he is not now suspected of anything. But he worries that his phone may be tapped and wonders what will happen if he is pulled over for a traffic violation: "Are the cops going to think I am a terrorist? You never know what is going to happen nowadays."

Radio Chips Leave Visa Data Unsecured (WT)

By Audrey Hudson

The Washington Times, August 22, 2006

Foreign visas and information on U.S. aircraft protection are vulnerable to unauthorized access because of shortcomings in the Homeland Security Department's use of technology, according to a report released yesterday by the department's inspector general.

The report says the security issues involve the use of radio frequency identification chips (RFID) and databases at three Homeland Security agencies.

"These security-related concerns, if not addressed, increase the potential for unauthorized access to DHS resources and data," the report said. "We identified vulnerabilities on databases that could be exploited to gain unauthorized or undetected access to sensitive data."

The report was only able to focus on Customs and Border Protection (CBP), Transportation Security Administration (TSA), and the U.S. Visitor and Immigrant Status Indicator Technology program (US-VISIT) because the department lacks "an accurate inventory of systems using RFID technology."

RFID chips use wireless technology to store data that can be retrieved to confirm the identity of a person or location of an object through a tiny radio transmitter.

"The flexibility and portability of RFID technology and devices, as well as the information that resides on the tags, increases the need for security and privacy controls," the report said.

The report found security concerns in password management, user access permission and a lack of auditing in the systems that CBP uses to track foreign visitors upon entry at the two U.S. land borders. The Free and Secure Trade (FAST) program on the Mexican border and the Global Enrollment System on the Canadian border collect information that is fed into the US-VISIT program, which contains personal and biometric information on 17.5 million foreign visitors who have passed through nearly 200 air, land and sea ports.

Homeland officials agreed with the inspector general's findings and say additional security measures will be taken and guidelines developed to secure databases. The chips are still in the testing stage at the TSA to identify airline pilots, track their weapons, cargo and passenger bags.

The inspector's general findings on the weapons-tracking system was redacted. However, the Federal Flight Deck Officer operation that would identify pilots and track guns "is currently capturing operational data in support of TSA's mission," Inspector General Richard L. Skinner said in a July 7 letter to Edmund "Kip" Hawley, TSA assistant secretary.

The weapons-tracking system does not use encryption and is neither certified or accredited for operation, the letter said.

The State Department is using RFID chips in new e-passports for all U.S. citizens that will be issued by the end of this year, despite concerns the chips can be easily cloned.

Infineon, a German company, announced yesterday that it will supply the technology for the new passports, which will contain the tiny RFID chips on the back of their covers. Frank Moss, deputy assistant secretary for consular affairs at the State Department, says Infineon's e-passport system has been approved by the National Institute of Standards and Technology.

However, researchers at the Black Hat Briefings security conference in Las Vegas earlier this month were able to copy information from the chip.

Dangerous Disgrace (NSWK)

By Jonathan Alter, Newsweek

Newsweek, August 22, 2006

The FBI's continued technological incompetence is putting America at risk WEB EXCLUSIVE

Everyone's got an Exhibit A of the mind-bending, staggering and almost incomprehensible incompetence of the Bush Era. Iraq. Katrina. Medicare. But let's add one more. Should, God forbid, we be hit again by terrorists, historians will point an unforgiving finger at the computers of the FBI.

As The Washington Post reported on August 18, five years after 9/11 the FBI's computer system is still not fixed. How can this be? It's an ugly story of poor management, contractor abuse and an agency that cannot electronically connect the dots--even though nearly everyone agreed in 2001 that developing that ability should be among the top priorities for the United States. It's as if after Pearl Harbor President Franklin D. Roosevelt ordered that ships and aircraft be built to fight the Japanese, only to discover that five years later the government had built none.

The blame begins with Louis Freeh, who smugly headed the FBI for eight years under President Bill Clinton. Although he claims to have tried to upgrade the bureau's computers in 1995, he failed miserably. In 2001, when any large business in the world that wanted to make money was long since fully automated-and when most American six-year olds could download Little League snapshots-the FBI remained in the horse-and-buggy era. Its rusty mainframes used text-only "green screens" and could not scan reports or transmit photographs. Agents had no PCs and were forced to share e-mail accounts. Because it took 12 steps to upload a single document, most agents gave up and did everything the old-fashioned way-on paper.

Remember the period right after 9/11? I was hardly the only one writing about computers at the FBI. The new FBI director, Robert Mueller, insisted he was focused on the task at hand. He spent $170 million on a plan called "Trilogy" that was meant to solve the Bureau's technology problems.

From the start, it was a rip-off. The contractor, Science Applications International Corp. (SAIC), assigned 200 people to a program that, according to a former employer, could easily have been handled by a dozen. Instead of adapting off-the-shelf software, which any computer consultant with half a brain (make that any person with half a brain) knows is the only way to go, the company decided to design a software system from scratch. Surprise! It didn't work. If you've read even one of the 500,000 articles in the popular press about software development, it's obvious that the first try never works.

The consultants would, naturally, have us believe that the FBI's requirements were so complex and security-related that they needed their own system. This is a crock. Many businesses are larger and more complex than the FBI and they, too, have major security considerations. But this is how SAIC ballooned its contract from $14 million annually to $170 million. Then, when it had clearly failed, the contractor blamed the supervisors within the FBI. Natch.

By the time the National Research Council investigated the FBI's progress in May 2004, the results were pathetic. The review team found that three years after 9/11, the system still didn't allow agents to take their cases into the field on laptops. The program did not have bookmarking or archiving features that are standard in the least expensive commercial software. And the

system could not properly sort data. Worst of all, the researchers found that the whole system could easily crash and the FBI had no backup plan. “A bunch of us were planning on committing a crime spree the day they switched over,” a computer science professor who was on the review team told the Post.

After pulling the plug on Trilogy in January, 2005, the FBI started over with a different contractor, Lockheed Martin Corp. Its new system, called Sentinel, is said to be on budget and schedule, but at $305 million dollars it is many times more expensive than what a similar project would cost in the private sector. We’re told this system will work some day. Keep your finger crossed.

There’s enough blame to go around. Why did the Republican Congress, which has abdicated oversight, settle for asking a few pointed questions, then call it a day when told to be patient? Why didn’t the White House ride herd on the computer upgrade until it was successfully completed? Why wasn’t Mueller fired?

The sad truth is that accountability in Washington is dead. We won’t get it back until we throw out those responsible. Let’s hope it’s not too late.

Anger, Worry Pervades Local Muslim Community (ORVMR)

By Jonathan Jones, STAFF WRITER

Orville (CA) Mercury Register, August 22, 2006

FREMONT — Atif Kamran seldom loses his cool over political or religious issues.

He has spent almost his entire life in Fremont. He played football and performed in musicals at Irvington High School. He listens to Cyprus Hill, Pink Floyd, the Red Hot Chili Peppers and Metallica. Occasionally he indulges in watching W.W.E. wrestling, and has an autographed picture of the wrestler known as The Undertaker.

Still, Kamran, a 19-year-old American Muslim of Pakistani descent, found himself all riled up during an Aug. 8 peace vigil at the corner of Mowry Avenue and Fremont Boulevard, where he and his mother, along with 20 others, were calling for a cease-fire in Lebanon.

At he stood at the corner, Atif heard a heckler yell at the group of 20 to go "blow yourselves up." Atif started to shout back.

"I was yelling all kinds of stuff," Atif recalled. "Stuff I would say in high school. I think I threatened to toilet paper their house."

His mother, Firdous Kamran, heard the commotion. To her surprise, she spotted her son shouting at the car as it passed by.

"I said, 'What are you thinking?'" Firdous recalled. "'They can say whatever they want. But if you say something, who's to say the FBI or law enforcement won't come and take you away?' I'm scared for my kids."

It is a difficult time to be a young Muslim man in America, after a year of arrests of alleged home-grown terror suspects here and in Britain. And for parents, it's not much easier.

Moina Shaiq, an American Muslim parent of two sons ages 18 and 23, has became more worried for her son's safety after the July 2005 London commuter bombings. The recent arrests of British Muslim youth for allegedly plotting to blow up American-bound jets have heightened her fears.

"Both my boys have beards and dark skin, and I know some people categorize them just by their looks," Shaiq said. "I really worry about them when they're away from home because I fear a backlash. You never know who's walking around out there or what is on their mind."

Like many of America's estimated 1.6 million Muslims, Kamran and Shaiq said they've grown frustrated with the U.S. wars in Iraq and Afghanistan and a tendency by some U.S. public officials to equate the acts and views of radical extremists with the world's

1.3 billion Muslims as a whole.

Shaiq said she has become much more nosy about what her sons are reading on the Internet and asks them to stay away from any topics or images that could be considered radical or extremist to an outside observer.

"My younger son feels (that I'm getting too much into his business)," Shaiq said. "I tell him, 'I'm a concerned mother; you don't know who's under the watch of the FBI or the government.'"

Firdous, on the other hand, knows full well.

While Atif was away at college in the winter of 2004, she received a call from FBI agents who said they wanted to come by and chat, she said.

Firdous, who runs a Muslim matchmaking service with clients from all over the world, said she started to panic.

One of her friends, whom she consulted at the time, described her response as "petrified."

After contacting the American Civil Liberties Union and Muslim civil rights groups, Firdous declined to meet with two agents who turned up at her house, referring all questions to her attorney.

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Later, her attorney told her that lengthy phone calls to England had sparked the agents' interest. Firdous said she was calling her niece, who had been admitted to the hospital in Britain because of complications with her pregnancy.

"If they were listening to my phone calls, then they would have known I was talking to my niece," Firdous said. "It makes you think: How much time and money are they wasting on stuff like this?"

Like her son, she considers herself an American. But, she said, she's afraid her country is failing her and her family.

"Terror is not just about bombings," Firdous said. "Terror is also about restricting freedom of speech. It's about always being afraid. It's about always worrying what might happen next."

Atif said he has shied away from more virulent Islamic sentiment among Muslims at the University of California, Irvine, but he said the sentiment among his Muslim friends is there.

"People are angry. People are frustrated," Atif said. "There's so much sensationalism out there, and the anger — on both sides — is a byproduct of that fear and a lack of understanding."

Mohamad Rajabally, a Fremont dentist and a former president of the Islamic Society of the East Bay, said American Muslim religious leaders recognize the "frustration and anger" among younger Muslims. He said many imams have worked hard to encourage younger Muslims to channel their emotions in positive ways.

"We've got to promote Muslim youth and give them a sense of belonging," Rajabally said. "We don't want to ostracize them. We don't want to marginalize them by reinforcing stereotypes."

Like others their age, many American Muslim young adults are idealistic and convinced they can change the world for the better, Rajabally added.

"We need to harness that energy and use it in a positive way that can benefit the greater community," Rajabally said. "That should be the goal of every high school, every campus and every mosque. We don't need people to become xenophobic."

Katrina Cost Continues To Swell (USAT)

By Richard Wolf

USA Today, August 22, 2006

WASHINGTON — The fiscal impact of Hurricane Katrina, the most costly natural disaster in U.S. history, shows no sign of ending.

Congress has already approved $122 billion in spending, and is now paving the way for Gulf Coast states to get billions more. As much as $20 billion for coastal restoration could come from offshore-drilling royalties in the next few decades. Louisiana has been seeking $14 billion for that purpose.

The Bush administration may need $2 billion more for public projects such as roads, schools and utilities. It awaits a study next year that could recommend even stronger levees in New Orleans than are now being built.

President Bush said Monday the government has made “a strong commitment” but added, “There is more work to be done, particularly when it comes to housing.” That money has been appropriated, but much of it remains to be spent.

Most of the federal money has gone to compensate victims, clear debris, house evacuees and make repairs to New Orleans' levees. Local officials say the region's coast and infrastructure will require tens of billions more in years to come.

“Louisiana will not be made whole by what Congress has appropriated thus far,” says Andy Kopplin, executive director of the Louisiana Recovery Authority. Sen. Mary Landrieu, D-La., says the Gulf Coast could need “a few billion dollars a year” in additional funds.

That appetite for federal funds could clash with lawmakers' wallets. Congress has approved $87 billion in cash, nearly $20 billion in flood-insurance payouts and billions in tax breaks for victims. As much as $1.4 billion was misspent because the Federal Emergency Management Agency lacked safeguards, according to the Government Accountability Office.

The White House is scrutinizing how federal aid is spent. “Should there be more requests, our job is to be sure it's based upon good data,” says Donald Powell, federal coordinator of Gulf Coast rebuilding.

Some in Congress say enough is enough. “Not another dime should go,” says Colorado Rep. Tom Tancredo, one of 11 Republicans who opposed the largest spending bill last year. Others want offsets in the budget. “Maybe we should stop funding Radio Free Europe,” says Rep. Jeb Hensarling, R-Texas.

The flow of money has some worried about precedents. Sen. Judd Gregg, R-N.H., budget committee chairman, says when floods struck his state in May, “people were wondering why they didn't get the same amount as Katrina” victims did.

WAR NEWS:

Bush Defends War, Acknowledges Some Frustration (LEXHL)

DOJ_NMG_0051828

By Mark Silva

Lexington Herald-Leader (KY), August 22, 2006

WASHINGTON - After more than three years of prosecuting the war in Iraq as a matter of fighting the "global war on terror," President Bush faces the challenge of defending the war in his party's struggle for control of Congress this fall.

The president waged an impassioned and sometimes heated defense of the war in a press conference Monday. But he acknowledged his frustration at times with the progress of the Iraqi security force even as he insisted on the importance of maintaining the U.S. military mission "until the job is done."

Yet as the war in Iraq becomes a focal point of many fall campaigns at home, Bush faces a daunting political challenge: upholding the costly, unpopular presence of American forces in Iraq as a growing chorus of Democratic congressional candidates demands a strategy for withdrawal.

The president is supporting a strategy already outlined by the GOP and played out on the campaign trail by Vice President Dick Cheney and others based on the view that a hasty withdrawal from Iraq would leave Americans more vulnerable to terrorism at home. While Cheney warns that anti-war critics are playing into the hands of "al-Qaida types" who might attack the U.S., Bush is waging a more conciliatory argument with opponents, asserting that he does not question their patriotism.

"There's a lot of people - good, decent people - saying, `Withdraw now.' They're absolutely wrong," Bush said in a nearly hour-long news conference. "What matters is that in this campaign ... we clarify the different point of view. There are a lot of people in the Democrat Party who believe that the best course of action is to leave Iraq before the job is done, period. And they're wrong."

The war in Iraq isn't the only crisis in the Middle East facing the president.

Bush announced Monday that he will boost his commitment of humanitarian aid and money for reconstruction of war-torn Lebanon from $50 million to more than $230 million, as the U.S. helps the Lebanese rebuild roads, bridges and schools bombed and shelled in a month-long conflict between Israel and Hezbollah guerrillas in southern Lebanon. Bush also called on a balking international community to deploy the forces needed for a United Nations-sponsored peacekeeping force in Lebanon.

The president also faces a showdown in the U.N. with Iran, which is refusing to suspend its enrichment of uranium. Iran is unlikely to meet an Aug. 31 U.N. deadline for suspension of the enrichment, which it claims will support civilian nuclear power but which the West views as part of a bomb-building program.

"Iran is obviously ... part of the problem" of securing peace in the broader Middle East, Bush said. "They sponsor Hezbollah. ... Imagine how difficult this issue would be if Iran had a nuclear weapon."

But it is the war in Iraq that is weighing most heavily on the fall campaign as Bush tries to stave off a Democratic takeover of Congress that would make his final two years in office much tougher.

Democrats wasted little time Monday going after Bush's comments.

"President Bush's plan for his final two years amounts to three simple words: Stay the course," said Rep. Rahm Emanuel, D-Ill., chairman of the Democratic congressional campaign.

Senate Democratic Leader Harry Reid, D-Nev., called the president misguided in framing the war as "a question of resolve. Instead, it is a question of strategy. ... Three years into the war in Iraq, the unfortunate truth is that the president's strategy is a failure."

The president's personal approach is gentler than that of Cheney or the Republican Party chairman, Ken Mehlman, who has lashed out at "Defeat-ocrats" for opposing the war.

Bush was asked at the press conference about Cheney's suggestion that the defeat of Sen. Joe Lieberman in Connecticut's Democratic primary by an antiwar opponent will embolden al-Qaida forces hoping to "break the will of the American people."

The president did not directly address the question. "What all of us in this administration have been saying is that leaving Iraq before the mission is complete will send the wrong message to the enemy and will create a more dangerous world," Bush said. "It's an honest debate.

"I will never question the patriotism of somebody who disagrees with me," Bush added. "These are decent people. They're just as American as I am. I just happen to strongly disagree with them. And it's very important for the American people to understand the consequences of leaving Iraq before the job is done. ... If we withdraw before the job is done, the enemy will follow us here."

The president acknowledged frustration about continuing violence in Iraq.

"Frustrated? Sometimes I'm frustrated," Bush said. "Sometimes I'm happy. ... But war is not a time of joy. These aren't joyous times. These are challenging times, and they're difficult times, and they're straining the psyche of our country."

And he voiced a sense of resignation about his own standing in the polls, driven down by war.

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"Presidents care about whether people support their policies," he said. "Of course I care. But I understand why people are discouraged about Iraq. ... I'm going to do what I think is right. And if, you know, if people don't like me for it, that's just the way it is."

Bush Says Iraq Pullout Would Be 'A Disaster' (WP)

By Michael A. Fletcher And Glenn Kessler

The Washington Post, August 22, 2006

President Bush laid down an impassioned defense of his Iraq policy yesterday, saying the United States must stay in the fight despite an escalating death toll, increasing calls for the withdrawal of U.S. troops and growing public sentiment against the war.

While acknowledging that raging sectarian violence and mounting U.S. casualties in Iraq are "straining the psyche of our country," Bush said that withdrawing U.S. troops before the nation is stabilized would be disastrous.

"Leaving before the job would be done would send a message that America really is no longer engaged, nor cares about the form of governments in the Middle East," he said. "Leaving before the job was done would send a signal to our troops that the sacrifices they made were not worth it. Leaving before the job is done would be a disaster, and that's what we're saying."

Resolute and at times exasperated during a 56-minute news conference, Bush cast the war in Iraq as part of a broader struggle against Islamic extremism that holds serious implications for the security of the United States. Bush's defense of his Iraq policy touched on familiar themes, but his passionate and lengthy plea to keep fighting was striking in light of the plummeting support for the war among the public and -- more worrisome for the White House -- among Republicans.

Many Democrats, and some Republicans, have called for a fixed timetable for withdrawing U.S. troops from Iraq. Also, an increasing number of conservative commentators who once agitated for the invasion are now critical of Bush's handling of the war. Iraq has become the central issue in the campaigns leading to this fall's congressional elections, prompting some GOP candidates to avoid public appearances with the president.

"You know, it's an interesting debate we're having in America about how to handle Iraq," Bush said. "There's a lot of people -- good, decent people -- saying 'Withdraw now.' They're absolutely wrong. It would be a huge mistake for this country."

Bush opened the news conference with an "urgent" plea for "an effective international force" to support the truce between Israel and Hezbollah in southern Lebanon -- an effort that is faltering because European countries, led by France, have been reluctant to contribute enough troops. A U.N. resolution calls for up to 15,000 troops, and Bush said that "the international community must now designate the leadership of this new international force, give it robust rules of engagement, and deploy it as quickly as possible to secure the peace."

State Department officials said the effort to build the peacekeeping force is going slowly in part because the resolution has left unclear who is responsible for disarming Hezbollah. Bush seemed to back off his call for the militia to immediately give up its weapons, saying: "Hopefully, over time, Hezbollah will disarm."

U.N. Secretary General Kofi Annan strained over the weekend to persuade leaders from Finland, India, Italy and Spain to provide firmer commitments to serve in the U.N. mission. U.N. military planners had hoped that Italy would have made a firm commitment to send thousands of troops to Lebanon before the end of the month. Prime Minister Romano Prodi told Annan in a telephone conversation Sunday that he was still considering whether to provide a major military contribution. But he added that it would be easier to build public support for the risky mission if an Italian commander were to lead the force.

The United Nations had intended to renew the contract of its mission's French commander, Alain Pellegrini, when it expires in February. But officials said Annan probably would yield to Prodi's request if he carries through on a pledge to send as many as 3,000 troops. At a closed-door meeting at the U.N. Security Council yesterday, a French official said France had supplied a vanguard force of 200 troops, but U.S. officials are pressing for France to provide significantly more. "I would hope they would put more troops in," Bush said.

The United States has ruled out providing troops to the force, but Bush has offered logistical support, as well as command and control, communications and intelligence help. He also announced a $180 million increase in U.S. aid -- to $230 million -- in an effort to counter the millions of dollars that Hezbollah is distributing to rebuild housing and feed people in the areas of Lebanon devastated by Israeli attacks.

Turning back to Iraq, Bush was adamant in arguing that the conflict is crucial to the broader battle against terrorism. "If you think it's bad now, imagine what Iraq would look like if the United States leaves before this government can defend itself and sustain itself," he said.

Asked whether that would be true if the United States had not invaded Iraq, Bush responded: "Imagine a world in which Saddam Hussein was there, stirring up even more trouble in a part of the world that had so much resentment and so much hatred that people came and killed 3,000 of our citizens."

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And although Vice President Cheney repeatedly implied that an Iraqi intelligence agent met with a Sept. 11, 2001, hijacker five months before the attacks long after the story had been discredited, Bush said that "nobody has ever suggested that the attacks of September 11 were ordered by Iraq."

"I have suggested, however, that resentment and the lack of hope create the breeding ground for terrorists," he added.

Underscoring the difficult challenge posed by the situation in Iraq, Bush's news conference came one day after Sunni Arab gunmen killed 20 religious pilgrims and wounded 300 others who had gathered in Baghdad for a Shiite holiday. The deaths occurred during a period when more than 100 Iraqis a day have been killed by the sectarian violence that some say is bordering on civil war.

"I hear a lot of talk about civil war. I'm concerned about that, of course, and I've talked to a lot of people about it. And what I've found from my talks are that the Iraqis want a unified country," Bush said. "And that the Iraqi leadership is determined to thwart the efforts of the extremists and the radicals."

Several prominent Democrats rejected Bush's call for staying the course in Iraq, saying the problem there is not a lack of will but lack of a winning strategy. "We need to set a date to force Iraqis to stand up for Iraq, force the administration to finally do the diplomacy necessary to find the political solution our generals say is needed," said Sen. John F. Kerry (Mass.). Senate Minority Leader Harry M. Reid (Nev.) also called for Bush to change direction. "President Bush is wrong to say that success in Iraq is a question of resolve," he said. "Instead, it is a question of strategy."

Bush dismissed such critics as "wrong," adding that those calling for a withdrawal don't understand the consequences of leaving Iraq "before the job is done."

"We'll complete the mission in Iraq," Bush added. "I can't tell you exactly when it's going to be done, but I do know that it's important for us to support the Iraqi people, who have shown incredible courage in their desire to live in a free society. And if we ever give up the desire to help people who live in freedom, we will have lost our soul as a nation, as far as I'm concerned."

In Election Push, Bush Faults Talk Of Iraq Pullout (NYT)

By Jim Rutenberg

The New York Times, August 22, 2006

WASHINGTON, Aug. 21 — President Bush seized on Monday on Democratic calls for withdrawal from Iraq to make an election-year case that his political rivals did not properly understand the threats to the nation and would create a more dangerous world.

It was the most direct attack on Democrats that Mr. Bush has made from a White House lectern this election year, and it effectively signaled the beginning of a more outright political season for him and his aides as they work to help Republicans maintain control of Congress.

The appearance offered a preview of the themes the White House and Republicans will use this fall during their most daunting electoral challenge of Mr. Bush's presidency, with continued voter dissatisfaction over the course of the war, the high price of gasoline and the president's overall job performance.

Democrats have pointed to polls showing that public support for the war continues to wane, and the president acknowledged as much on Monday.

"These are challenging times, and they're difficult times, and they're straining the psyche of our country," Mr. Bush said in an hourlong news conference. "Nobody wants to turn on their TV on a daily basis and see havoc wrought by terrorists."

Analysts from both parties have called the war the biggest political liability facing the Republicans this year. Mr. Bush's political aides have urged fellow Republicans to embrace the conflict, and Mr. Bush seemed to go a step further, suggesting that he hoped the midterm elections would be fought over rival approaches on Iraq.

"What matters is that in this campaign that we clarify the different points of view," Mr. Bush said from the press secretary's lectern in the White House conference center up the street from the Oval Office. "And there are a lot of people in the Democrat Party who believe that the best course of action is to leave Iraq before the job is done, period, and they're wrong."

In calling the opposition the "Democrat Party" Mr. Bush was repeating a truncated, incorrect version of the party's name that some Democrats have called a slight, an assertion the White House dismissed as ridiculous. Either way, it was the president as political strategist whom television viewers got a glimpse of Monday, with Mr. Bush laying out what he believed Republicans should focus on this election year and rehearsing an argument that used Iraq as a foil, by contending that the early withdrawal advocated by some Democrats would embolden terrorists everywhere.

Democrats have sought to stoke public displeasure with the war, and they seized on Mr. Bush's remarks about Iraq as evidence that he was choosing to stay with a failed policy.

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"The president's promise to keep American forces in Iraq as long as he is in office is no substitute for an effective plan to complete the mission," Representative Nancy Pelosi of California, the House Democratic leader, said in a statement, referring to Mr. Bush's promise that "we're not leaving so long as I'm president."

Ms. Pelosi added, "Democrats believe it's time for a new direction in Iraq, with responsible redeployment of U.S. forces from Iraq that begins this year."

The dissatisfaction over the war now extends to some Republican officeholders who supported the American invasion of Iraq in 2003 but now express displeasure with the execution of the war.

Mr. Bush acknowledged that "sometimes I'm frustrated" about the continuing violence in Iraq, even though that impression is one that some around the president have sought to play down in recent days. But Mr. Bush also said that he was sometimes "happy" over progress in Iraq, and that while concerned about the prospect of civil war, he believed the Iraqis would work for unity.

Mr. Bush appeared generally upbeat, occasionally rocking back and forth behind the lectern as he fielded questions. The White House announced the 10 a.m. news conference less than two hours before it began. It acted after recent weeks in which some of Mr. Bush's conservative supporters had argued that his Iraq campaign might need adjustment.

The Iraq war and the buildup to it helped fuel Republican victories in 2002 and 2004, but polls now show that a majority of Americans have doubts about progress in Iraq.

The White House and Republican Party officials have argued that the Iraq war remains potent politically for Republicans when they cast it as part of the broader war on terror, though they have sometimes found it difficult to make that case.

When Mr. Bush referred to the Sept. 11 terrorist attacks on Monday in reference to a question about Iraq, a reporter pressed him, "What did Iraq have to do with that?"

"Nothing," Mr. Bush responded somewhat testily, adding, "Nobody has ever suggested in this administration that Saddam Hussein ordered the attack."

Leading up to the invasion in March 2003, Vice President Dick Cheney did call attention to the theory, since discredited, that one of the Sept. 11 hijackers might have met in Prague with an Iraqi intelligence officer.

In general, however, Mr. Bush struck a different tone than the vice president has used in recent weeks, including Mr. Cheney's suggestion two weeks ago that Ned Lamont's victory over Senator Joseph I. Lieberman in the Connecticut Democratic primary might embolden "Al Qaeda types."

In response to a question, Mr. Bush said Monday that the administration's message was that leaving Iraq would embolden terrorists, but he added, "We'll continue to speak out in a respectful way, never challenging somebody's love for America when you criticize their strategies or their point of view."

Strategists on both sides have pointed to Iraq as a major drag on the president's popularity, which in turn has been a drag on his party. Just two weeks ago, a close White House ally, Senator Mitch McConnell of Kentucky, said in an interview on Fox News, "I wish the president's approval rating were better than it is, and that's not a plus for us."

In a follow-up interview on Monday, Mr. McConnell played down that remark, saying Republicans would ultimately maintain control of Congress in November by highlighting Democratic flaws.

Mr. Bush said the party could also score points on tax cuts and the economy. As for flagging support for the war in Iraq, he said, "Presidents care about whether people support their policies," and acknowledged, "Of course I care."

But, he added, "I'm going to do what I think is right, and if people don't like me for it, that's just the way it is."

Bush: Leaving Iraq Now Would Be Disaster (AP)

By Terence Hunt

The Associated Press, August 22, 2006

President Bush said Monday the Iraq war is "straining the psyche of our country" but leaving now would be a disaster.

Bush served notice at a news conference that he would not change course or flinch from debate about the unpopular war as he campaigns for Republicans in the fall congressional elections. In fact, he suggested that national security and the economy should be the top political issues, and criticized the Democrats' approach on both.

Many Democrats want to leave Iraq "before the job is done," the president said. "I can't tell you exactly when it's going to be done," he said, but "if we ever give up the desire to help people who live in freedom, we will have lost our soul as a nation, as far as I'm concerned."

Now in its fourth year, the war has taken a toll — more than 2,600 Americans have died and many more Iraqis have been killed. Last month alone, about 3,500 Iraqis died violently, the highest monthly civilian toll so far. Bush's approval rating has slumped to the lowest point of his presidency, and Republicans are concerned that they could lose control of Congress because of voters' unhappiness.

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Bush said he was frustrated by the war at times.

"War is not a time of joy," he said. "These are challenging times, and they're difficult times, and they're straining the psyche of our country. I understand that. You know, nobody likes to see innocent people die. Nobody wants to turn on their TV on a daily basis and see havoc wrought by terrorists."

But Bush said he agreed with Gen. John Abizaid, the top U.S. commander in the Middle East, that if "we leave before the mission is done, the terrorists will follow us here." A failed Iraq would provide a safe haven for terrorists and extremists and give them revenue from oil sales, Bush said.

In response, Democrats said it was time for a new direction and Bush should begin redeploying troops this year.

"Our soldiers in Iraq should transition to a more limited mission focused on counterterrorism, force protection of U.S. personnel and training and logistical support of Iraqi security forces," House Democratic Leader Nancy Pelosi said.

Senate Democratic Leader Harry Reid said, "Far from spreading freedom and democracy in the Middle East, the Bush administration has watched while extremists grow stronger, Iran goes nuclear, Iraq falls into civil war and oil and gas prices skyrocket. Simply staying the course is unacceptable."

Bush said differences over Iraq provide "an interesting debate." "There's a lot of people — good, decent people — saying `withdraw now.' They're absolutely wrong. ... We're not leaving, so long as I'm the president. That would be a huge mistake."

"Leaving before the job is done would be a disaster."

Bush said he would not question the patriotism of someone who disagreed with him — although Vice President Dick Cheney said recently the Democratic primary election victory of anti-war candidate Ned Lamont over incumbent Sen. Joe Lieberman, a defender of the war, might encourage "the al-Qaida types."

Bush opened his nearly hour-long news conference by calling for quick deployment of an international force to help uphold the fragile cease-fire in southern Lebanon. "The need is urgent," Bush said. He said the United States was increasing humanitarian and reconstruction aid to more than $230 million.

European countries expected to provide the bulk of peacekeepers have delayed committing troops. France disappointed allies by merely doubling its contingent of 200.

The president also said the United States would seek a new U.N. resolution on disarming Hezbollah in southern Lebanon but he sounded doubtful about achieving results soon on the ground. "Hopefully, over time, Hezbollah will disarm," the president said.

Bush also urged patience about the rebuilding of New Orleans and other gulf communities ravaged by Hurricane Katrina a year ago. The federal government has committed $110 billion to help. "I also want the people down there to understand that it's going to take awhile to recover," the president said. "This was a huge storm." He suggested the federal government had done its part and state and local officials should move faster.

On other points, Bush said:

· He talked Monday with Chinese President Hu Jintao about trying to revive six-party negotiations aimed getting North Korea to give up its nuclear ambitions. The White House said the two leaders, in a 21-minute call, also discussed economic issues that have caused friction.

· There is no quick fix for soaring gasoline prices. He said the answer was to diversify away from crude oil.

· A morning-after contraceptive pill, known as Plan B, should require a prescription for minors. Anti-abortion groups want Bush to withdraw Dr. Andrew von Eschenbach, his nominee to head the Food and Drug Administration, because they think he will approve over-the-counter sales of the morning-after pill. Democrats, meanwhile, are upset that the FDA has long delayed settling the debate over whether at least some women could buy the contraceptive without a doctor's note.

Bush Acknowledges U.S. Under Strain (USAT)

By David Jackson

USA Today, August 22, 2006

WASHINGTON — President Bush said Monday that he understands voter frustrations over Iraq, but pulling out would only help terrorists who want to attack the United States.

“These are challenging times, and they're difficult times, and they're straining the psyche of our country,” Bush said during a news conference spent mainly defending his Iraq policy.

Bush was also politically combative during the 56-minute conference. He said proposals by some Democratic officials would create chaos in Iraq and give terrorists an oil-rich base for attacks. “If you think it's bad now, imagine what Iraq would look like if the United States leaves before this government can defend itself and sustain itself,” he said. “Chaos in Iraq would be very unsettling in the region.”

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Senate Minority Leader Harry Reid, D-Nev., said Bush's Iraq policy has made the United States more vulnerable. “Far from spreading freedom and democracy in the Middle East,” Reid said, “the Bush administration has watched while extremists grow stronger, Iran goes nuclear, Iraq falls into civil war, and oil and gas prices skyrocket.”

As the Iraq war has hurt Bush's popularity, some of his fellow Republicans have criticized the handling of the war. Sen. Chuck Hagel of Nebraska said it would be a mistake to send more U.S. troops into Baghdad. Rep. Michael Fitzpatrick of Pennsylvania, who faces a tough re-election campaign in a district outside Philadelphia, called Bush's Iraq policy “extreme” in a mailing sent to constituents last week.

Bush said the elections Nov. 7 will be decided on many issues: the economy and tax cuts as well as the war on terrorism. The president said he is not challenging his Iraq critics' patriotism.

“They're just as American as I am,” Bush said. “I just happen to strongly disagree with them.”

He rejected suggestions that attempts to forge democracy in Iraq and other places in the Middle East create more violence. Bush called that a “stir-up-the-hornet's-nest theory” that “just doesn't hold water.”

“The terrorists attacked us, and killed 3,000 of our citizens before we started the freedom agenda in the Middle East,” Bush said.

When asked what Iraq had to do with the Sept. 11 terror attacks, Bush said, “Nothing.” But the attacks, he said, taught him to deal with threats such as Saddam Hussein before they fully materialized.

“I fully believe it was the right decision to remove Saddam Hussein,” Bush said. “Now the question is, how do we succeed in Iraq?”

Bush said Iraq's future ultimately depends on the reformers who live there, and that applies to the Middle East in general. The United States, he said, needs to help because ultimately the power of democracy will offset violence.

“In the long term, the only way to defeat this terrorist bunch is through the spread of liberty and freedom,” Bush said.

Bush also said the United Nations Security Council should sanction Iran if it doesn't suspend nuclear enrichment in exchange for an energy aid package. Iran has until Aug. 31 to respond to the offer.

“In order for the U.N. to be effective, there must be consequences,” Bush said.

Bush Stands By Iraq Until 'Job Is Done' (WT)

By Stephen Dinan

The Washington Times, August 22, 2006

President Bush yesterday pledged to remain in Iraq throughout his presidency and put the issue squarely at the top of this year's congressional elections, saying it will be a defining difference between Republicans and Democrats.

"Either you say, yes, it's important that we stay there and get it done, or we leave. We're not leaving so long as I'm the president," the president said at a press conference yesterday morning, in which he also announced expanded U.S. aid for Lebanon and Israel, defended the pace of progress on rebuilding after Hurricane Katrina and said the United Nations must be ready to impose sanctions on Iran.

The Iraq war dominated the nearly hourlong session, with the president defending his goals in the Middle East, although he acknowledged the war is "straining the psyche" of Americans here at home. He also said he is concerned about a civil war in Iraq, a term the White House had been avoiding.

But the president said that if the U.S. loses the will to help other nations toward freedom, "we will have lost our soul as a nation," adding that the terrorists are watching the political debate this year.

"Any sign that says we're going to leave before the job is done simply emboldens terrorists and creates a certain amount of doubt for people so they won't take the risk necessary to help a civil society evolve in the country," Mr. Bush said. "I'm sure they're watching the campaign carefully. There are a lot of good, decent people saying: 'Get out now; vote for me, I will do everything I can' to, I guess, cut off money, is what they'll try to do to get our troops out. It's a big mistake."

Democrats said they welcome the election-year debate and charged Mr. Bush isn't offering anything concrete for voters to back.

"'Stay the course' has produced the situation President Bush now decries, and his repeated failure to offer a new direction provides no hope for a lessening of the sectarian violence that is the greatest threat to Iraq's future," said House Minority Leader Nancy Pelosi, California Democrat. "Democrats believe it's time for a new direction in Iraq, with responsible redeployment of U.S. forces from Iraq that begins this year."

And Sen. John Kerry, the Democrats' 2004 presidential nominee, said Mr. Bush was wrong when he said Iraq was straining Americans' psyche.

"The American psyche isn't the problem. The problem is this administration's disastrous Iraq policy," the Massachusetts senator said. "Patience is strained because almost five years later, Osama bin Laden is still on the loose, and gone is the

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promise of 'wanted dead or alive.' The administration's credibility is strained because the president's mantra that 'U.S. troops will stand down as Iraqis stand up' is another misleading myth, and 'stay the course' is a recipe for disaster when the course is broken."

Mr. Bush stressed that he is not calling Democrats unpatriotic, but he said the election will be a referendum on where the two parties stand.

"Elections are won based upon economic issues and national-security issues," he said. "And there's a fundamental difference between many of the Democrats and my party, and that is, they want to leave before the job is completed in Iraq."

Democratic voters in Connecticut catapulted the issue to the forefront earlier this month when they nominated Ned Lamont, an anti-war candidate, instead of incumbent Sen. Joe Lieberman. Mr. Lieberman is running as an independent, and yesterday Mr. Bush gave him a boost by saying he will not endorse the Republican candidate in that race.

"I'm going to stay out of Connecticut," he said.

He said that if he were a candidate, he would run by charging that Democrats will raise taxes, touting Republican economic policies that he credited with cutting the projected deficit this year and campaigning on a promise to address long-term Social Security and Medicare costs.

Mr. Bush yesterday also:

·Said he is comfortable with the $110 billion that the federal government has committed to rescue, recovery and rebuilding from Hurricane Katrina, but said those on the ground should be patient as the efforts continue.

·Defended his nominee to head the Food and Drug Administration, Dr. Andrew von Eschenbach, in the face of criticism from conservatives who think he will approve over-the-counter sales of Plan B, a morning-after contraceptive pill widely attacked in pro-life circles as an abortifacient. Mr. Bush said that minors should be required to have a prescription for the pill.

·Said the United Nations faces a test later this month as the deadline approaches for Iran to suspend its nuclear program and must move quickly to approve sanctions if Iran doesn't meet the target.

"In order for the U.N. to be effective, there must be consequences if people thumb their nose at the United Nations Security Council," the president said.

Bush Takes On His Critics Over Iraq, Katrina, Gas Prices (LAT)

By Peter Wallsten

The Los Angeles Times, August 22, 2006

WASHINGTON — Democrats are eager to score points with voters this fall by talking about President Bush's handling of Iraq, Hurricane Katrina and gas prices. But on Monday Bush showed that he, too, is eager to discuss those topics — framing them as winners for Republican candidates in November, even if polls show voters disagreeing now.

He did so during his third extended question-and-answer session with reporters in as many weeks, underscoring GOP strategists' hopes that even a president plagued by low approval ratings can turn the bully pulpit of his office into an advantage by filling the airwaves with a message designed to help the party's candidates.

On each topic, Bush acknowledged public anxiety. But he defended his record and, particularly on national security, accused Democrats of weakness.

"I will never question the patriotism of somebody who disagrees with me," Bush said. "This has nothing to do with patriotism. It has everything to do with understanding the world in which we live."

He went out of his way to invoke one of the Democrats' favorite topics — the National Security Agency's warrantless domestic surveillance of terrorism suspects, which a federal judge ruled unconstitutional last week — as a way to ridicule his political opponents while tying Iraq to his broader foreign policy of targeting terrorists.

"Those who heralded the decision not to give law enforcement the tools necessary to protect the American people simply don't see the world the way we do," he said.

Monday's hourlong news conference, held in a temporary briefing room across Pennsylvania Avenue from the White House, was the latest in Bush's efforts to reassure voters who have grown increasingly wary of his leadership on foreign and domestic fronts.

While Bush has often been accused of avoiding critical questioners, the appearance suggested that he is settling into a pattern of regular, wide-ranging interactions with reporters in which he can appear confident and presidential.

"Look, I understand gas prices are like a hidden tax," Bush said when asked how fuel prices might affect the GOP's tenuous grip on its House and Senate majorities. "Not a hidden tax, it's a tax — it's taking money out of people's pockets. I know that."

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Asked about the slow pace of recovery in New Orleans and other Gulf Coast communities devastated a year ago by Hurricane Katrina, Bush promised that millions of dollars in housing grants were on the way and he defended the federal commitment of more than $100 billion overall.

Democrats have pointed to the response to Katrina as evidence of administration incompetence and insensitivity to African Americans, while some conservatives have balked at Bush's promises to spend billions on recovery.

Still, today's session was dominated by discussion of the Middle East, including the situation in Iraq and the tepid cease-fire between Israel and the Shiite militia Hezbollah.

Bush called for the disarming of Hezbollah, which from bases in southern Lebanon launched hundreds of rockets at northern Israel over a four-week period before the cease-fire took effect last week.

But with the group receiving help from Iran and Syria and the Lebanese government lacking the political and military power to intervene, Bush conceded that the process might be long and difficult. And he acknowledged the need for further negotiations before France and other members of a proposed international force are willing to play their role.

"First things first," he said, "is to get the rules of engagement clear, so that the force will be robust to help the Lebanese."

On Iraq, Bush said that the outcome of the war and the extent to which the United States remains engaged are central not just to the future of Iraq, but to America's security as well.

"The question facing this country is, will — do we, one, understand the threat to America?" Bush asked. "In other words, do we understand that a failed — failed states in the Middle East are a direct threat to our country's security?

"And secondly, will we continue to stay engaged in helping reformers, in working to advance liberty, to defeat an ideology that doesn't believe in freedom?" he added. "And my answer is, so long as I'm the president, we will."

Even as he attempted to link Iraq to broader questions of fighting terrorism, Bush offered one of his bluntest concessions to date that Iraqi dictator Saddam Hussein, deposed in the U.S. invasion, had no role in the Sept. 11 terrorist attacks.

Even though Bush and other administration officials argued frequently before the 2003 invasion that Iraq had forged ties with Al Qaeda and had been seeking to build a nuclear weapon, and despite polls indicating that many Americans believe Hussein had a role, Bush summed up Iraq's involvement Monday with one word: "Nothing."

"Nobody has ever suggested that the attacks of September the 11th were ordered by Iraq," Bush said. "I have suggested, however, that resentment and the lack of hope create the breeding grounds for terrorists who are willing to use suiciders to kill to achieve an objective."

Bush's comments came as Democrats, long hesitant to engage the White House on national security, have decided to go toe to toe with Bush on the issue, charging that the costly Iraq war — an estimated $308.6 billion so far — has wasted money that could have been spent on domestic programs and distracted attention from the hunt for Osama bin Laden and other Al Qaeda leaders who plotted the attacks on the United States.

Senate Minority Leader Harry Reid (D-Nev.) responded to Bush's comments today by calling his strategy in Iraq a "failure."

"Far from spreading freedom and democracy in the Middle East, the Bush administration has watched while extremists grow stronger, Iran goes nuclear, Iraq falls into civil war, and oil and gas prices skyrocket," Reid said in a statement. "Simply staying the course is unacceptable. We need a new direction in the Middle East, especially in Iraq, where the president's failed policies have made America less safe."

Bush appeared lighthearted and relaxed during his news conference, teasing reporters about their "fancy" temporary quarters and pledging that the press corps would return to the West Wing when renovations of the press area are completed. The precise return date is unclear, and some journalists are concerned that White House officials have conspired to move the press farther away for good.

"I'm looking forward to hugging you when you come back, everybody," Bush said, then paused and asked: "When are you coming back?"

"You tell us," one reporter replied.

President On Another Planet (WP)

By Eugene Robinson

The Washington Post, August 22, 2006

For a moment there, I was almost encouraged. George W. Bush, the most resolutely incurious and inflexible of presidents, was reported last week to have been surprised at seeing Iraqi citizens -- who ought to be grateful beneficiaries of the American occupation, I mean "liberation" -- demonstrating in support of Hezbollah and against Israel.

Surprise would be a start, since it would mean the Decider was admitting novel facts to his settled base of knowledge and reacting to them. Alas, it seems the door to the presidential mind is still locked tight. "I don't remember being surprised," he said at his news conference yesterday. "I'm not sure what they mean by that."

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I'm guessing "they" might mean that when you try to impose your simplistic, black-and-white template on a kaleidoscopic world, and you end up setting the Middle East on fire, either you're surprised or you're not paying attention. But that's just me.

As for George Bush, what on earth is on his mind?

Even conservatives have begun openly assessing the president's intellect, especially its impermeability to new information. Cable television pundit Joe Scarborough, a former Republican congressman, devoted a segment of his MSNBC show to "George Bush's mental weakness," with a legend at the bottom of the screen that impertinently asked: "IS BUSH AN 'IDIOT'?"

It's tempting to go there, but I'm not sure we'd get very far. While we have the president on the couch, I'm more interested in trying to understand his emotional response -- or lack of response -- to the chaos he has spawned.

According to the Iraqi government, 3,438 civilians were killed in July, making it the bloodiest month since the invasion. The president was asked yesterday whether the failure of the U.S.-backed "unity" government to stem the orgy of sectarian carnage disappoints him, and he said that no, it didn't. How, I wonder, is that possible? Does he believe it would be a sign of weakness to admit that the flowering of democracy in Iraq isn't going exactly as planned? Does he believe saying everything's just fine will make it so? Is he in denial? Or do 3,438 deaths really just roll off his back after he's had his workout and a nice bike ride?

"I hear a lot of talk about civil war" in Iraq, he allowed -- much of it apparently from his own generals, who have been increasingly bold in using the once-forbidden phrase -- but all that talk doesn't seem to penetrate very far. To the president, is all the bad news from Iraq just "talk" without objective reality?

Here's another line from the president's news conference: "What's very interesting about the violence in Lebanon and the violence in Iraq and the violence in Gaza is this: These are all groups of terrorists who are trying to stop the advance of democracy."

Now, whatever you think about George Bush's intellect, he knows full well that the Hamas government in Gaza was democratically elected. He also knows full well that Hezbollah participates in the democratically elected government of Lebanon, or what's left of Lebanon. And so he has to know full well that U.S.-backed Israeli assaults on Gaza and Lebanon -- even if you believe they were justified -- had the impact of crippling, if not crushing, two nascent democracies of the kind the Bush administration wants to cultivate throughout the Middle East.

He also knows that the Iraqi government has real sovereignty over only the Green Zone in Baghdad -- a fortress made secure by the presence of U.S. troops -- and assorted other enclaves where American and British troops enforce the peace. He has heard the leader of that nominal government praise Hezbollah and denounce Israel.

So when the president lauds democracy as the magic elixir that will cure the scourge of terrorism, is he really putting faith in his favorite mantra rather than his lying eyes? Is his view of the world so unchangeable that he dismisses actual events the way he dismisses mere "talk"?

Or is he just trying to hold on until January 2009, when all this will become somebody else's problem?

In his news conference, the Decider did make a couple of nods to objective reality. He admitted in plain language that Iraq had nothing to do with the Sept. 11 attacks and possessed no weapons of mass destruction -- in other words, that his rationale for this elective, preemptive war had no substance. And he acknowledged a certain occasional exasperation.

"Frustrated? Sometimes I'm frustrated. Rarely surprised," the president said. "Sometimes I'm happy. This is -- but war is not a time of joy. These aren't joyous times."

No, they're not.

Finish What Job? (LAT)

The Los Angeles Times, August 22, 2006

PRESIDENT BUSH EMPHASIZED no fewer than 10 times in his news conference Monday that U.S. forces would not leave Iraq "before the job is done." It's a clever piece of rhetoric, appealing to Americans' sense of duty as well as their pride. Just one question: What was that job again?

Is it to end the sectarian violence in Iraq? Prevent terrorists from flocking to the United States? Bring democracy to Iraq and thus provide a beacon for reformers throughout the Middle East?

All of the above, apparently — and then some. Previous rationales, such as locating Saddam Hussein's weapons of mass destruction and avenging 9/11, are no longer convincing even to the president (which should give pause to those few still clinging to them, including some members of Congress). But on Monday, Bush had others at the ready.

At times, the loudest noise at his news conference was the sound of mission creep. In June, Bush conceded that a democratic Iraq will at some point have to stand or fall on its own. ("Success in Iraq," he said, "depends upon the Iraqis.") On Monday, however, Bush said U.S. forces would remain until the Iraqi people "achieve their objectives and their dreams, which is a democratic society." Success may depend on the Iraqis, but it is defined by the Americans.

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And the justification for continued U.S. involvement isn't just nation building. Success in Iraq, Bush declared, is central not only to the war on terrorism but to the grandiose strategy of fostering democracy in the Middle East and protecting the flow of oil. "A failed Iraq would make America less secure," Bush said. "A failed Iraq in the heart of the Middle East will provide safe haven for terrorists and extremists. It will embolden those who are trying to thwart the ambitions of reformers. In this case, it would give the terrorists and extremists an additional tool besides safe haven, and that is revenues from oil sales."

This debate is not, as the president would like it to be, over whether one supports or opposes "a failed Iraq." Of course no one wants a failed Iraq — just as no one wants a failed Somalia or a failed Haiti.

Yet the U.S. has finite resources, and whatever effect they have in Iraq is blunted by the growing civil war there. The U.S. mission has a patchwork of goals — supporting democrats, providing transitional security and, above all, making it less likely that Iraq becomes an exporter of terror. Some goals are short term, others not; some are complementary, others in conflict; some may suggest a reduction in U.S. military involvement, others an increase.

In tying together several U.S. objectives in one vital "job," Bush is trying to make it harder for critics of an open-ended U.S. commitment to question any particular goal. The debate that needs to take place is about which, if any, of those objectives can justify the president's ominously open-ended commitment.

The Wagging Of The 'Civil' Tongues (WP)

By Dana Milbank

The Washington Post, August 22, 2006

It's official: The Iraq Civil War has begun -- not necessarily in Iraq, but in Washington, where an all-out fight has broken out over whether what is happening on the Tigris can be called a civil war.

"You know, I hear a lot of talk about civil war," President Bush said at the top of a news conference yesterday. "I'm concerned about that, of course."

But not that concerned. An unusually gloomy Bush admitted with Carter-esque candor that he has been "frustrated" and that Iraq is "straining the psyche of our country." Civil war, however, was not part of his confession. "The security forces remain united behind the government," he said.

Two hours later, former ambassador Peter Galbraith presented a rather different view to the Middle East Institute in Dupont Circle. "There is a civil war, and it is a lot like Lebanon in the '70s and '80s," he declared. "The United States basically has a choice: Either we use our forces to stop the civil war, or we withdraw."

The uninitiated might wonder about the point of such a dispute. With 3,500 civilians killed in Iraq last month, you could call it a ham sandwich and the scene would be no less gruesome. But don't tell that to policymakers here.

Gen. John Abizaid, the top U.S. commander for the region, started the name game earlier this month, when he told a Senate committee that "it is possible that Iraq could move toward civil war."

About the same time, William Patey, the departing British ambassador to Iraq, cautioned that "a low-intensity civil war and a de facto division of Iraq is probably more likely at this stage than a successful and substantial transition to a stable democracy."

That's all Sen. Christopher Dodd (D-Conn.) needed to hear. "This is a civil war," he declared.

Facing a linguistic insurrection, the administration rallied its semantic defenses. "They have sectarian differences, and some of those are violent," Secretary of State Condoleezza Rice said. "It's not civil war."

Defense Secretary Donald Rumsfeld argued that Iraq would not have civil war until the Confederates attack Fort Sumter. "It seems to me that it is not a classic civil war at this stage," Professor Rumsfeld argued. "It certainly isn't like our civil war."

And White House press secretary Tony Snow was categorical. "There is not a civil war going on," he said last week.

But the label would not go away. "We in fact are in probably a low-grade, maybe a very defined civil war," Sen. Chuck Hagel (R-Neb.) proposed over the weekend.

Into this rhetorical minefield stepped an anxious Bush yesterday morning. "These aren't joyous times," he acknowledged as he probed the nation's strained psyche. He started with an opening statement about Lebanese reconstruction, but the Associated Press's Terry Hunt yanked him right into Iraq, reminding him about "the highest civilian monthly toll since the war began."

Hunt said nothing about civil war, but Bush raised the subject himself. "I've talked to a lot of people about it, and what I've found from my talks are that the Iraqis want a unified country," he reported.

ABC News's Martha Raddatz was not satisfied. "The violence has gotten worse in certain areas," she reminded him. "Is it not time for a new strategy?"

Bush acted as if Raddatz were Cindy Sheehan. "We're not leaving, so long as I'm the president," he vowed. "That would be a huge mistake. It would send an unbelievably terrible signal to reformers across the region. It would say we've abandoned our

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desire to change the conditions that create terror. It would give the terrorists a safe haven from which to launch attacks. It would embolden Iran. It would embolden extremists."

"Sir," Raddatz pointed out, "that's not really the question."

Bush shook his head in disbelief. "Sounded like the question to me," he said.

The president reached for the playful banter that served him well in past dealings with the press. Three times he paused to call attention to the seersucker suit on Cox News correspondent Ken Herman. "Just ridiculous-looking," the president teased.

But reporters were stuck in the humorless rut of internecine war. "It seems that al-Qaeda and foreign fighters are much less of a problem," said NBC's Kelly O'Donnell, "and that it really is Iraqi versus Iraqi."

Bush didn't like that formulation. "I would surmise that some of the more spectacular bombings are done by al-Qaeda suiciders," he said, only then adding: "No question there's sectarian violence as well."

No question. Things are so nasty in Baghdad that the Kurds have started a marketing campaign borrowing from the pork industry, calling their land "The Other Iraq." And at the nonpartisan Middle East Institute yesterday, the session's title presumed that the debate about Iraq's status was over: "Exit Strategies in a Civil War."

"You have a government that isn't a government, a nation that isn't a nation," said Galbraith, Clinton administration ambassador to Croatia. His answer: withdrawal.

"If we do what I recommend, there will be horrific sectarian cleansing in the mixed areas, particularly in Baghdad, and civil war," he said. "If we stay the course, there will be horrific sectarian cleansing in Baghdad, and civil war."

No wonder Bush preferred to talk about seersucker.

Prosecutors Detail Atrocities In Hussein's Trial (NYT)

By Edward Wong

The New York Times, August 22, 2006

SULAIMANIYA, Iraq, Aug. 21 — At the start of his trial on the charge of genocide, Saddam Hussein insisted once more on Monday that he was still the president of Iraq, and he refused to enter a plea on accusations that he ordered massacres, deportations and chemical attacks to annihilate the country's Kurdish minority.

For most of the five-hour session, Mr. Hussein sat stone-faced in a courtroom in the fortified Green Zone of Baghdad, listening to prosecutors give a detailed account of how he and six co-defendants embarked on an eight-stage military campaign in 1988 to eliminate the Kurds from swaths of their mountainous homeland in northern Iraq.

Prosecutors said the campaign, called Anfal after a Koranic phrase that means "the spoils of war," killed at least 50,000 Kurds and resulted in the destruction of 2,000 villages.

More than an hour into the session, they presented grim photographs of mass grave sites, including one showing the body of a young girl, and cited an order from one of Mr. Hussein's top aides telling military commanders to rid villages of "human or even animal presence."

Those efficient and emotional arguments were in marked contrast to the prosecution's performance at the start of Mr. Hussein's first trial last October, when the chief prosecutor, Jaafar al-Mousawi, delivered a rambling diatribe and was eventually forced to stop by the chief judge.

This trial was televised across the Middle East on satellite networks. Here in the heart of Iraqi Kurdistan, people sat fixed on screens in cafes, homes and offices, watching as the former dictator and some of his most powerful aides faced questions and accusations from black-robed judges.

Survivors of the Anfal campaign organized rallies in several villages. Government offices called for five minutes of silence for the victims before the trial began.

This session was the first time that Mr. Hussein and his aides have stood trial for the killings, which have become a lasting legacy of his rule and which President Bush has cited as one of several rationales for the American-led invasion of Iraq.

Mr. Hussein marched into the wood-railed defendants' pen at 11:45 a.m. wearing a charcoal suit and white shirt, his customary attire for court. His gray beard appeared neatly trimmed, and he clutched a Koran in one hand. Later, as two prosecutors presented the case, he watched with raised eyebrows, an index finger occasionally perched on his lip. He scribbled on a notepad. He did not smile.

At the start of the trial, the chief judge, Abdullah al-Amiri, who had also served as a judge in Mr. Hussein's government, asked each defendant to state his name, occupation and place of residence.

"I won't give you my name because all the Iraqis know my name," Mr. Hussein said in a gravelly voice.

The judge held up a book of regulations. "Do you respect this law?"

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"You're sitting there in the name of the occupation and not the name of Iraq," Mr. Hussein said. Eventually, Mr. Hussein did give his name and called himself "the president of the republic of Iraq and commander in chief of the heroic Iraqi armed forces." He referred to those forces as holy warriors, an apparent reference to the ongoing insurgency.

Judge Amiri entered a plea of not guilty for Mr. Hussein and one other defendant who also refused to enter a plea. The other defendants, accused of crimes against humanity, pleaded not guilty. Like Mr. Hussein, they generally sat in silence during the session, sometimes jotting notes.

Sitting in a white robe at the rear of the defendants' pen was Ali Hassan al-Majid, perhaps Mr. Hussein's most feared aide, known as Chemical Ali because of the weapons he is said to have unleashed. Mr. Hussein and Mr. Majid, commander of the north at the time of Anfal, are each charged with genocide for trying to annihilate the Kurds, who make up a fifth of Iraq's population.

The prosecutors said the campaign, which began in February 1988 and lasted eight months, was carried out through helicopter and artillery strikes, imprisonment of Kurds in camps and the razing of villages and farmland. Soldiers raped women and separated children from their mothers, they said.

"The only reason Anfal was committed against the Kurds was just because they were Kurds, and it's time for the international community to admit the scale of Anfal," said Munqith Al Faroon, the second prosecutor. Kurds were buried in mass graves in the southern desert near Samawa and by the northern town of Hatra, the prosecutors said. They showed the court a photo taken of a grave site, using a pen to point to a decayed body with tattered strips of clothing.

The genocide charges against Mr. Hussein and Mr. Majid will be difficult to prove, legal experts say. The prosecutors must establish that the two men had command responsibility for the Anfal campaign and wanted to eliminate the Kurds because of their ethnicity. The prosecutors said in court that they had more than 9,000 pages of documents to back up their arguments, as well as numerous witnesses.

The defense team did not directly address the Anfal charges. Mr. Hussein's chief lawyer, Khalil al-Dulaimi, challenged the legitimacy of the court, saying it had been created by the American occupation authority. He invoked the Geneva Conventions and said the very existence of the tribunal violated international law.

Mr. Hussein plunged into a tirade after a recess in the late afternoon, when Judge Amiri noted that Mr. Hussein looked anxious and allowed him to talk. Mr. Hussein leapt to his feet and jabbed a finger at the prosecutors, saying he had never allowed women to be raped.

"I can't sit down and remain silent when it's said that an Iraqi woman was raped," he said. "This couldn't happen while Saddam Hussein is alive."

Mr. Hussein's histrionics were a throwback to the first trial, in which he and seven co-defendants are charged with executing 148 men and boys from a Shiite village, Dujail. That trial has been marked by lengthy outbursts from Mr. Hussein and his half-brother, Barzan al-Tikriti. The five-judge panel is expected to deliver a verdict in mid-October.

Mr. Hussein faces the possibility of a death sentence in each case. A death sentence could be appealed to judges and would have to be approved by the Iraqi president, Jalal Talabani.

In a primary school in Sulaimaniya, the principal, Muhammad Bayer Arif, said it would be too easy for Mr. Hussein to be hanged or shot. "I want him to be kept in a cage where the families of those killed in Anfal can go see him, just like at a zoo," he said. "They can ask him, 'What do you think now that you're in this cage? Do you have any remorse now?' "

Saddam Rejects Court, Won't Plead On Genocide Charges (USAT/AP)

By Rawya Rageh

USA Today, August 22, 2006

BAGHDAD — Saddam Hussein refused to enter a plea on genocide charges and dismissed the court as illegitimate as his second trial began Monday.

Prosecutors said the case will expose the wide-scale killings of tens of thousands of Kurds nearly two decades ago. They showed the court photos of women and children found in mass graves left from a military assault called Operation Anfal in 1987-88.

A large map of northern Iraq in the courtroom was dotted with stickers showing villages allegedly hit with mustard gas and nerve agents. "It's time for humanity to know … the magnitude and scale of the crimes committed against the people of Kurdistan," lead prosecutor Munqith al-Faroon said in his opening statement.

The trial is the second for Saddam in connection with alleged atrocities during his regime, and it comes with the verdict still pending from the first — the killings of 148 Shiites in the town of Dujail in the 1980s after an assassination attempt against the dictator. Saddam could face execution by hanging if convicted in either case.

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The Dujail court is likely to pronounce its judgment Oct. 16. If Saddam is sentenced to death and the verdict stands up on appeal, Iraqi law provides for him to be taken off the second case for the sentence to be carried out, but Iraqi officials have not said how they would deal with the possibility.

On Monday, Saddam wore the black suit and white shirt he wore throughout the Dujail trial — and sat in the same courtroom in Baghdad. The rest of the principals were mostly different, including a new chief judge, Abdullah al-Amiri, 54, who was a judge under Saddam's regime for 25 years.

Saddam's six new co-defendants are almost all former military figures, in contrast to the seven former intelligence and Baath Party officials on trial with him in the Dujail case.

Saddam, 69, showed the same defiance to the tribunal that he displayed throughout the Dujail proceedings. Asked to give his name for the record, Saddam replied, “You know me” — then he denounced the court as following “the law of the occupation.” Finally, he identified himself as “the president of the republic and commander in chief of the armed forces,” insisting he is still Iraq's leader.

Asked for his plea on charges of genocide, crimes against humanity and war crimes, he said, “That would require volumes of books.” Al-Amiri ordered a plea of innocent entered.

As Genocide Trial Begins, Hussein Is Again Defiant (WP)

By Amit R. Paley

The Washington Post, August 22, 2006

BAGHDAD, Aug. 21 -- Saddam Hussein on Monday refused to enter a plea on charges of genocide and other crimes, as a court began hearing allegations that the former Iraqi leader tried to systematically annihilate the country's Kurdish population.

The 69-year-old former president slumped in his seat as prosecutors accused him of orchestrating the 1987-88 Anfal campaign against the Kurds, an operation that included the use of mustard gas and nerve agents to slaughter entire villages; concentration camps where women and children died after being stuffed 100 to a room; and mass graves dug so shallow that wild animals consumed the corpses. Prosecutors said the campaign claimed 182,000 victims.

In addition to the charges of genocide, Hussein faces charges of crimes against humanity and war crimes. The judge entered a plea of not guilty on his behalf.

Hussein faces other charges in a separate case involving the killings of 148 men and boys from the Shiite village of Dujail. But it is the charge of genocide in the Anfal case that has attracted the most rapt attention from Iraqis and international observers. Besides former Yugoslav leader Slobodan Milosevic, who died during his trial, Hussein is the only former head of state to be tried for genocide.

On Monday, prosecutors argued that Anfal, which in Arabic means "the spoils of war," meets the criteria for the charge because Hussein issued a memo ordering the execution, without trial, of all Kurds between the ages of 15 and 70 in their homeland in northern Iraq.

"The aim of all the memos and orders was to wipe out the Kurdish civilian population," said the chief prosecutor, Jaafar al-Mousawi. "All they were accused of was being part of the Kurdish nationality."

Hussein and his co-defendants in the trial -- six former top aides including Ali Hassan al-Majeed, known as "Chemical Ali" -- are expected to argue that they launched the eight-part military campaign because of Kurdish support for Iran, which had been warring against Iraq for most of the decade. The six co-defendants pleaded not guilty.

Legal experts say Hussein and Majeed, the two defendants charged with genocide, could be acquitted of that charge -- though not the other crimes -- by showing that their campaign also killed many Sunnis and Shiites, or by arguing that the campaign's only goal was to take control of the oil-rich swaths of land where the Kurds live.

"We were in a war with Iran, which was driving into the country with the cooperation of the Kurds," said defendant Husayn Rashid Mohammad al-Tikriti, 66, the deputy of operations for the Iraqi armed forces under Hussein. "I was a soldier and I took the oath of my country and defended my country as best I could."

If found guilty in either the Dujail case or the Anfal case, Hussein would face the death penalty, which means that the first tribunal could order his execution before the Anfal trial is completed. In that event, the charge against him would be dropped but the case would continue, according to a U.S. official close to the court.

Legal experts say it is notoriously difficult to prove genocide, which is defined as the systematic elimination of a group of people because of their religion, race, ethnicity or nationality. In addition to showing that crimes against humanity took place, prosecutors must also prove that a significant factor in those crimes was the group identity of the victims.

"Genocide being the crime of all crimes, if he is convicted of it, then it proves that he is one of the worst of the worst that mankind has ever seen," said Michael P. Scharf, a professor at Case Western Reserve University School of Law and an adviser

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to the Iraqi Special Tribunal. "But the risks are also high, because if he is acquitted, then people will say that he is just a minor thug."

The Anfal tribunal opened in the former headquarters of Hussein's Baath Party, in the Green Zone. The former president, in a black suit and white shirt with an open collar, was the first defendant to enter the room. Like all of the defendants, he sat in a wooden cage divided into three rows.

The last defendant to enter was Majeed, commander of northern Iraq during the time of the Anfal campaign, whose frail appearance belied his fearsome reputation. A stooped man with plum-sized bags under his eyes, he shuffled in slowly with the aid of a cane.

Hussein had far fewer outbursts Monday than in his first trial, when he hurled insults at the judges. At one point on Monday, he showed out-of-character deference after he attempted to interrupt the chief judge.

"Please don't interrupt," snapped the judge, Abdullah al-Amiri.

"Sorry, I thought you had finished," said Hussein, who then kept quiet.

But Hussein also exhibited his unruly side at times, especially at the beginning of the session. When asked to state his name, he refused.

"You know my name," Hussein retorted. "My name is well known to you."

"I must ask you your name," said Amiri, noting that the law required him to do so. He waved a book of regulations in the air. "Do you respect this law?"

Hussein sat stone-faced for a few moments before replying: "This is the law of the occupation." Eventually he stated his name and declared himself "president of the Republic of Iraq and commander in chief of the heroic Iraqi armed forces."

He became visibly angry only later in the session, when he vehemently denied that widespread rapes had taken place during Anfal. "How could it be that an Iraqi Kurdish woman was raped while Saddam Hussein was in power?" he asked.

Legal experts and U.S. officials expect Amiri, a 54-year-old Shiite with 25 years of experience as a judge, to exert greater discipline on the courtroom than in the first trial, which was widely seen as chaotic. "It was a mess," said Scharf, the law professor.

The judge was also unyielding in his enforcement of a law that prevents non-Iraqi lawyers from speaking in the court, even though it was allowed in the Dujail case. Two defense attorneys walked out of the court room in protest.

The chief prosecutor, Mousawi, said in an interview after court that the judge "had two characteristics: total calmness and strength. He was in total control for the entire session, over the lawyers and the witnesses."

Elsewhere in Iraq, the U.S. military announced the deaths of two Marines and a sailor during fighting Sunday in Anbar province, a western redoubt of the Sunni insurgency. The U.S. military also announced the death of a service member Monday in Baghdad when his vehicle was struck by a bomb. No details were available.

Interior Ministry officials said 20 people were killed Monday in incidents in and around Baghdad. And the casualty toll from attacks by Sunni insurgents on Shiite pilgrims marching Sunday in Baghdad increased to 25 dead and nearly 400 wounded, according to a Health Ministry spokesman.

At a meeting with reporters in Baghdad, a top U.S. military official said U.S.-led forces would turn over command of an entire Iraqi army division for the first time on Sept. 3. U.S. troops, though, will continue to handle logistics for the division, the Kut-based 8th, said the official, Brig. Gen. Dan Pittard, commander of the Iraqi Assistance Group, which advises Iraqi security forces.

Correspondents Ellen Knickmeyer and Sudarsan Raghavan in Baghdad, special correspondents Saad al-Izzi and Naseer Nouri in Baghdad and Saad Sarhan in Najaf, and other Washington Post staff contributed to this report.

The Prosecution Of Saddam Hussein, Part Two (LAT)

By Patrick J. Mcdonnell

The Los Angeles Times, August 22, 2006

BAGHDAD — Defiant and alert, Saddam Hussein bickered with the judge, challenged prosecutors and vented outrage Monday on the opening day of his second trial.

This time around, Hussein faces charges of genocide, war crimes and crimes against humanity linked to an Iraqi military campaign against rebellious Kurds almost two decades ago.

He is standing trial before the Iraqi Special Tribunal along with six former aides, the most notorious being his cousin Ali Hassan Majid, who earned the nickname Chemical Ali because of his purported sanctioning of the use of internationally banned chemical weapons.

Hussein and Majid could face the death penalty if convicted of being responsible for the slayings of as many as 100,000 Kurds during the 1988 Anfal campaign in Iraqi Kurdistan.

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Pleas of not guilty were entered for the seven defendants, who are expected to argue that the regime used appropriate force to put down pro-Iranian Kurdish rebels during a crucial stage of the bloody Iraq-Iran war.

Although seven years younger than the 69-year-old Hussein, Majid appeared frailer, trudging into court on cream-colored sandals and using a cane to steady himself. Majid donned a red-checked tribal head covering and Arab robe, while Hussein opted for a black suit and an open-necked white shirt.

Asked his name, Hussein's once-ferocious commander replied, "The fighting comrade Staff Maj. Gen. pilot Ali Hassan al Majid." He gave his occupation as "detainee."

Hussein often parried the judge's questions, refusing to respond when asked if he was innocent or guilty. "That would require volumes of books," Hussein finally said.

Hussein chided presiding Judge Abdullah Amiri for silencing two defense lawyers, an Egyptian and a Jordanian, because they were not Iraqi.

The former Iraqi leader never wavered during the almost five-hour court proceeding, occasionally taking a green-covered Koran in hand as he rose to challenge a point. He was seen to crack a smile only once: when Majid and another former regime official stood up in respect after Hussein returned from a short break.

"Sit down!" commanded the enraged Amiri, who frequently jousted with Hussein. "Sit down!"

At another point, the judge warned Hussein not to interrupt comments from the bench.

"I'm sorry," Hussein responded, with unusual deference. "I thought you had finished."

Hussein, sporting a close-trimmed salt-and-pepper beard, looked gaunt but appeared focused. He projected a sense of coiled power as he listened to the proceedings and frequently expressed indignation — especially at suggestions that his soldiers had raped Kurdish women during the Anfal campaign.

"To say a … woman was raped and Saddam is president, this is intolerable," said Hussein, wagging his fingers in disgust. "Whoever says this is my personal enemy…. Where is Saddam's honor?"

He recalled a purported incident in Kuwait after the Iraqi invasion of the oil-rich kingdom in 1990 when an Iraqi officer was found to have raped a woman. Hussein said the officer was court-martialed and, at Hussein's orders, hanged at the site of the alleged assault, and his body was left for several days as an example.

Hussein also disputed the prosecutor's interpretation of the word Anfal, said to mean "spoils of war." Hussein hinted at a more benign meaning, though he never spelled out an alternate definition.

The judge rejected a plea from Hussein and defense lawyers to throw out the charges because the tribunal had been formed during the U.S. occupation. A similar defense tactic failed in the first trial against Hussein.

Despite such tensions, the first day ran smoothly compared with the chaos that prevailed at Hussein's first trial. In that proceeding, he and seven codefendants were tried in the slayings of 148 Shiite Muslims after a 1982 assassination attempt on Hussein in the town of Dujayl. A verdict in that case is expected in October. Hussein faces the death penalty if convicted of the Dujayl charges.

U.S. and Iraqi officials are determined to avoid the delays and outbursts that led some independent observers to label the first trial a kangaroo court. Three defense lawyers were assassinated during the course of the trial.

Testimony is expected to last until December and feature many survivors of the alleged extermination campaign in Kurdistan.

"Humanity cannot believe what happened," said the lead prosecutor, Munqith Faroon. "Entire villages were razed to the ground…. It is as if genocide itself was not enough."

The prosecution displayed pictures of mass graves. One photo showed the remains of a young girl and a milk bottle, which she apparently took to her grave.

"It's time for humanity to know … the magnitude and scale of the crimes committed against the people of Kurdistan," Faroon said.

Prosecutors accused Hussein of using banned mustard gas and nerve agents during the campaign.

A courtroom wall featured a large map of Iraqi Kurdistan, with scores of red and orange dots. Officials said the orange dots indicated the thousands of villages allegedly destroyed during the Iraqi government's Anfal campaign; the red dots specified villages in which gas was allegedly used.

The Spoils (NYT)

The New York Times, August 22, 2006

Amid all of Iraq's present horrors, its past horrors must not be forgotten. This week, Saddam Hussein goes on trial for his campaign — known as Anfal, Arabic for "the spoils of war" — to exterminate Iraqi Kurds.

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Over six months in 1988, at least 50,000 Kurds were killed, many of them victims of the mustard and nerve gas rained down by Iraqi planes. Tens of thousands more were tortured or saw their villages turned to rubble, their fields and rivers and newborn infants poisoned by the chemical attacks.

Genocide, nothing less, was Mr. Hussein's goal. At the time, the world — including the United States — did little to stop it. Mr. Hussein was America's ally of convenience against Iran, and it was easier for the Reagan White House to look the other way.

President Bush has claimed the murderous campaign against the Kurds as one of his reasons for invading Iraq. With all the hype and hokum, it is easy to become cynical. But it would be yet another tragedy of this war if Americans came away believing that they have no responsibility and no means for stopping genocide.

That was not the lesson in Iraq in 1988. And it should not be the lesson today in Darfur.

The dangers will be even greater for Iraqis if they misinterpret what they learn about Anfal at Mr. Hussein's trial. Iraqi citizens need a full accounting and a full understanding of their past. But at a time when the country is teetering on the brink of a civil war, it must not be used as another argument for ethnic division and hate.

We fear that some Iraqi Kurds are already heralding the proceedings as a long-delayed chance for revenge as much as justice. Their political leaders should not use the trial to whip up even more arguments for separation.

Iraq's central government, which is dominated by two Shiite fundamentalist parties, is also fanning ethnic divisions rather than trying to unify the country. Like the Kurds, the Shiites were victims of horrifying crimes under Saddam Hussein.

But the cycle of killing and revenge will not be stopped by the new government's licensing Shiite ethnic militias to mete out vigilante justice. It can be stopped only by establishing impartial rule of law for all Iraqis.

One of the biggest tragedies of the Bush administration's gross mishandling of the occupation of Iraq — the lack of basic security and jobs, the shame and horror of Abu Ghraib, the thousands of civilian deaths — is that the rest of Iraq will likely not take the time to mourn the victims of Anfal.

Iraqis are too focused on surviving. They are too angry at Americans. And they are too suspicious of each other to consider whether they may also bear some responsibility for the past — or for ensuring that such horrors never happen again. Those, we fear, are the real spoils of the Iraq war.

Boozman Visits Iraq (TRECAK)

By Aaron Sadler

Times Record (Fort Smith, Arkansas), August 21, 2006

WASHINGTON — Rep. John Boozman was scheduled to return today from Iraq, where he met with the country's president and visited U.S. troops.

Boozman, R-Rogers, was joined by two other members of the House Veterans Affairs committee and VA Secretary Jim Nicholson for the trip to Kuwait, Baghdad and Landstuhl, Germany.

It was Boozman's fifth trip to the Middle East since the Iraq war began in 2003.

His last visit was just before Christmas last year.

"I am proud and honored to be able to give our soldiers a well-deserved pat on the back," Boozman said in a news release. "Their sacrifice, being here on the front lines, deserves our respect and praise."

Boozman spokesman Ryan James said the trip was arranged by the Veterans Affairs committee said the purpose of the trip was to inspect medical facilities.

The group on Thursday and Friday visited wounded troops at Landstuhl Regional Medical Center.

The delegation stopped at Camp Arifjan, Kuwait, on Tuesday before heading to Baghdad.

While in Iraq, Boozman and others met with Iraqi President Jalal Talibani and other Iraqi government leaders at Talibani's home.

They received an update on the war's progress from Gen. George Casey, the military commander in Iraq, James said.

In addition to Nicholson and Boozman, Rep. Stephen Buyer, R-Ind., and Rep. John Salazar, D-Colo., were on the trip.

Buyer is chairman of the veterans affairs committee.

Iraq Is Avoiding Civil War So Far, Boozman Says (ARDEMGAZ)

By Paul Barton

Arkansas Democrat-Gazette, August 22, 2006

WASHINGTON - Just back from his fifth visit to Iraq, Rep. John Boozman said Monday he didn't see that country slipping into civil war - at least not yet.

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"People over there don't feel like they are in all-out civil war," the Republican congressman from Arkansas' 3rd Congressional District said in a telephone interview.

Boozman traveled to Iraq last week with other members of the House Veterans Affairs Committee and Jim Nicholson, secretary of veterans affairs. He returned over the weekend.

The congressman spent one day in Kuwait, two days in Iraq and one day at Landstuhl Regional Medical Center in Germany, the largest American hospital overseas.

President Bush, in a news conference Monday, acknowledged the ongoing war was "straining the psyche of our country" but warned that abandoning Iraq would mean "we will have lost our soul as a nation."

Boozman said that instead of just talking about getting Iraqis to handle their own security, American officials were now getting them to do so. More than 269,000 Iraqis have been trained, he said.

"Nobody can do this but the Iraqis themselves," Boozman said.

Iraqi officials recognize they must secure their homeland and polls indicate Iraqi citizens want U.S. forces to leave, but not right away. Getting more and more Iraqis into the field, Boozman said, is what's going to bring Americans home more quickly. That job is being accomplished at a faster clip, he added.

One purpose of the trip, he said, was to reassure the troops that their country was behind them, despite news reports they may see about debate over Iraq. The attitude he observed among the troops continued to be "real positive," Boozman said, and he rejected suggestions that Iraq had become a quagmire for Americans.

"I don't see that," he said.

The Arkansas Republican said U.S. military officials were hesitant to set a timeline for leaving the country.

But, overall, Boozman said, "I feel like we very definitely have an exit strategy."

While he didn't see a civil war yet, Boozman acknowledged that insurgents were doing all they could to foment one in Iraq.

"I would argue the possibility exists that they will descend into civil war," he said.

Adding to problems is the large number of criminals roaming the streets of Iraqi cities, he said.

"They have a huge gang problem."

Numerous political problems remain as well, he said, adding that Iraqis must set up what is tantamount to a federal system.

How the oil wealth will be divided among the provinces is another major hurdle, Boozman said.

"They've got some real things to get settled."

What most Iraqis still want, he said, "is a strong country with minority rights protected."

Rep. Salazar Returns From Second Trip To Iraq (ROCK)

By M.E. Sprengelmeyer

Rocky Mountain News, August 21, 2006

Rep. John Salazar found some signs of hope on his second visit to Iraq last week, but he said the overall security situation is more dangerous than it was 18 months ago and that he sees "the beginnings of a civil war."

"We made some significant progress as far as training Iraqi troops so they can take care of their own destiny, but actually the violence has escalated," said Salazar, D-Manassa. "In that respect there's less optimism we're going to be able to bring our troops home earlier."

Salazar was part of a delegation organized by the House Veterans Affairs Committee, which is in charge of issues facing returning troops, such as health care and other benefits.

It was his second visit in the last year and a half. Over that span, there has been progress in the number of Iraqi military and police units certified to take over security roles. Still, violence once focused primarily on U.S. troops has shifted targets and intensified, Salazar said.

"The attacks now are not just focused on American soldiers. They're focused on one another," Salazar said, referring to Sunni Muslim and Shite Muslim factions. "I think we're in the beginnings of a civil war."

Despite the gloomy signs, Salazar echoed the theme of President Bush today at a televised press conference in Washington, D.C. Bush acknowledged the continuing violence, civilian casualties and how many Americans are "discouraged," but he said repeatedly that, "We're not going to leave before the mission is complete."

At one point, Bush said: "We're not leaving so long as I'm president," which signals U.S. troops could be in Iraq at least another 2 1/2 years.

Salazar said he still hopes there can be a gradual draw-down of troops more quickly. He said he had candid discussions with troops stationed in Iraq.

"They clearly understand the mission is not complete," he said. "They're asking America to be a little patient, and hopefully we can wind this up quickly.

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"The only thing we can really do in my opinion is continue training Iraqi forces, give them their own responsibility so they'll be responsible for their own country. I think troop withdrawals have to be based on conditions on the ground. And hopefully we can (improve) those conditions."

"Clearly, now is not the time to pull our troops," Salazar said. He said he did not know when that day would come, but added, "not until the Iraqi troops are totally in control of their destiny."

Salazar: Iraq Mission Not Complete (DENP)

By Anne C. Mulkern

Denver Post, August 21, 2006

Washington - Returning from a visit to Iraq, Rep. John Salazar today reiterated his belief that U.S. troop withdrawals should be based on conditions there and not on the calendar.

"Our troops are very committed. They are very proud of what they are doing," said Salazar, D-Manassa. "Everyone I talked to felt their mission was not complete."

Salazar traveled to Iraq, Kuwait and Germany last week along with other House members on the Veterans' Affairs Committee. Salazar's comments today came as President Bush spoke on the need to stay committed in Iraq.

Salazar, a military veteran, disagrees with many fellow Democrats - including his brother, Sen. Ken Salazar, D-Colo. - who are calling for a troop withdrawal timetable.

"This administration's Iraq policy has been an unmitigated disaster and has set us back in the war on terror," Sen. John Kerry, D-Mass., said in response to Bush's speech. "Our troops are stuck in a civil war. The violence is worse than ever."

John Salazar, who flew by helicopter into Fallujah to meet with troops, said he believes they want to stay until their work is done. He said he didn't get the sense that they are frustrated, and talked of wounded military members in hospitals who wanted to return to help their units.

But Salazar also conceded he has conflicting opinions about what the future holds for Iraq.

Reflecting on his previous trip to the

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country 18 months ago, "I am more optimistic in some respects that we are turning control over to the Iraqis," Salazar said, citing improved numbers of trained Iraqi security forces. "But at the same time I am not as optimistic when I see the sectarian violence that's breaking out."

Salazar met with Gen. George Casey, the top U.S. commander in Iraq, who repeated what he said the first week in August that the hope of troop reductions by year's end is diminishing, and that civil war is possible.

Salazar believes some of that violence will ease as American troops eventually pull out. "We're seen as occupiers," he said. "Once Iraqis are in control, I believe there'll be less violence."

Salazar said he wanted to find out more about what's needed to help veterans of the war. Many will need treatment for post traumatic stress disorder, he said.

And Congress, he added, needs to fight for more funding for that and the latest prosthetic technology, given the grievous injuries suffered by some fighters.

Salazar Says Iraqi Troops Key To U.S. Withdrawal (PUEB)

By Peter Roper

Pueblo (CO) Chieftain, August 22, 2006

Rep. John Salazar received a blunt reminder last week of the widespread violence in Iraq as he rode a helicopter from Baghdad into the battle-torn city of Fallujah in western Iraq.

"The machine gunner started firing at something on the ground, saying there had been rocket activity in the area," Salazar, D-Colo., said in an interview Monday. "I didn't see anything being fired at us, but the night before we got to Fallujah, two of our Marines had been killed in an ambush there, so it's still a very dangerous city."

Salazar, a member of the House Veterans Affairs Committee, made a four-day trip to Iraq last week with the panel's chairman, Rep. Steve Buyer, R-Ind., and VA Secretary Jim Nicholson.

It was Salazar's second trip to Iraq and after meeting with top U.S. and Iraqi officials, he came away with two strong impressions - that U.S. forces are having success in training Iraqi troops and police, but despite that, Iraq has become more dangerous as Sunnis and Shiites make war on each other.

July was the deadliest month of the fighting in Iraq, with 3,438 civilians killed in sectarian attacks.

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Salazar said U.S. officials - he met with the senior commander, Army Gen. George Casey - are frank in acknowledging that fighting between Sunnis and Shiites has grown in the past year and makes it unlikely that any withdrawal of U.S. troops is likely in the near future.

"Gen. Casey told me he wasn't optimistic as he was a year ago about our withdrawing troops anytime soon," the congressman said.

Salazar sounded much like President Bush at his news conference on Monday, saying that the situation on the ground ultimately will dictate when U.S. troops may leave.

"All we can do is try to turn the job of security over to Iraqis as soon as it's possible to do that, "he said.

Salazar said the group also met with Iraqi President Jalal Talibani and received much the same message.

"The State Department has done some polling in Iraq and their latest survey showed that 76 percent of Iraqis want the U.S. to leave, but only 46 percent want us to leave soon," he said.

The progress, Salazar said, is in the number of Iraqi soldiers now trained and the broader regions where they are taking responsibility for security. Iraqi units are now operating independently of U.S. forces in some areas, taking charge of more than 40 forward operating bases.

"There has been talk that no progress is being made in Iraq, but it seems the Iraqi army is taking more responsibility for the country," he said. "They are having 49 commercial flights a day into Baghdad's airport and that certainly wasn't the case when I was there 18 months ago."

After leaving Iraq, the congressional group stopped in Langstuhl, Germany, to see the U.S. military hospital there.

"The day we got there, they were bringing in 14 wounded soldiers and some had truly awful injuries," he said. "The care they received was impressive, but the reason those of us on the veterans committee made the trip is to see what these soldiers are going to need when they are transitioned into civilian life."

Salazar was unsuccessful last spring in trying to add $600 million to an emergency Pentagon spending bill that would pay for additional mental health services for returning Iraqi veterans.

By its own analysis, the Army said that 1 in 3 returning veterans was requesting mental health treatment and that burden likely would shift to the VA as personnel left the service.

Success Is Only Option For Iraq, Buyer Says (AP)

By Steve Herman

AP, August 21, 2006

INDIANAPOLIS - Rep. Steve Buyer, just back from a trip to Iraq, said Monday night the Iraqi people want the U.S.-led coalition to leave, but not until their country has been stabilized and made secure.

Buyer, an Indiana Republican who is chairman of the House Veterans Affairs Committee, and VA Secretary Jim Nicholson were among a U.S. delegation that met with Iraqi President Jalal Talabani and other government leaders in Baghdad.

Buyer and Reps. John Boozman, R-Ark., and John Salazar, D-Colo., also inspected medical facilities and treatment available to wounded American troops.

"I care for the consequences of war, in particular the health consequences," said Buyer, who was a military lawyer in the Persian Gulf during the first war with Iraq. "So going there in person and witnessing that and getting a sense and feel of America's contribution to care for our most precious asset was invaluable."

He told reporters at Indianapolis International Airport that the meeting with Talabani left him confident the Iraqis understand that "success is their only option" against terrorist violence.

"I could not help but sense the parallels they're experiencing with the parallels of the framers of our own government," Buyer said. "So the institutions, whether they are sectarian, or cultural, civil or religious, still want to hold their pockets of regional strength rather than compromising and giving any of that up to the Iraqi government themselves.

"The Iraqi people are a proud people," he continued. "They want the coalition forces to leave, I really believe that. But they also recognize that they need the security and the stability for the unity government to succeed."

Buyer said he met with Iraqi ministers of defense, the interior and security and that 60 percent of Baghdad is under Iraqi control.

"There will continue to be a handoff (of responsibility for security)," he said.

Buyer said many Americans serving in Iraq are "worried" about the defeat of Sen. Joe Lieberman in the Connecticut Democratic primary.

"I had quite a few of them ask me `What did that mean?'" Buyer said. "I told them that little pocket in the northeast doesn't speak for America."

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Colonel Walks Baghdad 'to Make People Believe' (USAT)

By Jim Michaels

USA Today, August 22, 2006

BAGHDAD — The Humvee has barely rolled to a stop, and Iraqi army Col. Talib Abdul Razzaq is already out of the vehicle.

He moves like a politician, stopping on the sidewalk to playfully cuff a young boy on the head and joke with a man selling shoes. He quizzes several people about violence and militias in the neighborhood. Most say the streets have been quiet.

"I'm trying to make people believe in the Iraqi army," Razzaq says at the next stop, where a sidewalk vendor gives him a complimentary sandwich from his cart. "They will feel more safe." Razzaq hands the sandwich to an aide and keeps moving.

Twice a day, Razzaq patrols the troubled neighborhoods in his battalion's sector of Baghdad. He's checking on his troops, who have set up checkpoints in the area. And he's listening to what merchants, local leaders and ordinary people have to say about security in their neighborhoods.

"I am an officer, but my job is like a tribal leader," says Razzaq, who in this polarized society refuses to say whether he is a Shiite Muslim or a Sunni.

The United States wants more commanders like Razzaq. Finding good leaders for the Iraqi forces has been tough. "Frankly, some of our guys will say it's still kind of the limiting factor," says Gen. George Casey, the top U.S. military commander in Iraq. "If you want to grow two more divisions, the real question is: Can you come up with two divisions' worth of good Iraqi leaders?"

President Bush has said the United States will be able to withdraw its forces when the Iraqi government and military can take over responsibility for the country's security. The U.S. military says it has trained and equipped 275,000 security forces: 115,000 in the military and 160,000 police officers.

Whether they will stand and fight, and whether they will win the respect of Iraqis, depends largely on the quality of the men who lead them.

"Equipment and arms are important, but they only go so far," says U.S. Army Lt. Col. John Nagl, an Iraq veteran who wrote a book on counterinsurgency warfare.

Iraq's army is being put to the test now in Baghdad. U.S. and Iraqi forces have launched a major offensive to pacify the capital. The U.S. military says securing Iraq's seat of government and biggest city is critical to stabilizing the rest of the country.

In the first phase of the operation, police and soldiers have flooded the streets and set up checkpoints throughout the city. More than 5,000 additional U.S. troops and 6,000 additional Iraqi security forces were ordered to move in to join the 52,000 Iraqi and U.S. troops already here. They face a mix of militias, insurgents and criminals who have shaken this sprawling city of 6 million. The forces will begin clearing neighborhoods block by block.

Razzaq's 1,000-man battalion — the 2nd Battalion, 2nd Brigade of the 6th Division — is responsible for a swath of central Baghdad, including Palestine Street, a main shopping thoroughfare, and Fadhl, an ancient neighborhood of narrow and noisy streets crowded with kebab stands and tea shops. The battalion's area includes a potentially volatile mix of Sunni and Shiites. Escalating violence between the sects has brought Iraq to the brink of civil war.

Razzaq's battalion is mostly Shiite. "Soldiers are always trying to find out what I am," he says, referring to whether he is Sunni or Shiite. "I won't tell them."

He says he uses diplomacy as often as combat to neutralize militias and insurgents in his sector. That's a departure from the military under Saddam Hussein, which preferred to rule through fear.

Razzaq says some Baghdad residents are taken aback when they see him walking the crowded streets and asking people how they are doing; they are surprised that a military officer would care what people think or would risk taking to the streets by foot, even if he is backed by armed soldiers.

A stocky man with a thick mustache and a quick smile, Razzaq strides through the streets without body armor. He wears a red beret and a freshly pressed camouflage uniform and travels with an entourage of more than a dozen soldiers. When he stops to talk, he often furrows his brow and leans in to listen to what people are saying.

At one street corner, he sits with a local leader who says one of his colleagues on the district council was assassinated that day. The local hospital has refused to release the body to the man's family. Razzaq says he will escort the family to the hospital. The next day, he sends a detachment from his unit to the hospital. The family retrieves the body.

When Sunnis and Shiites from two neighboring districts began fighting each other several months ago, Razzaq brought neighborhood leaders together and brokered a peace agreement.

"We were having lots of attacks here," Capt. Sean Troyer, 34, a U.S. adviser, says as he drives between the neighborhoods. "It's really calmed down recently."

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Violence hasn't been eliminated, and tensions endure. On a recent day, bombings in a neighborhood adjacent to the battalion's area killed 10 people. A flag belonging to the Mahdi Army, a Shiite militia loyal to radical cleric Muqtada al-Sadr, flies from an overpass as Razzaq walks by. Some young men glare at the commander's convoy of Humvees. Posters of al-Sadr are plastered on walls in Shiite neighborhoods. They are reminders that the area becomes a contested zone as soon as Iraqi soldiers leave the streets at dark.

Razzaq's battalion was given control of its own sector last year. That means the U.S. military considers the unit capable of functioning without American support. It was among the first Iraqi units to be declared independent. Five of the 10 Iraqi divisions deployed across the country now have assumed responsibility for areas, among them Tikrit, Saddam's hometown.

Even the independent units, however, have American advisers who live and work with them to try to improve their performance. “It's hard to hold this army to our standards,” Troyer says. “They still need a little push.” The Iraqi soldiers and officers sometimes are reluctant to engage the enemy, he says. “Typically, they don't initiate contact.”

One of the checkpoints that Razzaq's battalion mans was approached by militiamen a few weeks ago. The soldiers tried to talk with them at first and only started shooting when they came under fire. Eventually, the militia and soldiers stopped firing and “dispersed,” Troyer says. The Iraqi soldiers did not pursue the militiamen, allowing them to get away. “Sometimes they take the low-risk decision,” Troyer says.

When U.S. advisers accompanying the battalion came under fire recently, five militiamen were killed. There were no U.S. casualties.

Overall, casualties in the battalion have been low. A few soldiers have been injured in the past few months. None died in that time.

The 2nd Battalion, like many Iraqi army units, was formed by recruiting locals. The soldiers know the streets and neighborhoods they patrol. Their unwillingness to fight militiamen who may be cousins or friends, though, has raised concern among U.S. advisers. “It truly is a Catch-22,” says Lt. Col. Paul Finken, an adviser to the 2nd Brigade, the battalion's parent unit. “The good thing is they know the area,” he says. “But in some sense it does cause a problem. You're now putting tribal loyalties at odds with some military operations.”

There are worries that some of the soldiers may be moonlighting as militiamen, Troyer says. “I have heard it's worse in other battalions,” he says. “It's not as prevalent in this battalion.”

Also worrisome: meddling from superiors at Iraqi military headquarters and government officials who may have links to Shiite militias. A number of operations planned by the battalion have been scrubbed by more senior officers. Troyer says he suspects some may be protecting friends or certain neighborhoods. “It's frustrating when you get calls from one or two levels higher that say, ‘Do not search that home,' ” he says.

About 60% of the killings in Baghdad now are the work of Shiite death squads, Casey says. That puts the Shiite-dominated government in a sensitive spot. Some Shiite leaders are reluctant to confront Shiite militias, such as the Mahdi Army. Al-Sadr's political party has seats in the parliament and controls some ministries. The ruling Shiite alliance depends on the support of al-Sadr's party.

Lt. Qayis Morad, 31, a member of Razzaq's battalion, says some officers in the Iraqi army will hide information from U.S. forces to protect friends. “Some are working with the Sunnis. Some are working with Shiites. This battalion commander is different,” he says, referring to Razzaq. “He is working for nobody.”

Razzaq, 40, is a native of Diyala province, a mixed Sunni-Shiite area northeast of Baghdad. He graduated from a military academy in 1986 and entered the Iraqi army as an officer during the Iran-Iraq war, which raged from 1980 to 1988.

He says he was not destined for the top ranks of Saddam's military. A cousin had been executed by the regime, and Razzaq never joined the ruling Baath Party, an essential step to ensure promotion.

During the U.S.-led invasion in 2003, his infantry unit was in Kut, a town south of Baghdad. Razzaq says his unit melted away in the face of U.S. forces without firing a shot. “We didn't waste one bullet,” he says. “We just put on civilian clothes and left.”

The U.S.-led occupation government disbanded Saddam's army. “All of us were jobless,” Razzaq says. He started a private security company and later opened a car dealership, which he still owns. When the U.S.-led coalition announced plans to build a new army, he was among the first to join. He took command of the battalion last October.

Pay has helped attract men into the military. Colonels are paid about $900 a month. That compares with $50 under Saddam, according to Iraq's Defense Ministry. Entry-level soldiers now earn about $300 a month.

Razzaq grew up in a military culture in which officers followed orders and avoided decisions. “Even a hint of initiative could get a leader murdered,” says Thomas X. Hammes, a retired Marine Corps officer who wrote The Sling and the Stone: On War in the 21st Century. That creates a critical problem today because “initiative is essential in counterinsurgency operations.”

Finding officers able to break with that tradition has been difficult.

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The Iraqi army that the U.S. military hastily put together after the fall of Saddam in 2003 failed its first test.

When supporters of al-Sadr staged a rebellion in April 2004, large parts of Iraq's army collapsed. Soldiers deserted in droves.

A lack of competent leadership was a major cause of the failure. Morad, who has been with 2nd Battalion for three years, says the battalion commander at the time disappeared. He disguised himself as a farmer, dressed in a traditional dishdasha robe and fled in a truck with crates of tomatoes. The next commander wasn't much better, Morad says. He stayed in his office all day. "We only saw him when he went home."

After the 2004 rebellion by al-Sadr's supporters, the U.S. military took a more deliberate approach to rebuilding Iraq's military. U.S. advisers now are embedded with most Iraqi forces. "We are providing adviser teams to each unit to mentor and guide them," Hammes says.

Razzaq's soldiers say he has absorbed U.S. military values, including the importance of earning the trust of subordinates. The colonel, they say, will help a soldier get money to get married or pay for a funeral. "He's watching out for his troops," says Sgt. Firas Aburazaq, 25. "He fights alongside us. Just like a soldier."

Vital Commodity Energy Security Is Hostage To Supply Of Oil Professionals (WSJ)

By Chip Cummins

The Wall Street Journal, August 22, 2006

BAGHDAD, Iraq -- Mohammed al-Jibouri belongs to Iraq's premier business fraternity: the geologists, engineers and finance men who run the country's vast oil industry.

Through decades of war and trade sanctions, these professionals kept Iraq pumping. By last year, Mr. Jibouri, an oil economist, was a top contender to head the State Oil Marketing Organization, a powerful agency that sells Iraq's crude oil abroad.

But senior Iraqi oil men were getting caught up in bitter political feuds. Other senior oil men were being murdered by insurgents. One of Mr. Jibouri's aides was gunned down. So instead of lobbying for the important oil post, the 57-year-old industry veteran packed up late last year and moved to Jordan, joining a legion of elite technocrats fleeing the chaos.

Iraq, sitting atop the biggest conventional oil reserves after Saudi Arabia and Iran, is facing what may be the direst threat yet in its eight decades as a petroleum powerhouse: a brain drain. When the Saddam Hussein regime fell in 2003, a large cadre of oil professionals who had stayed on through Mr. Hussein's wars and purges were seen as the key to expanding Iraqi output. But the ranks of these technocrats are thinning rapidly.

Of the top 100 or so managers running the Iraqi oil ministry and its branches in 2003, about two-thirds are no longer at their jobs, according to current and former Iraqi officials and outside analysts. The ministry says it doesn't track this but it says about 100 officials and lower-level engineers and technicians have been murdered since the U.S.-led invasion, along with about 150 oil-field security guards. Among recent victims: the head of Iraq's domestic fuel-distribution company and a high-ranking colonel in the force that protects oil fields.

Political turmoil contributes to the heavy loss of talent. The oil ministry lost hundreds of managers when U.S. officials fired members of Mr. Hussein's Baath Party in 2003. Others later were caught up in serial political purges. Still others have taken leaves of absence or stay home because of the violence.

The petroleum exodus is of far-reaching importance as a blow to the fragile new Iraqi government the U.S. encourages. It also compounds another challenge that has increasingly dogged the world in the new century: the struggle to ensure stable supplies of energy.

That struggle faces many threats. Some fear that after decades of pumping, mankind has finally begun exhausting the earth's reserves of crude oil. Consumption is surging in China, India and oil-producing Mideast nations themselves. Some national oil companies -- which control as much as 90% of global reserves -- are unable or unwilling to fully exploit these riches because of rebel threats or political policy. The U.S. energy infrastructure is vulnerable, as exposed by last year's hurricanes and the pipeline corrosion that has crimped production in Alaska's North Slope.

But among the most immediate obstacles to energy security is a short supply of oil-field know-how. On this front, Iraq has been the hottest battlefield. The 2003 invasion stirred hopes in the Bush administration that ousting the Hussein regime would lead to fresh investment, a developing industry and new supplies. Instead, it set off one of the biggest disruptions in crude supplies in a quarter century, as calculated by the U.S. Department of Energy. Rebels and bandits keep at least 20% of potential Iraqi output shuttered, contributing to high energy prices.

To keep Iraqi oil flowing, American commanders are training thousands of Iraqis to guard the country's network of oil pipelines and fields. U.S. warships circle the country's Persian Gulf export terminals. The U.S. has also deployed soldiers and ships to protect some other vulnerable supply lines as well.

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But it will take more than arms to keep Iraq pumping. Retaining veteran oil men like Mr. Jibouri is a critical requirement to meeting the world's growing thirst for crude.

The entire global oil industry faces a manpower crunch. In the U.S. and Europe, when prices were low in past years, oil companies slashed recruitment and cut existing staff. Now there's a scramble to hire engineers. The problem is far worse in certain volatile regions, where politics and war have hollowed out the expertise of entire state industries and contributed to large production shortfalls. Some of these long-term supply outages have been so large that without them, world crude-oil prices would almost surely be lower than today's $70-a-barrel range.

One is Venezuela, where President Hugo Chávez fired 19,000 state oil-company employees during a strike in 2002 and 2003. Many technicians were replaced by inexperienced workers, delaying or botching projects. Venezuela hasn't returned to pre-strike production, depriving world markets of up to a million barrels a day, by some estimates.

Iran's production, too, remains depressed. Technocrats fled after the 1979 revolution and the subsequent eight-year war with Iraq. Some who stayed behind were sidelined by political ideologues. Iran's oil output, which had hit a peak of six million barrels a day before the turmoil, is still running two million barrels a day shy of that, and former Iranian officials say a major reason, among several, is the loss of talent.

"The industry became politicized, and the [top managers] were politicians who didn't have any technical knowledge," says Manouchehr Takin, who led exploration research for Iran's state oil company before leaving in 1982. Mr. Takin is now an oil analyst in London.

Nations that retain their oil-field talent tend to bounce back. Algeria's petroleum industry survived a bloody civil war in the 1990s, in part because local managers and expatriates worked deep in the desert, protected from attacks.

Iraq's talent vacuum is in many ways already much worse than those in Iran and Venezuela, with personnel losses paralyzing large chunks of the industry.

Work at Iraq's State Company for Oil Projects, which spearheads big oil-field construction efforts, recently dried up after a series of attacks and threats against executives. Kidnappers snatched Muthanna al-Badri, the director general, in June. He is still missing.

Mr. Badri's replacement resigned after being threatened. And that man's successor quit after being abducted and beaten for a night, according to current and former officials. Three other senior executives recently received threats and took leave, says an official still at the agency.

Efforts to restart Iraq's rich northern fields have been hobbled by the kidnapping last month of Adel Kazzaz, longtime head of state-owned North Oil Co. Iraq was pumping about 2.5 million barrels a day of crude oil before the 2003 invasion. Production remains about 500,000 barrels a day below that level, and outages in the north account for much of the drop. Mr. Kazzaz remains missing.

Political parties in Iraq have demanded patronage jobs in the oil ministry for their backers. According to U.S. and Iraqi officials, corruption and smuggling also plague the oil ministry and the several state-owned oil companies under its umbrella.

To be sure, many oil engineers are still in the country, and a few agencies have managed to hold on to top talent and achieve a measure of success. Veteran engineers in Iraq's southern fields are pumping about what they were before the U.S.-led invasion. In recent months, South Oil Co., the state-owned company that operates those fields, has managed to increase its oil production to two million barrels a day. That represents the bulk of Iraqi production, since the country's northern fields are still bottled up.

But there's been so much turnover at the oil-marketing agency Somo -- six different directors since the 2003 invasion -- that it now is believed to have just two or three executives fluent in English, the lingua franca of the global oil industry. Western buyers say the talent drain makes the agency less reliable. A meeting scheduled for Amman in May, during which buyers were looking forward to renewing six-month oil-purchase contracts and meeting the new faces at Somo, was abruptly canceled. The contracts were eventually renewed by fax.

Somo officials are making some simple goofs. An independent audit released this month found that the agency had undercharged a customer by about $4.8 million late last year because officials used the pricing formula for the wrong month on the invoice.

Also this month, Iraq's new oil minister suspended three Somo executives after accusing the agency of corruption. "Bad coins are starting to replace the good coins" throughout Iraq's oil sector, says Assem Jihad, a spokesman for the oil ministry in Baghdad.

Mr. Jibouri's tumultuous experiences in the Iraqi industry illustrate why it is struggling.

Mr. Jibouri hails from a prominent Sunni farming family near the city of Mosul in the north. After studying petroleum economics in Scotland, he returned to Iraq in the early 1980s and joined the oil-marketing agency. He was part of a team of 14

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who worked two shifts, fielding bids for Iraq's crude oil from Asian, European and American buyers by phone, fax and telex machine.

Eventually, he and other petroleum economists met monthly to debate global market trends, gauge thirst for Iraqi oil and establish prices for buyers. Although the broad price of oil is determined by global supply-and-demand forces, setting the exact price for a given shipment of a given grade of oil is a delicate process, a balance between getting the best price and keeping customers happy. "Pricing is key," says Dhiaa al-Bakkaa, a former Somo head, who worked with Mr. Jibouri. "If you're no good, you can leave hundreds of millions of dollars on the table." Mr. Jibouri developed into one of Iraq's top price-setting experts.

Like other technocrats, Mr. Jibouri also was swept up in the intrigue of the Hussein era. He joined the ruling Baath Party. Then Mr. Hussein's wars caught the oil industry in the crossfire. Iraq's 1980-88 war with Iran damaged Iraqi oil terminals and fields. Two years later, just as these facilities were getting back to normal, Mr. Hussein invaded Kuwait. The subsequent Gulf War and trade sanctions bottled up exports. Somo executives were barred from travel, and Mr. Jibouri quit the Baath Party, in what he says was a protest against the invasion of Kuwait.

Iraq kept the oil industry together, in part by cheating. Under the oil-for-food program that let Somo market some of Iraq's oil abroad, the regime imposed secret surcharges, and a state-sponsored smuggling operation spirited oil to neighboring countries. Mr. Jibouri says he and others disapproved, but followed orders.

When the Hussein regime fell in 2003, looters carted off every chair and desk from Somo's compound. Mr. Jibouri and a band of Somo colleagues regrouped. Oil-ministry officials put the word out that each state-controlled oil company should elect new leaders. American occupation officials ruled that Baath Party members couldn't keep ministry posts. Hundreds were forced to leave.

Mr. Jibouri was deemed free of Baathist taint and won the top job at Somo. American officials dropped off a stack of $100 bills for new office furniture. Within weeks, Mr. Jibouri had Somo selling oil again, checking tanker arrivals by satellite phone from the sun-baked roof of his Baghdad office where reception was best.

He also started emergency imports of refined products to stem shortages due to fighting. He managed to acquire gasoline for a lower price than Halliburton Co. did under a Pentagon contract -- a price gap that some in the U.S. Congress seized on in accusing Halliburton of profiteering, a charge the company denied.

But turmoil mounted at the oil-marketing agency. A U.S.-chosen interim government appointed as oil minister Ibrahim Bahr al-Uloum, an expatriate consultant and son of a prominent Shiite cleric. He purged several long-serving technocrats, and in late 2003 demoted Mr. Jibouri.

Mr. Jibouri told the Iraqi and international press that he had refused a demand from the new minister's political backers, including onetime Pentagon favorite Ahmed Chalabi, to steer oil contracts to certain traders. Mr. Chalabi's deputies denied making such a demand. A Chalabi-controlled newspaper accused Mr. Jibouri of corruption. No charges were ever brought, and Mr. Jibouri was later offered an advisory role at the ministry. Instead, he quit and started a consulting business in Baghdad and Amman.

In the summer of 2004, he returned when a fresh U.S.-brokered government named him Iraq's trade minister. But Mr. Jibouri says the graft he saw spreading through the bureaucracy around him gradually turned him off government work. "I was engulfed by corruption. The flood was stronger than me," he says.

After Iraq's first free elections last year, politicians sounded out Mr. Jibouri about staying on as trade minister or taking the top job again at Somo. But he says many of the top technicians he had worked with had left, and political appointees bloated the agency.

His other worry was violence. Last year, just before Mr. Jibouri stepped down as trade minister, gunmen killed one of his deputies, riddling the man's car with bullets as he drove to work.

A few months later, Mr. Jibouri packed up and moved his wife and three children to Amman. "I wanted to stay in Baghdad," Mr. Jibouri said on a recent afternoon over grilled fish at a new Amman restaurant serving Iraqi dishes and filled with exiles. "But it was impossible. If you are honest you will be killed."

Hostage: The Jill Carroll Story - Part 7 · False Hopes (CSM)

By Jill Carroll And Peter Grier

The Christian Science Monitor, August 22, 2006

It was late January the next time we moved. Hot and tired of traveling, I threw up all over myself. They didn't know that I'd always been prone to car sickness.

"Do you need a doctor? Are you sick? We can bring you a doctor," said Abu Rasha, my No. 2 captor, who was driving. Again and again, I saw that their beliefs would allow them to deprive me of my freedom and kill Alan, yet also lead them to express sincere concern over my health and well-being as their hostage.

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When we finally came to a stop I was led, stinking, into a new house - the sixth place I'd been, in the three weeks I'd been held. It wouldn't take much to prompt a move: a helicopter overhead, wild dogs barking at night, a US patrol in the vicinity. At the time, I thought the house was south of Baghdad. The US military now says it was near Abu Ghraib.

Once inside, they steered me directly into the bathroom, and I stripped off my soiled clothes.

The house was so new that the mujahideen were still building it around me. No family lived here. This was a house built by Abu Nour, my lead captor, solely for the use of the mujahideen. It was a meeting house, a bomb factory, and, for me, a jail.

In my head, I called it "the clubhouse."

Here there were no women and children to serve as buffers between me and my captors - or to witness my eventual fate.

I'd felt some measure of safety in the presence of the mujahideen families. That might have been an illusion. In any case, now it was gone.

As the weeks of my captivity accumulated, I felt physical and mental stress begin to mount.

The inactivity was claustrophobic. The psychological poking and prodding of my captors - who knew so little about Americans that they were shocked I wasn't blond - sometimes made me feel like an animal in a zoo.

Constant adrenaline crashed up against chronic fatigue. I'd lie down at night, and my eyes would feel swollen. I'd close my eyelids and it would seem as if they weren't big enough to go around my eyeballs.

Sometimes I would think about people back home and I would feel a little better. My grandparents are Catholic and they go to Mass every day. I would figure what time it was in the US and would think, "I bet they're praying for me right now. I bet they're saying, 'Let's pray for our granddaughter, Jill Carroll.' "

If it was early morning in America, I would imagine my mom, dad, and twin sister, Katie, waking up. If it was a little later I would think, "They're having their morning meeting at the Monitor. Maybe they're talking about me."

That was my only escape.

. . .

At first in the clubhouse, I was happy to sit alone in my bedroom and not be bothered.

Between moments of terror, throughout my captivity were long hours doing nothing. Here, I didn't want to look around the room too much, because I wanted to save the newness, and the interest of looking at new things as long as I could. After fear, boredom was my tormentor, my constant enemy.

I'd think, "I'm going to spend today looking at the heater. And then tomorrow, I'll sit in a different part of the room, and it'll look different." I'd stare at flies for hours.

It sounds crazy now, but then it seemed normal. If you looked at everything all at once, it became familiar and boring really fast.

I sang camp songs to myself, and songs that Mom used to sing to me. I spun fantasies of US marines rescuing me. I ruminated over old boyfriends and choices I'd made. I deeply questioned my decision to come to Iraq. I had devoted a year in Jordan to studying Arabic and working at an English-language newspaper, slowly learning my craft. For what? To spend my last days under the thumb of the bleepin' muj? If I ever got out, I decided I'd never leave the US again.

At night, I would think hard about Katie, sending her mental messages: 'I'm OK. Don't worry. Can you feel me, Katie?' In my head, I'd write letters to Dad, in North Carolina, telling him about my days. I'd imagine him hugging me and hugging me in the doorway, telling me everything was OK.

I spent a lot of time staring at my toes, and wondering if I was slowly going around the bend.

After several days at the clubhouse, the guards asked me if I wanted to watch them make dinner. Then they let me watch a little TV. Eventually, they let me pace the length of the house, about 15 steps, and help wash dishes and prepare meals. I was overjoyed with these activities after so many hours spent doing nothing.

Access to sunlight became the most important new benefit, though. It poured into the sparse sitting room where my guards slept and where we all ate.

I was desperate for light after painful days in dim rooms in the Abu Ghraib house with my now-departed female minder, Um Ali. I had been handed off to a different cell under Abu Nour, to a different set of guards.

One of the guards at this new house, who had himself spent time in prison, seemed to understand the way I felt. One morning before breakfast, he tied back the thin curtains.

"Sun," he said smiling and gesturing at the bright streams pouring in through the etched glass windows.

I sat on the ground in the sunbeam and closed my eyes. It penetrated my eyelids and warmed my face.

. . .

By this point, I had learned much about the way the mujahideen operated. To me, at least, some of their tactics were surprisingly clever.

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Take transportation. Men with beards, and cars with only one or two men, drew too much attention from patrols and at checkpoints. So they shaved their beards and drove around as families, kids and women included. They played Shiite music. As insurgents, they knew how to not look like an insurgent.

They have the home-field advantage. As Abu Nour, the leader, told me more than once: "I can go out, plant my bomb, and go back and have a homemade dinner with my wife. What are American soldiers going to do? They go back [to their base] and do not have good food or get to see their family."

Abu Nour ("Ink Eyes") began coming to see me almost every day. Clearly, he felt freer to visit the clubhouse than the other places I'd been held. It was during one of these visits that he'd mentioned Margaret Hassan, and I'd hysterically begged for the guards to use a gun to kill me, not a knife.

At the clubhouse, he also appeared eager to have me "interview" him. He seemed to have begun to view me as a messenger - an idea I had been pushing, hoping it would give them a reason to set me free.

My hands always shook when I did these "interviews." Like all interactions with my captors, they felt like mine fields, or chess games.

Among other things, Abu Nour said that some people joined the mujahideen because they were angry about the treatment of prisoners in Abu Ghraib prison or raids on their homes at night. Many enlisted following a battle they considered a great victory - the April 2004 fight for Fallujah, a city west of Baghdad in the Anbar Province.

Abu Nour added that too many of these new recruits had impure motives. That, he said, is why they lost Fallujah to US forces in November 2004.

"A good mujahid enters the war so [that] if he dies he goes to heaven," Abu Nour insisted.

Secular insurgents were useful allies, but wouldn't be allowed to take part in the Iraqi government after the mujahideen's final victory, he said. Sunni politicians participating in the current US-backed government were traitors to Islam and should be killed.

My captors would laugh, for example, when Adnan al-Dulaimi would appear on TV - either when he was pleading for my release or as part of a group of politicians trying to form a new government. I had gone to interview Mr. Dulaimi when they seized me in front of his political headquarters in Baghdad.

[In a press conference on Jan. 20, Dulaimi said: "By kidnapping her, you are insulting me. You're insulting the work that I've been doing for Iraq.... release her...." Nine days later he issued another tearful public appeal for Jill's release, which was featured in the Monitor's Iraqi media campaign in February and March.]

"Look, Jill. Ha, ha. There's your 'friend' Dulaimi," they scoffed each time he appeared. "Oh, please, please free Jill! Ha, ha, ha, ha." They mocked him.

Within minutes of my capture, I had suspected Dulaimi, the head of the Iraqi Accordance Front, a Sunni political party. The kidnappers were waiting for us when we left his office. They must have known about my appointment ahead of time.

During one of these talks at the "clubhouse," Abu Nour said that Dulaimi had been to see him that week. Dulaimi had begged Ink Eyes to let me go. Later, the guards told me that Dulaimi had been back again. Dulaimi said, "Please, please let her go. The [US] soldiers are threatening to arrest my sons. Tell me where Jill is. Let her go."

My captors were angry about being labeled "terrorists." But the deaths of innocent people caused by their activities - such as the murder of my interpreter, Alan Enwiya - didn't taint the purity of their jihad.

"Sometimes when we try to hit the American soldier or Iraqi soldier, sometimes we kill women and children in this operation," said Abu Nour at one point. "We don't want to ..., but this is war."

Periodically, Abu Nour would tell me people were calling for my release. He would never say whether this was good or bad.

Throughout my ordeal, my captors would make oblique references to what I later discovered were organized appeals on my behalf. For example, Abu Nour wanted to know if I knew the leader of Hamas, the Palestinian militant group. I thought it was another test of my character. Later, I learned Hamas had issued a statement condemning the kidnapping of civilians.

When my father and mother made their first televised statements, Abu Rasha said, "Your father and mother say, 'Hello' to you."

"Very good man, good man, your father," he said.

It was clear that whatever my parents had said on TV had made a good impression.

One day Abu Nour arrived, and said that five women detainees had been released. This was important, and good news, he said.

"This is Step 1," he said. "Now we have to go to Step 2."

He wanted me to make another video, and ask for the release of all Iraqi women prisoners.

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I was crushed. Another video meant days or weeks of waiting for it to air, then waiting for a reply. The black-eyed leader - someone who I thought never saw me as a person, despite the chocolates he brought from Baghdad - now thought he had something really valuable. The last thing they were going to do was let me go.

It wasn't until later that I figured the release of the five women had helped by making it harder to justify killing me.

***

Five Iraqi female detainees were released on Jan. 26, along with some 450 male prisoners. While US officials denied this was in response to Jill's captors' demands, her family saw it as a hopeful sign.

But four days later, Jill's twin sister, Katie, got a disturbing call from Amelia Newcomb, deputy foreign editor, who served as the Monitor's liaison to the family. The kidnappers had released another video, said Newcomb; and on this one Jill was crying.

Immediately Katie assumed the worst - that this was evidence her sister was being mistreated. She snapped on her television, and, indeed, saw a picture of a sobbing Jill. And in an instant, she felt much better.

Jill was faking, Katie thought.

She knew her sister. She knew that when Jill really cried it was like the Nile at the crest of a flood. The tears would come so hard, Jill wouldn't even be able to see, if she didn't wipe them away.

But this was different. This was ... restrained. Maybe the kidnappers were coaching Jill. Maybe she wasn't being physically mistreated.

Katie wasn't the only family member to take heart from the ostensibly disturbing video. Mary Beth Carroll didn't think her daughter was crying, either. Clearly, Jill was being fed - her cheeks weren't sunken - and she was dressed in a neat hijab, which seemed in some manner a token of respect.

Nine days later, a third video of Jill appeared on a Kuwaiti television station. This time, for the first time, her voice could be heard. "I am with the mujahideen," she said. "I sent you a letter written by my hand, but you wanted more evidence, so we are sending you this letter now to prove I am with the mujahideen."

On Feb. 10, a day later, the owner of the Kuwaiti television station said that sources close to the kidnappers had told him there was a Feb. 26 deadline. Two whole weeks! The US had that long to release all Iraqi women from its prisons, or else. To Mary Beth, that meant Jill's safety was guaranteed for the next 16 days.

The day after the video came out, Mary Beth woke up in a good mood. After the daily worries she and the rest of the family had experienced, this was almost like being on vacation, she thought.

- P.G.

Next part: The new enemy

Did A Sunni Politician Set Jill Carroll Up - Or Pay $1.5 Million To Free Her? (CSM)

By Scott Peterson

The Christian Science Monitor, August 22, 2006

BAGHDAD

Jill Carroll says her kidnapping was set up by Adnan al-Dulaimi or someone in his Baghdad office. Mr. Dulaimi met with her chief captor at least twice during her captivity, and the Sunni politician pleaded for Ms. Carroll's freedom, according to her captors.

"Dulaimi himself personally knew Abu Nour," recalls Carroll. "He met with [the insurgent leader] several times, and begged him to let me go."

Dulaimi - one of the most influential Sunni politicians in the US-backed Iraqi government - denies ever meeting Carroll's kidnappers. In fact, he now claims to have paid a ransom for her release. But when he is pressed with questions about her abduction, a nervous tick comes to life in his left cheek.

Carroll was taken, and interpreter Alan Enwiya was shot dead, just 100 yards from Dulaimi's office, when the Iraqi politician failed to show up for a prearranged Jan. 7 interview.

"It was very highly organized," says Adnan Abbas, Carroll's driver, who was shot at but managed to escape. "It was a setup, a perfect ambush."

Establishing who engineered Mr. Enwiya's murder and Carroll's kidnapping - and what finally prompted her safe release - may prove impossible amid the bloody sectarian and insurgent politics that have defined Iraq this year.

Since that day in January, Dulaimi - who wears a trademark black sedarat hat once favored by Iraq's monarchy-era administrators - has protested his innocence and claimed the kidnappers wanted to undermine him politically.

But his version of events - including initially denying he had any appointment to meet with Carroll - has changed over time, in multiple meetings with the Monitor during and after her captivity, and in public statements.

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Dulaimi now claims that he alone secured Carroll's release by secretly paying a $1.5 million ransom. It is one ransom claim among many others that have surfaced from inside and outside Iraq since Carroll's release.

Monitor editors and the Carroll family say they have seen no evidence that money changed hands to buy Carroll's freedom.

Early in her captivity, Carroll's kidnappers told her that they hoped to gain the release of "four or five" female Iraqi detainees at Abu Ghraib prison - and Carroll's first and second videos broadcast on Al Jazeera in January called for their freedom.

"It was clear that money wasn't the central issue," says Carroll, who overheard her captors making that point among themselves. But sometimes, especially during the first month, she did hear money discussed. When US officials stated their refusal to bargain over women detainees, the kidnappers told Carroll they would demand $10 million from the newspaper or her family "because we can't just let you go for nothing."

"After one month [of captivity]," recalls Carroll, "it wasn't clear what they wanted or who they were talking to, or when, and who was lying to me about what."

Dulaimi made similar requests to release prisoners. Once during a meeting with the Monitor he brandished a list of 1,000 male detainees he wanted freed, saying their release would "help" bolster his own efforts. He also made several tearful and high-profile calls for Carroll's release.

Why is he claiming to have paid a ransom now?

"I refused to talk [publicly at the time] because I wanted success - any mistakes would lead to [Carroll] being killed," said Dulaimi, during a recent meeting in the heavily fortified Green Zone, between sessions of parliament. Knowledge that he paid is "not in the public interest. It puts me in danger.

"I swear I paid," added Dulaimi, noting that he informed US Embassy staff in Baghdad. "I challenge anyone to say I [didn't] pay.... The proof is just me. Either it's my proof, or I am lying."

"That's crazy," says a US investigator familiar with the case. "[Dulaimi] did nothing to assist us to get Jill back.... When push came to shove, he did nothing." One US Embassy official in Baghdad says he does not believe Dulaimi was involved, either directly with Carroll's kidnapping, or in her release.

Dulaimi did permit some of his office guards and staff to be questioned by agents of the US Federal Bureau of Investigation. But those sessions yielded answers that often contradicted reporting by Western news agencies on the day of the incident. The French news agency AFP quoted an office guard saying he heard gunshots "a short distance away and rushed to find the body of a slain man." The Associated Press quoted guard Samir Najim describing details of the incident 100 yards from Dulaimi's office.

Dulaimi told the Monitor that his staff was unaware that the incident took place on his street. His staff said the same thing to the FBI. He also denied that any guard called Najim worked for him.

"Dulaimi would not [orchestrate the kidnapping], because he was waiting for a presidential posting, and this would have very bad side effects," says a senior Iraqi police officer. "But someone did this behind his wheels."

Still, one theory is that Dulaimi may have signed off on a brief kidnapping, to perhaps regain some credibility with Sunni extremists - or someone in his office set it up - only for events to then spin out of his control. Carroll was told at first that she would only be held for a week.

But Carroll's captors frequently ridiculed Dulaimi and other Sunni leaders in government, when they appeared on television news. Dulaimi is deemed a traitor by Sunni insurgents, for turning his Iraqi Accordance Front into the most powerful Sunni bloc in Parliament.

"Dulaimi's not good.... We won't ever deal with him," Carroll recalls Abu Nour telling her. "Maybe his sons one day...."

Dulaimi denies ever knowing Abu Nour's nom de guerre Abdullah Rashid al-Baghdadi, much less meeting with the militant chief. He says he heard the name for the first time when the Monitor raised it during a late-June interview.

Abdullah Rashid has issued statements saying he leads the Mujahideen Shura Council, a Sunni umbrella group for the most extreme jihadist groups, including Al Qaeda in Iraq, which formed in mid-January.

Dulaimi further claims he had no link with the kidnappers until weeks before Carroll's release, when an Iraqi journalist working for Al Rai television in Kuwait interviewed him in March about the abduction.

Al Rai had received and broadcast the third and final public Carroll video on Feb. 9. Shortly after the March Al-Rai interview, Dulaimi says he was contacted by an intermediary, called a bayi. Dulaimi says he met once with the bayi - the root word in Arabic means "salesman" - who "does not know any information" about Carroll's captors.

Dulaimi claims he paid $500,000 the morning Carroll was released. It was a "sacrifice" he was willing to make, he says; subsequent payments completed in late June brought the total to $1.5 million - half the initial $3 million demand.

"I have to pay them because I gave a promise and should keep the promise, for security for myself, because no one can prevent them from doing any bad thing," says Dulaimi, of the apparent blackmail. "I paid them because they can do anything."

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An Interview With An Iraqi Insurgent (CSM)

The Christian Science Monitor, August 22, 2006

The night before Jill Carroll was released, Abu Nour, her chief captor who claims to be a leader of the Sunni insurgency, ordered her to do one final interview. He'd done about a dozen previous interviews, covering similar topics, but had later destroyed those notes. What follows are excerpts from his last interview, in broken English, with Ms. Carroll. The importance of Fallujah

Fallujah 1 [the first battle for Fallujah in April 2004] was a point of change in the war between America and mujahideen [holy warriors].... All Muslims in the world ... asked themselves, 'How [did] they win a war against the American army? It was impossible.... [Afterward] Muslim babies [were] named Fallujah.

Why [did] we lose Fallujah 2 [the second battle for the city in November 2004]?

[Too many bad Muslims joined the insurgency.] If you have a few mujahideen [who are] good [Muslims, it] is better than [to] have a lot of the bad kind [of Muslims]. A good mujahid enters the war [expecting that] if he dies, he goes to heaven.... Muhammad told us that heaven is not all the same place. It is divided into many places. The martyrs take the top [spot] in heaven. The help of Allah

Muhammad, Peace Be Upon Him, is a very important leader in war. To make his soldier enter the war he tells him about martyrdom - he will go directly to heaven. A martyr takes 72 women ... different from the women on Earth. The women on Earth are not perfect.... The Prophet said if the sun were to shine on the [women of heaven, they would be] more beautiful than the sun.

A good Muslim prays five times a day, he reads the Koran, he is good in dealing with his wife, with his mother and father.... He doesn't lie, and he makes his work in a good way.... This is a good kind of mujahid.

We think this is a very important point to win a war. If we lose the help of Allah we cannot [achieve] anything [against] American soldiers, because this is a very strong army. We can continue for 10 years

The American soldier comes from America. He left his country, his family, his children, his wife. He cannot see them, maybe six months or more. This is very big problem because they are men.... The mujahideen, [we] can [leave] our homes for 20 minutes, hit the American soldier, and come back home. So we [have fought] continuously now three years, and we can continue 10 years or more. But Americans cannot continue one year. It is impossible. Scale of the insurgency

I have maybe 2,000 mujahideen in all Iraq, in all towns.... If I divide this into groups of 20, I have 100 groups. So this means I have 100 operations in a week. So in a month I have 400 operations. So if in every operation I kill only 2 soldiers, I kill 800 soldiers in a month. So [President] Bush is very tired because of this number of operations ... so we are sure that the American army cannot continue in Iraq. US soldiers' treatment of Iraqis

When the American army took me they hit me. They hit me all over my body. They took my money.... The problem is how the American soldiers are dealing with the people. Why call us terrorists?

Why [does the] American government say the mujahideen are terrorists? Sometimes when we try to hit the American soldier, or Iraqi soldier, sometimes we kill women and children in this operation. We don't want to kill the women or children, but this is war....

Allah judges people, asking you, 'How did you deal with the people, the wife, and with Jill Carroll?' Sunnis vs. Shiites

In jihad, we don't want to kill women and children or old men, sick men. Why [do] we kill the Shia [Muslims]? Because they help the American army.... We don't want to make a complex [meaning coalition] government from Sunni and Shia. We want to make a government with Sunni only, because we know that the Shia don't like Sunni and Sunni don't like Shia. This is a fact. This is a very important historical fact.

So if we want to make a successful government, we must make this government Sunni only. And if the Shia want to make a government in the south, [that's] no problem for the mujahideen. We accept federalism. America wanted federalism in Iraq, no problem.... Oil for America, US cars for Iraq

I want to send a message to the American people. The mujahideen in Iraq, we have no problem with American people. Our problem is with Bush and his government.... [It's] no problem for Iraq, for the mujahideen government in the future, to send the oil to America and America to send to [the] Iraqi people the money or the cars or the computers or anything because the technology in America is very good.

We maybe go to America in the future to visit America. Maybe send our sons as students in American universities. We want to build our country. We don't want the war with any country. We want to build our country like the UAE [United Arab Emirates] because we know our country is very rich. We have a lot of oil, and two rivers. So we can build our country in a short time. A message for US parents

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So we ask all the fathers and mothers in America, 'You don't want your sons killed in Iraq?' We don't want your sons killed in Iraq. We don't want our sons killed, also. So we ask all fathers and mothers in America, 'Why [do] your sons kill our sons?' A Muslim-Christian government?

Americans say the mujahideen don't know [what] we [will] do after the occupation. We know exactly what we will make: a government from the mujahideen and others. The government will be technocrats. For example, in the Ministry of Health, we can not put a farmer. We must put a doctor.

If we found [a] technocrat [who is a] mujahideen, we [would] put him [in charge]. If we don't find him in [among the] mujahideen, maybe we [will] take [someone] from outside [the] mujahideen. If we found a person [who] is not Muslim, maybe a Christian, and he is a good person from a good family - [it's] no problem for [the] mujahideen to put him in [charge of] a ministry. Islam and the Koran don't prevent [us from] putting this person in a ministry. But the president of Iraq must be Sunni. The Koran [requires] the president of a Muslim country [to be] a Muslim. Postwar US-Iraq relations

Iraq is very tired [after the] war in Iran and after that war in Kuwait and the war now. We want to build the country very good and give every person a big house and a top car and make [it possible for] him to travel to the US and Europe and live like the other people in the world - like [the United Arab] Emirates people or Qatar people.

[The] American government or [President] Bush says we are terrorists in Iraq. If we finish this war, [he says] we [will] go to America to make problems in America. This is not true. We want to build our country.

Pakistan Fails To End Preoccupation With Jihad (FT)

By Farhan Bokhari

Financial Times, August 22, 2006

When Pakistan's late military ruler General Zia ul Haq died in an aircraft crash 18 years ago, some believed it would mean an end to the country's preoccupation with jihad, or holy war – a movement fostered by the hardline pro-Islamist leader.

Last Thursday, as a group of mourners gathered at the late general's grave to commemorate the anniversary of his death, those hopes looked like wishful thinking.

More than a week after a bomb alert at London's Heathrow airport unleashed yet another global probe into terrorist groups, Pakistan is again in the spotlight. Some see the country as a frontline state against terrorism, others accuse it of being the epicentre of global jihad.

Most of the suspects in the alleged airline bomb plot arrested in Britain are believed to be British-born of Pakistani origin. Additionally, at least one UK citizen of Pakistani origin, Rashid Rauf, and up to six Pakistani nationals have been arrested in Pakistan in the case.

Pakistani officials have claimed an Afghanistan-based al-Qaeda cell was involved in the attempt to attack aircraft departing from Heathrow, rejecting reports of domestic links.

One official claimed the arrested suspects had ties to Jamaat-ud-Dawa in Pakistan – a prominent Islamic charity listed in April by the Bush administration as actively supporting terrorism.

But a senior Pakistani intelligence official said: "Terrorists are smart people. They work very discreetly, not using easily identifiable fronts."

Pakistani officials say the investigations have broadened beyond Pakistan and the UK, possibly to Africa and other European countries.

But analysts warn that Pakistan suffers not just from its historical association with militant causes, which dates back to its sponsorship of Islamic fighters resisting the Soviet occupation of Aghanistan in the 1980s. They point to Pakistan's failure to regulate closely the country's network of madrassahschools as an example of tacit support for militant networks.

Madrassah,which are meant to provide Islamic education, became radicalised in the 1980s when Pakistan, US and Saudi intelligence services began training their students to attack Soviet troops in Afghanistan. The role of madrassah was highlighted last year when at least one of the suicide bombers who attacked London's transport system was believed to have visited a madrassah in Pakistan.

Analysts say political reforms are needed to help curb the influence of Islamists. General Pervez Musharraf, the military ruler, needs to step down as head of the military and let more liberal politicians, such as former prime ministers Benazir Bhutto and Nawaz Sharif, who both live in exile, return home, they say.

Ironically, while Gen Musharraf has positioned himself as an ally in the US war on terror, Islamic political groups campaigning on an anti-western platform have won an unprecedented number of seats in parliament.

"If Musharraf allows more liberal politicians with a wider political base to return to politics, that could begin curbing the militant legacy," said Hasan Askari Rizvi, a scholar on Pakistan's security and national affairs.

But members of Pakistan's pro-jihad lobby will not be put off easily.

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Arrests Made In U.S. Consulate Bombing (AP)

By Zarar Khan, Associated Press Writer

AP, August 22, 2006

Police on Monday arrested two suspected al-Qaida-linked militants accused of orchestrating a suicide attack near the U.S. Consulate in Karachi that killed a U.S. diplomat and three Pakistanis, a senior police official said.

Anwarul Haq, 30, and Usman Ghani, 28, were captured in a raid, said Jehangir Mirza, police chief for Sindh province, of which Karachi is the capital.

During interrogation, the suspects confessed to "preparing" a suicide bomber who on March 2 slammed his explosive-laden vehicle into the car of U.S. diplomat David Foy near the consulate, Mirza said.

"The terrorists we arrested today have links with al-Qaida," he said, without offering evidence.

The attack, which wounded about 50 other people and was claimed by al-Qaida, came a day before President Bush made an official visit to Pakistan.

Over the weekend, a Pakistani security official said six men had been detained in connection with the bombing and that the suicide bomber name was Raja Tahir, a militant from the outlawed Pakistani group Jaish-e-Mohammed.

Mirza confirmed that Tahir was the bomber, but denied the arrests of six men last week. "We arrested two terrorists today, and police are looking for some of their associates," he said.

Karachi has been the scene of several terrorist attacks targeting Westerners since President Gen. Pervez Musharraf made this Islamic nation a key ally of the United States in its war on terror after the Sept. 11, 2001, attacks.

A car bombing killed 14 people outside the U.S. Consulate in Karachi in June 2002.

CORPORATE SCANDALS:

Deal With Quattrone Would Avert Third Trial (WP)

By Carrie Johnson

The Washington Post, August 22, 2006

Former investment banking star Frank P. Quattrone is expected to appear in a New York courtroom today to seek a federal judge's approval for a deal that would allow him to avoid prison time, bringing his six-year legal odyssey to a murky conclusion.

Prosecutors in the U.S. Attorney's Office for the Southern District of New York are preparing an agreement that would avert the need for Quattrone to stand trial for a third time on obstruction-of-justice charges. Under its terms, Quattrone would promise to stay out of legal trouble for a specific time period -- at least one year -- after which the government would dismiss the case, according to two sources who spoke on condition of anonymity because the deal still requires the blessing of U.S. District Judge George B. Daniels.

Legal experts said the deferred prosecution was the government's way of resolving several problems, including the relatively slender evidence against Quattrone, lingering questions about one of the laws under which he was charged and turnover within the prosecution's ranks.

Quattrone, who played a central role in the initial public offerings of such prominent companies as Amazon.com Inc. and Cisco Systems Inc., earned hundreds of millions of dollars as the technology sector boomed in the late 1990s. But his role in doling out shares of hot IPOs to favored customers brought his then-employer, Credit Suisse First Boston LLC, under the scrutiny of securities regulators. CSFB eventually paid $100 million to settle the allegations.

Separately, federal prosecutors filed criminal obstruction-of-justice charges against Quattrone for urging employees in a December 2000 e-mail to "clean up those files" as the investigation of IPO share allocations was widening. But the government's case was built around that single e-mail and what Quattrone intended his employees to do with it, and his first trial ended in a hung jury in 2003. The government tried Quattrone again the following year and won a conviction only to have it overturned by an appeals court this March because of faulty jury instructions.

"It's one of those gray cases that falls a little bit short of the proof-beyond-a-reasonable-doubt standard," said Columbia University law professor John C. Coffee Jr.

The obstruction-of-justice law that prosecutors wielded against Quattrone is itself a problem. In most fraud cases, obstruction charges are attractive because it is easier for jurors to understand the concept of destroyed documents or erased e-mails than the mechanics of a complex accounting scam. But jury instructions that accompanied the old statute, since supplanted by the 2002 Sarbanes-Oxley law, would have allowed jurors to find a defendant guilty even if they concluded he did not intend to break the law.

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That flaw became clear after Chicago accounting firm Arthur Andersen LLP was convicted of obstruction charges in 2002. The firm hemorrhaged clients and partners -- but three years later, the Supreme Court, citing the faulty jury instructions, tossed the case. Given the firm's near-defunct status, the Justice Department decided not to retry Andersen. Meanwhile, business groups protested that the government had imposed a virtual death sentence on the company rather than targeting specific employees who may have engaged in wrongdoing.

So the Justice Department increasingly has rolled out deferred prosecution agreements of the sort under discussion with Quattrone. The deals allow government lawyers to avoid a costly, resource-intensive trial and offer defendants a middle ground that often includes no prison time.

William B. Mateja, a partner at Fish & Richardson PC who oversaw the Justice Department's white-collar crime efforts earlier in the Bush administration, said the decision to strike a deal with Quattrone is a purely practical one. Two government lawyers who prosecuted him have departed for private practice.

"The guy's already been tried two times," Mateja said. "There is a substantial price that he's paid. He's had to sit through two trials and has paid his lawyers."

Coffee, the Columbia professor, noted: "This is becoming a historical incident, not a current crisis."

The agreement leaves Quattrone the option of returning to investment banking, where he was a dominant presence who earned more than $100 million in a single year. But it is unclear whether he will find a home at one of the major Wall Street banks that have struggled to polish their images after the trading abuses and conflict-of-interest allegations that have emerged over the past several years.

SEC Sues Group Of New Yorkers (WSJ)

By Siobhan Hughes

The Wall Street Journal, August 22, 2006

WASHINGTON -- The Securities and Exchange Commission filed a lawsuit to freeze the assets of a group of New Yorkers accused of selling at least $1.6 million of fraudulent investments to unsuspecting investors, many of them elderly.

The SEC complaint, filed yesterday in U.S. District Court for the Eastern District of New York, accused One Wall Street Inc. and its chief executive, among others, of selling securities to at least 64 investors, falsely promising that the company would soon conduct an initial public offering and that it was preparing to merge with E*Trade Financial Corp.

Instead, the SEC said, Chief Executive Donte Jarvis used the proceeds as "a personal piggy bank," paying for jewelry, gambling and "adult entertainment" services. The 31-year-old also was accused of giving his wife, La Shondra Hatter, at least $166,000 in checks drawn on the One Wall Street account. One Wall Street allegedly raised money by issuing unregistered securities starting in March 2003. The company has an office in Hicksville, N.Y. A person who answered the telephone yesterday morning at a number for Mr. Jarvis and Ms. Hatter in Wheatley Heights, N.Y., said they weren't in.

"This case emphasizes our continuing commitment to protecting elderly investors," Mark Schonfeld, director of the SEC's Northeast regional office, said in a statement. "Here, we are seeking emergency relief to halt the fraud and preserve investor funds."

It isn't clear whether investors, including a 79-year-old who allegedly invested $136,000 last month, will get their money back. Even in successful SEC actions, investors don't receive all the money they invested.

Imax Names Finance Chief Amid Probe (WSJ)

The Wall Street Journal, August 22, 2006

TORONTO -- Imax Corp., the big-screen movie company, said it appointed Edward MacNeil, 41 years old, as interim chief financial officer.

Mr. MacNeil, who most recently was Imax's vice president of finance, tax and special projects, succeeds Frank Joyce, who resigned to become chief financial officer Macquarie Infrastructure Co. Trust., an affiliate of Macquarie Bank Ltd.

Mr. Joyce, 53, is departing Imax after the company announced earlier this month that its revenue-recognition practices are subject to an informal inquiry by the Securities and Exchange Commission.

At that time, Imax, which had been up for sale for five months, said it couldn't find a buyer at a price acceptable to the company.

An Imax spokesman said there was no link between Mr. Joyce's departure and these corporate developments. Imax said Mr. Joyce had informed the company "several months ago of his desire to pursue other professional opportunities."

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CRIMINAL LAW:

U.S. Attorney General Announces Campaign To Help Prevent Internet Crimes Against Children (AP)

By Jamie Stengle, Associated Press

AP, August 22, 2006

DALLAS – Attorney General Alberto Gonzales announced a new public service campaign Monday that will warn teenage girls against posting information on the Internet that could put them at risk of attack by child predators.

"Every day, these predators are looking for someone to hurt," Gonzales said at the 18th annual Crimes Against Children Conference in Dallas. "Every day, we must educate parents and children about the threat."

About 2,700 law enforcement officials from around the world are attending the conference, which runs through Thursday.

"We want the front line professionals to be able to go back to their communities to protect the children in their communities," Gonzales said. "This conference brings folks together from all parts of the world and gets them talking with each other."

A third of this year's 180 workshops are focusing on Internet crime, said Lynn Davis, president and CEO of the Dallas Children's Advocacy Center, which is hosting the conference with the Dallas Police Department.

The ad campaign by the Department of Justice, in partnership with the National Center for Missing & Exploited Children and the Ad Council, will begin running early next year.

"It's all part of the ongoing effort to educate the public about this very serious threat," Gonzales said.

According to a Justice Department study, one in seven children using the Internet has been sexually solicited and one in three has been exposed to unwanted sexual material. One in 11 has been harassed.

The ad campaign is the latest in a series from the Justice Department.

One that warned about the dangers online was developed in 2004, giving advice to parents on how to protect their children from Internet predators. A second series of ads released in 2005 warned teen girls about forming online relationships with people they don't know.

On the Net:

Dallas Children's Advocacy Center: www.dcac.org/

Nat'l Center for Missing & Exploited Children : www.missingkids.com/

Justice Dept. Warns Of Child Exploitation (UPI)

UPI, August 22, 2006

DALLAS, Aug. 21 (UPI) -- The U.S. Department of Justice announced a series of public service announcements to raise awareness of the dangers of online child sexual exploitation.

U.S. Attorney General Alberto Gonzales, at a speech Monday in Dallas, said the department was joining with the National Center for Missing and Exploited Children and the Ad Council for the series of ads.

"Make no mistake, this is war," Gonzales said. "It is a wrenching reality that every day children are sexually exploited online."

The attorney general said the Internet provides a venue for predators to "brag about their crimes, creating a sick field of competitions to see who can produce the most unthinkable photos or videos or rape and molestation. In their perverse eyes, this manes the younger the better."

He said the ads would be distributed early next year as part of the Justice Department's Project Safe Childhood. The department said the newest ads will warn teenage girls not to post pictures or information that could put them at risk of victimization.

Hinckley Allowed More Trips To See Parents (WT)

By Jim Mcelhatton

The Washington Times, August 22, 2006

A federal judge has ruled that would-be presidential assassin John W. Hinckley Jr. can continue going on four-night trips to his parents' house in Williamsburg, Va., over objections from the U.S. Department of Justice.

Hinckley, 51, who shot President Reagan in 1981, "does not present a danger to himself or others if permitted to make visits to his parents' home" under conditions of a previous court order, U.S. District Judge Paul L. Friedman wrote.

Judge Friedman's order was made Thursday and entered in court filings yesterday.

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The Justice Department has opposed allowing Hinckley continued visits, as his attorneys move to expand the conditions of his release from St. Elizabeths Hospital in the District.

A mental patient at the hospital since 1982, Hinckley was granted seven overnight visits last year -- the most freedom he has had since he was found not guilty by reason of insanity 24 years ago.

Hinckley's attorneys earlier this month asked the judge for more trips while they prepare legal arguments aimed at further expanding Hinckley's conditions of release.

The U.S. Attorney's Office objected, saying authorities have not had a chance to review Hinckley's medical files.

Judge Friedman's ruling permits Hinckley an unspecified number of four-night visits to his parents' house.

In recent years, Hinckley gradually has won increasing freedom from St. Elizabeths. In addition to the Williamsburg visits, he has gone on short trips with his parents, such as an outing last year to the Smithsonian Institution's National Air and Space Museum.

The U.S. Attorney's Office is seeking a court order that would require that Hinckley cooperate for interviews with government psychiatrists.

A hearing on an proposal by Hinckley's attorneys to expand the conditions of his release from St. Elizabeths Hospital is set for Nov. 6.

Hospital officials noted in a letter to Judge Friedman last year that on visits to his parents' house, Hinckley "will be encouraged to develop independent living skills such as cooking, cleaning and shopping."

Judge Friedman stated in a ruling in December that the goal of Hinckley's treatment is "reintegration into society, whether that takes place in his parents' community or elsewhere."

Hinckley has expressed a desire for finding a girlfriend on his trips to Williamsburg but said it would be difficult.

"I can tell when a man or a woman is interested in me for my notoriety, and I don't want a woman who is interested in me for that," Hinckley said, according to a clinical assessment dated July 20, 2005, and included in court filings.

Next Stop For Karr: Extradition Hearing (USAT)

By Tom Kenworthy

USA Today, August 22, 2006

DENVER — John Mark Karr will appear at an extradition hearing in Los Angeles today to determine how soon he will be sent to Colorado to face charges in the 1996 slaying of child beauty queen JonBenét Ramsey.

If Karr, 41, does not contest the extradition, he will be taken to Boulder, Colo., within days, said Carolyn French, spokeswoman for Boulder County District Attorney Mary Lacy. His first court appearance in the city where JonBenét was killed would come within a day or two of his arrival, French said. If Karr resists extradition, the process will take more time.

It remained unclear what evidence Boulder prosecutors have against Karr. After he was arrested last week in Bangkok on a sealed Colorado warrant, Karr told reporters he was with JonBenét when she died but said her death was accidental. The 6-year-old girl's body was found in the basement of her family's home.

Karr ate prawns and roast duck and drank wine on his flight from Thailand. Such treatment ended once he was on U.S. soil, Los Angeles sheriff's spokesman Steve Whitmore said. Karr is being held in a cell that is about 6 feet by 9 feet. His meals Monday included a balogna sandwich, carrots and punch for lunch.

Karr, a former schoolteacher, went abroad after being charged with possession of child pornography in California in 2001.

Relatives Dispute Karr's Account Of Whereabouts (WP)

By Amy Goldstein And Anne Hull

The Washington Post, August 22, 2006

The father and brothers of John Mark Karr, the man arrested last week on suspicion of killing JonBenet Ramsey in Colorado the day after Christmas a decade ago, do not recall his ever missing Christmas dinner in Atlanta or traveling to Colorado after the holiday, a lawyer for the family said yesterday.

Gary C. Harris said that the suspect's father, Wexford Karr, found a photograph indicating that his son was part of the family's Christmas gathering in 1996, the day before the child beauty queen was found strangled in her home in Boulder.

The Christmas Day photograph does not include John Karr but shows his three sons, who Harris said never attended the holiday dinner without their parents. Although the photo is undated, the lawyer said the family is certain it was taken in 1996, because an infant pictured in it, Karr's nephew, was 2 weeks old that Christmas.

The account of Karr's father and two brothers deepens the uncertainty of whether the 41-year-old teacher was responsible for the killing. Last week, Karr told reporters after his arrest in Thailand that he had been with the 6-year-old when she died.

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A former wife of Karr, who was married to him in 1996, also has said she remembers that he was with her and his family during Christmas that year. An attorney for Lara Knutson, who lives in Northern California and was married to Karr for a dozen years until 2001, said she has "a great deal of contempt" for her ex-husband but wants to give investigators accurate information. Harris, the attorney for Karr's father and brothers, said they have had little contact with her since the divorce, though they remain in touch with her teenage sons by phone.

In an interview, Harris, of Clayton, Ga., said Boulder County investigators were in Georgia yesterday and interviewed Karr's father, 85, and half-brother, Nathaniel Karr, 34, Sunday night. "I don't think they have the right guy," Harris said, based on conversations with the family.

The matching recollections from different parts of Karr's family emerged yesterday as the suspect spent his first known day back in the United States in five years being held as a fugitive in a windowless cell in the Los Angeles County jail. Escorted by representatives of the Boulder County district attorney and U.S. Immigration and Customs Enforcement, Karr arrived Sunday night on a flight from Bangkok. He has not been charged with any crime related to JonBenet's death.

This morning, Karr is scheduled to appear in court in Los Angeles County for a hearing to determine how rapidly he will be transferred to Boulder. It was unclear yesterday whether Karr plans to waive or contest his extradition to Colorado. A spokeswoman for the Boulder County district attorney said that if he waives extradition, sheriff's deputies from Boulder will have 10 days to retrieve him.

Reached at his father's home in Atlanta yesterday, Nathaniel Karr said the family hopes to arrange to see his brother. "We don't even know how to do that yet," he said. Harris, who said he has known the family for two decades, said that, until John Karr's arrest last week, "they thought he was dead. They really did."

Karr was last known to have been in the United States in 2001. That spring, he was arrested on child pornography charges in Sonoma County, Calif., where he and his family had recently moved. He spent five months in jail and, shortly after his release, skipped a pretrial court appearance. He did not contact anyone in his family after that. RÃ©sumÃ©s he posted on various Web sites said he held brief teaching jobs in Europe and Asia. A doctor at a Bangkok clinic that specializes in sex-reassignment hormone therapy and surgery has confirmed that Karr was a recent patient.

Harris said that none of Karr's relatives remembers his ever missing Christmas celebrations before he disappeared five years ago. Moreover, he said, they do not think Karr has ever been in Boulder or ever took a trip right after Christmas. "If he had flown to Colorado or somewhere at that time, they would have remembered it," Harris said. "I mean, he wasn't a world-class traveler. . . . These people are not well-off financially," he said, adding that it would have been "a big deal" for him to take a trip by plane.

Harris said that Karr's father and brothers "are frantically looking for" other photographs from their Christmas gathering in 1996.

Before Karr disappeared, Harris said, he had a "pretty normal relationship with the family," adding: "I just think he has some emotional problems."

Suspect In JonBenét Killing Could Have DNA Tested Soon (USAT)

By Richard Willing

USA Today, August 22, 2006

DNA testing that could be done within days would help determine whether John Mark Karr was, as he has suggested, involved in the slaying of JonBenét Ramsey in 1996, forensic analysts say.

Because the Colorado warrant justifying his arrest in the case remains sealed, the evidence against Karr is unclear. However, Max Houck, a former FBI lab analyst, says he expects lab technicians to move quickly to obtain a DNA sample from Karr to compare it with biological evidence found at the crime scene in the 6-year-old girl's home in Boulder.

Houck, who heads the forensic science program at West Virginia University, says technicians likely would obtain a DNA sample from Karr with a cheek swab. Then they would use the skin cells on the swab to create a profile of the former teacher's unique genetic code. The profile could be compared with DNA found in a droplet of dried blood on JonBenét's underwear.

“It should be no trouble to get a (court) order for his DNA,” said Christopher Plourd, a defense lawyer in San Diego who specializes in DNA cases. “But (Karr) seems like the kind of guy who'd give it up without even being asked.”

Associated Press reports from Thailand, where Karr was arrested last week, said authorities there collected swabs of his DNA.

Lance Clem, spokesman for the Colorado Bureau of Investigation, said Monday that no DNA from Karr had been sent to the state lab. An analysis could be done within two days, said Kevin Lothridge of the National Forensic Science Technology Center in Largo, Fla., which audits crime labs for the U.S. government.

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During a DNA analysis, Karr's profile would be compared with unique DNA markers — essentially sequences of tiny mutations in the genetic code — found in the bloodstain from the crime scene. Because the stain was degraded, analysts obtained only a partial set of DNA markers.

However, Dan Krane, a specialist in DNA match statistics at Wright State University in Dayton, Ohio, said the stain sample from JonBenét's house appears good enough to produce a match with a likelihood of accuracy "in the hundreds of billions."

Houck said DNA "doesn't have an opinion about what your motivations are or why you're saying something. If it says you were there, unless you have an identical twin, you were."

If Karr's profile differed from the crime scene DNA at even one genetic marker, he would be ruled out as the source of the blood.

Such a result would not rule out the possibility that Karr — who told reporters in Bangkok that he was with JonBenét in her home when she died and that her death was an accident — was there and did not leave any biological evidence behind.

"Absence of evidence is not evidence of absence," said Paul Ferrara, forensic science director for Virginia. "Given the statements (Karr) has made and the way this has played out, I think everyone would sigh and say, 'Back to square one.' "

Details Of Karr's Involvement Still Under Wraps (LAT)

By John Spano

The Los Angeles Times, August 22, 2006

John Mark Karr lunched on a bologna sandwich, carrots and an apple in the Los Angeles County jail Monday, a day after he washed down seafood with champagne aboard a flight from Thailand to face charges in the murder of JonBenet Ramsey nearly 10 years ago.

Karr, who spent the day in the facility that once housed O.J. Simpson, "Nightstalker" Richard Ramirez and actor Robert Blake, is scheduled to appear in court early Tuesday to announce whether he will oppose extradition to Colorado, where Ramsey was murdered Dec. 26, 1996.

Karr has told reporters that he was with 6-year-old JonBenet when she died in the basement of her Boulder, Colo., home. He said her death was an accident.

Prosecutors in Boulder have declined to provide details of their evidence suggesting Karr's alleged involvement in the Ramsey murder, one of the most sensational crimes of the last decade.

Media organizations including The Associated Press on Monday asked a judge to unseal the arrest warrant and other documents involving Karr. The filing noted previous mistakes in the Ramsey investigation and said there was "great public interest" in whether Karr's arrest was "yet another `mistake,'" The Associated Press reported.

In an Aug. 15 order, Boulder County District Judge Roxanne Bailin ordered case documents sealed, saying disclosure could jeopardize the investigation. Monday's filing asked her to consider releasing edited versions of the documents if she ruled against their full release.

On the international flight, Karr was flanked by an investigator with the Boulder County district attorney's office and federal immigration officials. None could be reached for comment.

The 41-year-old school teacher's return to the United States was voluntary, and he was not handcuffed before or during the 15-hour flight from Bangkok, Thailand.

Karr, once detained on charges of possessing child pornography, in recent years apparently traveled to Europe, Central America and Asia in search of teaching jobs. He taught in at least two Thai schools.

Karr Confessed To Californians 5 Years Ago (WT)

By Valerie Richardson

The Washington Times, August 22, 2006

BOULDER, Colo. -- It was shocking when authorities arrested a suspect last week in the JonBenet Ramsey killing, but in some ways, it's more surprising that it didn't happen years ago.

John Mark Karr, the 41-year-old schoolteacher who has said he was with JonBenet when she died in 1996, tangled with California authorities five years ago after telling an acquaintance that he broke into the Ramsey house the night of the slaying.

Wendy Hutchens of Roseville, Calif., told the Santa Rosa Press Democrat and KRON-TV in San Francisco that she contacted Sonoma County authorities five years ago after Karr told her that he met JonBenet at the family's Christmas party, then sneaked back into the house that night through a downstairs storm window.

Mrs. Hutchens said she alerted the Sonoma County Sheriff's Department and recorded her conversations with Karr as evidence. Authorities later searched Karr's Petaluma home and found enough evidence to charge Karr with five counts of child-pornography possession. He served six months in jail before leaving the United States.

Sonoma and Boulder county authorities would not comment on the woman's accusations, nor whether the Sonoma County office ever contacted the Boulder prosecutor about a connection to the Ramsey slaying.

Karr, who arrived in Los Angeles early yesterday morning after a 15-hour flight from Bangkok, is scheduled to appear in court today for an extradition hearing. If he waives extradition, he could be in Boulder as early as tomorrow to face charges of first-degree murder, kidnapping and sexual assault on a child.

Karr has made no secret of his obsession with JonBenet. He initiated e-mail conversations about the Ramsey case with both Mrs. Hutchens and a University of Colorado professor, and discussed the case with strangers, including a Boulder hiker who recalls meeting the suspect in Paris.

That Sonoma County officials knew about Karr's link to the case and apparently failed to notify Boulder County prosecutors could indicate that they thought his claims had little merit, said Denver lawyer and analyst Scott Robinson.

"They must have discounted what he had to say because it doesn't look like they ever contacted Boulder," Mr. Robinson said. "If it does turn out he's the guy, then they've got some heavy explaining to do."

Mrs. Hutchens said Karr initially contacted her because of his interest in the case of Polly Klaas, the Petaluma girl who was killed in 1993. Mrs. Hutchens was a childhood acquaintance of the killer in that case, Richard Allen Davis, whom Karr was eager to meet.

Karr said that he sent letters to Davis, prompting officers to search the convicted murderer's death-row cell at San Quentin over the weekend for evidence.

Mrs. Hutchens said she has 20 hours of taped phone conversations and e-mails from Karr. Her name also appears on a judge's order granting Karr supervised release after he served his jail term.

In a recording played for a Press Democrat reporter, a man with a Southern accent called JonBenet's death "accidental." At last week's press conference in Thailand, Karr said the girl's death was "an accident."

"How would that person apologize for such an atrocity?" the caller says. "Would that person say, 'I strangled your daughter and it was so accidental and I was so afraid?' "

Mrs. Hutchens said she regretted that the man who could be JonBenet's killer was set free. "Five years ago he was sitting in jail. It just breaks my heart," she said. "I felt so bad for the Ramseys. If there was a possibility that he did it, I wanted them to investigate him."

Karr Arrest Highlights Lax Teacher Vetting In Thailand (CSM)

By Simon Montlake

The Christian Science Monitor, August 22, 2006

BANGKOK, THAILAND

Every year, thousands of footloose university graduates cross the Pacific to try their luck at teaching English in Asia. Some quit after a few semesters; others make it their career, and hop from school to school, and country to country.

But the arrest here last week of John Mark Karr for the murder of JonBenet Ramsey spotlights the dark side of the international school circuit, and has prompted calls for stricter controls on teacher hires.

Campaigners against child abuse in Asia warn that a troubled minority lurks among the ranks of foreign teachers. Pedophiles have also worked in orphanages and Thai child aid projects. Mr. Karr lost his California teaching license after being jailed in 2001 for possessing child pornography. He later left the US and taught in several countries, including Thailand, where he was hired earlier this year to teach elementary classes at two private schools in Bangkok. His arrest came two days after he had started at another school.

Karr is not accused of any offenses in Thailand. In May another American teacher was deported to face charges in the US after spending a year in a Thai jail for sexually abusing teenage boys at his school. Earlier this month, an Australian teacher was charged in Jakarta, Indonesia, with molesting street children.

"Private schools say they have high standards, but they're not checking the backgrounds of foreign teachers," says Wanchai Roujamawong, a former public prosecutor who heads the probation department at the Thai Ministry of Justice. Schools must "make sure all teachers have a license and clean records."

International schools have mushroomed across Thailand over the last five years, as well as English-language immersion programs in Thai public schools. While some international schools cater to expatriates and recruit teachers in their home country, others serve Thai parents who want their children to become bilingual. Some 7,000 foreign teachers work in Thailand.

The rising demand for native speakers means even inexperienced applicants find jobs. Thai authorities say some teachers are not properly screened, and want stricter enforcement of regulations.

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"It's a question of standards. We shouldn't lower our standards for the sake of opening more schools," says Jakrapop Penkair, a member of a government committee on private-sector education. "We have enough laws in Thailand, but we disregard them."

Education officials say some international schools have complained that background checks take too long, such as verifying overseas university degrees. Uncovering criminal records is even more cumbersome, unless the applicant shows up on an international police watch-list at immigration. Plus, schools say high turnover means they often must fill positions quickly, or else cancel key programs.

Some expatriate teachers have weighed in on website forums. Many are skeptical of government calls for closer scrutiny, and say inflexible labor laws lead to teachers working illegally, avoiding any formal screening process.

A government overreaction prompted by concerns over pedophiles may backfire, says Frank Moore, an American teacher who moderates a forum at www.ajarn.com (ajarn is a Thai word for teacher). "Many of us teaching here for the long haul are scared there will be a crackdown and expulsion of good teachers because we don't have a Bachelor of Education degree, or our employers won't get us a work permit," he says.

Teachers are critical, though, of administrators that hire native speakers for English-language programs without proper evaluation. In June, Karr began teaching first grade at Bangkok Christian College, an all-boys school founded in 1852 by American missionaries. He gave another prestigious school, St Joseph's Convent, as a reference, even though that school had fired him after only a few weeks.

But Bangkok Christian College still hired Karr, because of a teacher shortage. He was later dropped after parents reportedly complained that he was too strict.

Outside St. Joseph's, an all-girls Catholic school, parents expressed alarm over its hiring policy. "I'm worried about this person. I think the school should know the history and background of its teachers," says Monthol Junchaya, whose daughter is in the first grade.

Antipedophile campaigners say lax monitoring of foreigners working at private schools is a red flag for potential child molesters who exploit the high level of respect for teachers in Asian societies. Through informal networks, campaigners encourage teachers to report suspicions so names can be quietly checked.

"We suspect there may be pedophiles teaching in our schools, but we can't prove it. They may not be serious abusers, but they'll seek opportunities to molest children, and in ways that adults don't always notice," says Wanchai.

Australia restricts travel for convicted pedophiles. The US and some European countries allow the prosecution of nationals that commit child-sex offenses overseas. This puts the onus back on the countries of origin, which have more resources to fight such crimes, says Carmen Madrinan, executive director of ECPAT International, a Bangkok advocacy group.

Judge Orders Justice Department Investigation Of Leak To CBS Report (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, August 22, 2006

A federal judge has ordered a Justice Department probe into how CBS News obtained a story two years ago disclosing an FBI investigation into a pro-Israel lobbying group, the American Israel Public Affairs Committee.

Judge Thomas Ellis III issued the order last week in connection with the prosecution of two former Aipac employees, Steven Rosen and Keith Weissman. The two men are facing criminal charges of conspiracy to acquire and disclose classified information.

Judge Ellis instructed the Justice Department "to conduct an investigation into the identity of any government employee responsible for the August 2004 disclosure to CBS News of info. related to the investigation of defendants/whether the investigation relied on info. collected pursuant to" the Foreign Intelligence Surveillance Act, according to an entry placed on the docket of the Alexandria, Va.-based court yesterday. A more detailed opinion explaining the judge's ruling is under seal.

It is not clear whether Judge Ellis wants the alleged leak prosecuted, but disclosure of information from a foreign intelligence wiretap is punishable by up to five years in prison and a fine of up to $10,000.

On August 27, 2004, CBS reported that the FBI was about to arrest "a mole working at the highest levels of the Pentagon." The report by Lesley Stahl on the "CBS Evening News" said the FBI had used "wiretaps, undercover surveillance, and photography, to document the passing of classified information from the mole, to the men at Aipac, and on to the Israelis."

Ms. Stahl's report did not cite any sources by name or organization, but CBS made several references to the thinking of "federal agents" and "investigators."

According to court records, Messrs. Rosen and Weissman were confronted at their homes that same day and FBI agents carried out search warrants at Aipac's offices in Washington. The timing raises the possibility that CBS learned of the probe from

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someone outside the government. However, it is also possible that the FBI acted after discovering that the network was about to make the investigation public.

Hooks Pleads Guilty (WREG-TV)

WREG-TV, August 22, 2006

Memphis, TN- Michael Hooks, Sr., former Chairman of the Shelby County Commission, pleaded guilty today to one count of accepting bribes to influence official duties in the Shelby County Commission. He is scheduled to be sentenced on December 6, 2006.

"Violation of the public trust by government officials defies the confidence that citizens expect from their representatives," said U.S. Attorney Kustoff. "The public should have the confidence that their government is not for sale."

Michael Hooks admitted in open court that he violated the public's trust in his capacity as a member of the Shelby County Board of Commissioners and took complete responsibility for the illicit and unlawful actions he committed.

The case against Michael Hooks arose from Operation Tennessee Waltz, a public corruption investigation of public officials. "The operation continues to be an ongoing, active investigation into public corruption of elected representatives and other government officials," said U. S. Attorney Kustoff.

Hooks is currently accused of two accounts of indictment stating that he received $24,200 in bribes in order to use his influence to obtain county contracts for a FBI undercover corporation. He was indicted nearly a year ago and the FBI say Hooks received the bribes so the dummy company could obtain a contract with the county.

Hooks is not alone in being caught in the Tennessee Waltz FBI sting. There are several other politicians indicted including former state legislator John Ford and current state senators Kathryn Bowers and Ward Crutchfield. Former Senator Roscoe Dixon has already been found guilty and is awaiting sentencing.

Hooks Pleads Guilty To One Of Two Felony Charges (WMC-TV)

WMC-TV, August 22, 2006

MEMPHIS- Former Shelby County Commissioner Michael Hooks, Sr. pleaded guilty Monday morning to one of two felony counts he faced in the Tennessee Waltz public corruption case.

Hooks was accused of taking payoffs totaling $24,000 dollars from a company trying to gain a computer recycling contract with county government.

"I pleaded guilty simply because I am," Hooks said after the hearing. "I have nobody to blame but me. I don't blame the sting operation. I have nobody to blame but me. I simply shouldn't have taken the hook."

Hooks, a long-time politician and former county assessor, told reporters gathered outside the federal building downtown that it has been a hard and fast fall.

"I knew better. I should have done better," he said. "I failed myself, my community, and my family."

Hooks' attorney, Steve Farese, said his client decided to plead guilty after he saw the evidence the federal government had against him.

"I was able to sit down for three straight days with Michael," Farese said. "He knew at that time that a trial was simply out of the question."

Farese said Hooks has not made any deal with prosecutors to testify in other Tennessee Waltz cases. He also says he believes Hooks will get prison time when he is sentenced.

The plea came on the day Hooks' trial was to begin. It gave federal prosecutors their sixth conviction in Operation Tennessee Waltz.

Former state Senator Roscoe Dixon and former Hamilton County Commissioner William Cotton were convicted at trial. Former state Representative Chris Newton pleaded guilty.

Confessed payoff bagmen Barry Myers and Charles Love also pleaded guilty.

County Official Pleads In Corruption Case (KNOXNS/AP)

By Woody Baird, Associated Press

Knoxville News Sentinel (TN), August 22, 2006

MEMPHIS — Prosecutors got a sixth conviction in an ongoing statewide corruption scandal Monday when Michael Hooks Sr. admitted taking bribes from undercover FBI agents while he served on the Shelby County Commission.

Five of 11 defendants indicted in the investigation called Tennessee Waltz await trial, including three who were state lawmakers when they were arrested.

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Hooks pleaded guilty to a federal charge of accepting $24,200 in bribes from agents posing as representatives E-Cycle Management, an FBI front company supposedly dealing in used government computers.

"I entered a plea of guilty simply because I am," Hooks said as he left the federal courthouse in downtown Memphis.

U.S. Attorney David Kustoff said Tennessee Waltz is "an ongoing, active investigation" and Hooks' guilty plea "demonstrates the strength of the government's case."

Hooks announced last week that he would resign from the county's law-making board. Defense lawyer Steve Farese said the resignation took effect Monday just hours before the guilty plea.

Hooks blamed his troubles on "an error in judgment."

"I have nobody to blame but me," he said. "I don't blame the sting operation."

Judge J. Daniel Breen scheduled sentencing for Dec. 6.

The offense Hooks admitted committing is punishable by up to 10 years in prison, but sentencing guidelines likely will call for a much lighter punishment for a first-time offender.

Under a plea agreement, a corruption charge against Hooks will be dismissed when he is sentenced.

During the Tennessee Waltz investigation, agents made hundreds of hours of secret video and audio recordings.

After reviewing recordings of his meetings with undercover agents, Hooks "knew at that time that a trial was simply out of the question," Farese said.

Farese said he did not know if Hooks will testify at the trials of other defendants.

"If anyone is subpoenaed to testify, they testify, but as far as any agreement that's been reached with the government, there has been none," Farese said.

Hooks is the second elected official to plead guilty to Tennessee Waltz charges.

Former state Rep. Chris Newton, R-Cleveland, pleaded guilty to accepting bribes from E-Cycle and is serving a one-year prison sentence.

Former state Sen. Roscoe Dixon, D-Memphis, and former Hamilton County Commissioner William Cotton were convicted at trial. Dixon is to be sentenced in September. Cotton is serving a three-year prison term.

Sen. Kathryn Bowers, D-Memphis, Sen. Ward Crutchfield, D-Chattanooga, and former Sen. John Ford, D-Memphis, are awaiting trial.

Also awaiting trial are former Memphis School Board member Michael Hooks Jr. and Calvin Williams, the former chief administrator for the Shelby County Commission.

Confessed payoff bagmen Barry Myers of Memphis and Charles Love of Chattanooga also pleaded guilty and are awaiting sentencing.

Bowers Could Be Nearing Guilty Plea (MCA)

By Lawrence Buser

Memphis Commercial Appeal, August 22, 2006

Attorneys indicated Monday that state Sen. Kathryn Bowers may be nearing a guilty plea to bribery charges stemming from the FBI's Tennessee Waltz sting operation.

In a status report on the case, federal prosecutor Tim DiScenza told U.S. Dist. Court Judge J. Daniel Breen that there is no longer a need for a trial date.

Bowers' attorney William Massey concurred and asked for a final report date, which is now set for Sept. 5.

"We need to go over this once more with the government and with Mrs. Bowers," said Massey, who declined to say whether his client planned to plead guilty. "We've not made arrangements for that. We always are continually evaluating our position."

Bowers, 63, had been scheduled to be tried on Oct. 3.

She is accused of accepting $11,500 in payoffs in 2004 and 2005 to support legislation for E-Cycle Management, the FBI's fictional business that was willing to pay for political favors.

Earlier Monday, Breen accepted the guilty plea of former County Commissioner Michael Hooks, who also was caught in the FBI's net during an undercover public corruption probe which began in 2003.

Hooks will be sentenced Dec. 6 on one count of bribery.

In elections earlier this month, Bowers easily won the Democratic nomination for her Dist. 33 Senate seat.

Seven of the 12 officials or aides indicted in the Tennessee Waltz operation have been convicted either in trial or by guilty plea.

After court, Bowers said she is happy to be alive after "a near-death situation" last week while driving on Interstate 40 in East Tennessee.

She said treads on her tires unraveled, forcing her to struggle to keep her vehicle from crashing or going over a cliff.

Bowers referred Tennessee Waltz questions to Massey.

Bowers' Attorney Evaluating Position After Latest Waltz Decision (WMC-TV)

WMC-TV, August 22, 2006

On the same day Michael Hooks, Sr. pleaded guilty in his Tennessee Waltz case, Kathryn Bowers made an appearance of her own.

"I don't have any comments about anybody else concerning what's happening," she said Action News 5's Ursula Madden.

Bowers didn't want to talk about Michael Hooks Sr.'s admission of guilt, but her attorney, Bill Massey, admitted that the fate of others caught up in the Tennessee Waltz Corruption Scandal, including the conviction of former state senator Roscoe Dixon and that guilty plea from Hooks, could factor into the Bowers decision.

"We are always continually evaluating our position," Massey said, "particularly in light of everybody else, and in light of the discovery that we have, and we'll make a decision in Senator Bowers best interests."

There was no guilty plea in federal court from Bowers, at least not at a status conference Monday in Federal Court.

Massey said he has reviewed all the evidence in the case, and asked Judge Daniel Breen for a two week extension, which was granted. But when the judge asked US Attorney Tim Discenza if he wanted to set a trial date, Discenza said there was no need.

"He didn't want the court to set a trail date and reserve a spot right now," Massey said. "We're still in the report phase."

Whether Bowers goes to trial, or if she decides to change her plea to guilty, she said physically, she's taken a beating. "This overall ordeal has really taken a serious toll on my health," she said Monday. "I'm sure that whenever all of this is over, that I'll be able to spend a little time thinking about what I will do for Kathryn Bowers, in terms of my health."

Massey said Bowers is a strong lady, but said a case of this magnitude would take a toll on anyone.

Two Former Commissioners Sentenced In Las Vegas Corruption Case (AP)

By Ken Ritter, ASSOCIATED PRESS

AP, August 22, 2006

LAS VEGAS (AP) - Two former Clark County commissioners were sentenced Monday to federal prison for taking bribes from a southern Nevada strip club owner in a political corruption case dubbed G-sting.

Dario Herrera, 33, a one-time Democratic candidate for Congress and former state Assemblyman, was sentenced to 50 months.

His former colleague, Mary Kincaid-Chauncey, a 68-year-old flower shop owner and 24-year political veteran, was sentenced to 2 1/2 years in federal prison.

The two former commissioners were among four indicted in May 2003 in a case that detailed how strip club owner Michael Galardi traded money and sex for political favors. One former commissioner pleaded guilty. Another is due to go to trial next month.

Herrera, a former political protege of Senate Minority Leader Harry Reid, was found guilty in May of 17 of 19 conspiracy, wire fraud and extortion charges. Kincaid-Chauncey was convicted of 13 of 14 charges, including conspiracy, wire fraud and extortion.

Besides his 50-month sentence, Herrera must pay a $15,000 fine and forfeit $60,000 that U.S. District Judge Larry Hicks said he received illegally. He faces three years of supervised release after prison.

Herrera appeared to choke with emotion as he apologized to the court and pledged to make amends to "Clark County, my wife and my children."

His lawyer, Jerry Bernstein, sought leniency, saying Herrera will not appeal his conviction or his sentence.

But the judge called Herrera's actions, "bribery of the worst level" and lambasted Herrera for attempting to "spin" a story while testifying at trial.

"The jury obviously saw through that," the judge said. "It definitely was an attempt to obstruct justice. It was absurd."

Hicks made a distinction between Herrera' conduct as chairman of the commission and Kincaid-Chauncey's position on the seven-member board, and focused on an image left with the jury of Herrera parked outside Galardi's strip club, "waiting for Mr. Galardi to show up at Cheetah's and make the payoff.

"And he is the chairman of the Clark County Commission," the judge declared.

In contrast, the judge said that while he was convinced Kincaid-Chauncey lied on the witness stand, she posed no ongoing threat. He cited her service to the community, her church and her family, and said he was impressed by the 67 letters of support submitted to the court on her behalf.

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Kincaid-Chauncey daubed her eyes as she stood before the judge.

"I regret all the pain this has caused my family and friends," she said before she was sentenced to a term shorter than what prosecutors had sought.

"It does not seem to me to achieve anything to sentence this lady to 41 to 51 months," Hicks said.

Kincaid-Chauncey also was fined $7,500, ordered to forfeit $19,000 and spend two years on supervised release after prison.

Both former politicians remained free, pending their surrender to federal authorities by Jan. 12. The judge agreed to recommend that Herrera serve his time at the prison camp at the Englewood federal prison in Littleton, Colo., and that Kincaid-Chauncey go to a federal prison in Victorville, Calif., about 145 miles west of Las Vegas.

After her sentencing, Kincaid-Chauncey hugged supporters and family members.

"It could have been worse, guys," she said.

Outside the courtroom, she said she was "pleasantly surprised" at the sentence.

Her lawyer, Richard Wright, said he expected Kincaid-Chauncey might serve 27 months before she could be released to a halfway house.

Daniel Bogden, U.S. attorney for Nevada, called the sentences just.

"The jury gave a clear message that corruption was not going to be tolerated in this community," he said. "The judge has determined these corrupt politicians will go to prison."

Kincaid-Chauncey and Herrera were snared in a G-sting FBI surveillance operation that also led to federal indictments three years ago against Galardi and the two other former commissioners, Lance Malone and Erin Kenny.

The judge last month denied requests from lawyers for Kincaid-Chauncey and Herrera to set aside the May 5 verdicts that followed more than seven weeks of sometimes lurid testimony, hours of FBI wiretaps and several videotapes. Jurors learned that commissioners met with Galardi and his representative in restaurants, cars, at home and on the golf course as he sought votes favorable to his three strip clubs.

Galardi, 44, pleaded guilty to bankrolling political corruption in Las Vegas and San Diego, where he also owned a strip club. He testified in return for a promise that he will receive no more than five years in prison in both cases. His sentencing is pending.

Kenny, 45, pleaded guilty and testified against her former colleagues in Las Vegas. She is expected to be sentenced to no more than four years in prison.

Malone, who became a Galardi lobbyist, was tried and found guilty in July 2005 in San Diego of conspiracy, wire fraud and extortion for delivering Galardi cash to San Diego City Council members. Malone remains free while appealing that conviction and a three-year prison sentence.

His trial in Las Vegas begins Sept. 18.

Two Former County Commissioners Are Sentenced (KLAS-TV)

KLAS-TV, August 22, 2006

As she left federal court, Mary Kincaid-Chauncey said she wasn't giving up. "I am still going to appeal the case for two reasons. I want to clear my name and I want to be able to vote," she said.

The mood was more somber when Dario Herrera left the courthouse with his wife Emily and attorneys. Neither he nor his attorneys would comment on the sentencing.

Judge Larry Hicks handed down a stiffer sentence for Herrera than Kincaid-Chauncey. Both were given until January 2007 to report to prison.

Also on the Web

History of G-Sting

They once helped lead the county, but now two former Clark County commissioners are going to prison. Dario Herrera and Mary Kincaid-Chauncey were sentenced Monday on their convictions for taking bribes from a former strip club owner.

The judge handed down a stiffer sentence for Herrera than Kincaid-Chauncey. Both were given until January 2007 to report to prison.

Kincaid-Chauncey and Herrera were two of the four former commissioners caught up in the G-Sting political corruption scandal involving Michael Galardi.

Dario Herrera was sentenced to a total of 50 months in prison, which is just over four years. He was also ordered to pay more than $76,000 in fines and restitution. Herrera also received three years of supervised release and 100 hours of community service.

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Mary Kincaid-Chauncey was sentenced to 30 months, two and a half years. She was ordered to pay $36,500 in fines and restitution.

Both were found guilty in May after a two-month long trial that involved dozens of witnesses.

Herrera was found guilty on one count of conspiracy, ten counts of wire fraud, and six of the eight counts of extortion.

Kincaid-Chauncey was also found guilty on one count of conspiracy, nine counts of wire fraud, and three of the four counts of extortion.

It was Mike Galardi's testimony that helped prosecutors prove their case. Galardi testified in exchange for a plea deal.

On Monday, no cameras were allowed inside the courtroom, but Eyewitness News was inside for the sentencing of both defendants.

It was an emotional day.

While both Mary Kincaid-Chauncey and Dario Herrera teared up while talking to the judge, the judge ultimately said bribery by a public official is one of the worst offenses.

As she left federal court, Mary Kincaid-Chauncey said she wasn't giving up.

"I am still going to appeal the case for two reasons. I want to clear my name and I want to be able to vote," she said.

Kincaid-Chauncey seemed relieved about her 30-month prison sentence.

"I've heard this is a really tough judge so I feel blessed I was able to get a lighter sentence. It'll be hard. But with God's help I'll be able to make it through," she continued.

Her attorney, Richard Wright argued for a lighter sentence asking the judge to consider her age and that she contributed a lot to our community. Wright even got choked up when telling the judge that Kincaid-Chauncey was one of the most "selfless" people he's ever represented.

Kincaid-Chauncey asked the judge to consider that she's taking care of her grandson whose father is in Iraq, and that she's worried about her husband's health.

She said, "I told him I have some family situations but I would accept whatever he decides. I regret the pain it's caused my family."

But the prosecution argued that despite her years of experience in the public sector she still committed a crime. In the end, the judge said Kincaid-Chauncey is quote a "nice lady" and he considered the 67 letters friends and family sent on her behalf.

When asked about Dario Herrera, Kincaid-Chauncey had only kind words. "He's a nice kid and has a lot of potential in the future," she commented.

The two embraced outside the courtroom after she was sentenced.

The mood was more somber when Dario Herrera left the courthouse with his wife Emily and attorneys. Neither he nor his attorneys would comment on the sentencing.

In the courtroom Hererra's attorney, Jerry Bernstein told the judge that Herrera is accepting responsibility for his actions and is not appealing his case. Bernstein asked the judge to take that in consideration.

Herrera became emotional when talking to the judge saying he only has himself to blame, but the prosecution argued for a tough sentence.

Kincaid-Chauncey asked to be sent to a prison in Victorville, California. While Herrera wants to go to a federal prison in Inglewood, Colorado.

During Monday's proceedings, the judge called Michael Galardi a "credible witness" when referring to the money that Galardi paid to Kincaid-Chauncey and Herrera.

Many are wondering what this may mean for Lance Malone's trial and if others will see Galardi as credible, too.

The judge had harsh word for Herrera as well calling the conviction shocking and extremely disturbing.

Herrera had no visible reaction when he was sentenced and kept a straight face when leaving the courthouse.

The U-S attorney's office had this to say about the sentencing.

"I think the judge reiterated several times how serious he thinks this matter is, certainly when he's imposing the sentence. I certainly think the judge made it loud and clear this is a serious offense and something we're going to continue to pursue."

Under federal rules, offenders wind up doing about 85-percent of their time. They can get time off for entering various programs and also can spend time in places like halfway houses.

Former prosecutor Charles Kelly says that means Dario Hererra could serve somewhere between 30 and 36 months.

Kincaid-Chauncey will probably spend less than a year behind bars.

G-Sting: Lance Malone is Prepared For Trial

There were two other commissioners involved in the Las Vegas portion of the G-Sting scandal. Erin Kenny took a plea deal and is awaiting sentencing. Lance Malone is alleged to have been the bagman for strip club owner Mike Galardi.

St. Peters' Mayor Makes First Appearance On Federal Charge (SLPD)

By Tim Bryant, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, August 22, 2006

St. Peters Mayor Shawn Brown pleaded not guilty today to a federal bribery charge and remained free on his promise to show up for scheduled court appearances.

A federal indictment returned last week said Brown, 34, solicited and accepted $2,750 in bribe money from a company that has the contract to install red-light cameras in St. Peters.

Brown allegedly told an employee of Redflex Traffic Systems Inc. that he would veto a measure approving the installation of the company's computerized camera systsm unless the company paid him off.

Redflex employees then alerted the FBI and cooperated with the agency in carrying out the alleged bribe, a spokesman for the Scottsdale, Ariz., firm has said.

Brown entered his not guilty plea before a magistrate judge in U.S. District Court in St. Louis. His next scheduled court appearance will be for an evidentiary hearing on Sept. 21. A tentative trial date has not been set.

If convicted, Brown could face a prison sentence and a large fine.

Calendars Show Armitage Met Reporter (AP)

By Matt Apuzzo And John Solomon

The Associated Press, August 22, 2006

Then-Deputy Secretary of State Richard Armitage met with Washington Post reporter Bob Woodward in mid-June 2003, the same time the reporter has testified an administration official talked to him about CIA employee Valerie Plame.

Armitage's official State Department calendars, provided to The Associated Press under the Freedom of Information Act, show a one-hour meeting marked "private appointment" with Woodward on June 13, 2003.

Special Prosecutor Patrick Fitzgerald has investigated whether Bush administration officials intentionally revealed Plame's identity as a one-time CIA covert operative to punish her husband, former ambassador Joseph Wilson, for criticizing the administration's march to war with Iraq.

When contacted at home Monday night, Woodward declined to discuss his meeting with Armitage or the identity of his source in the CIA leak case. Instead, he referred to his statement last year that he had a "casual and offhand" discussion about Plame with an unidentified administration official in mid-June 2003.

A person familiar with the information prosecutors have gathered, who spoke only on condition of anonymity because the material remains sealed, said Woodward's meeting with the confidential source was June 13, 2003.

The calendar released to the AP is the first confirmation that Woodward and Armitage met during the key time in the CIA leak case that was the focus of Fitzgerald's probe.

The identity of Woodward's source remains one of the big mysteries in the case because the Post reporter is the first member of the news media known to have discussed Plame's CIA employment with an administration official.

Woodward's former Post editor, Ben Bradlee, has speculated publicly that Armitage was the reporter's "likely source."

And defense attorneys for I. Lewis "Scooter" Libby, the lone administration official charged in the CIA leak case, also have suggested Armitage could have been Woodward's source when they unsuccessfully tried to persuade a court to order the release of State Department documents.

Fitzgerald's office declined comment Monday. Reached at his home in Virginia, Armitage said he could not discuss his cooperation with Fitzgerald's office, the meeting with Woodward or any details of the case.

Libby, the former chief of staff to Vice President Dick Cheney, faces trial in January on charges he lied to authorities about conversations he had with reporters about Plame.

Libby's lawyer, William Jeffress, said Monday that Armitage's calendar only bolsters the defense's argument that information about the State Department official's role in the CIA leak affair should be released.

"I would hope that the facts on that would come out," Jeffress said. "We have asked for information as to Woodward's source in discovery but that has been denied."

Woodward's current boss, Post Executive Editor Leonard Downie Jr., said Monday, "We are not going to disclose the identity of a confidential source."

Woodward has said he received a written release from his confidentiality obligation to the source and was even asked by his source to tell prosecutors about their conversation. But he has refused to publicly identify the person.

Woodward has said Plame came up incidentally during an interview he was conducting for a book he wrote on the Iraq war. He said the source told him that Plame was a CIA analyst on weapons of mass destruction, and no evidence has emerged

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in public that Woodward's source actually knew she had been a covert agent. Fitzgerald has signaled there are no plans — beyond the Libby indictment — to prosecute any other officials for releasing Plame's identity.

Armitage's calendar also shows that a week before Woodward's meeting with Armitage, the deputy secretary of state met for 15 minutes with Libby.

That meeting occurred as State officials were about to prepare a report outlining how Plame's husband was sent to Niger before the Iraq war to check unverified intelligence that Iraq was seeking nuclear materials from Africa.

Wilson reported back to the Bush administration that he was unable to verify the claim, but the administration continued to use the information to bolster its argument for war. Wilson has cited the decision to rely on the bad intelligence in his criticisms of the administration.

Two people familiar with the meeting, however, said the Libby-Armitage meeting dealt with issues involving Pakistan and said the subject of the CIA leak case wasn't raised. Both spoke only on condition of anonymity because some information about the meeting remains classified.

Bribery Probe Going Beyond Elections (AP-Y)

AP, August 22, 2006

The investigation stemming from the bribery conviction of former Rep. Randy "Duke" Cunningham, R-Calif., will continue well past the November midterm elections under a federal court schedule set Monday.

The announcement came at a status hearing for defense contractor Mitchell Wade, who is cooperating with federal prosecutors after pleading guilty in February to bribing Cunningham in exchange for government contracts.

U.S. District Judge Ricardo Urbina agreed to delay sentencing proceedings against Wade and set the next status hearing in his case for March 12. That will allow Wade's cooperation to continue in the investigation, which still has several unresolved pieces.

Among them, a grand jury in San Diego has focused on defense contractor Brent Wilkes, who has not been charged. Also, Wilkes' childhood friend Kyle "Dusty" Foggo, a former high-ranking CIA official who resigned from the agency earlier this year, is under investigation over his role in the awarding of a government contract that went to Wilkes.

Cunningham is serving an eight-year prison term after pleading guilty to taking $2.4 million in bribes from Wilkes, Wade and others in return for funneling government contracts their way.

The Cunningham case has spawned an investigation of House Appropriations Committee Chairman Jerry Lewis, R-Calif., over his ties to a lobbying firm that represented Wilkes' company.

An attorney for Wade declined comment. A spokesman for the U.S. attorney's office did not immediately respond to a message.

2 Probes Launched Into James' Spending (NSL)

By IAN T. SHEARN, Star-Ledger Staff

Newark Star-Ledger, August 22, 2006

Subpoenas seek records of use of city credit cards

Federal and state investigators launched separate criminal investigations yesterday into the use of city-issued credit cards by Sharpe James when he was mayor of Newark.

Grand jury subpoenas from the U.S. Attorney's Office and the state Attorney General's Office were delivered in the morning to City Hall and the Newark Police Department, demanding the former mayor's credit card records and related documents.

The subpoenas followed a story in The Sunday Star-Ledger detailing years of travel, meals and entertainment, including a trip to Rio de Janeiro his last week in office, that James charged to two city credit cards.

One of James' credit card statements shows a payment to Public Storage for $2,797.80 on June 4, according to records obtained by The Star-Ledger.

Just before 8 p.m. yesterday, FBI agents descended on the Public Storage facility in Hillside and carted out file boxes and a piece of furniture.

Steve Siegel, spokesman for the FBI's Newark division, confirmed the search warrant but declined to discuss the purpose or the results of the search. Spokesmen for the U.S. Attorney's Office and the state Attorney General's Office also declined comment.

Reached by phone at his home yesterday, James said only: "No. You misquoted. Sorry." Then he hung up.

In a written response to the Associated Press, James called the allegations a politically motivated attack.

James had use of two credit cards for his expenses: one that was billed to City Hall and another that was billed to the Police Department, which was intended to cover expenses incurred by his bodyguards.

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Over the past 2 1/2 years, more than $80,000 was billed to the police card, including trips to Puerto Rico, the Dominican Republic, Florida, Arizona and Martha's Vineyard.

SHARPE JAMES PROBED (NYPOST/AP)

Ap

The New York Post, August 22, 2006

New Jersey's U.S. attorney and attorney general subpoenaed debit- and credit-card records yesterday for former Newark Mayor Sharpe James after reports surfaced that he racked up tens of thousands of dollars in charges at taxpayers' expense, a city official said.

A spokesman for Mayor Cory Booker said the subpoenas involving James asked for "anything involving credit or debit cards that he's used, his mayoral staff and his security detail" from 2002 to 2006.

"We're going to comply and do everything they ask for and we'll cooperate fully into the investigation," said Booker spokesman Amin Nathari.

Michael Drewniak, a spokesman for U.S. Attorney Christopher Christie, would not confirm any subpoenas, saying grand-jury discussions are confidential.

Man Faces Charges In Medicaid Fraud Case (DEN)

Detroit News, August 22, 2006

Livonia drug firm's president accused of bilking state of $5M; more charges possible.

The president of a Livonia pharmaceutical supply company stood mute Monday at his arraignment on 148 counts of Medicaid fraud, the largest case of its kind in state history, according to Attorney General Mike Cox.

Daniel Edward Lohmeier, 43, of South Lyon, who heads Specialized Pharmacy Services Inc., waived his right to a 14-day pretrial hearing during a brief appearance before Judge David Jordan in 54B District Court in East Lansing.

Afterward, neither Lohmeier nor his attorney, David DuMouchel of Detroit, would comment on the charges.

According to Cox, Lohmeier from 1999 through 2005 bilked the state out of at least $5 million through Medicaid fraud, including the billing for prescriptions allegedly dispensed to 20 deceased people.

Cox said the investigation is ongoing and could result in additional charges. He said investigators will continue to probe for evidence of "any corporate fraud or liability."

Jordan said a pretrial hearing would be scheduled at some future date, allowing attorneys reasonable time to review the volumes of paperwork involved in the criminal investigation by the Attorney General's Office, the Michigan Department of Community Health, the U.S. Department of Health and Human Services and the FBI.

Cox said the case against Lohmeier also includes charges that he double-billed for drugs and in other instances billed the state for prescriptions that were never filled.

Specialized Pharmacy is a subsidiary of Omnicare Inc., a Fortune 500 company based in Covington, Ky.

Omnicare is the nation's largest provider of prescription drugs and pharmacy services to long-term care facilities.

You can reach Charlie Cain at (517) 371-2470 or ccain@detnews.com.

Last Suspect Pleads Guilty In Financial Scheme (DEN)

Detroit News, August 22, 2006

DETROIT -- The last of 17 Detroit-area men indicted in a massive credit card, mortgage and bankruptcy fraud scheme pleaded guilty Thursday in U.S. District Court in Ann Arbor, U.S. Attorney Stephen Murphy announced.

The men and women, who pleaded guilty before Judge John Corbett O'Meara, are all to be sentenced in November and December. All but two of them are from Dearborn.

As part of the scheme, two men used their companies to process over $1 million in credit card transactions for other defendants in return for cash and merchandise. Others charged avoided payment on the credit card charges.

Ali Abdul Karim Farhat, 42, Abdulamir Berro, 38, and Sadek (Sam) Berro, 51, pleaded guilty to conspiracy to racketeer and each face up to 97 months in prison and fines of up to $250,000.

Also pleading guilty to various conspiracy or fraud charges were Abdul Halim Berro, 41, Nassib Saadallah Berro, 61, Bilal El-Sablani, 33, Sami Ahmad Berro, 53, Zeinab Berro, 43, Noura Berro, 49, Salwa Nassib Berro, 41, Amira Farhat, 42, Houda Mohamad Berro, 28, Abdul Karim Akram Berro, 24, Lina Reda, 26, Almire Ali-Sadek Berro, 26, Akram Berro, 49, of Taylor, and Jamal Berro, 51, of Taylor.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

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Gotti's A Crass Act, Mob Rat Sez (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 22, 2006

Junior Gotti had a moment straight out of "Goodfellas" - terrorizing a bartender to the amusement of his cronies before ordering up the beating of Curtis Sliwa, a mob turncoat testified yesterday.

When the barkeep at the Gambino hangout Our Friends Social Club in Queens served a glass of water to the mob scion, Gotti allegedly rejected it in a manner worthy of Joe Pesci's crazed character in the film - tossing the drink in his face.

"He told him it's not cold enough," Joseph (Little Joey) D'Angelo told jurors at Gotti's racketeering trial in Manhattan Federal Court. "Everybody laughed."

D'Angelo, a protégé of notorious Mafia killer Salvatore (Sammy Bull) Gravano, has admitted driving the rigged taxicab used in the 1992 assault on Sliwa. But he felt a pang of guilt watching Gotti toss water in the overweight bartender's face.

"I felt kind of bad for the guy," said D'Angelo, 37, who was involved in at least two gangland slayings. "It was humiliating."

It marked D'Angelo's third time on the witness stand after jurors deadlocked at Gotti's two previous trials.

The water toss occurred before Gotti allegedly pulled out the cap, gloves and vest D'Angelo wore when he picked up Sliwa from an East Village street on June 19, 1992.

"Now, you look like a cabbie," Gotti allegedly told him.

Sliwa was shot twice but survived by jumping out a passenger's side window that D'Angelo left down because of the hot weather.

D'Angelo said Gotti, under orders from his father, wanted Sliwa badly hurt because of his repeated on-air attacks on Dapper Don John Gotti.

"This Curtis Sliwa, we're gonna put him in the hospital," D'Angelo said Gotti told him. "He's been badmouthing the family. He's been badmouthing the boss."

When D'Angelo wondered why they didn't just shoot him in the knees, he said Gotti's response was chilling: "I want him to feel our hands on him."

INSIDE THE PLOT VS. SLIWA (NYPOST)

By Kati Cornell

The New York Post, August 22, 2006

A mob turncoat who 'fessed up to driving a stolen cab used to kidnap Curtis Sliwa recounted the chilling order from John "Junior" Gotti to send the radio host to the hospital and make him "feel our hands on him."

Testifying against his former boss, mob canary Joseph D'Angelo told jurors how Gotti orchestrated the 1992 attack at the behest of his then-jailed father, John "Dapper Don" Gotti, who was the subject of regular on-air rants by Sliwa.

"I got an order from the boss. This Curtis Sliwa, we're going to put him in the hospital. He's been badmouthing the family. He's been badmouthing the boss," Gotti said, according to D'Angelo.

"This is personal. I want him to know we can put our hands on him and do this anytime we want. I want him to feel our hands on him," Gotti told D'Angelo, who was instructed to kidnap Sliwa with two other mobsters and dish out a severe beating.

Yesterday's testimony marked the third time D'Angelo, 37, has taken the witness stand against Gotti after two previous juries failed to reach a verdict.

D'Angelo gave jurors a new glimpse into Gotti's cruelty, describing how the mob scion humiliated an underling.

In a planning session for the Sliwa attack, D'Angelo said Gotti ordered a glass of water from the bartender at Our Friends social club in Ozone Park, Queens, and then "threw it in his face."

Gotti "said it wasn't cold enough. Everybody laughed," D'Angelo said. "I felt bad for the guy. It was humiliating."

D'Angelo said he and another mob goon set out to kidnap Sliwa in a taxi early on June 19, 1992 - but the plot went horribly awry when mobster Michael Yannotti suddenly blasted the radio host with his gun.

"Mike started shooting. Curtis started jumping. It was crazy," said D'Angelo, adding that within minutes, Sliwa "was halfway out the passenger-side window."

"I said, 'Throw him out the window,' " D'Angelo recalled. "I was just trying to get away and not get caught."

Sliwa suffered near-fatal bullet wounds to his legs and abdomen.

"It's not what we wanted," Gotti allegedly told D'Angelo.

Prosecutors also grilled D'Angelo on mob messages he passed to Gotti while the two were gearing up for trial together - an attempt to poke holes in Gotti's claim that he left the mob in 1999.

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D'Angelo - who became a turncoat in July 2005 - recounted telling Gotti that then-acting boss Arnold "Zeke" Squitieri and powerful capo Alphonse "Funzi" Sisca wanted to "send their love."

"He told me to tell Funzi and Arnold when this is all over we'll have dinner together," D'Angelo said.

LAPD Targets Valley Holdups (LAT)

By Andrew Blankstein And Richard Winton, Times Staff Writers

The Los Angeles Times, August 22, 2006

Officers take a more aggressive approach in seeking a group wanted for dozens of 'takeover' robberies at eateries.

Undercover officers are lurking around upscale eateries in the San Fernando Valley, trying to blend into the nighttime pedestrian traffic.

Patrol cars circle around restaurants looking for anything out of place.

And from the air, police helicopters are switching on infrared cameras while checking tips radioed to them from officers on the ground.

It's all part of a campaign by authorities to stop a group of criminals who for the last two years are believed responsible for more than 50 "takeover" robberies of Valley eateries and taverns.

Their most recent hit came Sunday night at Ca' del Sole, a popular Italian restaurant in Toluca Lake.

Officials admitted Monday that they are frustrated the crime spree has gone on for so long, and said they are trying to take a more aggressive approach in catching the robbery crew.

Detectives are studying the restaurants that have already been hit in an effort to predict the next potential targets. They also are poring over records in search of potential suspects with histories of takeover-style armed holdups.

The FBI is also assisting in the campaign.

"It's frightening," said Joel Simon, president of the Encino Chamber of Commerce. "I don't think I ever felt that way before, and I've been living out there a long, long time. Our community has to pull together and give the police as much support as we can. You can't put a cop in every restaurant."

As in their other crimes, the thieves struck just around closing time and entered Ca' del Sole with their semiautomatic handguns drawn and their identities concealed with ski masks and gloves.

Police said one of the robbers trained his weapon on several employees and patrons, forcing them to the ground and taking their money and jewelry while also clearing out the cash register.

Another robber took money from a safe before both men escaped in an unknown vehicle with several thousand dollars.

Robberies are up 17% across the Valley, which has seen more than 200 takeover robberies of eateries and other business over the last two years. But LAPD officials said they are particularly concerned about this one elusive group of robbers.

"It's certainly been a challenge to identify and capture them," said Lt. Paul Vernon. "The Valley is huge. There are many restaurants. We've had to look in lots of haystacks to find this one needle."

The group has targeted some of the Valley's most well-known eateries, including Valley Inn, Killer Shrimp and Barone's.

They also are believed to be responsible for fatally shooting a worker in May 2005 at a Thai restaurant in Northridge.

LAPD Robbery-Homicide Division Det. Steve Koman said the thieves probably are casing establishments before robbing them, and may even be sophisticated enough to try to gauge the police response to the location and how frequently patrol cruisers come by the restaurant.

He added that the bandits appear to have two distinct units that carry out the crimes.

The first crew, which is believed to have participated in the fatal shooting at the Thai restaurant, was part of an initial crime wave that targeted 18 restaurants from January to August 2004.

Detectives are puzzled because the robberies appeared to stop last summer after the crimes were first publicized. Koman said it is possible that some members of the gang were arrested or that they decided to take a break until media attention subsided.

But the robberies resumed in March, adding another dozen to the tally. Detectives believe this new round of crimes involved a second crew that may include some members from the first.

"These are very violent men willing to do whatever it takes," Koman said. "Sooner or later they are going to make a mistake and they're going to get caught."

The robbers burst into restaurants with guns drawn, using the shock of a sudden holdup to their advantage.

Witnesses have alternately described the suspects as black, Hispanic or white.

The biggest problem for detectives is that the robbers wear masks, which have made it impossible to develop descriptions of them.

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Because of the crimes, LAPD Chief William J. Bratton and the Los Angeles City Council are seeking increased penalties when masks are used in a crime.

LAPD Deputy Chief Michel Moore said police still have their hands full as thieves look for softer targets.

He recently addressed the United Valley Chambers of Commerce and the Valley Industry Trade and Commerce Assn. about the robberies and the steps businesses can take to prevent them.

LAPD officials in the past have suggested that restaurants keep back doors locked, install security cameras and hire security guards.

While the LAPD is struggling with the ski-mask bandits, Vernon noted that the department has arrested suspects who it believes are responsible for numerous robberies of businesses as well as thefts of personal electronic devices, purses and jewelry.

Man Arrested Near Va. Tech In Two Killings (WP)

By Michael D. Shear And Susan Kinzie

The Washington Post, August 22, 2006

BLACKSBURG, Va., Aug. 21 -- A hunt for an escaped inmate accused of killing a sheriff's deputy and a security guard ended with his capture Monday at Virginia Tech, where students were told to stay in their rooms, and classes were canceled on the first day of school.

William C. Morva, 24, described by state and local law enforcement officials as an "anti-government survivalist," was found hiding shirtless and shoeless in a briar patch near campus athletic fields and less than 150 yards from where he is alleged to have shot and killed a popular and highly decorated sheriff's deputy Monday morning.

His capture came hours after edgy police officers interrupted what started as a placid first day of school for the 32,000 students and staff at Virginia Tech. The campus was shut down, and students were sent into locked-down dorms.

Little information was provided, and rumors swirled about a gunman on the loose as hundreds of officers -- with machine guns and dogs and supported by helicopters -- searched the campus and surrounding area. Students were confined to their rooms and other school buildings while their parents watched the scene play out on national television.

"A woman came screaming and yelling, 'Don't go down the stairs,' " as students left class, recalled Shivani Handa, 17, a freshman from Centreville, who said she was just getting over the anxiety of going to her first college class when she heard about the gunman. No one knew what was going on, Handa said, and scores of students waited in a study area linking a classroom building and the library. "We were just stuck there," Handa said.

Authorities said the search began Sunday morning at Montgomery County Regional Hospital in southwestern Virginia after Morva overpowered a deputy, seized his gun and killed an unarmed hospital security guard, Derrick McFarland, 26, then disappeared into the night.

Sheriff Tommy Whitt declined to describe how Morva escaped but said prisoners are usually shackled on the ankles and handcuffed to chains around their waists when taken to the public hospital. News reports said Morva, who had been in jail awaiting trial in an attempted robbery of a local deli, had complained of a sprained ankle.

"We'd be foolish not to look at our procedures," Whitt said.

Law enforcement officers searched through the night, encountering Morva about 7 a.m. Monday on Huckleberry Trail, which connects the campus to the nearby town of Christiansburg. There, authorities said, Morva shot Cpl. Eric Sutphin, 40, a sheriff's deputy from Virginia's Montgomery County on bike patrol. Sutphin had been awarded the state's medal of valor in 2004 by then-Gov. Mark R. Warner (D) for his role in capturing a suspect in the killing of a police officer. Sutphin was shot twice in that incident.

Local authorities, who appeared devastated by Sutphin's death, declined to describe the circumstances of his shooting. They said doing so could compromise the case against Morva, who has been charged with capital murder, firearms violations, felony escape and assaulting an officer.

"We lost two very good people," Montgomery County Commonwealth's Attorney Bradley W. Finch told reporters as he announced the charges against Morva. "We now feel that we can grieve for that fallen officer. After that, we will pursue justice against the perpetrator."

Virginia Attorney General Robert F. McDonnell (R) said Morva "essentially ambushed" Sutphin on the bike trail.

McDonnell said Morva appears to be a "Timothy McVeigh-like anti-government type," referring to the man who bombed a federal building in Oklahoma City in 1995. "He is one of those self-described anti-government survivalists who apparently has some great opposition to authority and government," said McDonnell, who was briefed on the incident Monday.

Whitt confirmed that assessment. He said Morva had previously expressed "anti-government, anti-social and anti law-enforcement" views to other police officers.

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McDonnell said Morva grew up in Blacksburg and is familiar with the dense woods near the Virginia Tech campus.

Many in Blacksburg knew Morva from coffee shops around town, where he hung out barefoot in the summer and coatless in the winter, drinking coffee, playing backgammon, reading and arguing. "He was a happy guy, and everyone liked him," said Andrew Mullin, 18, of Blacksburg, who was close to Morva.

Mullin described him as a survivalist -- someone who got by on his own, who owned a gun and who went camping and hunting for long stretches, drifting from place to place -- and militant.

"He sort of denounces society's view of what's normal," Mullin said. "He didn't like the government -- taxes and police and control, and he sort of felt like money and materialism kind of held you down."

In capturing Morva, police credited the huge armed presence that descended on the area. More than 24 agencies, including officers from the FBI, the Drug Enforcement Administration, Virginia State Police and neighboring police departments, blanketed the campus and its surroundings.

Kurt J. Krause, vice president for business affairs at Virginia Tech, said the cordon of heavily armed officers was designed to keep Morva from escaping, and he said he ordered students and others to stay inside to keep them away from Morva.

"There were just too many rumors, too many people walking around," he said of the decision to cancel classes and essentially quarantine students.

Susan Ruggiero was doing yard work at her Stafford County home when her freshman daughter, Sarah, 17, called.

"Here she goes to her first day of class, and this happens," said Susan Ruggiero, who checked the news all day, watching for updates. "The whole thing with this moment in time -- when you allow your child to go off to college, you can't protect them from the world."

Havens Smith of Reston was filling out forms in her first class -- biology -- when a police officer burst into the auditorium carrying a big gun, she said, and told everybody to leave the building immediately.

When she was safely back in her room, she tried to call her parents but couldn't get through on her cellphone. Finally, her father called the land line in her room: Her grandparents in Florida had seen Virginia Tech on the news.

"As a parent, you work so hard to get your kid to have this opportunity," said Mark Smith, her father. "In our case, Havens is our only child. You get 'em all geared up for this experience in life, you get 'em down there, all moved in and everything, and you never dream -- two days later you wake up, listen to the news, and this is going on."

School Starts With A Scare At Va. Tech (USAT)

By Oren Dorell And Emily Bazar

USA Today, August 22, 2006

A hunt for a fugitive accused of killing an unarmed hospital security guard and a sheriff's deputy Monday forced a virtual lockdown of Virginia Tech on the first day of the fall semester.

Hundreds of police officers swarmed through the 2,600-acre campus searching for a young man who shot his way out of a hospital less than 2 miles from the Blacksburg, Va., school.

“He is a 24-year-old individual and could have blended in,” said Mark Owczarski, a spokesman for Virginia Tech.

William Morva of Blacksburg was captured in the afternoon hiding in a briar patch along a trail near the campus, said Robert Parker, a spokesman for Montgomery County. He was charged with murder.

Morva was already in custody on a charge of attempted robbery and was being treated for a sprained ankle at Montgomery County Regional Hospital Sunday when he overpowered a county sheriff's deputy and stole his pistol, according to the Blacksburg Police Department. He then allegedly shot and killed Derrick McFarland, 26, a hospital security guard who was trying to help the deputy.

About 2:30 a.m. Monday, a second deputy, Cpl. Eric Sutphin, 47, was gunned down while looking for Morva on a nature trail about a mile from the university's campus, according to the Blacksburg Police Department.

With two men dead and a suspect on the lam, the university at 10 a.m. ordered the school's 28,000 students and 3,600 employees to stay indoors, Owczarski said.

Freshman Jacob Coutry, 18, was ready to start his first day of classes when his roommate said police ordered all students back to their dorms.

“It was pretty crazy,” Coutry said. “No one really knew what to think.”

Morva's eldest brother, Nat, 34, said “Will” was the youngest of four siblings in a churchgoing family whose parents coached their sports teams. William Morva loved soccer and music, especially classical and swing, Nat Morva said. William was never in trouble growing up, Nat Morva said.

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After their father, Charles, died of cancer in 2004, William Morva became distant and began having serious trouble with the law, Nat Morva said. “We know right from wrong,” he said of his family. “If I could ask God one question I'd ask God, ‘What is my brother thinking?' ”

Escaped Inmate Caught After Scare At Virginia Tech (WT/AP)

By Sue Lindsey

The Washington Times, August 22, 2006

BLACKSBURG, Va. -- A manhunt that closed the Virginia Tech campus ended yesterday with the arrest of an escaped inmate sought in the slayings of a sheriff's deputy and an unarmed hospital guard, police said.

William Morva was arrested at about 3:30 p.m. when he was found hiding in a brier patch on an off-campus trail about 150 yards from where the deputy was shot yesterday morning, interim Blacksburg Police Chief Kim Crannis said at an afternoon press conference.

A weapon was recovered, but police would not elaborate.

Mr. Morva was rushed in shackles to the Montgomery County Jail under a heavy police presence and was to be transferred to a regional facility "for security reasons," Montgomery County Sheriff Tommy Whitt said.

The search for Mr. Morva brought hundreds of police to the 2,600-acre campus on the first day of classes for the semester. About 6,000 professors and other Tech workers were sent home for the day, and the school asked its 26,000 students to stay in the dormitories or apartments.

Mr. Morva, 24, was sought in the fatal shooting of Montgomery County Sheriff's Cpl. Eric E. Sutphin as the decorated police veteran moved in on the fugitive on the trail yesterday morning.

He escaped early Sunday after, police said, he overpowered a sheriff's deputy, took the deputy's gun and then shot hospital security guard Derrick McFarland, 26, police said. The deputy was in stable condition with a concussion and other severe head injuries he suffered in the attack.

Mr. Morva had been taken from the Montgomery County Jail to Montgomery Regional Hospital for treatment of a sprained leg and wrist. He had been jailed awaiting trial on charges of attempting to rob a store last year. He was scheduled for trial tomorrow.

As police sirens signaled his arrest, shopkeepers in this college town celebrated the end of the tense search.

"Hallelujah. I'm ready for life to go back to normal," said Paula Bolte, who had put a sign in her Main Street shop, Annie Kay's Whole Foods, to welcome students back to campus.

Police tactical teams were conducting a search of the area, and Mr. Morva was spotted in thick brush on their second pass, Chief Crannis said.

"He was challenged," she said. "He did not resist."

Mr. Morva was wearing shorts with no shirt or shoes when he was captured. Police earlier said he was wearing a tie-dyed shirt and khakis and feared that he would blend in with students on campus.

Mr. Morva was charged with capital murder, use of a firearm in a felony, escape and felony assault on a police officer. He had not been charged with the shooting yesterday morning.

No court appearances were set, but Commonwealth's Attorney Brad Finch said one could take place as early as today.

Chief Crannis would not say what Mr. Morva had been doing since the shooting or whether he had contacted anyone or been spotted by people.

A Virginia Tech employee said she offered a ride to a man who she thinks was Mr. Morva while on her way to work yesterday.

"As soon as he got in, he said something about a bus and a place where there weren't any police barricades," Mary Jane Smith told the Associated Press. "As soon as I did it, I thought, 'Oh my gosh.'"

Miss Smith said the man appeared nervous and looked as if he had just had a shower. He was wearing a white shirt and dark slacks and was carrying a dark bag.

"I called 911 as soon as I let him out," Miss Smith said. "I still don't know if it was him or not. ... I think it was him."

Blacksburg Police Officer M.L. Haynie said 300 to 500 officers arrived to help yesterday after hearing two of their own had been fatally shot.

"Eric was a true professional dedicated to the service of the citizens of Montgomery County," Sheriff Whitt said yesterday of Cpl. Sutphin. He was emotional as he talked about the slain deputy, who had 13 years in law enforcement in Charlottesville and Montgomery County.

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In 2004, Cpl. Sutphin was among law-enforcement officers in Virginia receiving a commonwealth medal of valor. He was honored for his role in a May 9, 2003, incident in which he rammed the vehicle of suspect fleeing a fatal police shooting in Christiansburg. Cpl. Sutphin exchanged gunfire with the suspect and was wounded in the exchange.

Despite his injuries, Cpl. Sutphin was among three officers who eventually cornered the suspect, killing him.

Cpl. Sutphin was the seventh law-enforcement officer killed in the line of duty in Virginia this year, Attorney General Robert F. McDonnell said.

Escapee Kills Two Before Capture, Police Say (NYT)

By Ian Urbina

The New York Times, August 22, 2006

An escaped jail inmate shot and killed a deputy sheriff and a security guard before the police caught him yesterday in the woods near Virginia Tech University in Blacksburg, police officials said.

The capture ended a manhunt that had locked down most businesses and municipal buildings in the city.

The escape led to the cancellation of the first day of classes at the university, with many of the 25,000 undergraduates staying in their dormitories.

The inmate, William Morva, 24, escaped on Sunday while being treated at Montgomery County Regional Hospital for a sprained ankle and wrist. Mr. Morva overpowered and injured the deputy before taking his gun, officials said.

As Mr. Morva fled, he shot Derrick McFarland, 26, an unarmed hospital security guard who died from his wounds, police officials said.

About 7 a.m. yesterday, Mr. Morva shot and killed Cpl. Eric E. Sutphin, who had worked for the Montgomery County Sheriff's Department for 13 years. Corporal Sutphin confronted Mr. Morva near the head of Huckleberry Trail, connecting the university campus and the hospital, Robert Parker, a county spokesman, said.

Police officials said that in capturing Mr. Morva they recovered the weapon believed to have been used in the two shootings.

In 2003, Corporal Sutphin was awarded the Governor's Medal of Valor for bravery in pursuing and capturing the killer of a fellow officer, despite having been shot twice.

Mr. Morva was awaiting trial after being charged in August 2005 in connection with the attempted robbery of a convenience store in Blacksburg.

Daniel B. Thorp, a history professor at Virginia Tech, said most people on campus remained calm despite the police activity. Professor Thorp said he was involved in orientation for about 12 new graduate students when he started receiving phone and e-mail messages saying the southern part of the campus was cordoned off. The messages eventually told him that most buildings should be locked from the inside.

Because the manhunt began around 2 a.m, most students arriving on campus were aware of it, he said.

"Most of the chatter has been about what it takes to get a gun permit around here," Professor Thorp said.

Christina Gardner, a bartender at the Rivermill bar in downtown Blacksburg, said she was a close friend of Mr. Morva, having attended Blacksburg High School with him. He regularly used the shower at her apartment, she said, to clean up, because he was homeless and lived in the woods.

"I never knew him to be a monster," said Ms. Gardner, 24, who recounted how Mr. Morva intervened in a fight years ago and saved an older man's life one night when drunk teenagers tried to rob him.

Ms. Gardner said that several months ago she heard from a shared acquaintance that Mr. Morva was in jail in the section where sexual offenders were housed.

"One of my friends saw him in the jail," she said, "and was really worried about what was happening to him over there and whether he was getting sexually assaulted or something. I do wonder whether what happened at the hospital might have been his attempt to get out of jail."

An official at the county jail who answered the phone but refused to give his name said he did not believe that Ms. Gardner's information was correct. He refused to give more details or to transfer the call for more details.

Oakland Fights Crime With Talk (NYT)

By Jesse Mckinley

The New York Times, August 22, 2006

OAKLAND, Calif., Aug. 21 — Stuck in the grips of a violent crime wave, including a soaring murder rate, the authorities here are taking a page from juvenile hall that has become increasing popular nationwide: They have decided to call in the bad guys and tell them to knock it off. Or else.

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The Oakland police have drawn up a kind of criminal hit parade that includes the top 100 “persons of interest” in the city, primarily ex-convicts, who the authorities believe are causing trouble and contributing to a climate of lawlessness.

Under the plan, which will be rolled out over the coming months, the police will call the suspects into court and inform them that they must behave.

“We’re going to tell them that we know they’ve been responsible for a number of things in your neighborhood, and that we’ve been watching you,” said Howard A. Jordan, a deputy police chief. “And we want you to change your life around. And if you don’t, you will suffer the consequences.”

Called Operation Cease-Fire, the program builds on an experiment that was first tried a decade ago in Boston, where law enforcement officials credit the straight-talk approach with helping sharply reduce the number of killings within months. Dubbed the “Boston Miracle,” it caught the attention of police departments nationwide, including those in Chicago, Los Angeles and San Francisco, all of which have tried variations of the approach.

David M. Kennedy, the director for the Center on Crime Prevention and Control at the John Jay College of Criminal Justice, and one of architects of the approach, said Oakland’s decision to single out 100 troublemakers had a basis in studies on the causes of crime.

“The kind of serious gun, street, drug-related violence that Oakland is dealing with right now is deeply embedded in a very small population of very active offending groups on the street,” said Mr. Kennedy, who is traveling to Oakland this month to consult with police officials. “You can call them gangs or sets or crews or whatever, but what you always get is this very active, group-based street scene. And this approach was developed to change the behavior of those groups.”

The Top 100 group is subject to change. Since Operation Cease-Fire was announced on Aug. 3, one of the list’s members has been killed.

“Unfortunately,” Deputy Chief Jordan said, “he was easy to replace.”

Details are still being worked out, and the list is still being put together by beat officers, specialized narcotics units and community-based crime reduction teams. But the police expect to use the leverage afforded by the conditions normally placed on parolees and probationers to encourage them to attend the “call-ins.”

Victims of violent crime will be on hand to bring emotional pressure to bear, as will community activists and in some cases people from the suspects’ neighborhoods.

People suspected of committing crimes who are not already in the justice system will be asked to come in voluntarily, with the authorities using relatives, friends and girlfriends to entice them to cooperate.

Once in the courtroom, the suspects will be warned by various local and federal law officials that they will be subject to the full weight of the law if they are arrested again. A gun charge, for example, may be made federal, rather than state, so the penalties can be more severe, Deputy Chief Jordan said.

“It’s a question of ‘Do you want to do five years or do you want to turn your life around?’ ” he said.

Mr. Kennedy said a large part of the approach’s success came from the social impact of being called out, and called in.

“These guys think they are anonymous,” he said. “They do not know they’ve been singled out. By the time they get caught, its too late for them to change their behavior. They don’t know that there’s help they can take advantage of. And they don’t know the community they are in desperately wants them to stop what they are doing.”

There will be enticements in Oakland, not just threats. The authorities will offer social services, including job training, help with substance abuse and educational opportunities to help increase the odds that suspects do not return to the criminal world. Such services are already offered to offenders, but Operation Cease-Fire will make them much more readily available.

“You have to replace a negative with a positive,” said Capt. Rod Yee, the program’s co-chairman.

One place where the approach has worked is Stockton, Calif., about an hour east of Oakland, which began it in 1997. The three-pronged program included an aggressive arrest policy, street-corner community outreach and intervention-style forums like those planned for Oakland. The result was a major reduction in murder and violent crime, said Wayne Hose, the city’s chief of police.

“You get some of those guys right on the edge that could maybe go one way or another, and maybe you can reach them,” Chief Hose said.

Still, he said, the program was labor-intensive and eventually started to lag. Now, though, with its murder rate rising again, Stockton has decided to reinstitute it.

“There’s a whole new set of players this will be new to,” Chief Hose.

In Boston, too, after a spike in violent crime, the police have recently “reinvigorated” their program, said Elaine Driscoll, the department’s director of communications.

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Like many other American cities, Oakland is experiencing a surge in crime, including 89 murders through Monday, compared with 94 all last year. Assaults and other violent crime have also increased, Deputy Chief Jordan said, including the Aug. 14 beating and sexual assault of a 89-year-old woman who had been gardening in her yard in broad daylight.

"It's all drugs or gangs or people getting caught in the crossfire," said Mayor Jerry Brown, one of the main backers of Operation Cease-Fire and a candidate for state attorney general. "It's not people who are working at the local insurance company, wearing a suit and tie, I'll tell you that."

Deputy Chief Jordan was less willing to blame drugs or gangs. "If I were to attribute this to anything, it would be just a wanton disregard for each other's lives," he said.

The police force is also understaffed, with only about 700 officers for this city of 400,000 across the bay from San Francisco.

In the Allendale neighborhood of East Oakland, near where the assault on the 89-year-old woman took place, residents say they have seen more police officers in recent weeks. Not that Rick Anderson, 43, a former auto detailer, is not still afraid.

"You could be walking by, and someone could be shooting, or stabbing something, and you could get hit," Mr. Anderson said. "It's wild wherever you go."

Mark Schlosberg, the police practices policy director for the American Civil Liberties Union of Northern California, said that he was not familiar with the exact legal mechanisms of Operation Cease-Fire but that the program could raise some constitutional red flags.

"To the extent that law enforcement is going to take somebody into custody to talk to them, without probable cause or other legal justification, that's problematic," Mr. Schlosberg said.

The Oakland police say that they are well aware of the constitutional restrictions, and that the people invited in are not being taken into custody. They say they are also moving slowly to make sure that those on their list really are causing trouble.

"We still have to respect people's Fourth Amendment rights," Mr. Jordan said. "You can't just go out and arbitrarily arrest them."

Their care is well-advised. The Oakland police are already operating under a federal court order that forced the department to revamp its supervisory and command structures and realign many of its operations and command structures.

"It's like turning around a big ship in the ocean," Mayor Brown said of changes in the police force. "It happens slowly."

As Violent Crimes Rise, Law Enforcement Officials Battle $1.1 Billion Funding Cut (MCT)

By William Douglas, McClatchy Newspapers

McClatchy News, August 22, 2006

WASHINGTON - With murder and other violent crimes on the rise in many American cities, local law enforcement agencies and elected officials are battling to stave off $1.1 billion in federal funding cuts proposed by President Bush.

There's no question that violent crime is up sharply. Murders and non-negligent manslaughter increased 4.8 percent nationwide in 2005, the largest jump in 15 years, according to a preliminary FBI report in June. Murders were up over 2004 rates by 76 percent in Birmingham, Ala., 44.1 percent in Charlotte/Mecklenburg County, N.C., 42 percent in Kansas City, Mo., and 38 percent in Cleveland.

At the same time, the Bush administration is cutting grants for state and local crime-fighting programs on the grounds that they've outlived their usefulness or under-performed. One such program is COPS, a Clinton-era initiative originally designed to hire 100,000 police officers nationwide.

Like many local law enforcers and crime analysts, Greenville, S.C., Police Chief W. L. Williams disagrees with the Bush administration's reasoning. His department received a $4.47 million COPS grant in May to improve radio communications so that police, fire and other emergency agencies in four counties can speak to one another. That fixes a glaring weakness exposed by the Sept. 11, 2001, terrorist attacks.

"COPS is working," Williams said of his department's grant. "This is a huge step for law enforcement in the state of South Carolina and something that could not be done on our own."

That's a local example of a national problem. Former New Jersey Gov. Thomas Kean, who chaired the bipartisan commission on the Sept. 11 attacks and made recommendations to prevent more of them, called the federal government's failure to solve such communications problems among emergency-response agencies a "scandal." Last December, his panel gave the White House and Congress an "F" for failing to adequately address this issue.

Some experts say that declining federal grants for crime-fighting could be contributing to the rise in crime. But they note that other factors are probably involved as well, including a generation of criminals incarcerated in the 1980s and `90s that is now returning to the streets.

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"It is true that the federal support for local law enforcement and preventive programs has plummeted," said David Kennedy, director of the Center for Crime Prevention at New York's John Jay College of Criminal Justice. "I think that matters. I would say that's not the only thing going on, but it does hurt."

Senior lawmakers in Congress agree.

"The Bush administration has repeatedly cut federal funding for law enforcement, and I don't think the rise in violent crime we've seen recently is a coincidence," Sen. Joseph Biden, D-Del., a member of the Senate Judiciary Committee, said in a written statement. "Because of these shortsighted budgeting decisions, the Bush administration has effectively abandoned our front-line defenders against crime and terrorism."

In his fiscal 2007 budget, Bush asked for $19.5 billion for Justice Department discretionary spending, an 8 percent decrease from fiscal 2006. About $1.1 billion of the cuts would come from funds for grants to state and local law enforcement.

Administration officials labeled several programs as obsolete or underachieving, including the Byrne Justice Assistance Grants, a crime-fighting grant program for states; the COPS Law Enforcement Technology Grants, which provide funds for police agencies to modernize equipment; and the Juvenile Accountability Block Grants, which support efforts to stem youth crime.

"Federal law enforcement funds need to be spent where they are most effective, and (those programs) have failed to demonstrate significant effectiveness," said Scott Milburn, a spokesman for the White House Office of Management and Budget. "Since 2001, Congress has worked with the administration to reduce their funding and redirect funds to other, more effective efforts."

State and local police departments are in a tug-of-war for federal dollars with federal homeland security programs, some experts contend.

"Everything is going to homeland security," said David Jones, executive director of the North Carolina governor's crime commission. "Our position is, homeland security begins with hometown security."

Facing intense lobbying from groups such as the National Sheriff's Association and the International Association of Chiefs of Police, many lawmakers in Congress are working to increase federal funds for local law enforcement.

Last month, the Senate Appropriations Committee expressed "disappointment" that the White House would ignore "the largest increase in violent crime in the United States since 1991" and slash funding for state and local law enforcement.

The committee, chaired by Sen. Richard Shelby, R-Ala., included $537 million for the COPS and Byrne Justice Assistance Grants in a big spending bill. The full Senate is expected to vote on it next month. The House of Representatives passed its bill containing $545 million for local law enforcement in late June.

OMB's Milburn said that federal grants account for only 1 percent of state and local law enforcement funding, with the rest coming from states and municipalities.

But with violent crime on the upswing, every penny counts, says Blake Wallace, sheriff of Duplin County, N. C., a largely rural locality about 60 miles southeast of Raleigh.

Wallace frets because his department's federal grant money is rapidly running out as his 75 deputies combat crystal methamphetamine labs and an escalating gang problem fueled by an influx of illegal immigrants.

Mara Salvatrucha, or MS-13, an ultra-violent Salvadoran gang, has opened shop in the 55,000-resident county, leaving graffiti on buildings and a brazen, daylight execution-style murder for Wallace to solve.

Wallace's department operates on a $5 million budget, which also pays for the jail. He said his department received $520,000 in COPS grants over the past five years, but that's all gone. A $1.2 million federal Highway Safety grant expires in October.

"For a department our size, the federal grants are vital," Wallace said. "We need all the help we can get: We're dealing with things we weren't dealing with five years ago."

Some Prosecutors, Victims Seeking Justice Outside Military System (FINDLAW/AP)

By Martha Mendoza, Ap National Writer

AP, August 22, 2006

(AP) - Dissatisfied with the military's handling of sexual assault cases involving recruiters, some local prosecutors and victims are challenging the misconduct on their own, charging everything from a violation of an Indian treaty to racketeering.

Most such cases are handled administratively by the military - for example, 13 of the 19 Air Force recruiters whose misconduct was confirmed since 2004 received letters of reprimand in their personnel files and fines that ranged from $200 (â‚¬155) to $1,200 (â‚¬932).

In seeking greater penalties, victims and local authorities have taken unusual tacks.

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In South Dakota, a young Oglala Sioux woman, Laveeta Elk, is suing the federal government under an 1868 treaty which says that if "bad men" among government officials commit "any wrong" upon the person or property of any Sioux, the United States will reimburse the injured person for the loss sustained.

Elk chose to have her name released when she filed her lawsuit. She says she was assaulted by Army recruiter Sgt. Joseph Kopf in his government car, when he stopped in a remote area while driving her to a military evaluation center. Kopf has been demoted and reassigned within the Army, officials said. Kopf could not be reached for comment.

"I decided to file a lawsuit because I know I'm not the only girl he did this to. I want to put a stop to it," Elk said. "He has no excuse for what he did. It shouldn't happen to anybody."

Her attorney Adam Horowitz said this is the first time this law has been tested. In April, a federal judge denied the government's request to dismiss the lawsuit.

In another case, prosecutor Barbara Trathen of Hamilton County, Indiana, has charged National Guard recruiter Sgt. Eric Vetesy - accused of assaulting seven young women - with racketeering along with 31 charges of rape and sexual battery. His trial is scheduled for later this summer.

Vetesy, a married father of three, met most of his alleged victims, ages 16 to 20, while recruiting at Indianapolis-area high schools, according to the indictment. Victims told the grand jury he threw them against a wall of the armory, raped them on a countertop and forced them to fondle him.

Trathen said she charged him with racketeering under the section that bans corrupt business influence and official misconduct. "It's rape, yes, and it's sexual assault. But it's more than that. He had a pattern of misusing his position of power," she said.

In another case, two teenage women who claim a pair of former Marine Corps sergeants raped them in a recruiting office sued the military in federal court in San Francisco in May. They're seeking a requirement that all Marine Corps recruiters receive proper training and supervision.

One of the victims, 17, shared portions of her handwritten journal with the AP.

"I lost my virginity to (the recruiter) ... in the back room on the sofa. I didn't want to have sex but I didn't want him to be upset with me and make me go all the way back to my old recruiter. He was also the type of guy to bad mouth a person if he didn't get what he wanted," she wrote about their first encounter.

Both recruiters were demoted after court-martial proceedings, but acquitted of the most serious charges they faced. Both have since left the military.

CIVIL LAW:

Judge Slams Lawyers For Role In Hiding Tobacco Risks (LAW)

By Emma Schwartz, Legal Times

Legal Times, August 22, 2006

Judge Gladys Kessler's scorn for the tobacco industry was evident in her 1,742-page opinion last week, which found that nine cigarette manufacturers and two trade groups had conspired to hide the truth about smoking's adverse health consequences for more than 50 years.

Her wrath, though, was directed not only at company executives at the forefront of the multibillion-dollar tobacco industry but also at the lawyers she said aided the decades-long project to illegally shade the industry from scrutiny.

"At every stage, lawyers played an absolutely central role in the creation and perpetuation of the Enterprise and the implementation of its fraudulent schemes," the D.C. federal judge wrote. She pointed to how both in-house counsel and outside law firms "devised" and "coordinated" strategy, directed scientists' research in favor of the industry, destroyed documents, and "took shelter behind baseless assertions of attorney client privilege."

Although the majority of the incidents of lawyers' malfeasance took place decades ago, some of the wrongdoing appeared to continue into the most recent case, which was brought by the Justice Department in 1999. As recently as 2004, Kessler disqualified Neil Koslowe of Shearman & Sterling from representing British American Tobacco Services Ltd. because he had been involved in the government's case as a lawyer for the Justice Department.

While the tobacco industry will have to funnel millions into reworking its marketing schemes, lawyers may find themselves under further scrutiny if people injured by the companies decide to file suit. "Any time you see such a strongly worded opinion, that tends to capture the attention of the plaintiffs bar," says Kevin Rosen, head of the legal malpractice group at Gibson, Dunn & Crutcher. But, Rosen added, in the same way that some law firms were immediately dismissed from liability in the Enron litigation while others faced steep penalties, the outcome of any subsequent suits could vary widely.

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Numerous lawyers and firms aided the tobacco industry over the years, but Kessler's opinion highlighted three firms in particular: Covington & Burling; Jacob, Medinger & Finnegan; and Shook, Hardy & Bacon.

One of the law firms' key roles was running the Tobacco Institute, a trade association that sought to cast doubt on the scientific relationship between smoking and disease. Shook, Hardy and "particularly Covington & Burling became the guiding strategist for the Enterprise and were deeply involved in implementation of those strategies once adopted," Kessler wrote. Covington, led by partner John Rupp (now the managing partner of the firm's London office), reviewed agenda proposals before they were sent to the institute's member companies, and Covington "cleared press releases issued by the Tobacco Institute," Kessler wrote.

Kessler specifically noted the misconduct of Robert Northrip of Shook, Hardy, who would "normally bill either three or four tobacco companies" for his time at one meeting for the institute.

Both firms denied any wrongdoing. "We believe that our firm acted appropriately and played a legitimate role as advocates for our clients," Covington said in a statement.

John Murphy, chairman of Shook, Hardy, declined to give any specific comment on Kessler's ruling but said his firm "represents each and every one of our clients in an ethical manner."

Attorneys also played a key role in the Council for Tobacco Research, where they pushed funding for projects hoping "to obtain and develop witnesses favorable to Defendants for testimony before Congress and other regulatory bodies, for use in litigation and for support of industry public statements," wrote Kessler.

In the 1960s this effort included input from major firms, including Chadbourne & Parke; White & Case; Davis, Polk & Wardell; and Shook, Hardy.

Lawyers also were involved in suppressing scientific research and destroying documents that were adverse to the companies' public and litigation positions.

In 1983, for instance, R.J. Reynolds decided to "remove Council for Tobacco Research and related smoking and health materials from our premises for legal reason," Kessler quoted from a company document. The materials were sent to Jacob, Medinger. Similarly, in 1985, British American Tobacco Co. sent "contentious" research reports to Robert Maddox, an attorney in Louisville, Ky.

In short, Kessler saw the lawyers' involvement as "a sad and disquieting chapter in the history of an honorable and often courageous profession."

Emma Schwartz can be contacted at eschwartz@alm.com.

CIVIL RIGHTS:

8th Circuit: Ban On Sexy Highway Billboards Is Unconstitutional (LAW/AP)

By Jeff Douglas, The Associated Press

AP, August 22, 2006

A two-year-old state law banning sexually suggestive billboards along Missouri highways is unconstitutional, a federal appeals court panel ruled Monday.

The ruling by the three-judge panel for the 8th U.S. Circuit Court of Appeals in St. Louis overturned a U.S. District Court's ruling earlier this year that banning such billboards within a mile of state highways was a constitutional regulation of commercial speech.

The law, which took effect in August 2004, sought to reduce the possible negative effects posed by sexually suggestive billboards, including harming minors, reducing traffic safety and dropping property values.

But the appellate judges ruled that the Missouri statute had no such effect.

The ruling said the law was not "narrowly drawn" to meet those goals, and the state "failed to make a showing that a more limited speech regulation would not have adequately served the state's interest."

Passions Video Inc., an adult book store; Gala Entertainment Inc., a Kansas City strip club; and the Lion's Den adult stores filed the suit last year against Attorney General Jay Nixon. John Haltom, an adult-business owner with 10 stores that sell lingerie, sex toys and adult videos in six states, also sued the state.

The state will seek a rehearing from the full 8th Circuit, and if unsuccessful, might appeal the decision to the U.S. Supreme Court, Nixon spokesman John Fougere said.

Messages left with attorneys for the adult businesses that filed the suit were not immediately returned Monday.

The law would have forced the adult-business owners and others with sexually suggestive billboards near highways to take them down by mid-2007. Billboard advertising companies have refused to allow new ones to go up since the 2004 law.

Sen. Matt Bartle, R-Lee's Summit, spearheaded the legislation, modeling it after a similar law upheld by the New Jersey Supreme Court.

The law eventually would have allowed an adult-oriented business located within a mile of a highway to have just two signs -- one showing the business' name and operating hours, the other noting it is off-limits to minors.

House Speaker Rod Jetton called the 8th Circuit's ruling "unfortunate."

"It leaves Missourians of every age exposed to sleazy billboards along our highways," Jetton said in a statement. "Billboards like these are distasteful, unnecessary distractions that pose a real threat to highway safety and give children and adults the wrong impression about what quality entertainment really is."

If the attorney general was not successful in appealing the ruling, Jetton said, the Legislature would work to correct the problem "so Missourians have the protections a law like this provides."

Look Elsewhere For Subjects (USAT)

USA Today, August 22, 2006

More than 100 prisoners in Washington and Oregon were paid $10 a month to have their testicles irradiated by government researchers. Prisoners in Pennsylvania were among those who had dioxin rubbed into their skin. They were also given LSD and other hallucinogens by military scientists. These abuses continued well into the 1970s. And until the early 1990s, private companies used prisoners in Arkansas and Arizona as plasma donors, which dramatically increased the contamination of the U.S. blood supply with hepatitis and HIV.

The United States has a lengthy history of abusing prisoners in the name of medical research. It was this well-documented history that led to the near prohibition of federally funded prisoner medical experimentation by the 1970s. The Institute of Medicine's proposal to loosen these recommendations is ill-advised and shows a poor understanding of the modern American prison system.

The key element to any ethical system of human subject testing is informed, voluntary consent. Prisons and jails fail on all counts. All 50 states and the federal government have banned sex among prisoners and staff because detention facilities are inherently coercive, and prisoners cannot give "consent" in any meaningful sense of the word.

The average American prisoner is, statistically, likely to be mentally ill, substance addicted and functionally illiterate. Prisoners also tend to be impoverished. Given the decades of abuse medical experimenters have inflicted on U.S. prisoners, we know that this is an especially vulnerable group.

The claim that prisoners, very few of whom even have access to adequate medical care, would somehow benefit from cutting-edge research would be laughable if the consequences were not so serious.

Prisoners are still being used for privately funded medical research. Investigative reports have found that these experiments are shrouded in secrecy, and the prisoners are unlikely to have given meaningful consent. They often have "volunteered" in a desperate attempt to get what they perceive to be better medical care than they otherwise would.

The door that was mostly shut 30 years ago on prisoner medical testing should remain firmly closed.

Paul Wright is the founder and editor of Prison Legal News, a monthly human rights magazine, and co-editor of the forthcoming book Prison Profiteers: Who Profits from Mass Imprisonment

Test Drugs On Inmates? Yes (USAT)

USA Today, August 22, 2006

From the late 1940s to the mid-1970s, inmates at Philadelphia's Holmesburg Prison and other correctional facilities across the country were treated as human guinea pigs in gruesome medical experiments. The prisoners were "volunteers" who received a few hundred dollars a month but weren't told they had signed up to be exposed to chemical warfare agents and radioactive, hallucinogenic and cancer-causing chemicals.

When this unconscionable exploitation was revealed, Congress passed a law in 1978 that limited testing on inmates to research involving only the most minimal risk.

Now the Institute of Medicine (IOM), a federal panel of medical advisers, wants the government to permit greater research with prisoners but under a tough new oversight regime that would prevent the abuses of the past and limit experiments to those that have a direct potential benefit to prisoners.

Why reopen such a delicate debate?

Because the current rules arbitrarily exclude prisoners from research that could be critical to improving their health and living conditions. Because such research could help control HIV, hepatitis C, tuberculosis, mental illness and substance abuse that are rampant in correctional centers. And because 95% of prisoners are eventually released, society as a whole would also benefit.

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The IOM recommendations, which offer a safe and ethical framework, would:

· Set uniform guidelines for all research involving prisoners, regardless of its source of funding. The current restrictions apply only to a few federally funded programs, leaving much research largely unregulated.

· Urge Congress to mandate tough oversight at all federal, state and county facilities, and to expand protections to cover people on parole or probation.

· Limit prisoner research to only those studies where potential benefits to prisoners clearly outweigh risks and are in the least dangerous phases of clinical trials.

· Establish rigorous independent review of all research and a special prisoner advocate to make sure the studies are appropriate, inmates are fully informed of risks, and there is no coercion or undue inducement in getting them to give consent.

· Create a national database to track research involving prisoners. It's impossible now to know how many are involved in studies because no such database exists.

Many of these recommendations can be implemented by federal regulators; others require congressional approval. Given the sordid history of prison research, expansion of testing raises obvious and serious worries. Prison experiments are conducted in an inherently coercive environment with prisoners as a convenient source of subjects.

Even so, any research involves the balancing of risks and benefits. It's a mistake to so severely exclude this population from studies that could improve the quality of prisoners' lives and conditions unique to prisons. With stronger oversight, human dignity and medical progress needn't be incompatible.

Same-sex Marriage Is Surely A Civil Right (USAT)

USA Today, August 22, 2006

Many blacks oppose such unions for religious reasons, but bigotry is bigotry, even if it's cloaked in faith. Blacks should know this better than most.

As the debate rages over whether gays and lesbians should be allowed to marry, I'm disappointed whenever I hear other African-Americans say, "No, they shouldn't."

We're more opposed to same-sex marriage than whites are, according to a June survey by the Pew Research Center for the People and the Press, which found that 65% of African-Americans are against it compared with 53% of whites.

I understand the reasons.

African-Americans are overwhelmingly Christians, and many of us believe that the Bible condemns homosexuality. Beyond that, even suggesting that the struggle of gays and lesbians for the right to marry is similar to our own civil rights struggle is often perceived as an insult.

I've heard the most racially militant blacks argue that the gay struggle is different from our own because we have no choice about being black while gays can choose whom they want to sleep with. This reasoning persists despite growing scientific evidence that people's sexual orientation is innate and that they don't choose it any more than they choose their sex or race.

Some African-Americans also argue that gays and lesbians were never slaves or victims of a system designed to keep them in their place, and that while homosexuals have the option of keeping their sex lives private, few blacks can hide their race.

A comparable struggle

Even some civil rights leaders, such as Jesse Jackson, have tried to put distance between the black and gay struggles. And black ministers, among them the Rev. Bernice King, Martin Luther King Jr.'s daughter, have led protests to fight efforts to legalize same-sex marriage.

The fight for gay rights is like our civil rights struggle, however, and it's hypocritical for groups that have had to fight long and hard to win their own constitutional rights to turn around and try to deny them to the next group. We're seeing this in the descendants of immigrant groups that were despised and vilified during their early days in this country, and that now want to deny recent immigrants the means to become lawful citizens.

This hypocrisy was apparent to me as I was growing up in a black Baptist church. I routinely heard ministers condemn gays from the pulpit, even though half the male choir members, the choir director, the flower arranger and plenty of other male church members were obviously gay. The church would have had difficulty functioning without them.

Because it's difficult enough to be black in this country, I know that black communities would prefer not to have to deal with the added stigma society attaches to homosexuals, and the obvious link to HIV and AIDS. And with stable heterosexual marriages rare enough in black communities, some African-Americans think that encouraging same-sex marriage would only complicate the situation.

Nonetheless, the main argument used against same-sex marriage is that the Bible says it's wrong. We point to the Scriptures, to the story of Adam and Eve (and the absence of Adam and Steve), to the retribution inflicted on the sinners of

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Sodom and Gomorrah, and to depictions of male-on-male sex in Leviticus and Romans as being so perverse that it warranted death.

I won't attempt to argue with the Scriptures, other than to say they reflect the mores and biases of the times they were written. And just as there are Scriptures ordering slaves to obey their masters, cautioning women to be silent in church and submissive at home, and applauding the persecution of the Jews because they killed Jesus, none of these positions is argued by enlightened people today.

I won't dismiss the beliefs of blacks who believe that homosexuality is immoral, but I'd caution them that morality has often been used as a cloak for old-fashioned bigotry, fear and discomfort with people and behaviors that are different.

But what about religion?

How can African-Americans reconcile religious beliefs with acceptance of same-sex marriage?

I asked the Rev. James Forbes, pastor of The Riverside Church in New York. Forbes is black, and his diverse congregation has gone on record as supporting same-sex marriages — and all other families that are based on the principles of love and justice. Forbes says acceptance might increase as African-Americans become more aware of scientific evidence that suggests sexual orientation is innate — and not a choice.

As for the Bible's apparent disapproval of homosexual behavior, Forbes says it's a matter of how one reads the Bible.

"What is clear," he says, "is that the Bible says the highest principle is love. Once it becomes clear that our sexual orientation is more or less a given, I think black people will begin to recognize that including all in the family of God is a more righteous principle than the abhorrence of gay love."

I see marriage as a civil right, and no group's religious beliefs should be allowed to deny the rights of others. And because blacks have suffered from bigotry and injustice that were cloaked by religion and morality, we should avoid doing the same thing to others.

Sheryl McCarthy is a freelance writer and columnist for Newsday on Long Island, N.Y.She's also a member of USA TODAY's board of contributors.

Blaming The Middleman (WSJ)

The Wall Street Journal, August 22, 2006

We're not sure why, but the media expressed shock last week after Andrew Young told a reporter that Jewish, Korean and Arab inner-city shopkeepers are guilty of "overcharging" minorities for inferior goods. The subsequent criticism of Mr. Young is certainly warranted, but his remarks shouldn't have surprised anyone.

The notion that racial animus rather than marketplace realities are responsible for high prices in urban ghettos is unfortunately far too common. And that's in part because black civil rights leaders such as Mr. Young and Al Sharpton and Jesse Jackson have long ignored economic factors and blamed supposedly exploitative immigrant middlemen. The right Reverend Al has referred to them as "interlopers."

Mr. Young had been retained by Wal-Mart to counter criticism of the company, and he was responding to a reporter from a black newspaper who asked him about Wal-Mart displacing urban mom-and-pop operations. The former United Nations ambassador answered with his ethnic broadside; he apologized and resigned after the comments were published.

To his credit, Mr. Young has distinguished himself from much of the black left by not siding with Big Labor, environmentalists and other liberals who would happily deny minorities the jobs and low-price goods that big-box stores have to offer. Which makes it all the more unfortunate that Mr. Young's economic analysis is so off-base.

Businesses charge more in low-income, high-crime areas in part because it costs more to deliver goods and services in those areas. Inner-city grocery stores have higher operating costs and tend to be smaller than their big-box suburban counterparts. Taking advantage of economies of scale, the latter are able to offer more brands and sizes at lower prices. Urban supermarkets also typically have less competition, which allows them to charge more than they otherwise could. Wal-Mart's ability to offer more selection and lower prices is due to scale and efficiency, not virtue.

Rather than scapegoat immigrant entrepreneurs, Mr. Young and other civil rights leaders would do better to address the cultural and economic barriers that make it difficult for more black Americans to start businesses in the same neighborhoods.

ANTITRUST:

U.S. Supreme Court Denies Second Stolt-Nielsen Emergency Appeal (FINDLAW/AP)

AP, August 22, 2006

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(AP) - WASHINGTON-An emergency appeal by Stolt-Nielsen SA to freeze Justice Department prosecution of the shipping company was rejected Monday for the second time by the U.S. Supreme Court.

The justices again turned away the petition without comment, ending the company's bid to get the Supreme Court to temporarily bar Justice prosecutors from seeking indictments against it.

Stolt-Nielsen, based in London, has challenged the ability of government prosecutors to revoke an amnesty agreement shielding it from prosecution in an alleged plot to divvy up customers in the parcel shipping business, which involves the transport of bulk liquids such as chemicals. The company has said the Justice Department is pursuing indictments against it and at least one company executive.

"Stolt-Nielsen will pursue every avenue to prevent this flagrant breach of covenant and abuse of power by the antitrust division," said James Hurlock, an outside director and legal affairs committee chairman for the company. "Although the Supreme Court did not grant our renewed application, we will promptly move to dismiss any action brought against the Company."

In July, Justice David Souter denied the company's first emergency petition. Souter handles emergency appeals from the 3rd U.S. Circuit Court of Appeals in Philadelphia, but rejected appeals can be filed with additional justices.

Justice John Paul Stevens received the second petition, but he referred the request to the entire court, which in effect blocks the filing of additional petitions.

A separate routine appeal remains pending at the Supreme Court. The court will act on that petition this fall. The case is 06-97. The emergency application is 06-A79.

The company's American Depositary Receipts fell $1.01, or 3.9 percent, to $24.65 in afternoon trading Monday on the Nasdaq Stock Market.

Feds May Review Fort Mill Hospital Decision (CHARBIZ)

Charlotte Business Journal, August 22, 2006

The U.S. Department of Justice wants to examine the way South Carolina chose Piedmont Medical Center to build a Fort Mill hospital, to make sure the process didn't squash competition.

According to The Herald of Rock Hill, Hospital Partners of America Inc. complained to the Justice Department after the Rock Hill hospital won approval in May to build the 100-bed facility.

S.C. Department of Health and Environmental Control chose the Piedmont Medical proposal over bids submitted by Hospital Partners, Presbyterian HealthCare and Carolinas HealthCare System, all based in Charlotte.

"What the state did we feel was patently unfair," Terry Linn, chief development officer for Hospital Partners, told the newspaper. "We're just making the world aware of what is going on in South Carolina."

The issue "merits full discussion at a final review conference," states a document signed by Richard Cooke, a member of the Justice Department's litigation section.

Presbyterian and Carolinas HealthCare are also challenging DHEC's decision, filing appeals at the state level.

DHEC officials have said Piedmont Medical was chosen because it plans a larger hospital than the 64-bed facilities proposed by its rivals, and thus would be more capable of meeting the demands of the growing community.

"It's very, very difficult for a new provider to come into a market," Linn told the newspaper. "We thought (the decision) was peculiar to the state and not in the spirit of competition and the antitrust laws that govern health care."

CRH To Buy Ashland's U.S. Roads Unit For $1.3 Billion (Update4) (BLOOM)

By Brian McGee And Jack Kaskey

Bloomberg, August 22, 2006

Aug. 21 (Bloomberg) -- CRH Plc, Europe's third-biggest supplier of building materials, agreed to buy the highway-construction unit of Ashland Inc. for $1.3 billion in cash to expand in the U.S. Midwest and South.

Some analysts had forecast a higher price, and the shares of Ashland, based in Covington, Kentucky, fell as much as 5.6 percent. Top managers at the Ashland Paving & Construction, North America's biggest road-builder, will keep their positions, Dublin-based CRH said today in a statement. The unit has rock and asphalt divisions in 14 U.S. states.

The purchase by CRH, already the largest producer of asphalt in the U.S., would be the company's biggest takeover. It has made $4 billion in acquisitions in 20 months, the most of any Irish company. The 40-year-old unit was sold to focus on specialty chemicals, Ashland Chief Executive Officer James O'Brien said. The company also announced a stock buyback and a special dividend.

``CRH investors should take comfort from Ashland's exposure to U.S. infrastructure and highways work, and not housing, that the purchase will give it," said John Mattimoe, an analyst at Merrion Capital in Dublin. ``CRH could also use it as a vehicle for bolt-on acquisitions."

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Shares of Ashland fell $2.85, or 4.3 percent, to $63.50 at 12:25 p.m. in New York Stock Exchange composite trading. Before today, they had gained 10 percent in the past year.

Deal Estimates

Mattimoe estimated CRH would pay $1.5 billion after the companies on June 19 announced exclusive negotiations on a deal. JP Morgan Securities analyst Jeffrey J. Zekauskas, who rates Ashland shares ``overweight," estimated $1.7 billion.

``We expect the shares to trade lower today reflecting a lower-than-anticipated sale price," Zekauskas said in a report.

CRH rose 30 cents, or 1.2 percent, to 25.65 euros in Dublin. They have gained 13 percent in the past year. Merrion Capital's Mattimoe rates the stock ``buy."

CRH made the purchase through its Washington-based Oldcastle unit, which operates in the Northeast, Midwest and West. The deal topped the company's 700 million euro ($903 million) purchase of for Netherlands-based Cementbouw in 2003.

Proceeds from the sale will be used for share buybacks on the open market and a special dividend to be declared after Sept. 15, O'Brien said on a conference call with analysts and investors. The repurchase will be as much as 10.5 million shares, or 15 percent of the total outstanding, O'Brien said.

Cash Hoard?

Jefferies & Co. analyst Laurence Alexander said after-tax proceeds of $1.25 billion were in line with his forecast. He recommends buying Ashland shares.

``The disappointment on the proceeds is somewhat offset by the clarity on the use of proceeds," Alexander said in an interview. Some investors were concerned Ashland might hoard cash for acquisitions, he said.

Ashland plans to make as much $2 billion in acquisitions related to remaining businesses, which include performance materials, chemical distribution, water treatment and Valvoline motor oil, O'Brien said. Ashland last year sold its stake in a U.S. oil-refining venture to slash debt and focus on specialty chemicals.

The Ashland unit ``has some first-class aggregates operations, and that was the real attraction," CRH Chief Executive Officer Liam O'Mahony said on a conference call. Increased spending on U.S. infrastructure probably will boost revenue, he said.

Annual savings from the acquisition, which has won antitrust approval and is scheduled to close this month, will reach $40 million within three years, CRH said.

Ashland paving president, Kirk Randolph, will continue to have responsibility for the operation at CRH's Americas Materials division.

$2.9 Billion Revenue

The Ashland unit employs 9,700 people, produces 32.5 million tons of aggregates and 31 million tons of asphalt annually and reported an operating profit of $220 million on revenue of $2.9 billion in the 12 months through June. That's equal to 29 percent of Ashland's total turnover.

About two-thirds of the unit's asphalt and a third of its sand and gravel are used by its own construction business.

``There is a little more asphalt and a little less aggregates than we would like," O'Mahony said on the call. ``We want to redress that balance."

More than half of CRH's sales come from North America, where construction spending climbed 8.9 percent last year to a record $1.12 trillion. The U.S. federal government has budgeted $223 billion for upgrading highways by 2009, and CRH would be in a strong position to win orders, Mattimoe said.

CRH is targeting road building amid a slowdown in the U.S. housing market, which it also supplies with materials. Home construction last month dropped to the lowest level in almost two years after higher mortgage rates clipped sales and left builders with bloated inventories.

To contact the reporters on this story: Brian McGee in London at bmcgee3@bloomberg.net ; Jack Kaskey in New York at jkaskey@bloomberg.net .

Chicago Prof Joins US Government (FT)

By Ursula Milton

Financial Times, August 22, 2006

Dennis Carlton, a professor of economics at the University of Chicago Graduate School of Business, has been appointed to the U.S. Department of Justice antitrust division. As deputy assistant attorney general for economic analysis, he will direct and supervise all economic analysis work undertaken by the division.

Professor Carlton joined the Chicago GSB faculty in 1984 and specializes in industrial organization and theoretical and applied economics. He had previously taught at the University of Chicago law school and economics department, and at the Massachusetts Institute of Technology.

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He has written many articles on market behaviour and antitrust issues and has served as co-editor of the Journal of Law and Economics since 1980. He will be on leave of absence from his current post at Chicago GSB while he goes to work in Washington from the beginning of October.

Analysis: Sanofi Defends Plavix Patent (UPI/UPI)

By Steve Mitchell, Upi Senior Medical Correspondent

United Press International, August 22, 2006

WASHINGTON, Aug. 21 (UPI) -- Sanofi-aventis is likely to prevail in its fight to protect its patent on Plavix and fend off generic challenger Apotex, a market analyst predicted Monday, adding that it's far more likely that a victory in court would send the company's stock soaring, than an unfavorable decision would drag the shares downward.

Sanofi and Bristol-Myers Squibb filed an injunction in U.S. District Court for the Southern District of New York last week seeking to halt sales of Apotex's generic version of the blood thinner, which was launched earlier this month.

A decision is expected in the next few days, but even if Sanofi doesn't prevail, this will probably have little effect on the stock, Julien Dormois, an analyst with Bryan, Garnier and Co., told United Press International.

"If the ruling is negative, the impact will likely be very limited, especially given the sharp decline we've seen in Sanofi already," Dormois said.

On the other hand, a favorable ruling could be a significant boost.

"A positive decision, probably less expected by the market, will probably be a great help to Sanofi and would send shares to previous levels of 75 or 78 euros," Dormois said.

"The upside potential is really significant for Sanofi," he added.

If Sanofi loses, the Plavix patent will still probably be upheld ultimately. A separate trial on the patent issue that is expected to conclude next year is expected to get underway later this year.

"Now that the litigation has restarted with Apotex over Plavix patent validity, we still believe Sanofi-aventis is very likely to win in court," Dormois stated in a note issued Monday.

"Plavix will be OK through 2011," Dormois said.

He rated the stock a "buy," saying that most of the negative news is behind the company. "The next major element that will trigger a clear re-rating of the stock will be the FDA's decision on Acomplia and its exact labelling," which is expected to occur in September or October, he stated.

"As we are betting on a positive outcome, we have a "buy" recommendation on Sanofi-aventis and we see the share price heading towards our target price of 90 euros," he wrote.

The FDA previously issued an approvable letter on Acomplia, but Sanofi has not disclosed the issues the agency raised about the drug, which is intended for weight management.

Sanofi and BMS had previously filed a suit against Apotex claiming its generic drug violated the Plavix patent. But the companies reached a settlement, under which Apotex was to delay the launch of its generic until 2011.

However, the U.S. Justice Department launched a criminal probe into the deal and it collapsed, so Sanofi and BMS resumed their litigation against Apotex.

Sanofi is also facing patent challenges to its other blood thinner Lovenox, but Dormois said he thinks that drug will be OK until 2011.

"Lovenox will not face major competition until that date," he stated.

Meanwhile, "We are waiting on the judge's decision," in the New York suit, company spokesman Salah Mahyoui told UPI. "We are confident in our patent and we believe in our right, but then it will be a decision of the court," he added.

Asked how a negative ruling would impact Sanofi, Mahyoui said, "We will compete by all means available to us to defend the patent and investment we put in."

Sanofi's share of sales of Plavix in 2005 was approximately $2.6 billion, he said.

Canadian Miner Lundin To Buy EuroZinc In $1.6 Billion Deal (WSJ)

By Mark Heinzl

The Wall Street Journal, August 22, 2006

Lundin Mining Corp. agreed to acquire EuroZinc Mining Corp. in a share swap valued at about 1.8 billion Canadian dollars, or US$1.6 billion, continuing the consolidation spree in the mining sector.

But shares of both companies fell, in a sign that merger speculation already may be priced into mining stocks.

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With prices for various metals flying high and new mines scarce, mining companies have been joining forces, with a flurry of deals and takeover battles in recent months. EuroZinc and Lundin said their combination is aimed at creating a midsize metals producer with added financial clout to pursue further growth.

The share swap, structured as a reverse merger that leaves EuroZinc's shareholders with a majority stake in the combined company, valued EuroZinc shares at about C$3.21 (US$2.85) each. EuroZinc, based in Vancouver, British Columbia, produces zinc and copper at a mine in Portugal and plans to produce zinc, lead and silver at another mine in Portugal starting next year. Amid surging copper prices, the company's net income soared to US$71.6 million in the second quarter from US$16.3 million a year earlier, while revenue more than doubled to US$168.5 million.

Lundin Mining, also based in Vancouver, is a copper-and-zinc producer that operates two mines in Sweden and one in Ireland. The company's net income jumped to US$37.2 million in the second quarter from US$3.2 million a year earlier, while revenue more than doubled to US$112.9 million.

EuroZinc shareholders will receive 0.0952 of a share of Lundin for each EuroZinc share held; they will own about 57% of the combined company.

Lundin shares fell 55 Canadian cents to C$33.75 on the Toronto Stock Exchange yesterday, while EuroZinc shares were off five Canadian cents to C$3.37.

EuroZinc shares traded below C$1 for several years before taking off over the past year with soaring metal prices. Shares of EuroZinc had previously climbed, including a 9% jump on Friday, on speculation about a takeover. Lundin's offer contained no premium over Friday's closing price; it was based on EuroZinc's average trading price over the past 20 days, officials said.

EuroZinc Chief Executive Colin Benner will be chief executive of the combined company, which will continue as Lundin Mining Corp., based in Vancouver. Lundin Chief Executive Karl-Axel Waplan will be president and chief operating officer.

Coles Myer Board Will Meet To Weigh KKR Buyout Bid (WSJ)

By Susan Murdoch

The Wall Street Journal, August 22, 2006

MELBOURNE, Australia -- The board of Coles Myer Ltd. will meet Tuesday to consider a takeover approach valued at more than 15 billion Australian dollars, or more than US$11 billion, from a consortium led by Kohlberg Kravis Roberts & Co., people familiar with situation said.

On Friday, George Roberts, co-founder of the U.S. buyout firm, met with Australia's second-biggest retailer, a person close to KKR said, making a tentative bid that could lead to the nation's biggest takeover. "We are wanting to work as constructively as possible with the executives and board of Coles Myer," the person said.

Analysts said a hostile bid could cause considerable short-term damage to the Coles business, which is battling to match rival supermarket company Woolworths Ltd. in sales growth while it overhauls its supermarket supply chain.

Board support will be instrumental for KKR and its plan for a friendly bid, as many of the 400,000 Coles investors are retail shareholders who initially bought the stock for a now-defunct discount plan on grocery items.

"There's still thousands of small shareholders left as a hangover from the discount scheme, and they're going to be looking for guidance from the board," said Ross Barker, managing director of the Australian Foundation Investment Co. "They will need board support to get over the line, unless the offer is irresistible. But I can't imagine a private-equity group will do that."

Mr. Barker said AFIC was a long-term holder of Coles stock, with just under 1% of the company, and any offer would need to be "considerably above" the current share price.

Coles Myer shares closed Monday in Sydney at A$13.40 apiece, down five Australian cents. The stock has rallied more than 15% since the board confirmed Thursday it was in "ownership" discussions but didn't elaborate.

Australian businessman Tom Hedley, who in February acquired a 1.6% stake in Coles through the sale of his liquor business, also wants a premium offer. A spokesman for Mr. Hedley said A$14 a share "is too low."

People with knowledge of the talks have said the KKR consortium includes Texas Pacific Group's Asia-focused arm, Newbridge Capital, Carlyle Group and CVC Capital Partners, which is being advised by Swiss investment bank UBS AG. KKR and UBS declined to comment. Carlyle, Newbridge and CVC were unavailable for comment.

Deutsche Bank said in a research note Friday that a bidder could pay A$16.78 a share for Coles Myer, which would value the company at almost A$20 billion. UBS has estimated a per-share bid price of between A$13.40 and A$14.60.

Chief Executive John Fletcher has streamlined Coles Myer's business by selling the underperforming Myer department-store chain in May to Newbridge Capital for A$1.4 billion. He also has signaled plans to roll its general-merchandise arm, Kmart, and its liquor businesses under the Coles supermarket banner. Its stationery and small-business supplier, Officeworks, and Target department stores are being kept separate.

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"The Coles business is ripe for private equity. It has business units you can easily sell off, costs from head office that can be trimmed, and it's been an underperformer," said Atul Lele, a fund manager at White Funds Management in Sydney. "It's almost a perfect scenario for any private-equity outfit to have those three things aligned."

Morgan Stanley Funds To Acquire Glenborough In $1.9 Billion Deal (WSJ)

By John Spence And Janet Morrissey

The Wall Street Journal, August 22, 2006

Glenborough Realty Trust Inc., a real-estate investment trust that concentrates on multitenant office properties, agreed to be acquired for $1.9 billion, including debt, by funds managed by Morgan Stanley.

Glenborough is the latest REIT to be taken private, in a sector that has seen record levels of acquisition activity over the past two years. More than a dozen deals have been struck involving REITs over the past 18 months, with most involving companies being taken private, and most offering double-digit percentage premiums over where the stocks had been trading before takeover rumors took hold or acquisition agreements were reached.

The San Mateo, Calif., REIT said holders of its limited-partnership units can opt to receive either $26 in cash per unit, common units in the surviving operating partnership or preferred units in the surviving operating partnership. Its common units rose $1.94, or 8%, to $25.97 as of 4 p.m. in New York Stock Exchange composite trading.

As part of the transaction, Morgan Stanley will repay or assume Glenborough's existing debt and redeem its Series A convertible preferred stock. As of June 30, Glenborough had $806 million of debt.

Glenborough says it has a portfolio of 45 properties encompassing about eight million square feet. The REIT, which went public in 1996, has been selling assets in an effort to focus on its core coastal markets and reduce debt. Its properties are concentrated in high-growth markets: Washington, California, metropolitan Boston and northern New Jersey.

In a separate REIT transaction, Sizeler Property Investors Inc. agreed to be acquired by Revenue Properties Co. for $324 million, or $15.10 a share. Sizeler, Kenner, La., is a retail and apartment REIT that operates in the Southeastern U.S., while Revenue Properties is a Canadian real-estate developer. Revenue Properties will also assume $85 million in debt. Sizeler shares were up six cents at $14.75 in 4 p.m. NYSE composite trading.

ENVIRONMENT/INDIAN AFFAIRS:

Three US Govt Agencies Probing BP's Alaskan Operations (AFP)

AFP, August 22, 2006

WASHINGTON (AFP) - Three US government agencies are probing BP (LSE: BP.L - news) after the British energy (LSE: BGY.L - news) giant partially shut down a giant Alaskan oil field due to a leaking pipeline, an official said. "The Department of Transportation, the Department of Justice and EPA ... have confirmed that we are involved in an investigation of the company up there in Alaska," a spokesman for the US Environmental Protection Agency (EPA) said.

State agencies are also probing BP's operations and senior Washington lawmakers have called for congressional hearings into its management of Alaska's Prudhoe Bay oil field, which accounts for 8.0 percent of total US oil output. "What we have confirmed is that we are part of this investigation, but we can neither confirm nor deny any specifics about any investigation that is underway," the EPA spokesman said. BP initially said it would have to shut down the entire Prudhoe Bay field, which normally produces 400,000 barrels of oil a day, after it discovered the small leak from the corroded pipeline on August 9. However, it subsequently initiated just a partial closure of the field following an assessment of its infrastructure. Media reports have claimed that complaints about ageing infrastructure by BP workers to management fell on deaf ears, long before the August leak and an earlier, much bigger oil spill in March. BP has responded by saying it always encourages employees to air their concerns. The Financial Times reported Monday that part of the government probe focuses on allegations that BP had "manipulated inspection data to avoid replacing pipelines at Prudhoe Bay," some of which date to the 1970s. It said subpoenas had been issued to BP as part of the probe. BP had said it was surprised by the August leak and had no indication it was going to occur, although it has since conceded that it needs to improve its corrosion maintenance programs in Alaska. The Justice Department is already probing BP over a huge explosion at its Texas City refinery last year which killed 15 people.

Slow Start For Revival Of Nuclear Reactors (NYT)

By Matthew L. Wald

The New York Times, August 22, 2006

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BALTIMORE — Nobody in the United States has started building a nuclear power plant in more than three decades. Mayo A. Shattuck III could be the first.

As the chief executive of Constellation Energy, a utility holding company in Baltimore that already operates five nuclear reactors, Mr. Shattuck is convinced that nuclear power is on the verge of a renaissance, ready to provide reliable electricity at a competitive price. He has already taken the first steps toward achieving that, moving recently to order critical parts for a new reactor.

But Constellation's neighboring utility, the PPL Corporation, takes a different view. Even though PPL has successfully operated two reactors since 1983, its chairman, William F. Hecht, said that he had no plans for new nuclear plants.

When nuclear reactors were first commercialized almost half a century ago, every self-respecting electric utility wanted one. They were encouraged by a government that saw nuclear energy as a peaceful, redemptive byproduct of the deadly power unleashed at Hiroshima. The federal official for promoting nuclear energy, Lewis L. Strauss, said it would produce electricity "too cheap to meter."

It has never given consumers anything like that. But with the industry now consolidated so that most reactors are in the hands of a comparatively few operators, utility executives are sharply divided over whether nuclear power offers an attractive choice as they seek to satisfy a growing demand for electricity.

For them, the question comes down not so much to safety and environmental impact but to whether the potential reward is worth the financial risk. And those who already operate several reactors are prone to want more.

The debate within the utility industry over reviving nuclear power has taken on added importance, though, because unlike plants that burn coal and other fossil fuels, reactors do not produce gases that contribute to global warming.

And once again, Washington is encouraging utilities to push ahead. The summer of 2005's energy bill offered a generous production tax credit, insurance against regulatory delays and loan guarantees. Earlier legislation gave the industry money to help plan new plants. And they continue to benefit from a ceiling on liability damages in case of an accident.

Despite nuclear power's promise as a clean energy source that could hold down emissions of global warming gases, most environmentalists are skeptical of the latest claims by its advocates. They say that utilities, at best, will move ahead with a handful of plants that will receive lavish incentives from the government. But the risks of nuclear power are still so high, they argue, that no utility will be willing to put its own money into building a plant unless the federal government heavily subsidizes it.

"What dismays me about the present situation is the extent to which the Congress and the administration, and now an occasional state legislature, have rushed to anoint it as the solution to climate change," said Peter A. Bradford, a former member of the Nuclear Regulatory Commission and former chairman of the public service commissions of both Maine and New York. If nuclear plants cannot compete without subsidies, he said, they should not be built.

Today, nuclear power supplies just under 20 percent of the electricity used in the United States. Its share has been slipping lately as new plants running on other fuels have come online.

With the price of natural gas increasing, coal has emerged once again as the most popular way to generate electricity, a trend that — if it continues — is expected to lead to a significant rise in emissions of carbon dioxide. The utility sector emits about a third of the carbon dioxide produced in this country, nearly all of that from coal.

Adding dozens more nuclear reactors to that mix could reverse the rise in carbon dioxide from the electricity-generating system, but its advance would also run up against certain limits.

Nuclear plants cannot replace all of the fossil fuel used in power generation because current nuclear designs do not easily alter the power output. Plants running on natural gas and coal, by contrast, can adjust their output over the course of a day to match demand.

For a long time, the underlying confidence of utilities in nuclear technology was moot because the economics would not support a new reactor; all those ordered after 1973 were canceled.

But now, because of high prices for natural gas and uncertainty about how emissions from coal plants will be regulated in the future, the nuclear industry is moving from near death to the prospect that perhaps a handful of plants will be ordered in the next few years. The Nuclear Regulatory Commission counts 27 potential reactors under consideration; 103 are now operable.

For all the momentum behind the push, however, there is still a high degree of skepticism within the utility industry.

PPL, for example, has successfully operated two reactors in Berwick, Pa., for 23 years. But with some utilities around the country making preliminary moves or joining consortiums to explore new designs, PPL is absent.

There are better places to put the money of shareholders, Mr. Hecht of PPL said. At the moment he sees a much greater advantage in cleaning up his coal-fired plants, investing $1.5 billion to scrub out most of the sulfur dioxide. That would not only benefit the environment but also generate pollution credits PPL can profitably sell.

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That decision was “dull and basic,” Mr. Hecht said, but adheres to a paramount goal: maximizing shareholder returns. He won’t rule out nuclear plants forever, Mr. Hecht said in an interview, but the business case would have to be a lot clearer than it is now.

“Technology often has zealots, it seems, behind it,” he said of companies moving forward on nuclear power.

By contrast, Constellation Energy not only wants to build reactors for itself, it also has formed a partnership with a reactor manufacturer to build and operate them for other utilities.

“This organization has a history of feeling that they have done well in nuclear,” Mr. Shattuck said. Constellation executives think that they “can continue to do well in nuclear and shouldn’t shy away from their responsibility.”

Constellation plans to apply for a reactor-operating license by the end of 2007, probably at either the Calvert Cliffs site in Maryland where it runs two nuclear reactors built in the 1960’s and 1970’s, or at Nine Mile Point, in Scriba, N.Y., on Lake Ontario, where it operates two reactors it bought in 2001.

Its decision has implications beyond the corporate bottom line for the global environment. There are also arguments over nuclear waste and the risk of accidents. Around New York City, especially, there is concern over reactors as terrorist targets.

But the risk that really matters to utility executives is financial. Among the companies that would actually build these plants, executives focus more on uncertain factors like the future price of power, the cost of producing competing fuels, and the cost of cleaning up coal plants to meet standards for the pollutants that Washington does regulate — sulfur dioxide, nitrogen oxides and soot.

At this point companies do not face any constraints on carbon emissions.

Companies that want to build — among them Entergy, Dominion and Duke Energy — talk about new designs intended to further reduce the risk of an accident and their ability to manage nuclear waste until the government eventually opens a national waste repository.

Opponents often cite the risk of accidents and the problem of nuclear waste, but the companies that do not want to build say that those are not factors in their decisions.

When PPL builds a power plant, it usually sells the power first, and uses the signed contracts to reassure the investors and the bankers from whom it is seeking financing. “I’m not going to build any large generation unhedged,” Mr. Hecht said.

But this is not easy with a nuclear plant. For one thing, Mr. Hecht said, no one could be sure when it would be finished. And despite the industry’s efforts to shorten the time from order to completion, it could still be 10 years, he said.

“If you build 1,000 megawatts,’’ he asked, “how are you going to find someone to buy it 10 years out, for 10 years after it is finished?”

A nuclear plant ordered in 2007 could well turn out to be a more economical power source in 2020 than a coal plant ordered at the same time, he said, but the range of uncertainty is much larger. He is content to let others take the lead.

Constellation Energy insists it is driving risk out of the proposition. Constellation, which doubled its nuclear bet in the 1990’s by buying more reactors as the utility industry reorganized, contends that it has demonstrated one marketable skill — running reactors profitably — and that it could quickly follow a new plant with a copycat, building both on time and on budget.

Constellation has an expertise gained in the early, difficult years of nuclear power, Mr. Shattuck said, citing Michael J. Wallace, president of his company’s generation division.

“Mike is the only executive in the utility sector today who was an executive responsible for building new nuclear plants last time around,” he said. Mr. Wallace oversaw the construction and start-up of two nuclear plants built in Illinois: Byron, which fully entered commercial service in 1987, and Braidwood, the following year.

Constellation proposes a fleet of plants, identical down to the “carpeting and wallpaper,” Mr. Shattuck said, reducing the design costs on subsequent reactors to near zero. Operating processes would be identical, and operators could be shuffled among the plants, something that is often impossible today even with adjacent reactors. The company wants partners that would offer either equity or operating skills.

Constellation has a partnership, called UniStar Nuclear, with Areva, the French-German company, which is owned by Framatome and Siemens, to build a model. One model is under construction in Finland.

“A lot of it is establishing a model that mitigates risk as you move forward,” Mr. Shattuck said. “A lot of players out there haven’t quite figured out how they’re going to go to their boards and ask for $4 billion, for which I’ll get cash flows in 13 years.”

Last December, Constellation and FPL, parent of Florida Power and Light, announced that they would merge, creating the country’s largest competitive marketer of power. That would put the company in an even better position to build new reactors, Mr. Shattuck said.

Some experts, however, remain skeptical that new reactors should be built, although they acknowledge this is increasingly likely. In the last 20 years or so, said Mr. Bradford, the former regulator, utility restructuring has often shifted the risks of new construction from ratepayers to investors.

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"What the Congress has done now, for the first six or so plants, is to find a third pocket," he said. "Now they've called upon the taxpayer to pony up."

But even if a few plants are built, industry insiders do not expect nuclear power to assume a significantly greater role. Roger W. Gale, an electricity expert and former Energy Department official, asks several hundred utility executives each year what they foresee in their industry.

While they are convinced that a new plant will be ordered soon, the more than 100 senior utility executives who responded also said they do not expect "a future where nuclear generation represents a larger share of generation" than today.

EPA-Influenced Vehicles Get Set To Hit Road (WSJ)

By John J. Fialka

The Wall Street Journal, August 22, 2006

ANN ARBOR, Mich. -- After badgering American manufacturers to produce cleaner, more-fuel-efficient vehicles, the Environmental Protection Agency is about to see its first product hit the streets.

The engineers at the EPA's National Vehicle and Fuel Emissions Laboratory here have built and tested many prototypes over the years, including a diesel-hydraulic passenger car that gets more than 80 miles per gallon. But the first EPA-influenced product to travel beyond the laboratory will be a garbage truck.

The garbage truck -- slated for rollout next year -- is a hybrid vehicle. Most hybrids use two power sources. In this case, the garbage truck will tap a diesel-burning engine and a hydraulic pump.

Soaring gasoline prices are pushing American auto buyers into showrooms for more-efficient vehicles, but the impetus is stronger among buyers of big trucks, says Bradley F. Bohlmann, a marketing manager for Eaton Corp. The Cleveland company will begin producing and selling the hydraulic-hybrid-transmission system pioneered by the EPA lab next year. The systems will be installed in truck bodies assembled by Peterbilt, a division of Paccar, Inc., of Bellevue, Wash.

Peterbilt in turn will market the garbage trucks and has targeted both the private sector and municipalities as sales prospects. Among U.S. cities, Chicago, Houston and Los Angeles have indicated the greatest interest thus far, according to Peterbilt.

The garbage truck, which stores and reuses energy normally lost in the braking process, will increase fuel-efficiency as much as 30%, Mr. Bohlmann predicts. Following the garbage truck may be a parade of yet more-efficient vehicles, starting with delivery trucks used by United Parcel Service Inc., which is testing two hydraulic-hybrid vehicles.

In the UPS trucks, the vehicle's entire mechanical-transmission system and drive shaft are replaced with a hydraulic system that delivers power from its diesel engine to pump motors that turn the rear wheels. Robert Hall, environmental manager for UPS, says the hydraulic hybrids may be less expensive and easier to maintain than hybrid gasoline-electric vehicles, which rely on batteries to store energy. UPS spends $2.1 billion a year on fuel, Mr. Hall says.

Other big truck buyers, including the Army and the Postal Service, are interested. And the Chinese government has been in touch with the EPA about using the technology to power a fleet of hydraulic-hybrid buses for the 2008 Olympics.

Such commercial interest is unusual for the EPA lab, which has seen many of its ideas shelved or abandoned. The lab's primary function is testing vehicles to ensure they meet EPA emission standards, but since 1970 it has kept a small unit of engineers and technicians working on ideas for cleaner, more-fuel-efficient cars. The Advanced Technology Division, which worked on hybrid gasoline-electric vehicles in the 1970s, decided in the late 1980s that hydraulic hybrids would be even more efficient.

"We felt strongly we shouldn't abandon the idea," says Christopher Grundler, director of the lab, who credits Charles Gray Jr., an automotive engineer who runs the advanced section, for persevering. "We never wanted to be a hobby shop, working on things that nobody wanted," Mr. Gray says.

Mr. Gray's theory was that hydraulic-drive systems, commonly used in heavy-construction equipment, could be adapted for other vehicles, especially those that make frequent stops. Using so-called regenerative braking systems, electric hybrids capture about 25% of the power lost in braking and store it in batteries. A hydraulic system, using pistons to capture the wasted energy by compressing nitrogen gas stored in a tank, can capture as much as 75% of the wasted energy. When the nitrogen is allowed to expand, it pushes hydraulic fluid that helps the engine turn the rear wheels.

In the late 1980s, then-Vice President George H.W. Bush was interested in the idea, which in 1993 became part of the Clinton administration's quest for the "Supercar." That was a voluntary research effort among U.S. auto makers and government labs to build a passenger car that could get 80 miles a gallon and be ready for production by 2004. Toyota Motor Corp. asked to join the program but was rejected and went on to develop its Prius hybrid electric car.

"The drive system [Toyota] produced looked like the one we developed in the 1970s," says Mr. Gray, who recalls the results of the EPA program were published before it was dropped for other priorities. David Hermance, executive engineer for

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Toyota's U.S. Technical Center, said the Prius was developed from Toyota's own research but added that it "would certainly be accurate" to say that the goals of the government's Supercar program spurred the Prius's development. Toyota has sold more than 372,000 of its hybrid electric cars in the U.S. since 1999.

But superefficient cars drew scant attention from U.S. auto makers and consumers in the late 1990s. To spur them, Mr. Gray's lab used spare parts to build a hydraulic hybrid with a Volkswagen diesel engine. The vehicle, which was about the size of a Ford Taurus and looked like a dune buggy, got 80 mpg. It sank in 2001 when the Supercar program was abandoned. The current Bush administration shifted government research to the "Freedom Car," which would use hydrogen-powered fuel cells.

Mr. Gray's team was allowed to press on in a joint venture with Ford Motor Co., which announced it would use the EPA technology to improve the fuel economy of light-duty trucks and sport-utility vehicles. Ford and EPA scientists developed a hybrid-hydraulic Ford Expedition, a big SUV that got more than 27 mpg in city driving. Then in 2004, Ford withdrew, opting instead for a licensing agreement with Toyota that allowed it to build hybrid-electric vehicles. "We definitely think hydraulic hybrid has merit," says Nick Twork, a technology spokesman for Ford, "but we decided that it wasn't going to be on the top of our list."

"You can't imagine the grieving we did when Ford left," Mr. Gray recalls. "We were that close," he said, to making production vehicles.

The EPA lab still hopes to prod consumers toward the 80-mpg passenger car, using the new heavy-truck prototypes. As Mr. Gray explains it: "There is a good chance of that happening if people look at the UPS truck sitting next to them at a stoplight and realize that it's getting better mileage than some of the vehicles they're driving."

Fishermen Love Alaska's Bird Creek, But So Do Grizzlies (WSJ)

By Jim Carlton

The Wall Street Journal, August 22, 2006

BIRD CREEK, Alaska -- Just 25 minutes by car from downtown Anchorage, Bird Creek is one of Alaska's most popular salmon-fishing destinations. Nestled at the base of the Chugach Mountains and lined by spruce and fir trees, the creek is so well-liked that fishermen coined the phrase "combat fishing" to describe the dozens of anglers who stand cheek by jowl in the glacial runoff letting loose their hooks and lines.

For years, people who fished here were unmolested by local wildlife, which is not the case in many other parts of Alaska. Bears stayed away, possibly spooked by the number of people who visited the area. Animals also seemed to be put off by all the cars on the adjacent Seward Highway, which connects Anchorage to Seward.

That changed this summer, making Bird Creek a flashpoint in a bear resurgence across the U.S. In the past few weeks, grizzlies and black bears have started sneaking behind anglers, making off with Hefty bags and fishing lines filled with salmon. In one recent incident, two bears sauntered down, grabbed a tourist's backpack and calmly returned to the woods. On another occasion, a grizzly wandered around nonchalantly, scaring an angler into dropping his catch just a few feet from the parking lot.

Now non-fishing tourists hoping to see real grizzlies in the wild are also flocking to Bird Creek. That is causing traffic jams and is filling the area's 160-car parking lot, in scenes reminiscent of the 1960s when people fed the bears in Yellowstone National Park. Greg Wilkinson, spokesman for the Alaska State Troopers, says he's worried that things will get out of hand. "This has all the makings of trouble," he notes.

Drew Rigdon, 32, had just caught his first fish in Alaska on the evening of Aug. 1 when two grizzlies lumbered out of the woods toward him. He walked in the other direction, but the bears cut him off. "A ranger across the creek yelled, 'You need to drop the fish,' and I did and ran to safety," recalls Mr. Rigdon, a computer technician who recently moved to Anchorage from Oklahoma.

Alaska is full of bear stories, but Bird Creek is unusual for the sudden arrival of the bears and their sheer brazenness. The chaos has sparked tales of close encounters and has pitted fishermen against one another. The commotion comes as a bear uprising takes place in the lower 48 states, with some of the animals invading houses, garages and even swimming pools. At Lake Tahoe, a black bear recently sashayed into the MontBleu Resort Casino & Spa in Nevada, causing a stir before leaving without hurting anybody.

Wildlife biologists attribute such bold behavior to a rise in bear populations nationally, as well to encroaching development pushing ever deeper into the woods. Although only about 1,000 grizzlies remain in the lower 48 states, Alaska is home to a thriving population that biologists estimate at as many as 30,000. Like other critters, bears grow accustomed to being around people, and start finding it easier to scarf up leftovers in a Dumpster than to forage in the wild.

Some speculate the bears have returned to Bird Creek for the prospect of an easy meal, with already-caught fish lying around by the dozen. "It's much easier to patrol the bank and have people throw fish at you," says Rick Sinnott, a wildlife biologist for the Alaska Department of Fish and Game. "They're very smart when it comes to food."

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Biologists say sometimes the problem is caused by young bears scrounging for food in people-infested areas as they search for a territory and try to figure out how to feed themselves. But older bears can also get used to human food.

No one seems to have been injured in these incidents. Alaska state troopers say that until the calls started tapering off a few days ago, they had been responding to complaints almost every day for more than a month from fishermen and bystanders spooked by the furry encounters.

On the evening of July 26, Alaskan State Trooper Ronald Hayes says he was called to investigate a showdown between two fishermen. According to witnesses, Mr. Hayes says, a fisherman on one side of the creek fired three shots into the air from his .50-caliber handgun to scare a lurking grizzly. Another fisherman on the opposite side of the creek complained that the fellow shouldn't fire a gun with so many people around. In response, the gunman said, "I've got one of those [bullets] with your name on it," Mr. Hayes said, citing an audio recording of the incident made by a witness.

The trooper confiscated the pistol briefly, but didn't press charges. He says he doesn't blame the fisherman for popping off a few warning shots, adding that it's a bit worrisome that the bear didn't flinch at the sound. "One swipe from one of those bears, and you're done," Mr. Hayes says.

Visitors these days certainly get fair warning that they are entering bear country. A sign posted at the creek's entrance warns: "If the bear shows interest in you and/or approaches, it wants your stuff. If the bear is slobbering, huffing, jaw-popping, hop-charging, you are in serious danger."

On a recent afternoon, tension filled the cool mountain air as about four dozen anglers crowded a 200-yard stretch of the rushing stream. A grizzly estimated at 300 pounds had gone on a rampage a few hours earlier, snatching fish and a backpack from 34-year-old Kristi Williams. Mrs. Williams says she had been minding her own business sitting on the creek bank with her Labrador, Saxon.

"Saxon started growling, and I looked up and the bear walks down about 10 feet away," says Mrs. Williams, a nurse from Anchorage whose husband, Alan, was fishing at the time. "He wasn't scared of people at all." She adds she backed away with her dog and left her backpack and a line of two salmon to the bear. The bear gobbled up the fish. Then he tore open the backpack and sank his teeth into a container of yogurt, as well as a can of deodorant. "At least now he smells nice," she says.

Mrs. Williams was telling her story when her eyes widened and she whispered, "There he is." A darkish brown grizzly emerged from the woods, about 30 yards away. Mrs. Williams's husband stood his ground on a gravel island but glanced nervously at the bear. The grizzly eventually moved along upstream, where he put on a display of his own fishing prowess.

A few days later, authorities got a report of bears invading tents at a nearby campground, prompting closure of tent camping in the vicinity. While officials aren't sure how many bears there are, the common view is that there are about six of them.

Whatever reason they're here, officials say they may have to end up destroying some bears for the public's safety. Biologists say bears that become habituated to humans usually won't go back to finding food on their own. That would be a shame, wildlife biologist Mr. Sinnott says, because it's usually people's fault that bears get their food. In the case of Bird Creek, he says fishermen accosted by bears should release their catch back into the creek rather than surrender fish to the bears.

"The solution," contends Mr. Sinnott, "is to fix the fishermen."

A Victory For Cleaner Air (NYT)

The New York Times, August 22, 2006

Americans who live in areas with substandard air won another important round last week in the tortured legal battle to force power companies, other industrial polluters and the Bush administration itself to obey the Clean Air Act. In a unanimous decision, a federal appeals court in Chicago upheld a controversial provision of the act that requires older plants to install modern pollution controls whenever they undergo physical or operational changes that increase harmful emissions.

The provision, known as New Source Review, has been critical to the efforts of New York and other Northeastern states to reduce air pollution from Midwestern power plants. But industry hates it, and the administration has spent the last five years trying to get rid of it. This effort seemed very close to success until the courts intervened, delivering two rebuffs in less than half a year.

The first rebuff came in March when a three-judge panel of the Court of Appeals for the District of Columbia Circuit struck down an effort by the administration to redefine major modifications in power plants as “routine maintenance,” thereby placing them outside the scope of the law and sparing the power companies the need to invest in pollution controls.

Thursday’s decision, from a three-judge panel of the Court of Appeals for the Seventh Circuit in Chicago, turned on the question of how to measure emissions. The plaintiff in the case, Cinergy, a major Midwestern power producer recently acquired by Duke Energy, argued that the appropriate standard was the hourly rate of emissions. Judge Richard Posner, who wrote the decision, said that what counted was the plant’s annual emissions, since a plant that had been upgraded could presumably be driven harder, producing more emissions over time.

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Both decisions are likely to be appealed, and the Supreme Court has already agreed to hear a case in which the Fourth Circuit, faced with the same arguments that confronted Judge Posner, produced the opposite result. But the fact that a distinguished conservative jurist like Judge Posner came down so clearly and sensibly on the side of the law has given clean air advocates hope that they, and the law itself, may yet prevail.

Casino Tribes Try To Keep Entire Pot (LAT)

By Dan Morain, Times Staff Writer

The Los Angeles Times, August 22, 2006

The wealthy groups use political clout to stymie efforts by poor Indians to open own facilities.

With her kerosene lantern, Francine Kupsch helped lead California Indians into the golden era of casino riches.

A film crew recorded Kupsch as she used the lamp's glow to teach her young son to read and talked about how gambling profits would bring electricity to her reservation: "We'll have a refrigerator."

The commercial was beamed across the state several years ago as tribes asked California voters to legalize Nevada-style gambling on their land. "I felt honored," Kupsch said. "Now I don't. It gives me that nauseated feeling."

Six years after voters said yes, Kupsch is little better off and feels that she was a pawn. The closest she has come to the promise that casinos would bring self-reliance was eight months' work at a gambling palace near Temecula, a 45-minute drive away.

As a member of the Los Coyotes Band of Cahuilla and Cupeno Indians, she is on the poor side of a divide. Gambling has brought some Native Americans wealth that was unimaginable 10 years ago. Others have been unable to get a piece of the action; only 9% of Native Americans in California directly benefit from tribe-owned casinos, according to a recent state report.

As the wealthy groups expand their gambling empires, they are using the power that comes with money to keep the poor tribes out. They hire blue-chip lawyers, lobbyists and public relations experts to promote their cause in Sacramento, where permission to own casinos is granted. They give millions in campaign cash to lawmakers who approve and block tribal pacts.

"The rich tribes are denying us a future," said Mike Jackson, president of the Quechan Tribe in the far southeast corner of California. "Money has pushed tribes apart."

Wealthy tribes pay into a fund that grants $1.1 million a year to each tribe that lacks a casino or has a small one. But for the 3,000 or so Quechan members, it's not much.

On the rich side of the divide, Jacob L. Coin, communications director of the San Manuel Band of Serrano Mission Indians, said Indian gambling was never intended to be "a share-the-wealth program or a welfare program for all Indian tribes." The San Manuel casino abuts San Bernardino and is one of the busiest in the state.

"No tribe is guaranteed a successful casino," Coin said. "There are some tribes that are poorly located, and there are some tribes that are especially favorably located. The law basically understands that."

Gov. Arnold Schwarzenegger's administration is fashioning deals to grant thousands more slot machines to rich Southern California Indian bands, including the San Manuel. The governor agreed this month to allow the Agua Caliente Band of Cahuilla Indians to increase its Palm Springs-based operation to include three casinos and 5,000 slot machines, up from its existing two casinos and 2,000 slots.

Tribes are not required to publicly report their gambling profits. But a single slot machine can generate $350 in profits a day, or more. Multiplied by 5,000, that's about $640 million a year.

The Agua Caliente pact passed the state Senate on Monday and is expected to receive final approval from the Assembly this week. Poor tribes' pending compacts have languished for more than a year.

The Agua Caliente have spent $24 million on state campaigns since 1998, when Kupsch's commercial first aired, including $16,000 donated to lawmakers since Schwarzenegger announced his deal with the tribe.

"These tribes do not want competition," state Sen. Roy Ashburn (R-Bakersfield) said. "And I think they're using the influence that they have to stop it…. It's not any more complicated than that."

Tribes across the state have been caught in the maelstrom.

In California's southeast corner, the Fort Yuma Quechan Indian Nation has 3,250 members and a 45,000-acre reservation that bridges California and Arizona. At California's northwest edge, the Yurok tribe has 5,000 members and a reservation that straddles the Klamath River, a mile wide on each side. They are the state's two largest tribes.

Schwarzenegger struck deals with the Yurok and Quechan last year that would have permitted each to build casinos on their own land. Last year, rich tribes' leaders and their representatives, operating from the office of state Senate leader Don Perata (D-Oakland), lobbied against the two tribes' deals. The legislative session ended without a vote on either.

"It's frustrating to have tiny tribes that have benefited so much from gambling stop a far larger tribe such as the Yurok," said Sen. Wes Chesbro (D-Arcata), who has tried to shepherd the Yurok compact through the Legislature.

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The Yurok have an annual budget of $12 million — less than what one of its opponents, Agua Caliente, spent on a failed 2004 initiative campaign to gain unlimited gambling rights. Eighty percent of Yurok homes lack electricity, and 75% of the tribe's members have no jobs or phone lines, according to a recent report by the California Research Bureau, an arm of the state library. The tribe wants a 350-slot casino.

"It never entered my mind that we would be challenged," Yurok Chairman Howard McConnell said, sitting in his office in Klamath, near the mouth of the Klamath River and Redwood National Park.

The Quechan have two casinos, one in Arizona with 475 slot machines, and a smaller one across a narrow walkway in California. The enterprises employ 170 of the tribe's people. The tribe also owns agricultural land that produces lettuce and melons.

But the Quechan still struggle: Unemployment is 67%, and 40% of adults have diabetes. Quechan leader Jackson scoffed at the notion of his tribe handing out fat campaign donations to get the third casino it wants.

"We've got to feed our people," he said.

The tribe believes it can improve things if it can open up to 1,100 slot machines on tribal land off Interstate 8 in California. It envisions a hotel, golf course and water park.

The governor approved the plan, but Jackson saw the power of the rich tribes again this year, when an Assembly committee refused to put it to a vote in June.

"We got the door slammed because of the almighty dollar," Jackson said.

The Quechan tribe, like the Yurok, still hopes that its pact will pass the Legislature in the next two weeks, before lawmakers adjourn for the year.

Rich tribes also oppose two other deals the governor struck with poor tribes, which would allow off-reservation casinos. Those pacts involve the Los Coyotes band and the Big Lagoon Rancheria.

No tribe has less than Francine Kupsch's Los Coyotes. About 70 of the 380 members live on the 25,000-acre reservation in homes built with federal aid. Many collect welfare. They receive federal commodity cheese and charity turkeys at Thanksgiving.

Casino developers have concluded that the land, in the northern San Diego County mountains, is too remote to support a casino. The nearest settlement is Warner Springs, down a narrow road. The closest city is Temecula, 40 miles away.

Now, Los Coyotes hopes to open a casino in Barstow, off Interstate 15 between Los Angeles and Las Vegas. That proposal is controversial — the desert town is two counties and more than 100 miles from the reservation. The group would need permission from the U.S. Interior Department for an off-site casino, but Congress is considering banning off-reservation gambling.

Schwarzenegger suggested that the 21 Indians who make up the Big Lagoon Rancheria join Los Coyotes in the Barstow project. The lagoon that gave the tribe its name is 700 miles from Barstow, in Humboldt County in far Northern California, and Schwarzenegger was hoping to preserve their stretch of largely undisturbed coast.

Each band could have 2,250 slot machines in the Barstow deal. But the compacts announced last year to allow the deal have languished in the Legislature.

In May of this year, San Manuel donated $1 million to California campaigns, dividing the money between Democrats and Republicans. In June, San Manuel and other tribes with casinos denounced the compacts before a legislative committee. One who testified, Vincent Duro of the San Manuel band, has been appearing in television commercials that describe charity work paid for by San Manuel.

"That's the terrible part about this," said Kevin Siva, a Los Coyotes leader. "It is our own people who are fighting us."

Assemblyman Joe Coto (D-San Jose) led the legislative opposition to the Los Coyotes-Big Lagoon deal, which failed. The previous December, San Manuel had given $295,000 to a political action committee he chairs. Coto declined to discuss the matter.

Big Lagoon Chairman Virgil Moorehead is holding on to his artist's rendition of a casino with 250 slot machines and a hotel with 50 or 70 rooms. He agrees with environmentalists that the tribe's 20 acres of coastal land — forested with redwoods, spruce and alder and surrounded by parks — is not a good place for a casino.

But unless he can move to Barstow, Moorehead said, "this is what I'm left with."

Barstow's City Council, believing that a casino would bring jobs, has embraced the gambling proposal. A Detroit development group, BarWest LLC, is financing it in exchange for up to 30% of any profits.

Los Coyotes and Big Lagoon make no apology for working with well-heeled developers. They need someone with expertise. Besides, not many fellow Indians have lent them a hand.

Coin, San Manuel's communications director, said he has no problem with either tribe building a casino, only not in Barstow. He contends that Barstow is part of San Manuel's ancestral land, though others dispute that.

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The San Manuel tribe "has a first and primary obligation to its own tribal nation, its own tribal government," Coin said. "Protecting ancestral land is one of the basic tenets of that responsibility."

Coin's concept is difficult for Kupsch, who supports herself as the Los Coyotes tribal secretary, to stomach.

In 1998, Kupsch lived with her two small children in a tiny trailer at the edge of the Los Coyotes reservation. Water came from a garden hose, light from her lantern.

When pro-gambling operatives wanted to turn her story into a 30-second television spot, she was happy to play her part.

Kupsch now lives in a manufactured house. It has electricity, but a tarp covers a front window to keep the weather out. She wonders when her tribe might benefit from all the riches.

"I got a complimentary copy of the commercial," she said. "So I have that as a memento."

FBI/DEA/ATF/USMS:

Head Of FBI Terror Screening Center Leaves (UPI/UPI)

United Press International, August 22, 2006

WASHINGTON, Aug. 21 (UPI) -- The head of the FBI-led interagency Terrorist Screening Center, Donna Bucella, is the latest in a string of senior-level departures from the bureau.

Charlotte, N.C.-based Bank of America announced last week that Bucella would join them in mid-October. In a statement the company said she would lead the bank's business-continuity planning and recovery efforts, both domestically and overseas.

Bucella will report to Doug Smith, the bank's corporate information security and business-continuity executive.

She "brings a unique set of skills to the bank, along with a broad background in continuity planning and implementation," Smith said. "We are pleased to have someone with her level of expertise and leadership skills in this critically important role."

Bucella is the second high-ranking FBI official to join the bank this year -- in May, they announced it had hired Chris Swecker, one of the bureau's three assistant directors, to be head of corporate security.

Bucella, a former litigator with the U.S. Department of Justice and U.S. Army, previously worked as a director at the Transportation Security Administration with oversight of security operations at 80 southeast U.S. airports. She received a bachelor's degree from the University of Virginia in 1978, and obtained her law degree at the University of Miami in 1983.

Gang Leadership Jailed (TAMPTRIB)

By ANTHONY McCARTNEY

Tampa Tribune, August 22, 2006

TAMPA -- The entire Florida leadership structure of the Latin Kings gang is in the custody of the Hillsborough County Sheriffâ€™s Office, Sheriff David Gee announced this morning.

A raid on the Caribbean American Club in south Tampa Sunday afternoon netted 39 people â€“ many of them top-tier leaders of the notorious and violent Latin Kings gang.

The raid culminated a 15-month operation started by Tampa police, Gee said. The raid came while the gang was holding a â€œuniversalâ€ â€“ a meeting of the statewide leadership of the highly-regimented gang.

Authorities were reluctant to say this morning how they infiltrated the gang, but said their efforts will significantly disrupt the Latin Kingsâ€™ criminal activity in Florida.

Unidentified man arrested

in Sunday raid.

The gang is blamed for running drugs, kidnapping and numerous other violent crimes.

Gee said the May 20 beating of a former Latin King leader gave detectives the leads that allowed Sundayâ€™s raid to take place.

It was unclear why Tampa was chosen for the meeting; Gee said the gang likes to rotate its meeting places.

The Caribbean American Club was unaware that a gang meeting was taking place on its premises and has cooperated with the Sheriff's office, officials said.

An undercover detective, donning a black mask to conceal his identity, said the Latin Kings may have as many as 70 members in Hillsborough County. He said he did not know how many members the gang had statewide.

Suspected gang members from New Port Richey, St. Petersburg, Tampa and Miami were all arrested Sunday.

Some of the people arrested Sunday were third-generation members and others had ties to the highest ranks of the Latin Kings, which is generally divided into two factions based in Chicago and New York.

Authorities said they confiscated 10 guns and some marijuana and cocaine.

Currently, the 39 people arrested face conspiracy to commit racketeering or RICO charges. State Attorney Mark Ober said his office was going over the files and making decisions about how to proceed. RICO prosecutions, he said.

More information about the Latin Kings will be released later this week, he said, when his office releases documents pertaining to the May 20 beating of a former gang leader.

Reporter Anthony McCartney can be reached at (813) 259-7616 or

Latin Kings Face Conspiracy Charges (SPT)

By Abbie Vansickle

St. Petersburg Times, August 22, 2006

Thirty-nine gang members who were arrested Sunday in an undercover sting operation are accused of racketeering.

TAMPA — Most of the state leadership for the Latin Kings gang was behind bars Monday, following a weekend raid in South Tampa, according to law enforcement officials.

"This is tremendous; it's tremendous for the state of Florida," said Hillsborough Sheriff David Gee.

The investigation, known as "Down Crown," targeted statewide leadership of the Latin Kings, a gang symbolized by a crown.

After serving a search warrant Sunday at the Caribbean American Club off Interbay Boulevard, investigators arrested 39 people from several cities, including Tampa, Miami, St. Petersburg, Clearwater and New Port Richey.

Those arrested face charges of conspiracy to engage in racketeering, said Hillsborough State Attorney Mark Ober.

The 15-month investigation into the Latin Kings statewide leadership reached a tipping point in May, when the Sheriff's Office learned about the beating of a local gang leader, Alexander Valdez, 23, of Town 'N Country.

On May 20, Valdez was beaten by several other Latin Kings as punishment, after they held a "trial," deputies said.

On May 25, Orange County investigators arrested Michael Victor Lugo on a warrant, accusing him of the beating.

Lugo has held several leadership positions within the Latin Kings, including the Inca of Florida, the top job, according to the Hillsborough Sheriff's Office. After Lugo's arrest, other Latin Kings leaders planned a statewide meeting, investigators say.

That information came through undercover deputies, who were able to work their way into the organization. They spoke with reporters at a news conference Monday, each wearing a black mask over his head, shielding all but his eyes.

Investigators described the Latin Kings as a close-knit, well-organized group that will be disrupted by the raid.

The group is controlled at the state level by five main leaders, each representing a point on a crown, deputies explained.

There are an estimated 70 members of the Latin Kings in Tampa.

Assistant State Attorney Tom Palermo said to prove the conspiracy to commit racketeering charge, prosecutors must prove two or more people conspired and committed at least two criminal acts.

The charge is a first-degree felony, punishable by a maximum of 30 years in prison.

Ober urged reporters to "stay tuned" for more criminal charges.

Several law enforcement agencies participated in the investigation, including the Sheriff's Office, Tampa police, the FBI, the Bureau of Alcohol, Tobacco and Firearms, Immigration and Customs Enforcement and the Hillsborough State Attorney's Office. Officials said the owner of the Caribbean American Club did not realize the facility was being used by the Kings.

The Latin Kings started decades ago in Chicago, sheriff's officials said. Now, the gang is nationally known.

So how big of a problem are the Latin Kings locally?

Alayne Unterberger, executive director of the Florida Institute for Community Studies, works in a multicultural family center in Town 'N Country. She said the Latin Kings are well-established in the community.

She hasn't seen a lot of violence directly related to the gang. The Latin Kings have put on community social events, such as birthday parties and wedding receptions.

"It's like a family," she said.

Abbie VanSickle can be reached at 226-3373 or vansickle@sptimes.com.

Tampa Raid Takes Down 39 Alleged Leaders Of Latin Kings Gang (AP)

By Mitch Stacy, Associated Press Writer

AP, August 22, 2006

Every known leader of the Latin Kings gang in Florida was taken off the street when law enforcement raided a rented club where high-level members were meeting, authorities said Monday.

The Sunday afternoon raid netted the arrests of 39 alleged gang leaders on charges of conspiracy to commit racketeering, taking a huge chunk out of the highly organized structure of a statewide criminal enterprise, Hillsborough County Sheriff David Gee said.

The "extremely violent" gang has been involved in major crimes ranging from drug dealing to attempted murder, Gee said. Prosecutors say more charges could result from the arrests, which occurred without violence.

Those arrested range in age from 16 to 39 and listed addresses that included Tampa, New Port Richey, Miami, Clearwater, St. Petersburg and Deltona, according to the sheriff's office. All appeared in court Monday morning where high bonds were set, State Attorney Mark Ober said.

Among them was the alleged statewide leader of the Latin Kings, Samuel David Alvarado, 26, also known as "King Sam," who lives in Lake Worth, the sheriff's office said. He was being held without bond, according to jail records, which did not say if he had a lawyer.

The Tampa meeting, attended by all the so-called "crowns" in the state, was called to discuss leadership issues after one of the gang's leaders was severely beaten by other high-ranking members in May, Gee said.

The Latin Kings rented the Caribbean American Club in south Tampa for what they described as a party. The venue is often rented out for events, and members of the club didn't know the real purpose of Sunday's meeting, Gee said.

Around 100 local officers and federal agents participated in the raid. Ten guns, five ammunition magazines and a small amount of marijuana and cocaine also were seized.

An undercover deputy said it's hard to tell where and how many people are affiliated with the Latin Kings statewide, but there are around 70 members in the Tampa area alone. He appeared at a news conference with his face covered to protect his identity.

Gee said the gang has been active in the area for at least 20 years and may have ties to chapters in New York and Chicago. The Chicago Crime Commission now estimates that there are more than 20,000 Latin Kings in the Chicago area alone.

Sunday's raid in Tampa was the culmination of a 14-month investigation that also included Tampa police, the FBI, Bureau of Alcohol, Tobacco and Firearms, Immigration and Customs Enforcement and local prosecutors.

"We have been inside this organization for well over a year, following many of their moves throughout the state," Gee said.

$50 Million Drug Cache Is Found Near Atlanta (NYT)

By Brenda Goodman

The New York Times, August 22, 2006

ATLANTA, Aug. 21 — Federal agents seized buried cocaine and crystal methamphetamine last week with an estimated street value of up to $50 million, the authorities announced Monday.

Investigators with the Drug Enforcement Administration said that the 187 pounds of a highly concentrated form of methamphetamine called ice was the third-largest cache found this year and that it was likely the largest ever found east of the Mississippi. The cache, buried in the woods behind a house in Buford, a suburb of Atlanta, included more than 90 pounds of cocaine.

“This tells us Atlanta continues to be a hub for meth distribution in the Southeast,” said Sherri F. Strange, special agent in charge of the Atlanta field division of the drug agency.

For 18 months, investigators watched as high-volume methamphetamine operations, historically concentrated in California and Texas, have crept east. In March 2005, D.E.A. agents here announced the discovery of the first high-volume methamphetamine laboratory on the East Coast, in Smyrna.

While “mom and pop” laboratories may produce an ounce of methamphetamine at a time, “superlabs” like the one in Smyrna can produce more than 10 pounds a day, said Ruth Porter-Whipple, a group supervisor in the Atlanta office of the drug agency.

Within a month of finding the Smyrna laboratory, agents seized 174 pounds of methamphetamine in Lawrenceville, another bedroom community for Atlanta.

The Buford cache was found on Wednesday 34 miles northeast of Atlanta when investigators, acting on a tip about odd activity at a house there, saw a man wearing work gloves and carrying a flashlight walk into woods behind the house.

Investigators found six large buried garbage cans. The drugs in them were carefully wrapped and stuffed in duffel bags along with $30,000. Agents also found a money counter, digital scales and a notebook computer with details of scores of drug deals.

The authorities said they believed that at least some of the drug was on its way to New York.

Four men were arrested and charged with possession with intent to distribute methamphetamine and cocaine. They are Julio R. Barajas, 28, of Santa Ana, Calif.; Enrique Medina, 25, of Magdalena, Mexico; Eduardo C. Torres, 43, of Michoacán, Mexico; and Ignacio C. Torres, 39, of Buford.

DEA Arrests Four, Disrupts Meth Operation In Atlanta (WT)

DOJ_NMG_0051903

By Jerry Seper

The Washington Times, August 22, 2006

U.S. Drug Enforcement Administration (DEA) agents yesterday arrested four men in a raid on a house in Atlanta, seizing what authorities called a record amount of crystal methamphetamine.

U.S. Attorney David E. Nahmias called the seizure "another stark reminder" that Atlanta has become a major national hub for drug trafficking, including the sale of potent methamphetamines that "pose the greatest new drug threat to our Georgia communities."

"The DEA and other law-enforcement agents working on this case are to be commended for disrupting a major trafficking organization and for finding an enormous quantity of crystal meth literally buried behind a house in a residential area, along with dozens of kilos of cocaine inside," Mr. Nahmias said.

DEA spokesman Garrison K. Courtney said those arrested were Eduardo Castro Torres, 43, of Michoacan, Mexico, who also is a resident of California; Julio Ruesga Barajas, of Santa Ana, Calif.; Ignacio Castro Torres, 39, of Buford, Ga.; and Enrique Medina, 25, of Madalena, Mexico. They were charged in a criminal complaint with possession with intent to distribute methamphetamine and cocaine.

According to the complaint, the DEA began an undercover investigation in March into a suspected large-scale Mexican drug ring in the Atlanta area, involving the importation and distribution of multikilogram quantities of methamphetamine and cocaine from Mexico.

It said agents began surveillance last week on a house in Buford in anticipation of executing a federal search warrant, observing the four suspects leaving and returning on several occasions. At one point, the complaint said, agents saw Mr. Medina walk to a wooded area near the house, where he put on work gloves and pulled out a flashlight, shining it on an area where DEA agents had positioned themselves.

The complaint said Mr. Medina ran to the house to alert the others and was joined in running from the location by Mr. Barajas and Eduardo Torres, although they were chased down and arrested by the agents. Ignacio Torres was arrested later.

While agents chased the three men, other agents -- armed with a search warrant -- raided the house, where Mr. Courtney said they found 90 pounds of cocaine and 190 pounds of crystal methamphetamine inside large duffel bags -- with a street value of about $25 million. He said the duffel bags were located inside six trash cans buried in the same wooded area where Mr. Medina had spotted the agents.

Mr. Courtney said agents also recovered a money counter and digital scales buried in a container on the side of the garage. Inside the garage, he said, they seized suspected drug proceeds wrapped in a clear plastic vacuum-sealed bag, which was marked "#44" and "30,000."

Agents also recovered a notebook inside a hidden compartment in a vehicle on the premises, he said, adding that it is thought to be a detailed account of transactions involving multikilogram quantities of cocaine and large pound quantities of methamphetamine, as well as an account of millions of dollars of drug proceeds.

Record Meth Bust In Buford (AP)

AP, August 21, 2006

BUFORD - Federal officials on Monday announced a "record-breaking seizure" of crystal methamphetamine buried in the back yard of a suburban home that they say was operated by a Mexican-based drug ring.

Drug Enforcement Administration agents found 187 1/2 pounds of suspected meth and 41 1-kilo bricks _ just over 90 pounds _ of suspected cocaine during a search last week, said Sherri Strange, special agent in charge of the Drug Enforcement Agency's Atlanta office.

She called it the third largest meth seizure in the U.S. this year, with an estimated total street value of $25 million to $50 million.

"Atlanta continues to be a hub for meth distribution in the Southeast," Strange said.

Four men have been charged with possession with intent to distribute methamphetamine and cocaine: Eduardo Castro Torres, 43, of Michoacan, Mexico, also a resident of California; Julio Ruesga Barajas, 28, of Santa Ana, Calif.; Ignacio Castro Torres, 39, of Buford, Ga.; and Enrique Medina, 25, of Madalena, Mexico. All four were at the home in Buford at the time of the seizure. Buford is 33 miles northeast of Atlanta.

A notebook found in a hidden compartment of a Nissan Quest found on the premises is believed to detail transactions involving large quantities of meth and cocaine.

Strange said the agents were watching the house Wednesday and saw two of the men uncovering something in the backyard. The cache was hidden in duffel bags inside 55-gallon trash cans that were buried so that the tops were flush with the ground.

She called the case unique because the house itself was pretty "clean" _ everything was hidden outside.

Law enforcement officials found a money counter and digital scales buried in a Rubbermaid container next to the garage. Inside the garage, they found $30,000 in cash wrapped in a clear plastic vacuum-sealed bag.

Officials said the operation in Buford was part of a Mexican drug ring that imports and distributes multi-kilogram quantities of meth and cocaine from Mexico by moving it through California and Texas to points throughout the U.S.

Assistant U.S. Attorney Bill Thomas said the seizure "underscores the increasing significance that Atlanta plays in the world of drug trafficking."

Atlanta: Meth Distribution Hub (WXIA)

WXIA-TV, August 22, 2006

The Drug Enforcement Administration says a drug seizure in Buford last week is another indication Atlanta is a major distribution hub for Mexican drug lords. DEA agents seized over $25 million worth of cocaine and methamphetamine behind a home on Suwanee Dam Road. The drugs were buried underground, according to the DEA.

DEA Special Agent in Charge Sherri Strange says she is being conservative when she estimates the drugs worth. She says depending how the drugs are cut before distribution; the street value could reach $50 million.

“It could have been shipped anywhere in the United States from Miami to New York,” Special Agent Strange said. “It tells us that Atlanta continues to be a hub for meth distribution in the southeast.”

Last Wednesday, federal agents set up surveillance at the house in Buford. Special Agent in Charge Strange says they watched suspects walk from the house to the woods behind it.

“They came out, moved some leaves and debris and they removed the top of something. We saw them reach in remove what we believed to be contraband,” she said.

In the woods behind the house investigators found at least five 55 gallon trash cans buried in the ground. The lids of those trash cans were flush with the ground. The drugs seized were inside the trash cans.

“When we process it, it may very well be the biggest one in Atlanta. It may very well be the largest one on the southeast coast,” Strange said. The 187 pounds of ice seized are at least the largest since February 2005 when the DEA seized 125 pounds of ice. The DEA says ice is the crystallized form of methamphetamine.

The U.S. Attorneys office says these busts send a message to the drug traffickers. But, Atlanta continues to be a hub for distribution of the drug throughout the United States.

Four people who were in the home were charged with possession with intent to distribute methamphetamine. Arrested were: 43-year-old Eduardo Castro Torres of Michoacan, Mexico; 28-year-old Julio Ruesga Barajas of Santa Ana, California; 39-year-old Ignacio Castro Torres of Buford; and 25-year-old Enrique Medina of Madelena, Mexico.

187 Pounds Of Meth Seized 4 Arrested At Buford Home Containing As Much As $50 Million In Drugs (AJC)

By Lateef Mungin, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, August 21, 2006

Federal agents stormed a Gwinnett County home and seized what could be as much as $50 million in crystal methamphetamines, authorities announced Monday morning.

Seized was 187 pounds of meth, a dozen kilograms of cocaine and four men who were arrested during the raid of a Buford home last Wednesday, said Sherri Strange, special agent in charge of the Atlanta office of the Drug Enforcement Agency.

Strange called the huge seizure one of the largest crystal methamphetamine busts on the East Coast.

"We are still tallying the figures but this could turn out to be the largest," said Strange at a morning press conference, where agents displayed the contraband on large picnic tables, much of it packaged in plastic cases.

Strange said agents learned that there might be a large quantity of the drugs at the Buford home located at 6251 Suwanee Dam Road. Agents put the home under surveillance and watched as two men walked outside and began pulling drugs from a big stash they buried in the ground, Strange said.

Agents got a search warrant, arrested the men plus two others. The agents then searched in the holes in

the ground and found that suspects had buried several trash cans in the ground that were filled with drugs.

Strange said the street value of the drugs could range from $25 to $50 million depending on what quantity the drugs were sold in.

Authorities identified the suspects arrested as Eduardo Castro Torres, 43, of California; Julio Ruesga Barajas, 28, of California; Ignacio Castro Torres, of Buford, and Enrique Medina of Mexico.

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The arrests came on the heels of several other huge drug busts in Gwinnett County. On Friday, authorities seized 30 kilos of cocaine from a Norcross home. Last March, federal authorities also seized 174 pounds of crystal methamphetamine from several homes in Gwinnett County.

At that time authorities called that bust the biggest crystal methamphetamine seizure on the East Coast.

At the press conference today, William Thomas, chief of a U.S. Department of Justice drug task force said these busts should send a signal to drug cartels.

"These seizures show that Atlanta is a significant player in the world of major drug traffickers," said Thomas. "But we are saying to the trafficker that Atlanta is not the place to do business. All it will get you is a lengthy federal prison sentence."

Meth Ice Is As Cold As Death (AIM)

By Julie Belschner And David Williams

Anderson Independent Mail, August 21, 2006

Ice isn't cool. It's deadly and scarily addictive.

Ice is the nickname for pure crystal methamphetamine, a step up — or down — from ordinary meth. And it's not a biker, California or Midwest drug. It's a Southeast drug.

Manufacturing ordinary meth is simple enough that it can be done in a home, a box, a bucket or a boat. Just ask local law enforcement officials, who take down meth labs on a regular basis.

But officials say meth production is becoming more organized, with large super labs producing "ice" for large-scale distribution. A super lab was taken down recently in Gwinnett County. But more often, they say, meth is coming in from organized labs in Mexico.

An example was revealed recently in the case against Victoriano Vega-Jimenez, 42, of Lawrenceville, Ga., who in April was sentenced on charges of conspiring to distribute 174 pounds of crystal methamphetamine — or ice. His organization reportedly did at least $10 million in business in only seven months, ending in March 2005, according to law enforcement officials. He was sentenced to 20 years in prison, according to the U.S. Attorney's office in Atlanta.

"Atlanta is a crossroads," said Kurt Erskine, assistant U.S. attorney in Atlanta. "Atlanta's accessibility allows meth to go to all parts of Georgia and South Carolina, all over the Southeast and other places."

Mr. Erskine said safe houses in Atlanta store the meth, which is then passed on to distributors and often cut down to 5-pound amounts.

Traditionally, meth has been a small local lab problem across the country, with numbers increasing dramatically in the past five years in Georgia and South Carolina. But law enforcement has been finding and shutting down more and more homemade labs. So it's become increasingly easier for dealers to bring in 100-pound shipments than it is to set up a lab and manufacture that amount, Mr. Erskine said.

According to the U.S. Drug Enforcement Administration, 65 percent of all meth consumed in the United States now comes from Mexican drug cartels, 53 percent from labs in Mexico and 12 percent from Mexican-run labs in the United States.

Those "professional" labs are slowly pushing home-based labs out of business. But it's not a good thing; the professionally made meth is stronger and more addictive, law enforcement officials say.

Restrictions on pseudoephedrine, the precursor chemical often found in simple cold medicines, are almost non-existent in Mexico. Last November, Mexican government officials pledged to set a limit on imports of pseudoephedrine and reduce the number of pharmacies selling products containing the chemical. In 2004, Mexico had imported 224 tons of pseudoephedrine, a figure estimated to be double the national demand for cold medicine — and quadruple the 66 tons imported in 2000.

The "trickle down" to places that are considered rural South — such as the western corner of South Carolina and the north half of Georgia— is more like a steady river, according to DEA.

"The legal traffic that's coming out of Mexico with illegal drugs will blow your mind," Hart County Sheriff Mike Cleveland said.

Chrissy Adams, the 10th Judicial Circuit Solicitor for Anderson and Oconee counties, said the war on meth and its cost is taking a toll on society whether it's directly or indirectly.

"It disrupts families, neighborhoods and countless lives," Ms. Adams said. "Arrests are now, sadly, routine."

Accused Drug Lord May Face Death Penalty (AP)

By Allison Hoffman, The Associated Press

AP, August 21, 2006

SAN DIEGO -- The federal government may seek the death penalty for the accused kingpin of one of Mexico's oldest and most notorious drug cartels, a prosecutor said Monday.

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Francisco Javier Arellano Felix currently faces a maximum sentence of 40 years in prison under a 2003 indictment that accused him and others of moving tons of Colombian cocaine and Mexican marijuana to the United States and involvement in a string of assassinations or plots, U.S. authorities said.

Laura Duffy, an assistant U.S. attorney, said the government may seek new charges against Arellano Felix that would allow for the death penalty or life in prison if he is convicted. She did not elaborate on the possible charges at a hearing before U.S. District Judge Larry A. Burns.

Arellano Felix, 36, dressed in an orange jumpsuit and shackled at his wrists and ankles, gave one-word answers in Spanish and did not seek bail during a hearing Monday.

He pleaded not guilty last week to racketeering, racketeering conspiracy, conspiracy to import and distribute controlled substances and money laundering.

Last week, Mexican Attorney General Daniel Cabeza de Vaca also said Mexico would seek Arellano Felix's extradition to Mexico, but perhaps not until he had been tried and sentenced for crimes in the United States.

Arellano Felix, He was captured by the U.S. Coast Guard last week off the coast of La Paz, Mexico, aboard the U.S.-registered sport boat Dock Holiday.

Seven other men aboard the yacht were arrested and taken to the United States last week, including Arturo Villarreal Heredia, whom U.S. authorities said was a high-ranking figure in the Tijuana-based Arellano Felix cartel.

John Kirby, a former federal prosecutor in San Diego who worked on the 2003 indictment, said Arellano Felix took over field operations after his older brother Benjamin was jailed in Mexico in 2002 and brother Ramon was killed that same year.

DA Weighing Cartel Case For Capital Punishment (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, August 22, 2006

The accused leader of a notorious Mexican drug cartel may face the death penalty, a prosecutor said yesterday.

Francisco Javier Arellano Félix agreed yesterday not to fight prosecutors' effort to keep him in jail until his case is over.

Prosecutor Laura Duffy said Arellano is dangerous and may flee if he were allowed to go free.

She also said her superiors are deciding whether to seek the death penalty against Arellano, who faces up to 40 years in prison under a 2003 indictment on racketeering, conspiracy to import tons of marijuana and cocaine, and conspiracy to launder money.

Arellano pleaded not guilty Thursday.

Prosecutors list 20 killings on both sides of the border among the racketeering acts, and those could be used to seek capital punishment if an amended indictment is brought.

Duffy said in court that grand jurors could soon begin hearing evidence.

Arellano appeared in court yesterday wearing an orange jumpsuit and sneakers. He was chained hand and foot.

He said one word – “Yes” – when asked by U.S. District Judge Larry Burns if he agreed to waive his right to a bail hearing.

Prosecutors agreed to the release of one of the seven men arrested with Arellano on Aug. 14 aboard a 43-foot sportfishing boat known as the Dock Holiday.

The 19-year-old man was a baby-sitter for three boys who were on the boat – one was Arellano's son – and is scheduled to be returned to Mexico.

The boys, ages 5 to 11, were returned to Mexico following last week's arrests.

The judge ordered one man, Francisco Javier Mesa Castro, 45, held as a material witness. Lawyers for the other men postponed hearings regarding bail until they could learn more about the case.

Three of those men have been identified by a Drug Enforcement Administration agent in court filings as high-ranking members of the cartel.

Duffy said agents are still sorting out how the other men are involved.

Arellano's decision not to fight detention without bail was not surprising, because people charged with racketeering and certain drug offenses are presumed ineligible for bail under federal rules.

To fight such a presumption, defense lawyer David Bartick said in an interview, he would need to know more about the case than he does now.

And, he said, even if Burns set bail for Arellano, immigration officials would move to hold him in custody because he doesn't have the right to be in the United States.

Bartick said Arellano has taken an active role in the case.

“It's been a tremendous transition for him coming from a luxury yacht in the open seas to being placed, essentially, in solitary confinement,” he said.

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"He was concerned initially about the status of the minors."

In court, Bartick asked Burns to appoint another lawyer to help with the case, certain to involve hundreds of thousands of pages of evidence and an investigation dating to the 1980s.

"For me to try to catch up without the assistance of co-counsel, it just has me very concerned," he said.

Court rules allow two court-appointed defense lawyers to be assigned to death penalty cases.

Bartick, who has handled numerous murder and death penalty cases, has been provisionally appointed to represent Arellano.

He said he plans to file a financial affidavit by the end of the month in an effort to have Arellano declared indigent.

Prosecutors contend the drug trade has been exceedingly lucrative for the cartel. The indictment calls for cartel leaders to forfeit nearly $300 million in drug proceeds.

Burns must decide whether the public should keep paying Bartick to represent Arellano.

Bartick also asked for a hearing on whether Burns has a conflict that should prevent him from presiding over the case. Burns, he said, was part of the U.S. Attorney's Office in 1997, when prosecutors first asked a grand jury to indict Arellano.

Burns agreed to consider that question at a hearing Sept. 5, but said he doesn't believe there is a conflict.

"I was not in the narcotics section," he said. "I had nothing to do with this case."

DEA's Khat Sting Stirs Up Somali `Cultural Clash' (LAT)

By Sam Howe Verhovek, Times Staff Writer

The Los Angeles Times, August 22, 2006

The stimulant is widely used in some countries. But in America, it has resulted in 44 arrests.

SEATTLE — It is a stimulant and social elixir widely used in East Africa and the Arabian Peninsula, and it is one with more than 40 street names in this country, including khat, chat, gat, qat, African salad, Abyssinian tea and Somali tea.

But, as federal drug guidelines put it: "There is no legitimate use for khat in the United States."

With that stark reminder, federal agents arrested 14 members of Seattle's Somali community recently, part of what the Drug Enforcement Administration hailed as a "coordinated takedown" of a 44-person trafficking ring that had smuggled about 25 tons of khat — with an estimated street value of $10 million — from Africa into U.S. cities.

The cases may unwind as clear violations of U.S. drug laws, but among Somali immigrants here and elsewhere, reaction has been more complicated. Many insist that the laws are based on a misunderstanding of the role of khat — generally pronounced "cot," and either chewed or brewed like a tea — in their society.

"It is not a drug that makes people crazy or aggressive," said Ali Abdirazak, 48, a Somali American school counselor, who said the arrests were "unfortunate." Many members of the Somali community view the stimulant as more akin to a strong cup of coffee than a dangerous menace, Abdirazak said.

One court-appointed lawyer said he was considering a "cultural defense" for his client, a man arrested in Seattle.

As the lawyer, Terry Kellogg, put it: "Khat is more like caffeine than anything else. If these defendants wind up in prison, then so should Howard Schultz," the chairman of Starbucks.

Federal authorities say the couriers, middlemen and street sellers involved in the khat trade were all engaged in clearly illegal activities, with proceeds laundered and at least one transaction marked by a death threat from the dealer.

In several cases, packages of khat for "John Smith," "John Kerry" and other obviously fictitious recipients were sent via delivery services to the Somali men involved in the operation, according to an affidavit in the case. One defendant, employed at the United Nations, allegedly used diplomatic pouches to smuggle the plant into this country.

But Omar Jamal, executive director of the Somali Justice Advocacy Center in St. Paul, Minn., described the recent arrests as "a classic cultural clash" in which, he said, some defendants told him they did not know they were breaking the law.

"Their way of looking at it, where they are coming from, is that khat has been around for a very, very long time," Jamal said in a telephone interview. "So, it is shock and disbelief to hear that this is illegal." Jamal noted that khat is not banned in England, Germany, Holland and other European countries.

Ignorance of the law is, of course, a risky line of defense before any jury. Federal authorities are clearly skeptical that anyone involved in the surreptitious buying and selling of khat could have thought they were acting legally.

"These defendants were looking to make easy money at the expense of their fellow immigrants," said John McKay, the U.S. attorney in Seattle. "We will not let their greed shatter the hopes and dreams of other hard-working immigrant families who have fled the chaos of their homeland."

The Minneapolis-St. Paul area is home to a large Somali immigrant population and 14 of the men arrested in the crackdown. Other suspects were arrested in New York, Boston and Columbus, Ohio, as well as Seattle.

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In announcing the arrests, John P. Gilbride, the special agent in charge of the DEA's New York office, described khat as "highly addictive and devastating" to the people who use it.

Federal drug guidelines say khat contains a psychoactive ingredient, cathinone, that is chemically similar to amphetamine.

Many Somalis say khat creates only a mild buzz that is not dangerous and, unlike alcohol, does not impair judgment or motor skills. Used in moderation, they say, it stimulates or enhances conversation.

In some cases, they say, people use it as they do caffeine — to stay awake.

None of the defendants in the recent crackdown has spoken publicly, and some leaders in Seattle's Somali community were careful to say that although use of the stimulant was acceptable in their native country, they were not advocating that U.S. laws be flouted.

"I cannot agree that the law can be broken just because people are free to use khat back where they came from," said Mohamed Abdi, the president of Somali Community Services of Seattle, at one of the group's recent Saturday lunches. "But I do know that many people feel khat is not understood in this country at all." 'Khat is more like caffeine than anything else. If these defendants wind up in prison, then so should Howard Schultz' of Starbucks.

Terry Kellogg, defense attorney

Jones Says She Is 'Shocked' By Her Positive Drug Test (NYT)

By Lynn Zinser

The New York Times, August 22, 2006

Marion Jones issued a statement yesterday about her positive drug test, saying little more than how surprised she was.

Jones had not made any public comment since receiving word Friday that the blood-booster EPO had been found in the primary sample, or A sample, of her urine test from the United States championships June 23. She won the 100 meters that day.

If her backup sample, or B sample, also tests positive, Jones faces a two-year suspension.

"I was shocked when I was informed about the positive A sample," Jones said in her statement, which was released by her lawyer, Howard Jacobs, via e-mail. "I have requested that the testing of my B sample be expedited."

Jacobs said that he expected the B sample to be tested in early September, and that Jones would not comment again until those results became available. He said he had spoken with Jones but had not discussed any reasons for the positive test.

In her statement, Jones seemed to distance herself from comments by her coach, Steve Riddick, who has said Jones is innocent and is being singled out by the drug-testing agencies. She said that "only my lawyers have the authority to speak on my behalf in this matter."

Jacobs has defended other athletes accused of using performance-enhancing drugs, including Floyd Landis, whose positive test for testosterone could make him the first person ever stripped of the Tour de France title; the cyclist Tyler Hamilton, who is serving a two-year suspension for blood doping; and the skeleton racer Zach Lund, who was barred for a year after testing positive for an antibaldness drug that can also be used to mask steroids.

Jacobs represented the sprinter Tim Montgomery in the Bay Area Laboratory Co-Operative investigation. Montgomery, Jones's former companion and the father of her son, was barred for two years based on testimony in the Balco case.

Jones Shocked At Positive EPO Test (AP)

By The Associated Press

AP, August 22, 2006

Marion Jones broke her silence on her positive drug test Monday, saying she was startled by the result and wants the second sample examined quickly.

The five-time Olympic medalist and four-time world champion released a statement through her new attorney, Howard Jacobs, who has represented many athletes in doping cases, including Jones' former boyfriend Tim Montgomery, the father of her child.

"I was shocked when I was informed about the positive "A" sample," she said. "I have requested that the testing of my `B' sample be expedited and done as soon as possible.

"Only my lawyers have the authority to speak on my behalf in this matter, and I will have no further comment until the results of the `B' sample are released."

In a telephone interview, Jacobs said he has not discussed with Jones how the positive test might have come about. He also noted the results were supposed to remain private until the "B" sample was tested but were improperly leaked to the media. Jacobs also represents Tour de France champion Floyd Landis, who tested positive for elevated levels of testosterone during the Tour.

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Jones' positive test for the banned endurance enhancer EPO came June 23 at the U.S. Track & Field Championships in Indianapolis, where she won the 100 meters, her 14th national title but first since 2002. If the backup "B" sample is positive, the 30-year-old sprinter faces a minimum two-year ban from the sport.

Long dogged by doping suspicions, Jones vehemently has denied using performance-enhancing substances. She withdrew from a meet in Zurich, Switzerland, on Friday, shortly before the positive test came to light.

Dick Pound, chairman of the World Anti-Doping Association, said tests for EPO have improved considerably recently.

"Up until 2000, we didn't even have a test, much less a reliable one," he said in a telephone interview.

Pound said he knows the U.S. Anti-Doping Agency has closely watched Jones because of her ties to the Bay Area Laboratory Co-Operative.

"If it's all wrong it's really unfortunate," Pound said, referring to the suspicion surrounding Jones, "but people have a tendency to judge you by the company you keep, and there's clearly been ongoing discussions with USADA which have never been satisfactorily resolved. All that we hear is that the BALCO affair is not over."

Long a critic of how USA Track & Field has handled doping cases, Pound said he believes things have improved and gave credit to Peter Ueberroth, chairman of the U.S. Olympic Committee.

"He's prepared to step up and say this is not what the United States of America stands for," Pound said, adding that he supports the USOC's decision to ban coach Trevor Graham from its training facilities.

Graham is Jones' former coach and the coach of Justin Gatlin, the 100-meter co-world record holder and Olympic gold medalist who tested positive for testosterone and other steroids in April. Several athletes who trained with Graham have tested positive over the years.

The coach also has acknowledged he's the one who sent a vial of the designer steroid THG to USADA, telling investigators it was the drug of choice for cheating athletes at the time.

Tests Suggest Revival Of Well-Known Drugs (WP)

By Amy Shipley, Washington Post Staff Writer

The Washington Post, August 22, 2006

A recent spate of positive drug tests among star athletes suggests that some are returning to more traditional forms of performance-enhancing substances and away from "designer" steroids that are more difficult to detect, according to sports doping experts.

Tour de France winner Floyd Landis, three-time Olympic medalist Justin Gatlin and five-time Olympic medalist Marion Jones have produced positive tests in recent weeks for well-known performance-enhancing drugs. The testing on Jones's sample has not yet been completed and she has not been charged with a doping violation.

Drug experts speculate that some athletes fear they can no longer get away with using designer steroids in the aftermath of the Bay Area Laboratory Co-Operative (Balco) scandal. Though more traditional performance-enhancing drugs carry the risk of detection, previously athletes were able to slip through testing as long as they were careful, the experts say.

However, athletes are now running into more sophisticated and aggressive testing methods by national and international sports bodies. Since the Balco scandal erupted in 2003, the U.S. Anti-Doping Agency and the World Anti-Doping Agency are using more effective -- but also more expensive and time-consuming -- tests on athletes who are under suspicion and in situations where cheating is more likely to occur.

"It's a combination of things," said David Black, a drug-testing expert from Nashville-based Aegis Analytical Laboratories who has testified in many doping cases. "The World Anti-Doping Agency and USADA have become more aggressive in following up information suggesting use . . . [and] accidents or mistakes will occur."

Landis tested positive for the steroid testosterone. Gatlin tested positive for testosterone or its precursors. In initial testing, Jones tested positive for erythropoietin (EPO), an endurance-boosting drug. Landis and Gatlin have said they did not knowingly take banned substances; Jones said yesterday through her attorney that she is "shocked" by the positive test.

The designer steroid THG was apparently used by athletes fearlessly and with abandon until a syringe of THG was sent to the USADA in the summer of 2003. It kicked off the scandal surrounding the Balco lab in Burlingame, Calif., and led to the steroid's detection in the urine of numerous track and field athletes.

The previous summer, Donald Catlin, head of the U.S. Olympic drug testing laboratory at UCLA, had discovered another designer steroid, norbolethone, but athletes had moved on to THG. Catlin also identified a designer form of EPO, a stimulant, and a number of other designer steroids sold in dietary supplements, most of which have since been removed from the market.

Catlin has identified nine designer steroids in the last three years. The attention given to Catlin's discoveries might be discouraging athletes and coaches from trusting new designer substances, even though chemists say the menu of possible undetectable drugs remains large.

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"I could come up with [an undetectable steroid] that Catlin couldn't find if it were taped to his forehead," said a retired chemist who has worked with athletes in the past and requested anonymity. "But nobody is interested in" such substances.

The chemist and other sources said testosterone has long been a staple of drug-testing regimes because of its effectiveness and relative ease in sliding it past testers since it occurs naturally in the body and leaves the system relatively quickly. The fact that athletes can now take testosterone without injections -- testosterone patches and creams have been introduced by pharmaceutical companies in recent years -- has added to the substance's appeal.

Until recently, athletes could load up on testosterone as long as they monitored their ratio of testosterone to epitestosterone (T/E), making sure it did not surpass the suspicious-test threshold of 6 to 1 (the average human has a ratio of 1 to 1). At that threshold or higher, testing authorities would order a more extensive examination.

But things have changed. The threshold for flagging suspicious tests was lowered this year to 4 to 1. That meant more samples would be subjected to what amounts to testosterone confirmation testing: the carbon isotope ratio test, which Catlin popularized in the 1990s after developing the test with a Frenchman. That test can distinguish natural testosterone from exogenous testosterone.

And the USADA also has quietly begun using the carbon isotope ratio test routinely, rather than only on samples with an elevated T/E ratio. That means athletes who take testosterone but are savvy enough to ensure their ratios remain around normal levels still might get caught.

Gatlin's testosterone positive came only from the carbon isotope test, several sources said. The T/E ratio of Gatlin's sample was in the normal range, indicating he was the subject of targeted testing by the USADA, which either was looking at Gatlin specifically or a number of athletes at the April meet in Kansas during which he tested positive.

The World Anti-Doping Code allows drug-testing agencies to target athletes suspected of drug use.

Testing for EPO also has improved. Once a two-part test, a blood screen and urine confirmation, EPO exams are now often done using only the urine test, meaning that athletes using EPO who are smart enough to keep their blood profile within normal ranges now face detection.

Testing authorities also have broadened the population of athletes tested for EPO, having learned from the Balco scandal that the substance is abused among sprinters as well as endurance athletes. Jones was not subjected to a blood test, according to a source with knowledge of the testing.

"One thing that is clear is we have become increasingly better at detecting things," said Gary Wadler, a committee member for the WADA and spokesman for the American College of Sports Medicine. "Things athletes have gotten away with in the past are much more difficult to get away with."

Though the likelihood of mistakes among doping athletes increases when they use detectable substances, three sources who have been connected to drugs in sport said it defied reason that three top athletes would all be felled in one summer by their own carelessness. They speculated that Gatlin or Jones, or both, could have been sabotaged by rivals or enemies of Gatlin's coach, Trevor Graham, who used to coach Jones and evoked the ire of many in the track and field community when he sent in the syringe that turned investigators on to Balco. All of the sources requested anonymity.

Graham has blamed the positive test on a vengeful massage therapist who rubbed testosterone cream on Gatlin's legs shortly before he went into drug-testing after running a relay. The massage therapist has denied the allegation.

Two prominent track and field agents, Emanuel Hudson and Ray Flynn, have dismissed Graham's explanation, with Hudson calling it "stupid" and Flynn calling for Graham to be banned from the sport because of his connection to a number of athletes who have tested positive for performance-enhancing drugs. Meantime, USA Track and Field spokeswoman Jill Geer said the USATF proposed the Kansas meet for drug-testing months last fall; the USADA had nothing to do with the selection.

Gatlin's attorney, Cameron Myler, said she expected USADA to charge Gatlin formally this week, which means he would soon have a chance to make his case at a hearing. None of the cases has reached its conclusion.

"It's terribly important that we get into the nitty-gritty details," Wadler said. "We shouldn't assume any individual is in fact culpable until it's played out. [Athletes] have every right to make their case."

Notebook: IAAF President Says Credibility Of Track And Field Hurt By Drug Cheats (AP)

AP, August 21, 2006

BEIJING — The president of track and field's world governing body says drug cheats have damaged the sport's credibility.

Lamine Diack, speaking to the IAAF Council after the World Junior Championships, "expressed his personal disappointment with the positive test result of Justin Gatlin," the IAAF said in a statement Monday.

Gatlin, the co-world record holder in the 100 meters, tested positive for testosterone or other steroids after a relay race in Kansas in April.

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Another American sprinter, five-time Olympic medalist Marion Jones, failed a doping test at the U.S. championships in June.

"Diack told his Council colleagues that the credibility of the sport continues to be seriously damaged by the activities of cheats and that the IAAF, despite its long established leadership role in anti-doping, must devise imaginative strategies and devote even more resources to this struggle," the IAAF added.

The IAAF also said it had reached an agreement with the United States Track & Field Federation to notify the world governing body of positive results in the future.

The compromise came as a result of Gatlin's test. The IAAF said it learned of the test through Gatlin's management team, rather than from the USATF, which had been aware of the result for more than a month.

The council said it will also continue to investigate athletes lying about their age, and said it received a record nine bids to host the 2011 worlds.

Doctor who gave steroids to Ben Johnson dies at 60

BASSETERRE, St. Kitts — Jamie Astaphan, the doctor who gave Canadian sprinter Ben Johnson the steroids that cost him an Olympic gold medal, has died. He was 60.

Astaphan died Friday at his home in Frigate Bay after a heart attack, St. Kitts Police Commissioner Meredith Charles said Monday.

Astaphan, a native of the Caribbean island, had moved back to St. Kitts after Johnson was stripped of his medal and banned for two years for testing positive for steroids at the 1988 Seoul Olympics. Johnson tested positive for testosterone in 1993 and was banned for life.

Astaphan, who was born George Mario Astaphan, initially denied giving the banned substances to Johnson, but then testified at a 1989 inquiry that he injected the sprinter with steroids between 50 and 60 times over five years leading to the Seoul Games.

Astaphan defended the use of steroids, which he prescribed to a number of athletes from his practice in Toronto.

"The axiom among track and field and other athletes was: If you don't take it you won't make it," Astaphan said at the inquiry. "So if I didn't monitor them and if I didn't give it to them they were going to get it elsewhere, and most of them had got it elsewhere. They came to me for advice and for supervision and I thought it was my responsibility to do this."

Astaphan was banned for practicing for 18 months and fined $4,472 after being found guilty of professional misconduct by the College of Physicians and Surgeons in June of 1991.

Boston Marathon to start two hours earlier

BOSTON — The Boston Marathon is breaking with age-old tradition and moving up its start time by two hours.

The change was announced Monday by the Boston Athletic Association, the race organizer, in an attempt to ease traffic in the eight cities and towns along the course.

Since last year, organizers of the world's oldest annual marathon had been discussing the idea of starting at 10 a.m. instead of noon with city and town officials. The association announced the new start time after receiving approval from officials in each community, as well as from the state.

"An earlier starting time will benefit the 22,500 runners who compete in the marathon due to the cooler temperatures, while allowing all of the communities, and the city of Boston in particular, to reopen roads to traffic earlier in the day," executive director Guy Morse said.

The Boston Marathon follows a 26.2-mile route from Hopkinton into Ashland, then Framingham, Natick, Wellesley, Newton, Brookline and, finally, Boston. The inaugural race, held in 1897, began at 12:19 p.m. It traditionally got underway at noon in the 109 races that followed.

The mobility-impaired program, wheelchair and elite women's divisions will continue to start earlier. The next race, to be held on April 16, will have a two-wave start — the first starting at 10 a.m. — the association announced.

In addition to weather and traffic concerns, the association said runners overwhelmingly prefer the earlier start; the event's medical directors support the move; and international media deadlines would be more easily met, allowing for better coverage.

Sprinter wins appeal to compete at Olympics despite positive test

LONDON — Sprinter Mark Lewis-Francis won an appeal of his Olympic ban and will be able to compete again for Britain despite a failed doping test last year.

The British Olympic Association has a rule that any competitor who tests positive is automatically banned from the games.

But the 100-meter sprinter, who tested positive for marijuana at the 2005 European Indoor Championships in Madrid, Spain, successfully appealed that ruling on the basis that the drug involved was not performance enhancing.

At the time, he was given a written warning by UK Athletics with no fine or suspension.

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In a statement, the BOA said it accepted the view that this was a minor offense under the terms of its rules and agreed that the athlete's eligibility for selection should be immediately and unconditionally restored.

Lewis-Francis ran the last leg when Britain won the 400-meter relay at the 2004 Athens Games and repeated when the team won the same event at the recent European Championships in Goteborg, Sweden.

SmartMoney(9/1) Ten Things Your College Student Won't Tell You (WSJ/DJ)

Wall Street Journal/Dow Jones, August 21, 2006

1. "Sure, I've cheated. Who hasn't?"

BLAME IT ON Enron or blame it on Martha Stewart -- the fact is that cheating has reached an all-time high on today's college campuses, with 70 percent of students now admitting to some form of it. Incidents involving unsourced material from the Internet in written work have quadrupled in the past six years, yet 77 percent of students don't consider it cheating or "very serious." "Some students have justified it to themselves," says Donald McCabe, founding president of the Center for Academic Integrity. "They'll say it's the faculty's fault if they're too lazy to stop it."

Mobile devices exacerbate the problem; students can text-message answers to one another or use camera phones to post exams online. Spark-Mobile, a service from study-guide publisher SparkNotes, lets students send in text-message queries and get crib notes in seconds. But that's just one of many such services: GradeSaver.com grants access to sample essays for $6 a month, while RentACoder.com lets computer-science students outsource homework to India for around $20. The companies say their sites weren't designed to help students cheat, but "it's impossible to police," admits RentACoder founder Ian Ippolito.

2. "Everyone knows that 'studying abroad' is one big party."

CONGRESS RECENTLY passed a resolution dubbing 2006 the "Year of Study Abroad." "We want the next generation of adults to be in touch with their national and global citizenship," says Jessica Townsend-Teague, program manager at the Commission on the Abraham Lincoln Study Abroad Fellowship.

But despite good PR, study-abroad programs are often less than rigorous, and underage drinking is rampant. "It's necessary for the image of study abroad to shift from a 'party hearty' experience to a very serious national priority," Townsend-Teague avers. It's also a matter of safety: "Students go from being unable to drink legally to countries where alcohol is free-flowing," says Gary Rhodes, director of the Center for Global Education at Loyola Marymount University. "Some students have died while abroad."

Schools are doing their part to protect students, requiring better orientation and urging them to avoid countries deemed unsafe by the State Department. But Townsend-Teague advises students to think before they act: "Take a moment to be very sober about what we can and cannot do to rescue a student overseas."

3. "I'd stay here forever if I could get you to pay for it."

BRIAN BORDEAU graduated this spring from the State University of New York at Binghamton. He says it wasn't a big deal, but admits everyone else thought it was -- he'd been in school for seven years. "Honestly, I'd rather come to school again next fall," he says. "I really like it here."

Bordeau isn't alone: Just 53 percent of students enrolled in standard undergraduate programs get their bachelor's degree within five years. Changing majors, transferring schools and good old slacking off can all result in extended enrollment. One of the obvious downsides is the added financial burden of an extra year or two in school. But there are hidden costs too. "You lose a lot of money in loan interest and forgone wages by taking that fifth or six year to finish," says Jacqueline King, director of the American Council on Education Center for Policy Analysis.

If you plan to pay your child's way through college, King suggests setting a firm timetable. When Bordeau was forced to take out loans to pay for tuition during his sixth year, he began to buckle down and hit the books. "This year I paid for it," he says. "That motivated me to finish."

4. "College life can be hazardous to my health."

PARENTS OF COLLEGE students often worry about their children's well-being -- and for good reason. The university experience can be marred by physical and mental health issues ranging from anorexia and communicable diseases to depression. But the most serious concern for parents and educators is suicide, which accounts for an estimated 1,100 student deaths each year.

Fortunately, most schools now have counseling and intervention programs, but they differ widely. Some colleges ask those who've disclosed thoughts of suicide to withdraw -- a policy that can inadvertently keep students from seeking help. The University of Illinois has developed another approach: protecting a student's "right to be in school," but requiring those who have threatened or attempted suicide to attend assessment sessions. "If a student says he wants to take his own life, those statements should always be taken seriously," says Paul Joffe, chair of the Suicide Prevention Team at the University of Illinois.

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The program is aggressive, but it works: UI's suicide rate has decreased by 45 percent since it began 21 years ago and is around half that of other Big Ten schools.

5. "My resume isn't the only thing I have posted on the Internet."

SOCIAL-NETWORKING sites are wildly popular among college students, providing a forum for meeting and chatting with friends, posting photos, and writing about their lives and interests. But search Facebook -- as some employers do to screen job candidates -- and you'll find photos of underage drinking, partying and scantily clad college kids. "There are students who work like crazy on their GPA, but don't think twice about what they're posting on Facebook," says Lauren Steinfeld, chief privacy officer at the University of Pennsylvania.

College athletes have been particularly brazen. In a recent incident involving Northwestern's girls' soccer team, pictures on Webshots.com showed rookies blindfolded and in their underwear performing sexually suggestive acts. The team was temporarily suspended, and some members await further disciplinary action.

"It's hard for anyone over the age of 30 to truly understand what is going on at college these days without seeing it for themselves," says Bob Reno, founder of BadJocks.com, a sports-scandal site. And these days, it seems, "seeing it" is just a mouse click away.

6. "Just because I was a straight arrow in high school, doesn't mean I will be in college."

THE STATISTICS ARE pretty scary: Each year 2.8 million college students drive drunk, and 1,700 die from alcohol-related injuries. Nearly half a million engage in unprotected sex, and almost 100,000 students are victims of alcohol-related sexual assault or date rape. But alcohol isn't the only substance that's a problem. Use of narcotics other than heroin is back up to record levels among college students, and there's a newer trend causing concern: 29 percent say they have used prescription drugs recreationally. These include pain relievers like Vicodin, which can lead to respiratory and liver failure, and amphetamines such as Ritalin and Adderall, which can result in cardiac arrhythmia and coma -- and can lead to harder drugs. Students using these stimulants are 20 times more likely to try cocaine.

Ironically, while drug use in high school is also up, drinking there is at an all-time low. According to the latest UCLA survey, fewer than half of last year's incoming college freshmen say they drank beer as high school seniors. And while that's surely good news, it remains to be seen whether the trend holds once these students hit campus.

7. "My grades are none of your business."

EVEN THOUGH PARENTS may have taken their child on campus visits, helped her move into her dorm and are now picking up the tuition bill, they could be denied access to their child's college records. Want to see if your son failed math? Wonder if your daughter has been ill? Depending on a given school's policy, you may have to get your college kid to sign a consent form.

Some schools grant access to parents of students who are claimed as dependents; there's also an exception permitting disclosure in the case of a medical emergency, such as a suicide attempt or testing positive for tuberculosis. "Nobody should get the impression that anything is absolutely confidential," says Steinfeld, at the University of Pennsylvania. Each school's approach to these exceptions is different, and the policy is usually detailed on the university's Web site.

8. "I'll do just about anything for money."

IT'S NO SURPRISE that college students are strapped for cash, but what they'll do to earn it can be shocking. From being poked and prodded in lab tests to handing over their DNA, students will do almost anything that pays.

Participating in research studies and surveys is one way to earn cash without committing to a steady gig. Fliers advertising participation in an experiment -- worth anywhere from $7 to $80, depending on the task and time commitment -- adorn campus bulletin boards and psych-department Web sites. "I have to get my money somehow," says Yale senior Elizabeth Friedlander, who averages three experiments per month -- so far including two MRIs.

For an even bigger payout, young women have begun donating their eggs to infertile couples: An "elite" ovum harvested from a healthy female at a top university can fetch anywhere from $10,000 to $35,000. "You'll see ads in all the Ivy League newspapers," says Debora Spar, a professor at Harvard Business School and author of The Baby Business. "Some women donate for money, some out of a sense of altruism, and most for a complicated mix of both motives." But the process is relatively new and virtually unregulated. "In other medical fields, we know the long-term effects," Spar says. "Here there's less information."

9. "I'm up to my ears in credit card debt . . ."

NO ONE SAID college would be cheap -- tuition is up 95 percent from a decade ago at four-year public institutions and 74 percent at private schools. The cost of books, room and board is also on the rise. But many students who graduate with debt have only themselves to blame: Experts say the idea of living within one's means now seems alien to many students and cite growing pressure to keep up with classmates by purchasing expensive clothes, cars and gadgets. The average college senior now has six credit cards and a $3,200 total balance.

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The effect is profound: 11 percent of college students frequently pay less than their monthly minimum, which can make it difficult to rent an apartment, obtain a car loan or even get a job. "Debt strangles their ability to become adults and make good career choices," says Tamara Draut, author of Strapped: Why America's 20- and 30-Somethings Can't Get Ahead. In fact, 17 percent of young adults significantly alter their career path because they're so far in the red so early; Draut says that often "the door is locked" to fields like teaching and nursing, since salaries are too low to support young grads carrying heavy debt.

10. ". . . so I'll be moving back home after graduation."

ON GRADUATION DAY students are ready for the real world, and parents are finally off the hook, right? Not necessarily. Currently, in 13 million households -- up 70 percent from 2000 -- parents are financially supporting children 18 and over, whether they live at home or not. It's a trend that experts don't expect to end anytime soon.

What's more, even working adult children are struggling to make ends meet -- and they're moving back home in droves. They're called "boomerang kids," and 8 million homes currently house them, according to MacroMonitor, a market-research program operated by Consumer Financial Decisions. "They're not dependent according to taxes, but they're sleeping on the couch, running up the utilities and using the ice box," says Larry Cohen, director of CFD. "The nest isn't quite empty."

Experts cite rising rents, the difficulty of finding a well-paying entry-level job and debt as the primary contributors to this national homecoming. It's not all bad -- moving home may give young adults a leg up, since they can use salaries to pay off debt and won't have to jump at the first job they're offered just to pay the bills. "If your parents live somewhere where you can find a job, do yourself a favor and live rent-free for a year or two. It makes a big difference," Draut says.

IMMIGRATION:

Contesting The Bar To Asylum (LAT)

By Henry Weinstein, Times Staff Writer

The Los Angeles Times, August 22, 2006

The Justice Department asks for review of a Congolese woman's case. Activists say the denial implies rape is OK in investigations.

The U.S. Justice Department has asked federal immigration officials to reopen a political asylum case that was denied despite strong evidence that the petitioner was repeatedly raped for six weeks by Congolese officials allegedly investigating the 2001 assassination of President Laurent Kabila.

Such intervention by the Justice Department is rare, and human rights lawyers applauded the decision. They are concerned that if the original decision to deny asylum stands, it could, by implication, make legitimate the use of rape in the course of an investigation.

The woman at the center of the case, identified as Monique M, fled the Democratic Republic of Congo, formerly known as Zaire, and is living with a friend in San Antonio.

Anibal Martinez, a Justice Department lawyer, and Jayne Fleming of Oakland, a specialist in political asylum cases who first sought to have the case reopened, filed a joint brief on Monique's behalf last week with the Executive Office of Immigration Review.

The attorneys argued that new evidence shows that the Congolese prosecutor and his subordinates "may not have been pursuing a legitimate investigative purpose" when they detained her. They say that Col. Charles Alamba, the prosecutor, was himself a criminal who was later convicted of murder.

In affirming the immigration judge's decision not to grant Monique asylum, the U.S. 5th Circuit Court of Appeals concluded she was not eligible because she did not prove she would be persecuted in her home country under one of five defined categories — because of race, religion, nationality, membership in a particular social group or political opinion. The rapes and prolonged imprisonment she suffered were part of a "legitimate investigation," the New Orleans-based appeals court held in March.

That reasoning is disputed in briefs filed in the case.

"Repeated rapes are never part of a legitimate investigation. Rape is torture," wrote law professors Karen Musalo of UC Hastings College of Law in San Francisco, and Joseph Vail of the University of Houston Law Center. In asking the 5th Circuit to rehear the case they cited a December 1994 United Nations resolution denouncing systematic rape as a weapon of war.

Monique was falsely accused of being involved in Kabila's assassination because she was considered a political opponent, the professors said, and a person persecuted for political views has a basis for asylum.

Among those who have expressed dismay over the appeals court ruling is Eleanor Acer, an attorney with Human Rights First in New York. "The decision is very disturbing because it essentially views government investigations that involve torture and

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rape as some kind of legitimate criminal investigation," said Acer. "Repressive regimes often jail people who are in opposition to them and simply say they are conducting criminal investigations."

The bid to reopen the case comes just weeks after Congo held its first democratic elections in more than four decades. The country's 1998-2002 civil war claimed about 4 million lives. Although the civil war has officially ended, violence continues to plague the country and nongovernmental organizations estimate that 1,250 people a day die in Congo, primarily as a result of hunger and disease.

An Amnesty International report in October 2004 stated that tens of thousands of women and girls had been the "victims of systematic rape and sexual assault committed by combatant forces" and that the war left parts of the country in a lawless state.

At the time of the assassination, Monique M was working as a secretary in the Marble Palace, the chief government building in the capital Kinshasa. She was taken into custody shortly after Kabila was killed on Jan. 16, 2001. Government interrogators told her that her friends said she had helped the assassins enter the palace. Monique told the interrogators she had not been involved in Kabila's death and had no information about who killed him.

Monique later told U.S. officials that she was held in a small cell with five other women and the guards in charge beat and raped them daily, each taking a turn while others held the woman. At the time she was taken into custody, Monique was the mother of three and was one month pregnant.

She told U.S. immigration officials that after one of the rapes she had a miscarriage.

Eventually, one of the judges conducting the assassination investigation told Monique that because he knew her family he would help her. A few days later, she was secretly taken to the border in the trunk of a car. She said the official who helped her said it would be made to appear on paper that she had been killed in prison and told her never to return to Congo or to communicate with anyone there. He said her parents would be told she had escaped from the country.

After stops in Ethiopia, Italy, New York and North Carolina, Monique arrived in San Antonio, where she is living with another person from the Congo. He advised her to apply for political asylum and helped her file the application in September 2001.

The immigration judge rejected Monique's bid, however, saying her testimony lacked credibility. He said, for example, that it was implausible that she fled without saying goodbye to her family.

Although the 5th Circuit Court of Appeals upheld the judge's ruling, it did not dispute the authenticity of Monique's story.

Many of the immigration judge's key findings "are not supported by the record and are based on pure speculation and conjecture…. There is nothing in the record to suggest that aliens fleeing from prison to a different country usually go home to say goodbye," wrote 5th Circuit Judge Jerry E. Smith. The court scoffed at the immigration judge's conclusion that the brutality Monique described "is simply not comprehensible."

Smith wrote: "That brutality is extraordinary does not render it implausible." Under the immigration judge's logic, he added, "Jews fleeing Nazi Germany and describing the concentration camp atrocities would have been denied asylum because the brutality they described would be 'incomprehensible.' "

In addition, Smith said, "the record shows that the Congolese guards apparently told [Monique] that she deserved to be raped and die because she was a criminal. This justification for brutality is far from incomprehensible."

Nonetheless, the 5th Circuit said Monique was not entitled to asylum because her persecution did not fit into any of the established categories.

U.S. Experts Say Sex Slavery Trade, Highlight By Raids In Northeast, Is Widespread (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, August 22, 2006

(AP) - NEW YORK-Raids that uncovered more than 70 suspected Korean sex slaves focused on 20 brothels in the eastern United States, but they illustrated a long-ignored national problem found in towns large and small, experts say.

"It's a very overwhelming subject for a lot of people to recognize that there is slavery at this time in our country," said Carole Angel, staff attorney with the Immigrant Women Program of the women's rights advocacy group Legal Momentum in Washington. "It's hard for us as humans to contemplate what this means."

The concept of slavery in the 21st century is foreign to most people, agreed Jolene Smith, executive director of Free The Slaves, a Washington-based organization dedicated to ending slavery worldwide.

"Americans are conditioned to believe that slavery was a thing of the past," Smith said. "We have to reeducate ourselves about this reality."

On Tuesday, federal and local law enforcement raided brothels disguised as massage parlors, health spas and acupuncture clinics in New York, Connecticut, Pennsylvania, North Carolina, Maryland, Rhode Island and Washington, D.C., arresting 31 people on trafficking charges.

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Authorities said they also freed more than 70 sex workers, taking them to undisclosed locations for questioning and to provide basic services such as health care and food. Authorities said it might take weeks to get the Korean immigrants to trust them enough to discuss their ordeal.

"Human traffickers profit by turning dreams into nightmares," said U.S. Attorney Michael Garcia in Manhattan, where the majority of the traffickers face prosecution. "These women sought a better life in America and found instead forced prostitution and misery."

Angel said the raids should not give the impression that trafficking is limited to immigrants, who are often enticed into coming to America for legitimate jobs but then forced to work in brothels, sweatshops and restaurants to pay off debts of up to $30,000 (â‚¬23,000) to their traffickers.

"There are so many faces on this," she said. "It happens in rural communities, big cities. It spans all education levels, different countries, different races."

Such forced labor also thrives in agricultural and domestic work, as well as in sweatshops or unregulated industries, said Laurel Fletcher, law professor at the University of California at Berkeley International Human Rights Law Clinic.

Fletcher was one of several authors of a 2004 report believed to be the first comprehensive study of forced labor in the United States.

That study, by Free The Slaves and the Human Rights Center of the University of California at Berkeley, concluded that at least 10,000 people are forced laborers at any time across the United States.

The State Department estimates there are among up to 800,000 trafficking victims worldwide.

The Berkeley study concluded that forced labor victims came from more than 35 countries, with the most from China, followed by Mexico and Vietnam. It found reports of forced labor in at least 90 U.S. cities, most often in areas with large immigrant populations.

Fletcher cautioned that trafficking in smaller communities is likely harder to detect.

The study also concluded that prostitution and sex services accounted for 46 percent of the documented forced labor. Domestic service made up 27 percent, agriculture 10 percent, sweatshop factory work 5 percent and restaurant and hotel work 4 percent.

Julie L. Myers, assistant secretary for U.S. Immigration and Customs Enforcement, said the federal government has begun numerous investigations and seized tens of millions of dollars from traffickers.

With increased investigations, the number of arrests has risen more than 400 percent in recent years, Myers said. And the amount of assets seized from human smugglers and human trafficking organizations has gone from almost nothing in 2003 to nearly $27 million (â‚¬21 million) in 2005, she noted.

Myers said criminals look at the slaves as a commodity.

"But we know that the victims of trafficking and smuggling are not cargo," Myers said. They are human beings who often have been mentally and physically broken down in every way possible."

Immigration Bill's Cost Pegged At $127B (AP)

By Suzanne Gamboa

The AP, August 21, 2006

The Senate's immigration proposal would cost $49 billion over the next five years and $127 billion over the next decade, according to the Congressional Budget Office.

The majority of the costs would be for increased enforcement, such as hiring more Border Patrol officers and building more detention facilities.

The legislation would offer a chance at citizenship for millions of immigrants. Spending on government benefits programs, including refundable tax credits for the working poor, would rise by $16 billion for the years 2007-11, and by $48 billion over the decade, the CBO said in a report released over the weekend.

Legalization of now illegal immigrants would increase spending on Social Security and Medicare benefits by $10.5 billion over the next 10 years, the CBO said. Eligibility by many of them for refundable earned income tax credits aimed at helping low-income families would cost another $24.5 billion.

The CBO forecast only modest increases in other popular benefit programs as a result of illegal immigrants and new guest workers acquiring legal status.

"We estimate that enrollment in child nutrition, Food Stamp and Medicaid programs ... would each be about 2 percent to 3 percent higher in 2016 than under current law," it said.

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In the written proposal, federal revenue would be reduced in the next five years. But the CBO said a technical change to a tax provision would increase federal revenue by about $44 billion over the next 10 years through payroll taxes, visa fees, fines and penalties assessed immigrants.

"Clearly the biggest-ticket items are the enforcement programs, building fences and increasing the number of Border Patrol agents," said Benjamin Johnson, executive director of the Immigration Policy Center. "Legalization is nearly a wash in terms of costs and revenues." Johnson's center rejects an enforcement-only solution to U.S. immigration problems.

More than 16 million people would become legal residents or adjust to some other legal status through 2016 under the Senate bill, the CBO estimated. Of that number, about 9.5 million are already in the country or will enter in the next decade under current law.

Steve Camarota, research director for the Center for Immigration Studies, which advocates for strict immigration laws, said the numbers make a case for restricting legal immigration as well as cracking down on illegal residents.

The House passed an enforcement-focused immigration bill last December. House Republicans have balked at meeting with Senate counterparts to stitch together a compromise immigration bill, and held hearings focusing on problems in the Senate bill.

The CBO estimated in a report last year that the House bill would cost about $1.9 billion over the five years beginning in 2006 and "substantial amounts" after 2010.

Cost Of Senate Immigration Bill Put At $126 Billion (WP)

By Jonathan Weisman

The Washington Post, August 22, 2006

The Senate's embattled immigration bill would raise government spending by as much as $126 billion over the next decade, as the government begins paying out federal benefits to millions of new legal workers and cracks down on the border, a new Congressional Budget Office analysis concludes.

Law enforcement measures alone would necessitate the hiring of nearly 31,000 federal workers in the next five years, while the building and maintenance of 870 miles of fencing and vehicle barriers would cost $3.3 billion. Newly legalized immigrants would claim nearly $50 billion in federal benefits such as the earned income and child tax credits, Medicaid, and Social Security.

The CBO report is the most detailed analysis to date of legislation that has divided the Republican Party, energized millions of Latinos, and become a focal point of congressional campaigns from southern Arizona to upstate New York. Under the legislation, passed this spring by a bipartisan Senate coalition, tough border security measures would be coupled with a path to legal work and citizenship for most of the nation's 11 million undocumented workers and a new guest-worker program for prospective migrants.

President Bush applauded its passage, but House GOP leaders have dug in their heels against it, favoring a House-passed measure that would make illegal immigrants felons, build hundreds of miles of fencing on the southern border and offer no new guest-worker programs.

The nonpartisan CBO analysis is sure to offer fuel for that fight.

"The cost aspect of the Senate plan has never been taken into consideration," said Rep. Tom Tancredo (R-Colo.), the firebrand opponent of illegal immigration who is leading the resistance to the Senate bill. "When combined with the policy implementations, this should certainly stick a fork in it."

Supporters of the legislation cautioned that the CBO's total needs to be put into context. For instance, most of the $78 billion in discretionary spending that the Senate bill authorizes through 2016 would fund law enforcement measures that conservatives are pushing for anyway.

The CBO's five-year cost estimates include $800 million to hire 1,000 additional Border Patrol agents; $2.6 billion to build detention facilities for 20,000; $3.3 billion to build and maintain 370 miles of border fencing and 500 miles of vehicle barriers along the U.S.-Mexico frontier; and $1.6 billion to establish a computerized system to verify the eligibility of applicants for lawful employment.

"Most people recognize there is going to be a price tag for fixing a broken immigration system, no question about that," said Ben Johnson, director of the Immigration Policy Center, which favors the Senate bill. "It still comes down to the moral question of 'How do we create a new, workable immigration policy?' "

In the long run, tax revenue generated by new workers would ease the baby-boom generation's burden on Social Security and offset virtually all the additional spending, said James Horney, a senior fellow at the liberal Center on Budget and Policy Priorities.

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The report "will be problematic," he said. "People who don't like the bill will jump on the 10-year number. But I hope others will look at the longer term and realize in the end, the answer is still the same. It's all a wash."

The CBO study, released Friday evening, not only details the Senate bill's cost but also enumerates the plan's impact on the population. By 2016, CBO researchers estimate, more than 16 million people would either become legal permanent residents under the bill or attain some other legal status. That total includes 4.4 million legalized undocumented workers, 3.3 million guest workers and 2.6 million family members brought in through the new programs. By 2026, the addition to the U.S. population would jump to 24.4 million.

That number is far lower than the Heritage Foundation's estimate of 103 million immigrants legalized by 2026, a calculation that has been widely circulated in conservative circles. But the CBO estimate is far higher than the 8 million figure White House officials have pointed to in their rebuttal of the Heritage study.

The report said legalized immigrants would represent "only a modest increase" in enrollment for child nutrition programs, food stamps and Medicaid. Caseloads would be 2 to 3 percent higher by 2016, the CBO said.

But that may understate the political costs of those entitlement claims. Over the next decade, legalized workers and their families, in addition to guest workers and theirs, would claim $24.5 billion in tax refunds through the earned income credit and child credit, $15.4 billion in Medicare and Medicaid, $5.2 billion in Social Security benefits and $3.7 billion in food stamps and child nutrition programs, the report estimates.

Pa. City Puts Illegal Immigrants On Notice (WP)

By Michael Powell And Michelle Garcã-a

The Washington Post, August 22, 2006

HAZLETON, Pa. -- An immigrant's grandson, Louis J. Barletta, the mayor of this once-sleepy hill city, leans forward behind the desk in his corner office and with an easy smile confides his goal.

Barletta wants to make Hazleton "the toughest place on illegal immigrants in America."

"What I'm doing here is protecting the legal taxpayer of any race," said the dapper 50-year-old mayor, sweeping his hands toward the working-class city outside. "And I will get rid of the illegal people. It's this simple: They must leave ."

Last month, in a raucous meeting, the mayor and City Council passed the Illegal Immigration Relief Act. (Barletta wore a bulletproof vest because, he says, Hazleton is menaced by a surge in crime committed by illegal immigrants.) The act imposes a $1,000-per-day fine on any landlord who rents to an illegal immigrant, and it revokes for five years the business license of any employer who hires one.

The act also declares English to be the city's official language. Employees are forbidden to translate documents into another language without official authorization.

The law doesn't take effect for another month. But the Republican mayor already sees progress. "I see illegal immigrants picking up and leaving -- some Mexican restaurants say business is off 75 percent," Barletta says. "The message is out there."

So another fire is set in the nation's immigration wars, which as often burn most fiercely not in the urban megalopolises but in small cities and towns, where for the first time in generations immigrants have made their presence felt. In these corners, the mayors, councils and cops cobble together ambitious plans -- some of which are legally dubious -- to turn back illegal immigration.

Last year two New Hampshire police chiefs began arresting illegal immigrants for trespassing, a tactic the courts tossed out. On New York's Long Island, the Suffolk County Legislature is expected to adopt a proposal next month prohibiting contractors from hiring illegal immigrants.

Hazleton has upped that ante, and four neighboring municipalities in Pennsylvania and Riverside, N.J., already have passed identical ordinances. Seven more cities, from Allentown, Pa., to Palm Beach, Fla., are debating similar legislation.

"The ideas that these things are happening spontaneously would be mistaken," said Devin Burghart, who tracks the immigration wars for the nonprofit Center for New Community in Chicago. "What is driving folks is fear of change and changing demographics."

German, Italian and Japanese television crews have interviewed Barletta. He has received 9,000 favorable e-mails and has raised thousands of dollars for the city's legal defense on a Web site called Small Town Defenders. (Two staffers from Sen. Rick Santorum's staff prepared the site; Santorum, a Republican who is in a tight reelection race, has pushed for immigration crackdowns.)

But Barletta and the council just might walk off a legal cliff. The American Civil Liberties Union and the Puerto Rican Legal Defense and Education Fund have sued to block the ordinance, saying it could ensnare many who are here legally.

Even the Federation for American Immigration Reform, which organizes cities and towns to push for tighter immigration quotas and much tougher enforcement, says Hazleton's ordinance is overly broad.

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"If you are going to use the word 'illegal immigrant,' you have to be very careful when you are defining that term that it corresponds to federal immigration classification," said Michael Hethmon, a lawyer with FAIR. "You can't use terminology that mixes and matches illegal immigrants and legal immigrants."

High in coal country, Hazleton sits perched on a rocky mountain ridge, and more than once immigration has been the agent of the city's deliverance.

Hazleton (it was supposed to be "Hazelton," but a clerk misspelled the name at incorporation) was founded in the early 1800s atop a thick vein of anthracite coal -- "black diamonds" -- and immigrants arrived by the thousands to mine it. The Irish came first, then Italians and Tiroleans, Poles and Slavs. There were mine disasters, and for decades bosses and workers fought pitched wars. Always there were complaints that the most recent arrivals didn't speak English or understand American customs.

Hazleton's city fathers, though, tended to be progressive. In 1891, the city became the third in the nation to electrify. And they helped silk and garment mills open. Not all of this was wholesome -- worthies from Murder Inc., not least mafia boss Albert Anastasia, owned a few mills. Sometimes politics was settled with fists or a carefully aimed pistol.

In the 1930s the coal mines closed, and then the mills moved south. Barletta was elected mayor in 2000, and he's credited with working hard at Hazleton's revival.

But the big change came half a decade back when Latinos -- Puerto Ricans, who are citizens of the United States, and Dominicans -- began driving west on Interstate 80, fleeing the high housing prices and cacophony of inner-city New York, Philadelphia and Providence. They found in Hazleton a city with an industrial base and cheap housing (an old Victorian could be had for $40,000 five years ago).

Latino-owned markets, restaurants and clothing stores sprang up along Wyoming Street, and property values tripled. Hazleton's population has jumped from 23,000 to 31,000 in the past six years.

Daniel Diaz stands behind the cash register in his supermarket filled with plantains and tamales and Goya products. The gray-haired grocer was born in the Dominican Republic but spent 31 years in New York City. He moved here in 2000. He loved the mountain air and bought properties and invited friends to move here, too.

"Five years ago?" He's incredulous you might think it was better then. "It was d-e-a-d. It's gotten better and better.

"Now? Business is down. I don't get it -- they don't like this revival?"

Barletta says it's not that simple. He says his epiphany came in May, when several illegal immigrants walked up to a local man at 11 o'clock one night and shot him in the forehead. One suspect had four false identity papers. "It took us nine hours of overtime just to run down who he was," Barletta said.

This, he said, came on the heels of crack dealing on playgrounds and pit bulls lunging at cops.

"I lay in bed and thought: I've lost my city," he recalls. "I love the new legal immigrants; they want their kids to be safe just like I do. I had to declare war on the illegals."

In truth, the crime wave is hard to measure. Crime is up 10 percent, but the population has risen just as fast. Violent crime has jumped more sharply, but on a small statistical base. Barletta insists there's no whiff of racial antagonism. "This isn't racial, because 'illegal' and 'legal' don't have a race," he says.

It's not hard, however, to discern a note of racial grievance. Many whites who attended the council vote serenaded Latino opponents with chants of "Hit the road, Jack!" A prominent Hispanic leader said Hazleton had become a "Nazi city."

But it's a complicated tapestry. To walk Sixth Street, near the ridge line, is to hear white old-timers warn about the gang graffiti and drug dealing on playgrounds, and then listen as Latino homeowners echo those complaints. A Puerto Rican metal worker and a ponytailed white truck driver swap stories about Mexican laborers driving down construction wages.

Connie and David Fallotovich sit on their porch on a cool summer evening. They sort of miss their sleepy old white city, and they favor a crackdown -- why should an illegal immigrant get a break? They also see their new Dominican neighbors as a big improvement.

David, a custodian, jerks his head at the house next door. "The couple now is really nice. Tell you the truth, buddy, a white family lived there for 20 years and they were a . . . nightmare."

Buchanan Warns Off Lood Of Illegals (WT)

By Eric Pfeiffer

The Washington Times, August 22, 2006

Pat Buchanan says illegal immigration from poor and developing countries will overwhelm the United States and other Western countries in the next 50 years unless something is done.

"We've already won the battle with the public," Mr. Buchanan tells The Washington Times. "The question is, when will the government respond?"

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In his new book "State of Emergency: The Third World Invasion and Conquest of America," the former presidential candidate and White House speechwriter examines immigration-related social problems and documents high levels of support among Hispanics for the so-called "Reconquista" of the U.S. Southwest.

Several authors have addressed the immigration issue in recent years, but Mr. Buchanan's book -- ranked No. 2 at Amazon.com yesterday -- proposes measures to address the "emergency" that are more far-reaching than any legislation advocated by conservatives in Congress.

His plan includes deporting illegal aliens with criminal backgrounds, a 10-year limit on legal immigration set between 150,000 and 200,000 persons per year, and a $10 billion, 2,000-mile security fence along the border of the United States and Mexico.

With an estimated 12 million to 20 million illegal aliens in the United States, which now has about 34 million foreign-born residents, polls indicate most Americans share Mr. Buchanan's concerns. A 2003 survey found that 58 percent would prefer total annual immigration be reduced to below 300,000, a two-thirds reduction from current levels of 1 million per year.

Yet critics say a "get tough" approach is impractical.

"Even if Mr. Buchanan's proposals were put into place, we'd still have rising levels of immigration," says Daniel T. Griswold, a scholar at the libertarian Cato Institute. "Frustration with the issue is rising. Congress has utterly failed to deal with the issue. But that doesn't necessarily point to Pat Buchanan's prescription."

Since 2000, more than 400,000 illegal aliens a year have entered the United States, the Department of Homeland Security recently estimated. Most of the illegals came from Mexico, DHS reported.

In his book, Mr. Buchanan says high levels of immigration threaten the future of American culture.

"As Rome passed away, so the West is passing away, from the same causes and in much the same way," Mr. Buchanan writes. "What the Danube and Rhine were to Rome, the Rio Grande and Mediterranean are to America and Europe, the frontiers of a civilization no longer defended."

Mr. Buchanan has long been seen as a polarizing figure in American politics -- he was castigated by some in the Republican Party for his 1992 Republican National Convention address, in which he spoke of a "cultural war ... for the soul of America." Many of Mr. Buchanan's critics view his immigration rhetoric as counterproductive.

"I don't know what kind of America he envisions, but I think that immigrants are strengthening America," said Mr. Griswold, director of Cato's Center for Trade Policy Studies.

But Mr. Buchanan says the immigration debate has shifted toward his position.

"In 1992, I was down in California calling for only 70 miles of border fencing," Mr. Buchanan said. "And I was called a lot of bad things. If I'm insensitive, then so are the 70 percent of Americans who agree with me on this issue."

Politically, neither Republicans nor Democrats have been able to gain an upper hand on the immigration issue, with a recent Newsweek poll showing 39 percent of Americans trust Democrats more to handle immigration, while 37 percent chose Republicans.

Mr. Buchanan has harsh words for Republicans in Congress. He denounces as "de facto amnesty" the Senate-passed bill sponsored by Sens. John McCain, Arizona Republican, and Edward M. Kennedy, Massachusetts Democrat. However, Mr. Buchanan adds that when he started writing his book, "I didn't know the House would push for such a strong bill," speaking of the enforcement-only measure passed by the House in December.

"Congress is a wholly owned subsidiary of corporate America," Mr. Buchanan says when asked why elected officials do not support more stringent restrictions on immigration. "Until they get it right, they should be defeated at the ballot box."

In his book, however, Mr. Buchanan saves his strongest criticism for President Bush, writing: "Concerned about his legacy, George W. Bush may yet live to see his name entered into the history of his country as the president who lost the American Southwest that James K. Polk won for the United States."

CONGRESS-ADMINISTRATION:

Bush Seeks Better Heath Care Cost Info (WP/AP)

By Kevin Freking, The Associated Press

The Washington Post, August 22, 2006

WASHINGTON -- Customers shop around when they buy an airline ticket or a new car, so why not when they need a hip replacement or treatment for a sore throat?

An executive order being signed Tuesday by President Bush is designed to help people make more informed decisions about doctors and hospitals.

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Four federal agencies will be required to compile information about the quality and price of care they pay for and share that information with their customers and each other.

"We're all about being cost-conscious," said Health and Human Services Secretary Mike Leavitt. "It's just the American way. We clip coupons. We check for bargain flights on the Web. We carefully research major purchases. But when it comes to health care, we lack the tools to compare either quality or the costs."

Bush will sign the executive order in Minnesota, where he will talk with health care providers about "health transparency." Afterward, he will attend a campaign fundraiser.

The order directs the agencies to:

_Use, where available, health information computer systems that talk to each other. That way, the health records of a veteran living in Maine can be viewed by a doctor working in California if the veteran needs emergency care there during a vacation.

_Enact programs that measure the quality of care, and develop those measures with the private sector and other government agencies.

_Make available to beneficiaries the prices that agencies pay for common procedures.

_Develop and identify practices that promote high-quality health care.

The agencies affected by the executive order are the Health and Human Services Department, which oversees Medicare; the Defense Department, which oversees health care for the military; the Veterans Affairs Department and the Federal Employees Health Benefit Program. A draft of the order says agencies must comply by Jan. 1, but Leavitt said the programs must be under way by that point, rather than completed.

Leavitt said the federal government's role is critical because it pays for nearly 40 percent of health care. That's a lot of data that insurers and other health care providers can use to educate consumers, he said.

"It will fuel a substantial amount of change in the way health care is ultimately purchased, but it will take time for that to unfold," Leavitt said.

A Welfare Law Milestone Finds Many Left Behind (NYT)

By Erik Eckholm

The New York Times, August 22, 2006

PHILADELPHIA, Aug. 18 — Over the last five years, Mysheda Autry has received welfare checks and food stamps, gone through a welfare-to-work program and briefly held several jobs. She has also given birth to her second and third children.

Ms. Autry, 25, with a 10th-grade education, was finally overwhelmed by the demands of work and family, and in February she showed up at the People's Emergency Center, a social service agency, with her three children, a fourth on the way, no job and no place to live.

She has exceeded the usual five-year limit for receiving welfare, and although the state has given her a reprieve, her benefits will be cut off, she has been warned, if she does not resume full-time job-skill classes and a job search within eight and a half months after her new baby is born.

As political leaders give two cheers on Tuesday for the 10th anniversary of the welfare reform law that helped draw many single mothers from dependency into the work force, though often leaving them still in poverty, social workers and researchers are raising concerns about families that have not made the transition and often lead extraordinarily precarious lives.

These include mothers who, so beleaguered by personal problems and parenting that they have not been able to keep jobs, continue to need counseling and cash. They also include another large group of poor mothers — one million by some estimates — who are neither working nor receiving benefits.

The central idea of the nation's public assistance programs since 1996 has been that cash aid should be only a temporary support while parents are ushered into jobs, with skills training and child-care subsidies to help. The federal government set a time limit of five years for individual recipients, though exemptions were allowed for hardship cases, and states could extend aid with their own money.

Simply cutting families off at an arbitrary date has often proved impractical, because a significant group of mothers like Ms. Autry — no one has precise numbers — have not been able to hold on to jobs, even after attending required classes and while receiving other aid.

Their lives are simply too troubled by disabilities, turmoil and, often, bad personal choices, researchers say. Poor education, lack of support from their families or their children's fathers, mental health and drug problems, and unstable living conditions are common among this group, and a rigid time limit may only harm the children.

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"There aren't so many mothers who could never get on track, but getting them into work will take a lot more time and resources than many states have been able to provide," said LaDonna A. Pavetti, a welfare researcher with Mathematica Policy Research.

Without such extra attention, more will join a growing group of poor families, known to scholars as the "disconnected," that are scraping by without either cash benefits or employment.

According to new calculations by the private Center on Budget and Policy Priorities, as of 2003, the last year for which detailed data are available, about one million single mothers were neither working nor receiving cash benefits from welfare, disability or unemployment insurance and were not living with a partner who had any of these income sources either.

Other studies suggest that 10 percent to 20 percent of mothers who left the welfare rolls in the years after the 1996 overhaul did not have work or other significant means of support a year or two later.

While some have sources of unreported income — a little money from a new companion perhaps — and many are helped by food stamps, their children are often growing up in the poverty and tumult that the reforms were intended to end.

On Friday, days before her new baby was due, Ms. Autry described her life's obstacles so far.

She, five brothers and a sister grew up with a mother who split from Ms. Autry's father early on and was on welfare. After Ms. Autry became pregnant in the 10th grade and dropped out of school, she continued living in a crowded, tumultuous house filling with babies. She had to move out last February, however, when her mother moved to a smaller home that she now shares with two sons, the other daughter and that daughter's two children.

The father of Ms. Autry's 6-year-old boy is out of the picture, as is the father of the girl whose birth is imminent. The father of her 3-year-old girl and her 21-month-old boy is in prison.

After the birth of her first child, she worked at McDonald's for several months. But she could not stand it, she said, when the boy started referring to her mother as Mom.

She went into a jobs program, working 20 hours a week at a Y.M.C.A. with her wages paid by the welfare office and spending an additional 10 hours a week in a required search for permanent work. Eventually she landed a receptionist's job at a construction company where she worked for seven months.

"I just couldn't manage the child care," she said, though the state offered aid. At the time, her mother, who had been the prime caregiver, had herself been required to go into a work program.

For the last two years, Ms. Autry has received cash welfare benefits of $496 a month, plus $397 in food stamps. She has vowed to have no more children and to get her G.E.D. With no apparent drug or alcohol problem or serious cognitive drawbacks, she is in a better state than some other women lagging on welfare.

"We see families coming in who don't have one monolithic problem; instead it's a lethal combination of 10 issues in their lives that come together," said Gloria M. Guard, president of the People's Emergency Center, where Ms. Autry and her children found shelter. "They end up with lots of kids, no family support, no education, no coping skills, so they get a job and lose it and get another job and lose it. It's not like they are lying around not doing anything: their lives are constantly on the go as they run behind their kids. But they end up falling way behind."

Pennsylvania has been among the more generous states, Ms. Guard said, in allowing exemptions from time limits and working with mothers who show a willingness to try. But the services to help such women have been hurt by federal budget cuts, she said, and welfare agencies are under new federal pressure to get more women into jobs.

Ms. Autry and her children are living in a one-room "transitional apartment" at the emergency center. She may soon move into a larger efficiency apartment within the graduated system of the center, where, contrary to her current circumstances, she will have to shop and cook for herself and get the children to school or the doctor on her own — practice for a bigger move.

"Sooner or later she'll have to get a job," Ms. Guard said.

A possibility, once Ms. Autry gets some training, may be work as a home health aide.

But "the real problem," Ms. Guard said, "is how is she going to keep it."

How We Ended Welfare, Together (NYT)

By Bill Clinton

The New York Times, August 22, 2006

TEN years ago today I signed the Personal Responsibility and Work Opportunity Reconciliation Act. By then I had long been committed to welfare reform. As a governor, I oversaw a workfare experiment in Arkansas in 1980 and represented the National Governors Association in working with Congress and the Reagan administration to draft the welfare reform bill enacted in 1988.

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Yet when I ran for president in 1992, our system still was not working for the taxpayers or for those it was intended to help. In my first State of the Union address, I promised to "end welfare as we know it," to make welfare a second chance, not a way of life, exactly the change most welfare recipients wanted it to be.

Most Democrats and Republicans wanted to pass welfare legislation shifting the emphasis from dependence to empowerment. Because I had already given 45 states waivers to institute their own reform plans, we had a good idea of what would work. Still, there were philosophical gaps to bridge. The Republicans wanted to require able-bodied people to work, but were opposed to continuing the federal guarantees of food and medical care to their children and to spending enough on education, training, transportation and child care to enable people to go to work in lower-wage jobs without hurting their children.

On Aug. 22, 1996, after vetoing two earlier versions, I signed welfare reform into law. At the time, I was widely criticized by liberals who thought the work requirements too harsh and conservatives who thought the work incentives too generous. Three members of my administration ultimately resigned in protest. Thankfully, a majority of both Democrats and Republicans voted for the bill because they shouldn't be satisfied with a system that had led to intergenerational dependency.

The last 10 years have shown that we did in fact end welfare as we knew it, creating a new beginning for millions of Americans.

In the past decade, welfare rolls have dropped substantially, from 12.2 million in 1996 to 4.5 million today. At the same time, caseloads declined by 54 percent. Sixty percent of mothers who left welfare found work, far surpassing predictions of experts. Through the Welfare to Work Partnership, which my administration started to speed the transition to employment, more than 20,000 businesses hired 1.1 million former welfare recipients. Welfare reform has proved a great success, and I am grateful to the Democrats and Republicans who had the courage to work together to take bold action.

The success of welfare reform was bolstered by other anti-poverty initiatives, including the doubling of the earned-income tax credit in 1993 for lower-income workers; the 1997 Balanced Budget Act, which included $3 billion to move long-term welfare recipients and low-income, noncustodial fathers into jobs; the Access to Jobs initiative, which helped communities create innovative transportation services to enable former welfare recipients and other low-income workers to get to their new jobs; and the welfare-to-work tax credit, which provided tax incentives to encourage businesses to hire long-term welfare recipients.

I also signed into law the toughest child-support enforcement in history, doubling collections; an increase in the minimum wage in 1997; a doubling of federal financing for child care, helping parents look after 1.5 million children in 1998; and a near doubling of financing for Head Start programs.

The results: child poverty dropped to 16.2 percent in 2000, the lowest rate since 1979, and in 2000, the percentage of Americans on welfare reached its lowest level in four decades. Overall, 100 times as many people moved out of poverty and into the middle class during our eight years as in the previous 12. Of course the booming economy helped, but the empowerment policies made a big difference.

Regarding the politics of welfare reform, there is a great lesson to be learned, particularly in today's hyper-partisan environment, where the Republican leadership forces bills through Congress without even a hint of bipartisanship. Simply put, welfare reform worked because we all worked together. The 1996 Welfare Act shows us how much we can achieve when both parties bring their best ideas to the negotiating table and focus on doing what is best for the country.

The recent welfare reform amendments, largely Republican-only initiatives, cut back on states' ability to devise their own programs. They also disallowed hours spent pursuing an education from counting against required weekly work hours. I doubt they will have the positive impact of the original legislation.

We should address the inadequacies of the latest welfare reauthorization in a bipartisan manner, by giving states the flexibility to consider higher education as a category of "work," and by doing more to help people get the education they need and the jobs they deserve. And perhaps even more than additional welfare reform, we need to raise the minimum wage, create more good jobs through a commitment to a clean energy future and enact tax and other policies to support families in work and child-rearing.

Ten years ago, neither side got exactly what it had hoped for. While we compromised to reach an agreement, we never betrayed our principles and we passed a bill that worked and stood the test of time. This style of cooperative governing is anything but a sign of weakness. It is a measure of strength, deeply rooted in our Constitution and history, and essential to the better future that all Americans deserve, Republicans and Democrats alike.

BRIEFLY (WP)

The Washington Post, August 22, 2006

Pilot Always Wanted to Join NTSB; Now He Has

It is not one of those honorary boards to which presidents hand out appointments as perks.

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The National Transportation Safety Board exists to investigate all civil aviation accidents and other transportation incidents in the United States.

Yesterday, Robert L. Sumwalt III, a former airline pilot and safety consultant, was sworn in as a member of the board.

Sumwalt, 50, who spent more than two decades flying for Piedmont Airlines and US Airways, has written extensively in trade journals about aviation safety. He said joining the NTSB was a longtime goal.

As a young pilot, he said, he often spent time in the University of South Carolina library reading NTSB accident reports, which fascinated him. "I knew at some point that I would like to be a part of the board," he said.

As a representative of the Air Line Pilots Association, Sumwalt aided the NTSB in several major crash investigations. He went through the NTSB's accident investigation course in 1992.

At US Airways, he helped create safety programs to prevent pilots from accidentally leaving their assigned altitudes and to keep them better focused on monitoring what was happening inside and outside the cockpit, the NTSB said.

Sumwalt, whom President Bush appointed and the Senate confirmed early this month for a five-year term, will serve as the board's vice chairman.

Two weeks ago, Mark V. Rosenker was sworn in as chairman of the NTSB. Rosenker, 59, had been acting as chairman since March of last year. One slot on the five-member board remains vacant.

-- Del Quentin Wilber

USS Cole Commander Called Unqualified for Promotion

Nearly six years after the deadly terrorist attack on the USS Cole, the Navy has decided that the officer who was skipper of the ship is not qualified for a promotion.

The attack killed 17 sailors and nearly sank the destroyer in the Yemeni port of Aden. A Navy investigation concluded in 2001 that Cmdr. Kirk Lippold and his crew probably could not have prevented the attack and should not be punished.

But in a written statement yesterday, the Navy said Secretary Donald C. Winter had concluded that Lippold's actions before the attack on Oct. 12, 2000, "did not meet the high standard" expected of commanding officers.

Based on that assessment, Winter determined that Lippold was "not the best and fully qualified for promotion to the higher grade" of captain, said Cmdr. David Werner, a Navy spokesman.

A Navy promotion board had selected Lippold for promotion to captain in 2002, but he was not confirmed by the Senate. His status had been in limbo since then. Winter decided to strike Lippold's name from the promotion list, meaning he will remain at his current rank, commander. If he chooses to stay in the Navy, he will become eligible early next year to be considered again for promotion, Navy officials said.

Lippold is serving on the staff of the top Navy officer, Adm. Michael G. Mullen, at the Pentagon.

The top Navy officer when the USS Cole was attacked, Adm. Vern Clark, said after the Navy's investigation: "There is a collective responsibility. We all in the chain of command share responsibility for what happened onboard USS Cole."

Bush Needs A Fact-Check, Not A Gut Check (LAT)

By David G. Myers

The Los Angeles Times, August 22, 2006

SAY THIS MUCH for President Bush: He is not deaf to the inner whispers of his intuition.

"I know there's no evidence that shows the death penalty has a deterrent effect," he reportedly said as Texas governor, "but I just feel in my gut it must be true."

Six years and two wars into his presidency, the president still relies on his gut instincts. His recent fly-in to Baghdad was, he explained to U.S. troops, "to look Prime Minister [Nouri] Maliki in the eyes — to determine whether or not he is as dedicated to a free Iraq as you are." The president's snap assessment? "I believe he is." He told Larry King in an interview last month: "If you make decisions based upon what you believe in your heart of hearts, you stay resolved."

In flying by the seat of his pants, Bush has much company.

"Buried deep within each and every one of us, there is an instinctive, heart-felt awareness that provides — if we allow it to — the most reliable guide," offered Prince Charles, whose decisions also have been relentlessly second-guessed for much of his adult life.

For those disposed to follow their inner guide, today's pop psychology offers books on "intuitive healing," "intuitive learning," "intuitive managing," "intuitive trading" and much more.

So, when hiring and firing, fearing and risking, investing and gambling, should we follow Bush's example and tune down that analytical, linear, left-brained mind? Should we stop obsessing over logic and data and trust the force within?

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Today's psychological science documents a vast intuitive mind. More than we realize, our thinking, memory and attitudes operate on two levels — conscious and unconscious — with the larger part operating automatically. We know more than we know we know.

Studies show that as we gain expertise, even reasoned judgments can become automatic. Rather than wend their way through a decision tree, experienced car mechanics and physicians will often, after a quick listen and look, diagnose problems. Chess masters intuitively know the right move. And Japanese chicken sexers use complex pattern recognition to separate newborn pullets and cockerels with near perfect accuracy.

Moreover, we're all experts when it comes to reading people's emotions. Psychologists Nalini Ambady and Robert Rosenthal report that after viewing mere "thin slices" of college professors' teaching — three two-second clips — observers' ratings of them correlate well with students' end-of-semester ratings. To gain a sense of someone's energy and warmth, six seconds will often do.

So, is our president smart to harness the powers of his intuition? Or should he, and we, be subjecting our hunches to scrutiny?

Intuition is important, but we often underestimate its perils. My geographical intuition tells me that Reno is east of Los Angeles and that Rome is south of New York. But I am wrong. "The first principle," said Nobel Prize-winning physicist Richard Feynman, "is that you must not fool yourself — and you are the easiest person to fool." In hundreds of experiments, people have greatly overestimated their eyewitness recollections, their interviewee assessments and their stock-picking talents. It's humbling to realize how often we misjudge and mispredict reality and then display "belief perseverance" when facing disconfirming information.

We fear things that claim lives in bunches. Smoking kills 400,000 Americans a year, and carbon dioxide looks to be the biggest weapon of mass destruction, but terrorists frighten us more. We are told, but are unmoved by, statistics showing that the most dangerous part of air travel is the drive to the airport.

Intuition — automatic, effortless, unreasoned thinking — guides our lives. But intuition also errs, and false intuitions may go before a fall.

After meeting Russian President Vladimir Putin, Bush felt that he had him sized up. "I looked the man in the eye," Bush said. "I was able to get a sense of his soul." But the president has since expressed frustration at Putin's democracy-suffocating record. Bush also told Bob Woodward that intuition was a key to his decision to launch the Iraq war: "I'm a gut player. I rely on my instincts." Bush still insists that he made the right decision, but most Americans now disagree.

The president, like all of us, should check his intuitions against the facts. He can welcome the creative whispers of the unseen mind, but only as the beginning of inquiry. Smart thinking often begins with hunches but continues as one examines assumptions, evaluates evidence, invites critique and tests conclusions. As Proverbs says: "He who trusts in his own heart is a fool."

Pumped-Up Presidency (WP)

By Art Buchwald

The Washington Post, August 22, 2006

Floyd Landis, who won the Tour de France, has been accused of taking drugs to win the race. The Tour de France is the most important bicycle race in the world. He was tested and found to have a high level of testosterone -- or at least a lot more testosterone than normal.

Who is the second most famous bicyclist in the world? It's President Bush.

He rides his bike at Camp David so fast the Secret Service agents can't catch up with him, but no one has ever asked President Bush to be tested.

I think presidential testing is important, because how do we know the president's decisions aren't influenced by testosterone and human growth hormone? For example, when he vetoed the stem cell research bill, he should have been tested to see if he was doped.

Bush has made many controversial decisions, and some people have said he was on steroids when he made them. They say he shouldn't have gone into Iraq without being tested. If the test had come out positive, the people would have a different idea about why we're there.

In the race for democracy, the president is the leader of the pack. He sets the pace.

The president should have said, if asked: "I have never taken any illegal substance, including testosterone. I won the race for the hearts and minds of the people and that is why I am the strongest president in history."

The big question is, when the president was making his decisions, did he violate the country's code of ethics? The pro-Bush people maintain that if a hormone helps build muscle and improves stamina, the president should take it.

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I know it's silly to compare President Bush's bicycling to Landis' Tour de France behavior, but this is the silly season.

G.O.P. Corruption? Bring In The Conservatives. (NYT)

By Thomas Frank

The New York Times, August 22, 2006

In the lexicon of American business, "cynicism" means doubt about the benevolence of market forces, and it is a vice of special destructiveness. Those who live or work in Washington, however, know another variant of cynicism, a fruitful one, a munificent one, a cynicism that is, in fact, the health of the conservative state. The object of this form of cynicism is "government," whose helpful or liberating possibilities are to be derided whenever the opportunity presents.

Remember how President Reagan claimed to find terror in the phrase, "I'm from the government and I'm here to help"? Or how the humorist P. J. O'Rourke won fame by declaring that even the proceedings of a New England town meeting were a form of thievery?

The true scoffer demands sterner stuff, though, and in the cold light of economic science he can see that government is not merely susceptible to corruption; government is corruption, a vile profaning of the market-most-holy in which some groups contrive to swipe the property of other groups via taxation and regulation. Politicians use the threat of legislation to extort bribes from industry, and even federal quality standards — pure food and so on — are tantamount to theft, since by certifying that any product in a given field won't kill you, they nullify the reputations for quality and goodness that individual companies in the field have built up at great expense over the years.

The ideas I am describing are basic building blocks of the conservative faith. You can find their traces throughout the movement's literature. You can hear their echoes in chambers of commerce across the land. But what happens when you elevate to high public office people who actually believe these things — who think that "the public interest" is a joke, that "reform" is a canard, and that every regulatory push is either a quest for monopoly by some company or a quest for bribes by some politician? What happens when the machinery of the state falls into the hands of people who laugh at the function for which it was designed?

The obvious answer is an auctioning-off of public policy in a manner we have not seen since the last full-blown antigovernment regime held office, in the 1920's. Agencies and commissions are brazenly turned over to campaign contributors; high-ranking officers of Congress throw grander and gaudier fund-raisers even after being arraigned; well-connected middlemen sell access for unprecedented amounts.

What really worries me, though, is that our response to all this may be to burrow deeper into our own cynicism, ultimately reinforcing the gang that owns the patent on cynicism and thus setting us up for another helping of the same. This may not be apparent now, with the identity of the culprits still vivid and the G.O.P. apparently heading for a midterm spanking. Recall, though, that while the short-term effects of the Watergate scandal were jail sentences for several Republicans and the election of many Democrats to Congress in 1974, its long-term effect was the destruction of public faith in government itself and the wave that swept in Ronald Reagan six years later.

In the absence of a theory of corruption that pins the tail squarely on the elephant, this is certainly what will happen again. Conservatives are infinitely better positioned to capitalize on public disillusionment with the political system, regardless of who does the disillusioning. Indeed, the chorus has already started chanting that the real culprit in the current Beltway scandals is the corrupting influence of government, not conservative operatives or their noble doctrine. The problem with G.O.P. miscreants is simply that they've been in D.C. so long they've "gone native," to use a favorite phrase of the right; they are "becoming cozy with Beltway mores," in The Wall Street Journal's telling. If you don't like the corruption, you must do away with government.

Were he not the main figure in all this, Jack Abramoff would undoubtedly be nodding in agreement with those editorials. A self-described "free-marketeer" who spent his days fighting "government intervention in the economy" and leading the catcalls at Tip O'Neill, he would undoubtedly have seen the political gold beneath the scandals. If, in our revulsion at Abramoff's crimes, we are induced to accept Abramoff's politics, it will be K Street's greatest triumph yet.

The Entitlement Panic (WSJ)

The Wall Street Journal, August 22, 2006

Will America have to declare Chapter 11 because of $80 trillion in unfunded entitlement promises? That's a question posed recently by Laurence Kotlikoff, an economist at Boston University, in his attention-grabbing essay on Medicare, Medicaid and Social Security entitled: "Is the United States Bankrupt?" Mr. Kotlikoff's answer is perhaps yes: "Nations can go broke, the United States is going broke . . . and radical reform of U.S. fiscal institutions is essential."

Mr. Kotlikoff is a first-rate economist, and his gloomy predictions are gaining adherents. Some of them are on the free-market right -- at the Heritage Foundation and Cato Institute -- and among Republicans on Capitol Hill. They've begun to beat the

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drums for immediate solutions, including in some cases tax increases if that's what it takes to get Democrats to agree to reform. With President Bush still angling for an entitlement superdeal before he leaves office, maybe it's time to put this issue in perspective.

The budget math is simple enough: The estimated $80 trillion in unfunded future entitlement liabilities is about six times larger than the U.S. economy and 16 times the federal debt held by the public. Mr. Kotlikoff calculates that future workers would have to pay tax rates from 55% to 80% over their lifetimes to fund these promises. This would indeed be a ticket on the bullet train to European socialism.

Now, we take a back seat to no one in promoting reforms in Social Security, Medicare and Medicaid. But there are also good reasons to doubt Mr. Kotlikoff's dire scenario, unless our politicians make even more policy blunders.

For one thing, the U.S. fiscal "balance sheet" isn't a static ledger and includes assets as well as liabilities. While the U.S. national debt has climbed from $800 billion in 1981 to $5 trillion today, the nation's assets have climbed from $11 trillion to $67 trillion over that same period. (See nearby chart.) Include all private assets and liabilities, and net national wealth has increased by $40 trillion over the same period. Declinists have consistently underestimated American growth, productivity and technological innovation. In only the past four years, U.S. assets have risen by $13 trillion -- much of which will be passed down to the next generation of workers to finance their parents' benefits.

Mr. Kotlikoff and allies counter that we can't grow our way out of this mess because the promised benefits are scheduled to rise at the rate of real wage increases. Technically that's right, but it misses a key point. Paying benefits to 75 million baby boomers in 2030 will be a much lighter lift if we have a $25 trillion GDP and net worth of $100 trillion than if slower growth in the interim years leaves us, say, a third less wealthy. The most vital policy imperative is to sustain pro-growth policies, including free trade, free capital flows, low taxes and an education system to train our human capital.

Everyone also agrees that the entitlements crisis is driven by demographics, namely fewer young workers to finance more retirees who live much longer. Japan and most European nations with birth rates well below replacement levels are in an especially difficult pickle. In the U.S., however, birthrates are typically higher and we also have the advantage of greater immigration. The Social Security actuaries calculate that the addition of one million immigrants reduces the long-term unfunded liability of Social Security by at least $5 trillion.

The biggest false assumption, however, is that the current level of benefits will ever be paid. They won't, for many of Mr. Kotlikoff's reasons. If current politicians are too afraid to reduce future benefits or reform the programs, future politicians will have no choice -- unless they want to raise taxes to confiscatory levels or have no money to spend on other priorities, such as national defense.

There's a key legal point here: Entitlement benefits are not a contractual government obligation in the sense that a T-bond is. For the feds to default on the interest of a 10-year note would be a form of national "bankruptcy." But in its landmark 1960 decision, Flemming v. Nestor, the Supreme Court ruled that there is no such legal right to Social Security. Today's Congress can promise future retirees a lifetime golf pass and free trip to the moon, but it can't bind a future Congress. Rarely does a year go by that Congress doesn't already tinker with entitlements in some way, making benefits more or less generous depending on the political mood.

It is precisely the unsustainability of these future benefits that will make reform attractive to younger people who realize they have no hope of getting what they're now paying for. A crucial, if little understood, point about personal Social Security accounts is that for the first time they'd give workers an actual property right to their own savings, protecting them from future political whim.

By all means let's educate Americans about the financial ditch that Congress is driving toward. But alarmist rhetoric about impending bankruptcy isn't credible, and it only discredits reform advocates. It may even play into the hands of those on the political left who resist reform but would love to impose a vast new source of federal tax revenue, such as a European-style value-added-tax or an increase in payroll taxes. Those policies would put America on a slower growth path and make it even harder to build the wealth to finance future benefits.

The national fisc isn't what's going bankrupt. That description better applies to the New Deal and Great Society programs that were designed for another era and long ago became unsustainable. Sooner or later they'll have to be changed, and this is where reformers should focus their political effort.

OTHER NEWS:

Gas Prices Slip, And The Worst May Be Over For This Year (USAT)

By Barbara Hagenbaugh

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USA Today, August 22, 2006

WASHINGTON — Good news for drivers: Gasoline prices likely have peaked for the year as oil costs have backed off record highs and the busy summer driving season comes to a close.

A number of analysts, including those at Moody's Economy .com, Wachovia and Global Insight, say gasoline prices likely will continue to decline in coming weeks. But they warn that a number of factors could toss out that forecast and send oil and gasoline prices higher.

"Unless you get another Katrina-Rita (hurricane) kind of event, odds are we've probably seen the worst of it," Bill O'Grady of A.G. Edwards says.

The average U.S. price of a gallon of regular gasoline fell for the 11th consecutive day Monday, motor club AAA and the Oil Price Information Service said. The average price was $2.929, 11 cents lower than the recent peak on Aug. 8.

In a separate, weekly report, the Energy Department said the nationwide average price was $2.924 Monday, down 7.6 cents from a week ago. That was the biggest one-week drop in nine months and the lowest price in two months.

But drivers aren't completely in the clear.

The hurricane season does not end until Nov. 30. A bad hurricane, like Katrina last year, could damage production and refining facilities, leading to lower supply and higher prices.

Further, tensions with Iran, the world's fourth-largest oil producer, are building regarding that country's nuclear program. Although the United States does not import oil from Iran, there is concern that if sanctions were imposed on that nation, there would be less oil on the world market.

"It's too early to call the top in gasoline prices," Briefing .com's Kimberly DuBord says.

Stocks Stumble Over Oil, Spending Worries (USAT)

By Matt Krantz

USA Today, August 22, 2006

Worries about tension in the Mideast, oil prices and consumer spending caused stocks to suddenly lose their momentum Monday.

President Bush's vow to remain committed to the war in Iraq revived geopolitical worries on Wall Street. A cautious earnings forecast from home improvement retailer Lowe's also gave investors pause (story, 4B). The company warned the slowing housing market would injure consumers' willingness to improve and upgrade their homes.

Those two developments helped push the Dow Jones industrial average down 36.42 points to 11,345.05, snapping what had been a five-session, 293-point rally. The Dow is still up 5.9% this year.

Meanwhile, hurt mainly by stocks in the Internet retail, railroad and automobile manufacturing industries, the Standard & Poor's 500 index declined 4.78 points to 1297.52. The index still has a 3.9% gain this year.

But the Nasdaq composite index lost another 16.20 points to 2147.75, which puts it deeper in the hole for the year. The Nasdaq is down 2.6% this year.

Peter Cardillo, chief market analyst with S.W. Bach, says investors are keeping their eyes trained on the price of oil before making sudden moves. The price of a barrel of oil added $1.31, to $72.45, amid worries about Iran's work to develop its nuclear program. An economic sanction of Iran would likely lead to higher oil prices, and "the odds of the economy moving toward recession would increase substantially," he says. "The key is oil prices."

Investors continue to be torn between clinging to the relative safety of shares of large companies and the craving for larger returns from riskier stocks, says Charles Carlson, CEO of Horizon Investment Services. He expects investors to wrestle with how to posture their portfolios until September. "Markets are in a transitional stage," he says.

Highlights:

Lowe's fell $1.17 to $28.35 after the company reported 11% higher quarterly earnings of 60 cents a share, which missed estimates by a penny. It also warned earnings this year would be weaker than expected.

·Dollar General, a discount retailer, fell $1.35 to $12.74. The company cut its outlook for second-quarter results by 28%.

·Kensey Nash, a medical supply company, lost $2.88 to $26.72 after posting 22% lower earnings of $2.7 million, or 21 cents a share.

Wall St Falls On Rising Oil And Iran Fears (FT)

By John O'doherty In New York

Financial Times, August 22, 2006

Wall Street sagged on Monday, breaking its five-day winning streak as oil prices rose on the back of increased geopolitical concerns over Iran's nuclear programme.

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Lowe's was among the biggest losers after the home improvement retailer reported second-quarter profits that fell short of analysts' forecasts. The company lowered its full-year sales guidance. Its shares tumbled 4 per cent to $28.35. The stock is down 15 per cent since the beginning of the year. Home Depot followed Lowe's, shedding 1.4 per cent to $34.30.

Ford Motor lost 7.5 per cent to $7.47 – its worst day since April – following Friday's announcement of production cutbacks, including the mothballing of 10 assembly plants, to reduce inventory and speed up its turnround plan.

At the close, the S&P 500 was down 0.4 per cent, or 4.78 points, at 1,297.52. The Nasdaq Composite was down 0.8 per cent, or 16.20 points, at 2,147.75. The Dow Jones Industrial Average fell 0.3 per cent, or 36.42 points, to 11,345.05.

Hugh Johnson, chairman and chief investment officer of Johnson Illington Advisors, attributed the falls to investors taking money off the table following the strong gains of last week. "It's a pullback, but its predictable," he said. "We had a pretty unusual week [last week] and so it's natural to expect some profit-taking."

Energy stocks bounced back as crude pushed higher on geopolitical concerns. Exxon Mobil added 1.1 per cent to $69.83 and Marathon Oil rose 3.1 per cent to $89.94.

Transport stocks were hit by the gains in crude. Burlington Northern Santa Fe fell 3.5 per cent to $66.07 and Norfolk Southern lost 4.1 per cent to $42.46.

Gold and related stocks benefited as investors sought a safe haven in the geopolitical unease. Newmont Mining gained 3.6 per cent to $52.55, while Barrick Gold rose 4.2 per cent to $33.00.

Fading hopes for an immediate resolution to a strike by Chilean miners at the Escondida copper mine pushed copper stocks higher. Freeport McMoran rose 4.7 per cent to $57.15, and Coeur d'Alene gained 4.9 per cent to $5.37.

Technology stocks were down across the board. Amazon sank 3.4 per cent to $28.13. Yahoo dropped 3 per cent to $28.90. Google lost 1.6 per cent to $377.30. National Semiconductor dropped 4.9 per cent to $22.71 after Lehman Brothers cut its rating on the stock from "overweight" to "equal weight".

Chemicals and construction company Ashland dipped after it said it had agreed to sell its highway construction business to Irish construction group CRH for $1.3bn. Some investors had forecast a better price for the sale and shares fell 5.7 per cent to $62.55.

Discount retailer Dollar General dropped 9.6 per cent to a three-year low of $12.74 after it lowered its earnings guidance for its fiscal second quarter .

Stocks Slip As Oil Worries Resurface (WSJ)

By E.S. Browning

The Wall Street Journal, August 22, 2006

After surging 2.6% in last week's rally, the Dow Jones Industrial Average started the new week with a modest pullback.

Hobbled partly by concerns over rising oil prices, and partly by investors' desire to cash in some of the previous week's profits, the Dow Jones Industrial Average yesterday edged down 36.42 points, or 0.32%, to 11345.05. The blue chips advanced every day last week and remain up 5.9% for the year, less than 380 points from the record close of 11722.98 at which they finished Jan. 14, 2000.

Most other indexes also retreated after strong gains last week.

"People came in, saw the previous week's move, and decided to take something off the table," said Andy Brooks, head of stock trading at Baltimore money-management group T. Rowe Price. "But it is important not to read too much into the market action, because we are absolutely moving into the summer doldrums." With many investors and traders on vacation, trading volume was light, and could remain so until Labor Day, almost two weeks away.

Troubling some investors was news that Iran was still refusing to end its program to enrich uranium, which Western countries fear is aimed at developing nuclear weapons. Iran is a major oil exporter, and continuing fears of Middle East instability helped push oil futures up $1.31, or 1.84%, to $72.45 a barrel. Gold futures rose $13.60, or 2.22%, to $625.70 a troy ounce.

Also weighing on investors' optimism was a warning from Lowe's that its annual profit will be lower than it had expected, which the home-improvement chain blamed on a slowing economy. The news reinforced fears that higher interest rates and gasoline prices are holding back consumer spending, which has been the economy's backbone.

Ford Motor's announcement Friday that it would cut North American production 21% this year also contributed to concerns about consumer spending and weighed on manufacturing stocks.

The signs of economic weakness reinforced hopes that the Federal Reserve would avoid raising interest rates when it meets Sept. 20. Rate increases hurt both stocks and bonds. Treasury bond prices rallied on the prospect that the Fed could leave rates unchanged for a second consecutive month, and the higher bond prices sent yields lower.

The day's stock pullback was less than 1% for most indexes, and many traders remained optimistic that last week's signs of waning inflation will keep interest rates down and support stock prices.

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The Standard & Poor's 500-stock index fell 0.37%, or 4.78 points, to 1297.52. It is up 3.9% this year, but has been unable to remain above the much-watched 1300 level.

The Nasdaq Composite Index, whose many technology stocks benefited from last week's rally but were harder hit than most yesterday, declined 0.75%, or 16.20 points, to 2147.75, down 2.6% in 2006.

In major U.S. market action:

Stocks retreated. Total trading volume for stocks listed on the New York Stock Exchange was 1.78 billion shares, as 1,351 stocks rose and 1,943 fell.

Bond prices gained. The 10-year Treasury note rose 5/32, or $1.56 for each $1,000 invested, pushing the yield down to 4.823%. The 30-year bond was up 9/32 to yield 4.961%.

The dollar was mixed. Late in New York, it traded at 115.86 yen, up from 115.78, while the euro rose against the dollar to $1.2892 from $1.2830.

3 Leave AOL Over Security Breach (WP)

By Ellen Nakashima

The Washington Post, August 22, 2006

AOL's chief technology officer is stepping down and the firm has fired two other people following last month's massive data breach that caused more than 36 million member search queries to be released on the Internet, according to an internal memo and a source familiar with the matter.

In addition, the company has begun notifying dozens of individuals whose Social Security or credit card numbers were part of the exposed data, said the source, an employee who spoke on the condition of anonymity because it involved a personnel issue. The data came from 658,000 members who used AOL's search engine between March and May.

The news comes as AOL's profits have been falling and the company, in an effort to reverse its fortunes, is eliminating subscriptions and focusing more on advertising revenue. Maureen Govern, whose division was responsible for the breach, decided to leave immediately, according to an in-house announcement by AOL chief executive Jonathan F. Miller. The individuals fired were the researcher who posted the data and the researcher's supervisor, the source said.

"After the great lengths we've taken to build our members' trust and be an industry leader on privacy, it was disheartening to see so much good work destroyed by a single act," Miller said in a separate company memo. "This incident took place because some employees did not exercise good judgment or review their proposal with our privacy team."

Miller said AOL also will set up a task force to reconsider how long it saves data, including search terms such as those disclosed last month on an AOL Web site intended for academics who study how people search the Internet. The firm also will further restrict internal access to search data and other "potentially sensitive" member data, even if it is made anonymous with a random identification numbers or not linked to an individual's account, the memo said.

Andrew Weinstein, an AOL spokesman, said that data held in a user's name are stored for 30 days. Anonymous data are kept indefinitely.

Last week, Weinstein said the company had no way to link such data to an individual because the firm "double scrambles" ID information -- first giving each member a random identification number and then assigning that number a new one.

AOL has asked credit card companies to notify those individuals whose card numbers appeared in search queries, according to the source, who declined to explain how the firm was identifying people based on Social Security numbers.

"There are mechanisms to help notify people," the source said.

Kevin Bankston, staff attorney at the Electronic Frontier Foundation, said notifying members whose data was posted was "the right thing to do," but AOL should go further and notify as many members as possible whose data was made public.

"I don't think any personnel changes at any particular company are going to get at the root of the problem, which is that . . . these companies, whether it's AOL, MSN, Yahoo or Google, are storehousing massive amounts of incredibly sensitive and intimate data about their customers or users and yet those users have little idea that this is being done," Bankston said.

The advocacy group has filed a complaint against AOL with the Federal Trade Commission, alleging deceptive practices and violation of the firm's privacy policy.

The company said it was developing new systems to ensure that sensitive information was not included in research databases, and would launch a program to educate employees on how to protect sensitive information and address privacy issues.

Govern, hired in September, will be replaced by the firm's former technology officer, John McKinley.

AOL's Tech Chief Quits After Breach Of Privacy (USAT)

By Michelle Kessler And Kevin Maney

DOJ_NMG_0051931

USA Today, August 22, 2006

AOL's chief technology officer left the company on Monday, two weeks after the division she ran made public the search records of 658,000 customers.

CEO Jon Miller told employees in an internal memo that Maureen Govern "decided to leave AOL effective immediately." He provided few other details.

An unidentified employee who released the records and his supervisor were fired, says a person with knowledge of the situation, who asked not to be identified because it would jeopardize his career. The supervisor reported to Govern.

"Someone had to fall on her sword over this big one, and Govern got it," says consultant and AOL watcher Gary Arlen.

Govern, CTO for less than a year, will be temporarily replaced by former CTO John McKinley, who had planned to leave the company. Neither could be reached for comment.

Also Monday, AOL said it is creating a task force to re-evaluate its privacy policy. The team will debate how long AOL should save search records and how to further protect records by, for example, removing all sets of numbers that look like credit card numbers.

This is a sensitive time for AOL. It is overhauling its business, changing from a paid-subscription model to a service that's free to consumers and makes money selling ads — like chief rivals Yahoo and Google.

AOL's reputation got hammered after the fired employee posted the search records so computer scientists could use them for research. The employee failed to get internal approvals to do that.

The data had no names attached. But Pam Dixon, executive director of the World Privacy Forum, says she was able to easily identify two AOL customers by looking through search terms.

"The whole situation augurs poorly for AOL and for the entire Internet safety net," Arlen says.

AOL pulled the data down and apologized, but copies had already been made. They continue to be available online.

Privacy has become such an important issue that "having a very public security breach is the quickest path to the exit door for any (high)-level tech exec," says Gary Beach, publisher of CIO Magazine.

Some privacy advocates said AOL's actions are too little, too late.

"Rearranging their staff is not going to get at the root of the problem," says Kevin Bankston, an attorney with the Electronic Frontier Foundation, an advocacy group. AOL and competitors such as Google and Yahoo are "storehousing massive amounts of incredibly sensitive data" without being upfront about how it's being used, he says.

AOL has run into privacy trouble before. Last year, an ex-employee pleaded guilty to stealing 92 million customer e-mail addresses, which he sold to spammers.

AOL Tech Chief Resigns Over Issue Of Released Data (WSJ)

By Matthew Karnitschnig

The Wall Street Journal, August 22, 2006

(See Corrections and Amplifications item below.)

Time Warner Inc.'s AOL unit, responding to a recent furor over its release of Web-search data on 658,000 of its subscribers, accepted its chief technology officer's resignation and fired two other employees responsible for the breach.

Maureen Govern, whom the online service provider hired as its technology chief in September, will leave the company immediately. An internal memorandum to staff said she had chosen to depart. Ms. Govern couldn't be reached to comment.

THE DEBATE OVER DATA

1 · Reply All: Should web-search data be stored?2

Before joining AOL last year, Ms. Govern, a Stanford graduate who began her career at Bell Laboratories in 1978, was chief technology officer at Convergys Corp., a billing and human-resources services company. She has also worked at Motorola Inc.

Ms. Govern oversaw the AOL division responsible for the data release. In addition to her, the researcher who released the data and a manager overseeing the search-data project are leaving. John McKinley, president of AOL's digital services division, will take over Ms. Govern's job on an interim basis.

The departures follow weeks of negative publicity in connection with the disclosure, which AOL said was a mistake. The data release reignited a debate about Internet privacy and whether search companies should be required to keep private the data they collect. Last week, the World Privacy Forum, a privacy-rights group, and the Electronic Frontier Foundation, a civil-liberties organization, filed separate complaints with the Federal Trade Commission, calling for a formal investigation of the incident.

The uproar comes at a difficult time for AOL, which has been hemorrhaging one million subscribers a quarter as its users trade the narrowband access it offers for high-speed Internet service from other providers. AOL reported 17.7 million subscribers

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as of June 30. The migration forced AOL this month to abandon its subscriber model. The company plans to offer nearly all of its services free to users with a high-speed Internet connection and rely on advertising. For the new strategy to work, however, AOL has to secure its subscribers' loyalty as they shift to broadband, a task made more difficult by the search-data scandal.

In an email message to employees yesterday, AOL Chief Executive Jonathan Miller attributed the data breach to poor judgment by some AOL staffers. "We are taking a number of additional steps, on top of our existing security systems, to help ensure this type of incident never happens again," Mr. Miller said in the email.

Mr. Miller said management had devised a "four-part plan" to buttress the company's privacy policy. The plan includes the creation of a task force to look at how long AOL should retain search data. The company also plans tighter restrictions on employee access to the data.

AOL researchers posted the information, which detailed more than 20 million queries from 658,000 of its users between March 1 and May 31, to a new AOL research Web site last month. The document was intended for use by other search-technology researchers but was noticed by bloggers in the search-marketing field. Their discovery set off a flurry of blog postings and led to hundreds of downloads of the data. AOL said it pulled the data off its site after it realized what had happened.

AOL users were identified by anonymous user-ID numbers rather than by name. However, the searchers' identities in many cases could be gleaned when personal information such as addresses or interests was included in searches. In some cases, people searched for their own names, and that information was included in the data.

Bush To GOP Candidates: Focus On Economy (AP-Y)

AP, August 22, 2006

Even though he's not running for re-election this year, President Bush knows just what he would focus on if he were: the economy and taxes.

As Republicans face an increasingly tough political outlook, in part because of Bush's sagging approval ratings, the president offered some advice Monday to GOP candidates in the midterm elections.

"If I were a candidate ... I'd say, 'Look at what the economy has done. It's strong. We've created a lot of jobs. ... I'd be telling people that the Democrats will raise your taxes. That's what they said. I'd be reminding people that tax cuts have worked in terms of stimulating the economy," Bush told reporters at a news conference.

The economy has slowed in recent months, in part because of the slump in the housing market. Recent economic indicators showed a 4.8 percent jobless rate in July and 4 percent annual economic growth rate through the first half of the year.

The Labor Department recently said employers added just 113,000 new jobs in July, down from 124,000 in June.

Only 37 percent of Americans support Bush's handling of the economy, according to the Associated Press-Ipsos poll in early August. The same survey showed Bush's overall approval rating at 33 percent.

As a candidate, Bush said he would remind voters of the "philosophical difference between those who want to raise taxes and have the government spend the money, and those of us who say, 'You get to spend the money the way you want to see fit. It's your money.'"

"I'd remind people that pro-growth economic policies had helped us cut that deficit faster than we thought," he said.

In 2000, the last year of the Clinton administration, the surplus was $236 billion. The $260 billion deficit forecast for the current budget year, which ends Sept. 30, is $112 billion below previous estimates. Tax revenues contributed to the smaller deficit.

Bush also said Republican and Democratic candidates should focus on working with the president to solve the budget problems facing the Medicare and Social Security programs.

"People expect us to come here to solve problems. And thus far, the attitude has been: Let's just kind of ignore what the president has said and just hope somebody else comes and solves it for us," he said.

Poll: GOP Up After Terror Arrests (USAT)

By Susan Page And David Jackson

USA Today, August 22, 2006

WASHINGTON — The arrest of terror suspects in London has helped buoy President Bush to his highest approval rating in six months and dampen Democratic congressional prospects to their lowest in a year.

In a USA TODAY/Gallup Poll taken Friday through Sunday, support for an unnamed Democratic congressional candidate over a Republican one narrowed to 2 percentage points, 47%-45%, among registered voters. Over the past year, Democrats have led by wider margins that ranged up to 16 points.

Now 42% of Americans say they approve of the job Bush is doing as president, up 5 points since early this month. His approval rating on handling terrorism is 55%, the highest in more than a year.

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The boost may prove to be temporary, but it was evidence of the continuing political power of terrorism.

"The arrests reminded people that terrorists were out there, and this is his strong suit," says political scientist Gary Jacobson of the University of California, San Diego. Now, as in 2002 and 2004, Bush and GOP congressional candidates argue that they can be better trusted to combat terrorism.

The alleged plot to bomb flights to the USA "also changes the subject of public discussion from the war in Iraq, which people are not very happy about," says Christopher Gelpi, a political scientist at Duke University.

The war on terror is the only area in which Bush has a positive standing and the only one that significantly changed. His rating is below 40% on six other issues.

At a news conference, Bush said there was an "urgent" need for an international force to be deployed to southern Lebanon to uphold a fragile cease-fire between Israel and Hezbollah. The United States won't send troops but will assist with logistics, communication and intelligence-gathering.

The USA TODAY poll found Americans pessimistic about the aftermath of the month-long war there:

·Nine in 10 predict that the cease-fire will be temporary and fighting will break out again soon.

·Seven in 10 say the conflict hurt the image of the United States and the prospects for a long-term peace.

·Two-thirds say the United States should play a minor role or no role in developing a peace agreement. Just 14% say the United States should take the lead.

The telephone survey of 1,001 adults has a margin of error of +/-3 percentage points.

To regain control in Congress, Democrats need to pick up 15 seats in the House, six in the Senate.

Bill Burton of the Democratic Congressional Campaign Committee questions whether the GOP bounce will last.

"Polls are going to go up and down," he says, "but it's obvious the American people want change."

Tracey Schmitt of the Republican National Committee said the GOP "will continue to make the case that a post-9/11 America can't afford to have leaders in office who believe defeatism is an acceptable strategy to protect our nation and win the war on terror."

To A Presidential Notion: Sorry, Mr. Bush, But No (NYT)

By David Stout

The New York Times, August 22, 2006

WASHINGTON, Aug. 21 — "I may be the only person, the only presidential candidate who never carried the state in which he was born," President Bush said on Monday.

Uh, no, Mr. President. There have been quite a few, actually. Some are known only to historians, while others are famous. You might even call one a household name, Mr. President, depending on which household.

But we get ahead of ourselves.

Mr. Bush made his comment while expanding on his intention to stay out of the Senate race in Connecticut, where the incumbent, Joseph I. Lieberman, is trying to win despite being denied the nomination of his own Democratic Party.

Since Mr. Lieberman has supported the president on the Iraq war, the inevitable question has been how hard Mr. Bush would campaign against him, if at all. In good-naturedly dodging the question, Mr. Bush noted that he himself failed to carry Connecticut twice, despite having been born in New Haven in 1946.

Now, a trip down Trivia Lane to recall other presidential candidates who were defeated in the states in which they were born. And, no, we do not assert that the list is complete, nor do we gloat, for there are many ways to be tripped when playing Facts About the Presidents (and would-be presidents).

Al Gore, for instance. History buffs will remember that he failed to carry Tennessee in 2000. But while Tennessee is often called his "home state," he was born in Washington, D.C., which he carried overwhelmingly.

George McGovern, on the other hand, unambiguously joins Mr. Bush as a presidential candidate who failed to carry the state of his birth. Mr. McGovern, a South Dakota native, carried only Massachusetts and the District of Columbia against President Richard M. Nixon in 1972.

Hubert H. Humphrey, of course, was a giant in Minnesota politics. But he was born in South Dakota, a state he lost to Nixon in 1968.

Others on the list include Adlai E. Stevenson, born in Los Angeles, who did not carry California (or Illinois, where he was governor) against Dwight D. Eisenhower in 1952 or 1956.

There was Gov. Alfred E. Smith of New York, who grew up in Manhattan, but failed to carry the Empire State against Herbert Hoover in 1928. Let us not forget James W. Cox, who was born in Ohio but lost to another Ohioan, Warren G. Harding, in 1920. And surely we must recognize Alton B. Parker, born in Cortland, N.Y., who lost the 1904 election to another New Yorker, Theodore Roosevelt.

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When he won the White House in 1844, James K. Polk did not carry the state of his birth, North Carolina, or the state where he had been governor, Tennessee. Fast-forward to the time of Abraham Lincoln, who failed to carry his birth state, Kentucky, in 1860 or 1864. (His 1864 opponent, George B. McClellan, did not carry Pennsylvania, even though he was born in Philadelphia.)

Let us close with some familiar names of our time. Another presidential candidate who did not carry the state where he was born was Senator John Kerry, Democrat of Massachusetts, who was born in Colorado.

And the household name, Mr. President? That would be your father, George Herbert Walker Bush, born in the Town of Milton in eastern Massachusetts, a state he lost twice.

Contender For DeLay Seat Quits (WP/AP)

The Washington Post, August 22, 2006

SUGAR LAND, Tex., Aug. 21 -- Sugar Land Mayor David G. Wallace withdrew Monday as a Republican write-in candidate for the seat vacated by the resignation of former House majority leader Tom DeLay.

His action left the Texas GOP united behind one write-in candidate, Houston City Council member Shelley Sekula-Gibbs. She won the party's endorsement last week.

Wallace previously indicated he would stay in the race despite the party's snub.

"What I am choosing to do at this time is unite with the Republican Party behind one candidate," Wallace said at a news conference. "There is no way that two write-in candidates could win. It would be very difficult and divisive to the Republican Party." He said the party did not pressure him to withdraw.

DeLay won the GOP primary in March. He resigned from Congress in June as he faced increasing scrutiny over ethical troubles, including state money laundering charges and fallout from his association with convicted lobbyist Jack Abramoff.

Connecticut Groups Push To Remove Lieberman From Ballot (WP/AP)

The Washington Post, August 22, 2006

HARTFORD, Conn., Aug. 21 -- Critics of Sen. Joseph I. Lieberman's independent run to keep his job attacked on two fronts Monday, with one group asking an elections official to throw him out of the Democratic Party and a former rival calling on state officials to keep his name off the November ballot.

Staffers for the senator from Connecticut, who lost the Aug. 8 Democratic primary to Greenwich businessman Ned Lamont, called both efforts dirty politics. The senator filed as an independent candidate a day after the loss, running under the new Connecticut for Lieberman Party.

A group whose members describe themselves as peace activists asked Sharon Ferrucci, Democratic registrar of voters in New Haven, to remove Lieberman from the party, arguing that he cannot be a Democrat while running under another party's banner.

The request could lead to a hearing in which Lieberman, the Democrats' vice presidential nominee in 2000, would have to argue that he still adheres to the party's principles.

"The law is pretty clear he is no longer a member of the Democratic Party in good standing," said group leader Henry Lowendorf. "There was an open vote, and he was voted out. He joined a different party."

Ferrucci said she would research the request, the first of its kind in her two decades on the job.

Lieberman campaign manager Sherry Brown branded the effort "dirty political tricks at its worst."

"This kind of ridiculous, partisan game-playing is not going to provide anyone in Connecticut with better jobs, better health care or better schools," she said.

Since losing the primary, Lieberman has referred to himself as an "independent Democrat" and said he plans to remain part of the Democratic caucus in Washington, even though several leading Democrats have called for him to give up his independent run.

Lieberman, popular among Republicans and unaffiliated voters, led Lamont by 12 percentage points in a recent statewide poll, with Republican Alan Schlesinger far behind.

John Orman, a Democrat who gave up a challenge to Lieberman last year, argued in complaints filed with the state Monday that the senator should be kept off the Nov. 7 ballot.

Orman, a Fairfield University professor of political science, accused Lieberman of creating "a fake political party" and added: "He's doing anything he can to get his name on the ballot."

Santorum Goes Full Circle (WT)

By Charles Hurt

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The Washington Times, August 22, 2006

First of an occasional series

PITTSBURGH -- When Sen. Rick Santorum was first elected to Congress 16 years ago, he was among the firebrand conservatives who mapped out the Republican Revolution to slash government spending and end political careerism in Washington.

Today, the Pennsylvanian is the third-ranking Republican in the Senate. But the Republican Revolution is over, and he faces one of the toughest re-election campaigns in the country.

Typical of his campaigning these days was a stop earlier this month at the Pittsburgh Zoo, where he boasted to local reporters about how he'd fetched $500,000 from federal taxpayers to build one of the most luxurious polar-bear exhibits outside Arctic climes.

"They're building underwater tunnels so you're actually under water," Mr. Santorum told his awe-struck children as they toured the construction site and approached a tunnel of 4-inchglass that will allow zoo visitors to view the bears from below.

In November, Mr. Santorum faces state Treasurer Bob Casey Jr., a conservative Democrat who says Mr. Santorum has lost touch with the voters who first elected him and accuses him of helping usher in a new and deeper era of fiscal irresponsibility.

The race is viewed by many -- including Mr. Santorum -- as one of the biggest challenges facing a Republican incumbent nationwide as Democrats seek six seats to gain control of the chamber. Mr. Santorum, chairman of the Senate Republican Conference, says Democrats want revenge for Republicans' 2004 toppling of Minority Leader Tom Daschle in South Dakota.

After the zoo event, Mr. Santorum was asked whether funding for the polar-bear exhibit really was all that important, given the federal government's hemorrhaging debt, looming financial crisis in entitlement programs and expensive emergencies, such as the war in Iraq and rebuilding after Hurricane Katrina.

"If the pot of money is there, I'm going to make sure we get a piece of that money," said Mr. Santorum, who defended his record of support for "lean" budgets.

"The federal government does finance educational programs with respect to biology and zoology and a whole host of areas that we think is important for our children," he said. "Is that an important thing? Well, you know, yeah, it probably is."

That's the wrong answer for some of his longtime supporters.

"Where does the federal government get the constitutional right to take $500,000 from people to build a polar-bear exhibit?" asked Charlie Clift, who has supported Mr. Santorum in every past election.

'Lost touch'

To be sure, conservative Republicans such as Mr. Clift, who lives in Bucks County north of Philadelphia, aren't upset at Mr. Santorum simply because he directed federal funding for the polar-bear exhibit. They say that after 16 years in Washington, he has "lost touch" with the vision of smaller, more responsible federal government that he promised.

And while Mr. Casey has not proved himself any more loyal to such beliefs, his campaign is certainly capitalizing on conservative dissatisfaction with Mr. Santorum.

A favorite line in Mr. Casey's stump speech is that Mr. Santorum has steadfastly opposed increases in the federal minimum wage even as he has voted three times to raise his own salary.

It gets worse when Casey staffers dredge up statements that Mr. Santorum made 16 years ago that he would never accept a pay raise, even a cost-of-living adjustment.

"The public is fed up with members of Congress having no limits on their ability to increase their salaries," the Associated Press quoted Mr. Santorum saying in 1990. "And members do not seem willing to voluntarily limit their salaries like I have, vowing never to accept any more salary than what is provided upon taking office."

Today, Mr. Santorum has come down from the ramparts.

"I believe that members of Congress should, by and large, receive cost-of-living adjustments," he said when asked about Mr. Casey's charges. "If we'd left the salary what it was when I first took office, we'd be getting a third of the value of the dollar than what I got when I came in."

It's an issue that has already cost several Pennsylvania politicians their careers.

Just last year, the Pennsylvania legislature outraged residents by granting themselves a pay raise in the middle of the night. As word of the deed spread, there came a public outcry and the formation of a nonpartisan organization called Pennsylvania Clean Sweep, dedicated to throwing out all the incumbents.

Clean Sweep "is not a Republican, Democrat, Libertarian, Constitution, Green or Reform Party movement," according to its organizers. "It's us vs. them. The governed vs. the government. The taxpayers vs. the tax wasters." And the group's record of success has every incumbent in the state fearing for his job.

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This year, all 203 members of the state House and 25 of the state Senate's 50 members face re-election. In the May primaries, 35 Pennsylvania Clean Sweep candidates won their races, a staggering seven having toppled incumbents.

Mr. Santorum's only hope is that voters remember that Mr. Casey, who eventually joined those opposed to the pay-raise plot, is the state treasurer who had signed all the fattened checks.

'I still feel the knife'

Come November, Mr. Santorum will need the vote of every breathing conservative in Pennsylvania. Mostly, they are the folks in the Philadelphia suburbs and vast rural middle of the state who in past elections have knocked on thousands of doors for fiscally conservative, pro-life, pro-gun candidates.

Just two years ago, they were out in force for former Rep. Patrick J. Toomey, a conservative who challenged and nearly beat Pennsylvania's longtime senior senator, Arlen Specter, who is among the most liberal Republicans in the Senate.

In 2004, Republicans knew that if Mr. Specter won the primary, he'd cruise to victory with his traditional support from Democrats and independents. If Mr. Toomey had won the primary, he would have had a much harder time winning the general election.

Because it was a presidential year in which Pennsylvania could be crucial, the White House wanted a safe bet and got behind Mr. Specter. And so did Mr. Santorum.

"We had a 51-49 United States Senate, and every seat mattered," Mr. Santorum said. "It was important, I thought, for the president to have someone strong on the ticket. I thought it was important for us to keep this seat."

Although Mr. Specter speaks publicly of his gratitude for Mr. Santorum's backing, it's a decision that has returned to haunt the Santorum campaign.

"I still feel the knife in my back from that," Mr. Clift said. "We worked very hard for Pat Toomey. All [Mr. Santorum] had to do was keep his mouth shut, and we'd all be fat, dumb and happy supporting him right now. I won't lift a finger to help him."

In addition, he said, "I'm not pulling the Santorum lever this time. I'll write my own name in before I'll vote for him."

Although many conservatives told The Washington Times that they will not campaign for Mr. Santorum as actively as they would have otherwise, they'll still vote for him.

"There is no enthusiasm," said Tim Krieger, a lawyer in Westmoreland. "If you press Republicans, they say, 'Yeah, Santorum is better than Casey,' but they're not going to spend their Saturdays knocking on doors."

One Toomey supporter who has forgiven Mr. Santorum is Mr. Toomey himself, who is now the president of the conservative Club for Growth. He has endorsed Mr. Santorum and held a fundraiser for him earlier this year.

State Sen. Bob Robbins enthusiastically supports Mr. Santorum, but said he's not surprised that the two-term incumbent faces a stiff challenge.

"Rick Santorum is a principled leader, and he has been a champion for conservative issues of our time," he told supporters at a recent rally. "Legislators like Rick who have a solid record and are strong in their positions often have a target on their back."

Bush drag

One political ally voters won't see with Mr. Santorum at any endorsement rallies is President Bush, who is unpopular in Pennsylvania.

"The president isn't going around doing campaign rallies for people," Mr. Santorum said. "What a president is best at doing for a candidate is one thing: raising money. When you have the president at an event, people will pay money to see him."

Despite a host of formidable obstacles, Mr. Santorum's campaign is much better off today than it was just a few months ago when he trailed Mr. Casey by a double-digit margin.

The most recent poll by Franklin and Marshall College in Lancaster, Pa., had Mr. Santorum trailing by six percentage points, 47 percent to 41 percent, with 12 percent undecided.

And, Mr. Santorum is a tireless and unwavering campaigner, who seems to relish his underdog status.

At the Pittsburgh Zoo, he was treated with great fanfare by hosts grateful for the federal funding Mr. Santorum had secured for the polar-bear exhibit. After surveying the construction site, the staff escorted him to the neighboring sea-lion exhibit.

Wearing loafers, a golf shirt and an uncomfortable grin, Mr. Santorum stood inside the pen and watched as zookeepers tossed dead fish to eager, well-fattened sea lions.

One of the sea lions hopped out with a splash and waddled to within a few feet of Mr. Santorum. A dead fish was thrown, and the sea lion caught it. With a series of barks, the beast reared back on its rump and clapped its flippers.

But that applause is not universal.

Recently, Mr. Santorum with several armed guards in tow began traveling through this state in a giant, blue RV emblazoned with the smiling faces of him and his family.

As it lumbered through a toll booth on the interstate between Pittsburgh and Erie, it caught the eye of a toll collector a few booths down.

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"Yo, do me a favor, would you?" he asked a driver as he gave him change.

"When you pull out of here, hit that truck," said the toll collector as he watched Mr. Santorum's smiling face pull away.

Casey Touts Independence But Shuns Tough Issues (WT)

By Charles Hurt

The Washington Times, August 22, 2006

NEW BERLIN, Pa. -- Pennsylvania Treasurer Bob Casey Jr. prides himself on his independence from national Democrats on hot-button issues such as abortion.

"When people review my record and the way I've approached issues, I've been independent on a lot of things," he said in a recent interview with The Washington Times.

But his independence quickly evaporates when it comes to other thorny political issues such as Social Security reform or whether he would have supported the Iraq war resolution.

Asked whether he favored cutting benefits or raising taxes to save Social Security, Mr. Casey repeatedly would not give a direct answer.

"I would do what they did in the 1980s: sit down and have a bipartisan agreement, where both sides sit down and work it out," he said. "And that could mean a lot of things. You can't even begin to describe what would happen until these guys in Washington have some kind of real commitment to bipartisanship."

In the end, the chief financial officer of the sixth most populous state in the country would not offer a single suggestion for Social Security reform.

It is an issue that his opponent, two-term Sen. Rick Santorum, has never shied away from.

Well before President Bush came to Washington, Mr. Santorum proposed creating private accounts with Social Security payments as a way to prohibit the federal government from raiding people's retirement savings, which is the root cause of the problem.

And although Mr. Casey says he wants to find bipartisan solutions to Social Security problems, he is quick to attack the only idea that is being discussed -- Mr. Bush's "scheme to privatize."

Mr. Casey said he would discuss Mr. Bush's proposal "if I thought it was a proposal that was worthy of debate -- I thought it was a scheme. There's an agenda in their party, which is to undo a lot of what the New Deal did. Their idea is that the market should be controlling a lot more of what government is doing now."

Similarly, Mr. Casey refuses to say whether he would have voted for or against the Senate resolution to go to war in Iraq.

"If we knew then what we knew now, I don't think there would have been a resolution," he said.

Mr. Santorum says Mr. Casey steers clear of tough issues and runs on the famous name of his beloved father, who dominated the Pennsylvania political landscape for decades, most notably as governor from 1987 to 1995.

So wary is Mr. Casey that he has avoided any formal debates with Mr. Santorum.

Mr. Santorum has made numerous requests since November for up to 10 debates, according to letters produced by his campaign. One such letter, sent by certified mail postmarked July 13 to Mr. Casey's campaign manager, was returned July 26 with the word "refused" written across it.

Mr. Casey has rebuffed so many offers to debate that Mr. Santorum's campaign has taken to sending a man in a duck suit to some Casey events. Mr. Casey's campaign said yesterday that it is now in talks with Mr. Santorum's campaign and several television stations to schedule debates.

Clinton Challenger Suspends Campaign (NSDY/AP)

By Michael Gormley

Newsday, August 21, 2006

ALBANY, N.Y. -- One of Sen. Hillary Clinton's Republican rivals suspended her campaign "until further notice" Monday following her teenage daughter's arrest on a shoplifting charge.

Kathleen Troia "KT" McFarland, who has been in a bitter primary fight against former Yonkers mayor John Spencer, has canceled her upcoming events with barely three weeks left before the Sept. 12 election, her spokesman William O'Reilly said.

"This past Saturday, my 16-year-old daughter, Camilla, was caught shoplifting from two stores in Suffolk County," McFarland said in a statement. Her daughter will not contest the charges, two counts each of petty theft and possession of stolen goods, McFarland said.

Further details on the arrest were not immediately available.

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"My husband Alan and I are deeply alarmed by this incident and will be spending every waking hour in the coming days dealing head-on with the repercussions of her actions," she said. "I will resume active campaigning only when I am certain that my daughter is OK and getting the help she needs."

McFarland said Camilla is "a bright and wonderful child" who "has made a serious mistake."

"No one is above the law," she added.

A top aide to McFarland said the race would go on. "It's certainly not the end of the campaign," Ed Rollins said. "We'll get the campaign functioning in a few days. ... This is a personal tragedy."

McFarland, a former Pentagon official under President Reagan, and Spencer, the party's designee, both trail Clinton substantially in polls and fundraising.

Spencer did not immediately respond to a phone call Monday seeking comment.

Senators Say Age Is No Reason To Quit Running (USAT)

By Kathy Kiely

USA Today, August 22, 2006

HINTON, W.Va. — This old railroad town clinging to a mountainside above the rapids of the New River can't hide its age. Neither does Sen. Robert Byrd.

When he arrived here last week to dedicate a high-technology center for which he wrested more than $3 million from the federal budget, the 88-year-old Democrat couldn't resist unpacking some memories of "my 60 years in public service."

They included recollections of local congressman Nick Rahall's grandfather and grocer Buzzy Hellem's father, the Longhorn cheese and pepperoni that Buzzy sometimes sends him, and of other food favored by the humble country folk who reared him.

But lest anyone mistake Byrd's sentimental ramblings for a valedictory, the Senate's longest-serving member made sure to include a pointed plug for the future — especially his.

"God and the people of West Virginia put me into a position where I could do something for West Virginia, and I did it with all my might. Hallelujah!" Byrd declared. "And, no, I'm not done yet!"

Byrd is seeking an unprecedented ninth Senate term on Nov. 7. Less than two weeks later, he will turn 89. He's not the only octogenarian running for re-election to the Senate this year: Daniel Akaka of Hawaii turns 82 on Sept. 11, just 12 days before the state's primary.

Byrd and Akaka represent the leading edge of a trend, said John Challenger, head of the executive outplacement firm Challenger Gray & Christmas. "People just aren't retiring any more," he says. As baby boomers reach retirement age, companies concerned with manpower shortages are deciding "they can ill-afford to lose these people," Challenger said.

In the Senate, age is relative. Strom Thurmond, a South Carolina Republican, left the Senate in 2003 at age 100. At the beginning of this term, the average age of senators was 60.4, and those with the most seniority are in their 70s and 80s. The two men vying to replace Byrd and Akaka are both in their 50s.

In West Virginia, Byrd faces Republican John Raese, 56, a wealthy businessman whose family holdings include steel mills and a chain of radio stations. Akaka has drawn opposition in the Democratic primary from two-term congressman Ed Case, 53, a cousin of America Online founder Steve Case.

Raese entered the Senate race after Republican Rep. Shelly Moore Capito decided not to run. He says he's in it to win, even though some members of his party aren't sure of the wisdom of trying to knock off Byrd.

"He is an institution in this state. I don't know anybody who could beat him," said Gayle Mason, an accountant and Republican who lunched with Byrd on the opening day of the state fair in Lewisburg. When the senator spent some money at the Amish Fudge stand, he attracted a throng of constituents eager to have their photos taken with him.

"I have always wanted to meet him. This is like a miracle," said Ken Stone of Charleston, who wore a "USA" baseball cap and a "God Bless America" T-shirt.

Raese said Byrd has grown too left-wing for West Virginia, which voted for President Bush in the past two elections. Stone, a Vietnam veteran, never mentioned Byrd's outspoken opposition to the Iraq war. Instead, he focused on Byrd's efforts for the military. "He saved the National Guard in Charleston," Stone said.

Raese isn't making age an issue in West Virginia, but Case is in Hawaii. "We have two 82-year-old senators," Case told USA TODAY in an interview, referring to Akaka and Sen. Daniel Inouye, D-Hawaii, Akaka's elder by four days. "They're coming to the end of their careers. … What makes complete sense in an objective way is to bring in the next senator now to build up seniority while Inouye is still serving."

Case's reasoning brings a sharp retort from Inouye, who ranks second to Byrd among Democrats on the powerful Senate Appropriations Committee.

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"It sounds almost as if Mr. Case is playing God, suggesting that Sen. Akaka or I could soon be meeting our maker," Inouye said. "Yes, Sen. Akaka and I could be hit by a car or by lightning. But so, too, could Mr. Case."

Akaka says he's in good health "so I want to go as far as I can to continue to serve the people of Hawaii." Democratic senators from Edward Kennedy of Massachusetts, age 74, and Barack Obama of Illinois, 45, have made television commercials for Akaka.

A Rasmussen Reports poll this month of likely voters showed a tight race with Akaka leading Case 47%-45%. Conversations with Hawaii voters reveal deep divisions. Jack Rivers, 45, a Honolulu fashion consultant, thinks Case is violating local mores about respecting elders. "We have a tradition of kinship in Hawaii, and what he's doing could upset the family," Rivers said.

Retired airline pilot Gerry Madison, 67, questions what Akaka has done in three terms in the Senate. "Akaka has seniority, but he doesn't use it for any good purpose," he said. "I'd rather see a younger, more dynamic person in office like Case."

The difference between the Byrd and Akaka races may reflect their state's economies. Akaka represents a state where the median income is $49,820 and the poverty rate is 11%. In West Virginia, where 18% of households live in poverty and the median income is $29,696, the jobs and roads and other federal largess Byrd has been able to command looms large.

"I put a billion dollars into West Virginia in my first six years of being chairman of the Appropriations Committee," Byrd told the crowd at Hinton. "Don't you doubt it. Man, I put several billion into West Virginia."

That's why David Brewer, 56, a retired coal miner, said Byrd deserves another six years. "Don't back off now," he said. "He doesn't look like he's losing anything."

For Hagel, Standing Up Brought A Fall From Favor (WP)

By Eric Pianin

The Washington Post, August 22, 2006

Chuck Hagel: Moving Forward

Charlyne Berens

University of Nebraska Press, 230 pp. $25

Not long ago, Sens. Chuck Hagel of Nebraska and John McCain of Arizona were the Stardust Twins of the GOP, both decorated Vietnam War veterans and fearless conservative mavericks who occupied much the same political ground.

Hagel was at McCain's side when the Arizonan waged a bitter presidential primary battle against George W. Bush in 2000, and he introduced McCain to the Republican National Convention in Philadelphia. By then, of course, McCain's "Straight Talk Express" campaign had been derailed by Bush, while Hagel's popularity among party regulars surged to the point that he was mentioned as a possible running mate for Bush.

But six years later, that picture has been turned upside down: McCain has morphed from party outsider to Bush administration booster and a leading contender for the 2008 GOP presidential nomination. Hagel, meanwhile, has tumbled from grace within the party after repeatedly challenging the Republican leadership on Capitol Hill and leveling bruising critiques of President Bush's handling of the war in Iraq and domestic policy.

How could the onetime toast of the GOP have fallen so far, and what are the chances that Hagel will run for president in 2008 in the face of so many obstacles? In her new book, "Chuck Hagel: Moving Forward," University of Nebraska at Lincoln journalism professor Charlyne Berens attempts to answer those questions with a sympathetic portrait of a public figure who is immensely appealing and astute, yet the architect of his own political frustrations.

Berens begins her book noting that Hagel, a loyal Republican and internationalist in outlook, "time and again has taken shots at his party's and his president's engagement -- or lack of it -- with the rest of the world" and has scolded his conservative colleagues for their unilateralist tendencies. Hagel strongly values international alliances and global institutions such as the United Nations and NATO, a view that he has enunciated from his perch on the Senate Foreign Relations Committee and that put him at odds with Bush's early go-it-alone approach to foreign policy.

Hagel commands respect for his thoughtful views on foreign policy, his one real passion in the Senate, and his candor has made him a favorite of the Washington press corps, as when he declared after Bush was nominated for a second term that the Republican Party "has come loose of its moorings."

Yet that same independent streak that marked his formative years and his remarkable climb to power has hurt his relations with many of his Republican colleagues and diminished his effectiveness as a lawmaker. While McCain has vigorously defended Bush's war policies and mended fences with the Rev. Jerry Falwell and other right-wing foes, Hagel's complaints about the war and his opposition to the No Child Left Behind education plan and other signature Bush domestic initiatives have marginalized his prospects as a presidential candidate.

As Hagel's chief of staff, Lou Ann Linehan, often lamented: "I don't know why we have to run in front of every bullet."

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"So now he's considering running for the presidency," Berens writes. "Just how will his outspokenness affect that aspiration?"

Berens offers a wide range of opinions and speculation on the subject from political scholars and operatives, but by the conclusion of the book, the questions of whether Hagel will run or could mount an effective campaign are left hanging.

Authors of speculative books on politics run the risk of being overtaken by events, and Berens's observations have a slightly dated feel. Her book leaves off in early 2005, with the Hamlet-like Hagel still pondering his future. But a lot has happened since then, and other Republicans, including McCain, Gov. Mitt Romney of Massachusetts and Sen. George Allen of Virginia, are way ahead of Hagel in organization, fundraising and prominence in the polls.

For all the frustration Hagel expresses about the Republican Party, he is philosophically in tune with many of its traditional stances. He is an ardent free-trader, favors as little government as possible (wishful thinking in an era of exploding government growth) and supports limits to government intrusion in the private lives of Americans, while Bush has authorized warrantless wiretaps of telephones and e-mails.

Hagel, 59, still has bits of shrapnel in his chest and the remnants of burns to his face from his service as an infantryman in Vietnam in the late 1960s. Unlike his brother, Tom, who walked point with him in the same infantry unit, Hagel supported the war effort and never took part in protests. It took decades of study and reflection before he came around to his brother's conclusion that the war had been a huge mistake and that, as he described it, "there was just so much dishonesty in it."

Recently, Hagel called Iraq "an absolute replay of Vietnam."

The book suggests that Hagel's Vietnam experience helped to shape his internationalist perspective and to put him on a track to a political career. It also may have heavily influenced his views on the U.S. invasion of Iraq -- which he voted to authorize and later came to regret -- as well as his skepticism of the administration's motives and dismay with its performance. He has asserted that the White House has lost touch with reality and that the reconstruction effort in Iraq is "beyond pitiful."

In the fall of 2004, Harold W. Andersen, the retired publisher of the Omaha World-Herald, wrote a column for the paper declaring that Nebraska Republicans were tired of Hagel's criticism of Bush's handling of the war in Iraq. Hagel responded that it was his responsibility as a senator to ask the hard questions that "were not asked when we sent young men and women into Vietnam."

"Where were our elected officials then?" he asked, with the same straight-from-the-shoulder forthrightness that has gotten him into hot water with his party.

Obama Visits Robben Island (CHIT)

By Jeff Zeleny, Tribune Correspondent

Chicago Tribune, August 22, 2006

ROBBEN ISLAND, South Africa -- The tour guide was Prisoner No. 468.

His name is Ahmed Kathrada and for 26 years he was held captive inside the impenetrable stone fortress off the shores of Cape Town. A confidant of Nelson Mandela's, he was arrested at age 34 and released two months after turning 60.

Now, after serving in Parliament, he willingly returns to Robben Island, personally leading dignitaries and celebrities from all corners of the globe through the hallways of his own living hell.

Bill Clinton and Al Gore have stood and listened as he told his story from inside the prison yard, where the daily task of otherwise accomplished political prisoners was to break big stones into gravel.

Margaret Thatcher and Fidel Castro have made pilgrimages of their own, too, walking down the dank corridors of the maximum-security prison where thousands of men had been held during the 340-year history of Robben Island.

"We've had Hollywood here, too," said Kathrada, who promptly began ticking through an A-list of names, from Oprah Winfrey and Janet Jackson to Denzel Washington and Will Smith. "And I'm only talking about the people that I accompanied."

On Sunday morning, under a glorious blue sky, Sen. Barack Obama (D-Ill.) took his turn.

After boarding a ferry on Cape Town's waterfront district, he took a seat next to Kathrada on the lower deck and quizzed him for virtually the entire 20-minute ride. Even as Robben Island came into view and the ferry cut its engines, Obama was still peppering him with questions about what it was like to be held captive for a quarter-century.

"Were there ever any escapes?" Obama asked.

"Only one," his guide replied. "Back in 1658."

For the next hour, Obama made his way across the sprawling grounds of the prison, spending considerable time in the rocky prison yard where Mandela had once buried pages of his writing, sealing them in bags and placing them below ground before they were smuggled out. The works ultimately formed Mandela's book, "The Long Walk to Freedom."

While Mandela's former cell is off-limits to regular visitors to Robben Island, VIPs are allowed. So with a silver key in hand, Obama walked down a narrow hallway, stopping at the fourth cell on the right.

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It was here, inside a room not much larger than a modern-day bathroom stall, where Mandela had spent the lion's share of his time during his 27-year incarceration. There was no furniture and the lights never went off in the chilly room, where gray paint was peeling from the walls.

"How does it make you feel when you come back?" Obama asked Kathrada, as television and documentary crews scrambled to capture the senator playing the role of questioner.

"I'm always reminded," Kathrada replied, "that you missed children."

The tour continued to the lime quarry – newspapers were smuggled here for prisoners to read, hoping to find good news about the liberation movement – and onto the Penguin Boardwalk. As water from the chilly Atlantic crashed onto a rocky shoreline, the small white and black penguins offered one of the few signs of natural life on the island.

Walking back to a white tour bus, Obama reflected on Robben Island, the first stop on a two-week tour of Africa.

"It puts into perspective the work that I do and that most of us in politics do in the United States," he said. "People complain that they have a negative ad against them. That's fairly trivial stuff compared to the elemental, basic struggles that the men here went through."

Then, he added: "It's humbling."

COMING MONDAY: A visit with AIDS patients, a meeting with Archbishop Desmond Tutu and a speech in Cape Town.

US Senator Joins Chorus Of Disapproval Over South Africa's AIDS Policies (AFP)

AFP, August 22, 2006

United States senator Barack Obama joined the chorus of criticism of South Africa's response to the AIDS pandemic, and called for some "clinical truth telling".

Obama, the only African American senator, said: "There needs to be a sense of urgency and an almost clinical truth telling about AIDS in this country for the problem to be solved."

"But (it has to be) addressed in an unambiguous fashion," he told reporters in Cape Town.

"There should not be a contradiction or conflict between traditional values and modern science," he added.

Obama said he was hoping to meet with South African President Thabo Mbeki, who has been under pressure to axe his controversial health minister Manto Tshabalala-Msimang after she took a beating over the government's AIDS policies at a global summit in Toronto.

The United Nations' special envoy on AIDS in Africa, Stephen Lewis, lambasted Pretoria for its response to HIV/AIDS, affecting some 5.5 million South Africans.

Lewis blasted South Africa's AIDS policies as "wrong, immoral (and) indefensible", saying they were "theories more worthy of a lunatic fringe than of a concerned and compassionate state".

The South African stand at the Toronto summit casued outrage by displaying beetroot, garlic and lemons alongside anti-AIDS medicines.

Health Minister Manto Tshabalala-Msimang advocates the quirky diet to fight HIV. And Mbeki himself came under fire several years ago after questioning the link between HIV and AIDS.

Pretoria responded angrily over the weekend to Lewis' comments, saying it rejected "with contempt the statement made by Stephen Lewis with regard to the response of the South African government to the challenge of HIV and AIDS".

"Lewis should tell the world which other developing country has invested resources comparable to South Africa in implementing HIV and AIDS prevention, care and treatment programmes," said health ministry spokesman Sibani Mngadi.

The South African government has tripled the budget allocation for HIV and AIDS over the last four years to 3.5 billion rand (500 million dollars, 390 million euros), the spokesman said.

Tutu Has Encouraging Words For Obama (AP-Y)

By Clare Nullis, Associated Press Writer

AP, August 22, 2006

Nobel Peace prize winner Desmond Tutu offered Illinois' freshman senator a boost Monday for any future presidential bid.

"You're born to be a very credible presidential candidate," Tutu told Sen. Barack Obama, the son of a Kenyan economist and the U.S. Senate's only black member.

"I hope that I would be equally nice to a young white senator, but I'm glad you are black," grinned the anti-apartheid veteran.

Though still in his first term, Obama has become a well-known political figure and is often mentioned by political analysts and activists as a future president or vice president.

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He laughed off Tutu's remarks. But in a speech to the South African Institute of International Affairs he struck a serious tone about U.S. foreign policy.

"The Democrats have an opportunity to shape a new vision and create a consensus," said Obama, a member of the Senate Foreign Relations subcommittee on Africa.

"If the United States wants to form truly effective partnerships to counter the threats of the 21st century, then we must be willing to devote serious efforts to building good will and popular support for our policies among not just governments but the people themselves."

The Democrat's session with the religious leader came after meetings with AIDS activists and victims on the second day of his two-week African tour.

Obama, who is due to visit his father's home in Kenya, as well as Chad and the Congo, reiterated one of his favorite themes: that African countries should not expect handouts and could not blame colonialism indefinitely for their woes. Instead they should strive for good governance and invest in the future by better education.

"The factor of corruption has impeded development dramatically," he commented.

High Expectations Await Obama In Kenya (LAT)

By Edmund Sanders

The Los Angeles Times, August 22, 2006

NYANGOMA-KOGELO, Kenya -- For years, farmers here complained about the broken dirt road through their village, so bumpy that taxis and buses refused to drive on it. Then, two weeks ago the government suddenly sent a tractor to smooth the way, conspicuously stopping at the doorstep of one family.

"They're not fooling anyone," said Said Hussein Obama, whose home lies at the end of the newly improved road. "It's only because he's coming. You watch, next week we'll have electricity!"

You can't fault Kenyan officials for wanting to spruce up a little before the eagerly anticipated visit late this week of Sen. Barack Obama of Illinois, a rising star in the Democratic Party whose late father hailed from this tiny farming town.

Obama mania is sweeping the nation, particularly in the long-marginalized west, which is preparing a hero's homecoming for the half-Kansan, half-Kenyan. Obama, 45, began a 15-day, five-nation African tour last weekend.

Construction workers are racing to complete the new science lab at the recently rededicated Senator Obama Secondary School. A play based on his best-selling autobiography recently took the stage at Kenya's National Theater. Sales of long-popular "Senator" beer, which locals dubbed "Obama" after his election, have doubled since June, brewery officials said.

The Hawaiian-born Obama met his father only once and last visited Kenya 14 years ago. His support for abortion and gay rights would roil most voters here. But none of that matters to locals, who see Obama as their new favorite son.

"He's a role model for all of Africa," said Kenyan playwright George Orido, who adapted Obama's "Dreams From My Father" into a play. When the publisher refused to authorize the production, Orido proceeded anyway.

"His story is our story now," the writer explained. "It's moved beyond him. He proves that Africans have the brains to lead. They don't always have to be dictators or despots."

High expectations are symptomatic of the underdevelopment plaguing so much of Africa. This part of western Kenya remains one of the most impoverished regions in the country. Obama's family homestead, near the western city of Kisumu, has never received running water, paved roads or electricity.

Obama is facing strong cultural and tribal traditions that demand family and clan members, even distant ones or ones returning after a long absence, should share their success with the less fortunate. Villagers and family members here see Obama as a rich, powerful American, speaking about him with pride and admiration, but also a hint of disappointment that he hasn't done more to help them.

"It's tradition that when your man is on top, he is supposed to help," said Said Obama, the senator's uncle, a brewery mechanic who has been laid off from his job.

Barack Obama visited Kenya twice before, in 1987 and 1992, while he was still in school and when he was working as a community organizer in Chicago. His political career soared after a rousing speech during the 2004 Democratic Convention, which began speculation that he'd one day run for president.

In an interview before he departed for Kenya this time, the senator said he hoped his trip would shine a spotlight on Africa's struggles, from the bloodshed in Darfur to the promise of recent elections in Democratic Republic of Congo. Monday, he toured an AIDS treatment facility in Cape Town where he criticized the South African government's response to the disease.

In Kenya, Obama said he planned to use his personal connection to the country to challenge leaders about good governance and anti-corruption, with a strong emphasis on African self-reliance.

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"I may be able to talk to Africans in a way that other American politicians are not able to talk, and to challenge them," Obama said. "Aid packages alone don't deliver the goods for people on the ground. ... The key to Kenya's success is going to come from folks on the inside, not the outside."

Back at the family homestead, people are not asking what they can do for Africa, but what Obama can do for them.

There's no shortage of ideas. A new tarmac road would be nice, one resident said. Others spoke of the shoddy health dispensary, which lacks bandages and drugs. A councilman wondered whether Obama could divert World Bank funds to the village. A student suggested an educational exchange program, similar to the one that allowed Obama's father to leave the village in the late 1950s and study in Hawaii, where he met Obama's mother. (The couple separated when Obama was 2. His father went on to study at Harvard University before returning to Kenya.)

At the high school named in the senator's honor, the empty science laboratory is intended as a not-so-subtle hint. "When he sees that it is empty, maybe he will fill it," said Mairsat Onyango, the school secretary.

Some in the town scoffed at the hype associated with Obama's visit. "It borders on hero worship," said Francis Oketch, a land surveyor.

But inside the school, Obama's story serves as a lesson about the merits of hard work. "If he can do it, so can I," said Stephen Momodi, 17, a freshman. "I just need to study more."

Asked what he might say to the famous man when he visits, the teenager responded: "I'd ask him to pay for my school fees."

Obama said high expectations were not surprising, given the stark differences in quality of life between Kenya and the United States.

"I'm going to try to tamp them down when I'm there," he said. "But my suspicion is that there are going to be some disappointments if people think I'm coming with a suitcase full of help."

He has made a personal $14,000 donation to an AIDS orphan-care facility, but he said he does not plan to announce any additional contributions during the trip.

Relatives said they had heard Obama made a small fortune from his autobiography, which traces his search to learn about his absent father, who died in a car accident in 1982, and chronicles an emotional visit to Kenya in 1987 to meet his father's family for the first time. The book helped earn Obama $1.4 million last year in royalties and an advance for a new three-book deal.

With about 50 acres of farmland, Obama's family here shares a collection of small tin-roofed shacks with concrete floors. A new water pump means the Obamas don't have to rely on daily deliveries from a donkey cart, but they still can't afford a generator.

Obama's grandmother, Sarah Ogwel Onyango, 85, grows and sells vegetables at the local market to help support the family. "Working keeps me strong," she said.

Hanging on the yellow walls of her sitting room was a row of family photos, including some of a young-looking Obama helping her carry a sack of vegetables. In between the pictures was an autographed Obama campaign poster from his 2004 Senate race.

"We will be so happy to see him," Onyango said, adding that she was particularly looking forward to spending time with Obama's two young daughters.

Relatives say Obama has hosted visits to the United States by a handful of family members since his election, but he hasn't sent back money, as other relatives do from time to time. Obama's grandmother, who said she dreams of owning a small rental property to support her in retirement, predicted that would change after his visit.

"Barack is mature and observant," she said. "He will see for himself what is lacking here, and then, if he can, he will help."

The Job Sen. Clinton Should Want (LAT)

By Ezra Klein

The Los Angeles Times, August 22, 2006

CONVENTIONAL WISDOM has it that Hillary Clinton's presidential campaign is an absolute certainty. But in Washington, many believe otherwise, fearing for her prospects and those of the Democratic Party she represents. And now there are fascinating hints that these forces are aligning to offer her a dignified way to demur from an ugly and ill-fated presidential effort, while still emerging a national leader.

Earlier this month, Steve Clemons' blog, the Washington Note, quoted highly placed sources as saying that Democratic Senate Minority Leader Harry Reid had pulled Clinton aside and offered her a deal: Eschew the presidential campaign and succeed Reid as leader of the Senate Democrats in 2009. Reid's office, of course, strenuously denies the claim. But Clemons,

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the director of the New America Foundation's American Strategy program, is no fabulist, and this week, similar speculation showed up in Time magazine.

It's obvious that someone wants word of this bargain to be fruitful and multiply. After all, it offers Clinton a way to disengage from an increasingly uphill effort, and it simultaneously floats the image of her in the minority or majority leader's seat, a position she's uniquely well-suited for.

Before running through her qualifications for the job, it's worth explaining why she'd want it in the first place. After all, Clinton is the unquestioned front-runner for the Democratic nomination for president. She commands an unmatched war chest, an unrivaled collection of political talent (headed by her legendarily adroit husband) and star power that most putative candidates can only dream of.

But if her candidacy gleams in theory, its reality looks a little dimmer each day. Clinton is a polarizing figure, commanding a strong base of support but little room for growth. A CBS News poll in late July found her favorables at 32% and her unfavorables at 39% — a worrying ratio for a figure so well established in the public mind.

Many of her potential competitors score far better on likeability indices, notably John Edwards, who's turned his charm into a 4% lead in the crucial early presidential caucus state, Iowa. More troubling for Clinton, Democratic leaders have shuffled the caucus and primary schedule, placing Nevada after Iowa and South Carolina after New Hampshire. Nevada is essentially one big union town, mainly through the hotel workers union Unite Here, which Edwards is closely allied with. Then comes New Hampshire, where Clinton is ahead by single digits, and then South Carolina — Edwards' birth state, which he won in 2004. It's a series tailor-made for Edwards, and thus daunting for Clinton.

Worse yet, the blogs — the weathervane of the emergent left — can't stand Clinton. Markos Moulitsas Zúniga, proprietor of the liberal megasite Daily Kos, even took to the Washington Post to write of his distaste. And her problems don't stop with the primaries — surveys show she routinely loses to John McCain and Rudy Giuliani in head-to-head matchups.

So whatever the hype, Clinton's path to the presidency isn't an easy one. But the road to Senate leadership may be. Clinton possesses qualities that could turn the thankless, grueling realities of congressional preeminence into something glamorous and powerful. She's a human megaphone, for one, able to focus the press corps on whatever it is she wishes to say that morning. Such a skill would prove invaluable to a legislative leader, allowing her to set the agenda and advance her priorities even from the minority.

Second, she's an extraordinary fundraiser, far and away the best the Democrats have. She's raised $33 million for a Senate reelection campaign that lacks a serious opponent — partly the benefit of retaining the Clinton Rolodex, partly a function of her own magnetism.

Perhaps most important, her ability to bury enmities and forge alliances has been astonishing. She's reached out to the bitterest foes of her husband's presidency, seeking rapprochement with everyone from impeachment manager Sen. Lindsey Graham (R-S.C.) to bête noire Newt Gingrich. In the famously collegial Senate, where success relies on odd bedfellows and mountains of goodwill, she's that rarest of creatures, able to conjure partisan passions when elections beckon but also to resurrect constructive relationships when legislation need be passed.

All those qualities would make her a superlative Senate leader, both for the health of the Democratic Party and the workings of the legislative body. Clinton, a serious policy wonk with a deep-seated drive to improve the world, could effect real change, possibly even more than the relentlessly partisan position of president would allow.

Better yet, her path to the Senate leadership is a far safer road, ensuring that Clinton's trailblazing migration from first lady to senator remained unmarred by a catastrophic defeat in a presidential campaign. She would be the first woman to occupy the august body's leadership position, and she would remain resolutely in the public eye, ready and waiting were the ground to shift and 2012 to look more inviting.

The Fertility Gap (WSJ)

By Arthur C. Brooks

The Wall Street Journal, August 22, 2006

The midterm election looms, and once again efforts begin afresh to increase voter participation. It has become standard wisdom in American politics that voter turnout is synonymous with good citizenship, justifying just about any scheme to get people to the polls. Arizona is even considering a voter lottery, in which all voters are automatically registered for a $1 million giveaway. Polling places and liquor stores in Arizona will now have something in common.

On the political left, raising the youth vote is one of the most common goals. This implicitly plays to the tired old axiom that a person under 30 who is not a liberal has no heart (whereas one who is still a liberal after 30 has no head). The trouble is, while most "get out the vote" campaigns targeting young people are proxies for the Democratic Party, these efforts haven't apparently done much to win elections for the Democrats. The explanation we often hear from the left is that the new young Democrats are

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more than counterbalanced by voters scared up by the Republicans on "cultural issues" like abortion, gun rights and gay marriage.

But the data on young Americans tell a different story. Simply put, liberals have a big baby problem: They're not having enough of them, they haven't for a long time, and their pool of potential new voters is suffering as a result. According to the 2004 General Social Survey, if you picked 100 unrelated, politically liberal adults at random, you would find that they had, between them, 147 children. If you picked 100 conservatives, you would find 208 kids. That's a "fertility gap" of 41%. Given the fact that about 80% of people with an identifiable party preference grow up to vote the same way as their parents, this gap translates into lots more little Republicans than little Democrats to vote in future elections. Over the past 30 years this gap has not been below 20% -- explaining, to a large extent, the current ineffectiveness of liberal youth voter campaigns today.

Alarmingly for the Democrats, the gap is widening at a bit more than half a percentage point per year, meaning that today's problem is nothing compared to what the future will most likely hold. Consider future presidential elections in a swing state (like Ohio), and assume that the current patterns in fertility continue. A state that was split 50-50 between left and right in 2004 will tilt right by 2012, 54% to 46%. By 2020, it will be certifiably right-wing, 59% to 41%. A state that is currently 55-45 in favor of liberals (like California) will be 54-46 in favor of conservatives by 2020 -- and all for no other reason than babies.

The fertility gap doesn't budge when we correct for factors like age, income, education, gender, race -- or even religion. Indeed, if a conservative and a liberal are identical in all these ways, the liberal will still be 19 percentage points more likely to be childless than the conservative. Some believe the gap reflects an authentic cultural difference between left and right in America today. As one liberal columnist in a major paper graphically put it, "Maybe the scales are tipping to the neoconservative, homogenous right in our culture simply because they tend not to give much of a damn for the ramifications of wanton breeding and environmental destruction and pious sanctimony, whereas those on the left actually seem to give a whit for the health of the planet and the dire effects of overpopulation." It would appear liberals have been quite successful controlling overpopulation -- in the Democratic Party.

Of course, politics depends on a lot more than underlying ideology. People vote for politicians, not parties. Lots of people are neither liberal nor conservative, but rather vote on the basis of personalities and specific issues. But all things considered, if the Democrats continue to appeal to liberals and the Republicans to conservatives, getting out the youth vote may be increasingly an exercise in futility for the American left.

Democratic politicians may have no more babies left to kiss.

Mr. Brooks, a professor at Syracuse University's Maxwell School of Public Affairs, is the author of "Who Really Cares: The Surprising Truth About Compassionate Conservatism," forthcoming from Basic Books.

A Wrong Turn Led To The 'L-Word' (WP)

By E. J. Dionne Jr.

The Washington Post, August 22, 2006

Why are liberals the way liberals are? What is it about the L-word that has become so offensive to so many? It has become such a turnoff that countless liberals dare not admit to their own label.

At its best, liberalism is about the defense of the underdog, of minority rights, of social justice, of active but restrained government, of civil liberties, of openness and tolerance.

In their own defense, those who still admit to being liberals would argue that the very fact that they have stood up for minority rights -- including, heroically, for civil rights in the 1960s -- made them unpopular, sometimes with a majority of the country.

They also argue, correctly, that the demonization of their creed goes all the way back to those who opposed Franklin D. Roosevelt's program of reform at home and internationalism abroad. The reaction to FDR bred McCarthyism and the libelous charge that liberals were, at best, "squishy soft" on communism.

But liberalism has also become associated with elitism, arrogance and disdain for the values of average Americans. Think of the consumer preferences tossed at liberals from the right as epithets: brie, chablis (now updated to merlot), Volvos, lattes, vacations on Martha's Vineyard. Never mind that it's conservatives who want to eliminate inheritance taxes on those Vineyard mansions.

How all this happened is complicated, but some important clues are contained in the most important political book of 2006 that is not a book about politics at all.

David S. Brown's "Richard Hofstadter: An Intellectual Biography" offers us the life of one of our country's most revered historians. Hofstadter, the author of such enduringly popular works as "The American Political Tradition" and "The Age of Reform," shaped modern liberalism in ways that we must still grapple with today.

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Anyone who loves American history owes a debt to Hofstadter, and that would include me. I was blessed with two inspiring high school history teachers, Jim Garman and Norm Hess, who stoked my passion for the subject by introducing me to Hofstadter.

Along with thousands of students, I was entranced by Hofstadter's grace of expression, his gift for aphorism and his icon-smashing approach to America's heroes. He was a liberal who was as tough on progressives, populists and reformers as he was on right-wing mass movements, anti-intellectualism and the countryside's disdain for the city. To this day -- we can dream, can't we? -- I still aspire to Hofstadter's clarity and to his gift for synthesis.

But reading Brown is also a reminder of where Hofstadter may have misled the very liberal movement to which he was devoted. There was, first, his emphasis on American populists as embodying a "deeply ingrained provincialism" (Brown's term) whose revolt was as much a reaction to the rise of the cosmopolitan big city as to economic injustices.

Many progressives and reformers, he argued, represented an old Anglo-Saxon middle class who suffered from "status anxiety" in reaction to the rise of a vulgar new business elite. Hofstadter analyzed the right wing of the 1950s and early 1960s in similar terms. Psychological disorientation and social displacement became more important than ideas or interests.

Now, Hofstadter was exciting precisely because he brilliantly revised accepted and sometimes pious views of what the populists and progressives were about. But there was something dismissive about Hofstadter's analysis that blinded liberals to the legitimate grievances of the populists, the progressives and, yes, the right wing.

The late Christopher Lasch, one of Hofstadter's students and an admiring critic, noted that by conducting "political criticism in psychiatric categories," Hofstadter and his intellectual allies excused themselves "from the difficult work of judgment and argumentation."

Lasch added archly: "Instead of arguing with opponents, they simply dismissed them on psychiatric grounds."

This was, I believe, a wrong turn for liberalism. It was a mistake to tear liberalism from its populist roots and to emphasize the irrational element of popular movements almost to the exclusion of their own self-understanding. FDR, whom Hofstadter admired, always understood the need to marry the urban (and urbane) forms of liberalism to the traditions of reform and popular protest.

Hofstadter died of leukemia in 1970, much too young at the age of 54. Few writers have left behind so much good work, books steeped in the paradoxes and ironies of our national story. I'd like to think it's an honor to Hofstadter's legacy that we might subject his own history to the kind of revisionism he practiced with such skill. Liberals owe a debt to Hofstadter, and they owe themselves an argument with him, too.

Former President Ford Receives Pacemaker (AP-Y)

AP, August 22, 2006

Former President Ford received a cardiac pacemaker Monday at the Mayo Clinic, a top aide said.

Ford, 93, was resting comfortably after the operation, and his wife and children were with him, according to a statement issued Monday afternoon by Penny Circle, his chief of staff.

Ford was expected to continue to recuperate at the clinic for several days. The pacemaker is designed to enhance his heart's performance.

He was admitted Aug. 15 for tests and evaluation. At the time, neither the clinic nor his chief of staff would comment in detail on his condition.

Ford spent a few days in Colorado's Vail Valley Medical Center last month because of shortness of breath. In January, he was hospitalized for 12 days in Rancho Mirage, Calif., to treat pneumonia. Five years ago, Ford suffered two small strokes and spent about a week in a hospital.

Ford became the nation's oldest living former president after the death of Ronald Reagan in 2004.

Ford was House minority leader when President Nixon chose him to replace Spiro Agnew, who resigned, as vice president in 1973.

Ford became president on Aug. 9, 1974, when Nixon resigned amid the Watergate scandal.

Gov., Lawmakers Strike Deal To Raise Minimum Wage (LAT)

By Marc Lifsher

The Los Angeles Times, August 22, 2006

SACRAMENTO — More than 1 million California minimum-wage workers will get their pay raised by almost 20% over the next year and a half, thanks to an agreement announced Monday between Gov. Arnold Schwarzenegger and Democratic leaders in the Legislature.

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The hike, the first since early 2004, will lift the state minimum wage to $8 an hour from $6.75. Workers will get the first 75-cent increment on Jan. 1 and another 50 cents on Jan. 1, 2008.

Schwarzenegger praised the agreement as a boost for both low-wage workers and the business climate. "I have always said that when the economy was ready, we should reward the efforts of California's hard-working families by raising our minimum wage," he said. "This is another sign California is coming back stronger than ever."

The jump to $7.50 on New Year's Day will make California's minimum wage the nation's fourth highest, trailing the states of Washington, Oregon and Connecticut, according to the California Federation of Labor. The federal minimum wage is $5.15 an hour.

"It's a long time coming, and frankly, the reason it's coming is because this is a political year," said Art Pulaski, secretary-treasurer of the labor federation.

He said Schwarzenegger, running for re-election in November, has twice before vetoed similar bills, but changed his mind this year as part of a election-year move toward the political center.

Despite expected opposition from Republican lawmakers, a minimum wage bill is expected to win easy passage from the Democrat-controlled Legislature and be on the governor's desk shortly after lawmakers adjourn on Aug. 31.

Getting a deal involved give and take from both the Republican governor and the Legislature's two top Democrats - Assembly Speaker Fabian Nuñez of Los Angeles and Senate President Pro Tem Don Perata of Alameda.

Schwarzenegger agreed to fatten the increase to $1.25 an hour from $1. The Democrats and their labor union allies bargained down to $1.25 from $1.50 and relinquished a call to add an automatic, annual cost-of-living increase to the minimum wage.

Schwarzenegger's opponent in November, Democratic State Treasurer Phil Angelides, said, if elected, he would sign any bill indexing minimum wage increases to inflation so that "working families are not held hostage to politics."

To further sweeten the deal for workers, Democrats said they got a commitment from Schwarzenegger to sign both the minimum wage bill and unrelated legislation that would extend for two years the ability of some workers to pick their own doctor rather than go to their employers' clinics to treat on-the-job injuries.

Both Nuñez and Perata called the increase "long overdue."

Nuñez, the lead negotiator, noted that "California's most vulnerable workers will be getting a larger boost in their pay and quicker than we had hoped for."

Some business groups backed the minimum wage hike, while all showed relief that Schwarzenegger's compromise protected them from being locked in to giving annual raises to their employees.

"We are happy to see that there is no indexing or cost-of-living increases as part of this package," said Gary ToebbenÖ, president of the Los Angeles Area Chamber of Commerce. "This means that any future increases have to be debated and sold on their merits."

Other business organizations, including the California Chamber of Commerce, said they still oppose any minimum wage hike, contending that the requirement for higher pay could backfire for some workers.

"The effect on employers could be not to hire more people and to make full-time people part-time," said MartynÖ Hopper, California state director of the National Federation of Independent Businesses.

Restaurateurs said they were particularly disappointed that the minimum wage jump would mainly help sometimes well-paid waiters rather than hourly kitchen workers, who generally earn wages that are above the minimum. The California Restaurant Assn. had advocated that hourly wages be frozen at $6.75 for the 400,000 tipped employees, who earn on average between $25 and $35 an hour in tips, said association President JotÖ CondieÖ.

Condie predicted that a higher minimum wage is going "to result in inflation at the dinner table" for customers of the state's 870,000 restaurants. "You're not going to see mass closures of restaurants, but, ultimately, the cost will be passed on," he said.

The hike, which when fully in place will add an extra $2,600 a year to the $14,040 now earned by a full-time minimum-wage employee, should help both the state's lowest-paid workers and their colleagues who make a little more, said Jean Ross, executive director of the California Budget Project, a Sacramento-based policy think tank specializing in issues that affect low and middle-income families.

Ross dismissed some employers' claims that the bulk of minimum-wage workers are teenagers and senior citizens, who have other sources of income. "Our research shows that more than eight of 10 are adults, and 60% are full-time workers," she said.

The planned increases, though significant, still don't cover the basic needs of most workers, Ross cautioned. A single worker with no dependents should earn $12.44 an hour to pay for basic needs and health insurance, she said.

Public Pensions In Trouble (NYT)

DOJ_NMG_0051948

The New York Times, August 22, 2006

Public employee pension plans are a financial time bomb in many states and localities. Now New York City's independent actuary says his calculations suggest a potential future shortfall of up to $49 billion.

That's a staggering figure. The Bloomberg administration, which has raised the city's annual contributions to the pension funds, disagrees wholeheartedly. The mayor and his aides say their own number-crunching shows near fully funded obligations. All taxpayers can conclude right now that they need — and deserve — a longer and more informed conversation on this issue, involving the comptroller and the City Council as well.

Unlike private business, public pension funds have no uniform standard for reporting, making the potential for confusion — and misinformation — enormous. But for all the complications of the pension issue, there is one simple, obvious, outrageous part of the problem that is easy to explain. The governor and the State Legislature have been utterly irresponsible in expanding the city's obligations without providing any money to pay the additional cost.

Leaders from both political parties in Albany love to throw large, meaty bones to municipal labor unions in return for election-year support. Six years ago, they decided to give current and future pensioners annual cost-of-living adjustments, instead of a set annuity not tied to inflation. By the time the change is fully phased in 2010, that change alone will require New York to add $822 million to its pension contributions, according the city's nonpartisan Independent Budget Office.

Neither that nor other special benefits, like annual Christmas bonuses for pensioners costing tens of millions every year, were negotiated in collective bargaining. It was much easier for the unions to do an end run around the system and simply buy the benefits with campaign contributions and political support. And no one, obviously, asked the city if it could afford to pay the bill. The city, in fact, argued long and loud that it couldn't. No one cared.

New York is certainly not alone in wrestling with pension burdens. But the sheer size of its work force, with 180,000 municipal retirees and a quarter-million current employees, makes it a useful harbinger of the coming financial storm for governments, local, state and federal.

BAE Is Major Donor To US Candidates (FT)

By BAE Is Major Donor To US Candidates

Financial Times, August 22, 2006

BAE, the British defence group, has emerged as one of the most powerful corporate contributors to candidates in the current US election cycle, ranking number 18 in a list of the biggest corporate donors.

US subsidiaries of British companies have doled out about $3.7m in political contributions ahead of November's congressional election, with 68 per cent of the donations supporting Republican candidates, according to an analysis by the FT of figures compiled by Political Moneyline, a website that tracks political contributions.

Bush Pushes For Lebanon Force, Vows More U.S. Aid (WSJ)

By John D. McKinnon And Neil King Jr.

The Wall Street Journal, August 22, 2006

WASHINGTON -- President Bush tried to address international anxiety over Lebanon by boosting U.S. aid, but there is no sign he has figured out how to surmount a more pressing problem: getting fast international agreement on a peacekeeping force essential to saving the cease-fire there.

Mr. Bush promised to increase aid for Lebanon to $230 million from the $50 million the White House had pledged earlier. The money will go to rebuild homes, roads, bridges and schools. It also will provide training and equipment for Lebanon's armed forces, which the U.S. hopes will some day be able to contain Hezbollah's strongholds in southern Lebanon and prevent more attacks on Israel.

But even as Mr. Bush unveiled the aid commitment, he offered little to suggest the U.S. has a plan to overcome the difficulties in getting European troops on the ground quickly to round out a United Nations peacekeeping force once envisioned to be 15,000 strong.

European leaders -- including the French, who were counted on to be the backbone of a new force -- fear being caught in the crossfire between Israeli and Hezbollah forces, and they have been hesitant to promise troops amid uncertainty over whether Hezbollah intends to turn over its weapons. They also are seeking a clear international decision on whether the job of disarming Hezbollah would somehow fall to the U.N. force.

To address that concern, U.S. officials say they plan to push in coming days for a second U.N. resolution, following on the Security Council's cease-fire resolution passed 10 days ago, that would spell out details on the disarmament and the future of Hezbollah. But U.S. officials also insist that discussion of the new measure shouldn't slow the deployment of troops.

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European diplomats reacted warily to talk of a second Lebanon resolution, fearing it could revive debate over Israel's role in the conflict and calls among Arab countries that Israel be forced to withdraw its forces from Lebanon immediately. European Union foreign ministers plan to meet tomorrow to hammer out a plan for providing a core contingent along with troops from various Muslim countries.

Meanwhile, the danger is that the lack of a robust international peacekeeping force may be creating a vacuum in southern Lebanon, inviting both Israeli strikes at Hezbollah targets and Hezbollah attacks on Israeli forces. That kind of violence could make the entire cease-fire unravel. That is also why U.S. officials don't want the movement of some troops into the region to be stalled during the days it might take to get U.N. approval of a second resolution.

As part of the aid package, Mr. Bush said the U.S. will clean up an oil slick off the Lebanese coast and send a delegation of private-sector leaders to Lebanon to coordinate relief from American businesses and nonprofit groups. Yesterday's moves are aimed in part at countering Hezbollah efforts to build goodwill in the area by pouring in its own reconstruction aid. The White House also hopes to ratchet up pressure on the international community to agree quickly on the makeup of a multilateral peacekeeping force.

"The need is urgent" for international assistance, Mr. Bush said. While America will "do its part" with expanded aid, he said, "the international community must now designate the leadership of this new international force, give it robust rules of engagement and deploy it as quickly as possible to secure the peace." German Chancellor Angela Merkel also warned that the situation in Lebanon is "very fragile."

Failure to establish the peacekeeping force would raise the risk of renewed clashes between the Israeli military and Hezbollah, as well as new rocket attacks by the militant group into northern Israel. More broadly, it would mark a political defeat for the Bush administration in its effort to drum up international support for its overhaul agenda in the Middle East.

Initially, France was expected to lead the peacekeeping mission, but so far has promised to add only 200 troops to the effort. Italy was emerging yesterday as the likely successor to France for the lead role as Italian Prime Minister Romano Prodi indicated that Italy was willing to command the force.

But the Italian government shares France's reservations, and also is awaiting clarification of the rules of engagement from the U.N.

The U.N. wants to send 3,500 troops into the region next week, but it isn't clear whose soldiers they will be. Adding to the air of instability, the Israeli military said its troops shot and wounded two Hezbollah guerrillas yesterday. The Israeli officials said the guerrillas approached their troops in a threatening manner. Hezbollah denied that.

Israeli jets flew over northern Lebanon yesterday, apparently in an effort to patrol the country's borders and prevent re-arming of Hezbollah from Syria. Over the weekend, Israel prompted protests from the Lebanese government when it conducted a commando helicopter raid in eastern Lebanon to disrupt Hezbollah arms shipments.

Bush Urges Rapid UN Move Into Lebanon (FT)

By Martin Arnold, Demetri Sevastopulo And Roula Khalaf

Financial Times, August 22, 2006

George W. Bush on Monday urged rapid deployment of a UN force to southern Lebanon amid intensifying criticism of apparent foot-dragging in dispatching troops by France and other European nations.

“The international community must now designate the leadership of this international force, give it ro- bust rules of engagement and deploy it as quickly as possible to secure the peace,” said the US president.

The European Union will meet on Wednesday, at the request of Paris, to discuss which countries are willing to support the planned UN force of up to 15,000 troops. Its deployment was a key part of the UN ceasefire resolution – drafted by the US and France – and passed 11 days ago. The UN could meet as early as today to discuss again the force’s mandate.

French officials on Monday said they could send more troops to Lebanon in addition to the 200 already dispatched if other EU countries also gave military backing.

A French defence ministry official said: “We could, maybe, deploy a few more troops if we wanted, but there is still the strategic problem of what mandate they would have.”

France had promised to lead the UN force. On Monday however, Romano Prodi, Italy’s prime minister, said he had told Kofi Annan, UN secretary-general, that his country was ready to take on the command, and that Mr Annan would make a final decision on the leadership this weekend. Israel has already said it would be happy if Italy led the force.

In Beirut, the government welcomed Italy’s offer of 2,000 troops, the biggest commitment any country has yet made. Officials said the delay in dispatching the UN force was fuelling renewed unease in the country, only a week after the ceasefire between Israel and Hizbollah had raised hope of a permanent end to the war.

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Lebanon acknowledges that last week's decision to send the Lebanese army to the south has not been sufficient to reassure potential participants in the international force.

Despite a strong government statement at the time that it would tolerate no other armed authority in a demilitarised buffer zone south of the Litani river, a compromise with Hizbollah apparently stipulates that guerrillas conceal weapons rather than remove them.

Angela Merkel, Germany's chancellor, added her voice to calls for swift action. "It is necessary to get at least some of the Unifil force out there quickly. The situation is very fragile," she said at a news conference.

France's President Jacques Chirac will discuss Lebanon in a meeting with Ms Merkel on Friday. Analysts said Mr Chirac's eagerness to seize the Lebanon crisis as an opportunity to salvage some lost credibility might have encouraged France to overplay its hand diplomatically.

"Some diplomats wanted to use Lebanon to show that after what happened over Iraq [France's opposition to the US-led war], France could still be of use on the international stage," said Philippe Moreau Defarges, analyst at France's Institute of International Relations. "It is the Gallic cockerel, always putting itself forward forcefully, then saying 'merde' after it realises it has gone too far."

Mr Bush said the US would provide over $230m (£122m, €179m) in aid to Lebanon to rebuild the country, including a proposed $42m grant to strengthen the Lebanese military.

Bush Calls Need For Robust Lebanon Force 'Urgent,' As Europeans Continue To Seek Specifics (NYT)

By Helene Cooper

The New York Times, August 22, 2006

WASHINGTON, Aug. 21 — President Bush called Monday for a swift deployment of United Nations peacekeeping troops to southern Lebanon to help enforce a fragile cease-fire, as European governments continued to put off committing their forces to the effort.

"The need is urgent," Mr. Bush said during an hourlong news conference. "The international community must now designate the leadership of this new international force, give it robust rules of engagement and deploy it as quickly as possible to secure the peace."

Mr. Bush said the United States would contribute $230 million in relief and reconstruction aid to Lebanon, and would also prod American companies to help the effort.

But the biggest obstacle to rebuilding Lebanon right now is the slow pace of assembling an international peacekeeping force.

A United Nations resolution on Aug. 11 authorized a force of up to 15,000 troops, but diplomats are already talking of reducing that number substantially, particularly in light of France's refusal so far to commit more than 200 troops, including a large number of engineers.

Diplomats in New York and Washington said the peacekeeping force would probably not number more than 6,000 or 7,000 troops.

The question is whether that will be enough to enforce a cease-fire, particularly if the force's mandate also extends to preventing Hezbollah from resupplying itself with arms and munitions, and dealing with the disputed area of Shabaa Farms.

Potential contributors, many of whom helped draft the resolution that authorized the force, are also expressing concern about the rules of engagement, including what troops would be required to do, and who would disarm Hezbollah.

...

Denmark, Sweden and Norway have not announced any formal troop contributions, but may do so after a European Union meeting on the issue on Wednesday.

Several Muslim countries have pledged troops, but that effort has also become complicated, because Israel has said it does not want countries in the force that do not have diplomatic relations with it.

The delay has heightened concern that the cease-fire brokered by the United States and France, which wobbled somewhat on Saturday after Israel launched strikes in the Bekaa, the central valley in Lebanon, might crumble. In Berlin, Chancellor Angela Merkel described the situation in Lebanon as "very fragile."

Mr. Bush said: "An international force requires international commitment. Previous resolutions have failed in Lebanon because they were not implemented by the international community, and in this case, did not prevent Hezbollah and their sponsors from instigating violence."

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There was some confusion on Monday after Mr. Bush said there would be another resolution coming out of the United Nations to give "further instructions" to the peacekeeping force. While the original resolution expressed the Security Council's "intention to consider a later resolution" to enhance the force's mandate and take steps to secure a long-term political solution, American officials hastened to correct the impression that the new measure was imminent or that it could delay the deployment of a peacekeeping force.

"I don't think we have a particular view on time," said John R. Bolton, the American ambassador, when asked about the president's reference. "There's no reason that it should hold up deployment."

Mr. Bolton told reporters after a morning Security Council session that a robust international force needed to get on the ground in Lebanon as soon as possible. Asked how confident he was that the United Nations could come up with the numbers it needs, Mr. Bolton said: "I think it's still a work in progress. I think that's the best I can say."

France, after initially indicating that it would lead the force with a substantial troop contribution, has come under fire for its offer of only 200 troops, particularly given that it negotiated the resolution calling for the force — and laid out the rules of engagement that it now says it does not understand.

Beyond that, France, once Lebanon's colonial master, has a historical relationship that led many to believe it was inconceivable that France would not lead the peacekeeping contingent with a strong contribution.

"I would hope they would put more troops in," Mr. Bush said. "They understand the region as well as anybody."

The French foreign minister, Philippe Douste-Blazy, on Sunday held out hope that France might yet go beyond that number.

"We want the United Nations to define more clearly the missions, chain of command," he said in an interview with French radio. "What freedom of movement will this force have? How should it respond to an incident on the ground?"

Western diplomats said a schism between the French Foreign Ministry and the country's military command may be responsible for the pullback.

"This was a classic case where the Foreign Ministry decides something and then the military pulls them back," one senior American official said.

The official, who asked that his name not be used because he was not authorized to speak publicly on the issue, compared the French split to similar tensions between former Secretary of State Colin Powell and Vice President Dick Cheney.

"It's like when Powell would negotiate something, and Cheney would say no," the official said.

But however much Bush administration officials might understand the French predicament, it leaves them in the position of trying to rally support from other countries.

American officials are talking to their Italian counterparts, as well as to diplomats in Denmark, Sweden and Norway.

Daniel Keohane, a defense specialist at the Center for European Reform, a London-based research institute, offered another view of why the French may have stepped back.

"The French don't want to be seen occupying a Muslim country, particularly because of their history in Algeria. Shooting at the Israeli Defense Forces also would not go down well with the French Jewish community," he said.

He added that the Germans had similar anxieties about deploying ground troops.

Mr. Keohane said the Italians "have less baggage than the French" because there are fewer Jews in Italy and because the Italians have less of a history of colonizing Muslim countries.

Except for the response by Italy, the European reaction to a Lebanon force so far has been dismal, United Nations officials said.

"They've offered ships and frigates to police the Mediterranean," said one official, who spoke on condition of anonymity under normal diplomatic rules. "We need boots, not boats."

U.N. Struggles To Form Peacekeeping Force (USAT)

By Bill Nichols

USA Today, August 22, 2006

WASHINGTON — The United Nations struggled Monday to find European countries willing to contribute large numbers of troops to a peacekeeping force being assembled in southern Lebanon. Such skittishness could endanger the cease-fire between Israel and Hezbollah.

President Bush said at a news conference that the "need is urgent" for the force to be deployed. "The international community must now designate the leadership of this international force, give it robust rules of engagement and deploy it as quickly as possible to secure the peace," Bush said.

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The shaky nature of the week-old cease-fire was underlined again Monday when Israeli troops shot three alleged Hezbollah fighters in southern Lebanon, according to an Israeli army statement. The statement did not say whether the fighters were killed.

Experts on U.N. peacekeeping said the wary reaction from Europe to the call for up to 15,000 peacekeepers to assist a similar number of Lebanese troops stems from two factors: vaguely defined rules of engagement for when force might be used, and a historic reluctance by many countries to participate in U.N. forces that face the possibility of combat.

The United Nations wants 3,500 troops in southern Lebanon by next week.

"This situation is a prime example of the difficulty of structuring this kind of mission … especially when it may be more of a peacemaking mission than a peacekeeping mission" said Ted Galen Carpenter, a foreign policy analyst at the Cato Institute.

When the Security Council passed U.N. Resolution 1701 unanimously on Aug. 11, expectations were for France to lead the new force to create a buffer zone between Israel and Hezbollah and contribute thousands of troops.

Instead, France is sending 200 soldiers; 49 arrived Sunday.

"We want the United Nations to define more clearly the mission," French Foreign Minister Philippe Douste-Blazy told RTL Radio. Douste-Blazy said clearer rules of engagement are needed as well as details on how the force will be run and by whom.

Italian Prime Minister Romano Prodi told U.N. Secretary-General Kofi Annan on Monday that Italy is willing to lead the force. Annan is to make a final decision this weekend.

Other European nations echoed French concerns. "We need the right rules," German Chancellor Angela Merkel said.

Bush said the United States is considering proposing a second U.N. resolution on Lebanon to make the rules of engagement clearer.

John Bolton, the U.S. ambassador to the United Nations, said later that the new resolution would deal primarily with how to disarm Hezbollah rather than concerns about the force. Bolton said there is no schedule for submitting a second resolution.

European Union diplomats plan to meet in Brussels on Wednesday for discussions about the force. Some key concerns:

·Mandate. Resolution 1701 steers clear of the issue of disarming Hezbollah.

Secretary of State Condoleezza Rice told USA TODAY last week that the force would not be required to disarm Hezbollah.

Yet the resolution says that in the southern zone occupied by Hezbollah, "there will be no weapons without the consent of the government of Lebanon and no authority other than that of the government of Lebanon."

Victoria Holt, an expert on U.N. peacekeeping at the Henry L. Stimson Center, says, "The language used in this mandate is pretty ugly, even for sausage-making."

·Rules of engagement. Under Chapter 7 of the U.N. Charter, the use of force is allowed to accomplish a peacekeeping mission.

The Lebanon resolution, however, makes no mention of Chapter 7 and says only that the U.N. force should "take all necessary action … as it deems within its capabilities."

Confusion about when force could be used was one of the issues that led to the failure of a United Nations force to stop ethnic violence in the former Yugoslavia in the mid-1990s, said retired Army general William Nash, who commanded U.S. forces in Bosnia-Herzegovina in 1995-96.

"There's been more talk about what the U.N. force and the Lebanese army will not do than how to create the capabilities for what they should do," said Nash, an analyst at the Council on Foreign Relations.

·A big-name leader. Other problems can fall away if a major country is the lead nation in a U.N. peacekeeping operation, says Kimberly Martens, chairwoman of the political science department at Barnard College, Columbia University. Martens points to peacekeeping operations in East Timor, led by Australia, and Sierra Leone, led by Britain, as cases where significant countries helped structure the force and the mission, giving important stability.

Bush Pledges Millions To Lebanon (WT)

By Stephen Dinan

The Washington Times, August 22, 2006

President Bush yesterday announced $180 million in new humanitarian aid to Lebanon and urged quick deployment of an expanded international peacekeeping force to provide a security buffer between that nation and Israel, though he said the task of disarming Hezbollah will be left to the Lebanese government.

The president said it is "urgent" that the military force of up to 15,000 international troops be deployed, and said past U.N. resolutions to try to address the problems on the Israel-Lebanon border failed because the international community didn't follow through on disarming Hezbollah.

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Italy offered yesterday to command the international force, according to several news agencies, even as the tenuous Aug. 14 cease-fire was tested by Israeli reports that soldiers had shot two Hezbollah guerrillas. Lebanese forces will also be deployed to the nation's southern areas.

Meanwhile, Israeli Prime Minister Ehud Olmert continued to be battered at home by criticism the government was indecisive during the 34-day war that began when Hezbollah kidnapped two Israeli soldiers.

Mr. Bush said the United Nations will pass another resolution with instructions on the international force's mission, and a key question is whether the troops will be limited to separating Israelis and Hezbollah, or whether they will be given the task of actively disarming Hezbollah.

Asked whether he would insist that the international force disarm Hezbollah, Mr. Bush did not answer directly, saying instead that the force would create a "security cushion." He seemed to leave the decision of disarming up to Hezbollah and Lebanon.

"Hopefully, over time, Hezbollah will disarm," he said, adding that Lebanon should not allow an armed faction to exist within its borders.

"The reality is, in order for Lebanon to succeed -- and we want Lebanon's democracy to succeed -- the Lebanese government's eventually going to have to deal with Hezbollah," he said.

Hezbollah has won public support among many in the Middle East by moving quickly to rebuild devastated parts of Lebanon, and the Bush administration is now trying to push its own reconstruction efforts ahead.

"Our nation is wasting no time in helping the people of Lebanon. In other words, we're acting before the [international peacekeeping] force gets in there," Mr. Bush said at an hourlong press conference, in which he also pledged to remain in Iraq through the end of his presidency.

"We've been on the ground in Beirut for weeks," Mr. Bush said, adding that the U.S. has already distributed about $25 million in aid, or half of the previous commitment made in July.

Yesterday's new aid brings the total commitment to $230 million and includes $42 million to help Lebanon's military prepare for deployment in southern Lebanon, money to rebuild schools in time for the school year and a response team to help clean up an oil spill off the country's coast.

Mr. Bush said he also will ask Congress to extend loan guarantees to Israel to help that nation rebuild.

War Lingers In The South Of Lebanon (NYT)

By Hassan M. Fattah

The New York Times, August 22, 2006

SHAMAA, Lebanon, Aug. 21 — Israeli soldiers in the hilltops watch as Hezbollah men on dirt bikes patrol the valleys, barely a mile away. Lebanese Army soldiers harass civilians at checkpoints, but not the combatants. A van with a rocket-launcher sits rusting near a mosque. Villages remain empty as terrified civilians stay away. United Nations peacekeepers look on, offering only meek smiles.

More than a week after a United Nations-mandated cease-fire took hold in Lebanon, the fighting has come to a halt, but the trappings of war linger on.

The eerie sense of quiet in the villages and towns on southern Lebanon's western edge underscores the sense of a war frozen in time, with the combatants still facing off and the deployment of international and Lebanese soldiers just a promise. The aura of imminent violence is pervasive.

"I'm no student of war, but even I can tell you we're still at war," said Abdulkhaleq Saifeddine, the mayor of Shamaa, a coastal village less than 10 miles from the Israeli border, where Israeli soldiers maintained positions until early Monday morning.

Israeli troops and Hezbollah soldiers clashed here on Monday, The Associated Press reported, leaving three Hezbollah fighters dead. By midday, Israeli tanks that had burrowed into the end of the hill moved out, leaving behind a mound of garbage, supplies and equipment.

"They don't want peacekeepers here; they want someone to destroy Hezbollah," Mr. Saifeddine said. "Our safety is irrelevant. They just want to protect the border."

Israeli military officials said Monday that all of the reservists called up last month had been pulled out of Lebanon, but regular soldiers — estimated at 8,000 to 10,000 by Israeli news reports — remained in Lebanon, awaiting the arrival of an international peacekeeping force.

On Saturday, 49 French troops arrived as part of a larger, 200-man brigade scheduled to arrive later in the week. But there is no clear mandate, and few here hold much hope that the United Nations presence will make a major difference.

So Shamaa remains a virtual ghost town as residents keep their distance. They may come to visit, but few stay very long. Many have secured shelter far away, removing what valuables they can from their homes. On Sunday, a hundred or so villagers

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returned here to bury two Hezbollah members killed in fighting, as well as an elderly shepherd killed by Israeli fire and a 2-year-old girl killed in a bombing raid on the civil defense building in Tyre.

Many spent the duration of the funeral watching an Israeli soldier moving in the distance.

"Look there!" one man shouted.

"There's no one there, just keep focused," another answered.

"No look, look, he's moving," the man responded. "He's moving on the balcony."

Within a half hour, the crowd shoveled dirt into the graves and drove off, leaving the town empty again.

Even Mr. Saifeddine, who has presided over the rapidly growing town, where there was a building boom after Israel pulled out of southern Lebanon in 2000, now sleeps miles away with his relatives.

"The Israelis are still here and there are unexploded bombs everywhere,'' he said. "I can do nothing but tell my villagers not to come back home yet. Any kind of brush with the Israelis can be dangerous. So we would prefer the villagers not to come back."

In Al Qawzah, a Christian town about 20 minutes' drive to the east, Charles Abu Elias, the deputy mayor, oversaw the cleanup of the town church on Monday, after Israeli soldiers who were holed up inside for days during the war departed. Mr. Abu Elias's family was one of only four that had returned to the village, which had been occupied by the soldiers and virtually ransacked.

"Don't think that they were picking and choosing their targets," he said. "Everybody was hurt by this, Sunni, Shia and Christian. The pain goes all around."

Marwaheen, a town that overlooks the Israeli border, remained empty as well. A graveyard prepared for the victims of an Israeli air attack in the war's first week remained unused, the bodies still in a temporary grave in Tyre, miles away, because local people have been too frightened to return to bury their dead.

On July 15, residents of Marwaheen, a predominantly Sunni Muslim village, scrambled to leave after Israeli loudspeakers across the border warned them to evacuate within two hours. The families gathered in the center of the village and went to a nearby United Nations base for shelter, but were turned away. Many returned to the village.

Another group drove toward Tyre, through Shamaa. When they reached Shamaa's outskirts, the convoy was struck by missiles fired by an Israeli helicopter, killing 23 people, including 17 children.

Wreckage from the attack, a pickup truck and a car, lay on their side on Monday, next to where Israeli tanks had recently taken a position.

"Everybody has been too terrified to return," said Ahmad Ghanam, who lost his brother and all his children, his niece and her children, and several other relatives in the attack. "The old-timers began going back this week, but the young people remain terrified. You never know what could happen to them."

Villagers put the finishing touches on 23 graves on Monday, and agreed to bury the bodies here on Thursday.

"We will simply bury them and leave, there's no other way of doing it," Mr. Ghanam said. "We figure maybe the Israelis will have left by then."

Next to the town mosque, the burned-out hulk of a van with a rocket-launcher inside hinted at what the Israeli military's target might have been. Residents insist it arrived after they left. But the tank tracks in the pavement in the center of town overnight only confirmed fears that the Israelis would continue to reach deep into the village.

"They are supposed to be implementing U.N. resolutions, but the tanks are still moving around our villages," said Hassan Ghanam, Marwaheen's mayor. "So what the hell are they doing? We want the army to come here and give us assurances of security. We don't want another massacre."

Israeli Reservists Lead Growing Protest Movement (WSJ)

By Guy Chazan

The Wall Street Journal, August 22, 2006

TEL AVIV -- A snowballing protest movement led by Israeli reservist soldiers enraged at the government's conduct of the war with Hezbollah is roiling Israel's political establishment and fueling demands for the resignation of Prime Minister Ehud Olmert and the military top brass.

Dozens of reservists gathered near Mr. Olmert's office in Jerusalem demanding he step down, others are distributing petitions for his ouster while further protests are planned by the families of soldiers killed in the 34-day war.

The campaign is being compared to the wave of soul-searching that followed the bloody 1973 Middle East war, when demobilized reservists, shocked by Israel's heavy combat losses, were at the vanguard of protests that ultimately forced Prime Minister Golda Meir to resign.

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"Ehud Olmert is just not a leader," said Micah Afni, a reservist who served in southern Lebanon this month and thinks the prime minister should quit. "People give up their personal life to defend their country, and if the government is incapable of doing the job then it should be replaced."

The movement could add volatility to Israel's postwar politics, though Mr. Olmert may be able to tough it out -- for now. He may have to acquiesce to the growing clamor for a state commission of inquiry into his government's handling of the war, but its findings wouldn't be published for months, giving Mr. Olmert breathing room to repair his reputation. There are also virtually no politicians whom Israelis see as a potential alternative to the prime minister.

Mr. Olmert has sought to calm public anger by pledging to quickly rebuild northern areas destroyed by Hezbollah missiles, and blaming his predecessors for their failure to prepare for the looming threat posed by the Shiite militia. His defense minister, Amir Peretz, has set up a panel of retired generals to look into prosecution of the war, but critics deride it as toothless.

Reservists' gripes filtered out even before the fighting ended. They complained of inadequate training and a shortage of basic equipment, and said on some days they were forced to fight without food and water. Troops were kept idle for weeks and then sent into Lebanon only two days before the United Nations-brokered cease-fire went into effect. Intelligence, especially on Hezbollah's elaborate system of tunnels and bunkers, was inadequate or out of date. Some soldiers complained they were exposed to unnecessary danger by being sent on daytime missions that should only have been carried out under cover of darkness.

The failures have exposed a reserve army eroded by years of neglect and underfunding. With many fearing that the conflict with Hezbollah could be just the prelude to a bigger war, possibly with Iran's involvement, there are public demands that Israel hurry to address its military weaknesses -- including an upgrade of its reserves -- before the inevitable next round begins.

Israel's reserve army, its main ground force, is the backbone of the country's defenses. In addition to their three-year military service, most Israeli men are required to do about 20 days' reserve duty every year up to the age of 40, and can be called up at times of war.

But in the 1990s, the reserve-duty requirement fell as peace agreements with the Palestinians and Jordan led to cuts in the defense budget. Also, the focus of military strategy began to shift away from traditional ground forces toward fighting high-tech wars. Then with the outbreak of the second intifada in 2000, reservists often found themselves manning checkpoints in the West Bank and Gaza and policing Palestinian towns rather than training for a real war.

In southern Lebanon, the new approach was exposed as flawed. Instead of launching a ground offensive at the start, Israel waged a high-tech air war that failed to destroy Hezbollah's short-range rockets. Meanwhile, its infantry came under fierce attack on the ground from Hezbollah fighters armed with state-of-the-art antitank guided missiles.

Lt. Adam Kima, a reservist who fought this month in Lebanon, blames the technological advances reshaping the army for some of the failures of the war. "The generals sit in a room surrounded by plasma screens and move troops around on a map," he said. "That's why the orders were often so unclear."

The discontent bubbled to the surface yesterday when one group of reservists published an open letter lambasting Israel's leaders and demanding a commission of inquiry into their handling of the war. Senior commanders showed "cold feet" and "indecisiveness," the letter said. Operational plans weren't carried out: missions were canceled and war aims were changed during the course of the fighting, it said.

The army acknowledges some of the complaints are legitimate. "The government was bouncing between the demands of diplomacy and the exigencies of war," said one Israeli military official. "There were a variety of considerations that overlapped, and that led to some sense of confusion in the field."

But some senior figures in the army have gone further. In a rare mea culpa, Brigadier-General Yossi Heiman, the departing head of Israel's infantry and paratroops, said to troops Sunday that he had failed to prepare them adequately for war. He and others in the army felt a "certain sense of failure and missed opportunities," he said. "We were guilty ... of the sin of arrogance."

Lt. Kima's story exemplifies the mistrust that has opened up between combat troops and the top brass. An army engineer, he was told to clear a road close to the south Lebanese village of Bint Jbeil earlier this month. He balked: the place, he said, was crawling with Hezbollah fighters and heavily mined.

"It was a problematic mission," he says. "We said we needed more manpower, more artillery, more helicopters. Why endanger my soldiers' lives unnecessarily?"

For that, the 26-year-old was detained by his brigade commander for 48 hours and threatened with court martial, while five of his team were imprisoned for 21 days. After a military prosecutor upheld Lt. Kima's version of events, they were all released without charge.

He defends the war as one for Israel's survival, and he signed up for service even before receiving his call-up papers. But he's now left with a bitter aftertaste. "In this war, a gulf opened up between combat soldiers and senior commanders," he says. "There's a crisis of trust."

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Reservists In Israel Protest Conduct Of Lebanon War (NYT)

By Steven Erlanger

The New York Times, August 22, 2006

JERUSALEM, Aug. 21 — A group of Israeli reservist soldiers who served during the recent fighting in Lebanon, angry about the conduct of the war, on Monday demanded the resignations of Prime Minister Ehud Olmert, Defense Minister Amir Peretz and the army chief of staff, Lt. Gen. Dan Halutz.

The reservists, most of whom have gone back to civilian life, say that their training was inadequate and that they were sent into Lebanon with unclear missions, inadequate supplies, outdated equipment and a lack of basics, like drinking water. They called for a national inquiry into how the war was waged.

During a protest march, one of the participants, Roni Zwiegenboim of the Alexandroni Brigade, said, "Beyond the whole issue of the ammunition, the food and the water that wasn't, the issue was that there was no leadership." He added with disgust, "In the end it was just a mess, and it all starts at the top."

The protest march of about 100 people went from Castel, the site of a 1948 battle, to Mr. Olmert's house. It reflected considerable domestic angst about the uncertain outcome of the war, the fragility of the cease-fire, general skepticism about the ability of any United Nations force to control Hezbollah and the failure to reach stated goals, like the release of captured soldiers.

Protests by reservists, who are allowed to criticize the army freely, unlike enlisted men and women, helped lead to the fall of the Golda Meir government after the 1973 war, when an Egyptian attack took Israel by surprise.

This war with Hezbollah is not considered that kind of failure, though, and the growing criticism — including other recent protests — has not yet gathered enough momentum to shake the government.

Mr. Olmert and his new Kadima Party were just elected on March 28, and there is little appetite here for another round of voting. Kadima and the Labor Party are more likely to pull together to preserve their coalition, especially when the immediate beneficiaries of a breakup are likely to be on the right. But Mr. Olmert and Mr. Peretz have been badly weakened, and their main campaign promise, of a sweeping new withdrawal of settlers from the occupied West Bank, has been shelved for now.

Mr. Olmert told the cabinet on Sunday that the government's priority should be to rebuild Israel's north.

But the call for an investigation is finding an echo in Parliament. Mr. Olmert is trying to forestall such an inquiry, which might have legal powers to question him and other top officials.

During a visit on Monday to Kiryat Shmona, which was hit by almost one-quarter of the nearly 4,000 rockets fired into Israel by Hezbollah, Mr. Olmert said the point was to concentrate on the future. "I won't be part of this game of self-flagellation," he said. "I won't be part of this game of slandering the army."

Speaking of the Israel Defense Forces, Mr. Olmert said: "We have no other army. Who is the I.D.F.? It's our children, it's our brother, it's our public, part of it in the regular army, part of it in the reserves. What are we going to do now? Stand them in a line and give them a slap on the face? Try them? Put them in front of commissions of inquiry each and every day, so they won't be able to properly assess the next conflict because they will be afraid we shall come complaining to them?"

Mr. Olmert has asked his attorney general to come up with alternatives to a formal inquiry. A governmental investigation authorized by the cabinet, for example, could be better controlled by Mr. Olmert, even if outsiders are involved, and the cabinet could decide what is published.

Mr. Peretz, the defense minister, has been criticized for opening an inquiry into the army's performance led by one of his own advisers, former Chief of Staff Amnon Lipkin-Shahak. The committee has begun to take testimony, but is expected to grant the army's demand that such testimony be kept confidential.

Meanwhile, hundreds of reserve soldiers from the Alexandroni Brigade met Sunday with General Halutz, the army chief of staff, and told him there was a crisis of confidence in senior officers. He promised a thorough investigation.

In another protest, reservists from the Spearhead Paratroop Brigade complained in an open letter covered in Israeli newspapers on Monday that soldiers were prevented from winning the war because of poor leadership. They said that the war was marked by indecision and complained that their missions were repeatedly canceled. "This led to prolonged stays in hostile territory without an operational purpose," the letter said.

"To us, the indecisiveness expressed deep disrespect for our willingness to join the ranks and fight and made us feel as though we had been spat at," it said.

The letter, signed by several hundred reservists, also called for an inquiry into how the war was carried out.

Another kind of protest came Sunday from Brig. Gen. Yossi Hyman, who is leaving as commander of the Infantry Corps and Paratroops. "We were guilty of the sin of arrogance," General Hyman said at his farewell ceremony. "Despite heroic fighting by the soldiers and commanders, especially at the company and battalion level, we all feel a certain sense of failure and missed opportunity."

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He said he took the blame for not preparing the infantry better and for not preventing “burnout among professional companies and platoons,” adding, “I feel no relief whatsoever in the face of the array of excuses.”

Mr. Olmert has rejected a suggestion from his public security minister, Avi Dichter, a former head of the domestic security service, that Israel pursue peace talks with Syria, a Hezbollah sponsor, even if it means giving up the Golan Heights, which Israel conquered in 1967.

Mr. Olmert said he favored negotiations, but not while the Syrian leader, Bashar al-Assad, continues to support groups that Israel and the United States label as terrorist organizations, like Hezbollah and Hamas.

“Before we negotiate with Syria, they should stop financing terror; before we negotiate with Bashar Assad, let him stop launching missiles by means of Hezbollah onto the heads of innocent Israelis,” Mr. Olmert said. “And before we sit down to negotiate, let them stop funding Hamas’s murder, sabotage and terror. If they meet all these tests we shall negotiate with them.”

Still, Foreign Minister Tzipi Livni said last week that she had picked Yaakov Dayan, formerly her chief of staff, to explore the idea that secular Syria might be pulled out of the orbit of Shiite Iran.

Olmert Tries To Defuse Public Anger (AP-Y)

By Josef Federman

AP, August 22, 2006

Prime Minister Ehud Olmert tried to defuse growing public anger Monday over his handling of the war against Hezbollah, promising to rebuild rocket-scarred border areas but rejecting peace talks with Syria, a key supporter of the Lebanese guerrillas.

With efforts to recruit troops for an international peacekeeping force facing resistance from Europe, the week-old truce appeared increasingly fragile. The Israeli army, which is waiting for the U.N. force to arrive before fully withdrawing from southern Lebanon, said its soldiers shot two Hezbollah guerrillas who approached in a "threatening manner" late Monday. A Hezbollah official called the report "untrue and entirely baseless."

Although Italy offered Monday to command the enhanced international force, many European countries are apparently hesitant to commit troops because of questions about whether they will be called on to disarm Hezbollah fighters, who have largely melted back into the civilian population. Indonesia, Malaysia and Bangladesh have offered front-line troops but Israel does not want them because those Muslim nations have not recognized the Jewish state.

Since the U.N.-brokered cease-fire took effect, ending 34 days of war, the Israeli public's frustration with the performance of the government and the military has grown steadily. On Monday, hundreds of reservists signed a petition calling for an official inquiry, some marching outside Olmert's office to demand his resignation.

Olmert's government, a coalition headed by his centrist Kadima party and the moderate Labor party, is in no immediate danger of collapse. It could be brought down only by parliament, which is in recess until October, and it is not clear whether the public storm will last until then.

"I think Olmert will simply allow the anger to pass and get on with his business," said Gadi Wolfsfeld, a professor of political science at Hebrew University. He said none of the parties in the ruling coalition are eager to hold new elections, and there is no leader in Kadima with the clout to replace him.

The war, launched in response to a Hezbollah raid in which two soldiers were captured and three killed, initially enjoyed broad public support that withered as the fighting dragged on and the Israeli death toll grew. Critics said Israel's political and military leaders were indecisive, set unrealistic goals and settled for an insufficient truce.

The harshest criticism has come from reserve soldiers, who form an integral part of the military. Reservists returning from Lebanon complained about poor command and a lack of food, water and equipment.

"No goal was achieved. ... Nothing was done in this war," Roni Elmakyes, whose son Omri was killed in the fighting, told Israel Radio.

Even the army's leadership began to show signs of dissent. Brig. Gen. Yossi Hyman, the outgoing head of infantry, said this week that "we all feel a certain sense of failure."

Olmert has said he is ready for an investigation, but did not say what kind. An independent commission could call for the resignation of government and military officials.

During a tour of the north Monday, Olmert appeared cool toward such an inquiry, saying the second-guessing would undermine the army. "I won't play this game, the game of beating ourselves up," he said.

The defense ministry has already established a team to look into the war, but the panel of retired generals has been derided as toothless.

Olmert's tour stops included Kiryat Shemona, one of the hardest-hit border towns, and the Arab village of Maghar, which also came under Hezbollah rocket fire during the fighting.

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Facing local officials, Olmert pledged speedy reconstruction and defended his government's performance. He also appeared to pin some of the blame on his predecessors, saying his government had been in power for just two months when the war broke out.

"We knew for years that there was a great danger, but for some reason, we didn't translate that understanding into action, like we just did," he said. "We knew what Iran was doing, what Syria was doing, arming Hezbollah. We acted as if we didn't know."

Olmert also rejected a proposal by some members of his Cabinet to resume peace talks with Syria, a key Hezbollah supporter. He said talks could resume only if Syria stops supporting militant groups.

"Syria is a committed, aggressive member of the axis of evil, which starts in Iran," Olmert said. "Before we negotiate with (President) Bashar Assad, let him stop launching missiles, by means of Hezbollah, onto the heads of innocent Israelis."

The three main U.S. allies in the Arab world — Egypt, Jordan and Saudi Arabia — have been pushing for a revival of negotiations between Israel and Syria because they are worried the Lebanon war has given a boost to Iran, an ally of Syria.

In other developments:

· Nearly all of the 180,000 Lebanese who took refuge in Syria during the war had returned by Sunday, leaving only 2,500 to 5,000 refugees there, said U.N. High Commissioner for Refugees spokesman Jack Redden.

· Lebanon needs about $3.5 billion to repair buildings and infrastructure damaged during the war, and the rebuilding effort was being hampered by lack of government leadership, the Lebanese official in charge of reconstruction, Fadel al-Shalaq, told CNN.

· Israel handed over to U.N. peacekeepers five Lebanese men who were captured during an Israeli commando raid on Aug. 1 in Baalbek. At least 16 Lebanese were killed in the raid on what authorities in the Bekaa Valley city said was in Iranian-built hospital. Israel said the building was a Hezbollah base.

Israeli Reservists Protest Olmert (WT)

By Joshua Mitnick

The Washington Times, August 22, 2006

JERUSALEM -- Israeli reservists, fresh from fighting in southern Lebanon, demanded yesterday that Israeli Prime Minister Ehud Olmert resign over what they describe as the debacle of the monthlong war with Hezbollah.

The calls of the reservists will make it more difficult for Mr. Olmert's Cabinet to avoid appointing a formal "state commission of inquiry," panels that helped bring down two prominent Israeli leaders in the past 33 years.

Reservists told of insufficient provisions, of having no water in the summer heat and being forced to drink from canteens of dead Hezbollah guerrillas, shortages of combat equipment and indecisive orders.

One group of about 200 from the reservist Infantry Brigade 8101 gathered in front of Mr. Olmert's office after a protest march through the city.

"When a CEO fails, they usually fire him. There were big mistakes -- mistakes that even the simple soldier could see," said Yossi Avigur. "They didn't give us the tools to win, and they didn't give us the momentum to win."

The soldiers also called for the resignation of Defense Minister Amir Peretz and Army Chief of Staff Dan Halutz.

The protests were amplified in an open letter to the government by a separate unit of reservists, who also called for a panel of inquiry.

The letter accused the government of getting cold feet during the war, and it charged political and military leaders with indecisiveness.

"The feeling that all of the echelons above us were plagued with unpreparedness and lack of seriousness ... leads us to the question: Why have we been called up?" said the letter.

"The crisis of confidence between ourselves as soldiers and the upper political and military strata will only be solved by an independent panel."

Reservists, the backbone of Israel's military, carry huge moral authority in Israeli society. They are mostly young professionals with families who spend one month a year on active service.

After being called up to fight in Lebanon, the reservists view the criticism being leveled at the Olmert government as transcending partisan politics.

"They are not perceived as protesting against the war for political reasons, but what they saw in the field," said Sam Lehman Wilzig, a professor of political science at Bar Ilan University.

"They are viewed as salt-of-the-earth, pillar-of-society kind of people. These are not people mouthing off as a commentator or a kibitzer on the sideline."

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The protests strike an especially deep chord among older Israelis, who recall a demonstration by one lone reservist after the 1973 Yom Kippur War that helped prod the government to set up a panel of inquiry.

The panel's findings led to the resignation of then-Prime Minister Golda Meir.

In 1982, a state commission of inquiry found then-Defense Minister Ariel Sharon negligent in the first Lebanese war and recommended he be barred from the position. Mr. Sharon resigned.

In the streets of Jerusalem yesterday, reservists carrying Israeli flags and wearing baseball-style caps with the insignia of their unit recounted how their orders were changed several times within hours.

Nicknamed the "Alexandroni battalion," the soldiers, who spent two weeks in Lebanon, said they were forced to loot Lebanese stores and houses to get food.

The soldiers said Israel doesn't need a commission of inquiry, because the war's mismanagement is clear.

"If a dentist sees a rotten tooth, he doesn't put in a filling, he does a root canal," said Roni Zvigenheim, an organizer of the march.

Mr. Olmert has defended himself by saying previous governments failed to prepare for the Hezbollah threat.

"We knew for years that there was a great danger, but for some reason, we didn't translate that understanding into action, like we just did," he said. "We knew what Iran was doing, what Syria was doing, in arming Hezbollah. We acted as if we didn't know."

Olmert Rejects Syria Talks, Dismisses Soldiers' Protests (WP)

By Doug Struck

The Washington Post, August 22, 2006

JERUSALEM, Aug. 21 -- Israeli Prime Minister Ehud Olmert on Monday ruled out peace negotiations with Syria and rejected criticisms of the Lebanon war as reserve soldiers expanded their protests over the government's handling of the conflict.

"We don't have a lot of time to talk about what happened. We have to talk about what will happen," Olmert said. His government has faced growing criticism and calls for investigations into the conduct of the 33-day conflict.

More than 100 protesters, many of them Israeli reservists, staged a demonstration Monday in Jerusalem over shortfalls in the army operation. Another group of paratroops addressed an open letter in the Haaretz newspaper to Olmert, complaining about indecisiveness in the military's top ranks. Hundreds of soldiers signed the letter.

"I won't be part of this game of self-flagellation," Olmert responded as he toured Kiryat Shemona, a northern border town hit repeatedly by Hezbollah rockets during the war.

Olmert suggested that he does not want a formal judicial inquiry, which the Knesset, Israel's parliament, is demanding. Defense Minister Amir Peretz has reportedly appointed an investigating committee to review the war, but various political leaders are calling for an outside, independent commission of inquiry.

"What are we going to do now?" Olmert said. "Stand them in a line and give them a slap on the face? Try them? Put them in front of commissions of inquiry each and every day, so they won't be able to properly assess the next conflict?"

Many of the complaints have been directed at Olmert and Peretz for a war plan that critics say was disorganized and relied too heavily on intensive air bombing in Lebanon. Reserve soldiers who returned from the war also have complained of disorganization in the officer ranks and missing supplies.

The letter from the reservists argued that policymakers got "cold feet" and left the soldiers in the field, directionless. Since the cease-fire began a week ago, soldiers have given accounts of orders that were unclear or contradicted, of operations postponed and postponed again, and of having to forage for food, water and equipment.

"The management of the war," the reservists wrote in the public letter, "caused us to feel that they were spitting in our face."

Moshe Muskal, the father of an Israeli soldier killed at the start of the war, is organizing a protest among parents of slain soldiers to demand Olmert's resignation. "He must bear the responsibility," Muskal said.

Olmert's government has argued that the operation in southern Lebanon was a military success: It seriously damaged Hezbollah, a militant Shiite Muslim movement, and forced Lebanese troops to move into southern Lebanon.

But the public mood in Israel remains sour, and Olmert has been battling the perception that the war highlighted Israel's weaknesses. The military failed to stop the Katyusha rocket attacks on Israel, did not oust Hezbollah and did not win the return of two Israeli soldiers seized July 12 by Hezbollah guerrillas in the incident that sparked the war.

Olmert also defended his foreign policy in response to suggestions by critics and his political allies that a shift in tactics is needed.

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In Olmert's cabinet, Public Security Minister Avi Dichter said Monday that Israel ought to restart the negotiations with Syria that ended in 2000. Since the fighting in Lebanon, there has been increasing public debate over whether to seek a deal with Syria that would bring peace to the border and help isolate Iran.

"What we did with Egypt and Jordan is also legitimate in this case," Dichter said in an interview with Israel's Army Radio, referring to peace agreements reached with those Arab countries. A peace deal with Syria would involve Syria's demands for a return of the Golan Heights, which it lost in 1967.

"Before we negotiate with Syria, they should stop financing terror," Olmert said on his tour of the north. He went on, referring to the Syrian president and the militant Islamic group now in charge of Palestinian ministries: "Before we negotiate with Bashar Assad, let him stop launching missiles by means of Hezbollah onto the heads of innocent Israelis. And before we sit down to negotiate, let them stop funding Hamas murder, sabotage and terror. If they meet all these tests, we shall negotiate with them."

He added: "The antitank weapons which took the lives of very many of our soldiers were supplied by Syria. I can tell you Syria is a committed, aggressive member of the axis of evil."

Late Monday, an Israeli military spokesman said soldiers shot and wounded three armed men who approached an Israeli post in southern Lebanon. Hezbollah denied that any of its fighters were hit. About 8,000 Israeli troops remain in southern Lebanon, and Israel says they will remain until the Lebanese army and an international peacekeeping force take control.

Despicable Breeders (WT)

By Fred Gedrich And Paul E. Vallel

The Washington Times, August 22, 2006

Many statesmen, diplomats and others cast the prime warring parties in Lebanon — Israel and the terror group Hezbollah — as morally equivalent. Espousing this view enables them to argue that diplomacy alone can resolve this conflict. They're wrong.

During the dark days leading to World War II, many European and American leaders mistakenly thought they could bargain with, or isolate their countries from, sinister forces threatening mankind. Their failure to recognize right from wrong, and good from evil, prevented them from promptly acting collectively against that gathering threat. As a result, 60 million died, including 6 million Jews.

With the dark cloud of Islamic fascism hovering over the world today, another generation of appeasers, pacifists and isolationists clamor incessantly for diplomatic solutions to this global threat — even if it means cutting deals with untrustworthy terror masters and maintaining the status quo in the freedom-deprived Middle East region. According to the late Gen. Douglas MacArthur, such behavior "begets new and bloodier war." It has already resulted in substantial spilling of innocent blood, and its full consequences are yet to be determined.

Israel, the lone democratic outpost in the Arab region, sits in the most precarious position of all Free World nations. It is flanked by many hostile Arabs on northern, eastern and southern borders with the Mediterranean Sea to its West. This nation exists on 8,000 square miles of land (roughly the size of New Jersey) with 6.4 million residents, about three-quarters of them Jews.

The Jewish state is dwarfed in size and population by neighbors. The Arab world consists of 21 countries and the area controlled by the Palestinian Authority in Gaza and the West Bank. Its land mass encompasses 5.2 million square miles and it is populated by 333 million people. It also owns the distinction of being the world's pre-eminent terrorist breeding ground. According to the State Department, 19 terror organizations operate in the Arab world. Many Middle East observers believe they do so with winks and nods from Arab hosts.

Suffering devastating losses in five major conventional wars, Israel's Arab enemies have resorted to terrorism as a way to achieve their penultimate aim of destroying the Jewish state and greatly diminishing U.S. regional and global influence. They view Israel as an illegal, Western foreign imposition on their soil and their hatred extends to the United States because it is viewed as the ultimate guarantor of Israel's survival.

Ironically, many of Israel's critics have described the current conflict in Lebanon in David and Goliath terms, with Israel being the villain simply because of its military's superior firepower. In doing so, they endanger the very foundation of the international nation-state system.

Israel is a law-abiding state rooted in democratic principles and liberal ideals, seeking to live in peace with its neighbors within borders established by the United Nations after it became an internationally recognized state in 1948. It abides by the laws and customs of war. Its soldiers wear military uniforms, carry arms openly and do not purposely target civilian non-combatants during operations.

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Hezbollah is the antithesis of Israel. It has defied the international mandate to dismantle and disarm as required by U.N. Security Council Resolution 1559 and is the provocateur in the latest conflict. The group is tethered to a nexus of terror lifeline stretching from Iran to Syria to its base of operations in Southern Lebanon. During the current conflict with Israel, its Khomeini-inspired shia militia disguise themselves as civilians, embed in civilian populations, and use civilians as shields. They also store weapons in, and fire them from, mosques, schools, hospitals and civilian residences. They have also intentionally targeted Israeli civilian non-combatants for death with suicide bombers and Katyusha rockets as they attend schools, ride buses, shop in marketplaces, dine in restaurants, and innocently go about doing other daily affairs.

In the 1980s, Hezbollah suicide bombing missions destroyed two U.S. embassies in Beirut as well as barracks containing U.S. Marine and French troops with heavy loss of life. They also are responsible for a series of kidnappings and killings of Americans.

The U.N. Security Council recently voted unanimously for another cease-fire resolution intended to end the fighting between Israel's defense forces and Hezbollah's outlaw militia. Like previous diplomatically arranged U.N. peace-deals, this one is also doomed to fail because it doesn't authorize international peacemakers to do what the Lebanese military is unable or unwilling to do, forcibly defang the terror group.

A sustainable peace can only emerge after the civilized world collectively accepts and acts on the fact that Hezbollah leaders and militia, and others like them, are not "freedom fighters" and morally equivalent to free-state leaders and armies, but despicable "war criminals" seeking to destroy the civilized way of life.

Fred Gedrich is a foreign policy and nation security analyst who served in the State and Defense Departments. Retired Maj. Gen. Paul E. Vallely is a military analyst for Fox News and "Stand Up America" radio host.

Mideast Echoes Of 1938 (WP)

By Richard Cohen

The Washington Post, August 22, 2006

In his upcoming book about the horrors of the 20th century, "The War of the World," the British historian Niall Ferguson has a chapter called "The Pity of Peace." It is about 1938, when World War II loomed, and Britain -- especially and importantly Britain -- did precious little to stop it. The warnings of Churchill -- "believe me, it may be the last chance . . ." -- were ignored, and the government under Neville Chamberlain obstinately pursued a policy that forever after made the word appeasement one of the most odious in history. Somehow, though, it looks like 1938 all over again.

The events in the Middle East are often compared to 1914 and the start of World War I. That war -- the Great War, the war to end all wars -- is actually the all-purpose war. It not only began for what seemed like a trivial reason (the assassination of someone who wasn't a head of state) but it was fought with tenacity and brutality for what now seems no reason at all. In the end, millions died and the world was utterly changed. Why?

But when it comes to the Middle East, 1938 is also a pretty instructive year. At the moment, the United Nations has committed itself to maintaining peace in Lebanon. It has done so by saying it will interpose an armed force between Israel on the one hand and Hezbollah on the other. At the same time, the Lebanese army will -- as it has already started to do -- invade its own country (gasp!), securing the south for the first time in decades.

A critical part of that plan is the establishment of the international peacekeeping force. It is supposed to have 15,000 troops, who will join 15,000 Lebanese troops to ensure that Hezbollah is not rearmed with Iranian and Syrian missiles and that Israel not only pulls out of Lebanon but stays out. The backbone of the international force is supposed to come from Europe, particularly France. It was France, in fact, that was most insistent on the establishment of the force.

Now France is having second thoughts . . . or cold feet . . . or mere questions. If it is the last, that's understandable. The French military is said to worry about the command structure, since this was a problem with the U.N. force in Bosnia in the 1990s. Command structure, though, was not nearly the whole problem in the Balkans. After all, Dutch soldiers were on the spot when Bosnian troops massacred Muslim men and boys at Srebrenica. It is hard to this day to account for what happened.

If only questions about the command structure vexed the French, there would be little cause for worry. But there are ample signs that more is at work here than a table of organization. Maybe the French and other Europeans have just plain lost the political will. The upshot is that now there is no international force worth its name in Lebanon -- certainly not one willing and able to shoot.

This inability of Europe to get its act together is what suggests 1938. Back then, Winston Churchill was hardly the only one who thought Hitler was intent on war. After all, the German leader was an ideological zealot and a murderer to boot. Still, England did little. Similarly, you don't have to have Churchillian prescience to see that what happened once in Lebanon can happen again. Hezbollah's avowed aim is to eradicate Israel. Listen to what it says. Pay attention. It will renew its attacks the first chance it gets. This is why it exists.

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When George Bush used the term "Islamic fascists," he had a point. But it's futile to use colorful language when, in reality, you're out of the conversation altogether. This is another baleful consequence of the Iraq war. The United States is not only preoccupied, it is loathed. The leadership it once was able to exert -- especially in the Middle East -- is a thing of the past. If its credibility is to be restored, another president will have to do so. In the meantime, as we always learn, Europe without American leadership is a mere tourist destination.

What's striking about Ferguson's account of 1938 is the almost total absence of Franklin D. Roosevelt. The American president is almost never mentioned -- sidelined by the Great Depression and, more important, American isolationism. That year, too, Europe was left on its own, and England, pathetically, was not up to the job. Now, by default, the leadership of Europe has slipped to France. We can all sense war coming and a kind of crazy chronology forming like storm clouds for all to see -- 1938 becoming 1914.

How To Counter Terrorists Who Also Pass Out Cash (USAT)

USA Today, August 22, 2006

Imagine you're in a financial bind. You can't pay your electricity bill. Or your child wants to go to college but family finances don't stretch that far. Some men turn up at your apartment, pay your bills and negotiate future reductions with the power company. They foot the college tuition. They ask for nothing in return but gratitude.

Welcome to the way Hezbollah has been operating in poor, Shiite southern Lebanon since the group was created, with Iran's help, in the early 1980s. In recent days, it has been handing out wads of cash to people whose homes were destroyed in the month-long war between Israel and Hezbollah. Just business as usual.

Therein lies a challenge for the United States: how to counter terrorist groups that double as popular, effective social service organizations.

On Monday, President Bush boosted an American aid offer to Lebanon from $50 million to $230 million. After Hezbollah's well-publicized generosity, it looked like belated catch-up. And the U.S. offer carries credibility problems, given that some Israeli bombs were made in the USA, sparking a fierce anti-American outburst among the Lebanese.

Even so, the enhanced aid effort in Lebanon can be a first step toward recognizing something long lost in the Bush administration's approach to the world: that military might can't solve every crisis.

The United States can't hope to match the laser-targeted aid given by Hezbollah in Lebanon and Hamas in the Palestinian territories. Both have networks of informants who know everyone's business. But showing understanding and respect of other people, as well as a willingness to help, is key to winning hearts and minds — as that Dale Carnegie classic How to Win Friends and Influence People preaches.

The Bush administration's post-9/11 approach to the world — dividing it into friends and enemies and relying on bullying rhetoric and military might — has stirred so much anti-Americanism that it could be called How to Lose Friends and Alienate People.

To be sure, terrorism and anti-Americanism aren't going to be solved by niceness or naive PR. But recent history provides a solid example of success. During the Cold War, the United States ran programs to reach out to people under communist dictatorships. Many an Eastern European fell in love with America and what it stood for by hearing a visiting jazz musician, stopping by a U.S. library, studying at a U.S. college or developing a friendship with an exchange student. Solid relationships develop over time and at a very personal level. That's something Hezbollah understands — and the United States needs to relearn.

The world, and the enemies, are different today. Religious fanatics are harder to convert than godless communists. Satellite TV and the Internet have changed communications. But reaching out is still possible. Major aid efforts after Indonesia's tsunami and Pakistan's earthquake, for example, boosted the U.S. image in those Muslim nations.

In 2000, when Bush was a candidate for president, he defined his future foreign policy: "If we're an arrogant nation, they'll resent us," he said. "If we're a humble nation, but strong, they'll welcome us." It's not too late to start acting on those forgotten, pre-9/11 words of wisdom.

In Lebanon, Even Peace Is A Battle (NYT)

By Carlos Pascual And Martin Indyk

The New York Times, August 22, 2006

Washington

VICTORY in the latest war in Lebanon will not be won on the battlefield, but in the race between Hezbollah and the Lebanese government to rebuild homes and lives. Despite President Bush's pledge yesterday of an additional $230 million for reconstruction, Hezbollah is far out front. The international community will need to get $1 billion into Lebanon now, raise $2.5

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billion more over three years, and stimulate $5 billion in private investment to enable the Lebanese government to demonstrate that it, not Hezbollah, can build a peaceful and prosperous society.

Six principles should guide this reconstruction effort.

The first is speed. An emergency donors' conference should have already been convened. An international fund needs to be created with procedures for fast, audited disbursement. It is important that there be just one trust fund, with one set of rules for all donors, or more time will be spent on the bureaucracy of spending than on restoring economic activity.

The oil-rich Persian Gulf states should provide the bulk of the resources. They have a huge stake in ensuring that a ruined Lebanon does not now fall into the hands of Iran via its Hezbollah proxy. Iran is already financing Hezbollah's offer of $10,000 grants to pay for housing, furniture and family needs. Recognizing the challenge, Saudi Arabia pledged $500 million in reconstruction assistance.

But the United States needs to do even more, more quickly. Recall that tiny Kosovo, with half the population Lebanon, absorbed more than $2 billion after the 1999 conflict. Congress should make an emergency appropriation of an additional $500 million. And Israel, although it has its own reconstruction needs, should request that Washington temporarily reallocate some of its annual $2.3 billion in American military assistance to help the Lebanese government.

The second principle is to put the Lebanese government out front. If the "root cause" that President Bush has sought to address is the existence of Hezbollah's "state within a state," then the cure is to replace the militant group's efforts with government programs to meet the needs of the mainly Shiite population of southern Lebanon and the southern suburbs of Beirut.

Some in Washington may balk at allowing nongovernmental groups to work in municipalities that have elected officials from Hezbollah. But it is exactly Hezbollah's political success in those areas that shows why the international community must present a visible and effective alternative in all parts of the south.

Doing so will require getting money and programs to the local level, where residents will know what is needed and possible. Aid groups like Mercy Corps, World Vision and Catholic Relief Services — groups whose approaches have been well tested in other war-torn areas — are ready to create family, business and community support programs to help rebuild local economies. But they will need some $100 million immediately from international donors to support these local efforts for the most affected 1.5 million people.

The third principle is to use local capacity. Iraq taught us how not to rebuild: using international contractors that take months to get in place and spend perhaps a third of their budgets protecting themselves. Lebanon has world-class engineers and experience from rebuilding the country after its civil war. Lebanese and Arab contractors who employ local workers should be given priority. Of course, international donors will need to help the Lebanese government design streamlined procurement rules with external auditors. Again, let's learn from Iraq: payments should be based on results, not on level of effort.

The fourth principle is security. We concur with the urgent calls to deploy an international force in the south. But two other factors are key. One is to train and equip the Lebanese Army — starting with the 15,000 Lebanese troops that will deploy to the south with the international force. Based on experience elsewhere, supporting them will cost at least $20,000 per soldier, about $300 million — about seven times what Mr. Bush proposed. Fortunately, even before this conflict, the Pentagon had studied the modernization needs of the Lebanese military. This plan must be turned into action.

Another security requirement is to bolster the Lebanese civil police force so it can maintain order in areas now controlled by Hezbollah. The United States does not have much capacity in this area, but the European Union does — and Washington should help pay. The Bush administration should tap two separate special authorities Congress provided in the 2006 budget for up to $300 million in emergency security transfers from the Defense Department budget.

A fifth principle is to make maximum use of the private sector. As they showed in recovering from civil war, the Lebanese are among the most entrepreneurial people on earth. Rather than having the West send huge amounts of food aid that can depress local markets, families should be given cash grants that will allow them to buy food.

Thinking big, donors should tap insurance companies and private banks to help Lebanese businesses. Here there is a positive lesson from Afghanistan, where the United States Overseas Private Investment Corporation has insured businesses for more than $1 billion. Imagine the potential in Lebanon if the United States, the European Union, and the World Bank's International Finance Corporation announced that they would insure $5 billion of new business activity.

And, finally, rescuing Lebanon will require patience and persistence. Among countries that managed to stop wars that were tearing them apart, some 40 percent were at it again within five years. A major reason is that international donors pull out too quickly, before reconstruction takes root.

Yet again, conflict between Israel and Lebanon has wrought immense destruction on both sides. A lasting peace will occur only if the Lebanese people come to see that their government is more capable than Hezbollah of providing them with security, dignity and hope for a normal life.

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Iran Defiant On Nuclear Program As Deadline Approaches (NYT)

By Michael Slackman

The New York Times, August 22, 2006

TEHRAN, Aug. 21 — Iran's supreme leader, Ayatollah Ali Khamenei, said Monday that his nation would continue to pursue its nuclear program "forcefully." The remarks came one day before Iran's self-imposed deadline for responding to an international package of incentives intended to persuade the nation to voluntarily stop enriching uranium.

In a speech to a group described by Iranian television news as "Islamic intellectuals," Ayatollah Khamenei stayed consistent with Iran's confrontational, no-backing-down tone while remaining vague in terms of substance. He gave no indication of what "forceful" meant, though over the past week, and again on Monday, officials said Iran would refuse to give up uranium enrichment.

"The Islamic Republic of Iran has made up its mind based on the experience of the past 27 years to forcefully pursue its nuclear program and other issues it is faced with, and will rely on God," he said in remarks reported on the Iranian state news. "Be patient, and hopefully we will taste a sweet outcome."

Iran's defiance was offered up on several fronts on Monday, even as officials here said that within 24 hours the leadership would give a formal response to the proposal offered by the United States, Russia, China, Britain, France and Germany. One official, in an interview with the Iranian Fars News Agency, said Tehran was moving ahead with plans to start up a "heavy water" plant that would feed a nuclear reactor.

Beyond that, The Associated Press reported that Iran turned inspectors away from a nuclear facility in Natanz, which would be a violation of the Nuclear Nonproliferation Treaty.

One day earlier, Iran had held military exercises in which it test-fired surface-to-surface missiles during a second day of war games.

But amid the tough talk and missile firing, Tehran did not provide any details on how it would respond to the Western package of incentives. The West has accused Iran of wanting to develop weapons, while Iran has insisted that it is pursuing peaceful nuclear energy. Though Iran had initially spoken favorably about the package, its tone changed last month when it was ordered by the United Nations Security Council to halt enrichment by Aug. 31 or face political and economic sanctions.

"Arrogant powers and the U.S. are putting their utmost pressure on Iran while knowing Iran is not pursuing nuclear weapons," Ayatollah Khamenei said Monday.

Iranian officials have also threatened to keep their nuclear work a secret — hidden from all public view — if the Security Council tried to force them to stop. Iran's chief national security official and lead nuclear negotiator, Ali Larijani, was quoted by Iranian television news earlier this month as saying that under the Nuclear Nonproliferation Treaty, "if we are threatened, we can act in secret."

He said Iran would interpret sanctions as just that kind of threat.

Political analysts in Tehran with personal relationships with those in government and security agencies said they were expecting Iran to respond with what might be called a conditional approval of the package — accepting some elements in whole, calling for negotiating over others and rejecting the demand to stop uranium enrichment completely. They said the leadership was already preparing for sanctions but hoping that the room for additional negotiations would encourage China and Russia to help Iran buy time.

"As usual, nobody really expects Iran to give a definitive answer to the package," said Mohammad Hossein Hafezian, a specialist on Middle East issues in Tehran. "It is very difficult for this system to make compromise — to reverse or retreat."

For Iran's leaders, the negotiations over its nuclear program are a flashpoint in an internal debate or conflict over how far to integrate the country into the international community in political, diplomatic and economic terms, analysts and diplomats here said.

Reaching an agreement with Europe and the United States on the program could open a door that the clerical leaders are not prepared to open, fearful that foreign investment and renewed diplomatic relations with the West would undermine their absolute authority and ideological grip on all of the levers of power.

In addition to responding to the offer of incentives, officials here said that next week President Mahmoud Ahmadinejad would formally announce Iran's decision on the demand that it stop enrichment by the end of the month. That announcement, however, is expected to be no different from Iran's position has been so far: a refusal to suspend enriching uranium.

It is unclear how Iran would ultimately respond if it were saddled with biting sanctions. Analysts said there were rumors that if Iran were pushed to the wall, it might ultimately accept a Russian proposal to have enrichment conducted there.

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As for the package, “I believe their response will be conditional rather than a yes,” said Nasser Hadian, a professor of political science at Tehran University, adding that while the Iranians will give assurances not to develop weapons, “they will refuse to suspend” enrichment.

Iran Defiant On Calls For Nuclear U-turn (FT)

By Gareth Smyth, Demetri Sevastopulo And Daniel Dombey

Financial Times, August 22, 2006

Tehran on Monday gave the strongest indication yet that it would reject international calls to scale back its nuclear programme, intensifying the long-running controversy over its ambitions and nudging world oil prices higher.

Comments by Ayatollah Ali Khamenei, Iran’s supreme leader, which suggested such a rejection prompted President George W. Bush to call for a firm response by the United Nations in the wake of any Iranian refusal.

Iran has said it will respond by Tuesday to an incentive package to curb its nuclear activities, while the UN Security Council has set Tehran a deadline of August 31 for suspending uranium enrichment – a process that can produce both nuclear fuel and weapons grade material.

Iranian state television on Monday reported Mr Khamenei as saying that Iran had “made its own decision” and “God willing, with patience and power, will continue its path”.

Mohammad Saeedi, the deputy head of Tehran’s Atomic Energy Organisation, told Iran’s Fars news agency that suspending uranium enrichment was “not possible any more”.

Iran’s defiant tone, and the potential threat of sanctions against Tehran, helped push oil futures higher, with Nymex crude rising 61c at $71.75 a barrel in midday New York trading. Brent rose 75 cents to $73.05.

Speaking at a press conference in Washington, Mr Bush said the US would await a formal response from Iran. ”I certainly want to solve this problem diplomatically and I believe the best chance to do so is for there to be more than one voice speaking clearly to the Iranians.”

But he added: “In order for the UN to be effective, there must be consequences if people thumb their nose at the UN Security Council.”

The US government has made clear it will argue for sanctions against Iran if it fails to comply, although Russia and China have argued against the early use of punitive measures.

On Monday the Associated Press also reported that Iran had restricted UN inspectors’ access to the country’s nuclear site of Natanz. But it was unclear whether the reduced access amounted to a violation of Tehran’s international obligations.

Iran Vows To Pursue Nuclear Work, Defying U.N. (WSJ)

By Neil King Jr. And David Crawford

The Wall Street Journal, August 22, 2006

Iran promised to push ahead on its nuclear development despite a United Nations demand that it halt a uranium-enrichment project, setting the stage for a tough international fight over how to penalize the Tehran government.

While U.S. and European officials continue to wait for a formal reply from Iran to an incentives package put forward in June, Iran's supreme leader, Ayatollah Ali Khamenei, said yesterday that Iran "has made its own decision" and "will continue its path" on nuclear-development work. Iranian President Mahmoud Ahmadinejad made similar statements last week.

Iranian comments in recent weeks have been a mix of bluster and accommodation, though U.S. and European officials say they don't expect a satisfactory response and plan to push ahead on a sanctions package as early as the first week of September.

The U.S. and its chief European partners on the Iran front -- Britain, France and Germany -- contend that Tehran is using its civilian nuclear program as a cover to develop atomic weapons, an assertion top Iranian officials reject. To force the issue, the Security Council last month passed a resolution demanding that Iran cease its uranium-enrichment work by Aug. 31 or face potentially tough -- but unspecified -- sanctions.

Iran's Foreign Ministry during the weekend said it plans to offer a "multifaceted response" to the European incentives proposal, which was offered with U.S. support. U.S. and European officials say they have little expectation that Iran will agree to a full enrichment freeze.

Assuming an unsatisfactory reply, senior aides to President Bush have been preparing for weeks to begin a push within the Security Council to impose an array of sanctions on Iran. Mr. Bush said yesterday that it is imperative that Iran be punished if it flouts last month's resolution. "There must be consequences if people thumb their nose at the United Nations Security Council," Mr. Bush said in a nearly hour-long news conference. He stressed that the international community has "to work in concert for effective diplomacy," reflecting concerns that the near-consensus on Iran last month within the Security Council might fray.

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Crude-oil prices rose yesterday on the New York Mercantile Exchange, with the September futures contract climbing $1.31, or 1.8%, to $72.45 a barrel.

U.S. and European diplomats at the U.N. fear this next round of negotiations on Iran stands to be particularly grueling. Of the five permanent, veto-wielding members of the council, Russia and China remain hesitant about imposing tough penalties on Iran, in part for fear of disrupting important business ties. Britain, France and the U.S. are intent on pushing ahead on a range of penalties, though details have yet to be laid out.

Diplomats also worry that strains over the war involving Israel and Lebanon and its aftermath could spill over into diplomacy over Iran, making it harder to agree to a first set of sanctions.

German diplomats cautioned that it could be several days before Iran responds formally to the European package, which offered a set of trade and political inducements if Iran freezes its uranium work and agrees to international safeguards on its nuclear program. Under the deal, the U.S. would enter into direct talks with Iran for the first time in decades.

Iran stirred a flurry of speculation in recent weeks when it appeared to set its own deadline -- today -- for responding to the European incentives package. Various scholars and Internet commentators noted that the date overlaps with the ceremonial commemoration of the Prophet Muhammad's flight to heaven from Jerusalem and back on the back of a winged horse.

Diplomats say the speculation as to why Tehran would pick such an otherwise arbitrary date is founded on a simple misunderstanding. When Iranian officials said earlier this summer that they would respond at the end of the month, they were referring to the current Iranian calendar month, which ends today.

Officials at the International Atomic Energy Agency couldn't confirm an Associated Press report saying that Iran had blocked IAEA inspectors from entering a research facility at Natanz. Inspectors were in Iran last week for a routine inspection, according to a Vienna-based diplomat, and returned to Vienna as planned. The U.N. agency plans to send another inspection team to Iran next week for another round of inspections.

Iran Rejects Offer For Nuclear Talks (WP)

By Dafna Linzer

The Washington Post, August 22, 2006

The Iranian government has told senior European officials that it will not accept the only condition set by the Bush administration and its Western allies for talks on the country's nuclear program and will continue enriching uranium, despite the threat of international sanctions, several senior U.S. and European officials said yesterday.

Diplomats in Washington, Tehran and European capitals said the Iranian government is willing to enter negotiations and to consider a freeze of the program, but it will not accept a freeze as a precondition for the talks.

Ali Larijani, Iran's chief nuclear negotiator, informed Javier Solana, foreign policy chief for the European Union, of the decision in a phone call over the weekend. The two men will likely meet again today, along with representatives of France, Britain and Germany, to discuss the Iranian position. But U.S. officials said they would push for strong financial sanctions against the Tehran government and expected support from Europe.

The Iranian position is nearly identical to its initial reaction to the offer, which was presented in June and includes a package of U.S.-backed economic and political incentives. U.S., British and French diplomats concluded yesterday, after receiving word of Iran's intention, that the government simply bought time to advance its nuclear program, rather than scale it back as the U.N. resolution requires.

In Tehran, the country's supreme leader, Ayatollah Ali Khamenei, said the nuclear program is peaceful and will continue. "The Islamic Republic of Iran has made its own decision, and in the nuclear case, God willing, with patience and power, will continue its path," Khamenei was quoted as saying by state television.

Mohammad Saeedi, the deputy director of Iran's Atomic Energy Organization, told an Iranian news agency that "under current circumstances, the suspension of uranium enrichment is not possible." Still, he said Iran's response would be "very comprehensive" and would provide "a suitable opportunity for the West to solve the nuclear dossier through negotiations."

President Bush said yesterday that he would wait for the formal reply, but, anticipating the rejection, he urged the United Nations to respond forcefully. "There must be consequences if people thumb their nose at the United Nations Security Council, and we will work with people in the Security Council to achieve that objective," he said.

Earlier this month, the Security Council passed a resolution giving Iran 30 days to stop the program or face the threat of sanctions. For the first time, U.S. officials began feeling optimistic that sanctions could be achieved. "The U.N. resolution calls for us to come back together on the 31st of August," Bush said yesterday. "Dates -- you know, dates are fine, but what really matters is will, and one of the things I will continue to remind our friends and allies is the danger of a nuclear-armed" Iran.

But even some of Washington's closest allies worried yesterday that the effort was becoming more difficult, complicated by the recent fighting in Lebanon between Israel and Hezbollah, which is backed financially and militarily by Iran.

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"The Iranians are extremely confident following the outcome of the Israel conflict," said one senior European official, who agreed to discuss sensitive details in the matter on the condition of anonymity. "Their Syria-Iran-Hezbollah axis has gone from minority player to lionized hero of the Arab street."

A U.S. official, who spoke on the condition of anonymity, said senior U.S., French, German and British diplomats agreed during a conference call yesterday to press for sanctions.

Even before fighting broke out in Lebanon, many Security Council members seemed skittish about imposing financial measures against a major oil exporter.

For years, the Bush administration has tried to convince allies to pressure Iran to give up a program that the Tehran government insists is for generating electricity, and not part of a covert nuclear weapons effort.

But Iran, rich in oil and natural gas, built its nuclear program in secret over 18 years. It was forced to acknowledge the large-scale program and accept an outside investigation after an Iranian exile group, listed by the State Department as a terrorist organization, publicly revealed the location of Iran's largest nuclear facility, in Natanz, four years ago.

Since then, inspectors with the International Atomic Energy Agency have been trying to determine the scope and history of Iran's nuclear efforts. They have conducted hundreds of inspections, uncovered Iranian experiments with plutonium and uranium, and exposed a secret relationship between Iran and Pakistan, which was instrumental in the development of Iran's nuclear program.

The inspectors, however, have been unable to confirm Tehran's claims that its nuclear energy program is peaceful. Yesterday, officials in Vienna, where the IAEA is based, said Iran had refused a request by inspectors in the past week to view construction progress at the Natanz site, a vast complex that houses uranium-enrichment efforts.

Inspectors, preparing to report on Iran's program to U.N. members next month, are trying to determine how much uranium the Iranians have enriched in the last several months. Although Iran is advancing its nuclear efforts, U.N. inspectors, as well as analysts working for U.S. and British intelligence, believe the Iranians are technically poor at enriching uranium.

Based on what is known about Iran's program, Western intelligence believes that it will be years before Iran can manufacture enough uranium for a nuclear bomb.

Iran Denies Inspectors Access To Site (AP)

By George Jahn

AP, August 22, 2006

Iran turned away U.N. inspectors from an underground site meant to shelter its uranium enrichment program from attack, diplomats said Monday, while the country's supreme leader insisted Tehran will not give up its contentious nuclear technology.

Ayatollah Ali Khamenei's comments came on the eve of a self-imposed deadline to respond formally to Western incentives aimed at curbing its atomic program, deflating hopes that Iran will accept a U.N. Security Council demand that it freeze enrichment by Aug. 31 or face the possibility of sanctions.

Iran's unprecedented refusal to allow access to its underground facility at Natanz could seriously hamper U.N. attempts to ensure Tehran is not trying to produce nuclear weapons, and might violate the Nuclear Nonproliferation Treaty, diplomats and U.N. officials told The Associated Press.

Speaking on condition of anonymity because of the sensitivity of the information, the diplomats and officials from the U.N. nuclear watchdog, the International Atomic Energy Agency, described other signs of Iranian defiance.

They said Iran denied entry visas to two IAEA inspectors in the last few weeks after doing the same earlier this summer for Chris Charlier, the expert heading the U.N. agency's team to Tehran. Additionally, they said, other inspectors were given only single-entry visas during their visits to Iran last week, instead of the customary multiple-entry permits.

Iran's reported actions were likely to harden Western resolve to punish the Tehran regime if it refuses to give up uranium enrichment, which can be used to create the fissile core of nuclear warheads.

Diplomats told AP on Monday that sanctions could include a ban on the sale of missile and nuclear technology to Tehran, international refusal to grant entry visas to people involved in Iran's nuclear program and a freeze of their assets, and a ban on investment in Iran.

IAEA head Mohamed ElBaradei is to report by Sept. 11 to the agency's board on Iran's compliance with the Security Council deadline on freezing enrichment and on other aspects of Tehran's cooperation with U.N. inspectors.

The U.S. ambassador to the United Nations, John Bolton, said that "nothing surprises me about how Iran treats its obligations" under the nonproliferation agreement. He said Iran concealed things from inspectors in the past and alleged Tehran also has falsified data.

Although Bolton said he had no specific knowledge of the reported recent blocking of U.N. inspectors, he said, "More obstructionism doesn't surprise me at all."

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IAEA officials at the agency's headquarters in Vienna, Austria, refused to comment.

The Islamic republic has promised to formally respond Tuesday to an offer of economic and political rewards for it to freeze enrichment and negotiate strengthened monitoring of its nuclear program.

The proposal from six world powers — the U.S., Russia, China, Britain, France and Germany — includes promises that the United States and Europe will provide civilian nuclear technology and that Washington will join direct talks with Iran.

But Iran's supreme leader again ruled out an enrichment freeze.

"The Islamic Republic of Iran has made its own decision and in the nuclear case, God willing, with patience and power, will continue its path," Khamenei was quoted as saying Monday by state television.

He accused the United States of pressuring Iran despite Tehran's assertions it is not working on nuclear weapons, as Washington and its key allies contend. Iran says its enrichment work is intended solely to produce fuel for nuclear reactors that will generate electricity.

"Arrogant powers and the U.S. are putting their utmost pressure on Iran while knowing Iran is not pursuing nuclear weapons," Khamenei said.

Iran said Sunday that it would offer a "multifaceted response" to the incentives proposal but already insisted a full enrichment freeze was out of the question.

In Washington, President Bush said Iran already was giving an inkling of its response. "Dates are fine," he said, "but what really matters is will. And one of the things I will continue to remind our friends and allies is the danger of a nulear-armed Iran."

A State Department spokesman, Gonzalo Gallegos, said, "We await their final decision."

German Chancellor Angela Merkel pressed for a "solid answer" from Iran. "I still hope that it will be positive, although some signals have been very confused," she said.

Tehran says uranium enrichment does not violate any of its obligations under the Nuclear Nonproliferation Treaty.

But U.N. officials suggested the refusal to allow IAEA inspectors access to the underground nuclear site being built at Natanz was in itself a violation of the treaty because it contravenes Tehran's commitment to inform the agency of the progress of such projects.

Iranian officials have said the country intended to move toward large-scale uranium enrichment involving 3,000 interconnected centrifuges in underground halls at Natanz, in central Iran, by late this year and would later expand the program to 54,000 centrifuges.

Former U.N. nuclear inspector David Albright, president of the Washington-based Institute for Science and International Security, describes the site as a vast complex 75 feet underground, covered by layers of materials. It is unclear whether that includes concrete.

Associated Press writers George Jahn reported this story from Vienna, Austria, and Nasser Karimi from Tehran, Iran.

Inspectors Kept Out Of Key Site Ahead Of Deadline (WT)

By David R. Sands

The Washington Times, August 22, 2006

Facing a self-imposed deadline today to respond to a U.S.-backed offer to suspend its nuclear programs, Iran yesterday blocked international inspectors from a key research site and vowed once more never to surrender its atomic energy programs.

President Bush called for strong international action if Tehran turns down a compromise offer to suspend its uranium enrichment programs in exchange for trade and other concessions, but Western diplomats were increasingly pessimistic about a deal.

Mr. Bush told a White House press conference there has to be "consequences" if Iran refuses to bargain over its nuclear programs, including new sanctions by the U.N. Security Council. Iran says its nuclear programs are for civilian energy, but the United States and its allies maintain the Islamic republic is secretly trying to obtain nuclear weapons.

Saying he wanted to solve the standoff diplomatically, Mr. Bush declared, "Dates are fine, but what really matters is will."

The signals coming out of Tehran in recent days have not been encouraging.

Western diplomats at the Vienna, Austria-based International Atomic Energy Agency, the U.N. nuclear watchdog, said yesterday that Iran was blocking access for IAEA inspectors to a major facility in Natanz, a violation of Iran's obligations under the nuclear Non-Proliferation Treaty.

The heavily fortified site uses gas centrifuges to enrich uranium, which then could be used for either civilian or military purposes.

Alaeddin Boroujerdi, a leading foreign policy voice in Iran's parliament, told the official Iranian news agency yesterday that lawmakers may restrict access to other nuclear sites if sanctions are imposed.

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Iranian supreme leader Ayatollah Ali Khamenei said in a television interview in Tehran that Iran would not give up its nuclear programs, despite U.S. and U.N. pressure.

Mohammad Saeedi, deputy head of Iran's atomic energy agency, said even a temporary halt in Iran's uranium enrichment program -- the basic demand of the international offer -- was not acceptable.

"Considering the technical achievement of Iranian scientists, the suspension of uranium enrichment is not possible anymore," he told [a wire service] news agency.

The five permanent U.N. Security Council powers -- the United States, Britain, France, Russia and China -- and Germany presented the incentives package in June, including an offer by the Bush administration for limited direct talks with Tehran, in exchange for a freeze on Iran's nuclear enrichment work.

Ignoring Western demands for an answer, Iranian leaders said they would present a written reply to European diplomats by today. The Security Council voted at the end of last month to set an Aug. 31 deadline for a final reply or face new sanctions.

German Foreign Minister Frank-Walter Steinmeier said he hoped Mahmoud Ahmadinejad, Iran's hard-line president, would give a response that would keep the negotiations on track.

"But I also have to say that after the events this week, I am skeptical," Mr. Steinmeier told reporters during a visit to Afghanistan's capital of Kabul.

Analysts say it is unlikely Iran will give a flat yes or no to the nuclear offer, forcing the United States and its partners to coordinate their own response. Sanctions against Iran likely would meet resistance from Russia, China and other countries that have oil ties and extensive business contacts with Iran.

Iran's response also could provide one of the first clues to how the recent Israel-Hezbollah conflict in Lebanon has scrambled diplomatic and security calculations in the region.

Iran is closely allied with Lebanon's Hezbollah Shi'ite militia, and many in Tehran celebrated what they said was Hezbollah's unexpectedly strong showing against Israel's fabled military in the 34-day fight.

Kenneth Pollack, a Middle East scholar at the Brookings Institution, said Iran's answer on the nuclear offer was likely to be "more no than yes," in part because hard-liners who favor confrontation with the United States and its allies now had the upper hand because of Lebanon.

Former President Of Iran Invited To Speak In D.C. (WP)

By Robin Wright

The Washington Post, August 22, 2006

Despite a looming diplomatic showdown with Iran over its nuclear program, the Bush administration has agreed to issue a visa to former Iranian President Mohammad Khatami to give a public address at the Washington National Cathedral next month, according to the Rev. Canon John L. Peterson, director of the Center for Global Justice and Reconciliation.

Khatami would be the most senior Iranian to visit Washington since Iran's 1979 revolution and the 1979-1981 takeover of the U.S. Embassy, which led Washington to sever relations with a country that had been one of its two closest allies in the Middle East.

The State Department said yesterday that it had not yet approved a visa for Khatami because he has not yet formally applied, which he must do outside Iran.

The White House decision to allow a prominent Iranian reformer to visit comes at a time of mounting tension with the new hard-line leadership in Tehran. Iran is expected to give its official answer today to a U.S.-backed package of incentives designed to get Tehran to give up uranium enrichment, a process in a peaceful nuclear energy program that can be converted to develop a nuclear weapon.

Undersecretary of State R. Nicholas Burns said Friday that the United States is ready to push for new international sanctions on Iran at the United Nations if it does not accept the undisclosed package. Burns's office made the decision to grant the visa, according to the cathedral.

Khatami, a former minister of culture once purged by hard-liners, was a dark-horse presidential candidate in 1997 who led a sweeping upset that began a period of freer press, talk of political reform, cultural openings and encouragement of exchanges with the outside world. American tourists even returned to Iran.

In 1998, Khatami urged an end to the "wall of mistrust" between Iran and the United States. He also made an overture to the West by calling for a dialogue of civilizations, a proposal adopted by the United Nations when it declared 2001 the Year of Dialogue Among Civilizations.

But relations between the two countries have remained locked during the Clinton and Bush administrations over Iran's support for groups that rejected the Arab-Israeli peace process, its backing of militant groups such as Hezbollah and Hamas, and its potential to subvert its energy program.

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Evan Anderson, deputy director of the Center For Global Justice and Reconciliation, said the visit comes at a critical juncture in U.S.-Iran relations, particularly in light of the current crisis in the Middle East.

The Rev. Samuel T. Lloyd III, dean of the cathedral, said, "It will be an honor for the cathedral to provide a platform for President Khatami." He added: "President Khatami's commitment to a dialogue between civilizations and cultures is an important component in the peace process. This is much needed in the world today."

After serving two terms, the presidential limit, Khatami left office last year, and the clerical board that certifies candidates did not allow other reform candidates to run to replace him. He was succeeded by Mahmoud Ahmadinejad, a hard-liner, who has come into his own politically by capitalizing on tensions with the West over the nuclear issue.

Reformers have since been further sidelined, and some have been prosecuted. The new government has also ridiculed the Bush administration project to provide $75 million to foster democracy in Iran.

After leaving office, Khatami endorsed Iran's right to enrich uranium, which is legal under terms of the Non-Proliferation Treaty. But U.S. and European officials believe Iran is intent on secretly developing weapons capability.

In February, Khatami founded the International Institute for Dialogue Among Civilizations and Cultures, headquartered in Tehran. He plans to speak in Washington on the dialogue of civilizations and the role the three Abrahamic faiths -- Islam, Judaism and Christianity -- can play in the peace process. Plans call for the event, at the National Cathedral at 7:30 p.m. on Sept. 7, to be free and open to the public.

Before visiting Washington, Khatami is scheduled to attend a U.N. conference as part of the Alliance of Civilizations, led by the prime ministers of Spain and Turkey.

Sudan's Plan For Darfur Involves Its Own Force, Not The U.N.'s (NYT)

By Lydia Polgreen

The New York Times, August 22, 2006

KHARTOUM, Sudan, Aug. 21 — Sudan's government has proposed using more than 10,000 of its own troops to quell the violence in the troubled region of Darfur instead of the United Nations peacekeeping force that it has repeatedly refused.

The Sudanese plan was presented to the United Nations Security Council last week, but whether it is a serious blueprint or another tactic in the country's efforts to stall or thwart a United Nations peacekeeping force remains to be seen. Sudan's president, Omar Hassan al-Bashir, has been engaged in an escalating war of words over the proposed United Nations peacekeeping force in Darfur, declaring that Sudan would "defeat any forces entering the country just as Hezbollah has defeated the Israeli forces," according to the state-run news agency, Suna.

Under the plan, the Sudanese government would use the troops to "gain control of the security situation and achieve stability in Darfur" and to "deal with the threats posed by the activities of groups that have rejected the Darfur peace agreement," which was signed on May 5.

The plan does not explicitly reject a United Nations force, which the United States and others have advocated to secure the shaky peace agreement. But it makes clear that Sudan believes it should be responsible for stabilizing the worsening crisis in Darfur.

"The restoration of stability and the protection of civilians are central responsibilities of the government of the Sudan," Mr. Bashir wrote in a letter to Kofi Annan, the secretary general of the United Nations.

But the Sudanese proposal, taken with what advisers for the African Union, human rights groups and aid organizations describe as a large buildup of military forces in Darfur, indicate that the government may intend to deal with the escalating crisis in its western provinces by force.

"More than a diplomatic road map, this is showing their military intentions," said David Buchbinder, a Darfur researcher at Human Rights Watch. "I don't think this in any way is going to protect civilians."

The Sudanese government signed a peace agreement with the strongest of the rebel groups fighting for greater autonomy and a share of Sudan's wealth in Darfur, but since the agreement was reached, Darfur has grown more chaotic and violent.

The African Union peacekeeping force that is supposed to monitor the peace agreement is running out of money and unable to protect itself, much less civilians. Two Rwandan soldiers were killed Saturday when a convoy of fuel tankers they were escorting came under attack.

Darfur rebel groups that have not signed the peace agreement have splintered and realigned, creating alliances and divisions that have made the conflict more complex and dangerous. Elements of a faction of the Sudan Liberation Army and the Justice and Equality Movement, an Islamist group, have formed the National Redemption Front.

The group has been carrying out ever more brazen attacks. Earlier this month it claimed to have downed a government Antonov bomber with a Russian-made Strela shoulder-fired missile, a relatively sophisticated anti-aircraft weapon the rebel groups have not been known to use in the past.

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Attacks on aid workers have put hundreds of thousands of people beyond the reach of food, medicine and clean water supplies, according to the United Nations. Last month nine aid workers were killed in Darfur, more than in the entire conflict before then.

On Friday, Mark Malloch Brown, the deputy secretary general of the United Nations, warned at a news conference that the United Nations was "extremely worried about the deterioration in the humanitarian and security situation in Darfur and the absence of a clear political path to the deployment of the U.N. force." He added that "something very ugly is brewing."

More than 200,000 people have already died in the conflict in Darfur, and more than 2 million have been forced from their homes. The conflict began when a non-Arab rebel group seeking more wealth and autonomy for Darfur from the Arab-dominated government attacked an army post in 2003. The government responded by unleashing Arab militias upon non-Arab tribes, using the militias, known as janjaweed, as a counterinsurgency force.

The attacks were so brutal, deadly and systematic that some people, including President Bush, have called the conflict in Darfur genocide, but the Sudanese government and some analysts reject that label.

The United States and Britain introduced a draft resolution last week at the Security Council calling for a peacekeeping force of at least 17,000 troops, but Sudan has repeatedly said it will not allow a United Nations force to deploy in Darfur.

Sudan has argued that the current African Union force should be strengthened and given the responsibility of carrying out the peace agreement in Darfur. But the 7,000-member force has struggled to carry out even its limited mandate, which allows them to monitor but not enforce the cease-fire agreement. Criticized as ineffective and badly managed, the force will run out of money at the end of September, and donors at a conference held last month in Brussels to raise money for the force refused to extend its life beyond that deadline.

"We will be almost completely out of money," said Lt. Col. Ferdinand Eze, a top military adviser with the African Union. "We cannot cope with the mission we have now, never mind additional duties."

Genocide, Continued (WP)

The Washington Post, August 22, 2006

SUDAN'S DIPLOMATS have sometimes had the gall to describe the killing in Darfur as a problem of underdevelopment. Poverty creates desperation and violence, they plead; rather than blaming the Sudanese government for the suffering that results, the United States and its allies should show that they care about Africans by offering practical assistance. Well, last week Britain and the United States circulated a U.N. Security Council resolution that would get about 20,000 peacekeeping troops and police officers into Darfur; if such a force were actually deployed, it would represent the greatest step forward for Darfur since the killing started. But Sudan's president, Omar Hassan al-Bashir, seems determined to frustrate this offer of assistance.

The resolution is said to have the support of most members of the Security Council. It was developed in consultation with France, which initially tried to minimize the proposed number of troops but then accepted the Anglo-American position. China, which bends over backward not to offend Sudan's government because of its oil investments in the country, nonetheless has yet to veto any Sudan resolution at the United Nations and would probably go along with this one.

The only outspoken critic of the resolution on the Security Council is Qatar, which is reflecting the collective unwisdom of the Arab League. The Arabs have long opposed a U.N. deployment in Darfur, apparently because they believe in the sovereign right of governments to slaughter civilians. To disguise the brutality of this position, the Arabs have in the past professed a preference for the existing African Union peacekeeping force in Darfur, even offering to provide resources to it. But that was just talk. Virtually all the funding for the African Union force has come from Europe and the United States. It will dry up at the end of September, making a U.N. follow-on force vital.

Fortunately, the Arabs' cynical stance need not prevent the resolution from being adopted. But to deploy the proposed force, the United Nations will need cooperation from Sudan's government; it cannot fight its way into Darfur. Mr. Bashir has already accepted a 12,000-member U.N. force in Sudan's south, so he can't claim a principled objection to the presence of U.N. peacekeepers in his country. But he retains an unprincipled determination to keep the United Nations out of Darfur, even though the need for a peacekeeping force is clearer than ever.

The world needs to be clear what Mr. Bashir's position amounts to. As a result of his government's systematic destruction of African villages in Darfur, more than 2 million displaced people there depend on humanitarian relief, but mounting violence that claimed the lives of eight aid workers last month makes the delivery of relief extremely difficult. In these circumstances, barring the entry of peacekeepers is to condemn thousands of displaced civilians to starvation. It is to continue the policy of genocide that has marked this crisis from the outset.

Congolese Continue To Battle Over Vote (WT/AP)

By Anjan Sundaram

DOJ_NMG_0051972

The Washington Times, August 22, 2006

KINSHASA, Congo -- Battles between forces loyal to President Joseph Kabila and those of his main campaign rival raged for a second day yesterday, and U.N. peacekeepers safely evacuated foreign diplomats who had been trapped inside the challenger's besieged home when gunfire broke out.

The fighting in the central African nation came after election officials announced Sunday that Mr. Kabila had failed to win an outright majority in Congo's first vote in more than four decades and would face former rebel leader Jean-Pierre Bemba in a second round in October.

U.N. spokesman Jean-Tobias Okala said the diplomats, including U.N. Chief of Mission William Swing, were being returned to the world body's offices in the capital, Kinshasa, after being evacuated from Mr. Bemba's compound by U.N. troops in armored personnel carriers.

"They're out, and they're coming to U.N. headquarters. Everyone's safe," he said.

The foreign envoys were meeting with Mr. Bemba when fighting erupted outside his compound. Mr. Swing, the head of the world body's 17,500-troop peacekeeping mission, was inside, along with envoys from the United States, France, China and other countries.

It was not clear whether the diplomats are ambassadors or lower-ranking officials.

A U.N. official at its headquarters in New York, speaking on the condition of anonymity because of the sensitivity of the mission, said peacekeepers were there "to assist in an evacuation ... of VIPs from Bemba's compound."

In a bid to quell the violence, the army issued orders yesterday for all soldiers in the Congolese capital to lay down their arms.

Army spokesman Col. Richard Leon Kasonga appeared on national television and issued orders barring all troops from carrying their weapons in public without a written exemption. He appealed for calm, saying, "We're all members of the same army."

Mr. Bemba's political party said Mr. Kabila's guards attacked the house, drawing return fire from Mr. Bemba's guards. Mr. Bemba was in his office when the fighting started, said his spokesman, Moise Musangana.

A senior military official confirmed that Mr. Kabila's special presidential guards were battling members of the postwar military drawn from Mr. Bemba's insurgent ranks. But the official said Mr. Bemba's guards provoked the battle.

Gunbattles in the nation as large as all of Western Europe already had killed at least two persons, a grim backdrop for another round of campaigning.

Mr. Kabila won 45 percent of the 16.9 million votes cast in the July 30 balloting; Mr. Bemba had 20 percent, Electoral Commission Chairman Apollinaire Malu Malu said. The rest of the votes cast were shared among 31 other candidates. Voter turnout was about 70 percent.

A second round will be held Oct. 29.

Congo's elections are meant to select a leader to knit together the country's 58 million people and end years of corrupt rule and war since it won independence from Belgium in 1960. Congo's last multiparty vote for a leader was in 1961. The winner was killed as military regimes took power.

Maoist Rebels Spread Across Rural India (CSM)

By Anuj Chopra

The Christian Science Monitor, August 22, 2006

ULGARA, INDIA

A sprawling, yet largely hidden, war is raging in India's rural countryside, and after years of ignoring it, Delhi is signalling a military counteroffensive.

India's Maoist insurgents, also called Naxalites, have expanded their area of operations from just four states 10 years ago to half of India's 28 states today. In 165 districts, they claim to run parallel "People's" governments. This year alone, fighting between rebel and government forces has claimed more than 500lives - many civilian.

Prime Minister Manmohan Singh turned heads recently by calling the Naxalites, "The single biggest internal security challenge ever faced by our country."

To tackle the threat, Delhi is planning to deploy 11 battalions of paramilitary police and is sponsoring opposing vigilante groups who espouse violence. But issues of underdevelopment and poor human rights are the real oxygen of the Maoist insurgency, not local police weakness, argue critics of the new government approach.

"India has failed to rein in the Maoists simply because there are no quick-fix solutions to the problems arising out of [bad governance]," says Suhas Chakma, the director of the Asian Centre for Human Rights (ACHR), Delhi.

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Hardest hit in this conflict are poor, tribal residents of rural villages like Ulgara, a hamlet in the rural interior of Jharkhand state. Naxalites pass through often, stopping sometimes to demand food, which villagers quietly admit they give out of fear. Five years ago, in the wee hours of the night, nearly 100 guerrillas attacked the village, torching 19-year-old Rakesh Kumar's house. His father was shot and his family beaten.

"We're stuck in the middle - between the Naxalites and the state," says Mr. Kumar, explaining that it's neither safe to support the Maoists nor turn them away.

Many beleaguered villagers have fled the area. Others, including the Kumars, are scrounging together money to move to the city. In parts of India, fearful villagers have reportedly abandoned whole villages. Aiming to bring the fight to cities

Recent reports suggest that this rural insurgency is slowly, yet inexorably, spreading into four more states, with what analysts see is a long-term plan to extend their red corridor - called the "Compact Revolutionary Zone" - throughout India. Their ultimate stated goal is to capture India's cities and overthrow Parliament. In an interview last year with The Telegraph newspaper, a national daily, a member of the Maoist Central Committee named "Comrade Dhruba" said, "Our mass base is getting ready. After five years, we will launch our strikes."

While most observers doubt the Naxalites can directly threaten urban India, the guerrilla attacks are becoming more audacious - and lethal. Rebels attack in large numbers - much like the Maoists of Nepal, with whom they're suspected to have links - often to overwhelm their target.

Attacks on police forces, train hijacking, and brutal beheadings are common. Just last month, India witnessed its worst spasm of Naxalite violence. In the thick of the night, nearly 800 armed Maoists sprayed bullets, killing 32, in an anti-Maoist relief camp in the Indian state of Chattisgarh - an impoverished region most affected by Naxalite violence.

While the insurgents garner support mainly through fear, Mr. Chakma says, some people in the hinterlands relate to and support them because they champion the cause of the poor at the bottom rung of India's caste and class hierarchy.

In remote, interior villages, Naxalites claim to distribute sacks of pulses to the masses, collect funds to run schools, and organize mass weddings for the impoverished. They also target corrupt officials, despotic landlords, and loan sharks. Sluggish courts vs. swift Naxalites

The Jharkhand High Court recently expressed concern over the fact that more and more people in areas where Naxalites are active were approaching the kangaroo courts of the Maoists to settle disputes. Government courts take years to dispense justice. A recent study revealed that for every million people, there were only 10 judges in India's courts. The rebels can be approached any time, and justice - most often from the barrel of a gun - is swift.

An elderly woman in Chaukhra, an obscure village, says she approached Naxalites for settling a lengthy land dispute she had with another villager. "They were most helpful," she says, declining to give her name for fear of local chastisement. "They know very well who is right and who is wrong."

As the twilight sets over Ranchi, the capital of Jharkhand, a tiny band of leftist ideologues led a protest against rising food prices. A stream of adivasis, or tribal people, mill around the rally. Many are said to be Naxalites who slip back into the forest after the meeting under the cover of darkness. The Naxalites are sustained in their jungle war with the help of leaders who run underground front organizations in the cities - which operate despite being banned. These leaders provide strategic assistance, mobilize Naxalite sympathizers, and instigate such demonstrations.

"We're not not terrorists," says one such front organization leader. "We're fighting a people's war. We want the proletariat to rule, not imperialistic governments."

This decades-old armed rebellion, he says, is to stop pauperization of India's indigenous, tribal people at the hands of the rich, and their displacement due to industrialization.

Governments in states like Jharkhand and Chattisgarh have signed deals worth millions of dollars with industrial companies for steel mills and power stations - deals that the state sees as necessary to create jobs and provide the raw materials for economic growth. However, such deals, he says, end up displacing villagers, and, moreover, the benefits never trickle down to them.

"These injustices have happened for decades. People's voices have been muzzled. It's the only way to get them heard," he says responding to a question asking if violence is the only way to remedy the problem. "Why else would our cadres live such unglamorous lives in jungles?"

Although the death toll of civilians killed in Naxalite violence is mounting, their aim is to "never harm the proletariat," he says. Claims of child soldiers denied

He refuted eyewitness reports suggesting that the Bal Mandal - children's division - of the Naxalites were being used for armed conflicts. "Children in this conflict are used only as messengers and informers," he says. Without giving an estimate on the number of children enrolled with the Maoists, he says the Naxalites do provide them "military training" to prepare them for "any situation."

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The Indian government's tougher approach to the growing Naxalite problem includes arming thousands of villagers with guns, spears, and bows and arrows. Human Rights Watch calls the move "a mistake," arguing that "scrupulous respect for rights is the best answer to the Naxalites."

As Maoists enter the political process in Nepal - with help from the Indian government - some observers wonder if the same process can be tried with India's Maoists. So far, however, the insurgents have shown no proclivity for joining hands with the Indian government, and Delhi has said that the rebels must give up arms before any dialogue can happen.

Slim Lead For López Obrador Party In Chiapas (FT)

By Adam Thomson

Financial Times, August 22, 2006

A candidate backed by Andrés Manuel López Obrador, the leftwing presidential contender, was holding on to a wafer-thin lead on Monday in a vital race to win the governorship of Chiapas state in southern Mexico.

With 94 per cent of the votes counted, Juan Sabines, who is running as the local candidate for Mr López Obrador's Democratic Revolution party (PRD), on Monday was ahead of José Antonio Aguilar of the Institutional Revolutionary party (PRI) by the tiny margin of 0.22 per cent.

If confirmed – official results are not due for days – Mr Sabines' victory would hand Mr López Obrador's party an important gubernatorial foothold in the south, adding a seat to the five governorships it holds nationally.

It would also represent a personal boost for Mr López Obrador in his bid to challenge results of last month's presidential election. The leftwing leader, who narrowly lost to Felipe Calderón of the ruling centre-right National Action party (PAN), has mounted a civil resistance campaign to force a full recount of what he believes was a fraudulent election.

Early on Monday, Mr Sabines told a local media source that he was confident he would win by at least two percentage points "in spite of the irregularities in the [voting] process".

He also extended a hand of reconciliation to Mr Aguilar, and asked him to join his political programme "to avoid electoral problems that could place in jeopardy the stability of the state".

Like the presidential campaign, the race for governorship of Chiapas has been marred by accusations from both sides of foul play.

The most striking aspect of the campaign came two weeks ago. Francisco Rojas, Mr Calderón's candidate, decided to withdraw to increase Mr Aguilar's chances.

Many voters were dismayed at news of the pact between the PAN and the PRI, two long-time enemies. The alliance, which Mr Calderón quickly distanced himself from, also lent weight to Mr López Obrador's arguments that the two traditional parties would stop at nothing to prevent his PRD from accumulating power.

Chiapas Vote Magnifies Mexican Political Strains (WSJ)

By John Lyons

The Wall Street Journal, August 22, 2006

MEXICO CITY -- Less than two months after Mexico's disputed presidential election, a closely watched gubernatorial race has also ended in a virtual tie with both candidates declaring victory, further aggravating tensions in the country's young democracy and setting the stage for another prolonged postelection fight.

With 94% of the votes counted in southern Chiapas state yesterday, Juan Sabines of the leftist Party of the Democratic Revolution, or PRD, held a tiny 2,000-vote advantage -- or about 0.2 percentage point -- over José Antonio Aguilar of the Institutional Revolutionary Party, or PRI. Supporters of both men took to the streets to celebrate victory, honking horns and waving flags.

The disputed result echoes political turmoil at the national level that has followed the July 2 presidential contest, Mexico's first since President Vicente Fox defeated the Institutional Revolutionary Party candidate in 2000 to end 71 years of single-party rule. Conservative Felipe Calderón beat PRD candidate Andrés Manuel López Obrador by 244,000 votes out of 42 million cast, but the leftist has been trying to undo his defeat in court and through massive street protests.

In Chiapas, however, the PRD will likely find itself defending the legitimacy of the election process, even as it argues the process was unfair during the presidential vote. Mr. Aguilar has vowed to challenge his defeat in court. The disputed result could spell trouble for an impoverished and violent state, site of the brief 1994 Zapatista uprising.

If Mr. Sabines's narrow margin holds up, he will have avoided a major embarrassment for Mr. López Obrador, whose postelectoral campaign of street blockades and marches may be fomenting a backlash against his left-wing party. Hoping to strike a blow against Mr. López Obrador in a state he won comfortably in the presidential vote, Mr. Calderón's National Action

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Party, or PAN, candidate dropped out of the governor's race last week to endorse the PRI candidate, who had a better shot at winning.

"The political stakes have been increased so much that the Chiapas race took on a national dimension of the fight between López Obrador and Calderón," said Emilio Zebadúa, a candidate in the gubernatorial race from a smaller party who also withdrew to join the link-up against Mr. López Obrador's candidate.

Still, the slight margin of victory for Mr. Sabines is hardly comforting to the left. Political analysts had expected the PRD to win the state easily after Mr. López Obrador cruised to victory there with a 10-percentage-point advantage in the presidential vote. But his traffic-snarling protests in Mexico City aren't playing well across the country, raising concerns that he is far less moderate than he portrayed himself to be during the campaign.

Mr. Sabines watched a 10-percentage-point-advantage in the polls evaporate in the weeks since the campaign to overturn the presidential vote began. What is more, the anti-PRD coalition in Chiapas could provide a template for the kinds of cross-party alliances that Mr. Calderón is hoping to forge to get his legislative agenda passed in Congress and expand his ability to govern.

Mr. López Obrador had much in play in the Chiapas vote as well. With his chances of attaining the presidency unlikely, he is seeking to consolidate his role as leader of the left. A defeat -- especially in the underdeveloped south where the PRD draws much of its support -- would undermine his position.

In a speech to his supporters gathered in Mexico City's central square Sunday, Mr. López Obrador criticized the alliance formed against him in Chiapas, calling it more evidence of the conspiracy of electoral officials, politicians, church leaders and businessmen who he claims rigged the presidential vote against him.

"Without any shame at all, and acting immorally, they have come together to try to prevent a government emanating from the popular will from being installed," he said.

Chávez Woos Reluctant Beijing Over U.N. Bid (WSJ)

By Shai Oster

The Wall Street Journal, August 22, 2006

BEIJING -- Venezuela's President Hugo Chávez arrives in China Tuesday on a six-day tour to drum up support for his bid for a nonpermanent seat on the United Nations Security Council as he tries to deepen oil ties with Beijing.

The trip comes as some people in the U.S. are worried by China's growing role in Latin America, where it is gaining access to important oil and mineral resources.

China's soaring energy needs have brought it closer to Venezuela. Beijing's imports of Venezuelan crude oil jumped 40% in June from a year earlier. Mr. Chávez has said he wants to increase oil sales to China, to 200,000 barrels a day from about 150,000 barrels.

Mr. Chávez has also said he wants to buy supertankers and oil-drilling equipment from China, and he has invited Chinese companies to look for oil in his country.

The U.S. fears Mr. Chávez would use a seat on the Security Council, frequently held by a Latin American country, as a platform for anti-American rhetoric. The U.S. supports Guatemala for the seat.

Mr. Chávez's trip includes Malaysia and Angola. He has been trying to move Venezuela away from dependence on the U.S., turning toward countries like China, Russia and Iran for arms and trade. He has accused the U.S. of trying to overthrow him during a nationwide strike in 2002 and 2003. Despite the friction, the U.S. remains the top buyer of oil from Venezuela, the world's fifth-biggest exporter.

Zhang Yao, a researcher at Shanghai Institute for International Studies, says that while the China would never comment on Mr. Chávez's antagonism toward the U.S., many people in the country respect his position. "Privately, many Chinese people [admire] him," Mr. Zhang says. "After all, few people would dare to stand up to the U.S. like he has."

But it's unclear if Mr. Chávez will achieve what he'd like from his China visit. Beijing isn't keen to support Venezuela's U.N. bid, analysts say. Beijing has kept a relatively low profile on the Security Council and may not want to be seen helping him hector the U.S., China's key trading and strategic partner, on issues such as containing North Korea's nuclear ambitions.

There are also doubts about how much oil Mr. Chávez can pledge to supply. Analysts say Chinese refiners are limited in how much more of the particularly thick Venezuelan crude oil they can process. Buying more crude from Venezuela would require extensive upgrades to their facilities. Instead, they could buy more from Africa or Central Asia.

More crucially, Venezuela's oil production has been declining because of the opposition-led strike and other factors. Output has fallen to an estimated 1.6 million barrels a day, compared with nearly 3 million barrels in 1998.

Oil Profits Help Russia Pay Off Soviet-Era Debt (WP)

By Peter Finn, Washington Post Foreign Service

DOJ_NMG_0051976

The Washington Post, August 22, 2006

MOSCOW, Aug. 21 Eight years after it defaulted on more than $40 billion in debt and slid into financial chaos, Russia transferred $23.7 billion to the Paris Club of creditors Monday, wiping out the last of its Soviet-era debts and underlining the extent to which oil and gas revenue has transformed the country's finances.

The state-owned bank Vnesheconombank transferred the money, including a $1 billion early payment fee. The debt clearance, plus a repayment in 2005, will save the country more than $12 billion in interest payments on debt that was not due until 2020, the Finance Ministry said in a statement.

"The early settlement with creditor countries was possible thanks to the Russian Federation's growing financial and economic might," the ministry said, adding that the payment "would strengthen Russia's international authority."

In May 2005, Russia paid back $15 billion and began negotiating to clear the rest of its debt to the creditor group.

Russia said it was prepared to become one of the 19-member Paris Club's lenders. "We are ready to extend credits to other countries," said Sergei Storchak, deputy finance minister.

In 1998, with oil selling at $14 a barrel, the country defaulted on debts and devalued the ruble. In 1999, Russia's public debt amounted to 96 percent of its gross domestic product. Following Monday's payment, it will fall to 9 percent, officials said.

Russia is now the world's largest exporter of natural gas and the world's second-largest exporter of oil. With prices at historic highs, the country is swimming in cash.

"We used to live with our hand held out for many years," President Vladimir Putin said in an Internet question-and-answer session with Russians last month. "But now the Russian economy can not only repay debts but do so ahead of time."

The ministry statement said the repayment would improve Russia's reputation as an honest borrower and help improve the country's investment climate.

Foreign currency and gold reserves stand at nearly $280 billion, the third largest in the world, and the economy is growing at around 6 percent annually. The government projects a $55 billion budget surplus next year.

The new wealth is particularly visible in Moscow, a veritable boomtown, although large parts of the provinces remain mired in poverty. The government is accelerating its capital and social spending while trying to keep a check on inflation; it has placed $82 billion in a rainy-day account known as the Stabilization Fund.

But some analysts fear that, because the Kremlin is so buoyed by the influx of petrodollars, it has little incentive to foster the kind of political competition and economic diversity that can sustain the country's boom over the long haul should oil prices, or demand for Russian energy, falter.

The Many Faces Of Belgian Fascism (WSJ)

By Bret Stephens

The Wall Street Journal, August 22, 2006

BRUSSELS -- Belgium is the birthplace of René Magritte. So perhaps it's not surprising that, in politics, even the fascism here is surreal.

Take Belgian Socialists, Flemish or Walloon. The hallmark of nearly every European socialist party has long been hostility to religion. In recent years, Belgium's ruling Socialist-Liberal coalition has antagonized Catholics by legalizing gay marriage and euthanasia, banning crucifixes from government buildings and abolishing the traditional Te Deum service previously held by the government to commemorate the inauguration of Leopold I, first king of the Belgians.

But then the Socialists began taking note of Belgium's Muslim community, some 500,000 strong. In Brussels, notes Joël Rubinfeld of the Atlantis Institute think tank, half of the Socialist Party's 26-member slate in the city's 75-seat parliament is Muslim. In the commune of Molenbeek, longstanding Socialist mayor Philippe Moureaux has made Halal meals standard in all schools; police officers are also barred from eating or drinking on the streets during Ramadan. The Socialist Party was also, improbably, the leading opponent of a bill that would have criminalized the denial of the Armenian genocide. This, too, is a product of burgeoning Muslim-Socialist alliance, as is the party's routine denunciations of Israel.

Now take the Vlaams Belang (Flemish Interest), the secessionist Flemish Party previously known as the Vlaams Blok until a court ruled it illegal in 2004. The Blok has longstanding links to Nazi collaborators. One of the party's founding members is Karel Dillen, who in 1951 translated into Flemish a French tract denying the Holocaust (possibly the only French text for which a Vlams Blok party member has ever shown sympathy.) For many years, the party's chief selling point was its call to forcibly deport immigrants who failed to assimilate. It also made plain its sympathies with other far-right wing European parties, such as Jean-Marie Le Pen's National Front in France.

But that's changing. Younger party leaders, realizing their anti-Semitic taint was poison, began making pro-Israel overtures. And the party's tough-on-crime, hostile-to-Muslims stance began to attract a considerable share of the Jewish vote, particularly

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among Orthodox Antwerp Jews who felt increasingly vulnerable in the face of the city's hostile Muslim community. Today, Vlaams Belang is the largest single party in the country.

Then there are the government's actual policies. In April, Belgians were shocked by the murder of a teenager named Joe Van Holsbeeck, who was stabbed to death in Brussels's central train station by two Gypsy youths, at the height of the afternoon rush hour, in broad view of dozens of onlookers. (Apparently, the killers wanted his MP3 player.)

Amid a pervasive and growing sense of lawlessness -- Belgium's per capita murder rate, at 9.1 per 100,000 is nearly twice that of the U.S. -- the murder became the occasion of much national soul-searching. When Jean-Marie Dedecker, a senator from the ruling Liberal Party, opined in an op-ed that "policemen look the other way in order to avoid being accused of racism," he was rebuked by Prime Minister Guy Verhofstadt for "inciting hostilities."

There is also the amazing case of journalist Paul Belien, who edits the Brussels Journal, a pro-American, Euroskeptic, anti-Islamist blog. In February, the blog was one of the few news sources to republish the notorious Danish cartoons of the prophet Mohammad, thereby attracting some two million unique visits. It also attracted extraordinary scrutiny from the Flemish newsweekly Knack. Noting that Mr. Belien's blog had been cited by Middle East scholar Daniel Pipes, Knack described the link as "no coincidence," but rather a "deliberate provocation by the neocons," the ultimate aim of which was to make Americans and Europeans believe "that all Muslims are violent and dangerous, after which the clash in Palestine, Iran and Syria can really kick off."

But that was as nothing compared to the reaction Mr. Belien provoked by an article following the Van Holsbeeck murder, in which he described the killers as "predators" and called for Belgium to decriminalize the possession of self-defense weapons (pepper-spray is what he says he had mainly in mind).

Two weeks after the article appeared, Mr. Belien received a letter from the Center for Equal Opportunities and Opposition to Racism, a government-mandated body whose mission is to "assist victims of discrimination" and "sensitize the general public on anti-discrimination." (Belgium has one of the strongest anti-discrimination regimes anywhere.) Mr. Belien's article, according to the CEOOR, constituted an "incitement to violence"; he was ordered to remove it from his blog or face state prosecution. He complied. In the meantime, he says he received emails with pictures of burned corpses and messages reading, "This is what is going to happen to you."

Mr. Belien has since been questioned by the police for homeschooling his five children, four of whom have moved on to university or beyond. Part of Mr. Belien's problem, surely, is that his wife is a member in parliament for the Vlaams Belang. But whatever her politics, Mr. Belien is not a member of the party, and nothing on the Brussels Journal suggests that it is a party vehicle. His chief crime, rather, seems to be that he has laid bare, to an English-speaking audience, the lesser-known charms of the Belgian state.

Meanwhile, the real fascists in Belgium are gaining strength, largely protected from scrutiny by the country's "anti-racism" legislation. At Brussels's Imam Reza mosque, a preacher commemorated the 17th anniversary of the Ayatollah Khomeini's death: "The enemies cannot extinguish the light of the Islamic Revolution." And in Molenbeek, the newspaper Het Volk published a study of the local Muslim population: The editor, Gunther Vanpraet, described the commune as "a breeding ground for thousands of Jihad candidates."

The Belgian government may prefer not to notice. But as Magritte might have said, this is not a pipe.

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Owens, Angela (ENRD)

From:	Owens, Angela (ENRD)
Sent:	Tuesday, August 22, 2006 11:45 AM
To:	Alexander, Craig (ENRD); Barsky, Seth (ENRD); Baylor, Lewis (ENRD); Bogan, Shanedda L. (ENRD); Brighton, William (ENRD); Brook, Bob (ENRD); Brookshire, James (ENRD); Bruffy, Robert (ENRD); Burgess, Wells (ENRD); Butler, Virginia (ENRD); Clark, Tom (ENRD); Clinger, James H; Cruden, John (ENRD); Davis, Deborah J; Disheroon, Fred (ENRD); Dworkin, Karen (ENRD); Edgar, Mary (ENRD); Elston, Michael (ODAG); Ferguson, Russ (ENRD); Findlay, Charles (ENRD); Fisherow, Benjamin (ENRD); Fowler, Liane (SMO); Gelber, Bruce (ENRD); Giordano, John (ENRD); Gluck, Ronald (ENRD); Goldman, Greer (ENRD); Gorsuch, Neil M; Grishaw, Letitia (ENRD); Gunn, Currie (SMO); Gustafson, Kristen (ENRD); Haugrud, Jack (ENRD); Henderson, Charles V; Hoang, Anthony (ENRD); Katz, Maureen (ENRD); Keeney, John; Kilbourne, Jim (ENRD); Lazarus, William (ENRD); Lesch, Jaclyn; Magnuson, Cynthia; Mahan, Ellen (ENRD); Maher, Robert (ENRD); Mariani, Tom (ENRD); McCallum, Robert (SMO); McKeown, Matt (ENRD); Mergen, Andy (ENRD); Milius, Pauline (ENRD); Miller, Charles S; Miranda, Gail (ENRD); Monson, Peter C (ENRD); Nelson, Ryan (ENRD); Newton, Cullen (ENRD); O'Connor, Eileen J. (AAG/TAX); Randall, Gary (ENRD); Rogers, Cherie (ENRD); Rubin, Jim; Samuels, Stephen (ENRD); Saxe, Keith (ENRD); Schachter, Scott (ENRD); Schiffer, Stuart (CIV); Senger, Jeffrey M; Shaw, Aloma A; Shockey, Charles (ENRD); Sither, John (ENRD); Smith, Justin (ENRD-LPS Attorney); Smith, Marc (ENRD); Sobeck, Eileen (ENRD); Stoller, Stacy (ENRD); Turner, John (ENRD); Uhlmann, David (ENRD); Vaden, Christopher (ENRD); Wardzinski, Karen (ENRD); Webb, John T. (ENRD); Williams, Jean (ENRD); Wooldridge, Sue Ellen (ENRD); Young, Russell (ENRD); Zwick, Ken (CIV)
Subject:	Attached is ENRD's Weekly Report to the AG...
Attachments:	#103796-v1-AG_Weekly_Report_-_Aug__22.DOC

U.S. Department of Justice

Environment and Natural Resources Division

Assistant Attorney General
950 Pennsylvania Avenue, N.W.
Washington, DC 20530-0001

Telephone (202) 514-2701
Facsimile (202) 514-0557

August 22, 2006

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH: THE DEPUTY ATTORNEY GENERAL

THROUGH: THE ASSOCIATE ATTORNEY GENERAL

FROM: Sue Ellen Wooldridge
Assistant Attorney General
Environment and Natural Resources Division

NEXT WEEK

Nothing to report.

THIS WEEK

- ***Legislative Response to Cobell Litigation***

ENRD and the Civil Division continue to work on proposed revisions to S. 1439 (sponsored by Senators McCain and Dorgan to address, among other things, the claims at issue in the Cobell trust litigation) and on a related liability risk assessment for use internally. ENRD is also working with the Department of the Interior and OMB on proposed solutions to management issues involving the Individual Indian trusts, including fractionation of individual interests.

LAST WEEK

- ***Favorable Decision in United States v. Cinergy Corp. (7th Cir.)***

On August 17, 2006, the Seventh Circuit affirmed the district court's interlocutory ruling that the Environmental Protection Agency (EPA) properly interprets regulations governing the Clean Air Act's Prevention of Significant Deterioration program as measuring emission increases at electric utilities based on annual emissions rather than based on an hourly emissions rate. The court found EPA's interpretation consistent with the "natural reading of the regulation." The

court also concluded that an annual emissions test was a reasonable means of achieving the program's purposes, and thus did not yield "outlandish results" that would demonstrate its incorrectness, although the court also recognized that an hourly emissions test, as recently proposed by EPA, would not yield such results either. Finally, the court rejected Cinergy's argument that the statute requires EPA to use an hourly emissions test. The court viewed this as an impermissible attack on the validity of the regulations (which the statute provides may be invalidated only by the D.C. Circuit) and declared the Fourth Circuit to have "stepped out of bounds" in rejecting EPA's interpretation on this basis in US v. Duke Energy (cert. granted). The court went on to explain that it found Cinergy's statutory argument, and the Fourth Circuit's similar conclusion, unconvincing on substantive grounds, concluding that the statute is silent on how to measure increases, such that "[t]he task of deciding was left to the EPA."

DIVISION CONTACT

Sue Ellen Wooldridge
Assistant Attorney General
(202) 514-2701

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, August 23, 2006 8:04 AM
To:	USDOJ- Office of Public Affairs
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Attachments:	dojclips060823.pdf; dojclips060823.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, AUGUST 23, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Judge May Have Had Conflict Of Interest, Group Says (USAT) 5
Conflict Of Interest Is Raised In N.S.A. Ruling (NYT) 5
Washington In Brief (WP) 6
Group Says Judge In Surveillance Case Had Potential Conflict (AP) 7
Conservative Group Takes Aim At Judge In Wiretap Case (MCT) 8
A Law Unto Herself (NYT) 9
Editorial: Ruling Would Aid Americans' Foes (WHEELINT) 10
Terror Suspects Appear In Court (WT/AP) 11
Terror Suspects Appear In Court (CHIT) 11
U.K. Court Hears Charges Against 11 Plot Suspects (WSJ) 12
As Suspects Are Charged, East London Looks Inward (NYT) 13
11 Air Plot Suspects Appear In Court With Tight Security (WP) 14
Charging The Plotters (WP) 15
Wider Network May Be Linked To Bomb Plot, Germans Say (NYT) 16

Patriot Act:

Judge Okays Wiretaps And Searches In Aipac Lobbyist Case (NYS) 17

Homeland Response:

U.S. Seeks To Expand Data-Sharing (WP) 17
Chertoff Envisions Database Of Air Travelers (NPR) 18
Texas Men In Cell Phone Case Post Bail (AP) 19
Once Accused Of Bridge Plot, Texas Men Released On Bond (DEN) 19
Anniversary Draws Bush To Gulf Coast (LAT) 20
Grim Anniversaries Sway Election Strategy (WSJ) 21
Katrina Recovery To Get Report Card (WT) 22
Katrina Housing Money Slowed (AP) 23
Donald Powell (CSM) 24
Reports Document Failures Post-Katrina (AP) 25
New Orleans' Recovery Slow And Slippery Process (USAT) ..26
A New Orleans Home Is Reborn, With Grit And Persistence (NYT) 29
In Katrina, Compassion Met Adversity (opinion) (USAT) 32
Disaster Chief: U.S. Government, Citizens Alike Are Unprepared (USAT) 33

War News:

Marines To Recall Troops To Active Duty (AP) 34
Marine Corps Stretched Thin By Wars In Iraq, Afghanistan (MCT) 35
Marines Set To Call Up Thousands For Iraq, Afghan Duty (LAT) 36
Marines Call Up Inactive Reservists (USAT) 37
Marine Reservists Facing Combat Duty (WP) 38
Marines May Call Up 2,500 Reservists (NYT) 39
Coalition Raids Yield 100-plus Arrests (USAT/AP) 40
General Sees "Some Normalcy" Of Life In Baghdad (WT) 41
The Battle Of Baghdad (WSJ) 41
McCain Faults Administration On Iraq (AP) 43
Poll Shows A Shift In Opinion On Iraq War (NYT) 44
On Iraq, US Public Trusts Neither Party (CSM) 46
Iraq Looking Into Young Girl's Death (AP) 47
Survivors Describe '87 Chemical Attack (WP) 48
Kurdish Villagers Confront Saddam At 2nd War Crimes Trial (MCT) 50
Kurds Tell Of Gas Attacks By Hussein's Military (NYT) 51
Saddam's WMD (WSJ) 52
A New Enemy (CSM) 53
Iraq War Has Helped Me Reconcile Vietnam Questions (USAT) 56
Bush, Karzai, Discuss Afghan Security (AFP) 56
Nation Faltering, Afghans' Leader Draws Criticism (NYT) 57

Corporate Scandals:

Quattrone Deal Drops All Charges, Allows His Return To Wall Street (WSJ) 59
Quattrone Avoids Prosecution (WP) 62
Quattrone, Prosecutors To Dismiss Case (FINDLAW/AP) 63
Quattrone Plans Return After Judge's Move (FT) 64
Quattrone Gets All Charges Dropped (USAT) 65
Star Banker, With Future, Emerges Free (NYT) 65
Quattrone, Prosecutors Reach Deal To Avoid Third Trial (LAW) 67
Quattrone Case Shows Bankers Escape Crackdown On Business Crime (BLOOM) 68
Quattrone Walks (WSJ) 69
Prosecutors Crack Down On Stock Options (AP) 70
Ex-CEO Says Mills Ignored Warnings (WP) 72

Criminal Law:

Attorney General Gonzales Tours Center For Sex Crimes Victims (AP) 72
Grant Boosts Efforts Against Net Predators (LEXHL) 73
US Attorney General In Lexington (WTVQ-TV) 74
Gonzales Tours Center During Stop In Lexington (WAVE-TV) 74
Plame Considering Suing Armitage (AP-Y) 75
Official Met With Reporter Around Time Of C.I.A. Leak (NYT) 75
Ex-Chief Of Schools In Pr. George's Is Indicted (WP) 76
Ex-schools Chief Hornsby Indicted (BSUN) 78
Ex-PG Schools Chief Indicted On Fraud Charges (WT) 80
Educator In Disgrace (WP) 81
Ex-Norristown Mayor Gets 51-month Prison Sentence (PHI) 82
Property Purchase Raises Eyebrows (SFC) 83
News In Brief From The San Francisco Bay Area (CCT) 85
Mob Snitch Is Full Of Bull, Sez Gotti Lawyer (NYDN) 85
SLIWA JOB MADE CANARY A WISEGUY (NYPOST) 86
FBI: Man Confessed To Girl's Killing (BSH) 86
Conservatives Try To Curtail Hotel Porn (AP) 86
Police: DNA Links Suspect To 9 Attacks (CHIT) 88
Shaw Airman Pleads Guilty To Child Pornography Charges (TSSC) 89
Va. Inmate Indicted In Killing That Altered DNA Testing Law (WP) 89
Man Convicted In '85 Slaying Forgoes Retrial (BSUN) 90
Karr Waives Rights, Will Transfer To Colorado (LAT) 91
Suspect In Ramsey Killing To Be Returned To Colorado (NYT) 93
JonBenét Suspect To Head To Colo. (USAT) 94
Karr Waives Extradition To Colo. (WP) 95
Judge Serves As A Witness In Recalling A Murder Case (NYT) 96
Qwest Calls For Mandatory Data Retention Laws (CNET) 97
Researchers Yearn To Use AOL Logs, But They Hesitate (NYT) 99

Civil Law:

Nuclear-Fuel Lawsuits Spawn Damage Award Fallout (LAW) 101
Former Beverly, U.S. Settle For $20 Million (ARKDG) 103

Civil Rights:

U.S. Presses Springfield To Assist Hispanic Voters (SPRINGR) 104
Civil Liberties Group Contends US Drug Agency Violated Armenian Couple's Rights (FINDLAW/AP) 105
States Move To Legalize Pharmacists' Right To Refuse (WT) 106
Safe Drug Testing In Prisons (NYT) 106

Antitrust:

Michigan Minimum-service Proposal Hits Snag (INMAN) 107
HCA Investors Win Antitrust Approval (BLOOM) 109
Judge Lets Blockbuster Countersuit Against Netflix Go Ahead (AP) 109
Mixed Messages In BlackBerry Case, Big Winner Faces His Own Accusers (WSJ) 110
EchoStar Loses Court Ruling On Some TV Transmissions (WP) 113
Smoot-Hawley's Revenge (WSJ) 114

Environment/Indian Affairs:

Judge Rejects Plan To Allow Tree Clearing In Monument (NYT) 115
Judge Rejects Bush Plan To Log In Sequoia National Monument (AP) 116

FBI/DEA/ATF/USMS:

Conviction Of McLean Pain Doctor Overturned (WP) 117
Court Orders New Trial For Doctor (AP) 118
Manchester Officer Held In Drug Case (LEXHL) 118
Gatlin Agrees To Eight-Year Ban (AP) 119
Gatlin's Coach Seen As Key Figure In Case (USAT) 120
Eight-Year Ban Sought For Failed Drug Test (WP) 121
Gatlin Gets A Second Chance (MCT) 122
Former Canadian Border Agent Jailed In U.S. Drug Case (AP) 123
States List Meth Offenders On Web (USAT) 124
Backers Call Meth Registries A Safety Measure (USAT) 125

DOJ_NMG_0051984

Prosecutors: Northampton Man Lied To Buy Gun Before Fatal Shooting (MORNCALL) 125

Immigration:

Gonzales Says Immigration Bill Unlikely By November (AP) 126
Legislators Seek Review Of Border Agents' Conviction (WT) 126
Inside Politics (WT) 127
Politicians Flocking To Border For Election-year Photo Ops (USAT) 129
Business Owners Sue Firms Accused Of Hiring Illegal Aliens (WT/AP) 130

Tax:

Veteran Lawyer In Toledo Firm Is Convicted Of Tax Evasion (TOLB) 131
D.C. Circuit Finds Tax On Emotional Damages Awards Unconstitutional (LAW/AP) 131
U.S. Tax Officials Move Ahead With Plan For Private Firms To Collect Debt (FINDLAW/AP) 132
IRS Is Watching Emmy Show Of Affection (USAT) 133

Congress-Administration:

In 4 Hours, Bush Packs A Punch (MINNST) 134
Agencies Will Rate Quality Of Care (PHI/BLOOM) 135
Bush Pushes For Health Care Information (AP-Y) 136
Bush Visit Energizes Republicans (MPR) 137
Republican Heavyweights Turn Out For Bush Visit (CCT) ... 138
Bush's Order On Health Care Aims To Gauge Quality Of Service (WSJ) 138
Bush Signs Order On Health Care (WP) 139
Bush: More Info, Better Health Care (STPPP) 140
Bush Order Targets Health Costs (LAT) 141
Bush To Honor Minnesota Volunteer During Visit (STPPP). 143
Preventive Care For Medical Databases (WP/AP) 143
Law, Tax Experts Exhort Baucus To Lift Block On Treasury Nominee (WSJ) 143

Other News:

Chicago Fed Chief: More Rate Increases Possible (USAT) 144
Is Economy Headed To A Soft Landing? (USAT) 145
Toll Adds To Fears Of US Housing Slowdown (FT) 147
After The Boom Housing Slump Proves Painful For Some Owners And Builders (WSJ) 148
Homeowners Feel Pinch Of Mortgage Rate (WT) 151
Stocks Shrug Off Rate Warnings And Close Mixed (WSJ) 152
Chief Justices Sound Alarm On Judicial Elections (LAW) 153
Debate Grows On Out-of-wedlock Laws (CSM) 153
Democrats' Shameful Wal-Mart Demonization (LAT) 155
Everybody Has An Opinion About Wal-Mart (WSJ) 155
Bush To Raise Cash For Allen (FWNS) 157
Lieberman And Lamont Tied In Connecticut (ARG) 157
Lieberman, Lamont Are Tied In American Research Group Survey (BLOOM) 159
Poll: Lieberman, Lamont Running Neck-and-neck (CNN) ... 159
Lieberman Warns Of Danger Of The U.S. Pulling Out Of Iraq (NYT) 161
Lieberman Camp Hits Bid To Oust Senator From Party (WT) 162
Clinton Rival Tries To Make Most Of Liberal Anger (NYT) ... 162
Sen. Clinton Delays AIDS Law's Renewal, Citing Cut In N.Y. Funds (WP) 164
Comments Haunt Another Senator (WP) 166
Big Sky Showdown (NSWK) 166
Pennsylvania And Virginia: New Numbers, Same Senate Races (RC) 168
The Situation Room (CNN) 169
This Year's Southern Prodigy (WP) 180
Fairer, More Representative (USAT) 181
Small States Keep Big Sway In Race To Succeed Bush (USAT) 182
The Democrats' New Calendar (NYT) 182
Deal Is Reached For Prescriptions Discount (LAT) 183
Pension Giveaway (NYT) 184
Iran Won't Give Promise To End Uranium Effort (NYT) 185
U.S., Allies To Discuss Sanctions After Iran Offers Nuclear Talks (WSJ) 187
Iran Reacts 'positively' To U.S.-European Offer (USAT) 188
Iran Pushes For Talks Without Conditions (WP) 188
Iran Wants To Talk But Keep Nuke Program (AP) 190
Tehran Offers New Talks In Nuclear Dispute (FT) 191
Iran Proposes Talks Over Its Nuclear Program (MCT) 192
No Simple Answer From The Iranians (LAT) 193
Iran Ready For 'Serious' Nuke Talks (WT) 194
Iran Sanctions Could Fracture Coalition (NYT) 195
Iranian Forces Seize Romanian Oil Rig (FT) 197
Italy Offers Thousands Of Troops For Lebanon (NYT) 197
U.N. Draft Rules Of Engagement Detailed (AP-Y) 198
Olmert: Blockade Ends When Force Lands (AP) 199
Amnesty Urges UN To Probe Israel Strategy (FT) 199
Lebanese See Scant Hope In Peacekeepers (AP) 200
Weak UN Mandate Stalls Lebanon Peacekeepers (CSM) ... 201
Relief Agencies Find Hezbollah Hard To Avoid (NYT) 202
Israel Shelves Plan To Pull Out Of Settlements In West Bank (WP) 204

DOJ_NMG_0051985

Israeli Police Investigating Sex Case Take Items From
President's Home (NYT).....205
Pyongyang Claims Right To Attack U.S. (WT).....206
New Pakistani Terror Plot Foiled, Indian Police Say
(NYT/IHT).....207
Asean Aims For Single Market By 2015 (FT).....208
U.N. Brokers Cease-Fire As Congo Vote Turns Violent (NYT)209
EU Boosts Congo Peacekeeping Force (FT).....209
U.N. Seeks Immediate Cease-fire In Congo (AP).....210
U.N. Calls For Cease-Fire In Congo; Violence Wanes
(WP/AP).....211
A Congo Comeback (LAT).....212
An Energetic Bully (WP).....212
Al-Jazeera's Tricky Balancing Act (WP).....213

DOJ_NMG_0051986

TERRORISM NEWS:

Judge May Have Had Conflict Of Interest, Group Says (USAT)

By Joan Biskupic

USA Today, August 23, 2006

WASHINGTON — A judicial watchdog group contended Tuesday that Michigan U.S. District Judge Anna Diggs Taylor, who last week struck down a federal warrantless wiretapping program, may have had a conflict of interest in the case.

Judicial Watch, a conservative-leaning group based in Washington, issued a news release calling attention to Taylor's apparent membership in a local foundation that gave $45,000 to the American Civil Liberties Union of Michigan in recent grants. The ACLU of Michigan was one of the parties to the case challenging the surveillance program that was begun after the Sept. 11, 2001, terrorist attacks. The lead challenger was the national ACLU.

"This potential conflict of interest merits serious investigation," Judicial Watch President Tom Fitton said.

Taylor noted on financial disclosure reports filed in 2004 and 2005 that she is a trustee and secretary of the Community Foundation for Southeastern Michigan. That group says on its website that it has given a total of $45,000 in recent years to the ACLU of Michigan for programs serving gay men and lesbians. Taylor could not be reached Tuesday.

Tuesday's complaint adds to the attention that some legal groups have focused on the judge and her approach in the case, rather than the ruling itself.

Northwestern University law professor Steven Lubet, who has studied judicial ethics, said, "It certainly is close enough that she should have disclosed it."

The Bush administration has declared that it will appeal the ruling, so any possible consequences of Judicial Watch's claim are unclear.

Lubet noted that federal law requires judges to disqualify themselves when there is a reasonable question about impartiality. But once a case has been decided, he said, the remedy for any possible ethics violation is not clear-cut. "The standard for reversal is demanding and (tests) whether there is a real possibility that the alleged partiality had an effect on the outcome." He noted that the case will be freshly reviewed on appeal.

Conflict Of Interest Is Raised In N.S.A. Ruling (NYT)

By Eric Lichtblau

The New York Times, August 23, 2006

WASHINGTON, Aug. 22 — The federal judge who ruled last week that President Bush's eavesdropping program was unconstitutional is a trustee and an officer of a group that has given at least $125,000 to the American Civil Liberties Union in Michigan, a watchdog group said Tuesday.

The group, Judicial Watch, a conservative organization here that found the connection, said the link posed a possible conflict for the judge, Anna Taylor Diggs, and called for further investigation.

"The system relies on judges to exercise good judgment, and we need more information and more explanation about what the court's involvement was in support of the A.C.L.U.," said Tom Fitton, president of Judicial Watch, which gained attention in the 1990's for ethics accusations against President Bill Clinton.

Three legal ethicists interviewed said although Judge Taylor's role as a trustee for a supporter of the civil liberties group would not necessarily disqualify her from hearing the case, she should have probably disclosed the connection in court to avoid any appearance of a conflict.

"It certainly would have been prudent" to notify the parties in the case, including the Justice Department, about the issue, said Steven Lubet, a law professor at Northwestern University and an author of "Judicial Conduct and Ethics."

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"I don't think there's a clear answer as to whether she should have disqualified herself," Professor Lubet said. "But at a minimum, she should have disclosed it."

In a case brought by the national organization of the A.C.L.U. and its Michigan chapter, among others, Judge Taylor ruled that the surveillance by the National Security Agency without warrants that was approved after the Sept. 11, 2001, attacks violated the Constitution and a 1978 surveillance law.

The Justice Department moved immediately to appeal Judge Taylor's ruling.

Some legal experts saw the decision as an important affirmation of constitutional principles. But even some supporters of it took issue with the reasoning, and Republicans said political motives drove the judge, whom President Jimmy Carter had nominated to the federal bench.

Questions about a possible conflict of interest appear likely to raise new concerns. The Web site for the group that supported the A.C.L.U., the Community Foundation for Southeastern Michigan in Detroit, lists Judge Taylor as its secretary and a trustee. It indicates that trustees make all financing decisions for the organization, whose assets exceed $350 million and which gives grants for a variety of community projects.

Judge Taylor declined to comment on the matter on Tuesday, and the foundation did not respond to a message for comment on what role if any she had in awarding the civil liberties grants.

The executive director of the Michigan A.C.L.U., Kary Moss, said her group had received four grants totaling $125,000 from the foundation since 1999. They were a $20,000 grant in 1999 for an educational program on the Bill of Rights, $60,000 in 2000, along with the N.A.A.C.P. and other groups for education on racial profiling, $20,000 in 2002 for work on racial profiling and $25,000 in 2002 for a lawyer to work on gay rights.

The chapter could not confirm a grant of $20,000 for work on gay rights that the foundation listed in an annual report.

Ms. Moss said the question of whether Judge Taylor's role as trustee posed a conflict "seems to me to be a real non-issue." She noted that judges routinely work for civil and nonprofit groups, including many that may finance or have ties to parties that come before them in court.

"Judges have not recused themselves when there's been a much, much stronger connection to an organization," Ms. Moss said.

Federal law requires judges to disqualify themselves from hearing a case if their impartiality "might reasonably be questioned" based on factors like a financial or personal relationship with a party in the case.

Stephen Gillers, who teaches legal ethics at New York University, said he did not think there were grounds for Judge Taylor to remove herself from the case.

"The question is whether her impartiality might reasonably be questioned,'' Professor Gillers said, "and the fact that she sits on the board of a group that gives money to the plaintiff for an otherwise unrelated endeavor would not in my mind raise reasonable questions about her partiality on the issue of warrantless wiretapping."

But he said it would have been wise for Judge Taylor to disclose the issue to the participants in the case. "If there's any doubt," Professor Gillers said, "disclose, because it avoids suspicion later."

Deborah L. Rhode, a law professor who directs the Center on Ethics at the Stanford Law School, said, "I certainly think it should have been disclosed."

Washington In Brief (WP)

By From News Services

The Washington Post, August 23, 2006

Potential Conflict in NSA Case Cited

The U.S. judge who declared President Bush's terrorist surveillance program unlawful has a possible conflict of interest in the case, an advocacy group charged.

U.S. District Judge Anna Diggs Taylor is secretary and trustee of a private foundation that gave $45,000 to the Michigan chapter of the American Civil Liberties Union, a plaintiff in the lawsuit challenging Bush's surveillance program, according to the Web site of Community Foundation for Southeastern Michigan.

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"This potential conflict of interest merits serious investigation," Tom Fitton, president of Washington-based Judicial Watch, said in a statement. "If Judge Diggs Taylor failed to disclose this link to a plaintiff in a case before her court, it would certainly call into question her judgment."

Taylor last week struck down the program to wiretap international telephone calls involving suspected al-Qaeda supporters or agents in the United States without a court warrant. Bush had ordered the program after the Sept. 11, 2001, terrorist attacks.

The administration has appealed Taylor's order barring the National Security Agency from continuing the eavesdropping.

Taylor suspended her order pending a possible review by the U.S. Court of Appeals for the 6th Circuit, in Cincinnati.Katrina Aid Is Delayed in Louisiana

State officials in Louisiana are still struggling to ensure that the money to rebuild houses hit by Hurricane Katrina is fairly distributed, the Bush administration's Gulf Coast coordinator, Donald E. Powell, said yesterday.

Nearly a year after Katrina slammed into the Gulf Coast, $44 billion has been spent to get the battered region back on its feet, Powell said. More than $110 billion has been designated for the huge rebuilding project -- $17 billion of which is intended to help rebuild an estimated 204,000 homes in Louisiana and Mississippi.

Money has begun to reach Mississippi homeowners, Powell said. But in Louisiana, state plans for distributing the funds have been delayed, holding up the flow of money.

"There is always a balance and tension between getting the money out fast and getting the money out responsibly fast," Powell told reporters at a White House briefing.

Washington has released $77 billion in hurricane aid, but $33 billion has not yet been spent. The rest of the $110 billion is being reserved for future needs.U.S. Assails Sudan's Plan for Darfur

The United States strongly criticized Sudan's plan to send more of its own troops into the troubled Darfur region and said a "credible and legitimate" U.N. force is needed to stop the carnage there.

Sudan's government opposes the deployment of U.N. peacekeepers in Darfur, where tens of thousands of people have died in more than three years of conflict. Instead, it wants to send 10,500 of its own troops there. The Arab League backed this proposal over the weekend.

State Department spokesman Gonzalo Gallegos said the United States is concerned about the plan and has urged Sudan's government to allow a U.N. force into Darfur without delay to stop what the United States says is genocide.

The African Union has about 7,000 underfunded troops struggling to halt the violence in Darfur. The trouble has worsened since the government and one of the main rebel groups signed a peace deal in May.

Group Says Judge In Surveillance Case Had Potential Conflict (AP)

By David Eggert, Associated Press

AP, August 23, 2006

LANSING, Mich. (AP) -- A federal judge who declared President Bush's warrantless surveillance program unconstitutional sits on the board of a foundation that has given money to the American Civil Liberties Union, the chief plaintiff in the case.

Judicial Watch, a conservative watchdog group that advocates judicial accountability, said it discovered U.S. District Judge Anna Diggs Taylor's potential conflict of interest after reviewing her financial disclosure statements. The Detroit judge is secretary and a trustee for the nonprofit Community Foundation for Southeastern Michigan.

"There has to be an appearance that justice is being fairly administered," Judicial Watch President Tom Fitton said Tuesday. "The court's role in awarding a grant to the ACLU and whether or not that is an issue is something that needs to be fully examined."

Taylor declined to comment, as did the U.S. Justice Department, which is asking the 6th U.S. Circuit Court of Appeals in Cincinnati to overturn her ruling issued Thursday. Bush says the program is a key tool for fighting terrorism.

ACLU of Michigan Executive Director Kary Moss said the group did not know about the judge's affiliation with the nonprofit but added she did not think it is a "big story."

"We don't think recusal would have been necessary," Moss said.

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The foundation released a statement Tuesday saying Taylor is one of 50 volunteer members of its board of trustees, which oversees grant-making decisions.

The foundation's Web site shows it gave $45,000 to the ACLU to back a gay rights project.

Fitton said Taylor should have told lawyers about her affiliation with the foundation.

"The parties have the ability to say, 'We don't care,' or, 'You need to recuse yourself,'" he said, adding that further review of the situation may show Taylor did not have to disqualify herself.

"I think the public would be served by more information," Fitton said.

Since 1984, the Community Foundation for Southeastern Michigan has given more than $163 million to charitable causes. Trustees include former Detroit mayor and ex-Michigan Supreme Court Justice Dennis Archer, Detroit Pistons President Tom Wilson, Democratic National Committeewoman Debbie Dingell and Republican businessman Jim Nicholson, the chief executive of Detroit-based PVS Chemicals Inc.

Taylor was the first judge to find the National Security Agency's surveillance program unconstitutional, and she took the Bush administration to task for its arguments, saying it appeared to be saying the president had the "inherent power" to violate laws of Congress.

Washington-based Judicial Watch got its start tussling over ethics with the Clinton administration but in recent years has also sparred with the Bush administration, suing the Secret Service for copies of logs to determine how often allies and associates of convicted lobbyist Jack Abramoff visited the White House.

David Eggert can be reached at deggert(at)ap.org

On the Net:

Judicial Watch: http://www.judicialwatch.org

Conservative Group Takes Aim At Judge In Wiretap Case (MCT)

By Niraj Wariko, The Detroit Free Press

McClatchy Newspapers, August 23, 2006

DETROIT - A conservative, nonpartisan watchdog group claims that a federal judge in Detroit who struck down the government's wiretap program last week may have a conflict of interest because of her financial ties to a plaintiff involved in the case.

Judicial Watch, a foundation based in Washington, D.C., called Tuesday for a closer look at the links between U.S. District Judge Anna Diggs Taylor and the Michigan chapter of the American Civil Liberties Union. Taylor is the secretary and a trustee on the board of the Community Foundation for Southeastern Michigan, which has given money to the ACLU Michigan office, including a $45,000 grant to support gay and lesbian rights.

The head of the ACLU Michigan office, Kary Moss, said Judicial Watch's claims are "much ado about nothing." Moss said her office has received money from the Community Foundation, but that it had absolutely nothing to do with the case involving domestic surveillance that Taylor considered.

An assistant to Taylor said Tuesday that the judge was not available to comment.

On Thursday, Taylor ruled unconstitutional a program by the National Security Agency - created after the Sept. 11, 2001, terrorist attacks - that allowed the government to eavesdrop on the phone calls and e-mails of Americans in certain cases without requiring a court warrant.

The ACLU filed a lawsuit in January on behalf of several groups and individuals, including ACLU Michigan, claiming that the program violated the constitutional rights to privacy and free speech.

The Justice Department has said it plans to appeal the decision. Both sides have agreed to postpone the enforcement of her decision.

Judicial Watch said in a news release that they discovered the potential conflict of interest while going over financial disclosure statements filed by Taylor.

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Anne Weekley, vice president of communications for the Community Foundation, confirmed that Taylor is on the board and is its secretary.

Tom Fitton, the president of Judicial Watch, said the group often examines the financial disclosure statements of federal judges. After Taylor's decision, Judicial Watch decided to take a closer look at the judge and the case.

Fitton said he is concerned about the potential conflict but stopped short of calling for Taylor to recuse herself from the case.

"It certainly raises questions ... it's an issue that needs to be thoroughly addressed," Fitton said, adding: "It's important to have the appearance that justice was administered fairly."

Robert Sedler, a constitutional law professor at Wayne State University who has worked on cases involving the ACLU, said the statement by Judicial Watch had no merit.

"By no stretch of the imagination is this a conflict of interest," Sedler said, adding that the real motive for the group's claims may be politics. "Conservative groups are upset that the Bush administration has lost another case in the so-called war on terrorism."

A Law Unto Herself (NYT)

By Ann Althouse

The New York Times, August 23, 2006

Madison, Wis.

TO end her opinion in American Civil Liberties Union v. National Security Agency — the case that enjoins President Bush's warrantless surveillance program — Judge Anna Diggs Taylor quoted Earl Warren (referring to him as "Justice Warren," not "Chief Justice Warren," as if she wanted to spotlight her carelessness): "It would indeed be ironic if, in the name of national defense, we would sanction the subversion of ... those liberties ... which makes the defense of the nation worthwhile."

As long as we're appreciating irony, let's consider the irony of emphasizing the importance of holding one branch of the federal government, the executive, to the strict limits of the rule of law while sitting in another branch of the federal government, the judiciary, and blithely ignoring your own obligations.

So often, we've heard complaints about "activist" judges. They're suspected of deciding what outcome they want, based on their own personal or ideological preferences, and then writing a legalistic, neutral-sounding opinion to cover up what they've done. That carefully composed legal opinion makes it somewhat hard for a judge's critics to convince people — especially anyone who likes the outcome — that the judge did not decide the case according to an unbiased legal method of analysis.

So perhaps the oddest thing about Judge Taylor's opinion in the eavesdropping case is that she didn't bother to come up with the verbiage that normally cushions us from these suspicions. Although the first half of the opinion, dealing with the state secrets doctrine and the first part of the standing doctrine, has the usual detail and structure one expects in a judicial opinion, the remainder of her text dispenses with the formalities.

Immensely difficult matters of First and Fourth Amendment law, separation of powers, and the relationship between the Foreign Intelligence Surveillance Act and the Authorization for Use of Military Force are disposed of in short sections that jump from assorted quotations of old cases to conclusory assertions of illegality. Orin S. Kerr, a law professor at George Washington, told The Times that the section on the Fourth Amendment is "just a few pages of general ruminations ... much of it incomplete and some of it simply incorrect."

For those who approve of the outcome , the judge's opinion is counterproductive. It will be harder to defend upon appeal than a more careful decision. It suggests that there are no good legal arguments against the program, just petulance and outrage and antipathy toward President Bush. It helps those who have been arguing for years about result-oriented, activist judges.

Laypeople consuming early news reports may well have thought, "What a courageous judge!" and "It's a good thing someone finally said that the president is not above the law." Look at that juicy quotation from Judge Taylor's ruling: "There are no hereditary kings in America and no powers not created by the Constitution."

But this is sheer sophistry. The potential for the president to abuse his power has nothing to do with kings and heredity. (How much power do hereditary kings have these days, anyway?) And, indeed, the president is not claiming he has powers

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outside of the Constitution. He isn't arguing that he's above the law. He's making an aggressive argument about the scope of his power under the law.

It is a serious argument, and judges need to take it seriously. If they do not, we ought to wonder why a court gets to decide what the law is and not the president. After all, the president has a sworn duty to uphold the Constitution; he has his advisers, and they've concluded that the program is legal. Why should the judicial view prevail over the president's?

This, of course, is the most basic question in constitutional law, the one addressed in Marbury v. Madison. The public may have become so used to the notion that a judge's word is what counts that it forgets why this is true. The judges have this constitutional power only because they operate by a judicial method that restricts them to resolving concrete controversies and requires them to interpret the relevant constitutional and statutory texts and to reason within the tradition of the case law.

This system works only if the judges suppress their personal and political willfulness and take on the momentous responsibility to embody the rule of law. They should not reach out for opportunities to make announcements of law, but handle the real cases that have been filed.

This means that the judge has a constitutional duty, under the doctrine of standing, to respond only to concretely injured plaintiffs who are suing the entity that caused their injury and for the purpose of remedying that injury. We trust the judge to say what the law is because the judge "must of necessity expound and interpret" in order to decide cases, as Chief Justice John Marshall wrote in Marbury. But Judge Taylor breezed through two of the three elements of standing doctrine — this constitutional limit on her power — in what looks like a headlong rush through a whole series of difficult legal questions to get to an outcome in her heart she knew was right.

If the words of the written opinion reveal that the judge did not follow the discipline of the judicial process, what sense does it make to take the judge's word about what the law means over the word of the president? If the judge's own writing does not support a belief that the rule of law has substance and depth, that law is something apart from political will, the significance of saying the president has gone beyond the limits of the law evaporates.

There's irony for you.

Editorial: Ruling Would Aid Americans' Foes (WHEELINT)

Wheeling (WV) Intelligencer, August 23, 2006

One week after a plot to blow up 10 or more airliners over the Atlantic Ocean was foiled thanks to excellent intelligence work, Jimmy Carter-appointed federal Judge Anna Diggs Taylor issued a political screed in which she declared the National Security Agency's eavesdropping upon international terrorists to be an unconstitutional breach of tender terrorists' Fourth Amendment and First Amendment "freedoms."

One first has to wonder if poor Judge Taylor simply has gone bonkers and therefore ought to be impeached, based upon mental unfitness to serve, for her ruling seems completely divorced from the dangerous realities of our times. If one is to take her decree seriously, then she effectively has extended constitutional protections to foreign enemies that heretofore were applied only to citizens and legal residents. She has ruled, in effect, that the United States government may not engage in spying.

Apparently the American Civil Liberties Union, which brought the case in question, and at least Judge Taylor and Senate Minority Leader Harry Reid, who cheered the ruling, need to be reminded of two very important facts: First, none of the government's activities in question involve criminal prosecutions; the NSA program is an intelligence operation aimed at foreign terrorists. Second, those terrorists should not be treated like, say, car thieves. As the world has been reminded again, they are determined to murder as many Americans as they can, by whatever means they can muster.

There is no "freedom of speech" for terrorists to make plans to blow up buildings and airliners full of people, just as there is no freedom of speech to yell "Fire!" in a crowded theater. Nor is there any protection from "warrantless searches" for our foreign enemies. Judge Taylor's ruling is quite simply a tantrum of a left-wing extremist who obviously recognizes no limitations to court powers. Indeed, no court in U.S. history has issued an even remotely similar ruling.

President Bush was right to order the Justice Department to appeal the ruling immediately and to obtain a stay of Judge Taylor's decision. If allowed to stand, Judge Taylor's ruling would handcuff counter-terrorism intelligence operations and put Americans' lives at risk.

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This case also serves as ample warning regarding the importance of who controls the judicial nominations process. When voters go to the polls this fall in states where Senate seats are in play, they should ask themselves whether they want extremist liberals in the Senate — or prefer more rational minds, whether they are Republicans or Democrats, dealing with presidential nominees for federal judgeships.

Terror Suspects Appear In Court (WT/AP)

By Jennifer Quinn

The Washington Times, August 23, 2006

LONDON -- Eleven suspects charged in a plot to blow up U.S.-bound airliners appeared in court for the first time yesterday, and the eight men who faced the most serious charges were ordered held until next month as detectives press on with their investigation.

Police cars with lights flashing and sirens blaring cleared the way for vans carrying the suspects to the Westminster Magistrates Court in central London. Journalists lined the streets behind barricades erected to keep roads clear.

Tanvir Hussain, 25; Ahmed Ali; 25, Umar Islam, 28; Arafat Khan, 25; Assad Ali Sarwar, 26; Adam Khatib, 19; Ibrahim Savant, 25; and Waheed Zaman, 22, were ordered held until a court appearance on Sept. 4.

Hussain's attorney, Mohammed Zeb, told the judge: "All allegations are denied."

Three others charged with lesser offenses also were ordered held until a court appearance next week, including a 17-year-old male charged with possessing material that could be used to prepare a terrorist act.

The other two -- Cossar Ali, 24, Ahmed Ali's wife, and Mehran Hussein, 24 -- were charged with failing to disclose information that could help prevent a terrorist act.

The Crown Prosecution Service said the suspects probably would go on trial next year. Because of the number of suspects, proceedings may be split into two or more trials, which could last months.

Another person was released Monday without charge, and 11 still in custody have not been charged. Investigators have until today to decide whether those suspects -- whose names have not been released by police -- will be charged or released or whether police will ask a judge to grant them more time to investigate.

"Their position is being assessed on a regular basis with a view to considering the need to keep them in detention," said Susan Hemming, who heads the Crown Prosecution Service's Counterterrorism Division. "The evidential picture is continuously developing."

British officials also confirmed for the first time that the plot involved the manufacture of explosives, which would then be assembled and detonated on board the airliners.

"There are chemicals, including hydrogen peroxide, electrical components, documents and other items," Peter Clarke, the head of the Metropolitan Police's anti-terrorism unit, said Monday. "We have also found a number of video recordings -- these are sometimes referred to as martyrdom videos. This has all given us a clearer picture of the alleged plot."

Investigators did not say whether they think the suspects are linked to al Qaeda.

Terror Suspects Appear In Court (CHIT)

By John Crewdson

Chicago Tribune, August 23, 2006

LONDON -- A tall, somewhat imposing figure in a white shirt, with a neatly trimmed beard and short hair, Ahmed Abdulah Ali sat in the dock at Westminster Magistrate's Court here Tuesday, turning frequently to glower through the bulletproof glass at the reporters who packed the small courtroom to overflowing.

Each time, a police officer ordered the 25-year-old Ali, also known as Ali Ahmed Khan and Abdula Ahmed Ali, to face Magistrate Timothy Workman, who was presiding over the first hearing for 11 defendants in the alleged plot to blow up trans-Atlantic jetliners flying from London to various U.S. cities.

At the largely pro-forma hearing, Ali, identified by a U.S. intelligence official as the plot's chief "facilitator," and the 10 other defendants appeared in groups of two and three and were required to confirm their identities.

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All 11 defendants, eight of whom were charged Monday with conspiracy to commit terrorism and murder, were ordered to remain in custody.

Among them was Ali's 24-year-old wife, the mother of the couple's 8-month-old son. She and one other defendant are accused of the lesser charge of having withheld information from police about a terrorist conspiracy.

Cossar Ali, whose head was covered by a scarf in keeping with Muslim tradition, was the only defendant to apply for bail, which was denied. Friends of the Ali family say that one of Ahmed Abdulah Ali's brothers is among those under arrest and being questioned, but so far not charged.

Also ordered to remain in jail was the 17-year-old son of Muslim immigrants from India, charged with possessing a book on bombs and Muslim wills signed by unnamed individuals who were preparing "to commit acts of terror."

An additional 11 suspects arrested in a series of lightning raids on the evening of Aug. 9-10 are still being questioned by police. Under Britain's anti-terrorism laws, by Wednesday prosecutors must either charge them, release them or obtain a magistrate's permission to continue holding them without charges for seven more days.

Police believe the plotters, all British-born Muslims, were planning to smuggle readily obtainable chemicals aboard airliners and then combine them to make a powerful explosive that could be ignited with the battery from a portable electronic device, such as a portable music player.

Six of the 11 so far charged lived or grew up in the racially diverse northeast London neighborhood of Walthamstow. Although some residents of that heavily Pakistani-Muslim community say they fear a backlash, only a few minor incidents have been reported.

One occurred Monday, several residents said, when some youths threw ice cream cones at a woman wearing traditional Muslim dress as she walked with her young son.

The eight defendants facing the most serious charges will enter their pleas next month, at which time they can also apply for bail. After Tuesday's proceedings, all 11 defendants, who had been detained at two London police stations, were transported in armored vans to the high-security Belmarsh prison south of London, which is home to several other terrorist suspects.

In the Walthamstow community, police had been guarding the houses where the suspects lived, in many cases with their extended families, while forensic technicians carried bags, boxes and pails from the houses to waiting vans.

By Tuesday afternoon, the police and technicians appeared to have departed. Neighbors said some suspects' families, who had been housed in London hotels or had gone to live with relatives, had returned home.

No doorbells were answered. But a neighbor of one 24-year-old man who is under arrest but not yet charged said he still found it difficult to believe that someone he had known since childhood had been part of a terrorist plot.

"We grew up as kids," said the neighbor, who declined to give his name. "It's a good family. The older brother is an investment banker. He observed [Islam], but we all observe. It doesn't make sense to me."

U.K. Court Hears Charges Against 11 Plot Suspects (WSJ)

By Carrick Mollenkamp

The Wall Street Journal, August 23, 2006

LONDON -- The 11 people British authorities charged in connection with what they say was a plot to blow up trans-Atlantic flights made their first public appearance at a preliminary court hearing.

Yesterday's hearing gave the court a chance to hear a basic outline of the charges and to begin the judicial process. Eleven other people remain in custody and haven't been charged.

Of those charged, eight men accused of the most serious offenses -- conspiracy to commit murder and the intent to carry out acts of terrorism -- are scheduled to make their next court appearance at the Central Criminal Court in London Sept. 4. That hearing will begin the process of a plea hearing. A trial date hasn't been set.

The eight suspects appearing at the City of Westminster Magistrates Court were: Tanvir Hussain, Ahmed Abdullah Ali (also known as Abdullah Ali Ahmed Khan), Assad Ali Sarwar, Adam Khatib, Umar Islam, Ibrahim Savant, Waheed Zaman and Arafat Waheed Khan. Mr. Zaman nodded to friends or family in the court; the others remained largely impassive while sitting behind a glass wall in the courtroom.

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Separately, the court heard an overview of the case against a 17-year-old charged with having a book on improvised explosive devices and suicide notes and wills with the identities of potential terrorists. Investigators found materials under a bed in two boxes, according to evidence presented during the hearing.

Two others -- a man, Mehran Hussain, and a woman, Cossar Ali -- appeared on charges that they didn't disclose information they knew about a potential terrorist plot. A prosecutor said during the hearing that authorities are still trying to better understand what details the two may have known. Ms. Ali is married to one of the suspects and is the mother of an eight-month-old baby. Ms. Ali, according to the evidence at the hearing, took part in the purchase of materials that may have been used in the plot. The court also heard evidence that information in a diary might show she knew about a plot.

Ms. Ali's attorney during the court hearing questioned the evidence against his client, and lawyers for Mr. Hussain, Ms. Ali and the 17-year-old indicated that their clients would plead not guilty. The three are scheduled to make their next court appearance Aug. 29.

U.K. authorities on Monday charged the 11 people with a range of offenses, including conspiracy to commit murder and intent to detonate bombs on board airplanes in what authorities say were plans to blow up planes flying to the U.S. from the U.K.

As Suspects Are Charged, East London Looks Inward (NYT)

By Serge F. Kovaleski

The New York Times, August 23, 2006

LONDON, Aug. 22 — Hanif Qadir feels that he has fallen short, tragically.

Mr. Qadir runs a community foundation in East London that tries to steer young people, most of them British-born Muslims, away from drugs, violent gangs and religious extremism. He knows 5 of the 22 suspects being held by the British authorities in what has been described as a plot to blow up airliners on trans-Atlantic routes, including 2 of the men who were charged Monday.

Since learning about the charges, Mr. Qadir said he was convinced that he and others should have been doing far more to shield the younger generation of Muslims from propagandists and recruiters for radical Islamic groups who have gained a foothold in neighborhoods like his. He derided such groups as “evil minded” and said “they don’t represent any faith.”

“This goes to show you how the community has failed to protect our young,” Mr. Qadir said in an interview on Tuesday. “It makes me feel sick. I thought that I knew who the extremists were and where they were coming from.”

In the area of East London where several of the suspects lived, news of the charges elicited a wide array of emotions, including disbelief and anger with both the government and Islamic extremists. It also led to reflections on how Islam is perceived and whether Muslims can do more to integrate into British society without compromising their faith.

Some residents were quick to cite an incident last June — when 250 police officers raided a home in East London, detaining two Muslim brothers and shooting one of them only to release both without charge a few days later — as an example of their susceptibility to police abuse.

The 11 suspects who have been charged in the bombing plot case appeared in a London courtroom for the first time on Tuesday, some of them waving and smiling to relatives and friends in the public gallery. The 10 men among them, several of whom were lightly bearded, wore white T-shirts and gray jogging pants. The sole woman, Cossar Ali, had on a blue head scarf. Eleven other suspects remain in custody under counterterrorism laws that give the British authorities up to 28 days to hold them without charge.

In court, most of the 11 suspects spoke only to confirm their names and dates of birth. A lawyer for Tanvir Hussain, one of the eight suspects facing the most serious charges — conspiracy to murder and planning to smuggle bombs onto an airplane to detonate them on board — told the court that “all allegations were denied.” The remaining three suspects were charged with lesser offenses under counterterrorism laws, and their lawyers said they would plead not guilty.

On a busy street corner near a row of modest townhouses on Albert Road, where three of the suspects lived, Malik Ahmed, 55, crackled with rage as he expressed incredulity at the charges and at investigators’ statements that they had discovered martyrdom videos and bomb-making materials.

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"No, no, no, no," said Mr. Ahmed, who is unemployed. "This is a funny story. This is an injustice. This is a policy of racism against the Muslim people," he said, wagging his finger. "There needs to be a major reconciliation. This has only made Muslims angrier."

But nearby, as patrons trickled in and out of a drab kebab restaurant, Mohamaad Ibrahim, 31, a lighting engineer who is also without a job, said there could well be merit to the government's case because some young British Muslims are "brainwashed" and are tarnishing Islam.

Mr. Ibrahim said he resented those who, he said, have fed prejudice and made it more difficult for him to escape the ranks of the unemployed.

"The gentle and innocent Muslims are paying the price for the black sheep of our communities," he said.

"Nobody trusts us anymore. People feel that some Muslim with a jacket full of bombs is going to walk into a business and blow himself up. This case is only going to make things worse."

He said Muslims like the bombing suspects were caught in a void between Islam and British culture, neither of which they understand well.

"They don't know Islam, and if they did, they would not adhere to killing people and other such extremism," he said.

Ehsan Hannan, the community cohesion officer for the London Muslim Center in East London, predicted that many Muslims might want to engage further with British society and to distance themselves from the stigma of terrorism.

"I don't see this as a time for retreating into gloom," Mr. Hannan said. "The majority of the Muslim community in England will be for greater transparency to let people know what Islam is truly about."

But he added that some Muslims feared that they might face violent reprisals if the suspects are were found guilty, and said the British government must do more to control paranoia over terrorism.

Molly Lebon, a non-Muslim from the Seychelle Islands who has lived in the neighborhood for some 30 years, said that when she heard about the charges her first thought was that the suspects should be sent straight to prison for a long time.

She called the evidence the police have presented so far impressive and convincing, adding, "This case makes it harder for me to trust Muslims because they don't mix with other people in the first place."

Since the authorities first disclosed the case on Aug. 10, there have been reports in High Wycombe, an area west of London that is home to several of the suspects, of non-Muslims harassing Muslims, including cursing and spitting at them from their car windows.

Mohammed Khaliel, a spokesman for a Muslim education center in High Wycombe that some of the suspects are said to have attended, said Muslims in his community have been hurt by recent events.

"This has certainly taken us backward in terms of community relations and Islamophobia and suspiciousness," Mr. Khaliel said.

11 Air Plot Suspects Appear In Court With Tight Security (WP)

By Mary Jordan

The Washington Post, August 23, 2006

LONDON, Aug. 22 -- Eleven people charged in the plot to blow up planes flying from Britain to the United States appeared in court for the first time Tuesday under extraordinarily heavy guard, driven in vans with blacked-out windows and along separate routes from court back to prison.

The suspects, most of whom are Londoners, told the judge their names, ages and addresses, in the first step toward a trial that prosecutors say could begin next year. Many wore T-shirts and sweat pants and appeared at ease in the small courtroom filled with journalists and relatives.

The 10 male suspects range in age from 17 to 28. The 11th suspect, Cossar Ali, is the 23-year-old mother of an infant and the wife of another suspect. She was one of two people charged with failing to disclose information that could help prevent a terrorist act.

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The 17-year-old was charged with possession of items that could be used to prepare a terrorist act, including a book on improvised explosives and suicide notes of suspected terrorists. Eight others were charged with conspiracy to commit murder and preparing acts of terrorism. All have denied the charges.

Ali's lawyer, Nadeen Afzal, told reporters outside the courthouse that her client should be released because the government's evidence against her "doesn't exist."

Prosecutors have said they have powerful evidence against the suspects, from fingerprints and "martyrdom videos" to chemicals used in making bombs.

Of the 24 people arrested in the alleged terrorist plot earlier this month, two have been released without charge and 11 continue to be held for questioning. Prosecutors have until Wednesday to charge them or ask for more time to hold them.

Many people here are particularly alarmed that the suspects accused of planning mass murder in the skies are British citizens, not foreign enemies. Some Muslim leaders have said that Prime Minister Tony Blair's decision to commit British troops in Iraq and Afghanistan, who fight alongside U.S. troops in wars that have led to many Muslims being killed, has nurtured suicide bombers on British soil.

A poll published Tuesday in the Guardian newspaper showed that an overwhelming majority of those questioned -- 72 percent -- say they believe the government's foreign policy has made Britain more of a target for terrorists.

Blair has staunchly defended his government's policy in Iraq and Afghanistan, while acknowledging it has not been easy to maintain.

Some supporters of Blair's Labor Party had hoped that the foiled attack would help win support for the security services and the government, and that the new perceived threat might rally more citizens to back Blair.

But Timothy Garden, a Liberal Democrat and defense expert in the House of Lords, the upper house of Parliament, said that the "nature of the relationship between the people and political leaders has changed since the Iraq war." Many people, he said, are now skeptical of officials after being fed "over-excited threats."

Blair's "subservient relations with the United States" have soured people, Garden said. "Everybody is pretty clear: Blair backed the wrong horse."

In the ICM poll for the Guardian, only 1 percent of those surveyed said they believed the government's foreign policy had made Britain safer. Overall, support for the Labor Party dropped to 31 percent, well below the 40 percent approval rating for the opposition Conservative Party. ICM said it was the lowest rating it had recorded for Labor in 19 years.

While the initial panic at London's Heathrow airport has eased and air traffic has largely been restored since the alleged plot was announced Aug. 10, the financial toll of the increased airport security and the loss of revenue for airlines continue to mount. A spokesman for British Airways said in an interview Tuesday that all its flights have been restored, but that in the week after Aug. 10 it had to cancel 1,200 flights and pay for 10,000 hotel rooms for stranded passengers.

Charging The Plotters (WP)

The Washington Post, August 23, 2006

THE ANNOUNCEMENT of charges in Britain this week against 11 of those held in connection with the alleged plot to bring down U.S.-bound airliners was not accompanied, as it would be in this country, by substantial amounts of new public information about the case. No lengthy indictment puts flesh on the rather spare narrative that British authorities have given concerning the plot. For eight of the accused, prosecutors merely alleged that they had "conspired with other persons to murder other persons" and had "engaged in conduct to give effect to their intention to smuggle the component parts of improvised explosive devices onto aircraft and assemble and detonate them on board" -- which is more or less what the public learned the day the arrests took place.

A few new chilling details did emerge. One of the suspects was accused of possessing "a book on improvised explosive devices, some suicide notes and wills with the identities of persons prepared to commit acts of terrorism." At Monday's briefing, Peter Clarke, head of the anti-terrorist branch of Scotland Yard, announced that the police had "found bomb-making equipment," including chemicals and electrical components and had "also found a number of video recordings -- these are sometimes referred to as 'martyrdom videos.' " Mr. Clarke also sketched out the massive scale of the investigation.

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Most of all, however, he stressed how scary the threat from this alleged conspiracy was. "The threat from terrorism is real, it is here, it is deadly and it is enduring," he said. "As we all look for explanations, we cannot afford to be complacent and ignore the reality of what we face."

To Americans unaccustomed to the level of secrecy traditional in the British criminal justice system, the precise reality we do face with this plot still seems opaque. Unlike the situation in the wake of the Sept. 11, 2001, attacks, when a seemingly endless stream of information about the hijackers emerged quickly, the alleged conspiracy here remains the stuff of closely held government secrets -- simultaneously terrifying and close to implementation, yet somehow still inchoate and unclear. Even as more charges follow yesterday's, as seems likely, that situation will probably persist.

Given the need to respect the British justice system, there is little U.S. officials can do about this. Americans will just have to wait. But it is worth remembering how little the public knows about this plot when considering the often far-reaching policy recommendations to which it has given rise. Since the arrests in Britain, commentators have suggested everything from dramatic changes in airport procedures to revamping the intelligence community yet again to making surveillance easier. America can afford precipitousness no more than it can afford complacency.

Wider Network May Be Linked To Bomb Plot, Germans Say (NYT)

By Mark Landler And Souad Mekhennet

The New York Times, August 23, 2006

FRANKFURT, Aug. 22 — A top German security official said Tuesday that the two Lebanese men suspected of planting bombs on two German trains might have had support from a network of Islamic extremists here and in Lebanon.

“There might be a structure of helpers and supporters in Lebanon and Germany,” August Hanning, the secretary of state for the Interior Ministry, said in an interview. “We are still investigating this.”

Mr. Hanning said the bombs, which had been stuffed into suitcases but failed to explode, were professionally made and suggested a methodically planned attack rather than a spur of the moment scheme.

“We don’t think that this was a spontaneous act because you can’t make bombs like this from one day to the next,” he said.

The comments by Mr. Hanning, a former head of the federal intelligence service, underscore why this case is viewed as the gravest terrorist threat in Germany since 2001, when militant Islamic students living in Hamburg laid the plan to hijack commercial airliners in the United States.

The recent bombing plot has rattled Germans, depriving them of a sense of relative insulation from terrorism and prompting a debate over the adequacy of the government’s antiterrorism measures.

On Tuesday, the German authorities identified a 20-year-old Lebanese man, Jihad Hamad, as the second suspect in the failed plot. But Mr. Hamad appears to have fled the country, Mr. Hanning said.

The suspect lived most recently in Cologne, where on July 31 video surveillance cameras recorded him and a 21-year-old Lebanese accomplice boarding trains, lugging suitcases that hid propane-gas explosives.

On Saturday, the police arrested the other man, identified as Youssef Mohammed el-Hajdib, in the northern city of Kiel. They credited a tip from Lebanon’s military intelligence agency, which intercepted a panicked phone call he made to his family there after video images of him were broadcast here.

The suspect has said little to the authorities so far, and Mr. Hanning was reluctant to speculate on his motives. He did note that the timing of the attempted bombing, which took place late last month, coincided with the fighting in Lebanon.

On Tuesday, the police arrested a young man in Kiel who is a friend of Mr. Hajdib. Investigators are trying to determine the extent of the support network for the would-be bombers.

The main suspects, Mr. Hanning said, grew up in Lebanon in what he described as an “extremist milieu.” Authorities believe that Mr. Hajdib may have links to Hizb ut-Tahrir, a radical Islamic group banned in Germany, though the group denies he is a member.

The German authorities are also investigating whether he visited the Imam Ali Mosque in Hamburg, believed to be a gathering place for supporters of Hezbollah.

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Both suspects lived in Germany for some time before carrying out the attacks. Mr. Hanning said it was not clear whether they moved here with a plan to carry out an attack or were radicalized later.

Although the explosive devices were homemade, Mr. Hanning said they showed considerable expertise. "The bombs were professionally made," he said. "It was just good fortune that the detonators didn't work."

The possible Hamburg connection carries an echo of the Sept. 11 attacks, which prompted criticism that the German authorities did not act aggressively enough against terrorist activity in their midst. Several of the hijackers in the 2001 attacks lived together in Hamburg, where their conspiracy took shape.

In the wake of this latest plot, the interior minister and Mr. Hanning's boss, Wolfgang Schäuble, has called for the expansion of video surveillance of train stations and other public places, and the creation of an antiterrorist database — something Germany has resisted because of concerns about privacy.

PATRIOT ACT:

Judge Okays Wiretaps And Searches In Aipac Lobbyist Case (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, August 23, 2006

In an opinion released yesterday, a federal judge said there was plenty of evidence to support federal intelligence-gathering wiretaps and searches in an investigation of two pro-Israel lobbyists charged with conspiring to procure and distribute classified information.

Judge Thomas Ellis III upheld warrants issued by the secrecy-shrouded Foreign Intelligence Surveillance Court and said the evidence obtained can be introduced against the former employees of the American Israel Public Affairs Committee, Steven Rosen and Keith Weissman.

The special court "had ample probable cause to believe that the targets were agents of a foreign power quite apart from their First Amendment lobbying activities," Judge Ellis wrote in an August 14 opinion unsealed yesterday.

He said that while the pair's advocacy was constitutionally protected, they were entitled to no safe harbor for their alleged violations of a 1917 law that limits disclosure of the nation's secrets, the Espionage Act.

Judge Ellis did not identify the "foreign power" the defendants were allegedly serving, but other evidence in the case makes clear that Israel is the country in question.

The judge noted that a 1978 Senate report, written just prior to passage of the surveillance statute, found that some secrecy and foreign contacts by lobbyists were legitimate.

However, he also quoted a section of the report warning that foreign intelligence services could hide "behind the cover of some person or organization in order to influence American political events and deceive Americans into believing that the opinions or influence are of domestic origin and initiative."

Judge Ellis also indicated that defense attorneys have complained about alleged leaks of secret grand jury information to the press and have moved to have the case dismissed on those grounds.

The New York Sun reported yesterday that the judge ordered the Justice Department to investigate a leak to CBS News, which first reported the probe in 2004.

Judge Ellis said he was still considering the leak-related dismissal request but that the law was "not intended to invest a rogue official with the power to undermine a lengthy investigation."

HOMELAND RESPONSE:

U.S. Seeks To Expand Data-Sharing (WP)

By Ellen Nakashima

The Washington Post, August 23, 2006

DOJ_NMG_0051999

The United States is seeking to expand a post-Sept. 11 data-sharing agreement with the European Union to enable the Department of Homeland Security to retain airline passenger data longer than a few years and to share the data more freely with law enforcement and intelligence agencies.

The agreement, which grew out of the Aviation and Transportation Security Act of 2001 and took effect in March 2004, obliges all foreign carriers flying from Europe to the United States to share airline passenger data with Customs and Border Protection agents. The arrangement has raised concerns among privacy advocates and politicians in Europe over sovereignty and privacy issues.

A Department of Homeland Security spokesman, Jarrod Agen, said yesterday that the information, which includes passengers' names, addresses, credit card details, travel itineraries, and hotel and rental car information, was "essential . . . to identify potential terrorists that we don't already have on our watchlist." The information is part of a database called the Passenger Name Record.

The negotiations, which began several months ago, are part of an ongoing debate between the United States and the European Union over how much personal information can and should be exchanged to enhance security without violating privacy.

The European Court of Justice reviewed the original agreement and on May 30 struck it down, finding problems with the legal basis that the European Council of Ministers used in entering into the pact. The court gave Europe and the United States until Sept. 30 to renegotiate the deal. E.U. officials said that they were not inclined to alter its substance but that they would make its underpinnings conform to European law.

"To meet a relatively tight deadline, our view is we should keep the agreement as close as possible to the existing deal and leave any substantial changes to a later stage," said Anthony Gooch, a spokesman for the European Commission delegation to the United States. The agreement's terms provide for the pact to be revisited in 2007, he said.

When negotiating the initial agreement, the United States sought to hold Passenger Name Record data for 50 years. A compromise was reached at 3 1/2 years. Now, U.S. officials are hoping to persuade E.U. officials to bend a little more on data retention.

"When people are developing terror plots, sometimes it takes years to unfold," Agen said. "We wouldn't want five, six, seven years later to say we had that information but had to get rid of it."

The current agreement also puts restrictions on how data can be shared with other agencies. If, for instance, the Homeland Security Department learned that a suspected terrorist used a certain cellphone to purchase plane tickets, the agency wants to be able to share that phone number with the CIA, Agen said.

U.S. officials also initially wanted access to all 60 fields of data in passenger-reservation databases, such as religious identification and dietary preference. But E.U. officials objected, and a compromise of 34 fields was reached. The Homeland Security Department is not looking to expand the amount or type of passenger data shared, Agen said.

"There is a growing concern that European data is shared by default with the American government," said Simon Davies, director of the London-based Privacy International, an advocacy group. "That has become an issue of sovereign control with Europe. They say this is yet another attempt by the United States to wrestle control of European laws away from the Europeans, that this is yet another attempt to create a global center of gravity based in Washington, D.C."

E.U. officials are separately trying to negotiate an air passenger data-sharing agreement among their 25 member states. That proposal, which likely will be put before the European Council of Ministers by year's end, has "nothing to do" with the United States, said Friso Roscam Abbing, a spokesman for Franco Frattini, the European Commission's vice president for justice, freedom and security.

The proposal, which is still being refined, will not include sharing information about religion, health conditions or dietary requirements, Abbing said. "We are obliged to put forward proposals which ensure a respect for fundamental rights but which also makes sense for law enforcement authorities," he said.

He said the proposal dates to 2004.

Chertoff Envisions Database Of Air Travelers (NPR)

NPR's All Things Considered, August 22, 2006

The United States wants to expand the screening of international airline passengers, the Homeland Security Secretary Michael Chertoff has told The New York Times. The proposed plan could go far beyond terrorist watch lists, to vast databases that include past itineraries of travelers. Robert Siegel talks with New York Times reporter Eric Lipton.

Texas Men In Cell Phone Case Post Bail (AP)

AP, August 23, 2006

BAY CITY, Mich. - Three Texas men facing federal conspiracy and money laundering charges after buying large numbers of prepaid cell phones posted bail Tuesday and said they planned to fly home.

"We're glad we're out. We're innocent and we're gonna try to clear our names," one of the men, Louai Othman, 23, told The Bay City Times after the trio left U.S. District Court in Bay City.

Othman, his brother Adham Othman, 21, and their cousin Maruan Muhareb, 18, all of Mesquite, Texas, had been jailed since Aug. 11, when they were arrested after buying dozens of cell phones at a Wal-Mart store in Caro, about 80 miles north of Detroit.

Family members and supporters raised $30,000 to free the men, who had been held at the Saginaw County Jail with bail set at $10,000 each.

Under conditions set Friday by U.S. Magistrate Judge Charles Binder, the men had to surrender their passports. They will be subject to a curfew and will have to wear an electronic tether.

The men will be have an evidentiary hearing in Bay City in the next few weeks, said their attorney, Nabih Ayad.

The men were arraigned on the federal charges Aug. 16, the same day a Tuscola County judge dismissed state terrorism charges against them at the request of the county prosecutor.

They trio had been accused of collecting or providing materials for terrorist acts and surveilling a vulnerable target for terrorist purposes.

Tuscola County authorities were alarmed not only by the approximately 1,000 cell phones allegedly found in their van, but also by images of the Mackinac Bridge on their digital camera, which led to the surveillance charge.

But the FBI and state police later said there was no imminent threat to the 5-mile-long span linking Michigan's two peninsulas and no information linking the Othmans and Muhareb to known terrorist groups.

Ayad said his clients, who are of Palestinian descent, are victims of ethnic profiling. He said authorities held them for days to try to find something to charge them with.

The federal complaint alleges the men defrauded consumers, TracFone Wireless Inc. and Nokia Corp. by buying the prepaid phones and removing TracFone's proprietary software, making it possible to use the handsets with any cellular provider.

Once Accused Of Bridge Plot, Texas Men Released On Bond (DEN)

Detroit News, August 23, 2006

DEARBORN HEIGHTS -- Three Texas men once suspected in a possible plot to blow up the Mackinac Bridge were released from jail today after more than 10 days in custody.

Terrorism-related charges against Maruan Muhareb, 18; Adham Othman, 21; and Louai Othman, 23, were withdrawn by the Tuscola County prosecutor last Wednesday after the FBI and Michigan State Police said there was no evidence linking the men to terrorism.

They were arrested in Caro in Michigan's Thumb on Aug. 11 after police found about 1,000 cell phones and photos of the Mackinac Bridge inside their van.

Nabih Ayad, the Dearborn Heights lawyer representing the men, said the photos were tourist shots and the men are entrepreneurs who bought the phones to sell for a profit. They are victims of ethnic profiling, Ayad said.

But the same day the state charges were dropped, the federal government brought charges of conspiracy to traffic in counterfeit goods and money-laundering. The federal charges relate to an alleged plot to alter the phones software and defraud cell phone companies and consumers through their resale.

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The men are free on $30,000 combined bond and must wear electronic tethers and surrender their passports. Their families struggled to borrow the money to raise bond, Ayad said.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Anniversary Draws Bush To Gulf Coast (LAT)

By Peter Wallsten And Maura Reynolds

The Los Angeles Times, August 23, 2006

WASHINGTON — As next week's anniversary of Hurricane Katrina triggers recollections of rooftop refugees and massive devastation along the Gulf Coast, the White House has begun a public relations blitz to counteract Democrats' plans to use the government's tardy response and the region's slow recovery in the coming congressional elections.

President Bush will visit the area Monday and Tuesday, including an overnight stay in New Orleans. He probably will visit the city's Lower 9th Ward, the heavily black area that remains mired in debris, and is expected to meet with storm victims.

The trip will force Bush to revisit sensitive racial issues that arose with the flooding of New Orleans; at that time, civil rights leaders charged that the White House was slow to respond because so many victims were black. GOP strategists acknowledged that the administration's failure to act quickly was a significant setback in their efforts to court traditionally Democratic African American voters.

The White House announced Bush's visit Tuesday as a phalanx of administration officials stood before reporters to argue that billions of dollars had flowed to the region and millions more was on the way. The plans for the trip were disclosed one day after Atty. Gen. Alberto R. Gonzales announced that he was sending additional lawyers and resources to the city to fight fraud and abuse.

At Tuesday's briefing, White House aides passed out folders and fact sheets that painted a picture of aggressive recovery efforts. A packet from the Army Corps of Engineers, responsible for the levees that were breached after the storm, carried the slogan: "One Team: Relevant, Ready, Responsible, Reliable."

Donald E. Powell, the White House official in charge of recovery plans, declared that Bush was "fulfilling his commitment to rebuild the Gulf Coast better and stronger."

The administration's coordinated response is the latest example of White House officials maneuvering to cast a positive light on a campaign issue expected to hurt Republicans. Just this week, Bush acknowledged public anxiety over Katrina, along with concern about the war in Iraq and rising gasoline prices. But he defended his record and accused the Democrats of weakness, particularly on national security issues.

The White House effort comes as the Democrats, who plan to challenge Republicans on national security in this year's midterm election campaign, are portraying the government's response to Katrina as evidence that Bush failed to fix inadequacies exposed by the Sept. 11 attacks.

A report being released today by top Democrats, titled "Broken Promises: The Republican Response to Katrina," features a picture of Bush during his Sept. 15, 2005, speech in New Orleans' Jackson Square, in which he promised to oversee "one of the largest reconstruction efforts the world has ever seen."

The report argues that every aspect of recovery — including housing, business loans, healthcare, education and preparedness — "suffers from a failed Republican response marked by unfulfilled promises, cronyism, waste, fraud, and abuse."

Senate Minority Leader Harry Reid of Nevada is scheduled to spend Thursday in New Orleans with fellow Democratic Sen. Mary L. Landrieu of Louisiana to kick off what they call the "Hope and Recovery Tour." House Minority Leader Nancy Pelosi of San Francisco plans to arrive this weekend with about 20 other Democrats for additional events.

White House officials declined Tuesday to offer many details of Bush's trip. Spokeswoman Dana Perino said Bush would travel Monday to two Mississippi towns devastated by the storm, Gulfport and Biloxi, before arriving in New Orleans. He is expected to attend an ecumenical worship service at New Orleans' St. Louis Cathedral, the backdrop to his Jackson Square address.

Leaders of the recovery effort said Tuesday that although progress had been slow in some areas, Bush would be able to point to successes in some New Orleans neighborhoods, including the famed French Quarter and the Garden District. However,

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neither area was damaged as severely as the Lower 9th Ward. The question for White House schedulers is how much to accentuate the positives while acknowledging the negatives.

"If you go to most of the city you see enormous progress," said Walter Isaacson, president of the Aspen Institute and vice chairman of the Louisiana Recovery Authority. "They are probably going to go to the Lower 9th Ward, which is very honest of them, because that's the place you see the least progress."

Isaacson, a New Orleans native, said he considered many of the Democrats' critiques to be unfair. He credited the White House with safeguarding millions of dollars in grants for housing and levee reconstruction, some of which was only approved this summer amid a contentious budget debate.

"They protected that housing money and the levee money in the appropriation process when every congressman was looking at it greedily," he said.

On Monday, Bush offered a preview of his anniversary message, contending at a news conference that despite frustrations about the slow arrival of housing funds and delays in debris removal, "the money has been appropriated, the formula is in place, and now it's time to move forward."

He suggested that $110 billion in federal funds had been "committed" to help the region rebuild, but confusion persisted Tuesday over what portion of that money had actually been spent.

During the White House briefing, Powell said that about $44 billion, about 40% of the total, had been distributed to hurricane victims, but suggested that state and local governments were mostly to blame for the gap.

The director of the Federal Emergency Management Agency, R. David Paulison, was contrite about mistakes made during the disaster aftermath. Paulison, who won Senate confirmation in May, a week before the 2006 hurricane season began, was named acting director in September after Michael D. Brown was forced to resign as FEMA director amid criticism of the federal response.

"Our communications system was broken — it was broken between the local community and the state, it was broken between the state and the federal government, and it was broken within the federal government," Paulison said. "That was the first thing we had to fix."

Grim Anniversaries Sway Election Strategy (WSJ)

By John D. Mckinnon

The Wall Street Journal, August 23, 2006

WASHINGTON -- Election day may be shaped significantly by how Republicans and Democrats frame public perceptions of two coming dates: the one-year anniversary of Hurricane Katrina and the five-year anniversary of the Sept. 11 attacks.

Democrats hope to gain advantages by highlighting the storm, with a series of events reminding Americans of the government's initially bungled response to the emergency. Republicans hope President Bush can sustain a new round of Katrina criticism, then use the Sept. 11 anniversary to remind voters of his party's hawkish security credentials.

To capitalize on voters' security concerns, House and Senate Republicans are developing legislation to take up during September, including measures supporting the administration's terrorist wiretapping program and its treatment of suspected terrorists.

But Republicans may not have as much success playing the security card this time as they have in the past. Katrina, which hit the Gulf Coast on Aug. 29, weakened Mr. Bush's image as a leader, at least partly neutralizing the Republicans' advantage on security issues. While the aftermath of Sept. 11 marked the highest ratings of Mr. Bush's presidency, Katrina ushered in some of the lows.

"If you go back and look at the declines in Bush's ratings, it was Katrina that delivered the knockout punch," says Larry Sabato, director of the Center for Politics at the University of Virginia. "It destroyed the image that re-elected him -- the image of leadership, the image of someone who was competent even if you didn't agree with his directions."

The Katrina phase of the campaign intensifies this week, as Democratic lawmakers visit New Orleans, beginning with Senate Democratic Leader Harry Reid tomorrow and continuing with a delegation led by House leader Rep. Nancy Pelosi. Democrats are likely to be aided by television coverage of the anniversary.

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Democratic strategists have urged candidates and lawmakers who can't make it to New Orleans to attend local prayer services, back-to-school collection drives, restaurant fund-raisers and other volunteer relief efforts. A strategy memo advises Senate Democrats to "draw attention to the fact that a year later there is still a great deal of work to be done."

Mr. Bush will go to the Gulf Coast on Monday, and spend the day in Mississippi and the night in Louisiana. The president will spend the next day in New Orleans, although the exact venues are under discussion.

The administration's broad aim will be to keep the focus on the future. "Clearly these are times to reflect and remember, but they are also times to consider the future and a path forward to deal with disasters that hit our shores, whether they be natural or man-made," said White House spokeswoman Dana Perino. Republican campaign strategists also say they hope that national outrage over the disaster has faded and that -- terrible as it was -- the reconstruction is now basically a regional concern.

Then Republicans can pivot to the Sept. 11 anniversary. The Republican National Committee recently posted a Web video that charts Democratic opposition to a series of post-Sept. 11 security policies: electronic-surveillance programs, interrogation practices, Patriot Act provisions and the Iraq war. In the House and the Senate, Republican leaders are planning to schedule a roster of terror-related votes. "The calendar for the entire month of September will be heavy on national-security issues," a House leadership aide said.

Lawmakers could use the homeland-security appropriations bill to stress the recent foiling of what authorities say was a terrorist plot to blow up U.S.-bound airplanes. The House also is expected to offer support for the administration's terrorist-surveillance program, and may take up measures related to North Korea and Iran. The House is expected to revisit stalled immigration legislation, which contains a heavy dose of border-security provisions. Senate Republican leaders are also planning security votes, including on military tribunals for alleged terrorists, defense appropriations and a bill to strengthen port security, aides say.

Republican plans for Sept. 11 itself are taking shape. President Bush's plans remain under discussion, the White House says. In the past, Mr. Bush has used the occasion to political advantage. During the 2004 presidential campaign, Republicans held their convention in New York, then declared a weekend of National Days of Prayer and Remembrance to mark the three-year anniversary. Last year, Mr. Bush had to merge the Sept. 11 and hurricane observances, standing on the White House South Lawn for a moment of silence for victims of Sept. 11 before flying to New Orleans.

In the two congressional elections since 2001, Republicans have benefited from focusing voters on the threat of terrorism. Democrats either tried in vain to compete or sought to change the subject. This year, Democrats hope things will be different, and that they can score points by arguing that Republicans haven't effectively waged the war on terrorism.

In the run-up to the anniversary of the attacks, several left-leaning think tanks and advocacy groups, including the Center for American Progress, will weigh in with reports on national-security weaknesses.

On Sept. 11, Mr. Reid, the Democratic leader, plans a floor speech in the Senate, although Democrats in general are expected to moderate their attacks on Republicans out of respect for the occasion. Countering the Republican leadership's legislative blitz, Senate Democrats will offer a range of amendments to a defense appropriations bill, some to implement unfinished recommendations of the 9/11 Commission for greater security at ports, airports and chemical plants.

Some analysts say Democrats may be able to mute the Republican security pitch this time around. "I think it's unlikely the fifth anniversary of the attacks will be of much benefit" to Republicans, says Andrew Kohut, director of the nonpartisan Pew Research Center for the People & the Press, "given how locked in people's negative attitudes are."

Katrina Recovery To Get Report Card (WT)

By Audrey Hudson

The Washington Times, August 23, 2006

Government officials and special-interest groups are jockeying to assess and grade recovery efforts in the Gulf Coast as the first anniversary of Hurricane Katrina approaches.

Donald Powell, federal coordinator of Gulf Coast rebuilding, briefed President Bush and other officials yesterday at the White House and earlier met with reporters on how $110 billion are being spent.

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About 100 million cubic yards of debris have been removed from Texas, Mississippi and Louisiana since the storm struck the Gulf Coast on Aug. 29. A small percentage of debris remains in Mississippi, however more than one-third of the debris in New Orleans has yet to be hauled away. In Texas, where Hurricane Rita struck in September, all of the debris has been removed.

"The devastation is overwhelming," said Mr. Powell, who added that $15 billion in flood insurance has been issued to victims of the storms in addition to federal aid. "It's the largest displacement since the great Dust Bowl."

The good news is that the oil and gas companies and refineries are back to pre-Katrina production.

Congress directed $5.7 billion to fix the failed levee system that left 80 percent of New Orleans under water for two months. Mr. Powell says breaches in 220 miles of the levee system have been repaired.

In a meeting with reporters at a luncheon hosted by the Christian Science Monitor, Mr. Powell says he spends two-thirds of his time in the Gulf and the other third in Washington.

"I don't like being [in Washington]; it's not productive," he says.

Meanwhile, analysts gathered by the Center for American Progress met yesterday to discuss failures at all government levels, and today, the Mississippi chapter of the National Association for the Advancement of Colored People will release its report on housing, the economy and that private-sector response.

A review panel of engineers will meet Friday in New Orleans to discuss lessons learned and the levee system.

Next week, a coalition of black leaders led by nationally syndicated TV and radio host and columnist Armstrong Williams will hold an event highlighting the displacement of local workers by illegal aliens.

Mr. Powell, the former chairman of the Federal Deposit Insurance Corporation, was appointed by Mr. Bush nine months ago to lead the recovery efforts, which he calls "the defining moment in my life."

Mr. Powell says he would move his family, even his grandchildren to New Orleans.

"I would also make sure we had a clear understanding of the evacuation plan, and I would be prudent in how I rebuilt my home."

New Orleans has been flooded before and will be flooded in the future, he says. "I'm not saying it's a way of life, but New Orleans needs to rebuild responsibly."

Mayor C. Ray Nagin, who once pledged to rebuild New Orleans as a "chocolate" city, told the National Association of Black Journalists on Friday in Indianapolis that billions of dollars of federal aid are going to contractors.

"Very little of those dollars have gotten to the local governments or to the people themselves," Mr. Nagin said.

Katrina Housing Money Slowed (AP)

By Lara Jakes Jordan

The AP, August 22, 2006

State officials in Louisiana are still struggling to ensure that money to rebuild houses hit by Hurricane Katrina is fairly distributed, the Bush administration's Gulf Coast coordinator said Tuesday.

Nearly a year after Katrina slammed into the Gulf Coast, only $44 billion has been spent to get the battered region back on its feet, coordinator Don Powell said. Over $110 billion has been designated for the massive rebuilding project — $17 billion of which is to help rebuild an estimated 204,000 homes in Louisiana and Mississippi.

Money has begun to reach Mississippi homeowners, Powell said. But in Louisiana, state plans for distributing the dollars were delayed, in turn holding up the funding flow.

"There is always a balance and tension between getting the money out fast and getting the money out responsibly fast," Powell told reporters at a White House briefing.

"I have a sense of frustration, I have a sense of urgency all the time," said Powell, who stopped short of criticizing Louisiana's delay in distributing the funds. "That money needs to get out because you'll see a lot of activity. But it doesn't serve anyone for them to be sloppy and haphazard in the administration of those moneys."

On Monday, President Bush noted that "the thing that's most important is for the government to, you know, eliminate any bureaucratic obstacles, when we find something that's not moving quick enough."

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The U.S. Department of Housing and Urban Development approved in one day Mississippi's plans for rebuilding housing, and gave the nod to Louisiana's blueprint in 10 days, Powell said. Louisiana officials "didn't get their plan into HUD until later, after Mississippi, thus the plan was not approved until later," he said.

Powell, flanked by the directors of the Federal Emergency Management Agency and the U.S. Army Corps of Engineers, sought to spotlight successes in the Gulf Coast as the Aug. 29 anniversary of Katrina nears.

An estimated 100 million cubic yards of debris has been removed from the region so far — more than all the combined wreckage caused by Hurricane Andrew in 1992 and from the World Trade Center in 2001, which took two years to clean up, Powell said. The port of New Orleans "is back," he said, with incoming tonnage equaling levels from before Katrina hit.

FEMA director R. David Paulison spoke bluntly about his agency's failures last year to track supplies, register storm victims for benefits and help emergency responders communicate with each other. "We need to make sure that we are going to be ready to respond to this next storm and not waste those opportunities, not waste those lessons learned," he said.

Earlier Tuesday, the Corps' chief engineer, Don Basham, said New Orleans-area levees might be overtopped by up to four feet of water in a future hurricane of Katrina's size.

"Even if you had another Katrina event today, we do not believe we'd have any levees fail, as far as collapsing," Basham said. "But you're definitely still going to have water that's going over the top of the levees. And people are going to be inundated and need to evacuate, get out of the area."

A Corps investigation of the city's levees after Katrina revealed that levees were breached — meaning that they collapsed, causing the water to flow from behind them much faster — in only four spots along 160 miles of floodwalls that were damaged during the storm. The walls were overtopped in 46 places, Basham said.

Donald Powell (CSM)

By David T. Cook

The Christian Science Monitor, August 23, 2006

Posted August 23, 2006 - http://www.csmonitor.com/2006/0823/p25s01-usmb.html Donald Powell By David T. Cook

Donald Powell is a tall, courtly Texan who holds one of the most important but thankless jobs in the federal government.

In November 2005, President Bush named Mr. Powell to be Federal Coordinator of Gulf Coast Rebuilding. In that role, the former banker is Uncle Sam's point person on rebuilding the portions of Louisiana and Mississippi that were devastated by hurricane Katrina. The one-year anniversary of the storm is Aug. 29.

The scope of the rebuilding effort is massive and the people who saw their homes and businesses destroyed by the disaster are naturally impatient. The area affected by Katrina "is seven times larger than Manhattan," Powell reminded reporters at a Monitor-sponsored luncheon on Tuesday. "More than 1.5 million people were affected ... 800,000 citizens were forced to live outside their homes. This was the largest displacement of people since the great Dust Bowl."

Before being named to his current post, Powell was Chairman of the Federal Deposit Insurance Corporation (FDIC). The agency insures more than $3 trillion of deposits in virtually every bank and thrift in the country. Running the FDIC was a natural outgrowth of his nearly four decades of experience as a financial services executive. Before coming to Washington, Powell was President and CEO of the First National Bank of Amarillo.

Powell says his current assignment has touched him deeply. "Psychologists tell us we have about seven or eight defining moments in life," he says. Speaking slowly and softly he adds, "This has been a defining moment in my life. When I come up here [to Washington], I feel like I need to get back down there....When I am down and wondering if we are really making a difference, I go to the area and I think we are in some small way making a difference in their lives."

While there is an ongoing debate about the adequacy of the government's efforts to rebuild the levees in New Orleans, Powell contends the city is safe. "I would move my family to New Orleans - better still, most important, my grandchildren. I would also make sure that I understood the evacuation plan. I would also probably look at how I am going to rebuild my home. Do I want to build it higher? I mean, I would be prudent and responsible in how I build."

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The Stafford Act, which governs federal disaster relief efforts, needs revision, Powell contends. "We need to have the political will to change some of the restrictions that were placed upon us that were not applicable or realistic to the situation....We need a close look at the Stafford Act," he says.

Powell is optimistic that there will be enough workers to rebuild homes in Louisiana that were damaged by Katrina despite reports of labor shortages. "It is a challenge. But the capitalistic system is pretty remarkable. Workers are beginning to flow in there and those workers are making ... some of them are making $20 an hour," Powell says. "With $20 an hour, a lot of people come into the marketplace.... I think the work force is going to be there."

Reports Document Failures Post-Katrina (AP)

By Rukmini Callimachi

The AP, August 22, 2006

No less than a half-dozen reports on the Hurricane Katrina recovery effort are being released to coincide with the one-year anniversary of the storm — and nearly all criticize the sluggish pace of the response.

The reports document a host of problems, from the still-unfinished levees to the plight of small businesses and the continuing racial divide.

"It's a pretty bleak picture," said Minor Sinclair, who heads the U.S. regional office of Oxfam America, a charitable organization.

Many of the reports focus on the failure of federal dollars to reach their intended targets. Oxfam's report points out that although $17 billion has been approved by Congress to rebuild homes in Louisiana and Mississippi, not one house has been rebuilt with that money in either state.

A report from the Democratic members of the House Small Business Committee found that 80 percent of small businesses on the Gulf Coast have not yet received loans promised by the federal government. The Small Business Administration has approved loans in excess of $10 billion, but only $2 billion has found its way to business owners.

The report also cited massive delays at the federal agency, forcing some business owners to wait as long as 100 days for a decision on loan applications.

"These long delays have not only caused many viable small businesses to fail that would have otherwise survived, but has contributed to the slow recovery of the local economy," the report said.

A call to the SBA for comment was not returned.

Three reports found that the lack of federal aid disproportionately affects black residents and the poor.

In Louisiana and Mississippi, blacks are more likely to be renters than whites, two reports noted, citing census data. Though a large proportion of the dwellings destroyed by Katrina were occupied by renters, only a fraction of the federal housing assistance has been earmarked for rental units, according to several of the studies.

A report by the Mississippi conference of the National Association for the Advancement of Colored People said the lack of rental aid will have long-term impacts on places like Biloxi, Miss., where 70 percent of renters were black, and Pascagoula, where 75 percent were black. A report by the Brookings Institution in Washington argued that with rents having risen 39 percent in New Orleans, the need to repair affordable rental units is crucial.

Compounding the problem is the degradation of such services as public transit, which are typically used by low-income residents. A policy paper by the Washington-based Leadership Conference on Civil Rights found that only 49 percent of the New Orleans area bus routes have resumed. Only 17 percent of the buses are operational.

"Many of the poor in New Orleans do not own cars ... so they are dependent on public transportation in order to work," the paper said.

Several studies said the lack of affordable housing continues to weaken the labor pool.

"If people have nowhere to live or if they can't afford to live where they work, it becomes difficult for them to go where the jobs are. ... The end result is that recovery in the struggling areas is being slowed, sometimes to a near halt," said a report by the Nelson A. Rockefeller Institute of Government and the Public Affairs Research Council of Louisiana.

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Amy Liu, author of the Brookings Institution report, pointed to streets that are still choked with debris as evidence of the failings of the recovery effort.

"These still storm-scarred neighborhoods are a stark reminder of the magnitude of the storm," she wrote. "But they also hang like billboards, advertising that little progress has been made."

New Orleans' Recovery Slow And Slippery Process (USAT)

By Anne Rochell Konigsmark

USA Today, August 23, 2006

NEW ORLEANS — A year ago, an American city almost drowned.

As New Orleans slowly sank beneath the brackish floodwaters unleashed by Hurricane Katrina, the nation watched in horror and wondered what the future held for the dying city.

A year later, New Orleans is in the midst of a halting, sloppy recovery. But it is recovering, despite dire predictions last September that the city was gone and admonitions that it should not be rebuilt. For better or for worse, five or 10 years from now, New Orleans will be pretty much what it was before the storm hit, with many of the same charms — and many of the same problems.

New Orleans taught the nation that cities don't easily die. Nor, it turns out, do they change much.

Take the levees, for example: Their shoddy construction led to the flooding after Katrina, and they are mostly fixed now. But teams of engineers monitoring the reconstruction say they are not markedly improved and still cannot hold back the waters of a Category 5 hurricane.

Crime, an unfortunate New Orleans trademark, is the same if not worse than it was before Aug. 29. The economy remains the question mark it has been since the 1980s oil bust. And all across the city, homeowners are rebuilding homes the old way, in harm's way, because the city and the state have not yet said they can't.

Many problems persist because there's no master plan for the city's future. There's no prohibition on rebuilding in places that have always been vulnerable to flooding — and still are. In some neighborhoods, the real planning is happening inside people's homes, around the kitchen table or in small neighborhood groups.

Absent from the rebuilding is a vision for New Orleans as a whole, a way to use this tragedy — and the city's portion of $27 billion in federal rebuilding money earmarked for Louisiana — to transform a city that was decaying for decades before the storm hit.

Most people say they just want to rebuild what they had. “People just want to get back to where they were before the storm,” says Tim Ryan, chancellor of the University of New Orleans.

“My fear is the city is coming up with a plan that is all repair, with no dreams for the future,” says David Voelker, a member of the Louisiana Recovery Authority, which has as much as $7 billion in federal dollars waiting for New Orleans to come up with ways to spend it. This is in addition to the $7 billion in grants to homeowners that begin flowing in September.

There will be some major changes. A city whose population drops by half — from 460,000 pre-Katrina to about 200,000 now — is going to be different, no matter where the remainder choose to live. And the school system, wrested by the state from a dysfunctional local school board just weeks after Katrina, is getting a major overhaul and could become a national model for charter schools. This fall, at least 20,000 students are expected to attend 52 schools, 32 of which will be charters.

“Cities do come back from tremendous devastation,” says Lawrence Vale, an urban expert from the Massachusetts Institute of Technology. “But resilience means bouncing back, and that's not the same as bouncing forward. The forces of pre-disaster inertia are very powerful, for the good and for the ill.”

Last Aug. 29, Katrina, a Category 5 hurricane packing 160-mile-an-hour winds, weakened significantly as it made landfall in Plaquemines Parish. It then skirted the city and devastated Mississippi's Gulf Coast with a 28-foot storm surge. New Orleans, it seemed briefly, had dodged a bullet.

Then something happened, something worse than any storm. Levees along city drainage canals and the Mississippi River crumbled at multiple points, sending water rushing into the city and surrounding parishes. More than 100,000 of 188,000

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households in New Orleans were swamped by at least 4 feet of water, some by as much as 12 feet. All but 50 of St. Bernard Parish's 27,000 homes flooded.

House Speaker Dennis Hastert, R-Ill., caused a small storm when he wondered about the wisdom of rebuilding a flood-prone city. He suggested, in an interview with an Illinois newspaper, that a lot of New Orleans "could be bulldozed."

In fact, it turned out that the small but essential heart of the city — including the French Quarter, much of the downtown business district and the Garden District — was spared any flooding, and the rest was dry in a matter of weeks. By October, power and water were restored to many unflooded neighborhoods. Pioneering residents began to return, many living in the dark, traveling out of town for groceries and gas. The population struggled back to about 100,000 by Christmas.

The death toll in Louisiana stands at 1,464; a body was found as recently as two weeks ago.

As New Orleans dried out, Mayor Ray Nagin's Bring New Orleans Back Commission asked the Washington-based Urban Land Institute to draw up visions of the city's future. The pictures were lovely.

On Jan. 11, New Orleans residents and media from around the world crowded into a ballroom at the Sheraton Hotel on Canal Street. Colorful schematics showed a city of pedestrian walkways and bike paths, light-rail transit, new parks and lots of open space.

There was a catch: The planners said the city should shrink substantially to fit the smaller population. Under the plan, badly flooded neighborhoods were to locate and survey former residents and determine how many wanted to return. If the numbers were too small, the city would not restore services to the area, abandoning the neighborhood and forcing residents to sell their properties to the city and move to more populated sections of town.

There were tears and shouted objections. Affluent whites from Lakeview were as angry as poor blacks from the Lower 9th Ward. Before the meeting even adjourned, Nagin backed down from his own commission's recommendations to forcibly shrink the footprint of the city.

Since then, two more sets of planners have been enlisted, but they are at odds with one another, and neither has come up with a master plan. Meanwhile, across the city, residents have been taking matters into their own hands.

"The Bring New Orleans Back Commission said we should be condos and green space — that's what got us going," says Rusty Berridge, who lived in Broadmoor, a historic, mixed-income neighborhood, before the storm.

Since January, the Broadmoor Improvement Association (BIA) has held more than 125 meetings and located more than half of its former residents, now flung across the nation. Of the 1,100 they have contacted, 87% say they want to come home to Broadmoor. The neighborhood has enlisted help from Harvard's Kennedy School of Government, which completed a 300-page plan for redevelopment of the neighborhood, down to such details as how high light poles should be.

"Our goals are reachable, they are obtainable," BIA President LaToya Cantrell says. The neighborhood has frequently flooded. Residents are relying on the U.S. Army Corps of Engineers to improve flood control.

Several other neighborhoods, some on their own, some with help from the city's planners, have completed redevelopment plans. None of the plans calls for barring redevelopment in sections or streets vulnerable to flooding or still deserted one year after Katrina.

More than 40,000 rebuilding permits have been issued in New Orleans since Katrina. Thousands of those are for homes that won't be raised off the ground, even though they flooded.

"I'm rebuilding on a concrete slab," says Tanya Harris, who lived in the most devastated section of the Lower 9th Ward, where virtually every house was damaged. Many were pushed off their foundations or reduced to sticks by water rushing through a nearby levee breach. "I had 15 feet of water in my house," she says. "How would you begin to raise your house to avoid 15 feet of water?"

Thousands of residents whose homes were salvageable have been legally rebuilding them just as they were. The city and state did not want to penalize pioneers who began rebuilding before new guidelines could be crafted.

Now, residents building new homes will have to comply with the Federal Emergency Management Agency flood-plain guidelines. The rules are confusing, but in general, they say most homes here must be raised at least three feet off the ground.

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Harris' neighborhood is the last section of the city that still lacks drinking water, and there's no electricity, so even if she finishes her renovations, she can't move in. The city says the Lower 9th Ward is trailing in services because of the extent of the damage there.

"People are fighting tooth and nail to get back there," Harris says. "It has been drilled into us most of our lives to hold onto our property by any means."

Indeed, home ownership in the neighborhood is among the highest in the city, at more than 60%.

Eventually, the Louisiana Recovery Authority (LRA) and some planners say the city will have to face the reality that it can't provide essential services to 200,000 residents living where 460,000 once were. There are redevelopment projects that can't happen just on the neighborhood level, that need to happen citywide.

LRA board member Sean Reilly says every hurricane-damaged Louisiana parish except New Orleans has submitted a master plan, and that failure has slowed the flow of money into the city. "Homeowners in New Orleans need some guidance on which neighborhoods are going to come back and when," he says.

But there's no one to make those decisions. John McIlwain, a senior fellow at the Urban Land Institute, says the city's biggest mistake so far was the decision not to create an agency with legal authority to make tough decisions, such as shrinking the city's footprint and encouraging denser development in the areas that did not flood.

He points out that the Lower Manhattan Development Corp. was created in New York just 10 weeks after the Sept. 11, 2001, attacks. "And that redevelopment was much smaller in scope," McIlwain says. "Here you have the largest rebuilding effort ever in this country's history, and there is no one with the authority to acquire land or make unpopular decisions about which blocks will be rebuilt."

Nagin insists the city is "on track and moving forward."

"I still believe in my heart there will be 300,000 people here by the end of the year," he said recently.

There are other signs a new city is not emerging from the wreckage. Violent crime, for years among the worst in the nation, is rising sharply again after virtually disappearing last fall. There were as many slayings in July as there were in July 2005, police say, despite a 50% decrease in the population. U.S. Attorney General Alberto Gonzales said Monday he's sending extra U.S. attorneys, marshals and agents from the Bureau of Alcohol, Tobacco and Firearms to help local law enforcement.

Despite calls from planners, elected officials and civil engineers for a complete redesign of the city's failed levee system, the Army Corps of Engineers, on directions from Congress, has spent $1 billion to bring flood protection back to where it was pre-Katrina. Plans are in the works for another $5 billion in upgrades, but even those won't provide protection from a Category 5 storm, which forecasters say is more and more likely to occur.

"We're going to get a really nice, 1965 flood-protection system," says Paul Kemp, a Louisiana State University engineer and a member of Team Louisiana, a group of scientists studying why the levees failed. The current system of levees and floodwalls was begun after Hurricane Betsy swamped New Orleans in 1965. When Katrina hit, it was still unfinished.

There are some improvements, including gates at the foot of the canals that caused most of the flooding and a better design for the replaced walls. Even the corps admits that another storm could overwhelm the levees. The corps has said there was not enough time to do more than restore the system to what it was pre-Katrina, and so far, Congress has approved $5 billion for levee work, not enough for a completely new system.

"If you were really signaling that you were going to do something different, you would have to do something different with the levees," Kemp says. "You would invest in a 21st-century protection system. We should want nothing less than a city that you don't have to evacuate."

About 20,000 students are encountering the biggest change in New Orleans: The total remake of public schools. Students are beginning classes this month in about 52 New Orleans schools, down from 60,000 students in more than 100 schools pre-Katrina. The long-troubled Orleans Parish School Board will control only four of those schools. Another 15 or so will be run by the state, which took over most schools in the weeks after the storm. The majority — 32 schools — will be charter institutions, receiving public money but run independently by parents, universities and other private groups.

"The school system was a disaster," Reilly says. "We're rebuilding an entire system from scratch that can be a national model, built around charter schools. This has never been done before."

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For the first time in recent memory, all classrooms will be fully equipped with new desks, books, abundant supplies and computers. The bathrooms will have working toilets and lots of toilet paper — a perennial problem here in the past. Many of the charter schools have raised money for landscaping and new playground equipment.

"We have an opportunity to really start fresh, and that will make a big difference for the economy," says Ryan, whose university chartered two city schools.

Of course, one other aspect of city life will be markedly different for years to come: the population. Best estimates are that about 200,000 people now live in New Orleans. No one knows how many more will return.

About 100,000 Louisiana homeowners, most of them in the New Orleans area, have applied for federal rebuilding money, to be distributed by the LRA beginning next month. There's more than $7 billion available to give homeowners up to $150,000 each. No one knows yet how residents will choose to spend their money, whether they'll rebuild or sell their homes to the state. Homeowners can still get the money if they plan to leave New Orleans, but less if they plan to leave the state.

Ryan says no one should have expected Katrina to transform New Orleans.

"This last year has been hell. Many of us have lived in conditions we wouldn't have dreamed of living in before." And for New Orleans to get back to where it was before, he says, "is going to take years."

A New Orleans Home Is Reborn, With Grit And Persistence (NYT)

By John Schwartz

The New York Times, August 23, 2006

NEW ORLEANS — It no longer stinks at 7023 Fleur de Lis Drive.

There are plenty of awful smells in the ruined houses nearby — the ones still showing high waterlines and fluorescent orange door scrawls that announce whether corpses were found inside.

At No. 7023, though, the lawn is green with neatly trimmed centipede grass, and the flower beds burst with pansies, impatiens and marigolds. There is no mud inside or out, not a trace of a waterline, and the front door is, simply, white.

It looks as if the house had somehow been untouched by the waters that, one year ago, burst with fury through a breach just three blocks away in the 17th Street Canal and inundated the affluent Lakeview neighborhood. But in fact, there was no escape for this house, or for 134,000 others in New Orleans.

When the floodwaters receded, the yard was a moonscape of cracked mud and debris; the shrubs in front were bleached gray by salt water. Three-foot-high drifts of muck fouled the interior, and the scummy waterline was just four inches from the first-floor ceiling.

In a city that still seems largely stuck in the mud, this nearly restored home represents 11 months of sweat-drenched labor by its owners, Artie Folse and Tonja Osborne, two of a multitude of New Orleans residents who never stopped pushing ahead.

From the earliest weeks after the storm, Mr. Folse and Ms. Osborne defied the conventional wisdom that little could be accomplished in the city, and overcame the doubts and worries even of their own families. Their efforts, observed since last winter by a reporter for The New York Times, were born of an urge to rebuild that is as primal as the force that pushes grass up through cracks in a sidewalk. Rather than wait for advice, direction or help from the city, the state or the federal governments, Mr. Folse and Ms. Osborne simply got to work.

"If you're waiting for someone to tell you what to do, it'll never happen," Mr. Folse said.

The future of New Orleans, whatever it turns out to be, will be grounded in the stubborn drive of people like Artie Folse and Tonja Osborne, who can be found in every neighborhood of this city. There are many, of course, who lack their resources or skills, who suffered devastating human losses or who have succumbed to despair.

But some 30,000 houses are now being repaired or rebuilt around town, according to planners and city officials, and work will begin on tens of thousands more this fall when federal housing aid begins to flow. Those who try to rebuild do so with no guarantee of success, minimal encouragement from government and a willful faith their collective labors can actually change that future.

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There is still much to be done at 7023 Fleur de Lis. But Mr. Folse and Ms. Osborne are so far along that tour buses, showing off the ruins of a beloved American city, pause briefly in front of the house. The drivers want gawkers to see the house that seems to shine.

Not Half Bad

In some ways, Mr. Folse and Ms. Osborne were lucky — or, more accurately, they made their luck. Mr. Folse, 54, and Ms. Osborne, 39, had flood insurance, which would eventually pay out $120,000. That was enough to rebuild with, and even to improve the house — a two-story brick bought out of foreclosure in 1989 for $130,000 — as long as they were frugal and did most of the work themselves.

They also own their own business, a small trucking company called Custom Logistics that brings them about $50,000 a year and allows a flexible schedule. And they were able to stay in the home of Ms. Osborne's late grandparents, across the Mississippi River in the Algiers section, during the earliest stages of rebuilding.

Most important, Mr. Folse is both handy and tireless. One of his drivers, Tony Delvalle, calls him "an army of one."

He and Ms. Osborn are not yet married, but they have a daughter, Taylor Rose, who is 2 years old. Ms. Osborne's 12-year-old daughter, Amber, lives with them, too, and Mr. Folse shares custody of his 16-year-old, Andrew, with his ex-wife.

They evacuated to Houston during the storm, and first saw the house again on a disheartening day in early October. Ms. Osborne recalled thinking, "We'll never live in this house again."

Amber added, "It was poo."

But by mid-October, Mr. Folse was spending his days gutting the house — at first, simply because he had heard rumors that homes left untouched would be claimed by the city or would be subject to heavy liens. Ms. Osborne said, "It was like, 'Let's do something.' "

Shoveling out the sodden mud and possessions was backbreaking work, Mr. Folse said, adding that he felt nearly alone in the world. Aside from some workers taking on a nearby set of condominiums, everything in the neighborhood was still. On any given day before the storm, he might have seen crows, blue jays, sparrows, cardinals and mockingbirds; but for a while after the hurricane, "there was nothing but the big crows," he said. Stray dogs and cats roamed by occasionally, looking hungry and sick.

Smells of Decay Vanquished

Mr. Folse started each day driving in from Algiers around 6 a.m. with a cooler full of drinks and sandwich meat, and drove back before Lakeview's evening curfew. There was no city power or gas, but the water from the tap was good, and he hooked up a generator for running lights and power tools. His 80-year-old father, Fred Folse, often joined him in the work.

In November, Artie and Andrew spent their first night in the house, a desolate campout in an upstairs bedroom. The utter darkness was broken every 15 minutes or so by the blue lights playing across the ceiling as wandering patrol cars passed, and the silence was complete.

"There wasn't no frogs; there wasn't no crickets," Mr. Folse said. "There wasn't anything."

But as the home began to emerge from the mess, stripped to the studs, as the smells of decay were vanquished with bleach and Lysol, Artie Folse recalled, a thought surprised him: "This isn't half bad, you know?"

If the city didn't stop them somehow, he and Ms. Osborne decided, they would rebuild.

On a bright day in mid-December, Mr. Folse showed a visitor around the emptied structure and talked of the future on the raw dirt of the front yard. "Lakeview is going to come back," he said.

Mr. Folse predicted that he would have electricity and gas within three weeks, a wildly optimistic statement that showed his habit of confusing a clear line of sight with a short distance.

Several weeks later, in late January, the gas and power were still not hooked up. But there was something startling in Mr. Folse's front yard: grass. He had thrown out some ryegrass seed to see whether the toxic soup of solvents, paint and gasoline in which the neighborhood soaked for more than two weeks had left the soil able to support growth, and he was pleasantly surprised to find that it did. He planted a few small shrubs and added flowers — plastic ones, at first.

"We're trying to influence people to do something," he said at the time. "Maybe two people will pass and say, 'If they can do that, we can do that.' "

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At the beginning of March, Mr. Folse greeted a visitor with an enormous smile. “Man, I wish you was a plumber instead of a newspaper reporter!” he exclaimed.

Without a plumber’s inspection and repair work, the city would not hook up the gas, and the Sheetrock could not be laid over the studs. Switches and outlets had to wait for the Sheetrock.

But plumbers were in high demand and short supply; Mr. Folse and Ms. Osborne were waiting on the third one they had tried to hire. Whenever Mr. Folse was stymied on one project, he took up another: He installed 27 new windows and 16 doors, and framed them with wood sanded and stained by Ms. Osborne. There were new wood laminate floors to lay, and cabinets to hang and furniture to assemble.

“In another four weeks, we’re going to be in good shape,” he said, his optimism reducing all obstacles.

A new FEMA trailer sat behind the house — cramped quarters, but livable. The generator thrummed nearby. The family moved into the trailer to cut down on Mr. Folse’s commuting, and to allow Amber to return to her own school, which had reopened across the canal in less damaged Jefferson Parish.

A few days before, Mr. Folse said, he had finally taken a few minutes away from the reconstruction to walk over to look at the spot where the levee breached six months before. “I said, ‘Damn! It’s right here!’ ”

The neighborhood all around looked depressingly the same, but to Mr. Folse, change is everywhere — even in the shy return of wildlife. “The other day, we saw a frog, and I saw a worm,” he said.

During a mid-May visit, the air-conditioning was on, and blasting, not just for comfort against the growing spring heat but to suck moisture out of the air and prevent mold from returning.

But that was only part of his delight. “Listen to this!” Mr. Folse said — and jumped and opened the new front door. He gave it a finger push and it closed smoothly, with a gentle “snick.” No longer would he have to shoulder open a water-warped door, or secure it with a padlock at night.

Then he performed another miracle: He opened the new refrigerator and pulled out a cold Diet Coke.

There was still much to do, but Mr. Folse said at the time that he was beginning to see signs of hope in the surrounding mess. The houses on either side have sold, and work is beginning. “It’s starting to kick back up,” he said. “If we can get through this hurricane season unscathed, man, this place is going to be booming.”

And he got up again to open and shut the door. “This is what I like to do,” he said.

Snick.

One Foot at a Time

For all of the progress, every corner of his home is, to him, a punch list. Compliment him on the quality of work in the children’s bathroom upstairs, with its bright color scheme of pink and yellow, and he says, “I’ve still got to do the window surround, still got to do the threshold, still got to do the closet door and still have to do the closet floor.”

In May, amid all the work, the mayoral election seemed to pass overhead, and Mr. Folse said he was “shocked” to see the voters re-elect C. Ray Nagin, whom he finds ineffectual. But, he added, “it doesn’t matter to me who the mayor is.” In fact, he added, “I hate to say it, but I almost don’t care who’s president.”

And while there is still more progress in the neighborhood, with two depressingly ruined houses across the street demolished and cleared away, it is still very much a mess.

“When I keep my focus close in, I feel O.K.,” Mr. Folse said recently, and brought his hands together, narrowly parallel. “When you broaden it out and see nothing’s going on over there, and nothing’s going on over there, and there’s grass three feet tall at the house three doors down, and you’re going to have trouble getting your mail and getting your garbage picked up until they think it’s worth their while” and he paused. “It’s just depressing.”

Did he ever have a moment of profound doubt, when he thought that the city could not come back and his every effort was wasted?

“Not really,” he said. “That’s not my persona.”

“Whenever I take on a project,” he said, “I’m in the mentality of cutting the grass — one foot in front of the other, one foot at a time. Just keep going.”

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His parents, Fred and Rose Folse, were not so sure. They worried that the city might decide to turn their son's neighborhood into a park or flood basin, and one day in March Fred asked his son, "What are you going to do if the city comes in and tells you you've got to get out?"

Mr. Folse replied, "Who's going to come and take me out?"

Reason to Celebrate

Artie Folse keeps the troubles of the last year in perspective. The year before, Taylor was born with a serious birth defect, omphalocele — her liver and small intestine protruded from her abdomen. She was in and out of the hospital for four months of her first year with surgery, setbacks and recovery, and they nearly lost her.

After a second lengthy hospitalization, her doctor said, "She'll never play tackle football, but she'll be all right." On Aug. 20, 2005, the family celebrated Taylor's first birthday in their house.

Nine days later, Hurricane Katrina came.

A few weeks ago, Taylor toddled happily around 7023 Fleur de Lis and lifted her shirt to show the softball-stitch scars along her belly. "Bo-bo," she said.

Mr. Folse said, "We're going to have her second birthday party here."

He was smiling, but he was also a little antsy. He had been sitting for too long.

Something, somewhere, wanted nailing.

In Katrina, Compassion Met Adversity (opinion) (USAT)

USA Today, August 23, 2006

Next week will mark one year since Hurricane Katrina slammed into the Gulf Coast and cut a swath of destruction that was truly of biblical proportions. Together, our nation watched in helpless horror as the winds and the waters surged — killing more than 1,000 loved ones and wiping away once-vibrant communities. In essence, Katrina was an American tsunami: The devastation and despair it randomly cast throughout the Gulf Coast was painfully evocative of what we saw when we toured the Indian Ocean perimeter together in 2005.

It was typical of the American spirit that, after the skies opened up, so did the hearts of our people. Indeed, the compassion shown by citizens offered the first ray of hope after those dark skies cleared. Pledges of help and money poured in from far and wide — corporate boardrooms and classrooms, celebrities and school children, large cities and small towns, and the churches and synagogues that literally threw open their doors to shelter the homeless from every faith and strata of society.

To help channel this outpouring of goodwill, President Bush asked us to join together to raise funds to assist the recovery effort. America's response to this collaborative effort — the Bush-Clinton Katrina Fund — has been overwhelming. Some 60,000 donors have given more than $129 million to The Fund.

The outpouring

We received generous donations from such high-profile groups, companies and people as diverse as Wal-Mart, the PGA Tour, the country of Kuwait and U2. But we also received $16 from a young man in Pine Beach, N.J., who sold baked goods at a soccer game. Three terrific kids in Brooklyn sent $300 they raised standing on a corner to collect money from passing cars. And a T-shirt store owner in Connecticut put out a donation can in her shop and collected $65.

Today, 12 months on, we can report that the broad diversity of those who contributed to this effort mirrors the many ways we have, in turn, put your generosity to work.

We started by giving $40 million to funds set up by the governors of Louisiana, Mississippi and Alabama, since they knew best what the immediate needs were. We directed $30 million to higher education, since we felt strongly that keeping the colleges and universities open and investing in its future leaders is vital to the region's long-term recovery. We also funneled $25 million into a fund for the region's churches, synagogues and all places of worship, since the spiritual well-being of citizens is as important as any building.

From there, we tried to identify specific needs in various communities along the coast. In New Orleans, we helped St. Thomas Health Services clinic provide badly needed medical care for the uninsured. We also partnered with the Children's Health Fund to provide mental health services for residents in southern Mississippi and Louisiana.

The Fund has helped shrimpers in Alabama get their boats back in the water and repair the sewer system in Waveland, Miss.

We are supporting Habitat for Humanity's effort to help low-income families rebuild their homes.

With your help, Operation Hope is providing economic services and financial counseling to victims.

Finally, because much of the work rebuilding the Gulf Coast will be done by young people, we supported the efforts of City Year Louisiana, a 12-month community service program, in recruiting young adults to help rebuild.

We have reached out to dozens of worthy causes. We wish we could do more, a lot more, but the fact is: You still can.

The Fund was established as a temporary program to get as much help to the most critical areas as fast as possible. While The Fund's work is nearing completion, by visiting www.bushclintonkatrinafund.org\otherorgs, you will find a list of organizations carrying on this mission. We hope those of you who have not participated in the recovery effort — and even those of you who have — will consider making a donation today.

Even today, mere words and pictures simply cannot capture the enormity of the suffering. If you have driven through New Orleans' Lower 9th Ward, if you have flown over Pass Christian, Miss., your mind numbs with disbelief.

'The best in the human spirit'

Much has been made of the two of us putting partisan politics aside to lead this effort; but, as always, the real story is how the American people have responded to this challenging time and met the worst in nature with the best in the human spirit. To be sure, there have been moments of despair in the days after the storm — and the pain of that loss is still with us — but Katrina also awoke in our people the compassion that Americans have always shown in the face of adversity.

That compassion, coupled with the courage and determination of the people at the center of the storm, is why we are confident the Gulf Coast will not only survive in the years ahead, but also thrive in the decades to come.

Former presidents George H. W. Bush and William Jefferson Clinton helped direct the Bush-Clinton Katrina Fund.

Disaster Chief: U.S. Government, Citizens Alike Are Unprepared (USAT)

By Anita Manning

USA Today, August 23, 2006

It's a dangerous world. And even five years after 9/11, the nation remains far from ready to respond in an effective way to a major disaster such as a terror attack or a flu pandemic, says Irwin Redlener, director of the National Center for Disaster Preparedness at Columbia University's Mailman School of Public Health.

In his new book, Americans at Risk (Knopf, $24), Redlener urges the federal government to develop a cohesive, coordinated approach to disaster planning — and Americans to emerge from a state of national denial.

The warnings about potential “megadisasters” are being heard by Americans, Redlener writes, but “we don't quite know what we're supposed to do. … Mostly we hope against hope that calamity isn't around the corner.”

Getting past a state of fear or denial is the first step toward readiness that can be a key to survival in a disaster, Redlener says.

“I hear from a lot of people that ‘if there's a really big disaster, there's nothing I can do about it.' ” he says. “That's hardly ever true.”

Only four in 10 Americans say they have a family emergency plan, though fewer than a third of those say they have all the needed elements in place. For many, the cost of accumulating the extra food, water and supplies recommended by the Department of Health and Human Services and the Federal Emergency Management Agency is prohibitive. And then there's the problem of storage space. “In urban areas, where are they supposed to store those supplies?” Redlener asks. “In New York City apartments, they literally don't have the room.”

Yet, he says, “the details are not as important as the process. If you sit with your family and go through what you'd do in various scenarios, then when the unexpected happens your mind-set will be better prepared to deal with contingencies.”

Having thought about it ahead of time and made whatever preparations are possible — such as learning CPR, knowing the evacuation plan for your community, deciding a family meeting place or discussing who will pick up the children from school — will give you a head start, Redlener says, even if the reality of the situation is not what was planned for.

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"Mental resiliency and the capacity to think on your feet is a skill that can be developed by talking through what you can think of, and reading about it," he says. "The more you've practiced thinking about how you'd respond in unusual circumstances, the better you'll respond when the unexpected circumstance arises."

In his book, Redlener focuses less on what individuals can do to prepare than on what government should do. He poses five scenarios: an avian flu outbreak in New York City, an earthquake in Seattle, a nuclear attack in a major city, a train wreck in Missouri that causes the release of toxic chemicals, and a terrorist attack targeting elementary schools in Arizona. He also describes a nine-point strategy, starting with reconvening the 9/11 Commission to address preparedness efforts, and including expanding the role of the military in planning for and responding to major disasters.

"As I was working out the approach for this book," Redlener says, "I wanted to be clear on this point: Getting the country prepared is not a matter of government actions alone, nor is it something individual citizens can do alone. This is a partnership of government, the public, not-for-profit organizations and businesses, each one fulfilling its responsibilities.

"It has to be a dynamic partnership that allows the whole system to respond effectively."

WAR NEWS:

Marines To Recall Troops To Active Duty (AP)

By Lolita C. Baldor

AP, August 22, 2006

The Marine Corps will soon begin ordering thousands of its troops back to active duty because of a shortage of volunteers for Iraq and Afghanistan — the first involuntary recall since the early days of the war.

Up to 2,500 Marines will be brought back at a time, and there is no cap on the total number who may be forced back into service as the military helps fight the war on terror. The call-ups will begin in the next several months.

The number of troops in Iraq has climbed back to 138,000 — the prevailing number for much of last year. Troop levels had been declining this year, to a low of about 127,000, amid growing calls from Congress and the public for a phased withdrawal. Escalating violence in Baghdad has led military leaders to increase the U.S. presence there.

This is the first time the Marines have had to use the involuntary recall since the beginning of the Iraq combat. The Army, meanwhile, has issued orders recalling about 10,000 soldiers so far, but many of those may be granted exemptions.

Marine Col. Guy A. Stratton, head of the manpower mobilization section, estimated that there is a current shortfall of about 1,200 Marines needed to fill positions in upcoming deployments.

Some of the military needs, he said, include engineers, intelligence, military police and communications.

As of Tuesday, nearly 22,000 of the 138,000 troops in Iraq were Marines.

The call-up will affect Marines in the Individual Ready Reserve, a segment of the reserves that consists mainly of those who have left active duty but still have time remaining on their eight-year military obligations.

Generally, Marines enlist for four years, then serve the other four years either in the regular Reserves, where they are paid and train periodically, or in the Individual Ready Reserve. Marines in the IRR are obligated to report only one day a year but can be involuntarily recalled to active duty.

To date, about 5,000 Army IRR soldiers have mobilized, and about 2,200 of those are currently serving, according to Lt. Col. Bryan Hilferty, an Army spokesman. Of those 2,200, about 16 percent are volunteers, he said. A typical Army enlistment obligation is also for eight years.

According to Stratton, there are about 59,000 Marines in the IRR, but the Corps has decided to exempt from the call-up those who are either in their first year or last year of the reserve status. As a result, the pool of available Marines is about 35,000.

The deployments can last up to two years, but on average would be 12 to 18 months, Stratton said. Each Marine who is being recalled will get five months to prepare before having to report.

President Bush authorized the recall on July 26. It is the first such recall since early 2003, when about 2,000 Marines were involuntarily activated for the initial ground war in Iraq.

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"Since this is going to be a long war," said Stratton, "we thought it was judicious and prudent at this time to be able to use a relatively small portion of those Marines to help us augment our units."

Marine Corps Stretched Thin By Wars In Iraq, Afghanistan (MCT)

By Drew Brown

McClatchy, August 23, 2006

WASHINGTON - The wars in Iraq and Afghanistan are stretching the U.S. Marine Corps, forcing the service to take extraordinary measures to bolster both manpower and equipment.

On Tuesday, the Marines announced plans to recall as many as 2,500 inactive reservists to involuntary active-duty service to meet manpower needs, the first such call-up since nearly 2,700 Marines were recalled to active-duty before U.S. forces invaded Iraq in 2003.

The announcement coincided with a report to be issued Wednesday by two military experts who say that the Marines are having to borrow equipment from non-deployed units and pre-positioned stockpiles to replace tanks, trucks, armored vehicles and other hardware worn out by more than three years of combat duty in Iraq.

The two events are the latest signs that the U.S. military is having difficulty maintaining its combat readiness with the Iraq war well into its fourth year.

A Marines spokeswoman denied that the Marines are having difficulty finding recruits or volunteers for war-zone duty. Instead, Maj. Gabrielle Chapin said the service is looking to deepen the availability of Marines with specific training. "What we do need is a pool of very specific skill sets to fill critical job specialties," she said.

Yet the call-up is a rare one for the smallest of the country's four military services, which has always prided itself on its recruitment and retention record. Less than 180,000 Marines serve on active duty, but the Corps has consistently met or exceeded its recruiting and re-enlistment goals for years, even as the wars in Afghanistan and Iraq drag on.

Those expected to receive involuntary activation notices include infantry and other combat specialties, communications and intelligence specialists, combat engineers and military police, the Marines said. Marines in their first and last years of inactive reserve status will be excluded from the recall. Those recalled to service will get at least five months' notice.

The Marines currently have about 59,000 men and women serving in what's officially known as the individual ready reserve - former active-duty service members who still have time to serve on their mandatory eight-year commitment. Marine officials said they don't expect to activate more than 2,500.

Democrats, who have been pushing for a change of course in Iraq, said the announcement illustrates again how the war is straining U.S. military forces.

"After bravely serving our nation, often for more than one tour, these men and women are being asked to once again shoulder a heavy burden," said Sen. Jack Reed, D-R.I., a member of the Senate Armed Services Committee and a frequent critic of Bush administration policy on Iraq. "The drain on our soldiers, their families and the military's resources caused by today's operations in Iraq and Afghanistan need to be addressed immediately or there will be severe long-term consequences for the nation and our military."

The move follows similar call-ups by the Army, which has recalled about 5,100 former soldiers back to service since the Sept. 11, 2001, terrorist attacks. Most of those have been activated since 2004, and 2,100 remain on active duty, according to Army officials.

The Iraq war also has put unprecedented wear and tear on the Marine Corps' trucks, tanks and other combat equipment, according to a report by the Center for American Progress and the Lexington Institute, two policy research groups that frequently study national security issues.

The war has forced the Marines to keep about 40 percent of its ground combat equipment, 50 percent of its communications gear and 20 percent of its aircraft in Iraq, the report says.

Helicopters fly two to three times more hours than they should, tanks are being used four times as much as anticipated, and Humvees are being driven an average of 480 miles a month, 70 percent of which is off-road.

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The harsh desert and combat losses are chewing up other gear at nine times their planned rates. Humvees that were expected to last 14 years need to be replaced after only four years in the extreme conditions of the Iraqi desert, the report says.

"This war in Iraq, in addition to the human cost, has a very heavy equipment cost, and this bill is going to have to be paid for years to come," said Larry J. Korb, a former Pentagon official and co-author of the report.

Because of the situation, the Marines, like the Army, have been forced to take equipment from non-deployed units and pre-positioned stockpiles in Europe and elsewhere to maintain sufficient combat gear for units in Iraq, seriously hampering their ability to respond to a crisis elsewhere, said Korb, now a senior fellow at the Center for American Progress.

"If, heaven forbid, Korea breaks out or something like that, you wouldn't be able to do as well as you should," he said.

Korb and co-author Loren Thompson, a defense analyst at the Lexington Institute, estimate that the Marines will have to spend at least $12 billion to replenish their ground and aviation equipment. That figure will grow by $5 billion for every year the Marines remain in Iraq.

Korb and Thompson reached similar conclusions about the Army in a report issued in April.

Marines Set To Call Up Thousands For Iraq, Afghan Duty (LAT)

By Julian E. Barnes

The Los Angeles Times, August 23, 2006

Washington — The Marine Corps said Tuesday that it would begin calling thousands of Marines back to active-duty service on an involuntary basis to serve in Iraq and Afghanistan -- the latest sign that American armed forces are under strain and a potential signal of the growing unpopularity of the Iraq war among young veterans.

Marine commanders will call up formerly active duty service members now classified as reservists after the Corps failed to find enough volunteers among their emergency reserve pool to fill needed jobs in combat zones. The call-ups will begin in several months, summoning as many as 2,500 reservists at a time to serve for a year or more.

The military has had to scramble to meet the manpower requirements of the Iraq war, which have not abated in the face of a continuing insurgency and growing civil strife. Earlier this year, the military called forward its reserve force stationed in Kuwait, sending one battalion to secure Baghdad and two to Ramadi. Last month, the yearlong deployment of the Alaska-based 172nd Stryker Brigade was extended by four months in order to provide extra troops to roll back escalating sectarian violence in Baghdad.

For much of the conflict, the Army has had to use "stop-loss orders," which keep soldiers in their units even after their active-duty commitment is complete, and involuntarily call-ups of reservists to supplement their forces.

The call-ups and the stop-loss orders have been criticized as a "back-door draft" and are unpopular with service members, many of whom believe they have already done their part.

"You can send Marines back for a third or fourth time, but you have to understand you are destroying their lives," said Paul Rieckhoff, the founder of Iraq and Afghanistan Veterans of America. "It is not what they intended the all-volunteer military to look like."

Marines typically enlist for eight years. Most serve four years on active duty then enter the reserves, either as part of a unit that has a monthly drill or as a part of the "individual ready reserve."

The ready reserve was designed to be a pool of manpower that the Armed Services could draw on in a time of national emergency. But the Iraq war has forced the Army, and now the Marines, to rely on the ready reserve to fill holes in the combat force.

Sen. Jack Reed, D-R.I., said the call up of the Marine ready reserve was an example of the wear and tear inflicted by Iraq on the armed services, a stress that could hurt the military in the months and years to come.

"The right way to address the issue is to increase the size of the military so you do not have to rely on the call up of the individual ready reserve," Reed said. "We should have raised the strength of the Army and Marine Corps three years ago. . . . It does underscore the strain that is being placed on the land forces, the Army and the Marines. "

Frederick Kagan, a resident scholar at the American Enterprise Institute who has written about what he calls a military manpower crisis, argued the involuntary call ups are the latest sign that a larger ground force is needed. The increasing length of

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combat tours, the extensive use of National Guard combat units and the stop-loss orders all show the military is scrambling to meet the demands placed on it, he said.

"It is one of an avalanche of symptoms that the ground forces are overstretched by operations in Iraq and Afghanistan," Kagan said. "This administration needs to understand this is not a short-term problem and it really needs a systemic fix in the size of the ground forces."

The announcement by U.S. commanders that they are seeking new sources to meet manpower needs came as British officers told reporters in London that the 7,000-member British force could be cut in half by next year. For months, U.S. commanders also have said they want to shrink the size of their force in Iraq, a move that would reduce the strain on the military and ease the need for involuntary call-ups. But, so far most of U.S. as well as British promises to cut troop sizes have been derailed by the continuing violence in Iraq.

Although the Marines have for the most part avoided forcing reservists to serve in Iraq against their will, as the war has dragged on, volunteers have been harder to come by.

"We have been tracking our volunteer numbers for the last two years, if you tracked it on a timeline or a chart, you would see it going down," said Col. Guy A. Stratton, the head of the Marine Corps' Manpower Mobilization Plans section, who briefed reporters Tuesday on the reserve plans.

There are 138,000 troops now serving in Iraq. There are about 24,100 active duty Marines serving in Iraq, Afghanistan and the Horn of Africa, although the bulk of that force is in Iraq's Anbar Province.

Marine Corps tours in Iraq, most of which are about seven months long, are shorter than the Army's yearlong tours. But Marines return to combat more frequently, with as little as five or six months in the United States between rotations. The grueling schedule means some Marines have already served three tours in Iraq.

The Marines last did an involuntary call up of members of their individual ready reserve before the initial invasion of Iraq. Although 2,658 involuntary orders were issued at the time, far fewer Marines ended up serving in Iraq.

The reservists in the new call-up will be drawn from a pool of 59,000 members of the individual ready reserve. The Corps will exempt Marines who are in the first and last year of their four-year reserve obligation, meaning the first call ups will come from a pool of about 34,000 Marines.

Although it is possible that someone who had served in Iraq a year before could be selected to return, Stratton said that, when deciding who to mobilize, the Corps will select the reservist with fewer combat tours or who has served overseas less recently.

The Marines estimate they are about 1,200 people short of the needed manpower in Iraq and Afghanistan. With training taking six months, and deployments an average of six months more, the Marines need the authority to call up 2,500 people at a time. Marines called from the reserves could serve a maximum of two years, although most tours are expected to last between a year and 18 months. Stratton said the authority to involuntarily call up the ready reserve will last indefinitely.

"What it allows us to do is tap in to that part of the IRR we've not used," Stratton said, "to be able to provide that additional augmentation to our units we have out there for this rotation, the next rotation, for however long the global war on terrorism will go on."

Stratton said the manpower needs were the greatest in the fields of communications, engineering, intelligence and military police. But he also said infantry, truck drivers, aviation mechanics and other specialties will be called up. Reed said it was particularly disturbing that the Marines needed the ready reservists to fill holes in infantry units.

Since Sept. 11, the Army has mobilized 5,000 soldiers from its ready reserves. The bulk of those have been part of involuntary call-ups begun in mid-2004. Currently, the Army has about 2,200 members of the ready reserve serving on active duty; about 1,850 were involuntarily called to duty.

On Tuesday, the Army was not able to provide the number of soldiers serving under the stop-loss order. But during the second half of last year, there were an average of 13,178 soldiers in Iraq whose tours had been extended by the stop-loss order. The Marine Corps does not have a stop-loss order in place.

Marines Call Up Inactive Reservists (USAT)

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By Tom Vanden Brook

USA Today, August 23, 2006

WASHINGTON — The Marine Corps took the unusual step Tuesday of calling up 1,200 inactive reservists, the latest sign of strain from wars in Iraq and Afghanistan.

The mobilization of what are called individual ready reservists was the first since the beginning of the war in March 2003. It follows the delayed departure of Army units in Iraq and their redeployment to Baghdad. There are now 138,000 U.S. troops in Iraq, up from 125,000 earlier this year.

About 24,100 Marines serve in the command that includes Iraq and Afghanistan. Most are in Iraq, where some units have done multiple tours. Since March 2003, 755 Marines have died in Iraq.

A decline in Marine reservists volunteering for active duty helped prompt the call-up, said Maj. Steven O'Connor, a Marine spokesman. "This is something we need to do," he said. "They're part of the Marine Corps, and we're going to use them as such."

U.S. armed forces "are overstrained and undermanned," said Frederick Kagan, a military analyst at the American Enterprise Institute, a conservative think tank in Washington. "This is yet another symptom of a problem that the administration refuses to admit."

The Army needs to add 200,000 soldiers, Kagan said. He said the Pentagon's reliance on high-tech weapons and special operations forces isn't well suited to fighting the current guerrilla wars in Iraq and Afghanistan.

The Army and Marines have had difficulty reaching recruiting goals and have offered higher bonuses to attract enlistees and retain troops.

The Individual Ready Reserve is made up of Marines fulfilling the remainder of the contract they signed when they joined the Corps, typically four years. During the reserve period, they can either volunteer for new service or be called up involuntarily.

The Marines will not call up ready reservists in the first year, who just came off active duty, or those in their last year, who may not be in top condition. That leaves an available pool of about 36,000 out of 59,000.

Once notified by registered mail, the reservists will have five months to report to active duty. They'll be on duty for 12 to 18 months.

Other services already have stepped in to help the Marines. A Navy unit will soon relieve Marines guarding Haditha dam in Iraq.

Michael O'Hanlon, a military analyst at the Brookings Institution, said active-duty forces need more people. "It's been a policy mistake on the part of the Bush administration not to do this," O'Hanlon said. He said he's amazed the Marines have held up so far.

In July, President Bush authorized the activation of as many as 2,500 from the ready reserve.

Marine Reservists Facing Combat Duty (WP)

By Josh White

The Washington Post, August 23, 2006

The Marine Corps is planning to call up as many as 2,500 Marine reservists for combat duty in Iraq and Afghanistan, dipping into a rarely used pool of troops to fill growing personnel gaps in units scheduled to deploy in coming months, officials said yesterday.

It is the first time the Marines have resorted to involuntary call-ups since the initial invasion of Iraq in March 2003, when about 2,000 Marines were ordered into service for a short duration. It means thousands of Marines across the country who have left active service could soon be forced to return.

They would come from a pool of about 59,000 members of the Individual Ready Reserve (IRR) -- Marines with specific skills who left active duty and returned to civilian lives, but are obligated to serve if called. Marine Corps officials said yesterday that reservists in their first or last years of enrollment will not be subject to recall.

Officials said they will try to choose Marines with the smallest number of combat tours, leaving about 35,000 subject to the call-up.

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Those receiving a recall notice will have five months to report to active duty and could serve tours of 12 to 18 months, Marine officials said yesterday.

President Bush authorized the involuntary recall on July 26, and officials are waiting to determine what skills are in short supply for deployments early next year before sending out notices to individual Marines. The authorization allows the Corps a maximum of 2,500 involuntary recalls at any one time.

The authority for involuntary recalls is until the end of the "Global War on Terror" -- a conflict for which there is no realistic end in sight. That could mean thousands of Marines could be involuntary activated over coming years.

Col. Guy A. Stratton, who is in charge of the Marines' manpower mobilization plans, told reporters at the Pentagon yesterday that the service is seeing a "shortfall" of volunteers from the IRR who previously offered to go back to active duty to fill gaps in units deploying overseas.

Stratton said that the "volunteer numbers are on a downward trend," and that outreach to certain specialists in recent months has met with resistance.

The shortfall, Stratton said, means that the Marines need about 1,200 people in a number of areas, from infantrymen to engineers, military police, intelligence personnel, aviation mechanics and truck drivers -- even though 1,366 members of the IRR were still on active duty as of Monday.

By creating a pool of 2,500, the Marines could train and deploy enough troops to fill the gap for two rotations.

"Since this is going to be a long war, we want to be able to use all our assets," Stratton said.

The Army has used its IRR several times since the Sept. 11, 2001, attacks. It has mobilized about 5,000 soldiers from that pool over the past five years, most of them since the middle of 2004, the Army said.

Some members of Congress have characterized the involuntary recalls and other measures as a "back-door draft" employed because wars have overly stressed the military. Other measures include "stop-loss" orders, which keep soldiers on active duty longer than expected.

Jack Reed (D-R.I.), a member of the Senate Armed Services Committee, said in a statement that the involuntary recall reflects the "wear and tear" on the U.S. military.

"The drain on our soldiers, their families and the military's resources caused by today's operations in Iraq and Afghanistan need to be addressed immediately, or there will be severe long term consequences for the nation and our military," Reed said.

Retired Army Maj. Donald E. Vandergriff, who has studied military personnel issues, said the IRR call-ups are both a necessary and an expected part of the military's wartime operations.

"The IRR is there to fill the needs when there are gaps," Vandergriff said. "From the viewpoint of the services, they're using a tool to help them accomplish a mission that has been assigned. That's what that tool is there for."

Marines May Call Up 2,500 Reservists (NYT)

By David S. Cloud

The New York Times, August 23, 2006

WASHINGTON, Aug. 22 — The Marine Corps announced on Tuesday that it might call up as many as 2,500 reservists for jobs in Iraq, Afghanistan and elsewhere that the service can no longer find enough volunteers to fill.

An authorization signed by President Bush last month gives the Marines authority to recall that many reservists at any one time for service of a year to 18 months for assignments in military police, communications and intelligence as well as in combat units. Those marines would come from the Individual Ready Reserve, made up of 59,000 inactive marines who have not finished their service requirements.

Until now, the Marines have relied on volunteers to fill such assignments, but now the call-ups will be mandatory.

Around 1,200 reservists are likely to be activated initially and will be told to report for duty next spring or summer, said Maj. Steven O'Connor, a Marine Corps spokesman, who briefed reporters. The reserve was last used during the invasion of Iraq in 2003, when 2,000 marines were reactivated; the Army has made more extensive use of a similar authorization, ordering back more than 10,000 soldiers since the war in Iraq began.

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As recently as two months ago, American commanders were still discussing plans to begin a reduction of American forces in Iraq by early this autumn. But sharp reverses in the security environment in Baghdad have prompted the military to change course, reinforcing American and Iraqi troops in the capital. The action by the Marines is a further sign that the military is making plans to sustain the American force in Iraq. A fact sheet distributed by the Marines said the service currently had a shortfall of about 1,200 marines who are needed to fill positions in planned deployments.

While about 59,000 marines are currently in the reserve, those in their first or last year of reserve status will be exempted from the call-up, creating a pool of about 35,000 available for involuntary recall.

Coalition Raids Yield 100-plus Arrests (USAT/AP)

USA Today, August 23, 2006

BAGHDAD — U.S. and Iraqi forces captured more than 100 known and suspected terrorists, including one linked to the February bombing of a Shiite shrine that triggered a wave of sectarian bloodshed, a U.S. spokesman said Tuesday.

Raids by Iraqi and coalition forces this past week led to the captures, said Maj. Gen. William Caldwell, a U.S. military spokesman.

The arrests are part of a new push by the United States to wipe out the insurgency and the Sunni-Shiite sectarian strife gripping at least four of Iraq's 18 provinces. The fighting has stoked fears of an all-out civil war.

At least 3,500 people were killed in Iraq in July, the deadliest monthly toll since the U.S.-led invasion of Iraq in March 2003 to oust dictator Saddam Hussein.

Among those arrested was a Saudi al-Qaeda member preparing men for suicide operations, a U.S. statement said. Also arrested, Caldwell said, was a suspect directly linked to the Feb. 22 bombing of the Shiite shrine in Samarra, which set off a cycle of reprisal attacks by Shiites and Sunnis.

In Baghdad, six death-squad leaders and 31 death-squad members were arrested in the past week, Caldwell said.

Also Tuesday:

•The British deputy to the top U.S. commander in Iraq said the sectarian conflict is not a full-blown civil war but perhaps a "civil war in miniature."

British Royal Marine Lt. Gen. Robert Fry said there is no mass migration out of Baghdad, where the violence is worst, the central government is functioning and Iraq's security forces are answerable to the government.

•Two Kurdish survivors testified in the genocide trial of Saddam Hussein. Najiba Khider Ahmed described how foul smoke billowed across her village, blinding residents in a 1987 poison-gas attack, and how her male relatives disappeared at a prison camp.

Ahmed took the stand in the second day of Saddam's new trial over the Anfal campaign, a military sweep across northern Iraq in which tens of thousands of Kurds were killed and hundreds of villages leveled.

Saddam and his lawyers repeatedly accused the survivors of being coached in their testimony. At the same time, two of his co-defendants insisted that Anfal did not target civilians.

Saddam and his six co-defendants could face execution by hanging if convicted in the Anfal case. He is awaiting a verdict due Oct. 16 in the first case against him, a nine-month trial over the killings of 148 Shiites in a 1980s crackdown on the town of Dujail.

•Republican Sen. John McCain of Arizona said that sacrifices required in Iraq were underestimated and that Americans were misled into believing the conflict would be "some kind of day at the beach." McCain, a defender of the war, said Americans feel frustrated because they had no idea of the toll the war would take. He spoke while campaigning in Ohio for Sen. Mike DeWine.

•Iraq said it has launched its own probe into the alleged rape and murder of a 14-year-old girl by U.S. soldiers even though they face possible U.S. courts-martial in the case.

•The Christian Science Monitor reported that journalist Jill Carroll suspects an influential Sunni politician or someone from his Baghdad office may have set up her January abduction.

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Carroll's captors also told her Adnan al-Dulaimi, head of the Iraqi Accordance Front, met at least twice with the chief captor and publicly pleaded for them to let her go. Dulaimi denies he was involved with Carroll's kidnapping and says he paid a ransom for her release, the newspaper reported.

General Sees "Some Normalcy" Of Life In Baghdad (WT)

By Rowan Scarborough

The Washington Times, August 23, 2006

The U.S. command in Iraq yesterday spoke of "life coming back to some normalcy" in violence-racked Baghdad, where for weeks American and Iraqi forces have launched raids to subdue various insurgent groups and militias that seem bent on instigating a civil war.

"We are cautiously optimistic and encouraged by all the indicators that we are seeing," Army Maj. Gen. William Caldwell told reporters in the Iraqi capital in an assessment of Operation Together Forward. "What we're seeing in these areas is life coming back to some normalcy. We see women and children walking freely in Amiriyah [neighborhood], something that was not seen prior to Operation Together Forward."

He displayed a map of the multiethnic city, with neighborhoods shaded in different colors to show how far they had progressed in reducing violence and restarting city services.

Gen. Caldwell's report came a month after Army Gen. John Abizaid, chief of U.S. Central Command, told the Senate Armed Services Committee he had not seen such a high level of violence in Baghdad since the city was liberated from dictator Saddam Hussein in April 2003. The general said he feared a Sunni-Shi'ite civil war, but added that he thought the new government of Prime Minister Nouri al-Maliki would prevent it.

Gen. Caldwell said that today, the Iraqi government is preventing such a war, and pointed to statistics that attacks in some city sections have gone from 30 a day to zero.

"There in fact has been a downturn in the level of violence within Baghdad over the last three weeks," he said. "The prime minister and his government has formulated a plan that is in fact proven at this point to have been very effective. And time will tell -- months will tell how effective it really is, but the initial indicators are very positive."

U.S. and Iraqi forces are facing multiple enemies in Baghdad: Al Qaeda in Iraq terrorists, Iraqi Sunni insurgents and Shi'ite death squads connected to the Mahdi's Army of cleric Muqtada al Sadr, who the United States says is financed by Iran's radical Islamic regime.

American commanders have given optimistic assessments before for Iraq, only to see parts of the country fall into chaos and violence. It remains to be seen whether the favorable trend continues in Baghdad.

"There is still much to be done, and we, together with the government of Iraq, have a long way to go," Gen. Caldwell said. "But with Iraqis in the lead making things happen, there's hope for the future."

The command's chief spokesman ticked off a list of raids and arrests in various Baghdad neighborhoods in recent days that resulted in decreased violence and a return of residents to shops and outdoor markets.

He said the coalition has mounted up to four major operations a night for several weeks to clean out one neighborhood at a time. An Iraqi reporter asked if the United States will produce "miracles" in the small town of Dura, such as paving the streets and bringing electricity.

"If there's a miracle that's going to occur in Iraq, it's going to be the Iraqis that will produce that miracle," Gen. Caldwell said.

Lt. Gen. Robert Fry, the senior British commander in Iraq, joined the debate on whether Iraq is, or isn't, in a civil war. Gen. Fry said the sectarian violence is largely confined to greater Baghdad and that the central government is functioning.

"I do not see a condition of civil war," he said from Baghdad in a conference call at the Pentagon. "The numbers of sectarian killings which have taken place in Baghdad over the last few weeks are dramatically reduced."

The Battle Of Baghdad (WSJ)

By Zalmay Khalilzad

The Wall Street Journal, August 23, 2006

DOJ_NMG_0052023

BAGHDAD -- Although there has been much good news to report about security progress in Iraq this summer -- the killing of Abu Musab al-Zarqawi, the handover of security responsibility for Muthanna province, the fifth of 10 Iraqi Army Division Headquarters to assume the lead in its area of responsibility -- Iraq faces an urgent crisis in securing its capital, Baghdad. Although Iraqi leaders and the Coalition have a sound strategy to turn the situation around, it is vital that Iraqis control sectarian violence and come together against the terrorists and outside powers that are fomenting the violence.

In July, there were 558 violent incidents in Baghdad, a 10% increase over the already high monthly average. These attacks caused 2,100 deaths, again an increase over the four-month average. More alarmingly, 77% of these casualties were the result of sectarian violence, giving rise to fears of an impending civil war in Iraq. While statistics should not be the sole measure of progress or failure in stabilizing Iraq and quelling violent sectarianism, it is clear that the people of Baghdad are being subjected to unacceptable levels of fear and violence. * * *

This trend is especially troubling because we cannot achieve our goal of a secure, stable and democratic Iraq if such devastating violence persists in the capital. Baghdad represents one-fifth of Iraq's total population, and is a microcosm of Iraq's diverse ethnic and sectarian communities. Baghdad is also Iraq's financial and media center, the latter of which is especially important given that the declared strategy of the terrorists and violent sectarian groups in Iraq revolves around creating a perception of growing chaos in an effort to persuade Americans that the effort in Iraq has failed. Therefore, violence in Baghdad has a disproportionate psychological and strategic effect.

The deterioration of security in Baghdad since February's attack on the Samara Mosque is the result of the competition between Sunni and Shiite extremists to expand their control and influence throughout the capital. Although the leadership of al Qaeda in Iraq has been significantly attrited, it still has cells capable of operating independently in Baghdad by deploying car bombs to Shiite neighborhoods. At the same time, Sunni and Shiite death squads, some acting as Iranian surrogates, are responsible for an increasing share of the violence. This cycle of retaliatory violence is compounded by shortcomings in the training and leadership of Iraq's National Police. To combat this complex problem, Iraq's national unity government, led by Prime Minister Nouri al-Maliki, has made securing Baghdad its top priority. The government's Baghdad Security Plan has three principal components:

• Stabilizing Baghdad zone by zone: Four Iraqi Army battalions, two Coalition brigades and five military police companies will be redeployed to Baghdad, resulting in more than 12,000 additional forces on the city's streets. The National Police will simultaneously undergo intensive retraining, with each brigade to be subjected to a three-day assessment period, with its leadership evaluated and, if necessary, replaced. Each brigade will subsequently receive additional training focused on countering violent sectarianism before redeployment. Over the last 10 days this approach began to be implemented in five areas of Baghdad -- Doura, Ghazaliyah, Rashid, Ahmeriyya and Mansour. In coming weeks other districts will be added.

Iraqi government and Coalition forces are adopting new tactics to stem sectarian killings. Increased checkpoints and patrols are being used to deny freedom of movement and safe haven to sectarian killers. The leaders of the death squads are being targeted. Security forces have started to work with cross-sectarian neighborhood committees. These and other new tactics will drive toward the goal of achieving security neighborhood by neighborhood. As each district of Baghdad is secured, operations will expand into contiguous zones over coming weeks and months.

• Disrupting support zones: Even as Iraqi and Coalition forces concentrate on securing specific neighborhoods, they will continue to conduct targeted operations in other zones that are staging areas for the violence. This includes targeted raids and other operations on areas outside of Baghdad's center, where planning cells, car-bomb factories and terrorist safe houses are located. This will degrade the ability of the terrorists and death squads to mount offensive operations into the areas we are working to stabilize.

• Undertaking civic action and economic development: One of the most tragic elements of the increasing violence in Baghdad is that it has robbed the Iraqi people of the sense of normalcy they desperately seek after living under crushing tyranny for more than three decades. In the immediate aftermath of Iraq's liberation, the entrepreneurial spirit of the Iraqi people was demonstrated as Baghdad's shops overflowed with consumer goods prohibited under the previous regime. However, the increasing violence in the streets of Baghdad has forced many Iraqis to close their shops for fear of their safety.

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Consequently, after joint Coalition and Iraqi military operations have secured a neighborhood or district, a structure of Iraqi security forces sufficient to maintain the peace is expected to be left in place and reinforced with the capacity to undertake civic action and foster economic revitalization. This will be supported with $500 million in funds from Prime Minister Maliki's government and at least $130 million of U.S. funds.

These economic support funds will be used to offer vocational training and create jobs, especially for 17-to-25-year-old males; to foster public support through improved services, such as medical care and trash and debris removal; and to build local governmental capacity to protect and provide for their citizens. These goals will be achieved through a mixture of high-impact, short-term programs; mid-term programs designed to stabilize these initial gains; and programs focused on long-term economic development. Prime Minister Maliki's plan for securing Baghdad is also closely tied to the national unity government's larger program for reconciliation, which seeks to foster political understanding between Sunni and Shiite forces, including those that either control or influence unauthorized armed groups involved in sectarian conflict.

In addition, a moral compact between the religious leaders of the two Islamic communities -- which will ban sectarian killings -- will delegitimize the violence. Such a compact would deny the killers a political or religious sanctuary while Iraqi and Coalition forces deny them physical shelter. For the longer term, the plan seeks to induce insurgents and militias to lay down their arms by implementing a program to demobilize unauthorized armed groups. It will also review the implementation of the de-Baathification process -- referring those accused of crimes to the judiciary and reconciling with the rest. * * *

It is understandable that when the American people hear of new U.S. casualties and witness the images of bloodshed from the streets of Baghdad, they conclude that our plans for stemming sectarian violence in Iraq have failed. Yet, implementation of the Baghdad Security Plan has only recently begun. Iraq's national unity government has been in office barely three months, and its ministers of defense and interior have been on the job for less than 80 days. Iraqi ministers are still hiring key staff, and they are learning to work together, under the leadership of a new prime minister. The Committee for National Dialogue and Reconciliation, charged with overseeing implementation of the reconciliation plan, was formed only three weeks ago.

Moreover, as tragic and dangerous as the ongoing violence is to our shared vision of a free and prosperous Iraq, it is not representative of the Iraqi people's sentiments toward one another. In July, a poll by the International Republican Institute, a nonpartisan organization dedicated to democracy promotion, found that 94% of Iraqis said they support a "unity" government representing all sects and ethnic communities, with only 2% opposed. Some 78% of Iraqis opposed Iraq being segregated by religion or ethnicity, with only 13% in favor. Even in Baghdad, where the worst of Iraq's sectarian violence has occurred, 76% of those surveyed opposed ethnic separation, with only 10% favoring it. The challenge of the Baghdad Security Plan and its accompanying effort at national reconciliation is to realize the overwhelming majority of Iraqis desire to live in peace with one another against the violent minority who seek to impose their vision of hatred and oppression.

These programs are already beginning to show positive results. The Iraqi Ministry of Defense reports that the crime rate in Doura has been reduced by 80%. In the Rashid district, Sunni and Shiite political leaders, tribal leaders and imams met and signed an agreement forswearing violence. The tribal leaders went a step further by renouncing protection for tribal members who engage in sectarian violence.

Although it is too early to determine whether these success stories will be replicated throughout the city, this initial progress should give Iraqis, as well as Americans, hope about the future. Contrary to those who portray Iraq as hopelessly mired in ancient ethnic and sectarian feuds, Iraqis themselves want to put the divisions of the past behind them. The Battle of Baghdad will determine the future of Iraq, which will itself go a long way to determining the future of the world's most vital region. Although much difficult work still remains to be done, it is imperative that we give the Iraqis the time and material support necessary to see this plan through, and to win the Battle of Baghdad.

Mr. Khalilzad is the U.S. ambassador to Iraq.

McCain Faults Administration On Iraq (AP)

By John McCarthy

AP, August 22, 2006

DOJ_NMG_0052025

Republican Sen. John McCain, a staunch defender of the Iraq war, on Tuesday faulted the Bush administration for misleading Americans into believing the conflict would be "some kind of day at the beach."

The potential 2008 presidential candidate, who a day earlier had rejected calls for withdrawing U.S. forces, said the administration had failed to make clear the challenges facing the military.

"I think one of the biggest mistakes we made was underestimating the size of the task and the sacrifices that would be required," McCain said. "Stuff happens, mission accomplished, last throes, a few dead-enders. I'm just more familiar with those statements than anyone else because it grieves me so much that we had not told the American people how tough and difficult this task would be."

Those phrases are closely associated with top members of the Bush administration, including the president.

Bush stood below a banner proclaiming "Mission Accomplished" on May 1, 2003 after the collapse of Saddam Hussein's regime. The war has continued since then, with the death of more than 2,600 members of the U.S. military. Vice President Dick Cheney said last year that the Iraqi insurgency was "in its final throes."

The Arizona senator said that talk "has contributed enormously to the frustration that Americans feel today because they were led to believe this could be some kind of day at the beach, which many of us fully understood from the beginning would be a very, very difficult undertaking."

McCain was campaigning for Republican Sen. Mike DeWine, who faces a tough fight in his re-election bid against Democratic challenger Rep. Sherrod Brown. Ohio was decisive in the 2004 presidential election, ensuring Bush's win, and is certain to be critical in 2008.

Senate Democrats, meanwhile, said Tuesday that the best way to encourage Iraqis to get their political house in order is to begin a phased withdrawal from Iraq by the end of this year. Sen. Carl Levin of Michigan, top Democrat on the Armed Services Committee, said the longer the U.S. stays the course in Iraq, "the weaker we're going to be in the war on terrorism."

Minority Leader Harry Reid, D-Nev., said he was glad to hear McCain has realized "we need more than tough talk" on Iraq.

"It's time we win the war on terror," said Reid. "To do that we must change the course in Iraq."

On Monday, McCain said at an appearance in suburban Cleveland that if U.S. troops announce a specific date to leave Iraq, insurgents will bide their time until they have an opportunity to act without interference.

"The chaos that would ensue would have direct implications for our national security," McCain said.

DeWine said Congress would not have had the chance to authorize the war if the intelligence on Iraq's military capability and intentions were accurate.

"It would never have come up for a vote so it would have been an entirely different situation," he said.

Poll Shows A Shift In Opinion On Iraq War (NYT)

By Carl Hulse, Marjorie Connelly

The New York Times, August 23, 2006

WASHINGTON, Aug. 22 — Americans increasingly see the war in Iraq as distinct from the fight against terrorism, and nearly half believe President Bush has focused too much on Iraq to the exclusion of other threats, according to the latest New York Times/CBS News poll.

The poll found that 51 percent of those surveyed saw no link between the war in Iraq and the broader antiterror effort, a jump of 10 percentage points since June. That increase comes despite the regular insistence of Mr. Bush and Congressional Republicans that the two are intertwined and should be seen as complementary elements of a strategy to prevent domestic terrorism.

Should the trend hold, the rising skepticism could present a political obstacle for Mr. Bush and his allies on Capitol Hill, who are making their record on terrorism a central element of the midterm election campaign. The Republicans hope that by expressing a desire for forceful action against terrorists, they can offset unease with the Iraq war and blunt the political appeal of Democratic calls to establish a timeline to withdraw American troops.

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Public sentiment about the war remains negative, threatening to erode a Republican advantage on national security. Fifty-three percent said going to war was a mistake, up from 48 percent in July; 62 percent said events were going "somewhat or very badly" in the effort to bring order and stability to Iraq.

Mr. Bush recorded a gain of four percentage points in how the public views his handling of terrorism, rising to 55 percent approval from 51 percent a week earlier. This was his highest approval rating on the issue since last summer and followed the arrests in Britain in a suspected terror plot to blow up airliners.

Mr. Bush's overall standing was nevertheless unchanged from the previous week, with 57 percent disapproving and 36 percent approving, far below the level Republicans in Congress would like to see as they prepare for elections in November.

Compounding the Republicans' political problems, the survey reflected significant dissatisfaction with the way Congress was doing its job. Voters in the poll indicated a strong preference for Democratic candidates this fall.

The Times/CBS News poll differed somewhat from other recent surveys showing higher approval ratings for the president. In surveys for USA Today and CNN conducted Friday through Sunday, 42 percent approved of how Mr. Bush was doing his job and gave Democratic Congressional candidates less of an edge. The Times/CBS News poll was conducted by telephone Thursday through Monday with 1,206 adults nationwide and had a margin of sampling error of plus or minus three percentage points.

According to the poll, terrorism and the war in Iraq hold about equal importance in the minds of Americans. Forty-six percent said the administration had concentrated too much on Iraq and not enough on terrorists elsewhere, while 42 percent said the balance was about right.

The opinion of 51 percent that the war in Iraq was separate from the war on terror was a considerable shift from polls taken in 2002 and the first half of 2003, when a majority regarded Iraq as a major antiterror front. As recently as June, opinion was split: 41 percent said the war in Iraq was a major part of the fight against terror, and 41 percent said it was not a part at all. Now only 32 percent consider it a major part of the terror fight, while 12 percent rate it a minor part.

"I'm just not sure there's a connection between terrorism and the war in Iraq," Ann Davis, a Republican homemaker in Lima, Ohio, said in a follow-up interview to the survey. She said that she supported United States troops but that "we should not be over there, they should be able to figure it out on their own."

Another Republican, Marty Woll, 56, a retired accountant from Los Angeles, said he saw a clear link between the war and efforts to combat terrorism.

"Iraq was obviously not the precipitating location for the 9/11 attacks," Mr. Woll said, "but if you look at the Middle East as a whole, you see it has been spawning the most violent and the most desperate of the attacks. Saddam Hussein killed almost a million of his own people. That magnitude indicated that someone had to do something about it."

Mr. Bush's inability to improve his overall rating despite gains on the terror issue could be traced to people like Lucia Figueroa, 23, an independent from Fort Drum, N.Y., who supports the president on terrorism but faults him elsewhere.

"Even though I approve of the way Bush is handling terrorism," Ms. Figueroa said, "he isn't putting enough focus on other issues, like health care and Katrina, and those things need more attention."

As recently as Monday, Mr. Bush, in a news conference, defended the invasion of Iraq as essential to preventing domestic terror attacks and said he expected troops to stay there through the rest of his presidency.

"If you believe that the job of the federal government is to secure this country," he said, "it's really important for you to understand that success in Iraq is part of securing the country."

Democrats in recent weeks have tried to portray the war in Iraq as a distraction from essential antiterror initiatives, and the poll indicates that the message may be working. Democrats say the war has sapped resources from tracking terrorists and bolstering domestic security.

"We took our eye off the real war, the war on terror," Senator Harry Reid of Nevada, the Democratic leader, said in a conference call with reporters on Tuesday.

Democrats have said the Bush administration should have kept its focus on Al Qaeda instead of moving against Mr. Hussein and suspected weapons of mass destruction.

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The public's judgment on the job Congress is doing remains largely negative, with 60 percent disapproving. Forty-seven percent of the registered voters surveyed said they expected to vote for a Democrat for the House in November; 32 percent said they would vote for a Republican. The poll could not measure the races in individual Congressional districts, but the findings were indicative of the two parties' relative strengths.

Those surveyed said that after terrorism and the war in Iraq, the economy was the third most crucial issue for leaders to concentrate on, followed by health care costs and gas prices. The White House has sought more credit for what it considers a strong economy, and there has been an improvement in how the public views Mr. Bush on this issue. But the overall impression is still negative.

Thirty-five percent said they approved of how Mr. Bush was dealing with the economy, up five percentage points from a CBS News poll conducted last week; 58 percent disapproved. Over all, 52 percent of those surveyed said the national economy was in good condition, and 47 percent said it was in bad condition.

With the recent fighting in Lebanon, the public is more pessimistic about the possibility of peace between Israel and its neighbors. Only 26 percent of those surveyed could envision Israel and the Arab countries settling their differences, while 70 percent could not — a figure up six percentage points from last month.

Most of those surveyed, 56 percent, said they did not believe that the country had a responsibility to help resolve the conflicts between Israel and other Middle Eastern countries, while 39 percent said it did.

On Iraq, US Public Trusts Neither Party (CSM)

By Peter Grier

The Christian Science Monitor, August 23, 2006

WASHINGTON

Pessimistic about prospects for peace, yet wary about walking away from a war that has already cost many lives, the US public seems conflicted and worried about the future of American involvement in Iraq.

Whether the war is "straining the psyche of the country," as President Bush said on Monday, is open to debate. But if nothing else, voters overall seem to reject the certainties offered by both political parties about the proper course of action. They see Iraq as something steeped in shades of gray.

"People don't think Bush has a clear plan for what to do about Iraq. They don't think the Democrats do either," writes American Enterprise Institute polling expert Karlyn Bowman in a recent study of public opinion and the war.

At his news conference on Monday, Mr. Bush staunchly defended his handling of the war, saying that leaving before the job is done would be a "disaster." Yet that is what "a lot" of people in the Democratic party would like to do, he said: get out now.

"They're wrong," said Bush.

At the same time, the president admitted that these are "challenging times," and that the drumbeat of bad news from Iraq is straining America's national mood.

"These aren't joyous times," said Bush.

Some Democrats retorted that with Iraq sliding closer and closer to open civil war, the administration is simply ignoring reality.

"The American psyche isn't the problem," said Sen. John Kerry (D) of Massachusetts, the party's losing 2004 presidential candidate. "The problem is this administration's disastrous Iraq policy."

Political argument aside, it is clear that the US public does not have a very positive view of the US involvement in Iraq.

In an August CNN poll, 60 percent of respondents said that they opposed the war in Iraq while 36 percent said they supported it.

A July Gallup/USA Today poll found that 54 percent of respondents said the war was a mistake.

In historical terms, voter attitudes about the US involvement in Iraq are comparable to the doubts many had about American intervention in the Balkans during the Clinton administration, according to Ms. Bowman of AEI. But they are far short of the positive support generated by the Gulf War of George HW Bush's presidential term.

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The sectarian violence of recent weeks has further soured the American political mood. In Washington, there may be a debate over whether Iraq is engaged in a full-scale civil war - in the nation as a whole, a majority of respondents say a civil conflict is already occurring.

Sixty-three percent of respondents to a recent Pew Research poll say that the US is losing ground in its efforts to prevent civil war in Iraq. That represents a significant rise in pessimism from June's comparable figure of 50 percent.

"The optimism generated by the killing of [insurgent leader Abu Musab] al-Zarqawi in June has largely dissipated, especially with regard to the U.S.'s key objectives," judges a Pew Research report released last week.

For instance, the percentage of Americans who say the US is losing ground against the insurgents has risen from 36 percent in June to 45 percent today, according to Pew.

At the same time, there is no clear sentiment in the public as to what the administration's course of action should now be.

Generally speaking, the public wants to withdraw at least some troops. The August CNN poll found 61 percent of respondents wanted to bring some troops home, while 34 percent wanted to keep the same number.

At the same time, there does not seem to be approval for immediate pullout. According to Pew Research, just over half of respondents said they wanted to see a timetable to bring troops home. And Pew respondents were divided over whether Iraq will develop a stable government, with 47 percent saying it would, and 41 percent saying it would not.

In general, the overall poll numbers on Iraq may mask a deep political divide over the issue.

"Both perceptions of progress and opinions about what to do remain highly polarized along partisan lines," concludes the new Pew Research report.

On virtually every question, Republicans are more optimistic about progress in Iraq than Democrats, says the Pew study. "Sizable majorities" of GOP respondents see progress in all areas except in preventing a civil war and reducing civilian casualties, according to the Pew report.

Seventy-two percent of Republicans favor keeping troops in Iraq until the nation has stabilized, for instance, while 65 percent of Democrats favor bringing troops home as soon as possible.

Yet GOP voters are themselves split on some key issues. Among self-described conservative Republicans, 63 percent of respondents said there should be no timetable for withdrawal. Among self-described moderate and liberal Republicans, just 38 percent agree that there should be no timetable, according to Pew.

Iraq Looking Into Young Girl's Death (AP)

By Vijay Joshi, Associated Press Writer

AP, August 23, 2006

Iraq has launched its own probe into the alleged rape and murder of a 14-year-old girl by American soldiers even though they face a possible U.S. court-martial in the case, an official said Tuesday.

The U.S. military, meanwhile, reported the capture of more than 100 known or suspected al-Qaida terrorists and sectarian death squad leaders, and five people were killed Tuesday in the violence sweeping the country.

The Iraqi investigation into the rape-slaying started Thursday and was expected to take one week, said chief prosecutor Adnan Mahmoud of the criminal court in Mahmoudiya, 20 miles south of Baghdad, where the March 12 assault took place.

Mahmoud is part of the investigation panel along with Mahmoudiya's mayor, police chief and the head of the town's main hospital.

He said the panel interviewed witnesses and inspected the house where Abeer Qassim al-Janabi, 14, was raped, shot dead and set on fire, allegedly by a group of U.S. soldiers who had observed her for days. Also killed in the house were her 5-year-old sister and parents.

The gruesome murders have bolstered Iraqi allegations of misconduct by American soldiers, including illegal killings, beatings and other abuse.

U.S. authorities arrested five soldiers and a former private in connection with the case. The active-duty soldiers faced a military hearing earlier this month to determine if they should be court-martialed. A decision is pending.

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"We will do our best to try to get those soldiers to stand trail in an Iraqi court. If not we will try them in absentia," Mahmoud said.

He said the investigation was ordered by Prime Minister Nouri al-Maliki, who has made it clear he wants the soldiers tried in an Iraqi court.

The United States is not expected to allow that but has assured al-Maliki that the case will be pursued vigorously under the American justice system and that the soldiers will be punished if convicted.

Still, the case has increased demands for changes in an agreement that exempts U.S. soldiers from prosecution in Iraqi courts.

Mahmoud said the immunity should not apply in this case.

"The accused U.S. soldiers were not involved in military action when they committed the crime, so they should not enjoy immunity given to U.S. soldiers," he said. "We are trying to keep this case under the spotlight as long as possible so that it is not forgotten and the criminals are able to get away."

The soldiers accused of rape and murder — Spc. James P. Barker, Sgt. Paul E. Cortez, Pfc. Jesse V. Spielman and Pfc. Bryan L. Howard — could face the death penalty if they are convicted by a court-martial. Another soldier, Sgt. Anthony W. Yribe, is accused of failing to report the attack but is not alleged to have been a direct participant.

Former Pfc. Steven D. Green was discharged from the Army for a "personality disorder" after the incident and was arrested in North Carolina in June on rape and murder charges. He has pleaded not guilty in federal court and is being held without bond.

The rape-slaying has increased calls for the withdrawal of American forces at a time when U.S. commanders are trying to stamp out a Sunni Arab insurgency grinding on more than three years after the ouster of Saddam Hussein.

The insurgents hope to restore the power that the Sunni Muslims wielded in this Shiite-majority country during Saddam's rule. The U.S. military says al-Qaida members, both Iraqi and foreigners, have joined the insurgency.

On Tuesday, U.S. military spokesman Maj. Gen. William B. Caldwell told reporters that "well over 100 known and suspected al-Qaida terrorists and terrorist associates" were arrested during several raids in the past week.

"All these captures have severely disrupted and disorganized the capability of al-Qaida in Iraq," Caldwell said.

Among those arrested was a Saudi Arabian al-Qaida member, who was preparing Iraqi men for suicide operations, a U.S. statement said.

Also arrested, in Saddam's hometown of Tikrit, was a suspect who allegedly was directly linked to the Feb. 22 bombing of a Shiite shrine in Samarra.

The attack triggered a cycle of tit-for-tat attacks by Shiites and Sunnis in sectarian violence that many fear could lead to a civil war.

For ordinary Iraqis, the precarious security situation has been made worse by the harsh living conditions — long power cuts and fuel shortages.

On Tuesday, about 550 employees of the Iraqi Pipes and Lines Company in the southern cities of Basra and Nasiriyah went on strike to demand higher pay.

The company runs tankers and pipelines, transporting oil and gas from the Shuaiba refinery in Basra to electricity stations, factories and companies in southern Iraq.

Also Tuesday, former electricity minister Ayham al-Samaraie was arrested on corruption charges after he surrendered to a court, Judge Radhi al-Radhi, chief of the Public Integrity Commission, said. Al-Samaraie, a dual Iraq-U.S. citizen and Sunni Arab political figure, was a member of the transitional government set up after the 2003 U.S.-led invasion.

Survivors Describe '87 Chemical Attack (WP)

By Ellen Knickmeyer

The Washington Post, August 23, 2006

BAGHDAD, Aug. 22 -- After Iraqi warplanes dropped poison chemicals that blinded and killed the people of her Kurdish village, after Iraqi ground troops came the next day to burn their homes and level the scorched stones, Najeebah Khudir Ahmed watched the Iraqi military's buses come to take away the men who survived.

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Ahmed's brother was among those being rounded up in the village of Baselan that day in late April 1987, Ahmed said Tuesday during the first day of testimony in the trial of former president Saddam Hussein and six others for alleged genocide in the Iraqi military's scorched-earth campaign against the Kurds of northern Iraq.

In a courtroom in Baghdad's U.S.-held Green Zone, Hussein looked on from the defendants' dock as Ahmed, now 41, described how her brother clung to his wife and fought to pull himself from the grasp of the soldiers loading the village men into the bus.

"Don't let go of my hand, Fatima!" her brother shouted. As Ahmed watched, the soldiers kicked her brother, beat him and forced him onto the bus.

What happened next to the people of Baselan introduced a new word into the Kurdish vocabulary. "They separated the men from us," Ahmed told the robed lawyers and judges and a keenly watching Hussein, "and they were all anfalized ."

Ahmed and another Kurd testified Tuesday about the opening days of what would come to be known as the Anfal campaign. Designated with an Arabic word for "spoils of war," the Iraqi military offensive emptied hundreds of villages in the Kurdish-populated north and killed as many as 180,000 Kurds, according to the estimates of some court officials. Hussein at the time accused Kurdish rebels in the north of abetting enemy forces in the war then raging with neighboring Iran. Many of the Kurdish victims simply disappeared, presumed killed. Some were buried in countless mass graves.

Abdullah al-Amiri, the chief judge in Hussein's trial, rebuked one of the Kurdish witnesses Tuesday for repeatedly using the made-up word, anfalized. Then he defined the term, instructing the court recorder to "write that as 'those whose destiny is not known.' "

The trial in the offensive against the Kurds almost two decades ago is playing out against the continuing battle over control of Iraq following Hussein's 2003 overthrow, as the U.S. military and a fragile Iraqi government struggle to spread security beyond the concrete walls of the Green Zone. On Tuesday, at least 22 people were killed in bombings and other attacks, while Iraqi authorities arrested the first of at least five recent government ministers sought in corruption cases involving billions of dollars.

Hussein and six aides face capital charges before the Iraqi High Tribunal, an Iraqi court organized, supported and closely overseen by the U.S. government. Hussein, who is awaiting a verdict in an earlier trial stemming from the killings of 148 men and boys from the Shiite village of Dujail in the 1980s, is the second former head of state to be tried for genocide, after the late Yugoslav leader Slobodan Milosevic.

Among Hussein's co-defendants is his cousin, Ali Hassan al-Majeed, who became known as "Chemical Ali" for his alleged use of chemical weapons in the Anfal campaign.

Most of the testimony Tuesday addressed offensives conducted by the Iraqi military before the start of the 1988 Anfal campaign. Ahmed and Ali Mostafa Hama, both plainly dressed goat farmers from Baselan who acknowledged they could not read, described an attack on their isolated village.

It was dusk on April 16, 1987, said Hama, a thin, worn man in his late fifties who wore the coiled, flat turban and rough clothes of a poor Kurdish farmer. Shepherds were taking home their sheep and goats -- "birds returning to their nests," Hama said -- when villagers suddenly saw at least eight Iraqi planes overhead.

Villagers had endured bombing runs by Iraqi warplanes before, but the explosions from these bombs were comparatively quiet, and quickly followed by a strange smell, "like rotting apples, or garlic," Hama testified.

"Minutes later, a lot of people, their eyes became sore and they started crying," he said. Villagers fled to caves and mountains beyond the village. "On the way I saw a number of people who were lying down in the street," Hama testified. "Our bodies were burning us, and we lost the ability to see. The echo of our screams was coming from wherever we were, and we had nothing other than God."

A pregnant woman hiding near him went into labor after her escape, Hama recalled. She delivered a boy, who died as he drew his first breaths, Hama said. The woman named her dead son Kimyawi, or Chemical, he testified.

Ahmed, who lived nearby, described weeks of shuttling among camps where Iraqi forces imprisoned Kurdish villagers, and months afterward in flight from Iraqi forces.

One after another, Ahmed named six males of her family who were "anfalized," including her 3 1/2 -year-old son, Aram Mustafa Rasul.

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"They anfalized us," said Ahmed, who was dressed in a black head scarf and cloak and occasionally shook her fist. She choked on her tears, coughing. "May God anfalize him," she said, referring to Hussein.

"Saddam Hussein used to say we were his people," she cried. "If we were his people, why did he strike us with all those weapons?"

Commanders in the Anfal campaign who are on trial with Hussein argued Tuesday that they were waging a battle for the survival of Iraq against Iranian forces and Kurdish rebels. The Kurdish man who testified Tuesday acknowledged that armed Kurdish rebels frequently came to his village to receive food and blankets from residents.

Sabir Aba al-Aziz al-Duri, a senior intelligence official at the time and a defendant, alleged that Iran was plotting to seize the northern Iraqi cities of Sulaymaniyah and Kirkuk and destroy two northern dams to flood Baghdad. Anfal, he said, "was not directed against Kurdish civilians." Hussein's commanders "had no option but to repel Iran."

Duri recounted a story clearly meant to resonate with the people of present-day Iraq, which is dominated by the religious parties and militias of Iranian-backed Shiite Muslim groups. " 'Do you think we'll be punished one day for our attacks on Iraq?' " Duri said a military colleague asked him one day, at the time of Anfal. " 'On one condition,' I said: 'if Iran is ever victorious and occupies Iraq.' "

In other developments, Iraqi authorities on Tuesday arrested Ayham al-Samaraie, the former electricity minister in a transitional government appointed by the United States soon after Hussein's overthrow. Samaraie is accused in a $1 billion-plus corruption case involving the alleged purchase of faulty generators and parts, said Radhi al-Radhi, head of Iraq's Public Integrity Commission. Samaraie was arrested after walking into Iraq's Central Criminal Court to surrender in the case, Radhi said.

Arrest warrants are pending for four other former ministers -- of defense, labor, transportation and housing -- who are accused in corruption cases that jointly amount to billions of dollars. Massive amounts of U.S. and Iraqi funds intended for development and reconstruction disappeared in poorly supervised projects in the years after Hussein's overthrow, and electricity and many other essential services remain below prewar levels.

In separate incidents Tuesday, a bomb apparently targeting street vendors killed four people in central Baghdad, gunmen killed two police officers and a male nurse in the northern city of Baqubah, the body of a Shiite religious official was found in Baghdad, and a Sunni religious official was kidnapped in the capital.

Kurdish Villagers Confront Saddam At 2nd War Crimes Trial (MCT)

By Mark Brunswick

McClatchy Newspapers, August 23, 2006

BAGHDAD, Iraq - Sometimes tearfully, sometimes coughing, two Kurdish villagers on Tuesday told an Iraqi court hearing genocide charges against Saddam Hussein that they were poisoned by gas that spewed from planes passing overhead, then were detained for days while suffering from blindness and burns.

Unlike an earlier trial against Saddam, in which witnesses were allowed to remain anonymous out of fear of intimidation, Ali Mostafa Hama and Najiba Khider Ahmed freely confronted the former dictator, describing the day in April 1987 when the air filled with fumes above their villages. The gas reminded them of rotten apples and garlic, they said.

"Workers were heading home, shepherds were taking home their goats and sheep, birds were returning to their nests," said Hama, whose village, Belisan, was bombed. "All at once we see several jets overhead. They controlled the sky. They threw their fire and their bombs."

Ahmed, from the northern Kurdish village of Sheik Wasan, talked of fleeing to nearby caves when the planes came. She was detained for nine days and discovered that her 3-year-old son and a nephew had been killed. She returned home to find her village destroyed and livestock dead.

She said the gas attack affected later pregnancies. In the first, her baby was born with skin peeling off. In the second, she miscarried.

"Even Hitler did not do this to his people," Ahmed said. "Saddam Hussein used to say we were his people. If we were his people, why did he strike us with all those weapons?"

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Prosecutors have accused Saddam and six other former high-level Iraqi officials of masterminding what has become known as the Anfal campaign, in which as many as 182,000 civilians were killed in chemical attacks, bombings and sweeping detentions in the Kurdish region of Iraq. As many as 75 witnesses are expected to take the stand.

It's the second trial for Saddam. In the earlier case, Saddam was accused of ordering the executions of 148 men and boys from the Shiite Muslim town of Dujail after a failed assassination attempt against him there in 1982. The verdict from that trial is due on Oct. 16.

Saddam, who began the trial on Monday by refusing to submit his name to the court, accused both witnesses of being coached. At one point, he contended that Ahmed, speaking Kurdish, was being given instructions in her earpiece by the translator.

Earlier in the day, two of Saddam's co-defendants defended their actions, saying the campaign was designed to weed out Iranian fighters and Kurdish rebels, not to target innocent Kurds. Sabir al-Douri, a former head of military intelligence, said Iraqi officials attempted to evacuate affected villages and civilians before launching the strikes.

"You will see that we are not guilty and that we defended our country honorably and sincerely," al-Douri said.

The trial, which could last through the end of the year, is being broadcast live throughout the Middle East, and Iraqi newspapers covered the first day on their front pages.

But with the capital convulsed with violence and Iraqis facing major obstacles to just living each day, the country isn't as riveted by the trial as one might expect. Tuesday's newspapers devoted almost as much attention to a gasoline shortage that is forcing drivers to queue up for miles to fill their tanks. Some are waiting an entire day to gas up.

Even in the affected areas of northern Iraq, people interviewed said vengeance against Saddam is a luxury compared to daily survival.

Electricity department employee Khubad Nozad, from Halabcha, one of the towns hit during the campaign, described Saddam's trial as "a joyful and big event" overshadowed by daily violence and political instability.

"What we watch of sabotage, killing and blood on TV destroyed the joy we feel when justice is done against big criminals like Saddam and his cousin."

In a conspiracy-rich country, some also say that the truth of Anfal may never come out because Kurdish factions now in power through the leading Kurdistan Democratic party and the Patriotic Union of Kurdistan may have assisted Saddam's government in its war against Iran and the Kurdish rebels.

Rawnak Ahmad, a 32-year-old mother of four children, lost her husband and a number of relatives in the Anfal campaign. While she's pleased that Saddam is facing trial, much of her wrath is directed toward armed Kurdish battalions that were supportive of Saddam's Baath Party. They often rounded up suspected rebels to turn them in. They are known in the region as The Heads of Donkeys.

"What is the use of the trial if these people are free?" she asked.

Kurds Tell Of Gas Attacks By Hussein's Military (NYT)

By Paul Von Zielbauer

The New York Times, August 23, 2006

BAGHDAD, Iraq, Aug. 22 — The trial of Saddam Hussein on charges of genocide moved into its second day on Tuesday with testimony from two Iraqi Kurds who described military bombing campaigns and poison gas attacks in 1987 that killed families, wiped out livestock and razed mountain villages.

Their stories began what is expected to be a lengthy series of first-hand accounts by dozens of Kurdish victims of the Iraqi government attacks in 1987 and 1988.

In addition to the conventional bombs and fiery napalm canisters dropped on villages from Iraqi military jets and helicopters, the witnesses also described watching other, quieter bombs explode well above the ground and spew green or black smoke that smelled of garlic or spoiled fruit.

"Just as if you put an apple in a plastic bag for a long time," said the day's first witness, Ali Mostafa Hama, from the Kurdish village of Balasan.

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With Mr. Hussein in a dark suit jacket and open-collar shirt listening impassively in the defendant's cage across the courtroom, Mr. Hama, a sheep herder, described how a squadron of jets lobbed bombs onto the village on April 16, 1987.

"The explosions weren't that loud," he recalled in his native Kurdish. "A greenish smoke rose from the bombs. Several minutes later people's eyes started to burn. They started to throw up, and then darkness came." Villagers ran toward the relative safety of the mountainside as Iraqi military helicopters pounded the hills with more bombs, he said.

Taking refuge in caves, "our bodies were burning and we lost our ability to see," he told a prosecutor and the trial's chief judge, Abdullah al-Amiri. "Each of us was screaming where we lay, and we had nothing other than God. I was lying next to a rock and I heard two women next to me. One of them was pregnant. The pregnant woman delivered her baby. He died from the chemicals."

Mr. Hussein and six other former high-ranking officials in his government are charged with ordering similar gas attacks in a 1988 military campaign to eliminate the Kurds from the mountainous regions in Iraq's far northeast.

Mr. Hussein and his co-defendants maintain that the campaign was military in nature, supporting Iraqi troops trying to suppress Kurdish militias that were backed by Iran.

But prosecutors charge that the campaign, which Mr. Hussein's government code-named Anfal, after a Koranic phrase that refers to "the spoils of war," killed at least 50,000 Kurds and destroyed some 2,000 villages. Many Iraqi Kurds, though, believe the attacks killed more than 150,000 people.

Mr. Hussein was also tried last year in a separate case involving mass executions in a Shiite village. The judges in that trial are expected to render a verdict in October.

The two villagers' testimony on Tuesday about the 1987 attacks was meant to buttress the prosecution's main argument against Mr. Hussein: that he committed genocide by directing a sustained effort to wipe out Iraq's Kurdish population.

After Mr. Hama testified about Iraqi troops burning his village, prosecutors called the second witness, Najiba Khider Ahmed, who described how government planes dropped tiny bomblets that sprayed a noxious black gas onto her village, Shahringsalen, near Balasan.

"Villagers went blind and were vomiting" as night fell over the village, she said. "We were wounded and without sight."

Later, she said, Iraqi troops rounded up surviving villagers and took them to a camp, called Rashkeen, where, Ms. Ahmed, said she and other villagers were held for nine days without food or medical treatment. Her brother, nephew and 3-year-old son died, she said in testimony that grew progressively more emotional.

"Saddam Hussein used to say we were his people," Ms. Ahmed said, weeping bitterly and chopping her hand through the air, with Mr. Hussein's eyes fixed on her. "If we were his people, why did he strike us with all those weapons?'

Iraqi law allows not only defense lawyers but also the defendants themselves to question witnesses. Thus, at one point, after his chief lawyer, Khalil al-Dulaimi, questioned Mr. Hama, Mr. Hussein himself rose to briefly challenge the witness.

"Who taught him to say 'We were attacked because we were Kurds'?" Mr. Hussein asked.

In an eerie evocation of how deeply the poison-gas attacks have seared the lives and memories of those Kurdish villagers who survived, both Mr. Hama and Ms. Ahmed coined a new verb to describe their loss.

"I had one son," Ms. Ahmed testified at one point. "They Anfalized him. My nephew was also Anfalized. My brother was also Anfalized."

Saddam's WMD (WSJ)

The Wall Street Journal, August 23, 2006

Saddam Hussein's second trial is up and running before an Iraqi judge in Baghdad, albeit relegated to the inside pages of American papers. The proceedings are nonetheless instructive, not least for showing once again that the dictator used chemical weapons even if U.S. forces never found "stockpiles" of WMD after his ouster in 2003.

The current case concerns his Anfal ("spoils of war") military campaign of 1987-1988 against the Kurds, in which tens of thousands are alleged to have been killed and some 2,000 villages razed. The charges include genocide because of the targeting of a specific ethnic group, making Saddam only the second world leader in our recollection to be so formally charged. The first was the late, and unmourned, Slobodan Milosevic.

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The court heard yesterday from eyewitnesses who claimed that poison gas was dropped on their villages. "Birds were returning to their nests. I saw eight to 12 jets patrolling the sky. There was greenish smoke from the bombs. There was a smell of rotten apple or garlic," said Ali Mustafa Hama, about an April 16, 1987 attack on the Kurdish villages of Basilan and Sheik Wasan. "People were vomiting. We were blinded. We were screaming. There was no one to save us, only God." One of Saddam's co-defendants is his cousin, Ali Hassan al-Majid, also known as "Chemical Ali" for allegedly leading chemical attacks against the Kurdish village of Halabja in March 1988.

Saddam himself was more subdued than usual yesterday, though he did manage to declare that he remains "president of the Republic of Iraq and commander in chief of the heroic Iraqi armed forces." This is more than a deluded or nostalgic boast, and is probably intended as a message to his Baathist remnants in the insurgency that they will all return to power one day. That claim remains all too plausible to many Iraqis who are pleased that Saddam is gone but are wary of helping the new democratic government because they remember how the Baathists dealt with opponents in the Saddam years.

The horrifying testimony is also a reminder that, despite the current problems in Iraq, the U.S. decision to topple Saddam was an act of pre-emptive global hygiene. The habit of many American liberals is to deplore the thugs of the world from afar but then never do anything about them (see encyclopedia entries under Rwanda, Darfur), or to pass the buck to the U.N. (see multiple entries; in particular Lebanon, current crisis).

In the case of Saddam, the U.S. and its allies finally did act to rid the Middle East of a megalomaniac who had invaded Kuwait, attacked Iran, gassed his own people, tossed out U.N. weapons inspectors, harbored terrorists including Abu Musab al-Zarqawi, retained the infrastructure for making WMD even if he lacked stockpiles (see the Duelfer report), plotted to kill a former American President, and harbored a grudge against the U.S. that could have played out in many ways to harm Americans.

Saddam was convicted in his first trial for the massacre of 148 Shiites in the town of Dujail in the 1980s. Sentencing in that case is set for October 16, with the death penalty possible, Inshallah.

A New Enemy (CSM)

By Jill Carroll And Peter Grier

The Christian Science Monitor, August 22, 2006

(J.C.) Blind again under the black scarves - a now familiar routine after one and a half months in captivity - I was herded into a car, headed for yet another change of houses. I didn't know who the two men in the front seat were until I heard a voice I barely recognized, due to the speaker's exhaustion.

"Abu Rasha is very tired. It was a very busy day," said Abu Nour's No. 2, speaking in the third person, as night fell like its own black scarf on the world outside.

Abu Rasha was a large man, one of the organizers of my guards. His house in Baghdad - or what I took to be his house - was one of the first places I'd been taken after being kidnapped. I'd spent a lot of time in his presence. But I'd never encountered him in a state like this.

"Today was very, very bad," he said. "All day, driving here, and driving there, with the PKC and the RPG," he said, referring to Russian-made machine guns and rocket-propelled grenade launchers, which were among the insurgents' most common weapons. It had been a day of hard fighting. But they hadn't been confronting US or Iraqi soldiers. Today, they had had a different target: Shiites.

Two days earlier, on Feb. 22, an important Shiite mosque in Samarra, Iraq, had been blown up. Shiites had attacked Sunni mosques in retaliation - the result being a vicious cycle of attack-and-response that had altered the world of my Sunni Islamist kidnappers.

We arrived back at the place I called the "clubhouse," near Abu Ghraib, later that night. Slumped in a plastic chair in a room lit by the stark half-light of a fluorescent camping lantern, another mujahid told me their new bottom line.

"Aisha," he said, calling me by the Sunni nickname they'd given me, "now our No. 1 enemy are the Shias. Americans are No. 2."

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(P.G.) As editor of the Monitor, Richard Bergenheim was the person who spoke to contacts who required special handling. That meant, for instance, that if FBI Director Robert Mueller called, he answered. And Mr. Mueller did call, early on, to ask if the Monitor was getting the help it needed.

It also meant that as the Jill Carroll hostage crisis dragged on, Mr. Bergenheim found himself at the center of the strange case of Daphne Barak and Sheikh Sattam Hamid Farhan al-Gaood (also spelled Gaaod). The Monitor was simply pursuing every lead, but this would be quite a rabbit hole.

On her website, Daphne Barak describes herself as "one of the few leading A-list interviewers in the world." An Israeli-American syndicated television journalist, her interviewees have included everyone from Hillary Clinton to members of pop star Michael Jackson's family.

Mr. Gaood, to some US officials, isn't so much a celebrity as he is notorious. "One of Saddam Hussein's most trusted confidants in conducting clandestine business transactions," according to the CIA's 2004 report on Iraq's weapons of mass destruction. The same report said Gaood was once the director of El Eman, the "largest network of Iraqi front companies" that smuggled oil out of Iraq and foodstuffs into Iraq in violation of the UN oil-for-food program, but "he has stated that he believed this to be legitimate business."

Sometime in late January, a source at a US television network told the Monitor that Ms. Barak was trying to sell an interview she'd conducted with Gaood - and that Gaood had mentioned helping get Jill Carroll out.

So Bergenheim called Barak. The story was true - or, at least, the part about the interview was.

Gaood had said, in an offhand way, that kidnapping was wrong, and Jill should be released. Pressed, he'd said something to the effect of, yes, he could arrange her (J.C.) The wave of sectarian violence which overtook Iraq following the destruction of Samarra's Askariya Shrine had a huge impact on the nature of my captivity.

That was because the level of activity of the mujahideen group which had seized me greatly increased. Many of its members were out fighting their new war almost every day.

At first, I thought this was a bad thing for me. It was destabilizing the status quo - and under the status quo, at least I was still alive.

I didn't want to be killed just because I was now a burden. And I certainly didn't want to be caught in the middle of a Sunni-Shiite firefight.

But after a while it became clear that this conflict, despite its horrible effect on Iraq itself, might be a good thing for me. Their main mission was now something to which my presence was, politically speaking, only tangential. And they began running out of places to put me, because suddenly, American and Iraqi troops were everywhere, trying to keep the peace.

From my first days in captivity I'd seen evidence that they weren't just kidnappers but also insurgents actively conducting attacks. They didn't much bother trying to hide their firearms and explosives.

For instance, one morning at the location I knew as the mujahideen clubhouse I awoke to find fresh dirt in the bathroom, dirt in the shower, and dirt in the washing machine. I didn't think much of it. Maybe they were washing their shoes.

But I quickly learned that the appearance of dirt meant that someone in the house had been out planting bombs - IEDs, or Improvised Explosive Devices, the mujahideen weapon of choice. I knew from my reporting, and the time I spent embedded with US Marines, that IEDs were now responsible for about half of all US combat deaths in Iraq.

Not all their explosives were offensive weapons. At least one of my guards - Abu Hassan, a serious man - wore a suicide vest inside the clubhouse.

One night, he was leaning over a little gas-powered stove, cooking eggs and potatoes in oil, and then he sat back and pushed the open flame away, saying something like, "Oh, have to be careful!"

The suicide vest was under his shirt, sort of swinging back and forth. He was afraid the fire would ignite the explosives. And if it did, we'd all be dead. (P.G.) The prospect of help from Sheikh Gaood raised hopes at the Monitor's offices in Boston at a time when other tracks of investigation seemed to be drying up. But it quickly became a serious source of tension at the paper and among the US agencies who were supposedly cooperating to find Jill.

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The Monitor's Baghdad correspondents Scott Peterson and Dan Murphy didn't trust Gaood's motives. Was Gaood trying to win favor with the US government - as it investigated violations of the UN oil-for-food sanctions program? And the FBI wasn't happy about it either. They wanted to keep Gaood out of the picture.

US and foreign intelligence sources, on the other hand, said that Gaood had indeed been a powerful figure under Saddam Hussein. And, the CIA's report on Iraq's weapons of mass destruction described Gaood as "linked" to an insurgent network near Fallujah that "actively sought chemical weapons for use against Coalition forces" in 2004. It was possible he had the contacts to release Jill, they said, but there were no guarantees.

Which government agency was right? How should the Monitor advise the Carroll family? And how much should the Monitor invest in pursuing this track?

According to intelligence sources, the CIA checked with the FBI, the lead agency in the Carroll case, before providing the Monitor with more background on Gaood. The FBI replied with a blistering e-mail: the CIA should stay in its own lane, and stop talking to the Monitor about the Carroll case. (Today, the FBI says no such message was sent. But Gaood "was assessed as a complete 'X' factor, which means undemonstrated credibility," says FBI spokesman Richard Kolko.)

To try and settle this intergovernmental dispute, Bergenheim called Mr. Mueller, the head of the FBI. You asked if we were getting the help we needed, he said, in effect. Well, we aren't.

SATTAM AL-GAOOD: The former senior Iraqi Baath party official, shown here at his house in Amman, Jordan, Monday, Jan. 2, 2006, suggested that he could secure Jill's release.

NADER DAOUD/AP

The FBI response? The Monitor was given two new, higher-level contacts within the bureau, but from then on the paper's editor was given less information about the government's efforts in the case.

Bergenheim decided to tell the Carroll family about the Barak/Gaood connection. Bad move, said the Baghdad Boys. But on Feb. 9, Jim and Mary Beth Carroll went on "Good Morning America" and asked for the help of the "powerful sheikh," without naming him.

A few days later, Gaood issued a statement from his exile in Jordan, calling for Jill's release to prove that the Iraqi insurgency "does not kill innocents."

Nothing happened. And the days dragged on. (J.C.) On the day in late February that an exhausted Abu Rasha had told me that Shiites were now the mujahideen's top target, he'd told me something else, something chilling.

"We killed an Al Arabiya journalist," he said, his face drawn, his eyes hard. "She said the mujahideen are bad."

It was unclear if he meant that he himself had participated in the killing or if it had been done by men from the larger group of mujahideen.

They'd frequently assured me that I wasn't going to be killed. But clearly there were times when their rules for jihad allowed them to kill women, and to kill women journalists.

As I learned after I was released, the well-known Al Arabiya newswoman Atwar Bahjat and two colleagues were abducted and killed by gunmen while they were interviewing Iraqis near the bombed Samarra shrine.

I bounced from house to house over the next few weeks - mostly between the clubhouse and a new house west of Fallujah - and the guards grew incredibly agitated. They would bitterly complain to me about being stuck with guard duty. Abu Hassan - the guard with the suicide vest - would sleep and eat little. He was always on edge. He would fiddle with his 9mm pistol obsessively and leap to his feet to peer out a window at the first sound of a helicopter or barking dog.

He spent his time on the phone, checking in with others for the latest news on their campaign to kill Shiites. When anyone came to the house, he pumped them for stories about their "work," as they all called it.

In his state of agitation and boredom, he began raising suspicions about the Shiite neighbors. They didn't know I was there. They didn't appear to know that the men at this house were mujahideen. They'd drop off fresh bread or yogurt, or stop to chat outside, just as Iraqis had done for generations.

They did not yet recognize that those days of amity were over

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He used to complain about how heavy it was. He'd wear it at night. He would mime for me what would happen if soldiers came, showing how he'd put it on, with shoulder straps, and then how two wires would connect. Then he would move his hands outward in a big motion indicating an explosion, look upward, and go, "BOOM!" o

Iraq War Has Helped Me Reconcile Vietnam Questions (USAT)

USA Today, August 23, 2006

I'm grateful for the war in Iraq.

Not for the violence. I take no joy in death and destruction. I'm grateful because it resolves a question that has haunted me since childhood: Why did America fight the Vietnam War?

For nearly 40 years, I have struggled to understand a conflict that had a profound influence on the world in which I grew up. But it took a second war, in another land and in another century, to help me comprehend it.

I was born in 1963, at the tail end of the baby boom. My earliest memories of Vietnam were of Walter Cronkite announcing the weekly body counts and describing battles in places that a child could not pronounce. My 10th birthday saw the bombing of Hanoi. My 12th year was commemorated by helicopters scrambling off the roof of the U.S. Embassy in Saigon.

The late baby boomers — those who came of age in the 1970s — were too young to fight in the war or protest it. Vietnam was not our conflict, but still it clung to us like Original Sin. The movies that our parents took us to see were TheDeer Hunter and Apocalypse Now. The newspapers and the news anchors told us that the war had demoralized our military, sapped our economy and eroded our global prestige. Vietnam was not the only tragedy of the 1970s. But whenever things went wrong, the explanation always seemed to be Vietnam.

Children are innocent but not stupid. They pick up things from their elders. The message we received was that the good old days were gone, that America had made a terrible mistake and must pay the price. Our parents, teachers, the politicians we saw on TV, all seemed bewildered and cynical. We imbibed their cynicism, internalized it until we trusted nothing and no one. But was it really cynicism that our elders felt, or was it guilt at bequeathing their children an America diminished in treasure and spirit? I look back and wonder.

True understanding of history requires imagination, the ability to put yourself in the shoes of past generations. Try as I might to understand the Vietnam War, the names and dates, the recriminations and rationalizations coagulate into a blob so dark and dense that it blocks all illumination. Couldn't our leaders have foreseen that the war would be a quagmire? How could our military pursue a futile counterinsurgency strategy year after year? Why did our government pour blood and treasure into the conflict even after it ceased believing in the prospect of victory?

And the most troubling question of all: How could our parents have allowed this to happen?

It should not have taken a war in the Middle East to explain one in Southeast Asia. But it did, and for that much, I'm grateful. For three years, I have watched how a nation marches to war step by step, from accusation and ultimatum, to invasion and occupation. I have been dazzled by endless arguments between hawks and doves.

For the first time, I begin to understand the conflicting hopes and fears that my parents must have felt during the Vietnam War. I can imagine their confusion when their government spoke of defending freedom and fighting for peace with honor, while the protesters complained of failure and brutality.

I don't pretend to know what we should do in Iraq. But I do know that as I write this, somewhere in America, a child is being born. If the Iraq war does turn out to be a disaster, if it devours our prestige and self-confidence, he may blame his elders for letting this happen.

It will be my turn to take the blame.

Michael Peck is a writer in Corvallis, Ore. He is working on a history of the National Guard in Iraq.

Bush, Karzai, Discuss Afghan Security (AFP)

AFP, August 23, 2006

US President George W. Bush telephoned Afghan President Hamid Karzai to discuss issues like security in post-Taliban Afghanistan, the White House said.

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Bush "called President Karzai to congratulate him on Afghanistan's Independence Day. They discussed security, education and regional cooperation," spokeswoman Dana Perino told reporters on Tuesday.

The conversation lasted about 10 minutes, according to Perino, who said nothing about the statement from Karzai's office that the Afghan leader had accepted Bush's invitation to visit the United States.

In Kabul, Karzai's office said Bush had invited the Afghan leader during their conversation, but did not specify a date.

The United States led the invasion that toppled the extremist Taliban from power in late 2001 when it failed to surrender Al-Qaeda leaders behind the September 11 terrorist attacks.

It now has about 20,000 troops in the country leading the hunt for Taliban and other insurgents, and is also the main provider of financial aid to the war-ravaged central Asian country.

Karzai, often praised by US officials for his role as Afghanistan's first democratically elected president, last visited the United States in mid-2005.

Nation Faltering, Afghans' Leader Draws Criticism (NYT)

By Carlotta Gall

The New York Times, August 23, 2006

LAHORE, Pakistan, Aug. 22 — After months of widespread frustration with corruption, the economy and a lack of justice and security, doubts about President Hamid Karzai of Afghanistan, and by extension the American-led effort to rebuild that nation, have led to a crisis of confidence.

Interviews with ordinary Afghans and with foreign diplomats and Afghan officials make it clear that the expanding Taliban insurgency in the south represents the most serious challenge to his presidency to date.

The insurgency, along with the other issues, has brought an eruption of doubts about Mr. Karzai, who is widely viewed as having failed to attend to a range of problems. That has left more and more Afghans asking what the government is doing.

Corruption is so widespread, the government apparently so lethargic and the divide between rich and poor so gaping that Mr. Karzai is losing public support, warn officials like Ahmad Fahim Hakim, deputy chairman of the Afghan Independent Human Rights Commission.

"Nothing that he promised has materialized," Mr. Hakim said, echoing the comments of diplomats and others in Kabul, the capital. "Beneath the surface, it is boiling."

For the first time since Mr. Karzai took office four and half years ago, Afghans and diplomats are speculating about who might replace him. Most agree that the answer for now is no one, leaving the fate of the American-led enterprise tied to his own success or failure. He was re-elected in 2004 to a five-year term.

On Tuesday, Mr. Karzai's office announced that he had spoken that day with President Bush, who assured him of continued American support. Mr. Karzai accepted Mr. Bush's invitation to visit Washington.

Mr. Karzai, a consummate tribal politician, has been the cornerstone of the effort to form a centralized democratic government in Afghanistan to replace the Taliban government, which was driven from power in 2001.

To his supporters, he has managed to keep the peace in a fractious society by giving regional warlords and armed leaders a stake in power while setting the country on the road to a democratic future.

"The perception of growing insecurity has affected the psyche of the Afghan people," Jawed Ludin, the president's chief of staff, said in a telephone interview from Kabul. But he called it a reality check rather than a crisis. He said people "still trust" Mr. Karzai and "still think he can lead them."

But the costs of his compromises are becoming harder for average Afghans and some foreign donors to stomach. Critics say the compromises have insulated many people from the benefits of democratic change and hampered the running of the president's administration and local governments.

Riots in Kabul on May 29, which left 17 people dead in the worst violence in the capital since the Taliban were deposed, were an ominous sign, many there say. The violence erupted after three Afghans were killed by a runaway American military truck. Four more people were killed when American soldiers fired into an angry crowd.

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Afterward, protesters rampaged through the streets attacking foreign offices. They also chanted "Death to Karzai!" — an indication that he is blamed for the growing disenchantment. "He was shaken," said one Western diplomat.

Recriminations against the president have continued, and Mr. Karzai's own missteps have not helped to redeem his political standing.

In a reaction to the riots, the president appointed a powerful local commander with links to organized crime as police chief of Kabul. He also gave senior police posts to 13 former commanders who were to have been weeded out under long-awaited police reforms.

Mr. Karzai's aides indicated that the steps were necessary to ensure security in the capital. But the appointments further alienated foreign diplomats and aid workers, as well as ordinary Afghans. "He is too accommodating," said Joanna Nathan of the International Crisis Group, a policy research organization. "The police reform was incredibly disappointing."

Recent interviews with a range of Afghans illustrated a common theme of complaints about corrupt and self-serving government officials.

Earlier this month 60 members of Parliament, which has until now been largely supportive, signed a measure protesting the appointment of certain officials and the poor performance of his government.

A group of elders from Baghlan Province in the north said they had been rebuffed when they went to the capital seeking to replace their governor, who they said was concerned only with his own power.

"We just want a neutral, impartial governor," said one representative, Abdul Shukur Urfani. "People will start demonstrating, because they are dissatisfied with what the government is doing."

Mr. Karzai has dismissed many such problems as petty, but the range of corruption in fact runs both large and small.

At one end of the scale is a housing scandal from three years ago, when cabinet ministers, in the president's absence, awarded themselves and friends prime real estate in Kabul, where land prices have shot up since the American invasion.

An investigation was quietly dropped, and the officials were allowed to build ostentatious villas, which tower above passers-by as a constant reminder of official excess.

Elsewhere, though corruption is small in scale, it has an enormous impact on the poor, who account for most of the population. A driver interviewed recently in Kandahar, in southern Afghanistan, said he earned the equivalent of $40 a month but paid half of that in bribes to the local police, leaving him unable to feed his family.

An opposition politician, Abdul Latif Pedram, said: "There has never been so much corruption in the country. We have a mafia economy and a drug economy."

Most galling to average people is the corruption of judges, which makes redress nearly impossible. There have been virtually no prosecutions of corrupt high-level or local officials. Corrupt police chiefs and governors remain in their positions or, if complaints grow too loud, are rotated to other jobs, said Mr. Hakim, of the human rights commission.

In southern Afghanistan the situation is so bad that people have begun turning to the Taliban for the swift, if severe, justice administered by mullahs, said Abdual Qadeer Noorzai, a human rights official in that region.

Mr. Karzai has been slow to address the problems, or has acted only when pushed.

For instance, his choice for chief justice was a close ally, Fazel Hadi Shinwari, who had already served four years as head of the Supreme Court, presiding over one of the most corrupt institutions in the country. The problems were so apparent that Parliament refused to confirm the appointment, forcing the president to nominate a new chief justice, who was approved.

There are similar complaints in the provinces. The British and Dutch governments, which were preparing to deploy troops under NATO command to southern Afghanistan, had to prod Mr. Karzai to remove two governors, both personal allies, who had alienated much of their provincial populations.

The president's staff pointed out that he had to balance the tribal, factional, regional and ethnic demands of the country in his appointments, and that it took time to build up fundamental institutions that had been obliterated by years of war.

But to many the appointments are indicative of Mr. Karzai's tendency to placate powerful armed factions rather than make tough decisions to improve governance.

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There are complaints about the economy, too. Three million Afghans of a population of roughly 30 million still depend on food aid, and the government has had to appeal for more help for farmers affected by drought again this year. Prices have risen sharply with the influx of foreign aid.

Despite the reconstruction boom, a lack of electrical power and other services constrains large-scale job creation, and hundreds apply daily for visas to find work in Iran or Pakistan. Poverty and joblessness are among the factors pushing people into the arms of the Taliban, local leaders in the south say.

A major problem, all acknowledge, is the absence of security, for which the president and his government still depend on foreigners, led by the United States, and now NATO.

Afghan and international forces find themselves fighting daily battles across five provinces of the south, while casualties are rising sharply among civilians, foreign troops and government forces alike. The scale of the insurgency has virtually wiped out the government's ability to provide services in many places.

The lack of security is not all Mr. Karzai's fault. Responsibility lies also with the American-led coalition, which promised to take care of security and cross-border infiltration. But the solution, military and civilian leaders warn, is not only military.

"The government has to build up in these provinces to a larger extent, to fight corruption and be present with the institutions in each of the districts and to deliver services to all of the population," said Tom Königs, the head of the United Nations Assistance Mission in Afghanistan, which monitors the administration of development aid. That includes improving local governance, development work, diplomacy and anti-narcotics efforts, he said.

"In each of these fields we need to be successful," he added. "Otherwise we will not be able to stabilize Afghanistan."

CORPORATE SCANDALS:

Quattrone Deal Drops All Charges, Allows His Return To Wall Street (WSJ)

By Randall Smith And Paul Davies

The Wall Street Journal, August 23, 2006

Frank Quattrone, the one-time investment-banking kingpin of Silicon Valley, won an agreement conditionally dropping all charges against him -- ending the government's effort to include him in the nearly six-year crackdown against the excesses of the 1990s Internet boom.

By staying out of legal trouble for a year, the 50-year-old Mr. Quattrone will avoid a third criminal trial on obstruction charges after the first ended in a hung jury and a second led to a conviction that was reversed on appeal earlier this year. He even will be able to return to Wall Street -- a remarkable turn considering that at one point he was banned for life by one securities regulator. (See the text of the agreement.1)

Yesterday's deferred-prosecution agreement, approved by a U.S. District Court judge in New York, capped an aggressive three-year legal battle by Mr. Quattrone to clear his name. After a career in which he became one of the most powerful -- and wealthy -- figures on Wall Street during one the biggest booms in U.S. history, the former banker for Credit Suisse First Boston had drawn more protracted regulatory scrutiny than any prominent Wall Street figure since former junk-bond king Michael Milken in the late 1980s.

"This is an extraordinary win for Quattrone," said Jerry Bernstein, a former federal prosecutor and now a white-collar defense attorney at law firm Blank Rome LLP. "A deferred prosecution is as good as it gets, short of a dismissal."

Indeed, the end result of Mr. Quattrone's case contrasts starkly with others involving noted Internet-era firms and individuals. Telecom analyst Jack Grubman and Internet analyst Henry Blodget, for instance, were banned from the securities business in 2003 after their firms settled charges of research fraud based on their reports. The two neither admitted nor denied wrongdoing in their cases.

A beaming Mr. Quattrone, sporting a red tie with insignias of golf clubs, cigars and trophies, said he was "very pleased that the case will be concluded," and spoke of plans to resume his business career, though he offered no specifics on what he might do. Throughout his legal battles, Mr. Quattrone had denied all charges against him.

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Mr. Quattrone first gained fame as an early backer of technology stocks while working at Morgan Stanley from 1981 to 1996. He was the first banker at a major firm to build a career specializing in tech, assembling a network of venture-capital executives whose companies he took public.

In 1995, he led the initial public offering that sounded the start of the dot-com era, Netscape Communications Corp., which doubled in price on its first day of trading. Among other celebrated names whose IPOs he led were Amazon.com Inc. and Cisco Systems Inc., and he claims his clients collectively gained $200 billion in stock-market value.

Eventually, Mr. Quattrone left Morgan Stanley dissatisfied with the level of pay and control he had over his own staff of bankers and research analysts. He set about increasing both, first at Deutsche Bank AG and then at Credit Suisse. He created his own teams, which shared directly in their financial results and whose brokers received a set percentage of IPO shares available for banking clients' accounts.

During the Internet bubble of the late 1990s, his group at CSFB led more than 100 IPOs -- more than any other Wall Street firm. As his reputation spread, Mr. Quattrone maintained his own public-relations team at his two-story red-brick offices in Palo Alto, Calif., often boasting of his IPO prominence. "We are thrilled to have achieved our goal of No. 1 market share in by far the most active year the technology industry has seen to date," he said on Jan. 31, 2000, just as the bubble crested.

But Mr. Quattrone also drew notice for sometimes aggressive pricing, and for producing some IPOs that he jokingly referred to in one email as "woofers" -- that is, stocks of tech companies that plummeted after the bubble burst. Among them: Corvis Corp., an optical telecom switching company which went public in a $1.14 billion IPO in July 2000 only to see its stock price fall by more than 98% by late 2002.

Ultimately, the collapse of many Internet stocks early this decade, and allegations of fraud at companies like Enron Corp. and WorldCom Inc., sparked investor outrage and a tough crackdown by prosecutors and regulators. The period of 2002 and 2003, around Mr. Quattrone's criminal indictment, coincided with lows in the stock market, in which market averages had fallen by half and many Internet stocks had lost more than 90% of their value.

The criminal obstruction case against Mr. Quattrone stemmed from a single email. In 2000, regulators began probing whether CSFB had received excessive commissions as kickbacks from some investors who got hot IPOs. Shortly after Mr. Quattrone learned those probes had become criminal, he endorsed a colleague's emailed suggestion in December 2000 to "clean up those files" in accordance with company policy. That endorsement became the basis for the obstruction case, though Mr. Quattrone said he wasn't thinking about the probes and wasn't responsible for IPO allocations.

WALL STREET JOURNAL VIDEO

2

Ex-CSFB banker Frank Quattrone announces3 his intentions to return to investment banking. Also, CNBC's Scott Cohn reports4 on Frank Quattrone's deal to avoid jail time.

Mr. Quattrone also faced scrutiny from securities regulators, who alleged he engaged in a practice known as "spinning" -- that is, steering hot IPOs to clients to win additional business -- through a program informally dubbed "Friends of Frank" by some Silicon Valley investors. They also went after him when he delayed testifying in that case -- he said he didn't want to incriminate himself in the face of the criminal investigation -- and charged that he failed to guard against research bias through a flawed organizational structure.

The criminal case contributed to Mr. Quattrone's resignation from CSFB in early 2003 -- and his delayed testimony in the civil cases drew a lifetime ban on him from the NASD. That led his then-criminal lawyer, John Keker, to blast agency officials as "sanctimonious bastards" in an interview with American Lawyer magazine. Mr. Keker added that they were "piling on" after the criminal charges, "trying to self aggrandize their little agency." After NASD denied Mr. Quattrone a hearing, the ban was overturned by the Securities and Exchange Commission last March.

In May, NASD decided not to pursue the civil spinning and research-related charges, not long after the appeals court reversed Mr. Quattrone's criminal conviction -- which itself carried an automatic ban from the securities industry. Though the agency cited the unavailability of witnesses who had left the industry, outside observers saw the decision as reluctance to risk another loss after a few recent defeats.

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Mr. Quattrone also had benefited from the NASD's decision not to pursue the other civil charges against him while the ban was in force. With the criminal conviction reversed and the ban overturned nearly two years after the first criminal conviction, the agency wasn't able to revive the remaining charges.

Mr. Quattrone's former firm, the Credit Suisse unit of Credit Suisse Group formerly known as Credit Suisse First Boston, had earlier paid $200 million to settle civil charges that analysts who worked in Mr. Quattrone's technology group published fraudulent or exaggerated research, and that his group's brokers engaged in improper "spinning." The firm neither admitted nor denied wrongdoing in an SEC complaint that featured Mr. Quattrone's name prominently in the third paragraph.

Mr. Quattrone was aided in his legal fight by being able to tap the deep pockets of his former employer, which paid his legal costs -- estimated by outsiders at more than $20 million. He also enjoyed support from some Silicon Valley executives and investors -- a group for whom he had sold stock at high prices during the boom.

In the end, he won more from his agreement yesterday than do many defendants. Deferred-prosecution agreements usually require a fine and an admission of wrongdoing, but neither was required of Mr. Quattrone. Moreover, agreements involving securities cases often prohibit an individual from working in the financial industry for a period of time, or even life.

Yesterday's settlement may not go over well with some former investors. Attorney Jacob Zamansky, who represents investors in legal cases against Wall Street firms, said, "Investors in high tech stocks were left holding the bag while the underwriters made hundreds of millions of dollars in fees. Letting Mr. Quattrone go free sends the wrong message."

The retreat by the U.S. Attorney's office in the Southern District of New York partly reflects turnover in the office, and current prosecutors' greater distance from the original case. Manhattan U.S. Attorney Michael Garcia is the third chief of the office since the original criminal charges were brought in April 2003. The two attorneys who originally prosecuted the case have left for private practice.

Moreover, after having won high-profile convictions of Bernard Ebbers of WorldCom, Martha Stewart and members of the Rigas family who ran Adelphia Communications Corp., prosecutors have more current matters on their plate, such as the "backdating" of stock options -- a scandal in which corporations allegedly grant their executives stock options but retroactively change the dates they take effect, making them more lucrative.

In a statement, Mr. Garcia said Mr. Quattrone's deferred prosecution "is an appropriate resolution of the case in light of all the facts and circumstances, and the posture of the case at this time."

Write to Randall Smith at randall.smith@wsj.com11 and Paul Davies at paul.davies@wsj.com12

<hr/>CONFIDENTIAL COMMUNICATION

Excerpts from a Dec. 3, 2000, series of e-mails between David Brodsky, CSFB's general counsel, and Frank Quattrone.

2:04 p.m.

From: David Brodsky

To: Frank Quattrone

"As you may know, there's been an inquiry going on by both the SEC and NASD into our allocation process in the IPO market. There have been some recent developments that are of extreme concern that I need to speak with you about as soon as possible."

5:46 p.m.

From: Frank Quattrone

To: David Brodsky

"Are the regulators accusing us of criminal activity?"

5:56 p.m.

From: David Brodsky

To: Frank Quattrone

"They are not formally accusing us or individuals yet, but they are investigating because they think something bad happened."

Two days later, on Dec. 5, 2000, Mr. Quattrone retransmitted this e-mail, emailed on Dec. 4 by a colleague to members of the technology-industry banking group, by hitting "reply to all."

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"With the recent tumble in stock prices, and many deals now trading below issue price, the securities litigation bar is expected to an [sic] all out assault on broken tech IPOs. In the spirit of the end of the year, (and the slow down in corporate finance work), we want to reminding [sic] you of the CSFB document retention policy... That means no notes, no drafts, no valuation analysis, no copies of the roadshow, no markups, no selling memos, no IBC or EVC memos, no internal memos. Note that if a lawsuit is instituted, our normal document retention policy is suspended and any cleaning of files is prohibited under CSFB guidelines (since it constitutes the destruction of evidence). We strongly suggest that before you leave for the holidays, you should catch up on file cleanup."

Quattrone Avoids Prosecution (WP)

By Brooke A. Masters

The Washington Post, August 23, 2006

NEW YORK, Aug. 22 -- A federal judge approved a deal Tuesday that allows star banker Frank P. Quattrone to avoid prosecution for obstruction of justice if he stays out of trouble for the next 12 months.

The 10-minute hearing ended the federal government's years-long quest to put Quattrone in prison for sending several hundred subordinates a December 2000 e-mail under the heading "time to clean up those files." Prosecutors alleged he was attempting to hinder a grand jury probe, but the banker, now 50, has steadfastly maintained his innocence since being indicted in May 2003.

"I am very pleased that the case will be concluded, and I look forward to the dismissal of all charges," a beaming Quattrone said outside the federal courthouse in Manhattan. Praising his attorneys, he said, "Thanks to all of you who stood by me during the past four years. God bless you all."

Quattrone, who had dressed simply for his two trials in blazers and flannel pants, was clad far more elegantly for Tuesday's hearing in a natty plaid suit and black Gucci loafers.

This resolution was essentially a victory for Quattrone, who did not admit any wrongdoing. The charges against him will be dismissed in a year as long as he does not break any laws and he reports any change of residence or international travel to a court supervisor. The terms approved by U.S. District Judge George B. Daniels are far more lenient than the deferred prosecution deals the federal government has offered in other recent white-collar cases.

He can return to work as an investment banker any time. A parallel effort by the industry regulator NASD to ban him from the industry has also been dropped. That effort sought to punish the former Credit Suisse First Boston LLC banker for his role in its handling of shares in hot initial public offerings. Twelve civil cases filed by investors have also been dismissed or withdrawn.

However, Quattrone has steered clear of banking since he left CSFB in early 2003, and some Wall Street banks are skittish about associating themselves with such a controversial figure. Others have already had him on their payroll and may not want him back. But he is unlikely to stay unemployed for long, banking analysts predicted. He is still popular in California's entrepreneurial community and is widely seen as an energetic and innovative salesman.

"I plan to resume my business career while continuing my board service at the Innocence Project and the Tech Museum of Innovation," he said Tuesday. Quattrone, who based his career in Silicon Valley, is a long-time supporter of the Tech Museum in San Jose. He became involved with the Innocence Project, a legal clinic that seeks to exonerate wrongly convicted prisoners, after being convicted of obstruction of justice in 2004, a conviction whose reversal led to Tuesday's federal court deal.

Quattrone, born in Philadelphia, was a key player in the technology boom of the 1990s. One of the first investment bankers to recognize Silicon Valley's potential, he moved there and built a team of West Coast bankers and research analysts that followed him to big-name investment banks. Along the way, he helped bring public some of the country's best known technology firms, including Amazon.com Inc., Cisco Systems Inc. and Netscape Communications Corp. Quattrone, who once made $100 million in a single year, also advised a host of less successful companies that went bust within a year or two of offering stock to the public. He was sometimes seen as an emblem of the 1990s stock market bubble because CSFB's organizational system encouraged the stock analysts who rated technology companies to work closely with Quattrone's bankers and compromised the independence of the firm's research reports.

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As one of the first white-collar criminal cases to be tried after a wave of corporate scandals in 2001 and 2002, the Quattrone prosecution was initially seen as a key test of the government's effort to hold high-level business figures accountable for corporate malfeasance that cost small investors billions of dollars.

But the case, dependent on a two-line e-mail and circumstantial evidence about Quattrone's state of mind when he sent it, dragged on for years and proved difficult to win. A first trial ended when the jury was unable to reach a verdict. Quattrone was found guilty at a second proceeding, but the U.S Court of Appeals for the 2nd Circuit overturned his conviction, saying the trial judge, who had been critical of Quattrone and his lawyers, had given the jury incorrect instructions.

Meanwhile, the case's importance as a symbol diminished as prosecutors won convictions of executives at Enron Corp. and WorldCom Inc., as well as Martha Stewart. By the time the appeals court threw out Quattrone's conviction, many of the top prosecutors who had worked on the case had moved into private practice.

"A deferred prosecution of the case against Frank Quattrone is an appropriate resolution of the case in light of all the facts and circumstances and the posture of the case at this time," U.S. Attorney Michael Garcia said in a statement.

Quattrone, Prosecutors To Dismiss Case (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, August 23, 2006

(AP) - NEW YORK-Former investment banker Frank Quattrone struck a deal Tuesday with prosecutors to dismiss his long-running criminal case, saying he will resume a career that paid him up to $120 million a year for taking fledgling Internet companies public at the height of dot-com mania.

"A sunny day!" a triumphant Quattrone said outside U.S. District Court in Manhattan with a giddiness normally reserved for wedding days.

Moments earlier, the government let go of a case it had pursued for three years through two trials. The deal calls for the charges to be dismissed after one year if Quattrone stays out of trouble.

Quattrone's first trial ended in a deadlocked jury, but prosecutors landed a conviction the second time around. The verdict on charges he obstructed a government probe of stock offerings and an 18-month prison sentence were tossed out by the 2nd U.S. Circuit Court of Appeals in March. Quattrone never served a day in prison.

The government had claimed Quattrone, 50, slyly urged 400 technology investment bankers he supervised from the Palo Alto, Calif., offices of Credit Suisse First Boston Corp. to destroy files when he learned about multiple investigations. He always said he did not. The firm has since changed its name to Credit Suisse (USA) Inc.

On Tuesday, Quattrone appeared jubilant from the moment he entered U.S. District Judge George B. Daniels' courtroom. He went straight to a courtroom artist, hugged her and said, "You look even better than I remember you last time."

Then he laughed repeatedly out loud, waved to a friend and giggled as he awaited Daniels, who approved the deferred prosecution agreement.

The agreement required no admission of wrongdoing or anything that would stand in the way of Quattrone's future business plans, a point he acknowledged in a statement outside court when he announced, "I plan to resume my business career." He offered no details on how he would resurrect his career.

Surrounded by cameras, he read a statement saying he was "very pleased that the case will be concluded" and looked forward to the dismissal of the charges.

In a statement, U.S. Attorney Michael J. Garcia called the deferred prosecution "an appropriate resolution of the case in light of all of the facts and circumstances and the posture of the case at this time."

It was a case the government was never fully confident it could prove, but had brought after concluding Quattrone encouraged co-workers to destroy sensitive company files.

Prosecutors cited a December 2000 e-mail in which Quattrone endorsed a colleague's suggestion that bankers "clean up" their files.

Quattrone testified he was merely following company policy and that he knew almost nothing about a grand jury subpoena seeking documents involving hundreds of initial public offerings of stock during the late-1990s Internet boom.

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Quattrone's actions were scrutinized after the National Association of Securities Dealers in 2000 began investigating CSFB's underwriting of initial public offerings, a side of the business that had catapulted Quattrone into one of Wall Street's most powerful men.

The NASD probe was followed by investigations by the Securities and Exchange Commission and the federal grand jury.

The company was never criminally charged, but Quattrone was accused of hindering the federal probe.

During the dot-com boom, Quattrone took prominent companies like Amazon.com public. He was the highest-profile Wall Street figure since junk-bond pioneer Michael Milken to face a criminal conviction.

The stage for a deal to end the prosecution was set when the appeals court said any future trial must include the elimination of one line of government questioning that it said went too far and the inclusion of some Quattrone evidence that was kept out.

Timothy J. Coleman, a white collar crime expert at Dewey Ballantine and a former federal prosecutor, said Quattrone has received the same punishment as someone who smuggled a few Cuban cigars into the United States.

"If he holds up his end of the deal, it will be as if the case never happened," he said.

Meanwhile, prosecutors have achieved their purpose of alerting corporate America through a series of trials of high-profile people, including Martha Stewart, he said.

"Corporate America gets it," he said, citing changes businesses have made. "The fact the government is not going to get a felony conviction against Quattrone is not going to cause corporate America to regress and say, 'Let's get back to what we were doing before.'"

Quattrone Plans Return After Judge's Move (FT)

By David Wighton In New York

Financial Times, August 23, 2006

Frank Quattrone, the most prominent banker of the 1990s technology boom, on Tuesday said he planned to re-enter business after a judge approved a settlement that would allow him to avoid a third trial for obstructing justice.

The judge backed a "deferred prosecution" agreement that Mr Quattrone reached with federal prosecutors, meaning charges will be dropped if he does not break the law in the next year.

That would clear the way for Mr Quattrone to go back into the securities industry, where he was a leading figure in the technology flotations in the late 1990s.

Leaving court on Tuesday, Mr Quattrone, 50, revealed no detailed plans but said he wanted to resume his business career.

Mr Quattrone, who formerly worked for Credit Suisse First Boston and once earned more than $100m in a year, could set up an advisory firm or a venture capital business, industry observers said.

A highly regarded figure in Silicon Valley, Mr Quattrone has retained the support of many leading executives in the technology world, some of whom wrote to the judge who presided over his 2004 trial urging leniency.

In his 23-year banking career, Mr Quattrone calculates he has helped technology companies raise more than $65bn, leading more than 175 initial public offerings, including Cisco, Netscape and Amazon.com.

The outcome is a blow for the US attorney's office for the southern district of New York, which first accused Mr Quattrone of obstructing justice in April 2003. The case sprang from the probe into how investment banks awarded clients shares in hot technology flotations.

The accusation against Mr Quattrone was based on an e-mail in December 2000 to colleagues in which he suggested it was time to "clean up" their computer files. Two days earlier, a CSFB lawyer had warned Mr Quattrone that the way the way the bank allocated stock to investors in IPOs was under criminal investigation.

Mr Quattrone originally claimed that he had no involvement in IPO allocations but later admitted he sometimes had a hand in the process. His defence was that he did not realise that the investigation into IPO allocations involved his team.

Mr Quattrone's first trial ended in a hung jury but he was found guilty in a second trial in 2004 and sentenced to 18 months in prison.

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But an appeals court threw out the conviction in March because of faulty jury instructions, and regulators reversed a decision banning Mr Quattrone from the securities industry for life.

Following the judge's decision on Tuesday, Mr Quattrone said: "I'm very pleased this case will be concluded and I look forward to the formal dismissal of all charges."

Quattrone Gets All Charges Dropped (USAT)

By Greg Farrell

USA Today, August 23, 2006

NEW YORK — Frank Quattrone walked out of federal court here Tuesday morning a free man, after prosecutors essentially dropped the obstruction charges they brought against him in 2003. It was a stunning conclusion to a legal ordeal that almost landed the investment banking star in prison.

Quattrone's reversal of fortune came in the form of a deferred prosecution agreement with the U.S. Attorney's office in Manhattan. Under terms of that agreement, approved by U.S. District Judge George Daniels, prosecutors would dismiss the three criminal charges against Quattrone as long as he agreed not to violate any laws or associate with any lawbreakers over the next 12 months. Quattrone also agreed to keep a pretrial services officer apprised of his movements and activities for the 12-month period.

"I'm very pleased that the case will be concluded, and I look forward to the formal dismissal of all charges," a beaming Quattrone said outside the federal courthouse in lower Manhattan. "I plan to resume my business career, while continuing my board service at the Innocence Project and the Tech Museum of Innovation."

Three years ago, prosecutors accused Quattrone of impeding a federal investigation into the way shares of red-hot IPO stocks were doled out to important clients of Credit Suisse First Boston. In particular, prosecutors said Quattrone knowingly sent out an e-mail urging his CSFB colleagues to destroy documents that he knew would be of interest to regulators. At trial in fall 2003, Quattrone insisted that he wasn't intentionally trying to impede the investigation. Jurors couldn't agree on a verdict and a mistrial was declared.

In a second trial the following year, a new jury convicted him. The judge in that case sentenced him to 18 months in prison, but an appellate court subsequently reversed the conviction on the grounds that the judge's instructions to the jury were flawed.

Rather than go to trial a third time with an entirely new set of prosecutors (the previous pair had both taken jobs in the private sector), the government decided to fold the tent.

The 50-year-old Quattrone, who helped bring Amazon.com, Cisco and Netscape public, is still considered a rock star in Silicon Valley.

"This is a complete vindication of Frank, which is what was clearly merited," says Mitchell Kertzman, a partner at venture capital firm Hummer Winblad. "He has tremendous support in the industry. Whatever he decides to do, he will be successful at it."

Star Banker, With Future, Emerges Free (NYT)

By Andrew Ross Sorkin

The New York Times, August 23, 2006

Frank P. Quattrone is going back to work. After facing criminal charges for three years, Mr. Quattrone, the former technology banker, walked out of Federal District Court in Manhattan yesterday after persuading prosecutors to agree to a deal to dismiss their case, and declared, "I plan to resume my business career."

The government's retreat was the first time that prosecutors had dropped such a prominent case without seeking a penalty and came after a series of victories by Mr. Quattrone, culminating in an appeals ruling in March that overturned a 2004 conviction for obstruction of justice.

The prosecutors agreed to drop the case in what is known as a deferred-prosecution agreement as long as Mr. Quattrone does not violate any laws within a year.

The remarkable turnabout will allow him to pursue a finance career as if the last three years had never happened. Wall Street, though, has become a different place since Mr. Quattrone left Credit Suisse after being indicted in 2003 amid a flurry of investigations that followed the bursting of the dot-com bubble.

"It's not the wild, wild West anymore," said Jeffrey A. Sonnenfeld, a senior associate dean at the Yale School of Management. "It's a very different place. Back then, oversight was lax and rules were something to get around. Now, monitoring and oversight is much tighter."

Since then, investment banking has been transformed by changes brought about by initiatives of the New York State attorney general, Eliot Spitzer, and seismic shifts that have often made hedge funds and private equity firms more important than blue-chip corporations.

Many of the prominent research analysts who rode the technology boom — Henry M. Blodget, Jack B. Grubman and Mary Meeker — have retreated and have sought to remake themselves. Ms. Meeker remains an analyst at Morgan Stanley, albeit a quieter, less bullish one; Mr. Blodget, who was barred from the industry, has tried his hand at journalism, writing a blog and consulting; and Mr. Grubman, who was also barred, has recast himself as a consultant to small and midsize telecommunications companies.

At the same time, regulators are no longer concerned with "spinning" — providing access to initial public offerings in exchange for kickbacks; that was the issue du jour in 2001. The new watchword is "backdating," which describes how some executives reset the date of stock option grants to make them more favorable.

And the young technology companies that were Mr. Quattrone's specialty are maturing to the point where many of their businesses have become cyclical and the industry is consolidating.

How Mr. Quattrone — who as an investment banker led the initial public offerings of companies like Amazon.com and Cisco Systems — plans to rejoin Wall Street remains unclear.

It is unlikely that he would join a major Wall Street firm, at least in the near term. More likely, associates say, he may start a private equity firm that focuses on technology companies — one akin perhaps to Silver Lake Partners, the buyout firm that bought Sungard last year for $11.3 billion and the semiconductor unit of Philips Electronics for $4.4 billion early this month.

Among many in technology industries, Mr. Quattrone retains much of his prominence, and he is expected to be received with open arms on the West Coast, especially by many of the dozens of executives and venture capitalists he helped in the 1990's.

"Frank is one of the true legends of Silicon Valley," Roger McNamee, a founder of Silver Lake who started Elevation Partners, told San Francisco magazine in May. "If you were to create a hall of fame, and you were going to limit the number of people in it to 10, Frank would be on that list and he would be the only investment banker on that list."

Outside court yesterday, Mr. Quattrone — dressed in a light blue suit and a red tie covered in images of cigars, trophies and golf clubs — chose not to elaborate on his future business plans.

"Thanks to all of you who stood by me during the past four years," he said. "God bless you all."

Mr. Quattrone said that in addition to pursuing his career, he would continue his "board service at the Innocence Project and the Tech Museum of Innovation."

The Innocence Project is a program at Santa Clara University's School of Law to help overturn convictions of innocent people; Mr. Quattrone become involved with the project after he was convicted in 2004.

While deferred-prosecution agreements often include an admission of wrongdoing or a penalty, there is no such statement by Mr. Quattrone in the settlement. The only conditions imposed are that he notify the government if he plans to travel outside the country and that he consort only with "law-abiding persons."

The arrangement is considered a considerable victory for Mr. Quattrone. The agreement was engineered by his appeals lawyer, Mark F. Pomerantz, a partner at Paul, Weiss, Rifkind, Wharton & Garrison.

Mr. Quattrone was convicted in May 2004 of obstruction of justice as a result of endorsing a colleague's e-mail message in December 2000 that urged his staff to "clean up those files.'' An earlier trial on the same charges resulted in a deadlocked jury and was declared a mistrial.

But the appeals court, in overturning the 2004 conviction, found that the judge's instructions to the jurors had failed to adequately require that they establish that Mr. Quattrone intended to thwart a government investigation.

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That reversal was the first in a series of victories for Mr. Quattrone. A few days later, the Securities and Exchange Commission revoked the lifetime ban from the securities industry that NASD, the brokerage industry's regulator, had imposed on him. And in June, NASD dropped its charges against him.

"The road to victory for the government would have been a tough one," said Mark C. Zauderer, a lawyer with the firm of Flemming Zulack Williamson Zauderer, "given the appellate court's reversal on the jury charge, and an acquittal would have detracted from a strong message already sent about the importance of not destroying documents in the face of an investigation."

Quattrone, Prosecutors Reach Deal To Avoid Third Trial (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, August 23, 2006

Frank Quattrone reached a deal with the government Tuesday that will spare him a third criminal trial and allow him to resume his lucrative investment banking career.

Under a deferred prosecution agreement approved by Southern District of New York Judge George B. Daniels, Quattrone was not forced to admit any wrongdoing, serve jail time or pay a fine. The charges against him will be dropped in one year if he complies with the rules and conditions of the agreement.

Quattrone must refrain from committing any crimes and "associate only with law-abiding persons." He is required to report to a U.S. pretrial services officer and follow her "instructions and advice."

"I've never seen a better deferred prosecution agreement," said James D. Wareham, a partner and chairman of global litigation at Paul, Hastings, Janofsky & Walker, who is not involved in the case. "If he is not admitting to a set of facts constituting a crime, then this is an unusual agreement."

An ebullient Quattrone smiled as he left the courtroom and hugged everyone within reach. He said he was "very pleased that the case will be concluded."

"I look forward to the formal dismissal of all charges," added Quattrone, a former star at what was known as Credit Suisse First Boston who at one time earned $100 million a year for guiding initial public offerings for high-technology companies during the dot.com boom.

In a written statement released later in the day, Quattrone said he planned to resume his business career while continuing his board service at the Innocence Project of the Benjamin N. Cardozo School of Law and the Tech Museum of Innovation in San Jose, Calif.

He thanked "all of you who stood by me during the past four years. God bless you all."

The government had little to say.

"A deferred prosecution of the case against Frank Quattrone is an appropriate resolution of the case in light of all of the facts and circumstances and the posture of the case at this time," Southern District U.S. Attorney Michael J. Garcia said in statement.

James Comey was the U.S. Attorney in May 2003 when Quattrone was indicted on charges of obstruction of justice, obstruction of agency proceedings and witness tampering.

The National Association of Securities Dealers began investigating in 2000 how Credit Suisse conducted its underwriting of initial public offerings. Inquiries by the Securities and Exchange Commission and a federal grand jury soon followed, but no charges were actually filed against the company itself.

Prosecutors accused Quattrone of encouraging a subordinate in a December 2000 e-mail to "clean up files" as the government began looking into how his company allocated stock options.

A jury was unable to reach a verdict at Quattrone's first trial, and a hung jury was declared in October 2003. A second jury convicted him of obstructing justice in May 2004. In September 2004, he was sentenced to 1 1/2 years in prison, 2 years probation and fined $90,000.

He was free on bail pending appeal when the 2nd U.S. Circuit Court of Appeals overturned his conviction in March of this year.

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2nd Circuit Judges Richard C. Wesley, Peter W. Hall, and Northern District of New York Judge Frederick J. Scullin Jr., sitting by designation, held that Southern District Judge Richard Owen had failed to properly instruct the jury in connection with the obstruction of justice and witness tampering charges. It also removed Owen from the case.

Quattrone always maintained his innocence. He testified at trial that he was just following company policy by ordering colleagues to clean up their files, and claimed that he knew very little about the grand jury investigations into his company's practices.

After his conviction in the second trial, Quattrone was barred from working in the securities industry. Four days after the 2nd Circuit decision, however, regulators overturned this lifetime ban.

By ruling that there had been sufficient evidence to indict Quattrone, the 2nd Circuit left the door open to prosecutors to try the case against him a third time.

But in the letter to him setting forth the deferred prosecution agreement, the government said that "after a thorough investigation it has been determined that the interest of the United States and your own interest would be best be served by deferring prosecution."

There has been widespread speculation that Quattrone would establish a boutique high-tech advisory and private equity firm on the West Coast. Wareham of Paul Hastings said that it was unlikely that Quattrone would return to a major investment organization, as many of these companies have strict hiring guidelines that could prevent them from employing an individual who was subject to a non-prosecution agreement.

Mark F. Pomerantz and Theodore V. Wells Jr., partners at Paul, Weiss, Rifkind, Wharton & Garrison, represented Quattrone. Pomerantz declined to comment; Wells did not return calls.

Along with Garcia, Assistant U.S. Attorneys William F. Johnson and Raymond J. Lohier represented the government in reaching the agreement.

Quattrone Case Shows Bankers Escape Crackdown On Business Crime (BLOOM)

Bloomberg, August 23, 2006

By David Voreacos and Patricia Hurtado

Aug. 23 (Bloomberg) -- The U.S. Justice Department's failed attempt to convict Frank Quattrone, the former Credit Suisse Group banker, highlights how Wall Street executives have largely escaped a government crackdown on corporate crime.

Quattrone, 50, won a decisive victory yesterday when a judge approved an agreement by prosecutors to dismiss obstruction-of- justice charges if he breaks no laws for a year. Quattrone, who raised more money for Internet companies than any other banker in the 1990s, vowed to resume his business career.

During the six years that Quattrone faced accusations of wrongdoing, prosecutors secured about 1,000 corporate-fraud convictions, including those of former Enron Corp. Chief Executive Officer Jeffrey Skilling and ex-WorldCom Inc. CEO Bernard Ebbers. Prosecutors have largely concluded bankers didn't commit financial crimes and misconduct by them is better handled by civil regulators, lawyers said.

``The frauds of 2001 and 2002 were basically manipulations of corporate financial statements, and investment bankers don't do that," said Columbia University law professor Jack Coffee. ``Most corporate financial distortions do not involve the use of investment bankers."

Other bankers to be prosecuted include three former employees of Royal Bank of Scotland Group Plc's Greenwich NatWest Unit, who face trial for fraud in an Enron transaction. Four former Merrill Lynch & Co. bankers were convicted of helping Enron inflate earnings and had their convictions overturned on appeal.

Milken, Boesky Cases

Wall Street firms beefed up compliance efforts since the 1980s scandal involving Michael Milken, former junk-bonds chief at the defunct Drexel Burnham Lambert Inc. brokerage, and Ivan Boesky, a stock speculator with whom he collaborated, said attorney Jamie Wareham of Paul Hastings Janofsky & Walker in Washington.

``Compliance procedures are light years more advanced than they were during Boesky and Milken," Wareham said. ``It was kind of the Wild West then. Now, there's an intense amount of scrutiny and the compliance and legal staffs have

mushroomed at financial institutions. This comes down to the old question of do more cops on the street equal less street crime, and most people say yes."

Milken was sentenced to 10 years in prison after pleading guilty to six felony counts, and agreeing to pay $600 million in penalties to settle securities-fraud charges. He served 22 months after his term was reduced. Boesky served three years in prison and paid a $100 million fine.

Market Timing

Some recent Wall Street scandals, such as market timing in trading mutual funds, involve controversial conduct that isn't clearly illegal and may not generate criminal charges, said George Stamboulidis, a former federal prosecutor.

Prosecutors ``want a head shot," said Stamboulidis, who leads the white-collar practice at Baker Hostetler.

The Quattrone case grew out of a probe of whether banks rigged initial public offerings by demanding kickbacks for access to shares. Prosecutors also looked at whether banks required investors to buy more expensive stock once companies went public. Credit Suisse agreed in 2002 to pay $100 million to settle regulatory investigations of ``abusive IPO allocation practices." Regulators made similar charges against Quattrone, dropping them on procedural grounds.

Prosecutors charged no one with such a scheme. Rather, they accused Quattrone in 2003 of hindering their investigation of Credit Suisse, Switzerland's second-largest bank. They said Quattrone endorsed a subordinate's e-mail in December 2000 advising employees to ``clean up" their files at the end of the year.

No Wrongdoing

Prosecutors claimed the message suggested the employees should destroy incriminating records and that Quattrone knew a grand jury was investigating the bank. Quattrone denied wrongdoing and admitted none in the accord. After learning more about the forwarding of his colleague's e-mail, the bank put Quattrone on administrative leave. He quit in March 2002.

He then endured a hung jury in 2003, a conviction by a new jury in 2004 and an overturning of that verdict by an appeals court. Yesterday's agreement ended the threat of another trail on the same charge.

The appeals court tossed out Quattrone's conviction because of a bad jury instruction, saying there was sufficient evidence to convict him at a retrial. Several defense attorneys said the criminal case was too thin for a third trial and that U.S. Attorney Michael Garcia properly chose to enter a deferred- prosecution agreement with Quattrone.

No Third Trial

``The strongest piece of proof was he told people to clean up their files," said former federal prosecutor John Fahy. ``I don't think that rises to the level of criminality. I just think they went too far."

Former U.S. Attorney Mary Jo White said prosecutors must look ``long and hard" before pursuing a third trial against any defendant.

``I had a rule of thumb that you do try a second time but not necessarily a third time," White said. ``You've sent a powerful message by charging and convicting already."

Prosecutors sent a signal through the Quattrone case that they will not tolerate obstruction of investigations.

``The government wants to send a strong message that people who monkey with that process are going to be punished," said Samuel Buell, a law professor at Washington University and former Enron prosecutor. ``Not pursuing the Quattrone case would have been very worrying to regulators."

Former Securities and Exchange Commission Chairman Harvey Pitt said that the failed prosecution was worth the effort.

``The government was correct to go after Quattrone, and I think that notwithstanding some difficulties, they have made an important point about how critical it is for people to not obstruct SEC investigations, which is an issue that's exceedingly important," said Pitt. ``At the end of the day, he has paid a very high price for his conduct. So I think people will get the right message."

The case is U.S. v. Quattrone, 03-cr-582, U.S. District Court, Southern District of New York.

To contact the reporters on this story: David Voreacos in Newark, New Jersey at dvoreacos@bloomberg.net and Patricia Hurtado in New York at pathurtado@bloomberg.net .

Quattrone Walks (WSJ)

The Wall Street Journal, August 23, 2006

Congratulations to U.S. Attorney Michael Garcia, who yesterday agreed not to prosecute one-time Wall Street titan Frank Quattrone for a third time. Two swings at the plate really was enough for a case that has always looked thin.

Mr. Garcia negotiated a deferred-prosecution agreement under which the charges will be dropped after a 12-month period if Mr. Quattrone meets certain minimal demands, such as not associating with known felons. The former master financier for Silicon Valley won't have to pay any fine or admit any guilt, and he will be able to take up his investment banking trade once again. In criminal prosecution circles, that's a rout for the defense.

The outcome ought to be a special embarrassment to former U.S. Attorney for the Southern District of New York James Comey, who never did charge Mr. Quattrone with any offense related to investment banking. Instead, amid the post-Enron anti-Wall Street frenzy, Mr. Comey indicted the banker for obstruction of justice and witness-tampering related almost entirely to a single email he had sent in 2000 urging members of his banking group to "clean up" their files. Mr. Quattrone said that was routine company policy, but prosecutors portrayed it as a criminal coverup.

Prosecutors lost in their first trial attempt on a hung jury. On the second try, they won with the jury but lost on appeal as a unanimous Second Circuit panel found that the trial judge had given faulty jury instructions regarding Mr. Quattrone's criminal intent. Yesterday's outcome shows how vital that concept of intent, or a guilty mind, is in our judicial system. It also underscores that prosecutors tend to make their worst mistakes when they forget about doing justice, and instead look for prominent targets as a way to placate the political passions of the moment.

Prosecutors Crack Down On Stock Options (AP)

By Marcy Gordon, The Associated Press

AP, August 23, 2006

WASHINGTON -- This summer, federal prosecutors and regulators fired two big opening volleys in their crackdown against suspiciously timed grants of stock options to top executives, bringing criminal and civil charges against former officials of two technology companies, one on each coast.

Then: out of public view, it was back to the long investigative slog for Justice Department prosecutors and enforcement attorneys at the Securities and Exchange Commission _ poring over documents, interviewing witnesses.

It could be a very long haul. Faced with a mountain of material and potential violations, the authorities are having to marshal their resources to concentrate on high-priority and more egregious cases of fraud involving the award of stock options.

"They're presumably not going to investigate every one of the companies" that have irregularities in past awards of the options, said Michael N. Levy, a former federal prosecutor who is a defense attorney at McKee Nelson in Washington.

The apparent prevalence of the conduct throughout corporate America, in fact, can make the government's burden of proof in the cases more difficult, Levy suggested.

At least 75 public companies have reported that they are under scrutiny by the Justice Department or the SEC, or both, for possible manipulation of stock option grants to boost their value to the recipients. The apparent wave of conduct at issue mostly occurred from the market-boom late 1990s to 2002.

The Internal Revenue Service is conducting its own investigation of companies for possible tax-law violations in option grants.

Every day, more companies _ many of them in the technology sector _ become ensnared in government or internal inquiries examining whether company insiders rigged stock options to ensure larger windfalls without properly disclosing or accounting for the manipulation. New lawsuits by shareholders are filed. More companies disclose that because past option grants may have distorted their financial results, they may have to restate earnings.

And more companies _ most notably iPod maker Apple Computer Inc. _ say they have been warned that their stock could be stripped from trading on the Nasdaq Stock Market because reviews of options grants made them late in filing their periodic financial reports. The casual dining chain Cheesecake Factory Inc. on Monday reported receiving such a delisting notice from Nasdaq; the company said it will appeal the decision.

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In Wall Street trading, "The scrutiny of stock-option practices has ... weighed heavily on tech and other growth stocks," T. Rowe Price's blue-chip growth mutual fund said in an outlook note Monday.

In the latest development Tuesday, Integrated Silicon Solution Inc. reported that its stock options awards had become the subject an SEC inquiry. The Santa Clara, Calif. company, which makes integrated circuits for consumer and auto electronics, and mobile communications, previously disclosed that it would be unable to file its third-quarter financial report on time because of a continuing internal review of option grants dating to 1995.

The SEC says it has at least 80 companies under examination, focusing on cases of serious fraud _ with elements such as deliberately lying, forging documents or deceiving directors or investors, agency Chairman Christopher Cox said recently.

Another number: just over 2,000 public companies, or 29 percent of those in the United States that give stock options to executives, have timing issues, according to Erik Lie, an associate professor of finance at the University of Iowa, and Randall Heron, an Indiana University associate finance professor.

But not all the backdating of options was illegal, and in some cases the evidence is insufficient for the government to make a case. In any event, investigators and prosecutors "don't have the time or the resources" to pursue every company, Lie said in a telephone interview.

Lie and Heron's research last year into deceptive option awards at numerous companies helped focus attention on an issue that has turned into a business scandal.

Most of the cases appear to involve backdating the options to an ebb in a company's stock price, as opposed to pegging the exercise price to the prevailing market value at the time of the award. Stock options become more valuable as the market price rises above the exercise price, so backdating fattens the recipient's profit.

Backdating of options can be legal when properly approved by a company's board and disclosed to shareholders in regulatory filings. But while the practice may not be illegal in itself, it appears some companies did not follow accounting rules requiring them to deduct that added compensation from their bottom line.

"Spring-loading," the practice of granting options ahead of good news certain to boost the company's stock price, constitutes only a small proportion of the cases, Lie said.

SEC Commissioner Paul Atkins, a conservative Republican, caused a stir recently when he said in a speech that spring-loading isn't insider trading and actually benefits shareholders by making it cheaper to compensate executives. His fellow SEC members appeared not to share his view. The issue has not yet been tested in the courts, Lie noted.

In the two options-grant cases brought so far:

_The former chief executive of Brocade Communications Systems Inc., Gregory L. Reyes, and Stephanie Jensen, the company's former vice president of human resources, were charged with fraud in a criminal complaint on July 20. In addition, Reyes, Jensen and Antonio Canova, former chief financial officer at the San Jose, Calif.-based maker of data storage devices, face civil charges lodged by the SEC.

_The authorities charged on Aug. 9 that three former top executives for voicemail software maker Comverse Technology Inc. hatched a scheme to secretly manipulate stock options for profit. The criminal complaint filed in federal court in Brooklyn, N.Y., alleges that former Chief Executive Kobi Alexander, former finance chief David Kreinberg and former senior general counsel William Sorin conspired to falsify dates on which the options were granted by the company.

The SEC filed related civil charges against Alexander, Kreinberg and Sorin.

The FBI has issued an alert calling for the arrest of Alexander, who has dual citizenship in the United States and Israel, and may have fled the country with $57 million.

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AP Investigative Researcher Randy Herschaft contributed to this report from New York.

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On the Net:

Securities and Exchange Commission: http://www.sec.gov

Justice Department: http://www.usdoj.gov

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Ex-CEO Says Mills Ignored Warnings (WP)

By David S. Hilzenrath, Washington Post Staff Writer

The Washington Post, August 23, 2006

Suit Claims Audit Firm Found Problems in '02

Mills Corp., the troubled shopping mall developer, was told by auditor Ernst & Young as early as February 2002 that it had serious problems with its internal controls but "willfully disregarded" a series of warnings, according to a lawsuit by a former Mills chief executive.

"Despite numerous cautions and red flags raised by its auditors, Mills Corp. continued to maintain that the accounting methodologies it employed . . . were correct," local developer Herbert S. Miller alleged in a recently amended version of litigation he filed over the company's accounting troubles.

Mills countered in a court filing that the auditor's comments were simply "suggestions for improvements." The company noted that Ernst's public audit reports on Mills' finances contained no qualifications. The company said it responded to Ernst's suggestions "in a timely fashion," and it has asked that Miller's lawsuit be dismissed.

Creator of outlet malls such as its signature Potomac Mills and elaborate "shoppertainment" venues across the country, Mills is preparing a set of accounting corrections that it has stated will erase a major portion of the income it reported in recent years. The company is saddled with debt, has been selling properties to raise cash, and faces an investigation by the Securities and Exchange Commission. Its share price has plummeted since last summer. But yesterday it closed at $19.28, up $2.56 per share, or 15.3 percent.

In a recent regulatory filing, Mills said Ernst & Young has questioned the company's ability to stay in business.

Miller resigned as chief executive of Mills in 1995, but he and various family trusts retained an ownership stake in Mills L.P., an umbrella partnership through which Mills holds properties. About a year ago, that stake was worth $58 million; at the close of trading yesterday, it was worth $17 million, based on the price of Mills Corp. stock. In the suit, Miller accuses the company of issuing fraudulent financial disclosures and concealing "reckless management." Miller says developments at the company threaten to "wipe out" the value of his Mills L.P. investments.

The amended suit, filed in Delaware Chancery Court, draws upon documents that Mills turned over to his lawyers under a confidentiality agreement. The details of Ernst & Young's alleged warnings have been whited-out in the unsealed version of the complaint.

Mills made the redactions, said Kenneth A. Freeling, an attorney for Miller. Citing the confidentiality agreement, Freeling declined to elaborate on the alleged warnings.

Mills disclosed one set of accounting problems in February 2005 and another in January 2006. The redacted lawsuit alleges, for example, that Ernst & Young gave Mills a clear warning in a February 2002 letter that the company did not begin to address until February 2005.

Ken Kerrigan, an Ernst spokesman, noted by e-mail that Ernst is not a party to the Miller lawsuit, but he otherwise declined to comment. A Mills spokesman and an attorney for the company also declined to comment.

Miller, long a fixture in Washington real estate development, has left his mark on the District through projects such as Washington Harbour on the Georgetown waterfront. He is seeking to develop a site near the planned Washington Nationals baseball stadium.

Miller's stake in Mills "is a very substantial component of the Miller family's portfolio," and that interest is "much less valuable now" than it was a year ago, said Freeling, his attorney.

CRIMINAL LAW:

Attorney General Gonzales Tours Center For Sex Crimes Victims (AP)

By JEFFREY McMURRAY, Associated Press

AP, August 23, 2006

DOJ_NMG_0052054

LEXINGTON, Ky. - It's a nightmare scenario for parents and law-enforcement officers alike: a would-be sexual predator able to confront children, not at the playground or bus stop, but on the family computer.

Such is the challenge the Internet and social networking sites such as MySpace.com have presented U.S. Attorney General Alberto Gonzales, who Tuesday traveled to Kentucky for one of his first stops on a multistate tour aimed at warning children and their parents about the risks.

"Most parents are worried about what happens to their children when they walk out the door, but this is a threat that exists within their own homes," Gonzales said.

On Monday, Gonzales launched a public service campaign aimed at better educating teenage girls about child predators who might be trying to contact them online. According to the Justice Department, one in seven children who use the Internet has been sexually solicited and one in three has been exposed to unwanted sexual material.

The problem is severe in Kentucky, Gonzales said, although he acknowledged it was hard to know whether it was any more severe than anywhere else. He brought with him a check for $400,000 for the state's Project Safe Childhood Task Force, which has been vigilant in helping police investigate Internet crimes.

Gonzales also was joined by Amul Thapar, U.S. attorney for the Eastern District of Kentucky, on a tour of the Child Advocacy Center in Lexington, which each year helps some 500 child victims of sexual abuse.

The center also interviews some of the children in a more relaxed setting than a police department, helping prosecutors secure convictions of their offenders and prison sentences ranging from 100 to 700 years, Thapar said.

"We can really tell from working with kids how reliable a witness they can be and how much they can articulate," said Kelly Roberts, the center's executive director. "Some children are unfortunately too young to do that, and that's when it's really heartbreaking."

The ad campaign by the Department of Justice, in partnership with the National Center for Missing & Exploited Children and the Ad Council, will begin running early next year.

"Most police officers are really good at chasing tail lights, but this is a whole new world," said Fayette County Commonwealth's Attorney Ray Larson.

Grant Boosts Efforts Against Net Predators (LEXHL)

By Brandon Ortiz, HERALD-LEADER STAFF WRITER

Lexington Herald-Leader (KY), August 23, 2006

$400,000 FROM U.S. ATTORNEY GENERAL TO HELP STATE POLICE

Sexual predators who use the Internet to prey on children are a serious and growing threat, one that parents must realize exists in their own homes, U.S. Attorney General Alberto Gonzales said in Lexington yesterday.

"We are in a serious battle -- I want to call it a war -- against sexual predators," Gonzales said. "It's been facilitated by the Internet. The Internet is probably the most wonderful innovation of our time, but in the hands of a predator, it is a serious threat. Because of changes in technology, we face a serious challenge in the law enforcement community in tracking down sexual predators."

Gonzales was in Kentucky yesterday morning to announce a $400,000 federal grant to the Kentucky State Police to combat Internet sex crimes against children.

Gonzales met with the state police's Internet Crimes Against Children task force, and toured the Children's Advocacy Center of the Bluegrass, which counsels and interviews young sex-abuse victims.

The task force, also called Project Safe Childhood, formed in 2003 and acts as a clearinghouse for state and federal agencies.

The nation's top cop urged parents to keep close tabs on their children's Internet use.

"It all begins with parents, no question about it," Gonzales said. "Most parents are worried about what happens to their children when they walk out the door. This is a threat that exists within their own homes."

In 2005, the task force investigated 313 complaints, resulting in 22 arrests of people suspected of trying to arrange sexual encounters with children or peddling child pornography, according to the U.S. Department of Justice.

Those numbers don't capture the full extent of the problem, Assistant U.S. Attorney Mark Wohlander said. Tips reported directly to federal law enforcement agencies such as the FBI aren't credited to the task force, he said.

The task force has helped prosecutors secure sentences as high as 700 years, said Amul Thapar, U.S. attorney for the Eastern District of Kentucky.

Nationwide, Internet sex crime task forces investigated 13,800 complaints, resulting in 1,400 arrests from October 2005 to June 2006.

The collaborative effort has led to more information sharing between law enforcement and social workers, resulting in more convictions, Fayette Commonwealth's Attorney Ray Larson said. The conviction rate was once 50 percent; now it's about 90 percent, Larson said.

"It is amazing what you can achieve when nobody cares who gets the credit," he said.

The non-profit Children's Advocacy Center, which Larson helped start, is part of that fight. In addition to caring for sex abuse victims, it employs forensic interviewers who are skilled in interviewing children without adding to their trauma, executive director Kelly Roberts said. The information is passed on to law enforcement and prosecutors.

The center, founded in 1994, cared for more than 500 children last year.

On Monday, Gonzales launched a public service campaign aimed at better educating teenage girls about predators who might be trying to contact them online. According to the Justice Department, one in seven children who use the Internet has been sexually solicited and one in three has been exposed to unwanted sexual material.

In one of his first stops in the multistate campaign, Gonzales said he does not want to stifle innovation or trample First Amendment rights. But "there are certain kinds of communication that do exist over the Internet that, quite frankly, are not protected under the Constitution," he said.

"We in the law enforcement community, we have a responsibility to protect our children, and we are going to do that in any way we can, lawfully," Gonzales said.

This report contains material from The Associated Press. Reach Brandon Ortiz at (859) 231-1443, 1-800-950-6397, Ext. 1443, or bortiz@herald-leader.com.

US Attorney General In Lexington (WTVQ-TV)

WTVQ-TV, Action News 36, Lexington, KY, August 23, 2006

The nation's top law enforcer was in Lexington talking about a criminal that could be after your kids, right in your home.

"Most parents are worried about what happens to their kids when they walk out the door," U.S. Attorney General Alberto Gonzales told Action News 36. "This is a real threat that exists in their own homes. we need to make parents understand this is a threat to the welfare of their children."

The majority of sexual predators are still people who are known by the victim, a member of the family or friend, but the number of people tapping into the internet to find their next victim is increasing rapidly.

"Because of changes in technology we have the challenge of staying a step ahead of the criminals in this area," Gonzales says

General Gonzales announced a $400,000 grant that will fund the local task force in Kentucky that is fighting child predators.

One of those help groups is the Children's Advocacy Center.

The center helps treat more than 500 kids a year in Central Kentucky who are the victims of sexual abuse.

The internet is opening the door for those predators to come into the privacy of a family's home, build the trust of an unsuspecting child, and then take advantage of them.

Gonzales Tours Center During Stop In Lexington (WAVE-TV)

WAVE-TV, NBC 3, Louisville, KY, August 23, 2006

(LEXINGTON, Ky.) -- U.S. Attorney General Alberto Gonzales made a stop in Kentucky Tuesday to kick off his new campaign aimed at cracking down on child predators.

Gonzales says Kentucky is one of numerous states that have a problem with children meeting predators over the Internet. On Tuesday, he toured an advocacy center in Lexington that caters to children who are sexually abused.

He also announced that the federal government is giving an additional 400-thousand dollars to a Kentucky-based sex crimes task force. Crimes against children is also a focus of Amul Thapar, the new U.S. attorney for the eastern district of Kentucky.

He accompanied Gonzales on Monday's tour.

Plame Considering Suing Armitage (AP-Y)

By Matt Apuzzo

AP, August 23, 2006

Former CIA officer Valerie Plame is considering suing the recent No. 2 State Department official in a case accusing members of the Bush administration of conspiring to leak her identity to the media, Plame's attorney said Tuesday.

Official State Department calendars, provided to The Associated Press under the Freedom of Information Act, show then-Deputy Secretary of State Richard Armitage held a one-hour meeting marked "private appointment" with Washington Post reporter Bob Woodward on June 13, 2003.

That was the same day Woodward met with a confidential source who spoke to him about Plame, according to a person familiar with information gathered by prosecutors. The person spoke only on condition of anonymity because the material remains sealed.

Special Prosecutor Patrick Fitzgerald has investigated whether Bush administration officials intentionally revealed Plame's identity as a one-time CIA covert official. Nobody has been charged with the leak but former White House aide I. Lewis "Scooter" Libby has been accused of lying to investigators and to a grand jury.

Plame has sued Vice President Dick Cheney, White House aide Karl Rove and Libby, saying they leaked her name to punish her husband, former ambassador Joseph Wilson, for criticizing the administration's march to war with Iraq.

The calendar released to the AP is the first confirmation that Woodward and Armitage met during the key time in the CIA leak case.

Plame attorney Melanie Sloan said she was considering adding Armitage's name to the suit. Based on the calendar entry, Sloan said, "it sure sounds like" he was Woodward's source.

The real question, Sloan said, is whether Armitage revealed Plame's identity to columnist Robert Novak, who was the first to get the information into print. If so, she said that doesn't get Libby or others off the hook in the civil case, but it widens the conspiracy.

"Then I think maybe Armitage was in on it," Sloan said. "The question is just what was Armitage's role?"

Neither Woodward nor Armitage would discuss the meeting.

Plame's attorneys plan to seek depositions from the defendants and others, including Armitage, about the leak.

Official Met With Reporter Around Time Of C.I.A. Leak (NYT)

By Philip Shenon

The New York Times, August 23, 2006

WASHINGTON, Aug. 22 — The State Department's No. 2 official met with the reporter Bob Woodward during a period in June 2003 in which Mr. Woodward has said he learned from a confidential source that the wife of a prominent Bush administration critic worked for the Central Intelligence Agency, according to newly disclosed department records.

The disclosure of the records — the 2003 appointment calendars of the official, Richard L. Armitage, then deputy secretary of state — appeared quite likely to renew suspicion that he was the first official to tell a reporter about the identity of the covert C.I.A. officer at the center of a politically important leak investigation.

The documents, initially obtained by The Associated Press through a Freedom of Information Act request to the State Department, show that Mr. Armitage scheduled a one-hour "private appointment" with Mr. Woodward, the famed Washington Post reporter, on June 13, 2003.

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Mr. Woodward, who has had extraordinary access to President Bush and his senior aides, set off a frantic guessing game about the leak investigation when he acknowledged last November that a "current or former" administration official had told him about the C.I.A. officer, Valerie Wilson, in mid-June 2003. That would have been at least several days before any other reporter was known to have learned about Ms. Wilson's connection to the C.I.A.

Benjamin C. Bradlee, the former Post executive editor who guided Mr. Woodward's reporting on Watergate, has speculated that Mr. Armitage was the "likely source" of the leak; he has said his speculation was not based on information from Mr. Woodward. Ms. Wilson's husband, former Ambassador Joseph C. Wilson IV, accused the Bush administration of twisting intelligence on Iraq's weapons programs in the months before the American invasion of Iraq.

Reached by telephone on Tuesday, Mr. Armitage and Mr. Woodward said they had no comment on the scheduled June 2003 meeting. A spokesman for Patrick J. Fitzgerald, the special prosecutor in the leak investigation, also had no comment.

Mr. Armitage, who left the State Department in February 2005, has refused to say if he was the source of information about Ms. Wilson to Mr. Woodward and to Robert D. Novak, the newspaper columnist who first publicly identified her as a C.I.A. employee, in a column on July 14, 2003.

The Novak column prompted the C.I.A. to request an inquiry by the Justice Department, which turned the case over to Mr. Fitzgerald.

Mr. Fitzgerald's investigation into the leaking of Ms. Wilson's name led to the indictment last October of I. Lewis Libby Jr., Vice President Dick Cheney's former chief of staff. Mr. Libby was accused of obstruction and perjury in his claim to investigators that he had learned of Ms. Wilson's identity from reporters, not from other government officials.

At the time of the indictment, Mr. Fitzgerald described Mr. Libby as the "first known" government official to discuss Ms. Wilson's C.I.A. connections with a journalist, Judith Miller, then a reporter at The New York Times, in a conversation on June 23, 2003.

Mr. Woodward came forward in November to reveal to Mr. Fitzgerald that he, too, had learned about Ms. Wilson and that he had obtained the information in mid-June 2003, before Ms. Miller.

He has said that he talked with Mr. Fitzgerald after his source went to the prosecutor to describe the two-year-old conversation. Mr. Woodward has refused to name the source, describing him or her only as a "current or former" Bush administration official. Mr. Woodward has said that the source authorized him to talk to Mr. Fitzgerald, but not to disclose his or her name publicly.

In a statement in November, Mr. Woodward said that he had considered the official's reference to Ms. Wilson to be "casual and offhand" and that "it did not appear to me to be either classified or sensitive." He said the official had "told me Wilson's wife worked for the C.I.A. on weapons of mass destruction as a W.M.D. analyst" and that "according to my understanding, an analyst in the C.I.A. is not normally an undercover position."

Mr. Armitage's calendar shows that he met with Mr. Libby on June 6, 2003, for 15 minutes; the topic of the meeting was not noted. The meeting on June 13 with Mr. Woodward was to be from 2 to 3 p.m. and was identified only as "Private Appointment/Bob Woodward." A lawyer for Mr. Libby, who is facing trial next year, did not return calls on Tuesday.

Ex-Chief Of Schools In Pr. George's Is Indicted (WP)

By Eric Rich And Nick Anderson, Washington Post Staff Writers

The Washington Post, August 23, 2006

Hornsby Accused Of Kickback Scam

A federal grand jury indicted former Prince George's County schools chief Andre J. Hornsby yesterday on charges of steering school business to associates in exchange for kickbacks that were intended to exceed $100,000 and possibly include expensive art, a yacht or other indulgences.

The indictment, announced on the county's second day of school, is the result of an investigation that helped drive Hornsby from office one year ago. It centers on two alleged schemes, both of which had been disclosed in broad strokes after questions arose in 2004 about Hornsby's stewardship of the third-largest school district in the region.

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The indictment accuses Hornsby of arranging a $1 million purchase from the software company LeapFrog SchoolHouse, where his girlfriend worked as a saleswoman, and then splitting a $20,000 commission with her. The woman, Sienna Owens, also charged yesterday, has agreed to cooperate with authorities, according to two sources familiar with the investigation. They spoke on the condition of anonymity because her cooperation has not been publicly disclosed.

In the second alleged scheme, Hornsby is accused of insisting that an associate's company be given a consulting contract to help secure funds under a federal program known as E-Rate. To conceal kickbacks that would have exceeded $100,000, the indictment says, Hornsby suggested that the associate buy him the art, the yacht or other valuable items.

At a news conference in Greenbelt, U.S. Attorney Rod J. Rosenstein said Hornsby lied to investigators and directed others to destroy evidence.

"It is offensive when anyone abuses the public trust," Rosenstein said. "It is particularly egregious when highly paid government officials abuse their power to line their own pockets."

Hornsby, who has long maintained his innocence, did not respond to a telephone call and an e-mail request for comment. His attorney, Robert C. Bonsib, said in a statement that Hornsby intends to contest the charges and "is confident that he will be acquitted."

The school system issued a three-paragraph statement saying that the Board of Education has "fully cooperated" with the investigation and will continue to do so.

"Because this involves a matter now pending in federal court, any further comment by the board would be inappropriate," the statement continued.

The school board, which largely stood by the schools chief during his turbulent tenure, has treated the Hornsby matter with caution since his abrupt departure. The resignation Hornsby negotiated with the board in May 2005 included a $125,000 severance payment and a non-disparagement clause prohibiting board members and Hornsby from making derogatory public remarks about each other.

Several board members said yesterday that they hoped the Hornsby indictment would not overshadow the county's educational progress.

"It's unfortunate," said Vice Chairman Howard W. Stone Jr. (Mitchellville). "We are really trying to concentrate on great things happening in the school system. The school board has moved on. We cannot stay mired in the Hornsby situation."

Stone, one of the eight board members who voted to hire Hornsby in 2003, is facing voters this fall in a school board election. He said the board majority could not have foreseen at the time Hornsby was hired that he would run into ethical controversy and legal jeopardy. "Hopefully the voters will not blame me for something that I had no knowledge of," Stone said.

Still, Hornsby had encountered criticism about his ethics in dealings with vendors in a previous job in Yonkers, N.Y., that he dismissed as baseless and politically motivated.

Board of Education Chairman Beatrice P. Tignor (Upper Marlboro) did not respond to telephone messages seeking comment.

Hornsby, 52, formerly of Mitchellville, is charged with mail and wire fraud, witness and evidence tampering and obstruction of justice. His initial court appearance is scheduled for Sept. 5.

Hornsby was Prince George's schools chief from June 2003 to June 2005, drawing a salary of about $250,000 a year. He resigned halfway through his contract, 10 days before the release of an audit that harshly criticized what the board called his "unacceptable" conduct in the job.

According to the indictment, Hornsby intervened late in 2003 in the awarding of the consulting contract to help the system secure subsidies under the federal E-Rate program, which provides schools with discounts on telecommunication services. It alleges that he ordered school employees not to award the contract to a company that had prevailed in a competitive bid.

Instead, it says, Hornsby arranged for a former employee to submit a proposal on behalf of a company called Erate Managers LLC after the closing date for submissions had passed.

The audit, in detailing the same arrangement, identifies the former employee as Cynthia Joffrion, who worked for Hornsby at school systems in Houston and Yonkers.

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The initial proposal quoted a flat fee of $48,550, according to the indictment. Hornsby then privately complained to the former employee that the price was too low, and the company then submitted a new proposal, tacking on a fee of 1 percent of the federal funds awarded, the indictment says.

The indictment alleges that Hornsby met with the associate at a hotel in Bowie, where they discussed an agreement to split the fee and where Hornsby took a $1,000 cash down payment.

Federal agents captured the meeting on video, one of the sources said.

The indictment says the former employee is cooperating with investigators. Joffrion could not be reached for comment yesterday.

Later, in the summer of 2004, the indictment alleges, Hornsby arranged for the school system to purchase LeapFrog products for 216 classrooms at a cost of $956,280.

According to the indictment, more than $600,000 of the funds used for that purchase came from money that was originally budgeted for teacher compensation.

Although Owens was not the sales representative for Maryland, she received a commission on the contract, then paid Hornsby $10,000 in cash, the indictment says.

Owens was charged yesterday with failing to report the sales commission as income, a tax violation.

Jessie Woolley-Wilson, president of LeapFrog SchoolHouse, said yesterday that the company is not a target of the federal investigation and has cooperated fully. She said two key employees, including her predecessors, left after an internal investigation into the matter.

According to the indictment, Hornsby and Owens used a Compaq computer for various purposes, including creation of the commission sharing agreement. After the LeapFrog deal was consummated, it says, Owens sent the computer to the former employee.

In February 2005, the indictment says, Hornsby sought to persuade the associate not to comply with a federal subpoena for files on the Compaq. The indictment recounts an exchange between the associate and Hornsby, with Hornsby apparently unaware that the associate was cooperating with the FBI.

Hornsby: "You told me that thing was clean. It was dead."

Associate: "Yeah, but I told you I brought the hard drive back."

"Hey, get it out of here."

"And what I had . . . "

"Get it out of there."

"All right."

"Get it out of there totally."

After leaving the Prince George's system in 2005, Hornsby concentrated on a new enterprise as leader of a company that aimed to offer federally subsidized tutoring services to disadvantaged students. His application to provide the supplemental educational services in Maryland won state approval in January.

It was unclear whether the indictment would affect Hornsby's status as a state-approved provider. His tutoring business, A+ Quality Schools Consulting Inc., was listed on a state Web site yesterday as an approved provider, with Hornsby named as its chief executive.

Yesterday, Maryland State Department of Education spokesman William Reinhard said the department was reviewing the matter.

Staff writer Ruben Castaneda contributed to this report.

Ex-schools Chief Hornsby Indicted (BSUN)

By Nicole Fuller

The Baltimore Sun, August 23, 2006

A federal grand jury indicted former Prince George's County schools Superintendent Andre J. Hornsby Tuesday on charges that he orchestrated an elaborate scheme to award school contracts worth hundreds of thousands of dollars to financially benefit himself and ordered school officials to destroy evidence to cover the crime.

The 16-count indictment charging Hornsby, 52, with mail and wire fraud, evidence- tampering, witness-tampering and obstruction of justice, alleges that he used his position to ensure that two companies were awarded lucrative schools contracts.

One of them was E-Rate Manager, a "nonexistent" company headed by a former employee of Hornsby's who is cooperating with federal authorities. The other was LeapFrog SchoolHouse, a supplier of educational products for which his live-in girlfriend worked in sales.

Hornsby arranged to get thousands of dollars from the proceeds of lucrative contracts he helped push through for both companies, according to the indictments announced by Maryland U.S. Attorney Rod J. Rosenstein.

Prosecutors said Hornsby instructed personnel to destroy e- mail that might have implicated him criminally and attempted to identify and evade telephone and law enforcement surveillance of his activities.

"It is offensive when anyone abuses the public trust, and it is particularly egregious when people in highly paid government jobs abuse their power to line their own pockets," Rosenstein said.

Hornsby stood to receive more than $100,000 in kickbacks from E-Rate Manager to assist in securing funds for the federal E-Rate program, which provides schools discounts on Internet access and telecommunications services, Rosenstein said.

Hornsby received $10,000 from a $1 million contract awarded to LeapFrog SchoolHouse to provide education software to the school system.

His former girlfriend, Sienna Owens, split her $20,000 share of the sales commission with Hornsby. She was indicted Tuesday only on a tax fraud charge that accuses her of failing to report the commission.

Owens' lawyer could not be reached for comment.

Prosecutors began a two-year investigation of Hornsby after an article in The Sun disclosed the relationship between Hornsby and Owens.

Hornsby's attorney, Robert C. Bonsib, would comment Tuesday only through a statement in which he said Hornsby will "aggressively contest" the allegations. "Dr. Hornsby is confident that he will be acquitted," Bonsib said.

Hornsby's initial court appearance is expected early next month. He could get a maximum of 20 years in prison for each of the mail and wire fraud counts, and 10 years for witness-tampering and obstruction of justice.

Hornsby, who became head of the 135,000-student system in June 2003, resigned from his $250,000-a-year position in May 2005, 10 days before the Prince George's County school board released an audit that was highly critical of him. He received a $125,000 severance payment.

In the fall of 2003, the indictment said, Hornsby told a former employee -- who is not identified in the indictment -- to submit a proposal to provide consulting services to the school system for preparing grant applications to the E-Rate program.

In the school board audit, conducted by Huron Consulting Group, the ex-employee is identified as Cynthia Joffrion, who worked for Hornsby in Houston and Yonkers, N.Y., where he also was superintendent.

Hornsby, responding to the audit in a rebuttal submitted by his lawyers and in an interview by Huron investigators, "made various false representation about the LeapFrog and E-Rate contracts," the indictment said.

After the school system received proposals from several companies and selected one, Hornsby directed after the application deadline that the contract not be awarded to the chosen company, making it clear that a proposal from E-Rate Manager would be forthcoming, according to the indictment.

The former employee submitted a copy of a proposal for E- Rate Manager to provide E-Rate consulting services to the school system for a fee of $48,550. Hornsby rejected the proposal, according to the indictment, and ordering his former employee to add to the flat fee a fee of 1 percent of the E-Rate funds received by the school system.

On Dec. 19, 2003, the system issued a purchase order to pay E- Rate $48,550, plus 1 percent of the E-Rate funds awarded in excess of $2 million.

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The school system paid E-Rate more than $80,000 in 2004. The next year, E-Rate was awarded a $60,500 contract plus a fee of 1 percent of the funds awarded up to $10 million and 1.5 percent of funds in excess of $10 million. The fee was not to exceed $300,000. E-Rate was paid $40,900 before the contract was terminated.

The former employee paid Hornsby $1,000 in cash but, according to the indictment, Hornsby instructed the former employee to buy him property -- including a truck, art and a yacht -- to avoid detection.

In June 2004, Hornsby helped to steer a contract under which the school system would pay $956,280 to LeapFrog. Owens, then his girlfriend, received a $20,000 commission from the deal and paid him half.

According to the indictment, Owens -- who dealt with Hornsby in crafting the LeapFrog deal -- demanded a substantial share of the commission that was to have gone to another LeapFrog employee who made the sale.

Owens received a $20,000 cashier's check from the other LeapFrog employee and deposited it into her personal bank account. A few days later, she gave $10,000 to Hornsby, the indictment said.

After learning that he was under federal investigation, Hornsby instructed school system personnel to destroy backup computer tapes containing his e- mail, according to the indict ment. Much of the e-mail was erased, but unknown to Hornsby, other copies were maintained by the school system.

Told by his former employee that an E-Rate Manager representative had received a subpoena for computer files, Hornsby tried to persuade the former employee not to produce the files and to get rid of the computer's hard drive, the indictment said.

School board officials issued a statement Tuesday promising cooperation with authorities but declined to comment in detail.

Critics of the school board have questioned Hornsby's severance payment, and the indictment prompted one of them -- Del. James W. Hubbard, a Prince George's County Democrat -- to suggest repayment.

"In some way, shape or form, he ought to pay back the taxpayers," Hubbard said. "I don't think the IRS is involved in it just for the sake of being there."

Ex-PG Schools Chief Indicted On Fraud Charges (WT)

By Matthew Cella And Gary Emerling

The Washington Times, August 23, 2006

A federal grand jury yesterday indicted former Prince George's County schools chief Andre J. Hornsby on corruption and obstruction of justice charges tied to lucrative contracts to benefit close associates and himself, federal prosecutors said.

"It is offensive when anyone abuses the public trust, and it is particularly egregious when people in high-paying jobs abuse their power to line their own pockets," Rod J. Rosenstein, U.S. attorney for Maryland, said during a press conference at U.S. District Court in Greenbelt.

Mr. Hornsby, 52, was charged in a 23-page indictment with seven counts of wire fraud, five counts of mail fraud, evidence tampering, witness tampering and obstruction of justice.

The wire and mail fraud charges each carry a penalty of 20 years in prison. The other charges each carry a 10-year prison sentence.

Mr. Hornsby, who earned $250,000 annually as schools chief, left the county in June 2005 with a $125,000 severance package.

Mr. Rosenstein would not comment on Mr. Hornsby's whereabouts or his present employment status. He said that Mr. Hornsby would not be arrested, but that prosecutors are confident that he will show up for his initial court appearance next month.

"We have been in contact with Mr. Hornsby's lawyer, who has agreed to voluntarily report with him on Sept. 5," the federal prosecutor said.

Mr. Hornsby's attorney, Robert C. Bonsib, did not return a phone message seeking comment. His office released a statement, saying that Mr. Hornsby intends to "aggressively contest these allegations."

The indictment says that Mr. Hornsby, with help from a former employee, steered a contract to a company he owned that purported to aid school systems by writing applications to secure federal grants.

DOJ_NMG_0052062

The contract was awarded in December 2003, five months after Mr. Hornsby had started his job as schools chief. Over a two-year period, the school system paid his company more than $120,000.

Mr. Hornsby received a kickback worth more than $100,000, about $1,000 of which he took in the form of a cash down payment during a meeting at a Bowie hotel, the indictment states.

He took a circuitous route to the meeting to evade surveillance and "discussed with the former employee various methods to evade detection of the payments, including arranging for the former employee to purchase valuable items for him, such as property, a truck, art and a yacht," according to the indictment.

Mr. Hornsby also ordered the June 2004 purchase of $1 million in educational software and other materials from LeapFrog SchoolHouse, a division of LeapFrog Enterprises Inc. of Emeryville, Calif. His live-in girlfriend, Sienna Rochelle Owens, was a sales representative for the company.

Miss Owens, who did not represent Maryland for the company, struck a deal to collect half of the commission from the sale and gave Mr. Hornsby $10,000 in cash, half of what she was paid, the indictment says.

Miss Owens has been charged with tax evasion for failing to report the income from the commission, prosecutors said yesterday.

Mr. Hornsby also was accused of lying to investigators, concealing information about the contracts and ordering subordinates to lie on his behalf and erase computer records containing e-mails about the transactions.

Prosecutors said the employees told Mr. Hornsby that the records had been destroyed, but in several cases, they had made backup copies.

In December 2004, school officials commissioned the Chicago-based Huron Consulting Group to audit the handling of contracts. Mr. Hornsby tendered his resignation May 27, 2005, days before the expected release of the audit report.

The 135,000-student school system has an annual budget in excess of $1 billion and is one of the 20 largest systems in the nation.

The school board issued a statement yesterday saying its members have cooperated fully with the federal investigation.

"The board is pleased that the school system continues to move forward under the strong leadership of its new chief executive officer, John E. Deasy," the statement reads.

School board member Robert O. Duncan Jr. said that the indictment is "unfortunate," occurring as the school system is aiming to build on rising test scores.

He said that it was too early to say whether the board could recoup Mr. Hornsby's severance package but that members would discuss that with legal counsel.

"It's an issue that we'll certainly explore with the board attorneys," Mr. Duncan said. "Whether we have any right to [recoup the funds], I wouldn't want to speculate."

Board attorney Andrew Nussbaum did not return a call for comment.

James Keary, a spokesman for County Executive Jack B. Johnson, said that Mr. Hornsby's tenure was "in the past" and focused on the county's improving test scores and upcoming school board elections.

"It's time to move on," he said.

Mr. Hornsby had a history of clashing with school board members and parents at his previous job in the 27,000-student school district in Yonkers, N.Y. He was forced to leave his last job a year before his contract expired.

In December 2000, the Yonkers inspector general, Phil Zisman, released a report saying Mr. Hornsby had violated state ethics laws by accepting an all-expenses-paid trip to the 1999 Ryder Cup golf tournament from Xerox, which was bidding for a copier-services contract with Yonkers schools.

Educator In Disgrace (WP)

The Washington Post, August 23, 2006

THAT FORMER Prince George's County schools superintendent Andre J. Hornsby was indicted the same week that school started is yet one more awful reminder that it was the children who were the true victims of his shameful tenure.

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Mr. Hornsby came to Prince George's in 2003 promising to provide "the best education" through Maryland's second-largest school system. But according to federal law enforcement authorities, he almost immediately entered into a scheme to award lucrative school contracts to enrich himself and his close associates. The 16-count indictment handed down yesterday, alleging mail and wire fraud, witness and evidence tampering, and obstruction of justice, is not a finding of guilt, and Mr. Hornsby has insisted he is innocent, although he had to resign in disgrace halfway through his contract.

The broad outlines of the alleged improprieties have already been aired: helping his girlfriend get a contract worth nearly $1 million, steering another contract to a friend and moonlighting with his own consulting business. What wasn't known, however, was the degree of greed and brazenness.

For example, federal prosecutors say that Mr. Hornsby wasn't satisfied with the amount being negotiated for one contract, so he actually suggested that the fee be increased, meaning that the cash-strapped Prince George's school system ended up paying more money. Once Mr. Hornsby realized that he was under investigation, he allegedly sought to protect himself by ordering that computer tapes of his and others' e-mail be destroyed. He is said to have discussed ways to camouflage his kickbacks through the purchase of items such as artworks and a yacht. And, in an effort to evade the scrutiny of investigators, he allegedly drove a circuitous route to meet an associate.

Mr. Hornsby was paid a salary of $250,000. To get rid of him, the school board gave him $125,000 in severance. If the charges are proved true, Mr. Hornsby stole far more from the hopes and futures of Prince George's schoolchildren. Federal officials who pressed this investigation are right to say that those who seek personal gain at the expense of children must be held to account.

Ex-Norristown Mayor Gets 51-month Prison Sentence (PHI)

By Jeff Shields

The Philadelphia Inquirer, August 23, 2006

A federal judge yesterday sentenced former Norristown Mayor Ted LeBlanc to prison for more than four years for bribery, fraud and tax evasion.

LeBlanc, 68, received 51 months in prison and was ordered to pay $83,000 in restitution by U.S. District Judge William H. Yohn, who sharply criticized LeBlanc for lying at his trial.

LeBlanc was convicted in April for soliciting a bribe from Norristown's insurance broker, defrauding Commerce Bank in deals involving two pubs he owned, and cheating on his income tax.

Initially, Yohn noted LeBlanc's "very fine record" previous to his conviction, and testimony on the former mayor's behalf by Norristown church and community members.

But LeBlanc flushed, his shoulders slumped, and he gazed straight down as it became clear that the judge would not depart from the federal sentencing guidelines that recommended between 51 and 63 months in prison.

"I would just like to apologize to everyone, and that's all I have to say - I'm sorry," LeBlanc said when offered the chance to speak.

It was the longest sentence handed out, to date, as a result of a state and federal investigation into municipal corruption in Norristown.

Last week, former municipal administrator Anthony Biondi received 18 months on corruption charges, and former municipal tow-truck contractor Joseph Corropolese got 20 months for tax evasion. Former councilman Ernest Scott and three men who did business with Norristown are awaiting sentencing on various charges.

"It sends the correct message, that if you engage in corruption, you will suffer the consequences - and they are severe," assistant U.S. Attorney Richard Zack said after LeBlanc's sentencing in Philadelphia.

LeBlanc's testimony at trial returned to haunt him as Yohn called his claims on the witness stand, "way beyond belief."

"It is, again, crystal clear to me that the testimony was false," said Yohn, a former Court of Common Pleas judge at the Montgomery County Courthouse in Norristown.

LeBlanc, mayor for eight years, contended at trial that he didn't understand his authority as mayor and that he didn't understand that a $45,000 debt had been paid on his behalf.

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The charges against him resulted from the sale of one bar, Walter's Tavern, and the financing of another, Morley's 21st Amendment Bar and Grille, which was to be a centerpiece of Norristown's downtown revitalization.

LeBlanc was convicted of lying to Commerce Bank about the money he received from the Walter's sale - including $10,000 cash in a paper bag - then lying to the bank about the personal loans he took to keep Morley's afloat.

Those loans included $10,000 from Norristown's insurance broker, Herbert Bagley, just weeks after LeBlanc renewed Bagley's contract.

LeBlanc testified that he borrowed money from Bagley at zero interest, but that it was not a bribe.

LeBlanc attorney, Stephen Britt, said yesterday his client was a part-time mayor, earning $5,000 a year, and was trapped by difficulties of his struggling restaurant venture.

"He was blinded by ambition and the desire to do well for himself and do well for the borough," Britt said in court.

LeBlanc, who declared bankruptcy several months after the FBI, IRS and State Police raided Borough Hall, his business and home, got one piece of good news yesterday. His wife, Beth Ann, won't have to forfeit $42,000 that remains from an $86,000 lottery jackpot last year. She testified yesterday that she had $42,000 left after winning the Pennsylvania Lottery's Cash 5 in July 2005.

"I need that money to survive when my husband goes to jail," she told the judge.

Her husband, free on bond, was ordered to surrender himself on Oct. 17.

Property Purchase Raises Eyebrows (SFC)

By Robert Selna, Chronicle Staff Writer

San Francisco Chronicle, August 23, 2006

S.F. city inspector snaps up home cited in illegal remodel

San Francisco building inspectors got word in June 2005 that someone was renovating a dilapidated, one-story home at 838 Alabama St. in the Mission District without the necessary permits.

Inspectors checked it out and found that wall shingles were being replaced and the roof was being repaired, and they later slapped an abatement order on the property demanding that construction cease until the proper Department of Building Inspection approvals were obtained.

In a matter of months, the owners -- two sisters, one of whom lived abroad and the other who was a DJ living in the city -- not only obtained a permit and completed the work, but also signed over title to the property to Leo McFadden, a senior building inspector at the Department of Building Inspection, in exchange for approximately $500,000.

The transaction and the involvement of building inspectors beforehand and afterward -- pieced together by The Chronicle through public records -- raise new questions about conflicts of interest and clean-government practices at the Building Inspection Department.

They point to a veteran inspector using what appears to be inside information for personal economic gain by acquiring a distressed property facing an enforcement action.

They also might help explain why the property apparently caught the attention of corruption investigators at the Federal Bureau of Investigation, who served a search warrant on the inspection department for files in McFadden's office pertaining to a property on Alabama Street.

"Certainly, it is troubling," said Amy Lee, acting director of the inspection department, when asked about McFadden's acquisition of the property, which she said she learned about only after the fact. "It would definitely make one raise their eyebrows."

Concerns about corruption and favoritism at the inspection department go back years. A 2001 audit by City Controller Ed Harrington's office found that nearly half of the department's building inspectors who responded to a questionnaire reported seeing what they believed to be preferential treatment granted to some so-called "permit expediters," who are private individuals representing clients who want help with their development projects.

In 2003, a civil grand jury reviewing the department operations found that favoritism in the department was deeply ingrained and that employees were unaware that preferential treatment was prohibited.

In 2004, Mayor Gavin Newsom appointed a special monitor to investigate the department. The monitor concluded that the executive leadership was often "immobilized" by conflicting political pressures from members of the Building Inspection Commission, which oversees the agency's operations, as well as from City Hall and politically connected pressure groups.

And in September 2005, FBI agents, working in cooperation with the San Francisco district attorney's office, led building inspection supervisor Augustine Fallay out of the department in handcuffs. Fallay has since pleaded not guilty to soliciting bribes in exchange for approving permit applications as well as to insurance fraud and perjury charges. He remains free on $50,000 bail.

Exactly what the FBI hoped to learn from McFadden's Alabama Street files is murky. FBI spokeswoman LaRae Quy would confirm only that agents had searched the department on the morning of July 26. A judge sealed the documents that served as the basis for the search warrant and the search warrant itself, she said.

The real estate and building inspection records pertaining to 838 Alabama St. show how a top inspector gained knowledge about a property through the work of his employees and in a short time wound up buying and renovating it as an apparent investment.

On June 2, 2005, according to building inspection records, the department received a complaint that the owners of 838 Alabama, Amanda Madlonito of San Francisco and her sister, Olivia Makhijani, who lived in Switzerland, were having construction work done without a permit.

A second complaint on Aug. 16, 2005, from a person who claimed to be a tenant at the house, stated that holes had been punched in the ceiling, that wires were hanging from the ceiling and walls, and that an interior remodel had been in progress for 10 months without permits.

Building inspectors visited the property after both complaints and on Sept. 14, 2005, issued the abatement order requiring Madlonito and Makhijani to obtain permits and repair dry rot, replace shingles and strengthen a roof support on the left side of the house.

On Nov. 3, 2005, Makhijani obtained the permit, the records show.

According to the documents, inspectors lifted their abatement order on Jan. 3, 2006, and two days later, McFadden got a loan to buy the house, for which he paid approximately $500,000 on Jan. 18.

McFadden, who has reported an ownership interest in at least six other properties in the city, acquired 838 Alabama through his real estate holding company, Jersey Street Associates LLC.

On Jan. 26, Lee, the building inspection department's acting director, signed a document stating that the previous owners' permit violations had been corrected and all fines had been paid.

McFadden, who was placed on leave after the FBI search of his office files, did not return calls seeking comment.

Lee said she had no idea that McFadden owned the property when she reviewed the paperwork; neither his name nor Jersey Street Associates appeared on any of the permit documents, she said.

John St. Croix, executive director of the city's Ethics Commission, said city employees -- including building inspectors -- are free to buy and sell real estate provided they are not privy to or acting on information that is not available to the general public.

When asked if McFadden had done anything improper, Lee noted that the general public has access to building inspection enforcement abatement orders and other enforcement actions.

Debra Walker, president of the city's Building Inspection Commission, which oversees the department, said she would like to see rules that would help restore public confidence in the department, but she said there is a competing concern that the city should not take away employees' right to own property.

"We need some help in defining the rules around this," Walker said. "There are no laws that address this issue, and the McFadden situation underlines the problem. ... I've said for a long time that we need something to prohibit insider trading."

Lee, who was appointed acting director by Mayor Gavin Newsom in 2005, said she does not believe the department can legally restrict employees from buying property that is available to the general public.

"An employee may not use information that isn't available to the public," said Lee. "But the public can come in off the street every day and ask for code enforcement activity on any property."

E-mail Robert Selna at rselna@sfchronicle.com.

News In Brief From The San Francisco Bay Area (CCT)

The Contra Costa Times, August 23, 2006

SAN FRANCISCO - The FBI searched the office of a senior building inspector who bought a house just months after the city took code enforcement action against its owners, a newspaper reported.

The San Francisco Chronicle, citing real estate and building inspection records, said inspector Leo McFadden purchased a $500,000 house owned by two sisters who were ordered last September to stop renovation work that had been started without proper permits.

McFadden took out a loan for the house two months after the sisters obtained the permits and finished the renovation, and two days after his department lifted its cease construction order, the Chronicle said.

McFadden was placed on leave after FBI agents searched his office on July 26. FBI spokeswoman LaRae Quy would not disclose the reason for the search.

Ethics rules prohibit city employees from buying or selling real estate if the transaction is based on information to which the public is not privy.

John St. Croix, executive director of the city's Ethics Commission, said it was unclear whether McFadden had done anything wrong because inspection enforcement records are public information.

McFadden has reported investments in at least six other properties in the city.

Mob Snitch Is Full Of Bull, Sez Gotti Lawyer (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 23, 2006

Little Joey's just a little Sammy, John A. (Junior) Gotti's attorney suggested yesterday to jurors hearing racketeering charges against the mob scion.

Gotti attorney Charles Carnesi attacked mob snitch Joseph (Little Joey) D'Angelo, 37, as a protégé of Salvatore (Sammy Bull) Gravano - as eager to use the witness stand to take down a Gotti as his murderous mentor was more than a decade ago.

Carnesi wondered why Gravano never named D'Angelo as a shooter in the August 1990 slaying of Edward (Eddie the Chink) Garofalo, one of 19 gangland slayings Sammy Bull admitted to before turning against Gotti's father.

"Did Sammy Gravano ever testify against any of those people who were involved in that homicide?" Carnesi asked.

"No," D'Angelo said.

It marked D'Angelo's third time testifying against Gotti, 42, who scored two mistrials when jurors at two earlier trials declared themselves deadlocked.

D'Angelo contends Gotti picked him to drive the rigged cab used in the kidnapping and shooting of radio host Curtis Sliwa in June 1992. Sliwa survived after diving out a passenger-side window.

D'Angelo said he assumed Gravano had given him "a pass" in the Garofalo slaying.

During a 1990 prison visit, Gravano counseled D'Angelo to get out of the mob - advice he ignored.

"This life is over," Gravano told D'Angelo. "Get a job. Believe me."

D'Angelo admitted shooting Garofalo while just a 21-year-old wanna-be gangster, who Gravano had taken in after his father Joseph (Stymie) D'Angelo was gunned down.

He said he shot Garofalo as he lay dying on a Bensonhurst, Brooklyn, street from a single shot to the head fired by an accomplice.

Asked why he delivered the second shot, D'Angelo explained, "When Sammy tells you to go kill a guy, you gotta make sure he's dead. Otherwise, you're dead."

But D'Angelo told Assistant U.S. Attorney Miriam Rocah that Gravano was "the furthest thing from my mind" when he decided to cooperate with the feds' racketeering case against Gotti last year.

"He was given a second chance and he threw it in the garbage," D'Angelo said of his mentor.

After leaving the federal witness-protection program, Gravano was arrested in 2000 for his role in a Phoenix-based Ecstasy-distribution ring and is serving a lengthy federal prison term.

D'Angelo said he hopes his cooperation will open the door to his prison cell. "Like everybody in jail, I hope to go home as soon as possible," he said.

SLIWA JOB MADE CANARY A WISEGUY (NYPOST)

By Kati Cornell

The New York Post, August 23, 2006

A mob canary described in Manhattan federal court yesterday how John "Junior" Gotti inducted him into the crime family after he participated in a near-fatal 1992 attack on radio host Curtis Sliwa - a membership he instantly regretted.

Joseph D'Angelo said he agreed to participate in the Sliwa kidnapping to pave the way for becoming a wiseguy - a wish he said Gotti granted less than three years later.

Describing the secret ceremony during cross-examination, D'Angelo said, "We were told the boss of the family is John Gotti Sr. and this is the panel running the family - John Gotti Jr., John 'Jackie Nose' D'Amico, and Nicholas Corozzo."

D'Angelo said he was told there is only one way into the Gambino crime family and "one way out," meaning death.

"Right before the ceremony I thought it was a necessary step, and then right after I knew it was the biggest mistake," D'Angelo testified.

D'Angelo admitted he hopes to get a reduced sentence for kidnapping, two murders, murder conspiracy and other crimes so he can marry a girlfriend to whom he proposed from behind bars.

kati.cornell@nypost.com

FBI: Man Confessed To Girl's Killing (BSH)

By Sean Murphy

Biloxi Sun Herald, August 23, 2006

PURCELL, Okla. - A man accused of strangling a 10-year-old girl and plotting to eat her flesh allowed investigators to search his apartment and then confessed to the slaying, an FBI agent testified Tuesday.

Agent Craig Overby said he spotted the girl's clothing inside a plastic tub inside a bedroom closet and asked Kevin Ray Underwood where the girl was. Overby said the man responded: "She's in there. I hit her and chopped her up."

Jamie Rose Bolin's body was found nearly decapitated inside Underwood's apartment, investigators have said.

A judge ruled Tuesday that Underwood would be tried for first-degree murder, and also granted a request by the defense for a gag order that prohibits attorneys and law enforcement from discussing the case publicly.

Prosecutors have said they would seek the death penalty for Underwood, 26, who lived in the same apartment complex as the girl. She was reported missing April 12 after failing to return home from the library.

After Underwood's arrest, police and prosecutors said he raped the girl's corpse and planned to eat her flesh. A medical examiner's report indicated there were signs of sexual assault, but could not determine whether they were inflicted after her death.

Underwood had documented his thoughts and musings for years in an Internet blog.

In it, he joked about cannibalism and wrote about feeling isolated, depressed and even homicidal.

"My fantasies are just getting weirder and weirder. Dangerously weird," Underwood wrote in September 2004. "If people knew the kinds of things I think about anymore, I'd probably be locked away. No probably about it, I know I would be."

A defense expert said Underwood's attorney likely will claim his client is insane.

"This case is one where the defense will use all of their resources to show their defendant has some sort of mental disorder," said Irven Box, an Oklahoma City criminal defense attorney who is not connected to the case. "If not to prevent the case from going to trial, then at least to keep him from getting the death penalty."

Conservatives Try To Curtail Hotel Porn (AP)

By David Crary, The Associated Press

DOJ_NMG_0052068

AP, August 22, 2006

NEW YORK (AP) — Pornographic movies now seem nearly as pervasive in America's hotel rooms as tiny shampoo bottles, and the lodging industry shows little concern as conservative activists rev up a protest campaign aimed at triggering a federal crackdown.

A coalition of 13 conservative groups — including the Family Research Council and Concerned Women for America — took out full-page ads in some editions of USA Today earlier this month urging the Justice Department and FBI to investigate whether some of the pay-per-view movies widely available in hotels violate federal and state obscenity laws.

The coalition also is trying to draw attention to CleanHotels.com, a directory of hotels and motels nationwide that pledge to exclude adult offerings from their in-room entertainment service.

Though porn is now cheaply and readily accessible on the Internet, and through many other outlets, the activists chose to target the hotel industry in part because of the well-known brands of corporations that cater to family vacationers as well as business travelers.

"These are places that you take your family — these are respectable institutions," said Tony Perkins, president of the Family Research Council. "Anything that brings porn into the mainstream is a concern. It just desensitizes people."

Precise statistics on in-room adult entertainment are hard to come by. By some estimates, adult movies are available in roughly 40 percent of the nation's hotels, representing more than 1.5 million rooms. Industry analysts suggest that these adult offerings generate 60 to 80 percent of total in-room entertainment revenue — several hundred million dollars a year.

The recent newspaper ad mentioned no hotel companies by name because of legal concerns, but it did target the two major suppliers of in-room adult movies — South Dakota-based LodgeNet and Denver-based OnCommand, a subsidiary of Liberty Media Corp. The ad accused both companies of distributing hardcore pornography to their hotel clients, and it provided a link to a list of X-rated movie titles.

Spokesmen for OnCommand and Liberty Media declined to comment on the ad, and LodgeNet's spokeswoman did not return calls seeking comment. However, top spokespeople for two of the biggest hotel chains, Hilton and Marriott, defended the policies that make adult movies widely available at their affiliated hotels.

Both Kathy Shepard of Hilton and Roger Conner of Marriott said the bulk of their hotels are operated by franchise-holders who make their own decisions about in-room programming. They made clear, however, that their companies consider adult movies to be an acceptable option because they can be ignored or blocked out by guests not wishing to view them.

"Really ultraconservative groups try to target the hotels in their zest to eliminate porn," Shepard said. "In their zest to have their personal morals prevail, they're eliminating choice for others."

Conner said none of the programing offered by Marriott is illegal, and he depicted adult movies as a standard part of today's hotel business.

"In-room movies are a revenue stream," he said. "This is a business matter."

The leader of the campaign against in-room porn is Phil Burress, a self-described former porn addict who heads the Cincinnati-based Citizens for Community Values.

Burress and his allies have had some success regionally, pressuring about 15 Ohio and Kentucky hotels to stop offering adult movies. But he says a nationwide pressure campaign would be difficult because nearly all the big hotel chains have similar policies — porn is available at some but not all of their affiliates.

Though unable to cite specific cases, Burress contended that the availability of in-room porn is making hotels more dangerous.

"As more and more of these (hardcore) titles become available, we're going to have sexual abuse cases coming out of the hotels," he said. "Hotels are just as dangerous as environments around strip joints and porn stores."

Burress said he was "cautiously optimistic" that Justice Department officials — whom he and other anti-porn leaders confer with periodically — would seriously consider investigating hotel-based pornography.

Justice Department spokesman Bryan Sierra said federal authorities are committed to toughening enforcement of obscenity laws, but he declined to comment on specific targets for investigations.

LodgeNet and OnCommand together provide in-room entertainment to more than 1.8 million hotel room in North America — with customers that include Sheraton, Hilton, Holiday Inn, Ritz-Carlton, Hyatt, Marriott and Ramada.

The standard in-room packages offered by LodgeNet and OnCommand include adult movies, but they have tried to accommodate hotels preferring a no-porn alternative, according to Shannon Sedgwick Davis, executive director of an association of hotels which don't offer adult movies to guests.

One problem, she said, is that the big hotel chains often have negotiated bulk contracts with the video suppliers that include the adult movies and can be expensive to cancel.

Police: DNA Links Suspect To 9 Attacks (CHIT)

By Tonya Maxwell

Chicago Tribune, August 23, 2006

Chicago police are asking the public to help identify a man they suspect in at least nine sexual assaults of South and Southwest Side women and girls since 1999.

Police released a sketch and description of the unknown man on Tuesday after state crime lab technicians matched his DNA profile to each of the cases, officials said at a news conference. The most recent victim, a 12-year-old girl, was assaulted in August 2005 after the suspect picked her up in the area of Marquette Park, said Sgt. Anthony Kuta.

But most of the cases are at least 5 years old. Chicago police and Illinois State Police, who process DNA in the state's criminal cases, would not say why information about the suspect was not made available earlier.

Two victims have told police the suspect threatened them with a handgun; others said they were beaten. One 16-year-old girl was forced into a van with scissors and a 15-year-old was knocked unconscious, police said.

"Somebody's walking down the street and is dragged into a vehicle with a weapon—that's extremely dangerous," said police spokesman Pat Camden. "That's why we're reaching out to the community."

The suspect is described as an African-American man between 30 and 35 years old, who stands between 5 feet 2 inches and 5 feet 6 inches tall. He has a medium to heavy build, short hair often worn in braids, a dark complexion and a cut that had not healed well, leaving a raised scar from his neck to his torso, the sergeant said.

Police said the suspect has used several cars in the attacks over the years: a burgundy Grand Prix, a dark-colored van and a white van, but investigators believe he now may be driving a tan, newer-model, 4-door vehicle, Kuta said.

Kuta also said police have learned from interviews with victims and residents that the man may have once attended Wells Community Academy on North Ashland Avenue, lived in the Cabrini-Green area and has stayed at the Eagle Inn Motel.

Kuta would not give more details about why police believed that information except to say officers had gone through yearbooks from the high school.

At the Eagle Inn Motel, located across from the Ida B. Wells housing complex on Pershing Road, owner Mike Potel said he spoke with police last week. But he said he was not told what kind of case they were investigating.

"They wanted my records from January [2005] to August [2005]. I gave them my records," he said. "Since they don't have a name of this guy, I don't know if my records are going to help."

After looking at the sketch of the man, Potel said he didn't recognize him, but he added that it's easy for people to slip on to the property unnoticed, particularly if someone else is paying for the room.

Kuta also said Tuesday that the offender had likely eluded police in part because the attacks were scattered and most occurred at night, leaving few witnesses and the victims traumatized and unable to give a good description.

"We couldn't associate him without the DNA, I'll admit to that," he said. "He could be incarcerated or he could be in a relationship that prevents him from prowling the streets or he could have another job or employment that doesn't give him the freedom he had."

But Camden said the man had not been arrested for a felony in recent years. A 2002 Illinois law required all incarcerated felons to submit genetic samples to a state database, meaning state officials would have been able to identify the unknown suspect had he been charged as a felon.

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That database now has more than 221,000 criminal DNA samples and about another 12,000 DNA samples of unknown suspects from crime scenes statewide, said Illinois State Police Col. Kathleen Stevens of the Division of Forensic Services.

State technicians are up-to-date in processing genetic samples of incarcerated felons, she said, but added she did not know if the crime scene DNA is backlogged.

Known felons can be matched to unknown perpetrators using the technology, she said, or cases can be matched to one another to provide police with further leads.

But Stevens declined to say why DNA matches had not been made earlier.

State police officials said they had talked with Chicago police about the case and deferred to that agency for comment.

But Camden was not critical of the length of time that had passed.

"These all came back at the same time at the end of July," he said. "Unfortunately this is not 'CSI.' This is not something you can do in 30 minutes."

Shaw Airman Pleads Guilty To Child Pornography Charges (TSSC)

The State (SC), August 23, 2006

COLUMBIA, S.C. - An active duty airman at Shaw Air Force Base pleaded guilty Tuesday to possessing child pornography, U.S. Attorney Reggie Lloyd said.

During his plea hearing, Lawrence Sanders, 24, admitted that in May 2005 he had a computer with nearly 3,000 images of child pornography and made the pictures available to others on the Internet through a file-sharing program.

An undercover FBI agent searching the Internet program for child pornography was able to download several files from Sanders' computer, Lloyd said.

Sanders faces a maximum sentence of 10 years in prison and a $250,000 fine. He has agreed not to seek a sentence of less than five years and to turn his computer over to the government, Lloyd said.

Va. Inmate Indicted In Killing That Altered DNA Testing Law (WP)

By Maria Glod

The Washington Post, August 23, 2006

A serial rapist has been indicted in the 1982 rape and murder of a young Culpeper, Va., mother, a crime that nearly led to the execution of an innocent man and helped bring about unprecedented reforms in Virginia's criminal justice system.

Kenneth M. Tinsley, 61, who is serving a life sentence for an unrelated rape, was charged this week with capital murder, rape and sodomy in the slaying of Rebecca Lynn Williams, 19.

The charges against Tinsley might finally clear Earl Washington Jr., whose case had emerged as one of the nation's most troubling instances of a wrongful conviction. A mildly mentally retarded farmworker, Washington had been convicted in the slaying and served 17 years in prison -- including 9 1/2 on death row -- before DNA tests exonerated him in 2000. At one point, he was days from execution.

"Finally the government has charged the man who really killed Rebecca," said Robert T. Hall, one of Washington's attorneys.

Washington's story, perhaps more than any in Virginia, has sparked reform in the state's justice system. His case inspired a 2001 law allowing inmates who claim innocence to seek DNA testing at any time, loosening what was then the toughest rule in the nation on new evidence. It also led to a review of some cases analyzed in Virginia's DNA laboratory.

Although Tinsley was first implicated as a suspect in 2000 when scientific tests showed that his DNA was on a blanket in the victim's apartment, the investigation continued for years. Albemarle County Assistant Commonwealth's Attorney Richard E. Moore, appointed as special prosecutor in the case, said yesterday that a Culpeper County grand jury handed up the indictments Monday.

"After a lengthy and thorough review of the Virginia State Police investigation into the death of Rebecca Lynn Williams . . . including a full consideration of the results of recent DNA testing along with the original investigation, witnesses, evidence, and autopsy, I determined that it was appropriate and in the interest of justice to seek indictments against Kenneth Maurice Tinsley," Moore said in a statement. He declined to comment further.

Williams was stabbed 38 times on a June day while she was in her apartment with two of her young children. Before losing consciousness, she told her husband, who had arrived to find her collapsed on the front stoop, that she had been attacked by a black man with a beard.

Washington became a suspect after he broke into the home of an elderly neighbor and struck her with a chair. He pleaded guilty in that assault, but investigators also asked him about other crimes, including Williams's killing.

Washington, who has an IQ of 69, was convicted and sentenced to death largely based on a confession his attorneys say was coerced. They noted that he got key details wrong, describing Williams, who was white, as black and saying she was alone.

In 1994, Gov. L. Douglas Wilder (D) commuted Washington's sentence to life in prison after primitive DNA testing cast doubt on his guilt. In 2000, Gov. James S. Gilmore III (R) pardoned Washington after more advanced genetic testing failed to connect him to the crime and revealed that DNA on the blanket in Williams's apartment was Tinsley's.

At the time, Gilmore's office said scientists determined that genetic material on Williams's body was not Tinsley's, leaving open the possibility that the DNA on the blanket was unconnected to the crime.

However, Washington's attorneys later obtained the genetic samples. A private laboratory in California concluded that Virginia scientists were mistaken and that the genetic material on Williams's body was Tinsley's.

Peter Neufeld, another of Washington's attorneys, said yesterday that as a result of the indictment, he will ask Gov. Timothy M. Kaine (D) to proclaim Washington's innocence.

"Governor Gilmore granted him a pardon on the grounds that a jury would have reasonable doubt," Neufeld said. "We are going to ask Governor Kaine to amend the pardon to change the reason to Earl Washington's actual, unequivocal innocence."

Kaine's spokesman, Kevin Hall, said the governor would consider any request. But he added: "This new indictment, while significant, is not a final determination of guilt."

Tinsley, who is being held at Sussex II State Prison, is serving time for the 1984 rape of a waitress in her Albemarle apartment.

But court records filed in connection with a civil lawsuit say Tinsley denied any involvement in Williams's rape and murder when he was questioned by investigators in 2000. Tinsley said "that if he had committed this crime he would tell the truth because he would want to free a fellow inmate."

Man Convicted In '85 Slaying Forgoes Retrial (BSUN)

By Julie Bykowicz

The Baltimore Sun, August 23, 2006

Robert C. Griffin spent two decades in prison for a Baltimore murder he says he did not commit. Tuesday, the 71-year-old proclaimed his innocence again, but then he took a plea deal and left the courthouse a free man.

Griffin was convicted in May 1986 of first-degree murder in the stabbing and strangling death of his girlfriend, Annie Cruse, 20, whose body was found in Druid Hill Park. That conviction, which carried a life sentence, was overturned last year because recent testing showed DNA found in Cruse's body was not Griffin's.

This was the first time in Baltimore that a murder conviction was turned around by new DNA testing, though it is not a black-and-white example of a wrongful conviction. Griffin's plea now punctuates his case with a question mark.

His new trial was to begin Tuesday. But when the prosecutor asked to postpone the trial, Griffin entered an "Alford plea," meaning he did not admit guilt but acknowledged that prosecutors had enough evidence to convict him.

As part of the plea, to second-degree murder, Griffin was sentenced to time served. The plea will be entered as "guilty" in court records. Griffin has been out on bail since January and lives with family members in Baltimore.

"Quite frankly, he wanted a trial," said Suzanne Drouet, Griffin's attorney. "He wanted vindication from a jury. But this has been extremely stressful for him and for his family, and we agreed it was in his best interest to put it behind him."

Drouet said Griffin chose to enter the plea because he was unwilling to wait for another trial date. It would have been the second postponement in the case since the new trial was ordered in November.

Margaret T. Burns, a spokeswoman for the state's attorney's office, said it is "inconceivable" that a man who waited 20 years for a new trial would not wait a little longer.

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"If he truly believes he is innocent, he should have gone to trial to see that justice is served," Burns said.

Burns said the plea came days after the prosecutor told Griffin's attorney that a former cellmate would testify. During conversations with the cellmate, Burns said, Griffin confessed to killing Cruse.

Like prosecutors, the victims' relatives are confident Griffin was the right man. "They just let a murderer back out on the streets," said Iva Cruse, Annie's mother.

But Drouet said Griffin had evidence to show he was not guilty and she said there was "a very good chance" a jury would have acquitted him.

"He spent 20 years in prison for something he did not do," Drouet said. "Another tragedy is that this case is never going to be solved. Somewhere out there is the man who murdered Annie Cruse, but we'll never know who it is."

After Cruse's body was discovered on the afternoon of Sept. 25, 1985, behind the Reptile House in Druid Hill Park, the state medical examiner performed an autopsy. The examiner collected sperm from inside the body and saved a slide of it.

DNA testing was not available at the time of the trial. When it was tested in recent years, a California serological research lab showed conclusively that the sperm was not Griffin's.

Drouet said there was not enough sperm to compare it to DNA databases in the hopes of finding out whose it was.

Prosecutors have argued that the sperm is irrelevant.

In a court hearing last fall about whether to hold a new trial, Assistant State's Attorney Matthew Fraling said prosecutors never claimed the last person to have sex with Cruse was the one who killed her. Cruse's body showed no signs of rape, according to the medical examiner, and Griffin was not charged with a sex crime.

Drouet said the prosecutor in the original murder trial strongly implied to jurors that the last person to have sex with Cruse was the killer. They mentioned the sperm at the trial and said Griffin was Cruse's only sex partner.

In granting Griffin a new trial, Circuit Judge Gale Raisin called the DNA evidence "so compelling" and "material to the case."

Tuesday's Alford plea was taken by Circuit Judge Althea M. Handy.

Afterward, Griffin hugged some of his 15 family members who had come to court to support him, Drouet said.

"Without DNA, he would still be sitting in prison for life," Drouet said. "There was no way to show what he had always been saying without DNA testing."

Drouet is part of the state's Innocence Project, a group of public defenders that tackles what it believes to be wrongful convictions.

In 1993, Baltimore County's Kirk Bloodsworth became the first death-row inmate in the United States to be exonerated by DNA. Bloodsworth had been convicted for the 1984 killing of 9-year-old Dawn Hamilton. After DNA testing exonerated Bloodsworth, another man pleaded guilty to the crime.

Bloodsworth was pardoned by the governor and received $300,000 from the state Board of Public Works. By taking a plea deal Tuesday, Griffin forfeits any such chance at restitution.

The Innocence Project is pursuing two other city cases in which they believe DNA could exonerate their clients.

In December, Judge Kaye Allison ordered testing of DNA from a 1988 murder-rape conviction of two men. James Thomson and James Owens were found guilty in the murder of Colleen Williar, 24, in her O'Donnell Heights rowhouse.

Drouet said she doesn't believe sperm collected from the victim's body belongs to either of the men. She said public defenders are awaiting the results of those tests.

Donte Gregg was convicted in 2003 of first-degree murder and handgun charges. He claims that another man in his vehicle jumped out, fired the fatal shots and got back inside, forcing him to drive away.

Police found the murder weapon and swabbed skin cells from the trigger, but neither the prosecutor nor Gregg's trial attorney asked for DNA testing.

His appellate attorney, Michele Nethercott, who heads the Innocence Project, said she wants that testing to be done.

Karr Waives Rights, Will Transfer To Colorado (LAT)

By Michael Muskal And John Spano, Times Staff Writers

DOJ_NMG_0052073

The Los Angeles Times, August 23, 2006

John Mark Karr, the suspect in the murder of 6-year-old JonBenet Ramsey, waived his rights this morning and will be sent to Colorado, where the body of the child beauty queen was found a decade ago.

Karr, 41, appeared this morning in court after a night in a high security cell in Los Angeles County's Twin Towers jail. He wore standard orange jail clothes, was shackled at the waist and looked passive as he peeked out from above a metal bar that partially obscured his face from television cameras.

The proceeding lasted about four minutes as Judge Luis A. Lavin read the details of the waiver.

"Do you understand that if you waive your right you can be sent back to Colorado," Lavin asked.

"Yes, your Honor," Karr replied.

Karr was returned to custody without bail to await the transfer by Colorado officials. Court spokesman Alan Parachini said he didn't have a timetable for Karr's transfer.

"Our understanding is that no one is in town from the Boulder County district attorney's office or sheriff's office. The latest information we have is that they will send someone tomorrow for him," Parachini said.

"Karr is anxious to go" to Colorado, said Jaime Harmon, one of two lawyers who met with the suspect for seven hours Monday. "He has been portrayed by the media as mentally unstable, attention-seeking, mentally unwell, and he is none of those things. He is anxious to have an opportunity to address the accusations against him."

Harmon described herself as an adviser to Karr. During the hearing he was represented by Haydeh Takasugi, a deputy public defender, who met with Karr for two hours.

"He was very tentative," Takasugi said. "It's a very trying experience for him."

Takasugi said Karr had objected to the prison garb and wanted to appear in court in his street clothes.

Karr was cooperative and understood the legal proceedings, she said.

"It was his call" to accept extradition, Takasugi said.

The Colorado warrant listed five counts, including first-degree murder, second-degree murder, two counts of kidnapping and one count of sexual assault of a minor in connection with Ramsey's death.

The decision to go to Colorado capped a whirlwind week that began when Karr told reporters in Thailand that he was with Ramsey when she died and that her death in the basement of her Boulder home on Dec. 26, 1996 was an accident.

The statements led to his quick expulsion from Thailand and a 15-hour flight to Los Angeles over the weekend and to today's hearing.

This morning's extradition hearing was just a drop in what is expected to become a flood when the legal and media proceedings move to Colorado. The murder of Ramsey has been tabloid fodder on cable television, newspapers and in books for a decade.

At various times, suspicion had fallen on the child's parents, John and Patricia, who always insisted that JonBenet was killed by a stranger. Patricia Ramsey died of cancer in June.

Aside from Karr's recent statements, little is publicly known about what evidence Boulder officials have for seeking Karr's extradition. Boulder Dist. Atty. Mary Lacy last week warned against a rush to judgment, saying much investigation is still needed to be done, but adding that sometimes an arrest is prompted by other events.

Karr was scheduled to begin teaching second grade last week in Thailand.

"We should all heed the poignant advice of John Ramsey," Lacy told reporters last week in announcing that Karr was a suspect. "Do not jump to conclusions. Do not jump to judgment. Do not speculate. Let the justice system take its course."

In an Aug. 15 order, Boulder County District Judge Roxanne Bailin ordered Ramsey case documents sealed, saying disclosure could jeopardize the investigation.

On Monday, media organizations, including the Associated Press, asked her to unseal the arrest warrant and other documents involving Karr. The filing noted previous mistakes in the Ramsey investigation and said there is "great public interest" in whether Karr's arrest "is yet another 'mistake.'"

Without any direct access to the prosecution's case, speculation has been rampant about Karr's role.

His former wife has said Karr was with her in Alabama during the Christmas holiday when Ramsey was killed. Experts have questioned whether samples of Karr's handwriting matched the extortion note in the case.

Officials said in Thailand that a DNA sample was taken from Karr but it was not known whether it would match evidence found at the murder scene.

Karr's relatives have questioned whether he is grandstanding, saying that he had researched a book on Ramsey and other murders of children.

Karr was arrested in Northern California in 2001 on child pornography charges. In recent years he worked as a teacher in Europe, Central America and at least two schools in Thailand.

Karr was represented in 2001 by lawyer Patience Van Zandt, who said she met Monday with Karr in jail. Also meeting with Karr was Harmon.

Takasugi said Karr rejected an offer of representation from Van Zandt.

After the extradition hearing, Harmon said she and Van Zandt would serve as advisers to Karr. Earlier, both appeared on morning television shows and described Karr as exhausted and terrified.

"When I met him I expected to find someone who was portrayed in the media as a nut," Harmon said in an interview on MSNBC. "But he's not … he was very lucid."

Asked about comments Karr earlier made to reporters about the murder, Van Zandt said in the same interview that she didn't believe he had confessed.

"I think that he's made statements," she said. "Although I can't, unfortunately, flesh out thoughts behind them at this point, I am absolutely confident that what Mr. Karr meant will become clear."

Suspect In Ramsey Killing To Be Returned To Colorado (NYT)

By Randal C. Archibold

The New York Times, August 23, 2006

LOS ANGELES, Aug. 22 — The suspect in the killing of JonBenet Ramsey appeared briefly in court here Tuesday and agreed to be sent to Boulder, Colo., where the authorities are considering murder, kidnapping and sexual assault charges against him.

The suspect, John M. Karr, his hands shackled in front of him at the waist and dressed in a wrinkled orange inmate jumpsuit, stood in a large glass cage reserved for inmates in the crowded arraignment court.

But when his case was called, the courtroom fell silent as dozens of reporters strained to hear and catch a glimpse of the man at the center of an intensifying debate over whether he is the actual killer of JonBenet, a 6-year-old beauty pageant queen found sexually assaulted and strangled in her Colorado home on Dec. 26, 1996, or merely an obsessed follower of the case.

Mr. Karr, 41, a teacher with a record of child pornography charges, answered softly, “Yes, Your Honor,” when Judge Luis A. Lavin of Superior Court asked if he understood that by waiving extradition he would be transported to Colorado where the district attorney is weighing whether to formally file the five charges contained in an arrest warrant issued Aug. 15.

And with that two-minute hearing over, Los Angeles County Sheriff's Department deputies escorted Mr. Karr from the courtroom and back to his cell in a county jail downtown. The Colorado police are expected to pick him up in the next day or two to complete his journey to Boulder from Bangkok, Thailand, where he was arrested last Wednesday.

Boulder prosecutors have not said what prompted them to arrest Mr. Karr when they did, but a University of Colorado journalism professor in Boulder, Michael Tracey, has revealed that in May he gave the police a lengthy exchange of e-mail messages with Mr. Karr in which the suspect had expressed his infatuation with JonBenet in alarming terms.

Mr. Karr, who had just begun a teaching job in an elementary school before his arrest, told reporters in Thailand that he was with JonBenet the night she died and that he considered her death an accident, though he answered no when asked if he was innocent.

Still, doubts have emerged as to whether Mr. Karr was in Colorado at the time of the killing. Relatives of Mr. Karr have told reporters that they believe he was with family in Alabama or Georgia on and around Christmas Day 1996, and they have been searching for photographs or other materials to confirm that.

Lara Knutson, one of Mr. Karr's two ex-wives and the mother of his three children, had said shortly after his arrest that she thought he had been at their home in Hamilton, Ala., at the time of the killing. But on Tuesday, a lawyer for Ms. Knutson, Michael L. Rains, said that while she had given an "extensive interview" to investigators in Boulder and provided them with "documentary materials," they did not include photographs she had previously indicated she might have of the family's 1996 Christmas gathering.

"Despite this," Mr. Rains said in a statement, "Lara continues to believe that during the course of her marriage to Mr. Karr he never absented himself from her or their three children for a period of time long enough to travel to Colorado on or around any Christmas period during their marriage."

In Georgia, the suspect's brother, Nathaniel S. Karr, suggested that when investigators checked Mr. Karr's DNA against evidence found at the crime scene, his brother would be exonerated.

"We're waiting for the DNA tests to come back, and soon you guys will have no story and we will continue to go on and live our lives, hopefully," he said, when reached at his father's house in Atlanta on Tuesday.

Investigators have declined to comment on what evidence they have or are pursuing that would connect Mr. Karr to the case.

The deputy public defender who represented Mr. Karr at the hearing on Tuesday, Haydeh Takasugi, said afterward that her client was eager to move on to Boulder and that he was concerned his appearance in the orange inmate jumpsuit — broadcast on national television — would "taint any potential jury pool out there." Earlier, Judge Lavin denied Ms. Takasugi's request that Mr. Karr be allowed to wear civilian clothes into the courtroom on Tuesday.

Jamie Harmon, a lawyer who described herself as a legal adviser to Mr. Karr, told reporters in Los Angeles that his comments to reporters in Thailand should not be taken as a confession. "That is a legal term of art," said Ms. Harmon, whose law partner, Patience Van Zandt, had represented Mr. Karr in 2001 when he was charged in Sonoma County, Calif., with possessing unlawful images of child pornography on his computer, a misdemeanor.

"The statements taken from Mr. Karr are primarily sound bites," Ms. Harmon said. "We have no idea what the context of the comments may be."

She said he thought that going to Colorado sooner rather than later would help him counter the impression of himself as a "mentally unstable, mentally unwell, attention-seeking" man that he believed had emerged in the news media.

Ms. Harmon described Mr. Karr as "an unusual man" who "marches to the beat of a different drummer"; she would not elaborate.

A group of media organizations in Colorado has filed an application seeking to have at least part of the county's arrest affidavit against Mr. Karr, sealed last week, made public.

Lawyers for the news media said that part of the reason the file should be opened is the history of mistakes in the case by past prosecutors and investigators.

"There is great public interest to learn whether the arrest of John Mark Karr solved the case after a decade or is yet another 'mistake,' " they wrote in their motion.

Mr. Karr still faces an outstanding warrant in Sonoma County, for failing to show up at a court hearing in response to the child pornography charges. He was arrested in April 2001 but released Oct. 5 on the condition that he obey restrictions pending further hearings. When he did not appear for a hearing on Dec. 13, 2001, a bench warrant was issued for his arrest, but Mr. Karr was not found.

JonBenét Suspect To Head To Colo. (USAT)

By Martin Kasindorf

USA Today, August 23, 2006

LOS ANGELES — Former teacher John Mark Karr, appearing in court here in handcuffs and an orange jail jumpsuit, agreed Tuesday to be sent to Colorado to face charges in the slaying of 6-year-old beauty pageant star JonBenét Ramsey.

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At a 3-minute hearing, Los Angeles County Superior Court Judge Luis Lavin asked the slightly built suspect if he willingly waived his right to oppose extradition. “Yes, your honor,” Karr, 41, replied in a calm voice. Standing behind a glass partition, he was guarded by five bailiffs.

JonBenét was found dead in the basement of her home in Boulder, Colo., on Dec. 26, 1996. She had been strangled with a garrote and her skull fractured. A coroner's examination found evidence she had been sexually assaulted.

Lavin read Karr the charges: first-degree murder, felony murder, first- and second-degree kidnapping, sexual assault on a child. Karr closed his eyes slowly as he heard the first murder count. Asked whether he understood the charges, he said, “Yes, sir.”

The judge ordered Karr held without bail, giving authorities in Boulder up to 10 days to take him from California. Allan Parachini, spokesman for Los Angeles County Superior Court, told reporters that Karr may be transferred today. Boulder County Sheriff Joe Pelle wouldnot disclose the timing of the transfer.

Immigration officials in Bangkok, where Karr had been living on and off for two years, detained him Aug. 15 on an arrest warrant issued in Boulder. Karr told reporters in Bangkok that he was with JonBenét when she died and called her death “an accident.”

Deputy Public Defender Haydeh Takasugi, who represented Karr at Tuesday's hearing, said that news coverage was “getting (Karr) a little bit stressed out.”

Karr had a jailhouse conference Monday with Jamie Harmon, a San Jose, Calif., defense lawyer. She said Tuesday that Karr “looked much more together (in court) today.”

“Mr. Karr has been portrayed by the media as … mentally unstable, attention-seeking, mentally unwell,” Harmon said. “And he is none of those things. He is anxious to address the allegations against him, and to be portrayed in a more accurate way.”

Karr Waives Extradition To Colo. (WP)

By Sonya Geis

The Washington Post, August 23, 2006

LOS ANGELES, Aug. 22 -- John Mark Karr agreed to waive his extradition to Boulder, Colo., on Tuesday, appearing pale and stoic as a judge in Los Angeles Superior Court told him he faces formal charges in the decade-old killing of child pageant star JonBenet Ramsey.

According to an arrest affidavit from Boulder authorities that the judge read in open court, Karr faces charges of first-degree murder, first-degree murder after deliberation, sexual assault and kidnapping. He could be transferred to Colorado within the next 10 days, though the Boulder County district attorney's office declined to say exactly when and how he will be transported, citing security.

Karr wore orange jail scrubs, and his hands were cuffed to his waist during a two-minute proceeding in the Los Angeles courtroom. When Judge Luis A. Lavin asked Karr if he agreed to waive extradition, he answered softly, "Yes, Your Honor."

Haydeh Takasugi, Karr's court-appointed public defender, asked that her client be allowed to wear street clothes when he is sent to Boulder to avoid tainting potential jurors who might see television images of him arriving. The judge denied her request.

It was Karr's first court appearance since Boulder authorities arrested him in Thailand last week. In Bangkok, where he had been living in a hotel, the 41-year-old teacher told reporters that he was with JonBenet when she died. The 6-year-old was found strangled in her Boulder home the day after Christmas in 1996.

Yet Lara Knutson, one of Karr's former wives, has said that he never missed a family Christmas celebration or left on a trip soon afterward. And Gary C. Harris, a lawyer for Karr's father and brothers, has said that they recall the same thing.

Harris said the suspect "has some emotional problems." On Tuesday, another relative shed light on a history of mental illness in his family. Karr's mother, Patricia Elaine Karr, who is deceased, was hospitalized at Central State Hospital in Milledgeville, Ga., and later lived in a group home, according to her stepmother, Shirley Adcock.

Adcock, 70, of McDonough, Ga., said in an interview that Patricia Karr suffered from "flashbacks." At times, she refused to eat, and she would tell her father, "Daddy, I'm dead, and the boys are dead." Adcock said that her stepdaughter loved her sons but

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that they went to live with their paternal grandparents in Alabama when their parents divorced because Patricia Karr was not well enough to take care of them.

In e-mail correspondence with a University of Colorado journalism professor, obtained by the Rocky Mountain News in Denver, Karr insinuated that his mother tended to raise him as a girl.

Also yesterday, a lawyer for Knutson, who lives in Petaluma, Calif., said that she had met with investigators from the Boulder district attorney's office. Michael L. Rains said in a prepared statement that Knutson believes that Karr "never absented himself from her or their three children for a period of time long enough to travel to Colorado on or around any Christmas period during the marriage."

Rains said that his client is continuing to look for photographs and documents to bolster her memory.

In 2001, Karr was living with his wife and three sons in Petaluma when he was arrested on child pornography charges. He was jailed for six months and fled the country shortly after his release. He recently had been hired to teach second grade in Bangkok, and a doctor at a sex-reassignment clinic confirmed that he was a patient there.

After being flown from Bangkok to Los Angeles on Sunday night, Karr was placed in an isolation cell at the Twin Towers Correctional Facility.

Patience Van Zandt, who represented Karr in the 2001 child pornography case and met with him Monday, said Karr was bruised from being jostled in the media mob in Thailand. She said he was "upset and anxious" about the capital murder charges he faces and also about the frenzy of recent days.

"He's been taken out of his familiar environment and transported across the world, and the media is taking everything he says and does and eats and drinks and spinning it in the worst possible way," Van Zandt said. News outlets reported that Karr ate crab and drank champagne on the flight from Thailand to Los Angeles. "It's not he who is choosing what he eats and drinks," she said.

Van Zandt said she is not Karr's lawyer now but may represent him in Colorado. She would not comment on Karr's whereabouts on Christmas in 1996.

Karr is eager to travel to Colorado, said Jamie L. Harmon, Van Zandt's legal associate. "Mr. Karr has been portrayed by the media as of late as being mentally unstable, attention-seeking, unwell," she said. "He is none of those things. He is anxious to have an opportunity to address those things."

Judge Serves As A Witness In Recalling A Murder Case (NYT)

By Corey Kilgannon

The New York Times, August 23, 2006

In countless criminal trials during his decade-long career in the Queens County Courthouse, Jaime A. Rios, a State Supreme Court judge, has presided over the grilling of witnesses and evaluated accusations of all sorts of lurid misdeeds.

But yesterday, Justice Rios was not behind the bench. Instead, he was beside it — on the witness stand — being questioned by Ronald L. Kuby, a prominent defense lawyer, as to whether he tainted the murder trial of a Queens man convicted in his courtroom in 2003. “Witness entering,” a court officer announced before Justice Rios, looking distinguished in a dark suit, took the witness stand.

Mr. Kuby is representing Tyrone Johnson, who was convicted of fatally shooting a nightclub owner in 2000 by a jury in Justice Rios’s courtroom. Mr. Kuby is seeking to overturn Mr. Johnson’s conviction, and in yesterday’s hearing he tried to show that Justice Rios was biased toward the prosecution and unfairly coached a prosecutor on how to proceed against Mr. Johnson.

So roles seemed reversed yesterday, as Mr. Johnson calmly watched his theatrical lawyer make Justice Rios — who two years ago sentenced him to 20 years to life in prison — squirm and deny that he had coached the prosecution.

In response to a harsh line of questioning from Mr. Kuby, the judge seemed apprehensive and invoked judicial privilege in refusing to answer some questions. He said he remembered little of what Mr. Kuby was asking about.

Adding to the tension was the testimony, earlier in the day, of Justice Rios’s longtime law clerk, Judith Memblatt, 48, who was fired by the judge in 2004. In a federal wrongful-termination lawsuit, she has accused him of having an affair with a Queens

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prosecutor, Meryl A. Lutsky, that was such an "open secret" in the district attorney's office that the judge regularly curried favor with prosecutors to keep them from exposing him.

When she mentioned the female prosecutor's name in court yesterday, an executive assistant district attorney, Charles A. Testagrossa, objected, calling it "way far afield" of the hearing.

When Justice Rios, 60, took the stand, Mr. Kuby queried him about a December 2002 discussion in his chambers with Eugene Reibstein, who was preparing to prosecute Mr. Johnson.

Mr. Reibstein had come to Justice Rios's chambers to ask for a delay in the start of the trial. Ms. Memblatt said that she heard Justice Rios offering advice to Mr. Reibstein on how to handle a crucial witness in the case, Henry Hanley.

Justice Rios told Mr. Kuby that most of the 15-minute meeting was "small talk," but said he could not recall the details.

"I may have mentioned the name Henry Hanley; he was a witness in the case," Justice Rios said, adding that he never discussed the facts of the case with Mr. Reibstein. The discussion is central to Mr. Johnson's quest for what would be his third trial on the charges.

Mr. Johnson, 30, of Jamaica, Queens, was initially convicted in 2002 in a trial before Justice Rios, but the decision was thrown out after a prosecutor in that trial was found to have lied to Justice Rios about a witness. In 2003, Mr. Johnson was tried again in Justice Rios's courtroom, and again convicted.

Mr. Johnson hired Mr. Kuby after learning that Ms. Memblatt had accused Justice Rios of giving tips to Mr. Reibstein, the prosecutor in the second trial, on how to handle the important witness.

Mr. Johnson's case is being heard by Matthew J. D'Emic, a State Supreme Court justice from Brooklyn, who will not give a decision for several months.

Mr. Kuby clearly relished having Justice Rios on the stand. At one point, Justice Rios seemed to have something caught in his throat, and Mr. Kuby said, "Judge, you're not chewing gum, are you?"

"I have a sore throat," the judge replied.

Asked about Ms. Memblatt, Justice Rios said, "I'm aware that she made a lot of lies." He added, "She engaged in a lot of falsehoods."

Mr. Reibstein took the stand after Justice Rios and confirmed that he had spoken with Justice Rios in his chambers before the second trial, but only to seek a delay. He said he mentioned his concerns about Mr. Hanley as a witness and testified that the judge might have mentioned Mr. Hanley's name, but not in connection with an offer of help in the case.

After the hearing, Mr. Kuby said he was simply seeking "one fair trial for Tyrone Johnson."

"Any meeting without both sides in a trial present is wildly inappropriate, especially when that meeting consists of Judge Rios giving the prosecutor a private tutorial on how to handle the star witness," Mr. Kuby said. "Never in my 22 years of law have I seen a judge on the witness stand speak so much and remember so little. He didn't remember what he said three years ago, or what he said three minutes ago."

At the end of the day's testimony, Justice Rios left out a back courthouse exit and was chased in the parking lot by reporters and photographers as he dashed toward his car. One television reporter was hit by the judge's car door before he sped away.

Qwest Calls For Mandatory Data Retention Laws (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, August 23, 2006

Broadband provider becomes first to embrace federal proposal to keep track of what its own customers are doing online.

ASPEN, Colo.--Broadband company Qwest Communications International on Tuesday strongly endorsed federal legislation requiring Internet providers to keep records of their customers' behavior, a move that could accelerate efforts in Congress to enact new laws.

Jennifer Mardosz, Qwest's corporate counsel and chief privacy officer, applauded efforts by politicians to force broadband providers to engage in so-called "data retention," which Attorney General Alberto Gonzales said will aid in investigations into terrorism and child exploitation. This appears to be the first time a broadband provider has called for data retention laws.

High ImpactWhat's new:

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Qwest Communications is the first broadband provider to endorse a federal proposal to keep track of what its own customers are doing online.Bottom line:

Qwest's enthusiastic endorsement of mandatory data retention could make it politically easier for members of Congress to enact such laws even if other companies remain staunchly opposed.

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"We support legislation related to data retention," Mardosz said at the Progress and Freedom Foundation's annual summit here. Mardosz said Qwest "absolutely" endorses a measure (click for PDF) proposed in April by Rep. Diana DeGette, a Colorado Democrat.

In a public flip-flop, the Bush administration now is lobbying for data retention laws, even though it previously expressed "serious reservations about broad mandatory data retention regimes." Rep. Joe Barton, the influential chairman of the House Energy and Commerce Committee, has endorsed data retention and is expected to introduce a bill after the panel completes a series of hearings on child exploitation.

"We support legislation," Mardosz said Tuesday. "We want to be at the table. We want to have these discussions. The main thing is what's reasonable and balancing the interests of privacy and law enforcement." Qwest already keeps logs for more than 99 percent of its services for one year, she said.

This is an unusual stand for Qwest, which defended its customers' privacy rights when requiring the National Security Agency to obtain a court order to conduct electronic surveillance, according to a USA Today article in May. The Denver-based company has a market capitalization of $16.5 billion and says it has 784,000 wireless customers and 1.7 million DSL (digital subscriber line) customers.

Privacy groups have strongly opposed mandatory data retention, and many Internet providers have been skeptical of new laws. The U.S. Internet Industry Association has said current proposals aren't "going about this the right way," and the Information Technology Association of America has raised "real reservations" about legislation.

"Imposing broad data retention would be a significant change to U.S. law, especially when it has not been shown that a narrower data preservation approach will not work just as well," said Kate Dean, director of the U.S. Internet Service Provider Association. "The proposal to store enormous amounts of data on subscribers and keep it live for a lengthy period of time raises serious technical, legal and security concerns." (The association's members include AOL, AT&T, BellSouth, EarthLink and Verizon Communications.)

Qwest's enthusiastic endorsement of mandatory data retention could make it politically easier for members of Congress to enact new laws even if other companies remain staunchly opposed.

Details about the Bush administration's call for data retention remain ambiguous. At the very least, administration officials want to compel Internet providers to keep records of which Internet Protocol address a customer is assigned.

But during private meetings with industry officials, FBI and Justice Department officials have cited the desirability of also forcing search engines to keep logs--a proposal that could gain additional law enforcement support after AOL showed how useful such records could be in investigations.

Mardosz said that keeping records of what Web pages are visited (another possible option) would go too far. "If you get along the lines of content, there's going to be a lot pushback (and privacy concerns)," she said. "We don't want to go there."

DeGette's proposed legislation says any Internet service that "enables users to access content" must permanently retain records that would permit police to identify each user. The records could only be discarded at least one year after the user's account was closed.

Critics of DeGette's proposal have said that while the justification for Internet surveillance might be protecting children, the data would be accessible to any local or state law enforcement official investigating anything from drug possession to tax evasion. In addition, the one-year retention is a minimum; the Federal Communications Commission would receive the authority to require Internet companies to keep records "for not less than one year after a subscriber ceases to subscribe to such services."

At the moment, Internet service providers typically discard any log file that's no longer required for business reasons such as network monitoring, fraud prevention or billing disputes. Companies do, however, alter that general rule when contacted by police performing an investigation--a practice called data preservation.

A 1996 federal law called the Electronic Communication Transactional Records Act regulates data preservation. It requires Internet providers to retain any "record" in their possession for 90 days "upon the request of a governmental entity."

Jennifer Mardosz (center) Because Internet addresses remain a relatively scarce commodity, ISPs tend to allocate them to customers from a pool based on whether a computer is in use at the time. (Two standard techniques used are the Dynamic Host Configuration Protocol and Point-to-Point Protocol over Ethernet.)

In addition, Internet providers are required by another federal law to report child pornography sightings to the National Center for Missing and Exploited Children, which is in turn charged with forwarding that report to the appropriate police agency.

When adopting its data retention rules, the European Parliament approved U.K.-backed requirements saying that communications providers in its 25 member countries--several of which had enacted their own data retention laws already--must retain customer data for a minimum of six months and a maximum of two years.

The Europe-wide requirement applies to a wide variety of "traffic" and "location" data, including the identities of the customers' correspondents; the date, time and duration of phone calls, voice over Internet Protocol calls or e-mail messages; and the location of the device used for the communications. But the "content" of the communications is not supposed to be retained. The rules are expected to take effect in 2008.

Researchers Yearn To Use AOL Logs, But They Hesitate (NYT)

By Katie Hafner

The New York Times, August 23, 2006

When AOL researchers released three months' worth of users' query logs to a publicly accessible Web site late last month, Jon Kleinberg, a professor of computer science at Cornell, downloaded the data right away. But when a firestorm over privacy breaches erupted, he decided against using it.

"Now it's sitting there, in cold storage," said Professor Kleinberg, who works on algorithms for understanding the structure of the Web and searching it. "The number of things it reveals about individual people seems much too much. In general, you don't want to do research on tainted data."

After the data was released for academic researchers like Professor Kleinberg to work with, many were torn, loath to conduct research with it as they balanced a chronic thirst for useful data against concerns over individual privacy.

It is one of the frustrations of being an academic researcher in a world that has grown highly commercial. Data is everywhere, but there is precious little of it for university researchers to work with. Raw data about people's online behavior — the grist for many an academic researcher's mill — remains locked up inside large companies, accessible only to a subset of corporate researchers.

The AOL incident has set off a flurry of divergent opinions in the academic community over the appropriateness of using the data for academic research.

Some see the data as too valuable to withhold altogether. "One of the biggest problems is trying to get real data," said Christopher Manning, an assistant professor of computer science and linguistics at Stanford University.

Although the 650,000 AOL users were not personally identified in the data, the logs contained enough information to discern an individual's identity in some cases.

AOL quickly withdrew the data from its research Web site, but not before it had been downloaded, reposted and made searchable at a number of Web sites. And on Monday, the company dismissed Abdur Chowdhury, the researcher who posted the data, along with another employee. Maureen Govern, AOL's chief technology officer, resigned.

Academia has a longstanding disadvantage when it comes to raw data. While fresh data sets are routinely made available to researchers at large companies like Google, academia has largely made do with the same two sets of search data — one from Excite and one from Alta Vista — for nearly 10 years.

Meanwhile, a virtual eternity has elapsed and those two data sets have long outlived their usefulness. "The way people use search engines now is totally different," Professor Kleinberg said. "Partly because what you expected to get out of a search engine back then was much less, so people didn't try anything too fancy."

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While acknowledging "genuine privacy concerns," Professor Manning said, "I think it's fair to say that given researchers' craving for data, having the AOL data available is a great boon for research."

Professor Manning, who has downloaded a copy of the AOL data set but has no immediate plans to work with it, added that the trove of raw research material represented by the AOL data "obviates the need for anyone to worry about getting data for a while."

William W. Cohen, an associate research professor in the machine learning department at Carnegie Mellon University, said the AOL query logs could be invaluable for researchers working in the field of personalization.

"Someone's past search history can tell you a lot about what they're interested in," he said. Professor Cohen, who takes annual vacations near Charleston, S.C., used himself as an example.

"By knowing what someone searched for in the past, you can do a lot better at answering a query," he said. "If you look at my recent searches, they might have something to do with vacation homes, Folly Beach and car rentals. So if I search for seafood restaurants, it's more likely I'll be looking for one in the Charleston area, and if I say 'Charleston,' it's much more likely to be South Carolina than West Virginia."

At the same time, Professor Cohen shares Professor Kleinberg's view about the AOL query logs.

"I would feel personally uncomfortable looking too closely at searches showing things like marriages breaking up," he said. "I don't want to do research in order to see if my algorithms are working correctly, while delving into the details of people's lives."

Professor Cohen said that although he might eventually do research on the data set, "the privacy issues are something I'd have to think through very carefully."

Companies occasionally mete data out to academic researchers. Microsoft has done this, but in a controlled fashion. Yahoo shares some statistical data with researchers who are approved case by case through an internal vetting program, according to Joanna Stevens, a company spokeswoman, but query data, she said, has never been distributed.

Asked about its policy, Google issued a statement that said, "Our current policy is not to release queries or personal data to researchers outside of the company."

Oren Etzioni, a professor of computer science at the University of Washington, said that shortly after the news of the privacy violations surfaced, he had lunch with Dr. Chowdhury and two of Dr. Chowdhury's colleagues.

Professor Etzioni said Dr. Chowdhury was horrified by what had happened. "He didn't anticipate that this kind of data could be used to track down individuals." Dr. Chowdhury declined to comment, at the advice of his lawyer.

The release of the AOL query logs coincided with a global conference in Seattle of information retrieval researchers, and it prompted heated discussions among those in attendance.

Among them was Jamie Callan, an associate professor in the school of computer science at Carnegie Mellon and chairman of the Association for Computing Machinery's special-interest group on information retrieval, which organized the conference.

Professor Callan said that although no one disagreed on the importance of protecting privacy, "there's also a strong belief that it is very important for the scientific community to have access to data of this kind in some anonymized form."

The last similar case involved a set of hundreds of thousands of internal e-mail messages from Enron, posted in 2003 on the Federal Energy Regulatory Commission's Web site, in connection with the agency's investigation into the company.

Although some of the e-mail was relevant to the investigation, most of it was not. So hungry were researchers for a coherent body of e-mail messages to work with that they were able to set aside their concerns that the privacy of many people who had nothing to do with the Enron scandal was severely compromised.

"Researchers glommed onto it," Professor Manning said. "It was enormously good for academic research for all kinds of things you might want to do, like social network analysis."

Several research papers have emerged in the years since the Enron e-mail corpus was released, and it remains the only large body of actual e-mail in the public domain.

"It seems this AOL data is creating more of a stir," Professor Manning said. Where the release of the Enron e-mail was justified as shedding light on corporate wrongdoers, "the AOL data is more like a real violation."

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Professor Etzioni and others say one partial solution to heightened privacy concerns could lie in more stringent "scrubbing" of data in a way that did not diminish its quality as a research tool. This could entail, for instance, replacing numbers that carry identifying information — like Social Security numbers and ZIP codes — with zeros, or replacing the word "New York" with "X17." To a researcher, Professor Etzioni said, "it doesn't matter so much that it's New York as X17."

Professor Kleinberg said he hoped that over time, the AOL incident would lead to "a richer, more informed discussion about what it means to create data sets that are clean and anonymized."

Still, a freeze on all data distribution is likely to be in effect for the foreseeable future.

Professor Etzioni said that over lunch with the AOL researchers, he had mentioned that for his own research, he was interested in a data set containing queries starting with "Wh," to signify that a question was being asked. Such data need not be tied to an individual to be useful as a research tool.

"We build technology that answers questions," he said. "So we want to test it on actual questions people are asking."

The AOL researchers told Professor Etzioni they would get approval from the company and send him a compact disc containing the question set.

But Professor Etzioni is not holding out much hope of receiving the data. "I don't think that CD is in the mail," he said, "and that's too bad."

CIVIL LAW:

Nuclear-Fuel Lawsuits Spawn Damage Award Fallout (LAW)

By Marcia Coyle

National Law Journal, August 23, 2006

The federal government may soon face the first wave of damages awards in its long-running, multibillion-dollar breach-of-contract litigation with the nation's utilities over disposal of spent nuclear fuel.

The U.S. Court of Federal Claims has damages decisions pending in six of the more than 60 originally filed cases, which, by some industry estimates, could cost the government upward of $50 billion.

Some judges in those six completed cases have indicated that they will be ruling imminently, which is good news to utilities and their lawyers, some of whom have waited as long as five years just for resolution of fully briefed summary judgment motions.

But even if damages are forthcoming, lawyers, like veteran government contract litigator Jerry Stouck of the Washington office of Greenberg Traurig, harbor no illusions that the end of this litigation saga, begun for some in 1998, is in sight.

"The Court of Federal Claims does a reasonably good job of getting the work done and resolving small disputes in government contracts and federal personnel cases, but when it comes to these big megacases, like Winstar [breach-of-contract suits against the government by savings and loan associations] and spent nuclear fuel, it's a very long and slow and hard row to fight the federal government," he said.

Stouck, who is handling four of the most recently completed six cases, said that he believes the utilities will "mostly win," and "big numbers are coming up pretty soon." But he also said that there is no doubt the government will appeal the damages awards.

"What's the downside for the government?" he asked. "There is no prejudgment interest charged. What does the government have to lose? Sure, there will be appeals."

Steven L. Schooner, senior associate dean for academic affairs and co-director of the government procurement law program at George Washington University Law School, agrees with Stouck.

"The Court of Federal Claims isn't going to do anything other than tee it up for the [U.S. Court of Appeals for the Federal Circuit]," he said. "Could it go to the Supreme Court? Given the high stakes, maybe. You're talking about tens of billions of dollars."

FINDING A HOME

The spent nuclear fuel lawsuits charged that the federal government breached contracts entered into with utilities in 1983 under the Nuclear Waste Policy Act of 1982. Under the act, the Department of Energy (DOE) was to begin picking up the utilities'

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spent nuclear fuel on Jan. 31, 1998, in return for payments by the utilities into the Nuclear Waste Fund for construction of a permanent waste site.

As a nuclear reactor operates, uranium is used up in the fission process that creates energy to generate electricity. Fission byproducts build up and eventually interfere with efficiency until the fuel can no longer produce energy. At that point, the fuel is "spent." But it continues to emit radiation, so it must be stored in basins of water or dry storage vaults or containers until its radiation drops to safe levels. That can take thousands of years.

On Jan. 31, 1998, there was no permanent repository for the spent fuel, and the federal government did not begin, as the contract required, to pick up that fuel. Many of the utilities were forced to build temporary on-site storage facilities for the spent fuel -- the costs of which are now the damages being sought in their litigation with the government.

The utilities already have paid more than $15 billion into the federal Nuclear Waste Fund for a permanent waste site. The government has designated Yucca Mountain in Nevada as the repository, but that site has been tied up in politics and litigation for years.

In July, DOE announced a new schedule for Yucca Mountain, projecting that the site will begin to accept nuclear waste in March 2017 instead of 2010, the previous prediction.

"We would think the 2017 date is extremely optimistic," said Jay E. Silberg of the Washington office of Pillsbury Winthrop Shaw Pittman, a nuclear attorney who has represented 19 utilities in the spent fuel litigation.

The 2017 date makes no allowances for the longer licensing hearing that will be required by the Yucca site, Silberg said, nor for related lawsuits.

"We know the Nevada people are very inventive with reasons why the project shouldn't go forward," he said.

In fact, the state of Nevada is in three federal courts right now on issues related to Yucca Mountain and anticipates additional lawsuits in the coming months, said Robert Loux, executive director of the Nevada Agency for Nuclear Projects.

"I honestly believe DOE is so incompetent and the site is so bad they'll never make progress on Yucca Mountain," predicted Loux. "Most people believe Yucca Mountain is a dead site or will be."

Repeated calls for comment to the DOE public affairs office were not returned.

Although a final resting place for the spent nuclear fuel is in doubt, some issues have been resolved in the litigation.

The Federal Circuit ruled in 2000 that the government did breach the contract. But the breach is a partial one, according to the court, and damages are limited to past damages.

"These contracts are still in force; the utilities are still paying fees into the Nuclear Waste Fund, and we all continue to expect and desire performance by DOE even though it's delayed," explained Stouck.

"Since there is the possibility of performance tomorrow, the courts said, 'If we award damages for the next 10 years and then DOE actually performs in five years, you might end up with windfall. Let's not speculate about when they will perform,'" he said.

Three New England utilities represented by Stouck initially sought about $500 million in damages out to 2010, the earliest date that DOE predicted Yucca Mountain would be ready until its latest prediction last month. The damages are the cost of constructing and then operating the on-site storage facilities.

But the "past" in terms of damages was defined as through 2002, said Stouck, whose three New England utilities, along with Pacific Gas & Electric (PG&E), are awaiting damages rulings. For the three New England utilities, he sought about $200 million and about $92 million for PG&E through 2004.

"We're just at the beginning of construction for PG&E and we already know there is another $50 million in costs through 2006," he said.

But it is also clear that the utilities can come back for additional damages if delay continues, said Pillsbury's Silberg, an issue resolved by his representation of Indiana Michigan Power Co.

Most of the damages sought in that case, he said, were future damages. The company had not yet built its dry storage facility, Silberg said.

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"We now have a clear right to go back and ask for those damages," he said. And Silberg said it is also clear now that damages awarded must be paid from the government's judgment fund, not from the Nuclear Waste Fund as the government argued.

"It was not appropriate for the utilities, in essence, to pay their own damages," he said. "The court agreed with us."

Of the 66 cases filed, six are awaiting damages decisions; seven have trial dates, most in 2007; about 40 have been stayed or are in various stages of discovery; nine have been dismissed; about three have settled; and two have closed after final judgments.

The only damage award made thus far has been in the suit brought by the Tennessee Valley Authority. The suit was filed in 2001 and sought $35.8 million in damages for the construction of dry storage facilities at TVA's Sequoyah and Browns Ferry nuclear plants. The court last January awarded $34.9 million for damages through 2004.

The government filed an appeal but withdrew it. Lawyers speculate the government did not pursue the appeal because it did not want a governmentwide ruling on an issue in the case peculiar to TVA: whether quasi-governmental agencies like TVA have standing to sue the government.

Two years ago, Exelon Corp. and its subsidiaries, Exelon Generation Co., Commonwealth Edison Co. and AmerGen Energy Co., settled their suits with the government.

Under the settlement agreement, Exelon was to receive $80 million immediately in gross reimbursements for storage costs already incurred, with additional amounts reimbursed annually for future costs. If a national repository opens by 2010, which now is unlikely, gross reimbursements to Exelon would eventually total about $300 million.

Settlements are rare in these megacases, said Stouck. "In the private sector, they settle. Both sides want to resolve that," he said. "That doesn't happen in Winstar or spent fuel, partly because of the magnitude, partly because of the precedential value of the early cases, and also the government has no real incentive to settle because no prejudgment interest is charged."

Key legal issues relating to the contract remain unresolved, such as how much waste the government was to begin picking up in 1998, and the schedule of pickup.

The government, according to Silberg, Stouck and others, never gives up on certain issues even when they have been resolved at the circuit level. It will reassert an unsuccessful argument into one case sometimes three years after it has lost it in another.

The Court of Federal Claims is partly to blame for the government's ability to do that, said Schooner of George Washington University.

"One of the problems with the Court of Federal Claims is it is not a disciplined court," said Schooner, an admitted critic of the court.

"In Winstar's first big damages case, Judge [Loren] Smith wrote a long, detailed opinion so everyone, he said, can follow his lead and Judge [Robert] Hodges came out a week later and said he was doing the exact opposite." Schooner added. "I think it's hard to say 'this court' with a straight face. You have a couple dozen independent contractors there."

But Stouck, Silberg and the other spent nuclear fuel lawyers are clearly prepared for the long haul.

Even if the government's ultimate liability, as suggested by DOE, is only $7 billion, Stouck wonders if that will impress anyone within government to solve the waste problem or whether it will have an impact on the renaissance of nuclear power in this country.

"Frankly, I'm a cynic," he said. "I would hope so, but I don't know."

Silberg is more of a fatalist.

"I attended my first high-level waste conference in 1979," he recalled. "I've spent 30 years trying to move these issues forward. This is the nuclear waste program after all. We never would have anticipated it would have taken this long with this litigation. Unfortunately, there are some judicial forums that take a very long time."

Former Beverly, U.S. Settle For $20 Million (ARKDG)

By Laurie Whalen

Arkansas Democrat-Gazette, August 23, 2006

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Legal officials at Golden Ventures, the Fort Smith-based support services division of the former Beverly Enterprises Inc., last week agreed to a $ 20 million, out-of-court settlement with the U. S. Department of Justice.

The Justice Department on Friday announced the agreement after it alleged MK Medical, the nursing home operator's wholly-owned medical equipment subsidiary, cheated Medicare and Medi-Cal, a health care program jointly funded by the state of California and federal government.

"We are committed to pursuing allegations of fraud against federal health care programs, and to safeguarding federal funds against false claims," said Kevin V. Ryan, U. S. Attorney for the Northern District of California.

Under the False Claims Act, the government alleged the defunct operating unit failed to obtain proper claims and medical documentation during a four-year period ending in 2002.

Beverly agreed to pay $ 14. 5 million to the U. S. government and $ 5. 5 million to California. Beverly has until Sept. 1 to finalize the settlement payment, according to terms in the Justice Department's press release.

In an e-mailed statement, the privately-held nursing home operator said it initiated the settlement with federal investigators.

"Our company conducted a thorough review and audit, and we proactively notified the government so we could resolve the issue and repay the money owed," Blair Jackson, a Golden Ventures spokesman, wrote. "We are glad to put this situation behind us."

The durable medical equipment wholesaler delivered items, such as oxygen tanks and wheelchairs, to primarily California residents at their home, Jackson said. MK Medical was based in Fresno, Calif.

Beverly became Golden Gate National Senior Care Holdings LLC in March after a $ 2. 29 billion acquisition by a subsidiary of San Franciso-based Fillmore Capital Partners.

This month, the company that bought the former Beverly Enterprises Inc. announced a name change that will affect 283 its nursing homes and assisted living centers nationwide. However, 82 leased facilities will retain the Beverly name. Golden Gate National Senior Care Holdings LLC became Golden Horizons which oversees Golden Ventures — the name of the Fort Smith-based support service division employing about 600 people.

CIVIL RIGHTS:

U.S. Presses Springfield To Assist Hispanic Voters (SPRINGR)

By Peter Goonan

Springfield (MA) Republican, August 23, 2006

SPRINGFIELD - A hearing is scheduled on Monday in U.S. District Court to consider if the city - recently accused of violating the rights of Spanish-speaking voters - must immediately take corrective action in time for the Sept. 19 primary.

The U.S. Department of Justice filed a motion in federal court this week, seeking a temporary restraining order against the city to halt alleged violations of the Voting Rights Act pertaining to the Hispanic voters. The initial suit was filed on Aug. 2.

The Justice Department is asking Judge Michael A. Ponsor to order the city to hire additional bilingual poll workers to assist Spanish speaking voters citywide, and to authorize federal observers at the polls this fall. The hearing is at 2:30 p.m.

City Solicitor Edward M. Pikula said yesterday that rather than help the city, the federal agency filed suit and then sent a team of lawyers to solicit complaints. "It's unfortunate that the Department of Justice is acting like the 10-ton elephant as opposed to a resource to help us implement improvements," Pikula said.

A Justice Department spokeswoman said yesterday the city has been legally obligated to provide proper materials and assist Spanish speaking voters at the polls since 1992, but has failed to comply despite repeated letters and discussions.

"These violations are egregious and the Justice Department is convinced that Springfield will maintain its state of non-compliance causing irreparable harm to thousands of voters without an order by a federal court," spokeswoman Cynthia J. Magnuson said.

Pikula and City Election Commission Secretary Kathleen Hoar Fleury said they were not aware of any complaints prior to July when they received notice of the federal suit.

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On Friday, Pikula and Fleury said the city was taking action to recruit more bilingual poll workers, to improve training of poll workers, and to ensure proper assistance to the Spanish speaking voters.

"The substance of their proposed (court) order is very similar to the substance of our proposed settlement," Pikula said yesterday.

The Justice Department filed a memorandum in court this week listing multiple cases of alleged voting rights violations, with statements provided by voters and witnesses. The statements included allegations ranging from hostile poll workers to confused Spanish-language voters unable to get help at the polls.

The Justice Department reported cases where poll workers allegedly interfered with the voters' right to receive assistance at the polls from a person of their choice, and one case where a poll worker, responding to a group of Spanish speaking voters, allegedly stated in a "loud and hostile voice, 'We are in America,'" according to the memorandum.

Fleury this week urged residents who are interested in working at the polls this fall, particularly bilingual candidates, to contact the Election Office by telephone, at (413) 787-6189, or by visiting the office at City Hall, to apply.

The Justice Department said the city had only 17 bilingual workers at the polls in November 2004, out of 384 workers. The number of bilingual workers increased to 37 in November 2005, but 34 of the 37 worked in Ward 1, primarily the North End, the Justice Department's memorandum states. There are eight wards.

The Justice Department is proposing that a minimum of one to three poll workers be assigned to any precinct Sept. 19 where there are 70 or more registered voters with Spanish surnames. There are 64 precincts.

Civil Liberties Group Contends US Drug Agency Violated Armenian Couple's Rights (FINDLAW/AP)

AP, August 23, 2006

(AP) - ALBUQUERQUE-The American Civil Liberties Union of New Mexico has sued the U.S. Drug Enforcement Administration and two law enforcement officers, contending an Armenian couple whose train stopped here last year were illegally searched and roughed up.

The ACLU filed the lawsuit Monday in U.S. District Court in Albuquerque on behalf of Diana Arutinova and her partner, Edgar Manukian. The residents of Burbank, California, are seeking unspecified compensatory and punitive damages.

Special Agent Steve Robertson, a spokesman for the DEA, said the agency does not comment on pending litigation.

"Obviously if there's an ongoing judicial process, it's unfair to any of the parties involved to make a comment right now," he said.

Arutinova and Manukian were traveling last August when their train stopped for about 40 minutes. During that time, the two were told by an officer that they were "suspicious," according to the lawsuit.

The two were ordered to the luggage area of the train car, and their bags were searched. At one point, an officer pulled bras and underwear from Arutinova's personal bag and examined them with an exaggerated smile, while the other two officers laughed, made coarse jokes and called the couple inappropriate names, the lawsuit says.

The lawsuit contends that things went from bad to worse after the illegal search. The couple asked the officers for their names, badge numbers and the names of their watch commanders. DEA Agent Jay Perry then pushed Manukian toward the train door and said, 'You want my name? What are you going to do about it, (expletive)?'" the lawsuit says. Perry then threw his business card at the couple.

Arutinova stepped between the men, and Perry grabbed her right arm, "pushed her against the wall and shook her so hard that her head struck the wall," the lawsuit says.

Perry then dragged Arutinova by the arm back down the hall toward the couple's room, striking her head against the wall two or three more times, the lawsuit says. He stopped only when Arutinova began to scream, the ACLU contends.

Manukian later was grabbed by the arm when he failed to comply with the officers' demand that he turn over a camera, which he used to take pictures of Arutinova's discolored arm, the lawsuit says.

"Clearly the officers were trying to cover their tracks by seizing the camera," said Peter Simonson, executive director of the ACLU. "The act was as cowardly as it was illegal."

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The ACLU claims Arutinova, who was employed as a phlebologist at the time, was forced to quit due to her injuries.

States Move To Legalize Pharmacists' Right To Refuse (WT)

By Joyce Howard Price

The Washington Times, August 23, 2006

Lawmakers in nearly half the states have introduced bills in this year's legislative sessions to allow pharmacists not to fill prescriptions for emergency contraception or other birth-control medicines based on their religious or moral objections.

Four states -- Arkansas, Georgia, Mississippi and South Dakota -- have passed laws that permit druggists to deny certain prescriptions, including emergency or other contraceptives.

"This is definitely a hot-button issue for a lot of people ... it's pretty controversial, regardless of which side you are on," Madeline Kriescher, a research analyst for the National Conference of State Legislatures (NCSL), said yesterday.

For years, states have been enacting laws designed to limit abortion, including legislation to let doctors and other heath care providers refuse to perform or participate in an abortion.

"Now, the issue is expanding as pharmacists are refusing to fill emergency contraception and contraception prescriptions," the NCSL says on its Web site, www.ncsl.org.

Mrs. Kriescher said the bills all stalled in committee, but pro-life advocates expect many of the measures to return. Merchants in the new university town of Ave Maria, being developed in southwestern Florida by Domino's Pizza founder Tom Monaghan, will be asked not to sell contraceptives. But legal issues prevent them from being prohibited from doing so.

Jim Sedlak, vice president of the American Life League, said that organization supports the efforts of a 1,500-member group called Pharmacists for Life International in their efforts to allow pharmacists to forgo filling prescriptions for birth-control medications..

Whether the drug is the morning-after pill or the traditional birth-control bill, Mr. Sedlak said, "One of the mechanisms is to prevent implantation, which means the ending of human life.

"Pharmacists are being caught in the middle, so many of them are starting to say no," he said.

The Planned Parenthood Federation of America and other pro-choice groups see such measures as a big threat, saying they interfere with a doctor's decision about the proper medication for a patient. The group has started a campaign called "Fill My Pills Now" designed to overturn policies that allow druggists to refuse to fill birth-control prescriptions if they have moral objections.

"These pharmacists -- emboldened by religious extremists and empowered by arch-conservatives in Washington, D.C., and around the nation -- are no longer content to live their own lives as they choose," Planned Parenthood President Cecile Richards wrote in a recent letter explaining the campaign.

"Now they are trying to tell you and me how to live our lives. And too often they succeed. That has got to stop," she added.

In the mailing, Planned Parenthood also said three major chains -- Target, Walgreens and Winn-Dixie -- currently let pharmacists refuse to fill contraceptive prescriptions.

But Target said yesterday that "Plan B, the emergency contraceptive, is the only prescription for which this policy applies."

And if a pharmacist refuses to fill such a prescription, he must find another Target pharmacist to do so or refer the customer to a different drugstore, the company said.

Representatives for Walgreens and Winn-Dixie could not be reached for comment.

Safe Drug Testing In Prisons (NYT)

The New York Times, August 23, 2006

Prisoners' rights advocates are understandably worried about an advisory panel's recommendation that the government overhaul the rules for testing drugs on prison inmates. The advocates fear a return to the medieval situation of just 30 years ago, when inmates were often subjected to dangerous and unethical experimental procedures. Some were infamously exposed to radioactive, carcinogenic and hallucinogenic chemicals at the Holmesburg prison in Philadelphia.

This shameful history makes it imperative that any change in testing policies be accompanied by oversight regulations far stronger than those now in existence. That said, a new report from the Institute of Medicine offers a possible outline for moving

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toward a system of testing that could benefit both the population as a whole and prison inmates, who tend to be among the sickest, most disease-prone people in society.

The report calls for greatly expanding the protections given to subjects of medical research who are imprisoned or under other forms of correctional supervision. It also calls on the government to strengthen federal oversight of these kinds of studies and to rewrite a set a vague regulations that don't actually protect the rights of medical research subjects within the corrections system.

The new arrangement would minimize inmate risk by limiting drug trials to the final, therapeutic stage, after researchers have already determined that drugs look safe and potentially effective. Instead of loading up studies with captive subjects, as was commonly done in the past, prison inmates would not be permitted to make up more than half of the subjects of a test.

No research can ever be seen as legitimate without informed consent of the participating subjects. Critics of the new report argue that there can be no such thing as informed consent in the coercive environment of a prison. While acknowledging the seriousness of the problem, the report's authors believe that it can be overcome — at least in some institutions and in some settings — by having careful independent boards oversee the process. If voluntary informed consent is not obtainable, the report said, the research should not be allowed to proceed.

The dismal state of medical care in many prisons also raises the possibility that inmates would rush to sign up for drug trials simply to get treatment for chronic problems. The report's authors appear to have argued vigorously among themselves about whether drug testing should be permitted at institutions where health care is particularly poor. The answer should be no, in all but the rarest cases. Making sure inmates have decent medical care should be the first order of business.

The country should move slowly on this issue. The savage and dishonorable legacy of drug testing in prison makes it imperative that any change be carried out carefully, with maximum transparency and concern for inmate safety. That will require far more federal oversight than current law provides.

ANTITRUST:

Michigan Minimum-service Proposal Hits Snag (INMAN)

By Glenn Roberts Jr.

Inman News, August 23, 2006

Realtors meet with governor to discuss real estate bills

A proposal in Michigan to require all real estate agents to perform a minimum set of services for clients when entering into an agency agreement has met opposition from the state's governor after the U.S. Justice Department and a state regulatory agency announced objections to the legislation.

In a legislative report this month, the Michigan Association of Realtors -- which is pushing for the legislation -- announced that "as the bills were poised for a vote, the governor has made it clear that she will veto the legislation as written," and "pressured the Democratic caucus in the Senate to vote 'no.'"

Liz Boyd, press secretary for Michigan Gov. Jennifer Granholm, said today, "At this point we have concerns about the bills. We have serious concerns -- certainly we're not supporting the bills at this point."

House Bills 4849 and 4850 would continue to allow real estate licensees in the state to provide lesser service than these mandated services, though only by acting in a non-agent role. Critics have said the legislation could make limited-service offerings less attractive and multiple listing services operating in the state could potentially block the public display of property listings related to these non-agency relationships. Most MLSs in the country are affiliated with Realtor trade groups.

Limited-service real estate offerings can include fee-for-service options that allow consumers to take on some of the responsibilities in a real estate transaction that would typically be handled by an agent. Some companies offer to list properties in an MLS for a flat fee, for example, while providing few or no other services for clients.

Similar legislative measures, sometimes referred to as minimum-services laws, have been proposed and passed in several other states. The measures typically require that real estate licensees perform a specific set of services for clients, at least when entering into specific types of service agreements with those clients. Officials at the Justice Department and Federal Trade

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Commission have in some cases opposed the measures, charging that the measures could potentially limit consumer choice and that there haven't been enough consumer complaints to justify the measures.

State Realtor trade groups and supportive state legislators and regulators, meanwhile, have contended that such laws can protect consumers by ensuring they receive a specific level of service in at least some instances and can help to ease confusion by other real estate licensees when limited-service real estate companies are involved in real estate transactions but do not offer full representation to their clients.

Tom Martin, director of the Office of Policy and Legislative Affairs for the Michigan Department of Labor and Economic Growth, said that the legislation appears to be stalled for now. "At this point it's on hold and I don't think any movement is imminent," he said. The Department of Labor and Economic Growth is opposed to the minimum-service legislation in its current form.

"We suggested to the Realtors that we'd prefer an approach such as they one they took in Ohio. From our perspective that maintains consumer choice and allows certain services to be waived," Martin said. In Ohio, the state Realtor trade group promoted a waiver of agency duties that allows sellers to waive some real estate duties while specifying which duties their clients will receive.

Bill Martin, CEO for the Michigan Association of Realtors, said today that a meeting held earlier this month with Gov. Granholm and a state regulatory agency representative was "extremely positive," adding, "It really was a good discussion on the substance of the legislation, the status of agency. I didn't find anything in the meeting that indicated anything other than that they were certainly open to discussion and finding resolutions."

Martin said he expects continued discussions on the legislation.

He also said that there has been a slant in the news media against the proposed bills, and that there seems to be a widespread misunderstanding about their actual language and effect.

Michigan's agency laws are intended to provide standards that real estate licensees are held to, he said. "We have agency for a reason. The other option is to just get rid of agency -- then you have no fiduciary (duties) to the client, nothing is confidential and it's the old Wild West," he said. "For those that find comfort in confidentiality and comfort in fiduciaries then I think (agency) needs to be protected."

Real estate licensees in Michigan can now legally provide a range of limited services under agency agreements that would only be allowed as non-agency services if the bills passed.

The legislation provides that all real estate brokers, when acting under an exclusive agency agreement with clients, must accept and present all offers and counteroffers on behalf of their clients, "assist in developing, communicating, negotiating and presenting offers, counteroffers and related documents or notices until a purchase or lease agreement is executed," and assist in providing a complete and detailed closing statement, among other duties.

Licensees who do not offer these services can act as a "transaction coordinator," which is a licensee who does not act as the agent of either the buyer or the seller in a transaction.

Martin said that the Realtor association is open to discussions with the Justice Department on the proposed legislation. "If they wanted a frank discussion about the language, we're available anytime. They're not able to offer any criticism of the language of the actual legislation," he said. "It's very difficult to deal with legislation people are opposing but can't tell you why. It's very frustrating to us."

Federal officials said in an October statement that the proposed legislation could prevent some property listings from being posted in those MLSs that require exclusive brokerage agreements. "In Michigan, home sellers currently have the option to purchase the service of listing their property on the local (MLS) separately without also having to purchase the broker's negotiation service," the agencies stated.

"If House Bill 4849 is enacted, however, real estate professionals entering into exclusive service provision agreements with their clients would have to provide a state-mandated minimum service package that includes many duties associated with negotiating a property sales contract. Because many (MLSs) in Michigan require brokers to offer only exclusive brokerage agreements before real estate professionals may list properties, Michigan consumers in those areas will be adversely affected by this proposed change in the law."

Robert Campau, the vice president of public policy and legal affairs for the Michigan Association of Realtors, stated in a report to members this month that "there remained a deep and unrelenting suspicion about these bills" and "an unyielding skepticism about the value that traditional brokerage models actually provide" by some state officials.

He charged that the Justice Department and Consumer Federation of America share blame for "rancor and erroneous charges leveled at this legislation."

Campau stated, "Our association's interest ... is only to ensure that consumers understand what they are getting. This legislation aims to provide ... protections to all individuals who enter into exclusive agency relationships while allowing wide statutory authority for future business models."

Cheryl Lynch, co-owner of Lake Michigan Realty in New Buffalo, Mich., and an opponent of the legislative proposal, has contacted the state Attorney General's Office, charging that the state Realtor association violated the state's Consumer Protection Act in promoting the minimum-services legislation to lawmakers.

"The legislation, if passed, will cause many consumers to pay more money when selling or purchasing real estate," she charges in the letter, while causing the property listings of non-traditional brokerages to be "treated with prejudice by MLS boards." Lynch has also opposed local MLS rules that require MLS subscribers to be members of Realtor associations.

The state Attorney General's Office has not taken a formal position on the minimum-service legislation.

Bill Martin of the Michigan Association of Realtors said that the state's Consumer Protection Act does not apply to real estate licensees in Michigan because they are regulated by real estate licensing law -- "it only applies in instances in commerce where there isn't a regulatory framework."

HCA Investors Win Antitrust Approval (BLOOM)

By Lisa Rapaport

Bloomberg, August 23, 2006

A group of private investors, including Bain Capital, Merrill Lynch Private Equity and Kohlberg Kravis Roberts & Co., has received antitrust clearance to buy HCA Inc. for $33 billion.

The Federal Trade Commission said Monday that it granted early termination Friday for the waiting period required under antitrust law before the investors can acquire Nashville, Tenn.-based HCA, the largest U.S. hospital operator with some 40 hospitals in Florida. Of that, HCA operates 10 in the Tampa Bay area, including Brandon Regional Hospital.

The green light from regulators will allow the buyers to complete the purchase in the fourth quarter. The $51-a-share buyout would take HCA, founded in 1968 by the father and brother of Senate Majority Leader Bill Frist, R-Tenn., away from public shareholders for the second time.

"This makes things move faster," said Ivan Feinseth, an analyst with Matrix USA in New York. "Nobody expected there to be any antitrust issue with this deal, but it still is reassuring any time you see a regulatory hurdle cleared."

The purchase will put the new owners at the center of a national fight over health costs that involves insurers, employers and the government.

HCA's second-quarter results show the struggle ahead in the hospital industry. Net income dropped 27 percent as half of the beds in the chain's 176 wholly owned hospitals went empty, according to HCA's second-quarter financial report, released July 24.

New drugs are keeping patients with chronic ailments such as diabetes and heart disease out of the hospital, and reductions in insurance benefits are encouraging people to seek less care. The buyout may lead to the closing or sale of some of HCA's centers, analysts said.

HCA will receive $16.8 billion of bank loans to help fund its acquisition by Bain, KKR and Merrill, according to an Aug. 4 regulatory filing. The hospital operator also plans to sell $5.7 billion of senior secured second-lien notes, the Securities and Exchange Commission filing said. The investor group will provide $5.5 billion of equity and assume about $11 billion of HCA's debt, according to a July 26 SEC filing.

Judge Lets Blockbuster Countersuit Against Netflix Go Ahead (AP)

AP, August 23, 2006

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DALLAS — A federal judge on Tuesday denied a move by Netflix Inc. to throw out antitrust claims filed against the online movie-rental company by rival Blockbuster Inc.

The companies are fighting over two Netflix patents that protect how subscribers create a list of movies they want to see.

Judge William Alsup's ruling was procedural and didn't decide the merits of the case.

However, the judge wrote that Blockbuster had found "potential bad faith" by Netflix, including that Netflix may have failed to disclose earlier patented technology when applying for its patents.

If Blockbuster's charges are proven true, it could amount to an antitrust violation, the judge wrote.

Blockbuster spokesman Randy Hargrove said the company was pleased with the ruling.

Netflix spokesman Steve Swasey said the ruling merely allows Blockbuster's counterclaims to go forward and wouldn't stop Netflix from fighting to protect its patents.

Alsup's ruling was the latest twist in a legal fight that began in April, when Netflix went to court seeking to shut down Blockbuster's online rental service. Netflix, based in Los Gatos, Calif., claimed that Blockbuster violated two of its patents, one issued in 2003 and another in 2006.

In June, Dallas-based Blockbuster filed antitrust counterclaims against Netflix charging that Netflix's patents were obtained through deceptive practices as part of a bid to monopolize the online-rental business.

Blockbuster claims Netflix didn't mention patents held by NCR Corp. in its own patent application. Netflix has sued NCR to establish that it didn't violate NCR patents for ordering and downloading material from online repositories, Alsup said.

Netflix began business in 1999. Blockbuster, the leading chain of movie-rental stores, launched its online-ordering service in 2004 but still trails Netflix in number of online customers.

Shares of Netflix fell 78 cents, or 4 percent, to $18.74 on the Nasdaq, while Blockbuster shares rose 17 cents to $3.95 on the New York Stock Exchange.

Mixed Messages In BlackBerry Case, Big Winner Faces His Own Accusers (WSJ)

By Christopher Rhoads

The Wall Street Journal, August 23, 2006

In March, a patent holding company led by lawyer Donald Stout won a $612 million settlement from the maker of the BlackBerry email device in a patent-infringement case. Mr. Stout celebrated with a three-week hunting trip to New Zealand, where his good fortune continued. With a bow and arrow, he killed a rare red stag.

Now Mr. Stout is himself in the sights of claimants who accuse him of getting more than his fair share of the money. At the center of the dispute is a long-defunct company called Telefind Corp. involved 16 years ago with creating the email patents at issue in the BlackBerry case.

One person suing Mr. Stout alleges the lawyer, who was Telefind's patent attorney, committed fraud to keep the patents from the hands of Telefind's creditors. Children of Telefind's late chief executive say their father helped invent the technology. They claim they were unfairly cut out of the winnings.

Mr. Stout dismisses the allegations, noting that a judge agreed with his version of events in 1993.

Mr. Stout's company, NTP Inc., sued BlackBerry's maker, Research in Motion Ltd., or RIM, of Waterloo, Ontario, in 2001. Under the threat of a court-ordered BlackBerry shutdown in the U.S., which would have wreaked havoc on the lives of the device's three million American users, RIM finally agreed to the settlement. Mr. Stout received $177 million. The widow of Tom Campana, listed as the inventor on the patents that RIM was accused of infringing, received $153 million. The rest went to law associates, business partners and friends of Mr. Stout.

Those left out of the settlement include the four daughters of Telefind's chief executive and co-founder, Andy Andros, who died in 2001 during heart surgery at age 76. Telefind investors and former employees also received nothing.

"There's something not quite right when the attorney ends up in control of all this," says Penny Andros, the second-oldest of the daughters. "Telefind was Andy's brainchild, so how does he get nothing?"

Ferris Haddad, who briefly controlled the patents after Telefind's 1991 bankruptcy, filed suit against NTP in a Detroit federal court late in 2004. Mr. Haddad alleges that the formation of NTP in 1992 was part of an elaborate plan by Telefind executives to

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keep its patents out of the hands of creditors. The supposed plan included having Mr. Andros falsely testify that the work behind the technology was done entirely by Mr. Campana and had nothing to do with Telefind, the suit says. Mr. Campana, who was Telefind's chief engineer, died in 2004 of lung cancer at 57.

Messrs. Andros and Campana orally agreed they would later share in any returns from the patents, according to Mr. Andros's daughters and Ann Murray, who worked with Mr. Andros throughout his career and later became his live-in girlfriend. The plan unraveled when both men died, says Ms. Murray, who runs a chain of check-cashing stores in Houston.

Mr. Stout says the work behind the patents was done by Mr. Campana, who had his own engineering firm at the time, for a project with AT&T Corp. Mr. Stout says sworn testimony shows the wireless email work behind the patents was more advanced than what the Telefind network could handle.

"The world is full of stories of people popping up after a bunch of money is made," he says. "I think you have to ask why these people are only remembering these things now."

Mr. Stout, 60, graduated from Penn State University with a degree in electrical engineering in 1968. He worked as an examiner in the U.S. Patent and Trademark Office for four years while studying for his law degree at night, and later went into private practice. He says he was playing pickup basketball at the YMCA in Washington in 1987 when one of the players told him a promising start-up named Telefind needed a patent lawyer.

Telefind had just moved into new offices with marble floors in Coral Gables, Fla., with about 40 employees. The paging company was on its way to offering service in more than 100 U.S. cities and expanding into Europe.

Mr. Andros hoped to recapture his earlier success with Hy-Gain Electronics Corp., a maker of communications gear he had founded with his younger brother, Ted. Hy-Gain brought in nearly $100 million in annual revenue in the mid-1970s, but it suddenly went out of business in 1978 when new federal regulations and an infusion of cheap Japanese imports destroyed the market for U.S.-made citizens-band radios.

Mr. Andros became friends with Mr. Campana in the mid-1980s and the two decided to start their own paging company, Telefind. At first Mr. Campana worked with Telefind on a contract basis from his own company outside Chicago. Later Mr. Campana devoted himself full-time to Telefind and became its vice president of engineering, though he kept his own business in operation. He and Mr. Andros agreed that any patents produced would belong to Telefind, according to company documents included in the lawsuit by Mr. Haddad, the creditor.

Telefind's breakthrough was a pager that could work easily on hundreds, even thousands of frequencies. Other pagers used single frequencies and worked only within limited areas. Telefind's could theoretically be used anywhere. The company made agreements with local paging services, installing Telefind equipment built by Mr. Campana and his team on existing towers. Mr. Stout says he and some of his law partners invested about $500,000 of their own money in the company.

The high point for Telefind came in the summer and fall of 1990, when other companies began taking an interest in it. France Télécom SA offered to buy half the company for $35 million, according to several former Telefind executives. The company also began meeting with AT&T, which was trying to get into computers at the time. AT&T was looking for partners to develop applications for its new laptop, called the Safari, and thought wireless email would appeal to its on-the-go business customers.

According to court documents and testimony, AT&T asked Mr. Campana and his team outside Chicago to look for ways of connecting Telefind's pager to AT&T's laptop. The team got help from Telefind software engineers at the company's Florida headquarters, according to sworn testimony in the RIM case and interviews with former Telefind executives.

The idea was to convert an AT&T email into a pager message, run that over Telefind's paging network to a Telefind pager and connect that to an AT&T laptop to transmit the message.

The rudiments of this design wowed a group of AT&T customers in a private showing at a Las Vegas computer convention, called the Comdex show, in November 1990, according to a letter written on Telefind stationary later that month by Mr. Campana to one of Telefind's largest investors, Jack Richards.

"It was met with such incredible disbelief that many would actually come into the adjoining room and have me explain the network, the transmitting system and how the E-mail message was sent," wrote Mr. Campana to Mr. Richards. Instead of limiting

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the demonstration to 25 customers as planned, AT&T showed it to about 270 customers, including Sears and Xerox, Mr. Campana wrote.

Telefind hoped the successful collaboration would lead to an acquisition by AT&T, which it viewed as a more attractive buyer than France Télécom, according to letters between Telefind executives. At the least, Mr. Andros, who attended the Comdex show with Mr. Campana, expected AT&T to incorporate Telefind's pager and network in its new laptop, a deal that could "add hundreds of millions of dollars of revenues for Telefind," Mr. Andros wrote in an internal report at the time.

In April 1991, AT&T and Telefind in a joint press release trumpeted the new laptop and its innovative messaging technology, dubbed a "Wireless Mailbox."

But AT&T began worrying about failures in the Telefind network equipment, including a week-long outage in the New Jersey service, according to a letter from an AT&T executive. Telefind's dependence on the networks of dozens of local providers made it hard to ensure reliability. Funding began running out.

The Telefind creditor, Mr. Haddad, who had leased computer equipment to the company, was displeased with the delays. Mr. Haddad challenged Mr. Andros's leadership and the two clashed bitterly, former employees say. In October 1991, after Mr. Haddad seized his equipment, Telefind declared bankruptcy. In the subsequent bankruptcy proceedings, Mr. Haddad received the company's patents, which had been pledged to him as collateral.

The Telefind executives weren't about to give up what they realized could become valuable patents. According to Andros family members and Ms. Murray, Mr. Andros's longtime associate, their goal was to distance Mr. Andros from the wireless email technology. Messrs. Campana and Stout could then argue that the technology belonged to Mr. Campana personally and wasn't Telefind company property that could be seized by a creditor, they say.

In a 1993 trial, Mr. Andros and his chief financial officer told the judge the patents had nothing to do with Telefind. Mr. Andros wrote a formal letter in June 1992 to Mr. Campana commending him on his invention and asking about licensing rights, a piece of evidence used in the trial to show that Mr. Andros hadn't developed the technology.

Mr. Andros's name is not on any of the patents in question, though his name appears as co-inventor with Mr. Campana on 23 other patents that came out of Telefind.

An expert witness testified that the work in question far surpassed anything usable on the Telefind network, suggesting that Mr. Campana must have worked on the technology by himself. That witness, a patent attorney and hunting friend of Mr. Stout named Bill Wright, became one of the largest investors in NTP, taking home $20 million from the RIM settlement.

At the 1993 trial, the judge heard little evidence to challenge the claims that Telefind wasn't involved with the technology behind the patents. Many of the relevant documents weren't presented during the trial. They emerged only years later in the RIM litigation.

In May 1993, the judge awarded the patents to NTP, a patent holding company Mr. Campana had formed the year before with Mr. Stout.

At various times Mr. Stout was Telefind's patent attorney, a lawyer for a group of Telefind investors in Europe and Mr. Campana's partner at NTP. "It was such an enormous conflict of interest," says Ted Andros, brother of the late chief executive, who also worked as a Telefind executive. "Stout represented everybody and then wound up with all the goodies."

Mr. Stout says he never simultaneously represented parties with conflicting interests. He says the judge's ruling remains the correct one.

Short of cash, Andy Andros moved with Ms. Murray back to Houston, where he tried to launch other telecom start-ups over the following years with mixed success. Mr. Haddad ran into financial difficulties after Telefind collapsed. He served a short term in prison in the mid-1990s after pleading guilty to bank fraud.

Mr. Andros's daughters and others who worked with him during the late 1990s until his death in 2001 say Mr. Andros spoke often about the patents and how they would result in a big payday. During this period, NTP began looking for possible infringers, focusing on RIM, which it sued in 2001. Mr. Andros remained in close contact with Mr. Campana, who invited him and Ms. Murray to his wedding in the late 1990s, they say.

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Richard Diamond, a real-estate investor in Mill Valley, Calif., who worked with Mr. Andros on a start-up for six years until his death, says he once asked Mr. Andros if he had the agreement to share in any patent returns in writing. "He told me, 'I have a deal with these guys, and it's my business, so why should I worry?' " Mr. Diamond says.

In recent years, the RIM-NTP case started making headlines. Based on information that emerged in the case, Mr. Haddad, now a vitamin and health-products salesman, filed suit against NTP in late 2004. A judge dismissed the case. He questioned, among other things, why Mr. Haddad didn't present his evidence in 1993. Mr. Haddad's suit is now under appeal.

Earlier this year, one of the Andros daughters received a phone call from someone looking for information about Telefind. That led the daughters to discover that the RIM case had to do with their father. "We wept like a baby that day when we realized these patents were what our father had told us about," says Penny Andros, a drama teacher in Houston.

In February, Ms. Andros called Mr. Stout about the case. He rebuffed her, she says, and then had his lawyer send her testimony from her father in 1993 that the patents did not belong to Telefind.

"If Mr. Andros conspired to illegally remove property from the Telefind estate, this might arguably reflect a federal crime," wrote Mr. Stout's lawyer to Ms. Andros on April 19. "Presumably you do not wish to accuse your father of such actions."

EchoStar Loses Court Ruling On Some TV Transmissions (WP)

By Kim Hart

The Washington Post, August 23, 2006

Hundreds of thousands of Dish Network subscribers could lose access to shows on traditional television networks as early as today after a Supreme Court justice's decision yesterday that brings an end to lawsuits that have been tied up in court for more than eight years.

U.S. Supreme Court Justice Clarence Thomas yesterday let stand a May ruling by the U.S. Court of Appeals for the 11th Circuit that ordered EchoStar Communications Corp., the parent company of Dish Network, to stop transmitting network programming to 800,000 subscribers -- those who live in mostly rural areas too far to receive local stations with regular antennas.

The decision stemmed from lawsuits filed by News Corp.'s Fox Network and stations affiliated with the four major networks, all claiming that EchoStar has been illegally offering distant-network signals to customers who are capable of receiving television signals from nearby cities.

Rural customers who live within the reach of a local television broadcast are not eligible to receive network programming from a satellite TV company, which usually offers transmissions from stations in large cities, such as New York or Los Angeles.

For more than eight years, Englewood, Colo.-based EchoStar has been battling broadcast networks that say the satellite provider is illegally encroaching on their markets and taking a chunk out of their audiences. EchoStar has frequently settled with local stations to maintain its presence in rural markets.

This time, analysts said, the satellite company may be required to halt service to all subscribers who receive the network transmissions, even if the subscriptions are legal.

"It looks like the company is running out of legal options and it's going to have to take some drastic steps to appease customers who are losing access to these signals, whether it be lowering rates or helping them find access to other channels," said Thomas W. Eagan, an analyst with Oppenheimer & Co. in New York.

"The subscription television marketplace has become very saturated and people are looking to be compensated," he said. "This could send customers straight to DirecTV or cable."

The Supreme Court's decision was "not unexpected," according to a statement released by EchoStar.

"We have settled with hundreds of stations and station groups over the eight and a half years this case has been winding its way through the court system, and we continue to negotiate with the broadcasters who have not yet settled," the company said.

The ruling is a double victory for media mogul Rupert Murdoch, chairman of News Corp., which owns Fox and DirecTV Group Inc., the nation's largest satellite television company.

As the subscription television space becomes increasingly competitive, companies are going to become more aggressive in ensuring their edge in the market, said Matthew J. Harrigan, an analyst with Janco Partners in Colorado.

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"You're going to see this continual jockeying of ethical positions," he said. "There's no reason to believe Murdoch is going to back off and this is one of the tactical maneuvers he had to work with."

The loss of 800,000 rural subscribers, about 6 percent of EchoStar's 12.5 million customers, could cost the company several million dollars in revenue, analysts said.

EchoStar reported a profit of about $169 million for the quarter ended June 30, down from about $856 million for the same quarter a year ago, which included a $593 million extraordinary gain. It added 195,000 subscribers from April to June.

The company's stock closed yesterday at $31.67 per share, down 27 cents, or 0.9 percent.

Satellite TV companies had explosive growth in the mid-1990s as they reached out to rural customers who did not have access to multi-channel programming.

"A decade ago, satellite TV was a boon to rural subscribers," said Craig E. Moffett, a senior analyst with Sanford C. Bernstein & Co. "Now that game has largely played out. The obvious beneficiary here is DirecTV."

Smoot-Hawley's Revenge (WSJ)

The Wall Street Journal, August 23, 2006

Seventy-six years ago, the Smoot-Hawley Tariff Act wreaked havoc on the U.S. economy. Today, a little-known provision of Smoot-Hawley, Section 337, is poised to take its own turn in the protectionist limelight by potentially crippling the U.S. wireless-phone industry. Other high-tech companies could follow in the dock.

The peril comes from the International Trade Commission (ITC), an obscure federal agency that typically deals with trade but suddenly is telecom central. There are currently cases before the ITC affecting virtually every mobile-phone operator in the country and most of the largest handset makers in the world. Ericsson and Samsung have filed complaints against each other, and Qualcomm has sued Nokia. Broadcom, a chipmaker that owns patents for mobile-phone technology, has filed against Qualcomm, which supplies chips used in new phones sold by Verizon and Sprint.

All of these companies are seeking an edge against their rivals via "exclusion orders," which would ban the import of products said to violate U.S. patent (yes, patent) law. Depending on how the cases are ultimately decided, millions of cell phones could be barred from the U.S. market at a cost to the phone makers and network operators of billions of dollars.

The ITC was established in 1916 as the U.S. Tariff Commission. Smoot-Hawley gave it the authority to review claims of "unfair trade practices" based on patent infringement. If a company with U.S. operations believes a competitor is importing a product that infringes on its intellectual property, it can bring a Section 337 claim to the ITC. An administrative law judge then hears the case, and he can issue an exclusion order barring imports of the infringing product for the duration of the patent. The order is also subject to the review and approval by the six-member, bipartisan ITC board.

Incredibly, all of this takes place separately from normal judicial proceedings on patent infringement or validity. Most of the cell-phone cases mentioned above are also in court on patent-infringement grounds, but these cases can take years and are subject to lengthy appeals. The ITC tries to discharge Section 337 cases in about a year, and will not wait for the courts. Once the ITC votes on the judge's order, there is only one avenue of appeal: The President has 60 days to override the ITC's order. If he doesn't act, the import ban takes effect.

The case closest to resolution is Broadcom's complaint against Qualcomm. It arises from two patents Broadcom purchased in 2002. Broadcom claims that phones made by Motorola, Kyocera and Samsung using Qualcomm chips infringe those two patents. A hearing was held in May and a ruling was expected this week, but the judge announced last week that he was putting his ruling off until October.

This may be a sign that the judge is aware that barring the import of $2 billion worth of cell phones would be a big deal. But the ITC staff has already recommended that the judge enter an exclusion order in the case, and judges who overrule staff recommendations in these kinds of administrative proceedings are few and far between.

Verizon and Sprint are merely customers of Samsung and Motorola, and so are not parties to the case. But they've spent billions of dollars building networks that the next generation of phones can use to access the Internet, and if an exclusion order is entered, they will be unable to import phones capable of using those networks. That would ding carriers representing about half the market, while the Samsung and Ericsson cross-complaints could affect most of the other half.

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The big picture here is that the ITC has emerged as the patent bar's venue of choice to evade this year's Supreme Court decision in eBay. That ruling raised the bar on permanent injunctions in patent-infringement cases. But the ITC isn't subject to eBay, remarkably enough, so lawyers and patent holders have descended on the agency for a quick protectionist hit. Thus Apple is being sued over the iPod, which allegedly infringes patents held by Creative Labs. And memory and other microchips are also on the ITC docket. The ITC staff seem only too happy to expand their turf in this fashion; they think they've died and gone to bureaucratic heaven.

In many of these high-tech patent cases, there is no domestic supplier of the products involved. Congress could step in and limit the ITC's authority to ban products from the U.S. market in what are really patent, rather than trade, cases. But the same lawyers can far too easily purchase a Senator to block that. The short-term solution lies with the President, who has the power to overrule an agency whose ability to do harm grows with every new case filed.

The Qualcomm-Broadcom case will be a bellwether. If neither the judge nor the ITC puts the kibosh on the growing trend of seeking patent exclusion orders from the ITC, President Bush will have to impose some adult supervision into the process. Or Smoot-Hawley may again work its mischief on the U.S. economy.

ENVIRONMENT/INDIAN AFFAIRS:

Judge Rejects Plan To Allow Tree Clearing In Monument (NYT)

By Jesse Mckinley

The New York Times, August 23, 2006

SAN FRANCISCO, Aug. 22 — A federal judge struck down a Forest Service plan on Tuesday that would have allowed a commercial lumber company to harvest trees from inside the Giant Sequoia National Monument, a soaring woods in central California.

The ruling, by Judge Charles R. Breyer of Federa District Court, said the Forest Service's plan for the monument, presented as an anti-fire effort to clear trees, brush and other natural kindling, lacked "coherent or clear guidance."

After the state attorney general and environmental groups each filed suit last year, Judge Breyer issued a preliminary injunction last fall stopping logging in the monument, partly to protect endangered species there. His ruling on Tuesday upholding the prohibition was strongly worded.

"It is the court's duty to ensure that the Forest Service's plan is coherent and readily discernible," Judge Breyer wrote. Instead, he found that the monument plan was "decidedly incomprehensible."

Environmental groups hailed the decision as a sharp rebuke to the Forest Service, saying the plan would have allowed the logging of 7.5 million board feet a year.

"We're elated that the Giant Sequoia National Monument is protected for now," said Pat Gallagher, the director of environmental law for the Sierra Club.

Matt Mathes, a spokesman for the Forest Service, said the agency was "very disappointed" in the ruling.

"We have spent a tremendous amount of time and effort in developing a management plan," Mr. Mathes said. "Now, we'll sit down with our attorneys and the U.S. Department of Justice and decide what to do next."

Mr. Mathes said an appeal was an option. Cynthia J. Magnuson, a spokeswoman for the Justice Department, which represented the Forest Service in the case, said the judge's decision was under review.

The monument, a 328,000-acre reserve inside the 1.1-million-acre Sequoia National Forest, was established in 2000 by President Bill Clinton. Located at the southern end of the Sierra Nevada, the monument is home to two-thirds of the world's giant sequoias, majestic skyscrapers of trees that can grow to more than 250 feet, with trunk diameters of 30 feet.

Bill Lockyer, the California attorney general, said in a statement, "Today's ruling helps ensure these state gems will be standing for generations to come."

Mr. Mathes said that under the Forest Service's plan, which dates to 2004, a private company would have paid a fee to the government and removed brush and small-diameter trees that stand beneath the sequoias and could act as kindling for major forest fires.

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"We do not have any plan whatsoever for cutting the giant sequoias that people come there to see," he said.

In exchange, Mr. Mathes said, the Forest Service had planned "to toss in a few medium-size trees, along with a far greater number of smaller-diameter trees and brush, to make it worth the company's while." Otherwise, he said, "we're going to have to pay someone to remove it."

But Mr. Gallagher said the midsize trees in question could be up to 30 inches in diameter and up to 300 years old, increasingly rare in a region that has been both logged and periodically ravaged by fire.

"A 30-inch tree is a huge tree by today's standards," Mr. Gallagher said, adding, "The Forest Service is essentially proposing to sell timber to finance its operations."

He added that the Sierra Club had urged the Bush administration to look at plans from Sequoia National Park, adjacent to the monument and controlled by the National Park Service, "which has used controlled burning and other innovative techniques" to reduce the risk of fire.

Mr. Mathes said the Forest Service was looking into such methods.

Judge Rejects Bush Plan To Log In Sequoia National Monument (AP)

By Terence Chea, Associated Press Writer

AP, August 23, 2006

A federal judge on Tuesday blocked a Bush administration plan to allow commercial logging in Giant Sequoia National Monument, home to two-thirds of the world's largest trees.

U.S. District Judge Charles R. Breyer sided with state Attorney General Bill Lockyer and environmental groups that sued the U.S. Forest Service over plans to permit timber cuts on up to 3,200 acres each year in the 328,000-acre preserve, home to 38 sequoia groves in Central California.

"The Forest Service's interest in harvesting timber has trampled the applicable environmental laws," Breyer wrote, calling the agency's forest management plan "incomprehensible."

In lawsuits filed last year, Lockyer and conservation groups said the agency's plan, issued in January 2004, violated the proclamation signed by President Clinton in 2000 that established the national monument to protect sequoias, which can grow up to 270 feet tall and 30 feet in diameter.

The plaintiffs argued the plan failed to consider its environmental impacts as required by the National Environmental Policy Act, calling it as a scientifically suspect strategy meant to satisfy the timber industry under the guise of wildfire prevention.

The plan would have allowed up to 7.5 million board feet of timber - enough to fill 1,500 logging trucks - to be removed each year from the monument in Sierra Nevada, the plaintiffs said.

In September last year, Breyer issued a preliminary injunction to halt logging in the national monument that began two months earlier. Tuesday's ruling makes the injunction permanent and forces the Forest Service to develop a new management plan.

"We think today's ruling is a huge step toward more intelligent, more protective management of the monument," said Pat Gallagher, the Sierra Club's director of environmental law. "It deserves to be managed like the national treasure that it is."

The conservation groups urged the Bush administration to restore and protect the monument, carved out of the 1.1 million-acre Sequoia National Forest, to the same standard as neighboring Sequoia National Park.

"We simply cannot afford to sacrifice for short-term gain majestic sequoias that have stood for centuries," Lockyer said in a statement. "Today's ruling helps ensure these state gems will be standing for generations to come."

The Forest Service was "very disappointed" in Breyer's ruling and would talk to Justice Department attorneys to determine its next move, which could include appealing the ruling to the 9th U.S. Circuit Court of Appeals, said spokesman Matt Mathes.

The plan to allow logging of trees up to 30 inches in diameter was aimed at protecting the sequoia trees from wildfire, Mathes said. He stressed that the Forest Service had no plans to allow logging of giant sequoias.

Over the years, fire suppression efforts had allowed the sequoia forests to become overgrown with smaller trees that can catch fire and put the giant trees at risk, Mathes said.

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"When the smaller diameter trees catch fire, that's the one thing that can kill the giant sequoia trees towering above them ," Mathes said. "We need to take another look at how we're going to manage this monument to protect these magnificent trees from fire."

The cases are Sierra Club v. Bosworth, 05-00397, and Lockyer v. U.S. Forest Service, 05-00898.

FBI/DEA/ATF/USMS:

Conviction Of McLean Pain Doctor Overturned (WP)

By Jerry Markon

The Washington Post, August 23, 2006

A federal appeals court threw out the conviction of William E. Hurwitz yesterday, granting the prominent former Northern Virginia pain-management doctor a new trial because jurors were not allowed to consider whether he prescribed drugs in good faith.

The decision again galvanized the national debate that the Hurwitz case had come to symbolize: whether fully licensed doctors prescribing legal medication to patients in chronic pain should be subject to prosecution if their patients abuse or sell the drugs. Patient advocate groups strongly supported Hurwitz and expressed concern that his conviction would have a chilling effect on pain doctors.

The Richmond-based U.S. Court of Appeals for the 4th Circuit acknowledged that prosecutors presented "powerful" evidence at Hurwitz's trial that was "strongly indicative of a doctor acting outside the bounds of accepted medical practice." Hurwitz was convicted in December 2004 of running a drug conspiracy from his McLean office, causing the death of one patient and seriously injuring two others.

But a three-judge panel concluded that U.S. District Judge Leonard D. Wexler improperly told jurors that they could not consider whether Hurwitz acted in "good faith" when he prescribed large amounts of OxyContin and other painkillers -- in one instance, 1,600 pills a day.

"We cannot say that no reasonable juror could have concluded that Hurwitz's conduct fell within an objectively-defined good-faith standard," the judges wrote, adding that Hurwitz presented evidence that he ran a legitimate medical practice and believed that his prescriptions were "medically proper."

Patient and medical advocates hailed the decision. "It's about time that courts start to realize that these are doctors, not drug dealers," said Kathryn Serkes, a spokeswoman for the Arizona-based Association of American Physicians and Surgeons.

The ruling sends the case back to U.S. District Court in Alexandria for another trial. Hurwitz's attorney, Marvin D. Miller, said the "good faith" argument ran to the core of Hurwitz's defense because "he believed what he was doing was helping patients with their pain."

"My colleagues on the other side overreached in this case and tried to exert federal control over the practice of medicine," Miller added.

James Rybicki, a spokesman for U.S. Attorney Chuck Rosenberg, said prosecutors are reviewing the decision and "studying our options on how to proceed." The government could appeal to the entire 4th Circuit or the U.S. Supreme Court.

Hurwitz was perhaps the most prominent physician targeted in a federal crackdown on the abuse of OxyContin and other painkillers. His conviction capped a three-year investigation into doctors, pharmacists and patients suspected of selling potent narcotics and fueling an epidemic that ravaged Appalachia and triggered other crimes.

Prosecutors portrayed Hurwitz as a common drug dealer whose waiting room was filled with sleeping and incoherent patients with track marks on their arms. More than 20 former patients of Hurwitz's testified at the trial; most had been convicted of drug crimes. Defense attorneys portrayed Hurwitz as a caring and courageous doctor who put his patients' welfare above his own.

Jurors convicted Hurwitz on 50 counts of a 62-count indictment, including conspiracy to distribute controlled substances. They acquitted him on nine counts and deadlocked on three. Hurwitz was sentenced to 25 years in prison.

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Court Orders New Trial For Doctor (AP)

AP, August 23, 2006

RICHMOND, Va. (AP) -- A doctor convicted of drug trafficking for prescribing massive doses of OxyContin and other painkillers to his patients will get a new trial.

William E. Hurwitz, a prominent pain specialist, was convicted in 2004 of 50 counts, including conspiracy and drug trafficking resulting in a patient's fatal overdose. He was sentenced to 25 years in prison.

On Tuesday a three-judge panel of the 4th U.S. Circuit Court of Appeals ruled that a jury should have been told it could consider whether Hurwitz acted in good faith in treating patients with chronic and debilitating pain.

The court said the trial judge erred in informing jurors that they could consider good faith only on two fraud counts and not on the other charges. Hurwitz was acquitted on the fraud charges.

Hurwitz frequently prescribed 100 pain pills a day for patients -- many of them obvious drug addicts and dealers, prosecutors said. One patient was prescribed 1,600 pills a day, according to testimony.

However, some of Hurwitz's patients testified that he was the only doctor who was able to relieve their debilitating pain.

Jim Rybicki, a spokesman for the U.S. attorney's office in Alexandria, said federal prosecutors were reviewing the opinion and studying their options. He declined further comment.

Manchester Officer Held In Drug Case (LEXHL)

By Bill Estep, SOUTH-CENTRAL KENTUCKY BUREAU

Lexington Herald-Leader (KY), August 23, 2006

Assistant chief, 3 others face federal charges

LONDON - In the same period he helped arrest scores of drug dealers, the assistant police chief in Manchester conspired with one to sell a million dollars worth of cocaine and pain pills, a federal grand jury has charged.

The officer, Todd Roberts, was named in an indictment released yesterday.

Three people are charged with him: Vernon Hacker, 53, coordinator of the Manchester-Clay County 911 system and a city council member, who also has worked as a deputy sheriff; Bobby Joe "Fabio" Curry, 55, of Clay County, who has been arrested several times on drug charges; and Tammy Napier, who is in her mid-30s and also has faced drug charges previously.

The indictment is the second in as many years charging drug involvement and corruption among politically prominent people in Clay County. The county was awash in talk of the latest case yesterday, with much speculation on whether others will be charged.

"This is huge," said Doug Abner, a pastor who has helped lead efforts by citizens and churches against the county's drug problem. "It could be an interesting next few weeks."

Assistant U.S. Attorney Stephen C. Smith said he could not comment on whether the investigation is continuing.

However, the indictment said that between November 2000 and May 2005, Roberts, Hacker, Curry and Napier conspired "together and with others" to distribute five kilograms or more of cocaine. Roberts, Hacker and Curry also conspired to sell pills containing oxycodone, methadone and hydrocodone, the indictment said.

Roberts, 35, and Hacker were named in three conspiracy charges in the document, as well as a forfeiture count that seeks a judgment of $1 million. That's how much the drug ring grossed, the indictment said.

The charges against the two public officials carry sentences ranging from 10 years to life in prison.

Most of the charges in the indictment were against Curry for allegedly selling drugs. In one case, a woman died after overdosing on cocaine and pills Curry distributed, the indictment said.

The four pleaded not guilty in federal court in London yesterday. Roberts and Hacker were released on unsecured bonds.

Curry and Napier are being held pending trial, which U.S. District Judge Danny Reeves scheduled for Oct. 24.

Roberts declined to comment yesterday.

Manchester Mayor Daugh K. White said he would recommend that Roberts be suspended with pay. That's fair because Roberts is innocent until proven guilty, White said.

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The case has stirred so many rumors that White wanted the newspaper to make sure people knew he and his son, Kennon, who is city manager, "are both alive and well and not been charged with anything. We've not done anything."

The two, as well as others from the county, were subpoenaed as witnesses to testify to a federal grand jury last week, White said.

The mayor said the case should not reflect badly on other local police officers. If there was a problem, it has been addressed, he said.

The 911 board suspended Hacker with pay after the FBI arrested him early Friday at his home. Federal authorities apparently allowed Roberts to report for processing without being taken into custody.

"I hate very much to lose the two men. Both of them were doing good jobs, as far as we knew," White said.

White said Roberts is a personal friend who started as a dispatcher for the city as a teen. "I pray to God he's innocent," White said.

Roberts has been a police officer in Manchester for 10 years and is well known. He has probably been involved in hundreds of drug arrests, Abner said; in at least one local case, he was listed as a witness against Curry.

Court records in Clay County show a number of charges against Curry, including assault and selling and possessing drugs. He allegedly threatened to have a witness against him beaten to death in 2004.

But the federal indictment against Curry does not list any alleged drug trafficking after May 2005 -- about the time Curry experienced a seemingly profound religious conversion, according to people who know him.

Curry spoke to groups about his faith and appeared on The 700 Club before being jailed in the drug case, said his attorney, James Hibbard of London.

If Curry made big money in the drug business, it was gone by June, when he said in a court document he had no income and had received food stamps.

Roberts and Hacker were mentioned in an earlier FBI investigation that shook the county and included allegations of public corruption.

In that case, Kenneth Day pleaded guilty last year to running a multimillion-dollar marijuana and cocaine ring from his pawn shop.

Day, a former county election commissioner, also said he's bought votes at times, and another witness implied Sheriff Edd Jordan delivered money before the May 2002 primary to buy votes. Jordan has adamantly denied any wrongdoing and has not been charged.

However, the case included charges against other prominent people, including two-term Republican County Clerk Jennings White, who admitted laundering money for Day, and Millard Oscar Hubbard, a former county school official.

Day told the FBI that after a customer of his was arrested with 30 pounds of marijuana, Day contacted White to see if they could arrange to steal the pot out of the evidence-storage room in order to scuttle the case, FBI Agent Tim Briggs testified at one hearing.

Day said White planned to contact either Hacker or Roberts to see whether they would help, Briggs testified.

However, the indictment against Roberts and Hacker does not mention that allegation. No information was available yesterday on whether information from the earlier case played a role in the new charges.

Abner said yesterday that many local people welcome federal attempts to clean up the county.

"We've been asking the Lord to expose drugs and corruption," Abner said. "He continues to do that."

Gatlin Agrees To Eight-Year Ban (AP)

AP, August 23, 2006

Sprinter Justin Gatlin agreed to an eight-year ban from track and field Tuesday, avoiding a lifetime penalty in exchange for his cooperation with doping authorities and because his first positive drug test was deemed an honest mistake.

He will forfeit the world record he tied in May, when he ran the 100 meters in 9.77 seconds. At age 24, the lengthy ban would all but knock Gatlin out of competition for the rest of his life.

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Gatlin tested positive in April for testosterone or other steroids, five years after his first positive test, which was for medicine to control attention-deficit disorder. Under the World Anti-Doping Agency code, a second doping offense calls for a lifetime ban.

But Gatlin reached a compromise with the U.S. Anti-Doping Agency, which levies doping penalties in America. Under terms of the compromise, he can still appeal to an arbitration panel in the next six months to have the term reduced.

He cannot, however, argue that the test was faulty.

"To his credit, it's recognition that the science is reliable," USADA general counsel Travis Tygart told The Associated Press. "Instead of wasting a bunch of resources attempting to create smoke where there's not any, he's acknowledging the accuracy of the positive test, and in exchange for his agreement to cooperate, we've recognized the nature of his first offense."

The first offense occurred while Gatlin was in college. He stopped taking the ADD medicine a few days before competition, but it did not clear his system. He received a two-year ban for that test, which was reduced by a year because of the "exceptional circumstances" of the offense.

"The nature of Gatlin's first offense for use of his medication puts this violation in a unique category," said USADA chief executive officer Terry Madden.

Gatlin has said he didn't know how steroids got into his system this time.

One of his attorneys, John Collins, said Gatlin would spell out his case at the arbitration hearing. He would not discuss strategy.

"The last time this happened, he went to the panel and explained he neither cheated nor intended to cheat," Collins said. "This time, we'll explain the full stack of circumstances and everything around it and, hopefully, we'll get a similar result."

He said the circumstances "indicate he deserves something far less than eight years, if anything."

Collins wouldn't confirm the argument would be based claims by Gatlin's coach, Trevor Graham, who has contended Gatlin tested positive after a vengeful massage therapist used testosterone cream on the runner without his knowledge. Graham has been involved with at least a half-dozen athletes who've received drug suspensions and has been barred from U.S. Olympic Committee training sites.

Gatlin has long positioned himself as a champion of clean and drug-free competition in a sport dogged by scandal. The head of USA Track and Field called Gatlin's case "a setback for our sport."

"While we are glad Justin has taken responsibility for his positive test and will cooperate in USADA's anti-doping efforts, we are sorely disappointed in him," USATF chief executive officer Craig Masback said in a statement.

USOC chairman Peter Ueberroth, meanwhile, said the penalty can be a positive.

"Since becoming an elite-level athlete, Justin has talked about the importance of eradicating doping in sport," Uberroth said. "By acknowledging his doping positive and agreeing to work with USADA, Justin now has an opportunity to put those words into action. He can play a meaningful role in solving a problem that is reaching a crisis level in American sport."

USADA looks at this as a significant compromise -- and the arbitration process could bring Gatlin back much sooner than eight years.

USADA has a history of offering leniency to those who help in its fight against doping. Though the agency doesn't name names, Gatlin could possibly help USADA by providing information on Graham, who has denied any direct involvement with performance-enhancing drugs.

"He accepted liability," Tygart said. "He agreed not to raise technical arguments or frivolous defenses. He has an opportunity to go to a panel of arbitrators and argue exceptional circumstances."

In this case, the exceptional circumstances could be that he was sabotaged, or has no idea how the steroids entered his system.

Gatlin's Coach Seen As Key Figure In Case (USAT)

By Dick Patrick, Usa Today

USA Today, August 22, 2006

Justin Gatlin's representatives weren't talking details Tuesday of their planned defense for a positive steroid and testosterone test that could drastically reduce his maximum eight-year ban.

"There will be a time and place for that, but not today," said John Collins, Gatlin's co-counsel.

Said Octagon's Renaldo Nehemiah, Gatlin's agent: "We are in the process of continuing to prove his innocence. When he gets a chance to present his evidence, we're fairly confident it will be seen that it was not intentional to cheat or dope by Justin."

An eight-year ban for Gatlin, 24, amounts to a virtual athletic death sentence.

"If he's done for eight years, then he's done with his track and field career for sure," said Paul Doyle, the agent for Gatlin's chief rival, 100-meter world recordholder Asafa Powell of Jamaica. "Unless there's a strong possibility that he'd be reduced to less than eight years, I don't think he'd have accepted it. If I was to guess, I'd guess we'll see Justin Gatlin racing again."

Gatlin's team was also quiet about the extent of his cooperation with authorities. The U.S. Anti-Doping Agency said Gatlin had agreed to cooperate with it in investigating athletes and coaches.

Gatlin could also be called as a witness to the federal grand jury investigating the 3-year-old Bay Area Laboratory Co-Operative (BALCO) steroid scandal.

"I don't want to say anything about that because, no matter what I say, it's a bad answer," Collins said.

The case is about more than Gatlin. It's also about his coach, Trevor Graham, who now has had at least seven athletes test positive for banned drugs. Graham precipitated the BALCO scandal in June 2003 when he sent a vial containing a designer steroid to USADA, which found a way to identify the previously undetectable substance thanks to work by the Olympic testing lab at UCLA.

Graham portrayed himself as a whistle-blower and has denied any involvement with performance drugs.

"As Trevor has stated publicly, he completely supports Justin Gatlin and Justin's cooperation with USADA and efforts to get reinstated," said Graham's lawyer, Joseph Zeszotarski, in a released statement. "Trevor knows he has done nothing wrong in his relationship with Justin or any of his athletes and only wants the truth to come out."

But Graham, according to a recent report in The New York Times, is under scrutiny by a federal grand jury as well as USADA.

"Trevor is the one that really matters in this case," four-time Olympic champion sprinter Michael Johnson said. "He's had an alarming number of athletes test positive, and it's a shame it's gone on this long. It will be difficult because you always have to question the credibility of hearsay from one convicted cheat telling the authorities that other athletes were doing it, too."

Graham has coached a who's who of sprinters with his Raleigh, N.C.-based Sprint Capitol, including Tim Montgomery, an ex-100 world recordholder who was banned with a drug positive, and Marion Jones, a five-time 2000 Olympic medalist now fighting a possible positive drug test.

When Gatlin broke the news about the positive test three weeks ago, Graham suggested the cause was a massage therapist rubbing steroid-laced cream on Gatlin's legs. Gatlin's lawyers quickly distanced themselves from Graham.

Eight-Year Ban Sought For Failed Drug Test (WP)

By Amy Shipley, Washington Post Staff Writer

The Washington Post, August 23, 2006

The U.S. Anti-Doping Agency announced yesterday it would seek an eight-year ban from track and field for Justin Gatlin, who failed a drug test for testosterone or its precursors at an April meet.

The USADA could have sought a lifetime ban for Gatlin, 24, a three-time Olympic medalist, because the positive test was his second offense. The 100-meter world record he tied in May would be forfeited if Gatlin lost in arbitration.

The agency ruled that Gatlin's first offense -- for a stimulant found in prescription medicine he had been taking since childhood -- shouldn't carry the full weight of a standard violation.

"The nature of Gatlin's first offense for use of his medication puts this violation in a unique category," USADA chief executive Terry Madden said in a statement.

Gatlin also promised to cooperate by assisting in anti-doping efforts, but USADA attorney Travis Tygart declined to elaborate on what that cooperation would entail. Gatlin apparently has not agreed to provide information that would assist USADA's investigation of his coach, Trevor Graham, for allegedly giving drugs to athletes.

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If Gatlin were able to help USADA bring doping charges against Graham, international anti-doping rules would allow USADA to further reduce the ban, halving it.

Gatlin's attorney, Cameron Myler, said Gatlin was not admitting guilt and she hoped to get him running "as soon as possible." She reiterated that Gatlin had not changed his stance: He did not knowingly take drugs or allow anyone to administer them.

Even so, many in the world of Olympic sports viewed USADA's announcement yesterday as an admission of guilt by Gatlin.

"Justin Gatlin's doping case has been a setback for our sport," Craig Masback, CEO of USA Track and Field, said in a statement. "While we are glad Justin has taken responsibility for his positive test and will cooperate in USADA's anti-doping efforts, we are sorely disappointed in him."

Gatlin's case will head to an arbitration panel in the coming weeks. Gatlin, who agreed not to contest the validity of the science behind his positive tests -- which came in April after a meet in Kansas -- reserved the right to seek a lesser ban in arbitration, the statement said. Gatlin's legal team, however, faces an enormous task if it hopes to reduce the ban significantly.

The World Anti-Doping Code allows little latitude in the issuance of bans to athletes who test positive, operating on the principle that athletes are responsible for what shows up in their systems. Should Gatlin argue that he was victimized by a massage therapist who rubbed testosterone on his legs -- as Graham has claimed but Myler has declined to support -- he likely would be eligible for no more than a halving of the ban he faces because his therapist is considered part of his inner circle, according to the anti-doping code.

The rules only allow the elimination of a ban in cases in which an athlete takes all proper precautions and is sabotaged, say by a rival.

The same ban reduction holds for providing assistance that would help USADA uncover a doping violation by another athlete or coach. Even if Gatlin were to provide assistance against Graham or someone else, it would result in no more than another halving of the proposed ban, according to the code.

In other news, the attorney for Floyd Landis, who tested positive for testosterone after winning the Tour de France, said his client's case is temporarily stalled because of an apparent clerical mistake.

The attorney, Howard Jacobs, said he has been waiting weeks for the document file he is entitled to review before the case goes forward. Though Landis's A and B samples both showed the presence of synthetic testosterone, the USADA has not charged him because the case hasn't yet been presented to the agency's review board.

Landis and Howard have contended that the case has been fraught with procedural errors since Landis's cycling team announced he failed a drug test just days after the conclusion of the Tour.

Officials at the French lab could not be reached to comment.

Gatlin Gets A Second Chance (MCT)

By Philip Hersh

McClatchy Newspapers, August 23, 2006

CHICAGO - Olympic champion Justin Gatlin has made a deal that should spare him a lifetime ban, but he still intends to prove he did not willfully engage in doping, his attorney said Tuesday.

The U.S. Anti-Doping Agency announced Tuesday that Gatlin had agreed to the accuracy of his positive test for the steroid testosterone and that the test results constituted a doping violation under the strict liability rules of the world anti-doping code.

USADA also said Gatlin had "promised to cooperate" in anti-doping efforts.

In exchange for that promise, USADA said it would seek a maximum suspension of eight years and would allow Gatlin to seek a reduction in the length of that ban, which took effect July 25. Under international anti-doping rules, Gatlin could be banned for life because he had previously tested positive for a banned stimulant.

Chicago attorney John Collins, who succeeded in having Gatlin's 2001 ban for stimulant use cut in half, expects a similar outcome when the current case goes to the hearing process.

"We were able to prove before that Justin never cheated nor intended to cheat, and when all is said and done, we will get a hearing panel to agree to something similar," Collins said Tuesday.

"Guilt is something else from the strict liability that follows having a banned substance in your sample. The world anti-doping code turned jurisprudence on its head."

Gatlin, 24, of Pensacola, Fla., the most decorated track and field athlete ever to be banned for a doping violation, still faces a penalty that could, in effect, end his career.

In announcing July 29 he had tested positive for the performance-enhancing drug testosterone in a urine sample given April 22 at the Kansas Relays, Gatlin claimed he had "never knowingly used any banned substance or authorized anyone else to administer such a substance to me."

Gatlin's agent, Renaldo Nehemiah, said, "Justin stands by the original statement and is cooperating to find out how the positive happened and if anyone or who contributed to it happening."

"Justin Gatlin's doping case has been a setback for our sport," USA Track and Field Chief Executive Craig Masback said in a statement Tuesday. "While we are glad Justin has taken responsibility for his positive test and will cooperate in USADA's anti-doping efforts, we are sorely disappointed in him."

Gatlin's promise to cooperate could include willingness to provide evidence against his coach, Trevor Graham, who has been the target of anti-doping investigators the last three years. Gatlin is one of 10 athletes suspended for doping violations that occurred while Graham was their coach.

Olympic champion Marion Jones, under suspicion of doping that allegedly occurred when she trained with Graham from 1997 through 2002, tested positive on the "A" sample for the oxygen-boosting drug erythropoietin in June. Her "B" sample has yet to be tested.

Graham has claimed Gatlin's positive owed to a masseur surreptitiously rubbing testosterone cream on the runner because the masseur was angry with the coach and Gatlin over financial matters.

Through his attorney, Graham continued to maintain his innocence Tuesday.

"Trevor knows he has done nothing wrong in his relationship with Justin or any of his athletes and only wants the truth to come out," attorney Joseph Zeszotarski of Raleigh, N.C., said in a statement. "Trevor is more than willing to meet with USADA at any time, fully cooperate with them and answer all questions they may have about Gatlin or any other subject."

Pierre Weiss, the No. 2 official of the international track federation, said last week in China that he saw no way for Gatlin to avoid a lifetime ban if it was confirmed he had tested positive for testosterone.

It is likely, however, that Gatlin would not have agreed to the deal announced Tuesday without some assurances he would get a lesser suspension, though the federation could appeal if it thinks the ban USADA applies is too short.

Gatlin's stimulant ban was reduced when he presented evidence showing it had come from a prescription medicine for attention deficit disorder he had been taking for several years.

Gatlin won gold, silver and bronze medals at the 2004 Olympics, won the 100 and 200 meters at the 2005 world championships and tied the world record for the 100 meters with a time of 9.77 seconds May 12 in Qatar.

He will be stripped of that record, which he shared with Jamaica's Asafa Powell, and all other results after April 22. That includes the U.S. title in the 100 meters Gatlin won in June.

"Asafa is happy at least to the extent justice has been served with Justin Gatlin and it is now proven that (Powell) is the world's fastest man," Powell's agent, Paul Doyle, said via telephone from Brussels.

Even if Gatlin's suspension were reduced to two years, the penalty for a first offense involving steroids, he would be unable to compete in the 2008 Olympics. The 2008 U.S. Olympic Track and Field Trials end July 8.

"Since becoming an elite-level athlete, Justin has talked about the importance of eradicating doping in sport," U.S. Olympic Committee Chairman Peter Ueberroth said in a statement. "By acknowledging his doping positive and agreeing to work with USADA, Justin now has an opportunity to put those words into action. He can play a meaningful role in solving a problem that is reaching a crisis level in American sport.

"If there are others who, in any way, are complicit in Justin's doping offense, they too must step forward and accept responsibility for their actions."

Former Canadian Border Agent Jailed In U.S. Drug Case (AP)

AP, August 22, 2006

A former Canada Border Services Agency official with 20 years experience has been sentenced to three years in U.S. federal prison after admitting she conspired to smuggle more than 100 kilograms of marijuana into the United States.

Rose Palmer, 53, rode in vehicles that were transporting marijuana because U.S. border inspectors would not search vehicles she was riding in, the U.S. Attorney's office in Vermont said in a news release issued Tuesday.

U.S. District Court Judge J. Garvan Murtha sentenced Palmer to three years of supervised release in addition to the prison time.

When Palmer was arrested in the U.S. Immigration and Customs Enforcement agents almost two years ago, she was working in Stanstead, Que., across the border from Derby Line, Vt.

The Vermont-Quebec border has been the site of frequent marijuana-smuggling attempts. Agents have found marijuana hidden in trucks and cars, carried across the border in backpacks and flown across by helicopter.

Palmer was indicted along with eight other people.

States List Meth Offenders On Web (USAT)

By Donna Leinwand

USA Today, August 23, 2006

States frustrated with the growth of toxic methamphetamine labs are creating Internet registries to publicize the names of people convicted of making or selling meth, the cheap and highly addictive stimulant plaguing communities across the nation.

The registries — similar to the sex-offender registries operated by every state — have been approved within the past 18 months in Tennessee, Minnesota and Illinois. Montana has listed those convicted of running illegal drug labs on its Internet registry of sexual and violent offenders since 2003. Meth-offender registries are being considered in Georgia, Maine, Oklahoma, Oregon, Washington state and West Virginia.

The new registries represent the latest effort by governments against meth, which can be made from household ingredients such as cold medicines that contain pseudoephedrine. As meth labs have spread east from California during the past decade, most states have increased penalties for meth manufacturing and restricted the sale of medicines used to make the drug. Those laws have contributed to a decline in meth labs, according to the Drug Enforcement Agency, which reported that authorities found more than 17,000 labs in 2003 and more than 12,000 last year.

Tennessee has more than 400 people in its meth-offender database, which was created partly in response to complaints from landlords and other property owners about the toxic waste created after chemicals are “cooked” to make meth.

Illinois lawmakers approved a meth-offender registry in June, and last month Minnesota Gov. Tim Pawlenty used his executive powers to create a registry that is to be online by Dec. 31.

The registries generally include the names, birthdates and offenses of convicted meth manufacturers, dealers and traffickers. The dates of their convictions and the locations of their crimes also are included. The listings are not as specific as those in sex-offender registries, which include offenders' addresses and photos.

Officials in Minnesota and elsewhere say residents and landlords will be able to use the registries to check for meth offenders in their communities. “We want to arm citizens with information, so they can protect themselves and their communities,” says Brian McClung, a spokesman for Pawlenty.

The meth-offender registries have not been challenged in court, but the American Civil Liberties Union (ACLU) and other critics say there are legal and practical drawbacks to them.

Graham Boyd, director of the ACLU's Drug Policy Litigation Project, says the prospect of being listed on a meth-offender registry for at least several years after a conviction amounts to an extra punishment “that's not allowed under our Constitution.”

However, three years ago the U.S. Supreme Court rejected a similar double-jeopardy argument when it upheld state registries for sex offenders, who the court said posed a unique threat to communities.

If meth registries are challenged in court, a key question would be whether meth offenders are as much of a threat to public safety as sex offenders.

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Studies consistently have shown that offenders who abuse drugs have high re-arrest rates. Recidivism rates among sex offenders can vary widely.

Boyd also says drug users could use meth-offender registries to locate dealers. "One group for whom this registry is going to be an incredibly good resource is people looking to buy methamphetamine," he says.

Backers Call Meth Registries A Safety Measure (USAT)

By Donna Leinwand

USA Today, August 23, 2006

Police in Illinois have found toxic methamphetamine labs in suburban homes, under bridges, in cornfields and in the trunk of a car that ran a red light and hit a police cruiser.

"It's everywhere," says Master Sgt. Rick Hector of the Illinois State Police. "And it's dangerous."

In January, Illinois will become the fourth state to offer a searchable Internet database of convicted meth manufacturers, dealers and traffickers as part of an effort to crack down on meth labs, which have polluted communities across the state. Hector and other officials say the database will allow landlords, real estate agents and neighborhood residents to check for meth offenders.

The presumption behind such databases, which are similar to the sex-offender registries present in every state, is that meth offenders might return to crime after they're released from prison. Studies have long shown that convicts who have a history of substance abuse are more likely to be rearrested than those who don't.

The meth registries haven't been challenged in court, but the American Civil Liberties Union and other critics counter that the databases can unfairly — and unconstitutionally — malign those who already have been punished for their crimes.

Supporters of meth registries cite a U.S. Supreme Court decision in 2003 that upheld state registries for sex offenders, but the ACLU says the court was endorsing a narrow exception to laws that ban double jeopardy for convicts because of the particular danger sexual predators can pose to communities. The ACLU says the ruling should not apply to meth offenders, and that such Internet registries could set a precedent that compromises the rights of a range of offenders.

"If you start down the road of registering people who have already served their time, where does it stop?" asks Graham Boyd, director of the ACLU's Drug Litigation Project. "Why not do it for all drug offenders, for drunk drivers? What are the other types of activities neighbors want to know about?"

The federal Americans with Disabilities Act prohibits discriminating against someone for past addictions, Boyd adds.

Bill Jaquette of the Snohomish County Public Defenders Association in Everett, Wash., testified against a proposed registry before the Legislature in Washington, which is among six states considering such public databases.

"It's one more onerous thing to put on people who have been convicted and served their time," he says.

Illinois officials say the meth registry — along with stiff penalties for meth manufacturers and restrictions on the sale of pseudoephedrine and other over-the-counter drugs used to make meth — will make communities safer. After "cooking" chemicals to produce meth, the operators of clandestine labs often leave behind toxic waste that can be costly to clean up.

Meth labs surfaced in Illinois in 1997, when authorities shut down 24. By 2004, the number of seized labs surpassed 1,000. Last year, 973 were shut down.

"Meth was and is a big problem here," says Illinois state Sen. William Haine, who sponsored the registry legislation.

Tennessee's meth registry lists about 400 offenders. "The property damage from meth cooks is horrible," says Jennifer Johnson of the Tennessee Bureau of Investigation. "If they get the ingredients wrong, it explodes in a big toxic mess. You want to know who these people are because you wouldn't want to be near it."

Prosecutors: Northampton Man Lied To Buy Gun Before Fatal Shooting (MORNCALL)

Allentown (PA) Morning Call, August 23, 2006

The gun used to kill a Reading police officer Aug. 6 was purchased just 23 days earlier from a Coopersburg gun shop by a Lehigh Valley man who used his grandmother's Whitehall address on his application, prosecutors said today.

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U.S. District Court Judge Arnold Rappoport denied bail for Jared Tomline, 28, after prosecutors said during a detention hearing in Allentown that Tomline purchased seven guns -- including the .40 caliber handgun used in the murder of Officer Scott Wertz-- over a seven-month span from December of last year through July.

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The whereabouts of the other six handguns is unknown, prosecutors said.

Tomline was charged last week by agents with the federal Bureau of Alcohol, Tobacco and Firearms with one count of filing a false statement in the purchase of a firearm.

State Trooper David Conrad, who is assigned to the ATF's Reading bureau, testified that Tomline bought the .40 caliber handgun from Def Con 1 in Coopersburg on July 14.

ederal law requires that the purchaser provide a home address, and Tomline listed his grandmother's address at 3107 Park Ave. Whitehall on his application.

Conrad testified that he interviewed the grandmother, who said Tomline used her address to receive his mail, but did not live there.

Conrad also testified that he interviewed Tomline's former employer at an unidentified used car lot, who said Tomline sounded "desperate" the day after Wertz was killed. "(The manager) told me it was something to do with a firearm and he (Tomline) didn't know what to do," Conrad testified.

Wertz was allegedly shot and killed by a Reading man, Cletus Rivera, after responding to a fight at a local convenience store. Rivera, 24, is charged with first degree murder.

IMMIGRATION:

Gonzales Says Immigration Bill Unlikely By November (AP)

AP, August 23, 2006

DALLAS (AP) - Attorney General Alberto Gonzales says it's unlikely Congress will agree on an immigration bill before the November elections.

"It's really going to be a challenge to get something done before the election," Gonzales told The Dallas Morning News' editorial board on Monday. "But it's got to get done. The problem is only going to be worse."

Gonzales said border security should be the first step in any immigration plan.

"We spend all of this money on securing our ports, securing our airports," he said. "To not secure our borders does not make any sense."

Any immigration plan must also address the future of the millions of immigrants in the country illegally, he said.

"I don't think you're going to have true security without knowing who are they, why they're here and what are we're going to do about them," he said. "There should be some kind of path to citizenship."

While acknowledging that employers have a difficult time verifying workers' information, he said that businesses should be punished for hiring illegal workers.

Gonzales also said he's working with Congress to develop laws allowing for a warrantless eavesdropping program. The program was struck down by a federal judge last week and the administration is appealing the ruling.

Legislators Seek Review Of Border Agents' Conviction (WT)

By Jerry Seper

The Washington Times, August 23, 2006

Democrats and Republicans on Capitol Hill have asked for congressional hearings and reviews by the White House and Justice Department into the conviction of two U.S. Border Patrol agents who shot and wounded a fleeing drug suspect.

The agents, convicted by a federal jury in El Paso in March, face 20 years in prison at a sentencing hearing next month.

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"It appears the facts do not add up or justify the length of the sentences for these agents, let alone their conviction on multiple counts," said Sen. Dianne Feinstein, California Democrat. "Border Patrol agents have a difficult and often dangerous job in guarding our nation's borders.

"Undue prosecution of Border Patrol agents could have a chilling effect on their ability to carry out their duties," Mrs. Feinstein said in a letter Monday to Senate Judiciary Committee Chairman Arlen Specter, Pennsylvania Republican, requesting a full hearing into the matter.

She asked Attorney General Alberto R. Gonzales last week to investigate the case. The U.S. attorney's office in El Paso, which reports to the Justice Department, prosecuted the two agents.

In a letter to President Bush, Rep. Walter B. Jones, North Carolina Republican, asked the White House to review the case, saying the prosecution was "outrageous." He said it did nothing but "tie the hands of the Border Patrol and prevent the agency from securing America against a flood of illegal immigrants, drugs, counterfeit goods and, quite possibly, terrorists."

"This demoralizing prosecution puts the rights of illegal smugglers ahead of our homeland security and undermines the critical mission of better enforcing immigration laws," Mr. Jones said. "These two agents should not be made scapegoats for our government's enforcement failures."

A federal jury convicted agents Ignacio Ramos, 37, and Jose Alonso Compean, 28, in March of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence, and a civil rights violation. The shooting occurred Feb. 17, 2005, near Fabens, Texas, about 30 miles southeast of El Paso.

Osbaldo Aldrete-Davila, a Mexican national, was wounded as he ran from the agents along the Rio Grande after they said he pointed what appeared to be a gun at them as they tried to apprehend him. Nearly 800 pounds of marijuana, worth $1 million, was found in the van that he abandoned at the river's edge, the Border Patrol said.

Mr. Aldrete-Davila, who was given immunity by prosecutors to testify against the agents, also received care at William Beaumont Army Medical Center in El Paso. He is suing the government for $5 million for violating his civil rights.

"The circumstances do not justify the verdict, and these convictions are already having an adverse impact on the Border Patrol," Mrs. Feinstein said.

Rep. F. James Sensenbrenner Jr., Wisconsin Republican and chairman of the House Judiciary Committee, called for a congressional investigation and open hearings on the case during an immigration field hearing in El Paso. The committee's investigation is expected to begin before the end of the year.

Rep. John Hostettler, Indiana Republican and chairman of the House Judiciary subcommittee on immigration, border security and claims, who attended the El Paso hearing, said that if the arrest, trial and conviction of the two Border Patrol agents had resulted in a chilling effect on others, "then it's definitely something we should know about."

Spotted in his van near the Rio Grande, records show that Ramos gave chase while Compean circled around to head off the suspect. When Mr. Aldrete-Davila jumped out of the van and ran south to the river, he was confronted by Compean, who was thrown to the ground as the two men fought. Ramos said that when he arrived, he saw Compean on the ground and chased Mr. Aldrete-Davila to the river, where the suspect suddenly turned toward him, pointing what looked like a gun.

Ramos said he fired at the fleeing suspect but did not think he had been hit after watching him run through the bush, jump into an awaiting van in Mexico and speed off.

An investigator from the Department of Homeland Security's Office of Inspector General tracked down Mr. Aldrete-Davila in Mexico, where he was offered immunity in exchange for testimony. The department oversees the Border Patrol.

A U.S. probation officer has recommended in a report to the court that the agents be sentenced to 20 years.

Inside Politics (WT)

By Greg Pierce

The Washington Times, August 23, 2006

Bye-bye, baby

"Simply put, liberals have a big baby problem: They're not having enough of them, they haven't for a long time, and their pool of potential new voters is suffering as a result," Arthur C. Brooks writes in the Wall Street Journal.

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"According to the 2004 General Social Survey, if you picked 100 unrelated politically liberal adults at random, you would find that they had, between them, 147 children. If you picked 100 conservatives, you would find 208 kids. That's a 'fertility gap' of 41 percent. Given that about 80 percent of people with an identifiable party preference grow up to vote the same way as their parents, this gap translates into lots more little Republicans than little Democrats to vote in future elections.

"Over the past 30 years, this gap has not been below 20 percent -- explaining, to a large extent, the current ineffectiveness of liberal youth-voter campaigns today," said Mr. Brooks, a professor at Syracuse University's Maxwell School of Public Affairs and author of the forthcoming "Who Really Cares: The Surprising Truth About Compassionate Conservatism."

"Alarmingly for the Democrats, the gap is widening at a bit more than half a percentage point per year, meaning that today's problem is nothing compared to what the future will most likely hold. Consider future presidential elections in a swing state (like Ohio), and assume that the current patterns in fertility continue. A state that was split 50-50 between left and right in 2004 will tilt right by 2012, 54 percent to 46 percent. By 2020, it will be certifiably right-wing, 59 percent to 41 percent. A state that is currently 55-45 in favor of liberals (like California) will be 54-46 in favor of conservatives by 2020 -- and all for no other reason than babies."

By the calendar

The No. 2 State Department official met with Washington Post reporter Bob Woodward in mid-June 2003, the same time the reporter has testified that an administration official talked to him about CIA employee Valerie Plame.

Official State Department calendars, provided to the Associated Press under the Freedom of Information Act, show then-Deputy Secretary of State Richard Armitage held a one-hour meeting marked "private appointment" with Mr. Woodward on June 13, 2003.

Special Prosecutor Patrick Fitzgerald has investigated whether Bush administration officials intentionally revealed Mrs. Plame's identity as a one-time CIA covert operative to punish her husband, former Clinton administration ambassador Joseph C. Wilson IV, who, after a government-sponsored trip to Niger, sought to undermine the Bush administration's contention that Saddam Hussein's Iraq had sought uranium yellowcake there.

An attorney for the Wilsons said yesterday that, based on the calendar, she was considering adding Armitage to a civil lawsuit accusing Vice President Dick Cheney and two White House aides of conspiring to reveal Mrs. Plame's identity.

Shut out

A voter-registration group with Republican ties has been banished from Wal-Mart stores in Tennessee for failing to meet the retailer's standards of nonpartisanship and may soon be shut out of stores in California and Nevada, the retailer's spokesman said yesterday.

Liberty Consultants wanted to register Wal-Mart shoppers in seven traditionally Republican suburban counties around Nashville. But the request was denied after the company's owner, Gary Thompson, acknowledged to Wal-Mart that he had been hired by Tempe, Ariz.-based Sproul and Associates, the Associated Press reports.

Headed by Nathan Sproul, a former Christian Coalition activist and executive director of the Arizona GOP, Sproul was paid $7.9 million by the Republican National Committee for consulting and voter-registration drives in the 2004 election cycle, according to data compiled by the Center for Responsive Politics.

McCain's criticism

Republican Sen. John McCain, a staunch defender of the Iraq war, faulted the Bush administration yesterday for leading Americans to believe the conflict would be "some kind of day at the beach."

The potential 2008 presidential candidate, who a day earlier had rejected calls for withdrawing U.S. forces, said the administration had failed to make clear the challenges facing the military.

"I think one of the biggest mistakes we made was underestimating the size of the task and the sacrifices that would be required," Mr. McCain said. "Stuff happens, mission accomplished, last throes, a few dead-enders. I'm just more familiar with those statements than anyone else because it grieves me so much that we had not told the American people how tough and difficult this task would be."

Those phrases are closely associated with top members of the Bush administration, including the president, the Associated Press reports.

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Mr. McCain was campaigning in Ohio for Republican Sen. Mike DeWine, who faces a tough fight in his re-election bid against Democratic challenger Rep. Sherrod Brown.

More ammunition

House Judiciary Committee Chairman F. James Sensenbrenner Jr. yesterday pointed to a Congressional Budget Office (CBO) report to criticize an immigration bill that passed the Senate.

The CBO report estimated the 10-year cost of that immigration bill at $127 billion.

"We are now just beginning to see a glimpse of the staggering burden on American taxpayers the Reid-Kennedy immigration legislation contains," said Mr. Sensenbrenner, referring to Nevada Sen. Harry Reid, the Democratic leader, and Sen. Edward M. Kennedy, Massachusetts Democrat. Mr. Sensenbrenner, a Wisconsin Republican and foe of what he considers amnesty for illegal aliens, did not mention that a number of Republicans also voted for the Senate bill.

"Twenty-four-and-a-half billion dollars for the earned income and child tax credits. Medicaid costs of $11.7 billion. Social Security costs of $5.2 billion. Medicare costs of $3.7 billion. Food stamps costs of $2.4 billion. The list goes on and on. This new social spending -- in the hundreds of billions of dollars later on -- will all be paid for by U.S. taxpayers."

Mr. Sensenbrenner said the report actually underestimates the costs of the Senate bill because the millions of illegal aliens provided amnesty would not become citizens, and thus eligible for all social programs, until after the 10-year time frame reviewed by the CBO.

Can't wait

Rudolph W. Giuliani says Republican voters want Sen. Hillary Rodham Clinton to be the Democratic presidential nominee in 2008 "so they can vote against her," the New York Post reports.

"Hillary probably has the distinction of being the best fundraiser for the Republican Party," the former New York mayor and possible Republican presidential candidate said Monday while campaigning in Saratoga, N.Y., for Republican Rep. John E. Sweeney.

"It's true that she creates a lot of passion on both sides," he said. "Democrats seem to support her as their main candidate for president -- she's way ahead of anybody else -- and it seems like Republicans are just waiting for her to be the candidate so they can vote against her."

Politicians Flocking To Border For Election-year Photo Ops (USAT)

By Mike Madden

USA Today, August 23, 2006

SIERRA VISTA, Ariz. — Along with the local Labor Day parade, the U.S.-Mexico border is one of the hottest campaign stops for politicians looking ahead to this fall's elections.

Dozens of lawmakers and would-be members of Congress from around the country have made visits to the border this summer, both on their own and for a series of field hearings the House scheduled for its August recess. Republicans and Democrats alike have gone to the nearly 2,000-mile frontier, hoping to convince voters they'll be tough on illegal immigration in a year when polls show the issue has people concerned.

Politicians go back home saying they understand the problems of illegal immigration better having seen the border up close. The visits have yielded stern rhetoric and plenty of photo ops for the politicians, but residents of border communities say they're weary of being used as political props while migrants continue streaming into the country through their backyards. Disdain for visiting politicians from the nation's interior unites some border residents who otherwise disagree about immigration policy.

"They're actually doing this to hold everything off until after the election and try to get the re-election of the incumbents — that's what this is all about," said Connie Foust, of Palominas, Ariz.

Foust recently left the national leadership of the Minuteman Civil Defense Corps to form Grannies for a Secure America, which also agitates for more secure borders.

"We're not stupid out here," she said. "They're discounting the American people as being stupid."

In nearby Nogales, Ariz., just across the international boundary, Mayor Albert Kramer, who favors broad reforms that would let many undocumented immigrants get legal status, rolled his eyes at all the attention.

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"They come down and get their picture taken with a cactus," he said.

Those visits could help candidates bolster their credibility on a key issue as they try to persuade voters they'll do more to stop illegal immigration than their opponents. Many Republicans in particular have taken a hard line on immigration as they try to motivate the GOP's conservative base, and border visits give them a chance to talk about the subject.

Lawmakers say the trips provide valuable experience, both for legislating and for campaigning.

"It gives you far more credibility on any issue once you've been there, whether it's Iraq, Israel or the Southwest border of the United States of America," said Rep. Jack Kingston, R-Ga., who visited El Paso and met with the director of a Texas Minuteman chapter last week.

Even in districts like Kingston's that are far from the border in rural southern Georgia, voters are passionate about immigration because foreign-born workers have begun settling in places they never used to live. But Kingston said he understands how border residents might view the visits.

"It's like any other issue — you spend a half a day in the hospital with a doctor, you know more about health care but you're not an expert," he said. "There are all types in Congress, and there are those types who will go for a photo op, and I don't think either party has a monopoly on them."

Still, no matter how often candidates head south, the border trips are unlikely to swing many elections on their own. In Tennessee, two of three candidates in the Republican Senate primary visited Arizona this spring, competing for toughest-on-immigration honors. But the candidate who didn't make a trip won the primary.

"In states that aren't border states where this issue is playing, it's another sort of 'seeing is believing' (maneuver)," said Jennifer Duffy, a political analyst with the non-partisan Cook Political Report, based in Washington. "It's not a bad backdrop, but I don't know that it's going to change a lot of minds. It's a good picture, some of it will appear in ads, but it's more like a credential."

Business Owners Sue Firms Accused Of Hiring Illegal Aliens (WT/AP)

By Peter Prengaman

The Washington Times, August 23, 2006

LOS ANGELES -- Business owners frustrated by lax enforcement of immigration laws are taking their fight to court, accusing competitors of hiring illegal workers to achieve an unfair advantage.

The legal action is an attempt by business and anti-illegal-immigration groups to create an economic deterrent against hiring illegal employees.

In the first of a series of lawsuits, a temporary employment agency that supplies farm workers sued a grower and two competing companies on Monday.

Similar cases claiming violations of federal anti-racketeering laws have yielded mixed results. The California lawsuit is thought to be the first based on a state's unfair-competition laws, legal analysts said.

Santa Monica, Calif.-based Global Horizons claimed in the lawsuit that Munger Brothers, a grower, hired illegal alien workers from Ayala Agricultural Services and J&A Contractors. All the defendants are based in California's farm-rich Central Valley.

The suit claims that Munger Brothers had a contract with Global Horizons to provide more than 600 blueberry pickers this spring, but nixed the agreement so it could hire illegal aliens.

"Competitors hiring illegal immigrants is hurting our business badly," Global Horizons President Mordechai Orian said. "It's to the point that doing business legally isn't worth it."

Ayala Agricultural Services manager Javier Rodriguez had not seen the suit but said the company does not hire undocumented immigrants.

"If somebody doesn't have a green card or work documents, we don't hire them," he said.

Messages left with Munger Brothers and J&A Contractors were not returned.

With an estimated 12 million to 20 million illegal aliens in the United States, undocumented workers are a large part of the nation's work force.

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But immigration law enforcement at work sites is limited. In fiscal year 1999, authorities arrested 2,849 persons at work sites compared with 1,145 arrests last year, according to the federal Immigration and Customs Enforcement agency.

To prove competitors hire illegal aliens, businesses could use public records involving prior violations, testimony from former employees who have worked alongside illegal aliens, and recovered W-2 tax forms that show people working under fake names and Social Security numbers, said David Klehm, the lead lawyer for cases in Southern California.

Companies planning to file additional lawsuits include farms and factories that depend heavily on immigrant labor, Mr. Klehm said.

Legal analysts said the cases could be difficult to win. Under the California statutes, plaintiffs must prove a competitor directly harmed their business.

"Unless you've got smoking-gun evidence, it's hard to tie economic loss of one business to another's practices," said Niels Frenzen, a law professor at the University of Southern California.

He thinks it is the first time the unfair-competition law has been used to target illegal immigration.

The Global Horizons lawsuit came after a settlement was reached in a Washington state class action suit involving employees of Zirkle Fruit Co. who sued their employer for driving down wages by hiring undocumented workers.

Based on federal anti-racketeering laws, the case was settled for $1.3 million in January after the 9th U.S. Circuit Court of Appeals overturned a lower court's decision to dismiss it.

TAX:

Veteran Lawyer In Toledo Firm Is Convicted Of Tax Evasion (TOLB)

Toledo Blade (OH), August 23, 2006

A veteran Toledo lawyer was convicted yesterday in U.S. District Court of tax evasion by using his client trust account to shield his true income.

Joseph Weisberg, 64, pleaded guilty to willfully evading paying more than $321,000 in federal income taxes over 16 years.

Weisberg, of 8331 Fossil Dr., Sylvania, has been licensed in Ohio as an attorney since 1967. He is an associate with the Toledo firm of Dow, Frankel, Weisberg & Brebberman.

The plea to the felony offense was accepted by Judge David Katz. Weisberg faces a prison sentence ranging from 24 to 30 months.

Diana Beinart, an attorney with the U.S. Justice Department, told the court sentencing guidelines suggest an 18-month sentence, but the abuse of trust exhibited by Weisberg increased the exposure to the higher level.

She also said the sentence range was offset by Weisberg's acceptance of responsibility for the crime.

According to an indictment filed in July, 2005, Weisberg evaded paying $154,112 in federal income taxes he accumulated and owed for 1989-92; $122,623 from 1997-92; and $44,919 in 2001.

Weisberg purposely concealed his personal funds from the IRS by keeping the profits from his law practice in his client trust account from March, 1997, to December, 2002.

Ms. Beinart said the attorney took money from the account to pay personal expenses, including utility costs, items from a jewelry store, and credit card debt. She said he also wrote more than $219,000 in checks payable to himself from the account.

Judge Katz will sentence Weisberg during a later hearing. A date hasn't been scheduled.

Jonathan Cherry, bar counsel for the Toledo Bar Association, said he couldn't comment on whether there is a pending disciplinary investigation.

He said the license of an attorney convicted of a felony would be temporarily suspended upon being sentenced for the crime.

D.C. Circuit Finds Tax On Emotional Damages Awards Unconstitutional (LAW/AP)

The Associated Press

AP, August 23, 2006

DOJ_NMG_0052113

The federal government may not tax the money plaintiffs receive as compensation for emotional distress and other intangible injuries, a federal appeals court said Tuesday.

The U.S. Court of Appeals for the D.C. Circuit struck down as unconstitutional a portion of the tax code that said only compensation for physical injuries is tax exempt.

The ruling affects only Washington, D.C., but, depending on whether the Internal Revenue Service appeals to the Supreme Court or decides to adopt the finding nationwide, it could mean the end of tax bills following a variety of trials, from civil rights disputes to employment discrimination cases.

The court sided with Marrita Murphy, who paid $20,665 in taxes on a $70,000 judgment for emotional distress and injury to reputation following a 1994 whistleblower case against the New York Air National Guard.

"The IRS was treating this as if someone received a windfall," said Murphy's attorney, David Colapinto.

The court ruled that such awards were not income but "compensation for the loss of a personal attribute." In that sense, they are akin to awards for physical injuries, which are tax exempt, the court said.

U.S. Tax Officials Move Ahead With Plan For Private Firms To Collect Debt (FINDLAW/AP)

By Dan Caterinicchia, Ap Business Writer

AP, August 23, 2006

(AP) - WASHINGTON-As the Internal Revenue Service prepares to implement a new program that sends private debt collection agencies after delinquent taxpayers, critics - including several lawmakers and the employee union at the Treasury Department - are gearing up to protest it.

Opponents say that the IRS will pay private debt collectors more to do what government-paid employees could do and that the agency is not doing enough to let the public know about the new program, set to launch in early September.

"I think taxpayers will be very offended and appalled that their tax information is being handed over to" non-IRS tax agents, said National Treasury Employees Union President Colleen Kelley, adding that she has "no confidence at all" in the agency's ability to make sure the private firms are not overstepping their bounds.

The IRS acknowledges the plan will cost more than hiring additional agents to do the same work, but it points out that Congress authorized the use of such firms back in 2004. The plan is being implemented now because the IRS has funds allocated for such a program and doesn't believe it can get budget authorization to hire additional agents at a time when Congress is cutting government spending to help reduce the federal budget deficit. The agency also says strict security policies are in place with the new program.

"It is a sound, balanced program that respects taxpayers' rights and taxpayer privacy," said IRS spokesman Terry Lemons.

The agency chose three companies in March - CBE Group Inc., in Waterloo, Iowa, Linebarger Goggan Blair & Sampson LLP in Austin, Texas, and Pioneer Credit Recovery Inc., in Arcade, New York, - from 33 bidders. Pioneer Credit is a subsidiary of SLM Corp., commonly known as Sallie Mae. The IRS plans to expand the program to as many as 10 companies in 2008 with a goal of collecting $1.4 billion (â,¬1.09 billion) over 10 years, Lemons said.

The private agencies will get 22 to 24 percent of the tax money they collect, although Lemons said he didn't have an estimate for how much they might collect the first year.

Taxpayers in the program first will receive a letter from the IRS that includes the name of the private company that will be contacting them about the debt. The private firm will then send another letter to begin the collection process.

"If you're part of the program, you're going to know it," Lemons said.

Critics say that's not good enough. "These companies will be paid based on the money collected, which invites inappropriate and aggressive tactics" that IRS agents had been accused of the in past, Kelly said. She added that consumers filed more complaints at the Federal Trade Commission against the debt collection industry than any other in 2005.

Employees at the three companies chosen for this program are subject to background investigations. Disclosing taxpayer information illegally is a felony, punishable with fines and imprisonment. And contractors cannot use any information gleaned during a tax collection to pursue other unpaid debts.

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"We will exceed the requirements of the contract, and we expect to surpass all previous privacy standards," said Sallie Mae spokeswoman Martha Holler.

Many states, cities and federal agencies that already use private debt collectors were met with initial resistance and negative publicity. Linebarger Goggan Blair & Sampson currently serves about 1,800 government clients and expects to collect about $1 billion (â,¬780 million) for them this year. But a partner at the firm pleaded guilty to federal charges in 2004 in connection with a bribery scheme to win a collection contract in San Antonio.

Mike Vallandingham, a partner at Linebarger Goggan Blair & Sampson, admitted that was a difficult time for the firm but said the attorney acted alone, and that Linebarger Goggan Blair & Sampson withdrew from that contract voluntarily. He said the firm never considered pulling out of an IRS deal.

At least one lawmaker still hopes to prevent the program from launching. The House has approved an amendment sponsored by Rep. Steven Rothman that prevents the IRS from spending $54 million (â,¬42.15 million) to start the system. But a similar amendment would have to be approved in the Senate soon.

Tom Penaluna, president and CEO of CBE Group, said his firm has endured a three-month review of its security and privacy policies. He, too, has been surprised by the negative reaction to the program from some consumer groups and lawmakers.

"There are a lot of people not paying their taxes who should," Penaluna said. "This is a great start to assist the IRS and U.S. government to lower the tax gap." The three companies will help "work out the bugs" for the full implementation planned for 2008, Penaluna said.

IRS Is Watching Emmy Show Of Affection (USAT)

By Karen Thomas And William Keck

USA Today, August 23, 2006

There's a new word circulating in Emmy circles: taxes.

Those stars who pick up all that loot in awards show gift bags and promotional gift suites are supposed to pay a share of the value to the IRS. And this year, the IRS is making sure they know it: “The dollars involved are so lavish that we need a national outreach program” to raise awareness of the rules, the IRS' Beth Tucker says.

As a result, celebs who collect Emmy freebies will get a little something extra: tax forms. Gift bag takers will be required to fill out a tax form, and the Academy of Television Arts & Sciences also will notify the IRS of the basket's value if presenters take one.

The official 2006 gift basket is worth $27,000 to $33,000. And for high-income stars, that could mean $12,000 to $15,000 in federal taxes.

The IRS reminders prompted the Oscars to discontinue gift baskets, but discussing such a change for the Emmys is “premature,” says TV Academy spokeswoman Pam Rubin Golum.

Items and services from gift suites, including those that have no official link to awards shows, aren't exempt.

Veteran suite organizer Karen Wood, who started Backstage Creations gift retreats in 2000, hosted the gift suite at Sunday's Teen Choice awards. She says each visitor received a note reminding them that all gifts accepted are taxable and must be reported to the IRS.

“We definitely have a concern with what's been going on with the IRS,” Wood says.

But several groups running this year's Emmy suites are reporting business as usual.

Kari Feinstein, who is hosting a suite this week, says: “It's up to the celebrity to claim what they get. It's not my responsibility.” Besides, she adds, “I don't know how the IRS is going to track what people get.”

The IRS' Tucker agrees that gifts from suites are “a little more difficult than a basket with a value attached,” but says vendors and suite sponsors are “responsible for reporting the fair market value.”

The effect might be that stars will be less inclined to indulge.

Says Paul Caron, law professor at the University of Cincinnati and founder of the TaxProf Blog at taxprof.typepad .com: “From the stars' perspective, it's more trouble than it's worth.”

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Tax-wise, gift suites are like business conventions, Caron says, and traditionally the IRS has ignored such freebies. But celeb swag is now “a higher-octane version of that. I'd be nervous.”

CONGRESS-ADMINISTRATION:

In 4 Hours, Bush Packs A Punch (MINNST)

By Eric Black, Patricia Lopez And Glenn Howatt S Tar Tribune S Taff Writers

Minneapolis Star Tribune, August 23, 2006

In a four-hour, two-event stop in Minnesota on Tuesday, President Bush raised more than $500,000 for the congressional campaign of Michele Bachmann and promoted the major health care ideas of his administration at a forum in Minnetonka.

At the forum, attended by 300 people, Bush signed an executive order to advance efforts aimed at giving patients more information about health care costs and quality so they can make better decisions.

The Bachmann fundraiser, at the Lake Minnetonka home of Jim and Joann Jundt of Wayzata, was closed to media and the public. Those attending paid at least $1,000 to the Bachmann campaign.

Bush arrived in the Twin Cities on Air Force One shortly before 2 p.m. Near the forum, anti-Bush protesters on the sidewalk waved signs, calling for single-payer health insurance and for Bush's impeachment.

Later, another group of protesters on four boats floated in Brown's Bay, offshore from the fundraiser, holding peace signs and "dump Bachmann" signs. Supporters floated nearby.

Bush came and went without encountering any protesters, taking any questions from the media, nor from the invitation-only audience at the Minnetonka event.

Bachmann's DFL opponent, child safety advocate Patty Wetterling, tried to counter the day's events by calling a morning news conference where she declared universal health care one of her top priorities.

Bachmann, Wetterling and John Binkowski of the Independence Party are vying for the seat from the north metro Sixth District. The seat, which is open because the incumbent, Republican Mark Kennedy, is running for the Senate, is Minnesota's hottest U.S. House race.

Before the fundraiser, Bachmann said the advance pledges showed she would raise "in excess of half a million dollars" from the event, which is a lot more than she raised from all sources in April, May and June, the latest quarter for campaign finance reports.

Kennedy answered those who argue that he has spent the campaign year running away from Bush by attending both of Bush's Minnesota events and riding in the motorcade in between. Bush and Kennedy shook hands at the Minnetonka forum and Bush acknowledged Kennedy briefly to the audience.

A running theme of the coverage of the race between Kennedy and Hennepin County Attorney Amy Klobuchar has been that Kennedy is trying to overcome his image as a Bush Republican.

But it may be paradoxical that Bush did a fundraiser for Bachmann, but not for Kennedy.

Comparing their stances

Bachmann opposed several of Bush's most notable legislative accomplishments, such as the No Child Left Behind education law (Bachmann sees it as a federal intrusion into local school matters) and the drug benefit for Medicare patients (Bachmann says Medicare can't afford it).

She also differs from Bush on some aspects of his plan on immigration (she agrees on border security, but not on a guest worker program or a plan to allow illegal immigrants to become citizens) and has criticized Bush for not better restraining spending.

Heidi Frederickson, Kennedy's spokeswoman, noted that Bush raised money for Kennedy at a December 2005 visit and said that a Kennedy fundraiser "just didn't work out this time. He [Bush] is here for Michele and that's great."

Instead, Kennedy got Senate Majority Whip Mitch McConnell, R-Ky., who flew into town for a brief news conference and a fundraising luncheon for Kennedy.

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Reporters asked Bachmann about the tradeoff between having Bush as a fundraiser but being associated with his low approval ratings.

She was having none of it, declaring herself "thrilled" and "honored" by Bush's help and said it was a vote of confidence in her candidacy.

"The White House takes this seat so seriously," she said. "They wouldn't come if I didn't have the ability to win this seat."

Wetterling said Bush's visit showed that the White House was worried about the way her "message of hope and opportunity for the middle class" was catching on.

Affable and informal

The health care event had a low-key format. Bush sat behind a horseshoe-shaped table with five Minnesotans plus federal Health and Human Services Secretary Mike Leavitt. The Minnesotans had each been chosen to personify one of Bush's health care ideas.

For example, Dr. Laura Dean of Stillwater, a obstetrician/gynecologist, was chosen to highlight the issue of medical malpractice, because Bush argues that malpractice suits are driving doctors out of that specialty.

The president introduced each Minnesotan, asked a few questions and endorsed their work. He was mostly in an affable and informal mood, and joshed with the guests. But he got fairly worked up while talking to Dean, and pounded the table at one point, saying "for the sake of the country, we'd better get some medical liability legislation out of the U.S. Senate."

The executive order Bush signed furthered the administration's agenda of making more basic information about health care costs and quality available.

Under the order, federal agencies that run Medicare and Medicaid, as well as the health programs for federal employees and veterans, must collect information and share it with other government units to give them more leverage in purchasing health care.

"In order to do business with the federal government, you got to show us your prices," Bush said.

Better disclosure of health care information is an important component of the administration's agenda because it is needed to help advance the spread of health savings accounts, a key element of Bush's health proposals.

Currently, it is hard for consumers to find out how much care will cost before a doctor's visit. Bush's proposal presumes that costs will be reduced because consumers will shop for the most affordable care.

"If consumers have more information from which to make decisions, all of a sudden costs begin to lessen," he said.

While many agree that health savings accounts will increase consumer involvement and personal responsibility for health, others contend that the approach does little to stem the rising costs of catastrophic care or address the growing numbers of Americans without health insurance.

"The system needs to be changed and this is a good start," said David Page, chief executive officer of Minneapolis-based Fairview Health Services. "But one thing that needs to be addressed is all of the people who don't have access to health insurance."

Agencies Will Rate Quality Of Care (PHI/BLOOM)

By Demian McLean, Bloomberg

The Philadelphia Inquirer, August 23, 2006

President Bush yesterday ordered four U.S. agencies to reveal how much they pay for health care and rate its quality, part of an effort to spur competition among doctors and insurers and encourage customers to shop around.

Bush traveled to Minnesota yesterday to take part in a health-care panel and sign the order affecting the Departments of Defense, Health and Human Services, and Veterans Affairs, as well as the Federal Employees Health Benefit Program.

The U.S. government, which pays for about 40 percent of the nation's health care, is pushing for similar changes in the private sector. In yesterday's order, agencies were asked to share the "walk-in prices" for treatments such as hip replacement as well as the cheaper rates that federal insurers such as Medicare pay.

"Markets work when consumers have got options to make in the marketplace," Bush said. "And that is what this executive order is going to do."

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The executive order is part of a push by the White House to address the soaring cost of Medicare and Medicaid, which along with Social Security are projected to consume 60 percent of the federal budget by 2030.

The president wants more disclosure on the expertise and quality of doctors and hospitals, as measured by patient records in cases of pneumonia, heart attack and post-surgical recovery.

Bush used the occasion to push for an overhaul of medical-liability laws.

"For the sake of this country, for the sake of good medicine, we better get some medical-liability reform out of the United States Senate," he said, to cheers in the audience.

About 1,600 counties lack obstetrician-gynecologists because doctors fear malpractice lawsuits, Bush said.

The cost of "defensive medicine" - duplicative medical tests to protect doctors from lawsuits - costs the federal government $28 billion a year, he said.

Bush's order yesterday includes proposals meant to increase the use of electronic medical records instead of paper, so they can be exchanged easily and quickly.

It also requires federal agencies to offer lower insurance premiums when a patient shops around for medical services, according to a fact sheet issued by the White House.

A Minneapolis group, Citizens Council on Health Care, opposed Bush's order, fearing that "report card" judgments on the quality of care will infringe on the doctor-patient relationship.

"It's outsiders coming in and making decisions about what's happening in the examining room and how patients will be treated," said the group's president, Twila Brase, a registered nurse. The group has about 200 members who include doctors, clinics and corporations, she said.

Bush Pushes For Health Care Information (AP-Y)

By Deb Riechmann

AP, August 23, 2006

President Bush, on a campaign fundraising trip Tuesday, signed an executive order that the administration said would help Americans choose health care the way they shop for airline tickets and cars.

The order will require various federal agencies to compile information about the quality and price of health care they pay for, and share that information with their customers and each other.

"How many of you have got insurance and you never really care about the cost because somebody else is paying the bill?" Bush asked rhetorically. "You don't really care about quality because some person in an office somewhere is paying the bill on your behalf."

Health and Human Services Secretary Michael O. Leavitt, speaking to reporters aboard Air Force One, said the executive order is a way for the federal government, which pays for up to 40 percent of all health care, to use its purchasing power to push for changes in the health care system.

After his health care event, Bush attended a fundraiser in nearby Wayzata to raise an estimated $425,000 for Minnesota Republicans and state Sen. Michele Bachmann, who is running for an open seat in the House. The event, attracting about 300 people to Jim and Joann Jundt's home on Lake Minnetonka, cost $1,000 a person. Photographs with Bush were going for $5,000.

Bachmann is being challenged by Democrat Patty Wetterling, who raised almost twice as much money in the second quarter as Bachmann. By pairing an official event with a campaign fundraiser, the White House can reduce the amount of money a political campaign must pay for Bush's attendance. How much a campaign pays for Bush's appearance is determined by a complex formula that calculates how much of the day's travel was political versus official.

The executive order directs government agencies that buy health care to use information systems that can communicate with each other, allowing the medical records of a veteran in Maine, for instance, to be viewed by a doctor in California.

It also directs agencies to set up programs to measure the quality of care, disclose prices that agencies pay for common treatments and find ways to promote high-quality health care.

"I think the new trend in medicine is going to be to encourage transparency in pricing as well as transparency in quality."

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Bush Visit Energizes Republicans (MPR)

By Tim Pugmire

Minnesota Public Radio, August 23, 2006

President Bush mixed policy and politics into a four and a half hour trip to Minnesota Tuesday. He even took time to stop for some vanilla custard. The president led a panel discussion on health care in Minnetonka and later appeared at a fundraiser for Republican congressional candidate Michele Bachmann in Wayzata.

Minnetonka, Minn. — For most Republicans, it was hard to keep from smiling. A visit from President Bush was just what the party faithful needed on a warm summer day to fire up the troops for the coming election.

Sen. Norm Coleman

U.S. Sen. Norm Coleman waited on the tarmac for the president's arrival at the Minnesota Air National Guard base. Coleman isn't up for re-election for another two years. But he says President Bush's visit means a lot to his fellow Republicans who are on the ballot this fall.

"I think the president always brings an energy. I mean part of the business is for our team to be more fired up than the other team," said Coleman. "And I always think people are more enthused when they're for something rather than simply against it. So I always consider this a strong net plus."

Coleman and the state's other top Republicans traveled with President Bush to Minnetonka for a panel discussion on providing consumers more information on the price and quality of health care.

Prostest poster

Gov. Tim Pawlenty was there, along with Republican Reps. Mark Kennedy, John Kline, Jim Ramstad, and State Sen. Michele Bachmann, who is running for Congress.

Bush used the event to promote new electronic medical record-keeping and allowing small businesses to form buying pools to reduce their cost of health insurance. He also emphasized the need to protect doctors and hospitals from frivolous lawsuits.

"I'm not trying to turn this thing into a political deal. I'm just telling you, for the sake of this country and for the sake of good medicine, we better get some good medical liability reform out of the United States Senate," said Bush.

The president's motorcade passed by about 75 protesters near the hotel where he spoke. They held signs and sang songs in support of health care coverage for every American, and called for an end to the war in Iraq.

Stopping for custard

"We want them to get the message that we're very unhappy about the way the country is being run," said Jim, a protester from New Brighton who wouldn't provide his last name. "We're better than this, we've got a Constitution. We have to follow the Constitution. If we don't have the Constitution, what do we have left?"

President Bush was greeted by plenty of supporters too, who stood along the route of his motorcade through the western suburbs.

Bush made an unexpected stop at Glaciers Custard and Coffee Cafe in Wayzata, where he ordered a cup of vanilla custard. He also surprised 18-year-old Carrie Rossman and her friends, who are regulars at the cafe.

"We shook his hand and he gave us hugs and took probably 50 pictures with him. It was pretty cool," Rossman said.

President Bush capped off the day in Wayzata at a private fundraiser for Michele Bachmann's 6th District congressional campaign, although Wayzata is not in that district.

Michele Bachmann

Bachmann says about 325 people attended, and her campaign raised more than $500,000. Bachmann says she also got a big emotional boost from the president.

"He said, 'We need to run hard and win,' and he said, 'I know you will, I know you're going to win.' He said, 'I know you're going to do a fabulous job in Congress,'" said Bachmann. "And it was just humbling and gratifying for me to know I have the confidence of the president in running this race. And that gives me a lot of energy to go forward now for the next 70-odd days until November 7."

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Bachmann is running for the congressional seat being vacated by Mark Kennedy, who's running for U.S. Senate. John Binkowski is the Independence Party candidate.

Patty Wetterling is Bachmann's DFL opponent. Wetterling also spent the day talking about health care. She viewed the Bush visit as a positive sign for her own campaign.

"I believe that we are resonating with voters in the 6th district, my message of hope and opportunity for middle-class families," said Wetterling. "I'm doing well in this district, and I believe they are sending everyone from Washington. This is the top of a very long series of visitors they have sent to try to elevate my opponent, who is with the president today."

Wetterling had a significant fundraising edge over her Republican opponent earlier this summer. Campaign financial reports released in July showed Wetterling raised almost twice as much money in the second quarter as Michele Bachmann. She also had more money in the bank at that time than Bachmann.

Republican Heavyweights Turn Out For Bush Visit (CCT)

By Martiga Lohn

The Contra Costa Times, August 23, 2006

MINNETONKA, Minn. - In spite of President Bush's sagging approval ratings, most of Minnesota's top Republicans were in attendance, looking spiffy, at a health care panel discussion hosted by the commander in chief Tuesday.

Congressional candidate Michele Bachmann - who also got the president's help raising money for her bid to keep the 6th District in GOP hands - bubbled with enthusiasm. Her campaign had already collected more than $500,000 pegged to the presidential visit, before her Wayzata fundraiser began.

"I couldn't be happier to know that he supports my candidacy, that he wants me on the team in Washington, D.C.," said Bachmann, a state senator who wore pink scalloped gloves with a matching suit and shoes. "The president is the president."

Patty Wetterling, the Democratic candidate for the open congressional seat, suggested Bush's help for her opponent underscored the pitched battle in the Republican-leaning district.

"We are resonating with the voters in the 6th District - my message of hope and opportunity for middle class families," Wetterling said at a Capitol news conference. "I believe they're sending everyone from Washington. This is the top of a long series of visitors that they have sent to try to elevate my opponent."

Some Republicans worry that voter dissatisfaction with Bush will cost them at the polls in November. But Gov. Tim Pawlenty, U.S. Sen. Norm Coleman and U.S. Reps. Mark Kennedy, John Kline and Jim Ramstad were on hand. (Coleman's not on the ballot this year.) The president acknowledged them before he started speaking, and later said he could rely on Coleman to help pass medical malpractice legislation in the Senate.

The only Minnesota Republican in Congress to miss the event was U.S. Rep. Gil Gutknecht, who faces a serious challenge in the 1st District from Democrat Tim Walz.

Campaign manager Nels Pierson said Gutknecht's absence had nothing to do with Bush's popularity. The congressman was on a rural development tour in his district with a U.S. Department of Agriculture official, former DFL state legislator Steve Wenzel. Pierson said Gutknecht has skipped Bush visits before, even when the president had high approval ratings.

"This is not unusual," Pierson said. "If the president were in our district, it would be a different story."

Protesters seized on Bush's appearance to make their points.

Groups promoting expanded health coverage railed against policies they say have driven up the ranks of uninsured Americans, left more Minnesota children without health coverage and put some senior citizens in financial binds over Medicare.

A labor-union backed group, Minnesota for Health Care, drew chalk lines outside the state Capitol, equating the nation's health care woes to a crime scene.

"We don't need anymore talk on health care," said Kristin Beckman, political director of the Service Employees International Union's state council. "We need action on health care."

Several dozen also picketed a few blocks from the Marriott hotel where Bush spoke, said Denise Cardinal of America Votes, a group that aims to get progressives to the polls.

Bush's Order On Health Care Aims To Gauge Quality Of Service (WSJ)

By Jane Zhang

The Wall Street Journal, August 23, 2006

President Bush, hoping to use the federal government's clout as the biggest health-insurance buyer in the country, issued an executive order that officials hope will change how consumers buy health care and how doctors and hospitals provide it.

The order, signed yesterday in Minnesota, requires federal agencies to disclose the quality and cost of care provided to Medicare beneficiaries, federal employees, the military and veterans. It also orders the agencies and their contractors to promote the use of health-care technology and reward consumers who shop for medical care based on quality and value.

The executive order covers one-fourth of Americans with health insurance. The initiative could affect the entire health-care market by setting an example for private insurers, officials say. Counting other programs such as Medicaid, the federal government pays for as much as 40% of all health-care costs in America, Health and Human Services Secretary Michael Leavitt said.

Much remains to be seen on how the federal government will measure quality and performance because different interest groups want different standards. Even with the amount of information available today, consumers often have trouble comparing services.

Putting pressure on doctors to be more transparent on prices may not be effective, because most consumers pay doctors through third parties, such as the government and private insurers, who set the prices, Edward Langston, board member of the American Medical Association, said.

Some states and private insurers, such as Humana Inc. and Aetna Inc., are already experimenting with giving more information to help consumers compare care. They could use the federal government's standards -- as they are developed -- as benchmarks in the private sector. Hospitals and physicians could also use the measurement to improve their care, Chip Kahn, President of the Federation of American Hospitals, said.

Yesterday, Messrs. Bush and Leavitt called for large employers, unions and state and local governments to follow suit. "People deserve to know what their health care costs, how good it is, and the choices available to them," Mr. Leavitt said.

Write to Jane Zhang at Jane.Zhang@wsj.com1

Bush Signs Order On Health Care (WP)

By Michael A. Fletcher

The Washington Post, August 23, 2006

MINNETONKA, Minn., Aug. 22 -- President Bush signed a measure Tuesday ordering federal agencies to do more to inform beneficiaries about the cost and quality of their health-care services, which federal officials hailed as a major step toward bringing greater efficiency to the nation's medical system.

The executive order requires four federal agencies that oversee large health-care programs to gather information about the quality and price of care, and to share that information with one another and with program beneficiaries.

The initiative underscores Bush's belief that the nation's health-care system would be more efficient if consumers could shop for the best care at the best price, administration officials say. "The fact is, if you have excellent information about quality, about service and about price, people make good decisions," Bush said during a roundtable here to discuss the initiative.

With the federal government paying for about 40 percent of the nation's spiraling health-care bill, administration officials said the order requiring federal agencies to develop and share information about the quality and price of care should help bring greater transparency to the business of medicine.

Under the order, the four agencies must establish programs to measure quality of care, a complicated and controversial task that officials said could take years. Beneficiaries must also be able to see the prices that the agencies pay for common medical procedures, to develop and identify practices that foster high-quality care, and, whenever possible, to use compatible computer systems and electronic health records to help track a recipient's medical care and condition. The changes must be underway by Jan. 1.

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"If you have an ATM or a credit card, you can use it anywhere in the world and it works, because it's interoperable. Everybody competes but uses the same system, basically, to transact their affairs," Health and Human Services Secretary Mike Leavitt told reporters aboard Air Force One.

"Health care isn't like that. Roughly 85 percent of all health-care records are still paper. So a part of what we'll be talking about today is the interoperability of systems that manage health records."

The order signed by Bush also directs the federal government to identify practices that foster efficient medical care.

The affected agencies include the Defense Department, which oversees the military health-care system; the Department of Health and Human Services, which oversees Medicare and Medicaid; the Office of Personnel Management, which is in charge of the Federal Employees Health Benefits Program; and the Department of Veterans Affairs, which operates the VA health system.

During a roundtable with medical and business executives, Bush touted the executive order as well as other initiatives that he believes could harness market forces to slow the skyrocketing cost of medical care. Since 2000, the cost of employer-sponsored health coverage has increased by 73 percent. More than 45 million Americans lack health insurance.

In addition to his executive order, Bush said health savings accounts, which allow people to save tax-free money to pay for routine medical costs, while insuring only catastrophic expenses, would go a long way to making consumers more interested in the cost of their health care. He also promoted association health plans, which would allow small businesses to join across state lines to buy health insurance.

"I guess if I had to summarize how I view it, I would say there's a choice between having the government make decisions or consumers make decisions. I stand on the side of encouraging consumers," Bush said. ". . . Health-care policy ought to be aimed at bolstering the consumer, empowering individuals to be responsible for health-care decisions -- is kind of the crux about what we're talking about."

Bush: More Info, Better Health Care (STPPP)

By Jeremy Olson And Rachel E. Stassen-Berger

The St. Paul Pioneer-Press, August 23, 2006

Minnesota is ahead of the nation in publicly listing the costs of health care and ranking doctors and hospitals, which is why President Bush came here Tuesday to enact a federal plan to help people make more informed and cost-effective medical choices.

The president led a health policy forum in Minnetonka and signed an executive order requiring four federal agencies to provide cost and quality data. Bush also attended a $425,000 fundraiser for state Sen. Michele Bachmann's congressional bid.

"Health care policy ought to be aimed at bolstering the consumer — empowering individuals to be responsible for health care decisions," Bush told the largely receptive crowd of 400 health care professionals and local politicians invited to the event.

Democrats and privacy advocates criticized Bush's health care initiatives, saying they did little to help the millions of uninsured get health care. But others said Bush's order will expedite the "transparency" movement, giving people information that will help them make wise health care decisions.

"(The president) chose Minnesota because we've been ahead in putting some of these pieces together," said Jim Chase, executive director of MN Community Measurement, which publicizes how often doctors provide accepted standards of patient care. State lawmakers have passed three transparency laws requiring that doctors, hospitals, insurers and pharmacists provide certain cost information to consumers.

Chase was one of five Minnesotans invited to talk with Bush and Health and Human Services Secretary Michael Leavitt at the forum. The panelists took no questions from the audience but some ribbing from a jovial president.

When Leavitt, in an example to show the need for universal electronic health care records, told of his mother having to fill out her name and address more than half a dozen times, Bush inserted, "My mother wouldn't have (been) so patient as your mother. Hope she's not watching."

The president also solicited health care stories from Marilyn Carlson Nelson, CEO of Carlson Companies, and Dr. Laura Dean of Stillwater, who told Bush that her ob-gyn patients need cost information more than ever.

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"I've been providing them with all kinds of medical information to make good decisions, but the financial piece has been missing," she said, "and people need that to make good decisions."

The president also praised Michael Howe, CEO of Minute Clinic, which posts price lists of the limited services it offers at retail outlets. Bush seemed surprised that anyone walking by a Minute Clinic could see exactly how much health care there would cost.

The president's order, which he signed at the end of the Minnetonka forum, involved Medicare, the federal health program for the elderly and disabled, along with federal programs for the military, veterans and federal employees. Together, these programs represent one quarter of Americans covered by health insurance.

"If we have more consumer involvement in health care, then it makes sense, if that's the goal, then it makes sense to make sure that consumers have got rational data from which to make choices," Bush said. "And that's not the case today in medicine, really, when you think about it."

The order also calls for greater use of electronic medical recordkeeping.

Skyrocketing health costs over the past decade have ushered the transparency movement. In the managed care era of $10 copays, many people have had no incentive to understand the full costs of their medical care or prescription drugs.

Employers are passing more costs to workers, though, by creating higher deductibles and tighter coverage restrictions. Some employers have switched to "consumer-directed" plans, by which they give subsidies to workers but make them fully responsible for their health care costs.

Health policy officials have stressed that information on cost and quality is needed in order for consumers to make wise health care choices. Using the cheapest doctors, for example, might actually cost more if they have the worst outcomes and force patients to need additional medical care.

"Cost and quality equals value," Leavitt said at the forum, "and if we have competition based on value, everybody wins."

Private insurers have added online tools that compare cost and quality information and provide lists of recommended providers.

PreferredOne, a benefits administrator based in Golden Valley, provides some of the most detailed cost data for its members — publishing the actual prices it negotiates with providers.

"(People) are absolutely shocked when they see the difference in prices for common, ordinary procedures, said Marcus Merz, CEO of Preferred One. He was not at Tuesday's forum.

The charges for CT scans and colonoscopies can vary by 400 percent in the Twin Cities, for example. Merz said people aren't yet sure what to do with this information.

Still, Chase said that consumer interest in this information is vital. Doctors have adjusted prices and improved practices after seeing the data, but will be especially motivated if they know the public is basing medical decisions on the information.

"It must be exciting to be on the leading edge of substantial change," Bush told Chase.

"It keeps us busy," Chase replied.

"I know the feeling," Bush replied to applause and laughter.

Proponents of universal health care argued in advance of Bush's visit that more access to health care — not access to information — would best improve people's health care.

State Democrats offered similar criticisms. Gov. Tim Pawlenty has unveiled several quality initiatives to control the costs of public health programs, but critics noted that his budget moves in 2005 removed 36,000 people from state-subsidized health benefits.

"They can talk about consumer-driven health care all they want, but unless they mean driving consumers off the health care rolls, they're being disingenuous," said Minnesota Democratic Farmer Labor Party Chairman Brian Melendez.

Bush Order Targets Health Costs (LAT)

By James Gerstenzang

The Los Angeles Times, August 23, 2006

DOJ_NMG_0052123

MINNETONKA, Minn. — President Bush signed an executive order Tuesday that requires federally financed healthcare programs to gather information about the costs and quality of the medical care they pay for and to share it with consumers.

Speaking in front of a sign intended to underscore his message for television audiences — "More Choice for Better Healthcare" — Bush described the order as a step toward lowering the cost of medical care, and eventually the cost of health insurance, by increasing price competition. He also promoted the use of electronic record-keeping, rather than handwritten medical records, as "a practical way to help control medical costs."

Although Bush's order applies only to the federal government, its reach could be broad: According to Health and Human Services Secretary Mike Leavitt, the government pays for about 40% of the healthcare provided in the United States.

The agencies covered by the order include the Defense Department, which runs the military's healthcare program; the Department of Veterans Affairs, which is in charge of the VA hospital system; the Department of Health and Human Services, which administers Medicare and Medicaid, and the Office of Personnel Management, which oversees health insurance plans for federal employees.

Democratic critics said the executive order, which drew praise from a major health insurance association and the National Assn. of Manufacturers, did not directly address the increasing costs of health insurance.

Tuesday's trip to Minnesota gave the president an opportunity to try to shift public attention from foreign policy issues to a domestic policy matter, albeit one that has not registered high on lists of public concerns this election season. He has returned only occasionally to health policy issues after paying public attention to them at the start of the year.

Bush said that by encouraging greater awareness of the costs of medical treatment, the government could help counter a phenomenon in which, he said, those seeking treatment did not care about the cost because "a third party," meaning health insurers, were paying for it.

"The U.S. spends more than double that of other countries on healthcare, and yet we still don't know what we are getting for that value," said John Engler, president of the National Assn. of Manufacturers, a business lobbying organization.

The executive order requires the four agencies to give participants in their programs information about the payments made to providers and about the quality of healthcare services. It does not apply to private health providers delivering medical treatment paid for by individuals or by private insurance plans.

In effect, Bush said, it tells healthcare providers that "in order to do business with the federal government, you've got to show us your prices."

Left unanswered were questions such as how hospitals would pay for any increased costs they may encounter in establishing and meeting data-sharing standards and how hospitals would demonstrate their charges for specific services.

Karen Ignani, president of America's Health Insurance Plans, a trade association for almost 1,300 insurance companies, said Bush's order "rewards the delivery of high-quality care, fosters an inter-operable healthcare system, and takes steps to ensure that consumers are equipped with the best available information they need to make healthcare decisions."

But the president's action drew sharp criticism from one of the top Democrats in the state where he appeared.

In a written statement, Brian Melendez, chairman of Minnesota's Democratic-Farmer-Labor Party, said that Bush and Republican Gov. Tim Pawlenty, who was in the audience, "have done nothing to promote affordable healthcare in Minnesota or in this country, so the president has come to town to help the governor out with a little election-year gimmickry."

Melendez and a national spokeswoman for the Democratic Party, Stacie Paxton, also criticized Bush for not directly tackling the increases in overall costs for medical care and in the number of Americans lacking health insurance.

Since 2000, according to the Democrats, premiums for employer-sponsored health plans have increased by 73%, and the percentage of small firms offering health insurance for their workers had dropped from 52% in 2004 to 47% in 2005.

The president presented the program at a healthcare forum in this Minneapolis suburb, where five Minnesotans talked about their efforts to hold down healthcare costs by, among other things, comparison-shopping or, in one case, establishing a network of small clinics specializing in treatment of common illnesses, such as strep throat.

"People are desperate to have some relief" from healthcare costs, Leavitt said.

After the forum, Bush attended a closed-door fundraiser for Michele Bachmann, a GOP state senator seeking the House seat now held by Mark Kennedy, a Republican who is running for the U.S. Senate.

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The race for the House seat has drawn extensive attention from senior officials of both parties, with Vice President Dick Cheney and House Speaker J. Dennis Hastert of Illinois appearing here for Bachmann and House Minority Leader Nancy Pelosi (D-San Francisco) helping the Democratic candidate, Patty Wetterling, raise money.

Bush To Honor Minnesota Volunteer During Visit (STPPP)

By Rachel E. Stassen-Berger

The St. Paul Pioneer-Press, August 23, 2006

University of Minnesota medical student David Jewison, who spent several weeks last year helping evacuees from Gulf Coast hurricanes, will receive accolades today from President Bush during the president's Minnesota visit.

Jewison, 27, will receive a presidential service award when Bush arrives in Minnesota around 2 p.m. today.

"I'm not going to receive this award just for me. I am definitely receiving this award for all the people that responded," said Jewison, who lives in Minneapolis. He said he did not vote for the president but supports him.

Joseph and Jonathan Sutton of Minneapolis also will greet the president. Gov. Tim Pawlenty met 10-year-old Jonathan earlier this month at the kickoff of a monthlong fishing fundraiser for Christian urban ministries and invited him and his father to meet the president.

Bush will appear at a health care panel in Minnetonka today and attend a fundraiser for Republican congressional candidate Michele Bachmann before returning to Washington.

Preventive Care For Medical Databases (WP/AP)

By Associated Press

The Washington Post, August 23, 2006

The Food and Drug Administration and the Massachusetts Institute of Technology have agreed to develop an automated system to detect unanticipated problems with prescription drugs and medical devices.

The system would scour federal and private health-care databases in real time for unusual and emerging patterns that could indicate potential safety concerns.

The current system relies on the largely manual assessment of reports voluntarily submitted to the FDA, sometimes months or years after an event has occurred. As a result, potential problems are typically underreported, said Scott Gottlieb, the FDA's deputy commissioner for medical and scientific affairs.

A more automated system capable of mining on the fly multiple databases, including those compiled by health insurance providers and agencies such as the Department of Veterans Affairs, would be better at recognizing patterns that suggest problems, Gottlieb said.

The system would build on methods developed to identify infectious-disease outbreaks, detect bioterrorism attacks and model the spread of bird flu, he said.

The FDA also plans to begin publishing reports that would alert doctors to potential problems with drugs and devices, Gottlieb said.

Criticism of FDA safety-monitoring efforts has increased since the painkiller Vioxx was pulled from the market in 2004.

One problem is that the FDA cannot require that drugmakers study the safety of prescription medications already on the market, a recent Government Accountability Office report concluded.

Law, Tax Experts Exhort Baucus To Lift Block On Treasury Nominee (WSJ)

By Rob Wells

The Wall Street Journal, August 23, 2006

WASHINGTON -- A group of law professors, tax attorneys and former government officials urged Sen. Max Baucus to stop blocking the confirmation of Eric Solomon as the Treasury Department's top tax official.

Mr. Baucus, of Montana, has called Mr. Solomon "a good public servant and certainly a tax expert," but said in July that he would block the confirmation until the Treasury Department develops a detailed plan to close the $290 billion tax gap, a measure

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of uncollected taxes. Treasury isn't "showing appropriate concern on this issue," said Mr. Baucus, the ranking Democrat on the Senate Finance Committee.

The move has triggered numerous letters in support of Mr. Solomon. The New York State Bar Association, the American Institute of Certified Public Accountants, the Texas Bar Association, more than 90 law school professors and a group of former top Treasury Department officials have signed letters urging Mr. Solomon's immediate confirmation.

"There is nobody who has worked with Eric who doesn't think highly of him," said Pamela Olson, a partner at the law firm Skadden, Arps, Slate, Meagher & Flom LLP. Ms. Olson held Treasury's top tax job until 2004. Ms. Olson couldn't recall a similar outpouring of support for a Treasury tax nominee.

President Bush nominated Mr. Solomon in May to the position, which has been vacant since December 2004.

Ms. Olson said her letter, signed by some 35 former top Treasury tax officials, was delivered privately to Sen. Baucus. The letter, she said, told the senator "we appreciate your attention to the tax gap, but we really want to see Eric confirmed."

Loyola Law School Associate Dean Ellen Aprill organized a letter with a similar message from more than 90 law-school professors nationwide. "It's from every kind of school and every kind of professor," Ms. Aprill said.

Baucus spokeswoman Carol Guthrie declined to comment on the letters. "The Treasury Department has been advised repeatedly that they should ensure the delivery by the end of this fiscal year of a comprehensive strategy to close the tax gap," Ms. Guthrie said.

Treasury spokesman Sean Kevelighan said the department "is aggressively working on proposals and will continue to consider all options" to close the tax gap.

Mr. Solomon was Treasury's acting deputy assistant secretary for tax policy and deputy assistant secretary for regulatory affairs. He joined the department in 1999.

OTHER NEWS:

Chicago Fed Chief: More Rate Increases Possible (USAT)

By Barbara Hagenbaugh

USA Today, August 23, 2006

WASHINGTON — The Federal Reserve may have to increase interest rates again to keep inflation in check, the head of the Chicago Fed said Tuesday in a speech that suggested the U.S. central bank's rate-raising campaign may not be over.

“The risk of inflation remaining too high is greater than the risk of growth being too low,” Chicago Fed President Michael Moskow told the McLean County Chamber of Commerce in Bloomington, Ill. “Thus, some additional firming of policy may yet be necessary to bring inflation back into the comfort zone within a reasonable period of time.”

A copy of the speech was distributed to reporters.

Moskow is one of just a handful of Fed policymakers who have spoken publicly since the central bank voted Aug. 8 to leave interest rates unchanged after 17 consecutive quarter-point rate increases.

Last week, Dallas Fed President Richard Fisher said, “There is a definite increase in inflationary momentum.” Atlanta Fed President Jack Guynn on Tuesday said he expected inflation to recede in the “medium term.” Following the usual rotation among Fed presidents, Moskow and Fisher are not voting on interest rate policy in 2006 but are involved in central bank discussions. Guynn does vote.

From mid-2004 to mid-2006, Fed policymakers have raised the target for short-term interest rates, which influence borrowing costs for everything from mortgages to car loans, to 5.25% from 1%. Rates are the highest since January 2001.

What's unclear is whether Fed policymakers are done raising interest rates, or if they need further rate moves to stem inflation.

Moskow's speech “raises the risk that (interest rate) tightening is still in play,” says Michael Englund, chief economist at Action Economics in Boulder, Colo.

Investors had hoped the Fed would stay on the sidelines given recent data suggesting a decline in inflationary pressures. After Moskow's speech, stocks gave up early gains. The Fed's next meeting is Sept. 20.

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Moskow acknowledged that there are lags between the time the Fed moves on rates and when the impact of such changes is seen economywide. But he said waiting for rate increases to filter completely through the economy may put the Fed too far behind the curve if inflation is elevated.

"We need to balance the benefits of gaining new information against the costs of waiting too long," Moskow said. "If inflation stays stubbornly high while we wait to see the effects of earlier policy actions, inflation expectations could increase — and that would be very costly."

More Fed policymakers are scheduled to speak in coming weeks. Chairman Ben Bernanke is set to deliver the opening speech Friday at the Kansas City Fed's annual meeting in Jackson Hole, Wyo. This year's conference, which brings together economists and policymakers from around the world, focuses on globalization.

Is Economy Headed To A Soft Landing? (USAT)

By Sue Kirchhoff

USA Today, August 23, 2006

WASHINGTON — The economy is slowing. The question is, how much.

In the past several weeks, a slew of data on housing, manufacturing and employment has bolstered Federal Reserve Chairman Ben Bernanke's forecast for moderating growth and diminishing inflation that should eventually eliminate the need for interest rate increases.

But even as stock and bond markets begin celebrating an economic soft landing, a number of economists are crashing the party and trying to bring it down. They warn that growth could plunge far lower or inflation persist at higher levels than the Fed expects.

Adding to the uncertainty is Main Street sentiment.

An Aug. 7-10 Gallup Poll found only 22% of Americans think the economy is getting better, the lowest confidence level in five years. Recent surveys by Moody's Economy.com and the National Federation of Independent Business indicate executives of both large and small firms generally foresee sustained, though somewhat more muted, growth. Declining confidence is most pronounced in U.S. construction and real estate firms.

"The public mood is very apprehensive," says Jim Owens, CEO of Caterpillar, noting that though spending is healthy, people are carrying high debt and are worried about oil prices, international strife and other factors.

"Business executives are looking at some pretty strong profits, strong global (economic) growth," says Owens, whose company posted robust earnings in the second quarter. "We're in a world today of relatively low inflation, relatively low interest rates for this stage of the business cycle" and pent-up demand for capital investment, which yields a strong outlook.

Why the wide range of views? One reason is the inherent difficulty in forecasting at turning points in the economy. More narrowly, the differences hinge on how economists, executives and consumers gauge key economic factors: the depth and breadth of the housing decline, the outlook for oil prices, the pace of economic growth abroad and whether inflation has spread beyond energy prices.

"This soft-landing scenario is a fantasy," says Ed Leamer, director of the UCLA Anderson Forecast.

While he doesn't expect a recession in the next year, he predicts the housing slowdown will be nastier than the Fed projects, hurting consumer spending, jobs and growth. "Anything housing-related is going to feel like a recession, almost like a depression."

The University of Michigan's midyear forecast, issued last week, foresees the weakest growth in five years, with the economy held back by higher interest rates, oil prices and inflation.

Jim Paulsen of Wells Capital Management says, however, that market indicators that should be flashing red if the economy is in big danger, aren't. Stocks are outperforming bonds, emerging markets and non-energy commodity prices are recovering, and non-auto retail sales are up more than 10% on an annual basis since the end of 2005. Housing is slowing in previously overheated markets but is up in other regions.

"Here we are in the midst of a 'slowdown,' and we're coming off a 16% (corporate) profits quarter? What the heck is that?" Paulsen says. "I can't remember a housing cycle that hurt anybody because it only went up at 3%."

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Then there is a small but growing minority of economists who warn that the downturn could be severe. New York University professor Nouriel Roubini gives 70% odds of a recession by year's end. Merrill Lynch analyst David Rosenberg puts the chances of a recession at 40% to 80% in the coming year, based on models and market conditions. A recent Blue Chip survey of economists pegged the risk at 27%, up from earlier estimates.

"This is a tipping point for the consumer and the economy," Roubini says. He spells out a long list of potential risks that could push the country into trouble. Among them: unregulated hedge funds, housing, foreign trade uncertainty, the need to finance the nation's huge trade deficit, Middle East unrest and the potential for terrorism.

The Fed's forecast is for growth to moderate but not stall. The central bank expects the economy to expand by a respectable 3.25% to 3.5% in 2006, core inflation (which excludes food and energy) to average 2.25% to 2.5%, and the jobless rate to stay at 4.75% to 5%. Overall, the economy grew 3.2% in 2005, even with the disruptions and high energy prices arising from Hurricane Katrina.

The central bank's predicted slowdown has begun. The economy grew at a 5.6% annual rate in the first quarter and a 2.5% pace in the second. Slower consumer spending accounted for most of the drop. Production at factories, mines and utilities in July rose at half June's pace. Long-term interest rates have been below short-term rates, in the past a signal of a downturn.

Energy prices remain elevated, with gasoline at $2.92 per gallon on average. Companies are now creating an average of about 110,000 net new jobs per month, down from 180,000 earlier this year. Still, the jobless rate is a tight 4.8%. Existing home sales have fallen about 9% from last year, with new home sales off 11%.

Ginny Ferguson, broker and co-owner of Heritage Valley Mortgage in Pleasanton, Calif., is seeing a higher level of cash-out mortgage refinancing this year, despite slower price growth and higher interest rates, as people use home equity to consolidate existing debt.

"As far as having a lot of credit card debt, we're seeing an awful lot of people with that," Ferguson says. "What people may be doing is cleaning up some of the mess they've created for themselves."

The news is not all bad. Economists, including UBS Investment Research, predict the government will revise second-quarter growth figures to above 3%, based on inventory buildup and other factors, though that could dim later expansion. Exports are up. Factories are running nearer capacity, and some businesses are having trouble finding skilled workers. Commercial construction is rising, picking up some of the slack from housing.

Retail sales and orders for long-lasting durable goods jumped in July. Mortgage rates are leveling out. Business capital spending has been good.

Duke Energy, which provides electricity to homes and businesses in the Southeast and Midwest, is embarking on a multibillion-dollar capital expansion, planning new coal gasification and other plants to serve growing demand.

"The economy has been extremely resilient in the face of significant headwinds," says Duke Energy CEO Jim Rogers. "I see the economy being kind of a steady grower, not the growth we had in the late '90s, but more sustainable."

High gasoline prices have pinched consumers at the lower end of the income ladder, hurting earnings of big-box chains such as Wal-Mart. Some higher-end retailers such as Nordstrom are doing well.

Still, at Exclusive Resorts, where clients pay a one-time membership fee and annual dues for use of 400 high-end homes in the USA and abroad, July sales were 50% above any month since the firm started three years ago.

"We expect to have a better year in 2007 than even in 2006," says Exclusive Resorts President Donn Davis. The average net worth of Davis' clients is $5 million.

The energy sector is a huge unknown. Oil prices have dropped to about $72.63 a barrel from a recent high of $77 a barrel. But demand is high, supplies are tight and even a slight disruption could send prices soaring.

"There's a lot of risk out there on the downside, and there's not much upside potential for growth," says Ross Gittell, a professor at the University of New Hampshire who also does regional forecasts for the New England Economic Partnership.

Stock and bond markets have jumped on recent small dips in inflation that could easily be reversed with another oil shock.

The other big variable is housing. After adding to growth in the past several years, the sector has become a drag, with the drop in home construction shaving as much as 1 percentage point off gross domestic product, says economist Peter Morici of the University of Maryland. The impact could be far greater if the market falls faster.

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The slowing housing market will affect construction, employment and consumer spending, as people are less able to draw on the rising equity in their homes.

"Energy prices matter, but they don't play the kind of role that housing is going to play," says UCLA's Leamer. "The Fed can do very little now. … It made a major error by letting this housing sector get out of control."

Others say the correction will not be that steep or disruptive.

Frank Nothaft, chief economist at mortgage giant Freddie Mac, doesn't anticipate a recession. Nothaft predicts that home sales (excluding condos) will drop 7.5% from 2005, but that they will still post one of the strongest years in history. Prices should rise about 7% in 2006 and 6.4% next year. Mortgage rates have fallen recently and are about 6.5% for a 30-year fixed mortgage, still low in historic terms.

"We see nothing that would suggest housing is going to fall off the cliff; quite the opposite," says Richard Smith, vice chairman and president of Realogy, which includes Century 21 and Coldwell Banker.

Smith says there will be a shakeup as investors who got into the market during the boom are forced to exit. But he says many fears are unfounded or media-fed.

So far, the impact on consumer spending hasn't been as great as expected, partly because consumers have increased credit card usage. The percentage of homeowners taking equity out of their homes in refinancing transactions in the second quarter was the highest since 1990, Freddie Mac says.

Even if the United States does make a smooth transition to slower growth in the short term, the long-term picture is clouded by high trade and budget deficits, low national savings and the pending retirement of the baby boomers, which will put huge stress on federal programs.

Schering-Plough Chairman and CEO Fred Hassan's company is doing well, due in large part to healthy world economic growth and expansion in Russia, for example. But over the horizon, difficulty finding skilled U.S. scientists, intense international competition and the high trade deficit are worries.

"We are now becoming the wealth storage depot for the world, but how long can you fill a depot with other people's money?" Hassan asks.

Toll Adds To Fears Of US Housing Slowdown (FT)

By Francesco Guerrera In New York

Financial Times, August 23, 2006

Americans have sharply cut back on purchases of upmarket houses, according to Toll Brothers, the largest luxury homebuilder in the US, adding to signs of a crisis of confidence among buyers and fears of a consumer-led economic slowdown.

Toll's poor third-quarter results – its first quarterly profit fall in four years – and its warning on the outlook for the rest of the year, mirrors problems at other companies reliant on discretionary consumer spending such as Starbucks, a coffee chain, Home Depot, a DIY chain, and Whole Foods, an organic food retailer.

"The bottom line is that no matter how you slice it or dice it, the consumer, on average, is feeling pretty bummed out and tapped out at the same time," said David Rosenberg, North America economist at Merrill Lynch.

The behaviour of consumers, whose debt-fuelled spending has underpinned US growth over the past few years, will be a key determinant of whether the slowing domestic economy achieves a "soft landing" or slumps into a recession.

A significant reduction in US consumer spending, which accounts for about two-thirds of domestic economic activity, would also affect export-dependent economies such as China and other developing countries in Latin America and eastern Europe.

Robert Toll, chairman and chief executive of Toll, blamed the 19 per cent fall in third-quarter profits to $174.6m on an excess of housing stock and a lack of appetite by buyers who purchase homes as an investment.

"The continuing malaise in the housing market . . . is the result of oversupply of inventory and a decline in confidence. The speculative buyers of 2004 and 2005 are now sellers," he said.

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Economists say that buy-to-let investors and other marginal buyers have been deterred by rising mortgage payments and the small appreciation in the value of houses they own.

The woes of the housing market was one of the reasons the Federal Reserve halted their streak of 17 consecutive rate rises this month.

Fears that the housing slowdown is spreading to other sectors were compounded last week when a widely-watched survey by the University of Michigan found overall consumer confidence at its lowest level since the aftermath of hurricane Katrina last year.

Toll shares were up 4 per cent to $25.84 in midday trade in New York on Tuesday because the results still exceeded analysts' expectations.

After The Boom Housing Slump Proves Painful For Some Owners And Builders (WSJ)

By James R. Hagerty And Michael Corkery

The Wall Street Journal, August 23, 2006

HERNDON, Va. -- For years, real-estate brokers and home builders promised that the soaring property market eventually would glide to a soft landing. These optimists predicted that home prices, which had more than doubled in parts of the country between 2000 and 2005, would continue to rise, but at a more normal pace of 5% or 6% a year.

It isn't working out that way. The rapid deterioration of the market over the past 12 months has caught many homeowners and builders off guard. Some are being forced to cut prices far below what their homes could have fetched a year ago. It's too early to say how hard the landing will be, but at a minimum it will be bumpy for many people who need to sell homes. And the economy as a whole, buoyed in recent years by the housing frenzy, could suffer.

The pain that homeowners and home builders are now feeling follows a raging national house party. As Americans soured on the stock market after the tech bubble burst in 2000, they poured money into real estate, spurred on by the lowest interest rates in four decades and looser lending standards. Surging demand created home shortages in California, Florida and the Northeast. Over the five years ending Dec. 31, average U.S. home prices jumped by 58%, according to a federal housing index.

But mortgage rates began rising and surging inventories of homes for sale finally caught up with demand. Though economists had been predicting a slowdown in housing for years, many homeowners and builders were surprised by how fast the market changed. "It's just like somebody flipped a switch," says Lynn Gardner, a real-estate auctioneer who works in Northern Virginia.

"It would be difficult to characterize the position of home builders as other than in a hard landing," says Robert Toll, chief executive of luxury home builder Toll Brothers Inc., which reported yesterday that net income fell 19% in the third quarter ended July 31. (See related article2.)

In his 40 years as a home builder, Mr. Toll says, he has never seen a slump unfold like the current one. "I've never seen a downturn in housing without a downturn in employment or... some macroeconomic nasty condition that took housing down along with other elements of the economy," he says. "This time, you've got low unemployment, you've got job creation, you've got a stable stock market and relatively low interest rates."

Joan Guth is one homeowner who was taken by surprise. Last September, she put her stately five-bedroom home in Herndon, Va., on the market for about $1.1 million. She was confident she would get something near that price, and planned to use the proceeds to buy a retirement home in Florida. But her home in the Washington suburbs attracted few serious lookers, and in March, she cut her asking price to $899,900. Still there were no takers. Finally, on the advice of her broker, she called in an auction firm, beginning a process that would eventually reveal to her just how weak the Northern Virginia market had become.

In much of the country, property markets began cooling rapidly in the second half of last year. Home builders were still turning out houses at a rapid clip, and the surge of new and previously occupied homes on the market convinced buyers there was no need to hurry. Over the past year, the number of previously occupied homes listed for sale nationwide has risen nearly 40%. In some metropolitan areas, including Orlando and Phoenix, the supply has quadrupled.

Investors who during the boom had been snapping up properties from the outskirts of Phoenix to the slums of Baltimore began dumping them on the market, hoping to get out with a profit before it was too late.

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The resulting slump, thus far, is being felt mainly on the East and West coasts and in Florida, where home prices had soared beyond the average working family's ability to pay. In California's San Diego County, the median home-sale price was $487,000 in July, down 1.8% from a year earlier, according to DataQuick Information Systems, a research firm in San Diego. Prices in the Northern Virginia counties of Fairfax and Arlington and in nearby towns, near Washington, averaged $537,731 in July, down 3.9% from a year earlier, according to the Northern Virginia Association of Realtors.

In some other parts of the country, notably Texas and the Seattle area, local housing markets remain robust. Texas' low housing costs are attracting new residents and investors, while Seattle's strong job market and shortage of homes have kept prices rising.

Nationwide, the median sale price of previously occupied homes in June was 0.9% higher than it was a year earlier, the smallest year-to-year increase since May 1995, according to the National Association of Realtors, a trade group. Over the next few months, the median price may decline from year-earlier periods, a spokesman for the association says, something that hasn't happened since February 1993.

The market may be weaker than the Realtors' widely followed monthly reports suggest. The group's data don't reflect the latest transactions. Its report on July home sales, for instance, due today, will mainly reflect sales that were agreed upon in May or June and closed in July. Moreover, when the market turns down, many home sellers initially let their homes sit instead of cutting prices enough to entice buyers.

Allen Sinai, chief economist at Decision Economics Inc., a New York research firm, contends that housing is poised for something "harder than a soft landing but softer than a hard landing." The weaker market will hurt the economy by eliminating jobs in construction and other housing-related fields and by reducing the ability of consumers to finance spending by borrowing against their home equity. Mr. Sinai predicts these factors could shave as much as a percentage point off economic growth over the next year or so. Taking that into account, he expects the economy to grow at a relatively sluggish annual rate of 2.5% to 2.75% in 2007, compared with 2.5% in this year's second quarter and 5.6% in the first quarter.

In a speech yesterday, Michael Moskow, president of the Federal Reserve Bank of Chicago, noted: "While we factor a housing slowdown into our outlook, there is some evidence -- such as higher rates of cancellation in home-building contracts -- that the slowdown could be more extensive."

With fewer consumers applying for home loans, some big mortgage lenders are already retrenching. Countrywide Financial Corp. last month announced plans to reduce costs by $500 million. Earlier this year, Washington Mutual Inc. eliminated 2,500 jobs at loan-processing centers.

Builders, who were optimistic about prospects until a few months ago, are cutting back too. KB Home, a big home builder based in Los Angeles, has eliminated 7% of its work force, or 440 jobs. In July, U.S. home builders started construction at an annual rate of 1.45 million single-family homes, down 20% from the January peak.

Last August, when Horsham, Pa.-based Toll Brothers reported that its quarterly profit had doubled, Mr. Toll boasted: "We've got the supply, and the market has got the demand. So it's a match made in heaven." Since then, Toll has cuts its guidance four times on the number of homes it expects to close on, and its share price has fallen by more than 45%. Yesterday, the company said orders for new homes in the third quarter were down 48% from a year earlier.

Mr. Toll blames a "drop in confidence" among prospective home buyers, who he says are worried about "the direction of America" and the situation in Iraq. The retreat of speculators who were buying and "flipping" homes also hurt the market, he says. Such speculative buyers, who Mr. Toll estimates accounted for about 10% of demand one year ago, are now sellers.

Even so, Mr. Toll contends that new household formation, immigration, job creation and rising affluence are currently producing a pent-up demand for housing. Once Americans believe that home prices have bottomed, he argues, they will rush back into the market, although he is unwilling to predict when that will happen.

At D.R. Horton Inc., the nation's largest home builder by units built per year, executives said late last year they were confident that quarterly earnings would continue to increase even during a housing-market slump. In July, Horton reported a 21% decline in net income for the third quarter ended June 30, the first quarter in 28 years in which it didn't report year-over-year profit growth. Horton's chief executive, Donald Tomnitz, said the surge in home prices had priced many people out of the market.

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"Every time we've gone into a downturn in the home-building industry, they've always been longer and deeper than we've all imagined," Mr. Tomnitz told analysts in a July 20 conference call. "So we're preparing for the worst, and we think this one will be longer and deeper than just the last six months."

For some homeowners who bought as the market was peaking last year, the downturn is already creating a financial pinch.

In April 2005, Jennifer Bloom paid about $229,000 for a condominium in Yarmouth Port on Massachusetts's Cape Cod, where her son planned to live. After his plans changed, Ms. Bloom, a software specialist for a computer company, decided early this year to sell the condo. She initially listed it at $229,000, and then gradually shaved the price to $199,000 as the market weakened. Earlier this month, she gave up on finding a buyer at a price she could bear to accept. Instead, she is renting out the condo for $1,000 a month, which she says is more than $200 below her monthly costs for mortgage payments, insurance, taxes and other items. She says she intends to hold off on selling it until the market improves.

The slump has been particularly harsh in Northern Virginia, where in recent years, large home builders have turned open fields and wooded lots into new subdivisions. Inventories of unsold homes here have risen 147% over the past year, compared to a 40% increase nationally.

Would-be sellers such as Tahir Javed, a 36-year-old management consultant, are growing frustrated. One year ago, Mr. Javed decided to move up from his town house in Ashburn, Va. He signed a contract to buy for $983,000 a four-bedroom brick colonial that a developer planned to build in nearby Leesburg. He put down a $60,000 deposit and planned to move into the new house in October 2006.

In May, Mr. Javed put his town house on the market for $499,900, which he says is far above the $212,000 he paid in 1999, but in line with asking prices for similar homes in the neighborhood. He hasn't been able to find a buyer, and the balance he owes on his new house -- about $920,000 -- is due in about six weeks.

Mr. Javed says he asked the builder for a price break, but the answer was no. He's considering cutting the asking price for his town house to slightly under $470,000, and if that doesn't work, he may try to find a renter. He had planned to use the money from selling the town house as a 20% down payment on what he owes on his new home, and to borrow the other 80%. Now he may need a bigger loan, which could carry a higher interest rate, he says. "That is the painful part," he says.

Ms. Guth, whose home in Herndon, Va., had failed to attract a buyer after months on the market, eventually turned to Tranzon Fox, an auction firm based in Burke, Va. Ms. Guth had based her initial $1.1 million asking price on a 2005 appraisal of her home, which now appeared far off the mark. She and her family decided they would accept the highest bid of at least $675,000.

Kristin Eddy, a 35-year-old pediatric occupational therapist living in a town home in Reston, Va., had noticed Ms. Guth's dark-green turreted home with its wraparound verandas while riding her bike along a nearby trail. "I've had my eye on that house for a long time -- as a dream," Ms. Eddy says. When it first went on the market, it was far beyond her price range. Then she noticed the sign announcing the auction.

On the morning of Aug. 5, the auctioneer, Stephen Karbelk, set up loudspeakers on Ms. Guth's side lawn. Ms. Guth handed bottles of chilled water to the several dozen bidders and curious neighbors who showed up. "I have a whole stomach full of butterflies," Ms. Guth said.

Ms. Eddy figured her chances of winning were near zero. When the auction began, it became clear that there were only two serious bidders. Although Mr. Karbelk tried to stir excitement, the bidding petered out within minutes. Ms. Eddy was the high bidder, at $475,000.

Looking stricken, Ms. Guth and one of her sons huddled with their broker for a few minutes. Then they told the auctioneer they wouldn't accept the bid, which fell below the stipulated minimum that hadn't been revealed to bidders. The auction was over.

Ms. Guth said she would move and leave the house empty until she could sell it at a reasonable price. Late that afternoon, Ms. Eddy raised her offer to $525,000. The Guths wavered for two days before agreeing to accept about $530,000. Ms. Eddy is getting a home with five bedrooms, four full bathrooms, a half-acre lot and a three-car garage for about what some people had been paying until recently for town houses in the area.

Ms. Guth has revised her retirement plan. The disappointing auction result made it difficult for her to afford the kind of home she wanted in Florida. She has decided to buy a home in South Hill, a rural area of south-central Virginia where home

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prices are cheaper than they are in either Florida or the Washington suburbs. She thinks she can find a home there for $175,000 or less.

Write to James R. Hagerty at bob.hagerty@wsj.com3 and Michael Corkery at michael.corkery@wsj.com4

Homeowners Feel Pinch Of Mortgage Rate (WT)

By Tom Ramstack

The Washington Times, August 23, 2006

Robin Vinopal decided to follow the advice of a financial adviser five years ago when she bought a home in Kensington with an adjustable-rate mortgage.

Now she wishes she had ignored his advice.

"I just hit the first adjustment up, and it's painful," said Mrs. Vinopal, a director of operations for a College Park games manufacturer.

Like other borrowers who tried to save on monthly payments with an adjustable-rate mortgage (ARM) or interest-only loan, Mrs. Vinopal is finding that her payments are rising with interest rates.

ARM rates were lower by one percentage point or more compared with the traditional fixed-rate mortgages until about a year ago.

Interest rates on ARMs change with market fluctuations but stay the same on fixed-rate mortgages.

Although ARMs make up 25 percent of home loans nationwide, they accounted for 42 percent of mortgages last year, according to the Mortgage Bankers Association, a trade group for mortgage lenders.

They hit a height of popularity while interest rates were low during the housing boom, when home ownership hit a record 69 percent in 2004.

However, in some cases the American dream was built on unrealistic promises of easy loan-repayment terms.

Now the easy part of the loan is over as rising interest rates create bigger monthly payments.

"A lot of these borrowers are going to refinance into a new mortgage at this point," said Mike Fratantoni, Mortgage Bankers Association senior economist.

Sixty percent of subprime loans, including some ARMs, are scheduled to have their interest rates reset by the end of the year, according to the community activist group Association of Community Organizations for Reform Now (ACORN).

Typically, ARM mortgages require the same payment for the first one, three or five years, then reset each year to reflect the most recent interest rates.

Increases in interest rates "pose a huge threat to the security of individual homeowners and entire neighborhoods," ACORN said in a report on the risk subprime mortgages create for low- and middle-income households.

Mortgage lenders say they already are seeing their ARM customers returning to refinance.

"I'm getting a ton," said Dominic Turano, Washington branch manager for Wells Fargo Home Mortgage, one of the nation's largest mortgage lenders. "People have payments that have about doubled over the last two to two-and-a-half years."

A three-year adjustable-rate mortgage for a $200,000 loan taken out in 2003 at a 4 percent rate would incur monthly payments of $955. If rates that include the lender's profit stay around the current 7.6 percent level, the monthly payment would rise to $1,375, or 44 percent higher.

This month, Mrs. Vinopal received a letter from her mortgage company saying her monthly payments would rise $250 over the roughly $800 a month she has been paying.

"With my own lack of consumer awareness, I didn't pay a lot of attention to the reasons behind it," said Mrs. Vinopal, who said she was merely seeking the lowest loan payment possible when she took out the adjustable-rate mortgage. "At the time, it sounded good."

If she knew how much the monthly payment would increase, "I would never have signed up for that in the beginning," she said.

Mrs. Vinopal and her husband, a Georgetown University biology professor, are scrambling to refinance with a fixed-rate mortgage.

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Thirty-year fixed-rate mortgages averaged 6.52 percent interest last week, according to mortgage investor Freddie Mac's weekly rate survey. A year ago, they averaged 5.80 percent.

Five-year Treasury-indexed hybrid ARMs averaged 6.18 percent last week. They averaged 5.34 percent last year at this time.

Borrowers with interest-only loans and option ARMs run the greatest risk of higher payments. Interest-only loans allow borrowers to pay only the interest on their loans for the first five years or so. Option ARMs allow them to choose between making a minimum payment each month or paying down the principal, just like a credit card.

The risk that the required monthly payments will explode prompted the Federal Reserve to warn mortgage lenders to tighten their lending standards.

"Evidence indicates that the most recent borrowers into the market had little to no down payment, meaning they have little or no equity in their homes," said Keith Leggett, senior economist for the American Bankers Association. "As their adjustable-rate mortgages re-price, they will experience sticker shock. This increases the probability of them defaulting on their mortgage."

The number of properties entering foreclosure was 17 percent higher in June 2006 compared with one year earlier, the online marketplace for foreclosure properties RealtyTrac said in its most recent report on foreclosures.

Stocks Shrug Off Rate Warnings And Close Mixed (WSJ)

By E.S. Browning

The Wall Street Journal, August 23, 2006

After slumping on interest-rate warnings from two Federal Reserve officials, stocks rallied back as investors bet that the Fed's bark was worse than its bite.

Stock indexes finished little changed. The Dow Jones Industrial Average was down 5.21 points, or 0.05%, at 11339.84. It still is up 5.8% for 2006, less than 390 points from its record finish of 11722.98 in January 2000.

The broad Standard & Poor's 500-stock index rose 0.10%, or 1.30 points, to 1298.82, up 4.1% this year, but still not near its own record of 1527.46, which dates from March 2000. Investors are watching closely to see whether the S&P can break significantly above the 1300 level. Trading volume again was light.

Stocks initially rose after Middle East fears were calmed by Iran's willingness to talk with the West about its nuclear program.

But the market began to slip around midday, after the presidents of two regional Federal Reserve banks stressed the need to prevent inflation. Chicago Fed President Michael Moskow hinted at future Fed rate increases, saying "some additional firming of policy may yet be necessary to bring inflation back into the comfort zone." Atlanta Federal Reserve President Jack Guynn warned against the "slippery slope" of tolerating inflation in the name of economic growth.

Still, stock investors noted that the Treasury-bond market, sensitive to any hint of rising interest rates, barely reacted to the comments and finished little changed. Stock investors concluded that the Fed officials might just be trying to keep markets from getting overly exuberant, and stocks rallied back.

"People didn't really believe what the Fed officials were saying," said Todd Leone, head of listed trading at New York brokerage firm Cowen & Co. "The bond market is telling you that the economy is slowing down and the Fed isn't going to raise rates."

Investors also were reassured that quarterly profit at home-builder Toll Brothers fell less than expected.

The Nasdaq Composite Index rose 0.11%, or 2.27 points, to 2150.02, still down 2.5% this year.

Oil futures edged up 18 cents to $72.63 a barrel on the Middle East uncertainty. Gold futures fell $1.10 to $624.60 a troy ounce.

Outside the U.S., stocks declined in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, fell 0.03%, or 0.06 point, to 219.71.

In major U.S. market action:

Stocks were mixed and bond prices gained. The 10-year Treasury note rose 2/32, or 63 cents for each $1,000 invested, pushing the yield down to 4.817%. The 30-year bond was up 3/32 to yield 4.955%.

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The dollar strengthened. Late in New York, it traded at 116.55 yen, up from 115.86, while the euro fell against the dollar to $1.2801 from $1.2892.

Chief Justices Sound Alarm On Judicial Elections (LAW)

By Tony Mauro, Legal Times

Legal Times, August 23, 2006

The nation's state chief justices are launching a campaign to remind voters of what used to be obvious: Judicial elections are different from those for other offices.

Voicing "grave concern" over increasingly partisan and costly campaigns, the Conference of Chief Justices -- representing the top jurists in all 50 states, the District of Columbia, and U.S. territories -- voted Aug. 2 on measures to emphasize the "unique nature" of judicial elections. At least some of the judges in 39 states are elected.

"It's the money, it's the judicial questionnaires, it's a whole constellation of things happening now that don't advance the public's confidence in the courts," says Indiana Supreme Court Chief Justice Randall Shepard, outgoing chairman of the conference, who hosted the chief justices' meeting in Indianapolis. "We need to get information to bar associations and judges groups about what to do when the fire alarm goes off, or before the alarm goes off, in an election."

The chief justices also targeted low judicial salaries, which may be discouraging quality candidates from running. New data indicate that state judges' salary increases are lagging behind those of other state employees as well as private sector lawyers.

Though concern has been building for years about the increase in campaign spending and partisanship in what used to be sedate judicial campaigns, the main impetus for the latest effort by the chief justices is the fallout from a 2002 U.S. Supreme Court decision, Republican Party of Minnesota v. White.

That ruling struck down, on First Amendment grounds, a Minnesota canon of judicial ethics that barred candidates from announcing their views on disputed legal or political issues.

Several lower federal courts have responded to the decision by striking down other state canons and rules aimed at keeping judicial candidates from making campaign promises and partisan statements that may compromise the substance and appearance of impartiality once they are elected.

On July 19, for example, Kansas Federal District Judge Julie Robinson cited the White ruling when she enjoined enforcement of that state's canon barring candidates from making promises about positions they will take on the bench. A judicial-watch organization sued after a state agency said judicial candidates should not respond to the group's questionnaire about issues including same-sex marriage and abortion rights.

"Most of the rulings so far run out ahead of the Supreme Court's decision, by and large in ways that lead to behavior that is not good for the judicial system," says Shepard, who fears the weakening of judicial canons will only feed the cynical view that judges are like candidates for other offices who can be pressured by interest groups and big donors. "No good comes from fostering judicial food fights at the ballot box."

The White decision's main effect has been to encourage interest groups to ply judicial candidates with questionnaires demanding that they take positions on controversial issues, says Georgetown University Law Center professor Roy Schotland, who studies judicial elections and worked with the chief justices on the issue. "The situation is bad, getting worse, with federal judges leading the way downhill."

At a symposium on the impact of the White decision at the National Judicial College in Reno, Nev., last year, participants called on the chief justices to move aggressively to improve public understanding of courts and the need for open-minded judges, as well as to change the "culture" of judicial elections.

A "call to action" endorsed by the participants at the Reno conference urged, "Very high priority must be given to reducing the aspects of judicial elections that jeopardize public confidence in our courts -- our state courts directly, but unquestionably all our courts."

Debate Grows On Out-of-wedlock Laws (CSM)

By Patrik Jonsson

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The Christian Science Monitor, August 23, 2006

ATLANTA

In Black Jack, Mo., (pop. 6,792), the city council wrangled last week over precisely how to define a family.

In West Virginia, religious conservatives are getting ready to do battle with the American Civil Liberties Union (ACLU) over the use of a law that aims to bolster marriage by outlawing "lewd and lascivious cohabitation."

In North Carolina, a state judge in July ruled unconstitutional a law that states it's illegal for unmarried couples to live together.

Still, 1.6 million Americans in seven states are breaking their states' laws for doing just that, according to Unmarried America, a lobbying group for singles' rights based in California.

States enforce these morality-based laws - which can include fornication and "criminal conversation," sweet-talking a married woman with a mind toward adultery - only in select cases, experts say.

Yet the debate about whether the laws should continue to exist is a flash point between secularists and traditional Christians over the definition of a family.

"These are archaic laws which are hardly ever enforced, but they are ... often used as a weapon to degrade someone else," says Dan Pollitt, a law professor at the University of North Carolina, Chapel Hill.

Nationwide, the number of couples living together out of wedlock has grown from 500,000 in 1970 to more than 5 million today. For the first time, a majority of households in the US are headed by unmarried or single adults, according to a census report released last week.

But until the 20th century, cohabiting was not acceptable in most places. In 1805, North Carolina enacted its law barring adultery and fornication as part of a host of puritanical social controls that included "keeping bawdy houses." North Dakota, Mississippi, Florida, Michigan, Virginia, and West Virginia also have laws banning cohabitation.

Christian activists say the state laws are worth fighting for, but acknowledge that cohabitation is "part of the life we live now," says Brian Fahling, senior trial attorney at the American Family Association's Center for Law & Policy in Tupelo, Miss. One reason: Unwed couples are more than three times as likely as married couples to report incidents of domestic violence, reports the National Survey of Families and Households.

"Our forefathers were wise, and such laws as the cohabitation law here in North Carolina are really important for holding up moral standards," says the Rev. Mark Creech, director of the Christian Action League. "Cohabitation simply imitates marriage, but without actually creating the internal, the emotional, the moral and the legal structure that protects couples."

About 144,000 unmarried couples in North Carolina live together, according to the 2000 census. The state law banning cohabitation was cited nearly three dozen times between 1997 and 2003.

Ironically, it is mostly used in marriage dissolution cases when a spouse is attempting to gain custody of a child by exposing a former mate's out-of-wedlock living arrangement. Criminal conversation charges have led to big jury rewards for several plaintiffs in divorce proceedings, state law experts say.

The anticohabitation laws continue partly because politicians don't want to get involved in a culture battle. The North Dakota House voted 52 to 37 in January 2005 to keep the state's law that bans living together out of wedlock.

They also remain because judges usually don't allow arguments on the constitutionality of laws banning cohabitation unless there is proof that a person has experienced real harm - beyond being labeled a criminal in a civil case.

A North Carolina district judge in July determined that real harm was inflicted on Deborah Hobbs, a sheriff's department dispatcher in Pender County, N.C. In 2004, she was forced to leave her job for not ending her out-of-wedlock living arrangement with her boyfriend. The ACLU sued the sheriff's department on her behalf. Although the judge ruled the law unconstitutional, a state appeals court must hear the case.

In a similar clash in West Virginia, the ACLU says it's investigating a claim that law enforcement has used the state's anticohabitation law against a couple.

Christian groups, including the West Virginia Family Foundation and the American Family Association, say they are defending the law to uphold Judeo-Christian values, says Mr. Fahling.

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In some places, anticohabitation laws have been losing legal standing. Arizona and New Mexico abolished theirs a few years ago. More recently, the landmark Supreme Court decision (Lawrence v. Texas) in 2003, which struck down a Texas law that banned sodomy, has given civil liberties groups fuel to take on such laws.

In Black Jack, the city council voted last Tuesday to overturn an ordinance that had kept at least one family with unmarried parents from getting a housing permit. The law had prohibited more than three people not related by "blood, marriage, or adoption" from living together to prevent crowding - not for moral reasons, the mayor has said.

Some worry about a trend to regulate singles' lifestyles. "I think we're going to see more of this, the zoning battles, the whole battle of equal rights for unmarried people," says Tom Coleman, director of Unmarried America.

Democrats' Shameful Wal-Mart Demonization (LAT)

The Los Angeles Times, August 23, 2006

WITH ONE EYE ON 2008 and one on their labor union base, Democratic luminaries are canvassing Iowa and other states this summer to campaign against the nation's incumbent … retailer. They obviously see Wal-Mart as this season's Enron, the one corporation that represents all that is wrong with America.

Too bad the party can't simply draft Costco or Target to run for president. Instead, Democratic presidential aspirants — including Sen. Joseph R. Biden Jr. of Delaware, Sen. Evan Bayh of Indiana, former Sen. John Edwards of North Carolina and Gov. Bill Richardson of New Mexico — feel compelled to bash one company, the largest employer in the U.S., to score points with labor organizers. The candidates are so intent on gaining tactical advantage in the primary season that they risk alienating possible supporters in the general election.

Most Americans do not want their politicians ganging up on one company. Wal-Mart may be a behemoth that employs 1.3 million people in this country and earned $11 billion in profit last year, but it still looks like bullying when politicians single out one business to scapegoat for larger societal ills. And when they start passing laws aimed at their scapegoat — as the Maryland Legislature did when it passed legislation forcing Wal-Mart to spend a certain amount on employee healthcare — the judiciary rightly balks. A federal judge struck down the regulation, holding that it violates laws requiring equal treatment of employers.

But there is no stopping the campaign rhetoric. At an anti-Wal-Mart rally last week in Iowa, Biden noted that the retailer pays people $10 an hour, and then asked: "How can you live a middle-class life on that?" It's clearly the company's fault, at least from a skewed senatorial perspective, that all Americans cannot live a comfortable middle-class life. How dare it pay prevailing retail wages? Bayh, who appeared at another rally, was quoted as saying that Wal-Mart is "emblematic of the anxiety around the country." That may be true. But if it's the emblem he's worried about, he should stay in Washington and work to make healthcare more affordable for working families.

The gusto with which even moderate Democrats are bashing Wal-Mart is bound to backfire. Not only does it take the party back to the pre-Clinton era, when Democrats were perceived as reflexively anti-business, it manages to make Democrats seem like out-of-touch elitists to the millions of Americans who work and shop at Wal-Mart.

One reason the Democrats may have a tin ear on this subject is demographic. Certainly most of the party's urban liberal activists are far removed from the Wal-Mart phenomenon. The retailer has thrived mainly in small towns and exurbs, which is one reason a Zogby poll found that three-quarters of weekly Wal-Mart shoppers voted for President Bush in 2004, and why 8 out of 10 people who have never shopped at Wal-Mart voted for John Kerry. Denouncing the retailer may make sense if the goal is to woo primary activists, but it's a disastrous way to reach out to the general electorate. Or to govern, for that matter.

Everybody Has An Opinion About Wal-Mart (WSJ)

By Holman W. Jenkins, Jr.

The Wall Street Journal, August 23, 2006

Andy Young, the venerable civil rights hero who resigned as an adviser to Wal-Mart last week after some peculiar comments on convenience stores, might have benefited from a briefing on retail economics.

He would have learned that small stores charge higher prices than, say, a Wal-Mart because convenience is a cost. A small store generates small traffic. Its shelf-space is limited. Yet customers pay the high prices that keep these businesses above water because the stores are accessible, "convenient," both in proximity and hours of operation.

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In poor neighborhoods, moreover, such stores frequently are operated by immigrants who lack the connections, money and skills to avail themselves of better opportunities. One retail expert once explained that the worst locales fall to South Koreans in particular, because of all Asian immigrants, they have the least command of English.

Behold, the metaphor for the rest of the column.

Mr. Young, a former U.N. ambassador and mayor of Atlanta, was on Wal-Mart's payroll to defend the company. This was clearly the inferior opportunity for any political entrepreneur, at least judging by the scads of presumably astute Democrats who have positioned themselves on the other side of the debate: Wal-Mart is the devil that sends our jobs to China and dumps us at the emergency room without health insurance.

By contrast, Mr. Young's recourse to antique race rhetoric suggests a man trying to sell wide ties when narrow ties are in fashion. "You see those are the people who have been overcharging us," he said of the owners of small stores, "and they sold out and moved to Florida. I think they've ripped off our communities enough. First it was Jews, then it was Koreans and now it's Arabs."

Get with it, guy!

For all that, Mr. Young's analysis of the Wal-Mart phenomenon, as wrong-headed as it might be, is hardly worse than that now prevalent in Democratic Party circles. Everyone from Hillary Clinton to Ned Lamont makes a political living these days blaming the company for the ills of the "middle class." But how the ironies do pile up here.

What makes Wal-Mart vulnerable and a meal ticket for political opportunists of every stripe is a growth strategy that's now premised on moving upscale. Pollster John Zogby found that 76% of people who shop weekly at Wal-Mart voted for George Bush, while John Kerry won 80% of those who say they never shop there. The problem is Wal-Mart now wants those John Kerry voters in its stores.

It had Al Gore to Bentonville to preach global warming. It has a new green showcase store near Dallas. Wal-Mart has been moving into the grocery sector's turf, on a bet that bringing in Volvo owners for groceries will lead them to higher-margin manufactured merchandise that the company yearns to sell. Wal-Mart's slogan is still "every day low prices," but its continued prosperity depends on bringing in a clientele willing to pay higher prices.

Wal-Mart's wages and benefits are actually among the best in retail, though not up to the level of supermarket wages, long set by union bargaining. Wal-Mart entered the grocery game in pursuit of Kerry voters; in turn, its arrival inspired two strikingly successful anti-Wal-Mart media campaigns funded by the United Food and Commercial Workers and the Service Employees International Union, which represent supermarket workers and are key Democratic interest groups.

One of the Democratic Party's biggest individual donors is supermarket magnate Ron Burkle, Bill Clinton's nighttime-is-playtime friend. Mr. Burkle plays up his image as labor's champion, never mind that he extracted his billions by buying up local supermarket chains in leveraged deals, then selling them to corporate owners knowing full well that what made the underlying economics possible was cuttable labor costs.

He bought Ralph's and resold it to Kroger, he bought Dominick's and resold it to Safeway. It's not too much to say his big paydays were a down-payment on the labor savings that the new owners put into effect. None of this stopped the UFCW from singing his praises when he recently bought a stake in Pathmark or the AFL-CIO from once naming him "humanitarian of the year."

Meanwhile, Andy Young, even before last week's faux pas, was mercilessly assailed by his fellow civil rights veterans for defending Wal-Mart. Yet Mr. Young is certainly right that by bringing low prices and a wide selection of goods, Wal-Mart made life better for what you might call hands-on Americans, i.e., those who do their own shopping rather than sending their illegally employed immigrant housekeepers.

But that was then. Wal-Mart's decision to seek margin expansion rather than cost compression has brought it into direct conflict with organized labor where it's strong -- the supermarket business. Mr. Young, like a South Korean setting up a grocery store in the Bronx, whatever his real convictions in the matter, quickly would have found himself crowded out of the better opportunities by people like Ms. Clinton (once a Wal-Mart board member) who soak up labor support and labor votes by adopting the anti-Wal-Mart line.

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Fortunately Wal-Mart affords an endless array of niches. It gives consumers a good deal -- and can be defended on those grounds by Mr. Young. It pays low-skill wages and deprives workers of health benefits till they've been around for a few months -- so it can be attacked as a slave driver.

It also champions an increase in the minimum wage and sucks up to Al Gore, so there's room even for Republicans to get in on the Wal-Mart bashing game. Truly Wal-Mart offers something for everybody.

Bush To Raise Cash For Allen (FWNS)

By Nedra Pickler

The Fort Wayne News-Sentinel, August 23, 2006

WASHINGTON - President Bush has no qualms about raising campaign cash for Sen. George Allen despite the Republican's widely assailed quip in which he called a rival campaign worker of Indian descent a "macaca."

In recent days, Allen has faced a barrage of criticism since he used the word to describe Virginia native S.R. Sidarth, a 20-year-old University of Virginia senior who was video taping a campaign event for Allen's Democratic challenger Jim Webb.

Allen exhorted the crowd: "Let's give a welcome to Macaca here. Welcome to America and the real world of Virginia."

Macaca is a genus of monkeys including macaques. The name also could be spelled Makaka, which is a city in South Africa.

Allen, a potential 2008 presidential candidate, has said he just made the word up. He said he didn't mean to demean Sidarth and was sorry if he was offended.

"Senator Allen apologized," said White House spokeswoman Dana Perino. "And I think it's in everyone's best interest, in this day and age of politics when everyone is trying to improve the tone and discourse, to accept apologies when they're offered."

In a memo to Republicans, Allen campaign manager Dick Wadhams complained about a "feeding frenzy" in the news media over the senator's comments. He also complained that the media and the Webb campaign were creating "national news over something that did not warrant coverage in the first place."

Wadhams suggested that the media cannot be expected to be fair or objective in covering Allen and said that the week obviously has been difficult on the senator and his wife.

"Never in modern times has a statewide officeholder and candidate been so vilified in a desperate attempt to revive a campaign that was fast-sinking - the Webb campaign," Wadhams wrote in the memo. The memo, dated Saturday, was distributed to reporters by the Democratic Senatorial Campaign Committee, which also said Allen has not apologized directly to Sidarth but only through the media.

Perino was speaking to reporters aboard Air Force One as Bush traveled to Minnesota for a fundraiser and speech. Bush plans to travel across the Potomac River to Virginia Wednesday to raise money for Allen at the home of former Republican National Committee chairman Ed Gillespie.

"I was asked earlier if the president had qualms about attending," Perino said. "The answer is, 'No.'"

Phil Singer, spokesman for the Senate Democrats campaign committee, argued that simply saying Allen apologized wasn't good enough.

"Allen's remarks were despicable and Bush has an obligation to say so," Singer said. "If the president refuses to condemn Allen's comments, he should at the very least cancel his fundraiser for him or else it will look like he is rewarding Allen's behavior."

Lieberman And Lamont Tied In Connecticut (ARG)

American Research Group, August 22, 2006

Joe Lieberman and Ned Lamont are in a statistical tie in the race for United States Senate in Connecticut according to the latest survey from the American Research Group. Among likely voters in November, 44% say they would vote for Lieberman, 42% say they would vote for Lamont, 3% say they would vote for Alan Schlesinger, and 11% are undecided.

Lieberman leads Lamont 57% to 18% among enrolled Republicans and 48% to 38% among unaffiliated (independent) voters. Lamont leads Lieberman 65% to 30% among enrolled Democrats.

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A total of 56% of likely voters have a favorable opinion of Lieberman and 41% have an unfavorable opinion of Lieberman. A total of 47% of likely voters have a favorable opinion of Lamont and 34% have an unfavorable opinion of Lamont.

Overall, 9% of likely voters have favorable opinions of both Lieberman and Lamont. Of this group, Lieberman leads Lamont 68% to 32%. Of the remaining 91% of likely voters, Lieberman and Lamont are tied at 44% each. Also of the remaining 91% of likely voters, 46% have a favorable opinion of Lieberman and 51% have an unfavorable opinion of Lieberman, and 42% have a favorable opinion of Lamont and 40% have an unfavorable opinion of Lamont.

Of the 11% of likely voters undecided in the US Senate ballot, 57% have a favorable opinion of Lieberman and 43% have an unfavorable opinion of Lieberman, and 4% have a favorable opinion of Lamont, 41% have an unfavorable opinion of Lamont, and 55% are aware of Lamont but do not know enough about him to have an opinion.

The following results are based on 790 completed telephone interviews among a statewide random sample of likely voters in Connecticut. A total of 188 enrolled Republicans, 261 enrolled Democrats, and 341 unaffiliated voters were interviewed. Of the 790 likely voters, 600 say they always vote. The interviews were conducted August 17-21, 2006.

The theoretical margin of error for the total sample of 790 likely voters is plus or minus 3.5 percentage points, 95% of the time, on questions where opinion is evenly split. The theoretical margin of error for the sample of 600 likely voters saying they always vote is plus or minus 4 percentage points, 95% of the time, on questions where opinion is evenly split.

Question wording and responses:

If the general election for US Senate were being held today between Ned Lamont, the Democrat, Joe Lieberman, the independent, and Alan Schlesinger, the Republican, for whom would you vote? (names rotated)

Unaffiliated (43%)

38%

48%

1%

13%

Which of the following names have you heard of in connection with running for US Senate in Connecticut? (names rotated)

Ned Lamont.

If aware, ask: Would you say that you have a favorable opinion of Ned Lamont, an unfavorable opinion of Ned Lamont, or that you are aware of Ned Lamont but have no opinion of him?

43%

29%

28%

-

Joe Lieberman.

If aware, ask: Would you say that you have a favorable opinion of Joe Lieberman, an unfavorable opinion of Joe Lieberman, or that you are aware of Joe Lieberman but have no opinion of him?

71%

24%

5%

-

Alan Schlesinger.

If aware, ask: Would you say that you have a favorable opinion of Alan Schlesinger, an unfavorable opinion of Alan Schlesinger, or that you are aware of Alan Schlesinger but have no opinion of him?

Alan Schlesinger

Favorable

Unfavorable

Undecided

Unaware

Likely voters
5%
45%
36%
14%
Republicans (24%)
18%
54%
25%
4%
Democrats (33%)
3%
49%
35%
14%
Unaffiliated (43%)
0%
38%
43%
19%

Lieberman, Lamont Are Tied In American Research Group Survey (BLOOM)

Bloomberg, August 23, 2006

By Kristin Jensen

Aug. 22 (Bloomberg) -- Connecticut Senator Joe Lieberman, who's running for re-election as an independent, is in a statistical tie with Democratic primary winner Ned Lamont, according to a poll taken by the American Research Group Inc. in the past five days.

The telephone survey of 790 likely voters in Connecticut found that 44 percent would vote for Lieberman if the election were held today compared with 42 percent for Lamont. The Republican challenger Alan Schlesinger drew 3 percent of the vote. The margin of error is plus or minus 3.5 percentage points.

The Aug. 17-21 poll included interviews after Lieberman defended his support for the Iraq war on CBS's ``Face the Nation" Sunday talk show. An Aug. 10-14 Quinnipiac University poll had put Lieberman ahead of Lamont by 12 points.

``It looks better for Lamont as the turnout grows because there is an anti-incumbent feeling," said Dick Bennett, president of the Manchester, New Hampshire-based American Research Group. ``If this were a lower-interest race, I would say Lieberman would have it."

The independent American Research Group poll found that Lieberman had an edge of 10 points over Lamont among unaffiliated voters and drew 57 percent of the registered Republicans, compared with 18 percent for Lamont and 11 percent for Schlesinger. Democrats backed Lamont 65 percent to 30 percent.

Among the 600 participants who said they always vote, Lieberman drew 47 percent support to Lamont's 43 percent. That was within the 4-point margin of error for that subgroup.

The earlier Quinnipiac poll included 1,319 likely voters in Connecticut and had a margin of error of 2.7 percentage points. Bennett said the two polling groups may use different criteria for identifying voters most likely to go to the polls.

Lamont won the state's Democratic Senate primary Aug. 8 with 52 percent of the vote to Lieberman's 48 percent. Within hours, Lieberman filed to run as an independent in the general election.

To contact the reporter on this story: Kristin Jensen in Washington at kjensen@bloomberg.net

Poll: Lieberman, Lamont Running Neck-and-neck (CNN)

CNN.com CT Sen. Poll, August 23, 2006

Poll: Lieberman, Lamont running neck-and-neck

Ned Lamont, left, defeated incumbent Sen. Joe Lieberman in the Democratic primary.(CNN) -- A new poll by the American Research Group indicated a statistical dead heat in the U.S. Senate race in Connecticut between upstart Democratic nominee Ned Lamont and incumbent Sen. Joseph Lieberman.

Some 44 percent of respondents deemed "likely voters" supported Lieberman, while 42 percent said they would vote for Lamont in the November election. This gap was well within the margin of error of plus-or-minus 3.5 percentage points. Republican nominee Alan Schlesinger got backing from 3 percent of likely voters. (Full results)

Late last week, Quinnipiac University released its own poll showing Lieberman with a healthy, double-digit lead over Lamont -- 53 percent of likely voters to 41 percent. (Full story)

The main difference between the two polls lay in the percentage of respondents who said that they were undecided: 2 percent in the Quinnipiac survey compared to 11 percent in the ARG poll, more than 5 times larger.

According to the ARG poll, some 65 percent of Democrats said they'd vote for Lamont, compared to 30 percent for Lieberman. Overwhelming support from Republicans -- who backed him 57 percent to Lamont's 18 percent -- propelled Lieberman.

Lieberman led Lamont 68 percent to 32 percent among the 9 percent of likely voters who said they had a favorable view of both top candidates. Lieberman was viewed favorably by 56% of likely voters, while 47 percent had a favorable opinion of Lamont.

In a hotly contested, high-profile Democratic primary, Greenwich cable executive Lamont rallied from political obscurity to upend Lieberman -- the party's 2000 vice presidential nominee -- 52 percent to 48 percent. Throughout the campaign, Lamont criticized the three-term senator's support for the Iraq war. After conceding the primary, Lieberman said that he would continue in the race as an "independent Democrat." (Full story)

Posted By CNN's Washington Bureau: 8/22/2006 12:22:00 PM ET | Permalink

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Lieberman Warns Of Danger Of The U.S. Pulling Out Of Iraq (NYT)

By Jennifer Medina

The New York Times, August 23, 2006

HARTFORD, Aug 22 — Suggesting that he sees parallels between the war in Iraq and the early struggle against fascism, Senator Joseph I. Lieberman said on Tuesday that the United States would create a dangerous world if it left Iraq too soon.

"Iraq has now become what everyone thinks it was before, another battlefield in this war with Islamic terrorists, and we've got to end it with a victory," Mr. Lieberman said during an interview with the nationally syndicated conservative radio talk show host Glenn Beck on Tuesday.

In the 15-minute interview, Mr. Lieberman warned against the United States becoming isolationist, and he seemed to agree with Mr. Beck's repeated statements suggesting that the war against Islamic terrorists represented the brink of an international war.

When Mr. Beck compared the current situation to the eve of World War II, saying that that world was in denial then as it is now, Mr. Lieberman said there were "very, very severe echoes of all that."

"You know somebody said to me that Iraq, if you look back at it, is going to be like the Spanish Civil War, which was the harbinger of what was to come," Mr. Lieberman said. "Also, as the Nazis began to move in Europe, we tried to convince ourselves we contained them — and we obviously didn't, and then we paid the price."

At one point in the interview, Mr. Beck asked pointedly, "Why is it there aren't more politicians saying, 'Guys, this is World War III. We are in deep trouble?' "

Mr. Lieberman responded by saying that he thought that both Republicans and Democrats treat "politics as if it was a sport in which you are on one team," and that "the aim is for that team to win."

"And when you do that, you forget that there are larger interests, which is the interests of the United States of America," he said. "The other thing going on here is that you know people don't like to face the reality of danger, and maybe some politicians don't like to be the ones to talk about it. But everything you've just said is right."

Ned Lamont, who defeated Mr. Lieberman in the Democratic primary in part by stoking antiwar sentiment, said that Mr. Lieberman's comments put him "way outside the mainstream, not just of Democrats, but of the public at large."

Mr. Lamont has said he would back a plan for a firm timeline of troop withdrawal from Iraq, a position supported by several other Democrats in the Senate.

"Nobody is talking about isolationism," Mr. Lamont said, responding in a telephone interview to Mr. Lieberman's remarks. "The problem is that the Bush administration and Senator Lieberman think that you can fight this like a conventional war, and that's where they are wrong. We have to deal with homeland security, port security, to really protect ourselves."

Mr. Lieberman also reiterated his belief that the war against terrorists could drag on for several years, and that pulling troops out of Iraq would allow the Iranian government to move in and would increase the price of oil.

"If we walk away, then the Iranians will — as sure as I am talking to you — surge into Iraq, certainly take over the south and the oil that's there," he said. "We'll be paying six or seven bucks a gallon. And that'll just be the tip of it. I mean, there'll be

instability and war throughout the Middle East. We've got to wake up to this. It is the test, unfortunately, of not just this generation of American leaders, but of the next generation as well, because this enemy ain't going away."

Mr. Lamont said that Mr. Lieberman was using overcharged rhetoric and said that he "fundamentally disagreed" with the senator.

"The invasion of Iraq has had one big winner and that's Iran," Mr. Lamont said. "It's an enemy that is not going away, but that has nothing to do with the war in Iraq. The war in Iraq has been a distraction and made us weaker."

Later, in appearance with Wolf Blitzer on CNN, Mr. Lieberman said that the war in Iraq had not undermined the credibility of efforts to deal with terror threats. Mr. Lieberman also said that he did not believe Iraq was already in a civil war, a term Mr. Lamont uses regularly.

Lieberman Camp Hits Bid To Oust Senator From Party (WT)

By Charles Hurt

The Washington Times, August 23, 2006

The campaign of Sen. Joe Lieberman yesterday described efforts to have Mr. Lieberman kicked out of the Democratic Party "Soviet-style tactics" and "dirty political tricks at its worst."

"These are Soviet-style tactics," Lieberman campaign spokesman Dan Gerstein said.

A group of peace activists has asked the New Haven registrar to strip the three-term Connecticut Democrat of his decades-long party association now that he's running for Senate as an independent.

The activists say they are working independently of Ned Lamont, the anti-war candidate who defeated Mr. Lieberman in the Democratic primary earlier this month.

"The Lamont campaign had nothing to do with this," said Lamont campaign manager Tom Swan. "We didn't even know the law they were quoting. All our work is focused on beating Joe Lieberman on November 7."

The group cited a state statute that allows for party affiliation to be "stricken or excluded" for two years if a candidate runs for office in a different party, the New Haven Independent reported Monday.

The registrar is reviewing the complaint.

Mr. Lieberman, who leads Mr. Lamont by 12 points in a recent statewide poll, says despite his independent status he plans to remain part of the Democratic caucus in the Senate.

Lieberman campaign manager Sherry Brown called the attack on Mr. Lieberman's party affiliation "dirty political tricks at its worst, ranking up there with the outrageous tactics that Katherine Harris and the Republicans used in 2000 in Florida to stop all the votes from being counted."

"This kind of ridiculous, partisan game-playing is not going to provide anyone in Connecticut with better jobs, better health care or better schools," she said.

The Lieberman campaign also has flashed its independent colors with two recent hires.

Republican pollster Neil Newhouse has signed on to be the campaign's pollster. A partner at Public Opinion Strategies, Mr. Newhouse has worked for Connecticut Gov. M. Jodi Rell, Florida Gov. Jeb Bush, Sen. Rick Santorum of Pennsylvania and Massachusetts Gov. Mitt Romney, all Republicans.

The campaign also has hired Democratic strategist Josh Isay as its new press consultant. Mr. Isay has worked for a long list of Democrats as well as New York City's Republican Mayor Michael R. Bloomberg.

Of particular note is that Mr. Isay also has worked for Sen. Charles E. Schumer, the New York Democrat who now heads the Democratic Senatorial Campaign Committee, which is dedicated to defeating Mr. Lieberman in November.

Mr. Lieberman said the two men would help "bring our state together for a new politics of unity and purpose."

Henry Lowendorf, one of the protesters who wants Mr. Lieberman kicked out of the party, told reporters that Mr. Lieberman can't be both an independent and a Democrat.

"He shouldn't call himself a Democrat while he's running against the bona fide Democrat," he said. "He's running against the candidate the Democratic Party chose in a vote. He should be out."

Clinton Rival Tries To Make Most Of Liberal Anger (NYT)

By Patrick Healy

The New York Times, August 23, 2006

As Ned Lamont basks in his Democratic primary victory in Connecticut, another antiwar underdog is trying to assume the same role of political giant-killer in next month's elections in New York, though against much bigger prey: Hillary Rodham Clinton.

But while Mr. Lamont united liberals and used $4 million of his own money to win his primary, Jonathan Tasini is struggling on a shoestring campaign to rise above his 12 percent standing in the polls, even as he hawks a message of left-wing anger over Iraq to an electorate that is more liberal than Connecticut's.

Mr. Tasini has qualified for the Sept. 12 primary ballot against Mrs. Clinton, and his positions on the Iraq war, the death penalty and gay marriage are in step with the progressive groups and liberal bloggers that contributed volunteers, money and buzz to Mr. Lamont. Yet some of these partisans say they are deeply reluctant, and in some cases scared, to criticize or abandon Mrs. Clinton, who supported the invasion of Iraq.

They cite her power in the Democratic Party and her careful positioning that has made her, if not antiwar, then a sharp critic of the administration's handling of Iraq, Hurricane Katrina and the economy.

A former union leader, tireless and impolitic, Mr. Tasini has stirred some enthusiasm among voters — even young women, who are the Clinton core — and he is increasingly well received by liberal audiences, based on interviews with voters and time spent watching him work crowds.

One reason for the enthusiasm is Mr. Lamont's upset win over Senator Joseph I. Lieberman; some people wonder if some of that success could be replicated in New York. But Mr. Tasini has raised only $200,000 to Mrs. Clinton's $44 million, and she has undercut his best shot at visibility by refusing to debate him.

"I'm the eternal optimist, and I have two reasons to be optimistic: 65 percent of people don't know me, and 62 percent solidly oppose the war," Mr. Tasini said in an interview, referring to recent polls. "But Hillary is being incredibly antidemocratic by not debating me even though I am on the ballot."

Howard Wolfson, a spokesman for Senator Clinton, said his camp would "see how the campaign plays out" before making a final decision on a debate. But Mr. Wolfson pointedly added that the New York race would not be a replay of the Connecticut primary two weeks ago.

"The bottom line is that Hillary Clinton is no Joe Lieberman and Jonathan Tasini is no Ned Lamont, and no amount of increasingly over-the-top attacks from Mr. Tasini will change that reality," he said.

Mr. Wolfson was referring to a series of remarks by Mr. Tasini over the last several months: He has blamed Mrs. Clinton personally for the deaths of 2,500 American service members and others in Iraq, for instance, as well as "tens of thousands of Iraqis."

Mr. Tasini, who, at 49, has never run for public office before, is a complicated political animal. He has even been sharply critical of Mr. Lamont, arguing that he is insufficiently antiwar and would never have won without spending $4 million of his own money.

Mr. Lamont, like Mrs. Clinton, has also strongly supported Israel in the ongoing conflict with Lebanon, while Mr. Tasini — who has many family members in Israel — has chastised Israel for its bombing and invasion of Lebanon.

Mr. Tasini can come across as smart, credible, self-effacing, bombastic, self-aggrandizing and haughty, sometimes all in one conversation. Asked about his huge deficit in public opinion polls, Mr. Tasini can spin like a veteran politician: "If 100 percent of the population knew me, would I get all 62 percent of the antiwar vote? Well, maybe not all."

Some members of the National Writers Union, which Mr. Tasini led from 1990 to 2003, have openly described him as an opportunist, and his response is couched in characteristic hyperbole.

"I don't think I walk on water, but I am not the devil incarnate," he said.

Mr. Tasini was born in Houston but spent part of his childhood in New York State and now lives in Washington Heights, in Manhattan. He earned a bachelor's degree in political science from the University of California, Los Angeles.

To many antiwar partisans and liberal groups, Mr. Tasini is also not enough of a threat to Mrs. Clinton to be useful in pressuring her over Iraq. They say that instead of intervening in the primary race, it is more important to keep Mrs. Clinton as an

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ally and try to influence her foreign policy in friendly ways, since she could well become a presidential candidate in 2008. Otherwise, some fear, she might freeze them out.

James Dean, the head of Democracy for America, a grass-roots group that fervently supported Mr. Lamont, said he planned to stay on the sidelines in the Clinton-Tasini contest.

Mr. Dean said that his group was not scared to take on Senator Clinton over Iraq, but that there was "a time and a place" for such challenges — and spurning her within her own party did not make sense.

"I think progressives are a lot more pragmatic than people think, and there are only so many battles that you can pick in one election year," said Mr. Dean, whose brother, Howard Dean, inspired the group during his presidential bid in 2004. "Hillary has also clearly been a critic of the administration."

Roger Hickey, a co-director of Campaign for America's Future, a liberal group that praised the Lamont victory, initially declined to speak about Mr. Tasini's bid. He agreed to comment on the New York race only in relatively narrow terms.

"Hillary by and large is a team player in terms of Democratic Party politics, and there's one issue — the war — where we all felt she should have changed her position and where she is very slowly modifying to an antiwar position," Mr. Hickey said. "The Connecticut race required one tactic from activist groups, a frontal tactic, and other races require other sorts of tactics."

Markos Moulitsas, whose blog, the Daily Kos, championed Mr. Lamont, was more blunt in explaining why he had not taken up Mr. Tasini's banner.

"I fed off the excitement and energy Lamont created amongst Connecticut activists and bloggers," Mr. Moulitsas wrote in an e-mail message. "I see none of that energy or excitement for Tasini."

Mr. Tasini said he had a chicken-and-egg problem: Groups like MoveOn.org say their New York members are not excited enough about Mr. Tasini to become involved in the race, yet these groups have not systematically polled members to determine that.

As a result, Mr. Tasini has had little help with introducing himself to voters. Some of them are not sure what to make of him, anyway.

Tramping across picnic blankets before the outdoor movie in Bryant Park on Monday night — "Take off your shoes," people yelled — Mr. Tasini drew skeptical glares as he bellowed: "New York Democrats? Any Democrats here?"

Here and there he was invited to make his pitch: that Senator Clinton "supports criminalizing flag-burning," "supports discrimination against gay couples on marriage," and "supports the Yankees even though I'm the lifelong Yankees fan." He was clearly grateful for any attention.

Out of 20 voters who talked to Mr. Tasini, about half said in interviews afterward that they would consider voting for him. Among those were a group of young female voters, a demographic that the Clinton camp views as part of its core support.

"I think Senator Clinton's more of an opportunist, like supporting the war and now really criticizing it," said Sarah Kaufmann, 23, a teacher in New York. "I hadn't heard much about that guy before tonight, but he sounded like he cared about Democratic ideals."

Sen. Clinton Delays AIDS Law's Renewal, Citing Cut In N.Y. Funds (WP)

By Jeffrey H. Birnbaum

The Washington Post, August 23, 2006

Sen. Hillary Rodham Clinton is holding up renewal of the primary federal law that battles HIV/AIDS, the 1990 Ryan White Act, causing a rift among activists on the subject and threatening approval of the legislation this year.

Clinton (D-N.Y.) said she opposes the measure because it would lower funding for her home state. But some AIDS groups also see broader political motives at work. Other states that would lose out include California, Florida and Illinois -- all places Clinton would need to win if she seeks the presidency. Her critics also note that many of the states that would receive higher funding under the new formula are rural and Southern, which tend to vote Republican.

Clinton was the sole vote against the Ryan White Act reauthorization bill that passed the Senate Committee on Health, Education, Labor and Pensions in May. Ever since, she and other senators have been negotiating to find a consensus that would

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allow the measure to pass by acclamation before Congress's scheduled adjournment at the end of September. But a compromise has not been found.

"With a bipartisan bill like this, and with time limited, we want to have something that would go through without objection," said Michael Mahaffey, spokesman for the health committee. But, he added, Clinton "objects to the bill in the form passed out of committee."

The senator's insistence on a different formula -- one closer to current law -- has angered several groups that represent AIDS and HIV patients who stand to get more money under the pending bill. Last week, Harry C. Alford, chief executive of the National Black Chamber of Commerce, wrote a letter to Clinton that said, "It is with sadness that I learn about your efforts to block" the law's reauthorization.

Alford said that people of color, particularly in the South, are contracting AIDS at a rapid pace and need more funding than was envisioned when the current formula was devised. "I must share with you the bewilderment of African Americans throughout the country who cannot understand why you are taking this stand against opening the door to more equitable funding that will chiefly benefit people of color," he wrote.

In response, Clinton wrote to Alford yesterday, saying she agrees that AIDS "has had a disproportionate impact on people of color" and "that our federal government can do more." But she said that the Ryan White measure as drafted "would have a devastating impact on New York" and "unfairly shift millions of dollars in funding away from New York and other states that have been hardest hit by the epidemic, jeopardizing their ability to provide vital care and treatment services."

The Ryan White Comprehensive AIDS Resources Emergency Act is named for an Indiana hemophiliac who contracted HIV through a blood transfusion and died of AIDS complications in 1990 at age 18. The now $2 billion-a-year effort has been regularly reauthorized and its funding allocations have often been a matter of contention.

This year's fight has pitted the states in which the AIDS epidemic began -- those with large cities that now have large populations of people with AIDS -- against smaller states in which the incidence of HIV infections, but not full-blown AIDS, has soared. The current law's formula is based on the number of patients with AIDS; the new funding formula would, in effect, distribute funding based on the number of patients with HIV or AIDS.

Support for any particular formula "depends where you sit," said Ernest Hopkins, director of federal affairs for the San Francisco AIDS Foundation. From his vantage, he said, the bill in the Senate "is a problem."

Some of the largest AIDS organization side with Clinton. Gay Men's Health Crisis, for example, "fully supports Senator Clinton's position on the current bill," a spokeswoman said.

On the other hand, Christopher M. Hamlin, chaplain for an outpatient clinic at the University of Alabama at Birmingham, favors the new formula. "The money needs to follow the virus," he said. "More funds need to be directed to the part of the community that has seen the numbers increase so much, especially rural communities."

Some critics see electoral motives behind Clinton's position. "If you look at the states she has to carry to become president -- California, New York, Illinois, Florida -- those would be the hardest hit if the formula were changed," said Charles Grant, founder of AbsoluteCare Medical Center Inc., the largest private HIV/AIDS medical center in Georgia.

Asked why Clinton might countenance lower funding for Southern and rural states, Michael Weinstein, president of the AIDS Healthcare Foundation, the nation's largest community-based HIV/AIDS medical provider, said, "I don't think she expects to carry the South."

But even those who disagree with her on the legislation think she will not hurt her standing with AIDS activists. "Senator Clinton overall has an excellent record on these issues. She's a reliable vote and her office is seen as a place to go to support AIDS issues," Weinstein said. On the funding formula, however, he said, "Senator Clinton's view seems very parochial; it looks to the past and not to the future."

A Clinton spokesman said that the senator cannot be said to be obstructing the legislation because it has not yet moved in the House. In the meantime, Clinton, whose fellow New York senator, Charles E. Schumer (D), also opposes the new formula, is awaiting more data about the potential impact of the measure and is continuing to search for a compromise, the spokesman added.

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Comments Haunt Another Senator (WP)

By Jim Vandehei

The Washington Post, August 23, 2006

In a moment of unusual candor for a veteran senator fighting for his political life, Conrad Burns (R-Mont.) offered this blunt self-assessment a few months ago: "I can self-destruct in one sentence," he told supporters. "Sometimes in one word."

It seems Burns has spent a good part of the summer testing his theory.

A new video released this week by his Democratic challenger, Jon Tester, shows Burns, 71, joking to a crowd in June about how a "nice little Guatemalan man" fixing up his house might be an illegal immigrant. "Could I see your green card?" Burns tells the crowd he asked the man. "And Hugo, says, 'No.' I said, 'Oh, gosh.' "

A Burns spokesman said the senator never really doubted the legal status of the handyman, Hugo Reyes. But it wasn't the only time Burns -- a critic of illegal immigration -- has poked fun at the immigrants doing work around his house.

One week after the green-card crack, Burns recounted in a debate how after watching an interview on television of an illegal immigrant headed to Virginia for work, "I told my roofer, you better go out and get your help, or you won't get my house roofed."

The Tester campaign compiled the Burns statements and sent them to reporters this week. "Burns embarrassing Montanans is nothing new, and this is no exception," said Matt McKenna, Tester's spokesman.

Jason Klindt, a spokesman for Burns, said he did not want to respond to the immigrant remarks, other than to say they were accurate and not mean-spirited.

This is not the first time Burns's sharp and unguarded tongue has stirred trouble in Big Sky country. In July, Burns told a group of firefighters they had done a "piss-poor job" fighting a wildfire east of Billings. Burns later told a public information officer that the firefighters, the Augusta Hot Shots, "didn't do a goddamned thing" to stop the fires, comments that grabbed headlines throughout the state. Shortly after, Burns apologized.

Seven years earlier, Burns apologized for calling Arabs "ragheads" in a speech about high oil prices. He won reelection a year later.

It is also not the first time Burns has been stung by this year's campaign version of "caught on tape." The Web site YouTube, the same one that showed tens of thousands of viewers Sen. George Allen (R-Va.) making his "macaca" remark, is showing a clip of Burns dozing off at a field hearing on the farm bill.

Some of Burns's jokes about illegal immigrants were videotaped by a Tester campaign aide -- just as Allen's "macaca" comments were recorded by a volunteer for Democratic challenger James Webb in Virginia. The Tester campaign provided the tapes to the media.

"It is all on tape," said Klindt, when asked if the material circulated by the Tester campaign was accurate.

Also on tape are comments by Wisconsin GOP House candidate Paul R. Nelson, which critics have said are similarly racially insensitive. Nelson, who is running against Rep. Ron Kind (D), has called for racial profiling as a way to tighten airport security. When asked by a radio interviewer how to identify a Muslim male, Nelson said: "Well, you know, if he comes in wearing a turban and his name is Muhammad, that's a good start."

Burns, who was first elected in 1988, is one of the most endangered Republican senators in the country. Even before his controversial comments about firefighters and immigrants, Burns was under fire for his relationship to convicted GOP lobbyist Jack Abramoff, whose clients provided more than $130,000 in campaign contributions to the Montana senator. Both parties expect the race to be decided by a few percentage points, so every misstep is potentially significant.

Klindt said he did not want to comment on whether Burns's comments are hurting his reelection chances.

Big Sky Showdown (NSWK)

By David Gerlach

Newsweek, August 23, 2006

Jon Tester, an organic farmer and former teacher who's been taking his flattop to the same barber for 15 years, is sowing more than barley this season. The president of the Montana Senate is hoping to harvest himself a seat in Congress this

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November. His candidacy has surprisingly turned Montana's three-term Republican senator, Conrad Burns, into one of the most vulnerable Republicans in the country seeking re-election. Burns, with a 57 percent disapproval rate, is in a statistical dead heat with his opponent. But with ties to disgraced lobbyist Jack Abramoff, he has given Tester a foothold in a race that has gained national attention because it could tip the balance in the GOP-controlled Senate. The big question facing Big Sky voters is whether they agree with Tester's fresh-start message, or want to stick by the senator who has brought $2 billion in federal funds to the state over the past 18 years.

For NEWSWEEK'S continuing Face Off series profiling the hottest races of 2006, David Gerlach recently spoke with Tester by phone. Sen. Burns turned down multiple requests to be interviewed. Excerpts:

NEWSWEEK: Vice President Dick Cheney was recently in Whitefish, Mont. He compared current talk of withdrawing troops from Iraq with the removal of U.S. troops from Beirut in the 1980s and Somalia in 1998, which he said emboldened terrorists.

Jon Tester: My response is they need to get a plan to redeploy and I don't think there is a will to do anything other than what we have been doing. It is important to realize we've had success there; we've had democratic elections. Saddam Hussein has been caught. [Now] it is important we start a plan that revolves around training the Iraqis as soon as possible ... so they can take military control of their own country. That has been my take on it from the get-go.

You are also critical of the Bush administration's energy policy. Explain that.

That last energy bill worked out very well for the energy companies and hasn't worked out very well for the consumers. We need to focus a lot on renewable [energy sources] to achieve our energy independence. There is tremendous opportunity in wind, solar, ethanol, vegetable oils, hydrogen, methane.

Shortly after you won the primary, the National Republican Senatorial Committee [NRSC] came out with an advertisement taking aim at your flattop, complete with the slogan: "Conservative haircut. Liberal values." What's it like to be attacked for your hair?

That was surprising. That shows you what they've got to go on. I've got a pretty firm, solid record of working for Montana families and small businesses and family farms and ranches. The fact they went after the haircut shows they don't want to talk about the issues impacting Montanans, which are: energy, health care, public-land access and fiscal responsibility.

The Burns campaign declined NEWSWEEK'S request for an interview. When we told them that you had agreed to chat, Burns' campaign spokesperson said, "He has time to talk, because he's just sitting up on his farm."

I'm getting around the state. I'm like a lot of other people in the state that Conrad has lost touch with. I have to make a living.

Speaking of your farm, why did you choose to become an organic operation?

We made the switch for a couple of reasons. In the mid-'80s, we knew we had to do something to add value to our product or we wouldn't be around. The organic marketplace worked well for us. We could spend a little more time in management and make a little more money in added value at the end. It's worked out very well for us.

What are your thoughts on federal subsidies to support farmers?

Well, it's a necessary evil at this point in time. I don't think there is a farmer out there that wouldn't want to get their check from the marketplace. Unfortunately right now it doesn't work with $3-plus gasoline and fertilizer and chemical prices where they are. I think it is important that the government facilitate small business and small processors so we can create more and more opportunities for farmers to market their products.

More than 75 percent of Sen. Burns' contributions and about half of what you have raised has come from outside Montana [according to data released by the Federal Election Commission]. Have you been surprised by the national attention to this race?

As far as out-of-state money goes, we've got 930,000 people in Montana. Sen. Burns has already said he's going to raise $10 million. We've got to compete with that. That's a lot of money to raise out of 930,000 people.

You don't come across as a big-city kind of guy. How has it been traveling to the coasts to fundraise and get your message out?

Well it's been fine. I'm not a big-city guy. I'm a very rural guy. I live with my wife 12 miles outside of a town with 800 people. When you approach folks about fundraising and issues, you talk about where you're at. Let's take an example: the national budget. If we continue to deficit spend at the rate we're going, even if it's at a smaller rate ... it won't work. It won't work on my farm. It doesn't work with my family. It won't work in small business. And it won't work in government.

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One recent poll shows a statistical dead heat in your Senate race. Why do you think the race is so tight right now?

Our challenge is to let people know who we are. Sen. Burns has some ads out that are real negative. People don't like negative ads, but obviously people are paying attention to them. With myself as a head of a Democratic [state] Senate and [with] a 50-50 House, we eliminated taxes on 13,000 small businesses, [and] passed some great renewable energy bills that will help Montana become energy independent. [We] passed a bill that helps lower prescription drug costs for elderly and disabled folks. And we invested in education with a balanced budget, without raising taxes. Those are the facts. I'll take those same qualities to Washington, D.C.

Sen. Burns trumpets the fact that he brings lots of federal dollars back to Montana. Would the state be in danger of losing some of those funds if you are elected?

No. I bore this out in the Montana legislature. The other point I bring out with Sen. Burns is at what cost has he done some of this. What have these deals cost the country? He's [supported funding to build] a bridge to nowhere worth $223 million [to connect Gravina Island with Ketchikan in Alaska]. He voted for that. He's given money to one the richest Indian tribes in the country, because Jack Abramoff asked him to do it. I just think it's time for some honesty and integrity.

Pennsylvania And Virginia: New Numbers, Same Senate Races (RC)

By Stuart Rothenberg

Roll Call, August 23, 2006

Well, there are new numbers out in both the Pennsylvania and Virginia Senate races, and to hear some of the spin, those races are starting to turn on their heads.

Here's my advice: Don't get carried away. The changes in both races are, so far, superficial. The fundamentals basically remain unchanged.

In Pennsylvania, Republicans (and some in the media) are all excited that Sen. Rick Santorum (R) has closed on his Democratic challenger, state Treasurer Bob Casey Jr. Casey once held a double-digit lead, but two recent polls show that margin cut virtually in half.

An Aug. 8-13 Quinnipiac University survey showed Santorum trailing 48 percent to 42 percent among likely voters, while a Strategic Vision poll had the Democrat up 47 percent to 41 percent.

"Senate Race Tightens," crowed the Strategic Vision release, while Quinnipiac's release asserted, "Incumbent Has Gained Ground on Challenger."

If you are a Pennsylvania (or national) Republican, any improvement in polling is reason for celebration. But the reality in the Keystone State is that Santorum's prospects are not much better now than they were a month ago, even if Santorum has cut into Casey's lead in the ballot test.

Quinnipiac showed Santorum's job ratings as 42 percent approve/44 percent disapprove — a small improvement from his standing in Quinnipiac's June poll and statistically identical to his standing in a May survey. In any case, those job numbers are mediocre at best for an incumbent seeking another six-year term.

The Strategic Vision survey is troubling not so much for its numbers as for its methodology. That poll asked the Senate ballot test as its 17th question — after a series of questions on the war in Iraq, terrorism and illegal immigration. It is accepted practice to place ballot tests early in a survey to avoid biasing respondents.

No matter what the new polls show, Santorum is an incumbent at 41 percent, even after airing a significant number of television ads statewide. While it's always better to be ahead than behind — or behind by a few points rather than many — Santorum obviously has not yet changed the dynamics in the race: He remains a very weak incumbent who is seeking to overcome a challenger in a political environment that strongly favors Democrats.

The situation is reversed in Virginia, where Democrats are reading big news into slight evidence.

National Democrats sent out a press release hyping a News 7-Survey USA poll of the Virginia Senate race shortly after a controversy exploded in the contest between Sen. George Allen (R) and challenger Jim Webb (D).

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Allen, identifying a Democratic campaign staffer who was following him around, used a word that may or may not have been inappropriate. In any case, the controversy became substantial, and Allen had more than a couple of days during which he received terrible press and generally looked inept and on the defensive.

An Aug. 17 Survey USA poll showed Allen's job ratings as 47 percent approve/38 percent disapprove, which prompted Democratic operatives to issue a press release getting in a few shots at the Republican and asserting that Allen is suffering from the incident.

Well, Allen's approval did dip from 51 percent to 47 percent, but his disapproval rating remained unchanged from earlier surveys. The new survey didn't include any data suggesting that Allen would be measurably weaker against Webb in the fall or that large numbers of Allen voters were reassessing their opinion of the Senator.

Any quickie survey conducted in the middle of a controversy and media frenzy isn't likely to provide the kind of information one needs to evaluate the race long term, and the Survey USA poll is no exception.

The controversy may hurt Allen in the fall campaign, or most voters may shrug it off as just another political skirmish in a campaign. The question is whether Allen voters will now desert the Republican to support Webb, an underfunded challenger who is having difficulty getting his message heard.

Of course, we won't know that for a while, just like we won't know for sure if Santorum's movement is anything more than either the natural closing of a race or the result of Santorum media.

But the wise move in both Pennsylvania and Virginia, even after looking at the new poll numbers, is to believe that relatively little has changed. Casey and Allen remain the favorites and the frontrunners, and their opponents need to alter the fundamental dynamics in those races if they are to pull even between now and November.

The Situation Room (CNN)

CNN, August 22, 2006

New Comic Book Interprets 9/11 Commission Report; Surprising New Criticism of Bush's Handling of Iraq from Senator McCain; John Mark Karr Waived Extradition; Iran Reportedly Willing To Talk About Nuclear Activities; Some Analysts Forecasting Political Storm This Fall; Some Believe Outing of Valerie Plame Wilson Has Connection to State Department; Growing Concern Over Kidnapped FOX Journalists

Aired August 22, 2006 - 16:00 ET

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WOLF BLITZER, CNN ANCHOR: And to our viewers, you're in "THE SITUATION ROOM," where new pictures and information are arriving all the time. Standing by, CNN reporters across the United States and around the world to bring you today's top stories.

Happening now, a nuclear reaction. It's 11:30 p.m. in Tehran, where Iran reportedly now is willing to talk about its nuclear activities. But will it do what the U.S. wants first?

Also this hour, election terror. We have brand new CNN poll numbers on homeland security and the battle for Congress. It's 4:00 p.m. here in Washington, where some analysts are forecasting a political storm this fall.

And we'll speak live with Senator Joe Lieberman, who's fighting for his political life.

And John Mark Karr's day in the U.S. courtroom. It's 1:00 p.m. in Los Angeles, where the suspect in the killing of JonBenet Ramsey faced extradition today. We'll tell you where he and the case are heading next.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

The Bush administration is calling this a significant moment in the nuclear standoff with Iran. The Iranian media reporting Tehran is willing to return to the serious talks on its nuclear program as early as tomorrow. But Iran's top nuclear negotiator apparently is not saying whether Iran will stop its nuclear activities first, as the United Nations Security Council demands. In Tehran today, Ali Larijani reportedly delivered his country's response to a U.N. package of incentives. The United States now is promising to study Iran's formal response carefully.

Our White House correspondent Suzanne Malveaux is standing by in Minnesota, where she's traveling with the president. But let's go to United Nations. Our senior U.N. correspondent Richard Roth has the latest -- Richard.

RICHARD ROTH, CNN U.N. CORRESPONDENT: Wolf, Iran has not publicly given any indication it is reversing course and willing to do what the Security Council is demanding to freeze its nuclear enrichment program. Despite all the fanfare, there's been no sign that the policy has changed, Iran saying it is willing to engage in serious discussions and negotiations. That may not go down too well in various Western capitals because they'll say they've been through that before, and they've offered a package of economic incentives to Tehran.

(BEGIN VIDEO CLIP)

JOHN BOLTON, U.S. AMBASSADOR TO U.N.: We've made it clear in the Security Council Resolution 1696 that Iran has a choice. They can either take up the very generous offer that the five permanent members and Germany have extended to them -- and if they do, there's a possibility of a different relationship with the United States and others.

(END VIDEO CLIP)

ROTH: But, as Ambassador Bolton says, if Iran does not do that, the United States would make it very clear it's ready to go inside the Security Council chamber and push for economic sanctions against Iran. That, of course, may be also very easy to say at this moment, and face some obstacles with China and Russia lurking. They think it's better, Wolf, to keep talking and not put some sanctions pressure on at this time -- Wolf.

BLITZER: Richard, as you well know, there are a lot of U.S. officials, senior U.S. officials, here in Washington. And I've spoken with many of them personally, who suggest that the Iranians are simply playing for time, trying to run out the clock, trying to enrich uranium, build a bomb, but keep on talking to delay sanctions, keep the West, keep the Europeans, the other members of the Security Council, in this process for the time being, without being punished significantly. What's the sense at the United Nations?

ROTH: Well, one senior political official, when asked about Iran today, almost backed away, saying, listen, we don't need this, we've got North Korea, Somalia, Lebanon, Israel. They would love to make this go away here. But they also know, the way things have been going, that Iran could certainly be playing for time. Some say it was using Hezbollah and the Lebanon situation as a further distraction. It doesn't appear to have worked so far, if the European Union and the United States are ready to go right back to sanctions if they don't like the answer coming from Tehran.

BLITZER: All right, Richard, thanks very much.

Let's check in with our White House correspondent Suzanne Malveaux. She's traveling with the president in Minnesota. What are White House officials saying, Suzanne?

SUZANNE MALVEAUX, CNN WHITE HOUSE CORRESPONDENT: Well, Wolf, the White House is really standing firm. We heard from spokeswoman Dana Perino, who is traveling aboard Air Force One with the president, saying that yes, they have received the Iranian statement. The president has yet to get a chance to read through this. She said that has really going to be up to the permanent five members of the U.N. Security Council, plus Germany, to try to parse the language in the next couple of days. But she did say that we want this clear, that the president's position just yesterday still stands. And that is -- of course, she said, we are aware of the rhetoric about a nuclear program, but it would be a big mistake, dangerous to the region and the rest of the world if Iran was to continue with its enriching uranium program. And that is a condition here for these talks.

The White House is not abandoning that position that it has to freeze that program first, before it sits down and participates in those talks. And, as Richard had mentioned before, the real challenge for this administration, whether or not that they pull this off, is getting Russia and China on board with those tough economic sanctions. A lot of tough talk from the Bush administration, but very unclear whether or not it's going to get those key allies on board with the sanctions.

I should also let you know, Wolf, too, that the Bush administration is also buying a little bit of time here, stressing that the August 31st deadline. And the reason why is because they want to get all of the members on board, the international body speaking with one voice. And secondly, they don't want to picture this -- or paint this picture, rather, as the United States versus Iran in some sort of standoff. They want the U.N. Security Council as a united body to respond at the end of the month -- Wolf.

BLITZER: And Suzanne, do senior officials, White House officials, think under any circumstances Iran is going to abandon its quest for a nuclear bomb?

MALVEAUX: The people that I speak to really do not believe that Iran is going to do that. They don't believe that Iran, ultimately, is going to cooperate. It certainly paints -- puts Iran in a box, if you will, in a corner. It puts more pressure on Iran.

But what they are trying to do at this point is really put the pressure on Russia and China and some of its key allies to convince them that this is a regime that is so dangerous with a nuclear weapon that you have to do something -- you have to do something more drastic than you did before, and that means tough economic sanctions. So look for the diplomacy in that area specifically -- Wolf.

BLITZER: Suzanne, thanks very much.

Let's turn now to another threat and its possible impact on the November elections. Brand new CNN poll numbers out this hour, suggesting Republicans are benefiting from a renewed focus on security and the war on terror.

Let's bring in our senior political analyst Bill Schneider -- Bill.

WILLIAM SCHNEIDER, CNN SR. POLITICAL ANALYST: Wolf, in politics, you have to frame the debate. That's what both parties are trying to do right now.

(BEGIN VIDEOTAPE)

SCHNEIDER (voice-over): Republicans want to frame the debate around the war on terror. Why? Look at the latest CNN poll, conducted by the Opinion Research Corporation. Americans believe the Republicans in Congress would do a better job dealing with terrorism than the Democrats.

Democrats want to frame the debate around the war in Iraq. Why? Americans believe Democrats would do a better job dealing with Iraq.

Public opinion is becoming more and more critical of the war in Iraq. Only 35 percent of Americans now say they favor the war, the lowest level of support ever. Criticism of Iraq may be shaping the public's view of the war on terror.

DAVID DRUCKER, "ROLL CALL" MAGAZINE: As long as the war in Iraq is difficult, I think voters are going to feel more insecure about the terrorist threat.

SCHNEIDER: Just over one-third of Americans believe the U.S. and its allies are winning the war on terror. The prevailing view -- neither side is winning. President Bush is trying to reverse that process. He wants the public's view of terrorism to shape their opinion of Iraq.

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: I'll repeat what our major general said -- leading general said in the region. He said if we withdraw before the job is done, the enemy will follow us here. I strongly agree with that.

SCHNEIDER: Does the American public agree with that? No. Fifty-two percent believe the war in Iraq is a distraction from the war on terror. Forty-four percent agree with President Bush that Iraq is an essential part of the war on terror.

(END VIDEOTAPE)

BLITZER: The campaign is just beginning, but so far, Iraq is framing the debate more than terrorism. Take people who believe the U.S. is winning the war on terror, but who oppose the war in Iraq. Which opinion matters more? Apparently, Iraq, because their view of President Bush is 2-1 negative -- Wolf.

BLITZER: Bill Schneider reporting for us. Thank you very much.

And there's another reason today that Republicans in Congress may be feeling a little bit more hopeful about their prospects in November. Take a look at this. A new "USA Today"/Gallup poll shows Democrats now holding just a two-point advantage over Republicans among registered voters asked to name their choice for Congress. Our CNN survey, released yesterday, shows Democrats with a nine-point advantage over Republicans. And that helps explain why many members of the president's party are running scared.

Our congressional correspondent Andrea Koppel has more.

(BEGIN VIDEOTAPE)

REP. EMANUEL CLEAVER (D), MISSOURI: I'm telling you, we have 202 Democrats in the House. It ain't enough!

ANDREA KOPPEL, CNN CONGRESSIONAL CORRESPONDENT (voice-over): Enough for House Democrats would be to pick up at least 15 seats this November, just enough to give them a majority for the first time in 12 years. And with 232 seats, Republicans are bracing for their biggest battle in years, but predicting they'll hold on to power. Some analysts aren't as optimistic.

(on camera): How worried should Republicans be?

AMY WALTER, COOK POLITICAL REPORT: They should be very worried, looking into what right now what is a category 5 type of political storm. Every diagnostic indicator suggests there are real troubles for Republicans this fall.

KOPPEL (voice-over): Indicators like President Bush's continues low approval ratings while anti-incumbent sentiment remains high. Growing pessimism about Iraq and bread and butter issues like high gas prices. And those sentiments are playing out in at least three dozen hotly contested races with the northeast and the Midwest at the vortex of this growing storm.

In Connecticut, three moderate Republicans face tough challengers, as do several Republicans in Pennsylvania, including 20- year veteran Curt Weldon. While in Ohio, a member of the Republican leadership, Deborah Pryce is one of at least three vulnerable incumbents.

According to Amy Walter, it's a recipe for Republican angst.

WALTER: Voters have become calcified in their beliefs about this election. I don't think that there's any speech or piece of legislation that a Republican incumbent can give to change voter's perception about this election.

KOPPEL: What they can do, says Walter, is to try to drive up negative feelings about their Democratic challengers while highlighting a Republican strength, national security. And so in Web ads and e-mails, Republicans plan to paint Democrats as weak and too liberal to lead the war on terror.

REP. ROY BLUNT (R-MO), MAJORITY WHIP: It makes such a big difference who sets the agenda, who is the majority in Washington. We need to make that case, the difference in Speaker Pelosi and Speaker Hastert is going to be a pretty big difference.

(END VIDEOTAPE)

KOPPEL: But for the first time in a dozen years, Democrats feel the political winds are finally blowing in their direction and privately some senior Republicans agree. Says one senior aid, "We know there's a hurricane out there. What do we do? We board up the windows, put out the sandbags, and get ready." Andrea Koppel, Capitol Hill.

BLITZER: Andrea Koppel, Bill Schneider and Susan Malveaux are part of the best political team on television. CNN, America's campaign headquarters.

Are Americans ready for a 9/11 comic book? The events of that day have been re-enacted for film and television. Now the details of the 9/11 Commission report are being transformed into a new illustrated book. How is it being received? Our Internet reporter Abbi Tatton has the story -- Abbi?

ABBI TATTON, CNN INTERNET REPORTER: Wolf, in turning the 9/11 Commission report into a much shorter, illustrated version cartoonists Ernie Colon and writer Sid Jacobsen have said that they aim to clarify what's essentially a complex read.

The result -- out today is the "9/11 Report: A Graphic Adaptation" serialized online at Slate.com. Even though there are cartoons in here, the images are still jarring. The text in this graphic adaptation is taken from the original 9/11 Commission report. A phone call from United flight 175 here, appearing in the original report appears in this graphic adaptation in a speech bubble.

The chairs of the 9/11 Commission have praised this graphic adaptation for its close adherence to the original report. Now this is not the first time the events of September 11th have been illustrated in graphic form. Author Art Spiegelman produced a memoir, "In the Shadow of No Towers" in 2004. But this adaptation out today is based on the original 9/11 Commission report. That report, when sold, some of its profits went to charity. Spoke to the publisher today of this graphic adaptation who said no final decision has yet been made on what to do with all the proceeds -- Wolf?

BLITZER: Abbi, thank you. Now more than ever, you need to know your enemy. Tomorrow night see stories only CNN can tell you about the man who became the world's most wanted terrorist. Join us when "CNN PRESENTS: In the Footsteps of bin Laden." That airs tomorrow night nine p.m. Eastern, six Pacific, only here on CNN.

Meanwhile, new marching orders today in the war on terror and the war in Iraq. The U.S. Marine Corps says it will recall up to 2,500 inactive service members in the next year and a half. They'll fill troop shortages created by the missions in Iraq and Afghanistan. It's the marine corps' so-called involuntary recall since the U.S. invasion of Iraq back in 2003. We're going to have a full report, a live report from the Pentagon coming up in our next hour.

And some rather surprising new criticism today of the president's handling of Iraq from a staunch defender of the war, that would be Republican Senator John McCain. In Ohio today, the possible 2008 presidential contender accused the White House of not telling the American people how difficult the Iraq mission would be.

Among other things, the senator blasted the so-called "mission accomplished" catch phrase and Vice President Dick Cheney's claim that the insurgency was in its, quote, "last throes." McCain is quoted as saying that such talk "has contributed enormously to the frustration that Americans feel today because they were led to believe this could be some kind of day at the beach, which many of us fully understood from the beginning would be a very, very difficult undertaking."

Strong words from John McCain. Let's get some strong words from Jack Cafferty. He always has some strong words. Jack?

JACK CAFFERTY, CNN ANCHOR: The IRS is getting ready to hire private companies to collect taxes. Federal budget deficits at record levels and the government wants to pay outside debt collectors to do its job. It gets better. These private companies will get to keep almost a fourth of the tax money they collect. The IRS acknowledges it will pay these outside companies more than it would cost to hire additional collection agents.

And if this is the first you heard about this program, well, it's because the government isn't exactly going out it's way to let us taxpayers know what it's doing. The IRS says they have money allocated to hire outside collection firms, but don't think they could get money from Congress to hire more government workers. So if you owe internal revenue, a few bucks in back taxes, didn't be surprised if a leg-breaker named Vito shows up on your porch demanding money.

Here's the question. Should the IRS hire private companies to collect federal income taxes? E-mail your thoughts to CaffertyFile@CNN.com or go to CNN.com/CaffertyFile.

BLITZER: Jack, thank you. Jack Cafferty with some strong words, as I said. And if you want a sneak preview of Jack's questions plus an early read on the day's political news and what's ahead in THE SITUATION ROOM, sign up for our daily e-mail alert. Just go to CNN.com/SITUATION ROOM.

Coming up, John Mark Karr is about to board another plane. We're going to tell you where the man suspected of killing JonBenet Ramsey is headed next.

Plus, much more on our new poll numbers. I'll ask Paul Begala and J.C. Watts which party is winning the political fight over the war on terror. Stick around for today's "Strategy Session."

And he's under attack by his own party as he fights to save his political life. Senator Joe Lieberman joins us live right here in THE SITUATION ROOM. That's coming up in the next hour. Stay with us.

(COMMERCIAL BREAK)

BLITZER: John Mark Karr's bizarre journey continues right now. The man suspected in the 1996 killing of child beauty queen JonBenet Ramsey will be taken to Boulder, Colorado to face charges, possibly as soon as today. He appeared at an extradition hearing in Los Angeles just a few hours ago.

(END VIDEO CLIP) JUDGE LUIS LAVIN, LOS ANGELES SUPERIOR COURT: Mr. Karr, I am holding up a waiver of extradition, do you see that?

JOHN MARK KARR, SUSPECT: Yes, Your Honor.

LAVIN: Did you read and understand the form?

KARR: Yes, Your Honor.

LAVIN: Do you understand that by signing this form you are agreeing to be extradited to Colorado?

KARR: Yes, Your Honor.

LAVIN: All right, the court finds that the defendant knowingly and intelligently waived his rights through the issuance and service of the governor's warrant. He is remanded into custody without bail and the defendant shall be returned to the state of Colorado.

(END VIDEO CLIP)

BLITZER: Let's get to more now from CNN's Dan Simon in Los Angeles.

DAN SIMON, CNN CORRESPONDENT: As expected, John Karr waived his extradition which now means the Los Angeles phase of this case is over and the focus is now squarely on Boulder, Colorado.

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Now, I was up in the courtroom. I had a clean view of John Karr. At least from my vantage point, he seemed to be somber, he seemed to be taking these proceedings very seriously, and that he had respect for the process.

At one point, his public defender asked that John Karr be able to wear civilian clothing. The judge turned down that request. Sometimes defense attorneys will make that request so a potential jury pool isn't influenced by seeing a defendant wearing jailhouse clothes. In any case, the judge said no.

In terms of where we go from here, bottom line, everything is now over here in California as far as the local folks are concerned. Everybody now watching Boulder, Colorado to see where this case now goes.

Dan Simon, CNN, Los Angeles. Wolf, back to you.

BLITZER: All right, Dan. Thank you.

Let's check in with Zain Verjee. She's watching some other important stories making news. Hi, Zain.

ZAIN VERJEE, CNN ANCHOR: Hi, Wolf.

Emergency officials are now saying all 170 people aboard a commercial airliner that crashed in eastern Ukraine are believed to be dead. The pilots of the Tupolev Tu-154 reportedly sent word of a fire on board and heavy turbulence shortly before the plane disappeared from radar screens. The plane was flying from a Ukrainian Black Sea resort town to the Russian city of St. Petersburg.

Italy says it's willing to lead a contingent of international troops to be deployed to southern Lebanon. The Italian prime minister's office says the country is also ready to contribute as many as 3,000 troops to the U.N. force. Both the Israeli and Lebanese governments reportedly asked Rome to take a leadership role after France offered only 200 troops to the contingent.

Sporadic fighting is being reported in Gaza as Israeli troops, backed by troops and helicopter gunships, conduct sweeps and carry out searches. Palestinian and Israeli sources are confirming that three militants were killed when Israeli troops opened fire near a border crossing. Separately, Palestinian sources say five Palestinians were wounded. Israeli officials say at least five militants were arrested.

A top British commander says Iran is helping to incite sectarian violence in Iraq. Just a short while ago, a Royal Marine lieutenant, General Sir Robert Fry (ph), the deputy commander of the multinational force in Iraq, told reporters that Tehran has a clear role in, quote, "stoking up the violence." He says Iran is contributing arms, money and possibly training to Shia militias in Iraq. Iran has denied that -- Wolf.

BLITZER: Zain, thank you very much. Zain Verjee reporting.

Up next, as Democrats and Republicans battle for Congress, will the war on terror be the deciding factor? I will ask two experts: Paul Begala and J.C. Watts. They are standing by live.

Plus, is the White House at a disadvantage as it deals with the Iranian nuclear crisis because of the war in Iraq? Find out in today's "Strategy Session." Stay with us. You are in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Welcome back to THE SITUATION ROOM. I'm Wolf Blitzer in Washington.

In today's "Strategy Session," will voters cast their ballots this November based on which party they think can better wage the war on terror? And could Iran's nuclear stance result in political fallout?

Joining us now, our CNN political analyst and Democratic strategist Paul Begala, and CNN political analyst and former Congressman J.C. Watts.

I want you guys to check out these new CNN poll numbers that just came in today. The chances of a terrorist attack if Democrats win control of Congress are higher, 24 percent; no effect, 56 percent; lower, 17 percent, so a majority, 56 percent, say it will have no effect whether there's another terror attack if the Democrats win control of Congress. Who does a better job dealing with terrorism? Republicans, 48 percent, Democrats, 38 percent, still a 10-point advantage the Republicans have on this issue, Paul.

PAUL BEGALA, CNN POLITICAL STRATEGIST: Right, but down from an 18-point advantage they had in '04, and I think it was higher in '02, but I didn't have time to check, to tell you the truth.

The Republicans ought to still be worried. Democrats should always worry about national security. It's not their forte, traditionally. But imagine if the Democratic advantage on say, the environment, healthcare, education -- traditionally Democratic issues -- had dropped from 30 or 40 points down to 10, we would be through.

And my Republican friends, I think, fear that their ability to play the sort of fear card on terrorism has played itself out, or as we say back home in Texas and they say in Oklahoma, that dog don't hunt no more J.C.

BLITZER: It may not hunt anymore because of the failures in Iraq. Is that a fair assessment?

J.C. WATTS, CNN POLITICAL ANALYST: You know, Wolf, I think it's unfortunate that we have to talk about the war against terror in these terms, in terms of Republican and Democrat politics, but it is a reality that we have to deal with that.

I do think, you know, those numbers are going to fluctuate back and forth. When something happens like here a couple of weeks ago when we thwarted the British bombing of those planes coming into the United States, the president got a bump out of that.

But I think all in all, I do believe and it's consistent over the years that people feel better when Republicans are in charge of national security, military issues, et cetera, and I think Republicans will continue to benefit from that.

BLITZER: And you don't think the competence issue, the way the president, the vice president, the secretary of defense, have handled the war in Iraq, that that's going to undermine Republicans?

WATTS: Well, obviously, there's been some mistakes, and I think the administration benefits when they say, hey, we haven't done everything perfectly. But you have to recognize this: We can thwart terrorist attacks the way we saw two weeks ago and still fight the battle in Iraq. And we can still make sure that nothing happens to the American people on U.S. soil. I think that's going to be a big plus for the president, that nothing has happened since 9/11.

BLITZER: All right.

You want to respond to that?

BEGALA: I think Democrats are simply going to say, if you are satisfied with that, if you are satisfied with the course that we are on, in Iraq, in the war on terror, or domestically, you need to vote Republican.

But, if you think we can do better, if you think we need a new direction, you need to vote Democratic. Those are -- that's the sort of fundamental...

(CROSSTALK)

BLITZER: In other words, the old question that was asked: Are you better off today than you were four years ago?

BEGALA: Right.

There's really only two messages in American politics: Stay the course, and, it's time for a change. OK? This is an -- this is a classic "time for a change" election year. And that's bad news for the party in power, the Republicans.

BLITZER: Go ahead.

WATTS: Well, I think the American people are saying, we are not so sure that we want Democrats handling this, because of all that they have said, all that they have done. They make us nervous handling security of the -- of our homeland.

BLITZER: I want both of you to listen to what Senator John McCain, who has been a very, very strong supporter of the president's policies in Iraq, the war in Iraq. He's had criticisms. But I want you to listen to what he has just said, because this is a powerful statement he makes.

(BEGIN VIDEO CLIP)

SEN. JOHN MCCAIN (R), ARIZONA: Stuff happens, mission accomplished, last throes, a few dead-enders. I am more familiar with those statements than anyone else, because it grieves me so much that we have not told the American people how tough and difficult this task would be.

(END VIDEO CLIP)

BLITZER: He's on the campaign trail, you saw, with Mike DeWine in Ohio, trying to get him reelected.

But when he says, stuff happens, mission, accomplished, last throes, a few dead-enders, those are not just words. Those are words associated with the president, the vice president, the secretary of defense, in talking about this war. And he's basically saying: You know what? They should have never used those phrases.

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BEGALA: Well, it's one of the most interesting things in American politics today. The American people really hate this war in Iraq. They have turned against it in record numbers.

Our new poll says, 61 percent, the highest ever, 61 percent of Americans oppose the war. And, yet, the most popular politician in America is John McCain, who is the strongest supporter of this war. And I think the reason for that dichotomy is what we just saw. John McCain, unlike the president and the vice president and Secretary Rumsfeld, has not simply been a cheerleader. He has told people a lot more of the truth: This is going to be hard, bloody, awful, but still worth it

The president seems to always reflect back to his old days as a cheerleader at Andover. And he says, rah-rah, we're winning. And that engenders cynicism.

BLITZER: And, in fairness to McCain, also, in addition to being very critical of Rumsfeld over these past three years or so, from the beginning, he said: Not enough troops were deployed. If you are going to do it, you got to do it full-speed ahead. You can't just do it sort of half-measure.

WATTS: That's right.

And, Wolf, thank you for saying that. We were listening to that story in the green room earlier. And that's exactly what I was saying, that this is nothing new with John McCain. He has been very consistent, in saying that, hey, we were arrogant. He has been -- he has not been a defender of Donald Rumsfeld.

I think that's fair to say. But, at the same time, as I said earlier, I think it helps when the president says, you know, hey, we didn't do everything the right way, but we are doing the right thing in being in Iraq, fighting in the war against terror, and making sure that nothing happens at home.

BLITZER: Some have suggested -- many analysts, Paul, have suggested that the threat to the United States and its friends in the region, in Europe, from potentially a nuclear-armed Iran is a lot greater than the threat from Saddam Hussein in Iraq ever was. Yet, the U.S., in dealing with Iran right now, moving to enrich uranium, potentially getting ready to build a bomb, the U.S. hands are tied, to a certain degree, because of the mistakes in Iraq.

BEGALA: I think those analysts are correct.

The -- a nuclear-armed Iran is the real nightmare scenario. And, before the war in Iraq, a member of the Senate, the former chairman of the Senate Intelligence Committee, Bob Graham, then a senator from Florida, said this.

He said: I don't want this war in Iraq, because Iran is really the emerging threat.

Had the president listened to Senator Graham, had the Congress listened to Senator Graham, America would be stronger today to confront this threat in Iran. But now we are bogged down and bloodied, militarily, in Iraq. We are discredited diplomatically. No one wants to be our ally anymore.

And, so, our options, both the carrots and sticks that we have to confront this very real menace, are -- are greatly diminished. And I think President Bush is going to go down in history as the guy who let Iran, potentially, get the bomb.

BLITZER: What do you think?

WATTS: Well, Wolf, the bottom line is this.

This isn't a U.S. -- Iran is not a U.S. problem. When the president said the three axes of evil, Iran, Iraq, North Korea, man, people were critical, said, you -- you shouldn't have said that. But it is what it is.

And I don't think this is a U.S. problem. I think this is a world problem. And I think, you know, those nations, those six nations, Germany, China, Russia, U.S., others, those six nations that's trying to deal with Iran, I think they must continue to do so.

I -- you know, the world can't say, this is a U.S. problem, because the president didn't use the right language. I think they have got to keep that pressure there, bring pressure to bear, and get Iran to fall in line.

BLITZER: All right. We will see what happens.

Guys, thanks very much.

BEGALA: Thanks, Wolf.

BLITZER: Paul Begala and J.C. Watts are part of the best political team on television -- CNN, America's campaign headquarters.

Up next: new speculation today about who may have been behind the CIA leak story. We're going to have the latest developments in the investigation.

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Plus: new numbers in the political battle in Connecticut. We're going to take a closer look at who is on top in this race involving Joe Lieberman and Ned Lamont.

And Lieberman will be standing by to join us live in the next hour.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: Welcome back.

There's renewed speculation about the controversial leak of a CIA's operative's identity. Did the outing of Valerie Plame Wilson have a connection to the State Department?

Our Brian Todd is covering the latest developments in the leak case -- Brian.

BRIAN TODD, CNN CORRESPONDENT: Wolf, that question comes up today because of new links between one of the key reporters in this case, an important date in the investigation, and the man the reporter apparently met with on that date.

(BEGIN VIDEOTAPE)

TODD (voice-over): The former number-two man at the State Department speaks only briefly with reporters, commenting only on his state of fitness.

RICHARD ARMITAGE, FORMER DEPUTY SECRETARY OF STATE: I'm working out.

UNIDENTIFIED MALE: Yes. Good for you.

TODD: Richard Armitage won't comment on a report of his meeting with "Washington Post" reporter Bob Woodward that has been linked with the CIA leak investigation.

Through a Freedom of Information Act request, the Associated Press obtained Armitage's State Department calendar entry from June 13, 2003. From 2:00 p.m. to 3:00 p.m., it says "Private appointment, Bob Woodward."

Contacted by CNN, Woodward would not comment on the AP report. But he has previously said that, in mid-June of 2003, he met with a Bush administration official, who talked to him about CIA officer Valerie Plame, the wife of former U.S. Ambassador Joe Wilson.

(BEGIN VIDEO CLIP, "LARRY KING LIVE")

BOB WOODWARD, "THE WASHINGTON POST": At the end of a very long interview, substantive interview, for my book "Plan of Attack," a source had, when I asked about Joe Wilson, told me that Wilson's wife worked at the CIA as a WMD analyst. At that point, and on your show, I didn't know what that meant at all, because it was such a casual, offhand remark.

(END VIDEO CLIP)

TODD: Woodward has said, his source released him from a confidentiality agreement to speak with investigators about that conversation, but not to disclose the name publicly.

Woodward has said he does not believe a crime was committed when the official told him about Plame, whose identity was classified at the time. And prosecutor Patrick Fitzgerald has never indicated that Woodward or Armitage were targets of his investigation.

Woodward has said he does not believe his source was part of any White House campaign to discredit Wilson for criticizing the administration's case for the Iraq war.

(END VIDEOTAPE)

TODD: Woodward is believed to be the first member of the media to have discussed Plame with an administration official.

And Woodward's former boss at "The Post," Ben Bradlee, has speculated that Armitage was that source. Again, neither Woodward, Armitage, nor the current executive editor of "The Post," Leonard Downie Jr., would comment on any of this. Was Armitage also the source for columnist Bob Novak, when he revealed Plame's identity? Novak also wouldn't comment today -- Wolf.

BLITZER: All right, Brian, thank you very much.

For more now on the newly released State Department calendar, let's bring in our Internet reporter once again, Abbi Tatton -- Abbi.

ABBI TATTON, CNN INTERNET REPORTER: Wolf, we have linked to that meeting schedule online here.

In it, you can see June 13, that hour-long private appointment with "Post" reporter Bob Woodward. And, interestingly, a week before that, there's a 15-minute appointment here with Scooter Libby, Vice President Dick Cheney's former chief of staff.

Now, the calendar doesn't list anything about what was discussed in any of these meetings. And it does list many other meetings that Armitage had, including, interestingly here, an appointment with Tom Cruise and Church of Scientology director Kurt Weiland.

You can find this entire calendar linked online at CNN.com/SITUATIONREPORT -- Wolf.

BLITZER: Thanks, Abbi.

On our "Political Radar" this Tuesday: the ups and downs of Democratic Senator turned independent candidate Joe Lieberman. A new American Research Group poll of likely Connecticut voters shows Lieberman just two points ahead of the man who defeated him for the Democratic nomination, Ned Lamont. The Republican candidate, Alan Schlesinger, barely registers in the survey. Another poll out just last week showed Lieberman 12 points ahead of Lamont.

I am going to be asking Lieberman about his battle for political survival and the backlash within the Democratic Party. The senator joins us live. That's coming up in the next hour, right here in THE SITUATION ROOM.

It's primary day in Alaska and Wyoming. And a Republican governor is struggling to hold on to his office. Alaska Governor Frank Murkowski is facing two challengers in today's GOP primary. He's pinning his hopes for a second term on a plan to build a $25 billion natural gas pipeline to Canada. His opponents have tried to blame Murkowski for a partial shutdown of the nation's largest oil field in Alaska.

Take a look at this. Wyoming's most powerful Republican -- that would be the vice president, Dick Cheney -- cast a ballot today in his home state's primary out in Wyoming.

Coming up: the fate of two FOX News journalists kidnapped more than a week ago now in Gaza. Is there any word on who took them and why? We're going to have a report from the region. And should Uncle Sam outsource the collection of federal income taxes? Jack Cafferty back with your e-mail -- all that coming up, right here in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Let's check back with Zain for a quick look at some other important stories making news -- Zain.

VERJEE: Wolf, in a Baghdad courtroom today, Saddam Hussein cross-examined two people who offered grisly accounts of alleged chemical attacks on their villages during a campaign by Iraqi troops 18 years ago.

The former Iraqi leader questioned the validity of their testimony and asked why one of the witnesses who claimed to be illiterate had documents in front of her. Separately, two of Hussein's co-defendants argued that Iraqi troops were fighting Iranian troops and Kurdish rebel fighters, not civilians, during the campaign.

North Korea's state-run media is reporting that the country has the right to launch a preemptive attack in response to joint U.S.- South Korean military exercises. The North Korean news agency is calling the exercises a -- quote -- "undisguised threat and a war action."

Now, this kind of rhetoric is really nothing new from North Korea. The annual joint military exercises began on Monday.

Violence is surging in southern Afghanistan. At least 15 people were killed in a series of attacks today. Canadian soldiers were the focus of two of the attacks. Six Canadian troops were wounded. Overall, more than 100 people, including four U.S. troops, have been killed in the past three days -- Wolf.

BLITZER: Zain, thank you very much.

Coming up: thousands of inactive U.S. Marines preparing to be recalled, involuntarily. In our next hour, we will have a report from the Pentagon on the orders and the fallout.

Plus: Is Iran giving any ground in the nuclear standoff with the West? We will talk about Tehran's reported response with a former State Department official.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Here's a look at some of the "Hot Shots" coming in from our friends at the Associated Press, pictures likely to be in your hometown newspapers tomorrow.

Baghdad: Saddam Hussein adjusts his headphones, as he listens to a witness, during his latest genocide trial.

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In Ireland, New York Mayor Michael Bloomberg holds an American bald eagle during a ceremony.

Cedarburg, Wisconsin: Eighty-five-year-old Benjamin Steinbach hits the town on his riding lawn mower, because the state took away his driver's license. It may be the last time he does this. The police have told him, taking his lawn mower to the corner store is prohibited as well.

And, in Garden City, Kansas, two river otters take it easy after a swim -- some of today's "Hot Shots," pictures often worth 1,000 words.

Right now, still more questions than answers in the kidnapping of two FOX News journalists in Gaza. There's growing concern about their safety.

CNN's Paula Hancocks has the latest now from Jerusalem -- Paula.

PAULA HANCOCKS, CNN CORRESPONDENT: Wolf, the longer nothing is heard about the fate of two FOX journalists kidnapped in Gaza, the more concern about their safety is mounting -- still no claim of responsibility and still no demands.

(BEGIN VIDEOTAPE)

HANCOCKS (voice-over): It's the ninth day since two FOX journalists were kidnapped in Gaza -- still no word on who took them and why.

Thirty-six-year-old cameraman Olaf Wiig and 60-year-old American reporter Steve Centanni were abducted by masked men in the center of Gaza City. Both men are well-respected, experienced journalists who have worked for a number of broadcasters, including CNN.

UNIDENTIFIED MALE: Other brother, Steve Centanni, was kidnapped on August 14, last Monday.

HANCOCKS: Families of both have made televised appeals for their release. The brother of Centanni made a statement on Arab network Al- Jazeera.

The wife of cameraman Wiig met protesting mothers of Palestinian prisoners being held in Israeli jails.

ANITA MCNAUGHT, WIFE OF KIDNAPPED JOURNALIST OLAF WIIG: In Gaza today, it's like a prison.

UNIDENTIFIED MALE: (SPEAKING ARABIC)

MCNAUGHT: And now my husband, his colleague Steve, and I are all in prison with you.

HANCOCKS: But, still, no contact has been made by the kidnappers.

The press freedom organization Reporters Without Borders says it's becoming increasingly concerned that no group has claimed responsibility for their abduction, despite the many appeals for their release.

Palestinian journalists took to the streets of Gaza over the weekend, saying, coverage of the Palestinian cause would be severely damaged if abductions continued.

A New Zealand diplomat, Peter Rider, met with the Palestinian Prime Minister Ismail Haniyeh. Haniyeh gave a personal commitment to do all he could to secure the journalists' release.

PETER RIDER, NEW ZEALAND DIPLOMAT: Gaza is a very confused place. That's why it's so difficult to get leads. It's not an ordinary city, where ordinary policing works in a normal way. It's much more going to be somebody coming to tell somebody something, because they think that's the right thing to do. So, I would ask them to come out and tell us if they do know anything.

HANCOCKS: Palestinian security sources say, an unnamed militant group has warned all foreigners to leave Gaza, threatening abductions.

At least 26 foreigners have been kidnapped in Gaza over the past two years, nine of them from the media. Hostages have usually been released within hours.

(END VIDEOTAPE)

HANCOCKS: Only once before has a journalist kidnapped in Gaza been held for so long. A sound engineer from a French television network was taken for nine days this time last year, the same amount of time that Steve Centanni and Olaf Wiig have been held -- Wolf.

BLITZER: Paula, thank you very much.

And we certainly hope that Steve and Olaf are freed as soon as possible. We wish them only, only the best.

Up next: Should the IRS pay someone else to collect your money? Jack Cafferty will be back with that taxing question.

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And, in our next hour, Senator Lieberman, he joins us live, right here in THE SITUATION ROOM. Can he overcome his primary defeat and his party's anger to win reelection in November?

Stay with us.

(COMMERCIAL BREAK)

BLITZER: Let's check in with Jack Cafferty once again. He's got "The Cafferty File" -- Jack.

JACK CAFFERTY, CNN ANCHOR: The question is, should the Internal Revenue Service be hiring private collection companies to collect federal income taxes?

Tim writes from Massachusetts: "Jack, it's called tax farming. And practically every empire in decline has resorted to it -- just one more indication that this country is in huge trouble." Steve in Hawaii: "No. Why add another layer to an already antiquated system? There isn't a need for the IRS today. And, honestly, this country needs to pull away from this annoying tax system and move toward a flat tax."

Nathan in Denver writes: "By no means should the government be doing this. Not only is it a waste of taxpayer money, but, with the widespread prevalence of identity theft going on, introducing three- party agencies into the collection process will make it even more difficult for our citizens to know who they should trust."

Mike in Illinois: "I happen to own a collection agency. I think it's a great idea for Internal Revenue to get outside help. Not only will they save on hourly wages. They will also save a fortune on benefits that they would have to pay the IRS employees."

M. writes: "A collection agency has been hounding me relentlessly for nine months for $28 for a book I had already paid for. God help us if these bloodsuckers get together with the Internal Revenue."

Walter in Florida: "Never mind the IRS. Congress should hire some outside people to run the government."

And Rory in Minnesota: "Did I hear you right? The IRS is going to hire outside, private companies to collect taxes? Wow. I didn't even know Halliburton did that kind of work" -- Wolf.

BLITZER: Jack, thank you.

This Year's Southern Prodigy (WP)

By Harold Meyerson

The Washington Post, August 23, 2006

MURFREESBORO, Tenn. -- On the grounds of the old Rutherford County Courthouse, in the middle of the Murfreesboro Town Square, about a half-hour's drive from downtown Nashville, there's a plaque commemorating what Civil War buffs know as Forrest's First Raid. Here, in July 1862, Nathan Bedford Forrest, a slave trader turned Confederate general, and his troops surprised and captured an entire Union garrison.

Forrest may be the most prominent figure in American history who could happily have captained a German SS unit. In 1864 his troops massacred hundreds of African American Union soldiers whom they'd captured after the surrender of Fort Pillow. And after the war Forrest was a founder and the first Grand Wizard of the Ku Klux Klan.

Which made the rally at the courthouse last Saturday all the more remarkable. Several hundred Murfreesboro Democrats, a clear majority of them white, had come out on a brutally hot morning to hear Harold Ford Jr. -- the 36-year-old congressman from Memphis who is the Democratic nominee for the Senate seat that Bill Frist is vacating. To recapture the Senate this year, the Democrats need Ford to take Tennessee -- no small challenge, since Tennessee hasn't sent a Democrat to the Senate since 1990, and since Ford, like just 16 percent of his fellow Tennesseans, is African American.

Yet Ford is still very much in the hunt, and after just a few minutes in his presence, it's no mystery why: He is, in the tradition of Southern pols ranging from Huey Long to Bill Clinton, a preternaturally gifted campaigner. Young, single, handsome in a way that pols almost never are (he is the only elected official I've ever seen who could have a successful career as a model), blessed with a perfect ear for both political argument and the exigencies of local politics, Ford is a sight to behold.

Consider the following Ford attack on the Republicans' national security bona fides. "When we fill up our gas tanks, we send money to the other side in the war on terrorism -- Iran," he tells the crowd. "Think of Iran as a venture capital company that invests in an unusual kind of start-up -- terrorist organizations. It's a big venture capital fund, and who's its biggest investor? You are. Yet our government does nothing to fund alternative sources of energy," he says, noting that his campaign car is powered by

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biodiesel fuels and arguing that Tennessee's economy could profit if the federal government had the horse sense to promote hybrid cars and alternative fuels.

Ford seems to have been readying himself for this race for virtually his entire life. The son of a longtime congressman from Memphis -- home to the state's only majority-black congressional district -- Ford succeeded his father in that seat 10 years ago at the tender age of 26. His voting record is much more that of a pol planning to run statewide in a conservative state than it is of a House member from a heavily black and Democratic district. Ford has supported constitutional amendments to ban flag burning, to permit prayer in schools and to mandate balanced budgets. He has also generally supported free-trade legislation, voted for the bill making it harder for people of modest means to file for bankruptcy, favored cuts in the estate and capital gains taxes, and suggested means-testing for Social Security benefits.

Plainly, Ford is no Tennessee populist in the tradition of the original Albert Gore -- or the original Andrew Jackson. Far from warring on the banks, Ford is a member of the capital markets subcommittee of the House Financial Services Committee, and he has raised a fat chunk of change from Wall Street. The liberals I spoke with at his events this past weekend certainly weren't thrilled by all his positions. They were thrilled, however, by the emergence of a candidate with a Clintonian ability to deflect Republican attacks -- and by the prospect of their state electing a senator who is young, gifted and black.

Ford's Republican opponent, former Chattanooga mayor Bob Corker, who defeated two more-conservative candidates in the Aug. 3 primary, is the clear favorite in the race, though the first post-primary poll showed him leading Ford by just six points. Ford seems determined to close that gap by running not just to the right but also just plain harder than any candidate we've seen in years.

When the rally ended, he visited every store on or around the town square, chatting up the patrons, and then stood in the middle of an intersection, talking with those drivers who had their windows rolled down and, if they said anything friendly in return, slapping a bumper sticker on their rear windshields. As once was said of Huey, Lyndon and Bill, ain't nobody gonna out-campaign this fella.

Fairer, More Representative (USAT)

By James Clyburn

USA Today, August 23, 2006

The Democratic National Committee's new presidential nominating calendar strengthens our democratic process by ensuring that Americans of all backgrounds and from across the country have a voice in choosing our presidential nominee.

By adding Nevada as the second caucus and South Carolina as the second primary, the DNC has reacted appropriately to concerns from supporters. After nearly two years of careful examination, these changes reflect a broad consensus on how we can choose the strongest possible Democratic presidential candidate.

I have a great appreciation for tradition and historical precedence and admire the effort the DNC put forth to honor past traditions and fulfill its responsibilities to our party's loyalists.

We do not live in a stagnant society. The demographics of this country and the diversity of our party have changed dramatically in recent years. Consider that more than half of African-American voters are found in our nation's southern states, or that in the next 30 to 40 years, a quarter of the electorate could very well be of Hispanic origin. And for voters of all backgrounds, geographic diversity is also important, as issues of concern to Southern and Western states often vary greatly from those in the Midwest and Northeast.

Our party has embraced our nation's diversity and it is echoing that commitment by scheduling early contests in Nevada and South Carolina.

Complaints of front-loading the process should be made to state officials who schedule their nominating contests, not to the DNC. South Carolina will hold its primary exactly a week after New Hampshire's, just as it did in 2004.

New Hampshire's legislative actions over the years clearly indicate that it is much more about economics than politics with them. Front-loading is a concern, however; the DNC is addressing the issue by creating incentives for states to go later in the process.

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All of these changes are for the better. They reflect what Democrats have traditionally tried to do: make the electoral process fairer and more representative.

Small States Keep Big Sway In Race To Succeed Bush (USAT)

USA Today, August 23, 2006

In 2008, for the first time since 1952, neither Republicans nor Democrats will have an incumbent president or vice president to nominate for president. The primaries will be wide open. That should make for an exciting exercise in participatory democracy.

Unfortunately, the excitement could well be limited to a handful of small states that go first in picking presidential nominees.

For years, Iowa and New Hampshire have jealously guarded their respective opening-bell caucus and primary. Republicans have no plans to change the fact that two small, overwhelmingly white states get to make the early picks, often giving their selections enough momentum — and campaign cash — to make the primaries that follow increasingly irrelevant.

Last weekend, Democrats moved to break the Iowa-New Hampshire stranglehold by injecting two more small states. Nevada and South Carolina will also be allowed to hold early nominating contests in January 2008. The "window" for other states opens Feb. 5.

The racial, ethnic and geographic diversity added to the early contests by South Carolina, with its large African-American population, and Nevada, with its large Hispanic population, is welcome and overdue.

But the DNC's decision amounts to tweaking a system for picking our presidential candidates that's still deeply flawed:

• It enshrines the right of a handful of small states to jump to the head of the line. Forcing presidential wannabes to do "retail" campaigning in small states has its virtues, but why the same states in election after election? New Hampshire partisans say their citizens' long experience makes them best suited to do this. But other states' voters would surely rise to the occasion if given the chance, perhaps through a lottery system that would decide who goes first in each election.

• It makes it even likelier that the nominating process will be over before most Americans get a chance to vote. Iowa and New Hampshire don't always pick the eventual nominees (think Gary Hart and John McCain), but adding two small states so early makes it more likely that January's leaders will go on to win. Turnout in later primaries and caucuses is already abysmal; this can only worsen it.

Sensible alternatives have been floated for years but have gone nowhere. Some of the best ideas have focused on successive regional primaries. For example, voters in the South could vote on the first Tuesday in March, those in the West in April, the Midwest in May and the Northeast in June. The order would change every four years. Candidates would have weeks to travel through each region, addressing issues important there.

Renegade states can always try to buck such a system: New Hampshire is already threatening to upset the Democrats' new schedule and move its primary even earlier. But voters, states and party leaders across the country have much to gain by fighting back.

Continuing to give disproportionate clout to the same tiny group is a poor way to pick the best candidate — and a sure way to make everyone else feel they have little say in the outcome.

The Democrats' New Calendar (NYT)

The New York Times, August 23, 2006

Democratic Party leaders deserve some credit for inviting diversity into their presidential nominating process by inserting two states into the early mix so often dominated by the overwhelmingly white and rural voters of Iowa and New Hampshire. It's hardly enough reform, but it was healthy for the party to add Nevada, with its large Hispanic representation, and South Carolina, with a heavily black constituency in the heart of red-state America.

Peeved New Hampshire Democrats, claiming a regal right to dominate the limelight, already vow to ignore the new calendar and hold their first-in-the-nation primary as early as they please — maybe even in December 2007. In truth, New Hampshire would still hold the first direct-vote primary on Jan. 22, eight days after Iowa's usual town-hall-style caucus, with a Nevada caucus inserted between the two events. South Carolina would hold the second primary about a week after New Hampshire.

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But a baker's dozen early candidates already are fawning in New Hampshire's direction, hinting they'll ignore the national party's threatened sanction — a marginal loss of convention delegates — and violate the campaign calendar.

No one can foresee the unintended consequences of this calendar change. Democrats once thought that a multistate "super Tuesday" primary was the way to head off the deep-freeze rush to judgment invited by the narrow Iowa and New Hampshire contests. The two states' claim to homespun "retail politicking" is increasingly a media conceit. Even with the change, the party may compound the calendar rush by having the first four states go to bat in a 15-day period. The race could still be settled by the end of January.

Voters across the nation — so often totally ignored by juggernaut nominees — deserve a more thoughtfully paced calendar. We hope the new bit of upfront diversity works toward that end. Who knows, voters might keep the race open through a lively primary season that lasts somewhere beyond Groundhog Day.

Deal Is Reached For Prescriptions Discount (LAT)

By Jordan Rau

The Los Angeles Times, August 23, 2006

Sacramento, Calif. — More than 5 million Californians with moderate incomes would receive substantial discounts on prescription medicines under a deal that Gov. Arnold Schwarzenegger and Democratic leaders reached over the opposition of the drug industry, negotiators said Tuesday.

The price-reduction program, a showpiece for Schwarzenegger's re-election campaign, is based on an approach his own health advisers repudiated last year as dangerous for poor people and legally questionable.

The plan would give the drug industry three years to voluntarily negotiate discounts with the state on behalf of people who earn up to triple the federal poverty level, or about $60,000 a year for a family of four. An additional 400,000 people who earn somewhat more but face debilitating medical bills would also be eligible.

The discounts would take as much as 40 percent off brand-name drugs and up to 60 percent off generic medicines, according to lawmakers and Schwarzenegger administration officials.

In a major concession, Schwarzenegger agreed that companies that don't offer sufficient markdowns could be impeded from selling drugs through Medi-Cal, a $2 billion market that serves millions of Californians. In return, Democrats agreed to give the industry time to comply, and agreed to the income limit Schwarzenegger wanted.

The deal appears to end a three-year battle that produced two competing ballot initiatives rejected by voters in last November's special election. One was sponsored by consumer advocates, the other by the drug industry.

"This is a huge victory for the needy," said Democratic Assembly Speaker Fabian Nunez of Los Angeles. "This goes a long way toward correcting the wrong that was done at the ballot box in November."

Senate President Pro Tem Don Perata, a Democrat from Oakland, concurred: "The governor's basically done everything the sponsors asked."

At a news conference Tuesday afternoon, Schwarzenegger portrayed the deal as not yet final, saying, "We haven't come to a conclusion but I think it's looking good."

However, legislative officials said all the elements of the deal had been agreed upon, and all that was left was to sign off on the measure's final language.

The accord is expected to pass the Democrat-controlled Legislature easily, although it would face some obstacles after becoming law. It would require approval from the federal Center for Medicare & Medicaid Services, which has been skeptical about other states' efforts to alter their Medicaid programs as they expanded health care coverage to include people above the poverty level.

And the drug industry could fight the plan in court, as it did in Maine when that state was the first to try to use its Medicaid program to force companies to discount drugs. The case went to the U.S. Supreme Court, where Maine emerged largely victorious in 2003, but the state has not yet penalized any companies.

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The election-year deal to reduce drug costs is particularly significant for California, which has lagged behind most of the nation in helping people of modest means afford medicine. Last year, 34 other states offered either subsidies or discounts to the poor or elderly beyond what the federal government provides, according to the National Conference of State Legislatures.

Under the deal, manufacturers would have to reduce their prices to meet one of three benchmarks: the lowest price they offer to any state Medicaid programs; 85 percent of the average manufacturer price; or the lowest price given to any nonpublic entity in California, such as Kaiser Permanente.

People earning no more than triple the federal poverty level who don't have prescription drug coverage, or have used up what they have, would be eligible for the lower-priced medicines. So would people earning up to the median household income in California-- $70,626 for a family of four -- if they had medical expenses exceeding a tenth of their income that were not covered by insurance.

Also included are drugs for the elderly that are not taken care of by the new federal Medicare Part D.

The new plan relies on drug manufacturers' desires to keep their medicines on a list of approved drugs for which doctors are assured of Medi-Cal reimbursement. The Medi-Cal market is not one that drug companies want to be excluded from.

If a pharmaceutical manufacturer failed to offer adequate discounts within three years, the administration would have the authority to strike the relevant drugs from the list. While some consumers get cheaper drugs from outside the country, such imports are illegal under federal law.

Doctors wanting to prescribe de-listed drugs would first have to obtain specific permission from Medi-Cal -- a bureaucratic burden. While they are supposed to receive such authorization within 24 hours under federal law, some doctors say the actual process is far more tortured.

"Docs in community mental health are besieged with clients. They'll have hundreds of clients with severe psychiatric disabilities assigned to them," said John Buck, chief executive officer of Turning Point Community Programs, a Sacramento-based mental health nonprofit. "There's always somebody in a crisis, and you're talking about filling out more paperwork?"

For that reason, advocates for the poor object to the involvement of Medi-Cal.

Loretta Jones, executive director of Healthy African-American Families, a nonprofit group based in Los Angeles, called the plan "abominable."

"We're taking our poorest population -- which are usually women and children -- are you're making decisions about their health care that you would not make for a Blue Shield or a Health Net," she said.

To address such concerns, the plan has a number of safeguards. Medi-Cal would not restrict access to drugs that have no substitute or those whose omission would increase costs to the state.

To protect patients, the plan also would make exceptions for people who are already receiving a particular medication, so they would not be switched to another.

Pension Giveaway (NYT)

The New York Times, August 23, 2006

Gov. George Pataki bills himself as a fiscally conservative Republican, yet he signed a bill requiring New York City to give its retired correction workers Christmas bonuses that will eventually hit $12,000 a year. His spokesman says it's important to understand that the Legislature is always demanding new benefits for retired city workers, and that Mr. Pataki has vetoed 95 percent of the pension bills reaching his desk. We hope that the next time the governor tests the presidential campaign waters with a visit to Iowa or New Hampshire, someone asks him whether he would sign only 5 percent of the fiscally disastrous bills if he gets in the White House.

Throughout the United States, private companies have stopped offering pension plans while public service workers' benefits grow more generous. No one begrudges the men and women who serve the people most directly a decent retirement. But if the costs get out of control, they risk a financial disaster or a political backlash.

This week in The Times, Michael Cooper has reported on the ways that New York City workers have managed to lobby enormous new pension guarantees through the State Legislature. Urban park rangers and 911 operators can now retire with full pensions after 25 years on the job — even if they're still in their 40's. Correction officers, emergency medical technicians,

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sanitation workers, firefighters and police officers who come down with heart disease can retire with pensions equal to three-quarters of their salary, exempt from state and local taxes. Ditto correction officers, police officers and firefighters who contract hepatitis, tuberculosis or H.I.V. Meanwhile, the city's pension plans may be facing a shortfall of up to $49 billion.

While some city officials can be wildly irresponsible when it comes to pensions (the City Council requested passage of the Christmas bonus bill while the mayor's office howled), the real culprits here are the members of the State Legislature. They are happy to shovel these measures through in return for campaign contributions and election endorsements from the unions while the city pays the tab.

State legislators should not be able to impose those costs on the city, but as long as they have that power, the public must demand that they use it more responsibly. Democrats and Republicans are equally culpable here. Every incumbent running for re-election should be asked where he or she was when all these giveaways were sailing through to passage.

Iran Won't Give Promise To End Uranium Effort (NYT)

By Michael Slackman

The New York Times, August 23, 2006

TEHRAN, Aug. 22 — Iran responded Tuesday to a set of incentives from Europe and the United States aimed at ending its nuclear program, but did not agree to suspend the enrichment of uranium by the end of the month, the West's primary demand.

In its response, Iran offered "serious talks" over its nuclear activities but did not raise the issue of suspending enrichment by Aug. 31, the deadline established by the United Nations Security Council, Western diplomats said.

"What they have not done is address the key point, whether or not they are going to suspend," said one senior European official involved in the Iran negotiations. Following traditional protocol, the official and other diplomats spoke only on condition of anonymity.

As European and American diplomats analyzed the 21-page counterproposal on Tuesday, it increasingly appeared that Iran's efforts to push past the Aug. 31 deadline would be considered unacceptable and that they would be likely to lead to calls for imposing sanctions. The United States, Britain, France and Germany plan to meet Wednesday in New York to discuss the proposal and their response.

John R. Bolton, the United States representative to the United Nations, said Tuesday that Washington was prepared to move rapidly on a new Council resolution calling for economic sanctions.

But the meeting will not include two key Council members, Russia and China, which have been reluctant to punish Tehran harshly. The challenge facing the United States will be to maintain a unified front against Iran while putting together a package of sanctions that have some bite. [Page A6.]

It was not immediately clear how Beijing or Moscow would react to the proposal. Western diplomats have said that the two governments will seize on any indication that Iran is willing to discuss suspension in future negotiations as a reason to water down any sanctions.

Iranian officials said they were offering a "new formula" to resolve the crisis, but did not release any details of their proposal. Nor did Western diplomats. It was clear, however, based on their characterizations, that in broad terms Iran had responded as expected, offering a lengthy, complex and somewhat oblique set of proposals it hoped would lead to future negotiations.

"We always expected a response that's not white or black, but gray," said Cristina Gallach, a spokeswoman for Javier Solana, foreign policy chief of the European Union. "But our position can't be gray."

The Iranian nuclear conflict has been running along two paths: the West offered economic and political incentives to Tehran if it suspended enrichment, and the Security Council threatened sanctions if Iran failed to suspend by the end of the month.

With Iran's response, it appeared that both sides remained stuck at the starting line. Iran said, as it has all along, that it would not accept any preconditions for negotiations over the package of incentives. And the West continued to insist that there would be no discussion of the incentives package until Iran suspended enrichment.

"Although the unlawful behavior of the U.N. Security Council cannot be justified, based on the recommendations of Kofi Annan, the secretary general of the United Nations, we prepared our answer with a positive attitude," said Ali Larijani, Iran's chief

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nuclear negotiator, as he delivered Iran's response to representatives of Britain, Russia, China, France and Germany here on Tuesday afternoon. The Swiss ambassador to Iran received the proposal on behalf of the United States, which does not have a representative in Tehran.

Mr. Bolton appeared to ignore Iran's description of its proposal as a springboard for negotiations, instead referring to the document as Iran's "definitive" response.

"They can either take up the very generous offer that the five permanent members and Germany have extended to them, and if they do, there's a possibility of a different relationship with the United States and others," he said. "But if they don't, we've also made it clear that their unwillingness to give up their pursuit of nuclear weapons will result in our efforts in the Security Council to obtain economic sanctions against them."

Nasser Hadian, a political science professor at Tehran University, said that if the proposal offers concrete details to ensure that Iran does not divert enriched uranium to a weapons program — steps like intrusive inspections and real-time monitoring of the nuclear facilities with cameras — it is possible that Iran will win some more support from Russia and China.

"It depends on the nature of the package," Dr. Hadian said.

In the days before Iran's self-imposed Tuesday deadline to respond to the incentives package, Western diplomats here said they expected that the response would seek to keep negotiations going, and to remain ambiguous on important issues.

Mr. Larijani tried to pre-empt the criticism that Iran was trying to buy time and encouraged the West to resume negotiations as early as Wednesday.

"Despite all the propaganda that Iran is trying to buy time," he said, Tehran urged the six nations making the offer "to return to the negotiating table as soon as possible to discuss all the issues in the package, including long-term nuclear cooperation, economic and technical cooperation, and also security cooperation in the region, so that we can reach a peaceful understanding in all three areas."

But Western patience appears to be wearing thin. "It's very nice of the Iranians to respond, but we don't feel a compunction to respond to this," the senior European official said. "We're not going to dance to the Iranians' tune. We don't need to. The headline is that they haven't addressed the key issue so the Security Council process will continue."

Iran has already begun to brace for sanctions, calculating that an initial round would be relatively painless. But if the screws tighten, analysts here said, they expect the leadership to look for a face-saving compromise.

Iran sits on some of the largest known oil reserves, but is forced to import more than 40 percent of its gasoline because it does not have the refinery capacity to meet its own needs. Sanctions that block gasoline imports would be extremely painful, analysts here said.

When Iran set the deadline of Aug. 22, the last day of the Iranian month of Mordad, it said the Western proposal was so complex that it needed first to be studied by experts in specific fields like energy, security and economics. But the nuclear issue has also been turned into an important domestic issue, one that has had profound political implications here.

While the government's policy on the nuclear program has not substantially changed in the last year, its strategy and approach to the West have. Under the previous president, Mohammad Khatami, the government adopted a strategy of confidence building, hoping to convince the West over time that it was working on a peaceful nuclear program.

But as Mr. Khatami ended his second term in office, the clerical and hard-line leadership decided to move toward a more confrontational approach. In June 2005, Mahmoud Ahmadinejad was elected president, and shortly after taking office he transformed the issue into a matter of national pride.

Mr. Ahmadinejad has repeatedly said that peaceful nuclear energy was Iran's "inalienable right," and in defiance of the West he announced in April that Iran had already enriched uranium — and would never stop. His office said Tuesday that he would hold a news conference next week in Tehran to directly address the Aug. 31 deadline.

Throughout Tuesday, Iranian officials offered comments demonstrating their confidence in their country's position and their disregard for threats from the West.

"We should not define our national interests in accordance with the sort of reaction we might get from the West," said Ali Akbar Velayati, the foreign affairs adviser to the supreme leader, Ayatollah Ali Khamenei, in an interview with ISNA, the student news agency. "In that case we would be a passive nation."

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U.S., Allies To Discuss Sanctions After Iran Offers Nuclear Talks (WSJ)

By Neil King Jr.

The Wall Street Journal, August 23, 2006

WASHINGTON -- The U.S. and its European allies plan today to weigh whether to move ahead on Iran sanctions within the United Nations Security Council, after Tehran said it was willing to open "serious talks" on its nuclear program but wouldn't freeze uranium enrichment.

U.S. and European officials, speaking privately, said the Iranian response fell short of requirements laid out in a Security Council resolution last month. But the Bush administration held to its official line that the U.S. is still weighing Iran's reply to a June incentives package and that the administration needs to confer with its European partners.

The European Union's foreign-policy chief, Javier Solana, said in a statement that Iran's response required "detailed and careful analysis."

Iran's first detailed response to the European offer of greater trade cooperation in exchange for tighter nuclear controls appeared to be exactly the noncommittal reply that many Western officials had predicted. It sets the stage for potentially protracted negotiations within the Security Council on what sanctions to impose on Iran.

At the U.N., the ambassadors of the U.S., Britain, France and Germany planned to meet informally today to discuss their collective response, with some diplomats suggesting the group would begin to sketch out a potential array of sanctions on Iran if officials conclude that Tehran hasn't met U.N. requirements.

John Bolton, the U.S. ambassador to the U.N., said the Bush administration is ready to begin formulating a Security Council resolution to impose economic sanctions if Tehran's response is deemed unsatisfactory. "We will obviously study the Iranian response carefully," he said, "but we are also prepared if it does not meet the terms set by the permanent five foreign ministers to proceed here in the Security Council, as ministers have agreed, with economic sanctions."

IRAN'S ANSWER

Iran responded to a Western incentives package presented in June to encourage Tehran to suspend uranium enrichment. The package hasn't been made public, but some of the incentives have been leaked including: • Lifting some U.S. bilateral sanctions, including a ban on sales of Boeing passenger aircraft and related parts.

• Receiving some nuclear technology to help build nuclear reactors for civilian energy purposes.

• Receiving a guaranteed supply of nuclear fuel.

The U.N. resolution, which passed July 31, gave Iran until Aug. 31 to suspend its drive to enrich uranium and agree to talks on strengthening international oversight of its nuclear program in return for economic and political incentives. Enriched uranium can be used for nuclear-power plants or for building nuclear weapons.

Iran's chief nuclear negotiator, Ali Larijani, presented Iran's 20-page response to diplomats in Tehran yesterday, more than two months after Britain, France and Germany presented Iran with a package of economic and political perks if it agreed to end its enrichment work and commit to a strictly civilian nuclear program. Iran rejects accusations that it is using its nuclear program to pursue atomic weapons.

U.S. officials briefed on the Iranian response said it dwelt at length on the potential for stronger economic cooperation with the West and expressed a willingness to engage in wider negotiations on its nuclear program, but rejected any suspension of Iran's enrichment program as a precondition to such talks.

"It was the sort of 'yes, no, maybe' response we had expected," said one senior U.S. official.

Mr. Larijani told reporters in Tehran that the Iranian response was meant "to pave the way for fair talks," according to an official Iranian news agency. Britain, France and Germany have held off-and-on talks with Iran for nearly two years. In June, the U.S. offered to join those negotiations as long as Iran agreed to the incentives package and froze its enrichment work.

Nuclear experts say Iran has a long way to go before it can claim to have mastered the complex enrichment process and to have the hundreds of centrifuges needed to produce enough highly enriched uranium for a single bomb. Still, U.S. and European officials say they hope to persuade Iran to back away from the enrichment work and agree to an arrangement where others, most likely Russia, would supply the fuel needed for civilian nuclear-power generation.

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Iran Reacts 'positively' To U.S.-European Offer (USAT)

By David J. Lynch

USA Today, August 23, 2006

TEHRAN, Iran — Iran said Tuesday that it is ready for "serious negotiations" as Tehran gave its long-awaited reply to a joint U.S.-European offer aimed at ending the standoff over the country's nuclear research program.

Ali Larijani, Iran's top nuclear negotiator, said Tehran had responded "positively" to the Western offer, but he refused to say whether Iran would comply with the key demand: suspending its uranium enrichment program.

Iran's semiofficial Fars news agency reported that Tehran had rejected calls to suspend enrichment and "instead has offered a new formula to resolve the issues through dialogue."

Larijani delivered the country's answer in a meeting with ambassadors from Britain, France, Germany, Russia, China and Switzerland, which represents U.S. interests here. No details of the response were released.

European Union foreign policy chief Javier Solana said that the Iranian response needs a "detailed and careful analysis."

The United States broke off diplomatic relations with Iran during a hostage crisis in 1979-81.

White House spokeswoman Dana Perino said the Bush administration would hold off comment until it had studied the Iranian response.

"I'm not going to parse the Iranian government's document today here on the airplane," said Perino, speaking aboard Air Force One as President Bush flew to Minnesota. "That is a job best left to the diplomats."

The United States and the five other nations represented at Tuesday's meeting proposed a package of economic and diplomatic incentives in June for Iran to halt research activities that could lead to development of nuclear weapons. Package details have not been made public.

The Bush administration and its allies say Iran is using the uranium enrichment program to create fuel for nuclear arms. Iran insists its program is for nuclear energy.

When Iran did not meet an initial deadline to respond, the United Nations Security Council passed a resolution July 31 calling on Tehran to halt its enrichment program by Aug. 31 or face possible economic and political sanctions.

Tuesday's response criticized that resolution as lacking "legal justification." State television quoted Larijani as calling on Western nations to "immediately return to the negotiating table."

Analysts here said the Iranian government is looking for a face-saving way out of the nuclear standoff through technical negotiations over precisely what kind of enrichment would be prohibited. "I do believe, at the end, Iran would accept the proposal with minimum modifications," said Davoud Bavand, professor of international law at Alameh University in Tehran.

John Bolton, the U.S. ambassador to the United Nations, said Washington would study Iran's response but is prepared to quickly submit a resolution to the Security Council. It would mandate economic sanctions if Iran does not meet all requirements.

Iran Pushes For Talks Without Conditions (WP)

By Dafna Linzer

The Washington Post, August 23, 2006

Iran offered yesterday to enter into immediate and "serious" negotiations on a broad range of issues with the Bush administration and its European allies but refused to abide by a U.N. Security Council demand that it suspend work at its nuclear facilities by the end of the month.

Tehran's proposal came in response to an offer in June by the United States, Britain, France, Germany, Russia and China for talks on the country's nuclear program, and the possibility of future cooperation, if the Islamic republic would first agree to suspend its uranium-enrichment work.

Last month, the Security Council passed a resolution making a suspension mandatory and threatening Iran with economic sanctions if it did not comply by Aug. 31. Without a commitment to do so, the Iranian counteroffer appeared unlikely to ease a tense, years-long standoff over what Tehran insists is an energy program but Washington believes is a covert effort to develop nuclear weapons.

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Bush administration officials said yesterday that they will need time to study the Iranian response. But they vowed to press ahead with efforts to impose economic sanctions against Iran if it fails to meet the Security Council deadline to freeze its nuclear program.

"If, on the other hand, the Iranians have chosen the path of cooperation, as we've said repeatedly, then a different relationship with the United States and the rest of the world is now possible," U.S. Ambassador John Bolton said yesterday at the United Nations.

European officials, however, were quieter, saying privately that they did not want to rush toward sanctions before the deadline. U.S. diplomats at the United Nations tried to organize a meeting for today in New York, but European officials said they have no plans to attend. The European Union's foreign policy chief, Javier Solana, who has been carrying messages between Europe and Tehran, is expected to meet with Iran's chief negotiator, Ali Larijani, in Brussels this week, according to European and Iranian officials.

For years, the Bush administration has tried to persuade allies to pressure Iran to give up a program it built secretly over 18 years.

But the Iranian response comes at a difficult time, when Iran is feeling emboldened in the region and the Security Council is juggling a multitude of crises in the Middle East, including the Iraq war and recent fighting in southern Lebanon between Israel and Hezbollah, which is supported by Iran and Syria. The instability has made many council members wary of ratcheting up pressure on Iran, a major oil supplier, if it will mean further confrontation in the region.

"Iran's response today is clearly a 'no' for Washington," said George Perkovich, a nuclear expert at the Carnegie Endowment for International Peace. "But it's hard to see how the U.S. can mobilize others to stop the Iranian program at this point when the last thing anyone wants is more conflict," Perkovich said.

Iranian officials and analysts portrayed their proposal as a positive outcome meant to signal a national desire to repair 27 years of fractured relations with Washington. They said it was the result of months of difficult internal debate among Iran's ruling elite.

"Iran's response indicates the balance has tipped in favor of more moderate voices in Iranian politics seeking a modus vivendi with U.S. power" in the region, said Kaveh L. Afrasiabi, an Iranian policy analyst who wrote several books on the country's nuclear program.

In a multi-page letter hand-delivered to European ambassadors in Tehran yesterday, Larijani laid out an Iranian desire for negotiations beyond the country's nuclear program, Iranian, U.S. and European officials said, speaking on the condition of anonymity. State-run television in Iran quoted Larijani as telling diplomats his country was "prepared as of August 23rd to enter serious negotiations."

No government official in any country involved would publicly discuss details of the Iranian proposal. Privately, several officials said Iran was willing to consider halting its nuclear program, but not as a precondition for the talks. One Iranian official, who spoke on the condition of anonymity, said that the suspension could come quickly if talks can begin and Iran can get answers to a list of questions included in the offer yesterday.

Several officials said Iran wants a clarification about security assurances, namely whether the Bush administration intended to negotiate on the nuclear issue while seeking to topple the country's religious leadership.

But an Iranian news agency said yesterday that the government had rejected a halt to its program and "instead has offered a new formula to resolve the issues through dialogue."

Four years ago, Iranian exiles disclosed that the country had a hidden nuclear facility in a mountain range south of Tehran. The revelation set off an investigation by nuclear inspectors with the United Nations' International Atomic Energy Agency. They uncovered huge facilities for enriching uranium, a process that can create fuel for nuclear energy or the key ingredient at the core of a nuclear bomb.

Since then, inspectors have been trying to determine the scope and history of Iran's nuclear efforts. They have conducted hundreds of inspections, uncovered Iranian experiments with plutonium and uranium, and exposed a secret relationship between Iran and Pakistan, which was instrumental in the development of Iran's nuclear program.

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The inspectors, however, have been unable to confirm Tehran's claims that its nuclear energy program is peaceful. Earlier this week, Iran refused a request by inspectors to view construction progress at Natanz, a vast complex that houses the country's uranium-enrichment efforts.

Iran is currently operating three centrifuge cascades, nuclear experts said, one of which is producing small amounts of low-enriched uranium. Although Iran is advancing its nuclear efforts, U.N. inspectors, as well as analysts working for U.S. and British intelligence, think the Iranians are technically poor at enriching uranium. Based on what is known about Iran's program, Western intelligence thinks it will be years before Iran can manufacture enough uranium for a weapon.

Mohammad Saeedi, deputy head of the Atomic Energy Organization of Iran, said in comments published yesterday in Tehran that his country is providing "an exceptional opportunity" for negotiation.

"Iran's response to the package is a comprehensive reply that can open the way for resumption of talks for a final agreement," Saeedi said.

Iran Wants To Talk But Keep Nuke Program (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, August 23, 2006

Iran said Tuesday it was ready for "serious negotiations" on its nuclear program, offering a new formula to resolve a crisis with the West. A semiofficial news agency said the government was unwilling to abandon uranium enrichment — the key U.S. demand.

Iran delivered its written response to a package of incentives offered by the United States and five other world powers to persuade Iran to roll back on its nuclear program — and punishments if it does not. The world powers, the five permanent U.N. Security Council members plus Germany, have given Iran until Aug. 31 to accept the package.

The U.S. ambassador to the United Nations, John Bolton, said Washington will "study the Iranian response carefully" but was prepared to move forward with sanctions against Tehran if it was not positive. The White House held off commenting until it had studied the text. The European Union's foreign policy chief, Javier Solana, said the document was "extensive" and required "a detailed and careful analysis."

Iranian officials offered no details of the response, but it appeared geared at enticing those countries into further negotiations by offering a broad set of proposals vague enough to hold out hope of progress in resolving the standoff.

If the Iranians leave the door open to halting enrichment as talks progress, that would drive a wedge in the Security Council between the Americans, British and French on one side and the Russians and Chinese on the other. Last month, Russia said the Council was in no rush to pressure Iran, striking a more conciliatory tone than the United States.

Tuesday's announcement was the latest development in the yearlong standoff over Tehran's nuclear program. Iran says it wants to master the technology to generate nuclear power. But critics say Iran is interested in uranium enrichment because it can also be used to make the fissile core of nuclear weapons.

The current drama is playing out in the wake of fears that the ability of the pro-Iranian Hezbollah guerrillas in Lebanon to withstand 34 days of Israeli bombardment has emboldened hard-liners in Tehran to risk a showdown with the Americans, who are bogged down in neighboring Iraq. There has also been speculation in the West that Iran encouraged Hezbollah to provoke the Israelis to distract attention from its nuclear ambitions.

Iran has pursued a confrontational stance on the nuclear issue since the election of President Mahmoud Ahmadinejad last year. The hard-line president has used the nuclear issue to encourage a sense of national pride among Iranians by standing up to the United States and other Western countries.

On Tuesday, Iran's top nuclear negotiator, Ali Larijani, hand-delivered his government's response to ambassadors of Britain, China, Russia, France, Germany and Switzerland — which represents U.S. interests — nine days before a Security Council deadline for Iran to halt uranium enrichment or face economic and political sanctions.

Larijani refused to disclose whether the response included an offer to suspend uranium enrichment. But the semiofficial Fars news agency reported that Iran rejected calls to suspend "nuclear activities" — or uranium enrichment — and "instead has offered a new formula to resolve the issues through dialogue."

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The state-run television quoted Larijani as telling the diplomats Iran "is prepared as of Aug. 23rd (Wednesday) to enter serious negotiations" with the countries that proposed the incentives package.

The Irna official news agency reported that "Larijani said Iran's answer has logically, fairly and constructively addressed demands of the proposed package, recommending the P5+1 group to return to the negotiation table immediately despite the false atmosphere created against Iran that it was buying time."

Last month, the Security Council set an Aug. 31 deadline for Iran to halt uranium enrichment or face economic and political sanctions. Iran called the resolution "illegal" but had said it was willing to offer a "multifaceted response" to an incentives package that the six powers offered in June.

Iranian officials familiar with Larijani's response said Tehran offered a "new formula" to resolve the dispute. The officials spoke on condition of anonymity because of the sensitivity of the information.

"Iran has provided a comprehensive response to everything said in the Western package. In addition, Iran, in its formal response, has asked some questions to be answered," one official said without providing more details.

But the Iranians have been signaling they are not prepared to abandon uranium enrichment as a precondition to talks. Last month, a senior Iranian lawmaker said the country's parliament was preparing to debate withdrawal from the Nuclear Nonproliferation Treaty if the U.N. Security Council adopts a resolution to force Tehran to suspend enrichment.

On Monday, Iran's supreme leader, Ayatollah Ali Khamenei, said the Islamic Republic "has made its own decision and in the nuclear case, God willing, with patience and power, will continue its path." Khamenei accused the United States of putting pressure on Iran despite Tehran's assertions that its nuclear program was peaceful.

Iran's former foreign minister Ali Akbar Velayati, who is now a top adviser to Khamenei, said Iran's national interests, not the West's demands, should be the basis for Iran's decision.

"What we have achieved in nuclear technology is worth more than the pressures against us at the international stage," the semiofficial Iranian Students News Agency quoted Velayati as saying Tuesday.

In February, Iran for the first time produced its first batch of low-enriched uranium, using a cascade of 164 centrifuges.

In the last few weeks, Iran prevented U.N. nuclear agency inspectors from inspecting an underground site meant to shelter its uranium enrichment program from attack, diplomats said Monday.

The head of the International Atomic Energy Agency, Mohamed ElBaradei, is to report by Sept. 11 to the agency's board on Iran's compliance with the U.N. deadline to freeze enrichment and other aspects of Tehran's cooperation with U.N. inspectors.

The Western incentives package has not been made public but some details have leaked. They include an offer to lift a ban on sales of Boeing passenger aircraft, providing Iran with some nuclear technology to build reactors for civilian purposes and guaranteeing a supply of nuclear fuel.

Tehran Offers New Talks In Nuclear Dispute (FT)

By Gareth Smyth And Daniel Dombey

Financial Times, August 23, 2006

Iran said on Tuesday it was ready to begin “serious talks” over its nuclear programme but appeared to refuse a United Nations demand to scale down its activities by the end of this month.

Analysts and officials said the move could leave the west struggling to build an international consensus to impose sanctions on Tehran. Privately, diplomats say that Iran has been emboldened by the recent conflict in Lebanon, while the US’s standing in the region has been hit.

“Iran is prepared to hold serious talks from August 23,” said Ali Larijani, Iran’s top nuclear official, according to a report by ISNA, Iran’s student news agency.

He was responding to an international offer, brokered by the European Union, to persuade Iran to suspend uranium enrichment, a process that can produce both nuclear fuel and weapons grade material.

Details of the Iranian response, which Mr Larijani handed over to ambassadors of the world’s big powers in Tehran, were not immediately clear. But Tehran has given no indication that it will immediately suspend its enrichment activities, which it says are purely peaceful but which the US and the European Union suspect are intended to develop nuclear weapons.

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On Tuesday Mr Larijani also described the UN Security Council resolution that requires Iran to limit its nuclear programme as “illegal”.

The resolution gives Tehran until August 31 to suspend enrichment.

The US and the EU warn that unless Iran complies the next stage will be to impose sanctions on Iran – although they are keenly aware of Russia and China’s reluctance to take any such step.

John Bolton, US ambassador to the UN, acknowledged on Tuesday that it was far from clear how quickly the Security Council could take action. Discussions are likely to begin in early September.

“It really is a test for the council and we will see how it responds,” Mr Bolton said.

Western officials say any first measures would probably include practical, small scale steps such as restricting visas for officials connected to Iran’s nuclear programme, as well as access to relevant materials and expertise.

They also argue that the clock is ticking on Iran’s ability to develop nuclear weapons capacity, which some analysts believe Tehran could achieve by the turn of the decade.

A report by the Royal Institute of International Affairs, the British think tank, will say on Wednesday that “the US-driven agenda for confronting Iran is severely compromised by the confident ease with which Iran sits in its region”, partly because of Washington’s success in toppling Iran’s foes from office in Iraq and Afghanistan.

“Iran is playing a longer, more clever game [than the US] and has been far more successful at winning hearts and minds,” said Nadim Shehadi, a contributor to the report.

Manouchehr Mottaki, Iran’s foreign minister, said last week Tehran was ready to negotiate about suspending uranium enrichment but as the result of talks, rather than as a precondition.

Some Iranian officials have also floated a compromise that could limit Iran’s enrichment to laboratory work.

But US and European diplomats argue that as a binding demand made by the UN Security Council, immediate suspension of all enrichment is non-negotiable.

Iran Proposes Talks Over Its Nuclear Program (MCT)

By Ron Hutcheson

McClatchy Newspapers, August 23, 2006

WASHINGTON - The dispute over Iran's nuclear ambitions veered Tuesday toward a showdown at the United Nations after Iran ignored demands that it shut down a uranium enrichment program that could be used for nuclear weapons.

Responding to international pressure, Iran offered to engage in "serious negotiations" over its nuclear program but declined to suspend enrichment activities. The offer to talk came as part of its long-awaited response to a proposal that was intended to halt uranium enrichment in the Islamic Republic.

The United States, Britain, France, Germany, Russia and China offered an incentive package to Iran in June as an inducement. Details of Iran's response remained under wraps Tuesday, but semi-official Iranian news outlets said it didn't include suspension of enrichment activities.

Supreme Iranian leader Ayatollah Ali Khamenei had made it clear Monday that Iran has no intention of abandoning uranium enrichment, which Iranians say is to fuel nuclear power plants, not for weapons. Khamenei vowed to pursue the nuclear program "forcefully."

U.S. officials said they'd ask the United Nations to impose economic sanctions if Iran failed to comply with an Aug. 31 deadline for suspension. Administration officials said they needed more time to study Iran's offer before providing an official response, but their initial reaction was negative.

"Certainly, the rhetoric, particularly in the past few days, has indicated they're not prepared to suspend their uranium enrichment activities," U.N. Ambassador John Bolton said. "Their unwillingness to give up their pursuit of nuclear weapons will result in our efforts in the Security Council to seek economic sanctions."

The Bush administration's insistence on punitive action by the United Nations is in some ways a replay of the prelude to war in Iraq. In both cases, President Bush prodded the U.N. to enforce resolutions intended to prevent the development of nuclear weapons.

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He ordered the Iraq invasion when the U.N. failed to act. Bush has said repeatedly that he's focused on diplomacy in dealing with Iran, but there are no signs of a resolution.

"It's unclear how far we are prepared to go to prevent a nuclear Iran from coming into existence. I don't think anybody knows where President Bush will come down," said Jon Wolfsthal, an expert on nuclear nonproliferation at the Center for Strategic and International Studies, a conservative research center in Washington. "As bad as a nuclear Iran is, I can think of things worse: an angry nuclear Iran is one of them."

Undersecretary of State Nicholas Burns, the administration's point man on Iran, hinted at the possibility of military action in an interview Monday.

"President Bush has said all along that as president he's not going to take the military option off the table," Burns told National Public Radio. "This is our diplomatic strategy, to try to reason with the Iranians, but our patience cannot be unlimited."

Wolfsthal said Iran had been emboldened by its growing influence in the Middle East. Iran's support for Shiite Muslim militias in Iraq and Hezbollah militants in Lebanon has increased its stature in the region.

"Iran's position has improved significantly," Wolfsthal said. "The United States is bogged down in Iraq. Israel is no longer seen as the military power it once was. If you were in the region and you were trying to figure out who the next big power was, you'd look to Iran."

Fearing an escalation of tensions, Russia and China have indicated that they'd use their seats on the U.N. Security Council to block tough economic sanctions. They might accept relatively mild punishment with the possibility of tougher action later.

"It really is a test for the council, and we'll see how it responds," Bolton said at the U.N.

Wolfsthal said it also was possible that Iran would succumb to international pressure to agree to abandon enrichment before the Aug. 31 U.N. deadline.

"The Iranians are trying to string out the negotiating process," Wolfsthal said. "This could easily come down to a nail-biter on the 31st."

No Simple Answer From The Iranians (LAT)

By Alissa J. Rubin

Los Angeles Times, August 23, 2006

The Islamic Republic offers a 'new formula' for negotiations on its nuclear program but refuses to suspend uranium enrichment.

VIENNA — Iran offered to enter "serious negotiations" over its nuclear program Tuesday, but appeared to reject the key U.N. Security Council demand that it suspend its uranium enrichment program.

The apparent refusal of an incentives package offered by world powers sets up a potential confrontation with the Security Council, which has given Iran until Aug. 31 to respond to a resolution requiring it to stop enrichment.

John R. Bolton, the U.S. ambassador to the United Nations, said Tuesday that if Iran refused to halt enrichment, the United States would introduce a resolution through the Security Council calling for economic sanctions against Tehran.

Iran's rejection, signaled by diplomats from several countries, but not yet made public, came as no surprise to Western powers. For weeks, Iranian officials have said they are willing to negotiate many aspects of the nuclear program, but not halt enrichment altogether.

"It doesn't look like it [the Iranian response] will meet our — or the Security Council's — demand to suspend their enrichment program," said a Western diplomat, who spoke on condition of anonymity because he was not a spokesman.

Western countries suspect that Iran is attempting to gain the capability to make a nuclear bomb. Iran insists its program is for peaceful energy production.

Iranian officials said the response, which was 23 pages long, offered a "new formula" for discussions. Ali Larijani, the Iranian government's chief nuclear negotiator, was quoted by state-run television as saying that Iran "is prepared as of Aug. 23 to enter serious negotiations" with the countries that proposed the incentives package.

The reply came on the same day that former Iranian President Mohammad Khatami applied for a visa to speak at the National Cathedral's Center for Global Justice and Reconciliation in Washington next month. Widely viewed as a moderate and

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reformer, Khatami was president from 1997 until last year, when his term ended and elections brought hard-liner Mahmoud Ahmadinejad to power.

The White House refused to discuss the Iranian nuclear proposal, saying it was up to the diplomats "to parse" it, said Deputy Press Secretary Dana Perino. President Bush had not yet read it, she said. Secretary of State Condoleezza Rice, who had been on vacation, returned to review the document.

Over the last year, Tehran has taken an increasingly confrontational stance toward efforts by the International Atomic Energy Agency, the U.N. nuclear watchdog.

More recently, Iran has resisted the Security Council's efforts to compel it to suspend its uranium enrichment and answer outstanding questions about its nuclear program, which it had operated in secret for 18 years. An Iranian resistance group revealed the program in 2002.

U.N. inspectors have reported Iran is operating at least one cascade of 164 centrifuges, used to separate isotopes of uranium, in a pilot plant. Two more cascades are under construction. When uranium gas is spun at high speeds through a series of linked centrifuges, or cascades, it can be enriched enough to form fissile material.

Although Bolton and experts say that sanctions are the next step, early signals from other Security Council members suggest that Russia and China may be reluctant to move forward immediately.

Even as Bolton talked about the economic sanctions, the Russian news agency Itar-Tass put out a statement from a top parliament member saying that it was too early to consider sanctions.

Iran's negative answer "is not yet a red line," said Mikhail Margelov, the head of the Russian Federation Council's International Affairs Committee.

In their official statements, world powers took pains to avoid a quick response or dismiss the offer out of hand. They said Tehran had replied "comprehensively" to the offer and they wanted to review it.

Iran's response was "extensive and therefore requires a detailed and careful analysis," said a statement by European Union foreign policy chief Javier Solana. He did not describe any specifics of Iran's response.

During a meeting in Tehran, Larijani delivered the reply to the incentives package to representatives of Britain, France, Germany, Russia, China and the United States. Switzerland represented the U.S., which has no diplomatic relations with Iran.

The response comes just a little more than a week before Iran faces the same demand from the Security Council, which passed a resolution July 31 with the legally binding requirement that Iran halt enrichment-related activities by Aug. 31 and undertake an array of "transparency measures" to reassure the public that its program is peaceful.

The resolution also required Tehran to answer questions from the International Atomic Energy Agency.

If Iran fails to comply, the resolution says, the Security Council will enact economic sanctions, although it remains unclear which penalties would receive backing from all veto-wielding members.

Statements by a number of Iranian officials have suggested that the Islamic Republic appears set to move ahead with its program regardless of the threats of sanctions.

The deputy chief of Iran's Atomic Energy Organization, Mohammed Saeedi, said that "considering the technical progresses made by the Iranian scientists in the nuclear ground, suspension of uranium enrichment has now turned practically impossible," according to the translation of an article on the Fars News Agency website.

Iran Ready For 'Serious' Nuke Talks (WT)

By David R. Sands

The Washington Times, August 23, 2006

Iran said yesterday that it was ready for "serious negotiations" over its disputed nuclear programs, but showed no sign it accepted the Bush administration's bottom-line demand to halt all uranium enrichment before any talks can begin.

The United States and its allies were still studying Tehran's long-awaited response to an incentives package designed to halt what many think is a drive by the Islamic republic to acquire nuclear weapons.

The Iranian reply, hand-delivered by top nuclear negotiator Ali Larijani in Tehran yesterday, sets up a potential confrontation at the U.N. Security Council, where the United States is expected to press its reluctant partners for fresh sanctions

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against Tehran. Russia, China and European Union powers France, Germany and Britain are working with the United States on the Iran crisis.

White House spokeswoman Dana Perino declined comment on the details of the Iranian response, which had not been released as of last night. Secretary of State Condoleezza Rice reportedly has interrupted a vacation to monitor the negotiations.

EU foreign policy chief Javier Solana said the detailed Iranian note deserved "detailed and careful analysis," but European diplomats briefed on the reply and Iran's semi-official Fars news agency said Tehran had rejected an enrichment freeze as a precondition for starting the talks.

Despite Mr. Larijani's proposal for further talks, one top U.S. nuclear specialist said the Iranian offer was clearly a rejection of the U.S. stand.

"The bottom line is that the one thing we required Iran to do -- suspend uranium-enrichment programs now -- is the one thing the Iranians say they won't do," said Jon Wolfsthal, nonproliferation fellow at the Center for Strategic and International Studies.

"Anything that wasn't an absolute 'yes' constitutes a 'no,' and the question now becomes: Where does the United States go from here and can it bring its partners along," he added.

Iran insists its nuclear programs are for peaceful civilian uses, but the United States and its European allies say it has run a secret military nuclear program for nearly two decades. With the Bush administration's acquiescence, the European Union in June offered Iran a package of trade, security and diplomatic concessions -- including direct U.S.-Iranian talks -- in exchange for a freeze on uranium enrichment.

The Security Council last month set a deadline of Aug. 31 for Iran to give a final response to the package. John R. Bolton, U.S. ambassador to the United Nations, called the offer "very generous," and said Washington was prepared to press for new sanctions if Iran does not accept the enrichment freeze.

"I think we will be prepared to move to submit elements of a resolution to the [Security Council] very quickly," he told reporters in New York. "It really is a test for the council, and we'll see how it responds."

But Mr. Wolfsthal and others said the administration likely will face resistance from Russia and China for harsher penalties. Both have extensive energy and economic ties with Iran, and both could argue that Tehran's qualified response yesterday is enough to justify more talks.

In Beijing today, China's foreign ministry urged Iran to consider international concerns over its nuclear program and be constructive, but added all sides should remain calm.

The foreign ministry said it had received Iran's response to a package of proposals to resolve the nuclear standoff with the West and was "conscientiously" studying it.

"The Chinese side hopes Iran earnestly considers the concerns of the international community, and takes the necessary constructive steps," the ministry said in a faxed statement.

Top Iranian officials, including supreme leader Ayatollah Ali Khamenei, have sent signals in recent days that they would not accept as a pre-condition the uranium-enrichment suspension -- a critical step in producing fuel both for nuclear power and nuclear bombs. They also have questioned promises in the proposal of foreign offers to build nuclear power plants inside Iran.

Iranian officials once again mixed defiance with conciliation in trying to head off new U.N. sanctions, but they also appeared to think recent difficulties in Iraq and Lebanon for the United States and its allies have only strengthened Tehran's hand.

"We are not in an unfavorable position, since today everyone is aware of the ineffectiveness of the Security Council," Ali Akbar Velayati, Ayatollah Khamenei's top foreign policy adviser, said in a newspaper interview in Tehran.

Iranian officials offered no details of the response, but it appeared geared at enticing those countries into further negotiations by offering a broad set of proposals vague enough to hold out hope of progress in resolving the standoff.

If the Iranians leave the door open to halting enrichment as talks progress, that would drive a wedge in the Security Council between the Americans, British and French on one side and the Russians and Chinese on the other.

Iran Sanctions Could Fracture Coalition (NYT)

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By Helene Cooper

The New York Times, August 23, 2006

WASHINGTON, Aug. 22 — It was always going to be tough for Secretary of State Condoleezza Rice to hold together her fragile coalition of world powers trying to rein in Iran's nuclear ambitions. The Israel-Hezbollah war in Lebanon has made that job harder.

While Iran's official response to the package of carrots from the United States, Britain, France, Germany, Russia and China was, at 21 pages, voluminous, the key point is that Iran's leaders did not agree to suspend enrichment of uranium, the central demand of the coalition.

Now the question is whether Ms. Rice, who returned from vacation this week and was studying Iran's response, can keep the coalition together to take out their sticks against Iran.

That will not be easy, in part because the entire United Nations Security Council is supposed to vote on the sanctions package. While only the permanent members can veto, the rising fear, particularly among European diplomats, is that smaller countries on the Council are so angry over how the United States, and now France, have handled the Lebanon crisis that they will give Russia and China political cover to balk against imposing tough sanctions.

While France, for instance, has been almost as insistent on a tough stance against Iran's nuclear program as the United States, France has also in recent days alienated many members of the Security Council by offering only 200 troops to a peacekeeping effort in Lebanon.

"The Lebanese situation has caused a lot of bad faith and I think that will play into this," said one European diplomat, who spoke on condition of anonymity under normal diplomatic rules.

Getting the group to punish Tehran was always going to be difficult. Russia and China have deep economic interests in Iran and dislike the blunt instrument of sanctions. And the West must tread carefully because any sanctions levied in the place that could actually hurt Iran — its energy sector — would ratchet up already high global oil prices and end up harming the West.

That was the tough road Ms. Rice faced even before the Lebanon crisis began. Now, "Lebanon has proven that there's no military solution to the problem in the Middle East," said Trita Parsi, the Iranian-born author of "Treacherous Triangle: The Secret Dealings of Israel, Iran and the United States," which Yale University Press plans to publish next year.

While there is no talk among the world powers right now about hitting Iran militarily, European diplomats in particular said they worried about a downward spiral if the sanctions did not work. "They've been dragged into three wars over there by the U.S.," Mr. Parsi said, referring to Iraq, Afghanistan and Lebanon. "They don't want a fourth."

Bush administration officials have said Ms. Rice received assurances in June that Russia would, at a minimum, sign on to a first phase of weak sanctions if Iran refused to suspend uranium enrichment. Those sanctions would most likely include a ban on travel by Iranian officials and curbs on imports of nuclear-related technology.

United States officials have worked hard to portray their coalition as united, and disputed suggestions that the group could fracture. "Will there be some slippage? Sure," one senior Bush administration official said, speaking on condition that he not be identified because he was not authorized to talk publicly. But, he said, "I don't think there's any question that there will be a resolution on sanctions."

But the initial sanctions will undoubtedly be too weak to be effective, said some diplomats, who also predicted trouble if the United States tried to prod Russia and China to take aim at Iran's energy sector. Iran sits on some of the largest known oil reserves, but is forced to import more than 40 percent of its gasoline because it does not have the refinery capacity it needs.

What is more, China and Russia both have energy companies invested in Iran, and they, along with European countries, would likely think hard before agreeing to prohibit the purchase of Iranian oil or to limit investment in Iran's petroleum industry.

And if Iran has indeed held out the possibility of having talks about suspending uranium enrichment, as some reports indicated, that could further fracture the coalition.

The United States, Britain, France and Germany planned to meet Wednesday to discuss the Iranian proposal and the prospect of drawing up a sanctions resolution. But it is notable that the meeting will not include Russia and China.

Meanwhile, smaller Council members are suffering from enforcement fatigue, analysts said, made worse by the specter of figuring out how to implement the Council's resolution calling for a cease-fire between Hezbollah and Israel in Lebanon and the

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eventual disarming of Hezbollah. Iran has emerged stronger from the Lebanon crisis by showing the world that it is capable of wreaking havoc through its support of the Hezbollah militants.

"Lebanon makes this worse because it creates an environment where the Iranians can say, 'If you push us, we can cause real trouble and heartache for you,' " said George Perkovich, director for nonproliferation at the Carnegie Endowment for International Peace in Washington.

The Iraq war has demonstrated the peril of going after strong regimes, and Israel's failure to destroy Hezbollah "erased any doubt people had about what happens when you get real tough with bad actors," he said.

Going after Iran when Iraq, Afghanistan and Lebanon all remain unresolved would be an enforcement challenge for world leaders, he said.

Iranian Forces Seize Romanian Oil Rig (FT)

By Alex Barker

Financial Times, August 23, 2006

Iranian armed forces attacked and forcibly seized a Romanian-owned oil rig operating in the Gulf on Tuesday, after a contractual dispute with its owners.

Grup Servicii Petroliere (GSP), an oil services group, said its Orizont rig had come under fire from a gunboat on Tuesday morning, after the crew refused to allow officials from a subsidiary of the Iranian state oil company on board.

The incident, which led to a minor diplomatic dispute between the two countries, marks a violent turn in a contractual wrangle between the Romanian group and a subcontractor.

The gunfire is understood to have damaged a crane on board as well as strafing the legs of the rig and accommodation areas for staff.

None of the 26-strong crew, including 19 Romanian and seven Indian nationals, was injured. The rig was on Tuesday under guard by an Iranian naval vessel, although the Iranian soldiers had left.

"It is totally crazy," Gabriel Comanescu, president of GSP, a private company that owns six rigs, told the Financial Times. "The Iranians took my men hostage. This must be the first- ever rig to be occupied by force in peacetime."

Mr Comanescu said he was in touch with staff on board until armed men in camouflage – who scaled the legs of the rig – cut off communications. He was able to speak to his staff again in the late afternoon.

It is unclear who ordered the operation to seize the rig.

Hamid-Reza Asefi, Iran's foreign ministry spokesman, declined to comment on yesterday's incident. But Iran's Revolutionary Guards, a key element of Iran's armed forces, have substantial involvement in the country's energy sector.

GSP has been in a contractual dispute with Oriental Oil Kish, a private Dubai-based drilling contractor that had leased its rigs to drill wells for Petroiran Development Company, a unit of Iran's state-owned oil company.

The board of Oriental includes senior Iranian political and military figures, who are believed still to include Cyrus Nasseri, a veteran diplomat who played a leading role in negotiations with Europe over Iran's nuclear programme. Oriental has been the target of a corruption investigation in Iran.

GSP says it terminated its contract with Oriental after the group fell behind with payments and after doubts about the legal basis of its contract came to light.

Last week the Romanian company towed the Fortuna, its second rig in Iranian waters, to the United Arab Emirates.

GSP says it had permission to do so but Iranian oil industry officials later claimed GSP had "hijacked" the rig and they demanded its return.

In spite of high demand for offshore drilling rigs in Iran to exploit its oil and gas resources, few international operators choose to lease their rigs there. The Orizont, which was moored near the island of Kish, was one of only four foreign-owned rigs operating in Iran.

It emerged last year that Oriental had had business dealings with a subsidiary of Halliburton, the US oil services group.

Additional reporting by Gareth Smyth in Tehran

Italy Offers Thousands Of Troops For Lebanon (NYT)

DOJ_NMG_0052179

By Warren Hoge

The New York Times, August 23, 2006

UNITED NATIONS, Aug. 22 — Italy said Tuesday that it would contribute 2,000 to 3,000 troops as the lead nation in the peacekeeping force in Lebanon, and, at Rome's initiative, European foreign ministers are to meet Friday in Brussels with Secretary General Kofi Annan of the United Nations.

"The meeting is to coordinate which member states are sending troops and how many, and to talk about the mandate," said Susanna Parkkonen, spokeswoman for the Foreign Ministry of Finland, which holds the rotating presidency of the European Union.

Concern had been mounting over the disappointing responses to the call for troops from France, co-author with the United States of the resolution setting up the force, and other European nations whose military heft the United Nations says is needed to make the mission credible.

Massimo D'Alema, the Italian foreign minister, said Tuesday that Rome was conditioning its commitment on a promise that Israel would not violate the cease-fire. His reference was to a commando raid on Saturday by Israel in the Bekaa Valley in Lebanon that Israel says was aimed at blocking weapons deliveries to Hezbollah but which the United Nations has called a violation.

"From Israel, we expect a renewed effort, this time truly binding, to respect the cease-fire," he told the newspaper La Repubblica.

Israel had originally proposed Italy as a substitute for France as the primary contributor to the force, and Mr. D'Alema has scheduled a meeting in Rome on Thursday with his Israeli counterpart, Tzipi Livni.

The United Nations believes it has commitments from Belgium, Spain, Finland and a contingent drawn from Denmark, Norway and Sweden. Still seeking clarification of its role, officials say, is Turkey, considered very desirable because it is a militarily strong Muslim nation that recognizes Israel.

There appeared to be disagreement between Israel and the United Nations over whether troops from nations with no relations with Israel would be permitted to serve. Israel has protested the inclusion of two such countries, Indonesia and Malaysia, which made early commitments to join.

Stéphane Dujarric, Mr. Annan's spokesman, said Tuesday that it was possible that countries with no formal ties to Israel or Lebanon could end up providing troops. "The important thing," he said, "is to have a force that has political and military legitimacy for all sides, which is truly an international force."

...

President Bashar al-Assad of Syria denounced plans to station foreign troops on his country's border with Lebanon to enforce the resolution's ban on the import of unauthorized arms into Lebanon. Syria is widely believed to be the transit point for Iranian and Syrian weapons going to Hezbollah.

U.N. Draft Rules Of Engagement Detailed (AP-Y)

By Edith M. Lederer, Associated Press Writer

AP, August 23, 2006

Proposed rules of engagement for an expanded U.N. force in southern Lebanon would allow troops to open fire in self-defense, protect civilians and back up the Lebanese army in preventing foreign forces or arms from crossing the border, according to a U.N. document obtained Tuesday.

The 20-page draft was circulated to potential troop-contributing countries last week by the U.N. Department of Peacekeeping Operations, which is trying to get an additional 3,500 troops on the ground by the end of next week to strengthen the 2,000 overstretched U.N. peacekeepers already there.

The rules of engagement for the expanded force — which is authorized to grow to 15,000 — have held back some potential troop contributors because of concerns that their soldiers would be required to disarm Hezbollah, which has controlled southern Lebanon.

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Some countries have also been concerned that the rules would be overly restrictive, all but preventing commanders from making quick decisions — including using force if needed.

While remaining "predominantly defensive in nature," the draft rules allow for the use of "deadly force" and offensive action, if necessary, to ensure implementation of the Aug. 11 U.N. resolution that led to the fragile cessation of hostilities between Israel and Hezbollah fighters after a brutal 34-day war.

Although there is no authorization in the Security Council mandate or the rules of engagement to disarm Hezbollah, the rules are sufficiently robust to put the U.N. potentially in conflict with armed groups violating the cease-fire or the arms embargo — including Hezbollah. The rules would also give the U.N. commander on the ground wide-ranging authority to react.

Olmert: Blockade Ends When Force Lands (AP)

AP, August 23, 2006

Prime Minister Ehud Olmert told a visiting U.N. envoy Tuesday that Israel will lift its air and sea blockade of Lebanon once an international peacekeeping force is deployed along Lebanon's borders.

He laid down the Israeli position during talks with U.N. envoy Terje Roed-Larsen, who told the prime minister that Secretary-General Kofi Annan will visit the region next week.

"Olmert said deploying the force at border crossings to Syria and at the airport will allow the lifting of Israel's sea and air blockade and contribute to the implementation" of the U.N.-brokered cease-fire agreement, according to a statement issued by the prime minister's office.

Amnesty Urges UN To Probe Israel Strategy (FT)

By Neil MacDonald

Financial Times, August 23, 2006

Amnesty International says attacks on civilian targets by Israeli military forces during the recently ended fighting in Lebanon look like deliberate war crimes.

In a report released on Wednesday, the London-based human rights organisation argues that the destruction of Lebanese homes and basic infrastructure “was an integral part of the military strategy”.

Noting violations by both sides, Amnesty says it has asked the United Nations to open a “comprehensive, independent and impartial inquiry” about the 34-day war between Israel and the Lebanese-based Hizbollah militia.

The losses inflicted by Israeli forces were not just “collateral damage” under the accepted rules of war, according to Amnesty.

More than 7,000 air force attacks and 2,500 naval bombardments “particularly concentrated on civilian areas”, the report says. Israeli officials, while acknowledging Lebanese civilian losses, have placed the blame on Hizbollah for allegedly hiding weapons among the population.

The majority of the 1,183 Lebanese fatalities were non-combatants, and around a third were reportedly children. Israel lost 118 soldiers, but also 43 civilians, with Hizbollah firing rockets across the border daily throughout the war. Another 970,000 Lebanese were displaced by the war, relief workers say.

While Israel has started investigations into some of the possible violations by its forces, the Lebanese government is yet to look into actions by Hizbollah that also break international humanitarian law, the Amnesty report says.

Along with destroying thousands of homes in mainly Shia Muslim parts of the country, the Israeli military destroyed some 80 bridges around the country. Amnesty also criticised attacks on fuel and water storage sites with no obvious military value.

The head of the research team that prepared the report, Donatella Rovera, says the main difference between Israel’s and Hizbollah’s violations is the “issue of scale”.

Every bombardment by Hizbollah against Israel was indisriminate and therefore unlawful, Ms Rovera said, regardless of the technological limitations of the militia’s old-fashioned Katyusha rockets.

But she also countered Israeli claims about “responding to the source of fire,” which is legal. “This doesn’t mean send a hell of a lot of stuff vaguely in that direction,” she said.

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Israel has meanwhile maintained a blockade on Lebanon to prevent Hizbollah from re-arming. Commercial flights have partly resumed, but only through Amman, Jordan. Direct flights from anywhere else must stop to be searched in Amman, airline officials said.

Tarrad Hamadeh, a Hizbollah member and Lebanese labour minister, urged airlines and shipping companies to break the blockade.

The cabinet is considering measures for Lebanon "to rid itself of the siege," he said on al-Manar, the Hizbollah television station, on Tuesday.

Israeli forces reportedly killed three Hizbollah fighters in an exchange of gunfire in southern Lebanon on Monday night, although the UN-brokered ceasefire continued to hold.

Israel's defence ministry said on Tuesday it had suspended a review of military performance in the war, which ended with Hizbollah's fighting capacity still, apparently, intact. The government may however still launch a broader inquiry, officials said.

Lebanese See Scant Hope In Peacekeepers (AP)

By Todd Pitman, Associated Press Writer

AP, August 23, 2006

When Israeli airstrikes and artillery pounded the rocky hills around this Mediterranean village last month, U.N. peacekeepers could do little but watch helplessly.

Now the world is looking to a soon-to-be expanded U.N. force to help the Lebanese army secure a fragile cease-fire between Israeli forces and Hezbollah guerrillas, but few here are counting on the U.N.'s blue-helmets to stop another round of war.

"They've been here for decades and they've never managed to stop the fighting. All they do is drink, eat and watch — that's it," 42-year-old Naqoura resident Ali Youssef said of the United Nations Interim Force in Lebanon, known as UNIFIL.

Created 28 years ago to oversee the withdrawal of Israeli forces after a 1978 invasion and help the government restore its authority to that region, UNIFIL has had a ringside seat to repeated border skirmishes and two more Israeli invasions — one in 1982 that left the force behind Israeli lines for years and a second last month after Hezbollah snatched two Israeli troops. UNIFIL's mission largely is devoted to monitoring and reporting violations of the Blue Line, the U.N.-demarcated border.

Under a U.N. Security Council resolution that ended the latest round of fighting, the 2,000-strong force is to be increased to 15,000 troops. They will deploy with an equal number of Lebanese soldiers across the south as Israeli troops withdraw — leaving behind Hezbollah guerrillas who have blended back among a civilian population and who still have stocks of hidden arms and rockets.

The Israeli and Lebanese governments have urged the U.N. to deploy the peacekeepers quickly, and many see their presence as the best hope to keep the two sides apart. But the expanded force has been slow to materialize since the Aug. 14 truce, and few countries have offered troops.

The first reinforcements arrived at a beach in Naqoura this weekend. As gray landing craft pulled up on the sand and French helicopters circled overhead, 49 French peacekeepers rolled out on armored personnel carriers wearing light blue helmets and blue U.N. armored vests over green camouflage uniforms. Some 150 more are expected this week — far short of the thousands many hoped France was going to provide.

"These are very small numbers," said Souhad Espiridon, a resident of nearby Tyre. "It doesn't look like anybody is coming and it's making us nervous. More peacekeepers would help."

Though UNIFIL troops carry out humanitarian missions and protect civilians when they can, their primary role has traditionally been that of a neutral observer force, one U.N. Secretary-General Kofi Annan has called his "eyes and ears" on the ground in south Lebanon.

In times of conflict, however, civilians inevitably count on peacekeepers to do more.

Two weeks into the latest war, as bombs exploded in the hills around them, hundreds of terrified Naqoura residents — mostly women, children and elderly men — converged on UNIFIL's headquarters in the town seeking refuge from the war.

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U.N. troops refused to let them into their sprawling seaside compound topped by barbed wire, so the frantic crowd used their bare hands to break down a side door and poured inside.

Peacekeepers offered to let them camp outside the compound with a U.N. flag raised overhead, but few thought that would be safe. They were given water and a little food and allowed to sleep in the open on a tennis court.

But "they made it clear we could not stay," said 38-year-old pharmacist Ibrahim Mouslimani, who like Youssef was among the fearful crowd. "It was a struggle. We felt they were against us."

U.N. troops eventually persuaded the group to leave, escorting some the next day in their own vehicles north along the coast to Tyre, which also was under Israeli bombardment. The U.N. organized buses for the rest the following day.

In Tyre, they left behind a bitter group of displaced people, most of whom have now returned to Naqoura.

"I don't feel safe with these people around," Mouslimani said of the peacekeepers. "If more come, nothing will change. It's not a question of quantity. The question is what job will they do here."

Many countries considering troop contributions want the force's rules of engagement spelled out precisely before they do.

The proposed rules of engagement would allow troops to open fire in self-defense, protect civilians and back up the Lebanese army in preventing foreign forces or arms from crossing the border, according to a U.N. document obtained Tuesday.

Youssef, the Naqoura resident, said peacekeepers would be "welcome — as long as they don't try to disarm Hezbollah."

Weak UN Mandate Stalls Lebanon Peacekeepers (CSM)

By Susan Sachs

The Christian Science Monitor, August 23, 2006

PARIS

Smugglers, armed clans, hidden weapons, interfering neighbors, and enemy combatants with their fingers on their triggers. That is the landscape in Lebanon, and those are some of the reasons why it is proving so difficult to get a beefed-up United Nations peacekeeping force on the ground in south Lebanon.

The UN and the United States have called on Europe to rush troops to Lebanon to enforce the week-old cease-fire between Israel and Hizbullah fighters. But European leaders are hesitating, saying they don't want to send their soldiers into such a treacherous situation unless their mission and means are more clearly defined.

"If the mandate isn't clear, it won't work," says Jean Vincent Brisset, a French Army general and analyst with the Institute for International Relations in Paris. "Obviously in this case, it's not clear."

Although Italy has now offered to lead the force and President Bush said on Monday that its rules of engagement would eventually have to be clarified, little is expected to change on the ground until European Union foreign ministers hold consultations later this week.

Italian Prime Minister Romano Prodi, who said he is willing to commit up to 3,000 soldiers, has called for a meeting of the EU's security councilby Friday. EU foreign ministers were also scheduled to meet in Brussels on Wednesday to discuss the UN's request for troops.

The UN cease-fire resolution adopted earlier this month calls for up to 15,000 multinational troops to fortify UNIFIL, the existing UN observer force that has operated in Lebanon for the past 28 years. The new force would assist the Lebanese Army in taking control of south Lebanon where Hizbullah has ruled for years.

Because of opposition from the Lebanese government, which includes Hizbullah cabinet ministers, the resolution did not give the force broad rules of engagement that would have allowed peacekeepers to take offensive action.

France was widely expected to take the lead in reinforcing UNIFIL, which is now led by a French general. But it refused, citing the limited authority for the force. In an interview last week, Defense Minister Michèle Alliot-Marie explained the decision by saying, "You cannot send out men and tell them that they should watch what's happening but that they have no right to defend themselves or fire."

Draft rules of engagement for the force have been circulating at the UN. According to the French newspaper Le Monde, which said Tuesday that it obtained a version distributed last Friday, the UN force was defined as a defensive mission but could use "appropriate" and "proportional" force to protect itself and civilians under threat.

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Other European countries, including Italy, have echoed the French concerns, saying the mandate has to be broadened so that the UN force has a clear agenda.

"The problem is, what should the force do?" says General Brisset. "If the Lebanese have a problem disarming Hizbullah, will this force come out and fire on Hizbullah? And if the Israelis send in commandos to assassinate Hizbullah leaders, does the force sit there and let it happen?"

Such concerns are valid, according to a former UNIFIL official. "The whole thing missing in this debate is a sense of realism," says Timor Goksel, the former UNIFIL spokesman who worked with the force for 24 years. "It's mind-boggling how naive this plan is."

As the new peacekeeping force is now defined, he says, it depends on the willingness of a weak Lebanese government and an untested Lebanese Army. Smugglers have also crisscrossed the borders for centuries and Hizbullah has strong links in the villages and clans of south Lebanon.

"What is an international force going to do in this environment?" says Mr. Goksel, now a professor at the American University in Beirut.

"Do you take on the families that have been smuggling for 200 years?" he asks. "The UNIFIL forces were allowed to fire in self-defense, but most countries never even wanted to do that. You can't sustain it because you'd be taking on the local people and then you become part of the problem, not the solution"

The European Union meetings this week - aimed at reaching a consensus on what members need to see in the forthcoming UN rules of engagement - are expected to hash out questions like those, as well as concerns over command of any European forces that might ultimately be deployed in Lebanon.

"The EU will try to arrive at a joint understanding of what this conflict is about, what the logical next step should be, and the responsibilities of all the parties involved," says Henning Riecke, an analyst with the German Council on Foreign Relations. "The point is that although the UN resolution is written, it contains a number of contradictions and a lot of details have to be worked out first."

The EU, he says, could end up simply taking on the role of coordinator for humanitarian aid and reconstruction.

France has had 200 soldiers working with UNIFIL and this week sent an additional 200 to join them. It also has about 1,700 troops in the area who were involved in the evacuation of French nationals during the war.

Those troops are now under French command, and experts here say France is unlikely to agree that they come under UN military control. One formula that might ease such concerns has been used in the Congo, where European soldiers are part of a larger UN force but remain under European command.

Germany is generally willing to send troops to Lebanon. But it also has many questions, including concerns about how an international force would have to deal with Israel, says Mr. Riecke.

"Sending troops to the Middle East is in German interests because we have the existence and security of the Israeli state at the top of our foreign policy agenda," he says. "But there are questions about what Israel is allowed to do. It can take defensive actions, for example, but what does that really mean? The whole war has been a defensive action."

Even Italy, with its offer to lead the force and send troops, appeared to have doubts.

Italian Foreign Minister Massimo D'Alema, in an interview with La Repubblica newspaper published Tuesday, noted that Israeli troops had fired on Hizbullah fighters after the cease-fire went into effect. He warned that no Italian troops would be dispatched if Israel "keeps shooting."

Relief Agencies Find Hezbollah Hard To Avoid (NYT)

By Robert F. Worth And Hassan M. Fattah

The New York Times, August 23, 2006

KHIAM, Lebanon, Aug. 22 — When Mercy Corps and other Western aid agencies reached this devastated village on the front line of the battle between Israel and Hezbollah with food and medicine, they quickly discovered they had a big problem: the United States.

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Like all other international relief agencies here that receive financing from the American government, Mercy Corps is barred from giving out money or aid through Hezbollah, the Shiite militant group that is considered a terrorist organization by the United States. But as with all the most demolished areas in southern Lebanon, where whole villages have been flattened by Israeli bombs and there is no food, water or electricity, this village is the domain of Hezbollah — and little seems to bypass the group.

That fact is nettlesome for the United States, not merely because it does not want Hezbollah to be strengthened even further after its war with Israel, but because it is eager to find and support a viable alternative to the militant group.

That will not be easy. Hezbollah has been the fastest and, without a doubt, most effective organization doling out aid to the shattered towns and villages of southern Lebanon. Aid groups like Mercy Corps — which generally work through local intermediaries — have sometimes struggled to find other ways of helping, and even then, they cannot be sure their aid is not going through Hezbollah.

"You can make a separation between what we do and Hezbollah," said Khiam's deputy mayor, Muhammed Abdullah, 45, who is organizing the local efforts, including donations of food and water from Mercy. "But of course there is coordination."

On Mr. Abdullah's desk is a paperweight with the logo of "Construction Jihad," Hezbollah's building company, and in his anteroom are two posters of Sheik Hassan Nasrallah, the Hezbollah leader.

Some villagers here say Hezbollah's involvement is even less subtle.

"Unicef has been here, and Mercy Corps and other groups," said Ahmad Zogby, 39, whose house was destroyed, along with that of his parents. "But everything coming in, Hezbollah puts an eye on it, makes sure it is all given out in the proper way. It is all in the hands of Hezbollah."

Though Hezbollah is only one of many groups providing social services in Lebanon, its reputation for delivering those services honestly is unmatched, making it that much harder to circumvent. In nearby Nabatiye, for instance, Mercy Corps has begun working through the Jabbar Foundation, a nonprofit group run by Yaseen Jabbar, a wealthy member of Parliament.

But the mayor of Nabatiye, Mustapha Badreddine, 55, says he considers the foundation ineffective. For his own part, Mr. Badreddine says he does not belong to Hezbollah, but that he works with it because it is trustworthy, far more so than any other group in the area.

"You can't say this money or aid is going to Hezbollah or not going to Hezbollah," he said. "It is a matter of normal human contact."

David Holdridge, Mercy Corps's emergency coordinator for Lebanon, said he believed that the Jabbar Foundation has done excellent work, and noted that it has received money from Unicef, the State Department and other groups.

Mr. Holdridge also said the power of Hezbollah in Lebanese communities puts outside aid groups in a difficult position. The American government has not yet clarified its rules on giving aid and money in Lebanon, though more guidance is expected soon, he said.

At a briefing on Tuesday, William J. Garvelink, an official at the United States Agency for International Development, said the agency was waiting on proposals from aid groups involved in the area. He did not directly address the issue of conflicts in distributing aid.

For now, aid groups are forced to make difficult choices about how to work here, and with whom.

"We clearly cannot and would not have any contact with Hezbollah's military wing, or its social services arm," Mr. Holdridge said. "But can we work with people elected under its political banner? That is a gray area."

Other international nonprofit groups receiving American government money are in a similar situation. "I think there are enough organizations and enough need here that it shouldn't be a problem," said Dr. Jeffrey Goodman, a medical adviser to the International Medical Corps, which gets some financing from A.I.D. "But there's no question it's a tricky situation."

Aid groups have faced similar issues before — most notably in Gaza, where they are still awaiting a full definition of what "no contact" with terrorist organizations means, Mr. Holdridge said. The issue also arose in Darfur, where the Sudanese government is accused of helping to carry out the mass killings and displacement of civilians.

As an example of Hezbollah's hold on everyday life in southern Lebanon, Ali Bazzi, the mayor of Bint Jbail, outlined his big dreams for his half-demolished town as workmen raced past and tractors rumbled.

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"We are going to turn this city into a model city," Mr. Bazzi said, his arm clutching a trademark Hezbollah two-way radio. "There will be streets organized in grids, parks in every neighborhood and apartment blocks."

Bint Jbail, the main Hezbollah stronghold in southern Lebanon, saw some of the worst bombing and fighting during the monthlong war, in which Hezbollah, which is integrated with the general population, was Israel's target. But Mr. Bazzi intends to complete the reconstruction without using a single cent from the Lebanese government, much less the United States or the West.

Instead, Mr. Bazzi is counting on Construction Jihad. Just a day after the fighting stopped, Construction Jihad enlisted the volunteer services of 1,700 engineers, electricians, plumbers, architects and geologists who have cleared streets, dug ditches and built temporary bridges.

While the government of Prime Minister Fouad Siniora has just begun organizing committees to study the reconstruction of the country, Construction Jihad has all but completed surveys of southern Lebanese towns.

"We were victorious over Israel," said Mr. Bazzi. "Now we have to rise to the occasion that follows."

Teams of volunteers wearing Construction Jihad baseball caps have crisscrossed Bint Jbail and other southern cities. On Monday, the organization began signing up families for grants of between $10,000 and $15,000 to help cover rent and furnishings until new homes are built, and began helping small businesses reopen. They have worked to help restore electricity in many towns and to get water flowing again.

"We consider this work to be like prayer and fasting," said Fouad Noureldine, director of projects in southern Lebanon for Construction Jihad.

Some of the organization's volunteers in Bint Jbail said Construction Jihad was in control of billions of dollars for the reconstruction, but Mr. Noureldine would not give a figure. He did say that much of the organization's money has come from wealthy Lebanese donors in Africa, Latin America and the United States, though Iran is widely believed to have contributed a significant amount.

"We will not wait for the government to do anything down here; we will do it all ourselves while they are still just talking," Mr. Noureldine said. "In fact, we're happy the government is late to do anything. They are trying to divide the resistance and the people. The longer they wait to deliver any services, the more they will fail."

Mr. Noureldine also dismissed the Bush administration's pledge of $230 million in reconstruction aid. "If they were to give us all the money in the world, we would not take it," Mr. Noureldine said. "They will not be able to buy our hearts. We are receiving billions now through our traditional channels. We don't need American money."

Israel Shelves Plan To Pull Out Of Settlements In West Bank (WP)

By Doug Struck

The Washington Post, August 23, 2006

JERUSALEM, Aug. 22 -- The Israeli government's plan to dismantle some Jewish settlements in the West Bank and redraw the country's borders is being shelved at least temporarily, a casualty of the war in Lebanon, government officials said.

The plan, which propelled Prime Minister Ehud Olmert to victory in March elections and was warmly endorsed by President Bush as a way of solving Israel's conflict with the Palestinians, is no longer a top priority, Olmert told his ministers last weekend, according to one of his advisers.

Instead, the government must spend its money and efforts in northern Israel to repair the damage from the war and strengthen the area in case fighting breaks out again, Olmert said.

"I've decided to invest most of my energy and the government's energy in rehabilitating the north," Olmert said Monday in the northern community of Kiryat Shemona.

"This is a national new priority. It takes precedence for the moment over realignment" of the settlements, Miri Eisin, an adviser to Olmert, said Tuesday. "At the moment there will be no withdrawal."

Even without the financial considerations, the plan for unilateral withdrawal from some settlements is dead, other political figures and analysts said. The seizure of Israeli soldiers and the renewed fighting in the Gaza Strip -- from which Israel withdrew

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last year -- and in southern Lebanon -- from which Israel withdrew in 2000 -- have left the Israeli public with little appetite for additional pullouts.

"It's not operative or realistically possible today," said Dan Schueftan, deputy director of national security studies at the University of Haifa and a proponent of the plan. But he predicted that "inevitably, we will have to come back to it."

Olmert's plan could have required the removal of about 70,000 of the estimated 250,000 West Bank settlers. The exact lines of the proposal were never made public, however, and some in his government talked of evacuating fewer settlers.

Now, "it's not relevant. It's not the right time to discuss the matter," the minister of immigrant absorption, Zeev Boim, a close Olmert associate, said through an aide Tuesday.

The plan has been at the center of political debate in Israel since last August, when then-Prime Minister Ariel Sharon dismantled Jewish settlements in Gaza and pulled out the Israeli troops guarding them. Olmert, who became acting prime minister when Sharon suffered a debilitating stroke in December, won the elections in March and formed a government on the promise to extend the withdrawal to outlying Jewish settlements in the West Bank. He promised that if there was no agreement from the Palestinians, Israel would unilaterally set its own borders around the remaining settlements.

Olmert sought endorsement for the plan during trips to London and Washington, where Bush embraced it as filled with "bold ideas." As recently as 10 days ago, Bush asked Olmert in a phone conversation, "What about that plan you presented to me?" Israel's Haaretz newspaper reported.

But low-scale clashes with Palestinians inside the Gaza Strip intensified this year, and on June 25 an Israeli soldier was seized at an army border outpost by Palestinians who tunneled across from Gaza. Seventeen days later, two more Israeli soldiers were taken by Hezbollah militia fighters on the Lebanon border, and Israel found itself fighting on two fronts.

Critics said the attacks from southern Lebanon and Gaza showed it was folly to have abandoned those areas without a deal to ensure some authority remained there to curb attacks.

"I think that it is clear to everyone that the unilateral disengagement is a mistake," said Eli Yishai, minister of industry, trade and labor in Olmert's cabinet. "It's wrong to give up land unilaterally. It's clear to everyone that now it's canceled."

Scrapping the withdrawal plan brought mixed reaction from both sides of the long-running settlement controversy. Dror Etkes, director of the Peace Now Settlement Watch, said the government's plan for some withdrawals was better than no withdrawal. But "the reason they wanted to do it unilaterally is that they wanted to pay less" in terms of land, he said. "What they are willing to pay is something that not a single Palestinian was ready to buy."

Eventually, Etkes said, Israel will have to negotiate with the Palestinians. He said that process would inevitably result in removing far more settlements than Olmert's government proposed. "Every day that passes, Israel is intensifying the dilemma," Etkes said.

Avraham Diskin, a political scientist at Hebrew University in Jerusalem and a supporter of unilateral withdrawal, said the Gaza pullout was done "only with the stick and no carrots" and should have been accompanied by aid to the Palestinians.

"Unfortunately, there is not much room for negotiation right now," he said. "There's too much conflict."

Israeli Police Investigating Sex Case Take Items From President's Home (NYT)

By Greg Myre

The New York Times, August 23, 2006

JERUSALEM, Aug. 22 — The Israeli police have confiscated a computer and documents from the official residence of President Moshe Katsav and plan to question him as part of an investigation into sexual harassment accusations, the police said Tuesday.

Mr. Katsav's position is largely ceremonial, and any legal proceedings against him would not directly threaten the government of Prime Minister Ehud Olmert.

But the case comes at a time when several senior government figures have been involved in legal or political controversies. In addition, many Israelis have been sharply critical of the country's political and military leadership over the handling of the recent fighting in Lebanon.

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The case involving Mr. Katsav surfaced almost two months ago when a woman who previously worked for him told an Israeli newspaper that he had sexually harassed her. Later, a second woman made similar allegations. Neither woman has been identified.

Mr. Katsav wrote to the attorney general, saying one of the women had demanded money from him before she made her accusation publicly.

The attorney general, Menachem Mazuz, ordered an investigation last month, but the case was overshadowed by the fighting between Israel and Hezbollah.

The police said they entered the president's official residence on Monday night, taking the computer and documents. The authorities are searching for communications between Mr. Katsav and his accusers, according to Israel radio.

Police investigators will return to Mr. Katsav's residence on Wednesday to question him, according to a police spokesman, Micky Rosenfeld.

Mr. Katsav has denied any wrongdoing, and his office said Tuesday that he was fully cooperating with the investigation.

No charges have been filed, but if they are, Mr. Katsav is expected to resign.

Israel's justice minister, Haim Ramon, resigned Sunday after he was charged with forcibly kissing a female soldier last month.

In other recent controversies, the state comptroller has been investigating the circumstances surrounding Mr. Olmert's sale of his Jerusalem home two years ago, and the purchase of a new one nearby. Critics contend that he received an above-market price for the sale of his old home and that he paid below the market rate for his new one.

Also, the army's chief of staff, Lt. Gen. Dan Halutz, has faced a storm of criticism after a newspaper disclosed that he spoke to his bank and sold mutual fund shares several hours after Hezbollah staged its cross-border raid on July 12, precipitating the fighting in Lebanon.

Mr. Katsav was appointed to his post in 2000, after his predecessor, Ezer Weizman, resigned amid a corruption scandal. Mr. Weizman quit after it was disclosed that during the 1980's, when he was a member of parliament and a government minister, he received hundreds of thousands of dollars from a French businessman with interests in Israel.

In other developments Tuesday, an Israeli military court in the West Bank charged the speaker of the Palestinian parliament, Aziz Dweik, a Hamas member, with belonging to an illegal organization, The Associated Press reported.

Israel considers Hamas a terrorist organization, and membership in the group is banned under Israeli law.

Pyongyang Claims Right To Attack U.S. (WT)

By Andrew Salmon

The Washington Times, August 23, 2006

SEOUL -- North Korea said yesterday it reserves the right to make a "pre-emptive" attack on U.S. and South Korean targets, a chilling reminder of threats by Pyongyang a decade ago to turn Seoul into a "sea of fire."

North Korea, which says it has nuclear weapons, also called the annual U.S.-South Korea "Ulchi Focus Lens" exercise "an undisguised military threat" and a "war action."

In a statement carried by Pyongyang's official Korean Central News Agency, the North Korean military said it "reserves the right to undertake a pre-emptive action for self-defense against the enemy at a crucial time it deems necessary to defend itself."

North Korea is known for its rhetorical blasts. The most notable came during a 1994 crisis over North Korean attempts to make nuclear bombs, in which a senior official threatened to turn Seoul into a "sea of fire."

The U.S.-South Korean war games began Monday.

United States Forces Korea says the exercise is a "command-post exercise," using computer simulation as well as troops on the ground. It involves 17,000 personnel.

The operational "Team Spirit" joint exercise, which fielded 200,000 troops, was last held in 1993.

Though Pyongyang habitually slams annual U.S.-South Korean military exercises, yesterday's warning ratchets up tensions at a time when Northeast Asia is jittery over North Korea.

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In July, the North conducted a series of missile tests and continues to boycott six-nation talks aimed at persuading Pyongyang to halt and dismantle its nuclear-weapons programs.

ABC News, citing U.S. officials, reported last week that the North may be preparing a nuclear test. Japanese and South Korean intelligence officials have said they have seen signs of an impending test.

Yesterday's statement by the North Korean news agency also declared the armistice that ended the 1950-1953 Korean War "null and void."

One of Pyongyang's long-standing policy aims has been the replacement of the armistice with a peace treaty.

The latter would call into question the continued presence of U.S. troops on the Korean Peninsula -- troops the North routinely claims are preparing to invade.

North Korea has sought for years to pry Seoul away from its alliance with Washington and to remove U.S. troops from the South.

"The head-in-the-sand brigade in the South will say, 'Yeah, North Korea's weapons are just pointed at U.S. bases,'" said Michael Breen, the Seoul-based author of "Kim Jong-il: North Korea's Dear Leader."

"It is significant that South Koreans are no longer united in animosity toward North Korea -- as they used to be," Mr. Breen said.

New Pakistani Terror Plot Foiled, Indian Police Say (NYT/IHT)

By Anand Giridharadas

The New York Times, August 23, 2006

MUMBAI, India, Aug. 22 — The Indian police said today that they had shot and killed a Pakistani terrorist and foiled a new terror plot by Pakistani citizens living in India.

On Monday night, acting on intelligence, the police arrested Muhammad Riyaz Nawabuddin, a 21-year-old Pakistani national. He led them within hours to his associate, Muhammad Ali, 24, who was squatting in an abandoned building in the Antop Hill neighborhood of central Mumbai, the police said.

Early today, the police raided the apartment. Mr. Ali fired at police officers through the door with an AK-47 rifle, K. P. Raghuvanshi, chief of the Mumbai police's antiterrorism squad, said in a telephone interview. The police returned fire, killing Mr. Ali.

The shooting has heightened concerns here that terrorist cells may be planning more attacks in India. The incident seems certain to further strain ties with Pakistan, which India accuses of fostering a climate of terror and providing a safe haven for terrorists to organize and train.

India has been on high alert since bombs ripped through Mumbai trains on July 11, killing more than 180 people and wounding more than 800, in the country's worst terrorist attack since 1993. Although scores of people have been detained, no one has been charged in the attacks.

The authorities have accused Lashkar-e-Taiba, a radical Pakistan-based Islamist group, and the Students Islamic Movement of India, which is banned in India, of orchestrating the bombings.

Raghuvanshi, chief of the anti-terrorism squad, said that under interrogation, Mr. Riyaz had confessed that both men were from Pakistan's Punjab Province — Mr. Riyaz from the Vehari district, and Mr. Ali from the Faisalabad district. Mr. Riyaz is said to have confessed to spending more than a year in India, having entered the country over the India-Pakistan border.

Pakistan's Foreign Office swiftly denied that the men were Pakistani.

"If all reports by the Indian police were to be believed, half the Pakistani population would be dead or in jail," Tasnim Aslam, a spokeswoman for the Foreign Office, said in a telephone interview. She added: "They routinely claim, 'We have Pakistanis.' They never provide us bodies."

The police said they had thwarted an attack that was in the planning stage.

"If nothing else, we were able to prevent something," Mr. Raghuvanshi said. "It was a new attack. They were obviously here for some specific purpose. Whether they're connected to the earlier one, we don't know."

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The police said the two men were in possession of weaponry similar to that used in the July 11 strikes. The antiterror squad found an AK-47 rifle, a 9-millimeter pistol, several rounds of ammunition, bomb detonators, timing devices and two substances thought to be the explosives RDX and ammonium nitrate, the same explosives the police believe were used in the July blasts.

The police say they found a notebook at the site allegedly containing phone numbers in Bangladesh, as well as maps of Mumbai and Maharashtra state.

"It looks like the same stuff," Parvinder Singh Pasricha, the police chief of Maharashtra state, said in a telephone interview today.

Since the investigation into the blasts last month began, a handful of suspects have been arrested, including a software engineer, an alternative-medicine doctor and a journalist. All have been Indians, some of whom have confessed to taking orders from Pakistan-based militant groups, the police say. But the raid today has uncovered what the police describe as the first piece of evidence from this investigation of Pakistani citizens operating on Indian soil.

This allegation was unlikely to please Pakistan, and comes at a time when the country is already coming under fire for the alleged involvement of Pakistanis and people of Pakistani descent in the recently foiled plot to blow up multiple jetliners over the Atlantic Ocean.

Ms. Aslam, the Pakistani spokeswoman, said Pakistan was cooperative in fighting terror and that India had failed to provide evidence in the way that other countries, most notably Britain, have done. "If India was serious about getting Pakistan's cooperation," she added, "we have made a serious offer. Do what everyone else is doing: share evidence with us. We will investigate it and take action."

Asean Aims For Single Market By 2015 (FT)

By John Burton

Financial Times, August 23, 2006

The Association of South-East Asian Nations has agreed in principle to speed efforts to create a single market by 2015, five years ahead of schedule, Ong Keng Yong, its secretary-general, said yesterday.

The agreement came at the start of an annual conference of the region's economic ministers, who will focus on achieving closer integration in response to competition from China and India.

But doubts remain over whether the goal can be achieved given the wide economic disparity and conflicting national interests among the 10 Asean members.

Even as the ministers were pledging support for a broader economic union, a dispute erupted between Malaysia and Thailand over the terms of the existing Asean Free Trade Agreement, which reduces import barriers for most manufactured goods.

Thailand said it would not cut tariffs on Malaysian cars until Malaysia ended a car import licensing system, which it has promised to phase out by 2010. Malaysia and Thailand are competing to become the region's main car manfacturing centre.

The dispute underscored the difficulties that Asean will confront in achieving the ambitious goal of creating a common market allowing the free flow of goods, services and investment.

Regional officials said foreign investments into Asean, which reached a record $38bn last year, would increase if businesses could gain access to a single market of 530m people.

"If we do not hasten the creation of that regional single market, Asean may run the risk of losing its position as an important investment destination," said Abdullah Badawi, Malaysia's prime minister, as he opened the conference in Kuala Lumpur.

Malaysia has been one of the main proponents, along with Singapore and Thailand, in pushing for an accelerated schedule for the introduction of the Asean Economic Community, previously set for 2020. The proposal must still be approved by the leaders of the Asean countries, who will meet at an annual summit in December.

The wide gap between rich and poor Asean countries could make progress difficult. While Singapore, Mal-aysia, Thailand, Indonesia, the Philippines and Brunei are seen as able to accept trade liberalisation by 2015, Vietnam, Cambodia, Burma and Laos need more time.

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Even among the rich, disputes persist about protection of strategic industries, including banking and transport. Singapore and Malaysia, the two most advanced economies, have often suffered strained relations since the dissolution of their brief union in 1965.

Malay nationalists have criticised a recent government policy allowing Temasek Holdings, the Singapore state investment company, to make investments in banking and healthcare. Singapore has refused landing rights to AirAsia, Malaysia's budget carrier.

U.N. Brokers Cease-Fire As Congo Vote Turns Violent (NYT)

By Jeffrey Gettleman And Anjan Sundaram

The New York Times, August 23, 2006

NAIROBI, Kenya, Aug. 22 — United Nations officials struck a cease-fire deal on Tuesday with warring militias in Congo after peacekeepers plunged into the fray and rescued foreign diplomats trapped by the fighting.

More than 15 people have been killed in Kinshasa, Congo's capital, since Sunday in violence that was set off by the announcement of results from the country's first free elections in more than 40 years.

Those results indicated that President Joseph Kabila failed to win a majority and would have to enter a runoff in October against Jean-Pierre Bemba, a tycoon and rebel leader accused of war crimes.

Earlier Tuesday, militias loyal to the two men hammered each other with high-powered machine guns in downtown Kinshasa as residents packed up their belongings and fled.

Though Congo has been racked by war for nearly 10 years, most of the fighting has been in the east, hundreds of miles from the slums and boulevards of Kinshasa. Foreign diplomats and others are now worried about the stability of the capital, where supporters of the various factions essentially live on top of each other.

"It's only going to get worse," said Lily Tshimpumpu, an aide to Oscar Kashala, a politician who maintains a degree of neutrality and independence. "There are so many militias here. They will blow this place up."

The fighting began Sunday afternoon, just hours before election officials announced that Mr. Kabila had won 45 percent of the vote, compared with Mr. Bemba's 20 percent.

Mr. Kabila's aides said Mr. Bemba's troops started firing in the air in an attempt to shut down the city and prevent the announcement. Mr. Bemba's aides, on the other hand, said they were attacked by the president's troops, who were upset that Mr. Bemba had pushed the election into a runoff. The first round of voting was held on July 30 and cost the United Nations and donor nations more than $450 million.

The fighting intensified Monday, with the presidential guard pounding Mr. Bemba's house with tank fire and destroying his helicopter. Again, there was a dispute about who started it, with the president's men saying Mr. Bemba's militia kidnapped two presidential guards, while Mr. Bemba's forces said President Kabila's militia was trying to assassinate Mr. Bemba. Several Western diplomats were meeting with Mr. Bemba at the time and had to be rescued from his house by United Nations peacekeepers.

"We can only assume that Kabila's troops attacked Bemba's residence to kill him," said Dully Sesanga, a spokesman for Mr. Bemba.

The fighting was mostly limited to the neighborhood where Mr. Bemba lives and continued until Tuesday afternoon, when United Nations officials called a meeting with President Kabila to establish a cease-fire. Many Congolese have accused the United Nations of favoring Mr. Kabila, and the fact that Mr. Bemba was not invited seemed only to reinforce these suspicions. But Mr. Bemba's military commanders were invited to a meeting later to iron out details of the cease-fire.

United Nations officials released a short statement Tuesday saying, "It is imperative that the confrontations cease immediately and that the two candidates for the presidential election meet urgently for the good of the democratic process."

President Kabila and Mr. Bemba are backed by large militias with a history of fighting each other. International human rights groups have accused Mr. Bemba of encouraging his men to brutalize civilians and have been trying to get Mr. Bemba indicted on war crimes.

EU Boosts Congo Peacekeeping Force (FT)

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By Dino Mahtani

Financial Times, August 23, 2006

The European Union on Tuesday reinforced its peacekeeping operation in Kinshasa as gun battles raged in the Congo capital for a third consecutive day.

The fighting is part of a growing political and security crisis in the wake of presidential poll results at the weekend. Troops loyal to President Joseph Kabila and rebel-turned-vice-president Jean Pierre Bemba battled each other in the city centre as top UN officials and diplomats struggled to mediate an end to the crisis.

The EU rapid reaction force for Congo brought in 200 soldiers from Gabon to bolster the already 1,000-strong contingent. There are also more than 17,000 United Nations troops on the ground.

Fighting started on Sunday evening hours before results were announced for the July 31 presidential polls, which saw Mr Kabila win about 45 per cent of the vote and Mr Bemba about 20 per cent. A second round run-off is scheduled for October.

Diplomats have been taken aback by the sudden outbreak in hostilities. Before the results, UN officials and diplomats privately felt a second round run-off was the best chance of maintaining stability. They had feared a first round victory for Mr Kabila would spark mass demonstrations in Kinshasa and some other parts of the country.

Other presidential candidates, including Mr Bemba, had already called the electoral process into question amid accusations of fraud.

The fighting, which on Monday saw diplomats in Kinshasa pinned down in an attack by presidential guardsmen as they met Mr Bemba, has shaken confidence in whether the run-off can take place peacefully.

The elections, Congo's first in over 40 years, have cost donor countries almost $500m (€390m, £267m) to date.

The UN peacekeepers are largely deployed in the east of the country. But the run-off between Mr Kabila and Mr Bemba may exacerbate tensions between the east and west of the country.

Security sources said some of Mr Kabila's presidential guard involved in the fighting had refused to obey the president's direct command.

U.N. Seeks Immediate Cease-fire In Congo (AP)

By Anjan Sundaram, Associated Press Writer

AP, August 23, 2006

The United Nations called for an immediate cease-fire Tuesday by rival army supporters of Congo's two presidential candidates, and three days of deadly fighting ebbed as the European Union sent reinforcements to the restive Central African nation.

At least 14 people have been reported killed in the clashes that began after officials announced President Joseph Kabila had failed to win an outright majority in Congo's first balloting in more than four decades and would face former rebel leader Jean-Pierre Bemba in a second round of voting.

Heavy gunfire rang out before dawn Tuesday and fighting raged for hours, then appeared to tail off after the United Nations, with 17,500 peacekeepers in Congo, demanded a halt to hostilities.

"The situation is calm. So far, the cease-fire is being respected," said Col. Thierry Fusalba, a spokesman of the European Union force.

At U.N. headquarters in New York, U.N. spokesman Stephane Dujarric said the U.N. peacekeeping department also reported that "relative calm has been restored in the capital."

Still, Sen. Barack Obama, D-Ill., canceled a planned visit to the east of the country at the request of the U.S. embassy.

Witnesses said Kabila's special presidential guards had withdrawn from outside Bemba's house, where the head of the U.N. mission, William Swing, and other diplomats were meeting with Bemba on Monday when fighting started outside the compound. EU and UN troops evacuated the foreign envoys.

Aides said Kabila ordered his loyalists back to their barracks and that Bemba, who is also a vice president in Kabila's national-unity government, had done the same.

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Bemba, who was in the protection of the United Nations, was not immediately available for comment. The U.N. said all Congo army troops had been ordered back to their original positions and that the international troops would begin patrolling Kinshasa's streets alongside Congo's police Tuesday night.

A Congo military official, speaking on condition of anonymity due to prohibitions on dealing with the media, said 14 people died Sunday and Monday in the clashes: seven security force personnel and seven civilians.

Congo's war-battered people denounced the fighting between the candidates' supporters in the postwar military, saying they wanted democracy over more armed struggle.

"They need to give people the voice, that is why we had elections," said Rousse Intonda, 28 and unemployed, standing in the mostly empty streets after the battle near Bemba's house. "I am not happy about this."

Fusalba said 180 German and Irish troops arrived Tuesday in Kinshasa from Gabon, joining a contingent of 50 French, Portuguese and Swedish troops who had arrived overnight with attack and transport helicopters.

About 1,000 EU troops are already in Congo, on hand to help a 17,500-strong U.N. peace force overseeing the first elections in 45 years of coups, corrupt rule and war. Fusalba said the EU troops were on standby, awaiting any call from the U.N. for help. The mandate for the EU force is not to provide general security in Congo, but to act as a rapid reaction force.

Swing, the chief of the U.N. peace mission in Congo, urged the two candidates facing off in a second round of balloting Oct. 29 to meet for talks.

"It is imperative that the fighting ends immediately and that the two candidates in the presidential election meet each other urgently for the well-being of the democratic process and above all for the Congolese population that has already suffered too much from armed conflict," Swing said.

In response, a Bemba party spokesman said no meeting had been proposed, while a top Kabila aide said the two candidates had been in constant contact. "President Kabila speaks to Vice President Bemba every day," said Kikaya bin Karubi.

Meanwhile, the European Commission, the EU's executive body, called on both candidates to refrain from further provocation and violence.

EU foreign policy chief Javier Solana called Kabila and Bemba to express his "deep concern after the unacceptable events" of the past two days, according to a statement. He urged both to run a "responsible electoral campaign centered on the concerns and hopes of the Congolese for a peaceful and stable country."

Also Tuesday, Air France and SN Brussels announced they were suspending air service to Kinshasa, with SN Brussels saying it turned back a flight Monday bound for the Congolese capital.

With 16.9 million votes cast in the July 30 balloting, Kabila won 45 percent, to 20 percent for Bemba, who is also a vice president in Kabila's transitional administration. The remainder of the vote was shared among 31 other candidates.

The elections were meant to end years of unrest that began shortly after independence from Belgium in 1960. Congo's last multiparty vote for a leader was in 1961. The winner was killed as military regimes took power.

U.N. Calls For Cease-Fire In Congo; Violence Wanes (WP/AP)

By Anjan Sundaram

The Washington Post, August 23, 2006

KINSHASA, Congo, Aug. 22 -- The United Nations called for an immediate cease-fire Tuesday by rival army supporters of Congo's two presidential candidates, and three days of deadly fighting ebbed as the European Union sent reinforcements to the restive Central African nation.

At least 14 people have been reported killed in the clashes that began after officials announced that President Joseph Kabila had failed to win an outright majority in Congo's first multiparty balloting after 45 years of coups, corrupt rule and war. He will face former rebel leader Jean-Pierre Bemba in a second round of voting.

Heavy gunfire rang out before dawn Tuesday and fighting raged for hours, then appeared to tail off after the United Nations, with 17,500 peacekeepers in Congo, demanded a halt to hostilities.

"The situation is calm. So far, the cease-fire is being respected," said Col. Thierry Fusalba, a spokesman for the E.U. force.

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Witnesses said Kabila's presidential guards had withdrawn from outside Bemba's house, where the head of the U.N. mission, William Swing, and other diplomats were meeting with Bemba on Monday when fighting started outside the compound. E.U. and U.N. troops evacuated the foreign envoys.

Aides said Kabila ordered his loyalists back to their barracks and that Bemba, who is also a vice president in Kabila's national unity government, had done the same.

Bemba, who was in the protection of the United Nations, was not immediately available for comment. The world body said that the international troops would begin patrolling Kinshasa's streets alongside Congo's police Tuesday night.

Congo's war-battered people denounced the fighting, saying they wanted democracy over more armed struggle.

"They need to give people the voice -- that is why we had elections," said Rousse Intonda, 28 and unemployed, standing in the mostly empty streets after the battle near Bemba's house.

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With 16.9 million votes cast in the July 30 balloting, Kabila won 45 percent and Bemba 20 percent, while the rest was divided among 31 other candidates.

A Congo Comeback (LAT)

The Los Angeles Times, August 23, 2006

Despite violence, a presidential election offers tenuous hope that democracy has a chance in the ravaged nation.

SUB-SAHARAN AFRICA is such a jumble of failed states, poverty and warfare that it's easy to overlook an important fact: As bad as things are, a concerted effort by African leaders and the international community to turn the continent around is actually bearing fruit. One tenuous example is the Democratic Republic of Congo, a huge and deeply troubled country that just held its first democratic election in 45 years.

Congo has a new constitution, overwhelmingly approved in a December referendum. National revenues tripled between 2000 and 2005, while international donors have launched a variety of important programs aimed at shoring up the country's fragile new government. Considering Congo's history of armed rebellion, dictatorship and political assassination, that's real progress.

The July 30 presidential election had the best possible outcome: No one won it outright. On Sunday, officials announced that interim President Joseph Kabila won 45% of the vote, while closest challenger Jean-Pierre Bemba took 20%; because neither won a majority, the two will face each other in a runoff Oct. 29. Had Kabila won, it probably would have produced violence in Kinshasa even worse than the skirmishes that have killed at least 14 people between Sunday and Tuesday, because Bemba is far more popular in the capital and has a large armed following. The runoff means that both men will have to appeal to a wider segment of voters, which could help head off clashes after the October tally.

But for all the good news, Congo's stability is teetering on a knife's edge. The difference between politics and warfare there is slim; politicians tend to be warlords, and losers seldom cede power gracefully. Though there have been notable improvements, the government is still a kleptocracy, the courts barely function, law enforcement is a joke, and the army is a danger only to the citizenry — commanders routinely embezzle soldiers' salaries, so enlisted men are forced to extort money from the populace to survive.

The danger is that the international community will point to Congo's successful election, declare victory and move on. Indeed, a United Nations-sponsored committee that has coordinated the efforts of international donors and aid organizations is slated to dissolve after the October election, and a U.N. fundraising program for Congo aiming to raise $705 million this year had managed as of last month to reach only $183 million, according to the International Crisis Group.

After the election, aid efforts should be redoubled and focused more clearly on fighting corruption and strengthening government institutions. Donors have spent more than $6 billion over the last five years on Congo. If the government collapses now, that will have been wasted.

An Energetic Bully (WP)

DOJ_NMG_0052194

The Washington Post, August 23, 2006

AT LAST MONTH'S Group of Eight conference, Russian President Vladimir Putin remarked that energy security is not just about drilling for fossil fuel but also about transporting it. Now a Russian oil pipeline company, Transneft, has shut off supplies to a large oil refinery in Lithuania. The company has a convenient -- if dubious -- excuse. The aging pipeline running to the Baltic country (ironically named "Friendship-1") had sprung a leak that may take years to repair. But leak or no leak, crude oil is still flowing through the same pipeline to Belarus, a loyal Kremlin client that depends on Moscow for fossil fuel handouts. The Lithuanian press reported this week that the Lithuanian government was considering a retaliatory closure of a rail line that Russia regards as strategically essential.

In reality, the oil shutoff is probably a way to spoil a deal recently struck by a Polish company to purchase the Lithuanian refinery. Now that Transneft has cut the refinery's supply of crude, output has declined and with it the facility's value, which may persuade the Polish firm to drop out of the deal. Should that happen, a Russian firm could step in to buy it -- cheap -- bringing more of Europe's energy infrastructure under Russian control. Lukoil, a Russian oil giant, tried the same gambit a few years ago but failed to acquire the facility.

Lithuania's shuttered oil pipeline is another example of Russia using its supply and transport infrastructure to bully its neighbors. In that sense, the Lithuanian ploy bears a disturbing resemblance to Mr. Putin's shutoff of Ukraine's natural gas earlier this year -- a politically calculated retort to Ukraine's election of a pro-Western president. It also makes a mockery of Mr. Putin's talk of energy security at the G-8 summit. The first step toward securing reliable and plentiful energy supplies for the world economy is to encourage new investment in wells, refineries and pipelines; the second is to establish the principle that supply infrastructure will not be used as a political weapon. Closing down a pipeline to manipulate a market transaction violates the first principle. If the pipeline closure was directed by Mr. Putin -- a good bet -- the latest move also violates the second principle.

For consumers of Russian fossil fuels, such as Western Europe, there is little threat that oil prices will dramatically increase because of a "leaky" Russian pipeline -- the continent can easily obtain oil from other countries. But whether orchestrated by Mr. Putin or caused by inadequate infrastructure, a slowdown in the production or transportation of Russian natural gas would be much harder for Western Europe to rectify and could seriously undermine Western economies.

Both the oil pipeline's leak and the way Russia has taken advantage of it should serve as a warning to countries dependent on Russian natural gas. Countries in Western Europe in particular should invest in more liquefied natural gas terminals to accommodate tankers from other countries that produce natural gas. The West relies on Russian energy supplies at its peril.

Al-Jazeera's Tricky Balancing Act (WP)

By David Ignatius

The Washington Post, August 23, 2006

DOHA, Qatar -- What do people in the Middle East think five years after the Sept. 11, 2001, attacks? To get a quick snapshot, I paid a visit here to Ahmed Sheikh, the editor in chief of al-Jazeera television. It was reassuring, in a perverse way, that he views the situation in his region the same way that most Americans would -- as a dangerous mess.

Sheikh told me he had been mulling this week how al-Jazeera should cover the Sept. 11 anniversary. "Five years after that catastrophe, the Arab world is much more divided than it used to be," he reflected. "The image of Islam has been tarnished to a great extent. We are weaker than we used to be against Israel. Development is absent." When he stands back and looks at the region, Sheikh says, "All the threads and problems are intertwined. It's very difficult to trace where they begin and end."

Sheikh fears that Iraq is headed toward a calamitous civil war that will spill over to other countries with mixed Shiite-Sunni populations, such as Kuwait, Bahrain and Saudi Arabia. "If the Americans can prevent civil war from happening, their presence would be useful," he says. But after three years of American failure to stabilize the country, he is doubtful.

The al-Jazeera editor remains militant about Arab causes. "What doesn't change for our viewers is indignation against U.S. and Israeli policies," he says. But with the exception of the Palestinian struggle and the Iraqi resistance to American occupation, he says, most of the so-called jihadist battles have actually produced what the Arabs call fitna , or self-destructive internal strife.

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Sheikh works out of a small office just off the main newsroom. He joined al-Jazeera when it was founded in 1996 after working for the BBC and other TV news channels. Dressed in shirtsleeves, just back from the morning story conference with his editors, he looks a bit like an Arab version of Lou Grant.

Al-Jazeera has been attacked by American officials as a propaganda tool for Osama bin Laden and other Muslim radicals. And as a journalist, I have often found its coverage unbalanced. It tries too hard to present the Arab news, rather than just the news. That said, I was struck, in talking to Sheikh, by how complicated it has become for al-Jazeera to cover this part of the world.

Take coverage of Iran. Al-Jazeera recently reopened its bureau there after it was closed by the Iranian authorities for 18 months. The network's crime was that it had sent a camera crew into southwestern Iran and reported complaints of the Arab minority there that they were treated unfairly by the central government. After the broadcast aired, there were protests and civil unrest in the region -- and the Iranians decided to pull the plug.

Iraq poses a worse problem. Because al-Jazeera reported from behind the lines of the Sunni insurgency, Iraqi Shiites became indignant about its coverage. The network was expelled by the Shiite-led government in September 2004, but Sheikh says he would be reluctant to go back now. Relations with the U.S. military are better, but because of Shiite anger, it would be "very, very dangerous" for al-Jazeera.

"People say we are the channel of the insurgents. It's not true. We are the channel of everybody. We are critical and balanced. That is what a journalist is supposed to do -- not drum the official point of view but criticize, try to evaluate."

Syria and Lebanon also pose tricky problems for an Arab satellite network. After al-Jazeera broadcast an exclusive, hour-long interview with Hasan Nasrallah, leader of the Shiite militia Hezbollah, it was attacked by Sunni militants known as "Salafists" (who back al-Qaeda and consider the Shiites apostates). And after Syrian President Bashar al-Assad denounced other Arab leaders as "half men" for failing to support Hezbollah against Israel, Sheikh says it was hard to find a balanced on-air commentator.

I've been a proponent of al-Jazeera, despite its tendency to spin coverage, because it was the first step toward real broadcast journalism in the Arab world, as opposed to the old state-run propaganda channels. And my conversation with Sheikh reinforces that conviction. After 10 years, al-Jazeera is confronting one of the abiding truths of honest journalism: that the world is damned complicated, and that it's very hard to know who the good guys and bad guys are. That's a start. If we can have common standards for covering the news in the Middle East, maybe we can eventually do something to fix the problems we all agree are there.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, AUGUST 23, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Judge May Have Had Conflict Of Interest, Group Says (USAT) ... 4
Conflict Of Interest Is Raised In N.S.A. Ruling (NYT) ... 4
Washington In Brief (WP) ... 5
Group Says Judge In Surveillance Case Had Potential Conflict (AP) ... 6
Conservative Group Takes Aim At Judge In Wiretap Case (MCT) ... 7
A Law Unto Herself (NYT) ... 7
Editorial: Ruling Would Aid Americans' Foes (WHEELINT) ... 8
Terror Suspects Appear In Court (WT/AP) ... 9
Terror Suspects Appear In Court (CHIT) ... 9
U.K. Court Hears Charges Against 11 Plot Suspects (WSJ) ... 10
As Suspects Are Charged, East London Looks Inward (NYT) ... 11
11 Air Plot Suspects Appear In Court With Tight Security (WP) ... 12
Charging The Plotters (WP) ... 13
Wider Network May Be Linked To Bomb Plot, Germans Say (NYT) ... 13

Patriot Act:

Judge Okays Wiretaps And Searches In Aipac Lobbyist Case (NYS) ... 14

Homeland Response:

U.S. Seeks To Expand Data-Sharing (WP) ... 15
Chertoff Envisions Database Of Air Travelers (NPR) ... 16
Texas Men In Cell Phone Case Post Bail (AP) ... 16
Once Accused Of Bridge Plot, Texas Men Released On Bond (DEN) ... 16
Anniversary Draws Bush To Gulf Coast (LAT) ... 17
Grim Anniversaries Sway Election Strategy (WSJ) ... 18
Katrina Recovery To Get Report Card (WT) ... 19
Katrina Housing Money Slowed (AP) ... 20
Donald Powell (CSM) ... 20
Reports Document Failures Post-Katrina (AP) ... 21
New Orleans' Recovery Slow And Slippery Process (USAT) ... 22
A New Orleans Home Is Reborn, With Grit And Persistence (NYT) ... 25
In Katrina, Compassion Met Adversity (opinion) (USAT) ... 27
Disaster Chief: U.S. Government, Citizens Alike Are Unprepared (USAT) ... 28

War News:

Marines To Recall Troops To Active Duty (AP) ... 29
Marine Corps Stretched Thin By Wars In Iraq, Afghanistan (MCT) ... 30
Marines Set To Call Up Thousands For Iraq, Afghan Duty (LAT) 31
Marines Call Up Inactive Reservists (USAT) ... 32
Marine Reservists Facing Combat Duty (WP) ... 33
Marines May Call Up 2,500 Reservists (NYT) ... 34
Coalition Raids Yield 100-plus Arrests (USAT/AP) ... 34
General Sees "Some Normalcy" Of Life In Baghdad (WT) ... 35
The Battle Of Baghdad (WSJ) ... 36
McCain Faults Administration On Iraq (AP) ... 37
Poll Shows A Shift In Opinion On Iraq War (NYT) ... 38
On Iraq, US Public Trusts Neither Party (CSM) ... 39
Iraq Looking Into Young Girl's Death (AP) ... 40
Survivors Describe '87 Chemical Attack (WP) ... 41
Kurdish Villagers Confront Saddam At 2nd War Crimes Trial (MCT) ... 43
Kurds Tell Of Gas Attacks By Hussein's Military (NYT) ... 44
Saddam's WMD (WSJ) ... 45
A New Enemy (CSM) ... 45
Iraq War Has Helped Me Reconcile Vietnam Questions (USAT) 48
Bush, Karzai, Discuss Afghan Security (AFP) ... 48
Nation Faltering, Afghans' Leader Draws Criticism (NYT) ... 49

Corporate Scandals:

Quattrone Deal Drops All Charges, Allows His Return To Wall Street (WSJ) ... 51
Quattrone Avoids Prosecution (WP) ... 53
Quattrone, Prosecutors To Dismiss Case (FINDLAW/AP) ... 54
Quattrone Plans Return After Judge's Move (FT) ... 55
Quattrone Gets All Charges Dropped (USAT) ... 55
Star Banker, With Future, Emerges Free (NYT) ... 56
Quattrone, Prosecutors Reach Deal To Avoid Third Trial (LAW) 57
Quattrone Case Shows Bankers Escape Crackdown On Business Crime (BLOOM) ... 58
Quattrone Walks (WSJ) ... 60
Prosecutors Crack Down On Stock Options (AP) ... 60
Ex-CEO Says Mills Ignored Warnings (WP) ... 61

Criminal Law:
Attorney General Gonzales Tours Center For Sex Crimes Victims (AP) ... 62
Grant Boosts Efforts Against Net Predators (LEXHL) ... 63
US Attorney General In Lexington (WTVQ-TV) ... 64
Gonzales Tours Center During Stop In Lexington (WAVE-TV) ... 64
Plame Considering Suing Armitage (AP-Y) ... 64
Official Met With Reporter Around Time Of C.I.A. Leak (NYT) ... 65
Ex-Chief Of Schools In Pr. George's Is Indicted (WP) ... 66
Ex-schools Chief Hornsby Indicted (BSUN) ... 67
Ex-PG Schools Chief Indicted On Fraud Charges (WT) ... 69
Educator In Disgrace (WP) ... 70
Ex-Norristown Mayor Gets 51-month Prison Sentence (PHI) ... 70
Property Purchase Raises Eyebrows (SFC) ... 71
News In Brief From The San Francisco Bay Area (CCT) ... 73
Mob Snitch Is Full Of Bull, Sez Gotti Lawyer (NYDN) ... 73
SLIWA JOB MADE CANARY A WISEGUY (NYPOST) ... 74
FBI: Man Confessed To Girl's Killing (BSH) ... 74
Conservatives Try To Curtail Hotel Porn (AP) ... 74
Police: DNA Links Suspect To 9 Attacks (CHIT) ... 75
Shaw Airman Pleads Guilty To Child Pornography Charges (TSSC) ... 76
Va. Inmate Indicted In Killing That Altered DNA Testing Law (WP) ... 77
Man Convicted In '85 Slaying Forgoes Retrial (BSUN) ... 78
Karr Waives Rights, Will Transfer To Colorado (LAT) ... 79
Suspect In Ramsey Killing To Be Returned To Colorado (NYT) ... 80
JonBenét Suspect To Head To Colo. (USAT) ... 81
Karr Waives Extradition To Colo. (WP) ... 82
Judge Serves As A Witness In Recalling A Murder Case (NYT) 83
Qwest Calls For Mandatory Data Retention Laws (CNET) ... 84
Researchers Yearn To Use AOL Logs, But They Hesitate (NYT) 85

Civil Law:
Nuclear-Fuel Lawsuits Spawn Damage Award Fallout (LAW) ... 87
Former Beverly, U.S. Settle For $20 Million (ARKDG) ... 89

Civil Rights:
U.S. Presses Springfield To Assist Hispanic Voters (SPRINGR) 90
Civil Liberties Group Contends US Drug Agency Violated Armenian Couple's Rights (FINDLAW/AP) ... 91
States Move To Legalize Pharmacists' Right To Refuse (WT) ... 91
Safe Drug Testing In Prisons (NYT) ... 92

Antitrust:
Michigan Minimum-service Proposal Hits Snag (INMAN) ... 92
HCA Investors Win Antitrust Approval (BLOOM) ... 94
Judge Lets Blockbuster Countersuit Against Netflix Go Ahead (AP) ... 95
Mixed Messages In BlackBerry Case, Big Winner Faces His Own Accusers (WSJ) ... 95
EchoStar Loses Court Ruling On Some TV Transmissions (WP) 97
Smoot-Hawley's Revenge (WSJ) ... 98

Environment/Indian Affairs:
Judge Rejects Plan To Allow Tree Clearing In Monument (NYT) 99
Judge Rejects Bush Plan To Log In Sequoia National Monument (AP) ... 100

FBI/DEA/ATF/USMS:
Conviction Of McLean Pain Doctor Overturned (WP) ... 101
Court Orders New Trial For Doctor (AP) ... 102
Manchester Officer Held In Drug Case (LEXHL) ... 102
Gatlin Agrees To Eight-Year Ban (AP) ... 103
Gatlin's Coach Seen As Key Figure In Case (USAT) ... 104
Eight-Year Ban Sought For Failed Drug Test (WP) ... 105
Gatlin Gets A Second Chance (MCT) ... 106
Former Canadian Border Agent Jailed In U.S. Drug Case (AP) 107
States List Meth Offenders On Web (USAT) ... 107
Backers Call Meth Registries A Safety Measure (USAT) ... 108
Prosecutors: Northampton Man Lied To Buy Gun Before Fatal Shooting (MORNCALL) ... 109

Immigration:
Gonzales Says Immigration Bill Unlikely By November (AP) ... 109
Legislators Seek Review Of Border Agents' Conviction (WT) ... 109
Inside Politics (WT) ... 110
Politicians Flocking To Border For Election-year Photo Ops (USAT) ... 112
Business Owners Sue Firms Accused Of Hiring Illegal Aliens (WT/AP) ... 113

Tax:
Veteran Lawyer In Toledo Firm Is Convicted Of Tax Evasion (TOLB) ... 113
D.C. Circuit Finds Tax On Emotional Damages Awards Unconstitutional (LAW/AP) ... 114
U.S. Tax Officials Move Ahead With Plan For Private Firms To Collect Debt (FINDLAW/AP) ... 114
IRS Is Watching Emmy Show Of Affection (USAT) ... 115

Congress-Administration:
In 4 Hours, Bush Packs A Punch (MINNST) ... 116
Agencies Will Rate Quality Of Care (PHI/BLOOM) ... 117
Bush Pushes For Health Care Information (AP-Y) ... 118
Bush Visit Energizes Republicans (MPR) ... 118
Republican Heavyweights Turn Out For Bush Visit (CCT) ... 119
Bush's Order On Health Care Aims To Gauge Quality Of Service (WSJ) ... 120
Bush Signs Order On Health Care (WP) ... 121
Bush: More Info, Better Health Care (STPPP) ... 121
Bush Order Targets Health Costs (LAT) ... 123
Bush To Honor Minnesota Volunteer During Visit (STPPP) ... 124
Preventive Care For Medical Databases (WP/AP) ... 124
Law, Tax Experts Exhort Baucus To Lift Block On Treasury Nominee (WSJ) ... 124

Other News:
Chicago Fed Chief: More Rate Increases Possible (USAT) ... 125
Is Economy Headed To A Soft Landing? (USAT) ... 125
Toll Adds To Fears Of US Housing Slowdown (FT) ... 128
After The Boom Housing Slump Proves Painful For Some Owners And Builders (WSJ) ... 128

DOJ_NMG_0052198

Homeowners Feel Pinch Of Mortgage Rate (WT)..... 131
Stocks Shrug Off Rate Warnings And Close Mixed (WSJ) 132
Chief Justices Sound Alarm On Judicial Elections (LAW)..... 132
Debate Grows On Out-of-wedlock Laws (CSM)..... 133
Democrats' Shameful Wal-Mart Demonization (LAT)..... 134
Everybody Has An Opinion About Wal-Mart (WSJ) 135
Bush To Raise Cash For Allen (FWNS) 136
Lieberman And Lamont Tied In Connecticut (ARG)..... 136
Lieberman, Lamont Are Tied In American Research Group Survey (BLOOM) 138
Poll: Lieberman, Lamont Running Neck-and-neck (CNN)..... 138
Lieberman Warns Of Danger Of The U.S. Pulling Out Of Iraq (NYT) 140
Lieberman Camp Hits Bid To Oust Senator From Party (WT) .. 140
Clinton Rival Tries To Make Most Of Liberal Anger (NYT)..... 141
Sen. Clinton Delays AIDS Law's Renewal, Citing Cut In N.Y. Funds (WP)..... 143
Comments Haunt Another Senator (WP) 144
Big Sky Showdown (NSWK)..... 144
Pennsylvania And Virginia: New Numbers, Same Senate Races (RC)..... 146
The Situation Room (CNN)..... 147
This Year's Southern Prodigy (WP)..... 156
Fairer, More Representative (USAT) 157
Small States Keep Big Sway In Race To Succeed Bush (USAT)158
The Democrats' New Calendar (NYT)..... 158
Deal Is Reached For Prescriptions Discount (LAT)..... 159
Pension Giveaway (NYT)..... 160
Iran Won't Give Promise To End Uranium Effort (NYT) 160
U.S., Allies To Discuss Sanctions After Iran Offers Nuclear Talks (WSJ) 162
Iran Reacts 'positively' To U.S.-European Offer (USAT)..... 163
Iran Pushes For Talks Without Conditions (WP) 163
Iran Wants To Talk But Keep Nuke Program (AP)..... 165
Tehran Offers New Talks In Nuclear Dispute (FT) 166
Iran Proposes Talks Over Its Nuclear Program (MCT)..... 167
No Simple Answer From The Iranians (LAT)..... 168
Iran Ready For 'Serious' Nuke Talks (WT) 169
Iran Sanctions Could Fracture Coalition (NYT) 170
Iranian Forces Seize Romanian Oil Rig (FT)..... 171
Italy Offers Thousands Of Troops For Lebanon (NYT) 172
U.N. Draft Rules Of Engagement Detailed (AP-Y) 172
Olmert: Blockade Ends When Force Lands (AP) 173
Amnesty Urges UN To Probe Israel Strategy (FT)..... 173
Lebanese See Scant Hope In Peacekeepers (AP) 174
Weak UN Mandate Stalls Lebanon Peacekeepers (CSM)..... 175
Relief Agencies Find Hezbollah Hard To Avoid (NYT)..... 176
Israel Shelves Plan To Pull Out Of Settlements In West Bank (WP)..... 177
Israeli Police Investigating Sex Case Take Items From President's Home (NYT)..... 178
Pyongyang Claims Right To Attack U.S. (WT)..... 179
New Pakistani Terror Plot Foiled, Indian Police Say (NYT/IHT) 180
Asean Aims For Single Market By 2015 (FT)..... 181
U.N. Brokers Cease-Fire As Congo Vote Turns Violent (NYT). 181
EU Boosts Congo Peacekeeping Force (FT) 182
U.N. Seeks Immediate Cease-fire In Congo (AP) 183
U.N. Calls For Cease-Fire In Congo; Violence Wanes (WP/AP)184
A Congo Comeback (LAT)..... 184
An Energetic Bully (WP) 185
Al-Jazeera's Tricky Balancing Act (WP) 185

DOJ_NMG_0052199

TERRORISM NEWS:

Judge May Have Had Conflict Of Interest, Group Says (USAT)

By Joan Biskupic

USA Today, August 23, 2006

WASHINGTON — A judicial watchdog group contended Tuesday that Michigan U.S. District Judge Anna Diggs Taylor, who last week struck down a federal warrantless wiretapping program, may have had a conflict of interest in the case.

Judicial Watch, a conservative-leaning group based in Washington, issued a news release calling attention to Taylor's apparent membership in a local foundation that gave $45,000 to the American Civil Liberties Union of Michigan in recent grants. The ACLU of Michigan was one of the parties to the case challenging the surveillance program that was begun after the Sept. 11, 2001, terrorist attacks. The lead challenger was the national ACLU.

"This potential conflict of interest merits serious investigation," Judicial Watch President Tom Fitton said.

Taylor noted on financial disclosure reports filed in 2004 and 2005 that she is a trustee and secretary of the Community Foundation for Southeastern Michigan. That group says on its website that it has given a total of $45,000 in recent years to the ACLU of Michigan for programs serving gay men and lesbians. Taylor could not be reached Tuesday.

Tuesday's complaint adds to the attention that some legal groups have focused on the judge and her approach in the case, rather than the ruling itself.

Northwestern University law professor Steven Lubet, who has studied judicial ethics, said, "It certainly is close enough that she should have disclosed it."

The Bush administration has declared that it will appeal the ruling, so any possible consequences of Judicial Watch's claim are unclear.

Lubet noted that federal law requires judges to disqualify themselves when there is a reasonable question about impartiality. But once a case has been decided, he said, the remedy for any possible ethics violation is not clear-cut. "The standard for reversal is demanding and (tests) whether there is a real possibility that the alleged partiality had an effect on the outcome." He noted that the case will be freshly reviewed on appeal.

Conflict Of Interest Is Raised In N.S.A. Ruling (NYT)

By Eric Lichtblau

The New York Times, August 23, 2006

WASHINGTON, Aug. 22 — The federal judge who ruled last week that President Bush's eavesdropping program was unconstitutional is a trustee and an officer of a group that has given at least $125,000 to the American Civil Liberties Union in Michigan, a watchdog group said Tuesday.

The group, Judicial Watch, a conservative organization here that found the connection, said the link posed a possible conflict for the judge, Anna Taylor Diggs, and called for further investigation.

"The system relies on judges to exercise good judgment, and we need more information and more explanation about what the court's involvement was in support of the A.C.L.U.," said Tom Fitton, president of Judicial Watch, which gained attention in the 1990's for ethics accusations against President Bill Clinton.

Three legal ethicists interviewed said although Judge Taylor's role as a trustee for a supporter of the civil liberties group would not necessarily disqualify her from hearing the case, she should have probably disclosed the connection in court to avoid any appearance of a conflict.

"It certainly would have been prudent" to notify the parties in the case, including the Justice Department, about the issue, said Steven Lubet, a law professor at Northwestern University and an author of "Judicial Conduct and Ethics."

"I don't think there's a clear answer as to whether she should have disqualified herself," Professor Lubet said. "But at a minimum, she should have disclosed it."

In a case brought by the national organization of the A.C.L.U. and its Michigan chapter, among others, Judge Taylor ruled that the surveillance by the National Security Agency without warrants that was approved after the Sept. 11, 2001, attacks violated the Constitution and a 1978 surveillance law.

The Justice Department moved immediately to appeal Judge Taylor's ruling.

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Some legal experts saw the decision as an important affirmation of constitutional principles. But even some supporters of it took issue with the reasoning, and Republicans said political motives drove the judge, whom President Jimmy Carter had nominated to the federal bench.

Questions about a possible conflict of interest appear likely to raise new concerns. The Web site for the group that supported the A.C.L.U., the Community Foundation for Southeastern Michigan in Detroit, lists Judge Taylor as its secretary and a trustee. It indicates that trustees make all financing decisions for the organization, whose assets exceed $350 million and which gives grants for a variety of community projects.

Judge Taylor declined to comment on the matter on Tuesday, and the foundation did not respond to a message for comment on what role if any she had in awarding the civil liberties grants.

The executive director of the Michigan A.C.L.U., Kary Moss, said her group had received four grants totaling $125,000 from the foundation since 1999. They were a $20,000 grant in 1999 for an educational program on the Bill of Rights, $60,000 in 2000, along with the N.A.A.C.P. and other groups for education on racial profiling, $20,000 in 2002 for work on racial profiling and $25,000 in 2002 for a lawyer to work on gay rights.

The chapter could not confirm a grant of $20,000 for work on gay rights that the foundation listed in an annual report.

Ms. Moss said the question of whether Judge Taylor's role as trustee posed a conflict "seems to me to be a real non-issue." She noted that judges routinely work for civil and nonprofit groups, including many that may finance or have ties to parties that come before them in court.

"Judges have not recused themselves when there's been a much, much stronger connection to an organization," Ms. Moss said.

Federal law requires judges to disqualify themselves from hearing a case if their impartiality "might reasonably be questioned" based on factors like a financial or personal relationship with a party in the case.

Stephen Gillers, who teaches legal ethics at New York University, said he did not think there were grounds for Judge Taylor to remove herself from the case.

"The question is whether her impartiality might reasonably be questioned,'' Professor Gillers said, "and the fact that she sits on the board of a group that gives money to the plaintiff for an otherwise unrelated endeavor would not in my mind raise reasonable questions about her partiality on the issue of warrantless wiretapping."

But he said it would have been wise for Judge Taylor to disclose the issue to the participants in the case. "If there's any doubt," Professor Gillers said, "disclose, because it avoids suspicion later."

Deborah L. Rhode, a law professor who directs the Center on Ethics at the Stanford Law School, said, "I certainly think it should have been disclosed."

Washington In Brief (WP)

By From News Services

The Washington Post, August 23, 2006

Potential Conflict in NSA Case Cited

The U.S. judge who declared President Bush's terrorist surveillance program unlawful has a possible conflict of interest in the case, an advocacy group charged.

U.S. District Judge Anna Diggs Taylor is secretary and trustee of a private foundation that gave $45,000 to the Michigan chapter of the American Civil Liberties Union, a plaintiff in the lawsuit challenging Bush's surveillance program, according to the Web site of Community Foundation for Southeastern Michigan.

"This potential conflict of interest merits serious investigation," Tom Fitton, president of Washington-based Judicial Watch, said in a statement. "If Judge Diggs Taylor failed to disclose this link to a plaintiff in a case before her court, it would certainly call into question her judgment."

Taylor last week struck down the program to wiretap international telephone calls involving suspected al-Qaeda supporters or agents in the United States without a court warrant. Bush had ordered the program after the Sept. 11, 2001, terrorist attacks.

The administration has appealed Taylor's order barring the National Security Agency from continuing the eavesdropping.

Taylor suspended her order pending a possible review by the U.S. Court of Appeals for the 6th Circuit, in Cincinnati.Katrina Aid Is Delayed in Louisiana

State officials in Louisiana are still struggling to ensure that the money to rebuild houses hit by Hurricane Katrina is fairly distributed, the Bush administration's Gulf Coast coordinator, Donald E. Powell, said yesterday.

Nearly a year after Katrina slammed into the Gulf Coast, $44 billion has been spent to get the battered region back on its feet, Powell said. More than $110 billion has been designated for the huge rebuilding project -- $17 billion of which is intended to help rebuild an estimated 204,000 homes in Louisiana and Mississippi.

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Money has begun to reach Mississippi homeowners, Powell said. But in Louisiana, state plans for distributing the funds have been delayed, holding up the flow of money.

"There is always a balance and tension between getting the money out fast and getting the money out responsibly fast," Powell told reporters at a White House briefing.

Washington has released $77 billion in hurricane aid, but $33 billion has not yet been spent. The rest of the $110 billion is being reserved for future needs.U.S. Assails Sudan's Plan for Darfur

The United States strongly criticized Sudan's plan to send more of its own troops into the troubled Darfur region and said a "credible and legitimate" U.N. force is needed to stop the carnage there.

Sudan's government opposes the deployment of U.N. peacekeepers in Darfur, where tens of thousands of people have died in more than three years of conflict. Instead, it wants to send 10,500 of its own troops there. The Arab League backed this proposal over the weekend.

State Department spokesman Gonzalo Gallegos said the United States is concerned about the plan and has urged Sudan's government to allow a U.N. force into Darfur without delay to stop what the United States says is genocide.

The African Union has about 7,000 underfunded troops struggling to halt the violence in Darfur. The trouble has worsened since the government and one of the main rebel groups signed a peace deal in May.

Group Says Judge In Surveillance Case Had Potential Conflict (AP)

By David Eggert, Associated Press

AP, August 23, 2006

LANSING, Mich. (AP) -- A federal judge who declared President Bush's warrantless surveillance program unconstitutional sits on the board of a foundation that has given money to the American Civil Liberties Union, the chief plaintiff in the case.

Judicial Watch, a conservative watchdog group that advocates judicial accountability, said it discovered U.S. District Judge Anna Diggs Taylor's potential conflict of interest after reviewing her financial disclosure statements. The Detroit judge is secretary and a trustee for the nonprofit Community Foundation for Southeastern Michigan.

"There has to be an appearance that justice is being fairly administered," Judicial Watch President Tom Fitton said Tuesday. "The court's role in awarding a grant to the ACLU and whether or not that is an issue is something that needs to be fully examined."

Taylor declined to comment, as did the U.S. Justice Department, which is asking the 6th U.S. Circuit Court of Appeals in Cincinnati to overturn her ruling issued Thursday. Bush says the program is a key tool for fighting terrorism.

ACLU of Michigan Executive Director Kary Moss said the group did not know about the judge's affiliation with the nonprofit but added she did not think it is a "big story."

"We don't think recusal would have been necessary," Moss said.

The foundation released a statement Tuesday saying Taylor is one of 50 volunteer members of its board of trustees, which oversees grant-making decisions.

The foundation's Web site shows it gave $45,000 to the ACLU to back a gay rights project.

Fitton said Taylor should have told lawyers about her affiliation with the foundation.

"The parties have the ability to say, 'We don't care,' or, 'You need to recuse yourself,'" he said, adding that further review of the situation may show Taylor did not have to disqualify herself.

"I think the public would be served by more information," Fitton said.

Since 1984, the Community Foundation for Southeastern Michigan has given more than $163 million to charitable causes. Trustees include former Detroit mayor and ex-Michigan Supreme Court Justice Dennis Archer, Detroit Pistons President Tom Wilson, Democratic National Committeewoman Debbie Dingell and Republican businessman Jim Nicholson, the chief executive of Detroit-based PVS Chemicals Inc.

Taylor was the first judge to find the National Security Agency's surveillance program unconstitutional, and she took the Bush administration to task for its arguments, saying it appeared to be saying the president had the "inherent power" to violate laws of Congress.

Washington-based Judicial Watch got its start tussling over ethics with the Clinton administration but in recent years has also sparred with the Bush administration, suing the Secret Service for copies of logs to determine how often allies and associates of convicted lobbyist Jack Abramoff visited the White House.

David Eggert can be reached at deggert(at)ap.org

On the Net:

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Judicial Watch: http://www.judicialwatch.org

Conservative Group Takes Aim At Judge In Wiretap Case (MCT)

By Niraj Wariko, The Detroit Free Press

McClatchy Newspapers, August 23, 2006

DETROIT - A conservative, nonpartisan watchdog group claims that a federal judge in Detroit who struck down the government's wiretap program last week may have a conflict of interest because of her financial ties to a plaintiff involved in the case.

Judicial Watch, a foundation based in Washington, D.C., called Tuesday for a closer look at the links between U.S. District Judge Anna Diggs Taylor and the Michigan chapter of the American Civil Liberties Union. Taylor is the secretary and a trustee on the board of the Community Foundation for Southeastern Michigan, which has given money to the ACLU Michigan office, including a $45,000 grant to support gay and lesbian rights.

The head of the ACLU Michigan office, Kary Moss, said Judicial Watch's claims are "much ado about nothing." Moss said her office has received money from the Community Foundation, but that it had absolutely nothing to do with the case involving domestic surveillance that Taylor considered.

An assistant to Taylor said Tuesday that the judge was not available to comment.

On Thursday, Taylor ruled unconstitutional a program by the National Security Agency - created after the Sept. 11, 2001, terrorist attacks - that allowed the government to eavesdrop on the phone calls and e-mails of Americans in certain cases without requiring a court warrant.

The ACLU filed a lawsuit in January on behalf of several groups and individuals, including ACLU Michigan, claiming that the program violated the constitutional rights to privacy and free speech.

The Justice Department has said it plans to appeal the decision. Both sides have agreed to postpone the enforcement of her decision.

Judicial Watch said in a news release that they discovered the potential conflict of interest while going over financial disclosure statements filed by Taylor.

Anne Weekley, vice president of communications for the Community Foundation, confirmed that Taylor is on the board and is its secretary.

Tom Fitton, the president of Judicial Watch, said the group often examines the financial disclosure statements of federal judges. After Taylor's decision, Judicial Watch decided to take a closer look at the judge and the case.

Fitton said he is concerned about the potential conflict but stopped short of calling for Taylor to recuse herself from the case.

"It certainly raises questions ... it's an issue that needs to be thoroughly addressed," Fitton said, adding: "It's important to have the appearance that justice was administered fairly."

Robert Sedler, a constitutional law professor at Wayne State University who has worked on cases involving the ACLU, said the statement by Judicial Watch had no merit.

"By no stretch of the imagination is this a conflict of interest," Sedler said, adding that the real motive for the group's claims may be politics. "Conservative groups are upset that the Bush administration has lost another case in the so-called war on terrorism."

A Law Unto Herself (NYT)

By Ann Althouse

The New York Times, August 23, 2006

Madison, Wis.

TO end her opinion in American Civil Liberties Union v. National Security Agency — the case that enjoins President Bush's warrantless surveillance program — Judge Anna Diggs Taylor quoted Earl Warren (referring to him as "Justice Warren," not "Chief Justice Warren," as if she wanted to spotlight her carelessness): "It would indeed be ironic if, in the name of national defense, we would sanction the subversion of ... those liberties ... which makes the defense of the nation worthwhile."

As long as we're appreciating irony, let's consider the irony of emphasizing the importance of holding one branch of the federal government, the executive, to the strict limits of the rule of law while sitting in another branch of the federal government, the judiciary, and blithely ignoring your own obligations.

So often, we've heard complaints about "activist" judges. They're suspected of deciding what outcome they want, based on their own personal or ideological preferences, and then writing a legalistic, neutral-sounding opinion to cover up what they've

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done. That carefully composed legal opinion makes it somewhat hard for a judge's critics to convince people — especially anyone who likes the outcome — that the judge did not decide the case according to an unbiased legal method of analysis.

So perhaps the oddest thing about Judge Taylor's opinion in the eavesdropping case is that she didn't bother to come up with the verbiage that normally cushions us from these suspicions. Although the first half of the opinion, dealing with the state secrets doctrine and the first part of the standing doctrine, has the usual detail and structure one expects in a judicial opinion, the remainder of her text dispenses with the formalities.

Immensely difficult matters of First and Fourth Amendment law, separation of powers, and the relationship between the Foreign Intelligence Surveillance Act and the Authorization for Use of Military Force are disposed of in short sections that jump from assorted quotations of old cases to conclusory assertions of illegality. Orin S. Kerr, a law professor at George Washington, told The Times that the section on the Fourth Amendment is "just a few pages of general ruminations ... much of it incomplete and some of it simply incorrect."

For those who approve of the outcome , the judge's opinion is counterproductive. It will be harder to defend upon appeal than a more careful decision. It suggests that there are no good legal arguments against the program, just petulance and outrage and antipathy toward President Bush. It helps those who have been arguing for years about result-oriented, activist judges.

Laypeople consuming early news reports may well have thought, "What a courageous judge!" and "It's a good thing someone finally said that the president is not above the law." Look at that juicy quotation from Judge Taylor's ruling: "There are no hereditary kings in America and no powers not created by the Constitution."

But this is sheer sophistry. The potential for the president to abuse his power has nothing to do with kings and heredity. (How much power do hereditary kings have these days, anyway?) And, indeed, the president is not claiming he has powers outside of the Constitution. He isn't arguing that he's above the law. He's making an aggressive argument about the scope of his power under the law.

It is a serious argument, and judges need to take it seriously. If they do not, we ought to wonder why a court gets to decide what the law is and not the president. After all, the president has a sworn duty to uphold the Constitution; he has his advisers, and they've concluded that the program is legal. Why should the judicial view prevail over the president's?

This, of course, is the most basic question in constitutional law, the one addressed in Marbury v. Madison. The public may have become so used to the notion that a judge's word is what counts that it forgets why this is true. The judges have this constitutional power only because they operate by a judicial method that restricts them to resolving concrete controversies and requires them to interpret the relevant constitutional and statutory texts and to reason within the tradition of the case law.

This system works only if the judges suppress their personal and political willfulness and take on the momentous responsibility to embody the rule of law. They should not reach out for opportunities to make announcements of law, but handle the real cases that have been filed.

This means that the judge has a constitutional duty, under the doctrine of standing, to respond only to concretely injured plaintiffs who are suing the entity that caused their injury and for the purpose of remedying that injury. We trust the judge to say what the law is because the judge "must of necessity expound and interpret" in order to decide cases, as Chief Justice John Marshall wrote in Marbury. But Judge Taylor breezed through two of the three elements of standing doctrine — this constitutional limit on her power — in what looks like a headlong rush through a whole series of difficult legal questions to get to an outcome in her heart she knew was right.

If the words of the written opinion reveal that the judge did not follow the discipline of the judicial process, what sense does it make to take the judge's word about what the law means over the word of the president? If the judge's own writing does not support a belief that the rule of law has substance and depth, that law is something apart from political will, the significance of saying the president has gone beyond the limits of the law evaporates.

There's irony for you.

Editorial: Ruling Would Aid Americans' Foes (WHEELINT)

Wheeling (WV) Intelligencer, August 23, 2006

One week after a plot to blow up 10 or more airliners over the Atlantic Ocean was foiled thanks to excellent intelligence work, Jimmy Carter-appointed federal Judge Anna Diggs Taylor issued a political screed in which she declared the National Security Agency's eavesdropping upon international terrorists to be an unconstitutional breach of tender terrorists' Fourth Amendment and First Amendment "freedoms."

One first has to wonder if poor Judge Taylor simply has gone bonkers and therefore ought to be impeached, based upon mental unfitness to serve, for her ruling seems completely divorced from the dangerous realities of our times. If one is to take her decree seriously, then she effectively has extended constitutional protections to foreign enemies that heretofore were applied only to citizens and legal residents. She has ruled, in effect, that the United States government may not engage in spying.

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Apparently the American Civil Liberties Union, which brought the case in question, and at least Judge Taylor and Senate Minority Leader Harry Reid, who cheered the ruling, need to be reminded of two very important facts: First, none of the government's activities in question involve criminal prosecutions; the NSA program is an intelligence operation aimed at foreign terrorists. Second, those terrorists should not be treated like, say, car thieves. As the world has been reminded again, they are determined to murder as many Americans as they can, by whatever means they can muster.

There is no "freedom of speech" for terrorists to make plans to blow up buildings and airliners full of people, just as there is no freedom of speech to yell "Fire!" in a crowded theater. Nor is there any protection from "warrantless searches" for our foreign enemies. Judge Taylor's ruling is quite simply a tantrum of a left-wing extremist who obviously recognizes no limitations to court powers. Indeed, no court in U.S. history has issued an even remotely similar ruling.

President Bush was right to order the Justice Department to appeal the ruling immediately and to obtain a stay of Judge Taylor's decision. If allowed to stand, Judge Taylor's ruling would handcuff counter-terrorism intelligence operations and put Americans' lives at risk.

This case also serves as ample warning regarding the importance of who controls the judicial nominations process. When voters go to the polls this fall in states where Senate seats are in play, they should ask themselves whether they want extremist liberals in the Senate — or prefer more rational minds, whether they are Republicans or Democrats, dealing with presidential nominees for federal judgeships.

Terror Suspects Appear In Court (WT/AP)

By Jennifer Quinn

The Washington Times, August 23, 2006

LONDON -- Eleven suspects charged in a plot to blow up U.S.-bound airliners appeared in court for the first time yesterday, and the eight men who faced the most serious charges were ordered held until next month as detectives press on with their investigation.

Police cars with lights flashing and sirens blaring cleared the way for vans carrying the suspects to the Westminster Magistrates Court in central London. Journalists lined the streets behind barricades erected to keep roads clear.

Tanvir Hussain, 25; Ahmed Ali; 25, Umar Islam, 28; Arafat Khan, 25; Assad Ali Sarwar, 26; Adam Khatib, 19; Ibrahim Savant, 25; and Waheed Zaman, 22, were ordered held until a court appearance on Sept. 4.

Hussain's attorney, Mohammed Zeb, told the judge: "All allegations are denied."

Three others charged with lesser offenses also were ordered held until a court appearance next week, including a 17-year-old male charged with possessing material that could be used to prepare a terrorist act.

The other two -- Cossar Ali, 24, Ahmed Ali's wife, and Mehran Hussein, 24 -- were charged with failing to disclose information that could help prevent a terrorist act.

The Crown Prosecution Service said the suspects probably would go on trial next year. Because of the number of suspects, proceedings may be split into two or more trials, which could last months.

Another person was released Monday without charge, and 11 still in custody have not been charged. Investigators have until today to decide whether those suspects -- whose names have not been released by police -- will be charged or released or whether police will ask a judge to grant them more time to investigate.

"Their position is being assessed on a regular basis with a view to considering the need to keep them in detention," said Susan Hemming, who heads the Crown Prosecution Service's Counterterrorism Division. "The evidential picture is continuously developing."

British officials also confirmed for the first time that the plot involved the manufacture of explosives, which would then be assembled and detonated on board the airliners.

"There are chemicals, including hydrogen peroxide, electrical components, documents and other items," Peter Clarke, the head of the Metropolitan Police's anti-terrorism unit, said Monday. "We have also found a number of video recordings -- these are sometimes referred to as martyrdom videos. This has all given us a clearer picture of the alleged plot."

Investigators did not say whether they think the suspects are linked to al Qaeda.

Terror Suspects Appear In Court (CHIT)

By John Crewdson

Chicago Tribune, August 23, 2006

LONDON -- A tall, somewhat imposing figure in a white shirt, with a neatly trimmed beard and short hair, Ahmed Abdulah Ali sat in the dock at Westminster Magistrate's Court here Tuesday, turning frequently to glower through the bulletproof glass at the reporters who packed the small courtroom to overflowing.

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Each time, a police officer ordered the 25-year-old Ali, also known as Ali Ahmed Khan and Abdula Ahmed Ali, to face Magistrate Timothy Workman, who was presiding over the first hearing for 11 defendants in the alleged plot to blow up trans-Atlantic jetliners flying from London to various U.S. cities.

At the largely pro-forma hearing, Ali, identified by a U.S. intelligence official as the plot's chief "facilitator," and the 10 other defendants appeared in groups of two and three and were required to confirm their identities.

All 11 defendants, eight of whom were charged Monday with conspiracy to commit terrorism and murder, were ordered to remain in custody.

Among them was Ali's 24-year-old wife, the mother of the couple's 8-month-old son. She and one other defendant are accused of the lesser charge of having withheld information from police about a terrorist conspiracy.

Cossar Ali, whose head was covered by a scarf in keeping with Muslim tradition, was the only defendant to apply for bail, which was denied. Friends of the Ali family say that one of Ahmed Abdulah Ali's brothers is among those under arrest and being questioned, but so far not charged.

Also ordered to remain in jail was the 17-year-old son of Muslim immigrants from India, charged with possessing a book on bombs and Muslim wills signed by unnamed individuals who were preparing "to commit acts of terror."

An additional 11 suspects arrested in a series of lightning raids on the evening of Aug. 9-10 are still being questioned by police. Under Britain's anti-terrorism laws, by Wednesday prosecutors must either charge them, release them or obtain a magistrate's permission to continue holding them without charges for seven more days.

Police believe the plotters, all British-born Muslims, were planning to smuggle readily obtainable chemicals aboard airliners and then combine them to make a powerful explosive that could be ignited with the battery from a portable electronic device, such as a portable music player.

Six of the 11 so far charged lived or grew up in the racially diverse northeast London neighborhood of Walthamstow. Although some residents of that heavily Pakistani-Muslim community say they fear a backlash, only a few minor incidents have been reported.

One occurred Monday, several residents said, when some youths threw ice cream cones at a woman wearing traditional Muslim dress as she walked with her young son.

The eight defendants facing the most serious charges will enter their pleas next month, at which time they can also apply for bail. After Tuesday's proceedings, all 11 defendants, who had been detained at two London police stations, were transported in armored vans to the high-security Belmarsh prison south of London, which is home to several other terrorist suspects.

In the Walthamstow community, police had been guarding the houses where the suspects lived, in many cases with their extended families, while forensic technicians carried bags, boxes and pails from the houses to waiting vans.

By Tuesday afternoon, the police and technicians appeared to have departed. Neighbors said some suspects' families, who had been housed in London hotels or had gone to live with relatives, had returned home.

No doorbells were answered. But a neighbor of one 24-year-old man who is under arrest but not yet charged said he still found it difficult to believe that someone he had known since childhood had been part of a terrorist plot.

"We grew up as kids," said the neighbor, who declined to give his name. "It's a good family. The older brother is an investment banker. He observed [Islam], but we all observe. It doesn't make sense to me."

U.K. Court Hears Charges Against 11 Plot Suspects (WSJ)

By Carrick Mollenkamp

The Wall Street Journal, August 23, 2006

LONDON -- The 11 people British authorities charged in connection with what they say was a plot to blow up trans-Atlantic flights made their first public appearance at a preliminary court hearing.

Yesterday's hearing gave the court a chance to hear a basic outline of the charges and to begin the judicial process. Eleven other people remain in custody and haven't been charged.

Of those charged, eight men accused of the most serious offenses -- conspiracy to commit murder and the intent to carry out acts of terrorism -- are scheduled to make their next court appearance at the Central Criminal Court in London Sept. 4. That hearing will begin the process of a plea hearing. A trial date hasn't been set.

The eight suspects appearing at the City of Westminster Magistrates Court were: Tanvir Hussain, Ahmed Abdullah Ali (also known as Abdullah Ali Ahmed Khan), Assad Ali Sarwar, Adam Khatib, Umar Islam, Ibrahim Savant, Waheed Zaman and Arafat Waheed Khan. Mr. Zaman nodded to friends or family in the court; the others remained largely impassive while sitting behind a glass wall in the courtroom.

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Separately, the court heard an overview of the case against a 17-year-old charged with having a book on improvised explosive devices and suicide notes and wills with the identities of potential terrorists. Investigators found materials under a bed in two boxes, according to evidence presented during the hearing.

Two others -- a man, Mehran Hussain, and a woman, Cossar Ali -- appeared on charges that they didn't disclose information they knew about a potential terrorist plot. A prosecutor said during the hearing that authorities are still trying to better understand what details the two may have known. Ms. Ali is married to one of the suspects and is the mother of an eight-month-old baby. Ms. Ali, according to the evidence at the hearing, took part in the purchase of materials that may have been used in the plot. The court also heard evidence that information in a diary might show she knew about a plot.

Ms. Ali's attorney during the court hearing questioned the evidence against his client, and lawyers for Mr. Hussain, Ms. Ali and the 17-year-old indicated that their clients would plead not guilty. The three are scheduled to make their next court appearance Aug. 29.

U.K. authorities on Monday charged the 11 people with a range of offenses, including conspiracy to commit murder and intent to detonate bombs on board airplanes in what authorities say were plans to blow up planes flying to the U.S. from the U.K.

As Suspects Are Charged, East London Looks Inward (NYT)

By Serge F. Kovaleski

The New York Times, August 23, 2006

LONDON, Aug. 22 — Hanif Qadir feels that he has fallen short, tragically.

Mr. Qadir runs a community foundation in East London that tries to steer young people, most of them British-born Muslims, away from drugs, violent gangs and religious extremism. He knows 5 of the 22 suspects being held by the British authorities in what has been described as a plot to blow up airliners on trans-Atlantic routes, including 2 of the men who were charged Monday.

Since learning about the charges, Mr. Qadir said he was convinced that he and others should have been doing far more to shield the younger generation of Muslims from propagandists and recruiters for radical Islamic groups who have gained a foothold in neighborhoods like his. He derided such groups as “evil minded” and said “they don’t represent any faith.”

“This goes to show you how the community has failed to protect our young,” Mr. Qadir said in an interview on Tuesday. “It makes me feel sick. I thought that I knew who the extremists were and where they were coming from.”

In the area of East London where several of the suspects lived, news of the charges elicited a wide array of emotions, including disbelief and anger with both the government and Islamic extremists. It also led to reflections on how Islam is perceived and whether Muslims can do more to integrate into British society without compromising their faith.

Some residents were quick to cite an incident last June — when 250 police officers raided a home in East London, detaining two Muslim brothers and shooting one of them only to release both without charge a few days later — as an example of their susceptibility to police abuse.

The 11 suspects who have been charged in the bombing plot case appeared in a London courtroom for the first time on Tuesday, some of them waving and smiling to relatives and friends in the public gallery. The 10 men among them, several of whom were lightly bearded, wore white T-shirts and gray jogging pants. The sole woman, Cossar Ali, had on a blue head scarf. Eleven other suspects remain in custody under counterterrorism laws that give the British authorities up to 28 days to hold them without charge.

In court, most of the 11 suspects spoke only to confirm their names and dates of birth. A lawyer for Tanvir Hussain, one of the eight suspects facing the most serious charges — conspiracy to murder and planning to smuggle bombs onto an airplane to detonate them on board — told the court that “all allegations were denied.” The remaining three suspects were charged with lesser offenses under counterterrorism laws, and their lawyers said they would plead not guilty.

On a busy street corner near a row of modest townhouses on Albert Road, where three of the suspects lived, Malik Ahmed, 55, crackled with rage as he expressed incredulity at the charges and at investigators’ statements that they had discovered martyrdom videos and bomb-making materials.

“No, no, no, no,” said Mr. Ahmed, who is unemployed. “This is a funny story. This is an injustice. This is a policy of racism against the Muslim people,” he said, wagging his finger. “There needs to be a major reconciliation. This has only made Muslims angrier.”

But nearby, as patrons trickled in and out of a drab kebab restaurant, Mohamaad Ibrahim, 31, a lighting engineer who is also without a job, said there could well be merit to the government’s case because some young British Muslims are “brainwashed” and are tarnishing Islam.

Mr. Ibrahim said he resented those who, he said, have fed prejudice and made it more difficult for him to escape the ranks of the unemployed.

"The gentle and innocent Muslims are paying the price for the black sheep of our communities," he said.

"Nobody trusts us anymore. People feel that some Muslim with a jacket full of bombs is going to walk into a business and blow himself up. This case is only going to make things worse."

He said Muslims like the bombing suspects were caught in a void between Islam and British culture, neither of which they understand well.

"They don't know Islam, and if they did, they would not adhere to killing people and other such extremism," he said.

Ehsan Hannan, the community cohesion officer for the London Muslim Center in East London, predicted that many Muslims might want to engage further with British society and to distance themselves from the stigma of terrorism.

"I don't see this as a time for retreating into gloom," Mr. Hannan said. "The majority of the Muslim community in England will be for greater transparency to let people know what Islam is truly about."

But he added that some Muslims feared that they might face violent reprisals if the suspects are were found guilty, and said the British government must do more to control paranoia over terrorism.

Molly Lebon, a non-Muslim from the Seychelle Islands who has lived in the neighborhood for some 30 years, said that when she heard about the charges her first thought was that the suspects should be sent straight to prison for a long time.

She called the evidence the police have presented so far impressive and convincing, adding, "This case makes it harder for me to trust Muslims because they don't mix with other people in the first place."

Since the authorities first disclosed the case on Aug. 10, there have been reports in High Wycombe, an area west of London that is home to several of the suspects, of non-Muslims harassing Muslims, including cursing and spitting at them from their car windows.

Mohammed Khaliel, a spokesman for a Muslim education center in High Wycombe that some of the suspects are said to have attended, said Muslims in his community have been hurt by recent events.

"This has certainly taken us backward in terms of community relations and Islamophobia and suspiciousness," Mr. Khaliel said.

11 Air Plot Suspects Appear In Court With Tight Security (WP)

By Mary Jordan

The Washington Post, August 23, 2006

LONDON, Aug. 22 -- Eleven people charged in the plot to blow up planes flying from Britain to the United States appeared in court for the first time Tuesday under extraordinarily heavy guard, driven in vans with blacked-out windows and along separate routes from court back to prison.

The suspects, most of whom are Londoners, told the judge their names, ages and addresses, in the first step toward a trial that prosecutors say could begin next year. Many wore T-shirts and sweat pants and appeared at ease in the small courtroom filled with journalists and relatives.

The 10 male suspects range in age from 17 to 28. The 11th suspect, Cossar Ali, is the 23-year-old mother of an infant and the wife of another suspect. She was one of two people charged with failing to disclose information that could help prevent a terrorist act.

The 17-year-old was charged with possession of items that could be used to prepare a terrorist act, including a book on improvised explosives and suicide notes of suspected terrorists. Eight others were charged with conspiracy to commit murder and preparing acts of terrorism. All have denied the charges.

Ali's lawyer, Nadeen Afzal, told reporters outside the courthouse that her client should be released because the government's evidence against her "doesn't exist."

Prosecutors have said they have powerful evidence against the suspects, from fingerprints and "martyrdom videos" to chemicals used in making bombs.

Of the 24 people arrested in the alleged terrorist plot earlier this month, two have been released without charge and 11 continue to be held for questioning. Prosecutors have until Wednesday to charge them or ask for more time to hold them.

Many people here are particularly alarmed that the suspects accused of planning mass murder in the skies are British citizens, not foreign enemies. Some Muslim leaders have said that Prime Minister Tony Blair's decision to commit British troops in Iraq and Afghanistan, who fight alongside U.S. troops in wars that have led to many Muslims being killed, has nurtured suicide bombers on British soil.

A poll published Tuesday in the Guardian newspaper showed that an overwhelming majority of those questioned -- 72 percent -- say they believe the government's foreign policy has made Britain more of a target for terrorists.

Blair has staunchly defended his government's policy in Iraq and Afghanistan, while acknowledging it has not been easy to maintain.

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Some supporters of Blair's Labor Party had hoped that the foiled attack would help win support for the security services and the government, and that the new perceived threat might rally more citizens to back Blair.

But Timothy Garden, a Liberal Democrat and defense expert in the House of Lords, the upper house of Parliament, said that the "nature of the relationship between the people and political leaders has changed since the Iraq war." Many people, he said, are now skeptical of officials after being fed "over-excited threats."

Blair's "subservient relations with the United States" have soured people, Garden said. "Everybody is pretty clear: Blair backed the wrong horse."

In the ICM poll for the Guardian, only 1 percent of those surveyed said they believed the government's foreign policy had made Britain safer. Overall, support for the Labor Party dropped to 31 percent, well below the 40 percent approval rating for the opposition Conservative Party. ICM said it was the lowest rating it had recorded for Labor in 19 years.

While the initial panic at London's Heathrow airport has eased and air traffic has largely been restored since the alleged plot was announced Aug. 10, the financial toll of the increased airport security and the loss of revenue for airlines continue to mount. A spokesman for British Airways said in an interview Tuesday that all its flights have been restored, but that in the week after Aug. 10 it had to cancel 1,200 flights and pay for 10,000 hotel rooms for stranded passengers.

Charging The Plotters (WP)

The Washington Post, August 23, 2006

THE ANNOUNCEMENT of charges in Britain this week against 11 of those held in connection with the alleged plot to bring down U.S.-bound airliners was not accompanied, as it would be in this country, by substantial amounts of new public information about the case. No lengthy indictment puts flesh on the rather spare narrative that British authorities have given concerning the plot. For eight of the accused, prosecutors merely alleged that they had "conspired with other persons to murder other persons" and had "engaged in conduct to give effect to their intention to smuggle the component parts of improvised explosive devices onto aircraft and assemble and detonate them on board" -- which is more or less what the public learned the day the arrests took place.

A few new chilling details did emerge. One of the suspects was accused of possessing "a book on improvised explosive devices, some suicide notes and wills with the identities of persons prepared to commit acts of terrorism." At Monday's briefing, Peter Clarke, head of the anti-terrorist branch of Scotland Yard, announced that the police had "found bomb-making equipment," including chemicals and electrical components and had "also found a number of video recordings -- these are sometimes referred to as 'martyrdom videos.' " Mr. Clarke also sketched out the massive scale of the investigation.

Most of all, however, he stressed how scary the threat from this alleged conspiracy was. "The threat from terrorism is real, it is here, it is deadly and it is enduring," he said. "As we all look for explanations, we cannot afford to be complacent and ignore the reality of what we face."

To Americans unaccustomed to the level of secrecy traditional in the British criminal justice system, the precise reality we do face with this plot still seems opaque. Unlike the situation in the wake of the Sept. 11, 2001, attacks, when a seemingly endless stream of information about the hijackers emerged quickly, the alleged conspiracy here remains the stuff of closely held government secrets -- simultaneously terrifying and close to implementation, yet somehow still inchoate and unclear. Even as more charges follow yesterday's, as seems likely, that situation will probably persist.

Given the need to respect the British justice system, there is little U.S. officials can do about this. Americans will just have to wait. But it is worth remembering how little the public knows about this plot when considering the often far-reaching policy recommendations to which it has given rise. Since the arrests in Britain, commentators have suggested everything from dramatic changes in airport procedures to revamping the intelligence community yet again to making surveillance easier. America can afford precipitousness no more than it can afford complacency.

Wider Network May Be Linked To Bomb Plot, Germans Say (NYT)

By Mark Landler And Souad Mekhennet

The New York Times, August 23, 2006

FRANKFURT, Aug. 22 — A top German security official said Tuesday that the two Lebanese men suspected of planting bombs on two German trains might have had support from a network of Islamic extremists here and in Lebanon.

“There might be a structure of helpers and supporters in Lebanon and Germany,” August Hanning, the secretary of state for the Interior Ministry, said in an interview. “We are still investigating this.”

Mr. Hanning said the bombs, which had been stuffed into suitcases but failed to explode, were professionally made and suggested a methodically planned attack rather than a spur of the moment scheme.

“We don’t think that this was a spontaneous act because you can’t make bombs like this from one day to the next,” he said.

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The comments by Mr. Hanning, a former head of the federal intelligence service, underscore why this case is viewed as the gravest terrorist threat in Germany since 2001, when militant Islamic students living in Hamburg laid the plan to hijack commercial airliners in the United States.

The recent bombing plot has rattled Germans, depriving them of a sense of relative insulation from terrorism and prompting a debate over the adequacy of the government's antiterrorism measures.

On Tuesday, the German authorities identified a 20-year-old Lebanese man, Jihad Hamad, as the second suspect in the failed plot. But Mr. Hamad appears to have fled the country, Mr. Hanning said.

The suspect lived most recently in Cologne, where on July 31 video surveillance cameras recorded him and a 21-year-old Lebanese accomplice boarding trains, lugging suitcases that hid propane-gas explosives.

On Saturday, the police arrested the other man, identified as Youssef Mohammed el-Hajdib, in the northern city of Kiel. They credited a tip from Lebanon's military intelligence agency, which intercepted a panicked phone call he made to his family there after video images of him were broadcast here.

The suspect has said little to the authorities so far, and Mr. Hanning was reluctant to speculate on his motives. He did note that the timing of the attempted bombing, which took place late last month, coincided with the fighting in Lebanon.

On Tuesday, the police arrested a young man in Kiel who is a friend of Mr. Hajdib. Investigators are trying to determine the extent of the support network for the would-be bombers.

The main suspects, Mr. Hanning said, grew up in Lebanon in what he described as an "extremist milieu." Authorities believe that Mr. Hajdib may have links to Hizb ut-Tahrir, a radical Islamic group banned in Germany, though the group denies he is a member.

The German authorities are also investigating whether he visited the Imam Ali Mosque in Hamburg, believed to be a gathering place for supporters of Hezbollah.

Both suspects lived in Germany for some time before carrying out the attacks. Mr. Hanning said it was not clear whether they moved here with a plan to carry out an attack or were radicalized later.

Although the explosive devices were homemade, Mr. Hanning said they showed considerable expertise. "The bombs were professionally made," he said. "It was just good fortune that the detonators didn't work."

The possible Hamburg connection carries an echo of the Sept. 11 attacks, which prompted criticism that the German authorities did not act aggressively enough against terrorist activity in their midst. Several of the hijackers in the 2001 attacks lived together in Hamburg, where their conspiracy took shape.

In the wake of this latest plot, the interior minister and Mr. Hanning's boss, Wolfgang Schäuble, has called for the expansion of video surveillance of train stations and other public places, and the creation of an antiterrorist database — something Germany has resisted because of concerns about privacy.

PATRIOT ACT:

Judge Okays Wiretaps And Searches In Aipac Lobbyist Case (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, August 23, 2006

In an opinion released yesterday, a federal judge said there was plenty of evidence to support federal intelligence-gathering wiretaps and searches in an investigation of two pro-Israel lobbyists charged with conspiring to procure and distribute classified information.

Judge Thomas Ellis III upheld warrants issued by the secrecy-shrouded Foreign Intelligence Surveillance Court and said the evidence obtained can be introduced against the former employees of the American Israel Public Affairs Committee, Steven Rosen and Keith Weissman.

The special court "had ample probable cause to believe that the targets were agents of a foreign power quite apart from their First Amendment lobbying activities," Judge Ellis wrote in an August 14 opinion unsealed yesterday.

He said that while the pair's advocacy was constitutionally protected, they were entitled to no safe harbor for their alleged violations of a 1917 law that limits disclosure of the nation's secrets, the Espionage Act.

Judge Ellis did not identify the "foreign power" the defendants were allegedly serving, but other evidence in the case makes clear that Israel is the country in question.

The judge noted that a 1978 Senate report, written just prior to passage of the surveillance statute, found that some secrecy and foreign contacts by lobbyists were legitimate.

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However, he also quoted a section of the report warning that foreign intelligence services could hide "behind the cover of some person or organization in order to influence American political events and deceive Americans into believing that the opinions or influence are of domestic origin and initiative."

Judge Ellis also indicated that defense attorneys have complained about alleged leaks of secret grand jury information to the press and have moved to have the case dismissed on those grounds.

The New York Sun reported yesterday that the judge ordered the Justice Department to investigate a leak to CBS News, which first reported the probe in 2004.

Judge Ellis said he was still considering the leak-related dismissal request but that the law was "not intended to invest a rogue official with the power to undermine a lengthy investigation."

HOMELAND RESPONSE:

U.S. Seeks To Expand Data-Sharing (WP)

By Ellen Nakashima

The Washington Post, August 23, 2006

The United States is seeking to expand a post-Sept. 11 data-sharing agreement with the European Union to enable the Department of Homeland Security to retain airline passenger data longer than a few years and to share the data more freely with law enforcement and intelligence agencies.

The agreement, which grew out of the Aviation and Transportation Security Act of 2001 and took effect in March 2004, obliges all foreign carriers flying from Europe to the United States to share airline passenger data with Customs and Border Protection agents. The arrangement has raised concerns among privacy advocates and politicians in Europe over sovereignty and privacy issues.

A Department of Homeland Security spokesman, Jarrod Agen, said yesterday that the information, which includes passengers' names, addresses, credit card details, travel itineraries, and hotel and rental car information, was "essential . . . to identify potential terrorists that we don't already have on our watchlist." The information is part of a database called the Passenger Name Record.

The negotiations, which began several months ago, are part of an ongoing debate between the United States and the European Union over how much personal information can and should be exchanged to enhance security without violating privacy.

The European Court of Justice reviewed the original agreement and on May 30 struck it down, finding problems with the legal basis that the European Council of Ministers used in entering into the pact. The court gave Europe and the United States until Sept. 30 to renegotiate the deal. E.U. officials said that they were not inclined to alter its substance but that they would make its underpinnings conform to European law.

"To meet a relatively tight deadline, our view is we should keep the agreement as close as possible to the existing deal and leave any substantial changes to a later stage," said Anthony Gooch, a spokesman for the European Commission delegation to the United States. The agreement's terms provide for the pact to be revisited in 2007, he said.

When negotiating the initial agreement, the United States sought to hold Passenger Name Record data for 50 years. A compromise was reached at 3 1/2 years. Now, U.S. officials are hoping to persuade E.U. officials to bend a little more on data retention.

"When people are developing terror plots, sometimes it takes years to unfold," Agen said. "We wouldn't want five, six, seven years later to say we had that information but had to get rid of it."

The current agreement also puts restrictions on how data can be shared with other agencies. If, for instance, the Homeland Security Department learned that a suspected terrorist used a certain cellphone to purchase plane tickets, the agency wants to be able to share that phone number with the CIA, Agen said.

U.S. officials also initially wanted access to all 60 fields of data in passenger-reservation databases, such as religious identification and dietary preference. But E.U. officials objected, and a compromise of 34 fields was reached. The Homeland Security Department is not looking to expand the amount or type of passenger data shared, Agen said.

"There is a growing concern that European data is shared by default with the American government," said Simon Davies, director of the London-based Privacy International, an advocacy group. "That has become an issue of sovereign control with Europe. They say this is yet another attempt by the United States to wrestle control of European laws away from the Europeans, that this is yet another attempt to create a global center of gravity based in Washington, D.C."

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E.U. officials are separately trying to negotiate an air passenger data-sharing agreement among their 25 member states. That proposal, which likely will be put before the European Council of Ministers by year's end, has "nothing to do" with the United States, said Friso Roscam Abbing, a spokesman for Franco Frattini, the European Commission's vice president for justice, freedom and security.

The proposal, which is still being refined, will not include sharing information about religion, health conditions or dietary requirements, Abbing said. "We are obliged to put forward proposals which ensure a respect for fundamental rights but which also makes sense for law enforcement authorities," he said.

He said the proposal dates to 2004.

Chertoff Envisions Database Of Air Travelers (NPR)

NPR's All Things Considered, August 22, 2006

The United States wants to expand the screening of international airline passengers, the Homeland Security Secretary Michael Chertoff has told The New York Times. The proposed plan could go far beyond terrorist watch lists, to vast databases that include past itineraries of travelers. Robert Siegel talks with New York Times reporter Eric Lipton.

Texas Men In Cell Phone Case Post Bail (AP)

AP, August 23, 2006

BAY CITY, Mich. - Three Texas men facing federal conspiracy and money laundering charges after buying large numbers of prepaid cell phones posted bail Tuesday and said they planned to fly home.

"We're glad we're out. We're innocent and we're gonna try to clear our names," one of the men, Louai Othman, 23, told The Bay City Times after the trio left U.S. District Court in Bay City.

Othman, his brother Adham Othman, 21, and their cousin Maruan Muhareb, 18, all of Mesquite, Texas, had been jailed since Aug. 11, when they were arrested after buying dozens of cell phones at a Wal-Mart store in Caro, about 80 miles north of Detroit.

Family members and supporters raised $30,000 to free the men, who had been held at the Saginaw County Jail with bail set at $10,000 each.

Under conditions set Friday by U.S. Magistrate Judge Charles Binder, the men had to surrender their passports. They will be subject to a curfew and will have to wear an electronic tether.

The men will be have an evidentiary hearing in Bay City in the next few weeks, said their attorney, Nabih Ayad.

The men were arraigned on the federal charges Aug. 16, the same day a Tuscola County judge dismissed state terrorism charges against them at the request of the county prosecutor.

They trio had been accused of collecting or providing materials for terrorist acts and surveilling a vulnerable target for terrorist purposes.

Tuscola County authorities were alarmed not only by the approximately 1,000 cell phones allegedly found in their van, but also by images of the Mackinac Bridge on their digital camera, which led to the surveillance charge.

But the FBI and state police later said there was no imminent threat to the 5-mile-long span linking Michigan's two peninsulas and no information linking the Othmans and Muhareb to known terrorist groups.

Ayad said his clients, who are of Palestinian descent, are victims of ethnic profiling. He said authorities held them for days to try to find something to charge them with.

The federal complaint alleges the men defrauded consumers, TracFone Wireless Inc. and Nokia Corp. by buying the prepaid phones and removing TracFone's proprietary software, making it possible to use the handsets with any cellular provider.

Once Accused Of Bridge Plot, Texas Men Released On Bond (DEN)

Detroit News, August 23, 2006

DEARBORN HEIGHTS -- Three Texas men once suspected in a possible plot to blow up the Mackinac Bridge were released from jail today after more than 10 days in custody.

Terrorism-related charges against Maruan Muhareb, 18; Adham Othman, 21; and Louai Othman, 23, were withdrawn by the Tuscola County prosecutor last Wednesday after the FBI and Michigan State Police said there was no evidence linking the men to terrorism.

They were arrested in Caro in Michigan's Thumb on Aug. 11 after police found about 1,000 cell phones and photos of the Mackinac Bridge inside their van.

Nabih Ayad, the Dearborn Heights lawyer representing the men, said the photos were tourist shots and the men are entrepreneurs who bought the phones to sell for a profit. They are victims of ethnic profiling, Ayad said.

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But the same day the state charges were dropped, the federal government brought charges of conspiracy to traffic in counterfeit goods and money-laundering. The federal charges relate to an alleged plot to alter the phones software and defraud cell phone companies and consumers through their resale.

The men are free on $30,000 combined bond and must wear electronic tethers and surrender their passports. Their families struggled to borrow the money to raise bond, Ayad said.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Anniversary Draws Bush To Gulf Coast (LAT)

By Peter Wallsten And Maura Reynolds

The Los Angeles Times, August 23, 2006

WASHINGTON — As next week's anniversary of Hurricane Katrina triggers recollections of rooftop refugees and massive devastation along the Gulf Coast, the White House has begun a public relations blitz to counteract Democrats' plans to use the government's tardy response and the region's slow recovery in the coming congressional elections.

President Bush will visit the area Monday and Tuesday, including an overnight stay in New Orleans. He probably will visit the city's Lower 9th Ward, the heavily black area that remains mired in debris, and is expected to meet with storm victims.

The trip will force Bush to revisit sensitive racial issues that arose with the flooding of New Orleans; at that time, civil rights leaders charged that the White House was slow to respond because so many victims were black. GOP strategists acknowledged that the administration's failure to act quickly was a significant setback in their efforts to court traditionally Democratic African American voters.

The White House announced Bush's visit Tuesday as a phalanx of administration officials stood before reporters to argue that billions of dollars had flowed to the region and millions more was on the way. The plans for the trip were disclosed one day after Atty. Gen. Alberto R. Gonzales announced that he was sending additional lawyers and resources to the city to fight fraud and abuse.

At Tuesday's briefing, White House aides passed out folders and fact sheets that painted a picture of aggressive recovery efforts. A packet from the Army Corps of Engineers, responsible for the levees that were breached after the storm, carried the slogan: "One Team: Relevant, Ready, Responsible, Reliable."

Donald E. Powell, the White House official in charge of recovery plans, declared that Bush was "fulfilling his commitment to rebuild the Gulf Coast better and stronger."

The administration's coordinated response is the latest example of White House officials maneuvering to cast a positive light on a campaign issue expected to hurt Republicans. Just this week, Bush acknowledged public anxiety over Katrina, along with concern about the war in Iraq and rising gasoline prices. But he defended his record and accused the Democrats of weakness, particularly on national security issues.

The White House effort comes as the Democrats, who plan to challenge Republicans on national security in this year's midterm election campaign, are portraying the government's response to Katrina as evidence that Bush failed to fix inadequacies exposed by the Sept. 11 attacks.

A report being released today by top Democrats, titled "Broken Promises: The Republican Response to Katrina," features a picture of Bush during his Sept. 15, 2005, speech in New Orleans' Jackson Square, in which he promised to oversee "one of the largest reconstruction efforts the world has ever seen."

The report argues that every aspect of recovery — including housing, business loans, healthcare, education and preparedness — "suffers from a failed Republican response marked by unfulfilled promises, cronyism, waste, fraud, and abuse."

Senate Minority Leader Harry Reid of Nevada is scheduled to spend Thursday in New Orleans with fellow Democratic Sen. Mary L. Landrieu of Louisiana to kick off what they call the "Hope and Recovery Tour." House Minority Leader Nancy Pelosi of San Francisco plans to arrive this weekend with about 20 other Democrats for additional events.

White House officials declined Tuesday to offer many details of Bush's trip. Spokeswoman Dana Perino said Bush would travel Monday to two Mississippi towns devastated by the storm, Gulfport and Biloxi, before arriving in New Orleans. He is expected to attend an ecumenical worship service at New Orleans' St. Louis Cathedral, the backdrop to his Jackson Square address.

Leaders of the recovery effort said Tuesday that although progress had been slow in some areas, Bush would be able to point to successes in some New Orleans neighborhoods, including the famed French Quarter and the Garden District. However, neither area was damaged as severely as the Lower 9th Ward. The question for White House schedulers is how much to accentuate the positives while acknowledging the negatives.

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"If you go to most of the city you see enormous progress," said Walter Isaacson, president of the Aspen Institute and vice chairman of the Louisiana Recovery Authority. "They are probably going to go to the Lower 9th Ward, which is very honest of them, because that's the place you see the least progress."

Isaacson, a New Orleans native, said he considered many of the Democrats' critiques to be unfair. He credited the White House with safeguarding millions of dollars in grants for housing and levee reconstruction, some of which was only approved this summer amid a contentious budget debate.

"They protected that housing money and the levee money in the appropriation process when every congressman was looking at it greedily," he said.

On Monday, Bush offered a preview of his anniversary message, contending at a news conference that despite frustrations about the slow arrival of housing funds and delays in debris removal, "the money has been appropriated, the formula is in place, and now it's time to move forward."

He suggested that $110 billion in federal funds had been "committed" to help the region rebuild, but confusion persisted Tuesday over what portion of that money had actually been spent.

During the White House briefing, Powell said that about $44 billion, about 40% of the total, had been distributed to hurricane victims, but suggested that state and local governments were mostly to blame for the gap.

The director of the Federal Emergency Management Agency, R. David Paulison, was contrite about mistakes made during the disaster aftermath. Paulison, who won Senate confirmation in May, a week before the 2006 hurricane season began, was named acting director in September after Michael D. Brown was forced to resign as FEMA director amid criticism of the federal response.

"Our communications system was broken — it was broken between the local community and the state, it was broken between the state and the federal government, and it was broken within the federal government," Paulison said. "That was the first thing we had to fix."

Grim Anniversaries Sway Election Strategy (WSJ)

By John D. Mckinnon

The Wall Street Journal, August 23, 2006

WASHINGTON -- Election day may be shaped significantly by how Republicans and Democrats frame public perceptions of two coming dates: the one-year anniversary of Hurricane Katrina and the five-year anniversary of the Sept. 11 attacks.

Democrats hope to gain advantages by highlighting the storm, with a series of events reminding Americans of the government's initially bungled response to the emergency. Republicans hope President Bush can sustain a new round of Katrina criticism, then use the Sept. 11 anniversary to remind voters of his party's hawkish security credentials.

To capitalize on voters' security concerns, House and Senate Republicans are developing legislation to take up during September, including measures supporting the administration's terrorist wiretapping program and its treatment of suspected terrorists.

But Republicans may not have as much success playing the security card this time as they have in the past. Katrina, which hit the Gulf Coast on Aug. 29, weakened Mr. Bush's image as a leader, at least partly neutralizing the Republicans' advantage on security issues. While the aftermath of Sept. 11 marked the highest ratings of Mr. Bush's presidency, Katrina ushered in some of the lows.

"If you go back and look at the declines in Bush's ratings, it was Katrina that delivered the knockout punch," says Larry Sabato, director of the Center for Politics at the University of Virginia. "It destroyed the image that re-elected him -- the image of leadership, the image of someone who was competent even if you didn't agree with his directions."

The Katrina phase of the campaign intensifies this week, as Democratic lawmakers visit New Orleans, beginning with Senate Democratic Leader Harry Reid tomorrow and continuing with a delegation led by House leader Rep. Nancy Pelosi. Democrats are likely to be aided by television coverage of the anniversary.

Democratic strategists have urged candidates and lawmakers who can't make it to New Orleans to attend local prayer services, back-to-school collection drives, restaurant fund-raisers and other volunteer relief efforts. A strategy memo advises Senate Democrats to "draw attention to the fact that a year later there is still a great deal of work to be done."

Mr. Bush will go to the Gulf Coast on Monday, and spend the day in Mississippi and the night in Louisiana. The president will spend the next day in New Orleans, although the exact venues are under discussion.

The administration's broad aim will be to keep the focus on the future. "Clearly these are times to reflect and remember, but they are also times to consider the future and a path forward to deal with disasters that hit our shores, whether they be natural or man-made," said White House spokeswoman Dana Perino. Republican campaign strategists also say they hope that national outrage over the disaster has faded and that -- terrible as it was -- the reconstruction is now basically a regional concern.

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Then Republicans can pivot to the Sept. 11 anniversary. The Republican National Committee recently posted a Web video that charts Democratic opposition to a series of post-Sept. 11 security policies: electronic-surveillance programs, interrogation practices, Patriot Act provisions and the Iraq war. In the House and the Senate, Republican leaders are planning to schedule a roster of terror-related votes. "The calendar for the entire month of September will be heavy on national-security issues," a House leadership aide said.

Lawmakers could use the homeland-security appropriations bill to stress the recent foiling of what authorities say was a terrorist plot to blow up U.S.-bound airplanes. The House also is expected to offer support for the administration's terrorist-surveillance program, and may take up measures related to North Korea and Iran. The House is expected to revisit stalled immigration legislation, which contains a heavy dose of border-security provisions. Senate Republican leaders are also planning security votes, including on military tribunals for alleged terrorists, defense appropriations and a bill to strengthen port security, aides say.

Republican plans for Sept. 11 itself are taking shape. President Bush's plans remain under discussion, the White House says. In the past, Mr. Bush has used the occasion to political advantage. During the 2004 presidential campaign, Republicans held their convention in New York, then declared a weekend of National Days of Prayer and Remembrance to mark the three-year anniversary. Last year, Mr. Bush had to merge the Sept. 11 and hurricane observances, standing on the White House South Lawn for a moment of silence for victims of Sept. 11 before flying to New Orleans.

In the two congressional elections since 2001, Republicans have benefited from focusing voters on the threat of terrorism. Democrats either tried in vain to compete or sought to change the subject. This year, Democrats hope things will be different, and that they can score points by arguing that Republicans haven't effectively waged the war on terrorism.

In the run-up to the anniversary of the attacks, several left-leaning think tanks and advocacy groups, including the Center for American Progress, will weigh in with reports on national-security weaknesses.

On Sept. 11, Mr. Reid, the Democratic leader, plans a floor speech in the Senate, although Democrats in general are expected to moderate their attacks on Republicans out of respect for the occasion. Countering the Republican leadership's legislative blitz, Senate Democrats will offer a range of amendments to a defense appropriations bill, some to implement unfinished recommendations of the 9/11 Commission for greater security at ports, airports and chemical plants.

Some analysts say Democrats may be able to mute the Republican security pitch this time around. "I think it's unlikely the fifth anniversary of the attacks will be of much benefit" to Republicans, says Andrew Kohut, director of the nonpartisan Pew Research Center for the People & the Press, "given how locked in people's negative attitudes are."

Katrina Recovery To Get Report Card (WT)

By Audrey Hudson

The Washington Times, August 23, 2006

Government officials and special-interest groups are jockeying to assess and grade recovery efforts in the Gulf Coast as the first anniversary of Hurricane Katrina approaches.

Donald Powell, federal coordinator of Gulf Coast rebuilding, briefed President Bush and other officials yesterday at the White House and earlier met with reporters on how $110 billion are being spent.

About 100 million cubic yards of debris have been removed from Texas, Mississippi and Louisiana since the storm struck the Gulf Coast on Aug. 29. A small percentage of debris remains in Mississippi, however more than one-third of the debris in New Orleans has yet to be hauled away. In Texas, where Hurricane Rita struck in September, all of the debris has been removed.

"The devastation is overwhelming," said Mr. Powell, who added that $15 billion in flood insurance has been issued to victims of the storms in addition to federal aid. "It's the largest displacement since the great Dust Bowl."

The good news is that the oil and gas companies and refineries are back to pre-Katrina production.

Congress directed $5.7 billion to fix the failed levee system that left 80 percent of New Orleans under water for two months. Mr. Powell says breaches in 220 miles of the levee system have been repaired.

In a meeting with reporters at a luncheon hosted by the Christian Science Monitor, Mr. Powell says he spends two-thirds of his time in the Gulf and the other third in Washington.

"I don't like being [in Washington]; it's not productive," he says.

Meanwhile, analysts gathered by the Center for American Progress met yesterday to discuss failures at all government levels, and today, the Mississippi chapter of the National Association for the Advancement of Colored People will release its report on housing, the economy and that private-sector response.

A review panel of engineers will meet Friday in New Orleans to discuss lessons learned and the levee system.

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Next week, a coalition of black leaders led by nationally syndicated TV and radio host and columnist Armstrong Williams will hold an event highlighting the displacement of local workers by illegal aliens.

Mr. Powell, the former chairman of the Federal Deposit Insurance Corporation, was appointed by Mr. Bush nine months ago to lead the recovery efforts, which he calls "the defining moment in my life."

Mr. Powell says he would move his family, even his grandchildren to New Orleans.

"I would also make sure we had a clear understanding of the evacuation plan, and I would be prudent in how I rebuilt my home."

New Orleans has been flooded before and will be flooded in the future, he says. "I'm not saying it's a way of life, but New Orleans needs to rebuild responsibly."

Mayor C. Ray Nagin, who once pledged to rebuild New Orleans as a "chocolate" city, told the National Association of Black Journalists on Friday in Indianapolis that billions of dollars of federal aid are going to contractors.

"Very little of those dollars have gotten to the local governments or to the people themselves," Mr. Nagin said.

Katrina Housing Money Slowed (AP)

By Lara Jakes Jordan

The AP, August 22, 2006

State officials in Louisiana are still struggling to ensure that money to rebuild houses hit by Hurricane Katrina is fairly distributed, the Bush administration's Gulf Coast coordinator said Tuesday.

Nearly a year after Katrina slammed into the Gulf Coast, only $44 billion has been spent to get the battered region back on its feet, coordinator Don Powell said. Over $110 billion has been designated for the massive rebuilding project — $17 billion of which is to help rebuild an estimated 204,000 homes in Louisiana and Mississippi.

Money has begun to reach Mississippi homeowners, Powell said. But in Louisiana, state plans for distributing the dollars were delayed, in turn holding up the funding flow.

"There is always a balance and tension between getting the money out fast and getting the money out responsibly fast," Powell told reporters at a White House briefing.

"I have a sense of frustration, I have a sense of urgency all the time," said Powell, who stopped short of criticizing Louisiana's delay in distributing the funds. "That money needs to get out because you'll see a lot of activity. But it doesn't serve anyone for them to be sloppy and haphazard in the administration of those moneys."

On Monday, President Bush noted that "the thing that's most important is for the government to, you know, eliminate any bureaucratic obstacles, when we find something that's not moving quick enough."

The U.S. Department of Housing and Urban Development approved in one day Mississippi's plans for rebuilding housing, and gave the nod to Louisiana's blueprint in 10 days, Powell said. Louisiana officials "didn't get their plan into HUD until later, after Mississippi, thus the plan was not approved until later," he said.

Powell, flanked by the directors of the Federal Emergency Management Agency and the U.S. Army Corps of Engineers, sought to spotlight successes in the Gulf Coast as the Aug. 29 anniversary of Katrina nears.

An estimated 100 million cubic yards of debris has been removed from the region so far — more than all the combined wreckage caused by Hurricane Andrew in 1992 and from the World Trade Center in 2001, which took two years to clean up, Powell said. The port of New Orleans "is back," he said, with incoming tonnage equaling levels from before Katrina hit.

FEMA director R. David Paulison spoke bluntly about his agency's failures last year to track supplies, register storm victims for benefits and help emergency responders communicate with each other. "We need to make sure that we are going to be ready to respond to this next storm and not waste those opportunities, not waste those lessons learned," he said.

Earlier Tuesday, the Corps' chief engineer, Don Basham, said New Orleans-area levees might be overtopped by up to four feet of water in a future hurricane of Katrina's size.

"Even if you had another Katrina event today, we do not believe we'd have any levees fail, as far as collapsing," Basham said. "But you're definitely still going to have water that's going over the top of the levees. And people are going to be inundated and need to evacuate, get out of the area."

A Corps investigation of the city's levees after Katrina revealed that levees were breached — meaning that they collapsed, causing the water to flow from behind them much faster — in only four spots along 160 miles of floodwalls that were damaged during the storm. The walls were overtopped in 46 places, Basham said.

Donald Powell (CSM)

By David T. Cook

The Christian Science Monitor, August 23, 2006

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Posted August 23, 2006 - http://www.csmonitor.com/2006/0823/p25s01-usmb.html Donald Powell By David T. Cook

Donald Powell is a tall, courtly Texan who holds one of the most important but thankless jobs in the federal government.

In November 2005, President Bush named Mr. Powell to be Federal Coordinator of Gulf Coast Rebuilding. In that role, the former banker is Uncle Sam's point person on rebuilding the portions of Louisiana and Mississippi that were devastated by hurricane Katrina. The one-year anniversary of the storm is Aug. 29.

The scope of the rebuilding effort is massive and the people who saw their homes and businesses destroyed by the disaster are naturally impatient. The area affected by Katrina "is seven times larger than Manhattan," Powell reminded reporters at a Monitor-sponsored luncheon on Tuesday. "More than 1.5 million people were affected ... 800,000 citizens were forced to live outside their homes. This was the largest displacement of people since the great Dust Bowl."

Before being named to his current post, Powell was Chairman of the Federal Deposit Insurance Corporation (FDIC). The agency insures more than $3 trillion of deposits in virtually every bank and thrift in the country. Running the FDIC was a natural outgrowth of his nearly four decades of experience as a financial services executive. Before coming to Washington, Powell was President and CEO of the First National Bank of Amarillo.

Powell says his current assignment has touched him deeply. "Psychologists tell us we have about seven or eight defining moments in life," he says. Speaking slowly and softly he adds, "This has been a defining moment in my life. When I come up here [to Washington], I feel like I need to get back down there....When I am down and wondering if we are really making a difference, I go to the area and I think we are in some small way making a difference in their lives."

While there is an ongoing debate about the adequacy of the government's efforts to rebuild the levees in New Orleans, Powell contends the city is safe. "I would move my family to New Orleans - better still, most important, my grandchildren. I would also make sure that I understood the evacuation plan. I would also probably look at how I am going to rebuild my home. Do I want to build it higher? I mean, I would be prudent and responsible in how I build."

The Stafford Act, which governs federal disaster relief efforts, needs revision, Powell contends. "We need to have the political will to change some of the restrictions that were placed upon us that were not applicable or realistic to the situation....We need a close look at the Stafford Act," he says.

Powell is optimistic that there will be enough workers to rebuild homes in Louisiana that were damaged by Katrina despite reports of labor shortages. "It is a challenge. But the capitalistic system is pretty remarkable. Workers are beginning to flow in there and those workers are making ... some of them are making $20 an hour," Powell says. "With $20 an hour, a lot of people come into the marketplace.... I think the work force is going to be there."

Reports Document Failures Post-Katrina (AP)

By Rukmini Callimachi

The AP, August 22, 2006

No less than a half-dozen reports on the Hurricane Katrina recovery effort are being released to coincide with the one-year anniversary of the storm — and nearly all criticize the sluggish pace of the response.

The reports document a host of problems, from the still-unfinished levees to the plight of small businesses and the continuing racial divide.

"It's a pretty bleak picture," said Minor Sinclair, who heads the U.S. regional office of Oxfam America, a charitable organization.

Many of the reports focus on the failure of federal dollars to reach their intended targets. Oxfam's report points out that although $17 billion has been approved by Congress to rebuild homes in Louisiana and Mississippi, not one house has been rebuilt with that money in either state.

A report from the Democratic members of the House Small Business Committee found that 80 percent of small businesses on the Gulf Coast have not yet received loans promised by the federal government. The Small Business Administration has approved loans in excess of $10 billion, but only $2 billion has found its way to business owners.

The report also cited massive delays at the federal agency, forcing some business owners to wait as long as 100 days for a decision on loan applications.

"These long delays have not only caused many viable small businesses to fail that would have otherwise survived, but has contributed to the slow recovery of the local economy," the report said.

A call to the SBA for comment was not returned.

Three reports found that the lack of federal aid disproportionately affects black residents and the poor.

In Louisiana and Mississippi, blacks are more likely to be renters than whites, two reports noted, citing census data. Though a large proportion of the dwellings destroyed by Katrina were occupied by renters, only a fraction of the federal housing assistance has been earmarked for rental units, according to several of the studies.

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A report by the Mississippi conference of the National Association for the Advancement of Colored People said the lack of rental aid will have long-term impacts on places like Biloxi, Miss., where 70 percent of renters were black, and Pascagoula, where 75 percent were black. A report by the Brookings Institution in Washington argued that with rents having risen 39 percent in New Orleans, the need to repair affordable rental units is crucial.

Compounding the problem is the degradation of such services as public transit, which are typically used by low-income residents. A policy paper by the Washington-based Leadership Conference on Civil Rights found that only 49 percent of the New Orleans area bus routes have resumed. Only 17 percent of the buses are operational.

"Many of the poor in New Orleans do not own cars ... so they are dependent on public transportation in order to work," the paper said.

Several studies said the lack of affordable housing continues to weaken the labor pool.

"If people have nowhere to live or if they can't afford to live where they work, it becomes difficult for them to go where the jobs are. ... The end result is that recovery in the struggling areas is being slowed, sometimes to a near halt," said a report by the Nelson A. Rockefeller Institute of Government and the Public Affairs Research Council of Louisiana.

Amy Liu, author of the Brookings Institution report, pointed to streets that are still choked with debris as evidence of the failings of the recovery effort.

"These still storm-scarred neighborhoods are a stark reminder of the magnitude of the storm," she wrote. "But they also hang like billboards, advertising that little progress has been made."

New Orleans' Recovery Slow And Slippery Process (USAT)

By Anne Rochell Konigsmark

USA Today, August 23, 2006

NEW ORLEANS — A year ago, an American city almost drowned.

As New Orleans slowly sank beneath the brackish floodwaters unleashed by Hurricane Katrina, the nation watched in horror and wondered what the future held for the dying city.

A year later, New Orleans is in the midst of a halting, sloppy recovery. But it is recovering, despite dire predictions last September that the city was gone and admonitions that it should not be rebuilt. For better or for worse, five or 10 years from now, New Orleans will be pretty much what it was before the storm hit, with many of the same charms — and many of the same problems.

New Orleans taught the nation that cities don't easily die. Nor, it turns out, do they change much.

Take the levees, for example: Their shoddy construction led to the flooding after Katrina, and they are mostly fixed now. But teams of engineers monitoring the reconstruction say they are not markedly improved and still cannot hold back the waters of a Category 5 hurricane.

Crime, an unfortunate New Orleans trademark, is the same if not worse than it was before Aug. 29. The economy remains the question mark it has been since the 1980s oil bust. And all across the city, homeowners are rebuilding homes the old way, in harm's way, because the city and the state have not yet said they can't.

Many problems persist because there's no master plan for the city's future. There's no prohibition on rebuilding in places that have always been vulnerable to flooding — and still are. In some neighborhoods, the real planning is happening inside people's homes, around the kitchen table or in small neighborhood groups.

Absent from the rebuilding is a vision for New Orleans as a whole, a way to use this tragedy — and the city's portion of $27 billion in federal rebuilding money earmarked for Louisiana — to transform a city that was decaying for decades before the storm hit.

Most people say they just want to rebuild what they had. “People just want to get back to where they were before the storm,” says Tim Ryan, chancellor of the University of New Orleans.

“My fear is the city is coming up with a plan that is all repair, with no dreams for the future,” says David Voelker, a member of the Louisiana Recovery Authority, which has as much as $7 billion in federal dollars waiting for New Orleans to come up with ways to spend it. This is in addition to the $7 billion in grants to homeowners that begin flowing in September.

There will be some major changes. A city whose population drops by half — from 460,000 pre-Katrina to about 200,000 now — is going to be different, no matter where the remainder choose to live. And the school system, wrested by the state from a dysfunctional local school board just weeks after Katrina, is getting a major overhaul and could become a national model for charter schools. This fall, at least 20,000 students are expected to attend 52 schools, 32 of which will be charters.

“Cities do come back from tremendous devastation,” says Lawrence Vale, an urban expert from the Massachusetts Institute of Technology. “But resilience means bouncing back, and that's not the same as bouncing forward. The forces of pre-disaster inertia are very powerful, for the good and for the ill.”

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Last Aug. 29, Katrina, a Category 5 hurricane packing 160-mile-an-hour winds, weakened significantly as it made landfall in Plaquemines Parish. It then skirted the city and devastated Mississippi's Gulf Coast with a 28-foot storm surge. New Orleans, it seemed briefly, had dodged a bullet.

Then something happened, something worse than any storm. Levees along city drainage canals and the Mississippi River crumbled at multiple points, sending water rushing into the city and surrounding parishes. More than 100,000 of 188,000 households in New Orleans were swamped by at least 4 feet of water, some by as much as 12 feet. All but 50 of St. Bernard Parish's 27,000 homes flooded.

House Speaker Dennis Hastert, R-Ill., caused a small storm when he wondered about the wisdom of rebuilding a flood-prone city. He suggested, in an interview with an Illinois newspaper, that a lot of New Orleans "could be bulldozed."

In fact, it turned out that the small but essential heart of the city — including the French Quarter, much of the downtown business district and the Garden District — was spared any flooding, and the rest was dry in a matter of weeks. By October, power and water were restored to many unflooded neighborhoods. Pioneering residents began to return, many living in the dark, traveling out of town for groceries and gas. The population struggled back to about 100,000 by Christmas.

The death toll in Louisiana stands at 1,464; a body was found as recently as two weeks ago.

As New Orleans dried out, Mayor Ray Nagin's Bring New Orleans Back Commission asked the Washington-based Urban Land Institute to draw up visions of the city's future. The pictures were lovely.

On Jan. 11, New Orleans residents and media from around the world crowded into a ballroom at the Sheraton Hotel on Canal Street. Colorful schematics showed a city of pedestrian walkways and bike paths, light-rail transit, new parks and lots of open space.

There was a catch: The planners said the city should shrink substantially to fit the smaller population. Under the plan, badly flooded neighborhoods were to locate and survey former residents and determine how many wanted to return. If the numbers were too small, the city would not restore services to the area, abandoning the neighborhood and forcing residents to sell their properties to the city and move to more populated sections of town.

There were tears and shouted objections. Affluent whites from Lakeview were as angry as poor blacks from the Lower 9th Ward. Before the meeting even adjourned, Nagin backed down from his own commission's recommendations to forcibly shrink the footprint of the city.

Since then, two more sets of planners have been enlisted, but they are at odds with one another, and neither has come up with a master plan. Meanwhile, across the city, residents have been taking matters into their own hands.

"The Bring New Orleans Back Commission said we should be condos and green space — that's what got us going," says Rusty Berridge, who lived in Broadmoor, a historic, mixed-income neighborhood, before the storm.

Since January, the Broadmoor Improvement Association (BIA) has held more than 125 meetings and located more than half of its former residents, now flung across the nation. Of the 1,100 they have contacted, 87% say they want to come home to Broadmoor. The neighborhood has enlisted help from Harvard's Kennedy School of Government, which completed a 300-page plan for redevelopment of the neighborhood, down to such details as how high light poles should be.

"Our goals are reachable, they are obtainable," BIA President LaToya Cantrell says. The neighborhood has frequently flooded. Residents are relying on the U.S. Army Corps of Engineers to improve flood control.

Several other neighborhoods, some on their own, some with help from the city's planners, have completed redevelopment plans. None of the plans calls for barring redevelopment in sections or streets vulnerable to flooding or still deserted one year after Katrina.

More than 40,000 rebuilding permits have been issued in New Orleans since Katrina. Thousands of those are for homes that won't be raised off the ground, even though they flooded.

"I'm rebuilding on a concrete slab," says Tanya Harris, who lived in the most devastated section of the Lower 9th Ward, where virtually every house was damaged. Many were pushed off their foundations or reduced to sticks by water rushing through a nearby levee breach. "I had 15 feet of water in my house," she says. "How would you begin to raise your house to avoid 15 feet of water?"

Thousands of residents whose homes were salvageable have been legally rebuilding them just as they were. The city and state did not want to penalize pioneers who began rebuilding before new guidelines could be crafted.

Now, residents building new homes will have to comply with the Federal Emergency Management Agency flood-plain guidelines. The rules are confusing, but in general, they say most homes here must be raised at least three feet off the ground.

Harris' neighborhood is the last section of the city that still lacks drinking water, and there's no electricity, so even if she finishes her renovations, she can't move in. The city says the Lower 9th Ward is trailing in services because of the extent of the damage there.

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“People are fighting tooth and nail to get back there,” Harris says. “It has been drilled into us most of our lives to hold onto our property by any means.”

Indeed, home ownership in the neighborhood is among the highest in the city, at more than 60%.

Eventually, the Louisiana Recovery Authority (LRA) and some planners say the city will have to face the reality that it can't provide essential services to 200,000 residents living where 460,000 once were. There are redevelopment projects that can't happen just on the neighborhood level, that need to happen citywide.

LRA board member Sean Reilly says every hurricane-damaged Louisiana parish except New Orleans has submitted a master plan, and that failure has slowed the flow of money into the city. “Homeowners in New Orleans need some guidance on which neighborhoods are going to come back and when,” he says.

But there's no one to make those decisions. John McIlwain, a senior fellow at the Urban Land Institute, says the city's biggest mistake so far was the decision not to create an agency with legal authority to make tough decisions, such as shrinking the city's footprint and encouraging denser development in the areas that did not flood.

He points out that the Lower Manhattan Development Corp. was created in New York just 10 weeks after the Sept. 11, 2001, attacks. “And that redevelopment was much smaller in scope,” McIlwain says. “Here you have the largest rebuilding effort ever in this country's history, and there is no one with the authority to acquire land or make unpopular decisions about which blocks will be rebuilt.”

Nagin insists the city is “on track and moving forward.”

“I still believe in my heart there will be 300,000 people here by the end of the year,” he said recently.

There are other signs a new city is not emerging from the wreckage. Violent crime, for years among the worst in the nation, is rising sharply again after virtually disappearing last fall. There were as many slayings in July as there were in July 2005, police say, despite a 50% decrease in the population. U.S. Attorney General Alberto Gonzales said Monday he's sending extra U.S. attorneys, marshals and agents from the Bureau of Alcohol, Tobacco and Firearms to help local law enforcement.

Despite calls from planners, elected officials and civil engineers for a complete redesign of the city's failed levee system, the Army Corps of Engineers, on directions from Congress, has spent $1 billion to bring flood protection back to where it was pre-Katrina. Plans are in the works for another $5 billion in upgrades, but even those won't provide protection from a Category 5 storm, which forecasters say is more and more likely to occur.

“We're going to get a really nice, 1965 flood-protection system,” says Paul Kemp, a Louisiana State University engineer and a member of Team Louisiana, a group of scientists studying why the levees failed. The current system of levees and floodwalls was begun after Hurricane Betsy swamped New Orleans in 1965. When Katrina hit, it was still unfinished.

There are some improvements, including gates at the foot of the canals that caused most of the flooding and a better design for the replaced walls. Even the corps admits that another storm could overwhelm the levees. The corps has said there was not enough time to do more than restore the system to what it was pre-Katrina, and so far, Congress has approved $5 billion for levee work, not enough for a completely new system.

“If you were really signaling that you were going to do something different, you would have to do something different with the levees,” Kemp says. “You would invest in a 21st-century protection system. We should want nothing less than a city that you don't have to evacuate.”

About 20,000 students are encountering the biggest change in New Orleans: The total remake of public schools. Students are beginning classes this month in about 52 New Orleans schools, down from 60,000 students in more than 100 schools pre-Katrina. The long-troubled Orleans Parish School Board will control only four of those schools. Another 15 or so will be run by the state, which took over most schools in the weeks after the storm. The majority — 32 schools — will be charter institutions, receiving public money but run independently by parents, universities and other private groups.

“The school system was a disaster,” Reilly says. “We're rebuilding an entire system from scratch that can be a national model, built around charter schools. This has never been done before.”

For the first time in recent memory, all classrooms will be fully equipped with new desks, books, abundant supplies and computers. The bathrooms will have working toilets and lots of toilet paper — a perennial problem here in the past. Many of the charter schools have raised money for landscaping and new playground equipment.

“We have an opportunity to really start fresh, and that will make a big difference for the economy,” says Ryan, whose university chartered two city schools.

Of course, one other aspect of city life will be markedly different for years to come: the population. Best estimates are that about 200,000 people now live in New Orleans. No one knows how many more will return.

About 100,000 Louisiana homeowners, most of them in the New Orleans area, have applied for federal rebuilding money, to be distributed by the LRA beginning next month. There's more than $7 billion available to give homeowners up to $150,000

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each. No one knows yet how residents will choose to spend their money, whether they'll rebuild or sell their homes to the state. Homeowners can still get the money if they plan to leave New Orleans, but less if they plan to leave the state.

Ryan says no one should have expected Katrina to transform New Orleans.

"This last year has been hell. Many of us have lived in conditions we wouldn't have dreamed of living in before." And for New Orleans to get back to where it was before, he says, "is going to take years."

A New Orleans Home Is Reborn, With Grit And Persistence (NYT)

By John Schwartz

The New York Times, August 23, 2006

NEW ORLEANS — It no longer stinks at 7023 Fleur de Lis Drive.

There are plenty of awful smells in the ruined houses nearby — the ones still showing high waterlines and fluorescent orange door scrawls that announce whether corpses were found inside.

At No. 7023, though, the lawn is green with neatly trimmed centipede grass, and the flower beds burst with pansies, impatiens and marigolds. There is no mud inside or out, not a trace of a waterline, and the front door is, simply, white.

It looks as if the house had somehow been untouched by the waters that, one year ago, burst with fury through a breach just three blocks away in the 17th Street Canal and inundated the affluent Lakeview neighborhood. But in fact, there was no escape for this house, or for 134,000 others in New Orleans.

When the floodwaters receded, the yard was a moonscape of cracked mud and debris; the shrubs in front were bleached gray by salt water. Three-foot-high drifts of muck fouled the interior, and the scummy waterline was just four inches from the first-floor ceiling.

In a city that still seems largely stuck in the mud, this nearly restored home represents 11 months of sweat-drenched labor by its owners, Artie Folse and Tonja Osborne, two of a multitude of New Orleans residents who never stopped pushing ahead.

From the earliest weeks after the storm, Mr. Folse and Ms. Osborne defied the conventional wisdom that little could be accomplished in the city, and overcame the doubts and worries even of their own families. Their efforts, observed since last winter by a reporter for The New York Times, were born of an urge to rebuild that is as primal as the force that pushes grass up through cracks in a sidewalk. Rather than wait for advice, direction or help from the city, the state or the federal governments, Mr. Folse and Ms. Osborne simply got to work.

"If you're waiting for someone to tell you what to do, it'll never happen," Mr. Folse said.

The future of New Orleans, whatever it turns out to be, will be grounded in the stubborn drive of people like Artie Folse and Tonja Osborne, who can be found in every neighborhood of this city. There are many, of course, who lack their resources or skills, who suffered devastating human losses or who have succumbed to despair.

But some 30,000 houses are now being repaired or rebuilt around town, according to planners and city officials, and work will begin on tens of thousands more this fall when federal housing aid begins to flow. Those who try to rebuild do so with no guarantee of success, minimal encouragement from government and a willful faith their collective labors can actually change that future.

There is still much to be done at 7023 Fleur de Lis. But Mr. Folse and Ms. Osborne are so far along that tour buses, showing off the ruins of a beloved American city, pause briefly in front of the house. The drivers want gawkers to see the house that seems to shine.

Not Half Bad

In some ways, Mr. Folse and Ms. Osborne were lucky — or, more accurately, they made their luck. Mr. Folse, 54, and Ms. Osborne, 39, had flood insurance, which would eventually pay out $120,000. That was enough to rebuild with, and even to improve the house — a two-story brick bought out of foreclosure in 1989 for $130,000 — as long as they were frugal and did most of the work themselves.

They also own their own business, a small trucking company called Custom Logistics that brings them about $50,000 a year and allows a flexible schedule. And they were able to stay in the home of Ms. Osborne's late grandparents, across the Mississippi River in the Algiers section, during the earliest stages of rebuilding.

Most important, Mr. Folse is both handy and tireless. One of his drivers, Tony Delvalle, calls him "an army of one."

He and Ms. Osborn are not yet married, but they have a daughter, Taylor Rose, who is 2 years old. Ms. Osborne's 12-year-old daughter, Amber, lives with them, too, and Mr. Folse shares custody of his 16-year-old, Andrew, with his ex-wife.

They evacuated to Houston during the storm, and first saw the house again on a disheartening day in early October. Ms. Osborne recalled thinking, "We'll never live in this house again."

Amber added, "It was poo."

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But by mid-October, Mr. Folse was spending his days gutting the house — at first, simply because he had heard rumors that homes left untouched would be claimed by the city or would be subject to heavy liens. Ms. Osborne said, “It was like, ‘Let’s do something.’ ”

Shoveling out the sodden mud and possessions was backbreaking work, Mr. Folse said, adding that he felt nearly alone in the world. Aside from some workers taking on a nearby set of condominiums, everything in the neighborhood was still. On any given day before the storm, he might have seen crows, blue jays, sparrows, cardinals and mockingbirds; but for a while after the hurricane, “there was nothing but the big crows,” he said. Stray dogs and cats roamed by occasionally, looking hungry and sick.

Smells of Decay Vanquished

Mr. Folse started each day driving in from Algiers around 6 a.m. with a cooler full of drinks and sandwich meat, and drove back before Lakeview’s evening curfew. There was no city power or gas, but the water from the tap was good, and he hooked up a generator for running lights and power tools. His 80-year-old father, Fred Folse, often joined him in the work.

In November, Artie and Andrew spent their first night in the house, a desolate campout in an upstairs bedroom. The utter darkness was broken every 15 minutes or so by the blue lights playing across the ceiling as wandering patrol cars passed, and the silence was complete.

“There wasn’t no frogs; there wasn’t no crickets,” Mr. Folse said. “There wasn’t anything.”

But as the home began to emerge from the mess, stripped to the studs, as the smells of decay were vanquished with bleach and Lysol, Artie Folse recalled, a thought surprised him: “This isn’t half bad, you know?”

If the city didn’t stop them somehow, he and Ms. Osborne decided, they would rebuild.

On a bright day in mid-December, Mr. Folse showed a visitor around the emptied structure and talked of the future on the raw dirt of the front yard. “Lakeview is going to come back,” he said.

Mr. Folse predicted that he would have electricity and gas within three weeks, a wildly optimistic statement that showed his habit of confusing a clear line of sight with a short distance.

Several weeks later, in late January, the gas and power were still not hooked up. But there was something startling in Mr. Folse’s front yard: grass. He had thrown out some ryegrass seed to see whether the toxic soup of solvents, paint and gasoline in which the neighborhood soaked for more than two weeks had left the soil able to support growth, and he was pleasantly surprised to find that it did. He planted a few small shrubs and added flowers — plastic ones, at first.

“We’re trying to influence people to do something,” he said at the time. “Maybe two people will pass and say, ‘If they can do that, we can do that.’ ”

At the beginning of March, Mr. Folse greeted a visitor with an enormous smile. “Man, I wish you was a plumber instead of a newspaper reporter!” he exclaimed.

Without a plumber’s inspection and repair work, the city would not hook up the gas, and the Sheetrock could not be laid over the studs. Switches and outlets had to wait for the Sheetrock.

But plumbers were in high demand and short supply; Mr. Folse and Ms. Osborne were waiting on the third one they had tried to hire. Whenever Mr. Folse was stymied on one project, he took up another: He installed 27 new windows and 16 doors, and framed them with wood sanded and stained by Ms. Osborne. There were new wood laminate floors to lay, and cabinets to hang and furniture to assemble.

“In another four weeks, we’re going to be in good shape,” he said, his optimism reducing all obstacles.

A new FEMA trailer sat behind the house — cramped quarters, but livable. The generator thrummed nearby. The family moved into the trailer to cut down on Mr. Folse’s commuting, and to allow Amber to return to her own school, which had reopened across the canal in less damaged Jefferson Parish.

A few days before, Mr. Folse said, he had finally taken a few minutes away from the reconstruction to walk over to look at the spot where the levee breached six months before. “I said, ‘Damn! It’s right here!’ ”

The neighborhood all around looked depressingly the same, but to Mr. Folse, change is everywhere — even in the shy return of wildlife. “The other day, we saw a frog, and I saw a worm,” he said.

During a mid-May visit, the air-conditioning was on, and blasting, not just for comfort against the growing spring heat but to suck moisture out of the air and prevent mold from returning.

But that was only part of his delight. “Listen to this!” Mr. Folse said — and jumped and opened the new front door. He gave it a finger push and it closed smoothly, with a gentle “snick.” No longer would he have to shoulder open a water-warped door, or secure it with a padlock at night.

Then he performed another miracle: He opened the new refrigerator and pulled out a cold Diet Coke.

There was still much to do, but Mr. Folse said at the time that he was beginning to see signs of hope in the surrounding mess. The houses on either side have sold, and work is beginning. “It’s starting to kick back up,” he said. “If we can get through this hurricane season unscathed, man, this place is going to be booming.”

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And he got up again to open and shut the door. “This is what I like to do,” he said.

Snick.

One Foot at a Time

For all of the progress, every corner of his home is, to him, a punch list. Compliment him on the quality of work in the children’s bathroom upstairs, with its bright color scheme of pink and yellow, and he says, “I’ve still got to do the window surround, still got to do the threshold, still got to do the closet door and still have to do the closet floor.”

In May, amid all the work, the mayoral election seemed to pass overhead, and Mr. Folse said he was “shocked” to see the voters re-elect C. Ray Nagin, whom he finds ineffectual. But, he added, “it doesn’t matter to me who the mayor is.” In fact, he added, “I hate to say it, but I almost don’t care who’s president.”

And while there is still more progress in the neighborhood, with two depressingly ruined houses across the street demolished and cleared away, it is still very much a mess.

“When I keep my focus close in, I feel O.K.,” Mr. Folse said recently, and brought his hands together, narrowly parallel. “When you broaden it out and see nothing’s going on over there, and nothing’s going on over there, and there’s grass three feet tall at the house three doors down, and you’re going to have trouble getting your mail and getting your garbage picked up until they think it’s worth their while” and he paused. “It’s just depressing.”

Did he ever have a moment of profound doubt, when he thought that the city could not come back and his every effort was wasted?

“Not really,” he said. “That’s not my persona.”

“Whenever I take on a project,” he said, “I’m in the mentality of cutting the grass — one foot in front of the other, one foot at a time. Just keep going.”

His parents, Fred and Rose Folse, were not so sure. They worried that the city might decide to turn their son’s neighborhood into a park or flood basin, and one day in March Fred asked his son, “What are you going to do if the city comes in and tells you you’ve got to get out?”

Mr. Folse replied, “Who’s going to come and take me out?”

Reason to Celebrate

Artie Folse keeps the troubles of the last year in perspective. The year before, Taylor was born with a serious birth defect, omphalocele — her liver and small intestine protruded from her abdomen. She was in and out of the hospital for four months of her first year with surgery, setbacks and recovery, and they nearly lost her.

After a second lengthy hospitalization, her doctor said, “She’ll never play tackle football, but she’ll be all right.” On Aug. 20, 2005, the family celebrated Taylor’s first birthday in their house.

Nine days later, Hurricane Katrina came.

A few weeks ago, Taylor toddled happily around 7023 Fleur de Lis and lifted her shirt to show the softball-stitch scars along her belly. “Bo-bo,” she said.

Mr. Folse said, “We’re going to have her second birthday party here.”

He was smiling, but he was also a little antsy. He had been sitting for too long.

Something, somewhere, wanted nailing.

In Katrina, Compassion Met Adversity (opinion) (USAT)

USA Today, August 23, 2006

Next week will mark one year since Hurricane Katrina slammed into the Gulf Coast and cut a swath of destruction that was truly of biblical proportions. Together, our nation watched in helpless horror as the winds and the waters surged — killing more than 1,000 loved ones and wiping away once-vibrant communities. In essence, Katrina was an American tsunami: The devastation and despair it randomly cast throughout the Gulf Coast was painfully evocative of what we saw when we toured the Indian Ocean perimeter together in 2005.

It was typical of the American spirit that, after the skies opened up, so did the hearts of our people. Indeed, the compassion shown by citizens offered the first ray of hope after those dark skies cleared. Pledges of help and money poured in from far and wide — corporate boardrooms and classrooms, celebrities and school children, large cities and small towns, and the churches and synagogues that literally threw open their doors to shelter the homeless from every faith and strata of society.

To help channel this outpouring of goodwill, President Bush asked us to join together to raise funds to assist the recovery effort. America's response to this collaborative effort — the Bush-Clinton Katrina Fund — has been overwhelming. Some 60,000 donors have given more than $129 million to The Fund.

The outpouring

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We received generous donations from such high-profile groups, companies and people as diverse as Wal-Mart, the PGA Tour, the country of Kuwait and U2. But we also received $16 from a young man in Pine Beach, N.J., who sold baked goods at a soccer game. Three terrific kids in Brooklyn sent $300 they raised standing on a corner to collect money from passing cars. And a T-shirt store owner in Connecticut put out a donation can in her shop and collected $65.

Today, 12 months on, we can report that the broad diversity of those who contributed to this effort mirrors the many ways we have, in turn, put your generosity to work.

We started by giving $40 million to funds set up by the governors of Louisiana, Mississippi and Alabama, since they knew best what the immediate needs were. We directed $30 million to higher education, since we felt strongly that keeping the colleges and universities open and investing in its future leaders is vital to the region's long-term recovery. We also funneled $25 million into a fund for the region's churches, synagogues and all places of worship, since the spiritual well-being of citizens is as important as any building.

From there, we tried to identify specific needs in various communities along the coast. In New Orleans, we helped St. Thomas Health Services clinic provide badly needed medical care for the uninsured. We also partnered with the Children's Health Fund to provide mental health services for residents in southern Mississippi and Louisiana.

The Fund has helped shrimpers in Alabama get their boats back in the water and repair the sewer system in Waveland, Miss.

We are supporting Habitat for Humanity's effort to help low-income families rebuild their homes.

With your help, Operation Hope is providing economic services and financial counseling to victims.

Finally, because much of the work rebuilding the Gulf Coast will be done by young people, we supported the efforts of City Year Louisiana, a 12-month community service program, in recruiting young adults to help rebuild.

We have reached out to dozens of worthy causes. We wish we could do more, a lot more, but the fact is: You still can.

The Fund was established as a temporary program to get as much help to the most critical areas as fast as possible. While The Fund's work is nearing completion, by visiting www.bushclintonkatrinafund.org\otherorgs, you will find a list of organizations carrying on this mission. We hope those of you who have not participated in the recovery effort — and even those of you who have — will consider making a donation today.

Even today, mere words and pictures simply cannot capture the enormity of the suffering. If you have driven through New Orleans' Lower 9th Ward, if you have flown over Pass Christian, Miss., your mind numbs with disbelief.

'The best in the human spirit'

Much has been made of the two of us putting partisan politics aside to lead this effort; but, as always, the real story is how the American people have responded to this challenging time and met the worst in nature with the best in the human spirit. To be sure, there have been moments of despair in the days after the storm — and the pain of that loss is still with us — but Katrina also awoke in our people the compassion that Americans have always shown in the face of adversity.

That compassion, coupled with the courage and determination of the people at the center of the storm, is why we are confident the Gulf Coast will not only survive in the years ahead, but also thrive in the decades to come.

Former presidents George H. W. Bush and William Jefferson Clinton helped direct the Bush-Clinton Katrina Fund.

Disaster Chief: U.S. Government, Citizens Alike Are Unprepared (USAT)

By Anita Manning

USA Today, August 23, 2006

It's a dangerous world. And even five years after 9/11, the nation remains far from ready to respond in an effective way to a major disaster such as a terror attack or a flu pandemic, says Irwin Redlener, director of the National Center for Disaster Preparedness at Columbia University's Mailman School of Public Health.

In his new book, Americans at Risk (Knopf, $24), Redlener urges the federal government to develop a cohesive, coordinated approach to disaster planning — and Americans to emerge from a state of national denial.

The warnings about potential “megadisasters” are being heard by Americans, Redlener writes, but “we don't quite know what we're supposed to do. … Mostly we hope against hope that calamity isn't around the corner.”

Getting past a state of fear or denial is the first step toward readiness that can be a key to survival in a disaster, Redlener says.

“I hear from a lot of people that ‘if there's a really big disaster, there's nothing I can do about it.' ” he says. “That's hardly ever true.”

Only four in 10 Americans say they have a family emergency plan, though fewer than a third of those say they have all the needed elements in place. For many, the cost of accumulating the extra food, water and supplies recommended by the Department of Health and Human Services and the Federal Emergency Management Agency is prohibitive. And then there's the

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problem of storage space. “In urban areas, where are they supposed to store those supplies?” Redlener asks. “In New York City apartments, they literally don't have the room.”

Yet, he says, “the details are not as important as the process. If you sit with your family and go through what you'd do in various scenarios, then when the unexpected happens your mind-set will be better prepared to deal with contingencies.”

Having thought about it ahead of time and made whatever preparations are possible — such as learning CPR, knowing the evacuation plan for your community, deciding a family meeting place or discussing who will pick up the children from school — will give you a head start, Redlener says, even if the reality of the situation is not what was planned for.

“Mental resiliency and the capacity to think on your feet is a skill that can be developed by talking through what you can think of, and reading about it,” he says. “The more you've practiced thinking about how you'd respond in unusual circumstances, the better you'll respond when the unexpected circumstance arises.”

In his book, Redlener focuses less on what individuals can do to prepare than on what government should do. He poses five scenarios: an avian flu outbreak in New York City, an earthquake in Seattle, a nuclear attack in a major city, a train wreck in Missouri that causes the release of toxic chemicals, and a terrorist attack targeting elementary schools in Arizona. He also describes a nine-point strategy, starting with reconvening the 9/11 Commission to address preparedness efforts, and including expanding the role of the military in planning for and responding to major disasters.

“As I was working out the approach for this book,” Redlener says, “I wanted to be clear on this point: Getting the country prepared is not a matter of government actions alone, nor is it something individual citizens can do alone. This is a partnership of government, the public, not-for-profit organizations and businesses, each one fulfilling its responsibilities.

“It has to be a dynamic partnership that allows the whole system to respond effectively.”

WAR NEWS:

Marines To Recall Troops To Active Duty (AP)

By Lolita C. Baldor

AP, August 22, 2006

The Marine Corps will soon begin ordering thousands of its troops back to active duty because of a shortage of volunteers for Iraq and Afghanistan — the first involuntary recall since the early days of the war.

Up to 2,500 Marines will be brought back at a time, and there is no cap on the total number who may be forced back into service as the military helps fight the war on terror. The call-ups will begin in the next several months.

The number of troops in Iraq has climbed back to 138,000 — the prevailing number for much of last year. Troop levels had been declining this year, to a low of about 127,000, amid growing calls from Congress and the public for a phased withdrawal. Escalating violence in Baghdad has led military leaders to increase the U.S. presence there.

This is the first time the Marines have had to use the involuntary recall since the beginning of the Iraq combat. The Army, meanwhile, has issued orders recalling about 10,000 soldiers so far, but many of those may be granted exemptions.

Marine Col. Guy A. Stratton, head of the manpower mobilization section, estimated that there is a current shortfall of about 1,200 Marines needed to fill positions in upcoming deployments.

Some of the military needs, he said, include engineers, intelligence, military police and communications.

As of Tuesday, nearly 22,000 of the 138,000 troops in Iraq were Marines.

The call-up will affect Marines in the Individual Ready Reserve, a segment of the reserves that consists mainly of those who have left active duty but still have time remaining on their eight-year military obligations.

Generally, Marines enlist for four years, then serve the other four years either in the regular Reserves, where they are paid and train periodically, or in the Individual Ready Reserve. Marines in the IRR are obligated to report only one day a year but can be involuntarily recalled to active duty.

To date, about 5,000 Army IRR soldiers have mobilized, and about 2,200 of those are currently serving, according to Lt. Col. Bryan Hilferty, an Army spokesman. Of those 2,200, about 16 percent are volunteers, he said. A typical Army enlistment obligation is also for eight years.

According to Stratton, there are about 59,000 Marines in the IRR, but the Corps has decided to exempt from the call-up those who are either in their first year or last year of the reserve status. As a result, the pool of available Marines is about 35,000.

The deployments can last up to two years, but on average would be 12 to 18 months, Stratton said. Each Marine who is being recalled will get five months to prepare before having to report.

President Bush authorized the recall on July 26. It is the first such recall since early 2003, when about 2,000 Marines were involuntarily activated for the initial ground war in Iraq.

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"Since this is going to be a long war," said Stratton, "we thought it was judicious and prudent at this time to be able to use a relatively small portion of those Marines to help us augment our units."

Marine Corps Stretched Thin By Wars In Iraq, Afghanistan (MCT)

By Drew Brown

McClatchy, August 23, 2006

WASHINGTON - The wars in Iraq and Afghanistan are stretching the U.S. Marine Corps, forcing the service to take extraordinary measures to bolster both manpower and equipment.

On Tuesday, the Marines announced plans to recall as many as 2,500 inactive reservists to involuntary active-duty service to meet manpower needs, the first such call-up since nearly 2,700 Marines were recalled to active-duty before U.S. forces invaded Iraq in 2003.

The announcement coincided with a report to be issued Wednesday by two military experts who say that the Marines are having to borrow equipment from non-deployed units and pre-positioned stockpiles to replace tanks, trucks, armored vehicles and other hardware worn out by more than three years of combat duty in Iraq.

The two events are the latest signs that the U.S. military is having difficulty maintaining its combat readiness with the Iraq war well into its fourth year.

A Marines spokeswoman denied that the Marines are having difficulty finding recruits or volunteers for war-zone duty. Instead, Maj. Gabrielle Chapin said the service is looking to deepen the availability of Marines with specific training. "What we do need is a pool of very specific skill sets to fill critical job specialties," she said.

Yet the call-up is a rare one for the smallest of the country's four military services, which has always prided itself on its recruitment and retention record. Less than 180,000 Marines serve on active duty, but the Corps has consistently met or exceeded its recruiting and re-enlistment goals for years, even as the wars in Afghanistan and Iraq drag on.

Those expected to receive involuntary activation notices include infantry and other combat specialties, communications and intelligence specialists, combat engineers and military police, the Marines said. Marines in their first and last years of inactive reserve status will be excluded from the recall. Those recalled to service will get at least five months' notice.

The Marines currently have about 59,000 men and women serving in what's officially known as the individual ready reserve - former active-duty service members who still have time to serve on their mandatory eight-year commitment. Marine officials said they don't expect to activate more than 2,500.

Democrats, who have been pushing for a change of course in Iraq, said the announcement illustrates again how the war is straining U.S. military forces.

"After bravely serving our nation, often for more than one tour, these men and women are being asked to once again shoulder a heavy burden," said Sen. Jack Reed, D-R.I., a member of the Senate Armed Services Committee and a frequent critic of Bush administration policy on Iraq. "The drain on our soldiers, their families and the military's resources caused by today's operations in Iraq and Afghanistan need to be addressed immediately or there will be severe long-term consequences for the nation and our military."

The move follows similar call-ups by the Army, which has recalled about 5,100 former soldiers back to service since the Sept. 11, 2001, terrorist attacks. Most of those have been activated since 2004, and 2,100 remain on active duty, according to Army officials.

The Iraq war also has put unprecedented wear and tear on the Marine Corps' trucks, tanks and other combat equipment, according to a report by the Center for American Progress and the Lexington Institute, two policy research groups that frequently study national security issues.

The war has forced the Marines to keep about 40 percent of its ground combat equipment, 50 percent of its communications gear and 20 percent of its aircraft in Iraq, the report says.

Helicopters fly two to three times more hours than they should, tanks are being used four times as much as anticipated, and Humvees are being driven an average of 480 miles a month, 70 percent of which is off-road.

The harsh desert and combat losses are chewing up other gear at nine times their planned rates. Humvees that were expected to last 14 years need to be replaced after only four years in the extreme conditions of the Iraqi desert, the report says.

"This war in Iraq, in addition to the human cost, has a very heavy equipment cost, and this bill is going to have to be paid for years to come," said Larry J. Korb, a former Pentagon official and co-author of the report.

Because of the situation, the Marines, like the Army, have been forced to take equipment from non-deployed units and pre-positioned stockpiles in Europe and elsewhere to maintain sufficient combat gear for units in Iraq, seriously hampering their ability to respond to a crisis elsewhere, said Korb, now a senior fellow at the Center for American Progress.

"If, heaven forbid, Korea breaks out or something like that, you wouldn't be able to do as well as you should," he said.

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Korb and co-author Loren Thompson, a defense analyst at the Lexington Institute, estimate that the Marines will have to spend at least $12 billion to replenish their ground and aviation equipment. That figure will grow by $5 billion for every year the Marines remain in Iraq.

Korb and Thompson reached similar conclusions about the Army in a report issued in April.

Marines Set To Call Up Thousands For Iraq, Afghan Duty (LAT)

By Julian E. Barnes

The Los Angeles Times, August 23, 2006

Washington — The Marine Corps said Tuesday that it would begin calling thousands of Marines back to active-duty service on an involuntary basis to serve in Iraq and Afghanistan -- the latest sign that American armed forces are under strain and a potential signal of the growing unpopularity of the Iraq war among young veterans.

Marine commanders will call up formerly active duty service members now classified as reservists after the Corps failed to find enough volunteers among their emergency reserve pool to fill needed jobs in combat zones. The call-ups will begin in several months, summoning as many as 2,500 reservists at a time to serve for a year or more.

The military has had to scramble to meet the manpower requirements of the Iraq war, which have not abated in the face of a continuing insurgency and growing civil strife. Earlier this year, the military called forward its reserve force stationed in Kuwait, sending one battalion to secure Baghdad and two to Ramadi. Last month, the yearlong deployment of the Alaska-based 172nd Stryker Brigade was extended by four months in order to provide extra troops to roll back escalating sectarian violence in Baghdad.

For much of the conflict, the Army has had to use "stop-loss orders," which keep soldiers in their units even after their active-duty commitment is complete, and involuntarily call-ups of reservists to supplement their forces.

The call-ups and the stop-loss orders have been criticized as a "back-door draft" and are unpopular with service members, many of whom believe they have already done their part.

"You can send Marines back for a third or fourth time, but you have to understand you are destroying their lives," said Paul Rieckhoff, the founder of Iraq and Afghanistan Veterans of America. "It is not what they intended the all-volunteer military to look like."

Marines typically enlist for eight years. Most serve four years on active duty then enter the reserves, either as part of a unit that has a monthly drill or as a part of the "individual ready reserve."

The ready reserve was designed to be a pool of manpower that the Armed Services could draw on in a time of national emergency. But the Iraq war has forced the Army, and now the Marines, to rely on the ready reserve to fill holes in the combat force.

Sen. Jack Reed, D-R.I., said the call up of the Marine ready reserve was an example of the wear and tear inflicted by Iraq on the armed services, a stress that could hurt the military in the months and years to come.

"The right way to address the issue is to increase the size of the military so you do not have to rely on the call up of the individual ready reserve," Reed said. "We should have raised the strength of the Army and Marine Corps three years ago. . . . It does underscore the strain that is being placed on the land forces, the Army and the Marines. "

Frederick Kagan, a resident scholar at the American Enterprise Institute who has written about what he calls a military manpower crisis, argued the involuntary call ups are the latest sign that a larger ground force is needed. The increasing length of combat tours, the extensive use of National Guard combat units and the stop-loss orders all show the military is scrambling to meet the demands placed on it, he said.

"It is one of an avalanche of symptoms that the ground forces are overstretched by operations in Iraq and Afghanistan," Kagan said. "This administration needs to understand this is not a short-term problem and it really needs a systemic fix in the size of the ground forces."

The announcement by U.S. commanders that they are seeking new sources to meet manpower needs came as British officers told reporters in London that the 7,000-member British force could be cut in half by next year. For months, U.S. commanders also have said they want to shrink the size of their force in Iraq, a move that would reduce the strain on the military and ease the need for involuntary call-ups. But, so far most of U.S. as well as British promises to cut troop sizes have been derailed by the continuing violence in Iraq.

Although the Marines have for the most part avoided forcing reservists to serve in Iraq against their will, as the war has dragged on, volunteers have been harder to come by.

"We have been tracking our volunteer numbers for the last two years, if you tracked it on a timeline or a chart, you would see it going down," said Col. Guy A. Stratton, the head of the Marine Corps' Manpower Mobilization Plans section, who briefed reporters Tuesday on the reserve plans.

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There are 138,000 troops now serving in Iraq. There are about 24,100 active duty Marines serving in Iraq, Afghanistan and the Horn of Africa, although the bulk of that force is in Iraq's Anbar Province.

Marine Corps tours in Iraq, most of which are about seven months long, are shorter than the Army's yearlong tours. But Marines return to combat more frequently, with as little as five or six months in the United States between rotations. The grueling schedule means some Marines have already served three tours in Iraq.

The Marines last did an involuntary call up of members of their individual ready reserve before the initial invasion of Iraq. Although 2,658 involuntary orders were issued at the time, far fewer Marines ended up serving in Iraq.

The reservists in the new call-up will be drawn from a pool of 59,000 members of the individual ready reserve. The Corps will exempt Marines who are in the first and last year of their four-year reserve obligation, meaning the first call ups will come from a pool of about 34,000 Marines.

Although it is possible that someone who had served in Iraq a year before could be selected to return, Stratton said that, when deciding who to mobilize, the Corps will select the reservist with fewer combat tours or who has served overseas less recently.

The Marines estimate they are about 1,200 people short of the needed manpower in Iraq and Afghanistan. With training taking six months, and deployments an average of six months more, the Marines need the authority to call up 2,500 people at a time. Marines called from the reserves could serve a maximum of two years, although most tours are expected to last between a year and 18 months. Stratton said the authority to involuntarily call up the ready reserve will last indefinitely.

"What it allows us to do is tap in to that part of the IRR we've not used," Stratton said, "to be able to provide that additional augmentation to our units we have out there for this rotation, the next rotation, for however long the global war on terrorism will go on."

Stratton said the manpower needs were the greatest in the fields of communications, engineering, intelligence and military police. But he also said infantry, truck drivers, aviation mechanics and other specialties will be called up. Reed said it was particularly disturbing that the Marines needed the ready reservists to fill holes in infantry units.

Since Sept. 11, the Army has mobilized 5,000 soldiers from its ready reserves. The bulk of those have been part of involuntary call-ups begun in mid-2004. Currently, the Army has about 2,200 members of the ready reserve serving on active duty; about 1,850 were involuntarily called to duty.

On Tuesday, the Army was not able to provide the number of soldiers serving under the stop-loss order. But during the second half of last year, there were an average of 13,178 soldiers in Iraq whose tours had been extended by the stop-loss order. The Marine Corps does not have a stop-loss order in place.

Marines Call Up Inactive Reservists (USAT)

By Tom Vanden Brook

USA Today, August 23, 2006

WASHINGTON — The Marine Corps took the unusual step Tuesday of calling up 1,200 inactive reservists, the latest sign of strain from wars in Iraq and Afghanistan.

The mobilization of what are called individual ready reservists was the first since the beginning of the war in March 2003. It follows the delayed departure of Army units in Iraq and their redeployment to Baghdad. There are now 138,000 U.S. troops in Iraq, up from 125,000 earlier this year.

About 24,100 Marines serve in the command that includes Iraq and Afghanistan. Most are in Iraq, where some units have done multiple tours. Since March 2003, 755 Marines have died in Iraq.

A decline in Marine reservists volunteering for active duty helped prompt the call-up, said Maj. Steven O'Connor, a Marine spokesman. “This is something we need to do,” he said. “They're part of the Marine Corps, and we're going to use them as such.”

U.S. armed forces “are overstrained and undermanned,” said Frederick Kagan, a military analyst at the American Enterprise Institute, a conservative think tank in Washington. “This is yet another symptom of a problem that the administration refuses to admit.”

The Army needs to add 200,000 soldiers, Kagan said. He said the Pentagon's reliance on high-tech weapons and special operations forces isn't well suited to fighting the current guerrilla wars in Iraq and Afghanistan.

The Army and Marines have had difficulty reaching recruiting goals and have offered higher bonuses to attract enlistees and retain troops.

The Individual Ready Reserve is made up of Marines fulfilling the remainder of the contract they signed when they joined the Corps, typically four years. During the reserve period, they can either volunteer for new service or be called up involuntarily.

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The Marines will not call up ready reservists in the first year, who just came off active duty, or those in their last year, who may not be in top condition. That leaves an available pool of about 36,000 out of 59,000.

Once notified by registered mail, the reservists will have five months to report to active duty. They'll be on duty for 12 to 18 months.

Other services already have stepped in to help the Marines. A Navy unit will soon relieve Marines guarding Haditha dam in Iraq.

Michael O'Hanlon, a military analyst at the Brookings Institution, said active-duty forces need more people. “It's been a policy mistake on the part of the Bush administration not to do this,” O'Hanlon said. He said he's amazed the Marines have held up so far.

In July, President Bush authorized the activation of as many as 2,500 from the ready reserve.

Marine Reservists Facing Combat Duty (WP)

By Josh White

The Washington Post, August 23, 2006

The Marine Corps is planning to call up as many as 2,500 Marine reservists for combat duty in Iraq and Afghanistan, dipping into a rarely used pool of troops to fill growing personnel gaps in units scheduled to deploy in coming months, officials said yesterday.

It is the first time the Marines have resorted to involuntary call-ups since the initial invasion of Iraq in March 2003, when about 2,000 Marines were ordered into service for a short duration. It means thousands of Marines across the country who have left active service could soon be forced to return.

They would come from a pool of about 59,000 members of the Individual Ready Reserve (IRR) -- Marines with specific skills who left active duty and returned to civilian lives, but are obligated to serve if called. Marine Corps officials said yesterday that reservists in their first or last years of enrollment will not be subject to recall.

Officials said they will try to choose Marines with the smallest number of combat tours, leaving about 35,000 subject to the call-up.

Those receiving a recall notice will have five months to report to active duty and could serve tours of 12 to 18 months, Marine officials said yesterday.

President Bush authorized the involuntary recall on July 26, and officials are waiting to determine what skills are in short supply for deployments early next year before sending out notices to individual Marines. The authorization allows the Corps a maximum of 2,500 involuntary recalls at any one time.

The authority for involuntary recalls is until the end of the "Global War on Terror" -- a conflict for which there is no realistic end in sight. That could mean thousands of Marines could be involuntary activated over coming years.

Col. Guy A. Stratton, who is in charge of the Marines' manpower mobilization plans, told reporters at the Pentagon yesterday that the service is seeing a "shortfall" of volunteers from the IRR who previously offered to go back to active duty to fill gaps in units deploying overseas.

Stratton said that the "volunteer numbers are on a downward trend," and that outreach to certain specialists in recent months has met with resistance.

The shortfall, Stratton said, means that the Marines need about 1,200 people in a number of areas, from infantrymen to engineers, military police, intelligence personnel, aviation mechanics and truck drivers -- even though 1,366 members of the IRR were still on active duty as of Monday.

By creating a pool of 2,500, the Marines could train and deploy enough troops to fill the gap for two rotations.

"Since this is going to be a long war, we want to be able to use all our assets," Stratton said.

The Army has used its IRR several times since the Sept. 11, 2001, attacks. It has mobilized about 5,000 soldiers from that pool over the past five years, most of them since the middle of 2004, the Army said.

Some members of Congress have characterized the involuntary recalls and other measures as a "back-door draft" employed because wars have overly stressed the military. Other measures include "stop-loss" orders, which keep soldiers on active duty longer than expected.

Jack Reed (D-R.I.), a member of the Senate Armed Services Committee, said in a statement that the involuntary recall reflects the "wear and tear" on the U.S. military.

"The drain on our soldiers, their families and the military's resources caused by today's operations in Iraq and Afghanistan need to be addressed immediately, or there will be severe long term consequences for the nation and our military," Reed said.

Retired Army Maj. Donald E. Vandergriff, who has studied military personnel issues, said the IRR call-ups are both a necessary and an expected part of the military's wartime operations.

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"The IRR is there to fill the needs when there are gaps," Vandergriff said. "From the viewpoint of the services, they're using a tool to help them accomplish a mission that has been assigned. That's what that tool is there for."

Marines May Call Up 2,500 Reservists (NYT)

By David S. Cloud

The New York Times, August 23, 2006

WASHINGTON, Aug. 22 — The Marine Corps announced on Tuesday that it might call up as many as 2,500 reservists for jobs in Iraq, Afghanistan and elsewhere that the service can no longer find enough volunteers to fill.

An authorization signed by President Bush last month gives the Marines authority to recall that many reservists at any one time for service of a year to 18 months for assignments in military police, communications and intelligence as well as in combat units. Those marines would come from the Individual Ready Reserve, made up of 59,000 inactive marines who have not finished their service requirements.

Until now, the Marines have relied on volunteers to fill such assignments, but now the call-ups will be mandatory.

Around 1,200 reservists are likely to be activated initially and will be told to report for duty next spring or summer, said Maj. Steven O'Connor, a Marine Corps spokesman, who briefed reporters. The reserve was last used during the invasion of Iraq in 2003, when 2,000 marines were reactivated; the Army has made more extensive use of a similar authorization, ordering back more than 10,000 soldiers since the war in Iraq began.

As recently as two months ago, American commanders were still discussing plans to begin a reduction of American forces in Iraq by early this autumn. But sharp reverses in the security environment in Baghdad have prompted the military to change course, reinforcing American and Iraqi troops in the capital. The action by the Marines is a further sign that the military is making plans to sustain the American force in Iraq. A fact sheet distributed by the Marines said the service currently had a shortfall of about 1,200 marines who are needed to fill positions in planned deployments.

While about 59,000 marines are currently in the reserve, those in their first or last year of reserve status will be exempted from the call-up, creating a pool of about 35,000 available for involuntary recall.

Coalition Raids Yield 100-plus Arrests (USAT/AP)

USA Today, August 23, 2006

BAGHDAD — U.S. and Iraqi forces captured more than 100 known and suspected terrorists, including one linked to the February bombing of a Shiite shrine that triggered a wave of sectarian bloodshed, a U.S. spokesman said Tuesday.

Raids by Iraqi and coalition forces this past week led to the captures, said Maj. Gen. William Caldwell, a U.S. military spokesman.

The arrests are part of a new push by the United States to wipe out the insurgency and the Sunni-Shiite sectarian strife gripping at least four of Iraq's 18 provinces. The fighting has stoked fears of an all-out civil war.

At least 3,500 people were killed in Iraq in July, the deadliest monthly toll since the U.S.-led invasion of Iraq in March 2003 to oust dictator Saddam Hussein.

Among those arrested was a Saudi al-Qaeda member preparing men for suicide operations, a U.S. statement said. Also arrested, Caldwell said, was a suspect directly linked to the Feb. 22 bombing of the Shiite shrine in Samarra, which set off a cycle of reprisal attacks by Shiites and Sunnis.

In Baghdad, six death-squad leaders and 31 death-squad members were arrested in the past week, Caldwell said.

Also Tuesday:

·The British deputy to the top U.S. commander in Iraq said the sectarian conflict is not a full-blown civil war but perhaps a "civil war in miniature."

British Royal Marine Lt. Gen. Robert Fry said there is no mass migration out of Baghdad, where the violence is worst, the central government is functioning and Iraq's security forces are answerable to the government.

·Two Kurdish survivors testified in the genocide trial of Saddam Hussein. Najiba Khider Ahmed described how foul smoke billowed across her village, blinding residents in a 1987 poison-gas attack, and how her male relatives disappeared at a prison camp.

Ahmed took the stand in the second day of Saddam's new trial over the Anfal campaign, a military sweep across northern Iraq in which tens of thousands of Kurds were killed and hundreds of villages leveled.

Saddam and his lawyers repeatedly accused the survivors of being coached in their testimony. At the same time, two of his co-defendants insisted that Anfal did not target civilians.

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Saddam and his six co-defendants could face execution by hanging if convicted in the Anfal case. He is awaiting a verdict due Oct. 16 in the first case against him, a nine-month trial over the killings of 148 Shiites in a 1980s crackdown on the town of Dujail.

·Republican Sen. John McCain of Arizona said that sacrifices required in Iraq were underestimated and that Americans were misled into believing the conflict would be “some kind of day at the beach.” McCain, a defender of the war, said Americans feel frustrated because they had no idea of the toll the war would take. He spoke while campaigning in Ohio for Sen. Mike DeWine.

·Iraq said it has launched its own probe into the alleged rape and murder of a 14-year-old girl by U.S. soldiers even though they face possible U.S. courts-martial in the case.

·The Christian Science Monitor reported that journalist Jill Carroll suspects an influential Sunni politician or someone from his Baghdad office may have set up her January abduction.

Carroll's captors also told her Adnan al-Dulaimi, head of the Iraqi Accordance Front, met at least twice with the chief captor and publicly pleaded for them to let her go. Dulaimi denies he was involved with Carroll's kidnapping and says he paid a ransom for her release, the newspaper reported.

General Sees "Some Normalcy" Of Life In Baghdad (WT)

By Rowan Scarborough

The Washington Times, August 23, 2006

The U.S. command in Iraq yesterday spoke of "life coming back to some normalcy" in violence-racked Baghdad, where for weeks American and Iraqi forces have launched raids to subdue various insurgent groups and militias that seem bent on instigating a civil war.

"We are cautiously optimistic and encouraged by all the indicators that we are seeing," Army Maj. Gen. William Caldwell told reporters in the Iraqi capital in an assessment of Operation Together Forward. "What we're seeing in these areas is life coming back to some normalcy. We see women and children walking freely in Amiriyah [neighborhood], something that was not seen prior to Operation Together Forward."

He displayed a map of the multiethnic city, with neighborhoods shaded in different colors to show how far they had progressed in reducing violence and restarting city services.

Gen. Caldwell's report came a month after Army Gen. John Abizaid, chief of U.S. Central Command, told the Senate Armed Services Committee he had not seen such a high level of violence in Baghdad since the city was liberated from dictator Saddam Hussein in April 2003. The general said he feared a Sunni-Shi'ite civil war, but added that he thought the new government of Prime Minister Nouri al-Maliki would prevent it.

Gen. Caldwell said that today, the Iraqi government is preventing such a war, and pointed to statistics that attacks in some city sections have gone from 30 a day to zero.

"There in fact has been a downturn in the level of violence within Baghdad over the last three weeks," he said. "The prime minister and his government has formulated a plan that is in fact proven at this point to have been very effective. And time will tell -- months will tell how effective it really is, but the initial indicators are very positive."

U.S. and Iraqi forces are facing multiple enemies in Baghdad: Al Qaeda in Iraq terrorists, Iraqi Sunni insurgents and Shi'ite death squads connected to the Mahdi's Army of cleric Muqtada al Sadr, who the United States says is financed by Iran's radical Islamic regime.

American commanders have given optimistic assessments before for Iraq, only to see parts of the country fall into chaos and violence. It remains to be seen whether the favorable trend continues in Baghdad.

"There is still much to be done, and we, together with the government of Iraq, have a long way to go," Gen. Caldwell said. "But with Iraqis in the lead making things happen, there's hope for the future."

The command's chief spokesman ticked off a list of raids and arrests in various Baghdad neighborhoods in recent days that resulted in decreased violence and a return of residents to shops and outdoor markets.

He said the coalition has mounted up to four major operations a night for several weeks to clean out one neighborhood at a time. An Iraqi reporter asked if the United States will produce "miracles" in the small town of Dura, such as paving the streets and bringing electricity.

"If there's a miracle that's going to occur in Iraq, it's going to be the Iraqis that will produce that miracle," Gen. Caldwell said.

Lt. Gen. Robert Fry, the senior British commander in Iraq, joined the debate on whether Iraq is, or isn't, in a civil war. Gen. Fry said the sectarian violence is largely confined to greater Baghdad and that the central government is functioning.

"I do not see a condition of civil war," he said from Baghdad in a conference call at the Pentagon. "The numbers of sectarian killings which have taken place in Baghdad over the last few weeks are dramatically reduced."

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The Battle Of Baghdad (WSJ)

By Zalmay Khalilzad

The Wall Street Journal, August 23, 2006

BAGHDAD -- Although there has been much good news to report about security progress in Iraq this summer -- the killing of Abu Musab al-Zarqawi, the handover of security responsibility for Muthanna province, the fifth of 10 Iraqi Army Division Headquarters to assume the lead in its area of responsibility -- Iraq faces an urgent crisis in securing its capital, Baghdad. Although Iraqi leaders and the Coalition have a sound strategy to turn the situation around, it is vital that Iraqis control sectarian violence and come together against the terrorists and outside powers that are fomenting the violence.

In July, there were 558 violent incidents in Baghdad, a 10% increase over the already high monthly average. These attacks caused 2,100 deaths, again an increase over the four-month average. More alarmingly, 77% of these casualties were the result of sectarian violence, giving rise to fears of an impending civil war in Iraq. While statistics should not be the sole measure of progress or failure in stabilizing Iraq and quelling violent sectarianism, it is clear that the people of Baghdad are being subjected to unacceptable levels of fear and violence. * * *

This trend is especially troubling because we cannot achieve our goal of a secure, stable and democratic Iraq if such devastating violence persists in the capital. Baghdad represents one-fifth of Iraq's total population, and is a microcosm of Iraq's diverse ethnic and sectarian communities. Baghdad is also Iraq's financial and media center, the latter of which is especially important given that the declared strategy of the terrorists and violent sectarian groups in Iraq revolves around creating a perception of growing chaos in an effort to persuade Americans that the effort in Iraq has failed. Therefore, violence in Baghdad has a disproportionate psychological and strategic effect.

The deterioration of security in Baghdad since February's attack on the Samara Mosque is the result of the competition between Sunni and Shiite extremists to expand their control and influence throughout the capital. Although the leadership of al Qaeda in Iraq has been significantly attrited, it still has cells capable of operating independently in Baghdad by deploying car bombs to Shiite neighborhoods. At the same time, Sunni and Shiite death squads, some acting as Iranian surrogates, are responsible for an increasing share of the violence. This cycle of retaliatory violence is compounded by shortcomings in the training and leadership of Iraq's National Police. To combat this complex problem, Iraq's national unity government, led by Prime Minister Nouri al-Maliki, has made securing Baghdad its top priority. The government's Baghdad Security Plan has three principal components:

· Stabilizing Baghdad zone by zone: Four Iraqi Army battalions, two Coalition brigades and five military police companies will be redeployed to Baghdad, resulting in more than 12,000 additional forces on the city's streets. The National Police will simultaneously undergo intensive retraining, with each brigade to be subjected to a three-day assessment period, with its leadership evaluated and, if necessary, replaced. Each brigade will subsequently receive additional training focused on countering violent sectarianism before redeployment. Over the last 10 days this approach began to be implemented in five areas of Baghdad -- Doura, Ghazaliyah, Rashid, Ahmeriyya and Mansour. In coming weeks other districts will be added.

Iraqi government and Coalition forces are adopting new tactics to stem sectarian killings. Increased checkpoints and patrols are being used to deny freedom of movement and safe haven to sectarian killers. The leaders of the death squads are being targeted. Security forces have started to work with cross-sectarian neighborhood committees. These and other new tactics will drive toward the goal of achieving security neighborhood by neighborhood. As each district of Baghdad is secured, operations will expand into contiguous zones over coming weeks and months.

· Disrupting support zones: Even as Iraqi and Coalition forces concentrate on securing specific neighborhoods, they will continue to conduct targeted operations in other zones that are staging areas for the violence. This includes targeted raids and other operations on areas outside of Baghdad's center, where planning cells, car-bomb factories and terrorist safe houses are located. This will degrade the ability of the terrorists and death squads to mount offensive operations into the areas we are working to stabilize.

· Undertaking civic action and economic development: One of the most tragic elements of the increasing violence in Baghdad is that it has robbed the Iraqi people of the sense of normalcy they desperately seek after living under crushing tyranny for more than three decades. In the immediate aftermath of Iraq's liberation, the entrepreneurial spirit of the Iraqi people was demonstrated as Baghdad's shops overflowed with consumer goods prohibited under the previous regime. However, the increasing violence in the streets of Baghdad has forced many Iraqis to close their shops for fear of their safety.

Consequently, after joint Coalition and Iraqi military operations have secured a neighborhood or district, a structure of Iraqi security forces sufficient to maintain the peace is expected to be left in place and reinforced with the capacity to undertake civic action and foster economic revitalization. This will be supported with $500 million in funds from Prime Minister Maliki's government and at least $130 million of U.S. funds.

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These economic support funds will be used to offer vocational training and create jobs, especially for 17-to-25-year-old males; to foster public support through improved services, such as medical care and trash and debris removal; and to build local governmental capacity to protect and provide for their citizens. These goals will be achieved through a mixture of high-impact, short-term programs; mid-term programs designed to stabilize these initial gains; and programs focused on long-term economic development. Prime Minister Maliki's plan for securing Baghdad is also closely tied to the national unity government's larger program for reconciliation, which seeks to foster political understanding between Sunni and Shiite forces, including those that either control or influence unauthorized armed groups involved in sectarian conflict.

In addition, a moral compact between the religious leaders of the two Islamic communities -- which will ban sectarian killings -- will delegitimize the violence. Such a compact would deny the killers a political or religious sanctuary while Iraqi and Coalition forces deny them physical shelter. For the longer term, the plan seeks to induce insurgents and militias to lay down their arms by implementing a program to demobilize unauthorized armed groups. It will also review the implementation of the de-Baathification process -- referring those accused of crimes to the judiciary and reconciling with the rest. * * *

It is understandable that when the American people hear of new U.S. casualties and witness the images of bloodshed from the streets of Baghdad, they conclude that our plans for stemming sectarian violence in Iraq have failed. Yet, implementation of the Baghdad Security Plan has only recently begun. Iraq's national unity government has been in office barely three months, and its ministers of defense and interior have been on the job for less than 80 days. Iraqi ministers are still hiring key staff, and they are learning to work together, under the leadership of a new prime minister. The Committee for National Dialogue and Reconciliation, charged with overseeing implementation of the reconciliation plan, was formed only three weeks ago.

Moreover, as tragic and dangerous as the ongoing violence is to our shared vision of a free and prosperous Iraq, it is not representative of the Iraqi people's sentiments toward one another. In July, a poll by the International Republican Institute, a nonpartisan organization dedicated to democracy promotion, found that 94% of Iraqis said they support a "unity" government representing all sects and ethnic communities, with only 2% opposed. Some 78% of Iraqis opposed Iraq being segregated by religion or ethnicity, with only 13% in favor. Even in Baghdad, where the worst of Iraq's sectarian violence has occurred, 76% of those surveyed opposed ethnic separation, with only 10% favoring it. The challenge of the Baghdad Security Plan and its accompanying effort at national reconciliation is to realize the overwhelming majority of Iraqis desire to live in peace with one another against the violent minority who seek to impose their vision of hatred and oppression.

These programs are already beginning to show positive results. The Iraqi Ministry of Defense reports that the crime rate in Doura has been reduced by 80%. In the Rashid district, Sunni and Shiite political leaders, tribal leaders and imams met and signed an agreement forswearing violence. The tribal leaders went a step further by renouncing protection for tribal members who engage in sectarian violence.

Although it is too early to determine whether these success stories will be replicated throughout the city, this initial progress should give Iraqis, as well as Americans, hope about the future. Contrary to those who portray Iraq as hopelessly mired in ancient ethnic and sectarian feuds, Iraqis themselves want to put the divisions of the past behind them. The Battle of Baghdad will determine the future of Iraq, which will itself go a long way to determining the future of the world's most vital region. Although much difficult work still remains to be done, it is imperative that we give the Iraqis the time and material support necessary to see this plan through, and to win the Battle of Baghdad.

Mr. Khalilzad is the U.S. ambassador to Iraq.

McCain Faults Administration On Iraq (AP)

By John McCarthy

AP, August 22, 2006

Republican Sen. John McCain, a staunch defender of the Iraq war, on Tuesday faulted the Bush administration for misleading Americans into believing the conflict would be "some kind of day at the beach."

The potential 2008 presidential candidate, who a day earlier had rejected calls for withdrawing U.S. forces, said the administration had failed to make clear the challenges facing the military.

"I think one of the biggest mistakes we made was underestimating the size of the task and the sacrifices that would be required," McCain said. "Stuff happens, mission accomplished, last throes, a few dead-enders. I'm just more familiar with those statements than anyone else because it grieves me so much that we had not told the American people how tough and difficult this task would be."

Those phrases are closely associated with top members of the Bush administration, including the president.

Bush stood below a banner proclaiming "Mission Accomplished" on May 1, 2003 after the collapse of Saddam Hussein's regime. The war has continued since then, with the death of more than 2,600 members of the U.S. military. Vice President Dick Cheney said last year that the Iraqi insurgency was "in its final throes."

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The Arizona senator said that talk "has contributed enormously to the frustration that Americans feel today because they were led to believe this could be some kind of day at the beach, which many of us fully understood from the beginning would be a very, very difficult undertaking."

McCain was campaigning for Republican Sen. Mike DeWine, who faces a tough fight in his re-election bid against Democratic challenger Rep. Sherrod Brown. Ohio was decisive in the 2004 presidential election, ensuring Bush's win, and is certain to be critical in 2008.

Senate Democrats, meanwhile, said Tuesday that the best way to encourage Iraqis to get their political house in order is to begin a phased withdrawal from Iraq by the end of this year. Sen. Carl Levin of Michigan, top Democrat on the Armed Services Committee, said the longer the U.S. stays the course in Iraq, "the weaker we're going to be in the war on terrorism."

Minority Leader Harry Reid, D-Nev., said he was glad to hear McCain has realized "we need more than tough talk" on Iraq.

"It's time we win the war on terror," said Reid. "To do that we must change the course in Iraq."

On Monday, McCain said at an appearance in suburban Cleveland that if U.S. troops announce a specific date to leave Iraq, insurgents will bide their time until they have an opportunity to act without interference.

"The chaos that would ensue would have direct implications for our national security," McCain said.

DeWine said Congress would not have had the chance to authorize the war if the intelligence on Iraq's military capability and intentions were accurate.

"It would never have come up for a vote so it would have been an entirely different situation," he said.

Poll Shows A Shift In Opinion On Iraq War (NYT)

By Carl Hulse, Marjorie Connelly

The New York Times, August 23, 2006

WASHINGTON, Aug. 22 — Americans increasingly see the war in Iraq as distinct from the fight against terrorism, and nearly half believe President Bush has focused too much on Iraq to the exclusion of other threats, according to the latest New York Times/CBS News poll.

The poll found that 51 percent of those surveyed saw no link between the war in Iraq and the broader antiterror effort, a jump of 10 percentage points since June. That increase comes despite the regular insistence of Mr. Bush and Congressional Republicans that the two are intertwined and should be seen as complementary elements of a strategy to prevent domestic terrorism.

Should the trend hold, the rising skepticism could present a political obstacle for Mr. Bush and his allies on Capitol Hill, who are making their record on terrorism a central element of the midterm election campaign. The Republicans hope that by expressing a desire for forceful action against terrorists, they can offset unease with the Iraq war and blunt the political appeal of Democratic calls to establish a timeline to withdraw American troops.

Public sentiment about the war remains negative, threatening to erode a Republican advantage on national security. Fifty-three percent said going to war was a mistake, up from 48 percent in July; 62 percent said events were going “somewhat or very badly” in the effort to bring order and stability to Iraq.

Mr. Bush recorded a gain of four percentage points in how the public views his handling of terrorism, rising to 55 percent approval from 51 percent a week earlier. This was his highest approval rating on the issue since last summer and followed the arrests in Britain in a suspected terror plot to blow up airliners.

Mr. Bush’s overall standing was nevertheless unchanged from the previous week, with 57 percent disapproving and 36 percent approving, far below the level Republicans in Congress would like to see as they prepare for elections in November.

Compounding the Republicans’ political problems, the survey reflected significant dissatisfaction with the way Congress was doing its job. Voters in the poll indicated a strong preference for Democratic candidates this fall.

The Times/CBS News poll differed somewhat from other recent surveys showing higher approval ratings for the president. In surveys for USA Today and CNN conducted Friday through Sunday, 42 percent approved of how Mr. Bush was doing his job and gave Democratic Congressional candidates less of an edge. The Times/CBS News poll was conducted by telephone Thursday through Monday with 1,206 adults nationwide and had a margin of sampling error of plus or minus three percentage points.

According to the poll, terrorism and the war in Iraq hold about equal importance in the minds of Americans. Forty-six percent said the administration had concentrated too much on Iraq and not enough on terrorists elsewhere, while 42 percent said the balance was about right.

The opinion of 51 percent that the war in Iraq was separate from the war on terror was a considerable shift from polls taken in 2002 and the first half of 2003, when a majority regarded Iraq as a major antiterror front. As recently as June, opinion was split:

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41 percent said the war in Iraq was a major part of the fight against terror, and 41 percent said it was not a part at all. Now only 32 percent consider it a major part of the terror fight, while 12 percent rate it a minor part.

"I'm just not sure there's a connection between terrorism and the war in Iraq," Ann Davis, a Republican homemaker in Lima, Ohio, said in a follow-up interview to the survey. She said that she supported United States troops but that "we should not be over there, they should be able to figure it out on their own."

Another Republican, Marty Woll, 56, a retired accountant from Los Angeles, said he saw a clear link between the war and efforts to combat terrorism.

"Iraq was obviously not the precipitating location for the 9/11 attacks," Mr. Woll said, "but if you look at the Middle East as a whole, you see it has been spawning the most violent and the most desperate of the attacks. Saddam Hussein killed almost a million of his own people. That magnitude indicated that someone had to do something about it."

Mr. Bush's inability to improve his overall rating despite gains on the terror issue could be traced to people like Lucia Figueroa, 23, an independent from Fort Drum, N.Y., who supports the president on terrorism but faults him elsewhere.

"Even though I approve of the way Bush is handling terrorism," Ms. Figueroa said, "he isn't putting enough focus on other issues, like health care and Katrina, and those things need more attention."

As recently as Monday, Mr. Bush, in a news conference, defended the invasion of Iraq as essential to preventing domestic terror attacks and said he expected troops to stay there through the rest of his presidency.

"If you believe that the job of the federal government is to secure this country," he said, "it's really important for you to understand that success in Iraq is part of securing the country."

Democrats in recent weeks have tried to portray the war in Iraq as a distraction from essential antiterror initiatives, and the poll indicates that the message may be working. Democrats say the war has sapped resources from tracking terrorists and bolstering domestic security.

"We took our eye off the real war, the war on terror," Senator Harry Reid of Nevada, the Democratic leader, said in a conference call with reporters on Tuesday.

Democrats have said the Bush administration should have kept its focus on Al Qaeda instead of moving against Mr. Hussein and suspected weapons of mass destruction.

The public's judgment on the job Congress is doing remains largely negative, with 60 percent disapproving. Forty-seven percent of the registered voters surveyed said they expected to vote for a Democrat for the House in November; 32 percent said they would vote for a Republican. The poll could not measure the races in individual Congressional districts, but the findings were indicative of the two parties' relative strengths.

Those surveyed said that after terrorism and the war in Iraq, the economy was the third most crucial issue for leaders to concentrate on, followed by health care costs and gas prices. The White House has sought more credit for what it considers a strong economy, and there has been an improvement in how the public views Mr. Bush on this issue. But the overall impression is still negative.

Thirty-five percent said they approved of how Mr. Bush was dealing with the economy, up five percentage points from a CBS News poll conducted last week; 58 percent disapproved. Over all, 52 percent of those surveyed said the national economy was in good condition, and 47 percent said it was in bad condition.

With the recent fighting in Lebanon, the public is more pessimistic about the possibility of peace between Israel and its neighbors. Only 26 percent of those surveyed could envision Israel and the Arab countries settling their differences, while 70 percent could not — a figure up six percentage points from last month.

Most of those surveyed, 56 percent, said they did not believe that the country had a responsibility to help resolve the conflicts between Israel and other Middle Eastern countries, while 39 percent said it did.

On Iraq, US Public Trusts Neither Party (CSM)

By Peter Grier

The Christian Science Monitor, August 23, 2006

WASHINGTON

Pessimistic about prospects for peace, yet wary about walking away from a war that has already cost many lives, the US public seems conflicted and worried about the future of American involvement in Iraq.

Whether the war is "straining the psyche of the country," as President Bush said on Monday, is open to debate. But if nothing else, voters overall seem to reject the certainties offered by both political parties about the proper course of action. They see Iraq as something steeped in shades of gray.

"People don't think Bush has a clear plan for what to do about Iraq. They don't think the Democrats do either," writes American Enterprise Institute polling expert Karlyn Bowman in a recent study of public opinion and the war.

At his news conference on Monday, Mr. Bush staunchly defended his handling of the war, saying that leaving before the job is done would be a "disaster." Yet that is what "a lot" of people in the Democratic party would like to do, he said: get out now.

"They're wrong," said Bush.

At the same time, the president admitted that these are "challenging times," and that the drumbeat of bad news from Iraq is straining America's national mood.

"These aren't joyous times," said Bush.

Some Democrats retorted that with Iraq sliding closer and closer to open civil war, the administration is simply ignoring reality.

"The American psyche isn't the problem," said Sen. John Kerry (D) of Massachusetts, the party's losing 2004 presidential candidate. "The problem is this administration's disastrous Iraq policy."

Political argument aside, it is clear that the US public does not have a very positive view of the US involvement in Iraq.

In an August CNN poll, 60 percent of respondents said that they opposed the war in Iraq while 36 percent said they supported it.

A July Gallup/USA Today poll found that 54 percent of respondents said the war was a mistake.

In historical terms, voter attitudes about the US involvement in Iraq are comparable to the doubts many had about American intervention in the Balkans during the Clinton administration, according to Ms. Bowman of AEI. But they are far short of the positive support generated by the Gulf War of George HW Bush's presidential term.

The sectarian violence of recent weeks has further soured the American political mood. In Washington, there may be a debate over whether Iraq is engaged in a full-scale civil war - in the nation as a whole, a majority of respondents say a civil conflict is already occurring.

Sixty-three percent of respondents to a recent Pew Research poll say that the US is losing ground in its efforts to prevent civil war in Iraq. That represents a significant rise in pessimism from June's comparable figure of 50 percent.

"The optimism generated by the killing of [insurgent leader Abu Musab] al-Zarqawi in June has largely dissipated, especially with regard to the U.S.'s key objectives," judges a Pew Research report released last week.

For instance, the percentage of Americans who say the US is losing ground against the insurgents has risen from 36 percent in June to 45 percent today, according to Pew.

At the same time, there is no clear sentiment in the public as to what the administration's course of action should now be.

Generally speaking, the public wants to withdraw at least some troops. The August CNN poll found 61 percent of respondents wanted to bring some troops home, while 34 percent wanted to keep the same number.

At the same time, there does not seem to be approval for immediate pullout. According to Pew Research, just over half of respondents said they wanted to see a timetable to bring troops home. And Pew respondents were divided over whether Iraq will develop a stable government, with 47 percent saying it would, and 41 percent saying it would not.

In general, the overall poll numbers on Iraq may mask a deep political divide over the issue.

"Both perceptions of progress and opinions about what to do remain highly polarized along partisan lines," concludes the new Pew Research report.

On virtually every question, Republicans are more optimistic about progress in Iraq than Democrats, says the Pew study. "Sizable majorities" of GOP respondents see progress in all areas except in preventing a civil war and reducing civilian casualties, according to the Pew report.

Seventy-two percent of Republicans favor keeping troops in Iraq until the nation has stabilized, for instance, while 65 percent of Democrats favor bringing troops home as soon as possible.

Yet GOP voters are themselves split on some key issues. Among self-described conservative Republicans, 63 percent of respondents said there should be no timetable for withdrawal. Among self-described moderate and liberal Republicans, just 38 percent agree that there should be no timetable, according to Pew.

Iraq Looking Into Young Girl's Death (AP)

By Vijay Joshi, Associated Press Writer

AP, August 23, 2006

Iraq has launched its own probe into the alleged rape and murder of a 14-year-old girl by American soldiers even though they face a possible U.S. court-martial in the case, an official said Tuesday.

The U.S. military, meanwhile, reported the capture of more than 100 known or suspected al-Qaida terrorists and sectarian death squad leaders, and five people were killed Tuesday in the violence sweeping the country.

The Iraqi investigation into the rape-slaying started Thursday and was expected to take one week, said chief prosecutor Adnan Mahmoud of the criminal court in Mahmoudiya, 20 miles south of Baghdad, where the March 12 assault took place.

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Mahmoud is part of the investigation panel along with Mahmoudiya's mayor, police chief and the head of the town's main hospital.

He said the panel interviewed witnesses and inspected the house where Abeer Qassim al-Janabi, 14, was raped, shot dead and set on fire, allegedly by a group of U.S. soldiers who had observed her for days. Also killed in the house were her 5-year-old sister and parents.

The gruesome murders have bolstered Iraqi allegations of misconduct by American soldiers, including illegal killings, beatings and other abuse.

U.S. authorities arrested five soldiers and a former private in connection with the case. The active-duty soldiers faced a military hearing earlier this month to determine if they should be court-martialed. A decision is pending.

"We will do our best to try to get those soldiers to stand trail in an Iraqi court. If not we will try them in absentia," Mahmoud said.

He said the investigation was ordered by Prime Minister Nouri al-Maliki, who has made it clear he wants the soldiers tried in an Iraqi court.

The United States is not expected to allow that but has assured al-Maliki that the case will be pursued vigorously under the American justice system and that the soldiers will be punished if convicted.

Still, the case has increased demands for changes in an agreement that exempts U.S. soldiers from prosecution in Iraqi courts.

Mahmoud said the immunity should not apply in this case.

"The accused U.S. soldiers were not involved in military action when they committed the crime, so they should not enjoy immunity given to U.S. soldiers," he said. "We are trying to keep this case under the spotlight as long as possible so that it is not forgotten and the criminals are able to get away."

The soldiers accused of rape and murder — Spc. James P. Barker, Sgt. Paul E. Cortez, Pfc. Jesse V. Spielman and Pfc. Bryan L. Howard — could face the death penalty if they are convicted by a court-martial. Another soldier, Sgt. Anthony W. Yribe, is accused of failing to report the attack but is not alleged to have been a direct participant.

Former Pfc. Steven D. Green was discharged from the Army for a "personality disorder" after the incident and was arrested in North Carolina in June on rape and murder charges. He has pleaded not guilty in federal court and is being held without bond.

The rape-slaying has increased calls for the withdrawal of American forces at a time when U.S. commanders are trying to stamp out a Sunni Arab insurgency grinding on more than three years after the ouster of Saddam Hussein.

The insurgents hope to restore the power that the Sunni Muslims wielded in this Shiite-majority country during Saddam's rule. The U.S. military says al-Qaida members, both Iraqi and foreigners, have joined the insurgency.

On Tuesday, U.S. military spokesman Maj. Gen. William B. Caldwell told reporters that "well over 100 known and suspected al-Qaida terrorists and terrorist associates" were arrested during several raids in the past week.

"All these captures have severely disrupted and disorganized the capability of al-Qaida in Iraq," Caldwell said.

Among those arrested was a Saudi Arabian al-Qaida member, who was preparing Iraqi men for suicide operations, a U.S. statement said.

Also arrested, in Saddam's hometown of Tikrit, was a suspect who allegedly was directly linked to the Feb. 22 bombing of a Shiite shrine in Samarra.

The attack triggered a cycle of tit-for-tat attacks by Shiites and Sunnis in sectarian violence that many fear could lead to a civil war.

For ordinary Iraqis, the precarious security situation has been made worse by the harsh living conditions — long power cuts and fuel shortages.

On Tuesday, about 550 employees of the Iraqi Pipes and Lines Company in the southern cities of Basra and Nasiriyah went on strike to demand higher pay.

The company runs tankers and pipelines, transporting oil and gas from the Shuaiba refinery in Basra to electricity stations, factories and companies in southern Iraq.

Also Tuesday, former electricity minister Ayham al-Samaraie was arrested on corruption charges after he surrendered to a court, Judge Radhi al-Radhi, chief of the Public Integrity Commission, said. Al-Samaraie, a dual Iraq-U.S. citizen and Sunni Arab political figure, was a member of the transitional government set up after the 2003 U.S.-led invasion.

Survivors Describe '87 Chemical Attack (WP)

By Ellen Knickmeyer

The Washington Post, August 23, 2006

DOJ_NMG_0052237

BAGHDAD, Aug. 22 -- After Iraqi warplanes dropped poison chemicals that blinded and killed the people of her Kurdish village, after Iraqi ground troops came the next day to burn their homes and level the scorched stones, Najeebah Khudir Ahmed watched the Iraqi military's buses come to take away the men who survived.

Ahmed's brother was among those being rounded up in the village of Baselan that day in late April 1987, Ahmed said Tuesday during the first day of testimony in the trial of former president Saddam Hussein and six others for alleged genocide in the Iraqi military's scorched-earth campaign against the Kurds of northern Iraq.

In a courtroom in Baghdad's U.S.-held Green Zone, Hussein looked on from the defendants' dock as Ahmed, now 41, described how her brother clung to his wife and fought to pull himself from the grasp of the soldiers loading the village men into the bus.

"Don't let go of my hand, Fatima!" her brother shouted. As Ahmed watched, the soldiers kicked her brother, beat him and forced him onto the bus.

What happened next to the people of Baselan introduced a new word into the Kurdish vocabulary. "They separated the men from us," Ahmed told the robed lawyers and judges and a keenly watching Hussein, "and they were all anfalized ."

Ahmed and another Kurd testified Tuesday about the opening days of what would come to be known as the Anfal campaign. Designated with an Arabic word for "spoils of war," the Iraqi military offensive emptied hundreds of villages in the Kurdish-populated north and killed as many as 180,000 Kurds, according to the estimates of some court officials. Hussein at the time accused Kurdish rebels in the north of abetting enemy forces in the war then raging with neighboring Iran. Many of the Kurdish victims simply disappeared, presumed killed. Some were buried in countless mass graves.

Abdullah al-Amiri, the chief judge in Hussein's trial, rebuked one of the Kurdish witnesses Tuesday for repeatedly using the made-up word, anfalized. Then he defined the term, instructing the court recorder to "write that as 'those whose destiny is not known.' "

The trial in the offensive against the Kurds almost two decades ago is playing out against the continuing battle over control of Iraq following Hussein's 2003 overthrow, as the U.S. military and a fragile Iraqi government struggle to spread security beyond the concrete walls of the Green Zone. On Tuesday, at least 22 people were killed in bombings and other attacks, while Iraqi authorities arrested the first of at least five recent government ministers sought in corruption cases involving billions of dollars.

Hussein and six aides face capital charges before the Iraqi High Tribunal, an Iraqi court organized, supported and closely overseen by the U.S. government. Hussein, who is awaiting a verdict in an earlier trial stemming from the killings of 148 men and boys from the Shiite village of Dujail in the 1980s, is the second former head of state to be tried for genocide, after the late Yugoslav leader Slobodan Milosevic.

Among Hussein's co-defendants is his cousin, Ali Hassan al-Majeed, who became known as "Chemical Ali" for his alleged use of chemical weapons in the Anfal campaign.

Most of the testimony Tuesday addressed offensives conducted by the Iraqi military before the start of the 1988 Anfal campaign. Ahmed and Ali Mostafa Hama, both plainly dressed goat farmers from Baselan who acknowledged they could not read, described an attack on their isolated village.

It was dusk on April 16, 1987, said Hama, a thin, worn man in his late fifties who wore the coiled, flat turban and rough clothes of a poor Kurdish farmer. Shepherds were taking home their sheep and goats -- "birds returning to their nests," Hama said -- when villagers suddenly saw at least eight Iraqi planes overhead.

Villagers had endured bombing runs by Iraqi warplanes before, but the explosions from these bombs were comparatively quiet, and quickly followed by a strange smell, "like rotting apples, or garlic," Hama testified.

"Minutes later, a lot of people, their eyes became sore and they started crying," he said. Villagers fled to caves and mountains beyond the village. "On the way I saw a number of people who were lying down in the street," Hama testified. "Our bodies were burning us, and we lost the ability to see. The echo of our screams was coming from wherever we were, and we had nothing other than God."

A pregnant woman hiding near him went into labor after her escape, Hama recalled. She delivered a boy, who died as he drew his first breaths, Hama said. The woman named her dead son Kimyawi, or Chemical, he testified.

Ahmed, who lived nearby, described weeks of shuttling among camps where Iraqi forces imprisoned Kurdish villagers, and months afterward in flight from Iraqi forces.

One after another, Ahmed named six males of her family who were "anfalized," including her 3 1/2 -year-old son, Aram Mustafa Rasul.

"They anfalized us," said Ahmed, who was dressed in a black head scarf and cloak and occasionally shook her fist. She choked on her tears, coughing. "May God anfalize him," she said, referring to Hussein.

"Saddam Hussein used to say we were his people," she cried. "If we were his people, why did he strike us with all those weapons?"

DOJ_NMG_0052238

Commanders in the Anfal campaign who are on trial with Hussein argued Tuesday that they were waging a battle for the survival of Iraq against Iranian forces and Kurdish rebels. The Kurdish man who testified Tuesday acknowledged that armed Kurdish rebels frequently came to his village to receive food and blankets from residents.

Sabir Aba al-Aziz al-Duri, a senior intelligence official at the time and a defendant, alleged that Iran was plotting to seize the northern Iraqi cities of Sulaymaniyah and Kirkuk and destroy two northern dams to flood Baghdad. Anfal, he said, "was not directed against Kurdish civilians." Hussein's commanders "had no option but to repel Iran."

Duri recounted a story clearly meant to resonate with the people of present-day Iraq, which is dominated by the religious parties and militias of Iranian-backed Shiite Muslim groups. " 'Do you think we'll be punished one day for our attacks on Iraq?' " Duri said a military colleague asked him one day, at the time of Anfal. " 'On one condition,' I said: 'if Iran is ever victorious and occupies Iraq.' "

In other developments, Iraqi authorities on Tuesday arrested Ayham al-Samaraie, the former electricity minister in a transitional government appointed by the United States soon after Hussein's overthrow. Samaraie is accused in a $1 billion-plus corruption case involving the alleged purchase of faulty generators and parts, said Radhi al-Radhi, head of Iraq's Public Integrity Commission. Samaraie was arrested after walking into Iraq's Central Criminal Court to surrender in the case, Radhi said.

Arrest warrants are pending for four other former ministers -- of defense, labor, transportation and housing -- who are accused in corruption cases that jointly amount to billions of dollars. Massive amounts of U.S. and Iraqi funds intended for development and reconstruction disappeared in poorly supervised projects in the years after Hussein's overthrow, and electricity and many other essential services remain below prewar levels.

In separate incidents Tuesday, a bomb apparently targeting street vendors killed four people in central Baghdad, gunmen killed two police officers and a male nurse in the northern city of Baqubah, the body of a Shiite religious official was found in Baghdad, and a Sunni religious official was kidnapped in the capital.

Kurdish Villagers Confront Saddam At 2nd War Crimes Trial (MCT)

By Mark Brunswick

McClatchy Newspapers, August 23, 2006

BAGHDAD, Iraq - Sometimes tearfully, sometimes coughing, two Kurdish villagers on Tuesday told an Iraqi court hearing genocide charges against Saddam Hussein that they were poisoned by gas that spewed from planes passing overhead, then were detained for days while suffering from blindness and burns.

Unlike an earlier trial against Saddam, in which witnesses were allowed to remain anonymous out of fear of intimidation, Ali Mostafa Hama and Najiba Khider Ahmed freely confronted the former dictator, describing the day in April 1987 when the air filled with fumes above their villages. The gas reminded them of rotten apples and garlic, they said.

"Workers were heading home, shepherds were taking home their goats and sheep, birds were returning to their nests," said Hama, whose village, Belisan, was bombed. "All at once we see several jets overhead. They controlled the sky. They threw their fire and their bombs."

Ahmed, from the northern Kurdish village of Sheik Wasan, talked of fleeing to nearby caves when the planes came. She was detained for nine days and discovered that her 3-year-old son and a nephew had been killed. She returned home to find her village destroyed and livestock dead.

She said the gas attack affected later pregnancies. In the first, her baby was born with skin peeling off. In the second, she miscarried.

"Even Hitler did not do this to his people," Ahmed said. "Saddam Hussein used to say we were his people. If we were his people, why did he strike us with all those weapons?"

Prosecutors have accused Saddam and six other former high-level Iraqi officials of masterminding what has become known as the Anfal campaign, in which as many as 182,000 civilians were killed in chemical attacks, bombings and sweeping detentions in the Kurdish region of Iraq. As many as 75 witnesses are expected to take the stand.

It's the second trial for Saddam. In the earlier case, Saddam was accused of ordering the executions of 148 men and boys from the Shiite Muslim town of Dujail after a failed assassination attempt against him there in 1982. The verdict from that trial is due on Oct. 16.

Saddam, who began the trial on Monday by refusing to submit his name to the court, accused both witnesses of being coached. At one point, he contended that Ahmed, speaking Kurdish, was being given instructions in her earpiece by the translator.

Earlier in the day, two of Saddam's co-defendants defended their actions, saying the campaign was designed to weed out Iranian fighters and Kurdish rebels, not to target innocent Kurds. Sabir al-Douri, a former head of military intelligence, said Iraqi officials attempted to evacuate affected villages and civilians before launching the strikes.

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"You will see that we are not guilty and that we defended our country honorably and sincerely," al-Douri said.

The trial, which could last through the end of the year, is being broadcast live throughout the Middle East, and Iraqi newspapers covered the first day on their front pages.

But with the capital convulsed with violence and Iraqis facing major obstacles to just living each day, the country isn't as riveted by the trial as one might expect. Tuesday's newspapers devoted almost as much attention to a gasoline shortage that is forcing drivers to queue up for miles to fill their tanks. Some are waiting an entire day to gas up.

Even in the affected areas of northern Iraq, people interviewed said vengeance against Saddam is a luxury compared to daily survival.

Electricity department employee Khubad Nozad, from Halabcha, one of the towns hit during the campaign, described Saddam's trial as "a joyful and big event" overshadowed by daily violence and political instability.

"What we watch of sabotage, killing and blood on TV destroyed the joy we feel when justice is done against big criminals like Saddam and his cousin."

In a conspiracy-rich country, some also say that the truth of Anfal may never come out because Kurdish factions now in power through the leading Kurdistan Democratic party and the Patriotic Union of Kurdistan may have assisted Saddam's government in its war against Iran and the Kurdish rebels.

Rawnak Ahmad, a 32-year-old mother of four children, lost her husband and a number of relatives in the Anfal campaign. While she's pleased that Saddam is facing trial, much of her wrath is directed toward armed Kurdish battalions that were supportive of Saddam's Baath Party. They often rounded up suspected rebels to turn them in. They are known in the region as The Heads of Donkeys.

"What is the use of the trial if these people are free?" she asked.

Kurds Tell Of Gas Attacks By Hussein's Military (NYT)

By Paul Von Zielbauer

The New York Times, August 23, 2006

BAGHDAD, Iraq, Aug. 22 — The trial of Saddam Hussein on charges of genocide moved into its second day on Tuesday with testimony from two Iraqi Kurds who described military bombing campaigns and poison gas attacks in 1987 that killed families, wiped out livestock and razed mountain villages.

Their stories began what is expected to be a lengthy series of first-hand accounts by dozens of Kurdish victims of the Iraqi government attacks in 1987 and 1988.

In addition to the conventional bombs and fiery napalm canisters dropped on villages from Iraqi military jets and helicopters, the witnesses also described watching other, quieter bombs explode well above the ground and spew green or black smoke that smelled of garlic or spoiled fruit.

"Just as if you put an apple in a plastic bag for a long time," said the day's first witness, Ali Mostafa Hama, from the Kurdish village of Balasan.

With Mr. Hussein in a dark suit jacket and open-collar shirt listening impassively in the defendant's cage across the courtroom, Mr. Hama, a sheep herder, described how a squadron of jets lobbed bombs onto the village on April 16, 1987.

"The explosions weren't that loud," he recalled in his native Kurdish. "A greenish smoke rose from the bombs. Several minutes later people's eyes started to burn. They started to throw up, and then darkness came." Villagers ran toward the relative safety of the mountainside as Iraqi military helicopters pounded the hills with more bombs, he said.

Taking refuge in caves, "our bodies were burning and we lost our ability to see," he told a prosecutor and the trial's chief judge, Abdullah al-Amiri. "Each of us was screaming where we lay, and we had nothing other than God. I was lying next to a rock and I heard two women next to me. One of them was pregnant. The pregnant woman delivered her baby. He died from the chemicals."

Mr. Hussein and six other former high-ranking officials in his government are charged with ordering similar gas attacks in a 1988 military campaign to eliminate the Kurds from the mountainous regions in Iraq's far northeast.

Mr. Hussein and his co-defendants maintain that the campaign was military in nature, supporting Iraqi troops trying to suppress Kurdish militias that were backed by Iran.

But prosecutors charge that the campaign, which Mr. Hussein's government code-named Anfal, after a Koranic phrase that refers to "the spoils of war," killed at least 50,000 Kurds and destroyed some 2,000 villages. Many Iraqi Kurds, though, believe the attacks killed more than 150,000 people.

Mr. Hussein was also tried last year in a separate case involving mass executions in a Shiite village. The judges in that trial are expected to render a verdict in October.

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The two villagers' testimony on Tuesday about the 1987 attacks was meant to buttress the prosecution's main argument against Mr. Hussein: that he committed genocide by directing a sustained effort to wipe out Iraq's Kurdish population.

After Mr. Hama testified about Iraqi troops burning his village, prosecutors called the second witness, Najiba Khider Ahmed, who described how government planes dropped tiny bomblets that sprayed a noxious black gas onto her village, Shahringsalen, near Balasan.

"Villagers went blind and were vomiting" as night fell over the village, she said. "We were wounded and without sight."

Later, she said, Iraqi troops rounded up surviving villagers and took them to a camp, called Rashkeen, where, Ms. Ahmed, said she and other villagers were held for nine days without food or medical treatment. Her brother, nephew and 3-year-old son died, she said in testimony that grew progressively more emotional.

"Saddam Hussein used to say we were his people," Ms. Ahmed said, weeping bitterly and chopping her hand through the air, with Mr. Hussein's eyes fixed on her. "If we were his people, why did he strike us with all those weapons?'

Iraqi law allows not only defense lawyers but also the defendants themselves to question witnesses. Thus, at one point, after his chief lawyer, Khalil al-Dulaimi, questioned Mr. Hama, Mr. Hussein himself rose to briefly challenge the witness.

"Who taught him to say 'We were attacked because we were Kurds'?" Mr. Hussein asked.

In an eerie evocation of how deeply the poison-gas attacks have seared the lives and memories of those Kurdish villagers who survived, both Mr. Hama and Ms. Ahmed coined a new verb to describe their loss.

"I had one son," Ms. Ahmed testified at one point. "They Anfalized him. My nephew was also Anfalized. My brother was also Anfalized."

Saddam's WMD (WSJ)

The Wall Street Journal, August 23, 2006

Saddam Hussein's second trial is up and running before an Iraqi judge in Baghdad, albeit relegated to the inside pages of American papers. The proceedings are nonetheless instructive, not least for showing once again that the dictator used chemical weapons even if U.S. forces never found "stockpiles" of WMD after his ouster in 2003.

The current case concerns his Anfal ("spoils of war") military campaign of 1987-1988 against the Kurds, in which tens of thousands are alleged to have been killed and some 2,000 villages razed. The charges include genocide because of the targeting of a specific ethnic group, making Saddam only the second world leader in our recollection to be so formally charged. The first was the late, and unmourned, Slobodan Milosevic.

The court heard yesterday from eyewitnesses who claimed that poison gas was dropped on their villages. "Birds were returning to their nests. I saw eight to 12 jets patrolling the sky. There was greenish smoke from the bombs. There was a smell of rotten apple or garlic," said Ali Mustafa Hama, about an April 16, 1987 attack on the Kurdish villages of Basilan and Sheik Wasan. "People were vomiting. We were blinded. We were screaming. There was no one to save us, only God." One of Saddam's co-defendants is his cousin, Ali Hassan al-Majid, also known as "Chemical Ali" for allegedly leading chemical attacks against the Kurdish village of Halabja in March 1988.

Saddam himself was more subdued than usual yesterday, though he did manage to declare that he remains "president of the Republic of Iraq and commander in chief of the heroic Iraqi armed forces." This is more than a deluded or nostalgic boast, and is probably intended as a message to his Baathist remnants in the insurgency that they will all return to power one day. That claim remains all too plausible to many Iraqis who are pleased that Saddam is gone but are wary of helping the new democratic government because they remember how the Baathists dealt with opponents in the Saddam years.

The horrifying testimony is also a reminder that, despite the current problems in Iraq, the U.S. decision to topple Saddam was an act of pre-emptive global hygiene. The habit of many American liberals is to deplore the thugs of the world from afar but then never do anything about them (see encyclopedia entries under Rwanda, Darfur), or to pass the buck to the U.N. (see multiple entries; in particular Lebanon, current crisis).

In the case of Saddam, the U.S. and its allies finally did act to rid the Middle East of a megalomaniac who had invaded Kuwait, attacked Iran, gassed his own people, tossed out U.N. weapons inspectors, harbored terrorists including Abu Musab al-Zarqawi, retained the infrastructure for making WMD even if he lacked stockpiles (see the Duelfer report), plotted to kill a former American President, and harbored a grudge against the U.S. that could have played out in many ways to harm Americans.

Saddam was convicted in his first trial for the massacre of 148 Shiites in the town of Dujail in the 1980s. Sentencing in that case is set for October 16, with the death penalty possible, Inshallah.

A New Enemy (CSM)

By Jill Carroll And Peter Grier

The Christian Science Monitor, August 22, 2006

DOJ_NMG_0052241

(J.C.) Blind again under the black scarves - a now familiar routine after one and a half months in captivity - I was herded into a car, headed for yet another change of houses. I didn't know who the two men in the front seat were until I heard a voice I barely recognized, due to the speaker's exhaustion.

"Abu Rasha is very tired. It was a very busy day," said Abu Nour's No. 2, speaking in the third person, as night fell like its own black scarf on the world outside.

Abu Rasha was a large man, one of the organizers of my guards. His house in Baghdad - or what I took to be his house - was one of the first places I'd been taken after being kidnapped. I'd spent a lot of time in his presence. But I'd never encountered him in a state like this.

"Today was very, very bad," he said. "All day, driving here, and driving there, with the PKC and the RPG," he said, referring to Russian-made machine guns and rocket-propelled grenade launchers, which were among the insurgents' most common weapons. It had been a day of hard fighting. But they hadn't been confronting US or Iraqi soldiers. Today, they had had a different target: Shiites.

Two days earlier, on Feb. 22, an important Shiite mosque in Samarra, Iraq, had been blown up. Shiites had attacked Sunni mosques in retaliation - the result being a vicious cycle of attack-and-response that had altered the world of my Sunni Islamist kidnappers.

We arrived back at the place I called the "clubhouse," near Abu Ghraib, later that night. Slumped in a plastic chair in a room lit by the stark half-light of a fluorescent camping lantern, another mujahid told me their new bottom line.

"Aisha," he said, calling me by the Sunni nickname they'd given me, "now our No. 1 enemy are the Shias. Americans are No. 2."

(P.G.) As editor of the Monitor, Richard Bergenheim was the person who spoke to contacts who required special handling. That meant, for instance, that if FBI Director Robert Mueller called, he answered. And Mr. Mueller did call, early on, to ask if the Monitor was getting the help it needed.

It also meant that as the Jill Carroll hostage crisis dragged on, Mr. Bergenheim found himself at the center of the strange case of Daphne Barak and Sheikh Sattam Hamid Farhan al-Gaood (also spelled Gaaod). The Monitor was simply pursuing every lead, but this would be quite a rabbit hole.

On her website, Daphne Barak describes herself as "one of the few leading A-list interviewers in the world." An Israeli-American syndicated television journalist, her interviewees have included everyone from Hillary Clinton to members of pop star Michael Jackson's family.

Mr. Gaood, to some US officials, isn't so much a celebrity as he is notorious. "One of Saddam Hussein's most trusted confidants in conducting clandestine business transactions," according to the CIA's 2004 report on Iraq's weapons of mass destruction. The same report said Gaood was once the director of El Eman, the "largest network of Iraqi front companies" that smuggled oil out of Iraq and foodstuffs into Iraq in violation of the UN oil-for-food program, but "he has stated that he believed this to be legitimate business."

Sometime in late January, a source at a US television network told the Monitor that Ms. Barak was trying to sell an interview she'd conducted with Gaood - and that Gaood had mentioned helping get Jill Carroll out.

So Bergenheim called Barak. The story was true - or, at least, the part about the interview was.

Gaood had said, in an offhand way, that kidnapping was wrong, and Jill should be released. Pressed, he'd said something to the effect of, yes, he could arrange her (J.C.) The wave of sectarian violence which overtook Iraq following the destruction of Samarra's Askariya Shrine had a huge impact on the nature of my captivity.

That was because the level of activity of the mujahideen group which had seized me greatly increased. Many of its members were out fighting their new war almost every day.

At first, I thought this was a bad thing for me. It was destabilizing the status quo - and under the status quo, at least I was still alive.

I didn't want to be killed just because I was now a burden. And I certainly didn't want to be caught in the middle of a Sunni-Shiite firefight.

But after a while it became clear that this conflict, despite its horrible effect on Iraq itself, might be a good thing for me. Their main mission was now something to which my presence was, politically speaking, only tangential. And they began running out of places to put me, because suddenly, American and Iraqi troops were everywhere, trying to keep the peace.

From my first days in captivity I'd seen evidence that they weren't just kidnappers but also insurgents actively conducting attacks. They didn't much bother trying to hide their firearms and explosives.

For instance, one morning at the location I knew as the mujahideen clubhouse I awoke to find fresh dirt in the bathroom, dirt in the shower, and dirt in the washing machine. I didn't think much of it. Maybe they were washing their shoes.

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But I quickly learned that the appearance of dirt meant that someone in the house had been out planting bombs - IEDs, or Improvised Explosive Devices, the mujahideen weapon of choice. I knew from my reporting, and the time I spent embedded with US Marines, that IEDs were now responsible for about half of all US combat deaths in Iraq.

Not all their explosives were offensive weapons. At least one of my guards - Abu Hassan, a serious man - wore a suicide vest inside the clubhouse.

One night, he was leaning over a little gas-powered stove, cooking eggs and potatoes in oil, and then he sat back and pushed the open flame away, saying something like, "Oh, have to be careful!"

The suicide vest was under his shirt, sort of swinging back and forth. He was afraid the fire would ignite the explosives. And if it did, we'd all be dead. (P.G.) The prospect of help from Sheikh Gaood raised hopes at the Monitor's offices in Boston at a time when other tracks of investigation seemed to be drying up. But it quickly became a serious source of tension at the paper and among the US agencies who were supposedly cooperating to find Jill.

The Monitor's Baghdad correspondents Scott Peterson and Dan Murphy didn't trust Gaood's motives. Was Gaood trying to win favor with the US government - as it investigated violations of the UN oil-for-food sanctions program? And the FBI wasn't happy about it either. They wanted to keep Gaood out of the picture.

US and foreign intelligence sources, on the other hand, said that Gaood had indeed been a powerful figure under Saddam Hussein. And, the CIA's report on Iraq's weapons of mass destruction described Gaood as "linked" to an insurgent network near Fallujah that "actively sought chemical weapons for use against Coalition forces" in 2004. It was possible he had the contacts to release Jill, they said, but there were no guarantees.

Which government agency was right? How should the Monitor advise the Carroll family? And how much should the Monitor invest in pursuing this track?

According to intelligence sources, the CIA checked with the FBI, the lead agency in the Carroll case, before providing the Monitor with more background on Gaood. The FBI replied with a blistering e-mail: the CIA should stay in its own lane, and stop talking to the Monitor about the Carroll case. (Today, the FBI says no such message was sent. But Gaood "was assessed as a complete 'X' factor, which means undemonstrated credibility," says FBI spokesman Richard Kolko.)

To try and settle this intergovernmental dispute, Bergenheim called Mr. Mueller, the head of the FBI. You asked if we were getting the help we needed, he said, in effect. Well, we aren't.

SATTAM AL-GAOOD: The former senior Iraqi Baath party official, shown here at his house in Amman, Jordan, Monday, Jan. 2, 2006, suggested that he could secure Jill's release.

NADER DAOUD/AP

The FBI response? The Monitor was given two new, higher-level contacts within the bureau, but from then on the paper's editor was given less information about the government's efforts in the case.

Bergenheim decided to tell the Carroll family about the Barak/Gaood connection. Bad move, said the Baghdad Boys. But on Feb. 9, Jim and Mary Beth Carroll went on "Good Morning America" and asked for the help of the "powerful sheikh," without naming him.

A few days later, Gaood issued a statement from his exile in Jordan, calling for Jill's release to prove that the Iraqi insurgency "does not kill innocents."

Nothing happened. And the days dragged on. (J.C.) On the day in late February that an exhausted Abu Rasha had told me that Shiites were now the mujahideen's top target, he'd told me something else, something chilling.

"We killed an Al Arabiya journalist," he said, his face drawn, his eyes hard. "She said the mujahideen are bad."

It was unclear if he meant that he himself had participated in the killing or if it had been done by men from the larger group of mujahideen.

They'd frequently assured me that I wasn't going to be killed. But clearly there were times when their rules for jihad allowed them to kill women, and to kill women journalists.

As I learned after I was released, the well-known Al Arabiya newswoman Atwar Bahjat and two colleagues were abducted and killed by gunmen while they were interviewing Iraqis near the bombed Samarra shrine.

I bounced from house to house over the next few weeks - mostly between the clubhouse and a new house west of Fallujah - and the guards grew incredibly agitated. They would bitterly complain to me about being stuck with guard duty. Abu Hassan - the guard with the suicide vest - would sleep and eat little. He was always on edge. He would fiddle with his 9mm pistol obsessively and leap to his feet to peer out a window at the first sound of a helicopter or barking dog.

He spent his time on the phone, checking in with others for the latest news on their campaign to kill Shiites. When anyone came to the house, he pumped them for stories about their "work," as they all called it.

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In his state of agitation and boredom, he began raising suspicions about the Shiite neighbors. They didn't know I was there. They didn't appear to know that the men at this house were mujahideen. They'd drop off fresh bread or yogurt, or stop to chat outside, just as Iraqis had done for generations.

They did not yet recognize that those days of amity were over

He used to complain about how heavy it was. He'd wear it at night. He would mime for me what would happen if soldiers came, showing how he'd put it on, with shoulder straps, and then how two wires would connect. Then he would move his hands outward in a big motion indicating an explosion, look upward, and go, "BOOM!" o

Iraq War Has Helped Me Reconcile Vietnam Questions (USAT)

USA Today, August 23, 2006

I'm grateful for the war in Iraq.

Not for the violence. I take no joy in death and destruction. I'm grateful because it resolves a question that has haunted me since childhood: Why did America fight the Vietnam War?

For nearly 40 years, I have struggled to understand a conflict that had a profound influence on the world in which I grew up. But it took a second war, in another land and in another century, to help me comprehend it.

I was born in 1963, at the tail end of the baby boom. My earliest memories of Vietnam were of Walter Cronkite announcing the weekly body counts and describing battles in places that a child could not pronounce. My 10th birthday saw the bombing of Hanoi. My 12th year was commemorated by helicopters scrambling off the roof of the U.S. Embassy in Saigon.

The late baby boomers — those who came of age in the 1970s — were too young to fight in the war or protest it. Vietnam was not our conflict, but still it clung to us like Original Sin. The movies that our parents took us to see were TheDeer Hunter and Apocalypse Now. The newspapers and the news anchors told us that the war had demoralized our military, sapped our economy and eroded our global prestige. Vietnam was not the only tragedy of the 1970s. But whenever things went wrong, the explanation always seemed to be Vietnam.

Children are innocent but not stupid. They pick up things from their elders. The message we received was that the good old days were gone, that America had made a terrible mistake and must pay the price. Our parents, teachers, the politicians we saw on TV, all seemed bewildered and cynical. We imbibed their cynicism, internalized it until we trusted nothing and no one. But was it really cynicism that our elders felt, or was it guilt at bequeathing their children an America diminished in treasure and spirit? I look back and wonder.

True understanding of history requires imagination, the ability to put yourself in the shoes of past generations. Try as I might to understand the Vietnam War, the names and dates, the recriminations and rationalizations coagulate into a blob so dark and dense that it blocks all illumination. Couldn't our leaders have foreseen that the war would be a quagmire? How could our military pursue a futile counterinsurgency strategy year after year? Why did our government pour blood and treasure into the conflict even after it ceased believing in the prospect of victory?

And the most troubling question of all: How could our parents have allowed this to happen?

It should not have taken a war in the Middle East to explain one in Southeast Asia. But it did, and for that much, I'm grateful. For three years, I have watched how a nation marches to war step by step, from accusation and ultimatum, to invasion and occupation. I have been dazzled by endless arguments between hawks and doves.

For the first time, I begin to understand the conflicting hopes and fears that my parents must have felt during the Vietnam War. I can imagine their confusion when their government spoke of defending freedom and fighting for peace with honor, while the protesters complained of failure and brutality.

I don't pretend to know what we should do in Iraq. But I do know that as I write this, somewhere in America, a child is being born. If the Iraq war does turn out to be a disaster, if it devours our prestige and self-confidence, he may blame his elders for letting this happen.

It will be my turn to take the blame.

Michael Peck is a writer in Corvallis, Ore. He is working on a history of the National Guard in Iraq.

Bush, Karzai, Discuss Afghan Security (AFP)

AFP, August 23, 2006

US President George W. Bush telephoned Afghan President Hamid Karzai to discuss issues like security in post-Taliban Afghanistan, the White House said.

Bush "called President Karzai to congratulate him on Afghanistan's Independence Day. They discussed security, education and regional cooperation," spokeswoman Dana Perino told reporters on Tuesday.

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The conversation lasted about 10 minutes, according to Perino, who said nothing about the statement from Karzai's office that the Afghan leader had accepted Bush's invitation to visit the United States.

In Kabul, Karzai's office said Bush had invited the Afghan leader during their conversation, but did not specify a date.

The United States led the invasion that toppled the extremist Taliban from power in late 2001 when it failed to surrender Al-Qaeda leaders behind the September 11 terrorist attacks.

It now has about 20,000 troops in the country leading the hunt for Taliban and other insurgents, and is also the main provider of financial aid to the war-ravaged central Asian country.

Karzai, often praised by US officials for his role as Afghanistan's first democratically elected president, last visited the United States in mid-2005.

Nation Faltering, Afghans' Leader Draws Criticism (NYT)

By Carlotta Gall

The New York Times, August 23, 2006

LAHORE, Pakistan, Aug. 22 — After months of widespread frustration with corruption, the economy and a lack of justice and security, doubts about President Hamid Karzai of Afghanistan, and by extension the American-led effort to rebuild that nation, have led to a crisis of confidence.

Interviews with ordinary Afghans and with foreign diplomats and Afghan officials make it clear that the expanding Taliban insurgency in the south represents the most serious challenge to his presidency to date.

The insurgency, along with the other issues, has brought an eruption of doubts about Mr. Karzai, who is widely viewed as having failed to attend to a range of problems. That has left more and more Afghans asking what the government is doing.

Corruption is so widespread, the government apparently so lethargic and the divide between rich and poor so gaping that Mr. Karzai is losing public support, warn officials like Ahmad Fahim Hakim, deputy chairman of the Afghan Independent Human Rights Commission.

"Nothing that he promised has materialized," Mr. Hakim said, echoing the comments of diplomats and others in Kabul, the capital. "Beneath the surface, it is boiling."

For the first time since Mr. Karzai took office four and half years ago, Afghans and diplomats are speculating about who might replace him. Most agree that the answer for now is no one, leaving the fate of the American-led enterprise tied to his own success or failure. He was re-elected in 2004 to a five-year term.

On Tuesday, Mr. Karzai's office announced that he had spoken that day with President Bush, who assured him of continued American support. Mr. Karzai accepted Mr. Bush's invitation to visit Washington.

Mr. Karzai, a consummate tribal politician, has been the cornerstone of the effort to form a centralized democratic government in Afghanistan to replace the Taliban government, which was driven from power in 2001.

To his supporters, he has managed to keep the peace in a fractious society by giving regional warlords and armed leaders a stake in power while setting the country on the road to a democratic future.

"The perception of growing insecurity has affected the psyche of the Afghan people," Jawed Ludin, the president's chief of staff, said in a telephone interview from Kabul. But he called it a reality check rather than a crisis. He said people "still trust" Mr. Karzai and "still think he can lead them."

But the costs of his compromises are becoming harder for average Afghans and some foreign donors to stomach. Critics say the compromises have insulated many people from the benefits of democratic change and hampered the running of the president's administration and local governments.

Riots in Kabul on May 29, which left 17 people dead in the worst violence in the capital since the Taliban were deposed, were an ominous sign, many there say. The violence erupted after three Afghans were killed by a runaway American military truck. Four more people were killed when American soldiers fired into an angry crowd.

Afterward, protesters rampaged through the streets attacking foreign offices. They also chanted "Death to Karzai!" — an indication that he is blamed for the growing disenchantment. "He was shaken," said one Western diplomat.

Recriminations against the president have continued, and Mr. Karzai's own missteps have not helped to redeem his political standing.

In a reaction to the riots, the president appointed a powerful local commander with links to organized crime as police chief of Kabul. He also gave senior police posts to 13 former commanders who were to have been weeded out under long-awaited police reforms.

Mr. Karzai's aides indicated that the steps were necessary to ensure security in the capital. But the appointments further alienated foreign diplomats and aid workers, as well as ordinary Afghans. "He is too accommodating," said Joanna Nathan of the International Crisis Group, a policy research organization. "The police reform was incredibly disappointing."

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Recent interviews with a range of Afghans illustrated a common theme of complaints about corrupt and self-serving government officials.

Earlier this month 60 members of Parliament, which has until now been largely supportive, signed a measure protesting the appointment of certain officials and the poor performance of his government.

A group of elders from Baghlan Province in the north said they had been rebuffed when they went to the capital seeking to replace their governor, who they said was concerned only with his own power.

"We just want a neutral, impartial governor," said one representative, Abdul Shukur Urfani. "People will start demonstrating, because they are dissatisfied with what the government is doing."

Mr. Karzai has dismissed many such problems as petty, but the range of corruption in fact runs both large and small.

At one end of the scale is a housing scandal from three years ago, when cabinet ministers, in the president's absence, awarded themselves and friends prime real estate in Kabul, where land prices have shot up since the American invasion.

An investigation was quietly dropped, and the officials were allowed to build ostentatious villas, which tower above passers-by as a constant reminder of official excess.

Elsewhere, though corruption is small in scale, it has an enormous impact on the poor, who account for most of the population. A driver interviewed recently in Kandahar, in southern Afghanistan, said he earned the equivalent of $40 a month but paid half of that in bribes to the local police, leaving him unable to feed his family.

An opposition politician, Abdul Latif Pedram, said: "There has never been so much corruption in the country. We have a mafia economy and a drug economy."

Most galling to average people is the corruption of judges, which makes redress nearly impossible. There have been virtually no prosecutions of corrupt high-level or local officials. Corrupt police chiefs and governors remain in their positions or, if complaints grow too loud, are rotated to other jobs, said Mr. Hakim, of the human rights commission.

In southern Afghanistan the situation is so bad that people have begun turning to the Taliban for the swift, if severe, justice administered by mullahs, said Abdual Qadeer Noorzai, a human rights official in that region.

Mr. Karzai has been slow to address the problems, or has acted only when pushed.

For instance, his choice for chief justice was a close ally, Fazel Hadi Shinwari, who had already served four years as head of the Supreme Court, presiding over one of the most corrupt institutions in the country. The problems were so apparent that Parliament refused to confirm the appointment, forcing the president to nominate a new chief justice, who was approved.

There are similar complaints in the provinces. The British and Dutch governments, which were preparing to deploy troops under NATO command to southern Afghanistan, had to prod Mr. Karzai to remove two governors, both personal allies, who had alienated much of their provincial populations.

The president's staff pointed out that he had to balance the tribal, factional, regional and ethnic demands of the country in his appointments, and that it took time to build up fundamental institutions that had been obliterated by years of war.

But to many the appointments are indicative of Mr. Karzai's tendency to placate powerful armed factions rather than make tough decisions to improve governance.

There are complaints about the economy, too. Three million Afghans of a population of roughly 30 million still depend on food aid, and the government has had to appeal for more help for farmers affected by drought again this year. Prices have risen sharply with the influx of foreign aid.

Despite the reconstruction boom, a lack of electrical power and other services constrains large-scale job creation, and hundreds apply daily for visas to find work in Iran or Pakistan. Poverty and joblessness are among the factors pushing people into the arms of the Taliban, local leaders in the south say.

A major problem, all acknowledge, is the absence of security, for which the president and his government still depend on foreigners, led by the United States, and now NATO.

Afghan and international forces find themselves fighting daily battles across five provinces of the south, while casualties are rising sharply among civilians, foreign troops and government forces alike. The scale of the insurgency has virtually wiped out the government's ability to provide services in many places.

The lack of security is not all Mr. Karzai's fault. Responsibility lies also with the American-led coalition, which promised to take care of security and cross-border infiltration. But the solution, military and civilian leaders warn, is not only military.

"The government has to build up in these provinces to a larger extent, to fight corruption and be present with the institutions in each of the districts and to deliver services to all of the population," said Tom Königs, the head of the United Nations Assistance Mission in Afghanistan, which monitors the administration of development aid. That includes improving local governance, development work, diplomacy and anti-narcotics efforts, he said.

"In each of these fields we need to be successful," he added. "Otherwise we will not be able to stabilize Afghanistan."

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CORPORATE SCANDALS:

Quattrone Deal Drops All Charges, Allows His Return To Wall Street (WSJ)

By Randall Smith And Paul Davies

The Wall Street Journal, August 23, 2006

Frank Quattrone, the one-time investment-banking kingpin of Silicon Valley, won an agreement conditionally dropping all charges against him -- ending the government's effort to include him in the nearly six-year crackdown against the excesses of the 1990s Internet boom.

By staying out of legal trouble for a year, the 50-year-old Mr. Quattrone will avoid a third criminal trial on obstruction charges after the first ended in a hung jury and a second led to a conviction that was reversed on appeal earlier this year. He even will be able to return to Wall Street -- a remarkable turn considering that at one point he was banned for life by one securities regulator. (See the text of the agreement.1)

Yesterday's deferred-prosecution agreement, approved by a U.S. District Court judge in New York, capped an aggressive three-year legal battle by Mr. Quattrone to clear his name. After a career in which he became one of the most powerful -- and wealthy -- figures on Wall Street during one the biggest booms in U.S. history, the former banker for Credit Suisse First Boston had drawn more protracted regulatory scrutiny than any prominent Wall Street figure since former junk-bond king Michael Milken in the late 1980s.

"This is an extraordinary win for Quattrone," said Jerry Bernstein, a former federal prosecutor and now a white-collar defense attorney at law firm Blank Rome LLP. "A deferred prosecution is as good as it gets, short of a dismissal."

Indeed, the end result of Mr. Quattrone's case contrasts starkly with others involving noted Internet-era firms and individuals. Telecom analyst Jack Grubman and Internet analyst Henry Blodget, for instance, were banned from the securities business in 2003 after their firms settled charges of research fraud based on their reports. The two neither admitted nor denied wrongdoing in their cases.

A beaming Mr. Quattrone, sporting a red tie with insignias of golf clubs, cigars and trophies, said he was "very pleased that the case will be concluded," and spoke of plans to resume his business career, though he offered no specifics on what he might do. Throughout his legal battles, Mr. Quattrone had denied all charges against him.

Mr. Quattrone first gained fame as an early backer of technology stocks while working at Morgan Stanley from 1981 to 1996. He was the first banker at a major firm to build a career specializing in tech, assembling a network of venture-capital executives whose companies he took public.

In 1995, he led the initial public offering that sounded the start of the dot-com era, Netscape Communications Corp., which doubled in price on its first day of trading. Among other celebrated names whose IPOs he led were Amazon.com Inc. and Cisco Systems Inc., and he claims his clients collectively gained $200 billion in stock-market value.

Eventually, Mr. Quattrone left Morgan Stanley dissatisfied with the level of pay and control he had over his own staff of bankers and research analysts. He set about increasing both, first at Deutsche Bank AG and then at Credit Suisse. He created his own teams, which shared directly in their financial results and whose brokers received a set percentage of IPO shares available for banking clients' accounts.

During the Internet bubble of the late 1990s, his group at CSFB led more than 100 IPOs -- more than any other Wall Street firm. As his reputation spread, Mr. Quattrone maintained his own public-relations team at his two-story red-brick offices in Palo Alto, Calif., often boasting of his IPO prominence. "We are thrilled to have achieved our goal of No. 1 market share in by far the most active year the technology industry has seen to date," he said on Jan. 31, 2000, just as the bubble crested.

But Mr. Quattrone also drew notice for sometimes aggressive pricing, and for producing some IPOs that he jokingly referred to in one email as "woofers" -- that is, stocks of tech companies that plummeted after the bubble burst. Among them: Corvis Corp., an optical telecom switching company which went public in a $1.14 billion IPO in July 2000 only to see its stock price fall by more than 98% by late 2002.

Ultimately, the collapse of many Internet stocks early this decade, and allegations of fraud at companies like Enron Corp. and WorldCom Inc., sparked investor outrage and a tough crackdown by prosecutors and regulators. The period of 2002 and 2003, around Mr. Quattrone's criminal indictment, coincided with lows in the stock market, in which market averages had fallen by half and many Internet stocks had lost more than 90% of their value.

The criminal obstruction case against Mr. Quattrone stemmed from a single email. In 2000, regulators began probing whether CSFB had received excessive commissions as kickbacks from some investors who got hot IPOs. Shortly after Mr. Quattrone learned those probes had become criminal, he endorsed a colleague's emailed suggestion in December 2000 to

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"clean up those files" in accordance with company policy. That endorsement became the basis for the obstruction case, though Mr. Quattrone said he wasn't thinking about the probes and wasn't responsible for IPO allocations.

WALL STREET JOURNAL VIDEO

2

Ex-CSFB banker Frank Quattrone announces3 his intentions to return to investment banking. Also, CNBC's Scott Cohn reports4 on Frank Quattrone's deal to avoid jail time.

Mr. Quattrone also faced scrutiny from securities regulators, who alleged he engaged in a practice known as "spinning" -- that is, steering hot IPOs to clients to win additional business -- through a program informally dubbed "Friends of Frank" by some Silicon Valley investors. They also went after him when he delayed testifying in that case -- he said he didn't want to incriminate himself in the face of the criminal investigation -- and charged that he failed to guard against research bias through a flawed organizational structure.

The criminal case contributed to Mr. Quattrone's resignation from CSFB in early 2003 -- and his delayed testimony in the civil cases drew a lifetime ban on him from the NASD. That led his then-criminal lawyer, John Keker, to blast agency officials as "sanctimonious bastards" in an interview with American Lawyer magazine. Mr. Keker added that they were "piling on" after the criminal charges, "trying to self aggrandize their little agency." After NASD denied Mr. Quattrone a hearing, the ban was overturned by the Securities and Exchange Commission last March.

In May, NASD decided not to pursue the civil spinning and research-related charges, not long after the appeals court reversed Mr. Quattrone's criminal conviction -- which itself carried an automatic ban from the securities industry. Though the agency cited the unavailability of witnesses who had left the industry, outside observers saw the decision as reluctance to risk another loss after a few recent defeats.

Mr. Quattrone also had benefited from the NASD's decision not to pursue the other civil charges against him while the ban was in force. With the criminal conviction reversed and the ban overturned nearly two years after the first criminal conviction, the agency wasn't able to revive the remaining charges.

Mr. Quattrone's former firm, the Credit Suisse unit of Credit Suisse Group formerly known as Credit Suisse First Boston, had earlier paid $200 million to settle civil charges that analysts who worked in Mr. Quattrone's technology group published fraudulent or exaggerated research, and that his group's brokers engaged in improper "spinning." The firm neither admitted nor denied wrongdoing in an SEC complaint that featured Mr. Quattrone's name prominently in the third paragraph.

Mr. Quattrone was aided in his legal fight by being able to tap the deep pockets of his former employer, which paid his legal costs -- estimated by outsiders at more than $20 million. He also enjoyed support from some Silicon Valley executives and investors -- a group for whom he had sold stock at high prices during the boom.

In the end, he won more from his agreement yesterday than do many defendants. Deferred-prosecution agreements usually require a fine and an admission of wrongdoing, but neither was required of Mr. Quattrone. Moreover, agreements involving securities cases often prohibit an individual from working in the financial industry for a period of time, or even life.

Yesterday's settlement may not go over well with some former investors. Attorney Jacob Zamansky, who represents investors in legal cases against Wall Street firms, said, "Investors in high tech stocks were left holding the bag while the underwriters made hundreds of millions of dollars in fees. Letting Mr. Quattrone go free sends the wrong message."

The retreat by the U.S. Attorney's office in the Southern District of New York partly reflects turnover in the office, and current prosecutors' greater distance from the original case. Manhattan U.S. Attorney Michael Garcia is the third chief of the office since the original criminal charges were brought in April 2003. The two attorneys who originally prosecuted the case have left for private practice.

Moreover, after having won high-profile convictions of Bernard Ebbers of WorldCom, Martha Stewart and members of the Rigas family who ran Adelphia Communications Corp., prosecutors have more current matters on their plate, such as the "backdating" of stock options -- a scandal in which corporations allegedly grant their executives stock options but retroactively change the dates they take effect, making them more lucrative.

In a statement, Mr. Garcia said Mr. Quattrone's deferred prosecution "is an appropriate resolution of the case in light of all the facts and circumstances, and the posture of the case at this time."

Write to Randall Smith at randall.smith@wsj.com11 and Paul Davies at paul.davies@wsj.com12

<hr/>CONFIDENTIAL COMMUNICATION

Excerpts from a Dec. 3, 2000, series of e-mails between David Brodsky, CSFB's general counsel, and Frank Quattrone.

2:04 p.m.

From: David Brodsky

To: Frank Quattrone

"As you may know, there's been an inquiry going on by both the SEC and NASD into our allocation process in the IPO market. There have been some recent developments that are of extreme concern that I need to speak with you about as soon as possible."

5:46 p.m.

From: Frank Quattrone

To: David Brodsky

"Are the regulators accusing us of criminal activity?"

5:56 p.m.

From: David Brodsky

To: Frank Quattrone

"They are not formally accusing us or individuals yet, but they are investigating because they think something bad happened."

Two days later, on Dec. 5, 2000, Mr. Quattrone retransmitted this e-mail, emailed on Dec. 4 by a colleague to members of the technology-industry banking group, by hitting "reply to all."

"With the recent tumble in stock prices, and many deals now trading below issue price, the securities litigation bar is expected to an [sic] all out assault on broken tech IPOs. In the spirit of the end of the year, (and the slow down in corporate finance work), we want to reminding [sic] you of the CSFB document retention policy... That means no notes, no drafts, no valuation analysis, no copies of the roadshow, no markups, no selling memos, no IBC or EVC memos, no internal memos. Note that if a lawsuit is instituted, our normal document retention policy is suspended and any cleaning of files is prohibited under CSFB guidelines (since it constitutes the destruction of evidence). We strongly suggest that before you leave for the holidays, you should catch up on file cleanup."

Quattrone Avoids Prosecution (WP)

By Brooke A. Masters

The Washington Post, August 23, 2006

NEW YORK, Aug. 22 -- A federal judge approved a deal Tuesday that allows star banker Frank P. Quattrone to avoid prosecution for obstruction of justice if he stays out of trouble for the next 12 months.

The 10-minute hearing ended the federal government's years-long quest to put Quattrone in prison for sending several hundred subordinates a December 2000 e-mail under the heading "time to clean up those files." Prosecutors alleged he was attempting to hinder a grand jury probe, but the banker, now 50, has steadfastly maintained his innocence since being indicted in May 2003.

"I am very pleased that the case will be concluded, and I look forward to the dismissal of all charges," a beaming Quattrone said outside the federal courthouse in Manhattan. Praising his attorneys, he said, "Thanks to all of you who stood by me during the past four years. God bless you all."

Quattrone, who had dressed simply for his two trials in blazers and flannel pants, was clad far more elegantly for Tuesday's hearing in a natty plaid suit and black Gucci loafers.

This resolution was essentially a victory for Quattrone, who did not admit any wrongdoing. The charges against him will be dismissed in a year as long as he does not break any laws and he reports any change of residence or international travel to a court supervisor. The terms approved by U.S. District Judge George B. Daniels are far more lenient than the deferred prosecution deals the federal government has offered in other recent white-collar cases.

He can return to work as an investment banker any time. A parallel effort by the industry regulator NASD to ban him from the industry has also been dropped. That effort sought to punish the former Credit Suisse First Boston LLC banker for his role in its handling of shares in hot initial public offerings. Twelve civil cases filed by investors have also been dismissed or withdrawn.

However, Quattrone has steered clear of banking since he left CSFB in early 2003, and some Wall Street banks are skittish about associating themselves with such a controversial figure. Others have already had him on their payroll and may not want him back. But he is unlikely to stay unemployed for long, banking analysts predicted. He is still popular in California's entrepreneurial community and is widely seen as an energetic and innovative salesman.

"I plan to resume my business career while continuing my board service at the Innocence Project and the Tech Museum of Innovation," he said Tuesday. Quattrone, who based his career in Silicon Valley, is a long-time supporter of the Tech Museum in San Jose. He became involved with the Innocence Project, a legal clinic that seeks to exonerate wrongly convicted prisoners, after being convicted of obstruction of justice in 2004, a conviction whose reversal led to Tuesday's federal court deal.

Quattrone, born in Philadelphia, was a key player in the technology boom of the 1990s. One of the first investment bankers to recognize Silicon Valley's potential, he moved there and built a team of West Coast bankers and research analysts that

followed him to big-name investment banks. Along the way, he helped bring public some of the country's best known technology firms, including Amazon.com Inc., Cisco Systems Inc. and Netscape Communications Corp. Quattrone, who once made $100 million in a single year, also advised a host of less successful companies that went bust within a year or two of offering stock to the public. He was sometimes seen as an emblem of the 1990s stock market bubble because CSFB's organizational system encouraged the stock analysts who rated technology companies to work closely with Quattrone's bankers and compromised the independence of the firm's research reports.

As one of the first white-collar criminal cases to be tried after a wave of corporate scandals in 2001 and 2002, the Quattrone prosecution was initially seen as a key test of the government's effort to hold high-level business figures accountable for corporate malfeasance that cost small investors billions of dollars.

But the case, dependent on a two-line e-mail and circumstantial evidence about Quattrone's state of mind when he sent it, dragged on for years and proved difficult to win. A first trial ended when the jury was unable to reach a verdict. Quattrone was found guilty at a second proceeding, but the U.S Court of Appeals for the 2nd Circuit overturned his conviction, saying the trial judge, who had been critical of Quattrone and his lawyers, had given the jury incorrect instructions.

Meanwhile, the case's importance as a symbol diminished as prosecutors won convictions of executives at Enron Corp. and WorldCom Inc., as well as Martha Stewart. By the time the appeals court threw out Quattrone's conviction, many of the top prosecutors who had worked on the case had moved into private practice.

"A deferred prosecution of the case against Frank Quattrone is an appropriate resolution of the case in light of all the facts and circumstances and the posture of the case at this time," U.S. Attorney Michael Garcia said in a statement.

Quattrone, Prosecutors To Dismiss Case (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, August 23, 2006

(AP) - NEW YORK-Former investment banker Frank Quattrone struck a deal Tuesday with prosecutors to dismiss his long-running criminal case, saying he will resume a career that paid him up to $120 million a year for taking fledgling Internet companies public at the height of dot-com mania.

"A sunny day!" a triumphant Quattrone said outside U.S. District Court in Manhattan with a giddiness normally reserved for wedding days.

Moments earlier, the government let go of a case it had pursued for three years through two trials. The deal calls for the charges to be dismissed after one year if Quattrone stays out of trouble.

Quattrone's first trial ended in a deadlocked jury, but prosecutors landed a conviction the second time around. The verdict on charges he obstructed a government probe of stock offerings and an 18-month prison sentence were tossed out by the 2nd U.S. Circuit Court of Appeals in March. Quattrone never served a day in prison.

The government had claimed Quattrone, 50, slyly urged 400 technology investment bankers he supervised from the Palo Alto, Calif., offices of Credit Suisse First Boston Corp. to destroy files when he learned about multiple investigations. He always said he did not. The firm has since changed its name to Credit Suisse (USA) Inc.

On Tuesday, Quattrone appeared jubilant from the moment he entered U.S. District Judge George B. Daniels' courtroom. He went straight to a courtroom artist, hugged her and said, "You look even better than I remember you last time."

Then he laughed repeatedly out loud, waved to a friend and giggled as he awaited Daniels, who approved the deferred prosecution agreement.

The agreement required no admission of wrongdoing or anything that would stand in the way of Quattrone's future business plans, a point he acknowledged in a statement outside court when he announced, "I plan to resume my business career." He offered no details on how he would resurrect his career.

Surrounded by cameras, he read a statement saying he was "very pleased that the case will be concluded" and looked forward to the dismissal of the charges.

In a statement, U.S. Attorney Michael J. Garcia called the deferred prosecution "an appropriate resolution of the case in light of all of the facts and circumstances and the posture of the case at this time."

It was a case the government was never fully confident it could prove, but had brought after concluding Quattrone encouraged co-workers to destroy sensitive company files.

Prosecutors cited a December 2000 e-mail in which Quattrone endorsed a colleague's suggestion that bankers "clean up" their files.

Quattrone testified he was merely following company policy and that he knew almost nothing about a grand jury subpoena seeking documents involving hundreds of initial public offerings of stock during the late-1990s Internet boom.

Quattrone's actions were scrutinized after the National Association of Securities Dealers in 2000 began investigating CSFB's underwriting of initial public offerings, a side of the business that had catapulted Quattrone into one of Wall Street's most powerful men.

The NASD probe was followed by investigations by the Securities and Exchange Commission and the federal grand jury.

The company was never criminally charged, but Quattrone was accused of hindering the federal probe.

During the dot-com boom, Quattrone took prominent companies like Amazon.com public. He was the highest-profile Wall Street figure since junk-bond pioneer Michael Milken to face a criminal conviction.

The stage for a deal to end the prosecution was set when the appeals court said any future trial must include the elimination of one line of government questioning that it said went too far and the inclusion of some Quattrone evidence that was kept out.

Timothy J. Coleman, a white collar crime expert at Dewey Ballantine and a former federal prosecutor, said Quattrone has received the same punishment as someone who smuggled a few Cuban cigars into the United States.

"If he holds up his end of the deal, it will be as if the case never happened," he said.

Meanwhile, prosecutors have achieved their purpose of alerting corporate America through a series of trials of high-profile people, including Martha Stewart, he said.

"Corporate America gets it," he said, citing changes businesses have made. "The fact the government is not going to get a felony conviction against Quattrone is not going to cause corporate America to regress and say, 'Let's get back to what we were doing before.'"

Quattrone Plans Return After Judge's Move (FT)

By David Wighton In New York

Financial Times, August 23, 2006

Frank Quattrone, the most prominent banker of the 1990s technology boom, on Tuesday said he planned to re-enter business after a judge approved a settlement that would allow him to avoid a third trial for obstructing justice.

The judge backed a "deferred prosecution" agreement that Mr Quattrone reached with federal prosecutors, meaning charges will be dropped if he does not break the law in the next year.

That would clear the way for Mr Quattrone to go back into the securities industry, where he was a leading figure in the technology flotations in the late 1990s.

Leaving court on Tuesday, Mr Quattrone, 50, revealed no detailed plans but said he wanted to resume his business career.

Mr Quattrone, who formerly worked for Credit Suisse First Boston and once earned more than $100m in a year, could set up an advisory firm or a venture capital business, industry observers said.

A highly regarded figure in Silicon Valley, Mr Quattrone has retained the support of many leading executives in the technology world, some of whom wrote to the judge who presided over his 2004 trial urging leniency.

In his 23-year banking career, Mr Quattrone calculates he has helped technology companies raise more than $65bn, leading more than 175 initial public offerings, including Cisco, Netscape and Amazon.com.

The outcome is a blow for the US attorney's office for the southern district of New York, which first accused Mr Quattrone of obstructing justice in April 2003. The case sprang from the probe into how investment banks awarded clients shares in hot technology flotations.

The accusation against Mr Quattrone was based on an e-mail in December 2000 to colleagues in which he suggested it was time to "clean up" their computer files. Two days earlier, a CSFB lawyer had warned Mr Quattrone that the way the way the bank allocated stock to investors in IPOs was under criminal investigation.

Mr Quattrone originally claimed that he had no involvement in IPO allocations but later admitted he sometimes had a hand in the process. His defence was that he did not realise that the investigation into IPO allocations involved his team.

Mr Quattrone's first trial ended in a hung jury but he was found guilty in a second trial in 2004 and sentenced to 18 months in prison.

But an appeals court threw out the conviction in March because of faulty jury instructions, and regulators reversed a decision banning Mr Quattrone from the securities industry for life.

Following the judge's decision on Tuesday, Mr Quattrone said: "I'm very pleased this case will be concluded and I look forward to the formal dismissal of all charges."

Quattrone Gets All Charges Dropped (USAT)

By Greg Farrell

USA Today, August 23, 2006

NEW YORK — Frank Quattrone walked out of federal court here Tuesday morning a free man, after prosecutors essentially dropped the obstruction charges they brought against him in 2003. It was a stunning conclusion to a legal ordeal that almost landed the investment banking star in prison.

Quattrone's reversal of fortune came in the form of a deferred prosecution agreement with the U.S. Attorney's office in Manhattan. Under terms of that agreement, approved by U.S. District Judge George Daniels, prosecutors would dismiss the three criminal charges against Quattrone as long as he agreed not to violate any laws or associate with any lawbreakers over the next 12 months. Quattrone also agreed to keep a pretrial services officer apprised of his movements and activities for the 12-month period.

"I'm very pleased that the case will be concluded, and I look forward to the formal dismissal of all charges," a beaming Quattrone said outside the federal courthouse in lower Manhattan. "I plan to resume my business career, while continuing my board service at the Innocence Project and the Tech Museum of Innovation."

Three years ago, prosecutors accused Quattrone of impeding a federal investigation into the way shares of red-hot IPO stocks were doled out to important clients of Credit Suisse First Boston. In particular, prosecutors said Quattrone knowingly sent out an e-mail urging his CSFB colleagues to destroy documents that he knew would be of interest to regulators. At trial in fall 2003, Quattrone insisted that he wasn't intentionally trying to impede the investigation. Jurors couldn't agree on a verdict and a mistrial was declared.

In a second trial the following year, a new jury convicted him. The judge in that case sentenced him to 18 months in prison, but an appellate court subsequently reversed the conviction on the grounds that the judge's instructions to the jury were flawed.

Rather than go to trial a third time with an entirely new set of prosecutors (the previous pair had both taken jobs in the private sector), the government decided to fold the tent.

The 50-year-old Quattrone, who helped bring Amazon.com, Cisco and Netscape public, is still considered a rock star in Silicon Valley.

"This is a complete vindication of Frank, which is what was clearly merited," says Mitchell Kertzman, a partner at venture capital firm Hummer Winblad. "He has tremendous support in the industry. Whatever he decides to do, he will be successful at it."

Star Banker, With Future, Emerges Free (NYT)

By Andrew Ross Sorkin

The New York Times, August 23, 2006

Frank P. Quattrone is going back to work. After facing criminal charges for three years, Mr. Quattrone, the former technology banker, walked out of Federal District Court in Manhattan yesterday after persuading prosecutors to agree to a deal to dismiss their case, and declared, "I plan to resume my business career."

The government's retreat was the first time that prosecutors had dropped such a prominent case without seeking a penalty and came after a series of victories by Mr. Quattrone, culminating in an appeals ruling in March that overturned a 2004 conviction for obstruction of justice.

The prosecutors agreed to drop the case in what is known as a deferred-prosecution agreement as long as Mr. Quattrone does not violate any laws within a year.

The remarkable turnabout will allow him to pursue a finance career as if the last three years had never happened. Wall Street, though, has become a different place since Mr. Quattrone left Credit Suisse after being indicted in 2003 amid a flurry of investigations that followed the bursting of the dot-com bubble.

"It's not the wild, wild West anymore," said Jeffrey A. Sonnenfeld, a senior associate dean at the Yale School of Management. "It's a very different place. Back then, oversight was lax and rules were something to get around. Now, monitoring and oversight is much tighter."

Since then, investment banking has been transformed by changes brought about by initiatives of the New York State attorney general, Eliot Spitzer, and seismic shifts that have often made hedge funds and private equity firms more important than blue-chip corporations.

Many of the prominent research analysts who rode the technology boom — Henry M. Blodget, Jack B. Grubman and Mary Meeker — have retreated and have sought to remake themselves. Ms. Meeker remains an analyst at Morgan Stanley, albeit a quieter, less bullish one; Mr. Blodget, who was barred from the industry, has tried his hand at journalism, writing a blog and consulting; and Mr. Grubman, who was also barred, has recast himself as a consultant to small and midsize telecommunications companies.

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At the same time, regulators are no longer concerned with "spinning" — providing access to initial public offerings in exchange for kickbacks; that was the issue du jour in 2001. The new watchword is "backdating," which describes how some executives reset the date of stock option grants to make them more favorable.

And the young technology companies that were Mr. Quattrone's specialty are maturing to the point where many of their businesses have become cyclical and the industry is consolidating.

How Mr. Quattrone — who as an investment banker led the initial public offerings of companies like Amazon.com and Cisco Systems — plans to rejoin Wall Street remains unclear.

It is unlikely that he would join a major Wall Street firm, at least in the near term. More likely, associates say, he may start a private equity firm that focuses on technology companies — one akin perhaps to Silver Lake Partners, the buyout firm that bought Sungard last year for $11.3 billion and the semiconductor unit of Philips Electronics for $4.4 billion early this month.

Among many in technology industries, Mr. Quattrone retains much of his prominence, and he is expected to be received with open arms on the West Coast, especially by many of the dozens of executives and venture capitalists he helped in the 1990's.

"Frank is one of the true legends of Silicon Valley," Roger McNamee, a founder of Silver Lake who started Elevation Partners, told San Francisco magazine in May. "If you were to create a hall of fame, and you were going to limit the number of people in it to 10, Frank would be on that list and he would be the only investment banker on that list."

Outside court yesterday, Mr. Quattrone — dressed in a light blue suit and a red tie covered in images of cigars, trophies and golf clubs — chose not to elaborate on his future business plans.

"Thanks to all of you who stood by me during the past four years," he said. "God bless you all."

Mr. Quattrone said that in addition to pursuing his career, he would continue his "board service at the Innocence Project and the Tech Museum of Innovation."

The Innocence Project is a program at Santa Clara University's School of Law to help overturn convictions of innocent people; Mr. Quattrone become involved with the project after he was convicted in 2004.

While deferred-prosecution agreements often include an admission of wrongdoing or a penalty, there is no such statement by Mr. Quattrone in the settlement. The only conditions imposed are that he notify the government if he plans to travel outside the country and that he consort only with "law-abiding persons."

The arrangement is considered a considerable victory for Mr. Quattrone. The agreement was engineered by his appeals lawyer, Mark F. Pomerantz, a partner at Paul, Weiss, Rifkind, Wharton & Garrison.

Mr. Quattrone was convicted in May 2004 of obstruction of justice as a result of endorsing a colleague's e-mail message in December 2000 that urged his staff to "clean up those files.'' An earlier trial on the same charges resulted in a deadlocked jury and was declared a mistrial.

But the appeals court, in overturning the 2004 conviction, found that the judge's instructions to the jurors had failed to adequately require that they establish that Mr. Quattrone intended to thwart a government investigation.

That reversal was the first in a series of victories for Mr. Quattrone. A few days later, the Securities and Exchange Commission revoked the lifetime ban from the securities industry that NASD, the brokerage industry's regulator, had imposed on him. And in June, NASD dropped its charges against him.

"The road to victory for the government would have been a tough one," said Mark C. Zauderer, a lawyer with the firm of Flemming Zulack Williamson Zauderer, "given the appellate court's reversal on the jury charge, and an acquittal would have detracted from a strong message already sent about the importance of not destroying documents in the face of an investigation."

Quattrone, Prosecutors Reach Deal To Avoid Third Trial (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, August 23, 2006

Frank Quattrone reached a deal with the government Tuesday that will spare him a third criminal trial and allow him to resume his lucrative investment banking career.

Under a deferred prosecution agreement approved by Southern District of New York Judge George B. Daniels, Quattrone was not forced to admit any wrongdoing, serve jail time or pay a fine. The charges against him will be dropped in one year if he complies with the rules and conditions of the agreement.

Quattrone must refrain from committing any crimes and "associate only with law-abiding persons." He is required to report to a U.S. pretrial services officer and follow her "instructions and advice."

"I've never seen a better deferred prosecution agreement," said James D. Wareham, a partner and chairman of global litigation at Paul, Hastings, Janofsky & Walker, who is not involved in the case. "If he is not admitting to a set of facts constituting a crime, then this is an unusual agreement."

An ebullient Quattrone smiled as he left the courtroom and hugged everyone within reach. He said he was "very pleased that the case will be concluded."

"I look forward to the formal dismissal of all charges," added Quattrone, a former star at what was known as Credit Suisse First Boston who at one time earned $100 million a year for guiding initial public offerings for high-technology companies during the dot.com boom.

In a written statement released later in the day, Quattrone said he planned to resume his business career while continuing his board service at the Innocence Project of the Benjamin N. Cardozo School of Law and the Tech Museum of Innovation in San Jose, Calif.

He thanked "all of you who stood by me during the past four years. God bless you all."

The government had little to say.

"A deferred prosecution of the case against Frank Quattrone is an appropriate resolution of the case in light of all of the facts and circumstances and the posture of the case at this time," Southern District U.S. Attorney Michael J. Garcia said in statement.

James Comey was the U.S. Attorney in May 2003 when Quattrone was indicted on charges of obstruction of justice, obstruction of agency proceedings and witness tampering.

The National Association of Securities Dealers began investigating in 2000 how Credit Suisse conducted its underwriting of initial public offerings. Inquiries by the Securities and Exchange Commission and a federal grand jury soon followed, but no charges were actually filed against the company itself.

Prosecutors accused Quattrone of encouraging a subordinate in a December 2000 e-mail to "clean up files" as the government began looking into how his company allocated stock options.

A jury was unable to reach a verdict at Quattrone's first trial, and a hung jury was declared in October 2003. A second jury convicted him of obstructing justice in May 2004. In September 2004, he was sentenced to 1 1/2 years in prison, 2 years probation and fined $90,000.

He was free on bail pending appeal when the 2nd U.S. Circuit Court of Appeals overturned his conviction in March of this year.

2nd Circuit Judges Richard C. Wesley, Peter W. Hall, and Northern District of New York Judge Frederick J. Scullin Jr., sitting by designation, held that Southern District Judge Richard Owen had failed to properly instruct the jury in connection with the obstruction of justice and witness tampering charges. It also removed Owen from the case.

Quattrone always maintained his innocence. He testified at trial that he was just following company policy by ordering colleagues to clean up their files, and claimed that he knew very little about the grand jury investigations into his company's practices.

After his conviction in the second trial, Quattrone was barred from working in the securities industry. Four days after the 2nd Circuit decision, however, regulators overturned this lifetime ban.

By ruling that there had been sufficient evidence to indict Quattrone, the 2nd Circuit left the door open to prosecutors to try the case against him a third time.

But in the letter to him setting forth the deferred prosecution agreement, the government said that "after a thorough investigation it has been determined that the interest of the United States and your own interest would be best be served by deferring prosecution."

There has been widespread speculation that Quattrone would establish a boutique high-tech advisory and private equity firm on the West Coast. Wareham of Paul Hastings said that it was unlikely that Quattrone would return to a major investment organization, as many of these companies have strict hiring guidelines that could prevent them from employing an individual who was subject to a non-prosecution agreement.

Mark F. Pomerantz and Theodore V. Wells Jr., partners at Paul, Weiss, Rifkind, Wharton & Garrison, represented Quattrone. Pomerantz declined to comment; Wells did not return calls.

Along with Garcia, Assistant U.S. Attorneys William F. Johnson and Raymond J. Lohier represented the government in reaching the agreement.

Quattrone Case Shows Bankers Escape Crackdown On Business Crime (BLOOM)

Bloomberg, August 23, 2006

By David Voreacos and Patricia Hurtado

Aug. 23 (Bloomberg) -- The U.S. Justice Department's failed attempt to convict Frank Quattrone, the former Credit Suisse Group banker, highlights how Wall Street executives have largely escaped a government crackdown on corporate crime.

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Quattrone, 50, won a decisive victory yesterday when a judge approved an agreement by prosecutors to dismiss obstruction-of- justice charges if he breaks no laws for a year. Quattrone, who raised more money for Internet companies than any other banker in the 1990s, vowed to resume his business career.

During the six years that Quattrone faced accusations of wrongdoing, prosecutors secured about 1,000 corporate-fraud convictions, including those of former Enron Corp. Chief Executive Officer Jeffrey Skilling and ex-WorldCom Inc. CEO Bernard Ebbers. Prosecutors have largely concluded bankers didn't commit financial crimes and misconduct by them is better handled by civil regulators, lawyers said.

``The frauds of 2001 and 2002 were basically manipulations of corporate financial statements, and investment bankers don't do that," said Columbia University law professor Jack Coffee. ``Most corporate financial distortions do not involve the use of investment bankers."

Other bankers to be prosecuted include three former employees of Royal Bank of Scotland Group Plc's Greenwich NatWest Unit, who face trial for fraud in an Enron transaction. Four former Merrill Lynch & Co. bankers were convicted of helping Enron inflate earnings and had their convictions overturned on appeal.

Milken, Boesky Cases

Wall Street firms beefed up compliance efforts since the 1980s scandal involving Michael Milken, former junk-bonds chief at the defunct Drexel Burnham Lambert Inc. brokerage, and Ivan Boesky, a stock speculator with whom he collaborated, said attorney Jamie Wareham of Paul Hastings Janofsky & Walker in Washington.

``Compliance procedures are light years more advanced than they were during Boesky and Milken," Wareham said. ``It was kind of the Wild West then. Now, there's an intense amount of scrutiny and the compliance and legal staffs have mushroomed at financial institutions. This comes down to the old question of do more cops on the street equal less street crime, and most people say yes."

Milken was sentenced to 10 years in prison after pleading guilty to six felony counts, and agreeing to pay $600 million in penalties to settle securities-fraud charges. He served 22 months after his term was reduced. Boesky served three years in prison and paid a $100 million fine.

Market Timing

Some recent Wall Street scandals, such as market timing in trading mutual funds, involve controversial conduct that isn't clearly illegal and may not generate criminal charges, said George Stamboulidis, a former federal prosecutor.

Prosecutors ``want a head shot," said Stamboulidis, who leads the white-collar practice at Baker Hostetler.

The Quattrone case grew out of a probe of whether banks rigged initial public offerings by demanding kickbacks for access to shares. Prosecutors also looked at whether banks required investors to buy more expensive stock once companies went public. Credit Suisse agreed in 2002 to pay $100 million to settle regulatory investigations of ``abusive IPO allocation practices." Regulators made similar charges against Quattrone, dropping them on procedural grounds.

Prosecutors charged no one with such a scheme. Rather, they accused Quattrone in 2003 of hindering their investigation of Credit Suisse, Switzerland's second-largest bank. They said Quattrone endorsed a subordinate's e-mail in December 2000 advising employees to ``clean up" their files at the end of the year.

No Wrongdoing

Prosecutors claimed the message suggested the employees should destroy incriminating records and that Quattrone knew a grand jury was investigating the bank. Quattrone denied wrongdoing and admitted none in the accord. After learning more about the forwarding of his colleague's e-mail, the bank put Quattrone on administrative leave. He quit in March 2002.

He then endured a hung jury in 2003, a conviction by a new jury in 2004 and an overturning of that verdict by an appeals court. Yesterday's agreement ended the threat of another trail on the same charge.

The appeals court tossed out Quattrone's conviction because of a bad jury instruction, saying there was sufficient evidence to convict him at a retrial. Several defense attorneys said the criminal case was too thin for a third trial and that U.S. Attorney Michael Garcia properly chose to enter a deferred- prosecution agreement with Quattrone.

No Third Trial

``The strongest piece of proof was he told people to clean up their files," said former federal prosecutor John Fahy. ``I don't think that rises to the level of criminality. I just think they went too far."

Former U.S. Attorney Mary Jo White said prosecutors must look ``long and hard" before pursuing a third trial against any defendant.

``I had a rule of thumb that you do try a second time but not necessarily a third time," White said. ``You've sent a powerful message by charging and convicting already."

Prosecutors sent a signal through the Quattrone case that they will not tolerate obstruction of investigations.

``The government wants to send a strong message that people who monkey with that process are going to be punished," said Samuel Buell, a law professor at Washington University and former Enron prosecutor. ``Not pursuing the Quattrone case would have been very worrying to regulators."

Former Securities and Exchange Commission Chairman Harvey Pitt said that the failed prosecution was worth the effort.

``The government was correct to go after Quattrone, and I think that notwithstanding some difficulties, they have made an important point about how critical it is for people to not obstruct SEC investigations, which is an issue that's exceedingly important," said Pitt. ``At the end of the day, he has paid a very high price for his conduct. So I think people will get the right message."

The case is U.S. v. Quattrone, 03-cr-582, U.S. District Court, Southern District of New York.

To contact the reporters on this story: David Voreacos in Newark, New Jersey at dvoreacos@bloomberg.net and Patricia Hurtado in New York at pathurtado@bloomberg.net .

Quattrone Walks (WSJ)

The Wall Street Journal, August 23, 2006

Congratulations to U.S. Attorney Michael Garcia, who yesterday agreed not to prosecute one-time Wall Street titan Frank Quattrone for a third time. Two swings at the plate really was enough for a case that has always looked thin.

Mr. Garcia negotiated a deferred-prosecution agreement under which the charges will be dropped after a 12-month period if Mr. Quattrone meets certain minimal demands, such as not associating with known felons. The former master financier for Silicon Valley won't have to pay any fine or admit any guilt, and he will be able to take up his investment banking trade once again. In criminal prosecution circles, that's a rout for the defense.

The outcome ought to be a special embarrassment to former U.S. Attorney for the Southern District of New York James Comey, who never did charge Mr. Quattrone with any offense related to investment banking. Instead, amid the post-Enron anti-Wall Street frenzy, Mr. Comey indicted the banker for obstruction of justice and witness-tampering related almost entirely to a single email he had sent in 2000 urging members of his banking group to "clean up" their files. Mr. Quattrone said that was routine company policy, but prosecutors portrayed it as a criminal coverup.

Prosecutors lost in their first trial attempt on a hung jury. On the second try, they won with the jury but lost on appeal as a unanimous Second Circuit panel found that the trial judge had given faulty jury instructions regarding Mr. Quattrone's criminal intent. Yesterday's outcome shows how vital that concept of intent, or a guilty mind, is in our judicial system. It also underscores that prosecutors tend to make their worst mistakes when they forget about doing justice, and instead look for prominent targets as a way to placate the political passions of the moment.

Prosecutors Crack Down On Stock Options (AP)

By Marcy Gordon, The Associated Press

AP, August 23, 2006

WASHINGTON -- This summer, federal prosecutors and regulators fired two big opening volleys in their crackdown against suspiciously timed grants of stock options to top executives, bringing criminal and civil charges against former officials of two technology companies, one on each coast.

Then: out of public view, it was back to the long investigative slog for Justice Department prosecutors and enforcement attorneys at the Securities and Exchange Commission _ poring over documents, interviewing witnesses.

It could be a very long haul. Faced with a mountain of material and potential violations, the authorities are having to marshal their resources to concentrate on high-priority and more egregious cases of fraud involving the award of stock options.

"They're presumably not going to investigate every one of the companies" that have irregularities in past awards of the options, said Michael N. Levy, a former federal prosecutor who is a defense attorney at McKee Nelson in Washington.

The apparent prevalence of the conduct throughout corporate America, in fact, can make the government's burden of proof in the cases more difficult, Levy suggested.

At least 75 public companies have reported that they are under scrutiny by the Justice Department or the SEC, or both, for possible manipulation of stock option grants to boost their value to the recipients. The apparent wave of conduct at issue mostly occurred from the market-boom late 1990s to 2002.

The Internal Revenue Service is conducting its own investigation of companies for possible tax-law violations in option grants.

Every day, more companies _ many of them in the technology sector _ become ensnared in government or internal inquiries examining whether company insiders rigged stock options to ensure larger windfalls without properly disclosing or

accounting for the manipulation. New lawsuits by shareholders are filed. More companies disclose that because past option grants may have distorted their financial results, they may have to restate earnings.

And more companies _ most notably iPod maker Apple Computer Inc. _ say they have been warned that their stock could be stripped from trading on the Nasdaq Stock Market because reviews of options grants made them late in filing their periodic financial reports. The casual dining chain Cheesecake Factory Inc. on Monday reported receiving such a delisting notice from Nasdaq; the company said it will appeal the decision.

In Wall Street trading, "The scrutiny of stock-option practices has ... weighed heavily on tech and other growth stocks," T. Rowe Price's blue-chip growth mutual fund said in an outlook note Monday.

In the latest development Tuesday, Integrated Silicon Solution Inc. reported that its stock options awards had become the subject an SEC inquiry. The Santa Clara, Calif. company, which makes integrated circuits for consumer and auto electronics, and mobile communications, previously disclosed that it would be unable to file its third-quarter financial report on time because of a continuing internal review of option grants dating to 1995.

The SEC says it has at least 80 companies under examination, focusing on cases of serious fraud _ with elements such as deliberately lying, forging documents or deceiving directors or investors, agency Chairman Christopher Cox said recently.

Another number: just over 2,000 public companies, or 29 percent of those in the United States that give stock options to executives, have timing issues, according to Erik Lie, an associate professor of finance at the University of Iowa, and Randall Heron, an Indiana University associate finance professor.

But not all the backdating of options was illegal, and in some cases the evidence is insufficient for the government to make a case. In any event, investigators and prosecutors "don't have the time or the resources" to pursue every company, Lie said in a telephone interview.

Lie and Heron's research last year into deceptive option awards at numerous companies helped focus attention on an issue that has turned into a business scandal.

Most of the cases appear to involve backdating the options to an ebb in a company's stock price, as opposed to pegging the exercise price to the prevailing market value at the time of the award. Stock options become more valuable as the market price rises above the exercise price, so backdating fattens the recipient's profit.

Backdating of options can be legal when properly approved by a company's board and disclosed to shareholders in regulatory filings. But while the practice may not be illegal in itself, it appears some companies did not follow accounting rules requiring them to deduct that added compensation from their bottom line.

"Spring-loading," the practice of granting options ahead of good news certain to boost the company's stock price, constitutes only a small proportion of the cases, Lie said.

SEC Commissioner Paul Atkins, a conservative Republican, caused a stir recently when he said in a speech that spring-loading isn't insider trading and actually benefits shareholders by making it cheaper to compensate executives. His fellow SEC members appeared not to share his view. The issue has not yet been tested in the courts, Lie noted.

In the two options-grant cases brought so far:

_The former chief executive of Brocade Communications Systems Inc., Gregory L. Reyes, and Stephanie Jensen, the company's former vice president of human resources, were charged with fraud in a criminal complaint on July 20. In addition, Reyes, Jensen and Antonio Canova, former chief financial officer at the San Jose, Calif.-based maker of data storage devices, face civil charges lodged by the SEC.

_The authorities charged on Aug. 9 that three former top executives for voicemail software maker Comverse Technology Inc. hatched a scheme to secretly manipulate stock options for profit. The criminal complaint filed in federal court in Brooklyn, N.Y., alleges that former Chief Executive Kobi Alexander, former finance chief David Kreinberg and former senior general counsel William Sorin conspired to falsify dates on which the options were granted by the company.

The SEC filed related civil charges against Alexander, Kreinberg and Sorin.

The FBI has issued an alert calling for the arrest of Alexander, who has dual citizenship in the United States and Israel, and may have fled the country with $57 million.

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AP Investigative Researcher Randy Herschaft contributed to this report from New York.

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On the Net:

Securities and Exchange Commission: http://www.sec.gov

Justice Department: http://www.usdoj.gov

Ex-CEO Says Mills Ignored Warnings (WP)

DOJ_NMG_0052257

By David S. Hilzenrath, Washington Post Staff Writer

The Washington Post, August 23, 2006

Suit Claims Audit Firm Found Problems in '02

Mills Corp., the troubled shopping mall developer, was told by auditor Ernst & Young as early as February 2002 that it had serious problems with its internal controls but "willfully disregarded" a series of warnings, according to a lawsuit by a former Mills chief executive.

"Despite numerous cautions and red flags raised by its auditors, Mills Corp. continued to maintain that the accounting methodologies it employed . . . were correct," local developer Herbert S. Miller alleged in a recently amended version of litigation he filed over the company's accounting troubles.

Mills countered in a court filing that the auditor's comments were simply "suggestions for improvements." The company noted that Ernst's public audit reports on Mills' finances contained no qualifications. The company said it responded to Ernst's suggestions "in a timely fashion," and it has asked that Miller's lawsuit be dismissed.

Creator of outlet malls such as its signature Potomac Mills and elaborate "shoppertainment" venues across the country, Mills is preparing a set of accounting corrections that it has stated will erase a major portion of the income it reported in recent years. The company is saddled with debt, has been selling properties to raise cash, and faces an investigation by the Securities and Exchange Commission. Its share price has plummeted since last summer. But yesterday it closed at $19.28, up $2.56 per share, or 15.3 percent.

In a recent regulatory filing, Mills said Ernst & Young has questioned the company's ability to stay in business.

Miller resigned as chief executive of Mills in 1995, but he and various family trusts retained an ownership stake in Mills L.P., an umbrella partnership through which Mills holds properties. About a year ago, that stake was worth $58 million; at the close of trading yesterday, it was worth $17 million, based on the price of Mills Corp. stock. In the suit, Miller accuses the company of issuing fraudulent financial disclosures and concealing "reckless management." Miller says developments at the company threaten to "wipe out" the value of his Mills L.P. investments.

The amended suit, filed in Delaware Chancery Court, draws upon documents that Mills turned over to his lawyers under a confidentiality agreement. The details of Ernst & Young's alleged warnings have been whited-out in the unsealed version of the complaint.

Mills made the redactions, said Kenneth A. Freeling, an attorney for Miller. Citing the confidentiality agreement, Freeling declined to elaborate on the alleged warnings.

Mills disclosed one set of accounting problems in February 2005 and another in January 2006. The redacted lawsuit alleges, for example, that Ernst & Young gave Mills a clear warning in a February 2002 letter that the company did not begin to address until February 2005.

Ken Kerrigan, an Ernst spokesman, noted by e-mail that Ernst is not a party to the Miller lawsuit, but he otherwise declined to comment. A Mills spokesman and an attorney for the company also declined to comment.

Miller, long a fixture in Washington real estate development, has left his mark on the District through projects such as Washington Harbour on the Georgetown waterfront. He is seeking to develop a site near the planned Washington Nationals baseball stadium.

Miller's stake in Mills "is a very substantial component of the Miller family's portfolio," and that interest is "much less valuable now" than it was a year ago, said Freeling, his attorney.

CRIMINAL LAW:

Attorney General Gonzales Tours Center For Sex Crimes Victims (AP)

By JEFFREY McMURRAY, Associated Press

AP, August 23, 2006

LEXINGTON, Ky. - It's a nightmare scenario for parents and law-enforcement officers alike: a would-be sexual predator able to confront children, not at the playground or bus stop, but on the family computer.

Such is the challenge the Internet and social networking sites such as MySpace.com have presented U.S. Attorney General Alberto Gonzales, who Tuesday traveled to Kentucky for one of his first stops on a multistate tour aimed at warning children and their parents about the risks.

"Most parents are worried about what happens to their children when they walk out the door, but this is a threat that exists within their own homes," Gonzales said.

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On Monday, Gonzales launched a public service campaign aimed at better educating teenage girls about child predators who might be trying to contact them online. According to the Justice Department, one in seven children who use the Internet has been sexually solicited and one in three has been exposed to unwanted sexual material.

The problem is severe in Kentucky, Gonzales said, although he acknowledged it was hard to know whether it was any more severe than anywhere else. He brought with him a check for $400,000 for the state's Project Safe Childhood Task Force, which has been vigilant in helping police investigate Internet crimes.

Gonzales also was joined by Amul Thapar, U.S. attorney for the Eastern District of Kentucky, on a tour of the Child Advocacy Center in Lexington, which each year helps some 500 child victims of sexual abuse.

The center also interviews some of the children in a more relaxed setting than a police department, helping prosecutors secure convictions of their offenders and prison sentences ranging from 100 to 700 years, Thapar said.

"We can really tell from working with kids how reliable a witness they can be and how much they can articulate," said Kelly Roberts, the center's executive director. "Some children are unfortunately too young to do that, and that's when it's really heartbreaking."

The ad campaign by the Department of Justice, in partnership with the National Center for Missing & Exploited Children and the Ad Council, will begin running early next year.

"Most police officers are really good at chasing tail lights, but this is a whole new world," said Fayette County Commonwealth's Attorney Ray Larson.

Grant Boosts Efforts Against Net Predators (LEXHL)

By Brandon Ortiz, HERALD-LEADER STAFF WRITER

Lexington Herald-Leader (KY), August 23, 2006

$400,000 FROM U.S. ATTORNEY GENERAL TO HELP STATE POLICE

Sexual predators who use the Internet to prey on children are a serious and growing threat, one that parents must realize exists in their own homes, U.S. Attorney General Alberto Gonzales said in Lexington yesterday.

"We are in a serious battle -- I want to call it a war -- against sexual predators," Gonzales said. "It's been facilitated by the Internet. The Internet is probably the most wonderful innovation of our time, but in the hands of a predator, it is a serious threat. Because of changes in technology, we face a serious challenge in the law enforcement community in tracking down sexual predators."

Gonzales was in Kentucky yesterday morning to announce a $400,000 federal grant to the Kentucky State Police to combat Internet sex crimes against children.

Gonzales met with the state police's Internet Crimes Against Children task force, and toured the Children's Advocacy Center of the Bluegrass, which counsels and interviews young sex-abuse victims.

The task force, also called Project Safe Childhood, formed in 2003 and acts as a clearinghouse for state and federal agencies.

The nation's top cop urged parents to keep close tabs on their children's Internet use.

"It all begins with parents, no question about it," Gonzales said. "Most parents are worried about what happens to their children when they walk out the door. This is a threat that exists within their own homes."

In 2005, the task force investigated 313 complaints, resulting in 22 arrests of people suspected of trying to arrange sexual encounters with children or peddling child pornography, according to the U.S. Department of Justice.

Those numbers don't capture the full extent of the problem, Assistant U.S. Attorney Mark Wohlander said. Tips reported directly to federal law enforcement agencies such as the FBI aren't credited to the task force, he said.

The task force has helped prosecutors secure sentences as high as 700 years, said Amul Thapar, U.S. attorney for the Eastern District of Kentucky.

Nationwide, Internet sex crime task forces investigated 13,800 complaints, resulting in 1,400 arrests from October 2005 to June 2006.

The collaborative effort has led to more information sharing between law enforcement and social workers, resulting in more convictions, Fayette Commonwealth's Attorney Ray Larson said. The conviction rate was once 50 percent; now it's about 90 percent, Larson said.

"It is amazing what you can achieve when nobody cares who gets the credit," he said.

The non-profit Children's Advocacy Center, which Larson helped start, is part of that fight. In addition to caring for sex abuse victims, it employs forensic interviewers who are skilled in interviewing children without adding to their trauma, executive director Kelly Roberts said. The information is passed on to law enforcement and prosecutors.

The center, founded in 1994, cared for more than 500 children last year.

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On Monday, Gonzales launched a public service campaign aimed at better educating teenage girls about predators who might be trying to contact them online. According to the Justice Department, one in seven children who use the Internet has been sexually solicited and one in three has been exposed to unwanted sexual material.

In one of his first stops in the multistate campaign, Gonzales said he does not want to stifle innovation or trample First Amendment rights. But "there are certain kinds of communication that do exist over the Internet that, quite frankly, are not protected under the Constitution," he said.

"We in the law enforcement community, we have a responsibility to protect our children, and we are going to do that in any way we can, lawfully," Gonzales said.

This report contains material from The Associated Press. Reach Brandon Ortiz at (859) 231-1443, 1-800-950-6397, Ext. 1443, or bortiz@herald-leader.com.

US Attorney General In Lexington (WTVQ-TV)

WTVQ-TV, Action News 36, Lexington, KY, August 23, 2006

The nation's top law enforcer was in Lexington talking about a criminal that could be after your kids, right in your home.

"Most parents are worried about what happens to their kids when they walk out the door," U.S. Attorney General Alberto Gonzales told Action News 36. "This is a real threat that exists in their own homes. we need to make parents understand this is a threat to the welfare of their children."

The majority of sexual predators are still people who are known by the victim, a member of the family or friend, but the number of people tapping into the internet to find their next victim is increasing rapidly.

"Because of changes in technology we have the challenge of staying a step ahead of the criminals in this area," Gonzales says

General Gonzales announced a $400,000 grant that will fund the local task force in Kentucky that is fighting child predators.

One of those help groups is the Children's Advocacy Center.

The center helps treat more than 500 kids a year in Central Kentucky who are the victims of sexual abuse.

The internet is opening the door for those predators to come into the privacy of a family's home, build the trust of an unsuspecting child, and then take advantage of them.

Gonzales Tours Center During Stop In Lexington (WAVE-TV)

WAVE-TV, NBC 3, Louisville, KY, August 23, 2006

(LEXINGTON, Ky.) -- U.S. Attorney General Alberto Gonzales made a stop in Kentucky Tuesday to kick off his new campaign aimed at cracking down on child predators.

Gonzales says Kentucky is one of numerous states that have a problem with children meeting predators over the Internet. On Tuesday, he toured an advocacy center in Lexington that caters to children who are sexually abused.

He also announced that the federal government is giving an additional 400-thousand dollars to a Kentucky-based sex crimes task force. Crimes against children is also a focus of Amul Thapar, the new U.S. attorney for the eastern district of Kentucky.

He accompanied Gonzales on Monday's tour.

Plame Considering Suing Armitage (AP-Y)

By Matt Apuzzo

AP, August 23, 2006

Former CIA officer Valerie Plame is considering suing the recent No. 2 State Department official in a case accusing members of the Bush administration of conspiring to leak her identity to the media, Plame's attorney said Tuesday.

Official State Department calendars, provided to The Associated Press under the Freedom of Information Act, show then-Deputy Secretary of State Richard Armitage held a one-hour meeting marked "private appointment" with Washington Post reporter Bob Woodward on June 13, 2003.

That was the same day Woodward met with a confidential source who spoke to him about Plame, according to a person familiar with information gathered by prosecutors. The person spoke only on condition of anonymity because the material remains sealed.

Special Prosecutor Patrick Fitzgerald has investigated whether Bush administration officials intentionally revealed Plame's identity as a one-time CIA covert official. Nobody has been charged with the leak but former White House aide I. Lewis "Scooter" Libby has been accused of lying to investigators and to a grand jury.

Plame has sued Vice President Dick Cheney, White House aide Karl Rove and Libby, saying they leaked her name to punish her husband, former ambassador Joseph Wilson, for criticizing the administration's march to war with Iraq.

The calendar released to the AP is the first confirmation that Woodward and Armitage met during the key time in the CIA leak case.

Plame attorney Melanie Sloan said she was considering adding Armitage's name to the suit. Based on the calendar entry, Sloan said, "it sure sounds like" he was Woodward's source.

The real question, Sloan said, is whether Armitage revealed Plame's identity to columnist Robert Novak, who was the first to get the information into print. If so, she said that doesn't get Libby or others off the hook in the civil case, but it widens the conspiracy.

"Then I think maybe Armitage was in on it," Sloan said. "The question is just what was Armitage's role?"

Neither Woodward nor Armitage would discuss the meeting.

Plame's attorneys plan to seek depositions from the defendants and others, including Armitage, about the leak.

Official Met With Reporter Around Time Of C.I.A. Leak (NYT)

By Philip Shenon

The New York Times, August 23, 2006

WASHINGTON, Aug. 22 — The State Department's No. 2 official met with the reporter Bob Woodward during a period in June 2003 in which Mr. Woodward has said he learned from a confidential source that the wife of a prominent Bush administration critic worked for the Central Intelligence Agency, according to newly disclosed department records.

The disclosure of the records — the 2003 appointment calendars of the official, Richard L. Armitage, then deputy secretary of state — appeared quite likely to renew suspicion that he was the first official to tell a reporter about the identity of the covert C.I.A. officer at the center of a politically important leak investigation.

The documents, initially obtained by The Associated Press through a Freedom of Information Act request to the State Department, show that Mr. Armitage scheduled a one-hour "private appointment" with Mr. Woodward, the famed Washington Post reporter, on June 13, 2003.

Mr. Woodward, who has had extraordinary access to President Bush and his senior aides, set off a frantic guessing game about the leak investigation when he acknowledged last November that a "current or former" administration official had told him about the C.I.A. officer, Valerie Wilson, in mid-June 2003. That would have been at least several days before any other reporter was known to have learned about Ms. Wilson's connection to the C.I.A.

Benjamin C. Bradlee, the former Post executive editor who guided Mr. Woodward's reporting on Watergate, has speculated that Mr. Armitage was the "likely source" of the leak; he has said his speculation was not based on information from Mr. Woodward. Ms. Wilson's husband, former Ambassador Joseph C. Wilson IV, accused the Bush administration of twisting intelligence on Iraq's weapons programs in the months before the American invasion of Iraq.

Reached by telephone on Tuesday, Mr. Armitage and Mr. Woodward said they had no comment on the scheduled June 2003 meeting. A spokesman for Patrick J. Fitzgerald, the special prosecutor in the leak investigation, also had no comment.

Mr. Armitage, who left the State Department in February 2005, has refused to say if he was the source of information about Ms. Wilson to Mr. Woodward and to Robert D. Novak, the newspaper columnist who first publicly identified her as a C.I.A. employee, in a column on July 14, 2003.

The Novak column prompted the C.I.A. to request an inquiry by the Justice Department, which turned the case over to Mr. Fitzgerald.

Mr. Fitzgerald's investigation into the leaking of Ms. Wilson's name led to the indictment last October of I. Lewis Libby Jr., Vice President Dick Cheney's former chief of staff. Mr. Libby was accused of obstruction and perjury in his claim to investigators that he had learned of Ms. Wilson's identity from reporters, not from other government officials.

At the time of the indictment, Mr. Fitzgerald described Mr. Libby as the "first known" government official to discuss Ms. Wilson's C.I.A. connections with a journalist, Judith Miller, then a reporter at The New York Times, in a conversation on June 23, 2003.

Mr. Woodward came forward in November to reveal to Mr. Fitzgerald that he, too, had learned about Ms. Wilson and that he had obtained the information in mid-June 2003, before Ms. Miller.

He has said that he talked with Mr. Fitzgerald after his source went to the prosecutor to describe the two-year-old conversation. Mr. Woodward has refused to name the source, describing him or her only as a "current or former" Bush administration official. Mr. Woodward has said that the source authorized him to talk to Mr. Fitzgerald, but not to disclose his or her name publicly.

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In a statement in November, Mr. Woodward said that he had considered the official's reference to Ms. Wilson to be "casual and offhand" and that "it did not appear to me to be either classified or sensitive." He said the official had "told me Wilson's wife worked for the C.I.A. on weapons of mass destruction as a W.M.D. analyst" and that "according to my understanding, an analyst in the C.I.A. is not normally an undercover position."

Mr. Armitage's calendar shows that he met with Mr. Libby on June 6, 2003, for 15 minutes; the topic of the meeting was not noted. The meeting on June 13 with Mr. Woodward was to be from 2 to 3 p.m. and was identified only as "Private Appointment/Bob Woodward." A lawyer for Mr. Libby, who is facing trial next year, did not return calls on Tuesday.

Ex-Chief Of Schools In Pr. George's Is Indicted (WP)

By Eric Rich And Nick Anderson, Washington Post Staff Writers

The Washington Post, August 23, 2006

Hornsby Accused Of Kickback Scam

A federal grand jury indicted former Prince George's County schools chief Andre J. Hornsby yesterday on charges of steering school business to associates in exchange for kickbacks that were intended to exceed $100,000 and possibly include expensive art, a yacht or other indulgences.

The indictment, announced on the county's second day of school, is the result of an investigation that helped drive Hornsby from office one year ago. It centers on two alleged schemes, both of which had been disclosed in broad strokes after questions arose in 2004 about Hornsby's stewardship of the third-largest school district in the region.

The indictment accuses Hornsby of arranging a $1 million purchase from the software company LeapFrog SchoolHouse, where his girlfriend worked as a saleswoman, and then splitting a $20,000 commission with her. The woman, Sienna Owens, also charged yesterday, has agreed to cooperate with authorities, according to two sources familiar with the investigation. They spoke on the condition of anonymity because her cooperation has not been publicly disclosed.

In the second alleged scheme, Hornsby is accused of insisting that an associate's company be given a consulting contract to help secure funds under a federal program known as E-Rate. To conceal kickbacks that would have exceeded $100,000, the indictment says, Hornsby suggested that the associate buy him the art, the yacht or other valuable items.

At a news conference in Greenbelt, U.S. Attorney Rod J. Rosenstein said Hornsby lied to investigators and directed others to destroy evidence.

"It is offensive when anyone abuses the public trust," Rosenstein said. "It is particularly egregious when highly paid government officials abuse their power to line their own pockets."

Hornsby, who has long maintained his innocence, did not respond to a telephone call and an e-mail request for comment. His attorney, Robert C. Bonsib, said in a statement that Hornsby intends to contest the charges and "is confident that he will be acquitted."

The school system issued a three-paragraph statement saying that the Board of Education has "fully cooperated" with the investigation and will continue to do so.

"Because this involves a matter now pending in federal court, any further comment by the board would be inappropriate," the statement continued.

The school board, which largely stood by the schools chief during his turbulent tenure, has treated the Hornsby matter with caution since his abrupt departure. The resignation Hornsby negotiated with the board in May 2005 included a $125,000 severance payment and a non-disparagement clause prohibiting board members and Hornsby from making derogatory public remarks about each other.

Several board members said yesterday that they hoped the Hornsby indictment would not overshadow the county's educational progress.

"It's unfortunate," said Vice Chairman Howard W. Stone Jr. (Mitchellville). "We are really trying to concentrate on great things happening in the school system. The school board has moved on. We cannot stay mired in the Hornsby situation."

Stone, one of the eight board members who voted to hire Hornsby in 2003, is facing voters this fall in a school board election. He said the board majority could not have foreseen at the time Hornsby was hired that he would run into ethical controversy and legal jeopardy. "Hopefully the voters will not blame me for something that I had no knowledge of," Stone said.

Still, Hornsby had encountered criticism about his ethics in dealings with vendors in a previous job in Yonkers, N.Y., that he dismissed as baseless and politically motivated.

Board of Education Chairman Beatrice P. Tignor (Upper Marlboro) did not respond to telephone messages seeking comment.

Hornsby, 52, formerly of Mitchellville, is charged with mail and wire fraud, witness and evidence tampering and obstruction of justice. His initial court appearance is scheduled for Sept. 5.

DOJ_NMG_0052262

Hornsby was Prince George's schools chief from June 2003 to June 2005, drawing a salary of about $250,000 a year. He resigned halfway through his contract, 10 days before the release of an audit that harshly criticized what the board called his "unacceptable" conduct in the job.

According to the indictment, Hornsby intervened late in 2003 in the awarding of the consulting contract to help the system secure subsidies under the federal E-Rate program, which provides schools with discounts on telecommunication services. It alleges that he ordered school employees not to award the contract to a company that had prevailed in a competitive bid.

Instead, it says, Hornsby arranged for a former employee to submit a proposal on behalf of a company called Erate Managers LLC after the closing date for submissions had passed.

The audit, in detailing the same arrangement, identifies the former employee as Cynthia Joffrion, who worked for Hornsby at school systems in Houston and Yonkers.

The initial proposal quoted a flat fee of $48,550, according to the indictment. Hornsby then privately complained to the former employee that the price was too low, and the company then submitted a new proposal, tacking on a fee of 1 percent of the federal funds awarded, the indictment says.

The indictment alleges that Hornsby met with the associate at a hotel in Bowie, where they discussed an agreement to split the fee and where Hornsby took a $1,000 cash down payment.

Federal agents captured the meeting on video, one of the sources said.

The indictment says the former employee is cooperating with investigators. Joffrion could not be reached for comment yesterday.

Later, in the summer of 2004, the indictment alleges, Hornsby arranged for the school system to purchase LeapFrog products for 216 classrooms at a cost of $956,280.

According to the indictment, more than $600,000 of the funds used for that purchase came from money that was originally budgeted for teacher compensation.

Although Owens was not the sales representative for Maryland, she received a commission on the contract, then paid Hornsby $10,000 in cash, the indictment says.

Owens was charged yesterday with failing to report the sales commission as income, a tax violation.

Jessie Woolley-Wilson, president of LeapFrog SchoolHouse, said yesterday that the company is not a target of the federal investigation and has cooperated fully. She said two key employees, including her predecessors, left after an internal investigation into the matter.

According to the indictment, Hornsby and Owens used a Compaq computer for various purposes, including creation of the commission sharing agreement. After the LeapFrog deal was consummated, it says, Owens sent the computer to the former employee.

In February 2005, the indictment says, Hornsby sought to persuade the associate not to comply with a federal subpoena for files on the Compaq. The indictment recounts an exchange between the associate and Hornsby, with Hornsby apparently unaware that the associate was cooperating with the FBI.

Hornsby: "You told me that thing was clean. It was dead."

Associate: "Yeah, but I told you I brought the hard drive back."

"Hey, get it out of here."

"And what I had . . . "

"Get it out of there."

"All right."

"Get it out of there totally."

After leaving the Prince George's system in 2005, Hornsby concentrated on a new enterprise as leader of a company that aimed to offer federally subsidized tutoring services to disadvantaged students. His application to provide the supplemental educational services in Maryland won state approval in January.

It was unclear whether the indictment would affect Hornsby's status as a state-approved provider. His tutoring business, A+ Quality Schools Consulting Inc., was listed on a state Web site yesterday as an approved provider, with Hornsby named as its chief executive.

Yesterday, Maryland State Department of Education spokesman William Reinhard said the department was reviewing the matter.

Staff writer Ruben Castaneda contributed to this report.

Ex-schools Chief Hornsby Indicted (BSUN)

By Nicole Fuller

The Baltimore Sun, August 23, 2006

A federal grand jury indicted former Prince George's County schools Superintendent Andre J. Hornsby Tuesday on charges that he orchestrated an elaborate scheme to award school contracts worth hundreds of thousands of dollars to financially benefit himself and ordered school officials to destroy evidence to cover the crime.

The 16-count indictment charging Hornsby, 52, with mail and wire fraud, evidence- tampering, witness-tampering and obstruction of justice, alleges that he used his position to ensure that two companies were awarded lucrative schools contracts.

One of them was E-Rate Manager, a "nonexistent" company headed by a former employee of Hornsby's who is cooperating with federal authorities. The other was LeapFrog SchoolHouse, a supplier of educational products for which his live-in girlfriend worked in sales.

Hornsby arranged to get thousands of dollars from the proceeds of lucrative contracts he helped push through for both companies, according to the indictments announced by Maryland U.S. Attorney Rod J. Rosenstein.

Prosecutors said Hornsby instructed personnel to destroy e- mail that might have implicated him criminally and attempted to identify and evade telephone and law enforcement surveillance of his activities.

"It is offensive when anyone abuses the public trust, and it is particularly egregious when people in highly paid government jobs abuse their power to line their own pockets," Rosenstein said.

Hornsby stood to receive more than $100,000 in kickbacks from E-Rate Manager to assist in securing funds for the federal E-Rate program, which provides schools discounts on Internet access and telecommunications services, Rosenstein said.

Hornsby received $10,000 from a $1 million contract awarded to LeapFrog SchoolHouse to provide education software to the school system.

His former girlfriend, Sienna Owens, split her $20,000 share of the sales commission with Hornsby. She was indicted Tuesday only on a tax fraud charge that accuses her of failing to report the commission.

Owens' lawyer could not be reached for comment.

Prosecutors began a two-year investigation of Hornsby after an article in The Sun disclosed the relationship between Hornsby and Owens.

Hornsby's attorney, Robert C. Bonsib, would comment Tuesday only through a statement in which he said Hornsby will "aggressively contest" the allegations. "Dr. Hornsby is confident that he will be acquitted," Bonsib said.

Hornsby's initial court appearance is expected early next month. He could get a maximum of 20 years in prison for each of the mail and wire fraud counts, and 10 years for witness-tampering and obstruction of justice.

Hornsby, who became head of the 135,000-student system in June 2003, resigned from his $250,000-a-year position in May 2005, 10 days before the Prince George's County school board released an audit that was highly critical of him. He received a $125,000 severance payment.

In the fall of 2003, the indictment said, Hornsby told a former employee -- who is not identified in the indictment -- to submit a proposal to provide consulting services to the school system for preparing grant applications to the E-Rate program.

In the school board audit, conducted by Huron Consulting Group, the ex-employee is identified as Cynthia Joffrion, who worked for Hornsby in Houston and Yonkers, N.Y., where he also was superintendent.

Hornsby, responding to the audit in a rebuttal submitted by his lawyers and in an interview by Huron investigators, "made various false representation about the LeapFrog and E-Rate contracts," the indictment said.

After the school system received proposals from several companies and selected one, Hornsby directed after the application deadline that the contract not be awarded to the chosen company, making it clear that a proposal from E-Rate Manager would be forthcoming, according to the indictment.

The former employee submitted a copy of a proposal for E- Rate Manager to provide E-Rate consulting services to the school system for a fee of $48,550. Hornsby rejected the proposal, according to the indictment, and ordering his former employee to add to the flat fee a fee of 1 percent of the E-Rate funds received by the school system.

On Dec. 19, 2003, the system issued a purchase order to pay E- Rate $48,550, plus 1 percent of the E-Rate funds awarded in excess of $2 million.

The school system paid E-Rate more than $80,000 in 2004. The next year, E-Rate was awarded a $60,500 contract plus a fee of 1 percent of the funds awarded up to $10 million and 1.5 percent of funds in excess of $10 million. The fee was not to exceed $300,000. E-Rate was paid $40,900 before the contract was terminated.

The former employee paid Hornsby $1,000 in cash but, according to the indictment, Hornsby instructed the former employee to buy him property -- including a truck, art and a yacht -- to avoid detection.

In June 2004, Hornsby helped to steer a contract under which the school system would pay $956,280 to LeapFrog. Owens, then his girlfriend, received a $20,000 commission from the deal and paid him half.

According to the indictment, Owens -- who dealt with Hornsby in crafting the LeapFrog deal -- demanded a substantial share of the commission that was to have gone to another LeapFrog employee who made the sale.

Owens received a $20,000 cashier's check from the other LeapFrog employee and deposited it into her personal bank account. A few days later, she gave $10,000 to Hornsby, the indictment said.

After learning that he was under federal investigation, Hornsby instructed school system personnel to destroy backup computer tapes containing his e- mail, according to the indict ment. Much of the e-mail was erased, but unknown to Hornsby, other copies were maintained by the school system.

Told by his former employee that an E-Rate Manager representative had received a subpoena for computer files, Hornsby tried to persuade the former employee not to produce the files and to get rid of the computer's hard drive, the indictment said.

School board officials issued a statement Tuesday promising cooperation with authorities but declined to comment in detail.

Critics of the school board have questioned Hornsby's severance payment, and the indictment prompted one of them -- Del. James W. Hubbard, a Prince George's County Democrat -- to suggest repayment.

"In some way, shape or form, he ought to pay back the taxpayers," Hubbard said. "I don't think the IRS is involved in it just for the sake of being there."

Ex-PG Schools Chief Indicted On Fraud Charges (WT)

By Matthew Cella And Gary Emerling

The Washington Times, August 23, 2006

A federal grand jury yesterday indicted former Prince George's County schools chief Andre J. Hornsby on corruption and obstruction of justice charges tied to lucrative contracts to benefit close associates and himself, federal prosecutors said.

"It is offensive when anyone abuses the public trust, and it is particularly egregious when people in high-paying jobs abuse their power to line their own pockets," Rod J. Rosenstein, U.S. attorney for Maryland, said during a press conference at U.S. District Court in Greenbelt.

Mr. Hornsby, 52, was charged in a 23-page indictment with seven counts of wire fraud, five counts of mail fraud, evidence tampering, witness tampering and obstruction of justice.

The wire and mail fraud charges each carry a penalty of 20 years in prison. The other charges each carry a 10-year prison sentence.

Mr. Hornsby, who earned $250,000 annually as schools chief, left the county in June 2005 with a $125,000 severance package.

Mr. Rosenstein would not comment on Mr. Hornsby's whereabouts or his present employment status. He said that Mr. Hornsby would not be arrested, but that prosecutors are confident that he will show up for his initial court appearance next month.

"We have been in contact with Mr. Hornsby's lawyer, who has agreed to voluntarily report with him on Sept. 5," the federal prosecutor said.

Mr. Hornsby's attorney, Robert C. Bonsib, did not return a phone message seeking comment. His office released a statement, saying that Mr. Hornsby intends to "aggressively contest these allegations."

The indictment says that Mr. Hornsby, with help from a former employee, steered a contract to a company he owned that purported to aid school systems by writing applications to secure federal grants.

The contract was awarded in December 2003, five months after Mr. Hornsby had started his job as schools chief. Over a two-year period, the school system paid his company more than $120,000.

Mr. Hornsby received a kickback worth more than $100,000, about $1,000 of which he took in the form of a cash down payment during a meeting at a Bowie hotel, the indictment states.

He took a circuitous route to the meeting to evade surveillance and "discussed with the former employee various methods to evade detection of the payments, including arranging for the former employee to purchase valuable items for him, such as property, a truck, art and a yacht," according to the indictment.

Mr. Hornsby also ordered the June 2004 purchase of $1 million in educational software and other materials from LeapFrog SchoolHouse, a division of LeapFrog Enterprises Inc. of Emeryville, Calif. His live-in girlfriend, Sienna Rochelle Owens, was a sales representative for the company.

Miss Owens, who did not represent Maryland for the company, struck a deal to collect half of the commission from the sale and gave Mr. Hornsby $10,000 in cash, half of what she was paid, the indictment says.

Miss Owens has been charged with tax evasion for failing to report the income from the commission, prosecutors said yesterday.

Mr. Hornsby also was accused of lying to investigators, concealing information about the contracts and ordering subordinates to lie on his behalf and erase computer records containing e-mails about the transactions.

Prosecutors said the employees told Mr. Hornsby that the records had been destroyed, but in several cases, they had made backup copies.

In December 2004, school officials commissioned the Chicago-based Huron Consulting Group to audit the handling of contracts. Mr. Hornsby tendered his resignation May 27, 2005, days before the expected release of the audit report.

The 135,000-student school system has an annual budget in excess of $1 billion and is one of the 20 largest systems in the nation.

The school board issued a statement yesterday saying its members have cooperated fully with the federal investigation.

"The board is pleased that the school system continues to move forward under the strong leadership of its new chief executive officer, John E. Deasy," the statement reads.

School board member Robert O. Duncan Jr. said that the indictment is "unfortunate," occurring as the school system is aiming to build on rising test scores.

He said that it was too early to say whether the board could recoup Mr. Hornsby's severance package but that members would discuss that with legal counsel.

"It's an issue that we'll certainly explore with the board attorneys," Mr. Duncan said. "Whether we have any right to [recoup the funds], I wouldn't want to speculate."

Board attorney Andrew Nussbaum did not return a call for comment.

James Keary, a spokesman for County Executive Jack B. Johnson, said that Mr. Hornsby's tenure was "in the past" and focused on the county's improving test scores and upcoming school board elections.

"It's time to move on," he said.

Mr. Hornsby had a history of clashing with school board members and parents at his previous job in the 27,000-student school district in Yonkers, N.Y. He was forced to leave his last job a year before his contract expired.

In December 2000, the Yonkers inspector general, Phil Zisman, released a report saying Mr. Hornsby had violated state ethics laws by accepting an all-expenses-paid trip to the 1999 Ryder Cup golf tournament from Xerox, which was bidding for a copier-services contract with Yonkers schools.

Educator In Disgrace (WP)

The Washington Post, August 23, 2006

THAT FORMER Prince George's County schools superintendent Andre J. Hornsby was indicted the same week that school started is yet one more awful reminder that it was the children who were the true victims of his shameful tenure.

Mr. Hornsby came to Prince George's in 2003 promising to provide "the best education" through Maryland's second-largest school system. But according to federal law enforcement authorities, he almost immediately entered into a scheme to award lucrative school contracts to enrich himself and his close associates. The 16-count indictment handed down yesterday, alleging mail and wire fraud, witness and evidence tampering, and obstruction of justice, is not a finding of guilt, and Mr. Hornsby has insisted he is innocent, although he had to resign in disgrace halfway through his contract.

The broad outlines of the alleged improprieties have already been aired: helping his girlfriend get a contract worth nearly $1 million, steering another contract to a friend and moonlighting with his own consulting business. What wasn't known, however, was the degree of greed and brazenness.

For example, federal prosecutors say that Mr. Hornsby wasn't satisfied with the amount being negotiated for one contract, so he actually suggested that the fee be increased, meaning that the cash-strapped Prince George's school system ended up paying more money. Once Mr. Hornsby realized that he was under investigation, he allegedly sought to protect himself by ordering that computer tapes of his and others' e-mail be destroyed. He is said to have discussed ways to camouflage his kickbacks through the purchase of items such as artworks and a yacht. And, in an effort to evade the scrutiny of investigators, he allegedly drove a circuitous route to meet an associate.

Mr. Hornsby was paid a salary of $250,000. To get rid of him, the school board gave him $125,000 in severance. If the charges are proved true, Mr. Hornsby stole far more from the hopes and futures of Prince George's schoolchildren. Federal officials who pressed this investigation are right to say that those who seek personal gain at the expense of children must be held to account.

Ex-Norristown Mayor Gets 51-month Prison Sentence (PHI)

By Jeff Shields

The Philadelphia Inquirer, August 23, 2006

DOJ_NMG_0052266

A federal judge yesterday sentenced former Norristown Mayor Ted LeBlanc to prison for more than four years for bribery, fraud and tax evasion.

LeBlanc, 68, received 51 months in prison and was ordered to pay $83,000 in restitution by U.S. District Judge William H. Yohn, who sharply criticized LeBlanc for lying at his trial.

LeBlanc was convicted in April for soliciting a bribe from Norristown's insurance broker, defrauding Commerce Bank in deals involving two pubs he owned, and cheating on his income tax.

Initially, Yohn noted LeBlanc's "very fine record" previous to his conviction, and testimony on the former mayor's behalf by Norristown church and community members.

But LeBlanc flushed, his shoulders slumped, and he gazed straight down as it became clear that the judge would not depart from the federal sentencing guidelines that recommended between 51 and 63 months in prison.

"I would just like to apologize to everyone, and that's all I have to say - I'm sorry," LeBlanc said when offered the chance to speak.

It was the longest sentence handed out, to date, as a result of a state and federal investigation into municipal corruption in Norristown.

Last week, former municipal administrator Anthony Biondi received 18 months on corruption charges, and former municipal tow-truck contractor Joseph Corropolese got 20 months for tax evasion. Former councilman Ernest Scott and three men who did business with Norristown are awaiting sentencing on various charges.

"It sends the correct message, that if you engage in corruption, you will suffer the consequences - and they are severe," assistant U.S. Attorney Richard Zack said after LeBlanc's sentencing in Philadelphia.

LeBlanc's testimony at trial returned to haunt him as Yohn called his claims on the witness stand, "way beyond belief."

"It is, again, crystal clear to me that the testimony was false," said Yohn, a former Court of Common Pleas judge at the Montgomery County Courthouse in Norristown.

LeBlanc, mayor for eight years, contended at trial that he didn't understand his authority as mayor and that he didn't understand that a $45,000 debt had been paid on his behalf.

The charges against him resulted from the sale of one bar, Walter's Tavern, and the financing of another, Morley's 21st Amendment Bar and Grille, which was to be a centerpiece of Norristown's downtown revitalization.

LeBlanc was convicted of lying to Commerce Bank about the money he received from the Walter's sale - including $10,000 cash in a paper bag - then lying to the bank about the personal loans he took to keep Morley's afloat.

Those loans included $10,000 from Norristown's insurance broker, Herbert Bagley, just weeks after LeBlanc renewed Bagley's contract.

LeBlanc testified that he borrowed money from Bagley at zero interest, but that it was not a bribe.

LeBlanc attorney, Stephen Britt, said yesterday his client was a part-time mayor, earning $5,000 a year, and was trapped by difficulties of his struggling restaurant venture.

"He was blinded by ambition and the desire to do well for himself and do well for the borough," Britt said in court.

LeBlanc, who declared bankruptcy several months after the FBI, IRS and State Police raided Borough Hall, his business and home, got one piece of good news yesterday. His wife, Beth Ann, won't have to forfeit $42,000 that remains from an $86,000 lottery jackpot last year. She testified yesterday that she had $42,000 left after winning the Pennsylvania Lottery's Cash 5 in July 2005.

"I need that money to survive when my husband goes to jail," she told the judge.

Her husband, free on bond, was ordered to surrender himself on Oct. 17.

Property Purchase Raises Eyebrows (SFC)

By Robert Selna, Chronicle Staff Writer

San Francisco Chronicle, August 23, 2006

S.F. city inspector snaps up home cited in illegal remodel

San Francisco building inspectors got word in June 2005 that someone was renovating a dilapidated, one-story home at 838 Alabama St. in the Mission District without the necessary permits.

Inspectors checked it out and found that wall shingles were being replaced and the roof was being repaired, and they later slapped an abatement order on the property demanding that construction cease until the proper Department of Building Inspection approvals were obtained.

In a matter of months, the owners -- two sisters, one of whom lived abroad and the other who was a DJ living in the city -- not only obtained a permit and completed the work, but also signed over title to the property to Leo McFadden, a senior building inspector at the Department of Building Inspection, in exchange for approximately $500,000.

The transaction and the involvement of building inspectors beforehand and afterward -- pieced together by The Chronicle through public records -- raise new questions about conflicts of interest and clean-government practices at the Building Inspection Department.

They point to a veteran inspector using what appears to be inside information for personal economic gain by acquiring a distressed property facing an enforcement action.

They also might help explain why the property apparently caught the attention of corruption investigators at the Federal Bureau of Investigation, who served a search warrant on the inspection department for files in McFadden's office pertaining to a property on Alabama Street.

"Certainly, it is troubling," said Amy Lee, acting director of the inspection department, when asked about McFadden's acquisition of the property, which she said she learned about only after the fact. "It would definitely make one raise their eyebrows."

Concerns about corruption and favoritism at the inspection department go back years. A 2001 audit by City Controller Ed Harrington's office found that nearly half of the department's building inspectors who responded to a questionnaire reported seeing what they believed to be preferential treatment granted to some so-called "permit expediters," who are private individuals representing clients who want help with their development projects.

In 2003, a civil grand jury reviewing the department operations found that favoritism in the department was deeply ingrained and that employees were unaware that preferential treatment was prohibited.

In 2004, Mayor Gavin Newsom appointed a special monitor to investigate the department. The monitor concluded that the executive leadership was often "immobilized" by conflicting political pressures from members of the Building Inspection Commission, which oversees the agency's operations, as well as from City Hall and politically connected pressure groups.

And in September 2005, FBI agents, working in cooperation with the San Francisco district attorney's office, led building inspection supervisor Augustine Fallay out of the department in handcuffs. Fallay has since pleaded not guilty to soliciting bribes in exchange for approving permit applications as well as to insurance fraud and perjury charges. He remains free on $50,000 bail.

Exactly what the FBI hoped to learn from McFadden's Alabama Street files is murky. FBI spokeswoman LaRae Quy would confirm only that agents had searched the department on the morning of July 26. A judge sealed the documents that served as the basis for the search warrant and the search warrant itself, she said.

The real estate and building inspection records pertaining to 838 Alabama St. show how a top inspector gained knowledge about a property through the work of his employees and in a short time wound up buying and renovating it as an apparent investment.

On June 2, 2005, according to building inspection records, the department received a complaint that the owners of 838 Alabama, Amanda Madlonito of San Francisco and her sister, Olivia Makhijani, who lived in Switzerland, were having construction work done without a permit.

A second complaint on Aug. 16, 2005, from a person who claimed to be a tenant at the house, stated that holes had been punched in the ceiling, that wires were hanging from the ceiling and walls, and that an interior remodel had been in progress for 10 months without permits.

Building inspectors visited the property after both complaints and on Sept. 14, 2005, issued the abatement order requiring Madlonito and Makhijani to obtain permits and repair dry rot, replace shingles and strengthen a roof support on the left side of the house.

On Nov. 3, 2005, Makhijani obtained the permit, the records show.

According to the documents, inspectors lifted their abatement order on Jan. 3, 2006, and two days later, McFadden got a loan to buy the house, for which he paid approximately $500,000 on Jan. 18.

McFadden, who has reported an ownership interest in at least six other properties in the city, acquired 838 Alabama through his real estate holding company, Jersey Street Associates LLC.

On Jan. 26, Lee, the building inspection department's acting director, signed a document stating that the previous owners' permit violations had been corrected and all fines had been paid.

McFadden, who was placed on leave after the FBI search of his office files, did not return calls seeking comment.

Lee said she had no idea that McFadden owned the property when she reviewed the paperwork; neither his name nor Jersey Street Associates appeared on any of the permit documents, she said.

John St. Croix, executive director of the city's Ethics Commission, said city employees -- including building inspectors -- are free to buy and sell real estate provided they are not privy to or acting on information that is not available to the general public.

When asked if McFadden had done anything improper, Lee noted that the general public has access to building inspection enforcement abatement orders and other enforcement actions.

Debra Walker, president of the city's Building Inspection Commission, which oversees the department, said she would like to see rules that would help restore public confidence in the department, but she said there is a competing concern that the city should not take away employees' right to own property.

"We need some help in defining the rules around this," Walker said. "There are no laws that address this issue, and the McFadden situation underlines the problem. ... I've said for a long time that we need something to prohibit insider trading."

Lee, who was appointed acting director by Mayor Gavin Newsom in 2005, said she does not believe the department can legally restrict employees from buying property that is available to the general public.

"An employee may not use information that isn't available to the public," said Lee. "But the public can come in off the street every day and ask for code enforcement activity on any property."

E-mail Robert Selna at rselna@sfchronicle.com.

Page A - 1

News In Brief From The San Francisco Bay Area (CCT)

The Contra Costa Times, August 23, 2006

SAN FRANCISCO - The FBI searched the office of a senior building inspector who bought a house just months after the city took code enforcement action against its owners, a newspaper reported.

The San Francisco Chronicle, citing real estate and building inspection records, said inspector Leo McFadden purchased a $500,000 house owned by two sisters who were ordered last September to stop renovation work that had been started without proper permits.

McFadden took out a loan for the house two months after the sisters obtained the permits and finished the renovation, and two days after his department lifted its cease construction order, the Chronicle said.

McFadden was placed on leave after FBI agents searched his office on July 26. FBI spokeswoman LaRae Quy would not disclose the reason for the search.

Ethics rules prohibit city employees from buying or selling real estate if the transaction is based on information to which the public is not privy.

John St. Croix, executive director of the city's Ethics Commission, said it was unclear whether McFadden had done anything wrong because inspection enforcement records are public information.

McFadden has reported investments in at least six other properties in the city.

Mob Snitch Is Full Of Bull, Sez Gotti Lawyer (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 23, 2006

Little Joey's just a little Sammy, John A. (Junior) Gotti's attorney suggested yesterday to jurors hearing racketeering charges against the mob scion.

Gotti attorney Charles Carnesi attacked mob snitch Joseph (Little Joey) D'Angelo, 37, as a protégé of Salvatore (Sammy Bull) Gravano - as eager to use the witness stand to take down a Gotti as his murderous mentor was more than a decade ago.

Carnesi wondered why Gravano never named D'Angelo as a shooter in the August 1990 slaying of Edward (Eddie the Chink) Garofalo, one of 19 gangland slayings Sammy Bull admitted to before turning against Gotti's father.

"Did Sammy Gravano ever testify against any of those people who were involved in that homicide?" Carnesi asked.

"No," D'Angelo said.

It marked D'Angelo's third time testifying against Gotti, 42, who scored two mistrials when jurors at two earlier trials declared themselves deadlocked.

D'Angelo contends Gotti picked him to drive the rigged cab used in the kidnapping and shooting of radio host Curtis Sliwa in June 1992. Sliwa survived after diving out a passenger-side window.

D'Angelo said he assumed Gravano had given him "a pass" in the Garofalo slaying.

During a 1990 prison visit, Gravano counseled D'Angelo to get out of the mob - advice he ignored.

"This life is over," Gravano told D'Angelo. "Get a job. Believe me."

D'Angelo admitted shooting Garofalo while just a 21-year-old wanna-be gangster, who Gravano had taken in after his father Joseph (Stymie) D'Angelo was gunned down.

He said he shot Garofalo as he lay dying on a Bensonhurst, Brooklyn, street from a single shot to the head fired by an accomplice.

Asked why he delivered the second shot, D'Angelo explained, "When Sammy tells you to go kill a guy, you gotta make sure he's dead. Otherwise, you're dead."

But D'Angelo told Assistant U.S. Attorney Miriam Rocah that Gravano was "the furthest thing from my mind" when he decided to cooperate with the feds' racketeering case against Gotti last year.

"He was given a second chance and he threw it in the garbage," D'Angelo said of his mentor.

After leaving the federal witness-protection program, Gravano was arrested in 2000 for his role in a Phoenix-based Ecstasy-distribution ring and is serving a lengthy federal prison term.

D'Angelo said he hopes his cooperation will open the door to his prison cell. "Like everybody in jail, I hope to go home as soon as possible," he said.

SLIWA JOB MADE CANARY A WISEGUY (NYPOST)

By Kati Cornell

The New York Post, August 23, 2006

A mob canary described in Manhattan federal court yesterday how John "Junior" Gotti inducted him into the crime family after he participated in a near-fatal 1992 attack on radio host Curtis Sliwa - a membership he instantly regretted.

Joseph D'Angelo said he agreed to participate in the Sliwa kidnapping to pave the way for becoming a wiseguy - a wish he said Gotti granted less than three years later.

Describing the secret ceremony during cross-examination, D'Angelo said, "We were told the boss of the family is John Gotti Sr. and this is the panel running the family - John Gotti Jr., John 'Jackie Nose' D'Amico, and Nicholas Corozzo."

D'Angelo said he was told there is only one way into the Gambino crime family and "one way out," meaning death.

"Right before the ceremony I thought it was a necessary step, and then right after I knew it was the biggest mistake," D'Angelo testified.

D'Angelo admitted he hopes to get a reduced sentence for kidnapping, two murders, murder conspiracy and other crimes so he can marry a girlfriend to whom he proposed from behind bars.

kati.cornell@nypost.com

FBI: Man Confessed To Girl's Killing (BSH)

By Sean Murphy

Biloxi Sun Herald, August 23, 2006

PURCELL, Okla. - A man accused of strangling a 10-year-old girl and plotting to eat her flesh allowed investigators to search his apartment and then confessed to the slaying, an FBI agent testified Tuesday.

Agent Craig Overby said he spotted the girl's clothing inside a plastic tub inside a bedroom closet and asked Kevin Ray Underwood where the girl was. Overby said the man responded: "She's in there. I hit her and chopped her up."

Jamie Rose Bolin's body was found nearly decapitated inside Underwood's apartment, investigators have said.

A judge ruled Tuesday that Underwood would be tried for first-degree murder, and also granted a request by the defense for a gag order that prohibits attorneys and law enforcement from discussing the case publicly.

Prosecutors have said they would seek the death penalty for Underwood, 26, who lived in the same apartment complex as the girl. She was reported missing April 12 after failing to return home from the library.

After Underwood's arrest, police and prosecutors said he raped the girl's corpse and planned to eat her flesh. A medical examiner's report indicated there were signs of sexual assault, but could not determine whether they were inflicted after her death.

Underwood had documented his thoughts and musings for years in an Internet blog.

In it, he joked about cannibalism and wrote about feeling isolated, depressed and even homicidal.

"My fantasies are just getting weirder and weirder. Dangerously weird," Underwood wrote in September 2004. "If people knew the kinds of things I think about anymore, I'd probably be locked away. No probably about it, I know I would be."

A defense expert said Underwood's attorney likely will claim his client is insane.

"This case is one where the defense will use all of their resources to show their defendant has some sort of mental disorder," said Irven Box, an Oklahoma City criminal defense attorney who is not connected to the case. "If not to prevent the case from going to trial, then at least to keep him from getting the death penalty."

Conservatives Try To Curtail Hotel Porn (AP)

By David Crary, The Associated Press

AP, August 22, 2006

NEW YORK (AP) — Pornographic movies now seem nearly as pervasive in America's hotel rooms as tiny shampoo bottles, and the lodging industry shows little concern as conservative activists rev up a protest campaign aimed at triggering a federal crackdown.

A coalition of 13 conservative groups — including the Family Research Council and Concerned Women for America — took out full-page ads in some editions of USA Today earlier this month urging the Justice Department and FBI to investigate whether some of the pay-per-view movies widely available in hotels violate federal and state obscenity laws.

The coalition also is trying to draw attention to CleanHotels.com, a directory of hotels and motels nationwide that pledge to exclude adult offerings from their in-room entertainment service.

Though porn is now cheaply and readily accessible on the Internet, and through many other outlets, the activists chose to target the hotel industry in part because of the well-known brands of corporations that cater to family vacationers as well as business travelers.

"These are places that you take your family — these are respectable institutions," said Tony Perkins, president of the Family Research Council. "Anything that brings porn into the mainstream is a concern. It just desensitizes people."

Precise statistics on in-room adult entertainment are hard to come by. By some estimates, adult movies are available in roughly 40 percent of the nation's hotels, representing more than 1.5 million rooms. Industry analysts suggest that these adult offerings generate 60 to 80 percent of total in-room entertainment revenue — several hundred million dollars a year.

The recent newspaper ad mentioned no hotel companies by name because of legal concerns, but it did target the two major suppliers of in-room adult movies — South Dakota-based LodgeNet and Denver-based OnCommand, a subsidiary of Liberty Media Corp. The ad accused both companies of distributing hardcore pornography to their hotel clients, and it provided a link to a list of X-rated movie titles.

Spokesmen for OnCommand and Liberty Media declined to comment on the ad, and LodgeNet's spokeswoman did not return calls seeking comment. However, top spokespeople for two of the biggest hotel chains, Hilton and Marriott, defended the policies that make adult movies widely available at their affiliated hotels.

Both Kathy Shepard of Hilton and Roger Conner of Marriott said the bulk of their hotels are operated by franchise-holders who make their own decisions about in-room programming. They made clear, however, that their companies consider adult movies to be an acceptable option because they can be ignored or blocked out by guests not wishing to view them.

"Really ultraconservative groups try to target the hotels in their zest to eliminate porn," Shepard said. "In their zest to have their personal morals prevail, they're eliminating choice for others."

Conner said none of the programing offered by Marriott is illegal, and he depicted adult movies as a standard part of today's hotel business.

"In-room movies are a revenue stream," he said. "This is a business matter."

The leader of the campaign against in-room porn is Phil Burress, a self-described former porn addict who heads the Cincinnati-based Citizens for Community Values.

Burress and his allies have had some success regionally, pressuring about 15 Ohio and Kentucky hotels to stop offering adult movies. But he says a nationwide pressure campaign would be difficult because nearly all the big hotel chains have similar policies — porn is available at some but not all of their affiliates.

Though unable to cite specific cases, Burress contended that the availability of in-room porn is making hotels more dangerous.

"As more and more of these (hardcore) titles become available, we're going to have sexual abuse cases coming out of the hotels," he said. "Hotels are just as dangerous as environments around strip joints and porn stores."

Burress said he was "cautiously optimistic" that Justice Department officials — whom he and other anti-porn leaders confer with periodically — would seriously consider investigating hotel-based pornography.

Justice Department spokesman Bryan Sierra said federal authorities are committed to toughening enforcement of obscenity laws, but he declined to comment on specific targets for investigations.

LodgeNet and OnCommand together provide in-room entertainment to more than 1.8 million hotel room in North America — with customers that include Sheraton, Hilton, Holiday Inn, Ritz-Carlton, Hyatt, Marriott and Ramada.

The standard in-room packages offered by LodgeNet and OnCommand include adult movies, but they have tried to accommodate hotels preferring a no-porn alternative, according to Shannon Sedgwick Davis, executive director of an association of hotels which don't offer adult movies to guests.

One problem, she said, is that the big hotel chains often have negotiated bulk contracts with the video suppliers that include the adult movies and can be expensive to cancel.

Police: DNA Links Suspect To 9 Attacks (CHIT)

By Tonya Maxwell

Chicago Tribune, August 23, 2006

Chicago police are asking the public to help identify a man they suspect in at least nine sexual assaults of South and Southwest Side women and girls since 1999.

Police released a sketch and description of the unknown man on Tuesday after state crime lab technicians matched his DNA profile to each of the cases, officials said at a news conference. The most recent victim, a 12-year-old girl, was assaulted in August 2005 after the suspect picked her up in the area of Marquette Park, said Sgt. Anthony Kuta.

But most of the cases are at least 5 years old. Chicago police and Illinois State Police, who process DNA in the state's criminal cases, would not say why information about the suspect was not made available earlier.

Two victims have told police the suspect threatened them with a handgun; others said they were beaten. One 16-year-old girl was forced into a van with scissors and a 15-year-old was knocked unconscious, police said.

"Somebody's walking down the street and is dragged into a vehicle with a weapon—that's extremely dangerous," said police spokesman Pat Camden. "That's why we're reaching out to the community."

The suspect is described as an African-American man between 30 and 35 years old, who stands between 5 feet 2 inches and 5 feet 6 inches tall. He has a medium to heavy build, short hair often worn in braids, a dark complexion and a cut that had not healed well, leaving a raised scar from his neck to his torso, the sergeant said.

Police said the suspect has used several cars in the attacks over the years: a burgundy Grand Prix, a dark-colored van and a white van, but investigators believe he now may be driving a tan, newer-model, 4-door vehicle, Kuta said.

Kuta also said police have learned from interviews with victims and residents that the man may have once attended Wells Community Academy on North Ashland Avenue, lived in the Cabrini-Green area and has stayed at the Eagle Inn Motel.

Kuta would not give more details about why police believed that information except to say officers had gone through yearbooks from the high school.

At the Eagle Inn Motel, located across from the Ida B. Wells housing complex on Pershing Road, owner Mike Potel said he spoke with police last week. But he said he was not told what kind of case they were investigating.

"They wanted my records from January [2005] to August [2005]. I gave them my records," he said. "Since they don't have a name of this guy, I don't know if my records are going to help."

After looking at the sketch of the man, Potel said he didn't recognize him, but he added that it's easy for people to slip onto the property unnoticed, particularly if someone else is paying for the room.

Kuta also said Tuesday that the offender had likely eluded police in part because the attacks were scattered and most occurred at night, leaving few witnesses and the victims traumatized and unable to give a good description.

"We couldn't associate him without the DNA, I'll admit to that," he said. "He could be incarcerated or he could be in a relationship that prevents him from prowling the streets or he could have another job or employment that doesn't give him the freedom he had."

But Camden said the man had not been arrested for a felony in recent years. A 2002 Illinois law required all incarcerated felons to submit genetic samples to a state database, meaning state officials would have been able to identify the unknown suspect had he been charged as a felon.

That database now has more than 221,000 criminal DNA samples and about another 12,000 DNA samples of unknown suspects from crime scenes statewide, said Illinois State Police Col. Kathleen Stevens of the Division of Forensic Services.

State technicians are up-to-date in processing genetic samples of incarcerated felons, she said, but added she did not know if the crime scene DNA is backlogged.

Known felons can be matched to unknown perpetrators using the technology, she said, or cases can be matched to one another to provide police with further leads.

But Stevens declined to say why DNA matches had not been made earlier.

State police officials said they had talked with Chicago police about the case and deferred to that agency for comment.

But Camden was not critical of the length of time that had passed.

"These all came back at the same time at the end of July," he said. "Unfortunately this is not 'CSI.' This is not something you can do in 30 minutes."

Shaw Airman Pleads Guilty To Child Pornography Charges (TSSC)

The State (SC), August 23, 2006

COLUMBIA, S.C. - An active duty airman at Shaw Air Force Base pleaded guilty Tuesday to possessing child pornography, U.S. Attorney Reggie Lloyd said.

During his plea hearing, Lawrence Sanders, 24, admitted that in May 2005 he had a computer with nearly 3,000 images of child pornography and made the pictures available to others on the Internet through a file-sharing program.

An undercover FBI agent searching the Internet program for child pornography was able to download several files from Sanders' computer, Lloyd said.

Sanders faces a maximum sentence of 10 years in prison and a $250,000 fine. He has agreed not to seek a sentence of less than five years and to turn his computer over to the government, Lloyd said.

Va. Inmate Indicted In Killing That Altered DNA Testing Law (WP)

By Maria Glod

The Washington Post, August 23, 2006

A serial rapist has been indicted in the 1982 rape and murder of a young Culpeper, Va., mother, a crime that nearly led to the execution of an innocent man and helped bring about unprecedented reforms in Virginia's criminal justice system.

Kenneth M. Tinsley, 61, who is serving a life sentence for an unrelated rape, was charged this week with capital murder, rape and sodomy in the slaying of Rebecca Lynn Williams, 19.

The charges against Tinsley might finally clear Earl Washington Jr., whose case had emerged as one of the nation's most troubling instances of a wrongful conviction. A mildly mentally retarded farmworker, Washington had been convicted in the slaying and served 17 years in prison -- including 9 1/2 on death row -- before DNA tests exonerated him in 2000. At one point, he was days from execution.

"Finally the government has charged the man who really killed Rebecca," said Robert T. Hall, one of Washington's attorneys.

Washington's story, perhaps more than any in Virginia, has sparked reform in the state's justice system. His case inspired a 2001 law allowing inmates who claim innocence to seek DNA testing at any time, loosening what was then the toughest rule in the nation on new evidence. It also led to a review of some cases analyzed in Virginia's DNA laboratory.

Although Tinsley was first implicated as a suspect in 2000 when scientific tests showed that his DNA was on a blanket in the victim's apartment, the investigation continued for years. Albemarle County Assistant Commonwealth's Attorney Richard E. Moore, appointed as special prosecutor in the case, said yesterday that a Culpeper County grand jury handed up the indictments Monday.

"After a lengthy and thorough review of the Virginia State Police investigation into the death of Rebecca Lynn Williams . . . including a full consideration of the results of recent DNA testing along with the original investigation, witnesses, evidence, and autopsy, I determined that it was appropriate and in the interest of justice to seek indictments against Kenneth Maurice Tinsley," Moore said in a statement. He declined to comment further.

Williams was stabbed 38 times on a June day while she was in her apartment with two of her young children. Before losing consciousness, she told her husband, who had arrived to find her collapsed on the front stoop, that she had been attacked by a black man with a beard.

Washington became a suspect after he broke into the home of an elderly neighbor and struck her with a chair. He pleaded guilty in that assault, but investigators also asked him about other crimes, including Williams's killing.

Washington, who has an IQ of 69, was convicted and sentenced to death largely based on a confession his attorneys say was coerced. They noted that he got key details wrong, describing Williams, who was white, as black and saying she was alone.

In 1994, Gov. L. Douglas Wilder (D) commuted Washington's sentence to life in prison after primitive DNA testing cast doubt on his guilt. In 2000, Gov. James S. Gilmore III (R) pardoned Washington after more advanced genetic testing failed to connect him to the crime and revealed that DNA on the blanket in Williams's apartment was Tinsley's.

At the time, Gilmore's office said scientists determined that genetic material on Williams's body was not Tinsley's, leaving open the possibility that the DNA on the blanket was unconnected to the crime.

However, Washington's attorneys later obtained the genetic samples. A private laboratory in California concluded that Virginia scientists were mistaken and that the genetic material on Williams's body was Tinsley's.

Peter Neufeld, another of Washington's attorneys, said yesterday that as a result of the indictment, he will ask Gov. Timothy M. Kaine (D) to proclaim Washington's innocence.

"Governor Gilmore granted him a pardon on the grounds that a jury would have reasonable doubt," Neufeld said. "We are going to ask Governor Kaine to amend the pardon to change the reason to Earl Washington's actual, unequivocal innocence."

Kaine's spokesman, Kevin Hall, said the governor would consider any request. But he added: "This new indictment, while significant, is not a final determination of guilt."

Tinsley, who is being held at Sussex II State Prison, is serving time for the 1984 rape of a waitress in her Albemarle apartment.

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But court records filed in connection with a civil lawsuit say Tinsley denied any involvement in Williams's rape and murder when he was questioned by investigators in 2000. Tinsley said "that if he had committed this crime he would tell the truth because he would want to free a fellow inmate."

Man Convicted In '85 Slaying Forgoes Retrial (BSUN)

By Julie Bykowicz

The Baltimore Sun, August 23, 2006

Robert C. Griffin spent two decades in prison for a Baltimore murder he says he did not commit. Tuesday, the 71-year-old proclaimed his innocence again, but then he took a plea deal and left the courthouse a free man.

Griffin was convicted in May 1986 of first-degree murder in the stabbing and strangling death of his girlfriend, Annie Cruse, 20, whose body was found in Druid Hill Park. That conviction, which carried a life sentence, was overturned last year because recent testing showed DNA found in Cruse's body was not Griffin's.

This was the first time in Baltimore that a murder conviction was turned around by new DNA testing, though it is not a black-and-white example of a wrongful conviction. Griffin's plea now punctuates his case with a question mark.

His new trial was to begin Tuesday. But when the prosecutor asked to postpone the trial, Griffin entered an "Alford plea," meaning he did not admit guilt but acknowledged that prosecutors had enough evidence to convict him.

As part of the plea, to second-degree murder, Griffin was sentenced to time served. The plea will be entered as "guilty" in court records. Griffin has been out on bail since January and lives with family members in Baltimore.

"Quite frankly, he wanted a trial," said Suzanne Drouet, Griffin's attorney. "He wanted vindication from a jury. But this has been extremely stressful for him and for his family, and we agreed it was in his best interest to put it behind him."

Drouet said Griffin chose to enter the plea because he was unwilling to wait for another trial date. It would have been the second postponement in the case since the new trial was ordered in November.

Margaret T. Burns, a spokeswoman for the state's attorney's office, said it is "inconceivable" that a man who waited 20 years for a new trial would not wait a little longer.

"If he truly believes he is innocent, he should have gone to trial to see that justice is served," Burns said.

Burns said the plea came days after the prosecutor told Griffin's attorney that a former cellmate would testify. During conversations with the cellmate, Burns said, Griffin confessed to killing Cruse.

Like prosecutors, the victims' relatives are confident Griffin was the right man. "They just let a murderer back out on the streets," said Iva Cruse, Annie's mother.

But Drouet said Griffin had evidence to show he was not guilty and she said there was "a very good chance" a jury would have acquitted him.

"He spent 20 years in prison for something he did not do," Drouet said. "Another tragedy is that this case is never going to be solved. Somewhere out there is the man who murdered Annie Cruse, but we'll never know who it is."

After Cruse's body was discovered on the afternoon of Sept. 25, 1985, behind the Reptile House in Druid Hill Park, the state medical examiner performed an autopsy. The examiner collected sperm from inside the body and saved a slide of it.

DNA testing was not available at the time of the trial. When it was tested in recent years, a California serological research lab showed conclusively that the sperm was not Griffin's.

Drouet said there was not enough sperm to compare it to DNA databases in the hopes of finding out whose it was.

Prosecutors have argued that the sperm is irrelevant.

In a court hearing last fall about whether to hold a new trial, Assistant State's Attorney Matthew Fraling said prosecutors never claimed the last person to have sex with Cruse was the one who killed her. Cruse's body showed no signs of rape, according to the medical examiner, and Griffin was not charged with a sex crime.

Drouet said the prosecutor in the original murder trial strongly implied to jurors that the last person to have sex with Cruse was the killer. They mentioned the sperm at the trial and said Griffin was Cruse's only sex partner.

In granting Griffin a new trial, Circuit Judge Gale Raisin called the DNA evidence "so compelling" and "material to the case."

Tuesday's Alford plea was taken by Circuit Judge Althea M. Handy.

Afterward, Griffin hugged some of his 15 family members who had come to court to support him, Drouet said.

"Without DNA, he would still be sitting in prison for life," Drouet said. "There was no way to show what he had always been saying without DNA testing."

Drouet is part of the state's Innocence Project, a group of public defenders that tackles what it believes to be wrongful convictions.

DOJ_NMG_0052274

In 1993, Baltimore County's Kirk Bloodsworth became the first death-row inmate in the United States to be exonerated by DNA. Bloodsworth had been convicted for the 1984 killing of 9-year-old Dawn Hamilton. After DNA testing exonerated Bloodsworth, another man pleaded guilty to the crime.

Bloodsworth was pardoned by the governor and received $300,000 from the state Board of Public Works. By taking a plea deal Tuesday, Griffin forfeits any such chance at restitution.

The Innocence Project is pursuing two other city cases in which they believe DNA could exonerate their clients.

In December, Judge Kaye Allison ordered testing of DNA from a 1988 murder-rape conviction of two men. James Thomson and James Owens were found guilty in the murder of Colleen Williar, 24, in her O'Donnell Heights rowhouse.

Drouet said she doesn't believe sperm collected from the victim's body belongs to either of the men. She said public defenders are awaiting the results of those tests.

Donte Gregg was convicted in 2003 of first-degree murder and handgun charges. He claims that another man in his vehicle jumped out, fired the fatal shots and got back inside, forcing him to drive away.

Police found the murder weapon and swabbed skin cells from the trigger, but neither the prosecutor nor Gregg's trial attorney asked for DNA testing.

His appellate attorney, Michele Nethercott, who heads the Innocence Project, said she wants that testing to be done.

Karr Waives Rights, Will Transfer To Colorado (LAT)

By Michael Muskal And John Spano, Times Staff Writers

The Los Angeles Times, August 23, 2006

John Mark Karr, the suspect in the murder of 6-year-old JonBenet Ramsey, waived his rights this morning and will be sent to Colorado, where the body of the child beauty queen was found a decade ago.

Karr, 41, appeared this morning in court after a night in a high security cell in Los Angeles County's Twin Towers jail. He wore standard orange jail clothes, was shackled at the waist and looked passive as he peeked out from above a metal bar that partially obscured his face from television cameras.

The proceeding lasted about four minutes as Judge Luis A. Lavin read the details of the waiver.

"Do you understand that if you waive your right you can be sent back to Colorado," Lavin asked.

"Yes, your Honor," Karr replied.

Karr was returned to custody without bail to await the transfer by Colorado officials. Court spokesman Alan Parachini said he didn't have a timetable for Karr's transfer.

"Our understanding is that no one is in town from the Boulder County district attorney's office or sheriff's office. The latest information we have is that they will send someone tomorrow for him," Parachini said.

"Karr is anxious to go" to Colorado, said Jaime Harmon, one of two lawyers who met with the suspect for seven hours Monday. "He has been portrayed by the media as mentally unstable, attention-seeking, mentally unwell, and he is none of those things. He is anxious to have an opportunity to address the accusations against him."

Harmon described herself as an adviser to Karr. During the hearing he was represented by Haydeh Takasugi, a deputy public defender, who met with Karr for two hours.

"He was very tentative," Takasugi said. "It's a very trying experience for him."

Takasugi said Karr had objected to the prison garb and wanted to appear in court in his street clothes.

Karr was cooperative and understood the legal proceedings, she said.

"It was his call" to accept extradition, Takasugi said.

The Colorado warrant listed five counts, including first-degree murder, second-degree murder, two counts of kidnapping and one count of sexual assault of a minor in connection with Ramsey's death.

The decision to go to Colorado capped a whirlwind week that began when Karr told reporters in Thailand that he was with Ramsey when she died and that her death in the basement of her Boulder home on Dec. 26, 1996 was an accident.

The statements led to his quick expulsion from Thailand and a 15-hour flight to Los Angeles over the weekend and to today's hearing.

This morning's extradition hearing was just a drop in what is expected to become a flood when the legal and media proceedings move to Colorado. The murder of Ramsey has been tabloid fodder on cable television, newspapers and in books for a decade.

At various times, suspicion had fallen on the child's parents, John and Patricia, who always insisted that JonBenet was killed by a stranger. Patricia Ramsey died of cancer in June.

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Aside from Karr's recent statements, little is publicly known about what evidence Boulder officials have for seeking Karr's extradition. Boulder Dist. Atty. Mary Lacy last week warned against a rush to judgment, saying much investigation is still needed to be done, but adding that sometimes an arrest is prompted by other events.

Karr was scheduled to begin teaching second grade last week in Thailand.

"We should all heed the poignant advice of John Ramsey," Lacy told reporters last week in announcing that Karr was a suspect. "Do not jump to conclusions. Do not jump to judgment. Do not speculate. Let the justice system take its course."

In an Aug. 15 order, Boulder County District Judge Roxanne Bailin ordered Ramsey case documents sealed, saying disclosure could jeopardize the investigation.

On Monday, media organizations, including the Associated Press, asked her to unseal the arrest warrant and other documents involving Karr. The filing noted previous mistakes in the Ramsey investigation and said there is "great public interest" in whether Karr's arrest "is yet another 'mistake.'"

Without any direct access to the prosecution's case, speculation has been rampant about Karr's role.

His former wife has said Karr was with her in Alabama during the Christmas holiday when Ramsey was killed. Experts have questioned whether samples of Karr's handwriting matched the extortion note in the case.

Officials said in Thailand that a DNA sample was taken from Karr but it was not known whether it would match evidence found at the murder scene.

Karr's relatives have questioned whether he is grandstanding, saying that he had researched a book on Ramsey and other murders of children.

Karr was arrested in Northern California in 2001 on child pornography charges. In recent years he worked as a teacher in Europe, Central America and at least two schools in Thailand.

Karr was represented in 2001 by lawyer Patience Van Zandt, who said she met Monday with Karr in jail. Also meeting with Karr was Harmon.

Takasugi said Karr rejected an offer of representation from Van Zandt.

After the extradition hearing, Harmon said she and Van Zandt would serve as advisers to Karr. Earlier, both appeared on morning television shows and described Karr as exhausted and terrified.

"When I met him I expected to find someone who was portrayed in the media as a nut," Harmon said in an interview on MSNBC. "But he's not … he was very lucid."

Asked about comments Karr earlier made to reporters about the murder, Van Zandt said in the same interview that she didn't believe he had confessed.

"I think that he's made statements," she said. "Although I can't, unfortunately, flesh out thoughts behind them at this point, I am absolutely confident that what Mr. Karr meant will become clear."

Suspect In Ramsey Killing To Be Returned To Colorado (NYT)

By Randal C. Archibold

The New York Times, August 23, 2006

LOS ANGELES, Aug. 22 — The suspect in the killing of JonBenet Ramsey appeared briefly in court here Tuesday and agreed to be sent to Boulder, Colo., where the authorities are considering murder, kidnapping and sexual assault charges against him.

The suspect, John M. Karr, his hands shackled in front of him at the waist and dressed in a wrinkled orange inmate jumpsuit, stood in a large glass cage reserved for inmates in the crowded arraignment court.

But when his case was called, the courtroom fell silent as dozens of reporters strained to hear and catch a glimpse of the man at the center of an intensifying debate over whether he is the actual killer of JonBenet, a 6-year-old beauty pageant queen found sexually assaulted and strangled in her Colorado home on Dec. 26, 1996, or merely an obsessed follower of the case.

Mr. Karr, 41, a teacher with a record of child pornography charges, answered softly, “Yes, Your Honor,” when Judge Luis A. Lavin of Superior Court asked if he understood that by waiving extradition he would be transported to Colorado where the district attorney is weighing whether to formally file the five charges contained in an arrest warrant issued Aug. 15.

And with that two-minute hearing over, Los Angeles County Sheriff’s Department deputies escorted Mr. Karr from the courtroom and back to his cell in a county jail downtown. The Colorado police are expected to pick him up in the next day or two to complete his journey to Boulder from Bangkok, Thailand, where he was arrested last Wednesday.

Boulder prosecutors have not said what prompted them to arrest Mr. Karr when they did, but a University of Colorado journalism professor in Boulder, Michael Tracey, has revealed that in May he gave the police a lengthy exchange of e-mail messages with Mr. Karr in which the suspect had expressed his infatuation with JonBenet in alarming terms.

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Mr. Karr, who had just begun a teaching job in an elementary school before his arrest, told reporters in Thailand that he was with JonBenet the night she died and that he considered her death an accident, though he answered no when asked if he was innocent.

Still, doubts have emerged as to whether Mr. Karr was in Colorado at the time of the killing. Relatives of Mr. Karr have told reporters that they believe he was with family in Alabama or Georgia on and around Christmas Day 1996, and they have been searching for photographs or other materials to confirm that.

Lara Knutson, one of Mr. Karr's two ex-wives and the mother of his three children, had said shortly after his arrest that she thought he had been at their home in Hamilton, Ala., at the time of the killing. But on Tuesday, a lawyer for Ms. Knutson, Michael L. Rains, said that while she had given an "extensive interview" to investigators in Boulder and provided them with "documentary materials," they did not include photographs she had previously indicated she might have of the family's 1996 Christmas gathering.

"Despite this," Mr. Rains said in a statement, "Lara continues to believe that during the course of her marriage to Mr. Karr he never absented himself from her or their three children for a period of time long enough to travel to Colorado on or around any Christmas period during their marriage."

In Georgia, the suspect's brother, Nathaniel S. Karr, suggested that when investigators checked Mr. Karr's DNA against evidence found at the crime scene, his brother would be exonerated.

"We're waiting for the DNA tests to come back, and soon you guys will have no story and we will continue to go on and live our lives, hopefully," he said, when reached at his father's house in Atlanta on Tuesday.

Investigators have declined to comment on what evidence they have or are pursuing that would connect Mr. Karr to the case.

The deputy public defender who represented Mr. Karr at the hearing on Tuesday, Haydeh Takasugi, said afterward that her client was eager to move on to Boulder and that he was concerned his appearance in the orange inmate jumpsuit — broadcast on national television — would "taint any potential jury pool out there." Earlier, Judge Lavin denied Ms. Takasugi's request that Mr. Karr be allowed to wear civilian clothes into the courtroom on Tuesday.

Jamie Harmon, a lawyer who described herself as a legal adviser to Mr. Karr, told reporters in Los Angeles that his comments to reporters in Thailand should not be taken as a confession. "That is a legal term of art," said Ms. Harmon, whose law partner, Patience Van Zandt, had represented Mr. Karr in 2001 when he was charged in Sonoma County, Calif., with possessing unlawful images of child pornography on his computer, a misdemeanor.

"The statements taken from Mr. Karr are primarily sound bites," Ms. Harmon said. "We have no idea what the context of the comments may be."

She said he thought that going to Colorado sooner rather than later would help him counter the impression of himself as a "mentally unstable, mentally unwell, attention-seeking" man that he believed had emerged in the news media.

Ms. Harmon described Mr. Karr as "an unusual man" who "marches to the beat of a different drummer"; she would not elaborate.

A group of media organizations in Colorado has filed an application seeking to have at least part of the county's arrest affidavit against Mr. Karr, sealed last week, made public.

Lawyers for the news media said that part of the reason the file should be opened is the history of mistakes in the case by past prosecutors and investigators.

"There is great public interest to learn whether the arrest of John Mark Karr solved the case after a decade or is yet another 'mistake,' " they wrote in their motion.

Mr. Karr still faces an outstanding warrant in Sonoma County, for failing to show up at a court hearing in response to the child pornography charges. He was arrested in April 2001 but released Oct. 5 on the condition that he obey restrictions pending further hearings. When he did not appear for a hearing on Dec. 13, 2001, a bench warrant was issued for his arrest, but Mr. Karr was not found.

JonBenét Suspect To Head To Colo. (USAT)

By Martin Kasindorf

USA Today, August 23, 2006

LOS ANGELES — Former teacher John Mark Karr, appearing in court here in handcuffs and an orange jail jumpsuit, agreed Tuesday to be sent to Colorado to face charges in the slaying of 6-year-old beauty pageant star JonBenét Ramsey.

At a 3-minute hearing, Los Angeles County Superior Court Judge Luis Lavin asked the slightly built suspect if he willingly waived his right to oppose extradition. "Yes, your honor," Karr, 41, replied in a calm voice. Standing behind a glass partition, he was guarded by five bailiffs.

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JonBenét was found dead in the basement of her home in Boulder, Colo., on Dec. 26, 1996. She had been strangled with a garrote and her skull fractured. A coroner's examination found evidence she had been sexually assaulted.

Lavin read Karr the charges: first-degree murder, felony murder, first- and second-degree kidnapping, sexual assault on a child. Karr closed his eyes slowly as he heard the first murder count. Asked whether he understood the charges, he said, "Yes, sir."

The judge ordered Karr held without bail, giving authorities in Boulder up to 10 days to take him from California. Allan Parachini, spokesman for Los Angeles County Superior Court, told reporters that Karr may be transferred today. Boulder County Sheriff Joe Pelle wouldnot disclose the timing of the transfer.

Immigration officials in Bangkok, where Karr had been living on and off for two years, detained him Aug. 15 on an arrest warrant issued in Boulder. Karr told reporters in Bangkok that he was with JonBenét when she died and called her death "an accident."

Deputy Public Defender Haydeh Takasugi, who represented Karr at Tuesday's hearing, said that news coverage was "getting (Karr) a little bit stressed out."

Karr had a jailhouse conference Monday with Jamie Harmon, a San Jose, Calif., defense lawyer. She said Tuesday that Karr "looked much more together (in court) today."

"Mr. Karr has been portrayed by the media as … mentally unstable, attention-seeking, mentally unwell," Harmon said. "And he is none of those things. He is anxious to address the allegations against him, and to be portrayed in a more accurate way."

Karr Waives Extradition To Colo. (WP)

By Sonya Geis

The Washington Post, August 23, 2006

LOS ANGELES, Aug. 22 -- John Mark Karr agreed to waive his extradition to Boulder, Colo., on Tuesday, appearing pale and stoic as a judge in Los Angeles Superior Court told him he faces formal charges in the decade-old killing of child pageant star JonBenet Ramsey.

According to an arrest affidavit from Boulder authorities that the judge read in open court, Karr faces charges of first-degree murder, first-degree murder after deliberation, sexual assault and kidnapping. He could be transferred to Colorado within the next 10 days, though the Boulder County district attorney's office declined to say exactly when and how he will be transported, citing security.

Karr wore orange jail scrubs, and his hands were cuffed to his waist during a two-minute proceeding in the Los Angeles courtroom. When Judge Luis A. Lavin asked Karr if he agreed to waive extradition, he answered softly, "Yes, Your Honor."

Haydeh Takasugi, Karr's court-appointed public defender, asked that her client be allowed to wear street clothes when he is sent to Boulder to avoid tainting potential jurors who might see television images of him arriving. The judge denied her request.

It was Karr's first court appearance since Boulder authorities arrested him in Thailand last week. In Bangkok, where he had been living in a hotel, the 41-year-old teacher told reporters that he was with JonBenet when she died. The 6-year-old was found strangled in her Boulder home the day after Christmas in 1996.

Yet Lara Knutson, one of Karr's former wives, has said that he never missed a family Christmas celebration or left on a trip soon afterward. And Gary C. Harris, a lawyer for Karr's father and brothers, has said that they recall the same thing.

Harris said the suspect "has some emotional problems." On Tuesday, another relative shed light on a history of mental illness in his family. Karr's mother, Patricia Elaine Karr, who is deceased, was hospitalized at Central State Hospital in Milledgeville, Ga., and later lived in a group home, according to her stepmother, Shirley Adcock.

Adcock, 70, of McDonough, Ga., said in an interview that Patricia Karr suffered from "flashbacks." At times, she refused to eat, and she would tell her father, "Daddy, I'm dead, and the boys are dead." Adcock said that her stepdaughter loved her sons but that they went to live with their paternal grandparents in Alabama when their parents divorced because Patricia Karr was not well enough to take care of them.

In e-mail correspondence with a University of Colorado journalism professor, obtained by the Rocky Mountain News in Denver, Karr insinuated that his mother tended to raise him as a girl.

Also yesterday, a lawyer for Knutson, who lives in Petaluma, Calif., said that she had met with investigators from the Boulder district attorney's office. Michael L. Rains said in a prepared statement that Knutson believes that Karr "never absented himself from her or their three children for a period of time long enough to travel to Colorado on or around any Christmas period during the marriage."

Rains said that his client is continuing to look for photographs and documents to bolster her memory.

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In 2001, Karr was living with his wife and three sons in Petaluma when he was arrested on child pornography charges. He was jailed for six months and fled the country shortly after his release. He recently had been hired to teach second grade in Bangkok, and a doctor at a sex-reassignment clinic confirmed that he was a patient there.

After being flown from Bangkok to Los Angeles on Sunday night, Karr was placed in an isolation cell at the Twin Towers Correctional Facility.

Patience Van Zandt, who represented Karr in the 2001 child pornography case and met with him Monday, said Karr was bruised from being jostled in the media mob in Thailand. She said he was "upset and anxious" about the capital murder charges he faces and also about the frenzy of recent days.

"He's been taken out of his familiar environment and transported across the world, and the media is taking everything he says and does and eats and drinks and spinning it in the worst possible way," Van Zandt said. News outlets reported that Karr ate crab and drank champagne on the flight from Thailand to Los Angeles. "It's not he who is choosing what he eats and drinks," she said.

Van Zandt said she is not Karr's lawyer now but may represent him in Colorado. She would not comment on Karr's whereabouts on Christmas in 1996.

Karr is eager to travel to Colorado, said Jamie L. Harmon, Van Zandt's legal associate. "Mr. Karr has been portrayed by the media as of late as being mentally unstable, attention-seeking, unwell," she said. "He is none of those things. He is anxious to have an opportunity to address those things."

Judge Serves As A Witness In Recalling A Murder Case (NYT)

By Corey Kilgannon

The New York Times, August 23, 2006

In countless criminal trials during his decade-long career in the Queens County Courthouse, Jaime A. Rios, a State Supreme Court judge, has presided over the grilling of witnesses and evaluated accusations of all sorts of lurid misdeeds.

But yesterday, Justice Rios was not behind the bench. Instead, he was beside it — on the witness stand — being questioned by Ronald L. Kuby, a prominent defense lawyer, as to whether he tainted the murder trial of a Queens man convicted in his courtroom in 2003. “Witness entering,” a court officer announced before Justice Rios, looking distinguished in a dark suit, took the witness stand.

Mr. Kuby is representing Tyrone Johnson, who was convicted of fatally shooting a nightclub owner in 2000 by a jury in Justice Rios’s courtroom. Mr. Kuby is seeking to overturn Mr. Johnson’s conviction, and in yesterday’s hearing he tried to show that Justice Rios was biased toward the prosecution and unfairly coached a prosecutor on how to proceed against Mr. Johnson.

So roles seemed reversed yesterday, as Mr. Johnson calmly watched his theatrical lawyer make Justice Rios — who two years ago sentenced him to 20 years to life in prison — squirm and deny that he had coached the prosecution.

In response to a harsh line of questioning from Mr. Kuby, the judge seemed apprehensive and invoked judicial privilege in refusing to answer some questions. He said he remembered little of what Mr. Kuby was asking about.

Adding to the tension was the testimony, earlier in the day, of Justice Rios’s longtime law clerk, Judith Memblatt, 48, who was fired by the judge in 2004. In a federal wrongful-termination lawsuit, she has accused him of having an affair with a Queens prosecutor, Meryl A. Lutsky, that was such an “open secret” in the district attorney’s office that the judge regularly curried favor with prosecutors to keep them from exposing him.

When she mentioned the female prosecutor’s name in court yesterday, an executive assistant district attorney, Charles A. Testagrossa, objected, calling it “way far afield” of the hearing.

When Justice Rios, 60, took the stand, Mr. Kuby queried him about a December 2002 discussion in his chambers with Eugene Reibstein, who was preparing to prosecute Mr. Johnson.

Mr. Reibstein had come to Justice Rios’s chambers to ask for a delay in the start of the trial. Ms. Memblatt said that she heard Justice Rios offering advice to Mr. Reibstein on how to handle a crucial witness in the case, Henry Hanley.

Justice Rios told Mr. Kuby that most of the 15-minute meeting was “small talk,” but said he could not recall the details.

“I may have mentioned the name Henry Hanley; he was a witness in the case,” Justice Rios said, adding that he never discussed the facts of the case with Mr. Reibstein. The discussion is central to Mr. Johnson’s quest for what would be his third trial on the charges.

Mr. Johnson, 30, of Jamaica, Queens, was initially convicted in 2002 in a trial before Justice Rios, but the decision was thrown out after a prosecutor in that trial was found to have lied to Justice Rios about a witness. In 2003, Mr. Johnson was tried again in Justice Rios’s courtroom, and again convicted.

Mr. Johnson hired Mr. Kuby after learning that Ms. Memblatt had accused Justice Rios of giving tips to Mr. Reibstein, the prosecutor in the second trial, on how to handle the important witness.

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Mr. Johnson's case is being heard by Matthew J. D'Emic, a State Supreme Court justice from Brooklyn, who will not give a decision for several months.

Mr. Kuby clearly relished having Justice Rios on the stand. At one point, Justice Rios seemed to have something caught in his throat, and Mr. Kuby said, "Judge, you're not chewing gum, are you?"

"I have a sore throat," the judge replied.

Asked about Ms. Memblatt, Justice Rios said, "I'm aware that she made a lot of lies." He added, "She engaged in a lot of falsehoods."

Mr. Reibstein took the stand after Justice Rios and confirmed that he had spoken with Justice Rios in his chambers before the second trial, but only to seek a delay. He said he mentioned his concerns about Mr. Hanley as a witness and testified that the judge might have mentioned Mr. Hanley's name, but not in connection with an offer of help in the case.

After the hearing, Mr. Kuby said he was simply seeking "one fair trial for Tyrone Johnson."

"Any meeting without both sides in a trial present is wildly inappropriate, especially when that meeting consists of Judge Rios giving the prosecutor a private tutorial on how to handle the star witness," Mr. Kuby said. "Never in my 22 years of law have I seen a judge on the witness stand speak so much and remember so little. He didn't remember what he said three years ago, or what he said three minutes ago."

At the end of the day's testimony, Justice Rios left out a back courthouse exit and was chased in the parking lot by reporters and photographers as he dashed toward his car. One television reporter was hit by the judge's car door before he sped away.

Qwest Calls For Mandatory Data Retention Laws (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, August 23, 2006

Broadband provider becomes first to embrace federal proposal to keep track of what its own customers are doing online.

ASPEN, Colo.--Broadband company Qwest Communications International on Tuesday strongly endorsed federal legislation requiring Internet providers to keep records of their customers' behavior, a move that could accelerate efforts in Congress to enact new laws.

Jennifer Mardosz, Qwest's corporate counsel and chief privacy officer, applauded efforts by politicians to force broadband providers to engage in so-called "data retention," which Attorney General Alberto Gonzales said will aid in investigations into terrorism and child exploitation. This appears to be the first time a broadband provider has called for data retention laws.

High ImpactWhat's new:

Qwest Communications is the first broadband provider to endorse a federal proposal to keep track of what its own customers are doing online.Bottom line:

Qwest's enthusiastic endorsement of mandatory data retention could make it politically easier for members of Congress to enact such laws even if other companies remain staunchly opposed.

More stories on this topic

"We support legislation related to data retention," Mardosz said at the Progress and Freedom Foundation's annual summit here. Mardosz said Qwest "absolutely" endorses a measure (click for PDF) proposed in April by Rep. Diana DeGette, a Colorado Democrat.

In a public flip-flop, the Bush administration now is lobbying for data retention laws, even though it previously expressed "serious reservations about broad mandatory data retention regimes." Rep. Joe Barton, the influential chairman of the House Energy and Commerce Committee, has endorsed data retention and is expected to introduce a bill after the panel completes a series of hearings on child exploitation.

"We support legislation," Mardosz said Tuesday. "We want to be at the table. We want to have these discussions. The main thing is what's reasonable and balancing the interests of privacy and law enforcement." Qwest already keeps logs for more than 99 percent of its services for one year, she said.

This is an unusual stand for Qwest, which defended its customers' privacy rights when requiring the National Security Agency to obtain a court order to conduct electronic surveillance, according to a USA Today article in May. The Denver-based company has a market capitalization of $16.5 billion and says it has 784,000 wireless customers and 1.7 million DSL (digital subscriber line) customers.

Privacy groups have strongly opposed mandatory data retention, and many Internet providers have been skeptical of new laws. The U.S. Internet Industry Association has said current proposals aren't "going about this the right way," and the Information Technology Association of America has raised "real reservations" about legislation.

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"Imposing broad data retention would be a significant change to U.S. law, especially when it has not been shown that a narrower data preservation approach will not work just as well," said Kate Dean, director of the U.S. Internet Service Provider Association. "The proposal to store enormous amounts of data on subscribers and keep it live for a lengthy period of time raises serious technical, legal and security concerns." (The association's members include AOL, AT&T, BellSouth, EarthLink and Verizon Communications.)

Qwest's enthusiastic endorsement of mandatory data retention could make it politically easier for members of Congress to enact new laws even if other companies remain staunchly opposed.

Details about the Bush administration's call for data retention remain ambiguous. At the very least, administration officials want to compel Internet providers to keep records of which Internet Protocol address a customer is assigned.

But during private meetings with industry officials, FBI and Justice Department officials have cited the desirability of also forcing search engines to keep logs--a proposal that could gain additional law enforcement support after AOL showed how useful such records could be in investigations.

Mardosz said that keeping records of what Web pages are visited (another possible option) would go too far. "If you get along the lines of content, there's going to be a lot pushback (and privacy concerns)," she said. "We don't want to go there."

DeGette's proposed legislation says any Internet service that "enables users to access content" must permanently retain records that would permit police to identify each user. The records could only be discarded at least one year after the user's account was closed.

Critics of DeGette's proposal have said that while the justification for Internet surveillance might be protecting children, the data would be accessible to any local or state law enforcement official investigating anything from drug possession to tax evasion. In addition, the one-year retention is a minimum; the Federal Communications Commission would receive the authority to require Internet companies to keep records "for not less than one year after a subscriber ceases to subscribe to such services."

At the moment, Internet service providers typically discard any log file that's no longer required for business reasons such as network monitoring, fraud prevention or billing disputes. Companies do, however, alter that general rule when contacted by police performing an investigation--a practice called data preservation.

A 1996 federal law called the Electronic Communication Transactional Records Act regulates data preservation. It requires Internet providers to retain any "record" in their possession for 90 days "upon the request of a governmental entity."

Jennifer Mardosz (center) Because Internet addresses remain a relatively scarce commodity, ISPs tend to allocate them to customers from a pool based on whether a computer is in use at the time. (Two standard techniques used are the Dynamic Host Configuration Protocol and Point-to-Point Protocol over Ethernet.)

In addition, Internet providers are required by another federal law to report child pornography sightings to the National Center for Missing and Exploited Children, which is in turn charged with forwarding that report to the appropriate police agency.

When adopting its data retention rules, the European Parliament approved U.K.-backed requirements saying that communications providers in its 25 member countries--several of which had enacted their own data retention laws already--must retain customer data for a minimum of six months and a maximum of two years.

The Europe-wide requirement applies to a wide variety of "traffic" and "location" data, including the identities of the customers' correspondents; the date, time and duration of phone calls, voice over Internet Protocol calls or e-mail messages; and the location of the device used for the communications. But the "content" of the communications is not supposed to be retained. The rules are expected to take effect in 2008.

Researchers Yearn To Use AOL Logs, But They Hesitate (NYT)

By Katie Hafner

The New York Times, August 23, 2006

When AOL researchers released three months' worth of users' query logs to a publicly accessible Web site late last month, Jon Kleinberg, a professor of computer science at Cornell, downloaded the data right away. But when a firestorm over privacy breaches erupted, he decided against using it.

"Now it's sitting there, in cold storage," said Professor Kleinberg, who works on algorithms for understanding the structure of the Web and searching it. "The number of things it reveals about individual people seems much too much. In general, you don't want to do research on tainted data."

After the data was released for academic researchers like Professor Kleinberg to work with, many were torn, loath to conduct research with it as they balanced a chronic thirst for useful data against concerns over individual privacy.

It is one of the frustrations of being an academic researcher in a world that has grown highly commercial. Data is everywhere, but there is precious little of it for university researchers to work with. Raw data about people's online behavior —

the grist for many an academic researcher's mill — remains locked up inside large companies, accessible only to a subset of corporate researchers.

The AOL incident has set off a flurry of divergent opinions in the academic community over the appropriateness of using the data for academic research.

Some see the data as too valuable to withhold altogether. "One of the biggest problems is trying to get real data," said Christopher Manning, an assistant professor of computer science and linguistics at Stanford University.

Although the 650,000 AOL users were not personally identified in the data, the logs contained enough information to discern an individual's identity in some cases.

AOL quickly withdrew the data from its research Web site, but not before it had been downloaded, reposted and made searchable at a number of Web sites. And on Monday, the company dismissed Abdur Chowdhury, the researcher who posted the data, along with another employee. Maureen Govern, AOL's chief technology officer, resigned.

Academia has a longstanding disadvantage when it comes to raw data. While fresh data sets are routinely made available to researchers at large companies like Google, academia has largely made do with the same two sets of search data — one from Excite and one from Alta Vista — for nearly 10 years.

Meanwhile, a virtual eternity has elapsed and those two data sets have long outlived their usefulness. "The way people use search engines now is totally different," Professor Kleinberg said. "Partly because what you expected to get out of a search engine back then was much less, so people didn't try anything too fancy."

While acknowledging "genuine privacy concerns," Professor Manning said, "I think it's fair to say that given researchers' craving for data, having the AOL data available is a great boon for research."

Professor Manning, who has downloaded a copy of the AOL data set but has no immediate plans to work with it, added that the trove of raw research material represented by the AOL data "obviates the need for anyone to worry about getting data for a while."

William W. Cohen, an associate research professor in the machine learning department at Carnegie Mellon University, said the AOL query logs could be invaluable for researchers working in the field of personalization.

"Someone's past search history can tell you a lot about what they're interested in," he said. Professor Cohen, who takes annual vacations near Charleston, S.C., used himself as an example.

"By knowing what someone searched for in the past, you can do a lot better at answering a query," he said. "If you look at my recent searches, they might have something to do with vacation homes, Folly Beach and car rentals. So if I search for seafood restaurants, it's more likely I'll be looking for one in the Charleston area, and if I say 'Charleston,' it's much more likely to be South Carolina than West Virginia."

At the same time, Professor Cohen shares Professor Kleinberg's view about the AOL query logs.

"I would feel personally uncomfortable looking too closely at searches showing things like marriages breaking up," he said. "I don't want to do research in order to see if my algorithms are working correctly, while delving into the details of people's lives."

Professor Cohen said that although he might eventually do research on the data set, "the privacy issues are something I'd have to think through very carefully."

Companies occasionally mete data out to academic researchers. Microsoft has done this, but in a controlled fashion. Yahoo shares some statistical data with researchers who are approved case by case through an internal vetting program, according to Joanna Stevens, a company spokeswoman, but query data, she said, has never been distributed.

Asked about its policy, Google issued a statement that said, "Our current policy is not to release queries or personal data to researchers outside of the company."

Oren Etzioni, a professor of computer science at the University of Washington, said that shortly after the news of the privacy violations surfaced, he had lunch with Dr. Chowdhury and two of Dr. Chowdhury's colleagues.

Professor Etzioni said Dr. Chowdhury was horrified by what had happened. "He didn't anticipate that this kind of data could be used to track down individuals." Dr. Chowdhury declined to comment, at the advice of his lawyer.

The release of the AOL query logs coincided with a global conference in Seattle of information retrieval researchers, and it prompted heated discussions among those in attendance.

Among them was Jamie Callan, an associate professor in the school of computer science at Carnegie Mellon and chairman of the Association for Computing Machinery's special-interest group on information retrieval, which organized the conference.

Professor Callan said that although no one disagreed on the importance of protecting privacy, "there's also a strong belief that it is very important for the scientific community to have access to data of this kind in some anonymized form."

The last similar case involved a set of hundreds of thousands of internal e-mail messages from Enron, posted in 2003 on the Federal Energy Regulatory Commission's Web site, in connection with the agency's investigation into the company.

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Although some of the e-mail was relevant to the investigation, most of it was not. So hungry were researchers for a coherent body of e-mail messages to work with that they were able to set aside their concerns that the privacy of many people who had nothing to do with the Enron scandal was severely compromised.

"Researchers glommed onto it," Professor Manning said. "It was enormously good for academic research for all kinds of things you might want to do, like social network analysis."

Several research papers have emerged in the years since the Enron e-mail corpus was released, and it remains the only large body of actual e-mail in the public domain.

"It seems this AOL data is creating more of a stir," Professor Manning said. Where the release of the Enron e-mail was justified as shedding light on corporate wrongdoers, "the AOL data is more like a real violation."

Professor Etzioni and others say one partial solution to heightened privacy concerns could lie in more stringent "scrubbing" of data in a way that did not diminish its quality as a research tool. This could entail, for instance, replacing numbers that carry identifying information — like Social Security numbers and ZIP codes — with zeros, or replacing the word "New York" with "X17." To a researcher, Professor Etzioni said, "it doesn't matter so much that it's New York as X17."

Professor Kleinberg said he hoped that over time, the AOL incident would lead to "a richer, more informed discussion about what it means to create data sets that are clean and anonymized."

Still, a freeze on all data distribution is likely to be in effect for the foreseeable future.

Professor Etzioni said that over lunch with the AOL researchers, he had mentioned that for his own research, he was interested in a data set containing queries starting with "Wh," to signify that a question was being asked. Such data need not be tied to an individual to be useful as a research tool.

"We build technology that answers questions," he said. "So we want to test it on actual questions people are asking."

The AOL researchers told Professor Etzioni they would get approval from the company and send him a compact disc containing the question set.

But Professor Etzioni is not holding out much hope of receiving the data. "I don't think that CD is in the mail," he said, "and that's too bad."

CIVIL LAW:

Nuclear-Fuel Lawsuits Spawn Damage Award Fallout (LAW)

By Marcia Coyle

National Law Journal, August 23, 2006

The federal government may soon face the first wave of damages awards in its long-running, multibillion-dollar breach-of-contract litigation with the nation's utilities over disposal of spent nuclear fuel.

The U.S. Court of Federal Claims has damages decisions pending in six of the more than 60 originally filed cases, which, by some industry estimates, could cost the government upward of $50 billion.

Some judges in those six completed cases have indicated that they will be ruling imminently, which is good news to utilities and their lawyers, some of whom have waited as long as five years just for resolution of fully briefed summary judgment motions.

But even if damages are forthcoming, lawyers, like veteran government contract litigator Jerry Stouck of the Washington office of Greenberg Traurig, harbor no illusions that the end of this litigation saga, begun for some in 1998, is in sight.

"The Court of Federal Claims does a reasonably good job of getting the work done and resolving small disputes in government contracts and federal personnel cases, but when it comes to these big megacases, like Winstar [breach-of-contract suits against the government by savings and loan associations] and spent nuclear fuel, it's a very long and slow and hard row to fight the federal government," he said.

Stouck, who is handling four of the most recently completed six cases, said that he believes the utilities will "mostly win," and "big numbers are coming up pretty soon." But he also said that there is no doubt the government will appeal the damages awards.

"What's the downside for the government?" he asked. "There is no prejudgment interest charged. What does the government have to lose? Sure, there will be appeals."

Steven L. Schooner, senior associate dean for academic affairs and co-director of the government procurement law program at George Washington University Law School, agrees with Stouck.

"The Court of Federal Claims isn't going to do anything other than tee it up for the [U.S. Court of Appeals for the Federal Circuit]," he said. "Could it go to the Supreme Court? Given the high stakes, maybe. You're talking about tens of billions of dollars."

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FINDING A HOME

The spent nuclear fuel lawsuits charged that the federal government breached contracts entered into with utilities in 1983 under the Nuclear Waste Policy Act of 1982. Under the act, the Department of Energy (DOE) was to begin picking up the utilities' spent nuclear fuel on Jan. 31, 1998, in return for payments by the utilities into the Nuclear Waste Fund for construction of a permanent waste site.

As a nuclear reactor operates, uranium is used up in the fission process that creates energy to generate electricity. Fission byproducts build up and eventually interfere with efficiency until the fuel can no longer produce energy. At that point, the fuel is "spent." But it continues to emit radiation, so it must be stored in basins of water or dry storage vaults or containers until its radiation drops to safe levels. That can take thousands of years.

On Jan. 31, 1998, there was no permanent repository for the spent fuel, and the federal government did not begin, as the contract required, to pick up that fuel. Many of the utilities were forced to build temporary on-site storage facilities for the spent fuel -- the costs of which are now the damages being sought in their litigation with the government.

The utilities already have paid more than $15 billion into the federal Nuclear Waste Fund for a permanent waste site. The government has designated Yucca Mountain in Nevada as the repository, but that site has been tied up in politics and litigation for years.

In July, DOE announced a new schedule for Yucca Mountain, projecting that the site will begin to accept nuclear waste in March 2017 instead of 2010, the previous prediction.

"We would think the 2017 date is extremely optimistic," said Jay E. Silberg of the Washington office of Pillsbury Winthrop Shaw Pittman, a nuclear attorney who has represented 19 utilities in the spent fuel litigation.

The 2017 date makes no allowances for the longer licensing hearing that will be required by the Yucca site, Silberg said, nor for related lawsuits.

"We know the Nevada people are very inventive with reasons why the project shouldn't go forward," he said.

In fact, the state of Nevada is in three federal courts right now on issues related to Yucca Mountain and anticipates additional lawsuits in the coming months, said Robert Loux, executive director of the Nevada Agency for Nuclear Projects.

"I honestly believe DOE is so incompetent and the site is so bad they'll never make progress on Yucca Mountain," predicted Loux. "Most people believe Yucca Mountain is a dead site or will be."

Repeated calls for comment to the DOE public affairs office were not returned.

Although a final resting place for the spent nuclear fuel is in doubt, some issues have been resolved in the litigation.

The Federal Circuit ruled in 2000 that the government did breach the contract. But the breach is a partial one, according to the court, and damages are limited to past damages.

"These contracts are still in force; the utilities are still paying fees into the Nuclear Waste Fund, and we all continue to expect and desire performance by DOE even though it's delayed," explained Stouck.

"Since there is the possibility of performance tomorrow, the courts said, 'If we award damages for the next 10 years and then DOE actually performs in five years, you might end up with windfall. Let's not speculate about when they will perform,'" he said.

Three New England utilities represented by Stouck initially sought about $500 million in damages out to 2010, the earliest date that DOE predicted Yucca Mountain would be ready until its latest prediction last month. The damages are the cost of constructing and then operating the on-site storage facilities.

But the "past" in terms of damages was defined as through 2002, said Stouck, whose three New England utilities, along with Pacific Gas & Electric (PG&E), are awaiting damages rulings. For the three New England utilities, he sought about $200 million and about $92 million for PG&E through 2004.

"We're just at the beginning of construction for PG&E and we already know there is another $50 million in costs through 2006," he said.

But it is also clear that the utilities can come back for additional damages if delay continues, said Pillsbury's Silberg, an issue resolved by his representation of Indiana Michigan Power Co.

Most of the damages sought in that case, he said, were future damages. The company had not yet built its dry storage facility, Silberg said.

"We now have a clear right to go back and ask for those damages," he said. And Silberg said it is also clear now that damages awarded must be paid from the government's judgment fund, not from the Nuclear Waste Fund as the government argued.

"It was not appropriate for the utilities, in essence, to pay their own damages," he said. "The court agreed with us."

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Of the 66 cases filed, six are awaiting damages decisions; seven have trial dates, most in 2007; about 40 have been stayed or are in various stages of discovery; nine have been dismissed; about three have settled; and two have closed after final judgments.

The only damage award made thus far has been in the suit brought by the Tennessee Valley Authority. The suit was filed in 2001 and sought $35.8 million in damages for the construction of dry storage facilities at TVA's Sequoyah and Browns Ferry nuclear plants. The court last January awarded $34.9 million for damages through 2004.

The government filed an appeal but withdrew it. Lawyers speculate the government did not pursue the appeal because it did not want a governmentwide ruling on an issue in the case peculiar to TVA: whether quasi-governmental agencies like TVA have standing to sue the government.

Two years ago, Exelon Corp. and its subsidiaries, Exelon Generation Co., Commonwealth Edison Co. and AmerGen Energy Co., settled their suits with the government.

Under the settlement agreement, Exelon was to receive $80 million immediately in gross reimbursements for storage costs already incurred, with additional amounts reimbursed annually for future costs. If a national repository opens by 2010, which now is unlikely, gross reimbursements to Exelon would eventually total about $300 million.

Settlements are rare in these megacases, said Stouck. "In the private sector, they settle. Both sides want to resolve that," he said. "That doesn't happen in Winstar or spent fuel, partly because of the magnitude, partly because of the precedential value of the early cases, and also the government has no real incentive to settle because no prejudgment interest is charged."

Key legal issues relating to the contract remain unresolved, such as how much waste the government was to begin picking up in 1998, and the schedule of pickup.

The government, according to Silberg, Stouck and others, never gives up on certain issues even when they have been resolved at the circuit level. It will reassert an unsuccessful argument into one case sometimes three years after it has lost it in another.

The Court of Federal Claims is partly to blame for the government's ability to do that, said Schooner of George Washington University.

"One of the problems with the Court of Federal Claims is it is not a disciplined court," said Schooner, an admitted critic of the court.

"In Winstar's first big damages case, Judge [Loren] Smith wrote a long, detailed opinion so everyone, he said, can follow his lead and Judge [Robert] Hodges came out a week later and said he was doing the exact opposite." Schooner added. "I think it's hard to say 'this court' with a straight face. You have a couple dozen independent contractors there."

But Stouck, Silberg and the other spent nuclear fuel lawyers are clearly prepared for the long haul.

Even if the government's ultimate liability, as suggested by DOE, is only $7 billion, Stouck wonders if that will impress anyone within government to solve the waste problem or whether it will have an impact on the renaissance of nuclear power in this country.

"Frankly, I'm a cynic," he said. "I would hope so, but I don't know."

Silberg is more of a fatalist.

"I attended my first high-level waste conference in 1979," he recalled. "I've spent 30 years trying to move these issues forward. This is the nuclear waste program after all. We never would have anticipated it would have taken this long with this litigation. Unfortunately, there are some judicial forums that take a very long time."

Former Beverly, U.S. Settle For $20 Million (ARKDG)

By Laurie Whalen

Arkansas Democrat-Gazette, August 23, 2006

Legal officials at Golden Ventures, the Fort Smith-based support services division of the former Beverly Enterprises Inc., last week agreed to a $ 20 million, out-of-court settlement with the U. S. Department of Justice.

The Justice Department on Friday announced the agreement after it alleged MK Medical, the nursing home operator's wholly-owned medical equipment subsidiary, cheated Medicare and Medi-Cal, a health care program jointly funded by the state of California and federal government.

"We are committed to pursuing allegations of fraud against federal health care programs, and to safeguarding federal funds against false claims," said Kevin V. Ryan, U. S. Attorney for the Northern District of California.

Under the False Claims Act, the government alleged the defunct operating unit failed to obtain proper claims and medical documentation during a four-year period ending in 2002.

Beverly agreed to pay $ 14. 5 million to the U. S. government and $ 5. 5 million to California. Beverly has until Sept. 1 to finalize the settlement payment, according to terms in the Justice Department's press release.

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In an e-mailed statement, the privately-held nursing home operator said it initiated the settlement with federal investigators.

"Our company conducted a thorough review and audit, and we proactively notified the government so we could resolve the issue and repay the money owed," Blair Jackson, a Golden Ventures spokesman, wrote. "We are glad to put this situation behind us."

The durable medical equipment wholesaler delivered items, such as oxygen tanks and wheelchairs, to primarily California residents at their home, Jackson said. MK Medical was based in Fresno, Calif.

Beverly became Golden Gate National Senior Care Holdings LLC in March after a $ 2. 29 billion acquisition by a subsidiary of San Franciso-based Fillmore Capital Partners.

This month, the company that bought the former Beverly Enterprises Inc. announced a name change that will affect 283 its nursing homes and assisted living centers nationwide. However, 82 leased facilities will retain the Beverly name. Golden Gate National Senior Care Holdings LLC became Golden Horizons which oversees Golden Ventures — the name of the Fort Smith-based support service division employing about 600 people.

CIVIL RIGHTS:

U.S. Presses Springfield To Assist Hispanic Voters (SPRINGR)

By Peter Goonan

Springfield (MA) Republican, August 23, 2006

SPRINGFIELD - A hearing is scheduled on Monday in U.S. District Court to consider if the city - recently accused of violating the rights of Spanish-speaking voters - must immediately take corrective action in time for the Sept. 19 primary.

The U.S. Department of Justice filed a motion in federal court this week, seeking a temporary restraining order against the city to halt alleged violations of the Voting Rights Act pertaining to the Hispanic voters. The initial suit was filed on Aug. 2.

The Justice Department is asking Judge Michael A. Ponsor to order the city to hire additional bilingual poll workers to assist Spanish speaking voters citywide, and to authorize federal observers at the polls this fall. The hearing is at 2:30 p.m.

City Solicitor Edward M. Pikula said yesterday that rather than help the city, the federal agency filed suit and then sent a team of lawyers to solicit complaints. "It's unfortunate that the Department of Justice is acting like the 10-ton elephant as opposed to a resource to help us implement improvements," Pikula said.

A Justice Department spokeswoman said yesterday the city has been legally obligated to provide proper materials and assist Spanish speaking voters at the polls since 1992, but has failed to comply despite repeated letters and discussions.

"These violations are egregious and the Justice Department is convinced that Springfield will maintain its state of non-compliance causing irreparable harm to thousands of voters without an order by a federal court," spokeswoman Cynthia J. Magnuson said.

Pikula and City Election Commission Secretary Kathleen Hoar Fleury said they were not aware of any complaints prior to July when they received notice of the federal suit.

On Friday, Pikula and Fleury said the city was taking action to recruit more bilingual poll workers, to improve training of poll workers, and to ensure proper assistance to the Spanish speaking voters.

"The substance of their proposed (court) order is very similar to the substance of our proposed settlement," Pikula said yesterday.

The Justice Department filed a memorandum in court this week listing multiple cases of alleged voting rights violations, with statements provided by voters and witnesses. The statements included allegations ranging from hostile poll workers to confused Spanish-language voters unable to get help at the polls.

The Justice Department reported cases where poll workers allegedly interfered with the voters' right to receive assistance at the polls from a person of their choice, and one case where a poll worker, responding to a group of Spanish speaking voters, allegedly stated in a "loud and hostile voice, 'We are in America,'" according to the memorandum.

Fleury this week urged residents who are interested in working at the polls this fall, particularly bilingual candidates, to contact the Election Office by telephone, at (413) 787-6189, or by visiting the office at City Hall, to apply.

The Justice Department said the city had only 17 bilingual workers at the polls in November 2004, out of 384 workers. The number of bilingual workers increased to 37 in November 2005, but 34 of the 37 worked in Ward 1, primarily the North End, the Justice Department's memorandum states. There are eight wards.

The Justice Department is proposing that a minimum of one to three poll workers be assigned to any precinct Sept. 19 where there are 70 or more registered voters with Spanish surnames. There are 64 precincts.

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Civil Liberties Group Contends US Drug Agency Violated Armenian Couple's Rights (FINDLAW/AP)

AP, August 23, 2006

(AP) - ALBUQUERQUE-The American Civil Liberties Union of New Mexico has sued the U.S. Drug Enforcement Administration and two law enforcement officers, contending an Armenian couple whose train stopped here last year were illegally searched and roughed up.

The ACLU filed the lawsuit Monday in U.S. District Court in Albuquerque on behalf of Diana Arutinova and her partner, Edgar Manukian. The residents of Burbank, California, are seeking unspecified compensatory and punitive damages.

Special Agent Steve Robertson, a spokesman for the DEA, said the agency does not comment on pending litigation.

"Obviously if there's an ongoing judicial process, it's unfair to any of the parties involved to make a comment right now," he said.

Arutinova and Manukian were traveling last August when their train stopped for about 40 minutes. During that time, the two were told by an officer that they were "suspicious," according to the lawsuit.

The two were ordered to the luggage area of the train car, and their bags were searched. At one point, an officer pulled bras and underwear from Arutinova's personal bag and examined them with an exaggerated smile, while the other two officers laughed, made coarse jokes and called the couple inappropriate names, the lawsuit says.

The lawsuit contends that things went from bad to worse after the illegal search. The couple asked the officers for their names, badge numbers and the names of their watch commanders. DEA Agent Jay Perry then pushed Manukian toward the train door and said, 'You want my name? What are you going to do about it, (expletive)?'" the lawsuit says. Perry then threw his business card at the couple.

Arutinova stepped between the men, and Perry grabbed her right arm, "pushed her against the wall and shook her so hard that her head struck the wall," the lawsuit says.

Perry then dragged Arutinova by the arm back down the hall toward the couple's room, striking her head against the wall two or three more times, the lawsuit says. He stopped only when Arutinova began to scream, the ACLU contends.

Manukian later was grabbed by the arm when he failed to comply with the officers' demand that he turn over a camera, which he used to take pictures of Arutinova's discolored arm, the lawsuit says.

"Clearly the officers were trying to cover their tracks by seizing the camera," said Peter Simonson, executive director of the ACLU. "The act was as cowardly as it was illegal."

The ACLU claims Arutinova, who was employed as a phlebologist at the time, was forced to quit due to her injuries.

States Move To Legalize Pharmacists' Right To Refuse (WT)

By Joyce Howard Price

The Washington Times, August 23, 2006

Lawmakers in nearly half the states have introduced bills in this year's legislative sessions to allow pharmacists not to fill prescriptions for emergency contraception or other birth-control medicines based on their religious or moral objections.

Four states -- Arkansas, Georgia, Mississippi and South Dakota -- have passed laws that permit druggists to deny certain prescriptions, including emergency or other contraceptives.

"This is definitely a hot-button issue for a lot of people ... it's pretty controversial, regardless of which side you are on," Madeline Kriescher, a research analyst for the National Conference of State Legislatures (NCSL), said yesterday.

For years, states have been enacting laws designed to limit abortion, including legislation to let doctors and other heath care providers refuse to perform or participate in an abortion.

"Now, the issue is expanding as pharmacists are refusing to fill emergency contraception and contraception prescriptions," the NCSL says on its Web site, www.ncsl.org.

Mrs. Kriescher said the bills all stalled in committee, but pro-life advocates expect many of the measures to return. Merchants in the new university town of Ave Maria, being developed in southwestern Florida by Domino's Pizza founder Tom Monaghan, will be asked not to sell contraceptives. But legal issues prevent them from being prohibited from doing so.

Jim Sedlak, vice president of the American Life League, said that organization supports the efforts of a 1,500-member group called Pharmacists for Life International in their efforts to allow pharmacists to forgo filling prescriptions for birth-control medications..

Whether the drug is the morning-after pill or the traditional birth-control bill, Mr. Sedlak said, "One of the mechanisms is to prevent implantation, which means the ending of human life.

"Pharmacists are being caught in the middle, so many of them are starting to say no," he said.

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The Planned Parenthood Federation of America and other pro-choice groups see such measures as a big threat, saying they interfere with a doctor's decision about the proper medication for a patient. The group has started a campaign called "Fill My Pills Now" designed to overturn policies that allow druggists to refuse to fill birth-control prescriptions if they have moral objections.

"These pharmacists -- emboldened by religious extremists and empowered by arch-conservatives in Washington, D.C., and around the nation -- are no longer content to live their own lives as they choose," Planned Parenthood President Cecile Richards wrote in a recent letter explaining the campaign.

"Now they are trying to tell you and me how to live our lives. And too often they succeed. That has got to stop," she added.

In the mailing, Planned Parenthood also said three major chains -- Target, Walgreens and Winn-Dixie -- currently let pharmacists refuse to fill contraceptive prescriptions.

But Target said yesterday that "Plan B, the emergency contraceptive, is the only prescription for which this policy applies."

And if a pharmacist refuses to fill such a prescription, he must find another Target pharmacist to do so or refer the customer to a different drugstore, the company said.

Representatives for Walgreens and Winn-Dixie could not be reached for comment.

Safe Drug Testing In Prisons (NYT)

The New York Times, August 23, 2006

Prisoners' rights advocates are understandably worried about an advisory panel's recommendation that the government overhaul the rules for testing drugs on prison inmates. The advocates fear a return to the medieval situation of just 30 years ago, when inmates were often subjected to dangerous and unethical experimental procedures. Some were infamously exposed to radioactive, carcinogenic and hallucinogenic chemicals at the Holmesburg prison in Philadelphia.

This shameful history makes it imperative that any change in testing policies be accompanied by oversight regulations far stronger than those now in existence. That said, a new report from the Institute of Medicine offers a possible outline for moving toward a system of testing that could benefit both the population as a whole and prison inmates, who tend to be among the sickest, most disease-prone people in society.

The report calls for greatly expanding the protections given to subjects of medical research who are imprisoned or under other forms of correctional supervision. It also calls on the government to strengthen federal oversight of these kinds of studies and to rewrite a set a vague regulations that don't actually protect the rights of medical research subjects within the corrections system.

The new arrangement would minimize inmate risk by limiting drug trials to the final, therapeutic stage, after researchers have already determined that drugs look safe and potentially effective. Instead of loading up studies with captive subjects, as was commonly done in the past, prison inmates would not be permitted to make up more than half of the subjects of a test.

No research can ever be seen as legitimate without informed consent of the participating subjects. Critics of the new report argue that there can be no such thing as informed consent in the coercive environment of a prison. While acknowledging the seriousness of the problem, the report's authors believe that it can be overcome — at least in some institutions and in some settings — by having careful independent boards oversee the process. If voluntary informed consent is not obtainable, the report said, the research should not be allowed to proceed.

The dismal state of medical care in many prisons also raises the possibility that inmates would rush to sign up for drug trials simply to get treatment for chronic problems. The report's authors appear to have argued vigorously among themselves about whether drug testing should be permitted at institutions where health care is particularly poor. The answer should be no, in all but the rarest cases. Making sure inmates have decent medical care should be the first order of business.

The country should move slowly on this issue. The savage and dishonorable legacy of drug testing in prison makes it imperative that any change be carried out carefully, with maximum transparency and concern for inmate safety. That will require far more federal oversight than current law provides.

ANTITRUST:

Michigan Minimum-service Proposal Hits Snag (INMAN)

By Glenn Roberts Jr.

Inman News, August 23, 2006

Realtors meet with governor to discuss real estate bills

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A proposal in Michigan to require all real estate agents to perform a minimum set of services for clients when entering into an agency agreement has met opposition from the state's governor after the U.S. Justice Department and a state regulatory agency announced objections to the legislation.

In a legislative report this month, the Michigan Association of Realtors -- which is pushing for the legislation -- announced that "as the bills were poised for a vote, the governor has made it clear that she will veto the legislation as written," and "pressured the Democratic caucus in the Senate to vote 'no.'"

Liz Boyd, press secretary for Michigan Gov. Jennifer Granholm, said today, "At this point we have concerns about the bills. We have serious concerns -- certainly we're not supporting the bills at this point."

House Bills 4849 and 4850 would continue to allow real estate licensees in the state to provide lesser service than these mandated services, though only by acting in a non-agent role. Critics have said the legislation could make limited-service offerings less attractive and multiple listing services operating in the state could potentially block the public display of property listings related to these non-agency relationships. Most MLSs in the country are affiliated with Realtor trade groups.

Limited-service real estate offerings can include fee-for-service options that allow consumers to take on some of the responsibilities in a real estate transaction that would typically be handled by an agent. Some companies offer to list properties in an MLS for a flat fee, for example, while providing few or no other services for clients.

Similar legislative measures, sometimes referred to as minimum-services laws, have been proposed and passed in several other states. The measures typically require that real estate licensees perform a specific set of services for clients, at least when entering into specific types of service agreements with those clients. Officials at the Justice Department and Federal Trade Commission have in some cases opposed the measures, charging that the measures could potentially limit consumer choice and that there haven't been enough consumer complaints to justify the measures.

State Realtor trade groups and supportive state legislators and regulators, meanwhile, have contended that such laws can protect consumers by ensuring they receive a specific level of service in at least some instances and can help to ease confusion by other real estate licensees when limited-service real estate companies are involved in real estate transactions but do not offer full representation to their clients.

Tom Martin, director of the Office of Policy and Legislative Affairs for the Michigan Department of Labor and Economic Growth, said that the legislation appears to be stalled for now. "At this point it's on hold and I don't think any movement is imminent," he said. The Department of Labor and Economic Growth is opposed to the minimum-service legislation in its current form.

"We suggested to the Realtors that we'd prefer an approach such as they one they took in Ohio. From our perspective that maintains consumer choice and allows certain services to be waived," Martin said. In Ohio, the state Realtor trade group promoted a waiver of agency duties that allows sellers to waive some real estate duties while specifying which duties their clients will receive.

Bill Martin, CEO for the Michigan Association of Realtors, said today that a meeting held earlier this month with Gov. Granholm and a state regulatory agency representative was "extremely positive," adding, "It really was a good discussion on the substance of the legislation, the status of agency. I didn't find anything in the meeting that indicated anything other than that they were certainly open to discussion and finding resolutions."

Martin said he expects continued discussions on the legislation.

He also said that there has been a slant in the news media against the proposed bills, and that there seems to be a widespread misunderstanding about their actual language and effect.

Michigan's agency laws are intended to provide standards that real estate licensees are held to, he said. "We have agency for a reason. The other option is to just get rid of agency -- then you have no fiduciary (duties) to the client, nothing is confidential and it's the old Wild West," he said. "For those that find comfort in confidentiality and comfort in fiduciaries then I think (agency) needs to be protected."

Real estate licensees in Michigan can now legally provide a range of limited services under agency agreements that would only be allowed as non-agency services if the bills passed.

The legislation provides that all real estate brokers, when acting under an exclusive agency agreement with clients, must accept and present all offers and counteroffers on behalf of their clients, "assist in developing, communicating, negotiating and presenting offers, counteroffers and related documents or notices until a purchase or lease agreement is executed," and assist in providing a complete and detailed closing statement, among other duties.

Licensees who do not offer these services can act as a "transaction coordinator," which is a licensee who does not act as the agent of either the buyer or the seller in a transaction.

Martin said that the Realtor association is open to discussions with the Justice Department on the proposed legislation. "If they wanted a frank discussion about the language, we're available anytime. They're not able to offer any criticism of the

language of the actual legislation," he said. "It's very difficult to deal with legislation people are opposing but can't tell you why. It's very frustrating to us."

Federal officials said in an October statement that the proposed legislation could prevent some property listings from being posted in those MLSs that require exclusive brokerage agreements. "In Michigan, home sellers currently have the option to purchase the service of listing their property on the local (MLS) separately without also having to purchase the broker's negotiation service," the agencies stated.

"If House Bill 4849 is enacted, however, real estate professionals entering into exclusive service provision agreements with their clients would have to provide a state-mandated minimum service package that includes many duties associated with negotiating a property sales contract. Because many (MLSs) in Michigan require brokers to offer only exclusive brokerage agreements before real estate professionals may list properties, Michigan consumers in those areas will be adversely affected by this proposed change in the law."

Robert Campau, the vice president of public policy and legal affairs for the Michigan Association of Realtors, stated in a report to members this month that "there remained a deep and unrelenting suspicion about these bills" and "an unyielding skepticism about the value that traditional brokerage models actually provide" by some state officials.

He charged that the Justice Department and Consumer Federation of America share blame for "rancor and erroneous charges leveled at this legislation."

Campau stated, "Our association's interest ... is only to ensure that consumers understand what they are getting. This legislation aims to provide ... protections to all individuals who enter into exclusive agency relationships while allowing wide statutory authority for future business models."

Cheryl Lynch, co-owner of Lake Michigan Realty in New Buffalo, Mich., and an opponent of the legislative proposal, has contacted the state Attorney General's Office, charging that the state Realtor association violated the state's Consumer Protection Act in promoting the minimum-services legislation to lawmakers.

"The legislation, if passed, will cause many consumers to pay more money when selling or purchasing real estate," she charges in the letter, while causing the property listings of non-traditional brokerages to be "treated with prejudice by MLS boards." Lynch has also opposed local MLS rules that require MLS subscribers to be members of Realtor associations.

The state Attorney General's Office has not taken a formal position on the minimum-service legislation.

Bill Martin of the Michigan Association of Realtors said that the state's Consumer Protection Act does not apply to real estate licensees in Michigan because they are regulated by real estate licensing law -- "it only applies in instances in commerce where there isn't a regulatory framework."

HCA Investors Win Antitrust Approval (BLOOM)

By Lisa Rapaport

Bloomberg, August 23, 2006

A group of private investors, including Bain Capital, Merrill Lynch Private Equity and Kohlberg Kravis Roberts & Co., has received antitrust clearance to buy HCA Inc. for $33 billion.

The Federal Trade Commission said Monday that it granted early termination Friday for the waiting period required under antitrust law before the investors can acquire Nashville, Tenn.-based HCA, the largest U.S. hospital operator with some 40 hospitals in Florida. Of that, HCA operates 10 in the Tampa Bay area, including Brandon Regional Hospital.

The green light from regulators will allow the buyers to complete the purchase in the fourth quarter. The $51-a-share buyout would take HCA, founded in 1968 by the father and brother of Senate Majority Leader Bill Frist, R-Tenn., away from public shareholders for the second time.

"This makes things move faster," said Ivan Feinseth, an analyst with Matrix USA in New York. "Nobody expected there to be any antitrust issue with this deal, but it still is reassuring any time you see a regulatory hurdle cleared."

The purchase will put the new owners at the center of a national fight over health costs that involves insurers, employers and the government.

HCA's second-quarter results show the struggle ahead in the hospital industry. Net income dropped 27 percent as half of the beds in the chain's 176 wholly owned hospitals went empty, according to HCA's second-quarter financial report, released July 24.

New drugs are keeping patients with chronic ailments such as diabetes and heart disease out of the hospital, and reductions in insurance benefits are encouraging people to seek less care. The buyout may lead to the closing or sale of some of HCA's centers, analysts said.

HCA will receive $16.8 billion of bank loans to help fund its acquisition by Bain, KKR and Merrill, according to an Aug. 4 regulatory filing. The hospital operator also plans to sell $5.7 billion of senior secured second-lien notes, the Securities and

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Exchange Commission filing said. The investor group will provide $5.5 billion of equity and assume about $11 billion of HCA's debt, according to a July 26 SEC filing.

Judge Lets Blockbuster Countersuit Against Netflix Go Ahead (AP)

AP, August 23, 2006

DALLAS — A federal judge on Tuesday denied a move by Netflix Inc. to throw out antitrust claims filed against the online movie-rental company by rival Blockbuster Inc.

The companies are fighting over two Netflix patents that protect how subscribers create a list of movies they want to see.

Judge William Alsup's ruling was procedural and didn't decide the merits of the case.

However, the judge wrote that Blockbuster had found "potential bad faith" by Netflix, including that Netflix may have failed to disclose earlier patented technology when applying for its patents.

If Blockbuster's charges are proven true, it could amount to an antitrust violation, the judge wrote.

Blockbuster spokesman Randy Hargrove said the company was pleased with the ruling.

Netflix spokesman Steve Swasey said the ruling merely allows Blockbuster's counterclaims to go forward and wouldn't stop Netflix from fighting to protect its patents.

Alsup's ruling was the latest twist in a legal fight that began in April, when Netflix went to court seeking to shut down Blockbuster's online rental service. Netflix, based in Los Gatos, Calif., claimed that Blockbuster violated two of its patents, one issued in 2003 and another in 2006.

In June, Dallas-based Blockbuster filed antitrust counterclaims against Netflix charging that Netflix's patents were obtained through deceptive practices as part of a bid to monopolize the online-rental business.

Blockbuster claims Netflix didn't mention patents held by NCR Corp. in its own patent application. Netflix has sued NCR to establish that it didn't violate NCR patents for ordering and downloading material from online repositories, Alsup said.

Netflix began business in 1999. Blockbuster, the leading chain of movie-rental stores, launched its online-ordering service in 2004 but still trails Netflix in number of online customers.

Shares of Netflix fell 78 cents, or 4 percent, to $18.74 on the Nasdaq, while Blockbuster shares rose 17 cents to $3.95 on the New York Stock Exchange.

Mixed Messages In BlackBerry Case, Big Winner Faces His Own Accusers (WSJ)

By Christopher Rhoads

The Wall Street Journal, August 23, 2006

In March, a patent holding company led by lawyer Donald Stout won a $612 million settlement from the maker of the BlackBerry email device in a patent-infringement case. Mr. Stout celebrated with a three-week hunting trip to New Zealand, where his good fortune continued. With a bow and arrow, he killed a rare red stag.

Now Mr. Stout is himself in the sights of claimants who accuse him of getting more than his fair share of the money. At the center of the dispute is a long-defunct company called Telefind Corp. involved 16 years ago with creating the email patents at issue in the BlackBerry case.

One person suing Mr. Stout alleges the lawyer, who was Telefind's patent attorney, committed fraud to keep the patents from the hands of Telefind's creditors. Children of Telefind's late chief executive say their father helped invent the technology. They claim they were unfairly cut out of the winnings.

Mr. Stout dismisses the allegations, noting that a judge agreed with his version of events in 1993.

Mr. Stout's company, NTP Inc., sued BlackBerry's maker, Research in Motion Ltd., or RIM, of Waterloo, Ontario, in 2001. Under the threat of a court-ordered BlackBerry shutdown in the U.S., which would have wreaked havoc on the lives of the device's three million American users, RIM finally agreed to the settlement. Mr. Stout received $177 million. The widow of Tom Campana, listed as the inventor on the patents that RIM was accused of infringing, received $153 million. The rest went to law associates, business partners and friends of Mr. Stout.

Those left out of the settlement include the four daughters of Telefind's chief executive and co-founder, Andy Andros, who died in 2001 during heart surgery at age 76. Telefind investors and former employees also received nothing.

"There's something not quite right when the attorney ends up in control of all this," says Penny Andros, the second-oldest of the daughters. "Telefind was Andy's brainchild, so how does he get nothing?"

Ferris Haddad, who briefly controlled the patents after Telefind's 1991 bankruptcy, filed suit against NTP in a Detroit federal court late in 2004. Mr. Haddad alleges that the formation of NTP in 1992 was part of an elaborate plan by Telefind executives to keep its patents out of the hands of creditors. The supposed plan included having Mr. Andros falsely testify that the work behind

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the technology was done entirely by Mr. Campana and had nothing to do with Telefind, the suit says. Mr. Campana, who was Telefind's chief engineer, died in 2004 of lung cancer at 57.

Messrs. Andros and Campana orally agreed they would later share in any returns from the patents, according to Mr. Andros's daughters and Ann Murray, who worked with Mr. Andros throughout his career and later became his live-in girlfriend. The plan unraveled when both men died, says Ms. Murray, who runs a chain of check-cashing stores in Houston.

Mr. Stout says the work behind the patents was done by Mr. Campana, who had his own engineering firm at the time, for a project with AT&T Corp. Mr. Stout says sworn testimony shows the wireless email work behind the patents was more advanced than what the Telefind network could handle.

"The world is full of stories of people popping up after a bunch of money is made," he says. "I think you have to ask why these people are only remembering these things now."

Mr. Stout, 60, graduated from Penn State University with a degree in electrical engineering in 1968. He worked as an examiner in the U.S. Patent and Trademark Office for four years while studying for his law degree at night, and later went into private practice. He says he was playing pickup basketball at the YMCA in Washington in 1987 when one of the players told him a promising start-up named Telefind needed a patent lawyer.

Telefind had just moved into new offices with marble floors in Coral Gables, Fla., with about 40 employees. The paging company was on its way to offering service in more than 100 U.S. cities and expanding into Europe.

Mr. Andros hoped to recapture his earlier success with Hy-Gain Electronics Corp., a maker of communications gear he had founded with his younger brother, Ted. Hy-Gain brought in nearly $100 million in annual revenue in the mid-1970s, but it suddenly went out of business in 1978 when new federal regulations and an infusion of cheap Japanese imports destroyed the market for U.S.-made citizens-band radios.

Mr. Andros became friends with Mr. Campana in the mid-1980s and the two decided to start their own paging company, Telefind. At first Mr. Campana worked with Telefind on a contract basis from his own company outside Chicago. Later Mr. Campana devoted himself full-time to Telefind and became its vice president of engineering, though he kept his own business in operation. He and Mr. Andros agreed that any patents produced would belong to Telefind, according to company documents included in the lawsuit by Mr. Haddad, the creditor.

Telefind's breakthrough was a pager that could work easily on hundreds, even thousands of frequencies. Other pagers used single frequencies and worked only within limited areas. Telefind's could theoretically be used anywhere. The company made agreements with local paging services, installing Telefind equipment built by Mr. Campana and his team on existing towers. Mr. Stout says he and some of his law partners invested about $500,000 of their own money in the company.

The high point for Telefind came in the summer and fall of 1990, when other companies began taking an interest in it. France Télécom SA offered to buy half the company for $35 million, according to several former Telefind executives. The company also began meeting with AT&T, which was trying to get into computers at the time. AT&T was looking for partners to develop applications for its new laptop, called the Safari, and thought wireless email would appeal to its on-the-go business customers.

According to court documents and testimony, AT&T asked Mr. Campana and his team outside Chicago to look for ways of connecting Telefind's pager to AT&T's laptop. The team got help from Telefind software engineers at the company's Florida headquarters, according to sworn testimony in the RIM case and interviews with former Telefind executives.

The idea was to convert an AT&T email into a pager message, run that over Telefind's paging network to a Telefind pager and connect that to an AT&T laptop to transmit the message.

The rudiments of this design wowed a group of AT&T customers in a private showing at a Las Vegas computer convention, called the Comdex show, in November 1990, according to a letter written on Telefind stationary later that month by Mr. Campana to one of Telefind's largest investors, Jack Richards.

"It was met with such incredible disbelief that many would actually come into the adjoining room and have me explain the network, the transmitting system and how the E-mail message was sent," wrote Mr. Campana to Mr. Richards. Instead of limiting the demonstration to 25 customers as planned, AT&T showed it to about 270 customers, including Sears and Xerox, Mr. Campana wrote.

Telefind hoped the successful collaboration would lead to an acquisition by AT&T, which it viewed as a more attractive buyer than France Télécom, according to letters between Telefind executives. At the least, Mr. Andros, who attended the Comdex show with Mr. Campana, expected AT&T to incorporate Telefind's pager and network in its new laptop, a deal that could "add hundreds of millions of dollars of revenues for Telefind," Mr. Andros wrote in an internal report at the time.

In April 1991, AT&T and Telefind in a joint press release trumpeted the new laptop and its innovative messaging technology, dubbed a "Wireless Mailbox."

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But AT&T began worrying about failures in the Telefind network equipment, including a week-long outage in the New Jersey service, according to a letter from an AT&T executive. Telefind's dependence on the networks of dozens of local providers made it hard to ensure reliability. Funding began running out.

The Telefind creditor, Mr. Haddad, who had leased computer equipment to the company, was displeased with the delays. Mr. Haddad challenged Mr. Andros's leadership and the two clashed bitterly, former employees say. In October 1991, after Mr. Haddad seized his equipment, Telefind declared bankruptcy. In the subsequent bankruptcy proceedings, Mr. Haddad received the company's patents, which had been pledged to him as collateral.

The Telefind executives weren't about to give up what they realized could become valuable patents. According to Andros family members and Ms. Murray, Mr. Andros's longtime associate, their goal was to distance Mr. Andros from the wireless email technology. Messrs. Campana and Stout could then argue that the technology belonged to Mr. Campana personally and wasn't Telefind company property that could be seized by a creditor, they say.

In a 1993 trial, Mr. Andros and his chief financial officer told the judge the patents had nothing to do with Telefind. Mr. Andros wrote a formal letter in June 1992 to Mr. Campana commending him on his invention and asking about licensing rights, a piece of evidence used in the trial to show that Mr. Andros hadn't developed the technology.

Mr. Andros's name is not on any of the patents in question, though his name appears as co-inventor with Mr. Campana on 23 other patents that came out of Telefind.

An expert witness testified that the work in question far surpassed anything usable on the Telefind network, suggesting that Mr. Campana must have worked on the technology by himself. That witness, a patent attorney and hunting friend of Mr. Stout named Bill Wright, became one of the largest investors in NTP, taking home $20 million from the RIM settlement.

At the 1993 trial, the judge heard little evidence to challenge the claims that Telefind wasn't involved with the technology behind the patents. Many of the relevant documents weren't presented during the trial. They emerged only years later in the RIM litigation.

In May 1993, the judge awarded the patents to NTP, a patent holding company Mr. Campana had formed the year before with Mr. Stout.

At various times Mr. Stout was Telefind's patent attorney, a lawyer for a group of Telefind investors in Europe and Mr. Campana's partner at NTP. "It was such an enormous conflict of interest," says Ted Andros, brother of the late chief executive, who also worked as a Telefind executive. "Stout represented everybody and then wound up with all the goodies."

Mr. Stout says he never simultaneously represented parties with conflicting interests. He says the judge's ruling remains the correct one.

Short of cash, Andy Andros moved with Ms. Murray back to Houston, where he tried to launch other telecom start-ups over the following years with mixed success. Mr. Haddad ran into financial difficulties after Telefind collapsed. He served a short term in prison in the mid-1990s after pleading guilty to bank fraud.

Mr. Andros's daughters and others who worked with him during the late 1990s until his death in 2001 say Mr. Andros spoke often about the patents and how they would result in a big payday. During this period, NTP began looking for possible infringers, focusing on RIM, which it sued in 2001. Mr. Andros remained in close contact with Mr. Campana, who invited him and Ms. Murray to his wedding in the late 1990s, they say.

Richard Diamond, a real-estate investor in Mill Valley, Calif., who worked with Mr. Andros on a start-up for six years until his death, says he once asked Mr. Andros if he had the agreement to share in any patent returns in writing. "He told me, 'I have a deal with these guys, and it's my business, so why should I worry?' " Mr. Diamond says.

In recent years, the RIM-NTP case started making headlines. Based on information that emerged in the case, Mr. Haddad, now a vitamin and health-products salesman, filed suit against NTP in late 2004. A judge dismissed the case. He questioned, among other things, why Mr. Haddad didn't present his evidence in 1993. Mr. Haddad's suit is now under appeal.

Earlier this year, one of the Andros daughters received a phone call from someone looking for information about Telefind. That led the daughters to discover that the RIM case had to do with their father. "We wept like a baby that day when we realized these patents were what our father had told us about," says Penny Andros, a drama teacher in Houston.

In February, Ms. Andros called Mr. Stout about the case. He rebuffed her, she says, and then had his lawyer send her testimony from her father in 1993 that the patents did not belong to Telefind.

"If Mr. Andros conspired to illegally remove property from the Telefind estate, this might arguably reflect a federal crime," wrote Mr. Stout's lawyer to Ms. Andros on April 19. "Presumably you do not wish to accuse your father of such actions."

EchoStar Loses Court Ruling On Some TV Transmissions (WP)

By Kim Hart

The Washington Post, August 23, 2006

Hundreds of thousands of Dish Network subscribers could lose access to shows on traditional television networks as early as today after a Supreme Court justice's decision yesterday that brings an end to lawsuits that have been tied up in court for more than eight years.

U.S. Supreme Court Justice Clarence Thomas yesterday let stand a May ruling by the U.S. Court of Appeals for the 11th Circuit that ordered EchoStar Communications Corp., the parent company of Dish Network, to stop transmitting network programming to 800,000 subscribers -- those who live in mostly rural areas too far to receive local stations with regular antennas.

The decision stemmed from lawsuits filed by News Corp.'s Fox Network and stations affiliated with the four major networks, all claiming that EchoStar has been illegally offering distant-network signals to customers who are capable of receiving television signals from nearby cities.

Rural customers who live within the reach of a local television broadcast are not eligible to receive network programming from a satellite TV company, which usually offers transmissions from stations in large cities, such as New York or Los Angeles.

For more than eight years, Englewood, Colo.-based EchoStar has been battling broadcast networks that say the satellite provider is illegally encroaching on their markets and taking a chunk out of their audiences. EchoStar has frequently settled with local stations to maintain its presence in rural markets.

This time, analysts said, the satellite company may be required to halt service to all subscribers who receive the network transmissions, even if the subscriptions are legal.

"It looks like the company is running out of legal options and it's going to have to take some drastic steps to appease customers who are losing access to these signals, whether it be lowering rates or helping them find access to other channels," said Thomas W. Eagan, an analyst with Oppenheimer & Co. in New York.

"The subscription television marketplace has become very saturated and people are looking to be compensated," he said. "This could send customers straight to DirecTV or cable."

The Supreme Court's decision was "not unexpected," according to a statement released by EchoStar.

"We have settled with hundreds of stations and station groups over the eight and a half years this case has been winding its way through the court system, and we continue to negotiate with the broadcasters who have not yet settled," the company said.

The ruling is a double victory for media mogul Rupert Murdoch, chairman of News Corp., which owns Fox and DirecTV Group Inc., the nation's largest satellite television company.

As the subscription television space becomes increasingly competitive, companies are going to become more aggressive in ensuring their edge in the market, said Matthew J. Harrigan, an analyst with Janco Partners in Colorado.

"You're going to see this continual jockeying of ethical positions," he said. "There's no reason to believe Murdoch is going to back off and this is one of the tactical maneuvers he had to work with."

The loss of 800,000 rural subscribers, about 6 percent of EchoStar's 12.5 million customers, could cost the company several million dollars in revenue, analysts said.

EchoStar reported a profit of about $169 million for the quarter ended June 30, down from about $856 million for the same quarter a year ago, which included a $593 million extraordinary gain. It added 195,000 subscribers from April to June.

The company's stock closed yesterday at $31.67 per share, down 27 cents, or 0.9 percent.

Satellite TV companies had explosive growth in the mid-1990s as they reached out to rural customers who did not have access to multi-channel programming.

"A decade ago, satellite TV was a boon to rural subscribers," said Craig E. Moffett, a senior analyst with Sanford C. Bernstein & Co. "Now that game has largely played out. The obvious beneficiary here is DirecTV."

Smoot-Hawley's Revenge (WSJ)

The Wall Street Journal, August 23, 2006

Seventy-six years ago, the Smoot-Hawley Tariff Act wreaked havoc on the U.S. economy. Today, a little-known provision of Smoot-Hawley, Section 337, is poised to take its own turn in the protectionist limelight by potentially crippling the U.S. wireless-phone industry. Other high-tech companies could follow in the dock.

The peril comes from the International Trade Commission (ITC), an obscure federal agency that typically deals with trade but suddenly is telecom central. There are currently cases before the ITC affecting virtually every mobile-phone operator in the country and most of the largest handset makers in the world. Ericsson and Samsung have filed complaints against each other, and Qualcomm has sued Nokia. Broadcom, a chipmaker that owns patents for mobile-phone technology, has filed against Qualcomm, which supplies chips used in new phones sold by Verizon and Sprint.

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All of these companies are seeking an edge against their rivals via "exclusion orders," which would ban the import of products said to violate U.S. patent (yes, patent) law. Depending on how the cases are ultimately decided, millions of cell phones could be barred from the U.S. market at a cost to the phone makers and network operators of billions of dollars.

The ITC was established in 1916 as the U.S. Tariff Commission. Smoot-Hawley gave it the authority to review claims of "unfair trade practices" based on patent infringement. If a company with U.S. operations believes a competitor is importing a product that infringes on its intellectual property, it can bring a Section 337 claim to the ITC. An administrative law judge then hears the case, and he can issue an exclusion order barring imports of the infringing product for the duration of the patent. The order is also subject to the review and approval by the six-member, bipartisan ITC board.

Incredibly, all of this takes place separately from normal judicial proceedings on patent infringement or validity. Most of the cell-phone cases mentioned above are also in court on patent-infringement grounds, but these cases can take years and are subject to lengthy appeals. The ITC tries to discharge Section 337 cases in about a year, and will not wait for the courts. Once the ITC votes on the judge's order, there is only one avenue of appeal: The President has 60 days to override the ITC's order. If he doesn't act, the import ban takes effect.

The case closest to resolution is Broadcom's complaint against Qualcomm. It arises from two patents Broadcom purchased in 2002. Broadcom claims that phones made by Motorola, Kyocera and Samsung using Qualcomm chips infringe those two patents. A hearing was held in May and a ruling was expected this week, but the judge announced last week that he was putting his ruling off until October.

This may be a sign that the judge is aware that barring the import of $2 billion worth of cell phones would be a big deal. But the ITC staff has already recommended that the judge enter an exclusion order in the case, and judges who overrule staff recommendations in these kinds of administrative proceedings are few and far between.

Verizon and Sprint are merely customers of Samsung and Motorola, and so are not parties to the case. But they've spent billions of dollars building networks that the next generation of phones can use to access the Internet, and if an exclusion order is entered, they will be unable to import phones capable of using those networks. That would ding carriers representing about half the market, while the Samsung and Ericsson cross-complaints could affect most of the other half.

The big picture here is that the ITC has emerged as the patent bar's venue of choice to evade this year's Supreme Court decision in eBay. That ruling raised the bar on permanent injunctions in patent-infringement cases. But the ITC isn't subject to eBay, remarkably enough, so lawyers and patent holders have descended on the agency for a quick protectionist hit. Thus Apple is being sued over the iPod, which allegedly infringes patents held by Creative Labs. And memory and other microchips are also on the ITC docket. The ITC staff seem only too happy to expand their turf in this fashion; they think they've died and gone to bureaucratic heaven.

In many of these high-tech patent cases, there is no domestic supplier of the products involved. Congress could step in and limit the ITC's authority to ban products from the U.S. market in what are really patent, rather than trade, cases. But the same lawyers can far too easily purchase a Senator to block that. The short-term solution lies with the President, who has the power to overrule an agency whose ability to do harm grows with every new case filed.

The Qualcomm-Broadcom case will be a bellwether. If neither the judge nor the ITC puts the kibosh on the growing trend of seeking patent exclusion orders from the ITC, President Bush will have to impose some adult supervision into the process. Or Smoot-Hawley may again work its mischief on the U.S. economy.

ENVIRONMENT/INDIAN AFFAIRS:

Judge Rejects Plan To Allow Tree Clearing In Monument (NYT)

By Jesse Mckinley

The New York Times, August 23, 2006

SAN FRANCISCO, Aug. 22 — A federal judge struck down a Forest Service plan on Tuesday that would have allowed a commercial lumber company to harvest trees from inside the Giant Sequoia National Monument, a soaring woods in central California.

The ruling, by Judge Charles R. Breyer of Federa District Court, said the Forest Service's plan for the monument, presented as an anti-fire effort to clear trees, brush and other natural kindling, lacked "coherent or clear guidance."

After the state attorney general and environmental groups each filed suit last year, Judge Breyer issued a preliminary injunction last fall stopping logging in the monument, partly to protect endangered species there. His ruling on Tuesday upholding the prohibition was strongly worded.

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"It is the court's duty to ensure that the Forest Service's plan is coherent and readily discernible," Judge Breyer wrote. Instead, he found that the monument plan was "decidedly incomprehensible."

Environmental groups hailed the decision as a sharp rebuke to the Forest Service, saying the plan would have allowed the logging of 7.5 million board feet a year.

"We're elated that the Giant Sequoia National Monument is protected for now," said Pat Gallagher, the director of environmental law for the Sierra Club.

Matt Mathes, a spokesman for the Forest Service, said the agency was "very disappointed" in the ruling.

"We have spent a tremendous amount of time and effort in developing a management plan," Mr. Mathes said. "Now, we'll sit down with our attorneys and the U.S. Department of Justice and decide what to do next."

Mr. Mathes said an appeal was an option. Cynthia J. Magnuson, a spokeswoman for the Justice Department, which represented the Forest Service in the case, said the judge's decision was under review.

The monument, a 328,000-acre reserve inside the 1.1-million-acre Sequoia National Forest, was established in 2000 by President Bill Clinton. Located at the southern end of the Sierra Nevada, the monument is home to two-thirds of the world's giant sequoias, majestic skyscrapers of trees that can grow to more than 250 feet, with trunk diameters of 30 feet.

Bill Lockyer, the California attorney general, said in a statement, "Today's ruling helps ensure these state gems will be standing for generations to come."

Mr. Mathes said that under the Forest Service's plan, which dates to 2004, a private company would have paid a fee to the government and removed brush and small-diameter trees that stand beneath the sequoias and could act as kindling for major forest fires.

"We do not have any plan whatsoever for cutting the giant sequoias that people come there to see," he said.

In exchange, Mr. Mathes said, the Forest Service had planned "to toss in a few medium-size trees, along with a far greater number of smaller-diameter trees and brush, to make it worth the company's while." Otherwise, he said, "we're going to have to pay someone to remove it."

But Mr. Gallagher said the midsize trees in question could be up to 30 inches in diameter and up to 300 years old, increasingly rare in a region that has been both logged and periodically ravaged by fire.

"A 30-inch tree is a huge tree by today's standards," Mr. Gallagher said, adding, "The Forest Service is essentially proposing to sell timber to finance its operations."

He added that the Sierra Club had urged the Bush administration to look at plans from Sequoia National Park, adjacent to the monument and controlled by the National Park Service, "which has used controlled burning and other innovative techniques" to reduce the risk of fire.

Mr. Mathes said the Forest Service was looking into such methods.

Judge Rejects Bush Plan To Log In Sequoia National Monument (AP)

By Terence Chea, Associated Press Writer

AP, August 23, 2006

A federal judge on Tuesday blocked a Bush administration plan to allow commercial logging in Giant Sequoia National Monument, home to two-thirds of the world's largest trees.

U.S. District Judge Charles R. Breyer sided with state Attorney General Bill Lockyer and environmental groups that sued the U.S. Forest Service over plans to permit timber cuts on up to 3,200 acres each year in the 328,000-acre preserve, home to 38 sequoia groves in Central California.

"The Forest Service's interest in harvesting timber has trampled the applicable environmental laws," Breyer wrote, calling the agency's forest management plan "incomprehensible."

In lawsuits filed last year, Lockyer and conservation groups said the agency's plan, issued in January 2004, violated the proclamation signed by President Clinton in 2000 that established the national monument to protect sequoias, which can grow up to 270 feet tall and 30 feet in diameter.

The plaintiffs argued the plan failed to consider its environmental impacts as required by the National Environmental Policy Act, calling it as a scientifically suspect strategy meant to satisfy the timber industry under the guise of wildfire prevention.

The plan would have allowed up to 7.5 million board feet of timber - enough to fill 1,500 logging trucks - to be removed each year from the monument in Sierra Nevada, the plaintiffs said.

In September last year, Breyer issued a preliminary injunction to halt logging in the national monument that began two months earlier. Tuesday's ruling makes the injunction permanent and forces the Forest Service to develop a new management plan.

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"We think today's ruling is a huge step toward more intelligent, more protective management of the monument," said Pat Gallagher, the Sierra Club's director of environmental law. "It deserves to be managed like the national treasure that it is."

The conservation groups urged the Bush administration to restore and protect the monument, carved out of the 1.1 million-acre Sequoia National Forest, to the same standard as neighboring Sequoia National Park.

"We simply cannot afford to sacrifice for short-term gain majestic sequoias that have stood for centuries," Lockyer said in a statement. "Today's ruling helps ensure these state gems will be standing for generations to come."

The Forest Service was "very disappointed" in Breyer's ruling and would talk to Justice Department attorneys to determine its next move, which could include appealing the ruling to the 9th U.S. Circuit Court of Appeals, said spokesman Matt Mathes.

The plan to allow logging of trees up to 30 inches in diameter was aimed at protecting the sequoia trees from wildfire, Mathes said. He stressed that the Forest Service had no plans to allow logging of giant sequoias.

Over the years, fire suppression efforts had allowed the sequoia forests to become overgrown with smaller trees that can catch fire and put the giant trees at risk, Mathes said.

"When the smaller diameter trees catch fire, that's the one thing that can kill the giant sequoia trees towering above them," Mathes said. "We need to take another look at how we're going to manage this monument to protect these magnificent trees from fire."

The cases are Sierra Club v. Bosworth, 05-00397, and Lockyer v. U.S. Forest Service, 05-00898.

FBI/DEA/ATF/USMS:

Conviction Of McLean Pain Doctor Overturned (WP)

By Jerry Markon

The Washington Post, August 23, 2006

A federal appeals court threw out the conviction of William E. Hurwitz yesterday, granting the prominent former Northern Virginia pain-management doctor a new trial because jurors were not allowed to consider whether he prescribed drugs in good faith.

The decision again galvanized the national debate that the Hurwitz case had come to symbolize: whether fully licensed doctors prescribing legal medication to patients in chronic pain should be subject to prosecution if their patients abuse or sell the drugs. Patient advocate groups strongly supported Hurwitz and expressed concern that his conviction would have a chilling effect on pain doctors.

The Richmond-based U.S. Court of Appeals for the 4th Circuit acknowledged that prosecutors presented "powerful" evidence at Hurwitz's trial that was "strongly indicative of a doctor acting outside the bounds of accepted medical practice." Hurwitz was convicted in December 2004 of running a drug conspiracy from his McLean office, causing the death of one patient and seriously injuring two others.

But a three-judge panel concluded that U.S. District Judge Leonard D. Wexler improperly told jurors that they could not consider whether Hurwitz acted in "good faith" when he prescribed large amounts of OxyContin and other painkillers -- in one instance, 1,600 pills a day.

"We cannot say that no reasonable juror could have concluded that Hurwitz's conduct fell within an objectively-defined good-faith standard," the judges wrote, adding that Hurwitz presented evidence that he ran a legitimate medical practice and believed that his prescriptions were "medically proper."

Patient and medical advocates hailed the decision. "It's about time that courts start to realize that these are doctors, not drug dealers," said Kathryn Serkes, a spokeswoman for the Arizona-based Association of American Physicians and Surgeons.

The ruling sends the case back to U.S. District Court in Alexandria for another trial. Hurwitz's attorney, Marvin D. Miller, said the "good faith" argument ran to the core of Hurwitz's defense because "he believed what he was doing was helping patients with their pain."

"My colleagues on the other side overreached in this case and tried to exert federal control over the practice of medicine," Miller added.

James Rybicki, a spokesman for U.S. Attorney Chuck Rosenberg, said prosecutors are reviewing the decision and "studying our options on how to proceed." The government could appeal to the entire 4th Circuit or the U.S. Supreme Court.

Hurwitz was perhaps the most prominent physician targeted in a federal crackdown on the abuse of OxyContin and other painkillers. His conviction capped a three-year investigation into doctors, pharmacists and patients suspected of selling potent narcotics and fueling an epidemic that ravaged Appalachia and triggered other crimes.

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Prosecutors portrayed Hurwitz as a common drug dealer whose waiting room was filled with sleeping and incoherent patients with track marks on their arms. More than 20 former patients of Hurwitz's testified at the trial; most had been convicted of drug crimes. Defense attorneys portrayed Hurwitz as a caring and courageous doctor who put his patients' welfare above his own.

Jurors convicted Hurwitz on 50 counts of a 62-count indictment, including conspiracy to distribute controlled substances. They acquitted him on nine counts and deadlocked on three. Hurwitz was sentenced to 25 years in prison.

Court Orders New Trial For Doctor (AP)

AP, August 23, 2006

RICHMOND, Va. (AP) -- A doctor convicted of drug trafficking for prescribing massive doses of OxyContin and other painkillers to his patients will get a new trial.

William E. Hurwitz, a prominent pain specialist, was convicted in 2004 of 50 counts, including conspiracy and drug trafficking resulting in a patient's fatal overdose. He was sentenced to 25 years in prison.

On Tuesday a three-judge panel of the 4th U.S. Circuit Court of Appeals ruled that a jury should have been told it could consider whether Hurwitz acted in good faith in treating patients with chronic and debilitating pain.

The court said the trial judge erred in informing jurors that they could consider good faith only on two fraud counts and not on the other charges. Hurwitz was acquitted on the fraud charges.

Hurwitz frequently prescribed 100 pain pills a day for patients -- many of them obvious drug addicts and dealers, prosecutors said. One patient was prescribed 1,600 pills a day, according to testimony.

However, some of Hurwitz's patients testified that he was the only doctor who was able to relieve their debilitating pain.

Jim Rybicki, a spokesman for the U.S. attorney's office in Alexandria, said federal prosecutors were reviewing the opinion and studying their options. He declined further comment.

Manchester Officer Held In Drug Case (LEXHL)

By Bill Estep, SOUTH-CENTRAL KENTUCKY BUREAU

Lexington Herald-Leader (KY), August 23, 2006

Assistant chief, 3 others face federal charges

LONDON - In the same period he helped arrest scores of drug dealers, the assistant police chief in Manchester conspired with one to sell a million dollars worth of cocaine and pain pills, a federal grand jury has charged.

The officer, Todd Roberts, was named in an indictment released yesterday.

Three people are charged with him: Vernon Hacker, 53, coordinator of the Manchester-Clay County 911 system and a city council member, who also has worked as a deputy sheriff; Bobby Joe "Fabio" Curry, 55, of Clay County, who has been arrested several times on drug charges; and Tammy Napier, who is in her mid-30s and also has faced drug charges previously.

The indictment is the second in as many years charging drug involvement and corruption among politically prominent people in Clay County. The county was awash in talk of the latest case yesterday, with much speculation on whether others will be charged.

"This is huge," said Doug Abner, a pastor who has helped lead efforts by citizens and churches against the county's drug problem. "It could be an interesting next few weeks."

Assistant U.S. Attorney Stephen C. Smith said he could not comment on whether the investigation is continuing.

However, the indictment said that between November 2000 and May 2005, Roberts, Hacker, Curry and Napier conspired "together and with others" to distribute five kilograms or more of cocaine. Roberts, Hacker and Curry also conspired to sell pills containing oxycodone, methadone and hydrocodone, the indictment said.

Roberts, 35, and Hacker were named in three conspiracy charges in the document, as well as a forfeiture count that seeks a judgment of $1 million. That's how much the drug ring grossed, the indictment said.

The charges against the two public officials carry sentences ranging from 10 years to life in prison.

Most of the charges in the indictment were against Curry for allegedly selling drugs. In one case, a woman died after overdosing on cocaine and pills Curry distributed, the indictment said.

The four pleaded not guilty in federal court in London yesterday. Roberts and Hacker were released on unsecured bonds.

Curry and Napier are being held pending trial, which U.S. District Judge Danny Reeves scheduled for Oct. 24.

Roberts declined to comment yesterday.

Manchester Mayor Daugh K. White said he would recommend that Roberts be suspended with pay. That's fair because Roberts is innocent until proven guilty, White said.

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The case has stirred so many rumors that White wanted the newspaper to make sure people knew he and his son, Kennon, who is city manager, "are both alive and well and not been charged with anything. We've not done anything."

The two, as well as others from the county, were subpoenaed as witnesses to testify to a federal grand jury last week, White said.

The mayor said the case should not reflect badly on other local police officers. If there was a problem, it has been addressed, he said.

The 911 board suspended Hacker with pay after the FBI arrested him early Friday at his home. Federal authorities apparently allowed Roberts to report for processing without being taken into custody.

"I hate very much to lose the two men. Both of them were doing good jobs, as far as we knew," White said.

White said Roberts is a personal friend who started as a dispatcher for the city as a teen. "I pray to God he's innocent," White said.

Roberts has been a police officer in Manchester for 10 years and is well known. He has probably been involved in hundreds of drug arrests, Abner said; in at least one local case, he was listed as a witness against Curry.

Court records in Clay County show a number of charges against Curry, including assault and selling and possessing drugs. He allegedly threatened to have a witness against him beaten to death in 2004.

But the federal indictment against Curry does not list any alleged drug trafficking after May 2005 -- about the time Curry experienced a seemingly profound religious conversion, according to people who know him.

Curry spoke to groups about his faith and appeared on The 700 Club before being jailed in the drug case, said his attorney, James Hibbard of London.

If Curry made big money in the drug business, it was gone by June, when he said in a court document he had no income and had received food stamps.

Roberts and Hacker were mentioned in an earlier FBI investigation that shook the county and included allegations of public corruption.

In that case, Kenneth Day pleaded guilty last year to running a multimillion-dollar marijuana and cocaine ring from his pawn shop.

Day, a former county election commissioner, also said he's bought votes at times, and another witness implied Sheriff Edd Jordan delivered money before the May 2002 primary to buy votes. Jordan has adamantly denied any wrongdoing and has not been charged.

However, the case included charges against other prominent people, including two-term Republican County Clerk Jennings White, who admitted laundering money for Day, and Millard Oscar Hubbard, a former county school official.

Day told the FBI that after a customer of his was arrested with 30 pounds of marijuana, Day contacted White to see if they could arrange to steal the pot out of the evidence-storage room in order to scuttle the case, FBI Agent Tim Briggs testified at one hearing.

Day said White planned to contact either Hacker or Roberts to see whether they would help, Briggs testified.

However, the indictment against Roberts and Hacker does not mention that allegation. No information was available yesterday on whether information from the earlier case played a role in the new charges.

Abner said yesterday that many local people welcome federal attempts to clean up the county.

"We've been asking the Lord to expose drugs and corruption," Abner said. "He continues to do that."

Gatlin Agrees To Eight-Year Ban (AP)

AP, August 23, 2006

Sprinter Justin Gatlin agreed to an eight-year ban from track and field Tuesday, avoiding a lifetime penalty in exchange for his cooperation with doping authorities and because his first positive drug test was deemed an honest mistake.

He will forfeit the world record he tied in May, when he ran the 100 meters in 9.77 seconds. At age 24, the lengthy ban would all but knock Gatlin out of competition for the rest of his life.

Gatlin tested positive in April for testosterone or other steroids, five years after his first positive test, which was for medicine to control attention-deficit disorder. Under the World Anti-Doping Agency code, a second doping offense calls for a lifetime ban.

But Gatlin reached a compromise with the U.S. Anti-Doping Agency, which levies doping penalties in America. Under terms of the compromise, he can still appeal to an arbitration panel in the next six months to have the term reduced.

He cannot, however, argue that the test was faulty.

"To his credit, it's recognition that the science is reliable," USADA general counsel Travis Tygart told The Associated Press. "Instead of wasting a bunch of resources attempting to create smoke where there's not any, he's acknowledging the accuracy of the positive test, and in exchange for his agreement to cooperate, we've recognized the nature of his first offense."

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The first offense occurred while Gatlin was in college. He stopped taking the ADD medicine a few days before competition, but it did not clear his system. He received a two-year ban for that test, which was reduced by a year because of the "exceptional circumstances" of the offense.

"The nature of Gatlin's first offense for use of his medication puts this violation in a unique category," said USADA chief executive officer Terry Madden.

Gatlin has said he didn't know how steroids got into his system this time.

One of his attorneys, John Collins, said Gatlin would spell out his case at the arbitration hearing. He would not discuss strategy.

"The last time this happened, he went to the panel and explained he neither cheated nor intended to cheat," Collins said. "This time, we'll explain the full stack of circumstances and everything around it and, hopefully, we'll get a similar result."

He said the circumstances "indicate he deserves something far less than eight years, if anything."

Collins wouldn't confirm the argument would be based claims by Gatlin's coach, Trevor Graham, who has contended Gatlin tested positive after a vengeful massage therapist used testosterone cream on the runner without his knowledge. Graham has been involved with at least a half-dozen athletes who've received drug suspensions and has been barred from U.S. Olympic Committee training sites.

Gatlin has long positioned himself as a champion of clean and drug-free competition in a sport dogged by scandal. The head of USA Track and Field called Gatlin's case "a setback for our sport."

"While we are glad Justin has taken responsibility for his positive test and will cooperate in USADA's anti-doping efforts, we are sorely disappointed in him," USATF chief executive officer Craig Masback said in a statement.

USOC chairman Peter Ueberroth, meanwhile, said the penalty can be a positive.

"Since becoming an elite-level athlete, Justin has talked about the importance of eradicating doping in sport," Uberroth said. "By acknowledging his doping positive and agreeing to work with USADA, Justin now has an opportunity to put those words into action. He can play a meaningful role in solving a problem that is reaching a crisis level in American sport."

USADA looks at this as a significant compromise -- and the arbitration process could bring Gatlin back much sooner than eight years.

USADA has a history of offering leniency to those who help in its fight against doping. Though the agency doesn't name names, Gatlin could possibly help USADA by providing information on Graham, who has denied any direct involvement with performance-enhancing drugs.

"He accepted liability," Tygart said. "He agreed not to raise technical arguments or frivolous defenses. He has an opportunity to go to a panel of arbitrators and argue exceptional circumstances."

In this case, the exceptional circumstances could be that he was sabotaged, or has no idea how the steroids entered his system.

Gatlin's Coach Seen As Key Figure In Case (USAT)

By Dick Patrick, Usa Today

USA Today, August 22, 2006

Justin Gatlin's representatives weren't talking details Tuesday of their planned defense for a positive steroid and testosterone test that could drastically reduce his maximum eight-year ban.

"There will be a time and place for that, but not today," said John Collins, Gatlin's co-counsel.

Said Octagon's Renaldo Nehemiah, Gatlin's agent: "We are in the process of continuing to prove his innocence. When he gets a chance to present his evidence, we're fairly confident it will be seen that it was not intentional to cheat or dope by Justin."

An eight-year ban for Gatlin, 24, amounts to a virtual athletic death sentence.

"If he's done for eight years, then he's done with his track and field career for sure," said Paul Doyle, the agent for Gatlin's chief rival, 100-meter world recordholder Asafa Powell of Jamaica. "Unless there's a strong possibility that he'd be reduced to less than eight years, I don't think he'd have accepted it. If I was to guess, I'd guess we'll see Justin Gatlin racing again."

Gatlin's team was also quiet about the extent of his cooperation with authorities. The U.S. Anti-Doping Agency said Gatlin had agreed to cooperate with it in investigating athletes and coaches.

Gatlin could also be called as a witness to the federal grand jury investigating the 3-year-old Bay Area Laboratory Co-Operative (BALCO) steroid scandal.

"I don't want to say anything about that because, no matter what I say, it's a bad answer," Collins said.

The case is about more than Gatlin. It's also about his coach, Trevor Graham, who now has had at least seven athletes test positive for banned drugs. Graham precipitated the BALCO scandal in June 2003 when he sent a vial containing a designer

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steroid to USADA, which found a way to identify the previously undetectable substance thanks to work by the Olympic testing lab at UCLA.

Graham portrayed himself as a whistle-blower and has denied any involvement with performance drugs.

"As Trevor has stated publicly, he completely supports Justin Gatlin and Justin's cooperation with USADA and efforts to get reinstated," said Graham's lawyer, Joseph Zeszotarski, in a released statement. "Trevor knows he has done nothing wrong in his relationship with Justin or any of his athletes and only wants the truth to come out."

But Graham, according to a recent report in The New York Times, is under scrutiny by a federal grand jury as well as USADA.

"Trevor is the one that really matters in this case," four-time Olympic champion sprinter Michael Johnson said. "He's had an alarming number of athletes test positive, and it's a shame it's gone on this long. It will be difficult because you always have to question the credibility of hearsay from one convicted cheat telling the authorities that other athletes were doing it, too."

Graham has coached a who's who of sprinters with his Raleigh, N.C.-based Sprint Capitol, including Tim Montgomery, an ex-100 world recordholder who was banned with a drug positive, and Marion Jones, a five-time 2000 Olympic medalist now fighting a possible positive drug test.

When Gatlin broke the news about the positive test three weeks ago, Graham suggested the cause was a massage therapist rubbing steroid-laced cream on Gatlin's legs. Gatlin's lawyers quickly distanced themselves from Graham.

Eight-Year Ban Sought For Failed Drug Test (WP)

By Amy Shipley, Washington Post Staff Writer

The Washington Post, August 23, 2006

The U.S. Anti-Doping Agency announced yesterday it would seek an eight-year ban from track and field for Justin Gatlin, who failed a drug test for testosterone or its precursors at an April meet.

The USADA could have sought a lifetime ban for Gatlin, 24, a three-time Olympic medalist, because the positive test was his second offense. The 100-meter world record he tied in May would be forfeited if Gatlin lost in arbitration.

The agency ruled that Gatlin's first offense -- for a stimulant found in prescription medicine he had been taking since childhood -- shouldn't carry the full weight of a standard violation.

"The nature of Gatlin's first offense for use of his medication puts this violation in a unique category," USADA chief executive Terry Madden said in a statement.

Gatlin also promised to cooperate by assisting in anti-doping efforts, but USADA attorney Travis Tygart declined to elaborate on what that cooperation would entail. Gatlin apparently has not agreed to provide information that would assist USADA's investigation of his coach, Trevor Graham, for allegedly giving drugs to athletes.

If Gatlin were able to help USADA bring doping charges against Graham, international anti-doping rules would allow USADA to further reduce the ban, halving it.

Gatlin's attorney, Cameron Myler, said Gatlin was not admitting guilt and she hoped to get him running "as soon as possible." She reiterated that Gatlin had not changed his stance: He did not knowingly take drugs or allow anyone to administer them.

Even so, many in the world of Olympic sports viewed USADA's announcement yesterday as an admission of guilt by Gatlin.

"Justin Gatlin's doping case has been a setback for our sport," Craig Masback, CEO of USA Track and Field, said in a statement. "While we are glad Justin has taken responsibility for his positive test and will cooperate in USADA's anti-doping efforts, we are sorely disappointed in him."

Gatlin's case will head to an arbitration panel in the coming weeks. Gatlin, who agreed not to contest the validity of the science behind his positive tests -- which came in April after a meet in Kansas -- reserved the right to seek a lesser ban in arbitration, the statement said. Gatlin's legal team, however, faces an enormous task if it hopes to reduce the ban significantly.

The World Anti-Doping Code allows little latitude in the issuance of bans to athletes who test positive, operating on the principle that athletes are responsible for what shows up in their systems. Should Gatlin argue that he was victimized by a massage therapist who rubbed testosterone on his legs -- as Graham has claimed but Myler has declined to support -- he likely would be eligible for no more than a halving of the ban he faces because his therapist is considered part of his inner circle, according to the anti-doping code.

The rules only allow the elimination of a ban in cases in which an athlete takes all proper precautions and is sabotaged, say by a rival.

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The same ban reduction holds for providing assistance that would help USADA uncover a doping violation by another athlete or coach. Even if Gatlin were to provide assistance against Graham or someone else, it would result in no more than another halving of the proposed ban, according to the code.

In other news, the attorney for Floyd Landis, who tested positive for testosterone after winning the Tour de France, said his client's case is temporarily stalled because of an apparent clerical mistake.

The attorney, Howard Jacobs, said he has been waiting weeks for the document file he is entitled to review before the case goes forward. Though Landis's A and B samples both showed the presence of synthetic testosterone, the USADA has not charged him because the case hasn't yet been presented to the agency's review board.

Landis and Howard have contended that the case has been fraught with procedural errors since Landis's cycling team announced he failed a drug test just days after the conclusion of the Tour.

Officials at the French lab could not be reached to comment.

Gatlin Gets A Second Chance (MCT)

By Philip Hersh

McClatchy Newspapers, August 23, 2006

CHICAGO - Olympic champion Justin Gatlin has made a deal that should spare him a lifetime ban, but he still intends to prove he did not willfully engage in doping, his attorney said Tuesday.

The U.S. Anti-Doping Agency announced Tuesday that Gatlin had agreed to the accuracy of his positive test for the steroid testosterone and that the test results constituted a doping violation under the strict liability rules of the world anti-doping code.

USADA also said Gatlin had "promised to cooperate" in anti-doping efforts.

In exchange for that promise, USADA said it would seek a maximum suspension of eight years and would allow Gatlin to seek a reduction in the length of that ban, which took effect July 25. Under international anti-doping rules, Gatlin could be banned for life because he had previously tested positive for a banned stimulant.

Chicago attorney John Collins, who succeeded in having Gatlin's 2001 ban for stimulant use cut in half, expects a similar outcome when the current case goes to the hearing process.

"We were able to prove before that Justin never cheated nor intended to cheat, and when all is said and done, we will get a hearing panel to agree to something similar," Collins said Tuesday.

"Guilt is something else from the strict liability that follows having a banned substance in your sample. The world anti-doping code turned jurisprudence on its head."

Gatlin, 24, of Pensacola, Fla., the most decorated track and field athlete ever to be banned for a doping violation, still faces a penalty that could, in effect, end his career.

In announcing July 29 he had tested positive for the performance-enhancing drug testosterone in a urine sample given April 22 at the Kansas Relays, Gatlin claimed he had "never knowingly used any banned substance or authorized anyone else to administer such a substance to me."

Gatlin's agent, Renaldo Nehemiah, said, "Justin stands by the original statement and is cooperating to find out how the positive happened and if anyone or who contributed to it happening."

"Justin Gatlin's doping case has been a setback for our sport," USA Track and Field Chief Executive Craig Masback said in a statement Tuesday. "While we are glad Justin has taken responsibility for his positive test and will cooperate in USADA's anti-doping efforts, we are sorely disappointed in him."

Gatlin's promise to cooperate could include willingness to provide evidence against his coach, Trevor Graham, who has been the target of anti-doping investigators the last three years. Gatlin is one of 10 athletes suspended for doping violations that occurred while Graham was their coach.

Olympic champion Marion Jones, under suspicion of doping that allegedly occurred when she trained with Graham from 1997 through 2002, tested positive on the "A" sample for the oxygen-boosting drug erythropoietin in June. Her "B" sample has yet to be tested.

Graham has claimed Gatlin's positive owed to a masseur surreptitiously rubbing testosterone cream on the runner because the masseur was angry with the coach and Gatlin over financial matters.

Through his attorney, Graham continued to maintain his innocence Tuesday.

"Trevor knows he has done nothing wrong in his relationship with Justin or any of his athletes and only wants the truth to come out," attorney Joseph Zeszotarski of Raleigh, N.C., said in a statement. "Trevor is more than willing to meet with USADA at any time, fully cooperate with them and answer all questions they may have about Gatlin or any other subject."

Pierre Weiss, the No. 2 official of the international track federation, said last week in China that he saw no way for Gatlin to avoid a lifetime ban if it was confirmed he had tested positive for testosterone.

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It is likely, however, that Gatlin would not have agreed to the deal announced Tuesday without some assurances he would get a lesser suspension, though the federation could appeal if it thinks the ban USADA applies is too short.

Gatlin's stimulant ban was reduced when he presented evidence showing it had come from a prescription medicine for attention deficit disorder he had been taking for several years.

Gatlin won gold, silver and bronze medals at the 2004 Olympics, won the 100 and 200 meters at the 2005 world championships and tied the world record for the 100 meters with a time of 9.77 seconds May 12 in Qatar.

He will be stripped of that record, which he shared with Jamaica's Asafa Powell, and all other results after April 22. That includes the U.S. title in the 100 meters Gatlin won in June.

"Asafa is happy at least to the extent justice has been served with Justin Gatlin and it is now proven that (Powell) is the world's fastest man," Powell's agent, Paul Doyle, said via telephone from Brussels.

Even if Gatlin's suspension were reduced to two years, the penalty for a first offense involving steroids, he would be unable to compete in the 2008 Olympics. The 2008 U.S. Olympic Track and Field Trials end July 8.

"Since becoming an elite-level athlete, Justin has talked about the importance of eradicating doping in sport," U.S. Olympic Committee Chairman Peter Ueberroth said in a statement. "By acknowledging his doping positive and agreeing to work with USADA, Justin now has an opportunity to put those words into action. He can play a meaningful role in solving a problem that is reaching a crisis level in American sport.

"If there are others who, in any way, are complicit in Justin's doping offense, they too must step forward and accept responsibility for their actions."

Former Canadian Border Agent Jailed In U.S. Drug Case (AP)

AP, August 22, 2006

A former Canada Border Services Agency official with 20 years experience has been sentenced to three years in U.S. federal prison after admitting she conspired to smuggle more than 100 kilograms of marijuana into the United States.

Rose Palmer, 53, rode in vehicles that were transporting marijuana because U.S. border inspectors would not search vehicles she was riding in, the U.S. Attorney's office in Vermont said in a news release issued Tuesday.

U.S. District Court Judge J. Garvan Murtha sentenced Palmer to three years of supervised release in addition to the prison time.

When Palmer was arrested in the U.S. Immigration and Customs Enforcement agents almost two years ago, she was working in Stanstead, Que., across the border from Derby Line, Vt.

The Vermont-Quebec border has been the site of frequent marijuana-smuggling attempts. Agents have found marijuana hidden in trucks and cars, carried across the border in backpacks and flown across by helicopter.

Palmer was indicted along with eight other people.

States List Meth Offenders On Web (USAT)

By Donna Leinwand

USA Today, August 23, 2006

States frustrated with the growth of toxic methamphetamine labs are creating Internet registries to publicize the names of people convicted of making or selling meth, the cheap and highly addictive stimulant plaguing communities across the nation.

The registries — similar to the sex-offender registries operated by every state — have been approved within the past 18 months in Tennessee, Minnesota and Illinois. Montana has listed those convicted of running illegal drug labs on its Internet registry of sexual and violent offenders since 2003. Meth-offender registries are being considered in Georgia, Maine, Oklahoma, Oregon, Washington state and West Virginia.

The new registries represent the latest effort by governments against meth, which can be made from household ingredients such as cold medicines that contain pseudoephedrine. As meth labs have spread east from California during the past decade, most states have increased penalties for meth manufacturing and restricted the sale of medicines used to make the drug. Those laws have contributed to a decline in meth labs, according to the Drug Enforcement Agency, which reported that authorities found more than 17,000 labs in 2003 and more than 12,000 last year.

Tennessee has more than 400 people in its meth-offender database, which was created partly in response to complaints from landlords and other property owners about the toxic waste created after chemicals are “cooked” to make meth.

Illinois lawmakers approved a meth-offender registry in June, and last month Minnesota Gov. Tim Pawlenty used his executive powers to create a registry that is to be online by Dec. 31.

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The registries generally include the names, birthdates and offenses of convicted meth manufacturers, dealers and traffickers. The dates of their convictions and the locations of their crimes also are included. The listings are not as specific as those in sex-offender registries, which include offenders' addresses and photos.

Officials in Minnesota and elsewhere say residents and landlords will be able to use the registries to check for meth offenders in their communities. “We want to arm citizens with information, so they can protect themselves and their communities,” says Brian McClung, a spokesman for Pawlenty.

The meth-offender registries have not been challenged in court, but the American Civil Liberties Union (ACLU) and other critics say there are legal and practical drawbacks to them.

Graham Boyd, director of the ACLU's Drug Policy Litigation Project, says the prospect of being listed on a meth-offender registry for at least several years after a conviction amounts to an extra punishment “that's not allowed under our Constitution.”

However, three years ago the U.S. Supreme Court rejected a similar double-jeopardy argument when it upheld state registries for sex offenders, who the court said posed a unique threat to communities.

If meth registries are challenged in court, a key question would be whether meth offenders are as much of a threat to public safety as sex offenders.

Studies consistently have shown that offenders who abuse drugs have high re-arrest rates. Recidivism rates among sex offenders can vary widely.

Boyd also says drug users could use meth-offender registries to locate dealers. “One group for whom this registry is going to be an incredibly good resource is people looking to buy methamphetamine,” he says.

Backers Call Meth Registries A Safety Measure (USAT)

By Donna Leinwand

USA Today, August 23, 2006

Police in Illinois have found toxic methamphetamine labs in suburban homes, under bridges, in cornfields and in the trunk of a car that ran a red light and hit a police cruiser.

“It's everywhere,” says Master Sgt. Rick Hector of the Illinois State Police. “And it's dangerous.”

In January, Illinois will become the fourth state to offer a searchable Internet database of convicted meth manufacturers, dealers and traffickers as part of an effort to crack down on meth labs, which have polluted communities across the state. Hector and other officials say the database will allow landlords, real estate agents and neighborhood residents to check for meth offenders.

The presumption behind such databases, which are similar to the sex-offender registries present in every state, is that meth offenders might return to crime after they're released from prison. Studies have long shown that convicts who have a history of substance abuse are more likely to be rearrested than those who don't.

The meth registries haven't been challenged in court, but the American Civil Liberties Union and other critics counter that the databases can unfairly — and unconstitutionally — malign those who already have been punished for their crimes.

Supporters of meth registries cite a U.S. Supreme Court decision in 2003 that upheld state registries for sex offenders, but the ACLU says the court was endorsing a narrow exception to laws that ban double jeopardy for convicts because of the particular danger sexual predators can pose to communities. The ACLU says the ruling should not apply to meth offenders, and that such Internet registries could set a precedent that compromises the rights of a range of offenders.

“If you start down the road of registering people who have already served their time, where does it stop?” asks Graham Boyd, director of the ACLU's Drug Litigation Project. “Why not do it for all drug offenders, for drunk drivers? What are the other types of activities neighbors want to know about?”

The federal Americans with Disabilities Act prohibits discriminating against someone for past addictions, Boyd adds.

Bill Jaquette of the Snohomish County Public Defenders Association in Everett, Wash., testified against a proposed registry before the Legislature in Washington, which is among six states considering such public databases.

“It's one more onerous thing to put on people who have been convicted and served their time,” he says.

Illinois officials say the meth registry — along with stiff penalties for meth manufacturers and restrictions on the sale of pseudoephedrine and other over-the-counter drugs used to make meth — will make communities safer. After “cooking” chemicals to produce meth, the operators of clandestine labs often leave behind toxic waste that can be costly to clean up.

Meth labs surfaced in Illinois in 1997, when authorities shut down 24. By 2004, the number of seized labs surpassed 1,000. Last year, 973 were shut down.

“Meth was and is a big problem here,” says Illinois state Sen. William Haine, who sponsored the registry legislation.

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Tennessee's meth registry lists about 400 offenders. “The property damage from meth cooks is horrible,” says Jennifer Johnson of the Tennessee Bureau of Investigation. “If they get the ingredients wrong, it explodes in a big toxic mess. You want to know who these people are because you wouldn't want to be near it.”

Prosecutors: Northampton Man Lied To Buy Gun Before Fatal Shooting (MORNCALL)

Allentown (PA) Morning Call, August 23, 2006

The gun used to kill a Reading police officer Aug. 6 was purchased just 23 days earlier from a Coopersburg gun shop by a Lehigh Valley man who used his grandmother's Whitehall address on his application, prosecutors said today.

U.S. District Court Judge Arnold Rappoport denied bail for Jared Tomline, 28, after prosecutors said during a detention hearing in Allentown that Tomline purchased seven guns -- including the .40 caliber handgun used in the murder of Officer Scott Wertz-- over a seven-month span from December of last year through July.

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The whereabouts of the other six handguns is unknown, prosecutors said.

Tomline was charged last week by agents with the federal Bureau of Alcohol, Tobacco and Firearms with one count of filing a false statement in the purchase of a firearm.

State Trooper David Conrad, who is assigned to the ATF's Reading bureau, testified that Tomline bought the .40 caliber handgun from Def Con 1 in Coopersburg on July 14.

ederal law requires that the purchaser provide a home address, and Tomline listed his grandmother's address at 3107 Park Ave. Whitehall on his application.

Conrad testified that he interviewed the grandmother, who said Tomline used her address to receive his mail, but did not live there.

Conrad also testified that he interviewed Tomline's former employer at an unidentified used car lot, who said Tomline sounded "desperate" the day after Wertz was killed. "(The manager) told me it was something to do with a firearm and he (Tomline) didn't know what to do," Conrad testified.

Wertz was allegedly shot and killed by a Reading man, Cletus Rivera, after responding to a fight at a local convenience store. Rivera, 24, is charged with first degree murder.

IMMIGRATION:

Gonzales Says Immigration Bill Unlikely By November (AP)

AP, August 23, 2006

DALLAS (AP) - Attorney General Alberto Gonzales says it's unlikely Congress will agree on an immigration bill before the November elections.

"It's really going to be a challenge to get something done before the election," Gonzales told The Dallas Morning News' editorial board on Monday. "But it's got to get done. The problem is only going to be worse."

Gonzales said border security should be the first step in any immigration plan.

"We spend all of this money on securing our ports, securing our airports," he said. "To not secure our borders does not make any sense."

Any immigration plan must also address the future of the millions of immigrants in the country illegally, he said.

"I don't think you're going to have true security without knowing who are they, why they're here and what are we're going to do about them," he said. "There should be some kind of path to citizenship."

While acknowledging that employers have a difficult time verifying workers' information, he said that businesses should be punished for hiring illegal workers.

Gonzales also said he's working with Congress to develop laws allowing for a warrantless eavesdropping program. The program was struck down by a federal judge last week and the administration is appealing the ruling.

Legislators Seek Review Of Border Agents' Conviction (WT)

By Jerry Seper

The Washington Times, August 23, 2006

Democrats and Republicans on Capitol Hill have asked for congressional hearings and reviews by the White House and Justice Department into the conviction of two U.S. Border Patrol agents who shot and wounded a fleeing drug suspect.

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The agents, convicted by a federal jury in El Paso in March, face 20 years in prison at a sentencing hearing next month.

"It appears the facts do not add up or justify the length of the sentences for these agents, let alone their conviction on multiple counts," said Sen. Dianne Feinstein, California Democrat. "Border Patrol agents have a difficult and often dangerous job in guarding our nation's borders.

"Undue prosecution of Border Patrol agents could have a chilling effect on their ability to carry out their duties," Mrs. Feinstein said in a letter Monday to Senate Judiciary Committee Chairman Arlen Specter, Pennsylvania Republican, requesting a full hearing into the matter.

She asked Attorney General Alberto R. Gonzales last week to investigate the case. The U.S. attorney's office in El Paso, which reports to the Justice Department, prosecuted the two agents.

In a letter to President Bush, Rep. Walter B. Jones, North Carolina Republican, asked the White House to review the case, saying the prosecution was "outrageous." He said it did nothing but "tie the hands of the Border Patrol and prevent the agency from securing America against a flood of illegal immigrants, drugs, counterfeit goods and, quite possibly, terrorists."

"This demoralizing prosecution puts the rights of illegal smugglers ahead of our homeland security and undermines the critical mission of better enforcing immigration laws," Mr. Jones said. "These two agents should not be made scapegoats for our government's enforcement failures."

A federal jury convicted agents Ignacio Ramos, 37, and Jose Alonso Compean, 28, in March of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence, and a civil rights violation. The shooting occurred Feb. 17, 2005, near Fabens, Texas, about 30 miles southeast of El Paso.

Osbaldo Aldrete-Davila, a Mexican national, was wounded as he ran from the agents along the Rio Grande after they said he pointed what appeared to be a gun at them as they tried to apprehend him. Nearly 800 pounds of marijuana, worth $1 million, was found in the van that he abandoned at the river's edge, the Border Patrol said.

Mr. Aldrete-Davila, who was given immunity by prosecutors to testify against the agents, also received care at William Beaumont Army Medical Center in El Paso. He is suing the government for $5 million for violating his civil rights.

"The circumstances do not justify the verdict, and these convictions are already having an adverse impact on the Border Patrol," Mrs. Feinstein said.

Rep. F. James Sensenbrenner Jr., Wisconsin Republican and chairman of the House Judiciary Committee, called for a congressional investigation and open hearings on the case during an immigration field hearing in El Paso. The committee's investigation is expected to begin before the end of the year.

Rep. John Hostettler, Indiana Republican and chairman of the House Judiciary subcommittee on immigration, border security and claims, who attended the El Paso hearing, said that if the arrest, trial and conviction of the two Border Patrol agents had resulted in a chilling effect on others, "then it's definitely something we should know about."

Spotted in his van near the Rio Grande, records show that Ramos gave chase while Compean circled around to head off the suspect. When Mr. Aldrete-Davila jumped out of the van and ran south to the river, he was confronted by Compean, who was thrown to the ground as the two men fought. Ramos said that when he arrived, he saw Compean on the ground and chased Mr. Aldrete-Davila to the river, where the suspect suddenly turned toward him, pointing what looked like a gun.

Ramos said he fired at the fleeing suspect but did not think he had been hit after watching him run through the bush, jump into an awaiting van in Mexico and speed off.

An investigator from the Department of Homeland Security's Office of Inspector General tracked down Mr. Aldrete-Davila in Mexico, where he was offered immunity in exchange for testimony. The department oversees the Border Patrol.

A U.S. probation officer has recommended in a report to the court that the agents be sentenced to 20 years.

Inside Politics (WT)

By Greg Pierce

The Washington Times, August 23, 2006

Bye-bye, baby

"Simply put, liberals have a big baby problem: They're not having enough of them, they haven't for a long time, and their pool of potential new voters is suffering as a result," Arthur C. Brooks writes in the Wall Street Journal.

"According to the 2004 General Social Survey, if you picked 100 unrelated politically liberal adults at random, you would find that they had, between them, 147 children. If you picked 100 conservatives, you would find 208 kids. That's a 'fertility gap' of 41 percent. Given that about 80 percent of people with an identifiable party preference grow up to vote the same way as their parents, this gap translates into lots more little Republicans than little Democrats to vote in future elections.

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"Over the past 30 years, this gap has not been below 20 percent -- explaining, to a large extent, the current ineffectiveness of liberal youth-voter campaigns today," said Mr. Brooks, a professor at Syracuse University's Maxwell School of Public Affairs and author of the forthcoming "Who Really Cares: The Surprising Truth About Compassionate Conservatism."

"Alarmingly for the Democrats, the gap is widening at a bit more than half a percentage point per year, meaning that today's problem is nothing compared to what the future will most likely hold. Consider future presidential elections in a swing state (like Ohio), and assume that the current patterns in fertility continue. A state that was split 50-50 between left and right in 2004 will tilt right by 2012, 54 percent to 46 percent. By 2020, it will be certifiably right-wing, 59 percent to 41 percent. A state that is currently 55-45 in favor of liberals (like California) will be 54-46 in favor of conservatives by 2020 -- and all for no other reason than babies."

By the calendar

The No. 2 State Department official met with Washington Post reporter Bob Woodward in mid-June 2003, the same time the reporter has testified that an administration official talked to him about CIA employee Valerie Plame.

Official State Department calendars, provided to the Associated Press under the Freedom of Information Act, show then-Deputy Secretary of State Richard Armitage held a one-hour meeting marked "private appointment" with Mr. Woodward on June 13, 2003.

Special Prosecutor Patrick Fitzgerald has investigated whether Bush administration officials intentionally revealed Mrs. Plame's identity as a one-time CIA covert operative to punish her husband, former Clinton administration ambassador Joseph C. Wilson IV, who, after a government-sponsored trip to Niger, sought to undermine the Bush administration's contention that Saddam Hussein's Iraq had sought uranium yellowcake there.

An attorney for the Wilsons said yesterday that, based on the calendar, she was considering adding Armitage to a civil lawsuit accusing Vice President Dick Cheney and two White House aides of conspiring to reveal Mrs. Plame's identity.

Shut out

A voter-registration group with Republican ties has been banished from Wal-Mart stores in Tennessee for failing to meet the retailer's standards of nonpartisanship and may soon be shut out of stores in California and Nevada, the retailer's spokesman said yesterday.

Liberty Consultants wanted to register Wal-Mart shoppers in seven traditionally Republican suburban counties around Nashville. But the request was denied after the company's owner, Gary Thompson, acknowledged to Wal-Mart that he had been hired by Tempe, Ariz.-based Sproul and Associates, the Associated Press reports.

Headed by Nathan Sproul, a former Christian Coalition activist and executive director of the Arizona GOP, Sproul was paid $7.9 million by the Republican National Committee for consulting and voter-registration drives in the 2004 election cycle, according to data compiled by the Center for Responsive Politics.

McCain's criticism

Republican Sen. John McCain, a staunch defender of the Iraq war, faulted the Bush administration yesterday for leading Americans to believe the conflict would be "some kind of day at the beach."

The potential 2008 presidential candidate, who a day earlier had rejected calls for withdrawing U.S. forces, said the administration had failed to make clear the challenges facing the military.

"I think one of the biggest mistakes we made was underestimating the size of the task and the sacrifices that would be required," Mr. McCain said. "Stuff happens, mission accomplished, last throes, a few dead-enders. I'm just more familiar with those statements than anyone else because it grieves me so much that we had not told the American people how tough and difficult this task would be."

Those phrases are closely associated with top members of the Bush administration, including the president, the Associated Press reports.

Mr. McCain was campaigning in Ohio for Republican Sen. Mike DeWine, who faces a tough fight in his re-election bid against Democratic challenger Rep. Sherrod Brown.

More ammunition

House Judiciary Committee Chairman F. James Sensenbrenner Jr. yesterday pointed to a Congressional Budget Office (CBO) report to criticize an immigration bill that passed the Senate.

The CBO report estimated the 10-year cost of that immigration bill at $127 billion.

"We are now just beginning to see a glimpse of the staggering burden on American taxpayers the Reid-Kennedy immigration legislation contains," said Mr. Sensenbrenner, referring to Nevada Sen. Harry Reid, the Democratic leader, and Sen. Edward M. Kennedy, Massachusetts Democrat. Mr. Sensenbrenner, a Wisconsin Republican and foe of what he considers amnesty for illegal aliens, did not mention that a number of Republicans also voted for the Senate bill.

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"Twenty-four-and-a-half billion dollars for the earned income and child tax credits. Medicaid costs of $11.7 billion. Social Security costs of $5.2 billion. Medicare costs of $3.7 billion. Food stamps costs of $2.4 billion. The list goes on and on. This new social spending -- in the hundreds of billions of dollars later on -- will all be paid for by U.S. taxpayers."

Mr. Sensenbrenner said the report actually underestimates the costs of the Senate bill because the millions of illegal aliens provided amnesty would not become citizens, and thus eligible for all social programs, until after the 10-year time frame reviewed by the CBO.

Can't wait

Rudolph W. Giuliani says Republican voters want Sen. Hillary Rodham Clinton to be the Democratic presidential nominee in 2008 "so they can vote against her," the New York Post reports.

"Hillary probably has the distinction of being the best fundraiser for the Republican Party," the former New York mayor and possible Republican presidential candidate said Monday while campaigning in Saratoga, N.Y., for Republican Rep. John E. Sweeney.

"It's true that she creates a lot of passion on both sides," he said. "Democrats seem to support her as their main candidate for president -- she's way ahead of anybody else -- and it seems like Republicans are just waiting for her to be the candidate so they can vote against her."

Politicians Flocking To Border For Election-year Photo Ops (USAT)

By Mike Madden

USA Today, August 23, 2006

SIERRA VISTA, Ariz. — Along with the local Labor Day parade, the U.S.-Mexico border is one of the hottest campaign stops for politicians looking ahead to this fall's elections.

Dozens of lawmakers and would-be members of Congress from around the country have made visits to the border this summer, both on their own and for a series of field hearings the House scheduled for its August recess. Republicans and Democrats alike have gone to the nearly 2,000-mile frontier, hoping to convince voters they'll be tough on illegal immigration in a year when polls show the issue has people concerned.

Politicians go back home saying they understand the problems of illegal immigration better having seen the border up close. The visits have yielded stern rhetoric and plenty of photo ops for the politicians, but residents of border communities say they're weary of being used as political props while migrants continue streaming into the country through their backyards. Disdain for visiting politicians from the nation's interior unites some border residents who otherwise disagree about immigration policy.

"They're actually doing this to hold everything off until after the election and try to get the re-election of the incumbents — that's what this is all about," said Connie Foust, of Palominas, Ariz.

Foust recently left the national leadership of the Minuteman Civil Defense Corps to form Grannies for a Secure America, which also agitates for more secure borders.

"We're not stupid out here," she said. "They're discounting the American people as being stupid."

In nearby Nogales, Ariz., just across the international boundary, Mayor Albert Kramer, who favors broad reforms that would let many undocumented immigrants get legal status, rolled his eyes at all the attention.

"They come down and get their picture taken with a cactus," he said.

Those visits could help candidates bolster their credibility on a key issue as they try to persuade voters they'll do more to stop illegal immigration than their opponents. Many Republicans in particular have taken a hard line on immigration as they try to motivate the GOP's conservative base, and border visits give them a chance to talk about the subject.

Lawmakers say the trips provide valuable experience, both for legislating and for campaigning.

"It gives you far more credibility on any issue once you've been there, whether it's Iraq, Israel or the Southwest border of the United States of America," said Rep. Jack Kingston, R-Ga., who visited El Paso and met with the director of a Texas Minuteman chapter last week.

Even in districts like Kingston's that are far from the border in rural southern Georgia, voters are passionate about immigration because foreign-born workers have begun settling in places they never used to live. But Kingston said he understands how border residents might view the visits.

"It's like any other issue — you spend a half a day in the hospital with a doctor, you know more about health care but you're not an expert," he said. "There are all types in Congress, and there are those types who will go for a photo op, and I don't think either party has a monopoly on them."

Still, no matter how often candidates head south, the border trips are unlikely to swing many elections on their own. In Tennessee, two of three candidates in the Republican Senate primary visited Arizona this spring, competing for toughest-on-immigration honors. But the candidate who didn't make a trip won the primary.

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"In states that aren't border states where this issue is playing, it's another sort of 'seeing is believing' (maneuver)," said Jennifer Duffy, a political analyst with the non-partisan Cook Political Report, based in Washington. "It's not a bad backdrop, but I don't know that it's going to change a lot of minds. It's a good picture, some of it will appear in ads, but it's more like a credential."

Business Owners Sue Firms Accused Of Hiring Illegal Aliens (WT/AP)

By Peter Prengaman

The Washington Times, August 23, 2006

LOS ANGELES -- Business owners frustrated by lax enforcement of immigration laws are taking their fight to court, accusing competitors of hiring illegal workers to achieve an unfair advantage.

The legal action is an attempt by business and anti-illegal-immigration groups to create an economic deterrent against hiring illegal employees.

In the first of a series of lawsuits, a temporary employment agency that supplies farm workers sued a grower and two competing companies on Monday.

Similar cases claiming violations of federal anti-racketeering laws have yielded mixed results. The California lawsuit is thought to be the first based on a state's unfair-competition laws, legal analysts said.

Santa Monica, Calif.-based Global Horizons claimed in the lawsuit that Munger Brothers, a grower, hired illegal alien workers from Ayala Agricultural Services and J&A Contractors. All the defendants are based in California's farm-rich Central Valley.

The suit claims that Munger Brothers had a contract with Global Horizons to provide more than 600 blueberry pickers this spring, but nixed the agreement so it could hire illegal aliens.

"Competitors hiring illegal immigrants is hurting our business badly," Global Horizons President Mordechai Orian said. "It's to the point that doing business legally isn't worth it."

Ayala Agricultural Services manager Javier Rodriguez had not seen the suit but said the company does not hire undocumented immigrants.

"If somebody doesn't have a green card or work documents, we don't hire them," he said.

Messages left with Munger Brothers and J&A Contractors were not returned.

With an estimated 12 million to 20 million illegal aliens in the United States, undocumented workers are a large part of the nation's work force.

But immigration law enforcement at work sites is limited. In fiscal year 1999, authorities arrested 2,849 persons at work sites compared with 1,145 arrests last year, according to the federal Immigration and Customs Enforcement agency.

To prove competitors hire illegal aliens, businesses could use public records involving prior violations, testimony from former employees who have worked alongside illegal aliens, and recovered W-2 tax forms that show people working under fake names and Social Security numbers, said David Klehm, the lead lawyer for cases in Southern California.

Companies planning to file additional lawsuits include farms and factories that depend heavily on immigrant labor, Mr. Klehm said.

Legal analysts said the cases could be difficult to win. Under the California statutes, plaintiffs must prove a competitor directly harmed their business.

"Unless you've got smoking-gun evidence, it's hard to tie economic loss of one business to another's practices," said Niels Frenzen, a law professor at the University of Southern California.

He thinks it is the first time the unfair-competition law has been used to target illegal immigration.

The Global Horizons lawsuit came after a settlement was reached in a Washington state class action suit involving employees of Zirkle Fruit Co. who sued their employer for driving down wages by hiring undocumented workers.

Based on federal anti-racketeering laws, the case was settled for $1.3 million in January after the 9th U.S. Circuit Court of Appeals overturned a lower court's decision to dismiss it.

TAX:

Veteran Lawyer In Toledo Firm Is Convicted Of Tax Evasion (TOLB)

Toledo Blade (OH), August 23, 2006

A veteran Toledo lawyer was convicted yesterday in U.S. District Court of tax evasion by using his client trust account to shield his true income.

Joseph Weisberg, 64, pleaded guilty to willfully evading paying more than $321,000 in federal income taxes over 16 years.

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Weisberg, of 8331 Fossil Dr., Sylvania, has been licensed in Ohio as an attorney since 1967. He is an associate with the Toledo firm of Dow, Frankel, Weisberg & Brebberman.

The plea to the felony offense was accepted by Judge David Katz. Weisberg faces a prison sentence ranging from 24 to 30 months.

Diana Beinart, an attorney with the U.S. Justice Department, told the court sentencing guidelines suggest an 18-month sentence, but the abuse of trust exhibited by Weisberg increased the exposure to the higher level.

She also said the sentence range was offset by Weisberg's acceptance of responsibility for the crime.

According to an indictment filed in July, 2005, Weisberg evaded paying $154,112 in federal income taxes he accumulated and owed for 1989-92; $122,623 from 1997-92; and $44,919 in 2001.

Weisberg purposely concealed his personal funds from the IRS by keeping the profits from his law practice in his client trust account from March, 1997, to December, 2002.

Ms. Beinart said the attorney took money from the account to pay personal expenses, including utility costs, items from a jewelry store, and credit card debt. She said he also wrote more than $219,000 in checks payable to himself from the account.

Judge Katz will sentence Weisberg during a later hearing. A date hasn't been scheduled.

Jonathan Cherry, bar counsel for the Toledo Bar Association, said he couldn't comment on whether there is a pending disciplinary investigation.

He said the license of an attorney convicted of a felony would be temporarily suspended upon being sentenced for the crime.

D.C. Circuit Finds Tax On Emotional Damages Awards Unconstitutional (LAW/AP)

The Associated Press

AP, August 23, 2006

The federal government may not tax the money plaintiffs receive as compensation for emotional distress and other intangible injuries, a federal appeals court said Tuesday.

The U.S. Court of Appeals for the D.C. Circuit struck down as unconstitutional a portion of the tax code that said only compensation for physical injuries is tax exempt.

The ruling affects only Washington, D.C., but, depending on whether the Internal Revenue Service appeals to the Supreme Court or decides to adopt the finding nationwide, it could mean the end of tax bills following a variety of trials, from civil rights disputes to employment discrimination cases.

The court sided with Marrita Murphy, who paid $20,665 in taxes on a $70,000 judgment for emotional distress and injury to reputation following a 1994 whistleblower case against the New York Air National Guard.

"The IRS was treating this as if someone received a windfall," said Murphy's attorney, David Colapinto.

The court ruled that such awards were not income but "compensation for the loss of a personal attribute." In that sense, they are akin to awards for physical injuries, which are tax exempt, the court said.

U.S. Tax Officials Move Ahead With Plan For Private Firms To Collect Debt (FINDLAW/AP)

By Dan Caterinicchia, Ap Business Writer

AP, August 23, 2006

(AP) - WASHINGTON-As the Internal Revenue Service prepares to implement a new program that sends private debt collection agencies after delinquent taxpayers, critics - including several lawmakers and the employee union at the Treasury Department - are gearing up to protest it.

Opponents say that the IRS will pay private debt collectors more to do what government-paid employees could do and that the agency is not doing enough to let the public know about the new program, set to launch in early September.

"I think taxpayers will be very offended and appalled that their tax information is being handed over to" non-IRS tax agents, said National Treasury Employees Union President Colleen Kelley, adding that she has "no confidence at all" in the agency's ability to make sure the private firms are not overstepping their bounds.

The IRS acknowledges the plan will cost more than hiring additional agents to do the same work, but it points out that Congress authorized the use of such firms back in 2004. The plan is being implemented now because the IRS has funds allocated for such a program and doesn't believe it can get budget authorization to hire additional agents at a time when Congress is cutting government spending to help reduce the federal budget deficit. The agency also says strict security policies are in place with the new program.

"It is a sound, balanced program that respects taxpayers' rights and taxpayer privacy," said IRS spokesman Terry Lemons.

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The agency chose three companies in March - CBE Group Inc., in Waterloo, Iowa, Linebarger Goggan Blair & Sampson LLP in Austin, Texas, and Pioneer Credit Recovery Inc., in Arcade, New York, - from 33 bidders. Pioneer Credit is a subsidiary of SLM Corp., commonly known as Sallie Mae. The IRS plans to expand the program to as many as 10 companies in 2008 with a goal of collecting $1.4 billion (â,¬1.09 billion) over 10 years, Lemons said.

The private agencies will get 22 to 24 percent of the tax money they collect, although Lemons said he didn't have an estimate for how much they might collect the first year.

Taxpayers in the program first will receive a letter from the IRS that includes the name of the private company that will be contacting them about the debt. The private firm will then send another letter to begin the collection process.

"If you're part of the program, you're going to know it," Lemons said.

Critics say that's not good enough. "These companies will be paid based on the money collected, which invites inappropriate and aggressive tactics" that IRS agents had been accused of the in past, Kelly said. She added that consumers filed more complaints at the Federal Trade Commission against the debt collection industry than any other in 2005.

Employees at the three companies chosen for this program are subject to background investigations. Disclosing taxpayer information illegally is a felony, punishable with fines and imprisonment. And contractors cannot use any information gleaned during a tax collection to pursue other unpaid debts.

"We will exceed the requirements of the contract, and we expect to surpass all previous privacy standards," said Sallie Mae spokeswoman Martha Holler.

Many states, cities and federal agencies that already use private debt collectors were met with initial resistance and negative publicity. Linebarger Goggan Blair & Sampson currently serves about 1,800 government clients and expects to collect about $1 billion (â,¬780 million) for them this year. But a partner at the firm pleaded guilty to federal charges in 2004 in connection with a bribery scheme to win a collection contract in San Antonio.

Mike Vallandingham, a partner at Linebarger Goggan Blair & Sampson, admitted that was a difficult time for the firm but said the attorney acted alone, and that Linebarger Goggan Blair & Sampson withdrew from that contract voluntarily. He said the firm never considered pulling out of an IRS deal.

At least one lawmaker still hopes to prevent the program from launching. The House has approved an amendment sponsored by Rep. Steven Rothman that prevents the IRS from spending $54 million (â,¬42.15 million) to start the system. But a similar amendment would have to be approved in the Senate soon.

Tom Penaluna, president and CEO of CBE Group, said his firm has endured a three-month review of its security and privacy policies. He, too, has been surprised by the negative reaction to the program from some consumer groups and lawmakers.

"There are a lot of people not paying their taxes who should," Penaluna said. "This is a great start to assist the IRS and U.S. government to lower the tax gap." The three companies will help "work out the bugs" for the full implementation planned for 2008, Penaluna said.

IRS Is Watching Emmy Show Of Affection (USAT)

By Karen Thomas And William Keck

USA Today, August 23, 2006

There's a new word circulating in Emmy circles: taxes.

Those stars who pick up all that loot in awards show gift bags and promotional gift suites are supposed to pay a share of the value to the IRS. And this year, the IRS is making sure they know it: “The dollars involved are so lavish that we need a national outreach program” to raise awareness of the rules, the IRS' Beth Tucker says.

As a result, celebs who collect Emmy freebies will get a little something extra: tax forms. Gift bag takers will be required to fill out a tax form, and the Academy of Television Arts & Sciences also will notify the IRS of the basket's value if presenters take one.

The official 2006 gift basket is worth $27,000 to $33,000. And for high-income stars, that could mean $12,000 to $15,000 in federal taxes.

The IRS reminders prompted the Oscars to discontinue gift baskets, but discussing such a change for the Emmys is “premature,” says TV Academy spokeswoman Pam Rubin Golum.

Items and services from gift suites, including those that have no official link to awards shows, aren't exempt.

Veteran suite organizer Karen Wood, who started Backstage Creations gift retreats in 2000, hosted the gift suite at Sunday's Teen Choice awards. She says each visitor received a note reminding them that all gifts accepted are taxable and must be reported to the IRS.

“We definitely have a concern with what's been going on with the IRS,” Wood says.

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But several groups running this year's Emmy suites are reporting business as usual.

Kari Feinstein, who is hosting a suite this week, says: “It's up to the celebrity to claim what they get. It's not my responsibility.” Besides, she adds, “I don't know how the IRS is going to track what people get.”

The IRS' Tucker agrees that gifts from suites are “a little more difficult than a basket with a value attached,” but says vendors and suite sponsors are “responsible for reporting the fair market value.”

The effect might be that stars will be less inclined to indulge.

Says Paul Caron, law professor at the University of Cincinnati and founder of the TaxProf Blog at taxprof.typepad .com: “From the stars' perspective, it's more trouble than it's worth.”

Tax-wise, gift suites are like business conventions, Caron says, and traditionally the IRS has ignored such freebies. But celeb swag is now “a higher-octane version of that. I'd be nervous.”

CONGRESS-ADMINISTRATION:

In 4 Hours, Bush Packs A Punch (MINNST)

By Eric Black, Patricia Lopez And Glenn Howatt S Tar Tribune S Taff Writers

Minneapolis Star Tribune, August 23, 2006

In a four-hour, two-event stop in Minnesota on Tuesday, President Bush raised more than $500,000 for the congressional campaign of Michele Bachmann and promoted the major health care ideas of his administration at a forum in Minnetonka.

At the forum, attended by 300 people, Bush signed an executive order to advance efforts aimed at giving patients more information about health care costs and quality so they can make better decisions.

The Bachmann fundraiser, at the Lake Minnetonka home of Jim and Joann Jundt of Wayzata, was closed to media and the public. Those attending paid at least $1,000 to the Bachmann campaign.

Bush arrived in the Twin Cities on Air Force One shortly before 2 p.m. Near the forum, anti-Bush protesters on the sidewalk waved signs, calling for single-payer health insurance and for Bush's impeachment.

Later, another group of protesters on four boats floated in Brown's Bay, offshore from the fundraiser, holding peace signs and "dump Bachmann" signs. Supporters floated nearby.

Bush came and went without encountering any protesters, taking any questions from the media, nor from the invitation-only audience at the Minnetonka event.

Bachmann's DFL opponent, child safety advocate Patty Wetterling, tried to counter the day's events by calling a morning news conference where she declared universal health care one of her top priorities.

Bachmann, Wetterling and John Binkowski of the Independence Party are vying for the seat from the north metro Sixth District. The seat, which is open because the incumbent, Republican Mark Kennedy, is running for the Senate, is Minnesota's hottest U.S. House race.

Before the fundraiser, Bachmann said the advance pledges showed she would raise "in excess of half a million dollars" from the event, which is a lot more than she raised from all sources in April, May and June, the latest quarter for campaign finance reports.

Kennedy answered those who argue that he has spent the campaign year running away from Bush by attending both of Bush's Minnesota events and riding in the motorcade in between. Bush and Kennedy shook hands at the Minnetonka forum and Bush acknowledged Kennedy briefly to the audience.

A running theme of the coverage of the race between Kennedy and Hennepin County Attorney Amy Klobuchar has been that Kennedy is trying to overcome his image as a Bush Republican.

But it may be paradoxical that Bush did a fundraiser for Bachmann, but not for Kennedy.

Comparing their stances

Bachmann opposed several of Bush's most notable legislative accomplishments, such as the No Child Left Behind education law (Bachmann sees it as a federal intrusion into local school matters) and the drug benefit for Medicare patients (Bachmann says Medicare can't afford it).

She also differs from Bush on some aspects of his plan on immigration (she agrees on border security, but not on a guest worker program or a plan to allow illegal immigrants to become citizens) and has criticized Bush for not better restraining spending.

Heidi Frederickson, Kennedy's spokeswoman, noted that Bush raised money for Kennedy at a December 2005 visit and said that a Kennedy fundraiser "just didn't work out this time. He [Bush] is here for Michele and that's great."

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Instead, Kennedy got Senate Majority Whip Mitch McConnell, R-Ky., who flew into town for a brief news conference and a fundraising luncheon for Kennedy.

Reporters asked Bachmann about the tradeoff between having Bush as a fundraiser but being associated with his low approval ratings.

She was having none of it, declaring herself "thrilled" and "honored" by Bush's help and said it was a vote of confidence in her candidacy.

"The White House takes this seat so seriously," she said. "They wouldn't come if I didn't have the ability to win this seat."

Wetterling said Bush's visit showed that the White House was worried about the way her "message of hope and opportunity for the middle class" was catching on.

Affable and informal

The health care event had a low-key format. Bush sat behind a horseshoe-shaped table with five Minnesotans plus federal Health and Human Services Secretary Mike Leavitt. The Minnesotans had each been chosen to personify one of Bush's health care ideas.

For example, Dr. Laura Dean of Stillwater, a obstetrician/gynecologist, was chosen to highlight the issue of medical malpractice, because Bush argues that malpractice suits are driving doctors out of that specialty.

The president introduced each Minnesotan, asked a few questions and endorsed their work. He was mostly in an affable and informal mood, and joshed with the guests. But he got fairly worked up while talking to Dean, and pounded the table at one point, saying "for the sake of the country, we'd better get some medical liability legislation out of the U.S. Senate."

The executive order Bush signed furthered the administration's agenda of making more basic information about health care costs and quality available.

Under the order, federal agencies that run Medicare and Medicaid, as well as the health programs for federal employees and veterans, must collect information and share it with other government units to give them more leverage in purchasing health care.

"In order to do business with the federal government, you got to show us your prices," Bush said.

Better disclosure of health care information is an important component of the administration's agenda because it is needed to help advance the spread of health savings accounts, a key element of Bush's health proposals.

Currently, it is hard for consumers to find out how much care will cost before a doctor's visit. Bush's proposal presumes that costs will be reduced because consumers will shop for the most affordable care.

"If consumers have more information from which to make decisions, all of a sudden costs begin to lessen," he said.

While many agree that health savings accounts will increase consumer involvement and personal responsibility for health, others contend that the approach does little to stem the rising costs of catastrophic care or address the growing numbers of Americans without health insurance.

"The system needs to be changed and this is a good start," said David Page, chief executive officer of Minneapolis-based Fairview Health Services. "But one thing that needs to be addressed is all of the people who don't have access to health insurance."

Agencies Will Rate Quality Of Care (PHI/BLOOM)

By Demian McLean, Bloomberg

The Philadelphia Inquirer, August 23, 2006

President Bush yesterday ordered four U.S. agencies to reveal how much they pay for health care and rate its quality, part of an effort to spur competition among doctors and insurers and encourage customers to shop around.

Bush traveled to Minnesota yesterday to take part in a health-care panel and sign the order affecting the Departments of Defense, Health and Human Services, and Veterans Affairs, as well as the Federal Employees Health Benefit Program.

The U.S. government, which pays for about 40 percent of the nation's health care, is pushing for similar changes in the private sector. In yesterday's order, agencies were asked to share the "walk-in prices" for treatments such as hip replacement as well as the cheaper rates that federal insurers such as Medicare pay.

"Markets work when consumers have got options to make in the marketplace," Bush said. "And that is what this executive order is going to do."

The executive order is part of a push by the White House to address the soaring cost of Medicare and Medicaid, which along with Social Security are projected to consume 60 percent of the federal budget by 2030.

The president wants more disclosure on the expertise and quality of doctors and hospitals, as measured by patient records in cases of pneumonia, heart attack and post-surgical recovery.

Bush used the occasion to push for an overhaul of medical-liability laws.

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"For the sake of this country, for the sake of good medicine, we better get some medical-liability reform out of the United States Senate," he said, to cheers in the audience.

About 1,600 counties lack obstetrician-gynecologists because doctors fear malpractice lawsuits, Bush said.

The cost of "defensive medicine" - duplicative medical tests to protect doctors from lawsuits - costs the federal government $28 billion a year, he said.

Bush's order yesterday includes proposals meant to increase the use of electronic medical records instead of paper, so they can be exchanged easily and quickly.

It also requires federal agencies to offer lower insurance premiums when a patient shops around for medical services, according to a fact sheet issued by the White House.

A Minneapolis group, Citizens Council on Health Care, opposed Bush's order, fearing that "report card" judgments on the quality of care will infringe on the doctor-patient relationship.

"It's outsiders coming in and making decisions about what's happening in the examining room and how patients will be treated," said the group's president, Twila Brase, a registered nurse. The group has about 200 members who include doctors, clinics and corporations, she said.

Bush Pushes For Health Care Information (AP-Y)

By Deb Riechmann

AP, August 23, 2006

President Bush, on a campaign fundraising trip Tuesday, signed an executive order that the administration said would help Americans choose health care the way they shop for airline tickets and cars.

The order will require various federal agencies to compile information about the quality and price of health care they pay for, and share that information with their customers and each other.

"How many of you have got insurance and you never really care about the cost because somebody else is paying the bill?" Bush asked rhetorically. "You don't really care about quality because some person in an office somewhere is paying the bill on your behalf."

Health and Human Services Secretary Michael O. Leavitt, speaking to reporters aboard Air Force One, said the executive order is a way for the federal government, which pays for up to 40 percent of all health care, to use its purchasing power to push for changes in the health care system.

After his health care event, Bush attended a fundraiser in nearby Wayzata to raise an estimated $425,000 for Minnesota Republicans and state Sen. Michele Bachmann, who is running for an open seat in the House. The event, attracting about 300 people to Jim and Joann Jundt's home on Lake Minnetonka, cost $1,000 a person. Photographs with Bush were going for $5,000.

Bachmann is being challenged by Democrat Patty Wetterling, who raised almost twice as much money in the second quarter as Bachmann. By pairing an official event with a campaign fundraiser, the White House can reduce the amount of money a political campaign must pay for Bush's attendance. How much a campaign pays for Bush's appearance is determined by a complex formula that calculates how much of the day's travel was political versus official.

The executive order directs government agencies that buy health care to use information systems that can communicate with each other, allowing the medical records of a veteran in Maine, for instance, to be viewed by a doctor in California.

It also directs agencies to set up programs to measure the quality of care, disclose prices that agencies pay for common treatments and find ways to promote high-quality health care.

"I think the new trend in medicine is going to be to encourage transparency in pricing as well as transparency in quality."

Bush Visit Energizes Republicans (MPR)

By Tim Pugmire

Minnesota Public Radio, August 23, 2006

President Bush mixed policy and politics into a four and a half hour trip to Minnesota Tuesday. He even took time to stop for some vanilla custard. The president led a panel discussion on health care in Minnetonka and later appeared at a fundraiser for Republican congressional candidate Michele Bachmann in Wayzata.

Minnetonka, Minn. — For most Republicans, it was hard to keep from smiling. A visit from President Bush was just what the party faithful needed on a warm summer day to fire up the troops for the coming election.

Sen. Norm Coleman

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U.S. Sen. Norm Coleman waited on the tarmac for the president's arrival at the Minnesota Air National Guard base. Coleman isn't up for re-election for another two years. But he says President Bush's visit means a lot to his fellow Republicans who are on the ballot this fall.

"I think the president always brings an energy. I mean part of the business is for our team to be more fired up than the other team," said Coleman. "And I always think people are more enthused when they're for something rather than simply against it. So I always consider this a strong net plus."

Coleman and the state's other top Republicans traveled with President Bush to Minnetonka for a panel discussion on providing consumers more information on the price and quality of health care.

Prostest poster

Gov. Tim Pawlenty was there, along with Republican Reps. Mark Kennedy, John Kline, Jim Ramstad, and State Sen. Michele Bachmann, who is running for Congress.

Bush used the event to promote new electronic medical record-keeping and allowing small businesses to form buying pools to reduce their cost of health insurance. He also emphasized the need to protect doctors and hospitals from frivolous lawsuits.

"I'm not trying to turn this thing into a political deal. I'm just telling you, for the sake of this country and for the sake of good medicine, we better get some good medical liability reform out of the United States Senate," said Bush.

The president's motorcade passed by about 75 protesters near the hotel where he spoke. They held signs and sang songs in support of health care coverage for every American, and called for an end to the war in Iraq.

Stopping for custard

"We want them to get the message that we're very unhappy about the way the country is being run," said Jim, a protester from New Brighton who wouldn't provide his last name. "We're better than this, we've got a Constitution. We have to follow the Constitution. If we don't have the Constitution, what do we have left?"

President Bush was greeted by plenty of supporters too, who stood along the route of his motorcade through the western suburbs.

Bush made an unexpected stop at Glaciers Custard and Coffee Cafe in Wayzata, where he ordered a cup of vanilla custard. He also surprised 18-year-old Carrie Rossman and her friends, who are regulars at the cafe.

"We shook his hand and he gave us hugs and took probably 50 pictures with him. It was pretty cool," Rossman said.

President Bush capped off the day in Wayzata at a private fundraiser for Michele Bachmann's 6th District congressional campaign, although Wayzata is not in that district.

Michele Bachmann

Bachmann says about 325 people attended, and her campaign raised more than $500,000. Bachmann says she also got a big emotional boost from the president.

"He said, 'We need to run hard and win,' and he said, 'I know you will, I know you're going to win.' He said, 'I know you're going to do a fabulous job in Congress,'" said Bachmann. "And it was just humbling and gratifying for me to know I have the confidence of the president in running this race. And that gives me a lot of energy to go forward now for the next 70-odd days until November 7."

Bachmann is running for the congressional seat being vacated by Mark Kennedy, who's running for U.S. Senate. John Binkowski is the Independence Party candidate.

Patty Wetterling is Bachmann's DFL opponent. Wetterling also spent the day talking about health care. She viewed the Bush visit as a positive sign for her own campaign.

"I believe that we are resonating with voters in the 6th district, my message of hope and opportunity for middle-class families," said Wetterling. "I'm doing well in this district, and I believe they are sending everyone from Washington. This is the top of a very long series of visitors they have sent to try to elevate my opponent, who is with the president today."

Wetterling had a significant fundraising edge over her Republican opponent earlier this summer. Campaign financial reports released in July showed Wetterling raised almost twice as much money in the second quarter as Michele Bachmann. She also had more money in the bank at that time than Bachmann.

Republican Heavyweights Turn Out For Bush Visit (CCT)

By Martiga Lohn

The Contra Costa Times, August 23, 2006

MINNETONKA, Minn. - In spite of President Bush's sagging approval ratings, most of Minnesota's top Republicans were in attendance, looking spiffy, at a health care panel discussion hosted by the commander in chief Tuesday.

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Congressional candidate Michele Bachmann - who also got the president's help raising money for her bid to keep the 6th District in GOP hands - bubbled with enthusiasm. Her campaign had already collected more than $500,000 pegged to the presidential visit, before her Wayzata fundraiser began.

"I couldn't be happier to know that he supports my candidacy, that he wants me on the team in Washington, D.C.," said Bachmann, a state senator who wore pink scalloped gloves with a matching suit and shoes. "The president is the president."

Patty Wetterling, the Democratic candidate for the open congressional seat, suggested Bush's help for her opponent underscored the pitched battle in the Republican-leaning district.

"We are resonating with the voters in the 6th District - my message of hope and opportunity for middle class families," Wetterling said at a Capitol news conference. "I believe they're sending everyone from Washington. This is the top of a long series of visitors that they have sent to try to elevate my opponent."

Some Republicans worry that voter dissatisfaction with Bush will cost them at the polls in November. But Gov. Tim Pawlenty, U.S. Sen. Norm Coleman and U.S. Reps. Mark Kennedy, John Kline and Jim Ramstad were on hand. (Coleman's not on the ballot this year.) The president acknowledged them before he started speaking, and later said he could rely on Coleman to help pass medical malpractice legislation in the Senate.

The only Minnesota Republican in Congress to miss the event was U.S. Rep. Gil Gutknecht, who faces a serious challenge in the 1st District from Democrat Tim Walz.

Campaign manager Nels Pierson said Gutknecht's absence had nothing to do with Bush's popularity. The congressman was on a rural development tour in his district with a U.S. Department of Agriculture official, former DFL state legislator Steve Wenzel. Pierson said Gutknecht has skipped Bush visits before, even when the president had high approval ratings.

"This is not unusual," Pierson said. "If the president were in our district, it would be a different story."

Protesters seized on Bush's appearance to make their points.

Groups promoting expanded health coverage railed against policies they say have driven up the ranks of uninsured Americans, left more Minnesota children without health coverage and put some senior citizens in financial binds over Medicare.

A labor-union backed group, Minnesota for Health Care, drew chalk lines outside the state Capitol, equating the nation's health care woes to a crime scene.

"We don't need anymore talk on health care," said Kristin Beckman, political director of the Service Employees International Union's state council. "We need action on health care."

Several dozen also picketed a few blocks from the Marriott hotel where Bush spoke, said Denise Cardinal of America Votes, a group that aims to get progressives to the polls.

Bush's Order On Health Care Aims To Gauge Quality Of Service (WSJ)

By Jane Zhang

The Wall Street Journal, August 23, 2006

President Bush, hoping to use the federal government's clout as the biggest health-insurance buyer in the country, issued an executive order that officials hope will change how consumers buy health care and how doctors and hospitals provide it.

The order, signed yesterday in Minnesota, requires federal agencies to disclose the quality and cost of care provided to Medicare beneficiaries, federal employees, the military and veterans. It also orders the agencies and their contractors to promote the use of health-care technology and reward consumers who shop for medical care based on quality and value.

The executive order covers one-fourth of Americans with health insurance. The initiative could affect the entire health-care market by setting an example for private insurers, officials say. Counting other programs such as Medicaid, the federal government pays for as much as 40% of all health-care costs in America, Health and Human Services Secretary Michael Leavitt said.

Much remains to be seen on how the federal government will measure quality and performance because different interest groups want different standards. Even with the amount of information available today, consumers often have trouble comparing services.

Putting pressure on doctors to be more transparent on prices may not be effective, because most consumers pay doctors through third parties, such as the government and private insurers, who set the prices, Edward Langston, board member of the American Medical Association, said.

Some states and private insurers, such as Humana Inc. and Aetna Inc., are already experimenting with giving more information to help consumers compare care. They could use the federal government's standards -- as they are developed -- as benchmarks in the private sector. Hospitals and physicians could also use the measurement to improve their care, Chip Kahn, President of the Federation of American Hospitals, said.

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Yesterday, Messrs. Bush and Leavitt called for large employers, unions and state and local governments to follow suit. "People deserve to know what their health care costs, how good it is, and the choices available to them," Mr. Leavitt said.

Write to Jane Zhang at Jane.Zhang@wsj.com1

Bush Signs Order On Health Care (WP)

By Michael A. Fletcher

The Washington Post, August 23, 2006

MINNETONKA, Minn., Aug. 22 -- President Bush signed a measure Tuesday ordering federal agencies to do more to inform beneficiaries about the cost and quality of their health-care services, which federal officials hailed as a major step toward bringing greater efficiency to the nation's medical system.

The executive order requires four federal agencies that oversee large health-care programs to gather information about the quality and price of care, and to share that information with one another and with program beneficiaries.

The initiative underscores Bush's belief that the nation's health-care system would be more efficient if consumers could shop for the best care at the best price, administration officials say. "The fact is, if you have excellent information about quality, about service and about price, people make good decisions," Bush said during a roundtable here to discuss the initiative.

With the federal government paying for about 40 percent of the nation's spiraling health-care bill, administration officials said the order requiring federal agencies to develop and share information about the quality and price of care should help bring greater transparency to the business of medicine.

Under the order, the four agencies must establish programs to measure quality of care, a complicated and controversial task that officials said could take years. Beneficiaries must also be able to see the prices that the agencies pay for common medical procedures, to develop and identify practices that foster high-quality care, and, whenever possible, to use compatible computer systems and electronic health records to help track a recipient's medical care and condition. The changes must be underway by Jan. 1.

"If you have an ATM or a credit card, you can use it anywhere in the world and it works, because it's interoperable. Everybody competes but uses the same system, basically, to transact their affairs," Health and Human Services Secretary Mike Leavitt told reporters aboard Air Force One.

"Health care isn't like that. Roughly 85 percent of all health-care records are still paper. So a part of what we'll be talking about today is the interoperability of systems that manage health records."

The order signed by Bush also directs the federal government to identify practices that foster efficient medical care.

The affected agencies include the Defense Department, which oversees the military health-care system; the Department of Health and Human Services, which oversees Medicare and Medicaid; the Office of Personnel Management, which is in charge of the Federal Employees Health Benefits Program; and the Department of Veterans Affairs, which operates the VA health system.

During a roundtable with medical and business executives, Bush touted the executive order as well as other initiatives that he believes could harness market forces to slow the skyrocketing cost of medical care. Since 2000, the cost of employer-sponsored health coverage has increased by 73 percent. More than 45 million Americans lack health insurance.

In addition to his executive order, Bush said health savings accounts, which allow people to save tax-free money to pay for routine medical costs, while insuring only catastrophic expenses, would go a long way to making consumers more interested in the cost of their health care. He also promoted association health plans, which would allow small businesses to join across state lines to buy health insurance.

"I guess if I had to summarize how I view it, I would say there's a choice between having the government make decisions or consumers make decisions. I stand on the side of encouraging consumers," Bush said. ". . . Health-care policy ought to be aimed at bolstering the consumer, empowering individuals to be responsible for health-care decisions -- is kind of the crux about what we're talking about."

Bush: More Info, Better Health Care (STPPP)

By Jeremy Olson And Rachel E. Stassen-Berger

The St. Paul Pioneer-Press, August 23, 2006

Minnesota is ahead of the nation in publicly listing the costs of health care and ranking doctors and hospitals, which is why President Bush came here Tuesday to enact a federal plan to help people make more informed and cost-effective medical choices.

The president led a health policy forum in Minnetonka and signed an executive order requiring four federal agencies to provide cost and quality data. Bush also attended a $425,000 fundraiser for state Sen. Michele Bachmann's congressional bid.

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"Health care policy ought to be aimed at bolstering the consumer — empowering individuals to be responsible for health care decisions," Bush told the largely receptive crowd of 400 health care professionals and local politicians invited to the event.

Democrats and privacy advocates criticized Bush's health care initiatives, saying they did little to help the millions of uninsured get health care. But others said Bush's order will expedite the "transparency" movement, giving people information that will help them make wise health care decisions.

"(The president) chose Minnesota because we've been ahead in putting some of these pieces together," said Jim Chase, executive director of MN Community Measurement, which publicizes how often doctors provide accepted standards of patient care. State lawmakers have passed three transparency laws requiring that doctors, hospitals, insurers and pharmacists provide certain cost information to consumers.

Chase was one of five Minnesotans invited to talk with Bush and Health and Human Services Secretary Michael Leavitt at the forum. The panelists took no questions from the audience but some ribbing from a jovial president.

When Leavitt, in an example to show the need for universal electronic health care records, told of his mother having to fill out her name and address more than half a dozen times, Bush inserted, "My mother wouldn't have (been) so patient as your mother. Hope she's not watching."

The president also solicited health care stories from Marilyn Carlson Nelson, CEO of Carlson Companies, and Dr. Laura Dean of Stillwater, who told Bush that her ob-gyn patients need cost information more than ever.

"I've been providing them with all kinds of medical information to make good decisions, but the financial piece has been missing," she said, "and people need that to make good decisions."

The president also praised Michael Howe, CEO of Minute Clinic, which posts price lists of the limited services it offers at retail outlets. Bush seemed surprised that anyone walking by a Minute Clinic could see exactly how much health care there would cost.

The president's order, which he signed at the end of the Minnetonka forum, involved Medicare, the federal health program for the elderly and disabled, along with federal programs for the military, veterans and federal employees. Together, these programs represent one quarter of Americans covered by health insurance.

"If we have more consumer involvement in health care, then it makes sense, if that's the goal, then it makes sense to make sure that consumers have got rational data from which to make choices," Bush said. "And that's not the case today in medicine, really, when you think about it."

The order also calls for greater use of electronic medical recordkeeping.

Skyrocketing health costs over the past decade have ushered the transparency movement. In the managed care era of $10 copays, many people have had no incentive to understand the full costs of their medical care or prescription drugs.

Employers are passing more costs to workers, though, by creating higher deductibles and tighter coverage restrictions. Some employers have switched to "consumer-directed" plans, by which they give subsidies to workers but make them fully responsible for their health care costs.

Health policy officials have stressed that information on cost and quality is needed in order for consumers to make wise health care choices. Using the cheapest doctors, for example, might actually cost more if they have the worst outcomes and force patients to need additional medical care.

"Cost and quality equals value," Leavitt said at the forum, "and if we have competition based on value, everybody wins."

Private insurers have added online tools that compare cost and quality information and provide lists of recommended providers.

PreferredOne, a benefits administrator based in Golden Valley, provides some of the most detailed cost data for its members — publishing the actual prices it negotiates with providers.

"(People) are absolutely shocked when they see the difference in prices for common, ordinary procedures, said Marcus Merz, CEO of Preferred One. He was not at Tuesday's forum.

The charges for CT scans and colonoscopies can vary by 400 percent in the Twin Cities, for example. Merz said people aren't yet sure what to do with this information.

Still, Chase said that consumer interest in this information is vital. Doctors have adjusted prices and improved practices after seeing the data, but will be especially motivated if they know the public is basing medical decisions on the information.

"It must be exciting to be on the leading edge of substantial change," Bush told Chase.

"It keeps us busy," Chase replied.

"I know the feeling," Bush replied to applause and laughter.

Proponents of universal health care argued in advance of Bush's visit that more access to health care — not access to information — would best improve people's health care.

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State Democrats offered similar criticisms. Gov. Tim Pawlenty has unveiled several quality initiatives to control the costs of public health programs, but critics noted that his budget moves in 2005 removed 36,000 people from state-subsidized health benefits.

"They can talk about consumer-driven health care all they want, but unless they mean driving consumers off the health care rolls, they're being disingenuous," said Minnesota Democratic Farmer Labor Party Chairman Brian Melendez.

Bush Order Targets Health Costs (LAT)

By James Gerstenzang

The Los Angeles Times, August 23, 2006

MINNETONKA, Minn. — President Bush signed an executive order Tuesday that requires federally financed healthcare programs to gather information about the costs and quality of the medical care they pay for and to share it with consumers.

Speaking in front of a sign intended to underscore his message for television audiences — "More Choice for Better Healthcare" — Bush described the order as a step toward lowering the cost of medical care, and eventually the cost of health insurance, by increasing price competition. He also promoted the use of electronic record-keeping, rather than handwritten medical records, as "a practical way to help control medical costs."

Although Bush's order applies only to the federal government, its reach could be broad: According to Health and Human Services Secretary Mike Leavitt, the government pays for about 40% of the healthcare provided in the United States.

The agencies covered by the order include the Defense Department, which runs the military's healthcare program; the Department of Veterans Affairs, which is in charge of the VA hospital system; the Department of Health and Human Services, which administers Medicare and Medicaid, and the Office of Personnel Management, which oversees health insurance plans for federal employees.

Democratic critics said the executive order, which drew praise from a major health insurance association and the National Assn. of Manufacturers, did not directly address the increasing costs of health insurance.

Tuesday's trip to Minnesota gave the president an opportunity to try to shift public attention from foreign policy issues to a domestic policy matter, albeit one that has not registered high on lists of public concerns this election season. He has returned only occasionally to health policy issues after paying public attention to them at the start of the year.

Bush said that by encouraging greater awareness of the costs of medical treatment, the government could help counter a phenomenon in which, he said, those seeking treatment did not care about the cost because "a third party," meaning health insurers, were paying for it.

"The U.S. spends more than double that of other countries on healthcare, and yet we still don't know what we are getting for that value," said John Engler, president of the National Assn. of Manufacturers, a business lobbying organization.

The executive order requires the four agencies to give participants in their programs information about the payments made to providers and about the quality of healthcare services. It does not apply to private health providers delivering medical treatment paid for by individuals or by private insurance plans.

In effect, Bush said, it tells healthcare providers that "in order to do business with the federal government, you've got to show us your prices."

Left unanswered were questions such as how hospitals would pay for any increased costs they may encounter in establishing and meeting data-sharing standards and how hospitals would demonstrate their charges for specific services.

Karen Ignani, president of America's Health Insurance Plans, a trade association for almost 1,300 insurance companies, said Bush's order "rewards the delivery of high-quality care, fosters an inter-operable healthcare system, and takes steps to ensure that consumers are equipped with the best available information they need to make healthcare decisions."

But the president's action drew sharp criticism from one of the top Democrats in the state where he appeared.

In a written statement, Brian Melendez, chairman of Minnesota's Democratic-Farmer-Labor Party, said that Bush and Republican Gov. Tim Pawlenty, who was in the audience, "have done nothing to promote affordable healthcare in Minnesota or in this country, so the president has come to town to help the governor out with a little election-year gimmickry."

Melendez and a national spokeswoman for the Democratic Party, Stacie Paxton, also criticized Bush for not directly tackling the increases in overall costs for medical care and in the number of Americans lacking health insurance.

Since 2000, according to the Democrats, premiums for employer-sponsored health plans have increased by 73%, and the percentage of small firms offering health insurance for their workers had dropped from 52% in 2004 to 47% in 2005.

The president presented the program at a healthcare forum in this Minneapolis suburb, where five Minnesotans talked about their efforts to hold down healthcare costs by, among other things, comparison-shopping or, in one case, establishing a network of small clinics specializing in treatment of common illnesses, such as strep throat.

"People are desperate to have some relief" from healthcare costs, Leavitt said.

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After the forum, Bush attended a closed-door fundraiser for Michele Bachmann, a GOP state senator seeking the House seat now held by Mark Kennedy, a Republican who is running for the U.S. Senate.

The race for the House seat has drawn extensive attention from senior officials of both parties, with Vice President Dick Cheney and House Speaker J. Dennis Hastert of Illinois appearing here for Bachmann and House Minority Leader Nancy Pelosi (D-San Francisco) helping the Democratic candidate, Patty Wetterling, raise money.

Bush To Honor Minnesota Volunteer During Visit (STPPP)

By Rachel E. Stassen-Berger

The St. Paul Pioneer-Press, August 23, 2006

University of Minnesota medical student David Jewison, who spent several weeks last year helping evacuees from Gulf Coast hurricanes, will receive accolades today from President Bush during the president's Minnesota visit.

Jewison, 27, will receive a presidential service award when Bush arrives in Minnesota around 2 p.m. today.

"I'm not going to receive this award just for me. I am definitely receiving this award for all the people that responded," said Jewison, who lives in Minneapolis. He said he did not vote for the president but supports him.

Joseph and Jonathan Sutton of Minneapolis also will greet the president. Gov. Tim Pawlenty met 10-year-old Jonathan earlier this month at the kickoff of a monthlong fishing fundraiser for Christian urban ministries and invited him and his father to meet the president.

Bush will appear at a health care panel in Minnetonka today and attend a fundraiser for Republican congressional candidate Michele Bachmann before returning to Washington.

Preventive Care For Medical Databases (WP/AP)

By Associated Press

The Washington Post, August 23, 2006

The Food and Drug Administration and the Massachusetts Institute of Technology have agreed to develop an automated system to detect unanticipated problems with prescription drugs and medical devices.

The system would scour federal and private health-care databases in real time for unusual and emerging patterns that could indicate potential safety concerns.

The current system relies on the largely manual assessment of reports voluntarily submitted to the FDA, sometimes months or years after an event has occurred. As a result, potential problems are typically underreported, said Scott Gottlieb, the FDA's deputy commissioner for medical and scientific affairs.

A more automated system capable of mining on the fly multiple databases, including those compiled by health insurance providers and agencies such as the Department of Veterans Affairs, would be better at recognizing patterns that suggest problems, Gottlieb said.

The system would build on methods developed to identify infectious-disease outbreaks, detect bioterrorism attacks and model the spread of bird flu, he said.

The FDA also plans to begin publishing reports that would alert doctors to potential problems with drugs and devices, Gottlieb said.

Criticism of FDA safety-monitoring efforts has increased since the painkiller Vioxx was pulled from the market in 2004.

One problem is that the FDA cannot require that drugmakers study the safety of prescription medications already on the market, a recent Government Accountability Office report concluded.

Law, Tax Experts Exhort Baucus To Lift Block On Treasury Nominee (WSJ)

By Rob Wells

The Wall Street Journal, August 23, 2006

WASHINGTON -- A group of law professors, tax attorneys and former government officials urged Sen. Max Baucus to stop blocking the confirmation of Eric Solomon as the Treasury Department's top tax official.

Mr. Baucus, of Montana, has called Mr. Solomon "a good public servant and certainly a tax expert," but said in July that he would block the confirmation until the Treasury Department develops a detailed plan to close the $290 billion tax gap, a measure of uncollected taxes. Treasury isn't "showing appropriate concern on this issue," said Mr. Baucus, the ranking Democrat on the Senate Finance Committee.

The move has triggered numerous letters in support of Mr. Solomon. The New York State Bar Association, the American Institute of Certified Public Accountants, the Texas Bar Association, more than 90 law school professors and a group of former top Treasury Department officials have signed letters urging Mr. Solomon's immediate confirmation.

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"There is nobody who has worked with Eric who doesn't think highly of him," said Pamela Olson, a partner at the law firm Skadden, Arps, Slate, Meagher & Flom LLP. Ms. Olson held Treasury's top tax job until 2004. Ms. Olson couldn't recall a similar outpouring of support for a Treasury tax nominee.

President Bush nominated Mr. Solomon in May to the position, which has been vacant since December 2004.

Ms. Olson said her letter, signed by some 35 former top Treasury tax officials, was delivered privately to Sen. Baucus. The letter, she said, told the senator "we appreciate your attention to the tax gap, but we really want to see Eric confirmed."

Loyola Law School Associate Dean Ellen Aprill organized a letter with a similar message from more than 90 law-school professors nationwide. "It's from every kind of school and every kind of professor," Ms. Aprill said.

Baucus spokeswoman Carol Guthrie declined to comment on the letters. "The Treasury Department has been advised repeatedly that they should ensure the delivery by the end of this fiscal year of a comprehensive strategy to close the tax gap," Ms. Guthrie said.

Treasury spokesman Sean Kevelighan said the department "is aggressively working on proposals and will continue to consider all options" to close the tax gap.

Mr. Solomon was Treasury's acting deputy assistant secretary for tax policy and deputy assistant secretary for regulatory affairs. He joined the department in 1999.

OTHER NEWS:

Chicago Fed Chief: More Rate Increases Possible (USAT)

By Barbara Hagenbaugh

USA Today, August 23, 2006

WASHINGTON — The Federal Reserve may have to increase interest rates again to keep inflation in check, the head of the Chicago Fed said Tuesday in a speech that suggested the U.S. central bank's rate-raising campaign may not be over.

“The risk of inflation remaining too high is greater than the risk of growth being too low,” Chicago Fed President Michael Moskow told the McLean County Chamber of Commerce in Bloomington, Ill. “Thus, some additional firming of policy may yet be necessary to bring inflation back into the comfort zone within a reasonable period of time.”

A copy of the speech was distributed to reporters.

Moskow is one of just a handful of Fed policymakers who have spoken publicly since the central bank voted Aug. 8 to leave interest rates unchanged after 17 consecutive quarter-point rate increases.

Last week, Dallas Fed President Richard Fisher said, “There is a definite increase in inflationary momentum.” Atlanta Fed President Jack Guynn on Tuesday said he expected inflation to recede in the “medium term.” Following the usual rotation among Fed presidents, Moskow and Fisher are not voting on interest rate policy in 2006 but are involved in central bank discussions. Guynn does vote.

From mid-2004 to mid-2006, Fed policymakers have raised the target for short-term interest rates, which influence borrowing costs for everything from mortgages to car loans, to 5.25% from 1%. Rates are the highest since January 2001.

What's unclear is whether Fed policymakers are done raising interest rates, or if they need further rate moves to stem inflation.

Moskow's speech “raises the risk that (interest rate) tightening is still in play,” says Michael Englund, chief economist at Action Economics in Boulder, Colo.

Investors had hoped the Fed would stay on the sidelines given recent data suggesting a decline in inflationary pressures. After Moskow's speech, stocks gave up early gains. The Fed's next meeting is Sept. 20.

Moskow acknowledged that there are lags between the time the Fed moves on rates and when the impact of such changes is seen economywide. But he said waiting for rate increases to filter completely through the economy may put the Fed too far behind the curve if inflation is elevated.

“We need to balance the benefits of gaining new information against the costs of waiting too long,” Moskow said. “If inflation stays stubbornly high while we wait to see the effects of earlier policy actions, inflation expectations could increase — and that would be very costly.”

More Fed policymakers are scheduled to speak in coming weeks. Chairman Ben Bernanke is set to deliver the opening speech Friday at the Kansas City Fed's annual meeting in Jackson Hole, Wyo. This year's conference, which brings together economists and policymakers from around the world, focuses on globalization.

Is Economy Headed To A Soft Landing? (USAT)

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By Sue Kirchhoff

USA Today, August 23, 2006

WASHINGTON — The economy is slowing. The question is, how much.

In the past several weeks, a slew of data on housing, manufacturing and employment has bolstered Federal Reserve Chairman Ben Bernanke's forecast for moderating growth and diminishing inflation that should eventually eliminate the need for interest rate increases.

But even as stock and bond markets begin celebrating an economic soft landing, a number of economists are crashing the party and trying to bring it down. They warn that growth could plunge far lower or inflation persist at higher levels than the Fed expects.

Adding to the uncertainty is Main Street sentiment.

An Aug. 7-10 Gallup Poll found only 22% of Americans think the economy is getting better, the lowest confidence level in five years. Recent surveys by Moody's Economy.com and the National Federation of Independent Business indicate executives of both large and small firms generally foresee sustained, though somewhat more muted, growth. Declining confidence is most pronounced in U.S. construction and real estate firms.

"The public mood is very apprehensive," says Jim Owens, CEO of Caterpillar, noting that though spending is healthy, people are carrying high debt and are worried about oil prices, international strife and other factors.

"Business executives are looking at some pretty strong profits, strong global (economic) growth," says Owens, whose company posted robust earnings in the second quarter. "We're in a world today of relatively low inflation, relatively low interest rates for this stage of the business cycle" and pent-up demand for capital investment, which yields a strong outlook.

Why the wide range of views? One reason is the inherent difficulty in forecasting at turning points in the economy. More narrowly, the differences hinge on how economists, executives and consumers gauge key economic factors: the depth and breadth of the housing decline, the outlook for oil prices, the pace of economic growth abroad and whether inflation has spread beyond energy prices.

"This soft-landing scenario is a fantasy," says Ed Leamer, director of the UCLA Anderson Forecast.

While he doesn't expect a recession in the next year, he predicts the housing slowdown will be nastier than the Fed projects, hurting consumer spending, jobs and growth. "Anything housing-related is going to feel like a recession, almost like a depression."

The University of Michigan's midyear forecast, issued last week, foresees the weakest growth in five years, with the economy held back by higher interest rates, oil prices and inflation.

Jim Paulsen of Wells Capital Management says, however, that market indicators that should be flashing red if the economy is in big danger, aren't. Stocks are outperforming bonds, emerging markets and non-energy commodity prices are recovering, and non-auto retail sales are up more than 10% on an annual basis since the end of 2005. Housing is slowing in previously overheated markets but is up in other regions.

"Here we are in the midst of a 'slowdown,' and we're coming off a 16% (corporate) profits quarter? What the heck is that?" Paulsen says. "I can't remember a housing cycle that hurt anybody because it only went up at 3%."

Then there is a small but growing minority of economists who warn that the downturn could be severe. New York University professor Nouriel Roubini gives 70% odds of a recession by year's end. Merrill Lynch analyst David Rosenberg puts the chances of a recession at 40% to 80% in the coming year, based on models and market conditions. A recent Blue Chip survey of economists pegged the risk at 27%, up from earlier estimates.

"This is a tipping point for the consumer and the economy," Roubini says. He spells out a long list of potential risks that could push the country into trouble. Among them: unregulated hedge funds, housing, foreign trade uncertainty, the need to finance the nation's huge trade deficit, Middle East unrest and the potential for terrorism.

The Fed's forecast is for growth to moderate but not stall. The central bank expects the economy to expand by a respectable 3.25% to 3.5% in 2006, core inflation (which excludes food and energy) to average 2.25% to 2.5%, and the jobless rate to stay at 4.75% to 5%. Overall, the economy grew 3.2% in 2005, even with the disruptions and high energy prices arising from Hurricane Katrina.

The central bank's predicted slowdown has begun. The economy grew at a 5.6% annual rate in the first quarter and a 2.5% pace in the second. Slower consumer spending accounted for most of the drop. Production at factories, mines and utilities in July rose at half June's pace. Long-term interest rates have been below short-term rates, in the past a signal of a downturn.

Energy prices remain elevated, with gasoline at $2.92 per gallon on average. Companies are now creating an average of about 110,000 net new jobs per month, down from 180,000 earlier this year. Still, the jobless rate is a tight 4.8%. Existing home sales have fallen about 9% from last year, with new home sales off 11%.

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Ginny Ferguson, broker and co-owner of Heritage Valley Mortgage in Pleasanton, Calif., is seeing a higher level of cash-out mortgage refinancing this year, despite slower price growth and higher interest rates, as people use home equity to consolidate existing debt.

"As far as having a lot of credit card debt, we're seeing an awful lot of people with that," Ferguson says. "What people may be doing is cleaning up some of the mess they've created for themselves."

The news is not all bad. Economists, including UBS Investment Research, predict the government will revise second-quarter growth figures to above 3%, based on inventory buildup and other factors, though that could dim later expansion. Exports are up. Factories are running nearer capacity, and some businesses are having trouble finding skilled workers. Commercial construction is rising, picking up some of the slack from housing.

Retail sales and orders for long-lasting durable goods jumped in July. Mortgage rates are leveling out. Business capital spending has been good.

Duke Energy, which provides electricity to homes and businesses in the Southeast and Midwest, is embarking on a multibillion-dollar capital expansion, planning new coal gasification and other plants to serve growing demand.

"The economy has been extremely resilient in the face of significant headwinds," says Duke Energy CEO Jim Rogers. "I see the economy being kind of a steady grower, not the growth we had in the late '90s, but more sustainable."

High gasoline prices have pinched consumers at the lower end of the income ladder, hurting earnings of big-box chains such as Wal-Mart. Some higher-end retailers such as Nordstrom are doing well.

Still, at Exclusive Resorts, where clients pay a one-time membership fee and annual dues for use of 400 high-end homes in the USA and abroad, July sales were 50% above any month since the firm started three years ago.

"We expect to have a better year in 2007 than even in 2006," says Exclusive Resorts President Donn Davis. The average net worth of Davis' clients is $5 million.

The energy sector is a huge unknown. Oil prices have dropped to about $72.63 a barrel from a recent high of $77 a barrel. But demand is high, supplies are tight and even a slight disruption could send prices soaring.

"There's a lot of risk out there on the downside, and there's not much upside potential for growth," says Ross Gittell, a professor at the University of New Hampshire who also does regional forecasts for the New England Economic Partnership.

Stock and bond markets have jumped on recent small dips in inflation that could easily be reversed with another oil shock.

The other big variable is housing. After adding to growth in the past several years, the sector has become a drag, with the drop in home construction shaving as much as 1 percentage point off gross domestic product, says economist Peter Morici of the University of Maryland. The impact could be far greater if the market falls faster.

The slowing housing market will affect construction, employment and consumer spending, as people are less able to draw on the rising equity in their homes.

"Energy prices matter, but they don't play the kind of role that housing is going to play," says UCLA's Leamer. "The Fed can do very little now. … It made a major error by letting this housing sector get out of control."

Others say the correction will not be that steep or disruptive.

Frank Nothaft, chief economist at mortgage giant Freddie Mac, doesn't anticipate a recession. Nothaft predicts that home sales (excluding condos) will drop 7.5% from 2005, but that they will still post one of the strongest years in history. Prices should rise about 7% in 2006 and 6.4% next year. Mortgage rates have fallen recently and are about 6.5% for a 30-year fixed mortgage, still low in historic terms.

"We see nothing that would suggest housing is going to fall off the cliff; quite the opposite," says Richard Smith, vice chairman and president of Realogy, which includes Century 21 and Coldwell Banker.

Smith says there will be a shakeup as investors who got into the market during the boom are forced to exit. But he says many fears are unfounded or media-fed.

So far, the impact on consumer spending hasn't been as great as expected, partly because consumers have increased credit card usage. The percentage of homeowners taking equity out of their homes in refinancing transactions in the second quarter was the highest since 1990, Freddie Mac says.

Even if the United States does make a smooth transition to slower growth in the short term, the long-term picture is clouded by high trade and budget deficits, low national savings and the pending retirement of the baby boomers, which will put huge stress on federal programs.

Schering-Plough Chairman and CEO Fred Hassan's company is doing well, due in large part to healthy world economic growth and expansion in Russia, for example. But over the horizon, difficulty finding skilled U.S. scientists, intense international competition and the high trade deficit are worries.

"We are now becoming the wealth storage depot for the world, but how long can you fill a depot with other people's money?" Hassan asks.

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Toll Adds To Fears Of US Housing Slowdown (FT)

By Francesco Guerrera In New York

Financial Times, August 23, 2006

Americans have sharply cut back on purchases of upmarket houses, according to Toll Brothers, the largest luxury homebuilder in the US, adding to signs of a crisis of confidence among buyers and fears of a consumer-led economic slowdown.

Toll's poor third-quarter results – its first quarterly profit fall in four years – and its warning on the outlook for the rest of the year, mirrors problems at other companies reliant on discretionary consumer spending such as Starbucks, a coffee chain, Home Depot, a DIY chain, and Whole Foods, an organic food retailer.

"The bottom line is that no matter how you slice it or dice it, the consumer, on average, is feeling pretty bummed out and tapped out at the same time," said David Rosenberg, North America economist at Merrill Lynch.

The behaviour of consumers, whose debt-fuelled spending has underpinned US growth over the past few years, will be a key determinant of whether the slowing domestic economy achieves a "soft landing" or slumps into a recession.

A significant reduction in US consumer spending, which accounts for about two-thirds of domestic economic activity, would also affect export-dependent economies such as China and other developing countries in Latin America and eastern Europe.

Robert Toll, chairman and chief executive of Toll, blamed the 19 per cent fall in third-quarter profits to $174.6m on an excess of housing stock and a lack of appetite by buyers who purchase homes as an investment.

"The continuing malaise in the housing market . . . is the result of oversupply of inventory and a decline in confidence. The speculative buyers of 2004 and 2005 are now sellers," he said.

Economists say that buy-to-let investors and other marginal buyers have been deterred by rising mortgage payments and the small appreciation in the value of houses they own.

The woes of the housing market was one of the reasons the Federal Reserve halted their streak of 17 consecutive rate rises this month.

Fears that the housing slowdown is spreading to other sectors were compounded last week when a widely-watched survey by the University of Michigan found overall consumer confidence at its lowest level since the aftermath of hurricane Katrina last year.

Toll shares were up 4 per cent to $25.84 in midday trade in New York on Tuesday because the results still exceeded analysts' expectations.

After The Boom Housing Slump Proves Painful For Some Owners And Builders (WSJ)

By James R. Hagerty And Michael Corkery

The Wall Street Journal, August 23, 2006

HERNDON, Va. -- For years, real-estate brokers and home builders promised that the soaring property market eventually would glide to a soft landing. These optimists predicted that home prices, which had more than doubled in parts of the country between 2000 and 2005, would continue to rise, but at a more normal pace of 5% or 6% a year.

It isn't working out that way. The rapid deterioration of the market over the past 12 months has caught many homeowners and builders off guard. Some are being forced to cut prices far below what their homes could have fetched a year ago. It's too early to say how hard the landing will be, but at a minimum it will be bumpy for many people who need to sell homes. And the economy as a whole, buoyed in recent years by the housing frenzy, could suffer.

The pain that homeowners and home builders are now feeling follows a raging national house party. As Americans soured on the stock market after the tech bubble burst in 2000, they poured money into real estate, spurred on by the lowest interest rates in four decades and looser lending standards. Surging demand created home shortages in California, Florida and the Northeast. Over the five years ending Dec. 31, average U.S. home prices jumped by 58%, according to a federal housing index.

But mortgage rates began rising and surging inventories of homes for sale finally caught up with demand. Though economists had been predicting a slowdown in housing for years, many homeowners and builders were surprised by how fast the market changed. "It's just like somebody flipped a switch," says Lynn Gardner, a real-estate auctioneer who works in Northern Virginia.

"It would be difficult to characterize the position of home builders as other than in a hard landing," says Robert Toll, chief executive of luxury home builder Toll Brothers Inc., which reported yesterday that net income fell 19% in the third quarter ended July 31. (See related article2.)

In his 40 years as a home builder, Mr. Toll says, he has never seen a slump unfold like the current one. "I've never seen a downturn in housing without a downturn in employment or... some macroeconomic nasty condition that took housing down along

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with other elements of the economy," he says. "This time, you've got low unemployment, you've got job creation, you've got a stable stock market and relatively low interest rates."

Joan Guth is one homeowner who was taken by surprise. Last September, she put her stately five-bedroom home in Herndon, Va., on the market for about $1.1 million. She was confident she would get something near that price, and planned to use the proceeds to buy a retirement home in Florida. But her home in the Washington suburbs attracted few serious lookers, and in March, she cut her asking price to $899,900. Still there were no takers. Finally, on the advice of her broker, she called in an auction firm, beginning a process that would eventually reveal to her just how weak the Northern Virginia market had become.

In much of the country, property markets began cooling rapidly in the second half of last year. Home builders were still turning out houses at a rapid clip, and the surge of new and previously occupied homes on the market convinced buyers there was no need to hurry. Over the past year, the number of previously occupied homes listed for sale nationwide has risen nearly 40%. In some metropolitan areas, including Orlando and Phoenix, the supply has quadrupled.

Investors who during the boom had been snapping up properties from the outskirts of Phoenix to the slums of Baltimore began dumping them on the market, hoping to get out with a profit before it was too late.

The resulting slump, thus far, is being felt mainly on the East and West coasts and in Florida, where home prices had soared beyond the average working family's ability to pay. In California's San Diego County, the median home-sale price was $487,000 in July, down 1.8% from a year earlier, according to DataQuick Information Systems, a research firm in San Diego. Prices in the Northern Virginia counties of Fairfax and Arlington and in nearby towns, near Washington, averaged $537,731 in July, down 3.9% from a year earlier, according to the Northern Virginia Association of Realtors.

In some other parts of the country, notably Texas and the Seattle area, local housing markets remain robust. Texas' low housing costs are attracting new residents and investors, while Seattle's strong job market and shortage of homes have kept prices rising.

Nationwide, the median sale price of previously occupied homes in June was 0.9% higher than it was a year earlier, the smallest year-to-year increase since May 1995, according to the National Association of Realtors, a trade group. Over the next few months, the median price may decline from year-earlier periods, a spokesman for the association says, something that hasn't happened since February 1993.

The market may be weaker than the Realtors' widely followed monthly reports suggest. The group's data don't reflect the latest transactions. Its report on July home sales, for instance, due today, will mainly reflect sales that were agreed upon in May or June and closed in July. Moreover, when the market turns down, many home sellers initially let their homes sit instead of cutting prices enough to entice buyers.

Allen Sinai, chief economist at Decision Economics Inc., a New York research firm, contends that housing is poised for something "harder than a soft landing but softer than a hard landing." The weaker market will hurt the economy by eliminating jobs in construction and other housing-related fields and by reducing the ability of consumers to finance spending by borrowing against their home equity. Mr. Sinai predicts these factors could shave as much as a percentage point off economic growth over the next year or so. Taking that into account, he expects the economy to grow at a relatively sluggish annual rate of 2.5% to 2.75% in 2007, compared with 2.5% in this year's second quarter and 5.6% in the first quarter.

In a speech yesterday, Michael Moskow, president of the Federal Reserve Bank of Chicago, noted: "While we factor a housing slowdown into our outlook, there is some evidence -- such as higher rates of cancellation in home-building contracts -- that the slowdown could be more extensive."

With fewer consumers applying for home loans, some big mortgage lenders are already retrenching. Countrywide Financial Corp. last month announced plans to reduce costs by $500 million. Earlier this year, Washington Mutual Inc. eliminated 2,500 jobs at loan-processing centers.

Builders, who were optimistic about prospects until a few months ago, are cutting back too. KB Home, a big home builder based in Los Angeles, has eliminated 7% of its work force, or 440 jobs. In July, U.S. home builders started construction at an annual rate of 1.45 million single-family homes, down 20% from the January peak.

Last August, when Horsham, Pa.-based Toll Brothers reported that its quarterly profit had doubled, Mr. Toll boasted: "We've got the supply, and the market has got the demand. So it's a match made in heaven." Since then, Toll has cuts its guidance four times on the number of homes it expects to close on, and its share price has fallen by more than 45%. Yesterday, the company said orders for new homes in the third quarter were down 48% from a year earlier.

Mr. Toll blames a "drop in confidence" among prospective home buyers, who he says are worried about "the direction of America" and the situation in Iraq. The retreat of speculators who were buying and "flipping" homes also hurt the market, he says. Such speculative buyers, who Mr. Toll estimates accounted for about 10% of demand one year ago, are now sellers.

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Even so, Mr. Toll contends that new household formation, immigration, job creation and rising affluence are currently producing a pent-up demand for housing. Once Americans believe that home prices have bottomed, he argues, they will rush back into the market, although he is unwilling to predict when that will happen.

At D.R. Horton Inc., the nation's largest home builder by units built per year, executives said late last year they were confident that quarterly earnings would continue to increase even during a housing-market slump. In July, Horton reported a 21% decline in net income for the third quarter ended June 30, the first quarter in 28 years in which it didn't report year-over-year profit growth. Horton's chief executive, Donald Tomnitz, said the surge in home prices had priced many people out of the market.

"Every time we've gone into a downturn in the home-building industry, they've always been longer and deeper than we've all imagined," Mr. Tomnitz told analysts in a July 20 conference call. "So we're preparing for the worst, and we think this one will be longer and deeper than just the last six months."

For some homeowners who bought as the market was peaking last year, the downturn is already creating a financial pinch.

In April 2005, Jennifer Bloom paid about $229,000 for a condominium in Yarmouth Port on Massachusetts's Cape Cod, where her son planned to live. After his plans changed, Ms. Bloom, a software specialist for a computer company, decided early this year to sell the condo. She initially listed it at $229,000, and then gradually shaved the price to $199,000 as the market weakened. Earlier this month, she gave up on finding a buyer at a price she could bear to accept. Instead, she is renting out the condo for $1,000 a month, which she says is more than $200 below her monthly costs for mortgage payments, insurance, taxes and other items. She says she intends to hold off on selling it until the market improves.

The slump has been particularly harsh in Northern Virginia, where in recent years, large home builders have turned open fields and wooded lots into new subdivisions. Inventories of unsold homes here have risen 147% over the past year, compared to a 40% increase nationally.

Would-be sellers such as Tahir Javed, a 36-year-old management consultant, are growing frustrated. One year ago, Mr. Javed decided to move up from his town house in Ashburn, Va. He signed a contract to buy for $983,000 a four-bedroom brick colonial that a developer planned to build in nearby Leesburg. He put down a $60,000 deposit and planned to move into the new house in October 2006.

In May, Mr. Javed put his town house on the market for $499,900, which he says is far above the $212,000 he paid in 1999, but in line with asking prices for similar homes in the neighborhood. He hasn't been able to find a buyer, and the balance he owes on his new house -- about $920,000 -- is due in about six weeks.

Mr. Javed says he asked the builder for a price break, but the answer was no. He's considering cutting the asking price for his town house to slightly under $470,000, and if that doesn't work, he may try to find a renter. He had planned to use the money from selling the town house as a 20% down payment on what he owes on his new home, and to borrow the other 80%. Now he may need a bigger loan, which could carry a higher interest rate, he says. "That is the painful part," he says.

Ms. Guth, whose home in Herndon, Va., had failed to attract a buyer after months on the market, eventually turned to Tranzon Fox, an auction firm based in Burke, Va. Ms. Guth had based her initial $1.1 million asking price on a 2005 appraisal of her home, which now appeared far off the mark. She and her family decided they would accept the highest bid of at least $675,000.

Kristin Eddy, a 35-year-old pediatric occupational therapist living in a town home in Reston, Va., had noticed Ms. Guth's dark-green turreted home with its wraparound verandas while riding her bike along a nearby trail. "I've had my eye on that house for a long time -- as a dream," Ms. Eddy says. When it first went on the market, it was far beyond her price range. Then she noticed the sign announcing the auction.

On the morning of Aug. 5, the auctioneer, Stephen Karbelk, set up loudspeakers on Ms. Guth's side lawn. Ms. Guth handed bottles of chilled water to the several dozen bidders and curious neighbors who showed up. "I have a whole stomach full of butterflies," Ms. Guth said.

Ms. Eddy figured her chances of winning were near zero. When the auction began, it became clear that there were only two serious bidders. Although Mr. Karbelk tried to stir excitement, the bidding petered out within minutes. Ms. Eddy was the high bidder, at $475,000.

Looking stricken, Ms. Guth and one of her sons huddled with their broker for a few minutes. Then they told the auctioneer they wouldn't accept the bid, which fell below the stipulated minimum that hadn't been revealed to bidders. The auction was over.

Ms. Guth said she would move and leave the house empty until she could sell it at a reasonable price. Late that afternoon, Ms. Eddy raised her offer to $525,000. The Guths wavered for two days before agreeing to accept about $530,000. Ms. Eddy is getting a home with five bedrooms, four full bathrooms, a half-acre lot and a three-car garage for about what some people had been paying until recently for town houses in the area.

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Ms. Guth has revised her retirement plan. The disappointing auction result made it difficult for her to afford the kind of home she wanted in Florida. She has decided to buy a home in South Hill, a rural area of south-central Virginia where home prices are cheaper than they are in either Florida or the Washington suburbs. She thinks she can find a home there for $175,000 or less.

Write to James R. Hagerty at bob.hagerty@wsj.com3 and Michael Corkery at michael.corkery@wsj.com4

Homeowners Feel Pinch Of Mortgage Rate (WT)

By Tom Ramstack

The Washington Times, August 23, 2006

Robin Vinopal decided to follow the advice of a financial adviser five years ago when she bought a home in Kensington with an adjustable-rate mortgage.

Now she wishes she had ignored his advice.

"I just hit the first adjustment up, and it's painful," said Mrs. Vinopal, a director of operations for a College Park games manufacturer.

Like other borrowers who tried to save on monthly payments with an adjustable-rate mortgage (ARM) or interest-only loan, Mrs. Vinopal is finding that her payments are rising with interest rates.

ARM rates were lower by one percentage point or more compared with the traditional fixed-rate mortgages until about a year ago.

Interest rates on ARMs change with market fluctuations but stay the same on fixed-rate mortgages.

Although ARMs make up 25 percent of home loans nationwide, they accounted for 42 percent of mortgages last year, according to the Mortgage Bankers Association, a trade group for mortgage lenders.

They hit a height of popularity while interest rates were low during the housing boom, when home ownership hit a record 69 percent in 2004.

However, in some cases the American dream was built on unrealistic promises of easy loan-repayment terms.

Now the easy part of the loan is over as rising interest rates create bigger monthly payments.

"A lot of these borrowers are going to refinance into a new mortgage at this point," said Mike Fratantoni, Mortgage Bankers Association senior economist.

Sixty percent of subprime loans, including some ARMs, are scheduled to have their interest rates reset by the end of the year, according to the community activist group Association of Community Organizations for Reform Now (ACORN).

Typically, ARM mortgages require the same payment for the first one, three or five years, then reset each year to reflect the most recent interest rates.

Increases in interest rates "pose a huge threat to the security of individual homeowners and entire neighborhoods," ACORN said in a report on the risk subprime mortgages create for low- and middle-income households.

Mortgage lenders say they already are seeing their ARM customers returning to refinance.

"I'm getting a ton," said Dominic Turano, Washington branch manager for Wells Fargo Home Mortgage, one of the nation's largest mortgage lenders. "People have payments that have about doubled over the last two to two-and-a-half years."

A three-year adjustable-rate mortgage for a $200,000 loan taken out in 2003 at a 4 percent rate would incur monthly payments of $955. If rates that include the lender's profit stay around the current 7.6 percent level, the monthly payment would rise to $1,375, or 44 percent higher.

This month, Mrs. Vinopal received a letter from her mortgage company saying her monthly payments would rise $250 over the roughly $800 a month she has been paying.

"With my own lack of consumer awareness, I didn't pay a lot of attention to the reasons behind it," said Mrs. Vinopal, who said she was merely seeking the lowest loan payment possible when she took out the adjustable-rate mortgage. "At the time, it sounded good."

If she knew how much the monthly payment would increase, "I would never have signed up for that in the beginning," she said.

Mrs. Vinopal and her husband, a Georgetown University biology professor, are scrambling to refinance with a fixed-rate mortgage.

Thirty-year fixed-rate mortgages averaged 6.52 percent interest last week, according to mortgage investor Freddie Mac's weekly rate survey. A year ago, they averaged 5.80 percent.

Five-year Treasury-indexed hybrid ARMs averaged 6.18 percent last week. They averaged 5.34 percent last year at this time.

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Borrowers with interest-only loans and option ARMs run the greatest risk of higher payments. Interest-only loans allow borrowers to pay only the interest on their loans for the first five years or so. Option ARMs allow them to choose between making a minimum payment each month or paying down the principal, just like a credit card.

The risk that the required monthly payments will explode prompted the Federal Reserve to warn mortgage lenders to tighten their lending standards.

"Evidence indicates that the most recent borrowers into the market had little to no down payment, meaning they have little or no equity in their homes," said Keith Leggett, senior economist for the American Bankers Association. "As their adjustable-rate mortgages re-price, they will experience sticker shock. This increases the probability of them defaulting on their mortgage."

The number of properties entering foreclosure was 17 percent higher in June 2006 compared with one year earlier, the online marketplace for foreclosure properties RealtyTrac said in its most recent report on foreclosures.

Stocks Shrug Off Rate Warnings And Close Mixed (WSJ)

By E.S. Browning

The Wall Street Journal, August 23, 2006

After slumping on interest-rate warnings from two Federal Reserve officials, stocks rallied back as investors bet that the Fed's bark was worse than its bite.

Stock indexes finished little changed. The Dow Jones Industrial Average was down 5.21 points, or 0.05%, at 11339.84. It still is up 5.8% for 2006, less than 390 points from its record finish of 11722.98 in January 2000.

The broad Standard & Poor's 500-stock index rose 0.10%, or 1.30 points, to 1298.82, up 4.1% this year, but still not near its own record of 1527.46, which dates from March 2000. Investors are watching closely to see whether the S&P can break significantly above the 1300 level. Trading volume again was light.

Stocks initially rose after Middle East fears were calmed by Iran's willingness to talk with the West about its nuclear program.

But the market began to slip around midday, after the presidents of two regional Federal Reserve banks stressed the need to prevent inflation. Chicago Fed President Michael Moskow hinted at future Fed rate increases, saying "some additional firming of policy may yet be necessary to bring inflation back into the comfort zone." Atlanta Federal Reserve President Jack Guynn warned against the "slippery slope" of tolerating inflation in the name of economic growth.

Still, stock investors noted that the Treasury-bond market, sensitive to any hint of rising interest rates, barely reacted to the comments and finished little changed. Stock investors concluded that the Fed officials might just be trying to keep markets from getting overly exuberant, and stocks rallied back.

"People didn't really believe what the Fed officials were saying," said Todd Leone, head of listed trading at New York brokerage firm Cowen & Co. "The bond market is telling you that the economy is slowing down and the Fed isn't going to raise rates."

Investors also were reassured that quarterly profit at home-builder Toll Brothers fell less than expected.

The Nasdaq Composite Index rose 0.11%, or 2.27 points, to 2150.02, still down 2.5% this year.

Oil futures edged up 18 cents to $72.63 a barrel on the Middle East uncertainty. Gold futures fell $1.10 to $624.60 a troy ounce.

Outside the U.S., stocks declined in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, fell 0.03%, or 0.06 point, to 219.71.

In major U.S. market action:

Stocks were mixed and bond prices gained. The 10-year Treasury note rose 2/32, or 63 cents for each $1,000 invested, pushing the yield down to 4.817%. The 30-year bond was up 3/32 to yield 4.955%.

The dollar strengthened. Late in New York, it traded at 116.55 yen, up from 115.86, while the euro fell against the dollar to $1.2801 from $1.2892.

Chief Justices Sound Alarm On Judicial Elections (LAW)

By Tony Mauro, Legal Times

Legal Times, August 23, 2006

The nation's state chief justices are launching a campaign to remind voters of what used to be obvious: Judicial elections are different from those for other offices.

Voicing "grave concern" over increasingly partisan and costly campaigns, the Conference of Chief Justices -- representing the top jurists in all 50 states, the District of Columbia, and U.S. territories -- voted Aug. 2 on measures to emphasize the "unique nature" of judicial elections. At least some of the judges in 39 states are elected.

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"It's the money, it's the judicial questionnaires, it's a whole constellation of things happening now that don't advance the public's confidence in the courts," says Indiana Supreme Court Chief Justice Randall Shepard, outgoing chairman of the conference, who hosted the chief justices' meeting in Indianapolis. "We need to get information to bar associations and judges groups about what to do when the fire alarm goes off, or before the alarm goes off, in an election."

The chief justices also targeted low judicial salaries, which may be discouraging quality candidates from running. New data indicate that state judges' salary increases are lagging behind those of other state employees as well as private sector lawyers.

Though concern has been building for years about the increase in campaign spending and partisanship in what used to be sedate judicial campaigns, the main impetus for the latest effort by the chief justices is the fallout from a 2002 U.S. Supreme Court decision, Republican Party of Minnesota v. White.

That ruling struck down, on First Amendment grounds, a Minnesota canon of judicial ethics that barred candidates from announcing their views on disputed legal or political issues.

Several lower federal courts have responded to the decision by striking down other state canons and rules aimed at keeping judicial candidates from making campaign promises and partisan statements that may compromise the substance and appearance of impartiality once they are elected.

On July 19, for example, Kansas Federal District Judge Julie Robinson cited the White ruling when she enjoined enforcement of that state's canon barring candidates from making promises about positions they will take on the bench. A judicial-watch organization sued after a state agency said judicial candidates should not respond to the group's questionnaire about issues including same-sex marriage and abortion rights.

"Most of the rulings so far run out ahead of the Supreme Court's decision, by and large in ways that lead to behavior that is not good for the judicial system," says Shepard, who fears the weakening of judicial canons will only feed the cynical view that judges are like candidates for other offices who can be pressured by interest groups and big donors. "No good comes from fostering judicial food fights at the ballot box."

The White decision's main effect has been to encourage interest groups to ply judicial candidates with questionnaires demanding that they take positions on controversial issues, says Georgetown University Law Center professor Roy Schotland, who studies judicial elections and worked with the chief justices on the issue. "The situation is bad, getting worse, with federal judges leading the way downhill."

At a symposium on the impact of the White decision at the National Judicial College in Reno, Nev., last year, participants called on the chief justices to move aggressively to improve public understanding of courts and the need for open-minded judges, as well as to change the "culture" of judicial elections.

A "call to action" endorsed by the participants at the Reno conference urged, "Very high priority must be given to reducing the aspects of judicial elections that jeopardize public confidence in our courts -- our state courts directly, but unquestionably all our courts."

Debate Grows On Out-of-wedlock Laws (CSM)

By Patrik Jonsson

The Christian Science Monitor, August 23, 2006

ATLANTA

In Black Jack, Mo., (pop. 6,792), the city council wrangled last week over precisely how to define a family.

In West Virginia, religious conservatives are getting ready to do battle with the American Civil Liberties Union (ACLU) over the use of a law that aims to bolster marriage by outlawing "lewd and lascivious cohabitation."

In North Carolina, a state judge in July ruled unconstitutional a law that states it's illegal for unmarried couples to live together.

Still, 1.6 million Americans in seven states are breaking their states' laws for doing just that, according to Unmarried America, a lobbying group for singles' rights based in California.

States enforce these morality-based laws - which can include fornication and "criminal conversation," sweet-talking a married woman with a mind toward adultery - only in select cases, experts say.

Yet the debate about whether the laws should continue to exist is a flash point between secularists and traditional Christians over the definition of a family.

"These are archaic laws which are hardly ever enforced, but they are ... often used as a weapon to degrade someone else," says Dan Pollitt, a law professor at the University of North Carolina, Chapel Hill.

Nationwide, the number of couples living together out of wedlock has grown from 500,000 in 1970 to more than 5 million today. For the first time, a majority of households in the US are headed by unmarried or single adults, according to a census report released last week.

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But until the 20th century, cohabiting was not acceptable in most places. In 1805, North Carolina enacted its law barring adultery and fornication as part of a host of puritanical social controls that included "keeping bawdy houses." North Dakota, Mississippi, Florida, Michigan, Virginia, and West Virginia also have laws banning cohabitation.

Christian activists say the state laws are worth fighting for, but acknowledge that cohabitation is "part of the life we live now," says Brian Fahling, senior trial attorney at the American Family Association's Center for Law & Policy in Tupelo, Miss. One reason: Unwed couples are more than three times as likely as married couples to report incidents of domestic violence, reports the National Survey of Families and Households.

"Our forefathers were wise, and such laws as the cohabitation law here in North Carolina are really important for holding up moral standards," says the Rev. Mark Creech, director of the Christian Action League. "Cohabitation simply imitates marriage, but without actually creating the internal, the emotional, the moral and the legal structure that protects couples."

About 144,000 unmarried couples in North Carolina live together, according to the 2000 census. The state law banning cohabitation was cited nearly three dozen times between 1997 and 2003.

Ironically, it is mostly used in marriage dissolution cases when a spouse is attempting to gain custody of a child by exposing a former mate's out-of-wedlock living arrangement. Criminal conversation charges have led to big jury rewards for several plaintiffs in divorce proceedings, state law experts say.

The anticohabitation laws continue partly because politicians don't want to get involved in a culture battle. The North Dakota House voted 52 to 37 in January 2005 to keep the state's law that bans living together out of wedlock.

They also remain because judges usually don't allow arguments on the constitutionality of laws banning cohabitation unless there is proof that a person has experienced real harm - beyond being labeled a criminal in a civil case.

A North Carolina district judge in July determined that real harm was inflicted on Deborah Hobbs, a sheriff's department dispatcher in Pender County, N.C. In 2004, she was forced to leave her job for not ending her out-of-wedlock living arrangement with her boyfriend. The ACLU sued the sheriff's department on her behalf. Although the judge ruled the law unconstitutional, a state appeals court must hear the case.

In a similar clash in West Virginia, the ACLU says it's investigating a claim that law enforcement has used the state's anticohabitation law against a couple.

Christian groups, including the West Virginia Family Foundation and the American Family Association, say they are defending the law to uphold Judeo-Christian values, says Mr. Fahling.

In some places, anticohabitation laws have been losing legal standing. Arizona and New Mexico abolished theirs a few years ago. More recently, the landmark Supreme Court decision (Lawrence v. Texas) in 2003, which struck down a Texas law that banned sodomy, has given civil liberties groups fuel to take on such laws.

In Black Jack, the city council voted last Tuesday to overturn an ordinance that had kept at least one family with unmarried parents from getting a housing permit. The law had prohibited more than three people not related by "blood, marriage, or adoption" from living together to prevent crowding - not for moral reasons, the mayor has said.

Some worry about a trend to regulate singles' lifestyles. "I think we're going to see more of this, the zoning battles, the whole battle of equal rights for unmarried people," says Tom Coleman, director of Unmarried America.

Democrats' Shameful Wal-Mart Demonization (LAT)

The Los Angeles Times, August 23, 2006

WITH ONE EYE ON 2008 and one on their labor union base, Democratic luminaries are canvassing Iowa and other states this summer to campaign against the nation's incumbent … retailer. They obviously see Wal-Mart as this season's Enron, the one corporation that represents all that is wrong with America.

Too bad the party can't simply draft Costco or Target to run for president. Instead, Democratic presidential aspirants — including Sen. Joseph R. Biden Jr. of Delaware, Sen. Evan Bayh of Indiana, former Sen. John Edwards of North Carolina and Gov. Bill Richardson of New Mexico — feel compelled to bash one company, the largest employer in the U.S., to score points with labor organizers. The candidates are so intent on gaining tactical advantage in the primary season that they risk alienating possible supporters in the general election.

Most Americans do not want their politicians ganging up on one company. Wal-Mart may be a behemoth that employs 1.3 million people in this country and earned $11 billion in profit last year, but it still looks like bullying when politicians single out one business to scapegoat for larger societal ills. And when they start passing laws aimed at their scapegoat — as the Maryland Legislature did when it passed legislation forcing Wal-Mart to spend a certain amount on employee healthcare — the judiciary rightly balks. A federal judge struck down the regulation, holding that it violates laws requiring equal treatment of employers.

But there is no stopping the campaign rhetoric. At an anti-Wal-Mart rally last week in Iowa, Biden noted that the retailer pays people $10 an hour, and then asked: "How can you live a middle-class life on that?" It's clearly the company's fault, at least

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from a skewed senatorial perspective, that all Americans cannot live a comfortable middle-class life. How dare it pay prevailing retail wages? Bayh, who appeared at another rally, was quoted as saying that Wal-Mart is "emblematic of the anxiety around the country." That may be true. But if it's the emblem he's worried about, he should stay in Washington and work to make healthcare more affordable for working families.

The gusto with which even moderate Democrats are bashing Wal-Mart is bound to backfire. Not only does it take the party back to the pre-Clinton era, when Democrats were perceived as reflexively anti-business, it manages to make Democrats seem like out-of-touch elitists to the millions of Americans who work and shop at Wal-Mart.

One reason the Democrats may have a tin ear on this subject is demographic. Certainly most of the party's urban liberal activists are far removed from the Wal-Mart phenomenon. The retailer has thrived mainly in small towns and exurbs, which is one reason a Zogby poll found that three-quarters of weekly Wal-Mart shoppers voted for President Bush in 2004, and why 8 out of 10 people who have never shopped at Wal-Mart voted for John Kerry. Denouncing the retailer may make sense if the goal is to woo primary activists, but it's a disastrous way to reach out to the general electorate. Or to govern, for that matter.

Everybody Has An Opinion About Wal-Mart (WSJ)

By Holman W. Jenkins, Jr.

The Wall Street Journal, August 23, 2006

Andy Young, the venerable civil rights hero who resigned as an adviser to Wal-Mart last week after some peculiar comments on convenience stores, might have benefited from a briefing on retail economics.

He would have learned that small stores charge higher prices than, say, a Wal-Mart because convenience is a cost. A small store generates small traffic. Its shelf-space is limited. Yet customers pay the high prices that keep these businesses above water because the stores are accessible, "convenient," both in proximity and hours of operation.

In poor neighborhoods, moreover, such stores frequently are operated by immigrants who lack the connections, money and skills to avail themselves of better opportunities. One retail expert once explained that the worst locales fall to South Koreans in particular, because of all Asian immigrants, they have the least command of English.

Behold, the metaphor for the rest of the column.

Mr. Young, a former U.N. ambassador and mayor of Atlanta, was on Wal-Mart's payroll to defend the company. This was clearly the inferior opportunity for any political entrepreneur, at least judging by the scads of presumably astute Democrats who have positioned themselves on the other side of the debate: Wal-Mart is the devil that sends our jobs to China and dumps us at the emergency room without health insurance.

By contrast, Mr. Young's recourse to antique race rhetoric suggests a man trying to sell wide ties when narrow ties are in fashion. "You see those are the people who have been overcharging us," he said of the owners of small stores, "and they sold out and moved to Florida. I think they've ripped off our communities enough. First it was Jews, then it was Koreans and now it's Arabs."

Get with it, guy!

For all that, Mr. Young's analysis of the Wal-Mart phenomenon, as wrong-headed as it might be, is hardly worse than that now prevalent in Democratic Party circles. Everyone from Hillary Clinton to Ned Lamont makes a political living these days blaming the company for the ills of the "middle class." But how the ironies do pile up here.

What makes Wal-Mart vulnerable and a meal ticket for political opportunists of every stripe is a growth strategy that's now premised on moving upscale. Pollster John Zogby found that 76% of people who shop weekly at Wal-Mart voted for George Bush, while John Kerry won 80% of those who say they never shop there. The problem is Wal-Mart now wants those John Kerry voters in its stores.

It had Al Gore to Bentonville to preach global warming. It has a new green showcase store near Dallas. Wal-Mart has been moving into the grocery sector's turf, on a bet that bringing in Volvo owners for groceries will lead them to higher-margin manufactured merchandise that the company yearns to sell. Wal-Mart's slogan is still "every day low prices," but its continued prosperity depends on bringing in a clientele willing to pay higher prices.

Wal-Mart's wages and benefits are actually among the best in retail, though not up to the level of supermarket wages, long set by union bargaining. Wal-Mart entered the grocery game in pursuit of Kerry voters; in turn, its arrival inspired two strikingly successful anti-Wal-Mart media campaigns funded by the United Food and Commercial Workers and the Service Employees International Union, which represent supermarket workers and are key Democratic interest groups.

One of the Democratic Party's biggest individual donors is supermarket magnate Ron Burkle, Bill Clinton's nighttime-is-playtime friend. Mr. Burkle plays up his image as labor's champion, never mind that he extracted his billions by buying up local supermarket chains in leveraged deals, then selling them to corporate owners knowing full well that what made the underlying economics possible was cuttable labor costs.

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He bought Ralph's and resold it to Kroger, he bought Dominick's and resold it to Safeway. It's not too much to say his big paydays were a down-payment on the labor savings that the new owners put into effect. None of this stopped the UFCW from singing his praises when he recently bought a stake in Pathmark or the AFL-CIO from once naming him "humanitarian of the year."

Meanwhile, Andy Young, even before last week's faux pas, was mercilessly assailed by his fellow civil rights veterans for defending Wal-Mart. Yet Mr. Young is certainly right that by bringing low prices and a wide selection of goods, Wal-Mart made life better for what you might call hands-on Americans, i.e., those who do their own shopping rather than sending their illegally employed immigrant housekeepers.

But that was then. Wal-Mart's decision to seek margin expansion rather than cost compression has brought it into direct conflict with organized labor where it's strong -- the supermarket business. Mr. Young, like a South Korean setting up a grocery store in the Bronx, whatever his real convictions in the matter, quickly would have found himself crowded out of the better opportunities by people like Ms. Clinton (once a Wal-Mart board member) who soak up labor support and labor votes by adopting the anti-Wal-Mart line.

Fortunately Wal-Mart affords an endless array of niches. It gives consumers a good deal -- and can be defended on those grounds by Mr. Young. It pays low-skill wages and deprives workers of health benefits till they've been around for a few months -- so it can be attacked as a slave driver.

It also champions an increase in the minimum wage and sucks up to Al Gore, so there's room even for Republicans to get in on the Wal-Mart bashing game. Truly Wal-Mart offers something for everybody.

Bush To Raise Cash For Allen (FWNS)

By Nedra Pickler

The Fort Wayne News-Sentinel, August 23, 2006

WASHINGTON - President Bush has no qualms about raising campaign cash for Sen. George Allen despite the Republican's widely assailed quip in which he called a rival campaign worker of Indian descent a "macaca."

In recent days, Allen has faced a barrage of criticism since he used the word to describe Virginia native S.R. Sidarth, a 20-year-old University of Virginia senior who was video taping a campaign event for Allen's Democratic challenger Jim Webb.

Allen exhorted the crowd: "Let's give a welcome to Macaca here. Welcome to America and the real world of Virginia."

Macaca is a genus of monkeys including macaques. The name also could be spelled Makaka, which is a city in South Africa.

Allen, a potential 2008 presidential candidate, has said he just made the word up. He said he didn't mean to demean Sidarth and was sorry if he was offended.

"Senator Allen apologized," said White House spokeswoman Dana Perino. "And I think it's in everyone's best interest, in this day and age of politics when everyone is trying to improve the tone and discourse, to accept apologies when they're offered."

In a memo to Republicans, Allen campaign manager Dick Wadhams complained about a "feeding frenzy" in the news media over the senator's comments. He also complained that the media and the Webb campaign were creating "national news over something that did not warrant coverage in the first place."

Wadhams suggested that the media cannot be expected to be fair or objective in covering Allen and said that the week obviously has been difficult on the senator and his wife.

"Never in modern times has a statewide officeholder and candidate been so vilified in a desperate attempt to revive a campaign that was fast-sinking - the Webb campaign," Wadhams wrote in the memo. The memo, dated Saturday, was distributed to reporters by the Democratic Senatorial Campaign Committee, which also said Allen has not apologized directly to Sidarth but only through the media.

Perino was speaking to reporters aboard Air Force One as Bush traveled to Minnesota for a fundraiser and speech. Bush plans to travel across the Potomac River to Virginia Wednesday to raise money for Allen at the home of former Republican National Committee chairman Ed Gillespie.

"I was asked earlier if the president had qualms about attending," Perino said. "The answer is, 'No.'"

Phil Singer, spokesman for the Senate Democrats campaign committee, argued that simply saying Allen apologized wasn't good enough.

"Allen's remarks were despicable and Bush has an obligation to say so," Singer said. "If the president refuses to condemn Allen's comments, he should at the very least cancel his fundraiser for him or else it will look like he is rewarding Allen's behavior."

Lieberman And Lamont Tied In Connecticut (ARG)

DOJ_NMG_0052332

American Research Group, August 22, 2006

Joe Lieberman and Ned Lamont are in a statistical tie in the race for United States Senate in Connecticut according to the latest survey from the American Research Group. Among likely voters in November, 44% say they would vote for Lieberman, 42% say they would vote for Lamont, 3% say they would vote for Alan Schlesinger, and 11% are undecided.

Lieberman leads Lamont 57% to 18% among enrolled Republicans and 48% to 38% among unaffiliated (independent) voters. Lamont leads Lieberman 65% to 30% among enrolled Democrats.

A total of 56% of likely voters have a favorable opinion of Lieberman and 41% have an unfavorable opinion of Lieberman. A total of 47% of likely voters have a favorable opinion of Lamont and 34% have an unfavorable opinion of Lamont.

Overall, 9% of likely voters have favorable opinions of both Lieberman and Lamont. Of this group, Lieberman leads Lamont 68% to 32%. Of the remaining 91% of likely voters, Lieberman and Lamont are tied at 44% each. Also of the remaining 91% of likely voters, 46% have a favorable opinion of Lieberman and 51% have an unfavorable opinion of Lieberman, and 42% have a favorable opinion of Lamont and 40% have an unfavorable opinion of Lamont.

Of the 11% of likely voters undecided in the US Senate ballot, 57% have a favorable opinion of Lieberman and 43% have an unfavorable opinion of Lieberman, and 4% have a favorable opinion of Lamont, 41% have an unfavorable opinion of Lamont, and 55% are aware of Lamont but do not know enough about him to have an opinion.

The following results are based on 790 completed telephone interviews among a statewide random sample of likely voters in Connecticut. A total of 188 enrolled Republicans, 261 enrolled Democrats, and 341 unaffiliated voters were interviewed. Of the 790 likely voters, 600 say they always vote. The interviews were conducted August 17-21, 2006.

The theoretical margin of error for the total sample of 790 likely voters is plus or minus 3.5 percentage points, 95% of the time, on questions where opinion is evenly split. The theoretical margin of error for the sample of 600 likely voters saying they always vote is plus or minus 4 percentage points, 95% of the time, on questions where opinion is evenly split.

Question wording and responses:

If the general election for US Senate were being held today between Ned Lamont, the Democrat, Joe Lieberman, the independent, and Alan Schlesinger, the Republican, for whom would you vote? (names rotated)

Unaffiliated (43%)

38%

48%

1%

13%

Which of the following names have you heard of in connection with running for US Senate in Connecticut? (names rotated)

Ned Lamont.

If aware, ask: Would you say that you have a favorable opinion of Ned Lamont, an unfavorable opinion of Ned Lamont, or that you are aware of Ned Lamont but have no opinion of him?

43%

29%

28%

-

Joe Lieberman.

If aware, ask: Would you say that you have a favorable opinion of Joe Lieberman, an unfavorable opinion of Joe Lieberman, or that you are aware of Joe Lieberman but have no opinion of him?

71%

24%

5%

-

Alan Schlesinger.

If aware, ask: Would you say that you have a favorable opinion of Alan Schlesinger, an unfavorable opinion of Alan Schlesinger, or that you are aware of Alan Schlesinger but have no opinion of him?

Alan Schlesinger

Favorable

Unfavorable

Undecided

Unaware

Likely voters

5%
45%
36%
14%
Republicans (24%)
18%
54%
25%
4%
Democrats (33%)
3%
49%
35%
14%
Unaffiliated (43%)
0%
38%
43%
19%

Lieberman, Lamont Are Tied In American Research Group Survey (BLOOM)

Bloomberg, August 23, 2006

By Kristin Jensen

Aug. 22 (Bloomberg) -- Connecticut Senator Joe Lieberman, who's running for re-election as an independent, is in a statistical tie with Democratic primary winner Ned Lamont, according to a poll taken by the American Research Group Inc. in the past five days.

The telephone survey of 790 likely voters in Connecticut found that 44 percent would vote for Lieberman if the election were held today compared with 42 percent for Lamont. The Republican challenger Alan Schlesinger drew 3 percent of the vote. The margin of error is plus or minus 3.5 percentage points.

The Aug. 17-21 poll included interviews after Lieberman defended his support for the Iraq war on CBS's ``Face the Nation'' Sunday talk show. An Aug. 10-14 Quinnipiac University poll had put Lieberman ahead of Lamont by 12 points.

``It looks better for Lamont as the turnout grows because there is an anti-incumbent feeling,'' said Dick Bennett, president of the Manchester, New Hampshire-based American Research Group. ``If this were a lower-interest race, I would say Lieberman would have it.''

The independent American Research Group poll found that Lieberman had an edge of 10 points over Lamont among unaffiliated voters and drew 57 percent of the registered Republicans, compared with 18 percent for Lamont and 11 percent for Schlesinger. Democrats backed Lamont 65 percent to 30 percent.

Among the 600 participants who said they always vote, Lieberman drew 47 percent support to Lamont's 43 percent. That was within the 4-point margin of error for that subgroup.

The earlier Quinnipiac poll included 1,319 likely voters in Connecticut and had a margin of error of 2.7 percentage points. Bennett said the two polling groups may use different criteria for identifying voters most likely to go to the polls.

Lamont won the state's Democratic Senate primary Aug. 8 with 52 percent of the vote to Lieberman's 48 percent. Within hours, Lieberman filed to run as an independent in the general election.

To contact the reporter on this story: Kristin Jensen in Washington at kjensen@bloomberg.net

Poll: Lieberman, Lamont Running Neck-and-neck (CNN)

CNN.com CT Sen. Poll, August 23, 2006

Poll: Lieberman, Lamont running neck-and-neck

Ned Lamont, left, defeated incumbent Sen. Joe Lieberman in the Democratic primary.(CNN) -- A new poll by the American Research Group indicated a statistical dead heat in the U.S. Senate race in Connecticut between upstart Democratic nominee Ned Lamont and incumbent Sen. Joseph Lieberman.

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Some 44 percent of respondents deemed "likely voters" supported Lieberman, while 42 percent said they would vote for Lamont in the November election. This gap was well within the margin of error of plus-or-minus 3.5 percentage points. Republican nominee Alan Schlesinger got backing from 3 percent of likely voters. (Full results)

Late last week, Quinnipiac University released its own poll showing Lieberman with a healthy, double-digit lead over Lamont -- 53 percent of likely voters to 41 percent. (Full story)

The main difference between the two polls lay in the percentage of respondents who said that they were undecided: 2 percent in the Quinnipiac survey compared to 11 percent in the ARG poll, more than 5 times larger.

According to the ARG poll, some 65 percent of Democrats said they'd vote for Lamont, compared to 30 percent for Lieberman. Overwhelming support from Republicans -- who backed him 57 percent to Lamont's 18 percent -- propelled Lieberman.

Lieberman led Lamont 68 percent to 32 percent among the 9 percent of likely voters who said they had a favorable view of both top candidates. Lieberman was viewed favorably by 56% of likely voters, while 47 percent had a favorable opinion of Lamont.

In a hotly contested, high-profile Democratic primary, Greenwich cable executive Lamont rallied from political obscurity to upend Lieberman -- the party's 2000 vice presidential nominee -- 52 percent to 48 percent. Throughout the campaign, Lamont criticized the three-term senator's support for the Iraq war. After conceding the primary, Lieberman said that he would continue in the race as an "independent Democrat." (Full story)

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Lieberman Warns Of Danger Of The U.S. Pulling Out Of Iraq (NYT)

By Jennifer Medina

The New York Times, August 23, 2006

HARTFORD, Aug 22 — Suggesting that he sees parallels between the war in Iraq and the early struggle against fascism, Senator Joseph I. Lieberman said on Tuesday that the United States would create a dangerous world if it left Iraq too soon.

"Iraq has now become what everyone thinks it was before, another battlefield in this war with Islamic terrorists, and we've got to end it with a victory," Mr. Lieberman said during an interview with the nationally syndicated conservative radio talk show host Glenn Beck on Tuesday.

In the 15-minute interview, Mr. Lieberman warned against the United States becoming isolationist, and he seemed to agree with Mr. Beck's repeated statements suggesting that the war against Islamic terrorists represented the brink of an international war.

When Mr. Beck compared the current situation to the eve of World War II, saying that that world was in denial then as it is now, Mr. Lieberman said there were "very, very severe echoes of all that."

"You know somebody said to me that Iraq, if you look back at it, is going to be like the Spanish Civil War, which was the harbinger of what was to come," Mr. Lieberman said. "Also, as the Nazis began to move in Europe, we tried to convince ourselves we contained them — and we obviously didn't, and then we paid the price."

At one point in the interview, Mr. Beck asked pointedly, "Why is it there aren't more politicians saying, 'Guys, this is World War III. We are in deep trouble?' "

Mr. Lieberman responded by saying that he thought that both Republicans and Democrats treat "politics as if it was a sport in which you are on one team," and that "the aim is for that team to win."

"And when you do that, you forget that there are larger interests, which is the interests of the United States of America," he said. "The other thing going on here is that you know people don't like to face the reality of danger, and maybe some politicians don't like to be the ones to talk about it. But everything you've just said is right."

Ned Lamont, who defeated Mr. Lieberman in the Democratic primary in part by stoking antiwar sentiment, said that Mr. Lieberman's comments put him "way outside the mainstream, not just of Democrats, but of the public at large."

Mr. Lamont has said he would back a plan for a firm timeline of troop withdrawal from Iraq, a position supported by several other Democrats in the Senate.

"Nobody is talking about isolationism," Mr. Lamont said, responding in a telephone interview to Mr. Lieberman's remarks. "The problem is that the Bush administration and Senator Lieberman think that you can fight this like a conventional war, and that's where they are wrong. We have to deal with homeland security, port security, to really protect ourselves."

Mr. Lieberman also reiterated his belief that the war against terrorists could drag on for several years, and that pulling troops out of Iraq would allow the Iranian government to move in and would increase the price of oil.

"If we walk away, then the Iranians will — as sure as I am talking to you — surge into Iraq, certainly take over the south and the oil that's there," he said. "We'll be paying six or seven bucks a gallon. And that'll just be the tip of it. I mean, there'll be instability and war throughout the Middle East. We've got to wake up to this. It is the test, unfortunately, of not just this generation of American leaders, but of the next generation as well, because this enemy ain't going away."

Mr. Lamont said that Mr. Lieberman was using overcharged rhetoric and said that he "fundamentally disagreed" with the senator.

"The invasion of Iraq has had one big winner and that's Iran," Mr. Lamont said. "It's an enemy that is not going away, but that has nothing to do with the war in Iraq. The war in Iraq has been a distraction and made us weaker."

Later, in appearance with Wolf Blitzer on CNN, Mr. Lieberman said that the war in Iraq had not undermined the credibility of efforts to deal with terror threats. Mr. Lieberman also said that he did not believe Iraq was already in a civil war, a term Mr. Lamont uses regularly.

Lieberman Camp Hits Bid To Oust Senator From Party (WT)

By Charles Hurt

The Washington Times, August 23, 2006

The campaign of Sen. Joe Lieberman yesterday described efforts to have Mr. Lieberman kicked out of the Democratic Party "Soviet-style tactics" and "dirty political tricks at its worst."

"These are Soviet-style tactics," Lieberman campaign spokesman Dan Gerstein said.

A group of peace activists has asked the New Haven registrar to strip the three-term Connecticut Democrat of his decades-long party association now that he's running for Senate as an independent.

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The activists say they are working independently of Ned Lamont, the anti-war candidate who defeated Mr. Lieberman in the Democratic primary earlier this month.

"The Lamont campaign had nothing to do with this," said Lamont campaign manager Tom Swan. "We didn't even know the law they were quoting. All our work is focused on beating Joe Lieberman on November 7."

The group cited a state statute that allows for party affiliation to be "stricken or excluded" for two years if a candidate runs for office in a different party, the New Haven Independent reported Monday.

The registrar is reviewing the complaint.

Mr. Lieberman, who leads Mr. Lamont by 12 points in a recent statewide poll, says despite his independent status he plans to remain part of the Democratic caucus in the Senate.

Lieberman campaign manager Sherry Brown called the attack on Mr. Lieberman's party affiliation "dirty political tricks at its worst, ranking up there with the outrageous tactics that Katherine Harris and the Republicans used in 2000 in Florida to stop all the votes from being counted."

"This kind of ridiculous, partisan game-playing is not going to provide anyone in Connecticut with better jobs, better health care or better schools," she said.

The Lieberman campaign also has flashed its independent colors with two recent hires.

Republican pollster Neil Newhouse has signed on to be the campaign's pollster. A partner at Public Opinion Strategies, Mr. Newhouse has worked for Connecticut Gov. M. Jodi Rell, Florida Gov. Jeb Bush, Sen. Rick Santorum of Pennsylvania and Massachusetts Gov. Mitt Romney, all Republicans.

The campaign also has hired Democratic strategist Josh Isay as its new press consultant. Mr. Isay has worked for a long list of Democrats as well as New York City's Republican Mayor Michael R. Bloomberg.

Of particular note is that Mr. Isay also has worked for Sen. Charles E. Schumer, the New York Democrat who now heads the Democratic Senatorial Campaign Committee, which is dedicated to defeating Mr. Lieberman in November.

Mr. Lieberman said the two men would help "bring our state together for a new politics of unity and purpose."

Henry Lowendorf, one of the protesters who wants Mr. Lieberman kicked out of the party, told reporters that Mr. Lieberman can't be both an independent and a Democrat.

"He shouldn't call himself a Democrat while he's running against the bona fide Democrat," he said. "He's running against the candidate the Democratic Party chose in a vote. He should be out."

Clinton Rival Tries To Make Most Of Liberal Anger (NYT)

By Patrick Healy

The New York Times, August 23, 2006

As Ned Lamont basks in his Democratic primary victory in Connecticut, another antiwar underdog is trying to assume the same role of political giant-killer in next month's elections in New York, though against much bigger prey: Hillary Rodham Clinton.

But while Mr. Lamont united liberals and used $4 million of his own money to win his primary, Jonathan Tasini is struggling on a shoestring campaign to rise above his 12 percent standing in the polls, even as he hawks a message of left-wing anger over Iraq to an electorate that is more liberal than Connecticut's.

Mr. Tasini has qualified for the Sept. 12 primary ballot against Mrs. Clinton, and his positions on the Iraq war, the death penalty and gay marriage are in step with the progressive groups and liberal bloggers that contributed volunteers, money and buzz to Mr. Lamont. Yet some of these partisans say they are deeply reluctant, and in some cases scared, to criticize or abandon Mrs. Clinton, who supported the invasion of Iraq.

They cite her power in the Democratic Party and her careful positioning that has made her, if not antiwar, then a sharp critic of the administration's handling of Iraq, Hurricane Katrina and the economy.

A former union leader, tireless and impolitic, Mr. Tasini has stirred some enthusiasm among voters — even young women, who are the Clinton core — and he is increasingly well received by liberal audiences, based on interviews with voters and time spent watching him work crowds.

One reason for the enthusiasm is Mr. Lamont's upset win over Senator Joseph I. Lieberman; some people wonder if some of that success could be replicated in New York. But Mr. Tasini has raised only $200,000 to Mrs. Clinton's $44 million, and she has undercut his best shot at visibility by refusing to debate him.

"I'm the eternal optimist, and I have two reasons to be optimistic: 65 percent of people don't know me, and 62 percent solidly oppose the war," Mr. Tasini said in an interview, referring to recent polls. "But Hillary is being incredibly antidemocratic by not debating me even though I am on the ballot."

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Howard Wolfson, a spokesman for Senator Clinton, said his camp would "see how the campaign plays out" before making a final decision on a debate. But Mr. Wolfson pointedly added that the New York race would not be a replay of the Connecticut primary two weeks ago.

"The bottom line is that Hillary Clinton is no Joe Lieberman and Jonathan Tasini is no Ned Lamont, and no amount of increasingly over-the-top attacks from Mr. Tasini will change that reality," he said.

Mr. Wolfson was referring to a series of remarks by Mr. Tasini over the last several months: He has blamed Mrs. Clinton personally for the deaths of 2,500 American service members and others in Iraq, for instance, as well as "tens of thousands of Iraqis."

Mr. Tasini, who, at 49, has never run for public office before, is a complicated political animal. He has even been sharply critical of Mr. Lamont, arguing that he is insufficiently antiwar and would never have won without spending $4 million of his own money.

Mr. Lamont, like Mrs. Clinton, has also strongly supported Israel in the ongoing conflict with Lebanon, while Mr. Tasini — who has many family members in Israel — has chastised Israel for its bombing and invasion of Lebanon.

Mr. Tasini can come across as smart, credible, self-effacing, bombastic, self-aggrandizing and haughty, sometimes all in one conversation. Asked about his huge deficit in public opinion polls, Mr. Tasini can spin like a veteran politician: "If 100 percent of the population knew me, would I get all 62 percent of the antiwar vote? Well, maybe not all."

Some members of the National Writers Union, which Mr. Tasini led from 1990 to 2003, have openly described him as an opportunist, and his response is couched in characteristic hyperbole.

"I don't think I walk on water, but I am not the devil incarnate," he said.

Mr. Tasini was born in Houston but spent part of his childhood in New York State and now lives in Washington Heights, in Manhattan. He earned a bachelor's degree in political science from the University of California, Los Angeles.

To many antiwar partisans and liberal groups, Mr. Tasini is also not enough of a threat to Mrs. Clinton to be useful in pressuring her over Iraq. They say that instead of intervening in the primary race, it is more important to keep Mrs. Clinton as an ally and try to influence her foreign policy in friendly ways, since she could well become a presidential candidate in 2008. Otherwise, some fear, she might freeze them out.

James Dean, the head of Democracy for America, a grass-roots group that fervently supported Mr. Lamont, said he planned to stay on the sidelines in the Clinton-Tasini contest.

Mr. Dean said that his group was not scared to take on Senator Clinton over Iraq, but that there was "a time and a place" for such challenges — and spurning her within her own party did not make sense.

"I think progressives are a lot more pragmatic than people think, and there are only so many battles that you can pick in one election year," said Mr. Dean, whose brother, Howard Dean, inspired the group during his presidential bid in 2004. "Hillary has also clearly been a critic of the administration."

Roger Hickey, a co-director of Campaign for America's Future, a liberal group that praised the Lamont victory, initially declined to speak about Mr. Tasini's bid. He agreed to comment on the New York race only in relatively narrow terms.

"Hillary by and large is a team player in terms of Democratic Party politics, and there's one issue — the war — where we all felt she should have changed her position and where she is very slowly modifying to an antiwar position," Mr. Hickey said. "The Connecticut race required one tactic from activist groups, a frontal tactic, and other races require other sorts of tactics."

Markos Moulitsas, whose blog, the Daily Kos, championed Mr. Lamont, was more blunt in explaining why he had not taken up Mr. Tasini's banner.

"I fed off the excitement and energy Lamont created amongst Connecticut activists and bloggers," Mr. Moulitsas wrote in an e-mail message. "I see none of that energy or excitement for Tasini."

Mr. Tasini said he had a chicken-and-egg problem: Groups like MoveOn.org say their New York members are not excited enough about Mr. Tasini to become involved in the race, yet these groups have not systematically polled members to determine that.

As a result, Mr. Tasini has had little help with introducing himself to voters. Some of them are not sure what to make of him, anyway.

Tramping across picnic blankets before the outdoor movie in Bryant Park on Monday night — "Take off your shoes," people yelled — Mr. Tasini drew skeptical glares as he bellowed: "New York Democrats? Any Democrats here?"

Here and there he was invited to make his pitch: that Senator Clinton "supports criminalizing flag-burning," "supports discrimination against gay couples on marriage," and "supports the Yankees even though I'm the lifelong Yankees fan." He was clearly grateful for any attention.

Out of 20 voters who talked to Mr. Tasini, about half said in interviews afterward that they would consider voting for him. Among those were a group of young female voters, a demographic that the Clinton camp views as part of its core support.

"I think Senator Clinton's more of an opportunist, like supporting the war and now really criticizing it," said Sarah Kaufmann, 23, a teacher in New York. "I hadn't heard much about that guy before tonight, but he sounded like he cared about Democratic ideals."

Sen. Clinton Delays AIDS Law's Renewal, Citing Cut In N.Y. Funds (WP)

By Jeffrey H. Birnbaum

The Washington Post, August 23, 2006

Sen. Hillary Rodham Clinton is holding up renewal of the primary federal law that battles HIV/AIDS, the 1990 Ryan White Act, causing a rift among activists on the subject and threatening approval of the legislation this year.

Clinton (D-N.Y.) said she opposes the measure because it would lower funding for her home state. But some AIDS groups also see broader political motives at work. Other states that would lose out include California, Florida and Illinois -- all places Clinton would need to win if she seeks the presidency. Her critics also note that many of the states that would receive higher funding under the new formula are rural and Southern, which tend to vote Republican.

Clinton was the sole vote against the Ryan White Act reauthorization bill that passed the Senate Committee on Health, Education, Labor and Pensions in May. Ever since, she and other senators have been negotiating to find a consensus that would allow the measure to pass by acclamation before Congress's scheduled adjournment at the end of September. But a compromise has not been found.

"With a bipartisan bill like this, and with time limited, we want to have something that would go through without objection," said Michael Mahaffey, spokesman for the health committee. But, he added, Clinton "objects to the bill in the form passed out of committee."

The senator's insistence on a different formula -- one closer to current law -- has angered several groups that represent AIDS and HIV patients who stand to get more money under the pending bill. Last week, Harry C. Alford, chief executive of the National Black Chamber of Commerce, wrote a letter to Clinton that said, "It is with sadness that I learn about your efforts to block" the law's reauthorization.

Alford said that people of color, particularly in the South, are contracting AIDS at a rapid pace and need more funding than was envisioned when the current formula was devised. "I must share with you the bewilderment of African Americans throughout the country who cannot understand why you are taking this stand against opening the door to more equitable funding that will chiefly benefit people of color," he wrote.

In response, Clinton wrote to Alford yesterday, saying she agrees that AIDS "has had a disproportionate impact on people of color" and "that our federal government can do more." But she said that the Ryan White measure as drafted "would have a devastating impact on New York" and "unfairly shift millions of dollars in funding away from New York and other states that have been hardest hit by the epidemic, jeopardizing their ability to provide vital care and treatment services."

The Ryan White Comprehensive AIDS Resources Emergency Act is named for an Indiana hemophiliac who contracted HIV through a blood transfusion and died of AIDS complications in 1990 at age 18. The now $2 billion-a-year effort has been regularly reauthorized and its funding allocations have often been a matter of contention.

This year's fight has pitted the states in which the AIDS epidemic began -- those with large cities that now have large populations of people with AIDS -- against smaller states in which the incidence of HIV infections, but not full-blown AIDS, has soared. The current law's formula is based on the number of patients with AIDS; the new funding formula would, in effect, distribute funding based on the number of patients with HIV or AIDS.

Support for any particular formula "depends where you sit," said Ernest Hopkins, director of federal affairs for the San Francisco AIDS Foundation. From his vantage, he said, the bill in the Senate "is a problem."

Some of the largest AIDS organization side with Clinton. Gay Men's Health Crisis, for example, "fully supports Senator Clinton's position on the current bill," a spokeswoman said.

On the other hand, Christopher M. Hamlin, chaplain for an outpatient clinic at the University of Alabama at Birmingham, favors the new formula. "The money needs to follow the virus," he said. "More funds need to be directed to the part of the community that has seen the numbers increase so much, especially rural communities."

Some critics see electoral motives behind Clinton's position. "If you look at the states she has to carry to become president -- California, New York, Illinois, Florida -- those would be the hardest hit if the formula were changed," said Charles Grant, founder of AbsoluteCare Medical Center Inc., the largest private HIV/AIDS medical center in Georgia.

Asked why Clinton might countenance lower funding for Southern and rural states, Michael Weinstein, president of the AIDS Healthcare Foundation, the nation's largest community-based HIV/AIDS medical provider, said, "I don't think she expects to carry the South."

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But even those who disagree with her on the legislation think she will not hurt her standing with AIDS activists. "Senator Clinton overall has an excellent record on these issues. She's a reliable vote and her office is seen as a place to go to support AIDS issues," Weinstein said. On the funding formula, however, he said, "Senator Clinton's view seems very parochial; it looks to the past and not to the future."

A Clinton spokesman said that the senator cannot be said to be obstructing the legislation because it has not yet moved in the House. In the meantime, Clinton, whose fellow New York senator, Charles E. Schumer (D), also opposes the new formula, is awaiting more data about the potential impact of the measure and is continuing to search for a compromise, the spokesman added.

Comments Haunt Another Senator (WP)

By Jim Vandehei

The Washington Post, August 23, 2006

In a moment of unusual candor for a veteran senator fighting for his political life, Conrad Burns (R-Mont.) offered this blunt self-assessment a few months ago: "I can self-destruct in one sentence," he told supporters. "Sometimes in one word."

It seems Burns has spent a good part of the summer testing his theory.

A new video released this week by his Democratic challenger, Jon Tester, shows Burns, 71, joking to a crowd in June about how a "nice little Guatemalan man" fixing up his house might be an illegal immigrant. "Could I see your green card?" Burns tells the crowd he asked the man. "And Hugo, says, 'No.' I said, 'Oh, gosh.' "

A Burns spokesman said the senator never really doubted the legal status of the handyman, Hugo Reyes. But it wasn't the only time Burns -- a critic of illegal immigration -- has poked fun at the immigrants doing work around his house.

One week after the green-card crack, Burns recounted in a debate how after watching an interview on television of an illegal immigrant headed to Virginia for work, "I told my roofer, you better go out and get your help, or you won't get my house roofed."

The Tester campaign compiled the Burns statements and sent them to reporters this week. "Burns embarrassing Montanans is nothing new, and this is no exception," said Matt McKenna, Tester's spokesman.

Jason Klindt, a spokesman for Burns, said he did not want to respond to the immigrant remarks, other than to say they were accurate and not mean-spirited.

This is not the first time Burns's sharp and unguarded tongue has stirred trouble in Big Sky country. In July, Burns told a group of firefighters they had done a "piss-poor job" fighting a wildfire east of Billings. Burns later told a public information officer that the firefighters, the Augusta Hot Shots, "didn't do a goddamned thing" to stop the fires, comments that grabbed headlines throughout the state. Shortly after, Burns apologized.

Seven years earlier, Burns apologized for calling Arabs "ragheads" in a speech about high oil prices. He won reelection a year later.

It is also not the first time Burns has been stung by this year's campaign version of "caught on tape." The Web site YouTube, the same one that showed tens of thousands of viewers Sen. George Allen (R-Va.) making his "macaca" remark, is showing a clip of Burns dozing off at a field hearing on the farm bill.

Some of Burns's jokes about illegal immigrants were videotaped by a Tester campaign aide -- just as Allen's "macaca" comments were recorded by a volunteer for Democratic challenger James Webb in Virginia. The Tester campaign provided the tapes to the media.

"It is all on tape," said Klindt, when asked if the material circulated by the Tester campaign was accurate.

Also on tape are comments by Wisconsin GOP House candidate Paul R. Nelson, which critics have said are similarly racially insensitive. Nelson, who is running against Rep. Ron Kind (D), has called for racial profiling as a way to tighten airport security. When asked by a radio interviewer how to identify a Muslim male, Nelson said: "Well, you know, if he comes in wearing a turban and his name is Muhammad, that's a good start."

Burns, who was first elected in 1988, is one of the most endangered Republican senators in the country. Even before his controversial comments about firefighters and immigrants, Burns was under fire for his relationship to convicted GOP lobbyist Jack Abramoff, whose clients provided more than $130,000 in campaign contributions to the Montana senator. Both parties expect the race to be decided by a few percentage points, so every misstep is potentially significant.

Klindt said he did not want to comment on whether Burns's comments are hurting his reelection chances.

Big Sky Showdown (NSWK)

By David Gerlach

Newsweek, August 23, 2006

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Jon Tester, an organic farmer and former teacher who's been taking his flattop to the same barber for 15 years, is sowing more than barley this season. The president of the Montana Senate is hoping to harvest himself a seat in Congress this November. His candidacy has surprisingly turned Montana's three-term Republican senator, Conrad Burns, into one of the most vulnerable Republicans in the country seeking re-election. Burns, with a 57 percent disapproval rate, is in a statistical dead heat with his opponent. But with ties to disgraced lobbyist Jack Abramoff, he has given Tester a foothold in a race that has gained national attention because it could tip the balance in the GOP-controlled Senate. The big question facing Big Sky voters is whether they agree with Tester's fresh-start message, or want to stick by the senator who has brought $2 billion in federal funds to the state over the past 18 years.

For NEWSWEEK'S continuing Face Off series profiling the hottest races of 2006, David Gerlach recently spoke with Tester by phone. Sen. Burns turned down multiple requests to be interviewed. Excerpts:

NEWSWEEK: Vice President Dick Cheney was recently in Whitefish, Mont. He compared current talk of withdrawing troops from Iraq with the removal of U.S. troops from Beirut in the 1980s and Somalia in 1998, which he said emboldened terrorists.

Jon Tester: My response is they need to get a plan to redeploy and I don't think there is a will to do anything other than what we have been doing. It is important to realize we've had success there; we've had democratic elections. Saddam Hussein has been caught. [Now] it is important we start a plan that revolves around training the Iraqis as soon as possible ... so they can take military control of their own country. That has been my take on it from the get-go.

You are also critical of the Bush administration's energy policy. Explain that.

That last energy bill worked out very well for the energy companies and hasn't worked out very well for the consumers. We need to focus a lot on renewable [energy sources] to achieve our energy independence. There is tremendous opportunity in wind, solar, ethanol, vegetable oils, hydrogen, methane.

Shortly after you won the primary, the National Republican Senatorial Committee [NRSC] came out with an advertisement taking aim at your flattop, complete with the slogan: "Conservative haircut. Liberal values." What's it like to be attacked for your hair?

That was surprising. That shows you what they've got to go on. I've got a pretty firm, solid record of working for Montana families and small businesses and family farms and ranches. The fact they went after the haircut shows they don't want to talk about the issues impacting Montanans, which are: energy, health care, public-land access and fiscal responsibility.

The Burns campaign declined NEWSWEEK'S request for an interview. When we told them that you had agreed to chat, Burns' campaign spokesperson said, "He has time to talk, because he's just sitting up on his farm."

I'm getting around the state. I'm like a lot of other people in the state that Conrad has lost touch with. I have to make a living.

Speaking of your farm, why did you choose to become an organic operation?

We made the switch for a couple of reasons. In the mid-'80s, we knew we had to do something to add value to our product or we wouldn't be around. The organic marketplace worked well for us. We could spend a little more time in management and make a little more money in added value at the end. It's worked out very well for us.

What are your thoughts on federal subsidies to support farmers?

Well, it's a necessary evil at this point in time. I don't think there is a farmer out there that wouldn't want to get their check from the marketplace. Unfortunately right now it doesn't work with $3-plus gasoline and fertilizer and chemical prices where they are. I think it is important that the government facilitate small business and small processors so we can create more and more opportunities for farmers to market their products.

More than 75 percent of Sen. Burns' contributions and about half of what you have raised has come from outside Montana [according to data released by the Federal Election Commission]. Have you been surprised by the national attention to this race?

As far as out-of-state money goes, we've got 930,000 people in Montana. Sen. Burns has already said he's going to raise $10 million. We've got to compete with that. That's a lot of money to raise out of 930,000 people.

You don't come across as a big-city kind of guy. How has it been traveling to the coasts to fundraise and get your message out?

Well it's been fine. I'm not a big-city guy. I'm a very rural guy. I live with my wife 12 miles outside of a town with 800 people. When you approach folks about fundraising and issues, you talk about where you're at. Let's take an example: the national budget. If we continue to deficit spend at the rate we're going, even if it's at a smaller rate ... it won't work. It won't work on my farm. It doesn't work with my family. It won't work in small business. And it won't work in government.

One recent poll shows a statistical dead heat in your Senate race. Why do you think the race is so tight right now?

Our challenge is to let people know who we are. Sen. Burns has some ads out that are real negative. People don't like negative ads, but obviously people are paying attention to them. With myself as a head of a Democratic [state] Senate and [with]

a 50-50 House, we eliminated taxes on 13,000 small businesses, [and] passed some great renewable energy bills that will help Montana become energy independent. [We] passed a bill that helps lower prescription drug costs for elderly and disabled folks. And we invested in education with a balanced budget, without raising taxes. Those are the facts. I'll take those same qualities to Washington, D.C.

Sen. Burns trumpets the fact that he brings lots of federal dollars back to Montana. Would the state be in danger of losing some of those funds if you are elected?

No. I bore this out in the Montana legislature. The other point I bring out with Sen. Burns is at what cost has he done some of this. What have these deals cost the country? He's [supported funding to build] a bridge to nowhere worth $223 million [to connect Gravina Island with Ketchikan in Alaska]. He voted for that. He's given money to one the richest Indian tribes in the country, because Jack Abramoff asked him to do it. I just think it's time for some honesty and integrity.

Pennsylvania And Virginia: New Numbers, Same Senate Races (RC)

By Stuart Rothenberg

Roll Call, August 23, 2006

Well, there are new numbers out in both the Pennsylvania and Virginia Senate races, and to hear some of the spin, those races are starting to turn on their heads.

Here's my advice: Don't get carried away. The changes in both races are, so far, superficial. The fundamentals basically remain unchanged.

In Pennsylvania, Republicans (and some in the media) are all excited that Sen. Rick Santorum (R) has closed on his Democratic challenger, state Treasurer Bob Casey Jr. Casey once held a double-digit lead, but two recent polls show that margin cut virtually in half.

An Aug. 8-13 Quinnipiac University survey showed Santorum trailing 48 percent to 42 percent among likely voters, while a Strategic Vision poll had the Democrat up 47 percent to 41 percent.

"Senate Race Tightens," crowed the Strategic Vision release, while Quinnipiac's release asserted, "Incumbent Has Gained Ground on Challenger."

If you are a Pennsylvania (or national) Republican, any improvement in polling is reason for celebration. But the reality in the Keystone State is that Santorum's prospects are not much better now than they were a month ago, even if Santorum has cut into Casey's lead in the ballot test.

Quinnipiac showed Santorum's job ratings as 42 percent approve/44 percent disapprove — a small improvement from his standing in Quinnipiac's June poll and statistically identical to his standing in a May survey. In any case, those job numbers are mediocre at best for an incumbent seeking another six-year term.

The Strategic Vision survey is troubling not so much for its numbers as for its methodology. That poll asked the Senate ballot test as its 17th question — after a series of questions on the war in Iraq, terrorism and illegal immigration. It is accepted practice to place ballot tests early in a survey to avoid biasing respondents.

No matter what the new polls show, Santorum is an incumbent at 41 percent, even after airing a significant number of television ads statewide. While it's always better to be ahead than behind — or behind by a few points rather than many — Santorum obviously has not yet changed the dynamics in the race: He remains a very weak incumbent who is seeking to overcome a challenger in a political environment that strongly favors Democrats.

The situation is reversed in Virginia, where Democrats are reading big news into slight evidence.

National Democrats sent out a press release hyping a News 7-Survey USA poll of the Virginia Senate race shortly after a controversy exploded in the contest between Sen. George Allen (R) and challenger Jim Webb (D).

Allen, identifying a Democratic campaign staffer who was following him around, used a word that may or may not have been inappropriate. In any case, the controversy became substantial, and Allen had more than a couple of days during which he received terrible press and generally looked inept and on the defensive.

An Aug. 17 Survey USA poll showed Allen's job ratings as 47 percent approve/38 percent disapprove, which prompted Democratic operatives to issue a press release getting in a few shots at the Republican and asserting that Allen is suffering from the incident.

Well, Allen's approval did dip from 51 percent to 47 percent, but his disapproval rating remained unchanged from earlier surveys. The new survey didn't include any data suggesting that Allen would be measurably weaker against Webb in the fall or that large numbers of Allen voters were reassessing their opinion of the Senator.

Any quickie survey conducted in the middle of a controversy and media frenzy isn't likely to provide the kind of information one needs to evaluate the race long term, and the Survey USA poll is no exception.

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The controversy may hurt Allen in the fall campaign, or most voters may shrug it off as just another political skirmish in a campaign. The question is whether Allen voters will now desert the Republican to support Webb, an underfunded challenger who is having difficulty getting his message heard.

Of course, we won't know that for a while, just like we won't know for sure if Santorum's movement is anything more than either the natural closing of a race or the result of Santorum media.

But the wise move in both Pennsylvania and Virginia, even after looking at the new poll numbers, is to believe that relatively little has changed. Casey and Allen remain the favorites and the frontrunners, and their opponents need to alter the fundamental dynamics in those races if they are to pull even between now and November.

The Situation Room (CNN)

CNN, August 22, 2006

New Comic Book Interprets 9/11 Commission Report; Surprising New Criticism of Bush's Handling of Iraq from Senator McCain; John Mark Karr Waived Extradition; Iran Reportedly Willing To Talk About Nuclear Activities; Some Analysts Forecasting Political Storm This Fall; Some Believe Outing of Valerie Plame Wilson Has Connection to State Department; Growing Concern Over Kidnapped FOX Journalists

Aired August 22, 2006 - 16:00 ET

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WOLF BLITZER, CNN ANCHOR: And to our viewers, you're in "THE SITUATION ROOM," where new pictures and information are arriving all the time. Standing by, CNN reporters across the United States and around the world to bring you today's top stories.

Happening now, a nuclear reaction. It's 11:30 p.m. in Tehran, where Iran reportedly now is willing to talk about its nuclear activities. But will it do what the U.S. wants first?

Also this hour, election terror. We have brand new CNN poll numbers on homeland security and the battle for Congress. It's 4:00 p.m. here in Washington, where some analysts are forecasting a political storm this fall.

And we'll speak live with Senator Joe Lieberman, who's fighting for his political life.

And John Mark Karr's day in the U.S. courtroom. It's 1:00 p.m. in Los Angeles, where the suspect in the killing of JonBenet Ramsey faced extradition today. We'll tell you where he and the case are heading next.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

The Bush administration is calling this a significant moment in the nuclear standoff with Iran. The Iranian media reporting Tehran is willing to return to the serious talks on its nuclear program as early as tomorrow. But Iran's top nuclear negotiator apparently is not saying whether Iran will stop its nuclear activities first, as the United Nations Security Council demands. In Tehran today, Ali Larijani reportedly delivered his country's response to a U.N. package of incentives. The United States now is promising to study Iran's formal response carefully.

Our White House correspondent Suzanne Malveaux is standing by in Minnesota, where she's traveling with the president. But let's go to United Nations. Our senior U.N. correspondent Richard Roth has the latest -- Richard.

RICHARD ROTH, CNN U.N. CORRESPONDENT: Wolf, Iran has not publicly given any indication it is reversing course and willing to do what the Security Council is demanding to freeze its nuclear enrichment program. Despite all the fanfare, there's been no sign that the policy has changed, Iran saying it is willing to engage in serious discussions and negotiations. That may not go down too well in various Western capitals because they'll say they've been through that before, and they've offered a package of economic incentives to Tehran.

(BEGIN VIDEO CLIP)

JOHN BOLTON, U.S. AMBASSADOR TO U.N.: We've made it clear in the Security Council Resolution 1696 that Iran has a choice. They can either take up the very generous offer that the five permanent members and Germany have extended to them -- and if they do, there's a possibility of a different relationship with the United States and others.

(END VIDEO CLIP)

ROTH: But, as Ambassador Bolton says, if Iran does not do that, the United States would make it very clear it's ready to go inside the Security Council chamber and push for economic sanctions against Iran. That, of course, may be also very easy to say at this moment, and face some obstacles with China and Russia lurking. They think it's better, Wolf, to keep talking and not put some sanctions pressure on at this time -- Wolf.

BLITZER: Richard, as you well know, there are a lot of U.S. officials, senior U.S. officials, here in Washington. And I've spoken with many of them personally, who suggest that the Iranians are simply playing for time, trying to run out the clock, trying to enrich uranium, build a bomb, but keep on talking to delay sanctions, keep the West, keep the Europeans, the other members

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of the Security Council, in this process for the time being, without being punished significantly. What's the sense at the United Nations?

ROTH: Well, one senior political official, when asked about Iran today, almost backed away, saying, listen, we don't need this, we've got North Korea, Somalia, Lebanon, Israel. They would love to make this go away here. But they also know, the way things have been going, that Iran could certainly be playing for time. Some say it was using Hezbollah and the Lebanon situation as a further distraction. It doesn't appear to have worked so far, if the European Union and the United States are ready to go right back to sanctions if they don't like the answer coming from Tehran.

BLITZER: All right, Richard, thanks very much.

Let's check in with our White House correspondent Suzanne Malveaux. She's traveling with the president in Minnesota. What are White House officials saying, Suzanne?

SUZANNE MALVEAUX, CNN WHITE HOUSE CORRESPONDENT: Well, Wolf, the White House is really standing firm. We heard from spokeswoman Dana Perino, who is traveling aboard Air Force One with the president, saying that yes, they have received the Iranian statement. The president has yet to get a chance to read through this. She said that has really going to be up to the permanent five members of the U.N. Security Council, plus Germany, to try to parse the language in the next couple of days. But she did say that we want this clear, that the president's position just yesterday still stands. And that is -- of course, she said, we are aware of the rhetoric about a nuclear program, but it would be a big mistake, dangerous to the region and the rest of the world if Iran was to continue with its enriching uranium program. And that is a condition here for these talks.

The White House is not abandoning that position that it has to freeze that program first, before it sits down and participates in those talks. And, as Richard had mentioned before, the real challenge for this administration, whether or not that they pull this off, is getting Russia and China on board with those tough economic sanctions. A lot of tough talk from the Bush administration, but very unclear whether or not it's going to get those key allies on board with the sanctions.

I should also let you know, Wolf, too, that the Bush administration is also buying a little bit of time here, stressing that the August 31st deadline. And the reason why is because they want to get all of the members on board, the international body speaking with one voice. And secondly, they don't want to picture this -- or paint this picture, rather, as the United States versus Iran in some sort of standoff. They want the U.N. Security Council as a united body to respond at the end of the month -- Wolf.

BLITZER: And Suzanne, do senior officials, White House officials, think under any circumstances Iran is going to abandon its quest for a nuclear bomb?

MALVEAUX: The people that I speak to really do not believe that Iran is going to do that. They don't believe that Iran, ultimately, is going to cooperate. It certainly paints -- puts Iran in a box, if you will, in a corner. It puts more pressure on Iran.

But what they are trying to do at this point is really put the pressure on Russia and China and some of its key allies to convince them that this is a regime that is so dangerous with a nuclear weapon that you have to do something -- you have to do something more drastic than you did before, and that means tough economic sanctions. So look for the diplomacy in that area specifically -- Wolf.

BLITZER: Suzanne, thanks very much.

Let's turn now to another threat and its possible impact on the November elections. Brand new CNN poll numbers out this hour, suggesting Republicans are benefiting from a renewed focus on security and the war on terror.

Let's bring in our senior political analyst Bill Schneider -- Bill.

WILLIAM SCHNEIDER, CNN SR. POLITICAL ANALYST: Wolf, in politics, you have to frame the debate. That's what both parties are trying to do right now.

(BEGIN VIDEOTAPE)

SCHNEIDER (voice-over): Republicans want to frame the debate around the war on terror. Why? Look at the latest CNN poll, conducted by the Opinion Research Corporation. Americans believe the Republicans in Congress would do a better job dealing with terrorism than the Democrats.

Democrats want to frame the debate around the war in Iraq. Why? Americans believe Democrats would do a better job dealing with Iraq.

Public opinion is becoming more and more critical of the war in Iraq. Only 35 percent of Americans now say they favor the war, the lowest level of support ever. Criticism of Iraq may be shaping the public's view of the war on terror.

DAVID DRUCKER, "ROLL CALL" MAGAZINE: As long as the war in Iraq is difficult, I think voters are going to feel more insecure about the terrorist threat.

SCHNEIDER: Just over one-third of Americans believe the U.S. and its allies are winning the war on terror. The prevailing view -- neither side is winning. President Bush is trying to reverse that process. He wants the public's view of terrorism to shape their opinion of Iraq.

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GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: I'll repeat what our major general said -- leading general said in the region. He said if we withdraw before the job is done, the enemy will follow us here. I strongly agree with that.

SCHNEIDER: Does the American public agree with that? No. Fifty-two percent believe the war in Iraq is a distraction from the war on terror. Forty-four percent agree with President Bush that Iraq is an essential part of the war on terror.

(END VIDEOTAPE)

BLITZER: The campaign is just beginning, but so far, Iraq is framing the debate more than terrorism. Take people who believe the U.S. is winning the war on terror, but who oppose the war in Iraq. Which opinion matters more? Apparently, Iraq, because their view of President Bush is 2-1 negative -- Wolf.

BLITZER: Bill Schneider reporting for us. Thank you very much.

And there's another reason today that Republicans in Congress may be feeling a little bit more hopeful about their prospects in November. Take a look at this. A new "USA Today"/Gallup poll shows Democrats now holding just a two-point advantage over Republicans among registered voters asked to name their choice for Congress. Our CNN survey, released yesterday, shows Democrats with a nine-point advantage over Republicans. And that helps explain why many members of the president's party are running scared.

Our congressional correspondent Andrea Koppel has more.

(BEGIN VIDEOTAPE)

REP. EMANUEL CLEAVER (D), MISSOURI: I'm telling you, we have 202 Democrats in the House. It ain't enough!

ANDREA KOPPEL, CNN CONGRESSIONAL CORRESPONDENT (voice-over): Enough for House Democrats would be to pick up at least 15 seats this November, just enough to give them a majority for the first time in 12 years. And with 232 seats, Republicans are bracing for their biggest battle in years, but predicting they'll hold on to power. Some analysts aren't as optimistic.

(on camera): How worried should Republicans be?

AMY WALTER, COOK POLITICAL REPORT: They should be very worried, looking into what right now what is a category 5 type of political storm. Every diagnostic indicator suggests there are real troubles for Republicans this fall.

KOPPEL (voice-over): Indicators like President Bush's continues low approval ratings while anti-incumbent sentiment remains high. Growing pessimism about Iraq and bread and butter issues like high gas prices. And those sentiments are playing out in at least three dozen hotly contested races with the northeast and the Midwest at the vortex of this growing storm.

In Connecticut, three moderate Republicans face tough challengers, as do several Republicans in Pennsylvania, including 20- year veteran Curt Weldon. While in Ohio, a member of the Republican leadership, Deborah Pryce is one of at least three vulnerable incumbents.

According to Amy Walter, it's a recipe for Republican angst.

WALTER: Voters have become calcified in their beliefs about this election. I don't think that there's any speech or piece of legislation that a Republican incumbent can give to change voter's perception about this election.

KOPPEL: What they can do, says Walter, is to try to drive up negative feelings about their Democratic challengers while highlighting a Republican strength, national security. And so in Web ads and e-mails, Republicans plan to paint Democrats as weak and too liberal to lead the war on terror.

REP. ROY BLUNT (R-MO), MAJORITY WHIP: It makes such a big difference who sets the agenda, who is the majority in Washington. We need to make that case, the difference in Speaker Pelosi and Speaker Hastert is going to be a pretty big difference.

(END VIDEOTAPE)

KOPPEL: But for the first time in a dozen years, Democrats feel the political winds are finally blowing in their direction and privately some senior Republicans agree. Says one senior aid, "We know there's a hurricane out there. What do we do? We board up the windows, put out the sandbags, and get ready." Andrea Koppel, Capitol Hill.

BLITZER: Andrea Koppel, Bill Schneider and Susan Malveaux are part of the best political team on television. CNN, America's campaign headquarters.

Are Americans ready for a 9/11 comic book? The events of that day have been re-enacted for film and television. Now the details of the 9/11 Commission report are being transformed into a new illustrated book. How is it being received? Our Internet reporter Abbi Tatton has the story -- Abbi?

ABBI TATTON, CNN INTERNET REPORTER: Wolf, in turning the 9/11 Commission report into a much shorter, illustrated version cartoonists Ernie Colon and writer Sid Jacobsen have said that they aim to clarify what's essentially a complex read.

The result -- out today is the "9/11 Report: A Graphic Adaptation" serialized online at Slate.com. Even though there are cartoons in here, the images are still jarring. The text in this graphic adaptation is taken from the original 9/11 Commission report. A phone call from United flight 175 here, appearing in the original report appears in this graphic adaptation in a speech bubble.

The chairs of the 9/11 Commission have praised this graphic adaptation for its close adherence to the original report. Now this is not the first time the events of September 11th have been illustrated in graphic form. Author Art Spiegelman produced a memoir, "In the Shadow of No Towers" in 2004. But this adaptation out today is based on the original 9/11 Commission report. That report, when sold, some of its profits went to charity. Spoke to the publisher today of this graphic adaptation who said no final decision has yet been made on what to do with all the proceeds -- Wolf?

BLITZER: Abbi, thank you. Now more than ever, you need to know your enemy. Tomorrow night see stories only CNN can tell you about the man who became the world's most wanted terrorist. Join us when "CNN PRESENTS: In the Footsteps of bin Laden." That airs tomorrow night nine p.m. Eastern, six Pacific, only here on CNN.

Meanwhile, new marching orders today in the war on terror and the war in Iraq. The U.S. Marine Corps says it will recall up to 2,500 inactive service members in the next year and a half. They'll fill troop shortages created by the missions in Iraq and Afghanistan. It's the marine corps' so-called involuntary recall since the U.S. invasion of Iraq back in 2003. We're going to have a full report, a live report from the Pentagon coming up in our next hour.

And some rather surprising new criticism today of the president's handling of Iraq from a staunch defender of the war, that would be Republican Senator John McCain. In Ohio today, the possible 2008 presidential contender accused the White House of not telling the American people how difficult the Iraq mission would be.

Among other things, the senator blasted the so-called "mission accomplished" catch phrase and Vice President Dick Cheney's claim that the insurgency was in its, quote, "last throes." McCain is quoted as saying that such talk "has contributed enormously to the frustration that Americans feel today because they were led to believe this could be some kind of day at the beach, which many of us fully understood from the beginning would be a very, very difficult undertaking."

Strong words from John McCain. Let's get some strong words from Jack Cafferty. He always has some strong words. Jack?

JACK CAFFERTY, CNN ANCHOR: The IRS is getting ready to hire private companies to collect taxes. Federal budget deficits at record levels and the government wants to pay outside debt collectors to do its job. It gets better. These private companies will get to keep almost a fourth of the tax money they collect. The IRS acknowledges it will pay these outside companies more than it would cost to hire additional collection agents.

And if this is the first you heard about this program, well, it's because the government isn't exactly going out it's way to let us taxpayers know what it's doing. The IRS says they have money allocated to hire outside collection firms, but don't think they could get money from Congress to hire more government workers. So if you owe internal revenue, a few bucks in back taxes, didn't be surprised if a leg-breaker named Vito shows up on your porch demanding money.

Here's the question. Should the IRS hire private companies to collect federal income taxes? E-mail your thoughts to CaffertyFile@CNN.com or go to CNN.com/CaffertyFile.

BLITZER: Jack, thank you. Jack Cafferty with some strong words, as I said. And if you want a sneak preview of Jack's questions plus an early read on the day's political news and what's ahead in THE SITUATION ROOM, sign up for our daily e-mail alert. Just go to CNN.com/SITUATION ROOM.

Coming up, John Mark Karr is about to board another plane. We're going to tell you where the man suspected of killing JonBenet Ramsey is headed next.

Plus, much more on our new poll numbers. I'll ask Paul Begala and J.C. Watts which party is winning the political fight over the war on terror. Stick around for today's "Strategy Session."

And he's under attack by his own party as he fights to save his political life. Senator Joe Lieberman joins us live right here in THE SITUATION ROOM. That's coming up in the next hour. Stay with us.

(COMMERCIAL BREAK)

BLITZER: John Mark Karr's bizarre journey continues right now. The man suspected in the 1996 killing of child beauty queen JonBenet Ramsey will be taken to Boulder, Colorado to face charges, possibly as soon as today. He appeared at an extradition hearing in Los Angeles just a few hours ago.

(END VIDEO CLIP) JUDGE LUIS LAVIN, LOS ANGELES SUPERIOR COURT: Mr. Karr, I am holding up a waiver of extradition, do you see that?

JOHN MARK KARR, SUSPECT: Yes, Your Honor.

LAVIN: Did you read and understand the form?

KARR: Yes, Your Honor.

LAVIN: Do you understand that by signing this form you are agreeing to be extradited to Colorado?

KARR: Yes, Your Honor.

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LAVIN: All right, the court finds that the defendant knowingly and intelligently waived his rights through the issuance and service of the governor's warrant. He is remanded into custody without bail and the defendant shall be returned to the state of Colorado.

(END VIDEO CLIP)

BLITZER: Let's get to more now from CNN's Dan Simon in Los Angeles.

DAN SIMON, CNN CORRESPONDENT: As expected, John Karr waived his extradition which now means the Los Angeles phase of this case is over and the focus is now squarely on Boulder, Colorado.

Now, I was up in the courtroom. I had a clean view of John Karr. At least from my vantage point, he seemed to be somber, he seemed to be taking these proceedings very seriously, and that he had respect for the process.

At one point, his public defender asked that John Karr be able to wear civilian clothing. The judge turned down that request. Sometimes defense attorneys will make that request so a potential jury pool isn't influenced by seeing a defendant wearing jailhouse clothes. In any case, the judge said no.

In terms of where we go from here, bottom line, everything is now over here in California as far as the local folks are concerned. Everybody now watching Boulder, Colorado to see where this case now goes.

Dan Simon, CNN, Los Angeles. Wolf, back to you.

BLITZER: All right, Dan. Thank you.

Let's check in with Zain Verjee. She's watching some other important stories making news. Hi, Zain.

ZAIN VERJEE, CNN ANCHOR: Hi, Wolf.

Emergency officials are now saying all 170 people aboard a commercial airliner that crashed in eastern Ukraine are believed to be dead. The pilots of the Tupolev Tu-154 reportedly sent word of a fire on board and heavy turbulence shortly before the plane disappeared from radar screens. The plane was flying from a Ukrainian Black Sea resort town to the Russian city of St. Petersburg.

Italy says it's willing to lead a contingent of international troops to be deployed to southern Lebanon. The Italian prime minister's office says the country is also ready to contribute as many as 3,000 troops to the U.N. force. Both the Israeli and Lebanese governments reportedly asked Rome to take a leadership role after France offered only 200 troops to the contingent.

Sporadic fighting is being reported in Gaza as Israeli troops, backed by troops and helicopter gunships, conduct sweeps and carry out searches. Palestinian and Israeli sources are confirming that three militants were killed when Israeli troops opened fire near a border crossing. Separately, Palestinian sources say five Palestinians were wounded. Israeli officials say at least five militants were arrested.

A top British commander says Iran is helping to incite sectarian violence in Iraq. Just a short while ago, a Royal Marine lieutenant, General Sir Robert Fry (ph), the deputy commander of the multinational force in Iraq, told reporters that Tehran has a clear role in, quote, "stoking up the violence." He says Iran is contributing arms, money and possibly training to Shia militias in Iraq. Iran has denied that -- Wolf.

BLITZER: Zain, thank you very much. Zain Verjee reporting.

Up next, as Democrats and Republicans battle for Congress, will the war on terror be the deciding factor? I will ask two experts: Paul Begala and J.C. Watts. They are standing by live.

Plus, is the White House at a disadvantage as it deals with the Iranian nuclear crisis because of the war in Iraq? Find out in today's "Strategy Session." Stay with us. You are in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Welcome back to THE SITUATION ROOM. I'm Wolf Blitzer in Washington.

In today's "Strategy Session," will voters cast their ballots this November based on which party they think can better wage the war on terror? And could Iran's nuclear stance result in political fallout?

Joining us now, our CNN political analyst and Democratic strategist Paul Begala, and CNN political analyst and former Congressman J.C. Watts.

I want you guys to check out these new CNN poll numbers that just came in today. The chances of a terrorist attack if Democrats win control of Congress are higher, 24 percent; no effect, 56 percent; lower, 17 percent, so a majority, 56 percent, say it will have no effect whether there's another terror attack if the Democrats win control of Congress. Who does a better job dealing with terrorism? Republicans, 48 percent, Democrats, 38 percent, still a 10-point advantage the Republicans have on this issue, Paul.

PAUL BEGALA, CNN POLITICAL STRATEGIST: Right, but down from an 18-point advantage they had in '04, and I think it was higher in '02, but I didn't have time to check, to tell you the truth.

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The Republicans ought to still be worried. Democrats should always worry about national security. It's not their forte, traditionally. But imagine if the Democratic advantage on say, the environment, healthcare, education -- traditionally Democratic issues -- had dropped from 30 or 40 points down to 10, we would be through.

And my Republican friends, I think, fear that their ability to play the sort of fear card on terrorism has played itself out, or as we say back home in Texas and they say in Oklahoma, that dog don't hunt no more J.C.

BLITZER: It may not hunt anymore because of the failures in Iraq. Is that a fair assessment?

J.C. WATTS, CNN POLITICAL ANALYST: You know, Wolf, I think it's unfortunate that we have to talk about the war against terror in these terms, in terms of Republican and Democrat politics, but it is a reality that we have to deal with that.

I do think, you know, those numbers are going to fluctuate back and forth. When something happens like here a couple of weeks ago when we thwarted the British bombing of those planes coming into the United States, the president got a bump out of that.

But I think all in all, I do believe and it's consistent over the years that people feel better when Republicans are in charge of national security, military issues, et cetera, and I think Republicans will continue to benefit from that.

BLITZER: And you don't think the competence issue, the way the president, the vice president, the secretary of defense, have handled the war in Iraq, that that's going to undermine Republicans?

WATTS: Well, obviously, there's been some mistakes, and I think the administration benefits when they say, hey, we haven't done everything perfectly. But you have to recognize this: We can thwart terrorist attacks the way we saw two weeks ago and still fight the battle in Iraq. And we can still make sure that nothing happens to the American people on U.S. soil. I think that's going to be a big plus for the president, that nothing has happened since 9/11.

BLITZER: All right.

You want to respond to that?

BEGALA: I think Democrats are simply going to say, if you are satisfied with that, if you are satisfied with the course that we are on, in Iraq, in the war on terror, or domestically, you need to vote Republican.

But, if you think we can do better, if you think we need a new direction, you need to vote Democratic. Those are -- that's the sort of fundamental...

(CROSSTALK)

BLITZER: In other words, the old question that was asked: Are you better off today than you were four years ago?

BEGALA: Right.

There's really only two messages in American politics: Stay the course, and, it's time for a change. OK? This is an -- this is a classic "time for a change" election year. And that's bad news for the party in power, the Republicans.

BLITZER: Go ahead.

WATTS: Well, I think the American people are saying, we are not so sure that we want Democrats handling this, because of all that they have said, all that they have done. They make us nervous handling security of the -- of our homeland.

BLITZER: I want both of you to listen to what Senator John McCain, who has been a very, very strong supporter of the president's policies in Iraq, the war in Iraq. He's had criticisms. But I want you to listen to what he has just said, because this is a powerful statement he makes.

(BEGIN VIDEO CLIP)

SEN. JOHN MCCAIN (R), ARIZONA: Stuff happens, mission accomplished, last throes, a few dead-enders. I am more familiar with those statements than anyone else, because it grieves me so much that we have not told the American people how tough and difficult this task would be.

(END VIDEO CLIP)

BLITZER: He's on the campaign trail, you saw, with Mike DeWine in Ohio, trying to get him reelected.

But when he says, stuff happens, mission, accomplished, last throes, a few dead-enders, those are not just words. Those are words associated with the president, the vice president, the secretary of defense, in talking about this war. And he's basically saying: You know what? They should have never used those phrases.

BEGALA: Well, it's one of the most interesting things in American politics today. The American people really hate this war in Iraq. They have turned against it in record numbers.

Our new poll says, 61 percent, the highest ever, 61 percent of Americans oppose the war. And, yet, the most popular politician in America is John McCain, who is the strongest supporter of this war. And I think the reason for that dichotomy is what we just saw. John McCain, unlike the president and the vice president and Secretary Rumsfeld, has not simply been a cheerleader. He has told people a lot more of the truth: This is going to be hard, bloody, awful, but still worth it

The president seems to always reflect back to his old days as a cheerleader at Andover. And he says, rah-rah, we're winning. And that engenders cynicism.

BLITZER: And, in fairness to McCain, also, in addition to being very critical of Rumsfeld over these past three years or so, from the beginning, he said: Not enough troops were deployed. If you are going to do it, you got to do it full-speed ahead. You can't just do it sort of half-measure.

WATTS: That's right.

And, Wolf, thank you for saying that. We were listening to that story in the green room earlier. And that's exactly what I was saying, that this is nothing new with John McCain. He has been very consistent, in saying that, hey, we were arrogant. He has been -- he has not been a defender of Donald Rumsfeld.

I think that's fair to say. But, at the same time, as I said earlier, I think it helps when the president says, you know, hey, we didn't do everything the right way, but we are doing the right thing in being in Iraq, fighting in the war against terror, and making sure that nothing happens at home.

BLITZER: Some have suggested -- many analysts, Paul, have suggested that the threat to the United States and its friends in the region, in Europe, from potentially a nuclear-armed Iran is a lot greater than the threat from Saddam Hussein in Iraq ever was. Yet, the U.S., in dealing with Iran right now, moving to enrich uranium, potentially getting ready to build a bomb, the U.S. hands are tied, to a certain degree, because of the mistakes in Iraq.

BEGALA: I think those analysts are correct.

The -- a nuclear-armed Iran is the real nightmare scenario. And, before the war in Iraq, a member of the Senate, the former chairman of the Senate Intelligence Committee, Bob Graham, then a senator from Florida, said this.

He said: I don't want this war in Iraq, because Iran is really the emerging threat.

Had the president listened to Senator Graham, had the Congress listened to Senator Graham, America would be stronger today to confront this threat in Iran. But now we are bogged down and bloodied, militarily, in Iraq. We are discredited diplomatically. No one wants to be our ally anymore.

And, so, our options, both the carrots and sticks that we have to confront this very real menace, are -- are greatly diminished. And I think President Bush is going to go down in history as the guy who let Iran, potentially, get the bomb.

BLITZER: What do you think?

WATTS: Well, Wolf, the bottom line is this.

This isn't a U.S. -- Iran is not a U.S. problem. When the president said the three axes of evil, Iran, Iraq, North Korea, man, people were critical, said, you -- you shouldn't have said that. But it is what it is.

And I don't think this is a U.S. problem. I think this is a world problem. And I think, you know, those nations, those six nations, Germany, China, Russia, U.S., others, those six nations that's trying to deal with Iran, I think they must continue to do so.

I -- you know, the world can't say, this is a U.S. problem, because the president didn't use the right language. I think they have got to keep that pressure there, bring pressure to bear, and get Iran to fall in line.

BLITZER: All right. We will see what happens.

Guys, thanks very much.

BEGALA: Thanks, Wolf.

BLITZER: Paul Begala and J.C. Watts are part of the best political team on television -- CNN, America's campaign headquarters.

Up next: new speculation today about who may have been behind the CIA leak story. We're going to have the latest developments in the investigation.

Plus: new numbers in the political battle in Connecticut. We're going to take a closer look at who is on top in this race involving Joe Lieberman and Ned Lamont.

And Lieberman will be standing by to join us live in the next hour.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: Welcome back.

There's renewed speculation about the controversial leak of a CIA's operative's identity. Did the outing of Valerie Plame Wilson have a connection to the State Department?

Our Brian Todd is covering the latest developments in the leak case -- Brian.

BRIAN TODD, CNN CORRESPONDENT: Wolf, that question comes up today because of new links between one of the key reporters in this case, an important date in the investigation, and the man the reporter apparently met with on that date.

(BEGIN VIDEOTAPE)

TODD (voice-over): The former number-two man at the State Department speaks only briefly with reporters, commenting only on his state of fitness.

RICHARD ARMITAGE, FORMER DEPUTY SECRETARY OF STATE: I'm working out.

UNIDENTIFIED MALE: Yes. Good for you.

TODD: Richard Armitage won't comment on a report of his meeting with "Washington Post" reporter Bob Woodward that has been linked with the CIA leak investigation.

Through a Freedom of Information Act request, the Associated Press obtained Armitage's State Department calendar entry from June 13, 2003. From 2:00 p.m. to 3:00 p.m., it says "Private appointment, Bob Woodward."

Contacted by CNN, Woodward would not comment on the AP report. But he has previously said that, in mid-June of 2003, he met with a Bush administration official, who talked to him about CIA officer Valerie Plame, the wife of former U.S. Ambassador Joe Wilson.

(BEGIN VIDEO CLIP, "LARRY KING LIVE")

BOB WOODWARD, "THE WASHINGTON POST": At the end of a very long interview, substantive interview, for my book "Plan of Attack," a source had, when I asked about Joe Wilson, told me that Wilson's wife worked at the CIA as a WMD analyst. At that point, and on your show, I didn't know what that meant at all, because it was such a casual, offhand remark.

(END VIDEO CLIP)

TODD: Woodward has said, his source released him from a confidentiality agreement to speak with investigators about that conversation, but not to disclose the name publicly.

Woodward has said he does not believe a crime was committed when the official told him about Plame, whose identity was classified at the time. And prosecutor Patrick Fitzgerald has never indicated that Woodward or Armitage were targets of his investigation.

Woodward has said he does not believe his source was part of any White House campaign to discredit Wilson for criticizing the administration's case for the Iraq war.

(END VIDEOTAPE)

TODD: Woodward is believed to be the first member of the media to have discussed Plame with an administration official.

And Woodward's former boss at "The Post," Ben Bradlee, has speculated that Armitage was that source. Again, neither Woodward, Armitage, nor the current executive editor of "The Post," Leonard Downie Jr., would comment on any of this. Was Armitage also the source for columnist Bob Novak, when he revealed Plame's identity? Novak also wouldn't comment today -- Wolf.

BLITZER: All right, Brian, thank you very much.

For more now on the newly released State Department calendar, let's bring in our Internet reporter once again, Abbi Tatton -- Abbi.

ABBI TATTON, CNN INTERNET REPORTER: Wolf, we have linked to that meeting schedule online here.

In it, you can see June 13, that hour-long private appointment with "Post" reporter Bob Woodward. And, interestingly, a week before that, there's a 15-minute appointment here with Scooter Libby, Vice President Dick Cheney's former chief of staff.

Now, the calendar doesn't list anything about what was discussed in any of these meetings. And it does list many other meetings that Armitage had, including, interestingly here, an appointment with Tom Cruise and Church of Scientology director Kurt Weiland.

You can find this entire calendar linked online at CNN.com/SITUATIONREPORT -- Wolf.

BLITZER: Thanks, Abbi.

On our "Political Radar" this Tuesday: the ups and downs of Democratic Senator turned independent candidate Joe Lieberman. A new American Research Group poll of likely Connecticut voters shows Lieberman just two points ahead of the man who defeated him for the Democratic nomination, Ned Lamont. The Republican candidate, Alan Schlesinger, barely registers in the survey. Another poll out just last week showed Lieberman 12 points ahead of Lamont.

I am going to be asking Lieberman about his battle for political survival and the backlash within the Democratic Party. The senator joins us live. That's coming up in the next hour, right here in THE SITUATION ROOM.

It's primary day in Alaska and Wyoming. And a Republican governor is struggling to hold on to his office. Alaska Governor Frank Murkowski is facing two challengers in today's GOP primary. He's pinning his hopes for a second term on a plan to build a $25 billion natural gas pipeline to Canada. His opponents have tried to blame Murkowski for a partial shutdown of the nation's largest oil field in Alaska.

Take a look at this. Wyoming's most powerful Republican -- that would be the vice president, Dick Cheney -- cast a ballot today in his home state's primary out in Wyoming.

Coming up: the fate of two FOX News journalists kidnapped more than a week ago now in Gaza. Is there any word on who took them and why? We're going to have a report from the region. And should Uncle Sam outsource the collection of federal income taxes? Jack Cafferty back with your e-mail -- all that coming up, right here in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Let's check back with Zain for a quick look at some other important stories making news -- Zain.

VERJEE: Wolf, in a Baghdad courtroom today, Saddam Hussein cross-examined two people who offered grisly accounts of alleged chemical attacks on their villages during a campaign by Iraqi troops 18 years ago.

The former Iraqi leader questioned the validity of their testimony and asked why one of the witnesses who claimed to be illiterate had documents in front of her. Separately, two of Hussein's co-defendants argued that Iraqi troops were fighting Iranian troops and Kurdish rebel fighters, not civilians, during the campaign.

North Korea's state-run media is reporting that the country has the right to launch a preemptive attack in response to joint U.S.- South Korean military exercises. The North Korean news agency is calling the exercises a -- quote -- "undisguised threat and a war action."

Now, this kind of rhetoric is really nothing new from North Korea. The annual joint military exercises began on Monday.

Violence is surging in southern Afghanistan. At least 15 people were killed in a series of attacks today. Canadian soldiers were the focus of two of the attacks. Six Canadian troops were wounded. Overall, more than 100 people, including four U.S. troops, have been killed in the past three days -- Wolf.

BLITZER: Zain, thank you very much.

Coming up: thousands of inactive U.S. Marines preparing to be recalled, involuntarily. In our next hour, we will have a report from the Pentagon on the orders and the fallout.

Plus: Is Iran giving any ground in the nuclear standoff with the West? We will talk about Tehran's reported response with a former State Department official.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Here's a look at some of the "Hot Shots" coming in from our friends at the Associated Press, pictures likely to be in your hometown newspapers tomorrow.

Baghdad: Saddam Hussein adjusts his headphones, as he listens to a witness, during his latest genocide trial.

In Ireland, New York Mayor Michael Bloomberg holds an American bald eagle during a ceremony.

Cedarburg, Wisconsin: Eighty-five-year-old Benjamin Steinbach hits the town on his riding lawn mower, because the state took away his driver's license. It may be the last time he does this. The police have told him, taking his lawn mower to the corner store is prohibited as well.

And, in Garden City, Kansas, two river otters take it easy after a swim -- some of today's "Hot Shots," pictures often worth 1,000 words.

Right now, still more questions than answers in the kidnapping of two FOX News journalists in Gaza. There's growing concern about their safety.

CNN's Paula Hancocks has the latest now from Jerusalem -- Paula.

PAULA HANCOCKS, CNN CORRESPONDENT: Wolf, the longer nothing is heard about the fate of two FOX journalists kidnapped in Gaza, the more concern about their safety is mounting -- still no claim of responsibility and still no demands.

(BEGIN VIDEOTAPE)

HANCOCKS (voice-over): It's the ninth day since two FOX journalists were kidnapped in Gaza -- still no word on who took them and why.

Thirty-six-year-old cameraman Olaf Wiig and 60-year-old American reporter Steve Centanni were abducted by masked men in the center of Gaza City. Both men are well-respected, experienced journalists who have worked for a number of broadcasters, including CNN.

UNIDENTIFIED MALE: Other brother, Steve Centanni, was kidnapped on August 14, last Monday.

HANCOCKS: Families of both have made televised appeals for their release. The brother of Centanni made a statement on Arab network Al- Jazeera.

The wife of cameraman Wiig met protesting mothers of Palestinian prisoners being held in Israeli jails.

ANITA MCNAUGHT, WIFE OF KIDNAPPED JOURNALIST OLAF WIIG: In Gaza today, it's like a prison.

UNIDENTIFIED MALE: (SPEAKING ARABIC)

MCNAUGHT: And now my husband, his colleague Steve, and I are all in prison with you.

HANCOCKS: But, still, no contact has been made by the kidnappers.

The press freedom organization Reporters Without Borders says it's becoming increasingly concerned that no group has claimed responsibility for their abduction, despite the many appeals for their release.

Palestinian journalists took to the streets of Gaza over the weekend, saying, coverage of the Palestinian cause would be severely damaged if abductions continued.

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A New Zealand diplomat, Peter Rider, met with the Palestinian Prime Minister Ismail Haniyeh. Haniyeh gave a personal commitment to do all he could to secure the journalists' release.

PETER RIDER, NEW ZEALAND DIPLOMAT: Gaza is a very confused place. That's why it's so difficult to get leads. It's not an ordinary city, where ordinary policing works in a normal way. It's much more going to be somebody coming to tell somebody something, because they think that's the right thing to do. So, I would ask them to come out and tell us if they do know anything.

HANCOCKS: Palestinian security sources say, an unnamed militant group has warned all foreigners to leave Gaza, threatening abductions.

At least 26 foreigners have been kidnapped in Gaza over the past two years, nine of them from the media. Hostages have usually been released within hours.

(END VIDEOTAPE)

HANCOCKS: Only once before has a journalist kidnapped in Gaza been held for so long. A sound engineer from a French television network was taken for nine days this time last year, the same amount of time that Steve Centanni and Olaf Wiig have been held -- Wolf.

BLITZER: Paula, thank you very much.

And we certainly hope that Steve and Olaf are freed as soon as possible. We wish them only, only the best.

Up next: Should the IRS pay someone else to collect your money? Jack Cafferty will be back with that taxing question.

And, in our next hour, Senator Lieberman, he joins us live, right here in THE SITUATION ROOM. Can he overcome his primary defeat and his party's anger to win reelection in November?

Stay with us.

(COMMERCIAL BREAK)

BLITZER: Let's check in with Jack Cafferty once again. He's got "The Cafferty File" -- Jack.

JACK CAFFERTY, CNN ANCHOR: The question is, should the Internal Revenue Service be hiring private collection companies to collect federal income taxes?

Tim writes from Massachusetts: "Jack, it's called tax farming. And practically every empire in decline has resorted to it -- just one more indication that this country is in huge trouble." Steve in Hawaii: "No. Why add another layer to an already antiquated system? There isn't a need for the IRS today. And, honestly, this country needs to pull away from this annoying tax system and move toward a flat tax."

Nathan in Denver writes: "By no means should the government be doing this. Not only is it a waste of taxpayer money, but, with the widespread prevalence of identity theft going on, introducing three- party agencies into the collection process will make it even more difficult for our citizens to know who they should trust."

Mike in Illinois: "I happen to own a collection agency. I think it's a great idea for Internal Revenue to get outside help. Not only will they save on hourly wages. They will also save a fortune on benefits that they would have to pay the IRS employees."

M. writes: "A collection agency has been hounding me relentlessly for nine months for $28 for a book I had already paid for. God help us if these bloodsuckers get together with the Internal Revenue."

Walter in Florida: "Never mind the IRS. Congress should hire some outside people to run the government."

And Rory in Minnesota: "Did I hear you right? The IRS is going to hire outside, private companies to collect taxes? Wow. I didn't even know Halliburton did that kind of work" -- Wolf.

BLITZER: Jack, thank you.

This Year's Southern Prodigy (WP)

By Harold Meyerson

The Washington Post, August 23, 2006

MURFREESBORO, Tenn. -- On the grounds of the old Rutherford County Courthouse, in the middle of the Murfreesboro Town Square, about a half-hour's drive from downtown Nashville, there's a plaque commemorating what Civil War buffs know as Forrest's First Raid. Here, in July 1862, Nathan Bedford Forrest, a slave trader turned Confederate general, and his troops surprised and captured an entire Union garrison.

Forrest may be the most prominent figure in American history who could happily have captained a German SS unit. In 1864 his troops massacred hundreds of African American Union soldiers whom they'd captured after the surrender of Fort Pillow. And after the war Forrest was a founder and the first Grand Wizard of the Ku Klux Klan.

Which made the rally at the courthouse last Saturday all the more remarkable. Several hundred Murfreesboro Democrats, a clear majority of them white, had come out on a brutally hot morning to hear Harold Ford Jr. -- the 36-year-old congressman from Memphis who is the Democratic nominee for the Senate seat that Bill Frist is vacating. To recapture the Senate this year,

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the Democrats need Ford to take Tennessee -- no small challenge, since Tennessee hasn't sent a Democrat to the Senate since 1990, and since Ford, like just 16 percent of his fellow Tennesseans, is African American.

Yet Ford is still very much in the hunt, and after just a few minutes in his presence, it's no mystery why: He is, in the tradition of Southern pols ranging from Huey Long to Bill Clinton, a preternaturally gifted campaigner. Young, single, handsome in a way that pols almost never are (he is the only elected official I've ever seen who could have a successful career as a model), blessed with a perfect ear for both political argument and the exigencies of local politics, Ford is a sight to behold.

Consider the following Ford attack on the Republicans' national security bona fides. "When we fill up our gas tanks, we send money to the other side in the war on terrorism -- Iran," he tells the crowd. "Think of Iran as a venture capital company that invests in an unusual kind of start-up -- terrorist organizations. It's a big venture capital fund, and who's its biggest investor? You are. Yet our government does nothing to fund alternative sources of energy," he says, noting that his campaign car is powered by biodiesel fuels and arguing that Tennessee's economy could profit if the federal government had the horse sense to promote hybrid cars and alternative fuels.

Ford seems to have been readying himself for this race for virtually his entire life. The son of a longtime congressman from Memphis -- home to the state's only majority-black congressional district -- Ford succeeded his father in that seat 10 years ago at the tender age of 26. His voting record is much more that of a pol planning to run statewide in a conservative state than it is of a House member from a heavily black and Democratic district. Ford has supported constitutional amendments to ban flag burning, to permit prayer in schools and to mandate balanced budgets. He has also generally supported free-trade legislation, voted for the bill making it harder for people of modest means to file for bankruptcy, favored cuts in the estate and capital gains taxes, and suggested means-testing for Social Security benefits.

Plainly, Ford is no Tennessee populist in the tradition of the original Albert Gore -- or the original Andrew Jackson. Far from warring on the banks, Ford is a member of the capital markets subcommittee of the House Financial Services Committee, and he has raised a fat chunk of change from Wall Street. The liberals I spoke with at his events this past weekend certainly weren't thrilled by all his positions. They were thrilled, however, by the emergence of a candidate with a Clintonian ability to deflect Republican attacks -- and by the prospect of their state electing a senator who is young, gifted and black.

Ford's Republican opponent, former Chattanooga mayor Bob Corker, who defeated two more-conservative candidates in the Aug. 3 primary, is the clear favorite in the race, though the first post-primary poll showed him leading Ford by just six points. Ford seems determined to close that gap by running not just to the right but also just plain harder than any candidate we've seen in years.

When the rally ended, he visited every store on or around the town square, chatting up the patrons, and then stood in the middle of an intersection, talking with those drivers who had their windows rolled down and, if they said anything friendly in return, slapping a bumper sticker on their rear windshields. As once was said of Huey, Lyndon and Bill, ain't nobody gonna out-campaign this fella.

Fairer, More Representative (USAT)

By James Clyburn

USA Today, August 23, 2006

The Democratic National Committee's new presidential nominating calendar strengthens our democratic process by ensuring that Americans of all backgrounds and from across the country have a voice in choosing our presidential nominee.

By adding Nevada as the second caucus and South Carolina as the second primary, the DNC has reacted appropriately to concerns from supporters. After nearly two years of careful examination, these changes reflect a broad consensus on how we can choose the strongest possible Democratic presidential candidate.

I have a great appreciation for tradition and historical precedence and admire the effort the DNC put forth to honor past traditions and fulfill its responsibilities to our party's loyalists.

We do not live in a stagnant society. The demographics of this country and the diversity of our party have changed dramatically in recent years. Consider that more than half of African-American voters are found in our nation's southern states, or that in the next 30 to 40 years, a quarter of the electorate could very well be of Hispanic origin. And for voters of all backgrounds, geographic diversity is also important, as issues of concern to Southern and Western states often vary greatly from those in the Midwest and Northeast.

Our party has embraced our nation's diversity and it is echoing that commitment by scheduling early contests in Nevada and South Carolina.

Complaints of front-loading the process should be made to state officials who schedule their nominating contests, not to the DNC. South Carolina will hold its primary exactly a week after New Hampshire's, just as it did in 2004.

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New Hampshire's legislative actions over the years clearly indicate that it is much more about economics than politics with them. Front-loading is a concern, however; the DNC is addressing the issue by creating incentives for states to go later in the process.

All of these changes are for the better. They reflect what Democrats have traditionally tried to do: make the electoral process fairer and more representative.

Small States Keep Big Sway In Race To Succeed Bush (USAT)

USA Today, August 23, 2006

In 2008, for the first time since 1952, neither Republicans nor Democrats will have an incumbent president or vice president to nominate for president. The primaries will be wide open. That should make for an exciting exercise in participatory democracy.

Unfortunately, the excitement could well be limited to a handful of small states that go first in picking presidential nominees.

For years, Iowa and New Hampshire have jealously guarded their respective opening-bell caucus and primary. Republicans have no plans to change the fact that two small, overwhelmingly white states get to make the early picks, often giving their selections enough momentum — and campaign cash — to make the primaries that follow increasingly irrelevant.

Last weekend, Democrats moved to break the Iowa-New Hampshire stranglehold by injecting two more small states. Nevada and South Carolina will also be allowed to hold early nominating contests in January 2008. The "window" for other states opens Feb. 5.

The racial, ethnic and geographic diversity added to the early contests by South Carolina, with its large African-American population, and Nevada, with its large Hispanic population, is welcome and overdue.

But the DNC's decision amounts to tweaking a system for picking our presidential candidates that's still deeply flawed:

· It enshrines the right of a handful of small states to jump to the head of the line. Forcing presidential wannabes to do "retail" campaigning in small states has its virtues, but why the same states in election after election? New Hampshire partisans say their citizens' long experience makes them best suited to do this. But other states' voters would surely rise to the occasion if given the chance, perhaps through a lottery system that would decide who goes first in each election.

· It makes it even likelier that the nominating process will be over before most Americans get a chance to vote. Iowa and New Hampshire don't always pick the eventual nominees (think Gary Hart and John McCain), but adding two small states so early makes it more likely that January's leaders will go on to win. Turnout in later primaries and caucuses is already abysmal; this can only worsen it.

Sensible alternatives have been floated for years but have gone nowhere. Some of the best ideas have focused on successive regional primaries. For example, voters in the South could vote on the first Tuesday in March, those in the West in April, the Midwest in May and the Northeast in June. The order would change every four years. Candidates would have weeks to travel through each region, addressing issues important there.

Renegade states can always try to buck such a system: New Hampshire is already threatening to upset the Democrats' new schedule and move its primary even earlier. But voters, states and party leaders across the country have much to gain by fighting back.

Continuing to give disproportionate clout to the same tiny group is a poor way to pick the best candidate — and a sure way to make everyone else feel they have little say in the outcome.

The Democrats' New Calendar (NYT)

The New York Times, August 23, 2006

Democratic Party leaders deserve some credit for inviting diversity into their presidential nominating process by inserting two states into the early mix so often dominated by the overwhelmingly white and rural voters of Iowa and New Hampshire. It's hardly enough reform, but it was healthy for the party to add Nevada, with its large Hispanic representation, and South Carolina, with a heavily black constituency in the heart of red-state America.

Peeved New Hampshire Democrats, claiming a regal right to dominate the limelight, already vow to ignore the new calendar and hold their first-in-the-nation primary as early as they please — maybe even in December 2007. In truth, New Hampshire would still hold the first direct-vote primary on Jan. 22, eight days after Iowa's usual town-hall-style caucus, with a Nevada caucus inserted between the two events. South Carolina would hold the second primary about a week after New Hampshire.

But a baker's dozen early candidates already are fawning in New Hampshire's direction, hinting they'll ignore the national party's threatened sanction — a marginal loss of convention delegates — and violate the campaign calendar.

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No one can foresee the unintended consequences of this calendar change. Democrats once thought that a multistate "super Tuesday" primary was the way to head off the deep-freeze rush to judgment invited by the narrow Iowa and New Hampshire contests. The two states' claim to homespun "retail politicking" is increasingly a media conceit. Even with the change, the party may compound the calendar rush by having the first four states go to bat in a 15-day period. The race could still be settled by the end of January.

Voters across the nation — so often totally ignored by juggernaut nominees — deserve a more thoughtfully paced calendar. We hope the new bit of upfront diversity works toward that end. Who knows, voters might keep the race open through a lively primary season that lasts somewhere beyond Groundhog Day.

Deal Is Reached For Prescriptions Discount (LAT)

By Jordan Rau

The Los Angeles Times, August 23, 2006

Sacramento, Calif. — More than 5 million Californians with moderate incomes would receive substantial discounts on prescription medicines under a deal that Gov. Arnold Schwarzenegger and Democratic leaders reached over the opposition of the drug industry, negotiators said Tuesday.

The price-reduction program, a showpiece for Schwarzenegger's re-election campaign, is based on an approach his own health advisers repudiated last year as dangerous for poor people and legally questionable.

The plan would give the drug industry three years to voluntarily negotiate discounts with the state on behalf of people who earn up to triple the federal poverty level, or about $60,000 a year for a family of four. An additional 400,000 people who earn somewhat more but face debilitating medical bills would also be eligible.

The discounts would take as much as 40 percent off brand-name drugs and up to 60 percent off generic medicines, according to lawmakers and Schwarzenegger administration officials.

In a major concession, Schwarzenegger agreed that companies that don't offer sufficient markdowns could be impeded from selling drugs through Medi-Cal, a $2 billion market that serves millions of Californians. In return, Democrats agreed to give the industry time to comply, and agreed to the income limit Schwarzenegger wanted.

The deal appears to end a three-year battle that produced two competing ballot initiatives rejected by voters in last November's special election. One was sponsored by consumer advocates, the other by the drug industry.

"This is a huge victory for the needy," said Democratic Assembly Speaker Fabian Nunez of Los Angeles. "This goes a long way toward correcting the wrong that was done at the ballot box in November."

Senate President Pro Tem Don Perata, a Democrat from Oakland, concurred: "The governor's basically done everything the sponsors asked."

At a news conference Tuesday afternoon, Schwarzenegger portrayed the deal as not yet final, saying, "We haven't come to a conclusion but I think it's looking good."

However, legislative officials said all the elements of the deal had been agreed upon, and all that was left was to sign off on the measure's final language.

The accord is expected to pass the Democrat-controlled Legislature easily, although it would face some obstacles after becoming law. It would require approval from the federal Center for Medicare & Medicaid Services, which has been skeptical about other states' efforts to alter their Medicaid programs as they expanded health care coverage to include people above the poverty level.

And the drug industry could fight the plan in court, as it did in Maine when that state was the first to try to use its Medicaid program to force companies to discount drugs. The case went to the U.S. Supreme Court, where Maine emerged largely victorious in 2003, but the state has not yet penalized any companies.

The election-year deal to reduce drug costs is particularly significant for California, which has lagged behind most of the nation in helping people of modest means afford medicine. Last year, 34 other states offered either subsidies or discounts to the poor or elderly beyond what the federal government provides, according to the National Conference of State Legislatures.

Under the deal, manufacturers would have to reduce their prices to meet one of three benchmarks: the lowest price they offer to any state Medicaid programs; 85 percent of the average manufacturer price; or the lowest price given to any nonpublic entity in California, such as Kaiser Permanente.

People earning no more than triple the federal poverty level who don't have prescription drug coverage, or have used up what they have, would be eligible for the lower-priced medicines. So would people earning up to the median household income in California-- $70,626 for a family of four -- if they had medical expenses exceeding a tenth of their income that were not covered by insurance.

Also included are drugs for the elderly that are not taken care of by the new federal Medicare Part D.

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The new plan relies on drug manufacturers' desires to keep their medicines on a list of approved drugs for which doctors are assured of Medi-Cal reimbursement. The Medi-Cal market is not one that drug companies want to be excluded from.

If a pharmaceutical manufacturer failed to offer adequate discounts within three years, the administration would have the authority to strike the relevant drugs from the list. While some consumers get cheaper drugs from outside the country, such imports are illegal under federal law.

Doctors wanting to prescribe de-listed drugs would first have to obtain specific permission from Medi-Cal -- a bureaucratic burden. While they are supposed to receive such authorization within 24 hours under federal law, some doctors say the actual process is far more tortured.

"Docs in community mental health are besieged with clients. They'll have hundreds of clients with severe psychiatric disabilities assigned to them," said John Buck, chief executive officer of Turning Point Community Programs, a Sacramento-based mental health nonprofit. "There's always somebody in a crisis, and you're talking about filling out more paperwork?"

For that reason, advocates for the poor object to the involvement of Medi-Cal.

Loretta Jones, executive director of Healthy African-American Families, a nonprofit group based in Los Angeles, called the plan "abominable."

"We're taking our poorest population -- which are usually women and children -- are you're making decisions about their health care that you would not make for a Blue Shield or a Health Net," she said.

To address such concerns, the plan has a number of safeguards. Medi-Cal would not restrict access to drugs that have no substitute or those whose omission would increase costs to the state.

To protect patients, the plan also would make exceptions for people who are already receiving a particular medication, so they would not be switched to another.

Pension Giveaway (NYT)

The New York Times, August 23, 2006

Gov. George Pataki bills himself as a fiscally conservative Republican, yet he signed a bill requiring New York City to give its retired correction workers Christmas bonuses that will eventually hit $12,000 a year. His spokesman says it's important to understand that the Legislature is always demanding new benefits for retired city workers, and that Mr. Pataki has vetoed 95 percent of the pension bills reaching his desk. We hope that the next time the governor tests the presidential campaign waters with a visit to Iowa or New Hampshire, someone asks him whether he would sign only 5 percent of the fiscally disastrous bills if he gets in the White House.

Throughout the United States, private companies have stopped offering pension plans while public service workers' benefits grow more generous. No one begrudges the men and women who serve the people most directly a decent retirement. But if the costs get out of control, they risk a financial disaster or a political backlash.

This week in The Times, Michael Cooper has reported on the ways that New York City workers have managed to lobby enormous new pension guarantees through the State Legislature. Urban park rangers and 911 operators can now retire with full pensions after 25 years on the job — even if they're still in their 40's. Correction officers, emergency medical technicians, sanitation workers, firefighters and police officers who come down with heart disease can retire with pensions equal to three-quarters of their salary, exempt from state and local taxes. Ditto correction officers, police officers and firefighters who contract hepatitis, tuberculosis or H.I.V. Meanwhile, the city's pension plans may be facing a shortfall of up to $49 billion.

While some city officials can be wildly irresponsible when it comes to pensions (the City Council requested passage of the Christmas bonus bill while the mayor's office howled), the real culprits here are the members of the State Legislature. They are happy to shovel these measures through in return for campaign contributions and election endorsements from the unions while the city pays the tab.

State legislators should not be able to impose those costs on the city, but as long as they have that power, the public must demand that they use it more responsibly. Democrats and Republicans are equally culpable here. Every incumbent running for re-election should be asked where he or she was when all these giveaways were sailing through to passage.

Iran Won't Give Promise To End Uranium Effort (NYT)

By Michael Slackman

The New York Times, August 23, 2006

TEHRAN, Aug. 22 — Iran responded Tuesday to a set of incentives from Europe and the United States aimed at ending its nuclear program, but did not agree to suspend the enrichment of uranium by the end of the month, the West's primary demand.

In its response, Iran offered "serious talks" over its nuclear activities but did not raise the issue of suspending enrichment by Aug. 31, the deadline established by the United Nations Security Council, Western diplomats said.

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"What they have not done is address the key point, whether or not they are going to suspend," said one senior European official involved in the Iran negotiations. Following traditional protocol, the official and other diplomats spoke only on condition of anonymity.

As European and American diplomats analyzed the 21-page counterproposal on Tuesday, it increasingly appeared that Iran's efforts to push past the Aug. 31 deadline would be considered unacceptable and that they would be likely to lead to calls for imposing sanctions. The United States, Britain, France and Germany plan to meet Wednesday in New York to discuss the proposal and their response.

John R. Bolton, the United States representative to the United Nations, said Tuesday that Washington was prepared to move rapidly on a new Council resolution calling for economic sanctions.

But the meeting will not include two key Council members, Russia and China, which have been reluctant to punish Tehran harshly. The challenge facing the United States will be to maintain a unified front against Iran while putting together a package of sanctions that have some bite. [Page A6.]

It was not immediately clear how Beijing or Moscow would react to the proposal. Western diplomats have said that the two governments will seize on any indication that Iran is willing to discuss suspension in future negotiations as a reason to water down any sanctions.

Iranian officials said they were offering a "new formula" to resolve the crisis, but did not release any details of their proposal. Nor did Western diplomats. It was clear, however, based on their characterizations, that in broad terms Iran had responded as expected, offering a lengthy, complex and somewhat oblique set of proposals it hoped would lead to future negotiations.

"We always expected a response that's not white or black, but gray," said Cristina Gallach, a spokeswoman for Javier Solana, foreign policy chief of the European Union. "But our position can't be gray."

The Iranian nuclear conflict has been running along two paths: the West offered economic and political incentives to Tehran if it suspended enrichment, and the Security Council threatened sanctions if Iran failed to suspend by the end of the month.

With Iran's response, it appeared that both sides remained stuck at the starting line. Iran said, as it has all along, that it would not accept any preconditions for negotiations over the package of incentives. And the West continued to insist that there would be no discussion of the incentives package until Iran suspended enrichment.

"Although the unlawful behavior of the U.N. Security Council cannot be justified, based on the recommendations of Kofi Annan, the secretary general of the United Nations, we prepared our answer with a positive attitude," said Ali Larijani, Iran's chief nuclear negotiator, as he delivered Iran's response to representatives of Britain, Russia, China, France and Germany here on Tuesday afternoon. The Swiss ambassador to Iran received the proposal on behalf of the United States, which does not have a representative in Tehran.

Mr. Bolton appeared to ignore Iran's description of its proposal as a springboard for negotiations, instead referring to the document as Iran's "definitive" response.

"They can either take up the very generous offer that the five permanent members and Germany have extended to them, and if they do, there's a possibility of a different relationship with the United States and others," he said. "But if they don't, we've also made it clear that their unwillingness to give up their pursuit of nuclear weapons will result in our efforts in the Security Council to obtain economic sanctions against them."

Nasser Hadian, a political science professor at Tehran University, said that if the proposal offers concrete details to ensure that Iran does not divert enriched uranium to a weapons program — steps like intrusive inspections and real-time monitoring of the nuclear facilities with cameras — it is possible that Iran will win some more support from Russia and China.

"It depends on the nature of the package," Dr. Hadian said.

In the days before Iran's self-imposed Tuesday deadline to respond to the incentives package, Western diplomats here said they expected that the response would seek to keep negotiations going, and to remain ambiguous on important issues.

Mr. Larijani tried to pre-empt the criticism that Iran was trying to buy time and encouraged the West to resume negotiations as early as Wednesday.

"Despite all the propaganda that Iran is trying to buy time," he said, Tehran urged the six nations making the offer "to return to the negotiating table as soon as possible to discuss all the issues in the package, including long-term nuclear cooperation, economic and technical cooperation, and also security cooperation in the region, so that we can reach a peaceful understanding in all three areas."

But Western patience appears to be wearing thin. "It's very nice of the Iranians to respond, but we don't feel a compunction to respond to this," the senior European official said. "We're not going to dance to the Iranians' tune. We don't need to. The headline is that they haven't addressed the key issue so the Security Council process will continue."

Iran has already begun to brace for sanctions, calculating that an initial round would be relatively painless. But if the screws tighten, analysts here said, they expect the leadership to look for a face-saving compromise.

Iran sits on some of the largest known oil reserves, but is forced to import more than 40 percent of its gasoline because it does not have the refinery capacity to meet its own needs. Sanctions that block gasoline imports would be extremely painful, analysts here said.

When Iran set the deadline of Aug. 22, the last day of the Iranian month of Mordad, it said the Western proposal was so complex that it needed first to be studied by experts in specific fields like energy, security and economics. But the nuclear issue has also been turned into an important domestic issue, one that has had profound political implications here.

While the government's policy on the nuclear program has not substantially changed in the last year, its strategy and approach to the West have. Under the previous president, Mohammad Khatami, the government adopted a strategy of confidence building, hoping to convince the West over time that it was working on a peaceful nuclear program.

But as Mr. Khatami ended his second term in office, the clerical and hard-line leadership decided to move toward a more confrontational approach. In June 2005, Mahmoud Ahmadinejad was elected president, and shortly after taking office he transformed the issue into a matter of national pride.

Mr. Ahmadinejad has repeatedly said that peaceful nuclear energy was Iran's "inalienable right," and in defiance of the West he announced in April that Iran had already enriched uranium — and would never stop. His office said Tuesday that he would hold a news conference next week in Tehran to directly address the Aug. 31 deadline.

Throughout Tuesday, Iranian officials offered comments demonstrating their confidence in their country's position and their disregard for threats from the West.

"We should not define our national interests in accordance with the sort of reaction we might get from the West," said Ali Akbar Velayati, the foreign affairs adviser to the supreme leader, Ayatollah Ali Khamenei, in an interview with ISNA, the student news agency. "In that case we would be a passive nation."

U.S., Allies To Discuss Sanctions After Iran Offers Nuclear Talks (WSJ)

By Neil King Jr.

The Wall Street Journal, August 23, 2006

WASHINGTON -- The U.S. and its European allies plan today to weigh whether to move ahead on Iran sanctions within the United Nations Security Council, after Tehran said it was willing to open "serious talks" on its nuclear program but wouldn't freeze uranium enrichment.

U.S. and European officials, speaking privately, said the Iranian response fell short of requirements laid out in a Security Council resolution last month. But the Bush administration held to its official line that the U.S. is still weighing Iran's reply to a June incentives package and that the administration needs to confer with its European partners.

The European Union's foreign-policy chief, Javier Solana, said in a statement that Iran's response required "detailed and careful analysis."

Iran's first detailed response to the European offer of greater trade cooperation in exchange for tighter nuclear controls appeared to be exactly the noncommittal reply that many Western officials had predicted. It sets the stage for potentially protracted negotiations within the Security Council on what sanctions to impose on Iran.

At the U.N., the ambassadors of the U.S., Britain, France and Germany planned to meet informally today to discuss their collective response, with some diplomats suggesting the group would begin to sketch out a potential array of sanctions on Iran if officials conclude that Tehran hasn't met U.N. requirements.

John Bolton, the U.S. ambassador to the U.N., said the Bush administration is ready to begin formulating a Security Council resolution to impose economic sanctions if Tehran's response is deemed unsatisfactory. "We will obviously study the Iranian response carefully," he said, "but we are also prepared if it does not meet the terms set by the permanent five foreign ministers to proceed here in the Security Council, as ministers have agreed, with economic sanctions."

IRAN'S ANSWER

Iran responded to a Western incentives package presented in June to encourage Tehran to suspend uranium enrichment. The package hasn't been made public, but some of the incentives have been leaked including: · Lifting some U.S. bilateral sanctions, including a ban on sales of Boeing passenger aircraft and related parts.

· Receiving some nuclear technology to help build nuclear reactors for civilian energy purposes.

· Receiving a guaranteed supply of nuclear fuel.

The U.N. resolution, which passed July 31, gave Iran until Aug. 31 to suspend its drive to enrich uranium and agree to talks on strengthening international oversight of its nuclear program in return for economic and political incentives. Enriched uranium can be used for nuclear-power plants or for building nuclear weapons.

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Iran's chief nuclear negotiator, Ali Larijani, presented Iran's 20-page response to diplomats in Tehran yesterday, more than two months after Britain, France and Germany presented Iran with a package of economic and political perks if it agreed to end its enrichment work and commit to a strictly civilian nuclear program. Iran rejects accusations that it is using its nuclear program to pursue atomic weapons.

U.S. officials briefed on the Iranian response said it dwelt at length on the potential for stronger economic cooperation with the West and expressed a willingness to engage in wider negotiations on its nuclear program, but rejected any suspension of Iran's enrichment program as a precondition to such talks.

"It was the sort of 'yes, no, maybe' response we had expected," said one senior U.S. official.

Mr. Larijani told reporters in Tehran that the Iranian response was meant "to pave the way for fair talks," according to an official Iranian news agency. Britain, France and Germany have held off-and-on talks with Iran for nearly two years. In June, the U.S. offered to join those negotiations as long as Iran agreed to the incentives package and froze its enrichment work.

Nuclear experts say Iran has a long way to go before it can claim to have mastered the complex enrichment process and to have the hundreds of centrifuges needed to produce enough highly enriched uranium for a single bomb. Still, U.S. and European officials say they hope to persuade Iran to back away from the enrichment work and agree to an arrangement where others, most likely Russia, would supply the fuel needed for civilian nuclear-power generation.

Iran Reacts 'positively' To U.S.-European Offer (USAT)

By David J. Lynch

USA Today, August 23, 2006

TEHRAN, Iran — Iran said Tuesday that it is ready for "serious negotiations" as Tehran gave its long-awaited reply to a joint U.S.-European offer aimed at ending the standoff over the country's nuclear research program.

Ali Larijani, Iran's top nuclear negotiator, said Tehran had responded "positively" to the Western offer, but he refused to say whether Iran would comply with the key demand: suspending its uranium enrichment program.

Iran's semiofficial Fars news agency reported that Tehran had rejected calls to suspend enrichment and "instead has offered a new formula to resolve the issues through dialogue."

Larijani delivered the country's answer in a meeting with ambassadors from Britain, France, Germany, Russia, China and Switzerland, which represents U.S. interests here. No details of the response were released.

European Union foreign policy chief Javier Solana said that the Iranian response needs a "detailed and careful analysis."

The United States broke off diplomatic relations with Iran during a hostage crisis in 1979-81.

White House spokeswoman Dana Perino said the Bush administration would hold off comment until it had studied the Iranian response.

"I'm not going to parse the Iranian government's document today here on the airplane," said Perino, speaking aboard Air Force One as President Bush flew to Minnesota. "That is a job best left to the diplomats."

The United States and the five other nations represented at Tuesday's meeting proposed a package of economic and diplomatic incentives in June for Iran to halt research activities that could lead to development of nuclear weapons. Package details have not been made public.

The Bush administration and its allies say Iran is using the uranium enrichment program to create fuel for nuclear arms. Iran insists its program is for nuclear energy.

When Iran did not meet an initial deadline to respond, the United Nations Security Council passed a resolution July 31 calling on Tehran to halt its enrichment program by Aug. 31 or face possible economic and political sanctions.

Tuesday's response criticized that resolution as lacking "legal justification." State television quoted Larijani as calling on Western nations to "immediately return to the negotiating table."

Analysts here said the Iranian government is looking for a face-saving way out of the nuclear standoff through technical negotiations over precisely what kind of enrichment would be prohibited. "I do believe, at the end, Iran would accept the proposal with minimum modifications," said Davoud Bavand, professor of international law at Alameh University in Tehran.

John Bolton, the U.S. ambassador to the United Nations, said Washington would study Iran's response but is prepared to quickly submit a resolution to the Security Council. It would mandate economic sanctions if Iran does not meet all requirements.

Iran Pushes For Talks Without Conditions (WP)

By Dafna Linzer

The Washington Post, August 23, 2006

DOJ_NMG_0052359

Iran offered yesterday to enter into immediate and "serious" negotiations on a broad range of issues with the Bush administration and its European allies but refused to abide by a U.N. Security Council demand that it suspend work at its nuclear facilities by the end of the month.

Tehran's proposal came in response to an offer in June by the United States, Britain, France, Germany, Russia and China for talks on the country's nuclear program, and the possibility of future cooperation, if the Islamic republic would first agree to suspend its uranium-enrichment work.

Last month, the Security Council passed a resolution making a suspension mandatory and threatening Iran with economic sanctions if it did not comply by Aug. 31. Without a commitment to do so, the Iranian counteroffer appeared unlikely to ease a tense, years-long standoff over what Tehran insists is an energy program but Washington believes is a covert effort to develop nuclear weapons.

Bush administration officials said yesterday that they will need time to study the Iranian response. But they vowed to press ahead with efforts to impose economic sanctions against Iran if it fails to meet the Security Council deadline to freeze its nuclear program.

"If, on the other hand, the Iranians have chosen the path of cooperation, as we've said repeatedly, then a different relationship with the United States and the rest of the world is now possible," U.S. Ambassador John Bolton said yesterday at the United Nations.

European officials, however, were quieter, saying privately that they did not want to rush toward sanctions before the deadline. U.S. diplomats at the United Nations tried to organize a meeting for today in New York, but European officials said they have no plans to attend. The European Union's foreign policy chief, Javier Solana, who has been carrying messages between Europe and Tehran, is expected to meet with Iran's chief negotiator, Ali Larijani, in Brussels this week, according to European and Iranian officials.

For years, the Bush administration has tried to persuade allies to pressure Iran to give up a program it built secretly over 18 years.

But the Iranian response comes at a difficult time, when Iran is feeling emboldened in the region and the Security Council is juggling a multitude of crises in the Middle East, including the Iraq war and recent fighting in southern Lebanon between Israel and Hezbollah, which is supported by Iran and Syria. The instability has made many council members wary of ratcheting up pressure on Iran, a major oil supplier, if it will mean further confrontation in the region.

"Iran's response today is clearly a 'no' for Washington," said George Perkovich, a nuclear expert at the Carnegie Endowment for International Peace. "But it's hard to see how the U.S. can mobilize others to stop the Iranian program at this point when the last thing anyone wants is more conflict," Perkovich said.

Iranian officials and analysts portrayed their proposal as a positive outcome meant to signal a national desire to repair 27 years of fractured relations with Washington. They said it was the result of months of difficult internal debate among Iran's ruling elite.

"Iran's response indicates the balance has tipped in favor of more moderate voices in Iranian politics seeking a modus vivendi with U.S. power" in the region, said Kaveh L. Afrasiabi, an Iranian policy analyst who wrote several books on the country's nuclear program.

In a multi-page letter hand-delivered to European ambassadors in Tehran yesterday, Larijani laid out an Iranian desire for negotiations beyond the country's nuclear program, Iranian, U.S. and European officials said, speaking on the condition of anonymity. State-run television in Iran quoted Larijani as telling diplomats his country was "prepared as of August 23rd to enter serious negotiations."

No government official in any country involved would publicly discuss details of the Iranian proposal. Privately, several officials said Iran was willing to consider halting its nuclear program, but not as a precondition for the talks. One Iranian official, who spoke on the condition of anonymity, said that the suspension could come quickly if talks can begin and Iran can get answers to a list of questions included in the offer yesterday.

Several officials said Iran wants a clarification about security assurances, namely whether the Bush administration intended to negotiate on the nuclear issue while seeking to topple the country's religious leadership.

But an Iranian news agency said yesterday that the government had rejected a halt to its program and "instead has offered a new formula to resolve the issues through dialogue."

Four years ago, Iranian exiles disclosed that the country had a hidden nuclear facility in a mountain range south of Tehran. The revelation set off an investigation by nuclear inspectors with the United Nations' International Atomic Energy Agency. They uncovered huge facilities for enriching uranium, a process that can create fuel for nuclear energy or the key ingredient at the core of a nuclear bomb.

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Since then, inspectors have been trying to determine the scope and history of Iran's nuclear efforts. They have conducted hundreds of inspections, uncovered Iranian experiments with plutonium and uranium, and exposed a secret relationship between Iran and Pakistan, which was instrumental in the development of Iran's nuclear program.

The inspectors, however, have been unable to confirm Tehran's claims that its nuclear energy program is peaceful. Earlier this week, Iran refused a request by inspectors to view construction progress at Natanz, a vast complex that houses the country's uranium-enrichment efforts.

Iran is currently operating three centrifuge cascades, nuclear experts said, one of which is producing small amounts of low-enriched uranium. Although Iran is advancing its nuclear efforts, U.N. inspectors, as well as analysts working for U.S. and British intelligence, think the Iranians are technically poor at enriching uranium. Based on what is known about Iran's program, Western intelligence thinks it will be years before Iran can manufacture enough uranium for a weapon.

Mohammad Saeedi, deputy head of the Atomic Energy Organization of Iran, said in comments published yesterday in Tehran that his country is providing "an exceptional opportunity" for negotiation.

"Iran's response to the package is a comprehensive reply that can open the way for resumption of talks for a final agreement," Saeedi said.

Iran Wants To Talk But Keep Nuke Program (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, August 23, 2006

Iran said Tuesday it was ready for "serious negotiations" on its nuclear program, offering a new formula to resolve a crisis with the West. A semiofficial news agency said the government was unwilling to abandon uranium enrichment — the key U.S. demand.

Iran delivered its written response to a package of incentives offered by the United States and five other world powers to persuade Iran to roll back on its nuclear program — and punishments if it does not. The world powers, the five permanent U.N. Security Council members plus Germany, have given Iran until Aug. 31 to accept the package.

The U.S. ambassador to the United Nations, John Bolton, said Washington will "study the Iranian response carefully" but was prepared to move forward with sanctions against Tehran if it was not positive. The White House held off commenting until it had studied the text. The European Union's foreign policy chief, Javier Solana, said the document was "extensive" and required "a detailed and careful analysis."

Iranian officials offered no details of the response, but it appeared geared at enticing those countries into further negotiations by offering a broad set of proposals vague enough to hold out hope of progress in resolving the standoff.

If the Iranians leave the door open to halting enrichment as talks progress, that would drive a wedge in the Security Council between the Americans, British and French on one side and the Russians and Chinese on the other. Last month, Russia said the Council was in no rush to pressure Iran, striking a more conciliatory tone than the United States.

Tuesday's announcement was the latest development in the yearlong standoff over Tehran's nuclear program. Iran says it wants to master the technology to generate nuclear power. But critics say Iran is interested in uranium enrichment because it can also be used to make the fissile core of nuclear weapons.

The current drama is playing out in the wake of fears that the ability of the pro-Iranian Hezbollah guerrillas in Lebanon to withstand 34 days of Israeli bombardment has emboldened hard-liners in Tehran to risk a showdown with the Americans, who are bogged down in neighboring Iraq. There has also been speculation in the West that Iran encouraged Hezbollah to provoke the Israelis to distract attention from its nuclear ambitions.

Iran has pursued a confrontational stance on the nuclear issue since the election of President Mahmoud Ahmadinejad last year. The hard-line president has used the nuclear issue to encourage a sense of national pride among Iranians by standing up to the United States and other Western countries.

On Tuesday, Iran's top nuclear negotiator, Ali Larijani, hand-delivered his government's response to ambassadors of Britain, China, Russia, France, Germany and Switzerland — which represents U.S. interests — nine days before a Security Council deadline for Iran to halt uranium enrichment or face economic and political sanctions.

Larijani refused to disclose whether the response included an offer to suspend uranium enrichment. But the semiofficial Fars news agency reported that Iran rejected calls to suspend "nuclear activities" — or uranium enrichment — and "instead has offered a new formula to resolve the issues through dialogue."

The state-run television quoted Larijani as telling the diplomats Iran "is prepared as of Aug. 23rd (Wednesday) to enter serious negotiations" with the countries that proposed the incentives package.

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The Irna official news agency reported that "Larijani said Iran's answer has logically, fairly and constructively addressed demands of the proposed package, recommending the P5+1 group to return to the negotiation table immediately despite the false atmosphere created against Iran that it was buying time."

Last month, the Security Council set an Aug. 31 deadline for Iran to halt uranium enrichment or face economic and political sanctions. Iran called the resolution "illegal" but had said it was willing to offer a "multifaceted response" to an incentives package that the six powers offered in June.

Iranian officials familiar with Larijani's response said Tehran offered a "new formula" to resolve the dispute. The officials spoke on condition of anonymity because of the sensitivity of the information.

"Iran has provided a comprehensive response to everything said in the Western package. In addition, Iran, in its formal response, has asked some questions to be answered," one official said without providing more details.

But the Iranians have been signaling they are not prepared to abandon uranium enrichment as a precondition to talks. Last month, a senior Iranian lawmaker said the country's parliament was preparing to debate withdrawal from the Nuclear Nonproliferation Treaty if the U.N. Security Council adopts a resolution to force Tehran to suspend enrichment.

On Monday, Iran's supreme leader, Ayatollah Ali Khamenei, said the Islamic Republic "has made its own decision and in the nuclear case, God willing, with patience and power, will continue its path." Khamenei accused the United States of putting pressure on Iran despite Tehran's assertions that its nuclear program was peaceful.

Iran's former foreign minister Ali Akbar Velayati, who is now a top adviser to Khamenei, said Iran's national interests, not the West's demands, should be the basis for Iran's decision.

"What we have achieved in nuclear technology is worth more than the pressures against us at the international stage," the semiofficial Iranian Students News Agency quoted Velayati as saying Tuesday.

In February, Iran for the first time produced its first batch of low-enriched uranium, using a cascade of 164 centrifuges.

In the last few weeks, Iran prevented U.N. nuclear agency inspectors from inspecting an underground site meant to shelter its uranium enrichment program from attack, diplomats said Monday.

The head of the International Atomic Energy Agency, Mohamed ElBaradei, is to report by Sept. 11 to the agency's board on Iran's compliance with the U.N. deadline to freeze enrichment and other aspects of Tehran's cooperation with U.N. inspectors.

The Western incentives package has not been made public but some details have leaked. They include an offer to lift a ban on sales of Boeing passenger aircraft, providing Iran with some nuclear technology to build reactors for civilian purposes and guaranteeing a supply of nuclear fuel.

Tehran Offers New Talks In Nuclear Dispute (FT)

By Gareth Smyth And Daniel Dombey

Financial Times, August 23, 2006

Iran said on Tuesday it was ready to begin “serious talks” over its nuclear programme but appeared to refuse a United Nations demand to scale down its activities by the end of this month.

Analysts and officials said the move could leave the west struggling to build an international consensus to impose sanctions on Tehran. Privately, diplomats say that Iran has been emboldened by the recent conflict in Lebanon, while the US’s standing in the region has been hit.

“Iran is prepared to hold serious talks from August 23,” said Ali Larijani, Iran’s top nuclear official, according to a report by ISNA, Iran’s student news agency.

He was responding to an international offer, brokered by the European Union, to persuade Iran to suspend uranium enrichment, a process that can produce both nuclear fuel and weapons grade material.

Details of the Iranian response, which Mr Larijani handed over to ambassadors of the world’s big powers in Tehran, were not immediately clear. But Tehran has given no indication that it will immediately suspend its enrichment activities, which it says are purely peaceful but which the US and the European Union suspect are intended to develop nuclear weapons.

On Tuesday Mr Larijani also described the UN Security Council resolution that requires Iran to limit its nuclear programme as “illegal”.

The resolution gives Tehran until August 31 to suspend enrichment.

The US and the EU warn that unless Iran complies the next stage will be to impose sanctions on Iran – although they are keenly aware of Russia and China’s reluctance to take any such step.

John Bolton, US ambassador to the UN, acknowledged on Tuesday that it was far from clear how quickly the Security Council could take action. Discussions are likely to begin in early September.

“It really is a test for the council and we will see how it responds,” Mr Bolton said.

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Western officials say any first measures would probably include practical, small scale steps such as restricting visas for officials connected to Iran's nuclear programme, as well as access to relevant materials and expertise.

They also argue that the clock is ticking on Iran's ability to develop nuclear weapons capacity, which some analysts believe Tehran could achieve by the turn of the decade.

A report by the Royal Institute of International Affairs, the British think tank, will say on Wednesday that "the US-driven agenda for confronting Iran is severely compromised by the confident ease with which Iran sits in its region", partly because of Washington's success in toppling Iran's foes from office in Iraq and Afghanistan.

"Iran is playing a longer, more clever game [than the US] and has been far more successful at winning hearts and minds," said Nadim Shehadi, a contributor to the report.

Manouchehr Mottaki, Iran's foreign minister, said last week Tehran was ready to negotiate about suspending uranium enrichment but as the result of talks, rather than as a precondition.

Some Iranian officials have also floated a compromise that could limit Iran's enrichment to laboratory work.

But US and European diplomats argue that as a binding demand made by the UN Security Council, immediate suspension of all enrichment is non-negotiable.

Iran Proposes Talks Over Its Nuclear Program (MCT)

By Ron Hutcheson

McClatchy Newspapers, August 23, 2006

WASHINGTON - The dispute over Iran's nuclear ambitions veered Tuesday toward a showdown at the United Nations after Iran ignored demands that it shut down a uranium enrichment program that could be used for nuclear weapons.

Responding to international pressure, Iran offered to engage in "serious negotiations" over its nuclear program but declined to suspend enrichment activities. The offer to talk came as part of its long-awaited response to a proposal that was intended to halt uranium enrichment in the Islamic Republic.

The United States, Britain, France, Germany, Russia and China offered an incentive package to Iran in June as an inducement. Details of Iran's response remained under wraps Tuesday, but semi-official Iranian news outlets said it didn't include suspension of enrichment activities.

Supreme Iranian leader Ayatollah Ali Khamenei had made it clear Monday that Iran has no intention of abandoning uranium enrichment, which Iranians say is to fuel nuclear power plants, not for weapons. Khamenei vowed to pursue the nuclear program "forcefully."

U.S. officials said they'd ask the United Nations to impose economic sanctions if Iran failed to comply with an Aug. 31 deadline for suspension. Administration officials said they needed more time to study Iran's offer before providing an official response, but their initial reaction was negative.

"Certainly, the rhetoric, particularly in the past few days, has indicated they're not prepared to suspend their uranium enrichment activities," U.N. Ambassador John Bolton said. "Their unwillingness to give up their pursuit of nuclear weapons will result in our efforts in the Security Council to seek economic sanctions."

The Bush administration's insistence on punitive action by the United Nations is in some ways a replay of the prelude to war in Iraq. In both cases, President Bush prodded the U.N. to enforce resolutions intended to prevent the development of nuclear weapons.

He ordered the Iraq invasion when the U.N. failed to act. Bush has said repeatedly that he's focused on diplomacy in dealing with Iran, but there are no signs of a resolution.

"It's unclear how far we are prepared to go to prevent a nuclear Iran from coming into existence. I don't think anybody knows where President Bush will come down," said Jon Wolfsthal, an expert on nuclear nonproliferation at the Center for Strategic and International Studies, a conservative research center in Washington. "As bad as a nuclear Iran is, I can think of things worse: an angry nuclear Iran is one of them."

Undersecretary of State Nicholas Burns, the administration's point man on Iran, hinted at the possibility of military action in an interview Monday.

"President Bush has said all along that as president he's not going to take the military option off the table," Burns told National Public Radio. "This is our diplomatic strategy, to try to reason with the Iranians, but our patience cannot be unlimited."

Wolfsthal said Iran had been emboldened by its growing influence in the Middle East. Iran's support for Shiite Muslim militias in Iraq and Hezbollah militants in Lebanon has increased its stature in the region.

"Iran's position has improved significantly," Wolfsthal said. "The United States is bogged down in Iraq. Israel is no longer seen as the military power it once was. If you were in the region and you were trying to figure out who the next big power was, you'd look to Iran."

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Fearing an escalation of tensions, Russia and China have indicated that they'd use their seats on the U.N. Security Council to block tough economic sanctions. They might accept relatively mild punishment with the possibility of tougher action later.

"It really is a test for the council, and we'll see how it responds," Bolton said at the U.N.

Wolfsthal said it also was possible that Iran would succumb to international pressure to agree to abandon enrichment before the Aug. 31 U.N. deadline.

"The Iranians are trying to string out the negotiating process," Wolfsthal said. "This could easily come down to a nail-biter on the 31st."

No Simple Answer From The Iranians (LAT)

By Alissa J. Rubin

Los Angeles Times, August 23, 2006

The Islamic Republic offers a 'new formula' for negotiations on its nuclear program but refuses to suspend uranium enrichment.

VIENNA — Iran offered to enter "serious negotiations" over its nuclear program Tuesday, but appeared to reject the key U.N. Security Council demand that it suspend its uranium enrichment program.

The apparent refusal of an incentives package offered by world powers sets up a potential confrontation with the Security Council, which has given Iran until Aug. 31 to respond to a resolution requiring it to stop enrichment.

John R. Bolton, the U.S. ambassador to the United Nations, said Tuesday that if Iran refused to halt enrichment, the United States would introduce a resolution through the Security Council calling for economic sanctions against Tehran.

Iran's rejection, signaled by diplomats from several countries, but not yet made public, came as no surprise to Western powers. For weeks, Iranian officials have said they are willing to negotiate many aspects of the nuclear program, but not halt enrichment altogether.

"It doesn't look like it [the Iranian response] will meet our — or the Security Council's — demand to suspend their enrichment program," said a Western diplomat, who spoke on condition of anonymity because he was not a spokesman.

Western countries suspect that Iran is attempting to gain the capability to make a nuclear bomb. Iran insists its program is for peaceful energy production.

Iranian officials said the response, which was 23 pages long, offered a "new formula" for discussions. Ali Larijani, the Iranian government's chief nuclear negotiator, was quoted by state-run television as saying that Iran "is prepared as of Aug. 23 to enter serious negotiations" with the countries that proposed the incentives package.

The reply came on the same day that former Iranian President Mohammad Khatami applied for a visa to speak at the National Cathedral's Center for Global Justice and Reconciliation in Washington next month. Widely viewed as a moderate and reformer, Khatami was president from 1997 until last year, when his term ended and elections brought hard-liner Mahmoud Ahmadinejad to power.

The White House refused to discuss the Iranian nuclear proposal, saying it was up to the diplomats "to parse" it, said Deputy Press Secretary Dana Perino. President Bush had not yet read it, she said. Secretary of State Condoleezza Rice, who had been on vacation, returned to review the document.

Over the last year, Tehran has taken an increasingly confrontational stance toward efforts by the International Atomic Energy Agency, the U.N. nuclear watchdog.

More recently, Iran has resisted the Security Council's efforts to compel it to suspend its uranium enrichment and answer outstanding questions about its nuclear program, which it had operated in secret for 18 years. An Iranian resistance group revealed the program in 2002.

U.N. inspectors have reported Iran is operating at least one cascade of 164 centrifuges, used to separate isotopes of uranium, in a pilot plant. Two more cascades are under construction. When uranium gas is spun at high speeds through a series of linked centrifuges, or cascades, it can be enriched enough to form fissile material.

Although Bolton and experts say that sanctions are the next step, early signals from other Security Council members suggest that Russia and China may be reluctant to move forward immediately.

Even as Bolton talked about the economic sanctions, the Russian news agency Itar-Tass put out a statement from a top parliament member saying that it was too early to consider sanctions.

Iran's negative answer "is not yet a red line," said Mikhail Margelov, the head of the Russian Federation Council's International Affairs Committee.

In their official statements, world powers took pains to avoid a quick response or dismiss the offer out of hand. They said Tehran had replied "comprehensively" to the offer and they wanted to review it.

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Iran's response was "extensive and therefore requires a detailed and careful analysis," said a statement by European Union foreign policy chief Javier Solana. He did not describe any specifics of Iran's response.

During a meeting in Tehran, Larijani delivered the reply to the incentives package to representatives of Britain, France, Germany, Russia, China and the United States. Switzerland represented the U.S., which has no diplomatic relations with Iran.

The response comes just a little more than a week before Iran faces the same demand from the Security Council, which passed a resolution July 31 with the legally binding requirement that Iran halt enrichment-related activities by Aug. 31 and undertake an array of "transparency measures" to reassure the public that its program is peaceful.

The resolution also required Tehran to answer questions from the International Atomic Energy Agency.

If Iran fails to comply, the resolution says, the Security Council will enact economic sanctions, although it remains unclear which penalties would receive backing from all veto-wielding members.

Statements by a number of Iranian officials have suggested that the Islamic Republic appears set to move ahead with its program regardless of the threats of sanctions.

The deputy chief of Iran's Atomic Energy Organization, Mohammed Saeedi, said that "considering the technical progresses made by the Iranian scientists in the nuclear ground, suspension of uranium enrichment has now turned practically impossible," according to the translation of an article on the Fars News Agency website.

Iran Ready For 'Serious' Nuke Talks (WT)

By David R. Sands

The Washington Times, August 23, 2006

Iran said yesterday that it was ready for "serious negotiations" over its disputed nuclear programs, but showed no sign it accepted the Bush administration's bottom-line demand to halt all uranium enrichment before any talks can begin.

The United States and its allies were still studying Tehran's long-awaited response to an incentives package designed to halt what many think is a drive by the Islamic republic to acquire nuclear weapons.

The Iranian reply, hand-delivered by top nuclear negotiator Ali Larijani in Tehran yesterday, sets up a potential confrontation at the U.N. Security Council, where the United States is expected to press its reluctant partners for fresh sanctions against Tehran. Russia, China and European Union powers France, Germany and Britain are working with the United States on the Iran crisis.

White House spokeswoman Dana Perino declined comment on the details of the Iranian response, which had not been released as of last night. Secretary of State Condoleezza Rice reportedly has interrupted a vacation to monitor the negotiations.

EU foreign policy chief Javier Solana said the detailed Iranian note deserved "detailed and careful analysis," but European diplomats briefed on the reply and Iran's semi-official Fars news agency said Tehran had rejected an enrichment freeze as a precondition for starting the talks.

Despite Mr. Larijani's proposal for further talks, one top U.S. nuclear specialist said the Iranian offer was clearly a rejection of the U.S. stand.

"The bottom line is that the one thing we required Iran to do -- suspend uranium-enrichment programs now -- is the one thing the Iranians say they won't do," said Jon Wolfsthal, nonproliferation fellow at the Center for Strategic and International Studies.

"Anything that wasn't an absolute 'yes' constitutes a 'no,' and the question now becomes: Where does the United States go from here and can it bring its partners along," he added.

Iran insists its nuclear programs are for peaceful civilian uses, but the United States and its European allies say it has run a secret military nuclear program for nearly two decades. With the Bush administration's acquiescence, the European Union in June offered Iran a package of trade, security and diplomatic concessions -- including direct U.S.-Iranian talks -- in exchange for a freeze on uranium enrichment.

The Security Council last month set a deadline of Aug. 31 for Iran to give a final response to the package. John R. Bolton, U.S. ambassador to the United Nations, called the offer "very generous," and said Washington was prepared to press for new sanctions if Iran does not accept the enrichment freeze.

"I think we will be prepared to move to submit elements of a resolution to the [Security Council] very quickly," he told reporters in New York. "It really is a test for the council, and we'll see how it responds."

But Mr. Wolfsthal and others said the administration likely will face resistance from Russia and China for harsher penalties. Both have extensive energy and economic ties with Iran, and both could argue that Tehran's qualified response yesterday is enough to justify more talks.

In Beijing today, China's foreign ministry urged Iran to consider international concerns over its nuclear program and be constructive, but added all sides should remain calm.

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The foreign ministry said it had received Iran's response to a package of proposals to resolve the nuclear standoff with the West and was "conscientiously" studying it.

"The Chinese side hopes Iran earnestly considers the concerns of the international community, and takes the necessary constructive steps," the ministry said in a faxed statement.

Top Iranian officials, including supreme leader Ayatollah Ali Khamenei, have sent signals in recent days that they would not accept as a pre-condition the uranium-enrichment suspension -- a critical step in producing fuel both for nuclear power and nuclear bombs. They also have questioned promises in the proposal of foreign offers to build nuclear power plants inside Iran.

Iranian officials once again mixed defiance with conciliation in trying to head off new U.N. sanctions, but they also appeared to think recent difficulties in Iraq and Lebanon for the United States and its allies have only strengthened Tehran's hand.

"We are not in an unfavorable position, since today everyone is aware of the ineffectiveness of the Security Council," Ali Akbar Velayati, Ayatollah Khamenei's top foreign policy adviser, said in a newspaper interview in Tehran.

Iranian officials offered no details of the response, but it appeared geared at enticing those countries into further negotiations by offering a broad set of proposals vague enough to hold out hope of progress in resolving the standoff.

If the Iranians leave the door open to halting enrichment as talks progress, that would drive a wedge in the Security Council between the Americans, British and French on one side and the Russians and Chinese on the other.

Iran Sanctions Could Fracture Coalition (NYT)

By Helene Cooper

The New York Times, August 23, 2006

WASHINGTON, Aug. 22 — It was always going to be tough for Secretary of State Condoleezza Rice to hold together her fragile coalition of world powers trying to rein in Iran's nuclear ambitions. The Israel-Hezbollah war in Lebanon has made that job harder.

While Iran's official response to the package of carrots from the United States, Britain, France, Germany, Russia and China was, at 21 pages, voluminous, the key point is that Iran's leaders did not agree to suspend enrichment of uranium, the central demand of the coalition.

Now the question is whether Ms. Rice, who returned from vacation this week and was studying Iran's response, can keep the coalition together to take out their sticks against Iran.

That will not be easy, in part because the entire United Nations Security Council is supposed to vote on the sanctions package. While only the permanent members can veto, the rising fear, particularly among European diplomats, is that smaller countries on the Council are so angry over how the United States, and now France, have handled the Lebanon crisis that they will give Russia and China political cover to balk against imposing tough sanctions.

While France, for instance, has been almost as insistent on a tough stance against Iran's nuclear program as the United States, France has also in recent days alienated many members of the Security Council by offering only 200 troops to a peacekeeping effort in Lebanon.

"The Lebanese situation has caused a lot of bad faith and I think that will play into this," said one European diplomat, who spoke on condition of anonymity under normal diplomatic rules.

Getting the group to punish Tehran was always going to be difficult. Russia and China have deep economic interests in Iran and dislike the blunt instrument of sanctions. And the West must tread carefully because any sanctions levied in the place that could actually hurt Iran — its energy sector — would ratchet up already high global oil prices and end up harming the West.

That was the tough road Ms. Rice faced even before the Lebanon crisis began. Now, "Lebanon has proven that there's no military solution to the problem in the Middle East," said Trita Parsi, the Iranian-born author of "Treacherous Triangle: The Secret Dealings of Israel, Iran and the United States," which Yale University Press plans to publish next year.

While there is no talk among the world powers right now about hitting Iran militarily, European diplomats in particular said they worried about a downward spiral if the sanctions did not work. "They've been dragged into three wars over there by the U.S.," Mr. Parsi said, referring to Iraq, Afghanistan and Lebanon. "They don't want a fourth."

Bush administration officials have said Ms. Rice received assurances in June that Russia would, at a minimum, sign on to a first phase of weak sanctions if Iran refused to suspend uranium enrichment. Those sanctions would most likely include a ban on travel by Iranian officials and curbs on imports of nuclear-related technology.

United States officials have worked hard to portray their coalition as united, and disputed suggestions that the group could fracture. "Will there be some slippage? Sure," one senior Bush administration official said, speaking on condition that he not be identified because he was not authorized to talk publicly. But, he said, "I don't think there's any question that there will be a resolution on sanctions."

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But the initial sanctions will undoubtedly be too weak to be effective, said some diplomats, who also predicted trouble if the United States tried to prod Russia and China to take aim at Iran's energy sector. Iran sits on some of the largest known oil reserves, but is forced to import more than 40 percent of its gasoline because it does not have the refinery capacity it needs.

What is more, China and Russia both have energy companies invested in Iran, and they, along with European countries, would likely think hard before agreeing to prohibit the purchase of Iranian oil or to limit investment in Iran's petroleum industry.

And if Iran has indeed held out the possibility of having talks about suspending uranium enrichment, as some reports indicated, that could further fracture the coalition.

The United States, Britain, France and Germany planned to meet Wednesday to discuss the Iranian proposal and the prospect of drawing up a sanctions resolution. But it is notable that the meeting will not include Russia and China.

Meanwhile, smaller Council members are suffering from enforcement fatigue, analysts said, made worse by the specter of figuring out how to implement the Council's resolution calling for a cease-fire between Hezbollah and Israel in Lebanon and the eventual disarming of Hezbollah. Iran has emerged stronger from the Lebanon crisis by showing the world that it is capable of wreaking havoc through its support of the Hezbollah militants.

"Lebanon makes this worse because it creates an environment where the Iranians can say, 'If you push us, we can cause real trouble and heartache for you,' " said George Perkovich, director for nonproliferation at the Carnegie Endowment for International Peace in Washington.

The Iraq war has demonstrated the peril of going after strong regimes, and Israel's failure to destroy Hezbollah "erased any doubt people had about what happens when you get real tough with bad actors," he said.

Going after Iran when Iraq, Afghanistan and Lebanon all remain unresolved would be an enforcement challenge for world leaders, he said.

Iranian Forces Seize Romanian Oil Rig (FT)

By Alex Barker

Financial Times, August 23, 2006

Iranian armed forces attacked and forcibly seized a Romanian-owned oil rig operating in the Gulf on Tuesday, after a contractual dispute with its owners.

Grup Servicii Petroliere (GSP), an oil services group, said its Orizont rig had come under fire from a gunboat on Tuesday morning, after the crew refused to allow officials from a subsidiary of the Iranian state oil company on board.

The incident, which led to a minor diplomatic dispute between the two countries, marks a violent turn in a contractual wrangle between the Romanian group and a subcontractor.

The gunfire is understood to have damaged a crane on board as well as strafing the legs of the rig and accommodation areas for staff.

None of the 26-strong crew, including 19 Romanian and seven Indian nationals, was injured. The rig was on Tuesday under guard by an Iranian naval vessel, although the Iranian soldiers had left.

"It is totally crazy," Gabriel Comanescu, president of GSP, a private company that owns six rigs, told the Financial Times. "The Iranians took my men hostage. This must be the first- ever rig to be occupied by force in peacetime."

Mr Comanescu said he was in touch with staff on board until armed men in camouflage – who scaled the legs of the rig – cut off communications. He was able to speak to his staff again in the late afternoon.

It is unclear who ordered the operation to seize the rig.

Hamid-Reza Asefi, Iran's foreign ministry spokesman, declined to comment on yesterday's incident. But Iran's Revolutionary Guards, a key element of Iran's armed forces, have substantial involvement in the country's energy sector.

GSP has been in a contractual dispute with Oriental Oil Kish, a private Dubai-based drilling contractor that had leased its rigs to drill wells for Petroiran Development Company, a unit of Iran's state-owned oil company.

The board of Oriental includes senior Iranian political and military figures, who are believed still to include Cyrus Nasseri, a veteran diplomat who played a leading role in negotiations with Europe over Iran's nuclear programme. Oriental has been the target of a corruption investigation in Iran.

GSP says it terminated its contract with Oriental after the group fell behind with payments and after doubts about the legal basis of its contract came to light.

Last week the Romanian company towed the Fortuna, its second rig in Iranian waters, to the United Arab Emirates.

GSP says it had permission to do so but Iranian oil industry officials later claimed GSP had "hijacked" the rig and they demanded its return.

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In spite of high demand for offshore drilling rigs in Iran to exploit its oil and gas resources, few international operators choose to lease their rigs there. The Orizont, which was moored near the island of Kish, was one of only four foreign-owned rigs operating in Iran.

It emerged last year that Oriental had had business dealings with a subsidiary of Halliburton, the US oil services group.

Additional reporting by Gareth Smyth in Tehran

Italy Offers Thousands Of Troops For Lebanon (NYT)

By Warren Hoge

The New York Times, August 23, 2006

UNITED NATIONS, Aug. 22 — Italy said Tuesday that it would contribute 2,000 to 3,000 troops as the lead nation in the peacekeeping force in Lebanon, and, at Rome's initiative, European foreign ministers are to meet Friday in Brussels with Secretary General Kofi Annan of the United Nations.

"The meeting is to coordinate which member states are sending troops and how many, and to talk about the mandate," said Susanna Parkkonen, spokeswoman for the Foreign Ministry of Finland, which holds the rotating presidency of the European Union.

Concern had been mounting over the disappointing responses to the call for troops from France, co-author with the United States of the resolution setting up the force, and other European nations whose military heft the United Nations says is needed to make the mission credible.

Massimo D'Alema, the Italian foreign minister, said Tuesday that Rome was conditioning its commitment on a promise that Israel would not violate the cease-fire. His reference was to a commando raid on Saturday by Israel in the Bekaa Valley in Lebanon that Israel says was aimed at blocking weapons deliveries to Hezbollah but which the United Nations has called a violation.

"From Israel, we expect a renewed effort, this time truly binding, to respect the cease-fire," he told the newspaper La Repubblica.

Israel had originally proposed Italy as a substitute for France as the primary contributor to the force, and Mr. D'Alema has scheduled a meeting in Rome on Thursday with his Israeli counterpart, Tzipi Livni.

The United Nations believes it has commitments from Belgium, Spain, Finland and a contingent drawn from Denmark, Norway and Sweden. Still seeking clarification of its role, officials say, is Turkey, considered very desirable because it is a militarily strong Muslim nation that recognizes Israel.

There appeared to be disagreement between Israel and the United Nations over whether troops from nations with no relations with Israel would be permitted to serve. Israel has protested the inclusion of two such countries, Indonesia and Malaysia, which made early commitments to join.

Stéphane Dujarric, Mr. Annan's spokesman, said Tuesday that it was possible that countries with no formal ties to Israel or Lebanon could end up providing troops. "The important thing," he said, "is to have a force that has political and military legitimacy for all sides, which is truly an international force."

...

President Bashar al-Assad of Syria denounced plans to station foreign troops on his country's border with Lebanon to enforce the resolution's ban on the import of unauthorized arms into Lebanon. Syria is widely believed to be the transit point for Iranian and Syrian weapons going to Hezbollah.

U.N. Draft Rules Of Engagement Detailed (AP-Y)

By Edith M. Lederer, Associated Press Writer

AP, August 23, 2006

Proposed rules of engagement for an expanded U.N. force in southern Lebanon would allow troops to open fire in self-defense, protect civilians and back up the Lebanese army in preventing foreign forces or arms from crossing the border, according to a U.N. document obtained Tuesday.

The 20-page draft was circulated to potential troop-contributing countries last week by the U.N. Department of Peacekeeping Operations, which is trying to get an additional 3,500 troops on the ground by the end of next week to strengthen the 2,000 overstretched U.N. peacekeepers already there.

The rules of engagement for the expanded force — which is authorized to grow to 15,000 — have held back some potential troop contributors because of concerns that their soldiers would be required to disarm Hezbollah, which has controlled southern Lebanon.

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Some countries have also been concerned that the rules would be overly restrictive, all but preventing commanders from making quick decisions — including using force if needed.

While remaining "predominantly defensive in nature," the draft rules allow for the use of "deadly force" and offensive action, if necessary, to ensure implementation of the Aug. 11 U.N. resolution that led to the fragile cessation of hostilities between Israel and Hezbollah fighters after a brutal 34-day war.

Although there is no authorization in the Security Council mandate or the rules of engagement to disarm Hezbollah, the rules are sufficiently robust to put the U.N. potentially in conflict with armed groups violating the cease-fire or the arms embargo — including Hezbollah. The rules would also give the U.N. commander on the ground wide-ranging authority to react.

Olmert: Blockade Ends When Force Lands (AP)

AP, August 23, 2006

Prime Minister Ehud Olmert told a visiting U.N. envoy Tuesday that Israel will lift its air and sea blockade of Lebanon once an international peacekeeping force is deployed along Lebanon's borders.

He laid down the Israeli position during talks with U.N. envoy Terje Roed-Larsen, who told the prime minister that Secretary-General Kofi Annan will visit the region next week.

"Olmert said deploying the force at border crossings to Syria and at the airport will allow the lifting of Israel's sea and air blockade and contribute to the implementation" of the U.N.-brokered cease-fire agreement, according to a statement issued by the prime minister's office.

Amnesty Urges UN To Probe Israel Strategy (FT)

By Neil MacDonald

Financial Times, August 23, 2006

Amnesty International says attacks on civilian targets by Israeli military forces during the recently ended fighting in Lebanon look like deliberate war crimes.

In a report released on Wednesday, the London-based human rights organisation argues that the destruction of Lebanese homes and basic infrastructure “was an integral part of the military strategy”.

Noting violations by both sides, Amnesty says it has asked the United Nations to open a “comprehensive, independent and impartial inquiry” about the 34-day war between Israel and the Lebanese-based Hizbollah militia.

The losses inflicted by Israeli forces were not just “collateral damage” under the accepted rules of war, according to Amnesty.

More than 7,000 air force attacks and 2,500 naval bombardments “particularly concentrated on civilian areas”, the report says. Israeli officials, while acknowledging Lebanese civilian losses, have placed the blame on Hizbollah for allegedly hiding weapons among the population.

The majority of the 1,183 Lebanese fatalities were non-combatants, and around a third were reportedly children. Israel lost 118 soldiers, but also 43 civilians, with Hizbollah firing rockets across the border daily throughout the war. Another 970,000 Lebanese were displaced by the war, relief workers say.

While Israel has started investigations into some of the possible violations by its forces, the Lebanese government is yet to look into actions by Hizbollah that also break international humanitarian law, the Amnesty report says.

Along with destroying thousands of homes in mainly Shia Muslim parts of the country, the Israeli military destroyed some 80 bridges around the country. Amnesty also criticised attacks on fuel and water storage sites with no obvious military value.

The head of the research team that prepared the report, Donatella Rovera, says the main difference between Israel’s and Hizbollah’s violations is the “issue of scale”.

Every bombardment by Hizbollah against Israel was indisriminate and therefore unlawful, Ms Rovera said, regardless of the technological limitations of the militia’s old-fashioned Katyusha rockets.

But she also countered Israeli claims about “responding to the source of fire,” which is legal. “This doesn’t mean send a hell of a lot of stuff vaguely in that direction,” she said.

Israel has meanwhile maintained a blockade on Lebanon to prevent Hizbollah from re-arming. Commercial flights have partly resumed, but only through Amman, Jordan. Direct flights from anywhere else must stop to be searched in Amman, airline officials said.

Tarrad Hamadeh, a Hizbollah member and Lebanese labour minister, urged airlines and shipping companies to break the blockade.

The cabinet is considering measures for Lebanon “to rid itself of the siege,” he said on al-Manar, the Hizbollah television station, on Tuesday.

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Israeli forces reportedly killed three Hizbollah fighters in an exchange of gunfire in southern Lebanon on Monday night, although the UN-brokered ceasefire continued to hold.

Israel's defence ministry said on Tuesday it had suspended a review of military performance in the war, which ended with Hizbollah's fighting capacity still, apparently, intact. The government may however still launch a broader inquiry, officials said.

Lebanese See Scant Hope In Peacekeepers (AP)

By Todd Pitman, Associated Press Writer

AP, August 23, 2006

When Israeli airstrikes and artillery pounded the rocky hills around this Mediterranean village last month, U.N. peacekeepers could do little but watch helplessly.

Now the world is looking to a soon-to-be expanded U.N. force to help the Lebanese army secure a fragile cease-fire between Israeli forces and Hezbollah guerrillas, but few here are counting on the U.N.'s blue-helmets to stop another round of war.

"They've been here for decades and they've never managed to stop the fighting. All they do is drink, eat and watch — that's it," 42-year-old Naqoura resident Ali Youssef said of the United Nations Interim Force in Lebanon, known as UNIFIL.

Created 28 years ago to oversee the withdrawal of Israeli forces after a 1978 invasion and help the government restore its authority to that region, UNIFIL has had a ringside seat to repeated border skirmishes and two more Israeli invasions — one in 1982 that left the force behind Israeli lines for years and a second last month after Hezbollah snatched two Israeli troops. UNIFIL's mission largely is devoted to monitoring and reporting violations of the Blue Line, the U.N.-demarcated border.

Under a U.N. Security Council resolution that ended the latest round of fighting, the 2,000-strong force is to be increased to 15,000 troops. They will deploy with an equal number of Lebanese soldiers across the south as Israeli troops withdraw — leaving behind Hezbollah guerrillas who have blended back among a civilian population and who still have stocks of hidden arms and rockets.

The Israeli and Lebanese governments have urged the U.N. to deploy the peacekeepers quickly, and many see their presence as the best hope to keep the two sides apart. But the expanded force has been slow to materialize since the Aug. 14 truce, and few countries have offered troops.

The first reinforcements arrived at a beach in Naqoura this weekend. As gray landing craft pulled up on the sand and French helicopters circled overhead, 49 French peacekeepers rolled out on armored personnel carriers wearing light blue helmets and blue U.N. armored vests over green camouflage uniforms. Some 150 more are expected this week — far short of the thousands many hoped France was going to provide.

"These are very small numbers," said Souhad Espiridon, a resident of nearby Tyre. "It doesn't look like anybody is coming and it's making us nervous. More peacekeepers would help."

Though UNIFIL troops carry out humanitarian missions and protect civilians when they can, their primary role has traditionally been that of a neutral observer force, one U.N. Secretary-General Kofi Annan has called his "eyes and ears" on the ground in south Lebanon.

In times of conflict, however, civilians inevitably count on peacekeepers to do more.

Two weeks into the latest war, as bombs exploded in the hills around them, hundreds of terrified Naqoura residents — mostly women, children and elderly men — converged on UNIFIL's headquarters in the town seeking refuge from the war.

U.N. troops refused to let them into their sprawling seaside compound topped by barbed wire, so the frantic crowd used their bare hands to break down a side door and poured inside.

Peacekeepers offered to let them camp outside the compound with a U.N. flag raised overhead, but few thought that would be safe. They were given water and a little food and allowed to sleep in the open on a tennis court.

But "they made it clear we could not stay," said 38-year-old pharmacist Ibrahim Mouslimani, who like Youssef was among the fearful crowd. "It was a struggle. We felt they were against us."

U.N. troops eventually persuaded the group to leave, escorting some the next day in their own vehicles north along the coast to Tyre, which also was under Israeli bombardment. The U.N. organized buses for the rest the following day.

In Tyre, they left behind a bitter group of displaced people, most of whom have now returned to Naqoura.

"I don't feel safe with these people around," Mouslimani said of the peacekeepers. "If more come, nothing will change. It's not a question of quantity. The question is what job will they do here."

Many countries considering troop contributions want the force's rules of engagement spelled out precisely before they do.

The proposed rules of engagement would allow troops to open fire in self-defense, protect civilians and back up the Lebanese army in preventing foreign forces or arms from crossing the border, according to a U.N. document obtained Tuesday.

Youssef, the Naqoura resident, said peacekeepers would be "welcome — as long as they don't try to disarm Hezbollah."

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Weak UN Mandate Stalls Lebanon Peacekeepers (CSM)

By Susan Sachs

The Christian Science Monitor, August 23, 2006

PARIS

Smugglers, armed clans, hidden weapons, interfering neighbors, and enemy combatants with their fingers on their triggers. That is the landscape in Lebanon, and those are some of the reasons why it is proving so difficult to get a beefed-up United Nations peacekeeping force on the ground in south Lebanon.

The UN and the United States have called on Europe to rush troops to Lebanon to enforce the week-old cease-fire between Israel and Hizbullah fighters. But European leaders are hesitating, saying they don't want to send their soldiers into such a treacherous situation unless their mission and means are more clearly defined.

"If the mandate isn't clear, it won't work," says Jean Vincent Brisset, a French Army general and analyst with the Institute for International Relations in Paris. "Obviously in this case, it's not clear."

Although Italy has now offered to lead the force and President Bush said on Monday that its rules of engagement would eventually have to be clarified, little is expected to change on the ground until European Union foreign ministers hold consultations later this week.

Italian Prime Minister Romano Prodi, who said he is willing to commit up to 3,000 soldiers, has called for a meeting of the EU's security councilby Friday. EU foreign ministers were also scheduled to meet in Brussels on Wednesday to discuss the UN's request for troops.

The UN cease-fire resolution adopted earlier this month calls for up to 15,000 multinational troops to fortify UNIFIL, the existing UN observer force that has operated in Lebanon for the past 28 years. The new force would assist the Lebanese Army in taking control of south Lebanon where Hizbullah has ruled for years.

Because of opposition from the Lebanese government, which includes Hizbullah cabinet ministers, the resolution did not give the force broad rules of engagement that would have allowed peacekeepers to take offensive action.

France was widely expected to take the lead in reinforcing UNIFIL, which is now led by a French general. But it refused, citing the limited authority for the force. In an interview last week, Defense Minister Michèle Alliot-Marie explained the decision by saying, "You cannot send out men and tell them that they should watch what's happening but that they have no right to defend themselves or fire."

Draft rules of engagement for the force have been circulating at the UN. According to the French newspaper Le Monde, which said Tuesday that it obtained a version distributed last Friday, the UN force was defined as a defensive mission but could use "appropriate" and "proportional" force to protect itself and civilians under threat.

Other European countries, including Italy, have echoed the French concerns, saying the mandate has to be broadened so that the UN force has a clear agenda.

"The problem is, what should the force do?" says General Brisset. "If the Lebanese have a problem disarming Hizbullah, will this force come out and fire on Hizbullah? And if the Israelis send in commandos to assassinate Hizbullah leaders, does the force sit there and let it happen?"

Such concerns are valid, according to a former UNIFIL official. "The whole thing missing in this debate is a sense of realism," says Timor Goksel, the former UNIFIL spokesman who worked with the force for 24 years. "It's mind-boggling how naive this plan is."

As the new peacekeeping force is now defined, he says, it depends on the willingness of a weak Lebanese government and an untested Lebanese Army. Smugglers have also crisscrossed the borders for centuries and Hizbullah has strong links in the villages and clans of south Lebanon.

"What is an international force going to do in this environment?" says Mr. Goksel, now a professor at the American University in Beirut.

"Do you take on the families that have been smuggling for 200 years?" he asks. "The UNIFIL forces were allowed to fire in self-defense, but most countries never even wanted to do that. You can't sustain it because you'd be taking on the local people and then you become part of the problem, not the solution"

The European Union meetings this week - aimed at reaching a consensus on what members need to see in the forthcoming UN rules of engagement - are expected to hash out questions like those, as well as concerns over command of any European forces that might ultimately be deployed in Lebanon.

"The EU will try to arrive at a joint understanding of what this conflict is about, what the logical next step should be, and the responsibilities of all the parties involved," says Henning Riecke, an analyst with the German Council on Foreign Relations. "The

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point is that although the UN resolution is written, it contains a number of contradictions and a lot of details have to be worked out first."

The EU, he says, could end up simply taking on the role of coordinator for humanitarian aid and reconstruction.

France has had 200 soldiers working with UNIFIL and this week sent an additional 200 to join them. It also has about 1,700 troops in the area who were involved in the evacuation of French nationals during the war.

Those troops are now under French command, and experts here say France is unlikely to agree that they come under UN military control. One formula that might ease such concerns has been used in the Congo, where European soldiers are part of a larger UN force but remain under European command.

Germany is generally willing to send troops to Lebanon. But it also has many questions, including concerns about how an international force would have to deal with Israel, says Mr. Riecke.

"Sending troops to the Middle East is in German interests because we have the existence and security of the Israeli state at the top of our foreign policy agenda," he says. "But there are questions about what Israel is allowed to do. It can take defensive actions, for example, but what does that really mean? The whole war has been a defensive action."

Even Italy, with its offer to lead the force and send troops, appeared to have doubts.

Italian Foreign Minister Massimo D'Alema, in an interview with La Repubblica newspaper published Tuesday, noted that Israeli troops had fired on Hizbullah fighters after the cease-fire went into effect. He warned that no Italian troops would be dispatched if Israel "keeps shooting."

Relief Agencies Find Hezbollah Hard To Avoid (NYT)

By Robert F. Worth And Hassan M. Fattah

The New York Times, August 23, 2006

KHIAM, Lebanon, Aug. 22 — When Mercy Corps and other Western aid agencies reached this devastated village on the front line of the battle between Israel and Hezbollah with food and medicine, they quickly discovered they had a big problem: the United States.

Like all other international relief agencies here that receive financing from the American government, Mercy Corps is barred from giving out money or aid through Hezbollah, the Shiite militant group that is considered a terrorist organization by the United States. But as with all the most demolished areas in southern Lebanon, where whole villages have been flattened by Israeli bombs and there is no food, water or electricity, this village is the domain of Hezbollah — and little seems to bypass the group.

That fact is nettlesome for the United States, not merely because it does not want Hezbollah to be strengthened even further after its war with Israel, but because it is eager to find and support a viable alternative to the militant group.

That will not be easy. Hezbollah has been the fastest and, without a doubt, most effective organization doling out aid to the shattered towns and villages of southern Lebanon. Aid groups like Mercy Corps — which generally work through local intermediaries — have sometimes struggled to find other ways of helping, and even then, they cannot be sure their aid is not going through Hezbollah.

“You can make a separation between what we do and Hezbollah,” said Khiam’s deputy mayor, Muhammed Abdullah, 45, who is organizing the local efforts, including donations of food and water from Mercy. “But of course there is coordination.”

On Mr. Abdullah’s desk is a paperweight with the logo of “Construction Jihad,” Hezbollah’s building company, and in his anteroom are two posters of Sheik Hassan Nasrallah, the Hezbollah leader.

Some villagers here say Hezbollah’s involvement is even less subtle.

“Unicef has been here, and Mercy Corps and other groups,” said Ahmad Zogby, 39, whose house was destroyed, along with that of his parents. “But everything coming in, Hezbollah puts an eye on it, makes sure it is all given out in the proper way. It is all in the hands of Hezbollah.”

Though Hezbollah is only one of many groups providing social services in Lebanon, its reputation for delivering those services honestly is unmatched, making it that much harder to circumvent. In nearby Nabatiye, for instance, Mercy Corps has begun working through the Jabbar Foundation, a nonprofit group run by Yaseen Jabbar, a wealthy member of Parliament.

But the mayor of Nabatiye, Mustapha Badreddine, 55, says he considers the foundation ineffective. For his own part, Mr. Badreddine says he does not belong to Hezbollah, but that he works with it because it is trustworthy, far more so than any other group in the area.

“You can’t say this money or aid is going to Hezbollah or not going to Hezbollah,” he said. “It is a matter of normal human contact.”

David Holdridge, Mercy Corps’s emergency coordinator for Lebanon, said he believed that the Jabbar Foundation has done excellent work, and noted that it has received money from Unicef, the State Department and other groups.

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Mr. Holdridge also said the power of Hezbollah in Lebanese communities puts outside aid groups in a difficult position. The American government has not yet clarified its rules on giving aid and money in Lebanon, though more guidance is expected soon, he said.

At a briefing on Tuesday, William J. Garvelink, an official at the United States Agency for International Development, said the agency was waiting on proposals from aid groups involved in the area. He did not directly address the issue of conflicts in distributing aid.

For now, aid groups are forced to make difficult choices about how to work here, and with whom.

"We clearly cannot and would not have any contact with Hezbollah's military wing, or its social services arm," Mr. Holdridge said. "But can we work with people elected under its political banner? That is a gray area."

Other international nonprofit groups receiving American government money are in a similar situation. "I think there are enough organizations and enough need here that it shouldn't be a problem," said Dr. Jeffrey Goodman, a medical adviser to the International Medical Corps, which gets some financing from A.I.D. "But there's no question it's a tricky situation."

Aid groups have faced similar issues before — most notably in Gaza, where they are still awaiting a full definition of what "no contact" with terrorist organizations means, Mr. Holdridge said. The issue also arose in Darfur, where the Sudanese government is accused of helping to carry out the mass killings and displacement of civilians.

As an example of Hezbollah's hold on everyday life in southern Lebanon, Ali Bazzi, the mayor of Bint Jbail, outlined his big dreams for his half-demolished town as workmen raced past and tractors rumbled.

"We are going to turn this city into a model city," Mr. Bazzi said, his arm clutching a trademark Hezbollah two-way radio. "There will be streets organized in grids, parks in every neighborhood and apartment blocks."

Bint Jbail, the main Hezbollah stronghold in southern Lebanon, saw some of the worst bombing and fighting during the monthlong war, in which Hezbollah, which is integrated with the general population, was Israel's target. But Mr. Bazzi intends to complete the reconstruction without using a single cent from the Lebanese government, much less the United States or the West.

Instead, Mr. Bazzi is counting on Construction Jihad. Just a day after the fighting stopped, Construction Jihad enlisted the volunteer services of 1,700 engineers, electricians, plumbers, architects and geologists who have cleared streets, dug ditches and built temporary bridges.

While the government of Prime Minister Fouad Siniora has just begun organizing committees to study the reconstruction of the country, Construction Jihad has all but completed surveys of southern Lebanese towns.

"We were victorious over Israel," said Mr. Bazzi. "Now we have to rise to the occasion that follows."

Teams of volunteers wearing Construction Jihad baseball caps have crisscrossed Bint Jbail and other southern cities. On Monday, the organization began signing up families for grants of between $10,000 and $15,000 to help cover rent and furnishings until new homes are built, and began helping small businesses reopen. They have worked to help restore electricity in many towns and to get water flowing again.

"We consider this work to be like prayer and fasting," said Fouad Noureldine, director of projects in southern Lebanon for Construction Jihad.

Some of the organization's volunteers in Bint Jbail said Construction Jihad was in control of billions of dollars for the reconstruction, but Mr. Noureldine would not give a figure. He did say that much of the organization's money has come from wealthy Lebanese donors in Africa, Latin America and the United States, though Iran is widely believed to have contributed a significant amount.

"We will not wait for the government to do anything down here; we will do it all ourselves while they are still just talking," Mr. Noureldine said. "In fact, we're happy the government is late to do anything. They are trying to divide the resistance and the people. The longer they wait to deliver any services, the more they will fail."

Mr. Noureldine also dismissed the Bush administration's pledge of $230 million in reconstruction aid. "If they were to give us all the money in the world, we would not take it," Mr. Noureldine said. "They will not be able to buy our hearts. We are receiving billions now through our traditional channels. We don't need American money."

Israel Shelves Plan To Pull Out Of Settlements In West Bank (WP)

By Doug Struck

The Washington Post, August 23, 2006

JERUSALEM, Aug. 22 -- The Israeli government's plan to dismantle some Jewish settlements in the West Bank and redraw the country's borders is being shelved at least temporarily, a casualty of the war in Lebanon, government officials said.

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The plan, which propelled Prime Minister Ehud Olmert to victory in March elections and was warmly endorsed by President Bush as a way of solving Israel's conflict with the Palestinians, is no longer a top priority, Olmert told his ministers last weekend, according to one of his advisers.

Instead, the government must spend its money and efforts in northern Israel to repair the damage from the war and strengthen the area in case fighting breaks out again, Olmert said.

"I've decided to invest most of my energy and the government's energy in rehabilitating the north," Olmert said Monday in the northern community of Kiryat Shemona.

"This is a national new priority. It takes precedence for the moment over realignment" of the settlements, Miri Eisin, an adviser to Olmert, said Tuesday. "At the moment there will be no withdrawal."

Even without the financial considerations, the plan for unilateral withdrawal from some settlements is dead, other political figures and analysts said. The seizure of Israeli soldiers and the renewed fighting in the Gaza Strip -- from which Israel withdrew last year -- and in southern Lebanon -- from which Israel withdrew in 2000 -- have left the Israeli public with little appetite for additional pullouts.

"It's not operative or realistically possible today," said Dan Schueftan, deputy director of national security studies at the University of Haifa and a proponent of the plan. But he predicted that "inevitably, we will have to come back to it."

Olmert's plan could have required the removal of about 70,000 of the estimated 250,000 West Bank settlers. The exact lines of the proposal were never made public, however, and some in his government talked of evacuating fewer settlers.

Now, "it's not relevant. It's not the right time to discuss the matter," the minister of immigrant absorption, Zeev Boim, a close Olmert associate, said through an aide Tuesday.

The plan has been at the center of political debate in Israel since last August, when then-Prime Minister Ariel Sharon dismantled Jewish settlements in Gaza and pulled out the Israeli troops guarding them. Olmert, who became acting prime minister when Sharon suffered a debilitating stroke in December, won the elections in March and formed a government on the promise to extend the withdrawal to outlying Jewish settlements in the West Bank. He promised that if there was no agreement from the Palestinians, Israel would unilaterally set its own borders around the remaining settlements.

Olmert sought endorsement for the plan during trips to London and Washington, where Bush embraced it as filled with "bold ideas." As recently as 10 days ago, Bush asked Olmert in a phone conversation, "What about that plan you presented to me?" Israel's Haaretz newspaper reported.

But low-scale clashes with Palestinians inside the Gaza Strip intensified this year, and on June 25 an Israeli soldier was seized at an army border outpost by Palestinians who tunneled across from Gaza. Seventeen days later, two more Israeli soldiers were taken by Hezbollah militia fighters on the Lebanon border, and Israel found itself fighting on two fronts.

Critics said the attacks from southern Lebanon and Gaza showed it was folly to have abandoned those areas without a deal to ensure some authority remained there to curb attacks.

"I think that it is clear to everyone that the unilateral disengagement is a mistake," said Eli Yishai, minister of industry, trade and labor in Olmert's cabinet. "It's wrong to give up land unilaterally. It's clear to everyone that now it's canceled."

Scrapping the withdrawal plan brought mixed reaction from both sides of the long-running settlement controversy. Dror Etkes, director of the Peace Now Settlement Watch, said the government's plan for some withdrawals was better than no withdrawal. But "the reason they wanted to do it unilaterally is that they wanted to pay less" in terms of land, he said. "What they are willing to pay is something that not a single Palestinian was ready to buy."

Eventually, Etkes said, Israel will have to negotiate with the Palestinians. He said that process would inevitably result in removing far more settlements than Olmert's government proposed. "Every day that passes, Israel is intensifying the dilemma," Etkes said.

Avraham Diskin, a political scientist at Hebrew University in Jerusalem and a supporter of unilateral withdrawal, said the Gaza pullout was done "only with the stick and no carrots" and should have been accompanied by aid to the Palestinians.

"Unfortunately, there is not much room for negotiation right now," he said. "There's too much conflict."

Israeli Police Investigating Sex Case Take Items From President's Home (NYT)

By Greg Myre

The New York Times, August 23, 2006

JERUSALEM, Aug. 22 — The Israeli police have confiscated a computer and documents from the official residence of President Moshe Katsav and plan to question him as part of an investigation into sexual harassment accusations, the police said Tuesday.

Mr. Katsav's position is largely ceremonial, and any legal proceedings against him would not directly threaten the government of Prime Minister Ehud Olmert.

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But the case comes at a time when several senior government figures have been involved in legal or political controversies. In addition, many Israelis have been sharply critical of the country's political and military leadership over the handling of the recent fighting in Lebanon.

The case involving Mr. Katsav surfaced almost two months ago when a woman who previously worked for him told an Israeli newspaper that he had sexually harassed her. Later, a second woman made similar allegations. Neither woman has been identified.

Mr. Katsav wrote to the attorney general, saying one of the women had demanded money from him before she made her accusation publicly.

The attorney general, Menachem Mazuz, ordered an investigation last month, but the case was overshadowed by the fighting between Israel and Hezbollah.

The police said they entered the president's official residence on Monday night, taking the computer and documents. The authorities are searching for communications between Mr. Katsav and his accusers, according to Israel radio.

Police investigators will return to Mr. Katsav's residence on Wednesday to question him, according to a police spokesman, Micky Rosenfeld.

Mr. Katsav has denied any wrongdoing, and his office said Tuesday that he was fully cooperating with the investigation.

No charges have been filed, but if they are, Mr. Katsav is expected to resign.

Israel's justice minister, Haim Ramon, resigned Sunday after he was charged with forcibly kissing a female soldier last month.

In other recent controversies, the state comptroller has been investigating the circumstances surrounding Mr. Olmert's sale of his Jerusalem home two years ago, and the purchase of a new one nearby. Critics contend that he received an above-market price for the sale of his old home and that he paid below the market rate for his new one.

Also, the army's chief of staff, Lt. Gen. Dan Halutz, has faced a storm of criticism after a newspaper disclosed that he spoke to his bank and sold mutual fund shares several hours after Hezbollah staged its cross-border raid on July 12, precipitating the fighting in Lebanon.

Mr. Katsav was appointed to his post in 2000, after his predecessor, Ezer Weizman, resigned amid a corruption scandal. Mr. Weizman quit after it was disclosed that during the 1980's, when he was a member of parliament and a government minister, he received hundreds of thousands of dollars from a French businessman with interests in Israel.

In other developments Tuesday, an Israeli military court in the West Bank charged the speaker of the Palestinian parliament, Aziz Dweik, a Hamas member, with belonging to an illegal organization, The Associated Press reported.

Israel considers Hamas a terrorist organization, and membership in the group is banned under Israeli law.

Pyongyang Claims Right To Attack U.S. (WT)

By Andrew Salmon

The Washington Times, August 23, 2006

SEOUL -- North Korea said yesterday it reserves the right to make a "pre-emptive" attack on U.S. and South Korean targets, a chilling reminder of threats by Pyongyang a decade ago to turn Seoul into a "sea of fire."

North Korea, which says it has nuclear weapons, also called the annual U.S.-South Korea "Ulchi Focus Lens" exercise "an undisguised military threat" and a "war action."

In a statement carried by Pyongyang's official Korean Central News Agency, the North Korean military said it "reserves the right to undertake a pre-emptive action for self-defense against the enemy at a crucial time it deems necessary to defend itself."

North Korea is known for its rhetorical blasts. The most notable came during a 1994 crisis over North Korean attempts to make nuclear bombs, in which a senior official threatened to turn Seoul into a "sea of fire."

The U.S.-South Korean war games began Monday.

United States Forces Korea says the exercise is a "command-post exercise," using computer simulation as well as troops on the ground. It involves 17,000 personnel.

The operational "Team Spirit" joint exercise, which fielded 200,000 troops, was last held in 1993.

Though Pyongyang habitually slams annual U.S.-South Korean military exercises, yesterday's warning ratchets up tensions at a time when Northeast Asia is jittery over North Korea.

In July, the North conducted a series of missile tests and continues to boycott six-nation talks aimed at persuading Pyongyang to halt and dismantle its nuclear-weapons programs.

ABC News, citing U.S. officials, reported last week that the North may be preparing a nuclear test. Japanese and South Korean intelligence officials have said they have seen signs of an impending test.

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Yesterday's statement by the North Korean news agency also declared the armistice that ended the 1950-1953 Korean War "null and void."

One of Pyongyang's long-standing policy aims has been the replacement of the armistice with a peace treaty.

The latter would call into question the continued presence of U.S. troops on the Korean Peninsula -- troops the North routinely claims are preparing to invade.

North Korea has sought for years to pry Seoul away from its alliance with Washington and to remove U.S. troops from the South.

"The head-in-the-sand brigade in the South will say, 'Yeah, North Korea's weapons are just pointed at U.S. bases,'" said Michael Breen, the Seoul-based author of "Kim Jong-il: North Korea's Dear Leader."

"It is significant that South Koreans are no longer united in animosity toward North Korea -- as they used to be," Mr. Breen said.

New Pakistani Terror Plot Foiled, Indian Police Say (NYT/IHT)

By Anand Giridharadas

The New York Times, August 23, 2006

MUMBAI, India, Aug. 22 — The Indian police said today that they had shot and killed a Pakistani terrorist and foiled a new terror plot by Pakistani citizens living in India.

On Monday night, acting on intelligence, the police arrested Muhammad Riyaz Nawabuddin, a 21-year-old Pakistani national. He led them within hours to his associate, Muhammad Ali, 24, who was squatting in an abandoned building in the Antop Hill neighborhood of central Mumbai, the police said.

Early today, the police raided the apartment. Mr. Ali fired at police officers through the door with an AK-47 rifle, K. P. Raghuvanshi, chief of the Mumbai police's antiterrorism squad, said in a telephone interview. The police returned fire, killing Mr. Ali.

The shooting has heightened concerns here that terrorist cells may be planning more attacks in India. The incident seems certain to further strain ties with Pakistan, which India accuses of fostering a climate of terror and providing a safe haven for terrorists to organize and train.

India has been on high alert since bombs ripped through Mumbai trains on July 11, killing more than 180 people and wounding more than 800, in the country's worst terrorist attack since 1993. Although scores of people have been detained, no one has been charged in the attacks.

The authorities have accused Lashkar-e-Taiba, a radical Pakistan-based Islamist group, and the Students Islamic Movement of India, which is banned in India, of orchestrating the bombings.

Raghuvanshi, chief of the anti-terrorism squad, said that under interrogation, Mr. Riyaz had confessed that both men were from Pakistan's Punjab Province — Mr. Riyaz from the Vehari district, and Mr. Ali from the Faisalabad district. Mr. Riyaz is said to have confessed to spending more than a year in India, having entered the country over the India-Pakistan border.

Pakistan's Foreign Office swiftly denied that the men were Pakistani.

"If all reports by the Indian police were to be believed, half the Pakistani population would be dead or in jail," Tasnim Aslam, a spokeswoman for the Foreign Office, said in a telephone interview. She added: "They routinely claim, 'We have Pakistanis.' They never provide us bodies."

The police said they had thwarted an attack that was in the planning stage.

"If nothing else, we were able to prevent something," Mr. Raghuvanshi said. "It was a new attack. They were obviously here for some specific purpose. Whether they're connected to the earlier one, we don't know."

The police said the two men were in possession of weaponry similar to that used in the July 11 strikes. The antiterror squad found an AK-47 rifle, a 9-millimeter pistol, several rounds of ammunition, bomb detonators, timing devices and two substances thought to be the explosives RDX and ammonium nitrate, the same explosives the police believe were used in the July blasts.

The police say they found a notebook at the site allegedly containing phone numbers in Bangladesh, as well as maps of Mumbai and Maharashtra state.

"It looks like the same stuff," Parvinder Singh Pasricha, the police chief of Maharashtra state, said in a telephone interview today.

Since the investigation into the blasts last month began, a handful of suspects have been arrested, including a software engineer, an alternative-medicine doctor and a journalist. All have been Indians, some of whom have confessed to taking orders from Pakistan-based militant groups, the police say. But the raid today has uncovered what the police describe as the first piece of evidence from this investigation of Pakistani citizens operating on Indian soil.

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This allegation was unlikely to please Pakistan, and comes at a time when the country is already coming under fire for the alleged involvement of Pakistanis and people of Pakistani descent in the recently foiled plot to blow up multiple jetliners over the Atlantic Ocean.

Ms. Aslam, the Pakistani spokeswoman, said Pakistan was cooperative in fighting terror and that India had failed to provide evidence in the way that other countries, most notably Britain, have done. "If India was serious about getting Pakistan's cooperation," she added, "we have made a serious offer. Do what everyone else is doing: share evidence with us. We will investigate it and take action."

Asean Aims For Single Market By 2015 (FT)

By John Burton

Financial Times, August 23, 2006

The Association of South-East Asian Nations has agreed in principle to speed efforts to create a single market by 2015, five years ahead of schedule, Ong Keng Yong, its secretary-general, said yesterday.

The agreement came at the start of an annual conference of the region's economic ministers, who will focus on achieving closer integration in response to competition from China and India.

But doubts remain over whether the goal can be achieved given the wide economic disparity and conflicting national interests among the 10 Asean members.

Even as the ministers were pledging support for a broader economic union, a dispute erupted between Malaysia and Thailand over the terms of the existing Asean Free Trade Agreement, which reduces import barriers for most manufactured goods.

Thailand said it would not cut tariffs on Malaysian cars until Malaysia ended a car import licensing system, which it has promised to phase out by 2010. Malaysia and Thailand are competing to become the region's main car manfacturing centre.

The dispute underscored the difficulties that Asean will confront in achieving the ambitious goal of creating a common market allowing the free flow of goods, services and investment.

Regional officials said foreign investments into Asean, which reached a record $38bn last year, would increase if businesses could gain access to a single market of 530m people.

"If we do not hasten the creation of that regional single market, Asean may run the risk of losing its position as an important investment destination," said Abdullah Badawi, Malaysia's prime minister, as he opened the conference in Kuala Lumpur.

Malaysia has been one of the main proponents, along with Singapore and Thailand, in pushing for an accelerated schedule for the introduction of the Asean Economic Community, previously set for 2020. The proposal must still be approved by the leaders of the Asean countries, who will meet at an annual summit in December.

The wide gap between rich and poor Asean countries could make progress difficult. While Singapore, Mal-aysia, Thailand, Indonesia, the Philippines and Brunei are seen as able to accept trade liberalisation by 2015, Vietnam, Cambodia, Burma and Laos need more time.

Even among the rich, disputes persist about protection of strategic industries, including banking and transport. Singapore and Malaysia, the two most advanced economies, have often suffered strained relations since the dissolution of their brief union in 1965.

Malay nationalists have criticised a recent government policy allowing Temasek Holdings, the Singapore state investment company, to make investments in banking and healthcare. Singapore has refused landing rights to AirAsia, Malaysia's budget carrier.

U.N. Brokers Cease-Fire As Congo Vote Turns Violent (NYT)

By Jeffrey Gettleman And Anjan Sundaram

The New York Times, August 23, 2006

NAIROBI, Kenya, Aug. 22 — United Nations officials struck a cease-fire deal on Tuesday with warring militias in Congo after peacekeepers plunged into the fray and rescued foreign diplomats trapped by the fighting.

More than 15 people have been killed in Kinshasa, Congo's capital, since Sunday in violence that was set off by the announcement of results from the country's first free elections in more than 40 years.

Those results indicated that President Joseph Kabila failed to win a majority and would have to enter a runoff in October against Jean-Pierre Bemba, a tycoon and rebel leader accused of war crimes.

Earlier Tuesday, militias loyal to the two men hammered each other with high-powered machine guns in downtown Kinshasa as residents packed up their belongings and fled.

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Though Congo has been racked by war for nearly 10 years, most of the fighting has been in the east, hundreds of miles from the slums and boulevards of Kinshasa. Foreign diplomats and others are now worried about the stability of the capital, where supporters of the various factions essentially live on top of each other.

"It's only going to get worse," said Lily Tshimpumpu, an aide to Oscar Kashala, a politician who maintains a degree of neutrality and independence. "There are so many militias here. They will blow this place up."

The fighting began Sunday afternoon, just hours before election officials announced that Mr. Kabila had won 45 percent of the vote, compared with Mr. Bemba's 20 percent.

Mr. Kabila's aides said Mr. Bemba's troops started firing in the air in an attempt to shut down the city and prevent the announcement. Mr. Bemba's aides, on the other hand, said they were attacked by the president's troops, who were upset that Mr. Bemba had pushed the election into a runoff. The first round of voting was held on July 30 and cost the United Nations and donor nations more than $450 million.

The fighting intensified Monday, with the presidential guard pounding Mr. Bemba's house with tank fire and destroying his helicopter. Again, there was a dispute about who started it, with the president's men saying Mr. Bemba's militia kidnapped two presidential guards, while Mr. Bemba's forces said President Kabila's militia was trying to assassinate Mr. Bemba. Several Western diplomats were meeting with Mr. Bemba at the time and had to be rescued from his house by United Nations peacekeepers.

"We can only assume that Kabila's troops attacked Bemba's residence to kill him," said Dully Sesanga, a spokesman for Mr. Bemba.

The fighting was mostly limited to the neighborhood where Mr. Bemba lives and continued until Tuesday afternoon, when United Nations officials called a meeting with President Kabila to establish a cease-fire. Many Congolese have accused the United Nations of favoring Mr. Kabila, and the fact that Mr. Bemba was not invited seemed only to reinforce these suspicions. But Mr. Bemba's military commanders were invited to a meeting later to iron out details of the cease-fire.

United Nations officials released a short statement Tuesday saying, "It is imperative that the confrontations cease immediately and that the two candidates for the presidential election meet urgently for the good of the democratic process."

President Kabila and Mr. Bemba are backed by large militias with a history of fighting each other. International human rights groups have accused Mr. Bemba of encouraging his men to brutalize civilians and have been trying to get Mr. Bemba indicted on war crimes.

EU Boosts Congo Peacekeeping Force (FT)

By Dino Mahtani

Financial Times, August 23, 2006

The European Union on Tuesday reinforced its peacekeeping operation in Kinshasa as gun battles raged in the Congo capital for a third consecutive day.

The fighting is part of a growing political and security crisis in the wake of presidential poll results at the weekend. Troops loyal to President Joseph Kabila and rebel-turned-vice-president Jean Pierre Bemba battled each other in the city centre as top UN officials and diplomats struggled to mediate an end to the crisis.

The EU rapid reaction force for Congo brought in 200 soldiers from Gabon to bolster the already 1,000-strong contingent. There are also more than 17,000 United Nations troops on the ground.

Fighting started on Sunday evening hours before results were announced for the July 31 presidential polls, which saw Mr Kabila win about 45 per cent of the vote and Mr Bemba about 20 per cent. A second round run-off is scheduled for October.

Diplomats have been taken aback by the sudden outbreak in hostilities. Before the results, UN officials and diplomats privately felt a second round run-off was the best chance of maintaining stability. They had feared a first round victory for Mr Kabila would spark mass demonstrations in Kinshasa and some other parts of the country.

Other presidential candidates, including Mr Bemba, had already called the electoral process into question amid accusations of fraud.

The fighting, which on Monday saw diplomats in Kinshasa pinned down in an attack by presidential guardsmen as they met Mr Bemba, has shaken confidence in whether the run-off can take place peacefully.

The elections, Congo's first in over 40 years, have cost donor countries almost $500m (€390m, £267m) to date.

The UN peacekeepers are largely deployed in the east of the country. But the run-off between Mr Kabila and Mr Bemba may exacerbate tensions between the east and west of the country.

Security sources said some of Mr Kabila's presidential guard involved in the fighting had refused to obey the president's direct command.

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U.N. Seeks Immediate Cease-fire In Congo (AP)

By Anjan Sundaram, Associated Press Writer

AP, August 23, 2006

The United Nations called for an immediate cease-fire Tuesday by rival army supporters of Congo's two presidential candidates, and three days of deadly fighting ebbed as the European Union sent reinforcements to the restive Central African nation.

At least 14 people have been reported killed in the clashes that began after officials announced President Joseph Kabila had failed to win an outright majority in Congo's first balloting in more than four decades and would face former rebel leader Jean-Pierre Bemba in a second round of voting.

Heavy gunfire rang out before dawn Tuesday and fighting raged for hours, then appeared to tail off after the United Nations, with 17,500 peacekeepers in Congo, demanded a halt to hostilities.

"The situation is calm. So far, the cease-fire is being respected," said Col. Thierry Fusalba, a spokesman of the European Union force.

At U.N. headquarters in New York, U.N. spokesman Stephane Dujarric said the U.N. peacekeeping department also reported that "relative calm has been restored in the capital."

Still, Sen. Barack Obama, D-Ill., canceled a planned visit to the east of the country at the request of the U.S. embassy.

Witnesses said Kabila's special presidential guards had withdrawn from outside Bemba's house, where the head of the U.N. mission, William Swing, and other diplomats were meeting with Bemba on Monday when fighting started outside the compound. EU and UN troops evacuated the foreign envoys.

Aides said Kabila ordered his loyalists back to their barracks and that Bemba, who is also a vice president in Kabila's national-unity government, had done the same.

Bemba, who was in the protection of the United Nations, was not immediately available for comment. The U.N. said all Congo army troops had been ordered back to their original positions and that the international troops would begin patrolling Kinshasa's streets alongside Congo's police Tuesday night.

A Congo military official, speaking on condition of anonymity due to prohibitions on dealing with the media, said 14 people died Sunday and Monday in the clashes: seven security force personnel and seven civilians.

Congo's war-battered people denounced the fighting between the candidates' supporters in the postwar military, saying they wanted democracy over more armed struggle.

"They need to give people the voice, that is why we had elections," said Rousse Intonda, 28 and unemployed, standing in the mostly empty streets after the battle near Bemba's house. "I am not happy about this."

Fusalba said 180 German and Irish troops arrived Tuesday in Kinshasa from Gabon, joining a contingent of 50 French, Portuguese and Swedish troops who had arrived overnight with attack and transport helicopters.

About 1,000 EU troops are already in Congo, on hand to help a 17,500-strong U.N. peace force overseeing the first elections in 45 years of coups, corrupt rule and war. Fusalba said the EU troops were on standby, awaiting any call from the U.N. for help. The mandate for the EU force is not to provide general security in Congo, but to act as a rapid reaction force.

Swing, the chief of the U.N. peace mission in Congo, urged the two candidates facing off in a second round of balloting Oct. 29 to meet for talks.

"It is imperative that the fighting ends immediately and that the two candidates in the presidential election meet each other urgently for the well-being of the democratic process and above all for the Congolese population that has already suffered too much from armed conflict," Swing said.

In response, a Bemba party spokesman said no meeting had been proposed, while a top Kabila aide said the two candidates had been in constant contact. "President Kabila speaks to Vice President Bemba every day," said Kikaya bin Karubi.

Meanwhile, the European Commission, the EU's executive body, called on both candidates to refrain from further provocation and violence.

EU foreign policy chief Javier Solana called Kabila and Bemba to express his "deep concern after the unacceptable events" of the past two days, according to a statement. He urged both to run a "responsible electoral campaign centered on the concerns and hopes of the Congolese for a peaceful and stable country."

Also Tuesday, Air France and SN Brussels announced they were suspending air service to Kinshasa, with SN Brussels saying it turned back a flight Monday bound for the Congolese capital.

With 16.9 million votes cast in the July 30 balloting, Kabila won 45 percent, to 20 percent for Bemba, who is also a vice president in Kabila's transitional administration. The remainder of the vote was shared among 31 other candidates.

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The elections were meant to end years of unrest that began shortly after independence from Belgium in 1960. Congo's last multiparty vote for a leader was in 1961. The winner was killed as military regimes took power.

U.N. Calls For Cease-Fire In Congo; Violence Wanes (WP/AP)

By Anjan Sundaram

The Washington Post, August 23, 2006

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A Congo Comeback (LAT)

The Los Angeles Times, August 23, 2006

Despite violence, a presidential election offers tenuous hope that democracy has a chance in the ravaged nation.

SUB-SAHARAN AFRICA is such a jumble of failed states, poverty and warfare that it's easy to overlook an important fact: As bad as things are, a concerted effort by African leaders and the international community to turn the continent around is actually bearing fruit. One tenuous example is the Democratic Republic of Congo, a huge and deeply troubled country that just held its first democratic election in 45 years.

Congo has a new constitution, overwhelmingly approved in a December referendum. National revenues tripled between 2000 and 2005, while international donors have launched a variety of important programs aimed at shoring up the country's fragile new government. Considering Congo's history of armed rebellion, dictatorship and political assassination, that's real progress.

The July 30 presidential election had the best possible outcome: No one won it outright. On Sunday, officials announced that interim President Joseph Kabila won 45% of the vote, while closest challenger Jean-Pierre Bemba took 20%; because neither won a majority, the two will face each other in a runoff Oct. 29. Had Kabila won, it probably would have produced violence in Kinshasa even worse than the skirmishes that have killed at least 14 people between Sunday and Tuesday, because Bemba is far more popular in the capital and has a large armed following. The runoff means that both men will have to appeal to a wider segment of voters, which could help head off clashes after the October tally.

But for all the good news, Congo's stability is teetering on a knife's edge. The difference between politics and warfare there is slim; politicians tend to be warlords, and losers seldom cede power gracefully. Though there have been notable improvements, the government is still a kleptocracy, the courts barely function, law enforcement is a joke, and the army is a danger only to the citizenry — commanders routinely embezzle soldiers' salaries, so enlisted men are forced to extort money from the populace to survive.

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The danger is that the international community will point to Congo's successful election, declare victory and move on. Indeed, a United Nations-sponsored committee that has coordinated the efforts of international donors and aid organizations is slated to dissolve after the October election, and a U.N. fundraising program for Congo aiming to raise $705 million this year had managed as of last month to reach only $183 million, according to the International Crisis Group.

After the election, aid efforts should be redoubled and focused more clearly on fighting corruption and strengthening government institutions. Donors have spent more than $6 billion over the last five years on Congo. If the government collapses now, that will have been wasted.

An Energetic Bully (WP)

The Washington Post, August 23, 2006

AT LAST MONTH'S Group of Eight conference, Russian President Vladimir Putin remarked that energy security is not just about drilling for fossil fuel but also about transporting it. Now a Russian oil pipeline company, Transneft, has shut off supplies to a large oil refinery in Lithuania. The company has a convenient -- if dubious -- excuse. The aging pipeline running to the Baltic country (ironically named "Friendship-1") had sprung a leak that may take years to repair. But leak or no leak, crude oil is still flowing through the same pipeline to Belarus, a loyal Kremlin client that depends on Moscow for fossil fuel handouts. The Lithuanian press reported this week that the Lithuanian government was considering a retaliatory closure of a rail line that Russia regards as strategically essential.

In reality, the oil shutoff is probably a way to spoil a deal recently struck by a Polish company to purchase the Lithuanian refinery. Now that Transneft has cut the refinery's supply of crude, output has declined and with it the facility's value, which may persuade the Polish firm to drop out of the deal. Should that happen, a Russian firm could step in to buy it -- cheap -- bringing more of Europe's energy infrastructure under Russian control. Lukoil, a Russian oil giant, tried the same gambit a few years ago but failed to acquire the facility.

Lithuania's shuttered oil pipeline is another example of Russia using its supply and transport infrastructure to bully its neighbors. In that sense, the Lithuanian ploy bears a disturbing resemblance to Mr. Putin's shutoff of Ukraine's natural gas earlier this year -- a politically calculated retort to Ukraine's election of a pro-Western president. It also makes a mockery of Mr. Putin's talk of energy security at the G-8 summit. The first step toward securing reliable and plentiful energy supplies for the world economy is to encourage new investment in wells, refineries and pipelines; the second is to establish the principle that supply infrastructure will not be used as a political weapon. Closing down a pipeline to manipulate a market transaction violates the first principle. If the pipeline closure was directed by Mr. Putin -- a good bet -- the latest move also violates the second principle.

For consumers of Russian fossil fuels, such as Western Europe, there is little threat that oil prices will dramatically increase because of a "leaky" Russian pipeline -- the continent can easily obtain oil from other countries. But whether orchestrated by Mr. Putin or caused by inadequate infrastructure, a slowdown in the production or transportation of Russian natural gas would be much harder for Western Europe to rectify and could seriously undermine Western economies.

Both the oil pipeline's leak and the way Russia has taken advantage of it should serve as a warning to countries dependent on Russian natural gas. Countries in Western Europe in particular should invest in more liquefied natural gas terminals to accommodate tankers from other countries that produce natural gas. The West relies on Russian energy supplies at its peril.

Al-Jazeera's Tricky Balancing Act (WP)

By David Ignatius

The Washington Post, August 23, 2006

DOHA, Qatar -- What do people in the Middle East think five years after the Sept. 11, 2001, attacks? To get a quick snapshot, I paid a visit here to Ahmed Sheikh, the editor in chief of al-Jazeera television. It was reassuring, in a perverse way, that he views the situation in his region the same way that most Americans would -- as a dangerous mess.

Sheikh told me he had been mulling this week how al-Jazeera should cover the Sept. 11 anniversary. "Five years after that catastrophe, the Arab world is much more divided than it used to be," he reflected. "The image of Islam has been tarnished to a great extent. We are weaker than we used to be against Israel. Development is absent." When he stands back and looks at the region, Sheikh says, "All the threads and problems are intertwined. It's very difficult to trace where they begin and end."

Sheikh fears that Iraq is headed toward a calamitous civil war that will spill over to other countries with mixed Shiite-Sunni populations, such as Kuwait, Bahrain and Saudi Arabia. "If the Americans can prevent civil war from happening, their presence would be useful," he says. But after three years of American failure to stabilize the country, he is doubtful.

The al-Jazeera editor remains militant about Arab causes. "What doesn't change for our viewers is indignation against U.S. and Israeli policies," he says. But with the exception of the Palestinian struggle and the Iraqi resistance to American occupation, he says, most of the so-called jihadist battles have actually produced what the Arabs call fitna , or self-destructive internal strife.

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Sheikh works out of a small office just off the main newsroom. He joined al-Jazeera when it was founded in 1996 after working for the BBC and other TV news channels. Dressed in shirtsleeves, just back from the morning story conference with his editors, he looks a bit like an Arab version of Lou Grant.

Al-Jazeera has been attacked by American officials as a propaganda tool for Osama bin Laden and other Muslim radicals. And as a journalist, I have often found its coverage unbalanced. It tries too hard to present the Arab news, rather than just the news. That said, I was struck, in talking to Sheikh, by how complicated it has become for al-Jazeera to cover this part of the world.

Take coverage of Iran. Al-Jazeera recently reopened its bureau there after it was closed by the Iranian authorities for 18 months. The network's crime was that it had sent a camera crew into southwestern Iran and reported complaints of the Arab minority there that they were treated unfairly by the central government. After the broadcast aired, there were protests and civil unrest in the region -- and the Iranians decided to pull the plug.

Iraq poses a worse problem. Because al-Jazeera reported from behind the lines of the Sunni insurgency, Iraqi Shiites became indignant about its coverage. The network was expelled by the Shiite-led government in September 2004, but Sheikh says he would be reluctant to go back now. Relations with the U.S. military are better, but because of Shiite anger, it would be "very, very dangerous" for al-Jazeera.

"People say we are the channel of the insurgents. It's not true. We are the channel of everybody. We are critical and balanced. That is what a journalist is supposed to do -- not drum the official point of view but criticize, try to evaluate."

Syria and Lebanon also pose tricky problems for an Arab satellite network. After al-Jazeera broadcast an exclusive, hour-long interview with Hasan Nasrallah, leader of the Shiite militia Hezbollah, it was attacked by Sunni militants known as "Salafists" (who back al-Qaeda and consider the Shiites apostates). And after Syrian President Bashar al-Assad denounced other Arab leaders as "half men" for failing to support Hezbollah against Israel, Sheikh says it was hard to find a balanced on-air commentator.

I've been a proponent of al-Jazeera, despite its tendency to spin coverage, because it was the first step toward real broadcast journalism in the Arab world, as opposed to the old state-run propaganda channels. And my conversation with Sheikh reinforces that conviction. After 10 years, al-Jazeera is confronting one of the abiding truths of honest journalism: that the world is damned complicated, and that it's very hard to know who the good guys and bad guys are. That's a start. If we can have common standards for covering the news in the Middle East, maybe we can eventually do something to fix the problems we all agree are there.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Judge Accused Of Conflict In Wiretapping Case....3
Suspects In London Plot Appear In Court....3
German Bomb Plotters May Have Had Wide Extremist Connections....4

Patriot Act:

Judge Upholds FISA Warrants In AIPAC Espionage Case....5

Homeland Response:

US Seeks Longer Data Retention From European Airlines....5
Texas Trio Released On Bail In Michigan Cell Phone Case....5
Comic Illustrates 9/11 Commission Report....6
Bush To Visit Hurricane Zone On First Anniversary Of Katrina....6

War News:

Decision To Call Up Marine Reserves Cast As Indicator Of Iraq Woes....7
US, Iraqi Forces Capture More Than 100 Terror Suspects....8
Redeployment To Baghdad "Seems To Be Working."....8
McCain Criticizes Bush Administration's Iraq Policies....9
Slim Majority In Poll See No Link Between Iraq, War On Terror....9
Iraq Opens Its Own Investigation Into Rape, Family's Murder 10
Former Iraqi Minister Alleged To Have Misappropriated $1 Billion Turns Himself In....10
Kurds Testify Against Saddam Concerning 1987 Gas Attack 10
Carroll Describes Explosion Of Sectarian Violence Following Samarra Bombing....11
Parallels Drawn Between Vietnam, Iraq Wars....11
Bush Discusses Afghan Security With Karzai....11

Corporate Scandals:

US To Drop All Charges Against Quattrone In Deal....11
US Faces Challenges In Options Timing Prosecutions....13
Former CEO Says Mills Corp Ignored Audit Warnings....13

Criminal Law:

Gonzales Tours Kentucky Center For Sex Crime Victims....13
Plame Considers Suing Armitage....14
Former Prince George's County Schools Chief Indicted In Kickback Probe....15
Former Pennsylvania Mayor Sentenced To 51 Months In Prison For Bribery....15
San Francisco Property Deal Raises Conflict Of Interest Concerns....15
Gotti Lawyer Paints Mob Snitch As Gravano Lackey....15
FBI Agent Says Oklahoma Man Admitted Murdering Girl....16
Groups Tries To Curtail Hotel Pornography....16
Chicago Police Say DNA Links Suspect In Nine Attacks....16
Active Duty Airman Pleads Guilty To Child Porn Possession....16
Virginia Inmate Charged In Murder That Changed DNA Testing Law....17
Maryland Man Convicted Of 1985 Slaying Forgoes Retrial....17
Waiving Extradition In California, Karr Headed To Colorado....17
In Role Reversal, Judge Serves As Witness In Murder Case....19
Qwest Supports Mandatory Data Retention Laws....19

Civil Law:

US Faces Wave Of Damage Awards In Spent Nuclear Fuel Lawsuits....20
Golden Ventures Settles Medicare Fraud Charges With US....20

Civil Rights:

DOJ Presses Springfield, MA, On Help For Hispanic Voters....21
New Mexico ACLU Sues DEA For Allegedly Violating Armenian Couple's Rights....21
Some States To Allow Pharmacists Not To Dispense Contraceptives....21
NYTimes Calls For New Drug Testing Protections For Inmates....21

Antitrust:

Michigan Minimum-Service Plan Faces Governor's Veto 21
FTC Gives Antitrust Not To HCA Deal 22
Judge Allows Blockbuster Counterclaims Against Netflix To Proceed 22
Winner In BlackBerry Patent Case Faces Accusers 22
SCOTUS Lets Stand Ruling Against EchoStar On TV Transmissions 23
WSJournal Says Protectionist Law Wreaking "Havoc" In Wireless Phone Industry 23

Environment/Indian Affairs:

Judge Rejects Administration's Sequoia Logging Plan 23
Global Warming Said To Threaten Native Villages In Alaska 24

FBI/DEA/ATF/USMS:

4th Circuit Overturns Conviction Of Virginia Pain Doctor 24
Kentucky Officer Among Four Indicted In Drug Case 24
Gatlin Agrees To 8-Year Suspension For Doping Violation ... 25
Former Canadian Border Agent Gets 3-Year Sentence In Drug-Smuggling Case 25
More States Focus On Creating Meth Offender Registries.... 25
US Claims Pennsylvania Man Lied In Purchasing Gun Before Fatal Shooting 26

Immigration:

Gonzales Doubtful About Swift Passage Of Immigration Bill .. 26
Legislators Call For Review Of Border Patrol Agents' Conviction 26
Sensenbrenner Claims CBO Underestimates Cost Of Senate Immigration Bill 26

Tax:

Ohio Attorney Convicted Of Tax Evasion 27
DC Circuit Strikes Tax On Emotional Damage Awards 27
IRS Moves Ahead With Private Debt Collection Despite Opposition 27
IRS Keeping Eye On Emmy Show Swag 28

Congress-Administration:

Bush Signs Order On Health Care, Campaigns For GOP House Candidate In Minnesota 28
Baucus Urged To Lift Hold On Treasury Nominee 30

Other News:

Chicago Chief Says Fed May Boost Rates Again 30
State Chief Justices Concerned About Judicial Elections 31
State Laws Controlling Cohabitation Rarely Enforced 31
Wal-Mart Banishes GOP-Affiliated Voter Registration Group . 32
Bush To Raise Funds For Allen 32
Lieberman Leads Lamont By Two Points In ARG Poll 32
Anti-War Candidate Finds Difficulty In Gaining Traction Against Clinton 33
Tester Campaign Releases Video Of Burns Immigrant Comments 34
Rothenberg Says Fundamentals Unchanged In Pennsylvania, Virginia Senate Races 35
Republicans Said To Face Growing Troubles As Midterm Elections Approach 35
Ford's Political Skills Seen As Exceptional 35
Clyburn Praises DNC's New Primary Calendar 36
Schwarzenegger, Democrats Reach Prescription Drug Deal 36
Pataki Criticized For Signing Expensive Pension Bill 36
Iran Offers "Serious Talks" But No Suspension Of Enrichment 36
Italy Will Lead Lebanon Border Force With 2,000 To 3,000 Troops 39
Israel's West Bank Pullout Plan "Dead." 40
North Korea Says It Retains Option Of Preemptive Attack On US 40
Indian Police Kill Pakistani Terror Plotter, Arrest Another 41
ASEAN To Seek Common Market By 2015 41
UN Negotiates Ceasefire In Congo 41
Russian Plane Crashes, Killing 170 42
Oil Shutoff To Lithuanian Refinery Said To Shows Russia's Unreliability As Supplier 42
Ignatius Lauds Al-Jazeera's Professionalism, Determination . 42

The Big Picture:

Headlines From Today's Front Pages 42

Washington's Schedule:

Today's Events In Washington 43

DOJ_NMG_0052385

TERRORISM NEWS:

Judge Accused Of Conflict In Wiretapping Case. USA Today (8/23, Biskupic, 2.27M) reports that U.S. District Judge Anna Diggs Taylor, who ruled last week that the Bush Administration's domestic wiretapping program violates the Constitution, "may have had a conflict of interest in the case," citing a press release from the "conservative-leaning" Judicial Watch "calling attention to Taylor's apparent membership in a local foundation that gave $45,000 to the American Civil Liberties Union of Michigan." The article notes that this group was a party to the lawsuit on which Diggs was ruling.

The New York Times (8/22, Lichtblau, 1.21M) says Taylor "is a trustee and an officer of a group that has given at least $125,000 to the American Civil Liberties Union in Michigan, a watchdog group said Tuesday." The Times quotes Judicial Watch's president, Tom Fitton, as saying, "The system relies on judges to exercise good judgment." He continues to call for an investigation. "Three legal ethicists interviewed said although Judge Taylor's role as a trustee for a supporter of the civil liberties group would not necessarily disqualify her from hearing the case, she should have probably disclosed the connection in court to avoid any appearance of a conflict." The Washington Post (8/23, 748K) also notes the story in its "Washington in Brief" section.

The AP (8/23, Eggert) reports, "Taylor declined to comment, as did the U.S. Justice Department, which is asking the 6th U.S. Circuit Court of Appeals in Cincinnati to overturn her ruling issued Thursday. Bush says the program is a key tool for fighting terrorism. … ACLU of Michigan Executive Director Kary Moss said the group did not know about the judge's affiliation with the nonprofit but added she did not think it is a 'big story.' … 'We don't think recusal would have been necessary,' Moss said."

McClatchy Newspapers (8/23, Wariko) reports, "Moss, said Judicial Watch's claims are 'much ado about nothing.' Moss said her office has received money from the Community Foundation, but that it had absolutely nothing to do with the case involving domestic surveillance that Taylor considered."

Taylor's Legal Rhetoric Criticized As Substandard. In a New York Times (8/23, 1.21M) op-ed, political writer Ann Althouse blasts Taylor for her "carelessness:" "let's consider the irony of emphasizing the importance of holding one branch of the federal government, the executive, to the strict limits of the rule of law while sitting in another branch of the federal government, the judiciary, and blithely ignoring your own obligations." Althouse criticizes Taylor more for the tone of writing in her opinion on the case, which, in part, "dispenses with the formalities" usually seen in such writing, adding "for those who approve of the outcome , the judge's opinion is counterproductive. It will be harder to defend upon appeal than a more careful decision." Her writing is dismissed as "sheer sophistry," "political willfulness" and "a headlong rush through a whole series of difficult legal questions to get to an outcome in her heart she knew was right."

More Commentary On NSA Ruling. The Wheeling (WV) Intelligencer (8/23) reports, "One week after a plot to blow up 10 or more airliners over the Atlantic Ocean was foiled thanks to excellent intelligence work, Jimmy Carter-appointed federal Judge Anna Diggs Taylor issued a political screed in which she declared the National Security Agency's eavesdropping upon international terrorists to be an unconstitutional breach of tender terrorists' Fourth Amendment and First Amendment 'freedoms.' … One first has to wonder if poor Judge Taylor simply has gone bonkers and therefore ought to be impeached, based upon mental unfitness to serve, for her ruling seems completely divorced from the dangerous realities of our times. If one is to take her decree seriously, then she effectively has extended constitutional protections to foreign enemies that heretofore were applied only to citizens and legal residents. She has ruled, in effect, that the United States government may not engage in spying. … President Bush was right to order the Justice Department to appeal the ruling immediately and to obtain a stay of Judge Taylor's decision. If allowed to stand, Judge Taylor's ruling would handcuff counter-terrorism intelligence operations and put Americans' lives at risk."

Suspects In London Plot Appear In Court. The Washington Times/AP (8/23, Quinn) reports, "Eleven suspects charged in an alleged plot to blow up US-bound airliners appeared in court for the first time Tuesday, and the eight men who faced the most serious charges were ordered held until next month as detectives press on with their

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investigation." The Crown Prosecution Service "said the suspects probably would go on trial sometime in 2007. Because of the number of suspects, proceedings may be split into two or more trials, which could last many months."

The Chicago Tribune (8/23, Crewdson, 623K) says "all 11 defendants, eight of whom were charged Monday with conspiracy to commit terrorism and murder, were ordered to remain in custody."

The Wall Street Journal (8/23, Mollenkamp, 2.03M) says "the eight suspects appearing at the City of Westminster Magistrates Court were: Tanvir Hussain, Ahmed Abdullah Ali (also known as Abdullah Ali Ahmed Khan), Assad Ali Sarwar, Adam Khatib, Umar Islam, Ibrahim Savant, Waheed Zaman and Arafat Waheed Khan. Mr. Zaman nodded to friends or family in the court; the others remained largely impassive while sitting behind a glass wall in the courtroom." Separately, "the court heard an overview of the case against a 17-year-old charged with having a book on improvised explosive devices and suicide notes and wills with the identities of potential terrorists. Investigators found materials under a bed in two boxes, according to evidence presented during the hearing."

The New York Times (8/23, Kovaleski, 1.21M) reports, "In the area of East London where several of the suspects lived, news of the charges elicited a wide array of emotions, including disbelief and anger with both the government and Islamic extremists." It also "led to reflections on how Islam is perceived and whether Muslims can do more to integrate into British society without compromising their faith. Some residents were quick to cite an incident last June -- when 250 police officers raided a home in East London, detaining two Muslim brothers and shooting one of them only to release both without charge a few days later -- as an example of their susceptibility to police abuse."

The Washington Post (8/23, A9, Jordan, 748K) reports, "Some Muslim leaders have said that Prime Minister Tony Blair's decision to commit British troops in Iraq and Afghanistan, who fight alongside US troops in wars that have led to many Muslims being killed, has nurtured suicide bombers on British soil." A poll published Tuesday in the Guardian newspaper "showed that an overwhelming majority of those questioned -- 72 percent -- say they believe the government's foreign policy has made Britain more of a target for terrorists."

The CBS Evening News (8/22, lead story, 2:55, MacVicar, 7.66M) reported, "Their appearance in court comes as prosecutors revealed the scale of the plot to blow up transatlantic jets and kill thousands of passengers. … This is the bomb-making manual obtained by CBS News from a source close to the investigation. It was originally posted in Arabic on an al Qaeda-linked Website four years ago. We are told this document in English was the 'key training manual used by the plotters' found under the bed of one of the suspects. There are hundreds of documents like this on the Web and dozens of well-produced how-to videos. And the idea is not new. 12 years ago, Ramzi Yousef tested a nitroglycerin mix hidden in a contact lens case. It blew a hole in the wall of the plane, killing one. Police in this investigation say they found hydrogen peroxide, a source close to the investigation say they believe the plotters were trying to make acetone peroxide and for would be terrorists, that poses its own problems."

More Commentary. The Washington Post (8/23, A14, 748K) editorializes, "The announcement of charges in Britain this week against 11 of those held in connection with the alleged plot to bring down US-bound airliners was not accompanied, as it would be in this country, by substantial amounts of new public information about the case. … Given the need to respect the British justice system, there is little U.S. officials can do about this. Americans will just have to wait." But "it is worth remembering how little the public knows about this plot when considering the often far-reaching policy recommendations to which it has given rise. Since the arrests in Britain, commentators have suggested everything from dramatic changes in airport procedures to revamping the intelligence community yet again to making surveillance easier. America can afford precipitousness no more than it can afford complacency."

German Bomb Plotters May Have Had Wide Extremist Connections. The New York Times (8/22, Landler, Mekhennet, 1.21M) reports that "two Lebanese men suspected of planting bombs on two German trains might have had support from a network of Islamic extremists [in Germany] and in Lebanon." German security officials pointed to the sophistication of the explosives, and alluded to the planning of the September 11, 2001, attacks which took place in Hamburg. "The recent bombing plot has rattled Germans, depriving them of a sense of relative insulation from terrorism and prompting a debate over the adequacy of the government's antiterrorism measures."

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PATRIOT ACT:

Judge Upholds FISA Warrants In AIPAC Espionage Case. The New York Sun (8/23, Gerstein) reports, "In an opinion released yesterday, a federal judge said there was plenty of evidence to support federal intelligence-gathering wiretaps and searches in an investigation of two pro-Israel lobbyists charged with conspiring to procure and distribute classified information." US District Judge Thomas Ellis III upheld the FISA warrants "and said the evidence obtained can be introduced against the former employees of the American Israel Public Affairs Committee, Steven Rosen and Keith Weissman. The special court 'had ample probable cause to believe that the targets were agents of a foreign power quite apart from their First Amendment lobbying activities,' Judge Ellis wrote in an August 14 opinion unsealed yesterday."

HOMELAND RESPONSE:

US Seeks Longer Data Retention From European Airlines. The Washington Post (8/23, Nakashima, 748K) reports that the Department of Homeland Security id seeking the extension of an agreement with the EU in which DHS is able to "retain airline passenger data longer than a few years and to share the data more freely with law enforcement and intelligence agencies." However, the arrangement, which stems from the Aviation and Transportation Security Act of 2001, "has raised concerns among privacy advocates and politicians in Europe over sovereignty and privacy issues." DHS spokesman Jarrod Agen called the data which is compiled into the Passenger Name Record database, "essential…to identify potential terrorists."

In an "In Depth" report, NBC Nightly News (8/22, story 4, 2:30, Williams, 9.87M) examined airline security, reporting first on the 11 suspects in the plot to blow up airliners who were arraigned today in London. "The British terrorist plot is this latest event now behind the push at the Department of Homeland Security to rethink air travel security." NBC (Williams) added that the agency "wants to dig even further into the backgrounds of the 20 million overseas travelers who fly here every year. Not by asking for more information about them, but by doing more with the data the US already gets." Jayson Ahern, US Customs and Border Protection: "This is an invaluable research tool for us, to be able to see if there's links from individuals of concern that we can find through these database systems." NBC (Williams) added that "privacy advocates say there are too few limits on how US law enforcement agents would use such detailed information."

Behavior Profiling Practiced At Miami International. In a follow up, NBC Nightly News (8/22, story 5, 2:00, Sanders, 9.87M) reported that while many Americans think Osama bin Laden is what a terrorist looks like, terrorist acts have been carried out at airports by people who "don't fit the terrorist profile created after we learned the identities of the 9/11 hijackers: Young, Arab, Muslim. Still, there's a growing chorus in the United States demanding airport authorities profile passengers using just that criteria, even though the Supreme Court has ruled racial profiling unconstitutional." NBC (Sanders) adds that at Miami International, agents have been trained by the Israelis to look for unusual behavior "that says, something's wrong, not with the way people look, but with the way they act."

Reporter Says Additional Data Could Be "Important Tool" For DHS. New York Times reporter Eric Lipton was interviewed on NPR's All Things Considered (8/22, Siegel), where he was asked whether he thought DHS officials "had gone back over things they missed and figured out that they, in deed, would have detected something" if they had had access to more data about certain travelers. Lipton: "I think, in fact, after September 11 they did just this. They went and they looked, and they looked at travel habits of people. And they, I think, through some computer analysis, they saw that they probably could have identified many of the terrorists involved in the September 11 attacks if they'd used techniques like this, even without the clues that they'd gotten from other sources. So, it is a potentially important tool for them."

Texas Trio Released On Bail In Michigan Cell Phone Case. The AP (8/23) reports, "Three Texas men facing federal conspiracy and money laundering charges after buying large numbers of prepaid cell phones posted bail Tuesday and said they planned to fly home. 'We're glad we're out. We're innocent and we're gonna try to clear our names,' one of the men, Louai Othman, 23, told The Bay City Times after the trio left U.S. District Court in Bay City. … The men will be have an evidentiary hearing in Bay City in the next few weeks, said their attorney, Nabih Ayad." Under the headline "Once Accused Of Bridge Plot, Texas Men Released On Bond," the Detroit News (8/23, Egan) notes, "Terrorism-

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related charges…were withdrawn by the Tuscola County prosecutor last Wednesday after the FBI and Michigan State Police said there was no evidence linking the men to terrorism.

Comic Illustrates 9/11 Commission Report. NBC Nightly News (8/22, story 12, , Gregory, 9.87M) reported, "Five years after the horrors of 9/11, there's a new way to look at those unforgettable images. When you hear the idea of the 9/11 report as essentially a comic book, you're first reaction is, what are you crazy?" Ernie Colon: "Well, that's our burden. The term comic book is our burden." Gregory: "Through color, caricature and captions, comic book veterans Ernie Colon and Sid Jacobson have brought to life the '9/11 Commission Report,' the national bestseller that examined what went wrong before, during and after the attacks."

Bush To Visit Hurricane Zone On First Anniversary Of Katrina. The Los Angeles Times (8/23, Wallsten, Reynolds, 918K) reports that as "next week's anniversary of Hurricane Katrina triggers recollections of rooftop refugees and massive devastation along the Gulf Coast, the White House has begun a public relations blitz to counteract Democrats' plans to use the government's tardy response and the region's slow recovery in the coming congressional elections." President Bush "will visit the area Monday and Tuesday, including an overnight stay in New Orleans. He probably will visit the city's Lower 9th Ward, the heavily black area that remains mired in debris, and is expected to meet with storm victims." The trip "will force Bush to revisit sensitive racial issues that arose with the flooding of New Orleans; at that time, civil rights leaders charged that the White House was slow to respond because so many victims were black." GOP strategists "acknowledged that the administration's failure to act quickly was a significant setback in their efforts to court traditionally Democratic African American voters." The White House "announced Bush's visit Tuesday as a phalanx of administration officials stood before reporters to argue that billions of dollars had flowed to the region and millions more was on the way. The plans for the trip were disclosed one day after Atty. Gen. Alberto R. Gonzales announced that he was sending additional lawyers and resources to the city to fight fraud and abuse."

Both Parties To Highlight Katrina, 9/11 Anniversaries. The Wall Street Journal (8/23, McKinnon, 2.03M) reports election day in November "may be shaped significantly by how Republicans and Democrats frame public perceptions of two coming dates: the one-year anniversary of Hurricane Katrina and the five-year anniversary of the Sept. 11 attacks." Democrats "hope to gain advantages by highlighting the storm, with a series of events reminding Americans of the government's initially bungled response to the emergency." Republicans "hope President Bush can sustain a new round of Katrina criticism, then use the Sept. 11 anniversary to remind voters of his party's hawkish security credentials." Congressional Republicans "are developing legislation to take up during September, including measures supporting the administration's terrorist wiretapping program and its treatment of suspected terrorists."

Powell Discusses Gulf Coast Recovery. The Washington Times (8/23, Hudson, 88K) reports that as "officials and special-interest groups" look to "assess and grade recovery efforts in the Gulf Coast as the first anniversary of Hurricane Katrina approaches," Gulf Coast recovery czar Donald Powell "briefed President Bush and other officials yesterday at the White House and earlier met with reporters on how $110 billion are being spent. … 'The devastation is overwhelming,' said Mr. Powell, who added that $15 billion in flood insurance has been issued to victims of the storms in addition to federal aid. 'It's the largest displacement since the great Dust Bowl.'"

Under the headline "Katrina Housing Money Slowed," the AP (8/22, Jordan) reported that Powell said "only $44 billion has been spent to get the battered region back on its feet." Though money has begun to reach homeowners in Mississippi, state plans for distributing funds in Louisiana "were delayed, in turn holding up the funding flow. … 'I have a sense of frustration, I have a sense of urgency all the time,' said Powell, who stopped short of criticizing Louisiana's delay in distributing the funds." The AP added that he "sought to spotlight successes in the Gulf Coast as the Aug. 29 anniversary of Katrina nears."

The Christian Science Monitor (8/23, Cook, 58K) reports on Tuesday's "Monitor Breakfast" with Powell, "a tall, courtly Texan who holds one of the most important but thankless jobs in the federal government." He "contends the city is safe," saying that he would move is family there, and "is optimistic that there will be enough workers to rebuild homes in Louisiana that were damaged by Katrina despite reports of labor shortages."

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Anniversary Reports On Recovery Largely Critical Of Efforts. In an article appearing on no fewer than 92 news websites, the AP (8/22, Callimachi) reported, "No less than a half-dozen reports on the Hurricane Katrina recovery effort are being released to coincide with the one-year anniversary of the storm — and nearly all criticize the sluggish pace of the response. The reports document a host of problems, from the still-unfinished levees to the plight of small businesses and the continuing racial divide." The AP added, "Many…focus on the failure of federal dollars to reach their intended targets."

Rebuilt New Orleans Expected To Be Largely Unchanged From "Decaying" Pre-Katrina Condition. Under the headline "New Orleans' Recovery Slow And Slippery Process," USA Today (8/23, 1A, Konigsmark, 2.27M) reports on its front page that one year after Hurricane Katrina, "New Orleans is in the midst of a halting, sloppy recovery. But it is recovering, despite dire predictions last September that the city was gone and admonitions that it should not be rebuilt." Missing from the rebuilding, however, "is a vision for New Orleans as a whole, a way to use this tragedy — and the city's portion of $27 billion in federal rebuilding money earmarked for Louisiana — to transform a city that was decaying for decades before the storm hit." USA Today adds that in spite of improvements, there are indications that "a new city is not emerging from the wreckage."

The New York Times (8/23, Schwartz, 1.21M) reports on the recovery of a New Orleans home, 7023 Fleur de Lis Drive, which "no longer stinks." Though the house looks as if it was "untouched by the waters that, one year ago, burst with fury through a breach just three blocks away in the 17th Street Canal and inundated the affluent Lakeview neighborhood," the yard was once "a moonscape of cracked mud and debris" and "drifts of muck fouled the interior." The "nearly restored home represents 11 months of sweat-drenched labor by its owners, Artie Folse and Tonja Osborne, two of a multitude of New Orleans residents who never stopped pushing ahead."

Bush 41, Clinton Call For Further Outpouring Of Support For Gulf Coast Recovery. Former Presidents George Bush and Bill Clinton write in USA Today (8/23, 9A, 2.27M) that "the compassion shown by citizens offered the first ray of hope after" Katrina. They continue that the response to the Bush-Clinton Katrina Fund "has been overwhelming. … Today, 12 months on, we can report that the broad diversity of those who contributed to this effort mirrors the many ways we have, in turn, put your generosity to work." Bush and Clinton note that groups are carrying on the recovery effort and say they "hope those of you who have not participated in the recovery effort — and even those of you who have -- will consider making a donation today."

New Book Warns US Still Not Prepared For Major Disasters. USA Today (8/23, 5D, Manning, 2.27M) reports on a new book by Irwin Redlener, director of the National Center for Disaster Preparedness at Columbia University's Mailman School of Public Health, titled Americans at Risk, in which he "urges the federal government to develop a cohesive, coordinated approach to disaster planning — and Americans to emerge from a state of national denial." Redlener "poses five scenarios: an avian flu outbreak in New York City, an earthquake in Seattle, a nuclear attack in a major city, a train wreck in Missouri that causes the release of toxic chemicals, and a terrorist attack targeting elementary schools in Arizona. He also describes a nine-point strategy, starting with reconvening the 9/11 Commission to address preparedness efforts, and including expanding the role of the military in planning for and responding to major disasters."

WAR NEWS:

Decision To Call Up Marine Reserves Cast As Indicator Of Iraq Woes. The announcement that the US Marine Corps will call up to 2,500 Individual Ready Reserve members for active duty is receiving substantial newspaper coverage, with little television coverage except for a long and prominent NBC story. While the news is being portrayed as another indicator of US difficulties in Iraq, it is not exceptionally negative, with most accounts relatively straightforward.

In one of the more detailed, and more critical, reports, NBC Nightly News (8/22, lead story, 3:35, 9.87M) opened its broadcast with anchor Brian Williams saying, "If you ever need a reminder that this nation is fighting wars presently on two fronts, ask any US military family. They will likely tell you of the multiple combat tours overseas and the shortened turnaround time between them. The US has managed so far to fight on two fronts, using an all-volunteer force and the stresses have been great. The number of volunteers in this case has been on the decline, so tonight the US Marine Corps is taking steps to bolster its ranks" by "issuing orders" to USMC reserves "that will result in up to two more years of active duty now in Iraq and Afghanistan." NBC (Miklaszewski) called it "another indication that the war in Iraq continues to

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exact a heavy toll on the US military. … And it's not only in the Marines; the war in Iraq is taking a heavy toll on the Army, too. Last month, only days away from returning home, 3,800 soldiers from the Army's Stryker Brigade were told they had to remain in Iraq for up to four more months, devastating their families back home." Retired Army Gen. Barry McCaffrey: "We're drafting 42-year-old grandmothers to be privates in the Army. I shouldn't have said draft -- asking for volunteers." Miklaszewski: "Defense Secretary Rumsfeld has said he has over two million American active and reserve troops to call on, but that's not the solution. They say the solution has to be some kind of political reconciliation in Iraq and the buildup of Iraqi security forces to take on that role by themselves, but that doesn't appear likely any time soon."

By contrast, the CBS Evening News (8/22, story 7, 0:10, Schieffer, 7.66M) ran only a brief item, calling it an "involuntary recall," the "Marines' first since the Iraq invasion in 2003." ABC did not cover the story at all. CNN's The Situation Room (8/22, McIntyre) also mentioned the call-up during its Iraq coverage.

In a report carried by approximately 100 newspapers or websites, the AP (8/22, Baldor) also calls it the "first involuntary recall since the early days of the war." USMC Col. Guy Stratton, who is in charge of manpower mobilization, estimated there is "a current shortfall of about 1,200 Marines needed to fill positions in upcoming deployments." At present, nearly 22,000 of the 138,000 US troops in Iraq are Marines.

A McClatchy (8/23, Brown) report carried by about 20 newspapers or websites says the two wars "are stretching" the USMC, "forcing the service to take extraordinary measures to bolster both manpower and equipment." USMC spokeswoman Maj. Gabrielle Chapin denied the Corps is "having difficulty finding recruits or volunteers for war-zone duty." Instead, she said the Marines are "looking to deepen the availability of Marines with specific training. 'What we do need is a pool of very specific skill sets to fill critical job specialties,' she said. Yet the call-up is a rare one for the smallest of the country's four military services, which has always prided itself on its recruitment and retention record."

On its front page, the Los Angeles Times (8/23, Barnes, 918K) reports the "manpower requirements of the Iraq war" have "not abated in the face of a continuing insurgency and growing civil strife." Sen. Jack Reed, calling for an increase the size of the military, said the USMC decision "was an example of the wear and tear inflicted by Iraq on the armed services, a stress that could hurt the military in the months and years to come." USA Today (8/23, Brook, 2.27M) also puts its report on its front page, calling the call-up an "unusual step." USA Today notes that since the war began, "755 Marines have died in Iraq."

The Washington Post (8/23, A10, White, 748K) says the USMC is "dipping into a rarely used pool of troops to fill growing personnel gaps in units scheduled to deploy in coming months," also saying it is the first time the Marines "have resorted to involuntary call-ups" since the war began. The New York Times (8/23, Cloud, 1.21M) is one of the sources that says "around 1,200 reservists are likely to be activated initially and will be told to report for duty next spring or summer."

US, Iraqi Forces Capture More Than 100 Terror Suspects. USA Today/AP (8/23, 4A) has a wrap-around report on Tuesday's events in Iraq, leading with the news that US and Iraqi forces "captured more than 100 known and suspected terrorists, including one linked to the February bombing of a Shiite shrine that triggered a wave of sectarian bloodshed." Also, British Royal Marine Lt. Gen. Robert Fry, the UK's "deputy to the top U.S. commander in Iraq," said the "sectarian conflict is not a full-blown civil war but perhaps a 'civil war in miniature.'" Fox News' Special Report (8/22, Emanuel) also covered Fry's comments, saying he "cautioned reporters" against using the term "civil war." Fox said Fry "says he prefers to describe the situation in Iraq as very intense sectarian conflict." USA Today also reports that two Kurdish survivors testified in the genocide trial of Saddam Hussein, and that Iraq "said it has launched its own probe into the alleged rape and murder of a 14-year-old girl by U.S. soldiers even though they face possible U.S. courts-martial in the case."

Redeployment To Baghdad "Seems To Be Working." In a rare positive report, ABC World News Tonight (8/22, story 3, 2:30, Gibson, 8.78M) reported, "Encouraging news from Baghdad: The decision was made to redeploy thousands of US troops from Baghdad area from other areas of Iraq to secure the city and reduce a number of daily attacks. Well, the numbers are preliminary, but it seems to be working. After two weeks, Iraqi authorities say the number of violent attacks has gone down by 30%." ABC (McCarthy): "By saturating some of the most dangerous neighborhoods, they have reduced violence across Baghdad

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by almost a third. US figures, calculated differently, show a 22% drop. Either way, the Americans are fired up." Lt. Patrick Patterson, 114th Cavalry: "It's been great. We get a lot of smiles and waves." Still, despite the positive tone, ABC's McCarthy concluded, "Hope has often gone sour in Iraq. If they cannot make their own peace, America's success in Baghdad could quickly be reversed."

The Washington Times (8/23, Scarborough, 88K) reports Army Maj. Gen. William Caldwell said the US command sees "'life coming back to some normalcy' in violence-racked Baghdad." Caldwell said, "We are cautiously optimistic and encouraged by all the indicators that we are seeing."

Khalilzad Says Baghdad Presents "Urgent Crisis." In a Wall Street Journal (8/23, 2.03M) op-ed running more than 1,500 words, US Ambassador to Iraq Zalmay Khalilzad writes, "Although there has been much good news to report about security progress in Iraq this summer -- the killing of Abu Musab al-Zarqawi, the handover of security responsibility for Muthanna province, the fifth of 10 Iraqi Army Division Headquarters to assume the lead in its area of responsibility -- Iraq faces an urgent crisis in securing its capital." While "Iraqi leaders and the Coalition have a sound strategy to turn the situation around, it is vital that Iraqis control sectarian violence and come together against the terrorists and outside powers that are fomenting the violence." Khalilzad outlines the Iraqi government's Baghdad Security Plan and concludes, "it is imperative that we give the Iraqis the time and material support necessary to see this plan through, and to win the Battle of Baghdad."

McCain Criticizes Bush Administration's Iraq Policies. Television reporters were very interested in Sen. John McCain's criticism of Bush Administration Iraq policy while campaigning in Ohio Tuesday; print coverage is largely limited to wire reports. ABC World News Tonight (8/22, story 4, 1:50, Tapper, 8.78M) said McCain, "an ardent supporter of the Iraq war, assailed how the Bush Administration undersold to the American people the sacrifices. The likely presidential candidate singled out for criticism President Bush's 2003 'mission accomplished' event." The ABC report also notes recent criticism of Iraq policy from Republican Reps. Mike Fitzpatrick and Gil Gutknecht.

The CBS Evening News (8/22, story 5, 0:35, Schieffer, 7.66M) said McCain "ripped into the Administration for painting too rosy a picture and trying to lead the American people into believing the war, as he called it, was 'some kind of day at the beach.'" CNN's The Situation Room (8/22, Blitzer) called it "surprising new criticism today of the President's handling of the Iraq situation from a staunch defender of the war," with McCain quoting "some-high profile catch phrases that have been used by President Bush, Vice President Cheney and Defense Secretary Rumsfeld as evidence." ABC, CBS, and CNN all showed McCain saying, "Stuff happens, 'Mission Accomplished,' 'last throes,' a few 'dead-enders.' I'm more familiar with those statements than anyone else because it grieves me so much that we have not told the American people how tough and difficult this task would be." All three also said McCain is a near-certain presidential candidate.

An AP (8/22, McCarthy) report carried by approximately 150 newspapers or websites recounts the same basic story and also includes the quote.

Slim Majority In Poll See No Link Between Iraq, War On Terror. The New York Times (8/23, Hulse, Connelly, 1.21M) reports, "Americans increasingly see the war in Iraq as distinct from the fight against terrorism, and nearly half believe President Bush has focused too much on Iraq to the exclusion of other threats, according to the latest New York Times/CBS News poll." The poll found a slim majority of 51% seeing "no link between the war in Iraq and the broader antiterror effort," an increase of 10% since June, despite "the regular insistence of Mr. Bush and Congressional Republicans that the two are intertwined and should be seen as complementary elements of a strategy to prevent domestic terrorism."

The CBS Evening News (8/22, story 6, 2:35, Schieffer, 7.66M) said "the war is one big reason" the poll "shows that Americans continue to give the President low job performance marks. Just 36% approve of the job the President's doing -- that's the same as in July -- while 57% disapprove. As for the priority issues Americans are concerned about, terrorism and Iraq top the list with the economy close behind."

Voters Not Impressed By Either Party On Iraq. The Christian Science Monitor (8/23, Grier, 58K) says Americans, "pessimistic about prospects for peace, yet wary about walking away from a war that has already cost many lives," are "conflicted and worried" about the future of the US mission in Iraq. But "voters overall seem to reject the certainties offered by both political parties about the proper

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course of action. They see Iraq as something steeped in shades of gray." American Enterprise Institute polling expert Karlyn Bowman recently wrote, "People don't think Bush has a clear plan for what to do about Iraq. They don't think the Democrats do either."

Iraq Opens Its Own Investigation Into Rape, Family's Murder. The AP (8/23, Joshi) reports Iraqi Prime Minister Nouri al-Maliki ordered an investigation of the rape and murder of a 14-year-old girl. The investigation "started Thursday and was expected to take one week, said chief prosecutor Adnan Mahmoud of the criminal court in Mahmoudiya, 20 miles south of Baghdad, where the March 12 assault took place. Mahmoud is part of the investigation panel along with Mahmoudiya's mayor, police chief and the head of the town's main hospital. He said the panel interviewed witnesses and inspected the house where Abeer Qassim al-Janabi, 14, was raped, shot dead and set on fire, allegedly by a group of U.S. soldiers who had observed her for days. Also killed in the house were her 5-year-old sister and parents." The AP notes, "U.S. authorities arrested five soldiers and a former private in connection with the case." According to the AP, al-Maliki, "has made it clear he wants the soldiers tried in an Iraqi court. The United States is not expected to allow that but has assured al-Maliki that the case will be pursued vigorously under the American justice system and that the soldiers will be punished if convicted."

Former Iraqi Minister Alleged To Have Misappropriated $1 Billion Turns Himself In. The Washington Post (8/23, A10, Knickmeyer, 748K) reports Iraqi authorities "arrested Ayham al-Samaraie, the former electricity minister in a transitional government appointed by the United States soon after Hussein's overthrow. Samaraie is accused in a $1 billion-plus corruption case involving the alleged purchase of faulty generators and parts, said Radhi al-Radhi, head of Iraq's Public Integrity Commission. Samaraie was arrested after walking into Iraq's Central Criminal Court to surrender in the case, Radhi said. Arrest warrants are pending for four other former ministers -- of defense, labor, transportation and housing -- who are accused in corruption cases that jointly amount to billions of dollars. Massive amounts of U.S. and Iraqi funds intended for development and reconstruction disappeared in poorly supervised projects in the years after Hussein's overthrow, and electricity and many other essential services remain below prewar levels."

Kurds Testify Against Saddam Concerning 1987 Gas Attack. NBC Nightly News (8/22, story 2, , Williams) reported, "This was a dramatic day-two in a Baghdad courtroom today where Saddam Hussein is on trial for genocide for bombing tens of thousands of Kurds in the late 1980's. Two survivors of the attack took the witness stand today including a man who described an attack on his own village. … A second witness testified that she and other villagers who had survived the attacks were held for days without food. She says she later lost two babies of her own. As Saddam listens to her testimony, she tearfully asked, if we were his people, then why did he strike us with all those weapons?" McClatchy (8/23, Brunswick) says "as many as 75 witnesses are expected to take the stand."

The New York Times (8/23, Von Zielbauer, 1.21M) reports Hussein "and six other former high-ranking officials in his government are charged with ordering similar gas attacks in a 1988 military campaign to eliminate the Kurds from the mountainous regions in Iraq's far northeast. Mr. Hussein and his co-defendants maintain that the campaign was military in nature, supporting Iraqi troops trying to suppress Kurdish militias that were backed by Iran. … The two villagers' testimony on Tuesday about the 1987 attacks was meant to buttress the prosecution's main argument against Mr. Hussein: that he committed genocide by directing a sustained effort to wipe out Iraq's Kurdish population."

The Washington Post (8/23, A10, Knickmeyer, 748K) reports chief judge Abdullah al-Amiri "rebuked one of the Kurdish witnesses Tuesday for repeatedly using the made-up word, anfalized. Then he defined the term, instructing the court recorder to write that as 'those whose destiny is not known.'"

WSJournal Considers Saddam's Vow That He Will Return To Power "All Too Plausible." The Wall Street Journal (8/23, 2.03M), in an editorial, writes, "Saddam himself was more subdued than usual yesterday, though he did manage to declare that he remains 'president of the Republic of Iraq and commander in chief of the heroic Iraqi armed forces.' This is more than a deluded or nostalgic boast, and is probably intended as a message to his Baathist remnants in the insurgency that they will all return to power one day. That claim remains all too plausible to many Iraqis who are pleased that Saddam is gone but are wary of helping the new

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democratic government because they remember how the Baathists dealt with opponents in the Saddam years."

Carroll Describes Explosion Of Sectarian Violence Following Samarra Bombing. In part eight of her narrative in the Christian Science Monitor (8/23, 58K) reporter Jill Carroll writes, "Abu Rasha was a large man, one of the organizers of my guards. His house in Baghdad - or what I took to be his house - was one of the first places I'd been taken after being kidnapped. I'd spent a lot of time in his presence. But I'd never encountered him in a state like this. 'Today was very, very bad,' he said. 'All day, driving here, and driving there, with the PKC and the RPG,' he said, referring to Russian-made machine guns and rocket-propelled grenade launchers, which were among the insurgents' most common weapons. It had been a day of hard fighting. But they hadn't been confronting US or Iraqi soldiers. Today, they had had a different target: Shiites. Two days earlier, on Feb. 22, an important Shiite mosque in Samarra, Iraq, had been blown up. Shiites had attacked Sunni mosques in retaliation - the result being a vicious cycle of attack-and-response that had altered the world of my Sunni Islamist kidnappers."

Parallels Drawn Between Vietnam, Iraq Wars. In an op-ed for the USA Today (8/23, 2.27M) author Michael Peck writes, "I'm grateful for the war in Iraq. Not for the violence. I take no joy in death and destruction. I'm grateful because it resolves a question that has haunted me since childhood: Why did America fight the Vietnam War? … For three years, I have watched how a nation marches to war step by step, from accusation and ultimatum, to invasion and occupation."

Bush Discusses Afghan Security With Karzai. AFP (8/23) reports President Bush "telephoned Afghan President Hamid Karzai to discuss issues like security in post-Taliban Afghanistan, the White House said." White House spokeswoman Dana Perino said Bush called "to congratulate him on Afghanistan's Independence Day. They discussed security, education and regional cooperation." Karzai's office "said Bush had invited the Afghan leader" to Washington, but Perino "said nothing about the statement."

Insurgency, Corruption Said To Be Undermining Karzai's Grip On Power. The New York Times (8/23, Gall, 1.21M) reports, "After months of widespread frustration with corruption, the economy and a lack of justice and security, doubts about President Hamid Karzai of Afghanistan, and by extension the American-led effort to rebuild that nation, have led to a crisis of confidence. Interviews with ordinary Afghans and with foreign diplomats and Afghan officials make it clear that the expanding Taliban insurgency in the south represents the most serious challenge to his presidency to date." According to the Times, "For the first time since Mr. Karzai took office four and half years ago, Afghans and diplomats are speculating about who might replace him. Most agree that the answer for now is no one, leaving the fate of the American-led enterprise tied to his own success or failure. … On Tuesday, Mr. Karzai's office announced that he had spoken that day with President Bush, who assured him of continued American support. Mr. Karzai accepted Mr. Bush's invitation to visit Washington."

CORPORATE SCANDALS:

US To Drop All Charges Against Quattrone In Deal. The Wall Street Journal (8/23, Smith, Davies) reports, "Frank Quattrone, the one-time investment-banking kingpin of Silicon Valley, won an agreement conditionally dropping all charges against him -- ending the government's effort to include him in the nearly six-year crackdown against the excesses of the 1990s Internet boom." The Journal continues, "By staying out of legal trouble for a year, the 50-year-old Mr. Quattrone will avoid a third criminal trial on obstruction charges after the first ended in a hung jury and a second led to a conviction that was reversed on appeal earlier this year. He even will be able to return to Wall Street -- a remarkable turn considering that at one point he was banned for life by one securities regulator."

The Washington Post (8/23, D1, Masters) reports, "The 10-minute hearing ended the federal government's years-long quest to put Quattrone in prison for sending several hundred subordinates a December 2000 e-mail under the heading 'time to clean up those files.' Prosecutors alleged he was attempting to hinder a grand jury probe, but the banker, now 50, has steadfastly maintained his innocence since being indicted in May 2003. … 'I am very pleased that the case will be concluded, and I look forward to the dismissal of all charges,' a beaming Quattrone said outside the federal courthouse in Manhattan. … This resolution was essentially a victory for Quattrone, who did not admit any wrongdoing. The charges against him will be dismissed in a year as long as he does not break any laws and he reports any change of residence or international travel to a court supervisor. The

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terms approved by U.S. District Judge George B. Daniels are far more lenient than the deferred prosecution deals the federal government has offered in other recent white-collar cases."

The AP (8/23, Neumeister) reports, "Quattrone's first trial ended in a deadlocked jury, but prosecutors landed a conviction the second time around. The verdict on charges he obstructed a government probe of stock offerings and an 18-month prison sentence were tossed out by the 2nd U.S. Circuit Court of Appeals in March. Quattrone never served a day in prison. … The government had claimed Quattrone, 50, slyly urged 400 technology investment bankers he supervised from the Palo Alto, Calif., offices of Credit Suisse First Boston Corp. to destroy files when he learned about multiple investigations. He always said he did not. The firm has since changed its name to Credit Suisse (USA) Inc."

The Financial Times (8/23, Wighton) reports, "The judge backed a 'deferred prosecution' agreement that Mr Quattrone reached with federal prosecutors, meaning charges will be dropped if he does not break the law in the next year. … That would clear the way for Mr Quattrone to go back into the securities industry, where he was a leading figure in the technology flotations in the late 1990s. … Leaving court on Tuesday, Mr Quattrone, 50, revealed no detailed plans but said he wanted to resume his business career."

USA Today (8/23, Farrell) reports, "Three years ago, prosecutors accused Quattrone of impeding a federal investigation into the way shares of red-hot IPO stocks were doled out to important clients of Credit Suisse First Boston. In particular, prosecutors said Quattrone knowingly sent out an e-mail urging his CSFB colleagues to destroy documents that he knew would be of interest to regulators. At trial in fall 2003, Quattrone insisted that he wasn't intentionally trying to impede the investigation. Jurors couldn't agree on a verdict and a mistrial was declared. … In a second trial the following year, a new jury convicted him. The judge in that case sentenced him to 18 months in prison, but an appellate court subsequently reversed the conviction on the grounds that the judge's instructions to the jury were flawed."

The Los Angeles Times (8/23, Hamilton) reports, "The settlement was welcomed in Silicon Valley, where Quattrone supporters have long contended that the investment banker became a scapegoat for problems associated with the dot-com boom. … 'They tried to make him the poster child for the excesses of the late '90s and early 2000,' said Sandy Robertson, a venture capitalist who founded the now-defunct Robertson Stephens technology investment bank. … In hindsight, many legal analysts say, Quattrone probably should not have been charged with criminal wrongdoing. They contend that prosecutors brought a case with scant evidence because they were under pressure to demonstrate a get-tough approach to headline-making fraud at Enron Corp., WorldCom Inc. and other companies."

The New York Times (8/23, Sorkin) reports, "The government's retreat was the first time that prosecutors had dropped such a prominent case without seeking a penalty and came after a series of victories by Mr. Quattrone, culminating in an appeals ruling in March that overturned a 2004 conviction for obstruction of justice. … The remarkable turnabout will allow him to pursue a finance career as if the last three years had never happened. Wall Street, though, has become a different place since Mr. Quattrone left Credit Suisse after being indicted in 2003 amid a flurry of investigations that followed the bursting of the dot-com bubble."

The New York Law Journal (8/23, Bar) reports, "The government had little to say. … 'A deferred prosecution of the case against Frank Quattrone is an appropriate resolution of the case in light of all of the facts and circumstances and the posture of the case at this time,' Southern District U.S. Attorney Michael J. Garcia said in statement. … James Comey was the U.S. Attorney in May 2003 when Quattrone was indicted on charges of obstruction of justice, obstruction of agency proceedings and witness tampering."

Bloomberg (8/23, Voreacos, Hurtado) reports, "During the six years that Quattrone faced accusations of wrongdoing, prosecutors secured about 1,000 corporate-fraud convictions, including those of former Enron Corp. Chief Executive Officer Jeffrey Skilling and ex-WorldCom Inc. CEO Bernard Ebbers. Prosecutors have largely concluded bankers didn't commit financial crimes and misconduct by them is better handled by civil regulators, lawyers said. … 'The frauds of 2001 and 2002 were basically manipulations of corporate financial statements, and investment bankers don't do that,' said Columbia University law professor Jack Coffee. 'Most corporate financial distortions do not involve the use of investment bankers.' … Other bankers to be prosecuted include three former employees of Royal Bank of Scotland Group Plc's Greenwich NatWest Unit, who face trial for fraud in an Enron transaction. Four former Merrill Lynch & Co.

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bankers were convicted of helping Enron inflate earnings and had their convictions overturned on appeal."

WSJournal Praises Prosecutors For Not Seeking Third Quattrone Trial. The Wall Street Journal (8/23, 2.03M) says in an editorial, "Congratulations to U.S. Attorney Michael Garcia, who yesterday agreed not to prosecute one-time Wall Street titan Frank Quattrone for a third time. Two swings at the plate really was enough for a case that has always looked thin." Garcia "negotiated a deferred-prosecution agreement under which the charges will be dropped after a 12-month period if Mr. Quattrone meets certain minimal demands, such as not associating with known felons. The former master financier for Silicon Valley won't have to pay any fine or admit any guilt, and he will be able to take up his investment banking trade once again. In criminal prosecution circles, that's a rout for the defense." The outcome "ought to be a special embarrassment to former U.S. Attorney for the Southern District of New York James Comey, who never did charge Mr. Quattrone with any offense related to investment banking."

US Faces Challenges In Options Timing Prosecutions. The AP (8/23, Gordon) reports, "This summer, federal prosecutors and regulators fired two big opening volleys in their crackdown against suspiciously timed grants of stock options to top executives, bringing criminal and civil charges against former officials of two technology companies, one on each coast. … Then: out of public view, it was back to the long investigative slog for Justice Department prosecutors and enforcement attorneys at the Securities and Exchange Commission -- poring over documents, interviewing witnesses." The AP continues, "It could be a very long haul. Faced with a mountain of material and potential violations, the authorities are having to marshal their resources to concentrate on high-priority and more egregious cases of fraud involving the award of stock options. … 'They're presumably not going to investigate every one of the companies' that have irregularities in past awards of the options, said Michael N. Levy, a former federal prosecutor who is a defense attorney at McKee Nelson in Washington. … The apparent prevalence of the conduct throughout corporate America, in fact, can make the government's burden of proof in the cases more difficult, Levy suggested." The AP adds, "At least 75 public companies have reported that they are under scrutiny by the Justice Department or the SEC, or both, for possible manipulation of stock option grants to boost their value to the recipients. The apparent wave of conduct at issue mostly occurred from the market-boom late 1990s to 2002. … The Internal Revenue Service is conducting its own investigation of companies for possible tax-law violations in option grants."

Former CEO Says Mills Corp Ignored Audit Warnings. The Washington Post (8/23, D01, Hilzenrath) reports, "Mills Corp., the troubled shopping mall developer, was told by auditor Ernst & Young as early as February 2002 that it had serious problems with its internal controls but 'willfully disregarded' a series of warnings, according to a lawsuit by a former Mills chief executive. … 'Despite numerous cautions and red flags raised by its auditors, Mills Corp. continued to maintain that the accounting methodologies it employed . . . were correct,' local developer Herbert S. Miller alleged in a recently amended version of litigation he filed over the company's accounting troubles." The Post continues, "Mills countered in a court filing that the auditor's comments were simply 'suggestions for improvements.' The company noted that Ernst's public audit reports on Mills' finances contained no qualifications. The company said it responded to Ernst's suggestions 'in a timely fashion,' and it has asked that Miller's lawsuit be dismissed." The Post adds, "Creator of outlet malls such as its signature Potomac Mills and elaborate 'shoppertainment' venues across the country, Mills is preparing a set of accounting corrections that it has stated will erase a major portion of the income it reported in recent years. The company is saddled with debt, has been selling properties to raise cash, and faces an investigation by the Securities and Exchange Commission. Its share price has plummeted since last summer. But yesterday it closed at $19.28, up $2.56 per share, or 15.3 percent."

CRIMINAL LAW:

Gonzales Tours Kentucky Center For Sex Crime Victims. The AP (8/23, McMurray) reports, "It's a nightmare scenario for parents and law-enforcement officers alike: a would-be sexual predator able to confront children, not at the playground or bus stop, but on the family computer. … Such is the challenge the Internet and social networking sites such as MySpace.com have presented U.S. Attorney General Alberto Gonzales, who Tuesday traveled to Kentucky for one of his first stops on a multistate tour aimed at warning

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children and their parents about the risks. … 'Most parents are worried about what happens to their children when they walk out the door, but this is a threat that exists within their own homes,' Gonzales said." The AP continues, "On Monday, Gonzales launched a public service campaign aimed at better educating teenage girls about child predators who might be trying to contact them online. According to the Justice Department, one in seven children who use the Internet has been sexually solicited and one in three has been exposed to unwanted sexual material. … The problem is severe in Kentucky, Gonzales said, although he acknowledged it was hard to know whether it was any more severe than anywhere else. He brought with him a check for $400,000 for the state's Project Safe Childhood Task Force, which has been vigilant in helping police investigate Internet crimes. … Gonzales also was joined by Amul Thapar, U.S. attorney for the Eastern District of Kentucky, on a tour of the Child Advocacy Center in Lexington, which each year helps some 500 child victims of sexual abuse."

The Lexington (KY) Herald-Leader (8/23, Ortiz) reports, "Sexual predators who use the Internet to prey on children are a serious and growing threat, one that parents must realize exists in their own homes, U.S. Attorney General Alberto Gonzales said in Lexington yesterday. … 'We are in a serious battle -- I want to call it a war -- against sexual predators,' Gonzales said. 'It's been facilitated by the Internet. The Internet is probably the most wonderful innovation of our time, but in the hands of a predator, it is a serious threat. Because of changes in technology, we face a serious challenge in the law enforcement community in tracking down sexual predators.'" The Herald-Leader adds, "Gonzales was in Kentucky yesterday morning to announce a $400,000 federal grant to the Kentucky State Police to combat Internet sex crimes against children. … Gonzales met with the state police's Internet Crimes Against Children task force, and toured the Children's Advocacy Center of the Bluegrass, which counsels and interviews young sex-abuse victims. … The task force, also called Project Safe Childhood, formed in 2003 and acts as a clearinghouse for state and federal agencies." The Herald-Leader notes, "The nation's top cop urged parents to keep close tabs on their children's Internet use. … 'It all begins with parents, no question about it,' Gonzales said. 'Most parents are worried about what happens to their children when they walk out the door. This is a threat that exists within their own homes.'"

The WTVQ-TV, Action News 36, Lexington, KY (8/23) reports, "The nation's top law enforcer was in Lexington talking about a criminal that could be after your kids, right in your home. … 'Most parents are worried about what happens to their kids when they walk out the door,' U.S. Attorney General Alberto Gonzales told Action News 36. 'This is a real threat that exists in their own homes. we need to make parents understand this is a threat to the welfare of their children.'"

The WAVE-TV, NBC 3, Louisville, KY (8/23) reports, "Gonzales says Kentucky is one of numerous states that have a problem with children meeting predators over the Internet. On Tuesday, he toured an advocacy center in Lexington that caters to children who are sexually abused. … He also announced that the federal government is giving an additional 400-thousand dollars to a Kentucky-based sex crimes task force. Crimes against children is also a focus of Amul Thapar, the new U.S. attorney for the eastern district of Kentucky."

Plame Considers Suing Armitage. The AP (8/23, Apuzzo) reports, "Former CIA officer Valerie Plame is considering suing the recent No. 2 State Department official in a case accusing members of the Bush administration of conspiring to leak her identity to the media, Plame's attorney said Tuesday. Official State Department calendars, provided to The Associated Press under the Freedom of Information Act, show then-Deputy Secretary of State Richard Armitage held a one-hour meeting marked 'private appointment' with Washington Post reporter Bob Woodward on June 13, 2003." That was "the same day Woodward met with a confidential source who spoke to him about Plame, according to a person familiar with information gathered by prosecutors. The person spoke only on condition of anonymity because the material remains sealed."

The New York Times (8/23, Shenon, 1.21M) reports, "Reached by telephone on Tuesday, Mr. Armitage and Mr. Woodward said they had no comment on the scheduled June 2003 meeting. A spokesman for Patrick J. Fitzgerald, the special prosecutor in the leak investigation, also had no comment." Armitage, "who left the State Department in February 2005, has refused to say if he was the source of information about Ms. Wilson to Mr. Woodward and to Robert D. Novak, the newspaper columnist who first publicly identified her as a CIA employee, in a column on July 14, 2003."

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Former Prince George's County Schools Chief Indicted In Kickback Probe. The Washington Post (8/23, A1, Rich, Anderson, 748K) reports, "A federal grand jury indicted former Prince George's County schools chief Andre J. Hornsby yesterday on charges of steering school business to associates in exchange for kickbacks that were intended to exceed $100,000 and possibly include expensive art, a yacht or other indulgences. … The indictment accuses Hornsby of arranging a $1 million purchase from the software company LeapFrog SchoolHouse, where his girlfriend worked as a saleswoman, and then splitting a $20,000 commission with her. … In the second alleged scheme, Hornsby is accused of insisting that an associate's company be given a consulting contract to help secure funds under a federal program known as E-Rate." The Post notes, "The indictment alleges that Hornsby met with the associate at a hotel in Bowie, where they discussed an agreement to split the fee and where Hornsby took a $1,000 cash down payment. Federal agents captured the meeting on video, one of the sources said."

The Baltimore Sun (8/23, Fuller, 262K) reports, "Prosecutors said Hornsby instructed personnel to destroy e-mail that might have implicated him criminally and attempted to identify and evade telephone and law enforcement surveillance of his activities." US Attorney Rod J. Rosenstein said yesterday, "It is offensive when anyone abuses the public trust, and it is particularly egregious when people in highly paid government jobs abuse their power to line their own pockets." The Washington Times (8/23, Cella, Emerling, 88K) notes Hornsby "was charged in a 23-page indictment with seven counts of wire fraud, five counts of mail fraud, evidence tampering, witness tampering and obstruction of justice."

WPost Praises Federal Probe. The Washington Post (8/23, 748K) editorializes, "The broad outlines of the alleged improprieties have already been aired," but "what wasn't known…was the degree of greed and brazenness." The Post adds, "If the charges are proved true, Mr. Hornsby stole far more from the hopes and futures of Prince George's schoolchildren. Federal officials who pressed this investigation are right to say that those who seek personal gain at the expense of children must be held to account."

Former Pennsylvania Mayor Sentenced To 51 Months In Prison For Bribery. The Philadelphia Inquirer (8/23, Shields, 399K) reports, "A federal judge yesterday sentenced former Norristown Mayor Ted LeBlanc to prison for more than four years for bribery, fraud and tax evasion. LeBlanc, 68, received 51 months in prison and was ordered to pay $83,000 in restitution by U.S. District Judge William H. Yohn, who sharply criticized LeBlanc for lying at his trial. … 'It sends the correct message, that if you engage in corruption, you will suffer the consequences - and they are severe,' assistant U.S. Attorney Richard Zack said after LeBlanc's sentencing in Philadelphia." The Inquirer notes, "LeBlanc, who declared bankruptcy several months after the FBI, IRS and State Police raided Borough Hall, his business and home, got one piece of good news yesterday. His wife, Beth Ann, won't have to forfeit $42,000 that remains from an $86,000 lottery jackpot last year"

San Francisco Property Deal Raises Conflict Of Interest Concerns. The San Francisco Chronicle (8/22, A1, Selna, 405K) reported, "San Francisco building inspectors got word in June 2005 that someone was renovating a dilapidated, one-story home…in the Mission District without the necessary permits. … In a matter of months, the owners…not only obtained a permit and completed the work, but also signed over title to the property to Leo McFadden, a senior building inspector at the Department of Building Inspection, in exchange for approximately $500,000. The transaction and the involvement of building inspectors beforehand and afterward…raise new questions about conflicts of interest and clean-government practices at the Building Inspection Department. … They also might help explain why the property apparently caught the attention of corruption investigators at the Federal Bureau of Investigation, who served a search warrant on the inspection department for files in McFadden's office pertaining to a property on Alabama Street." The Chronicle noted, "Exactly what the FBI hoped to learn from McFadden's…files is murky. FBI spokeswoman LaRae Quy would confirm only that agents had searched the department." The AP (8/23) briefly reports on the Chronicle story, focusing on the FBI search.

Gotti Lawyer Paints Mob Snitch As Gravano Lackey. The New York Daily News (8/23, Zambito, 729K) reports John "Junior" Gotti's lawyer, Charles Carnesi, yesterday "attacked mob snitch Joseph (Little Joey) D'Angelo…a protégé of Salvatore (Sammy Bull) Gravano -- as eager to use the witness stand to take down a Gotti as his

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murderous mentor was more than a decade ago. … But D'Angelo told Assistant U.S. Attorney Miriam Rocah that Gravano was 'the furthest thing from my mind' when he decided to cooperate with the feds' racketeering case against Gotti last year." The Daily News notes, "After leaving the federal witness-protection program, Gravano was arrested in 2000 for his role in a Phoenix-based Ecstasy-distribution ring and is serving a lengthy federal prison term. D'Angelo said he hopes his cooperation will open the door to his prison cell."

The New York Post (8/23, Cornell, 608K) adds that D'Angelo "said he agreed to participate in the Sliwa kidnapping to pave the way for becoming a wiseguy -- a wish he said Gotti granted less than three years later. Describing the secret ceremony during cross-examination, D'Angelo said, 'We were told the boss of the family is John Gotti Sr. and this is the panel running the family -- John Gotti Jr., John "Jackie Nose" D'Amico, and Nicholas Corozzo.'" The Post notes, "D'Angelo admitted he hopes to get a reduced sentence for kidnapping, two murders, murder conspiracy and other crimes so he can marry a girlfriend to whom he proposed from behind bars."

FBI Agent Says Oklahoma Man Admitted Murdering Girl. In a widely-distributed story, the AP (8/23, Murphy) reports that an Oklahoma City "man accused of strangling a 10-year-old girl and plotting to eat her flesh allowed investigators to search his apartment and then confessed to the slaying, an FBI agent testified Tuesday. Agent Craig Overby said he spotted the girl's clothing inside a plastic tub inside a bedroom closet and asked Kevin Ray Underwood where the girl was. Overby said the man responded: 'She's in there. I hit her and chopped her up.'" The AP adds, "A judge ruled Tuesday that Underwood would be tried for first-degree murder, and also granted a request by the defense for a gag order that prohibits attorneys and law enforcement from discussing the case publicly."

Groups Tries To Curtail Hotel Pornography. The AP (8/22, Crary) reports, "Pornographic movies now seem nearly as pervasive in America's hotel rooms as tiny shampoo bottles, and the lodging industry shows little concern as conservative activists rev up a protest campaign aimed at triggering a federal crackdown." The AP continues, "A coalition of 13 conservative groups — including the Family Research Council and Concerned Women for America — took out full-page ads in some editions of USA Today earlier this month urging the Justice Department and FBI to investigate whether some of the pay-per-view movies widely available in hotels violate federal and state obscenity laws." The AP adds, "The coalition also is trying to draw attention to CleanHotels.com, a directory of hotels and motels nationwide that pledge to exclude adult offerings from their in-room entertainment service. … Though porn is now cheaply and readily accessible on the Internet, and through many other outlets, the activists chose to target the hotel industry in part because of the well-known brands of corporations that cater to family vacationers as well as business travelers. … Precise statistics on in-room adult entertainment are hard to come by. By some estimates, adult movies are available in roughly 40 percent of the nation's hotels, representing more than 1.5 million rooms. Industry analysts suggest that these adult offerings generate 60 to 80 percent of total in-room entertainment revenue — several hundred million dollars a year."

Chicago Police Say DNA Links Suspect In Nine Attacks. The Chicago Tribune (8/23, Maxwell) reports, "Chicago police are asking the public to help identify a man they suspect in at least nine sexual assaults of South and Southwest Side women and girls since 1999." The Tribune continues, "Police released a sketch and description of the unknown man on Tuesday after state crime lab technicians matched his DNA profile to each of the cases, officials said at a news conference. The most recent victim, a 12-year-old girl, was assaulted in August 2005 after the suspect picked her up in the area of Marquette Park, said Sgt. Anthony Kuta. … But most of the cases are at least 5 years old. Chicago police and Illinois State Police, who process DNA in the state's criminal cases, would not say why information about the suspect was not made available earlier." The Tribune adds, "Two victims have told police the suspect threatened them with a handgun; others said they were beaten. One 16-year-old girl was forced into a van with scissors and a 15-year-old was knocked unconscious, police said. … 'Somebody's walking down the street and is dragged into a vehicle with a weapon—that's extremely dangerous,' said police spokesman Pat Camden. 'That's why we're reaching out to the community.'"

Active Duty Airman Pleads Guilty To Child Porn Possession. The AP (8/23) reports, "An active duty airman at Shaw Air Force Base pleaded guilty Tuesday

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to possessing child pornography, U.S. Attorney Reggie Lloyd said. During his plea hearing, Lawrence Sanders, 24, admitted that in May 2005 he had a computer with nearly 3,000 images of child pornography and made the pictures available to others on the Internet through a file-sharing program. An undercover FBI agent searching the Internet program for child pornography was able to download several files from Sanders' computer, Lloyd said."

Virginia Inmate Charged In Murder That Changed DNA Testing Law. The Washington Post (8/23, A1, Glod) reports, "A serial rapist has been indicted in the 1982 rape and murder of a young Culpeper, Va., mother, a crime that nearly led to the execution of an innocent man and helped bring about unprecedented reforms in Virginia's criminal justice system." The Post continues, "Kenneth M. Tinsley, 61, who is serving a life sentence for an unrelated rape, was charged this week with capital murder, rape and sodomy in the slaying of Rebecca Lynn Williams, 19. … The charges against Tinsley might finally clear Earl Washington Jr., whose case had emerged as one of the nation's most troubling instances of a wrongful conviction. A mildly mentally retarded farmworker, Washington had been convicted in the slaying and served 17 years in prison -- including 9 1/2 on death row -- before DNA tests exonerated him in 2000. At one point, he was days from execution. … 'Finally the government has charged the man who really killed Rebecca,' said Robert T. Hall, one of Washington's attorneys." The Post adds, "Washington's story, perhaps more than any in Virginia, has sparked reform in the state's justice system. His case inspired a 2001 law allowing inmates who claim innocence to seek DNA testing at any time, loosening what was then the toughest rule in the nation on new evidence. It also led to a review of some cases analyzed in Virginia's DNA laboratory. … Although Tinsley was first implicated as a suspect in 2000 when scientific tests showed that his DNA was on a blanket in the victim's apartment, the investigation continued for years. Albemarle County Assistant Commonwealth's Attorney Richard E. Moore, appointed as special prosecutor in the case, said yesterday that a Culpeper County grand jury handed up the indictments Monday. … Washington, who has an IQ of 69, was convicted and sentenced to death largely based on a confession his attorneys say was coerced. They noted that he got key details wrong, describing Williams, who was white, as black and saying she was alone. … In 1994, Gov. L. Douglas Wilder (D) commuted Washington's sentence to life in prison after primitive DNA testing cast doubt on his guilt. In 2000, Gov. James S. Gilmore III (R) pardoned Washington after more advanced genetic testing failed to connect him to the crime and revealed that DNA on the blanket in Williams's apartment was Tinsley's."

Maryland Man Convicted Of 1985 Slaying Forgoes Retrial. The Baltimore Sun (8/23, Bykowicz) reports, "Robert C. Griffin spent two decades in prison for a Baltimore murder he says he did not commit. Tuesday, the 71-year-old proclaimed his innocence again, but then he took a plea deal and left the courthouse a free man." The Sun continues, "Griffin was convicted in May 1986 of first-degree murder in the stabbing and strangling death of his girlfriend, Annie Cruse, 20, whose body was found in Druid Hill Park. That conviction, which carried a life sentence, was overturned last year because recent testing showed DNA found in Cruse's body was not Griffin's." The Sun adds, "This was the first time in Baltimore that a murder conviction was turned around by new DNA testing, though it is not a black-and-white example of a wrongful conviction. Griffin's plea now punctuates his case with a question mark. .. . His new trial was to begin Tuesday. But when the prosecutor asked to postpone the trial, Griffin entered an 'Alford plea,' meaning he did not admit guilt but acknowledged that prosecutors had enough evidence to convict him. … As part of the plea, to second-degree murder, Griffin was sentenced to time served. The plea will be entered as 'guilty' in court records. Griffin has been out on bail since January and lives with family members in Baltimore."

Waiving Extradition In California, Karr Headed To Colorado. John Mark Karr, who confessed to killing six-year-old JonBenet Ramsey in Boulder, CO, in 1996, made his first appearance in a Los Angeles courtroom on Tuesday and agreed to be extradited to Colorado.

The CBS Evening News (8/22, story 2, 2:40, Schieffer) reported, "In a Los Angeles courtroom today John Mark Karr waived extradition and will be heading to Colorado now to face charges in the JonBenet Ramsey slaying and from what we heard today, prosecutors intend to throw the book at him." CBS continues, "Karr's only objection (at the hearing) voiced through his attorney was that he had to wear the clothes of a prisoner, an orange jump suit instead of a suit and tie. Standing behind his court-appointed public defender, John

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Mark Karr agreed to go to Colorado to face charges of murdering, kidnapping and sexual assault of a child."

ABC World News Tonight (8/22, story 5, 2:20, Gibson) reported, "Today, on 'Good Morning America,' Karr's former lawyers said his public comments do not amount to a confession." Patience Van Zandt, former Karr attorney: "I think that Mr. Karr was doing his best under circumstances for which he was not prepared, but I certainly wouldn't classify it as a confession." Nauert: "The Boulder district attorney is building her case, looking for physical evidence, including the DNA of an unknown white male taken from the crime scene. Other evidence that may come into play includes analysis of handwriting samples of the murder scene. Handwriting analyst said he sees unique traits in Karr's writing which match up with the random note."

NBC Nightly News (8/22, story 9, 2:05, Williams) reported, "Karr was returned to his Los Angeles county lockup. Colorado has until September 6 to physically bring him back to the state. However soon Karr is returned, investigators here in Boulder County should already know the answer to a key question is there a DNA match? A match between DNA samples Karr has reportedly surrendered and the DNA taken from under the victim's fingernails and one article of clothing."

The Los Angeles Times (8/23, Muskal, Span) reports, "John Mark Karr, the suspect in the murder of 6-year-old JonBenet Ramsey, waived his rights this morning and will be sent to Colorado, where the body of the child beauty queen was found a decade ago." The Times continues, "Karr, 41, appeared this morning in court after a night in a high security cell in Los Angeles County's Twin Towers jail. He wore standard orange jail clothes, was shackled at the waist and looked passive as he peeked out from above a metal bar that partially obscured his face from television cameras. … The proceeding lasted about four minutes as Judge Luis A. Lavin read the details of the waiver. … Karr was returned to custody without bail to await the transfer by Colorado officials. Court spokesman Alan Parachini said he didn't have a timetable for Karr's transfer."

The New York Times (8/23, Archibold) reports, "Mr. Karr, 41, a teacher with a record of child pornography charges, answered softly, 'Yes, Your Honor,' when Judge Luis A. Lavin of Superior Court asked if he understood that by waiving extradition he would be transported to Colorado where the district attorney is weighing whether to formally file the five charges contained in an arrest warrant issued Aug. 15. … And with that two-minute hearing over, Los Angeles County Sheriff's Department deputies escorted Mr. Karr from the courtroom and back to his cell in a county jail downtown. The Colorado police are expected to pick him up in the next day or two to complete his journey to Boulder from Bangkok, Thailand, where he was arrested last Wednesday." The Times notes, "Boulder prosecutors have not said what prompted them to arrest Mr. Karr when they did, but a University of Colorado journalism professor in Boulder, Michael Tracey, has revealed that in May he gave the police a lengthy exchange of e-mail messages with Mr. Karr in which the suspect had expressed his infatuation with JonBenet in alarming terms."

USA Today (8/23, Kasindorf) reports, "Immigration officials in Bangkok, where Karr had been living on and off for two years, detained him Aug. 15 on an arrest warrant issued in Boulder. Karr told reporters in Bangkok that he was with JonBenét when she died and called her death 'an accident.' … Deputy Public Defender Haydeh Takasugi, who represented Karr at Tuesday's hearing, said that news coverage was 'getting (Karr) a little bit stressed out.' … Karr had a jailhouse conference Monday with Jamie Harmon, a San Jose, Calif., defense lawyer. She said Tuesday that Karr 'looked much more together (in court) today.' … 'Mr. Karr has been portrayed by the media as … mentally unstable, attention-seeking, mentally unwell,' Harmon said. 'And he is none of those things. He is anxious to address the allegations against him, and to be portrayed in a more accurate way.'"

The Washington Post (8/23, A3, Geis) reports, "Karr wore orange jail scrubs, and his hands were cuffed to his waist during a two-minute proceeding in the Los Angeles courtroom." Takasugi "asked that her client be allowed to wear street clothes when he is sent to Boulder to avoid tainting potential jurors who might see television images of him arriving. The judge denied her request." The Post adds, "It was Karr's first court appearance since Boulder authorities arrested him in Thailand last week. In Bangkok, where he had been living in a hotel, the 41-year-old teacher told reporters that he was with JonBenet when she died. The 6-year-old was found strangled in her Boulder home the day after Christmas in 1996. … Yet Lara Knutson, one of Karr's former wives, has said that he never missed a family Christmas celebration or left on a trip soon afterward. And Gary C. Harris, a lawyer for Karr's father and brothers, has said that they recall the same thing."

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Karr Could Face Death Penalty. On the CBS Evening News (8/22, story 3, 1:25, Schieffer), CBS news legal analyst Andrew Cohen said the death penalty in this case "is an open possibility … First degree murder with premeditation in Colorado brings with it the possibility of the death penalty. Guarantee that that's what prosecutors are going to go for. You can imagine they don't want to talk very much about that option because they are hoping John Mark Karr continues to talk to them about the world and what did or did not happen to JonBenet Ramsey."

In Role Reversal, Judge Serves As Witness In Murder Case. The New York Times (8/23, Kilgannon) reports, "In countless criminal trials during his decade-long career in the Queens County (NY) Courthouse, Jaime A. Rios, a State Supreme Court judge, has presided over the grilling of witnesses and evaluated accusations of all sorts of lurid misdeeds. … But yesterday, Justice Rios was not behind the bench. Instead, he was beside it — on the witness stand — being questioned by Ronald L. Kuby, a prominent defense lawyer, as to whether he tainted the murder trial of a Queens man convicted in his courtroom in 2003. 'Witness entering,' a court officer announced before Justice Rios, looking distinguished in a dark suit, took the witness stand." The Times continues, "Mr. Kuby is representing Tyrone Johnson, who was convicted of fatally shooting a nightclub owner in 2000 by a jury in Justice Rios's courtroom. Mr. Kuby is seeking to overturn Mr. Johnson's conviction, and in yesterday's hearing he tried to show that Justice Rios was biased toward the prosecution and unfairly coached a prosecutor on how to proceed against Mr. Johnson. … So roles seemed reversed yesterday, as Mr. Johnson calmly watched his theatrical lawyer make Justice Rios — who two years ago sentenced him to 20 years to life in prison — squirm and deny that he had coached the prosecution." The Times notes, "In response to a harsh line of questioning from Mr. Kuby, the judge seemed apprehensive and invoked judicial privilege in refusing to answer some questions. He said he remembered little of what Mr. Kuby was asking about. … Adding to the tension was the testimony, earlier in the day, of Justice Rios's longtime law clerk, Judith Memblatt, 48, who was fired by the judge in 2004. In a federal wrongful-termination lawsuit, she has accused him of having an affair with a Queens prosecutor, Meryl A. Lutsky, that was such an 'open secret' in the district attorney's office that the judge regularly curried favor with prosecutors to keep them from exposing him."

Qwest Supports Mandatory Data Retention Laws. CNET News (8/23, McCullagh) reports, "Broadband company Qwest Communications International on Tuesday strongly endorsed federal legislation requiring Internet providers to keep records of their customers' behavior, a move that could accelerate efforts in Congress to enact new laws." CNET continues, "Jennifer Mardosz, Qwest's corporate counsel and chief privacy officer, applauded efforts by politicians to force broadband providers to engage in so-called 'data retention,' which Attorney General Alberto Gonzales said will aid in investigations into terrorism and child exploitation. This appears to be the first time a broadband provider has called for data retention laws. … 'We support legislation related to data retention,' Mardosz said at the Progress and Freedom Foundation's annual summit here. Mardosz said Qwest 'absolutely' endorses a measure proposed in April by Rep. Diana DeGette, a Colorado Democrat." CNET adds, "In a public flip-flop, the Bush administration now is lobbying for data retention laws, even though it previously expressed 'serious reservations about broad mandatory data retention regimes.' Rep. Joe Barton, the influential chairman of the House Energy and Commerce Committee, has endorsed data retention and is expected to introduce a bill after the panel completes a series of hearings on child exploitation. … 'We support legislation,' Mardosz said Tuesday. 'We want to be at the table. We want to have these discussions. The main thing is what's reasonable and balancing the interests of privacy and law enforcement.' Qwest already keeps logs for more than 99 percent of its services for one year, she said. … This is an unusual stand for Qwest, which defended its customers' privacy rights when requiring the National Security Agency to obtain a court order to conduct electronic surveillance, according to a USA Today article in May. The Denver-based company has a market capitalization of $16.5 billion and says it has 784,000 wireless customers and 1.7 million DSL (digital subscriber line) customers."

Academic Researchers Tempted By Retained Data. The New York Times (8/23, Hafner) reports, "When AOL researchers released three months' worth of users' query logs to a publicly accessible Web site late last month, Jon Kleinberg, a professor of computer science at Cornell, downloaded the data right away. But when a firestorm over

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privacy breaches erupted, he decided against using it. … 'Now it's sitting there, in cold storage,' said Professor Kleinberg, who works on algorithms for understanding the structure of the Web and searching it. 'The number of things it reveals about individual people seems much too much. In general, you don't want to do research on tainted data.'" The Times continues, "After the data was released for academic researchers like Professor Kleinberg to work with, many were torn, loath to conduct research with it as they balanced a chronic thirst for useful data against concerns over individual privacy. … It is one of the frustrations of being an academic researcher in a world that has grown highly commercial. Data is everywhere, but there is precious little of it for university researchers to work with. Raw data about people's online behavior — the grist for many an academic researcher's mill — remains locked up inside large companies, accessible only to a subset of corporate researchers." The Times adds, "The AOL incident has set off a flurry of divergent opinions in the academic community over the appropriateness of using the data for academic research. .. . Some see the data as too valuable to withhold altogether. 'One of the biggest problems is trying to get real data,' said Christopher Manning, an assistant professor of computer science and linguistics at Stanford University. … Academia has a longstanding disadvantage when it comes to raw data. While fresh data sets are routinely made available to researchers at large companies like Google, academia has largely made do with the same two sets of search data — one from Excite and one from Alta Vista — for nearly 10 years."

CIVIL LAW:

US Faces Wave Of Damage Awards In Spent Nuclear Fuel Lawsuits. The National Law Journal (8/23, Coyle) reports, "The federal government may soon face the first wave of damages awards in its long-running, multibillion-dollar breach-of-contract litigation with the nation's utilities over disposal of spent nuclear fuel." The Journal continues, "The U.S. Court of Federal Claims has damages decisions pending in six of the more than 60 originally filed cases, which, by some industry estimates, could cost the government upward of $50 billion. … Some judges in those six completed cases have indicated that they will be ruling imminently, which is good news to utilities and their lawyers, some of whom have waited as long as five years just for resolution of fully briefed summary judgment motions. … But even if damages are forthcoming, lawyers, like veteran government contract litigator Jerry Stouck of the Washington office of Greenberg Traurig, harbor no illusions that the end of this litigation saga, begun for some in 1998, is in sight. … 'The Court of Federal Claims does a reasonably good job of getting the work done and resolving small disputes in government contracts and federal personnel cases, but when it comes to these big megacases, like Winstar [breach-of-contract suits against the government by savings and loan associations] and spent nuclear fuel, it's a very long and slow and hard row to fight the federal government,' he said." The Journal notes, "Stouck, who is handling four of the most recently completed six cases, said that he believes the utilities will 'mostly win,' and 'big numbers are coming up pretty soon.' But he also said that there is no doubt the government will appeal the damages awards. … 'What's the downside for the government?' he asked. 'There is no prejudgment interest charged. What does the government have to lose? Sure, there will be appeals.'"

Golden Ventures Settles Medicare Fraud Charges With US. The Arkansas Democrat-Gazette (8/23, Whalen) reports, "Legal officials at Golden Ventures, the Fort Smith-based support services division of the former Beverly Enterprises Inc., last week agreed to a $ 20 million, out-of-court settlement with the U. S. Department of Justice." The D-G continues, "The Justice Department on Friday announced the agreement after it alleged MK Medical, the nursing home operator's wholly-owned medical equipment subsidiary, cheated Medicare and Medi-Cal, a health care program jointly funded by the state of California and federal government. … 'We are committed to pursuing allegations of fraud against federal health care programs, and to safeguarding federal funds against false claims,' said Kevin V. Ryan, U. S. Attorney for the Northern District of California." The D-G adds, "Under the False Claims Act, the government alleged the defunct operating unit failed to obtain proper claims and medical documentation during a four-year period ending in 2002. … Beverly agreed to pay $ 14. 5 million to the U. S. government and $ 5. 5 million to California. Beverly has until Sept. 1 to finalize the settlement payment, according to terms in the Justice Department's press release. … In an e-mailed statement, the privately-held nursing home operator said it initiated the settlement with federal investigators."

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CIVIL RIGHTS:

DOJ Presses Springfield, MA, On Help For Hispanic Voters. The Springfield (MA) Republican (8/23, Goonan) reports, "A hearing is scheduled on Monday in U.S. District Court to consider if the city - recently accused of violating the rights of Spanish-speaking voters - must immediately take corrective action in time for the Sept. 19 primary." The Republican continues, "The U.S. Department of Justice filed a motion in federal court this week, seeking a temporary restraining order against the city to halt alleged violations of the Voting Rights Act pertaining to the Hispanic voters. The initial suit was filed on Aug. 2. … The Justice Department is asking Judge Michael A. Ponsor to order the city to hire additional bilingual poll workers to assist Spanish speaking voters citywide, and to authorize federal observers at the polls this fall. The hearing is at 2:30 p.m." The Republican adds, "City Solicitor Edward M. Pikula said yesterday that rather than help the city, the federal agency filed suit and then sent a team of lawyers to solicit complaints. 'It's unfortunate that the Department of Justice is acting like the 10-ton elephant as opposed to a resource to help us implement improvements,' Pikula said. … A Justice Department spokeswoman said yesterday the city has been legally obligated to provide proper materials and assist Spanish speaking voters at the polls since 1992, but has failed to comply despite repeated letters and discussions. … 'These violations are egregious and the Justice Department is convinced that Springfield will maintain its state of non-compliance causing irreparable harm to thousands of voters without an order by a federal court,' spokeswoman Cynthia J. Magnuson said."

New Mexico ACLU Sues DEA For Allegedly Violating Armenian Couple's Rights. The AP (8/23) reports, "The American Civil Liberties Union of New Mexico has sued the U.S. Drug Enforcement Administration and two law enforcement officers, contending an Armenian couple whose train stopped here last year were illegally searched and roughed up." The AP continues, "The ACLU filed the lawsuit Monday in U.S. District Court in Albuquerque on behalf of Diana Arutinova and her partner, Edgar Manukian. The residents of Burbank, California, are seeking unspecified compensatory and punitive damages." The AP adds, "Special Agent Steve Robertson, a spokesman for the DEA, said the agency does not comment on pending litigation. … 'Obviously if there's an ongoing judicial process, it's unfair to any of the parties involved to make a comment right now,' he said." The AP notes, "Arutinova and Manukian were traveling last August when their train stopped for about 40 minutes. During that time, the two were told by an officer that they were 'suspicious,' according to the lawsuit. … The two were ordered to the luggage area of the train car, and their bags were searched. At one point, an officer pulled bras and underwear from Arutinova's personal bag and examined them with an exaggerated smile, while the other two officers laughed, made coarse jokes and called the couple inappropriate names, the lawsuit says."

Some States To Allow Pharmacists Not To Dispense Contraceptives. The Washington Times (8/23, Price, 88K) reports lawmakers in "nearly half the states have introduced bills in this year's legislative sessions to allow pharmacists not to fill prescriptions for emergency contraception or other birth-control medicines based on their religious or moral objections." Four states, Arkansas, Georgia, Mississippi and South Dakota, have passed laws that permit druggists to deny certain prescriptions, including emergency or other contraceptives."

NYTimes Calls For New Drug Testing Protections For Inmates. The New York Times (8/23, 1.21M) says in an editorial, "Prisoners' rights advocates are understandably worried about an advisory panel's recommendation that the government overhaul the rules for testing drugs on prison inmates. The advocates fear a return to the medieval situation of just 30 years ago, when inmates were often subjected to dangerous and unethical experimental procedures." The "shameful history makes it imperative that any change in testing policies be accompanied by oversight regulations far stronger than those now in existence. That said, a new report from the Institute of Medicine offers a possible outline for moving toward a system of testing that could benefit both the population as a whole and prison inmates, who tend to be among the sickest, most disease-prone people in society."

ANTITRUST:

Michigan Minimum-Service Plan Faces Governor's Veto. Inman News (8/23, Roberts) reports,

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"A proposal in Michigan to require all real estate agents to perform a minimum set of services for clients when entering into an agency agreement has met opposition from the state's governor after the U.S. Justice Department and a state regulatory agency announced objections to the legislation." Inman continues, "In a legislative report this month, the Michigan Association of Realtors -- which is pushing for the legislation -- announced that 'as the bills were poised for a vote, the governor has made it clear that she will veto the legislation as written,' and 'pressured the Democratic caucus in the Senate to vote "no."' … Liz Boyd, press secretary for Michigan Gov. Jennifer Granholm, said today, 'At this point we have concerns about the bills. We have serious concerns -- certainly we're not supporting the bills at this point.'" Inman adds, "House Bills 4849 and 4850 would continue to allow real estate licensees in the state to provide lesser service than these mandated services, though only by acting in a non-agent role. Critics have said the legislation could make limited-service offerings less attractive and multiple listing services operating in the state could potentially block the public display of property listings related to these non-agency relationships. Most MLSs in the country are affiliated with Realtor trade groups. … Limited-service real estate offerings can include fee-for-service options that allow consumers to take on some of the responsibilities in a real estate transaction that would typically be handled by an agent. Some companies offer to list properties in an MLS for a flat fee, for example, while providing few or no other services for clients."

FTC Gives Antitrust Not To HCA Deal. Bloomberg (8/23, Rapaport) reports, "A group of private investors, including Bain Capital, Merrill Lynch Private Equity and Kohlberg Kravis Roberts & Co., has received antitrust clearance to buy HCA Inc. for $33 billion." Bloomberg continues, "The Federal Trade Commission said Monday that it granted early termination Friday for the waiting period required under antitrust law before the investors can acquire Nashville, Tenn.-based HCA, the largest U.S. hospital operator with some 40 hospitals in Florida. Of that, HCA operates 10 in the Tampa Bay area, including Brandon Regional Hospital." Bloomberg adds, "The green light from regulators will allow the buyers to complete the purchase in the fourth quarter. The $51-a-share buyout would take HCA, founded in 1968 by the father and brother of Senate Majority Leader Bill Frist, R-Tenn., away from public shareholders for the second time. … The purchase will put the new owners at the center of a national fight over health costs that involves insurers, employers and the government."

Judge Allows Blockbuster Counterclaims Against Netflix To Proceed. The AP (8/23) reports, "A federal judge on Tuesday denied a move by Netflix Inc. to throw out antitrust claims filed against the online movie-rental company by rival Blockbuster Inc." The AP continues, "The companies are fighting over two Netflix patents that protect how subscribers create a list of movies they want to see. … Judge William Alsup's ruling was procedural and didn't decide the merits of the case. … However, the judge wrote that Blockbuster had found 'potential bad faith' by Netflix, including that Netflix may have failed to disclose earlier patented technology when applying for its patents. … If Blockbuster's charges are proven true, it could amount to an antitrust violation, the judge wrote." The AP adds, "Alsup's ruling was the latest twist in a legal fight that began in April, when Netflix went to court seeking to shut down Blockbuster's online rental service. Netflix, based in Los Gatos, Calif., claimed that Blockbuster violated two of its patents, one issued in 2003 and another in 2006. … In June, Dallas-based Blockbuster filed antitrust counterclaims against Netflix charging that Netflix's patents were obtained through deceptive practices as part of a bid to monopolize the online-rental business. … Blockbuster claims Netflix didn't mention patents held by NCR Corp. in its own patent application. Netflix has sued NCR to establish that it didn't violate NCR patents for ordering and downloading material from online repositories, Alsup said."

Winner In BlackBerry Patent Case Faces Accusers. The Wall Street Journal (8/23, Rhoads) reports, "In March, a patent holding company led by lawyer Donald Stout won a $612 million settlement from the maker of the BlackBerry email device in a patent-infringement case. Mr. Stout celebrated with a three-week hunting trip to New Zealand, where his good fortune continued. With a bow and arrow, he killed a rare red stag. … Now Mr. Stout is himself in the sights of claimants who accuse him of getting more than his fair share of the money. At the center of the dispute is a long-defunct company called Telefind Corp. involved 16 years ago with creating the email patents at issue in the BlackBerry case." The Journal continues, "One person suing Mr. Stout alleges the lawyer, who was Telefind's patent attorney, committed fraud to keep the patents from the hands

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of Telefind's creditors. Children of Telefind's late chief executive say their father helped invent the technology. They claim they were unfairly cut out of the winnings. … Mr. Stout dismisses the allegations, noting that a judge agreed with his version of events in 1993."

SCOTUS Lets Stand Ruling Against EchoStar On TV Transmissions. The Washington Post (8/23, D2, Hart) reports, "Hundreds of thousands of Dish Network subscribers could lose access to shows on traditional television networks as early as today after a Supreme Court justice's decision yesterday that brings an end to lawsuits that have been tied up in court for more than eight years." The Post continues, "U.S. Supreme Court Justice Clarence Thomas yesterday let stand a May ruling by the U.S. Court of Appeals for the 11th Circuit that ordered EchoStar Communications Corp., the parent company of Dish Network, to stop transmitting network programming to 800,000 subscribers -- those who live in mostly rural areas too far to receive local stations with regular antennas." The Post adds, "The decision stemmed from lawsuits filed by News Corp.'s Fox Network and stations affiliated with the four major networks, all claiming that EchoStar has been illegally offering distant-network signals to customers who are capable of receiving television signals from nearby cities. … Rural customers who live within the reach of a local television broadcast are not eligible to receive network programming from a satellite TV company, which usually offers transmissions from stations in large cities, such as New York or Los Angeles."

WSJournal Says Protectionist Law Wreaking "Havoc" In Wireless Phone Industry. The Wall Street Journal (8/23, 2.03M) says in an editorial, "Seventy-six years ago, the Smoot-Hawley Tariff Act wreaked havoc on the U.S. economy. Today, a little-known provision of Smoot-Hawley, Section 337, is poised to take its own turn in the protectionist limelight by potentially crippling the U.S. wireless-phone industry. Other high-tech companies could follow in the dock." The peril "comes from the International Trade Commission (ITC), an obscure federal agency that typically deals with trade but suddenly is telecom central. There are currently cases before the ITC affecting virtually every mobile-phone operator in the country and most of the largest handset makers in the world." The companies "are seeking an edge against their rivals via 'exclusion orders,' which would ban the import of products said to violate U.S. patent (yes, patent) law. Depending on how the cases are ultimately decided, millions of cell phones could be barred from the U.S. market at a cost to the phone makers and network operators of billions of dollars."

ENVIRONMENT/INDIAN AFFAIRS:

Judge Rejects Administration's Sequoia Logging Plan. The New York Times (8/23, Mckinley) reports, "A federal judge struck down a Forest Service plan on Tuesday that would have allowed a commercial lumber company to harvest trees from inside the Giant Sequoia National Monument, a soaring woods in central California." The Times continues, "The ruling, by Judge Charles R. Breyer of Federa District Court, said the Forest Service's plan for the monument, presented as an anti-fire effort to clear trees, brush and other natural kindling, lacked 'coherent or clear guidance.' … After the state attorney general and environmental groups each filed suit last year, Judge Breyer issued a preliminary injunction last fall stopping logging in the monument, partly to protect endangered species there. His ruling on Tuesday upholding the prohibition was strongly worded. … 'It is the court's duty to ensure that the Forest Service's plan is coherent and readily discernible,' Judge Breyer wrote. Instead, he found that the monument plan was 'decidedly incomprehensible.'" The Times notes, "Environmental groups hailed the decision as a sharp rebuke to the Forest Service, saying the plan would have allowed the logging of 7.5 million board feet a year. … 'We're elated that the Giant Sequoia National Monument is protected for now,' said Pat Gallagher, the director of environmental law for the Sierra Club. … Matt Mathes, a spokesman for the Forest Service, said the agency was 'very disappointed' in the ruling. … 'We have spent a tremendous amount of time and effort in developing a management plan,' Mr. Mathes said. 'Now, we'll sit down with our attorneys and the U.S. Department of Justice and decide what to do next.' … Mr. Mathes said an appeal was an option. Cynthia J. Magnuson, a spokeswoman for the Justice Department, which represented the Forest Service in the case, said the judge's decision was under review."

The AP (8/23, Chea) reports, "In lawsuits filed last year, Lockyer and conservation groups said the agency's plan, issued in January 2004, violated the proclamation signed by President Clinton in 2000 that established the national monument to protect sequoias, which can grow up to 270

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feet tall and 30 feet in diameter." The AP continues, "The plaintiffs argued the plan failed to consider its environmental impacts as required by the National Environmental Policy Act, calling it as a scientifically suspect strategy meant to satisfy the timber industry under the guise of wildfire prevention. … The plan would have allowed up to 7.5 million board feet of timber - enough to fill 1,500 logging trucks - to be removed each year from the monument in Sierra Nevada, the plaintiffs said. … In September last year, Breyer issued a preliminary injunction to halt logging in the national monument that began two months earlier. Tuesday's ruling makes the injunction permanent and forces the Forest Service to develop a new management plan."

Global Warming Said To Threaten Native Villages In Alaska. The CBS Evening News (8/22, story 8, 2:45, Bowen, 7.66M) reported, "America's spectacular last frontier, Alaska, is now earth's hot spot." The Eskimo village of Shishmaref, "a barrier island town of 600 on the state's west coast where natives still survive on the salmon and seal they catch and the ivory and bone carvings they sell to outsiders." But "there's nothing permanent about the village now with the sea swallowing up one home after another. That's because the protective sea ice that used to buffer the village against storms isn't as massive or long lasting. The weather's too warm for too long, making the shoreline vulnerable to erosion, an average of ten feet a year." What the villagers "want is to move as a whole, power plant, new school, every house on the island. Estimated cost? $180 million." Scientists "say there are 180 more native villages that need to be relocated before they are lost. The price will run into the billions just for Alaska's villages."

FBI/DEA/ATF/USMS:

4th Circuit Overturns Conviction Of Virginia Pain Doctor. The Washington Post (8/23, B1, Markon) reports, "A federal appeals court threw out the conviction of William E. Hurwitz yesterday, granting the prominent former Northern Virginia pain-management doctor a new trial because jurors were not allowed to consider whether he prescribed drugs in good faith." The Post continues, "The decision again galvanized the national debate that the Hurwitz case had come to symbolize: whether fully licensed doctors prescribing legal medication to patients in chronic pain should be subject to prosecution if their patients abuse or sell the drugs. Patient advocate groups strongly supported Hurwitz and expressed concern that his conviction would have a chilling effect on pain doctors." The Post adds, "The Richmond-based U.S. Court of Appeals for the 4th Circuit acknowledged that prosecutors presented 'powerful' evidence at Hurwitz's trial that was 'strongly indicative of a doctor acting outside the bounds of accepted medical practice.' Hurwitz was convicted in December 2004 of running a drug conspiracy from his McLean office, causing the death of one patient and seriously injuring two others. … But a three-judge panel concluded that U.S. District Judge Leonard D. Wexler improperly told jurors that they could not consider whether Hurwitz acted in 'good faith' when he prescribed large amounts of OxyContin and other painkillers -- in one instance, 1,600 pills a day. .. 'We cannot say that no reasonable juror could have concluded that Hurwitz's conduct fell within an objectively-defined good-faith standard,' the judges wrote, adding that Hurwitz presented evidence that he ran a legitimate medical practice and believed that his prescriptions were 'medically proper.' … The ruling sends the case back to U.S. District Court in Alexandria for another trial. Hurwitz's attorney, Marvin D. Miller, said the 'good faith' argument ran to the core of Hurwitz's defense because 'he believed what he was doing was helping patients with their pain.' … James Rybicki, a spokesman for U.S. Attorney Chuck Rosenberg, said prosecutors are reviewing the decision and 'studying our options on how to proceed.' The government could appeal to the entire 4th Circuit or the U.S. Supreme Court."

The AP (8/23) reports a doctor "convicted of drug trafficking for prescribing massive doses of OxyContin and other painkillers to his patients will get a new trial. William E. Hurwitz, a prominent pain specialist, was convicted in 2004 of 50 counts, including conspiracy and drug trafficking resulting in a patient's fatal overdose. He was sentenced to 25 years in prison."

Kentucky Officer Among Four Indicted In Drug Case. The Lexington Herald-Leader (KY) (8/23, Estep) reports, "In the same period he helped arrest scores of drug dealers, the assistant police chief in Manchester (KY) conspired with one to sell a million dollars worth of cocaine and pain pills, a federal grand jury has charged. … The officer, Todd Roberts, was named in an indictment released yesterday." The Herald-Leader continues, "Three people are charged with him: Vernon Hacker, 53, coordinator of the

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Manchester-Clay County 911 system and a city council member, who also has worked as a deputy sheriff; Bobby Joe 'Fabio' Curry, 55, of Clay County, who has been arrested several times on drug charges; and Tammy Napier, who is in her mid-30s and also has faced drug charges previously." The Herald-Leader adds, "The indictment is the second in as many years charging drug involvement and corruption among politically prominent people in Clay County. The county was awash in talk of the latest case yesterday, with much speculation on whether others will be charged. .. . Assistant U.S. Attorney Stephen C. Smith said he could not comment on whether the investigation is continuing. … However, the indictment said that between November 2000 and May 2005, Roberts, Hacker, Curry and Napier conspired 'together and with others' to distribute five kilograms or more of cocaine. Roberts, Hacker and Curry also conspired to sell pills containing oxycodone, methadone and hydrocodone, the indictment said. … Roberts, 35, and Hacker were named in three conspiracy charges in the document, as well as a forfeiture count that seeks a judgment of $1 million. That's how much the drug ring grossed, the indictment said."

Gatlin Agrees To 8-Year Suspension For Doping Violation. The AP (8/22) reports sprinter Justin Gatlin "agreed to an eight-year ban from track and field Tuesday, avoiding a lifetime penalty in exchange for his cooperation with doping authorities and because his first positive drug test was deemed an honest mistake. … Gatlin tested positive in April for testosterone or other steroids, five years after his first positive test, which was for medicine to control attention-deficit disorder. Under the World Anti-Doping Agency code, a second doping offense calls for a lifetime ban. But Gatlin reached a compromise with the U.S. Anti-Doping Agency. Under terms of the compromise, he can still appeal to an arbitration panel in the next six months to have the term reduced."

USA Today (8/22, Patrick) reports Gatlin "could also be called as a witness to the federal grand jury investigating the 3-year-old Bay Area Laboratory Co-Operative (BALCO) steroid scandal. … The case is about more than Gatlin. It's also about his coach, Trevor Graham, who now has had at least seven athletes test positive for banned drugs. Graham precipitated the BALCO scandal in June 2003 when he sent a vial containing a designer steroid to USADA, which found a way to identify the previously undetectable substance thanks to work by the Olympic testing lab at UCLA."

The Washington Post (8/23) reports Gatlin "also promised to cooperate by assisting in anti-doping efforts, but USADA attorney Travis Tygart declined to elaborate on what that cooperation would entail. Gatlin apparently has not agreed to provide information that would assist USADA's investigation of his coach, Trevor Graham, for allegedly giving drugs to athletes."

McClatchy Newspapers (8/22, Hersh) reports Gatlin's "promise to cooperate could include willingness to provide evidence against his coach, Trevor Graham, who has been the target of anti-doping investigators the last three years. Gatlin is one of 10 athletes suspended for doping violations that occurred while Graham was their coach."

Network TV Coverage. ABC's Nightline (8/22, 11:30 p.m.) reported, "Justin Gatlin is no longer one of the world's fastest men. He received an eight-year ban from track and field for testing positive for testosterone and steroids. But he has agreed to cooperate with investigators. Gatlin is 24 years old. An eight-year ban will essentially knock him out of competition for the rest of his life."

NBC Nightly News (8/22, 7:30 p.m.) reported, "U.S. Sprinter Justin Gatlin has accepted an eight-year ban from track and field. He failed a drug test in April for testosterone. … He could return to track when he's 32 years old. At the age of 32, Justin Gatlin has basically ended his career."

Former Canadian Border Agent Gets 3-Year Sentence In Drug-Smuggling Case. The AP (8/23) reports a former Canada Border Services Agency official with 20 years experience "has been sentenced to three years in U.S. federal prison after admitting she conspired to smuggle more than 100 kilograms of marijuana into the United States. Rose Palmer, 53, rode in vehicles that were transporting marijuana because U.S. border inspectors would not search vehicles she was riding in," according to the U.S. Attorney's office in Vermont. The Vermont-Quebec border "has been the site of frequent marijuana-smuggling attempts."

More States Focus On Creating Meth Offender Registries. USA Today (8/23, Leinwand) reports states "frustrated with the growth of toxic methamphetamine labs are creating Internet registries to publicize the names of people convicted of making or selling meth. … As meth labs have spread east from California during the past decade, most states have increased penalties

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for meth manufacturing and restricted the sale of medicines used to make the drug. Those laws have contributed to a decline in meth labs, according to the Drug Enforcement Agency, which reported that authorities found more than 17,000 labs in 2003 and more than 12,000 last year. … The meth-offender registries have not been challenged in court, but the American Civil Liberties Union (ACLU) and other critics say there are legal and practical drawbacks to them."

In a separate story, USA Today (8/23, Leinwand) reports supporters of meth registries "cite a U.S. Supreme Court decision in 2003 that upheld state registries for sex offenders, but the ACLU says the court was endorsing a narrow exception to laws that ban double jeopardy for convicts because of the particular danger sexual predators can pose to communities. The ACLU says the ruling should not apply to meth offenders, and that such Internet registries could set a precedent that compromises the rights of a range of offenders."

US Claims Pennsylvania Man Lied In Purchasing Gun Before Fatal Shooting. The Allentown (PA) Morning Call (8/23) reports, "The gun used to kill a Reading police officer Aug. 6 was purchased just 23 days earlier from a Coopersburg gun shop by a Lehigh Valley man who used his grandmother's Whitehall address on his application, prosecutors said today." The Call continues, "U.S. District Court Judge Arnold Rappoport denied bail for Jared Tomline, 28, after prosecutors said during a detention hearing in Allentown that Tomline purchased seven guns -- including the .40 caliber handgun used in the murder of Officer Scott Wertz-- over a seven-month span from December of last year through July. .. . The whereabouts of the other six handguns is unknown, prosecutors said." The Call adds, "Tomline was charged last week by agents with the federal Bureau of Alcohol, Tobacco and Firearms with one count of filing a false statement in the purchase of a firearm. .. . State Trooper David Conrad, who is assigned to the ATF's Reading bureau, testified that Tomline bought the .40 caliber handgun from Def Con 1 in Coopersburg on July 14. Federal law requires that the purchaser provide a home address, and Tomline listed his grandmother's address at 3107 Park Ave. Whitehall on his application. … Conrad testified that he interviewed the grandmother, who said Tomline used her address to receive his mail, but did not live there."

IMMIGRATION:

Gonzales Doubtful About Swift Passage Of Immigration Bill. The AP (8/23) reports, "Attorney General Alberto Gonzales says it's unlikely Congress will agree on an immigration bill before the November elections. … 'It's really going to be a challenge to get something done before the election,' Gonzales told The Dallas Morning News' editorial board on Monday. 'But it's got to get done. The problem is only going to be worse.'" The AP continues, "Gonzales said border security should be the first step in any immigration plan. … 'We spend all of this money on securing our ports, securing our airports,' he said. 'To not secure our borders does not make any sense.'" The AP adds, "Any immigration plan must also address the future of the millions of immigrants in the country illegally, he said. … 'I don't think you're going to have true security without knowing who are they, why they're here and what are we're going to do about them,' he said. 'There should be some kind of path to citizenship.'"

Legislators Call For Review Of Border Patrol Agents' Conviction. The Washington Times (8/23, Seper, 88K) reports, "Democrats and Republicans on Capitol Hill have asked for congressional hearings and reviews by the White House and Justice Department into the conviction of two US Border Patrol agents who shot and wounded a fleeing drug suspect. The agents, convicted by a federal jury in El Paso in March, face 20 years in prison at a sentencing hearing next month." Sen. Dianne Feinstein questioned whether the "facts" in the case "justify the length of the sentences for these agents," and Rep. Walter B. Jones has written President Bush, arguing that "the prosecution was 'outrageous.'" Osbaldo Aldrete-Davila, a Mexican national who was wounded as he ran from the agents, "is suing the government for $5 million for violating his civil rights."

Sensenbrenner Claims CBO Underestimates Cost Of Senate Immigration Bill. The Washington Times' "Inside Politics" column (8/23, Pierce) reports House Judiciary Committee Chairman James Sensenbrenner "pointed to a Congressional Budget Office (CBO) report to criticize an immigration bill that passed the Senate. The CBO report estimated the 10-year cost of that immigration bill at $127 billion. 'We are now just beginning to see a glimpse of the staggering burden on American taxpayers the Reid-

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Kennedy immigration legislation contains,' said Mr. Sensenbrenner. … Sensenbrenner said the report actually underestimates the costs of the Senate bill because the millions of illegal aliens provided amnesty would not become citizens, and thus eligible for all social programs, until after the 10-year time frame reviewed by the CBO."

Politicians Trying To Make Most Of Border Photo Ops. USA Today/Gannett News Service (8/23, Madden) reports the US-Mexico border is one of the hottest campaign stops for politicians looking ahead to this fall's elections. Dozens of lawmakers and would-be members of Congress from around the country have made visits to the border this summer, both on their own and for a series of field hearings the House scheduled for its August recess." Republicans and Democrats "alike have gone to the nearly 2,000-mile frontier, hoping to convince voters they'll be tough on illegal immigration in a year when polls show the issue has people concerned." The visits have "yielded stern rhetoric and plenty of photo ops for the politicians, but residents of border communities say they're weary of being used as political props while migrants continue streaming into the country through their backyards. Disdain for visiting politicians from the nation's interior unites some border residents who otherwise disagree about immigration policy."

Some Firms Suing Competitors Over Illegal Immigrant Hiring. The Washington Times/AP (8/23, Prengaman) reports business owners "frustrated by lax enforcement of immigration laws are taking their fight to court, accusing competitors of hiring illegal workers to achieve an unfair advantage." The legal action "is an attempt by business and anti-illegal-immigration groups to create an economic deterrent against hiring illegal employees." In the "first of a series of lawsuits, a temporary employment agency that supplies farm workers sued a grower and two competing companies on Monday. Similar cases claiming violations of federal anti-racketeering laws have yielded mixed results. The California lawsuit is thought to be the first based on a state's unfair-competition laws, legal analysts said." The Santa Monica, Calif.-based Global Horizons "claimed in the lawsuit that Munger Brothers, a grower, hired illegal alien workers from Ayala Agricultural Services and J&A Contractors. All the defendants are based in California's farm-rich Central Valley."

TAX:

Ohio Attorney Convicted Of Tax Evasion. The Toledo Blade (OH) (8/23) reports, "A veteran Toledo lawyer was convicted yesterday in U.S. District Court of tax evasion by using his client trust account to shield his true income." The Blade continues, "Joseph Weisberg, 64, pleaded guilty to willfully evading paying more than $321,000 in federal income taxes over 16 years. … Weisberg, of 8331 Fossil Dr., Sylvania, has been licensed in Ohio as an attorney since 1967. He is an associate with the Toledo firm of Dow, Frankel, Weisberg & Brebberman." The Blade adds, "The plea to the felony offense was accepted by Judge David Katz. Weisberg faces a prison sentence ranging from 24 to 30 months. … Diana Beinart, an attorney with the U.S. Justice Department, told the court sentencing guidelines suggest an 18-month sentence, but the abuse of trust exhibited by Weisberg increased the exposure to the higher level. … She also said the sentence range was offset by Weisberg's acceptance of responsibility for the crime."

DC Circuit Strikes Tax On Emotional Damage Awards. The AP (8/23) reports, "The federal government may not tax the money plaintiffs receive as compensation for emotional distress and other intangible injuries, a federal appeals court said Tuesday." The AP continues, "The U.S. Court of Appeals for the D.C. Circuit struck down as unconstitutional a portion of the tax code that said only compensation for physical injuries is tax exempt." The AP adds, "The ruling affects only Washington, D.C., but, depending on whether the Internal Revenue Service appeals to the Supreme Court or decides to adopt the finding nationwide, it could mean the end of tax bills following a variety of trials, from civil rights disputes to employment discrimination cases. … The court sided with Marrita Murphy, who paid $20,665 in taxes on a $70,000 judgment for emotional distress and injury to reputation following a 1994 whistleblower case against the New York Air National Guard. … The court ruled that such awards were not income but 'compensation for the loss of a personal attribute.' In that sense, they are akin to awards for physical injuries, which are tax exempt, the court said."

IRS Moves Ahead With Private Debt Collection Despite Opposition. The AP (8/23, Caterinicchia) reports, "As the Internal Revenue Service

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prepares to implement a new program that sends private debt collection agencies after delinquent taxpayers, critics - including several lawmakers and the employee union at the Treasury Department - are gearing up to protest it." The AP continues, "Opponents say that the IRS will pay private debt collectors more to do what government-paid employees could do and that the agency is not doing enough to let the public know about the new program, set to launch in early September. … 'I think taxpayers will be very offended and appalled that their tax information is being handed over to' non-IRS tax agents, said National Treasury Employees Union President Colleen Kelley, adding that she has 'no confidence at all' in the agency's ability to make sure the private firms are not overstepping their bounds." The AP adds, "The IRS acknowledges the plan will cost more than hiring additional agents to do the same work, but it points out that Congress authorized the use of such firms back in 2004. The plan is being implemented now because the IRS has funds allocated for such a program and doesn't believe it can get budget authorization to hire additional agents at a time when Congress is cutting government spending to help reduce the federal budget deficit. The agency also says strict security policies are in place with the new program."

IRS Keeping Eye On Emmy Show Swag. USA Today (8/23, Thomas, Keck) reports, "There's a new word circulating in Emmy circles: taxes. … Those stars who pick up all that loot in awards show gift bags and promotional gift suites are supposed to pay a share of the value to the IRS. And this year, the IRS is making sure they know it: 'The dollars involved are so lavish that we need a national outreach program' to raise awareness of the rules, the IRS' Beth Tucker says." USA continues, "As a result, celebs who collect Emmy freebies will get a little something extra: tax forms. Gift bag takers will be required to fill out a tax form, and the Academy of Television Arts & Sciences also will notify the IRS of the basket's value if presenters take one. … The official 2006 gift basket is worth $27,000 to $33,000. And for high-income stars, that could mean $12,000 to $15,000 in federal taxes." USA adds, "The IRS reminders prompted the Oscars to discontinue gift baskets, but discussing such a change for the Emmys is 'premature,' says TV Academy spokeswoman Pam Rubin Golum."

CONGRESS-ADMINISTRATION:

Bush Signs Order On Health Care, Campaigns For GOP House Candidate In Minnesota. In a story headlined "In 4 Hours, Bush Packs A Punch," the Minneapolis Star Tribune (8/23, Black, Lopez, Writers, 398K) reports, "The president pumped more than $500,000 into the campaign coffers of Republican Michele Bachmann. He also signed an executive order on healthcare. In a four-hour, two-event stop in Minnesota on Tuesday, President Bush raised more than $500,000 for the congressional campaign of Michele Bachmann and promoted the major health care ideas of his administration at a forum in Minnetonka." The Star Tribune adds, "At the forum, attended by 300 people, Bush signed an executive order to advance efforts aimed at giving patients more information about health care costs and quality so they can make better decisions."

Bloomberg (8/23, McLean) says Bush "ordered four US agencies to reveal how much they pay for health care and rate its quality, part of an effort to spur competition among doctors and insurers and encourage customers to shop around." The order affects "the Departments of Defense, Health and Human Services, and Veterans Affairs, as well as the Federal Employees Health Benefit Program." The US government, "which pays for about 40 percent of the nation's health care, is pushing for similar changes in the private sector. In yesterday's order, agencies were asked to share the 'walk-in prices' for treatments such as hip replacement as well as the cheaper rates that federal insurers such as Medicare pay." The executive order "is part of a push by the White House to address the soaring cost of Medicare and Medicaid, which along with Social Security are projected to consume 60 percent of the federal budget by 2030."

Bush's visit generated little coverage in national outlets. The networks did not report on it, and some major newspapers are also not covering it in this morning's editions. Like the Star Tribune, most media outlets combine their reporting on the executive order with the President's campaign appearance. The AP (8/23, Riechmann), for example, says that "on a campaign fundraising trip Tuesday," Bush "signed an executive order that the administration said would help Americans choose health care the way they shop for airline tickets and cars." Health and Human Services Secretary Michael O. Leavitt, "speaking to reporters aboard

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Air Force One, said the executive order is a way for the federal government, which pays for up to 40 percent of all health care, to use its purchasing power to push for changes in the health care system."

On its website, Minnesota Public Radio (8/23, Pugmire) also says Bush "mixed policy and politics into a four and a half hour trip to Minnesota." He "even took time to stop for some vanilla custard." The President "made an unexpected stop at Glaciers Custard and Coffee Cafe in Wayzata, where he ordered a cup of vanilla custard."

Another AP story (8/23, Lohn) reports that "in spite of President Bush's sagging approval ratings, most of Minnesota's top Republicans were in attendance" at Bush's health care panel discussion yesterday, "looking spiffy." Bachmann "bubbled with enthusiasm," adds the AP. Her campaign "had already collected more than $500,000 pegged to the presidential visit, before her Wayzata fundraiser began." Patty Wetterling, "the Democratic candidate for the open congressional seat, suggested Bush's help for her opponent underscored the pitched battle in the Republican-leaning district." Some Republicans "worry that voter dissatisfaction with Bush will cost them at the polls in November." But "Gov. Tim Pawlenty, US Sen. Norm Coleman and US Reps. Mark Kennedy, John Kline and Jim Ramstad were on hand."

Across the nation, local TV newscasts presented little coverage of Bush's trip to Minnesota. Among the few stations to mention it was WXIX-TV in Cincinnati (8/22, 10:14 p.m.), which reported, "Bush spent his day pushing health care. At a meeting in Minnesota, the President said federal agencies ought to share price and performance data on doctors and hospitals." WHAS-TV in Louisville (8/22, 5:50 p.m.) said the President "s cutting his vacation time short this year to campaign for Republican candidates around the country. Today he visited Minnesota, participating in a roundtable on health care and a closed-door fund-raiser."

In Minnesota, meanwhile, Bush's visit received heavy coverage. At least fifteen local stations there ran at least thirty segments on the President's trip, with reports combining his participation in a health roundtable with his campaigning for Bachmann. Typical of the local coverage was KARE-TV Minneapolis (8/22, 4:59 p.m.), which reported, "With November fast approaching, President Bush is in full fund-raising mode, helping Republican candidates like Michele Bachmann. But today he did some official business in the Twin Cities, introducing a White House plan for health care reform."

KSTP-TV Minneapolis (8/22, 10:09 p.m.) reported, "The president's four-plus hours in the Twin Cities today, he came to Minnesota in part to talk health care policy, and in part, to talk campaign politics."

WCCO-TV Minneapolis (8/22, 4:58 p.m.) reported, "Bush is raising money in Minnesota right now and will be leaving in about 90 minutes, the visit was part of a campaign stop and a policy push. He traveled to Minnetonka to talk about health care."

Focusing on the health care aspects of Bush's trip, the Wall Street Journal (8/23, Zhang, 2.03M) reports, "The executive order covers one-fourth of Americans with health insurance. The initiative could affect the entire health-care market by setting an example for private insurers, officials say. Counting other programs such as Medicaid, the federal government pays for as much as 40% of all health-care costs in America, Health and Human Services Secretary Michael Leavitt said. … Yesterday, Messrs. Bush and Leavitt called for large employers, unions and state and local governments to follow suit. 'People deserve to know what their health care costs, how good it is, and the choices available to them,' Mr. Leavitt said." And the Washington Post (8/23, A13, Fletcher, 748K) says "the initiative underscores Bush's belief that the nation's health-care system would be more efficient if consumers could shop for the best care at the best price, administration officials say. 'The fact is, if you have excellent information about quality, about service and about price, people make good decisions,' Bush said during a roundtable here to discuss the initiative."

The St. Paul Pioneer-Press (8/23, Olson, Stassen-Berger, 202K) reports "Democrats and privacy advocates criticized Bush's health care initiatives, saying they did little to help the millions of uninsured get health care." But "others said Bush's order will expedite the 'transparency' movement, giving people information that will help them make wise health care decisions."

The Los Angeles Times (8/23, Gerstenzang, 918K) reports, "Left unanswered were questions such as how hospitals would pay for any increased costs they may encounter in establishing and meeting data-sharing standards and how hospitals would demonstrate their charges for specific services." Karen Ignani, president of America's Health Insurance Plans, "said Bush's order 'rewards the delivery of high-quality care, fosters an inter-

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operable healthcare system, and takes steps to ensure that consumers are equipped with the best available information they need to make healthcare decisions.'" But "the president's action drew sharp criticism from one of the top Democrats in the state where he appeared." In a written statement, Brian Melendez, chairman of Minnesota's Democratic-Farmer-Labor Party, "said that Bush and Republican Gov. Tim Pawlenty, who was in the audience, 'have done nothing to promote affordable healthcare in Minnesota or in this country, so the president has come to town to help the governor out with a little election-year gimmickry.'"

Bush Recognizes Local Volunteer. Yesterday, the St. Paul Pioneer-Press (8/22, Stassen-Berger, 202K) reported, "University of Minnesota medical student David Jewison, who spent several weeks last year helping evacuees from Gulf Coast hurricanes, will receive accolades" from Bush "during the president's Minnesota visit. Jewison, 27, will receive a presidential service award."

FDA, MIT Develop Program To Detect Drug Problems. The Washington Post/AP (8/23, A13) reports the Food and Drug Administration and the Massachusetts Institute of Technology "have agreed to develop an automated system to detect unanticipated problems with prescription drugs and medical devices. The system would scour federal and private health-care databases in real time for unusual and emerging patterns that could indicate potential safety concerns."

Baucus Urged To Lift Hold On Treasury Nominee. The Wall Street Journal (8/23, Wells, 2.03M) reports, "A group of law professors, tax attorneys and former government officials urged Sen. Max Baucus to stop blocking the confirmation of Eric Solomon as the Treasury Department's top tax official." Baucus "has called Mr. Solomon 'a good public servant and certainly a tax expert,' but said in July that he would block the confirmation until the Treasury Department develops a detailed plan to close the $290 billion tax gap, a measure of uncollected taxes." The move "has triggered numerous letters in support of Mr. Solomon. The New York State Bar Association, the American Institute of Certified Public Accountants, the Texas Bar Association, more than 90 law school professors and a group of former top Treasury Department officials have signed letters urging Mr. Solomon's immediate confirmation."

OTHER NEWS:

Chicago Chief Says Fed May Boost Rates Again. USA Today (8/23, Hagenbaugh, 2.27M) reports, "The Federal Reserve may have to increase interest rates again to keep inflation in check, the head of the Chicago Fed said Tuesday in a speech that suggested the US central bank's rate-raising campaign may not be over." Chicago Fed President Michael Moskow told the McLean County Chamber of Commerce in Bloomington, IL, "The risk of inflation remaining too high is greater than the risk of growth being too low. … Thus, some additional firming of policy may yet be necessary to bring inflation back into the comfort zone within a reasonable period of time." Moskow "is one of just a handful of Fed policymakers who have spoken publicly since the central bank voted Aug. 8 to leave interest rates unchanged after 17 consecutive quarter-point rate increases."

Some Economists Fear Growth Could Plunge Or Inflation May Soar. USA Today (8/23, Kirchhoff, 2.27M) reports, "The economy is slowing. The question is, how much. In the past several weeks, a slew of data on housing, manufacturing and employment has bolstered Federal Reserve Chairman Ben Bernanke's forecast for moderating growth and diminishing inflation that should eventually eliminate the need for interest rate increases." But "even as stock and bond markets begin celebrating an economic soft landing, a number of economists are crashing the party and trying to bring it down." They "warn that growth could plunge far lower or inflation persist at higher levels than the Fed expects."

Data Add To Concerns About The Housing Market. The Financial Times (8/23, Guerrera) reports, "Americans have sharply cut back on purchases of upmarket houses, according to Toll Brothers, the largest luxury homebuilder in the US, adding to signs of a crisis of confidence among buyers and fears of a consumer-led economic slowdown." Toll's poor third-quarter results, "its first quarterly profit fall in four years – and its warning on the outlook for the rest of the year, mirrors problems at other companies reliant on discretionary consumer spending such as Starbucks, a coffee chain, Home Depot, a DIY chain, and Whole Foods, an organic food retailer."

The Wall Street Journal (8/23, A1, Hagerty, Corkery, 2.03M), meanwhile, reports, "For years, real-estate brokers

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and home builders promised that the soaring property market eventually would glide to a soft landing. These optimists predicted that home prices, which had more than doubled in parts of the country between 2000 and 2005, would continue to rise, but at a more normal pace of 5% or 6% a year. It isn't working out that way." The "rapid deterioration of the market over the past 12 months" has "caught many homeowners and builders off guard. Some are being forced to cut prices far below what their homes could have fetched a year ago. It's too early to say how hard the landing will be, but at a minimum it will be bumpy for many people who need to sell homes. And the economy as a whole, buoyed in recent years by the housing frenzy, could suffer."

The Washington Times (8/23, Ramstack, 88K) says that for homeowners, "in some cases the American dream was built on unrealistic promises of easy loan-repayment terms. Now the easy part of the loan is over as rising interest rates create bigger monthly payments. … Sixty percent of subprime loans, including some ARMs, are scheduled to have their interest rates reset by the end of the year, according to the community activist group Association of Community Organizations for Reform Now (ACORN)."

Stocks Largely Unchanged Yesterday. NBC Nightly News (8/22, story 10, , Williams, 9.87M) reported, "Stocks were barely changed at the end of what was a very light end of summer trading. Dow was down just 5 points [to close at 11,339.84]. Nasdaq gained a little bit more than 2 points on this day [to close at 2,150.02]." The Wall Street Journal (8/23, Browning, 2.03M) says "the broad Standard & Poor's 500-stock index rose 0.10%, or 1.30 points, to 1298.82, up 4.1% this year, but still not near its own record of 1527.46."

State Chief Justices Concerned About Judicial Elections. The Legal Times (8/23, Mauro) reports, "The nation's state chief justices are launching a campaign to remind voters of what used to be obvious: Judicial elections are different from those for other offices." The Times continues, "Voicing 'grave concern' over increasingly partisan and costly campaigns, the Conference of Chief Justices -- representing the top jurists in all 50 states, the District of Columbia, and U.S. territories -- voted Aug. 2 on measures to emphasize the 'unique nature' of judicial elections. At least some of the judges in 39 states are elected. … 'It's the money, it's the judicial questionnaires, it's a whole constellation of things happening now that don't advance the public's confidence in the courts,' says Indiana Supreme Court Chief Justice Randall Shepard, outgoing chairman of the conference, who hosted the chief justices' meeting in Indianapolis. 'We need to get information to bar associations and judges groups about what to do when the fire alarm goes off, or before the alarm goes off, in an election.'" The Times adds, "The chief justices also targeted low judicial salaries, which may be discouraging quality candidates from running. New data indicate that state judges' salary increases are lagging behind those of other state employees as well as private sector lawyers. … Though concern has been building for years about the increase in campaign spending and partisanship in what used to be sedate judicial campaigns, the main impetus for the latest effort by the chief justices is the fallout from a 2002 U.S. Supreme Court decision, Republican Party of Minnesota v. White. .. . That ruling struck down, on First Amendment grounds, a Minnesota canon of judicial ethics that barred candidates from announcing their views on disputed legal or political issues."

State Laws Controlling Cohabitation Rarely Enforced. The Christian Science Monitor (8/23, Jonsson) reports, "In Black Jack, Mo., (pop. 6,792), the city council wrangled last week over precisely how to define a family. … In West Virginia, religious conservatives are getting ready to do battle with the American Civil Liberties Union (ACLU) over the use of a law that aims to bolster marriage by outlawing 'lewd and lascivious cohabitation.' … In North Carolina, a state judge in July ruled unconstitutional a law that states it's illegal for unmarried couples to live together." The Monitor continues, "Still, 1.6 million Americans in seven states are breaking their states' laws for doing just that, according to Unmarried America, a lobbying group for singles' rights based in California. .. . States enforce these morality-based laws - which can include fornication and 'criminal conversation,' sweet-talking a married woman with a mind toward adultery - only in select cases, experts say. … Yet the debate about whether the laws should continue to exist is a flash point between secularists and traditional Christians over the definition of a family." The Monitor adds, "Nationwide, the number of couples living together out of wedlock has grown from 500,000 in 1970 to more than 5 million today. For the first time, a majority of households in the US are headed by unmarried or single adults, according to a census report released last week. … But until the 20th century, cohabiting was not acceptable in most places. In 1805, North Carolina enacted its law barring adultery and

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fornication as part of a host of puritanical social controls that included 'keeping bawdy houses.' North Dakota, Mississippi, Florida, Michigan, Virginia, and West Virginia also have laws banning cohabitation. … Christian activists say the state laws are worth fighting for, but acknowledge that cohabitation is 'part of the life we live now,' says Brian Fahling, senior trial attorney at the American Family Association's Center for Law & Policy in Tupelo, Miss. One reason: Unwed couples are more than three times as likely as married couples to report incidents of domestic violence, reports the National Survey of Families and Households."

Wal-Mart Banishes GOP-Affiliated Voter Registration Group. The Washington Times' "Inside Politics" column (8/23, Pierce) reports, "A voter-registration group with Republican ties has been banished from Wal-Mart stores in Tennessee for failing to meet the retailer's standards of nonpartisanship and may soon be shut out of stores in California and Nevada, the retailer's spokesman said yesterday. Liberty Consultants wanted to register Wal-Mart shoppers in seven traditionally Republican suburban counties around Nashville. But the request was denied after the company's owner, Gary Thompson, acknowledged to Wal-Mart that he had been hired by Tempe, Ariz.-based Sproul and Associates, the Associated Press reports. Headed by Nathan Sproul, a former Christian Coalition activist and executive director of the Arizona GOP, Sproul was paid $7.9 million by the Republican National Committee for consulting and voter-registration drives in the 2004 election cycle, according to data compiled by the Center for Responsive Politics."

LATimes Criticizes Democrats For Bashing Wal-Mart. The Los Angeles Times (8/23, 918K) says in an editorial, "With one eye on 2008 and one on their labor union base, Democratic luminaries are canvassing Iowa and other states this summer to campaign against the nation's incumbent … retailer. They obviously see Wal-Mart as this season's Enron, the one corporation that represents all that is wrong with America." Democratic presidential aspirants — "including Sen. Joseph R. Biden Jr. of Delaware, Sen. Evan Bayh of Indiana, former Sen. John Edwards of North Carolina and Gov. Bill Richardson of New Mexico — feel compelled to bash one company, the largest employer in the U.S., to score points with labor organizers. The candidates are so intent on gaining tactical advantage in the primary season that they risk alienating possible supporters in the general election." Most Americans "do not want their politicians ganging up on one company. Wal-Mart may be a behemoth that employs 1.3 million people in this country and earned $11 billion in profit last year, but it still looks like bullying when politicians single out one business to scapegoat for larger societal ills."

Democratic Criticism Of Wal-Mart Analyzed. In his Wall Street Journal column (8/23), Holman Jenkins, Jr. says, "What makes Wal-Mart vulnerable and a meal ticket for political opportunists of every stripe is a growth strategy that's now premised on moving upscale. Pollster John Zogby found that 76% of people who shop weekly at Wal-Mart voted for George Bush, while John Kerry won 80% of those who say they never shop there. The problem is Wal-Mart now wants those John Kerry voters in its stores." Wal-Mart "entered the grocery game in pursuit of Kerry voters; in turn, its arrival inspired two strikingly successful anti-Wal-Mart media campaigns funded by the United Food and Commercial Workers and the Service Employees International Union, which represent supermarket workers and are key Democratic interest groups."

Bush To Raise Funds For Allen. The AP (8/23, Pickler) reports President Bush "has no qualms about raising campaign cash for Sen. George Allen despite the Republican's widely assailed quip in which he called a rival campaign worker of Indian descent a 'macaca.'" Allen has "faced a barrage of criticism since he used the word to describe Virginia native S.R. Sidarth, a 20-year-old University of Virginia senior who was video taping a campaign event for Allen's Democratic challenger Jim Webb." White House spokeswoman Dana Perino said, "Senator Allen apologized. And I think it's in everyone's best interest, in this day and age of politics when everyone is trying to improve the tone and discourse, to accept apologies when they're offered." The AP adds Bush "plans to travel across the Potomac River to Virginia Wednesday to raise money for Allen at the home of former Republican National Committee chairman Ed Gillespie." Perino said, "I was asked earlier if the president had qualms about attending. The answer is, 'No.'"

Lieberman Leads Lamont By Two Points In ARG Poll. An American Research Group poll of 790 likely voters (+/- 3.5%) and 600 definite voters (+/- 4%), conducted over August 17-21, shows 44% of likely voters would vote for Sen. Joseph Lieberman, 42% would vote for Democrat Ned Lamont, 3% would vote for Republican Alan Schlesinger, and

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11% were undecided. Among definite voters, 47% would vote for Lieberman, 43% would vote for Lamont, 2% would vote for Schlesinger, and 8% were undecided.

Bloomberg (8/23, Jensen) reports the poll shows Lieberman "is in a statistical tie" with Lamont. ARG president Dick Bennett said, "It looks better for Lamont as the turnout grows because there is an anti-incumbent feeling. If this were a lower-interest race, I would say Lieberman would have it."

CNN.com (8/23) reports the "main difference between" the ARG poll and the Quinnipiac poll that showed Lieberman leading Lamont 53%-41% is "the percentage of respondents who said that they were undecided: 2 percent in the Quinnipiac survey compared to 11 percent in the ARG poll, more than 5 times larger."

Lieberman Compares Iraq, Struggle Against Fascism. The New York Times (8/23, Medina, 1.21M) reports Lieberman suggested "that he sees parallels between the war in Iraq and the early struggle against fascism," saying "that the United States would create a dangerous world if it left Iraq too soon." In an "interview with the nationally syndicated conservative radio talk show host Glenn Beck," Lieberman said, "Iraq has now become what everyone thinks it was before, another battlefield in this war with Islamic terrorists, and we've got to end it with a victory." The Times adds in the "15-minute interview, Mr. Lieberman warned against the United States becoming isolationist, and he seemed to agree with Mr. Beck's repeated statements suggesting that the war against Islamic terrorists represented the brink of an international war." Democratic nominee Ned Lamont "said that Mr. Lieberman's comments put him 'way outside the mainstream, not just of Democrats, but of the public at large.'"

Lieberman Says Kerry's Criticism Is "Politically Motivated." CNN's The Situation Room (8/22, Blitzer) interviewed Sen. Joseph Lieberman. Asked about remarks by Sen. John Kerry that he is "making a Republican case" and "dead wrong with respect to the war," Lieberman said, "John's is entitled to his opinion. I think he's dead wrong in what he had to say. And it's up to the people of Connecticut to say in November where they are on the war. But the fact is here John Kerry is seeking higher office. He wants to run for the White House again. I take that to be a politically motivated statement...by an old friend." Asked if he would caucus with Republicans if he wins reelection, Lieberman said, "I'm a Democrat. I've made very clear that I'm going to organize with the Democratic Caucus."

Lieberman Campaign Says Effort To Strip Party ID Reminiscent Of Soviets. The Washington Times (8/23, Hurt, 88K) reports Sen. Lieberman's campaign "described efforts to have Mr. Lieberman kicked out of the Democratic Party 'Soviet-style tactics' and 'dirty political tricks at its worst.'" Lieberman spokesman Dan Gerstein said, "These are Soviet-style tactics." The Times adds a "group of peace activists has asked the New Haven registrar to strip the three-term Connecticut Democrat of his decades-long party association now that he's running for Senate as an independent." The group "cited a state statute that allows for party affiliation to be 'stricken or excluded' for two years if a candidate runs for office in a different party, the New Haven Independent reported Monday."

Schlesinger Says Republicans Really Are Supporting Him. On MSNBC's Hardball (8/22, Matthews), host Chris Matthews asked Republican Senate candidate Alan Schlesinger about President Bush's remarks that national and state GOP officials said it not would be worthwhile to campaign for him. Schlesinger said, "No, it's just not true. As a matter of fact, the Republicans are supporting me." Schlesinger said it was "absolutely false" that the state GOP chair had told Bush to no t campaign in the state, adding, "I think Mr. Mehlman has been saying that. And, you know, I can't speak for what the people in Washington are doing." Asked to explain the national GOP officials' behavior, Schlesinger said, "There is some delusion down here near the Potomac about the fact that if they can spin this right, they can make the Democrats look very, very liberal in Connecticut and across the country. And that, hopefully, in their minds, will be rejected by some logic of going with Lieberman." Asked "who designed this scenario to screw you," Schlesinger said, "They're not trying to screw me. That's the whole point. They've designed a scenario that they think will work to help Bush and to help the Republicans nationwide by saying, listen, the liberal wing of the Democratic party has gone nuts."

Anti-War Candidate Finds Difficulty In Gaining Traction Against Clinton. The New York Times (8/23, Healy, 1.21M) reports that as Ned Lamont "basks in his Democratic primary victory in Connecticut, another antiwar underdog is trying to assume the same role of political giant-killer in next month's elections in New York, though against much bigger prey: Hillary Rodham Clinton." But while Lamont "united liberals and used $4 million of his

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own money to win his primary, Jonathan Tasini is struggling on a shoestring campaign to rise above his 12 percent standing in the polls, even as he hawks a message of left-wing anger over Iraq to an electorate that is more liberal than Connecticut's." Tasini has "qualified for the Sept. 12 primary ballot against Mrs. Clinton, and his positions on the Iraq war, the death penalty and gay marriage are in step with the progressive groups and liberal bloggers that contributed volunteers, money and buzz to Mr. Lamont. Yet some of these partisans say they are deeply reluctant, and in some cases scared, to criticize or abandon Mrs. Clinton, who supported the invasion of Iraq." The partisans "cite her power in the Democratic Party and her careful positioning that has made her, if not antiwar, then a sharp critic of the administration's handling of Iraq, Hurricane Katrina and the economy."

Clinton Criticized For Delaying Renewal Of HIV/AIDS Law. The Washington Post (8/23, A1, Birnbaum, 748K) reports in a front page story that Sen. Hillary Rodham Clinton "is holding up renewal of the primary federal law that battles HIV/AIDS, the 1990 Ryan White Act, causing a rift among activists on the subject and threatening approval of the legislation this year." Clinton said she "opposes the measure because it would lower funding for her home state. But some AIDS groups also see broader political motives at work. Other states that would lose out include California, Florida and Illinois -- all places Clinton would need to win if she seeks the presidency." Her critics "also note that many of the states that would receive higher funding under the new formula are rural and Southern, which tend to vote Republican." The senator's "insistence on a different formula -- one closer to current law -- has angered several groups that represent AIDS and HIV patients who stand to get more money under the pending bill."

Time Magazine Cover Story On Clinton Examined. On MSNBC's Hardball (8/22), New York Times reporter Ann Kornblut and Ana Marie Cox of Time magazine discussed Time's cover story on Hillary Clinton. Kornblut said the Clintons are "are not just politicians, they are celebrities and they have been able to harness some of this in the way that they want. The Time magazine cover has beautiful photographs of her. She didn't even sit for an interview for this story. By and large her advisers came away feeling like it was positive. So, if anything, I think what you are see something their ability to handle the media, don't you think?" Asked about the title of the Time story, "Love Her or Hate Her," Cox said, "The poll they did to support that cover story really showed that there is no between with her. Although she is the front runner of the Democratic candidates, that very high number hides the number of people who really hate her. She has some of the highest definitely would not support numbers in the entire poll."

Tester Campaign Releases Video Of Burns Immigrant Comments. The Washington Post (8/23, A4, VandeHei, 748K) reports that in a "moment of unusual candor for a veteran senator fighting for his political life, Conrad Burns (R-Mont.) offered this blunt self-assessment a few months ago: 'I can self-destruct in one sentence,' he told supporters. 'Sometimes in one word.' It seems Burns has spent a good part of the summer testing his theory." A new video released this week by Democrat Jon Tester "shows Burns, 71, joking to a crowd in June about how a 'nice little Guatemalan man' fixing up his house might be an illegal immigrant. 'Could I see your green card?' Burns tells the crowd he asked the man. 'And Hugo, says, 'No.' I said, 'Oh, gosh.'"' The Post adds a Burns spokesman "said the senator never really doubted the legal status of the handyman, Hugo Reyes. But it wasn't the only time Burns -- a critic of illegal immigration -- has poked fun at the immigrants doing work around his house."

Tester Says Federal Crop Subsidies A "Necessary Evil." In a "Web Exclusive," Newsweek (8/23, Gerlach, 3.12M) interviewed Democratic candidate John Tester. Asked about "Federal subsidies to support farmers," Tester said, "It's a necessary evil at this point in time. I don't think there is a farmer out there that wouldn't want to get their check from the marketplace. Unfortunately right now it doesn't work with $3-plus gasoline and fertilizer and chemical prices where they are. I think it is important that the government facilitate small business and small processors so we can create more and more opportunities for farmers to market their products." Asked if Montana would lose Federal funds if Burns is defeated, Tester said, "No. I bore this out in the Montana legislature. The other point I bring out with Sen. Burns is at what cost has he done some of this. What have these deals cost the country? He's [supported funding to build] a bridge to nowhere worth $223 million [to connect Gravina Island with Ketchikan in Alaska]. He voted for that. He's given money to one the richest Indian tribes in the country, because Jack Abramoff asked him to do it. I just think it's time for some honesty and integrity."

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Rothenberg Says Fundamentals Unchanged In Pennsylvania, Virginia Senate Races. In his Roll Call column (8/22), Stuart Rothenberg says new poll numbers are "out in both the Pennsylvania and Virginia Senate races, and to hear some of the spin, those races are starting to turn on their heads. Here's my advice: Don't get carried away. The changes in both races are, so far, superficial. The fundamentals basically remain unchanged." In Pennsylvania, Republicans "(and some in the media) are all excited that Sen. Rick Santorum (R) has closed on his Democratic challenger, state Treasurer Bob Casey Jr. Casey once held a double-digit lead, but two recent polls show that margin cut virtually in half." Quinnipiac (8/8-13) shows Casey leading 48%-42%, and Strategic Vision shows the race at 47%-41%. But the "reality in the Keystone State is that Santorum's prospects are not much better now than they were a month ago, even if Santorum has cut into Casey's lead in the ballot test. Quinnipiac showed Santorum's job ratings as 42 percent approve/44 percent disapprove — a small improvement from his standing in Quinnipiac's June poll and statistically identical to his standing in a May survey." Santorum "remains a very weak incumbent who is seeking to overcome a challenger in a political environment that strongly favors Democrats." The situation "is reversed in Virginia, where Democrats are reading big news into slight evidence." A Survey USA poll shows Allen's approval ratings have fallen four points to 47%, but "any quickie survey conducted in the middle of a controversy and media frenzy isn't likely to provide the kind of information one needs to evaluate the race long term."

Republicans Said To Face Growing Troubles As Midterm Elections Approach. CNN's The Situation Room (8/22, Koppel) reported, "Republicans are bracing for their biggest battle in years, but predicting they'll hold on to power. Some analysts aren't as optimistic." Amy Walter, Cook Political Report: "They should be very worried, looking into what right now what is a category 5 type of political storm. Every diagnostic indicator suggests there are real troubles for Republicans this fall." CNN added, "Indicators like President Bush's continues low approval ratings while anti-incumbent sentiment remains high. Growing pessimism about Iraq and bread and butter issues like high gas prices. And those sentiments are playing out in at least three dozen hotly contested races with the northeast and the Midwest at the vortex of this growing storm." Walter: "Voters have become calcified in their beliefs about this election. I don't think that there's any speech or piece of legislation that a Republican incumbent can give to change voter's perception about this election." CNN added, "What they can do, says Walter, is to try to drive up negative feelings about their Democratic challengers while highlighting a Republican strength, national security. And so in Web ads and e-mails, Republicans plan to paint Democrats as weak and too liberal to lead the war on terror."

On CNN's The Situation Room (8/22, Blitzer), anchor Wolf Blitzer asked Democratic political strategist Paul Begala to discuss CNN poll results that show Republicans with a ten point advantage on which party will do a better job handling the terrorism issue. Begala said, "Right, but down from an 18-point advantage they had in '04, and I think it was higher in '02. … The Republicans ought to still be worried. Democrats should always worry about national security. It's not their forte, traditionally. But imagine if the Democratic advantage on say, the environment, healthcare, education -- traditionally Democratic issues -- had dropped from 30 or 40 points down to 10, we would be through. And my Republican friends, I think, fear that their ability to play the sort of fear card on terrorism has played itself out, or as we say back home in Texas and they say in Oklahoma, that dog don't hunt no more." Later, Begala added, "There's really only two messages in American politics: Stay the course, and, it's time for a change. OK? This is an -- this is a classic 'time for a change' election year. And that's bad news for the party in power, the Republicans."

Also on CNN's The Situation Room (8/22, Blitzer), former Rep. J.C. Watts said, "Those numbers are going to fluctuate back and forth. When something happens like here a couple of weeks ago when we thwarted the British bombing of those planes coming into the United States, the President got a bump out of that. But I think all in all, I do believe and it's consistent over the years that people feel better when Republicans are in charge of national security, military issues, et cetera, and I think Republicans will continue to benefit from that."

Ford's Political Skills Seen As Exceptional. In his Washington Post column (8/23, A15), Harold Meyerson says to "recapture the Senate this year, the Democrats need" Rep. Harold Ford Jr. "to take Tennessee -- no small challenge, since Tennessee hasn't sent a Democrat to the Senate since 1990, and since Ford, like just 16 percent of his

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fellow Tennesseans, is African American." But Ford is "still very much in the hunt, and after just a few minutes in his presence, it's no mystery why: He is, in the tradition of Southern pols ranging from Huey Long to Bill Clinton, a preternaturally gifted campaigner. Young, single, handsome in a way that pols almost never are (he is the only elected official I've ever seen who could have a successful career as a model), blessed with a perfect ear for both political argument and the exigencies of local politics, Ford is a sight to behold." Ford's Republican opponent, "former Chattanooga mayor Bob Corker, who defeated two more-conservative candidates in the Aug. 3 primary, is the clear favorite in the race, though the first post-primary poll showed him leading Ford by just six points. Ford seems determined to close that gap by running not just to the right but also just plain harder than any candidate we've seen in years."

Clyburn Praises DNC's New Primary Calendar. In a USA Today op-ed (8/23), Democratic Rep. James Clyburn says, "The Democratic National Committee's new presidential nominating calendar strengthens our democratic process by ensuring that Americans of all backgrounds and from across the country have a voice in choosing our presidential nominee. By adding Nevada as the second caucus and South Carolina as the second primary, the DNC has reacted appropriately to concerns from supporters. After nearly two years of careful examination, these changes reflect a broad consensus on how we can choose the strongest possible Democratic presidential candidate." Clyburn adds, "Our party has embraced our nation's diversity and it is echoing that commitment by scheduling early contests in Nevada and South Carolina."

USA Today Criticizes New Democratic Nominating Schedule. USA Today (8/23, 2.27M) says in an editorial, "Last weekend, Democrats moved to break the Iowa-New Hampshire stranglehold by injecting two more small states. Nevada and South Carolina will also be allowed to hold early nominating contests in January 2008. The 'window' for other states opens Feb. 5. The racial, ethnic and geographic diversity added to the early contests by South Carolina, with its large African-American population, and Nevada, with its large Hispanic population, is welcome and overdue. But the DNC's decision amounts to tweaking a system for picking our presidential candidates that's still deeply flawed."

NYTimes Says Democratic Plan Could Exacerbate Front-Loading. The New York Times (8/23, 1.21M) says in an editorial, "It's hardly enough reform, but it was healthy for the party to add Nevada, with its large Hispanic representation, and South Carolina, with a heavily black constituency in the heart of red-state America." But the "party may compound the calendar rush by having the first four states go to bat in a 15-day period. The race could still be settled by the end of January."

Schwarzenegger, Democrats Reach Prescription Drug Deal. The Los Angeles Times (8/23, Rau, 918K) reports more than "5 million Californians with moderate incomes would receive substantial discounts on prescription medicines under a deal that Gov. Arnold Schwarzenegger and Democratic leaders reached over the opposition of the drug industry, negotiators said Tuesday." The "price-reduction program, a showpiece for Schwarzenegger's re-election campaign, is based on an approach his own health advisers repudiated last year as dangerous for poor people and legally questionable." The plan "would give the drug industry three years to voluntarily negotiate discounts with the state on behalf of people who earn up to triple the federal poverty level, or about $60,000 a year for a family of four. An additional 400,000 people who earn somewhat more but face debilitating medical bills would also be eligible."

Pataki Criticized For Signing Expensive Pension Bill. The New York Times (8/23, 1.21M) says in an editorial, "Gov. George Pataki bills himself as a fiscally conservative Republican, yet he signed a bill requiring New York City to give its retired correction workers Christmas bonuses that will eventually hit $12,000 a year. His spokesman says it's important to understand that the Legislature is always demanding new benefits for retired city workers, and that Mr. Pataki has vetoed 95 percent of the pension bills reaching his desk. We hope that the next time the governor tests the presidential campaign waters with a visit to Iowa or New Hampshire, someone asks him whether he would sign only 5 percent of the fiscally disastrous bills if he gets in the White House."

Iran Offers "Serious Talks" But No Suspension Of Enrichment. The New York Times (8/23, Slackman, 1.21M) reports Tehran "responded Tuesday to a set of incentives from Europe and the United States aimed at ending its nuclear program, but did not agree

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to suspend the enrichment of uranium by the end of the month, the West's primary demand. In its response, Iran offered 'serious talks' over its nuclear activities but did not raise the issue of suspending enrichment by" the August 31 deadline. Initial reaction to the Iranian proposal was negative, the Times says, making clear a failure to heed the deadline "would be considered unacceptable and that [the West] would be likely to lead to calls for imposing sanctions. The United States, Britain, France and Germany plan to meet Wednesday in New York to discuss the proposal and their response." Ambassador Bolton "said Tuesday that Washington was prepared to move rapidly on a new Council resolution calling for economic sanctions." The Times adds, "It was not immediately clear how Beijing or Moscow would react to the proposal," with some analysts saying they "will seize on any indication that Iran is willing to discuss suspension in future negotiations as a reason to water down any sanctions."

The Wall Street Journal (8/23, King, 2.03M) reports, "US and European officials, speaking privately, said the Iranian response fell short of requirements laid out in a Security Council resolution last month." But "the Bush administration held to its official line that the US is still weighing Iran's reply to a June incentives package and that the administration needs to confer with its European partners." USA Today (8/23, Lynch, 2.27M), under the headline "Iran Reacts 'Positively' To US-European Offer," reports "European Union foreign policy chief Javier Solana said that the Iranian response needs a 'detailed and careful analysis.'"

NBC Nightly News (8/22, story 3, 2:55, Mitchell, 9.87M) reported, "Most experts say there is no viable military option and no way to impose sanctions on Iran's oil and gas industry." Jeffery Schott, international economist: "The likely impact is you would have a further increase in the price of oil with no guarantee that there would be any change in the policies of the Iranian government." US, British and French "officials say it doesn't look good for a diplomatic solution. And with few options to punish Iran, Iran seems to be calling their bluff."

The CBS Evening News (8/22, story 4, 2:20, Plante, 7.66M) reported that the "Bush Administration held its fire," but "officials say privately that unless Iran changes its stance before the end of the month, France, Germany, and Britain have all agreed to join with the US in pressing for economic sanctions against Iran." Administration "officials believe that Iran is simply playing for time by agreeing to negotiate and, giving its trading partners Russia and China a good excuse to vote against sanctions at the UN Security Council."

On its front page, the Washington Post (8/23, A1, Linzer, 748K) says Tehran's proposal "comes at a difficult time, when Iran is feeling emboldened in the region and the Security Council is juggling a multitude of crises in the Middle East, including" Iraq and Lebanon. The Post adds, "The instability has made many council members wary of ratcheting up pressure on Iran, a major oil supplier, if it will mean further confrontation in the region."

The AP (8/23, Dareini) says Tehran's offer "appeared geared at enticing [UNSC] countries into further negotiations by offering a broad set of proposals vague enough to hold out hope of progress in resolving the standoff. If the Iranians leave the door open to halting enrichment as talks progress, that would drive a wedge in the Security Council between the Americans, British and French on one side and the Russians and Chinese on the other."

But Fox News' Special Report (8/22, Rosen) reported, "Fox News has learned the Security Council states have already agreed on a broad menu of possible sanctions. Now the Bush Administration's task will be to get all the parties seated at the table to choose from that menu in a timely, coherent fashion." But how Iran "approaches the matter was made clear once again by the country's supreme clerical leader, who vowed anew to move forward in the path of development day by day." Ayatollah Ali Khameni was shown saying, via translator: "The Americans' hands are tied and they are unable to do anything against nations."

ABC World News Tonight (8/22, story 2, 0:45, Raddatz, 8.78M) reported that the US "will respond hot and heavy, they will try to draft new sanctions. US will call for freezing American assets abroad and impose travel ban on senior Iranian officials. This has been well under way. As he said, we have not had our heads in the sands on this." Gibson: "But you got to get sanctions on the UN Security Counsel, but will the Chinese or Russians go along?" Raddatz: "That's exactly right. They believe they'll get some sort of sanctions. They just don't know how tough they will be and as you said, whether China Russia will go along."

CNN's The Situation Room (8/22, Lawrence) reported, "Some very senior Israeli officials have put out an immediate warning: If the Iran crisis escalates here, people could be in danger." Former Israeli intelligence officer Eran Lerman "says Iranian president Mahmoud Ahmadinejad has made his intentions clear, the end of Israel. Iran says its uranium

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enrichment program is not designed to build bombs. But Lerman says Iran's missiles are designed to one day carry a nuclear warhead." Lerman: "The Shahab series was refitted and -- and made to reach Israel quite specifically."

CNN's The Situation Room (8/22, Malveaux) reported, "The real challenge for this Administration, whether or not that they pull this off, is getting Russia and China on board with those tough economic sanctions. A lot of tough talk from the Bush Administration, but very unclear whether or not it's going to get those key allies on board with the sanctions."

On CNN's The Situation Room (8/22, Roth), US Ambassador John Bolton was shown saying, "We've made it clear in the Security Council Resolution 1696 that Iran has a choice. They can either take up the very generous offer that the five permanent members and Germany have extended to them -- and if they do, there's a possibility of a different relationship with the United States and others." And on ABC World News Tonight (8/22, lead story, 2:00, Gibson, 8.78M), Bolton was shown saying, "Their unwillingness to give up pursuit of nuclear weapons will result in our efforts to attain economic sanctions against them." ABC (Sciutto) added, "But can they succeed? Iran appears to be testing the Bush Administration to muster the votes." Jon Wolfsthal, CSIS: "Iran is testing the results of all of the international Security Council members to see if they can shatter the coalition against them."

The Financial Times (8/23, Smyth, Dombey), McClatchy (8/23, Hutcheson), Los Angeles Times (8/23, Rubin, 918K) and Washington Times (8/23, Sands, 88K) run similar reports.

Lebanon Conflict Said To Make Imposing Iran Sanctions More Difficult. An analysis piece in today's New York Times (8/23, Cooper, 1.21M) entitled, "Iran Sanctions Could Fracture Coalition," notes, "It was always going to be tough for" Secretary Rice "to hold together her fragile coalition of world powers trying to rein in Iran's nuclear ambitions. The Israel-Hezbollah war in Lebanon has made that job harder." Tehran's refusal to suspend enrichment activities means "the question is whether Ms. Rice, who returned from vacation this week and was studying Iran's response, can keep the coalition together to take out their sticks against Iran. That will not be easy, in part because the entire United Nations Security Council is supposed to vote on the sanctions package. While only the permanent members can veto, the rising fear, particularly among European diplomats, is that smaller countries on the Council are so angry over how the United States, and now France, have handled the Lebanon crisis that they will give Russia and China political cover to balk against imposing tough sanctions." The Times adds, "Getting the group to punish Tehran was always going to be difficult. Russia and China have deep economic interests in Iran and dislike the blunt instrument of sanctions. And the West must tread carefully because any sanctions levied in the place that could actually hurt Iran -- its energy sector -- would ratchet up already high global oil prices and end up harming the West."

Iranian Forces Seize Romanian Oil Rig. The Financial Times (8/23, Barker) reports, "Iranian armed forces attacked and forcibly seized a Romanian-owned oil rig operating in the Gulf on Tuesday, after a contractual dispute with its owners. Grup Servicii Petroliere (GSP), an oil services group, said its Orizont rig had come under fire from a gunboat on Tuesday morning, after the crew refused to allow officials from a subsidiary of the Iranian state oil company on board." The Times says the armed boarding "marks a violent turn in a contractual wrangle between the Romanian group and a subcontractor." There were no injuries, and no official statements were reported.

Fox News' Your World with Neil Cavuto (8/22 Cavuto) interviewed former CIA counterterrorism chief Vincent Cannistraro. Asked what to make of the Iranian action, Cannistraro said, "It was certainly a provocative act on the part of the Iranians. It shows that they're willing and able to exert force, when they believe it's in their own interests to do it. There may have been a contract dispute at the bottom of this feud. The Romanians felt that they were owed something like $17 million. But the Iranians obviously wanted to get control of that platform. And they perhaps perceive the Romanians as an ally of the United States. The company itself had had previous contractual relations with Halliburton. And it may be that the Iranians are preparing themselves to exert control over all foreign contract platforms in their territory."

More Commentary. CNN's The Situation Room (8/22, Blitzer) interviewed former Ambassador Wendy Sherman, who said Iran is "determined to go ahead with their nuclear enrichment program and to get nuclear weapons, but we don't know that for absolute sure, even though that's my belief and I think probably most people's and most analysts' belief. So we have to test their intentions, and we ought to do that first through diplomacy, through a very tough negotiation. But the Security Council is going to have to act, because although I think it's right for the Administration to read through

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this document, indeed -- and sure, it's ambiguous -- it's going to say, well, let's talk some more without saying that they're going to freeze or suspend their nuclear enrichment program. And that is not good enough."

On Fox News' Special Report roundtable (8/22, Hume), Fortune magazine reporter Nina Easton said, "I thought earlier on the program where Iran's supreme leader said America's hands are tied, very telling. I mean, this regime feels embolden. There isn't a sense that they are worried that a military campaign is going to stop them. They see the US bogged down in Iraq. They see what happened to Israel when it went after Hezbollah and there's this sense that they are emboldened and I think it is a real critical moment for the administration."

On Fox News' Special Report roundtable (8/22, Hume), Charles Krauthammer said, "All of this process is a dance. It was never a real offer to Iran. There's nobody in the Administration who would suspect that Iran would say yes. It was about carrots for the allies. The allies wanted to go an extra mile, so we said OK, we'll give you an extra three months. In fact, what that meant is that Iran has had an extra three months to enrich, as it has."

Italy Will Lead Lebanon Border Force With 2,000 To 3,000 Troops. The New York Times (8/23, Hoge, 1.21M) reports the Italian government "said Tuesday that it would contribute 2,000 to 3,000 troops as the lead nation in the peacekeeping force in Lebanon, and, at Rome's initiative, European foreign ministers are to meet Friday in Brussels with UN Secretary General Kofi Annan." Italian Foreign Minister Massimo D'Alema "said Tuesday that Rome was conditioning its commitment on a promise that Israel would not violate the cease-fire," referring, the Times says, to the Israeli commando raid on Saturday. Tel Aviv "had originally proposed Italy as a substitute for France as the primary contributor to the force, and Mr. D'Alema has scheduled a meeting in Rome on Thursday with his Israeli counterpart, Tzipi Livni." UN officials have lined up "commitments from Belgium, Spain, Finland and a contingent drawn from Denmark, Norway and Sweden. Still seeking clarification of its role, officials say, is Turkey, considered very desirable because it is a militarily strong Muslim nation that recognizes Israel."

Proposed Rules Of Engagement For UN Force Examined. The AP (8/23, Lederer) reports, "Proposed rules of engagement for an expanded UN force in southern Lebanon would allow troops to open fire in self-defense, protect civilians and back up the Lebanese army in preventing foreign forces or arms from crossing the border, according to a UN document obtained Tuesday. The 20-page draft was circulated to potential troop-contributing countries last week by the UN Department of Peacekeeping Operations, which is trying to get an additional 3,500 troops on the ground by the end of next week to strengthen the 2,000 overstretched UN peacekeepers already there."

Olmert Will Not Lift Lebanon Blockade Until Border Force Arrives. The AP (8/23) reports Olmert "told a visiting U.N. envoy Tuesday that Israel will lift its air and sea blockade of Lebanon once an international peacekeeping force is deployed along Lebanon's borders." Olmert's office issued a statement saying the deployment of "the force at border crossings to Syria and at the airport will allow the lifting of Israel's sea and air blockade and contribute to the implementation" of the ceasefire.

Amnesty International Calls Israeli Actions "Deliberate War Crimes." The Financial Times (8/23, MacDonald) notes Amnesty International "says attacks on civilian targets by Israeli military forces during the recently ended fighting in Lebanon look like deliberate war crimes." Their report, to be released today, "argues that the destruction of Lebanese homes and basic infrastructure 'was an integral part of the military strategy,'" and asks "the United Nations to open a 'comprehensive, independent and impartial inquiry'" of the conflict.

Gradual Lebanese Deployment Continues. Fox News' Special Report (8/22, Hume) reported, "The Lebanese army today continued its gradual deployment into the south of the country as Israeli troops, still there, were letting journalists see the evidence that the Hezbollah force, with which it had been doing battle, was no ragtag band of terrorists." Fox News (Lewis) added, "If there was any doubt how well Hezbollah troops had been dug in on the Lebanese side of the border, Israeli soldiers wanted to show the world today. Leading cameras through a network of bunkers inside the Lebanese village of Gajer. Maps and rifles, alongside the portrait of Hezbollah leader Nasrallah, the pictures of past and present Iranian spiritual leaders."

The AP (8/23, Pitman) reports "the world is looking to a soon-to-be expanded U.N. force to help the Lebanese army secure a fragile cease-fire between Israeli forces and Hezbollah guerrillas, but few here are counting on the UN's blue-helmets to stop another round of war. … Created 28

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years ago to oversee the withdrawal of Israeli forces after a 1978 invasion and help the government restore its authority to that region, UNIFIL has had a ringside seat to repeated border skirmishes and two more Israeli invasions — one in 1982 that left the force behind Israeli lines for years and a second last month after Hezbollah snatched two Israeli troops." The Christian Science Monitor (8/23, Sachs, 58K) runs a similar story under the headline "Weak UN Mandate Stalls Lebanon Peacekeepers."

Relief Agencies Struggle To Separate Aid From Hezbollah. A 1,253-word piece in today's New York Times (8/23, Worth, Fattah, 1.21M) details the difficulties US-funded relief agencies face in dealing with Hezbollah in southern Lebanon. "Like all other international relief agencies here that receive financing from the American government, Mercy Corps is barred from giving out money or aid through Hezbollah." However, "all the most demolished areas in southern Lebanon, where whole villages have been flattened by Israeli bombs and there is no food, water or electricity" are "the domain of Hezbollah — and little seems to bypass the group. That fact is nettlesome for the United States, not merely because it does not want Hezbollah to be strengthened even further after its war with Israel, but because it is eager to find and support a viable alternative to the militant group." Finding that alternative "will not be easy" because Hezbollah "has been the fastest and, without a doubt, most effective organization doling out aid to the shattered towns and villages of southern Lebanon. Aid groups like Mercy Corps — which generally work through local intermediaries — have sometimes struggled to find other ways of helping, and even then, they cannot be sure their aid is not going through Hezbollah." The Times adds, "Though Hezbollah is only one of many groups providing social services in Lebanon, its reputation for delivering those services honestly is unmatched, making it that much harder to circumvent."

Israel's West Bank Pullout Plan "Dead." On its front page, the Washington Post (8/23, A1, Struck, 748K) reports Tel Aviv's "plan to dismantle some Jewish settlements in the West Bank and redraw the country's borders is being shelved at least temporarily, a casualty of the war in Lebanon, government officials said." The Post says that, for Israeli Prime Minister Ehud Olmert, the plan "is no longer a top priority," because of the rebuilding and fortifying that must be done along the Lebanon border. The Post adds, "Even without the financial considerations, the plan for unilateral withdrawal from some settlements is dead, other political figures and analysts said. The seizure of Israeli soldiers and the renewed fighting in the Gaza Strip -- from which Israel withdrew last year -- and in southern Lebanon -- from which Israel withdrew in 2000 -- have left the Israeli public with little appetite for additional pullouts."

Israeli President Accused Of Sexual Harassment. The New York Times (8/23, Myre, 1.21M) reports, "The Israeli police have confiscated a computer and documents from the official residence of President Moshe Katsav and plan to question him as part of an investigation into sexual harassment accusations, the police said Tuesday." Katsav's position "is largely ceremonial, and any legal proceedings against him would not directly threaten the government of Prime Minister Ehud Olmert. But the case comes at a time when several senior government figures have been involved in legal or political controversies. In addition, many Israelis have been sharply critical of the country's political and military leadership over the handling of the recent fighting in Lebanon."

North Korea Says It Retains Option Of Preemptive Attack On US. The Washington Times (8/23, Salmon, 88K) reports Pyongyang "said yesterday it reserves the right to make a 'pre-emptive' attack on U.S. and South Korean targets, a chilling reminder of threats by Pyongyang a decade ago to turn Seoul into a 'sea of fire.'" North Korea, which "is known for its rhetorical blasts," said US-South Korea military exercises are "an undisguised military threat" and a "war action." Pyongyang "also declared the armistice that ended the 1950-1953 Korean War 'null and void.'" The Times adds, "Though Pyongyang habitually slams annual U.S.-South Korean military exercises, yesterday's warning ratchets up tensions at a time when Northeast Asia is jittery over North Korea."

CNN's The Situation Room (8/22, Verjee) reported the US-South Korean war games have "been going on every year since 1975. But North Korea is seeing red. The government's official news agency calls the military exercises a dangerous military adventure that could drive the peninsula to the brink of war. And, it says, North Korea has the right to preemptively strike to defend itself. North Korea test-fired seven missiles last month, there are reports now that it could be preparing to test a nuclear weapon underground for the first time. South Korea just launched its first ever military

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satellite to boost its defenses against the unpredictable North. And while both sides are flexing their military might, the diplomatic track has hit a wall."

Indian Police Kill Pakistani Terror Plotter, Arrest Another. The New York Times (8/23, Giridharadas, 1.21M) reports statements from Indian law enforcement authorities "that they had shot and killed a Pakistani terrorist and foiled a new terror plot by Pakistani citizens living in India." After being arrested Monday, Muhammad Riyaz Nawabuddin "led" police "led them within hours to his associate, Muhammad Ali, 24, who was squatting in an abandoned building in the Antop Hill neighborhood of central Mumbai, the police said." When police raided Ali's apartment, Ali "fired at police officers through the door with an AK-47 rifle" and was killed when officers returned fire. His killing "has heightened concerns here that terrorist cells may be planning more attacks in India. The incident seems certain to further strain ties with Pakistan, which India accuses of fostering a climate of terror and providing a safe haven for terrorists to organize and train." The India police "said they had thwarted an attack that was in the planning stage," and one officer is quoted saying, "If nothing else, we were able to prevent something. It was a new attack. They were obviously here for some specific purpose. Whether they're connected to the earlier one, we don't know."

ASEAN To Seek Common Market By 2015. The Financial Times (8/23, Burton) reports the Association of South-East Asian Nations (ASEAN) has agreed in principle to speed efforts to create a single market by 2015, five years ahead of schedule, Ong Keng Yong, its secretary-general, said yesterday." The Times says "doubts remain over whether the goal can be achieved given the wide economic disparity and conflicting national interests among the 10 Asean members," and, as the single market agreement was made, "a dispute erupted between Malaysia and Thailand over the terms of the existing Asean Free Trade Agreement, which reduces import barriers for most manufactured goods." That row "underscored the difficulties that Asean will confront in achieving the ambitious goal of creating a common market allowing the free flow of goods, services and investment." The Times adds, "The wide gap between rich and poor Asean countries could make progress difficult. While Singapore, Malaysia, Thailand, Indonesia, the Philippines and Brunei are seen as able to accept trade liberalisation by 2015, Vietnam, Cambodia, Burma and Laos need more time." This week's annual ASEAN conference "will focus on achieving closer integration in response to competition from China and India."

UN Negotiates Ceasefire In Congo. The New York Times (8/23, Gettleman, Sundaram, 1.21M) says United Nations negotiators "struck a cease-fire deal on Tuesday with warring militias in Congo after peacekeepers plunged into the fray and rescued foreign diplomats trapped by the fighting." At least fifteen people have been killed in Kinshasa this week "in violence that was set off by the announcement of results from the country's first free elections in more than 40 years." Militias "loyal to" President Joseph Kabila and businessman and rebel leader Jean-Pierre Bemba, his opponent in the October run-off election, "hammered each other with high-powered machine guns in downtown Kinshasa as residents packed up their belongings and fled." The Times adds, "Foreign diplomats and others are now worried about the stability of the capital, where supporters of the various factions essentially live on top of each other."

The Financial Times (8/23, Mahtani) reports the EU "on Tuesday reinforced its peacekeeping operation in Kinshasa as gun battles raged in the Congo capital for a third consecutive day." Two hundred members of the EU rapid reaction force arrived from Gabon "to bolster the already 1,000-strong contingent. There are also more than 17,000 United Nations troops on the ground." The Times notes "a growing political and security crisis in the wake of presidential poll results at the weekend."

The AP (8/23, Sundaram) says the UN "called for an immediate cease-fire Tuesday," and "three days of deadly fighting ebbed as the European Union sent reinforcements to the restive Central African nation." The Washington Post (8/23, A11, Sundaram, 748K) runs a similar report.

LATimes Says Election Only First Step Towards Stability. The Los Angeles Times (8/23, 918K) editorializes, "As bad as things are, a concerted effort by African leaders and the international community to turn the continent around is actually bearing fruit. One tenuous example is the Democratic Republic of Congo, a huge and deeply troubled country that just held its first democratic election in 45 years." With the economy improving and aid programs thriving, "that's real progress." The Times calls the inconclusive result "the best possible outcome," because an outright win "probably would have produced violence in Kinshasa even worse than

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the skirmishes that have killed at least 14 people" this week. However, "Congo's stability is teetering on a knife's edge. The difference between politics and warfare there is slim; politicians tend to be warlords, and losers seldom cede power gracefully." The Times sees a "danger" in noting Congo's "successful election" and not finishing the hard work there. "After the election, aid efforts should be redoubled and focused more clearly on fighting corruption and strengthening government institutions. Donors have spent more than $6 billion over the last five years on Congo. If the government collapses now, that will have been wasted."

Russian Plane Crashes, Killing 170. ABC World News Tonight (8/22, story 7, 0:10, Gibson, 8.78M) reported, "A Russian passenger plane crashed in Ukraine today. All 170 on board were killed. It was headed to St. Petersburg when it went down in a thunderstorm. Russia said it ruled out terrorism." NBC Nightly News (8/22, story 6, 0:15, Williams, 9.87M) also reported the story.

Oil Shutoff To Lithuanian Refinery Said To Shows Russia's Unreliability As Supplier. In an editorial, the Washington Post (8/23, 748K) writes that the Russian firm Transneft's shutoff of supplies to an oil refinery in Lithuania based on a "dubious" excuse of a pipeline leak "is another example of Russia using its supply and transport infrastructure to bully its neighbors. In that sense, the Lithuanian ploy bears a disturbing resemblance to Mr. Putin's shutoff of Ukraine's natural gas earlier this year." The Post says the shutoff "makes a mockery of Mr. Putin's talk of energy security at the G-8 summit. The Post writes, "Both the oil pipeline's leak and the way Russia has taken advantage of it should serve as a warning to countries dependent on Russian natural gas. Countries in Western Europe in particular should invest in more liquefied natural gas terminals to accommodate tankers from other countries that produce natural gas. The West relies on Russian energy supplies at its peril."

Ignatius Lauds Al-Jazeera's Professionalism, Determination. In his column in today's Washington Post (8/23, A15, 748K), David Ignatius says the Al-Jazeera broadcasting network faces a "tricky balancing act" in reporting the fifth anniversary of 9/11. He says he is "struck by how complicated it has become for al-Jazeera to cover" the Middle East. "Take coverage of Iran. Al-Jazeera recently reopened its bureau there after it was closed by the Iranian authorities for 18 months" because its reporters showcased Iranian Arabs' claim "that they were treated unfairly by the central government." Iraq "poses a worse problem. Because al-Jazeera reported from behind the lines of the Sunni insurgency, Iraqi Shiites became indignant about its coverage." Ignatius says "Syria and Lebanon also pose tricky problems for an Arab satellite network." Praising the network's efforts, he notes, "After 10 years, al-Jazeera is confronting one of the abiding truths of honest journalism: that the world is damned complicated, and that it's very hard to know who the good guys and bad guys are. That's a start. If we can have common standards for covering the news in the Middle East, maybe we can eventually do something to fix the problems we all agree are there."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Marines Who Served Will Be Ordered Back."
"The Bad Dude Ranch."
"Plan Puts Marina In Fast Lane."
"Viacom To Break Ties With Cruise."
"Banker, In Deal Of Career, Avoids 3rd Trial."
"Schwarzenegger, Democrats Agree On Drug Discount Plan."
"No Simple Answer From The Iranians."

USA Today:

"Marines Call Up Inactive Reservists."
"New Orleans' Recovery Slow And Slippery Process."
"States List Meth Offenders On Web."

New York Times:

"Iran Won't Give Promise To End Uranium Effort."
"A New Orleans Home Is Reborn, With Grit and Persistence."
"Relief Agencies Find Hezbollah Hard To Avoid."
"College Football, Big Paydays For Humiliation."
"Nation Faltering, Afghans' Leader Draws Criticism."
"Clinton Rival Tries To Make Most Of Liberal Anger."

Washington Post:

"Iran Pushes For Talks Without Conditions."
"Israel Shelves Plan To Pull Out Of Settlements In West Bank."
"Extra Pounds Could Mean Fewer Years."
"Sen. Clinton Delays AIDS Law's Renewal, Citing Cut In N.Y. Funds."

DOJ_NMG_0052425

"Hornsby Accused Of Scam."
"D.C. Has All Its Teachers, But Some Lack Certificates."
"Silverman Gets Help With Fundraising."
"Va. Inmate Indicted in Killing That Altered DNA Testing Law."

Washington Times:
"Iran Ready For 'Serious' Nuke Talks."
"Homeowners Feel Pinch Of Mortgage Rate"
"Ex-PG School Chief Indicted On fraud Charges."
"Legislators Seek Review Of Border Agents' Conviction."
"Jersey Enjoy Short Shelf Life."
"Nearly Half Of Women Fear Life As A Bag Lady."

Detroit Free Press:
"Ford Buyout Plan Chills UAW Locals."
"Standing Proud."
"Laptop Theft Put 28,000 IDs At Risk."
"All The Fun Starts Today."

Atlanta Journal-Constitution:
"Cellphone In A Wreck Cost You DeKalb."
"Sobering Up."
"Bausch & Lomb's Solution Infected Eyes, CDC Says."
"Iran Proposes Nuclear talks."

Houston Chronicle:
"Mayor: Be Smart About Giving To the Homeless."
"BP Halts Plan For Pelican Island Site."
"Marines To Reactivate Thousands In Reserves."
"Perry Vision For Rural Highway Could Become A Political Pothole."
"NASA Lets Its Secrete Slip Out: Moon Ship To Be Called Orion."

Story Lineup From Last Night's Network News:
ABC: Iran Sanctions; Iran Sanctions-Analysis; Iraq Violence; Republicans Against War Strategy; JonBenet; Military-Payday Loans; Russian Plane Crash; Healing The Ozone; Cruise Dropped From Paramount; Front Yard Gardens.
CBS: UK Terror Plot; JonBenet; Karr Death Penalty; Iran Sanctions; McCain-Iraq; Public Opinion-Iraq; Marine Recall; Global Warming Effects; Cricket Controversy.
NBC: Iraq War Strategy; Hussein's Second Trial; Iran Sanctions; Airplane Security; Passenger Profiling; Russian Airplane Crash; Obesity Risk; Contact Recall; JonBenet; Stock Markets; Gas Prices; 9/11 Comic Book.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends Friends of George Allen reception, Private Residence, Alexandria, Va. Note: Closed press.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: ACCOUNTANTS _ The American Institute of Certified Public Accountants holds the 2006 AICPA National Governmental Accounting & Auditing Update Conference. Highlights: Location: JW Marriott, 1331 Pennsylvania Ave. NW.

INFRASTRUCTURE PROTECTION _ The InfraGard National Members Alliance and the FBI hold a conference to discuss the protection of and potential threats to national and global critical infrastructures. Highlights: 8 a.m. Christopher Painter, Computer Crime and Intellectual Property Section, Justice Department; others. 12 p.m. Plenary speakers Eliot A. Jardines, Assistant Deputy Director of National Intelligence for Open Source, and Al Fluman, Acting Director of the National Incident Management System Integration Center. Location: Washington Renaissance Hotel, 999 9th St. NW.

KATRINA LESSONS _ 9:30 a.m. The National Press Clubs hosts a press conference on ``The Crisis of Katrina: Lessons for Preparedness and Response. Scholars from the Mercatus Center at George Mason University will release research analyzing the rebuilding efforts and implications for other communities. Analysts will include Dr. Peter Boettke, professor of economics at George Mason University and project director for ``Crisis, Preparedness, and Response in the Wake of Katrina; Dr. Russell Sobel, James Clark Coffman Distinguished professor of economics at West Virginia University and author of ``The Economics & Politics of FEMA - Why FEMA Failed after Hurricane Katrina, Dr. Emily Chamlee-Wright, professor of economics, Beloit College and author of ``After the Storm: Social Capital Regrouping in the Wake of Hurricane Katrina, Jonathan Rauch, guest scholar at the Brookings Institution, and New Orleans Times-Picayune reporter James Varney. Location: National Press Club, First Amendment Lounge.

GUN VIOLENCE _ 10 a.m. ROOT, Inc., forms a coalition with the National Organization of Black Law

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Enforcement Executives, the Hip Hop Caucus Institute, others, to urge Congress to hold hearings to propose resolutions to reduce gun violence. Location: National Press Club.

SECURE BORDER INITIATIVE _ 11 a.m. Secretary Michael Chertoff joins ICE Acting Director of Detention and Removal John Torres and CBP Border Patrol Chief David Aguilar for a press briefing and update on the Secure Border Initiative. Location: Ronald Reagan Building, Press Briefing Room, 1300 Pennsylvania Ave. NW.

OIL PRODUCTION _ 12 p.m. The Manhattan Institute for Policy Research and the Heritage Foundation hold a briefing on domestic oil production and the search for new energy supplies, with Ben Lieberman of the Heritage Foundation and Max Schulz of the Manhattan Institute. Location: Room 121, Cannon.

MISSILE DEFENSE _ 12:30 p.m. Lockheed-Martin gives a media update on its progress in supporting the multi-layered missile defense system. Location: National Press Club.

LEBANON/GAZA-RIGHTS _ 7 p.m. The American-Arab Anti-Discrimination Committee hosts a discussion, ``Violations of Humanitarian and International Law In Lebanon and Gaza," with Joe Stork, Human Rights Watch, and David Khairallah, international law expert. Location: ADC National Headquarters, 1732 Wisconsin Ave. NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, AUGUST 23, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Judge Accused Of Conflict In Wiretapping Case 3
Suspects In London Plot Appear In Court 3
German Bomb Plotters May Have Had Wide Extremist Connections 4

Patriot Act:
Judge Upholds FISA Warrants In AIPAC Espionage Case 4

Homeland Response:
US Seeks Longer Data Retention From European Airlines 4
Texas Trio Released On Bail In Michigan Cell Phone Case 5
Comic Illustrates 9/11 Commission Report 5
Bush To Visit Hurricane Zone On First Anniversary Of Katrina 5

War News:
Decision To Call Up Marine Reserves Cast As Indicator Of Iraq Woes 7
US, Iraqi Forces Capture More Than 100 Terror Suspects 8
Redeployment To Baghdad "Seems To Be Working." 8
McCain Criticizes Bush Administration's Iraq Policies 8
Slim Majority In Poll See No Link Between Iraq, War On Terror 8
Iraq Opens Its Own Investigation Into Rape, Family's Murder 9
Former Iraqi Minister Alleged To Have Misappropriated $1 Billion Turns Himself In 9
Kurds Testify Against Saddam Concerning 1987 Gas Attack 9
Carroll Describes Explosion Of Sectarian Violence Following Samarra Bombing 10
Parallels Drawn Between Vietnam, Iraq Wars 10
Bush Discusses Afghan Security With Karzai 10

Corporate Scandals:
US To Drop All Charges Against Quattrone In Deal 10
US Faces Challenges In Options Timing Prosecutions 12
Former CEO Says Mills Corp Ignored Audit Warnings 12

Criminal Law:
Gonzales Tours Kentucky Center For Sex Crime Victims 12
Plame Considers Suing Armitage 13
Former Prince George's County Schools Chief Indicted In Kickback Probe 13
Former Pennsylvania Mayor Sentenced To 51 Months In Prison For Bribery 14
San Francisco Property Deal Raises Conflict Of Interest Concerns 14
Gotti Lawyer Paints Mob Snitch As Gravano Lackey 14
FBI Agent Says Oklahoma Man Admitted Murdering Girl 14
Groups Tries To Curtail Hotel Pornography 14
Chicago Police Say DNA Links Suspect In Nine Attacks 15
Active Duty Airman Pleads Guilty To Child Porn Possession 15
Virginia Inmate Charged In Murder That Changed DNA Testing Law 15
Maryland Man Convicted Of 1985 Slaying Forgoes Retrial 15
Waiving Extradition In California, Karr Headed To Colorado 16
In Role Reversal, Judge Serves As Witness In Murder Case 17
Qwest Supports Mandatory Data Retention Laws 17

Civil Law:
US Faces Wave Of Damage Awards In Spent Nuclear Fuel Lawsuits 18
Golden Ventures Settles Medicare Fraud Charges With US 18

Civil Rights:
DOJ Presses Springfield, MA, On Help For Hispanic Voters 18
New Mexico ACLU Sues DEA For Allegedly Violating Armenian Couple's Rights 19
Some States To Allow Pharmacists Not To Dispense Contraceptives 19
NYTimes Calls For New Drug Testing Protections For Inmates 19

Antitrust:
Michigan Minimum-Service Plan Faces Governor's Veto 19
FTC Gives Antitrust Not To HCA Deal 20
Judge Allows Blockbuster Counterclaims Against Netflix To Proceed 20
Winner In BlackBerry Patent Case Faces Accusers 20
SCOTUS Lets Stand Ruling Against EchoStar On TV Transmissions 20
WSJournal Says Protectionist Law Wreaking "Havoc" In Wireless Phone Industry 20

Environment/Indian Affairs:
Judge Rejects Administration's Sequoia Logging Plan 21
Global Warming Said To Threaten Native Villages In Alaska 21

FBI/DEA/ATF/USMS:

4th Circuit Overturns Conviction Of Virginia Pain Doctor 21
Kentucky Officer Among Four Indicted In Drug Case..... 22
Gatlin Agrees To 8-Year Suspension For Doping Violation 22
Former Canadian Border Agent Gets 3-Year Sentence In Drug-Smuggling Case 23
More States Focus On Creating Meth Offender Registries..... 23
US Claims Pennsylvania Man Lied In Purchasing Gun Before Fatal Shooting..... 23

Immigration:

Gonzales Doubtful About Swift Passage Of Immigration Bill 23
Legislators Call For Review Of Border Patrol Agents' Conviction23
Sensenbrenner Claims CBO Underestimates Cost Of Senate Immigration Bill 24

Tax:

Ohio Attorney Convicted Of Tax Evasion 24
DC Circuit Strikes Tax On Emotional Damage Awards..... 24
IRS Moves Ahead With Private Debt Collection Despite Opposition..... 24
IRS Keeping Eye On Emmy Show Swag 25

Congress-Administration:

Bush Signs Order On Health Care, Campaigns For GOP House Candidate In Minnesota..... 25
Baucus Urged To Lift Hold On Treasury Nominee 26

Other News:

Chicago Chief Says Fed May Boost Rates Again 27
State Chief Justices Concerned About Judicial Elections 27
State Laws Controlling Cohabitation Rarely Enforced..... 28
Wal-Mart Banishes GOP-Affiliated Voter Registration Group 28
Bush To Raise Funds For Allen 29
Lieberman Leads Lamont By Two Points In ARG Poll..... 29
Anti-War Candidate Finds Difficulty In Gaining Traction Against Clinton 30
Tester Campaign Releases Video Of Burns Immigrant Comments..... 30
Rothenberg Says Fundamentals Unchanged In Pennsylvania, Virginia Senate Races 31
Republicans Said To Face Growing Troubles As Midterm Elections Approach..... 31
Ford's Political Skills Seen As Exceptional..... 31
Clyburn Praises DNC's New Primary Calendar..... 32
Schwarzenegger, Democrats Reach Prescription Drug Deal 32
Pataki Criticized For Signing Expensive Pension Bill 32
Iran Offers "Serious Talks" But No Suspension Of Enrichment .. 32
Italy Will Lead Lebanon Border Force With 2,000 To 3,000 Troops..... 34
Israel's West Bank Pullout Plan "Dead." 35
North Korea Says It Retains Option Of Preemptive Attack On US 36
Indian Police Kill Pakistani Terror Plotter, Arrest Another 36
ASEAN To Seek Common Market By 2015 36
UN Negotiates Ceasefire In Congo..... 36
Russian Plane Crashes, Killing 170..... 37
Oil Shutoff To Lithuanian Refinery Said To Shows Russia's Unreliability As Supplier..... 37
Ignatius Lauds Al-Jazeera's Professionalism, Determination..... 37

The Big Picture:

Headlines From Today's Front Pages 37

Washington's Schedule:

Today's Events In Washington 38

DOJ_NMG_0052429

TERRORISM NEWS:

Judge Accused Of Conflict In Wiretapping Case. USA Today (8/23, Biskupic, 2.27M) reports that U.S. District Judge Anna Diggs Taylor, who ruled last week that the Bush Administration's domestic wiretapping program violates the Constitution, "may have had a conflict of interest in the case," citing a press release from the "conservative-leaning" Judicial Watch "calling attention to Taylor's apparent membership in a local foundation that gave $45,000 to the American Civil Liberties Union of Michigan." The article notes that this group was a party to the lawsuit on which Diggs was ruling.

The New York Times (8/22, Lichtblau, 1.21M) says Taylor "is a trustee and an officer of a group that has given at least $125,000 to the American Civil Liberties Union in Michigan, a watchdog group said Tuesday." The Times quotes Judicial Watch's president, Tom Fitton, as saying, "The system relies on judges to exercise good judgment." He continues to call for an investigation. "Three legal ethicists interviewed said although Judge Taylor's role as a trustee for a supporter of the civil liberties group would not necessarily disqualify her from hearing the case, she should have probably disclosed the connection in court to avoid any appearance of a conflict." The Washington Post (8/23, 748K) also notes the story in its "Washington in Brief" section.

The AP (8/23, Eggert) reports, "Taylor declined to comment, as did the U.S. Justice Department, which is asking the 6th U.S. Circuit Court of Appeals in Cincinnati to overturn her ruling issued Thursday. Bush says the program is a key tool for fighting terrorism. … ACLU of Michigan Executive Director Kary Moss said the group did not know about the judge's affiliation with the nonprofit but added she did not think it is a 'big story.' … 'We don't think recusal would have been necessary,' Moss said."

McClatchy Newspapers (8/23, Wariko) reports, "Moss, said Judicial Watch's claims are 'much ado about nothing.' Moss said her office has received money from the Community Foundation, but that it had absolutely nothing to do with the case involving domestic surveillance that Taylor considered."

Taylor's Legal Rhetoric Criticized As Substandard. In a New York Times (8/23, 1.21M) op-ed, political writer Ann Althouse blasts Taylor for her "carelessness:" "let's consider the irony of emphasizing the importance of holding one branch of the federal government, the executive, to the strict limits of the rule of law while sitting in another branch of the federal government, the judiciary, and blithely ignoring your own obligations." Althouse criticizes Taylor more for the tone of writing in her opinion on the case, which, in part, "dispenses with the formalities" usually seen in such writing, adding "for those who approve of the outcome , the judge's opinion is counterproductive. It will be harder to defend upon appeal than a more careful decision." Her writing is dismissed as "sheer sophistry," "political willfulness" and "a headlong rush through a whole series of difficult legal questions to get to an outcome in her heart she knew was right."

More Commentary On NSA Ruling. The Wheeling (WV) Intelligencer (8/23) reports, "One week after a plot to blow up 10 or more airliners over the Atlantic Ocean was foiled thanks to excellent intelligence work, Jimmy Carter-appointed federal Judge Anna Diggs Taylor issued a political screed in which she declared the National Security Agency's eavesdropping upon international terrorists to be an unconstitutional breach of tender terrorists' Fourth Amendment and First Amendment 'freedoms.' … One first has to wonder if poor Judge Taylor simply has gone bonkers and therefore ought to be impeached, based upon mental unfitness to serve, for her ruling seems completely divorced from the dangerous realities of our times. If one is to take her decree seriously, then she effectively has extended constitutional protections to foreign enemies that heretofore were applied only to citizens and legal residents. She has ruled, in effect, that the United States government may not engage in spying. … President Bush was right to order the Justice Department to appeal the ruling immediately and to obtain a stay of Judge Taylor's decision. If allowed to stand, Judge Taylor's ruling would handcuff counter-terrorism intelligence operations and put Americans' lives at risk."

Suspects In London Plot Appear In Court. The Washington Times/AP (8/23, Quinn) reports, "Eleven suspects charged in an alleged plot to blow up US-bound airliners appeared in court for the first time Tuesday, and the eight men who faced the most serious charges were ordered held until next month as detectives press on with their investigation." The Crown Prosecution Service "said the suspects probably would go on trial sometime in 2007. Because of the number of suspects, proceedings may be split into two or more trials, which could last many months."

The Chicago Tribune (8/23, Crewdson, 623K) says "all 11 defendants, eight of whom were charged Monday with conspiracy to commit terrorism and murder, were ordered to remain in custody."

The Wall Street Journal (8/23, Mollenkamp, 2.03M) says "the eight suspects appearing at the City of Westminster Magistrates Court were: Tanvir Hussain, Ahmed Abdullah Ali (also known as Abdullah Ali Ahmed Khan), Assad Ali Sarwar, Adam Khatib, Umar Islam, Ibrahim Savant, Waheed Zaman and Arafat Waheed Khan. Mr. Zaman nodded to friends or

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family in the court; the others remained largely impassive while sitting behind a glass wall in the courtroom." Separately, "the court heard an overview of the case against a 17-year-old charged with having a book on improvised explosive devices and suicide notes and wills with the identities of potential terrorists. Investigators found materials under a bed in two boxes, according to evidence presented during the hearing."

The New York Times (8/23, Kovaleski, 1.21M) reports, "In the area of East London where several of the suspects lived, news of the charges elicited a wide array of emotions, including disbelief and anger with both the government and Islamic extremists." It also "led to reflections on how Islam is perceived and whether Muslims can do more to integrate into British society without compromising their faith. Some residents were quick to cite an incident last June -- when 250 police officers raided a home in East London, detaining two Muslim brothers and shooting one of them only to release both without charge a few days later -- as an example of their susceptibility to police abuse."

The Washington Post (8/23, A9, Jordan, 748K) reports, "Some Muslim leaders have said that Prime Minister Tony Blair's decision to commit British troops in Iraq and Afghanistan, who fight alongside US troops in wars that have led to many Muslims being killed, has nurtured suicide bombers on British soil." A poll published Tuesday in the Guardian newspaper "showed that an overwhelming majority of those questioned -- 72 percent -- say they believe the government's foreign policy has made Britain more of a target for terrorists."

The CBS Evening News (8/22, lead story, 2:55, MacVicar, 7.66M) reported, "Their appearance in court comes as prosecutors revealed the scale of the plot to blow up transatlantic jets and kill thousands of passengers. … This is the bomb-making manual obtained by CBS News from a source close to the investigation. It was originally posted in Arabic on an al Qaeda-linked Website four years ago. We are told this document in English was the 'key training manual used by the plotters' found under the bed of one of the suspects. There are hundreds of documents like this on the Web and dozens of well-produced how-to videos. And the idea is not new. 12 years ago, Ramzi Yousef tested a nitroglycerin mix hidden in a contact lens case. It blew a hole in the wall of the plane, killing one. Police in this investigation say they found hydrogen peroxide, a source close to the investigation say they believe the plotters were trying to make acetone peroxide and for would be terrorists, that poses its own problems."

More Commentary. The Washington Post (8/23, A14, 748K) editorializes, "The announcement of charges in Britain this week against 11 of those held in connection with the alleged plot to bring down US-bound airliners was not accompanied, as it would be in this country, by substantial amounts of new public information about the case. … Given the need to respect the British justice system, there is little U.S. officials can do about this. Americans will just have to wait." But "it is worth remembering how little the public knows about this plot when considering the often far-reaching policy recommendations to which it has given rise. Since the arrests in Britain, commentators have suggested everything from dramatic changes in airport procedures to revamping the intelligence community yet again to making surveillance easier. America can afford precipitousness no more than it can afford complacency."

German Bomb Plotters May Have Had Wide Extremist Connections. The New York Times (8/22, Landler, Mekhennet, 1.21M) reports that "two Lebanese men suspected of planting bombs on two German trains might have had support from a network of Islamic extremists [in Germany] and in Lebanon." German security officials pointed to the sophistication of the explosives, and alluded to the planning of the September 11, 2001, attacks which took place in Hamburg. "The recent bombing plot has rattled Germans, depriving them of a sense of relative insulation from terrorism and prompting a debate over the adequacy of the government's antiterrorism measures."

PATRIOT ACT:

Judge Upholds FISA Warrants In AIPAC Espionage Case. The New York Sun (8/23, Gerstein) reports, "In an opinion released yesterday, a federal judge said there was plenty of evidence to support federal intelligence-gathering wiretaps and searches in an investigation of two pro-Israel lobbyists charged with conspiring to procure and distribute classified information." US District Judge Thomas Ellis III upheld the FISA warrants "and said the evidence obtained can be introduced against the former employees of the American Israel Public Affairs Committee, Steven Rosen and Keith Weissman. The special court 'had ample probable cause to believe that the targets were agents of a foreign power quite apart from their First Amendment lobbying activities,' Judge Ellis wrote in an August 14 opinion unsealed yesterday."

HOMELAND RESPONSE:

US Seeks Longer Data Retention From European Airlines. The Washington Post (8/23, Nakashima, 748K) reports that the Department of Homeland Security id seeking the extension of an agreement with the EU in which DHS is able to "retain airline passenger data longer than a few years and to share the data more freely

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with law enforcement and intelligence agencies." However, the arrangement, which stems from the Aviation and Transportation Security Act of 2001, "has raised concerns among privacy advocates and politicians in Europe over sovereignty and privacy issues." DHS spokesman Jarrod Agen called the data which is compiled into the Passenger Name Record database, "essential…to identify potential terrorists."

In an "In Depth" report, NBC Nightly News (8/22, story 4, 2:30, Williams, 9.87M) examined airline security, reporting first on the 11 suspects in the plot to blow up airliners who were arraigned today in London. "The British terrorist plot is this latest event now behind the push at the Department of Homeland Security to rethink air travel security." NBC (Williams) added that the agency "wants to dig even further into the backgrounds of the 20 million overseas travelers who fly here every year. Not by asking for more information about them, but by doing more with the data the US already gets." Jayson Ahern, US Customs and Border Protection: "This is an invaluable research tool for us, to be able to see if there's links from individuals of concern that we can find through these database systems." NBC (Williams) added that "privacy advocates say there are too few limits on how US law enforcement agents would use such detailed information."

Behavior Profiling Practiced At Miami International. In a follow up, NBC Nightly News (8/22, story 5, 2:00, Sanders, 9.87M) reported that while many Americans think Osama bin Laden is what a terrorist looks like, terrorist acts have been carried out at airports by people who "don't fit the terrorist profile created after we learned the identities of the 9/11 hijackers: Young, Arab, Muslim. Still, there's a growing chorus in the United States demanding airport authorities profile passengers using just that criteria, even though the Supreme Court has ruled racial profiling unconstitutional." NBC (Sanders) adds that at Miami International, agents have been trained by the Israelis to look for unusual behavior "that says, something's wrong, not with the way people look, but with the way they act."

Reporter Says Additional Data Could Be "Important Tool" For DHS. New York Times reporter Eric Lipton was interviewed on NPR's All Things Considered (8/22, Siegel), where he was asked whether he thought DHS officials "had gone back over things they missed and figured out that they, in deed, would have detected something" if they had had access to more data about certain travelers. Lipton: "I think, in fact, after September 11 they did just this. They went and they looked, and they looked at travel habits of people. And they, I think, through some computer analysis, they saw that they probably could have identified many of the terrorists involved in the September 11 attacks if they'd used techniques like this, even without the clues that they'd gotten from other sources. So, it is a potentially important tool for them."

Texas Trio Released On Bail In Michigan Cell Phone Case. The AP (8/23) reports, "Three Texas men facing federal conspiracy and money laundering charges after buying large numbers of prepaid cell phones posted bail Tuesday and said they planned to fly home. 'We're glad we're out. We're innocent and we're gonna try to clear our names,' one of the men, Louai Othman, 23, told The Bay City Times after the trio left U.S. District Court in Bay City. … The men will be have an evidentiary hearing in Bay City in the next few weeks, said their attorney, Nabih Ayad." Under the headline "Once Accused Of Bridge Plot, Texas Men Released On Bond," the Detroit News (8/23, Egan) notes, "Terrorism-related charges…were withdrawn by the Tuscola County prosecutor last Wednesday after the FBI and Michigan State Police said there was no evidence linking the men to terrorism.

Comic Illustrates 9/11 Commission Report. NBC Nightly News (8/22, story 12, , Gregory, 9.87M) reported, "Five years after the horrors of 9/11, there's a new way to look at those unforgettable images. When you hear the idea of the 9/11 report as essentially a comic book, you're first reaction is, what are you crazy?" Ernie Colon: "Well, that's our burden. The term comic book is our burden." Gregory: "Through color, caricature and captions, comic book veterans Ernie Colon and Sid Jacobson have brought to life the '9/11 Commission Report,' the national bestseller that examined what went wrong before, during and after the attacks."

Bush To Visit Hurricane Zone On First Anniversary Of Katrina. The Los Angeles Times (8/23, Wallsten, Reynolds, 918K) reports that as "next week's anniversary of Hurricane Katrina triggers recollections of rooftop refugees and massive devastation along the Gulf Coast, the White House has begun a public relations blitz to counteract Democrats' plans to use the government's tardy response and the region's slow recovery in the coming congressional elections." President Bush "will visit the area Monday and Tuesday, including an overnight stay in New Orleans. He probably will visit the city's Lower 9th Ward, the heavily black area that remains mired in debris, and is expected to meet with storm victims." The trip "will force Bush to revisit sensitive racial issues that arose with the flooding of New Orleans; at that time, civil rights leaders charged that the White House was slow to respond because so many victims were black." GOP strategists "acknowledged that the administration's failure to act quickly was a significant setback in their efforts to court traditionally Democratic African American voters." The White House "announced Bush's visit Tuesday as a phalanx of

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administration officials stood before reporters to argue that billions of dollars had flowed to the region and millions more was on the way. The plans for the trip were disclosed one day after Atty. Gen. Alberto R. Gonzales announced that he was sending additional lawyers and resources to the city to fight fraud and abuse."

Both Parties To Highlight Katrina, 9/11 Anniversaries. The Wall Street Journal (8/23, McKinnon, 2.03M) reports election day in November "may be shaped significantly by how Republicans and Democrats frame public perceptions of two coming dates: the one-year anniversary of Hurricane Katrina and the five-year anniversary of the Sept. 11 attacks." Democrats "hope to gain advantages by highlighting the storm, with a series of events reminding Americans of the government's initially bungled response to the emergency." Republicans "hope President Bush can sustain a new round of Katrina criticism, then use the Sept. 11 anniversary to remind voters of his party's hawkish security credentials." Congressional Republicans "are developing legislation to take up during September, including measures supporting the administration's terrorist wiretapping program and its treatment of suspected terrorists."

Powell Discusses Gulf Coast Recovery. The Washington Times (8/23, Hudson, 88K) reports that as "officials and special-interest groups" look to "assess and grade recovery efforts in the Gulf Coast as the first anniversary of Hurricane Katrina approaches," Gulf Coast recovery czar Donald Powell "briefed President Bush and other officials yesterday at the White House and earlier met with reporters on how $110 billion are being spent. … 'The devastation is overwhelming,' said Mr. Powell, who added that $15 billion in flood insurance has been issued to victims of the storms in addition to federal aid. 'It's the largest displacement since the great Dust Bowl.'"

Under the headline "Katrina Housing Money Slowed," the AP (8/22, Jordan) reported that Powell said "only $44 billion has been spent to get the battered region back on its feet." Though money has begun to reach homeowners in Mississippi, state plans for distributing funds in Louisiana "were delayed, in turn holding up the funding flow. … 'I have a sense of frustration, I have a sense of urgency all the time,' said Powell, who stopped short of criticizing Louisiana's delay in distributing the funds." The AP added that he "sought to spotlight successes in the Gulf Coast as the Aug. 29 anniversary of Katrina nears."

The Christian Science Monitor (8/23, Cook, 58K) reports on Tuesday's "Monitor Breakfast" with Powell, "a tall, courtly Texan who holds one of the most important but thankless jobs in the federal government." He "contends the city is safe," saying that he would move is family there, and "is optimistic that there will be enough workers to rebuild homes in Louisiana that were damaged by Katrina despite reports of labor shortages."

Anniversary Reports On Recovery Largely Critical Of Efforts. In an article appearing on no fewer than 92 news websites, the AP (8/22, Callimachi) reported, "No less than a half-dozen reports on the Hurricane Katrina recovery effort are being released to coincide with the one-year anniversary of the storm — and nearly all criticize the sluggish pace of the response. The reports document a host of problems, from the still-unfinished levees to the plight of small businesses and the continuing racial divide." The AP added, "Many…focus on the failure of federal dollars to reach their intended targets."

Rebuilt New Orleans Expected To Be Largely Unchanged From "Decaying" Pre-Katrina Condition. Under the headline "New Orleans' Recovery Slow And Slippery Process," USA Today (8/23, 1A, Konigsmark, 2.27M) reports on its front page that one year after Hurricane Katrina, "New Orleans is in the midst of a halting, sloppy recovery. But it is recovering, despite dire predictions last September that the city was gone and admonitions that it should not be rebuilt." Missing from the rebuilding, however, "is a vision for New Orleans as a whole, a way to use this tragedy — and the city's portion of $27 billion in federal rebuilding money earmarked for Louisiana — to transform a city that was decaying for decades before the storm hit." USA Today adds that in spite of improvements, there are indications that "a new city is not emerging from the wreckage."

The New York Times (8/23, Schwartz, 1.21M) reports on the recovery of a New Orleans home, 7023 Fleur de Lis Drive, which "no longer stinks." Though the house looks as if it was "untouched by the waters that, one year ago, burst with fury through a breach just three blocks away in the 17th Street Canal and inundated the affluent Lakeview neighborhood," the yard was once "a moonscape of cracked mud and debris" and "drifts of muck fouled the interior." The "nearly restored home represents 11 months of sweat-drenched labor by its owners, Artie Folse and Tonja Osborne, two of a multitude of New Orleans residents who never stopped pushing ahead."

Bush 41, Clinton Call For Further Outpouring Of Support For Gulf Coast Recovery. Former Presidents George Bush and Bill Clinton write in USA Today (8/23, 9A, 2.27M) that "the compassion shown by citizens offered the first ray of hope after" Katrina. They continue that the response to the Bush-Clinton Katrina Fund "has been overwhelming. … Today, 12 months on, we can report that the broad diversity of those who contributed to this effort mirrors the many ways we have, in turn, put your generosity to work." Bush and Clinton note that groups are carrying on the recovery effort and say they "hope those of you who have not participated in the recovery effort — and even those of you who have -- will consider making a donation today."

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New Book Warns US Still Not Prepared For Major Disasters. USA Today (8/23, 5D, Manning, 2.27M) reports on a new book by Irwin Redlener, director of the National Center for Disaster Preparedness at Columbia University's Mailman School of Public Health, titled Americans at Risk, in which he "urges the federal government to develop a cohesive, coordinated approach to disaster planning — and Americans to emerge from a state of national denial." Redlener "poses five scenarios: an avian flu outbreak in New York City, an earthquake in Seattle, a nuclear attack in a major city, a train wreck in Missouri that causes the release of toxic chemicals, and a terrorist attack targeting elementary schools in Arizona. He also describes a nine-point strategy, starting with reconvening the 9/11 Commission to address preparedness efforts, and including expanding the role of the military in planning for and responding to major disasters."

WAR NEWS:

Decision To Call Up Marine Reserves Cast As Indicator Of Iraq Woes. The announcement that the US Marine Corps will call up to 2,500 Individual Ready Reserve members for active duty is receiving substantial newspaper coverage, with little television coverage except for a long and prominent NBC story. While the news is being portrayed as another indicator of US difficulties in Iraq, it is not exceptionally negative, with most accounts relatively straightforward.

In one of the more detailed, and more critical, reports, NBC Nightly News (8/22, lead story, 3:35, 9.87M) opened its broadcast with anchor Brian Williams saying, "If you ever need a reminder that this nation is fighting wars presently on two fronts, ask any US military family. They will likely tell you of the multiple combat tours overseas and the shortened turnaround time between them. The US has managed so far to fight on two fronts, using an all-volunteer force and the stresses have been great. The number of volunteers in this case has been on the decline, so tonight the US Marine Corps is taking steps to bolster its ranks" by "issuing orders" to USMC reserves "that will result in up to two more years of active duty now in Iraq and Afghanistan." NBC (Miklaszewski) called it "another indication that the war in Iraq continues to exact a heavy toll on the US military. … And it's not only in the Marines; the war in Iraq is taking a heavy toll on the Army, too. Last month, only days away from returning home, 3,800 soldiers from the Army's Stryker Brigade were told they had to remain in Iraq for up to four more months, devastating their families back home." Retired Army Gen. Barry McCaffrey: "We're drafting 42-year-old grandmothers to be privates in the Army. I shouldn't have said draft -- asking for volunteers." Miklaszewski: "Defense Secretary Rumsfeld has said he has over two million American active and reserve troops to call on, but that's not the solution. They say the solution has to be some kind of political reconciliation in Iraq and the buildup of Iraqi security forces to take on that role by themselves, but that doesn't appear likely any time soon."

By contrast, the CBS Evening News (8/22, story 7, 0:10, Schieffer, 7.66M) ran only a brief item, calling it an "involuntary recall," the "Marines' first since the Iraq invasion in 2003." ABC did not cover the story at all. CNN's The Situation Room (8/22, McIntyre) also mentioned the call-up during its Iraq coverage.

In a report carried by approximately 100 newspapers or websites, the AP (8/22, Baldor) also calls it the "first involuntary recall since the early days of the war." USMC Col. Guy Stratton, who is in charge of manpower mobilization, estimated there is "a current shortfall of about 1,200 Marines needed to fill positions in upcoming deployments." At present, nearly 22,000 of the 138,000 US troops in Iraq are Marines.

A McClatchy (8/23, Brown) report carried by about 20 newspapers or websites says the two wars "are stretching" the USMC, "forcing the service to take extraordinary measures to bolster both manpower and equipment." USMC spokeswoman Maj. Gabrielle Chapin denied the Corps is "having difficulty finding recruits or volunteers for war-zone duty." Instead, she said the Marines are "looking to deepen the availability of Marines with specific training. 'What we do need is a pool of very specific skill sets to fill critical job specialties,' she said. Yet the call-up is a rare one for the smallest of the country's four military services, which has always prided itself on its recruitment and retention record."

On its front page, the Los Angeles Times (8/23, Barnes, 918K) reports the "manpower requirements of the Iraq war" have "not abated in the face of a continuing insurgency and growing civil strife." Sen. Jack Reed, calling for an increase the size of the military, said the USMC decision "was an example of the wear and tear inflicted by Iraq on the armed services, a stress that could hurt the military in the months and years to come." USA Today (8/23, Brook, 2.27M) also puts its report on its front page, calling the call-up an "unusual step." USA Today notes that since the war began, "755 Marines have died in Iraq."

The Washington Post (8/23, A10, White, 748K) says the USMC is "dipping into a rarely used pool of troops to fill growing personnel gaps in units scheduled to deploy in coming months," also saying it is the first time the Marines "have resorted to involuntary call-ups" since the war began. The New York Times (8/23, Cloud, 1.21M) is one of the sources that says "around 1,200 reservists are likely to be activated initially and will be told to report for duty next spring or summer."

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US, Iraqi Forces Capture More Than 100 Terror Suspects. USA Today/AP (8/23, 4A) has a wrap-around report on Tuesday's events in Iraq, leading with the news that US and Iraqi forces "captured more than 100 known and suspected terrorists, including one linked to the February bombing of a Shiite shrine that triggered a wave of sectarian bloodshed." Also, British Royal Marine Lt. Gen. Robert Fry, the UK's "deputy to the top U.S. commander in Iraq," said the "sectarian conflict is not a full-blown civil war but perhaps a 'civil war in miniature.'" Fox News' Special Report (8/22, Emanuel) also covered Fry's comments, saying he "cautioned reporters" against using the term "civil war." Fox said Fry "says he prefers to describe the situation in Iraq as very intense sectarian conflict." USA Today also reports that two Kurdish survivors testified in the genocide trial of Saddam Hussein, and that Iraq "said it has launched its own probe into the alleged rape and murder of a 14-year-old girl by U.S. soldiers even though they face possible U.S. courts-martial in the case."

Redeployment To Baghdad "Seems To Be Working." In a rare positive report, ABC World News Tonight (8/22, story 3, 2:30, Gibson, 8.78M) reported, "Encouraging news from Baghdad: The decision was made to redeploy thousands of US troops from Baghdad area from other areas of Iraq to secure the city and reduce a number of daily attacks. Well, the numbers are preliminary, but it seems to be working. After two weeks, Iraqi authorities say the number of violent attacks has gone down by 30%." ABC (McCarthy): "By saturating some of the most dangerous neighborhoods, they have reduced violence across Baghdad by almost a third. US figures, calculated differently, show a 22% drop. Either way, the Americans are fired up." Lt. Patrick Patterson, 114th Cavalry: "It's been great. We get a lot of smiles and waves." Still, despite the positive tone, ABC's McCarthy concluded, "Hope has often gone sour in Iraq. If they cannot make their own peace, America's success in Baghdad could quickly be reversed."

The Washington Times (8/23, Scarborough, 88K) reports Army Maj. Gen. William Caldwell said the US command sees "'life coming back to some normalcy' in violence-racked Baghdad." Caldwell said, "We are cautiously optimistic and encouraged by all the indicators that we are seeing."

Khalilzad Says Baghdad Presents "Urgent Crisis." In a Wall Street Journal (8/23, 2.03M) op-ed running more than 1,500 words, US Ambassador to Iraq Zalmay Khalilzad writes, "Although there has been much good news to report about security progress in Iraq this summer -- the killing of Abu Musab al-Zarqawi, the handover of security responsibility for Muthanna province, the fifth of 10 Iraqi Army Division Headquarters to assume the lead in its area of responsibility -- Iraq faces an urgent crisis in securing its capital." While "Iraqi leaders and the Coalition have a sound strategy to turn the situation around, it is vital that Iraqis control sectarian violence and come together against the terrorists and outside powers that are fomenting the violence." Khalilzad outlines the Iraqi government's Baghdad Security Plan and concludes, "it is imperative that we give the Iraqis the time and material support necessary to see this plan through, and to win the Battle of Baghdad."

McCain Criticizes Bush Administration's Iraq Policies. Television reporters were very interested in Sen. John McCain's criticism of Bush Administration Iraq policy while campaigning in Ohio Tuesday; print coverage is largely limited to wire reports. ABC World News Tonight (8/22, story 4, 1:50, Tapper, 8.78M) said McCain, "an ardent supporter of the Iraq war, assailed how the Bush Administration undersold to the American people the sacrifices. The likely presidential candidate singled out for criticism President Bush's 2003 'mission accomplished' event." The ABC report also notes recent criticism of Iraq policy from Republican Reps. Mike Fitzpatrick and Gil Gutknecht.

The CBS Evening News (8/22, story 5, 0:35, Schieffer, 7.66M) said McCain "ripped into the Administration for painting too rosy a picture and trying to lead the American people into believing the war, as he called it, was 'some kind of day at the beach.'" CNN's The Situation Room (8/22, Blitzer) called it "surprising new criticism today of the President's handling of the Iraq situation from a staunch defender of the war," with McCain quoting "some-high profile catch phrases that have been used by President Bush, Vice President Cheney and Defense Secretary Rumsfeld as evidence." ABC, CBS, and CNN all showed McCain saying, "Stuff happens, 'Mission Accomplished,' 'last throes,' a few 'dead-enders.' I'm more familiar with those statements than anyone else because it grieves me so much that we have not told the American people how tough and difficult this task would be." All three also said McCain is a near-certain presidential candidate.

An AP (8/22, McCarthy) report carried by approximately 150 newspapers or websites recounts the same basic story and also includes the quote.

Slim Majority In Poll See No Link Between Iraq, War On Terror. The New York Times (8/23, Hulse, Connelly, 1.21M) reports, "Americans increasingly see the war in Iraq as distinct from the fight against terrorism, and nearly half believe President Bush has focused too much on Iraq to the exclusion of other threats, according to the latest New York Times/CBS News poll." The poll found a slim majority of 51% seeing "no link between the war in Iraq and the broader antiterror effort," an increase of 10% since June,

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despite "the regular insistence of Mr. Bush and Congressional Republicans that the two are intertwined and should be seen as complementary elements of a strategy to prevent domestic terrorism."

The CBS Evening News (8/22, story 6, 2:35, Schieffer, 7.66M) said "the war is one big reason" the poll "shows that Americans continue to give the President low job performance marks. Just 36% approve of the job the President's doing -- that's the same as in July -- while 57% disapprove. As for the priority issues Americans are concerned about, terrorism and Iraq top the list with the economy close behind."

Voters Not Impressed By Either Party On Iraq. The Christian Science Monitor (8/23, Grier, 58K) says Americans, "pessimistic about prospects for peace, yet wary about walking away from a war that has already cost many lives," are "conflicted and worried" about the future of the US mission in Iraq. But "voters overall seem to reject the certainties offered by both political parties about the proper course of action. They see Iraq as something steeped in shades of gray." American Enterprise Institute polling expert Karlyn Bowman recently wrote, "People don't think Bush has a clear plan for what to do about Iraq. They don't think the Democrats do either."

Iraq Opens Its Own Investigation Into Rape, Family's Murder. The AP (8/23, Joshi) reports Iraqi Prime Minister Nouri al-Maliki ordered an investigation of the rape and murder of a 14-year-old girl. The investigation "started Thursday and was expected to take one week, said chief prosecutor Adnan Mahmoud of the criminal court in Mahmoudiya, 20 miles south of Baghdad, where the March 12 assault took place. Mahmoud is part of the investigation panel along with Mahmoudiya's mayor, police chief and the head of the town's main hospital. He said the panel interviewed witnesses and inspected the house where Abeer Qassim al-Janabi, 14, was raped, shot dead and set on fire, allegedly by a group of U.S. soldiers who had observed her for days. Also killed in the house were her 5-year-old sister and parents." The AP notes, "U.S. authorities arrested five soldiers and a former private in connection with the case." According to the AP, al-Maliki, "has made it clear he wants the soldiers tried in an Iraqi court. The United States is not expected to allow that but has assured al-Maliki that the case will be pursued vigorously under the American justice system and that the soldiers will be punished if convicted."

Former Iraqi Minister Alleged To Have Misappropriated $1 Billion Turns Himself In. The Washington Post (8/23, A10, Knickmeyer, 748K) reports Iraqi authorities "arrested Ayham al-Samaraie, the former electricity minister in a transitional government appointed by the United States soon after Hussein's overthrow. Samaraie is accused in a $1 billion-plus corruption case involving the alleged purchase of faulty generators and parts, said Radhi al-Radhi, head of Iraq's Public Integrity Commission. Samaraie was arrested after walking into Iraq's Central Criminal Court to surrender in the case, Radhi said. Arrest warrants are pending for four other former ministers -- of defense, labor, transportation and housing -- who are accused in corruption cases that jointly amount to billions of dollars. Massive amounts of U.S. and Iraqi funds intended for development and reconstruction disappeared in poorly supervised projects in the years after Hussein's overthrow, and electricity and many other essential services remain below prewar levels."

Kurds Testify Against Saddam Concerning 1987 Gas Attack. NBC Nightly News (8/22, story 2, , Williams) reported, "This was a dramatic day-two in a Baghdad courtroom today where Saddam Hussein is on trial for genocide for bombing tens of thousands of Kurds in the late 1980's. Two survivors of the attack took the witness stand today including a man who described an attack on his own village. … A second witness testified that she and other villagers who had survived the attacks were held for days without food. She says she later lost two babies of her own. As Saddam listens to her testimony, she tearfully asked, if we were his people, then why did he strike us with all those weapons?" McClatchy (8/23, Brunswick) says "as many as 75 witnesses are expected to take the stand."

The New York Times (8/23, Von Zielbauer, 1.21M) reports Hussein "and six other former high-ranking officials in his government are charged with ordering similar gas attacks in a 1988 military campaign to eliminate the Kurds from the mountainous regions in Iraq's far northeast. Mr. Hussein and his co-defendants maintain that the campaign was military in nature, supporting Iraqi troops trying to suppress Kurdish militias that were backed by Iran. … The two villagers' testimony on Tuesday about the 1987 attacks was meant to buttress the prosecution's main argument against Mr. Hussein: that he committed genocide by directing a sustained effort to wipe out Iraq's Kurdish population."

The Washington Post (8/23, A10, Knickmeyer, 748K) reports chief judge Abdullah al-Amiri "rebuked one of the Kurdish witnesses Tuesday for repeatedly using the made-up word, anfalized. Then he defined the term, instructing the court recorder to write that as 'those whose destiny is not known.'"

WSJournal Considers Saddam's Vow That He Will Return To Power "All Too Plausible." The Wall Street Journal (8/23, 2.03M), in an editorial, writes, "Saddam himself was more subdued than usual yesterday, though he did manage to declare that he remains 'president of the Republic

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of Iraq and commander in chief of the heroic Iraqi armed forces.' This is more than a deluded or nostalgic boast, and is probably intended as a message to his Baathist remnants in the insurgency that they will all return to power one day. That claim remains all too plausible to many Iraqis who are pleased that Saddam is gone but are wary of helping the new democratic government because they remember how the Baathists dealt with opponents in the Saddam years."

Carroll Describes Explosion Of Sectarian Violence Following Samarra Bombing. In part eight of her narrative in the Christian Science Monitor (8/23, 58K) reporter Jill Carroll writes, "Abu Rasha was a large man, one of the organizers of my guards. His house in Baghdad - or what I took to be his house - was one of the first places I'd been taken after being kidnapped. I'd spent a lot of time in his presence. But I'd never encountered him in a state like this. 'Today was very, very bad,' he said. 'All day, driving here, and driving there, with the PKC and the RPG,' he said, referring to Russian-made machine guns and rocket-propelled grenade launchers, which were among the insurgents' most common weapons. It had been a day of hard fighting. But they hadn't been confronting US or Iraqi soldiers. Today, they had had a different target: Shiites. Two days earlier, on Feb. 22, an important Shiite mosque in Samarra, Iraq, had been blown up. Shiites had attacked Sunni mosques in retaliation - the result being a vicious cycle of attack-and-response that had altered the world of my Sunni Islamist kidnappers."

Parallels Drawn Between Vietnam, Iraq Wars. In an op-ed for the USA Today (8/23, 2.27M) author Michael Peck writes, "I'm grateful for the war in Iraq. Not for the violence. I take no joy in death and destruction. I'm grateful because it resolves a question that has haunted me since childhood: Why did America fight the Vietnam War? … For three years, I have watched how a nation marches to war step by step, from accusation and ultimatum, to invasion and occupation."

Bush Discusses Afghan Security With Karzai. AFP (8/23) reports President Bush "telephoned Afghan President Hamid Karzai to discuss issues like security in post-Taliban Afghanistan, the White House said." White House spokeswoman Dana Perino said Bush called "to congratulate him on Afghanistan's Independence Day. They discussed security, education and regional cooperation." Karzai's office "said Bush had invited the Afghan leader" to Washington, but Perino "said nothing about the statement."

Insurgency, Corruption Said To Be Undermining Karzai's Grip On Power. The New York Times (8/23, Gall, 1.21M) reports, "After months of widespread frustration with corruption, the economy and a lack of justice and security, doubts about President Hamid Karzai of Afghanistan, and by extension the American-led effort to rebuild that nation, have led to a crisis of confidence. Interviews with ordinary Afghans and with foreign diplomats and Afghan officials make it clear that the expanding Taliban insurgency in the south represents the most serious challenge to his presidency to date." According to the Times, "For the first time since Mr. Karzai took office four and half years ago, Afghans and diplomats are speculating about who might replace him. Most agree that the answer for now is no one, leaving the fate of the American-led enterprise tied to his own success or failure. … On Tuesday, Mr. Karzai's office announced that he had spoken that day with President Bush, who assured him of continued American support. Mr. Karzai accepted Mr. Bush's invitation to visit Washington."

CORPORATE SCANDALS:

US To Drop All Charges Against Quattrone In Deal. The Wall Street Journal (8/23, Smith, Davies) reports, "Frank Quattrone, the one-time investment-banking kingpin of Silicon Valley, won an agreement conditionally dropping all charges against him -- ending the government's effort to include him in the nearly six-year crackdown against the excesses of the 1990s Internet boom." The Journal continues, "By staying out of legal trouble for a year, the 50-year-old Mr. Quattrone will avoid a third criminal trial on obstruction charges after the first ended in a hung jury and a second led to a conviction that was reversed on appeal earlier this year. He even will be able to return to Wall Street -- a remarkable turn considering that at one point he was banned for life by one securities regulator."

The Washington Post (8/23, D1, Masters) reports, "The 10-minute hearing ended the federal government's years-long quest to put Quattrone in prison for sending several hundred subordinates a December 2000 e-mail under the heading 'time to clean up those files.' Prosecutors alleged he was attempting to hinder a grand jury probe, but the banker, now 50, has steadfastly maintained his innocence since being indicted in May 2003. … 'I am very pleased that the case will be concluded, and I look forward to the dismissal of all charges,' a beaming Quattrone said outside the federal courthouse in Manhattan. … This resolution was essentially a victory for Quattrone, who did not admit any wrongdoing. The charges against him will be dismissed in a year as long as he does not break any laws and he reports any change of residence or international travel to a court supervisor. The terms approved by U.S. District Judge George B. Daniels are far more lenient than the deferred prosecution deals the federal government has offered in other recent white-collar cases."

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The AP (8/23, Neumeister) reports, "Quattrone's first trial ended in a deadlocked jury, but prosecutors landed a conviction the second time around. The verdict on charges he obstructed a government probe of stock offerings and an 18-month prison sentence were tossed out by the 2nd U.S. Circuit Court of Appeals in March. Quattrone never served a day in prison. … The government had claimed Quattrone, 50, slyly urged 400 technology investment bankers he supervised from the Palo Alto, Calif., offices of Credit Suisse First Boston Corp. to destroy files when he learned about multiple investigations. He always said he did not. The firm has since changed its name to Credit Suisse (USA) Inc."

The Financial Times (8/23, Wighton) reports, "The judge backed a 'deferred prosecution' agreement that Mr Quattrone reached with federal prosecutors, meaning charges will be dropped if he does not break the law in the next year. … That would clear the way for Mr Quattrone to go back into the securities industry, where he was a leading figure in the technology flotations in the late 1990s. … Leaving court on Tuesday, Mr Quattrone, 50, revealed no detailed plans but said he wanted to resume his business career."

USA Today (8/23, Farrell) reports, "Three years ago, prosecutors accused Quattrone of impeding a federal investigation into the way shares of red-hot IPO stocks were doled out to important clients of Credit Suisse First Boston. In particular, prosecutors said Quattrone knowingly sent out an e-mail urging his CSFB colleagues to destroy documents that he knew would be of interest to regulators. At trial in fall 2003, Quattrone insisted that he wasn't intentionally trying to impede the investigation. Jurors couldn't agree on a verdict and a mistrial was declared. … In a second trial the following year, a new jury convicted him. The judge in that case sentenced him to 18 months in prison, but an appellate court subsequently reversed the conviction on the grounds that the judge's instructions to the jury were flawed."

The Los Angeles Times (8/23, Hamilton) reports, "The settlement was welcomed in Silicon Valley, where Quattrone supporters have long contended that the investment banker became a scapegoat for problems associated with the dot-com boom. … 'They tried to make him the poster child for the excesses of the late '90s and early 2000,' said Sandy Robertson, a venture capitalist who founded the now-defunct Robertson Stephens technology investment bank. … In hindsight, many legal analysts say, Quattrone probably should not have been charged with criminal wrongdoing. They contend that prosecutors brought a case with scant evidence because they were under pressure to demonstrate a get-tough approach to headline-making fraud at Enron Corp., WorldCom Inc. and other companies."

The New York Times (8/23, Sorkin) reports, "The government's retreat was the first time that prosecutors had dropped such a prominent case without seeking a penalty and came after a series of victories by Mr. Quattrone, culminating in an appeals ruling in March that overturned a 2004 conviction for obstruction of justice. … The remarkable turnabout will allow him to pursue a finance career as if the last three years had never happened. Wall Street, though, has become a different place since Mr. Quattrone left Credit Suisse after being indicted in 2003 amid a flurry of investigations that followed the bursting of the dot-com bubble."

The New York Law Journal (8/23, Bar) reports, "The government had little to say. … 'A deferred prosecution of the case against Frank Quattrone is an appropriate resolution of the case in light of all of the facts and circumstances and the posture of the case at this time,' Southern District U.S. Attorney Michael J. Garcia said in statement. … James Comey was the U.S. Attorney in May 2003 when Quattrone was indicted on charges of obstruction of justice, obstruction of agency proceedings and witness tampering."

Bloomberg (8/23, Voreacos, Hurtado) reports, "During the six years that Quattrone faced accusations of wrongdoing, prosecutors secured about 1,000 corporate-fraud convictions, including those of former Enron Corp. Chief Executive Officer Jeffrey Skilling and ex-WorldCom Inc. CEO Bernard Ebbers. Prosecutors have largely concluded bankers didn't commit financial crimes and misconduct by them is better handled by civil regulators, lawyers said. … 'The frauds of 2001 and 2002 were basically manipulations of corporate financial statements, and investment bankers don't do that,' said Columbia University law professor Jack Coffee. 'Most corporate financial distortions do not involve the use of investment bankers.' … Other bankers to be prosecuted include three former employees of Royal Bank of Scotland Group Plc's Greenwich NatWest Unit, who face trial for fraud in an Enron transaction. Four former Merrill Lynch & Co. bankers were convicted of helping Enron inflate earnings and had their convictions overturned on appeal."

WSJournal Praises Prosecutors For Not Seeking Third Quattrone Trial. The Wall Street Journal (8/23, 2.03M) says in an editorial, "Congratulations to U.S. Attorney Michael Garcia, who yesterday agreed not to prosecute one-time Wall Street titan Frank Quattrone for a third time. Two swings at the plate really was enough for a case that has always looked thin." Garcia "negotiated a deferred-prosecution agreement under which the charges will be dropped after a 12-month period if Mr. Quattrone meets certain minimal demands, such as not associating with known felons. The former master financier for Silicon Valley won't have to pay any fine or admit any guilt, and he will be able to take up his investment banking trade once again. In criminal prosecution circles, that's a rout for the defense." The outcome "ought to be a special embarrassment to former U.S. Attorney for the Southern District of New York James

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Comey, who never did charge Mr. Quattrone with any offense related to investment banking."

US Faces Challenges In Options Timing Prosecutions. The AP (8/23, Gordon) reports, "This summer, federal prosecutors and regulators fired two big opening volleys in their crackdown against suspiciously timed grants of stock options to top executives, bringing criminal and civil charges against former officials of two technology companies, one on each coast. … Then: out of public view, it was back to the long investigative slog for Justice Department prosecutors and enforcement attorneys at the Securities and Exchange Commission -- poring over documents, interviewing witnesses." The AP continues, "It could be a very long haul. Faced with a mountain of material and potential violations, the authorities are having to marshal their resources to concentrate on high-priority and more egregious cases of fraud involving the award of stock options. … 'They're presumably not going to investigate every one of the companies' that have irregularities in past awards of the options, said Michael N. Levy, a former federal prosecutor who is a defense attorney at McKee Nelson in Washington. … The apparent prevalence of the conduct throughout corporate America, in fact, can make the government's burden of proof in the cases more difficult, Levy suggested." The AP adds, "At least 75 public companies have reported that they are under scrutiny by the Justice Department or the SEC, or both, for possible manipulation of stock option grants to boost their value to the recipients. The apparent wave of conduct at issue mostly occurred from the market-boom late 1990s to 2002. … The Internal Revenue Service is conducting its own investigation of companies for possible tax-law violations in option grants."

Former CEO Says Mills Corp Ignored Audit Warnings. The Washington Post (8/23, D01, Hilzenrath) reports, "Mills Corp., the troubled shopping mall developer, was told by auditor Ernst & Young as early as February 2002 that it had serious problems with its internal controls but 'willfully disregarded' a series of warnings, according to a lawsuit by a former Mills chief executive. … 'Despite numerous cautions and red flags raised by its auditors, Mills Corp. continued to maintain that the accounting methodologies it employed . . . were correct,' local developer Herbert S. Miller alleged in a recently amended version of litigation he filed over the company's accounting troubles." The Post continues, "Mills countered in a court filing that the auditor's comments were simply 'suggestions for improvements.' The company noted that Ernst's public audit reports on Mills' finances contained no qualifications. The company said it responded to Ernst's suggestions 'in a timely fashion,' and it has asked that Miller's lawsuit be dismissed." The Post adds, "Creator of outlet malls such as its signature Potomac Mills and elaborate 'shoppertainment' venues across the country, Mills is preparing a set of accounting corrections that it has stated will erase a major portion of the income it reported in recent years. The company is saddled with debt, has been selling properties to raise cash, and faces an investigation by the Securities and Exchange Commission. Its share price has plummeted since last summer. But yesterday it closed at $19.28, up $2.56 per share, or 15.3 percent."

CRIMINAL LAW:

Gonzales Tours Kentucky Center For Sex Crime Victims. The AP (8/23, McMurray) reports, "It's a nightmare scenario for parents and law-enforcement officers alike: a would-be sexual predator able to confront children, not at the playground or bus stop, but on the family computer. … Such is the challenge the Internet and social networking sites such as MySpace.com have presented U.S. Attorney General Alberto Gonzales, who Tuesday traveled to Kentucky for one of his first stops on a multistate tour aimed at warning children and their parents about the risks. … 'Most parents are worried about what happens to their children when they walk out the door, but this is a threat that exists within their own homes,' Gonzales said." The AP continues, "On Monday, Gonzales launched a public service campaign aimed at better educating teenage girls about child predators who might be trying to contact them online. According to the Justice Department, one in seven children who use the Internet has been sexually solicited and one in three has been exposed to unwanted sexual material. … The problem is severe in Kentucky, Gonzales said, although he acknowledged it was hard to know whether it was any more severe than anywhere else. He brought with him a check for $400,000 for the state's Project Safe Childhood Task Force, which has been vigilant in helping police investigate Internet crimes. … Gonzales also was joined by Amul Thapar, U.S. attorney for the Eastern District of Kentucky, on a tour of the Child Advocacy Center in Lexington, which each year helps some 500 child victims of sexual abuse."

The Lexington (KY) Herald-Leader (8/23, Ortiz) reports, "Sexual predators who use the Internet to prey on children are a serious and growing threat, one that parents must realize exists in their own homes, U.S. Attorney General Alberto Gonzales said in Lexington yesterday. … 'We are in a serious battle -- I want to call it a war -- against sexual predators,' Gonzales said. 'It's been facilitated by the Internet. The Internet is probably the most wonderful innovation of our time, but in the hands of a predator, it is a serious threat. Because of changes in technology, we face a serious challenge in the law enforcement community in tracking down

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sexual predators.'" The Herald-Leader adds, "Gonzales was in Kentucky yesterday morning to announce a $400,000 federal grant to the Kentucky State Police to combat Internet sex crimes against children. … Gonzales met with the state police's Internet Crimes Against Children task force, and toured the Children's Advocacy Center of the Bluegrass, which counsels and interviews young sex-abuse victims. … The task force, also called Project Safe Childhood, formed in 2003 and acts as a clearinghouse for state and federal agencies." The Herald-Leader notes, "The nation's top cop urged parents to keep close tabs on their children's Internet use. … 'It all begins with parents, no question about it,' Gonzales said. 'Most parents are worried about what happens to their children when they walk out the door. This is a threat that exists within their own homes.'"

The WTVQ-TV, Action News 36, Lexington, KY (8/23) reports, "The nation's top law enforcer was in Lexington talking about a criminal that could be after your kids, right in your home. … 'Most parents are worried about what happens to their kids when they walk out the door,' U.S. Attorney General Alberto Gonzales told Action News 36. 'This is a real threat that exists in their own homes. we need to make parents understand this is a threat to the welfare of their children.'"

The WAVE-TV, NBC 3, Louisville, KY (8/23) reports, "Gonzales says Kentucky is one of numerous states that have a problem with children meeting predators over the Internet. On Tuesday, he toured an advocacy center in Lexington that caters to children who are sexually abused. … He also announced that the federal government is giving an additional 400-thousand dollars to a Kentucky-based sex crimes task force. Crimes against children is also a focus of Amul Thapar, the new U.S. attorney for the eastern district of Kentucky."

Plame Considers Suing Armitage. The AP (8/23, Apuzzo) reports, "Former CIA officer Valerie Plame is considering suing the recent No. 2 State Department official in a case accusing members of the Bush administration of conspiring to leak her identity to the media, Plame's attorney said Tuesday. Official State Department calendars, provided to The Associated Press under the Freedom of Information Act, show then-Deputy Secretary of State Richard Armitage held a one-hour meeting marked 'private appointment' with Washington Post reporter Bob Woodward on June 13, 2003." That was "the same day Woodward met with a confidential source who spoke to him about Plame, according to a person familiar with information gathered by prosecutors. The person spoke only on condition of anonymity because the material remains sealed."

The New York Times (8/23, Shenon, 1.21M) reports, "Reached by telephone on Tuesday, Mr. Armitage and Mr. Woodward said they had no comment on the scheduled June 2003 meeting. A spokesman for Patrick J. Fitzgerald, the special prosecutor in the leak investigation, also had no comment." Armitage, "who left the State Department in February 2005, has refused to say if he was the source of information about Ms. Wilson to Mr. Woodward and to Robert D. Novak, the newspaper columnist who first publicly identified her as a CIA employee, in a column on July 14, 2003."

Former Prince George's County Schools Chief Indicted In Kickback Probe. The Washington Post (8/23, A1, Rich, Anderson, 748K) reports, "A federal grand jury indicted former Prince George's County schools chief Andre J. Hornsby yesterday on charges of steering school business to associates in exchange for kickbacks that were intended to exceed $100,000 and possibly include expensive art, a yacht or other indulgences. … The indictment accuses Hornsby of arranging a $1 million purchase from the software company LeapFrog SchoolHouse, where his girlfriend worked as a saleswoman, and then splitting a $20,000 commission with her. … In the second alleged scheme, Hornsby is accused of insisting that an associate's company be given a consulting contract to help secure funds under a federal program known as E-Rate." The Post notes, "The indictment alleges that Hornsby met with the associate at a hotel in Bowie, where they discussed an agreement to split the fee and where Hornsby took a $1,000 cash down payment. Federal agents captured the meeting on video, one of the sources said."

The Baltimore Sun (8/23, Fuller, 262K) reports, "Prosecutors said Hornsby instructed personnel to destroy e-mail that might have implicated him criminally and attempted to identify and evade telephone and law enforcement surveillance of his activities." US Attorney Rod J. Rosenstein said yesterday, "It is offensive when anyone abuses the public trust, and it is particularly egregious when people in highly paid government jobs abuse their power to line their own pockets." The Washington Times (8/23, Cella, Emerling, 88K) notes Hornsby "was charged in a 23-page indictment with seven counts of wire fraud, five counts of mail fraud, evidence tampering, witness tampering and obstruction of justice."

WPost Praises Federal Probe. The Washington Post (8/23, 748K) editorializes, "The broad outlines of the alleged improprieties have already been aired," but "what wasn't known…was the degree of greed and brazenness." The Post adds, "If the charges are proved true, Mr. Hornsby stole far more from the hopes and futures of Prince George's schoolchildren. Federal officials who pressed this investigation are right to say that those who seek personal gain at the expense of children must be held to account."

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Former Pennsylvania Mayor Sentenced To 51 Months In Prison For Bribery. The Philadelphia Inquirer (8/23, Shields, 399K) reports, "A federal judge yesterday sentenced former Norristown Mayor Ted LeBlanc to prison for more than four years for bribery, fraud and tax evasion. LeBlanc, 68, received 51 months in prison and was ordered to pay $83,000 in restitution by U.S. District Judge William H. Yohn, who sharply criticized LeBlanc for lying at his trial. … 'It sends the correct message, that if you engage in corruption, you will suffer the consequences - and they are severe,' assistant U.S. Attorney Richard Zack said after LeBlanc's sentencing in Philadelphia." The Inquirer notes, "LeBlanc, who declared bankruptcy several months after the FBI, IRS and State Police raided Borough Hall, his business and home, got one piece of good news yesterday. His wife, Beth Ann, won't have to forfeit $42,000 that remains from an $86,000 lottery jackpot last year"

San Francisco Property Deal Raises Conflict Of Interest Concerns. The San Francisco Chronicle (8/22, A1, Selna, 405K) reported, "San Francisco building inspectors got word in June 2005 that someone was renovating a dilapidated, one-story home…in the Mission District without the necessary permits. … In a matter of months, the owners…not only obtained a permit and completed the work, but also signed over title to the property to Leo McFadden, a senior building inspector at the Department of Building Inspection, in exchange for approximately $500,000. The transaction and the involvement of building inspectors beforehand and afterward…raise new questions about conflicts of interest and clean-government practices at the Building Inspection Department. … They also might help explain why the property apparently caught the attention of corruption investigators at the Federal Bureau of Investigation, who served a search warrant on the inspection department for files in McFadden's office pertaining to a property on Alabama Street." The Chronicle noted, "Exactly what the FBI hoped to learn from McFadden's…files is murky. FBI spokeswoman LaRae Quy would confirm only that agents had searched the department." The AP (8/23) briefly reports on the Chronicle story, focusing on the FBI search.

Gotti Lawyer Paints Mob Snitch As Gravano Lackey. The New York Daily News (8/23, Zambito, 729K) reports John "Junior" Gotti's lawyer, Charles Carnesi, yesterday "attacked mob snitch Joseph (Little Joey) D'Angelo…a protégé of Salvatore (Sammy Bull) Gravano -- as eager to use the witness stand to take down a Gotti as his murderous mentor was more than a decade ago. … But D'Angelo told Assistant U.S. Attorney Miriam Rocah that Gravano was 'the furthest thing from my mind' when he decided to cooperate with the feds' racketeering case against Gotti last year." The Daily News notes, "After leaving the federal witness-protection program, Gravano was arrested in 2000 for his role in a Phoenix-based Ecstasy-distribution ring and is serving a lengthy federal prison term. D'Angelo said he hopes his cooperation will open the door to his prison cell."

The New York Post (8/23, Cornell, 608K) adds that D'Angelo "said he agreed to participate in the Sliwa kidnapping to pave the way for becoming a wiseguy -- a wish he said Gotti granted less than three years later. Describing the secret ceremony during cross-examination, D'Angelo said, 'We were told the boss of the family is John Gotti Sr. and this is the panel running the family -- John Gotti Jr., John "Jackie Nose" D'Amico, and Nicholas Corozzo.'" The Post notes, "D'Angelo admitted he hopes to get a reduced sentence for kidnapping, two murders, murder conspiracy and other crimes so he can marry a girlfriend to whom he proposed from behind bars."

FBI Agent Says Oklahoma Man Admitted Murdering Girl. In a widely-distributed story, the AP (8/23, Murphy) reports that an Oklahoma City "man accused of strangling a 10-year-old girl and plotting to eat her flesh allowed investigators to search his apartment and then confessed to the slaying, an FBI agent testified Tuesday. Agent Craig Overby said he spotted the girl's clothing inside a plastic tub inside a bedroom closet and asked Kevin Ray Underwood where the girl was. Overby said the man responded: 'She's in there. I hit her and chopped her up.'" The AP adds, "A judge ruled Tuesday that Underwood would be tried for first-degree murder, and also granted a request by the defense for a gag order that prohibits attorneys and law enforcement from discussing the case publicly."

Groups Tries To Curtail Hotel Pornography. The AP (8/22, Crary) reports, "Pornographic movies now seem nearly as pervasive in America's hotel rooms as tiny shampoo bottles, and the lodging industry shows little concern as conservative activists rev up a protest campaign aimed at triggering a federal crackdown." The AP continues, "A coalition of 13 conservative groups — including the Family Research Council and Concerned Women for America — took out full-page ads in some editions of USA Today earlier this month urging the Justice Department and FBI to investigate whether some of the pay-per-view movies widely available in hotels violate federal and state obscenity laws." The AP adds, "The coalition also is trying to draw attention to CleanHotels.com, a directory of hotels and motels nationwide that pledge to exclude adult offerings from their in-room entertainment service. … Though porn is now cheaply and readily accessible on the Internet, and through many other outlets, the activists chose to target the hotel industry in part because of the well-known brands of corporations that cater

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to family vacationers as well as business travelers. … Precise statistics on in-room adult entertainment are hard to come by. By some estimates, adult movies are available in roughly 40 percent of the nation's hotels, representing more than 1.5 million rooms. Industry analysts suggest that these adult offerings generate 60 to 80 percent of total in-room entertainment revenue — several hundred million dollars a year."

Chicago Police Say DNA Links Suspect In Nine Attacks. The Chicago Tribune (8/23, Maxwell) reports, "Chicago police are asking the public to help identify a man they suspect in at least nine sexual assaults of South and Southwest Side women and girls since 1999." The Tribune continues, "Police released a sketch and description of the unknown man on Tuesday after state crime lab technicians matched his DNA profile to each of the cases, officials said at a news conference. The most recent victim, a 12-year-old girl, was assaulted in August 2005 after the suspect picked her up in the area of Marquette Park, said Sgt. Anthony Kuta. … But most of the cases are at least 5 years old. Chicago police and Illinois State Police, who process DNA in the state's criminal cases, would not say why information about the suspect was not made available earlier." The Tribune adds, "Two victims have told police the suspect threatened them with a handgun; others said they were beaten. One 16-year-old girl was forced into a van with scissors and a 15-year-old was knocked unconscious, police said. … 'Somebody's walking down the street and is dragged into a vehicle with a weapon—that's extremely dangerous,' said police spokesman Pat Camden. 'That's why we're reaching out to the community.'"

Active Duty Airman Pleads Guilty To Child Porn Possession. The AP (8/23) reports, "An active duty airman at Shaw Air Force Base pleaded guilty Tuesday to possessing child pornography, U.S. Attorney Reggie Lloyd said. During his plea hearing, Lawrence Sanders, 24, admitted that in May 2005 he had a computer with nearly 3,000 images of child pornography and made the pictures available to others on the Internet through a file-sharing program. An undercover FBI agent searching the Internet program for child pornography was able to download several files from Sanders' computer, Lloyd said."

Virginia Inmate Charged In Murder That Changed DNA Testing Law. The Washington Post (8/23, A1, Glod) reports, "A serial rapist has been indicted in the 1982 rape and murder of a young Culpeper, Va., mother, a crime that nearly led to the execution of an innocent man and helped bring about unprecedented reforms in Virginia's criminal justice system." The Post continues, "Kenneth M. Tinsley, 61, who is serving a life sentence for an unrelated rape, was charged this week with capital murder, rape and sodomy in the slaying of Rebecca Lynn Williams, 19. … The charges against Tinsley might finally clear Earl Washington Jr., whose case had emerged as one of the nation's most troubling instances of a wrongful conviction. A mildly mentally retarded farmworker, Washington had been convicted in the slaying and served 17 years in prison -- including 9 1/2 on death row -- before DNA tests exonerated him in 2000. At one point, he was days from execution. … 'Finally the government has charged the man who really killed Rebecca,' said Robert T. Hall, one of Washington's attorneys." The Post adds, "Washington's story, perhaps more than any in Virginia, has sparked reform in the state's justice system. His case inspired a 2001 law allowing inmates who claim innocence to seek DNA testing at any time, loosening what was then the toughest rule in the nation on new evidence. It also led to a review of some cases analyzed in Virginia's DNA laboratory. … Although Tinsley was first implicated as a suspect in 2000 when scientific tests showed that his DNA was on a blanket in the victim's apartment, the investigation continued for years. Albemarle County Assistant Commonwealth's Attorney Richard E. Moore, appointed as special prosecutor in the case, said yesterday that a Culpeper County grand jury handed up the indictments Monday. … Washington, who has an IQ of 69, was convicted and sentenced to death largely based on a confession his attorneys say was coerced. They noted that he got key details wrong, describing Williams, who was white, as black and saying she was alone. … In 1994, Gov. L. Douglas Wilder (D) commuted Washington's sentence to life in prison after primitive DNA testing cast doubt on his guilt. In 2000, Gov. James S. Gilmore III (R) pardoned Washington after more advanced genetic testing failed to connect him to the crime and revealed that DNA on the blanket in Williams's apartment was Tinsley's."

Maryland Man Convicted Of 1985 Slaying Forgoes Retrial. The Baltimore Sun (8/23, Bykowicz) reports, "Robert C. Griffin spent two decades in prison for a Baltimore murder he says he did not commit. Tuesday, the 71-year-old proclaimed his innocence again, but then he took a plea deal and left the courthouse a free man." The Sun continues, "Griffin was convicted in May 1986 of first-degree murder in the stabbing and strangling death of his girlfriend, Annie Cruse, 20, whose body was found in Druid Hill Park. That conviction, which carried a life sentence, was overturned last year because recent testing showed DNA found in Cruse's body was not Griffin's." The Sun adds, "This was the first time in Baltimore that a murder conviction was turned around by new DNA testing, though it is not a black-and-white example of a wrongful conviction. Griffin's plea now punctuates his case with a question mark. .. . His new trial was to begin Tuesday. But when the prosecutor asked to

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postpone the trial, Griffin entered an 'Alford plea,' meaning he did not admit guilt but acknowledged that prosecutors had enough evidence to convict him. … As part of the plea, to second-degree murder, Griffin was sentenced to time served. The plea will be entered as 'guilty' in court records. Griffin has been out on bail since January and lives with family members in Baltimore."

Waiving Extradition In California, Karr Headed To Colorado. John Mark Karr, who confessed to killing six-year-old JonBenet Ramsey in Boulder, CO, in 1996, made his first appearance in a Los Angeles courtroom on Tuesday and agreed to be extradited to Colorado.

The CBS Evening News (8/22, story 2, 2:40, Schieffer) reported, "In a Los Angeles courtroom today John Mark Karr waived extradition and will be heading to Colorado now to face charges in the JonBenet Ramsey slaying and from what we heard today, prosecutors intend to throw the book at him." CBS continues, "Karr's only objection (at the hearing) voiced through his attorney was that he had to wear the clothes of a prisoner, an orange jump suit instead of a suit and tie. Standing behind his court-appointed public defender, John Mark Karr agreed to go to Colorado to face charges of murdering, kidnapping and sexual assault of a child."

ABC World News Tonight (8/22, story 5, 2:20, Gibson) reported, "Today, on 'Good Morning America,' Karr's former lawyers said his public comments do not amount to a confession." Patience Van Zandt, former Karr attorney: "I think that Mr. Karr was doing his best under circumstances for which he was not prepared, but I certainly wouldn't classify it as a confession." Nauert: "The Boulder district attorney is building her case, looking for physical evidence, including the DNA of an unknown white male taken from the crime scene. Other evidence that may come into play includes analysis of handwriting samples of the murder scene. Handwriting analyst said he sees unique traits in Karr's writing which match up with the random note."

NBC Nightly News (8/22, story 9, 2:05, Williams) reported, "Karr was returned to his Los Angeles county lockup. Colorado has until September 6 to physically bring him back to the state. However soon Karr is returned, investigators here in Boulder County should already know the answer to a key question is there a DNA match? A match between DNA samples Karr has reportedly surrendered and the DNA taken from under the victim's fingernails and one article of clothing."

The Los Angeles Times (8/23, Muskal, Span) reports, "John Mark Karr, the suspect in the murder of 6-year-old JonBenet Ramsey, waived his rights this morning and will be sent to Colorado, where the body of the child beauty queen was found a decade ago." The Times continues, "Karr, 41, appeared this morning in court after a night in a high security cell in Los Angeles County's Twin Towers jail. He wore standard orange jail clothes, was shackled at the waist and looked passive as he peeked out from above a metal bar that partially obscured his face from television cameras. … The proceeding lasted about four minutes as Judge Luis A. Lavin read the details of the waiver. … Karr was returned to custody without bail to await the transfer by Colorado officials. Court spokesman Alan Parachini said he didn't have a timetable for Karr's transfer."

The New York Times (8/23, Archibold) reports, "Mr. Karr, 41, a teacher with a record of child pornography charges, answered softly, 'Yes, Your Honor,' when Judge Luis A. Lavin of Superior Court asked if he understood that by waiving extradition he would be transported to Colorado where the district attorney is weighing whether to formally file the five charges contained in an arrest warrant issued Aug. 15. … And with that two-minute hearing over, Los Angeles County Sheriff's Department deputies escorted Mr. Karr from the courtroom and back to his cell in a county jail downtown. The Colorado police are expected to pick him up in the next day or two to complete his journey to Boulder from Bangkok, Thailand, where he was arrested last Wednesday." The Times notes, "Boulder prosecutors have not said what prompted them to arrest Mr. Karr when they did, but a University of Colorado journalism professor in Boulder, Michael Tracey, has revealed that in May he gave the police a lengthy exchange of e-mail messages with Mr. Karr in which the suspect had expressed his infatuation with JonBenet in alarming terms."

USA Today (8/23, Kasindorf) reports, "Immigration officials in Bangkok, where Karr had been living on and off for two years, detained him Aug. 15 on an arrest warrant issued in Boulder. Karr told reporters in Bangkok that he was with JonBenét when she died and called her death 'an accident.' … Deputy Public Defender Haydeh Takasugi, who represented Karr at Tuesday's hearing, said that news coverage was 'getting (Karr) a little bit stressed out.' … Karr had a jailhouse conference Monday with Jamie Harmon, a San Jose, Calif., defense lawyer. She said Tuesday that Karr 'looked much more together (in court) today.' … 'Mr. Karr has been portrayed by the media as … mentally unstable, attention-seeking, mentally unwell,' Harmon said. 'And he is none of those things. He is anxious to address the allegations against him, and to be portrayed in a more accurate way.'"

The Washington Post (8/23, A3, Geis) reports, "Karr wore orange jail scrubs, and his hands were cuffed to his waist during a two-minute proceeding in the Los Angeles courtroom." Takasugi "asked that her client be allowed to wear street clothes when he is sent to Boulder to avoid tainting potential jurors who might see television images of him arriving. The judge denied her request." The Post adds, "It was Karr's first court appearance since Boulder authorities arrested him in Thailand last week. In Bangkok, where he

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had been living in a hotel, the 41-year-old teacher told reporters that he was with JonBenet when she died. The 6-year-old was found strangled in her Boulder home the day after Christmas in 1996. … Yet Lara Knutson, one of Karr's former wives, has said that he never missed a family Christmas celebration or left on a trip soon afterward. And Gary C. Harris, a lawyer for Karr's father and brothers, has said that they recall the same thing."

Karr Could Face Death Penalty. On the CBS Evening News (8/22, story 3, 1:25, Schieffer), CBS news legal analyst Andrew Cohen said the death penalty in this case "is an open possibility … First degree murder with premeditation in Colorado brings with it the possibility of the death penalty. Guarantee that that's what prosecutors are going to go for. You can imagine they don't want to talk very much about that option because they are hoping John Mark Karr continues to talk to them about the world and what did or did not happen to JonBenet Ramsey."

In Role Reversal, Judge Serves As Witness In Murder Case. The New York Times (8/23, Kilgannon) reports, "In countless criminal trials during his decade-long career in the Queens County (NY) Courthouse, Jaime A. Rios, a State Supreme Court judge, has presided over the grilling of witnesses and evaluated accusations of all sorts of lurid misdeeds. … But yesterday, Justice Rios was not behind the bench. Instead, he was beside it — on the witness stand — being questioned by Ronald L. Kuby, a prominent defense lawyer, as to whether he tainted the murder trial of a Queens man convicted in his courtroom in 2003. 'Witness entering,' a court officer announced before Justice Rios, looking distinguished in a dark suit, took the witness stand." The Times continues, "Mr. Kuby is representing Tyrone Johnson, who was convicted of fatally shooting a nightclub owner in 2000 by a jury in Justice Rios's courtroom. Mr. Kuby is seeking to overturn Mr. Johnson's conviction, and in yesterday's hearing he tried to show that Justice Rios was biased toward the prosecution and unfairly coached a prosecutor on how to proceed against Mr. Johnson. … So roles seemed reversed yesterday, as Mr. Johnson calmly watched his theatrical lawyer make Justice Rios — who two years ago sentenced him to 20 years to life in prison — squirm and deny that he had coached the prosecution." The Times notes, "In response to a harsh line of questioning from Mr. Kuby, the judge seemed apprehensive and invoked judicial privilege in refusing to answer some questions. He said he remembered little of what Mr. Kuby was asking about. … Adding to the tension was the testimony, earlier in the day, of Justice Rios's longtime law clerk, Judith Memblatt, 48, who was fired by the judge in 2004. In a federal wrongful-termination lawsuit, she has accused him of having an affair with a Queens prosecutor, Meryl A. Lutsky, that was such an 'open secret' in the district attorney's office that the judge regularly curried favor with prosecutors to keep them from exposing him."

Qwest Supports Mandatory Data Retention Laws. CNET News (8/23, McCullagh) reports, "Broadband company Qwest Communications International on Tuesday strongly endorsed federal legislation requiring Internet providers to keep records of their customers' behavior, a move that could accelerate efforts in Congress to enact new laws." CNET continues, "Jennifer Mardosz, Qwest's corporate counsel and chief privacy officer, applauded efforts by politicians to force broadband providers to engage in so-called 'data retention,' which Attorney General Alberto Gonzales said will aid in investigations into terrorism and child exploitation. This appears to be the first time a broadband provider has called for data retention laws. … 'We support legislation related to data retention,' Mardosz said at the Progress and Freedom Foundation's annual summit here. Mardosz said Qwest 'absolutely' endorses a measure proposed in April by Rep. Diana DeGette, a Colorado Democrat." CNET adds, "In a public flip-flop, the Bush administration now is lobbying for data retention laws, even though it previously expressed 'serious reservations about broad mandatory data retention regimes.' Rep. Joe Barton, the influential chairman of the House Energy and Commerce Committee, has endorsed data retention and is expected to introduce a bill after the panel completes a series of hearings on child exploitation. … 'We support legislation,' Mardosz said Tuesday. 'We want to be at the table. We want to have these discussions. The main thing is what's reasonable and balancing the interests of privacy and law enforcement.' Qwest already keeps logs for more than 99 percent of its services for one year, she said. … This is an unusual stand for Qwest, which defended its customers' privacy rights when requiring the National Security Agency to obtain a court order to conduct electronic surveillance, according to a USA Today article in May. The Denver-based company has a market capitalization of $16.5 billion and says it has 784,000 wireless customers and 1.7 million DSL (digital subscriber line) customers."

Academic Researchers Tempted By Retained Data. The New York Times (8/23, Hafner) reports, "When AOL researchers released three months' worth of users' query logs to a publicly accessible Web site late last month, Jon Kleinberg, a professor of computer science at Cornell, downloaded the data right away. But when a firestorm over privacy breaches erupted, he decided against using it. … 'Now it's sitting there, in cold storage,' said Professor Kleinberg, who works on algorithms for understanding the structure of the Web and searching it. 'The number of things it reveals about individual people seems much too much. In

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general, you don't want to do research on tainted data.'" The Times continues, "After the data was released for academic researchers like Professor Kleinberg to work with, many were torn, loath to conduct research with it as they balanced a chronic thirst for useful data against concerns over individual privacy. … It is one of the frustrations of being an academic researcher in a world that has grown highly commercial. Data is everywhere, but there is precious little of it for university researchers to work with. Raw data about people's online behavior — the grist for many an academic researcher's mill — remains locked up inside large companies, accessible only to a subset of corporate researchers." The Times adds, "The AOL incident has set off a flurry of divergent opinions in the academic community over the appropriateness of using the data for academic research. .. . Some see the data as too valuable to withhold altogether. 'One of the biggest problems is trying to get real data,' said Christopher Manning, an assistant professor of computer science and linguistics at Stanford University. … Academia has a longstanding disadvantage when it comes to raw data. While fresh data sets are routinely made available to researchers at large companies like Google, academia has largely made do with the same two sets of search data — one from Excite and one from Alta Vista — for nearly 10 years."

CIVIL LAW:

US Faces Wave Of Damage Awards In Spent Nuclear Fuel Lawsuits. The National Law Journal (8/23, Coyle) reports, "The federal government may soon face the first wave of damages awards in its long-running, multibillion-dollar breach-of-contract litigation with the nation's utilities over disposal of spent nuclear fuel." The Journal continues, "The U.S. Court of Federal Claims has damages decisions pending in six of the more than 60 originally filed cases, which, by some industry estimates, could cost the government upward of $50 billion. … Some judges in those six completed cases have indicated that they will be ruling imminently, which is good news to utilities and their lawyers, some of whom have waited as long as five years just for resolution of fully briefed summary judgment motions. … But even if damages are forthcoming, lawyers, like veteran government contract litigator Jerry Stouck of the Washington office of Greenberg Traurig, harbor no illusions that the end of this litigation saga, begun for some in 1998, is in sight. … 'The Court of Federal Claims does a reasonably good job of getting the work done and resolving small disputes in government contracts and federal personnel cases, but when it comes to these big megacases, like Winstar [breach-of-contract suits against the government by savings and loan associations] and spent nuclear fuel, it's a very long and slow and hard row to fight the federal government,' he said." The Journal notes, "Stouck, who is handling four of the most recently completed six cases, said that he believes the utilities will 'mostly win,' and 'big numbers are coming up pretty soon.' But he also said that there is no doubt the government will appeal the damages awards. … 'What's the downside for the government?' he asked. 'There is no prejudgment interest charged. What does the government have to lose? Sure, there will be appeals.'"

Golden Ventures Settles Medicare Fraud Charges With US. The Arkansas Democrat-Gazette (8/23, Whalen) reports, "Legal officials at Golden Ventures, the Fort Smith-based support services division of the former Beverly Enterprises Inc., last week agreed to a $ 20 million, out-of-court settlement with the U. S. Department of Justice." The D-G continues, "The Justice Department on Friday announced the agreement after it alleged MK Medical, the nursing home operator's wholly-owned medical equipment subsidiary, cheated Medicare and Medi-Cal, a health care program jointly funded by the state of California and federal government. … 'We are committed to pursuing allegations of fraud against federal health care programs, and to safeguarding federal funds against false claims,' said Kevin V. Ryan, U. S. Attorney for the Northern District of California." The D-G adds, "Under the False Claims Act, the government alleged the defunct operating unit failed to obtain proper claims and medical documentation during a four-year period ending in 2002. … Beverly agreed to pay $ 14. 5 million to the U. S. government and $ 5. 5 million to California. Beverly has until Sept. 1 to finalize the settlement payment, according to terms in the Justice Department's press release. … In an e-mailed statement, the privately-held nursing home operator said it initiated the settlement with federal investigators."

CIVIL RIGHTS:

DOJ Presses Springfield, MA, On Help For Hispanic Voters. The Springfield (MA) Republican (8/23, Goonan) reports, "A hearing is scheduled on Monday in U.S. District Court to consider if the city - recently accused of violating the rights of Spanish-speaking voters - must immediately take corrective action in time for the Sept. 19 primary." The Republican continues, "The U.S. Department of Justice filed a motion in federal court this week, seeking a temporary restraining order against the city to halt alleged violations of the Voting Rights Act pertaining to the Hispanic voters. The initial suit was filed on Aug. 2. … The Justice Department is asking Judge Michael A. Ponsor to order the city to hire additional bilingual poll workers to assist Spanish speaking voters citywide, and to authorize federal observers at the polls this fall. The hearing is at 2:30 p.m." The Republican adds, "City Solicitor Edward M. Pikula said

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yesterday that rather than help the city, the federal agency filed suit and then sent a team of lawyers to solicit complaints. 'It's unfortunate that the Department of Justice is acting like the 10-ton elephant as opposed to a resource to help us implement improvements,' Pikula said. … A Justice Department spokeswoman said yesterday the city has been legally obligated to provide proper materials and assist Spanish speaking voters at the polls since 1992, but has failed to comply despite repeated letters and discussions. … 'These violations are egregious and the Justice Department is convinced that Springfield will maintain its state of non-compliance causing irreparable harm to thousands of voters without an order by a federal court,' spokeswoman Cynthia J. Magnuson said."

New Mexico ACLU Sues DEA For Allegedly Violating Armenian Couple's Rights. The AP (8/23) reports, "The American Civil Liberties Union of New Mexico has sued the U.S. Drug Enforcement Administration and two law enforcement officers, contending an Armenian couple whose train stopped here last year were illegally searched and roughed up." The AP continues, "The ACLU filed the lawsuit Monday in U.S. District Court in Albuquerque on behalf of Diana Arutinova and her partner, Edgar Manukian. The residents of Burbank, California, are seeking unspecified compensatory and punitive damages." The AP adds, "Special Agent Steve Robertson, a spokesman for the DEA, said the agency does not comment on pending litigation. … 'Obviously if there's an ongoing judicial process, it's unfair to any of the parties involved to make a comment right now,' he said." The AP notes, "Arutinova and Manukian were traveling last August when their train stopped for about 40 minutes. During that time, the two were told by an officer that they were 'suspicious,' according to the lawsuit. … The two were ordered to the luggage area of the train car, and their bags were searched. At one point, an officer pulled bras and underwear from Arutinova's personal bag and examined them with an exaggerated smile, while the other two officers laughed, made coarse jokes and called the couple inappropriate names, the lawsuit says."

Some States To Allow Pharmacists Not To Dispense Contraceptives. The Washington Times (8/23, Price, 88K) reports lawmakers in "nearly half the states have introduced bills in this year's legislative sessions to allow pharmacists not to fill prescriptions for emergency contraception or other birth-control medicines based on their religious or moral objections." Four states, Arkansas, Georgia, Mississippi and South Dakota, have passed laws that permit druggists to deny certain prescriptions, including emergency or other contraceptives."

NYTimes Calls For New Drug Testing Protections For Inmates. The New York Times (8/23, 1.21M) says in an editorial, "Prisoners' rights advocates are understandably worried about an advisory panel's recommendation that the government overhaul the rules for testing drugs on prison inmates. The advocates fear a return to the medieval situation of just 30 years ago, when inmates were often subjected to dangerous and unethical experimental procedures." The "shameful history makes it imperative that any change in testing policies be accompanied by oversight regulations far stronger than those now in existence. That said, a new report from the Institute of Medicine offers a possible outline for moving toward a system of testing that could benefit both the population as a whole and prison inmates, who tend to be among the sickest, most disease-prone people in society."

ANTITRUST:

Michigan Minimum-Service Plan Faces Governor's Veto. Inman News (8/23, Roberts) reports, "A proposal in Michigan to require all real estate agents to perform a minimum set of services for clients when entering into an agency agreement has met opposition from the state's governor after the U.S. Justice Department and a state regulatory agency announced objections to the legislation." Inman continues, "In a legislative report this month, the Michigan Association of Realtors -- which is pushing for the legislation -- announced that 'as the bills were poised for a vote, the governor has made it clear that she will veto the legislation as written,' and 'pressured the Democratic caucus in the Senate to vote "no."' … Liz Boyd, press secretary for Michigan Gov. Jennifer Granholm, said today, 'At this point we have concerns about the bills. We have serious concerns -- certainly we're not supporting the bills at this point.'" Inman adds, "House Bills 4849 and 4850 would continue to allow real estate licensees in the state to provide lesser service than these mandated services, though only by acting in a non-agent role. Critics have said the legislation could make limited-service offerings less attractive and multiple listing services operating in the state could potentially block the public display of property listings related to these non-agency relationships. Most MLSs in the country are affiliated with Realtor trade groups. … Limited-service real estate offerings can include fee-for-service options that allow consumers to take on some of the responsibilities in a real estate transaction that would typically be handled by an agent. Some companies offer to list properties in an MLS for a flat fee, for example, while providing few or no other services for clients."

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FTC Gives Antitrust Not To HCA Deal. Bloomberg (8/23, Rapaport) reports, "A group of private investors, including Bain Capital, Merrill Lynch Private Equity and Kohlberg Kravis Roberts & Co., has received antitrust clearance to buy HCA Inc. for $33 billion." Bloomberg continues, "The Federal Trade Commission said Monday that it granted early termination Friday for the waiting period required under antitrust law before the investors can acquire Nashville, Tenn.-based HCA, the largest U.S. hospital operator with some 40 hospitals in Florida. Of that, HCA operates 10 in the Tampa Bay area, including Brandon Regional Hospital." Bloomberg adds, "The green light from regulators will allow the buyers to complete the purchase in the fourth quarter. The $51-a-share buyout would take HCA, founded in 1968 by the father and brother of Senate Majority Leader Bill Frist, R-Tenn., away from public shareholders for the second time. … The purchase will put the new owners at the center of a national fight over health costs that involves insurers, employers and the government."

Judge Allows Blockbuster Counterclaims Against Netflix To Proceed. The AP (8/23) reports, "A federal judge on Tuesday denied a move by Netflix Inc. to throw out antitrust claims filed against the online movie-rental company by rival Blockbuster Inc." The AP continues, "The companies are fighting over two Netflix patents that protect how subscribers create a list of movies they want to see. … Judge William Alsup's ruling was procedural and didn't decide the merits of the case. … However, the judge wrote that Blockbuster had found 'potential bad faith' by Netflix, including that Netflix may have failed to disclose earlier patented technology when applying for its patents. … If Blockbuster's charges are proven true, it could amount to an antitrust violation, the judge wrote." The AP adds, "Alsup's ruling was the latest twist in a legal fight that began in April, when Netflix went to court seeking to shut down Blockbuster's online rental service. Netflix, based in Los Gatos, Calif., claimed that Blockbuster violated two of its patents, one issued in 2003 and another in 2006. .. . In June, Dallas-based Blockbuster filed antitrust counterclaims against Netflix charging that Netflix's patents were obtained through deceptive practices as part of a bid to monopolize the online-rental business. … Blockbuster claims Netflix didn't mention patents held by NCR Corp. in its own patent application. Netflix has sued NCR to establish that it didn't violate NCR patents for ordering and downloading material from online repositories, Alsup said."

Winner In BlackBerry Patent Case Faces Accusers. The Wall Street Journal (8/23, Rhoads) reports, "In March, a patent holding company led by lawyer Donald Stout won a $612 million settlement from the maker of the BlackBerry email device in a patent-infringement case. Mr. Stout celebrated with a three-week hunting trip to New Zealand, where his good fortune continued. With a bow and arrow, he killed a rare red stag. … Now Mr. Stout is himself in the sights of claimants who accuse him of getting more than his fair share of the money. At the center of the dispute is a long-defunct company called Telefind Corp. involved 16 years ago with creating the email patents at issue in the BlackBerry case." The Journal continues, "One person suing Mr. Stout alleges the lawyer, who was Telefind's patent attorney, committed fraud to keep the patents from the hands of Telefind's creditors. Children of Telefind's late chief executive say their father helped invent the technology. They claim they were unfairly cut out of the winnings. … Mr. Stout dismisses the allegations, noting that a judge agreed with his version of events in 1993."

SCOTUS Lets Stand Ruling Against EchoStar On TV Transmissions. The Washington Post (8/23, D2, Hart) reports, "Hundreds of thousands of Dish Network subscribers could lose access to shows on traditional television networks as early as today after a Supreme Court justice's decision yesterday that brings an end to lawsuits that have been tied up in court for more than eight years." The Post continues, "U.S. Supreme Court Justice Clarence Thomas yesterday let stand a May ruling by the U.S. Court of Appeals for the 11th Circuit that ordered EchoStar Communications Corp., the parent company of Dish Network, to stop transmitting network programming to 800,000 subscribers -- those who live in mostly rural areas too far to receive local stations with regular antennas." The Post adds, "The decision stemmed from lawsuits filed by News Corp.'s Fox Network and stations affiliated with the four major networks, all claiming that EchoStar has been illegally offering distant-network signals to customers who are capable of receiving television signals from nearby cities. … Rural customers who live within the reach of a local television broadcast are not eligible to receive network programming from a satellite TV company, which usually offers transmissions from stations in large cities, such as New York or Los Angeles."

WSJournal Says Protectionist Law Wreaking "Havoc" In Wireless Phone Industry. The Wall Street Journal (8/23, 2.03M) says in an editorial, "Seventy-six years ago, the Smoot-Hawley Tariff Act wreaked havoc on the U.S. economy. Today, a little-known provision of Smoot-Hawley, Section 337, is poised to take its own turn in the protectionist limelight by potentially crippling the U.S. wireless-phone industry. Other high-tech companies could follow in the dock." The peril "comes from the International Trade Commission (ITC), an obscure federal agency that

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typically deals with trade but suddenly is telecom central. There are currently cases before the ITC affecting virtually every mobile-phone operator in the country and most of the largest handset makers in the world." The companies "are seeking an edge against their rivals via 'exclusion orders,' which would ban the import of products said to violate U.S. patent (yes, patent) law. Depending on how the cases are ultimately decided, millions of cell phones could be barred from the U.S. market at a cost to the phone makers and network operators of billions of dollars."

ENVIRONMENT/INDIAN AFFAIRS:

Judge Rejects Administration's Sequoia Logging Plan. The New York Times (8/23, Mckinley) reports, "A federal judge struck down a Forest Service plan on Tuesday that would have allowed a commercial lumber company to harvest trees from inside the Giant Sequoia National Monument, a soaring woods in central California." The Times continues, "The ruling, by Judge Charles R. Breyer of Federa District Court, said the Forest Service's plan for the monument, presented as an anti-fire effort to clear trees, brush and other natural kindling, lacked 'coherent or clear guidance.' … After the state attorney general and environmental groups each filed suit last year, Judge Breyer issued a preliminary injunction last fall stopping logging in the monument, partly to protect endangered species there. His ruling on Tuesday upholding the prohibition was strongly worded. … 'It is the court's duty to ensure that the Forest Service's plan is coherent and readily discernible,' Judge Breyer wrote. Instead, he found that the monument plan was 'decidedly incomprehensible.'" The Times notes, "Environmental groups hailed the decision as a sharp rebuke to the Forest Service, saying the plan would have allowed the logging of 7.5 million board feet a year. … 'We're elated that the Giant Sequoia National Monument is protected for now,' said Pat Gallagher, the director of environmental law for the Sierra Club. … Matt Mathes, a spokesman for the Forest Service, said the agency was 'very disappointed' in the ruling. … 'We have spent a tremendous amount of time and effort in developing a management plan,' Mr. Mathes said. 'Now, we'll sit down with our attorneys and the U.S. Department of Justice and decide what to do next.' … Mr. Mathes said an appeal was an option. Cynthia J. Magnuson, a spokeswoman for the Justice Department, which represented the Forest Service in the case, said the judge's decision was under review."

The AP (8/23, Chea) reports, "In lawsuits filed last year, Lockyer and conservation groups said the agency's plan, issued in January 2004, violated the proclamation signed by President Clinton in 2000 that established the national monument to protect sequoias, which can grow up to 270 feet tall and 30 feet in diameter." The AP continues, "The plaintiffs argued the plan failed to consider its environmental impacts as required by the National Environmental Policy Act, calling it as a scientifically suspect strategy meant to satisfy the timber industry under the guise of wildfire prevention. … The plan would have allowed up to 7.5 million board feet of timber - enough to fill 1,500 logging trucks - to be removed each year from the monument in Sierra Nevada, the plaintiffs said. … In September last year, Breyer issued a preliminary injunction to halt logging in the national monument that began two months earlier. Tuesday's ruling makes the injunction permanent and forces the Forest Service to develop a new management plan."

Global Warming Said To Threaten Native Villages In Alaska. The CBS Evening News (8/22, story 8, 2:45, Bowen, 7.66M) reported, "America's spectacular last frontier, Alaska, is now earth's hot spot." The Eskimo village of Shishmaref, "a barrier island town of 600 on the state's west coast where natives still survive on the salmon and seal they catch and the ivory and bone carvings they sell to outsiders." But "there's nothing permanent about the village now with the sea swallowing up one home after another. That's because the protective sea ice that used to buffer the village against storms isn't as massive or long lasting. The weather's too warm for too long, making the shoreline vulnerable to erosion, an average of ten feet a year." What the villagers "want is to move as a whole, power plant, new school, every house on the island. Estimated cost? $180 million." Scientists "say there are 180 more native villages that need to be relocated before they are lost. The price will run into the billions just for Alaska's villages."

FBI/DEA/ATF/USMS:

4th Circuit Overturns Conviction Of Virginia Pain Doctor. The Washington Post (8/23, B1, Markon) reports, "A federal appeals court threw out the conviction of William E. Hurwitz yesterday, granting the prominent former Northern Virginia pain-management doctor a new trial because jurors were not allowed to consider whether he prescribed drugs in good faith." The Post continues, "The decision again galvanized the national debate that the Hurwitz case had come to symbolize: whether fully licensed doctors prescribing legal medication to patients in chronic pain should be subject to prosecution if their patients abuse or sell the drugs. Patient advocate groups strongly supported Hurwitz and expressed concern that his conviction would have a chilling effect on pain doctors." The Post adds, "The Richmond-based U.S. Court of Appeals for the 4th Circuit acknowledged that prosecutors presented 'powerful' evidence at Hurwitz's trial that was 'strongly indicative of a

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doctor acting outside the bounds of accepted medical practice.' Hurwitz was convicted in December 2004 of running a drug conspiracy from his McLean office, causing the death of one patient and seriously injuring two others. … But a three-judge panel concluded that U.S. District Judge Leonard D. Wexler improperly told jurors that they could not consider whether Hurwitz acted in 'good faith' when he prescribed large amounts of OxyContin and other painkillers -- in one instance, 1,600 pills a day. .. 'We cannot say that no reasonable juror could have concluded that Hurwitz's conduct fell within an objectively-defined good-faith standard,' the judges wrote, adding that Hurwitz presented evidence that he ran a legitimate medical practice and believed that his prescriptions were 'medically proper.' … The ruling sends the case back to U.S. District Court in Alexandria for another trial. Hurwitz's attorney, Marvin D. Miller, said the 'good faith' argument ran to the core of Hurwitz's defense because 'he believed what he was doing was helping patients with their pain.' … James Rybicki, a spokesman for U.S. Attorney Chuck Rosenberg, said prosecutors are reviewing the decision and 'studying our options on how to proceed.' The government could appeal to the entire 4th Circuit or the U.S. Supreme Court."

The AP (8/23) reports a doctor "convicted of drug trafficking for prescribing massive doses of OxyContin and other painkillers to his patients will get a new trial. William E. Hurwitz, a prominent pain specialist, was convicted in 2004 of 50 counts, including conspiracy and drug trafficking resulting in a patient's fatal overdose. He was sentenced to 25 years in prison."

Kentucky Officer Among Four Indicted In Drug Case. The Lexington Herald-Leader (KY) (8/23, Estep) reports, "In the same period he helped arrest scores of drug dealers, the assistant police chief in Manchester (KY) conspired with one to sell a million dollars worth of cocaine and pain pills, a federal grand jury has charged. … The officer, Todd Roberts, was named in an indictment released yesterday." The Herald-Leader continues, "Three people are charged with him: Vernon Hacker, 53, coordinator of the Manchester-Clay County 911 system and a city council member, who also has worked as a deputy sheriff; Bobby Joe 'Fabio' Curry, 55, of Clay County, who has been arrested several times on drug charges; and Tammy Napier, who is in her mid-30s and also has faced drug charges previously." The Herald-Leader adds, "The indictment is the second in as many years charging drug involvement and corruption among politically prominent people in Clay County. The county was awash in talk of the latest case yesterday, with much speculation on whether others will be charged. .. . Assistant U.S. Attorney Stephen C. Smith said he could not comment on whether the investigation is continuing. … However, the indictment said that between November 2000 and May 2005, Roberts, Hacker, Curry and Napier conspired 'together and with others' to distribute five kilograms or more of cocaine. Roberts, Hacker and Curry also conspired to sell pills containing oxycodone, methadone and hydrocodone, the indictment said. … Roberts, 35, and Hacker were named in three conspiracy charges in the document, as well as a forfeiture count that seeks a judgment of $1 million. That's how much the drug ring grossed, the indictment said."

Gatlin Agrees To 8-Year Suspension For Doping Violation. The AP (8/22) reports sprinter Justin Gatlin "agreed to an eight-year ban from track and field Tuesday, avoiding a lifetime penalty in exchange for his cooperation with doping authorities and because his first positive drug test was deemed an honest mistake. … Gatlin tested positive in April for testosterone or other steroids, five years after his first positive test, which was for medicine to control attention-deficit disorder. Under the World Anti-Doping Agency code, a second doping offense calls for a lifetime ban. But Gatlin reached a compromise with the U.S. Anti-Doping Agency. Under terms of the compromise, he can still appeal to an arbitration panel in the next six months to have the term reduced."

USA Today (8/22, Patrick) reports Gatlin "could also be called as a witness to the federal grand jury investigating the 3-year-old Bay Area Laboratory Co-Operative (BALCO) steroid scandal. … The case is about more than Gatlin. It's also about his coach, Trevor Graham, who now has had at least seven athletes test positive for banned drugs. Graham precipitated the BALCO scandal in June 2003 when he sent a vial containing a designer steroid to USADA, which found a way to identify the previously undetectable substance thanks to work by the Olympic testing lab at UCLA."

The Washington Post (8/23) reports Gatlin "also promised to cooperate by assisting in anti-doping efforts, but USADA attorney Travis Tygart declined to elaborate on what that cooperation would entail. Gatlin apparently has not agreed to provide information that would assist USADA's investigation of his coach, Trevor Graham, for allegedly giving drugs to athletes."

McClatchy Newspapers (8/22, Hersh) reports Gatlin's "promise to cooperate could include willingness to provide evidence against his coach, Trevor Graham, who has been the target of anti-doping investigators the last three years. Gatlin is one of 10 athletes suspended for doping violations that occurred while Graham was their coach."

Network TV Coverage. ABC's Nightline (8/22, 11:30 p.m.) reported, "Justin Gatlin is no longer one of the world's fastest men. He received an eight-year ban from track and field for testing positive for testosterone and steroids. But he has agreed to cooperate with investigators. Gatlin is 24 years

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old. An eight-year ban will essentially knock him out of competition for the rest of his life."

NBC Nightly News (8/22, 7:30 p.m.) reported, "U.S. Sprinter Justin Gatlin has accepted an eight-year ban from track and field. He failed a drug test in April for testosterone. … He could return to track when he's 32 years old. At the age of 32, Justin Gatlin has basically ended his career."

Former Canadian Border Agent Gets 3-Year Sentence In Drug-Smuggling Case. The AP (8/23) reports a former Canada Border Services Agency official with 20 years experience "has been sentenced to three years in U.S. federal prison after admitting she conspired to smuggle more than 100 kilograms of marijuana into the United States. Rose Palmer, 53, rode in vehicles that were transporting marijuana because U.S. border inspectors would not search vehicles she was riding in," according to the U.S. Attorney's office in Vermont. The Vermont-Quebec border "has been the site of frequent marijuana-smuggling attempts."

More States Focus On Creating Meth Offender Registries. USA Today (8/23, Leinwand) reports states "frustrated with the growth of toxic methamphetamine labs are creating Internet registries to publicize the names of people convicted of making or selling meth. … As meth labs have spread east from California during the past decade, most states have increased penalties for meth manufacturing and restricted the sale of medicines used to make the drug. Those laws have contributed to a decline in meth labs, according to the Drug Enforcement Agency, which reported that authorities found more than 17,000 labs in 2003 and more than 12,000 last year. … The meth-offender registries have not been challenged in court, but the American Civil Liberties Union (ACLU) and other critics say there are legal and practical drawbacks to them."

In a separate story, USA Today (8/23, Leinwand) reports supporters of meth registries "cite a U.S. Supreme Court decision in 2003 that upheld state registries for sex offenders, but the ACLU says the court was endorsing a narrow exception to laws that ban double jeopardy for convicts because of the particular danger sexual predators can pose to communities. The ACLU says the ruling should not apply to meth offenders, and that such Internet registries could set a precedent that compromises the rights of a range of offenders."

US Claims Pennsylvania Man Lied In Purchasing Gun Before Fatal Shooting. The Allentown (PA) Morning Call (8/23) reports, "The gun used to kill a Reading police officer Aug. 6 was purchased just 23 days earlier from a Coopersburg gun shop by a Lehigh Valley man who used his grandmother's Whitehall address on his application, prosecutors said today." The Call continues, "U.S. District Court Judge Arnold Rappoport denied bail for Jared Tomline, 28, after prosecutors said during a detention hearing in Allentown that Tomline purchased seven guns -- including the .40 caliber handgun used in the murder of Officer Scott Wertz-- over a seven-month span from December of last year through July. .. . The whereabouts of the other six handguns is unknown, prosecutors said." The Call adds, "Tomline was charged last week by agents with the federal Bureau of Alcohol, Tobacco and Firearms with one count of filing a false statement in the purchase of a firearm. .. . State Trooper David Conrad, who is assigned to the ATF's Reading bureau, testified that Tomline bought the .40 caliber handgun from Def Con 1 in Coopersburg on July 14. Federal law requires that the purchaser provide a home address, and Tomline listed his grandmother's address at 3107 Park Ave. Whitehall on his application. … Conrad testified that he interviewed the grandmother, who said Tomline used her address to receive his mail, but did not live there."

IMMIGRATION:

Gonzales Doubtful About Swift Passage Of Immigration Bill. The AP (8/23) reports, "Attorney General Alberto Gonzales says it's unlikely Congress will agree on an immigration bill before the November elections. … 'It's really going to be a challenge to get something done before the election,' Gonzales told The Dallas Morning News' editorial board on Monday. 'But it's got to get done. The problem is only going to be worse.'" The AP continues, "Gonzales said border security should be the first step in any immigration plan. … 'We spend all of this money on securing our ports, securing our airports,' he said. 'To not secure our borders does not make any sense.'" The AP adds, "Any immigration plan must also address the future of the millions of immigrants in the country illegally, he said. … 'I don't think you're going to have true security without knowing who are they, why they're here and what are we're going to do about them,' he said. 'There should be some kind of path to citizenship.'"

Legislators Call For Review Of Border Patrol Agents' Conviction. The Washington Times (8/23, Seper, 88K) reports, "Democrats and Republicans on Capitol Hill have asked for congressional hearings and reviews by the White House and Justice Department into the conviction of two US Border Patrol agents who shot and wounded a fleeing drug suspect. The agents, convicted by a federal jury in El Paso in March, face 20 years in prison at a sentencing hearing next month." Sen. Dianne Feinstein questioned whether the "facts" in the case "justify the length of the

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sentences for these agents," and Rep. Walter B. Jones has written President Bush, arguing that "the prosecution was 'outrageous.'" Osbaldo Aldrete-Davila, a Mexican national who was wounded as he ran from the agents, "is suing the government for $5 million for violating his civil rights."

Sensenbrenner Claims CBO Underestimates Cost Of Senate Immigration Bill. The Washington Times' "Inside Politics" column (8/23, Pierce) reports House Judiciary Committee Chairman James Sensenbrenner "pointed to a Congressional Budget Office (CBO) report to criticize an immigration bill that passed the Senate. The CBO report estimated the 10-year cost of that immigration bill at $127 billion. 'We are now just beginning to see a glimpse of the staggering burden on American taxpayers the Reid-Kennedy immigration legislation contains,' said Mr. Sensenbrenner. … Sensenbrenner said the report actually underestimates the costs of the Senate bill because the millions of illegal aliens provided amnesty would not become citizens, and thus eligible for all social programs, until after the 10-year time frame reviewed by the CBO."

Politicians Trying To Make Most Of Border Photo Ops. USA Today/Gannett News Service (8/23, Madden) reports the US-Mexico border is one of the hottest campaign stops for politicians looking ahead to this fall's elections. Dozens of lawmakers and would-be members of Congress from around the country have made visits to the border this summer, both on their own and for a series of field hearings the House scheduled for its August recess." Republicans and Democrats "alike have gone to the nearly 2,000-mile frontier, hoping to convince voters they'll be tough on illegal immigration in a year when polls show the issue has people concerned." The visits have "yielded stern rhetoric and plenty of photo ops for the politicians, but residents of border communities say they're weary of being used as political props while migrants continue streaming into the country through their backyards. Disdain for visiting politicians from the nation's interior unites some border residents who otherwise disagree about immigration policy."

Some Firms Suing Competitors Over Illegal Immigrant Hiring. The Washington Times/AP (8/23, Prengaman) reports business owners "frustrated by lax enforcement of immigration laws are taking their fight to court, accusing competitors of hiring illegal workers to achieve an unfair advantage." The legal action "is an attempt by business and anti-illegal-immigration groups to create an economic deterrent against hiring illegal employees." In the "first of a series of lawsuits, a temporary employment agency that supplies farm workers sued a grower and two competing companies on Monday. Similar cases claiming violations of federal anti-racketeering laws have yielded mixed results. The California lawsuit is thought to be the first based on a state's unfair-competition laws, legal analysts said." The Santa Monica, Calif.-based Global Horizons "claimed in the lawsuit that Munger Brothers, a grower, hired illegal alien workers from Ayala Agricultural Services and J&A Contractors. All the defendants are based in California's farm-rich Central Valley."

TAX:

Ohio Attorney Convicted Of Tax Evasion. The Toledo Blade (OH) (8/23) reports, "A veteran Toledo lawyer was convicted yesterday in U.S. District Court of tax evasion by using his client trust account to shield his true income." The Blade continues, "Joseph Weisberg, 64, pleaded guilty to willfully evading paying more than $321,000 in federal income taxes over 16 years. … Weisberg, of 8331 Fossil Dr., Sylvania, has been licensed in Ohio as an attorney since 1967. He is an associate with the Toledo firm of Dow, Frankel, Weisberg & Brebberman." The Blade adds, "The plea to the felony offense was accepted by Judge David Katz. Weisberg faces a prison sentence ranging from 24 to 30 months. … Diana Beinart, an attorney with the U.S. Justice Department, told the court sentencing guidelines suggest an 18-month sentence, but the abuse of trust exhibited by Weisberg increased the exposure to the higher level. … She also said the sentence range was offset by Weisberg's acceptance of responsibility for the crime."

DC Circuit Strikes Tax On Emotional Damage Awards. The AP (8/23) reports, "The federal government may not tax the money plaintiffs receive as compensation for emotional distress and other intangible injuries, a federal appeals court said Tuesday." The AP continues, "The U.S. Court of Appeals for the D.C. Circuit struck down as unconstitutional a portion of the tax code that said only compensation for physical injuries is tax exempt." The AP adds, "The ruling affects only Washington, D.C., but, depending on whether the Internal Revenue Service appeals to the Supreme Court or decides to adopt the finding nationwide, it could mean the end of tax bills following a variety of trials, from civil rights disputes to employment discrimination cases. … The court sided with Marrita Murphy, who paid $20,665 in taxes on a $70,000 judgment for emotional distress and injury to reputation following a 1994 whistleblower case against the New York Air National Guard. … The court ruled that such awards were not income but 'compensation for the loss of a personal attribute.' In that sense, they are akin to awards for physical injuries, which are tax exempt, the court said."

IRS Moves Ahead With Private Debt Collection Despite Opposition. The AP (8/23, Caterinicchia) reports, "As the Internal Revenue Service prepares to

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implement a new program that sends private debt collection agencies after delinquent taxpayers, critics - including several lawmakers and the employee union at the Treasury Department - are gearing up to protest it." The AP continues, "Opponents say that the IRS will pay private debt collectors more to do what government-paid employees could do and that the agency is not doing enough to let the public know about the new program, set to launch in early September. … 'I think taxpayers will be very offended and appalled that their tax information is being handed over to' non-IRS tax agents, said National Treasury Employees Union President Colleen Kelley, adding that she has 'no confidence at all' in the agency's ability to make sure the private firms are not overstepping their bounds." The AP adds, "The IRS acknowledges the plan will cost more than hiring additional agents to do the same work, but it points out that Congress authorized the use of such firms back in 2004. The plan is being implemented now because the IRS has funds allocated for such a program and doesn't believe it can get budget authorization to hire additional agents at a time when Congress is cutting government spending to help reduce the federal budget deficit. The agency also says strict security policies are in place with the new program."

IRS Keeping Eye On Emmy Show Swag. USA Today (8/23, Thomas, Keck) reports, "There's a new word circulating in Emmy circles: taxes. … Those stars who pick up all that loot in awards show gift bags and promotional gift suites are supposed to pay a share of the value to the IRS. And this year, the IRS is making sure they know it: 'The dollars involved are so lavish that we need a national outreach program' to raise awareness of the rules, the IRS' Beth Tucker says." USA continues, "As a result, celebs who collect Emmy freebies will get a little something extra: tax forms. Gift bag takers will be required to fill out a tax form, and the Academy of Television Arts & Sciences also will notify the IRS of the basket's value if presenters take one. … The official 2006 gift basket is worth $27,000 to $33,000. And for high-income stars, that could mean $12,000 to $15,000 in federal taxes." USA adds, "The IRS reminders prompted the Oscars to discontinue gift baskets, but discussing such a change for the Emmys is 'premature,' says TV Academy spokeswoman Pam Rubin Golum."

CONGRESS-ADMINISTRATION:

Bush Signs Order On Health Care, Campaigns For GOP House Candidate In Minnesota. In a story headlined "In 4 Hours, Bush Packs A Punch," the Minneapolis Star Tribune (8/23, Black, Lopez, Writers, 398K) reports, "The president pumped more than $500,000 into the campaign coffers of Republican Michele Bachmann. He also signed an executive order on healthcare. In a four-hour, two-event stop in Minnesota on Tuesday, President Bush raised more than $500,000 for the congressional campaign of Michele Bachmann and promoted the major health care ideas of his administration at a forum in Minnetonka." The Star Tribune adds, "At the forum, attended by 300 people, Bush signed an executive order to advance efforts aimed at giving patients more information about health care costs and quality so they can make better decisions."

Bloomberg (8/23, McLean) says Bush "ordered four US agencies to reveal how much they pay for health care and rate its quality, part of an effort to spur competition among doctors and insurers and encourage customers to shop around." The order affects "the Departments of Defense, Health and Human Services, and Veterans Affairs, as well as the Federal Employees Health Benefit Program." The US government, "which pays for about 40 percent of the nation's health care, is pushing for similar changes in the private sector. In yesterday's order, agencies were asked to share the 'walk-in prices' for treatments such as hip replacement as well as the cheaper rates that federal insurers such as Medicare pay." The executive order "is part of a push by the White House to address the soaring cost of Medicare and Medicaid, which along with Social Security are projected to consume 60 percent of the federal budget by 2030."

Bush's visit generated little coverage in national outlets. The networks did not report on it, and some major newspapers are also not covering it in this morning's editions. Like the Star Tribune, most media outlets combine their reporting on the executive order with the President's campaign appearance. The AP (8/23, Riechmann), for example, says that "on a campaign fundraising trip Tuesday," Bush "signed an executive order that the administration said would help Americans choose health care the way they shop for airline tickets and cars." Health and Human Services Secretary Michael O. Leavitt, "speaking to reporters aboard Air Force One, said the executive order is a way for the federal government, which pays for up to 40 percent of all health care, to use its purchasing power to push for changes in the health care system."

On its website, Minnesota Public Radio (8/23, Pugmire) also says Bush "mixed policy and politics into a four and a half hour trip to Minnesota." He "even took time to stop for some vanilla custard." The President "made an unexpected stop at Glaciers Custard and Coffee Cafe in Wayzata, where he ordered a cup of vanilla custard."

Another AP story (8/23, Lohn) reports that "in spite of President Bush's sagging approval ratings, most of Minnesota's top Republicans were in attendance" at Bush's health care panel discussion yesterday, "looking spiffy." Bachmann "bubbled with enthusiasm," adds the AP. Her campaign "had already collected more than $500,000 pegged to the presidential visit, before her Wayzata fundraiser

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began." Patty Wetterling, "the Democratic candidate for the open congressional seat, suggested Bush's help for her opponent underscored the pitched battle in the Republican-leaning district." Some Republicans "worry that voter dissatisfaction with Bush will cost them at the polls in November." But "Gov. Tim Pawlenty, US Sen. Norm Coleman and US Reps. Mark Kennedy, John Kline and Jim Ramstad were on hand."

Across the nation, local TV newscasts presented little coverage of Bush's trip to Minnesota. Among the few stations to mention it was WXIX-TV in Cincinnati (8/22, 10:14 p.m.), which reported, "Bush spent his day pushing health care. At a meeting in Minnesota, the President said federal agencies ought to share price and performance data on doctors and hospitals." WHAS-TV in Louisville (8/22, 5:50 p.m.) said the President "s cutting his vacation time short this year to campaign for Republican candidates around the country. Today he visited Minnesota, participating in a roundtable on health care and a closed-door fund-raiser."

In Minnesota, meanwhile, Bush's visit received heavy coverage. At least fifteen local stations there ran at least thirty segments on the President's trip, with reports combining his participation in a health roundtable with his campaigning for Bachmann. Typical of the local coverage was KARE-TV Minneapolis (8/22, 4:59 p.m.), which reported, "With November fast approaching, President Bush is in full fund-raising mode, helping Republican candidates like Michele Bachmann. But today he did some official business in the Twin Cities, introducing a White House plan for health care reform."

KSTP-TV Minneapolis (8/22, 10:09 p.m.) reported, "The president's four-plus hours in the Twin Cities today, he came to Minnesota in part to talk health care policy, and in part, to talk campaign politics."

WCCO-TV Minneapolis (8/22, 4:58 p.m.) reported, "Bush is raising money in Minnesota right now and will be leaving in about 90 minutes, the visit was part of a campaign stop and a policy push. He traveled to Minnetonka to talk about health care."

Focusing on the health care aspects of Bush's trip, the Wall Street Journal (8/23, Zhang, 2.03M) reports, "The executive order covers one-fourth of Americans with health insurance. The initiative could affect the entire health-care market by setting an example for private insurers, officials say. Counting other programs such as Medicaid, the federal government pays for as much as 40% of all health-care costs in America, Health and Human Services Secretary Michael Leavitt said. … Yesterday, Messrs. Bush and Leavitt called for large employers, unions and state and local governments to follow suit. 'People deserve to know what their health care costs, how good it is, and the choices available to them,' Mr. Leavitt said." And the Washington Post (8/23, A13, Fletcher, 748K) says "the initiative underscores Bush's belief that the nation's health-care system would be more efficient if consumers could shop for the best care at the best price, administration officials say. 'The fact is, if you have excellent information about quality, about service and about price, people make good decisions,' Bush said during a roundtable here to discuss the initiative."

The St. Paul Pioneer-Press (8/23, Olson, Stassen-Berger, 202K) reports "Democrats and privacy advocates criticized Bush's health care initiatives, saying they did little to help the millions of uninsured get health care." But "others said Bush's order will expedite the 'transparency' movement, giving people information that will help them make wise health care decisions."

The Los Angeles Times (8/23, Gerstenzang, 918K) reports, "Left unanswered were questions such as how hospitals would pay for any increased costs they may encounter in establishing and meeting data-sharing standards and how hospitals would demonstrate their charges for specific services." Karen Ignani, president of America's Health Insurance Plans, "said Bush's order 'rewards the delivery of high-quality care, fosters an inter-operable healthcare system, and takes steps to ensure that consumers are equipped with the best available information they need to make healthcare decisions.'" But "the president's action drew sharp criticism from one of the top Democrats in the state where he appeared." In a written statement, Brian Melendez, chairman of Minnesota's Democratic-Farmer-Labor Party, "said that Bush and Republican Gov. Tim Pawlenty, who was in the audience, 'have done nothing to promote affordable healthcare in Minnesota or in this country, so the president has come to town to help the governor out with a little election-year gimmickry.'"

Bush Recognizes Local Volunteer. Yesterday, the St. Paul Pioneer-Press (8/22, Stassen-Berger, 202K) reported, "University of Minnesota medical student David Jewison, who spent several weeks last year helping evacuees from Gulf Coast hurricanes, will receive accolades" from Bush "during the president's Minnesota visit. Jewison, 27, will receive a presidential service award."

FDA, MIT Develop Program To Detect Drug Problems. The Washington Post/AP (8/23, A13) reports the Food and Drug Administration and the Massachusetts Institute of Technology "have agreed to develop an automated system to detect unanticipated problems with prescription drugs and medical devices. The system would scour federal and private health-care databases in real time for unusual and emerging patterns that could indicate potential safety concerns."

Baucus Urged To Lift Hold On Treasury Nominee. The Wall Street Journal (8/23, Wells, 2.03M)

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reports, "A group of law professors, tax attorneys and former government officials urged Sen. Max Baucus to stop blocking the confirmation of Eric Solomon as the Treasury Department's top tax official." Baucus "has called Mr. Solomon 'a good public servant and certainly a tax expert,' but said in July that he would block the confirmation until the Treasury Department develops a detailed plan to close the $290 billion tax gap, a measure of uncollected taxes." The move "has triggered numerous letters in support of Mr. Solomon. The New York State Bar Association, the American Institute of Certified Public Accountants, the Texas Bar Association, more than 90 law school professors and a group of former top Treasury Department officials have signed letters urging Mr. Solomon's immediate confirmation."

OTHER NEWS:

Chicago Chief Says Fed May Boost Rates Again. USA Today (8/23, Hagenbaugh, 2.27M) reports, "The Federal Reserve may have to increase interest rates again to keep inflation in check, the head of the Chicago Fed said Tuesday in a speech that suggested the US central bank's rate-raising campaign may not be over." Chicago Fed President Michael Moskow told the McLean County Chamber of Commerce in Bloomington, IL, "The risk of inflation remaining too high is greater than the risk of growth being too low. … Thus, some additional firming of policy may yet be necessary to bring inflation back into the comfort zone within a reasonable period of time." Moskow "is one of just a handful of Fed policymakers who have spoken publicly since the central bank voted Aug. 8 to leave interest rates unchanged after 17 consecutive quarter-point rate increases."

Some Economists Fear Growth Could Plunge Or Inflation May Soar. USA Today (8/23, Kirchhoff, 2.27M) reports, "The economy is slowing. The question is, how much. In the past several weeks, a slew of data on housing, manufacturing and employment has bolstered Federal Reserve Chairman Ben Bernanke's forecast for moderating growth and diminishing inflation that should eventually eliminate the need for interest rate increases." But "even as stock and bond markets begin celebrating an economic soft landing, a number of economists are crashing the party and trying to bring it down." They "warn that growth could plunge far lower or inflation persist at higher levels than the Fed expects."

Data Add To Concerns About The Housing Market. The Financial Times (8/23, Guerrera) reports, "Americans have sharply cut back on purchases of upmarket houses, according to Toll Brothers, the largest luxury homebuilder in the US, adding to signs of a crisis of confidence among buyers and fears of a consumer-led economic slowdown." Toll's poor third-quarter results, "its first quarterly profit fall in four years – and its warning on the outlook for the rest of the year, mirrors problems at other companies reliant on discretionary consumer spending such as Starbucks, a coffee chain, Home Depot, a DIY chain, and Whole Foods, an organic food retailer."

The Wall Street Journal (8/23, A1, Hagerty, Corkery, 2.03M), meanwhile, reports, "For years, real-estate brokers and home builders promised that the soaring property market eventually would glide to a soft landing. These optimists predicted that home prices, which had more than doubled in parts of the country between 2000 and 2005, would continue to rise, but at a more normal pace of 5% or 6% a year. It isn't working out that way." The "rapid deterioration of the market over the past 12 months" has "caught many homeowners and builders off guard. Some are being forced to cut prices far below what their homes could have fetched a year ago. It's too early to say how hard the landing will be, but at a minimum it will be bumpy for many people who need to sell homes. And the economy as a whole, buoyed in recent years by the housing frenzy, could suffer."

The Washington Times (8/23, Ramstack, 88K) says that for homeowners, "in some cases the American dream was built on unrealistic promises of easy loan-repayment terms. Now the easy part of the loan is over as rising interest rates create bigger monthly payments. … Sixty percent of subprime loans, including some ARMs, are scheduled to have their interest rates reset by the end of the year, according to the community activist group Association of Community Organizations for Reform Now (ACORN)."

Stocks Largely Unchanged Yesterday. NBC Nightly News (8/22, story 10, , Williams, 9.87M) reported, "Stocks were barely changed at the end of what was a very light end of summer trading. Dow was down just 5 points [to close at 11,339.84]. Nasdaq gained a little bit more than 2 points on this day [to close at 2,150.02]." The Wall Street Journal (8/23, Browning, 2.03M) says "the broad Standard & Poor's 500-stock index rose 0.10%, or 1.30 points, to 1298.82, up 4.1% this year, but still not near its own record of 1527.46."

State Chief Justices Concerned About Judicial Elections. The Legal Times (8/23, Mauro) reports, "The nation's state chief justices are launching a campaign to remind voters of what used to be obvious: Judicial elections are different from those for other offices." The Times continues, "Voicing 'grave concern' over increasingly partisan and costly campaigns, the Conference of Chief Justices -- representing the top jurists in all 50 states, the District of Columbia, and U.S. territories -- voted Aug. 2 on measures to emphasize the 'unique nature' of judicial elections. At least some of the judges in 39 states are elected. … 'It's the money, it's the judicial questionnaires, it's a whole constellation of things happening now that don't advance the

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public's confidence in the courts,' says Indiana Supreme Court Chief Justice Randall Shepard, outgoing chairman of the conference, who hosted the chief justices' meeting in Indianapolis. 'We need to get information to bar associations and judges groups about what to do when the fire alarm goes off, or before the alarm goes off, in an election.'" The Times adds, "The chief justices also targeted low judicial salaries, which may be discouraging quality candidates from running. New data indicate that state judges' salary increases are lagging behind those of other state employees as well as private sector lawyers. … Though concern has been building for years about the increase in campaign spending and partisanship in what used to be sedate judicial campaigns, the main impetus for the latest effort by the chief justices is the fallout from a 2002 U.S. Supreme Court decision, Republican Party of Minnesota v. White. .. . That ruling struck down, on First Amendment grounds, a Minnesota canon of judicial ethics that barred candidates from announcing their views on disputed legal or political issues."

State Laws Controlling Cohabitation Rarely Enforced. The Christian Science Monitor (8/23, Jonsson) reports, "In Black Jack, Mo., (pop. 6,792), the city council wrangled last week over precisely how to define a family. … In West Virginia, religious conservatives are getting ready to do battle with the American Civil Liberties Union (ACLU) over the use of a law that aims to bolster marriage by outlawing 'lewd and lascivious cohabitation.' … In North Carolina, a state judge in July ruled unconstitutional a law that states it's illegal for unmarried couples to live together." The Monitor continues, "Still, 1.6 million Americans in seven states are breaking their states' laws for doing just that, according to Unmarried America, a lobbying group for singles' rights based in California. .. . States enforce these morality-based laws - which can include fornication and 'criminal conversation,' sweet-talking a married woman with a mind toward adultery - only in select cases, experts say. … Yet the debate about whether the laws should continue to exist is a flash point between secularists and traditional Christians over the definition of a family." The Monitor adds, "Nationwide, the number of couples living together out of wedlock has grown from 500,000 in 1970 to more than 5 million today. For the first time, a majority of households in the US are headed by unmarried or single adults, according to a census report released last week. … But until the 20th century, cohabiting was not acceptable in most places. In 1805, North Carolina enacted its law barring adultery and fornication as part of a host of puritanical social controls that included 'keeping bawdy houses.' North Dakota, Mississippi, Florida, Michigan, Virginia, and West Virginia also have laws banning cohabitation. … Christian activists say the state laws are worth fighting for, but acknowledge that cohabitation is 'part of the life we live now,' says Brian Fahling, senior trial attorney at the American Family Association's Center for Law & Policy in Tupelo, Miss. One reason: Unwed couples are more than three times as likely as married couples to report incidents of domestic violence, reports the National Survey of Families and Households."

Wal-Mart Banishes GOP-Affiliated Voter Registration Group. The Washington Times' "Inside Politics" column (8/23, Pierce) reports, "A voter-registration group with Republican ties has been banished from Wal-Mart stores in Tennessee for failing to meet the retailer's standards of nonpartisanship and may soon be shut out of stores in California and Nevada, the retailer's spokesman said yesterday. Liberty Consultants wanted to register Wal-Mart shoppers in seven traditionally Republican suburban counties around Nashville. But the request was denied after the company's owner, Gary Thompson, acknowledged to Wal-Mart that he had been hired by Tempe, Ariz.-based Sproul and Associates, the Associated Press reports. Headed by Nathan Sproul, a former Christian Coalition activist and executive director of the Arizona GOP, Sproul was paid $7.9 million by the Republican National Committee for consulting and voter-registration drives in the 2004 election cycle, according to data compiled by the Center for Responsive Politics."

LATimes Criticizes Democrats For Bashing Wal-Mart. The Los Angeles Times (8/23, 918K) says in an editorial, "With one eye on 2008 and one on their labor union base, Democratic luminaries are canvassing Iowa and other states this summer to campaign against the nation's incumbent … retailer. They obviously see Wal-Mart as this season's Enron, the one corporation that represents all that is wrong with America." Democratic presidential aspirants — "including Sen. Joseph R. Biden Jr. of Delaware, Sen. Evan Bayh of Indiana, former Sen. John Edwards of North Carolina and Gov. Bill Richardson of New Mexico — feel compelled to bash one company, the largest employer in the U.S., to score points with labor organizers. The candidates are so intent on gaining tactical advantage in the primary season that they risk alienating possible supporters in the general election." Most Americans "do not want their politicians ganging up on one company. Wal-Mart may be a behemoth that employs 1.3 million people in this country and earned $11 billion in profit last year, but it still looks like bullying when politicians single out one business to scapegoat for larger societal ills."

Democratic Criticism Of Wal-Mart Analyzed. In his Wall Street Journal column (8/23), Holman Jenkins, Jr. says, "What makes Wal-Mart vulnerable and a meal ticket for political opportunists of every stripe is a growth strategy that's now premised on moving upscale. Pollster John Zogby found that 76% of people who shop weekly at Wal-Mart voted for

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George Bush, while John Kerry won 80% of those who say they never shop there. The problem is Wal-Mart now wants those John Kerry voters in its stores." Wal-Mart "entered the grocery game in pursuit of Kerry voters; in turn, its arrival inspired two strikingly successful anti-Wal-Mart media campaigns funded by the United Food and Commercial Workers and the Service Employees International Union, which represent supermarket workers and are key Democratic interest groups."

Bush To Raise Funds For Allen. The AP (8/23, Pickler) reports President Bush "has no qualms about raising campaign cash for Sen. George Allen despite the Republican's widely assailed quip in which he called a rival campaign worker of Indian descent a 'macaca.'" Allen has "faced a barrage of criticism since he used the word to describe Virginia native S.R. Sidarth, a 20-year-old University of Virginia senior who was video taping a campaign event for Allen's Democratic challenger Jim Webb." White House spokeswoman Dana Perino said, "Senator Allen apologized. And I think it's in everyone's best interest, in this day and age of politics when everyone is trying to improve the tone and discourse, to accept apologies when they're offered." The AP adds Bush "plans to travel across the Potomac River to Virginia Wednesday to raise money for Allen at the home of former Republican National Committee chairman Ed Gillespie." Perino said, "I was asked earlier if the president had qualms about attending. The answer is, 'No.'"

Lieberman Leads Lamont By Two Points In ARG Poll. An American Research Group poll of 790 likely voters (+/- 3.5%) and 600 definite voters (+/- 4%), conducted over August 17-21, shows 44% of likely voters would vote for Sen. Joseph Lieberman, 42% would vote for Democrat Ned Lamont, 3% would vote for Republican Alan Schlesinger, and 11% were undecided. Among definite voters, 47% would vote for Lieberman, 43% would vote for Lamont, 2% would vote for Schlesinger, and 8% were undecided.

Bloomberg (8/23, Jensen) reports the poll shows Lieberman "is in a statistical tie" with Lamont. ARG president Dick Bennett said, "It looks better for Lamont as the turnout grows because there is an anti-incumbent feeling. If this were a lower-interest race, I would say Lieberman would have it."

CNN.com (8/23) reports the "main difference between" the ARG poll and the Quinnipiac poll that showed Lieberman leading Lamont 53%-41% is "the percentage of respondents who said that they were undecided: 2 percent in the Quinnipiac survey compared to 11 percent in the ARG poll, more than 5 times larger."

Lieberman Compares Iraq, Struggle Against Fascism. The New York Times (8/23, Medina, 1.21M) reports Lieberman suggested "that he sees parallels between the war in Iraq and the early struggle against fascism," saying "that the United States would create a dangerous world if it left Iraq too soon." In an "interview with the nationally syndicated conservative radio talk show host Glenn Beck," Lieberman said, "Iraq has now become what everyone thinks it was before, another battlefield in this war with Islamic terrorists, and we've got to end it with a victory." The Times adds in the "15-minute interview, Mr. Lieberman warned against the United States becoming isolationist, and he seemed to agree with Mr. Beck's repeated statements suggesting that the war against Islamic terrorists represented the brink of an international war." Democratic nominee Ned Lamont "said that Mr. Lieberman's comments put him 'way outside the mainstream, not just of Democrats, but of the public at large.'"

Lieberman Says Kerry's Criticism Is "Politically Motivated." CNN's The Situation Room (8/22, Blitzer) interviewed Sen. Joseph Lieberman. Asked about remarks by Sen. John Kerry that he is "making a Republican case" and "dead wrong with respect to the war," Lieberman said, "John's is entitled to his opinion. I think he's dead wrong in what he had to say. And it's up to the people of Connecticut to say in November where they are on the war. But the fact is here John Kerry is seeking higher office. He wants to run for the White House again. I take that to be a politically motivated statement...by an old friend." Asked if he would caucus with Republicans if he wins reelection, Lieberman said, "I'm a Democrat. I've made very clear that I'm going to organize with the Democratic Caucus."

Lieberman Campaign Says Effort To Strip Party ID Reminiscent Of Soviets. The Washington Times (8/23, Hurt, 88K) reports Sen. Lieberman's campaign "described efforts to have Mr. Lieberman kicked out of the Democratic Party 'Soviet-style tactics' and 'dirty political tricks at its worst.'" Lieberman spokesman Dan Gerstein said, "These are Soviet-style tactics." The Times adds a "group of peace activists has asked the New Haven registrar to strip the three-term Connecticut Democrat of his decades-long party association now that he's running for Senate as an independent." The group "cited a state statute that allows for party affiliation to be 'stricken or excluded' for two years if a candidate runs for office in a different party, the New Haven Independent reported Monday."

Schlesinger Says Republicans Really Are Supporting Him. On MSNBC's Hardball (8/22, Matthews), host Chris Matthews asked Republican Senate candidate Alan Schlesinger about President Bush's remarks that national and state GOP officials said it not would be worthwhile to campaign for him. Schlesinger said, "No, it's just not true. As a matter of fact, the Republicans are supporting me." Schlesinger said it was "absolutely false" that the state GOP chair had told Bush to no t campaign in the state, adding, "I think Mr. Mehlman has been saying that.

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And, you know, I can't speak for what the people in Washington are doing." Asked to explain the national GOP officials' behavior, Schlesinger said, "There is some delusion down here near the Potomac about the fact that if they can spin this right, they can make the Democrats look very, very liberal in Connecticut and across the country. And that, hopefully, in their minds, will be rejected by some logic of going with Lieberman." Asked "who designed this scenario to screw you," Schlesinger said, "They're not trying to screw me. That's the whole point. They've designed a scenario that they think will work to help Bush and to help the Republicans nationwide by saying, listen, the liberal wing of the Democratic party has gone nuts."

Anti-War Candidate Finds Difficulty In Gaining Traction Against Clinton. The New York Times (8/23, Healy, 1.21M) reports that as Ned Lamont "basks in his Democratic primary victory in Connecticut, another antiwar underdog is trying to assume the same role of political giant-killer in next month's elections in New York, though against much bigger prey: Hillary Rodham Clinton." But while Lamont "united liberals and used $4 million of his own money to win his primary, Jonathan Tasini is struggling on a shoestring campaign to rise above his 12 percent standing in the polls, even as he hawks a message of left-wing anger over Iraq to an electorate that is more liberal than Connecticut's." Tasini has "qualified for the Sept. 12 primary ballot against Mrs. Clinton, and his positions on the Iraq war, the death penalty and gay marriage are in step with the progressive groups and liberal bloggers that contributed volunteers, money and buzz to Mr. Lamont. Yet some of these partisans say they are deeply reluctant, and in some cases scared, to criticize or abandon Mrs. Clinton, who supported the invasion of Iraq." The partisans "cite her power in the Democratic Party and her careful positioning that has made her, if not antiwar, then a sharp critic of the administration's handling of Iraq, Hurricane Katrina and the economy."

Clinton Criticized For Delaying Renewal Of HIV/AIDS Law. The Washington Post (8/23, A1, Birnbaum, 748K) reports in a front page story that Sen. Hillary Rodham Clinton "is holding up renewal of the primary federal law that battles HIV/AIDS, the 1990 Ryan White Act, causing a rift among activists on the subject and threatening approval of the legislation this year." Clinton said she "opposes the measure because it would lower funding for her home state. But some AIDS groups also see broader political motives at work. Other states that would lose out include California, Florida and Illinois -- all places Clinton would need to win if she seeks the presidency." Her critics "also note that many of the states that would receive higher funding under the new formula are rural and Southern, which tend to vote Republican." The senator's "insistence on a different formula -- one closer to current law -- has angered several groups that represent AIDS and HIV patients who stand to get more money under the pending bill."

Time Magazine Cover Story On Clinton Examined. On MSNBC's Hardball (8/22), New York Times reporter Ann Kornblut and Ana Marie Cox of Time magazine discussed Time's cover story on Hillary Clinton. Kornblut said the Clintons are "are not just politicians, they are celebrities and they have been able to harness some of this in the way that they want. The Time magazine cover has beautiful photographs of her. She didn't even sit for an interview for this story. By and large her advisers came away feeling like it was positive. So, if anything, I think what you are see something their ability to handle the media, don't you think?" Asked about the title of the Time story, "Love Her or Hate Her," Cox said, "The poll they did to support that cover story really showed that there is no between with her. Although she is the front runner of the Democratic candidates, that very high number hides the number of people who really hate her. She has some of the highest definitely would not support numbers in the entire poll."

Tester Campaign Releases Video Of Burns Immigrant Comments. The Washington Post (8/23, A4, VandeHei, 748K) reports that in a "moment of unusual candor for a veteran senator fighting for his political life, Conrad Burns (R-Mont.) offered this blunt self-assessment a few months ago: 'I can self-destruct in one sentence,' he told supporters. 'Sometimes in one word.' It seems Burns has spent a good part of the summer testing his theory." A new video released this week by Democrat Jon Tester "shows Burns, 71, joking to a crowd in June about how a 'nice little Guatemalan man' fixing up his house might be an illegal immigrant. 'Could I see your green card?' Burns tells the crowd he asked the man. 'And Hugo, says, 'No.' I said, 'Oh, gosh.'"" The Post adds a Burns spokesman "said the senator never really doubted the legal status of the handyman, Hugo Reyes. But it wasn't the only time Burns -- a critic of illegal immigration -- has poked fun at the immigrants doing work around his house."

Tester Says Federal Crop Subsidies A "Necessary Evil." In a "Web Exclusive," Newsweek (8/23, Gerlach, 3.12M) interviewed Democratic candidate John Tester. Asked about "Federal subsidies to support farmers," Tester said, "It's a necessary evil at this point in time. I don't think there is a farmer out there that wouldn't want to get their check from the marketplace. Unfortunately right now it doesn't work with $3-plus gasoline and fertilizer and chemical prices where they are. I think it is important that the government facilitate small business and small processors so we can create more and more opportunities for farmers to market their products." Asked if Montana would lose Federal funds if Burns is defeated, Tester said, "No. I bore this out in

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the Montana legislature. The other point I bring out with Sen. Burns is at what cost has he done some of this. What have these deals cost the country? He's [supported funding to build] a bridge to nowhere worth $223 million [to connect Gravina Island with Ketchikan in Alaska]. He voted for that. He's given money to one the richest Indian tribes in the country, because Jack Abramoff asked him to do it. I just think it's time for some honesty and integrity."

Rothenberg Says Fundamentals Unchanged In Pennsylvania, Virginia Senate Races. In his Roll Call column (8/22), Stuart Rothenberg says new poll numbers are "out in both the Pennsylvania and Virginia Senate races, and to hear some of the spin, those races are starting to turn on their heads. Here's my advice: Don't get carried away. The changes in both races are, so far, superficial. The fundamentals basically remain unchanged." In Pennsylvania, Republicans "(and some in the media) are all excited that Sen. Rick Santorum (R) has closed on his Democratic challenger, state Treasurer Bob Casey Jr. Casey once held a double-digit lead, but two recent polls show that margin cut virtually in half." Quinnipiac (8/8-13) shows Casey leading 48%-42%, and Strategic Vision shows the race at 47%-41%. But the "reality in the Keystone State is that Santorum's prospects are not much better now than they were a month ago, even if Santorum has cut into Casey's lead in the ballot test. Quinnipiac showed Santorum's job ratings as 42 percent approve/44 percent disapprove — a small improvement from his standing in Quinnipiac's June poll and statistically identical to his standing in a May survey." Santorum "remains a very weak incumbent who is seeking to overcome a challenger in a political environment that strongly favors Democrats." The situation "is reversed in Virginia, where Democrats are reading big news into slight evidence." A Survey USA poll shows Allen's approval ratings have fallen four points to 47%, but "any quickie survey conducted in the middle of a controversy and media frenzy isn't likely to provide the kind of information one needs to evaluate the race long term."

Republicans Said To Face Growing Troubles As Midterm Elections Approach. CNN's The Situation Room (8/22, Koppel) reported, "Republicans are bracing for their biggest battle in years, but predicting they'll hold on to power. Some analysts aren't as optimistic." Amy Walter, Cook Political Report: "They should be very worried, looking into what right now what is a category 5 type of political storm. Every diagnostic indicator suggests there are real troubles for Republicans this fall." CNN added, "Indicators like President Bush's continues low approval ratings while anti-incumbent sentiment remains high. Growing pessimism about Iraq and bread and butter issues like high gas prices. And those sentiments are playing out in at least three dozen hotly contested races with the northeast and the Midwest at the vortex of this growing storm." Walter: "Voters have become calcified in their beliefs about this election. I don't think that there's any speech or piece of legislation that a Republican incumbent can give to change voter's perception about this election." CNN added, "What they can do, says Walter, is to try to drive up negative feelings about their Democratic challengers while highlighting a Republican strength, national security. And so in Web ads and e-mails, Republicans plan to paint Democrats as weak and too liberal to lead the war on terror."

On CNN's The Situation Room (8/22, Blitzer), anchor Wolf Blitzer asked Democratic political strategist Paul Begala to discuss CNN poll results that show Republicans with a ten point advantage on which party will do a better job handling the terrorism issue. Begala said, "Right, but down from an 18-point advantage they had in '04, and I think it was higher in '02. … The Republicans ought to still be worried. Democrats should always worry about national security. It's not their forte, traditionally. But imagine if the Democratic advantage on say, the environment, healthcare, education -- traditionally Democratic issues -- had dropped from 30 or 40 points down to 10, we would be through. And my Republican friends, I think, fear that their ability to play the sort of fear card on terrorism has played itself out, or as we say back home in Texas and they say in Oklahoma, that dog don't hunt no more." Later, Begala added, "There's really only two messages in American politics: Stay the course, and, it's time for a change. OK? This is an -- this is a classic 'time for a change' election year. And that's bad news for the party in power, the Republicans."

Also on CNN's The Situation Room (8/22, Blitzer), former Rep. J.C. Watts said, "Those numbers are going to fluctuate back and forth. When something happens like here a couple of weeks ago when we thwarted the British bombing of those planes coming into the United States, the President got a bump out of that. But I think all in all, I do believe and it's consistent over the years that people feel better when Republicans are in charge of national security, military issues, et cetera, and I think Republicans will continue to benefit from that."

Ford's Political Skills Seen As Exceptional. In his Washington Post column (8/23, A15), Harold Meyerson says to "recapture the Senate this year, the Democrats need" Rep. Harold Ford Jr. "to take Tennessee -- no small challenge, since Tennessee hasn't sent a Democrat to the Senate since 1990, and since Ford, like just 16 percent of his fellow Tennesseans, is African American." But Ford is "still very much in the hunt, and after just a few minutes in his presence, it's no mystery why: He is, in the tradition of Southern pols ranging from Huey Long to Bill Clinton, a

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preternaturally gifted campaigner. Young, single, handsome in a way that pols almost never are (he is the only elected official I've ever seen who could have a successful career as a model), blessed with a perfect ear for both political argument and the exigencies of local politics, Ford is a sight to behold." Ford's Republican opponent, "former Chattanooga mayor Bob Corker, who defeated two more-conservative candidates in the Aug. 3 primary, is the clear favorite in the race, though the first post-primary poll showed him leading Ford by just six points. Ford seems determined to close that gap by running not just to the right but also just plain harder than any candidate we've seen in years."

Clyburn Praises DNC's New Primary Calendar. In a USA Today op-ed (8/23), Democratic Rep. James Clyburn says, "The Democratic National Committee's new presidential nominating calendar strengthens our democratic process by ensuring that Americans of all backgrounds and from across the country have a voice in choosing our presidential nominee. By adding Nevada as the second caucus and South Carolina as the second primary, the DNC has reacted appropriately to concerns from supporters. After nearly two years of careful examination, these changes reflect a broad consensus on how we can choose the strongest possible Democratic presidential candidate." Clyburn adds, "Our party has embraced our nation's diversity and it is echoing that commitment by scheduling early contests in Nevada and South Carolina."

USA Today Criticizes New Democratic Nominating Schedule. USA Today (8/23, 2.27M) says in an editorial, "Last weekend, Democrats moved to break the Iowa-New Hampshire stranglehold by injecting two more small states. Nevada and South Carolina will also be allowed to hold early nominating contests in January 2008. The 'window' for other states opens Feb. 5. The racial, ethnic and geographic diversity added to the early contests by South Carolina, with its large African-American population, and Nevada, with its large Hispanic population, is welcome and overdue. But the DNC's decision amounts to tweaking a system for picking our presidential candidates that's still deeply flawed."

NYTimes Says Democratic Plan Could Exacerbate Front-Loading. The New York Times (8/23, 1.21M) says in an editorial, "It's hardly enough reform, but it was healthy for the party to add Nevada, with its large Hispanic representation, and South Carolina, with a heavily black constituency in the heart of red-state America." But the "party may compound the calendar rush by having the first four states go to bat in a 15-day period. The race could still be settled by the end of January."

Schwarzenegger, Democrats Reach Prescription Drug Deal. The Los Angeles Times (8/23, Rau, 918K) reports more than "5 million Californians with moderate incomes would receive substantial discounts on prescription medicines under a deal that Gov. Arnold Schwarzenegger and Democratic leaders reached over the opposition of the drug industry, negotiators said Tuesday." The "price-reduction program, a showpiece for Schwarzenegger's re-election campaign, is based on an approach his own health advisers repudiated last year as dangerous for poor people and legally questionable." The plan "would give the drug industry three years to voluntarily negotiate discounts with the state on behalf of people who earn up to triple the federal poverty level, or about $60,000 a year for a family of four. An additional 400,000 people who earn somewhat more but face debilitating medical bills would also be eligible."

Pataki Criticized For Signing Expensive Pension Bill. The New York Times (8/23, 1.21M) says in an editorial, "Gov. George Pataki bills himself as a fiscally conservative Republican, yet he signed a bill requiring New York City to give its retired correction workers Christmas bonuses that will eventually hit $12,000 a year. His spokesman says it's important to understand that the Legislature is always demanding new benefits for retired city workers, and that Mr. Pataki has vetoed 95 percent of the pension bills reaching his desk. We hope that the next time the governor tests the presidential campaign waters with a visit to Iowa or New Hampshire, someone asks him whether he would sign only 5 percent of the fiscally disastrous bills if he gets in the White House."

Iran Offers "Serious Talks" But No Suspension Of Enrichment. The New York Times (8/23, Slackman, 1.21M) reports Tehran "responded Tuesday to a set of incentives from Europe and the United States aimed at ending its nuclear program, but did not agree to suspend the enrichment of uranium by the end of the month, the West's primary demand. In its response, Iran offered 'serious talks' over its nuclear activities but did not raise the issue of suspending enrichment by" the August 31 deadline. Initial reaction to the Iranian proposal was negative, the Times says, making clear a failure to heed the deadline "would be considered unacceptable and that [the West] would be likely to lead to calls for imposing sanctions. The United States, Britain, France and Germany plan to meet Wednesday in New York to discuss the proposal and their response." Ambassador Bolton "said Tuesday that Washington was prepared to move rapidly on a new Council resolution calling for economic sanctions." The Times adds, "It was not immediately clear how Beijing or Moscow would react to the proposal," with some analysts saying they "will seize on any indication that Iran is willing to discuss suspension in future negotiations as a reason to water down any sanctions."

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The Wall Street Journal (8/23, King, 2.03M) reports, "US and European officials, speaking privately, said the Iranian response fell short of requirements laid out in a Security Council resolution last month." But "the Bush administration held to its official line that the US is still weighing Iran's reply to a June incentives package and that the administration needs to confer with its European partners." USA Today (8/23, Lynch, 2.27M), under the headline "Iran Reacts 'Positively' To US-European Offer," reports "European Union foreign policy chief Javier Solana said that the Iranian response needs a 'detailed and careful analysis.'"

NBC Nightly News (8/22, story 3, 2:55, Mitchell, 9.87M) reported, "Most experts say there is no viable military option and no way to impose sanctions on Iran's oil and gas industry." Jeffery Schott, international economist: "The likely impact is you would have a further increase in the price of oil with no guarantee that there would be any change in the policies of the Iranian government." US, British and French "officials say it doesn't look good for a diplomatic solution. And with few options to punish Iran, Iran seems to be calling their bluff."

The CBS Evening News (8/22, story 4, 2:20, Plante, 7.66M) reported that the "Bush Administration held its fire," but "officials say privately that unless Iran changes its stance before the end of the month, France, Germany, and Britain have all agreed to join with the US in pressing for economic sanctions against Iran." Administration "officials believe that Iran is simply playing for time by agreeing to negotiate and, giving its trading partners Russia and China a good excuse to vote against sanctions at the UN Security Council."

On its front page, the Washington Post (8/23, A1, Linzer, 748K) says Tehran's proposal "comes at a difficult time, when Iran is feeling emboldened in the region and the Security Council is juggling a multitude of crises in the Middle East, including" Iraq and Lebanon. The Post adds, "The instability has made many council members wary of ratcheting up pressure on Iran, a major oil supplier, if it will mean further confrontation in the region."

The AP (8/23, Dareini) says Tehran's offer "appeared geared at enticing [UNSC] countries into further negotiations by offering a broad set of proposals vague enough to hold out hope of progress in resolving the standoff. If the Iranians leave the door open to halting enrichment as talks progress, that would drive a wedge in the Security Council between the Americans, British and French on one side and the Russians and Chinese on the other."

But Fox News' Special Report (8/22, Rosen) reported, "Fox News has learned the Security Council states have already agreed on a broad menu of possible sanctions. Now the Bush Administration's task will be to get all the parties seated at the table to choose from that menu in a timely, coherent fashion." But how Iran "approaches the matter was made clear once again by the country's supreme clerical leader, who vowed anew to move forward in the path of development day by day." Ayatollah Ali Khameni was shown saying, via translator: "The Americans' hands are tied and they are unable to do anything against nations."

ABC World News Tonight (8/22, story 2, 0:45, Raddatz, 8.78M) reported that the US "will respond hot and heavy, they will try to draft new sanctions. US will call for freezing American assets abroad and impose travel ban on senior Iranian officials. This has been well under way. As he said, we have not had our heads in the sands on this." Gibson: "But you got to get sanctions on the UN Security Counsel, but will the Chinese or Russians go along?" Raddatz: "That's exactly right. They believe they'll get some sort of sanctions. They just don't know how tough they will be and as you said, whether China Russia will go along."

CNN's The Situation Room (8/22, Lawrence) reported, "Some very senior Israeli officials have put out an immediate warning: If the Iran crisis escalates here, people could be in danger." Former Israeli intelligence officer Eran Lerman "says Iranian president Mahmoud Ahmadinejad has made his intentions clear, the end of Israel. Iran says its uranium enrichment program is not designed to build bombs. But Lerman says Iran's missiles are designed to one day carry a nuclear warhead." Lerman: "The Shahab series was refitted and -- and made to reach Israel quite specifically."

CNN's The Situation Room (8/22, Malveaux) reported, "The real challenge for this Administration, whether or not that they pull this off, is getting Russia and China on board with those tough economic sanctions. A lot of tough talk from the Bush Administration, but very unclear whether or not it's going to get those key allies on board with the sanctions."

On CNN's The Situation Room (8/22, Roth), US Ambassador John Bolton was shown saying, "We've made it clear in the Security Council Resolution 1696 that Iran has a choice. They can either take up the very generous offer that the five permanent members and Germany have extended to them -- and if they do, there's a possibility of a different relationship with the United States and others." And on ABC World News Tonight (8/22, lead story, 2:00, Gibson, 8.78M), Bolton was shown saying, "Their unwillingness to give up pursuit of nuclear weapons will result in our efforts to attain economic sanctions against them." ABC (Sciutto) added, "But can they succeed? Iran appears to be testing the Bush Administration to muster the votes." Jon Wolfsthal, CSIS: "Iran is testing the results of all of the international Security Council members to see if they can shatter the coalition against them."

The Financial Times (8/23, Smyth, Dombey), McClatchy (8/23, Hutcheson), Los Angeles Times (8/23, Rubin, 918K) and Washington Times (8/23, Sands, 88K) run similar reports.

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Lebanon Conflict Said To Make Imposing Iran Sanctions More Difficult. An analysis piece in today's New York Times (8/23, Cooper, 1.21M) entitled, "Iran Sanctions Could Fracture Coalition," notes, "It was always going to be tough for" Secretary Rice "to hold together her fragile coalition of world powers trying to rein in Iran's nuclear ambitions. The Israel-Hezbollah war in Lebanon has made that job harder." Tehran's refusal to suspend enrichment activities means "the question is whether Ms. Rice, who returned from vacation this week and was studying Iran's response, can keep the coalition together to take out their sticks against Iran. That will not be easy, in part because the entire United Nations Security Council is supposed to vote on the sanctions package. While only the permanent members can veto, the rising fear, particularly among European diplomats, is that smaller countries on the Council are so angry over how the United States, and now France, have handled the Lebanon crisis that they will give Russia and China political cover to balk against imposing tough sanctions." The Times adds, "Getting the group to punish Tehran was always going to be difficult. Russia and China have deep economic interests in Iran and dislike the blunt instrument of sanctions. And the West must tread carefully because any sanctions levied in the place that could actually hurt Iran -- its energy sector -- would ratchet up already high global oil prices and end up harming the West."

Iranian Forces Seize Romanian Oil Rig. The Financial Times (8/23, Barker) reports, "Iranian armed forces attacked and forcibly seized a Romanian-owned oil rig operating in the Gulf on Tuesday, after a contractual dispute with its owners. Grup Servicii Petroliere (GSP), an oil services group, said its Orizont rig had come under fire from a gunboat on Tuesday morning, after the crew refused to allow officials from a subsidiary of the Iranian state oil company on board." The Times says the armed boarding "marks a violent turn in a contractual wrangle between the Romanian group and a subcontractor." There were no injuries, and no official statements were reported.

Fox News' Your World with Neil Cavuto (8/22 Cavuto) interviewed former CIA counterterrorism chief Vincent Cannistraro. Asked what to make of the Iranian action, Cannistraro said, "It was certainly a provocative act on the part of the Iranians. It shows that they're willing and able to exert force, when they believe it's in their own interests to do it. There may have been a contract dispute at the bottom of this feud. The Romanians felt that they were owed something like $17 million. But the Iranians obviously wanted to get control of that platform. And they perhaps perceive the Romanians as an ally of the United States. The company itself had had previous contractual relations with Halliburton. And it may be that the Iranians are preparing themselves to exert control over all foreign contract platforms in their territory."

More Commentary. CNN's The Situation Room (8/22, Blitzer) interviewed former Ambassador Wendy Sherman, who said Iran is "determined to go ahead with their nuclear enrichment program and to get nuclear weapons, but we don't know that for absolute sure, even though that's my belief and I think probably most people's and most analysts' belief. So we have to test their intentions, and we ought to do that first through diplomacy, through a very tough negotiation. But the Security Council is going to have to act, because although I think it's right for the Administration to read through this document, indeed -- and sure, it's ambiguous -- it's going to say, well, let's talk some more without saying that they're going to freeze or suspend their nuclear enrichment program. And that is not good enough."

On Fox News' Special Report roundtable (8/22, Hume), Fortune magazine reporter Nina Easton said, "I thought earlier on the program where Iran's supreme leader said America's hands are tied, very telling. I mean, this regime feels embolden. There isn't a sense that they are worried that a military campaign is going to stop them. They see the US bogged down in Iraq. They see what happened to Israel when it went after Hezbollah and there's this sense that they are emboldened and I think it is a real critical moment for the administration."

On Fox News' Special Report roundtable (8/22, Hume), Charles Krauthammer said, "All of this process is a dance. It was never a real offer to Iran. There's nobody in the Administration who would suspect that Iran would say yes. It was about carrots for the allies. The allies wanted to go an extra mile, so we said OK, we'll give you an extra three months. In fact, what that meant is that Iran has had an extra three months to enrich, as it has."

Italy Will Lead Lebanon Border Force With 2,000 To 3,000 Troops. The New York Times (8/23, Hoge, 1.21M) reports the Italian government "said Tuesday that it would contribute 2,000 to 3,000 troops as the lead nation in the peacekeeping force in Lebanon, and, at Rome's initiative, European foreign ministers are to meet Friday in Brussels with UN Secretary General Kofi Annan." Italian Foreign Minister Massimo D'Alema "said Tuesday that Rome was conditioning its commitment on a promise that Israel would not violate the cease-fire," referring, the Times says, to the Israeli commando raid on Saturday. Tel Aviv "had originally proposed Italy as a substitute for France as the primary contributor to the force, and Mr. D'Alema has scheduled a meeting in Rome on Thursday with his Israeli counterpart, Tzipi Livni." UN officials have lined up "commitments from Belgium, Spain, Finland and a contingent drawn from Denmark, Norway and Sweden. Still seeking clarification of its role, officials say, is Turkey, considered very

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desirable because it is a militarily strong Muslim nation that recognizes Israel."

Proposed Rules Of Engagement For UN Force Examined. The AP (8/23, Lederer) reports, "Proposed rules of engagement for an expanded UN force in southern Lebanon would allow troops to open fire in self-defense, protect civilians and back up the Lebanese army in preventing foreign forces or arms from crossing the border, according to a UN document obtained Tuesday. The 20-page draft was circulated to potential troop-contributing countries last week by the UN Department of Peacekeeping Operations, which is trying to get an additional 3,500 troops on the ground by the end of next week to strengthen the 2,000 overstretched UN peacekeepers already there."

Olmert Will Not Lift Lebanon Blockade Until Border Force Arrives. The AP (8/23) reports Olmert "told a visiting U.N. envoy Tuesday that Israel will lift its air and sea blockade of Lebanon once an international peacekeeping force is deployed along Lebanon's borders." Olmert's office issued a statement saying the deployment of "the force at border crossings to Syria and at the airport will allow the lifting of Israel's sea and air blockade and contribute to the implementation" of the ceasefire.

***Amnesty International Calls Israeli Actions "Deliberate War Crimes*.**" The Financial Times (8/23, MacDonald) notes Amnesty International "says attacks on civilian targets by Israeli military forces during the recently ended fighting in Lebanon look like deliberate war crimes." Their report, to be released today, "argues that the destruction of Lebanese homes and basic infrastructure 'was an integral part of the military strategy,'" and asks "the United Nations to open a 'comprehensive, independent and impartial inquiry'" of the conflict.

Gradual Lebanese Deployment Continues. Fox News' Special Report (8/22, Hume) reported, "The Lebanese army today continued its gradual deployment into the south of the country as Israeli troops, still there, were letting journalists see the evidence that the Hezbollah force, with which it had been doing battle, was no ragtag band of terrorists." Fox News (Lewis) added, "If there was any doubt how well Hezbollah troops had been dug in on the Lebanese side of the border, Israeli soldiers wanted to show the world today. Leading cameras through a network of bunkers inside the Lebanese village of Gajer. Maps and rifles, alongside the portrait of Hezbollah leader Nasrallah, the pictures of past and present Iranian spiritual leaders."

The AP (8/23, Pitman) reports "the world is looking to a soon-to-be expanded U.N. force to help the Lebanese army secure a fragile cease-fire between Israeli forces and Hezbollah guerrillas, but few here are counting on the UN's blue-helmets to stop another round of war. … Created 28 years ago to oversee the withdrawal of Israeli forces after a 1978 invasion and help the government restore its authority to that region, UNIFIL has had a ringside seat to repeated border skirmishes and two more Israeli invasions — one in 1982 that left the force behind Israeli lines for years and a second last month after Hezbollah snatched two Israeli troops." The Christian Science Monitor (8/23, Sachs, 58K) runs a similar story under the headline "Weak UN Mandate Stalls Lebanon Peacekeepers."

Relief Agencies Struggle To Separate Aid From Hezbollah. A 1,253-word piece in today's New York Times (8/23, Worth, Fattah, 1.21M) details the difficulties US-funded relief agencies face in dealing with Hezbollah in southern Lebanon. "Like all other international relief agencies here that receive financing from the American government, Mercy Corps is barred from giving out money or aid through Hezbollah." However, "all the most demolished areas in southern Lebanon, where whole villages have been flattened by Israeli bombs and there is no food, water or electricity" are "the domain of Hezbollah — and little seems to bypass the group. That fact is nettlesome for the United States, not merely because it does not want Hezbollah to be strengthened even further after its war with Israel, but because it is eager to find and support a viable alternative to the militant group." Finding that alternative "will not be easy" because Hezbollah "has been the fastest and, without a doubt, most effective organization doling out aid to the shattered towns and villages of southern Lebanon. Aid groups like Mercy Corps — which generally work through local intermediaries — have sometimes struggled to find other ways of helping, and even then, they cannot be sure their aid is not going through Hezbollah." The Times adds, "Though Hezbollah is only one of many groups providing social services in Lebanon, its reputation for delivering those services honestly is unmatched, making it that much harder to circumvent."

Israel's West Bank Pullout Plan "Dead." On its front page, the Washington Post (8/23, A1, Struck, 748K) reports Tel Aviv's "plan to dismantle some Jewish settlements in the West Bank and redraw the country's borders is being shelved at least temporarily, a casualty of the war in Lebanon, government officials said." The Post says that, for Israeli Prime Minister Ehud Olmert, the plan "is no longer a top priority," because of the rebuilding and fortifying that must be done along the Lebanon border. The Post adds, "Even without the financial considerations, the plan for unilateral withdrawal from some settlements is dead, other political figures and analysts said. The seizure of Israeli soldiers and the renewed fighting in the Gaza Strip -- from which Israel withdrew last year -- and in southern Lebanon -- from which Israel withdrew in 2000 -- have left the Israeli public with little appetite for additional pullouts."

Israeli President Accused Of Sexual Harassment. The New York Times (8/23, Myre, 1.21M) reports, "The Israeli

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police have confiscated a computer and documents from the official residence of President Moshe Katsav and plan to question him as part of an investigation into sexual harassment accusations, the police said Tuesday." Katsav's position "is largely ceremonial, and any legal proceedings against him would not directly threaten the government of Prime Minister Ehud Olmert. But the case comes at a time when several senior government figures have been involved in legal or political controversies. In addition, many Israelis have been sharply critical of the country's political and military leadership over the handling of the recent fighting in Lebanon."

North Korea Says It Retains Option Of Preemptive Attack On US. The Washington Times (8/23, Salmon, 88K) reports Pyongyang "said yesterday it reserves the right to make a 'pre-emptive' attack on U.S. and South Korean targets, a chilling reminder of threats by Pyongyang a decade ago to turn Seoul into a 'sea of fire.'" North Korea, which "is known for its rhetorical blasts," said US-South Korea military exercises are "an undisguised military threat" and a "war action." Pyongyang "also declared the armistice that ended the 1950-1953 Korean War 'null and void.'" The Times adds, "Though Pyongyang habitually slams annual U.S.-South Korean military exercises, yesterday's warning ratchets up tensions at a time when Northeast Asia is jittery over North Korea."

CNN's The Situation Room (8/22, Verjee) reported the US-South Korean war games have "been going on every year since 1975. But North Korea is seeing red. The government's official news agency calls the military exercises a dangerous military adventure that could drive the peninsula to the brink of war. And, it says, North Korea has the right to preemptively strike to defend itself. North Korea test-fired seven missiles last month, there are reports now that it could be preparing to test a nuclear weapon underground for the first time. South Korea just launched its first ever military satellite to boost its defenses against the unpredictable North. And while both sides are flexing their military might, the diplomatic track has hit a wall."

Indian Police Kill Pakistani Terror Plotter, Arrest Another. The New York Times (8/23, Giridharadas, 1.21M) reports statements from Indian law enforcement authorities "that they had shot and killed a Pakistani terrorist and foiled a new terror plot by Pakistani citizens living in India." After being arrested Monday, Muhammad Riyaz Nawabuddin "led" police "led them within hours to his associate, Muhammad Ali, 24, who was squatting in an abandoned building in the Antop Hill neighborhood of central Mumbai, the police said." When police raided Ali's apartment, Ali "fired at police officers through the door with an AK-47 rifle" and was killed when officers returned fire. His killing "has heightened concerns here that terrorist cells may be planning more attacks in India. The incident seems certain to further strain ties with Pakistan, which India accuses of fostering a climate of terror and providing a safe haven for terrorists to organize and train." The India police "said they had thwarted an attack that was in the planning stage," and one officer is quoted saying, "If nothing else, we were able to prevent something. It was a new attack. They were obviously here for some specific purpose. Whether they're connected to the earlier one, we don't know."

ASEAN To Seek Common Market By 2015. The Financial Times (8/23, Burton) reports the Association of South-East Asian Nations (ASEAN) has agreed in principle to speed efforts to create a single market by 2015, five years ahead of schedule, Ong Keng Yong, its secretary-general, said yesterday." The Times says "doubts remain over whether the goal can be achieved given the wide economic disparity and conflicting national interests among the 10 Asean members," and, as the single market agreement was made, "a dispute erupted between Malaysia and Thailand over the terms of the existing Asean Free Trade Agreement, which reduces import barriers for most manufactured goods." That row "underscored the difficulties that Asean will confront in achieving the ambitious goal of creating a common market allowing the free flow of goods, services and investment." The Times adds, "The wide gap between rich and poor Asean countries could make progress difficult. While Singapore, Malaysia, Thailand, Indonesia, the Philippines and Brunei are seen as able to accept trade liberalisation by 2015, Vietnam, Cambodia, Burma and Laos need more time." This week's annual ASEAN conference "will focus on achieving closer integration in response to competition from China and India."

UN Negotiates Ceasefire In Congo. The New York Times (8/23, Gettleman, Sundaram, 1.21M) says United Nations negotiators "struck a cease-fire deal on Tuesday with warring militias in Congo after peacekeepers plunged into the fray and rescued foreign diplomats trapped by the fighting." At least fifteen people have been killed in Kinshasa this week "in violence that was set off by the announcement of results from the country's first free elections in more than 40 years." Militias "loyal to" President Joseph Kabila and businessman and rebel leader Jean-Pierre Bemba, his opponent in the October run-off election, "hammered each other with high-powered machine guns in downtown Kinshasa as residents packed up their belongings and fled." The Times adds, "Foreign diplomats and others are now worried about the stability of the capital, where supporters of the various factions essentially live on top of each other."

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The Financial Times (8/23, Mahtani) reports the EU "on Tuesday reinforced its peacekeeping operation in Kinshasa as gun battles raged in the Congo capital for a third consecutive day." Two hundred members of the EU rapid reaction force arrived from Gabon "to bolster the already 1,000-strong contingent. There are also more than 17,000 United Nations troops on the ground." The Times notes "a growing political and security crisis in the wake of presidential poll results at the weekend."

The AP (8/23, Sundaram) says the UN "called for an immediate cease-fire Tuesday," and "three days of deadly fighting ebbed as the European Union sent reinforcements to the restive Central African nation." The Washington Post (8/23, A11, Sundaram, 748K) runs a similar report.

LATimes Says Election Only First Step Towards Stability. The Los Angeles Times (8/23, 918K) editorializes, "As bad as things are, a concerted effort by African leaders and the international community to turn the continent around is actually bearing fruit. One tenuous example is the Democratic Republic of Congo, a huge and deeply troubled country that just held its first democratic election in 45 years." With the economy improving and aid programs thriving, "that's real progress." The Times calls the inconclusive result "the best possible outcome," because an outright win "probably would have produced violence in Kinshasa even worse than the skirmishes that have killed at least 14 people" this week. However, "Congo's stability is teetering on a knife's edge. The difference between politics and warfare there is slim; politicians tend to be warlords, and losers seldom cede power gracefully." The Times sees a "danger" in noting Congo's "successful election" and not finishing the hard work there. "After the election, aid efforts should be redoubled and focused more clearly on fighting corruption and strengthening government institutions. Donors have spent more than $6 billion over the last five years on Congo. If the government collapses now, that will have been wasted."

Russian Plane Crashes, Killing 170. ABC World News Tonight (8/22, story 7, 0:10, Gibson, 8.78M) reported, "A Russian passenger plane crashed in Ukraine today. All 170 on board were killed. It was headed to St. Petersburg when it went down in a thunderstorm. Russia said it ruled out terrorism." NBC Nightly News (8/22, story 6, 0:15, Williams, 9.87M) also reported the story.

Oil Shutoff To Lithuanian Refinery Said To Shows Russia's Unreliability As Supplier. In an editorial, the Washington Post (8/23, 748K) writes that the Russian firm Transneft's shutoff of supplies to an oil refinery in Lithuania based on a "dubious" excuse of a pipeline leak "is another example of Russia using its supply and transport infrastructure to bully its neighbors. In that sense, the Lithuanian ploy bears a disturbing resemblance to Mr. Putin's shutoff of Ukraine's natural gas earlier this year." The Post says the shutoff "makes a mockery of Mr. Putin's talk of energy security at the G-8 summit. The Post writes, "Both the oil pipeline's leak and the way Russia has taken advantage of it should serve as a warning to countries dependent on Russian natural gas. Countries in Western Europe in particular should invest in more liquefied natural gas terminals to accommodate tankers from other countries that produce natural gas. The West relies on Russian energy supplies at its peril."

Ignatius Lauds Al-Jazeera's Professionalism, Determination. In his column in today's Washington Post (8/23, A15, 748K), David Ignatius says the Al-Jazeera broadcasting network faces a "tricky balancing act" in reporting the fifth anniversary of 9/11. He says he is "struck by how complicated it has become for al-Jazeera to cover" the Middle East. "Take coverage of Iran. Al-Jazeera recently reopened its bureau there after it was closed by the Iranian authorities for 18 months" because its reporters showcased Iranian Arabs' claim "that they were treated unfairly by the central government." Iraq "poses a worse problem. Because al-Jazeera reported from behind the lines of the Sunni insurgency, Iraqi Shiites became indignant about its coverage." Ignatius says "Syria and Lebanon also pose tricky problems for an Arab satellite network." Praising the network's efforts, he notes, "After 10 years, al-Jazeera is confronting one of the abiding truths of honest journalism: that the world is damned complicated, and that it's very hard to know who the good guys and bad guys are. That's a start. If we can have common standards for covering the news in the Middle East, maybe we can eventually do something to fix the problems we all agree are there."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Marines Who Served Will Be Ordered Back."
"The Bad Dude Ranch."
"Plan Puts Marina In Fast Lane."
"Viacom To Break Ties With Cruise."
"Banker, In Deal Of Career, Avoids 3rd Trial."
"Schwarzenegger, Democrats Agree On Drug Discount Plan."
"No Simple Answer From The Iranians."

USA Today:
"Marines Call Up Inactive Reservists."
"New Orleans' Recovery Slow And Slippery Process."
"States List Meth Offenders On Web."

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New York Times:
"Iran Won't Give Promise To End Uranium Effort."
"A New Orleans Home Is Reborn, With Grit and Persistence."
"Relief Agencies Find Hezbollah Hard To Avoid."
"College Football, Big Paydays For Humiliation."
"Nation Faltering, Afghans' Leader Draws Criticism."
"Clinton Rival Tries To Make Most Of Liberal Anger."

Washington Post:
"Iran Pushes For Talks Without Conditions."
"Israel Shelves Plan To Pull Out Of Settlements In West Bank."
"Extra Pounds Could Mean Fewer Years."
"Sen. Clinton Delays AIDS Law's Renewal, Citing Cut In N.Y. Funds."
"Hornsby Accused Of Scam."
"D.C. Has All Its Teachers, But Some Lack Certificates."
"Silverman Gets Help With Fundraising."
"Va. Inmate Indicted in Killing That Altered DNA Testing Law."

Washington Times:
"Iran Ready For 'Serious' Nuke Talks."
"Homeowners Feel Pinch Of Mortgage Rate"
"Ex-PG School Chief Indicted On fraud Charges."
"Legislators Seek Review Of Border Agents' Conviction."
"Jersey Enjoy Short Shelf Life."
"Nearly Half Of Women Fear Life As A Bag Lady."

Detroit Free Press:
"Ford Buyout Plan Chills UAW Locals."
"Standing Proud."
"Laptop Theft Put 28,000 IDs At Risk."
"All The Fun Starts Today."

Atlanta Journal-Constitution:
"Cellphone In A Wreck Cost You DeKalb."
"Sobering Up."
"Bausch & Lomb's Solution Infected Eyes, CDC Says."
"Iran Proposes Nuclear talks."

Houston Chronicle:
"Mayor: Be Smart About Giving To the Homeless."
"BP Halts Plan For Pelican Island Site."
"Marines To Reactivate Thousands In Reserves."
"Perry Vision For Rural Highway Could Become A Political Pothole."
"NASA Lets Its Secrete Slip Out: Moon Ship To Be Called Orion."

Story Lineup From Last Night's Network News:
ABC: Iran Sanctions; Iran Sanctions-Analysis; Iraq Violence; Republicans Against War Strategy; JonBenet; Military-Payday Loans; Russian Plane Crash; Healing The Ozone; Cruise Dropped From Paramount; Front Yard Gardens.
CBS: UK Terror Plot; JonBenet; Karr Death Penalty; Iran Sanctions; McCain-Iraq; Public Opinion-Iraq; Marine Recall; Global Warming Effects; Cricket Controversy.
NBC: Iraq War Strategy; Hussein's Second Trial; Iran Sanctions; Airplane Security; Passenger Profiling; Russian Airplane Crash; Obesity Risk; Contact Recall; JonBenet; Stock Markets; Gas Prices; 9/11 Comic Book.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends Friends of George Allen reception, Private Residence, Alexandria, Va. Note: Closed press.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: ACCOUNTANTS _ The American Institute of Certified Public Accountants holds the 2006 AICPA National Governmental Accounting & Auditing Update Conference. Highlights: Location: JW Marriott, 1331 Pennsylvania Ave. NW.

INFRASTRUCTURE PROTECTION _ The InfraGard National Members Alliance and the FBI hold a conference to discuss the protection of and potential threats to national and global critical infrastructures. Highlights: 8 a.m. Christopher Painter, Computer Crime and Intellectual Property Section, Justice Department; others. 12 p.m. Plenary speakers Eliot A. Jardines, Assistant Deputy Director of National Intelligence for Open Source, and Al Fluman, Acting Director of the National Incident Management System Integration Center. Location: Washington Renaissance Hotel, 999 9th St. NW.

KATRINA LESSONS _ 9:30 a.m. The National Press Clubs hosts a press conference on ``The Crisis of Katrina: Lessons for Preparedness and Response. Scholars from the Mercatus Center at George Mason University will release research analyzing the rebuilding efforts and implications for other communities. Analysts will include Dr. Peter Boettke, professor of economics at George Mason University and project director for ``Crisis, Preparedness, and Response in the Wake of Katrina; Dr. Russell Sobel, James Clark Coffman Distinguished professor of economics at West Virginia University and author of ``The Economics & Politics of FEMA - Why FEMA Failed after Hurricane Katrina, Dr. Emily Chamlee-Wright, professor of economics, Beloit College and author of ``After the Storm: Social Capital Regrouping in the Wake of Hurricane Katrina, Jonathan Rauch, guest scholar at the Brookings Institution, and New Orleans Times-Picayune reporter James Varney. Location: National Press Club, First Amendment Lounge.

GUN VIOLENCE _ 10 a.m. ROOT, Inc., forms a coalition with the National Organization of Black Law Enforcement Executives, the Hip Hop Caucus Institute,

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others, to urge Congress to hold hearings to propose resolutions to reduce gun violence. Location: National Press Club.

SECURE BORDER INITIATIVE _ 11 a.m. Secretary Michael Chertoff joins ICE Acting Director of Detention and Removal John Torres and CBP Border Patrol Chief David Aguilar for a press briefing and update on the Secure Border Initiative. Location: Ronald Reagan Building, Press Briefing Room, 1300 Pennsylvania Ave. NW.

OIL PRODUCTION _ 12 p.m. The Manhattan Institute for Policy Research and the Heritage Foundation hold a briefing on domestic oil production and the search for new energy supplies, with Ben Lieberman of the Heritage Foundation and Max Schulz of the Manhattan Institute. Location: Room 121, Cannon.

MISSILE DEFENSE _ 12:30 p.m. Lockheed-Martin gives a media update on its progress in supporting the multi-layered missile defense system. Location: National Press Club.

LEBANON/GAZA-RIGHTS _ 7 p.m. The American-Arab Anti-Discrimination Committee hosts a discussion, ``Violations of Humanitarian and International Law In Lebanon and Gaza," with Joe Stork, Human Rights Watch, and David Khairallah, international law expert. Location: ADC National Headquarters, 1732 Wisconsin Ave. NW.

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Miller, Charles S

From: Miller, Charles S
Sent: Wednesday, August 23, 2006 11:09 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 8/23/06 Civil Division News

Plame considers adding former State Department official to defendants in CIA leak case

Judge Who Blocked Eavesdropping Accused of Conflict

Op-Ed: A Law Unto Herself

Essay: Examining Two Recent Rulings Allowing Suits Against the NSA's Warrantless Wiretapping To Proceed, Despite the State Secrets Privilege

BR woman faces civil penalties in FEMA hurricane fraud case

Settlement means feds looking at charge levels

NextWave returns _ amid hope for better results this time

US Ambassador presents credentials

AP

August 23, 2006

Plame considers adding former State Department official to defendants in CIA leak case

By MATT APUZZO

WASHINGTON_Former CIA officer Valerie Plame is considering adding a recent No. 2 State Department official to a lawsuit accusing members of the Bush administration of conspiring to leak her identity to the media, Plame's attorney says.

Official State Department calendars, provided The Associated Press under the federal Freedom of Information Act, show that then-Deputy Secretary of State Richard Armitage held a one-hour meeting marked "private appointment" with Washington Post reporter Bob Woodward on June 13, 2003.

That was the day Woodward met with a confidential source who spoke to him about Plame, according to a person familiar with information gathered by prosecutors. The person spoke on condition of anonymity because the material remains sealed.

Special Prosecutor Patrick Fitzgerald has investigated whether Bush administration officials intentionally revealed Plame's identity as a one-time covert CIA official. Nobody has been charged with the leak, but former White House aide I. Lewis "Scooter" Libby has been accused of lying to investigators and to a grand jury. Divulging the name of an undercover CIA officer can be a criminal act.

Plame has sued Vice President Dick Cheney, White House aide Karl Rove and Libby on the allegation that they leaked her name to punish her husband, former U.S. Ambassador Joseph Wilson, for criticizing the administration's march to war with Iraq.

The calendar released to the AP is the first confirmation that Woodward and Armitage met during the crucial time in the CIA leak case.

Plame attorney Melanie Sloan said she was considering adding Armitage's name to the suit. Based on the calendar entry, Sloan said, "it sure sounds like" he was Woodward's source.

The real question, Sloan said, is whether Armitage revealed Plame's identity to columnist Robert Novak, who was the first to get the information into print. If so, she said that would not get Libby or others off the hook in the civil case, but it would widen the conspiracy.

"Then I think maybe Armitage was in on it," Sloan said. "The question is just what was Armitage's role?"

Neither Woodward nor Armitage would discuss the meeting.

Plame's attorneys plan to seek depositions from the defendants and others, including Armitage, about the leak.

END

Bloomberg

August 22, 2006

Judge Who Blocked Eavesdropping Accused of Conflict

The U.S. judge who declared President George W. Bush's terrorist surveillance program unlawful has a possible conflict of interest in the case, an advocacy group charged.

U.S. District Judge Anna Diggs Taylor is secretary and trustee of a private foundation that gave $45,000

to the Michigan chapter of the American Civil Liberties Union, a plaintiff in the lawsuit challenging Bush's surveillance program, according to the Web site of Community Foundation for Southeastern Michigan.

``This potential conflict of interest merits serious investigation," Tom Fitton, president of Washington-based Judicial Watch, said in a statement. ``If Judge Diggs Taylor failed to disclose this link to a plaintiff in a case before her court, it would certainly call into question her judgment."

Taylor last week struck down the program to wiretap international telephone calls involving suspected al-Qaeda supporters or agents in the U.S. without a court warrant. Bush ordered the program after the Sept. 11 terrorist attacks.

His administration has appealed Taylor's order barring the National Security Agency from continuing the eavesdropping. Taylor suspended her order from taking effect pending possible review by the 6th U.S. Circuit Court of Appeals in Cincinnati.

Judicial Watch said that Taylor's role as secretary and trustee of the Community Foundation for Southeastern Michigan raised a possible conflict of interest in another case as well.

Family-Law Issues

An undated document on the foundation's Web site said its Hope Fund had given $25,000 to the American Civil Liberties Union Fund of Michigan to help hire an attorney to ``focus on family- law issues." Another $20,000 grant supported the ACLU's Gay- Lesbian Task Force project.

Anne Weekley, a spokeswoman for the foundation, said in an e-mail message that Taylor is one of 50 board members who oversee decisions to make grants. A secretary who answered the telephone at the judge's chambers said no one was available to comment on the Judicial Watch complaint.

Kary Moss, executive director of the Michigan ACLU, said in an e-mail that the most recent grant the organization received from the foundation was in 2OO2. None of the money financed litigation, she said.

Republicans have tried to gain partisan advantage in the campaign for congressional elections by trying to link Taylor, an appointee of President Jimmy Carter, to Democrats' criticism of the surveillance program.

In an Aug. 18 e-mail to supporters, Ken Mehlman, chairman of the Republican National Committee, said the decision by a ``Democratic-appointed judge" is ``a reminder of what is at stake" in the election. He characterized criticism by lawmakers of Bush's surveillance program as the ``Democrat-ACLU position."

Democrats in Congress have advocated legislation to put the program under court supervision and congressional oversight.

END

New York Times

August 23, 2006

Op-Ed: A Law Unto Herself

By ANN ALTHOUSE

Madison, Wis.

TO end her opinion in American Civil Liberties Union v. National Security Agency — the case that enjoins President Bush's warrantless surveillance program — Judge Anna Diggs Taylor quoted Earl Warren (referring to him as "Justice Warren," not "Chief Justice Warren," as if she wanted to spotlight her carelessness): "It would indeed be ironic if, in the name of national defense, we would sanction the subversion of ... those liberties ... which makes the defense of the nation worthwhile."

As long as we're appreciating irony, let's consider the irony of emphasizing the importance of holding one branch of the federal government, the executive, to the strict limits of the rule of law while sitting in another branch of the federal government, the judiciary, and blithely ignoring your own obligations.

So often, we've heard complaints about "activist" judges. They're suspected of deciding what outcome they want, based on their own personal or ideological preferences, and then writing a legalistic, neutral-sounding opinion to cover up what they've done. That carefully composed legal opinion makes it somewhat hard for a judge's critics to convince people — especially anyone who likes the outcome — that the judge did not decide the case according to an unbiased legal method of analysis.

So perhaps the oddest thing about Judge Taylor's opinion in the eavesdropping case is that she didn't bother to come up with the verbiage that normally cushions us from these suspicions. Although the first half of the opinion, dealing with the state secrets doctrine and the first part of the standing doctrine, has the usual detail and structure one expects in a judicial opinion, the remainder of her text dispenses with the formalities.

Immensely difficult matters of First and Fourth Amendment law, separation of powers, and the relationship between the Foreign Intelligence Surveillance Act and the Authorization for Use of Military Force are disposed of in short sections that jump from assorted quotations of old cases to conclusory assertions of illegality. Orin S. Kerr, a law professor at George Washington, told The Times that the section on the Fourth Amendment is "just a few pages of general ruminations ... much of it incomplete and some of it simply incorrect."

For those who approve of the outcome , the judge's opinion is counterproductive. It will be harder to defend upon appeal than a more careful decision. It suggests that there are no good legal arguments against the program, just petulance and outrage and antipathy toward President Bush. It helps those who have been arguing for years about result-oriented, activist judges.

Laypeople consuming early news reports may well have thought, "What a courageous judge!" and "It's a good thing someone finally said that the president is not above the law." Look at that juicy quotation from Judge Taylor's ruling: "There are no hereditary kings in America and no powers not created by the Constitution."

But this is sheer sophistry. The potential for the president to abuse his power has nothing to do with kings and heredity. (How much power do hereditary kings have these days, anyway?) And, indeed, the president is not claiming he has powers outside of the Constitution. He isn't arguing that he's above the law. He's making an aggressive argument about the scope of his power under the law.

It is a serious argument, and judges need to take it seriously. If they do not, we ought to wonder why a court gets to decide what the law is and not the president. After all, the president has a sworn duty to uphold the Constitution; he has his advisers, and they've concluded that the program is legal. Why should the judicial view prevail over the president's?

This, of course, is the most basic question in constitutional law, the one addressed in Marbury v. Madison. The public may have become so used to the notion that a judge's word is what counts that it forgets why this is true. The judges have this constitutional power only because they operate by a judicial method that restricts them to resolving concrete controversies and requires them to interpret the relevant constitutional and statutory texts and to reason within the tradition of the case law.

This system works only if the judges suppress their personal and political willfulness and take on the momentous responsibility to embody the rule of law. They should not reach out for opportunities to make

announcements of law, but handle the real cases that have been filed.

This means that the judge has a constitutional duty, under the doctrine of standing, to respond only to concretely injured plaintiffs who are suing the entity that caused their injury and for the purpose of remedying that injury. We trust the judge to say what the law is because the judge "must of necessity expound and interpret" in order to decide cases, as Chief Justice John Marshall wrote in Marbury. But Judge Taylor breezed through two of the three elements of standing doctrine — this constitutional limit on her power — in what looks like a headlong rush through a whole series of difficult legal questions to get to an outcome in her heart she knew was right.

If the words of the written opinion reveal that the judge did not follow the discipline of the judicial process, what sense does it make to take the judge's word about what the law means over the word of the president? If the judge's own writing does not support a belief that the rule of law has substance and depth, that law is something apart from political will, the significance of saying the president has gone beyond the limits of the law evaporates.

There's irony for you.

Ann Althouse, a professor of law at the University of Wisconsin, writes the blog Althouse.

END

FindLaw.com

August 23, 2006

Essay: Examining Two Recent Rulings Allowing Suits Against the NSA's Warrantless Wiretapping To Proceed, Despite the State Secrets Privilege:

By Julie Hilden

In my August 15 column for this site, I discussed Northern California federal district judge Vaughn Walker's decision rejecting the Administration's claim that the state-secrets privilege applied. As I discussed there, the state-secrets privilege protects against disclosures of information that could imperil national security. I argued that Judge Walker's ruling was supported both by recent Supreme Court war-on-terror precedents, and by an older Supreme Court decision, *Reynolds v. United States*.

Recent precedents like *Rasul v. Bush* and *Hamdan v. Rumsfeld* have reasserted the crucial role of the federal courts as a check on executive power, and rejected the idea that courts either lack jurisdiction to hear cases, or, if they have jurisdiction, must blindly accept the Administration's say-so on factual matters where courts otherwise would look to the evidence. And *Reynolds* made clear that in state-secrets privilege cases, in particular, federal judges are not to be transformed into mere rubber-stamps for executive officials' claims.

Since my last column, on August 17, another ruling relating to the NSA program came down. (Although on August 9, a judicial panel transferred seventeen cases relating to the NSA program to the Northern District of California, and thus to Judge Walker, this was not one of them.) In this second ruling, federal district judge Anna Diggs Taylor of the Eastern District of Michigan also rejected the state-secrets privilege - citing, among other sources, Judge Walker's earlier ruling.

But there was a twist: The case before Judge Taylor involved not only wiretapping of phone lines, but also interception of Internet communications. Judge Taylor found that the state-secrets privilege required dismissal of the Internet-based claims, but not of the wiretapping-based claims

Interestingly, Judge Walker had reached a different type of split result in allowing some civil discovery to go forward, but with limits. He expressly reserved his right to find, at a later stage of the litigation, that the state secrets privilege did, indeed, apply. Plainly, both judges recognized this was an area where it was necessary to tread cautiously.

Like Judge Walker, Judge Taylor had the benefit of looking at certain government submissions *ex parte* (that is, without the party's opponents or the public having access), and *in camera* (that is, in a closed courtroom or in the judge's own chambers). Those submissions, of course, could not be detailed in the judges' opinions. So some of the two jurists' specific reasoning cannot yet be made public. But to the extent that the judges were able to make their reasoning public, it was persuasive.

How Secret Are the Government's Secrets, Given Its Own Public Relations Campaign Defending Warrantless Wiretapping?

Why didn't the two judges agree with the government that to protect state secrets, the case had to be immediately dismissed?

For one thing, both judges reasoned that at least some of the secrets were no long secret. Rather than remaining silent about the program after its existence was leaked, the Bush Administration mounted an active defense.

Column continues below ↓

Both judges, however, found the Administration's defense deceptive. Judge Taylor noted, for instance, that the Administration claimed its program had "a valid basis in law" even though, she noted, it had acted, undisputably, in violation of the Foreign Intelligence Surveillance Act, or FISA - and, she reasoned likely in violation of the First Amendment and the Fourth Amendment as well. And Judge Walker noted that the Administration's early statements had suggested limits on the surveillance program - via claims that it targeted only international calls directly related to Al Qaeda - but that strong evidence suggested that no such limits actually existed.

The Administration has an answer to Judge Taylor's point (though reasonable minds can differ as to how persuasive that answer is): It has argued that the President's Article II powers as Commander-in-Chief trump FISA (and, presumably, the First and Fourth Amendments, too). But it does not seem to have an answer to Judge Walker's point: Why did the Administration try to actively deceive the public, when it might have stayed silent on the matter?

After all, as Judge Walker noted, the answer that the deception was really directed at terrorists, not the public, is unpersuasive: Any terrorist who was familiar with headlines would have simply avoided AT&T and used one of the carriers -- Qwest, Bell South, and Verizon -- who insisted they'd never participated.

The Judges Were Rightly Concerned by Evidence of Administration Deception

Courts don't like deception. And they don't like to hear what they call "partial evidence." They won't, for instance, let you present part of a document but leave out other parts that provide context, so that the part you have presented in court is misleading. And they won't allow you to testify on some questions, but then "take the Fifth" on closely related questions, the answers to which could undermine your testimony.

Put another way, courts believe that if you open your mouth, you ought to tell the whole story - and the whole truth. It seems the Administration didn't do that - and that decision made both judges skeptical of its state-secrets claims with respect to the wiretapping program.

No similarly deceptive defense of the email data-mining program has been conducted, as far as we now know. No wonder that, as noted above, Judge Taylor dismissed the suit before her insofar as it targeted that program. She did so, in addition, without much discussion.

The message to the Executive is pretty clear: Keep your own secrets, and judges will honor your secrets too. Defend your "secrets" deceptively, and you will lose the deference judges otherwise would accord

you.

In this particular case, I think it was also important that the judges involved - especially Judge Taylor - appeared to deem the Executive's violations of the Constitution and federal law pretty flagrant: the kind of lawbreaking that ought to inspire courts to fulfill their role as a check on executive power.

Why This Administration Will Have Particular Trouble Claiming the State-Secrets Privilege

The Administration has already filed notices of appeal for both decisions -- to the rather conservative U.S. Court of Appeals for the Sixth Circuit, in the case of Judge Taylor's decision, and to the generally liberal U.S. Court of Appeals for the Ninth Circuit, in the case of Judge Walker's decision. (The federal government is considered a party in the Northern California case since the court allowed it to "intervene," legal parlance for allowing it to join the litigation as a party, not just a "friend of the court" entitled to file an amicus brief.) The Administration is also seeking a stay of Judge Taylor's decision pending appeal. Meanwhile, Judge Walker has granted a stay of the proceedings against AT&T pending appeal.

While "interlocutory" appeals - those that come in the midst of litigation - are generally disfavored in the federal courts, that presumption won't apply to the Taylor decision, since she entered a permanent injunction against the program, and immediate appeals from injunctions are allowed. The presumption against interlocutory appeals also won't apply to Judge Walker's decision, because of the risk of irreparable injury if state secrets are wrongly revealed: Once information becomes public in litigation, the cat is out of the bag, so the Administration is entitled, via an appeal, to try to keep it in.

In the end, it seems very likely that this issue will make its way to the Supreme Court - as it ought to, for it is of crucial importance to the nation, and will have lasting impact. Ordinarily, I think both conservative and liberal Justices would be quite receptive to a state-secrets claim. But not now.

Federal courts' probing into Executive decisionmaking arguably raises a separation-of-powers issue, even if federal judges -- as I've argued earlier - are among the most trustworthy people to do the probing. And on this kind of issue, courts can easily feel the Executive's pain: By analogy, federal judges don't like it when Congress tries to probe into their decisionmaking - via, for instance, calls for impeachment that are motivated not by competence issues, but by political disagreements. In sum, just as courts want their sphere of decisionmaking to be their own, they can understand why the Executive would want the same.

The problem, though, is that this Administration has hardly respected the federal courts' - including the Supreme Court's - role in deciding issues of national significance in the "War on Terror." Instead, the Administration has disputed courts' jurisdiction, and tried to force its own self-serving fact findings - such as its "enemy combatant" designations - down courts' throats.

The separation of powers isn't just policed by judicial decisions; it's also policed by institutional practices and traditions. Incursion can be met with incursion - and legitimately so. If the Executive tries to unduly shrink the courts' sphere, the courts can - indeed, must - reassert their role as a coequal branch of government.

In sum, this Administration will very probably pay for its general assault on federal court jurisdiction and power by facing a far less receptive audience for its state-secrets privilege claims, than would otherwise have been the case. With this privilege, the rule may turn out to be: If you abuse it, you lose it.

Julie Hilden, a FindLaw columnist, graduated from Yale Law School in 1992. She practiced First Amendment law at the D.C. law firm of Williams & Connolly from 1996-99.

END

Baton Rouge Advocate

August 23, 2006

BR woman faces civil penalties in FEMA hurricane fraud case

Advocate staff report

A Baton Rouge woman is facing civil penalties in U.S. District Court for filing a false FEMA claim for disaster assistance after Hurricane Katrina.

Jamie Louise Moore, 20, of Avenue L, pleaded guilty in April to one count of making a false and fraudulent claim to the Federal Emergency Management Agency. Moore was sentenced to three years probation and ordered to pay $2,000 in restitution.

Moore was charged with filing a false claim on the Internet for $2,000 in disaster relief benefits even though she suffered no storm damage.

Now, the U.S. Attorney's Office is suing for civil damages.

In FEMA fraud cases, defendants are criminally charged with fraud but also have a civil liability under the False Claims Act. The civil lawsuit requests that Moore pay damages triple the cost to the U.S. government and repay the amount she received. Other civil penalties could range from $5,500 to $11,000 per violation.

END

Healthcare Risk Management

September 1, 2006

Settlement means feds looking at charge levels

A recent settlement by a New Jersey hospital chain should alert risk managers that federal investigators are taking a harder look at charge increases and possible violations of Medicare rules, says an attorney who has been following the case.

Saint Barnabas Corp., a hospital chain based in West Orange, NJ, will pay $265 million to settle a pair of whistle-blower lawsuits that accused it of systematically inflating charges to Medicare patients in order to obtain higher reimbursements, according to an announcement by the U.S. Justice Department.

Saint Barnabus is the largest health care system in New Jersey and second largest employer in the New Jersey. The settlement could be followed by more because others are facing similar allegations, says Mark H. Gallant, JD, former deputy chief counsel for the Centers for Medicare & Medicaid Services (CMS) and current chair of the health law practice group with the Philadelphia law firm of Cozen O'Connor.

The settlement also might result in large rewards for the three whistle-blowers who prompted the federal investigation. The whistle-blowers claimed Saint Barnabas was abusing a Medicare provision that provides for supplemental payments for unusually expensive cases, known as outliers.

The Justice Department alleged that between October 1995 and August 2003, the nine hospitals operated by Saint Barnabas "purposefully inflated charges for inpatient and outpatient care to make these cases appear more costly than they actually were."

In a press release, Assistant Attorney General Peter Keisler, head of the Justice Department's Civil Division, said, "Today's settlement demonstrates the United States' determination to make sure health care providers do not overcharge the Medicare program." Saint Barnabas did not admit to any

wrongdoing, but it entered into a "corporate integrity agreement" in which it promised to take steps to ensure compliance with Medicare regulations and policies in the future.

Risk analysis may be wise

Gallant cautions risk managers that it appears Saint Barnabus settled under the threat of having its hospitals shut out of the Medicare system. Furthermore, he isn't sure that the hospital chain did anything wrong.

"It is intriguing that there would be settlement in this case because the charges appear to stem from a loophole in the Medicare program that the government previously admitted existed," Gallant says. "This settlement will fuel the government's fire to go after other hospitals for increases in charges that were perfectly legitimate."

Gallant explains that the government now appears to be heavily and closely scrutinizing hospitals that engaged in aggressive charge level increases with an eye toward ferreting out abuses relating to Medicare outlier payments. Risk managers should be particularly vigilant if their hospitals have been subject to fiscal intermediary audits of charge increases in recent years. Risks are further enhanced for hospitals that may have selectively raised (or lowered) charges in their chargemasters with the goal of enhancing outliers, hospitals that may have done so on the advice of revenue consultants touting revenue maximization, and hospitals that raised their charges -- even across the board -- in the absence of a defined budgetary need or determination that the hospital's charges were below prevailing area levels.

Another "flash point -- and a big problem under any reading of the rules" -- would be including higher charges on UB92 billing forms for Medicare beneficiaries than for the equivalent diagnosis related group (DRG) or Current Procedural Terminology (CPT) codes billed to non-Medicare consumers or insurers, Gallant explains. "Hospitals in these situations may want to gird for an inquiry from by the Justice Department or the Office of Inspector General by performing an internal risk analysis," he says.

It is critically important that this review be done under the supervision of legal counsel, Gallant says. Otherwise, the hospitals internal findings will not be protected by legal privilege and will be fair game for a discovery request by federal authorities or private plaintiffs, such as other hospitals claiming that the offending hospital caused less money to be available for their federal outlier adjustments.

END

AP

August 23, 2006

NextWave returns _ amid hope for better results this time

By JOHN DUNBAR

Associated Press Writer

WASHINGTON_The last time a company run by Allen B. Salmasi was a top bidder in a government airwaves auction, it took eight years and the Supreme Court to unravel the mess that followed.

Now he's back.

Salmasi controls AWS Wireless Inc., one of the leading bidders in the airwaves auction currently under

way.

The auction is expected to raise up to $15 billion and increase by half the amount of spectrum available to the mobile wireless industry. The expansion is large enough to create new competitors, improve service for existing customers and allow for new features, like streaming video.

In 1996, Salmasi was chairman and CEO of NextWave Telecommunications Inc., when the company bid a record $4.74 billion to buy the rights to 95 spectrum licenses. It was a large enough chunk of the public airwaves to provide coverage for nearly 94 million potential cell phone users.

Unfortunately, the company couldn't make its payments and filed for bankruptcy. The Federal Communications Commission repossessed the licenses and re-auctioned them for about $16 billion. NextWave claimed its bankruptcy protected the company's hold on the licenses, and eventually the Supreme Court agreed.

In 2004, NextWave and the FCC reached a settlement, ending the dispute and freeing the extraordinarily valuable spectrum from purgatory. A year later, the company emerged from bankruptcy.

The impact of the dispute on consumers was considerable, said J.H. Snider, research director of the Wireless Future Program at the New America Foundation, a nonpartisan think-tank.

"It took productive spectrum out of use," he said. "It would be like nobody could go to the beach for a decade because the government couldn't make it available to the public."

By keeping the spectrum off the market, it kept prices for existing service high and quality low.

During the dispute, Salmasi and NextWave's backers enlisted the aid of some Washington heavyweights, including Mississippi Gov. Haley Barbour, whose lobbying firm was paid more than $1 million by Bay Harbour Management, one of NextWave's chief backers. NextWave was represented by former Solicitor General Theodore Olson in its federal appeals case.

At one point, the company nearly succeeded in persuading Congress to pass a law that would settle the matter.

For the FCC, it was an embarrassing episode that spanned three FCC chairmen and cost taxpayers dearly in time spent by government\l "l" lawyers\l "l" on the case.

"You could put so many different kinds of price tags on it," said Blair Levin, who was chief of staff for FCC Chairman Reed Hundt in the controversy's early days. It wasn't so much the cost to the Treasury, he said, "but the cost to the economy."

Despite the epic dispute, Salmasi never gave up his dream.

This year, through AWS Wireless Inc., his company sought permission to bid in the latest spectrum auction. AWS put up a $142.8 million deposit to qualify, ninth highest among applicants.

In the application, AWS Executive Vice President Frank A. Cassou promised that the company had never defaulted on any "non-tax debt owed to any federal agency." Despite all the ties to the old NextWave and all the familiar names (including Cassou's, who was the company's executive vice president and general counsel during the dispute) AWS swore it was not connected to the old NextWave.

AWS is "not affiliated with and has no ties of control with NextWave Personal Communications Inc., NextWave Power Partners Inc. and NextWave Telecom Inc. Those companies were sold to Verizon Wireless in 2005," reads the company's application to bid.

It goes on to explain that Salmasi owns 28.8 percent of AWS Wireless Inc. and that Salmasi's current

company, NextWave Wireless LLC, holds a "100 percent indirect ownership interest in AWS Wireless Inc."

Paperwork aside, the chief concern is that by inviting a bidder who played a central role in the most painful episode since spectrum auctions were authorized in 1993, aren't they looking for trouble?

Two messages left at NextWave's Connecticut offices were not returned, nor was a call to the company's marketing vice president in San Diego.

But in regulatory filings with the FCC and the Securities and Exchange Commission, the company states it has the financial backing it needs and a forward-looking business plan that takes advantage of the latest wireless technology.

The FCC issued a statement saying AWS was able to bid because it filed its application and submitted its upfront payments "in a timely manner." The agency also says any winning bidder must also submit a longer application where "ownership interests are further reviewed and its eligibility to hold a particular license is decided."

Since the NextWave debacle, the agency has changed some of its rules. It has ended the practice of allowing bidders to pay for its licenses in installments. In addition, the agency requires that "winning bids be fully paid within weeks of the close of the auction."

"The government can't act both as regulator and creditor," explained Levin, who is now a telecommunications industry analyst for Stifel, Nicolaus & Company, Inc.

Meanwhile, the current auction, which was predicted by the Congressional Budget Office to raise between $10 billion and $15 billion, can already be deemed a success.

Through 35 rounds Monday, bids had exceeded $12.5 billion _ including $83 million from AWS Wireless Inc.

END

AP

August 23, 2006

Deported Man Was Actually U.S. Citizen

By CARA ANNA

Associated Press Writer

ALBANY, N.Y._Duarnis Perez became an American citizen when he was 15, but he didn't find out until after he had been deported and then jailed for trying to get back into the country.

He was facing his second deportation hearing when he learned he was already a U.S. citizen. Still, federal prosecutors fought to keep him in custody.

Last week, a federal judge scolded prosecutors for the mistake.

"In effect, the government is arguing that an innocent man who was wrongly convicted should not be

released from the custody of the United States," U.S. District Judge Lawrence Kahn wrote. He ruled that Perez never should have been deported.

The case has gotten the attention of immigration observers, who call it a striking example of the gaps in an overworked immigration system.

Perez became a citizen when his mother was naturalized in 1988 but apparently wasn't aware of it. His lawyer, J. Jeffrey Weisenfeld of New York, declined to release details other than to say that Perez, now in his early 30s, remains in the United States.

"He would like to get on with his life quietly," Weisenfeld said. "It was an unpleasant experience for him."

Perez was deported to the Dominican Republic in 1994 after a drug conviction.

In 2000, he was caught trying to re-enter the United States from Canada. But he wasn't informed he was a citizen until the spring of 2004, after serving three-and-a-half years in prison for that 2000 arrest.

It was not clear why Perez's status wasn't discovered when he first faced deportation. Messages left over three days seeking comment on the case from Immigration and Customs Enforcement in Washington were not returned.

In early 2005, Perez filed a lawsuit to vacate the illegal re-entry conviction. He also has sued the Bureau of Prisons and the Department of Justice, claiming they had no right to imprison him, and against the Legal Aid Society in Albany, which represented him on the illegal re-entry charge.

Immigration watchers wonder if he can sue for being deported in the first place.

"Beyond legality, it's just an issue of common sense and humanity,'" said Daniel Kowalski, a Texas attorney who publishes Bender's Immigration Bulletin, a publication that tracks immigration issues.

U.S. immigration courts handled 368,848 matters in 2005, a 23 percent increase over the 299,474 cases addressed in 2004, according to U.S. Department\l "l" of\l "l" Justice's\l "l" Executive Office for Immigration Review.

A spokesman for the U.S. Citizenship and Immigration Services said the government has no practical way to inform people of their citizenship in such cases because of the complexities involved.

"The responsibility rests fully on the shoulders of the new citizen, so the questions of the citizenship of children are adequately addressed," said Chris Bentley. "Many times, we honestly won't know about it."

Assistant U.S. Attorney Sara Lord, who prosecuted Perez, declined comment when asked if the government would appeal. In a brief, she argued Perez was at fault for not knowing his status, saying he "cannot base his failure to discover the circumstances on the alleged omissions of others."

Estelle McKee with the University of Wisconsin Law School said the responsibility is shared.

"The immigration service has to prove someone is removable. It's their job," she said. "It's remarkable to go through an entire removal process and not know the person is a citizen."

END

Australian Associated Press

August 23, 2006

US Ambassador presents credentials

CANBERRA, Aug 23 AAP - The United States' new ambassador to Australia, Robert McCallum, today presented his credentials to Governor-General Michael Jeffery in a ceremony at Government House in Canberra.

Mr McCallum arrived in Australia last week to fill a position that has been vacant for 18 months following the departure of Tom Schieffer.

He is the 23rd person to serve as the US ambassador to Australia.

Mr McCallum is from Tennessee and practised law in Georgia.

He is a Yale University graduate and also holds a BA in jurisprudence from Oxford University which he attended as a Rhodes Scholar.

Most recently, Mr McCallum was the associate attorney-general with the US Department of Justice.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, August 24, 2006 8:17 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, August 24, 2006
Attachments:	agnb060824.pdf; agnb060824.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, AUGUST 24, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

FBI Searches Office Of Maryland Physician In Tamil Tiger Probe 4
Northwest Airlines Flight Escorted Back To Amsterdam, 12 Passengers Arrested 4
Airline Bomb Plot Again Raises Questions About Charity Links To Terrorism 5
Poll Finds Americans Think Media Stories Have Hurt Anti-Terror Efforts 5
NYTimes Criticizes Judge Taylor For Not Revealing Links To ACLU 5
FBI Investigating Alleged Bomb Threat By WA Inmate Claiming Al Qaeda Link 6
DOJ Suit Against Maine PUC Said To Mark New Aggressiveness 6

Homeland Response:

Bush Says Gulf Coast Rebuilding Will Take Time 6
Hawley Says There Are No Plans Yet To Ease Security Procedures 8

War News:

Bush Administration Seen As Turning Pessimistic About Iraq ..9
White House Carefully Responds To McCain Statements 9
Biden Reiterates Five-Point Plan For Iraq 9
Pentagon General Says Tehran Funding, Training Iraqi Insurgents 10
Roadside Bomb Nearly Kills Iraqi Interior Minister 10
Marine Investigator Said Haditha Shootings Appeared Appropriate 10
Marine Reservists, Including Hackett, Fear They May Be Called Up 10
Third Day Of Testimony In Saddam Genocide Trial 11
Carroll Recounts Tension With Guards As Captivity Dragged On 11
NYTimes Says US Must Focus On Continuing Afghanistan War 11

DOJ:

Cohen Tapped As New US Attorney For Alaska 11

Corporate Scandals:

Enron Prosecutor To Head Case Against Nacchio 12
Quattrone Could Claim $100 Million Payout 12
Spitzer's Civil Suit May Settle Debate Over Grasso Legacy 12
Former Mills Corp CEO Claims Firm Ignored Accounting Alerts 13
ePlus Gets Second Listing Warning From Nasdaq 13

Criminal Law:

Judge Orders DOJ To Probe Leak In AIPAC Spy Case 13
Dow Employee Charged With Selling Chemical Secrets To Chinese Firms 14
Ramsey Suspect's Family Offers To Sell Story To Pay For Karr's Defense 14
Former U Of MD Basketball Star Sentenced In Gun Incident 14
Former DC Teachers Union Official Denied Sentence Delay15
Former Georgia School Official To Begin Sentence For Embezzlement 15
Judge Delays "Operation Backfire" Trial 15
Louisiana Man Found Guilty In Post Office Anthrax Hoax 15
Key Figure In Ex-Mayor Hahn's Administration Pleads Not Guilty 16
Georgia Democrats Seek Federal Probe Of Governor's Florida Land Deal 16
Coach Among Dozens Arrested In Indiana Internet Child Sex Sting 16
Hornsby Critics Say School Board Enabled Alleged Corruption 16
Utah AG Seeks More Resources For Jeffs Search 17

Judge Denies New Mexico Treasurer's Request To Change Retrial Venue 17
Western New York Union Officials Sentenced To Prison For Extortion Scheme 17
Tennessee State Senator Indicted On Fraud Charges 17
Alabama Mayor Defeated Amid FBI Corruption Probe 17
Former Inmate Testifies Senior Gotti Bankrolled Jailhouse Drug Deal 18
New York Financial Adviser Pleads Guilty In $3 Billion Ponzi Scheme 18
CNET Official Says She Misspoke About Support for Data Retention Bill 18
DC Police Continue Probe Of Attorney's Murder 18
State Laws Shield Pets From Domestic Violence 19

Civil Law:

AT&T Sues Data Brokers Over Fraudulent Account Access 19

Civil Rights:

Jury Deliberates Charges Against Owners Of Labor Camps 20
DOJ To Probe Juvenile Detention Center In Indiana 20
Alabama Rules State Cannot Stop Ex-Felons From Voting 20
Indianapolis Man Sentenced For Human Trafficking 20
Maryland Prisons Chief Resigns Amid Criticism 21
DC Shifts Group Home Death Probes In-House 21
Baltimore Election Board Mailed Early-Voting Letters Despite Ruling 21

Antitrust:

Weyerhaeuser, Domtar To Merge Paper Businesses 21
Judge Approves $28.8 Million Settlement In 3M Antitrust Suit 22
Apple To Pay $100 Million To Settle iPod Dispute 22
Rite Aid Nears Deal For Eckerd, Brooks Chains 23
IBM Adds Internet Security Firm To Buying Binge 23
Tech Giants Clash In Wireless Internet Battle 23
Judge Upholds Patent Verdict Against Microsoft, Autodesk 24

Environment:

Consultant Warned BP Of Accelerated Pipeline Corrosion 24

FBI/DEA/ATF/USMS:

Corps Of Engineers Investigating Decision To Seek FBI Probe Of Activist 25
Agent Testifies FBI Tried To Flip Alleged Cuban Spy 25
Colombian Drug Suspect Extradited To US Is Held Without Bail 25
Colombian Government Peace Agreement Suspends Alleged Drug Trafficker's Extradition To US 25
Grand Jury In Kansas City Indicts 12 In Heroin Case 26
ATF Probes Fire At Michigan Temple 26

Immigration:

Chertoff Says Enforcement Measures Reducing Illegal Immigration 26
Firms Sue Competitors Who Hire Illegal Immigrants 27

Tax:

IRS Warns Taxpayers About Fake Debt Collectors 27

Congress-Administration:

Specter Angry Over ABA Rating Of 5th Circuit Nominee 28
US Trade Promotion Programs Face Budget Cuts 28
New Hardship Bidding Rules Would "Shake Up" Foreign Service 28
Byrd Criticizes Republicans For Labeling Critics "Obstructionists." 28
Medicare Overhauls Payment Policy On Pharmacy Produced Drugs 29
Medicare Mistakenly Refunds $50 Million 29
Omission Of Evolutionary Biology From SMART Grant Eligibility Sparks Suspicion 29
NYTimes Says Welfare Reform An Ongoing Process 29

Other News:

Slowing Sales Indicate Cooling Housing Market 29
Company Says It Has Developed Stem Cell Research Method That Preserves Embryos 30
Clinics Seen As Solution To Rising Health Costs 32
Economists Urged Not To Use Fixed-Supply Commodities As Inflation Indicator 32
Some Groups Step Up Lobbying Expenditures 32
Murkowski Joins Roster Of Incumbents Defeated In Primaries 32
Lieberman Qualifies For Connecticut Ballot 33
Allen Apologizes To Webb Aide Sidarth 33
Russell Simmons Endorsement Could Boost Black Support For Steele 34
Political Ad Spending On Record Pace 34
Waning Edge In Polls Seen As Reason Behind New Casey Strategies 34
McCain Would Be Oldest Ascending President In History 34
Parties Urged To Reduce Weight On New Hampshire Primary 34
State Groups Cut Ties With National Christian Coalition 35
RNC Criticizes Liberal Blogger Kos 35
Pennsylvania Court Rules Nader Must Pay $80,000 In Court Costs Over 2004 Run 35

DOJ_NMG_0052482

Bredesen Seeking Treatment For Unidentified Illness 35
House Report Says US Lacks Key Intelligence On Iranian Nuclear Program 35
Administration Says Iranian Response On Nuclear Program "Falls Short." 37
Europeans Struggle In Effort To Staff Lebanon Border Force 39
Siniora Asks Rice For Help Ending Israeli Blockade 41
Amnesty International Says Israeli Actions Constitute War Crimes 41
Video Of Kidnapped Journalists Released, Along With Demands 42
Singh Says India Retains Right To Conduct Nuclear Tests .. 43
Chavez Seeks To Deepen Chinese Imports of Venezuelan Oil 43
Doubts Cast On Asean Speeding Single Market 43
Canada Confirms New Case Of Mad Cow Disease 44
US To Test Rice As EU Blocks Modified Imports 44
Thailand Arrests North Korea Refugees 44
Ukrainian PM Promises Government Won't Siphon Gas From Russian Pipelines 44
Child Labor On The Rise In Africa 45
China Pushing Tibet To Slaughter Yaks 45
Will Praises Changes Koizumi Brought To Japan 45
WSJournal Urges Mexican Tribunal To Stand Up To "Obrador's Bullying." 45

The Big Picture:

Headlines From Today's Front Pages 45

Washington's Schedule:

Today's Events In Washington 46

DOJ_NMG_0052483

TERRORISM NEWS:

FBI Searches Office Of Maryland Physician In Tamil Tiger Probe. The AP (8/24, Dishneau) reports, "The FBI has seized documents and computer files from a Cumberland (MD) physician whose Sri Lankan relief organization is suspected of raising funds for the Tamil Tigers, a rebel group known for suicide bombings that is on the State Department's list of foreign terrorist organizations." The AP continues, "Dr. Nagaratnam A. Ranjithan, a kidney disease specialist who has practiced in the western Maryland city for 30 years, said Wednesday that FBI agents returned to him late Tuesday five computers they had removed from his medical office on Monday. He said the agents also made photocopies of documents they found in his home pertaining to his group, the Tamils Rehabilitation Organization. … Ranjithan is president of the organization's U.S. branch, which he said he founded in 1994." The AP adds, "Robert Nardoza, a spokesman for the U.S. Attorney's Office in the Eastern District of New York, which is investigating suspected links between the Tigers and the TRO, declined to comment on the government's dealings with Ranjithan. … In a telephone interview with The Associated Press on Wednesday, Ranjithan denied that the TRO funnels money to the Tigers, known formally as the Liberation Tigers of Tamil Eelam or LTTE. But he said the Tigers sometimes direct TRO relief workers to civil-war refugees and tsunami victims in northeastern areas of Sri Lanka controlled by the insurgents. … 'They say, "You go to this road and turn left and there are 16 families there,"' Ranjithan, a 60-year-old Sri Lankan immigrant, said. 'If the TRO doesn't take care of those people, then who else will?'"

The Baltimore Sun (8/24, Reddy) reports, "The search came in the midst of a global investigation that has led to the arrests of 14 men. One group is accused of plotting to buy sophisticated weapons for the Tigers. Another group of defendants is accused of attempting to persuade State Department officials to remove the group from its terrorist list with a $1 million bribe." The Sun continues, "FBI officials would not say if any of the defendants have TRO connections. At least one defendant is linked with the TRO in the criminal complaint unsealed Monday. Ranjithan, who said he was questioned by the FBI, adamantly denied that any TRO money goes to support the Tigers, saying that all of it is used for relief and refugee work in the Tiger-controlled areas."

Congressman Took Sri Lanka Trip Funded By Tamil Tigers. In a story distributed by McClatchy, the Chicago Tribune (8/24, Zajac, Dorning, 623K) reports, "Chicago congressman Danny Davis and an aide took a trip to Sri Lanka last year that was paid for by the Tamil Tigers," and the "trip came under new scrutiny this week following the arrests of 11 supporters of the organization on charges of participating in a broad conspiracy to support the terrorist group through money laundering, arms procurement and bribery of U.S. officials. … Davis said he believed that the trip…was paid for by the Tamil federation," which "Davis said he knew…was 'associated' with the Tamil Tigers but did not realize that the trip's costs were covered with funds controlled by the rebel group." The Tribune notes," As recently as this past Saturday, Davis talked in Chicago with a supporter of the Tamil Tigers," Murugesu Vinayagamoorthy, "who was among 11 people arrested" in the FBI probe.

Northwest Airlines Flight Escorted Back To Amsterdam, 12 Passengers Arrested. ABC World News Tonight (8/23, story 7, 0:15, Gibson, 8.78M) reported, "Tense moments today for a Northwest Airlines flight to India. Dutch fighter jets has to escort the plane back to Amsterdam, after the pilot radioed for help, saying some passengers were behaving suspiciously. They were passing cell phones around during takeoff. The plane landed safely and a dozen passengers have been arrested." The Washington Times (8/24, Hudson, 88K) says "the preliminary charges against the passengers are unknown, but a Dutch judge will decide today whether formal charges will be filed."

The CBS Evening News (8/23, story 5, 3:10, Schieffer, 7.66M) reported, "A US official tells CBS News the suspects appeared to be together, had Middle Eastern names, and passed around a cell phone during the flight. Today's incident has underlined, again, just what a hair-trigger airline and law enforcement officials are on these days. And from what our Bob Orr discovered today, they're about to get even more aggressive."

The New York Times (8/24, Simons, 1.21M) reports, "There was no immediate suggestion that the incident was linked to terrorism." But "the crew's reaction suggested increased nervousness since the British police said this

DOJ_NMG_0052484

month that they had foiled a plot to blow up planes over the Atlantic."

Airline Bomb Plot Again Raises Questions About Charity Links To Terrorism. The New York Times (8/24, Fisher, 1.21M) reports from London, "Once again, with another alleged terror plot that has a possible connection to a charity, the question is being asked here, with more urgency: To what extent do Muslim charities — on the surface noble and selfless — mask movements and money for terrorists and extremist groups? The question has…no precise answer," but "charitable groups, experts agree, continue to play a role in the financing and operations surrounding terrorist groups and plots." However, "with more scrutiny since the Sept. 11 attacks -- demonization, the charities say -- the role of charities seems to be changing: diminishing somewhat but also growing more subtle and harder to detect."

Court Allows British Police To Hold Terror Suspects For An Extra Week. The New York Times (8/24, Cowell, 1.21M) reports, "The High Court granted the British police late Wednesday an extra week to question most of the 11 suspects still being held without charge in connection with what the authorities have called a plot by Islamic radicals to bomb trans-Atlantic airliners." But "one suspect was set free, The Press Association and Sky News reported. They identified him as Tayib Rauf, 22, the brother of a suspect arrested in Pakistan who was described by the authorities there as a 'key player' in the plot." The court's decision "represented the first time that terror suspects have been held without being charged beyond the 14-day limit previously allowed under British rules. Earlier this year, a new law came into force permitting 28 days of detention without charge."

Poll Finds Americans Think Media Stories Have Hurt Anti-Terror Efforts. The Washington Times (8/24, Carr, 88K) reports, 'Most Americans think that news organizations have hurt national-security interests by revealing that the government has examined the bank records of Americans with suspected ties to terrorists." That finding in a Pew Research Center for the People & the Press poll "contradicts another finding from the same poll: Even more people think such news stories 'told citizens something they should know about.' By a margin of 50 percent to 34 percent, Americans said news organizations hurt the nation by exposing the bank monitoring program, according to the Pew poll." But "65 percent of the same 2,003 persons polled also said the stories were worth knowing." That "contradiction underscores the growing tension between press freedoms and the government's growing penchant for secrecy, legal and media analysts say."

NYTimes Criticizes Judge Taylor For Not Revealing Links To ACLU. The New York Times (8/24, 1.21M) editorializes, "When Judge Anna Diggs Taylor was given the job of deciding whether the Bush administration's wiretapping program was unconstitutional, she certainly understood that she would be ruling on one of the most politically charged cases in recent history. So it would have been prudent for her to disclose any activity that might conceivably raise questions about her ability to be impartial. Regrettably, it was left to a conservative group, Judicial Watch, to point out her role as a trustee to a foundation that had given grants to a branch of the American Civil Liberties Union, a plaintiff in the case." Judge Taylor's "role at a grant-making foundation whose list of beneficiaries includes groups that regularly litigate in the courts is…disquieting -- and, even worse, it is not all that unusual for a member of the judiciary."

Former DOJ Officials Take Issue With NSA Ruling. In an op-ed for the Washington Times (8/24, 88K), David B. Rivkin Jr. and Lee A. Casey, who served in the Justice Department under Presidents Reagan and George H.W. Bush, write, "Judge Anna Diggs Taylor's recent opinion striking down the National Security Agency's terrorist surveillance program is neither an accurate statement of what the law is nor of what it should be. To her credit, Judge Taylor made no secret of how she approached this case. … Early in her opinion she refers to 'the War on Terror of this administration.' In other words, this is not her war and it's not America's war, it's George W. Bush's war, and the judge was clearly determined to hold at least one aspect of that war -- the NSA surveillance program -- unconstitutional. She did so based on a deeply flawed rationale." They add, "Standards aside, the logical implications of Judge Taylor's First Amendment conclusions are unprecedented. If the NSA program's very existence impermissibly 'chilled' plaintiffs, several advocacy groups, lawyers and journalists, in speaking with known or suspected terrorists overseas, and the terrorists in speaking with them, then the government can never intercept foreign intelligence -- with or without congressional approval or a warrant -- unless it also can show that the

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program is narrowly tailored to serve a compelling interest. The courts rarely find this standard to be met."

FBI Investigating Alleged Bomb Threat By WA Inmate Claiming Al Qaeda Link. The AP (8/24) reports, "An anti-terrorism task force is investigating a man's reported jailhouse claims of ties to al-Qaida and a plan to blow up a state Department of Social and Health Services building. While in the Spokane County Jail earlier this month, the 18-year-old reportedly told fellow inmates that he also intended to set off a bomb at the upcoming Pig Out in the Park event and set off a second device when police responded, authorities said Wednesday. Evidence recovered so far after three search warrants were served includes two loaded ammunition clips for an AK-47 semiautomatic rifle and a laptop computer reportedly containing an al-Qaida training manual, said Norm Brown, a spokesman for the Inland Northwest Joint Terrorism Task Force," which "includes FBI agents and officers from other agencies." However, Brown said that "the young man has 'denied making terrorist threats.'"

The Spokane Spokesman-Review (8/23, Morlin) added, "Agents also recovered a GPS locator device, maps, a mask and other 'survivalist-type' gear, but no bomb-making components or firearms, Brown said." The inmate, Anthony Garver, "currently is in custody at Eastern State Hospital where he is undergoing a 90-day mental evaluation as part of an 'involuntary commitment,' Brown said." KXLY-TV Spokane (8/23, Meany) noted, "So far the FBI says it is only investigating this alleged bomb plot and no arrests have been made."

DOJ Suit Against Maine PUC Said To Mark New Aggressiveness. The Portland (ME) Press-Herald (8/24, Kesich) reports, "A lawsuit aimed at preventing the Maine Public Utilities Commission from inquiring into Verizon Communication's alleged cooperation with a domestic surveillance program marks a new level of aggressiveness by the federal government, privacy advocates say." The Press-Herald continues, "Maine is the third state to be sued in federal court for looking into charges that telecommunications companies cooperated with the government in warrantless wiretapping and data mining programs. … Unlike the other states that have been sued, however, Maine has never opened an investigation into the program. … In fact, in a decision that disappointed privacy advocates, PUC Chairman Kurt Adams only asked that a Verizon executive affirm the truth of statements made in press releases last spring that denied any illegal activity. The PUC did not require the company to produce any new information." The Press-Herald adds, "In its lawsuit, the U.S. government said the company could not comply with the order without endangering national security. … 'The United States will be irreparably harmed if Verizon is permitted or is required to disclose sensitive and classified information to the (PUC).' … The attempt to prevent even that level of scrutiny shows that the government is using the protection of state secrets as a weapon, said Shenna Bellows, executive director of the Maine Civil Liberties Union. … 'They are going after people before they have done anything,' she said. 'Frankly, we feel that the lawsuit is without merit, and we hope the PUC will resist the actions of a bully and proceed with an investigation into whether Mainers' privacy rights were violated.'"

HOMELAND RESPONSE:

Bush Says Gulf Coast Rebuilding Will Take Time. The AP (8/24, Loven) reports President Bush "cautioned against placing too much importance on the first anniversary of Hurricane Katrina's Gulf Coast strike, saying a long, sustained rebuilding effort is still needed." Bush said, "It's a time to remember that people suffered and it's a time to recommit ourselves to helping them. But I also want people to remember that a one-year anniversary is just that, because it's going to require a long time to help these people rebuild." Bush "spoke on the South Lawn of the White House after meeting in the Oval Office" with Rockey Vaccarella St. Bernard Parish, Louisiana, "who lost his home in the storm." Vaccarella "has been traveling the Gulf Coast region to mark the Katrina anniversary."

The Washington Times (8/24, Dinan, 88K) and Bloomberg (8/24, Runningen) run similar accounts of the President's comments yesterday, but Vaccarella's appearance with Bush was the focus of much of the national media reporting. Some of the stories were mildly critical, noting reporters had not been told before the event that the Louisiana resident was a partisan Republican and Bush supporter.

ABC World News Tonight (8/23, story 8, 1:45, Gibson, 8.78M) reported on "a curious scene at the White House today." ABC (Tapper) added, "It was billed as President Bush meeting a regular guy with a simple message." Bush was

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shown saying, "He decided to come up to Washington, D.C., and make it clear to me and others here in the government that there's people down there still hurting. In south Louisiana, and along the Gulf Coast. Amazing country, isn't it?" Vaccarella: "It is. You know, it's really amazing when a small man like me from St. Bernard Parish and meet the President of the United States." ABC added, "A film crew is following him as he made his way in his FEMA trailer to Washington, D.C. Last year, he rode out Hurricane Katrina on his roof while holding onto a rope for four hours. Later, he boarded a boat to help rescue others. Today, he seemed to be trying to rescue President Bush whose popularity was damaged by the government's late and inept response to Katrina." Vaccarella: "I wanted to thank President Bush for the millions of FEMA trailers that were brought down there. They gave roofs over people's head. And I just don't want the government and president Bush to forget about us. And I just wish the President could have another term in Washington." Bush: "Wait a minute." Vaccarella: "I wish you had another four years, man." ABC continued, "It turns out he's not only a supporter of the President, he's run for office before, as a Republican. Though, the White House insists it knew nothing about that." Bush: "Good man. Thank you all."

The New Orleans Times-Picayune (8/24, Alpert), in a piece titled "Hail to the Chief," says Bush, "who has suffered through some unflattering first anniversary stories about his administration's initial response to Katrina, seemed to enjoy Vaccarella's comments." But "he grimaced when the former fast-food restaurant operator, who lost his home and most of his possessions to Katrina, suggested a third term, which is barred by the 22nd Amendment of the Constitution." A "Democratic-leaning Web site suggested that Vaccarella, who ran for the St. Bernard Parish Council as a Republican in 1999, simply served as a prop to deflect criticism of the hurricane-relief efforts." But White House spokeswoman Dana Perino "said the White House was unaware of Vaccarella's political affiliation before the meeting, or that he was going to endorse Bush for another term. 'Believe me, I think staff thinks that two are plenty,' Perino said to laughter at her afternoon briefing."

CNN's The Situation Room (8/23, Malveaux) reports, "Hollywood couldn't have scripted it any better. … Since his visit, we've learned more about Rockey. We've learned that he is a registered Republican, that he even ran for a local office in St. Bernard Parish, that he lost. But in speaking with White House officials today, they say that they were not aware of his party affiliation before the visit, but it was certainly no secret that he is a big Bush supporter."

On CNN's The Situation Room (8/23, Blitzer), Democratic strategist Paul Begala said, "I speak with unclean hands here, okay? I have staged…phony photo-ops in politics," but "this is embarrassing, even by my standards. I mean, to have this guy, this Republican hack, pretending that anybody with a brain believes that President Bush did a good job in Katrina -- and for the White House to approve this is nuts. I mean, Tony Snow is on vacation. That's the only reason that this could have happened, because Tony is a smart guy."

The Washington Post (8/24, A9, Baker, 748K) titles its report "Katrina Survivor Lauds Bush In What Democrats Call PR Stunt," and says "the Vaccarella visit was part of a preemptive effort by the White House to fend off fresh criticism of the administration's handling of Katrina as the first anniversary approaches." House Minority Leader Nancy Pelosi said in a statement, "In our Gulf Coast, the tens of thousands of Hurricane Katrina survivors are still engaged in an unparalleled struggle to rebuild their lives. … Meanwhile, back in Washington, President Bush is holding a public relations blitz that the survivors of Katrina can ill afford."

USA Today (8/24, Jackson, 2.27M) reports "the administration is preparing for next week's anniversary of the hurricane and flooding, which took nearly 1,600 lives, caused more than $81 billion in damage, and inflicted political pain on the Bush administration." Bush "plans to declare a National Day of Remembrance for Aug. 29, the day Katrina struck. Spokeswoman Dana Perino said a proclamation will 'honor those who did not survive the fury' of the storm, and 'the heroes who rescued so many.'" The President "plans to spend two days in the region." The White House "is plotting its post-Katrina strategy as reports criticize aspects of the Katrina recovery. The liberal-leaning Brookings Institution, for example, said there have been 'areas of progress,' including housing, but 'more progress is needed,' particularly for renters and low-income residents. Congressional Democrats weighed in with their report, entitled 'Broken Promises: The Republican Response To Katrina.'"

The Los Angeles Times (8/24, Neuman, 918K) reports, "With midterm congressional elections less than three months away, Democrats are seeking to use the lapses in the government's response to Katrina -- including the vivid images of residents stranded on rooftops or directed to shelters with no food or water -- to sway voters against the

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Republicans." In a new report, "Senate Minority Leader Harry Reid, D-Nev., and House Minority Leader Nancy Pelosi, D-Calif., who both plan to visit the Gulf region in the coming week, detailed what they described as the Bush administration's failures."

Across the nation, a significant number of local television newscasts covered Bush's statements about Hurricane Katrina. Almost every story featured Vaccarella and the replica FEMA trailer he brought to the President. Some examples: WAGA-TV Atlanta (8/23, 5:50 p.m.) reported, "With the one-year anniversary of Hurricane Katrina next week, President Bush visited today with a man who lost almost everything in the hurricane. The President says he decided to meet with Rockey Vaccarella after he traveled to the capital in a trailer. … But Rocky Vaccarella says he wants to make sure the government remembers the people affected by Katrina."

WEWS-TV Cleveland (8/23, 6:39 p.m.) reported that Vaccarella "seemed to be trying to rescue President Bush, who's popularity was damaged by the government's late and inept response to Katrina."

KING-TV Seattle (8/23, 5:27 p.m.) reported, "With the one-year anniversaries of Hurricane Katrina a week away, critics say the government has hasn't made good on promises to the victims." KSAZ-TV Phoenix (8/23, 5:36 p.m.) reported, "Today President Bush says the August 29 anniversary should not distract from the ongoing struggle to rebuild New Orleans." And KMSP-TV Minneapolis (8/23, 9:23 p.m.) reported, "President Bush says the road to recovery has been difficult."

Paulison Says Housing Is Greatest Challenge Facing Gulf Coast. The AP (8/24, Kunzelman) reports FEMA Director David Paulison said Tuesday during a tour of the Gulf Coast that the lack of housing is the region's "top challenge on Hurricane Katrina's anniversary." He "met with some of the youngest victims of the Aug. 29 storm, telling students at D'Iberville Elementary School that his job is to help them." He "told reporters later that his agency is eyeing alternatives to the trailers and mobile homes that have housed tens of thousands of Mississippi and Louisiana residents for a year." Saying that he had not yet seen a report released Wednesday by Rep. Nancy Pelosi and Sen. Harry Reid criticizing FEMA, Paulison defended the agency's "response to Katrina and said the agency is better prepared to respond to another disaster."

New Orleans Charter Experiment Seen As Chance To "Eke Some Good Out" Of Katrina. The Wall Street Journal (8/24, B1, Carrns, 2.03M) reports "change is afoot" in New Orleans, a city whose public education prior to Katrina "could be described as struggling, at best." Now, "a bumper crop of new charter schools…embody the most fervent hopes and immense challenges facing New Orleans public schools as they reopen, some for the first time, a year after the storm deluged their city." Many in the city "see charter schools as the key to a once-in-a-lifetime chance to remake New Orleans's public education system, and to eke some good out of the horror that was Katrina."

Evacuees Find Different Experiences In Atlanta, Houston. The New York Times (8/24, Dewan, 1.21M) reports many Hurricane Katrina refugees came to Atlanta "by choice and have put down roots, embracing what they say is a higher standard of living and melting into thriving neighborhoods almost without a trace. Some evacuees have even turned down offers to return home and resume their old jobs." But for "many New Orleanians who went west instead of east, especially those borne by fate rather than preference, exile has been a very different experience." In Houston, "it can seem as if the storm never ended. Many evacuees remain in restless limbo, unable to return home but alienated from their new city. Some are still reeling from trauma, others complain of discrimination against people from New Orleans. Still others have lapsed into old habits of unemployment and crime." The "divergent experiences of those who went to Houston and those who went to Atlanta suggest that recovery depends on more than individual resources and demographics. Just as important are less quantifiable factors: A sense of welcome and connection, the presence of friends and family, even how narrowly they survived the disaster."

Hawley Says There Are No Plans Yet To Ease Security Procedures. The Washington Post (8/24, A7, Wilber, 748K) reports TSA Administrator Kip Hawley said yesterday that "he did not have a timetable for scaling back the restrictions" on liquids and gels prompted by an alleged plot to blow up flights between the UK and US. The Post added that the "hastily" enacted list of banned items had been amended shortly after they were put in place, "allowing passengers to bring medications, baby food and solid lipsticks on airplanes." However, "Hawley said no changes would be made until authorities had finished studying the plot and other potential threats.

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Meanwhile, in an interview with USA Today (8/24, Frank, 2.27M), Hawley said that "a 20% surge in checked luggage at US airports since liquids were banned" has put "'on a strain that could result in some vulnerabilities.' … The system that screens all checked luggage for bombs 'is being stressed,' he said. 'We want our (screeners) to focus on their security job without cutting corners because of volume pressure. … Anytime you have a system that's overwhelmed, that's where failure is a concern,'" he said.

WAR NEWS:

Bush Administration Seen As Turning Pessimistic About Iraq. Under the headline "Bush's New Iraq Argument: It Could Be Worse," the Washington Post (8/24, Baker, 748K) runs a stridently negative front-page piece that begins, "Of all the words that President Bush used at his news conference this week to defend his policies in Iraq, the one that did not pass his lips was 'progress.' For three years, the president tried to reassure Americans that more progress was being made in Iraq than they realized. But with Iraq either in civil war or on the brink of it, Bush dropped the unseen-progress argument in favor of the contention that things could be even worse." The Post says Bush's "shifting rhetoric reflected a broader pessimism that has reached into even some of the most optimistic corners of the administration."

Bush Seen As Retooling Iraq War Rationale. The AP (8/24, Raum) reports that in the "thick of an election campaign, President Bush has revived and retooled his argument that the US must fight terrorists overseas or face them here. Despite the unpopularity of the Iraq war, some GOP candidates are borrowing Bush's line." At his news conference this week, Bush said, "We leave before the mission is done, the terrorists will follow us here." The AP adds Rep. Curt Weldon, "locked in a tight Philadelphia-area re-election race, went a step further. 'We either fight them there, or we fight them in the supermarkets and streets here,' he said Wednesday in an interview with CNN." The AP adds the "fight-them-there theme has been part of Bush's national security stump speech since 2003. But the 'follow us here' part is a relatively new twist." Noting polls "that show growing Iraq war opposition, Bush and other Republicans have been stressing links between Iraq and the broader war against terrorism — a connection Democrats generally dismiss."

White House Carefully Responds To McCain Statements. The Washington Times (8/24, Dinan, 88K) reports the White House "fought back" against Sen. John McCain's claims that the Bush Administration "wrongly led the nation into thinking the Iraq war would be easy, even as a new poll suggests that for the first time since it began a majority of Americans don't think the war is part of the fight against terrorism." White House spokeswoman Dana Perino said it was "'puzzling to me' that Mr. McCain's comments were gaining attention because, she said, he had made similar criticisms before." Perino "rattled off three different occasions when Mr. Bush said the fight would be hard," including at the outset of the war in March 2003, two months after that, "and then most recently during a press conference Monday." But "despite challenging his comments, the White House was careful to praise the senator, indicating just how powerful a political figure Mr. McCain is."

On MSNBC's Hardball (8/23, Matthews), political analyst Charles Cook said McCain was still the GOP presidential frontrunner, adding, "He's doing what he needs to do. I mean, he's got to be a good party guy, but at the same time say, 'Hey, look, I might not have done Iraq just the same. I'm supportive, but not exactly the same.'"

Dean Suggests McCain Shifting Stance On Iraq. MSNBC's Hardball (8/23, Matthews) interviewed Democratic National Committee Chairman Howard Dean, who said McCain "has got his own problems with this, where he was a huge booster of it all along until now. I guess things are getting a little hot in the kitchen, so he decided to get out."

Biden Reiterates Five-Point Plan For Iraq. In a Washington Post (8/24, A21, 748K) op-ed, Sen. Joseph Biden writes of "A Plan To Hold Iraq Together" he and Council on Foreign Relations President Emeritus Les Gelb touted in a May New York Times op-ed to "keep Iraq together, protect America's interests and bring our troops home. Many experts here and in Iraq embraced our ideas. Since then, circumstances in Iraq have made the plan even more on target -- and urgent -- than when we first proposed it." Biden says the "new, central reality in Iraq is that violence between Shiites and Sunnis has surpassed the insurgency and foreign terrorists as the main security threat," and argues that increasing troop strength or pulling out immediately "are bad alternatives." The five-point Biden-Gelb plan calls for "maintaining a unified Iraq by decentralizing it and giving Kurds, Shiites and Sunnis their own regions," binding Sunnis

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"to the deal by guaranteeing them a proportionate share of oil revenue," creating "a massive jobs program while increasing reconstruction aid -- especially from the oil-rich Gulf states -- but tying it to the protection of minority rights," convening an international conference to craft "a regional nonaggression pact and create a Contact Group to enforce regional commitments," and "begin the phased redeployment of U.S. forces this year and withdraw most of them by the end of 2007, while maintaining a small follow-on force to keep the neighbors honest and to strike any concentration of terrorists."

Pentagon General Says Tehran Funding, Training Iraqi Insurgents. The AP (8/23, Baldor) reports Joint Chiefs of Staff Deputy Director of Operations Brig. Gen. Michael Barbero, "drawing one of the most direct links by the Pentagon" between Tehran and Iraq's Shiite insurgency, said the Iranian government "is training and equipping" them. Barbero said it is "a 'policy of the central government in Iran' to destabilize Iraq and increase the violence there." The AP notes that Defense Secretary Rumsfeld "and other U.S. military leaders have talked about Iran's funding of the insurgency, but generally have been reluctant to directly blame" Iran's government.

Sadr, Mahdi Army Grow In Scope And Stature. In a 2,400-word front-page account, the Washington Post (8/24, A1, Knickmeyer, 748K) reports on the expanding scope of the operations and influence of Moqtada al-Sadr's Mahdi Army in Iraq. International Crisis Group Middle East Project Director Joost Hiltermann said Sadr "clearly is the most potent political figure, and the most popular one," in Iraq. Hiltermann added, "Unless directly provoked, Sadrists will lay low, because they know the Americans' time in Iraq is coming to an end. Why would they risk another major loss of fighters if it's not necessary? Americans in their eyes are already defeated -- they're going to leave."

Baghdad Ritual Body-Washer Profiled. The Los Angeles Times (8/24, Fleishman, Ahmad, 918K) runs a profile of Najim Abid of Baghdad, who "works in solitude, in a place where the deeds of men intersect with the grace of God. Islamic custom requires the dead be cleansed before burial. Abid's hands are white and raw; he has washed too many bodies, yet the coffins don't stop. They never seem to stop."

Roadside Bomb Nearly Kills Iraqi Interior Minister. ABC World News Tonight (8/23, story 6, 0:05, Gibson, 8.78M) reported, "Iraq's interior minister just missed being hit by a roadside bomb today in Baghdad. It went off as his convoy was going by. It killed two."

Marine Investigator Said Haditha Shootings Appeared Appropriate. The Washington Post (8/24, A17, White, 748K) reports Marine Sgt. J.M. Laughner, who "examined the scene hours after Marines killed two dozen Iraqis in Haditha last year," said the shootings "appeared to be an appropriate response to a coordinated insurgent attack, according to a sworn statement" obtained by the Post. Laughner, "part of a Marine human-intelligence exploitation team that was hunting down insurgent bombmakers," said the "scenes of the slayings appeared to match the version of events the Marine squad provided that day and did not seem especially out of the ordinary."

Marine Reservists, Including Hackett, Fear They May Be Called Up. The AP (8/23, Watkins) runs a feature on Individual Ready Reserve members who may be "returned to active duty as part of the first involuntary call-up of reservists since the early days" of the Iraq war -- among them former Ohio House and Senate candidate Paul Hackett, a war critic who "thinks his background as a civil affairs specialist makes him a prime candidate for an involuntary recall, as there is a shortage of Marines like him. Two weeks ago, he received a packet from the Navy requesting updated information for a security clearance -- a sign, he believes, that a recall order could be coming."

Call-Up Said To Signal "Long War." Under the headline "US Marine Call-Up Signals A Long War," the Christian Science Monitor (8/24, Knickerbocker, 58K) writes that "with the 'global war on terrorism' in Afghanistan and Iraq now well into its fourth year, the strain is starting to show on US troop levels," noting that "some of those in uniform are on their second or third deployment to the war zones. … To some experts, the call-up of Marine Corps reservists indicates that the war is likely to last longer and be more hard-fought than earlier official predictions." Retired USAF Col. Sam Gardiner said the Marine call-up "suggests the Pentagon envisions current troop levels in Iraq through the summer of 2008, with these guys going in the summer of 2007 for one year."

Navy Submarine Reservists Also Being Sent In. The Norfolk Virginian-Pilot (8/24, Wiltrout) reports 450 Navy reservists, including 102 members of the Navy's submarine

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reserves, are "preparing for customs duty in Kuwait and Iraq: driving Humvees, shooting pistols and M-16 rifles, learning riot control." The "training is foreign" to most of them. It will "be the first group deployment of submarine reservists in support of the war in Iraq. Most of the battalion will stay in Kuwait, but about 40 sailors will work at a U.S. base in Iraq." The newspaper asks, "Why put submariners on land?" US Atlantic Fleet submarine force Deputy Commander Rear Adm. Jay DeLoach said, "They're not front-line troops. But somebody has to do the support mission."

Third Day Of Testimony In Saddam Genocide Trial. Saddam Hussein's genocide trial received television newscast attention, but comparatively little coverage in print media. NBC Nightly News (8/23, story 6, 1:00, Williams, 9.87M) reported on the "third day of dramatic testimony," showing clips of some of the "stories told in court by some of those that survived it." In a brief item, ABC World News Tonight (8/23, story 5, 0:10, Gibson, 8.78M) said the "trial adjourned today until next month" while the court hears an appeal from the defense.

The Christian Science Monitor (8/24, Murphy, 58K) also runs a report on the trial, in which "prosecutors are seeking to prove the most difficult charge in international criminal law." Case Western University law professor Michael Scharf, who "helped train judges and prosecutors participating" in the Iraqi Special Tribunal, said, "It's extraordinarily difficult to prove genocide. I believe the Iraqi investigating judges reached the conclusion that if they didn't make the attempt to prosecute him for genocide, he would go down in history as a minor thug and not as a Hitler or a Pol Pot."

Unlike the Monitor and the networks, the New York Times (8/24, Cave, 1.21M) focuses its coverage on a claim by Hussein's attorneys that a former Kurdish militant was guilty of treason and that "chemical attacks on Kurds were legitimate acts against local militias conspiring with Iran." Hussein's lawyers "have spent little time disputing victims' claims over the past three days, the first phase of what is likely to be a long trial. Instead, particularly on Wednesday, they have suggested that dead Kurdish families were collateral damage in an effort to root out Iranian troops in the area."

Carroll Recounts Tension With Guards As Captivity Dragged On. Jill Carroll's saga continues in the Christian Science Monitor (8/24, Carroll, Grier, 58K), with the ninth installment of the story of her captivity. Carroll recounts increasing tension between herself and her captors as days dragged on. Carroll writes, "My relationship with my guards Abu Qarrar and Abu Hassan got worse. … Frustration and boredom had slowly eroded their once permissive and friendly attitudes toward me. Once they had pretended I was a guest. Now they made mean jokes and comments about me in Arabic, thinking I didn't understand. They capriciously restricted my tiny freedoms, such as access to sun, fresh air, and even interior space for pacing. Their logic was twisted. They were mad at me because they had to guard me, and wanted to punish me for it."

NYTimes Says US Must Focus On Continuing Afghanistan War. The New York Times (8/24, 1.21M) editorializes, "Reclaiming Afghanistan from the Taliban remains a crucial element in America's global struggle against terrorism. So it should be setting off alarm bells in Washington that Afghans are becoming disenchanted with the performance of the country's pro-American president, Hamid Karzai. The "democratically elected Karzai government is a big improvement over any of its recent predecessors. But it has not brought security, economic revival or effective governance to most of the country. That has left it vulnerable to complaints." And "nearly five years after" the war began, "there is no victory in the war for Afghanistan, due in significant measure to the Bush administration's reckless haste to move on to Iraq and shortsighted stinting on economic reconstruction." It is "a war that America simply cannot afford to lose."

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Cohen Tapped As New US Attorney For Alaska. The AP (8/24) reports, "Alaska has a new U.S .Attorney. The Justice Department Tuesday announced that Nelson Cohen has been appointed to the post for the District of Alaska. He replaces Acting U.S. Attorney Deborah Smith. Under rules of her appointment, she could only serve in the post for 210 days." The AP continues, "Cohen has been the assistant U.S. Attorney for the District of Pennsylvania since 1987. But before he joined that office in Pittsburgh, he practiced law in Alaska for ten years -- both as an assistant U.S. attorney and in private practice. He replaces Tim Burgess, who resigned as U.S. Attorney for the District of Alaska to take a seat on the federal bench in 2005."

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CORPORATE SCANDALS:

Enron Prosecutor To Head Case Against Nacchio. The Wall Street Journal (8/24, Young) reports, "Prosecutors seeking to convict former Qwest Communications International Inc. Chief Executive Joseph Nacchio of insider trading have assembled a team of veteran white-collar attorneys with experience in the Enron Corp. and HealthSouth Corp. cases and are preparing for an important pretrial hearing in Denver tomorrow." The Journal continues, "Colorado's U.S. Attorney Troy Eid said yesterday that Cliff Stricklin, first assistant U.S. attorney, will lead the prosecution. … Mr. Stricklin helped prosecute the convictions of former Enron executives Kenneth Lay and Jeffrey Skilling as part of the federal government's Enron Task Force and also is a former Texas state district judge. … 'I was looking for someone who had heavy-duty experience in the white-collar realm,' Mr. Eid said in an interview. 'It's an extremely important case to me and to the Department of Justice.'" The Journal adds, "The appointment of Mr. Stricklin comes as both sides are preparing for a hearing in U.S. District Court at which Judge Edward Nottingham will hear arguments about defense requests to dismiss the case or to move the proceedings out of Denver, where Qwest is based. No trial date has been set yet. The judge also is expected to hold a closed session touching on classified national-security information that Mr. Nacchio is incorporating into his defense."

Quattrone Could Claim $100 Million Payout. The Wall Street Journal (8/24, Craig) reports, "Former star Credit Suisse First Boston investment banker Frank Quattrone is entitled to at least $100 million in cash-and-stock compensation from his former employer if he is ultimately cleared of all charges against him, according to a person familiar with the matter." The Journal continues, "Mr. Quattrone on Tuesday agreed to a deferred-prosecution agreement that included the conditional dropping of all other criminal charges against him -- a victory for the once-powerful Silicon Valley banker who resigned from CSFB in 2003, when he faced both criminal prosecution and civil securities charges for alleged wrongdoing during the Internet-stock bubble. … Before the deferred-prosecution agreement, Mr. Quattrone had survived two trials, one ending in a hung jury, the other ending in a conviction for obstruction-of-justice charges that was later overturned on an appeal."

The Financial Times (8/24, Wighton) reports, "Mr Quattrone agreed to resign from the investment bank in 2003, two days after being charged, on condition that he would get the money and his legal costs if cleared. On Tuesday, a judge approved a 'deferred prosecution' agreement under which the charges will be dropped if Mr Quattrone stays out of trouble for a year. … In an unusual move, Mr Quattrone was not required to make any admission of wrongdoing. This appears to open the way for him to claim the $100m in cash and restricted stock from Credit Suisse in a year's time. … The possible payment, first reported on CNBC, is believed to be provided for in the bank's accounts." The Times notes, "Mr Quattrone was one of the leading bankers in the 1990s technology boom and one of the most highly paid, earning $120m in a single year. But following the bursting of the technology bubble, he came to personify Wall Street's questionable practices during the boom and lawyers said he was a tempting target for prosecutors looking for high-profile convictions."

Spitzer's Civil Suit May Settle Debate Over Grasso Legacy. The Wall Street Journal (8/24, Lucchetti) reports, "Less than three years ago, board members at the New York Stock Exchange said former exchange Chief Executive Dick Grasso had performed well in his job. One of the directors, Treasury Secretary Henry Paulson, then the head of Goldman Sachs Group, went so far as to assign Mr. Grasso an 'A+' grade, according to internal NYSE documents." The Journal continues, "Still, the board decided to let Mr. Grasso go, a reaction to the outcry over the $187.5 million compensation package Mr. Grasso had amassed. … Mr. Grasso's job performance is about to go under the microscope again. A civil trial to decide whether his compensation was inappropriate could start as early as October. The lawsuit in that case, brought by New York state's attorney general, Eliot Spitzer, demands that the 60-year-old Mr. Grasso return some of the money to the NYSE, now a part of NYSE Group Inc." The Journal adds, "Mr. Spitzer's case hinges on whether the head of what was then a not-for-profit organization should have earned such a big pay day. Mr. Spitzer says no, and bases that assertion on a 37-year-old New York state law that holds compensation must be reasonable and 'commensurate with services performed.' … Legal findings aside, whether Mr. Grasso deserved all that money is a matter that continues to be debated in the court of public opinion, whose many judges are comparing what the

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Big Board was and what it has become -- essentially debating Mr. Grasso's legacy."

Former Mills Corp CEO Claims Firm Ignored Accounting Alerts. The Wall Street Journal (8/24, Chittum) reports, "Mills Corp. received warnings from its auditor as early as 2002 and from an anonymous letter distributed to its audit committee last year saying that its accounting practices were flawed, according to a lawsuit filed by the shopping-mall developer's founder and former chief executive." The Journal continues, "In a complaint alleging that Mills's accounting problems cost him millions of dollars, Herbert S. Miller said Mills 'consciously and intentionally disregarded numerous warnings' as early as February 2002 from its auditor Ernst & Young." The Journal adds, "The suit also said an anonymous letter to the Securities and Exchange Commission was delivered to members of the board's audit committee Oct. 13, 2005. The letter laid out eight problematic accounting areas, including treatment of partnership income, according to the lawsuit. … Mills announced Oct. 31 that it would delay its third-quarter earnings call by eight days because of accounting issues and that results would be 'substantially below expectations.' On Nov. 9, the Chevy Chase, Md., real-estate investment trust reported its funds from operations -- a key REIT measure -- dropped 54% from a year earlier but said it wouldn't need to restate. Two months later, the company said it would restate its accounting back to 2000 and wrote off 10 development projects."

ePlus Gets Second Listing Warning From Nasdaq. The AP (8/24) reports, "Computer products reseller ePlus Inc. on Wednesday said it is not in compliance with Nasdaq listing requirements because it has not yet filed its latest quarterly financial report with regulators." The AP continues, "The warning comes a month after the Nasdaq told ePlus it faced delisting for not filing an annual report for fiscal 2006 on time. … The company's removal from the Nasdaq has been delayed until at least Sept. 7, when a hearing is scheduled with the exchange." The AP adds, "The company has delayed the filing in order to restate fiscal 2004 and 2005 financial statements, after an internal audit committee identified discrepancies on the recording of certain past stock option grants. ePlus said it plans to file its restated financials, its annual report for fiscal 2006 ended March 31, and results for the second quarter ended June 30 as soon as possible. … Numerous companies are currently investigating whether the exercise price of stock options given to employees was manipulated by changing the grant date to correspond to a low point for the company's stock price, a practice known as backdating. .. There are presently 70 companies under investigation by the Securities and Exchange Commission and Justice Department for possible irregularities."

NYTimes Blasts Stock Option Backdating. The New York Times (8/24, 1.21M) editorializes on the "corporate scandal over rigged stock options," arguing that "just because the victims are harder to spot doesn't mean that secretly backdating or otherwise manipulating the timing of an options grant is a victimless crime. Rigging the timing of option grants hurts both the company and its shareholders, usually for the greater enrichment of top executives."

CRIMINAL LAW:

Judge Orders DOJ To Probe Leak In AIPAC Spy Case. The AP (8/24, Barakat) reports, "A federal judge has ordered the Justice Department to investigate how media organizations learned about a criminal probe involving the activities of two pro-Israel lobbyists, who now face trial on charges that they illegally disclosed national defense information." The AP continues, "U.S. District Judge T.S. Ellis III ordered the investigation following complaints by defense lawyers that the government failed to follow proper procedures in obtaining and executing a secret warrant for surveillance of lobbyists Steven Rosen and Keith Weissman." The AP adds, "The indictment against Rosen of Silver Spring, Md., and Weissman of Bethesda, Md., alleges that they conspired to obtain classified reports on issues relevant to American policy, including the al-Qaeda terror network; the bombing of the Khobar Towers dormitory in Saudi Arabia, which killed 19 U.S. Air Force personnel; and U.S. policy in Iran. … Rosen and Weissman, former lobbyists for the American Israel Public Affairs Committee, are accused of sharing the information with reporters and foreign diplomats. No trial date has been set." The AP notes, "Media advocacy groups have long been concerned about the government's prosecution of Rosen and Weissman because the statute used to prosecute them – a World War I-era espionage law – could easily be used to prosecute journalists who break news about classified government programs. … U.S. Attorney General Alberto Gonzales has said he believes journalists

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can be prosecuted for publishing classified information, and an earlier ruling by Ellis in the case on the constitutionality of the Espionage Act also left the door open for prosecutors to charge reporters."

Dow Employee Charged With Selling Chemical Secrets To Chinese Firms. AFP (8/24) reports, "US authorities arrested a man for allegedly conspiring to sell trade secrets from Dow Chemical Company to companies in China, the Justice Department said." AFP continues, "Longtime Dow employee Wen Shyu Liu, 69, was arrested Tuesday in Seattle, Washington, on charges of conspiracy, receipt and possession of stolen trade secrets, wire fraud, illegal monetary transactions, perjury and asset forfeiture, US Attorney David Dugas said in a statement. … All charges were associated with stolen Dow trade secrets which the suspect, also known as David Liou, is alleged to have attempted to market to Chinese firms, the statement said. … A 15-count indictment was returned by a federal grand jury on March 24, 2005." AFP adds, "Liou, formerly of Baton Rouge, Louisiana, was arrested on an intercontinental flight inbound to Seattle from Taipei, Taiwan, by agents of the Federal Bureau of Investigation and US Immigration and Customs Enforcement. … The indictment says Liou worked for Dow from 1965 until he retired in March 1992. While at Dow, Liou worked in research and development and had signed employment and retirement agreements prohibiting the disclosure of Dow's trade secrets and other confidential information without permission."

Ramsey Suspect's Family Offers To Sell Story To Pay For Karr's Defense. NBC Nightly News (8/23, story 9, 0:10, Williams) reported, "The man who claims he killed JonBenet is still in a Los Angeles cell tonight. Authorities are not saying when he will be transferred to Colorado where he could face charges. Meanwhile his family is working with an agent to sell the book and movie rights for his story. They say they need cash to hire the best lawyer money can buy."

The Washington Post/AP (8/24, A7) reports, "John Mark Karr's relatives offered up the book and film rights to the family's story Wednesday in hopes of raising money for a high-powered lawyer to defend Karr against charges that he killed 6-year-old JonBenet Ramsey. … 'They're not looking for money for themselves,' said Larry Garrison, a producer the family members hired to represent them in media deals. 'They're looking to support John's boys' college education and to make sure all legal fees are covered.'" The AP continues, "Karr remained in a Los Angeles County jail Wednesday afternoon awaiting transfer to Colorado. JonBenet was killed in her Boulder, Colo., home in December 1996. … Garrison said no money had changed hands yet with the Karrs and he didn't want to go into details about the agreement. Nathaniel Karr, one of John Mark Karr's brothers, confirmed that Garrison is now representing the family."

Physical Evidence Seen As Key. USA Today (8/24, Kenworthy) reports, "DNA will be pivotal in the case against John Mark Karr in the murder of JonBenét Ramsey, but it's not the only physical evidence that could help determine his guilt or innocence." USA continues, "Absent a match from Karr's DNA with a small sample taken from the 6-year-old girl's underwear, prosecutors will rely on other evidence besides his public statement in Thailand last week that he was with JonBenét when she died at her home in Boulder, Colo. That evidence includes: … An unidentified palm print left on the door to the basement wine cellar where JonBenét's body was found on Dec. 26, 1996. … A partial boot print found in the basement. … Hair and fibers taken from JonBenét's body that did not come from family members or fabrics in the Ramsey home. … The 21/2-page ransom note found in the house." USA adds, "Legal analysts say Boulder County District Attorney Mary Lacy and her investigators probably have other evidence linking him to the crime that is not publicly known. … 'He's given them something other than the confession,' says Craig Silverman, a former Denver prosecutor. 'It might be a picture, or information about the ransom note' or evidence he was in Boulder at the time of the killing. … 'He obviously has some insider information, or the district attorney's office wouldn't have gone through the exercise of bringing him back' from Thailand, Denver defense lawyer Scott Robinson says. … Larry Pozner, another Denver defense attorney, says that if no DNA link is proved, prosecutors must have evidence placing Karr in Boulder and at the crime scene."

Former U Of MD Basketball Star Sentenced In Gun Incident. The Washington Post (8/24, B1, Cauvin) reports, "Lonny Baxter, the former University of Maryland basketball star caught last week with a gun a few blocks from the White House, was sentenced yesterday to spend the next two months behind bars after a judge rejected

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the prosecutor's recommendation for probation." The Post continues, "Baxter, who recently signed a pro contract to play in Europe, agreed to plead guilty yesterday, just a week after he was charged, in hopes that he would be released from jail so he could join his team in Italy for training camp. .. . Shackled at his wrists and ankles and clad in an orange jail jumpsuit, the 6-foot-8 Baxter said that a .40-caliber Glock found in his white Range Rover was his and that he had fired it into the air in the early hours of Aug. 16 in downtown Washington."

Former DC Teachers Union Official Denied Sentence Delay. The Washington Times (8/24, Mcelhatton) reports, "Former Washington Teachers Union Treasurer James O. Baxter II must report to a federal prison today to begin a 10-year sentence, after a federal judge denied his bid for a postponement because of a recent neck injury, likely from gardening and swimming." The Times continues, "U.S. District Court Judge Richard J. Leon yesterday ordered Baxter to surrender to the Federal Correctional Institution in Petersburg, Va., a low-security facility south of Richmond. … The ruling comes nearly a year after Baxter's conviction on charges that he helped embezzle millions of dollars in dues from D.C. public school teachers." The Times adds, "Baxter's attorney, Elmer D. Ellis, had sought an extra 30 days of freedom, at the least, for his client so that the 52-year-old Maryland man could receive medical treatment for a neck injury, including potential surgery. … However, federal prosecutors objected, calling the request 'a last-minute, last-ditch plea to escape punishment,' according to a court memo filed late Monday. … 'Indeed, given the stress likely associated with facing a 120-month prison sentence, neck and back tension requiring medication might be predicted,' the memo written by Assistant U.S. Attorneys James W. Cooper and Anthony M. Alexis states. … In his two-page ruling yesterday, Judge Leon ordered a prison doctor to review Baxter's medical records and determine whether the facility is the best place to treat the former union official. … Baxter was convicted in the embezzlement scandal in which union officials stole nearly $5 million in dues and spent money on custom-made clothes, sterling silver, limousine service and sporting events."

Former Georgia School Official To Begin Sentence For Embezzlement. The Atlanta Journal-Constitution (8/24, Warren) reports, "In her trip from the White House to the Big House, Linda Schrenko's days as a free woman are numbered." The AJC continues, "Five years ago, Georgia's then-School Superintendent was in Washington as President Bush unveiled his education reform plan. She was viewed as a trailblazer, becoming the first woman elected to statewide partisan office in Georgia and the first Republican to take control of the state's education system. … Now her loftiest goal is to help fellow inmates improve their reading skills." The AJC adds, "By Sept. 11, the 56-year-old former candidate for governor must report to a federal prison to begin her eight-year sentence for embezzling more than $600,000 in federal money meant for deaf and honors students, U.S. Marshal Richard Mecum confirmed Wednesday. Federal Bureau of Prisons officials haven't announced where she'll serve her sentence, he said. … Her attorney, Pete Theodocion, requested a low-security prison in Tallahassee because there is no federal women's facility in Georgia. The judge agreed to make that recommendation to prison officials, who ultimately decide."

Judge Delays "Operation Backfire" Trial. The AP (8/23) reported U.S. District Judge Ann Aiken on Tuesday "delayed the trial of four people charged in a federal investigation of arsons by radical environmentalists," and she "indicated that the trial might not start until March." The AP notes, "The 'Operation Backfire' investigation resulted in indictments against more than a dozen people allegedly involved in acts of ecosabotage from 1996 to 2001. The Earth Liberation Front and Animal Liberation Front claimed responsibility." The AP adds, "Part of Tuesday's hearing was to determine how the four defendants should be allowed access to the statements and plea agreements of six co-defendants who have agreed to plead guilty. … Aiken ruled the protective orders covering the documents are necessary to ensure the safety of cooperating defendants and witnesses."

Louisiana Man Found Guilty In Post Office Anthrax Hoax. The AP (8/24) reports, "A federal jury has found a Livingston Parish man guilty in connection with a 2004 anthrax scare at the Meraux post office, federal prosecutors said Wednesday." Timothy Blake Dixon "was convicted of 'communicating false information' after a three-day trial before U.S. District Judge Martin L.C. Feldman, U.S. Attorney Jim Letten said. Dixon was accused of leaving a bag of white crystals and a note reading 'ANTHRAX DIE

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AMERICANS' at the post office," which caused a two-day service disruption. "Later testing revealed that the substance was sugar."

Key Figure In Ex-Mayor Hahn's Administration Pleads Not Guilty. The Los Angeles Times (8/24, Muskal, Rohrlich) reports, "Leland Wong, a powerbroker in the administration of former Mayor James K. Hahn, pleaded not guilty this morning to a 20-count indictment that alleges he took a bribe as part of a 'pay-to-play' arrangement." Wong appeared Wednesday "morning before Los Angeles Superior Court Judge David Wesley, who ordered the 49-year-old former commissioner released on his own recognizance pending an appearance Sept. 7. … The indictment is the first of a public official in the ongoing probe of corruption during the Hahn administration by a joint task force from the offices of the U.S. attorney and the district attorney." The task force "focused on allegations that former city officials solicited political contributions in exchange for city contracts. … The indictment charges Wong with 13 counts of grand theft by embezzlement, one count of accepting a bribe, two counts of conflict of interest, one count of perjury and three counts of filing false tax returns."

Georgia Democrats Seek Federal Probe Of Governor's Florida Land Deal. The AP (8/24, McCaffrey) reports, "Democratic legislative leaders on Wednesday asked a federal prosecutor and Georgia's attorney general to investigate Gov. Sonny Perdue's $2 million Florida land purchase from a wealthy Republican developer." The AP continues, "In a letter filed with U.S. Attorney David Nahmias and state Attorney General Thurbert Baker, the Democrats said a probe was needed to determine whether Perdue provided any illegal benefits to Newnan developer Stanley Thomas. … They also asked authorities to look into legislation Perdue signed soon after the December 2004 land purchase which allowed him to avoid some $100,000 in state capital gains taxes. … 'Both the land purchase and the new tax windfall raise serious legal ethical questions about the governor,' House Democratic Leader DuBose Porter said at a news conference. … 'Is the governor's office for sale to a developer who gave the governor the chance to reap a personal financial windfall of tens of millions of dollars on an insider deal?'" … Justice Department spokesman Patrick Crosby said officials there do not respond to inquiries about investigations."

Coach Among Dozens Arrested In Indiana Internet Child Sex Sting. WBBM-AM, News Radio 780, Chicago (8/24) reports, "Following a three-week investigation in three Indiana counties, federal agents and local police have arrested more than two dozen people for soliciting sex from children over the Internet." WBBM-AM continues, "Arrests continued Tuesday afternoon, bringing the total to at least 27. The U.S. Attorney for the Northern District of Indiana, Joseph Van Bokkelen, said that the arrest total eventually could reach 40. .. . Among those arrested was 24-year-old Matthew Carl Hensley, of Valparaiso, who was an assistant basketball coach at Andrean High School in Merrillville, said U.S. Attorney Joseph Van Bokkelen." WBBM-AM adds, "Detectives from police agencies in Porter County, the South Bend and Lafayette areas posed as 12-and-13-year-old girls in a number of online chat forums. .. . In one arrest, in Valparaiso, an alleged predator arrived at a prearranged meeting point, saw police cars responding to an unrelated call, returned home and sent an e-mail asking if it was safe for them to meet. Assured that it was, the suspect returned and was arrested. … In at least 11 of the cases, authorities arrested suspects when they showed up at pre-arranged meeting points. The others were arrested after they sent the 'girls' graphic images or made graphic references in their e-mails. … In all, Van Bokkelen said, the law enforcement personnel chatted with more than 100 individuals."

Hornsby Critics Say School Board Enabled Alleged Corruption. The Washington Post (8/24, B2, Rich, Helderman, 748K) reports, "For those who warned from the start that Andre J. Hornsby was the wrong pick to lead Prince George's County public schools, the news of his indictment this week in a public corruption case has provided a belated and in many ways unwelcome sort of vindication. Several of those critics, as well as some parents, said in interviews yesterday that the school board shares responsibility for Hornsby's alleged failings because it hired him, and then largely supported him as questions about his conduct swirled, before finally ousting him last year." However, Board Chairman Beatrice P. Tignor, "who associated herself closely with Hornsby, said criticism now of her defense of him then amounted to 'Monday-morning quarterbacking.'"

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Utah AG Seeks More Resources For Jeffs Search. The Deseret Morning News (8/24, Winslow) reports, "Utah and Texas authorities are exploring new ways of finding proof that fugitive polygamist leader Warren Jeffs has been hiding out at the Fundamentalist LDS Church's massive temple site in Eldorado, Texas." Utah Attorney General Mark Shurtleff "thinks more resources can be devoted to the manhunt," and he "suggested pushing the FBI and U.S. Marshal's Service to use satellite surveillance on the YFZ ranch to look for vehicles that may be traveling in convoy. The FBI's Salt Lake City office declined to comment on what the agency is doing to develop information about Jeffs' whereabouts. 'I cannot speak with any specificity to probable cause or the lack thereof,' said FBI Special Agent Jan Caldwell." The Morning News adds, "The FBI said it continues to pursue a number of 'good leads' in the manhunt for Jeffs. Caldwell urged more people to phone in tips. … 'Someone out there knows exactly where he is. We're asking they do the right thing. He's a dangerous man.'"

Judge Denies New Mexico Treasurer's Request To Change Retrial Venue. The Albuquerque Tribune (8/23) reported, "U.S. District Judge James Browning has decided the retrial of former state Treasurer Robert Vigil on corruption charges will not be moved out of state, as Vigil's attorney had requested. Browning made his decision final late Tuesday, saying he had confidence Vigil can get a fair trial." The Tribune noted, "The retrial is set to begin Sept. 5."

Western New York Union Officials Sentenced To Prison For Extortion Scheme. The AP (8/23) reported, "A former union official who admitted he took part in efforts to intimidate people in western New York's construction industry was sentenced Tuesday on a federal racketeering conviction." Salvatore Bertino "pleaded guilty and was sentenced to 51 months and ordered to pay $30,000 in restitution. Bertino also agreed to provide testimony against others targeted by the government in an ongoing union-corruption probe." The AP noted, "In all, 18 Local 91 members pleaded guilty or were convicted at trial. … Authorities said the union's tactics scared off development and contributed to the upstate county's economic decline." The Tonawanda (NY) News (8/23, Pfeiffer) also reported on Bertino's sentencing.

Meanwhile, the AP (8/22) reported former Local 91 president Dominick Dellaccio "was sentenced Monday on federal racketeering charges." Dellaccio "pleaded guilty, and was sentenced to 38 months in prison and ordered to pay $20,000 in restitution." The AP noted, "As part of his plea, Dellaccio admitted that he and other members of the union participated in property destruction and sabotage at a Mulvey Company construction site in Lockport in 1997. He also admitted that members of Local 91 participated in a mass attack upon members of the bricklayers union at the Wegman's construction site in 1998." Business First of Buffalo (8/22) also briefly reported on Dellaccio's sentencing.

NYC Labor Leader Steps Down Amid Bid-Rigging Probe. The New York Daily News (8/24, Gonzalez, 729K) reports, "Queens assemblyman Brian McLaughlin, the powerful city labor leader who became the target in March of a federal bid-rigging probe, stepped down yesterday as president of the 1 million-member Central Labor Council. McLaughlin was granted a six-month paid leave of absence yesterday from his post at the labor council, the main umbrella group for organized labor." The Daily News notes that McLaughlin "has not been charged with any crime, but several labor leaders said yesterday that his removal avoids embarrassing publicity for organized labor at the parade as well as during the upcoming Democratic primary."

Tennessee State Senator Indicted On Fraud Charges. The Tennessean (8/23, Cass) reported, "State Sen. Jerry Cooper was indicted Tuesday by a federal grand jury on three felony counts, accused of using crooked numbers and political clout to help an Alabama couple buy his property." Cooper "stands accused of bank fraud, mail fraud and conspiracy to commit bank and mail fraud. He could face as much as 65 years in prison and more than $2 million in fines if convicted, according to the U.S. attorney's office for the Eastern District of Tennessee." He "has agreed to surrender himself to be arrested 'sometime next week,' the U.S. attorney's office said in a news release." The Tennessean noted, "Cooper is the fifth current or former Democratic senator indicted in the past 15 months, joining four from the Tennessee Waltz bribery sting, which also nabbed a Republican House member."

Alabama Mayor Defeated Amid FBI Corruption Probe. The AP (8/24) reports Gadsen, Ala., real estate agent Sherman Guyton "defeated longtime mayor

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Steve Means in his bid for an eighth term after a race run under the cloud of a federal corruption investigation that already has resulted in three guilty pleas. Guyton captured almost 62 percent of the vote Tuesday to oust Means, who hasn't been implicated in the probe." The AP notes, "Councilman Bill Stewart, J.R. Countryman and Bob Echols were re-elected, but Stewart said the corruption probe played a role in the race. … 'Certainly, the dark cloud hanging over the city the past few months had a bearing on all the races,' Stewart said. 'I'm glad the FBI cleared me.'"

Former Inmate Testifies Senior Gotti Bankrolled Jailhouse Drug Deal. The New York Daily News (8/24, Zambito, 729K) reports, "Dapper Don John Gotti bankrolled an Aryan Brotherhood drug deal from his prison cell with the help of his children, an ex-member of the violent prison gang testified yesterday" at the retrial of John "Junior" Gotti. Glen West "said he turned to Gotti in the 1990s while both were housed at a federal prison in Illinois after he got a sweetheart deal to purchase $2,500 worth of heroin on the outside. … The day after son John and daughter Victoria came to prison in Marion, Ill., West's heroin supplier received $2,500 in cash, he said. West did not know who delivered the cash." The Daily News adds, "Also yesterday, jurors watched a June 1992 talk show appearance by radio host Curtis Sliwa ranting against the Gotti family 18 days before he was shot twice by thugs prosecutors say were sent by Junior Gotti."

New York Financial Adviser Pleads Guilty In $3 Billion Ponzi Scheme. The New York Times (8/18, Morgenson, 1.21M) reports, "Martin A. Armstrong, a financial adviser who has been in jail since January 2000 on a civil contempt charge, pleaded guilty…to a charge of securities fraud in a criminal case stemming from trading losses incurred by his firm in 1999." The Princeton Economics International founder "admitted to deceiving corporate investors and improperly commingling client funds in a case that prosecutors said resulted in commodities losses of more than $700 million." Judge John F. Keenan "said he had not decided whether to credit Mr. Armstrong with the time he had already spent in jail when he sentences him on Jan. 3." The AP (8/18, Neumeister) added, "Prosecutors said Armstrong lost almost $500 million trading the Japanese yen and other investments between 1997 and 1999 as part of a $3 billion Ponzi scheme involving securities known as Princeton notes that stretched from 1992 through 1999 and affected 139 victims, primarily corporate investors."

Bloomberg (8/18) noted, "In a related civil case, the Securities and Exchange Commission and the Commodity Futures Trading Commission sued Princeton Economics and Armstrong in 1999. The judge in that case jailed Armstrong in January 2000 for contempt after Armstrong refused to surrender $14.9 million in gold bars and rare coins. … No one has ever spent more time in jail for civil contempt of a federal court order." The Washington Post (8/18, D2, 748K) also briefly reported Armstrong's plea.

CNET Official Says She Misspoke About Support for Data Retention Bill. CNET News (8/24, McCullagh) reports, "Broadband provider Qwest Communications International said Wednesday that it made a mistake when one of its lawyers endorsed federal legislation requiring Internet providers to keep records of customers' behavior." CNET continues, "Jennifer Mardosz, Qwest's corporate counsel and chief privacy officer, said in an interview with CNET News.com that she misspoke during a panel discussion organized by the Progress and Freedom Foundation in Aspen, Colo., the day before. … 'I just completely misspoke there,' Mardosz said. During the panel discussion, she said Qwest 'absolutely' supports House of Representatives legislation sponsored by Rep. Diana DeGette mandating data retention--a requirement that Attorney General Alberto Gonzales said will aid in terrorism and child exploitation investigations. … 'I associated (DeGette's) name with the female Colorado legislator that introduced the state legislation,' Mardosz said. 'That was just a pure and honest mistake that I made.'" CNET adds, "Mardosz said that instead of embracing data retention legislation, Qwest was skeptical of mandates from Congress. 'There is no need for it, because companies are already doing the right thing,' she said. … On Tuesday she said during the panel discussion: 'We support legislation related to data retention.' One industry source, who spoke on condition of anonymity because he was not authorized to speak to the press, said Qwest had backed the Colorado legislation earlier this year."

DC Police Continue Probe Of Attorney's Murder. The Legal Times (8/24, Schwartz) reports, "In the 2 1/2 weeks since D.C. attorney Robert Wone was found stabbed in the Dupont Circle home of his friend of 14 years,

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police haven't made an arrest. Nor have they identified a suspect in the murder of the 32-year-old general counsel of Radio Free Asia." The Times continues, "Without any further statements from the three residents of 1509 Swann St. N.W., all of whom were home the night of Aug. 2 when Wone was killed, police have focused on the one thing they have: the house where he was found." The Times adds, "The $1.2 million house is co-owned by Wone's longtime friend Joseph Price, a partner at D.C.'s Arent Fox. Though at least one resident told police an intruder had come through the back door, police say they have not yet found any evidence of a burglary. Instead, they are still trying to determine why the crime scene appeared to have been tampered with before police arrived. … Kathleen Voelker and David Schertler, attorneys for the residents, informed Legal Times in a statement last week that the three told police 'unequivocally that none of them were involved in the incident.' All three -- Price, Victor Zaborsky, and Dylan Ward -- are considered witnesses. … At an Aug. 15 press conference, Capt. C.V. Morris of the Metropolitan Police Department said police haven't been able to find all the evidence they expected. That seems apparent from the fact that as of late last week police still had custody of the house on Swann Street. Police won't say what they've been focusing on in the house, and it appears they won't be revealing it any time soon."

State Laws Shield Pets From Domestic Violence. USA Today (8/24, Bazar) reports, "Several states are moving to protect pets in families ripped apart by domestic violence. … Maine, Vermont and New York have passed laws this year that allow judges to include pets in protective orders. Illinois and New Jersey legislators are considering similar measures, and animal welfare advocates in other states, including California, are urging action." USA continues, "Protecting pets can help protect human victims of domestic violence, according to authorities on domestic violence and animal welfare. … 'Animals are often used as pawns in domestic violence situations,' says Katie Dolloff, program coordinator of the Animal Welfare Society in West Kennebunk, Maine. Maine was the first state to adopt an animal-protection law, which took effect Wednesday." USA adds, "Abusers often harm pets to punish or intimidate their victims, says Frank Ascione, a psychology professor at Utah State University. In a survey of directors of shelters for abused women, Ascione found that more than 80% had encountered women who reported pet abuse by their abusers. One woman he interviewed said she found her dog nailed to her bedroom door. … Ascione says a victim sometimes delays going to a shelter out of concern for the pet she would leave behind. 'In most of these cases, the animal abuse is so effective because the woman is so attached to the pet. And the batterer knows that,' he says."

CIVIL LAW:

AT&T Sues Data Brokers Over Fraudulent Account Access. USA Today (8/24, Cauley) reports, "AT&T filed a lawsuit on Wednesday against about two dozen 'data brokers' for illegally gaining access to the confidential calling information of about 2,500 customers." USA continues, "Data brokers are individuals, or groups of individuals, who use a variety of ruses to gain unauthorized access to telephone records. In some cases, data brokers call up carriers and pose as customers. … This cottage industry is generally known as 'pretexting,' and the data are often sought for use in legal or domestic disputes." USA adds, "A number of state and federal laws are being considered that would tighten customer privacy rules, making it more difficult for data brokers to obtain information. … AT&T's lawsuit, filed in U.S. District Court in San Antonio, names 25 'John Doe' defendants. According to the lawsuit, these defendants "have used fraudulent means" to gain access to about 2,500 online accounts. … The affected accounts included a range of information, including actual telephone records. AT&T said no Social Security numbers or driver's license information was divulged."

The Washington Post (8/24, D3, Nakashima) reports, "The AT&T case is but one example of a growing trend of data theft for commercial gain, involving not only phone records but bank, medical and other sensitive personal information. The thieves are sometimes lumped into a category called data brokers, which includes companies that legitimately gather and market information." The Post adds, "AT&T, headquartered in San Antonio, where the suit was filed, hopes to learn the defendants' identities through their Internet protocol addresses. AT&T has 'most if not all' of the defendants' IP addresses and will ask the court to subpoena the Internet providers to disclose the identities linked to those addresses, spokesman Walt Sharp said. … Once the defendants are identified, AT&T wants them to return all customer records, account for all profits obtained by the theft and to compensate AT&T for the damages caused."

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CIVIL RIGHTS:

Jury Deliberates Charges Against Owners Of Labor Camps. The AP (8/24, Word) reports, "A jury began deliberating Wednesday in the trial of a couple who are accused of selling crack cocaine to migrants workers at their farm labor camps in North Carolina and Florida." The AP continues, "The jury of 10 men and two women began deliberating the 58 counts against Ronald Evans Sr. and 51 charges against his wife Jequita Evans in connection with labor camps they ran in near Palatka, Fla., and Newton Grove, N.C. Deliberations went on about an hour after closing arguments and will resume Thursday morning." The AP adds, "Susan French, an attorney with the civil rights division of the Justice Department, said the couple sold their migrant workers cocaine, cigarettes and beer on credit, deducting it from their wages they earned working on potato and cabbage farms, They often finished the week in debt. … 'They exploited the laborers' habit,' she said, claiming the Evans and his wife recruited homeless people and crack addicts to work for them. … Attorney William Kent, who represents Ronald Evans Sr., said most of the witnesses against Evans and his wife had a 'personal bias, a reason to lie and were not credible.' … Evans and his wife may not be perfect, Kent said, but they are not the 'sinister exploiters,' that the government claims they are. … But Assistant U.S. Attorney John Sciortino countered that the government had proven its case with testimony and records."

DOJ To Probe Juvenile Detention Center In Indiana. WTHR-TV, NBC 13, Indianapolis, IN (8/24) reports, "The US Justice Department will investigate the Marion County (IN) Juvenile Detention Center after several workers were charged with sexually abusing female detainees." WTHR-TV continues, "The Juvenile Center has been in investigators' cross hairs for months. Marion County Prosecutor Carl Brizzi launched a probe that led to arrests of ten staffers this year. They're charged with sexually abusing girls at the center. … The federal probe will look at whether young people's rights are protected and whether there's a system for making and investigating complaints. … 'We welcome that and certainly we'll give them whatever assistance they need,' said David Wiser, Marion County prosecutor's chief trial deputy." WTHR-TV adds, "Eyewitness News asked Wiser if there are problems beyond the ten abuse cases the prosecutor brought this year. 'We have no reason to believe there's any continuing violations and so we hope things are running smoothly,' he said."

Alabama Rules State Cannot Stop Ex-Felons From Voting. The AP (8/24) reports, "A Jefferson County (AL) judge ordered Wednesday the state of Alabama to allow ex-felons to vote, saying a state law that denies voting rights to felons convicted of crimes of moral turpitude does not identify which crimes fit that definition." The AP continues, "Circuit Court Judge Robert Vance Jr. stayed portions of his order until it could be cleared by the U.S. Justice Department. The federal Voting Rights Act requires that changes in voting law in Alabama be cleared through the Justice Department." The AP adds, "Vance ordered voter registrars in Alabama counties to register ex-felons until 'the Alabama Legislature passes, and the governor signs into law, legislation specifically identifying which felonies involve moral turpitude.' … The judge's ruling came in a lawsuit filed in Jefferson County by Richard Gooden, who lost his right to vote in 2000 when he was convicted of felony driving under the influence. When Gooden tried to have his voting rights restored he was told that the Alabama secretary of state's office had ordered no felons be registered until the Attorney General Troy King issued an opinion on what crimes do not involve moral turpitude."

Indianapolis Man Sentenced For Human Trafficking. WISH-TV, News 8, Indianapolis (8/24, Hermacinski) reports, "An Indianapolis man accused of human trafficking was sentenced in court Wednesday. He was one of three men who allegedly transported illegal immigrants from Phoenix to Indianapolis and then shipped the human cargo to destinations across the country." WISH-TV continues, "In court, 25-year-old Marcial Hernandez admitted to holding a man hostage in his apartment and threatening to hurt the man if he tried to run away. … 'He was held in this particular apartment for three days, fed an egg a day and not allowed to shower. Very poor conditions,' said the prosecuting attorney Mary Garner." WISH-TV adds, "The admission was part of a plea deal prosecutors say involved a far more serious crime, human trafficking. Prosecutors say Hernandez, along with Jose Palacios and Sergio Felix Martinez kept as many as 15 illegal immigrants in Hernandez's apartment last April. But prosecutors only heard from one victim. … All three men were charged with

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conspiracy to commit kidnapping, criminal confinement and intimidation. Prosecutors had testimony from only one victim, so they offered a deal: plead guilty to confinement and the other charges will be dropped. All three accepted. Palacios and Felix Martinez received time served and probation. The judge ordered Hernandez to three years in community corrections."

Maryland Prisons Chief Resigns Amid Criticism. The Baltimore Sun (8/24, Fuller) reports, "The commissioner of the Maryland division of correction retired Wednesday amid continuing turmoil over the state's troubled prisons and the slayings of two correctional officers by inmates this year." The Sun continues, "Frank C. Sizer Jr., 62, delivered his resignation in the form of a two-week notice Wednesday afternoon to Public Safety and Correctional Services Secretary Mary Ann Saar, said Jacqueline Lampell, her spokeswoman. … 'He simply told the secretary he was retiring,' Lampell said." The Sun adds, "Although the retirement is effective in two weeks, Sizer cleared out his office Wednesday, according to two correctional system sources. The abrupt departure suggested he did not retire voluntarily. … Sizer had come to be regarded as a political liability for Gov. Robert L. Ehrlich Jr. Republican legislators from Western Maryland, where several state prisons are located, called publicly for Sizer's ouster after a correctional officer was killed in January while guarding an inmate at a hospital in Hagerstown. The clamor for Sizer's removal grew after a second correction officer was stabbed to death in July. … Some correctional officers from Ehrlich political strongholds in Western Maryland and the Eastern Shore had said that they would not vote to re-elect him unless he makes top-level changes in prison administration."

DC Shifts Group Home Death Probes In-House. The Washington Post (8/24, B1, Barker) reports, "The District's mental retardation agency has run out of money to pay an independent contractor to investigate deaths in its group home system and is now conducting the probes in-house -- using the same office that previously deleted damaging information from some of the contractor's reports." The Post continues, Kathy Sawyer, interim head of the Mental Retardation and Developmental Disabilities Administration, said yesterday that the agency stopped referring cases to the outside contractor beginning with deaths that occurred in early June. Sawyer said that when she came on the job in late June, she asked the agency's Incident Management and Investigations Unit to start conducting the probes while she explored other options." The Post adds, "Sawyer, a nationally recognized disability expert who took over the agency under a six-month contract, said the switch was made because funds to pay a private contractor -- an average of $15,000 per report -- were depleted. She stressed that the agency's investigative unit has a new manager and no longer employs those who altered some death reports before the documents were turned over to court officials and others who review cases."

Baltimore Election Board Mailed Early-Voting Letters Despite Ruling. The Washington Times (8/24, Miller) reports that the Baltimore election board "has mailed notices to about 300,000 voters telling them they can cast ballots in person during the week before the elections, despite a recent court ruling against Maryland's new early-voting law. The Anne Arundel Circuit Court on Aug. 11 struck down the law passed by the Democrat-controlled General Assembly, saying it violates the state constitution. Though Baltimore has sent the notices, several other large jurisdictions -- including Anne Arundel, Baltimore and Howard counties -- have delayed sending them until after the Maryland Court of Appeals hears the case tomorrow. 'We should have waited until the court decision was made,' said Gene M. Raynor, elections director for the Baltimore Board of Elections." Armstead B. Crawley Jones Sr., "president of the Baltimore Election Board, said the notices were mailed at the direction of the Maryland State Board of Elections. 'The board followed what the state wanted,' he said." However, Ross Goldstein, "state election board deputy administrator, said the board recommended waiting to send the notices 'whenever possible.' 'But in a lot of cases their process was already in motion and there was no turning back,' he said."

ANTITRUST:

Weyerhaeuser, Domtar To Merge Paper Businesses. Dow Jones (8/24) reports, "Weyerhaeuser Co. agreed to divest its fine paper business, creating a new entity part-owned by Canada's Domtar Inc. and ridding itself of a business that has dragged down its more profitable timber and cardboard activities." Dow Jones continues, "The $3.3 billion deal would create North America's largest supplier of uncoated freesheet paper, commonly used in office copiers and annual reports, the two companies said Wednesday. The

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new firm will take the name Domtar and headquarter in Montreal." Dow Jones adds, "Weyerhaeuser, the world's largest lumber company, has talked for months about unwinding its paper and paper pulp business. The division swung to a net loss of $444 million last year as a jump in fuel and wood chip costs offset higher prices. Profits have since rebounded but still pale besides income from its forest and building products segments. .. . While Weyerhaeuser is coming clean of the white paper business, investors can place bets on its viability. Current Weyerhaeuser shareholders are slated to own 55% in the new company, in a tax-free spin-off or split-off structure that Weyerhaeuser will choose before the deal's first-quarter close. … Under the spin-off scenario, shareholders would receive about 1.14 shares of the new company for each share of Weyerhaeuser that they own. In a split-off, they can choose to exchange Weyerhaeuser shares for shares in the expanded Domtar or hang on to their Weyerhaeuser shares, said executives Wednesday."

The Jackson (MS) Clarion-Ledger (8/24, Metz) reports, "The merger, which must by approved by the boards of directors of both companies, is expected to close by the first quarter of 2007. The deal also faces a review by antitrust agencies and securities regulators in the United States and Canada as well as the Internal Revenue Service."

Judge Approves $28.8 Million Settlement In 3M Antitrust Suit. The Legal Intelligencer (8/24, Duffy) reports, "A federal judge has granted final approval of a $28.8 million settlement -- and an attorney fees award of $7.5 million -- in a class action antitrust suit against office supply giant 3M, and lawyers say that another large, class action settlement by 3M is in the final stages of negotiations." The Intelligencer continues, "The pair of class action suits directly stemmed from a prior suit, LePage's Inc. v. 3M, which resulted in a $68 million verdict in 1999 and a finding that 3M had set out to monopolize the market for transparent tape. … Retailers responded to the LePage's verdict by filing suit, but Eastern District of Pennsylvania District Judge John R. Padova ruled that a massive class action brought on behalf of all retailers would suffer from 'internal conflicts.'" The Intelligencer adds, "Padova said small-volume retailers who sold only 3M's brand-name tapes -- Scotch and Highland -- would likely take a different approach to proving their damages from large-volume retailers who also sold 3M's private label -- or store-brand -- tapes. … As a result, the plaintiffs lawyers in the first case, Bradburn Parent/Teacher Store Inc. v. 3M, narrowed their class definition to exclude such large-volume retailers."

Apple To Pay $100 Million To Settle iPod Dispute. The Financial Times (8/24, Allison) reports, "Apple Computer on Wednesday said it would pay $100m to settle a bitter patent dispute with Creative Technology, a Singapore-based rival that had sought to halt US sales of iPod music players." The Times continues, "The companies had been at loggerheads since May, when Creative filed a complaint against Apple, accusing it of 'wilful infringement' of a patent related to the user interface on portable music players." The Times adds, "The lawsuit sought unspecified damages and an injunction halting the import and sale of iPods in the US. Apple later filed a counter-suit, accusing Creative of similar infringements. … Steve Jobs, Apple's chief executive, said the settlement would end five lawsuits pending between the two companies, and would 'remove the uncertainty and distraction of prolonged litigation.' Apple will pay Creative $100m to use Creative's patent, which was filed in 2001 before the iPod music player became the world's most popular portable music device. … Apple said it would be able to recoup some of the payment if Creative successfully licensed its patent to other electronics groups. Creative – whose Zen music player remains a distant second to the iPod – will launch its own line of iPod accessories as part of the deal."

The Washington Post (8/24, Noguchi) reports, "The truce comes after Creative and Apple filed five lawsuits against each other over competing claims to the software and systems that make their music players work. Apple, based in Cupertino, Calif., launched its iPod after Singapore-based Creative brought its portable music player to market." The Post adds, "As part of the agreement, Apple agreed to pay for a license to use Creative's patent. Creative, in turn, will be able to design iPod accessories, such as speakers and earphones."

The Wall Street Journal (8/24, Wingfield) reports, "The deal brings to a close five pending lawsuits the companies had filed against each other, starting with a complaint Singapore-based Creative filed against Apple in May in federal court in San Francisco. In the suit, Creative alleged that Apple's iPod digital music player violated a Creative patent on methods for navigating, organizing and accessing music through software user interfaces on portable audio

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players. Complaints by Creative in other venues and Apple countersuits followed."

Rite Aid Nears Deal For Eckerd, Brooks Chains. The Wall Street Journal (8/24, Berman, Merrick) reports, "Rite Aid Corp., finding its footing several years after a major accounting scandal, is near a deal to purchase the Eckerd and Brooks drugstore chains from Jean Coutu Group (PJC) Inc. for about $3.4 billion in cash and stock, according to two people familiar with the matter." The Journal continues, "The deal would add about 1,800 stores to Rite Aid's existing 3,300 locations, boosting its efforts to catch up to larger U.S. drugstore rivals Walgreen Co. and CVS Corp. It also would increase Rite Aid's clout along the East Coast, where it already has its strongest markets." The Journal adds, "Under the terms of the deal, Rite Aid is expected to pay about $1.5 billion in cash and the rest in stock, said the people familiar with the matter. Jean Coutu Group will own about 30% of Rite Aid following the transaction, which also must pass government clearances. A final agreement hasn't been reached and the situation could change."

IBM Adds Internet Security Firm To Buying Binge. The Wall Street Journal (8/24, Forelle, Vara) reports, "International Business Machines Corp., looking to bolster its technology-services offerings amid intense competition in that critical market, has agreed to buy Internet Security Systems Inc. for about $1.3 billion." The Journal continues, "In four acquisitions IBM has announced this month, including ISS, the computer giant is spending more than $3.6 billion in an attempt to add new products and services to jolt its own plodding growth." The Journal adds, "ISS, based in Atlanta, is a maker of software and equipment that helps corporations and governments fend off security threats that arrive via the Internet. IBM, of Armonk, N.Y., says ISS's products will help it sell "managed security services" -- in which a customer outsources to IBM the protection of its electronic infrastructure. … The move into the hot security market brings IBM -- already a large security player -- into closer competition with rivals such as Symantec Corp., CA Inc. and EMC Corp., which in June announced a $2.3 billion acquisition of RSA Security Inc., another prominent midsize security vendor. In the past few years, Cisco Systems Inc. and Microsoft Corp. have also acquired security players."

The Washington Post (8/24, D5, Hart) reports, "The proposed deal marks the fourth acquisition by IBM in the last month and, at a price of $1.3 billion, or $28 per share, is the fifth-largest acquisition in the company's history. The agreement is aimed at strengthening IBM's footing in the security systems market. … The deal comes just after IBM's purchase of Webify Solutions Inc., MRO Software and FileNet Corp., all software companies that help clients streamline business processes and manage data. Along with the purchase of ISS, the total bill will come to more than $3.5 billion if the deals are approved by shareholders and regulators."

The New York Times (8/24, Lohr) reports, "The purchase of the company, which makes security programs for computer networks, is the latest in a recent string of software acquisitions by I.B.M. In the past, the company has often pointed to how the software being purchased would help I.B.M.'s $47-billion-a-year services business, as more services tasks rely on software to improve efficiency. … But Internet Security Systems is the first large software purchase that will be actually folded into I.B.M's services business, rather than becoming part of the company's software group."

USA Today (8/24, Kessler, Swartz) reports, "Tech analysts say IBM's buying spree is also part of a growing trend of software consolidation, especially in security software. More than 1,000 companies sell a tech-security product or service, according to research firm IT-Harvest. … As a result, companies are consolidating. Two of the biggest deals: EMC's $2.1 billion purchase of RSA Security and Symantec's $13.5 billion purchase of Veritas."

Tech Giants Clash In Wireless Internet Battle. The Wall Street Journal (8/24, Sharma, Clark) reports, "Qualcomm Inc., which became a technology powerhouse by creating the brains inside hundreds of millions of cellphones, and Intel Corp., the giant maker of microprocessor chips for personal computers, are clashing on a crucial new battleground: wireless access to the Internet." The Journal continues, "Both companies are racing to develop new technologies to better permit consumers to connect wirelessly to the Web, whether by cellphone, laptop, handheld gadget -- or potentially even devices such as MP3 players and video cameras." The Journal adds, "This month, Intel scored a first big victory when Sprint Nextel Corp., the third-largest U.S. cellular operator, said it would spend up to $3 billion to build a new network based on the technology that Intel is backing. That technology is 'WiMax,' a system that promises Internet access at speeds similar to cable

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broadband connections, wirelessly and over long distances." The Journal notes, "The battle puts on a collision course two chip giants that had little to do with each other for two decades. The prize for Intel: a new chance to build bigger markets for its microprocessors -- not just in laptops but in new pocket-sized gadgets and consumer-electronics devices. The widening of Internet access gives Intel an opportunity to try to wrest from Qualcomm the position of wireless standard-setter. … Whoever prevails in the face-off, consumers will end up with yet more options to connect to the Web. Today, they mostly rely on wired high-speed Internet connections from cable and phone companies. While the technologies Intel and Qualcomm are pushing are still untested on a large scale, they promise to give people new ways to get online at work, in the backyard, in a park -- almost anywhere -- and eventually with a whole array of new devices."

Judge Upholds Patent Verdict Against Microsoft, Autodesk. CNET News (8/24, McCarthy) reports, "A federal judge in Texas has delivered a setback to Microsoft and Autodesk in their patent infringement battle with product activation start-up Z4 Technologies." CNET continues, "U.S. District Judge Leonard Davis turned down the software makers' request for a new trial in a patent infringement lawsuit filed by Z4 Technologies and awarded enhanced damages, ordering Microsoft and Autodesk to pay a combined total of $158 million." CNET adds, "The initial suit was filed nearly two years ago by David Colvin, owner of Michigan-based Z4, over two product activation technologies. One of those technologies is designed to prevent unauthorized use of software; the other is used to combat piracy. … In a verdict reached April 19, a jury found that Microsoft and Autodesk had violated Colvin's patents; the companies' subsequent request for a new trial was turned down Friday. Microsoft is expected to challenge the verdict in the U.S. Court of Appeals. … Not only has the original verdict been upheld, but Microsoft's patent penalty has also been increased by $25 million for enhanced damages, bringing its total bill to $140 million. It also must pay an estimated $2 million in legal fees." CNET notes, "It's the second-biggest patent infringement fee that Microsoft has had to fork over to a smaller company, surpassed only by the $500-plus million that the Redmond, Wash.-based software behemoth was ordered to pay to Eolas Technologies in 2003. Microsoft's fines in antitrust cases, however, have reached into the billions of dollars."

ENVIRONMENT:

Consultant Warned BP Of Accelerated Pipeline Corrosion. The Wall Street Journal (8/24, A3, Dalton, Biers, 2.03M) reports, "Federal investigators probing BP PLC's operations in Alaska are reviewing two-year-old documents from an engineering firm that included warnings of accelerated corrosion in its pipeline network, an indicator of the same type of conditions that forced the partial shutdown of the giant Prudhoe Bay oil field this month." EPA "investigators are presenting evidence to a federal grand jury investigating criminal charges against BP related to its pipeline-maintenance program in Alaska." The Journal says, "Separately, a BP spokesman said late yesterday the company, which operates Prudhoe Bay on behalf of a consortium, has had to curtail remaining production at the field by almost one-half because of a mechanical failure in an oil-processing facility." He "said the move would reduce production to 110,000 barrels a day from the 200,000 barrels a day that it had been able to continue. He said repairs could take several days."

Legal Battle Over Plant Adds To BP's Woes. The Financial Times (8/24, McNulty) reports, "BP is embroiled in a legal battle in Illinois that, against the backdrop of a big spill in Alaska and a fatal explosion in Texas, could help fuel the broader debate over whether the UK oil giant has a problem with its US safety culture." The suit "arises from BP's $225m sale of an Illinois chemicals plant in 2004 to Flint Hills Resources ... ." The Times says, "Soon after taking over the plant, Flint Hill claimed BP had breached the terms of its sales agreement. BP responded with a federal lawsuit in Chicago last year seeking a declaration by the court that it had done nothing wrong. ... Flint Hills then counter-sued, accusing BP of more than 50 misrepresentations about the plant's environmental compliance, mechanical integrity and production capacities." The countersuit "alleged that the plant had illegal emissions of air pollutants, corroded tanks that leaked chemicals including acid and badly leaking sewer lines that BP had buried unrepaired ahead of the sale."

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FBI/DEA/ATF/USMS:

Corps Of Engineers Investigating Decision To Seek FBI Probe Of Activist. The New York Times (8/24, Dean, 1.21M) reports, "The Army Corps of Engineers is looking into how an Illinois man's comments on a proposed bypass channel for fish led a corps official to suggest that the Federal Bureau of Investigation examine him as a possible terrorist, a spokesman for the corps said yesterday. The man, Jim Bensman…said he feared that people in the St. Louis district office of the corps pointed to him because he was a longtime critic of their policies," but Corps spokesman Alan Dooley "said he believed that the brouhaha was a result of a security officer's following Army regulations" after a newspaper "described Mr. Bensman as advocating that the dam be blown up, which, technically, he did."

Agent Testifies FBI Tried To Flip Alleged Cuban Spy. The AP (8/24, Anderson) reports, "The FBI hoped to recruit a university professor suspected of being a longtime Cuban agent to spy for the U.S. government against Havana, but never made any explicit promises of criminal immunity if he cooperated or refused, an FBI agent testified Wednesday. Albert Alonso, the lead FBI agent in the case of Florida International University psychology professor Carlos Alvarez, said the FBI had become convinced based on intercepted telephone calls that Alvarez -- allegedly a Cuban operative since 1977 -- was ready by June 2005 to work 'in an intelligence capacity' for the U.S. against Cuba." The AP notes, "The testimony came during a hearing on a motion by Alvarez to have his purported confession to being a Cuban agent thrown out as evidence because, he claims, the FBI made the immunity promise. … U.S. Magistrate Judge Barry Garber scheduled a second day of hearings on Thursday on whether the confession should be permitted as evidence."

Orihuela Says FBI Did Not Receive Tape Allegedly Linking Raúl Castro To Shoot-Down. The Miami Herald (8/24, Weaver, 310K) reports, "The tale of the newly surfaced Raúl Castro tape just got more mysterious. Relatives of Cuban exile pilots who were killed by Castro's air force said their attorney turned over the tape to the FBI more than four years ago, claiming it was possible proof of the defense minister's lead role in the alleged 1996 shoot-down plot. The FBI said it received a package on Raúl Castro in January 2002 from the relatives' lawyer -- but no tape was inside, only a one-inch binder on the criminal case. 'They never got the tape,' said FBI spokeswoman Judy Orihuela, after checking with a case agent. 'They don't have the tape.'" Former federal prosecutor David Buckner also "said he received only a copy of the binder." However, one victim's sister, Maggie Alejandre Khuly, insisted, "We had this tape four years ago. … We went to the FBI because we had faith in them and we had faith in the evidence. We still do."

Colombian Drug Suspect Extradited To US Is Held Without Bail. According to the AP (8/24), a purported drug kingpin "alleged to have smuggled more than $100 million of cocaine into the U.S. was held without bail following an appearance in federal court Wednesday. Manuel Felipe Salazar-Espinosa…arrived late Tuesday at Westchester County Airport from Colombia to face narcotics trafficking and money laundering charges. He was ordered held without bail during a brief appearance in U.S. District Court in Manhattan. … Erin Mulvey, a spokeswoman for the U.S. Drug Enforcement Administration, said Mr. Salazar-Espinosa was one of the 'last remaining dinosaurs of the old cartels.'" The AP story was published by the Wall Street Journal, Washington Post, Houston Chronicle, Miami Herald, and Boston Herald.

The New York Times (8/24, Williams) reports a Colombian man who the authorities "said smuggled more than $100 million of cocaine into the United States pleaded not guilty yesterday during his arraignment in Federal District Court on drug-trafficking and money-laundering charges. The man, Manuel Felipe Salazar-Espinosa, also known as Hoover, was extradited from Colombia on Monday."

Colombian Government Peace Agreement Suspends Alleged Drug Trafficker's Extradition To US. The AP (8/23) reports the Colombian government "defended on Wednesday an alleged drug trafficker's inclusion in a peace agreement with far-right paramilitaries, which could let him serve less time in prison and avoid extradition to the United States. In a letter to the Organization of American States, Colombia's high commissioner for peace, Luis Carlos Restrepo, said Juan Carlos Sierra was allowed to participate because he was an important figure in the paramilitaries and had the support of many of the illegal group's commanders. … Under the terms of the peace agreement, he will serve no more than eight

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years in prison, and a warrant for his extradition to the United States will be suspended."

Grand Jury In Kansas City Indicts 12 In Heroin Case. The AP (8/24) reports a federal grand jury in Kansas City "has indicted 12 people for conspiracy to distribute heroin. … The Drug Enforcement Administration says 5 pounds of heroin were seized during the year-long investigation."

In a separate story, the AP (8/23) reports U.S. Attorney Bradley J. Schlozman said, "This indictment is part of an extensive investigation into a large-scale conspiracy responsible for trafficking multi-kilo quantities of heroin."

The Kansas City Star (8/24) reports, "Four Lee's Summit residents have been charged as part of a nationwide heroin distribution network that stretched from Missouri to California and Texas. … The indictment remained sealed until Wednesday, after the defendants were arrested and appeared in court on drug and money-laundering charges."

ATF Probes Fire At Michigan Temple. The Detroit News (8/24) reports, "A possible hate crime is under investigation in a Tuesday night fire at the Bangladesh Hindu Temple (in Hamtramck, MI) that's left members searching for a place to worship." The News continues, "Local fire crews, along with federal Alcohol, Tobacco and Firearms agents and the FBI are among the agencies looking for clues in the blaze near the middle of the Grayling street near Lumpkin. They spent much of Wednesday combing the neighborhood and talking to nearby residents about the fire. … 'We don't have any clues yet,' said Hamtramck Fire Chief James Szafarczyk. 'I hope we can catch the person, and if it wasn't a person, what caused this. This could be just an accidental fire.'" The News adds, "The ATF and FBI are mandated to respond to a call to a fire at any worship institution as a matter of protocol after the nation's church burning crisis in 1996, said ATF Michigan spokeswoman Vera Fedorak."

IMMIGRATION:

Chertoff Says Enforcement Measures Reducing Illegal Immigration. The Los Angeles Times (8/24, Reynolds, Marosi, 918K) reports, "The Bush administration announced Wednesday that it had made 'extraordinary progress' in reducing the number of Mexicans and others trying to enter the United States illegally, saying that apprehensions had reached the lowest rate in the last four years. The administration's beefed-up enforcement efforts…appear to be making a significant difference, Homeland Security Secretary Michael Chertoff told reporters." Critics, however, "challenged the government's position, saying that the three-month statistical snapshot was too brief to signify a trend and that economic and other factors could be contributing to the immigration slowdown." But "in Mexico, authorities who work in staging areas along the Arizona border -- the busiest corridor for illegal crossers -- confirm that the flow of would-be immigrants has dropped significantly this year and that many are deciding crossing is too difficult."

The New York Times (8/24, Swarns, 1.21M) reports Chertoff "pointed to recent apprehension figures to bolster his assertion, saying that the number of Mexicans captured in June and July had dipped to the lowest level for that two-month period since the fiscal year 2002. The number of non-Mexican immigrants apprehended during June and July, he said, dropped to the lowest level for that period since the fiscal year 2004." He "attributed the decline to President Bush's decision to deploy National Guard troops on the Mexican border and to an expansion in the number of beds in detention centers, which in recent weeks has allowed immigration officials for the first time to detain nearly all illegal immigrants from countries other than Mexico until they can be deported. Illegal immigrants from Mexico are typically returned soon after capture."

USA Today (8/24, 2.27M) notes that "the week of May 22, Border Patrol agents detained 2,055 non-Mexicans and released 681. By the week of Aug. 7, agents detained 1,055 non-Mexicans and released only seven. Whether the government can keep up that pace remains to be seen." The Administration "has requested $327 million in next year's budget to detain and extradite non-Mexican undocumented immigrants." The new policy "generally does not apply to Mexicans, who are returned to Mexico after being stopped by Border Patrol agents, said John Torres, detention and removal director of Immigration and Customs Enforcement, an arm of Homeland Security." The Washington Times (8/24, Seper, 88K) says "the majority of illegal aliens caught along the 1,951-mile Southwest border are Mexican nationals, who are returned immediately to their home country."

Chertoff Border Tour With Lawmakers Seen As Sign White House Ready To Compromise. The

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Washington Post (8/24, A04, Weisman, 748K) reports Chertoff is expected to "tour the Texas-Mexico border" today with Texas Sen. Kay Bailey Hutchinson (R) and IN6 Rep. Mike Pence (R). The move, while accompanied by a denial from DHS that it constitutes an endorsement of the conservative lawmakers' "congressional immigration compromise," is seen as "the clearest sign yet that the Bush administration is prepared to make major concessions" on the issue. The impasse centers on the timing of the implementation of a guest worker program: Hutchinson and Pence want to wait until "stringent border-security measures are implemented," whereas Bush prefers a simultaneous approach.

The Washington Times (8/24, Dinan, 88K) adds, under the headline "Bush Guest-Worker Plan Lacks Support," that "Bush has convinced House Republicans he is serious about enforcing the border, but he has failed to win their support for his plan to create a guest-worker program or a path to citizenship for illegal aliens." This piece also emphasizes that some in Congress, such as House Speaker Dennis Hastert, are pushing Bush to support a more immediate focus on securing the borders. Moreover, regarding a Bush-sought guest worker program, some "House Republicans say allowing illegal aliens to stay amounts to amnesty."

Moreover, CNN Lou Dobbs' Tonight (8/23, Pilgrim) interviewed House Judiciary Committee Chairman James Sensenbrenner. Asked about the Congressional Budget Office's estimate that the Senate immigration bill 'could cost taxpayers over $120 billion through the next decade,' Rep. Sensenbrenner said, 'It is a staggering number. A lot of this cost comes from the fact that illegal immigrants are currently ineligible for most welfare benefits. Giving them amnesty makes them eligible for welfare benefits. And now we have seen the true cost of the Senate bill, giving amnesty to up to 12 million illegal immigrants in our country.'"

On CNN's The Situation Room (8/23, Blitzer), Democratic strategist Paul Begala notes that Bush "has alienated his social conservative supporters, like Bay Buchanan, by being for what they view as amnesty."

Immigration Reform Seen As Splitting GOP Base. The Wall Street Journal (8/24, A4, Lueck, 2.03M) reports on the conflict in the GOP between factions who favor strict border enforcement and business leaders who see economic benefits in a pool of inexpensive labor supplied by illegal immigrants. "Ever since Republicans took over the House in 1994, they rarely have split with business, whether on taxes, regulation, labor or the environment. In turn, businesses have given Republicans steady support." However, "the immigration debate is straining that bond." The Journal continues to speculate on the impact the schism could have in the upcoming mid-term elections.

Firms Sue Competitors Who Hire Illegal Immigrants. The AP (8/24, Prengaman) reports, "Frustrated by lax enforcement of immigration law, American businesses are taking their fight against illegal immigration to court, accusing competitors of hiring illegal workers to achieve an unfair advantage." The AP continues, "Businesses and anti-illegal immigration groups said the legal action was an attempt to create an economic deterrent against hiring illegal employees. … 'We see the legal profession bringing to this issue the kind of effect it's had on consumer product safety,' said Mike Hethmon of the Immigration Reform Law Institute, a Washington D.C.-based group backing the efforts." The AP adds, "In the first of a series of lawsuits, a temporary employment agency that supplies farm workers sued a grower and two competing companies on Monday (in Los Angeles). … Similar cases claiming violations of federal anti-racketeering laws have yielded mixed results. The California lawsuit is believed to be the first based on a state's unfair-competition laws, legal experts said. … Legal experts said the cases could be difficult to win. Under the California statutes, plaintiffs must prove a competitor directly harmed their business."

TAX:

IRS Warns Taxpayers About Fake Debt Collectors. The Washington Post/AP (8/24, D2, Dalrymple) reports, "The Internal Revenue Service warned taxpayers yesterday not to be duped by scammers posing as private debt collectors the agency has hired to chase unpaid tax debts." The AP continues, "The IRS designed the debt collection program to minimize that risk, said Brady Bennett, IRS director of collection. Among those protections, the IRS has done background checks and designed special training for collection agency employees working on the accounts." The AP adds, "The IRS plans to assign 12,500 accounts with unpaid tax debts to three private agencies beginning Sept. 7. About 40,000 accounts will be turned over by the end of the year. The IRS chose taxpayers who owe less than $25,000 and do not dispute the debt. … Some critics of the program see so many pitfalls that they are urging debtors to insist on

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negotiating payment directly with the IRS. .. .People contacted by a private collection agency have the right to insist that only the IRS deal with their accounts. Bennett said he hoped few taxpayers with debts sent to private collectors would opt out."

CONGRESS-ADMINISTRATION:

Specter Angry Over ABA Rating Of 5th Circuit Nominee. The Legal Times (8/24, Goldman) reports, "The American Bar Association's unanimous 'not qualified' rating for Michael Wallace, the Mississippi lawyer nominated to the 5th U.S. Circuit Court of Appeals, has sent Senate Judiciary Committee Chairman Arlen Specter, R-Pa., into a tizzy." The Times continues, "In an Aug. 7 letter, Specter demanded that the ABA 'immediately revoke its "Not Qualified" rating ... and begin a new review process.' Such unanimous 'not qualified' ratings are extremely rare, but the ABA, in a written summary of its decision, noted that it arrived at its conclusion after interviewing 69 lawyers and judges." The Times adds, "While applauding Wallace's professional credentials -- Harvard College, the University of Virginia School of Law, clerk to then-Associate Justice William Rehnquist -- and his integrity, the ABA assailed his judicial temperament, including allegations of racial bias. … 'A large number of minority lawyers stated that Mr. Wallace has on occasion been particularly disrespectful to them and often did not treat them as equals or peers in the profession,' the report said. … Meanwhile, five controversial circuit court nominees, including Wallace, Pentagon general counsel William Haynes II, and Terrence Boyle, were sent back to the White House in accordance with a Senate rule that allows nominations to be returned if the Senate will be in recess for more than 30 days."

US Trade Promotion Programs Face Budget Cuts. The Christian Science Monitor (8/24, Bradley, 58K) reports the US Department of Commerce's "Gold Key" program, which "helps businesses link up with foreign clients, research far-flung markets, and bridge yawning cultural gaps," and other "federal programs like it are threatened by budget cuts." Commerce officials have "spent the last two years debating whether to stop subsidizing Gold Key, by billing client companies for the full cost of the service." However, advocates for the program "expect to escape funding cuts again this year." The Monitor notes that "much of the immediate pressure to discover foreign export markets falls on state governments," and "as such, the most vocal opposition of funding cuts has come from the states, many of whom say the lack of funding represents a larger neglect on the part of the federal government for touting US products abroad."

New Hardship Bidding Rules Would "Shake Up" Foreign Service. Under the headline, "Rice Orders Difficult Posts Filled First," the Washington Post (8/24, A17, Kessler, 748K) reports the State Department "plans to implement sweeping changes in the way foreign service officers bid for new assignments in an effort to more quickly fill vacancies in Iraq and the growing number of dangerous hardship posts in the Middle East." The guidelines issued last week by Director General George Staples "are intended to shake up the State Department culture so that overseas service becomes more frequent and more focused on global hot spots." The rules would require that hardship posts "be filled before bidding can begin on more attractive assignments. Private side deals that lock up plum assignments will be discouraged, and the practice of allowing junior officers to take more senior slots that have gone unfilled will be minimized." By "eliminating handshake deals for posts in safer, more attractive cities," the Department "can direct its top talent to places where their missions are more central to U.S. policy." Hardship bids focused only on the "most attractive" hardship spots will be forbidden, and the domestic service limit will be raised. The Post also says Department "officials denied that the changes are required because they are having trouble filling slots in Iraq, noting that 97 percent of the 'unaccompanied' posts are currently filled."

Byrd Criticizes Republicans For Labeling Critics "Obstructionists." The Washington Times (8/24, McCaslin, 88K) reports in its "Inside The Beltway" column Republicans "have no right to attack Americans who possess the temerity to question President Bush's wartime policies, especially by labeling them 'obstructionist' and accusing them of 'emboldening the enemy.' 'Within charges such as these lie the seeds of dictatorship and the end of the American republic as we know it,' West Virginia Sen. Robert C. Byrd writes in a letter this week to members of his Democratic Party." Byrd added, "Never have I been as concerned for the fate of American liberty as I am today.'"

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Medicare Overhauls Payment Policy On Pharmacy Produced Drugs. USA Today (8/24, B2, Appleby, 2.27M) reports, "In a sweeping change, Medicare says it will significantly cut payments to pharmacies that make their own, non-FDA-approved versions of drugs used by asthmatics and others with respiratory ills." The move "was disclosed in a letter sent Tuesday to Sen. Charles Grassley." He and some consumer advocates "say patients may unknowingly get such drugs, which have provided profits for pharmacies, but are made under less-stringent safety and sterility rules than the government sets for drug manufacturers."

Medicare Mistakenly Refunds $50 Million. The New York Times (8/24, Stout, 1.21M) reports Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, said yesterday that "about 230,000 Medicare recipients were mistakenly sent refunds last week averaging about $215 for monthly premiums they paid this year for drug coverage." The total amount "involved was almost $50 million." McClellan added that "about 4.7 million people in the drug program pay their monthly premiums by having the government deduct the money from their Social Security payments, and a few of them got letters telling them, incorrectly, that since they had overpaid, their premiums would no longer be deducted from Social Security." The administrator "emphasized that while the wrongly distributed refunds would have to be given back, the people…would be able to do so gradually, if necessary." Also, if any "premium deductions from Social Security were mistakenly stopped, they will resume in October."

The Washington Times (8/24, Harper, 88K) adds, "But not to worry, the glitch is fixed and all is well, said CMS spokesman Jeff Nelligan." He noted, "Everything is under control. We moved immediately after we found there was a problem. … Most importantly, no coverage has lapsed for any beneficiaries, and there will be no delays or disruptions. The letters advising people of the overpayment were already in the mail last weekend." Though CMS maintains that "the number of people affected is relatively small," some "say the system is an accident waiting to happen." The Washington Post (8/24, A19, Lee, 748K) also reports the story.

Omission Of Evolutionary Biology From SMART Grant Eligibility Sparks Suspicion. The New York Times (8/24, Dean, 1.21M) reports, "Evolutionary biology has vanished from the list of acceptable fields of study for recipients of" the SMART grant "for low-income college students." Ed. Dept. press secretary Katherine McLane said that "the omission is inadvertent" and spokeswoman Samara Yudof also said that "evolutionary biology would be restored to the list, but as of last night it was still missing." And "that the omission occurred at all is worrying scientists concerned about threats to the teaching of evolution." Several are cited saying that "they found the clerical explanation unconvincing, given the furor over challenges by the religious right to the teaching of evolution in public schools."

NYTimes Says Welfare Reform An Ongoing Process. The New York Times (8/24, 1.21M) editorializes, "There is nothing that makes us more nervous than the Bush administration declaring something an 'unqualified success,'" which in what HHS Secretary Michael Leavitt "said about welfare reform this week. In fact, Mr. Leavitt marked the 10th anniversary of welfare reform" with a newspaper essay that argued the "only changes needed going forward were stricter work requirements for poor people and a diversion of taxpayer dollars into programs to promote marriage. That is deeply disturbing. An anniversary like this should be a time of reflection, of building on what has worked and fixing what hasn't. A 'mission accomplished' attitude pre-empts any meaningful attempts to do just that. Very few people would argue that welfare reform has been a failure, or that the country should go back to the old system of open-ended welfare eligibility with no serious emphasis on work requirements. But it is flat-out wrong to declare victory as if the hard part of the journey is over."

OTHER NEWS:

Slowing Sales Indicate Cooling Housing Market. All three networks last night led their newscasts with negative news on the housing market. ABC World News Tonight (8/23, lead story, 3:40, Gibson, 8.78M) reported, "For some time, there have been indications the housing market in the United States was hitting a slump. Today, we got the numbers to prove it. More houses are on the market, unsold, right now, than ever before. Just under 4 million. The number of previously owned homes that were sold last month was smaller than any month in 2 1/2 years. Bad news if you need to sell. Good news if you're looking to buy." NBC

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Nightly News (8/23, lead story, 3:45, Williams, 9.87M) also reported, "Analysts say those in the market for a new home could reap huge rewards and bargains in the years to come."

The CBS Evening News (8/23, lead story, 3:25, Schieffer, 7.66M) reported, "Remember the red hot real estate market when everyone felt rich because the value of their homes just kept going up, up, up? Well, file that one under the good old days."

In a follow-up stories, The CBS Evening News (8/23, story 2, 2:45, Schieffer, 7.66M) and NBC Nightly News (8/23, story 2, 0:50, Williams, 9.87M) analyzed the impact of the latest data. CBS (Blackstone) profiled a couple who "after two years of being priced out of the market…finally found a place to fit their budget." Meanwhile, NBC (Mathisen) said, "People who need to sell and sell in a hurry are at great risk. Particularly if they bought within the past couple of years and have a high mortgage and equity line. They could find they owe more on the house than the house is worth, Brian."

The Washington Post (8/24, Tse, 748K) headlines its report "Signs Of A Buyer's Market," and the New York Times (8/24, Peters, 1.21M) runs a story titled "New Signs Of Cooling In Housing," and in which it reports "economists said the data showed the housing market was following the traditional path of a slowdown: a drop in sales followed by a decline or a plateau in prices." But "they remained divided over just how severe and long-lasting the coming slump was likely to be."

The Financial Times (8/24, Beales) headlines its story "US Housing Data Worse Than Feared," and says "the data underlined the rapid pace of the slowdown in the property market and sent stocks lower amid fears over the health of the broader economy."

The Baltimore Sun (8/24, 262K) reports the figures "provided fresh evidence of how much the once-sizzling housing market has cooled. Prospective home buyers have turned cautious about making such a big-ticket purchase as mortgage rates have gone up and uncertainty has arisen over whether the economy and job creation will keep slowing, analysts said."

USA Today (8/24, Knox, 2.27M) says "the downward pressure on home prices will probably continue through the beginning of 2007 because the inventory of homes for sale has surged to the highest level in 13 years. A record 3.86 million homes are for sale, a 7.3-month supply." The "weakness in the market is being driven by higher interest rates, low affordability and speculators who are dumping investment properties because they couldn't flip them for a profit." The Washington Times (8/24, Hill, 88K) runs a similar report.

The Wall Street Journal (8/24, Conkey, 2.03M) reports that meanwhile, the Mortgage Bankers Association "said its index of mortgage applications was essentially flat last week and is 25% lower than a year earlier. Applications for refinancings, however, rose 1.3% last week as homeowners moved to take advantage of a downshift in interest rates."

Housing Data Drive Stocks Down. ABC World News Tonight (8/23, story 2, 0:10, Gibson, 8.78M) reported the housing numbers took a toll on the stock markets today. On Wall Street, the Dow fell 42 points to close at 11,298. On the Nasdaq, stocks were down 15 points." NBC Nightly News (8/23, story 3, 0:15, Williams, 9.87M) also said "the cooling housing market we have been talking about put a chill on stocks." The Financial Times (8/24, O'Doherty) reports," the S&P 500 was down 0.5 per cent, or 5.83 points, at 1,292.99." The Los Angeles Times (8/24, Sanchez, 918K) and Wall Street Journal (8/24, Anand, 2.03M), among other sources, also report the stock numbers and link them to the housing reports.

Novak Says Bernanke Decision To Pause On Raising Interest Rates An Early Success. Syndicated columnist Robert Novak (8/24) writes that Federal Reserve Board Chairman Ben Bernanke's "decision to pause on Aug. 8 and not increase interest rates for the first time in 18 meetings of the Federal Open Market Committee drew widespread complaints that he was a slacker in the war against inflation." However, "core inflation figures released by the Labor Department Aug. 15 matched its biggest drop in three years. The markets, far more important than opinions of the economic savants, gave Bernanke a vote of confidence. A boost in bond prices reflected no fear of inflation." Novak adds, "Market approval of Bernanke's performance constitutes early success in achieving a most daunting task for any central banker: to slow a rapidly growing economy enough to control inflation without crashing and burning in a recession. … If American tax cuts and a pause in higher interest rates do not generate inflation, prophets of gloom will be proved wrong."

Company Says It Has Developed Stem Cell Research Method That Preserves Embryos.

The CBS Evening News (8/23, story 8, 0:30, Schieffer, 7.66M) reported, "Get ready for a new round of debate over stem cell research. A California biotech company said today it has

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developed a way of creating lines of stem cells from human embryos without destroying the embryos. A White House spokeswoman called it encouraging but the US conference of Roman Catholic Bishops said it is unethical."

The Wall Street Journal (8/24, Hamilton, 2.03M) reports, "Success or failure in that regard may depend on the extent to which the new technique succeeds in defusing moral qualms over the research. Several scientists and ethicists doubted any placating would happen." William Hurlbut, a Stanford University professor who serves on the White House bioethics council, "worries that even single-cell biopsy may pose an unacceptable risk to embryos." Others "note that no one knows whether a single cell extracted from an early-stage embryo might also have the capability of developing into an individual human being."

The Financial Times (8/24, Cookson) says "hardline critics of embryo research – such as the US Conference of Catholic Bishops – are unlikely to accept the manipulation even of a single embryonic cell, which they say could theoretically become a human being."

ABC World News Tonight (8/23, story 10, 1:40, Gibson, 8.78M) interviewed its medical editor Dr. Tim Johnson. Johnson said, "This is a bit complicated. They are trying to piggy back on an already existing procedure to test for defects in clinks. They take an embryo, allow it to grow to the eight cell stage. Take one out, allow that cell to grow overnight. This is the point where they would test those cells for defects. Now, they say they will divide the cells into two groups. One is tested for defects the other would be allowed to grow into new stem cell lines. If the test comes back negative, they will take the original embryo and allow it to grow as normal. They say they are doing no ultimate damage to that embryo." Asked whether the new procedure ends the debate, Johnson replied, "No. People will say, you're still interfering with the embryo. The rules are that you can't interfere with an embryo, and you clearly do that here. And the ethicists say, how can parents give consent for something that really does not benefit the embryo? So, it's complicated."

The Washington Times (8/24, Price, 88K) reports, "Cell extraction was criticized on moral grounds by Richard M. Doerflinger, deputy director of the U.S. Conference of Catholic Bishops' Secretariat for Pro-Life Activities. 'It is widely believed that one cell of a very early embryo may separate and become a new embryo, an identical twin,' he said yesterday." But Dr. Robert Lanza, "vice president of research and scientific development at the company and the study's senior author," in a telephone interview said "such criticisms show 'scientific ignorance.' In the report in Nature, he said, individual blastomeres in embryos that have only eight to 16 cells 'have never been shown to have intrinsic capacity to generate a complete organism in any mammalian species.'"

NBC Nightly News (8/23, story 7, Bazell, 9.87M) said "one of the reasons for the skepticism is that this company has made headline making claims before, some of them panned out and others haven't." Moreover, "like all scientific research" the current method "has to be repeated to find out if it is real. The devil is in the detail, what is really going on and will this technology satisfy the ethical criticisms."

White House Says New Method Doesn't "Resolve" Bush's Concerns. The New York Times (8/24, Wade, 1.21M) reports, "With the approach of midterm elections, in which some candidates are already making the research a central theme, some scientists speculated that President Bush might embrace the new method as meeting his principal objection to the research and showing that he had been right all along to wait for a better technique to turn up." But Emily Lawrimore, a White House spokeswoman, "suggested that the new procedure would not satisfy the objections of Mr. Bush, who vetoed legislation in July that would have expanded federally financed embryonic stem cell research. Though Ms. Lawrimore called it encouraging that scientists were moving away from destroying embryos, she said: 'Any use of human embryos for research purposes raises serious ethical questions. This technique does not resolve those concerns.'"

The Los Angeles Times (8/24, Kaplan, 918K) reports Lawrimore "said the work appeared to be a step in the right direction," and USA Today (8/24, Vergano, 2.27M) reports she said in a prepared statement, "It is encouraging to see scientists at least making serious efforts to move away from research that involves the destruction of embryos."

The Washington Post (8/24, A3, Weiss, 748K) reports President Bush "offered little encouragement yesterday and, if anything, raised the bar higher, suggesting he would not be comfortable unless embryos were not involved at all."

LATimes Calls Stem Cell Breakthrough "Unnecessary." The Los Angeles Times (8/24, 918K) editorializes, "Science took an unnecessary leap forward Wednesday" when a "Bay Area biotechnology company announced a breakthrough in stem cell research that could quell religious objections to such research and persuade the

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federal government to lift its restrictions on funding it." The Times argues scientists "have already gone to great lengths to answer political objections to their work. It's more important to focus stem cell research on saving lives, not on appeasing a minority of religious conservatives."

Clinics Seen As Solution To Rising Health Costs. USA Today (8/24, A1, Schmit, 2.27M) reports retail health clinics "are spreading nationwide as more than a dozen clinic operators plan to open thousands in stores such as CVS, Wal-Mart, Walgreens and Kerr Drug." The clinics, "about 150 nationwide, provide convenient but limited service at a low cost. They treat common ailments only" and "offer an alternative to packed doctors' offices and pricey emergency rooms." However, "some doctors warn that patients won't get top-notch care at the clinics." Yet, the clinics "boast exceptional consumer satisfaction."

Economists Urged Not To Use Fixed-Supply Commodities As Inflation Indicator. In a Wall Street Journal (8/24, A10, 2.03M) op-ed, Arthur B. Laffer, founder and chairman of Laffer Associates, writes that while prices of such "fixed-supply" commodities as gold or oil can see short-term increases during periods of rapid economic growth, that this is not a good indicator of "general inflation." He urges other economists not to be "seduced" by this false indicator, suggesting that "the bond market is the best place to look for overall expectations of inflation and nominal yields out into the future. Because of the creditworthiness of the U.S. Treasury, 10-year U.S. note yields reflect the market's risk-free expected nominal yield over the coming 10 years. The expected nominal yield is the expected real yield plus the expected rate of inflation."

Some Groups Step Up Lobbying Expenditures. In the Washington Post's "Special Interests" column, Judy Sarasohn reports, "Lobbying expenditure reports, which were due to Congress on Aug. 14, are starting to come in, and PoliticalMoneyLine, which follows lobbying and campaign money, has found some interesting ones." The US Telecom Association "reported spending $15.28 million on lobbying during the first six months of 2006, up from $5.34 million for the last six months of 2005. The U.S. Chamber of Commerce spent $14.3 million, up from $10.54 million in the last six months of 2005, although its Institute for Legal Reform dropped to $9.22 million from $10.25 million." Freddie Mac's "spending on lobbying, however, dropped 20 percent. It spent nearly $4.25 million in the first six months of this year, compared with $5.3 million for the last six months of 2005. Fannie Mae reported a small increase to $5.28 million."

Murkowski Joins Roster Of Incumbents Defeated In Primaries. Republican Gov. Frank Murkowski's defeat in Alaska's GOP primary is being portrayed as a sign of trouble for incumbents in this November's election. The Washington Post/AP (8/24, A10, Volz) says Murkowski's loss "may have resulted from missteps throughout his first term -- but vulnerable incumbents should take heed, political observers said Wednesday." Murkowski "was trounced in his own party's primary Tuesday, finishing last in the three-way race. Sarah Palin, a former Wasilla mayor, won with more than 50 percent of the vote and will face former Democratic Gov. Tony Knowles in November." Murkowski "took just 19 percent of the vote, which is 'literally almost unprecedented for someone who is not indicted,' said Larry Sabato, director of the University of Virginia's Center for Politics." The Alaska governor "is the fourth incumbent this month to be unseated in a major national primary election. Democratic Sen. Joe Lieberman of Connecticut, Democratic Rep. Cynthia McKinney of Georgia and Republican Rep. Joe Schwarz of Michigan also lost their primary elections this month."

USA Today (8/24, Kiely, 2.27M) headlines its report "Alaska Governor's Defeat Latest Sign Of Surly Electorate," and says the primary "is the latest sign that incumbents are facing tougher races than usual, political analysts said Wednesday." Murkowski "was burdened by a number of controversies of his own making, including his decision to appoint his daughter, Lisa Murkowski, to succeed him in the US Senate. Even so, the decisiveness of his defeat is an indication of the 'surly' mood of the voters, according to Jennifer Duffy, an analyst with the non-partisan Cook Political Report."

The New York Times (8/24, Yardley, 1.21M) reports the Alaska race "echoed an anti-incumbent mood elsewhere in the country." Likewise, the Wall Street Journal (8/24, Cooper, 2.03M) refers to "another sign of voter dissatisfaction with political incumbents seeking re-election. … Public unease with the Republican-dominated White House and Congress is driving voter revolts in many areas of the country, but Mr. Murkowski's problems were rooted in a local issue: his drive

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for a 2,200-mile natural-gas pipeline from Alaska's North Slope to Alberta, Canada, and perhaps on to Chicago. The project would put Alaska in a venture with BP PLC, ConocoPhillips and Exxon Mobil Corp., and critics said Mr. Murkowski was ceding too much to the companies and not getting enough in return." Discontent with the deal, "coupled with anger over the shutdown for overdue maintenance of a BP oil pipeline -- and the subsequent loss of state tax revenue -- drove Mr. Murkowski's shaky standing with voters even lower." Palin, "a former small-town mayor, will square off against former Democratic Gov. Tony Knowles in November. Most current polls favor Mr. Knowles."

Lieberman Qualifies For Connecticut Ballot. The AP (8/24, Haigh) reports Sen. Joe Lieberman "has enough valid voter signatures to secure a spot on the November ballot, the secretary of the state announced Wednesday." Lieberman "far exceeded the 7,500 signatures necessary to be certified as a third-party candidate, Secretary of the State Susan Bysiewicz said." His name "will appear on the general election ballot under his newly created party, Connecticut for Lieberman. By creating the party, Lieberman secured a position higher on the ballot than he would have had as an independent."

In Shift, Lieberman Displays Eagerness To Discuss Iraq Issue. The New York Times (8/24, Medina, 1.21M) reports that when Lieberman "battled Ned Lamont in the Democratic primary earlier this month, he frequently tried to avoid speaking about the war in Iraq. And when he did discuss it, his remarks were typically limited to defending his steadfast support for the war against Mr. Lamont, who derided him as a cheerleader for Bush administration policies." But "since losing the primary, Mr. Lieberman has said that he allowed Mr. Lamont to distort his record. Now, as he builds his campaign as an independent candidate, Mr. Lieberman is speaking more forcefully and in starker detail about why he believes the United States must remain militarily engaged in Iraq." He is also "painting a dire picture of what will happen if American forces are withdrawn too quickly: civil war in Iraq, skyrocketing oil prices, an emboldened Iran and expanding Islamic terrorism." Lamont "has been quick to pounce on Mr. Lieberman's strong comments about Iraq, saying that the incumbent continues to advocate a 'stay the course' position on the war and is 'out of step with Connecticut voters.'"

Dean Says Lieberman Represents "The Past." CNN's The Situation Room (8/23, Blitzer) interviewed Democratic National Committee Chairman Howard Dean. Asked about Sen. Joseph Lieberman's plans to remain a Democrat if he is reelected, Dean said, "We want to be a big tent. And Joe has served the country honorably. But Joe is the past and Ned Lamont is the future. And we need a new direction in this country, and the voters in Connecticut have indicated that."

Cook Predicts Lieberman Will Win. On MSNBC's Hardball (8/23, Matthews), political analyst Charles Cook said, "I think that you add up the number of Republicans and the number of independents, and the Republican, Alan Schlesinger, is getting next to nada, you get 60-odd percent of the vote. I think Joe Lieberman has a pretty fair chance of getting elected." Host Chris Matthew interjected, "So he gets elected with a majority of Republican votes?" Cook replied, "With Republicans and independents. Keep in mind independents are the biggest group in the state."

Allen Apologizes To Webb Aide Sidarth. The Washington Post (8/24, A1, Shear, Craig, 748K) reports Sen. George Allen "apologized directly to S.R. Sidarth yesterday, telling the 20-year-old Democratic campaign staffer that he was sorry for offending him with remarks that have generated nationwide criticism for being racially insensitive." Allen's call to Sidarth "was the first direct contact between the two since Allen (R) was caught by Sidarth's video camera calling him a 'macaca' and welcoming the Fairfax native to 'America and the real world of Virginia.'" Sidarth "said Allen told him that the apology was 'from his heart.'" The New York Times (8/24, Hulse, 1.21M) notes Allen made the call "a few hours before he appeared with President Bush at a fund-raising event."

The AP (8/24, Lewis) reports that despite the apology, "the damage has been done and it will haunt Allen for a while, said Merle Black, a political scientist at Emory University in Atlanta and a specialist in presidential and congressional races. 'Clearly this has damaged his presidential aspirations,' Black said in a telephone interview. 'It just raises questions about his judgment and how sincere he is in how he deals with these kinds of issues.'" GOP strategists "agreed that Allen has damaged himself, but the incident need not doom him politically. 'Senator Allen needs to make it clear that he made a mistake, that this was obviously something he should not have done,' said Mike Mahaffey, a former Iowa Republican Party chairman."

WPost Says Allen's Apology "Hardly Seemed Sincere." In an editorial titled "Senator To 'Macaca': Sorry,"

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the Washington Post (8/24, A20, 748K) says Allen "succumbed to the political equivalent of begging for mercy: He apologized to his victim. … The senator's gesture was apt, but it hardly seemed sincere. Even as he apologized, his campaign continued its two-faced strategy of simultaneously scoffing at the entire incident as what Dick Wadhams, Mr. Allen's campaign manager, has said is a contrivance. To Mr. Wadhams, politics means never having to say you're sorry."

Dean Says Allen Does Not Belong In Public Life. MSNBC's Hardball (8/23, Matthews) interviewed Democratic National Committee Chairman Howard Dean, who said, "I served with George Allen when he was governor. I don't think he belongs in public service, to be honest with you. There are Republicans who are capable and smart, thoughtful people, and he's not one of them." Asked if he thought Allen was a "knucklehead," Dean said, "I'm not going to use those kinds of words." Asked why he "doesn't belong in public service," Dean said, "Because he's always shooting from the hip. He never thinks through what he means, and he caters to the wrong instincts in people. And I think using derogatory terms to people of color is certainly something that a public servant might not do."

Russell Simmons Endorsement Could Boost Black Support For Steele. The Washington Times (8/24, Ward, 88K) reports, "The Maryland Democratic Party's traditional support among blacks appears to be slipping, now that hip-hop mogul Russell Simmons -- who has helped register thousands of Democratic voters -- has endorsed Republican Michael S. Steele for the US Senate." Simmons "is scheduled to hold a fundraiser tonight at Baltimore's Frederick Douglass-Isaac Myers Maritime Park for Mr. Steele, the lieutenant governor and the first black to win a statewide office in Maryland. 'Russell Simmons is one of the leading progressive voices in America,' said Donna Brazile, who managed Al Gore's 2000 presidential campaign." She added, "This is a major endorsement for Lieutenant Governor Steele that will help him attract young people, as well as black voters."

Political Ad Spending On Record Pace. The Wall Street Journal Online reports in its "Washington Wire" column (8/24, Wood), "With less than two and a half months to go before the mid-term elections, political ad spending is on a record pace. The nonpartisan Campaign Media Analysis Group reports that from Jan. 1 to Aug. 13, $311 million has been spent on television spots by candidates, political parties and interest groups taking part in gubernatorial, Senate or House races. That's a 150 percent increase from the amount spent during the same period in the 2002 mid-term elections. Fueling the trend is a belief that after a long run of Republican control of the White House, Congress and state houses, many races this year could be up for grabs because of voter unrest."

Waning Edge In Polls Seen As Reason Behind New Casey Strategies. In a Wall Street Journal (8/24, A11, 2.03M) op-ed, Jason L. Riley, of the Journal's editorial board, writes about the slowing momentum of Pennsylvania senatorial candidate Bob Casey, Jr.'s (D) campaign to unseat Sen. Rick Santorum (R). His campaign had been going so well that Casey "could behave like the incumbent." However, "the latest polls show the race tightening." An independent Quinnipiac University survey released on Aug. 15 had Mr. Casey ahead 48% to 42% among likely voters. The same poll showed him with a 52%-34% lead in late June. A "further concern for the challenger is that his negatives among likely voters have risen as he's allowed the senator to define him" by avoiding press engagements and debates. That "might explain why Mr. Casey has begun to emerge from his shell. This week the Casey camp finally agreed to multiple formal debates." Riley continues to detail the candidates' campaign experiences and the race's potential national significance.

McCain Would Be Oldest Ascending President In History. McClatchy (8/23, Thomma) reports that Arizona Sen. John McCain (R) is unique among all the potential 2008 presidential candidates in that he is the eldest, turning 70 on Tuesday. "That would put him in uncharted political territory should he win the presidency: No one older than 70 has ever moved into the White House." The article notes McCain's having had skin cancer, but that his aides "say he's more energetic than many much younger men," continuing to suggest that his vigor on Election Day could belie impending problems to which the elderly are prone.

Parties Urged To Reduce Weight On New Hampshire Primary. In a Washington Post (8/24, A21, 748K) Ross Gittell, the James R. Carter professor at the University of New Hampshire's Whittemore School of

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Business and Economics, writes that given moves by the DNC to "reduce the influence of the longtime first-in-the-nation presidential primary state: New Hampshire," by advancing the schedule of Nevada's and South Carolina's primary votes, "it may be time for New Hampshire to reflect on its traditional role in the nomination of presidential candidates, and perhaps face up to the need for some changes." Carter notes that New Hampshire is a poor representation of the nation as a whole, given its low minority population, low participation in organized religion and "strong, broad-based economy." Gittell suggests that New Hampshire owes that strong economy to the disproportionate attention national politicians pay to the state, musing, "Just as the New Hampshire economy has changed, so must its political position and role. … New Hampshire should work with the Democratic and Republican national committees on changes in the nomination process. This would help to retain the national credibility of its primary and interest in it."

State Groups Cut Ties With National Christian Coalition. The AP (8/23, Crary), in an article published in at least 40 papers and websites, including the Washington Post, reports that the "disgruntled" Alabama, Iowa and Ohio chapters of the Christian Coalition have withdrawn from their national parent organization, over "complaints over finances, leadership and its plans to veer into nontraditional policy areas," eschewing "traditional concerns such as abortion and same-sex marriage to address other issues ranging from the environment to Internet access." The AP suggests that the "defections" and a "weak presence in Washington" are indicative of an overall waning of the organization's influence.

RNC Criticizes Liberal Blogger Kos. The Wall Street Journal Online reports in its "Washington Wire" column (8/24, Winograd), "In an effort to discredit a leading liberal blogger, the Republican National Committee has released a 'research briefing' lambasting Markos Moulitsas Zuniga, founder of the widely read Web site Daily Kos." Calling Moulitsas "'a partisan 'nutroot' who turned his hate-filled blog…into a leadership post in the Democratic Party,' the briefing cites media accounts reporting near daily contact with Senate Minority leader Harry Reid's office and a standing phone call every third week with Rep. Rahm Emmanuel, chair of the Democratic Congressional Campaign Committee. It also includes recent statements by Moulitsas that he makes an 'excellent living' and just returned from a 'relaxing' vacation to El Salvador." Responding on Daily Kos, Moulitsas writes, "It's obvious that Republican economic policies are targeting those who make a living, what with wage stagnation, the loss of good, high-paying jobs, and all." He continues, "And the GOP's war on 'relaxing vacations' is in full-swing as outrageous gas prices keep people stuck at home this summer."

Pennsylvania Court Rules Nader Must Pay $80,000 In Court Costs Over 2004 Run. The New York Times/AP (8/24) reports Ralph Nader "and his running mate must pay more than $80,000 in expenses for the lawsuit that challenged their nominating papers and kept them off the 2004 presidential ballot, the Pennsylvania Supreme Court ruled." There was "an implication of 'fraud and deception' in their petition drive, the court said." A group of Pennsylvania voters "sued to block Mr. Nader, left, and his running mate, Peter Camejo, who were campaigning as independents, from being placed on the ballot. As a result of the lawsuit, the State Commonwealth Court found wide-ranging improprieties among Mr. Nader and Mr. Camejo's petition signatures and disqualified nearly two-thirds of the 51,000 signatures they submitted."

Bredesen Seeking Treatment For Unidentified Illness. The Washington Times (8/24, Pierce, 88K) reports in its "Inside Politics" column that Tennessee Gov. Phil Bredesen, "who has been sidelined by a fever and flulike symptoms for more than a week, plans to travel to the Mayo Clinic in Minnesota for more medical tests." Bredesen's "condition is improving, but doctors have not been able to pinpoint the cause of the illness that led to his hospitalization last week, administration spokesman Bob Corney told the Associated Press late Tuesday."

House Report Says US Lacks Key Intelligence On Iranian Nuclear Program. A report issued by the House Intelligence Committee is generating a volume of media coverage, but reports diverge on the document's significance. Some of the coverage, such as the New York Times report, said the report was evidence of policymakers' ire at analysts for failing to find evidence of advances in the Iranian nuclear program or links to Hezbollah, mirroring what critics say occurred during the lead-up to the Iraq war. Other sources, however, say the

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House report highlights the intelligence agencies' inability to provide key information to policymakers.

The New York Times (8/24, Mazzetti, 1.21M) reports, "Some senior Bush administration officials and top Republican lawmakers are voicing anger that American spy agencies have not issued more ominous warnings about the threats that they say Iran presents to the United States." Some policy makers "have accused intelligence agencies of playing down Iran's role in Hezbollah's recent attacks against Israel and overestimating the time it would take for Iran to build a nuclear weapon." The complaints, "expressed privately in recent weeks, surfaced in a Congressional report about Iran released Wednesday. They echo the tensions that divided the administration and the Central Intelligence Agency during the prelude to the war in Iraq." Officials said the "criticisms reflect the views of some officials inside the White House and the Pentagon who advocated going to war with Iraq and now are pressing for confronting Iran directly over its nuclear program and ties to terrorism." Several intelligence officials "said that American spy agencies had made assessments in recent weeks that despite established ties between Iran and Hezbollah and a well-documented history of Iran arming the organization, there was no credible evidence to suggest either that Iran ordered the Hezbollah raid that touched off the recent fighting or that Iran was directly controlling attacks against Israel."

The Washington Times (8/24, Scarborough, 88K) says the House report says Iran "has become a greater threat to the United States since the presidential election of Mahmoud Ahmadinejad, who is presiding over a secretive weapons program capable of producing 12 nuclear weapons if the nation's uranium enrichment continues." The report "combines previously published intelligence and committee assessments. It is designed to spotlight Iran's radical Islamic regime, which appears to be on a collision course with the West over its nuclear program."

The Washington Post (8/24, A1, Linzer, 748K) reports in a front page story that the House panel "issued a stinging critique of U.S. intelligence on Iran yesterday, charging that the CIA and other agencies lack 'the ability to acquire essential information necessary to make judgments' on Tehran's nuclear program, its intentions or even its ties to terrorism." The "29-page report, principally written by a Republican staff member on the House intelligence committee who holds a hard-line view on Iran, fully backs the White House position that the Islamic republic is moving forward with a nuclear weapons program and that it poses a significant danger to the United States. But it chides the intelligence community for not providing enough direct evidence to support that assertion." The report "relies exclusively on publicly available documents. Its authors did not interview intelligence officials. Still, it warns the intelligence community to avoid the mistakes made regarding weapons of mass destruction before the Iraq war, noting that Iran could easily be engaged in 'a denial and deception campaign to exaggerate progress on its nuclear program as Saddam Hussein apparently did concerning his WMD programs.'" Rep. Peter Hoekstra said, "We want to avoid another 'slam dunk.' We think it's important for the American people to understand the kinds of pressures that we are facing and to increase the American public's understanding of Iran as a threat." The Post adds Jamal Ware, "spokesman for the House intelligence committee, said three staff members wrote the report, but he did not dispute that the principal author was Frederick Fleitz, a former CIA officer who had been a special assistant to John R. Bolton, the administration's former point man on Iran at the State Department. Bolton had been highly influential in the crafting of a tough policy that rejected talks with Tehran."

The story was reported on both ABC and NBC, and received notice on the cable networks. ABC World News Tonight (8/23, story 4, 1:50, Gibson, 8.78M) reported, "There was a House intelligence report today that was interesting, because it basically said, we, the United States, don't know what's going on in Iran." ABC (Raddatz) added, "It is a pretty disturbing report, Charlie. It says the United States lacks critical information needed for analysts to make many of their judgments with confidence about Iran, including major gaps in our knowledge of Iranian nuclear, biological and chemical programs. And, of course, that is what this is all about, Charlie, the nuclear program."

NBC Nightly News (8/23, story 4, 0:25, Williams, 9.87M) reported, "A bipartisan House Intelligence Committee report concluded US intelligence has failed to learn how close Iran may be to producing a bomb."

CNN's The Situation Room (8/23, Todd) reports, "From key intelligence leaders in Congress, new warnings on Iran. While the regime weighs incentive packages and a deadline for suspending nuclear enrichment, they say, Tehran is also playing a familiar and dangerous game." Rep. Mike Rogers: "It's beyond a shadow of doubt for me that they are trying to

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stall for more time to continue their uranium enrichment and the building of their nuclear program."

US Provided Iran With Research Reactor Before Fall Of Shah. The Chicago Tribune (8/24, Roe, 623K) reports that in the "heart of Tehran sits one of Iran's most important nuclear facilities, a dome-shaped building where scientists have conducted secret experiments that could help the country build atomic bombs. It was provided to the Iranians by the United States." The Tehran Research Reactor "represents a little-known aspect of the international uproar over the country's alleged weapons program. Not only did the U.S. provide the reactor in the 1960s as part of a Cold War strategy, America also supplied the weapons-grade uranium needed to power the facility — fuel that remains in Iran and could be used to help make nuclear arms." The Bush Administration "has portrayed the program as a sophisticated operation that has skillfully hid its true mission of making the bomb. But in the case of the Tehran Research Reactor, a study by a top Iranian scientist suggests otherwise." After a "serious accident in 2001 at the U.S.-supplied reactor, the scientist concluded that poor quality control at the facility was a 'chronic disease.' Problems included carelessness, sloppy bookkeeping and a staff so poorly trained that workers had a weak understanding of 'the most basic and simple principles of physics and mathematics,' according to the study, presented at an international nuclear conference in 2004 in France."

Administration Says Iranian Response On Nuclear Program "Falls Short." The Administration response to the 21-page Iranian offer to hold "serious negotiations" over its nuclear program but no offer to suspend enrichment of uranium was termed by several media outlets as "muted." The Administration was seen as following its commitment to the diplomatic track, keeping rhetoric tame in order to keep European allies on board.

The Los Angeles Times (8/24, Spiegel, 918K) reports the Bush administration said "Iran's response to international efforts to restrain its nuclear program fell short of a U.N. Security Council demand that Iran suspend its uranium enrichment activities by Aug. 31. But U.S. officials declined to say whether that meant it would push for economic sanctions against Iran at the United Nations next week." The Administration's "refusal to call immediately for sanctions marked a change in tone from signals sent by American officials before Iran issued a 21-page counteroffer Tuesday." Previously, senior US diplomats "had warned that anything short of a halt of Iran's enrichment program would lead to a quick U.S.-led push for targeted sanctions at the United Nations." The US stance "appeared even more muted than that taken Wednesday by France, where Foreign Minister Philippe Douste-Blazy told reporters that any return to the negotiating table would depend on Iran suspending its enrichment program."

The networks all reported the story, but only ABC devoted a full segment. ABC World News Tonight (8/23, story 4, 1:50, Gibson, 8.78M) reported, "In the nuclear standoff with Iran today, the Bush Administration had a muted response. Iran's offer to hold serious negotiations simply fell short." ABC (Raddatz) added, "What a difference 24 hours makes. The Administration officials we spoke to last night were so confident that they could get some sort of new sanctions resolution, with the Europeans, but late last night, the Europeans bawled, urging the US to slow down, take this very carefully, very slowly. The US agreed, and that's why you had that statement today there's some people very upset about that."

The CBS Evening News (8/23, story 6, Schieffer, 7.66M) reported, "The Bush Administration responded today to Iran's offer to negotiate about its nuclear program, but not to quit enriching nuclear -- or not to quit enriching uranium, that could be used in nuclear weapons. The State Department said that is not good enough because it falls short of UN demands. There is more talk to come, but in could lead to UN sanctions against Iran." NBC Nightly News (8/23, story 4, 0:25, Williams, 9.87M) reported, "There is a response tonight officially from the Bush Administration to Iran's proposal for ending the stand off over its nuclear program. The US says it will review it but it seems to fall short."

CNN's The Situation Room (8/23, Henry) reports, "President Bush huddling this morning with Secretary of State Condoleezza Rice to discuss Iran and some of the other global hot spots the Bush Administration is wrestling with right now." The State Department "later put out a formal statement declaring Iran's response falls short of the conditions set by the Security Council at the United Nations." But White House spokeswoman Dana Perino was "non-committal" when asked if the Bush Administration will "now push strong sanctions against Iran, along with the permanent five members of the UN Security Council, plus Germany." Perino was shown saying, "I do not have information for you as to specific next steps, but that's what they are talking about."

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Henry: "Do you want tough sanctions though? I mean what can you do? There has been a carrot out there with incentives but where is the stick for the United States?" Perino: "We're going to allow all of our allies, the P-5 plus one, to talk about it and try to figure that out. When we have next steps to announce, we'll announce them."

CNN's The Situation Room (8/23, Raman) reports, "Russia and China, key Iranian allies on that Security Council, have already said they are open to the thought of new negotiations with Iran to find a new resolution. So Iran is preemptively, if you will, it seems, setting in place fodder for Russia and China, among, perhaps, others, to say let's slow down, let's not impose harsh sanctions, let's see if we can restart these dialogues and figure out a diplomatic solution."

Fox News' Special Report (8/23, Baier) reported, "Even in the streets of Tehran, there was uncertainty about the real meaning of Iran's response to the diplomatic package it was offered, designed to coax the country into stopping or suspending its uranium enrichment that could be used to make a nuclear bomb." But there "was no mention of suspending uranium enrichment, prompting a measured response by the Bush administration." White House spokeswoman Dana Perino: "We acknowledge that Iran considers its response as a serious offer and we will review it. The response, however, falls short of the conditions set by the Security Council."

USA Today (8/24, Nichols, 2.27M) reports the "US strategy of rejecting the response while still treating it as serious is intended to avoid alienating China and Russia, which have resisted economic sanctions, said Jon Wolfsthal, a non-proliferation expert at the Center for Strategic and International Studies." Wolfsthal said, "This was not a case of Iran saying, 'To hell with you.' There was a moderate tone, and the White House had to match that."

The New York Times (8/24, Cooper, 1.21M) reports Bush Administration officials "are pushing their European, Russian and Chinese counterparts to impose sanctions on Iran at the end of the month, after a Security Council deadline for Iran to suspend enrichment expires. But Russia and China, which have deep economic ties with Iran, have resisted any move to penalize the country severely." Those two countries "again urged the Europeans and Americans to respond with caution."

The Washington Times (8/24, Sands, 88K) reports, "With the international alliance against Iran showing signs of strain, the administration stopped short of dismissing Tehran's proposal out of hand." France and Germany "yesterday echoed the U.S. stance, saying Iran must freeze its enrichment work -- a critical step in producing fuel for both civilian and military nuclear uses -- before any talks can proceed. The U.N. deadline for Iran to comply with the freeze is Aug. 31."

Editorials Criticize Russia, China For Failing To Follow Through On Iran Sanctions. The Washington Post (8/24, A20, 748K) says in an editorial that Iran's "response on Tuesday did not offer a freezing of the nuclear program but rather advanced what it called a new formula to resolve the crisis. While it's predictable that Iran should try to wriggle out of its box, it would be scandalous if it were allowed to do so. Iran was told to suspend enrichment. It has not suspended enrichment. Therefore it must face sanctions until it rethinks its position. The Bush administration appears likely to seek a sanctions resolution at the United Nations. Britain, France and Germany seem ready to go along with that. But Russia and China are said to be wavering, and if they can be persuaded to support sanctions, the price may be that the sanctions are mild. Why this maddening lack of nerve? It's true that Russia and China have investments in Iran and that both may derive a mischievous pleasure from Iran's efforts to undermine U.S. policy in Iraq and elsewhere. But if Russia and China want to be accepted as the forces for global stability that they claim to be, they should not undercut Western efforts to defuse the Iran crisis by peaceful means."

The Wall Street Journal (8/24, 2.03M) says in an editorial, "Iran's reply looks like a calculated attempt to conquer the Security Council by dividing its members with the promise that more talk might some day, down the road, in return for who knows what, lead Iran to stop going nuclear. And already yesterday, the mullahs' strategy was paying dividends as Russia and China took the bait and urged further negotiations. These countries have their oil or nuclear energy deals with Tehran, and they don't seem to worry all that much about Islamic radicals getting the bomb. Perhaps they figure that's America's problem, or Israel's, though how an Islamic regime with a nuclear arsenal helps Russian or Chinese interests is a mystery."

USA Today (8/24, 2.27M) says in an editorial, "The question is what to do next. That the world would be better off without Iran's program is indisputable. A nuclear Iran could supply weapons to terrorists or use them to menace Israel, which Iran's messianic president thinks should be destroyed. And if Iran goes nuclear, others in the already highly volatile

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Middle East region are likely to follow." If Iran, "which signed the non-proliferation treaty in 1968, refuses to suspend its uranium enrichment by the end of this month, as called for in a Security Council resolution, the evident next step will be draconian sanctions. But that's not so easy. Two members of the Security Council with veto power — Russia and China — have energy and investment deals with Iran and are reluctant to impose harsh sanctions. Iran's yes-but-no answer was likely designed to split them off. Right on cue, both issued ambivalent responses."

The Los Angeles Times (8/24, 918K) says in an editorial, "It doesn't take a degree in Middle Eastern affairs to realize that Tehran is, as usual, stalling for time. President Mahmoud Ahmadinejad's government hopes to so thoroughly muck up the diplomatic process that the major world powers are left without a clear-cut justification for cracking down. The U.N. Security Council has set Aug. 31 as the deadline by which Iran must agree to stop enrichment, after which the world body will consider imposing sanctions. Russia and China have been deeply reluctant to take that step, and Iran's latest response is said to contain just enough positive language — offering a "new formula" for further discussions — to give them a reason to keep dithering."

Hezbollah Said To Have Become A Liability For Iran. In a New York Times op-ed (8/24), Iranian journalist Maziar Bahari says, "Using Hezbollah as a threat has always helped Iran in its negotiations with the West. Iran would like to keep it that way. Helping Hezbollah overtly, however, would lead to a direct confrontation with Israel and the United States, while officially staying out of Lebanese affairs means betraying revolutionary ideals the regime pretends to hold dear to its heart. For the moment, Iran is sticking to bombastic rhetoric while doing nothing, to the chagrin of many of its hard-line supporters." But the "war in Lebanon has made it impossible for the Islamic Republic to enjoy the same calm. Hezbollah has become a liability for Iran. Weakened, it now needs Iran's petrodollars and rockets to regain its strength. At the same time, Israel and the United States are scrutinizing the transfer of arms and money from Iran to Hezbollah more closely than ever. The next shipment of arms from Iran to Hezbollah may result in direct confrontation with Israel and the United States."

More Commentary. On Fox News' Special Report's roundtable (8/23, Hume), Fred Barnes said, "Now it's clear that the Russians are not going to" vote in the Security Council for economic sanctions against Iran "now. They don't want to do it, they have tremendous economic interests in Iran, they could build, you know, four or five other nuclear reactors there, they were already working on one. And this was not entirely unpredictable. I talked to one Administration official just yesterday who said, yeah, the Russians are going to screw us."

On Fox News' Special Report's roundtable (8/23, Hume), columnist Charles Krauthammer said, "This is all a dance for us to get the goodwill of the French, the Germans, and the British if the time comes for an American military attack."

In a Wall Street Journal op-ed (8/24), Daniel Perkovich, vice president and director of the Nuclear Nonproliferation Program at the Carnegie Endowment for International Peace, says, "It's now time for the U.S. to quietly rally defense and foreign ministries in Europe, the Middle East and Asia to develop operational plans for containing and deterring a nuclear-armed Iran. Far from throwing in the towel or abandoning diplomacy in favor of warfare, devising a deterrence and containment strategy now would allay international fears that Washington uses U.N. diplomacy as a prelude to military-delivered regime change. Building international capabilities to contain a nuclear-armed Iran would have the double benefit of putting muscle into the Security Council's effort to dissuade Iran from acquiring nuclear weapons capability in the first place."

Europeans Struggle In Effort To Staff Lebanon Border Force. The Wall Street Journal (8/24, Champion, Leggett, 2.03M) reports, "Europe's difficulties in raising enough troops to enforce the cease-fire in Lebanon have exposed some hard truths that are testing the Continent's ability to serve as a global military power and Middle East peacemaker." European nations had been "expected to take the lead in manning a 15,000-strong force called for in the French-U.S.-brokered resolution," and "yesterday, European diplomats struggled again to drum up a significant contribution to the United Nations contingent." The Journal says French President Jacques Chirac "is expected to convene a cabinet meeting during which he could commit more troops to Lebanon beyond the 400. Tomorrow, European Union foreign ministers meet with UN Secretary-General Kofi Annan to firm up their contributions to the peacekeeping force." The reluctance "is forcing Europeans to grapple with some uncomfortable realities: They don't have enough deployable combat troops; they are

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disliked as much as the U.S. by Mideast radicals; and their determination to stop the destruction and insert peacekeepers could come at a higher price than they are willing to pay." The Journal adds, "The outlook for successfully keeping the peace and neutralizing Hezbollah is poor, and the risks high, no matter whose troops are on the ground or how well they are armed."

The New York Times (8/24, Smith, 1.21M) reports Paris "told Israel Wednesday that it would increase its commitment of troops to a multinational peacekeeping force in southern Lebanon in the coming days, as Syria warned that the positioning of any multinational force near its border would be seen as a 'hostile position.'" The AP (8/24, Lekic) adds Rome, "which has offered to send the largest contingent, made a plea Wednesday for more European troops to" join the border force. Prime Minister Romano Prodi "expressed frustration over the efforts to raise the force," and is quoted saying, "It's unthinkable that we would be there alone, and we have been working to strengthen the quantitative and international aspect of the mission in Lebanon. The issue now is to have a sufficient number of troops to accomplish the peace mission efficiently." The AP says "pressure on the Europeans has grown because Israel has rejected offers of participation from Malaysia, Bangladesh and Indonesia — Muslim countries that do not recognize the Jewish state."

Situation In Lebanon Described As "Explosive." Meanwhile, USA Today (8/24, 2.27M) reports Israeli Foreign Minister Tzipi Livni "said Wednesday the situation in Lebanon was 'explosive.'" Syrian President Bashar Assad "said the deployment of international troops along the Syrian-Lebanese border would be a 'hostile' act." Calling the ceasefire "shaky," USA Today notes Lebanese Prime Minister Fuad Saniora "urged the United States to help end Israel's sea and air blockade. He said his country was making 'every effort' to secure its borders." Also, Finnish Foreign Minister Erkki Tuomioja "said after meeting with his Syrian counterpart that Syria threatened to close its border with Lebanon if United Nations peacekeepers were deployed there." USA Today adds, "Efforts to raise the force moved slowly. European Union nations have been reluctant to commit troops without safeguards to ensure they don't get drawn into the conflict."

USA Today (8/24, Jervis, 2.27M) details the concerns of "top Lebanese officials" that "Sunni militants, Palestinian refugees and other armed groups in Lebanon are poised to join the fight against Israel if its tenuous truce with Hezbollah collapses." Many groups "sat on the sidelines during" the recent conflict, and "Mohamad Chatah, senior adviser to Lebanese Prime Minister Fuad Saniora, says Lebanon must 'guard closely' against other groups siding with Hezbollah against Israel if fighting resumes." USA Today notes, "Lebanon is home to 18 religious and ethnic groups, many of which have formed political parties that maintain militias. Several were combatants in Lebanon's 1975-91 civil war."

Analysts Believe "Waning" US "Influence" Could Open Door To Iran, Radical Islam. A 1,008-word piece in the Christian Science Monitor (8/24, LaFranchi, 58K) details how US "leverage" has been "diminished" in the Middle East. Even before the recent Lebanon conflict, "American influence in the Middle East was seen to be waning, with the US bogged down in Iraq and the Bush administration's signature vision for the region - democratization - increasingly controversial." Now, "as the US joins international powers in attempts to bolster a shaky cease-fire in southern Lebanon, American leverage is seen by many to be even weaker. That could have deep consequences in a tinderbox region that has long looked to US leadership to pull it back from the brink, analysts say." With "America no longer setting the agenda as it once did, the way is clearer for other influences - for example, Iran and radical Islam - to move in." Experts believe the recent conflict "leaves the United States even more tarnished, particularly among moderate Arabs, because America was seen to be either ineffectual or snail-paced by design at stopping the fighting and destruction in southern Lebanon." One analyst said that while "many Lebanese were convinced that the US had turned to Lebanon as the next best symbol of the American project for Middle East democratization after" difficulties in Iraq, "in a few short weeks that pool of support, already rare in the region, dried up and has been replaced by more solidified assumptions about US support for Israel - and by broader support for Hizbullah."

Analysts Say Force's Focus Must Be On Disrupting Hezbollah's Arms Supply Line. The Washington Times (8/24, Behn, 88K) reports retired US Lieut. Gen. Daniel Christman "and other analysts warned yesterday that any deployment of international peacekeepers in southern Lebanon will be undermined unless troops focus on preventing Syria from re-arming Hezbollah." Christman told a press conference that "it was crucial that any international force have a clear mission and rules of engagement, including the use of deadly force, 'to prevent the entry into Lebanon of foreign forces, arms and related material. If the military cannot accomplish the mission of intercepting and

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interrupting the resupply of Hezbollah, then the mission of stabilizing Lebanon and providing the opportunity of political dialogue will fail.'" Also speaking was Washington Institute for Near East Policy senior fellow Michael Eisenstadt, who "warned that the re-arming of Hezbollah could spark renewed fighting."

Hezbollah's Reconstruction Promises Could Top $180 Million. The Washington Times (8/24, Enders, 88K) reports Hezbollah's work to repair the "15,000 houses or apartments" that "were destroyed" and "30,000" that "were damaged" during the conflict. "Over the weekend, Hezbollah began registering families for aid in Haret Hreik, a neighborhood in southern Beirut that housed Hezbollah offices and sustained severe damage," and the group "has been paying $12,000 in cash to cover a year's rent to families who apply -- and more if the family has more than eight members." A "western diplomat questioned" if Hezbollah could pay the $150-180 million that those pledges would entail, and "said the money Hezbollah was handing out came from Iran but offered no proof. Though Hezbollah receives money from Iran, many members of the group boast dual citizenships and collect money from inside Lebanon and from Lebanese supporters worldwide." The Times adds, "The Lebanese state, which estimates the damage to its infrastructure at $3.5 billion, is planning its own reconstruction efforts but must wait for international donations to come through. But for now, Hezbollah remains the most direct source of help."

Hoagland Asks France To Play Major Role In Border Force. In his Washington Post (8/24, A21, 748K) column today, Jim Hoagland writes an open letter to French President Jacques Chirac asking him to commit "to provide enough troops and leadership to make the new military stabilization force for southern Lebanon credible and effective." Such a move "is vital for Europe, for the Middle East and for France." Hoagland concedes that the US "will not put any of its troops into the force," and recognizes that "a French-led force would be a particular target for car-bombers and other assassins from Syria and its client Lebanese guerrilla organization, Hezbollah." Chirac's "determined efforts to eliminate Syria's control over Lebanon, to pursue the Syrian officials who assassinated your friend, former Lebanese prime minister Rafiq Hariri, and to deny Iran a nuclear weapon -- to say nothing of the extraordinary but merited public rebukes you have aimed at Syrian President Bashar al-Assad's government -- lend weight to [his] concerns."

Siniora Asks Rice For Help Ending Israeli Blockade. The Financial Times (8/24, MacDonald) reports Lebanese Prime Minister Fouad Siniora "on Wednesday urged the US to 'put pressure on Israel' to end the air and sea blockade that has persisted since the end of the war 11 days ago." He "said American help would be appreciated for reconstruction in the wake of" the conflict, and he "welcomed" President Bush's "promise this week of an aid package worth $230m (€180m, £122m) and said Lebanon would continue lobbying US Congress members for 'larger assistance.'"

The Washington Post (8/24, A14, Cody, 748K) adds Siniora's "appeal, which Beirut newspapers said was made to" Secretary Rice, "reflected growing irritation among Lebanese leaders at continued restrictions under which the Israeli military controls all air and sea transport in and out of the country despite the U.N. cease-fire that came into effect 10 days ago." Tel Aviv has said it "will lift the blockade only when international peacekeeping forces have deployed at Lebanese ports and airports to guarantee they are not used to import weapons for" Hezbollah. The Post adds, "The blockade has been particularly painful for Lebanon, whose economy depends on" unrestricted movements.

Amnesty International Says Israeli Actions Constitute War Crimes. The New York Times (8/24, Kifner, 1.21M) reports the human rights group Amnesty International "accused Israel on Wednesday of war crimes in its monthlong battle with Hezbollah, saying its bombing campaign amounted to indiscriminate attacks on Lebanon's civilian infrastructure and population." The group's report is quoted saying, "Many of the violations examined in this report are war crimes that give rise to individual criminal responsibility. They include directly attacking civilian objects and carrying out indiscriminate or disproportionate attacks." The Times adds, "Citing a variety of sources, the Amnesty International report said Israel's air force had carried out more than 7,000 air attacks, while the navy had fired 2,500 shells." The report "said the widespread destruction of apartments, houses, electricity and water services, roads, bridges, factories and ports, in addition to several statements by Israeli officials, suggested a policy of punishing the Lebanese government and the civilian population in an effort

DOJ_NMG_0052521

to get them to turn against Hezbollah." Israeli Foreign Ministry spokesman Mark Regev "categorically rejected the claim that Israel had 'acted outside international norms or international legality concerning the rules of war.' Unlike Hezbollah, he said, Israel did not target the civilian population, nor did it indiscriminately target Lebanese civilian infrastructure."

Israel Blames Refugee Convoy Attack On UNIFIL. An 1,803-word piece in the Washington Post (8/24, A14, Cody, 748K) details the controversy surrounding Israel's attack of a Lebanese refugee convoy on August 11. The attack "was one of the least understood and most tragic chapters of the" conflict. "For reasons still under dispute, a column of hundreds of cars carrying Lebanese troops and panic-stricken civilians from the border town of Marjayoun came under a sustained Israeli missile attack more than 30 miles north of the battle zone." Tel Aviv says it suspected the cars "were smuggling arms for Hezbollah fighters," and that it "had received a request for safe passage for the convoy from [UNIFIL] but that it had been turned down." UNIFIL officials "said that the request was granted." The Post notes the IDF "put responsibility for the killings on UNIFIL, saying U.N. officials ignored Israeli orders to" stop the movement.

Angry Israeli Reservists Protest Conflict's Preparations, Leadership. USA Today (8/24, Katz, 2.27M) reports, "Hundreds of Israeli army reservists set up a tent city outside the prime minister's office Wednesday to protest what they consider poor management of the war in Lebanon. Protesters held signs calling for the resignations of" Prime Minister Ehud Olmert, Defense Minister Amir Peretz and military Chief of Staff Lieut. Gen. Dan Halutz. Many "reservists have complained that Israel lost 118 soldiers and Hezbollah is still functioning, its leadership intact." Other "critics are demanding a broad state inquiry. Peretz has set up a commission to investigate the military's management of the war. Olmert says he is considering supporting a state inquiry." One critic said that "Israel underestimated Hezbollah," while another "says Israel should not have waited to launch a ground offensive." The prime minister "acknowledged 'failings and shortcomings' in an emotional speech to the Israeli parliament last week. He promised a thorough examination of how the war was conducted."

Video Of Kidnapped Journalists Released, Along With Demands. Fox News' Special Report (8/23, Hume) reported, "A previously unheard of group in Gaza released videotape of kidnapped Fox News journalist Steve Centanni and Olaf Wiig today in which the two men sounded and appeared to be in good shape. Their captors demanded that the US government release all Muslim prisoners in exchange for their freedom." Fox News (Rosen) added, "Provided first to al-Jazeera, the undated videotape was accompanied by an undated Arabic language statement from a previously unknown group calling itself the Holy Jihad Brigades." Attorney General Alberto Gonzales "called the situation tragic and pledged to work for the hostages' release, but also ruled out acceding to the kidnappers' demands." Attorney General Gonzales: "We have, as a general matter of course, as you know, a policy of not negotiating with kidnappers."

The release of a video tape of two Fox News journalists kidnapped in Gaza, as well as the accompanying demands, received heavy media attention. It was covered by all three major network newscasts as well as major papers. ABC World News Tonight (8/23, story 3, 2:40, Gibson, 8.78M) reported, "The previously unknown group, the Holy Jihad Brigades, said the two would only be freed in exchange for all Muslims held in US prisons. The group's statement is full of verses from the Koran and refers to the US wars in Afghanistan and Iraq. … To many, this is the language of al Qaeda. … The US government is demanding their immediate release, saying it will make no concessions to terrorists. The kidnappers did not say what will happen if their demands are not met." The CBS Evening News (8/23, story 4, 0:20, Schieffer, 7.66M) and NBC Nightly News (8/23, story 5, Williams, 9.87M) ran similar, albeit briefer reports.

The Los Angeles Times (8/24, King, 918K) reports that in "the first confirmation that they were alive and well since the brazen early evening abduction," two Fox News journalists kidnapped last week in the Gaza Strip, "appearing pale but calm…appealed in a videotape released today for steps to secure their release." The Holy Jihad Brigades "directed taunts at President Bush, saying that 'the dignity of a single Muslim is worth 20,000' of him." While "the kidnappers made no specific threats against the men if the demands were not met," they said, "this is a chance we are giving you, and God knows it might not be repeated." Currently, "the ruling Hamas movement, already under intense pressure from international sanctions and the Israeli military offensive, has repeatedly called for the release of the journalists and disavowed any knowledge of the kidnapping."

The Washington Post (8/24, A18, Struck, 748K) agrees, "The abduction has become a hot political issue within

DOJ_NMG_0052522

Palestinian groups, with leaders of both Hamas and Fatah pledging to find and release the journalists." The Post leads that the kidnappers' "language…ominously echoed kidnappers in Iraq." Their "rhetoric sought to portray the kidnapping as an act in a wider war between Islam and the United States." State Department spokeswoman Julie Reside said, "This kidnapping highlights the challenges and dangers to freedom of the press that journalists face every day as they seek to cover events in areas of conflict around the world."

The New York Times (8/24, Myre, 1.21M) adds," it was not immediately clear whether the group claiming responsibility was a real group or just a cover for an existing faction," and calls the kidnappings "another sign of the worsening security situation in Gaza one year after the Israelis pulled out." The Times notes "the State Department said it would not give in to the kidnappers' demands." The Washington Times/AP (8/24, Barzak) also covers this story.

Singh Says India Retains Right To Conduct Nuclear Tests. The AP (8/23) reports, "India's prime minister said Wednesday the country would retain its right to carry out future nuclear tests despite a civilian nuclear deal with the United States, a news report said. 'There is no scope for capping of our strategic (nuclear) program. It will be decided by the people, government and Parliament of the country and not by any outside power,' Press Trust of India quoted Prime Minister Manmohan Singh as saying in a statement in Parliament." Singh "also said India would not give any commitment that goes beyond a unilateral moratorium on future nuclear tests. If required by the circumstances, he said, India would have the sovereign right to take a decision on atomic tests in its national interest, PTI reported."

Chavez Seeks To Deepen Chinese Imports of Venezuelan Oil. In continuing reporting on Venezuelan President Hugo Chavez's mission to China, the Wall Street Journal (8/24, Gallegos, Winning, 2.03M) reports Chavez says his nation "aims to become a top oil supplier to China and plans to increase oil sales to the oil-thirsty economy to 500,000 barrels a day in 2009." He "is in the middle of a six-day trip to Beijing," where "he has signed deals for housing, mining, telecommunications and oil with Chinese companies." One "deal will consist of the purchase of 12 Chinese-manufactured oil-drilling rigs, which are expected to be produced by Baoji Oil Machinery Co., CNPC's largest oil-equipment maker by capacity." The firms "also will set up a joint-venture factory in Venezuela for the production of more drilling rigs." The Journal says Chavez "has sought to strengthen relations with Iran, Cuba, China and Russia, among others, to slowly reduce reliance on business dealings with the U.S.," and notes his nation "has a great demand for oil-drilling rigs for onshore and offshore development, given scant domestic manufacturing capacity." The AP (8/24, Wong) adds, "Chavez said Venezuela's growing relations with China are part of his government's efforts to create a 'multipolar' world to counter U.S. hegemony."

Doubts Cast On Asean Speeding Single Market. The Financial Times (8/24, Burton) reports the head of a group drawing up an institutional framework for the Association of South-East Asian Nations (Asean) "expressed doubts" Wednesday about plans to accelerate the creation of a single market for the region. Musa Hitam, a former Malaysian deputy prime minister, "said that Asean did not have an adequate organizational structure in place" to carry out the plan, which he regarded as "ambitious." Although the group this week agreed to advance the establishment of a common market to 2015, Musa "suggested that a single market could not be achieved unless Asean set up bodies to monitor and implement decisions and impose sanctions on recalcitrant members."

US Trade Chief To Sign ASEAN Pact, Urges Action On Myanmar. The AP (8/24) reports US Trade Representative Susan Schwab said Wednesday a trade pact to be signed with ASEAN nations this week is "a great boost to economic relations, but she urged the bloc to do more to push Myanmar toward democracy." In an interview with the AP, Schwab said, "The US is still very uncomfortable with policies of that government relating to treatment of its own citizens. That said, we do not want our concerns of Burma to jeopardize our broader relations with ASEAN."

Schwab To Visit China, Push Trade Agenda. The AP (8/24) reports US trade chief Susan Schwab says she will make a three-day visit to China starting Sunday "to further strengthen bilateral economic relations in efforts to help cut America's record trade deficit, and push the Asian nation to curb intellectual property thefts." In an interview with the AP, Schwab said that during a meeting with China's Commerce Minister Bo Xilai in Beijing she "also hopes to discuss China's role in helping to restart stalled World Trade Organization talks." Schwab "hailed" initial efforts by the Chinese to crack

DOJ_NMG_0052523

down on the theft of US copyrights and patents, calling it "an important step in the right direction."

Canada Confirms New Case Of Mad Cow Disease. Canada announced Wednesday that it has discovered the nation's eighth case of mad cow disease. The Wall Street Journal (8/24, B2, 2.03M) reports the Canadian Food Inspection Agency said the animal was "a mature beef cow between eight and 10 years old" from Alberta. Based on the animal's estimated age range, exposure to the disease "likely occurred either before the introduction of Canada" tighter animal-feed restrictions in 1997 or during its early implementation." An investigation is under way to determine where the animal was born.

USA Today (8/24, D7, 2.27M) quotes J. Patrick Boyle of the American Meat Institute as saying the news "shows that Canada's surveillance system is working to target and eliminate any remaining cases of [mad cow disease] in the country," says.

The Washington Times/AP (8/24) notes that last month the United States "suspended plans to increase imports of beef and cattle from Canada over concerns about an infected cow born in 2002, five years after Canada enacted safeguards against mad cow disease."

Johanns Seeks To Assure Privacy Of National Livestock ID Program. The AP (8/24, Twiddy) reports Agriculture Secretary Mike Johanns assured livestock owners Wednesday that information collected in a planned animal identification program "will be kept confidential and used only in the event of a disease outbreak." Speaking before a conference on animal identification technology and policy, Johanns "acknowledged that farm owners choosing not to register their animals would create significant gaps in the system, making it harder to track a diseased animal and the animals with which it came into contact."

US To Test Rice As EU Blocks Modified Imports. USA Today (8/24, D9, Weise, 2.27M) reports the European Union said Wednesday that it would require that "all long-grain rice imported from the USA be certified as free of unauthorized genetically engineered grains." This week, Japan also suspended long-grain rice imports from the US after Agriculture Secretary Mike Johanns announced Friday that trace amounts of modified rice had been found in the US rice supply.

Meanwhile, the Financial Times (8/24, Buck, Cameron) notes US officials Wednesday said they were "close to implementing a new testing regime" for rice exports after the EU made its announcement. "We are in the final stages of having a validated test available," USDA spokesman Ed Loyd said. He called Wednesday's action by the EU "very measured and reasonable," but noted that other large export markets such as Mexico and Saudi Arabia had so far not called for testing.

The Wall Street Journal (8/24, A2, Von Reppert-Bismarck, 2.03M) says the EU's ruling is "likely to strain trade relations between Brussels and Washington, which says the rice poses no health risk, and to raise questions of how to control the spread of biotech crops that are very unpopular in Europe." The New York Times(8/24, 1.21M) and Los Angeles Times/AP (8/24) also report on the announcement by the EU.

Thailand Arrests North Korea Refugees. The Washington Times (8/24, Salmon, 88K) reports, "Thailand's police rounded up 175 North Korean defectors -- mainly women and children -- in a raid on a Bangkok suburb Tuesday, an incident that has cast light on the Southeast Asian nation's increasingly popular status as a refuge for defectors from Kim Jong-il's regime." While "South Korea has been highly sensitive about the arrival of large numbers of defectors since Seoul airlifted 468 defectors from Vietnam in 2004" and "sparked fury in Pyongyang, damaging ties between the two capitals for months." However, "South Korea's Grand National Party, the conservative opposition, objects to the government's low-key approach," with national assembly member Song Young-sun saying they should "put the North Korean people first, not the Kim Jong-il regime."

Ukrainian PM Promises Government Won't Siphon Gas From Russian Pipelines. The New York Times (8/24, Kramer, 1.21M) reports, Ukraine's new prime minister, Viktor F. Yanukovich, has promised that his government will refrain from siphoning natural gas from Russia's export pipelines to meet Ukraine's shortfall this winter, a practice that has incensed Russian officials who characterize it as stealing." The Times says, "The move was a concession, of sorts, to Russia -- Ukrainian officials had never publicly admitted taking the gas without paying -- but one also likely to ease worries in Western Europe over the security of energy supplies this winter."

DOJ_NMG_0052524

Child Labor On The Rise In Africa. The New York Times (8/24, Wines, 1.21M) reports, "By the United Nations' latest estimate, more than 49 million sub-Saharan children age 14 and younger worked in 2004, 1.3 million more than at the turn of the century just four years earlier." They work as "prostitutes, miners, construction workers, pesticide sprayers, haulers, street vendors, full-time servants, and they are not necessarily even paid for their labor." The "numbers in Africa grow even as the ranks of child laborers are dropping by the millions in every other region of the world." This is due to "the region's economic plight," as well as "social mores that regard hard work by children as the norm, and conflicts that scatter families and kill breadwinners." Also, "the staggering H.I.V. rate" and "the region's population explosion" contribute. Notably, "overwhelmingly…what drives children into work is not greed but privation. Young people here largely work to feed themselves or their parents, or both."

China Pushing Tibet To Slaughter Yaks. The Wall Street Journal (8/24, A1, Areddy, 2.03M) reports, "Beijing's nationwide goal is to halt two decades of creeping inequality between urban and rural income," as "the Communist Party recognizes that its future depends on keeping people happy in the countryside." Duan Xiangzheng the "Chinese Communist Party official charged with stimulating the economy" in Tibet, "is pushing for the systematic slaughtering of yaks to kick-start a meat-packing industry." However, "Tibetans are protective of their distinctive Buddhist culture, which abhors the killing of animals. Many are suspicious of Chinese interference and some see the economic integration." Duan says the slaughter "makes economic sense and is an 'inevitable' development," adding that "emotion is unsuitable for the slaughterhouse industry he envisages." Yaks, sheep and cows are key to his goal of "50% GDP growth this year and a quadrupling of the local economy over five years." Also, the area's government "cites a need to fill its budget deficit."

Will Praises Changes Koizumi Brought To Japan. George Will writes in his column in the Washington Post (8/24, A21, 748K), "Prime Minister Junichiro Koizumi's tenure, which ends next month, has been more remarkable than perhaps most Japanese comprehend." In putting Japan Post on a 10-year path to privatization, "he had to threaten to 'destroy' the LDP," his party. In "a Koizumi-engineered domestic political earthquake," he called a snap general election, "endorsing rival candidates against all 37" LDP members of the upper house of the Diet that blocked privatization, "and most of those he endorsed won." He "has introduced into Japan something like presidential politics -- personal and charismatic, claiming a national mandate superior to mere parliamentary majorities." As a result, "Japan is recovering its vitality partly because it is becoming somewhat less Japanese." There are "three things…that suggest Japan's evolved economic engagement with the world." This year U.S. consumers "for the first time bought more cars and trucks built by foreign manufacturers, mostly Japanese, than by the three domestic manufacturers. Second, Toyota outsold Ford in July." Finally, "nothing then happened: There was no American political turbulence."

WSJournal Urges Mexican Tribunal To Stand Up To "Obrador's Bullying." The Wall Street Journal (8/24, 2.03M) editorializes, "Mexico was a beacon unto the world last month," but "Mexico may be on the brink of undoing a generation of hard-won political reform." López Obrador "has refused to accept…reality," and "while a negotiated settlement with the López Obrador camp might seem an expedient to bring peace, the opposite is more likely. The message it would send to Mexico's political factions is that taking to the streets trumps serious politics as the way to get things done. It may have already." The federal electoral tribunal's upcoming decision on the election "is a crucial test for Mexican modernity," and "should the judges complete their lawful duties by September 6 without bending to Mr. López Obrador's bullying, Mexico will have earned international respectability. If, however, the court succumbs to the temptation to appease the politics of the streets, an era of instability may commence."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"City Hall Insider Accused Of Bribery."
"Stem Cell Advance Spares Embryos."
"Drop In Illegal Border Crossings A Sign Of Success, Bush Aide Says."
"A Legend Of Words Is Toppled By His Own."
"He Shows Mercy To The Dead."

DOJ_NMG_0052525

"Schwarzenegger Robs Angelides Of Some Key Issues."

USA Today:

"Checked Luggage Strains Security."
"Cease-Fire Collapse Could Draw Other Militias Into The Conflict."
"Could Walk-In Retail Clinics Help Slow Rising Health Costs?"

New York Times:

"In New Method for Stem Cells, Viable Embryos."
"Some in G.O.P. Say Iran Threat Is Played Down."
"Gaza Captors Of 2 Newsmen Pressure U.S."
"Africa Adds To Miserable Ranks Of Child Workers."
"Storm's Escape Routes: One Forced, One Chosen."

Washington Post:

"'Shiite Giant' Extends Its Reach."
"Bush's New Iraq Argument: It Could Be Worse."
"Allen Calls Webb Aide, Apologizes For Remark."
"A Tough Trip To A Blast On The Bridge."
"New Method Makes Embryo-Safe Stem Cells."
"U.S. Spy Agencies Criticized On Iran."

Washington Times:

"Home Prices Fall; Sales Plummet."
"Iran's 'Serious Offer' On Table."
"Steele Gaining Blacks Support."
"Bush Guest-Worker Plan Lacks Support."
"Embryos Preserved In Stem Cell Creation."
"Cuban Group Starts Counting Castro's Dead."

Detroit Free Press:

"Is Ford In Alliance Mix? Making Sense Of It All."
"Variety Is The Main Attraction At State Fair."
"Don't Hoot: City Considers Owls To Pick Off Pesky Rats."
"DCX Puts Dealers In A Bind."

Atlanta Journal-Constitution:

"US Digs Deep Into Reserves For War."
"Bush Cook To Iran's Offer."
"I Confess."
"Bush Cool To Iran's Offer."

Houston Chronicle:

"Why HPD Hit The Brakes On Police Chases."
"New Stem Cell Method Keeps Embryos And Debate Alive."
"Restaurant Owners Now Want Smoke Free Bars."
"Kidnappers' Demand May Point To Risky Trend For US."
"FEMA Ready For The Next One, Chief Says."

Story Lineup From Last Night's Network News:

ABC: Housing Market; Stock Markets; Hostages-Gaza; Iran Nuclear Testing; Hussein's Second Trial; Iraq Violence; Airplane Scare; White House Guest; Cruise Paramount Breakup; Stem Cell Breakthrough; Medicare Mix Up; Cell Phone Obsession.

CBS: Housing Market; Buyer's Market; Medicare Mix Up; Hostages In Gaza; Airplane Scare; US Response-Iran; Cruise Paramount Breakup; Stem Cell Breakthrough; Identity Theft; Barbaro Recovery.

NBC: Housing Market; Buyer's Market; Stock Markets; US Response-Iran; Hostages In Gaza; Hussein's Second Trial; Stem Cell Breakthrough; Politics Online; JonBenet; Immigration Issue; Mind Set List; Cruise Paramount Breakup.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Housing Market; JonBenet; Iraq Violence; Stock Markets.

CBS: Iran-Nuclear Talks; Stem Cell Breakthrough; Medicare Mix Up; New Orleans Hospitals; WA-Wildfires; Thunderstorms-Lake Michigan.

NPR: Annan-Cease-Fire Tour; Jesse Jackson-Mideast Trip; Tropical Storm Debby; BP-Oil Production Concerns; Housing Market; Stock Markets; Bush-Katrina; Louisiana-Hurricane Insurance Claims; Ben & Jerry's-Egg Supplier.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Departs White House en route Kennebunkport, Maine.

VICE PRESIDENT CHENEY — Speaks at a reception for Rep. Steve Chabot and Ohio Victory 2006, Private residence, Cincinnati.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: INFRASTRUCTURE PROTECTION _ The InfraGard National Members Alliance and the FBI hold a conference to discuss the protection of and potential threats to national and global critical infrastructures. Highlights: 7:45 a.m. Session with National Guard Bureau Chief lt. Ge. Steven Blum, Assistant FBI Director John Miller, and David Gord, Assistant Commissioners, Royal Canadian Mounted Police. 11:30 a.m. Keynote speaker - Agriculture Secretary Johanns,

DOJ_NMG_0052526

followed by Assistant DHS Secretary Bob Stephan. Location: Washington Renaissance Hotel, 999 9th St. NW.

DISASTERS-RESPONSE _ 10 a.m. The Heritage Foundation holds a panel discussion on the grassroots response during disasters, with keynote speaker James Gilmore III, and Becky Baum of the Mississippi Finance and Administration Department, Lt. Col. Pete Schneider of the Louisiana National Guard, Lisa Hamilton of United Parcel Service, others. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

DEMOCRATS-KATRINA _ 11 a.m. Reps. Henry Waxman and Dennis Cardoza hold a telephone briefing to announce formation a truth squad concerning the GOP-controlled Congress and the Bush administration. Contacts: Brendan Daly, 202-226-7616. Notes: Callin number: 800-857-9091; passcode: waste.

IMMIGRATION _ 12 p.m. The Center for Immigration Studies holds a panel discussion to assess the progress of immigration enforcement, with Gerri Ratliff of DHS, John Hermann of Form I-9 Compliance, others. Location: Suite 820, 1522 K St. NW.

MIDEAST _ 12:15 p.m. The New America Foundation holds a program on American policy on Iran, Iraq, Lebanon and Palestine/Israel, with James Dobbins of Rand Corp., others. Location: 7th floor, 1630 Connecticut Ave. NW.

9/11 AVAILABILITIES _ 1 p.m. The Defense Department's Washington Headquarters Services Communications Department holds one in a series of availabilities to assist media organizations with Sept. 11 fifth anniversary efforts, such as getting B roll, interviews, etc. Location: Pentagon.

SOUTH AFRICA _ 1:15 p.m. AIDS activists hold a demonstration demanding that the South African health minister be fired over the deaths of prisoners. Location: In front of the South African Embassy, 3051 Massachusetts Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, AUGUST 24, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

FBI Searches Office Of Maryland Physician In Tamil Tiger Probe 3
Northwest Airlines Flight Escorted Back To Amsterdam, 12 Passengers Arrested ... 3
Airline Bomb Plot Again Raises Questions About Charity Links To Terrorism ... 3
Poll Finds Americans Think Media Stories Have Hurt Anti-Terror Efforts ... 4
NYTimes Criticizes Judge Taylor For Not Revealing Links To ACLU ... 4
FBI Investigating Alleged Bomb Threat By WA Inmate Claiming Al Qaeda Link ... 4
DOJ Suit Against Maine PUC Said To Mark New Aggressiveness ... 5

Homeland Response:

Bush Says Gulf Coast Rebuilding Will Take Time ... 5
Hawley Says There Are No Plans Yet To Ease Security Procedures ... 7

War News:

Bush Administration Seen As Turning Pessimistic About Iraq ... 7
White House Carefully Responds To McCain Statements ... 7
Biden Reiterates Five-Point Plan For Iraq ... 8
Pentagon General Says Tehran Funding, Training Iraqi Insurgents ... 8
Roadside Bomb Nearly Kills Iraqi Interior Minister ... 8
Marine Investigator Said Haditha Shootings Appeared Appropriate ... 8
Marine Reservists, Including Hackett, Fear They May Be Called Up ... 8
Third Day Of Testimony In Saddam Genocide Trial ... 9
Carroll Recounts Tension With Guards As Captivity Dragged On 9
NYTimes Says US Must Focus On Continuing Afghanistan War . 9

DOJ:

Cohen Tapped As New US Attorney For Alaska ... 9

Corporate Scandals:

Enron Prosecutor To Head Case Against Nacchio ... 10
Quattrone Could Claim $100 Million Payout ... 10
Spitzer's Civil Suit May Settle Debate Over Grasso Legacy ... 10
Former Mills Corp CEO Claims Firm Ignored Accounting Alerts. 11
ePlus Gets Second Listing Warning From Nasdaq ... 11

Criminal Law:

Judge Orders DOJ To Probe Leak In AIPAC Spy Case ... 11
Dow Employee Charged With Selling Chemical Secrets To Chinese Firms ... 11
Ramsey Suspect's Family Offers To Sell Story To Pay For Karr's Defense ... 12
Former U Of MD Basketball Star Sentenced In Gun Incident ... 12
Former DC Teachers Union Official Denied Sentence Delay ... 12
Former Georgia School Official To Begin Sentence For Embezzlement ... 13
Judge Delays "Operation Backfire" Trial ... 13
Louisiana Man Found Guilty In Post Office Anthrax Hoax ... 13
Key Figure In Ex-Mayor Hahn's Administration Pleads Not Guilty13
Georgia Democrats Seek Federal Probe Of Governor's Florida Land Deal ... 13
Coach Among Dozens Arrested In Indiana Internet Child Sex Sting ... 14
Hornsby Critics Say School Board Enabled Alleged Corruption . 14
Utah AG Seeks More Resources For Jeffs Search ... 14
Judge Denies New Mexico Treasurer's Request To Change Retrial Venue ... 14
Western New York Union Officials Sentenced To Prison For Extortion Scheme ... 14
Tennessee State Senator Indicted On Fraud Charges ... 15
Alabama Mayor Defeated Amid FBI Corruption Probe ... 15
Former Inmate Testifies Senior Gotti Bankrolled Jailhouse Drug Deal ... 15
New York Financial Adviser Pleads Guilty In $3 Billion Ponzi Scheme ... 15
CNET Official Says She Misspoke About Support for Data Retention Bill ... 15
DC Police Continue Probe Of Attorney's Murder ... 16
State Laws Shield Pets From Domestic Violence ... 16

Civil Law:

AT&T Sues Data Brokers Over Fraudulent Account Access ... 16

Civil Rights:

Jury Deliberates Charges Against Owners Of Labor Camps ... 17
DOJ To Probe Juvenile Detention Center In Indiana ... 17
Alabama Rules State Cannot Stop Ex-Felons From Voting ... 17

Indianapolis Man Sentenced For Human Trafficking..... 17
Maryland Prisons Chief Resigns Amid Criticism..... 18
DC Shifts Group Home Death Probes In-House 18
Baltimore Election Board Mailed Early-Voting Letters Despite Ruling 18

Antitrust:

Weyerhaeuser, Domtar To Merge Paper Businesses..... 18
Judge Approves $28.8 Million Settlement In 3M Antitrust Suit.... 19
Apple To Pay $100 Million To Settle iPod Dispute 19
Rite Aid Nears Deal For Eckerd, Brooks Chains 19
IBM Adds Internet Security Firm To Buying Binge 20
Tech Giants Clash In Wireless Internet Battle 20
Judge Upholds Patent Verdict Against Microsoft, Autodesk 20

Environment:

Consultant Warned BP Of Accelerated Pipeline Corrosion..... 21

FBI/DEA/ATF/USMS:

Corps Of Engineers Investigating Decision To Seek FBI Probe Of Activist..... 21
Agent Testifies FBI Tried To Flip Alleged Cuban Spy 21
Colombian Drug Suspect Extradited To US Is Held Without Bail 22
Colombian Government Peace Agreement Suspends Alleged Drug Trafficker's Extradition To US 22
Grand Jury In Kansas City Indicts 12 In Heroin Case 22
ATF Probes Fire At Michigan Temple..... 22

Immigration:

Chertoff Says Enforcement Measures Reducing Illegal Immigration 22
Firms Sue Competitors Who Hire Illegal Immigrants..... 23

Tax:

IRS Warns Taxpayers About Fake Debt Collectors 23

Congress-Administration:

Specter Angry Over ABA Rating Of 5th Circuit Nominee..... 24
US Trade Promotion Programs Face Budget Cuts 24
New Hardship Bidding Rules Would "Shake Up" Foreign Service24
Byrd Criticizes Republicans For Labeling Critics "Obstructionists."..... 24
Medicare Overhauls Payment Policy On Pharmacy Produced Drugs 25
Medicare Mistakenly Refunds $50 Million 25
Omission Of Evolutionary Biology From SMART Grant Eligibility Sparks Suspicion 25
NYTimes Says Welfare Reform An Ongoing Process 25

Other News:

Slowing Sales Indicate Cooling Housing Market 25
Company Says It Has Developed Stem Cell Research Method That Preserves Embryos 26
Clinics Seen As Solution To Rising Health Costs..... 27
Economists Urged Not To Use Fixed-Supply Commodities As Inflation Indicator..... 27
Some Groups Step Up Lobbying Expenditures..... 28
Murkowski Joins Roster Of Incumbents Defeated In Primaries .. 28
Lieberman Qualifies For Connecticut Ballot 28
Allen Apologizes To Webb Aide Sidarth 29
Russell Simmons Endorsement Could Boost Black Support For Steele 29
Political Ad Spending On Record Pace 29
Waning Edge In Polls Seen As Reason Behind New Casey Strategies..... 29
McCain Would Be Oldest Ascending President In History 30
Parties Urged To Reduce Weight On New Hampshire Primary.. 30
State Groups Cut Ties With National Christian Coalition..... 30
RNC Criticizes Liberal Blogger Kos 30
Pennsylvania Court Rules Nader Must Pay $80,000 In Court Costs Over 2004 Run 30
Bredesen Seeking Treatment For Unidentified Illness 30
House Report Says US Lacks Key Intelligence On Iranian Nuclear Program..... 31
Administration Says Iranian Response On Nuclear Program "Falls Short."..... 32
Europeans Struggle In Effort To Staff Lebanon Border Force 34
Siniora Asks Rice For Help Ending Israeli Blockade 36
Amnesty International Says Israeli Actions Constitute War Crimes..... 36
Video Of Kidnapped Journalists Released, Along With Demands36
Singh Says India Retains Right To Conduct Nuclear Tests 37
Chavez Seeks To Deepen Chinese Imports of Venezuelan Oil.. 37
Doubts Cast On Asean Speeding Single Market..... 37
Canada Confirms New Case Of Mad Cow Disease..... 38
US To Test Rice As EU Blocks Modified Imports..... 38
Thailand Arrests North Korea Refugees..... 38
Ukrainian PM Promises Government Won't Siphon Gas From Russian Pipelines 38
Child Labor On The Rise In Africa 39
China Pushing Tibet To Slaughter Yaks..... 39
Will Praises Changes Koizumi Brought To Japan 39
WSJournal Urges Mexican Tribunal To Stand Up To "Obrador's Bullying." 39

The Big Picture:

Headlines From Today's Front Pages 39

Washington's Schedule:

Today's Events In Washington 40

DOJ_NMG_0052529

TERRORISM NEWS:

FBI Searches Office Of Maryland Physician In Tamil Tiger Probe. The AP (8/24, Dishneau) reports, "The FBI has seized documents and computer files from a Cumberland (MD) physician whose Sri Lankan relief organization is suspected of raising funds for the Tamil Tigers, a rebel group known for suicide bombings that is on the State Department's list of foreign terrorist organizations." The AP continues, "Dr. Nagaratnam A. Ranjithan, a kidney disease specialist who has practiced in the western Maryland city for 30 years, said Wednesday that FBI agents returned to him late Tuesday five computers they had removed from his medical office on Monday. He said the agents also made photocopies of documents they found in his home pertaining to his group, the Tamils Rehabilitation Organization. … Ranjithan is president of the organization's U.S. branch, which he said he founded in 1994." The AP adds, "Robert Nardoza, a spokesman for the U.S. Attorney's Office in the Eastern District of New York, which is investigating suspected links between the Tigers and the TRO, declined to comment on the government's dealings with Ranjithan. … In a telephone interview with The Associated Press on Wednesday, Ranjithan denied that the TRO funnels money to the Tigers, known formally as the Liberation Tigers of Tamil Eelam or LTTE. But he said the Tigers sometimes direct TRO relief workers to civil-war refugees and tsunami victims in northeastern areas of Sri Lanka controlled by the insurgents. … 'They say, "You go to this road and turn left and there are 16 families there,"' Ranjithan, a 60-year-old Sri Lankan immigrant, said. 'If the TRO doesn't take care of those people, then who else will?'"

The Baltimore Sun (8/24, Reddy) reports, "The search came in the midst of a global investigation that has led to the arrests of 14 men. One group is accused of plotting to buy sophisticated weapons for the Tigers. Another group of defendants is accused of attempting to persuade State Department officials to remove the group from its terrorist list with a $1 million bribe." The Sun continues, "FBI officials would not say if any of the defendants have TRO connections. At least one defendant is linked with the TRO in the criminal complaint unsealed Monday. Ranjithan, who said he was questioned by the FBI, adamantly denied that any TRO money goes to support the Tigers, saying that all of it is used for relief and refugee work in the Tiger-controlled areas."

Congressman Took Sri Lanka Trip Funded By Tamil Tigers. In a story distributed by McClatchy, the Chicago Tribune (8/24, Zajac, Dorning, 623K) reports, "Chicago congressman Danny Davis and an aide took a trip to Sri Lanka last year that was paid for by the Tamil Tigers," and the "trip came under new scrutiny this week following the arrests of 11 supporters of the organization on charges of participating in a broad conspiracy to support the terrorist group through money laundering, arms procurement and bribery of U.S. officials. … Davis said he believed that the trip…was paid for by the Tamil federation," which "Davis said he knew…was 'associated' with the Tamil Tigers but did not realize that the trip's costs were covered with funds controlled by the rebel group." The Tribune notes," As recently as this past Saturday, Davis talked in Chicago with a supporter of the Tamil Tigers," Murugesu Vinayagamoorthy, "who was among 11 people arrested" in the FBI probe.

Northwest Airlines Flight Escorted Back To Amsterdam, 12 Passengers Arrested. ABC World News Tonight (8/23, story 7, 0:15, Gibson, 8.78M) reported, "Tense moments today for a Northwest Airlines flight to India. Dutch fighter jets has to escort the plane back to Amsterdam, after the pilot radioed for help, saying some passengers were behaving suspiciously. They were passing cell phones around during takeoff. The plane landed safely and a dozen passengers have been arrested." The Washington Times (8/24, Hudson, 88K) says "the preliminary charges against the passengers are unknown, but a Dutch judge will decide today whether formal charges will be filed."

The CBS Evening News (8/23, story 5, 3:10, Schieffer, 7.66M) reported, "A US official tells CBS News the suspects appeared to be together, had Middle Eastern names, and passed around a cell phone during the flight. Today's incident has underlined, again, just what a hair-trigger airline and law enforcement officials are on these days. And from what our Bob Orr discovered today, they're about to get even more aggressive."

The New York Times (8/24, Simons, 1.21M) reports, "There was no immediate suggestion that the incident was linked to terrorism." But "the crew's reaction suggested increased nervousness since the British police said this month that they had foiled a plot to blow up planes over the Atlantic."

Airline Bomb Plot Again Raises Questions About Charity Links To Terrorism. The New York Times (8/24, Fisher, 1.21M) reports from London, "Once again, with another alleged terror plot that has a possible connection to a charity, the question is being asked here, with more urgency: To what extent do Muslim charities — on the surface noble and selfless — mask movements and money for terrorists and extremist groups? The question has…no precise answer," but "charitable groups, experts agree,

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continue to play a role in the financing and operations surrounding terrorist groups and plots." However, "with more scrutiny since the Sept. 11 attacks -- demonization, the charities say -- the role of charities seems to be changing: diminishing somewhat but also growing more subtle and harder to detect."

Court Allows British Police To Hold Terror Suspects For An Extra Week. The New York Times (8/24, Cowell, 1.21M) reports, "The High Court granted the British police late Wednesday an extra week to question most of the 11 suspects still being held without charge in connection with what the authorities have called a plot by Islamic radicals to bomb trans-Atlantic airliners." But "one suspect was set free, The Press Association and Sky News reported. They identified him as Tayib Rauf, 22, the brother of a suspect arrested in Pakistan who was described by the authorities there as a 'key player' in the plot." The court's decision "represented the first time that terror suspects have been held without being charged beyond the 14-day limit previously allowed under British rules. Earlier this year, a new law came into force permitting 28 days of detention without charge."

Poll Finds Americans Think Media Stories Have Hurt Anti-Terror Efforts. The Washington Times (8/24, Carr, 88K) reports, 'Most Americans think that news organizations have hurt national-security interests by revealing that the government has examined the bank records of Americans with suspected ties to terrorists." That finding in a Pew Research Center for the People & the Press poll "contradicts another finding from the same poll: Even more people think such news stories 'told citizens something they should know about.' By a margin of 50 percent to 34 percent, Americans said news organizations hurt the nation by exposing the bank monitoring program, according to the Pew poll." But "65 percent of the same 2,003 persons polled also said the stories were worth knowing." That "contradiction underscores the growing tension between press freedoms and the government's growing penchant for secrecy, legal and media analysts say."

NYTimes Criticizes Judge Taylor For Not Revealing Links To ACLU. The New York Times (8/24, 1.21M) editorializes, "When Judge Anna Diggs Taylor was given the job of deciding whether the Bush administration's wiretapping program was unconstitutional, she certainly understood that she would be ruling on one of the most politically charged cases in recent history. So it would have been prudent for her to disclose any activity that might conceivably raise questions about her ability to be impartial. Regrettably, it was left to a conservative group, Judicial Watch, to point out her role as a trustee to a foundation that had given grants to a branch of the American Civil Liberties Union, a plaintiff in the case." Judge Taylor's "role at a grant-making foundation whose list of beneficiaries includes groups that regularly litigate in the courts is…disquieting -- and, even worse, it is not all that unusual for a member of the judiciary."

Former DOJ Officials Take Issue With NSA Ruling. In an op-ed for the Washington Times (8/24, 88K), David B. Rivkin Jr. and Lee A. Casey, who served in the Justice Department under Presidents Reagan and George H.W. Bush, write, "Judge Anna Diggs Taylor's recent opinion striking down the National Security Agency's terrorist surveillance program is neither an accurate statement of what the law is nor of what it should be. To her credit, Judge Taylor made no secret of how she approached this case. … Early in her opinion she refers to 'the War on Terror of this administration.' In other words, this is not her war and it's not America's war, it's George W. Bush's war, and the judge was clearly determined to hold at least one aspect of that war -- the NSA surveillance program -- unconstitutional. She did so based on a deeply flawed rationale." They add, "Standards aside, the logical implications of Judge Taylor's First Amendment conclusions are unprecedented. If the NSA program's very existence impermissibly 'chilled' plaintiffs, several advocacy groups, lawyers and journalists, in speaking with known or suspected terrorists overseas, and the terrorists in speaking with them, then the government can never intercept foreign intelligence -- with or without congressional approval or a warrant -- unless it also can show that the program is narrowly tailored to serve a compelling interest. The courts rarely find this standard to be met."

FBI Investigating Alleged Bomb Threat By WA Inmate Claiming Al Qaeda Link. The AP (8/24) reports, "An anti-terrorism task force is investigating a man's reported jailhouse claims of ties to al-Qaida and a plan to blow up a state Department of Social and Health Services building. While in the Spokane County Jail earlier this month, the 18-year-old reportedly told fellow inmates that he also intended to set off a bomb at the upcoming Pig Out in the Park event and set off a second device when police responded, authorities said Wednesday. Evidence recovered so far after three search warrants were served includes two loaded ammunition clips for an AK-47 semiautomatic rifle and a laptop computer reportedly containing an al-Qaida training manual, said Norm Brown, a spokesman for the Inland Northwest Joint Terrorism Task Force," which "includes FBI agents and officers from other agencies." However, Brown said that "the young man has 'denied making terrorist threats.'"

The Spokane Spokesman-Review (8/23, Morlin) added, "Agents also recovered a GPS locator device, maps, a mask

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and other 'survivalist-type' gear, but no bomb-making components or firearms, Brown said." The inmate, Anthony Garver, "currently is in custody at Eastern State Hospital where he is undergoing a 90-day mental evaluation as part of an 'involuntary commitment,' Brown said." KXLY-TV Spokane (8/23, Meany) noted, "So far the FBI says it is only investigating this alleged bomb plot and no arrests have been made."

DOJ Suit Against Maine PUC Said To Mark New Aggressiveness. The Portland (ME) Press-Herald (8/24, Kesich) reports, "A lawsuit aimed at preventing the Maine Public Utilities Commission from inquiring into Verizon Communication's alleged cooperation with a domestic surveillance program marks a new level of aggressiveness by the federal government, privacy advocates say." The Press-Herald continues, "Maine is the third state to be sued in federal court for looking into charges that telecommunications companies cooperated with the government in warrantless wiretapping and data mining programs. … Unlike the other states that have been sued, however, Maine has never opened an investigation into the program. … In fact, in a decision that disappointed privacy advocates, PUC Chairman Kurt Adams only asked that a Verizon executive affirm the truth of statements made in press releases last spring that denied any illegal activity. The PUC did not require the company to produce any new information." The Press-Herald adds, "In its lawsuit, the U.S. government said the company could not comply with the order without endangering national security. … 'The United States will be irreparably harmed if Verizon is permitted or is required to disclose sensitive and classified information to the (PUC).' … The attempt to prevent even that level of scrutiny shows that the government is using the protection of state secrets as a weapon, said Shenna Bellows, executive director of the Maine Civil Liberties Union. … 'They are going after people before they have done anything,' she said. 'Frankly, we feel that the lawsuit is without merit, and we hope the PUC will resist the actions of a bully and proceed with an investigation into whether Mainers' privacy rights were violated.'"

HOMELAND RESPONSE:

Bush Says Gulf Coast Rebuilding Will Take Time. The AP (8/24, Loven) reports President Bush "cautioned against placing too much importance on the first anniversary of Hurricane Katrina's Gulf Coast strike, saying a long, sustained rebuilding effort is still needed." Bush said, "It's a time to remember that people suffered and it's a time to recommit ourselves to helping them. But I also want people to remember that a one-year anniversary is just that, because it's going to require a long time to help these people rebuild." Bush "spoke on the South Lawn of the White House after meeting in the Oval Office" with Rockey Vaccarella St. Bernard Parish, Louisiana, "who lost his home in the storm." Vaccarella "has been traveling the Gulf Coast region to mark the Katrina anniversary."

The Washington Times (8/24, Dinan, 88K) and Bloomberg (8/24, Runningen) run similar accounts of the President's comments yesterday, but Vaccarella's appearance with Bush was the focus of much of the national media reporting. Some of the stories were mildly critical, noting reporters had not been told before the event that the Louisiana resident was a partisan Republican and Bush supporter.

ABC World News Tonight (8/23, story 8, 1:45, Gibson, 8.78M) reported on "a curious scene at the White House today." ABC (Tapper) added, "It was billed as President Bush meeting a regular guy with a simple message." Bush was shown saying, "He decided to come up to Washington, D.C., and make it clear to me and others here in the government that there's people down there still hurting. In south Louisiana, and along the Gulf Coast. Amazing country, isn't it?" Vaccarella: "It is. You know, it's really amazing when a small man like me from St. Bernard Parish and meet the President of the United States." ABC added, "A film crew is following him as he made his way in his FEMA trailer to Washington, D.C. Last year, he rode out Hurricane Katrina on his roof while holding onto a rope for four hours. Later, he boarded a boat to help rescue others. Today, he seemed to be trying to rescue President Bush whose popularity was damaged by the government's late and inept response to Katrina." Vaccarella: "I wanted to thank President Bush for the millions of FEMA trailers that were brought down there. They gave roofs over people's head. And I just don't want the government and president Bush to forget about us. And I just wish the President could have another term in Washington." Bush: "Wait a minute." Vaccarella: "I wish you had another four years, man." ABC continued, "It turns out he's not only a supporter of the President, he's run for office before, as a Republican. Though, the White House insists it knew nothing about that." Bush: "Good man. Thank you all."

The New Orleans Times-Picayune (8/24, Alpert), in a piece titled "Hail to the Chief," says Bush, "who has suffered through some unflattering first anniversary stories about his administration's initial response to Katrina, seemed to enjoy Vaccarella's comments." But "he grimaced when the former fast-food restaurant operator, who lost his home and most of his possessions to Katrina, suggested a third term, which is barred by the 22nd Amendment of the Constitution." A "Democratic-leaning Web site suggested that Vaccarella, who ran for the St. Bernard Parish Council as a Republican in 1999, simply served as a prop to deflect criticism of the hurricane-relief efforts." But White House spokeswoman Dana Perino "said the White House was unaware of

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Vaccarella's political affiliation before the meeting, or that he was going to endorse Bush for another term. 'Believe me, I think staff thinks that two are plenty,' Perino said to laughter at her afternoon briefing."

CNN's The Situation Room (8/23, Malveaux) reports, "Hollywood couldn't have scripted it any better. … Since his visit, we've learned more about Rockey. We've learned that he is a registered Republican, that he even ran for a local office in St. Bernard Parish, that he lost. But in speaking with White House officials today, they say that they were not aware of his party affiliation before the visit, but it was certainly no secret that he is a big Bush supporter."

On CNN's The Situation Room (8/23, Blitzer), Democratic strategist Paul Begala said, "I speak with unclean hands here, okay? I have staged…phony photo-ops in politics," but "this is embarrassing, even by my standards. I mean, to have this guy, this Republican hack, pretending that anybody with a brain believes that President Bush did a good job in Katrina -- and for the White House to approve this is nuts. I mean, Tony Snow is on vacation. That's the only reason that this could have happened, because Tony is a smart guy."

The Washington Post (8/24, A9, Baker, 748K) titles its report "Katrina Survivor Lauds Bush In What Democrats Call PR Stunt," and says "the Vaccarella visit was part of a preemptive effort by the White House to fend off fresh criticism of the administration's handling of Katrina as the first anniversary approaches." House Minority Leader Nancy Pelosi said in a statement, "In our Gulf Coast, the tens of thousands of Hurricane Katrina survivors are still engaged in an unparalleled struggle to rebuild their lives. … Meanwhile, back in Washington, President Bush is holding a public relations blitz that the survivors of Katrina can ill afford."

USA Today (8/24, Jackson, 2.27M) reports "the administration is preparing for next week's anniversary of the hurricane and flooding, which took nearly 1,600 lives, caused more than $81 billion in damage, and inflicted political pain on the Bush administration." Bush "plans to declare a National Day of Remembrance for Aug. 29, the day Katrina struck. Spokeswoman Dana Perino said a proclamation will 'honor those who did not survive the fury' of the storm, and 'the heroes who rescued so many.'" The President "plans to spend two days in the region." The White House "is plotting its post-Katrina strategy as reports criticize aspects of the Katrina recovery. The liberal-leaning Brookings Institution, for example, said there have been 'areas of progress,' including housing, but 'more progress is needed,' particularly for renters and low-income residents. Congressional Democrats weighed in with their report, entitled 'Broken Promises: The Republican Response To Katrina.'"

The Los Angeles Times (8/24, Neuman, 918K) reports, "With midterm congressional elections less than three months away, Democrats are seeking to use the lapses in the government's response to Katrina -- including the vivid images of residents stranded on rooftops or directed to shelters with no food or water -- to sway voters against the Republicans." In a new report, "Senate Minority Leader Harry Reid, D-Nev., and House Minority Leader Nancy Pelosi, D-Calif., who both plan to visit the Gulf region in the coming week, detailed what they described as the Bush administration's failures."

Across the nation, a significant number of local television newscasts covered Bush's statements about Hurricane Katrina. Almost every story featured Vaccarella and the replica FEMA trailer he brought to the President. Some examples: WAGA-TV Atlanta (8/23, 5:50 p.m.) reported, "With the one-year anniversary of Hurricane Katrina next week, President Bush visited today with a man who lost almost everything in the hurricane. The President says he decided to meet with Rockey Vaccarella after he traveled to the capital in a trailer. … But Rocky Vaccarella says he wants to make sure the government remembers the people affected by Katrina."

WEWS-TV Cleveland (8/23, 6:39 p.m.) reported that Vaccarella "seemed to be trying to rescue President Bush, who's popularity was damaged by the government's late and inept response to Katrina."

KING-TV Seattle (8/23, 5:27 p.m.) reported, "With the one-year anniversaries of Hurricane Katrina a week away, critics say the government has hasn't made good on promises to the victims." KSAZ-TV Phoenix (8/23, 5:36 p.m.) reported, "Today President Bush says the August 29 anniversary should not distract from the ongoing struggle to rebuild New Orleans." And KMSP-TV Minneapolis (8/23, 9:23 p.m.) reported, "President Bush says the road to recovery has been difficult."

Paulison Says Housing Is Greatest Challenge Facing Gulf Coast. The AP (8/24, Kunzelman) reports FEMA Director David Paulison said Tuesday during a tour of the Gulf Coast that the lack of housing is the region's "top challenge on Hurricane Katrina's anniversary." He "met with some of the youngest victims of the Aug. 29 storm, telling students at D'Iberville Elementary School that his job is to help them." He "told reporters later that his agency is eyeing alternatives to the trailers and mobile homes that have housed tens of thousands of Mississippi and Louisiana residents for a year." Saying that he had not yet seen a report released Wednesday by Rep. Nancy Pelosi and Sen. Harry Reid criticizing FEMA, Paulison defended the agency's "response to Katrina and said the agency is better prepared to respond to another disaster."

New Orleans Charter Experiment Seen As Chance To "Eke Some Good Out" Of Katrina. The Wall Street Journal (8/24, B1, Carrns, 2.03M) reports "change is afoot" in New Orleans, a city whose public education prior to Katrina "could be described as struggling, at best." Now, "a bumper

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crop of new charter schools…embody the most fervent hopes and immense challenges facing New Orleans public schools as they reopen, some for the first time, a year after the storm deluged their city." Many in the city "see charter schools as the key to a once-in-a-lifetime chance to remake New Orleans's public education system, and to eke some good out of the horror that was Katrina."

Evacuees Find Different Experiences In Atlanta, Houston. The New York Times (8/24, Dewan, 1.21M) reports many Hurricane Katrina refugees came to Atlanta "by choice and have put down roots, embracing what they say is a higher standard of living and melting into thriving neighborhoods almost without a trace. Some evacuees have even turned down offers to return home and resume their old jobs." But for "many New Orleanians who went west instead of east, especially those borne by fate rather than preference, exile has been a very different experience." In Houston, "it can seem as if the storm never ended. Many evacuees remain in restless limbo, unable to return home but alienated from their new city. Some are still reeling from trauma, others complain of discrimination against people from New Orleans. Still others have lapsed into old habits of unemployment and crime." The "divergent experiences of those who went to Houston and those who went to Atlanta suggest that recovery depends on more than individual resources and demographics. Just as important are less quantifiable factors: A sense of welcome and connection, the presence of friends and family, even how narrowly they survived the disaster."

Hawley Says There Are No Plans Yet To Ease Security Procedures. The Washington Post (8/24, A7, Wilber, 748K) reports TSA Administrator Kip Hawley said yesterday that "he did not have a timetable for scaling back the restrictions" on liquids and gels prompted by an alleged plot to blow up flights between the UK and US. The Post added that the "hastily" enacted list of banned items had been amended shortly after they were put in place, "allowing passengers to bring medications, baby food and solid lipsticks on airplanes." However, "Hawley said no changes would be made until authorities had finished studying the plot and other potential threats.

Meanwhile, in an interview with USA Today (8/24, Frank, 2.27M), Hawley said that "a 20% surge in checked luggage at US airports since liquids were banned" has put "'on a strain that could result in some vulnerabilities.' … The system that screens all checked luggage for bombs 'is being stressed,' he said. 'We want our (screeners) to focus on their security job without cutting corners because of volume pressure. … Anytime you have a system that's overwhelmed, that's where failure is a concern,'" he said.

WAR NEWS:

Bush Administration Seen As Turning Pessimistic About Iraq. Under the headline "Bush's New Iraq Argument: It Could Be Worse," the Washington Post (8/24, Baker, 748K) runs a stridently negative front-page piece that begins, "Of all the words that President Bush used at his news conference this week to defend his policies in Iraq, the one that did not pass his lips was 'progress.' For three years, the president tried to reassure Americans that more progress was being made in Iraq than they realized. But with Iraq either in civil war or on the brink of it, Bush dropped the unseen-progress argument in favor of the contention that things could be even worse." The Post says Bush's "shifting rhetoric reflected a broader pessimism that has reached into even some of the most optimistic corners of the administration."

Bush Seen As Retooling Iraq War Rationale. The AP (8/24, Raum) reports that in the "thick of an election campaign, President Bush has revived and retooled his argument that the US must fight terrorists overseas or face them here. Despite the unpopularity of the Iraq war, some GOP candidates are borrowing Bush's line." At his news conference this week, Bush said, "We leave before the mission is done, the terrorists will follow us here." The AP adds Rep. Curt Weldon, "locked in a tight Philadelphia-area re-election race, went a step further. 'We either fight them there, or we fight them in the supermarkets and streets here,' he said Wednesday in an interview with CNN." The AP adds the "fight-them-there theme has been part of Bush's national security stump speech since 2003. But the 'follow us here' part is a relatively new twist." Noting polls "that show growing Iraq war opposition, Bush and other Republicans have been stressing links between Iraq and the broader war against terrorism — a connection Democrats generally dismiss."

White House Carefully Responds To McCain Statements. The Washington Times (8/24, Dinan, 88K) reports the White House "fought back" against Sen. John McCain's claims that the Bush Administration "wrongly led the nation into thinking the Iraq war would be easy, even as a new poll suggests that for the first time since it began a majority of Americans don't think the war is part of the fight against terrorism." White House spokeswoman Dana Perino said it was "'puzzling to me' that Mr. McCain's comments were gaining attention because, she said, he had made similar criticisms before." Perino "rattled off three different occasions when Mr. Bush said the fight would be hard," including at the outset of the war in March 2003, two months after that, "and then most recently during a press conference Monday." But "despite challenging his comments, the White

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House was careful to praise the senator, indicating just how powerful a political figure Mr. McCain is."

On MSNBC's Hardball (8/23, Matthews), political analyst Charles Cook said McCain was still the GOP presidential frontrunner, adding, "He's doing what he needs to do. I mean, he's got to be a good party guy, but at the same time say, 'Hey, look, I might not have done Iraq just the same. I'm supportive, but not exactly the same.'"

Dean Suggests McCain Shifting Stance On Iraq. MSNBC's Hardball (8/23, Matthews) interviewed Democratic National Committee Chairman Howard Dean, who said McCain "has got his own problems with this, where he was a huge booster of it all along until now. I guess things are getting a little hot in the kitchen, so he decided to get out."

Biden Reiterates Five-Point Plan For Iraq. In a Washington Post (8/24, A21, 748K) op-ed, Sen. Joseph Biden writes of "A Plan To Hold Iraq Together" he and Council on Foreign Relations President Emeritus Les Gelb touted in a May New York Times op-ed to "keep Iraq together, protect America's interests and bring our troops home. Many experts here and in Iraq embraced our ideas. Since then, circumstances in Iraq have made the plan even more on target -- and urgent -- than when we first proposed it." Biden says the "new, central reality in Iraq is that violence between Shiites and Sunnis has surpassed the insurgency and foreign terrorists as the main security threat," and argues that increasing troop strength or pulling out immediately "are bad alternatives." The five-point Biden-Gelb plan calls for "maintaining a unified Iraq by decentralizing it and giving Kurds, Shiites and Sunnis their own regions," binding Sunnis "to the deal by guaranteeing them a proportionate share of oil revenue," creating "a massive jobs program while increasing reconstruction aid -- especially from the oil-rich Gulf states -- but tying it to the protection of minority rights," convening an international conference to craft "a regional nonaggression pact and create a Contact Group to enforce regional commitments," and "begin the phased redeployment of U.S. forces this year and withdraw most of them by the end of 2007, while maintaining a small follow-on force to keep the neighbors honest and to strike any concentration of terrorists."

Pentagon General Says Tehran Funding, Training Iraqi Insurgents. The AP (8/23, Baldor) reports Joint Chiefs of Staff Deputy Director of Operations Brig. Gen. Michael Barbero, "drawing one of the most direct links by the Pentagon" between Tehran and Iraq's Shiite insurgency, said the Iranian government "is training and equipping" them. Barbero said it is "a 'policy of the central government in Iran' to destabilize Iraq and increase the violence there." The AP notes that Defense Secretary Rumsfeld "and other U.S. military leaders have talked about Iran's funding of the insurgency, but generally have been reluctant to directly blame" Iran's government.

Sadr, Mahdi Army Grow In Scope And Stature. In a 2,400-word front-page account, the Washington Post (8/24, A1, Knickmeyer, 748K) reports on the expanding scope of the operations and influence of Moqtada al-Sadr's Mahdi Army in Iraq. International Crisis Group Middle East Project Director Joost Hiltermann said Sadr "clearly is the most potent political figure, and the most popular one," in Iraq. Hiltermann added, "Unless directly provoked, Sadrists will lay low, because they know the Americans' time in Iraq is coming to an end. Why would they risk another major loss of fighters if it's not necessary? Americans in their eyes are already defeated -- they're going to leave."

Baghdad Ritual Body-Washer Profiled. The Los Angeles Times (8/24, Fleishman, Ahmad, 918K) runs a profile of Najim Abid of Baghdad, who "works in solitude, in a place where the deeds of men intersect with the grace of God. Islamic custom requires the dead be cleansed before burial. Abid's hands are white and raw; he has washed too many bodies, yet the coffins don't stop. They never seem to stop."

Roadside Bomb Nearly Kills Iraqi Interior Minister. ABC World News Tonight (8/23, story 6, 0:05, Gibson, 8.78M) reported, "Iraq's interior minister just missed being hit by a roadside bomb today in Baghdad. It went off as his convoy was going by. It killed two."

Marine Investigator Said Haditha Shootings Appeared Appropriate. The Washington Post (8/24, A17, White, 748K) reports Marine Sgt. J.M. Laughner, who "examined the scene hours after Marines killed two dozen Iraqis in Haditha last year," said the shootings "appeared to be an appropriate response to a coordinated insurgent attack, according to a sworn statement" obtained by the Post. Laughner, "part of a Marine human-intelligence exploitation team that was hunting down insurgent bombmakers," said the "scenes of the slayings appeared to match the version of events the Marine squad provided that day and did not seem especially out of the ordinary."

Marine Reservists, Including Hackett, Fear They May Be Called Up. The AP (8/23, Watkins) runs a feature on Individual Ready Reserve members who may be "returned to active duty as part of the first involuntary call-up of reservists since the early days" of the Iraq war -- among them former Ohio House and Senate candidate Paul Hackett, a war critic who "thinks his background as a civil affairs specialist makes him a prime candidate for an involuntary recall, as there is a shortage of Marines like him. Two weeks ago, he received a packet from the Navy requesting updated

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information for a security clearance -- a sign, he believes, that a recall order could be coming."

Call-Up Said To Signal "Long War." Under the headline "US Marine Call-Up Signals A Long War," the Christian Science Monitor (8/24, Knickerbocker, 58K) writes that "with the 'global war on terrorism' in Afghanistan and Iraq now well into its fourth year, the strain is starting to show on US troop levels," noting that "some of those in uniform are on their second or third deployment to the war zones. … To some experts, the call-up of Marine Corps reservists indicates that the war is likely to last longer and be more hard-fought than earlier official predictions." Retired USAF Col. Sam Gardiner said the Marine call-up "suggests the Pentagon envisions current troop levels in Iraq through the summer of 2008, with these guys going in the summer of 2007 for one year."

Navy Submarine Reservists Also Being Sent In. The Norfolk Virginian-Pilot (8/24, Wiltrout) reports 450 Navy reservists, including 102 members of the Navy's submarine reserves, are "preparing for customs duty in Kuwait and Iraq: driving Humvees, shooting pistols and M-16 rifles, learning riot control." The "training is foreign" to most of them. It will "be the first group deployment of submarine reservists in support of the war in Iraq. Most of the battalion will stay in Kuwait, but about 40 sailors will work at a U.S. base in Iraq." The newspaper asks, "Why put submariners on land?" US Atlantic Fleet submarine force Deputy Commander Rear Adm. Jay DeLoach said, "They're not front-line troops. But somebody has to do the support mission."

Third Day Of Testimony In Saddam Genocide Trial. Saddam Hussein's genocide trial received television newscast attention, but comparatively little coverage in print media. NBC Nightly News (8/23, story 6, 1:00, Williams, 9.87M) reported on the "third day of dramatic testimony," showing clips of some of the "stories told in court by some of those that survived it." In a brief item, ABC World News Tonight (8/23, story 5, 0:10, Gibson, 8.78M) said the "trial adjourned today until next month" while the court hears an appeal from the defense.

The Christian Science Monitor (8/24, Murphy, 58K) also runs a report on the trial, in which "prosecutors are seeking to prove the most difficult charge in international criminal law." Case Western University law professor Michael Scharf, who "helped train judges and prosecutors participating" in the Iraqi Special Tribunal, said, "It's extraordinarily difficult to prove genocide. I believe the Iraqi investigating judges reached the conclusion that if they didn't make the attempt to prosecute him for genocide, he would go down in history as a minor thug and not as a Hitler or a Pol Pot."

Unlike the Monitor and the networks, the New York Times (8/24, Cave, 1.21M) focuses its coverage on a claim by Hussein's attorneys that a former Kurdish militant was guilty of treason and that "chemical attacks on Kurds were legitimate acts against local militias conspiring with Iran." Hussein's lawyers "have spent little time disputing victims' claims over the past three days, the first phase of what is likely to be a long trial. Instead, particularly on Wednesday, they have suggested that dead Kurdish families were collateral damage in an effort to root out Iranian troops in the area."

Carroll Recounts Tension With Guards As Captivity Dragged On. Jill Carroll's saga continues in the Christian Science Monitor (8/24, Carroll, Grier, 58K), with the ninth installment of the story of her captivity. Carroll recounts increasing tension between herself and her captors as days dragged on. Carroll writes, "My relationship with my guards Abu Qarrar and Abu Hassan got worse. … Frustration and boredom had slowly eroded their once permissive and friendly attitudes toward me. Once they had pretended I was a guest. Now they made mean jokes and comments about me in Arabic, thinking I didn't understand. They capriciously restricted my tiny freedoms, such as access to sun, fresh air, and even interior space for pacing. Their logic was twisted. They were mad at me because they had to guard me, and wanted to punish me for it."

NYTimes Says US Must Focus On Continuing Afghanistan War. The New York Times (8/24, 1.21M) editorializes, "Reclaiming Afghanistan from the Taliban remains a crucial element in America's global struggle against terrorism. So it should be setting off alarm bells in Washington that Afghans are becoming disenchanted with the performance of the country's pro-American president, Hamid Karzai. The "democratically elected Karzai government is a big improvement over any of its recent predecessors. But it has not brought security, economic revival or effective governance to most of the country. That has left it vulnerable to complaints." And "nearly five years after" the war began, "there is no victory in the war for Afghanistan, due in significant measure to the Bush administration's reckless haste to move on to Iraq and shortsighted stinting on economic reconstruction." It is "a war that America simply cannot afford to lose."

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Cohen Tapped As New US Attorney For Alaska. The AP (8/24) reports, "Alaska has a new U.S .Attorney. The Justice Department Tuesday announced that Nelson Cohen has been appointed to the post for the District of Alaska. He replaces Acting U.S. Attorney Deborah Smith. Under rules of her appointment, she could only serve in the post for 210

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days." The AP continues, "Cohen has been the assistant U.S. Attorney for the District of Pennsylvania since 1987. But before he joined that office in Pittsburgh, he practiced law in Alaska for ten years -- both as an assistant U.S. attorney and in private practice. He replaces Tim Burgess, who resigned as U.S. Attorney for the District of Alaska to take a seat on the federal bench in 2005."

CORPORATE SCANDALS:

Enron Prosecutor To Head Case Against Nacchio. The Wall Street Journal (8/24, Young) reports, "Prosecutors seeking to convict former Qwest Communications International Inc. Chief Executive Joseph Nacchio of insider trading have assembled a team of veteran white-collar attorneys with experience in the Enron Corp. and HealthSouth Corp. cases and are preparing for an important pretrial hearing in Denver tomorrow." The Journal continues, "Colorado's U.S. Attorney Troy Eid said yesterday that Cliff Stricklin, first assistant U.S. attorney, will lead the prosecution. … Mr. Stricklin helped prosecute the convictions of former Enron executives Kenneth Lay and Jeffrey Skilling as part of the federal government's Enron Task Force and also is a former Texas state district judge. … 'I was looking for someone who had heavy-duty experience in the white-collar realm,' Mr. Eid said in an interview. 'It's an extremely important case to me and to the Department of Justice.'" The Journal adds, "The appointment of Mr. Stricklin comes as both sides are preparing for a hearing in U.S. District Court at which Judge Edward Nottingham will hear arguments about defense requests to dismiss the case or to move the proceedings out of Denver, where Qwest is based. No trial date has been set yet. The judge also is expected to hold a closed session touching on classified national-security information that Mr. Nacchio is incorporating into his defense."

Quattrone Could Claim $100 Million Payout. The Wall Street Journal (8/24, Craig) reports, "Former star Credit Suisse First Boston investment banker Frank Quattrone is entitled to at least $100 million in cash-and-stock compensation from his former employer if he is ultimately cleared of all charges against him, according to a person familiar with the matter." The Journal continues, "Mr. Quattrone on Tuesday agreed to a deferred-prosecution agreement that included the conditional dropping of all other criminal charges against him -- a victory for the once-powerful Silicon Valley banker who resigned from CSFB in 2003, when he faced both criminal prosecution and civil securities charges for alleged wrongdoing during the Internet-stock bubble. … Before the deferred-prosecution agreement, Mr. Quattrone had survived two trials, one ending in a hung jury, the other ending in a conviction for obstruction-of-justice charges that was later overturned on an appeal."

The Financial Times (8/24, Wighton) reports, "Mr Quattrone agreed to resign from the investment bank in 2003, two days after being charged, on condition that he would get the money and his legal costs if cleared. On Tuesday, a judge approved a 'deferred prosecution' agreement under which the charges will be dropped if Mr Quattrone stays out of trouble for a year. … In an unusual move, Mr Quattrone was not required to make any admission of wrongdoing. This appears to open the way for him to claim the $100m in cash and restricted stock from Credit Suisse in a year's time. … The possible payment, first reported on CNBC, is believed to be provided for in the bank's accounts." The Times notes, "Mr Quattrone was one of the leading bankers in the 1990s technology boom and one of the most highly paid, earning $120m in a single year. But following the bursting of the technology bubble, he came to personify Wall Street's questionable practices during the boom and lawyers said he was a tempting target for prosecutors looking for high-profile convictions."

Spitzer's Civil Suit May Settle Debate Over Grasso Legacy. The Wall Street Journal (8/24, Lucchetti) reports, "Less than three years ago, board members at the New York Stock Exchange said former exchange Chief Executive Dick Grasso had performed well in his job. One of the directors, Treasury Secretary Henry Paulson, then the head of Goldman Sachs Group, went so far as to assign Mr. Grasso an 'A+' grade, according to internal NYSE documents." The Journal continues, "Still, the board decided to let Mr. Grasso go, a reaction to the outcry over the $187.5 million compensation package Mr. Grasso had amassed. … Mr. Grasso's job performance is about to go under the microscope again. A civil trial to decide whether his compensation was inappropriate could start as early as October. The lawsuit in that case, brought by New York state's attorney general, Eliot Spitzer, demands that the 60-year-old Mr. Grasso return some of the money to the NYSE, now a part of NYSE Group Inc." The Journal adds, "Mr. Spitzer's case hinges on whether the head of what was then a not-for-profit organization should have earned such a big pay day. Mr. Spitzer says no, and bases that assertion on a 37-year-old New York state law that holds compensation must be reasonable and 'commensurate with services performed.' … Legal findings aside, whether Mr. Grasso deserved all that money is a matter that continues to be debated in the court of public opinion, whose many judges are comparing what the Big Board was and what it has become -- essentially debating Mr. Grasso's legacy."

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Former Mills Corp CEO Claims Firm Ignored Accounting Alerts. The Wall Street Journal (8/24, Chittum) reports, "Mills Corp. received warnings from its auditor as early as 2002 and from an anonymous letter distributed to its audit committee last year saying that its accounting practices were flawed, according to a lawsuit filed by the shopping-mall developer's founder and former chief executive." The Journal continues, "In a complaint alleging that Mills's accounting problems cost him millions of dollars, Herbert S. Miller said Mills 'consciously and intentionally disregarded numerous warnings' as early as February 2002 from its auditor Ernst & Young." The Journal adds, "The suit also said an anonymous letter to the Securities and Exchange Commission was delivered to members of the board's audit committee Oct. 13, 2005. The letter laid out eight problematic accounting areas, including treatment of partnership income, according to the lawsuit. … Mills announced Oct. 31 that it would delay its third-quarter earnings call by eight days because of accounting issues and that results would be 'substantially below expectations.' On Nov. 9, the Chevy Chase, Md., real-estate investment trust reported its funds from operations -- a key REIT measure -- dropped 54% from a year earlier but said it wouldn't need to restate. Two months later, the company said it would restate its accounting back to 2000 and wrote off 10 development projects."

ePlus Gets Second Listing Warning From Nasdaq. The AP (8/24) reports, "Computer products reseller ePlus Inc. on Wednesday said it is not in compliance with Nasdaq listing requirements because it has not yet filed its latest quarterly financial report with regulators." The AP continues, "The warning comes a month after the Nasdaq told ePlus it faced delisting for not filing an annual report for fiscal 2006 on time. … The company's removal from the Nasdaq has been delayed until at least Sept. 7, when a hearing is scheduled with the exchange." The AP adds, "The company has delayed the filing in order to restate fiscal 2004 and 2005 financial statements, after an internal audit committee identified discrepancies on the recording of certain past stock option grants. ePlus said it plans to file its restated financials, its annual report for fiscal 2006 ended March 31, and results for the second quarter ended June 30 as soon as possible. … Numerous companies are currently investigating whether the exercise price of stock options given to employees was manipulated by changing the grant date to correspond to a low point for the company's stock price, a practice known as backdating. .. There are presently 70 companies under investigation by the Securities and Exchange Commission and Justice Department for possible irregularities."

NYTimes Blasts Stock Option Backdating. The New York Times (8/24, 1.21M) editorializes on the "corporate scandal over rigged stock options," arguing that "just because the victims are harder to spot doesn't mean that secretly backdating or otherwise manipulating the timing of an options grant is a victimless crime. Rigging the timing of option grants hurts both the company and its shareholders, usually for the greater enrichment of top executives."

CRIMINAL LAW:

Judge Orders DOJ To Probe Leak In AIPAC Spy Case. The AP (8/24, Barakat) reports, "A federal judge has ordered the Justice Department to investigate how media organizations learned about a criminal probe involving the activities of two pro-Israel lobbyists, who now face trial on charges that they illegally disclosed national defense information." The AP continues, "U.S. District Judge T.S. Ellis III ordered the investigation following complaints by defense lawyers that the government failed to follow proper procedures in obtaining and executing a secret warrant for surveillance of lobbyists Steven Rosen and Keith Weissman." The AP adds, "The indictment against Rosen of Silver Spring, Md., and Weissman of Bethesda, Md., alleges that they conspired to obtain classified reports on issues relevant to American policy, including the al-Qaeda terror network; the bombing of the Khobar Towers dormitory in Saudi Arabia, which killed 19 U.S. Air Force personnel; and U.S. policy in Iran. … Rosen and Weissman, former lobbyists for the American Israel Public Affairs Committee, are accused of sharing the information with reporters and foreign diplomats. No trial date has been set." The AP notes, "Media advocacy groups have long been concerned about the government's prosecution of Rosen and Weissman because the statute used to prosecute them – a World War I-era espionage law – could easily be used to prosecute journalists who break news about classified government programs. … U.S. Attorney General Alberto Gonzales has said he believes journalists can be prosecuted for publishing classified information, and an earlier ruling by Ellis in the case on the constitutionality of the Espionage Act also left the door open for prosecutors to charge reporters."

Dow Employee Charged With Selling Chemical Secrets To Chinese Firms. AFP (8/24) reports, "US authorities arrested a man for allegedly conspiring to sell trade secrets from Dow Chemical Company to companies in China, the Justice Department said." AFP continues, "Longtime Dow employee Wen Shyu Liu, 69, was arrested Tuesday in Seattle, Washington, on charges of conspiracy, receipt and possession of stolen trade secrets, wire fraud, illegal monetary transactions, perjury and asset forfeiture, US

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Attorney David Dugas said in a statement. … All charges were associated with stolen Dow trade secrets which the suspect, also known as David Liou, is alleged to have attempted to market to Chinese firms, the statement said. … A 15-count indictment was returned by a federal grand jury on March 24, 2005." AFP adds, "Liou, formerly of Baton Rouge, Louisiana, was arrested on an intercontinental flight inbound to Seattle from Taipei, Taiwan, by agents of the Federal Bureau of Investigation and US Immigration and Customs Enforcement. … The indictment says Liou worked for Dow from 1965 until he retired in March 1992. While at Dow, Liou worked in research and development and had signed employment and retirement agreements prohibiting the disclosure of Dow's trade secrets and other confidential information without permission."

Ramsey Suspect's Family Offers To Sell Story To Pay For Karr's Defense. NBC Nightly News (8/23, story 9, 0:10, Williams) reported, "The man who claims he killed JonBenet is still in a Los Angeles cell tonight. Authorities are not saying when he will be transferred to Colorado where he could face charges. Meanwhile his family is working with an agent to sell the book and movie rights for his story. They say they need cash to hire the best lawyer money can buy."

The Washington Post/AP (8/24, A7) reports, "John Mark Karr's relatives offered up the book and film rights to the family's story Wednesday in hopes of raising money for a high-powered lawyer to defend Karr against charges that he killed 6-year-old JonBenet Ramsey. … 'They're not looking for money for themselves,' said Larry Garrison, a producer the family members hired to represent them in media deals. 'They're looking to support John's boys' college education and to make sure all legal fees are covered.'" The AP continues, "Karr remained in a Los Angeles County jail Wednesday afternoon awaiting transfer to Colorado. JonBenet was killed in her Boulder, Colo., home in December 1996. … Garrison said no money had changed hands yet with the Karrs and he didn't want to go into details about the agreement. Nathaniel Karr, one of John Mark Karr's brothers, confirmed that Garrison is now representing the family."

Physical Evidence Seen As Key. USA Today (8/24, Kenworthy) reports, "DNA will be pivotal in the case against John Mark Karr in the murder of JonBenét Ramsey, but it's not the only physical evidence that could help determine his guilt or innocence." USA continues, "Absent a match from Karr's DNA with a small sample taken from the 6-year-old girl's underwear, prosecutors will rely on other evidence besides his public statement in Thailand last week that he was with JonBenét when she died at her home in Boulder, Colo. That evidence includes: … An unidentified palm print left on the door to the basement wine cellar where JonBenét's body was found on Dec. 26, 1996. … A partial boot print found in the basement. … Hair and fibers taken from JonBenét's body that did not come from family members or fabrics in the Ramsey home. … The 21/2-page ransom note found in the house." USA adds, "Legal analysts say Boulder County District Attorney Mary Lacy and her investigators probably have other evidence linking him to the crime that is not publicly known. … 'He's given them something other than the confession,' says Craig Silverman, a former Denver prosecutor. 'It might be a picture, or information about the ransom note' or evidence he was in Boulder at the time of the killing. … 'He obviously has some insider information, or the district attorney's office wouldn't have gone through the exercise of bringing him back' from Thailand, Denver defense lawyer Scott Robinson says. … Larry Pozner, another Denver defense attorney, says that if no DNA link is proved, prosecutors must have evidence placing Karr in Boulder and at the crime scene."

Former U Of MD Basketball Star Sentenced In Gun Incident. The Washington Post (8/24, B1, Cauvin) reports, "Lonny Baxter, the former University of Maryland basketball star caught last week with a gun a few blocks from the White House, was sentenced yesterday to spend the next two months behind bars after a judge rejected the prosecutor's recommendation for probation." The Post continues, "Baxter, who recently signed a pro contract to play in Europe, agreed to plead guilty yesterday, just a week after he was charged, in hopes that he would be released from jail so he could join his team in Italy for training camp. .. . Shackled at his wrists and ankles and clad in an orange jail jumpsuit, the 6-foot-8 Baxter said that a .40-caliber Glock found in his white Range Rover was his and that he had fired it into the air in the early hours of Aug. 16 in downtown Washington."

Former DC Teachers Union Official Denied Sentence Delay. The Washington Times (8/24, Mcelhatton) reports, "Former Washington Teachers Union Treasurer James O. Baxter II must report to a federal prison today to begin a 10-year sentence, after a federal judge denied his bid for a postponement because of a recent neck injury, likely from gardening and swimming." The Times continues, "U.S. District Court Judge Richard J. Leon yesterday ordered Baxter to surrender to the Federal Correctional Institution in Petersburg, Va., a low-security facility south of Richmond. … The ruling comes nearly a year after Baxter's conviction on charges that he helped embezzle millions of dollars in dues from D.C. public school teachers." The Times adds, "Baxter's attorney, Elmer D. Ellis, had sought an extra 30 days of freedom, at the least, for his client so that the 52-year-old Maryland man could receive medical

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treatment for a neck injury, including potential surgery. … However, federal prosecutors objected, calling the request 'a last-minute, last-ditch plea to escape punishment,' according to a court memo filed late Monday. … 'Indeed, given the stress likely associated with facing a 120-month prison sentence, neck and back tension requiring medication might be predicted,' the memo written by Assistant U.S. Attorneys James W. Cooper and Anthony M. Alexis states. … In his two-page ruling yesterday, Judge Leon ordered a prison doctor to review Baxter's medical records and determine whether the facility is the best place to treat the former union official. … Baxter was convicted in the embezzlement scandal in which union officials stole nearly $5 million in dues and spent money on custom-made clothes, sterling silver, limousine service and sporting events."

Former Georgia School Official To Begin Sentence For Embezzlement. The Atlanta Journal-Constitution (8/24, Warren) reports, "In her trip from the White House to the Big House, Linda Schrenko's days as a free woman are numbered." The AJC continues, "Five years ago, Georgia's then-School Superintendent was in Washington as President Bush unveiled his education reform plan. She was viewed as a trailblazer, becoming the first woman elected to statewide partisan office in Georgia and the first Republican to take control of the state's education system. … Now her loftiest goal is to help fellow inmates improve their reading skills." The AJC adds, "By Sept. 11, the 56-year-old former candidate for governor must report to a federal prison to begin her eight-year sentence for embezzling more than $600,000 in federal money meant for deaf and honors students, U.S. Marshal Richard Mecum confirmed Wednesday. Federal Bureau of Prisons officials haven't announced where she'll serve her sentence, he said. … Her attorney, Pete Theodocion, requested a low-security prison in Tallahassee because there is no federal women's facility in Georgia. The judge agreed to make that recommendation to prison officials, who ultimately decide."

Judge Delays "Operation Backfire" Trial. The AP (8/23) reported U.S. District Judge Ann Aiken on Tuesday "delayed the trial of four people charged in a federal investigation of arsons by radical environmentalists," and she "indicated that the trial might not start until March." The AP notes, "The 'Operation Backfire' investigation resulted in indictments against more than a dozen people allegedly involved in acts of ecosabotage from 1996 to 2001. The Earth Liberation Front and Animal Liberation Front claimed responsibility." The AP adds, "Part of Tuesday's hearing was to determine how the four defendants should be allowed access to the statements and plea agreements of six co-defendants who have agreed to plead guilty. … Aiken ruled the protective orders covering the documents are necessary to ensure the safety of cooperating defendants and witnesses."

Louisiana Man Found Guilty In Post Office Anthrax Hoax. The AP (8/24) reports, "A federal jury has found a Livingston Parish man guilty in connection with a 2004 anthrax scare at the Meraux post office, federal prosecutors said Wednesday." Timothy Blake Dixon "was convicted of 'communicating false information' after a three-day trial before U.S. District Judge Martin L.C. Feldman, U.S. Attorney Jim Letten said. Dixon was accused of leaving a bag of white crystals and a note reading 'ANTHRAX DIE AMERICANS' at the post office," which caused a two-day service disruption. "Later testing revealed that the substance was sugar."

Key Figure In Ex-Mayor Hahn's Administration Pleads Not Guilty. The Los Angeles Times (8/24, Muskal, Rohrlich) reports, "Leland Wong, a powerbroker in the administration of former Mayor James K. Hahn, pleaded not guilty this morning to a 20-count indictment that alleges he took a bribe as part of a 'pay-to-play' arrangement." Wong appeared Wednesday "morning before Los Angeles Superior Court Judge David Wesley, who ordered the 49-year-old former commissioner released on his own recognizance pending an appearance Sept. 7. … The indictment is the first of a public official in the ongoing probe of corruption during the Hahn administration by a joint task force from the offices of the U.S. attorney and the district attorney." The task force "focused on allegations that former city officials solicited political contributions in exchange for city contracts. … The indictment charges Wong with 13 counts of grand theft by embezzlement, one count of accepting a bribe, two counts of conflict of interest, one count of perjury and three counts of filing false tax returns."

Georgia Democrats Seek Federal Probe Of Governor's Florida Land Deal. The AP (8/24, McCaffrey) reports, "Democratic legislative leaders on Wednesday asked a federal prosecutor and Georgia's attorney general to investigate Gov. Sonny Perdue's $2 million Florida land purchase from a wealthy Republican developer." The AP continues, "In a letter filed with U.S. Attorney David Nahmias and state Attorney General Thurbert Baker, the Democrats said a probe was needed to determine whether Perdue provided any illegal benefits to Newnan developer Stanley Thomas. … They also asked authorities to look into legislation Perdue signed soon after the December 2004 land purchase which allowed him to avoid some $100,000 in state capital gains taxes. … 'Both the land purchase and the new tax windfall raise serious legal ethical questions about the governor,' House Democratic Leader

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DuBose Porter said at a news conference. … 'Is the governor's office for sale to a developer who gave the governor the chance to reap a personal financial windfall of tens of millions of dollars on an insider deal?'" … Justice Department spokesman Patrick Crosby said officials there do not respond to inquiries about investigations."

Coach Among Dozens Arrested In Indiana Internet Child Sex Sting. WBBM-AM, News Radio 780, Chicago (8/24) reports, "Following a three-week investigation in three Indiana counties, federal agents and local police have arrested more than two dozen people for soliciting sex from children over the Internet." WBBM-AM continues, "Arrests continued Tuesday afternoon, bringing the total to at least 27. The U.S. Attorney for the Northern District of Indiana, Joseph Van Bokkelen, said that the arrest total eventually could reach 40. .. . Among those arrested was 24-year-old Matthew Carl Hensley, of Valparaiso, who was an assistant basketball coach at Andrean High School in Merrillville, said U.S. Attorney Joseph Van Bokkelen." WBBM-AM adds, "Detectives from police agencies in Porter County, the South Bend and Lafayette areas posed as 12-and-13-year-old girls in a number of online chat forums. .. . In one arrest, in Valparaiso, an alleged predator arrived at a prearranged meeting point, saw police cars responding to an unrelated call, returned home and sent an e-mail asking if it was safe for them to meet. Assured that it was, the suspect returned and was arrested. … In at least 11 of the cases, authorities arrested suspects when they showed up at pre-arranged meeting points. The others were arrested after they sent the 'girls' graphic images or made graphic references in their e-mails. … In all, Van Bokkelen said, the law enforcement personnel chatted with more than 100 individuals."

Hornsby Critics Say School Board Enabled Alleged Corruption. The Washington Post (8/24, B2, Rich, Helderman, 748K) reports, "For those who warned from the start that Andre J. Hornsby was the wrong pick to lead Prince George's County public schools, the news of his indictment this week in a public corruption case has provided a belated and in many ways unwelcome sort of vindication. Several of those critics, as well as some parents, said in interviews yesterday that the school board shares responsibility for Hornsby's alleged failings because it hired him, and then largely supported him as questions about his conduct swirled, before finally ousting him last year." However, Board Chairman Beatrice P. Tignor, "who associated herself closely with Hornsby, said criticism now of her defense of him then amounted to 'Monday-morning quarterbacking.'"

Utah AG Seeks More Resources For Jeffs Search. The Deseret Morning News (8/24, Winslow) reports, "Utah and Texas authorities are exploring new ways of finding proof that fugitive polygamist leader Warren Jeffs has been hiding out at the Fundamentalist LDS Church's massive temple site in Eldorado, Texas." Utah Attorney General Mark Shurtleff "thinks more resources can be devoted to the manhunt," and he "suggested pushing the FBI and U.S. Marshal's Service to use satellite surveillance on the YFZ ranch to look for vehicles that may be traveling in convoy. The FBI's Salt Lake City office declined to comment on what the agency is doing to develop information about Jeffs' whereabouts. 'I cannot speak with any specificity to probable cause or the lack thereof,' said FBI Special Agent Jan Caldwell." The Morning News adds, "The FBI said it continues to pursue a number of 'good leads' in the manhunt for Jeffs. Caldwell urged more people to phone in tips. … 'Someone out there knows exactly where he is. We're asking they do the right thing. He's a dangerous man.'"

Judge Denies New Mexico Treasurer's Request To Change Retrial Venue. The Albuquerque Tribune (8/23) reported, "U.S. District Judge James Browning has decided the retrial of former state Treasurer Robert Vigil on corruption charges will not be moved out of state, as Vigil's attorney had requested. Browning made his decision final late Tuesday, saying he had confidence Vigil can get a fair trial." The Tribune noted, "The retrial is set to begin Sept. 5."

Western New York Union Officials Sentenced To Prison For Extortion Scheme. The AP (8/23) reported, "A former union official who admitted he took part in efforts to intimidate people in western New York's construction industry was sentenced Tuesday on a federal racketeering conviction." Salvatore Bertino "pleaded guilty and was sentenced to 51 months and ordered to pay $30,000 in restitution. Bertino also agreed to provide testimony against others targeted by the government in an ongoing union-corruption probe." The AP noted, "In all, 18 Local 91 members pleaded guilty or were convicted at trial. … Authorities said the union's tactics scared off development and contributed to the upstate county's economic decline." The Tonawanda (NY) News (8/23, Pfeiffer) also reported on Bertino's sentencing.

Meanwhile, the AP (8/22) reported former Local 91 president Dominick Dellaccio "was sentenced Monday on federal racketeering charges." Dellaccio "pleaded guilty, and was sentenced to 38 months in prison and ordered to pay $20,000 in restitution." The AP noted, "As part of his plea, Dellaccio admitted that he and other members of the union participated in property destruction and sabotage at a Mulvey Company construction site in Lockport in 1997. He also

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admitted that members of Local 91 participated in a mass attack upon members of the bricklayers union at the Wegman's construction site in 1998." Business First of Buffalo (8/22) also briefly reported on Dellaccio's sentencing.

NYC Labor Leader Steps Down Amid Bid-Rigging Probe. The New York Daily News (8/24, Gonzalez, 729K) reports, "Queens assemblyman Brian McLaughlin, the powerful city labor leader who became the target in March of a federal bid-rigging probe, stepped down yesterday as president of the 1 million-member Central Labor Council. McLaughlin was granted a six-month paid leave of absence yesterday from his post at the labor council, the main umbrella group for organized labor." The Daily News notes that McLaughlin "has not been charged with any crime, but several labor leaders said yesterday that his removal avoids embarrassing publicity for organized labor at the parade as well as during the upcoming Democratic primary."

Tennessee State Senator Indicted On Fraud Charges. The Tennessean (8/23, Cass) reported, "State Sen. Jerry Cooper was indicted Tuesday by a federal grand jury on three felony counts, accused of using crooked numbers and political clout to help an Alabama couple buy his property." Cooper "stands accused of bank fraud, mail fraud and conspiracy to commit bank and mail fraud. He could face as much as 65 years in prison and more than $2 million in fines if convicted, according to the U.S. attorney's office for the Eastern District of Tennessee." He "has agreed to surrender himself to be arrested 'sometime next week,' the U.S. attorney's office said in a news release." The Tennessean noted, "Cooper is the fifth current or former Democratic senator indicted in the past 15 months, joining four from the Tennessee Waltz bribery sting, which also nabbed a Republican House member."

Alabama Mayor Defeated Amid FBI Corruption Probe. The AP (8/24) reports Gadsen, Ala., real estate agent Sherman Guyton "defeated longtime mayor Steve Means in his bid for an eighth term after a race run under the cloud of a federal corruption investigation that already has resulted in three guilty pleas. Guyton captured almost 62 percent of the vote Tuesday to oust Means, who hasn't been implicated in the probe." The AP notes, "Councilman Bill Stewart, J.R. Countryman and Bob Echols were re-elected, but Stewart said the corruption probe played a role in the race. … 'Certainly, the dark cloud hanging over the city the past few months had a bearing on all the races,' Stewart said. 'I'm glad the FBI cleared me.'"

Former Inmate Testifies Senior Gotti Bankrolled Jailhouse Drug Deal. The New York Daily News (8/24, Zambito, 729K) reports, "Dapper Don John Gotti bankrolled an Aryan Brotherhood drug deal from his prison cell with the help of his children, an ex-member of the violent prison gang testified yesterday" at the retrial of John "Junior" Gotti. Glen West "said he turned to Gotti in the 1990s while both were housed at a federal prison in Illinois after he got a sweetheart deal to purchase $2,500 worth of heroin on the outside. … The day after son John and daughter Victoria came to prison in Marion, Ill., West's heroin supplier received $2,500 in cash, he said. West did not know who delivered the cash." The Daily News adds, "Also yesterday, jurors watched a June 1992 talk show appearance by radio host Curtis Sliwa ranting against the Gotti family 18 days before he was shot twice by thugs prosecutors say were sent by Junior Gotti."

New York Financial Adviser Pleads Guilty In $3 Billion Ponzi Scheme. The New York Times (8/18, Morgenson, 1.21M) reports, "Martin A. Armstrong, a financial adviser who has been in jail since January 2000 on a civil contempt charge, pleaded guilty…to a charge of securities fraud in a criminal case stemming from trading losses incurred by his firm in 1999." The Princeton Economics International founder "admitted to deceiving corporate investors and improperly commingling client funds in a case that prosecutors said resulted in commodities losses of more than $700 million." Judge John F. Keenan "said he had not decided whether to credit Mr. Armstrong with the time he had already spent in jail when he sentences him on Jan. 3." The AP (8/18, Neumeister) added, "Prosecutors said Armstrong lost almost $500 million trading the Japanese yen and other investments between 1997 and 1999 as part of a $3 billion Ponzi scheme involving securities known as Princeton notes that stretched from 1992 through 1999 and affected 139 victims, primarily corporate investors."

Bloomberg (8/18) noted, "In a related civil case, the Securities and Exchange Commission and the Commodity Futures Trading Commission sued Princeton Economics and Armstrong in 1999. The judge in that case jailed Armstrong in January 2000 for contempt after Armstrong refused to surrender $14.9 million in gold bars and rare coins. … No one has ever spent more time in jail for civil contempt of a federal court order." The Washington Post (8/18, D2, 748K) also briefly reported Armstrong's plea.

CNET Official Says She Misspoke About Support for Data Retention Bill. CNET News (8/24, McCullagh) reports, "Broadband provider Qwest Communications International said Wednesday that it made a mistake when one of its lawyers endorsed federal legislation requiring Internet providers to keep records of customers' behavior." CNET continues, "Jennifer Mardosz, Qwest's corporate counsel and chief privacy officer, said in an

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interview with CNET News.com that she misspoke during a panel discussion organized by the Progress and Freedom Foundation in Aspen, Colo., the day before. … 'I just completely misspoke there,' Mardosz said. During the panel discussion, she said Qwest 'absolutely' supports House of Representatives legislation sponsored by Rep. Diana DeGette mandating data retention--a requirement that Attorney General Alberto Gonzales said will aid in terrorism and child exploitation investigations. … 'I associated (DeGette's) name with the female Colorado legislator that introduced the state legislation,' Mardosz said. 'That was just a pure and honest mistake that I made.'" CNET adds, "Mardosz said that instead of embracing data retention legislation, Qwest was skeptical of mandates from Congress. 'There is no need for it, because companies are already doing the right thing,' she said. … On Tuesday she said during the panel discussion: 'We support legislation related to data retention.' One industry source, who spoke on condition of anonymity because he was not authorized to speak to the press, said Qwest had backed the Colorado legislation earlier this year."

DC Police Continue Probe Of Attorney's Murder. The Legal Times (8/24, Schwartz) reports, "In the 2 1/2 weeks since D.C. attorney Robert Wone was found stabbed in the Dupont Circle home of his friend of 14 years, police haven't made an arrest. Nor have they identified a suspect in the murder of the 32-year-old general counsel of Radio Free Asia." The Times continues, "Without any further statements from the three residents of 1509 Swann St. N.W., all of whom were home the night of Aug. 2 when Wone was killed, police have focused on the one thing they have: the house where he was found." The Times adds, "The $1.2 million house is co-owned by Wone's longtime friend Joseph Price, a partner at D.C.'s Arent Fox. Though at least one resident told police an intruder had come through the back door, police say they have not yet found any evidence of a burglary. Instead, they are still trying to determine why the crime scene appeared to have been tampered with before police arrived. … Kathleen Voelker and David Schertler, attorneys for the residents, informed Legal Times in a statement last week that the three told police 'unequivocally that none of them were involved in the incident.' All three -- Price, Victor Zaborsky, and Dylan Ward -- are considered witnesses. … At an Aug. 15 press conference, Capt. C.V. Morris of the Metropolitan Police Department said police haven't been able to find all the evidence they expected. That seems apparent from the fact that as of late last week police still had custody of the house on Swann Street. Police won't say what they've been focusing on in the house, and it appears they won't be revealing it any time soon."

State Laws Shield Pets From Domestic Violence. USA Today (8/24, Bazar) reports, "Several states are moving to protect pets in families ripped apart by domestic violence. … Maine, Vermont and New York have passed laws this year that allow judges to include pets in protective orders. Illinois and New Jersey legislators are considering similar measures, and animal welfare advocates in other states, including California, are urging action." USA continues, "Protecting pets can help protect human victims of domestic violence, according to authorities on domestic violence and animal welfare. … 'Animals are often used as pawns in domestic violence situations,' says Katie Dolloff, program coordinator of the Animal Welfare Society in West Kennebunk, Maine. Maine was the first state to adopt an animal-protection law, which took effect Wednesday." USA adds, "Abusers often harm pets to punish or intimidate their victims, says Frank Ascione, a psychology professor at Utah State University. In a survey of directors of shelters for abused women, Ascione found that more than 80% had encountered women who reported pet abuse by their abusers. One woman he interviewed said she found her dog nailed to her bedroom door. … Ascione says a victim sometimes delays going to a shelter out of concern for the pet she would leave behind. 'In most of these cases, the animal abuse is so effective because the woman is so attached to the pet. And the batterer knows that,' he says."

CIVIL LAW:

AT&T Sues Data Brokers Over Fraudulent Account Access. USA Today (8/24, Cauley) reports, "AT&T filed a lawsuit on Wednesday against about two dozen 'data brokers' for illegally gaining access to the confidential calling information of about 2,500 customers." USA continues, "Data brokers are individuals, or groups of individuals, who use a variety of ruses to gain unauthorized access to telephone records. In some cases, data brokers call up carriers and pose as customers. … This cottage industry is generally known as 'pretexting,' and the data are often sought for use in legal or domestic disputes." USA adds, "A number of state and federal laws are being considered that would tighten customer privacy rules, making it more difficult for data brokers to obtain information. … AT&T's lawsuit, filed in U.S. District Court in San Antonio, names 25 'John Doe' defendants. According to the lawsuit, these defendants "have used fraudulent means" to gain access to about 2,500 online accounts. … The affected accounts included a range of information, including actual telephone records. AT&T said no Social Security numbers or driver's license information was divulged."

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The Washington Post (8/24, D3, Nakashima) reports, "The AT&T case is but one example of a growing trend of data theft for commercial gain, involving not only phone records but bank, medical and other sensitive personal information. The thieves are sometimes lumped into a category called data brokers, which includes companies that legitimately gather and market information." The Post adds, "AT&T, headquartered in San Antonio, where the suit was filed, hopes to learn the defendants' identities through their Internet protocol addresses. AT&T has 'most if not all' of the defendants' IP addresses and will ask the court to subpoena the Internet providers to disclose the identities linked to those addresses, spokesman Walt Sharp said. … Once the defendants are identified, AT&T wants them to return all customer records, account for all profits obtained by the theft and to compensate AT&T for the damages caused."

CIVIL RIGHTS:

Jury Deliberates Charges Against Owners Of Labor Camps. The AP (8/24, Word) reports, "A jury began deliberating Wednesday in the trial of a couple who are accused of selling crack cocaine to migrants workers at their farm labor camps in North Carolina and Florida." The AP continues, "The jury of 10 men and two women began deliberating the 58 counts against Ronald Evans Sr. and 51 charges against his wife Jequita Evans in connection with labor camps they ran in near Palatka, Fla., and Newton Grove, N.C. Deliberations went on about an hour after closing arguments and will resume Thursday morning." The AP adds, "Susan French, an attorney with the civil rights division of the Justice Department, said the couple sold their migrant workers cocaine, cigarettes and beer on credit, deducting it from their wages they earned working on potato and cabbage farms, They often finished the week in debt. … 'They exploited the laborers' habit,' she said, claiming the Evans and his wife recruited homeless people and crack addicts to work for them. … Attorney William Kent, who represents Ronald Evans Sr., said most of the witnesses against Evans and his wife had a 'personal bias, a reason to lie and were not credible.' … Evans and his wife may not be perfect, Kent said, but they are not the 'sinister exploiters,' that the government claims they are. … But Assistant U.S. Attorney John Sciortino countered that the government had proven its case with testimony and records."

DOJ To Probe Juvenile Detention Center In Indiana. WTHR-TV, NBC 13, Indianapolis, IN (8/24) reports, "The US Justice Department will investigate the Marion County (IN) Juvenile Detention Center after several workers were charged with sexually abusing female detainees." WTHR-TV continues, "The Juvenile Center has been in investigators' cross hairs for months. Marion County Prosecutor Carl Brizzi launched a probe that led to arrests of ten staffers this year. They're charged with sexually abusing girls at the center. … The federal probe will look at whether young people's rights are protected and whether there's a system for making and investigating complaints. … 'We welcome that and certainly we'll give them whatever assistance they need,' said David Wiser, Marion County prosecutor's chief trial deputy." WTHR-TV adds, "Eyewitness News asked Wiser if there are problems beyond the ten abuse cases the prosecutor brought this year. 'We have no reason to believe there's any continuing violations and so we hope things are running smoothly,' he said."

Alabama Rules State Cannot Stop Ex-Felons From Voting. The AP (8/24) reports, "A Jefferson County (AL) judge ordered Wednesday the state of Alabama to allow ex-felons to vote, saying a state law that denies voting rights to felons convicted of crimes of moral turpitude does not identify which crimes fit that definition." The AP continues, "Circuit Court Judge Robert Vance Jr. stayed portions of his order until it could be cleared by the U.S. Justice Department. The federal Voting Rights Act requires that changes in voting law in Alabama be cleared through the Justice Department." The AP adds, "Vance ordered voter registrars in Alabama counties to register ex-felons until 'the Alabama Legislature passes, and the governor signs into law, legislation specifically identifying which felonies involve moral turpitude.' … The judge's ruling came in a lawsuit filed in Jefferson County by Richard Gooden, who lost his right to vote in 2000 when he was convicted of felony driving under the influence. When Gooden tried to have his voting rights restored he was told that the Alabama secretary of state's office had ordered no felons be registered until the Attorney General Troy King issued an opinion on what crimes do not involve moral turpitude."

Indianapolis Man Sentenced For Human Trafficking. WISH-TV, News 8, Indianapolis (8/24, Hermacinski) reports, "An Indianapolis man accused of human trafficking was sentenced in court Wednesday. He was one of three men who allegedly transported illegal immigrants from Phoenix to Indianapolis and then shipped the human cargo to destinations across the country." WISH-TV continues, "In court, 25-year-old Marcial Hernandez admitted to holding a man hostage in his apartment and threatening to hurt the man if he tried to run away. … 'He was held in this particular apartment for three days, fed an egg a day and not allowed to shower. Very poor conditions,' said the prosecuting attorney Mary Garner." WISH-TV adds, "The admission was part of a plea deal prosecutors say involved a far more serious crime, human trafficking.

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Prosecutors say Hernandez, along with Jose Palacios and Sergio Felix Martinez kept as many as 15 illegal immigrants in Hernandez's apartment last April. But prosecutors only heard from one victim. … All three men were charged with conspiracy to commit kidnapping, criminal confinement and intimidation. Prosecutors had testimony from only one victim, so they offered a deal: plead guilty to confinement and the other charges will be dropped. All three accepted. Palacios and Felix Martinez received time served and probation. The judge ordered Hernandez to three years in community corrections."

Maryland Prisons Chief Resigns Amid Criticism. The Baltimore Sun (8/24, Fuller) reports, "The commissioner of the Maryland division of correction retired Wednesday amid continuing turmoil over the state's troubled prisons and the slayings of two correctional officers by inmates this year." The Sun continues, "Frank C. Sizer Jr., 62, delivered his resignation in the form of a two-week notice Wednesday afternoon to Public Safety and Correctional Services Secretary Mary Ann Saar, said Jacqueline Lampell, her spokeswoman. … 'He simply told the secretary he was retiring,' Lampell said." The Sun adds, "Although the retirement is effective in two weeks, Sizer cleared out his office Wednesday, according to two correctional system sources. The abrupt departure suggested he did not retire voluntarily. … Sizer had come to be regarded as a political liability for Gov. Robert L. Ehrlich Jr. Republican legislators from Western Maryland, where several state prisons are located, called publicly for Sizer's ouster after a correctional officer was killed in January while guarding an inmate at a hospital in Hagerstown. The clamor for Sizer's removal grew after a second correction officer was stabbed to death in July. … Some correctional officers from Ehrlich political strongholds in Western Maryland and the Eastern Shore had said that they would not vote to re-elect him unless he makes top-level changes in prison administration."

DC Shifts Group Home Death Probes In-House. The Washington Post (8/24, B1, Barker) reports, "The District's mental retardation agency has run out of money to pay an independent contractor to investigate deaths in its group home system and is now conducting the probes in-house -- using the same office that previously deleted damaging information from some of the contractor's reports." The Post continues, Kathy Sawyer, interim head of the Mental Retardation and Developmental Disabilities Administration, said yesterday that the agency stopped referring cases to the outside contractor beginning with deaths that occurred in early June. Sawyer said that when she came on the job in late June, she asked the agency's Incident Management and Investigations Unit to start conducting the probes while she explored other options." The Post adds, "Sawyer, a nationally recognized disability expert who took over the agency under a six-month contract, said the switch was made because funds to pay a private contractor -- an average of $15,000 per report -- were depleted. She stressed that the agency's investigative unit has a new manager and no longer employs those who altered some death reports before the documents were turned over to court officials and others who review cases."

Baltimore Election Board Mailed Early-Voting Letters Despite Ruling. The Washington Times (8/24, Miller) reports that the Baltimore election board "has mailed notices to about 300,000 voters telling them they can cast ballots in person during the week before the elections, despite a recent court ruling against Maryland's new early-voting law. The Anne Arundel Circuit Court on Aug. 11 struck down the law passed by the Democrat-controlled General Assembly, saying it violates the state constitution. Though Baltimore has sent the notices, several other large jurisdictions -- including Anne Arundel, Baltimore and Howard counties -- have delayed sending them until after the Maryland Court of Appeals hears the case tomorrow. 'We should have waited until the court decision was made,' said Gene M. Raynor, elections director for the Baltimore Board of Elections." Armstead B. Crawley Jones Sr., "president of the Baltimore Election Board, said the notices were mailed at the direction of the Maryland State Board of Elections. 'The board followed what the state wanted,' he said." However, Ross Goldstein, "state election board deputy administrator, said the board recommended waiting to send the notices 'whenever possible.' 'But in a lot of cases their process was already in motion and there was no turning back,' he said."

ANTITRUST:

Weyerhaeuser, Domtar To Merge Paper Businesses. Dow Jones (8/24) reports, "Weyerhaeuser Co. agreed to divest its fine paper business, creating a new entity part-owned by Canada's Domtar Inc. and ridding itself of a business that has dragged down its more profitable timber and cardboard activities." Dow Jones continues, "The $3.3 billion deal would create North America's largest supplier of uncoated freesheet paper, commonly used in office copiers and annual reports, the two companies said Wednesday. The new firm will take the name Domtar and headquarter in Montreal." Dow Jones adds, "Weyerhaeuser, the world's largest lumber company, has talked for months about unwinding its paper and paper pulp business. The division swung to a net loss of $444 million last year as a jump in fuel and wood chip costs offset higher prices. Profits have since rebounded but still pale besides income from its forest and building products segments. .. . While Weyerhaeuser is

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coming clean of the white paper business, investors can place bets on its viability. Current Weyerhaeuser shareholders are slated to own 55% in the new company, in a tax-free spin-off or split-off structure that Weyerhaeuser will choose before the deal's first-quarter close. … Under the spin-off scenario, shareholders would receive about 1.14 shares of the new company for each share of Weyerhaeuser that they own. In a split-off, they can choose to exchange Weyerhaeuser shares for shares in the expanded Domtar or hang on to their Weyerhaeuser shares, said executives Wednesday."

The Jackson (MS) Clarion-Ledger (8/24, Metz) reports, "The merger, which must by approved by the boards of directors of both companies, is expected to close by the first quarter of 2007. The deal also faces a review by antitrust agencies and securities regulators in the United States and Canada as well as the Internal Revenue Service."

Judge Approves $28.8 Million Settlement In 3M Antitrust Suit. The Legal Intelligencer (8/24, Duffy) reports, "A federal judge has granted final approval of a $28.8 million settlement -- and an attorney fees award of $7.5 million -- in a class action antitrust suit against office supply giant 3M, and lawyers say that another large, class action settlement by 3M is in the final stages of negotiations." The Intelligencer continues, "The pair of class action suits directly stemmed from a prior suit, LePage's Inc. v. 3M, which resulted in a $68 million verdict in 1999 and a finding that 3M had set out to monopolize the market for transparent tape. … Retailers responded to the LePage's verdict by filing suit, but Eastern District of Pennsylvania District Judge John R. Padova ruled that a massive class action brought on behalf of all retailers would suffer from 'internal conflicts.'" The Intelligencer adds, "Padova said small-volume retailers who sold only 3M's brand-name tapes -- Scotch and Highland -- would likely take a different approach to proving their damages from large-volume retailers who also sold 3M's private label -- or store-brand -- tapes. … As a result, the plaintiffs lawyers in the first case, Bradburn Parent/Teacher Store Inc. v. 3M, narrowed their class definition to exclude such large-volume retailers."

Apple To Pay $100 Million To Settle iPod Dispute. The Financial Times (8/24, Allison) reports, "Apple Computer on Wednesday said it would pay $100m to settle a bitter patent dispute with Creative Technology, a Singapore-based rival that had sought to halt US sales of iPod music players." The Times continues, "The companies had been at loggerheads since May, when Creative filed a complaint against Apple, accusing it of 'wilful infringement' of a patent related to the user interface on portable music players." The Times adds, "The lawsuit sought unspecified damages and an injunction halting the import and sale of iPods in the US. Apple later filed a counter-suit, accusing Creative of similar infringements. … Steve Jobs, Apple's chief executive, said the settlement would end five lawsuits pending between the two companies, and would 'remove the uncertainty and distraction of prolonged litigation.' Apple will pay Creative $100m to use Creative's patent, which was filed in 2001 before the iPod music player became the world's most popular portable music device. … Apple said it would be able to recoup some of the payment if Creative successfully licensed its patent to other electronics groups. Creative – whose Zen music player remains a distant second to the iPod – will launch its own line of iPod accessories as part of the deal."

The Washington Post (8/24, Noguchi) reports, "The truce comes after Creative and Apple filed five lawsuits against each other over competing claims to the software and systems that make their music players work. Apple, based in Cupertino, Calif., launched its iPod after Singapore-based Creative brought its portable music player to market." The Post adds, "As part of the agreement, Apple agreed to pay for a license to use Creative's patent. Creative, in turn, will be able to design iPod accessories, such as speakers and earphones."

The Wall Street Journal (8/24, Wingfield) reports, "The deal brings to a close five pending lawsuits the companies had filed against each other, starting with a complaint Singapore-based Creative filed against Apple in May in federal court in San Francisco. In the suit, Creative alleged that Apple's iPod digital music player violated a Creative patent on methods for navigating, organizing and accessing music through software user interfaces on portable audio players. Complaints by Creative in other venues and Apple countersuits followed."

Rite Aid Nears Deal For Eckerd, Brooks Chains. The Wall Street Journal (8/24, Berman, Merrick) reports, "Rite Aid Corp., finding its footing several years after a major accounting scandal, is near a deal to purchase the Eckerd and Brooks drugstore chains from Jean Coutu Group (PJC) Inc. for about $3.4 billion in cash and stock, according to two people familiar with the matter." The Journal continues, "The deal would add about 1,800 stores to Rite Aid's existing 3,300 locations, boosting its efforts to catch up to larger U.S. drugstore rivals Walgreen Co. and CVS Corp. It also would increase Rite Aid's clout along the East Coast, where it already has its strongest markets." The Journal adds, "Under the terms of the deal, Rite Aid is expected to pay about $1.5 billion in cash and the rest in stock, said the people familiar with the matter. Jean Coutu Group will own about 30% of Rite Aid following the transaction, which also must pass government clearances. A final agreement hasn't been reached and the situation could change."

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IBM Adds Internet Security Firm To Buying Binge. The Wall Street Journal (8/24, Forelle, Vara) reports, "International Business Machines Corp., looking to bolster its technology-services offerings amid intense competition in that critical market, has agreed to buy Internet Security Systems Inc. for about $1.3 billion." The Journal continues, "In four acquisitions IBM has announced this month, including ISS, the computer giant is spending more than $3.6 billion in an attempt to add new products and services to jolt its own plodding growth." The Journal adds, "ISS, based in Atlanta, is a maker of software and equipment that helps corporations and governments fend off security threats that arrive via the Internet. IBM, of Armonk, N.Y., says ISS's products will help it sell "managed security services" -- in which a customer outsources to IBM the protection of its electronic infrastructure. … The move into the hot security market brings IBM -- already a large security player -- into closer competition with rivals such as Symantec Corp., CA Inc. and EMC Corp., which in June announced a $2.3 billion acquisition of RSA Security Inc., another prominent midsize security vendor. In the past few years, Cisco Systems Inc. and Microsoft Corp. have also acquired security players."

The Washington Post (8/24, D5, Hart) reports, "The proposed deal marks the fourth acquisition by IBM in the last month and, at a price of $1.3 billion, or $28 per share, is the fifth-largest acquisition in the company's history. The agreement is aimed at strengthening IBM's footing in the security systems market. … The deal comes just after IBM's purchase of Webify Solutions Inc., MRO Software and FileNet Corp., all software companies that help clients streamline business processes and manage data. Along with the purchase of ISS, the total bill will come to more than $3.5 billion if the deals are approved by shareholders and regulators."

The New York Times (8/24, Lohr) reports, "The purchase of the company, which makes security programs for computer networks, is the latest in a recent string of software acquisitions by I.B.M. In the past, the company has often pointed to how the software being purchased would help I.B.M.'s $47-billion-a-year services business, as more services tasks rely on software to improve efficiency. … But Internet Security Systems is the first large software purchase that will be actually folded into I.B.M's services business, rather than becoming part of the company's software group."

USA Today (8/24, Kessler, Swartz) reports, "Tech analysts say IBM's buying spree is also part of a growing trend of software consolidation, especially in security software. More than 1,000 companies sell a tech-security product or service, according to research firm IT-Harvest. … As a result, companies are consolidating. Two of the biggest deals: EMC's $2.1 billion purchase of RSA Security and Symantec's $13.5 billion purchase of Veritas."

Tech Giants Clash In Wireless Internet Battle. The Wall Street Journal (8/24, Sharma, Clark) reports, "Qualcomm Inc., which became a technology powerhouse by creating the brains inside hundreds of millions of cellphones, and Intel Corp., the giant maker of microprocessor chips for personal computers, are clashing on a crucial new battleground: wireless access to the Internet." The Journal continues, "Both companies are racing to develop new technologies to better permit consumers to connect wirelessly to the Web, whether by cellphone, laptop, handheld gadget -- or potentially even devices such as MP3 players and video cameras." The Journal adds, "This month, Intel scored a first big victory when Sprint Nextel Corp., the third-largest U.S. cellular operator, said it would spend up to $3 billion to build a new network based on the technology that Intel is backing. That technology is 'WiMax,' a system that promises Internet access at speeds similar to cable broadband connections, wirelessly and over long distances." The Journal notes, "The battle puts on a collision course two chip giants that had little to do with each other for two decades. The prize for Intel: a new chance to build bigger markets for its microprocessors -- not just in laptops but in new pocket-sized gadgets and consumer-electronics devices. The widening of Internet access gives Intel an opportunity to try to wrest from Qualcomm the position of wireless standard-setter. … Whoever prevails in the face-off, consumers will end up with yet more options to connect to the Web. Today, they mostly rely on wired high-speed Internet connections from cable and phone companies. While the technologies Intel and Qualcomm are pushing are still untested on a large scale, they promise to give people new ways to get online at work, in the backyard, in a park -- almost anywhere -- and eventually with a whole array of new devices."

Judge Upholds Patent Verdict Against Microsoft, Autodesk. CNET News (8/24, McCarthy) reports, "A federal judge in Texas has delivered a setback to Microsoft and Autodesk in their patent infringement battle with product activation start-up Z4 Technologies." CNET continues, "U.S. District Judge Leonard Davis turned down the software makers' request for a new trial in a patent infringement lawsuit filed by Z4 Technologies and awarded enhanced damages, ordering Microsoft and Autodesk to pay a combined total of $158 million." CNET adds, "The initial suit was filed nearly two years ago by David Colvin, owner of Michigan-based Z4, over two product activation technologies. One of those technologies is designed to prevent unauthorized use of software; the other is used to combat piracy. … In a verdict reached April 19, a jury found that Microsoft and Autodesk had violated Colvin's patents; the companies' subsequent request for a new trial was turned down Friday. Microsoft is expected to challenge the verdict in

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the U.S. Court of Appeals. … Not only has the original verdict been upheld, but Microsoft's patent penalty has also been increased by $25 million for enhanced damages, bringing its total bill to $140 million. It also must pay an estimated $2 million in legal fees." CNET notes, "It's the second-biggest patent infringement fee that Microsoft has had to fork over to a smaller company, surpassed only by the $500-plus million that the Redmond, Wash.-based software behemoth was ordered to pay to Eolas Technologies in 2003. Microsoft's fines in antitrust cases, however, have reached into the billions of dollars."

ENVIRONMENT:

Consultant Warned BP Of Accelerated Pipeline Corrosion. The Wall Street Journal (8/24, A3, Dalton, Biers, 2.03M) reports, "Federal investigators probing BP PLC's operations in Alaska are reviewing two-year-old documents from an engineering firm that included warnings of accelerated corrosion in its pipeline network, an indicator of the same type of conditions that forced the partial shutdown of the giant Prudhoe Bay oil field this month." EPA "investigators are presenting evidence to a federal grand jury investigating criminal charges against BP related to its pipeline-maintenance program in Alaska." The Journal says, "Separately, a BP spokesman said late yesterday the company, which operates Prudhoe Bay on behalf of a consortium, has had to curtail remaining production at the field by almost one-half because of a mechanical failure in an oil-processing facility." He "said the move would reduce production to 110,000 barrels a day from the 200,000 barrels a day that it had been able to continue. He said repairs could take several days."

Legal Battle Over Plant Adds To BP's Woes. The Financial Times (8/24, McNulty) reports, "BP is embroiled in a legal battle in Illinois that, against the backdrop of a big spill in Alaska and a fatal explosion in Texas, could help fuel the broader debate over whether the UK oil giant has a problem with its US safety culture." The suit "arises from BP's $225m sale of an Illinois chemicals plant in 2004 to Flint Hills Resources ... ." The Times says, "Soon after taking over the plant, Flint Hill claimed BP had breached the terms of its sales agreement. BP responded with a federal lawsuit in Chicago last year seeking a declaration by the court that it had done nothing wrong. ... Flint Hills then counter-sued, accusing BP of more than 50 misrepresentations about the plant's environmental compliance, mechanical integrity and production capacities." The countersuit "alleged that the plant had illegal emissions of air pollutants, corroded tanks that leaked chemicals including acid and badly leaking sewer lines that BP had buried unrepaired ahead of the sale."

FBI/DEA/ATF/USMS:

Corps Of Engineers Investigating Decision To Seek FBI Probe Of Activist. The New York Times (8/24, Dean, 1.21M) reports, "The Army Corps of Engineers is looking into how an Illinois man's comments on a proposed bypass channel for fish led a corps official to suggest that the Federal Bureau of Investigation examine him as a possible terrorist, a spokesman for the corps said yesterday. The man, Jim Bensman…said he feared that people in the St. Louis district office of the corps pointed to him because he was a longtime critic of their policies," but Corps spokesman Alan Dooley "said he believed that the brouhaha was a result of a security officer's following Army regulations" after a newspaper "described Mr. Bensman as advocating that the dam be blown up, which, technically, he did."

Agent Testifies FBI Tried To Flip Alleged Cuban Spy. The AP (8/24, Anderson) reports, "The FBI hoped to recruit a university professor suspected of being a longtime Cuban agent to spy for the U.S. government against Havana, but never made any explicit promises of criminal immunity if he cooperated or refused, an FBI agent testified Wednesday. Albert Alonso, the lead FBI agent in the case of Florida International University psychology professor Carlos Alvarez, said the FBI had become convinced based on intercepted telephone calls that Alvarez -- allegedly a Cuban operative since 1977 -- was ready by June 2005 to work 'in an intelligence capacity' for the U.S. against Cuba." The AP notes, "The testimony came during a hearing on a motion by Alvarez to have his purported confession to being a Cuban agent thrown out as evidence because, he claims, the FBI made the immunity promise. … U.S. Magistrate Judge Barry Garber scheduled a second day of hearings on Thursday on whether the confession should be permitted as evidence."

Orihuela Says FBI Did Not Receive Tape Allegedly Linking Raúl Castro To Shoot-Down. The Miami Herald (8/24, Weaver, 310K) reports, "The tale of the newly surfaced Raúl Castro tape just got more mysterious. Relatives of Cuban exile pilots who were killed by Castro's air force said their attorney turned over the tape to the FBI more than four years ago, claiming it was possible proof of the defense minister's lead role in the alleged 1996 shoot-down plot. The FBI said it received a package on Raúl Castro in January 2002 from the relatives' lawyer -- but no tape was inside, only a one-inch binder on the criminal case. 'They never got the tape,' said FBI spokeswoman Judy Orihuela, after checking with a case agent. 'They don't have the tape.'" Former federal prosecutor David Buckner also "said he received only a copy of the binder." However, one victim's sister, Maggie Alejandre Khuly, insisted, "We had this tape four years ago.

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… We went to the FBI because we had faith in them and we had faith in the evidence. We still do."

Colombian Drug Suspect Extradited To US Is Held Without Bail. According to the AP (8/24), a purported drug kingpin "alleged to have smuggled more than $100 million of cocaine into the U.S. was held without bail following an appearance in federal court Wednesday. Manuel Felipe Salazar-Espinosa…arrived late Tuesday at Westchester County Airport from Colombia to face narcotics trafficking and money laundering charges. He was ordered held without bail during a brief appearance in U.S. District Court in Manhattan. … Erin Mulvey, a spokeswoman for the U.S. Drug Enforcement Administration, said Mr. Salazar-Espinosa was one of the 'last remaining dinosaurs of the old cartels.'" The AP story was published by the Wall Street Journal, Washington Post, Houston Chronicle, Miami Herald, and Boston Herald.

The New York Times (8/24, Williams) reports a Colombian man who the authorities "said smuggled more than $100 million of cocaine into the United States pleaded not guilty yesterday during his arraignment in Federal District Court on drug-trafficking and money-laundering charges. The man, Manuel Felipe Salazar-Espinosa, also known as Hoover, was extradited from Colombia on Monday."

Colombian Government Peace Agreement Suspends Alleged Drug Trafficker's Extradition To US. The AP (8/23) reports the Colombian government "defended on Wednesday an alleged drug trafficker's inclusion in a peace agreement with far-right paramilitaries, which could let him serve less time in prison and avoid extradition to the United States. In a letter to the Organization of American States, Colombia's high commissioner for peace, Luis Carlos Restrepo, said Juan Carlos Sierra was allowed to participate because he was an important figure in the paramilitaries and had the support of many of the illegal group's commanders. … Under the terms of the peace agreement, he will serve no more than eight years in prison, and a warrant for his extradition to the United States will be suspended."

Grand Jury In Kansas City Indicts 12 In Heroin Case. The AP (8/24) reports a federal grand jury in Kansas City "has indicted 12 people for conspiracy to distribute heroin. … The Drug Enforcement Administration says 5 pounds of heroin were seized during the year-long investigation."

In a separate story, the AP (8/23) reports U.S. Attorney Bradley J. Schlozman said, "This indictment is part of an extensive investigation into a large-scale conspiracy responsible for trafficking multi-kilo quantities of heroin."

The Kansas City Star (8/24) reports, "Four Lee's Summit residents have been charged as part of a nationwide heroin distribution network that stretched from Missouri to California and Texas. … The indictment remained sealed until Wednesday, after the defendants were arrested and appeared in court on drug and money-laundering charges."

ATF Probes Fire At Michigan Temple. The Detroit News (8/24) reports, "A possible hate crime is under investigation in a Tuesday night fire at the Bangladesh Hindu Temple (in Hamtramck, MI) that's left members searching for a place to worship." The News continues, "Local fire crews, along with federal Alcohol, Tobacco and Firearms agents and the FBI are among the agencies looking for clues in the blaze near the middle of the Grayling street near Lumpkin. They spent much of Wednesday combing the neighborhood and talking to nearby residents about the fire. … 'We don't have any clues yet,' said Hamtramck Fire Chief James Szafarczyk. 'I hope we can catch the person, and if it wasn't a person, what caused this. This could be just an accidental fire.'" The News adds, "The ATF and FBI are mandated to respond to a call to a fire at any worship institution as a matter of protocol after the nation's church burning crisis in 1996, said ATF Michigan spokeswoman Vera Fedorak."

IMMIGRATION:

Chertoff Says Enforcement Measures Reducing Illegal Immigration. The Los Angeles Times (8/24, Reynolds, Marosi, 918K) reports, "The Bush administration announced Wednesday that it had made 'extraordinary progress' in reducing the number of Mexicans and others trying to enter the United States illegally, saying that apprehensions had reached the lowest rate in the last four years. The administration's beefed-up enforcement efforts…appear to be making a significant difference, Homeland Security Secretary Michael Chertoff told reporters." Critics, however, "challenged the government's position, saying that the three-month statistical snapshot was too brief to signify a trend and that economic and other factors could be contributing to the immigration slowdown." But "in Mexico, authorities who work in staging areas along the Arizona border -- the busiest corridor for illegal crossers -- confirm that the flow of would-be immigrants has dropped significantly this year and that many are deciding crossing is too difficult."

The New York Times (8/24, Swarns, 1.21M) reports Chertoff "pointed to recent apprehension figures to bolster his assertion, saying that the number of Mexicans captured in June and July had dipped to the lowest level for that two-month period since the fiscal year 2002. The number of non-Mexican immigrants apprehended during June and July, he said, dropped to the lowest level for that period since the

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fiscal year 2004." He "attributed the decline to President Bush's decision to deploy National Guard troops on the Mexican border and to an expansion in the number of beds in detention centers, which in recent weeks has allowed immigration officials for the first time to detain nearly all illegal immigrants from countries other than Mexico until they can be deported. Illegal immigrants from Mexico are typically returned soon after capture."

USA Today (8/24, 2.27M) notes that "the week of May 22, Border Patrol agents detained 2,055 non-Mexicans and released 681. By the week of Aug. 7, agents detained 1,055 non-Mexicans and released only seven. Whether the government can keep up that pace remains to be seen." The Administration "has requested $327 million in next year's budget to detain and extradite non-Mexican undocumented immigrants." The new policy "generally does not apply to Mexicans, who are returned to Mexico after being stopped by Border Patrol agents, said John Torres, detention and removal director of Immigration and Customs Enforcement, an arm of Homeland Security." The Washington Times (8/24, Seper, 88K) says "the majority of illegal aliens caught along the 1,951-mile Southwest border are Mexican nationals, who are returned immediately to their home country."

Chertoff Border Tour With Lawmakers Seen As Sign White House Ready To Compromise. The Washington Post (8/24, A04, Weisman, 748K) reports Chertoff is expected to "tour the Texas-Mexico border" today with Texas Sen. Kay Bailey Hutchinson (R) and IN6 Rep. Mike Pence (R). The move, while accompanied by a denial from DHS that it constitutes an endorsement of the conservative lawmakers' "congressional immigration compromise," is seen as "the clearest sign yet that the Bush administration is prepared to make major concessions" on the issue. The impasse centers on the timing of the implementation of a guest worker program: Hutchinson and Pence want to wait until "stringent border-security measures are implemented," whereas Bush prefers a simultaneous approach.

The Washington Times (8/24, Dinan, 88K) adds, under the headline "Bush Guest-Worker Plan Lacks Support," that "Bush has convinced House Republicans he is serious about enforcing the border, but he has failed to win their support for his plan to create a guest-worker program or a path to citizenship for illegal aliens." This piece also emphasizes that some in Congress, such as House Speaker Dennis Hastert, are pushing Bush to support a more immediate focus on securing the borders. Moreover, regarding a Bush-sought guest worker program, some "House Republicans say allowing illegal aliens to stay amounts to amnesty."

Moreover, CNN Lou Dobbs' Tonight (8/23, Pilgrim) interviewed House Judiciary Committee Chairman James Sensenbrenner. Asked about the Congressional Budget Office's estimate that the Senate immigration bill 'could cost taxpayers over $120 billion through the next decade,' Rep. Sensenbrenner said, 'It is a staggering number. A lot of this cost comes from the fact that illegal immigrants are currently ineligible for most welfare benefits. Giving them amnesty makes them eligible for welfare benefits. And now we have seen the true cost of the Senate bill, giving amnesty to up to 12 million illegal immigrants in our country.'"

On CNN's The Situation Room (8/23, Blitzer), Democratic strategist Paul Begala notes that Bush "has alienated his social conservative supporters, like Bay Buchanan, by being for what they view as amnesty."

Immigration Reform Seen As Splitting GOP Base. The Wall Street Journal (8/24, A4, Lueck, 2.03M) reports on the conflict in the GOP between factions who favor strict border enforcement and business leaders who see economic benefits in a pool of inexpensive labor supplied by illegal immigrants. "Ever since Republicans took over the House in 1994, they rarely have split with business, whether on taxes, regulation, labor or the environment. In turn, businesses have given Republicans steady support." However, "the immigration debate is straining that bond." The Journal continues to speculate on the impact the schism could have in the upcoming mid-term elections.

Firms Sue Competitors Who Hire Illegal Immigrants. The AP (8/24, Prengaman) reports, "Frustrated by lax enforcement of immigration law, American businesses are taking their fight against illegal immigration to court, accusing competitors of hiring illegal workers to achieve an unfair advantage." The AP continues, "Businesses and anti-illegal immigration groups said the legal action was an attempt to create an economic deterrent against hiring illegal employees. … 'We see the legal profession bringing to this issue the kind of effect it's had on consumer product safety,' said Mike Hethmon of the Immigration Reform Law Institute, a Washington D.C.-based group backing the efforts." The AP adds, "In the first of a series of lawsuits, a temporary employment agency that supplies farm workers sued a grower and two competing companies on Monday (in Los Angeles). … Similar cases claiming violations of federal anti-racketeering laws have yielded mixed results. The California lawsuit is believed to be the first based on a state's unfair-competition laws, legal experts said. … Legal experts said the cases could be difficult to win. Under the California statutes, plaintiffs must prove a competitor directly harmed their business."

TAX:

IRS Warns Taxpayers About Fake Debt Collectors. The Washington Post/AP (8/24, D2, Dalrymple) reports, "The Internal Revenue Service warned

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taxpayers yesterday not to be duped by scammers posing as private debt collectors the agency has hired to chase unpaid tax debts." The AP continues, "The IRS designed the debt collection program to minimize that risk, said Brady Bennett, IRS director of collection. Among those protections, the IRS has done background checks and designed special training for collection agency employees working on the accounts." The AP adds, "The IRS plans to assign 12,500 accounts with unpaid tax debts to three private agencies beginning Sept. 7. About 40,000 accounts will be turned over by the end of the year. The IRS chose taxpayers who owe less than $25,000 and do not dispute the debt. … Some critics of the program see so many pitfalls that they are urging debtors to insist on negotiating payment directly with the IRS. .. .People contacted by a private collection agency have the right to insist that only the IRS deal with their accounts. Bennett said he hoped few taxpayers with debts sent to private collectors would opt out."

CONGRESS-ADMINISTRATION:

Specter Angry Over ABA Rating Of 5th Circuit Nominee. The Legal Times (8/24, Goldman) reports, "The American Bar Association's unanimous 'not qualified' rating for Michael Wallace, the Mississippi lawyer nominated to the 5th U.S. Circuit Court of Appeals, has sent Senate Judiciary Committee Chairman Arlen Specter, R-Pa., into a tizzy." The Times continues, "In an Aug. 7 letter, Specter demanded that the ABA 'immediately revoke its "Not Qualified" rating ... and begin a new review process.' Such unanimous 'not qualified' ratings are extremely rare, but the ABA, in a written summary of its decision, noted that it arrived at its conclusion after interviewing 69 lawyers and judges." The Times adds, "While applauding Wallace's professional credentials -- Harvard College, the University of Virginia School of Law, clerk to then-Associate Justice William Rehnquist -- and his integrity, the ABA assailed his judicial temperament, including allegations of racial bias. … 'A large number of minority lawyers stated that Mr. Wallace has on occasion been particularly disrespectful to them and often did not treat them as equals or peers in the profession,' the report said. … Meanwhile, five controversial circuit court nominees, including Wallace, Pentagon general counsel William Haynes II, and Terrence Boyle, were sent back to the White House in accordance with a Senate rule that allows nominations to be returned if the Senate will be in recess for more than 30 days."

US Trade Promotion Programs Face Budget Cuts. The Christian Science Monitor (8/24, Bradley, 58K) reports the US Department of Commerce's "Gold Key" program, which "helps businesses link up with foreign clients, research far-flung markets, and bridge yawning cultural gaps," and other "federal programs like it are threatened by budget cuts." Commerce officials have "spent the last two years debating whether to stop subsidizing Gold Key, by billing client companies for the full cost of the service." However, advocates for the program "expect to escape funding cuts again this year." The Monitor notes that "much of the immediate pressure to discover foreign export markets falls on state governments," and "as such, the most vocal opposition of funding cuts has come from the states, many of whom say the lack of funding represents a larger neglect on the part of the federal government for touting US products abroad."

New Hardship Bidding Rules Would "Shake Up" Foreign Service. Under the headline, "Rice Orders Difficult Posts Filled First," the Washington Post (8/24, A17, Kessler, 748K) reports the State Department "plans to implement sweeping changes in the way foreign service officers bid for new assignments in an effort to more quickly fill vacancies in Iraq and the growing number of dangerous hardship posts in the Middle East." The guidelines issued last week by Director General George Staples "are intended to shake up the State Department culture so that overseas service becomes more frequent and more focused on global hot spots." The rules would require that hardship posts "be filled before bidding can begin on more attractive assignments. Private side deals that lock up plum assignments will be discouraged, and the practice of allowing junior officers to take more senior slots that have gone unfilled will be minimized." By "eliminating handshake deals for posts in safer, more attractive cities," the Department "can direct its top talent to places where their missions are more central to U.S. policy." Hardship bids focused only on the "most attractive" hardship spots will be forbidden, and the domestic service limit will be raised. The Post also says Department "officials denied that the changes are required because they are having trouble filling slots in Iraq, noting that 97 percent of the 'unaccompanied' posts are currently filled."

Byrd Criticizes Republicans For Labeling Critics "Obstructionists." The Washington Times (8/24, McCaslin, 88K) reports in its "Inside The Beltway" column Republicans "have no right to attack Americans who possess the temerity to question President Bush's wartime policies, especially by labeling them 'obstructionist' and accusing them of 'emboldening the enemy.' 'Within charges such as these lie the seeds of dictatorship and the end of the American republic as we know it,' West Virginia Sen. Robert C. Byrd writes in a letter this week to members of his

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Democratic Party." Byrd added, "Never have I been as concerned for the fate of American liberty as I am today.'"

Medicare Overhauls Payment Policy On Pharmacy Produced Drugs. USA Today (8/24, B2, Appleby, 2.27M) reports, "In a sweeping change, Medicare says it will significantly cut payments to pharmacies that make their own, non-FDA-approved versions of drugs used by asthmatics and others with respiratory ills." The move "was disclosed in a letter sent Tuesday to Sen. Charles Grassley." He and some consumer advocates "say patients may unknowingly get such drugs, which have provided profits for pharmacies, but are made under less-stringent safety and sterility rules than the government sets for drug manufacturers."

Medicare Mistakenly Refunds $50 Million. The New York Times (8/24, Stout, 1.21M) reports Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services, said yesterday that "about 230,000 Medicare recipients were mistakenly sent refunds last week averaging about $215 for monthly premiums they paid this year for drug coverage." The total amount "involved was almost $50 million." McClellan added that "about 4.7 million people in the drug program pay their monthly premiums by having the government deduct the money from their Social Security payments, and a few of them got letters telling them, incorrectly, that since they had overpaid, their premiums would no longer be deducted from Social Security." The administrator "emphasized that while the wrongly distributed refunds would have to be given back, the people…would be able to do so gradually, if necessary." Also, if any "premium deductions from Social Security were mistakenly stopped, they will resume in October."

The Washington Times (8/24, Harper, 88K) adds, "But not to worry, the glitch is fixed and all is well, said CMS spokesman Jeff Nelligan." He noted, "Everything is under control. We moved immediately after we found there was a problem. … Most importantly, no coverage has lapsed for any beneficiaries, and there will be no delays or disruptions. The letters advising people of the overpayment were already in the mail last weekend." Though CMS maintains that "the number of people affected is relatively small," some "say the system is an accident waiting to happen." The Washington Post (8/24, A19, Lee, 748K) also reports the story.

Omission Of Evolutionary Biology From SMART Grant Eligibility Sparks Suspicion. The New York Times (8/24, Dean, 1.21M) reports, "Evolutionary biology has vanished from the list of acceptable fields of study for recipients of" the SMART grant "for low-income college students." Ed. Dept. press secretary Katherine McLane said that "the omission is inadvertent" and spokeswoman Samara Yudof also said that "evolutionary biology would be restored to the list, but as of last night it was still missing." And "that the omission occurred at all is worrying scientists concerned about threats to the teaching of evolution." Several are cited saying that "they found the clerical explanation unconvincing, given the furor over challenges by the religious right to the teaching of evolution in public schools."

NYTimes Says Welfare Reform An Ongoing Process. The New York Times (8/24, 1.21M) editorializes, "There is nothing that makes us more nervous than the Bush administration declaring something an 'unqualified success,'" which in what HHS Secretary Michael Leavitt "said about welfare reform this week. In fact, Mr. Leavitt marked the 10th anniversary of welfare reform" with a newspaper essay that argued the "only changes needed going forward were stricter work requirements for poor people and a diversion of taxpayer dollars into programs to promote marriage. That is deeply disturbing. An anniversary like this should be a time of reflection, of building on what has worked and fixing what hasn't. A 'mission accomplished' attitude pre-empts any meaningful attempts to do just that. Very few people would argue that welfare reform has been a failure, or that the country should go back to the old system of open-ended welfare eligibility with no serious emphasis on work requirements. But it is flat-out wrong to declare victory as if the hard part of the journey is over."

OTHER NEWS:

Slowing Sales Indicate Cooling Housing Market. All three networks last night led their newscasts with negative news on the housing market. ABC World News Tonight (8/23, lead story, 3:40, Gibson, 8.78M) reported, "For some time, there have been indications the housing market in the United States was hitting a slump. Today, we got the numbers to prove it. More houses are on the market, unsold, right now, than ever before. Just under 4 million. The number of previously owned homes that were sold last month was smaller than any month in 2 1/2 years. Bad news if you need to sell. Good news if you're looking to buy." NBC Nightly News (8/23, lead story, 3:45, Williams, 9.87M) also reported, "Analysts say those in the market for a new home could reap huge rewards and bargains in the years to come."

The CBS Evening News (8/23, lead story, 3:25, Schieffer, 7.66M) reported, "Remember the red hot real estate market when everyone felt rich because the value of their homes just kept going up, up, up? Well, file that one under the good old days."

In a follow-up stories, The CBS Evening News (8/23, story 2, 2:45, Schieffer, 7.66M) and NBC Nightly News (8/23,

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story 2, 0:50, Williams, 9.87M) analyzed the impact of the latest data. CBS (Blackstone) profiled a couple who "after two years of being priced out of the market…finally found a place to fit their budget." Meanwhile, NBC (Mathisen) said, "People who need to sell and sell in a hurry are at great risk. Particularly if they bought within the past couple of years and have a high mortgage and equity line. They could find they owe more on the house than the house is worth, Brian."

The Washington Post (8/24, Tse, 748K) headlines its report "Signs Of A Buyer's Market," and the New York Times (8/24, Peters, 1.21M) runs a story titled "New Signs Of Cooling In Housing," and in which it reports "economists said the data showed the housing market was following the traditional path of a slowdown: a drop in sales followed by a decline or a plateau in prices." But "they remained divided over just how severe and long-lasting the coming slump was likely to be."

The Financial Times (8/24, Beales) headlines its story "US Housing Data Worse Than Feared," and says "the data underlined the rapid pace of the slowdown in the property market and sent stocks lower amid fears over the health of the broader economy."

The Baltimore Sun (8/24, 262K) reports the figures "provided fresh evidence of how much the once-sizzling housing market has cooled. Prospective home buyers have turned cautious about making such a big-ticket purchase as mortgage rates have gone up and uncertainty has arisen over whether the economy and job creation will keep slowing, analysts said."

USA Today (8/24, Knox, 2.27M) says "the downward pressure on home prices will probably continue through the beginning of 2007 because the inventory of homes for sale has surged to the highest level in 13 years. A record 3.86 million homes are for sale, a 7.3-month supply." The "weakness in the market is being driven by higher interest rates, low affordability and speculators who are dumping investment properties because they couldn't flip them for a profit." The Washington Times (8/24, Hill, 88K) runs a similar report.

The Wall Street Journal (8/24, Conkey, 2.03M) reports that meanwhile, the Mortgage Bankers Association "said its index of mortgage applications was essentially flat last week and is 25% lower than a year earlier. Applications for refinancings, however, rose 1.3% last week as homeowners moved to take advantage of a downshift in interest rates."

Housing Data Drive Stocks Down. ABC World News Tonight (8/23, story 2, 0:10, Gibson, 8.78M) reported the housing numbers took a toll on the stock markets today. On Wall Street, the Dow fell 42 points to close at 11,298. On the Nasdaq, stocks were down 15 points." NBC Nightly News (8/23, story 3, 0:15, Williams, 9.87M) also said "the cooling housing market we have been talking about put a chill on stocks." The Financial Times (8/24, O'Doherty) reports," the S&P 500 was down 0.5 per cent, or 5.83 points, at 1,292.99." The Los Angeles Times (8/24, Sanchez, 918K) and Wall Street Journal (8/24, Anand, 2.03M), among other sources, also report the stock numbers and link them to the housing reports.

Novak Says Bernanke Decision To Pause On Raising Interest Rates An Early Success. Syndicated columnist Robert Novak (8/24) writes that Federal Reserve Board Chairman Ben Bernanke's "decision to pause on Aug. 8 and not increase interest rates for the first time in 18 meetings of the Federal Open Market Committee drew widespread complaints that he was a slacker in the war against inflation." However, "core inflation figures released by the Labor Department Aug. 15 matched its biggest drop in three years. The markets, far more important than opinions of the economic savants, gave Bernanke a vote of confidence. A boost in bond prices reflected no fear of inflation." Novak adds, "Market approval of Bernanke's performance constitutes early success in achieving a most daunting task for any central banker: to slow a rapidly growing economy enough to control inflation without crashing and burning in a recession. … If American tax cuts and a pause in higher interest rates do not generate inflation, prophets of gloom will be proved wrong."

Company Says It Has Developed Stem Cell Research Method That Preserves Embryos. The CBS Evening News (8/23, story 8, 0:30, Schieffer, 7.66M) reported, "Get ready for a new round of debate over stem cell research. A California biotech company said today it has developed a way of creating lines of stem cells from human embryos without destroying the embryos. A White House spokeswoman called it encouraging but the US conference of Roman Catholic Bishops said it is unethical."

The Wall Street Journal (8/24, Hamilton, 2.03M) reports, "Success or failure in that regard may depend on the extent to which the new technique succeeds in defusing moral qualms over the research. Several scientists and ethicists doubted any placating would happen." William Hurlbut, a Stanford University professor who serves on the White House bioethics council, "worries that even single-cell biopsy may pose an unacceptable risk to embryos." Others "note that no one knows whether a single cell extracted from an early-stage embryo might also have the capability of developing into an individual human being."

The Financial Times (8/24, Cookson) says "hardline critics of embryo research – such as the US Conference of Catholic Bishops – are unlikely to accept the manipulation even of a single embryonic cell, which they say could theoretically become a human being."

ABC World News Tonight (8/23, story 10, 1:40, Gibson, 8.78M) interviewed its medical editor Dr. Tim Johnson.

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Johnson said, "This is a bit complicated. They are trying to piggy back on an already existing procedure to test for defects in clinks. They take an embryo, allow it to grow to the eight cell stage. Take one out, allow that cell to grow overnight. This is the point where they would test those cells for defects. Now, they say they will divide the cells into two groups. One is tested for defects the other would be allowed to grow into new stem cell lines. If the test comes back negative, they will take the original embryo and allow it to grow as normal. They say they are doing no ultimate damage to that embryo." Asked whether the new procedure ends the debate, Johnson replied, "No. People will say, you're still interfering with the embryo. The rules are that you can't interfere with an embryo, and you clearly do that here. And the ethicists say, how can parents give consent for something that really does not benefit the embryo? So, it's complicated."

The Washington Times (8/24, Price, 88K) reports, "Cell extraction was criticized on moral grounds by Richard M. Doerflinger, deputy director of the U.S. Conference of Catholic Bishops' Secretariat for Pro-Life Activities. 'It is widely believed that one cell of a very early embryo may separate and become a new embryo, an identical twin,' he said yesterday." But Dr. Robert Lanza, "vice president of research and scientific development at the company and the study's senior author," in a telephone interview said "such criticisms show 'scientific ignorance.' In the report in Nature, he said, individual blastomeres in embryos that have only eight to 16 cells 'have never been shown to have intrinsic capacity to generate a complete organism in any mammalian species.'"

NBC Nightly News (8/23, story 7, Bazell, 9.87M) said "one of the reasons for the skepticism is that this company has made headline making claims before, some of them panned out and others haven't." Moreover, "like all scientific research" the current method "has to be repeated to find out if it is real. The devil is in the detail, what is really going on and will this technology satisfy the ethical criticisms."

White House Says New Method Doesn't "Resolve" Bush's Concerns. The New York Times (8/24, Wade, 1.21M) reports, "With the approach of midterm elections, in which some candidates are already making the research a central theme, some scientists speculated that President Bush might embrace the new method as meeting his principal objection to the research and showing that he had been right all along to wait for a better technique to turn up." But Emily Lawrimore, a White House spokeswoman, "suggested that the new procedure would not satisfy the objections of Mr. Bush, who vetoed legislation in July that would have expanded federally financed embryonic stem cell research. Though Ms. Lawrimore called it encouraging that scientists were moving away from destroying embryos, she said: 'Any use of human embryos for research purposes raises serious ethical questions. This technique does not resolve those concerns.'"

The Los Angeles Times (8/24, Kaplan, 918K) reports Lawrimore "said the work appeared to be a step in the right direction," and USA Today (8/24, Vergano, 2.27M) reports she said in a prepared statement, "It is encouraging to see scientists at least making serious efforts to move away from research that involves the destruction of embryos."

The Washington Post (8/24, A3, Weiss, 748K) reports President Bush "offered little encouragement yesterday and, if anything, raised the bar higher, suggesting he would not be comfortable unless embryos were not involved at all."

LATimes Calls Stem Cell Breakthrough "Unnecessary." The Los Angeles Times (8/24, 918K) editorializes, "Science took an unnecessary leap forward Wednesday" when a "Bay Area biotechnology company announced a breakthrough in stem cell research that could quell religious objections to such research and persuade the federal government to lift its restrictions on funding it." The Times argues scientists "have already gone to great lengths to answer political objections to their work. It's more important to focus stem cell research on saving lives, not on appeasing a minority of religious conservatives."

Clinics Seen As Solution To Rising Health Costs. USA Today (8/24, A1, Schmit, 2.27M) reports retail health clinics "are spreading nationwide as more than a dozen clinic operators plan to open thousands in stores such as CVS, Wal-Mart, Walgreens and Kerr Drug." The clinics, "about 150 nationwide, provide convenient but limited service at a low cost. They treat common ailments only" and "offer an alternative to packed doctors' offices and pricey emergency rooms." However, "some doctors warn that patients won't get top-notch care at the clinics." Yet, the clinics "boast exceptional consumer satisfaction."

Economists Urged Not To Use Fixed-Supply Commodities As Inflation Indicator. In a Wall Street Journal (8/24, A10, 2.03M) op-ed, Arthur B. Laffer, founder and chairman of Laffer Associates, writes that while prices of such "fixed-supply" commodities as gold or oil can see short-term increases during periods of rapid economic growth, that this is not a good indicator of "general inflation." He urges other economists not to be "seduced" by this false indicator, suggesting that "the bond market is the best place to look for overall expectations of inflation and nominal yields out into the future. Because of the creditworthiness of the U.S. Treasury, 10-year U.S. note yields reflect the market's risk-free expected nominal yield over the coming 10 years. The expected nominal yield is the expected real yield plus the expected rate of inflation."

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Some Groups Step Up Lobbying Expenditures. In the Washington Post's "Special Interests" column, Judy Sarasohn reports, "Lobbying expenditure reports, which were due to Congress on Aug. 14, are starting to come in, and PoliticalMoneyLine, which follows lobbying and campaign money, has found some interesting ones." The US Telecom Association "reported spending $15.28 million on lobbying during the first six months of 2006, up from $5.34 million for the last six months of 2005. The U.S. Chamber of Commerce spent $14.3 million, up from $10.54 million in the last six months of 2005, although its Institute for Legal Reform dropped to $9.22 million from $10.25 million." Freddie Mac's "spending on lobbying, however, dropped 20 percent. It spent nearly $4.25 million in the first six months of this year, compared with $5.3 million for the last six months of 2005. Fannie Mae reported a small increase to $5.28 million."

Murkowski Joins Roster Of Incumbents Defeated In Primaries. Republican Gov. Frank Murkowski's defeat in Alaska's GOP primary is being portrayed as a sign of trouble for incumbents in this November's election. The Washington Post/AP (8/24, A10, Volz) says Murkowski's loss "may have resulted from missteps throughout his first term -- but vulnerable incumbents should take heed, political observers said Wednesday." Murkowski "was trounced in his own party's primary Tuesday, finishing last in the three-way race. Sarah Palin, a former Wasilla mayor, won with more than 50 percent of the vote and will face former Democratic Gov. Tony Knowles in November." Murkowski "took just 19 percent of the vote, which is 'literally almost unprecedented for someone who is not indicted,' said Larry Sabato, director of the University of Virginia's Center for Politics." The Alaska governor "is the fourth incumbent this month to be unseated in a major national primary election. Democratic Sen. Joe Lieberman of Connecticut, Democratic Rep. Cynthia McKinney of Georgia and Republican Rep. Joe Schwarz of Michigan also lost their primary elections this month."

USA Today (8/24, Kiely, 2.27M) headlines its report "Alaska Governor's Defeat Latest Sign Of Surly Electorate," and says the primary "is the latest sign that incumbents are facing tougher races than usual, political analysts said Wednesday." Murkowski "was burdened by a number of controversies of his own making, including his decision to appoint his daughter, Lisa Murkowski, to succeed him in the US Senate. Even so, the decisiveness of his defeat is an indication of the 'surly' mood of the voters, according to Jennifer Duffy, an analyst with the non-partisan Cook Political Report."

The New York Times (8/24, Yardley, 1.21M) reports the Alaska race "echoed an anti-incumbent mood elsewhere in the country." Likewise, the Wall Street Journal (8/24, Cooper, 2.03M) refers to "another sign of voter dissatisfaction with political incumbents seeking re-election. … Public unease with the Republican-dominated White House and Congress is driving voter revolts in many areas of the country, but Mr. Murkowski's problems were rooted in a local issue: his drive for a 2,200-mile natural-gas pipeline from Alaska's North Slope to Alberta, Canada, and perhaps on to Chicago. The project would put Alaska in a venture with BP PLC, ConocoPhillips and Exxon Mobil Corp., and critics said Mr. Murkowski was ceding too much to the companies and not getting enough in return." Discontent with the deal, "coupled with anger over the shutdown for overdue maintenance of a BP oil pipeline -- and the subsequent loss of state tax revenue -- drove Mr. Murkowski's shaky standing with voters even lower." Palin, "a former small-town mayor, will square off against former Democratic Gov. Tony Knowles in November. Most current polls favor Mr. Knowles."

Lieberman Qualifies For Connecticut Ballot. The AP (8/24, Haigh) reports Sen. Joe Lieberman "has enough valid voter signatures to secure a spot on the November ballot, the secretary of the state announced Wednesday." Lieberman "far exceeded the 7,500 signatures necessary to be certified as a third-party candidate, Secretary of the State Susan Bysiewicz said." His name "will appear on the general election ballot under his newly created party, Connecticut for Lieberman. By creating the party, Lieberman secured a position higher on the ballot than he would have had as an independent."

In Shift, Lieberman Displays Eagerness To Discuss Iraq Issue. The New York Times (8/24, Medina, 1.21M) reports that when Lieberman "battled Ned Lamont in the Democratic primary earlier this month, he frequently tried to avoid speaking about the war in Iraq. And when he did discuss it, his remarks were typically limited to defending his steadfast support for the war against Mr. Lamont, who derided him as a cheerleader for Bush administration policies." But "since losing the primary, Mr. Lieberman has said that he allowed Mr. Lamont to distort his record. Now, as he builds his campaign as an independent candidate, Mr. Lieberman is speaking more forcefully and in starker detail about why he believes the United States must remain militarily engaged in Iraq." He is also "painting a dire picture of what will happen if American forces are withdrawn too quickly: civil war in Iraq, skyrocketing oil prices, an emboldened Iran and expanding Islamic terrorism." Lamont "has been quick to pounce on Mr. Lieberman's strong comments about Iraq, saying that the incumbent continues to advocate a 'stay the course' position on the war and is 'out of step with Connecticut voters.'"

Dean Says Lieberman Represents "The Past." CNN's The Situation Room (8/23, Blitzer) interviewed

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Democratic National Committee Chairman Howard Dean. Asked about Sen. Joseph Lieberman's plans to remain a Democrat if he is reelected, Dean said, "We want to be a big tent. And Joe has served the country honorably. But Joe is the past and Ned Lamont is the future. And we need a new direction in this country, and the voters in Connecticut have indicated that."

Cook Predicts Lieberman Will Win. On MSNBC's Hardball (8/23, Matthews), political analyst Charles Cook said, "I think that you add up the number of Republicans and the number of independents, and the Republican, Alan Schlesinger, is getting next to nada, you get 60-odd percent of the vote. I think Joe Lieberman has a pretty fair chance of getting elected." Host Chris Matthew interjected, "So he gets elected with a majority of Republican votes?" Cook replied, "With Republicans and independents. Keep in mind independents are the biggest group in the state."

Allen Apologizes To Webb Aide Sidarth. The Washington Post (8/24, A1, Shear, Craig, 748K) reports Sen. George Allen "apologized directly to S.R. Sidarth yesterday, telling the 20-year-old Democratic campaign staffer that he was sorry for offending him with remarks that have generated nationwide criticism for being racially insensitive." Allen's call to Sidarth "was the first direct contact between the two since Allen (R) was caught by Sidarth's video camera calling him a 'macaca' and welcoming the Fairfax native to 'America and the real world of Virginia.'" Sidarth "said Allen told him that the apology was 'from his heart.'" The New York Times (8/24, Hulse, 1.21M) notes Allen made the call "a few hours before he appeared with President Bush at a fund-raising event."

The AP (8/24, Lewis) reports that despite the apology, "the damage has been done and it will haunt Allen for a while, said Merle Black, a political scientist at Emory University in Atlanta and a specialist in presidential and congressional races. 'Clearly this has damaged his presidential aspirations,' Black said in a telephone interview. 'It just raises questions about his judgment and how sincere he is in how he deals with these kinds of issues.'" GOP strategists "agreed that Allen has damaged himself, but the incident need not doom him politically. 'Senator Allen needs to make it clear that he made a mistake, that this was obviously something he should not have done,' said Mike Mahaffey, a former Iowa Republican Party chairman."

WPost Says Allen's Apology "Hardly Seemed Sincere." In an editorial titled "Senator To 'Macaca': Sorry," the Washington Post (8/24, A20, 748K) says Allen "succumbed to the political equivalent of begging for mercy: He apologized to his victim. … The senator's gesture was apt, but it hardly seemed sincere. Even as he apologized, his campaign continued its two-faced strategy of simultaneously scoffing at the entire incident as what Dick Wadhams, Mr. Allen's campaign manager, has said is a contrivance. To Mr. Wadhams, politics means never having to say you're sorry."

Dean Says Allen Does Not Belong In Public Life. MSNBC's Hardball (8/23, Matthews) interviewed Democratic National Committee Chairman Howard Dean, who said, "I served with George Allen when he was governor. I don't think he belongs in public service, to be honest with you. There are Republicans who are capable and smart, thoughtful people, and he's not one of them." Asked if he thought Allen was a "knucklehead," Dean said, "I'm not going to use those kinds of words." Asked why he "doesn't belong in public service," Dean said, "Because he's always shooting from the hip. He never thinks through what he means, and he caters to the wrong instincts in people. And I think using derogatory terms to people of color is certainly something that a public servant might not do."

Russell Simmons Endorsement Could Boost Black Support For Steele. The Washington Times (8/24, Ward, 88K) reports, "The Maryland Democratic Party's traditional support among blacks appears to be slipping, now that hip-hop mogul Russell Simmons -- who has helped register thousands of Democratic voters -- has endorsed Republican Michael S. Steele for the US Senate." Simmons "is scheduled to hold a fundraiser tonight at Baltimore's Frederick Douglass-Isaac Myers Maritime Park for Mr. Steele, the lieutenant governor and the first black to win a statewide office in Maryland. 'Russell Simmons is one of the leading progressive voices in America,' said Donna Brazile, who managed Al Gore's 2000 presidential campaign." She added, "This is a major endorsement for Lieutenant Governor Steele that will help him attract young people, as well as black voters."

Political Ad Spending On Record Pace. The Wall Street Journal Online reports in its "Washington Wire" column (8/24, Wood), "With less than two and a half months to go before the mid-term elections, political ad spending is on a record pace. The nonpartisan Campaign Media Analysis Group reports that from Jan. 1 to Aug. 13, $311 million has been spent on television spots by candidates, political parties and interest groups taking part in gubernatorial, Senate or House races. That's a 150 percent increase from the amount spent during the same period in the 2002 mid-term elections. Fueling the trend is a belief that after a long run of Republican control of the White House, Congress and state houses, many races this year could be up for grabs because of voter unrest."

Waning Edge In Polls Seen As Reason Behind New Casey Strategies. In a Wall Street Journal (8/24, A11, 2.03M) op-ed, Jason L. Riley, of the Journal's editorial board, writes about the slowing momentum of Pennsylvania

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senatorial candidate Bob Casey, Jr.'s (D) campaign to unseat Sen. Rick Santorum (R). His campaign had been going so well that Casey "could behave like the incumbent." However, "the latest polls show the race tightening." An independent Quinnipiac University survey released on Aug. 15 had Mr. Casey ahead 48% to 42% among likely voters. The same poll showed him with a 52%-34% lead in late June. A "further concern for the challenger is that his negatives among likely voters have risen as he's allowed the senator to define him" by avoiding press engagements and debates. That "might explain why Mr. Casey has begun to emerge from his shell. This week the Casey camp finally agreed to multiple formal debates." Riley continues to detail the candidates' campaign experiences and the race's potential national significance.

McCain Would Be Oldest Ascending President In History. McClatchy (8/23, Thomma) reports that Arizona Sen. John McCain (R) is unique among all the potential 2008 presidential candidates in that he is the eldest, turning 70 on Tuesday. "That would put him in uncharted political territory should he win the presidency: No one older than 70 has ever moved into the White House." The article notes McCain's having had skin cancer, but that his aides "say he's more energetic than many much younger men," continuing to suggest that his vigor on Election Day could belie impending problems to which the elderly are prone.

Parties Urged To Reduce Weight On New Hampshire Primary. In a Washington Post (8/24, A21, 748K) Ross Gittell, the James R. Carter professor at the University of New Hampshire's Whittemore School of Business and Economics, writes that given moves by the DNC to "reduce the influence of the longtime first-in-the-nation presidential primary state: New Hampshire," by advancing the schedule of Nevada's and South Carolina's primary votes, "it may be time for New Hampshire to reflect on its traditional role in the nomination of presidential candidates, and perhaps face up to the need for some changes." Carter notes that New Hampshire is a poor representation of the nation as a whole, given its low minority population, low participation in organized religion and "strong, broad-based economy." Gittell suggests that New Hampshire owes that strong economy to the disproportionate attention national politicians pay to the state, musing, "Just as the New Hampshire economy has changed, so must its political position and role. … New Hampshire should work with the Democratic and Republican national committees on changes in the nomination process. This would help to retain the national credibility of its primary and interest in it."

State Groups Cut Ties With National Christian Coalition. The AP (8/23, Crary), in an article published in at least 40 papers and websites, including the Washington Post, reports that the "disgruntled" Alabama, Iowa and Ohio chapters of the Christian Coalition have withdrawn from their national parent organization, over "complaints over finances, leadership and its plans to veer into nontraditional policy areas," eschewing "traditional concerns such as abortion and same-sex marriage to address other issues ranging from the environment to Internet access." The AP suggests that the "defections" and a "weak presence in Washington" are indicative of an overall waning of the organization's influence.

RNC Criticizes Liberal Blogger Kos. The Wall Street Journal Online reports in its "Washington Wire" column (8/24, Winograd), "In an effort to discredit a leading liberal blogger, the Republican National Committee has released a 'research briefing' lambasting Markos Moulitsas Zuniga, founder of the widely read Web site Daily Kos." Calling Moulitsas "'a partisan 'nutroot' who turned his hate-filled blog…into a leadership post in the Democratic Party,' the briefing cites media accounts reporting near daily contact with Senate Minority leader Harry Reid's office and a standing phone call every third week with Rep. Rahm Emmanuel, chair of the Democratic Congressional Campaign Committee. It also includes recent statements by Moulitsas that he makes an 'excellent living' and just returned from a 'relaxing' vacation to El Salvador." Responding on Daily Kos, Moulitsas writes, "It's obvious that Republican economic policies are targeting those who make a living, what with wage stagnation, the loss of good, high-paying jobs, and all." He continues, "And the GOP's war on 'relaxing vacations' is in full-swing as outrageous gas prices keep people stuck at home this summer."

Pennsylvania Court Rules Nader Must Pay $80,000 In Court Costs Over 2004 Run. The New York Times/AP (8/24) reports Ralph Nader "and his running mate must pay more than $80,000 in expenses for the lawsuit that challenged their nominating papers and kept them off the 2004 presidential ballot, the Pennsylvania Supreme Court ruled." There was "an implication of 'fraud and deception' in their petition drive, the court said." A group of Pennsylvania voters "sued to block Mr. Nader, left, and his running mate, Peter Camejo, who were campaigning as independents, from being placed on the ballot. As a result of the lawsuit, the State Commonwealth Court found wide-ranging improprieties among Mr. Nader and Mr. Camejo's petition signatures and disqualified nearly two-thirds of the 51,000 signatures they submitted."

Bredesen Seeking Treatment For Unidentified Illness. The Washington Times (8/24, Pierce, 88K) reports in its "Inside Politics" column that Tennessee Gov. Phil Bredesen, "who has been sidelined by a fever and flulike

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symptoms for more than a week, plans to travel to the Mayo Clinic in Minnesota for more medical tests." Bredesen's "condition is improving, but doctors have not been able to pinpoint the cause of the illness that led to his hospitalization last week, administration spokesman Bob Corney told the Associated Press late Tuesday."

House Report Says US Lacks Key Intelligence On Iranian Nuclear Program. A report issued by the House Intelligence Committee is generating a volume of media coverage, but reports diverge on the document's significance. Some of the coverage, such as the New York Times report, said the report was evidence of policymakers' ire at analysts for failing to find evidence of advances in the Iranian nuclear program or links to Hezbollah, mirroring what critics say occurred during the lead-up to the Iraq war. Other sources, however, say the House report highlights the intelligence agencies' inability to provide key information to policymakers.

The New York Times (8/24, Mazzetti, 1.21M) reports, "Some senior Bush administration officials and top Republican lawmakers are voicing anger that American spy agencies have not issued more ominous warnings about the threats that they say Iran presents to the United States." Some policy makers "have accused intelligence agencies of playing down Iran's role in Hezbollah's recent attacks against Israel and overestimating the time it would take for Iran to build a nuclear weapon." The complaints, "expressed privately in recent weeks, surfaced in a Congressional report about Iran released Wednesday. They echo the tensions that divided the administration and the Central Intelligence Agency during the prelude to the war in Iraq." Officials said the "criticisms reflect the views of some officials inside the White House and the Pentagon who advocated going to war with Iraq and now are pressing for confronting Iran directly over its nuclear program and ties to terrorism." Several intelligence officials "said that American spy agencies had made assessments in recent weeks that despite established ties between Iran and Hezbollah and a well-documented history of Iran arming the organization, there was no credible evidence to suggest either that Iran ordered the Hezbollah raid that touched off the recent fighting or that Iran was directly controlling attacks against Israel."

The Washington Times (8/24, Scarborough, 88K) says the House report says Iran "has become a greater threat to the United States since the presidential election of Mahmoud Ahmadinejad, who is presiding over a secretive weapons program capable of producing 12 nuclear weapons if the nation's uranium enrichment continues." The report "combines previously published intelligence and committee assessments. It is designed to spotlight Iran's radical Islamic regime, which appears to be on a collision course with the West over its nuclear program."

The Washington Post (8/24, A1, Linzer, 748K) reports in a front page story that the House panel "issued a stinging critique of U.S. intelligence on Iran yesterday, charging that the CIA and other agencies lack 'the ability to acquire essential information necessary to make judgments' on Tehran's nuclear program, its intentions or even its ties to terrorism." The "29-page report, principally written by a Republican staff member on the House intelligence committee who holds a hard-line view on Iran, fully backs the White House position that the Islamic republic is moving forward with a nuclear weapons program and that it poses a significant danger to the United States. But it chides the intelligence community for not providing enough direct evidence to support that assertion." The report "relies exclusively on publicly available documents. Its authors did not interview intelligence officials. Still, it warns the intelligence community to avoid the mistakes made regarding weapons of mass destruction before the Iraq war, noting that Iran could easily be engaged in 'a denial and deception campaign to exaggerate progress on its nuclear program as Saddam Hussein apparently did concerning his WMD programs.'" Rep. Peter Hoekstra said, "We want to avoid another 'slam dunk.' We think it's important for the American people to understand the kinds of pressures that we are facing and to increase the American public's understanding of Iran as a threat." The Post adds Jamal Ware, "spokesman for the House intelligence committee, said three staff members wrote the report, but he did not dispute that the principal author was Frederick Fleitz, a former CIA officer who had been a special assistant to John R. Bolton, the administration's former point man on Iran at the State Department. Bolton had been highly influential in the crafting of a tough policy that rejected talks with Tehran."

The story was reported on both ABC and NBC, and received notice on the cable networks. ABC World News Tonight (8/23, story 4, 1:50, Gibson, 8.78M) reported, "There was a House intelligence report today that was interesting, because it basically said, we, the United States, don't know what's going on in Iran." ABC (Raddatz) added, "It is a pretty disturbing report, Charlie. It says the United States lacks critical information needed for analysts to make many of their judgments with confidence about Iran, including major gaps in our knowledge of Iranian nuclear, biological and chemical programs. And, of course, that is what this is all about, Charlie, the nuclear program."

NBC Nightly News (8/23, story 4, 0:25, Williams, 9.87M) reported, "A bipartisan House Intelligence Committee report concluded US intelligence has failed to learn how close Iran may be to producing a bomb."

CNN's The Situation Room (8/23, Todd) reports, "From key intelligence leaders in Congress, new warnings on Iran.

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While the regime weighs incentive packages and a deadline for suspending nuclear enrichment, they say, Tehran is also playing a familiar and dangerous game." Rep. Mike Rogers: "It's beyond a shadow of doubt for me that they are trying to stall for more time to continue their uranium enrichment and the building of their nuclear program."

US Provided Iran With Research Reactor Before Fall Of Shah. The Chicago Tribune (8/24, Roe, 623K) reports that in the "heart of Tehran sits one of Iran's most important nuclear facilities, a dome-shaped building where scientists have conducted secret experiments that could help the country build atomic bombs. It was provided to the Iranians by the United States." The Tehran Research Reactor "represents a little-known aspect of the international uproar over the country's alleged weapons program. Not only did the U.S. provide the reactor in the 1960s as part of a Cold War strategy, America also supplied the weapons-grade uranium needed to power the facility — fuel that remains in Iran and could be used to help make nuclear arms." The Bush Administration "has portrayed the program as a sophisticated operation that has skillfully hid its true mission of making the bomb. But in the case of the Tehran Research Reactor, a study by a top Iranian scientist suggests otherwise." After a "serious accident in 2001 at the U.S.-supplied reactor, the scientist concluded that poor quality control at the facility was a 'chronic disease.' Problems included carelessness, sloppy bookkeeping and a staff so poorly trained that workers had a weak understanding of 'the most basic and simple principles of physics and mathematics,' according to the study, presented at an international nuclear conference in 2004 in France."

Administration Says Iranian Response On Nuclear Program "Falls Short." The Administration response to the 21-page Iranian offer to hold "serious negotiations" over its nuclear program but no offer to suspend enrichment of uranium was termed by several media outlets as "muted." The Administration was seen as following its commitment to the diplomatic track, keeping rhetoric tame in order to keep European allies on board.

The Los Angeles Times (8/24, Spiegel, 918K) reports the Bush administration said "Iran's response to international efforts to restrain its nuclear program fell short of a U.N. Security Council demand that Iran suspend its uranium enrichment activities by Aug. 31. But U.S. officials declined to say whether that meant it would push for economic sanctions against Iran at the United Nations next week." The Administration's "refusal to call immediately for sanctions marked a change in tone from signals sent by American officials before Iran issued a 21-page counteroffer Tuesday." Previously, senior US diplomats "had warned that anything short of a halt of Iran's enrichment program would lead to a quick U.S.-led push for targeted sanctions at the United Nations." The US stance "appeared even more muted than that taken Wednesday by France, where Foreign Minister Philippe Douste-Blazy told reporters that any return to the negotiating table would depend on Iran suspending its enrichment program."

The networks all reported the story, but only ABC devoted a full segment. ABC World News Tonight (8/23, story 4, 1:50, Gibson, 8.78M) reported, "In the nuclear standoff with Iran today, the Bush Administration had a muted response. Iran's offer to hold serious negotiations simply fell short." ABC (Raddatz) added, "What a difference 24 hours makes. The Administration officials we spoke to last night were so confident that they could get some sort of new sanctions resolution, with the Europeans, but late last night, the Europeans bawled, urging the US to slow down, take this very carefully, very slowly. The US agreed, and that's why you had that statement today there's some people very upset about that."

The CBS Evening News (8/23, story 6, Schieffer, 7.66M) reported, "The Bush Administration responded today to Iran's offer to negotiate about its nuclear program, but not to quit enriching nuclear -- or not to quit enriching uranium, that could be used in nuclear weapons. The State Department said that is not good enough because it falls short of UN demands. There is more talk to come, but in could lead to UN sanctions against Iran." NBC Nightly News (8/23, story 4, 0:25, Williams, 9.87M) reported, "There is a response tonight officially from the Bush Administration to Iran's proposal for ending the stand off over its nuclear program. The US says it will review it but it seems to fall short."

CNN's The Situation Room (8/23, Henry) reports, "President Bush huddling this morning with Secretary of State Condoleezza Rice to discuss Iran and some of the other global hot spots the Bush Administration is wrestling with right now." The State Department "later put out a formal statement declaring Iran's response falls short of the conditions set by the Security Council at the United Nations." But White House spokeswoman Dana Perino was "non-committal" when asked if the Bush Administration will "now push strong sanctions against Iran, along with the permanent five members of the UN Security Council, plus Germany." Perino was shown saying, "I do not have information for you as to specific next steps, but that's what they are talking about." Henry: "Do you want tough sanctions though? I mean what can you do? There has been a carrot out there with incentives but where is the stick for the United States?" Perino: "We're going to allow all of our allies, the P-5 plus one, to talk about it and try to figure that out. When we have next steps to announce, we'll announce them."

CNN's The Situation Room (8/23, Raman) reports, "Russia and China, key Iranian allies on that Security Council,

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have already said they are open to the thought of new negotiations with Iran to find a new resolution. So Iran is preemptively, if you will, it seems, setting in place fodder for Russia and China, among, perhaps, others, to say let's slow down, let's not impose harsh sanctions, let's see if we can restart these dialogues and figure out a diplomatic solution."

Fox News' Special Report (8/23, Baier) reported, "Even in the streets of Tehran, there was uncertainty about the real meaning of Iran's response to the diplomatic package it was offered, designed to coax the country into stopping or suspending its uranium enrichment that could be used to make a nuclear bomb." But there "was no mention of suspending uranium enrichment, prompting a measured response by the Bush administration." White House spokeswoman Dana Perino: "We acknowledge that Iran considers its response as a serious offer and we will review it. The response, however, falls short of the conditions set by the Security Council."

USA Today (8/24, Nichols, 2.27M) reports the "US strategy of rejecting the response while still treating it as serious is intended to avoid alienating China and Russia, which have resisted economic sanctions, said Jon Wolfsthal, a non-proliferation expert at the Center for Strategic and International Studies." Wolfsthal said, "This was not a case of Iran saying, 'To hell with you.' There was a moderate tone, and the White House had to match that."

The New York Times (8/24, Cooper, 1.21M) reports Bush Administration officials "are pushing their European, Russian and Chinese counterparts to impose sanctions on Iran at the end of the month, after a Security Council deadline for Iran to suspend enrichment expires. But Russia and China, which have deep economic ties with Iran, have resisted any move to penalize the country severely." Those two countries "again urged the Europeans and Americans to respond with caution."

The Washington Times (8/24, Sands, 88K) reports, "With the international alliance against Iran showing signs of strain, the administration stopped short of dismissing Tehran's proposal out of hand." France and Germany "yesterday echoed the U.S. stance, saying Iran must freeze its enrichment work -- a critical step in producing fuel for both civilian and military nuclear uses -- before any talks can proceed. The U.N. deadline for Iran to comply with the freeze is Aug. 31."

Editorials Criticize Russia, China For Failing To Follow Through On Iran Sanctions. The Washington Post (8/24, A20, 748K) says in an editorial that Iran's "response on Tuesday did not offer a freezing of the nuclear program but rather advanced what it called a new formula to resolve the crisis. While it's predictable that Iran should try to wriggle out of its box, it would be scandalous if it were allowed to do so. Iran was told to suspend enrichment. It has not suspended enrichment. Therefore it must face sanctions until it rethinks its position. The Bush administration appears likely to seek a sanctions resolution at the United Nations. Britain, France and Germany seem ready to go along with that. But Russia and China are said to be wavering, and if they can be persuaded to support sanctions, the price may be that the sanctions are mild. Why this maddening lack of nerve? It's true that Russia and China have investments in Iran and that both may derive a mischievous pleasure from Iran's efforts to undermine U.S. policy in Iraq and elsewhere. But if Russia and China want to be accepted as the forces for global stability that they claim to be, they should not undercut Western efforts to defuse the Iran crisis by peaceful means."

The Wall Street Journal (8/24, 2.03M) says in an editorial, "Iran's reply looks like a calculated attempt to conquer the Security Council by dividing its members with the promise that more talk might some day, down the road, in return for who knows what, lead Iran to stop going nuclear. And already yesterday, the mullahs' strategy was paying dividends as Russia and China took the bait and urged further negotiations. These countries have their oil or nuclear energy deals with Tehran, and they don't seem to worry all that much about Islamic radicals getting the bomb. Perhaps they figure that's America's problem, or Israel's, though how an Islamic regime with a nuclear arsenal helps Russian or Chinese interests is a mystery."

USA Today (8/24, 2.27M) says in an editorial, "The question is what to do next. That the world would be better off without Iran's program is indisputable. A nuclear Iran could supply weapons to terrorists or use them to menace Israel, which Iran's messianic president thinks should be destroyed. And if Iran goes nuclear, others in the already highly volatile Middle East region are likely to follow." If Iran, "which signed the non-proliferation treaty in 1968, refuses to suspend its uranium enrichment by the end of this month, as called for in a Security Council resolution, the evident next step will be draconian sanctions. But that's not so easy. Two members of the Security Council with veto power — Russia and China — have energy and investment deals with Iran and are reluctant to impose harsh sanctions. Iran's yes-but-no answer was likely designed to split them off. Right on cue, both issued ambivalent responses."

The Los Angeles Times (8/24, 918K) says in an editorial, "It doesn't take a degree in Middle Eastern affairs to realize that Tehran is, as usual, stalling for time. President Mahmoud Ahmadinejad's government hopes to so thoroughly muck up the diplomatic process that the major world powers are left without a clear-cut justification for cracking down. The U.N. Security Council has set Aug. 31 as the deadline by which Iran must agree to stop enrichment, after which the world body will consider imposing sanctions. Russia and China have been deeply reluctant to take that step, and Iran's latest response is said to contain just enough positive

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language — offering a "new formula" for further discussions — to give them a reason to keep dithering."

Hezbollah Said To Have Become A Liability For Iran. In a New York Times op-ed (8/24), Iranian journalist Maziar Bahari says, "Using Hezbollah as a threat has always helped Iran in its negotiations with the West. Iran would like to keep it that way. Helping Hezbollah overtly, however, would lead to a direct confrontation with Israel and the United States, while officially staying out of Lebanese affairs means betraying revolutionary ideals the regime pretends to hold dear to its heart. For the moment, Iran is sticking to bombastic rhetoric while doing nothing, to the chagrin of many of its hard-line supporters." But the "war in Lebanon has made it impossible for the Islamic Republic to enjoy the same calm. Hezbollah has become a liability for Iran. Weakened, it now needs Iran's petrodollars and rockets to regain its strength. At the same time, Israel and the United States are scrutinizing the transfer of arms and money from Iran to Hezbollah more closely than ever. The next shipment of arms from Iran to Hezbollah may result in direct confrontation with Israel and the United States."

More Commentary. On Fox News' Special Report's roundtable (8/23, Hume), Fred Barnes said, "Now it's clear that the Russians are not going to" vote in the Security Council for economic sanctions against Iran "now. They don't want to do it, they have tremendous economic interests in Iran, they could build, you know, four or five other nuclear reactors there, they were already working on one. And this was not entirely unpredictable. I talked to one Administration official just yesterday who said, yeah, the Russians are going to screw us."

On Fox News' Special Report's roundtable (8/23, Hume), columnist Charles Krauthammer said, "This is all a dance for us to get the goodwill of the French, the Germans, and the British if the time comes for an American military attack."

In a Wall Street Journal op-ed (8/24), Daniel Perkovich, vice president and director of the Nuclear Nonproliferation Program at the Carnegie Endowment for International Peace, says, "It's now time for the U.S. to quietly rally defense and foreign ministries in Europe, the Middle East and Asia to develop operational plans for containing and deterring a nuclear-armed Iran. Far from throwing in the towel or abandoning diplomacy in favor of warfare, devising a deterrence and containment strategy now would allay international fears that Washington uses U.N. diplomacy as a prelude to military-delivered regime change. Building international capabilities to contain a nuclear-armed Iran would have the double benefit of putting muscle into the Security Council's effort to dissuade Iran from acquiring nuclear weapons capability in the first place."

Europeans Struggle In Effort To Staff Lebanon Border Force. The Wall Street Journal (8/24, Champion, Leggett, 2.03M) reports, "Europe's difficulties in raising enough troops to enforce the cease-fire in Lebanon have exposed some hard truths that are testing the Continent's ability to serve as a global military power and Middle East peacemaker." European nations had been "expected to take the lead in manning a 15,000-strong force called for in the French-U.S.-brokered resolution," and "yesterday, European diplomats struggled again to drum up a significant contribution to the United Nations contingent." The Journal says French President Jacques Chirac "is expected to convene a cabinet meeting during which he could commit more troops to Lebanon beyond the 400. Tomorrow, European Union foreign ministers meet with UN Secretary-General Kofi Annan to firm up their contributions to the peacekeeping force." The reluctance "is forcing Europeans to grapple with some uncomfortable realities: They don't have enough deployable combat troops; they are disliked as much as the U.S. by Mideast radicals; and their determination to stop the destruction and insert peacekeepers could come at a higher price than they are willing to pay." The Journal adds, "The outlook for successfully keeping the peace and neutralizing Hezbollah is poor, and the risks high, no matter whose troops are on the ground or how well they are armed."

The New York Times (8/24, Smith, 1.21M) reports Paris "told Israel Wednesday that it would increase its commitment of troops to a multinational peacekeeping force in southern Lebanon in the coming days, as Syria warned that the positioning of any multinational force near its border would be seen as a 'hostile position.'" The AP (8/24, Lekic) adds Rome, "which has offered to send the largest contingent, made a plea Wednesday for more European troops to" join the border force. Prime Minister Romano Prodi "expressed frustration over the efforts to raise the force," and is quoted saying, "It's unthinkable that we would be there alone, and we have been working to strengthen the quantitative and international aspect of the mission in Lebanon. The issue now is to have a sufficient number of troops to accomplish the peace mission efficiently." The AP says "pressure on the Europeans has grown because Israel has rejected offers of participation from Malaysia, Bangladesh and Indonesia — Muslim countries that do not recognize the Jewish state."

Situation In Lebanon Described As "Explosive." Meanwhile, USA Today (8/24, 2.27M) reports Israeli Foreign Minister Tzipi Livni "said Wednesday the situation in Lebanon was 'explosive.'" Syrian President Bashar Assad "said the deployment of international troops along the Syrian-Lebanese border would be a 'hostile' act." Calling the ceasefire "shaky," USA Today notes Lebanese Prime Minister Fuad Saniora "urged the United States to help end Israel's sea and air blockade. He said his country was making 'every effort' to

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secure its borders." Also, Finnish Foreign Minister Erkki Tuomioja "said after meeting with his Syrian counterpart that Syria threatened to close its border with Lebanon if United Nations peacekeepers were deployed there." USA Today adds, "Efforts to raise the force moved slowly. European Union nations have been reluctant to commit troops without safeguards to ensure they don't get drawn into the conflict."

USA Today (8/24, Jervis, 2.27M) details the concerns of "top Lebanese officials" that "Sunni militants, Palestinian refugees and other armed groups in Lebanon are poised to join the fight against Israel if its tenuous truce with Hezbollah collapses." Many groups "sat on the sidelines during" the recent conflict, and "Mohamad Chatah, senior adviser to Lebanese Prime Minister Fuad Saniora, says Lebanon must 'guard closely' against other groups siding with Hezbollah against Israel if fighting resumes." USA Today notes, "Lebanon is home to 18 religious and ethnic groups, many of which have formed political parties that maintain militias. Several were combatants in Lebanon's 1975-91 civil war."

Analysts Believe "Waning" US "Influence" Could Open Door To Iran, Radical Islam. A 1,008-word piece in the Christian Science Monitor (8/24, LaFranchi, 58K) details how US "leverage" has been "diminished" in the Middle East. Even before the recent Lebanon conflict, "American influence in the Middle East was seen to be waning, with the US bogged down in Iraq and the Bush administration's signature vision for the region - democratization - increasingly controversial." Now, "as the US joins international powers in attempts to bolster a shaky cease-fire in southern Lebanon, American leverage is seen by many to be even weaker. That could have deep consequences in a tinderbox region that has long looked to US leadership to pull it back from the brink, analysts say." With "America no longer setting the agenda as it once did, the way is clearer for other influences - for example, Iran and radical Islam - to move in." Experts believe the recent conflict "leaves the United States even more tarnished, particularly among moderate Arabs, because America was seen to be either ineffectual or snail-paced by design at stopping the fighting and destruction in southern Lebanon." One analyst said that while "many Lebanese were convinced that the US had turned to Lebanon as the next best symbol of the American project for Middle East democratization after" difficulties in Iraq, "in a few short weeks that pool of support, already rare in the region, dried up and has been replaced by more solidified assumptions about US support for Israel - and by broader support for Hizbullah."

Analysts Say Force's Focus Must Be On Disrupting Hezbollah's Arms Supply Line. The Washington Times (8/24, Behn, 88K) reports retired US Lieut. Gen. Daniel Christman "and other analysts warned yesterday that any deployment of international peacekeepers in southern Lebanon will be undermined unless troops focus on preventing Syria from re-arming Hezbollah." Christman told a press conference that "it was crucial that any international force have a clear mission and rules of engagement, including the use of deadly force, 'to prevent the entry into Lebanon of foreign forces, arms and related material. If the military cannot accomplish the mission of intercepting and interrupting the resupply of Hezbollah, then the mission of stabilizing Lebanon and providing the opportunity of political dialogue will fail.'" Also speaking was Washington Institute for Near East Policy senior fellow Michael Eisenstadt, who "warned that the re-arming of Hezbollah could spark renewed fighting."

Hezbollah's Reconstruction Promises Could Top $180 Million. The Washington Times (8/24, Enders, 88K) reports Hezbollah's work to repair the "15,000 houses or apartments" that "were destroyed" and "30,000" that "were damaged" during the conflict. "Over the weekend, Hezbollah began registering families for aid in Haret Hreik, a neighborhood in southern Beirut that housed Hezbollah offices and sustained severe damage," and the group "has been paying $12,000 in cash to cover a year's rent to families who apply -- and more if the family has more than eight members." A "western diplomat questioned" if Hezbollah could pay the $150-180 million that those pledges would entail, and "said the money Hezbollah was handing out came from Iran but offered no proof. Though Hezbollah receives money from Iran, many members of the group boast dual citizenships and collect money from inside Lebanon and from Lebanese supporters worldwide." The Times adds, "The Lebanese state, which estimates the damage to its infrastructure at $3.5 billion, is planning its own reconstruction efforts but must wait for international donations to come through. But for now, Hezbollah remains the most direct source of help."

Hoagland Asks France To Play Major Role In Border Force. In his Washington Post (8/24, A21, 748K) column today, Jim Hoagland writes an open letter to French President Jacques Chirac asking him to commit "to provide enough troops and leadership to make the new military stabilization force for southern Lebanon credible and effective." Such a move "is vital for Europe, for the Middle East and for France." Hoagland concedes that the US "will not put any of its troops into the force," and recognizes that "a French-led force would be a particular target for car-bombers and other assassins from Syria and its client Lebanese guerrilla organization, Hezbollah." Chirac's "determined efforts to eliminate Syria's control over Lebanon, to pursue the Syrian officials who assassinated your friend, former Lebanese prime minister Rafiq Hariri, and to deny Iran a nuclear weapon -- to say nothing of the extraordinary but merited public rebukes you have aimed at Syrian President Bashar al-Assad's government -- lend weight to [his] concerns."

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Siniora Asks Rice For Help Ending Israeli Blockade. The Financial Times (8/24, MacDonald) reports Lebanese Prime Minister Fouad Siniora "on Wednesday urged the US to 'put pressure on Israel' to end the air and sea blockade that has persisted since the end of the war 11 days ago." He "said American help would be appreciated for reconstruction in the wake of" the conflict, and he "welcomed" President Bush's "promise this week of an aid package worth $230m (€180m, £122m) and said Lebanon would continue lobbying US Congress members for 'larger assistance.'"

The Washington Post (8/24, A14, Cody, 748K) adds Siniora's "appeal, which Beirut newspapers said was made to" Secretary Rice, "reflected growing irritation among Lebanese leaders at continued restrictions under which the Israeli military controls all air and sea transport in and out of the country despite the U.N. cease-fire that came into effect 10 days ago." Tel Aviv has said it "will lift the blockade only when international peacekeeping forces have deployed at Lebanese ports and airports to guarantee they are not used to import weapons for" Hezbollah. The Post adds, "The blockade has been particularly painful for Lebanon, whose economy depends on" unrestricted movements.

Amnesty International Says Israeli Actions Constitute War Crimes. The New York Times (8/24, Kifner, 1.21M) reports the human rights group Amnesty International "accused Israel on Wednesday of war crimes in its monthlong battle with Hezbollah, saying its bombing campaign amounted to indiscriminate attacks on Lebanon's civilian infrastructure and population." The group's report is quoted saying, "Many of the violations examined in this report are war crimes that give rise to individual criminal responsibility. They include directly attacking civilian objects and carrying out indiscriminate or disproportionate attacks." The Times adds, "Citing a variety of sources, the Amnesty International report said Israel's air force had carried out more than 7,000 air attacks, while the navy had fired 2,500 shells." The report "said the widespread destruction of apartments, houses, electricity and water services, roads, bridges, factories and ports, in addition to several statements by Israeli officials, suggested a policy of punishing the Lebanese government and the civilian population in an effort to get them to turn against Hezbollah." Israeli Foreign Ministry spokesman Mark Regev "categorically rejected the claim that Israel had 'acted outside international norms or international legality concerning the rules of war.' Unlike Hezbollah, he said, Israel did not target the civilian population, nor did it indiscriminately target Lebanese civilian infrastructure."

Israel Blames Refugee Convoy Attack On UNIFIL. An 1,803-word piece in the Washington Post (8/24, A14, Cody, 748K) details the controversy surrounding Israel's attack of a Lebanese refugee convoy on August 11. The attack "was one of the least understood and most tragic chapters of the" conflict. "For reasons still under dispute, a column of hundreds of cars carrying Lebanese troops and panic-stricken civilians from the border town of Marjayoun came under a sustained Israeli missile attack more than 30 miles north of the battle zone." Tel Aviv says it suspected the cars "were smuggling arms for Hezbollah fighters," and that it "had received a request for safe passage for the convoy from [UNIFIL] but that it had been turned down." UNIFIL officials "said that the request was granted." The Post notes the IDF "put responsibility for the killings on UNIFIL, saying U.N. officials ignored Israeli orders to" stop the movement.

Angry Israeli Reservists Protest Conflict's Preparations, Leadership. USA Today (8/24, Katz, 2.27M) reports, "Hundreds of Israeli army reservists set up a tent city outside the prime minister's office Wednesday to protest what they consider poor management of the war in Lebanon. Protesters held signs calling for the resignations of" Prime Minister Ehud Olmert, Defense Minister Amir Peretz and military Chief of Staff Lieut. Gen. Dan Halutz. Many "reservists have complained that Israel lost 118 soldiers and Hezbollah is still functioning, its leadership intact." Other "critics are demanding a broad state inquiry. Peretz has set up a commission to investigate the military's management of the war. Olmert says he is considering supporting a state inquiry." One critic said that "Israel underestimated Hezbollah," while another "says Israel should not have waited to launch a ground offensive." The prime minister "acknowledged 'failings and shortcomings' in an emotional speech to the Israeli parliament last week. He promised a thorough examination of how the war was conducted."

Video Of Kidnapped Journalists Released, Along With Demands. Fox News' Special Report (8/23, Hume) reported, "A previously unheard of group in Gaza released videotape of kidnapped Fox News journalist Steve Centanni and Olaf Wiig today in which the two men sounded and appeared to be in good shape. Their captors demanded that the US government release all Muslim prisoners in exchange for their freedom." Fox News (Rosen) added, "Provided first to al-Jazeera, the undated videotape was accompanied by an undated Arabic language statement from a previously unknown group calling itself the Holy Jihad Brigades." Attorney General Alberto Gonzales "called the situation tragic and pledged to work for the hostages' release, but also ruled out acceding to the kidnappers' demands." Attorney General Gonzales: "We have, as a general matter of course, as you know, a policy of not negotiating with kidnappers."

The release of a video tape of two Fox News journalists kidnapped in Gaza, as well as the accompanying demands, received heavy media attention. It was covered by all three

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major network newscasts as well as major papers. ABC World News Tonight (8/23, story 3, 2:40, Gibson, 8.78M) reported, "The previously unknown group, the Holy Jihad Brigades, said the two would only be freed in exchange for all Muslims held in US prisons. The group's statement is full of verses from the Koran and refers to the US wars in Afghanistan and Iraq. … To many, this is the language of al Qaeda. … The US government is demanding their immediate release, saying it will make no concessions to terrorists. The kidnappers did not say what will happen if their demands are not met." The CBS Evening News (8/23, story 4, 0:20, Schieffer, 7.66M) and NBC Nightly News (8/23, story 5, Williams, 9.87M) ran similar, albeit briefer reports.

The Los Angeles Times (8/24, King, 918K) reports that in "the first confirmation that they were alive and well since the brazen early evening abduction," two Fox News journalists kidnapped last week in the Gaza Strip, "appearing pale but calm…appealed in a videotape released today for steps to secure their release." The Holy Jihad Brigades "directed taunts at President Bush, saying that 'the dignity of a single Muslim is worth 20,000' of him." While "the kidnappers made no specific threats against the men if the demands were not met," they said, "this is a chance we are giving you, and God knows it might not be repeated." Currently, "the ruling Hamas movement, already under intense pressure from international sanctions and the Israeli military offensive, has repeatedly called for the release of the journalists and disavowed any knowledge of the kidnapping."

The Washington Post (8/24, A18, Struck, 748K) agrees, "The abduction has become a hot political issue within Palestinian groups, with leaders of both Hamas and Fatah pledging to find and release the journalists." The Post leads that the kidnappers' "language…ominously echoed kidnappers in Iraq." Their "rhetoric sought to portray the kidnapping as an act in a wider war between Islam and the United States." State Department spokeswoman Julie Reside said, "This kidnapping highlights the challenges and dangers to freedom of the press that journalists face every day as they seek to cover events in areas of conflict around the world."

The New York Times (8/24, Myre, 1.21M) adds," it was not immediately clear whether the group claiming responsibility was a real group or just a cover for an existing faction," and calls the kidnappings "another sign of the worsening security situation in Gaza one year after the Israelis pulled out." The Times notes "the State Department said it would not give in to the kidnappers' demands." The Washington Times/AP (8/24, Barzak) also covers this story.

Singh Says India Retains Right To Conduct Nuclear Tests. The AP (8/23) reports, "India's prime minister said Wednesday the country would retain its right to carry out future nuclear tests despite a civilian nuclear deal with the United States, a news report said. 'There is no scope for capping of our strategic (nuclear) program. It will be decided by the people, government and Parliament of the country and not by any outside power,' Press Trust of India quoted Prime Minister Manmohan Singh as saying in a statement in Parliament." Singh "also said India would not give any commitment that goes beyond a unilateral moratorium on future nuclear tests. If required by the circumstances, he said, India would have the sovereign right to take a decision on atomic tests in its national interest, PTI reported."

Chavez Seeks To Deepen Chinese Imports of Venezuelan Oil. In continuing reporting on Venezuelan President Hugo Chavez's mission to China, the Wall Street Journal (8/24, Gallegos, Winning, 2.03M) reports Chavez says his nation "aims to become a top oil supplier to China and plans to increase oil sales to the oil-thirsty economy to 500,000 barrels a day in 2009." He "is in the middle of a six-day trip to Beijing," where "he has signed deals for housing, mining, telecommunications and oil with Chinese companies." One "deal will consist of the purchase of 12 Chinese-manufactured oil-drilling rigs, which are expected to be produced by Baoji Oil Machinery Co., CNPC's largest oil-equipment maker by capacity." The firms "also will set up a joint-venture factory in Venezuela for the production of more drilling rigs." The Journal says Chavez "has sought to strengthen relations with Iran, Cuba, China and Russia, among others, to slowly reduce reliance on business dealings with the U.S.," and notes his nation "has a great demand for oil-drilling rigs for onshore and offshore development, given scant domestic manufacturing capacity." The AP (8/24, Wong) adds, "Chavez said Venezuela's growing relations with China are part of his government's efforts to create a 'multipolar' world to counter U.S. hegemony."

Doubts Cast On Asean Speeding Single Market. The Financial Times (8/24, Burton) reports the head of a group drawing up an institutional framework for the Association of South-East Asian Nations (Asean) "expressed doubts" Wednesday about plans to accelerate the creation of a single market for the region. Musa Hitam, a former Malaysian deputy prime minister, "said that Asean did not have an adequate organizational structure in place" to carry out the plan, which he regarded as "ambitious." Although the group this week agreed to advance the establishment of a common market to 2015, Musa "suggested that a single market could not be achieved unless Asean set up bodies to monitor and implement decisions and impose sanctions on recalcitrant members."

US Trade Chief To Sign ASEAN Pact, Urges Action On Myanmar. The AP (8/24) reports US Trade

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Representative Susan Schwab said Wednesday a trade pact to be signed with ASEAN nations this week is "a great boost to economic relations, but she urged the bloc to do more to push Myanmar toward democracy." In an interview with the AP, Schwab said, "The US is still very uncomfortable with policies of that government relating to treatment of its own citizens. That said, we do not want our concerns of Burma to jeopardize our broader relations with ASEAN."

Schwab To Visit China, Push Trade Agenda. The AP (8/24) reports US trade chief Susan Schwab says she will make a three-day visit to China starting Sunday "to further strengthen bilateral economic relations in efforts to help cut America's record trade deficit, and push the Asian nation to curb intellectual property thefts." In an interview with the AP, Schwab said that during a meeting with China's Commerce Minister Bo Xilai in Beijing she "also hopes to discuss China's role in helping to restart stalled World Trade Organization talks." Schwab "hailed" initial efforts by the Chinese to crack down on the theft of US copyrights and patents, calling it "an important step in the right direction."

Canada Confirms New Case Of Mad Cow Disease. Canada announced Wednesday that it has discovered the nation's eighth case of mad cow disease. The Wall Street Journal (8/24, B2, 2.03M) reports the Canadian Food Inspection Agency said the animal was "a mature beef cow between eight and 10 years old" from Alberta. Based on the animal's estimated age range, exposure to the disease "likely occurred either before the introduction of Canada" tighter animal-feed restrictions in 1997 or during its early implementation." An investigation is under way to determine where the animal was born.

USA Today (8/24, D7, 2.27M) quotes J. Patrick Boyle of the American Meat Institute as saying the news "shows that Canada's surveillance system is working to target and eliminate any remaining cases of [mad cow disease] in the country," says.

The Washington Times/AP (8/24) notes that last month the United States "suspended plans to increase imports of beef and cattle from Canada over concerns about an infected cow born in 2002, five years after Canada enacted safeguards against mad cow disease."

Johanns Seeks To Assure Privacy Of National Livestock ID Program. The AP (8/24, Twiddy) reports Agriculture Secretary Mike Johanns assured livestock owners Wednesday that information collected in a planned animal identification program "will be kept confidential and used only in the event of a disease outbreak." Speaking before a conference on animal identification technology and policy, Johanns "acknowledged that farm owners choosing not to register their animals would create significant gaps in the system, making it harder to track a diseased animal and the animals with which it came into contact."

US To Test Rice As EU Blocks Modified Imports. USA Today (8/24, D9, Weise, 2.27M) reports the European Union said Wednesday that it would require that "all long-grain rice imported from the USA be certified as free of unauthorized genetically engineered grains." This week, Japan also suspended long-grain rice imports from the US after Agriculture Secretary Mike Johanns announced Friday that trace amounts of modified rice had been found in the US rice supply.

Meanwhile, the Financial Times (8/24, Buck, Cameron) notes US officials Wednesday said they were "close to implementing a new testing regime" for rice exports after the EU made its announcement. "We are in the final stages of having a validated test available," USDA spokesman Ed Loyd said. He called Wednesday's action by the EU "very measured and reasonable," but noted that other large export markets such as Mexico and Saudi Arabia had so far not called for testing.

The Wall Street Journal (8/24, A2, Von Reppert-Bismarck, 2.03M) says the EU's ruling is "likely to strain trade relations between Brussels and Washington, which says the rice poses no health risk, and to raise questions of how to control the spread of biotech crops that are very unpopular in Europe." The New York Times(8/24, 1.21M) and Los Angeles Times/AP (8/24) also report on the announcement by the EU.

Thailand Arrests North Korea Refugees. The Washington Times (8/24, Salmon, 88K) reports, "Thailand's police rounded up 175 North Korean defectors -- mainly women and children -- in a raid on a Bangkok suburb Tuesday, an incident that has cast light on the Southeast Asian nation's increasingly popular status as a refuge for defectors from Kim Jong-il's regime." While "South Korea has been highly sensitive about the arrival of large numbers of defectors since Seoul airlifted 468 defectors from Vietnam in 2004" and "sparked fury in Pyongyang, damaging ties between the two capitals for months." However, "South Korea's Grand National Party, the conservative opposition, objects to the government's low-key approach," with national assembly member Song Young-sun saying they should "put the North Korean people first, not the Kim Jong-il regime."

Ukrainian PM Promises Government Won't Siphon Gas From Russian Pipelines. The New York Times (8/24, Kramer, 1.21M) reports, Ukraine's new prime minister, Viktor F. Yanukovich, has promised that his government will refrain from siphoning natural gas from Russia's export pipelines to meet Ukraine's shortfall this winter, a practice that has incensed Russian officials who

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characterize it as stealing." The Times says, "The move was a concession, of sorts, to Russia -- Ukrainian officials had never publicly admitted taking the gas without paying -- but one also likely to ease worries in Western Europe over the security of energy supplies this winter."

Child Labor On The Rise In Africa. The New York Times (8/24, Wines, 1.21M) reports, "By the United Nations' latest estimate, more than 49 million sub-Saharan children age 14 and younger worked in 2004, 1.3 million more than at the turn of the century just four years earlier." They work as "prostitutes, miners, construction workers, pesticide sprayers, haulers, street vendors, full-time servants, and they are not necessarily even paid for their labor." The "numbers in Africa grow even as the ranks of child laborers are dropping by the millions in every other region of the world." This is due to "the region's economic plight," as well as "social mores that regard hard work by children as the norm, and conflicts that scatter families and kill breadwinners." Also, "the staggering H.I.V. rate" and "the region's population explosion" contribute. Notably, "overwhelmingly…what drives children into work is not greed but privation. Young people here largely work to feed themselves or their parents, or both."

China Pushing Tibet To Slaughter Yaks. The Wall Street Journal (8/24, A1, Areddy, 2.03M) reports, "Beijing's nationwide goal is to halt two decades of creeping inequality between urban and rural income," as "the Communist Party recognizes that its future depends on keeping people happy in the countryside." Duan Xiangzheng the "Chinese Communist Party official charged with stimulating the economy" in Tibet, "is pushing for the systematic slaughtering of yaks to kick-start a meat-packing industry." However, "Tibetans are protective of their distinctive Buddhist culture, which abhors the killing of animals. Many are suspicious of Chinese interference and some see the economic integration." Duan says the slaughter "makes economic sense and is an 'inevitable' development," adding that "emotion is unsuitable for the slaughterhouse industry he envisages." Yaks, sheep and cows are key to his goal of "50% GDP growth this year and a quadrupling of the local economy over five years." Also, the area's government "cites a need to fill its budget deficit."

Will Praises Changes Koizumi Brought To Japan. George Will writes in his column in the Washington Post (8/24, A21, 748K), "Prime Minister Junichiro Koizumi's tenure, which ends next month, has been more remarkable than perhaps most Japanese comprehend." In putting Japan Post on a 10-year path to privatization, "he had to threaten to 'destroy' the LDP," his party. In "a Koizumi-engineered domestic political earthquake," he called a snap general election, "endorsing rival candidates against all 37" LDP members of the upper house of the Diet that blocked privatization, "and most of those he endorsed won." He "has introduced into Japan something like presidential politics -- personal and charismatic, claiming a national mandate superior to mere parliamentary majorities." As a result, "Japan is recovering its vitality partly because it is becoming somewhat less Japanese." There are "three things…that suggest Japan's evolved economic engagement with the world." This year U.S. consumers "for the first time bought more cars and trucks built by foreign manufacturers, mostly Japanese, than by the three domestic manufacturers. Second, Toyota outsold Ford in July." Finally, "nothing then happened: There was no American political turbulence."

WSJournal Urges Mexican Tribunal To Stand Up To "Obrador's Bullying." The Wall Street Journal (8/24, 2.03M) editorializes, "Mexico was a beacon unto the world last month," but "Mexico may be on the brink of undoing a generation of hard-won political reform." López Obrador "has refused to accept…reality," and "while a negotiated settlement with the López Obrador camp might seem an expedient to bring peace, the opposite is more likely. The message it would send to Mexico's political factions is that taking to the streets trumps serious politics as the way to get things done. It may have already." The federal electoral tribunal's upcoming decision on the election "is a crucial test for Mexican modernity," and "should the judges complete their lawful duties by September 6 without bending to Mr. López Obrador's bullying, Mexico will have earned international respectability. If, however, the court succumbs to the temptation to appease the politics of the streets, an era of instability may commence."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"City Hall Insider Accused Of Bribery."
"Stem Cell Advance Spares Embryos."
"Drop In Illegal Border Crossings A Sign Of Success, Bush Aide Says."
"A Legend Of Words Is Toppled By His Own."
"He Shows Mercy To The Dead."
"Schwarzenegger Robs Angelides Of Some Key Issues."

USA Today:

"Checked Luggage Strains Security."
"Cease-Fire Collapse Could Draw Other Militias Into The Conflict."
"Could Walk-In Retail Clinics Help Slow Rising Health Costs?"

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New York Times:
"In New Method for Stem Cells, Viable Embryos."
"Some in G.O.P. Say Iran Threat Is Played Down."
"Gaza Captors Of 2 Newsmen Pressure U.S."
"Africa Adds To Miserable Ranks Of Child Workers."
"Storm's Escape Routes: One Forced, One Chosen."

Washington Post:
"'Shiite Giant' Extends Its Reach."
"Bush's New Iraq Argument: It Could Be Worse."
"Allen Calls Webb Aide, Apologizes For Remark."
"A Tough Trip To A Blast On The Bridge."
"New Method Makes Embryo-Safe Stem Cells."
"U.S. Spy Agencies Criticized On Iran."

Washington Times:
"Home Prices Fall; Sales Plummet."
"Iran's 'Serious Offer' On Table."
"Steele Gaining Blacks Support."
"Bush Guest-Worker Plan Lacks Support."
"Embryos Preserved In Stem Cell Creation."
"Cuban Group Starts Counting Castro's Dead."

Detroit Free Press:
"Is Ford In Alliance Mix? Making Sense Of It All."
"Variety Is The Main Attraction At State Fair."
"Don't Hoot: City Considers Owls To Pick Off Pesky Rats."
"DCX Puts Dealers In A Bind."

Atlanta Journal-Constitution:
"US Digs Deep Into Reserves For War."
"Bush Cook To Iran's Offer."
"I Confess."
"Bush Cool To Iran's Offer."

Houston Chronicle:
"Why HPD Hit The Brakes On Police Chases."
"New Stem Cell Method Keeps Embryos And Debate Alive."
"Restaurant Owners Now Want Smoke Free Bars."
"Kidnappers' Demand May Point To Risky Trend For US."
"FEMA Ready For The Next One, Chief Says."

Story Lineup From Last Night's Network News:
ABC: Housing Market; Stock Markets; Hostages-Gaza; Iran Nuclear Testing; Hussein's Second Trial; Iraq Violence; Airplane Scare; White House Guest; Cruise Paramount Breakup; Stem Cell Breakthrough; Medicare Mix Up; Cell Phone Obsession.
CBS: Housing Market; Buyer's Market; Medicare Mix Up; Hostages In Gaza; Airplane Scare; US Response-Iran; Cruise Paramount Breakup; Stem Cell Breakthrough; Identity Theft; Barbaro Recovery.
NBC: Housing Market; Buyer's Market; Stock Markets; US Response-Iran; Hostages In Gaza; Hussein's Second Trial; Stem Cell Breakthrough; Politics Online; JonBenet; Immigration Issue; Mind Set List; Cruise Paramount Breakup.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Housing Market; JonBenet; Iraq Violence; Stock Markets.
CBS: Iran-Nuclear Talks; Stem Cell Breakthrough; Medicare Mix Up; New Orleans Hospitals; WA-Wildfires; Thunderstorms-Lake Michigan.
NPR: Annan-Cease-Fire Tour; Jesse Jackson-Mideast Trip; Tropical Storm Debby; BP-Oil Production Concerns; Housing Market; Stock Markets; Bush-Katrina; Louisiana-Hurricane Insurance Claims; Ben & Jerry's-Egg Supplier.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Departs White House en route Kennebunkport, Maine.

VICE PRESIDENT CHENEY — Speaks at a reception for Rep. Steve Chabot and Ohio Victory 2006, Private residence, Cincinnati.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: INFRASTRUCTURE PROTECTION _ The InfraGard National Members Alliance and the FBI hold a conference to discuss the protection of and potential threats to national and global critical infrastructures. Highlights: 7:45 a.m. Session with National Guard Bureau Chief lt. Ge. Steven Blum, Assistant FBI Director John Miller, and David Gord, Assistant Commissioners, Royal Canadian Mounted Police. 11:30 a.m. Keynote speaker - Agriculture Secretary Johanns, followed by Assistant DHS Secretary Bob Stephan. Location: Washington Renaissance Hotel, 999 9th St. NW.

DISASTERS-RESPONSE _ 10 a.m. The Heritage Foundation holds a panel discussion on the grassroots response during disasters, with keynote speaker James Gilmore III, and Becky Baum of the Mississippi Finance and Administration Department, Lt. Col. Pete Schneider of the Louisiana National Guard, Lisa Hamilton of United Parcel Service, others. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

DEMOCRATS-KATRINA _ 11 a.m. Reps. Henry Waxman and Dennis Cardoza hold a telephone briefing to announce formation a truth squad concerning the GOP-controlled Congress and the Bush administration. Contacts: Brendan Daly, 202-226-7616. Notes: Callin number: 800-857-9091; passcode: waste.

IMMIGRATION _ 12 p.m. The Center for Immigration Studies holds a panel discussion to assess the progress of immigration enforcement, with Gerri Ratliff of DHS, John

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Hermann of Form I-9 Compliance, others. Location: Suite 820, 1522 K St. NW.

MIDEAST _ 12:15 p.m. The New America Foundation holds a program on American policy on Iran, Iraq, Lebanon and Palestine/Israel, with James Dobbins of Rand Corp., others. Location: 7th floor, 1630 Connecticut Ave. NW.

9/11 AVAILABILITIES _ 1 p.m. The Defense Department's Washington Headquarters Services Communications Department holds one in a series of availabilities to assist media organizations with Sept. 11 fifth anniversary efforts, such as getting B roll, interviews, etc. Location: Pentagon.

SOUTH AFRICA _ 1:15 p.m. AIDS activists hold a demonstration demanding that the South African health minister be fired over the deaths of prisoners. Location: In front of the South African Embassy, 3051 Massachusetts Ave. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, AUGUST 24, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Feds Probe Maryland Doctor's Sri Lankan Relief Group (AP) ..4
Md. Part Of Separatist-group Probe (BSUN) 5
Congressman's Trip Tied To Group U.S. Considers Terrorists (CHIT) 6
12 On U.S. Flight Detained In Amsterdam (WT) 8
Dutch Detain 12 On Flight To India (NYT) 9
Airplane Terrorism Case Prompts Questions About The Work Of Islamic Charities In Britain (NYT) 10
Court Permits British Investigators To Hold 10 Terror Suspects Longer (NYT) 11
News Stories Seen As Hit To Security (WT) 12
A Matter Of Appearances (NYT) 12
War, Law And Justice (WT) 13
FBI Investigating Man Who Claimed To Be Planning To Bomb (AP) 14
FBI Investigates Spokane Man In Bomb Plot (SSR) 14
FBI Investigating Alleged DSHS Bomb Plot (KXLY-TV) 15
U.S. Suit Shows New Toughness With State (PPH) 16

Homeland Response:

Bush: Katrina Recovery Will Take Time (AP) 17
Gulf Rebuilding To Take 'Long Time' (WT) 18
Bush Says Gulf Coast Still Needs Help After Katrina (Update3) (BLOOM) 19
HAIL TO THE CHIEF (NOTP) 19
Katrina Survivor Lauds Bush In What Democrats Call PR Stunt (WP) 20
President Serves Up Cup Of Coffee And Katrina Message (USAT) 21
Bush Says Katrina Recovery Will Take Time (LAT) 22
FEMA Director Visits Gulf Coast School (AP) 23
Charting A New Course (WSJ) 23
Storm's Escape Routes: One Forced, One Chosen (NYT) 25
TSA To Maintain Its Ban On Liquids And Gels (WP) 28
Checked Luggage Strains Security (USAT) 29

War News:

Bush's New Iraq Argument: It Could Be Worse (WP) 30
Bush Revives, Revamps Message (AP-Y) 31
White House Fires Back At McCain's Comment On Iraq (WT) 33
A Plan To Hold Iraq Together (WP) 34
General: Iran Training Shiite Insurgents (AP) 35
'Shiite Giant' Extends Its Reach (WP) 35
He Shows Mercy To The Dead (LAT) 38
Marine Called Haditha Shootings Appropriate (WP) 40
Marines Recalled After Leaving Military (AP) 41
US Marine Call-up Signals A Long War (CSM) 42
Surface Aid For The U.S. War On Terrorism (VAPILOT) 43
Hussein On Trial For Infamous Gas Attacks (CSM) 44
Lawyers For Hussein Accuse Kurd Of Treason (NYT) 45
The Muj Brothers (CSM) 47
Losing Afghanistan (NYT) 51

DOJ:

Cohen Named New Alaska U.S. Attorney (AP) 51

Corporate Scandals:

Enron Prosecutor To Lead Case Against Qwest's Former CEO (WSJ) 52
Quattrone May See Payday Of At Least $100 Million (WSJ) 52
Cleared Quattrone Could Claim $100m (FT) 53
A Verdict On Grasso's Legacy (WSJ) 54
Mills Ignored Accounting Alerts, Former CEO Contends In Suit (WSJ) 55
Nasdaq Issues Second Warning To EPlus (AP) 56
Phantom Of The Options (NYT) 56

Criminal Law:

Judge Orders Investigation Of Leak In Pro-Israel Spy Case (AP) ... 57
US Man Accused Of Plot To Sell Dow Chemical Secrets In China (AFP) ... 58
Suspect's Family To Sell Story (WP/AP) ... 58
Beyond DNA, Several Items Could Determine JonBenét Case (USAT) ... 59
Baxter Sentenced To Jail In Gun Incident (WP) ... 60
Baxter Denied Sentence Delay (WT) ... 62
Schrenko Must Report By Sept. 11 Attorney Asks Time Be Served In Tallahassee (AJC) ... 63
Trial Pushed Back In Ecosabotage Case (AP) ... 64
Man Found Guilty In 2004 Anthrax Hoax At Meraux Post Office (AP) ... 64
Key Hahn Figure Pleads Not Guilty (LAT) ... 65
Democrats Call For Probe Of Perdue's Florida Land Deal (AP) ... 65
Assistant High School Coach Arrested In Internet Child Sex Sting (WBBM-AM) ... 66
Superintendent's Early Critics Say Board Shares Some Blame (WP) ... 67
Is Jeffs Hiding In Texas? (DESERET) ... 68
Vigil Retrial To Stay In City, Judge Says (ALBTRIB) ... 69
Another Union Member Pleads Guilty To Racketeering Charges (NSDY) ... 70
Bertin Gets Four Years Behind Bars (TONNEWS) ... 70
Former Niagara Falls Union Leader Sentenced (NSDY/AP) ... 71
Ex-Local 91 Head Sent To Prison (BUFFBIZ) ... 71
Queens Pol Leaves Labor Post Amid Bid-rig Probe (NYDN) ... 71
Sen. Cooper Charged In Land Fraud (TENN) ... 72
Longtime Gadsden Mayor Defeated Amid Corruption Probe (AP) ... 73
Tie Jr. To Dad's Deal (NYDN) ... 73
Adviser Jailed Since 2000 Pleads Guilty In Securities Fraud Case (NYT) ... 74
Market Forecaster Pleads Guilty In New York To Criminal Charge (NSDY/AP) ... 75
Armstrong Admits Japanese Fraud Role (BSUN/BLOOM) ... 75
CONSUMER SAFETY (WP) ... 76
Qwest On Data Retention Laws: Oops (CNET) ... 77
D.C. Police Maintain Focus On House Where Lawyer Was Murdered (LAW) ... 78
Laws Shield Pets From Domestic Violence (USAT) ... 78

Civil Law:

AT & T Sues 'data Brokers' In Access Case (USAT) ... 79
AT & T Sues, Alleging Fraudulent Access To Customer Accounts (WP) ... 80

Civil Rights:

Jury Considering Case Against Owners Of Labor Camps In N.C., Fla. (AP) ... 81
DOJ To Investigate Marion County Juvenile Detention Center (WTHR-TV) ... 82
Judge Rules State Can't Stop Ex-felons From Voting (AP) ... 82
Indianapolis Man Sentenced For Human Trafficking (WISH-TV) ... 83
State Prisons Chief Quits Amid Criticism (BSUN) ... 83
Probes Of D.C. Group Home Deaths Are Shifted In-House (WP) ... 84
Early-voting Letters Sent Despite Ruling (WT) ... 86

Antitrust:

Weyerhaeuser, Domtar To Merge Fine-paper Businesses (DOW) ... 87
Weyerhaeuser Announces Merger With Canadian Paper Company (JCL) ... 88
Judge OKs Settlement Of 3M Antitrust Suit For $28.8 Million (LAW) ... 88
Apple Pays $100m To Settle IPod Battle (FT) ... 90
IPod Patent Dispute Settled (WP) ... 90
Apple, Creative Technology Set Pact Ending IPod-Tied Dispute (WSJ) ... 91
Rite Aid Nears A Deal For Eckerd, Brooks Chains (WSJ) ... 91
IBM To Bulk Up In Internet Security (WSJ) ... 92
Deal For ISS Adds To IBM Buying Binge (WP) ... 93
I.B.M. To Buy A Security Software Company For $1.3 Billion (NYT) ... 94
IBM Adds To Its Stable Again: Software Maker Internet Security Systems (USAT) ... 95
Air Superiority Two Technology Giants Clash In Battle For Wireless Internet (WSJ) ... 95
Patent Verdict Against Microsoft, Autodesk Stands (CNET) ... 98

Environment:

Consultant Warned BP Of Pipe-Network Corrosion (WSJ) ... 99
BP's US Woes Deepen With Lawsuit (FT) ... 100

FBI/DEA/ATF/USMS:

Corps Reviews Its Inquiry Into A Critic (NYT) ... 101
FBI Hoped To Recruit Alleged Cuban Agent To Spy For U.S. (AP) ... 101
FBI Denies Receipt Of Tape Implicating Raúl Castro In Brothers Shootdown (MH) ... 102

DOJ_NMG_0052571

Colombian Drug Suspect Is Extradited To U.S. (AP).....104
Manhattan: Arraignment In Drug Smuggling Case (NYT) 104
Colombia Defends Adding Alleged Trafficker To Peace Deal (AP).....104
12 Indicted In Missouri: Heroin Distribution Conspiracy (AP)105
12 People Indicted In Heroin Distribution Conspiracy (AP) ..105
4 In Area Face Drug Charges (KCS).....105
Hamtramck Temple Fire Probed As Possible Hate Crime (DEN).....106

Immigration:

Drop In Illegal Border Crossings A Sign Of Success, Bush Aide Says (LAT) 106
Illegal Border Crossings Dip, And Official Cites Security (NYT) 108
Policy Shift Targets Illegal U.S. Entries (USAT) 109
Non-Mexican Illegals Slowed (WT) 110
Immigration Plan Gets A Boost (WP).....111
Bush Guest-worker Plan Lacks Support (WT) 112
Cracks In A Republican Base (WSJ).....113
U.S. Businesses File 1st In Series Of Lawsuits Against Competitors Who Hire Illegal Immigrants (FINDLAW/AP).....115

Tax:

IRS Warns Taxpayers On Fake Debt Collectors (WP/AP) 116

Congress-Administration:

ABA Rating For 5th Circuit Nominee Angers Specter (LAW) 117
US Pushes Trade But Trims Export Help (CSM) 117
Rice Orders Difficult Posts Filled First (WP).....119
Inside The Beltway (WT) 120
Medicare Cuts Payments For Pharmacy-made Drugs (USAT).....121
Medicare Error Sends $50 Million In Refunds To Recipients (NYT) 122
Medicare Blunder Costs $50 Million (WT) 122
'Data Processing Error' Was A Medicare Slip-Up (WP).....123
Evolution Major Vanishes From Approved Federal List (NYT)124
Mission Unaccomplished (NYT) 126

Other News:

Signs Of A Buyer's Market (WP).....126
New Signs Of Cooling In Housing (NYT) 127
US Housing Data Worse Than Feared (FT) 128
Housing Market Cools In July (BSUN) 129
Drop In Home Sales Puts Pressure On Prices (USAT).....131
Home Prices Fall; Sales Plummet (WT).....131
Sales Of Existing Homes Fall 4.1% (WSJ).....132
Wall Street Suffers On Housing Data (FT) 133
Slumping Home Sales Hurt Stocks (LAT).....134
Stocks Sag Despite Drop In Oil Price, As Weak Home Sales Trouble Investors (WSJ).....134
Bernanke's Refreshing Pause (TH).....135
Study Indicates Embryos Survive Cell Extraction (WSJ) 136
Scientists Make Key Stem Cell Advance (FT).....137
Embryos Preserved In Stem-cell Creation (WT) 138
In New Method For Stem Cells, Viable Embryos (NYT) 139
Scientists Create Stem Cells Without Destroying Embryos (LAT) 141
Embryos Spared In Stem Cell Creation (USAT).....143
New Method Makes Embryo-Safe Stem Cells (WP) 144
Never Enough On Stem Cells (LAT).....146
Could Walk-in Retail Clinics Help Slow Rising Health Costs? (USAT).....146
The Flawless Fed (WSJ) 148
An Honor And A Boon For Nine Nonprofits (WP) 149
Alaska Gov. Murkowski Finishes Third In Republican Primary (WP/AP).....151
Alaska Governor's Defeat Latest Sign Of Surly Electorate (USAT).....151
Governor Finishes Third In Alaska G.O.P. Primary (NYT) 152
Alaska Primary Reflects Unease With Incumbents (WSJ).....153
Lieberman Certified To Appear On Ballot (AP-Y).....154
Lieberman Turns Defense Of Iraq War Into An Offense (NYT) 155
Allen Calls Webb Aide, Apologizes For Remark (WP).....156
Senator Apologizes To Student For Remark (NYT) 157
Sen. George Allen Gives Direct Apology (AP-Y) 158
Senator To 'Macaca': Sorry (WP).....159
Steele Gaining Blacks' Support (WT).....160
Mike Madden (wsj).....161
Incumbent On The Brink (WSJ) 167
McCain's Age Could Affect Expected Presidential Run (MCT) 168
New Hampshire: Still A Primary Player (WP).....169
Christian Coalition Losing Chapters (AP-Y).....170
Pennsylvania: Nader Ordered To Pay $80,000 (NYT/AP) 172
Inside Politics (WT).....172
Some In G.O.P. Say Iran Threat Is Played Down (NYT) 174
Iran Threat Grows Under Hard-liner, Congress Reports (WT)175
U.S. Spy Agencies Criticized On Iran (WP).....176
U.S. Built Major Iranian Nuclear Facility (CHIT) 178
U.S. Defers Call For Immediate Sanctions Against Iran (LAT)180

DOJ_NMG_0052572

U.S. Says Iran's Reply On Nukes Is 'serious' — But Not Enough (USAT) 181
U.S. Says Iranian Nuclear Proposal Is Inadequate (NYT) 182
Offer By Iran 'Falls Short' (WT) 183
Iran Stalls (WP) 184
The Ayatollah's Answer (WSJ) 184
Iran's Double Talk Leaves U.S., Allies Plenty Of Bad Options (USAT) 185
Muddling Mullahs (LAT) 186
Sweating Out The Truth In Iran (NYT) 187
Diplomacy -- For Now (WSJ) 188
Troop Pledge Vexes Europe (WSJ) 190
France To Send More Troops To Lebanon, Minister Says (NYT) 192
EU Makes New Effort To Raise U.N. Troops (AP) 193
Mideast Officials Urge Action To Defuse 'explosive' Situation (USAT) 194
Cease-fire Collapse Could Draw Other Militias Into The Conflict (USAT) 194
A Weaker US Hand In The Mideast (CSM) 195
Syria-Hezbollah Ties Seen As Key To Mission (WT) 197
Militants Winning Battle To Rebuild (WT) 197
It's Up To You, President Chirac (WP) 198
Lebanon Calls For US Help On Blockade (FT) 199
Lebanese Premier Seeks U.S. Help In Lifting Blockade (WP) 200
Human Rights Group Accuses Israel Of War Crimes In Lebanon (NYT) 201
Negotiations Preceded Attack On Convoy Of Fleeing Lebanese (WP) 203
Israeli Reservists Protest, Call For Resignations (USAT) 205
Prisoner Release Demanded For Kidnapped Journalists (LAT) 206
Kidnapped Journalists Appear On Videotape (WP) 207
Gaza Captors Of 2 Newsmen Pressure U.S. (NYT) 209
Captive Reporters Shown In Video (WT/AP) 210
India Said To Retain Right To Hold Tests (AP) 211
Venezuela, China Deepen Relations, Set Oil-Rig Pact (WSJ) 212
Venezuela Plans To Export Oil To China (AP-Y) 213
Doubts Cast On Asean Speeding Single Market (FT) 213
US Trade Chief Comments On ASEAN Pact (AP) 214
US Trade Chief Plans To Visit China (AP) 215
Eighth Mad-Cow Case Is Verified In Canada (WSJ) 215
Canada Confirms Case Of Mad Cow (WT/AP) 216
Privacy Concerns Continue To Bedevil Livestock ID Program (AP) 216
EU To US: Keep Genetically Engineered Rice To Yourself (USAT) 217
US To Test Rice As EU Blocks Modified Imports (FT) 218
EU Adopts Tough Rules For US Long-Grain Rice (WSJ) 218
European Restrictions On Rice Imports (NYT/AP) 219
EU Excludes Genetically Modified U.S. Rice (LAT/AP) 219
175 N. Koreans Held In Bangkok (WT) 220
Ukraine's Premier Pledges To Stop Taking Gas From Russian Pipes (NYT) 220
Africa Adds To Miserable Ranks Of Child Workers (NYT) 221
Western Frontier China's Big Push To Stoke Economy Rattles Rural Tibet (WSJ) 225
The Legacy Of Japan's 'Lion Heart' (WP) 228
Mexico's Democracy Test (WSJ) 229

TERRORISM NEWS:

Feds Probe Maryland Doctor's Sri Lankan Relief Group (AP)

By David Dishneau, Associated Press Writer

AP, August 24, 2006

HAGERSTOWN, Md. (AP) The FBI has seized documents and computer files from a Cumberland physician whose Sri Lankan relief organization is suspected of raising funds for the Tamil Tigers, a rebel group known for suicide bombings that is on the State Department's list of foreign terrorist organizations.

Dr. Nagaratnam A. Ranjithan, a kidney disease specialist who has practiced in the western Maryland city for 30 years, said Wednesday that FBI agents returned to him late Tuesday five computers they had removed from his medical office on Monday. He said the agents also made photocopies of documents they found in his home pertaining to his group, the Tamils Rehabilitation Organization.

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Ranjithan is president of the organization's U.S. branch, which he said he founded in 1994.

Robert Nardoza, a spokesman for the U.S. Attorney's Office in the Eastern District of New York, which is investigating suspected links between the Tigers and the TRO, declined to comment on the government's dealings with Ranjithan.

In a telephone interview with The Associated Press on Wednesday, Ranjithan denied that the TRO funnels money to the Tigers, known formally as the Liberation Tigers of Tamil Eelam or LTTE. But he said the Tigers sometimes direct TRO relief workers to civil-war refugees and tsunami victims in northeastern areas of Sri Lanka controlled by the insurgents.

``They say, 'You go to this road and turn left and there are 16 families there,'" Ranjithan, a 60-year-old Sri Lankan immigrant, said. ``If the TRO doesn't take care of those people, then who else will?"

The Justice Department described the Tamils Rehabilitation Organization in a complaint Monday as ``a suspected LTTE front fundraising organization." The reference was in a document alleging that a group of men representing the Tigers had offered undercover agents millions of dollars to change U.S. policies and obtain classified intelligence. The classified information included a phony document referring to an investigation of the Tamils Rehabilitation Organization.

Nardoza said 11 men have been arrested on charges stemming from that complaint and another, which also allege Tamil Tiger emissaries tried to buy 18 surface-to-air missiles and other weapons.

The Tamil Tigers have been battling for more than 20 years to carve out a separate state for the ethnic Tamils, who suffered decades of discrimination by the Sinhalese-dominated government.

According to the TRO's World Wide Web site, the relief group was formed in 1985 mainly as a self-help organization for Tamils who had taken refuge in southern India.

Md. Part Of Separatist-group Probe (BSUN)

By Sumathi Reddy, Sun Reporter

The Baltimore Sun, August 24, 2006

FBI searches office of Cumberland physician who heads Sri Lankan charity

FBI agents searched this week the office of a Cumberland physician who is president of a Sri Lankan charitable organization suspected of funneling money to the Tamil Tigers, a separatist group deemed a foreign terrorist organization by the U.S. government.

The search came in the midst of a global investigation that has led to the arrests of 14 men. One group is accused of plotting to buy sophisticated weapons for the Tigers. Another group of defendants is accused of attempting to persuade State Department officials to remove the group from its terrorist list with a $1 million bribe.

Dr. N.A. Ranjithan, 60, of Cumberland said Wednesday that FBI agents seized five computers and documents related to his work with the U.S. branch of the Tamils Rehabilitation Organization (TRO). The global network of groups was on the frontlines of fundraising and relief work during the 2004 tsunami that devastated the island nation of Sri Lanka.

The computers were returned a day later, said Ranjithan, who said he only knows one of the men arrested in the FBI sting operation, and that individual is not affiliated with the TRO. He said he is "skeptical" of the charges but would reserve judgment.

FBI officials would not say if any of the defendants have TRO connections. At least one defendant is linked with the TRO in the criminal complaint unsealed Monday. Ranjithan, who said he was questioned by the FBI, adamantly denied that any TRO money goes to support the Tigers, saying that all of it is used for relief and refugee work in the Tiger-controlled areas.

"I think they're trying to find a link where there is no link," said Ranjithan. "They want to show that this money went to the Tigers. All our money goes to relief work."

"Why? Because the government doesn't do relief work there," he said, referring to the Sri Lankan government.

He accused the Sri Lankan government of having a genocidal intent. "I think they are intent on eliminating the Tamils," he said, declining to express his personal views on the Tigers.

The decades-old conflict in Sri Lanka, one of the world's bloodiest, has killed tens of thousands of people. The Liberation Tigers of Tamil Ealam (LTTE) was founded in 1976 to battle the government for their state in the northern and eastern areas of the country.

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Tamils are an ethnic minority in a country made up largely of Sinhalese. Rebel group members charge that they have been oppressed by the Sinhalese-controlled government, which has been criticized for human rights abuses. In turn, the Tigers have seized control of most of northeast with an army known for its suicide bombings, political assassinations and use of children as soldiers.

The LTTE and Sri Lankan government's fragile 2002 cease-fire agreement has crumbled in recent weeks, leading to a fresh round of violence.

The State Department designated the LTTE as a terrorist organization in 1997, making it illegal for Americans to donate money to it. Canada, which has a larger Tamil diaspora, took a similar step this year.

The men arrested over the past three days were from New York, Connecticut, California, Seattle, Canada and London.

Federal law enforcement alleges that a group of men traveled to Long Island and attempted to purchase Russian-made SA-18 surface- to-air missiles, AK-47s and other weapons from an undercover agent, according to the complaint.

The investigation, which began in 1999, was conducted by the Joint Terrorist Task Force in the FBI's Newark office, with the aid of 20 field offices and authorities in 10 countries. It was overseen by federal prosecutors in Brooklyn.

"For the most part it was an intelligence-gathering operation," said Steve Siegel, a special agent in the FBI's Newark office. "More recently when their efforts became far more serious in acquiring weapons of sophisticated military technology, that's when the decision was made to take it down."

In the complaints, the Justice Department labels the TRO as a "front charitable" organization used by the LTTE to raise money.

Questions about the TRO's relationship with the Tigers have been raised for years. The group acknowledges that it works with the Tigers to distribute aid because logistically they must.

Experts say most indications are that the TRO does funnel its money to the Tigers.

Peter Chalk, a senior analyst at the Rand Corp., said that in some cases, members of TRO branches dupe Sri Lankans into thinking they're contributing to a charity. "It's very difficult to trace where all the money goes, but there's a lot of indications that the TRO is essentially a front organization for the LTTE," said Chalk.

Robert Rotberg of the Kennedy School of Government at Harvard University said donations from the Tamil diaspora -- especially its branches in Europe and Canada -- are the Tiger's main source of income. But he noted that many Tamils are not in support of the Tigers and are intimidated into contributing money, a practice that that has been reported to authorities in Canada.

Lasantha Dahanaike of Rockville, president of the Sri Lanka Association of Greater Washington Inc., said that his group has been lobbying government officials to investigate the financing of groups such as the TRO since the tsunami. "We've been telling them that they should be checking out these funds from here to Sri Lanka," said Dahanaike, 40, a Sinhalese. "They have all these different groups, including the TRO, that can work as a charity but really we don't know where their money goes."

But Ranjithan dismisses such allegations. He says his group -- which has no official members and about 400 contributors -- is transparent, and he has nothing to hide.

The search and seizure, he said, made him sad and humiliated. Many Tamils are supportive of the Tigers, said Ranjithan, but they don't aid them because they don't want to break the law. "In their heart of hearts, they might be sympathetic to the Tigers and think the Americans made a mistake by putting them on the list," he said. "But they do not break the law."

He said the TRO is put under more scrutiny than just about any charitable organization. "I am willing to accept that that is the price we pay in the times we live in," he said. "We take care of the people because we don't want them to suffer."

sumathi.reddy@baltsun.com

Congressman's Trip Tied To Group U.S. Considers Terrorists (CHIT)

By Andrew Zajac And Mike Dorning

Chicago Tribune, August 24, 2006

DOJ_NMG_0052575

WASHINGTON -- Chicago congressman Danny Davis and an aide took a trip to Sri Lanka last year that was paid for by the Tamil Tigers, a group that the U.S. government has designated as a terrorist organization for its use of suicide bombers and child soldiers, law enforcement sources said.

Davis' seven-day trip came under new scrutiny this week following the arrests of 11 supporters of the organization on charges of participating in a broad conspiracy to support the terrorist group through money laundering, arms procurement and bribery of U.S. officials.

The five-term Democratic congressman said he was unaware that the Tigers paid for the trip and on his required congressional disclosure form he reported that the trip was paid for by a Hickory Hills-based Tamil cultural organization, the Federation of Tamil Sangams of North America.

During the visit, Davis spent most of his time in a region controlled by the Liberation Tigers of Tamil Eelam, as the group is formally known, and visited the organization's political headquarters. He also met with a police chief for the region appointed by the Tigers.

The Tamil Tigers is a separatist group that has been fighting since 1983 for an independent state for 3.2 million ethnic Tamils in Sri Lanka, a tear-shaped island nation of 20 million off the southern tip of India. In addition to conventional guerrilla tactics, the group has used terrorist methods, including 200 suicide bombings, in a bloody conflict that has claimed more than 60,000 lives. Though the violence between the government and the separatist group abated during the past several years, it recently surged again, threatening a renewed civil war.

Davis said he believed that the trip, from March 30 to April 5, 2005, was paid for by the Tamil federation, which in accordance with congressional ethics rules sent him a written statement of the travel expenses, more than $7,000 each for Davis and his aide, Daniel Cantrell. Davis said he knew that the group was "associated" with the Tamil Tigers but did not realize that the trip's costs were covered with funds controlled by the rebel group.

"I know who I got the trip from," Davis said. "I don't know if any clandestine group gave them money. All I know is what I saw and was told."

He also said that he had not been contacted by federal investigators in connection with the trip.

He defended the trip, saying he traveled there at the behest of ethnic Tamils who live in his West Side congressional district so that he could examine charges that the region was not receiving an equitable share of relief funding sent to Sri Lanka in the aftermath of the December 2004 tsunami. Davis has been harshly critical of the Sri Lankan government's treatment of the Tamil minority.

"Since I have an interest in human rights and since I have a tendency to kind of favor the underdog, I went at their request to take a look," Davis said. "I don't regret taking the trip. I have a much better understanding of the situation than prior to going."

As recently as this past Saturday, Davis talked in Chicago with a supporter of the Tamil Tigers who was among 11 people arrested on charges of conspiring to aid the rebel group through money laundering, procurement of arms, including surface-to-air missiles, and bribery of public officials.

That Tamil Tiger supporter, Murugesu Vinayagamoorthy, was described in a federal criminal complaint as a high-level operative who served as an intermediary between the Tigers' leaders and foreign backers. The complaint charges that he offered a $1 million bribe to an undercover FBI agent posing as a State Department official in an attempt to remove the Tamil Tigers' designation as a terrorist organization.

Davis said he first met Vinayagamoorthy, a 57-year-old London physician, at a Tamil cultural event in the Chicago suburbs at which both of them gave speeches "a few years ago." Vinayagamoorthy also participated in several of the meetings that Davis held while visiting Sri Lanka, the congressman said.

The Tamil supporter contacted the congressman's office again last week seeking a chance to brief Davis on events in Sri Lanka, where violence between the government and Tamil Tigers has flared anew. Vinayagamoorthy arranged to do so while walking alongside Davis Saturday for 10 blocks during the congressman's annual "Back to School" Parade in Chicago, Davis said.

The criminal complaint against Vinayagamoorthy asserts that he had "direct and frequent contact" with leaders of the rebel group and was "often dispatched" to facilitate Tamil Tiger projects around the world.

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Without mentioning Davis or his aide by name, the complaint describes a series of transactions in which Vinayagamoorthy and others charged in the case allegedly laundered $13,150 in Tamil Tiger funds at the direction of a top guerilla leader to pay for travel of "two individuals" to Tamil-controlled Sri Lanka. The two individuals were Davis and Cantrell, law enforcement officials said.

Another person arrested in the case, Nachimuthu Socrates, was listed as a director in 2004 of the Tamil cultural organization which Davis listed in public disclosure forms as the trip's sponsor, the Federation of Tamil Sangams of North America. Representatives of the federation did not return phone messages on Wednesday.

Davis said he always assumed that the organization had a connection with the Tamil Tigers.

"I knew that they were associated with the Tamil Tigers, yes," he said.

Davis has been an outspoken supporter of the Tamil minority in Sri Lanka.

This month, he issued a statement condemning an Aug.14 Sri Lankan Air Force bombing in Tamil-controlled territory that reportedly killed dozens of girls.

Davis' statement said the facility was an orphanage he had visited during his 2005 trip to Sri Lanka. The government said the site was a former orphanage being used as an LTTE training camp for female recruits.

"We've been engaged," Davis said. "There hasn't been anything clandestine about our position."

Davis has been one of the most prolific travelers in Congress, accepting 47 trips paid for by private groups since 2000. That total ranks Davis 15th among the 535 members of Congress, according to Political Moneyline, a non-partisan watchdog group that compiles data from congressional disclosure forms.

The Tamil Tigers were designated by the State Department as a foreign terrorist organization in 1997. As a result, federal law bars providing them funding, arms or other material support.

The FBI searched a residence Sunday in Glendale Heights in connection with the Tamil Tiger investigation, according to Ross Rice, a spokesman for the bureau's Chicago office. No arrests were made and no criminal charges have been filed as a result of the raid, Rice said.

12 On U.S. Flight Detained In Amsterdam (WT)

By Audrey Hudson

The Washington Times, August 24, 2006

A dozen passengers who exhibited suspicious behavior aboard a U.S. airline flight to India were arrested by Dutch officials yesterday after the American pilot requested a military escort and emergency landing in Amsterdam.

Northwest Airlines Flight 42 was in German airspace when 12 passengers pulled out cell phones and attempted to use the devices, forcing U.S. federal air marshals to reveal their status and intervene, officials said.

"It all happened immediately after takeoff," a U.S. security official said. "Really early in the flight, the guys started taking out cell phones and passing it among themselves. Some of them tried to hide the fact they were doing it, but it got everyone's attention.

"It's one thing if one or two guys take out a cell phone, it's another thing when 12 people take out cell phones and start passing it around," the official said.

The pilots dumped most of the fuel load before the F-16s escorted the DC-10-30 aircraft carrying 149 passengers back to the Schiphol Airport. The flight originated in Minnesota and landed in Amsterdam with a final destination to Mumbai.

"The crew did the appropriate thing and told the pilot, the pilot said he had enough information to turn the plane around and find out what was going on," the official said.

Officials in Europe declined to disclose the nationalities or the arrest charges, but passengers said the 12 persons taken off the plane in handcuffs appeared to be Middle Eastern.

The preliminary charges against the passengers are unknown, but a Dutch judge will decide today whether formal charges will be filed.

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No protocol was in place to divert a plane two years ago when passengers suspected a terrorist dry-run aboard Northwest Flight 327 from Detroit to Los Angeles, said Annie Jacobsen, who recounted the events and a government cover-up in her book "Terror in the Skies."

"I know firsthand from the homeland security inspectors who visited me in my kitchen, there was no protocol to divert a flight based on suspicious activity. Now, obviously, there is and perhaps Northwest is leading the pack," Mrs. Jacobsen said.

Mrs. Jacobsen and other passengers on Flight 327 said a group of men claiming to be Syrian musicians carried suspicious, odd-shaped packages, including a McDonald's bag, cameras and cell phones, into the bathroom. Passengers suspected they were building a bomb.

Only two of the fourteen men were questioned, and only briefly, when the flight landed. All were released when they told officials they were performing at a California casino. Mrs. Jacobsen and four other passengers who were shown photographs of the musical performance saw only two of the men.

The inspector general for the Homeland Security Department investigated the incident for nearly two years. The final report was classified in April.

Airline security has been on high alert for two weeks after British officials disrupted a plot by Muslims to blow up planes using liquid explosives. Cell phones and other items have been banned from carry-on luggage.

Dutch Detain 12 On Flight To India (NYT)

By Marlise Simons

The New York Times, August 24, 2006

PARIS, Aug. 23 — A Northwest Airlines flight bound for India was escorted back to Amsterdam by fighter planes on Wednesday after behavior by a group of passengers alarmed the crew, the Dutch Defense Ministry said.

The Dutch police said they detained 12 passengers for questioning after the flight returned to Schiphol Airport.

There was no immediate suggestion that the incident was linked to terrorism. But the crew's reaction suggested increased nervousness since the British police said this month that they had foiled a plot to blow up planes over the Atlantic.

The Dutch police declined to identify the detained passengers or disclose their nationality. Rob Stenakker, a police spokesman at the airport, declined in a telephone conversation to say what the accusations were against the detained passengers. "Twelve people were detained," he said. "We will say more when we have more clarity."

Passengers later told Dutch television that the group of 12, all of them men, boarded just before the plane door was closed. One of them carried what looked like a guitar case, and several in the group were passing around cellphones. The group was not noisy, these passengers said. But soon after takeoff, some of the men cheered when a cellphone rang. Members of the crew then surrounded the men.

The flight, Northwest Flight 42, left Minneapolis on Tuesday and stopped in Amsterdam on Wednesday morning. It then took off for Mumbai, India, with 149 passengers. Airport authorities said that about 20 minutes after takeoff, when the plane was over Germany, the crew radioed that it had a security problem on board and asked for permission to return to Amsterdam.

Two Dutch F-16 fighter jets that were already in the air on a routine training mission were ordered to escort the airliner, a DC-10, back to Schiphol, the Defense Ministry said. After landing safely, most of the passengers were taken to hotels in the area and were told they might continue their journey on Thursday.

Airport authorities said the incident went unnoticed by the rest of the airport, one of Europe's busiest hubs for cargo and passengers. Traffic was not disrupted, said Pamela Kuypers, an airport spokeswoman.

But the incident is one of several alarms that have affected aircraft in Europe and the United States since the British police announced this month that they had uncovered a plot to blow up commercial jetliners bound for the United States.

A British plane made an emergency landing in southern Italy on Friday after a bomb scare that turned out to be a false alarm. On Aug. 17, American fighter jets were scrambled to accompany an airliner that had left London for Washington but was diverted to Boston after a woman told the crew she was feeling claustrophobic and caused a disturbance.

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Airplane Terrorism Case Prompts Questions About The Work Of Islamic Charities In Britain (NYT)

By Ian Fisher

The New York Times, August 24, 2006

LONDON, Aug. 23 — Once again, with another alleged terror plot that has a possible connection to a charity, the question is being asked here, with more urgency: To what extent do Muslim charities — on the surface noble and selfless — mask movements and money for terrorists and extremist groups?

The question has a long history, here and in the United States, but no precise answer. A quick bottom line, though, seems to be this:

Charitable groups, experts agree, continue to play a role in the financing and operations surrounding terrorist groups and plots. But with more scrutiny since the Sept. 11 attacks — demonization, the charities say — the role of charities seems to be changing: diminishing somewhat but also growing more subtle and harder to detect.

"Anyone who has bothered to study terrorist financing at the most shallow level knows the role that charities have played since 1985," said Evan F. Kohlmann, an American expert on terrorism who acts as a consultant to American and British prosecutors. "Even if charities aren't playing a primary role, it is almost certain that they are playing a secondary role."

But beyond the first glance, the question grows in complexity, not least because of the vastly different approaches to Muslim charities in the United States and Britain. Since Sept. 11, American officials have banned many charities that still operate freely in Britain, reflecting a disagreement about where charity ends and extremism begins.

"The approach in America is very much to prevent the worst, whereas in Britain the approach is to encourage the best," said Peter Neumann, director of the Center for Defense Studies at King's College in London.

In short, he said, the British have tended to judge a charity on its track record in providing relief more than its possible ties to extremists.

He cited the best-known case here, that of the Palestinians Relief and Development Fund, known as Interpal, which provides money to poor Palestinians in the West Bank and the Gaza Strip. In 2003, the United States Treasury named Interpal a "specially designated global terrorist" group that directly financed Hamas, the extremist group responsible for the deadliest suicide bombings against Israelis.

But two investigations by the British Charity Commission, in 1996 and in 2003, gave Interpal a clean bill of health. Those findings have led Interpal and other Muslim charities to declare the links between charity and terrorism to be overstated — to the point of bias against Muslims and the real acts of charity they provide.

"We have to prove that we are not doing anything," said Ibrahim Hewitt, the chairman of the trustees of Interpal. "It's the old weapons of mass destruction thing. We have to prove a negative. And this diverts resources from the real work of trying to alleviate poverty."

Now, Interpal is again being investigated by the Charity Commission after a BBC documentary broadcast last month alleging that donations went to projects, schools in particular, that encourage allegiance to Hamas, opposition to Israel and a radical view of Islam.

With six million Muslims — for whom charity is a required religious duty — Britain provides a ready pool of donors, who rally in times of disaster, especially those in Muslim countries. Most of the money goes abroad, much of it to Pakistan, the home country of most British Muslims, where the link between extremist groups and charities is far clearer than it is here.

Appeals for money go out in mosques, letters and leaflets and over the Internet, most recently for relief efforts in Lebanon. "Middle East Crisis: Please donate now," reads one sign at an Islamic charity in Walthamstow, in East London, home to most of the suspects in a plot that the authorities say they thwarted two weeks ago to bring down trans-Atlantic flights.

In the first days after those arrests, some Pakistani officials speculated about involvement from Jamaat ud Dawa, a front for one of Pakistan's most extremist groups, and questioned whether donations to earthquake relief in Kashmir last year had been funneled back to plotters in Britain.

But most speculation has centered on a small charity, Crescent Relief, founded by the family of two suspects said to be at the center of the recent plot. One was arrested here and, according to news reports, released on Wednesday; the other was

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arrested in Pakistan. Another suspect was listed last fall in a British newspaper as the local contact for the charity as it collected money for Kashmir earthquake victims.

To Mr. Kohlmann, those facts suggest a time-honored way that some charities have been linked to terror groups in recent years: as a support and alibi rather than the more direct, and documented, role played by Muslim charities in the Bosnia war in the early 1990's and the embassy bombings in East Africa in 1998.

"Who pays for tickets?" Mr. Kohlmann asked. "Who provides a good excuse, or a good reason, to travel from the U.K. to Pakistan? They also provide a cover story. They provide documents — and that is what they have always done in conflicts from Afghanistan to Bosnia-Herzegovina to the Caucasus to Iraq."

Mr. Kohlmann, citing photographs from charities' Web sites, said a strong case could be made about Crescent Relief's ties to groups defined by the United States as tied to terrorists. One photo from its Web site shows a man pointing to tents donated in Kashmir bearing its logo and that of ISRA, a Sudan-based charity designated by Washington in 2004 as having terrorist ties.

Another photo shows a man identified as a member of Crescent Relief in Iraq with a member of ISRA who was specifically identified by the United States in designating the group as being tied to terrorists.

The Charity Commission has said it is deciding whether to investigate Crescent Relief.

But there has been no official suggestion that Crescent Relief's trustees had any involvement in the plot. Investigators have not been in touch with its bank, according to one official briefed on the investigation, who was not authorized to discuss the case publicly. And the trustees' assets apparently have not been frozen.

To some experts, that may suggest what they said was a growing trend in the link between terror groups and charities: that legitimate charities are infiltrated by extremists who secretly siphon off money. The United States Treasury has reportedly been reluctant to issue a list of "clean" Muslim charities precisely because of the fear of such infiltration.

"Often," Mr. Neumann said, "it's the individual rather than the entire institution that has been involved in terrorist funding."

Mr. Kohlmann contends that some British officials, and the Charity Commission in particular, have been too lax. Other experts described the attitude less as laxness in surveillance or law enforcement than a reluctance to punish suspect charities.

But Mr. Neumann and others said the British showed signs of hardening, particularly after four bombers killed 52 people on buses and trains here on July 7 of last year.

"Before 7/7, Pakistan was not on the radar screen of British security forces," he said. "They have a lot of catching up to do."

Court Permits British Investigators To Hold 10 Terror Suspects Longer (NYT)

By Alan Cowell

The New York Times, August 24, 2006

LONDON, Aug. 23 — The High Court granted the British police late Wednesday an extra week to question most of the 11 suspects still being held without charge in connection with what the authorities have called a plot by Islamic radicals to bomb trans-Atlantic airliners.

But one suspect was set free, The Press Association and Sky News reported. They identified him as Tayib Rauf, 22, the brother of a suspect arrested in Pakistan who was described by the authorities there as a "key player" in the plot.

The court's decision represented the first time that terror suspects have been held without being charged beyond the 14-day limit previously allowed under British rules. Earlier this year, a new law came into force permitting 28 days of detention without charge.

The court had until late Wednesday to determine whether the 11 suspects — not including the other 11 suspects formally charged Monday under counterterrorism laws — could be held for another week. Under the new laws, the police must seek permission to continue detaining suspects every seven days if they do not charge them.

Those charged on Monday include a 17-year-old youth and the 22-year-old mother of a young baby.

After hours of closed-door hearings, the court determined that eight of the suspects could be held for a another week and that one, identified by his lawyer as Umair Hussain, 24, from East London, could be held only one more day.

Tim Rustem, the lawyer acting for Mr. Hussain, 24, said he was pleased that the court had resisted a police effort to hold his client for an additional seven days.

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"It is a new system, and we are all coming to terms with it," he said. "It is good to see the system works, where a High Court judge can in some cases grant the full seven days but at the same time use discretion where, for example, it's only a circumstantial case."

Mr. Hussain was one of three brothers seized by the police in connection with the suspected conspiracy. Another brother, Mehran Hussain, 23, has been charged with failing to inform on his brother Nabeel Hussain, 22, who is still being held by the police but has not been charged.

The police have accused conspirators of seeking to smuggle explosives onto airliners bound for the United States. Eight of the 11 people charged this week were accused of conspiracy to murder.

News Stories Seen As Hit To Security (WT)

By Rebecca Carr

The Washington Times, August 24, 2006

Most Americans think that news organizations have hurt national-security interests by revealing that the government has examined the bank records of Americans with suspected ties to terrorists.

That finding in a Pew Research Center for the People & the Press poll contradicts another finding from the same poll: Even more people think such news stories "told citizens something they should know about."

By a margin of 50 percent to 34 percent, Americans said news organizations hurt the nation by exposing the bank monitoring program, according to the Pew poll. But 65 percent of the same 2,003 persons polled also said the stories were worth knowing.

That contradiction underscores the growing tension between press freedoms and the government's growing penchant for secrecy, legal and media analysts say.

"We see it over and over again: People say maybe the press shouldn't have said that, but we really want them to keep digging," said Andrew Kohut, director of the nonpartisan Washington-based opinion research center.

The poll shows that the public hopes the press will remain vigilant even if it disagrees with what is reported, Mr. Kohut said.

The center found a similar response when it asked the public about the National Security Agency's program allowing it to eavesdrop on telephone calls and e-mails of Americans with ties to suspected terrorists overseas, Mr. Kohut said.

The Pew poll shows that the public is "schizophrenic," said Jane Kirtley, a media and law professor at the University of Minnesota. The public seems to want the press to be a watchdog on government, she said, but it doesn't want to know too much.

"Part of us say, 'I didn't need to know that the government was looking at bank records. This is a valuable program, and now the bad guys will know about it,'" Miss Kirtley said. "But ultimately, the public does think that the government needs to be more accountable and the press is the best means to do that."

The public is fickle, said Mark Feldstein, a journalism professor at George Washington University. But that is only part of the story, he said.

When news stories are presented by the White House as a danger to national security, it "feel ominous" to the reader when compared with ill-defined liberties that they are losing, Mr. Feldstein said.

"Liberty is going to almost always lose to order," he said.

The White House strongly defends its programs, saying they are necessary to stop another terrorist attack. The poll backs up the administration's contention that the president is doing the right thing to protect the public.

"Americans consistently demonstrate that they agree that sensitive intelligence leaks undermine our ability to defeat our enemies," said Emily A. Lawrimore, a White House spokeswoman.

A Matter Of Appearances (NYT)

The New York Times, August 24, 2006

When Judge Anna Diggs Taylor was given the job of deciding whether the Bush administration's wiretapping program was unconstitutional, she certainly understood that she would be ruling on one of the most politically charged cases in recent history. So it would have been prudent for her to disclose any activity that might conceivably raise questions about her ability to be

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impartial. Regrettably, it was left to a conservative group, Judicial Watch, to point out her role as a trustee to a foundation that had given grants to a branch of the American Civil Liberties Union, a plaintiff in the case.

The foundation in question — the Community Foundation for Southeastern Michigan — is a large charity that gives out grants to a broad range of organizations engaged in community activity, including some regularly involved in litigation. The $125,000 in grant money directed to the state A.C.L.U. office over several years was for educational programs concerning issues unrelated to the wiretapping case, like racial profiling. While the judge clearly erred in not disclosing this involvement, it wouldn't seem, based on the known facts, to rise to the level of a conflict of interest reasonably requiring that she recuse herself from hearing the case under existing ethics rules.

Judge Taylor's role at a grant-making foundation whose list of beneficiaries includes groups that regularly litigate in the courts is still disquieting — and, even worse, it is not all that unusual for a member of the judiciary. The most important lesson here may be the wisdom of re-examining the sort of outside activities that are appropriate for sitting federal judges.

War, Law And Justice (WT)

By David B. Rivkin Jr. And Lee A. Casey

The Washington Times, August 24, 2006

Judge Anna Diggs Taylor's recent opinion striking down the National Security Agency's terrorist surveillance program is neither an accurate statement of what the law is nor of what it should be. To her credit, Judge Taylor made no secret of how she approached this case.

Early in her opinion she refers to "the War on Terror of this administration." In other words, this is not her war and it's not America's war, it's George W. Bush's war, and the judge was clearly determined to hold at least one aspect of that war — the NSA surveillance program — unconstitutional. She did so based on a deeply flawed rationale.

Most critics have challenged the program's legality on statutory, rather than constitutional, grounds. The Foreign Intelligence Surveillance Act (FISA) generally requires a special judicial order before the government can intercept electronic communications for foreign intelligence purposes, except as otherwise "authorized by statute." The Bush administration argues that the NSA program was authorized by statute in the form of Congress' Sept. 18, 2001, Authorization for the Use of Military Force (AUMF).

That law authorized the president "to use all necessary and appropriate force" against those responsible for the September 11 attacks, and the Supreme Court has already interpreted the AUMF, in its 2004 Hamdi v. Rumsfeld ruling, to provide statutory permission for all of the "fundamental incident of waging war." This case was not affected by the court's more recent war on terror decision in Hamdan v. Rumsfeld, where it concluded — based on a different statutory text that was not impacted by the AUMF — that military commission rules must be consistent with those applied in regular courts-martial.

Obviously, many believe that electronic surveillance in the United States is just too far removed from the "fundamental incidents of war" to have been justified, without more specific language, by the AUMF. Judge Taylor, however, fails to confront or answer the administration'sactual Hamdi/AUMF argument. Instead, she concluded that the NSA program would be unconstitutional even if authorized by Congress in the AUMF. She based this extraordinary ruling on a misconstruction of both the Fourth and First Amendments.

The Fourth Amendment prohibits "unreasonable searches and seizures," and requires that search warrants be issued only on a probable cause showing. The Supreme Court has ruled that most warrantless searches are unreasonable, except in cases of "special needs." Special needs cases include instances where individuals are leaving or entering the United States, and are very similar to the international or trans-boundary communications subject to the NSA program. Judge Taylor does not reconcile this important exception to the general rule with her sweeping claims that prior warrants are required "for any reasonable search."

Nor did she grapple with cases — including the Fourth Circuit's leading decision in United States v. Truong (1980) — upholding warrantless surveillance for foreign intelligence gathering purposes. Truong involved the wiretapping of a Vietnamese citizen and his U.S. contact, as part of an effort to discover who was leaking classified information. The court upheld the surveillance under the Fourth Amendment since the government's primary purpose had been collection of foreign intelligence

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information — rather than a criminal investigation. Truong and the 2002 FISA Appeals Court's opinion in In re Sealed Case are not, of course, Supreme Court decisions binding on Judge Taylor. But, at a minimum, she should have acknowledged the existence of such important contrary authority, and explained why she considered a different rule to be more appropriate.

Most troubling of all, however, is Judge Taylor's First Amendment analysis. She concluded that the NSA program violated free speech guarantees because the president "undisputably violated the Fourth Amendment in failing to procure judicial orders as required by FISA, and accordingly has violated the First Amendment Rights of these Plaintiffs as well." In fact, a Fourth Amendment violation does not necessarily or even likely result in a First Amendment violation. Although, as Judge Taylor noted, the Supreme Court has recognized that "[n]ational security cases ... often reflect a convergence of First and Fourth Amendment values," the amendments' purposes and protections are distinct, as are the analyses necessary to determine whether one or both have been violated.

Critically, the Fourth Amendment permits government action based upon probable cause, while the First Amendment requires regulation of protected speech to be narrowly tailored to achieve a compelling governmental interest.

Standards aside, the logical implications of Judge Taylor's First Amendment conclusions are unprecedented. If the NSA program's very existenceimpermissibly "chilled" plaintiffs, several advocacy groups, lawyers and journalists, in speaking with known or suspected terrorists overseas, and the terrorists in speaking with them, then the government can never intercept foreign intelligence — with or without congressional approval or a warrant — unless it also can show that the program is narrowly tailored to serve a compelling interest. The courts rarely find this standard to be met.

Judge Taylor has had a long and distinguished career — serving on the federal bench since 1979. In this opinion, however, she has served neither justice nor the rule of law. It will be up to the court of appeals and, ultimately, the Supreme Court to set things right.

FBI Investigating Man Who Claimed To Be Planning To Bomb (AP)

AP, August 24, 2006

SPOKANE, Wash. -- An anti-terrorism task force is investigating a man's reported jailhouse claims of ties to al-Qaida and a plan to blow up a state Department of Social and Health Services building.

While in the Spokane County Jail earlier this month, the 18-year-old reportedly told fellow inmates that he also intended to set off a bomb at the upcoming Pig Out in the Park event and set off a second device when police responded, authorities said Wednesday.

Evidence recovered so far after three search warrants were served includes two loaded ammunition clips for an AK-47 semiautomatic rifle and a laptop computer reportedly containing an al-Qaida training manual, said Norm Brown, a spokesman for the Inland Northwest Joint Terrorism Task Force, which is investigating the case.

The task force includes FBI agents and officers from other agencies.

The U.S. attorney's office is reviewing possible charges against the man, currently in custody at Eastern State Hospital where he is undergoing a 90-day mental evaluation as part of an "involuntary commitment," Brown said.

The young man has "denied making terrorist threats," Brown said.

Agents also recovered a GPS locator device, maps, a mask and other "survivalist-type" gear, but no bomb-making components or firearms, Brown said.

The man reportedly told county jail inmates he planned to build a fertilizer and fuel oil bomb "just like Timothy McVeigh" and blow up a DSHS office in Spokane, Brown said.

He also "bragged that he had an AK-47," but agents haven't located such a gun, just ammunition for one, Brown said.

"We have not been able to tie him to any known terrorist organizations, the task force spokesman told The Spokesman-Review. "I would describe him as a lone wolf.

It wasn't immediately clear what led to the man's incarceration in the county jail.

Investigators took the threats seriously because the man has traveled to Morocco twice in the last two years, Brown said.

FBI Investigates Spokane Man In Bomb Plot (SSR)

By Bill Morlin, Staff writer

DOJ_NMG_0052583

Spokane Spokesman-Review, August 24, 2006

A suspect who made jailhouse claims of ties to al-Qaida is in custody but not yet charged after allegedly boasting of plans to blow-up a Department of Social and Health Services building.

The 18-year-old suspect, Anthony Garver, also told fellow inmates at the Spokane County Jail that he intended to detonate a bomb at the forthcoming "Pig Out in the Park" in Riverfront Park and set off a secondary device when police and firefighters arrived, authorities said Wednesday.

The case remains under investigation by the Inland Northwest Joint Terrorism Task Force, composed of FBI agents and officers from other agencies, said task force spokesman Norm Brown.

Three search warrants already have been served as part of the continuing investigation, and the U.S. Attorney's Office is reviewing possible charges against Garver.

Evidence recovered so far includes two loaded ammunition clips for an AK-47 semi-automatic rifle and a laptop computer reportedly containing an al-Qaida training manual, Brown said.

Agents also recovered a GPS locator device, maps, a mask and other "survivalist-type" gear, but no bomb-making components or firearms, Brown said.

Garver currently is in custody at Eastern State Hospital where he is undergoing a 90-day mental evaluation as part of an "involuntary commitment," Brown said.

"He denied making terrorist threats,'' Brown said of Garver, who was interviewed by task force agents.

But while in the Spokane County Jail earlier this month, Garver allegedly told other inmates that he planned to build a fertilizer and fuel oil bomb "just like Timothy McVeigh" and blow up the DSHS office at 1313 N. Maple, Brown said.

He also "bragged that he had an AK-47," but such a weapon wasn't located – only ammunition for that type of assault rifle, Brown said.

"We have not been able to tie him to any known terrorist organizations,'' the task force spokesman said. "I would describe him as a 'lone wolf.' ''

Upon his release from jail, Garver was voluntarily admitted for psychiatric treatment at Sacred Heart Medical Center before he was located and interviewed last week by Task Force agents. It wasn't known when he was transferred to Eastern State Hospital.

It also wasn't immediately known what local charges led to Garver's arrest or when that occurred.

Despite his apparent history of mental illness, task force investigators took the threats seriously because Garver has traveled to Morocco, where he could have had contact with operatives of terrorist organizations, Brown said.

"He has been to Morocco twice in the last two years, and his mother is from Morocco,'' Brown said.

Garver's parents, who live in the Spokane area, have been fully cooperative with investigators and consented to a search of their property in the foothills of Mount Spokane, Brown said.

Bill Morlin can be reached at (509) 459-5444 or e-mail: billm@spokesman.com

FBI Investigating Alleged DSHS Bomb Plot (KXLY-TV)

KXLY-TV, August 24, 2006

SPOKANE -- The FBI is investigating a suspected plot to blow up the building that houses the Department of Social and Health Services in North Spokane.

Officials say it all started when the suspect made a comment about his plans to a fellow inmate at the Spokane County Jail who then approached authorities. According to a spokesman DSHS learned about this alleged plot a couple weeks ago from the Spokane Police Department.

The man was supposedly targeting a DSHS building at 1313 North Maple. Investigators did not consider this a major threat and no security measures were taken. According to spokesman Steve Williams the man is a DSHS client because he is a patient at Eastern State Hospital and "he's not getting out anytime soon".

DSHS doesn't believe its staff or clients are threatened.

So far the FBI says it is only investigating this alleged bomb plot and no arrests have been made.

U.S. Suit Shows New Toughness With State (PPH)

By GREGORY D. KESICH, Staff Writer

Portland (ME) Press-Herald, August 24, 2006

A lawsuit aimed at preventing the Maine Public Utilities Commission from inquiring into Verizon Communication's alleged cooperation with a domestic surveillance program marks a new level of aggressiveness by the federal government, privacy advocates say.

Maine is the third state to be sued in federal court for looking into charges that telecommunications companies cooperated with the government inwarrantless wiretapping and data mining programs.

Unlike the other states that have been sued, however, Maine has never opened an investigation into the program.

In fact, in a decision that disappointed privacy advocates, PUC Chairman Kurt Adams only asked that a Verizon executive affirm the truth of statements made in press releases last spring that denied any illegal activity. The PUC did not require the company to produce any new information.

In its lawsuit, the U.S. government said the company could not comply with the order without endangering national security.

"The United States will be irreparably harmed if Verizon is permitted or is required to disclose sensitive and classified information to the (PUC)."

The attempt to prevent even that level of scrutiny shows that the government is using the protection of state secrets as a weapon, said Shenna Bellows, executive director of the Maine Civil Liberties Union.

"They are going after people before they have done anything," she said. "Frankly, we feel that the lawsuit is without merit, and we hope the PUC will resist the actions of a bully and proceed with an investigation into whether Mainers' privacy rights were violated."

State officials worked Tuesday to respond to the lawsuit filed Monday in U.S. District Court in Bangor.

Representatives of the Maine PUC met Monday with the state Attorney General's Office to plan legal strategy.

Speaking after the funeral of Pfc. Andrew Small in Wiscasset, Gov. John Baldacci said he has communicated with Adams, the PUC chairman, and was confident that Adams would find a way without endangering national security to address the concerns of the telephone company customers who requested a PUC investigation.

Baldacci noted that PUC Commissioner Sharon Reishus is a former employee of the CIA and has experience handling sensitive information.

He said Adams planned to work with the Attorney General's Office and make a recommendation on how the state should proceed.

"We've got the best minds working on it, and I look forward to getting their recommendations," Baldacci said.

On Aug. 9, the PUC issued a written order requiring Verizon to affirm the truth of seven statements the company issued in two press releases in May. The press releases were included in the company's response to the PUC.

In the unsigned statements, Verizon asserted in broad language that it had not broken any state or federal laws involving the privacy of telephone customers.

In its order, the PUC asked that a responsible company official issue a sworn statement affirming the truth of the statements.

The telephone customers who filed the original complaint with the PUC were unhappy with the order, preferring that the PUC had voted to open an investigation instead. Chris Branson, a Portland lawyer and one of the original plaintiffs, said Maine officials were overly cautious about looking into the matter.

"I've been disappointed with both public officials and elected officials on this issue," Branson said. "They appear to lack energy pursuing this matter and they seem to lack the political will or courage to go forward."

Officials in the other states that have been more aggressive have also been sued.

On June 14, the federal government sued New Jersey Attorney General Zulima Farber, who sent subpoenas to five telecommunications carriers demanding documents revealing whether they had turned over records without warrants.

On July 24, the federal government sued members of the Missouri Public Service Commission after they had issued subpoenas to AT&T Inc. over alleged violations of state privacy laws.

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When announcing his proposed order, PUC Chairman Adams said requesting a sworn statement could resolve the matter without the need to start an investigationand provoke a lawsuit by the federal government.

Some state lawmakers are also considering a response as the case moves forward.

State Sen. Philip Bartlett, D-Gorham, chairman of the Legislature's Utilities Committee, said he was "stunned" by the lawsuit, and said that the government had gone too far.

"It's a clear case of the federal government overstepping its authority," he said. "It deals directly with states' rights."

Bartlett said the PUC had done nothing more than ask Verizon to affirm the truth of statements it presented to the commission. Doing so would not violate any state secrets, he said.

Bartlett said he has written to U.S. Attorney General Alberto Gonzales protesting the lawsuit and would consider proposing a legislative resolution when the Legislature reconvenes next year.

Sen. Carol Weston, R-Montville, who also serves on the Utilities Committee, said lawmakers should wait before responding to the suit.

"I think we should step back and gather the facts before we second-guess anything as vital as national security," she said.

HOMELAND RESPONSE:

Bush: Katrina Recovery Will Take Time (AP)

By Jennifer Loven

The AP, August 23, 2006

President Bush cautioned against placing too much importance on the first anniversary of Hurricane Katrina's Gulf Coast strike, saying a long, sustained rebuilding effort is still needed.

"It's a time to remember that people suffered and it's a time to recommit ourselves to helping them," Bush said Wednesday. "But I also want people to remember that a one-year anniversary is just that, because it's going to require a long time to help these people rebuild."

A day earlier, the Bush administration's Gulf Coast coordinator, Don Powell, said $44 billion has been spent to get the still-battered region back on its feet. A far larger sum — more than $110 billion — has been designated for the massive rebuilding project. Of that money, approximately $17 billion will help rebuild an estimated 204,000 homes in Louisiana and Mississippi.

Bush spoke on the South Lawn of the White House after meeting in the Oval Office with a New Orleans-area man who lost his home in the storm. Rockey Vaccarella, 41, of Meraux in St. Bernard Parish, has been traveling the Gulf Coast region to mark the Katrina anniversary.

Nearly a year after the hurricane, criticism lingered.

In a report entitled "Broken Promises," House and Senate Democratic leaders described what they called "the failed response" of the administration since the hurricane hit.

Released Wednesday by House Minority Leader Nancy Pelosi, D-Calif., and her Senate counterpart, Harry Reid, D-Nev., the report asserted that "thousands of families are still waiting" for FEMA trailers and that a significant proportion of money that FEMA has spent there "has been waste, fraud and abuse."

"The Republican Congress didn't enact needed housing money for homeowners in Louisiana until June, 10 months after Katrina - and the money has still failed to reach these homeowners," it said.

For his part, Bush promised to continue working to make sure the federal government's efforts in the rebuilding effort are efficient.

"I told Rockey the first obligation of the federal government is to write a check big enough to help the people down there," Bush said. "And I told him that to the extent that there's still bureaucratic hurdles, and the need for the federal government to help eradicate those hurdles, we want to do that."

Vaccarella said he wanted to thank Bush for the federally provided trailers that have provided temporary housing to many in the region who lost homes, but also to keep the pressure on.

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"I wanted to remind the president that the job's not done and he knows that," Vaccarell said. "I just don't want the government and President Bush to forget about us."

The president was designating Tuesday, the Katrina anniversary, as a National Day of Remembrance to honor those who lost lives and property and those who helped rescue victims, said spokeswoman Dana Perino.

Bush is spending two days in the Gulf region next week to mark the anniversary. He will be in Mississippi on Monday, to have lunch with community leaders, walk through a neighborhood, and deliver a speech on the rebuilding effort, before traveling to New Orleans, where he was scheduled to have dinner with state and local official and spend the night. On Tuesday, Bush is attending a service of prayer and remembrance, conducting a roundtable discussion on an effort headed by first lady Laura Bush to restock Gulf Coast libraries. He also will give a speech and visit with local residents, Perino said.

Gulf Rebuilding To Take 'Long Time' (WT)

By Stephen Dinan

The Washington Times, August 24, 2006

President Bush said yesterday that the federal government has made a giant commitment to rebuild from Hurricane Katrina, but he cautioned against expecting too much progress by the first anniversary of the storm, which falls next week.

He also won a strong vote of confidence from storm survivor Rockey Vaccarella, who has gained attention by driving a replica of a Federal Emergency Management Agency trailer from Louisiana to Washington. Mr. Vaccarella said Mr. Bush has done such a solid job that he deserves another four years as president.

"The first obligation of the federal government is to write a check big enough to help the people down there," Mr. Bush said after meeting with Mr. Vaccarella in the Oval Office. "I also want people to remember that a one-year anniversary is just that, because it's going to require a long time to help these people rebuild."

Congress has authorized $110 billion in aid, of which $44 billion has been spent.

Congressional Democrats released a report yesterday charging that thousands of families are still waiting for promised federal aid.

"President Bush is holding a public relations blitz that the survivors of Katrina can ill-afford," said House Minority Leader Nancy Pelosi, California Democrat, while Senate Minority Leader Harry Reid, Nevada Democrat, said Mr. Bush's response proved he cannot keep America safe.

House Democrats today will release a report showing waste, fraud and abuse in federal Katrina spending.

But Mr. Bush, who plans to travel to New Orleans and Mississippi's coastal areas on Monday and Tuesday, says the administration has done its part to make a monetary commitment. He said his focus now is on expediting relief work by removing red tape.

"To the extent that there's still bureaucratic hurdles and the need for the federal government to help eradicate those hurdles, we want to do that," he said.

Mr. Vaccarella, who parked his trailer near the Capitol, said his trip to Washington was intended to thank Mr. Bush for his response and to ensure he knows "the job's not done."

"I just don't want the government and President Bush to forget about us," Mr. Vaccarella said. He said he was particularly thankful for the FEMA trailers, which he said gave people a roof over their head, as well as air conditioning, baths, television and toilets.

"You know, I wish you had another four years, man. If we had this president for another four years, I think we'd be great," Mr. Vaccarella gushed.

Later in the day, White House spokeswoman Dana Perino joked that the idea of a third term, which the Constitution forbids, wasn't attractive to her and other White House employees.

"Believe me, I think the staff thinks that two are plenty," Mrs. Perino said.

Mr. Bush yesterday also stopped in the Mount Vernon area of Fairfax County to raise money for Sen. George Allen, the Virginia Republican who is running for re-election and who made headlines recently when he called a 20-year-old staffer from his opponent's campaign "macaca."

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Mr. Allen has apologized for the remark, which critics have called a racial slur, and Mrs. Perino said Mr. Bush thinks that the apology was a good step to improve civil discourse. The fundraiser was closed to the press.

Bush Says Gulf Coast Still Needs Help After Katrina (Update3) (BLOOM)

By Roger Runningen

Bloomberg, August 23, 2006

Aug. 23 (Bloomberg) -- President George W. Bush said people in the Gulf Coast ``still need help" almost a year after Hurricane Katrina struck Louisiana and Mississippi.

``It's going to require a long time to help these people rebuild," Bush said after having coffee at the White House with Rockey Vaccarella, 41, who lost his Saint Bernard Parish, Louisiana, home in the storm. Bush plans to spend Aug. 28 and 29 in Gulfport and Biloxi, Mississippi, and in New Orleans, where 80 percent of the city had been under water.

Democrats say Bush has failed to provide adequate help, just as the Federal Emergency Management Agency was slow to aid the storm's victims. ``Tens of thousands of Hurricane Katrina survivors are still engaged in an unparalleled struggle to rebuild their lives," House Democratic Leader Nancy Pelosi said today in a statement. ``Meanwhile, back in Washington, President Bush is holding a public relations blitz."

Congress has approved more than $110 billion in emergency payments and funds to rebuild homes and businesses in Louisiana and Mississippi battered by the worst natural disaster to strike the U.S.

Don Powell, the administration's Gulf Coast coordinator, told a White House briefing yesterday that $77 billion in aid for the region has been released and $44 billion of it has been spent.

`Balance and Tension'

Part of the holdup is state plans for distributing the money, Powell said. ``There is always balance and tension between getting the money out fast and getting the money out responsibly fast," he said.

Pelosi, a California Democrat, said that about 11 percent of the $19 billion FEMA spent has been lost to waste, fraud and abuse, and 80 percent of Gulf Coast companies cleared for Small Business Administration loans are still waiting for their money. Pelosi said she and 20 other House Democrats also will visit the Gulf Coast next week.

Bush will take walking tours of neighborhoods and meet with community leaders during his trip to the region. `It's a time to remember that people suffered," he said. ``To the extent that there's still bureaucratic hurdles, and the need for the federal government to help eradicate those hurdles, we want to do that."

Almost half of Americans, 47 percent, said the U.S. government isn't equipped to handle disasters ranging from terrorism to hurricanes, the Wall Street Journal Online reported, citing a Harris Interactive poll in mid-May.

Katrina affected more than 1.5 million people and more than 800,000 people were forced out of their homes, 75 percent of them in Louisiana.

`Broken' System

FEMA director David Paulison said major delays in aid after Katrina struck resulted from a ``broken" communications system and a failure to have rescue and emergency supplies in the right places and on time.

Paulison said a new satellite tracking system will alert officials every 15 minutes to the location of relief supplies. The goal is to have a ``system restored to or better than pre-Katrina levels," he told yesterday's briefing.

``I wanted to remind the president that the job's not done, and he knows that," Vaccarella, a Bush supporter who has traveled through the South in a trailer similar to those the government distributed to hurricane victims, said today.

Vaccarella, still living in a FEMA trailer, says he now has windows and a roof on a house that's being rebuilt.

Even after a year of the rebuilding effort, Bush has an image problem to correct with Katrina victims, said Harvard University professor David Gergen, who advised Presidents Richard Nixon and Bill Clinton. Otherwise, Democrats may succeed in overtaking Republican seats in Congress in the midterm elections in November.

``The message that came out was that he didn't care much," Gergen said in an interview. ``I do think that Katrina has given Democrats some openings in some of the red states in the Deep South that they did not have before."

HAIL TO THE CHIEF (NOTP)

DOJ_NMG_0052588

By Bruce Alpert

New Orleans Times-Picayune, August 24, 2006

WASHINGTON -- Any nervousness at the White House about scheduling a meeting with Rockey Vaccarella of Meraux turned out to be unfounded Wednesday as the Hurricane Katrina victim not only thanked President Bush for trailers that provided "roofs over peoples' heads," but suggested it would be great if Bush could be elected to a third four-year term.

Warned last week as he started his 1,100-mile journey from St. Bernard Parish to Washington that a meeting with the president was highly unlikely, Vaccarella, 41, not only shared a cup of coffee with the president in the Oval Office, but appeared with him outside the White House to proclaim how "really amazing" it is that an average guy could meet the world's most powerful leader.

Bush, who has suffered through some unflattering first anniversary stories about his administration's initial response to Katrina, seemed to enjoy Vaccarella's comments. But he grimaced when the former fast-food restaurant operator, who lost his home and most of his possessions to Katrina, suggested a third term, which is barred by the 22nd Amendment of the Constitution.

"Yes, wait a minute," Bush said after Vaccarella told the assembled White House press corps that "I just wish the president could have another term."

A Democratic-leaning Web site suggested that Vaccarella, who ran for the St. Bernard Parish Council as a Republican in 1999, simply served as a prop to deflect criticism of the hurricane-relief efforts.

But White House spokeswoman Dana Perino said the White House was unaware of Vaccarella's political affiliation before the meeting, or that he was going to endorse Bush for another term. "Believe me, I think staff thinks that two are plenty," Perino said to laughter at her afternoon briefing.

Vaccarella said he wasn't motivated by partisan politics -- just a desire to thank Bush for the tens of billions of dollars in federal assistance appropriated for hurricane relief and to remind him that "the job's not done." In the Oval Office for the meeting, he said, were several key aides in addition to Bush, including Secretary of State Condoleezza Rice.

The two men shared gifts, with Vaccarella presenting the president with the key to St. Bernard Parish and other communities he visited as he motored with a replica FEMA trailer from Chalmette to Washington. Bush reciprocated with a goody bag that included a White House tie pin and bookmark.

After meeting with Vaccarella, Bush appeared before TV cameras to praise his visitor as a "plain-spoken guy" whose family "had every possession they had wiped out."

"I know we're coming up on the first-year anniversary of Katrina, and it's a time to remember," said Bush, who designated Tuesday as a national day of remembrance. "It's a time to particularly remember the suffering that people went through."

Bush said people should realize that "it's going to require a long time to help these people rebuild."

Bush's meeting with Vaccarella came as a surprise to many. The president refused a request to meet last year with Cindy Sheehan, whose son was killed in Iraq and who had been demonstrating with other Iraqi war opponents outside his summer home in Texas. He had met with Sheehan and other parents who lost children in Iraq in 2004.

While Vaccarella's trip at times seemed to be a challenge to the president, his comments Wednesday were all positive.

Bush told Vaccarella, "You're a good man, Rock."

"You are, too," Vaccarella said.

Katrina Survivor Lauds Bush In What Democrats Call PR Stunt (WP)

By Peter Baker

The Washington Post, August 24, 2006

Four more years? Rockey Vaccarella thinks so. President Bush's own staff, though, isn't convinced.

The president played host to Vaccarella, a Hurricane Katrina survivor trailed by a documentary crew, for coffee at the White House yesterday to demonstrate concern for those still afflicted a year after the storm. Vaccarella, it turned out, had another idea in mind as well.

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"I just wish the president could have another term in Washington," he said as cameras rolled on the South Lawn, where the two appeared together after coffee.

"Wait a minute," Bush interjected with a laugh.

"You know, I wish you had another four years, man," Vaccarella said. "If we had this president for another four years, I think we'd be great."

Bush did not disagree, constitutional term limits notwithstanding. But his spokeswoman later made it clear that in a White House exhausted by war, terrorism and all manner of disasters, both meteorological and political, the idea of a third term didn't stir much enthusiasm. "Believe me," deputy press secretary Dana Perino joked, "I think staff thinks that two are plenty."

The Vaccarella visit was part of a preemptive effort by the White House to fend off fresh criticism of the administration's handling of Katrina as the first anniversary approaches. Vaccarella praised the government effort while saying he "wanted to remind the president that the job's not done, and he knows that." Bush plans to travel to the Gulf Coast region for two days next week to tour damaged areas, and he vowed to cut through any "bureaucratic hurdles" holding up reconstruction efforts.

"I know we're coming up on the first-year anniversary of Katrina and it's a time to remember," the president said. Noting that Vaccarella and others lost their homes, Bush added: "It's a time to recommit ourselves to helping them. But I also want people to remember that a one-year anniversary is just that, because it's going to require a long time to help these people rebuild."

Democrats quickly responded with a statement noting that Vaccarella once ran for local office as a Republican and with a report blasting the administration's post-Katrina work.

"In our Gulf Coast, the tens of thousands of Hurricane Katrina survivors are still engaged in an unparalleled struggle to rebuild their lives," said House Minority Leader Nancy Pelosi (Calif.). "Meanwhile, back in Washington, President Bush is holding a public relations blitz that the survivors of Katrina can ill afford."

President Serves Up Cup Of Coffee And Katrina Message (USAT)

By David Jackson

USA Today, August 24, 2006

WASHINGTON — President Bush served coffee to a Hurricane Katrina survivor in the Oval Office on Wednesday, and warned him and others that rebuilding the Gulf Coast will take years.

“A one-year anniversary is just that, because it's going to require a long time to help these people rebuild,” Bush said after meeting with Rockey Vaccarella of Louisiana. Vaccarella drove a replica FEMA trailer to Washington from St. Bernard Parish as part of a campaign to remind Americans of those who lost their homes to Katrina.

The coffee klatch came as the administration is preparing for next week's anniversary of the hurricane and flooding, which took nearly 1,600 lives, caused more than $81 billion in damage, and inflicted political pain on the Bush administration.

Bush plans to declare a National Day of Remembrance for Aug. 29, the day Katrina struck. Spokeswoman Dana Perino said a proclamation will “honor those who did not survive the fury” of the storm, and “the heroes who rescued so many.”

The president plans to spend two days in the region. He will be in Mississippi on Monday, meeting with community leaders, touring damaged areas, and speaking about recovery efforts. He spends Tuesday in New Orleans, and events will include a service of prayer and remembrance.

The White House is plotting its post-Katrina strategy as reports criticize aspects of the Katrina recovery. The liberal-leaning Brookings Institution, for example, said there have been “areas of progress,” including housing, but “more progress is needed,” particularly for renters and low-income residents.

Congressional Democrats weighed in with their report, entitled “Broken Promises: The Republican Response To Katrina.”

“The response to Hurricane Katrina was disastrous,” House Minority Leader Nancy Pelosi said.

Vaccarella had parked his trailer on a street that cuts across the National Mall, in sight of the U.S. Capitol building. An unemployed restaurant supervisor, Vaccarella called the presidential sit-down a “fantastic” experience.

“I just wanted to let the president know, ‘please, don't forget about us,' (and) that the rebuilding is taking a while,” said Vaccarella, who is making a documentary of his experiences.

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Vaccarella, once a Republican candidate in a local election, praised Bush's efforts, at one point telling him, “I wish you had another four years, man.” Bush grimaced at the endorsement of a third term, saying, “Wait a minute — ”

“It felt like I was talking to the average American,” Vaccarella said. “He's definitely a people's president.”

Bush Says Katrina Recovery Will Take Time (LAT)

By Johanna Neuman

The Los Angeles Times, August 24, 2006

Washington — President Bush on Wednesday reassured still-struggling victims of Hurricane Katrina that he has not forgotten them, but warned recovery will not be achieved by the first anniversary of the devastating storm.

"It's a time to remember that people suffered, and it's a time to recommit ourselves to helping them," Bush said after meeting in the Oval Office with Rockey Vaccarella, who lost his home to Katrina. "But I also want people to remember that a one-year anniversary is just that, because it's going to require a long time to help these people rebuild."

The president discussed Katrina with Vaccarella, 41, of Mereaux, La., who has been traveling the U.S., making a documentary about his road to recovery as he and his family live in a FEMA trailer.

The administration's Gulf Coast recovery coordinator, Donald E. Powell, said during a White House briefing Tuesday that since Katrina slammed into Louisiana and Mississippi on Aug. 29, 2005, only $44 billion of the $110 billion in federal money earmarked for rebuilding the region has been spent.

"I have a sense of frustration, I have a sense of urgency all the time," Powell said. Federal funds have begun to reach Mississippi homeowners, he said, but Louisiana has delayed its plans for distribution.

Bush addressed the delay in his remarks Wednesday.

"To the extent that there are still bureaucratic hurdles and the need for the federal government to help eradicate those hurdles, we want to do that," he said.

With midterm congressional elections less than three months away, Democrats are seeking to use the lapses in the government's response to Katrina -- including the vivid images of residents stranded on rooftops or directed to shelters with no food or water -- to sway voters against the Republicans.

In a new report, Senate Minority Leader Harry Reid, D-Nev., and House Minority Leader Nancy Pelosi, D-Calif., who both plan to visit the Gulf region in the coming week, detailed what they described as the Bush administration's failures.

"One year ago, Katrina and Rita taught the American people the terrible lesson that their government was not prepared to protect them," Reid said Wednesday, announcing the report's release. "Unfortunately, one year after the hurricanes and five years after 9/11, Bush Republicans in Washington still have not taken that lesson to heart."

The report, titled "Broken Promises," says that thousands of families still are waiting for trailers from the Federal Emergency Management Agency; that an estimated 11 percent of the $19 billion spent by FEMA -- or about $2 billion -- has been wasted by fraud and abuse; and that 80 percent of Gulf Coast businesses with approved Small Business Administration disaster loans are still waiting for the money.

In a separate report on wasteful procurement spending, two California Democrats, Reps. Henry Waxman and Dennis Cardoza, plan to announce on Thursday the formation of a "truth squad" to expose fraud and abuse in Katrina contract awards.

Meanwhile, Vaccarella of Louisiana seemed to enjoy his "Forrest Gump" moment.

"You know, it's really amazing when a small man like me from St. Bernard Parish can meet the president of the United States," he said. "The president is a people person. I knew that from the beginning."

Bush had equally kind words for his visitor.

"Rock is a plain-spoken guy, he's the kind of fellow I feel comfortable talking to," said the president. "I told him that I understand that there's people down there that still need help. And I told him the federal government will work with the state and local authorities to get the help to them as quickly as possible."

Later, White House deputy press secretary Dana Perino said that when the invitation to meet with Bush was extended to Vaccarella, White House staffers did not know that he was a Republican who had once run for local office. The exchange between the president and Vaccarella ended as if the two were enjoying a convivial evening in a neighborhood bar.

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"You're a good man, Rockey," said Bush, slapping Vaccarella on the back.

"You are too," Vaccarella responded, slapping the president on the back in return. "Thanks a bunch."

As he walked along the White House driveway, Vaccarella talked with reporters, urging other Katrina survivors to "get rolling" and see the glass as half-full instead of half-empty.

"We get knocked down, we get back up, we're Americans," he said. "We got hit, we just need to get back on our feet and get rolling."

Then Vaccarella left, carrying a goody bag that he said contained a tie pin, a bookmark and other "tokens" from the president.

FEMA Director Visits Gulf Coast School (AP)

By Michael Kunzelman

The AP, August 23, 2006

A lack of housing is the Gulf Coast's top challenge on Hurricane Katrina's anniversary, the head of the Federal Emergency Management Agency said Wednesday during a tour of the region.

FEMA Director R. David Paulison met with some of the youngest victims of the Aug. 29 storm, telling students at D'Iberville Elementary School that his job is to help them.

"Things will get better," Paulison assured the children. "I know you'll get back in your homes soon."

Paulison asked 9-year-old Christopher Moreau, a fourth-grader, how he likes living in a FEMA trailer.

"Kind of not that roomy," Moreau said. "I'm used to a three-bed house."

Paulison told reporters later that his agency is eyeing alternatives to the trailers and mobile homes that have housed tens of thousands of Mississippi and Louisiana residents for a year.

Congress earmarked $400 million for a pilot program to replace trailers with so-called "Katrina cottages," which are billed as more comfortable, affordable alternatives to trailers.

Paulison also said that states in hurricane-prone areas are competing for shares of that money.

"I'm excited about it. I think it's the right thing to do," he said. "If there's another alternative (to trailers), we'll surely want to look at that."

Paulison also defended the agency's response to Katrina, which led his predecessor, Michael Brown, to resign under intense pressure last September.

On Wednesday, House Minority Leader Nancy Pelosi, D-Calif., and her Senate counterpart, Harry Reid, D-Nev., released a report asserting that "thousands of families are still waiting" for FEMA trailers and that a significant proportion of money that FEMA has spent there "has been waste, fraud and abuse."

Paulison, who said he had not yet seen the report, defended FEMA's response to Katrina and said the agency is better prepared to respond to another disaster.

"We've had some fraud. There's no question about it," he said. "But we've put things in place to fix that. I've had FEMA for nine months now. As issues come up, I'm making sure we fix those and address them."

FEMA also has improved its communications network and its systems for registering storm victims and finding them emergency housing, Paulison added.

"FEMA took 30 years to get where it is today. You're not going to fix it all in a couple months," he said. "However, I think we've fixed big pieces of it."

Charting A New Course (WSJ)

By Ann Carrns

The Wall Street Journal, August 24, 2006

As students streamed through the halls of recently reorganized O. Perry Walker High School in New Orleans last week, Principal Mary Laurie waded into the crowds. "Come on, young people! Two minutes! Quickly!" she bellowed, prowling the corridor with an old-fashioned hand bell. "Where are you going, young person? Hurry up!"

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Before Hurricane Katrina, Walker High was among the worst schools in a city whose public education could be described as struggling, at best. Students arrived at class when they felt like it -- or not at all. One was shot in the leg in March 2005, a victim of a turf war. But change is afoot. Walker is one of a bumper crop of new charter schools that embody the most fervent hopes and immense challenges facing New Orleans public schools as they reopen, some for the first time, a year after the storm deluged their city.

More than half of 53 public schools expected to be open in New Orleans by early September -- 31 schools -- will be run independently under state and local charters issued to a dozen different organizations. Charter schools receive public funding and must meet public academic standards, but have great leeway in hiring staff, setting salaries, choosing a curriculum and managing daily operations. Some groups run the schools themselves, while others have hired private companies to do so. Proponents say charter schools' independence fosters innovation and better academic performance, while critics contend that empirical studies don't show charters to be superior to more traditional schools. Regardless of that debate, many people in New Orleans see charter schools as the key to a once-in-a-lifetime chance to remake New Orleans's public education system, and to eke some good out of the horror that was Katrina.

"This is truly an opportunity to hit a restart button," said Leslie Jacobs, vice president of the state Board of Elementary and Secondary Education. "We're taking advantage of that opportunity to design for the long term a very different model based on public-school choice."

Local public schools were, on the whole, abysmal before the storm, plagued by financial mismanagement and low expectations. Poor performance was "systemic," with a majority of schools deemed "academically unacceptable," according to a state report. Many of the city's school-age children, both white and black, attended private or parochial schools, in part due to the city's deep Catholic roots and more than 250-year history of church-operated schools. In recent years, public schools were largely attended by African-Americans, many from the city's poorest areas. The New Orleans population was about 67% black and 28% white, while the public schools were 93% black and 4% white. Almost three-quarters of all public-school students were eligible for free lunch.

After Katrina hit, every New Orleans public school shut down. In November, three months after the storm, the state of Louisiana used school-reform laws to take control of more than 100 city schools that had previously failed to meet state academic requirements. They were placed in a special "recovery" district, separate from the city system. At least half of the schools aren't being reopened at all this fall. Officials took applications from 44 independent charter groups hoping to run schools but only 10 were accepted. Some of the city's best public schools before Katrina, such as Lusher Elementary and Benjamin Franklin High, have also converted to charter status. As a result, New Orleans schools are now a hodgepodge operated under various authorities: independent charter groups, state officials and a few still under the control of the city's school board.

Already, initial enthusiasm over the charters has been tempered by the daunting realities of post-Katrina New Orleans, where schools must compete for a limited supply of experienced teachers and jockey for scarce contractors to do repairs. The registration process has been splintered, with varying application procedures and start dates, and has confounded some parents, many still struggling to find housing.

David Wells was shocked to learn that his sixth-grader was being wait-listed at his old school, Harte Elementary in the Algiers neighborhood because he hadn't re-enrolled his son in time. Mr. Wells had to scramble to get his son into a different charter school across the Mississippi River. "It was very disappointing."

Charter school experts say it is unprecedented to have so many charters open in a single city in the space of a year, never mind in a city with little charter school experience and massive infrastructure deficits.

"It will be pretty messy at first," said Greg Richmond, president of the National Association of Charter School Authorizers, a Chicago group hired by the state to help evaluate New Orleans charter-school applications. "You're starting from scratch. The challenges have been beyond anything any city has undertaken before."

Last week, less than three weeks before one charter school was to open, a rift between one charter school and its private company hired to operate it caused the state to revoke the charter and take over two of that association's three schools.

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Even though many schools opened in August and most of the rest are scheduled to do so in just two weeks, an air of great uncertainty still prevails. The latest estimate is that at least 22,000 students are expected in the city's public schools this fall, compared with about 12,000 last spring and 65,000 before Katrina. The vast majority of students will be attending charter schools, but precise numbers aren't known.

On a recent sweltering morning, about 30 parents took numbers at the city's main public library and waited for a chance to register children for the Martin Luther King Jr. Charter School for Science and Technology. But construction delays at its renovated building in the Faubourg Marigny neighborhood pushed back the opening date from Aug. 17 to Sept. 6.

"I just pray it'll work out, because I don't like to have her out of school," said Philana Fortune, age 31, who had just returned to New Orleans from Texas and was trying to register her nine-year-old daughter at King. The school attended by her daughter before Katrina wasn't reopening.

Some signs of progress are visible though. At Tubman Elementary, Principal Patsy Gearing reported on opening day that several air conditioners weren't working. The Algiers Charter Schools Association, the largest single charter operator in the city, dispatched repair crews within an hour. "Before, that would have taken weeks," Ms. Gearing said.

The Algiers association is overseeing eight schools in the Algiers neighborhood -- higher ground on the so-called West Bank of New Orleans, across the river from the city's French Quarter and Central Business District. Algiers schools suffered primarily wind damage from Katrina, rather than flooding, and were repaired and reopened relatively quickly. The group opened six schools, including Walker, during the last school year and is adding two this year.

Ms. Laurie, Walker High's principal, is working hard to change the school's culture. She now operates with her own budget, and has discretion over how best to use it. When she told Brian Riedlinger, chief executive of the Algiers association, that the school needed someone to handle administrative tasks, Mr. Riedlinger said he replied: "You have a budget; hire someone. ... She said, 'I can do that?' "

"As a principal in the public schools before, I never thought about the budget," Ms. Laurie said. "Now, I look at it differently." She has tried to redefine the school experience for students as well, gathering students each morning to focus them on the work ahead. At a recent morning meeting, Ms. Laurie told students they were "brilliant," and apologized that the school system failed them in the past. Yet she also demands respect. Repeated tardiness results in detentions. Students wear uniforms of khaki pants, black shoes and bright orange polo shirts, to foster school pride and make them easily identifiable. Cellphones are banned.

"The security is different, it's better," says Rondaneka Miller, age 18, a Walker senior considering a nursing career. "Before, class would be going on but you'd be talking. Now, you have to participate."

Storm's Escape Routes: One Forced, One Chosen (NYT)

By Shaila Dewan

The New York Times, August 24, 2006

ATLANTA, Aug. 23 — The small van, painted a heraldic bright green, is planted like a flag amid the frenetic commerce of Midtown, claiming a speck of territory for Louisiana. Customers line up at the window to order New Orleans-style snowballs: fluffy concoctions of ice, flavor and condensed milk so delicate they immediately begin to puddle in the heat.

To Kenneth Woodfin, an entrepreneurial 26-year-old who fled New Orleans a year ago as Hurricane Katrina approached, the van is not only his first business venture, but also an emblem of his family's new, more prosperous life in Atlanta. His younger sister works the window. His older sister, a bank teller, makes substantially more than she did back home, and her husband has landed his first white-collar job, at a car rental company. The couple is looking for a house to buy.

"It took some getting used to, but now I'm like, I love this place," Mr. Woodfin said. "It was like an eye-opening experience."

Among Atlanta's thousands of Hurricane Katrina evacuees, the Woodfins are not an anomaly. Many came here by choice and have put down roots, embracing what they say is a higher standard of living and melting into thriving neighborhoods almost without a trace. Some evacuees have even turned down offers to return home and resume their old jobs.

But for many New Orleanians who went west instead of east, especially those borne by fate rather than preference, exile has been a very different experience.

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In Houston, it can seem as if the storm never ended. Many evacuees remain in restless limbo, unable to return home but alienated from their new city. Some are still reeling from trauma, others complain of discrimination against people from New Orleans. Still others have lapsed into old habits of unemployment and crime.

No matter where they ended up, of course, evacuees are not at peace over the destruction of their homes and communities. Everywhere, people are struggling with stress-related illnesses, insurance companies, nightmares and even basic needs like stable housing.

But the divergent experiences of those who went to Houston and those who went to Atlanta suggest that recovery depends on more than individual resources and demographics. Just as important are less quantifiable factors: a sense of welcome and connection, the presence of friends and family, even how narrowly they survived the disaster.

Atlanta's evacuees, more likely to have left New Orleans before the flooding, often express enthusiasm for starting over in a place where even dishwashers start at $7 an hour. It is not unusual to hear people here declare the hurricane a net positive in their lives. In Houston, a city that offers similar economic opportunity, the mood lies on the far side of resignation, closer to homesickness and despair.

"It's different from New Orleans as far as opportunity, but they don't want to open it up to people from Louisiana," said Alphonso Thomas, a 34-year-old evacuee in Houston. "Over 90 percent of the people here are either suicidal or hopeless."

Houston is home to nearly twice as many evacuees as Atlanta — an estimated 150,000 are there now, compared with a more manageable 84,000 in Atlanta, which partly explains the difference.

According to a recent study by Appleseed, a public interest law group, the huge numbers of evacuees in Houston strained resources like housing, despite the outpouring of money and help.

But there is a second, perhaps more significant, difference. It dates back to the storm itself, and whether people were willing or able to get out of its way.

Finding Their Way

At the invitation of the mayor, Houston received busload after busload of people who had lived — some just barely — through the flood and its dark aftermath. Thousands came directly from the hellish conditions of the Superdome, arriving with nothing but the clothes they were wearing. Although they were grateful — "Thanks Houston" bumper stickers soon appeared — they had not chosen their destination, and many knew not a soul in town. At one point, more than 27,000 people were staying at the Astrodome and its supplemental shelters.

But those who came to Atlanta had not waited until the storm hit. Once the hurricane warnings began, many came on their own steam, often in their own cars (the Woodfins, for example, had a caravan of three). That proved to be a tremendous advantage, because a lack of transportation has been a leading complaint for less fortunate evacuees in both cities.

And many evacuees felt more at home with, even inspired by, Atlanta's long tradition of black leadership and success.

While several New Orleans congregations have started thriving churches in Houston, none can boast a $500,000 donation from Tyler Perry, the black entertainment mogul and New Orleans native. Mr. Perry, who now lives in Atlanta, gave that money to Greater St. Stephen Full Gospel Baptist Church, a New Orleans congregation that opened a branch in an Atlanta suburb and says its membership there has soared.

Long before the hurricane, more New Orleanians had moved to Atlanta than to any other city, so evacuees had places to stay and familiar faces to guide them.

"Definitely it helped us, just in terms of getting around, because Atlanta is a huge city," said Anita Roberson Taylor, whose daughter had moved to Atlanta a month before the storm. "She opened her home to us."

That network also gave a boost to people like Anthony Fields, Mr. Woodfin's brother-in-law, who was having trouble finding a job until he ran into an old New Orleans friend who had been in Atlanta for two years and managed a car rental company.

The friend got Mr. Fields an interview for a sales agent position, which normally requires a college degree. Mr. Fields, 22, who formerly worked as an electrical assistant, got the job.

Hurricane Katrina, Mr. Fields said, had given him the push he needed to get ahead. "Some may be blind to the fact," he said, "but when all is said and done, it was a good thing."

Some Work as Others Wait

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If the DNA of cities could be tested, Houston and Atlanta, each with metropolitan populations of just over five million, would be a close match. Both are sprawling, adolescent Sun Belt behemoths whose idea of density is a two-story apartment complex. Unemployment is low, as is the cost of living (though not compared with New Orleans). Atlanta, if anything, is the more competitive city, with slightly higher prices and rents.

But it is Houston where the mayor, Bill White, has resorted to publicly pleading with able evacuees to go to work. A survey in June of the 90,000 evacuees in the city's free housing program, commissioned by the city from Zogby International, showed that only a fifth were employed. (Another 60,000 evacuees were not in the program and are thought to be families with greater resources and skills, many of whom like Houston and are thriving.)

Still, the mayor's reasoning was clear. More than 5,000 jobs are available in Houston, Mr. White said, and nearly 70 percent of the adult evacuees in the housing program were wage earners before the storm. Only about a third, including the elderly and disabled, were on federal assistance. The problem was, though, that most of those who had worked made less than $15,000 a year, many at hotel and restaurant jobs that are not as abundant in Houston. Nearly a third are 55 or older, and most are single women, many with young children. More than 40 percent have no health insurance.

There is no comparable demographic information about the storm evacuees in Atlanta. But even though about the same percentage of evacuees in both cities lived in public housing before the storm, the widely held perception is that Atlanta got a majority of the New Orleans professional class. Interviews with pastors, officials at aid agencies and job counselors suggest that finding employment has been far easier here.

Many evacuees did not even bother to ask for help, said Mark O'Connell, the president of United Way in Atlanta, leaving civic leaders uncertain of what was needed.

"I have to believe the largest number of evacuees self-navigated," Mr. O'Connell said. "This community, like Houston, was willing to do anything. The challenge for us all along was knowing what to do."

Angela Stewart, who evacuated to Atlanta with her husband and two other couples, quickly found a teaching job that paid almost as well as her previous position as an assistant principal and bought a new, larger house.

"Everyone is working," Ms. Stewart said of the six adults, "all the kids are in school, and things are just moving along. We have just picked up a new life here — very different, but very nice."

Many of Houston's evacuees say they are trying to find work. In the city's survey, more than half reported that they were still looking for a job, and a quarter said they had submitted 10 applications or more. Some, like young mothers who had relied on family networks for survival, required training as basic as what to wear to a job interview. But even people with white-collar experience or graduate degrees have reported trouble finding a job. Others, still uncertain about whether and when they will return home, have not yet looked.

The hurdles in Houston include lower wages, more rigorous qualifications, and a reluctance to invest in employees who might return home at any time. D. B. Spurlock, who taught school in New Orleans, said he failed the Texas teacher certification test. Mr. Spurlock now works seven days a week as a security guard, for $8 an hour. Shawna Kimbrough, a carpenter and welder, said she had been offered the same wage, $8 an hour, for work that paid twice that back home. At age 70, Lutisha Smith said, she had to go back to school to qualify for the same job, nurse's assistant, that she was paid more money to do in New Orleans.

Wallace J. Forte, 57, an experienced forklift operator, said he was being offered entry-level positions at $6 an hour. "They look at you, like, 'Tough,' " Mr. Forte said.

All the same, Mr. Spurlock said he and his family would sooner move from Houston to Atlanta or Florida than return to New Orleans. "I want a change of life," he said. "I feel like the government's giving you an opportunity to get on your feet with FEMA."

Battling a Mind-set

"Shake your neighbor's hand and tell them, 'This won't last long,' " said the pastor from New Orleans, bellowing to the displaced flock of the New Home Family Worship Center on a recent Sunday in the rented ballroom of a Houston Hilton.

"This won't last long!" the congregation said.

"If you get to the point where you feel like you want to jump off a building, or swallow you some pills, remember: it's temporary," the pastor, Robert Blakes Jr., said. "It's not going to last. Shake your neighbor's hand and tell them, 'It's temporary.' "

"It's temporary!"

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Mr. Blakes's mention of suicide was more than rhetorical excess. Depression and symptoms of post-traumatic stress have plagued evacuees in Houston, in part because of a pervasive sense of isolation. Unlike in Atlanta, where integration was rapid, the sheer number of evacuees in Houston has ensured that they have remained a separate category of resident, one other Houston residents regard with ambivalence.

The local news, first filled with proud stories of the city's superhuman welcome, followed with reports of evacuees fighting in schools, crowding public clinics and, worst of all, contributing to a significant spike in the city's crime rate. In Atlanta, that kind of news was rare.

"I think they feel discouraged because they're being so stereotyped right now," said Sandra Dorsey, an evacuee working at another transplanted church in Houston. "It's almost like everything that happens is because of people from Louisiana. If you're not strong, that can overtake you."

While those who fled to Atlanta before the storm watched the devastation on television, many Houston evacuees lived through it, and their memories of chaos and corpses are persistent. It was several months and two hospitalizations before Rosemary Thomas, 75, realized she needed treatment for anxiety.

"When I'd wake up in the morning, I felt like I was dying, because I was seeing the same thing over and over and over," said Ms. Thomas, who went to Houston after being guided by rescuers through chest-high water. "And I could still see the last body. I remember his arm. Like a tree or a log."

While Mr. Blakes followed his congregants to Houston, his brother Samuel, also a pastor in New Orleans, opened another New Home church in Atlanta. But on a recent Sunday, Samuel Blakes delivered a very different sermon, one that centered on the importance of delegation and setting priorities. It was not a rallying cry for the dejected, but an admonishment to the busy, those who might be too preoccupied with new jobs, new houses and new schools to remember that God comes first.

Not all who came to Atlanta have had such pleasant distractions. Jobs for the unskilled are hard to come by, and employers have complained about high absenteeism, said Jennifer Moore, a job counselor for evacuees, adding that her most challenging clients brought with them a healthy sense of entitlement to government handouts, even as they needed prodding to take advantage of training, child care and eye exams. Mental distress, family strife, evictions and substance abuse are on the rise, Ms. Moore said. The elderly, in particular, long to go home.

But Samuel Blakes, who describes his congregation as predominantly working class, said most were not looking back to New Orleans.

"I've had nothing but positive feedback, and I've heard nothing but positive things," Mr. Blakes said. "For a lot of people, it's just deliverance from a poverty mind-set. It's been a real liberation where their minds are concerned. They've had the opportunity to see real possibilities."

TSA To Maintain Its Ban On Liquids And Gels (WP)

By Del Quentin Wilber

The Washington Post, August 24, 2006

Two weeks after authorities banned passengers from carrying most gels and liquids on board airlines, the nation's top aviation security official yesterday said he did not have a timetable for scaling back the restrictions.

"The threat is not over," said Edmund S. "Kip" Hawley, administrator of the Transportation Security Administration. "This issue is not by any means over. . . . We're not going to feel a pressure on time."

Security officials said they were constantly adjusting and examining the list of items banned on Aug. 10 in response to a potential terror plot that British police said they had uncovered. Among the items that were banned from passengers' carry-on bags were bottled water, toothpaste and hair gel.

Hawley declined to discuss specifics of his plans to revisit the restrictions.

Security officials at the TSA said they would be surprised if the new rules were not still in place over Labor Day weekend, a heavy travel period for the airline industry.

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In the days after hastily enacting the bans, authorities amended the restricted items, allowing passengers to bring medications, baby food and solid lipsticks on airplanes. The TSA also began requiring passengers to remove their shoes to be X-rayed.

Hawley said no changes would be made until authorities had finished studying the plot and other potential threats.

"That is a very high priority right now, analyzing what exactly they were going to do, what exactly was it, how would it work, how would we detect it, how would we stop it," Hawley said during a question-and-answer session with reporters from The Washington Post and Associated Press during a taping of C-SPAN's "Newsmakers" program, which is scheduled to air at 10 a.m. Sunday. "As the course of investigation continues, and we learn more and we do more science on it, that is going to guide us to say, 'Yeah, we can make that change in the security regime.' "

In the first days after the new restrictions, analysts and aviation industry leaders worried that the bans could hurt the airlines because many travelers would not want to deal with the hassle of checking bags.

Airlines have reported that the number of checked bags has risen substantially since the restrictions were enacted but said there has not been a decline in ticket sales.

Worried that some business travel might decline after the busy summer season, airlines are closely tracking bookings for September and will be paying attention to trends as the late-year holiday travel season approaches, analysts said.

"The big airlines are monitoring this very closely," said Ray Neidl, an analyst with Calyon Securities Inc. "So far, people have adjusted. . . . Everybody, the traveling public, the airlines, the TSA, want to get rid of the unnecessary restrictions. But they are being very cautious."

John Meenan, the chief operating officer of the Air Transport Association, a trade group that represents U.S. carriers, said that he believes the restrictions will "continue to evolve."

"If the security situation permits, we would very much like to see the programs adjusted to accommodate passenger service," Meenan said.

Checked Luggage Strains Security (USAT)

By Thomas Frank

USA Today, August 24, 2006

Air travelers are checking an unprecedented amount of luggage after the recent disclosure of an alleged terrorist plot, an onslaught that threatens to overwhelm bomb detectors and create security gaps, the nation's aviation-security chief said Wednesday.

In an interview with USA TODAY, Transportation Security Administration head Kip Hawley said there has been a 20% surge in checked luggage at U.S. airports since liquids were banned from carry-on bags Aug. 10.

Domestic passengers usually check almost 1 billion bags each year, according to the Air Transport Association, an airline trade group. The increase means that the nation's security screeners are handling more than half a million additional checked bags each day.

The sudden increase “puts on a strain that could result in some vulnerabilities,” Hawley said. The system that screens all checked luggage for bombs “is being stressed,” he said.

“It's the pressure on the system that leads to people saying, ‘Hurry, hurry, hurry,' ” Hawley said. “We want our (screeners) to focus on their security job without cutting corners because of volume pressure. … Anytime you have a system that's overwhelmed, that's where failure is a concern.”

Many travelers have stopped using carry-ons since the TSA barred passengers from taking most liquids, gels and lotions onto flights after British investigators said they had thwarted a plot to destroy U.S.-bound jets with liquid explosives.

The increase in checked bags could lengthen lines at airports. At San Francisco International Airport, the increase has slightly increased lines at check-in counters and added 10-15 minutes to the wait at baggage carousels, airport spokesman Mike McCarron said.

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A June report by the Government Accountability Office, Congress' investigative arm, said that when luggage-screening machines get backed up, the TSA uses alternative procedures such as bomb-sniffing dogs and hand searches. Those procedures "involved trade-offs in security effectiveness," the report said.

The impact is "not fully known because the TSA has not tested the effectiveness of alternative screening procedures," the report said.

Cris Soulia, a screener at San Diego International Airport, said time pressure has always been an issue.

"When you get airlines and (TSA) upper management breathing down your neck, maybe it's not something intentional that you're doing, but it's like, 'What do I need to do to make these people happy and go away?' " Soulia said.

He said screeners were required to work six days last week to handle extra baggage. At Boston's Logan International Airport, "everybody just volunteered" to work overtime, Boston screener A.J. Castilla said.

WAR NEWS:

Bush's New Iraq Argument: It Could Be Worse (WP)

By Peter Baker, Washington Post Staff Writer

The Washington Post, August 24, 2006

Of all the words that President Bush used at his news conference this week to defend his policies in Iraq, the one that did not pass his lips was "progress."

For three years, the president tried to reassure Americans that more progress was being made in Iraq than they realized. But with Iraq either in civil war or on the brink of it, Bush dropped the unseen-progress argument in favor of the contention that things could be even worse.

The shifting rhetoric reflected a broader pessimism that has reached into even some of the most optimistic corners of the administration -- a sense that the Iraq venture has taken a dark turn and will not be resolved anytime soon. Bush advisers once believed that if they met certain benchmarks, such as building a constitutional democracy and training a new Iraqi army, the war would be won. Now they believe they have more or less met those goals, yet the war rages on.

While still committed to the venture, officials have privately told friends and associates outside government that they have grown discouraged in recent months. Even the death of al-Qaeda's leader in Iraq proved not to be the turning point they expected, they have told associates, and other developments have been relentlessly dispiriting, with fewer signs of hope.

Bush acknowledged this week that he has been discouraged as well. "Frustrated?" he asked. "Sometimes I'm frustrated. Rarely surprised. Sometimes I'm happy. This is -- but war is not a time of joy. These aren't joyous times. These are challenging times and they're difficult times and they're straining the psyche of our country."

Presidential counselor Dan Bartlett said Bush and his advisers still believe progress is being made and the war will be won. "No question about it, the last three months have been much more challenging," he said. "Are we always going to be pleased with the pace? No. There are days that are frustrating. But is the overall direction going the right way? . . . The answer to that is yes."

The tone represents a striking change from what critics considered an overly rosy portrayal of Iraq, and the latest stage in a year-long evolution in message.

With sectarian violence flaring into some of the worst bloodshed since the March 2003 invasion, the White House felt the need to connect with the anxiety in the American public. "Most of the people rightly are concerned about the security situation, as is the president," Bartlett said.

But with crucial midterm elections just 2 1/2 months away, Bush and his team are trying to turn the public debate away from whether the Iraq invasion has worked out to what would happen if U.S. troops were withdrawn, as some Democrats advocate. The necessity of not failing, Bush advisers believe, is now a more compelling argument than the likelihood of success.

Using such terms as "havoc" at Monday's news conference, Bush made no effort to suggest the situation in Iraq is improving. Instead, he argued: "If you think it's bad now, imagine what Iraq would look like if the United States leaves before this government can defend itself."

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Christopher F. Gelpi, a Duke University scholar whose research on public opinion in wartime has been influential in the White House, said Bush has little choice.

"He looks foolish and not credible if he says, 'We're making progress in Iraq,' " Gelpi said. "I think he probably would like to make that argument, but because that's not credible given the facts on the ground, this is the fallback. . . . If the only thing you can say is 'Yes, it's bad, but it could be worse,' that really is a last-ditch argument."

As recently as two weeks ago, Bush was still making the case that things in Iraq are better than they seem. The new Iraqi government "has shown remarkable progress on the political front," he said on Aug. 7, calling its mere existence "quite a remarkable achievement."

The White House and the Republican National Committee regularly send e-mails to supporters and journalists highlighting positive developments. In yesterday's Wall Street Journal, an article by U.S. Ambassador Zalmay Khalilzad argued that a shift in security operations in Baghdad has shown "positive results" and said that "this initial progress should give Iraqis, as well as Americans, hope about the future."

Defense Secretary Donald H. Rumsfeld said on a radio show this week that violence is largely limited to four of 18 provinces and that "the government now is starting to get its legs under it."

But Bush has been ruminating on the different nature of Iraq and the battle with Islamic radicals and how hard it is to define victory. "Veterans of World War II and Korea will tell you we were able to measure progress based upon miles gained or based upon tanks destroyed, or however people measured war in those days," he said in a speech last week. "This is different . . . and it's hard on the American people, and I understand that."

Sen. John McCain (R-Ariz.), a strong supporter of the war, suggested this week that the Bush team has only itself to blame for setting unrealistic expectations.

"One of the biggest mistakes we made was underestimating the size of the task and the sacrifices that would be required," McCain said. " 'Stuff happens,' 'mission accomplished,' 'last throes,' 'a few dead-enders.' I'm just more familiar with those statements than anyone else because it grieves me so much that we had not told the American people how tough and difficult this task would be."

Such statements, he said, have "contributed enormously to the frustration that Americans feel today because they were led to believe this could be some kind of day at the beach." Sen. Lindsey O. Graham (R-S.C.) offered a similar assessment. "I think we undersold how hard the war would be," he told reporters this week. "I think we oversold how easy it would be to create democracy. I think we missed by a mile how much it would cost to rebuild Iraq."

Through much of the war, Bush and his advisers focused on meeting benchmarks laid out for rebuilding Iraq -- writing a new constitution, electing a new parliament, bringing disaffected Sunnis into the government and training Iraqi troops. As long as those benchmarks were met, the president had tangible events to point to as evidence of progress.

But the last step in that original timetable, election of a permanent parliament last December, has come and gone with no end to the violence. When Bush mentioned that election at his news conference, he depicted it not as progress but a sign that Iraqis want progress. "It's an indication about the desire for people to live in a free society," he said.

Bush used to mention the number of Iraqi troops trained as another barometer to watch, suggesting that once a new army is in place, it could defend its country. Yet 294,000 Iraqi troops have been trained, just shy of the goal of 325,000, and no U.S. official expects to turn over the war entirely to them anytime soon.

Instead, Bush has publicly emphasized how much his administration is changing tactics to deal with the evolving threats in Iraq, and he has privately reached out for advice about further steps to take. He had lunch at the Pentagon last week with four Middle East experts to solicit ideas about how to stabilize Iraq.

"I would say he was deeply concerned about how many lives are being lost, both American and Iraqi, and how much this is costing the American taxpayer," said Eric Davis, a Rutgers University professor who was among those invited, who urged Bush to launch a New Deal-style economic program in Iraq. "He would like to see progress sooner rather than later."

Bush Revives, Revamps Message (AP-Y)

By Tom Raum

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AP, August 24, 2006

In the thick of an election campaign, President Bush has revived and retooled his argument that the U.S. must fight terrorists overseas or face them here. Despite the unpopularity of the Iraq war, some GOP candidates are borrowing Bush's line.

"We leave before the mission is done, the terrorists will follow us here," Bush warned at a news conference this week.

Rep. Curt Weldon, R-Pa., locked in a tight Philadelphia-area re-election race, went a step further. "We either fight them there, or we fight them in the supermarkets and streets here," he said Wednesday in an interview with CNN.

Bush is not on the ballot this midterm election year. But control of the GOP-led Congress is. So the elections could determine the fate of what's left of Bush's second-term agenda.

The fight-them-there theme has been part of Bush's national security stump speech since 2003. But the "follow us here" part is a relatively new twist.

Noting polls that show growing Iraq war opposition, Bush and other Republicans have been stressing links between Iraq and the broader war against terrorism — a connection Democrats generally dismiss.

They've also been trumpeting their record of urging aggressive action against terrorists.

"What you're seeing here is a restatement of what the administration, and I think most Republicans, consider to be a truth, which is that Iraq is right now the principal battleground in the war on terror," said GOP consultant Rich Galen.

The foiling by British authorities of an alleged terrorist plot to blow up U.S.-bound planes gave new impetus to the terrorism issue for Republicans — even as it underscored that potential terror strikes against the United States could come from anywhere.

An AP-Ipsos poll released Wednesday found that 60 percent of Americans believe that in the long run there will be more terrorism in the United States because of the war in Iraq.

That's up substantially from an AP-Ipsos poll taken in December 2003, after the capture of Saddam Hussein, when the figure was 40 percent.

In the new poll, 40 percent of Republicans said they believe there will be more terrorism in the U.S. because of the war. That compares with 74 percent of Democrats. The poll of 1,001 adults, taken Aug. 7-9, had a margin of sampling error of plus or minus 3 percentage points.

Also, a CBS-New York Times poll on Wednesday said just 44 percent of Americans now consider the Iraq conflict part of the broader war on terror — as the administration contends — down 10 points from June. More than half now say it is not.

"That's exactly why the president is refocusing on this, to remind people that that's an incorrect assessment. They are tied together," said Galen.

Stephen Cimbala, a professor at Penn State University who studies the interaction between war and U.S. politics, said Bush and Republican leaders clearly have decided that emphasizing their leadership in fighting terrorism is the best way to maintain congressional GOP majorities.

"And the more issues they can commingle with the war on terror, the better for them," Cimbala said.

Republicans hope that by cranking up their rhetoric on fighting terrorism they can offset the growing opposition to the Iraq war and blunt Democratic calls for troop withdrawals.

"That's their strategy and message: We're going to make you safer at home if we fight the terrorists there," said James Thurber, a political scientist at American University. "The language may have changed, but the theme has not."

Is Bush right? Will staying in Iraq keep the U.S. from having to fight terrorists at home?

"It's partly true and partly not true," said Jon Alterman, director of the Middle East Program with the Center for Strategic and International Studies.

He said al-Qaida and other terror groups who once found refuge in lawless places like Afghanistan would probably fill any vacuum in Iraq created by departing U.S. troops, setting up training camps and lines of communication.

"But what is also true is that sometimes in fighting a war on terror, you create the conditions under which more people decide to be terrorists," Alterman said. "there's a lot on both sides of the ledger. Part of it depends on how Iraq turns out and part of it depends on the conduct of U.S. policy."

More and more Republicans, even war supporters like Sen. John McCain, R-Ariz., are voicing unhappiness with the administration's efforts to sell the war to Americans.

McCain, a potential 2008 presidential candidate, said Tuesday the administration had misled Americans into believing the conflict would be "some kind of day at the beach." McCain was in Ohio campaigning for Republican Sen. Mike DeWine, who is in a tough re-election fight in which the war is a key issue.

White House spokeswoman Dana Perino on Wednesday disputed McCain's characterization, saying the president "has been consistent in saying how tough and difficult it's going to be" to stabilize Iraq.

"But he also said it would be a mistake if we left, and that the terrorists would follow us here," Perino said, reprising Bush's line.

White House Fires Back At McCain's Comment On Iraq (WT)

By Stephen Dinan, The Washington Times

The Washington Times, August 24, 2006

The White House yesterday fought back against Sen. John McCain's assertion that the administration wrongly led the nation into thinking the Iraq war would be easy, even as a new poll suggests that for the first time since it began a majority of Americans don't think the war is part of the fight against terrorism.

"It is difficult, and the president has said it is going to be difficult from the beginning," said White House spokeswoman Dana Perino, who called it "puzzling to me" that Mr. McCain's comments were gaining attention because, she said, he had made similar criticisms before.

Mr. McCain, who has been a staunch defender of the war, said while campaigning in Ohio for Sen. Mike DeWine that the public had been "led to believe this could be some kind of day at the beach," and listed the claims of top administration officials that indicated an easier war.

"I think one of the biggest mistakes we made was underestimating the size of the task and the sacrifices that would be required," Mr. McCain said. "Stuff happens, mission accomplished, last throes, a few dead-enders. I'm just more familiar with those statements than anyone else because it grieves me so much that we had not told the American people how tough and difficult this task would be."

Though she said she hadn't seen Mr. McCain's comments directly, Mrs. Perino rattled off three different occasions when Mr. Bush said the fight would be hard, including at the beginning of the war on March 19, 2003, again two months later even after he he had stood beneath a "mission accomplished" banner, and then most recently during a press conference Monday.

Despite challenging his comments, the White House was careful to praise the senator, indicating just how powerful a political figure Mr. McCain is.

"He is a senator who is not shy about sharing his views. That's one of the reasons he is such a unique figure in American politics, and also one of the most popular," Mrs. Perino said.

A McCain spokesman yesterday said the senator was out of the country traveling and didn't have anything more to add.

Mr. McCain has become a yardstick that Democratic challengers are using to attack Republicans. That is natural in Arizona, Mr. McCain's home state, but yesterday Rep. Sherrod Brown, the Democratic member of Congress who is running to unseat Mr. DeWine, pointedly noted that Mr. DeWine did not agree with Mr. McCain.

"Instead of echoing McCain's remarks, DeWine yesterday again failed to criticize the administration's handling of the war or to call for an exit strategy," Mr. Brown's campaign said in a statement.

The National Republican Senatorial Committee tried to steer the conversation back to the political campaign, pointing out that Mr. McCain had strongly endorsed Mr. DeWine and said they share "basically the same" voting record, while Mr. Brown's voting record is "drastically different."

President Bush on Monday put Iraq squarely at the top of this year's political campaigns, saying the two parties had profound differences in how they would handle the war.

Mr. Bush has argued that Iraq is a major part of the war on terror, but a CBS-New York Times poll released yesterday found that 51 percent of Americans now say the conflict in Iraq is "separate from the war on terrorism," a jump of 10 percentage points since June. Still, the same poll found Mr. Bush also scored his highest marks in more than a year on his handling of the war on terror, with 55 percent approving.

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A Plan To Hold Iraq Together (WP)

By Joseph R. Biden Jr.

The Washington Post, August 24, 2006

Four months ago, in an opinion piece with Les Gelb, president emeritus of the Council on Foreign Relations, I laid out a detailed plan to keep Iraq together, protect America's interests and bring our troops home. Many experts here and in Iraq embraced our ideas. Since then, circumstances in Iraq have made the plan even more on target -- and urgent -- than when we first proposed it.

The new, central reality in Iraq is that violence between Shiites and Sunnis has surpassed the insurgency and foreign terrorists as the main security threat. Our leading civilian and military experts on Iraq -- Ambassador Zalmay Khalilzad and Gens. George Casey, Peter Pace and John Abizaid -- have all acknowledged that fact.

In December's elections, 90 percent of the votes went to sectarian lists. Ethnic militias increasingly are the law in Iraq. They have infiltrated the official security forces. Sectarian cleansing has begun in mixed areas, with 200,000 Iraqis fleeing their homes in recent months for fear of sectarian reprisals. Massive unemployment feeds the ranks of sectarian militias and criminal gangs.

No number of troops can solve this problem. The only way to hold Iraq together and create the conditions for our armed forces to responsibly withdraw is to give Shiites, Sunnis and Kurds incentives to pursue their interests peacefully and to forge a sustainable political settlement. Unfortunately, this administration does not have a coherent plan or any discernible strategy for success in Iraq. Its strategy is to prevent defeat and hand the problem off when it leaves office.

Meanwhile, more and more Americans, understandably frustrated, support an immediate withdrawal, even at the risk of trading a dictator for chaos and a civil war that could become a regional war.

Both are bad alternatives. The five-point plan Les Gelb and I laid out offers a better way.

First, the plan calls for maintaining a unified Iraq by decentralizing it and giving Kurds, Shiites and Sunnis their own regions. The central government would be left in charge of common interests, such as border security and the distribution of oil revenue.

Second, it would bind the Sunnis to the deal by guaranteeing them a proportionate share of oil revenue. Each group would have an incentive to maximize oil production, making oil the glue that binds the country together.

Third, the plan would create a massive jobs program while increasing reconstruction aid -- especially from the oil-rich Gulf states -- but tying it to the protection of minority rights.

Fourth, it would convene an international conference that would produce a regional nonaggression pact and create a Contact Group to enforce regional commitments.

Fifth, it would begin the phased redeployment of U.S. forces this year and withdraw most of them by the end of 2007, while maintaining a small follow-on force to keep the neighbors honest and to strike any concentration of terrorists.

This plan is consistent with Iraq's constitution, which already provides for the country's 18 provinces to join together in regions, with their own security forces and control over most day-to-day issues. This plan is the only idea on the table for dealing with the militias, which are likely to retreat to their respective regions instead of engaging in acts of violence. This plan is consistent with a strong central government that has clearly defined responsibilities. Indeed, it provides an agenda for that government, whose mere existence will not end sectarian violence. This plan is not partition -- in fact, it may be the only way to prevent violent partition and preserve a unified Iraq.

To be sure, this plan presents real challenges, especially with regard to large cities with mixed populations. We would maintain Baghdad as a federal city, belonging to no one region. And we would require international peacekeepers for other mixed cities to support local security forces and further protect minorities. The example of Bosnia is illustrative, if not totally analogous. Ten years ago, Bosnia was being torn apart by ethnic cleansing. The United States stepped in decisively with the Dayton Accords to keep the country whole by, paradoxically, dividing it into ethnic federations. We even allowed Muslims, Croats and Serbs to retain separate armies. With the help of U.S. troops and others, Bosnians have lived a decade in peace. Now they are strengthening their central government and disbanding their separate armies.

At best, the course we're on has no end in sight. At worst, it leads to a terrible civil war and possibly a regional war. This plan offers a way to bring our troops home, protect our security interests and preserve Iraq as a unified country. Those who reject this plan out of hand must answer one simple question: What is your alternative?

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The writer is a senator from Delaware and the ranking Democrat on the Foreign Relations Committee.

General: Iran Training Shiite Insurgents (AP)

By Lolita C. Baldor

AP, August 23, 2006

The Iranian government is training and equipping much of the Shiite insurgency in Iraq, a senior U.S. general said Wednesday, drawing one of the most direct links by the Pentagon.

Brig. Gen. Michael Barbero also said it was too soon to tell if the latest security crackdown in Baghdad has proved successful.

Barbero said it is a "policy of the central government in Iran" to destabilize Iraq and increase the violence there.

"I think it's irrefutable that Iran is responsible for training, funding and equipping some of these (Shiite) extremist groups and also providing advanced IED technology to them," Barbero said. "IED" refers to the improvised explosive devices — roadside bombs — that have caused much death and destruction in Iraq.

Barbero, deputy director of operations for the Joint Chiefs of Staff, said it would be inappropriate to specify when, where and how many Iranians have been training Iraqi insurgents.

Defense Secretary Donald H. Rumsfeld and other U.S. military leaders have talked about Iran's funding of the insurgency, but generally have been reluctant to directly blame the Tehran government.

Barbero said there continue to be problems policing the borders, particularly the one between Iraq and Syria, as Iraqis construct forts and slowly build up their own border patrol forces.

While some incidents of violence have declined a bit in Baghdad, Barbero said it is too early to tell if U.S. and Iraqi forces are winning the war there.

"After several weeks, we're not ready to make an assessment," he said.

Despite a recent buildup, Barbero said the Pentagon still intends to reduce the number of troops in Iraq as conditions improve and the Iraqis take over more control of their security.

Critics who question whether the U.S. military has a plan to win the peace in Iraq point to recent announcements increasing the number of American troops there — more than three years after the war was launched.

In recent weeks, the U.S. has increased the number of troops there from a low of about 125,000 in June, to the current level of 138,000 — all part of an effort to stem the escalating violence in Baghdad.

On Tuesday the Marines announced they will involuntarily recall thousands of Marines to active duty to fill positions largely in Iraq and Afghanistan. No more than 2,500 would be brought back at any one time.

The recent moves will make it difficult for the military to meet its previously stated goal of decreasing the number of troops in Iraq to about 100,000 by the end of the year.

The latest call-up, is "a warning that valuable resources are being misspent on the conflict in Iraq rather than being sent to the front lines in the war on terrorism," said Rep. Ike Skelton, the top Democrat on the House Armed Services Committee.

'Shiite Giant' Extends Its Reach (WP)

By Ellen Knickmeyer

The Washington Post, August 24, 2006

KUFA, Iraq -- Pumping their fists in the air, the men and boys inside the colonnaded mosque shouted their loyalty to Shiite Muslim leader Moqtada al-Sadr. "Hasten the coming of the Mahdi!" thousands chanted in the baking sun of the open-air mosque, summoning the central religious figure of Sadr's movement. "And curse his enemies!"

Booming loudspeakers outside the mosque echoed the devotion of Sadr's followers converging for Friday prayers last month in Kufa, the cleric's spiritual base outside the Shiite holy city of Najaf. "Moqtada! Moqtada!" martial male voices intoned over the loudspeakers in rhythmic cadence with the footsteps of the gathering worshipers. "Even the child in the mother's cradle cries: 'Moqtada! Moqtada!' "

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Sadr's followers answer as one when his movement calls them, and his organization of social, religious, political and military programs -- as well as the young clerics, politicians and fighters around him -- has become the most pivotal force in Iraq after the United States.

Millions of Sadr's supporters turned out in December elections to give his movement the largest bloc in parliament, which in turn put him in control of four government ministries. Thousands of male followers abandoned their homes and jobs when a bomb destroyed a Shiite shrine in Samarra on Feb. 22, rallying at Sadr headquarters on a night and day of retaliatory bloodletting that plunged Iraq into sectarian war.

While opposition to the U.S. military presence in Iraq remains one of its core tenets, the Sadr movement's militia, called the Mahdi Army, took heavy casualties in two military uprisings against better-armed, better-trained U.S. forces in 2004. Today, according to Sadr leaders and outside analysts, the movement is husbanding its strength and waiting for American troops to go.

Sadr "clearly is the most potent political figure, and the most popular one," in Iraq, said Joost Hiltermann, Middle East project director for the Brussels-based International Crisis Group. "Unless directly provoked, Sadrists will lay low, because they know the Americans' time in Iraq is coming to an end," he said. "Why would they risk another major loss of fighters if it's not necessary? Americans in their eyes are already defeated -- they're going to leave."

In the plainly furnished front room of his simple house in Najaf, one of Sadr's top aides agreed.

"The first time the Sadr trend fought them, it was forced on us," said Riyadh al-Nouri, a brother-in-law of Sadr's, reflecting the movement's belief that American military and civilian leaders provoked the confrontations with the cleric's followers in 2004. "We had no choice. Sayyid Moqtada didn't want to fight," Nouri said, using a religious honorific for Sadr. "This time, it might be the people who are mad and upset who would do this again. But as of now, in terms of orders from the Sadr trend, it doesn't call for these things."

"Until now, the Shiite giant has not begun to move. But if things come to a dead end," Nouri added, Shiite religious authorities "could take a decision to move him. It depends on them."

"Until now, they have patience," Nouri said.Building a Movement

The movement that Sadr now leads took shape in the seminaries of Najaf, a theological center of the Shiite world, as clerics in the second half of the 20th century sought to counter what were then growing secular and nationalist movements in the Arab world. Sadr's own work since the U.S.-led invasion builds upon the social and health programs for Shiite poor begun by his father, Grand Ayatollah Mohammed Sadiq al-Sadr, in the 1990s. Sadr's father died with two of his sons in 1999, in an assassination believed to have been ordered by Iraqi President Saddam Hussein.

The Sadr movement's ultimate goal is a "united Islamic state," Bahaa al-Araji, a senior lawmaker in the Sadr political bloc, said in an interview. In Baghdad's Sadr City and other areas under Sadr's control, women uniformly cover their hair with scarves in the style of conservative Muslims. Islamic scholars operating with Sadr's office help arbitrate divorces, inheritances and other social matters in accordance with religious law. And fighters claiming to be part of Sadr's Mahdi Army -- named for a figure some Muslims believe will usher in an era of justice and true belief just before the end of time -- enforce a stringent Islamic code that includes the prohibition of alcohol and help enforce the orders of extrajudicial Islamic courts.

The movement is highly structured, largely along the lines of the Lebanese Hezbollah organization, building for its followers a state within a state while also acquiring a share of power in Iraq's formal government. Sadr, like Hezbollah, built popularity in part by providing social services such as health care. Because he controls the Health Ministry, and with it the hospitals and clinics of Iraq, his followers bear their children in public hospitals decorated with posters of the young cleric. They go to their graves washed by workers of a Sadr charity at a sprawling Shiite cemetery in Najaf, at a cost of 5,000 dinars, about $3.40, one-fifteenth of what grieving families outside Sadr's network pay. Sadr also sponsors the God's Martyr Foundation, which supports veterans and the families of fighters who are killed.

Under a tithing system followed by Sadr's movement and many other mainstream Shiite groups, those who are financially capable give one-fifth of their income, capital investments or both to their religious leaders.

At Sadr's busy headquarters in Najaf last month, a steady stream of men poured in to sign up for a Sadr recruitment drive in the name of rebuilding the Samarra shrine. Younger men offered their labor. Other followers offered cash, including a proud grandfather who prodded forward a toddling grandson clutching two crisp U.S. $5 bills.

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Describing the method of building Sadr's organization, Araji said, "We now see resistance should be political, and not military."Avoiding Confrontation

Sadr's relationship with the occupying U.S. forces has been hostile, and at times violent. In early 2004, L. Paul Bremer, then the top U.S. administrator in Iraq, declared Sadr an "outlaw." Bremer's spokesmen announced a murder warrant accusing Sadr in the stabbing death of a fellow Shiite cleric. Sadr's forces battled against the U.S. military in Sadr City, Najaf and across the south that year. But in elections in 2005, Sadr's movement participated in the political process and, along with other Shiite parties, claimed power and became part of the government.

Today, Sadr's movement remains wary of the U.S. forces now trying to impose order on chaotic Baghdad. Mahdi Army fighters openly operate checkpoints in Sadr City and elsewhere, standing at intersections and positioning themselves between two lanes of traffic on Sadr turf, scanning each car for strangers. They have sometimes taken Sunni Arab men away for detention or execution, according to Sunni witnesses. But they hide their weapons from American eyes, tucking pistols in waistbands under their shirts or hiding automatic rifles behind doorways.

When U.S. patrols roll into Sadr City, Mahdi Army patrols melt away. Last month, as Capt. Troy Wayman, one of the commanders of the tiny U.S. force overseeing training of the Iraqi army unit in Sadr City, led one of the small daily U.S. convoys through the district's streets, Mahdi Army fighters faded from view.

A Mahdi Army member in civilian clothes, standing in Sadr City 's main road at an informal checkpoint, caught sight of Wayman's approaching Humvees and scuttled out of sight, disappearing into the crowds of men watching the Americans.

As Wayman visited what were supposed to be Iraqi army checkpoints in Sadr City that morning, the first stop showed not a single soldier of Iraq's regular army at his post monitoring passing cars for bombs, kidnappers and the like.

Tensions have risen in recent weeks, but both Sadr and U.S. commanders have so far avoided the kind of open challenge that could lead to another confrontation. As sectarian violence intensified last month, U.S. forces again began moving against specific targets in Sadr City and elsewhere. U.S. commanders were careful to say they were targeting only "criminals" behind suspected death squads, not renewing a fight against the Mahdi Army.

An official of Sadr's movement who identified himself as Abu Hassan al-Thahabi said last month that leaders of the organization had generally ordered restraint. He spoke to a reporter after a bombing that killed at least 66 people on a crowded street in Sadr City. His hands still black with soot and grease from pulling out dead and wounded after the bombing, Thahabi said: "If the leadership says fight, we will fight. If they say no, we will not fight."Rivals and Allies

At the time of the U.S.-led invasion in 2003, Sadr's militia did not exist. Today, his army numbers tens of thousands. In 2004, Bremer issued a vague order aimed at the Mahdi Army stipulating that militias should be disbanded at some unspecified date. The order set rules under which militias could keep working in the meantime.

The militias rapidly infiltrated key government agencies. Sadr's movement was not alone; it worked in parallel with another Shiite movement, the Supreme Council for the Islamic Revolution in Iraq, headed by Abdul Aziz Hakim.

Hakim's militia is known as the Badr Brigade. Its members largely took control of the Interior Ministry after the 2005 elections, building commando and other police forces. They are better organized and better armed than the Mahdi Army, thanks to decades of Iranian backing when it opposed Hussein. The Mahdi Army tended to supply the rank and file among Iraq's new police forces, rather than commanders. Together, the two Shiite militias infiltrated into Iraq's security forces thousands of people whose loyalty is to the religious parties rather than the national unity government.

In addition, Sadr's four ministries control 70,000 uniformed, armed men who are part of a government agency known as the Facilities Protection Service, according to the Interior Ministry. U.S. military commanders acknowledge that the agency has mushroomed to more than 140,000, largely outside American notice. A top former U.S. military commander has said militia fighters under the Facilities Protection Service are tied to kidnappings, execution-style killings and other crimes.

Both movements can also field thousands of armed civilian men in a matter of hours. Hakim, the leader of the Supreme Council, boasted to his followers in December that he could muster 200,000 militia fighters.

The Sadr movement claims more. "All Iraq is Mahdi Army," said Thamara al-Fetlawi, a civilian leader of the God's Martyrs Foundation, which cares for the families of slain and wounded Sadr militiamen as well as offering broader social services to followers of Sadr.

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Fetlawi, like some other Sadr officials, rejected the definition of the Mahdi Army as a militia, apparently as a tactical move against any future efforts to disband the militias. Instead, he called it "the people's army," suggesting ordinary men who spontaneously grab their own weapons and respond when need and Shiite clerics call. The weapons seen by Washington Post reporters in Sadr City on the night of the Feb. 22 Samarra bombing included grenade launchers and heavy machine guns.

Sadr's Mahdi Army and the Supreme Council's Badr Brigade -- rivals that fought deadly battles in power struggles in the predominantly Shiite south last year -- cooperate when their interests overlap. In the turbulent days after the Samarra bombing, Sadr and Badr militiamen marched openly in a Shiite neighborhood of central Baghdad, each carrying banners declaring their battalion and brigade designations within their militias.

American officials have called the Shiite militias a danger to the Iraqi state. But the United States has yet to tackle what it and the Iraqi government say is their goal of dismantling the militias. In a congressionally mandated report last month, the State Department said that "a plan is being developed to assist Iraqi leaders" in breaking up the militias of the governing Shiite religious parties.

A more ominous warning came recently from the departing British ambassador to Iraq, William Patey, in a cable that was leaked. "If we are to avoid a descent into civil war and anarchy, then preventing the Jaish al-Mahdi from developing into a state within a state, as Hezbollah has done in Lebanon, will be a priority," Patey wrote, using the Arabic term for Mahdi Army.'Claiming to Be the Mahdi Army'

Top U.S. officials and leaders of the Sadr movement both say many of the gunmen claiming to be in the Mahdi Army are increasingly operating outside Sadr's control. Nouri, Sadr's brother-in-law, and others blamed rogue elements and impostors for escalating killings and kidnappings since the Samarra bombing. Many of the attacks since July have focused on driving Sunnis from predominantly Shiite neighborhoods of Baghdad.

"I will say that evil exists in every sect and every place," Nouri said in the interview at his home in Najaf. "And also good exists. Just like with the Jews and the Christians, it is so in Islam.

"They might be gangs claiming to be the Mahdi Army and doing these bad things. But they don't believe in the doctrine, they only do what they want and wear clothes of the Mahdi Army. They do not follow the guidance of the leaders," Nouri said. "They are exposed when there are orders from the high command to sit and do nothing and still they do their acts. Anyone who is not following such orders from the Sadr office is not a member of the Mahdi Army."

"After the Samarra bombing, it seems there were major reprisals organized for large part in Sadr circles," said Hiltermann, of the International Crisis Group. "Moqtada himself was very clear no revenge should be taken. It's not clear whether he was simply not listened to, or was giving a double message -- one to the outside world, one to followers."

Unable to figure out Sadr's militia or approach him on political terms, Americans have been frustrated in their hopes of reining in the Mahdi Army, as well as the Badr Brigade.

"It would be a whole lot easier if these armed illegal groups had a coordinated structure with a clear headquarters," a Western diplomat in Baghdad said last month in response to questions about why no progress had been made on U.S. and Iraqi pledges to disband the militias. Ultimately, Hiltermann said, the Mahdi Army, as well as the Supreme Council and both groups' Sunni rivals, need only bide their time, until growing opposition to the war among the American public brings U.S. troops home.

"Then, the real struggle begins," Hiltermann said.

He Shows Mercy To The Dead (LAT)

By Jeffrey Fleishman And Suhail Ahmad

The Los Angeles Times, August 24, 2006

BAGHDAD — They arrive in borrowed wooden coffins. He lifts them to his marble slab, cuts away their clothes, stuffs their wounds with cotton. He lathers and then rinses them with a hose that runs like a tiny river, carrying away blood and shrapnel and grit. He sprinkles them with rosewater, wraps them in white linen. He sends them to the grave.

Najim Abid works in solitude, in a place where the deeds of men intersect with the grace of God. Islamic custom requires the dead be cleansed before burial. Abid's hands are white and raw; he has washed too many bodies, yet the coffins don't stop. They never seem to stop.

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"I've washed clergy, doctors, policemen, soldiers, laborers and painters," says Abid, 44, a slight man with the whisper of a mustache. "I've washed Sunni and Shiite. This sectarian violence touches everyone. Once came a child of 12 killed in a mortar attack. They are all dear to me. They are all Iraqis."

To visit Abid's washing room is to see how brutal and battered Iraq has become. In July, Baghdad recorded more than 1,800 violent deaths: husbands snatched, tortured and beheaded; wives incinerated in market stall explosions; worshipers gunned down in front of mosques; the throats of laborers slit in the orchards. Children die too, or they are left without a parent, like the boy the other day who ran through the smoke of a suicide bomber to find only his father's twisted motorcycle.

"We curse the devils for all this death," Abid says.

He is meticulous, and sometimes reticent, when he speaks of the dead, as if he holds the secrets of all those who have passed through his hands.

Abid used to wash a few bodies a week; now, with coffins moving like rickety caravans down his alley, he receives as many as six a day, some collected from morgues, others taken from hospitals. His father was a washer before him, and Abid, a government clerk in Saddam Hussein's time, took over when the old man grew frail. The pay is small; he receives whatever a grieving family can afford, usually $10 to $30 a washing.

"To wash a fellow Muslim is an honor recorded by God," he says. "Today, I had two people killed by bombs. I hope this violence is just a passing black cloud. What I am seeing is the innocent and the poor who have committed no sin, yet they end up like this."

Cleansing the dead, like washing one's hands before prayer, is symbolic. It brings purity before God. It is an intimate act, carried out by a stranger, a man who will burn the bloody clothes, offer spiritual comfort to a widow, a brother, a cousin. There is modesty too. Abid washes only men, and when he does, he covers their genitals with a cloth.

Then he takes a loofah and greenish-brown soap. He begins: moving along the right side from leg to arm and over the shoulders and head and then coming down the left side before turning the body over and washing again.

"The bloodstains don't always come off with the first foam," he says. While he washes, he chants: "God is the greatest, there is no god but God. Our thanks are all to God." Relatives are permitted in the washing room. Many don't come. "It's hard to see a wound or a piece of head broken away," Abid says.

Families bring new towels — a final, small gesture of love. Abid dries the body. He measures white linen, running scissors through it and wrapping the body from head to toe, tying it with four sashes. He sprinkles it with rosewater or maybe a man's favorite cologne. Many families bring vials of Zamzam water, drawn from a sacred well at Mecca, where every Muslim able to do so is required to make a pilgrimage at least once.

"Sometimes with a body I feel relaxed and almost calm when washing," he says. "You feel he is close to you. But other times, you just want to finish up quickly. Why I feel one way or the other is a mystery. It must be something related to the dead man himself. Maybe during his life he was good-hearted and had no bitterness in his soul. Maybe that comes through."

The body is taken from the washing room to the nearby mosque. Quick prayers are recited, and Abid watches as the coffin is loaded on a car or minibus and driven to the graveyard, where the body is removed from the coffin and laid in the earth. At dusk, when the dirt is tamped and the final prayer is said, the coffin, bearing faint bloodstains of bodies it has carried before, is returned to the neighborhood mosque to be used again.

"When the dead one is carried away, I try to forget about him," Abid says. "Maybe it is a blessing from God that I don't remember them all. But the wailing families and the beating of chests, I don't forget these."

There are some among the dead that Abid doesn't wash. They are the martyrs, the ones who died for the glory of God. But these days in Iraq, someone's martyr is another's terrorist. Abid is not political. He does not judge. He knows the Koran, and he knows what he sees in front of him when he begins his task.

"The real martyr is pure, even his dust-covered clothes are sacred, and this is how he should face his God," he says.

Abid often mentions God. When the towels are folded, and his apron is hung, God is there. Abid believes this. He believes that without God, the washing room would only be a place of blood and water. "God sees what I do."

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He looks at his hands. They smell of soap and rosewater, masking death; the skin has been scrubbed so much that it seems an imperceptible layer has been worn away. One would expect his hands to be as smooth as river stones, but they are coarse and strong, like the hands of a carpenter.

Not long ago, the body lifted out of the coffin and onto Abid's slab was that of a cousin. The man sold pickles in Baghdad, and one afternoon while he was sitting in his car, insurgents opened fire and drove away. They shot him many times, and Abid twisted much cotton into the bullet holes to stop the blood, wondering what harm a pickle seller could do to anyone.

Fleishman was recently on assignment in Iraq.

Marine Called Haditha Shootings Appropriate (WP)

By Josh White

The Washington Post, August 24, 2006

A sergeant who examined the scene hours after Marines killed two dozen Iraqis in Haditha last year said the shootings appeared to be an appropriate response to a coordinated insurgent attack, according to a sworn statement obtained by The Washington Post.

Sgt. J.M. Laughner, part of a Marine human-intelligence exploitation team that was hunting down insurgent bombmakers, went from house to house in Haditha on Nov. 19, 2005, and acknowledged finding two dozen bodies, including some of women and small children.

But Laughner said the scenes of the slayings appeared to match the version of events the Marine squad provided that day and did not seem especially out of the ordinary, according to a transcript of Laughner's interview with military investigators in March.

Laughner's account supports the argument made by some Marines in Kilo Company, 3rd Battalion, 1st Marines -- that they believed they were following their rules of engagement when they opened fire on groups of people inside at least three homes after a roadside bomb killed a member of their unit. Several Marines are under criminal investigation in connection with the civilian deaths that day, but no one has been charged.

Laughner's statement, although just one viewpoint, is further evidence that Marines who were on the ground that day viewed the civilian deaths as accidental rather than the result of a vengeful rampage.

The transcript was provided to The Post by someone who is sympathetic to the enlisted Marines facing scrutiny for the shootings, which Rep. John P. Murtha (D-Pa.) has characterized as a coldblooded massacre. Laughner's full name is not used in the interview, and efforts to locate the Marine yesterday by telephone were unsuccessful. It is not clear whether Laughner has an attorney.

In a 34-minute interview with two colonels, Laughner described taking pictures of each of the bodies while moving from room to room in three houses, as the Marines described what happened in each circumstance. The Marines told Laughner they had taken fire from the houses and believed they heard people "racking AK-47s" -- preparing to fire the automatic weapons.

The Marines then "cleared" the rooms using fragmentation grenades and rifle shots. Two other accounts given by lawyers for Marines in the unit are consistent with the version Laughner heard from the Marines involved in the incident on Nov. 19.

Laughner also said that 30 Jordanian passports and large amounts of cash were found in a home near the shooting scenes.

One investigator asked Laughner if there was anything about the number of civilian victims or the circumstances of the casualties that gave reason to pause and "say jeez."

"Any time you see women and children, sir, I thought that," Laughner said. "But from what the Marines had told me and from what I understood from them, that I can't say I wouldn't have done the same thing in their situation. If I hear somebody racking AK rounds, and I don't know how many guys are there, I'm going to protect me and my guys."

Laughner also said that leaders within the Marine company were informed almost immediately about the casualty count, and that battalion officers were also made aware of the situation quickly. According to a similar transcript disclosed in The Post last week, Lt. Col. Jeffrey R. Chessani, commander of the 3rd Battalion of the 1st Marines, told investigators that he viewed the civilian deaths as "very unfortunate" but did not suspect wrongdoing.

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The colonels interviewing Laughner focused several questions on a white vehicle that approached the Marine convoy just after the roadside blast. The car, which has been a significant subject in both an investigation of leadership failures and the ongoing criminal probe, could figure prominently in any charges lodged against the Marines.

Laughner said five military-age men appeared to have been killed as they ran from the vehicle, which stopped in the middle of the road near the convoy -- a spot that could be considered threatening.

"It made sense, that they had ran out of the car and then they engaged," Laughner said. When asked if anyone ever hinted that the situation that day was considered inappropriate or if something bad had happened, Laughner answered: "No, just that a Marine died. That is the only bad thing."

Marines Recalled After Leaving Military (AP)

By Thomas Watkins

AP, August 23, 2006

After spending six months in Iraq, Marine reservist David Morgan figured he was done patrolling the dangerous streets and could focus on building his biotech business.

He may be wrong.

Now Morgan could be returned to active duty as part of the first involuntary call-up of reservists since the early days of the war.

"It would be devastating to my career," said Morgan, 37, vice president and general manager of Irvine-based US Labs, a medical diagnostic company with 700 employees.

The call-ups, announced Tuesday, will begin in the next few months. Most of the Marines are expected to serve in Iraq and Afghanistan.

No more than 2,500 Marines will be recalled at any one time, but there is no cap on the total number who may be forced back into service for up to two years.

Morgan, a lieutenant colonel, said he believes in the U.S. mission in Iraq, but fears another deployment would hurt his company.

"We have a highly specialized work force," Morgan said. "If leaders leave, workers could get skittish."

The call-up will affect Marines in the Individual Ready Reserve, a segment of the reserves that consists mainly of those who have left active duty but still have time remaining on their eight-year military obligations.

In Columbia, Mo., Marine families are buzzing with questions about the latest call-up order, said Tracy Della Vecchia, who oversees MarineParents.com and whose son is in the ready reserve.

"You think you're done," said Della Vecchia.

She's also concerned that problems may be brewing elsewhere in the world — perhaps in North Korea. She says people "never know the whole story until it hits us front and center."

Her son, Derrick Jensen, is a 23-year-old Marine who has already seen three tours of combat duty as an infantryman and communications specialist, including stints in some of Iraq's most volatile war zones. He still has three years remaining on an eight-year contract.

Even though Della Vecchia and her son knew he made a long-term commitment, neither was prepared for the roller coaster of emotions created by repeated trips to the battlefield.

"He was home. He was starting his life. He was going to make up for four years of lost time, catch up with his friends and his wife," she said.

Jon Soltz, an Iraq war veteran and chairman of Votevets.org, said the recall is a sign that troops are drastically overextended and it is "the last thing that happens before the draft."

Paul Hackett, an attorney from Cincinnati thinks his background as a civil affairs specialist makes him a prime candidate for an involuntary recall, as there is a shortage of Marines like him. Two weeks ago, he received a packet from the Navy requesting updated information for a security clearance — a sign, he believes, that a recall order could be coming.

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Hackett, a major, returned in 2005 from a combat tour in Iraq. Soon after, he ran unsuccessfully as an anti-war candidate in a key Senate race.

If he is forced back to Iraq, Hackett, 44, said it would be hard to be away from his wife and three young children, but he wants to fight with his fellow Marines.

"Even in this miserable excuse of a war that this administration has gotten us into, the Marine Corps is a great operation," he said.

Jerrad Pokora, 25, of Jacksonville, N.C., said while he was on active duty there were constant reminders that Marines faced involuntary recall after leaving active duty.

"It shouldn't be a surprise," he said. "It might inconvenience somebody, but you should know about it."

US Marine Call-up Signals A Long War (CSM)

By Brad Knickerbocker

The Christian Science Monitor, August 24, 2006

With the "global war on terrorism" in Afghanistan and Iraq now well into its fourth year, the strain is starting to show on US troop levels.

The Marine Corps announced this week that it will involuntarily activate 2,500 reservists.

Briefing reporters Tuesday, Col. Guy Stratton, head of Marine Corps manpower mobilization, acknowledged that "this is going to be a long war" and that there is "clearly a need" for more marines in Iraq and Afghanistan. In essence, Col. Stratton said, there have not been enough volunteers among those in the Individual Ready Reserve (IRR) - marines who served four years on active duty but are eligible for recall for the next four years.

The Marine Corps call-up follows a pattern in military manpower in recent years.

Some of those in uniform are on their second or third deployment to the war zones. From time to time, the Army has had to recruit more soldiers from the "lowest acceptable" category based on test scores, education levels, personal background, and other indicators of ability. Some military recruiters - always under pressure to produce - have been reprimanded for illegally inducing clearly unqualified young men and women into signing up. "Citizen soldiers" in the National Guard have played an extraordinarily large role on the ground in combat areas.

To some experts, the call-up of Marine Corps reservists indicates that the war is likely to last longer and be more hard-fought than earlier official predictions.

"The most significant dimension of this to me is that it says there are no longer any rosy assessments about how things are going in Iraq and Afghanistan," says retired Air Force Col. Sam Gardiner. "The call-up suggests the Pentagon envisions current troop levels in Iraq through the summer of 2008, with these guys going in the summer of 2007 for one year."

Troop strength in Iraq today is back up to 138,000, notes military analyst John Pike of globalsecurity.com, a research and consulting firm specializing in security issues. "All that happy talk earlier this year about getting below 100,000 by the end of this year now seems premature."

At the Pentagon and within the military services, the debate over necessary troop levels in Iraq has raged both quietly and sometimes, not so quietly, with senior officers arguing for a more robust force and Bush administration civilians wanting to reduce American forces there as soon as possible.

Some observers note that calling up marines with their ever-ready image is less politically fraught than activating more National Guard troops, who tend to be older and more established in their communities. Recalled marines are entitled to five months' additional training.

"I would expect our National Guard soldiers and their families are wondering more than ever how soon they may be called up again," says retired Navy Capt. Larry Seaquist, who notes that individuals from the Army and Navy reserves have been recalled to active duty and sent to Iraq as well.

This latest recall of reservists may indicate problems in Marine Corps morale, according to some observers.

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"Marine Corps spirit is legendary," says retired Army Col. Dan Smith, now a military analyst with the Friends Committee on National Legislation in Washington. "But ... IRR members probably have been in Iraq or Afghanistan two, three, even four times already, and they feel they have done their duty, taken their share of the risks."

Following a serious shortfall last year, the Army now predicts that it will meet its 2006 recruiting goal. But the Army, too, has had to mobilize several thousand soldiers from its ready reserves. It's also issued "stop loss" orders for several thousand troops, extending their tours in Iraq.

Meanwhile, an Alaska-based Army "stryker" brigade recently was extended for four months in Iraq to address the growing violence in Baghdad.

Surface Aid For The U.S. War On Terrorism (VAPILOT)

By Kate Wiltrout

Norfolk Virginian-Pilot, August 24, 2006

WILLIAMSBURG - The training is foreign to most of the 450 Navy reservists preparing for customs duty in Kuwait and Iraq: driving Humvees, shooting pistols and M-16 rifles, learning riot control.

It's especially strange to the 102 members of the Navy's submarine reserves who make up almost a quarter of Navy Customs Battalion Romeo.

The unit heads to Camp Arifjan, Kuwait, in early September for a six- to seven-month rotation inspecting the vehicles, equipment and personal belongings of U.S. military units leaving Iraq.

This will be the first group deployment of submarine reservists in support of the war in Iraq. Most of the battalion will stay in Kuwait, but about 40 sailors will work at a U.S. base in Iraq.

The 1,600 members of the submarine reserve typically fulfill their annual duty doing maintenance on submarine tenders in Italy and Guam, or repairing and guarding submarines in U.S. ports.

The idea of including submarine reservists came from Rear Adm. Jay DeLoach, the Norfolk-based deputy commander of the U.S. Atlantic Fleet's submarine force.

DeLoach contacted the commanding officer of the Navy Expeditionary Logistics Support Group in Williamsburg to volunteer the submarine reservists for the mission.

The support group, based at Yorktown Naval Weapons Station's Cheatham Annex, has trained and mobilized more than 1,200 reservists for customs duty since the Navy took over the mission in early 2005.

"At a certain period in time, their resources are going to be tapped out," DeLoach said Tuesday while visiting sailors who were practicing with 9 mm pistols at a Fort Eustis shooting range. "We have a limited opportunity, from a visible point of view, to contribute to the war on terror."

DeLoach said he's spread the word to the submarine reserves that the deployment is not an anomaly. He told Rear Adm. Henry "Hank" Tomlin III, commanding officer of the expeditionary logistics support group, that he would commit at least 50 undersea reservists to each future Navy customs battalion.

Why put submariners on land?

"They're not front-line troops," DeLoach said. "But somebody has to do the support mission." He said submarine reservists had been asking him how they could do their part.

Petty Officer 2nd Class Aaron Curtiss, who finished a five-year hitch in the Navy last year, said he thought he'd be one of the only submariners in the battalion. He was surprised - and proud - when he got to Williamsburg for four weeks of training and discovered others with undersea experience.

Petty Officer 2nd Class Cornell Evans also wears the insignia of the submarine service on his uniform. "I'm really big on my dolphins," said Evans, now a corrections officer in New York City, referring to the two dolphins on his submarine patch. "I'm proud. It's a fraternity."

Both said there's a little bit of ribbing between surface and undersea sailors, but they're enjoying the exposure to sailors with different backgrounds and are excited to contribute to the war effort. That feeling pervades the unit. The battalion encompasses

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reservists from across the country, including a Texas preacher with 12 grandchildren and a Virginia Beach mother leaving behind a 3-year-old and a 10-month-old.

Petty Officer 2nd Class Evelyn Sellers, who works as a teller at a Bank of America branch in Virginia Beach, dreads saying goodbye to her children.

Coming off the shooting range, though, Sellers said the training was good and she's part of a gung-ho team.

"It hurts my heart," Sellers said of being away from her children. "But I signed up for this."

Hussein On Trial For Infamous Gas Attacks (CSM)

By Dan Murphy

The Christian Science Monitor, August 24, 2006

Saddam Hussein, still awaiting the verdict from his first war-crimes trial, this week is again before Iraq's special criminal tribunal, where prosecutors are seeking to prove the most difficult charge in international criminal law: Genocide.

"It's extraordinarily difficult to prove genocide," says Michael Scharf, a Case Western University law professor who helped train judges and prosecutors participating in the Iraqi Special Tribunal. "I believe the Iraqi investigating judges reached the conclusion that if they didn't make the attempt to prosecute him for genocide, he would go down in history as a minor thug and not as a Hitler or a Pol Pot."

Mr. Hussein and six aides are charged in a new trial with crimes connected to his regime's most infamous atrocity. The Anfal Campaign, named after a chapter in the Koran usually translated as "The Spoils of War," led to the deaths of more than 100,000 people - mostly Kurds - according to Human Rights Watch.

The aim was to depopulate a swath of Kurdistan where separatists thrived.

Prosecutors appear confident that they will be able to prove the charge of genocide. In remarks on the opening trial day on Tuesday, lead prosecutor Munqith Farun alleged excesses so great that "it was as if genocide was not enough" to the perpetrators.

But Mr. Scharf says winning a genocide conviction "will be a close call" unless documentary evidence is produced that at least part of Hussein's intent was to destroy the Kurds - rather than to neutralize regime opponents. While Scharf thinks the other charges, like crimes against humanity, will be proven, the fight over the genocide charges is likely to be hard-fought from both sides. "There is no defense they can come up with that justifies the use of chemical weapons on civilians, and his lawyers know that," says Scharf. "But one of their main agendas here is to make sure that Saddam does not go down in history as the first head of state convicted for genocide."

Scharf points out that if Hussein is not convicted of genocide, he could still be convicted of lesser crimes sufficient for life imprisonment or execution.

From 1987 to 1989, and under the command of Hussein's cousin Ali Hassan al-Majid, Iraqi forces bombarded villages with conventional and sometimes chemical weapons then swept through on the ground, rounding up and killing surviving men, and, in some cases, forcing families out of the region, replacing Kurds with ethnic Arabs.

Up to 2,000 villages were razed, and at least 40 chemical attacks recorded. Though the campaign formally opened in 1988, operations with the same objectives began as early as late 1986.

So far, the prosecution is building slowly, with eyewitness accounts from survivors of early attacks.

While in the first trial, in which Hussein was accused of ordering 148 people murdered in Dujail village in reprisal for a 1982 assassination attempt, witness names were withheld and they testified from behind curtains. But witnesses in the Anfal trial, who live in much safer and autonomous Kurdistan in northern Iraq, have confronted Hussein directly.

"My complaint is against Saddam Hussein, Ali Hassan al-Majid ... and everyone in that box," said Adiba Ola Bayez, gesturing to the enclosure where the defendants sit during the trial. "May God blind them all."

Ms. Bayez is a survivor of an August 16, 1987, chemical attack on the village of Balisan. She provided a frightening account of fleeing to a bomb shelter in town, but realizing something was wrong when she noticed a strong "rotten apple" smell. Soon after, she and her five children began vomiting, then went temporarily blind.

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Shortly after the attack, she and other survivors were taken to a prison camp, where four victims of chemical poisoning died in front of her.

She said 29 Belisan residents were herded into a bus by Iraqi forces, and were never seen again. While at the camp, her husband's uncle was also taken away. "Anfalized," she said, using the Kurdish term for the thousands who were secretly executed in those days. "Anfalized with the other men."

The documentary evidence that all this did occur is overwhelming. Testimony from thousands of survivors has been gathered over the years, as have video and photographic records of the aftermath of the attacks.

Iraqi government records, now with prosecutors, also detail the campaign.

The defendants - among them Mr. Majid, who came to be known by regime opponents as "Chemical Ali" for his use of sarin nerve gas and mustard gas on villagers - are expected to argue that the use of force in Kurdistan was appropriate in the context of Iraq's then-raging war with Iran, pointing out that Kurdish rebel units were aided by the Iranians.

Defense lawyers have indicated the men will contend that civilian casualties were regrettable accidents during offensives against rebels.

On Wednesday, the defense alleged that all civilians had been evacuated from the area at the time, and that all who remained were Kurdish rebels, often called peshmerga.

They are also likely to point to the international support Hussein's Iraq received at the time, including from the United States, which was aware of his use of chemical weapons against Iran in the 1980s but continued to support him, hoping to keep the Islamic Republic in check.

Scharf anticipates that the defense will seek to disprove the genocide charges by framing the offensive "not as an attempt to destroy [the Kurds] as a group, but rather to remove them from territory that was being used as a base of insurgency by people who were allied with his enemy Iran."

Scharf adds that the absence of strong Western condemnation at the time may be used by the defense to argue that his tactics were seen as broadly acceptable, and that the serious charges of today are a function of politics.

Lawyers For Hussein Accuse Kurd Of Treason (NYT)

By Damien Cave

The New York Times, August 24, 2006

BAGHDAD, Iraq, Aug. 23 — Defense lawyers for Saddam Hussein accused a former Kurdish militant of treason on Wednesday, arguing on the third day of Mr. Hussein's genocide trial that chemical attacks on Kurds were legitimate acts against local militias conspiring with Iran.

The emerging strategy — evident in comments from lawyers and two of Mr. Hussein's six co-defendants — came on a day filled with continued testimony about Kurdish suffering during the Anfal military campaign against northern villages in 1988.

The court adjourned until Sept. 11 at the request of defense lawyers who said they needed more time to prepare.

On Wednesday, three middle-aged women testified for the prosecution, all wearing traditional black dresses and offering similar tales of a sweet, mysterious smell that blinded them temporarily, killed their relatives and forced them to hide in caves.

The attacks they described preceded by a few months the start of the Anfal campaign, the heart of the case against Mr. Hussein and his co-defendants. But the witnesses said that the attacks — allegedly with mustard gas or nerve agents — represented the start of a wider effort to destroy everything they had.

"I lost all my livestock, all my property, I lost all my health," said Adiba Awla Baiz, 45, a mother of five from Balasan. "I lost my sight. My children lost their sight."

She said she also lost the ability to give birth. After two miscarriages and the death of an infant, "The doctor told me my womb was affected by chemical weapons," she said.

"We were not at fault," she added. "Whoever had a hand in this is a criminal."

Another Balasan woman, Badrya Said Kheder, said nine of her family members died from a gas attack in spring 1987. At one point in court, she said she could not keep talking because she still suffered after-effects that affected her throat.

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A third woman, Bahiya Mustafa Mahmood, said she was unable to flee even to caves nearby in the first 24 hours after the attack. Trapped in her village, she tried to soothe her burning throat with milk. But it failed.

"We drank the milk, and when we vomited it was like cheese," she said.

Mr. Hussein's defense lawyers have spent little time disputing victims' claims over the past three days, the first phase of what is likely to be a long trial. Instead, particularly on Wednesday, they have suggested that dead Kurdish families were collateral damage in an effort to root out Iranian troops in the area.

Several times, the lawyers' line of questioning boiled down to a single inquiry: were there soldiers loyal to Iran in the bombed villages?

Every witness offered a response much like the one provided by Ms. Baiz. "No, no, never," she said. "I never saw anyone like this."

The questioning continued. The lawyers asked Ms. Kheder if she knew why the area was being bombed. ("There was no reason," she said. "They were just bombing us.") They asked repeatedly about shelters described by victims, suggesting that they were actually bunkers for Iranian soldiers or Kurdish pesh merga militias opposed to the Iraqi government.

The legal assault intensified after Mosa Abdullah Mosa, 50, the final witness of the day, admitted to being a pesh merga fighter at the time of two chemical weapons attacks on his village, Ichmala, one in 1987 and another in August 1988. He described harrowing scenes of death and injury, with some people's eyes falling from their sockets. Then a defense lawyer rose to declare that Mr. Mosa must have been working with Iranians because he said he was trained to cover his mouth with a wet cloth to minimize the effects of chemical weapons.

A barrage of questions followed. Had he ever fought against the Iraqi government?

"Nobody asked me to participate in a military operation," said Mr. Mosa, a father of four who now lives in Tennessee. "I was a guard in the First Brigade headquarters."

Was the militia keeping war prisoners from the Iraqi government?

"Sure, there were war prisoners," he said. "They were released."

Why raise weapons against the state?

"One goal was liberation," Mr. Mosa said, "to have Kurdish identity, democracy and peace."

Why didn't he lay down his weapons, as the Iraqi government asked?

"The amnesties were false," he said. "They were just trying to arrest us."

At one point, Ali Hassan al-Majid, known as Chemical Ali, Mr. Hussein's commander in the north at that time, stood up and asked Mr. Mosa if he knew anyone who had served in the Iraqi forces, or only people who opposed them.

Mr. Mosa said he knew no Iraqi soldiers, and Kurdish political parties governed the area. Mr. Majid concluded: "Then the state had no control at all over the area where he was."

Sabir Aziz al-Duri, a former intelligence officer and one of the defendants, offered a summary of his own. In the prelude to a question for the witness — as is allowed under Iraqi law — he said, "The Iranians and the Kurdish were joined." Iran had large headquarters in the area, he said, and he asked the witness for the address. Mr. Mosa, like all the witnesses, pleaded ignorance. "I never heard anything like that," he said.

In Baquba on Wednesday, eight people were killed, including the owner of an ice cream shop, in clashes that broke out in several areas of the city, the authorities said. A roadside bomb in Falluja, the site of several large battles between Americ an troops and insurgents, killed two Iraqi civilians, wounded four and damaged an American tank, according to the police.

In Baghdad, at least 15 people were found dead, many showing signs of torture, according to Interior Ministry and hospital officials.

An American serviceman died from his injuries after combat in Mosul, the United States military said in a statement. The Iraqi Army said it had killed one militant and arrested 29 others throughout the country since Tuesday.

Prime Minister Nuri Kamal al-Maliki also offered his most specific plans to date for the transfer of authority to Iraqi forces. Though additional American troops were required recently to secure the capital, he said Iraqi forces were on track to handle security within a matter of months.

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"Next month we will start to receive control security in the provinces, one by one," he said in a statement thanking the Interior Ministry for providing protection during a recent Shiite pilgrimage in Baghdad. "At the end of the year we will take control of most provinces."

The Muj Brothers (CSM)

By Jill Carroll, Peter Grier

The Christian Science Monitor, August 24, 2006

Abu Qarrar was young, rotund, and seemed new to the mujahideen lifestyle. He hadn't memorized much of the Koran, unlike his more senior counterparts. He sometimes sneaked glances at the women on the music-video channels when he thought no one was looking.

To show off, he would run in place, then kick his right leg in the air and fling his arms forward in an awkward demonstration of kung fu.

Abu Hassan was older, athletic, and seething with devotion to jihad. He seemed a veteran fighter - although, like Abu Qarrar, he loved the "Cat and Mouse" cartoons. Yes, they watched "Tom and Jerry."

When he was bored - which was often - he'd use his cellphone to record himself giving fake fiery sermons standing at the top of the stairs as if on a mosque pulpit. Then he'd play them back, to hear how he'd sound if he were a famous imam.

These two men were my most constant guards. They reported to Abu Ahmed, one of Abu Nour's lieutenants. Abu Ahmed was an Islamic scholar who had just finished an Arabic translation of a Henry Kissinger biography and was reading 'How to Win Friends and Influence People" by Dale Carnegie.

The two guards weren't at every house where I was held, and others came and went even when they were present. But during my captivity I spent more time with them than anyone else. They were my up-close-and-personal examples of the rank and file of the Iraqi mujahideen.

Abu Qarrar and Abu Hassan were also starkly different people, despite the fact that they called each other "brother." In this, they were symbolic of the contrasts I saw in the larger group of mujahideen.

Some members were clever; others, not so much. Some seemed dangerous; most were devout. A few were sympathetic. A few were educated. At least one of the women appeared bitter about her lot in life.

As far as I knew, all were native Iraqis.

As the weeks of my captivity turned into months, Abu Qarrar and Abu Hassan became tense and unhappy. They were bored with guard duty and tired of inaction. They became more petty and controlling toward me.

Meanwhile, I was increasingly desperate, fearful, and angry. I felt I was beginning to lose my self-control.

The result was conflict between me and the Muj Brothers which, if not for the context, might have seemed adolescent. We couldn't let little slights go. We were like animals in a cage, locked in all together.

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The Feb. 26 deadline tied to the third video came and went. The kidnappers didn't call. They didn't write. They issued no new demands. But public interest in Jill Carroll's plight didn't flag. The Monitor's Team Jill had adopted a strategy early on to take a low-key US media response. They followed the advice of experts who had analyzed The Wall Street Journal's efforts to free Daniel Pearl after he was kidnapped in Pakistan: ignore the Western media, focus on Iraqi media. The kidnappers and ordinary Iraqis who might generate tips won't be watching Larry King.

Still, Jill's abduction struck a remarkable global chord. There was a series of "Free Jill" rallies in Paris. A giant poster of her was hung from the city hall in Rome. Students at the University of Massachusetts (where Jill went to school) and at the University of Michigan at Ann Arbor (where Jill grew up) held rallies and candlelight vigils. Thousands sent donations to a fund set up to support the family of Alan, Jill's Iraqi interpreter. A jazz song was composed in her honor. Paintings and poems were sent to the Monitor offices. And prayers were said at hundreds of churches, mosques, and synagogues around the United States.

A 45-year-old man from Fremont, Calif., was one of half a dozen Americans who offered to take Jill's place. "I would like to emphasize the fact that I am definitely not suicidal nor would I relish having my life cut short....

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"I'm offering myself as a replacement for her as a hostage or even as a potential martyr for her outstanding work as a balanced and compassionate journalist," he wrote.

- P.G.

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Abu Qarrar claimed to have been part of the team that abducted me, but if he was, I didn't see him. I do remember that he was the guard who sat outside the door of my bedroom on the first night I was held.

After all, he was hard to miss, with a girth that advertised his eating habits and a tattoo of Arabic writing on his inner left arm.

He told me he was 26. At the beginning of my ordeal he was unmarried. Later, he left for a period of time for an arranged wedding to a 13-year-old bride.

He didn't know what e-mail was. He'd never seen a computer. He marveled at how a can opener worked. There were times when we got along well. But overall I thought he acted like a spoiled little boy who enjoyed his authority over another human being - namely, me.

I learned this early on. During the first full day of my captivity, he kept peeking in the door, presumably to make sure I wasn't trying to escape. I'd heard that it was best for hostages to try to make captors see them as human beings, to elicit sympathy, so I tried talking to him. I asked him to help me with my Arabic.

I would point to things, and he would tell me their Arabic names. I was open, even friendly. That turned out to be a big mistake.

You can't be that way with men in such a conservative culture. They often take it the wrong way. He began to get demanding, even assertive. At one point, the pin on my hijab came loose, and I started to pin it back up.

Abu Qarrar demanded, "No, open."

I looked down and whispered, "No."

He repeated, "Open!" He looked at me with wide eyes, very serious.

To Westerners this may sound like an innocuous exchange, but in the context of the conservative Middle East, this was a totally inappropriate advance. I needed to shut him down completely. I put my head down, held my hands in my lap, and didn't move a muscle.

Finally he left and closed the door and locked it. He returned every hour or so, and I wouldn't even look at him. I'd just sit there.

Abu Hassan I met later. He was older - about 32, I would guess - and married with children. Where Abu Qarrar was unathletic, Abu Hassan was trim and fit. He told me he'd been a gym teacher. For some reason I got the impression he'd been in Saddam Hussein's elite Republican Guard.

At first I found him to be the more sympathetic of the Muj Brothers. His age made him seem more mature, or at least more responsible. Later I saw that by guarding me, he was being confined as well. Desperate as he was for action, he would get cabin fever in minutes. Then he'd pace, reciting the fatiha, the opening chapter of the Koran.

The relationship of the Muj Brothers to each other was not one of equals. At times, Abu Hassan treated Abu Qarrar as if he were an insurgent's apprentice.

For instance, the older man taught the younger how to clear the chamber of his handgun and remove its clip. This was good for my safety, as Abu Qarrar would often point his handgun at me and pretend to shoot, for fun.

Abu Hassan used to go out at night sometimes to plant IEDs. Then in daylight he'd go out again, to detonate them. One day, when we were at the insurgent's "clubhouse," as I called it, he decided he would have to wait before leaving to set off his explosives. There were too many American soldiers in the vicinity, he said.

So Abu Qarrar decided he would act the part of the mujahideen hero. He grabbed a black-and-white checked kaffiyeh, the common Arabic head covering favored by insurgents, threw it over his shoulders in a dramatic swoop, and declared that he would set off to fight the Americans, no matter what.

Like a teacher facing a rebellious student, Abu Hassan grabbed Abu Qarrar by the shoulders and snatched away the kaffiyeh over Abu Qarrar's loud objections. The younger man wasn't going to be allowed to pick his own battles. And Abu Hassan recognized the kaffiyeh for what it was, a giant flashing sign to any US soldier that as much as said, "Shoot me! I'm a muj!"

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As my time in captivity passed the two-month mark, my morale, already low, began to deteriorate sharply.

One of my biggest problems was that I had let myself have hope. Numerous times, the insurgent leader, the black-eyed Abu Nour, had said my release was only a matter of settling details. Inevitably, my mood would soar - and then the release wouldn't happen, due to some unspecified "problem." Then I'd feel worse than if I hadn't been told anything at all.

Then there were the videos. They had been astounded when my first hostage video, in which I had been forced to plead for the release of women at Abu Ghraib, had coincided with the freeing of five female prisoners by the US. After that, they seemed to be almost in a frenzy to see what else they could get in exchange for me.

They kept wanting to film different videos with different demands aimed at different audiences. Sometimes I was pleading with the American people in general for help. Once I asked the King of Jordan to free Sajida Mubarak Atrous al-Rishawi, a woman who tried to blow up a Jordanian hotel Nov. 9, 2005. Her explosive vest failed to detonate and she was caught. Another time I begged for aid from the leader of the United Arab Emirates. Later, I made one denouncing him.

While only four of my videos ever reached the outside world, I made nearly a dozen, including retakes done when I didn't cry enough to satisfy my mujahideen producers. And I dreaded making them, not so much because it's scary to plead for your life in front of a camera, but because I recognized that each one was a guarantee I would remain in captivity for some time longer.

Of course, there was an even worse alternative - that the death threats and deadlines they mentioned would be real.

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After the fury over the Feb. 22 Samarra bombing and the backlash over Danish newspaper cartoons depicting the prophet Muhammad, it seemed wise to lower Jill's media profile until emotions calmed somewhat. From about mid-February no public service ads were broadcast.

On March 7, the two-month mark of Jill's abduction, the Monitor restarted the PSA campaign in Iraq. It distributed a video to Iraqi news outlets that included clips from an Al Sharqiya TV interview. The Baghdad-based network had interviewed an Iraqi family that Jill had written a story about in the spring of 2005. A toddler had been left paralyzed by a suicide bomber, and her family had been left homeless. Jill had profiled the family, and later brought money to them sent by readers.

The story illustrated her compassion for Iraqis. But it also highlighted how Jill's personal and professional history made it easy to generate public support for her in the region.

On March 10, the US State Department announced that they had found the body of American Quaker activist Tom Fox. He had been taken hostage on Nov. 26, 2005, along with three other members of the Christian Peacemakers Team. To those working on Jill's behalf, it was an emotional blow; a harsh reminder that hostages held long enough to become icons with their own TV news logos often get killed.

Would PSAs be enough to protect her?

- P. G.

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Meanwhile, my relationship with my guards Abu Qarrar and Abu Hassan got worse as well. Frustration and boredom had slowly eroded their once permissive and friendly attitudes toward me.

Once they had pretended I was a guest. Now they made mean jokes and comments about me in Arabic, thinking I didn't understand. They capriciously restricted my tiny freedoms, such as access to sun, fresh air, and even interior space for pacing.

Their logic was twisted. They were mad at me because they had to guard me, and wanted to punish me for it.

They picked at me in petty ways. One day we were having tea, and I took my glass and stirred it counterclockwise, as I always do.

"No, that's wrong!" said Abu Qarrar, only half-joking. "Stir your tea clockwise!"

I was tired of that kind of behavior. When we later moved to Abu Ahmed's house west of Fallujah, I went over their heads, in essence, to gain more freedoms. I took advantage of the situation to escape the Muj Brothers and hang out with the woman of the house.

They couldn't follow me. The woman's husband was gone during the day, and it would have been unthinkably improper for unrelated men to be around her in any way.

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So I had one of the best days I had in captivity. The woman and I chopped vegetables, cooked, washed dishes, swept the floor, made tea, and played games with her little girl. I sensed a flicker of sympathy when the woman complimented my potato peeling ability, and when she asked what people in America ate for breakfast, as we set out the morning meal.

If I pretended hard enough, I could almost fool myself into thinking I really was a guest, living with an average Iraqi family for a story about daily life.

But I wasn't a guest. I was a prisoner. And my guards were determined to win our battle of wills.

A few days later we were back at the clubhouse, where there weren't any women, and they were little kings. After we arrived, they just locked me in my room.

All my hard-won privileges were gone. They let me out to eat, but wouldn't eat with me. In the Middle East, that's a major insult. They wouldn't speak, except for blunt orders.

After dinner, I was going back to my room when I turned and yelled, "This is injustice! This is thuloum!"

My strategy from the start had been to humanize myself. The only way to survive, I thought, was to get them to see me as a person, not a symbol or an object of hate. But by this point, I had put up with so much from so many people, I didn't care. All the questions:

"Why aren't you a Muslim?"

"Why don't you love Zarqawi?"

"Why don't you want to drive a car bomb?"

Plus the fact I'd been kidnapped and Alan murdered. It was all ridiculous.

They just locked me back in my room. And that night, as I lay there, I thought, "I can't do this. I'm not going to win this. It's stupid to try."

The next morning, I didn't knock on the door to come out. I waited for them to fetch me. When they did, I just kept my head down and walked to the bathroom. I was quiet and deferential - as I had been in my ordeal's early days.

I had to keep my eye on the larger goal, which was survival. I had to give in.

The Muj Brothers had won the battle with me. That didn't mean they had won a war. In the following days, Abu Hassan slept less and less. He'd pull out his handgun and play with it.

"The American soldiers, they will never leave Iraq," he said one day. "It will be 300 years before they go away."

It was the first time I had every heard any of the mujahideen express anything less than complete optimism about the future.

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As March slipped away, to some involved in the long effort to free Jill, it was as if they were now coasting - like a car that was moving forward, but with the engine off.

So Team Jill did what they had agreed to do when things seemed too quiet. They'd kept one person in reserve, someone who might get lots of attention and elicit much emotion: Jill's twin sister, Katie. It was time to put her on TV.

The funny thing - the ironic thing - is that Katie and Jill were twins who didn't get along. Not when they were youngsters, anyway.

They fought and fought and fought all the way through high school. The points of contention between them were the usual sibling irritants, such as whose turn it was in the shower, and who'd been in whose room, and when, and for how long.

They were just different sorts of people, with different lives. Katie was a dancer and looked like a ballerina; Jill loved competitive swimming and had a muscular swimmer's build.

But their relationship changed when they went away to college (Tufts University for Katie; the University of Massachusetts for Jill). They spent hours on the phone with each other, and suddenly the person who had been so irritating when they lived in the same house seemed like an invaluable support.

After graduation, both ended up working in the same area: foreign affairs. Katie joined an international development firm, based in Washington. Jill pursued her dream of becoming a foreign correspondent.

Katie appeared on Al Arabiya on March 29. She talked about how Jill's kidnapping had affected her family and appealed for information that could lead to her release.

- P.G.

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I got worse. I was losing it. I would curl up in the bed and cry so hard. But I couldn't be loud, so I would cry into the bed, into the plush blanket.

Through all the weeks and months I hadn't prayed. I thought it would be hypocritical. All of my extended family is Catholic, but I hadn't been to church in a long time. I hadn't grown up with much religion, in fact. But I needed to calm myself. I knew that my family and friends were doing all they could for me, but it just wasn't enough anymore. They were out there, and I was here alone. OK, I thought, I'll ask God for strength and patience.

"God, thank you for getting me through all these days so far," I began. "Please just give me the strength to keep going.

"Stay with my family right now and sit with them and give them strength.

"I know I never used to come to You before and it's bad of me to come to You now when I really need it.

"Please, just stay with me right now. Just stay with me right now and don't leave me."

Losing Afghanistan (NYT)

The New York Times, August 24, 2006

Reclaiming Afghanistan from the Taliban remains a crucial element in America's global struggle against terrorism. So it should be setting off alarm bells in Washington that Afghans are becoming disenchanted with the performance of the country's pro-American president, Hamid Karzai.

The democratically elected Karzai government is a big improvement over any of its recent predecessors. But it has not brought security, economic revival or effective governance to most of the country. That has left it vulnerable to complaints about blatant corruption, the pervasive power of warlords and drug lords, and escalating military pressure from a revived and resupplied Taliban.

Nearly five years after American military forces help topple a Taliban government that provided sanctuary and training camps to Osama bin Laden, there is no victory in the war for Afghanistan, due in significant measure to the Bush administration's reckless haste to move on to Iraq and shortsighted stinting on economic reconstruction.

The Taliban, operating from cross-border sanctuaries in Pakistan, has exploited Washington's strategic blunders and Mr. Karzai's disappointing performance to rebuild its political and military strength, particularly in the southern region where it first began its drive to power more than a decade ago. Daily battles now rage across five southern provinces. Civilian and military casualties are rising sharply, including those among the NATO forces that have recently moved into these areas.

Mr. Karzai cannot deliver security and redevelopment without sustained and effective international help. But he should be doing a lot more to curb the corruption of his political allies and appointees.

Their ostentatious greed has widened the gap, and sharpened political antagonisms, between the favored few and the desperately poor majority in one of the world's least developed countries. Such venality is a gift to austere Taliban recruiters.

So is the notorious corruption of the police and judges, which makes it impossible for people to win redress of simple grievances. Frustration with the courts is again driving people to look to the swift and brutal punishments that have always been a Taliban specialty. Mr. Karzai did himself no favors by appointing a warlord and organized-crime figure as Kabul's police chief earlier this year.

Americans are coming to see the war in Iraq as something apart from the war against 9/11-style terrorism — and a distraction from it. The war in Afghanistan has always been an essential part of that larger struggle. That makes it a war that America simply cannot afford to lose.

DOJ:

Cohen Named New Alaska U.S. Attorney (AP)

AP, August 24, 2006

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Alaska has a new U.S .Attorney. The Justice Department Tuesday announced that Nelson Cohen has been appointed to the post for the District of Alaska. He replaces Acting U.S. Attorney Deborah Smith. Under rules of her appointment, she could only serve in the post for 210 days.

Cohen has been the assistant U.S. Attorney for the District of Pennsylvania since 1987. But before he joined that office in Pittsburgh, he practiced law in Alaska for ten years -- both as an assistant U.S. attorney and in private practice. He replaces Tim Burgess, who resigned as U.S. Attorney for the District of Alaska to take a seat on the federal bench in 2005.

CORPORATE SCANDALS:

Enron Prosecutor To Lead Case Against Qwest's Former CEO (WSJ)

By Shawn Young

The Wall Street Journal, August 24, 2006

Prosecutors seeking to convict former Qwest Communications International Inc. Chief Executive Joseph Nacchio of insider trading have assembled a team of veteran white-collar attorneys with experience in the Enron Corp. and HealthSouth Corp. cases and are preparing for an important pretrial hearing in Denver tomorrow.

Colorado's U.S. Attorney Troy Eid said yesterday that Cliff Stricklin, first assistant U.S. attorney, will lead the prosecution.

Mr. Stricklin helped prosecute the convictions of former Enron executives Kenneth Lay and Jeffrey Skilling as part of the federal government's Enron Task Force and also is a former Texas state district judge.

"I was looking for someone who had heavy-duty experience in the white-collar realm," Mr. Eid said in an interview. "It's an extremely important case to me and to the Department of Justice."

The appointment of Mr. Stricklin comes as both sides are preparing for a hearing in U.S. District Court at which Judge Edward Nottingham will hear arguments about defense requests to dismiss the case or to move the proceedings out of Denver, where Qwest is based. No trial date has been set yet. The judge also is expected to hold a closed session touching on classified national-security information that Mr. Nacchio is incorporating into his defense.

Mr. Nacchio is fighting 42 counts of insider trading for selling $101 million of the regional phone company's stock in 2001, a time at which prosecutors claim he knew Qwest was headed for trouble. Qwest restated $2.5 billion in revenue and $2.2 billion in earnings for 2000 and 2001. Mr. Nacchio isn't accused of falsifying the company's books. If convicted of the insider-trading charges, Mr. Nacchio could face as many as 10 years in prison on each count and a financial penalty of $101 million.

One of the defense's central claims is that Mr. Nacchio didn't see the company as faltering -- in fact, he was sure Qwest was on track partly because he was privy to information about secret, national-security-related contracts that he thought Qwest would win.

Prosecutors have argued that the national-security elements of the defense are irrelevant, in part because Qwest's revenue from government contracts was too small to stave off the problems Mr. Nacchio knew were brewing. Any classified contracts Qwest was working on would have been included in its financial reports and projections under the broad category of government revenue, prosecutors argue.

Mr. Stricklin joins a team that has added Justice Department attorneys Colleen Conry and Leo Wise. Ms. Conry worked on the prosecution of HealthSouth's founder and former chief executive, Richard Scrushy. Mr. Wise helped prosecute the Enron case. Mr. Nacchio is represented by Herbert Stern, a former federal judge.

Quattrone May See Payday Of At Least $100 Million (WSJ)

By Susanne Craig

The Wall Street Journal, August 24, 2006

Former star Credit Suisse First Boston investment banker Frank Quattrone is entitled to at least $100 million in cash-and-stock compensation from his former employer if he is ultimately cleared of all charges against him, according to a person familiar with the matter.

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Mr. Quattrone on Tuesday agreed to a deferred-prosecution agreement that included the conditional dropping of all other criminal charges against him -- a victory for the once-powerful Silicon Valley banker who resigned from CSFB in 2003, when he faced both criminal prosecution and civil securities charges for alleged wrongdoing during the Internet-stock bubble.

Before the deferred-prosecution agreement, Mr. Quattrone had survived two trials, one ending in a hung jury, the other ending in a conviction for obstruction-of-justice charges that was later overturned on an appeal.

By staying out of legal trouble for a year, the 50-year-old Mr. Quattrone will not only avoid a third criminal trial on obstruction charges but he will be able to collect on the substantial payout from CSFB that he didn't get in 2003 because of the allegations against him. (CSFB recently was renamed Credit Suisse and remains a unit of Credit Suisse Group.)

The potential payout, estimated at $100 million to $120 million of restricted stock and other compensation, mostly from his final years at CSFB, is in addition to the estimated $20 million in legal fees Credit Suisse paid for Mr. Quattrone's defense.

The payout -- in which the firm would make up for the time Mr. Quattrone was there, ending in early 2003, for money earned or promised but not paid out -- was earlier reported by CNBC-TV. Typically, until they are cleared, employees facing criminal or civil charges forfeit monies owed to them by the firm when they leave, according to industry experts.

"I can't think of anyone who left under a cloud and it has cleared. It is a very unusual situation," said Alan Johnson, managing director of Johnson Associates Inc., a pay consultancy in New York. "And it also shows us how incredibly productive Mr. Quattrone was."

Along with a looming payday if Mr. Quattrone stays out of legal trouble, the former star banker could return to Wall Street. Despite a multiyear legal battle, Mr. Quattrone remains popular, especially in Silicon Valley where his banking work helped to fund numerous companies and enrich the companies' backers. There was much chatter yesterday on Wall Street about whether he will strike out on his own or join an influential boutique banking firm.

The criminal obstruction case against Mr. Quattrone stemmed from an email. In 2000, regulators began probing whether CSFB had received excessive commissions as kickbacks from some investors who got hot stock offerings. Shortly after Mr. Quattrone learned those probes had become criminal, he endorsed a colleague's emailed suggestion in December 2000 to "clean up those files" in accordance with company policy.

That endorsement became the basis for the obstruction case, though Mr. Quattrone said he wasn't thinking about the probes at the time and wasn't responsible for allocations of initial public offerings of shares.

Securities regulators alleged that he engaged in, among other things, a practice known as "spinning" -- that is, steering hot IPOs to clients to win additional business -- through a program informally dubbed "Friends of Frank" by some Silicon Valley investors. In May, the National Association of Securities Dealers decided not to pursue the civil spinning and other charges.

Cleared Quattrone Could Claim $100m (FT)

By David Wighton In New York

Financial Times, August 24, 2006

Frank Quattrone may be entitled to more than $100m of deferred compensation from Credit Suisse after being conditionally cleared of charges that he obstructed an investigation into Wall Street practices during the internet bubble.

Mr Quattrone agreed to resign from the investment bank in 2003, two days after being charged, on condition that he would get the money and his legal costs if cleared. On Tuesday, a judge approved a “deferred prosecution” agreement under which the charges will be dropped if Mr Quattrone stays out of trouble for a year.

In an unusual move, Mr Quattrone was not required to make any admission of wrongdoing. This appears to open the way for him to claim the $100m in cash and restricted stock from Credit Suisse in a year’s time.

The possible payment, first reported on CNBC, is believed to be provided for in the bank’s accounts.

Mr Quattrone was one of the leading bankers in the 1990s technology boom and one of the most highly paid, earning $120m in a single year. But following the bursting of the technology bubble, he came to personify Wall Street’s questionable practices during the boom and lawyers said he was a tempting target for prosecutors looking for high-profile convictions.

The case sprang from a probe into how investment banks awarded clients shares in “hot” technology stock offerings. The charges were based on an e-mail written by a colleague and endorsed by Mr Quattrone suggesting his team “clean up” their

computer files in line with company policy. Two days earlier, a bank lawyer had warned him the way the bank allocated stock in initial public offerings was under criminal investigation.

After his first trial ended in a hung jury, Mr Quattrone was found guilty in a second trial in 2004 and sentenced to 18 months in prison. But an appeals court threw out the conviction in March because of faulty jury instructions and regulators quashed a lifetime ban from the securities industry.

George Stamboulidis, a former prosecutor who now heads the white collar crime practice at Baker Hostetler, said the case was “very aggressive” with evidence that was “not that strong” so it was understandable prosecutors had opted not to risk a third trial.

But he questioned the decision to go for a deferred prosecution, which tends to be used for “little old ladies and kids” for minor offences.

Had they simply dropped the charges, it might have drawn less attention to their retreat, he said.

“In many ways, they could have just walked away and there would have been less written about it.”

A Verdict On Grasso's Legacy (WSJ)

By Aaron Lucchetti

The Wall Street Journal, August 24, 2006

Less than three years ago, board members at the New York Stock Exchange said former exchange Chief Executive Dick Grasso had performed well in his job. One of the directors, Treasury Secretary Henry Paulson, then the head of Goldman Sachs Group, went so far as to assign Mr. Grasso an "A+" grade, according to internal NYSE documents.

Still, the board decided to let Mr. Grasso go, a reaction to the outcry over the $187.5 million compensation package Mr. Grasso had amassed.

Mr. Grasso's job performance is about to go under the microscope again. A civil trial to decide whether his compensation was inappropriate could start as early as October. The lawsuit in that case, brought by New York state's attorney general, Eliot Spitzer, demands that the 60-year-old Mr. Grasso return some of the money to the NYSE, now a part of NYSE Group Inc.

Mr. Spitzer's case hinges on whether the head of what was then a not-for-profit organization should have earned such a big pay day. Mr. Spitzer says no, and bases that assertion on a 37-year-old New York state law that holds compensation must be reasonable and "commensurate with services performed."

(At the Treasury, a spokesman declined to comment.)

Legal findings aside, whether Mr. Grasso deserved all that money is a matter that continues to be debated in the court of public opinion, whose many judges are comparing what the Big Board was and what it has become -- essentially debating Mr. Grasso's legacy.

Much has changed since Mr. Grasso departed his cavernous office on the exchange's sixth floor. The Big Board has transformed into the for-profit company NYSE Group, which must confront the bottom-line concerns that all publicly traded companies face. And the new occupant of the CEO's office, John A. Thain, has embraced electronic trading, in direct contrast with Mr. Grasso's strategy of defending floor-based human traders against the march of computers.

Mr. Grasso kept the trading floor profitable at a time that most people considered it obsolete, says Benn Steil, director of international economics at the Council on Foreign Relations. But "he left the exchange very vulnerable," and "there was no diversification in terms of products."

Mr. Grasso almost single-mindedly focused on trying to ensure that the Big Board dominated stock trading. Mr. Thain, on the other hand, has looked for growth in areas that Mr. Grasso shunned, including derivatives and bonds.

Mr. Grasso's tenure as CEO brought much success. He kept the Big Board's market share of trading in its own listed stocks above 80%, even as rival Nasdaq Stock Market Inc.'s share of trading in its own stocks cratered. At the same time, he maintained the NYSE's dominance in listing the biggest U.S. companies and attracted major foreign firms, employing marketing savvy that brought corporate executives onto the floor to celebrate their stock offerings and primp for the cameras. Later, he won plaudits for helping reopen the NYSE just days after the Sept. 11 terrorist attacks.

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"All I can look at is our market share, profitability," and the growth of the "non-U.S. franchise," Mr. Grasso says in reference to his tenure as CEO from 1995 to 2003. "I'll be judged by that." In an interview, Mr. Grasso agreed that Mr. Thain has taken the exchange in "a different direction." But he says his successor's strategy reflects "the competitive environment now."

Critics of the exchange's current direction also point to ways in which the Big Board has slipped since Mr. Grasso's departure. Its trading market share on the floor has slipped below 70% -- a three-decade low. And Nasdaq has poached several NYSE-listed companies, including Charles Schwab Corp. and Cadence Design Systems Inc.

Mr. Grasso's legacy could play into his trial, especially now that New York State Justice Charles E. Ramos has broken the proceedings into two parts, legal experts say. Justice Ramos first plans to rule on whether Mr. Grasso's pay was reasonable, separate from any questions about whether the pay process was flawed. Mr. Grasso's lawyers are appealing that decision, arguing the two questions should be decided at once by a jury, not a judge.

Still, the case will depend in large part on the numbers: Mr. Grasso, a native of New York's Queens borough, who started at the NYSE as a clerk in 1968, earned $97 million in total pay from 1995 to 2002. He also accumulated through his career more than $100 million in deferred compensation and retirement benefits. Mr. Spitzer has argued both the base pay and extra compensation were excessive, compared with the pay of other executives.

Mr. Grasso has countersued the NYSE for more than $50 million in pay he says he is still due. Should he win that amount, he has pledged to give away the entire amount.

He has defended his pay repeatedly by pointing out that the NYSE board approved it and believed he was doing a stellar job. According to a 2003 report prepared for the NYSE by law firm Winston & Strawn, the exchange exceeded the performance criteria set by its executives and board members by an annual average of 27% from 1995 to 2002. In 2001, the year Mr. Grasso earned a career-high $30.6 million, the NYSE exceeded the benchmark by 38%, paced by high marks in financial, market share and regulatory categories.

Gerson Zweifach, an attorney for Mr. Grasso, says his client left the Big Board in a good financial shape and notes the NYSE under Mr. Grasso investigated and reported suspected trader misconduct to the Securities and Exchange Commission. Last year, 15 former NYSE traders were indicted for allegedly short-changing investors from 1999 to 2003, while Mr. Grasso ran the exchange. Two of the traders have been found guilty of securities fraud. Two have pleaded guilty and a fifth was found not guilty. Mr. Grasso hasn't been named in any of the trading cases, but the NYSE last year promised to spend $20 million on new regulatory initiatives to help settle civil SEC charges that the exchange failed to police the improper trading during Mr. Grasso's tenure.

During his last years at the NYSE, Mr. Grasso also devoted more time to matters of corporate governance, aiming to improve investor confidence, observers say. He also worked on building a better backup facility for the exchange in case of another terrorist attack or other unforeseen disaster.

Mills Ignored Accounting Alerts, Former CEO Contends In Suit (WSJ)

By Ryan Chittum

The Wall Street Journal, August 24, 2006

Mills Corp. received warnings from its auditor as early as 2002 and from an anonymous letter distributed to its audit committee last year saying that its accounting practices were flawed, according to a lawsuit filed by the shopping-mall developer's founder and former chief executive.

In a complaint alleging that Mills's accounting problems cost him millions of dollars, Herbert S. Miller said Mills "consciously and intentionally disregarded numerous warnings" as early as February 2002 from its auditor Ernst & Young.

The suit also said an anonymous letter to the Securities and Exchange Commission was delivered to members of the board's audit committee Oct. 13, 2005. The letter laid out eight problematic accounting areas, including treatment of partnership income, according to the lawsuit.

Mills announced Oct. 31 that it would delay its third-quarter earnings call by eight days because of accounting issues and that results would be "substantially below expectations." On Nov. 9, the Chevy Chase, Md., real-estate investment trust reported its

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funds from operations -- a key REIT measure -- dropped 54% from a year earlier but said it wouldn't need to restate. Two months later, the company said it would restate its accounting back to 2000 and wrote off 10 development projects.

Mills declined to comment. A spokesman for Ernst & Young said the firm couldn't comment on client matters.

The lawsuit, which was reported earlier in the Washington Post, was filed in Delaware Chancery Court late last month. Many details of the Ernst & Young warnings in the lawsuit were redacted from the public filings by Mills, according to Kenneth A. Freeling, one of Mr. Miller's attorneys.

The lawsuit reports four letters to management from 2002 to 2005 from Ernst & Young that the suit says warned of accounting deficiencies. Mills provided those letters to Mr. Miller's counsel as part of the lawsuit's discovery process, said Mr. Freeling.

Mr. Miller got into mall development in the 1970s and created the first Mills-type mall, an outlet center/mall hybrid called Potomac Mills near Washington, D.C. Mills Corp. went public in 1994 with him at the helm. He left the CEO spot in 1995 and left the board of directors in 1997. Mr. Miller is president of developer Western Development Corp., of Washington, D.C., and is trying to build an entertainment complex around the Washington Nationals baseball park.

The SEC launched a formal inquiry into Mills's accounting in March. The company hasn't filed earnings since the third quarter of 2005 and has said its financial reports dating back to 2000 can't be relied upon.

Mills disclosed in an SEC filing two weeks ago that Ernst & Young is raising questions about whether Mills can continue as a "going concern" and gave some details about problems in eight separate accounting areas, including incorrectly capitalized predevelopment costs.

Mills sold three of its non-U.S. malls earlier this month for about $500 million and said it would write down as much as $315 million in shareholder equity. It has also signed a letter of intent that would allow it to extricate itself from the huge Meadowlands Xanadu shopping-mall project in New Jersey. All these steps are part of its bid to reposition itself for a sale or another "strategic alternative."

Mills's shares are down 68% from a year ago, at $18.70 in 4 p.m. New York Stock Exchange composite trading.

Nasdaq Issues Second Warning To EPlus (AP)

AP, August 24, 2006

HERNDON, Va. --Computer products reseller ePlus Inc. on Wednesday said it is not in compliance with Nasdaq listing requirements because it has not yet filed its latest quarterly financial report with regulators.

The warning comes a month after the Nasdaq told ePlus it faced delisting for not filing an annual report for fiscal 2006 on time.

The company's removal from the Nasdaq has been delayed until at least Sept. 7, when a hearing is scheduled with the exchange.

The company has delayed the filing in order to restate fiscal 2004 and 2005 financial statements, after an internal audit committee identified discrepancies on the recording of certain past stock option grants. ePlus said it plans to file its restated financials, its annual report for fiscal 2006 ended March 31, and results for the second quarter ended June 30 as soon as possible.

Numerous companies are currently investigating whether the exercise price of stock options given to employees was manipulated by changing the grant date to correspond to a low point for the company's stock price, a practice known as backdating. Such a move can fatten profits for options recipients when they sell their shares at higher market prices.

Backdating options can be legal as long as the practice is properly disclosed to investors and approved by the company's board, experts say. However, backdating practices may violate federal accounting and tax laws in some cases. There are presently 70 companies under investigation by the Securities and Exchange Commission and Justice Department for possible irregularities.

Shares of ePlus rose a penny to $9.80 in afternoon trading on the Nasdaq.

Phantom Of The Options (NYT)

The New York Times, August 24, 2006

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The corporate scandal over rigged stock options continues to expand. More than 100 companies are now either under investigation by the federal government or performing their own internal investigations. Companies are restating earnings and preparing for new tax bills, and in extreme cases, executives are facing criminal charges.

Fiddling with the dates of stock options doesn't sound that nefarious. And unlike in the Enron case, with its spectacular implosion and shattered retirement accounts, the victims are a lot less obvious.

But just because the victims are harder to spot doesn't mean that secretly backdating or otherwise manipulating the timing of an options grant is a victimless crime. Rigging the timing of option grants hurts both the company and its shareholders, usually for the greater enrichment of top executives.

Stock options allow employees to buy the company's stock in the future at the price on the day they were granted. If the company's shares rise in the meantime, the employee can profit from the difference by exercising the options. It all sounds very abstract, if not downright abracadabra, as if the shares don't have to come from somewhere.

But the stock can't just materialize out of thin air. When employees decide to exercise their options, the company has to buy back shares at the new higher price to offset the awards. The company is selling low and buying high. It's that or dilute the value of all outstanding shares by issuing even more of them. Either way, the money is indirectly coming out of shareholders' pockets.

Gaming the system by picking an artificially low starting point siphons off even more money. It also tricks investors into thinking that compensation packages are smaller than they actually are. In the case of Brocade Communications Systems, the problems made the company look profitable when it was operating at a sizable loss. Two executives there now face criminal charges.

Investigations are revealing outright skulduggery. At Comverse Technology, three former executives have been charged with mail, securities and wire fraud for allegedly managing a secret options slush fund using fictitious employees. The former chief executive, Jacob Alexander, is a fugitive from justice; he wired $57 million to an account in Israel and is believed to have fled there.

The deeper prosecutors dig, the worse this latest scandal looks.

CRIMINAL LAW:

Judge Orders Investigation Of Leak In Pro-Israel Spy Case (AP)

By Matthew Barakat, Associated Press

AP, August 24, 2006

ALEXANDRIA, Va. – A federal judge has ordered the Justice Department to investigate how media organizations learned about a criminal probe involving the activities of two pro-Israel lobbyists, who now face trial on charges that they illegally disclosed national defense information.

U.S. District Judge T.S. Ellis III ordered the investigation following complaints by defense lawyers that the government failed to follow proper procedures in obtaining and executing a secret warrant for surveillance of lobbyists Steven Rosen and Keith Weissman.

The indictment against Rosen of Silver Spring, Md., and Weissman of Bethesda, Md., alleges that they conspired to obtain classified reports on issues relevant to American policy, including the al-Qaeda terror network; the bombing of the Khobar Towers dormitory in Saudi Arabia, which killed 19 U.S. Air Force personnel; and U.S. policy in Iran.

Rosen and Weissman, former lobbyists for the American Israel Public Affairs Committee, are accused of sharing the information with reporters and foreign diplomats. No trial date has been set.

Media advocacy groups have long been concerned about the government's prosecution of Rosen and Weissman because the statute used to prosecute them – a World War I-era espionage law – could easily be used to prosecute journalists who break news about classified government programs.

Ellis' decision to order an investigation into how CBS News and other media companies learned of the AIPAC probe in late August of 2004 crystallized that concern.

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"I find it hard to fathom why the judge needed to file an order seeking confidential sources" in this case, said Lucy Dalglish, executive director for the Arlington-based Reporters Committee for Freedom of the Press. "We're getting into really dangerous territory."

A CBS News spokesman declined comment Wednesday.

Ellis said in his ruling that a leak would not necessarily taint the government's use of a warrant obtained through the secret Foreign Intelligence Surveillance Court, but he ordered the inquiry anyway.

Defense lawyers have been seeking to suppress evidence obtained from the surveillance; they argued that the leak is proof that the government failed to follow proper procedures.

Ellis, whose written opinion was made public Tuesday, left the door open for defense lawyers to renew their objections based on the results of the inquiry. The Justice Department was ordered to give Ellis a sealed report by Sept. 15.

The Espionage Act allows for prosecution of persons who transmit national defense information to those not entitled to receive it. The case against Rosen and Weissman is the first to apply the law to lobbyists.

U.S. Attorney General Alberto Gonzales has said he believes journalists can be prosecuted for publishing classified information, and an earlier ruling by Ellis in the case on the constitutionality of the Espionage Act also left the door open for prosecutors to charge reporters.

A former Defense Department official, Lawrence A. Franklin, has already pleaded guilty to providing Rosen and Weissman classified defense information. Franklin was sentenced to more than 12 years in prison.

Franklin said he believed the United States was insufficiently concerned about the threat posed by Iran and hoped that leaking information might eventually provoke the National Security Council to take a different course of action.

US Man Accused Of Plot To Sell Dow Chemical Secrets In China (AFP)

AFP, August 24, 2006

US authorities arrested a man for allegedly conspiring to sell trade secrets from Dow Chemical Company to companies in China, the Justice Department said.

Longtime Dow employee Wen Shyu Liu, 69, was arrested Tuesday in Seattle, Washington, on charges of conspiracy, receipt and possession of stolen trade secrets, wire fraud, illegal monetary transactions, perjury and asset forfeiture, US Attorney David Dugas said in a statement.

All charges were associated with stolen Dow trade secrets which the suspect, also known as David Liou, is alleged to have attempted to market to Chinese firms, the statement said.

A 15-count indictment was returned by a federal grand jury on March 24, 2005.

Liou, formerly of Baton Rouge, Louisiana, was arrested on an intercontinental flight inbound to Seattle from Taipei, Taiwan, by agents of the Federal Bureau of Investigation and US Immigration and Customs Enforcement.

The indictment says Liou worked for Dow from 1965 until he retired in March 1992. While at Dow, Liou worked in research and development and had signed employment and retirement agreements prohibiting the disclosure of Dow's trade secrets and other confidential information without permission.

According to the indictment, Liou conspired with others to steal trade secrets related to Dow's trademarked Tyrin CPE resins that the company says can be used in vinyl siding, PVC pipes, automotive, wire and cable, and general rubber applications.

Liou allegedly hired Dow employees and former employees who had worked in producing Tyrin "to prepare a detailed engineering package to sell to prospective Chinese companies."

If convicted of all counts, Liou faces up to a 300 years in prison and a fine of 9.75 million dollars, or, if greater, twice the gain he received or twice the loss he caused to the company, the department said.

Liou was scheduled to appear Wednesday before a US magistrate judge in Seattle.

Suspect's Family To Sell Story (WP/AP)

The Washington Post, August 24, 2006

DOJ_NMG_0052627

LOS ANGELES, Aug. 23 -- John Mark Karr's relatives offered up the book and film rights to the family's story Wednesday in hopes of raising money for a high-powered lawyer to defend Karr against charges that he killed 6-year-old JonBenet Ramsey.

"They're not looking for money for themselves," said Larry Garrison, a producer the family members hired to represent them in media deals. "They're looking to support John's boys' college education and to make sure all legal fees are covered."

Karr remained in a Los Angeles County jail Wednesday afternoon awaiting transfer to Colorado. JonBenet was killed in her Boulder, Colo., home in December 1996.

Garrison said no money had changed hands yet with the Karrs and he didn't want to go into details about the agreement. Nathaniel Karr, one of John Mark Karr's brothers, confirmed that Garrison is now representing the family.

Karr told reporters in Thailand last week that he was present when JonBenet died and that her death was an accident. He did not specifically say he killed her, and Boulder prosecutors have not disclosed their evidence against him.

His family has insisted Karr was in Georgia during the Christmas week in which JonBenet was killed.

Georgia lawyer Gary C. Harris, who had represented Karr's father and brother in recent days, has said the family found a photo from Christmas 1996 showing Karr's three sons at a dinner in Atlanta. Karr is not in the photo, but the family insists that if the boys were there, Karr would have been, too.

"John Karr wasn't working," Harris said. "He couldn't afford to buy a MARTA [Atlanta public transportation] or bus ticket, much less plane fare to Colorado."

A family photo has been turned over to Boulder authorities, but Garrison could not say what it shows.

"I can tell you they proclaim his innocence," Garrison said. "They feel he was not there at the time, that some of the statements made by the press are absurd."

Harris told the Associated Press on Wednesday that as far as the family knows, the only time Karr was in Colorado was in 2001, when his car broke down on a trip from Alabama to California with his then-wife and children. He said the family got the car fixed and moved on.

Harris said he thinks Karr claimed involvement in JonBenet's death because he is ill.

"Obviously, this guy has some mental problems," he said. "He obviously has some emotional problems. He's always had some."

Harris declined to be more specific but said he has no knowledge of Karr ever seeing a psychiatrist. He also noted that the family lost touch with Karr five years ago.

"We don't know what happened in the last five years because they hadn't talked to him," Harris said. "They thought he was dead."

A psychiatrist has met with Karr twice since he was brought to Los Angeles County's Twin Towers Correctional Facility on Sunday night after a flight from Thailand, said sheriff's Lt. George Vanecek. At the jail, deputies were looking in on Karr every 15 minutes.

Harris said that, because of a difference of opinion, he no longer is representing Karr's father, Wexford, and brother Nathaniel. He said he now represents only Michael Karr, another of John Karr's brothers, and his wife.

Harris would not disclose the reason for the split but suggested it had something to do with the desire of Wexford and Nathaniel Karr to sell the family story.

"My clients are not seeking any book deals or anything of that nature," Harris said of Michael Karr and his wife. "I'll let you deduce what you want from that. My clients are not looking to make any money off of this."

Beyond DNA, Several Items Could Determine JonBenét Case (USAT)

By Tom Kenworthy

USA Today, August 24, 2006

DENVER — DNA will be pivotal in the case against John Mark Karr in the murder of JonBenét Ramsey, but it's not the only physical evidence that could help determine his guilt or innocence.

DOJ_NMG_0052628

Absent a match from Karr's DNA with a small sample taken from the 6-year-old girl's underwear, prosecutors will rely on other evidence besides his public statement in Thailand last week that he was with JonBenét when she died at her home in Boulder, Colo. That evidence includes:

•An unidentified palm print left on the door to the basement wine cellar where JonBenét's body was found on Dec. 26, 1996.

•A partial boot print found in the basement.

•Hair and fibers taken from JonBenét's body that did not come from family members or fabrics in the Ramsey home.

•The 21/2-page ransom note found in the house.

Legal analysts say Boulder County District Attorney Mary Lacy and her investigators probably have other evidence linking him to the crime that is not publicly known.

"He's given them something other than the confession," says Craig Silverman, a former Denver prosecutor. "It might be a picture, or information about the ransom note" or evidence he was in Boulder at the time of the killing.

"He obviously has some insider information, or the district attorney's office wouldn't have gone through the exercise of bringing him back" from Thailand, Denver defense lawyer Scott Robinson says.

Larry Pozner, another Denver defense attorney, says that if no DNA link is proved, prosecutors must have evidence placing Karr in Boulder and at the crime scene.

"We go to bed starving for a fact that shows John Karr was there, and we wake up the next morning hungry," Pozner says. "We are not being fed any facts that indicate guilt," such as credit card records showing Karr traveled to Boulder.

Karr's second ex-wife has said she cannot remember a Christmas in the mid-1990s when he wasn't with the family in Alabama.

"Christmas is memorable," Pozner says. "There is no motivation for his ex-wife, who hates him, to say, 'He was here with me and the kids.' … The prosecution needs a silver bullet. They need his palm print, they need him taking something out of the house and keeping it. They need a lot of facts."

Karr, being held without bond in Los Angeles, is likely to be flown to Colorado within a few days. Prosecutors will quickly get samples from him: DNA, fingerprints, a palm print and a handwriting sample to test for a match with the ransom note, says Bob Grant, a former Adams County, Colo., district attorney who assisted in the criminal investigation from 1997 to 1999.

A handwriting analysis that finds similarities could help bring a conviction, Silverman says. "I'm not saying he should be convicted on the basis of handwriting analysis alone, but Lord knows I've used it to put people in prison as part of a case."

Pozner dismisses handwriting analysis as "junk science, one step above a Ouija board."

A possible link to the ransom note was suggested by the parents of Karr's first wife, who told the Associated Press they had discovered letters the suspect wrote to their daughter. They were signed "S.B.T.C.," initials that also were written on the ransom note.

The DNA taken from JonBenét's underwear is paramount, Grant says. Tests conducted on the sample in the late 1990s showed it contained DNA from both the victim and another person, probably a male who was not a member of the Ramsey family, he says.

"That DNA has to be explained in some way," Grant says. "I don't think they have a case without an explanation of where that foreign DNA came from. If it doesn't match him, they have a very, very tough case to prove."

Silverman agrees: "If it's a miss, that's a big problem for the prosecution. If it's a match, that's game, set and match for the state."

Baxter Sentenced To Jail In Gun Incident (WP)

By Henri E. Cauvin

The Washington Post, August 24, 2006

Lonny Baxter, the former University of Maryland basketball star caught last week with a gun a few blocks from the White House, was sentenced yesterday to spend the next two months behind bars after a judge rejected the prosecutor's recommendation for probation.

DOJ_NMG_0052629

Baxter, who recently signed a pro contract to play in Europe, agreed to plead guilty yesterday, just a week after he was charged, in hopes that he would be released from jail so he could join his team in Italy for training camp.

Shackled at his wrists and ankles and clad in an orange jail jumpsuit, the 6-foot-8 Baxter said that a .40-caliber Glock found in his white Range Rover was his and that he had fired it into the air in the early hours of Aug. 16 in downtown Washington.

The sight of Baxter, 27, in the dock in D.C. Superior Court was not what anyone would have imagined a few years ago for the young man who led his hometown Maryland Terrapins to a national championship and who seemed to have a promising National Basketball Association career ahead of him.

Echoes of that exciting time in Baxter's life filled the crowded courtroom yesterday.

Maryland Coach Gary Williams, who led the 2002 team that won the national championship, appeared in the courtroom to speak on behalf of Baxter. Dressed in a suit and tie and standing a few feet from his former center, Williams called Baxter a "hard-working individual" and praised him for his efforts with young people and his continued pursuit of his college degree, all of which made Baxter's actions so hard to understand. "Knowing Lonny, I was shocked," Williams told Judge Craig Iscoe.

Former Terps' teammate Juan Dixon, who went on to play for the Wizards, also weighed in, albeit not in person. Baxter's attorneys presented a letter from Dixon as a testimonial to his old teammate.

A bit too short to be a true NBA big man, Baxter never stayed on very long with any of the handful of NBA teams he played for, among them the Wizards. After finishing out last season with the Charlotte Bobcats, Baxter decided to return this season to Europe, where he had played before and where he hoped he could earn another shot at the NBA.

Baxter had been in trouble over guns once before. A couple of years ago, he was arrested in the District after he accidentally fired a shotgun in his Connecticut Avenue NW condominium. Baxter pleaded guilty in Superior Court to a misdemeanor firearms charge in that case, was placed on probation and was told to stay out of trouble -- and not just by the judge.

"I told him, basically, you can't be in those situations. You have too much going for you," Williams told Iscoe of his talk with Baxter after the 2004 arrest.

Apparently, Baxter stayed out of trouble -- until last week, just hours before he was to leave for Italy.

Baxter was celebrating his final night in Washington when was arrested, one of his attorneys, Richard Finci, told the court. Along with the Glock, Secret Service officers found Baxter's passport in the center console of his SUV, Finci said.

Baxter had apparently just left the Eye Bar on I Street NW with a friend, Francis I. Martin, when Baxter decided to fire off a couple of rounds from a gun he bought in Texas. Uniformed Secret Service officers on patrol near the White House heard the shots.

A passerby told the officers that shots had been fired from a white SUV near 18th and I streets NW. When police stopped the Range Rover, near 17th and K streets, they learned that it was registered to Baxter, who was driving. The officers said they saw two spent shell casings on the back floorboard. Baxter and Martin, 35, were ordered out of the car, and police found Baxter's gun.

Martin was originally charged, too, but those charges were dropped yesterday after Baxter made it clear he alone was responsible for the gun and for firing it.

With a sentence that will keep him in jail until the middle of October, after his team has begun its season, Baxter's professional fate is uncertain, said another of his attorneys, Harold Martin.

Entering yesterday's hearing, Baxter seemed to have a good chance at going home to Rockville and then to Italy.

In exchange for his guilty pleas, the U.S. attorney's office had agreed not to seek jail time beyond the seven days that Baxter already served and to dismiss the most serious charge if he stays out of trouble for the next year.

Baxter's attorneys asked the court to accept the recommendation of the prosecutor, Assistant U.S. Attorney Brandi K. Garcia, and allow Baxter to move on. Baxter was eager, excited and overwhelmed at the prospect of going to Italy, to an unfamiliar place and a team that he was expected to lead, and all those feeling somehow bubbled into something inexcusable, Finci told Iscoe.

"There's no explanation for this," Finci said. "There was obviously no intent to harm any person. It's really just an effect of emotions being out of control."

Defense attorneys presented a letter from the general manager of Baxter's Italian team, Montepaschi Siena, who offered to provide the court with regular reports on Baxter's performance on and off the basketball court.

Finally, the judge heard from Baxter, who majored in criminal justice and criminology at Maryland and who is hoping to receive a bachelor's degree next year.

Baxter has been a local favorite since his basketball-playing days at three area high schools -- Silver Spring's Springbrook, Rockville's Richard Montgomery and Southeast Washington's Anacostia. He spent a postgraduate year at Hargrave Military Academy in Chatham, Va., to focus on academics before heading to College Park.

At Maryland, Baxter became one of the country's best big men, known for his quiet demeanor and consistent play. He averaged at least 15 points per game during his final three seasons.

"I'd like to first just apologize to the court, to the District of Columbia and also to my family, for the careless, selfish, stupid act that I committed," he told the judge.

Iscoe acknowledged Baxter's prompt cooperation with authorities but said he could not go along with the government's recommendation of probation.

The government had given Baxter a "great break" in conditionally dropping the most serious charge, Iscoe said. In sentencing Baxter for the other two charges to which he pleaded guilty -- possession of an unregistered firearm and unregistered ammunition -- he could not be so lenient, Iscoe said.

"There's no good reason for a person who's not working in law enforcement or presidential protection to be in possession of a loaded weapon within blocks of the White House, let alone to fire it into the air," Iscoe said.

Iscoe sentenced Baxter to about nine months in jail but suspended all but 60 days of that sentence, meaning that if Baxter stays out of trouble, he will not have to serve the remaining time. Iscoe also placed him on probation for 18 months, fined him $2,000 and ordered him to perform 100 hours of community service.

"In imposing sentence," Iscoe declared, "I have to consider . . . not only your desire that your punishment not interfere with your basketball career but my responsibility to the citizens o the District of Columbia. . . . And I'm sorry, sir, because I recognize the serious consequences that this will have on your career, but you're the one that took the actions, you're the one that chose to purchase that gun, to load it, to carry it in your SUV and to fire it into the air, and you're the one that will have to suffer the consequences for your deliberate and intentional actions."

Baxter Denied Sentence Delay (WT)

By Jim Mcelhatton

The Washington Times, August 24, 2006

Former Washington Teachers Union Treasurer James O. Baxter II must report to a federal prison today to begin a 10-year sentence, after a federal judge denied his bid for a postponement because of a recent neck injury, likely from gardening and swimming.

U.S. District Court Judge Richard J. Leon yesterday ordered Baxter to surrender to the Federal Correctional Institution in Petersburg, Va., a low-security facility south of Richmond.

The ruling comes nearly a year after Baxter's conviction on charges that he helped embezzle millions of dollars in dues from D.C. public school teachers.

Baxter's attorney, Elmer D. Ellis, had sought an extra 30 days of freedom, at the least, for his client so that the 52-year-old Maryland man could receive medical treatment for a neck injury, including potential surgery.

However, federal prosecutors objected, calling the request "a last-minute, last-ditch plea to escape punishment," according to a court memo filed late Monday.

"Indeed, given the stress likely associated with facing a 120-month prison sentence, neck and back tension requiring medication might be predicted," the memo written by Assistant U.S. Attorneys James W. Cooper and Anthony M. Alexis states.

In his two-page ruling yesterday, Judge Leon ordered a prison doctor to review Baxter's medical records and determine whether the facility is the best place to treat the former union official.

Baxter was convicted in the embezzlement scandal in which union officials stole nearly $5 million in dues and spent money on custom-made clothes, sterling silver, limousine service and sporting events.

Co-defendant Gwendolyn M. Hemphill, a former union office manager and co-manager of D.C. Mayor Anthony A. Williams' 2002 re-election campaign, reported to federal prison last month in Connecticut, where she is serving an 11-year sentence.

After her conviction, Hemphill sought leniency, citing psychotic episodes of being stalked by a small man in native African garb carrying a spear. Prosecutors balked at the notion, and the judge sentenced her to prison.

Hemphill and Baxter largely blamed former union President Barbara A. Bullock for the scandal.

Bullock initially was sentenced to more than nine years in prison after accepting a plea deal.

But prosecutors recently filed a motion with Judge Leon to reduce the prison term by two years, citing her cooperation in the investigation and her testimony against Hemphill and Baxter.

She is scheduled to be resentenced next month.

Schrenko Must Report By Sept. 11 Attorney Asks Time Be Served In Tallahassee (AJC)

By Beth Warren, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, August 24, 2006

In her trip from the White House to the Big House, Linda Schrenko's days as a free woman are numbered.

Five years ago, Georgia's then-School Superintendent was in Washington as President Bush unveiled his education reform plan. She was viewed as a trailblazer, becoming the first woman elected to statewide partisan office in Georgia and the first Republican to take control of the state's education system.

Now her loftiest goal is to help fellow inmates improve their reading skills.

By Sept. 11, the 56-year-old former candidate for governor must report to a federal prison to begin her eight-year sentence for embezzling more than $600,000 in federal money meant for deaf and honors students, U.S. Marshal Richard Mecum confirmed Wednesday. Federal Bureau of Prisons officials haven't announced where she'll serve her sentence, he said.

Her attorney, Pete Theodocion, requested a low-security prison in Tallahassee because there is no federal women's facility in Georgia. The judge agreed to make that

recommendation to prison officials, who ultimately decide.

Theodocion said Wednesday he didn't know about the recent sex scandal at the Federal Correctional Institution in Tallahassee, which is next to a facility for men.

Charges are pending against a group of male guards accused of having sex with female inmates in exchange for drugs, alcohol, money and other contraband. When FBI and Justice Department investigators headed to the prison complex in June to arrest the guards, one of the corrections officers, who should have been unarmed, opened fire. A Justice Department special agent was killed, along with the suspect.

Violence is rare at the complex, said Howard O. Kieffer, a Santa Ana, Calif., attorney who specializes in federal prisons and whose clients have served time at the Tallahassee women's prison camp.

Shoving matches over love triangles

He said shoving matches over love triangles among inmates are more common than any serious violence.

Theodocion said he spoke with his client last week. "She's doing fine. She's ready for anything the future brings."

Before her trial in May, Schrenko repeatedly professed her innocence, but her trial ended abruptly when she pleaded guilty to her role in the embezzlement. Some of the money was funneled into her beleaguered campaign, and she spent about $9,300 for a face-lift.

She agreed to serve eight years in prison and not to appeal.

At her sentencing in July, U.S. District Court Judge Clarence Cooper scolded: "You're the reason the public confidence in the political process continues to erode."

Schrenko then surrendered the keys to her small SUV but was allowed to remain free until she reports to prison.

DOJ_NMG_0052632

Schrenko told reporters on her way out of the courthouse that she has made the most of her waning days of freedom with a jaunt to the beach, a party with family and friends and quiet time with her dogs. Prison life could be quite an adjustment for Schrenko, who is accustomed to her privacy, living on acres of countryside in the Augusta area.

Trial Pushed Back In Ecosabotage Case (AP)

AP, August 24, 2006

EUGENE, Ore. (AP) - U.S. District Judge Ann Aiken delayed the trial of four people charged in a federal investigation of arsons by radical environmentalists.

The trial had been scheduled for Oct. 31, but defense lawyers said they needed more time to analyze tens of thousands of pages of evidence. Aiken did not set a new date, but indicated that the trial might not start until March.

The "Operation Backfire" investigation resulted in indictments against more than a dozen people allegedly involved in acts of ecosabotage from 1996 to 2001. The Earth Liberation Front and Animal Liberation Front claimed responsibility.

Part of Tuesday's hearing was to determine how the four defendants should be allowed access to the statements and plea agreements of six co-defendants who have agreed to plead guilty. Those awaiting trial are legally entitled to the material to help them prepare their defense.

Defense lawyers for those who accepted plea deals argued last month that the safety of their clients would be jeopardized if the agreements were made public.

Under last month's order by U.S. Magistrate Judge Tom Coffin, the remaining four defendants and their lawyers were prohibited from making copies of any of the protected documents. Further, Coffin ordered the defendants not be allowed to view the documents except under the direct supervision of their lawyers.

Defense lawyers for the defendants facing trial say those restrictions are an unneeded burden.

But Assistant U.S. Attorney John Ray told Aiken on Tuesday that prosecutors also fear for the safety of cooperating witnesses if their statements and plea deals are made public.

"This is a matter of great concern," Ray said. Pointing to a thick binder containing the agreements, he said, "This is much sough-after material. Critical material."

Lawyer Richard Fredericks, who represents one of the defendants who accepted a plea deal last month, said his client is worried that protected information already is being leaked. He said Internet sites are rife with anonymous threats against so-called "snitches" within the radical environmental underground.

Aiken ruled the protective orders covering the documents are necessary to ensure the safety of cooperating defendants and witnesses. She said the secrecy does not give an advantage to the prosecution because it is widely known that federal cases of this nature rely on informants making deals with prosecutors.

Man Found Guilty In 2004 Anthrax Hoax At Meraux Post Office (AP)

AP, August 24, 2006

NEW ORLEANS -- A federal jury has found a Livingston Parish man guilty in connection with a 2004 anthrax scare at the Meraux post office, federal prosecutors said Wednesday.

Timothy Blake Dixon, 20, of Holden, was convicted of "communicating false information" after a three-day trial before U.S. District Judge Martin L.C. Feldman, U.S. Attorney Jim Letten said.

Dixon was accused of leaving a bag of white crystals and a note reading "ANTHRAX DIE AMERICANS" at the post office during the early morning hours of July 12, 2004.

The post office was shut down for about two days, delaying deliveries to nearly 4,000 homes and businesses, after a customer found the bag and note in the business' lobby.

Later testing revealed that the substance was sugar.

A hot-line tip alerted investigators to the defendant, who later confessed to committing the crime, Letten said.

Letten said the conviction is "evident of our commitment to protect our institutions and citizens from not only the dangers and horrors that terrorize our citizens but also to prosecute those individuals who wreak havoc by perpetrating hoaxes involving biological threats."

DOJ_NMG_0052633

Dixon faces up to five years in jail, a $250,000 fine and three years of supervised release. A sentencing date was not set.

Key Hahn Figure Pleads Not Guilty (LAT)

By Michael Muskal And Ted Rohrlich

The Los Angeles Times, August 24, 2006

Leland Wong, a powerbroker in the administration of former Mayor James K. Hahn, pleaded not guilty this morning to a 20-count indictment that alleges he took a bribe as part of a "pay-to-play" arrangement.

Wong appeared this morning before Los Angeles Superior Court Judge David Wesley, who ordered the 49-year-old former commissioner released on his own recognizance pending an appearance Sept. 7.

The district attorney's office unsuccessfully sought bail set at $390,000.

The indictment is the first of a public official in the ongoing probe of corruption during the Hahn administration by a joint task force from the offices of the U.S. attorney and the district attorney.

Charges of corruption at City Hall played a role in Hahn's defeat by Antonio Villaraigosa in a hotly fought mayoral race in 2005.

The task force, which included representatives from the California Franchise Tax Board, focused on allegations that former city officials solicited political contributions in exchange for city contracts. The political patronage practice is commonly known as "pay to play."

It was unknown whether other indictments are expected, though 41 witnesses presented evidence to the grand jury that began meeting Aug. 3, according to a statement announcing the indictment of Wong.

"The indictment of former Los Angeles City Commissioner Leland Wong by the county grand jury is a significant step in rooting out corrupt public officials and exposing corruption within public institutions," Dist. Atty. Steve Cooley said in a statement.

Wong, who served in the mayoral administrations of Hahn, Richard Riordan and Tom Bradley, sat stoically between his attorneys, Janet Levine and Jeffrey Rutherford, at his arraignment. Wong's only comment was to plead not guilty to the charges.

"He intends to fight these charges and he intends to be exonerated of his charges," Levine said. "That is what we expect will happen."

The indictment charges Wong with 13 counts of grand theft by embezzlement, one count of accepting a bribe, two counts of conflict of interest, one count of perjury and three counts of filing false tax returns.

Wong was an Airport and Department of Water and Power commissioner during the Hahn administration.

The bribery, conflict of interest and perjury charges relate to dealings with Evergreen Shipping beginning in early 2002 while Wong was an airport commissioner. The indictment alleged that he accepted a $100,000 bribe from an official of that firm, according to authorities.

The grand theft by embezzlement charges stem from Wong's employment as director of government relations for Kaiser-Permanente, officials said. The alleged embezzlement was uncovered by another Kaiser-Permanente employee in October 2003.

The investigation began after Wong resigned from both Kaiser and the Department of Water and Power Commission in January 2004.

Democrats Call For Probe Of Perdue's Florida Land Deal (AP)

By Shannon Mccaffrey

AP, August 24, 2006

ATLANTA - Democratic legislative leaders on Wednesday asked a federal prosecutor and Georgia's attorney general to investigate Gov. Sonny Perdue's $2 million Florida land purchase from a wealthy Republican developer.

In a letter filed with U.S. Attorney David Nahmias and state Attorney General Thurbert Baker, the Democrats said a probe was needed to determine whether Perdue provided any illegal benefits to Newnan developer Stanley Thomas.

They also asked authorities to look into legislation Perdue signed soon after the December 2004 land purchase which allowed him to avoid some $100,000 in state capital gains taxes.

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"Both the land purchase and the new tax windfall raise serious legal ethical questions about the governor," House Democratic Leader DuBose Porter said at a news conference.

"Is the governor's office for sale to a developer who gave the governor the chance to reap a personal financial windfall of tens of millions of dollars on an insider deal?"

Perdue is facing a challenge from Democratic Lt. Gov. Mark Taylor.

The Perdue camp dismissed the complaints on Wednesday, saying Democrats were merely trying to shift attention from Taylor's own troubles.

In a highly unusual move, the state Ethics Commission has added to its agenda for Thursday's meeting an ethics complaint that was filed against Taylor just last week. The complaint alleges that $35,000 in campaign contributions the Taylor received from car dealerships are illegal.

"We expect these kinds of desperate attempts to divert attention from what is really going on," Perdue spokesman Derrick Dickey said.

Russell Willard, a spokesman for Baker, declined to comment. Justice Department spokesman Patrick Crosby said officials there do not respond to inquiries about investigations.

In December 2004, Perdue purchased about 20 acres in Osceola County, Fla. along a new toll road that is being built to Disney World. He bought the land from Thomas for $2 million without ever seeing the property. Perdue appointed Thomas to the state Economic Development Board and one of Thomas' companies, Fourth Quarter Properties, donated $250,000 to the state Republican Party.

Perdue has defended the land deal, saying he bought land outside the state because he wanted to avoid charges of potential conflicts on interest he would have faced had he bought land in Georgia.

Just months after the Florida land deal, Perdue signed into law a tax bill that saved him about $100,000 in state capital gains taxes on the land he sold in Houston County, Ga. to buy the Florida property.

The Perdue administration said the bill was part of a large tax package designed to bring state laws in line with the federal government. But the two portions of the law which benefited Perdue were made retroactive to January 2004 - effectively covering Perdue's land sale in Houston County and purchase in Florida.

ON THE NET

Gov. Sonny Perdue: http://www.newga.com

Lt. Gov. Mark Taylor: http://www.marktaylor.com

Assistant High School Coach Arrested In Internet Child Sex Sting (WBBM-AM)

WBBM-AM, News Radio 780, Chicago, August 24, 2006

PORTAGE, Ind. (WBBM) -- Following a three-week investigation in three Indiana counties, federal agents and local police have arrested more than two dozen people for soliciting sex from children over the Internet. WBBM's Bob Roberts reports.

Arrests continued Tuesday afternoon, bringing the total to at least 27. The U.S. Attorney for the Northern District of Indiana, Joseph Van Bokkelen, said that the arrest total eventually could reach 40.

Among those arrested was 24-year-old Matthew Carl Hensley, of Valparaiso, who was an assistant basketball coach at Andrean High School in Merrillville, said U.S. Attorney Joseph Van Bokkelen.

Detectives from police agencies in Porter County, the South Bend and Lafayette areas posed as 12-and-13-year-old girls in a number of online chat forums.

In one arrest, in Valparaiso, an alleged predator arrived at a prearranged meeting point, saw police cars responding to an unrelated call, returned home and sent an e-mail asking if it was safe for them to meet. Assured that it was, the suspect returned and was arrested.

In at least 11 of the cases, authorities arrested suspects when they showed up at pre-arranged meeting points. The others were arrested after they sent the "girls" graphic images or made graphic references in their e-mails.

In all, Van Bokkelen said, the law enforcement personnel chatted with more than 100 individuals.

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Those arrested range in age from their 20s to their 50s. Van Bokkelen said that in all cases, prosecutors asked that the suspects be held without bond.

Penalties recently increased. Under the so-called "Adam's Law," signed into law by President Bush last month, the minimum prison term increased from five years to 10. Those convicted can get life in prison. All of those convicted must register as sex offenders.

"Know who your children are talking to," Van Bokkelen advised parents. "You tell your children not to speak with strangers. Well, that's exactly what they're doing on the Internet. Parents just need to police better what their children are doing, who they're talking with, and what's going on."

Van Bokkelen said the arrests were timed to coincide with the beginning of the school year. His office also is sending a CD to each school system in northern Indiana, discussing ways to keep children safe from would-be predators.

Thirty local, state and federal agencies participated in the operation, part of a national effort known as Project Safe Childhood, announced by the Justice Department earlier this summer.

Superintendent's Early Critics Say Board Shares Some Blame (WP)

By Eric Rich And Rosalind S. Helderman

The Washington Post, August 24, 2006

For those who warned from the start that Andre J. Hornsby was the wrong pick to lead Prince George's County public schools, the news of his indictment this week in a public corruption case has provided a belated and in many ways unwelcome sort of vindication.

Several of those critics, as well as some parents, said in interviews yesterday that the school board shares responsibility for Hornsby's alleged failings because it hired him, and then largely supported him as questions about his conduct swirled, before finally ousting him last year.

"Has this affirmed my initial fears and concerns? Absolutely," said state Sen. Paul G. Pinsky (D-Prince George's), who said he made calls all over the country when the board was considering hiring Hornsby and was deeply concerned by what he learned. "I thought it was a bad choice, and I conveyed that. They made the choice."

Hornsby, 52, was indicted Tuesday by a federal grand jury on charges of steering school business to associates in exchange for kickbacks that were intended to exceed $100,000 and possibly include such indulgences as expensive art or a yacht.

Hornsby maintained his innocence throughout his turbulent tenure, from June 2003 to June 2005, and his attorney said in a statement Tuesday that he would contest the charges vigorously.

Several parents said they were dismayed that an official who drew an annual salary of $250,000 managed, when driven from office, to collect a severance payment of $125,000.

"I was floored," said parent Patricia Browne of Springdale. "My major disappointment was that the county gave him a nice little package to go away even when he was under a cloud."

Parent Carla Jasper of Upper Marlboro said, "I am wondering truly who put that man in office to begin with. . . . He should never have been in a leadership position with the stuff in his background in the first place."

Hornsby was hired by an appointed school board, a temporary body that was created in 2002 when the state abolished an elected board widely derided as inept and financially reckless. A new elected board will be chosen in November, with only two of the current members hoping to remain.

In March 2003, Hornsby was one of three candidates for the position. He had recently been laid off from an administrative post with New York City schools, and he had been fired three years earlier as superintendent of the Yonkers school system outside the city. In Yonkers, though he denied wrongdoing, critics accused him of improperly accepting a golf trip and a hand-held computer from a vendor.

Just one of the nine board members opposed Hornsby's appointment: Judy Mickens-Murray (Upper Marlboro). "The preliminary research raised a flag," Mickens-Murray, who is standing for election, said yesterday.

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The other incumbent running for a seat is Vice Chairman Howard W. Stone Jr. (Mitchellville), who said after the indictment that he could not have foreseen that Hornsby's tenure would be so mired in controversy.

In interviews yesterday and the day before, several school board members and county officials sought to direct attention away from the 16-count criminal indictment and to focus instead on the promise of the chief executive who replaced Hornsby, John E. Deasy.

"Things fall through the cracks," County Executive Jack B. Johnson (D) said shortly before the indictment was announced Tuesday. "It happens, and when it happens, that's why you have the authorities to come in and do the job that they're supposed to do. . . . We have moved on."

County Council Chairman Thomas E. Dernoga (D-Laurel) issued a statement calling the indictment "a cause for great concern" but adding that "now is not the time to reflect on the Hornsby era."

Board member Robert O. Duncan (Laurel) said, "I hope we can get this behind us." Board member Abby L.W. Crowley (Greenbelt) said Hornsby "set us on the right course."

Board Chairman Beatrice P. Tignor (Upper Marlboro), who associated herself closely with Hornsby, said criticism now of her defense of him then amounted to "Monday-morning quarterbacking." She noted that the board ultimately hired a forensic auditor whose findings led the board in 2005 to deem Hornsby's conduct "unacceptable."

In October 2004, when questions surfaced in media accounts about the school system's $1 million purchase of educational tools from a software company where Hornsby's live-in girlfriend worked, Tignor rose to Hornsby's defense. She issued a "statement of facts" that she said she had "personally researched . . . with the assistance of school system staff."

"I believe that this should bring closure to these issues," she wrote, defending among other things an arrangement that is now central to the indictment.

Yesterday, Tignor said: "Certainly at the time I made those statements, [and] we have found some of those statements to be nonfactual. I can't undo the past. . . . We did what we thought was best at the time."

Is Jeffs Hiding In Texas? (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, August 24, 2006

Shurtleff, others discuss ways to track down fugitive FLDS leader

Utah and Texas authorities are exploring new ways of finding proof that fugitive polygamist leader Warren Jeffs has been hiding out at the Fundamentalist LDS Church's massive temple site in Eldorado, Texas.

Warren Jeffs

Mark Shurtleff "He's got how many thousand acres down there and a sheriff that says he's not going to go in?" Utah Attorney General Mark Shurtleff told the Deseret Morning News. "I think he travels around absolutely. It's a place he goes for refuge. My question is, what are you doing to get probable cause?"

But the sheriff of the tiny Texas town said he doesn't have any proof the FLDS leader has been there lately — and that's why he can't go in and search the sprawling ranch.

"No doubt at some point he's been out there," said Schleicher County Sheriff David Doran. "But no evidence that he has been out there recently."

Shurtleff met briefly with his counterparts in Texas and Canada earlier this month while at a conference in Alaska. He said they discussed new ways to track down the fugitive FLDS leader.

The Texas Attorney General's Office declined to comment about any plans to develop more proof that Jeffs has been there.

"Mr. Jeffs is on the FBI's Most Wanted list, and because of this, we want to do all we can to work with local, state and federal authorities to help resolve the matter," said Tom Kelley, a spokesman for Texas Attorney General Greg Abbott. "As to specifics about resources devoted to any particular aspect of it, we cannot comment."

Shurtleff thinks more resources can be devoted to the manhunt for Jeffs. Utah's attorney general suggested pushing the FBI and U.S. Marshal's Service to use satellite surveillance on the YFZ ranch to look for vehicles that may be traveling in convoy.

The FBI's Salt Lake City office declined to comment on what the agency is doing to develop information about Jeffs' whereabouts.

"I cannot speak with any specificity to probable cause or the lack thereof," said FBI Special Agent Jan Caldwell.

In an interview last week with the Deseret Morning News, Shurtleff said he believes Jeffs has been moving between FLDS enclaves on the Utah-Arizona border, Texas and Canada.

"He seems to be getting word out to his people," Shurtleff said. "He seems to still be saying, 'I'm in charge, I'm in control.' At least some of the time he's traveling around those places."

Arizona Attorney General Terry Goddard told the Deseret Morning News in June he had heard Jeffs had been in the area around the polygamous border towns of Hildale, Utah, and Colorado City, Ariz., performing more child-bride marriages.

Asked if his investigators have developed any new evidence of Jeffs' whereabouts, Shurtleff replied: "Not that I'm going to tell you about."

Doran agrees that Jeffs is traveling around but said he still has no signs or indications that the fugitive polygamist leader has been in Texas recently. Despite Shurtleff's belief that Jeffs may be visiting the YFZ ranch outside Eldorado, the sheriff said authorities still don't have probable cause to search the property. YFZ stands for "Yearning for Zion," after a song Jeffs wrote.

"Their guys have to have the same as we do," Doran said of Utah law enforcement. "They have to have proof, probable cause, anything to get us on the property to conduct a search. Even our local FBI, we don't have that. There's nothing to give us any indication to go in and search."

Doran said he has developed good relations with FLDS members on the YFZ ranch. When Texas environmental authorities conduct routine inspections, he is also allowed on site. One of the only places he is not allowed to visit is the temple itself.

"We've asked, they've said no," the sheriff said. "That's something that's sacred. You've got to be a member and go through ordinances. They compared it to the mainstream Mormon church."

Jeffs, 50, remains a fugitive on the FBI's Ten Most Wanted list, next to the likes of terror mastermind Osama bin Laden. A $100,000 reward is being offered for information leading to his arrest.

In Utah and Arizona, he is charged with sex crimes, accusing him of forcing teenage girls into polygamous marriages with older men. Federal prosecutors have charged him with unlawful flight to avoid prosecution.

The Utah Attorney General's Office has been conducting an organized crime investigation into Jeffs and the FLDS Church. A federal grand jury in Arizona has also been investigating the group, issuing subpoenas to FLDS members. Some have been jailed for refusing to testify.

The FBI said it continues to pursue a number of "good leads" in the manhunt for Jeffs. Caldwell urged more people to phone in tips.

"Various divisions are receiving good information, and we are following every lead to a logical conclusion," she said. "Someone out there knows exactly where he is. We're asking they do the right thing. He's a dangerous man."

Vigil Retrial To Stay In City, Judge Says (ALBTRIB)

Albuquerque Tribune, August 24, 2006

U.S. District Judge James Browning has decided the retrial of former state Treasurer Robert Vigil on corruption charges will not be moved out of state, as Vigil's attorney had requested.

Browning made his decision final late Tuesday, saying he had confidence Vigil can get a fair trial.

Defense attorney Sam Bregman had contended New Mexico residents have been inundated by publicity about Vigil, including campaign ads by U.S. Rep. Heather Wilson and her challenger, Attorney General Patricia Madrid.

The retrial is set to begin Sept. 5.

Metro Court judge tabbed for interim

Linda Rogers, a former senior trial attorney with the 2nd Judicial District Attorney's Office, has been appointed to a temporary judgeship with the Bernalillo County Metropolitan Court.

Gov. Bill Richardson made the appointment Tuesday, choosing the Las Cruces native over two other candidates.

She will hold the position until voters fill it in the Nov. 7 general election.

Another Union Member Pleads Guilty To Racketeering Charges (NSDY)

Long Island Newsday, August 24, 2006

NIAGARA FALLS, N.Y. -- A former union official who admitted he took part in efforts to intimidate people in western New York's construction industry was sentenced Tuesday on a federal racketeering conviction.

Salvatore Bertino, 54, pleaded guilty and was sentenced to 51 months and ordered to pay $30,000 in restitution.

Bertino also agreed to provide testimony against others targeted by the government in an ongoing union-corruption probe.

Certain Local 91 members, including Bertino, engaged in repeated acts of extortion at a number of construction projects in Niagara County, involving dozens of victim companies and employees, over a six year period, prosecutors said.

In all, 18 Local 91 members pleaded guilty or were convicted at trial. They were charged four years ago in an indictment that detailed beatings, a firebombing, and numerous incidents of costly vandalism from 1995 to 2002, all meant to secure work for Local 91 laborers.

Authorities said the union's tactics scared off development and contributed to the upstate county's economic decline.

On Aug. 1, 2006, the last four defendants charged in the case pleaded guilty mid-trial to racketeering conspiracy and other charges and are awaiting sentencing.

Bertin Gets Four Years Behind Bars (TONNEWS)

By Rick Pfeiffer

Tonawanda (NY) News, August 24, 2006

Former Local 91 VP is latest laborer to head to prison

BUFFALO — Veteran defense attorney Angelo Musitano had barely begun to speak when Chief U.S. District Court Judge Richard Arcara cut him off.

The lawyer for former Laborers Local 91 Vice President Salvatore Bertino was about to explain what he thought was his client's role in the activities of a union that federal prosecutors called a "criminal enterprise."

"Mr. Bertino, though he was present for some of these things," Musitano started say.

"Some things," Arcara said with mock surprise. "How about lots of things."

It was just the beginning of a one-hour-long proceeding in federal court in Buffalo on Tuesday, that would see Arcara sentence Bertino to more than four years in prison for his guilty plea to a single count of racketeering conspiracy.

"Your honor, I'm not going to minimize what happened," Musitano said. "(The union leaders') conduct has been described as outrageous and your (Arcara's) comments yesterday reflect that."

Pausing to consider the two-hour-long sentencing of former Local 91 President Dominick Dellaccio on Monday, Arcara said, "You should have been here, I've never seen anything like this. I've never seen anything like this in my experience."

Prosecutors had charged and Bertino admitted to numerous acts of violence and intimidation between 1996 and 2002, the years the feds focused in on their investigation of Local 91. Arcara was particularly upset by Bertino's actions during a September 1998 brawl with members of the bricklayers union at the Military Road construction site of a Wegman's supermarket.

"During the attack, (a member of the bricklayers' union) was held on the ground, his shoulders pinned, while Sal Bertino kicked him in the groin," Arcara said. "And listen to what was said, 'This isn't Buffalo. You're going to get more of this if you stay in our town, get out of our town.' Kicking someone in the groin, that's almost animalistic."

Staring intently at Bertino, Arcara said, "Its fortunate no one got killed."

As prosecutors provided the ammunition, outlining multiple incidents of violence the former union leader was linked to, Arcara blazed away at Bertino and his attorney.

"I'm sure you don't like hearing what I have to say," the judge said. "But I'm not here to make you feel good."

Bertino pleaded guilty and cooperated with the government investigation, acts which Arcara said helped lower his sentence.

The one time labor leader had been looking at a sentence of between 46-to-57 months. The judge imposed a 51-month prison term and tacked on a $30,000 restitution bill for property destruction Bertino admitted to.

"My inclination was to give you a sentence higher than the guideline range," Arcara told Bertino. "But I read the letters (of support) and you cooperated with the government and on that basis I decided to sentence you in the mid range, but I strongly considered a longer sentence."

Former Niagara Falls Union Leader Sentenced (NSDY/AP)

Long Island Newsday, August 24, 2006

BUFFALO, N.Y. (AP) _ The former president of a Niagara Falls labor union was sentenced Monday on federal racketeering charges.

Dominick Dellaccio, 61, pleaded guilty, and was sentenced to 38 months in prison and ordered to pay $20,000 in restitution.

Certain members of Local 91 _ including Dellaccio _ engaged in repeated acts of extortion at a number of construction projects in Niagara County during a six year period, according to the indictment.

Dellaccio was one defendant in a massive government case that investigators began building in the mid-1990s. In all, 18 Local 91 members pleaded guilty or were convicted at trial. They were charged four years ago in an indictment that detailed beatings, a firebombing, and numerous incidents of costly vandalism from 1995 to 2002, all meant to secure work for Local 91 laborers.

Authorities said the union's tactics scared off development and contributed to the upstate county's economic decline.

On Aug. 1, 2006, the last four defendants charged in the case pleaded guilty mid-trial to racketeering conspiracy and other charges and are awaiting sentencing.

As part of his plea, Dellaccio admitted that he and other members of the union participated in property destruction and sabotage at a Mulvey Company construction site in Lockport in 1997. He also admitted that members of Local 91 participated in a mass attack upon members of the bricklayers union at the Wegman's construction site in 1998.

Ex-Local 91 Head Sent To Prison (BUFFBIZ)

Business First of Buffalo, August 24, 2006

A former president of Laborers Local 91 was sentenced to more than three years in jail for his conviction in a federal racketeering case.

Dominick Dellaccio, 61, of Lockport, received prison sentence of 38 months when he appeared before U.S. district Court Judge Richard Arcara. After completing the sentence, Dellaccio was ordered to serve two years of supervised release, and pay $20,000 in restitution.

Dellaccio was convicted for repeated acts of extortion at a number of construction projects in Niagara County, prosecutors from the U.S. Attorney's office said. The violations occurred over a six-year period.

Queens Pol Leaves Labor Post Amid Bid-rig Probe (NYDN)

By Juan Gonzalez, Daily News Staff Writer

New York Daily News, August 24, 2006

Queens assemblyman Brian McLaughlin, the powerful city labor leader who became the target in March of a federal bid-rigging probe, stepped down yesterday as president of the 1 million-member Central Labor Council.

McLaughlin was granted a six-month paid leave of absence yesterday from his post at the labor council, the main umbrella group for organized labor.

The council's executive board approved the leave during a special meeting yesterday where it also named Ed Ott, the group's current director of public policy, to replace McLaughlin with the title of interim executive director.

The move, which many had long expected, comes only two weeks before the annual Labor Day Parade on Sept. 9, when top city union leaders are expected to hold a breakfast attended by major politicians such as Sen. Hillary Clinton and Democratic gubernatorial hopeful Eliot Spitzer, before kicking off the march along Fifth Ave.

McLaughlin, a Democrat, has not been charged with any crime, but several labor leaders said yesterday that his removal avoids embarrassing publicity for organized labor at the parade as well as during the upcoming Democratic primary.

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"It was Brian's decision to step down and I think it was the right thing to do," said Denis Hughes, president of the state AFL-CIO. Hughes in effect assumed the reins of the city labor body in March, a few days after FBI agents and the U.S. Labor Department launched simultaneous raids at six spots, including the labor council headquarters in Manhattan and McLaughlin's Assembly office.

Investigators are looking into allegations that McLaughlin, who is also head of Local 3 of the International Brotherhood of Electrical Workers, was involved with several electrical firms in a bid-rigging scheme that involved city street-lighting contracts.

His lawyer Paul Driscoll has denied all the allegations.

Sen. Cooper Charged In Land Fraud (TENN)

By Michael Cass, Staff Writer

The Tennessean, August 24, 2006

He could face 65 years in prison, $2 million in fines if convicted

State Sen. Jerry Cooper was indicted Tuesday by a federal grand jury on three felony counts, accused of using crooked numbers and political clout to help an Alabama couple buy his property.

Cooper, D-Morrison, stands accused of bank fraud, mail fraud and conspiracy to commit bank and mail fraud. He could face as much as 65 years in prison and more than $2 million in fines if convicted, according to the U.S. attorney's office for the Eastern District of Tennessee.

Cooper, 58, has agreed to surrender himself to be arrested "sometime next week," the U.S. attorney's office said in a news release. Cooper's attorney, Jerry Summers of Chattanooga, did not return two phone calls seeking comment.

Federal prosecutors allege that Cooper conspired in 1998 and 1999 to defraud BankTennessee in Collierville — which Lt. Gov. John Wilder co-owns — by providing a false, inflated appraisal of Cooper's woodworking plant in Smartt, Tenn. Anthony's Construction Co. of Huntsville, Ala., bought the plant.

The appraisal said the property included a railroad spur that did not actually exist, though Cooper had allegedly gotten state and Warren County officials to promise it would be built.

With Cooper's help, Anthony's then was able to get a $1.77 million loan from BankTennessee based on the false appraisal, according to the indictment. The nine-page document says the senator approached "a political friend of his who was an influential person and a director of BankTennessee" and sought "to use that friend's influence to assist in obtaining a loan" from the bank.

The indictment also says Cooper had appraisal papers faxed from his Senate office to BankTennessee at one point.

"The appraisal was fraudulent," Assistant U.S. Attorney Gary Humble said in a brief telephone interview from Chattanooga, where the grand jury met. "He conspired with others and used his political influence and the false appraisal to get the loan."

Wilder, whose home phone line was busy every time a reporter tried to reach him Tuesday evening, said last year that Cooper had approached him about the loan and that he had passed the request on to bank executives. He later retracted that statement, saying he was "mistaken."

As many as eight directors of BankTennessee went to Chattanooga last month to answer Humble's questions.Humble declined to comment Tuesday on Wilder's role in the loan.

The indictment says Cooper also helped Anthony's Construction Co. get a $485,000 equipment loan from the state Department of Economic and Community Development. Anthony and Teresa Auyer, who owned Anthony's, were convicted in April of various fraud, money laundering and conspiracy charges. They were sentenced in July to 34 months and 18 months in prison, respectively.

The appraiser, James Passons, was acquitted of all charges. But he testified during his trial that he inflated the appraisal as a favor to Cooper.

Cooper, who had been described as an "unindicted co-conspirator" in the Auyers' indictment, was elected to his sixth four-year Senate term in 2004. He is chairman of the Commerce, Labor and Agriculture Committee.

Sen. Ron Ramsey, R-Blountville, chairman of the Senate Ethics Committee, said Cooper would have 10 days to say why he shouldn't be stripped of his chairmanship. If he doesn't respond in that time, he'll automatically lose the position.

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Cooper resigned from the legislature's Fiscal Review Committee in 2004 after defaulting on nearly $1 million in bank loans, though his staff said the resignation wasn't connected to his financial problems, The Associated Press reported at the time.

Ramsey, who is also the Senate Republican leader, said Cooper's indictment was troubling.

"Even though everyone is innocent until proven guilty, this doesn't look good for Senator Cooper," he said.

But Sen. Jim Kyle, D-Memphis, the Senate Democratic leader, said it was time to let the legal system run its course.

"Jerry Cooper is my friend, and I trust Jerry Cooper," Kyle said. "I also trust the judicial system."

Cooper is the fifth current or former Democratic senator indicted in the past 15 months, joining four from the Tennessee Waltz bribery sting, which also nabbed a Republican House member. Ramsey and Kyle disagreed on the impact that fact would have on Senate elections this fall.

The allegations also had at least one unintended effect. U.S. Rep. Jim Cooper, a Democrat who represents Nashville in Congress, called The Tennessean on Tuesday to stress that he and Jerry Cooper are "not kin."

"A shocking number of people are confused," he said.

Longtime Gadsden Mayor Defeated Amid Corruption Probe (AP)

AP, August 24, 2006

GADSDEN, Ala. (AP) — Real estate agent Sherman Guyton defeated longtime mayor Steve Means in his bid for an eighth term after a race run under the cloud of a federal corruption investigation that already has resulted in three guilty pleas.

Guyton captured almost 62 percent of the vote Tuesday to oust Means, who hasn't been implicated in the probe.

Voters also returned three incumbent council members to office.

Means, 60, told reporters the investigation may have played a role in his defeat, but he didn't use it as an excuse for his defeat.

"I will assign no blame to anyone or anything," he said. "I lost the race and I had 28 good years."

Guyton said he was surprised at his margin of victory.

"Everybody was real receptive," Guyton said. "I think we've sort of got a mandate of what the people wanted, (but) ... we can't do everything all at once."

Gadsden councilmen Jimmy L. Armstrong and Fred L. Huff plea pleaded guilty last week with consultant Larry R. Thompson to corruption charges in a bribery scheme over a real estate development.

Another city official, Cathy Back of the Commercial Development Authority, also was charged with conspiracy and has agreed to cooperate with authorities in a continuing investigation.

Councilman Bill Stewart, J.R. Countryman and Bob Echols were re-elected, but Stewart said the corruption probe played a role in the race.

Stewart appeared in state court last week and pleaded guilty to a misdemeanor violation of state campaign laws, but word also came that he was no longer a target of the federal conspiracy investigation.

"Certainly, the dark cloud hanging over the city the past few months had a bearing on all the races," Stewart said. "I'm glad the FBI cleared me."

Two other council seats will be decided in a runoff, and a former councilman, Robert Avery, was elected to the panel again.

Guyton and the new council take office on Oct. 2.

Tie Jr. To Dad's Deal (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 24, 2006

Dapper Don John Gotti bankrolled an Aryan Brotherhood drug deal from his prison cell with the help of his children, an ex-member of the violent prison gang testified yesterday.

Glen West, 52, said he turned to Gotti in the 1990s while both were housed at a federal prison in Illinois after he got a sweetheart deal to purchase $2,500 worth of heroin on the outside.

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Gotti agreed to get the cash after his next prison visit with family, West said. The day after son John and daughter Victoria came to prison in Marion, Ill., West's heroin supplier received $2,500 in cash, he said.

West did not know who delivered the cash.

Gotti, remaining true to his Mafia oath, told him to pay back the principal only.

"He said he didn't want the interest because it was drug money," West testified at the racketeering trial of Gotti's son, John A. (Junior) Gotti, in Manhattan Federal Court.

West's surprise appearance came as federal prosecutors sought to strengthen a case that has already resulted in mistrials after two hung juries.

West served 27 years in prison for bank robberies, burglaries and two failed escapes in which he took prison officers hostage. He has been cooperating with prosecutors since his 2002 release from prison and was enlisted to help in the Gotti case just two weeks ago.

The "A.B." began providing protection for the elder Gotti soon after he was sent to prison in 1992, and were promised $1 million to whack Gotti nemesis and mob snitch Salvatore (Sammy Bull) Gravano, West said.

Also yesterday, jurors watched a June 1992 talk show appearance by radio host Curtis Sliwa ranting against the Gotti family 18 days before he was shot twice by thugs prosecutors say were sent by Junior Gotti.

Oddly, on the tape, to Sliwa's left sits Louis Eppolito, the former NYPD officer accused in eight gangland slayings whose conviction was tossed out by a Brooklyn judge last month.

Eppolito was on the former syndicated program hawking his book "Mafia Cop," telling the tale of his honest life as the son of a mobster. Also appearing on "The Richard Bey Show" was Bruce Cutler, the lawyer for the Dapper Don and later Eppolito.

Adviser Jailed Since 2000 Pleads Guilty In Securities Fraud Case (NYT)

By Gretchen Morgenson

The New York Times, August 24, 2006

Martin A. Armstrong, a financial adviser who has been in jail since January 2000 on a civil contempt charge, pleaded guilty yesterday to a charge of securities fraud in a criminal case stemming from trading losses incurred by his firm in 1999.

At a hearing yesterday afternoon in United States District Court in Manhattan, Mr. Armstrong, founder of Princeton Economics International, admitted to deceiving corporate investors and improperly commingling client funds in a case that prosecutors said resulted in commodities losses of more than $700 million.

Judge John F. Keenan said that Mr. Armstrong, 56, could receive a sentence of as much as five years in prison and a fine of at least $250,000.

The judge said he had not decided whether to credit Mr. Armstrong with the time he had already spent in jail when he sentences him on Jan. 3. Mr. Armstrong's lawyer said the financier should have been released from jail after 18 months as required by the civil contempt statute.

Mr. Armstrong, jailed in the Metropolitan Correctional Center in Lower Manhattan, pleaded guilty to the conspiracy charge after spending almost a week in segregated confinement, Victoria Armstrong, his daughter, said. Prison officials segregated him after contending that he had damaged an air vent in a recreational area of the jail, she said.

"I think the government just wore Marty out," said Thomas V. Sjoblom, a partner at Proskauer Rose who represents Mr. Armstrong. "The court system has not been gracious in any respect toward Martin Armstrong since the criminal judge in Trenton gave him bail in September 1999."

After being released on bail in New Jersey seven years ago as the case was unfolding, Mr. Armstrong was indicted again by federal prosecutors in Manhattan, Mr. Sjoblom said. The Securities and Exchange Commission and the Commodity Futures Trading Commission sued Mr. Armstrong in October 1999 and ordered him to turn over assets. Mr. Armstrong was jailed on civil contempt charges after failing to surrender $14.9 million in gold bars and rare coins to the government, assets that Mr. Armstrong maintained he did not have.

Last January, Mr. Sjoblom argued before the United States Court of Appeals for the Second Circuit that Mr. Armstrong had been imprisoned unlawfully for six and a half years and should be released; the appellate court has not ruled on the matter.

"The court of appeals needs to resolve this contempt issue because it impacts the sentencing in the criminal case," Mr. Sjoblom said.

Mr. Armstrong's guilty plea came as he and his lawyers prepared for his criminal trial, scheduled to begin on Oct. 24. Three weeks ago, the judge that had overseen the criminal case since 2000 was replaced by Judge Keenan, who immediately scheduled a trial for Mr. Armstrong.

At the peak of his career, Mr. Armstrong managed $3 billion in assets. The unraveling of his firm followed a bet against the Japanese yen that led to substantial losses. In January 2002, Republic Securities, a brokerage firm that housed Princeton Economic's accounts, pleaded guilty to conspiracy and securities fraud charges in the case and paid $569 million to victims.

Ms. Armstrong spoke with her father after he appeared in court. "He didn't sound too happy," she said. "But he had been in there almost seven years with no end in sight. I certainly feel good about his decision."

Market Forecaster Pleads Guilty In New York To Criminal Charge (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, August 24, 2006

NEW YORK -- A market forecaster accused of defrauding Japanese investors of $1 billion pleaded guilty to securities fraud Thursday, after spending more than six years in prison on contempt charges alleging he hid up to $15 million in assets.

Martin Armstrong, 57, entered the plea to conspiracy to commit securities fraud, commodities fraud and wire fraud in a deal with prosecutors limiting his potential prison sentence to up to five years.

He seemed disoriented at the start of his plea, pausing when asked his age before saying haltingly, "I think, about 57."

Later, U.S. District Judge John F. Keenan asked him if anyone had offered him anything to induce a plea and he said he had been offered a slice of pizza for lunch.

"There's nothing funny or humorous about any of this," the judge snapped.

Armstrong, founder of Princeton Economics International Limited in Princeton, N.J., was once free on $5 million bond after pleading not guilty to securities charges. A trial had been set for October.

The contempt order stems from assets prosecutors say Armstrong hasn't turned over, including 102 bars of gold worth $1 million, 699 gold coins, a $750,000 bust of Julius Caesar, hundreds of rare coins valued at $11 million and a bronze helmet.

Prosecutors said Armstrong lost almost $500 million trading the Japanese yen and other investments between 1997 and 1999 as part of a $3 billion Ponzi scheme involving securities known as Princeton notes that stretched from 1992 through 1999 and affected 139 victims, primarily corporate investors.

In his plea, Armstrong said he told the Japanese investors that their accounts would be separate from his own firm's trading accounts.

Armstrong said he merged the accounts anyway after suffering millions of dollars in trading losses and then lied to investors about how much remained in their accounts.

"What I was doing was wrong and improper," he told the judge. "Taking these actions and agreeing with others to do so, I knew at the time I was deceiving investors in the purchase of Princeton notes."

Without the plea agreement, Armstrong would have faced a prison term of between nine years and 11 years and three months according to federal sentencing guidelines, the judge noted.

Sentencing was set for Jan. 3.

Outside court, Armstrong's lawyers said their client had been in solitary confinement for the last week after he was accused of damaging an air conditioner vent. He has since been returned to the federal prison's general population.

Armstrong Admits Japanese Fraud Role (BSUN/BLOOM)

Bloomberg News

The Baltimore Sun, August 24, 2006

NEW YORK -- Former financier Martin Armstrong, who has spent six years in jail for defying a judge's order, pleaded guilty yesterday to federal charges that he conspired to defraud Japanese investors out of millions of dollars.

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Armstrong, the former money manager and founder of Princeton Economics International Ltd., faces up to five more years in prison after admitting that he lied to investors about losses incurred by his fund in commodities futures trades.

"By falsely representing to investors that my trading performance was better than it actually was, what I was doing was wrong and improper," Armstrong, 57, told U.S. District Judge John Keenan in New York. "I knew at the time that I was deceiving the investors."

Armstrong was charged in 1999 with defrauding Japanese investors out of more than $700 million. In December 2001, Republic New York Corp., now a unit of HSBC Holdings PLC, pleaded guilty to charges of helping Armstrong swindle Japanese clients and agreed to pay $606 million, then the largest reimbursement by any corporation to investors victimized in a fraud.

In a related civil case, the Securities and Exchange Commission and the Commodity Futures Trading Commission sued Princeton Economics and Armstrong in 1999. The judge in that case jailed Armstrong in January 2000 for contempt after Armstrong refused to surrender $14.9 million in gold bars and rare coins. Armstrong said he didn't have them to turn over.

No one has ever spent more time in jail for civil contempt of a federal court order. Keenan said he hasn't decided whether to credit Armstrong for his time behind bars on the contempt citation when he's sentenced on Jan. 3 on the conspiracy charge.

Armstrong's financial reputation was built on his theory that economic cycles recur over centuries. From an office overlooking Tokyo's Imperial Palace, his now-defunct New Jersey-based firm grew to manage as much as $3 billion for Japanese investors.

U.S. authorities claimed Armstrong hid huge trading losses by using funds from new investors to pay off old ones. He faced up to 11 years in jail if convicted at a trial, Keenan said.

At yesterday's plea hearing, Armstrong, initially appearing dazed, admitted that he commingled investors' funds with other accounts at Republic as a way to offset trading losses.

Armstrong has spent the past week in solitary confinement after being accused of damaging a prison vent.

Defense lawyer David Cooper said yesterday's guilty plea doesn't put an end to Armstrong's civil contempt, which he is appealing.

The decision on whether to end the civil contempt will be made later by U.S. District Judge Richard Owen in Manhattan.

CONSUMER SAFETY (WP)

The Washington Post, August 24, 2006

CONSUMER SAFETY

All Sony Laptop Batteries Probed

All Sony batteries made for laptop computers are being reviewed by the Consumer Product Safety Commission. Earlier this week, Dell recalled 4.1 million units that may ignite.

A spokesman for the commission said it is in discussions with Sony.

Sony has said it expects to share the costs associated with the recall of batteries it supplies to Dell for use in laptop computers.

ECONOMY

Leading Indicators Down in July

The Conference Board's index of leading economic indicators fell 0.1 percent in July. The index has fallen at an annual rate of 1.4 percent over the past six months, the worst performance since 2001. The 0.1 percent decline followed a 0.1 percent gain in June. Economists expected the index to rise 0.1 percent.LEGAL

Forecaster Pleads Guilty to Fraud

A market forecaster accused of defrauding Japanese investors of more than $700 million pleaded guilty to fraud after spending more than six years in prison on contempt charges for allegedly hiding as much as $15 million in assets.

Martin Armstrong, 57, entered the plea to conspiracy to commit securities fraud, commodities fraud and wire fraud in a deal with prosecutors limiting his potential prison sentence to five years. He was jailed in January 2000 after failing to turn over assets, including 102 gold bars, that authorities had sought.

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Prosecutors said Armstrong, founder of Princeton Economics International Ltd., lost almost $500 million trading the Japanese yen and other investments between 1997 and 1999 as part of a $3 billion Ponzi scheme that affected 139 victims, primarily corporate investors.2 Accused of Insider Trading

Dawn Schlegel and Sandra Hatfield, former executives of the body-armor supplier DHB Industries, were arrested on insider-trading charges.

Schlegel and Hatfield were accused of inflating the company's earnings and profit margins from 2003 to 2005, then selling their stock for an $8 million profit.AUTOMOTIVE

Gearshift Device Gets Green Light

Automakers agreed with the U.S. government to install a safety device in all new vehicles by 2010 that will prevent drivers from accidentally shifting a vehicle out of park.

The brake interlock system, promised by 19 U.S. automakers in a deal with the National Highway Traffic Safety Administration, stops vehicles from being shifted out of park without depressing the brake pedal and so prevents the vehicles from rolling away.

Such incidents have resulted in lawsuits against automakers. About 3 million vehicles sold each year in the country lack a brake-shift interlock.DEFENSE

Boeing May Halt C-17 Parts Supply

Delivery of parts for the C-17 cargo jet will soon be stopped unless the Pentagon commits to ordering more, Boeing said. The second-biggest U.S. defense contractor said it was prepared to tell suppliers to stop shipping parts, barring a major award from the Pentagon that would keep production lines running past 2008.

The Defense Department has said it doesn't plan to budget for more C-17s in fiscal 2008 and 2009. Boeing has delivered 154 of the 180 C-17s on order from the Air Force.

Rep. Juanita Millender-McDonald (D-Calif.), whose Long Beach area district includes a Boeing C-17 assembly plant, urged the company to delay canceling parts delivery, saying that she saw a "ray of hope" after meeting with Deputy Defense Secretary Gordon England.

EARNINGS

Gap said second-quarter profit fell 53 percent from the comparable period a year earlier on higher marketing expenses and discounts, to $128 million. Sales in the quarter ended July 29 were flat at $3.72 billion. The company reduced its full-year estimate after August sales missed its projections.

Sears Holdings said second-quarter profit rose 83 percent, to $294 million. Revenue fell 3 percent, to $12.8 billion, in the quarter ended July 29. Sales at stores open at least a year fell 3.8 percent.

Nordstrom said second-quarter profit rose 20 percent, to $178.8 million. Sales in the quarter ended July 29 rose 8 percent, to $2.27 billion.

Compiled from reports by Washington Post staff writers, the Associated Press and Bloomberg News.

Qwest On Data Retention Laws: Oops (CNET)

By Declan McCullagh, CNET News.com

CNET News, August 24, 2006

Broadband provider Qwest Communications International said Wednesday that it made a mistake when one of its lawyers endorsed federal legislation requiring Internet providers to keep records of customers' behavior.

Jennifer Mardosz, Qwest's corporate counsel and chief privacy officer, said in an interview with CNET News.com that she misspoke during a panel discussion organized by the Progress and Freedom Foundation in Aspen, Colo., the day before.

"I just completely misspoke there," Mardosz said. During the panel discussion, she said Qwest "absolutely" supports House of Representatives legislation sponsored by Rep. Diana DeGette mandating data retention--a requirement that Attorney General Alberto Gonzales said will aid in terrorism and child exploitation investigations.

"I associated (DeGette's) name with the female Colorado legislator that introduced the state legislation," Mardosz said. "That was just a pure and honest mistake that I made."

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Mardosz said that instead of embracing data retention legislation, Qwest was skeptical of mandates from Congress. "There is no need for it, because companies are already doing the right thing," she said.

On Tuesday she said during the panel discussion: "We support legislation related to data retention." One industry source, who spoke on condition of anonymity because he was not authorized to speak to the press, said Qwest had backed the Colorado legislation earlier this year.

The original version of the Colorado bill (click for PDF) required Internet providers to "maintain, for at least 180 days after assignment, a record of the Internet Protocol address" assigned to each customer. Violations could be punished by fines of up to $10,000 per incident. The language was subsequently changed.

Qwest's revised position brings it in line with other telecommunications companies, which say they are already required by law to cooperate with criminal investigations and have been generally skeptical of broad, new mandates. The Denver-based company has a market capitalization of $16.5 billion and says it has 784,000 wireless customers and 1.7 million DSL (digital subscriber line) customers.

DeGette's proposed legislation (click for PDF) says any Internet service that "enables users to access content" must permanently retain records that would permit police to identify each user. The records could not be discarded until at least one year after the user's account was closed.

Rep. Joe Barton, the influential Republican chairman of the House Energy and Commerce Committee, has endorsed the concept of data retention and is expected to introduce a bill after the panel completes a series of hearings on child exploitation.

D.C. Police Maintain Focus On House Where Lawyer Was Murdered (LAW)

By Emma Schwartz, Legal Times

Legal Times, August 24, 2006

In the 2 1/2 weeks since D.C. attorney Robert Wone was found stabbed in the Dupont Circle home of his friend of 14 years, police haven't made an arrest. Nor have they identified a suspect in the murder of the 32-year-old general counsel of Radio Free Asia.

Without any further statements from the three residents of 1509 Swann St. N.W., all of whom were home the night of Aug. 2 when Wone was killed, police have focused on the one thing they have: the house where he was found.

The $1.2 million house is co-owned by Wone's longtime friend Joseph Price, a partner at D.C.'s Arent Fox. Though at least one resident told police an intruder had come through the back door, police say they have not yet found any evidence of a burglary. Instead, they are still trying to determine why the crime scene appeared to have been tampered with before police arrived.

Kathleen Voelker and David Schertler, attorneys for the residents, informed Legal Times in a statement last week that the three told police "unequivocally that none of them were involved in the incident." All three -- Price, Victor Zaborsky, and Dylan Ward -- are considered witnesses.

At an Aug. 15 press conference, Capt. C.V. Morris of the Metropolitan Police Department said police haven't been able to find all the evidence they expected. That seems apparent from the fact that as of late last week police still had custody of the house on Swann Street. Police won't say what they've been focusing on in the house, and it appears they won't be revealing it any time soon.

Last week investigators asked D.C. Superior Court to seal search warrants for the property. Although it is not unusual to seal a search warrant in a homicide case, it suggests that investigators want to shield certain information -- be it the name of a witness, evidence or a theory of a crime -- from the public.

Meanwhile, the FBI and MPD are working on the forensic analysis and DNA testing of the trace blood evidence on the walls, sofa bed, door frame and floor near the area where Wone was found.

Without further cooperation from the three residents, that evidence could be critical. Investigators are trying to expedite those tests, but say they could take another couple of weeks to process.

Laws Shield Pets From Domestic Violence (USAT)

By Emily Bazar

USA Today, August 24, 2006

Several states are moving to protect pets in families ripped apart by domestic violence.

Maine, Vermont and New York have passed laws this year that allow judges to include pets in protective orders. Illinois and New Jersey legislators are considering similar measures, and animal welfare advocates in other states, including California, are urging action.

Protecting pets can help protect human victims of domestic violence, according to authorities on domestic violence and animal welfare.

"Animals are often used as pawns in domestic violence situations," says Katie Dolloff, program coordinator of the Animal Welfare Society in West Kennebunk, Maine. Maine was the first state to adopt an animal-protection law, which took effect Wednesday.

Abusers often harm pets to punish or intimidate their victims, says Frank Ascione, a psychology professor at Utah State University. In a survey of directors of shelters for abused women, Ascione found that more than 80% had encountered women who reported pet abuse by their abusers. One woman he interviewed said she found her dog nailed to her bedroom door.

Ascione says a victim sometimes delays going to a shelter out of concern for the pet she would leave behind. "In most of these cases, the animal abuse is so effective because the woman is so attached to the pet. And the batterer knows that," he says.

Debora Bresch, attorney for the American Society for the Prevention of Cruelty to Animals, says an abuser who harms a pet in violation of a court order can be punished as harshly as he would be if he harmed a person.

"What these laws do is exactly what the protective order for the human victim does," she says. "They protect animals from their abusers."

Illinois state Rep. John Fritchey introduced a pet-protection measure in May and says he hopes to win passage this fall. He says he believes saving pets will save more people.

"It's a very short line from harming somebody's animal to harming that person or that person's child," he says.

Madeline Bernstein, president of the Society for the Prevention of Cruelty to Animals Los Angeles, has e-mailed legislators asking them to propose a similar measure in California.

Her group runs a program called Animal Safety Net, which places pets in temporary homes when abused owners flee to a shelter or other place where they can't bring their pet. Since November 2002, Bernstein says, the program has housed 61 animals, including cats, dogs, rabbits, turtles, fish and rats.

Bernstein says she recently received an e-mail of thanks from a woman who had been afraid to leave an abusive relationship until she found out she didn't have to leave her cat unprotected.

"Any victim of domestic violence that refuses to leave because they can't leave their pet behind will become a homicide statistic," she says. "The victims tell me this program has saved their lives and their pets' lives."

Bresch says the new laws "recognize that these companion animals are more than property. These laws make it more likely these animals will be protected in cases of domestic abuse."

CIVIL LAW:

AT& T Sues 'data Brokers' In Access Case (USAT)

By Leslie Cauley

USA Today, August 24, 2006

NEW YORK — AT&T filed a lawsuit on Wednesday against about two dozen "data brokers" for illegally gaining access to the confidential calling information of about 2,500 customers.

Data brokers are individuals, or groups of individuals, who use a variety of ruses to gain unauthorized access to telephone records. In some cases, data brokers call up carriers and pose as customers.

This cottage industry is generally known as "pretexting," and the data are often sought for use in legal or domestic disputes.

A number of state and federal laws are being considered that would tighten customer privacy rules, making it more difficult for data brokers to obtain information.

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AT&T's lawsuit, filed in U.S. District Court in San Antonio, names 25 “John Doe” defendants. According to the lawsuit, these defendants “have used fraudulent means” to gain access to about 2,500 online accounts.

The affected accounts included a range of information, including actual telephone records. AT&T said no Social Security numbers or driver's license information was divulged.

AT&T has more than 48 million telephone lines in service. As such, the 2,500 affected accounts represent a tiny fraction of the carrier's overall customer base.

Still, “any number is too many,” said AT&T spokesman Walt Sharp.

In its lawsuit, AT&T identified several e-mail addresses that have been used to help perpetrate these scams. These addresses were attached to several major Internet players, including AOL, Yahoo and Juno.

AT&T said it intends to use these addresses to help track down the identities of the perpetrators. To do that, however, AT&T will need the cooperation of Yahoo and the other Internet companies, whose databases contain detailed, confidential information about the Web-browsing habits of their customers.

With that goal in mind, Sharp said, AT&T plans to seek a raft of subpoenas later this week.

He said AT&T plans to present those documents to Yahoo and the others, compelling them to lend AT&T some assistance.

Internet companies and telecommunications companies have historically required court orders to be formally presented before they would turn over any customer information to outside parties.

According to Sharp, AT&T was conducting a routine, internal investigation when it discovered some irregularities with about 2,500 customer accounts. Those customers have since been notified, and access to their online accounts has been frozen for their protection, AT&T said.

AT& T Sues, Alleging Fraudulent Access To Customer Accounts (WP)

By Ellen Nakashima

The Washington Post, August 24, 2006

AT&T Corp. on Wednesday filed suit in federal court to unmask and halt the actions of 25 people who allegedly posed as customers to gain unauthorized online access to private phone records.

Some 2,500 customers' records were stolen, AT&T alleges in its civil complaint. The affected customers have been notified and access to their online accounts frozen, the company said.

The AT&T case is but one example of a growing trend of data theft for commercial gain, involving not only phone records but bank, medical and other sensitive personal information. The thieves are sometimes lumped into a category called data brokers, which includes companies that legitimately gather and market information.

AT&T, headquartered in San Antonio, where the suit was filed, hopes to learn the defendants' identities through their Internet protocol addresses. AT&T has "most if not all" of the defendants' IP addresses and will ask the court to subpoena the Internet providers to disclose the identities linked to those addresses, spokesman Walt Sharp said.

Once the defendants are identified, AT&T wants them to return all customer records, account for all profits obtained by the theft and to compensate AT&T for the damages caused.

"We're filing this lawsuit on behalf of our customers who have been the target of data brokers, who have fraudulently created accounts to obtain information," Sharp said.

The information is often used in legal or domestic disputes, as when a private investigator is hired to find out who a spouse suspected of straying may be calling.

Sharp said that of AT&T's total 48 million land lines, 2,500 defrauded accounts is a relatively small amount. "It's very, very, very tiny," he said. "But we consider any too many."

Information security consultant Rob Douglas said 2,500 accounts is "the low end of what's stolen every day."

Thieves are after more than phone records, he said. "They steal your cable TV records, your satellite TV records, your gas and electric records and all the rest," said Douglas, who edits Privacytoday.com, an information security Web site. "Every

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interaction we have is being recorded somewhere, and every minute thieves are working trying to figure out how to gain access to that information and use it for profit. That's what this demonstrates."

AT&T discovered the fraud in May through an ongoing internal monitoring of customers' accounts, Sharp said. The company has taken internal steps to prevent future occurrences, but will not disclose them because to do so would tip off fraud artists, he said.

The individuals gained access to the records by "pretexting" or fooling AT&T's computer or interactive voice response phone system into believing they were real customers. This was done by providing the customer's telephone number and the last four digits of the customer's Social Security number or the three-digit customer code associated with the customer's account, the complaint states. The defendants also sometimes used "spoofing" software to make it appear that they were calling from the customer's telephone, the complaint alleges.

In each instance, the defendant entered an e-mail address to be associated with the fraudulently established account, and AT&T's computer servers logged the IP address of the computer accessing the account.

In May, the Federal Trade Commission announced it had filed civil complaints charging five Web sites with violating federal law by obtaining and selling consumers' confidential phone records.

State and federal lawmakers are considering legislation to criminalize fraud related to calling records.

CIVIL RIGHTS:

Jury Considering Case Against Owners Of Labor Camps In N.C., Fla. (AP)

By Ron Word, Associated Press Writer

AP, August 24, 2006

JACKSONVILLE, Fla. (AP) A jury began deliberating Wednesday in the trial of a couple who are accused of selling crack cocaine to migrants workers at their farm labor camps in North Carolina and Florida.

The jury of 10 men and two women began deliberating the 58 counts against Ronald Evans Sr. and 51 charges against his wife Jequita Evans in connection with labor camps they ran in near Palatka, Fla., and Newton Grove, N.C. Deliberations went on about an hour after closing arguments and will resume Thursday morning

Susan French, an attorney with the civil rights division of the Justice Department, said the couple sold their migrant workers cocaine, cigarettes and beer on credit, deducting it from their wages they earned working on potato and cabbage farms, They often finished the week in debt.

``They exploited the laborers' habit," she said, claiming the Evans and his wife recruited homeless people and crack addicts to work for them.

Attorney William Kent, who represents Ronald Evans Sr., said most of the witnesses against Evans and his wife had a ``personal bias, a reason to lie and were not credible."

Evans and his wife may not be perfect, Kent said, but they are not the ``sinister exploiters," that the government claims they are.

But Assistant U.S. Attorney John Sciortino countered that the government had proven its case with testimony and records.

He acknowledged some of the witnesses were drug users and drug addicts, but their stories were true.

``The essential details of their testimony lines up perfectly," he said.

If convicted, Evans and his wife could receive up to life in prison.

Both are charged with drug conspiracy charges and 49 counts of intentionally arranging cash withdrawals under $10,000 to avoid federal reporting requirement.

Ronald Evans Sr. also faces charges of dumping sewage into a creek, transporting untaxed cigarettes across state lines and running a continuing criminal enterprise.

The couple's son, Ronald Evans Jr., 32, pleaded guilty in July to federal drug conspiracy charge. He admitted making sure a supply of cocaine was available, beginning in 2001 when he went to work full time for his father.

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When authorities raided the East Palatka camp last summer, they found 148 individually wrapped crack cocaine rocks, about 20 cases of beer and dozens of cartons of cigarettes.

Three others have pleaded guilty to their role in the scheme and two more have been fugitives for about a year.

DOJ To Investigate Marion County Juvenile Detention Center (WTHR-TV)

WTHR-TV, NBC 13, Indianapolis, IN, August 24, 2006

Marion County - The US Justice Department will investigate the Marion County Juvenile Detention Center after several workers were charged with sexually abusing female detainees.

The Juvenile Center has been in investigators' cross hairs for months. Marion County Prosecutor Carl Brizzi launched a probe that led to arrests of ten staffers this year. They're charged with sexually abusing girls at the center.

The federal probe will look at whether young people's rights are protected and whether there's a system for making and investigating complaints.

"We welcome that and certainly we'll give them whatever assistance they need," said David Wiser, Marion County prosecutor's chief trial deputy.

Eyewitness News asked Wiser if there are problems beyond the ten abuse cases the prosecutor brought this year. "We have no reason to believe there's any continuing violations and so we hope things are running smoothly," he said.

Judge Rules State Can't Stop Ex-felons From Voting (AP)

AP, August 24, 2006

A Jefferson County judge ordered Wednesday the state of Alabama to allow ex-felons to vote, saying a state law that denies voting rights to felons convicted of crimes of moral turpitude does not identify which crimes fit that definition.

Circuit Court Judge Robert Vance Jr. stayed portions of his order until it could be cleared by the U.S. Justice Department. The federal Voting Rights Act requires that changes in voting law in Alabama be cleared through the Justice Department.

Vance ordered voter registrars in Alabama counties to register ex-felons until "the Alabama Legislature passes, and the governor signs into law, legislation specifically identifying which felonies involve moral turpitude."

The judge's ruling came in a lawsuit filed in Jefferson County by Richard Gooden, who lost his right to vote in 2000 when he was convicted of felony driving under the influence. When Gooden tried to have his voting rights restored he was told that the Alabama secretary of state's office had ordered no felons be registered until the Attorney General Troy King issued an opinion on what crimes do not involve moral turpitude.

Gooden filed his lawsuit through the NAACP Legal Defense Fund in New York and was represented in Jefferson County by Birmingham attorney Ed Still.

"The judge issued a great order that's going to have beneficial impact on a lot of people in Alabama," Still said.

New York attorney Ryan Paul Haygood of the NAACP Legal Defense Fund, said the court's ruling "recognizes that the right to vote for which so many fought and died can not turn upon the subjective whim of state and local officials."

In his 50-page ruling, Vance said only the Legislature, not the Secretary of State or other state officials, has the right to decide what crimes involve moral turpitude.

Secretary of State Nancy Worley said she is asking the attorney general's office for an opinion on how to interpret the ruling. She said her office has received a conflicting ruling from a federal court judge to use a voter registration form that asks applicants if they have been convicted of a disqualifying felony.

"I think the judge has appropriately remanded this back to the Legislature to determine what is moral turpitude and what is not moral turpitude," Worley said.

Officials at the attorney general's office were reviewing the ruling Wednesday and did not have any immediate comment, spokesman Chris Bence said.

The Alabama Legislature in 1996 passed a law that allowed ex-felons the right to vote if they were convicted of crimes that did not involve moral turpitude.

In 2003, the Legislature passed a bill by Rep. Yvonne Kennedy, D-Mobile, that sets up a process through the state Board of Pardons and Parole to restore the rights to ex-felons convicted of crimes involving moral turpitude. But Still said the problem was

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that when Gooden and others went to the board to have their rights restored they were told they did not have to go through the process because they had not been convicted of a crime involving moral turpitude.

But Still said when they went to their local registrars office they were still told they could not register.

State Sen. Bobby Singleton, D-Greensboro, introduced a bill last year that would have automatically restored voting rights to convicted felons upon their release from prison, but it did not pass. Singleton praised Vance's ruling and said he plans to reintroduce his bill next year.

"This is a wonderful victory for people who have been disenfranchised because of the definition of moral turpitude," Singleton said.

Not everyone in the Legislature was happy with the ruling.

"That's absolutely insane and flies in the face of the bill that we passed," said Rep. Mike Hubbard, R-Auburn, the Republican leader in the House. Hubbard said he thinks registrars should not be able to register any ex-felons until the issue concerning the definition of moral turpitude is resolved.

He said if the decision is not overturned on appeal, "I can guarantee you this will be an issue on part of Republicans to get this straightened out next session."

Indianapolis Man Sentenced For Human Trafficking (WISH-TV)

By Jay Hermacinski

WISH-TV, News 8, Indianapolis, August 24, 2006

An Indianapolis man accused of human trafficking was sentenced in court Wednesday. He was one of three men who allegedly transported illegal immigrants from Phoenix to Indianapolis and then shipped the human cargo to destinations across the country.

In court, 25-year-old Marcial Hernandez admitted to holding a man hostage in his apartment and threatening to hurt the man if he tried to run away.

"He was held in this particular apartment for three days, fed an egg a day and not allowed to shower. Very poor conditions," said the prosecuting attorney Mary Garner.

The admission was part of a plea deal prosecutors say involved a far more serious crime, human trafficking. Prosecutors say Hernandez, along with Jose Palacios and Sergio Felix Martinez kept as many as 15 illegal immigrants in Hernandez's apartment last April. But prosecutors only heard from one victim.

"It was a smuggling case where he had paid to come into the country and this was the mid-point before he made it to his final destination," said Garner.

All three men were charged with conspiracy to commit kidnapping, criminal confinement and intimidation. Prosecutors had testimony from only one victim, so they offered a deal: plead guilty to confinement and the other charges will be dropped. All three accepted. Palacios and Felix Martinez received time served and probation. The judge ordered Hernandez to three years in community corrections.

"Actually I think he got punished a little more. I don't agree with that, but it's up to the judge. I think the punishment sh ould have been the same across the board," said the defense attorney Teresa Hall.

The judge cited Hernandez's past history as a factor in her decision. In the past three years Hernandez has been arrested six times and convicted three times. His other convictions were alcohol related.

Hernandez will either be assigned to home detention, a work release program or be part of a daily reporting program.

State Prisons Chief Quits Amid Criticism (BSUN)

By Nicole Fuller

The Baltimore Sun, August 24, 2006

The commissioner of the Maryland division of correction retired Wednesday amid continuing turmoil over the state's troubled prisons and the slayings of two correctional officers by inmates this year.

Frank C. Sizer Jr., 62, delivered his resignation in the form of a two-week notice Wednesday afternoon to Public Safety and Correctional Services Secretary Mary Ann Saar, said Jacqueline Lampell, her spokeswoman.

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"He simply told the secretary he was re tiring," Lampell said. "I can't comment on her response, I wasn't there."

Although the retirement is effective in two weeks, Sizer cleared out his office Wednesday, according to two correctional system sources. The abrupt departure suggested he did not retire voluntarily.

Sizer declined to comment Wednesday.

Sizer had come to be regarded as a political liability for Gov. Robert L. Ehrlich Jr. Republican legislators from Western Maryland, where several state prisons are located, called publicly for Sizer's ouster after a correctional officer was killed in January while guarding an inmate at a hospital in Hagerstown. The clamor for Sizer's removal grew after a second correction officer was stabbed to death in July.

Some correctional officers from Ehrlich political strongholds in Western Maryland and the Eastern Shore had said that they would not vote to re-elect him unless he makes top-level changes in prison administration.

Sizer headed the prison system for three years and previously served as warden of the Western Correctional Institution and deputy commissioner of the division of correction. He will be replaced on an acting basis by John A. Rowley, assistant commissioner for the eastern region of the division of correction, Lampell said.

Rowley, 52, was hired in June 2005 as warden at the Maryland Correctional Institution in Jessup and previously worked in Pennsylvania's prison system for 25 years. He also was director of a detenion center in South Carolina from 2002 to 2005.

Top corrections officials -- including Saar and Sizer -- came under fire last month after the death of correctional officer David McGuinn, who was stabbed by two prisoners at the Maryland House of Correction in Jessup.

In January, Jeffery Alan Wroten, a 44-year-old father of five, was shot to death by a prisoner from the Roxbury Correctional Institution south of Hagerstown who tried to escape from a hospital.

Facing intense criticism after a surge of violence among inmates, Saar held a press conference last month on the eve of an emergency legislative hearing into conditions at the prisons in which she declined to express confidence in Sizer -- a signal to many that his job was in jeopardy.

But she amended her statements the next day, telling The Sun, "I consider him a part of our team and have no plans to replace him."

M. Kim Howard, president of the Maryland Correctional Law Enforcement Union, blamed Sizer's departure on politics.

"Sizer is an excellent commissioner," Howard said. "If he has retired, he has been forced to resign by Secretary Saar. They have to put the blame somewhere, and I guess he was the fall guy."

The increasing violence at the prisons came at a time when prison officials were attempting to change a lax culture of enforcement at some facilities -- especially at the House of Correction in Jessup, which had developed a reputation as a prison where inmates were largely in control.

To stem the flow of contraband, including cell phones, tobacco and drugs, administrators recently installed sensitive screening devices that staff and visitors must pass through to enter House of Correction.

A report on the effects of prison staffing levels on violence presented at the emergency hearing found that inmate assaults on correctional officers rose sharply from 2003 to 2005 -- a period in which staffing vacancies rose from 3.5 percent to 9.5 percent.

Probes Of D.C. Group Home Deaths Are Shifted In-House (WP)

By Karlyn Barker

The Washington Post, August 24, 2006

The District's mental retardation agency has run out of money to pay an independent contractor to investigate deaths in its group home system and is now conducting the probes in-house -- using the same office that previously deleted damaging information from some of the contractor's reports.

Kathy Sawyer, interim head of the Mental Retardation and Developmental Disabilities Administration, said yesterday that the agency stopped referring cases to the outside contractor beginning with deaths that occurred in early June. Sawyer said that when she came on the job in late June, she asked the agency's Incident Management and Investigations Unit to start conducting the probes while she explored other options.

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Sawyer, a nationally recognized disability expert who took over the agency under a six-month contract, said the switch was made because funds to pay a private contractor -- an average of $15,000 per report -- were depleted. She stressed that the agency's investigative unit has a new manager and no longer employs those who altered some death reports before the documents were turned over to court officials and others who review cases.

"The people who deleted the records don't work there any more," Sawyer said.

The D.C. inspector general has begun an investigation to determine who altered some of the death reports to remove information about lapses. Deletions in eight of a sampling of 19 reports were discovered this summer by Elizabeth Jones, the court monitor in a long-standing federal lawsuit against the District over care of the mentally retarded.

The decision to stop using the private contractor, if only temporarily, drew immediate criticism. The city has been under pressure to improve conditions and care at the group homes. The death investigations have flagged recurring problems in critical areas such as case management, oversight, nutrition and health care.

Sawyer's predecessor at the agency, Marsha H. Thompson, who was ousted in early June, said she found the independent reports valuable and was unaware that the agency had stopped referring death cases for outside review.

D.C. Council member Adrian M. Fenty (D-Ward 4), chairman of the council's Human Services Committee, which oversees the mental retardation agency, said the timing is particularly unfortunate because a federal judge is currently weighing a request by advocates for those with developmental disabilities to put the agency in court receivership.

"Having an independent organization investigate the deaths was probably the one little bit of credibility [the agency] had left," said Fenty, who is running for mayor in the Sept. 12 Democratic primary.

He called Sawyer "basically just a consultant" and, in a letter he sent to her yesterday, said it would be "a grave mistake" to halt the independent death inquiries.

The private contractor, the Columbus Organization, does death investigations and provides other specialized consulting services for several states. It has prepared death reports for the District for about four years, often relying on expertise of private doctors and nurses.

The Incident Management and Investigations Unit had been part of the Department of Human Services, where it investigated incidents such as injuries and thefts in group homes and reviewed the Columbus reports. The District has said that the records deletions occurred before October, when the unit was put under the control of the mental retardation agency.

Sandy Bernstein, legal director of University Legal Services, which represents plaintiffs in the 30-year-old lawsuit against the District, expressed alarm at the shift to in-house death probes and said her office didn't know about the switch until contacted by a reporter.

The mental retardation agency "does not have the staffing capability or the knowledge to be able to do as thorough an investigation as Columbus does," she said. She said the agency used to do its own death inquiries but fell behind on the reports and hired Columbus to take advantage of its special expertise.

Bernstein said the District should not be involved in investigating itself, particularly given the lack of oversight of the person or people who made deletions in previous death reports.

"Their track record does not leave me with much confidence of getting thorough, timely reports," she said.

Sawyer said she plans to decide by the end of September, after consultation with advocates for the mentally disabled, whether to renew the contract with the Columbus Organization, put the contract out for bid, find another D.C. agency to conduct the investigations or keep using the in-house investigators.

The agency budgeted for about 12 to 15 death investigations this year but has so far referred more than 20 cases to Columbus, Sawyer said, which is why contract funds ran out. She said that the contractor is finishing 22 death reports and that probes of seven more recent deaths are being conducted in-house.

The mental retardation agency has a budget of more than $70 million and serves about 2,000 people with developmental disabilities, most of whom live in group homes across the city.

Sawyer, who once headed Alabama's mental health department, called her job in Washington "a much bigger challenge because I don't have as much to work with."

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She said she is getting good support from Mayor Anthony A. Williams (D) and his top staff and expects to make significant improvements at the agency by the time her contract is up at the end of December. But she indicated that she would be willing to stay on under a new mayor.

"I expect to deliver as projected, but if I have any loose ends, I want to make sure I finish my business here, if I'm allowed to," she said.

Sawyer said she is concentrating on basic work to put policies and systems in place. She said she wants to leave the agency with a good investigative unit, make progress in settling the federal lawsuit, improve the case management system and deliver safe, quality care to some of the city's most vulnerable residents.

"I understand the public's frustration and disappointment" with past failings, she said. "My goal is to deliver."

Early-voting Letters Sent Despite Ruling (WT)

By S.a. Miller

The Washington Times, August 24, 2006

BALTIMORE -- The city election board has mailed notices to about 300,000 voters telling them they can cast ballots in person during the week before the elections, despite a recent court ruling against Maryland's new early-voting law.

The Anne Arundel Circuit Court on Aug. 11 struck down the law passed by the Democrat-controlled General Assembly, saying it violates the state constitution.

Though Baltimore has sent the notices, several other large jurisdictions -- including Anne Arundel, Baltimore and Howard counties -- have delayed sending them until after the Maryland Court of Appeals hears the case tomorrow.

"We should have waited until the court decision was made," said Gene M. Raynor, elections director for the Baltimore Board of Elections. "I had no input in that decision at all."

Armstead B. Crawley Jones Sr., president of the Baltimore Election Board, said the notices were mailed at the direction of the Maryland State Boardof Elections. "The board followed what the state wanted," he said.

The statement appears to contradict what the state elections board said.

Ross Goldstein, state election board deputy administrator, said the board recommended waiting to send the notices "whenever possible."

"But in a lot of cases their process was already in motion and there was no turning back," he said.

However, Mr. Goldstein sent election officials in every jurisdiction an e-mail Aug. 11 -- the same day that Circuit Judge Ronald A. Silkworth ruled against the early-voting law -- instructing them to mail public notices as planned.

"We will continue with all of our planned implementation activities, including public notice, setting up the networks, and preparing election materials and voting units," he said in the e-mail, a copy of which was obtained by The Washington Times.

Thomas Roskelly, who led the failed petition drive to stop early voting in this year's elections, said the notices could further complicate the already confusing voting issue. "I certainly hope this is not an effort to influence the Court of Appeals decision on Friday," he said.

The early-voting law, which state lawmakers passed this year over the veto of Gov. Robert L. Ehrlich Jr., would allow in-person balloting at specific polling places during the week before the Sept. 12 primary and Nov. 7 general election.

Judge Silkworth stuck it down because the state constitution allows for only one day of voting and bars voters from casting ballots outside their home election districts, which the law also would allow.

The ruling was viewed as a victory for Mr. Ehrlich, a Republican seeking re-election. He said the measure would have increased opportunity for voter fraud.

Critics also said the law favored Democrats in elections by designating early-voting locations in areas dominated by that party. Maryland has twice as many registered Democrats as Republicans.

Supporters of the measure say it would make voting easier and increase voter participation. The state's electoral process has been a frequent point of contention between Mr. Ehrlich and lawmakers, beginning with legislature's intervention in 2003 to save the job of State Board of Elections Administrator Linda H. Lamone, the state's longtime top election official under Democratic administrations. The governor also clashed with the legislature in his failed push to require a paper record of votes

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cast on the state's new touch-screen voting machines. A petition drive backed by Mr. Ehrlich to block early voting also failed when Miss Lamone in June invalidated scores of signatures.

Jackie McDaniel, director of the Baltimore County Board of Elections, said the state board told her that "it would be nice to wait" before sending out the notices to her county's roughly 450,000 voters.

The early-voting notices were mailed in Montgomery and Prince George's counties, which are among the state's most populated jurisdictions and have the largest concentrations of Democratic voters.

Election officials in Montgomery County said they mailed out the notices Aug. 7, before the circuit court ruling.

Robert J. Antonetti Sr., interim elections administrator for the Prince George's County Board of Elections, said the notices were sent out to the county's roughly 432,000 in accordance with the state board's directive.

ANTITRUST:

Weyerhaeuser, Domtar To Merge Fine-paper Businesses (DOW)

Dow Jones, August 24, 2006

SAN FRANCISCO (Dow Jones) -- Weyerhaeuser Co. agreed to divest its fine paper business, creating a new entity part-owned by Canada's Domtar Inc. and ridding itself of a business that has dragged down its more profitable timber and cardboard activities.

The $3.3 billion deal would create North America's largest supplier of uncoated freesheet paper, commonly used in office copiers and annual reports, the two companies said Wednesday. The new firm will take the name Domtar and headquarter in Montreal.

Weyerhaeuser, the world's largest lumber company, has talked for months about unwinding its paper and paper pulp business. The division swung to a net loss of $444 million last year as a jump in fuel and wood chip costs offset higher prices. Profits have since rebounded but still pale besides income from its forest and building products segments.

"Investors were somewhat relieved to see them come to a resolution about this business because it's been holding down the company's profitability," said Taunya Sell, an equity analyst at Ragen MacKenzie, a division of Wells Fargo Investments. "Even when they've got higher prices, input costs are higher," she said.

Weyerhaeuser (WY) shares jumped as high as 3.8% Wednesday before closing up 2.2% at $61.35. Domtar's U.S. listed shares fell 2.3% to $6.71. (DTC) .

While Weyerhaeuser is coming clean of the white paper business, investors can place bets on its viability. Current Weyerhaeuser shareholders are slated to own 55% in the new company, in a tax-free spin-off or split-off structure that Weyerhaeuser will choose before the deal's first-quarter close.

Under the spin-off scenario, shareholders would receive about 1.14 shares of the new company for each share of Weyerhaeuser that they own. In a split-off, they can choose to exchange Weyerhaeuser shares for shares in the expanded Domtar or hang on to their Weyerhaeuser shares, said executives Wednesday.

Weyerhaeuser, based in Federal Way, Washington, will use $1.35 billion in cash it receives to pay down its debt. It'll also restart its 18-million share buyback campaign, said Chairman, President and Chief Executive Steven Rogel in a conference call.

Weyerhaeuser executives stressed the deal, valued at $3.3 billion before synergies, should buff up the firm's income statements and help it expand in other areas.

"Today's announcement accelerates some of the changes we are making," Rogel told investors. "It strengthens our financial position and enhances our ability to achieve our financial priorities."

Excluding overhead associated with the fine-paper business, Weyerhaeuser's operating earnings per share would have been $2.13 in the first quarter vs. the $1.78 actually reported, Rogel said.

The companies expect approximately $200 million in synergies a year within two years, achieved through "process optimization," reductions in transportation, and lower costs for sales and administration. It will cost $100 million to generate the projected savings.

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Raymond Royer, Domtar president and chief executive officer, will lead an organization of nearly 14,000 employees. Weyerhaeuser will contribute fine-paper mills, processing plants and warehouses that make just over three million tons of uncoated freesheet paper a year.

Completion of the deal hinges on antitrust approval and a favorable tax ruling from the Internal Revenue Service. Domtar's shareholders must also approve the deal.

Morgan Stanley advised Weyerhaeuser, while J.P. Morgan advised Domtar.

Weyerhaeuser Announces Merger With Canadian Paper Company (JCL)

By Sylvain Metz

Jackson (MS) Clarion-Ledger, August 24, 2006

Weyerhaeuser Co. today announced it will combine its "fine paper" business and related assets with Domtar Inc. of Montreal, Canada, in a deal valued at $3.3 billion.

The deal gives Weyerhaeuser 55 percent ownership in Domtar and includes a cash payment of $1.35 billion.

The new company, which will be called Domtar, will be based Montreal.

Weyerhaeuser, which has locations in 18 countries, employs 1,700 people in various operations around the state including a pulp and paper complex in Columbus, box plants in Jackson and Olive Branch and lumber mills in McComb and Philadelphia.

The company also manages more than 778,000 acres of forestland around the state.

The merger, which must by approved by the boards of directors of both companies, is expected to close by the first quarter of 2007. The deal also faces a review by antitrust agencies and securities regulators in the United States and Canada as well as the Internal Revenue Service.

In a letter accompanying the news release, Weyerhaeuser, Jackie Walburn, public affairs manager, said the coated groundwood part of the Columbus operation is involved in the transaction, but other operations are not. "However, because of the nature of the transaction — in which nothing changes for six months — we do not know how the transition will be handled for this slice of the Columbus operation or final numbers of current Columbus Weyerhaeuser employees who will eventually be with the new company."

Judge OKs Settlement Of 3M Antitrust Suit For $28.8 Million (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, August 24, 2006

A federal judge has granted final approval of a $28.8 million settlement -- and an attorney fees award of $7.5 million -- in a class action antitrust suit against office supply giant 3M, and lawyers say that another large, class action settlement by 3M is in the final stages of negotiations.

The pair of class action suits directly stemmed from a prior suit, LePage's Inc. v. 3M, which resulted in a $68 million verdict in 1999 and a finding that 3M had set out to monopolize the market for transparent tape.

Retailers responded to the LePage's verdict by filing suit, but Eastern District of Pennsylvania District Judge John R. Padova ruled that a massive class action brought on behalf of all retailers would suffer from "internal conflicts."

Padova said small-volume retailers who sold only 3M's brand-name tapes -- Scotch and Highland -- would likely take a different approach to proving their damages from large-volume retailers who also sold 3M's private label -- or store-brand -- tapes.

As a result, the plaintiffs lawyers in the first case, Bradburn Parent/Teacher Store Inc. v. 3M, narrowed their class definition to exclude such large-volume retailers.

Padova later certified a second case, Meijer Inc. v. 3M, brought on behalf of large-volume retailers.

Now Padova has granted final approval of a $28.8 million settlement in Meijer, and lawyers say a proposed settlement of the Bradburn case is imminent.

According to court papers, settlement talks in the Meijer case began with a two-day mediation in November 2005 and continued for several weeks, ultimately resulting in 3M's agreement to pay $30 million to settle three cases -- the Meijer class action and separate suits brought by Publix Supermarkets Inc. and Kmart Corp.

Meijer, Publix and Kmart then allocated that lump sum among the three actions in proportion to the relevant purchases of 3M tape represented in each action, with each case settling for the same percentage of their respective purchases.

Court records show that the settlement amount was calculated at about 2 percent of the total amount paid to 3M by the retailers for invisible and transparent tape between October 1998 and the date of the settlement.

While Kmart and Publix were free to settle their claims on their own, the class action settlement required court approval.

In a 59-page opinion handed down last week, Padova found that the $28.8 million settlement is fair and reasonable, and that the plaintiffs lawyers are entitled to their requested attorney fees of $7.5 million.

Lawyers from three firms will share the fee award -- Daniel A. Small, Linda P. Nussbaum and Brent W. Landau of Cohen Milstein Hausfeld & Toll in Washington, D.C.; Joseph M. Vanek, Thomas A. Vickers and David P. Germaine of Vanek Vickers & Masini in Chicago; and Ira Neil Richards and Kathryn C. Harr of Trujillo Rodriguez & Richards in Philadelphia.

Significantly, Padova found that no objections were filed to challenge the settlement, and that only one member of the Meijer class had asked to be excluded.

"The lack of objections and low opt-out rate are particularly notable in this case as these are sophisticated businesses with, in some cases, large potential claims, and they could be expected to object to a settlement they perceived as unfair or inadequate," Padova wrote.

Participation in the settlement was also high, Padova noted, with 68 of the 143 notified parties filing proof-of-claim forms, accounting for more than 60 percent of the class's tape purchases.

Padova also found that if the case did not settle, the class would have faced significant risks of establishing liability.

Applying the 3rd Circuit's test for assessing the fairness of a class settlement, Padova found that only one of the so-called Girsh factors weighed against approval -- that 3M, with annual sales of more than $21 billion, was clearly able to withstand a greater judgment.

But Padova concluded that 3M's wealth, by itself, "does not carry much weight in evaluating the fairness of the settlement."

Instead, Padova found it more significant that the settlement resulted from arm's length negotiations by lawyers who had extensively investigated the case by reviewing hundreds of thousands of documents.

"Both parties have demonstrated willingness and ability to litigate this action, have engaged in mediation at the court's suggestion, and have reached an agreement that provides class members with monetary relief that is immediate, significant, and in line with other comparable settlements," Padova wrote.

Turning to the issue of the attorney fees award, Padova found that the plaintiffs lawyers had logged 4,500 hours on the case.

"This is a relatively small amount of time for a settlement class action of this size," Padova wrote.

But Padova found that the reaction of the class -- and the absence of any objections to the fees -- weighed in favor of the full $7.5 million fee award.

The requested fee -- about 26 percent of the fund -- was also in line with awards in similar cases, Padova found.

In the final step of his analysis, Padova performed a "lodestar cross-check" to determine if the lawyers would be earning a reasonable fee for the hours they logged.

According to court records, Cohen Milstein Hausfeld & Toll had a lodestar of $944,551 for its 2,885 hours; Vanek Vickers & Masini posted a lodestar of $436,199 for 1,133 hours; and Trujillo Rodriguez & Richards logged 489.9 hours for a lodestar of $192,025.

Padova calculated that the total lodestar for the three firms was $1,572,775.50 for 4,508.5 hours of attorney and paralegal time.

Taken against the requested fee award of $7.5 million, Padova said, the hours logged by the lawyers at the regular billing rates would result in a "lodestar multiplier" of 4.77.

"While a 4.77 multiplier is slightly above average, it is not far outside the range of normal awards," Padova wrote.

"Moreover, the lack of objections by this class of sophisticated parties to plaintiffs' counsel's request for fees supports the resulting multiplier," Padova wrote.

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Apple Pays $100m To Settle IPod Battle (FT)

By Kevin Allison In San Francisco

Financial Times, August 24, 2006

Apple Computer on Wednesday said it would pay $100m to settle a bitter patent dispute with Creative Technology, a Singapore-based rival that had sought to halt US sales of iPod music players.

The companies had been at loggerheads since May, when Creative filed a complaint against Apple, accusing it of "wilful infringement" of a patent related to the user interface on portable music players.

The lawsuit sought unspecified damages and an injunction halting the import and sale of iPods in the US. Apple later filed a counter-suit, accusing Creative of similar infringements.

Steve Jobs, Apple's chief executive, said the settlement would end five lawsuits pending between the two companies, and would "remove the uncertainty and distraction of prolonged litigation." Apple will pay Creative $100m to use Creative's patent, which was filed in 2001 before the iPod music player became the world's most popular portable music device.

Apple said it would be able to recoup some of the payment if Creative successfully licensed its patent to other electronics groups. Creative – whose Zen music player remains a distant second to the iPod – will launch its own line of iPod accessories as part of the deal.

Sim Wong Hoo, Creative's chairman and chief executive, said the company was "pleased to have reached an amicable settlement ... and to have opened up significant new opportunities."

IPods accounted for about 40 per cent of Apple's revenues last quarter. The iconic music player commands about 75 per cent of the portable player market. The settlement is a boon for Creative, which has been struggling to return to profitability amid intense competition. It reported a $118m loss last year.

It is also likely to come as a relief to Apple, which faces legal challenges to iTunes in Europe and increased competition from Microsoft, which is expected to launch its own music player and software service later this year.

Apple's shares fell 0.3 per cent in after-hours trading. The shares, which were among the best stock market performers in 2004 and 2005, have fallen by about 20 per cent this year.

Separately, Dell, the world's biggest personal computer maker, said it had stopped selling the last of its Dell Ditty digital music players. Dell said it would continue to sell music players made by other manufacturers.

IPod Patent Dispute Settled (WP)

By Yuki Noguchi

The Washington Post, August 23, 2006

Apple Computer Inc. said yesterday that it would pay $100 million to Creative Technology Ltd. to settle a patent dispute between the bitter rivals in the booming digital music player business.

The truce comes after Creative and Apple filed five lawsuits against each other over competing claims to the software and systems that make their music players work. Apple, based in Cupertino, Calif., launched its iPod after Singapore-based Creative brought its portable music player to market.

But over the years, Apple has dominated, selling about 60 million iPods and grabbing about 75 percent of the market while competitors -- Creative and its Zen line of music players among them -- have struggled to reach double-digit percentages.

Apple has also sold more than 1 billion music and video downloads through its online music store, iTunes.

As part of the agreement, Apple agreed to pay for a license to use Creative's patent. Creative, in turn, will be able to design iPod accessories, such as speakers and earphones.

The companies' rivalry was as well known as their outspoken leaders.

"From the point of view of Creative, their bitterness stems from the fact that when they approached Apple, they were arrogantly dismissive" about licensing their technology, said Phil Leigh, senior analyst with Inside Digital Media Inc., a Tampa-based market research firm. "Apple's point of view on this is, 'These guys are patent trolls,' " who are profiteering off of the technology patent process, he said.

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"Creative is very fortunate to have been granted this early patent," Apple's chief executive, Steve Jobs, said in a statement released by both companies. "This settlement resolves all of our differences with Creative."

Sim Wong Hoo, chairman and chief executive of Creative, noted that the much-smaller company's business stands to benefit from its alliance with the market leader.

"We're very pleased to have reached an amicable settlement with Apple and to have opened up significant new opportunities for Creative," he said in the statement. "Apple has built a huge ecosystem for its iPod and with our upcoming participation in the Made for iPod program we are very excited about this new market opportunity."

The Creative-Apple dispute is among many recent high-profile technology patent conflicts.

Echostar Communications Corp. and TiVo Inc., as well as eBay Inc. and MercExchange LLC, are locked in ongoing patent disputes. And earlier this year, BlackBerry maker Research in Motion Ltd. settled its patent case with NTP Inc. for $612.5 million.

Apple, Creative Technology Set Pact Ending IPod-Tied Dispute (WSJ)

By Nick Wingfield

The Wall Street Journal, August 24, 2006

Apple Computer Inc. will pay Creative Technology Ltd. a $100 million technology-licensing fee in a deal to settle an escalating legal fight over patents related to Apple's hot-selling iPod.

The deal brings to a close five pending lawsuits the companies had filed against each other, starting with a complaint Singapore-based Creative filed against Apple in May in federal court in San Francisco. In the suit, Creative alleged that Apple's iPod digital music player violated a Creative patent on methods for navigating, organizing and accessing music through software user interfaces on portable audio players. Complaints by Creative in other venues and Apple countersuits followed.

The settlement removes a cloud over the iPod, a business that has helped resurrect growth in recent years at Apple, of Cupertino, Calif. In a statement, Apple Chief Executive Steve Jobs said the settlement "removes the uncertainty and distraction of prolonged litigation."

"Creative is very fortunate to have been granted this early patent," Mr. Jobs said.

An Apple spokeswoman said the company will record the Creative patent license as an asset that will be amortized over "many years" and that the company doesn't expect any material impact on its finances as a result of the deal. Analysts said the settlement costs for Apple were minor compared with the hefty damages it could have faced if it had lost in court.

"$100 million is chump-change for Apple," said Charlie Wolf, an analyst who follows Apple at Needham & Co. As of July 1, Apple had $8 billion in cash.

The deal will also allow Apple to recoup an undisclosed portion of its licensing fee if Creative is successful in licensing its patent to others. In fact, its agreement with Creative may lead to more such licensing deals. The agreement could strengthen Creative's patent in the eyes of competitors hoping to bring their own music players to market, spurring them to reach licensing agreements with Creative or giving the company a stronger hand in future licensing litigation.

"When you have a settlement with a large player, that sends a signal that this is a serious claim," said Allonn E. Levy, an intellectual-property attorney at Hopkins & Carley in San Jose, Calif.

Microsoft Corp., for instance, is expected to enter the market later this year with a product called Zune, and cellphone makers and wireless carriers are introducing music-oriented handsets. A Creative spokesman said the company is "open to exploring amicable solutions with companies that exploit the patent," though he said it was difficult to tell whether the Microsoft product will fall into that category since Creative hasn't seen the Zune device yet.

A Microsoft spokeswoman didn't return a call for comment.

The news came out after the close of regular trading. As of 4 p.m. in composite trading yesterday on the Nasdaq Stock Market, Creative was at $6.01, off five cents, and Apple was at $67.31, off 31 cents. In after-hours trading, Creative shares were at $8.26, up 37%, and Apple was quoted at $67.15, off slightly.

Write to Nick Wingfield at nick.wingfield@wsj.com1

Rite Aid Nears A Deal For Eckerd, Brooks Chains (WSJ)

By Dennis K. Berman And Amy Merrick

The Wall Street Journal, August 24, 2006

Rite Aid Corp., finding its footing several years after a major accounting scandal, is near a deal to purchase the Eckerd and Brooks drugstore chains from Jean Coutu Group (PJC) Inc. for about $3.4 billion in cash and stock, according to two people familiar with the matter.

The deal would add about 1,800 stores to Rite Aid's existing 3,300 locations, boosting its efforts to catch up to larger U.S. drugstore rivals Walgreen Co. and CVS Corp. It also would increase Rite Aid's clout along the East Coast, where it already has its strongest markets.

Under the terms of the deal, Rite Aid is expected to pay about $1.5 billion in cash and the rest in stock, said the people familiar with the matter. Jean Coutu Group will own about 30% of Rite Aid following the transaction, which also must pass government clearances. A final agreement hasn't been reached and the situation could change.

Rite Aid and Jean Coutu Group declined to comment.

Jean Coutu Group has owned Eckerd for only about two years, after its $2.38 billion purchase of 1,540 stores from J.C. Penney Co. in 2004. But it had trouble integrating Eckerd with its Brooks chain. (CVS purchased a separate 1,260 Eckerd stores from J.C. Penney.) Late last year, Jean Coutu, co-founder of the company, wrested control from his son to try to right the business.

Earlier this month, Quebec-based Jean Coutu Group said it would spend about $58 million in the coming year to renovate its U.S. drugstores, but it wouldn't comment at that time on analysts' predictions that it would sell some locations to reduce its debt.

Rite Aid, based in Camp Hill, Pa., reported sales of $17.3 billion in its fiscal year ended Feb. 26. Walgreen is the nation's largest drugstore chain by revenue, with $42.2 billion in its most recent fiscal year, while CVS is second with $37.0 billion -- but all three chains are racing to grow.

In June, Walgreen agreed to buy the Happy Harry's chain of 76 drugstores, marking Walgreen's largest acquisition since 1986. Walgreen also has been making overtures to purchase independent drugstores. CVS, meanwhile, is digesting its recent acquisition of 701 Sav-On and Osco drugstores from Albertson's Inc.

Over the past few years, Rite Aid has been rebounding from an accounting scandal in which it admitted that it overstated profits by more than $1 billion from 1997 to 1999. The company said it committed a host of wrongs, including manipulating costs and hiding depreciation expenses. Rite Aid's former chairman and chief executive, Martin L. Grass, is serving a seven-year prison sentence for his role in the deception.

Rite Aid's recovery has been bumpy. While its sales have been rising recently, profits have been erratic, it remains laden with debt, and efforts to expand in its existing markets have been costly. In its fiscal first quarter, net income fell 67%, as expenses to open new stores more than offset sales growth.

Word of the potential deal came after the close of New York Stock Exchange composite trading yesterday, in which shares of Rite Aid rose 32 cents, or 7.3%, to $4.68. In after-hours trading, shares rose three cents to $4.71. In Toronto, class A shares of Jean Coutu Group were up 39 Canadian cents, or 3.7%, to C$10.95 (US$9.82).

In the fiscal year ended March 4, Rite Aid reported net income of $1.27 billion, or $1.89 a diluted share, on revenue of $17.3 billion.

Jean Coutu Group reported net earnings for the fiscal year ended May 27 of $103.8 million, or 40 cents a share, on revenue of $11.14 billion.

IBM To Bulk Up In Internet Security (WSJ)

By Charles Forelle And Vauhini Vara

The Wall Street Journal, August 24, 2006

International Business Machines Corp., looking to bolster its technology-services offerings amid intense competition in that critical market, has agreed to buy Internet Security Systems Inc. for about $1.3 billion.

In four acquisitions IBM has announced this month, including ISS, the computer giant is spending more than $3.6 billion in an attempt to add new products and services to jolt its own plodding growth.

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ISS, based in Atlanta, is a maker of software and equipment that helps corporations and governments fend off security threats that arrive via the Internet. IBM, of Armonk, N.Y., says ISS's products will help it sell "managed security services" -- in which a customer outsources to IBM the protection of its electronic infrastructure.

The move into the hot security market brings IBM -- already a large security player -- into closer competition with rivals such as Symantec Corp., CA Inc. and EMC Corp., which in June announced a $2.3 billion acquisition of RSA Security Inc., another prominent midsize security vendor. In the past few years, Cisco Systems Inc. and Microsoft Corp. have also acquired security players.

Security provides a measure of growth at a time when Big Blue's core businesses are lagging. The deal will be IBM's fifth-largest acquisition ever, the company said.

ISS reported revenue of $330 million in 2005, up 14% from the prior year. Those sorts of revenue gains look particularly attractive to IBM, which has struggled to wring consistent growth out of its giant services arm. Although many of ISS's products are software-based, IBM will move the company under the wing of its services group.

Val Rahmani, an IBM executive, says the ISS deal will help "drive growth" to IBM's offerings. Some customers, she said, "up to now have not felt comfortable" outsourcing security, a critical and sensitive piece of the technology infrastructure. Combining ISS's products and IBM's scale and sales reach should urge them on, she said.

The deal is also a reflection of the continuing march of consolidation in the security industry. As the market matures for some security products -- such as antivirus software and firewalls to block intruders -- investors are less enthusiastic about companies that sell them, says Garrett Bekker, an analyst at Merrill Lynch. That has left their stock priced at lower levels, making them attractive prey.

ISS's shares have risen sharply over the past month amid speculation that it could be a takeover target. At $28 a share, IBM is paying an 8% premium to ISS's closing price Tuesday. ISS's products use analytical methods to spot unusual network traffic, thus attempting to halt security threats including viruses and intruders.

"The smaller players are going to have to beef up their market share in their niche area to fend off the larger players -- and if they're not successful, they're going to have to seriously look at getting married to larger vendors," said Daniel Ives, an analyst at Friedman, Billings, Ramsey.

IBM's other recent deals include MRO Software Inc., for $740 million; FileNet Corp., for $1.6 billion; and Webify Solutions, for an undisclosed amount.

Deal For ISS Adds To IBM Buying Binge (WP)

By Kim Hart

The Washington Post, August 24, 2006

International Business Machines Corp. said yesterday that it will acquire Internet Security Systems Inc., a technology security company with offices in Herndon that protects the networks and servers of several federal government agencies.

The proposed deal marks the fourth acquisition by IBM in the last month and, at a price of $1.3 billion, or $28 per share, is the fifth-largest acquisition in the company's history. The agreement is aimed at strengthening IBM's footing in the security systems market.

"ISS has been on our radar screen for some time," said IBM spokeswoman Lia Papa. "We're starting to focus on managed security services for our clients, and this helps us grow that part of our business."

Atlanta-based ISS employs about 1,200 people worldwide, including about 40 in its Herndon office. IBM will make "limited changes in operations," Papa said, and plans to retain all of the company's local employees.

"We don't want to change any of the company's capabilities, we want to expand on them," she said.

ISS became a leader in the security industry as it developed systems to detect vulnerable devices and halt harmful attacks and security breaches, said Paul Stamp, a security analyst with Forrester Research Inc.

The deal comes just after IBM's purchase of Webify Solutions Inc., MRO Software and FileNet Corp., all software companies that help clients streamline business processes and manage data. Along with the purchase of ISS, the total bill will come to more than $3.5 billion if the deals are approved by shareholders and regulators.

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"From IBM's point of view, you can't have IT without security," Stamp said. "This helps plug some of the gaps in its security portfolio."

Customers are demanding security software that seamlessly integrates with existing systems and data, he said, forcing IBM to acquire a company that could offer "well-rounded solutions in that space."

ISS's technology will help IBM create security systems that can be used in a variety of industries rather than customizing solutions for each individual client, Papa said.

"The same security solutions that work for an insurance company can be used for a bank or government agency," she said. "As more data goes online, that opportunity grows exponentially."

The transaction is expected to close by the end of the year.

I.B.M. To Buy A Security Software Company For $1.3 Billion (NYT)

By Steve Lohr

The New York Times, August 24, 2006

I.B.M. took another step yesterday in its strategy of blending software and services when it announced plans to buy Internet Security Systems of Atlanta for $1.3 billion.

The purchase of the company, which makes security programs for computer networks, is the latest in a recent string of software acquisitions by I.B.M. In the past, the company has often pointed to how the software being purchased would help I.B.M.'s $47-billion-a-year services business, as more services tasks rely on software to improve efficiency.

But Internet Security Systems is the first large software purchase that will be actually folded into I.B.M's services business, rather than becoming part of the company's software group.

Internet Security Systems would be the largest acquisition added to I.B.M.'s services business since it bought PriceWaterhouseCoopers Consulting for $3.5 billion in 2004.

"It's clear that the services business is not going to grow at the rate it needs to for I.B.M. to reach its corporate financial targets, if it depends on indigenous growth alone," said Bob Djurdjevic, president of Annex Research, a consulting firm. "They need to go out and buy things, and this is a step in the right direction."

I.B.M.'s stated financial goal is to achieve high-single-digit growth in revenue and low-double-digit growth in profit. A strong performance by I.B.M. Global Services, which accounts for more than half of the company's revenue, is crucial to reaching that target.

In the last two years, the sluggish performance of I.B.M. Global Services has held back the company's growth, Mr. Djurdjevic said.

Computer security, analysts say, increasingly lends itself to being delivered as an integrated service instead of as a collection of separate software products. And with the steady proliferation of Internet worms, viruses and other malicious software, corporate technology managers consistently rank security at or near the top of their priorities.

"Computer security and systems management used to be separate, but that is less and less the case," said Paul Stamp, an analyst at Forrester Research. "Security has become so important that people don't talk about information technology anymore. Now, it's about secure information technology. So the standalone market for security is shrinking."

Mr. Stamp noted that other suppliers of security software, including Computer Associates, Symantec and McAfee, are increasingly taking a systems approach to their offerings and marketing them as subscription services.

Internet Security Systems, founded in 1994, has been an innovator in intrusion-detection and vulnerability-analysis software tools. Its customers include large banks, corporations and government agencies.

Thomas E. Noonan, the chief executive of Internet Security Systems, said joining the I.B.M. services group would put his company's technology and its 1,300 employees at the forefront of an industry trend.

"The next generation of security is to deliver software as a service," Mr. Noonan said in a conference call.

For its part, I.B.M. sees security as a growth market and a field ideally suited for the company's strategy of using software to help automate services, reducing labor costs while increasing efficiency and profitability, said Val Rahmani, a general manager in the company's services group.

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Last year, Internet Security Systems earned $38.5 million on revenue of $330 million.

The acquisition is the third sizable software purchase announced by I.B.M. this month alone. On Aug. 10, I.B.M. said it would pay $1.6 billion for FileNet, whose software helps companies manage documents and other digital information. On Aug. 3, I.B.M. agreed to buy MRO Software, whose programs are used by companies to track vehicles and equipment, for $740 million.

I.B.M. is offering $28 a share for Internet Security Systems.

After the bid was announced, Internet Security's stock price rose $1.62, or 6 percent, to close at $27.62 a share. I.B.M. shares slipped 28 cents, to $78.67.

IBM Adds To Its Stable Again: Software Maker Internet Security Systems (USAT)

By Michelle Kessler And Jon Swartz

USA Today, August 24, 2006

IBM on Wednesday announced its third major acquisition this month, a $1.3 billion bid for business software maker Internet Security Systems.

ISS sells computer security products to banks, insurance companies, governments and other large groups. It has about 11,000 customers and earned $38.5 million in net income last year.

The all-cash deal, the fifth-largest in IBM's history, represents an 8% premium over ISS' closing stock price Tuesday.

Most of ISS' 1,300 employees are expected to keep their jobs, and the unit will remain headquartered in Atlanta. CEO Tom Noonan will stay in charge, though his title has not been decided.

The deal is scheduled to close in the fourth quarter, if approved by shareholders.

IBM has been a big spender lately. This month it said it would acquire business software makers FileNet for $1.6 billion and MRO Software for $740 million. ISS is its 12th major deal this year.

General manager Val Rahmani says IBM is looking for ways to expand its already huge business. Big Blue had revenue of $91 billion in 2005 and has more than 329,000 employees.

Tech analysts say IBM's buying spree is also part of a growing trend of software consolidation, especially in security software. More than 1,000 companies sell a tech-security product or service, according to research firm IT-Harvest.

The "market cannot support all these vendors," says Ted Schlein, a venture capitalist at Kleiner Perkins Caufield & Byers.

As a result, companies are consolidating. Two of the biggest deals: EMC's $2.1 billion purchase of RSA Security and Symantec's $13.5 billion purchase of Veritas.

There's room for more, says tech analyst Allan Krans at Technology Business Research. He predicts Check Point Software is likely to be the next security firm to be acquired.

But ISS was a good choice for IBM, says tech analyst Paul Stamp at Forrester Research. One of the first Internet security companies, ISS has a strong reputation and has worked with IBM since 1999, Stamp says.

Rahmani says her company chose ISS because its offerings were so comprehensive.

Normally, companies buy "anti-virus software to stop viruses, anti-spyware software to stop spyware, e-mail security programs to stop spam," says Noonan at ISS. It's hard to get so many programs to work with each other, he says. ISS aims to solve that problem by offering security as a single service.

When asked whether IBM had more deals planned, Rahmani said it is "always looking at great opportunities." IBM had about $10 billion in cash at the end of its last quarter.

The long-rumored deal sent IBM shares down less than 1% to $78.67 Wednesday. ISS shares jumped 6% to $27.62.

Air Superiority Two Technology Giants Clash In Battle For Wireless Internet (WSJ)

By Amol Sharma And Don Clark

The Wall Street Journal, August 24, 2006

Qualcomm Inc., which became a technology powerhouse by creating the brains inside hundreds of millions of cellphones, and Intel Corp., the giant maker of microprocessor chips for personal computers, are clashing on a crucial new battleground: wireless access to the Internet.

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Both companies are racing to develop new technologies to better permit consumers to connect wirelessly to the Web, whether by cellphone, laptop, handheld gadget -- or potentially even devices such as MP3 players and video cameras.

This month, Intel scored a first big victory when Sprint Nextel Corp., the third-largest U.S. cellular operator, said it would spend up to $3 billion to build a new network based on the technology that Intel is backing. That technology is "WiMax," a system that promises Internet access at speeds similar to cable broadband connections, wirelessly and over long distances.

The battle puts on a collision course two chip giants that had little to do with each other for two decades. The prize for Intel: a new chance to build bigger markets for its microprocessors -- not just in laptops but in new pocket-sized gadgets and consumer-electronics devices. The widening of Internet access gives Intel an opportunity to try to wrest from Qualcomm the position of wireless standard-setter.

Whoever prevails in the face-off, consumers will end up with yet more options to connect to the Web. Today, they mostly rely on wired high-speed Internet connections from cable and phone companies. While the technologies Intel and Qualcomm are pushing are still untested on a large scale, they promise to give people new ways to get online at work, in the backyard, in a park -- almost anywhere -- and eventually with a whole array of new devices.

WIMAX ADVANTAGE

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Reporter Amol Sharma explains the advantages2 of WiMax over Wi-Fi and talks about what companies stand to benefit if the new wireless technology takes off, in an interview with technology editor Almar Latour.

It's also an early test for the chief executives of the companies, who both assumed the helm last year. Paul Otellini, 55, the first Intel CEO not trained as an engineer, has already pushed a successful technology that lets people get online wirelessly from cafés and airport lounges. Now he hopes to blanket entire cities with affordable wireless Web access, through a system that Intel wouldn't own but that would create new demand for its chips.

Qualcomm's Paul Jacobs, 43, who succeeded his father as CEO, must defend the company from industry players that are attacking both in the marketplace and in the courtroom. Some big cellular companies, resentful about hefty royalties they must pay Qualcomm because of its patents, have fought back in part by filing antitrust complaints in Europe.

As the field of wireless Internet access develops, Sprint's embrace of WiMax suggests that Qualcomm may not rule this new realm as it has the cellular phone market. "It looks like there's not going to be any single company dominating," said Monica Paolini, an expert on wireless technology at Senza Fili Consulting in Sammamish, Wash.

Although Qualcomm remains highly profitable, and its relationships with cellular carriers will continue to fill its coffers for many years to come, its stock is off 30% since early May. Several forces are responsible, analysts say, including the potential of WiMax, legal disputes with cellular-equipment companies and concerns that carriers in countries such as India and China are moving away from its technology.

Qualcomm was begun in 1985 mainly by the CEO's father, Irwin Jacobs, an electrical engineer and professor at Massachusetts Institute of Technology. He teamed with scientific and business associates to turn advances in military communications into commercial products.

In World War II, the U.S. government had sought ways to deter enemies from jamming radio signals that guided naval torpedoes. The solution was to split the signals into small pieces that could run on different frequencies. In a strange twist, the winner of a patent for this idea was Hedy Lamarr, the Austrian-born Hollywood actress, whose first husband had worked on radio signaling for the Nazis. She teamed with an American composer and they devised a scheme to move radio signals from one frequency to another, using player-piano rolls as a model.

Building on the ideas of Ms. Lamarr and other researchers, Mr. Jacobs realized he could apply the idea to create an efficient way to transmit phone conversations and data. Early cellphones crammed lots of information on a few radio frequencies. He imagined breaking it into small, coded fragments over a larger range of radio spectrum. It was the basis of Qualcomm's core technology, known technically as CDMA, for "code-division multiple access."

Persuading telecom carriers to work with his fledgling company was an uphill battle. By the late 1980s, two other digital technologies were gaining traction. Though Qualcomm argued its technology was far more efficient, few carriers paid attention until a South Korean agency embraced it 1992, and went on to build an advanced cellular system. Qualcomm then won over

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many carriers. It profited both by making chips for phones and by licensing makers of other gear: handsets and cellular broadcast towers.

In Europe, Qualcomm never overcame a head start by another system, called GSM. But as carriers upgraded to networks fast enough for music and video and for mobile Internet access, they had a hard time avoiding innovations Qualcomm patented. They wound up signing licensing deals requiring them to pay it royalties. Industry experts estimate Qualcomm reaps a royalty of 5% to 6% of the price of cellphones that use its technologies.

As its patent power grew, so did criticism by competitors, who claimed Qualcomm was abusing its market power with excessive royalties. Last fall, several filed antitrust complaints with European Union regulators. The EU hasn't yet taken any action. Banding together were Nokia Corp., Telefon AB L.M. Ericsson, Texas Instruments Corp., Broadcom Corp., Matsushita Electric Industrial Co. and NEC Corp.

Qualcomm says the six are pushing specious claims of market abuse to protect profits on older technology, and that its royalties let it invest in research that produces better and cheaper phones. "We were the ones that took the risk and we are the ones that continue to do a lot of the innovation," says CEO Mr. Jacobs.

But the biggest long-term threat to Qualcomm, and a more significant one, stems from WiMax, for which Qualcomm largely has Intel to thank.

Intel's first venture into wireless Internet access involved the technology called Wi-Fi, in which someone who has wired Internet access can broadcast it, through radio waves, 100 feet or more in every direction. It quickly became popular in coffee shops and airport lounges, letting the public get online there. Although Wi-Fi isn't owned or marketed by a single company, Intel helped popularize it by starting to make built-in Wi-Fi chips for laptops in 2003.

But Intel executives thought they could do even better. They began looking for a longer-range technology that would attract major cellular carriers and create a larger market for their chips.

Besides, the economics of Wi-Fi were unattractive to large carriers because the service relies on unlicensed radio spectrum, allowing even tiny Internet service providers that own no radio spectrum to compete. A service using spectrum owned by the providers would be more exclusive.

Both concerns led Intel to the technology called WiMax. It, too, is a system backed by many different companies. Intel joined an industry standards committee that was considering proposals for a wireless alternative to cable or DSL broadband -- a way to get fast Web access to a site without any kind of wires.

But Intel's real interest was to develop a technology that would enable consumers to take their laptops anywhere and get a high-speed wireless Internet signal. The chip company worked with allies in the equipment industry, as well as telecom carriers, and last December a mobile WiMax standard was made final. That gave a green light to equipment makers and carriers to start planning for mass deployments.

Intel took the lead in forming a multi-company group called the WiMax Forum. It courted makers of equipment for cellular towers, as well as cellphone makers like Nokia, Motorola Inc. and Samsung Electronics Co. -- the latter a longtime Qualcomm ally that was already working on such technology. By the spring of last year, Intel engineers had completed the company's first WiMax chips. Others are making them too, such as Fujitsu Ltd.

Intel spread money among start-ups interested in WiMax. It attracted a partner in Clearwire Corp., a start-up carrier founded by Craig McCaw, the cellphone pioneer. Clearwire aims to bring consumers a wireless alternative to cable and DSL Internet access. In July, Intel invested $600 million in Clearwire.

As Intel ramped up its efforts, Qualcomm wasn't sitting still. It realized several years ago that its key customers, the large cellular carriers such as Verizon and Sprint, wanted to develop their own high-speed wireless Internet offerings.

Qualcomm gave them a technology to do so. It upgrades existing cellular networks to permit high-speed transmission of data. That makes it possible for a cellphone to download music and video.

Cell subscribers who buy this extra service can use it to get wireless mobile Internet access as well -- by plugging a card into their laptops. That makes the upgraded Qualcomm service, known as EVDO, similar to the Wi-Fi at the local Starbucks. It even has one notable advantage over Wi-Fi: Users don't have to be at a cafe or some other Wi-Fi "hot spot." They can be anywhere.

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But it also has limitations. The speeds are only on par with fast Internet service from phone companies, slower than a typical cable connection. It also isn't nearly as fast as proponents of WiMax expect that to be.

This offering from Qualcomm is on the market. Both Verizon Wireless and Sprint offer it to their subscribers.

Yet Qualcomm knows this isn't the ultimate service to put up against WiMax, which is designed specifically with mobile Internet service in mind. So Qualcomm has been designing and acquiring other technology to provide ultra-high-speed, go-anywhere wireless access to the Internet.

Last year it announced it would buy Flarion Technologies Inc., a New Jersey company that has developed a wireless technology competing with WiMax. It spent $810 million on the acquisition.

Qualcomm then went on the attack against WiMax. Its executives told anyone who would listen that it would be hard for start-ups to acquire the costly radio frequencies needed for a brand new wireless network. Jeffrey Belk, Qualcomm's marketing chief, wrote a lengthy paper -- dubbed "Why MAX?" -- that disputed claims about WiMax technical features and aired on technology blogs.

Against the backdrop of this cold war, Sprint was preparing to make a crucial decision about the future of its wireless network. Sprint was open to try all kinds of new technologies and made clear that royalties would be a factor as it decided.

Last summer, Sprint launched WiMax trials involving Motorola and Samsung. Nextel Communications, a company Sprint acquired in mid-2005, had already field-tested Qualcomm's Flarion system.

This month, Sprint delivered the bad news to Qualcomm that it would build a WiMax network, hoping to begin service in some cities by late 2007. Sprint named Intel, Motorola and Samsung as its chief partners, with Qualcomm left on the sidelines. Sprint said Qualcomm's Flarion technology didn't make the cut because it wasn't as cost-effective and didn't make as efficient use of the particular slice of the radio spectrum that Sprint owns.

At Qualcomm, Mr. Jacobs says his company may try to beat its competitors at their own game by entering the WiMax-chip business itself. He says Qualcomm owns patents covering pieces of the WiMax standard, and that means it could ask for a licensing fee from companies producing equipment or handsets for WiMax networks. But many companies hold patents that could cover aspects of WiMax, making it harder for any one of them to command stiff royalties. "Nobody has a lock on it," says Sean Maloney, an Intel executive vice president and its top strategist on WiMax.

Patent Verdict Against Microsoft, Autodesk Stands (CNET)

By Caroline McCarthy

CNET News, August 24, 2006

Companies must pay more than $150 million for unlawful use of product activation technologies, federal judge says.

A federal judge in Texas has delivered a setback to Microsoft and Autodesk in their patent infringement battle with product activation start-up Z4 Technologies.

U.S. District Judge Leonard Davis turned down the software makers' request for a new trial in a patent infringement lawsuit filed by Z4 Technologies and awarded enhanced damages, ordering Microsoft and Autodesk to pay a combined total of $158 million.

The initial suit was filed nearly two years ago by David Colvin, owner of Michigan-based Z4, over two product activation technologies. One of those technologies is designed to prevent unauthorized use of software; the other is used to combat piracy.

In a verdict reached April 19, a jury found that Microsoft and Autodesk had violated Colvin's patents; the companies' subsequent request for a new trial was turned down Friday. Microsoft is expected to challenge the verdict in the U.S. Court of Appeals.

Representatives for Microsoft and Autodesk, which had asked for a new trial on the basis that the patents were unenforceable because of inequitable conduct, were not readily available. The counsel for Z4 declined to comment.

Not only has the original verdict been upheld, but Microsoft's patent penalty has also been increased by $25 million for enhanced damages, bringing its total bill to $140 million. It also must pay an estimated $2 million in legal fees.

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It's the second-biggest patent infringement fee that Microsoft has had to fork over to a smaller company, surpassed only by the $500-plus million that the Redmond, Wash.-based software behemoth was ordered to pay to Eolas Technologies in 2003. Microsoft's fines in antitrust cases, however, have reached into the billions of dollars.

The penalty for San Rafael, Calif.-based Autodesk, originally $18 million, has been increased by $322,000.

The East Texas Federal District Court is a frequent destination for patent infringement complaints, like this summer's Red Hat-JBoss lawsuit, because of its reputation for efficiency on cases in that field.

ENVIRONMENT:

Consultant Warned BP Of Pipe-Network Corrosion (WSJ)

By Matthew Dalton And John M. Biers

The Wall Street Journal, August 24, 2006

Federal investigators probing BP PLC's operations in Alaska are reviewing two-year-old documents from an engineering firm that included warnings of accelerated corrosion in its pipeline network, an indicator of the same type of conditions that forced the partial shutdown of the giant Prudhoe Bay oil field this month.

While the London oil company has acknowledged some responsibility for the corrosion problem, BP has defended its overall pipeline maintenance as robust and characterized the incidents as unforeseeable. Environmental Protection Agency investigators are presenting evidence to a federal grand jury investigating criminal charges against BP related to its pipeline-maintenance program in Alaska. An EPA spokesman declined to comment.

Separately, a BP spokesman said late yesterday the company, which operates Prudhoe Bay on behalf of a consortium, has had to curtail remaining production at the field by almost one-half because of a mechanical failure in an oil-processing facility. The spokesman, Daren Beaudo, said the move would reduce production to 110,000 barrels a day from the 200,000 barrels a day that it had been able to continue. He said repairs could take several days. At full strength, the field produced 400,000 barrels of oil a day.

BP's own regulatory reports on its pipeline maintenance and analysis of these reports prepared in 2004 by an engineering consulting firm, Coffman Engineers, don't show a direct cause for the problems that led to the shutdown of the pipelines. But they portray a pipeline system vulnerable to localized corrosion, with large blind spots where problems would be difficult to detect. They also show that Coffman flagged isolated incidents of "accelerated corrosion" as early as 2004 based on 2003 data from BP.

Coffman's work for BP is being examined by the EPA, said Dan Stears, manager of Coffman's corrosion-engineering department. "Our reports were quite accurate as far as the corrosion mechanism that BP needs to address," Mr. Stears said, adding that Coffman suggested BP needed to take measures to prevent corrosion over its entire pipeline network.

BP and Alaska officials have pointed to other language in the Coffman reports praising BP's practices. Company spokesman Steve Rinehart said the Coffman reports were concerned with pipelines different from the ones that proved problematic. Coffman said its work encompassed the pipelines in question.

BP Alaska President Steve Marshall said at a hearing before state lawmakers last week that the Coffman reports didn't flag the lines that proved problematic because they were seen as less vulnerable to corrosion.

At the same hearing, Alaska Department of Environmental Conservation Commissioner Kurt Fredriksson cited the praise for BP's program and said the reports focused concern on lines different from the ones that proved problematic. (See article.1)

BP is under fire from state and federal investigators for a maintenance program that led it to shut part of Prudhoe Bay, the largest oil field in the U.S., after finding severe corrosion in a pipeline. Problems with the pipeline system first publicly surfaced when a pipeline spilled over 200,000 gallons of oil in March.

One of BP's primary methods for detecting corrosion inside its pipelines involves the use of pieces of metal, called coupons, inserted into the pipeline flow and then inspected to determine whether corrosion has occurred. BP then injects into its pipelines chemicals that inhibit corrosion based on the monitoring data.

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BP's monitoring reports show the company used few coupons on its transit pipelines, where the oil leaked in March and severe corrosion was found at the end of July. Out of a total of 1,495 locations monitored using coupons, only five were placed over the 22 miles of transit pipelines, which carry oil from processing facilities to the 800-mile-long Trans-Alaska Pipeline.

Mr. Rinehart said in hindsight the company should have placed its coupons in different locations.

BP's maintenance reports show the company detected very low rates of pipeline corrosion throughout its system since 1997. Still, the heavy reliance on coupons and similar techniques raises questions about how confident the company could have been in the integrity of its pipeline as a whole.

The company didn't run a standard industry test on the corroded pipeline using a "smart pig" -- a mechanical device that runs along the inside of the pipeline to detect corrosion. "If you want to find this type of random, spotty corrosion, you've got to do 100% ultrasonic scanning from the outside, or the smart pig approach," said Larry Tatum, an anticorrosion specialist with the National Association of Corrosion Engineers.

BP has said, looking forward, its anticorrosion programs will strongly feature the use of smart pigs.

BP's US Woes Deepen With Lawsuit (FT)

By Sheila Mcnulty In Houston

Financial Times, August 24, 2006

BP is embroiled in a legal battle in Illinois that, against the backdrop of a big spill in Alaska and a fatal explosion in Texas, could help fuel the broader debate over whether the UK oil giant has a problem with its US safety culture.

The lawsuit arises from BP's $225m sale of an Illinois chemicals plant in 2004 to Flint Hills Resources, a subsidiary of Koch Industries.

Soon after taking over the plant, Flint Hill claimed BP had breached the terms of its sales agreement. BP responded with a federal lawsuit in Chicago last year seeking a declaration by the court that it had done nothing wrong.

"They had ample time to conduct due diligence prior to their purchase," said Scott Dean, BP spokesman.

Flint Hills then counter-sued, accusing BP of more than 50 misrepresentations about the plant's environmental compliance, mechanical integrity and production capacities.

Flint Hills is seeking at least $200m in damages as well as other legal expenses.

"The plant that BP promised was not the plant that Flint Hills got,'' the Koch Industries subsidiary alleged.

"Instead of receiving an environmentally compliant, mechanically sound plant ready to immediately increase production capacity, Flint Hills received a plant that required tens of millions [of dollars] to comply with environmental laws and permits, tens of millions to repair substandard mechanical integrity, and tens of millions to address multiple bottlenecks that constrain production."

Flint Hills alleged that the plant had illegal emissions of air pollutants, corroded tanks that leaked chemicals including acid and badly leaking sewer lines that BP had buried unrepaired ahead of the sale.

Mr Dean of BP said: "At the time of the sale, the plant was operating under the necessary emissions permits." He added: "The buyer is a sophisticated petrochemical company that knew they were buying a 1950s vintage chemical plant that had ongoing maintenance requirements consistent with its age."

The case, which is set to go to trial in late 2007, will play out amid BP's recent problems in the US, which have resulted in heightened regulatory scrutiny and two grand jury probes that could bring criminal charges against the oil company.

In addition, an independent panel imposed by the US Chemical Safety and Hazard Investigation Board is investigating other BP refineries in the US to determine if the company's safety culture is flawed.

"The CSB cannot comment on the Koch allegations because we have not examined them," said Carolyn Merritt, CSB chairwoman.

"However, if shown to be factual, they would further indicate a pervasive lack of management oversight and risk awareness that has characterised BP operations at Texas City and, apparently, at Prudhoe Bay."

FBI/DEA/ATF/USMS:

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Corps Reviews Its Inquiry Into A Critic (NYT)

By Cornelia Dean

The New York Times, August 24, 2006

The Army Corps of Engineers is looking into how an Illinois man's comments on a proposed bypass channel for fish led a corps official to suggest that the Federal Bureau of Investigation examine him as a possible terrorist, a spokesman for the corps said yesterday.

The man, Jim Bensman of Alton, Ill., said he feared that people in the St. Louis district office of the corps pointed to him because he was a longtime critic of their policies.

"The only thing that makes sense is that this was done for political purposes," Mr. Bensman said.

A spokesman for the corps district, Alan Dooley, said he believed that the brouhaha was a result of a security officer's following Army regulations. Mr. Bensman attended a corps hearing on July 25 on alternatives for improving fish movement in the Mississippi River at the Melvin Price Lock and Dam in East Alton, Ill.

Constructing a channel was one proposal. Another, which Mr. Bensman endorses, was removing the dam, an alternative considered by the corps and a project that would normally be accomplished using explosives.

Mr. Dooley said a report in an Alton newspaper, The Telegraph, described Mr. Bensman as advocating that the dam be blown up, which, technically, he did.

Mr. Dooley said that when the district security manager, Kent Hayes, learned of the report, he "looked at Army regulations concerning possible threats to public facilities, and it was his determination that it should be forwarded to the appropriate federal agency, which in this case was the F.B.I."

Mr. Dooley added, "I have no information that anyone would have done that for any other reason."

Mr. Bensman is not satisfied with that explanation. Though he had been told that he was no longer suspected of anything, he said, "I want more answers from them."

"They are not an investigative agency," Mr. Bensman said of the corps. "But that doesn't mean they should not take a few minutes common sense before wasting the F.B.I.'s time and subjecting a citizen to questioning."

FBI Hoped To Recruit Alleged Cuban Agent To Spy For U.S. (AP)

By Curt Anderson, AP Legal Affairs Writer

AP, August 24, 2006

The FBI hoped to recruit a university professor suspected of being a longtime Cuban agent to spy for the U.S. government against Havana, but never made any explicit promises of criminal immunity if he cooperated or refused, an FBI agent testified Wednesday.

Albert Alonso, the lead FBI agent in the case of Florida International University psychology professor Carlos Alvarez, said the FBI had become convinced based on intercepted telephone calls that Alvarez - allegedly a Cuban operative since 1977 - was ready by June 2005 to work "in an intelligence capacity" for the U.S. against Cuba.

"We were giving him an opportunity to cooperate with the U.S. government like he had with the Cuban government," Alonso said. "He was in a position to assist the United States government greatly."

But Alonso insisted that he never told Alvarez during three days of interviews that he would not be prosecuted if he declined or accepted the offer to become a U.S. counterespionage agent. The testimony came during a hearing on a motion by Alvarez to have his purported confession to being a Cuban agent thrown out as evidence because, he claims, the FBI made the immunity promise.

"As an FBI agent, you can't do that. You just can't promise. We're not attorneys," Alonso said.

Alvarez, 61, and his 56-year-old wife, Elsa, are charged with failing to register as Cuban agents with the U.S. government. Prosecutors say they spied for President Fidel Castro's government for decades, mainly reporting on activities of Cuban-American exile groups in Miami and on U.S. political affairs. Both have pleaded not guilty.

During interviews with FBI agents on June 22-23 and again July 1, 2005, Alvarez allegedly confessed to his decades of work for Cuba, according to transcripts of FBI videotapes and listening devices hidden in the Alvarezes' home.

On one tape made July 4, 2005 - the night before Elsa Alvarez was to meet with FBI agents - Carlos Alvarez is quoted as saying that his confession signaled "a great revamping of our lives." The tape came from a listening device the FBI had placed in the couple's bedroom some six years before.

"Right now, for me, it was a relief that I was able to cooperate. It's been hell. It's been hell. I really saw it as a huge confession. It was an opportunity for me to confess what I've done wrong," he is quoted as telling his wife.

But Carlos Alvarez did refuse the FBI's offer to become a U.S. counterespionage agent, Alonso testified. A transcript of one of the FBI interviews quotes him as saying he was "willing to be in contact" with his Cuban handlers "but I don't want to go any more to Cuba or to work for intelligence here."

It would be nearly six months before the Alvarezes were arrested. Carlos Alvarez's attorney, Steve Chaykin, repeatedly asked Alonso what he meant in portions of the interview where he told Alvarez that if he cooperated "we can help you" and mentioning other convicted Cuban spies who were not given that chance.

"The fact is, what you're doing is, you're threatening him, right?" Chaykin asked at one point.

"No sir, I am not," Alonso replied.

Alonso also said that Alvarez was told at least five times that he was free to leave the interviews and that the one on July 1 was held at Alvarez's request. Alvarez was never placed in custody during those interviews and not read his Miranda rights until his arrest in January of this year, the agent said.

U.S. Magistrate Judge Barry Garber scheduled a second day of hearings on Thursday on whether the confession should be permitted as evidence. Chaykin indicated that Carlos Alvarez could testify on his own behalf.

FBI Denies Receipt Of Tape Implicating Raúl Castro In Brothers Shootdown (MH)

By Jay Weaver

The Miami Herald, August 24, 2006

News of tape is news to FBI

The tale of the newly surfaced Raúl Castro tape just got more mysterious.

Relatives of Cuban exile pilots who were killed by Castro's air force said their attorney turned over the tape to the FBI more than four years ago, claiming it was possible proof of the defense minister's lead role in the alleged 1996 shoot-down plot.

The FBI said it received a package on Raúl Castro in January 2002 from the relatives' lawyer -- but no tape was inside, only a one-inch binder on the criminal case.

"They never got the tape," said FBI spokeswoman Judy Orihuela, after checking with a case agent. ``They don't have the tape."

News of the 11-minute tape surfaced this week, when local media reported that the alleged June 21, 1996, recording purports to be Raúl Castro talking with Cuban military officials about his initial plans for dealing with Brothers planes that fly into Cuban terrority -- including shooting down the exile group's aircraft.

One of the lead federal prosecutors in the case, David Buckner, said he received only a copy of the binder. "News of the tape is news to me," Buckner, who recently left the U.S. attorney's office, said Wednesday. The office said it would look at any new potential evidence in the shoot-down case, which is still open.

In the tape, a voice identified as Raúl Castro's details the planning by himself and five generals on Jan. 13, 1996 -- weeks before Cuban MiG pilots shot down the two Brothers Cessna planes on Feb. 24 over international waters. Those killed: Armando Alejandre Jr., Carlos Costa, Mario de la Peña and Pablo Morales.

While federal prosecutors in Miami ended up convicting 10 Cuban men and women in a 2001 spy case linked to the shoot-down, neither Raúl Castro nor his brother, Cuban leader Fidel Castro, has ever been indicted. Prosecutors later indicted a Cuban general and two pilots.

Brothers relatives and their attorney, Frank Angones, said they turned over a copy of the tape -- along with other evidence -- to the FBI in the hope that it could be used to indict Raúl Castro on charges of conspiring to murder the four Brothers pilots.

"We had this tape four years ago," said Maggie Alejandre Khuly, sister of victim, Alejandre. ``We did not sit on it. We went to the FBI because we had faith in them and we had faith in the evidence. We still do."

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POSSIBLE SMOKING GUN

Angones, president-elect of the Florida Bar, said that while the tape may not be a proverbial smoking gun, he called it an "important piece of evidence" that could help prosecutors build a criminal case against Raúl Castro. He was temporarily given the reins of power by his brother, Fidel, after the Cuban leader fell ill at the end of last month.

But neither Angones nor the relatives ever heard back from the FBI about the tape. Khuly said she brought up the matter with the lead case agent, Al Alonso, but apparently Alonso thought she was referring to another tape that had been played during the 2001 spy trial.

Khuly said she obtained the tape in the fall of 2001 from a Spanish woman sympathetic to the relatives who lost loved ones as well as to other Cuban exile causes. That woman, Mari Paz Martínez-Nieto, had obtained the tape from a Havana journalist.

Khuly, an architect, prepared the binder that detailed evidence of Cuban government suspects in the case, including those implicated in the spy network that infiltrated exile groups more than a decade ago.

She cited Raúl Castro's taped interview with government journalists at Radio Rebelde in two sections of the binder -- the summary and index -- noting that ``R. Castro discusses the shoot-down."

She said that rather than go public with the tape, binder and other information, the victims' relatives agreed to turn it all over to Angones, a childhood friend of Alejandre, so that he could give it to the FBI.

Angones, who had been involved in the relatives' civil lawsuit against the Cuban government and had regular contact with the FBI, said he put together a package for Alonso to pick up at his Flagler Street law office. Angones said he did not recall if he gave the package directly to Alonso or left it for him at the front desk.

"The package included the binder and the tape," Angones said. ``He definitely picked it up at my office."

FBI spokeswoman Orihuela, who discussed the matter with another case agent, Raúl Fernandez, said the agency received the binder and gave it to Buckner after making a copy. But she said the agency never received the tape.

Buckner, who prosecuted the Cuban spy case along with Caroline Heck Miller and John Kastrenakes, agreed. "I do remember there was no tape," Buckner said. ``If they had a tape like this, they would have turned it over to me."

`THERE WAS NO TAPE'

He added he received a copy of the binder, too, but said he did not recall specific details, such as Khuly's reference to Raúl Castro's radio interview on the shoot-down.

Guy Lewis, who was the U.S. attorney when the spy case was prosecuted, said he, too, knew nothing of the tape until this week.

In the tape, a voice identified as Raúl Castro's details the planning carried out during a meeting of military officers around Jan. 13, 1996, the day Brothers aircraft allegedly had overflown Havana to drop anti-government leaflets.

"I made it clear that [the decision to shoot] had to be decentralized if we wanted it to be effective, so we gave the power to five generals," the voice says. The Brothers airplanes ``were going to escalate this, and we had no other recourse but to make this decision.

"I told them [MiG pilots] to try to knock them down over [Cuban] territory, but they [the Brothers aircraft] would enter Havana and go away. . . . Of course, with one of those missiles, air-to-air, what comes down is a ball of fire that will fall on the city," the voice says. ``Well, knock them down into the sea when they reappear. If not, consult with the people in authority."

The two Brothers Cessna C-337s were shot down by MiGs Feb. 24, killing the four exile pilots. The group, known for flying missions over the Florida Straits in search of Cuban rafters, has denied any violations of Cuban airspace.

The recording was taped during a June 21, 1996, conversation at a Cuban Communist Party office in the eastern city of Holguín between Raúl Castro, government officials and journalists from the government's Radio Rebelde network.

The authenticity of the recording could not be independently confirmed.

Khuly said that she could not say with authority whether it's Raúl Castro's voice on the tape -- that's why she and the other relatives turned it over to the FBI, or so they thought.

They now want the FBI and prosecutors to examine the new evidence.

"I'm grateful to the government for everything they've done," Khuly said, ``but I want more."

DOJ_NMG_0052672

Colombian Drug Suspect Is Extradited To U.S. (AP)

AP, August 24, 2006

NEW YORK -- Touted as another triumph for U.S. and Colombian investigators, a purported drug kingpin alleged to have smuggled more than $100 million of cocaine into the U.S. was held without bail following an appearance in federal court Wednesday.

Manuel Felipe Salazar-Espinosa, 55 years old, arrived late Tuesday at Westchester County Airport from Colombia to face narcotics trafficking and money laundering charges.

He was ordered held without bail during a brief appearance in U.S. District Court in Manhattan. If convicted, Mr. Salazar-Espinosa could face a maximum sentence of life in prison or a mandatory minimum of 10 years in prison. The U.S. has assured Colombia that it will not seek a life sentence for Mr. Salazar-Espinosa or any other defendant brought from Colombia.

The indictment accused Mr. Salazar-Espinosa of leading an international narcotics-trafficking organization that shipped ton-quantity loads of cocaine by sea and on board speedboats from Colombia to Panama from 2002 to July 2005. The drugs were later taken to Mexico and then smuggled into the U.S., authorities said.

A lawyer for Mr. Salazar-Espinosa did not immediately return a telephone message for comment.

Prosecutors blamed Mr. Salazar-Espinosa for transporting 5,000 kilograms of cocaine worth more than $100 million from Colombia to the U.S., particularly New York City.

Erin Mulvey, a spokeswoman for the U.S. Drug Enforcement Administration, said Mr. Salazar-Espinosa was one of the "last remaining dinosaurs of the old cartels." She said his name surfaced in other investigations before a case was brought against him.

She said aggressive law enforcement against the large cartels, which shipped huge amounts of drugs, has led to a reshaping of the drug transportation network to rely on smaller groups of drug traffickers.

Colombian authorities acted on a U.S. arrest warrant when they took Mr. Salazar-Espinosa into custody on May 23, 2005.

"The relationship with the Colombian government has gotten better over the past few years," Mulvey said.

Two months after the arrest, Panamanian law enforcement officers seized more than 1,300 kilograms of cocaine worth more than $25 million after discovering that Mr. Salazar-Espinosa's organization had hidden it in the arm of a large crane in a warehouse outside Panama City, authorities said.

Manhattan: Arraignment In Drug Smuggling Case (NYT)

By Timothy Williams

The New York Times, August 24, 2006

A Colombian man who the authorities said smuggled more than $100 million of cocaine into the United States pleaded not guilty yesterday during his arraignment in Federal District Court on drug-trafficking and money-laundering charges. The man, Manuel Felipe Salazar-Espinosa, also known as Hoover, was extradited from Colombia on Monday and is being held without bail. Federal prosecutors say that between 2002 and July 2005, Mr. Salazar-Espinosa transported cocaine via speedboat from Colombia to Panama, and then by cargo vessel to Mexico. The drugs were eventually smuggled into the United States by Mexican drug organizations. Mr. Salazar-Espinosa was arrested in Cali, Colombia, in 2005.

Colombia Defends Adding Alleged Trafficker To Peace Deal (AP)

AP, August 23, 2006

BOGOTA, Colombia (AP)--The Colombian government defended on Wednesday an alleged drug trafficker's inclusion in a peace agreement with far-right paramilitaries, which could let him serve less time in prison and avoid extradition to the United States.

In a letter to the Organization of American States, Colombia's high commissioner for peace, Luis Carlos Restrepo, said Juan Carlos Sierra was allowed to participate because he was an important figure in the paramilitaries and had the support of many of the illegal group's commanders.

DOJ_NMG_0052673

Sierra was part of a group of paramilitaries who turned themselves in to authorities last week to begin prison sentences as part of the peace deal.

Under the terms of the peace agreement, he will serve no more than eight years in prison, and a warrant for his extradition to the United States will be suspended. Sierra is wanted by Washington to face drug trafficking charges.

Restrepo's letter comes amid a public spat between the Peace Commission and the OAS, which is overseeing the demobilization of the paramilitaries.

Sergio Caramagna, the OAS's top observer of the peace process in Colombia, told journalists Tuesday that his organization had not verified the demobilization of Sierra. Caramagna added that Sierra did not take part in peace negotiations and as recently as last week was considered a drug trafficker by the OAS.

In March 2005, President Alvaro Uribe called Sierra a "drug trafficker posing as a paramilitary."

As peace talks started, traffickers began buying control of paramilitary units to get in on the partial amnesty offered under the terms of the deal.

A number of former paramilitary commanders are wanted for extradition to the United States for links to drug trafficking. The militias relied heavily on the cocaine trade and extortion to fund their battle against leftist rebels in Colombia's four-decade civil war.

The government's decision to give Sierra the benefits of the peace accord has brought more criticism on a process that is already viewed by human rights groups as too favorable to a group that carried out some of the worst atrocities in the conflict.

12 Indicted In Missouri: Heroin Distribution Conspiracy (AP)

AP, August 23, 2006

KANSAS CITY, Mo. A federal grand jury in Kansas City has indicted 12 people for conspiracy to distribute heroin.The list announced today includes one Texan -- 36-year Norberto Soriano of El Paso.The federal indictment, returned August tenth, charges all 12 with one count of possession with intent to distribute one kilogram or more of heroin.The Drug Enforcement Administration says 5 pounds of heroin were seized during the year-long investigation. More than 200-thousand dollars in cash and jewelry were confiscated.

12 People Indicted In Heroin Distribution Conspiracy (AP)

AP, August 23, 2006

KANSAS CITY, Mo. - A federal grand jury has indicted 12 people from across the country in a conspiracy to distribute several kilograms of heroin, the U.S. attorney's office said Wednesday.

Awaiting trial are Bryant L. Griffin-Bey, 42, Aleceia C. Griffin-Bey, 36, Marvin C. Lockett, 50, and Valencia Lockett, 42, all of Lee's Summit, Mo.; Judy L. Jenkins, 43, Dereck Watts, 48, Warren Allen, 43 and Cornell Smith, 43, all of St. Louis; Juan L. Soriano Vargas, 35, of Moreno Valley, Calif.; Andre Watson, 41, of Topeka, Kan.; Norberto Soriano, 36, of El Paso, Texas; and Hector Ruiz-De La Rosa, a citizen of Mexico with no known address.

The federal indictment, returned under seal on Aug. 10, charges all 12 conspirators with one count of possession with intent to distribute one kilogram or more of heroin, U.S. Attorney Bradley J. Schlozman said.

The indictment also calls for Bryant and Aleceia Griffin-Bey to forfeit several residential properties, vehicles and over $2.8 million in proceeds from heroin trafficking, Schlozman said. Both are charged with money laundering.

"This indictment is part of an extensive investigation into a large-scale conspiracy responsible for trafficking multi-kilo quantities of heroin," Schlozman said in a statement. "This black tar heroin - a potent form of heroin - had a street value of millions of dollars."

Dan Mendrala, a special agent for the Drug Enforcement Administration, said 15 pounds of heroin were seized during the yearlong investigation. More than $200,000 in cash and jewelry were also seized.

4 In Area Face Drug Charges (KCS)

By Tony Rizzo

The Kansas City Star, August 24, 2006

DOJ_NMG_0052674

Four Lee's Summit residents have been charged as part of a nationwide heroin distribution network that stretched from Missouri to California and Texas.

They were among 12 people named in an indictment returned this month by a federal grand jury in Kansas City. The indictment remained sealed until Wednesday, after the defendants were arrested and appeared in court on drug and money-laundering charges.

Since 2001, members of the conspiracy have allegedly been involved in distributing or possessing with the intent to distribute black tar heroin, according to Bradley Schlozman, U.S. attorney for the Western District of Missouri.

During the yearlong investigation, the Drug Enforcement Administration seized about 15 pounds of the drug as well as more than $200,000 in cash.

Suspects named in the indictment are Bryant L. Griffin-Bey, 42, Aleceia Griffin-Bey, 36, Marvin C. Lockett, 50, and Valencia Lockett, 42, all of Lee's Summit; Judy L. Jenkins, 43, Dereck Watts, 48, Warren Allen, 43, and Cornell Smith, 43, all of St. Louis; Andre Watson, 41, of Topeka; Juan L. Soriano Vargas, 35, of California; Hector Ruiz-De La Rosa, 32, a Mexican citizen; and Norberto Soriano, 36, of El Paso, Texas.

Hamtramck Temple Fire Probed As Possible Hate Crime (DEN)

Detroit News, August 24, 2006

HAMTRAMCK -- A possible hate crime is under investigation in a Tuesday night fire at the Bangladesh Hindu Temple that's left members searching for a place to worship.

Local fire crews, along with federal Alcohol, Tobacco and Firearms agents and the FBI are among the agencies looking for clues in the blaze near the middle of the Grayling street near Lumpkin. They spent much of Wednesday combing the neighborhood and talking to nearby residents about the fire.

"We don't have any clues yet," said Hamtramck Fire Chief James Szafarczyk. "I hope we can catch the person, and if it wasn't a person, what caused this. This could be just an accidental fire."

Meanwhile, members of the three-year-old temple are shocked their place of worship is burned to the ground. They are now scrambling for a place to worship as early as Sunday.

"This is God's house. I can't explain how I feel," said Biblob Nath, 34. "We don't have any place to go. We may go to a house or rent a hall (for service). As soon as possible, we want to rebuild. Without the temple, we cannot celebrate anything."

About 11:15 p.m. Tuesday, officials were called to the fire. They arrived a short time later and called for assistance at 11:25 p.m. They fought the fire throughout the night until it got under control about 7:30 a.m., fire officials said.

"It was out of control," said Maher Obeid, 18, who came down the street to see what was going on after driving home from work. He said people could see the blaze as far as four blocks away.

"It was really scary to see the flame in front of your eyes. At one point, the flames got higher. It was like an explosion."

The ATF and FBI are mandated to respond to a call to a fire at any worship institution as a matter of protocol after the nation's church burning crisis in 1996, said ATF Michigan spokeswoman Vera Fedorak.

The Bangladesh Hindu Temple, which has a membership of about 200 people, moved into the building on Grayling Street in 2002. It is located about two doors down from the Holbrook Elementary School inside a former Ukrainian Democratic Club, Szafarcyk said.

Szafarcyk and temple members say there have been no reported racial problems in the neighborhood. The area has a diverse mix of cultures.

"It used to be a loud neighborhood, but now it's quiet," Obeid said. "There's no fighting, nothing like that."

A $5,000 reward is offered by the Michigan Arson Prevention Committee for those with information. Call (313) 876-8777.

IMMIGRATION:

Drop In Illegal Border Crossings A Sign Of Success, Bush Aide Says (LAT)

By Maura Reynolds And Richard Marosi

DOJ_NMG_0052675

The Los Angeles Times, August 24, 2006

WASHINGTON — The Bush administration announced Wednesday that it had made "extraordinary progress" in reducing the number of Mexicans and others trying to enter the United States illegally, saying that apprehensions had reached the lowest rate in the last four years.

The administration's beefed-up enforcement efforts — including more emphasis on deportation, improved Border Patrol technology and the president's decision to temporarily deploy National Guard troops along the Mexican border — appear to be making a significant difference, Homeland Security Secretary Michael Chertoff told reporters.

"What we have done is beginning to work," he said, adding that the number of illegal immigrants caught crossing the border had declined considerably since early summer. The numbers are at least 25% lower than this time last year, according to statistics provided by the Department of Homeland Security.

Critics challenged the government's position, saying that the three-month statistical snapshot was too brief to signify a trend and that economic and other factors could be contributing to the immigration slowdown.

But in Mexico, authorities who work in staging areas along the Arizona border — the busiest corridor for illegal crossers — confirm that the flow of would-be immigrants has dropped significantly this year and that many are deciding crossing is too difficult.

In Sasabe, Sonora, the number of immigrants passing through each day has fallen from 1,000 to about 200, said Miguel Zamarripa, an agent for Grupo Beta, a Mexican migrant safety force.

Chertoff's announcement came as the administration is trying to make the case that its border enforcement policies are working and that Congress should approve broader immigration legislation — including a guest worker program and other provisions that eventually could legalize many of the estimated 12 million people here illegally.

"We're not ready to declare victory. We've got more work to do," Chertoff said. "But it is encouraging, and it's something that ought to inspire us to continue to push forward on all of these different areas."

Some House Republicans have sponsored events across the country this summer to build opposition to the comprehensive legislation, which the Senate has approved. They contend that improved border security — the sole focus of a House-passed bill — should come before any other changes are made in the nation's immigration laws. With that tough stance, they hope to overcome voter resentment toward Bush and the GOP on other issues, particularly the Iraq war, in November's congressional elections.

Chertoff on Wednesday hailed the administration's efforts, particularly what he described as the near-elimination of the Border Patrol's "catch-and-release" policy. That practice had allowed illegal immigrants from countries other than Mexico to be cited to appear in court and then freed because authorities did not have facilities to detain them.

The government's policy is now "catch and remove," Chertoff said, noting that seven detainees were released the week of Aug. 7 compared with 1,055 in the same week last year.

"As of the last several weeks, we have essentially been at 100% catch-and-remove in our southern and northern border," Chertoff said.

Sen. John Cornyn (R-Texas), an outspoken opponent of the administration's immigration proposals, described the lowered apprehension rate as welcome but insufficient.

"I have been calling on the federal government to do more to end the catch-and-release practice, which contributes greatly to the illegal immigration crisis in our country today," Cornyn said. "This renewed commitment by the Bush administration is a strong step in the right direction."

However, he added, apprehensions are just "part of our broken immigration system."

"We can't lose sight of the fact that nearly half of all illegal immigrants first enter the country legally and then overstay their visas," he said. "Unless and until Americans are confident that the federal government will control the border and enforce the law, it will be difficult to move forward with comprehensive immigration reform."

Chertoff's announcement received little immediate reaction from lawmakers who oppose a comprehensive immigration overhaul, in part because many were campaigning in their home districts. Action on immigration is widely considered unlikely before the congressional elections.

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Some experts doubt that increased enforcement alone will significantly reduce the number of border-crossers. Similar large decreases in apprehensions occurred in 2001, followed by sharp increases in subsequent years, said Wayne Cornelius, director of the Center for Comparative Immigration Studies at UC San Diego.

"Apprehension statistics are very volatile, and the reasons why they change are difficult to discern," he said. "The Border Patrol would like us to believe that the only thing that affects apprehensions is the Border Patrol's own resources and tactics, but there are many other things that affect them as well."

Cornelius said Mexico's solid economic growth rate this year could be keeping more would-be immigrants at home. There also is evidence that illegal crossings are becoming more arduous, increasing the likelihood of getting caught. But that perception, he noted, has not been enough in the past to discourage immigrants.

Some experts say many illegal immigrants in the U.S. might not return home as often as before because of the enforcement crackdown.

And along the border, few have failed to notice the enhanced security. Many say that the once-simple journey now requires multiple attempts to get across. Cornelius estimated that tens of thousands of migrants, many of whom are older and less physically fit, give up and go home.

Those who do succeed often tell tales of hardship.

Luis, a 27-year-old from Guanajuato, Mexico, said that earlier this summer he spent two days walking in the mountains east of San Diego before he was caught. He later tried to crawl into the U.S. through drainage pipes, and got caught again.

Luis and his wife finally got in by presenting fake documents at the San Ysidro Port of Entry, he said, but his cousin got caught by inspectors and went home to Mexico City.

Luis, who declined to give his full name to protect his identity, said crossing the border had gotten much more difficult since the first time he came to the United States, in 1998.

But for people such as Luis who have steady jobs in this country, giving up is not an option. "As soon as we get caught, we're already thinking about new ways to cross," he said.

Chertoff, in addition to arguing for a guest worker program, urged Congress to pass legislation to end the special status accorded to immigrants from El Salvador, who as the result of an 18-year-old court order have the right to a more involved deportation process that often leads to their release.

The Bush administration has filed a motion in court to remove the order, known as the Orantes injunction, but it is still pending. Chertoff said congressional action would override the court order.

"The civil war in El Salvador is over," Chertoff said. "The reason for these restrictions has long disappeared."

Reynolds reported from Washington, and Marosi from San Diego and Tijuana, Mexico.

Illegal Border Crossings Dip, And Official Cites Security (NYT)

By Rachel L. Swarns

The New York Times, August 24, 2006

WASHINGTON, Aug. 23 — Homeland Security Secretary Michael Chertoff announced on Wednesday that tough border security measures championed by the Bush administration had significantly reduced the number of illegal immigrants crossing into the United States from Mexico for the first time in several years.

Mr. Chertoff pointed to recent apprehension figures to bolster his assertion, saying that the number of Mexicans captured in June and July had dipped to the lowest level for that two-month period since the fiscal year 2002. The number of non-Mexican immigrants apprehended during June and July, he said, dropped to the lowest level for that period since the fiscal year 2004.

Mr. Chertoff attributed the decline to President Bush's decision to deploy National Guard troops on the Mexican border and to an expansion in the number of beds in detention centers, which in recent weeks has allowed immigration officials for the first time to detain nearly all illegal immigrants from countries other than Mexico until they can be deported. Illegal immigrants from Mexico are typically returned soon after capture.

Those efforts, he said, have discouraged illegal immigrants from trying to enter the country.

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"The message, I think, is that what we have done is beginning to work," Mr. Chertoff said at a news conference. "Although we're not ready to declare victory — we've got a lot more work to do — it is encouraging and it's something that ought to inspire us to continue to push forward on all of these different fronts."

Critics of the administration's immigration policy challenged Mr. Chertoff's claims, saying that the decline in apprehensions was a poor measure of determining whether immigrants are entering the United States. Illegal immigrants, they note, may simply be evading detection by avoiding heavily patrolled areas.

They also noted that Mr. Chertoff's announcement came as Republican politicians were gearing up for Congressional elections in November. Many conservative voters have been demanding tougher border security. And Mr. Bush, who has been pressing for legislation to legalize illegal immigrants, has been sharply criticized by Republicans who argue that he has failed to do enough to secure the border.

Steven Camarota, director of research for the Center for Immigration Studies, a Washington research group, characterized Mr. Chertoff's announcement as an effort, in part, to rally support for Mr. Bush and for Republican Congressional candidates by promoting the government's border security efforts.

"What does it mean to have fewer apprehensions?" asked Mr. Camarota, who favors a tougher crackdown on illegal immigration. "We just don't know. The really important thing is how many get through, and nobody knows that."

"I think this should be interpreted as positive baby steps," Mr. Camarota said of the Chertoff announcement. "It's a modest increase in enforcement so the president can get his legalization plan for illegals. That's what he wants. And this provides political cover."

Mr. Chertoff plans to continue to carry his message to Texas on Thursday, where he will tour the Mexican border with two Republican lawmakers, Senator Kay Bailey Hutchison of Texas and Representative Mike Pence of Indiana, who have proposed legislation that would require the president to certify that the border was secure before allowing a temporary guest worker plan.

Mr. Chertoff will visit a detention center and address the governors of American and Mexican border states. Two governors, Arnold Schwarzenegger of California, a Republican, and Bill Richardson of New Mexico, a Democrat, urged the federal government on Wednesday to improve border security.

They called for a cross-border task force to step up law enforcement and push for stiffer penalties for building tunnels that funnel people and drugs between the countries.

At the news conference, Mr. Chertoff asked Congress to pass a bill to create a temporary worker program that would provide a legal mechanism for foreigners to work in the United States and ease the flow of illegal immigrants.

He said a comprehensive approach to immigration, recognizing the economic motivations driving immigrants to enter the United States illegally, would be the most successful. Officials argue that a temporary worker program would slow the flow of illegal immigrants — more than 50,000 were caught in July — by providing foreigners with a legal way to get jobs here.

"Let's register them; let's track them," Mr. Chertoff said of the immigrants. "Let's collect taxes from them, and let's just be sure that we know who they are because they have secure identification."

The possibility that such legislation will be passed before the fall elections, however, seems increasingly remote.

In May, the Senate passed legislation that would tighten border security, create a guest worker program and ultimately grant citizenship to most illegal immigrants after they pay fines and back taxes and enroll in English classes. The president supports this approach.

But House Republicans, who passed a bill in December that focused solely on toughening border security and immigration enforcement, decided to hold hearings to rally support for their approach before working with the Senate on a compromise.

Several hearings are being held in districts where Republican lawmakers are engaged in competitive races for the House, and some lawmakers and advocates of immigrants fear that immigration has become little more than a weapon in the battle over fiercely contested House and Senate seats.

Cecilia Muñoz, vice president of the National Council of La Raza, an immigrant advocacy group, said, "The question is whether the desire to effectively reform immigration laws is greater than the desire to use this issue as a political football."

Policy Shift Targets Illegal U.S. Entries (USAT)

DOJ_NMG_0052678

By Mike Madden

USA Today, August 24, 2006

WASHINGTON — U.S. authorities are detaining almost every non-Mexican immigrant caught crossing the border illegally and are sending them back to their home countries, officials said Wednesday.

The policy replaces the previous practice of releasing the immigrants and instructing them to attend hearings that many skipped. The practice has required jail space for undocumented immigrants and nearly $100 million in extra funding this year from Congress.

The shift in policy may deter non-Mexicans from trying to enter the USA illegally because of the risk of being sent home if they are caught, Homeland Security Secretary Michael Chertoff said.

"There is a real deterrent effect to this policy," Chertoff said, pointing to a 20,000 drop in the number of illegal immigrants caught crossing the southwestern border between last summer and the same period this year. "Although we're not ready to declare victory — we've got a lot more work to do — it is encouraging and it is something that ought to inspire us to continue to push forward," he said.

Homeland Security statistics show a steady decrease in non-Mexicans caught crossing the southern border illegally through the spring and summer, and fewer and fewer of those caught are being released. The week of May 22, Border Patrol agents detained 2,055 non-Mexicans and released 681. By the week of Aug. 7, agents detained 1,055 non-Mexicans and released only seven.

Whether the government can keep up that pace remains to be seen. The Bush administration has requested $327 million in next year's budget to detain and extradite non-Mexican undocumented immigrants.

"That's the $64 million question — is there enough funding and will to continue to detain everyone rather than release them?" said T.J. Bonner, president of the National Border Patrol Council, which represents 10,500 Border Patrol agents.

The new policy generally does not apply to Mexicans, who are returned to Mexico after being stopped by Border Patrol agents, said John Torres, detention and removal director of Immigration and Customs Enforcement, an arm of Homeland Security.

Most of the more than 1 million illegal immigrants who sneak over the southwestern border annually are Mexicans, he said.

As many as 12 million illegal immigrants were living in the USA at the start of this year, compared with an estimated 8.5 million living in the country in January 2000, Homeland Security data show.

Non-Mexican Illegals Slowed (WT)

By Jerry Seper

The Washington Times, August 24, 2006

Homeland Security Secretary Michael Chertoff yesterday said the government has all but shut down the flow of non-Mexican illegal aliens into the United States with upgraded border security and an increase in detention beds.

Mr. Chertoff said the department has turned a long-standing "catch-and-release" program into one of "catch-and-remove."

"I want to be careful not to declare victory," Mr. Chertoff said, adding that alien smugglers were not expected to give up lucrative criminal enterprises they have operated for more than a decade.

"But what we have done is beginning to work. It is encouraging, and it is something that ought to inspire us to continue to push forward."

Mr. Chertoff, joined by U.S. Border Patrol Chief David Aguilar and John Torres, director of the Office of Detention and Removal at U.S. Immigration and Customs Enforcement (ICE), said 99 percent of the non-Mexican illegal aliens now caught at the Southwest border are detained for deportation to their home countries. He said the catch-and-remove program has served as a deterrent to illegal migration by non-Mexicans.

Of the 1,055 non-Mexicans arrested at the border during the week of Aug. 7 to 13, seven were released. Last year, he said, only 34 percent of the non-Mexican illegal aliens -- known as Other-Than-Mexican, or OTMs -- were detained for deportation. Nearly 2,100 OTMs were detained at the border in May.

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Chief Aguilar said decreases in the apprehension of illegals allows the Border Patrol to expand operations because agents no longer are required to work eight-hour shifts to process them.

"Because we're detaining them, the flow is down. If the flow is down, that gives us greater capacity to address a larger portion of the border," he said, adding that fewer migrants have been spotted at traditional staging areas in Mexico, where thousands daily seek to hook up with smugglers to cross the border.

Ending the so-called catch-and-release policy was a major goal of the department's Secure Border Initiative, a multiyear plan to secure U.S. borders and reduce illegal border crossing.

The initiative raises the number of agents to patrol the nation's borders, expands detention and removal capabilities, upgrades technology, and increases interior enforcement of U.S. immigration laws.

The majority of illegal aliens caught along the 1,951-mile Southwest border are Mexican nationals, who are returned immediately to their home country. OTMs were not being detained because processing them took too much time and too few detention beds were available.

Mr. Chertoff said the "consequence" of a lack of detention space was that two-thirds of the OTMs were being released on their own recognizance or on bail, "which meant that most of them disappeared."

"That was a very bad message to send to illegal, want-to-be migrants all over the world because it suggested to them if they were non-Mexican that they could come across the border and have a very high likelihood of ultimately being released into our country," he said.

Mr. Torres said he expects to add about 4,000 detention beds this year, but the catch-and-remove policy had freed up such a "significant number of beds" that the turnaround time for each detainee had dropped from 90 days to 21 days.

Immigration Plan Gets A Boost (WP)

By Jonathan Weisman

The Washington Post, August 24, 2006

Homeland Security Secretary Michael Chertoff will tour the Texas-Mexico border this morning with the conservative authors of a congressional immigration compromise, in what will be the clearest sign yet that the Bush administration is prepared to make major concessions to reach an immigration deal this year.

Chertoff's appearance with Sen. Kay Bailey Hutchison (R-Tex.) and Rep. Mike Pence (R-Ind.) is "in no way meant to signal an endorsement" of their compromise, Department of Homeland Security spokesman Russ Knocke said. But it was seen by supporters and opponents yesterday as a boost for the plan and a significant White House concession to conservatives.

Under the compromise, most of the nation's 11 million illegal immigrants would be allowed a chance to work in the country legally -- and possibly earn citizenship. But no guest-worker program would be made operational until stringent border-security measures are implemented, and illegal immigrants would have to report to privately run "Ellis Island" centers in Mexico to apply for legal work permits.

President Bush has maintained that a crackdown on the border could work only if new avenues toward legal work and citizenship were opened concurrently.

"The White House thinks we have a very interesting idea, and the president was very adamant about wanting to encourage my efforts," Pence said yesterday, after touring the border near San Diego. "Going to the border with Secretary Chertoff will help emphasize our seriousness about putting border security first."

With 15 scheduled legislative days left before Congress adjourns for the fall campaign, it is unclear whether any compromise stands a chance of passage. House leaders have spent the month staging "field hearings" on immigration. The hearings have raised sharp questions about guest-worker programs and have helped gird opposition to a Senate-passed bill, which includes such a program. Border security has moved to the forefront of Republican campaigns, from the frontier districts of Arizona to Upstate New York.

The Pence-Hutchison compromise has taken heat from conservatives, who say it would be exploited to allow a flood of illegal workers into the country and would still amount to amnesty for undocumented workers. And Sen. Edward M. Kennedy (D-

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Mass.), a co-author of the Senate bill, said the plan's 17-year wait for full legalization and citizenship "fails the basic test of fairness."

But administration officials have ramped up efforts to win over conservatives as they push for an immigration deal this year. The Department of Homeland Security all but declared victory yesterday in its new policy of ending the "catch and release" program for illegal immigrants from nations other than Mexico. For years, such non-Mexican immigrants were released upon apprehension and told to report for deportation hearings. Few did.

The DHS said that in the second week of August, the Border Patrol apprehended 1,055 non-Mexican illegal immigrants and released seven of them. At this time last year, 34 percent of such migrants were detained. About 4,000 beds have been added to detention facilities this year. And with the support of newly deployed National Guardsmen, the authorities have caught 6,200 illegal immigrants since June 15. Seizures have included 130 vehicles, 31,000 pounds of marijuana, 1,500 pounds of cocaine and $11,000 worth of currency.

"There is a real deterrent effect to this policy," Chertoff told reporters in Washington, pointing to a 20,000 drop in the number of illegal immigrants caught crossing the southwest border between this summer and the same period last year. "Although we're not ready to declare victory -- we've got a lot more work to do -- it is encouraging."

By convincing conservatives that the government is serious about a border clampdown, administration officials hope to win some flexibility to negotiate a final legislative package that would include a guest-worker program. But the anti-illegal immigration firebrands who have driven the debate on the GOP side have shown no sign of budging.

Jim Gilchrist, a founder of the Minuteman Project, a citizens' border patrol, greeted news of Chertoff's appearance with Pence and Hutchison with a preemptive salvo. He called it "a staged public relations ploy by the White House to give the voting public the illusion that the administration is going to do something about border security."

The bipartisan coalition that passed the Senate's more lenient bill has also held together. The Pence-Hutchison plan "is just another distraction to try to kill the Senate-passed bill," said Jim Manley, spokesman for Senate Minority Leader Harry M. Reid (D-Nev.).

Bush Guest-worker Plan Lacks Support (WT)

By Stephen Dinan

The Washington Times, August 24, 2006

One hundred days into his all-out push to win an immigration bill President Bush has convinced House Republicans he is serious about enforcing the border, but he has failed to win their support for his plan to create a guest-worker program or a path to citizenship for illegal aliens.

"I've had a lot of conversations with the president and I just try to make him understand that comprehensive is fine, but the first thing we have to do is protect the borders," House Speaker J. Dennis Hastert, Illinois Republican, told The Washington Times during a campaign stop for a fellow Republican in Arizona last week. "Until you protect the borders, any reform without protecting the borders is premature."

He said that during a recent outing in his district, when he invited constituents to come see him in a park in the town of Geneseo, 150 people showed up and that with the exception of one woman, "every one of those people said secure the border first. It was amazing."

In fact, House Republicans are "stauncher than ever" that a border security bill must come first, said Rep. Peter T. King, New York Republican and chairman of the Homeland Security Committee, in a telephone interview.

"I think he's convinced us he's serious [about enforcement], but to me these are only first steps. Before we even consider any type of quote-unquote comprehensive legislation, we have to show we can control the border -- not that we want to, but that we can," Mr. King said. "Speaking for myself and, I believe, a great majority of House Republicans, we have to see results before we consider going any further. And I can't see that happening in less than a year or 18 months."

Mr. Bush began his major push May 15 with a prime-time address in which he called for National Guard troops to assist on the border, promised to get tough on businesses that hire illegal aliens, and demanded that Congress pass a bill that includes a guest-worker program and a path to citizenship for most illegal aliens.

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But House Republicans say allowing illegal aliens to stay amounts to amnesty.

Polls show varying support for a guest-worker program and for legalizing illegal aliens, but the one area almost all voters agree on in polls is the need to do more to secure the borders.

The House last year passed an enforcement bill that calls for 700 miles of new border fence, cracks down on employers who hire illegal aliens and makes illegal presence a felony. The Senate this year passed a bill that includes half that amount of fencing, includes new requirements for employers and creates both a new foreign-worker program and a path to citizenship for nearly 10 million illegal aliens.

Mr. Bush has generally backed the Senate approach, which he called "a good immigration bill," and the White House yesterday said Mr. Bush is making progress this summer toward winning a comprehensive bill.

"I'm sure members are hearing from their constituents that they want to have an immigration bill," Bush spokeswoman Dana Perino said. "We consistently see that people understand that if we're going to solve any of our immigration problems individually, that they need to be solved together in one bill, comprehensively."

Mr. Bush has also tried to boost the effort of Rep. Mike Pence, Indiana Republican, who has his own plan that would require illegal aliens to briefly leave the country and then re-enter. It would also give them a path to citizenship, but would make the aliens wait far longer than the Senate plan.

Homeland Security Secretary Michael Chertoff is scheduled to meet with Mr. Pence during a tour the congressman is making of the border this week.

Still, Mr. King and other top House Republicans such as Judiciary Committee Chairman F. James Sensenbrenner Jr. have panned the plan as unworkable, and Mr. King said it has not gained majority support among House Republicans.

At this point, says one of Mr. Bush's top House allies on the issue, the president has done what he can and the issue is no longer in his hands.

"I haven't always agreed with the way they've pushed things, but boy, on immigration, you have to credit them -- they've been completely consistent," said Rep. Jeff Flake, Arizona Republican. "I just think it's really out of his hands now. He's made his position clear, he's gone around the country and spoken about it, it's up to the House now."

When Congress returns from its summer recess all sides expect the leaders to sit down and take stock of where the debate stands. And all sides still say they would like to get a deal done. But those who want a broad bill say the decision rests with House leaders.

Mr. Flake said his party's leaders in the House will have to decide "whether they're better off embracing comprehensive reform or just beating up on the border. Unfortunately, it looks like the latter."

One group that's had extended discussions with the White House is Republican House members from Texas.

Rep. John Carter, Texas Republican, said the group has had several meetings with Deputy Chief of Staff Karl Rove, and Mr. Rove has shown them numbers that suggest that border crossings have diminished and that solid progress on border security is happening.

Mr. Carter said, though, that just proves House Republicans were right in saying enforcement can make a difference, and he said the sentiment among his colleagues -- "and I talked to quite a few of them" -- is still for focusing on border security.

"Most are willing to say there's more to this issue than this, but round one is at the border," he said.

Mr. Hastert said he accepts the need for a guest-worker program and is willing to look at a bill that includes some way of measuring whether the border has been secured.

Mr. Carter said he could accept a framework that focuses on enforcement with "a pledge" to revisit the other questions.

But Mr. King said he would oppose writing into this year's bill any "trigger" that would automatically enact a guest-worker program or path to citizenship.

"I want a congressional vote to be the trigger," he said. "I want us to look at it ourselves, a year from now, 18 months from now, and let Congress decide whether the numbers have been met."

Cracks In A Republican Base (WSJ)

By Sarah Lueck

DOJ_NMG_0052682

The Wall Street Journal, August 24, 2006

Dennis Nixon, a bank executive from Laredo, Texas, has long supported Republican politicians. He is in frequent contact with his state's congressional delegation and has been a generous donor to the party, contributing thousands of dollars each year to help elect Republicans to Congress and ranking as one of President Bush's fund-raising "Rangers" in 2004.

But recently Mr. Nixon, chairman of International Bancshares Corp., has found himself at odds with Republicans on one issue: immigration. He opposes the enforcement-focused approach favored by most House Republicans and instead wants an immigration overhaul that "recognizes that illegal immigration is filling a gigantic need" in the labor market.

At a recent immigration hearing in Houston, Mr. Nixon was invited to testify by Rep. Sheila Jackson Lee, a Democrat -- not the Republicans who organized the event. And he sparred with Republican Rep. Ted Poe, also of Texas, who suggested Mr. Nixon is more concerned with making money than securing the border.

"I feel like a man without a party," Mr. Nixon says. Last year, he gave $10,000 to the Republican National Committee, but now says he is "less engaged" in the congressional campaign. "My enthusiasm has basically waned. ... They're not supporting what I think is a well-reasoned, well-thought-out vision for America."

Mr. Poe says it "makes no difference to me" that Mr. Nixon is a Republican.

Ever since Republicans took over the House in 1994, they rarely have split with business, whether on taxes, regulation, labor or the environment. In turn, businesses have given Republicans steady support. Groups such as the U.S. Chamber of Commerce consistently have awarded perfect or near-perfect scores to Republican lawmakers who vote the way they want on crucial issues -- rankings that usually translate into campaign contributions.

This year, the immigration debate is straining that bond. In an election with control of Congress at stake, the spat could cost Republicans support in key districts. Business groups' rankings have fallen for Republicans who support beefed-up border security but reject expanding legal immigration.

The Associated General Contractors of America and the National Roofing Contractors Association, among others, say they will cut or eliminate campaign contributions to some lawmakers taking hard-line immigration positions.

Immigration "has fundamentally altered our relationship with many offices," says Craig Silvertooth, federal affairs director for the roofing group. "We are pulling back financially with some offices that in previous cycles we would not have hesitated to give to." He said he has stopped meeting with some hard-line lawmakers but declined to name them.

The House and Senate have passed different immigration bills, and talks to iron out differences have stalled.

To be sure, most business interests continue to support Republicans. Few trade associations can afford to anger lawmakers who determine tax policy or dole out funding for lucrative projects.

That may explain why the debate doesn't seem to be moving in the business community's direction. "If the business community were voting on this, they'd be winning. But they're not convincing anybody they're voting on this," says Grover Norquist, president of Americans for Tax Reform. Former House Speaker Newt Gingrich, who backs House Republicans' focus on enforcement, says: "If the business community believes they would be better off with Nancy Pelosi and Harry Reid, they should go help them."

Hard-line lawmakers are betting that a focus on enforcement -- stopping illegal immigration at the border and stepping up deportation -- will energize conservative voters. "The oath of office I took was not to hand-hold business," says Rep. J.D. Hayworth, an Arizona Republican who is locked in a tight race. "It was to protect the citizens. ... That is a responsibility I'm not going to abdicate." But that could backfire if many Republicans with business ties sit out the election.

In the long run, some Republicans worry the party is turning off an important part of the base by ignoring -- and in some cases targeting -- business owners. Earlier this year, Cyndi Smallwood, who owns a landscaping company in Riverside, Calif., met with Rep. Gary Miller (R., Calif.) and told him she has trouble finding workers, even with the high prevailing wages -- about $34 an hour for skilled workers and $14 for unskilled workers. Mr. Miller reacted with disbelief.

After Ms. Smallwood recounted the exchange in a Los Angeles Times article, Mr. Miller shot back with a mock "help wanted" notice in local newspapers naming Ms. Smallwood and giving her company's phone number and address. "Want to make up to $34/hour?" the ad asked, adding that Mr. Miller "doesn't buy" Ms. Smallwood's argument. "So he's helping her find legal U.S. resident workers, through ads like this, to prove amnesty for illegal aliens is not the answer."

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Pundits and bloggers picked up on the discussion, which Mr. Miller continued on the John and Ken Show, a radio program. Ms. Smallwood said that for two months her phone and fax were clogged with people criticizing and threatening her. "I never knew American people could be so angry," says Ms. Smallwood, a Republican who had voted for Mr. Miller but won't do so this fall. A spokesman for Mr. Miller says he has no regrets about the incident.

Christmas-tree grower Arlene Frelk, of Merrillan, Wis., says she was unsuccessful recently when trying to meet in Washington with Rep. James Sensenbrenner (R., Wis.) to discuss immigration. Ms. Frelk, a Republican, did meet with a Sensenbrenner aide; she came to Washington as part of a "fly-in" organized by the American Agri-Women and wanted to tell the lawmaker that the House-passed immigration bill he sponsored would harm her business.

On the way home, she says she and her daughter saw the Judiciary Committee chairman at the airport baggage claim. When they approached him, Ms. Frelk says, Mr. Sensenbrenner told her that "this is his free time and he didn't want to be bothered" and walked away.

"We're very upset with him, of course," Ms. Frelk says. "I don't think he's reacting in the typical Republican way that works with constituents and listens to them and tries to keep business in Wisconsin."

Mr. Sensenbrenner says he doesn't respond to constituent complaints when he is out in public and holds more than 100 town-hall meetings a year to give voters a chance to address him. He says he isn't worried about upsetting business people with his stance on immigration. "The American public by an overwhelming margin supports the House approach over the Senate approach," he says.

Some business groups said they were unsuccessful in attempts to appear at the immigration field hearings organized by House Republicans this summer.

In Houston, Mr. Nixon appeared at a hearing last week that focused on crime near the Mexico border. He disagreed with law-enforcement officials who characterized Laredo as a dangerous place. Mr. Poe questioned him about this. "He took the approach that Laredo is Alice in Wonderland," Mr. Poe says.

Mr. Nixon says he is "disturbed" by Mr. Poe's "attack" on him.

U.S. Businesses File 1st In Series Of Lawsuits Against Competitors Who Hire Illegal Immigrants (FINDLAW/AP)

By Peter Prengaman, Associated Press Writer

AP, August 24, 2006

(AP) - LOS ANGELES-Frustrated by lax enforcement of immigration law, American businesses are taking their fight against illegal immigration to court, accusing competitors of hiring illegal workers to achieve an unfair advantage.

Businesses and anti-illegal immigration groups said the legal action was an attempt to create an economic deterrent against hiring illegal employees.

"We see the legal profession bringing to this issue the kind of effect it's had on consumer product safety," said Mike Hethmon of the Immigration Reform Law Institute, a Washington D.C.-based group backing the efforts.

In the first of a series of lawsuits, a temporary employment agency that supplies farm workers sued a grower and two competing companies on Monday.

Similar cases claiming violations of federal anti-racketeering laws have yielded mixed results. The California lawsuit is believed to be the first based on a state's unfair-competition laws, legal experts said.

Santa Monica-based Global Horizons claimed in the lawsuit that Munger Brothers, a grower, hired illegal immigrant workers from Ayala Agricultural Services and J&A Contractors. All the defendants are based in California's farm-rich Central Valley.

The suit alleges that Munger Brothers had a contract with Global Horizons to provide more than 600 blueberry pickers this spring, but nixed the agreement so it could hire illegal immigrants.

"Competitors hiring illegal immigrants is hurting our business badly," Global Horizons President Mordechai Orian said. "It's to the point that doing business legally isn't worth it."

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Ayala Agricultural Services manager Javier Rodriguez had not seen the suit but said the company does not hire undocumented immigrants.

"If somebody doesn't have a green card or work documents, we don't hire them," he said.

Munger Brothers lawyer Theodore Hoppe said the contract with Global Horizons fell apart because the laborers they provided could not pick blueberries at the rate the company had promised. He said Munger Brothers hired workers through temporary agencies, which had the responsibility to hire legal workers.

J&A Contractors did not immediately return calls seeking comment.

With an estimated 11 million illegal immigrants in the United States, undocumented workers are a large part of the U.S. work force.

But immigration law enforcement at work sites is limited. In fiscal year 1999, authorities arrested 2,849 people at work sites compared with 1,145 arrests last year, according to the federal Immigration and Customs Enforcement agency.

To prove competitors hire illegal immigrants, businesses could use public records involving prior violations, testimony from former employees who have worked alongside illegal immigrants, and recovered W-2 tax forms that show people working under fake names and Social Security numbers, said David Klehm, the lead lawyer for cases in Southern California.

Companies planning to file additional lawsuits include farms and factories that depend heavily on immigrant labor, Klehm said.

Legal experts said the cases could be difficult to win. Under the California statutes, plaintiffs must prove a competitor directly harmed their business.

"Unless you've got smoking gun evidence, it's hard to tie economic loss of one business to another's practices," said Niels Frenzen, a law professor at the University of Southern California.

He believes it is the first time the unfair-competition law has been used to target illegal immigration.

The Global Horizons lawsuit came after a settlement was reached in a Washington state class action suit involving employees of Zirkle Fruit Co. who sued their employer for driving down wages by hiring undocumented workers.

Based on federal anti-racketeering laws, the case was settled for $1.3 million (â,¬1 million) in January after the 9th U.S. Circuit Court of Appeals overturned a lower court decision to dismiss it.

Howard Foster, the lead plaintiffs' lawyer in the Washington case, said he expects more such suits as business owners learn their competitors hired illegal immigrants.

"So many people talk openly about using false documents to assemble an illegal workforce," Foster said. "And when you have IDs with upside down numbers and backward pictures, you know they are fake."

On the Net:

http://www.illegalemployers.org

TAX:

IRS Warns Taxpayers On Fake Debt Collectors (WP/AP)

By Mary Dalrymple

The Washington Post, August 24, 2006

The Internal Revenue Service warned taxpayers yesterday not to be duped by scammers posing as private debt collectors the agency has hired to chase unpaid tax debts.

The IRS designed the debt collection program to minimize that risk, said Brady Bennett, IRS director of collection. Among those protections, the IRS has done background checks and designed special training for collection agency employees working on the accounts.

The IRS plans to assign 12,500 accounts with unpaid tax debts to three private agencies beginning Sept. 7. About 40,000 accounts will be turned over by the end of the year. The IRS chose taxpayers who owe less than $25,000 and do not dispute the debt.

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Some critics of the program see so many pitfalls that they are urging debtors to insist on negotiating payment directly with the IRS.

People contacted by a private collection agency have the right to insist that only the IRS deal with their accounts. Bennett said he hoped few taxpayers with debts sent to private collectors would opt out.

"We want this program to work, and we think we've designed the necessary security, privacy protections," he said

The IRS plans to give the collection agencies basic identifying and account information about the chosen taxpayers, including their names, addresses and Social Security numbers. The agencies do not have access to tax returns.

The selected taxpayers will get letters from the IRS that will name the company handling their debts. That letter will include information advising taxpayers of their rights.

It will be followed by another letter from the collection agencies telling the taxpayers they will soon be contacted for payment and specifying the amount owed.

The selected taxpayers can then expect a phone call or an additional letter from the collection agency requesting payment. Bennett cautioned that debt repayment is sent to the IRS, not a private company.

Taxpayers uncertain about the process or wanting to verify the letters are legitimate can call the IRS at 800-829-1040.

Identity thieves have posed as IRS agents in what are called "phishing" schemes that use the tax agency's logo to lure victims. The e-mail schemes are designed to dupe taxpayers into revealing personal financial information.

The IRS does not communicate with taxpayers through e-mail or ask for any passwords or identification numbers that would allow the agency to access bank or credit card accounts.

Taxpayers can also seek help from the Taxpayer Advocate Service at 877-ASK-TAS1.

CONGRESS-ADMINISTRATION:

ABA Rating For 5th Circuit Nominee Angers Specter (LAW)

By T.r. Goldman, Legal Times

Legal Times, August 24, 2006

The American Bar Association's unanimous "not qualified" rating for Michael Wallace, the Mississippi lawyer nominated to the 5th U.S. Circuit Court of Appeals, has sent Senate Judiciary Committee Chairman Arlen Specter, R-Pa., into a tizzy.

In an Aug. 7 letter, Specter demanded that the ABA "immediately revoke its 'Not Qualified' rating ... and begin a new review process." Such unanimous "not qualified" ratings are extremely rare, but the ABA, in a written summary of its decision, noted that it arrived at its conclusion after interviewing 69 lawyers and judges.

While applauding Wallace's professional credentials -- Harvard College, the University of Virginia School of Law, clerk to then-Associate Justice William Rehnquist -- and his integrity, the ABA assailed his judicial temperament, including allegations of racial bias.

"A large number of minority lawyers stated that Mr. Wallace has on occasion been particularly disrespectful to them and often did not treat them as equals or peers in the profession," the report said.

Meanwhile, five controversial circuit court nominees, including Wallace, Pentagon general counsel William Haynes II, and Terrence Boyle, were sent back to the White House in accordance with a Senate rule that allows nominations to be returned if the Senate will be in recess for more than 30 days.

The decision by Senate Majority Leader Bill Frist, R-Tenn., puts the ball back in the White House's court, forcing the president to formally resubmit their names to the Senate if he wishes to pursue the nominations.

US Pushes Trade But Trims Export Help (CSM)

By Matt Bradley

The Christian Science Monitor, August 24, 2006

When Dan DiMase travels to China and Mexico to look for customers, he enjoys the backing of one of the biggest names in international business: the US government.

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"It says a lot when you get a call from the US embassy or the US Department of Commerce looking to arrange a meeting. There's some clout," says Mr. DiMase, whose small electronic components distribution company in Warwick, R.I., now does about 15 to 17 percent of its business abroad.

DiMase attributes part of his success to the Commerce Department's "Gold Key" program - a service that, for a fee, helps businesses link up with foreign clients, research far-flung markets, and bridge yawning cultural gaps. The program is geared to small businesses, which would find it too expensive to do such work on their own.

But Gold Key and federal programs like it are threatened by budget cuts. Commerce officials have spent the last two years debating whether to stop subsidizing Gold Key, by billing client companies for the full cost of the service. While advocates for the program expect to escape funding cuts again this year, the failure of a Senate appropriations bill currently under debate could mean that small- and medium-size businesses would see some export promotion fees triple by as early as Oct. 1.

"We are staring down the barrel of a $1 trillion trade deficit, but our export promotion programs are a cut-and-paste affair," said Kathy Hill, the president of the State International Development Organizations (SIDO) during her testimony before the Congressional Committee on Small Business in April. "Why is it that trade policy, the process of negotiating trade agreements, is centrally orchestrated by a powerful White House office, while trade promotion, the process of helping our businesses take advantage of the agreements we sign, is left up to a loose constellation of agencies and institutions with no common agenda?"

States spend $75 million pushing exports

Much of the immediate pressure to discover foreign export markets falls on state governments. Each year, states spend altogether about $75 million on trade and investment promotion - much of which goes toward managing more than 200 trade bureaus overseas. Another large chunk of funding goes directly into Commerce Department coffers to subsidize pay-for-service programs like its matchmaking service. It's all part of individual states' efforts to turn their businesses into global economic players.

As such, the most vocal opposition of funding cuts has come from the states, many of whom say the lack of funding represents a larger neglect on the part of the federal government for touting US products abroad. Fee increases for Gold Key might price Rhode Island out of the program, says Kathy Tufts, associate international trade director for the Rhode Island Economic Development Corporation.

"In some cases, they're proposing costs that are triple the amount they originally were," says Ms. Tufts, whose organization reimbursed 29 companies to the tune of $52,735 to pay for some 14 Gold Key missions. "With some of the larger companies, that doesn't make that much of a difference, but with the smaller ones, you're adding $2,000 to $4,000 on top of the trip for them, and that does make quite a difference."

Under the proposed fee schedule, the price for setting up a single day of meetings in a foreign nation could rise from $770 to as much as $2,500, according to SIDO.

OMB: business should pay, not taxpayers

The Office of Management and Budget (OMB), on the other hand, views Gold Key and the entire US Commercial Service as a private-sector function that should be funded as such.

"The program's services accrue benefits to a limited customer base," writes OMB spokeswoman Christin Baker in an e-mail. "We proposed that the private sector - instead of taxpayers - bear more of the costs of these services."

In 2005, the Commercial Service recovered some $1.4 million through fee charges, while the total cost of providing the service was about $2.7 million, Ms. Baker says. Even with the fee increases, government would still pay overhead costs, such as salaried employees, she adds.

But in a globalizing age, when even small businesses can face crippling foreign competition, a lack of government investment in export promotion may be keeping small businesses from getting the help they need, says Chris Whatley, director of international programs for the Council on State Governments. Small businesses employ as much as half of the private-sector workforce, according to the Small Business Administration.

"I think there definitely is a contradiction," says Wade Merritt, director of the Northeast regional office of the Maine International Trade Center. "We concentrate so heavily on getting the free trade agreements through, but our companies are watching their export assistance erode at the federal level."

Gold Key may be under the budget knife because of the firms it helps, experts say.

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"Right now, in our business culture, exporting is kind of viewed as a big guy's game," says Mr. Whatley. "The assumptions of that model were that when you were the little guy in Peoria, you were only competing with companies in Peoria. Now, you face international competition from the moment you open shop."

When their budgets dipped in the red during the early part of this decade, many states depleted their export-promotion funding. The lack of state funding underscored the importance of the federal program.

Other wealthy nations, are far ahead of the United States in export promotion services. The provincial government of Quebec, for example, spends about 12 times as much as the average American state trade promotion agency to tout its products abroad, according to SIDO.

"We've got literally hundreds and thousands of companies that should be exporting. How do we get them to get their feet wet?" asks Earl Fry, a political science professor at Brigham Young University. "There's only a limited amount that can be done. But in terms of what we're doing with our embassies and consulates overseas, we're really behind the other major players. They seem to be more savvy than we are. They put in more resources than we do."

Rice Orders Difficult Posts Filled First (WP)

By Glenn Kessler

The Washington Post, August 24, 2006

The State Department plans to implement sweeping changes in the way foreign service officers bid for new assignments in an effort to more quickly fill vacancies in Iraq and the growing number of dangerous hardship posts in the Middle East.

The new rules were outlined in a cable sent last week by Foreign Service Director General George M. Staples to department personnel that cited "increasing international turmoil." They are intended to shake up the State Department culture so that overseas service becomes more frequent and more focused on global hot spots.

The changes come as the number of overseas positions that prohibit accompanying children -- and sometimes spouses -- has increased from 200 in 2001 to more than 800 today. Secretary of State Condoleezza Rice, who ordered the new approach, has already begun shifting personnel from Europe to the Middle East and Asia.

More than 200 foreign service officers are required each year in Iraq, and already 1,000 of the roughly 11,000 foreign service officers have voluntarily served there. The number of foreign service officers needed in Iraq will grow as Rice pushes forward with a plan to establish provincial reconstruction teams across the country.

Under the plan, which will take effect almost immediately, hardship posts will be filled before bidding can begin on more attractive assignments. Private side deals that lock up plum assignments will be discouraged, and the practice of allowing junior officers to take more senior slots that have gone unfilled will be minimized.

The State Department hopes that by eliminating handshake deals for posts in safer, more attractive cities, it can direct its top talent to places where their missions are more central to U.S. policy.

Moreover, employees headed for hardship posts will no longer be able to meet the requirement by bidding for the most attractive cities in the hardship category, such as Cape Town, Bangkok or Istanbul. The State Department also wants to reduce the number of consecutive years a foreign service officer serves in the United States, from six years to five.

It is "important that we emphasize the 'foreign' part of Foreign Service, and that means getting more of our employees overseas, where our highest-priority vacancies are located," wrote Staples, who oversees human resources at the department. "While domestic service will remain an essential part of career development, most foreign service personnel should expect to spend the bulk of their careers abroad."

State Department officials denied that the changes are required because they are having trouble filling slots in Iraq, noting that 97 percent of the "unaccompanied" posts are currently filled. Earlier this year, the State Department boosted the pay allowances for both hardship and danger in Iraq and Afghanistan to the highest levels ever, effectively resulting in a 70 percent bonus above base salary.

One senior State Department official acknowledged that Rice and her top aides have discussed the possibility of "directed assignments" if needs are not met. Hardship posts have become "harder to fill," and "there is a real resolve to that we do whatever

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is needed to fill these positions," the official said, speaking on the condition of anonymity because he was not authorized to discuss the topic.

The changes have stirred concern among foreign service officers. Some suggested that the pressure of Iraq -- where diplomats work under extremely difficult conditions -- is resulting in an imbalance of priorities, minimizing the value of diplomatic efforts in other parts of the world in the eyes of Rice and her top aides. Others are concerned that previous work in places such as Bosnia earlier in their careers seems to be worth little now.

Many foreign service officers tackle difficult assignments when they begin at the State Department but prefer to work in Washington later in their careers, especially if they have older children or need to care for elderly parents.

Staples was on vacation and not available for comment this week. The State Department made available two officials to discuss Staples's cable on the condition that their names not be used.

One of the officials said that "these are major changes we have implemented" that will result in important changes in the foreign service culture. "When we sign up, we have to declare we are worldwide available."

The American Foreign Service Association, which represents foreign service officers, issued its own cable to employees, saying it would reluctantly accept a number of the proposals but raised questions about some details.

"There is a lot of support for the secretary's desire to align her resources with her priorities," J. Anthony Holmes, AFSA's president, said in an interview. But he said AFSA wants to minimize unintended consequences from a new policy that could penalize people who have already devoted long service to the United States under difficult conditions.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, August 24, 2006

Hot ticket

Artistic buzz around the nation's capital is high about the Washington debut of "Rain: The Beatles Experience," which will have three performances Oct. 6-8 at the Warner Theatre.

The highly acclaimed multimedia show boasts of transporting audiences from "The Ed Sullivan Show" to Abbey Road, featuring a song list of about 200 Beatles tunes.

Washington publicist Deb Fiscella of Center Stage Marketing reminds us that when legendary 20th-century music promoter Sid Bernstein brought the Beatles to North America for the first time, their inaugural 1964 concert was right here at the Washington Coliseum.

"What a bargain," she told Inside the Beltway yesterday, showing us pictures of unused tickets for the Feb. 11 concert at Third and M streets Northeast. Indeed, orchestra seats to see this first Beatles concert in America ranged from $2 and $3 for orchestra seating, all the way up to $4 for arena seats. (Unused tickets to the Washington concert are among the most sought after of all Beatles' memorabilia.)

Mr. Bernstein recently attended a performance of "Rain" in New York and said he thought he was witnessing the original Beatles all over again.

"They look like them. They sound like them," he said of the show's band members, Joey Curatolo (Paul McCartney), Joe Bithorn (George Harrison), Ralph Castelli (Ringo Starr) and Steve Landes (John Lennon).

Life for Larry

It might not be an endorsement for re-election, but Rep. Jeb Bradley, New Hampshire Republican, has received a letter of thanks from People for the Ethical Treatment of Animals (PETA) for liberating "Larry," an 11-pound lobster presented to him at a community celebration in Kingston, N.H.

Instead of dipping Larry in hot butter, Mr. Bradley gave the lobster to 9-year-old Barbara Chambers, who had pleaded for his return to the sea -- which she herself accomplished.

"He's probably reuniting with his family now," she was quoted as saying after Larry's release.

Grass is greener

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"The lefties are now enthusiastic about global warming," says Christopher C. Horner, counsel and fellow for the Competitive Enterprise Institute in Washington.

Surely he's joshing, but to bolster his argument, Mr. Horner submits a news clipping from Tuesday's Post-Star newspaper in Glens Falls, N.Y. It reads:

"An unusually hot and wet July made for ideal marijuana growing conditions this year, and police expect to find a bumper crop when they start taking to the woods and fields to pull up plants.

" 'We're hearing it's a great crop,' said Saratoga County Undersheriff Michael Woodcock. 'It was junglelike weather, and it is a tropical plant.' "

Finally, a legacy

One shouldn't believe everything they read in the EcoEnquirer -- its motto, "Where Mankind meets Mother Nature" -- including the publication's current online poll, which asks readers: "Who is Your Favorite Environmentalist?"

Of the 1,021 votes cast through yesterday, rock musician-turned-right-wing-activist Ted Nugent led all greenies with 56 percent of the vote, followed by President Bush with 34 percent, Al Gore with 8 percent and Robert F. Kennedy Jr. with 2 percent.

Scoundrels and such

Republicans have no right to attack Americans who possess the temerity to question President Bush's wartime policies, especially by labeling them "obstructionist" and accusing them of "emboldening the enemy." "Within charges such as these lie the seeds of dictatorship and the end of the American republic as we know it," West Virginia Sen. Robert C. Byrd writes in a letter this week to members of his Democratic Party.

"In my long career serving this nation, I have witnessed war and peace. I have seen turmoil at home and danger abroad. I have known statesmen and scoundrels alike. Yet never have I been as concerned for the fate of American liberty as I am today."

Historian that he is, the 88-year-old senator recalled the dictum of Teddy Roosevelt: "To announce that there must be no criticism of the president ... is not only unpatriotic and servile, but is morally treasonous to the American public."

(Mr. Bush, if not certain members of his party, is constantly reminding Americans that they have every constitutional right and privilege to disagree with his policies.)

Medicare Cuts Payments For Pharmacy-made Drugs (USAT)

By Julie Appleby

USA Today, August 24, 2006

WASHINGTON — In a sweeping change, Medicare says it will significantly cut payments to pharmacies that make their own, non-FDA-approved versions of drugs used by asthmatics and others with respiratory ills.

The move was disclosed in a letter sent Tuesday to Sen. Charles Grassley, R-Iowa. He and some consumer advocates say patients may unknowingly get such drugs, which have provided profits for pharmacies, but are made under less-stringent safety and sterility rules than the government sets for drug manufacturers.

It follows action earlier this month by the Food and Drug Administration, which warned three large national medical-supply companies that their pharmacies may be violating federal law by mass producing “thousands of doses” of unapproved respiratory drugs.

Starting in January, Medicare will use special payment codes for pharmacy-made respiratory drugs, allowing it to pay less for those products than for brand-name formulations. For most drugs, Medicare has until now paid the same, no matter whether the pharmacy bought the drugs from manufacturers, or purchased raw ingredients and made them in-house.

The new payments are likely to be “significantly lower” and will remove “any inappropriately large financial incentives” encouraging pharmacies to make drugs for patients, even when there is no medical reason to switch from products made by drug manufacturers, Medicare chief Mark McClellan said in a letter to Grassley.

At issue are liquid drugs used to treat lung conditions. The drugs are inhaled using a tabletop device called a nebulizer. The FDA says patients are unlikely to get such drugs from national chain pharmacies. Instead, most get them from Internet mail-order pharmacies or firms that sell the devices used to inhale the drugs.

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Pharmacists are allowed to make drugs when they have specific prescriptions for patients who need specialized treatments that are not available from brand-name manufacturers. Pharmacy-made drugs are not generic drugs, which are produced by commercial manufacturers.

Both brand and generic drugs must receive FDA approval. Pharmacy-made drugs do not. Medicare says it is not trying to stop legitimate pharmacy-made drugs.

In July, Grassley wrote Medicare and the FDA, saying former industry employees told his staff that some pharmacies switch patients to pharmacy-made drugs without telling them or their doctors. Tests conducted by pharmaceutical companies on samples of pharmacy-made drugs found contamination and incorrect dosage amounts, Grassley's letter added.

Grassley on Wednesday called McClellan's reply a "very positive response."

Medicare now has a separate payment code for only one pharmacy-made version of the 37 respiratory drugs it covers. That code, for a drug called budesonide, cut payment from $4.40 a dose to 29 cents, according to a recent Securities and Exchange Commission filing by pharmacy Rotech Healthcare, one of the three firms recently warned by the FDA. Rotech said the change could cut its revenue $30 million this year.

Medicare Error Sends $50 Million In Refunds To Recipients (NYT)

By David Stout

The New York Times, August 24, 2006

WASHINGTON, Aug. 23 — About 230,000 Medicare recipients were mistakenly sent refunds last week averaging about $215 for monthly premiums they paid this year for drug coverage, the head of the Medicare program said Wednesday.

Some refunds were paid by check, but the bulk were by direct deposit, said the official, Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services. The total amount involved was almost $50 million.

About 4.7 million people in the drug program pay their monthly premiums by having the government deduct the money from their Social Security payments, and a few of them got letters telling them, incorrectly, that since they had overpaid, their premiums would no longer be deducted from Social Security, Dr. McClellan said.

"We are very concerned about this, and we apologize," Dr. McClellan said. He said that letters of apology were being sent to those affected, and that additional information would be sent as needed.

The administrator emphasized that while the wrongly distributed refunds would have to be given back, the people who got them would be able to do so gradually, if necessary. And if premium deductions from Social Security were mistakenly stopped, they will resume in October, Dr. McClellan said.

Above all, Dr. McClellan said, he wants those affected by the mistakes to know that their prescription drug coverage will continue uninterrupted, even as his agency fixes what went wrong. None of those affected are among those classified as low-income people, he said.

Dr. McClellan said that "processing errors," which were discovered last week, arose during exchanges of information between his agency and the Social Security Administration. The Medicare agency contacts Social Security whenever Medicare beneficiaries want to switch plans or change how they pay their premiums, as these changes often require a change in the amount deducted from Social Security.

Dr. McClellan said the processing errors should be relatively inexpensive to correct, "by government standards."

"We get a bulk-mail discount," he said. Dr. McClellan said the number of those affected was a tiny percentage of those in the Medicare program: about 42 million people, 38 million of whom have Part D prescription drug coverage, for which the premiums are collected.

"We have not been perfect," Dr. McClellan said.

Medicare Blunder Costs $50 Million (WT)

By Jennifer Harper

The Washington Times, August 24, 2006

So what's a mere $49,665,000 among friends? That's about how much was sent out by mistake to Medicare recipients after one big federal agency misinformed another big federal agency.

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The Centers for Medicare and Medicaid Services (CMS) distributed checks last week averaging $215 each to 231,000 Medicare beneficiaries to reimburse them for prescription-drug coverage. Trouble was, the mailing was based on faulty information: CMS mistakenly placed those participants on a list of those who do not have money withheld from their Social Security check to cover premiums.

Of course, the pricey blunder was sent over to Social Security, the checks issued -- and now Medicare wants the money back. CMS has issued a letter of apology, plus a polite request to recipients to return the funds.

But not to worry, the glitch is fixed and all is well, said CMS spokesman Jeff Nelligan.

"Everything is under control. We moved immediately after we found there was a problem," he said yesterday. "Most importantly, no coverage has lapsed for any beneficiaries, and there will be no delays or disruptions. The letters advising people of the overpayment were already in the mail last weekend."

The number of people affected is relatively small, Mr. Nelligan said, constituting about 1 percent of the total beneficiary population. But some say the system is an accident waiting to happen.

"It's a mess, and this situation was inevitable," said Vicki Gottlich of the District-based Center for Medicare Advocacy, a watchdog group that gave CMS tepid reviews last month in an analysis of the new Medicare Part D, which offers subsidies for medications.

The report deemed both benefits and myriad regulations confusing and a source of frustration for Medicare participants since the plan took effect in January, Ms. Gottlich said.

"For the last eight months, we've helped people who have had premiums improperly deducted, or were charged for plans they didn't enroll in. We've seen plenty of glitches already," she said. "This week's glitch is evidence that federal government systems can't support the complexities of Part D. We're particularly concerned that people will conclude they're not entitled to their benefits."

Meanwhile, CMS director Mark McClellan said yesterday that insurers who administer the drug benefit will continue to be paid for beneficiaries affected by the error, according to the Associated Press. About 5 million people pay monthly drug-coverage premiums by having money withheld from their Social Security checks.

Mr. McClellan also said the government can't make monthly premium deductions again until October. CMS plans to work with beneficiaries who face financial troubles because they either cashed the overpayment or can't afford multiple premiums withdrawn from a single Social Security check.

'Data Processing Error' Was A Medicare Slip-Up (WP)

By Christopher Lee

The Washington Post, August 24, 2006

When a program is as big as Medicare, even a little bureaucratic mistake can affect a lot of people.

What Medicare chief Mark McClellan yesterday called a "data processing error" recently led the government to erroneously send 231,000 Medicare beneficiaries a refund of several months' worth of premiums they had paid for prescription drug coverage.

About the same time, beneficiaries received a letter from the Social Security Administration saying the agency will no longer electronically deduct their drug premiums from their monthly Social Security benefits -- even though they did not request an end to the service.

The Centers for Medicare and Medicaid Services is trying to fix both mistakes, which affected less than 1 percent of the 33 million Americans who get their drug coverage through Medicare. The agency mailed letters this week notifying the 231,000 beneficiaries about the glitch, which McClellan said will not cause any interruption in drug coverage under what is known as Part D of Medicare.

"We're very concerned about any inconvenience that this causes, and we apologize for that," McClellan said in an interview yesterday. "This was our mistake, and we are working right now to fix it as quickly as possible. . . . We're making sure that the plans continue to get the payments they need to continue coverage."

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The average erroneous refund was about $215, making this a nearly $50 million mistake, he said. Some people received it by check, others by direct deposit into their bank accounts.

The government will resume automatically deducting drug premiums from Social Security benefits in October, according to the CMS letter sent to beneficiaries this week. The letter, signed by John R. Dyer, chief operating officer of the CMS, also notifies them that the wrongly refunded money must be returned to the government, although it does not specify how.

"We will let you know soon about that process," Dyer wrote. "Again, you do not need to do anything other than set that money aside."

The problem represents another growing pain for a big federal program that began enrolling seniors for the first time this year, sometimes amid considerable confusion about how to select the most appropriate coverage from the many plans offered by private insurers. Recent polls have found a large majority of beneficiaries are satisfied with the plan they picked, but about 20 percent said they had encountered a major problem in using the benefit.

Robert Wilson, 69, a retired software systems analyst in Reedville, said he suspects that fixing the mistake will be harder than making it. And he could have done without the stress in the first place.

"If initially deciding on whether to sign up for Medicare D selecting from among the various plans was baffling to senior citizens, receiving this cryptic letter from the Social Security Administration could not have been better designed to create anxiety," he said via e-mail.

David L. Elliott, 74, a retired engineering professor in College Park, said he was "amused" that a small computer problem could lead to so much trouble. "I'll be annoyed when I find out how to give it back," he said of the money. "But I wouldn't call it a major inconvenience. It's a nuisance-level problem."

McClellan said the CMS and the Social Security Administration regularly share data about Medicare beneficiaries -- to start and stop drug premium withholding, for instance.

"In this case, because of a data processing error, we sent data to Social Security for these 231,000 beneficiaries along with other requests for stopping withholding status this past month," he said.

Sen. Charles E. Grassley (R-Iowa), chairman of the Senate Finance Committee, sent McClellan a letter yesterday saying he is "troubled" by the error. Grassley asked for a report on what happened and advised the agency to recover the erroneous refunds in small, "manageable" increments over "as long a period as possible."

"Some may not realize the error that was made and may not have put the money aside," he wrote.

Evolution Major Vanishes From Approved Federal List (NYT)

By Cornelia Dean

The New York Times, August 24, 2006

Evolutionary biology has vanished from the list of acceptable fields of study for recipients of a federal education grant for low-income college students.

The omission is inadvertent, said Katherine McLane, a spokeswoman for the Department of Education, which administers the grants. “There is no explanation for it being left off the list,” Ms. McLane said. “It has always been an eligible major.”

Another spokeswoman, Samara Yudof, said evolutionary biology would be restored to the list, but as of last night it was still missing.

If a major is not on the list, students in that major cannot get grants unless they declare another major, said Barmak Nassirian, associate executive director of the American Association of Collegiate Registrars and Admissions Officers. Mr. Nassirian said students seeking the grants went first to their college registrar, who determined whether they were full-time students majoring in an eligible field.

“If a field is missing, that student would not even get into the process,” he said.

That the omission occurred at all is worrying scientists concerned about threats to the teaching of evolution.

One of them, Lawrence M. Krauss, a physicist at Case Western Reserve University, said he learned about it from someone at the Department of Education, who got in touch with him after his essay on the necessity of teaching evolution appeared in The

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New York Times on Aug. 15. Dr. Krauss would not name his source, who he said was concerned about being publicly identified as having drawn attention to the matter.

An article about the issue was posted Tuesday on the Web site of The Chronicle of Higher Education.

Dr. Krauss said the omission would be "of great concern" if evolutionary biology had been singled out for removal, or if the change had been made without consulting with experts on biology. The grants are awarded under the National Smart Grant program, established this year by Congress. (Smart stands for Science and Mathematics Access to Retain Talent.)

The program provides $4,000 grants to third- or fourth-year, low-income students majoring in physical, life or computer sciences; mathematics; technology; engineering; or foreign languages deemed "critical" to national security.

The list of eligible majors (which is online at ifap.ed.gov/dpcletters/attachments/GEN0606A.pdf) is drawn from the Education Department's "Classification of Instructional Programs," or CIP (pronounced "sip"), a voluminous and detailed classification of courses of study, arranged in a numbered system of sections and subsections.

Part 26, biological and biomedical sciences, has a number of sections, each of which has one or more subsections. Subsection 13 is ecology, evolution, systematics and population biology. This subsection itself has 10 sub-subsections. One of them is 26.1303 — evolutionary biology, "the scientific study of the genetic, developmental, functional, and morphological patterns and processes, and theoretical principles; and the emergence and mutation of organisms over time."

Though references to evolution appear in listings of other fields of biological study, the evolutionary biology sub-subsection is missing from a list of "fields of study" on the National Smart Grant list — there is an empty space between line 26.1302 (marine biology and biological oceanography) and line 26.1304 (aquatic biology/limnology).

Students cannot simply list something else on an application form, said Mr. Nassirian of the registrars' association. "Your declared major maps to a CIP code," he said.

Mr. Nassirian said people at the Education Department had described the omission as "a clerical mistake." But it is "odd," he said, because applying the subject codes "is a fairly mechanical task. It is not supposed to be the subject of any kind of deliberation."

"I am not at all certain that the omission of this particular major is unintentional," he added. "But I have to take them at their word."

Scientists who knew about the omission also said they found the clerical explanation unconvincing, given the furor over challenges by the religious right to the teaching of evolution in public schools. "It's just awfully coincidental," said Steven W. Rissing, an evolutionary biologist at Ohio State University.

Jeremy Gunn, who directs the Program on Freedom of Religion and Belief at the American Civil Liberties Union, said that if the change was not immediately reversed "we will certainly pursue this."

Dr. Rissing said removing evolutionary biology from the list of acceptable majors would discourage students who needed the grants from pursuing the field, at a time when studies of how genes act and evolve are producing valuable insights into human health.

"This is not just some kind of nicety," he said. "We are doing a terrible disservice to our students if this is yet another example of making sure science doesn't offend anyone."

Dr. Krauss of Case Western said he did not know what practical issues would arise from the omission of evolutionary biology from the list, given that students would still be eligible for grants if they declared a major in something else — biology, say.

"I am sure an enterprising student or program director could find a way to put themselves in another slot," he said. "But why should they have to do that?"

Mr. Nassirian said he was not so sure. "Candidly, I don't think most administrators know enough about this program" to help students overcome the apparent objection to evolutionary biology, he said. Undergraduates would be even less knowledgeable about the issue, he added.

Dr. Krauss said: "Removing that one major is not going to make the nation stupid, but if this really was removed, specifically removed, then I see it as part of a pattern to put ideology over knowledge. And, especially in the Department of Education, that should be abhorred."

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Mission Unaccomplished (NYT)

The New York Times, August 24, 2006

There is nothing that makes us more nervous than the Bush administration declaring something an "unqualified success."

That is exactly what Michael O. Leavitt, the secretary of health and human services, said about welfare reform this week. In fact, Mr. Leavitt marked the 10th anniversary of welfare reform by writing, in The Salt Lake Tribune, that the only changes needed going forward were stricter work requirements for poor people and a diversion of taxpayer dollars into programs to promote marriage.

That is deeply disturbing. An anniversary like this should be a time of reflection, of building on what has worked and fixing what hasn't. A "mission accomplished" attitude pre-empts any meaningful attempts to do just that.

Very few people would argue that welfare reform has been a failure, or that the country should go back to the old system of open-ended welfare eligibility with no serious emphasis on work requirements. But it is flat-out wrong to declare victory as if the hard part of the journey is over. The evidence says otherwise.

For the first five years, the shift from welfare to work went largely as hoped, with employment rates for single mothers rising and child poverty rates falling, helping to reduce the number of welfare cases. But since 2000, employment rates for single mothers have fallen and child poverty has increased. Caseloads have continued to fall, indicating that welfare is reaching fewer children at a time of rising need.

That the economy was stronger in the mid-1990's than in the current decade is not the only — or even the primary — reason for the backsliding. An important difference is the extent of government support for the working poor.

Welfare reform has often been touted as a triumph of market incentives. But when it passed in 1996, government was deeply involved, offering supportive policies and programs, including a higher minimum wage, expanded aid for child care, a big expansion in the earned income tax credit to ensure that work paid better than welfare, and an extension of health insurance to all low-income children. Such support has diminished in the Bush years. Without it, people who would formerly have been trapped on welfare have very little chance of turning into anything other than working people trapped in poverty.

Ten years into the effort, it's clear that work can help to assuage poverty, as long as the government helps the working poor. When that help is not forthcoming, a low-wage job fails to alleviate poverty, just as cash handouts failed. It's as necessary today for conservatives to back stronger government supports for the working poor as it was 10 years ago for people like President Clinton to get behind work rules for welfare recipients.

OTHER NEWS:

Signs Of A Buyer's Market (WP)

By Tomoeh Murakami Tse

The Washington Post, August 24, 2006

Sales of previously owned homes fell more than expected last month, to the slowest pace in more than two years, while the number of unsold homes reached record levels, according to an industry report released yesterday.

These are among the starkest signs yet of just how quickly the once-sizzling real estate market has cooled in the past year, and analysts said they expected new-home sales figures to be more of the same when they're released today.

Existing-home sales dropped 11.2 percent to a seasonally adjusted annual rate of 6.33 million units in July, compared with 7.13 million the same time last year, the National Association of Realtors said. The sales pace has been on a general decline since last fall, but the latest figure represents the lowest level since January 2004.

The report is based on resales of single-family houses, townhouses, condominiums and cooperatives that closed during the month.

The number of unsold homes on the market nationwide reached a record 3.86 million -- up by almost 100,000 properties from June and a whopping 1.1 million from July 2005. At the current sales rate, it would take the market 7.3 months to absorb these homes.

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When looking at just single-family houses -- which make up the bulk of existing homes -- the number of unsold homes translates to a 7.2 month supply. That's the highest since May 1993. Throughout the recent housing boom, inventory levels rarely exceeded a five-month supply.

The report follows a spate of recent news in the housing industry pointing to a downturn in the market. Toll Brothers Inc. the luxury-home builder based in Horsham, Pa., on Tuesday said its fiscal third-quarter profit dropped 19 percent and cut its earnings estimate for the year. Last week, an industry index that measures home-builder confidence in the market fell to its lowest point since 1991.

David Lereah, chief economist for the Realtors association, said higher interest rates had weakened sales, with many potential home buyers waiting for prices to come down.

According to Freddie Mac, the average interest rate on a conventional, 30-year fixed-rate mortgage was 6.76 percent last month, compared with 5.7 percent in July 2005.

The percentage point increase in the interest rate is significant, and could diminish buyers' purchasing power by about 15 percent in some markets, said Todd Sinai, an associate professor of real estate at the University of Pennsylvania's Wharton School.

"That's got to impact what people are willing to pay," he said. "That's got to bring it down."

Indeed, there are some signs of that already, with the median price of homes in yesterday's report dipping slightly below last year's in parts of the country. For example, in the Northeast, the median price of homes sold in July was $276,000, down 2.1 percent from the same time in 2005. The median is the point at which half of the houses sold for more and the rest for less.

In the South, which includes the Washington area, the year-over-year median price rose 3.2 percent, to $192,000. The country as a whole experienced a 0.9 percent increase to a median price of $230,000 for homes sold in July.

In parts of the Washington region, the numbers are even starker. In Loudoun County, for example, about half as many homes sold in July compared with July 2005, according to figures released recently by Metropolitan Regional Information Systems Inc., the region's multiple listing service. More than 4,700 homes were on the market in the county, up from 2,000 last year. The median sale price was down 2.5 percent.

But some areas with relatively less expensive homes -- most noticeably Prince George's County -- are still experiencing price gains. There, the median price of homes sold in July was $325,000 up 6.6 percent from a year ago, although sales are down and properties are taking longer to sell.

The sales rate released by the national group yesterday was lower than what many analysts had expected. Peter Morici, an economist at the University of Maryland, said he and others had made predictions based in part on the number of contracts signed, a leading indicator for home sales. Apparently, though, not all of the contracts came to fruition. "Some people managed to back out of the contracts -- that's what it means," Morici said.

Based on recent news from home builders, the scheduled report today on new-home sales is also likely to be "a bad number," he said. "People are very hesitant right now."

New Signs Of Cooling In Housing (NYT)

By Jeremy W. Peters

The New York Times, August 24, 2006

The housing market is deteriorating by the month.

In the latest and strongest indication that the home buying and selling frenzy is over, the National Association of Realtors reported yesterday that sales of previously owned homes fell to the lowest level in July in more than two years, prices flattened and sellers waited longer and longer to find buyers for their homes. The supply of unsold houses on the market hit a record high.

Economists said the data showed the housing market was following the traditional path of a slowdown: a drop in sales followed by a decline or a plateau in prices. But they remained divided over just how severe and long-lasting the coming slump was likely to be.

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"It does feel a little scary right now," said Celia Chen, director of housing economics at Moody's Economy.com. "I think these markets will correct. The price gains that they have seen have exceeded what can be supported by the economic and demographic fundamentals.''

Existing-home sales in July declined 4.1 percent from the previous month to a seasonally adjusted annual rate of 6.3 million, the slowest selling pace since early 2004, when sales were running at a rate as low as 6 million.

"We had a hot market, and now it's going to be back to normal," said Edward Leamer, an economist at the University of California, Los Angeles. "Sales volumes will continue to decline, although they'll bottom out sometime in the next year."

The median selling price for existing homes, which rose at double-digit rates for much of the previous two years, was up only slightly last month. And had home prices not continued to rise in the South, where they gained slightly more than 3 percent compared with a year earlier, the national rate would have fallen.

For the second consecutive month, the median price of an existing home in July rose 0.9 percent from a year earlier, to $230,000.

"Certainly, the housing market is undergoing a measurable adjustment," Lawrence Yun, senior economist with the Realtor association, said. "It's a continuing cooling trend."

The number of unsold homes on the market reached a record for the second consecutive month. There are now enough homes available that it would take 7.3 months to sell them all if the current selling rate held.

The bloated inventory levels, Mr. Yun said, indicate "a very sudden change which I have never seen before."

The slowdown means that housing, the sector of the economy that has helped carry the country through a period of rapid expansion, now could act as a drag on growth.

Most economists, including the Federal Reserve chairman, Ben S. Bernanke, still expect the slowdown to be orderly. But with homebuilders reporting a sharp pullback in interest in new homes, existing-home sales in many local markets now look set to weaken at least a while longer.

July's data showed that prices fell in most areas of the country. Only in the South are prices still rising: the median home there sold for 3.2 percent more last month than a year earlier. If prices there had not been so strong, the national median home price in July would have declined on a year-over-year basis. That has not happened since April 1995.

"That's a good indication of an unexpected decline in demand," said Michael Carney, a professor of finance and real estate at California State Polytechnic University, Pomona.

The sales and price declines were most pronounced on the East and West Coasts, where the housing market had overheated the most. In the Northeast, where median existing-home prices rose last year by 10.7 percent, prices fell 2.1 percent in July from the same month in 2005.

Sales in the Northeast fell 5.4 percent from the previous month.

In the West, which is dominated by California, prices fell 0.3 percent in July. Last year, they rose 17.7 percent. Sales in the region declined 6.4 percent last month.

While prices are sliding, most economists are still predicting that they will not fall very far.

"The trend here is one of stabilizing prices after the sharp gains seen for many years," Joshua Shapiro, chief United States economist with MFR, wrote in a research note yesterday. "While certainly a change in trend, so far the official data are not corroborating some of the more alarmist stories being bandied about recently."

Investors saw yesterday's housing data as a reason to pull down shares of major real estate companies and homebuilders. KB Homes, the builder, and Realogy, the country's biggest residential real estate broker, which was recently spun off from Cendant, lost the most of any stocks in the Standard & Poor's 500-stock index yesterday. Shares of KB fell 6 percent, and shares of Realogy fell 5 percent.

Realogy told investors that its earnings for the year would be lower than previously expected. Earlier this week, Toll Brothers, the largest luxury-home builder in the country, also said it would earn less money this year.

US Housing Data Worse Than Feared (FT)

By Richard Beales In New York

DOJ_NMG_0052697

Financial Times, August 24, 2006

Sales of existing homes in the US slumped a sharper-than-expected 4.1 per cent in July, the National Association of Realtors reported on Wednesday.

The data underlined the rapid pace of the slowdown in the property market and sent stocks lower amid fears over the health of the broader economy.

The number of homes sold fell to an annualised 6.33m, a drop of 4.1 per cent from June against analyst expectations of a 1 per cent decline. The supply of unsold homes rose to a record high 7.3 months of sales, up from about four months early last year.

"No region was spared from July's softness," said Omair Sharif, analyst at RBS Greenwich Capital. "The headline figure was well below our forecast and that of the consensus, and corroborates recent builders' statements that the housing market cooled substantially at the start of the summer."

The fourth consecutive monthly decline in existing home sales leaves the measure 14 per cent below its peak last June and at the lowest level since January 2004. The median sale price was less than 1 per cent higher than a year before.

US stocks fell on the news, which has potential implications for the spending power of consumers and the economy as a whole. But the Treasury market appeared to shrug off the worse-than-expected report in light summer trading, with yields briefly trading lower but ending the day slightly higher as traders took profits.

The housing slowdown is one of the factors that led the Federal Reserve's Open Market Committee to hold interest rates steady at its meeting earlier this month. The focus is now on the Fed's next move.

"A continued softening in the housing data – expected to sap consumer demand – should help the Fed refrain from a rate hike during the next FOMC meeting on September 20," said economists at ING Financial Markets.

Other recent data have helped paint a gloomy picture of the US housing market. Builders' are at their least confident in 15 years, and buyers' confidence is also plumbing fresh lows. New home sales data are due to be released on Thursday, and are also expected to show a decline.

Fears that the housing slowdown is affecting other sectors were compounded last week when a University of Michigan survey found overall consumer confidence at its lowest since the aftermath of hurricane Katrina last year.

Housing Market Cools In July (BSUN)

From Sun Staff And Wire Reports

The Baltimore Sun, August 24, 2006

Existing-home sales reach lowest level since January 2004

WASHINGTON -- House hunters shied away from buying in July, driving down sales of previously owned homes to a 2 1/2-year low and propelling the inventory of unsold homes to a record high.

Existing-home sales dropped 4.1 percent in July from June, to a seasonally adjusted annual rate of 6.33 million units, the National Association of Realtors reported. That is the lowest level since January 2004.

The figures provided fresh evidence of how much the once-sizzling housing market has cooled. Prospective home buyers have turned cautious about making such a big-ticket purchase as mortgage rates have gone up and uncertainty has arisen over whether the economy and job creation will keep slowing, analysts said.

The latest snapshot of housing activity was weaker than analysts anticipated. Economists were forecasting the pace of sales to fall to 6.55 million.

Although sales prices for homes are no longer bounding ahead, some prospective buyers are still waiting for better deals -- another factor in the weak showing, economists said.

"Many potential home buyers have been on the sidelines, some kicking the tires but mostly waiting for sellers to compromise on prices and terms," said David Lereah, the association's chief economist.

Economists said the data showed that the housing market is following the traditional path of a slowdown: a drop in sales that is followed by a decline or a plateau in prices.

DOJ_NMG_0052698

"It does feel a little scary right now," said Celia Chen, director of housing economics at Moody's Economy.com. "I think these markets will correct. The price gains that they have seen have exceeded what can be supported by the economic and demographic fundamentals."

"We had a hot market, and now it's going to be back to normal," said Edward Leamer, an economist at University of California, Los Angeles. "Sales volumes will continue to decline, although they'll bottom out sometime in the next year."

The median nationwide price of a home sold last month was $230,000, up just 0.9 percent from the same month last year. The median price is the middle point, where half sell for more and half sell for less.

Meanwhile, the inventory of unsold homes in July rose to a record 3.86 million. At the current sales pace, it would take 7.3 months to exhaust that overhang. That is the longest period to exhaust the supply of homes since the spring of 1993.

Sales tumbled 6.4 percent in the West in July from June. Sales fell 5.9 percent in the Midwest and 5.4 percent in the Northeast. In the South, sales dipped 1.2 percent.

The Baltimore area also is seeing an end to the housing boom. In July, housing sales fell more than 23 percent from July 2005 levels, Rockville-based Metropolitan Regional Information Systems Inc. reported Aug. 10.

Sales in Baltimore and five surrounding counties totaled 3,333 in July, down from 4,362 a year earlier, the MRIS said. That represented the biggest decline for any month since MRIS began tracking data in the region in March 1999. The area has more than twice as many homes on the market as there were last summer.

Sellers are holding out for unrealistic prices in a market where appreciation has slowed, said Anirban Basu, an economist who is chairman and chief executive of Sage Policy Group Inc. in Baltimore.

"In Baltimore, sellers are even more reluctant than they are nationally to part with their homes at a discount" because they're counting on an influx of buyers as a result of the federal base realignment and closure bringing in jobs, Basu said. "They've all heard about the base realignment and the region's inability to house the workforce of the future and they view their homes or investment properties as being very valuable and therefore not worthy of a discount."

But the economy in the state and metro area has slowed, with job growth weaker in the past few months than it had been during 2004 and 2005, and sellers have been slow to recognize this, he said.

As the shift from seller's market to buyer's market has continued, price appreciation in the Baltimore area has slowed markedly from the nearly 20 percent annual gain registered in July 2005. The price of the average home rose 6.03 percent over a year earlier, making July the second consecutive month of single-digit appreciation. Before June, average monthly prices on Baltimore-area homes on a year-over-year basis had risen by double digits in every month since March 2004.

Despite the cool off, experts view Baltimore's housing market as better positioned during a housing slowdown than many other metropolitan areas. Washington-based workers will continue to be attracted to Baltimore's more affordable housing, Basu said.

"Washington will continue to generate jobs, as will Baltimore, albeit at a slower pace," Basu said.

The slowdown means that housing, the sector of the economy that has helped to carry the country through a period of rapid expansion, could now act as a drag on growth.

Most economists, including Federal Reserve Chairman Ben S. Bernanke, expect the slowdown to be orderly. But with home builders reporting a sharp pullback in interest in new homes, existing home sales in many local markets now look set to weaken awhile longer.

July's data showed that prices fell in most areas of the country along with sales.

The sales and price declines were most pronounced on the East and West coasts, where the housing market had overheated the most. In the Northeast, where median existing home prices rose last year by 10.7 percent, prices fell 2.1 percent in July from a year earlier.

In the West, which is dominated by California, prices fell 0.3 percent in July. Last year, they rose 17.7 percent.

Only in the South are prices still rising: the median home there sold for 3.2 percent more last month than a year ago. If prices there had not been so strong, the national median home price in July would have declined on a year-over-year basis for the first time since April 1995.

Though prices are sliding, most economists are still predicting that they will not fall very far.

DOJ_NMG_0052699

Drop In Home Sales Puts Pressure On Prices (USAT)

By Noelle Knox

USA Today, August 24, 2006

Home sales posted an unexpectedly sharp drop last month to the lowest level since January 2004, and home prices fell in all regions of the country but the South, the National Association of Realtors said Wednesday.

The downward pressure on home prices will probably continue through the beginning of 2007 because the inventory of homes for sale has surged to the highest level in 13 years. A record 3.86 million homes are for sale, a 7.3-month supply.

The weakness in the market is being driven by higher interest rates, low affordability and speculators who are dumping investment properties because they couldn't flip them for a profit.

"I was disappointed. It was a lot lower than I anticipated," said David Lereah, NAR's chief economist. "What is clear to me is sellers are more stubborn than I expected them to be. We definitely need a correction in prices in order for buyers to come back into the market."

He expects home prices to fall 5% nationally. He also cautioned that a few cities in Florida and California, where home prices soared to nosebleed heights, could have "hard landings."

Total existing-home sales declined 4.1% from June to a seasonally adjusted pace of 6.33 million. That's down 11.2% from July last year. The median single-family home price, meaning half cost more and half cost less, was $231,200, up 1.5% from July last year, but the median condo price fell for the second month in a row and is now $225,600, down 1%.

What is most worrisome, however, is how the real estate markets are suffering in Michigan, Ohio, Indiana, Massachusetts and some parts of Pennsylvania and New York. Job losses in those areas are pushing home sales and prices down, and foreclosures up.

"That's a whole different situation for real estate. That's not a softening; that's a contraction," Lereah said. "That worries me more than anything else. It highlights the need for the (Federal Reserve) to stay the course and not raise rates. The economy is a little softer than everybody thought."

Earlier this month, the Fed voted not to raise its target for short-term interest rates again but signaled that its pause may be temporary if inflation doesn't slow down.

Some economists, such as Roger Kubarych of HVB group, said the report strengthened the hand of Fed members arguing against further rate increases.

Wednesday's disappointing results for existing-home sales comes a day after Toll Bros., one of the nation's largest builders of new homes, said orders have dropped 48% in its most recent quarter. The Commerce Department reports today on July new home sales.

Home Prices Fall; Sales Plummet (WT)

By Patrice Hill

The Washington Times, August 24, 2006

Home prices dropped everywhere in the country except the South, while sales plunged to January 2004 levels last month, in news that triggered a drubbing in the stock market yesterday on worries that a housing free fall could drag down the economy.

Median home prices dropped 2.1 percent over July 2005 levels in the Northeast, 0.3 percent in the West and 0.6 percent in the Midwest, the National Association of Realtors reported, confirming fears that the most overheated housing markets on the East and West coasts are experiencing a rare decline where homeowners are at risk of losing some of the robust gains they enjoyed in their homes' value during the housing boom.

A hefty price gain of 3.2 percent in the South prevented the first overall decline in the national median house price since 1995. Most Southern markets outside Florida did not experience the doubling or tripling of values seen in the Northeast and West during the boom and are continuing to appreciate as buyers attracted by the comparatively low prices flock to the region.

Nationwide, the condominium market continued to lead the broader home sales market lower last month, with drops of 10.5 percent in sales and 1 percent in prices in the last year. Home sales overall are down by 11.2 percent from a year ago, the Realtors said.

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As grim as the news was, prompting a 42-point drop in the Dow Jones Industrial Average, Phillip Neuhart, economic analyst with Wachovia Securities, said there is more to come.

"We would not be surprised at all to see median home price appreciation turn negative soon," he said. After years of relentless double-digit price increases in Washington and other major coastal cities, the combination of record high prices and sharply rising interest rates made homes less affordable than they have been in nearly 20 years.

It is forcing buyers to scale down their expectations and buy smaller and less expensive homes, Mr. Neuhart said, which in turn is causing the rapid decline in the median home price -- the price where half of the homes sold are more expensive and half less expensive.

Homeowners in once-booming areas such as Washington who have been trying to sell at last year's record-high prices are now confronted with having to cut their prices or withdraw from the market, Mr. Neuhart said. He expects to see many homes taken off the market, alleviating some pressure on prices by drawing down the record number of homes for sale.

David Lereah, chief economist of the National Association of Realtors, said the price softening is good news for the market because it is drawing in buyers again.

"Many potential home buyers have been on the sidelines, some 'kicking the tires,' but mostly waiting for sellers to compromise on prices and terms," he said. "Now sellers in many areas of the country are pricing to reflect current market realities. As a result, there could be some lift to home sales" later this year.

The Realtors group said most people who have owned their homes for more than a year can still look forward to selling at a gain rather than a loss.

Most analysts expect the housing decline to last a long time, however.

"Since it was one of the biggest housing expansions in history, we have every reason to expect the correction to be substantial as well," said Alexander P. Paris, analyst at Barrington Research.

Like the technology stock bubble that preceded it, the housing bubble between 2000 and 2005 was fed by easy credit made available by an army of mortgage brokers offering loans with easy terms in the short run but exploding payments in the long run, he said.

The bursting of the technology bubble in 2000 is widely blamed for precipitating the 2001 recession. That is one reason many economists fear a reckoning in the housing market could have similar consequences.

Mr. Paris said the heavy involvement of banks in facilitating the bubble, including the way they enabled consumers to cash out large chunks of home equity to splurge on a variety of purchases through refinancings, means the housing decline will have big repercussions for the economy.

If consumers lose 25 percent of the $11 trillion in home value they held a year ago, consumer spending will be slashed by $380 billion, he estimates.

"The great refinancing boom is over and the addition to consumer spending power it provided is gone as well," he said. "The most pain is still ahead," in what could be a long-lasting downturn for housing, he said.

"If the housing correction gets out of hand," he added, "the questionable financing techniques and aggressive borrowing will come home to roost" and result in bankruptcies and insolvencies not only among consumers but among banks and other creditors.

Roger M. Kubarych, economist at HVB Group, expects the rapid decline of housing to continue, but not lead to a recession.

"The reason is that financial institutions are still relatively eager to make mortgage loans," he said, and an easing in mortgage rates is likely in the months ahead because the sharp fall of housing will force the Fed to refrain from raising interest rates further.

Sales Of Existing Homes Fall 4.1% (WSJ)

By Christopher Conkey

The Wall Street Journal, August 24, 2006

As the downturn in the housing market deepens, the South is weathering the situation better than other regions.

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While sales of existing homes clocked double-digit declines in the West, Midwest and Northeast in July compared with a year earlier, sales in the South were down a more modest 7% on the year and 1.2% from June.

The median sales price of previously owned homes in the South last month actually increased from June and was 3.2% higher than a year earlier. The other three regions, however, experienced median-price declines over the past year, according to the National Association of Realtors. The median is the amount where half of homes sell for more and half sell for less.

Nationwide, the median sales price for existing homes was $230,000 last month, up 0.9% from last year.

Existing-home sales last month fell 4.1% from June to an annual pace of 6.33 million units, a rate 11.2% lower than a year earlier. By region, in contrast to the South, the pace of sales compared with year-earlier results fell 18% in the West, 12.5% in the Northeast and 10.1% in the Midwest.

The inventory of unsold homes nationwide rose 3.2% to a record 3.85 million, a 7.3-month supply at the July sales rate.

Aside from better price appreciation and higher rates of existing-home sales, the South has fared better than the other three regions in the current downturn when it comes to sales of new homes, building permits and new residential construction.

Part of the explanation, economists say, is that prices in many housing markets in the South, with the exception of Florida, never took off as others did in the West and Northeast, and therefore they don't have as far to fall.

Another factor is population growth. Census Bureau figures show the population in the South increased nearly 7% between 2000 and 2005, while the populations of the Midwest and Northeast rose by about 2% in the same period.

In Charlotte, N.C., both factors are combining with solid economic growth to boost the area's housing market. "We have not seen price appreciation like other cities," said Phillip Neuhart, an economic analyst with Wachovia Corp. in Charlotte. "People can come here and buy a more affordable home."

David Lereah, the NAR's chief economist, said several big markets in Texas are "all relatively healthy" and Richmond, Va., is "pretty hot," but he expects year-over-year prices in the South to join other regions in negative territory in the months ahead.

Meanwhile, the Mortgage Bankers Association said its index of mortgage applications was essentially flat last week and is 25% lower than a year earlier. Applications for refinancings, however, rose 1.3% last week as homeowners moved to take advantage of a downshift in interest rates.

Write to Christopher Conkey at christopher.conkey@wsj.com1

Wall Street Suffers On Housing Data (FT)

By John O'doherty In New York

Financial Times, August 24, 2006

Wall Street suffered a broad-based decline on Wednesday as sentiment was deflated by home sales data that heightened fears of a slowing economy.

The homebuilding sector was badly hit by the figures. KB Home fell 6.2 per cent to $40.53, while Pulte shed 3.6 per cent to $28.07. Toll Brothers dropped 2.6 per cent to $24.55.

Other consumer stocks also traded lower on the news, including home improvement retailer Lowes, down 2.7 per cent to $27.17, and restaurant operator Darden Restaurants, which shed 2.6 per cent to $34.96.

Ford Motor climbed 4.6 per cent to $7.76 on a report that Bill Ford had spoken to Carlos Ghosn, head of Nissan and Renault, to discuss possible co-operation if a proposed alliance with General Motors did not work out.

Merck was the biggest gainer on the Dow, adding 1.8 per cent to $40.46 on news that a new painkiller it was developing carried potentially no more risks than one already on the market.

At the close, the S&P 500 was down 0.5 per cent, or 5.83 points, at 1,292.99, and the Nasdaq Composite was down 0.7 per cent, or 15.36 points, at 2,134.66. The Dow Jones Industrial Average fell 0.4 per cent, or 41.94 points, to 11,297.90.

The main indices started the day higher before the data from the National Association of Realtors showed existing home sales fell more than analysts had expected, bolstering fears of broader economic fallout.

Jeff Kleintop, chief investment strategist at PNC Advisors, saw a silver lining in the data, which lessened pressure for further interest rate rises.

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"In some senses, it's helpful, in that it puts the Fed [US Federal Reserve] out of the picture. Investors are counting on the slowdown in housing to achieve the slowdow in the economy," he said.

Sun Microsystems rose 3.7 per cent to $4.80. Sun was the only company to gain market share in the worldwide server business during the second quarter, according to new data. The stock has gained 20 per cent in the past four weeks.

Investors shrugged off a decision by National Semiconductor to cut its revenue forecast for the quarter ending August 27, because of lower-than-expected wireless handset shipments. Its shares gained 3.5 per cent to $23.37.

However, the news of falling handset shipments did affect Motorola, which dipped 2.7 per cent to $22.69

Texas Instruments fell 3.1 per cent to $31.48 following a brokerage downgrade from Caris & Co.

Timber company Weyerhaeuser gained 2.2 per cent to $61.35 after it said it would merge its fine paper unit with Canadian paper-maker Domtar in a deal worth $3.3bn.

ExxonMobil slipped 0.8 per cent to $69.63 and Valero Energy fell 2.6 per cent to $61.78 on lower crude prices.

Slumping Home Sales Hurt Stocks (LAT)

By Jesus Sanchez

The Los Angeles Times, August 24, 2006

Wall Street stocks slumped today after a report about a sharp drop in nationwide home sales in July raised concerns about the damage the housing slowdown could have on the broader economy.

The Dow Jones industrial average suffered its third consecutive daily loss, falling 41.94 points to close at 11,297.90. The Nasdaq, S&P 500 and other major financial indexes were also lower.

Investors were disappointed that the nation's housing market, which had provided a big boost to the economy in recent years as owners cashed in on soaring prices, took a bigger than expected hit last month.

Nationwide sales of all existing homes — including condominiums — fell 4.1% in July from the previous month to a seasonally adjusted annual rate of 6.33 million houses, according to the National Assn. of Realtors. July sales — which do not include new homes — were down 11.2% compared to the same month last year.

The nationwide median sales price — the point at which half the homes sold for more and half for less — in July rose 0.9% from the same month last year to $230,000.

Rising mortgage rates, which raise monthly payments and make it harder for buyers to qualify for loans, were blamed for softening sales. In July, the rate on a 30-year-fixed home loan averaged 6.76% — that's up from the 5.7% in July 2005, according to mortgage company Freddie Mac.

"Many potential home-buyers have been on the sidelines, some 'kicking the tires,' but mostly waiting for sellers to compromise on prices and terms," said NAR chief economist David Lereah in a statement. "Now sellers in many areas of the country are pricing to reflect current market realities. As a result, there could be some lift to home sales, but it'll likely take some months for price appreciation to rise."

Buyers are taking more time to pick and choose amid a ballooning inventory of unsold homes. At the end of July, the number of unsold homes rose 3.2% to 3.86 million properties — a 7.3-month supply at the current sales pace, according to NAR.

On a regional basis, the West reported the steepest decline in sales, which fell 6.4% from June to a seasonally adjusted annual pace of 1.32 million properties.

The median price slipped 0.3% from July 2005 to $348,000.

The pace of sales dropped 1.2% in the South; 5.4% in the Northeast and 5.9% in the Midwest.

Stocks Sag Despite Drop In Oil Price, As Weak Home Sales Trouble Investors (WSJ)

By Shefali Anand

The Wall Street Journal, August 24, 2006

Not even a drop in the price of oil could lift stocks, as investors fretted over fresh signs of a housing slowdown.

The National Association of Realtors reported that sales of existing homes dropped 4.1% in July to a seasonally adjusted rate of 6.33 million units, the lowest pace of turnover in since January 2004.

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While a slackening in the real-estate market is the kind of development that is apt to discourage the Federal Reserve from raising interest rates again, a sharp, fast falloff in the housing market leads to fears about the broader economy. Home sales and rising home values have accounted for much of consumers' wealth generation in recent years.

"The housing market in general is going to stay at the forefront of investors' minds," said Todd Clark, director of stock trading at San Francisco money-management firm Nollenberger Capital Partners. Mr. Clark expects close scrutiny of a report detailing new-home sales in July, although existing-home sales make up the brunt of residential real-estate transactions.

The Dow Jones Industrial Average fell for the third straight day, shedding 41.94 points, or 0.37%, to close at 11297.90. A decline in shares of General Motors weighed on the blue-chip index. The auto maker lost more than 2% to $30.18 on talk that rival Ford Motor may be interested in pursuing business with Carlos Ghosn, the Nissan Motor executive that GM investor Kirk Kerkorian has been trying to get GM to bring into the fold.

The Standard & Poor's 500-stock index lost 5.83 points, or 0.45%, to 1292.99. Trading activity was again light, typical for late-summer dealings.

The price of a barrel of oil closed at $71.76, off $1.34, or 1.8%. News that oil-rich Iran may negotiate a political deal with the U.S. and thus avoid sanctions helped push down the commodity. Also, the Energy Department released figures that showed an unexpected increase in gasoline supplies.

Still, oil is up nearly $11 since the start of the year, and geopolitics will continue to push around crude prices for the rest of this year, said Eric Bolling, a trader at the New York Mercantile Exchange.

In major U.S. market action:

Stocks fell; bond prices were mixed. On the Big Board, where 1.9 billion shares traded, 1,023 stocks advanced and 2,261 fell. The 10-year Treasury note fell 1/32, or 31 cents for each $1,000 invested, pushing the yield up to 4.821%. The 30-year bond rose 1/32 to yield 4.954%.

The dollar was mixed. Late in New York, the currency traded at 116.36 yen, down from 116.55 yen, while the euro fell to $1.2792 from $1.2801.

Write to Shefali Anand at shefali.anand@wsj.com1

Bernanke's Refreshing Pause (TH)

By Robert Novak

Town Hall, August 24, 2006

WASHINGTON -- Ben S. Bernanke, the rookie aviator flying the central bank's monetary airplane through uncertain economic weather, last week survived his first major test with a soft landing. With Washington in a rancid mood this summer, the new chairman of the Federal Reserve Board has received little credit for a successful maiden flight that is very good news for the economy.

Bernanke's decision to pause on Aug. 8 and not increase interest rates for the first time in 18 meetings of the Federal Open Market Committee drew widespread complaints that he was a slacker in the war against inflation. But contrary to the expectations of these naysayers, core inflation figures released by the Labor Department Aug. 15 matched its biggest drop in three years. The markets, far more important than opinions of the economic savants, gave Bernanke a vote of confidence. A boost in bond prices reflected no fear of inflation.

Market approval of Bernanke's performance constitutes early success in achieving a most daunting task for any central banker: to slow a rapidly growing economy enough to control inflation without crashing and burning in a recession -- that is, a soft landing. Bernanke's legendary predecessor, Alan Greenspan, crashed twice in three attempted landings during his long tenure at the Fed. This early success constitutes a rare victory for President Bush, whose selection of Bernanke to replace Greenspan Feb. 1 did not win plaudits from the financial community or many conservatives.

Actually, no Fed chairman has been better qualified to run the Fed than Bernanke, who as chairman of Princeton's economics department was a leading student of monetary policy. He served for three years as a Fed governor before heading Bush's Council of Economic Advisers (CEA) for seven months prior to returning to the central bank. But he was not favored as Greenspan's successor by the Fed bureaucracy, conservative Fed-watchers or Wall Street speculators.

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The popular choice to head the Fed was a familiar face in big-time economics: Martin Feldstein, a 66-year-old Harvard professor. As President Ronald Reagan's CEA chairman 23 years ago, Dr. Feldstein was the bete noire of supply-siders who designated him as "Dr. Gloom" for publicly demanding higher taxes and higher interest rates.

Oddly, Feldstein has become a favorite of latter-day supply-siders, though he still evokes the image of Dr. Gloom by advocating anti-inflationary interest rate increases no matter what the cost. "It is understandable that it [the Fed] would like to achieve the soft landing of low inflation with continued solid growth," Feldstein wrote in The Wall Street Journal on Aug. 7, the day before Bernanke's pause. "But that may not be possible. And if the Fed wants to convince the markets that inflation will be contained in the future, it must show that it is willing to take the risk of tightening too much."

Following Feldstein's line, critics took Bernanke to task for not daring to tighten too much. They would have been in full cry had the Aug. 15 inflation numbers been high and the market reaction negative. However, the opposite results last week evoked no cheers for Bernanke.

It may be too difficult for idolaters of Greenspan as "the maestro" to credit Bernanke's early success. If an unheralded economics professor can so quickly replace the legend, is it possible that Greenspan's legendary status was mostly hype? Hardly anybody wants to acknowledge that Greenspan helped produce a bubble economy by bringing interest rates down to 1 percent and then overshooting the mark in raising them.

But there are dollars-and-cents reasons for Bernanke's unpopularity among financial sharks. High-ticket, speculative investors count on serious opportunities in a central bank creating a turbulent atmosphere where short-sellers can prosper. They are not refreshed by the Fed's pause.

While George W. Bush keeps hands off Fed policy, he and his economic team are delighted by Ben Bernanke not following Marty Feldstein's formula of daring to tighten too much. Europe's economy is lagging today and faces a regimen of higher taxes and higher interest rates that will suppress growth. If American tax cuts and a pause in higher interest rates do not generate inflation, prophets of gloom will be proved wrong.

Study Indicates Embryos Survive Cell Extraction (WSJ)

By David P. Hamilton

The Wall Street Journal, August 24, 2006

Biotechnology researchers said they have developed a new way of producing stem cells that ultimately may not require the destruction of human embryos.

The announcement met with a cacophony of reaction from scientists and ethicists on both sides of the debate over stem-cell research. Several admired the science but said it was unlikely to quell the heated controversy over the morality of the research.

While many experts see stem cells as a potential source of treatments for degenerative or otherwise incurable conditions, many religious and ethical authorities object to stem-cell extraction as devaluing nascent human life. Since 2001, the U.S. has refused to fund any research involving other than a handful of already-existing stem-cell lines, many of them of limited usefulness to scientists.

The research team that said it has developed this new way of producing stem cells is from Advanced Cell Technology Inc., a biotechnology company in Alameda, Calif.

The team conducted its experiments with single cells extracted from tiny human embryos, each consisting of eight to 10 cells. By culturing those extracted cells in just the right way, the scientists were able to nudge some of them into developing as stem cells, the primordial building blocks capable of producing nerves, organs and every other type of tissue.

Until now, deriving new lines of stem cells has required researchers to suck out clumps of cells from five-day-old embryos -- typically unneeded ones, frozen during in-vitro fertilization procedures, that may otherwise face destruction. The process destroys the embryos.

Advanced Cell officials say their new technique offers the prospect of deriving new lines by simply extracting a single cell from an early-stage embryo. That process is already used in IVF clinics that scan for genetic flaws in newly fertilized embryos in

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order to determine which ones are most likely to grow into children. Extracting a cell or two generally doesn't appear to interfere with later fetal or childhood development, although the procedure can risk damaging the embryo.

"You'd have a cell line and put the embryo at no increased jeopardy at all," says Robert Lanza, the Advanced Cell researcher who led the team. "On top of that, not only is there not a risk, but a benefit," he says, because the derived stem-cell line would be genetically matched to a child born from the same embryo, making it a theoretically convenient and safe source of cells for later medical treatment.

The Advanced Cell research, however, didn't focus specifically on the task of producing stem-cell lines by extracting a single cell without harming an embryo. As reported in their study published in today's edition of the journal Nature, the researchers experimented on 16 embryos and extracted a total of 91 individual cells for culturing. That procedure destroyed many of the embryos in question, Dr. Lanza said.

"It looks like they took the embryos apart and tried to create stem-cell lines from each of those cells" said Arnold Kriegstein, head of the stem-cell biology program at the University of California at San Francisco. But the work showed that single cells could be coaxed into becoming stem cells, which Dr. Kriegstein called "a significant achievement."

Extrapolating the results to single-cell extractions that don't harm viable embryos should be a straightforward task, says Dr. Lanza.

"In terms of the actual biopsy and subsequent procedures, it's the same," he said. "It's just semantics." Dr. Lanza said that in some cases the team only took one or two cells from an embryo, and he added that some of the embryos experimented on continued to grow normally for another few days until they were again frozen.

The Advanced Cell team managed to produce two seemingly viable stem-cell lines from the 91 extracted cells and showed that the stem cells could give rise to a variety of tissue types. It remains unclear whether the newly produced lines, which derive from earlier-stage embryos than most existing stem cells, differ from other cell lines in any significant way. The results will also need to be confirmed in other laboratories.

Advanced Cell officials say they hope the results will mark a turning point for stem-cell research. Scientists working without federal funding are so far mostly focused on unraveling the mysteries of how the cells produce different tissue types. Commercially, the field is populated largely by tiny companies like Advanced Cell, which has plans to move ahead with early-stage clinical trials involving the cells in the next year or so.

Stem-cell related treatments, however, are likely at least a decade or more away. Among the hurdles are a lack of basic understanding of what makes the cells grow and repair damaged tissue and exactly how to use them as transplants without provoking immune-system reactions and other side effects.

Larger pharmaceutical and biotechnology companies have mostly steered clear of the field, in part because of the ethical controversy and the lack of federal research support. Advanced Cell Chief Executive William Caldwell, however, said he believes an embryo-safe method of deriving stem cells may help spark large-company interest in the area.

"I think this is going to help address the problem and the issues they have" with stem-cell derivation, Mr. Caldwell said. Advanced Cell, which is currently raising new funds in a private offering to bolster its meager cash reserves, hopes to sign a development partnership with a larger company by the end of the year.

Success or failure in that regard may depend on the extent to which the new technique succeeds in defusing moral qualms over the research. Several scientists and ethicists doubted any placating would happen. William Hurlbut, a Stanford University professor who serves on the White House bioethics council, worries that even single-cell biopsy may pose an unacceptable risk to embryos.

Others note that no one knows whether a single cell extracted from an early-stage embryo might also have the capability of developing into an individual human being. If the cell does have that potential, then destroying it to make a stem-cell line would still be morally problematic. "This thing is supposed to solve an ethical problem, but the ethical problem is not solved," says Davor Solter, the director of developmental-biology research at Germany's Max-Planck Institute of Immunobiology.

Dr. Lanza said there is no evidence to suggest that a single cell from such embryos can develop into an individual.

Scientists Make Key Stem Cell Advance (FT)

DOJ_NMG_0052706

By Clive Cookson

Financial Times, August 24, 2006

Scientists in the US have created human embryonic stem cells without destroying embryos, a discovery that appears to get round a basic ethical objection to stem cell research.

The breakthrough – published online on Thursday by the scientific journal Nature – could help lead to greater public funding for the field and make it more appealing for commercial investment.

Researchers from Advanced Cell Technology, a US biotech group, have generated stem cell cultures by plucking individual cells from newly fertilised embryos, which are not harmed. Stem cell production until now involved taking larger masses of cells from slightly older embryos, which are inevitably lost.

The discovery "has the potential to play a critical role in the advancement of regenerative medicine", said Ronald Green, director of Dartmouth College's Ethics Institute and head of ACT's independent ethics board.

"It appears to be a way out of the political impasse in the US and elsewhere," Prof Green added. "I see this as a real opportunity for the Bush administration to address the need for embryonic stem cell lines, while maintaining their ethical position that embryos should not be destroyed to obtain them."

But hardline critics of embryo research – such as the US Conference of Catholic Bishops – are unlikely to accept the manipulation even of a single embryonic cell, which they say could theoretically become a human being.

George W. Bush, US president, last month vetoed a bill that would have required the federal government to fund experiments with newly created human embryonic stem cells. Similar debates are taking place in Europe, where research with human embryos is illegal in some countries, such as Germany, and funded by governments in others, such as the UK.

"Any use of human embryos for research purposes raises serious ethical concerns," the White House said last night. "This technique does not resolve those concerns, but it is encouraging to see scientists at least making serious efforts to move away from research that involves the destruction of embryos."

The ACT breakthrough is based on a single-cell biopsy, known as pre-implantation genetic diagnosis (PGD), which fertility clinics use to detect gene defects in IVF embryos. Robert Lanza, the company's head of research, said ACT would implement the procedure in collaboration with an IVF clinic, so that a biopsy could be used both for PGD and stem cell generation.

"There would be no downside for patients," said Dr Lanza. "The chance of the embryo developing into a healthy child would not be affected – and the child would have a genetically identical line of stem cells that could be banked and used later in life."

ACT has patent protection for its technique but plans to make the resulting stem cell lines "freely available for research".

Additional reporting by Demetri Sevastopulo in Washington

Embryos Preserved In Stem-cell Creation (WT)

By Joyce Howard Price

The Washington Times, August 24, 2006

Scientists yesterday reported that they have devised a way to create human embryonic stem cells that does not harm embryos.

Researchers with Advanced Cell Technology, a California-based biotechnology firm that has been on the cutting edge of experimentation with cloning and stem cells, disclosed their latest findings online in the journal Nature.

They say their technique offers a potential solution to the political and moral debate over using embryonic stem cells to treat life-threatening diseases because embryos have to be destroyed.

The company says its technique takes just a single cell, or blastomere, from a two-day-old embryo, after the fertilized egg has divided into eight cells. They use the blastomere to seed a line of stem cells, which can then grow into any kind of human tissue.

The rest of the embryo retains the capability to grow into a healthy human, according to the biotech firm, which operates in Alameda, Calif., and Worcester, Mass.

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The current procedure requires the destruction of embryos, consisting of 100 to 150 cells, after about five days of development. Harvesting the cells kills the embryo.

"We have demonstrated, for the first time, that human embryonic stem cells can be generated without interfering with the embryo's potential for life," said Dr. Robert Lanza, vice president of research and scientific development at the company and the study's senior author.

But few in the scientific, bioethics or pro-life community think the new technique will end the debate.

"It's scientifically interesting ... but it's not going to settle the debate. If one believes an embryo should be accorded the rights of protection of a person, why is it more [morally acceptable] to extract one cell from an embryo than to extract many cells?" said B.D. Colen, spokesman for Harvard University's Stem Cell Institute.

Cell extraction was criticized on moral grounds by Richard M. Doerflinger, deputy director of the U.S. Conference of Catholic Bishops' Secretariat for Pro-Life Activities.

"It is widely believed that one cell of a very early embryo may separate and become a new embryo, an identical twin," he said yesterday.

The company's research produced two viable stem-cell lines from 16 embryos.

"The experiment itself is gravely unethical, because it involved thawing and manipulating 16 human embryos and then discarding them," Mr. Doerflinger said. "By picking single cells from eight-celled embryos and culturing them overnight, it is possible the researchers created and destroyed as many as 91 additional very early embryos to get two new cell lines."

But Dr. Lanza, in a telephone interview, said such criticisms show "scientific ignorance."

In the report in Nature, he said individual blastomeres in embryos that have only eight to 16 cells "have never been shown to have intrinsic capacity to generate a complete organism in any mammalian species."

The researchers used a fertility treatment known as preimplantation genetic diagnosis to create stem cells. This technique is used in in-vitro fertilization, when one blastomere in an eight-cell embryo is removed and tested for genetic disorders. If no defect is found, the embryo, now with seven cells, can be implanted in the mother.

Federal funding is not available for most research involving embryonic stem cells because of ethical concerns.

White House spokeswoman Emily A. Lawrimore said it is too soon to know whether studies using the new technique would qualify for federal funds.

"Any use of human embryos for research purposes raises serious ethical concerns. This technique does not resolve those concerns, but it is encouraging to see scientists at least making serious efforts to move away from research that involves the destruction of embryos," she said.

Arthur Caplan, head of the bioethics center at the University of Pennsylvania, said, "Being able to generate a stem cell doesn't mean that what you've produced is going to work as a stem cell. This work has to be confirmed."

Dr. Lanza said the company is eager to make its new technique available to the scientific community at little or no cost. He also said he is "absolutely certain" the results will be confirmed.

In late 2001, Advanced Cell Technology reported that it had cloned the first human embryo. It said its goal was to grow stem cells for medicine, not to create cloned humans. Pro-life advocates were outraged, and the company's research was belittled by some in the scientific world.

"This company is not moved by moral arguments but by market arguments. A small shadow hangs around ACT that has to be lifted before jumping up and down" in celebration of its blastomere breakthrough, said Mr. Caplan.

In New Method For Stem Cells, Viable Embryos (NYT)

By Nicholas Wade

The New York Times, August 24, 2006

Biologists have developed a technique for establishing colonies of human embryonic stem cells from an early human embryo without destroying it. This method, if confirmed in other laboratories, would seem to remove the principal objection to the research.

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It could also redirect and intensify the emotional political debate over current limits on federal financing for research on human embryonic stem cells, which give rise to the cells and tissues of the body and which scientists and patient advocate groups see as a potential source for treatments for diseases like Alzheimer's, Parkinson's and diabetes.

But the new method, reported yesterday by researchers at Advanced Cell Technology on the Web site of the journal Nature, had little immediate effect on longstanding objections of the White House and some Congressional leaders yesterday. It also brought objections from critics who warned of possible risk to the embryo and the in vitro fertilization procedure itself, in which embryos are generated from a couple's egg and sperm.

The new technique would be performed on a two-day-old embryo, after the fertilized egg has divided into eight cells, known as blastomeres. In fertility clinics, where the embryo is available outside the woman in the normal course of in vitro fertilization, one of these blastomeres can be removed for diagnostic tests, like for Down syndrome.

The embryo, now with seven cells, can be implanted in the woman if no defect is found. Many such embryos have grown into apparently healthy babies over the 10 years or so the diagnostic tests have been used.

Up to now, human embryonic stem cells have been derived at a later stage of development, when the embryo consists of about 150 cells. Both this stage, called the blastocyst, and the earlier eight-cell stage, occur before the embryo implants in the wall of the womb. Harvesting the blastocyst-stage cells kills the embryo, a principal objection of those who oppose the research.

"There is no rational reason left to oppose this research," Dr. Robert Lanza, vice president of Advanced Cell Technology and leader of the research team, said in an interview.

With the approach of midterm elections, in which some candidates are already making the research a central theme, some scientists speculated that President Bush might embrace the new method as meeting his principal objection to the research and showing that he had been right all along to wait for a better technique to turn up.

But Emily Lawrimore, a White House spokeswoman, suggested that the new procedure would not satisfy the objections of Mr. Bush, who vetoed legislation in July that would have expanded federally financed embryonic stem cell research. Though Ms. Lawrimore called it encouraging that scientists were moving away from destroying embryos, she said: "Any use of human embryos for research purposes raises serious ethical questions. This technique does not resolve those concerns."

Last year, Dr. Lanza reported that embryonic stem cell cultures could be derived from the blastomeres of mice, a finding others have confirmed. He now says the same can be done with human blastomeres, and that the colonies of cells behave in the same way as those derived from blastocysts.

Although he used discarded human embryos, he said that anyone who wished to derive human embryonic stem cells without destroying an embryo could use a blastomere removed for the test, called preimplantation genetic diagnosis.

"By growing the biopsied cell overnight," he said, "the resulting cells could be used for both P.G.D. and the generation of stem cells without affecting the subsequent chances of having a child."

Ronald M. Green, an ethicist at Dartmouth College and an adviser to Advanced Cell Technology, said he hoped the new method "provides a way of ending the impasse about federal funding for this research."

Professor Green said he believed the method should be seen as compatible with the Dickey-Wicker amendment, the Congressional measure that prohibits using federal money for any research in which a human embryo is destroyed or exposed to undue risk.

Dr. James Battey, head of the stem cell task force at the National Institutes of Health, said that it was not immediately clear if the new method would be compatible with the Congressional restriction, since removal of a blastomere subjected the embryo to some risk, but that embryos on which the genetic test was performed seemed to be as healthy as other babies born by in vitro fertilization.

Mr. Bush has allowed federal financing for research on human embryonic stem cells, provided they were established before Aug. 9, 2001. Although that might seem to rule out any new cell lines derived from blastomeres, Dr. Battey said that was not clear because the embryo would not be destroyed, and that he would seek guidance on the point.

The federal policy does not affect privately financed stem cell research, like that done by Advanced Cell.

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Critics have a range of objections to deriving human embryonic cell lines with the new method. The United States Conference of Catholic Bishops, in particular, oppose both in vitro fertilization and preimplantation genetic diagnosis, and therefore still object to the research.

Richard Doerflinger, deputy director for pro-life activities at the conference of bishops, said the church opposed in vitro fertilization because of the high death rate of embryos in clinics and because divorcing procreation from the act of love made the embryo seem "more a product of manufacture than a gift."

Asked if he meant that the parents of a child conceived through in vitro fertilization would love it less, Mr. Doerflinger said he was referring to the clinic staff. "The technician does not love this child, has no personal connection with the child, and with every I.V.F. procedure he or she may get more and more used to the idea of the child as manufacture," he said.

Dr. Leon Kass, former chairman of the President's Council on Bioethics, said, "I do not think that this is the sought-for, morally unproblematic and practically useful approach we need."

Dr. Kass said the long-term risk of preimplantation genetic diagnosis was unknown and that the present technique was inefficient, requiring blastomeres from many embryos to generate each new cell line. It would be better to derive human stem cell lines from the body's mature cells, he said, a method researchers are still working on.

Dr. Andrew La Barbera, scientific director of the American Society for Reproductive Medicine, said that more than 2,000 babies had been born in the United States after a preimplantation genetic diagnosis. There is no sign yet that they have any greater risk of disease than other in vitro fertilization babies, but the society needs more data to be sure, Dr. La Barbera said.

Scientists welcomed the new development but also expressed concerns. Dr. Irving Weissman, a stem cell expert at Stanford University, said the new method, if confined to blastomeres derived from preimplantation genetic testing, would not provide a highly desired type of cell, those derived from patients with a specific disease.

Many scientists have come to regard this use of the cells, to explore the basic mechanisms of disease, as more likely to provide new therapies than direct use of the cells themselves.

Dr. Weissman said the new advance could lead into a "Congressional trap" if Congress permitted new lines to be established only during the preimplantation genetic diagnosis procedure. This test looks for only a handful of diseases, he said, and not for Alzheimer's and the other degenerative diseases for which better therapies are needed.

Congressional Republicans who led the resistance to the embryonic stem cell legislation that had bipartisan support in the House and Senate also said the new technique did not ease their opposition. Brian Hart, a spokesman for Senator Sam Brownback, Republican of Kansas and a prominent opponent of federal financing for embryonic stem cell research, said Mr. Brownback's moral objection remained.

"You are creating a twin and then killing that twin," Mr. Hart said.

Dr. Lanza said, however, that twinning is a phenomenon that occurs at a later stage of embryonic development and that there was no evidence that a single blastomere could develop into a person.

Democrats and others who had pushed for added research using embryos that were ultimately going to be discarded stepped up their criticism of the president and his allies for holding back science.

"It's tragic that the current Republican Congress continues to rubber stamp the restrictions that deny federal funding for scientists engaged in medical research that could save or improve countless lives," said Senator Edward M. Kennedy, Democrat of Massachusetts.

Political analysts said the new findings could elevate embryonic stem cell research as a campaign issue by both keeping it in the news and making it more difficult for opponents to explain their position.

"It paints the pro-life community into a corner," said Stuart Rothenberg, a nonpartisan analyst of Congressional races. "As a rule, you don't want to oppose scientific advances."

Scientists Create Stem Cells Without Destroying Embryos (LAT)

By Karen Kaplan

The Los Angeles Times, August 24, 2006

DOJ_NMG_0052710

Scientists have created human embryonic stem cells using a technique that does not require the destruction of any embryos -- a development that offers a path to break the political roadblock over the highly touted but ethically troubled research.

The method, described Thursday in the journal Nature, involves taking a normal three-day-old embryo with only eight to 10 cells and removing a single cell, which is then biochemically coaxed into producing embryonic stem cells.

The original embryo, despite missing one cell, is unharmed, thus avoiding concerns about destroying a potential life.

Fertility clinics have been removing cells from embryos created in vitro since 1990 to screen them for genetic diseases and chromosomal abnormalities. Doctors estimate at least 2,500 children alive today had a cell or two removed when they were early embryos.

The Bush administration, which has restricted federal support for human embryonic stem cell research to prevent taxpayers from funding the destruction of potential life, said it was too soon to say whether the new approach could solve the ethical dilemma at the heart of the research.

But White House spokeswoman Emily Lawrimore said the work appeared to be a step in the right direction.

"Any use of human embryos for research purposes raises serious ethical concerns, but it is encouraging to see scientists at least making serious efforts to move away from research that involves the destruction of embryos," she said.

Dr. Robert Lanza, medical director of Advanced Cell Technology Inc. in Worcester, Mass. and senior author of the study, said he believed the technique satisfies reasonable ethical concerns that should make the research palatable to social conservatives.

Last month, President Bush vetoed a bipartisan bill to expand stem-cell funding beyond the 20 or so cell lines currently eligible to more than 100 newer ones.

If Bush warms to the new approach and opens the floodgates of federal funding, he said, it would "give the field a badly needed jump-start."

Still, social conservatives have already begun complaining that the technique falls short. They say that the method does injure nascent embryos, and they question whether the cell that's removed from an embryo has the potential to develop on its own.

"The new study ... raises more ethical questions than answers," said Richard M. Doerflinger, secretariat for pro-life activities for the U.S. Conference of Catholic Bishops in Washington, D.C.

The new technique relies on an old procedure known as pre-implantation genetic diagnosis, or PGD.

An embryo created through in vitro fertilization is allowed to develop into a small ball of cells known as blastomeres. Specialists use a tiny glass tube to remove one cell for genetic testing. If the tests come up clean, the embryo can be implanted in the womb.

The procedure seems to be safe, said Dr. Joe Leigh Simpson, an OB-GYN and professor of molecular and human genetics at Baylor College of Medicine in Houston.

Between 20 percent and 25 percent of couples that use PGD end up with healthy babies, compared to a success rate of 28.3 percent for all IVF patients, according to figures from Simpson and the Centers for Disease Control and Prevention.

Lanza wanted to piggyback on that safety record. If the removed blastomere were allowed to divide once, one could be used for PGD and the other would be available for research.

The key was to find a way to get the cell to multiply in a laboratory dish long enough to produce stem cells. Embryonic stem cells, which are capable of becoming any cell in the body, are typically harvested from the inner cell mass of an older embryo that contains about 150 cells.

Scientists and doctors are intensely searching for ways to harness embryonic stem cells to grow healthy tissue and treat diseases such as Alzheimer's, Parkinson's and diabetes.

Lanza's team thawed 16 frozen embryos donated by fertility clinic patients. To give themselves the greatest chance for success, they separated all 91 blastomeres and placed them in culture dishes. More than half of them started to multiply, and about half of those began forming clumps.

In two cases, the cells continued to multiply and became embryonic stem cells.

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The approach avoids the ethical problem with the standard method of making stem cells -- the embryo is destroyed once its inner cell mass is removed.

"It's extremely unusual for a scientific development to resolve an ethical problem, and this is one of those very rare occasions where that's happened," said Ronald M. Green, a professor of ethics and human values at Dartmouth College who chairs the ethics advisory board for Advanced Cell.

Stem cell researchers who have felt stymied by the lack of federal support for their work were buoyed by Lanza's feat.

"This is one of the major results of our field," said Renee Reijo Pera, co-director of the Program in Human Stem Cell Biology at the University of California, San Francisco.

But it is still uncertain whether the technique can meet the tough federal standard designed to protect embryos.

The legislation that funds the Department of Health and Human Services forbids the use of federal money for "research in which a human embryo or embryos are destroyed, discarded, or knowingly subjected to risk of injury or death."

Doerflinger said the safety of the single-cell biopsy procedure had not been scientifically established.

"Some embryos do not survive the process, and some survivors may have long-term effects later in life," he said.

Fertility specialists who perform the procedure acknowledge there have been no scientific efforts to study its effect on embryos or to track the children after they are born.

Dr. James F. Battey, who chairs the Stem Cell Task Force at the National Institutes of Health, said that would make it difficult for the funding agency to approve grant money for cells like Lanza's.

"Can I reassure people who have put this language on our appropriation that not even one time in a thousand a single-cell biopsy won't harm an embryo?" Battey said. "I can't do that."

Nicanor Austriaco, a Dominican friar and molecular biologist at Providence College in Providence, R.I., raised another potential problem. What if the single cell that has been removed can itself become an embryo?

In other mammals, researchers have found that a single blastomere can develop into an identical copy of the original embryo.

"This raises the concern that the blastomeres isolated by ACT in order to create a stem cell line are in fact bona fide embryos that are destroyed in the process of creating the stem cell lines," Austriaco said.

Stem cell experts said that argument was speculative. While it may be possible to grow a human blastomere into a full-scale embryo, it does not occur naturally and has never been documented in a lab.

"They're citing something without any medical evidence," said Dr. Irving L. Weissman, director of Stanford University's stem cell institute.

Simpson, a supporter of stem cell research, said efforts to create "ethical" human embryonic stem cells would probably never satisfy all critics. Only successful stem cell-based therapies will be able do that, he said.

"I remember when IVF came along and there was tremendous opposition," he said, "and the opposition disappeared once the usefulness of the technique won people over."

Embryos Spared In Stem Cell Creation (USAT)

By Dan Vergano

USA Today, August 24, 2006

Researchers report today that they have found a way to create human stem cells from a single cell — without harming embryos.

But this discovery may not eliminate the concerns of those who have opposed stem cell research.

The alternative approach, reported in the journal Nature, relies on a fertility clinic method of diagnosing genetic diseases in embryos.

“We started this thinking it wasn't going to work, but it went surprisingly well,” says study lead author Robert Lanza of Advanced Cell Technology of Alameda, Calif. One of the most active and controversial players in the stem cell field, ACT is best known for announcing in 2001 that it had cloned a short-lived human embryo.

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The alternative method is based on pre-implantation genetic diagnosis (PGD), which uses single cells taken from an eight- to 10-cell embryo to check for diseases. Minus the single cell, the embryos continue dividing normally and can be implanted into a mother's womb. About 1,500 babies have been born this way nationwide, Lanza says.

Lanza's team started with 16 frozen embryos donated by fertility clinic patients and removed a single cell, or blastomere, from each one. From the blastomeres, they grew two cell colonies, or lines.

If the experiment is confirmed, the study authors hope it will offer an alternative to the standard technique for generating human embryonic stem cells, allowing them to be created as a side benefit of PGD performed now at a few fertility clinics. “It's not often that technology offers a solution to an ethical dilemma, but this could be one,” says bioethicist Ronald Green of Dartmouth's Ethics Institute, a member of ACT's unpaid research advisory panel.

University of Wisconsin researchers first isolated human embryonic stem cells in 1998. Biomedical researchers have long hoped the cells — capable of turning into nearly any tissue — could be grown into replacement organs for patients who have diseases such as diabetes and Parkinson's.

However, opponents of the research, such as Richard Doerflinger of the U.S. Council of Catholic Bishops, object to the destruction of embryos needed to create the cell lines. Citing such concerns, President Bush in 2001 limited federal funding of embryonic stem cell research to then-existing cell lines, fewer than two dozen in practice. In July, Bush vetoed a Senate bill that expanded spending.

“It is encouraging to see scientists at least making serious efforts to move away from research that involves the destruction of embryos,” White House spokeswoman Emily Lawrimore said in a prepared statement.

Stem cell scientists, such as Lawrence Goldstein of the University of California-San Diego, voiced muted enthusiasm for the alternative method.

“For scientists, it's a moderately important step forward,” Goldstein says. “Scientifically, it's good to have another source of embryonic stem cells.”

Among opponents, Doerflinger says by e-mail, the study “raises more ethical questions than it answers,” citing concern about the long-term health of children born through fertility treatments.

New Method Makes Embryo-Safe Stem Cells (WP)

By Rick Weiss

The Washington Post, August 24, 2006

Scientists have for the first time grown colonies of prized human embryonic stem cells using a technique that does not require the destruction of embryos, an advance that could significantly reshape the ethical and political debates that have long entangled the research.

The new work, described in today's issue of the journal Nature, shows that even a single cell plucked from an early human embryo can be coaxed to divide repeatedly in a laboratory dish and grow into a colony of stem cells, coveted for their potential to mend failing organs.

It is already common for fertility doctors to remove a single cell from a days-old embryo before transferring that embryo into a woman's womb -- part of a test to screen out embryos bearing genetic defects. Although the safety of the cell-removal process is still under study, there is no evidence that the procedure puts embryos at significant risk or that babies born from such "biopsied" embryos are abnormal in any way.

If scientists were to grow stem cell colonies from some of the single cells already being removed for genetic testing, scientists said, they could vastly increase the number of colonies for research without putting any embryos at added risk. Until now, researchers have isolated stem cells only from older embryos, which are inevitably destroyed in the process.

"I hope this will solve the political impasse and allow scientists to move on," said Robert Lanza, who led the research at Advanced Cell Technology (ACT) in Worcester, Mass.

Several experts said they, too, hope that Congress and President Bush will accept the approach as worthy of funding with taxpayer money, a source of support off-limits to research that harms embryos.

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"You can honestly say this cell line is from an embryo that was in no way harmed or destroyed," said Ronald M. Green, director of Dartmouth College's Ethics Institute and chief of an ethics panel that ACT convened to assess the experiment before it was done.

But early reactions from others suggest it will not be that simple. Bush offered little encouragement yesterday and, if anything, raised the bar higher, suggesting he would not be comfortable unless embryos were not involved at all.

"Any use of human embryos for research purposes raises serious ethical concerns," said a statement released by the White House. ". . . The President is hopeful that with time scientists can find ways of deriving cells like those now derived from human embryos but without the need for using embryos."

Lanza and his team started eight months ago with 16 embryos donated by fertility clinic patients. Each embryo consisted of about eight cells. The researchers took not just one cell from each, but as many as they could get -- destroying some of the embryos and ending up with 91 cells.

Kept in their own dishes with special nutrients, 53 of the cells began to divide and two formed robust colonies of what appear to be, by all tests, embryonic stem cells. ACT scientists have since turned some of the cells into blood vessels, retinal (eye) cells and other potentially useful tissues.

The process is inefficient, Lanza acknowledged -- and would probably be even more so if researchers were limited to taking just one cell per embryo. Moreover, the colonies were grown in mixtures containing animal ingredients, which can leave human stem cells too contaminated for use in medical therapies. The team is now developing non-animal nutrients.

But some experts raised more daunting concerns. Several questioned whether using an embryo's single biopsied cell for stem cell cultivation before doing the genetic testing -- a kind of testing that always destroys the cell, so it cannot be done first -- might put that cell at risk of dying before the crucial gene test is done.

Others expressed concern that the single cell removed from an eight-cell embryo might, under certain conditions, itself be capable of becoming an embryo and eventually a baby. If so, the destruction of the cell might violate the president's insistence that scientists not take what some consider a life to save a life.

Experiments have shown that some mammals can develop from a single cell taken from a four-cell embryo. But several scientists yesterday said no mammal has ever been grown from a single cell taken from an eight-cell embryo -- a more advanced stage of development in which each cell has already become somewhat specialized.

Richard Doerflinger of the U.S. Conference of Catholic Bishops said he is concerned that such a feat may nonetheless be possible. The new work, he said, "raises more ethical questions than it answers."

James F. Battey, chief of the stem cells task force at the National Institutes of Health, said that if a scientist were to apply for grant money to conduct studies like Lanza's, the agency would ask for a legal opinion from the general counsel for the Department of Health and Human Services.

Two issues would have to be considered. The first is whether the work would violate a 10-year-old rider on HHS appropriations that precludes the use of agency funding for research "in which a human embryo or embryos are destroyed, discarded or knowingly subjected to risk of injury or death."

Battey asked: "Where is the bar going to be set? I really don't know, but it's not a scientific call. It's a legal call."

The second question is whether the work violates Bush's ban on federal funding of research on any embryonic stem cells created after Aug. 9, 2001 -- a ban based on the presumption, true at the time, that all such research would require the destruction of embryos.

"Here it's a different derivation process, so it's unclear to me where the president's policy stands," Battey said.

John Gearhart, a stem cell researcher at Johns Hopkins Medical Institutions in Baltimore, said he was hopeful that Lanza's approach would prove fruitful. But he was frustrated, he said, by the fact that Bush's order and the congressional appropriations rider continue to keep federal researchers from a more immediately promising resource: embryos slated for destruction at fertility clinics.

"You have to remember that all this talk of protecting embryos is being done against the background of the routine throwing away of embryos" at clinics, Gearhart said.

Last month, Bush vetoed legislation that would have allowed federally funded scientists to study discarded embryos.

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Never Enough On Stem Cells (LAT)

The Los Angeles Times, August 24, 2006

SCIENCE TOOK AN UNNECESSARY leap forward Wednesday. A Bay Area biotechnology company announced a breakthrough in stem cell research that could quell religious objections to such research and persuade the federal government to lift its restrictions on funding it. It's an impressive advance, but scientists — and society — would be better off if they could spend more time searching for ways to cure some of humankind's most debilitating diseases and less time trying to satisfy the demands of politics.

The biotech firm, Advanced Cell Technology, says it has found a way to create embryonic stem cells without destroying or damaging early-stage embryos, which is what many social conservatives object to. Yet those critics hardly seem satisfied with the new approach: The very word "embryonic" raises new objections from those who seek extraordinary and sometimes irrational restraints on stem cell research.

The technique developed by Advanced Cell Technology would work with fertilized eggs when they have divided into eight cells. One cell is then removed — something that's already done for genetic testing during in vitro fertilization; the other seven cells would remain a viable embryo. The harvested cell could be used for both stem cell research and genetic testing.

What could possibly be the objection? The National Catholic Bioethics Center has two, for starters. One is that the extracted cell has the potential to develop into an embryo. Never mind that those extracted cells aren't now developed into embryos when extracted for genetic testing or other uses.

The other is that the embryo is undergoing a medical procedure — the extraction of one cell — not for its own benefit but for the cause of science. If the cell can also be used for genetic testing, however, it is being used for that embryo's benefit. And even if it is not, there are many other procedures — organ donation, for example — that do not benefit the host but are nonetheless viewed not only as acceptable but as moral.

The Catholic Bioethics Center, at least, offers more than objections, outlining a scenario under which stem cell research is acceptable. It involves the cloning of adult cells, then using genetic technology to tinker with the cell's nucleus so it has the potential to create embryonic-type stem cells that have no chance of being an embryo. Japanese scientists are working on similar research. But not all stem cell research opponents find this technique acceptable, if it ever proves feasible.

Laboratory advances that make stem cell research politically popular are welcome. But as Advanced Cell Technology has demonstrated, scientists have already gone to great lengths to answer political objections to their work. It's more important to focus stem cell research on saving lives, not on appeasing a minority of religious conservatives.

Could Walk-in Retail Clinics Help Slow Rising Health Costs? (USAT)

By Julie Schmit

USA Today, August 24, 2006

BLAINE, Minn. — At 10:50 a.m., Keri Krumm walks through a CVS/Pharmacy store here to MinuteClinic, a 100-square-foot room next to the pharmacy counter.

A nurse practitioner takes her name, inputs it into a computer and sees that Krumm visited a MinuteClinic before, is allergic to penicillin and has insurance. “What are you here for?” the nurse practitioner asks.

Krumm, 34, woke with red, itchy eyes and fears pinkeye. Nurse practitioner Carole Stranger checks her eyes, ears, neck glands and temperature and asks if she's fine otherwise. “No surprise. Pinkeye is what you've got,” Stranger says.

She prints an electronic prescription for eye drops, and Krumm walks 20 feet to get it filled. Krumm is in and out of the store within 20 minutes. Her insurance picks up the $49 visit. “I like that I can get in and out,” Krumm says.

Retail clinics like this one are spreading nationwide as more than a dozen clinic operators plan to open thousands in stores such as CVS, Wal-Mart, Walgreens and Kerr Drug.

The clinics, about 150 nationwide, provide convenient but limited service at a low cost. They treat common ailments only — such as strep throat, ear infections and allergies — and offer an alternative to packed doctors' offices and pricey emergency rooms.

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Some doctors warn that patients won't get top-notch care at the clinics. Others say they fill a need, especially on nights and weekends, when doctors' offices are closed.

"This really can be part of improving health care," says MinuteClinic CEO Michael Howe, former CEO of Arby's.

Krumm and her insurer benefited from her MinuteClinic visit. Krumm is insured through Twin City Pipe Trades, which manages benefits for 6,500 workers in the Minneapolis area. It charges the insured a $15 co-pay for doctor visits but waives co-pays for MinuteClinic visits because they cost Twin City Pipe Trades at least 30% less than regular doctor visits, says Jim Heinz, executive administrator.

While the clinics vary by company, most treat 25 to 40 medical conditions and charge $45 to $75 a visit. MinuteClinic pioneered the industry in 2000. It has the most clinics, 87, and is being bought by CVS.

HealthPartners, a Minnesota-based health maintenance organization, analyzed two years of MinuteClinic claims data and found total costs about 25% less for MinuteClinic treatments compared with those done at doctors' offices or urgent-care clinics. Prescription costs were $3 higher for MinuteClinic clients. That may result from higher prices at store pharmacies, more prescriptions or less use of generic drugs, HealthPartners says.

The clinics save even more if they keep patients out of emergency rooms, which can cost hundreds of dollars per visit, and which frequently treat the uninsured. Three weeks before her MinuteClinic visit, Krumm had waited four hours in an emergency room in rural Michigan with pinkeye. She expects to pay $120, a fifth of the bill.

Most clinics do or will take insurance, are walk-in and are open evenings and weekends. They advertise short waits and 15-minute exams, and some give out pagers so clients can shop while waiting. Prices are posted — at MinuteClinic, on an electronic sign, as in a fast-food restaurant.

Bigger clinics look like doctors' offices, with waiting rooms and exam tables. Smaller ones have just chairs. In most clinics, exams don't require disrobing. Patient records are electronic.

Nurse practitioners — nurses with advanced degrees who can write prescriptions — staff most clinics. They reduce costs because they make, on average, less than half of what family doctors make.

At MinuteClinic, the NPs — who most often work alone — not only diagnose ailments but also input computer data, process payments, dispense tip sheets on how to avoid future illness and send patients thank-you notes.

If clinics cannot treat someone because an ailment is too serious, such as bronchitis that's advanced to pneumonia, most clinics refer clients free of charge to a local doctor or emergency room. Clinic operators say they refer out about 10% of clients.

The retail clinic threat is already sparking change. Several health care providers, including AtlantiCare, the biggest in southeastern New Jersey, are opening their own limited-service clinics in stores.

The American Academy of Family Physicians recently encouraged its 94,000 doctors to expand office hours and same-day appointments. "Hopefully, we'll be able to compete," says Larry Fields, a physician and head of the AAFP.

The retail clinic industry has powerful drivers beyond cost savings, including:

•Convenience. Morgan Church, 42, had a small wart on his hand frozen off at a MinuteClinic in downtown Minneapolis on his lunch hour. "I didn't want to go through the hassle of making an appointment with my doctor," he says.

Church walked three blocks to MinuteClinic and was in and out within 30 minutes — less time than it would have taken to drive to and from his doctor's office.

"The problem we're solving is an access problem," says Peter Miller, CEO of Take Care Health Systems. It opened its first clinic in fall, has 23 in Portland, Ore., Kansas City and St. Louis and plans to open 1,400 by 2009.

•Competitive retailers. Several dozen retailers have clinics or plan to have them. Wal-Mart, the No. 1 retailer, expects to have 50 in stores by 2007 and will then decide whether to spread them nationwide.

The clinics give customers another reason to choose their store over others, retailers say.

"This isn't about prescriptions," says CVS CEO Tom Ryan, noting that 40% of MinuteClinic clients don't get prescriptions. Still, they add up. Profit margins on general merchandise often run less than 5% but often top 16% on prescriptions, says Mary Kate Scott, who recently wrote a report on retail clinics for the California HealthCare Foundation.

So far, only MinuteClinic has been snapped up by a pharmacy chain.

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The clinics boast exceptional consumer satisfaction. Twin City Pipe Trades' Heinz says he hasn't received one complaint regarding MinuteClinic in five years. “That's unusual,” he says. In the past year, at least 750 members or beneficiaries used the clinics.

Clinic operators carry medical malpractice insurance. But none of the leaders that have been open the longest — MinuteClinic, Take Care and RediClinic — have ever faced a claim, they say.

While there is always room for error in diagnosing illness, clinic operators say there is little that can go wrong.

The ailments the clinics treat are common and relatively minor. Nurse practitioners have at least six years of schooling and use proprietary software that helps them examine and question patients.

The clinics have lists of specialists and primary care doctors, should clients need them. If patients agree, clinics send a record of the visit to their regular doctors to help ensure continuity of care.

State law governs doctor involvement in retail clinics. Texas has a stringent law requiring doctors on site 20% of the time; 22 states don't require doctor oversight of nurse practitioners at all. California allows one doctor to supervise, via phone, up to four nurse practitioners and two physician assistants at a time. They also can staff clinics and write prescriptions.

Even without doctors on site, good retail clinics may face more oversight and be more thorough than physicians in many small practices, says Lee Sacks, a physician and president of Advocate Health Partners, a network of almost 3,000 doctors.

Take Care plans to open 20 Chicago-area clinics this fall. In addition to providing a list of doctors for referrals, Advocate Health doctors will review 10% of Take Care patient charts and visit each clinic once a month, Sacks says.

Clinic operators know they'll be under a microscope until they've been around long enough to gain widespread respect.

Fields of the AAFP says retail clinics might be more prone to missing signs of illness than a doctor who sees a patient regularly and knows that person's medical history. The clinics also rely on patients to tell them what drugs they're taking, and some patients don't know, Fields says.

“Hopefully, (the clinics) will do no harm and will help some people,” says Fields. “It's just too soon to say.”

The Flawless Fed (WSJ)

By Arthur B. Laffer

The Wall Street Journal, August 24, 2006

You'd have to dig pretty far down in the duffle bag of economists to find one who actually believes in the Philips Curve -- the idea that rapid growth causes inflation. In truth, rapid growth in conjunction with restrained monetary base growth is a sure fire prescription for stable low inflation. The old saw that too much money chasing too few goods results in inflation couldn't be more accurate. But rapid growth does have predictable consequences on the relative prices of various products.

Prices of goods in fixed supply do tend to rise relative to all prices as the global economy accelerates. In the short run, increases in demand for products in relatively fixed supply result in higher prices rather than more output. And, of course, those products that are typically in fixed supply include commodities such as oil, gold, copper and agricultural products. But to confuse an increase in commodity prices with general inflation is a serious mistake, one which often seduces otherwise clear-thinking economists.

The influence of rapid growth on the relative prices of goods in fixed supply can be magnified by an unrelated decline in the value of the U.S. dollar in the foreign exchanges. We have seen just such a decline in recent years, and it was dramatic. Those products whose prices are disproportionately affected by world growth are generally the same products whose relative prices are increased by currency depreciation. And the dollar's depreciation has occurred in this cycle at the same time when the world has enjoyed an unprecedented boom. This convergence has exaggerated the appearance of nascent inflation and encouraged faulty thinking.

Since its most recent January 2002 peak against the euro, the dollar has depreciated against the euro by 34%. This means that over this time period, dollar prices of globally traded products have risen by 34% above and beyond the increase in euro prices. This dollar decline-induced increase in commodity prices merely reflects the movings to and fro of the U.S. terms of trade in response to the relative attractiveness of U.S. capital markets.

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With today's U.S. global capital surplus (i.e., trade deficit) equaling almost 6% of U.S. GDP -- an all-time high -- it's only natural that with improving economic conditions abroad, global investors would allocate more of their assets to foreign investments. Hence, the decline in the dollar. Over the years we've seen this type of currency move time and again. From 1978 to 1985, the foreign exchange value of the dollar doubled in response to the tax cuts and sound money of Ronald Reagan and Paul Volcker; then, from 1985 to 1993, with the end of the Reagan era and George Bush's and Bill Clinton's original tax increases, it halved back to about where it was in 1978; finally, from 1993 through 2002, the dollar once again appreciated back to its former highs because of the great economics of Presidents Bill Clinton and George W. Bush.

Whenever the dollar bottoms, it tends to bottom out at a value about where it is today. Likewise, when the dollar hits its highs, those highs are just about right in the range of the high the dollar achieved in 2002. But the recent dollar decline has doubled down on spot commodity price inflation. The global economic expansion and the sharp decline of the dollar account for all of the recent appearance of emerging inflation.

Fortunately, for the prospects for future dollar inflation, further declines in the dollar are not very likely and future world growth will taper off. But far more important for the future of inflation than these transitory phenomena is the absolutely stellar policy of the Federal Reserve in controlling the rate of growth of the monetary base. Fed policy couldn't be better.

The Fed's primary policy instrument is its control over the monetary base, which is comprised of currency in circulation and member bank reserves. The Fed creates a lot of hoopla making pronouncements about targeting the federal funds rate, but the long and the short of it is that the Fed is neither a borrower nor a lender in the federal funds market. In times past, the Fed did use the discount rate and loans through the discount window as a policy tool, but no longer. Changes in the federal funds target rate are basically a reaction to changes in the 91-day Treasury bill yield and not a signal of prospective policy. The monetary base, however, is the key to Fed policy and future inflation.

It is here where the Fed has deliberatively and purposively kept the reins on inflation during a rather turbulent time. The Fed not only avoided a massive financial catastrophe in the aftermath of the 9/11 attacks, but has also maintained tight control over the monetary base as the economy strengthened and the dollar fell. In the nearby chart is a plot of the log of the monetary base since early 2001. The spike in the monetary base circa Sept. 11, 2001, reflects the Fed's wisdom to discount freely in times of crisis and then remove that excess monetary base when the crisis is over to avoid inflation.

Post-9/11, the Fed has gradually lowered the growth rate of the monetary base to offset any tendencies for inflation to get a foothold as the dollar fell and world growth surged. The job the Fed has done has been flawless, nothing short of amazing. Walter Bagehot would have been impressed were he alive today. And the financial markets know it.

The bond market is the best place to look for overall expectations of inflation and nominal yields out into the future. Because of the creditworthiness of the U.S. Treasury, 10-year U.S. note yields reflect the market's risk-free expected nominal yield over the coming 10 years. The expected nominal yield is the expected real yield plus the expected rate of inflation.

Fortunately, the Treasury has over the recent past begun to issue an instrument called the Treasury Inflation-Protected Security (TIPS) in a wide range of maturities including a 10-year note. The yield on this TIPS note is for all practical purposes the expected real yield over the horizon of the maturity of the note. To calculate the market's expectations of inflation over the coming 10 years, one need only subtract the TIPS yield from the nominal yield. In the second nearby chart I've plotted all three -- the nominal yield, the TIPS yield and the expected rate of inflation. As is clear, over the past three years there has been no upswing in the market's expectations of inflation.

Markets aren't so dumb after all.

Mr. Laffer is founder and chairman of Laffer Associates.

An Honor And A Boon For Nine Nonprofits (WP)

By Judy Sarasohn

The Washington Post, August 24, 2006

Genius awards for nonprofits?

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The John D. and Catherine T. MacArthur Foundation , known for the fellowship program in which it gives $500,000 to individuals in many fields, has created a similar prize for nonprofit organizations. The prizes for nonprofits were given today to nine groups, including a reconstituted D.C. organization now known as Knowledge Ecology International .

That group, formerly the Ralph Nader -affiliated Consumer Project on Technology, pushes the United States and the international community to overcome patent and other intellectual property rights hurdles to make drugs to fight AIDS and other diseases available in poor countries.

"This small, effective and agile team of professionals . . . has played a key role in major international debates on intellectual property, including helping to pave the way for making essential medicines more available and affordable in developing countries," the foundation said.

James Love , who leads KEI, says the group is going to push for legislation in Congress next year to drive down the price of drugs by changing how research and development are financed. The goal would be for development to be based on drugs' potential health benefits, not on their potential market value. If this "new paradigm" is successful with the U.S. pharmaceutical industry, Love says, the impact would be felt internationally as well. The legislation is to be sponsored by Rep. Bernard Sanders (I-Vt.).

"We're going to make a run [in Congress] on this new idea," he said yesterday. The lobbying focus, he said, will probably be on trying to develop a citizens movement similar to the one that supported importing less-pricey Canadian drugs.

KEI received $500,000 from the MacArthur Foundation to help with start-up costs associated with becoming an independent nonprofit.

Love said he was recruited by Nader in 1990. Over time, Love said, his organization has become more focused on intellectual property and international issues than Nader is. "We wanted to have a bit more of our own culture," Love said of the decision to reconstitute the group.

MacArthur Foundation President Jonathan F. Fanton said the awards, from $250,000 to $500,000, were designed to bring visibility and assistance to creative and effective nonprofits "at a moment when a significant grant will help."

Also receiving awards today are the Chicago Rehab Network, which works on preserving affordable housing; the North Lawndale Employment Network of Chicago, which helps formerly incarcerated people to get jobs; RealBenefits of Boston, a Web-based service that helps poor people seek public assistance; and nonprofits in Nigeria, Mexico, Russia, Peru and India.Ledger of Lobbyists' Spending

Lobbying expenditure reports, which were due to Congress on Aug. 14, are starting to come in, and PoliticalMoneyLine, which follows lobbying and campaign money, has found some interesting ones. And despite lobbying scandals and tight corporate budgets, it seems there's always money to lobby.

According to PoliticalMoneyLine, the U.S. Telecom Association reported spending $15.28 million on lobbying during the first six months of 2006, up from $5.34 million for the last six months of 2005. The U.S. Chamber of Commerce spent $14.3 million, up from $10.54 million in the last six months of 2005, although its Institute for Legal Reform dropped to $9.22 million from $10.25 million.

Freddie Mac's spending on lobbying, however, dropped 20 percent. It spent nearly $4.25 million in the first six months of this year, compared with $5.3 million for the last six months of 2005. Fannie Mae reported a small increase to $5.28 million.

PoliticalMoneyLine's Kent Cooper noted that these lobby reports are not required to include costs for issue ads and certain other expenses often associated with lobby campaigns.Here and There

Moving about town . . . Andrew Gray , formerly communications director for the Senate Banking, Housing and Urban Affairs Committee under the chairmanship of Sen. Richard Shelby (R-Ala.), has joined Ogilvy Public Relations Worldwide . Gray had also been deputy press secretary for Shelby.

The National Association of Manufacturers has signed on Jeri Gillespie as vice president of human resources policy. Gillespie was director of government affairs for NCR Corp.

Jefferson Consulting Group has picked up Timothy Coffin as a vice president. Coffin founded Celtic Consulting , helping clients get business from the Homeland Security and Defense departments, as well as the intelligence community.

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Alaska Gov. Murkowski Finishes Third In Republican Primary (WP/AP)

By Matt Volz

The Washington Post, August 24, 2006

ANCHORAGE, Aug. 23 -- Alaska Gov. Frank Murkowski, whose missteps over the past four years have turned him into one of the most unpopular governors in state history, soundly lost his bid for reelection, finishing last in a three-way race for the Republican nomination.

With 87 percent of precincts reporting, Sarah Palin, a former Wasilla mayor, won the GOP nomination with 51 percent of the vote. Former state legislator John Binkley came in second with 30 percent. Murkowski polled just 19 percent.

Palin will next face Tony Knowles, a former two-term governor. Knowles handily won the Democratic primary with 74 percent of the vote, beating state Rep. Eric Croft.

Elections also were held Tuesday in Wyoming, where incumbent Dave Freudenthal easily won the Democratic gubernatorial primary, and in Oklahoma, where three-term Lt. Gov. Mary Fallin won the Republican nomination in District 5 in her bid to become the state's first female member of Congress since 1920.

Alaska voters were leaning toward adopting a $50-per-person tax on cruise ship passengers. Proponents want the industry to pay more for improving ports and other visitor services. With 87 percent of precincts reporting, 52 percent of Alaskans had voted for the tax and 48 percent against it.

Murkowski, 73, sought to make the primary a referendum on his proposal to build a $25 billion natural gas pipeline to Canada, calling the project "the greatest significant event since statehood."

His approval ratings have skidded over the past four years because of much-criticized decisions. They include appointing his daughter to his Senate seat and buying a state jet after his request for the aircraft was denied by the federal government and the state legislature.

In Oklahoma, Fallin easily won the Republican nomination Tuesday in the race for the U.S. House seat being vacated by Rep. Ernest Istook.

Fallin defeated Oklahoma City Mayor Mick Cornett, and she will be favored in the general election against Democrat David Hunter and independent Matthew Horton Woodson. All three hope to replace Istook, a Republican running for governor after seven terms in Congress.

Fallin was the first woman and first Republican to be elected lieutenant governor.

In Wyoming, Freudenthal handily defeated challenger Al Hamburg for the Democratic gubernatorial nomination. Freudenthal received 89 percent of the vote against Hamburg, a retired house painter whose 1989 conviction for election fraud would have prevented him from holding office if he had won.

Freudenthal will face Ray Hunkins, a lawyer and rancher, who also was an easy winner on the Republican side. And Republican Barbara Cubin, who holds Wyoming's lone U.S. House seat, held off a primary challenge from Bill Winney, a retired naval officer.

Alaska Governor's Defeat Latest Sign Of Surly Electorate (USAT)

By Kathy Kiely

USA Today, August 24, 2006

WASHINGTON — Alaska Gov. Frank Murkowski's defeat in his state's Republican primary is the latest sign that incumbents are facing tougher races than usual, political analysts said Wednesday.

Murkowski got 19% of the vote Tuesday, placing last in a three-way race. His loss sets up a fall contest between Republican Sarah Palin, 42, the former mayor of Wasilla, and Democrat Tony Knowles, 63, who held the governor's seat for two terms from 1994-2002.

Murkowski was burdened by a number of controversies of his own making, including his decision to appoint his daughter, Lisa Murkowski, to succeed him in the U.S. Senate. Even so, the decisiveness of his defeat is an indication of the “surly” mood of the voters, according to Jennifer Duffy, an analyst with the non-partisan Cook Political Report.

“Generally speaking, incumbents get the benefit of the doubt from voters,” Duffy said. “They're not getting it this time.”

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Governors having tight races include:

•Jim Doyle of Wisconsin: Watchdog group Common Cause has accused Doyle, a Democrat, of steering state contracts to campaign contributors. In a June Strategic Vision poll, the race was deadlocked with 45% for Doyle and 46% for his Republican opponent, Rep. Mark Green. Doyle has since opened a lead on Green.

•Robert Ehrlich of Maryland: He's a Republican seeking re-election in a state where Democrats hold a nearly 2-to-1 registration edge. In a June poll for The Washington Post, his opponent, Baltimore Mayor Martin O'Malley led 50%-41%. They are now about even.

•Jennifer Granholm of Michigan: She's a Democrat struggling against a tide of bad economic news in a state that depends on the auto industry for jobs. In a June poll for The Detroit News, Republican Dick DeVos, led 48%-40%. Granholm now leads by about the same margin.

Murkowski is the fourth prominent elected official to suffer a primary defeat recently. The others are Sen. Joe Lieberman, D-Conn., and Reps. Cynthia McKinney, D-Ga., and Joe Schwartz, R-Mich.

The voters' message in Alaska was "spare us the petty, personal nitpicking that I think people all across America are sick and tired of," Palin said in an interview. She said she won the race despite being outspent nearly 4-to-1 because she presented "a new vision" and defied political orthodoxy, including her own party's. "I didn't solicit any special interest money," she said.

Murkowski came under fire for a controversial proposed natural gas pipeline contract and for his effort to end a "longevity bonus" that provided up to $250 a month for senior citizens in Alaska.

Both Palin and Pat Ginsburg, the communications director for Knowles, predicted a close race this fall. Ginsburg called Palin a "formidable" campaigner but predicted that Alaskans will opt for "the real experience" represented by Knowles, who narrowly lost a Senate race to Lisa Murkowski in 2004.

"He will be a tough competitor," Palin said of Knowles.

The key person in the race could turn out to be Andrew Halcro, 41, a centrist Republican who is running for governor as an independent. Carl Shepro, a political scientist at the University of Alaska, said Halcro, a former state representative and Avis executive, "could swing the election to Knowles."

But he added, "Sarah Palin surprised a lot of people."

Governor Finishes Third In Alaska G.O.P. Primary (NYT)

By William Yardley

The New York Times, August 24, 2006

ANCHORAGE, Aug. 23 — Gov. Frank H. Murkowski was decisively defeated in a Republican primary on Tuesday, a loss the governor interpreted as a rejection of his leadership style but one that also echoed an anti-incumbent mood elsewhere in the country.

Mr. Murkowski, 73, a former United States senator who left Washington in his fourth term to run for governor in 2002, won 19 percent of the vote in his bid for a second term, placing third in a three-way race, according to partial results released Wednesday.

Sarah Palin, 42, a former mayor of the little town of Wasilla who rose to prominence as a whistle-blower uncovering ethical misconduct in state government, won the nomination for governor with 51 percent of the vote.

John Binkley, a former state senator, received 30 percent. Mr. Murkowski promised to support Ms. Palin in November, when she faces former Gov. Tony Knowles, a Democrat who left office in 2002 because of term limits. Mr. Knowles, who made an unsuccessful bid for the United States Senate two years ago, won the Democratic primary with 69 percent of the vote.

In a brief interview on Tuesday night, after having told supporters at his campaign headquarters that he would concede, Mr. Murkowski suggested that his style in the Senate, where he unsuccessfully fought to open the Arctic National Wildlife Refuge to oil and natural gas exploration and to expand logging in Tongass National Forest, had not translated well to the state capital.

"Maybe they just weren't used to somebody who calls them as he sees them," he said of the voters who rejected him.

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The dominant policy debate of the Republican primary centered on the longstanding goal of building a pipeline for natural gas from the North Slope into Canada, a development that many people here say is critical for the state's economy as oil production declines.

"It has to be pushed hard," Ms. Palin said in an interview. "It is the future of the Alaska economy. But we have to have a shift of emphasis."

While Mr. Murkowski's defeat suggested a rejection of his plan, which would give generous incentives to oil companies that invest in the pipeline, many people linked the loss more closely to the governor's brazen ways and missteps.

Several moves cost him support. He appointed his daughter Lisa to complete his Senate term. He eliminated a "longevity bonus" for the elderly that had been intended to keep them from leaving the state.

He proposed taking money from a reserve account financed by oil taxes to balance the budget. And, after state and federal agencies rejected his efforts to buy a jet for the use of the governor's office, he took out a line of credit from a bank and bought the plane anyway.

Dennis Fradley, a chief of staff in Mr. Murkowski's Senate office in the 80's and his communications director as governor, noted that two other longtime lawmakers in Alaska lost state legislative races on Tuesday.

"I don't know if it was 'throw all the rascals out,' but I do think it's wanting new faces," Mr. Fradley said. "I think his timing couldn't have been worse that way. He was giving people a reason at the same time people were giving less weight to seniority and history."

The governor did not announce his re-election bid until late May, a fact that aides said hurt his fund-raising and limited their ability to polish his image. In the short summer campaign, Mr. Murkowski appeared in television commercials in a confessional mode, suggesting in one that he might need a "personality transplant."

Senator Lisa Murkowski, who won a full term in 2004, noted that new residents had flooded Alaska since her father and the state's two other Republican giants, Senator Ted Stevens and Representative Don Young, were first elected decades ago.

"They're brand new," Ms. Murkowski, 49, said. "They're seeing these older people leading the state, and they're saying, 'Hey, I want some new blood.' And I think Sarah was that fresh face."

Stephen Haycox, a professor of history at the University of Alaska, Anchorage, and the author of "Frigid Embrace: Politics, Economics and Environment in Alaska," said Mr. Murkowski's defeat was a manifestation of a developing pattern. "I think the sense that change is desirable is a transcendent theme," Professor Haycox said.

Paul Pierson, a professor of political science at the University of California, Berkeley, said Mr. Murkowski's loss, while rooted in local issues, might show something broader about voters as polls show high disapproval over how some incumbents handle issues like the Iraq war.

"That seems like the link that would be worth exploring," Professor Pierson said, "that people are in a sour mood and they're willing to look beyond the presumption they would usually give incumbents."

Alaska Primary Reflects Unease With Incumbents (WSJ)

By Christopher Cooper

The Wall Street Journal, August 24, 2006

In another sign of voter dissatisfaction with political incumbents seeking re-election, Alaska Gov. Frank Murkowski failed to win his party's nomination in Tuesday's primary.

Mr. Murkowski's 18.9% of the Republican vote and distant third-place finish mirrored his showing in recent voter surveys, and his defeat -- which followed some contentious actions during his term -- wasn't unexpected. But in what may be an Election Day bellwether, Mr. Murkowski's loss follows the defeats of several Republican incumbents in Pennsylvania and Indiana primaries. It also appears to track the current political fortunes of a handful of other governors who face tough races.

Public unease with the Republican-dominated White House and Congress is driving voter revolts in many areas of the country, but Mr. Murkowski's problems were rooted in a local issue: his drive for a 2,200-mile natural-gas pipeline from Alaska's North Slope to Alberta, Canada, and perhaps on to Chicago. The project would put Alaska in a venture with BP PLC, ConocoPhillips and Exxon Mobil Corp., and critics said Mr. Murkowski was ceding too much to the companies and not getting

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enough in return. Discontent with the deal, coupled with anger over the shutdown for overdue maintenance of a BP oil pipeline -- and the subsequent loss of state tax revenue -- drove Mr. Murkowski's shaky standing with voters even lower. (See related article.1)

The Republican primary winner with 51.1% of the vote, Sarah Palin, a former small-town mayor, will square off against former Democratic Gov. Tony Knowles in November. Most current polls favor Mr. Knowles.

Tight races also are shaping up for Democratic governors in Oregon, Michigan and Wisconsin and the Republican incumbent in Maryland. None, however, are likely to end in a pronounced defeat like Mr. Murkowski's.

Political experts say that while local issues are at the root of many tight gubernatorial races, a general unease among voters that begins at the White House and trickles all the way down to local legislative districts could eliminate the traditional edge incumbents have over rivals. In Michigan, one issue that is making the race a close one is jobs -- or the lack of them. In Pennsylvania, voter anger over legislative pay raises helped defeat a number of longtime incumbents, while in Indiana, a debate over a toll road seemed to be the trigger for voter ire.

Tim Storey, a political analyst with the nonpartisan National Conference of State Legislatures, said that while Mr. Murkowski's troubles probably stemmed more from local issues than national ones, the general rule in off-year elections is that the party in control of the White House often suffers across the board when voters show significant dissatisfaction with the president's performance. But incumbents of all political stripes should cast a wary eye on national polling, and particularly right track/wrong track numbers, which he said currently show an unusually high amount of voter dissatisfaction.

"There's anxiety among voters and that can never be good news for incumbents," Mr. Storey said." I think it will be a tough year for incumbents."

And if incumbents are in trouble, it's Democrats who are likely to see the biggest benefit. Stuart Rothenberg, a nonpartisan political analyst, expects Democrats to see net gains in governors' races nationwide, in large part because Republicans have more of them to defend this fall. Nationally, 36 governors are defending their seats in November; 22 of them are Republican.

In a recent national analysis of election trends at the state level, Mr. Rothenberg wrote that Democrats could gain five to seven seats, falling short of the 10 governorships Republicans picked up in 1994, when their party posted a sweep of victories at the state and national levels.

Lieberman Certified To Appear On Ballot (AP-Y)

By Susan Haigh

AP, August 24, 2006

U.S. Sen. Joe Lieberman, who relaunched his campaign as an independent after losing the Democratic primary, has enough valid voter signatures to secure a spot on the November ballot, the secretary of the state announced Wednesday.

Lieberman far exceeded the 7,500 signatures necessary to be certified as a third-party candidate, Secretary of the State Susan Bysiewicz said.

His name will appear on the general election ballot under his newly created party, Connecticut for Lieberman. By creating the party, Lieberman secured a position higher on the ballot than he would have had as an independent.

"We are happy to have cleared this hurdle, so we can focus on bringing people together in Connecticut for a new politics of unity and purpose," said Dan Gerstein, Lieberman's campaign spokesman.

Lieberman lost the Aug. 8 Democratic primary to Ned Lamont, a Greenwich businessman who criticized Lieberman for his support of the Iraq war and perceived closeness to President Bush. Lamont's 10,000-vote victory was seen as a referendum on an unpopular war.

The day after the primary, Lieberman submitted petitions to create his own political party and appear on the ballot along with Lamont and Republican Alan Schlesinger.

Lieberman says he would still vote with Democrats if elected to a fourth term.

Lamont's campaign manager, Tom Swan, said he was "confident that our message of change will trump his stay-the-course message in November."

National Democrats came out in support of Lamont shortly after the election.

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The United Auto Workers endorsed Lamont on Wednesday, a day after representatives of about other 20 union locals held a rally for Lieberman.

The UAW's political action committee offered Lamont $5,000 Wednesday, but the multimillionaire said he is not accepting PAC contributions. UAW regional director Bob Madore promised him 5,000 volunteers instead. The UAW has about 20,000 active and retired members in Connecticut.

Lieberman is accepting PAC contributions.

An American Research Group poll released Tuesday showed Lieberman and Lamont about even among likely voters, with Lieberman receiving 44 percent of the vote, Lamont 42 percent and Schlesinger 3 percent. Last week, a Quinnipiac University poll showed Lieberman leading Lamont by 12 percentage points among likely voters.

Liberman's new political party will appear on the ballot after the two major parties and several existing third parties that have run candidates in the past.

Green Party candidate Ralph A. Ferrucci and Concerned Citizens candidate Timothy A. Knibbs were both approved for the ballot Wednesday. Their parties must submit an official endorsement of their candidates by Sept. 13. Bysiewicz said signatures are still being verified for the Independent Party of Connecticut.

Lieberman Turns Defense Of Iraq War Into An Offense (NYT)

By Jennifer Medina

The New York Times, August 24, 2006

HARTFORD, Aug. 23 — When Senator Joseph I. Lieberman battled Ned Lamont in the Democratic primary earlier this month, he frequently tried to avoid speaking about the war in Iraq. And when he did discuss it, his remarks were typically limited to defending his steadfast support for the war against Mr. Lamont, who derided him as a cheerleader for Bush administration policies.

But since losing the primary, Mr. Lieberman has said that he allowed Mr. Lamont to distort his record. Now, as he builds his campaign as an independent candidate, Mr. Lieberman is speaking more forcefully and in starker detail about why he believes the United States must remain militarily engaged in Iraq.

And he is painting a dire picture of what will happen if American forces are withdrawn too quickly: civil war in Iraq, skyrocketing oil prices, an emboldened Iran and expanding Islamic terrorism.

In an interview with Don Imus on Wednesday, for instance, Mr. Lieberman said that setting a timeline for troop withdrawal — a position favored by Mr. Lamont and several other Democrats — would create a situation “infinitely worse.”

“It will be an all-out civil war,” Mr. Lieberman said. “The Iranians will rush in and control probably at least the southern part of Iraq. The terrorists will establish safe havens there from which they will attack other Arab countries and us and that’s worse than where we are now.”

The statements echoed those Mr. Lieberman made a day earlier, in an interview with a conservative radio talk show host, Glenn Beck, who repeatedly called Mr. Lieberman a friend and vowed to support him.

During that interview, Mr. Lieberman seemed to agree with Mr. Beck that the struggle against “Islamist terrorists” was similar to the campaign to contain fascism on the eve of World War II. During that interview, Mr. Beck said that invading Iraq on the basis of a perceived threat of weapons of mass destruction was a “nice side benefit,” but that the broader goal was to “go and pop the head of the snake in Iran.”

“I don’t think anybody had the courage or could actually come out and say that with world politics the way they are,” Mr. Beck added.

Mr. Lieberman responded: “Well, you’re right. And I think if I fault the administration for anything before the war — because I think we did the right thing in going in to overthrow Saddam — it’s that they oversold the W.M.D. part of the argument.”

Mr. Lieberman’s stronger comments about Iraq and the Middle East seem a reflection of his desire to win over independents and Republicans who are considered more likely to support Mr. Bush and the war than Democratic primary voters.

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The senator's aides, who did not alert reporters to his appearance on Mr. Beck's program, say his recent remarks simply expressed long-held positions. They also noted that Mr. Lieberman has criticized the Bush administration for its handling of the war and said on Sunday that Defense Secretary Donald H. Rumsfeld should resign.

"He is saying clearly what he believes," said Dan Gerstein, Mr. Lieberman's communications director. "This is a very legitimate difference in their approach to policy, that reflects their experience and understanding of the threat."

Mr. Lamont has been quick to pounce on Mr. Lieberman's strong comments about Iraq, saying that the incumbent continues to advocate a "stay the course" position on the war and is "out of step with Connecticut voters."

"If we really want the Iraqi government to succeed, we need to begin to bring our troops home so our military will not be a crutch and so that the Iraqis will take responsibility for their own security and their own future," Mr. Lamont said in a statement Wednesday.

Mr. Lamont also criticized Mr. Lieberman for his explanation of why the United States initially invaded Iraq, saying that he was muddying the waters.

"Given his recent comments, it's becoming less and less clear what Joe really believes our mission is in Iraq, why he supported the war, and more and more clear that he has no plan to get us out," Mr. Lamont's statement said.

Allen Calls Webb Aide, Apologizes For Remark (WP)

By Michael D. Shear And Tim Craig

The Washington Post, August 24, 2006

Virginia Sen. George Allen apologized directly to S.R. Sidarth yesterday, telling the 20-year-old Democratic campaign staffer that he was sorry for offending him with remarks that have generated nationwide criticism for being racially insensitive.

Allen's telephone call to Sidarth was the first direct contact between the two since Allen (R) was caught by Sidarth's video camera calling him a "macaca" and welcoming the Fairfax native to "America and the real world of Virginia."

Sidarth said Allen told him that the apology was "from his heart."

"His main point was he was sorry he offended me," Sidarth, a fourth-year University of Virginia student, said in an interview later. "He realized how much he offended me from the comments I made in the media."

The call followed a series of public mea culpas , including one heard across the country Tuesday on a conservative radio talk show hosted by commentator Sean Hannity.

"I take full responsibility. I'm not offering any excuses because I said it, and no one else said it," a somber-sounding Allen told Hannity's audience of more than 12 million listeners. "It's a mistake. I apologize, and from my heart, I'm very, very sorry for it."

Allen also apologized Tuesday at the Greenspring Village retirement community in Springfield, saying "from the deepest part of my heart, I'm sorry and I will do better."

The term "macaca" refers to a genus of monkey and is considered an ethnic slur in some cultures. After Democratic challenger James Webb's campaign posted Sidarth's video on the Internet, the incident became national news and has left Allen on the defensive. The senator had issued a public apology and had said he was sorry at other recent events. Political observers said Allen appears to be trying to put the controversy behind him with more fervent expressions of regret.

But even as he did so, about 50 Democratic activists protested outside a Fairfax County fundraiser for Allen headlined by President Bush. As Bush arrived in Virginia last night, Democrats waved signs that included phrases such as "Hey, George, macaca is a bad word." About the same number of Allen supporters offered signs saying "We love George. We support you."

As the senator was apologizing, his campaign manager continued to blame Webb, the media and the senator's "leftist" foes for the controversy.

"It's great to have the president in Virginia, raising substantial amounts of money so we can fight off the scurrilous attacks by our opponent and his leftist allies," campaign manager Dick Wadhams said in an interview.

Last weekend, Wadhams sent a memo to GOP supporters in which he accused the media of creating a "feeding frenzy" over the incident and called it a "desperate attempt to revive a campaign that was fast-sinking -- the Webb campaign."

Asked whether that message is consistent with Allen's apologies, Wadhams said, "I think the memo speaks for itself."

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Charlie Cook, editor of the Cook Political Report, said the Allen campaign is pursuing a two-pronged strategy aimed at convincing some voters that Allen is sorry while motivating his base with attacks against liberals and the media.

"They need a better foil," Cook said. "They need to shift this into 'We're the persecuted.' It was a very, very calculated move."

Mark Rozell, a politics professor at George Mason University, said the comments by Wadhams and Allen are "completely inconsistent" but are part of "a well-thought-through strategy to speak to different audiences."

Rozell said Allen's campaign has probably seen polling data that suggest he is losing support in Virginia, where he is fighting for a second term, and nationally, where he might run for president in 2008.

"The fact that the senator has been so profusely apologetic suggests that he and his campaign strategists know that this incident has really hurt him," Rozell said.

Sidarth, who had been assigned by the Webb campaign to follow Allen on a swing through Southwest Virginia, said he asked Allen why it took him so long to apologize personally.

Allen said he had expected to see Sidarth on the campaign trail again and had wanted to apologize in person, Sidarth and Wadhams said.

"I still have some questions about why it took so long, but, yes, he did the right thing," Sidarth said. Asked whether he thought the apology was sincere, Sidarth declined to comment.

The Bush fundraiser was held at the home of former Republican National Committee chairman Ed Gillespie. As Bush's motorcade approached, Allen and Webb supporters tried to drown each other out. Allen supporters yelled "We love George" as Webb fans yelled and waved signs, which included phrases such as "Hey George Allen, Welcome to the real Virginia."

Norm Atkins, an Allen supporter from Falls Church, said the senator's "mouth goes faster than his brain. I don't think it was intended to be negative, but it was to someone from the Democratic Party who was, let's face it, making trouble."

Terry Hartnett, a Webb supporter who lives in Burke, said George Washington's house, Mount Vernon, is a mile away from the fundraising site. "This is the real Virginia. If he [Allen] doesn't think this is the real Virginia, why does he live here?"

Allen lives in the Mount Vernon community of Fairfax County, also about a mile from Gillespie's house. Many of the several dozen Allen supporters outside the fundraiser said it is time to forgive and forget. "We make mistakes, we apologize and we move on," said Juanita Balenger of Annandale. "God forgives us for our mistakes. If he can do it, so can the media and all those offended."

Senator Apologizes To Student For Remark (NYT)

By Carl Hulse

The New York Times, August 24, 2006

WASHINGTON, Aug. 23 — Senator George Allen of Virginia personally apologized to a volunteer for his opponent's campaign on Wednesday for a perceived racial insult, addressing a misstep that has complicated his re-election campaign and raised doubts about his potential as a Republican presidential contender in 2008.

A few hours before he appeared with President Bush at a fund-raising event, Mr. Allen telephoned the volunteer, S. R. Sidarth, to say he was sorry for mockingly referring to him as "macaca" at an Aug. 11 campaign event. Mr. Sidarth, a 20-year-old college student, caught the moment on video as part of his job of recording Mr. Allen's public appearances, and it quickly became a sensation on television and the Internet.

"He apologized for his comments," said Mr. Sidarth, who is an American of Indian descent, in a telephone interview from the University of Virginia, where he has resumed his classes. "He took the blame for saying them, and he said he didn't realize how offended I was until he heard my comments from the media."

The word has been interpreted in various ways and is considered a slur in some parts of the world. Mr. Sidarth said he took offense at what he judged to be a mean-spirited remark tied to his skin color. He said Mr. Allen said that he had waited to apologize because he thought he would encounter Mr. Sidarth on the campaign trail, but that they had not crossed paths.

The initial comment, at an appearance in southwestern Virginia, shed an unflattering light on Mr. Allen in a re-election contest that was supposed to be a warm-up for a bid for the Republican presidential nomination. Analysts and political operatives

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agree that the incident has provided an opening for Mr. Allen's Democratic opponent, James Webb, a former Navy secretary who remains a long shot.

Republicans have rallied around Mr. Allen as evidenced by Mr. Bush's decision to go ahead with the fund-raising event at the northern Virginia home of Ed Gillespie, a former national party chairman and Washington powerbroker.

"Senator Allen has made an apology," said Dana Perino, a White House spokeswoman. "It is in all of our best interest who work in politics and work to improve the tone and the discourse that when apologies are offered they are accepted."

Mr. Bush has been less tolerant of racially charged comments in the past even when apologies were proffered. His lack of support for Senator Trent Lott of Mississippi as majority leader in 2002 after a racially tinged remark was instrumental in Mr. Lott's being ousted by Senator Bill Frist of Tennessee. At the time, Senator Allen was an early advocate of making that switch.

But Republicans are in a close fight for control of the House and Senate and need every seat, so a presidential snub of Mr. Allen could roil the campaign of a dependable White House ally. Both Republicans and Democrats say the tempest in Virginia has already done some damage.

Stuart Rothenberg, a nonpartisan analyst of Congressional races, said he moved the Allen race out of the safe-Republican category though he still rated Mr. Allen with a formidable advantage. "I think it provides an opening for Jim Webb, and we will see over the long haul how it plays," Mr. Rothenberg said.

Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, said he also believed that the incident changed the dynamic of the Virginia contest. "This series of missteps has made this a much more winnable race for us, and it is high on the radar screen," Mr. Schumer said.

But advisers to Mr. Allen, while conceding that the incident threw the campaign temporarily off stride, say they are confident he will prevail.

"In the long term, Senator Allen will be re-elected," said Dick Wadhams, his campaign manager. "And that is the only thing that matters."

Like other Allen backers and some impartial analysts, Mr. Wadhams said the incident was badly overblown. Mallory Factor, a major Republican fund-raiser, called it "much ado about nothing."

Yet even some Republicans say it could intrude on Mr. Allen's presidential aspirations, when he would have to appeal to a much wider audience. And the macaca gaffe could play into an earlier history that has raised the suggestion of racial insensitivity through Mr. Allen's 1984 opposition to a Martin Luther King Jr. holiday as well as an affinity for the Confederate battle flag. In the Senate, Mr. Allen has sought to correct that image through support for historically black colleges and a call for an official apology for the Senate's failure to enact antilynching laws.

Grover Norquist, a Republican strategist, dismissed criticism of Mr. Allen's reported displays of the battle flag as a young man, including in his yearbook photo.

"Does the left want to say that anybody who when they were 17 or in college wore a T-shirt with Che Guevera on it was a Communist?'' Mr. Norquist said. "I am sorry, but being a rebel when you are in high school is what you want to do."

At Allen headquarters, advisers say they are not thinking about 2008. "We are focused on running and winning re-election in 2006," Mr. Wadhams said.

Sen. George Allen Gives Direct Apology (AP-Y)

By Bob Lewis, Associated Press Writer

AP, August 24, 2006

An obscure word played for laughs from a mostly white crowd at the expense of a man of Indian descent clouds what has been a bright political career for Sen. George Allen, including any White House plans.

The Republican, seeking a second term as he explores a 2008 presidential run, apologized directly Wednesday to the Democratic aide he targeted, then joined President Bush for a private fundraiser in the Virginia suburbs of Washington.

But the damage has been done and it will haunt Allen for a while, said Merle Black, a political scientist at Emory University in Atlanta and a specialist in presidential and congressional races.

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"Clearly this has damaged his presidential aspirations," Black said in a telephone interview. "It just raises questions about his judgment and how sincere he is in how he deals with these kinds of issues."

At an Aug. 11 rally with about 100 supporters at Breaks, Va., near the Kentucky border, Allen singled out S.R. Sidarth, a volunteer who was tracking Allen and videotaping his campaign events for Democrat Jim Webb, and twice called him "Macaca."

"Let's give a welcome to Macaca here. Welcome to America and the real world of Virginia," Allen said over laughter and ovations to Sidarth, a 20-year-old of Indian ancestry who was born in Fairfax County.

Macaca is a genus of monkeys including macaques. The name also could be spelled Makaka, which is a city in South Africa. Sidarth said he felt Allen tried to single him out by race.

Sidarth recorded Allen, Webb's campaign posted the video on YouTube, and then the campaign alerted reporters. Within days, it became the dominant political story on network and cable news programs. Perhaps more damaging, it became grist for late-night talk shows and Comedy Central's "The Daily Show," with Jon Stewart.

"In politics, when you become fodder for David Letterman and Jay Leno and Jon Stewart, you know you've had a bad day," said Tom Rath, a Republican National Committee member from New Hampshire.

To remain a strong presidential contender, Allen needs to beat Webb convincingly, and that job has become much tougher, Black said. "If it's close, that would be a sign of weakness and it will not help him in a national race," he said.

Allen's Senate candidacy alone has kept him from visiting the crucial early voting states — Iowa and New Hampshire — that potential GOP rivals John McCain, Rudy Giuliani, Mitt Romney and others are touring this year.

And wherever Allen goes, Black said, the video will be hard for Allen to shake because it shows him pointing to Sidarth and singling him out for derision, and because he smiled as he needled Sidarth, seemingly enjoying the moment.

"He was giving no consideration to how this event would look if it went on TV," Black said.

Allen tracked Sidarth down Wednesday at the University of Virginia where he had returned for senior year of classes and apologized to him personally, said campaign manager Dick Wadhams.

"Senator Allen made a heartfelt apology. He told Sidarth he thought he would see him on the campaign trail, but Sidarth had headed back to U.Va., so we Googled his name, found his number and the senator called him this morning," Wadhams said.

GOP strategists agreed that Allen has damaged himself, but the incident need not doom him politically.

"Senator Allen needs to make it clear that he made a mistake, that this was obviously something he should not have done," said Mike Mahaffey, a former Iowa Republican Party chairman.

Iowa's nominating caucuses rely on one-to-one politics, giving Allen a chance to personally appeal to voters and convince them the incident was an aberration.

"If he can come across as sincere in that regard, it will not hamper him in Iowa," said Mahaffey, a GOP activist with a law practice in Montezuma, Iowa.

Rath said Allen's conservative credentials and his personal charm can appeal to New Hampshire Republicans if they get to know him. But because the Senate race keeps Allen in Virginia, Rath said, he remains "sort of the man behind the curtain here."

"To suddenly come back in this context is probably not the way he would have designed it," Rath said. "But I don't think it's fatal to him and a lot of Republicans here are very interested in taking a good hard look at George Allen."

Senator To 'Macaca': Sorry (WP)

The Washington Post, August 24, 2006

TWELVE DAYS after his now-notorious "macaca" comment, Sen. George F. Allen (R-Va.) succumbed to the political equivalent of begging for mercy: He apologized to his victim. Yesterday he telephoned S.R. Sidarth, a student at the University of Virginia who is of Indian ancestry, and said he was sorry for holding him up to public ridicule at a rally held in a 99 percent white county in southwest Virginia on Aug. 11. Mr. Sidarth, who is from Fairfax County, was videotaping the rally on behalf of Mr. Allen's Democratic opponent, James Webb.

The senator's gesture was apt, but it hardly seemed sincere. Even as he apologized, his campaign continued its two-faced strategy of simultaneously scoffing at the entire incident as what Dick Wadhams, Mr. Allen's campaign manager, has said is a contrivance. To Mr. Wadhams, politics means never having to say you're sorry.

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Mr. Wadhams, an itinerant political hit man known for his nasty attacks on opponents, told Republican leaders in a memo sent over the weekend that the Webb campaign and the media had ganged up "to create national news over something that did not warrant coverage in the first place."

He continued: "Never in modern times has a statewide office holder and candidate been so vilified." In other words, Mr. Allen is the victim -- not the 20-year-old student whom he mocked with an insulting, possibly racist slur in front of scores of chortling supporters and demeaned by saying, "Welcome to America and the real world of Virginia!"

Unlike Mr. Allen, whose contrition has become increasingly abject over time, Mr. Wadhams has been consistent. His first pronouncement to journalists, a week and a half ago, was to refer to the "macaca" story with a barnyard epithet and insist that the senator had nothing to apologize for. He has stuck with that assessment.

With Mr. Allen plummeting in the polls and his reelection prospects now in doubt, he and Mr. Wadhams are in damage-control mode. They have dropped their far-fetched insistence that the word "macaca" referred to Mr. Sidarth's hairstyle. But they ought to get their stories straight. Is the Allen campaign really sorry? Or are the senator's adversaries just making a mountain out of "macaca"?

Steele Gaining Blacks' Support (WT)

By Jon Ward

The Washington Times, August 24, 2006

The Maryland Democratic Party's traditional support among blacks appears to be slipping, now that hip-hop mogul Russell Simmons -- who has helped register thousands of Democratic voters -- has endorsed Republican Michael S. Steele for the U.S. Senate.

Mr. Simmons is scheduled to hold a fundraiser tonight at Baltimore's Frederick Douglass-Isaac Myers Maritime Park for Mr. Steele, the lieutenant governor and the first black to win a statewide office in Maryland.

"Russell Simmons is one of the leading progressive voices in America," said Donna Brazile, who managed Al Gore's 2000 presidential campaign.

"This is a major endorsement for Lieutenant Governor Steele that will help him attract young people, as well as black voters," Ms. Brazile said. "Once again, this should serve as a wake-up call to Democrats not to take their most loyal constituents and voters for granted."

Mr. Simmons, who promoted the rap group Run-DMC in the 1980s and has since built a media and clothing empire, helped the Democratic Party register hundreds of thousands of voters via the Hip Hop Summit Action Network, which he co-founded in 2001.

Mr. Simmons "definitely represents the younger generation. ... He's a pioneer, and hip-hop has become one thing that defines black youths in this country," said Tyrell Ruff, a 19-year old Baltimore native.

"Russell Simmons ... would definitely get some votes for Mr. Steele. If you look at black kids in the city, many of them would probably be wearing something he made," said Mr. Ruff, a sophomore at Trinity College in Hartford, Conn.

Cathy Hughes, founder and chairman of Radio One, the seventh-largest national radio conglomerate and the largest aimed at black audiences, also is supporting Mr. Steele and will attend tonight's event.

"That's huge," said Eric Nelson, a 34-year old rapper and single father from Baltimore. "The tide is shifting."

"These are both people who not only built extremely successful companies but companies that are actively involved in their communities," Steele spokesman Doug Heye said. "It goes to what Mr. Steele talks about in building legacy wealth."

In their endorsements, Miss Hughes and Mr. Simmons praised Mr. Steele's potential in the Senate above that of the Democratic candidates, including one of the board members of Mr. Simmons' political action group -- former NAACP leader Kweisi Mfume.

Mr. Mfume, the only black Democrat in the Senate race, is vying in a crowded field that includes U.S. Rep. Benjamin L. Cardin, the front-runner, for the Sept. 12 primary nomination. Mr. Steele faces minimal opposition in his primary.

Mr. Mfume said that Mr. Simmons' support of Mr. Steele is not a slap in the face.

"Everybody's free to do what they want to do. That's why they call it America. I don't have a problem with it."

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Early in his campaign, Mr. Mfume criticized Democratic leaders who, he said, were ignoring his candidacy and warned that many black voters will think about crossing over to the Republican Party if Mr. Steele is its nominee.

State Democratic officials already have taken notice, lavishing attention on Prince George's County -- a mostly black jurisdiction with Maryland's highest concentration of registered Democrats.

In addition, Baltimore Mayor Martin O'Malley, the Democratic nominee for governor, has chosen a black lawmaker from Prince George's County, state Delegate Anthony G. Brown, as his running mate.

Before dropping out of the gubernatorial contest last month, Montgomery County Executive Douglas M. Duncan also had selected a black running mate -- Baltimore lawyer Stuart O. Simms, who now is running for attorney general.

What's more, two Democratic operatives resigned last fall after they illegally obtained Mr. Steele's credit report, and one of the operatives pleaded guilty to a misdemeanor for her role in the theft earlier this year.

And in response to a poll last year, Democrats have sought to link Mr. Steele to President Bush and national Republicans in order to turn Mr. Steele "into a typical Republican in the eyes of voters, as opposed to an African-American candidate," according to the poll's summary.

Mr. Simmons' endorsement of Mr. Steele adds to Democratic concerns about holding on to black voters.

"It did get my attention. I will not lie," Mr. Nelson said. "Russell Simmons' endorsing someone will make me think, 'Well, let me take a look at this guy.'"

Mike Madden (wsj)

WSJ Online's "Washington Wire", August 24, 2006

With less than two and a half months to go before the mid-term elections, political ad spending is on a record pace.

The nonpartisan Campaign Media Analysis Group reports that from Jan. 1 to Aug. 13, $311 million has been spent on television spots by candidates, political parties and interest groups taking part in gubernatorial, Senate or House races. That's a 150 percent increase from the amount spent during the same period in the 2002 mid-term elections. Fueling the trend is a belief that after a long run of Republican control of the White House, Congress and state houses, many races this year could be up for grabs because of voter unrest.

The flood of ads — and money — has swamped the traditional campaign kickoff date of Labor Day, the group said, and electronic electioneering has increasingly become a year-long phenomenon. – Winston Wood

Permalink | Trackbacks (1)

August 23, 2006, 7:02 pm A Big Tent

Two weeks after losing Connecticut's Democratic primary, Sen. Joseph Lieberman won a spot on the November ballot to defend his seat as an independent, but a top party official isn't closing the door on the senator should he win re-election.

Connecticut Secretary of State Susan Bysiewicz said Lieberman qualified for the ballot under his newly created Connecticut for Lieberman party, with far more than the 7,500 ballot petition signatures needed. He will face Democratic primary winner Ned Lamont and Republican Alan Schlesinger in what could be a tightening race. An American Research Group poll showed Lieberman and Lamont about even among likely voters, with Lieberman receiving 44 percent of the vote, Lamont 42 percent and Schlesinger 3 percent. Last week's Quinnipiac University poll showed Lieberman leading Lamont by 12 percentage points among likely voters.

Asked on CNN's "Situation Room" if Lieberman pulls it out, would he be welcomed back into the party and caucus with Senate Democrats, Democratic Chairman Howard Dean gave a qualified yes.

"Sure," Dean said. "We want to be a big tent. And Joe has served the country honorably. But Joe is the past and Ned Lamont is the future. And we need a new direction in this country, and the voters in Connecticut have indicated that." – Winston Wood

Permalink | Trackbacks

August 23, 2006, 3:48 pm Even in the Promised Land…

American workers, you're not alone!

The left-leaning, Washington-based Economic Policy Institute, which has been churning out analyses and data that show that U.S. workers aren't faring well in today's U.S. economy, circulates a new report — on economic inequality in Israel. While

other analysts focus on Israel's war-and-peace struggles with Palestinians and Hezbollah, the EPI calls attention to a report by the Adva Center in Tel Aviv — which is, like EPI, affiliated with the Global Policy Network. Authors Dr. Shlomo Swirski and Etty Konor-Attias find Israeli "salaries of those in the top 1% income bracket increased by 39% over the last two decades, while the salaries of low-wage workers increased by only 7% over that time." –David Wessel

Permalink | Trackbacks

August 23, 2006, 2:44 pm The Empire Strikes Back

In an effort to discredit a leading liberal blogger, the Republican National Committee has released a "research briefing" lambasting Markos Moulitsas Zuniga, founder of the widely read Web site Daily Kos.

Calling Moulitsas "a partisan 'nutroot' who turned his hate-filled blog…into a leadership post in the Democratic Party," the briefing cites media accounts reporting near daily contact with Senate Minority leader Harry Reid's office and a standing phone call every third week with Rep. Rahm Emmanuel, chair of the Democratic Congressional Campaign Committee. It also includes recent statements by Moulitsas that he makes an "excellent living" and just returned from a "relaxing" vacation to El Salvador.

Responding on Daily Kos, Moulitsas writes , "It's obvious that Republican economic policies are targeting those who make a living, what with wage stagnation, the loss of good, high-paying jobs, and all." He continues, "And the GOP's war on 'relaxing vacations' is in full-swing as outrageous gas prices keep people stuck at home this summer." –Ben Winograd

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August 23, 2006, 12:29 pm How About Naming the Puppy Chuckles?

Under fire for the unrelenting violence in Iraq, Defense Secretary Donald Rumsfeld has had a rough summer — but he never seems to stop laughing. That showed up in a friendly radio interview today with host Bill Bennett, the former education secretary.

Here's how the interview unfolded:

Rumsfeld: Good morning, Bill. How are you?

Bennett: Great. Thanks for joining us.

We wanted to name our new puppy Rummy, but I lost.

Rumsfeld: (Laughs.)

Bennett: Now, there are people in this town who would say, "I wouldn't name my dog Rummy," you know.

Bennett: You've probably heard some of that.

Rumsfeld: Well, your family has good judgment.

Bennett: (Chuckles.)

Rumsfeld: (Laughs.)

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August 23, 2006, 12:12 pm An Anniversary Gift

President Bush sought to get ahead of Democratic critics in the runup to next week's big Hurricane Katrina anniversary, meeting at the White House with activist and hurricane victim Rockey Vaccarella, then making televised remarks with him on the South Lawn.

Meeting with Bush today in Washington, Rockey Vaccarella, a Katrina survivor from St. Bernard Parish in Louisiana stands by a trailer which is a replica of a FEMA trailer in which he lives. Vaccarella, part of a documentary film on the plight of Katrina victims, was followed by a production crew that caught his every move. He had spent much of the previous week traveling towing a travel trailer to Washington and making stops throughout the South to draw attention to the anniversary next Tuesday and to urge government officials not to forget the stricken region. On Tuesday evening, Vaccarella, of St. Bernard Parish, served a New Orleans-style dinner in the trailer for the Bush administration's relief coordinator, Don Powell.

The Oval Office meeting on Wednesday morning gave Bush an occasion to remind Americans that the rebuilding effort will take many years. "A one-year anniversary is just that, because it's going to require a long time to help these people rebuild," he said. He reiterated the administration's commitment to provide $110 billion in relief funds.

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For his part, the 41-year-old Vaccarella provided some much-needed political help for the administration, which has been heavily criticized over its Katrina response. While reminding Bush that "the job's not done," he thanked the president for the massive response so far, and enthused that "I just wish the president could have another term in Washington."

"Wait a minute," Bush deadpanned.

"You know, I wish you had another four years, man," Vaccarella added.

The president's meeting with Vaccarella contrasts with Bush's avoidance of Iraq war critic Cindy Sheehan at his Crawford ranch last summer, in the weeks before the Katrina disaster. A White House spokeswoman, Dana Perino explained that the president's meeting with Vaccarella serves to underscore the importance of a big anniversary. Vaccarella also has been "grateful" for the help the federal government provided, she said. –John D. McKinnon

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August 23, 2006, 11:20 am Come Again?

This year's college freshmen indeed have a different perspective. For most of all of their lives, the Soviet Union has never existed, Richard M. Daley has been Chicago mayor, and the U.S. has been studying whether global warming really exists.

In its annual list aimed at giving adults some cultural references for their dealings with the new crop of college students, Wisconsin's Beloit College also points out that today's 18-year-olds have never put their money in a savings and loan or heard anyone "ring it up" on a cash register. What else? For most of their lives, the major U.S. airlines have been bankrupt and Madden has been a video game, not a football coach. –June Kronholz

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August 23, 2006, 8:17 am Iraq, Terror in Focus

McCain John McCain is going on the offensive on Iraq, while U.S. voters are unsure about the ties between terrorists, Iraq, and the Democracy push in the Mideast.

"I think one of the biggest mistakes we made was underestimating the size of the task and the sacrifices that would be required," McCain said in an Ohio appearance for Sen. Mike DeWine. "'Stuff happens,' 'mission accomplished,' 'last throes,' 'a few dead-enders.' I'm just more familiar with those statements than anyone else because it grieves me so much that we had not told the American people how tough and difficult this task would be." The comments came after Bush made a strident defense of the Iraq war on Monday, repeatedly saying that "leaving before the job was done" would be a grave mistake and send a message that U.S. doesn't care about stability and democracy in the region. McCain has supported the war but questioned its execution.

Among voters, a New York Times/CBS News poll out Wednesday shows 51% of those surveyed saw no link between the war in Iraq and the broader effort to fight terror. That's up 10 points since June, the Times said. In a separate CNN poll, 74% of Americans polled said they believe a new terror attack is being planned by OSama bin Laden; 44% said they believe the attack won't succeed and 30% said the attack would be successful. The survey showed that 47% said it was either "very likely" or "somewhat likely" that bin Laden would have been captured or killed had the U.S. not become involved in the Iraq war, and 51% said bin Laden wouldn't have been captured by now regardless of the Iraq war.

Meanwhile, the Republican National Committee recently posted a Web video that charts Democratic opposition to a series of post-Sept. 11 security policies: electronic-surveillance programs, interrogation practices, Patriot Act provisions and the Iraq war. In the House and the Senate, Republican leaders are planning to schedule a roster of terror-related votes. "The calendar for the entire month of September will be heavy on national-security issues," a House leadership aide said. See full article on the politics of Sept. 11 and Hurricane Katrina.

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August 22, 2006, 5:59 pm Condi 2008? Look, She's Nodding Yes!

She may have hit a rough patch with conservatives over her Lebanon diplomacy, but Condoleezza Rice's fan base on the Web continues to grow.

There are now no fewer than three groups devoted to recruiting the secretary of state to run for president in 2008, each with its own Web site. Rice denies she has any interest in running for higher office, but www.rice2008.com, www.4condi.com and www.condoleezzaforpresident.com all think otherwise.

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The sites brim over with rumors and products, including a slew of bumper stickers — "Hillary '08? Not if Condi's Running!" — and a brand-new Condi bobblehead doll at rice2008.com bears strikingly little resemblance to Rice.

A very unscientific poll on rice2008.com found that 67% of respondents think Rice should run for president. Another 13% agree, but think she should be made vice president now as well. One in 10 thinks she's "too smart + articulate" to run. –Neil King Jr.

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August 22, 2006, 5:45 pm What Does $122.5 Billion Buy?

The Senate Budget Committee says Congress has appropriated $122.5 billion — so far — for victims of Hurricane Katrina, but committee chairman, Judd Gregg says he isn't sure the money is being well spent.

"As we approach the one-year anniversary of the devastating Gulf Coast hurricanes, serious questions remain about the funding of recovery efforts," he said. "The whole nation contributed generously…but a year later, I still have concerns about how the money is being spent." The New Hampshire Republican said he, "like many Americans," fears that "waste, fraud and inefficient management are consuming the dollars that should be used to rebuild homes, schools, hospitals and businesses along the Gulf Coast." –David Wessel

See the Senate Budget Committee's tally.

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August 22, 2006, 4:42 pm For Washington Free-Traders?

The U.K.'s Adam Smith Institute, which advocates free-market economic and social policies, offers its own adaptation of the ubiquitous rubber wristband. The gray band reads, "I buy goods from poorer countries."

The nonprofit institute says that "A motley assortment of protectionists and anti-capitalists use every argument they can lay their hands on to protect their interests. …Those who embrace free trade as an instrument of good can now express their support for poorer peoples by proclaiming an intention to buy their produce." The institute offers to send the wristband for free.

A visitor to the site left this comment: "Not to nit-pick but wouldn't it be better if the bands were actually made from a poorer country and then purchased by the wearer. It doesn't make sense to me that they would be free. Of course despite all that I'm still considering getting one."

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August 22, 2006, 3:51 pm Postcard to FCC: Wish You Were Here

Comcast Corp.'s effort to convince the Federal Communications Commission it deserves a pass on requirements for digital set-top boxes has run into the reality of Washington in August.

"I am sorry that we haven't been able to connect due to schedule conflicts," wrote Comcast Chief Executive Brian Roberts in a letter Monday to FCC Chairman Kevin Martin — an apparent effort to answer some questions raised during their last conference. "Since we haven't yet been able to talk, I am sending this letter."

Comcast wants the FCC to approve a five-year waiver extension and allow it to use low-end digital set-top boxes that don't including CableCard technology. The CableCard looks like a thick credit card and is designed to fit into a special slot in new digital TVs and other gadgets. It allows digital cable subscribers to avoid paying a monthly fee to their local cable company to rent a set-top box, which is one reason why it's not terribly popular with cable operators.

Comcast argues it will be too expensive to include CableCard technology in the lower-end boxes and is hoping the FCC will approve its request soon.

Martin was on vacation last week, but he did make time for a call from Motorola Inc. CEO Edward Zander, who made a pitch on behalf of Comcast, which uses Motorola hardware. –Amy Schatz

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August 22, 2006, 1:27 pm Making an Issue of a 'Non-Issue'

After President Bush's unpopular veto last month of a bill permitting federal support of embryonic stem-cell research to treat diseases, House Republicans' campaign spokesman dismissed talk that the issue would hurt his party and predicted no Democrat would run TV ads attacking the Republican Party's opposition. "Therefore it's a non-issue," Carl Forti told The Wall Street Journal.

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Well, one top Republican isn't taking any chances. Rep. Deborah Pryce, House Republicans' fourth-ranking leader and a prime Democratic target, has begun running a cable-TV ad in her Columbus, Ohio-area district that highlights her support for stem-cell research — innoculation, perhaps, against any attack ads Democrats might have intended this fall. "She stood up to her own party and fought for millions for stem-cell research," an announcer intones.

Bush and his party's social conservatives call stem-cell research the taking of human life. But polls show big majorities of Americans, including many Republicans, support federal funding for research widely believed to hold potential benefits against juvenile diabetes, Alzheimer's, Parkinson's and other diseases. "I still don't expect it to be a fall issue in most races," Forti said. –Jackie Calmes

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August 21, 2006, 3:15 pm DSL Discount, Not So Fast

For Verizon Communications Inc.'s Internet customers, monthly bills won't be dropping after all.

Last year, the government changed the rules so DSL subscribers would no longer have to pay into a federal fund which subsidizes phone services in rural areas and for low-income consumers. That promised to shave a dollar or two off a typical DSL Internet bill — $1.25 a month for Verizon's slower DSL service and $2.834 a month for its faster service.

But Verizon recently emailed subscribers, announcing that it will drop the universal service surcharge as of Aug. 14 and impose a new "supplier surcharge" beginning August 26. The new fee — $1.20 a month for slower service customers and $2.70 a month for faster ones — is almost exactly what consumers would have saved with the government's change.

It appears that Verizon is essentially pocketing the money that consumers would have gotten back, although the company disputes that notion. It says it will eventually impose the fee on all of its six million or so DSL customers because of increased costs of providing stand-alone Internet service, which is purchased at a premium by consumers who don't subscribe to its phone service.

"We have a cost that we have been absorbing it for a long time. We're not going to absorb it anymore," said Bobbi Henson, a Verizon spokeswoman. The new charge will not apply to subscribers with annual Internet contracts until those agreements expire.

Last year, the Federal Communications Commission changed rules that govern DSL Internet lines and dropped the obligation to pay into the $7.3-billion Universal Service Fund, which subsidizes phone services in rural areas and for low-income consumers. That change takes effect this month for all DSL Internet providers. –Amy Schatz and Dionne Searcey

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August 21, 2006, 1:59 pm Latest Republican Campaign Issue?

A congressional candidate in Florida has become the third Republican office-seeker to call for heightened screening of Muslim airline passengers since the foiling of an airline bombing plot in Britain. "It is a fact that over the past 34 years, starting with the Munich Olympics, the majority of terrorist attacks have been carried out by Muslims," said Mark Flanagan, a candidate in the 13th District of Florida, in a statement released this morning.

Flanagan said he was the only congressional candidate calling for profiling of Muslim passengers. But Paul Nelson, a Republican running in the third district of Wisconsin, endorsed the idea last week on a local radio show. Asked on the show how screeners would spot a Muslim male, Nelson said, "If he comes in wearing a turban and his name is Muhammad, that's a good start," according to the Associated Press.

New York gubernatorial candidate John Faso also has supported profiling, saying, "If a 25-year-old Muslim man who has been traveling frequently to Yemen or Pakistan tries to board a plane, then not only statistical analysis but also common sense tells us that he is more of a potential threat than the grandmother from Queens."

David Johnson, Flanagan's political consultant, said that under the proposal, passengers who appear to be Arab or Muslim would be pulled out of security lines for additional screening. In an interview, Flanagan declined to say how screeners would determine which passengers met that description, or whether black Muslim and Christian Arab passengers also should be subject to heightened security measures. "Those questions are premature, albeit very important," he said. –Ben Winograd

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August 21, 2006, 1:17 pm Dressing Down

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Bush repeatedly poked fun at reporter Ken Herman (right) for wearing a seersucker suit. In an otherwise serious news conference focusing on the Mideast, Bush had some fun with Ken Herman, a reporter for Cox newspapers who has covered Bush since his days as Texas governor, and is a frequent foil for the president. Herman was sporting a brown seersucker-style suit that's a bit brighter than the typical blues and grays of the briefing room. Bush, who's a stickler about traditional dress with his own staff, called on another reporter for a question, but couldn't resist adding an aside to Herman: "By the way, seersucker is coming back."

Later Bush came back to the outfit again. In response to another reporter's question about the Lieberman-Lamont race, Bush said he was "going to stay out of Connecticut." Herman piped up that Bush had been born there. Bush jokingly accused Herman of doing research, and also of being mad that Bush had "dissed that just ridiculous-looking outfit."

Finally Bush called on Herman for a question. "Go ahead," Herman said slowly, bracing himself for yet another jab.

"I don't need to now that you've stood up, and everybody can clearly see for themselves," Bush responded, to laughter. Later inspection showed that the suit in question was a Haspel. Herman said it came out for the press conference because his wife reminded him he should wear his summer stuff again before it has to go to the cleaners. –John D. McKinnon

Updated: Herman offered his own sartorial suggestions to the president: "No insult taken to your haberdashery remarks, sir. And, if I may be so bold as to offer some advice: Give seersucker a chance. It can be a good choice when you're taking heat."

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August 21, 2006, 1:02 pm Time for Plan B?

President Bush, asked at morning press conference about pro-life groups' opposition to nonprescription sales of Plan B, the emergency contraceptive that is available only with a prescription today, said that he backs acting FDA commissioner Andrew von Eschenbach's decision on the issue and emphasized that Plan B "ought to require a prescription for minors." The issue has been controversial for years.

Von Eschenbach recently told the drug's maker, Barr Laboratories Inc., that the FDA could back prescription-free sales for adults 18 and over. But the FDA has yet to formally approve the company's application to sell the morning-after pills without a prescription. An announcement could come as soon as this week. It's likely to draw criticism from both pro-life and reproductive-rights groups — for different reasons, of course — and create challenges for drug stores and clinics.

An FDA spokeswoman said the agency has "received the sponsor's revised application and risk management plan and remain committed to an expeditious review." –Anne Wilde Mathews

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August 21, 2006, 9:17 am Bush to Focus on Lebanon

Bush's press conference at 10:01 a.m. isn't expected to spotlight any particular topic, but his opening comments of about 8-10 minutes are expected to focus on the situation in Lebanon. He's likely to talk about plans for providing humanitarian aid to civilians who've been caught in the crossfire in southern Lebanon between Hezbollah and the Israeli military, according to a senior administration official. He also will discuss the current plans for an international peacekeeping force for the region. With France's decision to curtail its involvement, the international community is casting about for a new lead government; Italy is one emerging possibility. Bush will reiterate that U.S. forces won't be directly involved in the peacekeeping force, the official said. The U.S. instead is expected to provide logistical support and other assistance. –John D. McKinnon

Come Again?

Aug.23, 2006

Iraq, Terror in Focus

Aug.23, 2006

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Incumbent On The Brink (WSJ)

By Jason L. Riley

The Wall Street Journal, August 24, 2006

JANESVILLE, Pa. -- Until recently, Bob Casey Jr.'s strategy for unseating Republican Sen. Rick Santorum had been working so well that Mr. Casey could behave like the incumbent.

Taking advantage of a double-digit lead in the polls, this son of a popular former two-term governor was coasting toward November on the heralded family name. He could remain mum or studiously vague about his actual positions. He could refuse to debate. And he could hide behind handlers who carefully stage-managed his appearances (before friendly audiences) and even more carefully shielded him from media outlets (like this one). It was a smart strategy for Mr. Casey, who is an underwhelming campaigner. But its viability is now being tested.

The latest polls show the race tightening. An independent Quinnipiac University survey released on Aug. 15 had Mr. Casey ahead 48% to 42% among likely voters. The same poll showed him with a 52%-34% lead in late June. A further concern for the challenger is that his negatives among likely voters have risen as he's allowed the senator to define him.

Which might explain why Mr. Casey has begun to emerge from his shell. This week the Casey camp finally agreed to multiple formal debates. The candidates also have scheduled a joint "Meet the Press" appearance on Sept. 3. And on a warm, sunny day last week in Clearfield County, the Casey campaign bus stopped by an annual picnic in this tiny central Pennsylvania town, where a reporter was denied an interview but invited to watch Mr. Casey glad-hand supporters and deliver some brief remarks. The candidate, who currently serves as state treasurer, was introduced to the audience by Democratic Gov. Ed Rendell.

Mr. Rendell will win re-election easily over his Republican opponent this fall, the pro football great, Lynn Swann. And Mr. Casey is hoping the governor has coattails, which could help him in the critical southeast part of the state, where Mr. Rendell, a past mayor of Philadelphia, is most popular. But the governor is also a reminder of Mr. Casey's ability to implode, his political pedigree notwithstanding. In 2002, he challenged Mr. Rendell in the gubernatorial primary. After holding a 20-point lead in that race, Mr. Casey eventually lost by 14 points. Mr. Santorum might need a repeat performance from his opponent if he hopes to keep his seat.

Six points is a sizable deficit for the incumbent to close inside of three months, though the senator certainly has the money, savvy and party unity to give it a go. Mr. Santorum, who's held the seat since 1994, has never won more than 52% of the vote in a Senate race, and he's sailing into what appears to be a strong anti-incumbent headwind this year. Mr. Casey has done an effective job of making the race a referendum on Mr. Santorum, whose vocal social conservatism -- he opposes abortion, gay marriage and embryonic stem cell research -- has made him a whipping boy of the local and national liberal press.

The senator is also closely associated with an unpopular president fighting an unpopular war. The Casey campaign itself has bobbed and weaved on Iraq so far, but the candidate's gratuitous endorsement this week of Democrat Ned Lamont, the one-issue antiwar victor in this month's Connecticut senate primary, might help clarify for Pennsylvanians where Mr. Casey stands in the war on terror.

Mr. Santorum has not abandoned his principles, nor his support for the U.S. effort in Iraq. At a town hall meeting in suburban Philadelphia on Sunday, he said that "this war is as serious a war as we have ever fought, and we have the politics of today trying to blow this off as some sort of creation of a bunch of people in the White House."

In search of something that can legitimately separate him from President Bush, he's done what many fellow Republican incumbents have done and taken a hard line on immigration. But the fact that Mr. Bush's approval ratings currently are as bad or worse in Pennsylvania as they are nationally could override everything else and ultimately spell defeat for the senator.

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Moreover, Mr. Santorum shares some of the blame for his current predicament. In 2004, he backed liberal Republican Sen. Arlen Specter for re-election over the conservative challenger Pat Toomey. Mr. Santorum was eyeing the majority leader post and thought his support for the incumbent would help him lure moderates votes in the GOP caucus. Two years later, however, his embrace of Mr. Specter has probably dampened enthusiasm among Mr. Santorum's conservative base, where turnout is a concern. Indeed, one of the questions Mr. Santorum faced at the town hall meeting was a sarcastic "What's it like working with Sen. Specter?"

Another arguable misstep was publishing a controversial book last year when he was sizing up a White House run. Mr. Santorum is a conservative Catholic, and his biggest political liability may be the perception that he's some kind of theocrat. Releasing a manifesto on how government can be used to propagate Christian moral values has only reinforced that negative image. And it's unlikely to help him with moderate Republican voters in those all-important collar counties of Philadelphia come November.

Among the handful of Upper Chamber Republicans facing difficult races this year, however, a Rick Santorum loss easily would be the most damaging to political conservatives. Mr. Santorum, the No. 3 man in the Senate, is much more than a reliable vote for lower taxes and a strong national defense. He's also been a true reformer who's often willing to champion unpopular causes. Sen. Santorum floor managed the welfare-reform bill that turned 10-years-old this week. He's backed medical savings accounts and pushed for Social Security personal retirement accounts long before George W. Bush. That takes chutzpah for a senator from a state with a higher percentage of senior citizens than anywhere but Florida.

Which is to say that losing the Senate would be bad enough for the GOP, but losing a Sen. Santorum along the way would add insult to injury.

Mr. Riley is a member of The Wall Street Journal's editorial board.

McCain's Age Could Affect Expected Presidential Run (MCT)

By Steven Thomma

McClatchy Newspapers, August 24, 2006

WASHINGTON - Sen. John McCain of Arizona will do something next week that'll set him apart from everyone else who's weighing a run for president in 2008.

He'll celebrate his 70th birthday Tuesday.

That would put him in uncharted political territory should he win the presidency: No one older than 70 has ever moved into the White House.

Not only will the Republican senator be the oldest of the large field of possible candidates in both major parties, he'll be three years older on Election Day 2008 than Ronald Reagan was when he won his first term in 1980. At 69, Reagan was the oldest man ever to enter the White House. He was 73 when he won his second term.

Whether this changes the presidential campaign probably will depend on whether McCain appears healthy and vigorous - and thus up to the unique demands of the job - or not.

McCain aides said the senator was cancer-free six years after surgeons removed thin tumors from his temple and arm. Both were diagnosed as malignant melanoma, a potentially deadly form of skin cancer if left untreated. He also had a bout with skin cancer in 1993.

And they say he's more energetic than many much younger men.

"His health is fine," said John Weaver, his chief political strategist.

"Just this month, he backpacked the Grand Canyon from rim to rim with his son, he went on a weeklong tour campaigning for people and he's about to lead a delegation on a multi-nation tour of Eastern Europe."

Weaver noted that McCain would still be younger than Reagan was when Reagan sought and won his second term. He also stressed that McCain is a key player in the Senate, where he's personally involved in numerous issues and negotiations.

In time, he suggested, voters will see for themselves.

"They'll see that if he chooses to run. They'll see how vibrant he is."

If that's not enough, Weaver also suggested considering McCain's genes.

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"His mother, at 95, just returned from Europe, where she keeps a car and drove herself across the continent," he said. "He comes from good stock."

Yet it's not just the state of a candidate's health on Election Day that matters. The elderly face a greater risk of developing problems in the years ahead, including heart disease, stroke, cancer, infection, Alzheimer's or even death.

"No matter how healthy the elderly candidate for the presidency appears to be, there is a significant likelihood that he will not survive or that his intellectual powers and leadership ability may be compromised, far more so than among those in their 50s," two Stanford University scholars wrote in a study after Bob Dole's 1996 presidential campaign, when Dole was 73.

But public reaction to McCain's age will depend on how he looks and sounds.

"There's no question that the senator's going to have to reassure people that his health is good," said Dan Schnur, an aide in McCain's 2000 presidential campaign who's now a Republican strategist in California.

"But in this day and age, my guess is there are very few voters who think that 70 is too old. ... People are living longer. The percentage of the population that lives well beyond 70 and stays active and engaged well beyond 70 is much greater than it was 30 years ago."

Indeed, the census shows that the number of Americans 65 and older increased by more than 14 million from 1970 to 2000, and they increased as a share of the population from 9.9 percent to 12.4 percent.

"Older voters have a tendency to scrutinize more. They know what it's like to be old," said independent pollster John Zogby, who's conducted polls for McCain in the past. Yet they respond positively if they're satisfied that an older candidate is healthy, he said.

A potential complicating factor: the fact that Reagan was diagnosed with Alzheimer's disease after leaving office.

"It all depends on health," Zogby said. "If he is seen as healthy and is perceived as robust, it matters less."

Image also plays a role.

Reagan, for example, was the picture of ruddy health, often shown chopping wood or riding horses at his California ranch. His campaigns, as well, stressed almost youthful optimism about the future, right down to his 1984 theme that it was "morning in America."

By contrast, Republican presidential nominee Dole struggled with the fact that he was the oldest first-term major candidate in history. Zogby noted that Dole did poorly among the elderly. And when Dole offered himself as a "bridge" to the past, baby boomer President Bill Clinton made his re-election campaign theme "a bridge to the 21st century," and won easily.

New Hampshire: Still A Primary Player (WP)

By Ross Gittell

The Washington Post, August 24, 2006

DURHAM, N.H. -- The Democratic National Committee has moved to reduce the influence of the longtime first-in-the-nation presidential primary state: New Hampshire. It has done so by (1) inserting another state's party caucuses (Nevada's) between the Iowa caucuses and the New Hampshire vote and (2) scheduling the South Carolina primary right after New Hampshire's. Political leaders in the Granite State are, of course, resisting the change and threatening to ignore the new schedule.

But in fact, it may be time for New Hampshire to reflect on its traditional role in the nomination of presidential candidates, and perhaps face up to the need for some changes.

As has been argued before, New Hampshire is not particularly representative of the nation. Neither, for that matter, are Iowa, Nevada and South Carolina. New Hampshire has the third-lowest percentage of minority residents and one of the lowest rates of regular church attendance in the country.

But unlike Iowa, Nevada and South Carolina, New Hampshire has a strong, broad-based economy with a significant concentration of high-tech companies and global exporters. In many respects its economy represents the nation's (hoped-for) economic future. It's a very good place for candidates to test out economic ideas and principles and to learn from workers and entrepreneurs.

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In the past quarter-century, New Hampshire's economy has been transformed. Its economic base has changed from traditional manufacturing to concentration in high technology and skilled professional services. It has improved in rank among the states in per capita income from 25th to sixth. It has been the strongest economic performer in New England, with the region's fastest growth rates in employment, gross state product and exports. New Hampshire consistently has among the lowest rates of unemployment and poverty.

The state's leading employers include Fidelity Investments (the largest mutual fund company in the world), BAE Systems (a British defense and homeland security product manufacturer) and Liberty Mutual (a Fortune 500 insurance company). Timberland Co. has its worldwide headquarters in the state. The Segway human transporter was invented in the state, and the company has its headquarters here.

One of the fastest-growing manufacturers in New Hampshire is GT Equipment Technologies Inc., a company that in many respects reflects the future promise and direction of the state's economy. Founded by Kedar Gupta, an immigrant from India, it invented and sells solar cell manufacturing equipment, with the largest markets for its products being in China and elsewhere overseas.

Just as the New Hampshire economy has changed, so must its political position and role. Even with the DNC discussing its alterations in the primary process, presidential hopefuls have continued to come to New Hampshire. In fact, the state need not be first, or even second, in the presidential primaries to be an important factor in the nomination process. Its economic standing, its political heritage and traditions, its continuing high level of citizen engagement, its voters' questioning and testing of candidates, and its current standing as one of the few contested states all combine to make it an ideal testing ground for presidential candidates.

New Hampshire's retail politics -- the level of political engagement -- will not be replicated in Nevada or South Carolina. In New Hampshire, more than three-quarters of the electorate votes in presidential primaries. Survey data indicate that almost all voters in the state pay "some" or "a lot" of attention to the primary, and over two-thirds of the voting-age population watches or listens to a presidential candidate debate during primary seasons.

New Hampshire should work with the Democratic and Republican national committees on changes in the nomination process. This would help to retain the national credibility of its primary and interest in it. The state and its political leaders from both parties should recognize that New Hampshire's status, role and influence in the presidential nomination process will remain strong even if it accepts the proposed changes in the nomination process.

For example, suppose Hillary Clinton won the Iowa and Nevada caucuses before the New Hampshire primary in 2008. She'd still have to win in New Hampshire to move toward an early lock on the nomination. What if Clinton lost in Iowa and Nevada? By then winning New Hampshire, she could generate momentum and bring many comparisons to her husband's role in 1992 as the "comeback kid." If Mark Warner or another dark-horse candidate won or did surprisingly well in New Hampshire he would generate attention and establish himself as a legitimate candidate regardless of his performance in Iowa and Nevada.

On the Republican side, if John McCain lost the New Hampshire primary, there'd be questioning of why he won the state against George W. Bush in 2000 but couldn't win it in 2008. If Rudy Giuliani won or did better than expected in New Hampshire, he would generate attention and establish himself as a legitimate candidate, regardless of his performance in the first two caucuses.

So don't expect Mitt Romney or John Kerry to forget the roadways from Massachusetts to New Hampshire, or Hillary Clinton, Rudy Giuliani or George Pataki not to scuttle back and forth between New York and New Hampshire if the Democratic and Republican national parties change the presidential nomination schedule. New Hampshire can continue to be a field of dreams for presidential candidates, and rightfully so.

Christian Coalition Losing Chapters (AP-Y)

By David Crary

AP, August 24, 2006

DOJ_NMG_0052739

Three disgruntled state affiliates have severed ties with the Christian Coalition of America, one of the nation's most powerful conservative groups during the 1990s but now buffeted by complaints over finances, leadership and its plans to veer into nontraditional policy areas.

"It's a very sad day for our people, but a liberating day," said John Giles, president of the coalition's Alabama chapter, which announced Wednesday that it was renaming itself and splitting from the national organization. The Iowa and Ohio chapters took similar steps this year.

Giles said he and his Alabama colleagues have "a dozen hard reasons" for the action but would elaborate on only one — a perception that the coalition's leadership was diverting itself from traditional concerns such as abortion and same-sex marriage to address other issues ranging from the environment to Internet access.

Giles predicted further defections and said the coalition was now left with only a half-dozen strong state chapters and a weak presence in Washington.

"In our prime, we were rated the seventh-most powerful lobbying organization in the country," he said. "Now, there's not even any blip on the radar screen."

At its peak, the coalition had a presence in every state, but in some cases a modest one.

The coalition's president, Roberta Combs, insisted her organization — which is $1 million in debt — would survive the defections, and was unapologetic about her interest in new directions.

"We're going to have a new mission, a new vision — much more broad-focused," she said. "They don't like some of the comments I've made about the environment and some of these other issues."

The coalition, which claims more than 2 million members, was founded in 1989 by religious broadcaster Pat Robertson and became politically powerful under Executive Director Ralph Reed before he left in 1997. Robertson, who turned over the presidency to Combs in 2002, has been criticized for provocative public statements, while Reed lost an election in Georgia last month after being linked to disgraced lobbyist Jack Abramoff.

Jim Backlin, the coalition's vice president for legislative affairs, said the Reed situation harmed the organization because of heavy media coverage that constantly mentioned his past role with the coalition.

Backlin insisted, however, that the coalition remained influential among conservatives in Congress.

"Many of the congressional offices always look for Christian Coalition support right away when trying to get their bosses' legislation passed," he said.

On the political left, an activist who monitors conservative organizations said the coalition never recovered from Reed's departure — with its staff and annual budget shrinking.

"They've been in free-fall ever since," said Peter Montgomery of the liberal group People for the American Way. "It's not surprising that local affiliates want to distance themselves from this floundering organization."

Steve Scheffler, who led the breakaway of the coalition's Iowa chapter in March, blamed Combs herself for much of the friction, saying she didn't treat the heads of the state affiliates with respect.

"The relationship has been very poor — an F minus to say the least," he said. "Her abilities in leading a national organization are not good."

"The sooner the organization goes completely away, the better," he added. "They're a total disgrace."

Combs, in response, said, "I'm disappointed he'd feel that way."

In all three states with defecting chapters, there had been disputes with the coalition's national office over distribution of voter guides and political surveys. The national office, as part of an agreement with the Internal Revenue Service over its tax-exempt status, had asked the state chapters to submit any such materials for advance review, and Combs said the request was sometimes ignored.

In Alabama, according to Giles, some conservatives remained bitter toward Combs since she campaigned there in 2003 in support of a state tax increase.

The head of the breakaway Ohio chapter, Chris Long, said a particular source of concern was the coalition's recent collaboration with various grass-roots groups — some of them liberal — in lobbying for so-called "net neutrality" to safeguard equal access to the Internet.

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"We were surprised that the national office took such a lead role on such an obscure issue, at time when marriage protection and stem cell research were being debated," Long said.

Combs said the coalition already has named new state directors for Iowa and Ohio, and she predicted it would retain the loyalty of supporters in all three states where chapters defected.

"There's enough room out there for everybody," she said.

Pennsylvania: Nader Ordered To Pay $80,000 (NYT/AP)

By The Associated Press

The New York Times, August 24, 2006

Ralph Nader and his running mate must pay more than $80,000 in expenses for the lawsuit that challenged their nominating papers and kept them off the 2004 presidential ballot, the Pennsylvania Supreme Court ruled. There was an implication of "fraud and deception" in their petition drive, the court said. A group of Pennsylvania voters sued to block Mr. Nader, left, and his running mate, Peter Camejo, who were campaigning as independents, from being placed on the ballot. As a result of the lawsuit, the State Commonwealth Court found wide-ranging improprieties among Mr. Nader and Mr. Camejo's petition signatures and disqualified nearly two-thirds of the 51,000 signatures they submitted.

Inside Politics (WT)

By Greg Pierce

The Washington Times, August 24, 2006

Conflict of interest?

U.S. District Court Judge Anna Diggs Taylor, who last week ruled that the government's warrantless wiretapping program was unconstitutional, serves as a secretary and trustee for a foundation that donated funds to the American Civil Liberties Union of Michigan, a plaintiff in the case, ACLU et al. v. National Security Agency.

The independent government watchdog Judicial Watch said it discovered the potential conflict of interest after reviewing Judge Diggs Taylor's financial-disclosure statements, available on Judicial Watch's Web site, www.judicialwatch.org.

According to her 2003 and 2004 financial-disclosure statements, Judge Diggs Taylor served as secretary and trustee for the Community Foundation for Southeastern Michigan (CFSEM). She was re-elected to that position in June. The official CFSEM Web site states that the foundation made a "recent grant" of $45,000 over two years to the ACLU of Michigan, a plaintiff in the wiretapping case. Judge Diggs Taylor, a 1979 appointee of President Carter, sided with the ACLU of Michigan in her recent decision.

According to the CFSEM Web site, "The Foundation's trustees make all funding decisions at meetings held on a quarterly basis."

"This potential conflict of interest merits serious investigation," said Judicial Watch President Tom Fitton.

On the ballot

Connecticut Sen. Joe Lieberman, who restarted his campaign as an independent after losing the Democratic primary, has enough valid voter signatures to secure a spot on the November ballot, the secretary of state announced yesterday.

Mr. Lieberman far exceeded the 7,500 signatures necessary to be certified as a third-party candidate, Secretary of State Susan Bysiewicz said. His name will appear on the general-election ballot under his newly created party, Connecticut for Lieberman. By creating the party, Mr. Lieberman secured a position higher on the ballot than he would have had as an independent.

An American Research Group poll released Tuesday showed Mr. Lieberman and the Democratic nominee, Ned Lamont, about even among likely voters, with Mr. Lieberman receiving 44 percent of the vote, Mr. Lamont 42 percent and Republican nominee Alan Schlesinger at 3 percent. Last week, a Quinnipiac University poll showed Mr. Lieberman leading Mr. Lamont by 12 percentage points among likely voters.

Mystery illness

Tennessee Gov. Phil Bredesen, who has been sidelined by a fever and flulike symptoms for more than a week, plans to travel to the Mayo Clinic in Minnesota for more medical tests.

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Mr. Bredesen's condition is improving, but doctors have not been able to pinpoint the cause of the illness that led to his hospitalization last week, administration spokesman Bob Corney told the Associated Press late Tuesday.

The 62-year-old Democrat spent four nights at Centennial Medical Center in Nashville for what doctors said might have been the effects of a tick bite. He returned home Friday.

Mr. Corney said the governor planned to fly yesterday for a brief outpatient visit at the clinic in Rochester, Minn., about 75 miles southeast of Minneapolis. Mr. Bredesen's doctors had given him the choice of several hospitals for the tests.

"He's feeling better and stronger every day," Mr. Corney said. "His doctors are very clear that he's improving, but they don't have any conclusive diagnosis."

Conspiracy theory

"Did the Bush administration covertly blow up the World Trade Center, ignite the Pentagon, and shoot down United Flight 93 to pave the way for a new American empire? The answer is 'yes,' according to a new book printed by the official publishing house of the Presbyterian Church (U.S.A.) and written by a theologian at a United Methodist seminary," Mark Tooley writes at www.weeklystandard.com.

"'Christian Faith and the Truth Behind 9/11,' published by Westminster John Knox Press, is fairly succinct in its conspiracy theory. In fact, only the first half of the book is devoted to dissecting the conspiracy, the facts being so obvious that elaboration is hardly required. The second half is focused on the theological implications of America as empire, and why Christians should stand against it," Mr. Tooley said.

"David Ray Griffin, professor emeritus of philosophy and theology at Claremont School of Theology in California, is the author of what is now his third book on 9/11. 'If we believe that our political and military leaders are acting on the basis of policies that are diametrically opposed to divine purposes, it is incumbent upon us to say so,' he explains in the preface."

"The book is blurbed by the late Rev. William Sloane Coffin, United Methodist theologian Catherine Keller of Drew University, Episcopal theologian Carter Heyward of Episcopal Divinity School, and Roman Catholic dissident feminist theologian Rosemary Radford Ruether."

Wiretaps upheld

In an opinion released Tuesday, a federal judge said there was plenty of evidence to support federal intelligence-gathering wiretaps and searches in an investigation of two pro-Israel lobbyists charged with conspiring to procure and distribute classified information, the New York Sun reports.

Judge Thomas Ellis III upheld warrants issued by the secrecy-shrouded Foreign Intelligence Surveillance Court and said the evidence obtained can be introduced against the former employees of the American Israel Public Affairs Committee, Steven Rosen and Keith Weissman.

The special court "had ample probable cause to believe that the targets were agents of a foreign power quite apart from their First Amendment lobbying activities," Judge Ellis wrote in an August 14 opinion unsealed Tuesday.

He said that while the pair's advocacy was constitutionally protected, they were entitled to no safe harbor for their suspected violations of a 1917 law that limits disclosure of the nation's secrets, the Espionage Act.

Coalition crackup

A third disgruntled state affiliate has severed ties with the Christian Coalition of America, one of the nation's most powerful conservative groups during the 1990s but now buffeted by complaints over finances, leadership and its plans to veer into nontraditional policy areas, the Associated Press reports.

"It's a very sad day for our people, but a liberating day," said John Giles, president of the coalition's Alabama chapter, which announced yesterday that it was renaming itself and splitting from the national organization. The Iowa and Ohio chapters took similar steps this year.

Mr. Giles said he and his Alabama colleagues have "a dozen hard reasons" for the action, but would elaborate only on a perception that the coalition's leadership was diverting itself from traditional concerns such as abortion and homosexual "marriage" to issues ranging from the environment to Internet access. He predicted further defections.

The coalition's national president, Roberta Combs, insisted her organization -- which is $1 million in debt -- would survive the defections, and was unapologetic about her interest in new directions.

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"We're going to have a new mission, a new vision -- much more broad-focused," she said.

•Greg Pierce can be reached at 202/636-3285 or gpierce@washingtontimes.com.

Some In G.O.P. Say Iran Threat Is Played Down (NYT)

By Mark Mazzetti

The New York Times, August 24, 2006

WASHINGTON, Aug. 23 — Some senior Bush administration officials and top Republican lawmakers are voicing anger that American spy agencies have not issued more ominous warnings about the threats that they say Iran presents to the United States.

Some policy makers have accused intelligence agencies of playing down Iran's role in Hezbollah's recent attacks against Israel and overestimating the time it would take for Iran to build a nuclear weapon.

The complaints, expressed privately in recent weeks, surfaced in a Congressional report about Iran released Wednesday. They echo the tensions that divided the administration and the Central Intelligence Agency during the prelude to the war in Iraq.

The criticisms reflect the views of some officials inside the White House and the Pentagon who advocated going to war with Iraq and now are pressing for confronting Iran directly over its nuclear program and ties to terrorism, say officials with knowledge of the debate.

The dissonance is surfacing just as the intelligence agencies are overhauling their procedures to prevent a repeat of the 2002 National Intelligence Estimate — the faulty assessment that in part set the United States on the path to war with Iraq.

The new report, from the House Intelligence Committee, led by Representative Peter Hoekstra, Republican of Michigan, portrayed Iran as a growing threat and criticized American spy agencies for cautious assessments about Iran's weapons programs. "Intelligence community managers and analysts must provide their best analytical judgments about Iranian W.M.D. programs and not shy away from provocative conclusions or bury disagreements in consensus assessments," the report said, using the abbreviation for weapons of mass destruction like nuclear arms.

Some policy makers also said they were displeased that American spy agencies were playing down intelligence reports — including some from the Israeli government — of extensive contacts recently between Hezbollah and members of Iran's Revolutionary Guard. "The people in the community are unwilling to make judgment calls and don't know how to link anything together," one senior United States official said.

"We're not in a court of law," he said. "When they say there is 'no evidence,' you have to ask them what they mean, what is the meaning of the term 'evidence'?"

The criticisms do not appear to be focused on any particular agency, like the C.I.A., the Defense Intelligence Agency or the State Department's intelligence bureau, which sometimes differ in their views.

Officials from across the government — including from within the Bush administration, Congress and American intelligence agencies — spoke for this article on condition of anonymity because they were discussing a debate over classified intelligence information. Some officials said that given all that had happened over the last four years, it was only appropriate that the intelligence agencies took care to avoid going down the same path that led the United States to war with Iraq.

"Analysts were burned pretty badly during the run-up to the war in Iraq," said Representative Rush Holt, a New Jersey Democrat who sits on the House Intelligence Committee. "I'm not surprised that some in the intelligence community are a bit gun-shy about appearing to be war mongering."

Several intelligence officials said that American spy agencies had made assessments in recent weeks that despite established ties between Iran and Hezbollah and a well-documented history of Iran arming the organization, there was no credible evidence to suggest either that Iran ordered the Hezbollah raid that touched off the recent fighting or that Iran was directly controlling attacks against Israel.

"There are no provable signs of Iranian direction on the ground," said one intelligence official in Washington. "Nobody should think that Hezbollah is a remote-controlled entity." American military assessments have broadly echoed this view, say people who maintain close ties to military intelligence officers.

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"Does Iran profit from all of this? Yes," said Gen. Wayne A. Downing Jr., the retired former commander of the Special Operations Command and a White House counterterrorism adviser during President Bush's first term. "But is Iran pulling the strings? The guys I'm talking to say, 'no.' "

Many senior Bush administration officials have long been dismissive of the work of the intelligence agencies. Shortly after the Sept. 11 attacks, the Pentagon set up an office led by Douglas J. Feith, the Defense Department's third-ranking civilian official at the time, that sifted through raw intelligence to look for links between terrorist networks and governments like Iraq's.

In the months before the Iraq war, Vice President Dick Cheney made repeated trips to the C.I.A. and asked analysts pointed questions about their conclusions that Iraq had no direct ties to Al Qaeda. Both the Pentagon office and Mr. Cheney's visits were roundly criticized, which is why officials said that policy makers were now being careful about circumventing the intelligence agencies to seek alternate analyses.

During his confirmation hearings in May, the director of the C.I.A. a, Gen. Michael V. Hayden, said he had been "uncomfortable" with the work of the Pentagon intelligence office.

The House Intelligence Committee report released Wednesday was written primarily by Republican staff members on the committee, and privately some Democrats criticized the report for using innuendo and unsubstantiated assertions to inflate the threat that Iran posed to the United States.

The report's cover page shows a picture of President Mahmoud Ahmadinejad of Iran speaking at a lectern that the bears the message "The World Without Zionism."

Page 3 of the report lists several public comments from Mr. Ahmadinejad, including his statement, "The annihilation of the Zionist regime will come. . . . Israel must be wiped off the map."

Earlier this year, the intelligence agencies put new procedures in place to help avoid the type of analysis that was contained in the 2002 National Intelligence Estimate about Iraq and to prevent another "Curveball" — the code name of the Iraqi source who fed the United States faulty intelligence about Iraq's biological weapons program. "I think that the intelligence community is being appropriately cautious," said John E. McLaughlin, a former director of central intelligence.

"I think that what is going on is that people are holding themselves to a higher standard of evidence because of Iraq."

Thomas Fingar, the deputy director of national intelligence for analysis, said analysts now had much more information about the sources of raw intelligence coming from the field.

"Analysts have to know more about the sources than was generally the case before the Iraq estimate," Mr. Fingar said.

Analysts also are required to include in their reports more information about the chain of logic that led them to their conclusions about sensitive topics like Iran, North Korea and global terrorism — "showing your work," as Mr. Fingar put it.

At the same time, Mr. Fingar dismissed the notion that intelligence analysts should try merely to connect random intelligence findings. "As a 40-year analyst, I'm offended by the notion of 'connecting dots,' ''he said. "If you had enough monkeys you could do that."

The consensus of the intelligence agencies is that Iran is still years away from building a nuclear weapon. Such an assessment angers some in Washington, who say that it ignores the prospect that Iran could be aided by current nuclear powers like North Korea. "When the intelligence community says Iran is 5 to 10 years away from a nuclear weapon, I ask: 'If North Korea were to ship them a nuke tomorrow, how close would they be then?" said Newt Gingrich, the former Republican speaker of the House of Representatives.

"The intelligence community is dedicated to predicting the least dangerous world possible," he said.

Some veterans of the intelligence battles that preceded the Iraq war see the debate as familiar and are critical of efforts to create hard links based on murky intelligence.

"It reflects a certain way of looking at the world — that all evil is traceable to the capitals of certain states," said Paul R. Pillar, who until last October oversaw American intelligence assessments about the Middle East. "And that, in my view, is a very incorrect way of interpreting the security challenges we face."

Iran Threat Grows Under Hard-liner, Congress Reports (WT)

By Rowan Scarborough

DOJ_NMG_0052744

The Washington Times, August 24, 2006

Iran has become a greater threat to the United States since the presidential election of Mahmoud Ahmadinejad, who is presiding over a secretive weapons program capable of producing 12 nuclear weapons if the nation's uranium enrichment continues, says a congressional report released yesterday.

"Iran poses a threat to the United States and its allies due to its sponsorship of terror, probable pursuit of weapons of mass destruction and support for the insurgency in Iraq," said the 29-page bipartisan report from the House Permanent Select Committee on Intelligence.

The report combines previously published intelligence and committee assessments. It is designed to spotlight Iran's radical Islamic regime, which appears to be on a collision course with the West over its nuclear program.

Mr. Ahmadinejad has refused a demand from the United Nations to stop enriching uranium. That stance raises the risk of economic sanctions and a pre-emptive U.S. air strike on Iran's network of atomic centers.

The report says: "The profile of the Iranian threat has increased over the last year due to the election of President Mahmoud Ahmadinejad, who has made public threats against the United States and Israel, the continuation of Iranian nuclear weapons research, and the recent attacks by Hezbollah, an Iranian terrorist proxy, against Israel. ... Iran thus bears significant responsibility for the recent violence in Israel and Lebanon."

Committee Chairman Peter Hoekstra, Michigan Republican, added, "That Iran has announced it will continue its program of nuclear enrichment, in violation of a U.N. resolution, demonstrates it will not be satisfied until it poses a threat to the entire world."

The report suggests that Iran played a role in Hezbollah's attack on Israel last month, but said the evidence is not firm.

"The extent to which Iran directed the July/August 2006 Hezbollah attacks against Israel is unknown, as are possible Iranian objectives for provoking hostilities with Israel at this point in time," the report said. "Certainly, Iran could benefit if the international community's attention was diverted away from Iran's nuclear program."

Iran has on hand 85 tons of processed uranium that could be enriched and used in 12 nuclear weapons, and could stockpile enough plutonium for 30 weapons per year with spent fuel from a Russian-supplied reactor at Bushehr on the Persian Gulf.

Russia has promised to inventory and collect the spent fuel rods. But the House report says, "Iran's record of non-cooperation with the [International Atomic Energy Agency] and its years of secret nuclear experiments raise questions as to whether Iran can be trusted to honor an agreement on the disposition of spent fuel rods."

The report, "Recognizing Iran as a Strategic Threat: An Intelligence Challenge for the United States," repeats a complaint from a 2005 blue-ribbon commission that the U.S. intelligence community does not know enough about Iran's nuclear program and those of other rogue nations.

"The United States lacks critical information needed for analysts to make many of their judgments with confidence about Iran and there are many significant information gaps," the committee report said.

Congress has criticized the CIA for a flawed national intelligence estimate that said Iraq still possessed large stockpiles of chemical weapons -- an assessment on which President Bush largely based his decision to go to war in 2003. Mr. Bush may decide at some point that strikes on Iran are the only way to prevent the U.S.-designated terror sponsor from achieving a nuclear arsenal.

Iran possesses Shahab-3 ballistic missiles capable of reaching Israel, which Mr. Ahmadinejad has threatened to destroy. Iran is developing the Shahab-4, whose range would reach parts of Europe.

U.S. Spy Agencies Criticized On Iran (WP)

By Dafna Linzer

The Washington Post, August 24, 2006

A key House committee issued a stinging critique of U.S. intelligence on Iran yesterday, charging that the CIA and other agencies lack "the ability to acquire essential information necessary to make judgments" on Tehran's nuclear program, its intentions or even its ties to terrorism.

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The 29-page report, principally written by a Republican staff member on the House intelligence committee who holds a hard-line view on Iran, fully backs the White House position that the Islamic republic is moving forward with a nuclear weapons program and that it poses a significant danger to the United States. But it chides the intelligence community for not providing enough direct evidence to support that assertion.

"American intelligence agencies do not know nearly enough about Iran's nuclear weapons program" to help policymakers at a critical time, the report's authors say. Information "regarding potential Iranian chemical weapons and biological weapons programs is neither voluminous nor conclusive," and little evidence has been gathered to tie Iran to al-Qaeda and to the recent fighting between Israel and Hezbollah in southern Lebanon, they say.

The report relies exclusively on publicly available documents. Its authors did not interview intelligence officials. Still, it warns the intelligence community to avoid the mistakes made regarding weapons of mass destruction before the Iraq war, noting that Iran could easily be engaged in "a denial and deception campaign to exaggerate progress on its nuclear program as Saddam Hussein apparently did concerning his WMD programs."

"We want to avoid another 'slam dunk,' " Rep. Peter Hoekstra (R-Mich.) said in an interview yesterday, explaining why the staff report was made public before it had been approved by the full committee. "We think it's important for the American people to understand the kinds of pressures that we are facing and to increase the American public's understanding of Iran as a threat."

Former CIA director George J. Tenet had called prewar intelligence on banned weapons a "slam dunk," but no such arms were ever found.

The House panel's report comes at a time when the Bush administration is scrambling for leverage in its effort to force Iran to suspend its nuclear program. On Tuesday, Tehran rejected a U.N. Security Council resolution requiring it to halt its uranium-enrichment work.

For weeks, the White House has said that it would push for international sanctions if Iran failed to comply with the council's demands. But none of its allies spoke of sanctions yesterday, a day after Iran said it was willing to engage in serious discussions with the United States -- but not if it had to stop its nuclear program first.

The State Department issued a terse response to the Iranian offer yesterday, saying it fell "short" of Iran's obligations but making no mention of sanctions.

Some Republicans privately oppose President Bush's current policy of potential engagement with Iran and believe it is crumbling in the face of European reluctance to impose strict measures.

Jamal Ware, spokesman for the House intelligence committee, said three staff members wrote the report, but he did not dispute that the principal author was Frederick Fleitz, a former CIA officer who had been a special assistant to John R. Bolton, the administration's former point man on Iran at the State Department. Bolton had been highly influential in the crafting of a tough policy that rejected talks with Tehran.

Bolton was appointed ambassador to the United Nations last year, and Secretary of State Condoleezza Rice changed course when she came to the State Department, choosing instead to support direct European negotiations with Iran. She said the United States would join those talks if Iran agreed to suspend its nuclear work.

Noting "significant gaps" in U.S. intelligence, Fleitz's report suggests that the United States could not effectively engage in talks with Tehran.

Rep. Rush D. Holt (N.J.), the ranking Democrat on the subcommittee that prepared the report, said he agreed to forward it to the full committee because it highlights the difficulties in gathering intelligence on Iran. But he added that the report was not "prepared and reviewed in a way that we can rely on."

The administration has not attributed its assertions about Iran's weapons program to U.S. intelligence, as it had done about Iraq's in the run-up to the March 2003 invasion. Instead, it has pointed to years of Iranian concealment and has questioned why a country with as much oil as Iran would need a huge nuclear energy program.

The House report notes several years of findings by international nuclear inspectors that point to the possibility of a nuclear weapons program and suggests that more U.S. intelligence resources should be devoted to finding proof.

"Although Iran . . . with active denial and deception efforts, is a difficult target for intelligence analysis and collection, it is imperative that the U.S. Intelligence Community devote significant resources against this vital threat," the report says.

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The report suggests seven areas in which the intelligence community can improve its analysis and collection of information, and it specifically criticizes the office of the director of national intelligence, John D. Negroponte. The report says Negroponte needs to "clearly identify his goals for improving Iran-related collection and analysis so members of the Community know what they are supposed to achieve."

John Callahan, a spokesman for Negroponte, said the office is already "taking steps along the lines the committee has recommended and looks forward to working with members and staff to continue to make progress as we address the challenges Iran poses."

U.S. Built Major Iranian Nuclear Facility (CHIT)

By Sam Roe

Chicago Tribune, August 24, 2006

In the heart of Tehran sits one of Iran's most important nuclear facilities, a dome-shaped building where scientists have conducted secret experiments that could help the country build atomic bombs. It was provided to the Iranians by the United States.

The Tehran Research Reactor represents a little-known aspect of the international uproar over the country's alleged weapons program. Not only did the U.S. provide the reactor in the 1960s as part of a Cold War strategy, America also supplied the weapons-grade uranium needed to power the facility—fuel that remains in Iran and could be used to help make nuclear arms.

As the U.S. and other countries wrestle with Iran's refusal this week to curb its nuclear capabilities, an examination of the Tehran facility sheds light on the degree to which the United States has been complicit in Iran developing those capabilities.

Though the International Atomic Energy Agency, the United Nations' nuclear watchdog, has found no proof Iran is building a bomb, the agency says the country has repeatedly concealed its nuclear activities from inspectors. And some of these activities have taken place in the U.S.-supplied reactor, IAEA records show, including experiments with uranium, a key material in the production of nuclear weapons.

U.S. officials point to these activities as evidence Iran is trying to construct nuclear arms, but they do not publicly mention that the work has taken place in a U.S.-supplied facility.

The U.S. provided the reactor when America was eager to prop up the shah, who also was aligned against the Soviet Union at the time. After the Islamic revolution toppled the shah in 1979, the reactor became a reminder that in geopolitics, today's ally can become tomorrow's threat.

Also missing from the current debate over Iran's nuclear intentions is emerging evidence that its research program may be more troubled than previously known.

The Bush administration has portrayed the program as a sophisticated operation that has skillfully hid its true mission of making the bomb. But in the case of the Tehran Research Reactor, a study by a top Iranian scientist suggests otherwise.

After a serious accident in 2001 at the U.S.-supplied reactor, the scientist concluded that poor quality control at the facility was a "chronic disease." Problems included carelessness, sloppy bookkeeping and a staff so poorly trained that workers had a weak understanding of "the most basic and simple principles of physics and mathematics," according to the study, presented at an international nuclear conference in 2004 in France.

The Iranian scientist, Morteza Gharib, told the Tribune that management of the facility had improved in the past three years. When asked whether sloppiness at the reactor might have contributed to some of Iran's troubles with the IAEA, Gharib wrote in an email: "It is always possible, for any system, to commit infractions inadvertently due to lack of proper bookkeeping."

Jeffrey Lewis, an arms control expert at Harvard University, said bungling might be to blame for some infractions, but the Iranians clearly concealed major nuclear activities, such as building a facility to enrich uranium. "This was not an oversight," he said.

Another overlooked concern about the Tehran reactor is the weapons-grade fuel the U.S. provided Iran in the 1960s—about 10 pounds of highly enriched uranium, the most valuable material to bomb makers. It is still at the reactor and susceptible to theft, U.S. scientists familiar with the situation said.

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This uranium has already been burned in the reactor, but the "spent fuel" is still highly enriched and could be used in a bomb. Normally, spent fuel is so radioactive that terrorists cannot handle it without causing themselves great harm. But the spent fuel in Iran has sat in storage for so long that it is probably no longer highly radioactive and could be handled easily, the U.S. scientists say.

The fuel is about one-fifth the amount needed to make a nuclear weapon, but experts said it could be combined with other material to construct a bomb.

In an interview, Linton Brooks, head of the National Nuclear Security Administration, an arm of the U.S. Energy Department, said the U.S. would like to retrieve the U.S.-supplied fuel, but the top priority has been to get Iran to suspend its enrichment efforts.

Under the international Nuclear Non-Proliferation Treaty, Iran has the right to enrich uranium for peaceful purposes. But the UN Security Council, saying Iran has failed to prove it is not building weapons, has demanded Iran stop enrichment by Aug. 31 or face economic sanctions. This week, Iran offered "serious talks" on its nuclear activities but did not promise to stop enriching uranium.

While Brooks downplayed the proliferation risk of the Tehran Research Reactor, some experts believe the facility is so important to Iran's nuclear program that it would be targeted in a U.S. military strike on Iran.

"Its purpose is mainly advanced training and producing a cadre of nuclear engineers," said Paul Rogers, an arms control expert at the University of Bradford in England. "So it's one of the facilities that is really quite significant."

Exactly how significant is unclear. The Tehran reactor provided the foundation for Iran's nuclear program, but that program now consists of numerous other facilities as well. And over the years, Iran has obtained nuclear aid from various sources, including Russia and the black market network of Pakistani scientist A.Q. Khan. China also has supplied research reactors.

Most of the world's nuclear research reactors, which train students or produce radioisotopes for medicine, fall under IAEA restrictions. Agency inspectors have visited the Tehran facility several times in recent years. Iran says its nuclear program, including the U.S.-supplied reactor, is solely for peaceful purposes.

When arguing for tough penalties on Iran, U.S. officials have pointed to activities in the U.S.-supplied reactor.

In 2004, John Bolton, the State Department's senior arms control official at the time, told a congressional panel that Iran's covert nuclear weapons program was marked by a "two-decades-long record of obfuscation and deceit." He cited experiments in the reactor as part of the evidence.

Several months later, Bolton told another congressional panel that Iran had received technological assistance from companies in Russia, China and North Korea in an attempt to develop missiles capable of delivering nuclear weapons.

Countries that provide Iran such weapons-of-mass-destruction technology "ought to know better," said Bolton, now the American ambassador to the United Nations. If foreign companies aid Iran, the U.S. "will impose economic burdens and brand them as proliferators."

What Bolton didn't note: America's role in Iran's nuclear program.

That role has complicated U.S. efforts to gain support for greater restrictions on Iran. For instance, the U.S. wants Russia to take a firmer stance on Iran's nuclear program and has been critical of Russian efforts to help Iran build a nuclear power plant.

But Russia has noted the U.S. had no problem providing Iran a research reactor and highly enriched uranium when it was politically expedient.

Those who defend the U.S. say it should not be faulted for aiding Iran in the past. "It's not the international community's fault for helping Iran exercise its rights in the past" to develop nuclear energy for peaceful uses, said Lewis, the Harvard expert. "It's Iran's fault for not living up to its safeguards obligation."

Iran's nuclear program can be traced to the Cold War era, when the U.S. provided nuclear technology to its allies, including Iran. In 1953, the CIA secretly helped overthrow Iran's democratically elected prime minister and restore the shah of Iran to power.

In the 1960s, the U.S. provided Iran its first nuclear research reactor. Despite Iran's enormous oil reserves, the shah wanted to build numerous nuclear power reactors, which American and other Western companies planned to supply.

Yet today, the U.S. argues that Iran does not need to develop nuclear power because of those same petroleum resources.

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In 1979, when the shah was overthrown and U.S. hostages taken, America and Iran became enemies; Iran's nuclear power program stalled.

The U.S. refused to give Iran any more highly enriched uranium for its reactor, and Iran eventually obtained new fuel from Argentina. This fuel is too low in enrichment to be used in weapons but powerful enough to run the facility. To this day, the reactor runs on this kind of fuel from Argentina.

In papers filed with the IAEA, Iran states that before the 1979 revolution it gave the U.S. $2 million for additional highly enriched uranium fuel for its American-supplied reactor but the U.S. neither provided the fuel nor returned the $2 million.

In 2003, shortly after IAEA officials inspected the U.S.-supplied reactor, Iran acknowledged it had conducted experiments on uranium in the reactor between 1988 and 1992—activities that had not been previously reported to the agency.

The IAEA rebuked Iran for failing to report these experiments and expressed concern about other activities in the reactor. These included tests involving the production of polonium-210, a radioisotope useful in nuclear batteries but also in nuclear weapons.

Inspectors also were curious why some uranium was missing from two small cylinders. Iran said the uranium probably leaked when the cylinders were stored under the roof of the research reactor, where heat in the summer reached 131 degrees Fahrenheit.

When inspectors took samples from under the roof, they indeed found uranium particles. But inspectors did not think Iran's explanation about leaking cylinders was plausible.

Eventually, Iran acknowledged the missing uranium had been used in key enrichment tests in another facility.

U.S. Defers Call For Immediate Sanctions Against Iran (LAT)

By Peter Spiegel

The Los Angeles Times, August 24, 2006

Washington — The Bush administration said Wednesday that Iran's response to international efforts to restrain its nuclear program fell short of a U.N. Security Council demand that Iran suspend its uranium enrichment activities by Aug. 31. But U.S. officials declined to say whether that meant it would push for economic sanctions against Iran at the United Nations next week.

The administration's refusal to call immediately for sanctions marked a change in tone from signals sent by American officials before Iran issued a 21-page counteroffer Tuesday. Over the last week, senior U.S. diplomats had warned that anything short of a halt of Iran's enrichment program would lead to a quick U.S.-led push for targeted sanctions at the United Nations.

The U.S. stance appeared even more muted than that taken Wednesday by France, where Foreign Minister Philippe Douste-Blazy told reporters that any return to the negotiating table would depend on Iran suspending its enrichment program. The Security Council is scheduled to meet Aug. 31 to officially consider Iran's response and decide whether it should move toward sanctions.

The Bush administration's reaction came in an announcement by the State Department, where a spokesman called the Iranian response "a serious offer" that warranted review. White House spokesman Dana Perino said afterward that while Iran did not meet the key requirements on enrichment and reprocessing, the U.S. was continuing to discuss the document with the other four permanent members of the U.N. Security Council, plus Germany, to decide whether to push for sanctions.

"I think that we need some time to review it and to discuss what the next steps are," Perino said. "All six of them are meeting, and we'll see what comes next."

It remained unclear whether the Bush administration's subdued reaction to the Iranian document was a signal of a genuine willingness to re-engage with Tehran on the nuclear issue or simply an attempt to demonstrate publicly that it was not dismissing the Iranian proposal out of hand.

European allies have been pushing the U.S. to refrain from quick public pronouncements, noting Western powers castigated the Iranian government last year when it immediately rejected a European Union offer of political and economic cooperation in return for a cessation of its enrichment program.

"We criticized Iran for the way they dismissed the offer we made in 2005 without even looking at it," said another European diplomat. "It would behoove us to take some time and look at this."

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President Bush discussed the Iranian response with U.N. Secretary-General Kofi Annan in a morning telephone call during which Annan said he was planning on traveling to the Middle East at the end of the week. Although the trip will include a stop in Tehran, U.N. officials said his discussions will focus on the U.N.-brokered cease-fire in Lebanon.

Bush also discussed Iran's offer, which included a call for new, "serious negotiations," with Secretary of State Condoleezza Rice.

Other than Douste-Blazy's remarks, the reaction from most allied capitals showed a similar measure of restraint as the one from Washington -- a sign that world powers wanted to avoid displaying any differences so quickly on the heels of an acrimonious debate over the cease-fire in Lebanon.

Furthermore, officials were not under pressure to respond quickly, given the scheduled Security Council meeting on Iran's nuclear program is still more than a week away.

"Our deadline is the 31st of August; I'm not sure we see any reason to respond on Iran's timetable," said one European diplomat who, like others, spoke on condition of anonymity because of diplomatic sensitivity.

Having pushed the international community for action against Tehran, however, it would be unlikely for the administration to back down from its promises to pursue sanctions next week if Iran did not agree to suspend enrichment.

Both Undersecretary of State R. Nicholas Burns, the administration's point man on Iran, and U.N. Ambassador John Bolton have said recently that the administration planned to press quickly for sanctions without an Iranian agreement to the allied offer.

However, the Russian and Chinese foreign ministries said Wednesday that they preferred a negotiated solution, signaling it may be hard to persuade them to vote for any penalty against Iran, at least for now.

Both urged the United States and the Western Europeans, who have been the strongest advocates of enacting penalties quickly if Iran fails to meet the Security Council demands, to focus on Iran's proposals and to avoid strident criticism.

"It is essential to understand the nuances and to find constructive elements, if any exist, and to decide whether it is possible to go on working with Tehran on the basis of the well-known proposals of the six states," said Mikhail Kamynin, the Russian Foreign Ministry Spokesman.

A Chinese Foreign Ministry diplomat said: "Hopefully, the other parties will remain patient and calm," referring to the Europeans and the United States.

Details of the Iranian response remained closely held by U.S. and European diplomats, but the requirement to suspend enrichment was seen on both sides of the Atlantic as the central component of an offer made in June by Germany and the permanent Security Council members. One of the diplomats described the Iranian response as "opaque" and "circular."

Even as the administration sought to portray itself as soberly, the House Intelligence Committee issued a report Wednesday emphasizing the potential threat posed by Iran and reiterating U.S. intelligence estimates that Iran could develop a nuclear weapon sometime in the next decade.

U.S. Says Iran's Reply On Nukes Is ‘serious' — But Not Enough (USAT)

By Bill Nichols

USA Today, August 24, 2006

WASHINGTON — The State Department said Wednesday that Iran's reply to a Western offer aimed at curbing its nuclear program “falls short” of conditions set by the United Nations to avoid economic and political sanctions.

The statement also acknowledged that Iran “considers its response as a serious offer” — careful phrasing that foreign policy analysts say is intended to show that Washington is not eager to punish Iran, thereby helping hold a fragile U.S.-European coalition together.

The U.S. strategy of rejecting the response while still treating it as serious is intended to avoid alienating China and Russia, which have resisted economic sanctions, said Jon Wolfsthal, a non-proliferation expert at the Center for Strategic and International Studies. “This was not a case of Iran saying, ‘To hell with you,' ” Wolfsthal said. “There was a moderate tone, and the White House had to match that.”

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Iran's 21-page response, delivered to diplomats Tuesday by Ali Larijani, the country's chief nuclear negotiator, called for "serious negotiations" but rejected a central Western demand: suspending its uranium enrichment program. Details of the response have not been released.

The United States, Britain, China, Germany, France and Russia proposed a package of economic and diplomatic incentives in June for Iran to halt research activities that could lead to the development of nuclear weapons.

The Bush administration and its allies say the uranium program is making fuel for weapons. Iran says it is only for nuclear energy.

When Iran did not meet an initial deadline to respond, the U.N. Security Council passed a resolution July 31 calling on Tehran to halt its enrichment program by Aug. 31 or face possible sanctions.

Wednesday's statement said the United States is "consulting closely" with its allies on next steps.

President Bush met with Secretary of State Condoleezza Rice to discuss Iran's reply. The president also conferred by telephone with U.N. Secretary-General Kofi Annan.

France echoed the U.S. tone. Foreign Minister Philippe Douste-Blazy said "the door is still open" for negotiations only if Iran first suspends enrichment.

China and Russia, both of whom have veto power on the Security Council, reacted carefully. China called for dialogue and patience. The Russian Foreign Ministry said talk of sanctions before the Aug. 31 deadline was "premature."

U.S. Says Iranian Nuclear Proposal Is Inadequate (NYT)

By Helene Cooper

The New York Times, August 24, 2006

WASHINGTON, Aug. 23 — The United States, in its first formal reaction after Iran's counteroffer to an incentives proposal to quit its nuclear program, said Iran's position "falls short" of United Nations demands.

A State Department statement said the United States was "consulting closely" with members of the United Nations Security Council over its next steps.

"We acknowledge that Iran considers its response as a serious offer, and we will review it," said the acting spokesman for the department, Gonzalo Gallegos, in the statement.

On June 1, the five permanent members of the Security Council, along with Germany, offered Iran a package of incentives in return for Tehran's suspension of uranium enrichment, a crucial step in any creation of a nuclear weapon. Iran's official response on Tuesday, in a complex 21-page counterproposal, in effect offered to hold negotiations on its nuclear program but did not address the Security Council's demand that it halt enrichment.

Bush administration officials are pushing their European, Russian and Chinese counterparts to impose sanctions on Iran at the end of the month, after a Security Council deadline for Iran to suspend enrichment expires. But Russia and China, which have deep economic ties with Iran, have resisted any move to penalize the country severely.

On Wednesday, those two countries again urged the Europeans and Americans to respond with caution.

On its Foreign Ministry's Web site, Russia asked world powers to "understand the nuances, to find constructive elements, if there are any, to determine if it is possible to work further with Tehran on the basis of the well-known proposals of the six states." And a Foreign Ministry spokesman, Mikhail Kamynin, said any talk of sanctions before the expiration of the Aug. 31 deadline set by the Security Council was premature.

A statement from China urged patience and further negotiation on the issue. Foreign Minister Philippe Douste-Blazy of France told reporters in Paris that Iran must stop uranium enrichment before negotiation on its nuclear program can resume.

In Berlin, a Foreign Ministry spokesman, Martin Jaeger, said that Germany was "analyzing and evaluating the rather complex text" of the Iranian proposal. But he added that Iran's response ran counter to its insistence that its nuclear program was for peaceful purposes.

The United States, Britain, France and Germany had considered meeting Wednesday in New York to discuss the Iranian proposal and their response, but the Europeans decided against the meeting, a senior American official said. He said the foreign ministers were studying the Iranian proposal in their respective capitals.

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President Bush met with Secretary of State Condoleezza Rice at the White House on Wednesday to discuss the issue, aides said. Ms. Rice also spoke by telephone with the European Union's foreign policy chief, Javier Solana.

Offer By Iran 'Falls Short' (WT)

By David R. Sands

The Washington Times, August 24, 2006

The Bush administration said yesterday that Iran's proposal for talks on its nuclear programs "falls short of the conditions" demanded by the U.N. Security Council.

But with the international alliance against Iran showing signs of strain, the administration stopped short of dismissing Tehran's proposal out of hand.

"We acknowledge that Iran considers its response as a serious offer, and we will review it," State Department acting spokesman Gonzalo Gallegos said after a meeting between President Bush and Secretary of State Condoleezza Rice.

Both China and Russia said they favor additional negotiations with Tehran to clear up questions over its nuclear programs, which the United States and its European allies fear are a cover for Tehran's drive to obtain nuclear weapons.

Mr. Gallegos said that Iran's 20-page counteroffer "falls short of the conditions set by the Security Council, which require the full and verifiable suspension of all [uranium] enrichment-related and reprocessing activities."

"We are consulting closely, including with other members of the Security Council, on next steps," he said.

Separately, a bipartisan congressional report released yesterday said Iran has become an even greater threat to the United States with the election last year of hard-line Islamist President Mahmoud Ahmadinejad.

The House Permanent Select Committee on Intelligence said Iran has enough uranium, if sufficiently enriched, for 12 nuclear bombs.

The report also cast doubt on Moscow's ability to monitor spent fuel rods from a Russian-built nuclear reactor in Bushehr, Iran, and warned Iran could in time produce 30 plutonium-based nuclear bombs annually by reprocessing the plant's spent fuel rods.

The five permanent U.N. Security Council powers -- the United States, Russia, China, France and Britain -- and Germany in June offered Tehran a package of diplomatic, trade and security concessions if Iran would freeze its nuclear programs.

Top U.S. officials say they are prepared to move "quickly" with sanctions and other punitive measures if Iran refuses to cooperate.

France and Germany yesterday echoed the U.S. stance, saying Iran must freeze its enrichment work -- a critical step in producing fuel for both civilian and military nuclear uses -- before any talks can proceed. The U.N. deadline for Iran to comply with the freeze is Aug. 31.

"The Iranians know the rules of the game -- first a suspension of sensitive nuclear activities," said French Foreign Minister Philippe Douste-Blazy.

But official spokesmen in Moscow and Beijing said Iran's lengthy counterproposal for new "serious talks," delivered on Tuesday in Tehran by senior nuclear negotiator Ali Larijani, could form the basis for a new round of negotiations and put on hold for now any talk of sanctions.

"It is very important to understand the nuances and grasp constructive elements, if in fact they exist, and work out how to work further with Tehran on the basis of the known proposals of the six countries," Russian Foreign Ministry spokesman Mikhail Kamynin told the Interfax news agency.

Iranian officials appeared eager to exploit possible divisions on the other side of the negotiating table.

"If the Europeans pay proper attention to positive and clear signals included in Iran's response, the case will be solved through negotiation and without tension," Foreign Ministry spokesman Hamid Reza Asefi told Iran's state radio yesterday.

Mr. Bush also spoke by phone with U.N. Secretary-General Kofi Annan about Iran yesterday. Mr. Annan plans a Middle East trip, starting tomorrow, that will include a stop in Tehran.

Iran says its nuclear programs are for civilian energy uses, and claims it has a right to pursue nuclear power under the international treaty on nonproliferation.

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Iran Stalls (WP)

The Washington Post, August 24, 2006

IT'S BEEN four years since the existence of Iran's nuclear program was confirmed, and since then Iran has succeeded in stalling the world's efforts to ensure that the country's enriched uranium is used exclusively for peaceful purposes. Sometimes inspectors from the U.N. International Atomic Energy Agency have been granted permission to enter the country; sometimes they have been denied access. Sometimes Iran's leaders have bluntly pledged never to give up their program; other times, as on Tuesday, they have called for immediate negotiations. By sending conflicting signals about its intentions, Iran has divided its critics and staved off sanctions, all the while continuing with its efforts to amass enriched uranium. The question now is whether the world will allow itself to be manipulated once again.

Iran's latest gambit comes in response to a two-pronged initiative from the five permanent members of the U.N. Security Council plus Germany. The first prong consists of a package of economic and political incentives to Iran to give up its nuclear program; the second consists of a U.N. resolution threatening sanctions if Iran fails to suspend uranium enrichment by the end of this month. Both the carrot and the stick have the support of Russia and China as well as the United States, Britain, France and Germany. They are designed to give Iran a clear choice: Freeze enrichment and rejoin the international community or continue enrichment and face sanctions.

Not surprisingly, Iran is trying to fudge this choice. Its response on Tuesday did not offer a freezing of the nuclear program but rather advanced what it called a new formula to resolve the crisis. While it's predictable that Iran should try to wriggle out of its box, it would be scandalous if it were allowed to do so. Iran was told to suspend enrichment. It has not suspended enrichment. Therefore it must face sanctions until it rethinks its position.

The Bush administration appears likely to seek a sanctions resolution at the United Nations. Britain, France and Germany seem ready to go along with that. But Russia and China are said to be wavering, and if they can be persuaded to support sanctions, the price may be that the sanctions are mild. Why this maddening lack of nerve? It's true that Russia and China have investments in Iran and that both may derive a mischievous pleasure from Iran's efforts to undermine U.S. policy in Iraq and elsewhere. But if Russia and China want to be accepted as the forces for global stability that they claim to be, they should not undercut Western efforts to defuse the Iran crisis by peaceful means. No responsible power has anything to gain from further tension in the Middle East, still less an eventual war over Iran's nuclear ambitions.

The Ayatollah's Answer (WSJ)

The Wall Street Journal, August 24, 2006

Two months ago the U.N. Security Council offered Iran a choice: Stop enriching uranium in violation of its treaty agreements and the world would negotiate better diplomatic and commercial relations. Keep enriching the fuel for nuclear weapons, however, and face isolation and sanctions. Tehran's rulers have now given their answer: They won't stop enriching uranium, but they're happy to keep talking about it.

Yesterday, the Bush Administration said it is still studying the Iranian proposal but that the reply "falls short of the conditions set by the Security Council." You can say that again. After three years of Iranian stonewalling since their nuclear deception was discovered, the June resolution was deliberately written to make an end to enrichment a first-order obligation.

The carrots are supposed to follow, not precede, Iran's promise not to take further steps toward becoming a nuclear power. Iran's reply looks like a calculated attempt to conquer the Security Council by dividing its members with the promise that more talk might some day, down the road, in return for who knows what, lead Iran to stop going nuclear.

And already yesterday, the mullahs' strategy was paying dividends as Russia and China took the bait and urged further negotiations. These countries have their oil or nuclear energy deals with Tehran, and they don't seem to worry all that much about Islamic radicals getting the bomb. Perhaps they figure that's America's problem, or Israel's, though how an Islamic regime with a nuclear arsenal helps Russian or Chinese interests is a mystery.

So Secretary of State Condoleezza Rice will have a difficult time mobilizing the world to contain the growing Iranian threat. She sold the idea of offering direct U.S. talks to the mullahs in return for their cooperation on uranium as a way to keep the

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coalition together. And it worked for that one U.N. resolution. But now that the offer has been rejected so slickly by Tehran, we'll see if she's been out-maneuvered by the Ayatollah Khamenei. * * *

The obvious next diplomatic step is to show Iran that the world meant what it said by following through with the toughest achievable sanctions. A myth has developed in some circles that there are "no good options" available to pressure Iran, but that's more excuse than analysis. Iran's mullahs are unpopular at home and their citizens will notice if they are declared a global pariah state. Sanctions on travel by Iran's government officials, diplomats and sports teams may be largely symbolic, but such symbolism will not be missed on the Persian street.

Iran is also vulnerable economically. Sanctions on banks that deal with Iran can limit the regime's access to global credit markets for trade and other financing. Despite its oil exports, Iran also imports some 40% of its refined gasoline. A ban on selling gasoline to Iran would surely lead to gas lines and other shortages there, with possible domestic political repercussions. And it is domestic discontent that the mullahs rightly fear the most.

The worry in the West is that Iran would respond to a gasoline embargo by playing its oil card in retaliation, withholding its supplies and sending world oil prices perhaps to $100 a barrel. But the mullahs can't eat oil. Amid other economic sanctions, they would need their income from oil sales more than ever. They are also watching closely to see if the world is serious when it says it won't allow them to go nuclear, and they know better than anyone that gasoline imports are their biggest political danger. They'll know a wrist slap from a serious policy. * * *

Anyone who still thinks a nuclear-armed Iran won't pose a serious, and perhaps mortal, threat ought to consult this week's bipartisan staff report from the House Intelligence Committee. Drawing on open-source information and mindful of classified background, the report lays out the history of Iranian nuclear deception and its attempts to promote trouble throughout the Middle East. It notes that "Iran probably has an offensive biological weapons program." And it discusses in detail Iran's support for Hezbollah and other terror groups, as well as its continuing support for insurgents who are killing Americans in Iraq.

"A nuclear-armed Iran would likely embolden the leadership in Tehran to advance its aggressive ambitions in and outside of the region, both directly and through the terrorists it supports -- ambitions that gravely threaten the stability and the security of U.S. friends and allies," says the House Intelligence report. With a nuclear arsenal that they felt protected them from retaliation, the mullahs would also be more likely to use conventional military force in the Middle East. The domino effect as Turkey, Egypt and the Saudis sought their own nuclear deterrent would also not be "stabilizing," to cite the highest value of our Middle Eastern "realists." And don't forget President Mahmoud Ahmadinejad's vow that "Israel must be wiped off the map."

The most dismaying part of the House report may be its admission that there are huge gaps in U.S. intelligence about Iran and its weapons programs. That was also the conclusion of the Robb-Silberman report on intelligence last year, and the House Committee also recommends that U.S. spooks devote far more resources and attention to Iran as a strategic threat.

No one wants a military confrontation with Iran, but those who want to avoid one have an obligation to show the mullahs that continuing on their current path will lead to isolation, economic suffering and worse. A U.N. Security Council that passes resolutions it refuses to enforce is itself a threat to global security.

Iran's Double Talk Leaves U.S., Allies Plenty Of Bad Options (USAT)

USA Today, August 24, 2006

Iran lived up to its long history of diplomatic double talk this week. By all accounts, its convoluted response to a U.S.-European offer for negotiations on its fast-advancing nuclear program boils down to this: yes but no. Yes, we are ready for serious talks. But, no, we won't accept the single condition to stop enriching uranium.

The official Bush administration reaction Wednesday to this claptrap was that the 21-page Iranian proposal falls short of United Nations demands, and that the United States will consult with other Security Council members.

The question is what to do next. That the world would be better off without Iran's program is indisputable. A nuclear Iran could supply weapons to terrorists or use them to menace Israel, which Iran's messianic president thinks should be destroyed. And if Iran goes nuclear, others in the already highly volatile Middle East region are likely to follow.

All this reignites President Kennedy's fear in the early 1960s that the United States would soon "face a world in which 15 or 20 or 25 nations" possessed nuclear arms, instead of the four existing at the time. Kennedy's response is instructive. He worked

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with others to coerce nations to give up nuclear ambitions. The resulting accord, the Nuclear Non-Proliferation Treaty, has since restrained all but five (China, India, Israel and, more recently, Pakistan and North Korea).

If Iran, which signed the non-proliferation treaty in 1968, refuses to suspend its uranium enrichment by the end of this month, as called for in a Security Council resolution, the evident next step will be draconian sanctions. But that's not so easy. Two members of the Security Council with veto power — Russia and China — have energy and investment deals with Iran and are reluctant to impose harsh sanctions. Iran's yes-but-no answer was likely designed to split them off. Right on cue, both issued ambivalent responses.

Military action is both premature and problematic. Airstrikes aren't likely to be able to destroy all of Iran's dispersed facilities, some of which are deep underground or hidden. Iran is far larger and more inhospitable to ground troops than Iraq, where the United States is already bogged down. Military action could also ignite retaliation against those U.S. troops in Iraq as well as more widely.

The best of bad options is for Washington to start playing more chess than poker — moving the political and diplomatic pieces in an effort to checkmate Tehran, instead of raising the stakes while holding a weak hand and letting Iran call the U.N.'s bluff.

A first next step, for instance, might be to impose whatever sanctions Russia and China could accept, such as restricting Iranian officials' travel. There could be some finessing of when a suspension of enrichment would take place. Public fudging is part of all successful negotiations. So, too, is compromise: The United States, for example, might have to offer Iran guarantees that it will not seek violent regime change.

The point is to inch forward and allow no daylight to open up among allies. If and when it becomes clear that Iran won't budge, the alliance against it can be solid enough to inflict what pain is possible. Iran's economy depends on oil riches and handouts. Reducing trade and the refined gasoline Iran that imports (because it doesn't have enough refineries) are potential pressure points.

There are no easy options in dealing with Iran. Ultimately, the United States and its allies might have to decide which is worse: allowing Iran to obtain nuclear weapons or a military strike aimed at preventing it from doing so. That fateful decision, however, should not be made until the non-military alternatives have been exhausted.

Muddling Mullahs (LAT)

The Los Angeles Times, August 24, 2006

SAY WHAT YOU WILL ABOUT the mullahs who rule Iran, they are masters of obfuscation. Presented with a yes-or-no question on whether they would suspend uranium enrichment, they responded Tuesday with a 23-page masterpiece of diplomat-speak so obscure that foreign governments could initially do little more than mumble that they needed more time to figure out what it meant.

It doesn't take a degree in Middle Eastern affairs to realize that Tehran is, as usual, stalling for time. President Mahmoud Ahmadinejad's government hopes to so thoroughly muck up the diplomatic process that the major world powers are left without a clear-cut justification for cracking down. The U.N. Security Council has set Aug. 31 as the deadline by which Iran must agree to stop enrichment, after which the world body will consider imposing sanctions. Russia and China have been deeply reluctant to take that step, and Iran's latest response is said to contain just enough positive language — offering a "new formula" for further discussions — to give them a reason to keep dithering.

Nonetheless, at least two Security Council members, the U.S. and France, aren't buying it. On Wednesday, they said Iran's response fell short of United Nations requirements, and the State Department announced it was meeting with allies to discuss "next moves," presumably meaning potential sanctions. It's well past time to do so, though there are serious questions about whether the U.N. can come up with punishments harsh enough to pose a real threat to the Iranian regime. As the Cato Institute's Justin Logan puts it, "What's feasible won't work, and what might work isn't feasible."

The strongest blow would be a ban on the export of gasoline to Iran (which lacks refinery capacity), but leverage here is two-sided because a retaliatory cutback by Tehran on its oil exports could roil already strained markets. With oil off the table, diplomats are left mainly discussing ways to make life harder for Iran's leaders, such as by preventing them from getting visas or

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freezing their foreign assets. That probably won't be enough to persuade Tehran to end its apparent quest for nuclear weapons. Still, it would be a good first step, and it may be the maximum that Russia and China would currently accept; down the road, broader economic punishments might become more practical.

With military action out of the question for now, the international community has little choice but to continue the carrot-and-stick approach, offering Tehran economic benefits for compliance and sanctions for refusal. The challenge is to find big enough sticks.

Sweating Out The Truth In Iran (NYT)

By Maziar Bahari

The New York Times, August 24, 2006

Tehran, Iran

WORKING as a journalist in Iran embodies the definition of insanity: doing the same thing over and over again without getting any results. That's how I felt at the height of the conflict in Lebanon, when I asked officials about Iran's relations with Hezbollah, bearing in mind that posing such questions can be a futile, dangerous and sometimes even lethal exercise.

How was Iran helping Hezbollah? Did Iran really start the war to divert attention from its uranium enrichment program (which it vowed this week to continue)? Was Iran, as Hezbollah's ally, if not patron, willing to put its money where its mouth was and enter the conflict?

Questions, questions. Of course no one answered.

So as a good Iranian, I indulged in fantasy. Fantasizing has become something of a national sport here. Our president, Mahmoud Ahmadinejad, predicted that the national soccer team would finish third or fourth in the World Cup. He also thinks we can become a nuclear powerhouse, even though we have a hard time manufacturing safety matches or making light bulbs with life expectancies of more than two weeks. By the way, the soccer team didn't make it out of the first round.

The setting of my dream was a sauna, where I questioned an imaginary official for five minutes (alas, even our dreams have boundaries here). Why a sauna? For some reason, Iranian officials love going to saunas. Some of the most important decisions in our recent history have been made in saunas. I'm serious.

I politely approach the high-ranking official and give him the impression that he is actually as important as he thinks he is. A bearded man in his early 50's, he usually wears a navy-blue suit and a collarless white shirt buttoned to the neck. (You can imagine how he would look in a sauna yourself. Hint: lots of hair). He is friendly and polite at first, but then his munificent smile turns to an agitated frown.

Q. How do you support the Lebanese resistance?

A. The Israeli regime has shown it has no concern for human rights and international law. It kills infants and pregnant women.

Q. How do you support the Lebanese resistance?

A. Americans have double standards. There is one for Israel and another one for the rest of the world. If it were not for America, Israel would never dare to kill innocent Lebanese citizens with such impunity.

Q. How do you support the Lebanese resistance?

A. I just answered you.

Q. No. You didn't. You just repeated the slogans I heard people were chanting in the Palestine Square demonstration yesterday morning and at Friday prayers two days before that. How does Iran support Hezbollah? Financially? Militarily? Spiritually? How?

The official gets annoyed and looks to his bodyguards to take him away. He wipes the sweat off his face, adjusts his towel and leaves.

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It is a silly fantasy, I admit. But the Iranian regime has reached a crossroads in its relationship with the rest of the world, and no one in the government is willing to give the public a straight answer.

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There is a vague logic in the absurdity of the events here. But the people in the government tend not to share the obscure reasons behind their decisions with the public during crises. Officials usually leave it to pundits to interpret the government's behavior as they wish (they must enjoy the French film critics who divine philosophical gesticulations in Iranian films in which absolutely nothing happens).

Using Hezbollah as a threat has always helped Iran in its negotiations with the West. Iran would like to keep it that way. Helping Hezbollah overtly, however, would lead to a direct confrontation with Israel and the United States, while officially staying out of Lebanese affairs means betraying revolutionary ideals the regime pretends to hold dear to its heart. For the moment, Iran is sticking to bombastic rhetoric while doing nothing, to the chagrin of many of its hard-line supporters.

Iran helped create Hezbollah in the early 1980's, it is Hezbollah's most vocal supporter, and before the war it sent the group millions of dollars of cash, medicine, arms and of course posters of Ayatollahs Ruhollah Khomeini and Ali Khamenei, which accompanied every aid package and arms shipment.

Does this Iranian aid make Hezbollah Iran's puppet? From all evidence, Hezbollah, to a great extent, makes decisions independently of Iran. Hezbollah is an indigenous Lebanese armed resistance group that owes its popularity to Israeli atrocities, biased American policies and corrupt Lebanese politicians. When the United States and Israel try to portray Hezbollah as an Iranian proxy, they are pointing the finger in the wrong direction.

But Iran definitely uses the threat of its influence over Hezbollah to further its objectives. And its prime objective is the survival of the Islamic regime at any price. The clerics and non-clerics (they are now mostly non-clerics) in power in Iran are not the old revolutionary zealots the Americans tend to imagine. They are pragmatic men who have enjoyed the fruits of power for 27 years and don't want to lose them. In the aftermath of Sept. 11, Iranian statesmen were so scared of American retaliation that for the first time since the revolution, no one chanted "Death to America" in Iran for 10 days.

The regime's rhetoric about the United States and Israel is a remnant of the time when seizing embassies and staging revolutions were in vogue. But now the Islamic Republic has one of the world's younger populations. Most young Iranians I know don't care for their fathers' ideals. They prefer the better things in life, like plasma TV's on which to watch Britney Spears and the exiled Iranian pop diva Googoosh on illegal satellite channels. (No, Mr. Cheney, they don't want the United States to invade their country.) The government spends much of its $60 billion in annual oil revenue to import goods and keep its youth happy.

The paradoxes of the regime have exposed its hypocrisies. On one hand, the fiery slogans are the raison d'être of the Islamic Republic, and on the other, acting openly on those slogans would spell its demise. The most expedient thing to do has been nothing, while continuing to chant.

Up until the start of the war in Lebanon, that was just fine. Iran benefited from a series of victories without doing much. First the Americans got rid of the Taliban, Iran's enemy to the east. Then the Americans got rid of Iran's archenemy to the west, Saddam Hussein. Finally, with Americans mired in both countries, the price of oil went through the roof, and Iran started enriching uranium again, knowing that the West could do nothing. The regime was intoxicated with oil money and regional influence.

But the war in Lebanon has made it impossible for the Islamic Republic to enjoy the same calm. Hezbollah has become a liability for Iran. Weakened, it now needs Iran's petrodollars and rockets to regain its strength. At the same time, Israel and the United States are scrutinizing the transfer of arms and money from Iran to Hezbollah more closely than ever. The next shipment of arms from Iran to Hezbollah may result in direct confrontation with Israel and the United States.

The bearded men in the saunas must be sweating more than usual, even though in public they toast Hezbollah's "victory" with glasses of pomegranate juice. The Islamic Republic is coming to the point where it has to choose: destroy itself by repeating the same old slogans, or come up with new definitions for itself, its friends and foes.

Diplomacy -- For Now (WSJ)

By George Perkovich

The Wall Street Journal, August 24, 2006

Iran has said, "No, for now," to the U.N. Security Council's legally binding demand that Tehran suspend enrichment of uranium, as a first step toward resuming negotiations over the future course of its nuclear-energy program and broader relations

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with the West. Iran's militant leaders are inspired by Hezbollah's gritty fight with the vaunted Israeli army and the U.S. debacle in Iraq. They are emboldened by the sense that Security Council states have enforcement fatigue -- an unwillingness to confront tough guys who ignore international demands.

It's now time for the U.S. to quietly rally defense and foreign ministries in Europe, the Middle East and Asia to develop operational plans for containing and deterring a nuclear-armed Iran. Far from throwing in the towel or abandoning diplomacy in favor of warfare, devising a deterrence and containment strategy now would allay international fears that Washington uses U.N. diplomacy as a prelude to military-delivered regime change. Building international capabilities to contain a nuclear-armed Iran would have the double benefit of putting muscle into the Security Council's effort to dissuade Iran from acquiring nuclear weapons capability in the first place.

The first step is to convince Iran's leaders that their sovereignty and security will not be threatened if they desist from supporting or conducting violence outside their borders. Iran's leaders -- odious or not -- must know that they do not need nuclear weapons or proxy war for their survival; the regime's survival is best guaranteed by not fighting. The incentive package that France, Germany, the U.K., the U.S., Russia and China have recently offered to negotiate contains most of what is necessary to show Iran it will live better without producing fissile materials. What it lacks is a clear U.S. commitment to live with the government in Tehran, even as we compete with it politically and morally.

If Washington will forswear regime change and the Iranian government still refuses to negotiate terms for conducting an exclusively civilian nuclear program, then Tehran must be convinced it will suffer greatly for threatening its neighbors and Israel, directly or by proxy. The message must be: "The United States and other major powers will work more closely than ever with your neighbors to monitor your activities and establish capabilities to respond forcefully and immediately to any scale of terrorism, subversion or war that you visit on others. If you have nuclear weapons, we won't tolerate your export of violence."

The practical threat from Tehran is an extension of what just happened in Lebanon. With nuclear weapons, Iranian Revolutionary Guards and other militant actors would supply more and better weapons to Hezbollah, Islamic Jihad and Hamas, and stimulate their campaigns against Israeli and American targets, confident that their nuclear weapons would deter major counterattacks against Iran. Iran's collective leadership -- and the Persian nation -- did not grow old by being suicidal. President Mahmoud Ahmadinejad is young and zealous, but not completely in charge. Tehran will test the limits of subversion, low-intensity conflict and terrorism, while seeking to avoid a nuclear war with the U.S. or Israel.

Iran's neighbors will be torn between accommodating Tehran's rising power and seeking greater U.S. security cooperation. As during the Lebanon war, Arab governments will not want to provoke Tehran and their own anti-American populations. At the same time, these governments dread the arrogance and subversion they expect from a regionally dominant Iran. The present moment when Iran's nuclear capabilities remain in doubt must be seized to discreetly develop cooperative strategies to contain Tehran's capacity to project power and influence.

This would be easier if Hezbollah were disarmed, and Iranians less emboldened by their military capabilities. Short of that, if Damascus can be induced to stop facilitating Hezbollah's arms supply and training, Iranians will begin to see containment's potential. Washington should explore directly what it would take to induce Syria's cooperation.

Improved cooperation in intelligence-gathering and monitoring of Iranian activities must be a priority. The U.S. and Iran's neighbors should create a surveillance system to monitor all Iranian aircraft movement and potential missile launches. This is needed to clarify when Iran is conducting or supporting aggression outside its borders, and to identify perpetrators and relevant targets for retaliation, which would best be done covertly. Iran's arming of Hezbollah exemplifies activities that must be nipped in the bud, by covert force if necessary.

Iranian officials today bristle at U.S. intelligence-gathering and networking around their borders and among their restive minority communities. They denounce these activities as signs of a U.S. regime-change strategy that, implicitly, justifies Iran's need of nuclear-weapon capability. The U.S. must clarify that as long as Tehran is acting aggressively and seeks or possesses nuclear weapons, the international community has no choice but to gather intelligence vigorously. Similarly, as long as Tehran is developing ballistic missiles configured to carry nuclear weapons, the U.S. and Iran's neighbors are justified in deploying theater ballistic missile defenses. Again, cooperation in deploying such defenses should be as secret as possible to reduce political

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controversy. A nuclear-armed Iran that advocates wiping another country off the map would leave the U.S. little choice but to destroy Iranian missiles on the ground if Iran ever threatens to enter conflicts involving U.S. friends.

Mandatory international sanctions on investment, arms sales and nuclear cooperation in Iran would greatly augment containment. Such sanctions are possible only under U.N. Security Council authorization. Moscow now blocks sanctions to prevent Tehran from producing materials that could be used in nuclear weapons, and President Vladimir Putin has equivocated about stopping Iranian enrichment of uranium. But Mr. Putin has unequivocally said Iran must not acquire nuclear weapons. The West needs to find his price for clarifying that Moscow will support severe penalties if Iran proceeds to acquire nuclear weapons. This will be easier to do now than after the fact.

The U.S. and its partners should now urge the U.N. Security Council to specify that any state violating Security Council Resolution 1540's prohibition on transferring nuclear weapons to terrorists will be deemed a threat to international peace and security under Chapter VII of the U.N. Charter, which would provide authority for military reprisals. In light of Iran's ongoing defiance of Security Council demands regarding its nuclear activities, there is no justifiable excuse not to send such a warning to Tehran and others in case they break their treaty obligations not to acquire nuclear weapons.

Iranian leaders wish to perpetuate their rule, not sacrifice it. Since their illicit nuclear activities were discovered in 2002, they have acted cautiously when the major powers stood resolutely together. When resistance has been weak, Tehran has acted aggressively. It is not too early to build a framework for deterring Tehran from acting outside its borders.

Mr. Perkovich is vice president and director of the Nuclear Nonproliferation Program at the Carnegie Endowment for International Peace.

Troop Pledge Vexes Europe (WSJ)

By Marc Champion And Karby Leggett

The Wall Street Journal, August 24, 2006

Europe's difficulties in raising enough troops to enforce the cease-fire in Lebanon have exposed some hard truths that are testing the Continent's ability to serve as a global military power and Middle East peacemaker.

Europe was expected to take the lead in manning a 15,000-strong force called for in the French-U.S.-brokered resolution to police the Aug. 11 truce between the Hezbollah militia and Israel. But France has since hesitated to commit a significant number of troops for the force amid concerns that they will end up fighting Hezbollah; so far Paris has offered only 400 soldiers, and Europe is having trouble raising as many ground troops as the U.N. says it needs to create a balanced force of troops from European and Muslim countries.

Yesterday, European diplomats struggled again to drum up a significant contribution to the United Nations contingent. Today, French President Jacques Chirac is expected to convene a cabinet meeting during which he could commit more troops to Lebanon beyond the 400. Tomorrow, European Union foreign ministers meet with U.N. Secretary-General Kofi Annan to firm up their contributions to the peacekeeping force.

The hesitation -- however justified by events on the ground -- is forcing Europeans to grapple with some uncomfortable realities: They don't have enough deployable combat troops; they are disliked as much as the U.S. by Mideast radicals; and their determination to stop the destruction and insert peacekeepers could come at a higher price than they are willing to pay.

"This is about the credibility of Europe in the area of security policy and foreign policy," said Danish Foreign Minister Per Stig Moeller in an interview in Denmark's Berlingske Tidende newspaper yesterday. "It would be a great disappointment and surprise if Europe stayed away."

Officials and analysts say France's concerns that the peacekeepers will be vulnerable to attack in a still-hostile environment are sound -- the U.S. and other allies said from the start they wouldn't put troops on the ground in southern Lebanon. The U.S. and Britain have said they are too committed in Iraq to send troops. But U.S. officials also say they are concerned that American troops wouldn't be seen as neutral.

The outlook for successfully keeping the peace and neutralizing Hezbollah is poor, and the risks high, no matter whose troops are on the ground or how well they are armed, military analysts say. Any breakdown of the cease-fire would result in

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European forces either returning to their barracks or shooting at Israelis or Muslims -- both unpalatable outcomes given the Continent's large Muslim populations and the legacy of the Holocaust that annihilated European Jewry.

The role France played in forging the cease-fire between Israel and Hezbollah raised expectations that Europe would provide the firepower needed to make it work. A failure to put enough boots on the ground risks leaving a gaping hole in the cease-fire strategy.

That would be bad news for Lebanon and Israel, military analysts say, as it would make a resumption of hostilities more likely. It would also be bad for the prospect of broader Middle East peace: If Europe can't be the region's policeman when the U.S. is unable or unwilling to take the lead, there are few if any other options.

"If not the United States, France. If not France, then who?" said Simon Serfaty, a senior European analyst at the Center for Strategic and International Studies in Washington.

One harsh lesson is that France -- the lead proponent of projecting Europe as an alternative to U.S. global leadership -- is little more popular with Hezbollah, Iran and others in the Muslim world than the U.S., despite Paris's opposition to the Iraq war. France was working with the U.S. to confront Syria and Iran and disarm Hezbollah, even as it effectively negotiated on behalf of Lebanon and the Arab League in the recent U.N. Security Council tussle with the U.S.

Hezbollah has a core ideology built around the idea of resistance to what it sees as Western efforts to control Lebanon. France, as Lebanon's onetime colonial ruler, is particularly controversial. French generals recall bitterly the loss of 58 troops to Hezbollah truck bombers in Lebanon in 1983, on the same day Hezbollah killed 241 U.S. Marines at their barracks in Beirut.

"Our military are very suspicious. Many officers also have a strong memory of what happened in Bosnia," said a French official. Close to half the 167 casualties among the U.N. force in Bosnia in the 1990s were French.

Sir Michael Rose, a retired British general who commanded the U.N.'s 39,000 troops in Bosnia in 1994-1995, said the lesson of that mission is that U.N. troops shouldn't be inserted as a compromise when there is no clear political settlement. Yet that is exactly the situation in the current Lebanon resolution. "[Bosnia] was a shambles, and this will become a shambles unless they have got quite clear what the political settlement is," Gen. Rose said in an interview.

The struggle to assemble a few thousand troops has also exposed Europe's lack of frontline personnel. Italy has offered as many as 3,000 troops and to lead the U.N. force if necessary. But as long as the United Kingdom, France and Germany effectively stay out of the picture, only smaller countries are left to contribute the remainder.

EU nations cumulatively spend around $200 billion on defense each year, but can deploy and equip relatively few troops of the kind needed to go to a conflict zone such as Lebanon. Even for France, which along with the U.K. boasts by far the EU's most capable military, keeping more than 15,000 troops deployed around the world for more than short periods is a strain. France already has 13,200 troops in the field globally.

Europe also is wrestling with the fallout of its demand that Israel and Hezbollah stop fighting before a full political settlement could be worked out. France and others pushed hard for an early truce on the theory that allowing the conflict to continue would only make matters worse. The U.S. and Israel wanted to wait until a complete settlement was on the table and an international force ready to deploy.

But the harder the French military looked at the post-truce situation on the ground, the clearer it became that an international force would be placed in the heart of a tinderbox with implacable enemies -- Israel, Hezbollah, Syria and Iran -- holding the matches.

While many in Israel agree with the analysis of the French military, they are angered by France's apparent flip-flop on the deployment of troops. Many Israelis also expect a well-armed Hezbollah will hide behind the international force to rebuild its ministate in southern Lebanon.

Prospects for the force darkened further last week, after Lebanon's government agreed that Hezbollah doesn't have to withdraw all its weapons from south of the country's Litani River -- the area from which most Hezbollah rockets were fired at Israel -- directly contradicting the Security Council resolution. Instead, Hezbollah just has to keep its weapons off the streets.

Even if a 15,000-strong U.N. force does emerge, government officials and analysts in Lebanon say the best it can do now is maintain an uneasy status quo. That would be a big step down from the ambitions of the resolution, which had aimed to foster an enduring peace by disarming Hezbollah.

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Any attempt to find Hezbollah's hidden arms caches and remove them would almost certainly lead to firefights with Hezbollah, analysts say. Even more problematic would be preventing Hezbollah from rearming via Lebanon's border with Syria.

France To Send More Troops To Lebanon, Minister Says (NYT)

By Craig S. Smith

The New York Times, August 24, 2006

PARIS, Aug. 23 — France told Israel Wednesday that it would increase its commitment of troops to a multinational peacekeeping force in southern Lebanon in the coming days, as Syria warned that the positioning of any multinational force near its border would be seen as a "hostile position."

France had offered to lead the proposed 15,000-strong multinational force authorized by a United Nations resolution earlier this month. Then it announced last week that it was sending just 200 troops to join the 200 it already has deployed as part of the current United Nations International Force in Lebanon.

Its assurance of a larger commitment came as Israel's foreign minister, Tzipi Livni, visiting Paris, urged the international community to work quickly to put the force in place, calling the situation in Lebanon "explosive."

"Time is working against those who would like to see this resolution applied," Ms. Livni told reporters after meeting with the French foreign minister, Philippe Douste-Blazy.

During their lunch Wednesday, Mr. Douste-Blazy told Ms. Livni that the French president, Jacques Chirac, would announce a larger troop commitment as early as Friday, according to officials present, but who could not be named because they were not authorized to speak. They said the Belgian foreign minister, Karel De Gucht, who also met with Ms. Livni in Paris, said his country would contribute a significant number of soldiers to the force as well.

Ms. Livni will meet with Italian officials in Rome on Thursday.

The diplomatic scramble is driven by concerns that the cease-fire brokered by the United States and France might crumble as the international community dithers over the size and scope of an enlarged force. The reluctance of many nations to commit troops has threatened to make it a far smaller force than envisioned in the United Nations resolution.

Italy has offered to contribute as many as 3,000 troops, and its prime minister, Romano Prodi, has lobbied other nations to do the same. On Tuesday, he telephoned President Vladimir V. Putin to urge Russia to match Italy's commitment.

European foreign ministers will meet in Brussels on Friday to discuss the formation of the multinational force. The United Nations secretary general, Kofi Annan, will attend the meeting.

After meeting with Ms. Livni on Wednesday, Mr. Douste-Blazy defended his country's modest offer to date. He suggested that the offer of the 200 troops was simply an initial response to the Aug. 15 call by the United Nations for an immediate emergency deployment of 3,000 to 3,500 men to reinforce the 2,000 United Nations troops already in southern Lebanon.

He noted that France already had 1,700 marines in the area, and hinted that more troops would be sent once the multinational force's mandate and rules of engagement were more clearly defined.

"We have always said that we would look with care at the composition and the distribution, the balance of the force," Mr. Douste-Blazy said, adding that decisions on deployment would be made at Friday's meeting in Brussels.

European governments, in particular the French, have been apprehensive about sending troops into Lebanon without a stronger mandate to disarm forces on the ground, including Hezbollah fighters who are supported by Iran and Syria.

"The problem was always about the nature of the mandate," Maj. Gen. Alain Pellegrini, the French officer who commands the current international force in Lebanon, told the Italian daily Corriere della Sera. "We came as a peacekeeping force, under the presumption that the parties on both sides were in agreement about keeping the peace. But that was not the case."

Europeans are also concerned about the dangers peacekeepers could face from the Israelis. The Italian foreign minister, Massimo D'Alema, threatened Tuesday to withhold troops pending further guarantees from Israel, and he is expected to press the issue when he meets Ms. Livni on Thursday.

"It is right to insist that the Hezbollah put down their arms, but we cannot send our soldiers into Lebanon if the I.D.F. continues to shoot," Mr. D'Alema told the newspaper La Repubblica, referring to the Israeli Defense Forces.

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Last week, the United Nations circulated proposed rules of engagement that would allow the troops to use “deadly force” in self-defense, while protecting civilians or in support of the Lebanese Army’s efforts to keep arms from entering Lebanon from Syria.

Some Europeans worry that those rules could draw the force into the conflict by aligning it with Israel, which wants the force to police Lebanon’s border with Syria, the route by which most of Hezbollah’s weapons have been delivered in the past.

Israel has said that it will not lift its air, sea and land blockade of Lebanon until the multinational force has been deployed at Lebanon’s airports and along the Syrian border. Lebanon regards the continuing blockade as a violation of the fragile, cease-fire agreement, which has been in effect for 10 days.

Syria’s president, Bashar al-Assad, denounced the plans for the deployment of a multinational force along its border in a television interview broadcast in Dubai on Wednesday.

“This is an infringement on Lebanese sovereignty and a hostile position,” he told Dubai Television, according to The Associated Press.

EU Makes New Effort To Raise U.N. Troops (AP)

By Slobodan Lekic, Associated Press Writer

AP, August 24, 2006

Italy, which has offered to send the largest contingent, made a plea Wednesday for more European troops to an expanded U.N. peacekeeping mission in southern Lebanon.

Premier Romano Prodi expressed frustration over the efforts to raise the force mandated by a U.N. resolution that ended 34 days of fighting between Israel and Hezbollah militants.

"It's unthinkable that we would be there alone, and we have been working to strengthen the quantitative and international aspect of the mission in Lebanon," Prodi told reporters at the Tuscan seaside resort of Castiglione della Pescaia, where he has been vacationing.

"The issue now is to have a sufficient number of troops to accomplish the peace mission efficiently," Prodi said.

The U.N. cease-fire resolution authorized the expansion of the U.N. peacekeeping force in Lebanon, known as UNIFIL, from 2,000 to as many as 15,000 troops. The peacekeepers are to help 15,000 Lebanese troops extend their authority into south Lebanon, which has been controlled by Hezbollah, as Israel withdraws its soldiers.

Italian diplomats also appealed for more troops contributions at a meeting of European Union ambassadors at EU headquarters in Brussels, said Temu Tanner, ambassador of Finland, which now holds the EU's rotating presidency.

The EU ambassadors met ahead of a crucial meeting of the group's foreign ministers Friday with U.N. Secretary-General Kofi Annan in Brussels, when firm decisions on assembling the force could be taken.

Tanner said there were no breakthroughs Wednesday, and none were expected before Friday.

Pressure on the Europeans has grown because Israel has rejected offers of participation from Malaysia, Bangladesh and Indonesia — Muslim countries that do not recognize the Jewish state.

But most EU nations remain wary of making firm commitments until the mandate for the new force is clarified, fearing that their peacekeepers could be dragged into a conflict with the Hezbollah militants or with Israel if the current cease-fire collapses.

Besides Italy's offer of up to 3,000 soldiers, other nations considering contributions include Spain, Finland, Denmark, Germany, Greece, and Belgium. Turkey, Morocco, Nepal, New Zealand and China also are considering participating in the U.N. mission.

"There is no time to sit on the fence. Europe must cough up with contingent contributions," Danish Foreign Minister Per Stig Moeller said in an interview with the Berlingske Tidene daily. "This is about Europe's credibility in the field of foreign and security policy."

France disappointed some by offering only 200 troops to double its contribution to the existing U.N. force in Lebanon.

On Wednesday, Prime Minister Dominique de Villepin said France could expand its role once details of an enhanced force are worked out. "We are today the most committed and most present country on the ground. We want to go further once the conditions are right," he said after meeting with Israeli Foreign Minister Tzipi Livni in Paris.

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A U.N. diplomat said Tuesday that France is considering increasing its commitment, and a high-level meeting is planned Thursday with President Jacques Chirac, the foreign and defense ministers and key military officials to look at several options to add more troops. The diplomat spoke on condition of anonymity because no decision has been made.

The Europeans, who have bitter memories of their troops being killed or humiliated while serving under weak U.N. mandates in Rwanda and the Balkans, agree that the new UNIFIL will not forcibly disarm the militia, but will only oversee a political solution that would induce Hezbollah to turn in its weapons to the Lebanese army.

A European diplomat said that nobody wants to be saddled with the task that the Israeli military failed to achieve in a month of intense combat. The diplomat spoke on condition he not be identified because of the sensitivity of the issue.

Mideast Officials Urge Action To Defuse 'explosive' Situation (USAT)

USA Today, August 24, 2006

BEIRUT — Israel's foreign minister said Wednesday the situation in Lebanon was "explosive." Syria's president said the deployment of international troops along the Syrian-Lebanese border would be a "hostile" act.

As a shaky cease-fire reached its 10th day, Lebanese Prime Minister Fuad Saniora urged the United States to help end Israel's sea and air blockade. He said his country was making "every effort" to secure its borders.

"Time is working against those who would like to see this resolution applied," Israeli Foreign Minister Tzipi Livni said after talks with her French counterpart, Philippe Douste-Blazy.

"We are now in the most sensitive and explosive position. … We therefore need extremely quick action from the international community," Livni said.

Syrian President Bashar Assad was quoted as saying he would consider a deployment along the Lebanese-Syrian border a "hostile" move toward his country.

"First, this means creating a hostile condition between Syria and Lebanon," Assad told Dubai Television, according to excerpts the TV station released before the broadcast. "Second, it is a hostile move toward Syria, and naturally it will create problems."

Finland's foreign minister, Erkki Tuomioja, said after meeting with his Syrian counterpart that Syria threatened to close its border with Lebanon if United Nations peacekeepers were deployed there.

In Washington, White House spokeswoman Dana Perino noted the U.N. Security Council's approval of such a force and said of Syria, "I'm not sure that they're a party to this discussion."

The Aug. 11 resolution outlining the cease-fire agreement calls for a 15,000-member force of international peacekeepers and another 15,000 Lebanese army troops to deploy to southern Lebanon as Israeli troops withdraw.

Efforts to raise the force moved slowly. European Union nations have been reluctant to commit troops without safeguards to ensure they don't get drawn into the conflict.

The U.N. pressured Israel to lift its sea and air blockade of Lebanon to allow the country's economy to recover. Israel imposed the blockade at the start of the month-long war with Hezbollah to stem the flow of weapons into the country from Syria and Iran. Israel refuses to lift the blockade until U.N. troops are in place to police Syrian-Lebanese border crossings to prevent weapons from reaching the guerrillas.

U.N. chief spokesman Stéphane Dujarric said Secretary-General Kofi Annan will ask Israel to lift the blockade during a Middle East trip that is to start in a few days.

Cease-fire Collapse Could Draw Other Militias Into The Conflict (USAT)

By Rick Jervis

USA Today, August 24, 2006

BEIRUT — Sunni militants, Palestinian refugees and other armed groups in Lebanon are poised to join the fight against Israel if its tenuous truce with Hezbollah collapses, top Lebanese officials warn.

Along with the Lebanese army, most armed Sunni, Christian, Druse and Palestinian militias sat on the sidelines during 34 days of fighting that ended with a cease-fire Aug. 14.

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The cease-fire is in doubt because the United Nations has been unable to get other nations to commit enough troops to a beefed-up peacekeeping force in Lebanon.

Mohamad Chatah, senior adviser to Lebanese Prime Minister Fuad Saniora, says Lebanon must "guard closely" against other groups siding with Hezbollah against Israel if fighting resumes.

Chatah said "unknown groups" — other than Hezbollah fighters — fired at least two rockets and took part in a ground clash against Israeli forces over the past month.

Ali Kanso, head of Lebanon's small, secular Syrian Social Nationalist Party, says 200 fighters loyal to his party battled Israeli troops in southern villages along the border during the recent conflict.

Israeli military officials would not comment.

Lebanon is home to 18 religious and ethnic groups, many of which have formed political parties that maintain militias. Several were combatants in Lebanon's 1975-91 civil war.

Lebanese Defense Minister Elias Murr said Sunday that Hezbollah was committed to the U.N. cease-fire but warned that "any group" firing rockets into Israel could give Israel a pretext to strike. Palestinian guerrillas in Lebanon have fired rockets at Israel in the past.

"We are aware of this possibility … and we are watching all these groups very carefully," says Maj. Gen. Achraf Rifi, director of Lebanon's Internal Security Forces. "There are a lot of groups who are against this cease-fire."

Armed wings of Palestinian political parties Hamas and Fatah populate large refugee camps in southern Lebanon. Al-Qaeda also has a presence: Eight months ago, Lebanon arrested 13 al-Qaeda-linked militants renting apartments and stashing weapons in and around Beirut, Rifi says.

Tripoli is the base for several radical Sunni Muslim groups, including the Islamic Action Forces. Rifi said the IAF met last month to discuss whether to fight.

A cease-fire breakdown "could lead to a mess all over Lebanon," said Misbah Ahdab, a Sunni lawmaker. "This type of scenario is possible in the very near future."

Hezbollah, led by Shiite clerics with close ties to Iran, views other armed groups in Lebanon as rivals. But motivated by Lebanese and Arab nationalism, other groups might fight alongside it.

"If we don't see the cease-fire (hold), these groups may be loosed," says Ahmad Moussalli, an expert on Islamic militants at American University in Beirut. "The second phase of the war will be more violent."

A Weaker US Hand In The Mideast (CSM)

By Howard Lafranchi

The Christian Science Monitor, August 24, 2006

WASHINGTON

Even before this summer's war between Israel and Hizbullah, American influence in the Middle East was seen to be waning, with the US bogged down in Iraq and the Bush administration's signature vision for the region - democratization - increasingly controversial.

But as the US joins international powers in attempts to bolster a shaky cease-fire in southern Lebanon, American leverage is seen by many to be even weaker. That could have deep consequences in a tinderbox region that has long looked to US leadership to pull it back from the brink, analysts say.

One of those consequences, they add, is that with America no longer setting the agenda as it once did, the way is clearer for other influences - for example, Iran and radical Islam - to move in.

"There was a time when we really led, when we weren't the last ones to the table but were the ones setting the table," says Jon Alterman, a former State Department policy-planning staff member now at the Center for Strategic and International Studies (CSIS) in Washington.

"Now instead of the leading force, we seem to be leading less - and the world and the Middle East in particular seem to be following less." Among other things, he adds, "that allows for rivals like Iran to gain in influence."

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Some specialists in the region say the brief but devastating Israel-Hizbullah war leaves the United States even more tarnished, particularly among moderate Arabs, because America was seen to be either ineffectual or snail-paced by design at stopping the fighting and destruction in southern Lebanon.

"The disillusionment is greatest among those who were sympathetic to the US and its plan for the Middle East before this war, but who became dismayed by the intensity of destruction in Lebanon and the lack of American reaction to it," says Clovis Maksoud, a former Arab League diplomat.

Many Lebanese were convinced that the US had turned to Lebanon as the next best symbol of the American project for Middle East democratization after "the failure in Iraq," he adds. But in a few short weeks that pool of support, already rare in the region, dried up and has been replaced by more solidified assumptions about US support for Israel - and by broader support for Hizbullah.

"When the chips were down, the Lebanese and Arab people saw that Israel was presumed by the government of the United States to be innocent, while everybody else was presumed guilty," says Mr. Maksoud, now director of the Center for the Global South at American University in Washington. "The other consequence is that the role of Hizbullah is enhanced, not weakened," he adds, "with the result that the insistence of the US that it is a terrorist organization totally rejected by Arab people and Lebanese society."

One of the biggest concerns of experts who see weakened American influence in the region is that such a vacuum of leadership has often meant havoc in the past. "What we're seeing is a region left to its own devices more," says Mr. Alterman, "but its instincts have not always served it well."

Lebanon could yet provide an example of how the lack of outside leadership could result in renewed instability. The Lebanese government says its army will not take on the task of disarming Hizbullah, but no outside power appears ready or willing to enforce that demand of the Security Council resolution ending the war. This could set the stage for another flare-up.

Yet as dark as that leaves things sounding, some experts still believe that Hizbullah's new honeymoon with the public will be short-lived - and that, what's more, Iran's rise in influence actually offers the US an opening to reaffirm its leadership in the region.

James Phillips, a Middle East expert at the Heritage Foundation in Washington, acknowledges that forces like Hizbullah, Hamas in the Palestinian territories, and Iran are on the ascending seat of the seesaw of influence in the region. But he believes that rise will be temporary as populations eventually see the consequences of those forces' politics.

"Hizbullah has thrown a monkey wrench in the works, especially in a country [Lebanon] where the US had been seen as an important ally in regaining independence from Syria," Mr. Phillips says. "But now the focus has shifted to the situation in the south, and that has hurt US influence."

Still, Hizbullah is likely to see its newfound popularity fall as the physical and financial consequences of its actions sink in, he adds - and especially if unmet international demands, such as the disarming of Hizbullah, threaten another war.

But Phillips says the US could encounter an even greater opportunity to reassert its influence as a result of Iran's rising influence across the Middle East.

"I see a new kind of leverage for the US arising out of this, as we're likely to see the Arab states that are worried about [Iran] look to the US for protection," he says. "I'd rather see a weaker Iran, but a stronger Iran and the concerns about it do give the US some leverage it didn't have before."

Maksoud of American University says the Iranian juggernaut could influence events another way as well - with concerns about Iran prompting the US to adopt a new approach to region. But that, he says, would require more proactive steps by moderate Arab regimes.

"The Arab governments have not taken the measures they could to prompt the US to reassess its approach to the region," Maksoud says.

But one problem with a strong focus on the region's governments is that it leaves the publics - civil society and the so-called "Arab street" - out of the equation. And that is where the US continues to meet its stiffest resistance.

"It's often forgotten that the US has actually had some tremendous successes in the Middle East over the last 15 years," Alterman of CSIS says.

One example: Outright opposition to US policy, he says, is really limited to the governments of Iran and Syria.

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But until the US manages to reverse its low standing among Arab publics, its influence in the region is not likely to rebound.

"Yes, governments agree with the US that they face an existential threat from the religiously inspired radical groups," says Alterman. "Where we've been much less successful is in getting any popular support for the US approach. If mainstream opinion remains against us and moderate religious forces turn increasingly hostile," he adds, "we will continue to lose ground."

Syria-Hezbollah Ties Seen As Key To Mission (WT)

By Sharon Behn

The Washington Times, August 24, 2006

A retired American general and other analysts warned yesterday that any deployment of international peacekeepers in southern Lebanon will be undermined unless troops focus on preventing Syria from re-arming Hezbollah.

Syria, meanwhile, threatened to close its border with Lebanon if peacekeepers were deployed there.

European officials were meeting in Brussels to work out the details of a 15,000-strong international force sanctioned by the United Nations. Italy has pledged 2,000 to 3,000 troops to help fulfill the peacekeeping mandate, and France has pledged 200.

At a conference in Washington, retired Lt. Gen. Daniel Christman said it was crucial that any international force have a clear mission and rules of engagement, including the use of deadly force, "to prevent the entry into Lebanon of foreign forces, arms and related material."

"If the military cannot accomplish the mission of intercepting and interrupting the resupply of Hezbollah, then the mission of stabilizing Lebanon and providing the opportunity of political dialogue will fail," Gen. Christman said.

Michael Eisenstadt, senior fellow at the Washington Institute for Near East Policy, warned that the re-arming of Hezbollah could spark renewed fighting.

"I'm not sure that a larger force would make a difference, but it should focus on preventing Hezbollah's re-armament" by controlling the borders, Mr. Eisenstadt said.

Syrian President Bashar Assad was quoted as saying on Dubai television that he would consider troop deployment along the Lebanon-Syria border as "creating a hostile condition" between the two countries, the Associated Press reported.

Finnish Foreign Minister Erkki Tuomioja told reporters that Syrian Foreign Minister Walid Moallem had threatened to close the border if troops were moved there.

The comments drove up tensions in the region.

"We are now in the most sensitive and explosive position," said Israeli Foreign Minister Tzipi Livni after talks with her French counterpart, Philippe Douste-Blazy, the AP reported.

"We, therefore, need extremely quick action from the international community," she said.

With 10 days into the cease-fire, an analyst said, the delay in deploying an effective international force was creating a security and responsibility vacuum in the south that could lead to the collapse of the Lebanese government.

"Right now the security situation in the south is very precarious -- any incident can escalate into war again," said Emile El-Hokayem of the Henry L. Stimson Center.

The Lebanese government is trying to re-establish its credibility by sending its troops to the south, he said, but expecting the government to disarm Hezbollah was not a realistic option.

"The debate right now is more about weapons management than disarmament. The question is: Can Israel live with that?" Mr. El-Hokayem said.

Militants Winning Battle To Rebuild (WT)

By David Enders

The Washington Times, August 24, 2006

EITA AL-SHAAB, Lebanon -- In this village near Lebanon's border with Israel, close to where Hezbollah killed three Israeli soldiers and captured two on July 12, almost all the houses have been damaged by Israeli shelling, air strikes or house-to-house fighting.

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As Umm Ali shoveled glass and other debris from her living-room floor into a bucket, she said her family moved from room to room as different parts of the house were struck. The living room, now more of a porch, has one wall missing. The family of tobacco farmers also lost its crop.

"It's the same with every house. All houses are destroyed, every house. If not totally destroyed, they are damaged," she said. "We can't find a house to stay in. It is impossible to live in them. People are staying with their neighbors whenever there is a spot in a house."

It is estimated that 15,000 houses or apartments were destroyed across Lebanon during the monthlong hostilities and that 30,000 were damaged.

Still, Umm Ali remained undaunted.

"We will continue to sacrifice for the Sayyed," she said, referring to Hezbollah's leader, Hassan Nasrallah, using his religious title.

Over the weekend, Hezbollah began registering families for aid in Haret Hreik, a neighborhood in southern Beirut that housed Hezbollah offices and sustained severe damage. Bilal Naim, president of al-Mahdi Scouts, Hezbollah's youth organization, said that in Haret Hriek alone, 6,000 apartments were destroyed.

Hezbollah has been paying $12,000 in cash to cover a year's rent to families who apply -- and more if the family has more than eight members.

A Western diplomat questioned on Monday whether Hezbollah could produce the amount of money it had promised -- estimated at $150 million to $180 million. The diplomat said the money Hezbollah was handing out came from Iran but offered no proof. Though Hezbollah receives money from Iran, many members of the group boast dual citizenships and collect money from inside Lebanon and from Lebanese supporters worldwide.

Hanady Salman, an editor at Al-Safir, one of the country's major newspapers, said that in addition to Hezbollah's rebuilding to strengthen its position in the country, Lebanese have been volunteering time and resources in the cleanup effort, saving the government as much as $100,000 a day.

"Hezbollah are doing a great job paying compensation and say they're getting lots of money from donations," Mr. Salman said. "Also, they have lots of people volunteering -- architects, civil engineers, people who just go there and offer to move the rubble. People who have trucks and are helping move the rubble and paying for their own petrol. We're witnessing something we've never witnessed before, this whole atmosphere of volunteering, donating, university students, housewives, Christians, Muslims."

The Lebanese state, which estimates the damage to its infrastructure at $3.5 billion, is planning its own reconstruction efforts but must wait for international donations to come through. But for now, Hezbollah remains the most direct source of help.

It's Up To You, President Chirac (WP)

By Jim Hoagland

The Washington Post, August 24, 2006

Dear President Chirac,

A mutual friend warns of the obvious: An open letter to the French president -- even a president who has been an acquaintance for 30 years -- risks drawing resentment as its main response. But time is short and the decision you face is huge. So here goes.

The European Union's foreign ministers meet in Brussels tomorrow, and you have told several world leaders that you will make a final decision by then on whether to provide enough troops and leadership to make the new military stabilization force for southern Lebanon credible and effective. It is vital for Europe, for the Middle East and for France that you commit to doing just that.

Monsieur le president, any American making that suggestion must be humble. After all, the United States will not put any of its troops into the force, largely for the same reasons that you give in private for backing away from your initial, assertive indications about France's leadership role in this crisis.

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A French-led force would be a particular target for car-bombers and other assassins from Syria and its client Lebanese guerrilla organization, Hezbollah, you are said to believe. Your determined efforts to eliminate Syria's control over Lebanon, to pursue the Syrian officials who assassinated your friend, former Lebanese prime minister Rafiq Hariri, and to deny Iran a nuclear weapon -- to say nothing of the extraordinary but merited public rebukes you have aimed at Syrian President Bashar al-Assad's government -- lend weight to your concerns.

And the watering down of command arrangements in the U.N. resolution that created the new force did nothing to help you overcome the immediate strong doubts of your own Defense Ministry about the wisdom of a Lebanon operation. This is, of course, deja vu for you: Your first crisis on taking office in 1995 involved making sure French troops were not endangered by the inept and ineffective U.N. command in Bosnia. Your forceful calls for change in the Bosnia operation sparked a new dynamic for ending that butchery.

But those experiences are all reasons why France, and Europe, are essential to making sure this cease-fire in Lebanon does not become just a pause for rearming for an even bloodier round that will widen into a regional conflict reaching into Iran the next time.

The five-week border conflict has created a small strategic opening for avoiding that wider war. Israel -- now led by a lawyer, not a general -- has attached a new importance to the Lebanese government's controlling its own territory, to U.N. resolutions in general and to international peacekeeping forces for the region. And Europe has been more willing to fix responsibility for the crisis on those who are determined to destroy Israel on any pretext available.

One of the biggest losers in the Israeli-Hezbollah smash-up is the concept of "land for peace" and the Arab-Israeli negotiating process. Withdrawals from occupied Arab territory under any conditions are now seen by Israelis as bringing more insecurity, not peace with neighbors. Stabilizing Lebanon by containing Hezbollah militarily is essential to any hope of returning world attention to the Palestinian cause, and to any eventual introduction of peacekeeping forces to separate Israelis and Palestinians.

France vetoed use of the NATO rapid-reaction force in Lebanon, for reasons you outlined in your July 26 interview in Le Monde. Lucid and coherent, those reasons also impose a burden on Europe to develop an effective alternative security doctrine and presence for its interests in a Middle East volcano that is now on a short fuse.

As France hesitated in recent days, Italy has stepped forward to offer to command and put 3,000 troops into the new 15,000-strong force. Prime Minister Romano Prodi has turned out, to President Bush's delighted surprise, to show strong and consistent leadership in foreign affairs. Bravissimo, Romano.

But significant participation by France, which has always claimed a special role with Lebanon and Syria as well as global political and military responsibilities, is vital to the U.N. force, as Secretary General Kofi Annan said to you this week. He's right on that.

Finally, I confess a personal interest: Americans who have long argued that France and Europe have a constructive, important role to play in global affairs -- including in the Middle East -- have a huge stake in your decision. That proposition is, to say the least, not obvious to all Americans. Failure to seize and use this dangerous opportunity in Lebanon that France helped forge would sink such hopes for as far ahead as I can see.

Lebanon Calls For US Help On Blockade (FT)

By Neil MacDonald

Financial Times, August 24, 2006

Lebanon's prime minister on Wednesday urged the US to "put pressure on Israel" to end the air and sea blockade that has persisted since the end of the war 11 days ago.

Fouad Siniora said American help would be appreciated for reconstruction in the wake of the 34-day war between Lebanese Hizbollah militiamen and the Israeli military, which devastated key infrastructure and thousands of homes.

"The US can do more on the level of financial assistance, and the US can do much more on the level of political assistance to Lebanon," Mr Siniora said.

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The prime minister welcomed US President George W. Bush's promise this week of an aid package worth $230m (€180m, £122m) and said Lebanon would continue lobbying US Congress members for "larger assistance".

Gulf Arab governments have made larger pledges, and more is expected from other donors in the days ahead. But the US could help most by persuading its ally, Israel, "to lift the siege" that continues to hinder large-scale relief to damaged areas, Mr Siniora said.

Ehud Olmert, Israel's prime minister, said the blockade would continue until international peacekeepers were positioned at Beirut's airport and along Lebanon's border with Syria. That north-eastern border is regarded as the main route of entry for Iranian-supplied weapons used by Hizbollah.

Officials from Mr Siniora's office said the government could accept "technical assistance" from unarmed members of the UN Interim Force in Lebanon, Unifil, to better control the flow of goods from Syria. Existing Unifil troops are deployed only along Lebanon's southern border with Israel.

Syria's President Bashar al-Assad has rejected UN deployment along the Lebanese border with his country. Such a move would be a "hostile act" and infringe on Lebanon's sovereignty, he told Dubai television.

After meeting Walid al-Muallem, Syrian foreign minister, in Helsinki on Wednesday, his Finnish counterpart, Erkki Tuomioja, said Syria had vowed that Damascus would close its border with Lebanon if UN troops were stationed there. The border offers the only land route out of Lebanon.

Syria withdrew from Lebanon last year but it still exerts leverage through local parties, including Hizbollah.

Fears about Hizbollah's continued ability to start a war with Israel have held up efforts to form the new, more "robust" Unifil, meant to be expanded from 2,000 to as many as 15,000 troops.

Kofi Annan, the UN secretary-general, announced on Wednesday that he would travel to Iran and Syria as part of a broad tour of the Middle East to shore up support for the Lebanon peace process.

European Union foreign ministers are to discuss possible troop contributions on Friday in Brussels. Mr Siniora said he hoped for a greater commitment from France but added that Lebanon "greatly appreciates" Italy's offer to take the lead and send 3,000 troops.

UN diplomats and officials said there were tentative discussions in New York on changing the normal UN command structure for its deployment in Lebanon, to allay French and Italian concerns over repeating the mistakes of previous missions.

Additional reporting by Heba Saleh and Mark Turner

Lebanese Premier Seeks U.S. Help In Lifting Blockade (WP)

By Edward Cody

The Washington Post, August 24, 2006

BEIRUT, Aug. 23 -- Prime Minister Fouad Siniora said Wednesday that he has asked the United States for help in getting Israel to lift the blockade it imposed on Lebanon during the recently concluded war with Hezbollah.

Siniora's appeal, which Beirut newspapers said was made to Secretary of State Condoleezza Rice, reflected growing irritation among Lebanese leaders at continued restrictions under which the Israeli military controls all air and sea transport in and out of the country despite the U.N. cease-fire that came into effect 10 days ago.

Israeli officials have insisted they will lift the blockade only when international peacekeeping forces have deployed at Lebanese ports and airports to guarantee they are not used to import weapons for the Hezbollah militia, which battled Israel in southern Lebanon for more than a month. Lebanese authorities have increased the number of army troops and security forces along the border with Syria and pledged to police air and sea traffic more closely, but Israel has held firm on its demand that imports be inspected by foreigners.

"I tell you there is a diplomatic battle on this issue as harsh as anything on the ground," Siniora said at a news conference at the Serail, his Ottoman-era headquarters.

The blockade has been particularly painful for Lebanon, whose economy depends on the free movement of people and goods. Only a few commercial flights have been permitted to resume from Beirut's international airport, which was damaged

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during the war but now is repaired and ready to resume its role as a Middle East hub. Similarly, the once-busy Beirut port has been kept under strict controls enforced by Israeli gunships in the Mediterranean.

Ground transport to Syria has resumed. But extensive bombing damage to roads and bridges has slowed traffic to a crawl in much of the country, creating giant traffic jams on the main routes leading from Beirut.

Dramatizing the anger here, Labor Minister Tarrad Hamadeh of the Hezbollah party suggested Tuesday that Arab governments should send their planes and ships toward Lebanon in defiance of the Israeli blockade. His suggestion was not taken seriously, but the resentment it portrayed is widely shared in Siniora's government.

Siniora did not say what response he got from Rice. But he said the United States has the power to help Lebanon get normal transportation going again and suggested the Bush administration was not providing all the assistance Lebanon needs.

"The United States can do more," he said.

A spokesman for Israeli Prime Minister Ehud Olmert said Wednesday that Rice telephoned Olmert, who told her that an international force had to be in control of the area before the naval blockade would be removed.

The issue has dragged on in large part because of the difficulty in assembling reinforcements for the United Nations Interim Force in Lebanon. The 2,000-strong peacekeeping corps was assigned by the U.N. cease-fire resolution to work with 15,000 Lebanese army troops to guarantee security along Lebanon's borders. European officials gathered in Brussels on Wednesday for more discussions on raising the reinforcements, which are supposed to bring the joint force to a strength of about 30,000.

European nations have been reluctant to volunteer the 15,000 foreign troops envisioned for the force. Italian officials have indicated they may be willing to contribute up to 3,000 soldiers and play a leadership role in organizing the force, after the French government backed away from initial indications that it was prepared to lead the troops and committed only 200 soldiers.

U.N. Secretary General Kofi Annan is scheduled to meet with E.U. foreign ministers in Brussels on Friday to push for greater contributions from Europe.

Annan also plans to visit several Middle East capitals, including Tehran and Damascus, where he will seek to build support for a long-term peace settlement between Israel and Lebanon. The U.N. chief believes that the cooperation of Iranian President Mahmoud Ahmadinejad and Syrian President Bashar al-Assad, two key supporters of Hezbollah, are vital in assuring that any final peace deal can stick.

Annan's chief spokesman, Stephane Dujarric, said that Annan intends to "make sure" Lebanon's neighbors use their influence to prevent a resumption of fighting. He singled out Tehran, saying "it is clear that Iran has an influence on certain parts of the Lebanese society. We would hope they use that influence positively."

European envoys expressed support for Annan's plans, saying they hoped he could persuade Syria and Iran to constrain Hezbollah's activities. "If we all agree that Iran and Syria have considerable influence on Hezbollah and to a certain degree directs its activities in Lebanon, then it is very important to keep channels open," said a senior European diplomat. "Don't shut the doors."

Three Lebanese soldiers were killed in southern Lebanon, meanwhile, as they tried to dismantle a missile, security officials told reporters in Beirut. They were the first casualties since Lebanese troops deployed into the border zone Aug. 17 as part of the cease-fire arrangements.

The Hezbollah television station, al-Manar, said the missile was one of the thousands fired by Israel during the 33-day conflict. But Lebanese security officials did not describe the source of the missile, which was found near the town of Tibnine about 10 miles north of the Israeli border.

An Israeli soldier was also killed in southern Lebanon when he stepped on a mine, Israeli officials said. Three others were wounded. Israel planted thousands of mines in the border area during its two-decade occupation of the area. Since Israeli forces pulled back into Israel in 2000, Hezbollah also has planted mines in the border hills.

Human Rights Group Accuses Israel Of War Crimes In Lebanon (NYT)

By John Kifner

The New York Times, August 24, 2006

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BEIRUT, Lebanon, Aug. 23 — Amnesty International accused Israel on Wednesday of war crimes in its monthlong battle with Hezbollah, saying its bombing campaign amounted to indiscriminate attacks on Lebanon's civilian infrastructure and population.

"Many of the violations examined in this report are war crimes that give rise to individual criminal responsibility," Amnesty International, the London-based human rights group, said in a report on the Israeli campaign. "They include directly attacking civilian objects and carrying out indiscriminate or disproportionate attacks."

"During more than four weeks of ground and aerial bombardment by the Israeli armed forces, the country's infrastructure suffered destruction on a catastrophic scale," the report said, contending that this was "an integral part of the military strategy."

"Israeli forces pounded buildings into the ground," the report went on, "reducing entire neighborhoods to rubble and turning villages and towns into ghost towns as their inhabitants fled the bombardments.

"Main roads, bridges and petrol stations were blown to bits. Entire families were killed in airstrikes on their homes or in their vehicles while fleeing the aerial assaults on their villages. Scores lay buried beneath the rubble of their houses for weeks, as the Red Cross and other rescue workers were prevented from accessing the areas by continuing Israeli strikes."

Mark Regev, the spokesman for Israel's Foreign Ministry, categorically rejected the claim that Israel had "acted outside international norms or international legality concerning the rules of war." Unlike Hezbollah, he said, Israel did not target the civilian population, nor did it indiscriminately target Lebanese civilian infrastructure.

He added: "Our job was made very difficult by the fact that Hezbollah adopted a deliberate policy of positioning itself inside civilian areas and breaking the first fundamental distinction under the rules of war, by deliberately endangering civilians. Under the rules of war, you are legally entitled to target infrastructure that your enemy is exploiting for its military campaign."

Citing a variety of sources, the Amnesty International report said Israel's air force had carried out more than 7,000 air attacks, while the navy had fired 2,500 shells. The human toll, according to Lebanese government statistics, was estimated at 1,183 deaths, mostly civilians, about a third of them children; 4,054 wounded; and 970,000 people displaced, out of a population of a little under four million.

"Statements from the Israeli military officials seem to confirm that the destruction of the infrastructure was indeed a goal of the military campaign," the report said. It said that "in village after village the pattern was similar: the streets, especially main streets, were scarred with artillery craters along their length. In some cases, cluster bomb impacts were identified."

"Houses were singled out for precision-guided missile attacks and were destroyed, totally or partially, as a result," the report said. "Business premises such as supermarkets or food stores and auto service stations and petrol stations were targeted.

"With the electricity cut off and food and other supplies not coming into the villages, the destruction of supermarkets and petrol stations played a crucial role in forcing local residents to leave."

The Amnesty International report said the widespread destruction of apartments, houses, electricity and water services, roads, bridges, factories and ports, in addition to several statements by Israeli officials, suggested a policy of punishing the Lebanese government and the civilian population in an effort to get them to turn against Hezbollah.

"The evidence strongly suggests that the extensive destruction of public works, power systems, civilian homes and industry was a deliberate and integral part of the military strategy rather than collateral damage," the report said.

It also noted a statement from the Israeli military chief of staff, Lt. Gen Dan Halutz, calling Hezbollah a "cancer" that Lebanon must get rid of "because if they don't, their country will pay a very high price."

The Amnesty International report came as a number of international aid and human rights agencies used the current lull in fighting to assess the damage.

The United Nations Development Program said the attacks had obliterated most of the progress Lebanon had made in recovering from the devastation of the civil war years. "Fifteen years of work have been wiped out in a month," Jean Fabre, a spokesman for the organization in Geneva, told reporters.

Another urgent issue, aid groups say, is the number of unexploded bomblets from cluster bombs littering the southern villages. Tekimiti Gilbert, the operations chief of a United Nations mine removal team, told reporters in Tyre: "Up to now there are at least 170 cluster bomb strikes in south Lebanon. It's a huge problem. There are obvious dangers with people, children, cars. People are tripping over these things."

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United Nations officials say at least five children have been killed by picking up the bomblets scattered about by the cluster bombs.

Despite the cease-fire, southern Lebanon remained tense on Wednesday. Three Lebanese soldiers were killed trying to defuse a rocket that had not exploded. An Israeli soldier was killed and two others wounded when, according to the Israeli military, they walked over a minefield that Israel had previously buried.

The Israeli military also said it had fired artillery rounds from the disputed territory of Shabaa Farms to the Lebanese village of Shabaa. There were no reports of casualties.

Negotiations Preceded Attack On Convoy Of Fleeing Lebanese (WP)

By Edward Cody

The Washington Post, August 24, 2006

KEFRAYA, Lebanon -- Darkness had descended on the Bekaa Valley when the long convoy of cars snaked up a gentle slope toward Kefraya. In better times, the little town was celebrated for its wine. But to the Lebanese fleeing the war that night, it was a way station on the road to safety.

Or so they thought.

A dry boom rang out without warning shortly before 10 p.m., and the second car in the convoy exploded in flames, witnesses recounted. In the blackness, no one understood at first. People alighted from their cars to see what was the matter. The buzz of an Israeli drone was heard overhead -- some recalled hearing two drones -- and the awful realization settled over the travelers that they were under attack.

"I could never have imagined that there could be an attack on this convoy of 3,000 civilians, men, women and children," said Karamallah Daher, who was driving to Beirut that night with his 80-year-old mother, Neifeh.

But the attack was underway, just at the entrance to this little community 40 miles southwest of Beirut. Before it was over about 15 minutes later, a half-dozen missiles had been fired and seven people were killed, including a retreating Lebanese soldier, a Red Cross volunteer and five other civilians, and 36 people had been wounded, according to Red Cross and government officials.

The attack on the convoy, during the height of fighting on Aug. 11, was one of the least understood and most tragic chapters of the 33-day war between Hezbollah and Israel. For reasons still under dispute, a column of hundreds of cars carrying Lebanese troops and panic-stricken civilians from the border town of Marjayoun came under a sustained Israeli missile attack more than 30 miles north of the battle zone along the Lebanese-Israeli frontier.

"Really, it's a mystery," said Marjayoun's mayor, Fuad Hamra, who was in the convoy but came out unharmed. "Why the Israelis did it, really? I don't know."

The Israeli military issued a statement early the next morning saying the column was attacked because of suspicions -- which the military later acknowledged were baseless -- that the cars were smuggling arms for Hezbollah fighters. In the same statement, the military said it had received a request for safe passage for the convoy from the United Nations but that it had been turned down.

Milos Stugar, spokesman for the United Nations Interim Force in Lebanon, or UNIFIL, said that the request was granted. His statement was confirmed Wednesday by Gen. Alain Pelligrini, the UNIFIL commander, who said: "We had a green light."

In a written response to questions from The Washington Post, the Israeli military put responsibility for the killings on UNIFIL, saying U.N. officials ignored Israeli orders to prevent the column from moving.

The military, formally called the Israel Defense Forces, "suspected that the vehicles were either returning from a weapons delivery to Hezbollah terrorists in the south or were fleeing from IDF forces with their weapons," the statement added. It did not address the questions of what led the Israeli military to believe the cars were carrying weapons or how, if a request for safe passage had come from the United Nations, the Israeli military could believe it was seeing a Hezbollah convoy.Facing Israeli Forces

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Israeli forces entered Marjayoun without opposition before dawn on Aug. 10, eager to demonstrate they controlled a swath of Lebanese land. It was familiar. The town, a Christian community six miles north of the Galilee panhandle, was headquarters for the Israeli-sponsored South Lebanon Army during Israel's 18-year occupation of the border zone that ended six years ago.

About 9 a.m., an Israeli officer appeared at the Marjayoun garrison that housed a 350-man mixed force of Lebanese army and Internal Security Forces personnel, under the command of Brig. Gen. Adnan Daoud. Interior Minister Ahmed Fatfat said Daoud called him immediately on a cellphone and asked whether he should resist. The two decided to let the Israeli officer in, Fatfat said.

After a four-hour tour of the base, during which he asked whether any Hezbollah combatants were present, the Israeli officer advised Daoud to post a white flag at the entrance, then departed. Daoud was later placed under house arrest on suspicion of treason because of a videotape showing him serving tea to the Israeli officer, but he was released a week later and assigned to resume his post.

Later that day, according to Fatfat and witnesses in Marjayoun, another Israeli unit showed up and started shooting at the base, leading Daoud to call Fatfat again for guidance. Without resistance, the second group of Israeli soldiers pushed their way into the base, disarmed the troops and locked Daoud in a room, saying they were occupying the facility.

A frantic round of contacts involving Fatfat, Prime Minister Fouad Siniora, U.S. Ambassador Jeffrey D. Feltman and the U.S. Embassy in Tel Aviv led to assurances from the Israeli Defense Ministry that the soldiers had no orders to occupy the base, Fatfat said. The immediate crisis subsided, he said, but he and Daoud at 7 that evening began discussing when and how the garrison should withdraw from Marjayoun.

Working through UNIFIL, the Lebanese government asked for and received authorization from the Israeli military for the unit to leave for Beirut under a UNIFIL escort, according to Fatfat and a UNIFIL official who declined to be named. At 5 the next morning, they said, UNIFIL headquarters at Naqourah in southern Lebanon telephoned the authorization for a 3 p.m. departure to Gen. Abdul-Rahman al-Shehaiti, an aide to Gen. Georges Khoury, the head of Lebanese military intelligence.

Two gleaming white UNIFIL armored personnel carriers with Indian troops showed up in Marjayoun that morning, ready to lead the way. "We had a total agreement that they will go out through the Bekaa [Valley] and on to Beirut," Fatfat said.

The authorization specified the route the convoy was to follow, according to Fatfat and the UNIFIL official. But Marjayoun officials discovered a road on the agreed route had been bombed and needed to be repaired before the column could pass, leading to a long delay. By the time repairs were made, the UNIFIL unit said it was too late to begin and was reluctant to accompany the column, Fatfat said.

Another round of consultations began, according to Fatfat and others, and just before 4 p.m., the decision was made to depart. "Let's go," Daoud shouted.

By that time, Mayor Hamra recalled, hundreds of civilian cars had lined up on Marjayoun's main street, ready to follow Daoud and his men out of the war zone. They had been assured earlier that the security forces would stay put to help guarantee Marjayoun's safety, although Israeli radio broadcasts, beamed in Arabic into Lebanon, urged people to stay in their homes. The families of Marjayoun judged that if Daoud and his men were evacuating under a U.N. escort, then that was a signal to get out. "There was a lot of confusion when people saw the U.N. show up," Hamra said.

Some townspeople feared for their lives under Israeli occupation, particularly since Israeli artillery was shelling the nearby Hezbollah stronghold of Khiam. Others were reluctant to be seen cooperating with Israelis, a stigma that marks Marjayoun because of its role during the earlier occupation. Still others feared an Israeli attack; witnesses said Hezbollah fighters had sneaked into town and fired rockets on Israel from behind the town hospital.

So when the convoy pulled out of Marjayoun -- with Israeli artillery shells crashing down a few hundred yards away -- it stretched the entire length of Marjayoun's main street.

...

'It Was Total Chaos'

Despite the repairs, the roads along the route were heavily pocked by Israel's bombing campaign, holding the convoy to a snail's pace. "To get 12 miles, it took us four hours," Hamra said. Residents from villages the cars passed through further slowed

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progress by coming out to offer water and snacks. Some cars stopped. Others honked and tried to proceed. Tempers flared, and the convoy broke up into sections.

The U.N. armored personnel carriers pulled up near Hasbaya, about five miles north of the departure point, because that was the end of their authorized area of operations. But under Daoud's leadership, the convoy inched on, increasingly fractured as cars sought to work around bombed-out bridges, cratered roads and rubble-strewn village lanes.

"People were in every direction, trying to find their way," said Hamra, 58, an engineer who recently retired after a career in the Persian Gulf.

By the time the first cars approached Kefraya, the convoy stretched for miles in the darkness and had broken up into several groups, according to a number of participants. When the first missile streaked in, what had become a disorganized string of cars turned into a madhouse.

Fawaz Deeba, who runs a grocery store in Marjayoun, said he quickly exited his car when the first explosion occurred. "I stop. I open the door. I hear the noise, then a silence. Then came another bomb," he said.

The second missile, about three minutes after the first, sliced into a car in the middle of the convoy, witnesses said, and by that time everybody understood what was going on. Drivers began to panic as several more missiles crashed in. Some drivers tried to speed away but bumped into their neighbors. Others hit trees. People jumped out of their cars and pushed their children into the ditch, holding their hands over their heads.

"It was total chaos," recalled Daher. "Women were weeping. It was awful. There were cars running into each other. They were crashing into trees. It was crazy."

Daher said Elie Salameh, a well-known Marjayoun resident, got out of his car to ask a neighbor for gasoline when the second missile landed, ripping his head, shoulders and chest to shreds. Salameh's 16-year-old daughter, Sally, jumped out and ran toward Daher, he recalled, crying, "I want my dad. I want my dad."

Daoud, meanwhile, was on the ground trying frantically to call Beirut for help. He had one cellphone in each hand, pressing numbers as fast as he could, witnesses said, but the network wouldn't connect.

Daher tried to carry his mother to a nearby field for safety, he said, but she could not bear the pain in her arthritic legs. So he put her back in the passenger seat and waited with her for the attack to end. "We just sat there, not looking at death, but living it," he recalled, sobbing at the memory.

After about seven missiles had landed, the explosions stopped. Silence returned to the Bekaa Valley. After only seconds of peace, it was shattered by cars racing with the wounded toward a hospital at Dib Jenine, about five miles back down the road.

Israeli Reservists Protest, Call For Resignations (USAT)

By Yaakov Katz

USA Today, August 24, 2006

JERUSALEM — Hundreds of Israeli army reservists set up a tent city outside the prime minister's office Wednesday to protest what they consider poor management of the war in Lebanon.

Protesters held signs calling for the resignations of Prime Minister Ehud Olmert, Defense Minister Amir Peretz and the military's chief of staff, Lt. Gen. Dan Halutz.

Israel went to war in Lebanon against Hezbollah guerrillas on July 12 after the abduction of two Israeli army reservists. The fighting halted Aug. 14 with a United Nations-brokered cease-fire.

In the aftermath, some reservists have complained that Israel lost 118 soldiers and Hezbollah is still functioning, its leadership intact.

Daniel Damboritz, a 28-year-old paratrooper reservist, says troops thought their objectives were uncertain. “Everything was chaotic,” Damboritz says. “Missions that we received were changed constantly, and we found ourselves sometimes with orders that were unclear.”

Ephraim Kam, deputy head of the Jaffee Center for Strategic Studies in Tel Aviv and a former colonel in military intelligence, agrees. “The military brass kept on changing the orders to the soldiers, in some cases several times a day,” he says. “This led to the major loss of life.”

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Olmert acknowledged “failings and shortcomings” in an emotional speech to the Israeli parliament last week. He promised a thorough examination of how the war was conducted.

On Monday, though, he said, “I won't play this game, the game of beating ourselves up.”

Some critics are demanding a broad state inquiry. Peretz has set up a commission to investigate the military's management of the war. Olmert says he is considering supporting a state inquiry.

“There is no doubt that there were many mistakes,” Kam says.

Some emergency warehouses were empty or stocked with unusable equipment, and reservists lacked proper training in Hezbollah-style warfare, he says.

Brig. Gen. Danny Van Buren, chief reservist officer, says, “There is no doubt that we will need to invest more resources in equipment and training for reservists.”

Kam says Israel underestimated Hezbollah. For example, he says, the military was unaware that Hezbollah had created an extensive system of underground bunkers where guerrilla fighters hid during Israeli airstrikes.

“There was an expectation that the war would end sooner and that Israel would be more successful,” Kam says. “That didn't happen, partially because the enemy was underestimated.” Moshe Arens, a former Israeli defense minister, called the outcome of the war a “defeat for Israel” that requires Olmert's resignation.

“The loss of the war has reversed Israel's deterrent posture, which took close to 60 years to build,” Arens says. “This government needs to go, since the major responsibility lies in the government, which gave the wrong orders to the military.”

He says Israel should not have waited to launch a ground offensive. “There was wishful thinking that Hezbollah could be finished from the air,” Arens says. “The major mistake was that a ground offensive was not launched the second day of the war, and in the meantime a quarter of the country was destroyed.”

David Siegel, a spokesman for the Israeli Embassy in Washington, says the war did not end in defeat for Israel. “The aim was to achieve diplomatic goals that we hope very much will be achieved through Resolution 1701.”

U.N. Resolution 1701 requires the Lebanese army to take control of southern Lebanon and enforce an arms embargo on Hezbollah with the help of international forces.

Prisoner Release Demanded For Kidnapped Journalists (LAT)

By Laura King

The Los Angeles Times, August 24, 2006

JERUSALEM — Seated against a black backdrop, appearing pale but calm, two Fox News journalists kidnapped last week in the Gaza Strip appealed in a videotape released today for steps to secure their release.

It was the first confirmation that they were alive and well since the brazen early evening abduction of the pair in central Gaza City on Aug. 14.

The purported kidnappers spoke out as well. A heretofore unknown group calling itself the Holy Jihad Brigades asserted responsibility for the abduction and demanded the release of all Muslim prisoners held by the United States — "everybody without exception" — within 72 hours.

"Release what you have, and we will release what we have," the group said in a statement provided to reporters. "If you implement our conditions we will implement our promise; otherwise you will have to wait, and God will be the judge."

The statement, in elaborately religious language, included references to several Koranic verses, one of which alludes to the exchange of prisoners in wartime. It was not immediately clear whether the statement referred to prisoners being held in the U.S. or to American facilities in Iraq, Guantanamo Bay and Afghanistan.

The group's claim to be holding the journalists could not be independently verified, but Palestinian security sources said that in light of the coordinated release of the group's demand and the videotape, it appeared that the kidnappers had issued the statement.

It was not possible to ascertain when the tape showing correspondent Steve Centanni and cameraman Olaf Wiig was made.

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Fox News released a statement by Senior Vice President John Moody in New York. "We're encouraged that our colleagues appear to be alive and well in the tape that was released today. We trust that the abductors understand they are responsible for Steve and Olaf's welfare and safe return. We ask for their immediate release."

Armed, masked men grabbed Centanni and Wiig from their news van in Gaza City as they were working. The kidnapping took place close to Palestinian security services headquarters.

Centanni, 60, is American; Wiig, 36, is from New Zealand. Wiig is married to freelance television journalist Anita McNaught, who last week joined Palestinian journalists in appealing for the release of the pair.

A delegation from New Zealand met today with senior Palestinian officials.

The kidnappers made no specific threats against the men if the demands were not met, but said in the statement that "this is a chance we are giving you, and God knows it might not be repeated."

The statement also directed taunts at President Bush, saying that "the dignity of a single Muslim is worth 20,000" of him.

About a dozen foreigners have been abducted in the Gaza Strip over the past year, but usually they are freed within a matter of hours or days.

Often, the kidnappings involve gang or clan disputes, usually very local in nature, with only the merest veneer of political motive. Many abductions are essentially glorified labor disputes, with the kidnappers demanding to be placed on the payroll of one branch or another of the Palestinian security forces.

Israel withdrew soldiers and Jewish settlers from the seaside territory during the summer of 2005, but troops and tanks reentered Gaza on June 28, three days after an Israeli soldier was captured by Palestinian militants in a cross-border raid. Nearly 200 Palestinians have been killed in fighting since then.

In the videotape, Centanni and Wiig could be seen seated on the floor on what appeared to be a blanket. No markings were visible on the black backdrop behind them.

"We're alive and well, in fairly good health," Centanni said, his voice low but calm. "Just want to let you know I'm here and alive and give my love to my family and friends and ask you to do anything you can to try to help us get out of here."

Wiig, also even-voiced and looking directly into the camera, said: "I know my family will already be doing this, but if you could apply any political pressure that would be much appreciated by both Steve and myself."

The two, clad in tracksuits, said they were being given basic necessities such as clean water, food, access to toilet facilities and clean clothing. Both appeared somewhat haggard but without visible signs of any physical abuse.

An Israeli security source said the abduction represented a marked departure from previous kidnappings in several respects, including the length of time the captives have been held and the nature of the demands. However, the source, who had no specific knowledge of this case, said the kidnappers could have been copying similar demands by militants in Iraq.

The ruling Hamas movement, already under intense pressure from international sanctions and the Israeli military offensive, has repeatedly called for the release of the journalists and disavowed any knowledge of the kidnapping. Palestinian security forces have been searching for the pair.

"We denounce the kidnappings of foreigners and journalists," said Sami abu Zuhri, a spokesman for the Hamas movement. "We urge the kidnappers to immediately free them."

Consular officials have informed British and American journalists that there are specific and credible kidnap threats against them and have warned against travel to Gaza.

Special correspondent Fayed abu Shammalah in Gaza City contributed to this report.

Kidnapped Journalists Appear On Videotape (WP)

By Doug Struck

The Washington Post, August 24, 2006

JERUSALEM, Aug. 23 -- Kidnappers released a videotape Wednesday of two Fox News journalists abducted nine days ago in the Gaza Strip, and in language that ominously echoed kidnappers in Iraq, they claimed offenses had been committed against Islam and demanded that the United States release all Muslims from its jails.

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The video showed American reporter Steve Centanni, 60, and New Zealand cameraman Olaf Wiig, 36, casually dressed and looking fit. The two men said they had received food, water and access to showers. "Our captors are treating us well," Centanni said.

"We are in fairly good condition," Centanni said. Addressing his family, he said: "We love you all and want to go home. Hope to see you soon."

A statement signed by a group calling itself the Holy Jihad Brigades demanded that all Muslims in American jails be released within 72 hours. It did not make any direct threat to harm the two journalists when the deadline passes, but it noted that "those who have been unjust will find out the consequences."

John Moody, a senior vice president with Fox News, said in a statement released Wednesday: "We're encouraged that our colleagues appear to be alive and well in the tape that was released today. We trust that the abductors understand they are responsible for Steve and Olaf's welfare and safe return. We ask for their immediate release."

"The United States strongly condemns the kidnapping of these independent journalists, who were in Gaza to tell the Palestinian story to the world," State Department spokeswoman Julie Reside said. "They should be released immediately and without condition. This kidnapping highlights the challenges and dangers to freedom of the press that journalists face every day as they seek to cover events in areas of conflict around the world."

More than a dozen journalists have been kidnapped in Gaza in the past year, but most have been released within hours.

"Usually, the kidnappers announce very quickly who they are and what they want. That was not true this time," said Gef Julliard, an editor at Reporters Without Borders, an organization to promote press freedom, speaking from Paris. "They may be emulating the groups in Iraq. We are worried this is a global trend."

The statement itself bore none of the hallmarks of past Palestinian demands. It did not seek the release of Palestinian prisoners, and the demands were aimed at the United States rather than at Israel. The rhetoric sought to portray the kidnapping as an act in a wider war between Islam and the United States.

"I have never heard of this group. It seems from the style and name and demands that it is an al-Qaeda style group," said Ziad Abu Amr, an independent member of the Palestinian legislature in Gaza and an author of books on radical Islam. "The journalists were kidnapped because they were Westerners. It is clear the demands are not geared at domestic issues."

The kidnapping of the journalists, who were seized at gunpoint in daylight near the center of Gaza City, has raised concerns about the ability of reporters to cover the conflict in the Gaza Strip. Western reporters received warnings Tuesday from their embassies and from journalists in Gaza to stay away.

"I think it has a potentially chilling effect on the ability of the news media to report on Gaza," said Joel Campagna, a Middle East expert at the Committee to Protect Journalists in New York.

Dion Nissenbaum, the Jerusalem bureau chief for McClatchy Newspapers, was held for about eight hours at gunpoint last October. In retrospect, Nissenbaum said Wednesday, "it had elements of the Keystone Cops." The kidnappers' car got stuck in the sand and had to be towed, then the muffler fell off and the abductors had to stop for repairs. He was released after the abductors issued a demand for 50 jobs for themselves and friends in the Palestinian security forces.

The abduction has become a hot political issue within Palestinian groups, with leaders of both Hamas and Fatah pledging to find and release the journalists.

"This act contradicts Palestinian habits and customs," Ismail Haniyeh, the prime minister of the Palestinian Authority, said Wednesday.

In the 90-second video, Centanni and Wiig were shown against a dark background, seated cross-legged. The two were animated, made small jokes and urged their families not to worry.

"I will do the worrying for all of us," Wiig said. Both men urged that political pressure be put on governments to help with their release. Wiig noted, however, "I am sure you are doing this."

"Just want to let you know I am here and alive and give my love to my family and friends and ask to do anything you can to try to help us get out of here," Centanni said.

[Early Thursday, Israeli soldiers crossed into the Gaza Strip, backed by tanks and helicopter gunships, Palestinian witnesses and security officials said, according to the Associated Press. As the soldiers moved in, gunmen began firing at them,

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sparking clashes in which two gunmen were wounded, Palestinian officials said. The army had no immediate comment, the AP reported.]

On Wednesday, hospital officials said Hossam Jaradat, the West Bank leader of Islamic Jihad's armed wing, was shot in the Jenin refugee camp. Islamic Jihad said it was not sure Israel was behind the shooting, according to the AP.

Gaza Captors Of 2 Newsmen Pressure U.S. (NYT)

By Greg Myre

The New York Times, August 24, 2006

JERUSALEM, Aug. 23 — An unknown Islamic group on Wednesday issued a sweeping demand for the release of all Muslim prisoners held in the United States in exchange for two Fox News television journalists seized at gunpoint last week in Gaza.

The group, calling itself the Holy Jihad Brigades, had not claimed responsibility for the abductions or made any demands until Wednesday, when it released a statement along with a video of the two men, Steve Centanni, 60, an American based in Washington, and Olaf Wiig, 36, a cameraman from New Zealand.

More than a dozen Westerners have been kidnapped in the Gaza Strip in the past two years, though in every case, they were released unharmed, and almost always within 24 hours. By contrast, the video and the demand for the release of prisoners on Wednesday echoed kidnappings by Islamic militant groups in Iraq, Pakistan and elsewhere. And it was another sign of the worsening security situation in Gaza one year after the Israelis pulled out.

Moreover, the statement released Wednesday was the first time that kidnappers in Gaza had made a broad political demand that transcended the immediate Israeli-Palestinian conflict.

"We will give you one chance that will not be repeated — the liberation of Muslims detained in American prisons in exchange for the detainees in our hands," the statement said. "If you satisfy our condition, we will keep our promise."

The statement made references to the Koran but was not more specific about the Muslim prisoners whose release was sought. The statement said the United States had 72 hours to decide, beginning at noon Wednesday, and did not say what would happen if the demands were not met.

In the video, Mr. Centanni and Mr. Wiig were sitting cross-legged and barefoot on the floor and appeared relaxed as they spoke to the camera.

"We are alive and well," Mr. Centanni said. "We are in fairly good health. We get lots of clean water, food every day. Access to a bathroom, shower, clean clothes and our captors are treating us well."

Mr. Wiig added, "If you could apply any political pressure on the local government here in Gaza and the West Bank that would be much appreciated by both Steve and myself."

The two men were traveling in an armored car in Gaza City on Aug. 14 when armed men stopped the vehicle and forced them out at gunpoint.

Gaza is plagued by armed factions, and it was not immediately clear whether the group claiming responsibility was a real group or just a cover for an existing faction.

Still, Palestinian factions have long insisted that their battle is only with Israel, and it is highly unusual that the statement singles out the United States for denunciation.

The statement condemned the American military presence in Iraq and Afghanistan, saying, "The powers of evil are united in waging wars against Islam and their people."

Israel says it is concerned that groups like Al Qaeda are trying to infiltrate Gaza, particularly since Israel withdrew from the territory, though there has been no hard evidence to date that this has happened.

For many years, Palestinians have welcomed foreign journalists, aid workers and other Westerners in Gaza. Palestinian officials, militant groups and citizens are normally willing, even eager, to speak to journalists. Even after heavy fighting broke out in 2000, Western journalists were able to operate with relative freedom in Gaza.

However, the territory has grown increasingly lawless in the past couple of years as Palestinian government authority has largely collapsed, while armed groups, some of them nothing more than criminal gangs, have proliferated.

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In contrast to Iraq, where many kidnapped Westerners have been killed, kidnapping victims in Gaza often said that they were treated more like guests than hostages and that they did not feel threatened during their brief captivity.

Gaza kidnappers have usually been seeking jobs in the Palestinian security forces or the release of a relative held in a Palestinian prison. Kidnappers have often told their captives that they have no interest in harming them, but that Westerners serve as extremely effective bargaining chips when dealing with the Palestinian Authority.

In many instances, the Palestinian Authority has quietly met the demands of the kidnappers after the hostages were released.

The tape on Wednesday was released to a television production office in Gaza City. Al Jazeera, the Arab satellite channel, initially broadcast the tape, though Fox News and other news organizations also showed parts of it.

Fox officials and Mr. Wiig's wife, Anita McNaught, a television journalist, have been in regular contact with Palestinian Authority officials who say they are trying to secure the release of the men.

"We're encouraged that our colleagues appear to be alive and well in the tape that was released today," said John Moody, Fox's senior vice president for news editorial. "We trust that the abductors understand they are responsible for Steve and Olaf's welfare and safe return. We ask for their immediate release."

In Washington, the State Department said it would not give in to the kidnappers' demands. "We don't make concessions to terrorists, and we continue to call for the release of these journalists without conditions," said a State Department spokesman, Gonzalo Gallegos, according to The Associated Press.

The Palestinian prime minister, Ismail Haniya, told his cabinet on Tuesday that the government was "looking to win the immediate and unconditional release of the two journalists."

The Palestinian interior minister, Said Siam, who is in charge of the police and other branches of the security services, said Wednesday that efforts to find the men were under way. But the Palestinian Authority says it has been unable to contact or negotiate with the kidnappers.

In this case and in the previous abductions, Palestinian authorities have denounced the kidnappings and have said that they harm the Palestinian cause.

Raji Sourani, director of the Palestinian Center for Human Rights, said the kidnapping phenomenon had grown in Gaza because the Palestinian Authority had "failed to impose the rule of law against those who have violated it in broad daylight."

But he also criticized Israel for what he said was an extremely harsh response to the June 25 seizure of an Israeli soldier, who is being held by Palestinian militants in Gaza. The increased violence, along with the political and economic pressure imposed by Israel, has "created a very dangerous environment," he said.

Since the abductions, some Western news organizations have pulled their journalists out of Gaza.

American diplomats have warned that there are credible threats that additional kidnappings could take place in Gaza, while the Foreign Press Association in Israel warned its members to "exercise extreme caution in the coming days."

Israel and the Palestinians remain locked in a standoff over the Israeli soldier who was seized, Cpl. Gilad Shalit. After his capture, Israel's military forces, which pulled out of Gaza a year ago, returned to the territory and clashed almost daily with Palestinian militants.

Israel is demanding the soldier's unconditional release, while the Palestinians seek an exchange for prisoners held in Israeli jails. Egypt has served as a mediator, but the talks appear to have stalled.

Captive Reporters Shown In Video (WT/AP)

By Ibrahim Barzak

The Washington Times, August 24, 2006

GAZA CITY, Gaza Strip -- A previously unknown Palestinian group released the first video yesterday of two kidnapped Fox News journalists and demanded that Muslim prisoners in U.S. jails be released within 72 hours in exchange for the men.

In the video, correspondent Steve Centanni and cameraman Olaf Wiig appeared to be in good health, seated on the floor in sweat suits against a black background with no logos or banners. No armed men were shown.

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The two had not been seen since they were kidnapped Aug. 14 near the Palestinian security services headquarters in Gaza City.

"Our captors are treating us well," said Mr. Centanni, 60, of Washington, adding they had access to clean water, showers, bathrooms, food and clothing.

"So, just want to let you know I am here and alive and give my love to my family and friends and ask to do anything you can to try to help us get out of here," he said.

Mr. Wiig, 36, of New Zealand said: "If you could apply any pressure on the local government here in Gaza and the West Bank, that would be much appreciated by Steve and myself."

A written statement accompanying the video was issued by a group called the Holy Jihad Brigades. The statement railed against the U.S. wars in Afghanistan and Iraq.

"The powers of evil are united in waging wars against Islam and their people," it said.

It marked the first time a militant group in Gaza made demands on a foreign country other than Israel, which was not directly mentioned in the statement.

Local militant groups have routinely tried to limit the conflict to a fight between Palestinians and Israel, hoping not to jeopardize international support for the Palestinian cause. All the major Palestinian militant groups condemned the kidnapping and denied involvement.

It was not clear whether a group from outside Gaza could be involved. Palestinian and Israeli officials have previously said al Qaeda was trying to infiltrate into Gaza from Egypt.

The militants' statement was peppered with verses from the Koran and written in a literary, poetic style -- a sharp departure from the terse statements usually issued by Palestinian militant groups.

The statement demanded Muslim prisoners in U.S. jails be released within three days in exchange for Mr. Centanni and Mr. Wiig. The group did not say what would happen if the deadline passed unanswered.

"We are going to exchange the Muslim female and male prisoners in American jails in return for the prisoners that we have. We are going to give you 72 hours beginning midnight tonight to take your decision," the statement said.

"If you implement and meet our condition, we will fulfill our promise. If not, wait, and we are going to wait."

It was not clear whether the group was referring to prisoners being held by the United States in Guantanamo Bay or Iraq, where the United States is holding large numbers of Muslims.

White House spokeswoman Dana Perino would not comment on the demands. Fox News Senior Vice President John Moody said he was "encouraged that our colleagues appear to be alive and well."

India Said To Retain Right To Hold Tests (AP)

AP, August 24, 2006

NEW DELHI — India's prime minister said Wednesday the country would retain its right to carry out future nuclear tests despite a civilian nuclear deal with the United States, a news report said.

"There is no scope for capping of our strategic (nuclear) program. It will be decided by the people, government and Parliament of the country and not by any outside power," Press Trust of India quoted Prime Minister Manmohan Singh as saying in a statement in Parliament.

Singh and President Bush signed an agreement in July 2005 that would allow U.S. agencies and companies to sell India nuclear fuel and technology. In return, India would have to strengthen nuclear safeguards, allow international inspections of its civilian facilities, and separate its civilian and military nuclear programs.

On Wednesday, Singh said also said India would not give any commitment that goes beyond a unilateral moratorium on future nuclear tests.

If required by the circumstances, he said, India would have the sovereign right to take a decision on atomic tests in its national interest, PTI reported.

He also said India didn't favor a bilateral comprehensive test ban treaty with the United States. "This has been made unambiguously clear (to the U.S.)," PTI quoted him as saying.

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After its controversial 1998 nuclear tests, India announced a unilateral moratorium on further tests and said it would use nuclear weapons only if attacked.

Singh's comments in Parliament came in response to criticism by Hindu nationalist opposition and leftist allies who say the government is succumbing to U.S. pressures that allegedly aim to cap India's independent nuclear program.

The opposition and communist allies sought assurances from Singh that India's nuclear program would not be curbed by what they describe as the shifting of goal posts by U.S. lawmakers.

The House of Representatives approved the deal last month but added stringent new clauses, including requiring annual certification on the use of the technology and fuel for peaceful purposes.

The Senate is expected to vote next month on the civilian nuclear plan. The vote will be followed by several other legislative and diplomatic steps before the treaty can be enforced.

Venezuela, China Deepen Relations, Set Oil-Rig Pact (WSJ)

By Raul Gallegos And David Winning

The Wall Street Journal, August 24, 2006

Venezuela aims to become a top oil supplier to China and plans to increase oil sales to the oil-thirsty economy to 500,000 barrels a day in 2009, Venezuela's president said.

"We're getting to 150,000 barrels of crude a day [in sales to China], and next year we will double it to 300,000 barrels a day, and we will reach 500,000 barrels a day in 2009," President Hugo Chávez said during a telephone interview broadcast on a state-owned television channel. "With this, Venezuela becomes one of the top oil suppliers to the Chinese giant."

Mr. Chávez is in the middle of a six-day trip to Beijing, his fourth visit since taking over as president in 1999. During the trip he has signed deals for housing, mining, telecommunications and oil with Chinese companies.

One of those deals was between state oil company Petróleos de Venezuela SA, or PdVSA, and China National Petroleum Corp.'s service-and-engineering unit, involving sales of oil-drilling rigs, a person familiar with the plans said.

The deal will consist of the purchase of 12 Chinese-manufactured oil-drilling rigs, which are expected to be produced by Baoji Oil Machinery Co., CNPC's largest oil-equipment maker by capacity, the person said. The two companies also will set up a joint-venture factory in Venezuela for the production of more drilling rigs, the person familiar with the plans added.

"Chinese-made drilling rigs are competitive in terms of technology and price, although China is still weak in key control software," the person knowledgeable about the signing added.

No details were available on the value of the deal. Depending on their use, oil rigs can cost less than $10 million or as much as $100 million for the complicated structures used to reach oil deposits deep beneath the ocean. In the past few years, surging oil demand and the need to explore for more reserves has sharply pushed up the costs of buying or renting drill rigs.

"We signed a deal with CNPC for a joint venture in the Orinoco oil belt," Mr. Chávez said. "We will soon drill a new well with them in the Junin 4 field."

The leftist leader is expected to tour a plant where the Chinese are set to build a satellite for the Venezuelan government to be named Simon Bolivar, after the country's 19th-century independence figure.

Mr. Chávez has sought to strengthen relations with Iran, Cuba, China and Russia, among others, to slowly reduce reliance on business dealings with the U.S.

A delegation from PdVSA visited Baoji in March and expressed interest in long-term cooperation, the Chinese company said in a statement on its Web site.

Venezuela has a great demand for oil-drilling rigs for onshore and offshore development, given scant domestic manufacturing capacity, a vice president of PdVSA was quoted as saying in the statement.

Among the series of agreements that China and Venezuela are expected to sign, one pact could include accords for China to begin extra-heavy oil production in Venezuela's Orinoco River basin and to jointly develop Venezuela's eastern Zumano oil and gas fields.

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China is seeking access to energy sources in Latin America to fuel its booming economy. Mr. Chávez's itinerary has been closely guarded, but according to officials and a state media report, the Venezuelan leader, who is traveling with Oil Minister Rafael Ramirez, is expected to meet with China's premier and companies in the coastal province of Shandong.

-- Renya Peng in Beijing contributed to this article.

Venezuela Plans To Export Oil To China (AP-Y)

By Gillian Wong

AP, August 24, 2006

Venezuela plans to export 500,000 barrels of oil a day to China within five years, Venezuela President Hugo Chavez said Wednesday.

Chavez arrived in Beijing earlier in the day at the start of a trip aimed at forging stronger energy ties between the two countries. He plans to sign agreements to boost China's investment in oil-rich Venezuela with joint projects in petroleum, telecommunications, farming and railways.

He also proposed an ambitious target plan under which Venezuela — the world's No. 5 oil exporter — will almost quadruple sales to China, which wants access to Latin American energy supplies to fuel its booming economy.

"Within five years we'll arrive at half a million barrels (a day) to China. We are currently exporting close to 150,000 barrels (a day), and next year we will double that," Chavez said.

"The oil issue is of utmost importance because we are diversifying the petroleum business. We are moving toward a new petroleum model," said Chavez, speaking on Venezuelan state television from China. "It's one step more in a strategic alliance."

The Chinese Foreign Ministry said Chavez was scheduled to meet with President Hu Jintao on Thursday; and with China's No. 2 leader Wu Bangguo and Premier Wen Jiabao on Friday.

The left-leaning Chavez has strengthened ties with Beijing since taking office in 1999. He said last week that he will buy Chinese-made oil tankers and seal an oil exploration deal.

"We're going to sign a series of agreements for another leap in energy cooperation," Chavez said after arriving in Beijing.

The United States is the No. 1 buyer of Venezuelan crude, but Chavez's government has sought to sell more to other countries.

Chavez said his government would create joint ventures with two Chinese state-owned oil companies to produce and export crude from Venezuela's petroleum-rich Orinoco River basin as part of a larger energy cooperation plan.

He said agreements would be signed Thursday with China National Petroleum Corp. and China Petroleum and Chemical Corp.

Chavez said Venezuela's growing relations with China are part of his government's efforts to create a "multipolar" world to counter U.S. hegemony. He accuses Washington of bullying countries like Venezuela to keep them from developing military technology.

Doubts Cast On Asean Speeding Single Market (FT)

By John Burton

Financial Times, August 24, 2006

The head of a group drawing up an institutional framework for the Association of South-East Asian Nations expressed doubts on Wednesday about plans to accelerate the creation of a single market for the region.

Musa Hitam, a former Malaysian deputy prime minister, said that Asean did not have an adequate organisational structure in place to carry out the plan, which he regarded as “ambitious”.

Asean this week agreed in principle to advance the establishment of a common market for goods, services, and investment by five years to 2015 to counter competition for foreign investments from China and India.

Mr Musa is chairman of a group of elder statesmen from the region charged with drawing up a draft plan to establish agencies that would implement decisions by Asean.

The blueprint is expected to be submitted to Asean leaders at an annual summit in December.

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The lack of formal Asean agencies has been blamed for the slow progress the organisation has made in integrating their economies. Mr Musa suggested that a single market could not be achieved unless Asean set up bodies to monitor and implement decisions and impose sanctions on recalcitrant members.

Although his group was ready to include proposals that would support the 2015 decision, Mr Musa said that it was up to Asean leaders whether to accept them.

Rafidah Aziz, the Malaysian trade minister, defended the accelerated schedule, saying that Asean had identified 70 service sectors, including aviation, tourism and information technology, that are favourable to rapid implementation.

But she expressed support for Malaysia's affirmative action policy, which critics say represents a barrier to creating an open economy. Malays represent nearly 60 per cent of the country 24m population, but are poorer than the minority Chinese community.

Malaysia adopted the affirmative action policies following race riots in 1969 by requiring Malays to own 30 per cent of most businesses.

"You cannot integrate into a region when your own domestic constituencies are not happy with your governance.

"How can you talk about a region when your country is in a shambles?" she said.

The issue of affirmative action has become a sticking point in negotations with the US on a trade deal. The US wants greater transparency in the issuing of government contracts, which are normally awarded to Malay businesses.

US Trade Chief Comments On ASEAN Pact (AP)

AP, August 24, 2006

KUALA LUMPUR, Malaysia (AP) - The United States trade chief said Wednesday a trade pact to be signed with ASEAN nations this week is a great boost to economic relations, but she urged the bloc to do more to push Myanmar toward democracy.

Trade Representative Susan Schwab said the Trade and Investment Framework Arrangement, or TIFA, with the 10-member Association of Southeast Asian Nations will create building blocks to broaden and deepen relations -- previously hindered by Myanmar's poor human rights records.

"The U.S. is still very uncomfortable with policies of that government relating to treatment of its own citizens. That said, we do not want our concerns of Burma to jeopardize our broader relations with ASEAN," she told The Associated Press.

"It has been our hope and expectations that ASEAN will always be doing more to push Burma to move toward democracy and to have a better human rights record." Myanmar is also known as Burma.

Schwab is due to sign the TIFA -- which sets the stage for a full-fledged free trade agreement -- on Friday with the 10 ASEAN ministers. Myanmar's Commerce Minister Tin Naing Thein will be signing on behalf of the military junta, according to a copy of the draft obtained by the AP.

President Bush earlier this month renewed sanctions against military-ruled Myanmar following its refusal to speed up democratic reforms and free political prisoners, including pro-democracy leader Aung San Suu Kyi.

ASEAN has a policy of not interfering in each other's affairs but is increasingly frustrated over Myanmar's slow pace of reforms. However, ASEAN officials insist continued sanctions imposed by the European Union and the United States may not help Myanmar's military junta in moving toward democracy.

Schwab acknowledged that the TIFA has been scaled down from a binding formal agreement, to a nonbinding framework arrangement, to overcome Myanmar sensitivities in Washington but said it has not affected the purpose of the pact.

"A TIFA is designed to help create building blocks that can be used to broaden and deepen relationships. The fundamental purpose of the TIFA is served by this version. We don't believe we have in anyway, watered down the substance of the potential of the TIFA," she said.

She said the two sides would work on creating a work program for joint trade projects but declined to say if Myanmar would be part of it.

Malaysian Trade Minister Rafidah Aziz said earlier Wednesday Myanmar's political and human rights situations have not hindered its participation in ASEAN's economic activities.

"We are going ahead together. In the economic sphere, we don't think politics at all," she said.

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The draft text says it will ensure that U.S. intellectual property is better guarded in a region infamous for violations. It says all parties must "promote transparency and good governance, including by combating and preventing unlawful activities in international trade and investment."

Washington has frequently complained that ASEAN member nations aren't doing enough to crack down on software and movie piracy. Malaysia, one of ASEAN's key members, are among several Asian nations on a U.S. watch list of intellectual property rights violators.

Friday's agreement, in part, also addresses some of Washington's concerns over access.

ASEAN nations remain fiercely protective over its national companies, where foreign entities -- at most -- are only allowed minority stakes.

Signatories must promote "an open and predictable environment for international trade and investment while recognizing "the essential role of investment, both domestic and foreign, in furthering economic growth and development," the draft said.

US Trade Chief Plans To Visit China (AP)

AP, August 24, 2006

KUALA LUMPUR, Malaysia (AP) -- U.S. trade chief Susan Schwab says she will make a three-day visit to China starting Sunday to further strengthen bilateral economic relations in efforts to help cut America's record trade deficit, and push the Asian nation to curb intellectual property thefts.

Schwab told The Associated Press late Wednesday that she during a meeting with China's Commerce Minister Bo Xilai in Beijing she also hopes to discuss China's role in helping to restart stalled World Trade Organization talks.

"China is likely to be a major beneficiary of a successful Doha round and is certain to a major loser if the Doha round fails. We have a shared interest in seeing a successful Doha round," she said on the sidelines of meetings here with Southeast Asian trade ministers.

The 149-nation WTO suspended negotiations in the global trade liberalization talks last month, largely over differences on farm tariffs and subsidies.

Schwab hailed initial efforts by the Chinese to crack down on the theft of U.S. copyrights and patents, including a commitment to require that all personal computers sold in China have factory-installed operating programs as a way of reducing the pirating of U.S. computer software.

American companies claim that intellectual property thefts in China are costing them billions of dollars in lost sales annually.

"That is an important step in the right direction," she said. 'We still have some issues that still need to be addressed. Some related to China's commitment under the WTO, obligations that have not been fulfilled. Issues related to intellectual property rights that are still quite problematic. Issues related to auto parts."

Schwab declined to say if she will push China to allow its currency, the yuan, to rise in value against the dollar as a way of lowering the U.S. trade deficit but said that as bilateral trade has grown, China clearly has benefited.

"U.S. exports to China have gone up 20 percent or more per year for the last several years. Obviously China's exports to U.S. have gone up rapidly as well," she said. "Clearly this is a trading relationship that benefits the Chinese. So there is some good news in terms of the strength of the bilateral trade relationship and we'll talk about that."

The U.S. trade deficit with China soared to $202 billion last year, the biggest imbalance ever with a single country. Some American manufacturers contend China is unfairly depressing the value of the yuan by as much as 40 percent to make their goods cheaper and more competitive against American products.

Eighth Mad-Cow Case Is Verified In Canada (WSJ)

The Wall Street Journal, August 24, 2006

WINNIPEG, Manitoba -- Canadian authorities said final testing confirmed the country's eighth case of mad-cow disease.

The animal was a mature beef cow between eight and 10 years old and was from Alberta. The Canadian Food Inspection Agency said no part of the animal's carcass entered the human food or animal feed systems.

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Based on the animal's estimated age range, exposure to the infectious agent that causes the disease, formally known as bovine spongiform encephalopathy, likely occurred either before the introduction of Canada's tighter animal-feed restrictions in 1997 or during its early implementation.

A CFIA investigation is under way to determine where the animal was born. Such birth-farm information would serve to verify the animal's age as well as help identify herd mates -- which are also at risk of carrying the disease -- and potential sources of contaminated feed.

The U.S. has found three cases of BSE, the first of which was in a cow believed to have been born and raised in Canada before being shipped.

Canada Confirms Case Of Mad Cow (WT/AP)

By The Associated Press

The Washington Times, August 24, 2006

TORONTO (AP) -- Canada confirmed mad cow disease in an animal on an Alberta farm yesterday, the country's eighth case of a terminal ailment that has roiled its livestock industry.

The latest case was found in a dairy cow 8 to 10 years old, Canada's Food Inspection Agency said.

The agency says exposure to the terminal disease likely occurred before or during the introduction of new feed regulations that were supposed to stop the spread of the disease.

Shipments of cattle to the United States were halted in 2003 after the first reported cases of mad cow in Canada. Trade in cows younger than 30 months resumed last year.

Last month, the United States suspended plans to increase imports of beef and cattle from Canada over concerns about an infected cow born in 2002, five years after Canada enacted safeguards against mad cow disease.

At issue is a ban on using cattle remains in cattle feed, the primary fire wall against the spread of mad cow disease. The only known way for cattle to get the disease is by eating feed containing diseased cattle tissue, a practice largely outlawed in Canada and the United States in 1997.

George Luterbach, an animal scientist with the Canadian Food Inspection Agency, said the latest cases should not have any repercussions with trading partners.

"These cases are the result of a very robust surveillance program," Mr. Luterbach said. "These cases are very few and far between."

Having tested 60,000 cattle last year, Mr. Luterbach said, the agency is confident that mad cow is not a common in Canada or something that is growing.

The Canadian Cattlemen's Association estimated its 90,000 members had lost more than $5.6 billion since 2003.

Mad cow disease is the common name for bovine spongiform encephalopathy, or BSE, a brain-wasting disorder. Humans can get a related disease, variant Creutzfeldt-Jakob disease, by eating meat contaminated with mad cow.

Privacy Concerns Continue To Bedevil Livestock ID Program (AP)

By David Twiddy

AP, August 24, 2006

KANSAS CITY, Mo. - U.S. Agriculture Secretary Mike Johanns assured livestock owners Wednesday that information collected in a planned animal identification program will be kept confidential and used only in the event of a disease outbreak.

Speaking before a conference on animal identification technology and policy, Johanns sought to downplay concerns that farm information collected through the program could fall into the hands of competitors, animal rights activists or other members of the public.

He said private vendors would collect and maintain the data, making it off-limits to federal open-records laws, a concern that has led officials in some states, such as Vermont, to put their own data-collection efforts on hold.

"It is not data that is controlled and owned by the USDA, so we can protect confidentiality," Johanns said in response to a question from the audience.

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Johanns' assurances held little water with some of the 30 protesters picketing outside the meeting. They said the program violated their property rights, would cost too much and is aimed at helping large-scale producers who want to sell their livestock overseas.

"I raise for my own use, and it would wipe me out," said Sue Karber, who owns a few head of cattle in Kingfisher, Okla. "If someone wants to use this for export, fine, but leave our domestic policy alone."

The Department of Agriculture wants to be able to identify and tag each of the country's more than 9 billion cows, pigs, chickens and other livestock by 2009 so it would be able to track them within 48 hours of a report of disease.

Agriculture officials have begun approving companies selling tagging and tracking equipment, setting up competition that Johanns said would keep costs for producers low.

Federal officials still describe the program as voluntary, but Johanns acknowledged that farm owners choosing not to register their animals would create significant gaps in the system, making it harder to track a diseased animal and the animals with which it came into contact.

"That's the very reason why we've got to move this forward and do everything we can to try to get as close as we can to all animals being registered within this system," he told the conference members. "What we're looking for here is commercial identification. We're not trying to figure out which kid in America is going to show a calf at a county fair."

Missouri Department of Agriculture spokeswoman Misti Preston said 8,846 farms and other places with livestock, or 9 percent of the total, have registered under the state's version of the federal program.

Johanns said he believes retailers, overseas markets and consumers will ultimately demand such a tracking system and noted that Australia has used its own animal identification program as a marketing tool.

"The faster we can assure consumers and trading partners of the health of our herd during an outbreak," he said, "the less economic impact on absolutely everyone."

EU To US: Keep Genetically Engineered Rice To Yourself (USAT)

By Elizabeth Weise

USA Today, August 24, 2006

The European Union said Wednesday that it would require that all long-grain rice imported from the USA be certified as free of unauthorized genetically engineered grains.

Rice futures at the Chicago Board of Trade fell by more than 5% Wednesday, the sharpest one-day decline in years. The developments follow the discovery last week of tiny amounts of genetically engineered rice in the commercial U.S. crop.

Europe imports 264,000 tons of long-grain rice from the USA each year, according to the EU, a collaboration of 25 European nations. Genetically engineered long-grain rice has been tested but is not grown commercially in the USA.

The presence of the unauthorized biotech rice was announced Friday by the U.S. Department of Agriculture, which has launched an investigation. Agriculture Secretary Mike Johanns said in a prepared statement that “based on the available data and information, the U.S. Food and Drug Administration has concluded that the presence of LLRICE 601 (the strain in question) in the food and feed supply poses no safety concerns.”

The contamination was first discovered in January by a customer of Riceland Foods, a rice-growers cooperative based in Arkansas. Over the ensuing months, samples were collected and tested. It is the first time such rice has been found in the U.S. commercial rice crop.

This week, Japan also suspended long-grain rice imports from the USA, but because almost all of the rice it imports is of the short- and medium-grain varieties, the ban will have little effect on growers.

U.S. producers of long-grain rice, 50% of which is exported, don't grow genetically engineered rice precisely because their customers overseas don't want it, says David Coia of the USA Rice Federation.

Only trace amounts of the biotech rice, the equivalent of six kernels in 10,000 kernels of rice, were found “geographically dispersed and random throughout the rice-growing area,” Riceland spokesman Bill Reed said in a statement.

How even trace amounts of the rice engineered to resist a herbicide got into the 2005 crop remains a mystery.

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"We think that sometime when it was being field-tested, it contaminated the commercial supplies and has somehow been growing at low levels ever since," says Bill Freese of the Center for Food Safety, an environmental advocacy group.

The rice, called Liberty Link RICE 601, comes from a line of genetically modified rice that Bayer CropScience had tested from 1998 to 2001 but decided not to pursue. It is likely that at least some seeds or pollen escaped from the test plots.

LLRICE 601 has a genetically modified protein that makes the rice plants resist glyphosate, a weed killer known to many gardeners as Round-Up. The herbicide-resistant trait lets farmers spray their fields with glyphosate, killing all the weeds but leaving the crop untouched.

The rice strain that escaped has not yet been approved for sale in the USA, but two other Bayer CropScience rices that use the same genetically engineered protein were approved by USDA but never went into commercial production.

Although not approved for use in rice, the protein in the biotech strain is widely used in other genetically modified agricultural crops, including corn and soybeans.

US To Test Rice As EU Blocks Modified Imports (FT)

By Tobias Buck And Doug Cameron

Financial Times, August 24, 2006

US officials on Wednesday said they were close to implementing a new testing regime for rice exports after the European Union blocked all shipments by demanding that they be free from an unauthorised genetic modification.

The EU joined South Korea, another key export market for the US, with a requirement for testing which it said would stay in place for six months. This follows the discovery last week of unauthorised GM rice in US commercial samples, though officials insist there is no danger to human health or the environment.

"We are in the final stages of having a validated test available," said Ed Loyd, spokesman for the US Agriculture Department. He called Wednesday's action by the EU "very measured and reasonable", though said other large export markets such as Mexico and Saudi Arabia had so far not called for testing.

US officials have launched a number of probes into how the GM variety entered the system. US rice farmers have steered clear of planting GM rice commercially to avoid any consumer backlash in export markets.

Markos Kyprianou, EU commissioner for consumer protection, said the union had no choice but to clamp down on US rice imports. "We have strict legislation in place in the EU to ensure that any GM product put on the European market has undergone a thorough authorisation procedure based on scientific assessment," he said. "There is no flexibility for unauthorised GMOs – these cannot enter the EU food and feed chain under any circumstances."

No genetically modified rice is currently approved in the EU, though one type that is similar to the traces of LL Rice 601 found last week is under review by the European Food Safety Authority.

EU Adopts Tough Rules For US Long-Grain Rice (WSJ)

By Juliane Von Reppert-Bismarck

The Wall Street Journal, August 24, 2006

BRUSSELS -- The European Commission adopted tough screening rules on U.S. long-grain rice following revelations that an unauthorized genetically engineered rice variety had accidentally entered commercial rice stocks.

U.S. rice farmers, European importers and the biotech industry say the screening procedures, which are expected to be in place for at least six months, will add to their costs by requiring all long-grain rice varieties to be certified.

The ruling is also likely to strain trade relations between Brussels and Washington, which says the rice poses no health risk, and to raise questions of how to control the spread of biotech crops that are very unpopular in Europe.

Under the rules, which took effect immediately but will be reviewed tomorrow by member governments, U.S. shipments of long-grain rice brands must be certified by an accredited laboratory to be free of the strain known as LL Rice 601, which is owned by German biotech company Bayer AG.

It was unclear who would foot the bill for testing, and some experts warned the screening may not discover the renegade strain, anyway.

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U.S. exporters warned the measures may squeeze a rice sector already beleaguered by rising energy costs and increasing competition from abroad.

The U.S. exports about half its rice. Europe is one of its main customers, importing 198,000 metric tons of long-grain rice worth about €52 million, or about $67 million, last year. Japan banned imports of U.S. long-grain rice last week.

Brussels officials have complained Washington took more than two weeks to warn Europe of the contamination after Bayer informed U.S. authorities on July 31 that it had found the genetically altered rice in commercial rice-storage units in Arkansas and Missouri.

The U.S. Department of Agriculture said the amount of altered rice Bayer found was equivalent to six rice grains among 10,000.

Bayer and government officials say they don't know how the rice variety found its way into commercial rice stores five years after it was ditched as a commercial nonstarter.

Bayer, faced with costly tests, has asked U.S. regulators to authorize commercial use of the strain, a process likely to take two months. Critics of the biotech business say the industry uses contamination to push through legalization of its products.

The contamination echoes a similar situation last year, when the EU imposed strict screening requirements on corn imports after U.S.-grown corn-gluten feed and brewers grain containing genetically modified corn made by Swiss biotech giant Syngenta AG was found in European shipments, where the modified strain is illegal.

European Restrictions On Rice Imports (NYT/AP)

By The Associated Press

The New York Times, August 24, 2006

The European Union ordered special certifications for imports of rice from the United States to keep out genetically contaminated long-grain rice. Under the new rules, which are expected to be in place for at least six months, the United States will have to specifically certify that shipments of rice are free from a particular variety of rice. Last week, the United States government announced that long-grain rice samples had tested positive for trace amounts of a genetically modified strain not approved for consumption. Japan suspended imports of United States long-grain rice after the positive test. The 25-nation bloc said it still did not have enough information to assess the extent of the contamination but needed to take preventive measures.

EU Excludes Genetically Modified U.S. Rice (LAT/AP)

From The Associated Press

The Los Angeles Times, August 24, 2006

BRUSSELS — The European Union on Wednesday took urgent steps to keep out genetically contaminated long-grain rice from the United States, ordering special certifications for U.S. rice exports.

Under the new rules, which are expected to be in place for at least six months, the U.S. will have to specifically certify that shipments of rice are free from the unauthorized LL Rice 601 genetically modified organism strain. Controls will also be carried out at EU ports.

Last week, the U.S. government announced that long-grain rice samples had tested positive for trace amounts of a genetically modified strain not approved for consumption. Japan suspended imports of U.S. long-grain rice following the positive test.

The 25-nation EU said it had insufficient information to assess the extent of the contamination but needed to take preventive measures.

"We have strict legislation in place in the EU to ensure that any [genetically modified] product put on the European market has undergone a thorough authorization procedure based on scientific assessment," Health and Consumer Protection Commissioner Markos Kyprianou said.

"There is no flexibility for unauthorized [genetically modified organisms] — these cannot enter the EU food and feed chain under any circumstances," he said.

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The contamination with the strain of genetically engineered rice was detected by Bayer CropScience. The German company then notified U.S. officials. The strain is not approved for sale in the U.S. but two other strains of rice with the same genetically engineered protein are.

Europe has been far more reluctant than the U.S. to accept genetically modified foodstuffs. The environmental group Friends of the Earth Europe called for an immediate import ban and more information on how widespread the contamination had been.

The EU buys about $90 million worth of U.S. rice each year.

175 N. Koreans Held In Bangkok (WT)

By Andrew Salmon

The Washington Times, August 24, 2006

SEOUL -- Thailand's police rounded up 175 North Korean defectors -- mainly women and children -- in a raid on a Bangkok suburb Tuesday, an incident that has cast light on the Southeast Asian nation's increasingly popular status as a refuge for defectors from Kim Jong-il's regime.

The refugees had escaped North Korea via China and are thought to have been awaiting processing by the United Nations High Commissioner for Refugees (UNHCR), and the South Korean and possibly U.S. embassies, before transit to a third country.

"The government will review measures to be taken in consultation with the Thai government," South Korean Foreign Minister Ban Ki-moon told reporters.

South Korea has been highly sensitive about the arrival of large numbers of defectors since Seoul airlifted 468 defectors from Vietnam in 2004. News of the airlift sparked fury in Pyongyang, damaging ties between the two capitals for months.

A Seoul official familiar with North Korea-related issues said: "We do not believe this marks a change in Thai policy. They have said that they will release them to third countries -- South Korea or the United States -- after interrogation."

"I don't think they are going to send them back to North Korea," he said.

South Korea's Grand National Party, the conservative opposition, objects to the government's low-key approach.

"This government does not have a specific, determined policy for dealing with North Korean refugees. For political reasons, they hold an intentionally ambiguous position," said national assembly member Song Young-sun, a specialist on North Korean issues. "I cannot forgive this quiet diplomacy. I want to ask this government to put the North Korean people first, not the Kim Jong-il regime."

Activists urged more action.

"Governments have to deal with this and look this crisis in the face," said Tim Peters, a U.S. Christian activist who heads up the charity Helping Hands Korea. "Hopefully, the main players are going to start looking at ways they can absorb more of these refugees."

Thailand has become a haven for North Koreans who flee their country on an "underground railroad" via China to Southeast Asia -- often undergoing harrowing experiences along the way.

"Thailand, because of its history and experience dealing with refugees from Cambodia, Burma and elsewhere, deals responsibly with refugees, and there is a regional office of the UNHCR in Bangkok," said Mr. Peters, who was featured on the cover of Time magazine's Asian edition in May for his work helping North Korean refugees.

Asked how many have fled North Korea, Mr. Peters said it is difficult to say.

"It is almost anyone's guess, but I would multiply State Department figures of [30,000] to 50,000 by 10," he said.

He cited food shortages and the aftermath of disastrous flooding last month as "push factors" driving North Koreans out of their land, adding that China has recently deployed 2,000 extra troops to seal its border with North Korea.

Ukraine's Premier Pledges To Stop Taking Gas From Russian Pipes (NYT)

By Andrew E. Kramer

The New York Times, August 24, 2006

DOJ_NMG_0052789

MOSCOW, Aug. 23 — Ukraine's new prime minister, Viktor F. Yanukovich, has promised that his government will refrain from siphoning natural gas from Russia's export pipelines to meet Ukraine's shortfall this winter, a practice that has incensed Russian officials who characterize it as stealing.

The assurance was the latest step by Mr. Yanukovich, a pro-Russian politician, to address some of the conflicts between Ukraine and Russia since Parliament elected him prime minister on Aug. 4.

The move was a concession, of sorts, to Russia — Ukrainian officials had never publicly admitted taking the gas without paying — but one also likely to ease worries in Western Europe over the security of energy supplies this winter. About 80 percent of Russia's gas exports to Western Europe pass through Ukraine.

Mr. Yanukovich, who lost the election that came to be known as the Orange Revolution in 2004 but staged an improbable political comeback this summer, has brought a more conciliatory stance to the energy talks with Russia, as expected. Talks are under way for a contract for gas supplies in 2007.

Mr. Yanukovich said Ukraine's national energy company, Naftogaz, was preparing for the winter heating season by storing gas underground.

"I am saying this so Europe can hear, and they can feel at ease," Mr. Yanukovich said on Tuesday at a news conference in Ukraine, according to a transcript provided by his office. "We won't take European gas from the pipes this winter."

Mr. Yanukovich has been welcomed by Russia more than the victor in the Orange Revolution, President Viktor A. Yushchenko, ever was.

Just last week, in a break with protocol, President Vladimir V. Putin of Russia invited him to join heads of state from the Eurasian Economic Community for informal meetings in Sochi, a Russian resort town, though Mr. Yanukovich is not Ukraine's leader.

In turn, Mr. Yanukovich has vowed a more pragmatic approach to the energy dispute that last winter briefly reduced the flow of natural gas to Western Europe, and has tried to reassure European governments they will not be faced with shivering citizens in northern Europe this winter.

At the Sochi meetings, he secured a promise from Russia's natural gas monopoly, Gazprom, not to revisit the gas price, $95 per 1,000 cubic meters, or about 1,300 cubic yards, until the end of the year.

Also, President Yushchenko has signaled that Ukraine is likely to continue to import natural gas next year through a Swiss-registered intermediary, RosUkrEnergo, that is controlled by Gazprom, though the United States has criticized the arrangement as prone to corruption.

"God help us prolong it for several more years," Mr. Yushchenko said of the deal on Saturday, the Interfax news agency reported.

Still, in the tangled energy trade between the countries, Ukraine's practice of withdrawing gas intended for Western Europe from Russian pipelines has long been a thorn in the side of Gazprom. It has also been a source of leverage for Ukraine in the pricing talks, now a matter apparently off the table.

Africa Adds To Miserable Ranks Of Child Workers (NYT)

By Michael Wines

The New York Times, August 24, 2006

LUSAKA, Zambia — The boulders here are hard enough that the scavengers who have taken over the abandoned quarry south of downtown prefer not to strike them directly with their hammers.

They heat the rocks first — with flaming tires, scrap plastic, even old rubber boots — so that the stones will fracture more easily.

At dusk, when three or four blazes spew choking black clouds across the huge pit, the quarry looks like a woodcut out of Dante.

A boy named Alone Banda works in this purgatory six days a week.

Nine years old, nearly lost in a hooded sweatshirt with a skateboarder on the chest, he takes football-size chunks of fractured rock and beats them into powder.

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Lacking a hammer, he uses a thick steel bolt gripped in his right hand.

In a good week, he says, he can make enough powder to fill half a bag.

His grandmother, Mary Mulelema, sells each bag, to be used to make concrete, for 10,000 kwacha, less than $3. Often, she said, it is the difference between eating and going hungry.

"Sometimes when he's tired, I tell him to stop, but he helps me here most of the time," she said. "We work every day, to make that powder. Sometimes we work Sunday, if we don't go to church."

Across the globe, the number of children forced to work is in sharp decline.

But sub-Saharan Africa, in places like Lusaka and for children like Alone, is the exception. Here, more than one in four children below age 14 works, whether full time or for a few hours a week, nearly the same percentage as the worldwide average in 1960.

It is by far the greatest proportion of working children in the world.

By the United Nations' latest estimate, more than 49 million sub-Saharan children age 14 and younger worked in 2004, 1.3 million more than at the turn of the century just four years earlier.

Their tasks are not merely the housework and garden-tending common to most developing societies.

They are prostitutes, miners, construction workers, pesticide sprayers, haulers, street vendors, full-time servants, and they are not necessarily even paid for their labor.

Some are as young as 5 and 6 years old.

In Kenya, nearly a third of the coffee pickers were children, a 2001 World Bank Report found.

In Tanzania, 25,000 children worked in hazardous jobs on plantations and in mines.

Their numbers in Africa grow even as the ranks of child laborers are dropping by the millions in every other region of the world.

Child labor declines with prosperity, and so the region's economic plight — 44 percent of sub-Saharan residents live on less than $1 a day, far and away the greatest share on earth — is a big reason.

But so are social mores that regard hard work by children as the norm, and conflicts that scatter families and kill breadwinners.

So is the staggering H.I.V. rate, which has created millions of orphans who must work to survive, and has forced millions more to work to support dying parents. In Zambia alone, a 2002 study by independent researchers for the United Nations concluded that AIDS had boosted the number of child laborers by up to 30 percent.

So is the region's population explosion. Well over 4 in 10 people here are under age 15, compared with fewer than 2 in 10 in the developed world, according to the Population Reference Bureau, a nonprofit research organization.

With economic growth lagging births, manual labor is often the only way the newcomers can feed themselves.

Worldwide, the number of children who were already "economically active" by the age of 14 fell roughly 10 percent from 2000 to 2004, to about 191 million, according to the International Organization for Labor, a United Nations agency.

More impressive still, the number of young children laboring in the most dangerous jobs dropped by a third.

In Asia, the number of economically active children — meaning they worked beyond their chores, legally or not — dropped by five million in just four years.

In Latin America and the Caribbean, the decline was even more drastic, nearly 12 million. Indeed, sub-Saharan Africa was the only region where the number of working children did not fall.

"It's like trying to empty a bathtub with a teaspoon while the tap is running," said Birgitte Poulsen, the technical specialist for the International Labor Organization in Zambia. "If you want to tackle this, you have to recognize the magnitude of the problem, not just in terms of its size, but its complexity. It isn't just due to instability and conflict and war. It's poverty and H.I.V.-AIDS."

Echoes of Oliver Twist

If the stereotype of child labor is an Oliver Twist world of sweatshops with youngsters hunched over sewing machines or metal presses, Africa's reality is different.

A handful of Zambia's child workers are clearly exploited by adults — for prostitution in cities, and perhaps as miners in the emerald-rich north, near the Democratic Republic of Congo.

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The International Labor Organization says there are increasing reports of Zambian children being trafficked for work in construction and farming and as servants.

Overwhelmingly, though, what drives children into work is not greed but privation. Young people here largely work to feed themselves or their parents, or both.

Alone — a family name, like many in this part of the world, drawn from the English language — and his grandmother rise at about 6:30 a.m.

After washing, they make the half-hour walk to the quarry where they work, under a plastic tarp mounted on scavenged tree branches.

Alone describes his day in the most basic English: "I break the rocks. I get up early in the morning, before the sun rises. For breakfast, I drink tea sometimes. This morning, I didn't eat. I'm hungry."

After two hours, he walks to Tatwasha Basic School, a state-run institution near his home, for about four hours of classes.

Tatwasha, a grid of cinder-block buildings set on a yellow dirt courtyard, has 3,000 students. About 300 work in the quarries.

Maureen Chinjenge, the school's stern headmistress, has a word for the quarry children: disoriented.

"Most of these children are orphans," she said, "and in most cases, their performance is not good. For the most part, they don't eat breakfast, and coming to classes they don't concentrate. Things like clothing, they don't have any, and the other children make fun of them."

Their attendance, she says, is spotty. Many are latecomers; some first-graders are as old as 11.

Alone, a second-grader at age 9, fits that template well. Asked his teacher's name, he fidgets for fully a minute, then answers ruefully, "I don't remember."

After school, he returns to the quarry where, sitting cross-legged on the ground, he attacks his pile of rocks for five more hours, until sunset.

A scab marked his left cheek, damage from a sliver of quartz-like rock that flew into his face after an especially hard strike.

Other stone-crushers complain of broken fingers, impaired vision or a "heavy chest," an early sign of silicosis, but Alone says he has suffered no serious injuries beyond some smashed fingers and cut eyes.

"It's a hard job; I hurt myself sometimes," he said, but "I measure my size. I don't break huge amounts. I do it according to my age."

Beyond the physical cruelty and lost youth, sub-Saharan Africa's child laborers are social and economic millstones on a region that can ill afford them.

They are poorly educated, badly fed, inadequately supervised by adults and far more likely to become illiterates whose children, like them, will toil in fields, tend roadside stands or crush rocks.

Already, a number of studies have documented increases in street children in sub-Saharan cities, many of them AIDS orphans forced into sidewalk vending, theft or selling sex to survive.

In Lusaka, a city of 1.2 million, "I don't think it would come to more than 50,000, but the number is definitely growing," said Yvonne Chilufya, a project manager for Jesus Cares Ministries, a Zambian organization that assists street children and other child laborers.

"We see a lot of child-headed households as a result of H.I.V.," she added. "In other cases, you find the parents are both alive, but doing nothing, chronically ill. So the children are taking care of the parents. The parents send the children out to find food."

The last time Zambia's government counted, in 1999, it found nearly 600,000 child laborers between ages 5 and 17, roughly 9 in 10 of them on farms, the rest in the cities, working as vendors, domestics or laborers.

Almost all were unpaid. On paper, at least, most were illegal: Zambian law forbids labor by children under 13, and allows those between 13 and 15 to engage only in light work.

Zambia also has signed the two international conventions that set minimum ages for work and outlaw the most harmful forms of child labor.

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In recent years, its news media have begun to expose dangerous working conditions for children, and its government has started to move against the most outlandish forms of labor.

But as elsewhere in Africa, Zambia's stifling bureaucracy, its poverty, the AIDS epidemic and the sheer size of the task all work against success.

Ms. Poulsen, of the International Labor Organization, says the government's efforts to weed out child labor would be reasonably good "if you have inspectors, cars and fuel." Zambia has precious little of each.

"We've got lots and lots of good policies in this country," she said. "But there's no coordination. It's difficult to staff basic social services — schools, clinics — because people keep dying" of AIDS.

Choosing a Way to Die

Chola J. Chabala, the Zambian assistant labor commissioner and the official charged with reducing child labor, says the number of children who work is growing despite his government's efforts, especially in rural areas where oversight is weak.

"I do this job with a passion, but it is very depressing at the end of the day," he said. "I've heard children who work as prostitutes say they would rather die from AIDS, because it is slower than dying of hunger."

Crushing stone is ranked in international agreements as one of the worst forms of child labor, full of risks from flying rock fragments, misdirected hammers, repetitive motion injuries and years of inhaling dust.

Like prostitution, it is a job undertaken for survival, not profit.

Mrs. Chilufya, of Jesus Cares Ministries, says that in the last four years her group has taken close to 1,000 children from the quarries, placing them in the organization's own schools and giving small loans to parents and caretakers to open more sustainable businesses, like roadside groceries.

But Lusaka has three major quarries, and although hundreds of children have been rescued and sent to schools, hundreds more have taken their place.

The quarries are sprawling outcrops of limestone or quartz-like rock that are hand-mined by hundreds of itinerants armed with hammers, shovels and sledges.

In places, they have dug as much as 20 feet below the surface, leaving lattices of surface paths between pits of algae-clogged rainwater, washbasins for the workers' laundry.

The quarries have their own economy. Men split boulders into smaller chunks, then sell them by the barrow to women whose families reduce them to gravel and powder.

Homeless and unsupervised children, roaming the streets, hire themselves out at about 30 cents a day to help with the crushing.

The output goes on display beside highways — waist-high piles of gravel; old cement bags packed with crushed stone or powder. Construction crews buy the rocks and powder, then sell the cement bags back to the rock breakers.

It is a tiring, endlessly tedious task. Its practitioners work six and seven days a week, and they make almost nothing.

Fifty-year-old Ms. Mulelema and her grandson Alone live in Lusaka's Chawama neighborhood, a slum of one- and two-room block houses linked by dirt paths, in a single room, perhaps 8 by 12 feet.

A sheet draped over a rope separates a grimy foam sofa and two wooden chairs from a rudimentary kitchen.

There is no electricity.

Pencils of sunshine streaming through holes in the corrugated asbestos roof supply the only light.

Nor is there a toilet; the stench of human waste wafts upward from bushes outside.

Water is hauled in from a community tap.

Mrs. Mulelema sleeps on the sofa. Alone sleeps on the concrete floor. Stenciled in black on the wall is a diamond, one word at each angle, comprising a homily: "God Bless Us All."

Alone has been living with his grandmother since his mother died in 2001. His father is a mystery.

"I saw him once, but it was long ago," his grandmother said. "It's just Alone, and I am taking care of him."

Alone is a handsome boy, with large brown eyes and close-cropped hair, but clearly malnourished.

He is short enough — a bit under four feet — to be mistaken for a 6- or 7-year-old.

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He has two pairs of pants, his skateboard sweatshirt and a pair of black leather shoes, which he reserves for school, the soles so worn that his toes hang out the front.

Hungry, but Paying the Rent

The two or three bags of rock powder that Alone can produce, at 10,000 kwacha per bag, are sold as a mixer for concrete, often to line swimming pools for Lusaka's wealthier residents.

They are the most lucrative products his grandmother offers, almost enough to pay the $11 a month she needs for rent and access to the community water tap.

Sales of the gravel she produces earn barely enough money to buy corn meal and small, dried fish, called kapenta, that the two eat for dinner.

For Mrs. Mulelema, Alone is literally the difference between profit and loss, and a hair's-breadth difference at that.

"We don't eat breakfast every day," she said. "At lunch we have sweet potatoes, and then we wait for supper.

"If I decide to have my breakfast, it means I won't have anything for supper."

Mrs. Mulelema once tried to open a food stand in the community market, but could not raise the cash.

Like virtually all the hundreds of Lusakans who crush stones, she says she does it because she has no choice.

"The business has no profit," said Mwila Zulu, a 40-year-old mother of three girls. She has been crushing stone at a quarry in Lusaka's industrial zone since the police shut down her unlicensed vegetable stand in the city's downtown in 2002.

Mrs. Zulu's husband died last year with symptoms that pointed to AIDS. Her daughters work at the quarry after school ends at noon, trying to fill the space he left. The youngest, Kunda and Mercy, break rocks with ball-peen hammers, the handles cut down to fit their hands.

By day's end, their deep brown arms and faces wear a film of white quartz-like dust.

They are 7 and 8 years old.

"She started working with me in recent years," Mrs. Zulu said of Kunda. "She couldn't do anything when she was young, but now she's grown, so she's helping me."

For 50,000 kwacha, or $15, a passing construction worker can buy a chest-high heap of gravel that took them three weeks to render.

But sales of that size are infrequent, sometimes once every two or three weeks, and money is short.

Mrs. Zulu said she did not waste time fretting over her daughters' fate.

"If I feel pity for them," she said, "what are they going to eat?"

Western Frontier China's Big Push To Stoke Economy Rattles Rural Tibet (WSJ)

By James T. Areddy

The Wall Street Journal, August 24, 2006

NAGQU, China -- China is trying to revive poor rural regions through economic development. In Tibet, the plan has hit a snag: Ni Ma won't slaughter his yaks.

Duan Xiangzheng, a Chinese Communist Party official charged with stimulating the economy here, is pushing for the systematic slaughtering of yaks to kick-start a meat-packing industry. Mr. Duan says exporting the beefy tasting meat and the animals' black wool to markets elsewhere in China makes economic sense and is an "inevitable" development.

Ni Ma, 45 years old, wants to keep alive his 70 yaks, his family's most valuable and beloved asset. He sells yak milk, which is processed into the butter, cheese and yogurt that are the staples of Tibetan diet and Buddhist ritual. Even the dung is used, for fuel. Fingering a cigarette on his vast ranch, Ni Ma says his family slaughtered just three of its herd last year, even though "the local government requested that we kill more."

This remote, mountainous place, known mostly in the West as a human-rights cause, is feeling the force of China's economic juggernaut. The government in Beijing says it wants to make its 12 western provinces resemble the country's booming eastern seaboard. Lured by this vision, and by a new train connecting Tibet with the rest of China, entrepreneurs as well as tourists are flooding into the region known as "the roof of the world."

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Yet Tibet is also still very much a rural place -- some 80% of its 2.7 million population is spread out on grasslands that cover almost a quarter of the country. Tibetans are protective of their distinctive Buddhist culture, which abhors the killing of animals. Many are suspicious of Chinese interference and some see the economic integration, part of the government's six-year-old "Go West" policy, as a form of colonization.

Tibetans already believe that Chinese are taking over the economy. In the capital, Lhasa, it is difficult to find a local-born taxi driver, waiter or laborer, since Chinese from other provinces will work for lower wages. Even on the $4.1 billion railway project, only about 10% of the 100,000 construction workers hailed from Tibet, according to Zhu Zhensheng, a Ministry of Railways official. Now completed, the train promises to deliver an extra 800,000 visitors a year.

Tibet lags behind other Chinese regions in many areas, including literacy rates, life expectancy and average per-capita income, which is under $250 a year in rural areas. Unlike the U.S. West, where access to the Pacific Ocean opened new trade routes, China's western regions border land-locked central Asia, home to some of the poorest and most remote locations on earth.

Nagqu, which means "Black River," is a county situated 15,000 feet above sea level on the northern steppe of the Tibetan Plateau, about 125 miles north of Lhasa. On a typical day, the temperature is below freezing. Its main town is a military base and truck stop, where garbage is left to smolder in open containers on streets that aren't lit at night, a gritty contrast to Tibet's legendary Shangri-la reputation.

Beijing's nationwide goal is to halt two decades of creeping inequality between urban and rural income, a gap the United Nations Development Program said last year may represent the world's most-uneven distribution of wealth. The Communist Party recognizes that its future depends on keeping people happy in the countryside, home to more than 80% of Chinese.

Shortly after China's communists took power in 1949, they grabbed control of Tibet, then an independent state. In 1959, the region's spiritual leader, the Fourteenth Dalai Lama, who was 23 at the time, fled on foot over the Himalayan Mountains, fearing arrest. China's efforts to discredit the Dalai Lama, who in 1989 won the Nobel Peace Prize, have fueled support for one of the world's most-celebrated human-rights causes.

In the 1960s, the government tried instituting communal ranching and other Communist economic policies, with the same disastrous results -- such as famine -- seen elsewhere. During the next two decades, Beijing relaxed its supervision of the Tibetan economy and later started celebrating Tibetans as ethnic treasures, one of 55 groups distinct from the 93% of China who are of the Han race. But by the late 1990s, Tibet's economic semi-autonomy began to look like neglect as the region fell behind the sizzling east.

In Nagqu, the job of helping Tibet catch up has fallen to Mr. Duan, a 50-year-old agricultural expert from Beijing. An ethnic Han, Mr. Duan can't speak Tibetan. Like most outsiders, he says he struggled with the effects of its high altitude and thin air.

Still, he can count. The 7.4 million livestock in Nagqu far outnumber people and generate a third of the county's $400 million in gross domestic product. Yaks, sheep and cows, which Mr. Duan calls the region's "pillar industry," are key to his goal: 50% GDP growth this year and a quadrupling of the local economy over five years.

Supporting his quest is the world's highest-altitude train, the $4.1 billion Qinghai-Tibet Railway, that at times travels 16,641 feet above sea level. Completed this summer, it links Tibet with the outside world by rail for the first time, including Beijing 1,572 miles away. Its tracks are set in permafrost and an oxygen system helps riders combat altitude sickness. It will eventually run to the Indian border.

Chinese officials compare the rail's significance with that of America's transcontinental railroad. The train has made Tibet much more accessible -- passengers can ride from Beijing for less than $200 -- and the cost of transporting freight is less than half that charged by truckers.

The world's highest-altitude bottling plant, Hong Kong-based Tibet Glacier Mineral Water Co., wants to use the train to transport branded water to Shanghai called "5,100," as in meters above sea level. The Yulong copper mine in eastern Tibet contains China's biggest deposit, with more than 10 million metric tons of proven reserves. In Nagqu, Canada's Sterling Group Ventures Inc. says it has signed a letter of intent with a Beijing company to extract lithium carbonate from a salt-water lake. The mineral is used to make batteries and glass.

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Wu Yongpan, a 28-year-old entrepreneur from south China, bought an $85 ticket for a middle bunk on the first train into Lhasa last month. He figured getting to China's new western frontier quickly would give him a head start in the wholesale jewelry business. "Tibet is now opened," he says.

After nearly a month in Tibet, Mr. Wu says he found business trickier than he imagined, not least of all because, "Tibetans are not very open minded." Jewelry makers wanted to be paid in cash because they weren't comfortable using wire transfers. Jewelry distributors in southern Guangdong Province said the samples Mr. Wu bought were too big and heavy for the Chinese market. Mr. Wu says he didn't like the food and that his skin felt dry.

He plans to make a second prospecting visit before the end of this year, perhaps to sell electronics. "The culture question is a very big one ... but if I do business for a while, I can learn a little and pass it on to my friends," Mr. Wu says.

The culture question looms large in the yak business. Where rancher Ni Ma lives, rocky flatlands stretch to bald mountains on the horizon, and brushes of green grass are the only summertime vegetation. Three generations of his 10-person family sleep in two rooms of a concrete house with no electricity. Inside, a Buddhist shrine is set on top of a row of hand-painted Tibetan cabinets, contrasting with posters of Chinese luminaries such as Mao Zedong.

In a bow to tradition, when Ni Ma slaughtered his three yaks last fall, he paused for a "crying" rite on behalf of each animal slaughtered, a ceremony he is teaching to his seven children. Before a rope is fixed around the neck of a yak to be suffocated -- considered the least painful way to kill -- Tibetan nomads comfort the animal by putting Buddhist blessing pills and holy water into its mouth, while holding smoky butter candles near its nose.

The term comes from the good wishes read when an animal or person dies, called bsngo-ba, which is pronounced like the word for cry -- ngu wa -- according to Tibetans and foreign experts.

A decision to slaughter an animal is, "not a simple market transaction," says Gabriel Lafitte, a lecturer in Asian civilizations and science at the University of Melbourne, and a long-time critic of China's role in Tibet. "It's a very quiet, simple dignified ritual."

Mr. Duan, the Communist Party official, dismisses the crying rites. He says emotion is unsuitable for the slaughterhouse industry he envisages. "The traditional concept has contained the economic development in our region," Mr. Duan says. "These traditional concepts will have to be changed." The local government also cites a need to fill its budget deficit.

Beijing thinks Tibet has too many yaks, which aren't raised systematically and threaten the grasslands through over-grazing. The Nagqu government is trying to enforce an edict from the Grasslands Construction Authority, the body that decides how such land is used, stating that no more than one yak can be raised per 120 mu, a Chinese measure equivalent to about eight hectares.

Nagqu's yak herders are trying to break into distant markets through a government-funded dairy cooperative. Tibetan butter, cheese and yogurt, all made from yak milk, are slowly becoming specialty products overseas. Tibetan Ragya Yak Cheese has been irregularly imported to New York by Slow Food U.S.A., a not-for-profit organization.

After sampling the Ragya Yak Cheese this year, chef Riccardo Buitoni of the Aurora restaurant in Brooklyn, N.Y., developed a pasta incorporating the "amazing cheese." Mr. Buitoni says he will put the dish on his menu permanently if he can get regular supplies. It reminds him of the unpasteurized cheese he ate as a child in Italy.

Local officials also used the cooperative to lean on yak farmers to slaughter enough animals each year to keep the herd from growing.

Yak meat tastes like tough beef. The woolly animals are two-thirds the size of cows but they're pound-for-pound more valuable; both sell for about $750. The meat is often available jerk-dried or as an ingredient for dipping into a hot pot consisting of an oily, spicy soup. At Ba Guo Bu Yi, a Sichuan-style restaurant in Shanghai, raw yak meat is a delicacy that sells for $16 a plate compared with a cold beef plate at $3.25.

So far, however, there isn't much cargo leaving Tibet. About 60 loaded freight cars a day have pulled into Lhasa since freight services began in March, some of them ferrying supplies for China's military. Railway officials say through July, only about two dozen stocked freight cars left Lhasa for other parts of China.

In the Sichuan town of Manigango last year, some 300 ethnic Tibetans rioted and burned down a year-old slaughterhouse operated by Sichuan Longsheng Group. Ranchers said they faced government pressure to sell livestock to the company for slaughter, according to human-rights groups and an official at the company. The slaughterhouse has reopened "but business is not good," says a Longsheng official. "Tibetans aren't willing to kill their yaks. They just keep them and raise them," he says.

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For Ni Ma, the train had an immediate financial impact. As the construction work stretched into Nagqu, he was hired as part of the preparation crew. The work tripled his $250 yearly herding income.

Now the railroad is complete, Ni Ma says he recognizes the potential of a business-like approach to slaughtering his yaks. But for "family" reasons, he says he still isn't comfortable with it in practice.

The Legacy Of Japan's 'Lion Heart' (WP)

By George F. Will

The Washington Post, August 24, 2006

TOKYO -- Prime Minister Junichiro Koizumi's tenure, which ends next month, has been more remarkable than perhaps most Japanese comprehend. He is the third-longest-serving prime minister since 1945, and his five years have echoed aspects of the careers of four Western leaders: Margaret Thatcher, Tony Blair, Rudy Giuliani and Andrew Jackson.

Like Thatcher, of whom it was said that she could not see an institution without swatting it with her handbag, Koizumi, 64, cast a cool eye on his country and found it overregulated and enervated by excessive dependence on the state. Like Blair, who came to power disliking his Labor Party even more than he did the Conservative opposition, Koizumi thought that many of Japan's problems reflected the political culture congenial to his Liberal Democratic Party, which has governed Japan for all but 10 months since 1955. Like Giuliani confronting entrenched interests in New York City, Koizumi, who has called himself "Lion Heart," made pugnacity a political philosophy. And like Jackson, America's most pugnacious president, Koizumi had an obsession, an emblematic monster to slay.

Jackson's was the Second Bank of the United States, which he considered a government instrument of political mischief and antidemocratic values. Koizumi's monster was Japan Post, the world's largest financial institution, with 24,700 branches and banking and insurance assets of $3 trillion. Koizumi regarded Japan Post much as Jackson regarded the bank -- as a slush fund for political elites and, as such, an inefficient allocator of capital. All told, one-quarter of this high-saving nation's savings were allocated by the government.

Jackson destroyed the bank by withdrawing government funds. Koizumi has put Japan Post on a 10-year path to privatization. But to accomplish this he had to threaten to "destroy" the LDP. Japan's Sept. 11 was a Koizumi-engineered domestic political earthquake. Last Sept. 11, Japan voted in a snap general election he called after 37 LDP members of the upper house of the Diet blocked privatization. In a purge stunningly unlike the LDP's usual backroom brokerings, he endorsed rival candidates against all 37, and most of those he endorsed won.

Koizumi came to power in 2001, near the end of Japan's "lost decade" -- actually, 12 years of stagnation that engulfed the 1990s after stock and real estate bubbles burst. As The Economist has written, "No country in modern history has moved so swiftly from worldwide adulation to dismissal or even contempt as did Japan" in the 1990s, when "Japan mutated from being a giver of lessons to a recipient of lectures."

Japan is recovering its vitality partly because it is becoming somewhat less Japanese. Although the LDP is conservative, it has long reflected elemental Japanese values, hewing to what a senior economic official calls a "severe," even "socialist" aversion to large income disparities. In the debate about equity vs. economic efficiency, Japan has listed toward equity, as egalitarians understand that.

But Japan is not impervious to the typhoon-strength winds of globalization. Demands of efficiency must be accommodated, particularly now that Koizumi has pruned public works spending as part of his double commitment to smaller government and a less imperial LDP.

Recently, three things happened that suggest Japan's evolved economic engagement with the world. In the first five months of this year, U.S. consumers -- excluding rental car agencies and other fleet purchasers -- for the first time bought more cars and trucks built by foreign manufacturers, mostly Japanese, than by the three domestic manufacturers. Second, Toyota outsold Ford in July. The third significant thing that happened was that nothing then happened: There was no American political turbulence.

Twenty-five years ago, so alarmed were Americans about Japanese imports that President Reagan, although a supporter of free trade, pressured Japan into "voluntary" automobile export limits. And Japanese auto manufacturers -- bowing to American

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pressure to manufacture where their customers are -- began building plants in America. Today many states, including Michigan, compete to attract such plants.

Koizumi, who has compared himself to Galileo, wants Japanese society to revolve less around the LDP and more around private power centers. As Blair has done in Britain, Koizumi has introduced into Japan something like presidential politics -- personal and charismatic, claiming a national mandate superior to mere parliamentary majorities.

The peril of such personality-driven politics, however, is that, inevitably, the personality departs and the legislative branch, having bided its time, remains, nursing grudges and planning the reversal of reforms. Koizumi has tried to prevent this by selecting his successor. By appointing Shinzo Abe, 51, chief cabinet secretary and government spokesman, Koizumi made him almost certain to be chosen prime minister by the LDP next month. But the eventful theater of Koizumi's politics has given Abe a difficult act to follow.

Mexico's Democracy Test (WSJ)

The Wall Street Journal, August 24, 2006

Mexico was a beacon unto the world last month. In the estimate of every independent observer, it had held one of the cleanest national elections seen anywhere in recent years, and that probably includes the United States. President Vicente Fox's historic term was expiring. His election had ended some 71 years of uninterrupted one-party rule by the Institutional Revolutionary Party, or PRI. The question was whether Mexico, a country of enormous potential, was finally coming of age. Was it ready to take its rightful place, alongside Brazil, as a lead nation in Latin America?

With the manifest success of the July 2 election, the answer appeared to be yes. National Action Party candidate Felipe Calderón had narrowly defeated Democratic Revolutionary Party (PRD) candidate Andres Manuel López Obrador.

Today, however, Mexico may be on the brink of undoing a generation of hard-won political reform.

After weeks of havoc in the streets of Mexico City by supporters of Mr. López Obrador, few experts are willing to dismiss the possibility that the country's federal electoral tribunal may annul the election. The tribunal has said it has the power of nullification, and such an event cannot be ruled out.

Since July 2, election authorities have carried out a full nationwide recount of all polling-station tallies and yet another recount of votes in select polling stations where the federal electoral tribunal accepted challenges to official tallies. After each count, Mr. Calderón has emerged the winner.

Taking to both the streets and the courts, Mr. López Obrador has refused to accept this reality. In his brief to the court, he asked for a full recount of all votes, and failing that demanded that the court "not issue the declaration that validates the election," which would be equal to annulling it. While the court in early August denied his request for a full recount, it did leave open the possibility that it could annul the entire July 2 vote. Sometime in the next two weeks the tribunal is expected to announce its decision.

Amid the inevitable legal arcana that surrounds election challenges, the greater fear is political -- that the tribunal will bend beneath Mexico's notoriously backward-looking pressures.

Mr. López Obrador's street mobs are one kind of threat. They have barricaded miles of one of the city's most important boulevards for weeks, blocked entry to the offices of foreign banks, caused days of lost income for thousands of Mexican workers and twice burst into the Cathedral to interrupt Sunday Mass. Mr. López Obrador has pledged that this is going to continue until he gets his way.

Then there are arguments, mostly from elites and intellectuals, that a re-run of the election would confer the legitimacy that Mr. Calderón is said to now lack. It is rumored that powerful interests in Mexico's not terribly competitive political economy are also backing nullification -- which would require an interim president, chosen by the congress, until a new election is held. That could take more than a year. And of course during that time, Mexico's government would be too weak to lead.

While a negotiated settlement with the López Obrador camp might seem an expedient to bring peace, the opposite is more likely. The message it would send to Mexico's political factions is that taking to the streets trumps serious politics as the way to get things done. It may have already.

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In the southern state of Oaxaca, a three-month "political" protest by a radicalized Mexican teachers' union escalated this week to bus burning, the seizure of television stations and the barricading of highways and bus stations. Thugs are roaming the streets of Oaxaca with machetes and pipes.

The tribunal's decision is a crucial test for Mexican modernity. Mexicans who had reason to believe that their country was evolving toward a pluralistic democracy supported by strong independent institutions are right to be worried, along with foreign investors and international creditors. Should the judges complete their lawful duties by September 6 without bending to Mr. López Obrador's bullying, Mexico will have earned international respectability. If, however, the court succumbs to the temptation to appease the politics of the streets, an era of instability may commence. The country's political and economic aspirations have come too far for that.

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TODAY'S EDITION

Terrorism News:

Feds Probe Maryland Doctor's Sri Lankan Relief Group (AP) 4
Md. Part Of Separatist-group Probe (BSUN) 4
Congressman's Trip Tied To Group U.S. Considers Terrorists (CHIT) 5
12 On U.S. Flight Detained In Amsterdam (WT) 7
Dutch Detain 12 On Flight To India (NYT) 8
Airplane Terrorism Case Prompts Questions About The Work Of Islamic Charities In Britain (NYT) 8
Court Permits British Investigators To Hold 10 Terror Suspects Longer (NYT) 9
News Stories Seen As Hit To Security (WT) 10
A Matter Of Appearances (NYT) 11
War, Law And Justice (WT) 11
FBI Investigating Man Who Claimed To Be Planning To Bomb (AP) 12
FBI Investigates Spokane Man In Bomb Plot (SSR) 12
FBI Investigating Alleged DSHS Bomb Plot (KXLY-TV) 13
U.S. Suit Shows New Toughness With State (PPH) 13

Homeland Response:

Bush: Katrina Recovery Will Take Time (AP) 15
Gulf Rebuilding To Take 'Long Time' (WT) 15
Bush Says Gulf Coast Still Needs Help After Katrina (Update3) (BLOOM) 16
HAIL TO THE CHIEF (NOTP) 17
Katrina Survivor Lauds Bush In What Democrats Call PR Stunt (WP) 18
President Serves Up Cup Of Coffee And Katrina Message (USAT) 18
Bush Says Katrina Recovery Will Take Time (LAT) 19
FEMA Director Visits Gulf Coast School (AP) 20
Charting A New Course (WSJ) 20
Storm's Escape Routes: One Forced, One Chosen (NYT) 22
TSA To Maintain Its Ban On Liquids And Gels (WP) 24
Checked Luggage Strains Security (USAT) 25

War News:

Bush's New Iraq Argument: It Could Be Worse (WP) 26
Bush Revives, Revamps Message (AP-Y) 27
White House Fires Back At McCain's Comment On Iraq (WT) ... 28
A Plan To Hold Iraq Together (WP) 29
General: Iran Training Shiite Insurgents (AP) 30
'Shiite Giant' Extends Its Reach (WP) 31
He Shows Mercy To The Dead (LAT) 33
Marine Called Haditha Shootings Appropriate (WP) 34
Marines Recalled After Leaving Military (AP) 35
US Marine Call-up Signals A Long War (CSM) 36
Surface Aid For The U.S. War On Terrorism (VAPILOT) 37
Hussein On Trial For Infamous Gas Attacks (CSM) 38
Lawyers For Hussein Accuse Kurd Of Treason (NYT) 39
The Muj Brothers (CSM) 40
Losing Afghanistan (NYT) 44

DOJ:

Cohen Named New Alaska U.S. Attorney (AP) 45

Corporate Scandals:

Enron Prosecutor To Lead Case Against Qwest's Former CEO (WSJ) 45
Quattrone May See Payday Of At Least $100 Million (WSJ) 46
Cleared Quattrone Could Claim $100m (FT) 46
A Verdict On Grasso's Legacy (WSJ) 47
Mills Ignored Accounting Alerts, Former CEO Contends In Suit (WSJ) 48
Nasdaq Issues Second Warning To EPlus (AP) 49
Phantom Of The Options (NYT) 49

Criminal Law:

Judge Orders Investigation Of Leak In Pro-Israel Spy Case (AP) 50
US Man Accused Of Plot To Sell Dow Chemical Secrets In China (AFP) 50
Suspect's Family To Sell Story (WP/AP) 51
Beyond DNA, Several Items Could Determine JonBenét Case (USAT) 52
Baxter Sentenced To Jail In Gun Incident (WP) 53
Baxter Denied Sentence Delay (WT) 54
Schrenko Must Report By Sept. 11 Attorney Asks Time Be Served In Tallahassee (AJC) 55
Trial Pushed Back In Ecosabotage Case (AP) 55
Man Found Guilty In 2004 Anthrax Hoax At Meraux Post Office (AP) 56
Key Hahn Figure Pleads Not Guilty (LAT) 56
Democrats Call For Probe Of Perdue's Florida Land Deal (AP) . 57

Assistant High School Coach Arrested In Internet Child Sex Sting (WBBM-AM) ... 58
Superintendent's Early Critics Say Board Shares Some Blame (WP) ... 58
Is Jeffs Hiding In Texas? (DESERET) ... 59
Vigil Retrial To Stay In City, Judge Says (ALBTRIB) ... 60
Another Union Member Pleads Guilty To Racketeering Charges (NSDY) ... 60
Bertin Gets Four Years Behind Bars (TONNEWS) ... 61
Former Niagara Falls Union Leader Sentenced (NSDY/AP) ... 61
Ex-Local 91 Head Sent To Prison (BUFFBIZ) ... 62
Queens Pol Leaves Labor Post Amid Bid-rig Probe (NYDN) ... 62
Sen. Cooper Charged In Land Fraud (TENN) ... 62
Longtime Gadsden Mayor Defeated Amid Corruption Probe (AP) 63
Tie Jr. To Dad's Deal (NYDN) ... 64
Adviser Jailed Since 2000 Pleads Guilty In Securities Fraud Case (NYT) ... 64
Market Forecaster Pleads Guilty In New York To Criminal Charge (NSDY/AP) ... 65
Armstrong Admits Japanese Fraud Role (BSUN/BLOOM) ... 66
CONSUMER SAFETY (WP) ... 66
Qwest On Data Retention Laws: Oops (CNET) ... 67
D.C. Police Maintain Focus On House Where Lawyer Was Murdered (LAW) ... 68
Laws Shield Pets From Domestic Violence (USAT) ... 68

Civil Law:

AT& T Sues 'data Brokers' In Access Case (USAT) ... 69
AT& T Sues, Alleging Fraudulent Access To Customer Accounts (WP) ... 70

Civil Rights:

Jury Considering Case Against Owners Of Labor Camps In N.C., Fla. (AP) ... 71
DOJ To Investigate Marion County Juvenile Detention Center (WTHR-TV) ... 71
Judge Rules State Can't Stop Ex-felons From Voting (AP) ... 71
Indianapolis Man Sentenced For Human Trafficking (WISH-TV) 72
State Prisons Chief Quits Amid Criticism (BSUN) ... 73
Probes Of D.C. Group Home Deaths Are Shifted In-House (WP) 74
Early-voting Letters Sent Despite Ruling (WT) ... 75

Antitrust:

Weyerhaeuser, Domtar To Merge Fine-paper Businesses (DOW) ... 76
Weyerhaeuser Announces Merger With Canadian Paper Company (JCL) ... 77
Judge OKs Settlement Of 3M Antitrust Suit For $28.8 Million (LAW) ... 77
Apple Pays $100m To Settle IPod Battle (FT) ... 78
IPod Patent Dispute Settled (WP) ... 79
Apple, Creative Technology Set Pact Ending IPod-Tied Dispute (WSJ) ... 79
Rite Aid Nears A Deal For Eckerd, Brooks Chains (WSJ) ... 80
IBM To Bulk Up In Internet Security (WSJ) ... 81
Deal For ISS Adds To IBM Buying Binge (WP) ... 81
I.B.M. To Buy A Security Software Company For $1.3 Billion (NYT) ... 82
IBM Adds To Its Stable Again: Software Maker Internet Security Systems (USAT) ... 83
Air Superiority Two Technology Giants Clash In Battle For Wireless Internet (WSJ) ... 83
Patent Verdict Against Microsoft, Autodesk Stands (CNET) ... 86

Environment:

Consultant Warned BP Of Pipe-Network Corrosion (WSJ) ... 86
BP's US Woes Deepen With Lawsuit (FT) ... 87

FBI/DEA/ATF/USMS:

Corps Reviews Its Inquiry Into A Critic (NYT) ... 88
FBI Hoped To Recruit Alleged Cuban Agent To Spy For U.S. (AP) ... 88
FBI Denies Receipt Of Tape Implicating Raúl Castro In Brothers Shootdown (MH) ... 89
Colombian Drug Suspect Is Extradited To U.S. (AP) ... 91
Manhattan: Arraignment In Drug Smuggling Case (NYT) ... 91
Colombia Defends Adding Alleged Trafficker To Peace Deal (AP) ... 91
12 Indicted In Missouri: Heroin Distribution Conspiracy (AP) ... 92
12 People Indicted In Heroin Distribution Conspiracy (AP) ... 92
4 In Area Face Drug Charges (KCS) ... 92
Hamtramck Temple Fire Probed As Possible Hate Crime (DEN) 93

Immigration:

Drop In Illegal Border Crossings A Sign Of Success, Bush Aide Says (LAT) ... 93
Illegal Border Crossings Dip, And Official Cites Security (NYT) .. 95
Policy Shift Targets Illegal U.S. Entries (USAT) ... 96
Non-Mexican Illegals Slowed (WT) ... 96
Immigration Plan Gets A Boost (WP) ... 97
Bush Guest-worker Plan Lacks Support (WT) ... 98
Cracks In A Republican Base (WSJ) ... 99
U.S. Businesses File 1st In Series Of Lawsuits Against Competitors Who Hire Illegal Immigrants (FINDLAW/AP) 101

Tax:

IRS Warns Taxpayers On Fake Debt Collectors (WP/AP) ... 102

Congress-Administration:

ABA Rating For 5th Circuit Nominee Angers Specter (LAW) ... 102
US Pushes Trade But Trims Export Help (CSM) ... 103
Rice Orders Difficult Posts Filled First (WP) ... 104
Inside The Beltway (WT) ... 105
Medicare Cuts Payments For Pharmacy-made Drugs (USAT). 106
Medicare Error Sends $50 Million In Refunds To Recipients (NYT) ... 107
Medicare Blunder Costs $50 Million (WT) ... 107
'Data Processing Error' Was A Medicare Slip-Up (WP) ... 108
Evolution Major Vanishes From Approved Federal List (NYT) .. 109
Mission Unaccomplished (NYT) ... 110

Other News:

Signs Of A Buyer's Market (WP) ... 110

DOJ_NMG_0052801

New Signs Of Cooling In Housing (NYT) ... 111
US Housing Data Worse Than Feared (FT) ... 112
Housing Market Cools In July (BSUN) ... 113
Drop In Home Sales Puts Pressure On Prices (USAT) ... 114
Home Prices Fall; Sales Plummet (WT) ... 115
Sales Of Existing Homes Fall 4.1% (WSJ) ... 116
Wall Street Suffers On Housing Data (FT) ... 116
Slumping Home Sales Hurt Stocks (LAT) ... 117
Stocks Sag Despite Drop In Oil Price, As Weak Home Sales Trouble Investors (WSJ) ... 118
Bernanke's Refreshing Pause (TH) ... 118
Study Indicates Embryos Survive Cell Extraction (WSJ) ... 119
Scientists Make Key Stem Cell Advance (FT) ... 120
Embryos Preserved In Stem-cell Creation (WT) ... 121
In New Method For Stem Cells, Viable Embryos (NYT) ... 122
Scientists Create Stem Cells Without Destroying Embryos (LAT) 124
Embryos Spared In Stem Cell Creation (USAT) ... 125
New Method Makes Embryo-Safe Stem Cells (WP) ... 126
Never Enough On Stem Cells (LAT) ... 127
Could Walk-in Retail Clinics Help Slow Rising Health Costs? (USAT) ... 128
The Flawless Fed (WSJ) ... 129
An Honor And A Boon For Nine Nonprofits (WP) ... 130
Alaska Gov. Murkowski Finishes Third In Republican Primary (WP/AP) ... 131
Alaska Governor's Defeat Latest Sign Of Surly Electorate (USAT) ... 132
Governor Finishes Third In Alaska G.O.P. Primary (NYT) ... 133
Alaska Primary Reflects Unease With Incumbents (WSJ) ... 134
Lieberman Certified To Appear On Ballot (AP-Y) ... 135
Lieberman Turns Defense Of Iraq War Into An Offense (NYT). 135
Allen Calls Webb Aide, Apologizes For Remark (WP) ... 136
Senator Apologizes To Student For Remark (NYT) ... 137
Sen. George Allen Gives Direct Apology (AP-Y) ... 138
Senator To 'Macaca': Sorry (WP) ... 139
Steele Gaining Blacks' Support (WT) ... 140
Mike Madden (wsj) ... 141
Incumbent On The Brink (WSJ) ... 146
McCain's Age Could Affect Expected Presidential Run (MCT) . 147
New Hampshire: Still A Primary Player (WP) ... 148
Christian Coalition Losing Chapters (AP-Y) ... 149
Pennsylvania: Nader Ordered To Pay $80,000 (NYT/AP) ... 150
Inside Politics (WT) ... 150
Some In G.O.P. Say Iran Threat Is Played Down (NYT) ... 152
Iran Threat Grows Under Hard-liner, Congress Reports (WT) .. 153
U.S. Spy Agencies Criticized On Iran (WP) ... 154
U.S. Built Major Iranian Nuclear Facility (CHIT) ... 155
U.S. Defers Call For Immediate Sanctions Against Iran (LAT) . 157
U.S. Says Iran's Reply On Nukes Is ‘serious' — But Not Enough (USAT) ... 158
U.S. Says Iranian Nuclear Proposal Is Inadequate (NYT) ... 159
Offer By Iran 'Falls Short' (WT) ... 159
Iran Stalls (WP) ... 160
The Ayatollah's Answer (WSJ) ... 161
Iran's Double Talk Leaves U.S., Allies Plenty Of Bad Options (USAT) ... 162
Muddling Mullahs (LAT) ... 163
Sweating Out The Truth In Iran (NYT) ... 163
Diplomacy -- For Now (WSJ) ... 165
Troop Pledge Vexes Europe (WSJ) ... 166
France To Send More Troops To Lebanon, Minister Says (NYT) 167
EU Makes New Effort To Raise U.N. Troops (AP) ... 168
Mideast Officials Urge Action To Defuse ‘explosive' Situation (USAT) ... 169
Cease-fire Collapse Could Draw Other Militias Into The Conflict (USAT) ... 170
A Weaker US Hand In The Mideast (CSM) ... 170
Syria-Hezbollah Ties Seen As Key To Mission (WT) ... 172
Militants Winning Battle To Rebuild (WT) ... 172
It's Up To You, President Chirac (WP) ... 173
Lebanon Calls For US Help On Blockade (FT) ... 174
Lebanese Premier Seeks U.S. Help In Lifting Blockade (WP) .. 175
Human Rights Group Accuses Israel Of War Crimes In Lebanon (NYT) ... 176
Negotiations Preceded Attack On Convoy Of Fleeing Lebanese (WP) ... 177
Israeli Reservists Protest, Call For Resignations (USAT) ... 179
Prisoner Release Demanded For Kidnapped Journalists (LAT) 180
Kidnapped Journalists Appear On Videotape (WP) ... 181
Gaza Captors Of 2 Newsmen Pressure U.S. (NYT) ... 182
Captive Reporters Shown In Video (WT/AP) ... 184
India Said To Retain Right To Hold Tests (AP) ... 184
Venezuela, China Deepen Relations, Set Oil-Rig Pact (WSJ) .. 185
Venezuela Plans To Export Oil To China (AP-Y) ... 186
Doubts Cast On Asean Speeding Single Market (FT) ... 186
US Trade Chief Comments On ASEAN Pact (AP) ... 187
US Trade Chief Plans To Visit China (AP) ... 187
Eighth Mad-Cow Case Is Verified In Canada (WSJ) ... 188
Canada Confirms Case Of Mad Cow (WT/AP) ... 188
Privacy Concerns Continue To Bedevil Livestock ID Program (AP) ... 189
EU To US: Keep Genetically Engineered Rice To Yourself (USAT) ... 189
US To Test Rice As EU Blocks Modified Imports (FT) ... 190
EU Adopts Tough Rules For US Long-Grain Rice (WSJ) ... 190
European Restrictions On Rice Imports (NYT/AP) ... 191
EU Excludes Genetically Modified U.S. Rice (LAT/AP) ... 191
175 N. Koreans Held In Bangkok (WT) ... 192
Ukraine’s Premier Pledges To Stop Taking Gas From Russian Pipes (NYT) ... 192
Africa Adds To Miserable Ranks Of Child Workers (NYT) ... 193
Western Frontier China's Big Push To Stoke Economy Rattles Rural Tibet (WSJ) ... 196
The Legacy Of Japan's 'Lion Heart' (WP) ... 199
Mexico's Democracy Test (WSJ) ... 200

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TERRORISM NEWS:

Feds Probe Maryland Doctor's Sri Lankan Relief Group (AP)

By David Dishneau, Associated Press Writer

AP, August 24, 2006

HAGERSTOWN, Md. (AP) The FBI has seized documents and computer files from a Cumberland physician whose Sri Lankan relief organization is suspected of raising funds for the Tamil Tigers, a rebel group known for suicide bombings that is on the State Department's list of foreign terrorist organizations.

Dr. Nagaratnam A. Ranjithan, a kidney disease specialist who has practiced in the western Maryland city for 30 years, said Wednesday that FBI agents returned to him late Tuesday five computers they had removed from his medical office on Monday. He said the agents also made photocopies of documents they found in his home pertaining to his group, the Tamils Rehabilitation Organization.

Ranjithan is president of the organization's U.S. branch, which he said he founded in 1994.

Robert Nardoza, a spokesman for the U.S. Attorney's Office in the Eastern District of New York, which is investigating suspected links between the Tigers and the TRO, declined to comment on the government's dealings with Ranjithan.

In a telephone interview with The Associated Press on Wednesday, Ranjithan denied that the TRO funnels money to the Tigers, known formally as the Liberation Tigers of Tamil Eelam or LTTE. But he said the Tigers sometimes direct TRO relief workers to civil-war refugees and tsunami victims in northeastern areas of Sri Lanka controlled by the insurgents.

``They say, 'You go to this road and turn left and there are 16 families there,'" Ranjithan, a 60-year-old Sri Lankan immigrant, said. ``If the TRO doesn't take care of those people, then who else will?"

The Justice Department described the Tamils Rehabilitation Organization in a complaint Monday as ``a suspected LTTE front fundraising organization." The reference was in a document alleging that a group of men representing the Tigers had offered undercover agents millions of dollars to change U.S. policies and obtain classified intelligence. The classified information included a phony document referring to an investigation of the Tamils Rehabilitation Organization.

Nardoza said 11 men have been arrested on charges stemming from that complaint and another, which also allege Tamil Tiger emissaries tried to buy 18 surface-to-air missiles and other weapons.

The Tamil Tigers have been battling for more than 20 years to carve out a separate state for the ethnic Tamils, who suffered decades of discrimination by the Sinhalese-dominated government.

According to the TRO's World Wide Web site, the relief group was formed in 1985 mainly as a self-help organization for Tamils who had taken refuge in southern India.

Md. Part Of Separatist-group Probe (BSUN)

By Sumathi Reddy, Sun Reporter

The Baltimore Sun, August 24, 2006

FBI searches office of Cumberland physician who heads Sri Lankan charity

FBI agents searched this week the office of a Cumberland physician who is president of a Sri Lankan charitable organization suspected of funneling money to the Tamil Tigers, a separatist group deemed a foreign terrorist organization by the U.S. government.

The search came in the midst of a global investigation that has led to the arrests of 14 men. One group is accused of plotting to buy sophisticated weapons for the Tigers. Another group of defendants is accused of attempting to persuade State Department officials to remove the group from its terrorist list with a $1 million bribe.

Dr. N.A. Ranjithan, 60, of Cumberland said Wednesday that FBI agents seized five computers and documents related to his work with the U.S. branch of the Tamils Rehabilitation Organization (TRO). The global network of groups was on the frontlines of fundraising and relief work during the 2004 tsunami that devastated the island nation of Sri Lanka.

The computers were returned a day later, said Ranjithan, who said he only knows one of the men arrested in the FBI sting operation, and that individual is not affiliated with the TRO. He said he is "skeptical" of the charges but would reserve judgment.

FBI officials would not say if any of the defendants have TRO connections. At least one defendant is linked with the TRO in the criminal complaint unsealed Monday. Ranjithan, who said he was questioned by the FBI, adamantly denied that any TRO money goes to support the Tigers, saying that all of it is used for relief and refugee work in the Tiger-controlled areas.

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"I think they're trying to find a link where there is no link," said Ranjithan. "They want to show that this money went to the Tigers. All our money goes to relief work."

"Why? Because the government doesn't do relief work there," he said, referring to the Sri Lankan government.

He accused the Sri Lankan government of having a genocidal intent. "I think they are intent on eliminating the Tamils," he said, declining to express his personal views on the Tigers.

The decades-old conflict in Sri Lanka, one of the world's bloodiest, has killed tens of thousands of people. The Liberation Tigers of Tamil Ealam (LTTE) was founded in 1976 to battle the government for their state in the northern and eastern areas of the country.

Tamils are an ethnic minority in a country made up largely of Sinhalese. Rebel group members charge that they have been oppressed by the Sinhalese-controlled government, which has been criticized for human rights abuses. In turn, the Tigers have seized control of most of northeast with an army known for its suicide bombings, political assassinations and use of children as soldiers.

The LTTE and Sri Lankan government's fragile 2002 cease-fire agreement has crumbled in recent weeks, leading to a fresh round of violence.

The State Department designated the LTTE as a terrorist organization in 1997, making it illegal for Americans to donate money to it. Canada, which has a larger Tamil diaspora, took a similar step this year.

The men arrested over the past three days were from New York, Connecticut, California, Seattle, Canada and London.

Federal law enforcement alleges that a group of men traveled to Long Island and attempted to purchase Russian-made SA-18 surface- to-air missiles, AK-47s and other weapons from an undercover agent, according to the complaint.

The investigation, which began in 1999, was conducted by the Joint Terrorist Task Force in the FBI's Newark office, with the aid of 20 field offices and authorities in 10 countries. It was overseen by federal prosecutors in Brooklyn.

"For the most part it was an intelligence-gathering operation," said Steve Siegel, a special agent in the FBI's Newark office. "More recently when their efforts became far more serious in acquiring weapons of sophisticated military technology, that's when the decision was made to take it down."

In the complaints, the Justice Department labels the TRO as a "front charitable" organization used by the LTTE to raise money.

Questions about the TRO's relationship with the Tigers have been raised for years. The group acknowledges that it works with the Tigers to distribute aid because logistically they must.

Experts say most indications are that the TRO does funnel its money to the Tigers.

Peter Chalk, a senior analyst at the Rand Corp., said that in some cases, members of TRO branches dupe Sri Lankans into thinking they're contributing to a charity. "It's very difficult to trace where all the money goes, but there's a lot of indications that the TRO is essentially a front organization for the LTTE," said Chalk.

Robert Rotberg of the Kennedy School of Government at Harvard University said donations from the Tamil diaspora -- especially its branches in Europe and Canada -- are the Tiger's main source of income. But he noted that many Tamils are not in support of the Tigers and are intimidated into contributing money, a practice that that has been reported to authorities in Canada.

Lasantha Dahanaike of Rockville, president of the Sri Lanka Association of Greater Washington Inc., said that his group has been lobbying government officials to investigate the financing of groups such as the TRO since the tsunami. "We've been telling them that they should be checking out these funds from here to Sri Lanka," said Dahanaike, 40, a Sinhalese. "They have all these different groups, including the TRO, that can work as a charity but really we don't know where their money goes."

But Ranjithan dismisses such allegations. He says his group -- which has no official members and about 400 contributors -- is transparent, and he has nothing to hide.

The search and seizure, he said, made him sad and humiliated. Many Tamils are supportive of the Tigers, said Ranjithan, but they don't aid them because they don't want to break the law. "In their heart of hearts, they might be sympathetic to the Tigers and think the Americans made a mistake by putting them on the list," he said. "But they do not break the law."

He said the TRO is put under more scrutiny than just about any charitable organization. "I am willing to accept that that is the price we pay in the times we live in," he said. "We take care of the people because we don't want them to suffer."

sumathi.reddy@baltsun.com

Congressman's Trip Tied To Group U.S. Considers Terrorists (CHIT)

By Andrew Zajac And Mike Dorning

Chicago Tribune, August 24, 2006

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WASHINGTON -- Chicago congressman Danny Davis and an aide took a trip to Sri Lanka last year that was paid for by the Tamil Tigers, a group that the U.S. government has designated as a terrorist organization for its use of suicide bombers and child soldiers, law enforcement sources said.

Davis' seven-day trip came under new scrutiny this week following the arrests of 11 supporters of the organization on charges of participating in a broad conspiracy to support the terrorist group through money laundering, arms procurement and bribery of U.S. officials.

The five-term Democratic congressman said he was unaware that the Tigers paid for the trip and on his required congressional disclosure form he reported that the trip was paid for by a Hickory Hills-based Tamil cultural organization, the Federation of Tamil Sangams of North America.

During the visit, Davis spent most of his time in a region controlled by the Liberation Tigers of Tamil Eelam, as the group is formally known, and visited the organization's political headquarters. He also met with a police chief for the region appointed by the Tigers.

The Tamil Tigers is a separatist group that has been fighting since 1983 for an independent state for 3.2 million ethnic Tamils in Sri Lanka, a tear-shaped island nation of 20 million off the southern tip of India. In addition to conventional guerrilla tactics, the group has used terrorist methods, including 200 suicide bombings, in a bloody conflict that has claimed more than 60,000 lives. Though the violence between the government and the separatist group abated during the past several years, it recently surged again, threatening a renewed civil war.

Davis said he believed that the trip, from March 30 to April 5, 2005, was paid for by the Tamil federation, which in accordance with congressional ethics rules sent him a written statement of the travel expenses, more than $7,000 each for Davis and his aide, Daniel Cantrell. Davis said he knew that the group was "associated" with the Tamil Tigers but did not realize that the trip's costs were covered with funds controlled by the rebel group.

"I know who I got the trip from," Davis said. "I don't know if any clandestine group gave them money. All I know is what I saw and was told."

He also said that he had not been contacted by federal investigators in connection with the trip.

He defended the trip, saying he traveled there at the behest of ethnic Tamils who live in his West Side congressional district so that he could examine charges that the region was not receiving an equitable share of relief funding sent to Sri Lanka in the aftermath of the December 2004 tsunami. Davis has been harshly critical of the Sri Lankan government's treatment of the Tamil minority.

"Since I have an interest in human rights and since I have a tendency to kind of favor the underdog, I went at their request to take a look," Davis said. "I don't regret taking the trip. I have a much better understanding of the situation than prior to going."

As recently as this past Saturday, Davis talked in Chicago with a supporter of the Tamil Tigers who was among 11 people arrested on charges of conspiring to aid the rebel group through money laundering, procurement of arms, including surface-to-air missiles, and bribery of public officials.

That Tamil Tiger supporter, Murugesu Vinayagamoorthy, was described in a federal criminal complaint as a high-level operative who served as an intermediary between the Tigers' leaders and foreign backers. The complaint charges that he offered a $1 million bribe to an undercover FBI agent posing as a State Department official in an attempt to remove the Tamil Tigers' designation as a terrorist organization.

Davis said he first met Vinayagamoorthy, a 57-year-old London physician, at a Tamil cultural event in the Chicago suburbs at which both of them gave speeches "a few years ago." Vinayagamoorthy also participated in several of the meetings that Davis held while visiting Sri Lanka, the congressman said.

The Tamil supporter contacted the congressman's office again last week seeking a chance to brief Davis on events in Sri Lanka, where violence between the government and Tamil Tigers has flared anew. Vinayagamoorthy arranged to do so while walking alongside Davis Saturday for 10 blocks during the congressman's annual "Back to School" Parade in Chicago, Davis said.

The criminal complaint against Vinayagamoorthy asserts that he had "direct and frequent contact" with leaders of the rebel group and was "often dispatched" to facilitate Tamil Tiger projects around the world.

Without mentioning Davis or his aide by name, the complaint describes a series of transactions in which Vinayagamoorthy and others charged in the case allegedly laundered $13,150 in Tamil Tiger funds at the direction of a top guerilla leader to pay for travel of "two individuals" to Tamil-controlled Sri Lanka. The two individuals were Davis and Cantrell, law enforcement officials said.

Another person arrested in the case, Nachimuthu Socrates, was listed as a director in 2004 of the Tamil cultural organization which Davis listed in public disclosure forms as the trip's sponsor, the Federation of Tamil Sangams of North America. Representatives of the federation did not return phone messages on Wednesday.

Davis said he always assumed that the organization had a connection with the Tamil Tigers.

"I knew that they were associated with the Tamil Tigers, yes," he said.

Davis has been an outspoken supporter of the Tamil minority in Sri Lanka.

This month, he issued a statement condemning an Aug.14 Sri Lankan Air Force bombing in Tamil-controlled territory that reportedly killed dozens of girls.

Davis' statement said the facility was an orphanage he had visited during his 2005 trip to Sri Lanka. The government said the site was a former orphanage being used as an LTTE training camp for female recruits.

"We've been engaged," Davis said. "There hasn't been anything clandestine about our position."

Davis has been one of the most prolific travelers in Congress, accepting 47 trips paid for by private groups since 2000. That total ranks Davis 15th among the 535 members of Congress, according to Political Moneyline, a non-partisan watchdog group that compiles data from congressional disclosure forms.

The Tamil Tigers were designated by the State Department as a foreign terrorist organization in 1997. As a result, federal law bars providing them funding, arms or other material support.

The FBI searched a residence Sunday in Glendale Heights in connection with the Tamil Tiger investigation, according to Ross Rice, a spokesman for the bureau's Chicago office. No arrests were made and no criminal charges have been filed as a result of the raid, Rice said.

12 On U.S. Flight Detained In Amsterdam (WT)

By Audrey Hudson

The Washington Times, August 24, 2006

A dozen passengers who exhibited suspicious behavior aboard a U.S. airline flight to India were arrested by Dutch officials yesterday after the American pilot requested a military escort and emergency landing in Amsterdam.

Northwest Airlines Flight 42 was in German airspace when 12 passengers pulled out cell phones and attempted to use the devices, forcing U.S. federal air marshals to reveal their status and intervene, officials said.

"It all happened immediately after takeoff," a U.S. security official said. "Really early in the flight, the guys started taking out cell phones and passing it among themselves. Some of them tried to hide the fact they were doing it, but it got everyone's attention.

"It's one thing if one or two guys take out a cell phone, it's another thing when 12 people take out cell phones and start passing it around," the official said.

The pilots dumped most of the fuel load before the F-16s escorted the DC-10-30 aircraft carrying 149 passengers back to the Schiphol Airport. The flight originated in Minnesota and landed in Amsterdam with a final destination to Mumbai.

"The crew did the appropriate thing and told the pilot, the pilot said he had enough information to turn the plane around and find out what was going on," the official said.

Officials in Europe declined to disclose the nationalities or the arrest charges, but passengers said the 12 persons taken off the plane in handcuffs appeared to be Middle Eastern.

The preliminary charges against the passengers are unknown, but a Dutch judge will decide today whether formal charges will be filed.

No protocol was in place to divert a plane two years ago when passengers suspected a terrorist dry-run aboard Northwest Flight 327 from Detroit to Los Angeles, said Annie Jacobsen, who recounted the events and a government cover-up in her book "Terror in the Skies."

"I know firsthand from the homeland security inspectors who visited me in my kitchen, there was no protocol to divert a flight based on suspicious activity. Now, obviously, there is and perhaps Northwest is leading the pack," Mrs. Jacobsen said.

Mrs. Jacobsen and other passengers on Flight 327 said a group of men claiming to be Syrian musicians carried suspicious, odd-shaped packages, including a McDonald's bag, cameras and cell phones, into the bathroom. Passengers suspected they were building a bomb.

Only two of the fourteen men were questioned, and only briefly, when the flight landed. All were released when they told officials they were performing at a California casino. Mrs. Jacobsen and four other passengers who were shown photographs of the musical performance saw only two of the men.

The inspector general for the Homeland Security Department investigated the incident for nearly two years. The final report was classified in April.

Airline security has been on high alert for two weeks after British officials disrupted a plot by Muslims to blow up planes using liquid explosives. Cell phones and other items have been banned from carry-on luggage.

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Dutch Detain 12 On Flight To India (NYT)

By Marlise Simons

The New York Times, August 24, 2006

PARIS, Aug. 23 — A Northwest Airlines flight bound for India was escorted back to Amsterdam by fighter planes on Wednesday after behavior by a group of passengers alarmed the crew, the Dutch Defense Ministry said.

The Dutch police said they detained 12 passengers for questioning after the flight returned to Schiphol Airport.

There was no immediate suggestion that the incident was linked to terrorism. But the crew's reaction suggested increased nervousness since the British police said this month that they had foiled a plot to blow up planes over the Atlantic.

The Dutch police declined to identify the detained passengers or disclose their nationality. Rob Stenakker, a police spokesman at the airport, declined in a telephone conversation to say what the accusations were against the detained passengers. "Twelve people were detained," he said. "We will say more when we have more clarity."

Passengers later told Dutch television that the group of 12, all of them men, boarded just before the plane door was closed. One of them carried what looked like a guitar case, and several in the group were passing around cellphones. The group was not noisy, these passengers said. But soon after takeoff, some of the men cheered when a cellphone rang. Members of the crew then surrounded the men.

The flight, Northwest Flight 42, left Minneapolis on Tuesday and stopped in Amsterdam on Wednesday morning. It then took off for Mumbai, India, with 149 passengers. Airport authorities said that about 20 minutes after takeoff, when the plane was over Germany, the crew radioed that it had a security problem on board and asked for permission to return to Amsterdam.

Two Dutch F-16 fighter jets that were already in the air on a routine training mission were ordered to escort the airliner, a DC-10, back to Schiphol, the Defense Ministry said. After landing safely, most of the passengers were taken to hotels in the area and were told they might continue their journey on Thursday.

Airport authorities said the incident went unnoticed by the rest of the airport, one of Europe's busiest hubs for cargo and passengers. Traffic was not disrupted, said Pamela Kuypers, an airport spokeswoman.

But the incident is one of several alarms that have affected aircraft in Europe and the United States since the British police announced this month that they had uncovered a plot to blow up commercial jetliners bound for the United States.

A British plane made an emergency landing in southern Italy on Friday after a bomb scare that turned out to be a false alarm. On Aug. 17, American fighter jets were scrambled to accompany an airliner that had left London for Washington but was diverted to Boston after a woman told the crew she was feeling claustrophobic and caused a disturbance.

Airplane Terrorism Case Prompts Questions About The Work Of Islamic Charities In Britain (NYT)

By Ian Fisher

The New York Times, August 24, 2006

LONDON, Aug. 23 — Once again, with another alleged terror plot that has a possible connection to a charity, the question is being asked here, with more urgency: To what extent do Muslim charities — on the surface noble and selfless — mask movements and money for terrorists and extremist groups?

The question has a long history, here and in the United States, but no precise answer. A quick bottom line, though, seems to be this:

Charitable groups, experts agree, continue to play a role in the financing and operations surrounding terrorist groups and plots. But with more scrutiny since the Sept. 11 attacks — demonization, the charities say — the role of charities seems to be changing: diminishing somewhat but also growing more subtle and harder to detect.

"Anyone who has bothered to study terrorist financing at the most shallow level knows the role that charities have played since 1985," said Evan F. Kohlmann, an American expert on terrorism who acts as a consultant to American and British prosecutors. "Even if charities aren't playing a primary role, it is almost certain that they are playing a secondary role."

But beyond the first glance, the question grows in complexity, not least because of the vastly different approaches to Muslim charities in the United States and Britain. Since Sept. 11, American officials have banned many charities that still operate freely in Britain, reflecting a disagreement about where charity ends and extremism begins.

"The approach in America is very much to prevent the worst, whereas in Britain the approach is to encourage the best," said Peter Neumann, director of the Center for Defense Studies at King's College in London.

In short, he said, the British have tended to judge a charity on its track record in providing relief more than its possible ties to extremists.

He cited the best-known case here, that of the Palestinians Relief and Development Fund, known as Interpal, which provides money to poor Palestinians in the West Bank and the Gaza Strip. In 2003, the United States Treasury named Interpal a

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"specially designated global terrorist" group that directly financed Hamas, the extremist group responsible for the deadliest suicide bombings against Israelis.

But two investigations by the British Charity Commission, in 1996 and in 2003, gave Interpal a clean bill of health. Those findings have led Interpal and other Muslim charities to declare the links between charity and terrorism to be overstated — to the point of bias against Muslims and the real acts of charity they provide.

"We have to prove that we are not doing anything," said Ibrahim Hewitt, the chairman of the trustees of Interpal. "It's the old weapons of mass destruction thing. We have to prove a negative. And this diverts resources from the real work of trying to alleviate poverty."

Now, Interpal is again being investigated by the Charity Commission after a BBC documentary broadcast last month alleging that donations went to projects, schools in particular, that encourage allegiance to Hamas, opposition to Israel and a radical view of Islam.

With six million Muslims — for whom charity is a required religious duty — Britain provides a ready pool of donors, who rally in times of disaster, especially those in Muslim countries. Most of the money goes abroad, much of it to Pakistan, the home country of most British Muslims, where the link between extremist groups and charities is far clearer than it is here.

Appeals for money go out in mosques, letters and leaflets and over the Internet, most recently for relief efforts in Lebanon. "Middle East Crisis: Please donate now," reads one sign at an Islamic charity in Walthamstow, in East London, home to most of the suspects in a plot that the authorities say they thwarted two weeks ago to bring down trans-Atlantic flights.

In the first days after those arrests, some Pakistani officials speculated about involvement from Jamaat ud Dawa, a front for one of Pakistan's most extremist groups, and questioned whether donations to earthquake relief in Kashmir last year had been funneled back to plotters in Britain.

But most speculation has centered on a small charity, Crescent Relief, founded by the family of two suspects said to be at the center of the recent plot. One was arrested here and, according to news reports, released on Wednesday; the other was arrested in Pakistan. Another suspect was listed last fall in a British newspaper as the local contact for the charity as it collected money for Kashmir earthquake victims.

To Mr. Kohlmann, those facts suggest a time-honored way that some charities have been linked to terror groups in recent years: as a support and alibi rather than the more direct, and documented, role played by Muslim charities in the Bosnia war in the early 1990's and the embassy bombings in East Africa in 1998.

"Who pays for tickets?" Mr. Kohlmann asked. "Who provides a good excuse, or a good reason, to travel from the U.K. to Pakistan? They also provide a cover story. They provide documents — and that is what they have always done in conflicts from Afghanistan to Bosnia-Herzegovina to the Caucasus to Iraq."

Mr. Kohlmann, citing photographs from charities' Web sites, said a strong case could be made about Crescent Relief's ties to groups defined by the United States as tied to terrorists. One photo from its Web site shows a man pointing to tents donated in Kashmir bearing its logo and that of ISRA, a Sudan-based charity designated by Washington in 2004 as having terrorist ties.

Another photo shows a man identified as a member of Crescent Relief in Iraq with a member of ISRA who was specifically identified by the United States in designating the group as being tied to terrorists.

The Charity Commission has said it is deciding whether to investigate Crescent Relief.

But there has been no official suggestion that Crescent Relief's trustees had any involvement in the plot. Investigators have not been in touch with its bank, according to one official briefed on the investigation, who was not authorized to discuss the case publicly. And the trustees' assets apparently have not been frozen.

To some experts, that may suggest what they said was a growing trend in the link between terror groups and charities: that legitimate charities are infiltrated by extremists who secretly siphon off money. The United States Treasury has reportedly been reluctant to issue a list of "clean" Muslim charities precisely because of the fear of such infiltration.

"Often," Mr. Neumann said, "it's the individual rather than the entire institution that has been involved in terrorist funding."

Mr. Kohlmann contends that some British officials, and the Charity Commission in particular, have been too lax. Other experts described the attitude less as laxness in surveillance or law enforcement than a reluctance to punish suspect charities.

But Mr. Neumann and others said the British showed signs of hardening, particularly after four bombers killed 52 people on buses and trains here on July 7 of last year.

"Before 7/7, Pakistan was not on the radar screen of British security forces," he said. "They have a lot of catching up to do."

Court Permits British Investigators To Hold 10 Terror Suspects Longer (NYT)

By Alan Cowell

The New York Times, August 24, 2006

DOJ_NMG_0052808

LONDON, Aug. 23 — The High Court granted the British police late Wednesday an extra week to question most of the 11 suspects still being held without charge in connection with what the authorities have called a plot by Islamic radicals to bomb trans-Atlantic airliners.

But one suspect was set free, The Press Association and Sky News reported. They identified him as Tayib Rauf, 22, the brother of a suspect arrested in Pakistan who was described by the authorities there as a “key player” in the plot.

The court’s decision represented the first time that terror suspects have been held without being charged beyond the 14-day limit previously allowed under British rules. Earlier this year, a new law came into force permitting 28 days of detention without charge.

The court had until late Wednesday to determine whether the 11 suspects — not including the other 11 suspects formally charged Monday under counterterrorism laws — could be held for another week. Under the new laws, the police must seek permission to continue detaining suspects every seven days if they do not charge them.

Those charged on Monday include a 17-year-old youth and the 22-year-old mother of a young baby.

After hours of closed-door hearings, the court determined that eight of the suspects could be held for a another week and that one, identified by his lawyer as Umair Hussain, 24, from East London, could be held only one more day.

Tim Rustem, the lawyer acting for Mr. Hussain, 24, said he was pleased that the court had resisted a police effort to hold his client for an additional seven days.

“It is a new system, and we are all coming to terms with it,” he said. “It is good to see the system works, where a High Court judge can in some cases grant the full seven days but at the same time use discretion where, for example, it’s only a circumstantial case.”

Mr. Hussain was one of three brothers seized by the police in connection with the suspected conspiracy. Another brother, Mehran Hussain, 23, has been charged with failing to inform on his brother Nabeel Hussain, 22, who is still being held by the police but has not been charged.

The police have accused conspirators of seeking to smuggle explosives onto airliners bound for the United States. Eight of the 11 people charged this week were accused of conspiracy to murder.

News Stories Seen As Hit To Security (WT)

By Rebecca Carr

The Washington Times, August 24, 2006

Most Americans think that news organizations have hurt national-security interests by revealing that the government has examined the bank records of Americans with suspected ties to terrorists.

That finding in a Pew Research Center for the People & the Press poll contradicts another finding from the same poll: Even more people think such news stories "told citizens something they should know about."

By a margin of 50 percent to 34 percent, Americans said news organizations hurt the nation by exposing the bank monitoring program, according to the Pew poll. But 65 percent of the same 2,003 persons polled also said the stories were worth knowing.

That contradiction underscores the growing tension between press freedoms and the government's growing penchant for secrecy, legal and media analysts say.

"We see it over and over again: People say maybe the press shouldn't have said that, but we really want them to keep digging," said Andrew Kohut, director of the nonpartisan Washington-based opinion research center.

The poll shows that the public hopes the press will remain vigilant even if it disagrees with what is reported, Mr. Kohut said.

The center found a similar response when it asked the public about the National Security Agency's program allowing it to eavesdrop on telephone calls and e-mails of Americans with ties to suspected terrorists overseas, Mr. Kohut said.

The Pew poll shows that the public is "schizophrenic," said Jane Kirtley, a media and law professor at the University of Minnesota. The public seems to want the press to be a watchdog on government, she said, but it doesn't want to know too much.

"Part of us say, 'I didn't need to know that the government was looking at bank records. This is a valuable program, and now the bad guys will know about it,'" Miss Kirtley said. "But ultimately, the public does think that the government needs to be more accountable and the press is the best means to do that."

The public is fickle, said Mark Feldstein, a journalism professor at George Washington University. But that is only part of the story, he said.

When news stories are presented by the White House as a danger to national security, it "feel ominous" to the reader when compared with ill-defined liberties that they are losing, Mr. Feldstein said.

"Liberty is going to almost always lose to order," he said.

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The White House strongly defends its programs, saying they are necessary to stop another terrorist attack. The poll backs up the administration's contention that the president is doing the right thing to protect the public.

"Americans consistently demonstrate that they agree that sensitive intelligence leaks undermine our ability to defeat our enemies," said Emily A. Lawrimore, a White House spokeswoman.

A Matter Of Appearances (NYT)

The New York Times, August 24, 2006

When Judge Anna Diggs Taylor was given the job of deciding whether the Bush administration's wiretapping program was unconstitutional, she certainly understood that she would be ruling on one of the most politically charged cases in recent history. So it would have been prudent for her to disclose any activity that might conceivably raise questions about her ability to be impartial. Regrettably, it was left to a conservative group, Judicial Watch, to point out her role as a trustee to a foundation that had given grants to a branch of the American Civil Liberties Union, a plaintiff in the case.

The foundation in question — the Community Foundation for Southeastern Michigan — is a large charity that gives out grants to a broad range of organizations engaged in community activity, including some regularly involved in litigation. The $125,000 in grant money directed to the state A.C.L.U. office over several years was for educational programs concerning issues unrelated to the wiretapping case, like racial profiling. While the judge clearly erred in not disclosing this involvement, it wouldn't seem, based on the known facts, to rise to the level of a conflict of interest reasonably requiring that she recuse herself from hearing the case under existing ethics rules.

Judge Taylor's role at a grant-making foundation whose list of beneficiaries includes groups that regularly litigate in the courts is still disquieting — and, even worse, it is not all that unusual for a member of the judiciary. The most important lesson here may be the wisdom of re-examining the sort of outside activities that are appropriate for sitting federal judges.

War, Law And Justice (WT)

By David B. Rivkin Jr. And Lee A. Casey

The Washington Times, August 24, 2006

Judge Anna Diggs Taylor's recent opinion striking down the National Security Agency's terrorist surveillance program is neither an accurate statement of what the law is nor of what it should be. To her credit, Judge Taylor made no secret of how she approached this case.

Early in her opinion she refers to "the War on Terror of this administration." In other words, this is not her war and it's not America's war, it's George W. Bush's war, and the judge was clearly determined to hold at least one aspect of that war — the NSA surveillance program — unconstitutional. She did so based on a deeply flawed rationale.

Most critics have challenged the program's legality on statutory, rather than constitutional, grounds. The Foreign Intelligence Surveillance Act (FISA) generally requires a special judicial order before the government can intercept electronic communications for foreign intelligence purposes, except as otherwise "authorized by statute." The Bush administration argues that the NSA program was authorized by statute in the form of Congress' Sept. 18, 2001, Authorization for the Use of Military Force (AUMF).

That law authorized the president "to use all necessary and appropriate force" against those responsible for the September 11 attacks, and the Supreme Court has already interpreted the AUMF, in its 2004 Hamdi v. Rumsfeld ruling, to provide statutory permission for all of the "fundamental incident of waging war." This case was not affected by the court's more recent war on terror decision in Hamdan v. Rumsfeld, where it concluded — based on a different statutory text that was not impacted by the AUMF — that military commission rules must be consistent with those applied in regular courts-martial.

Obviously, many believe that electronic surveillance in the United States is just too far removed from the "fundamental incidents of war" to have been justified, without more specific language, by the AUMF. Judge Taylor, however, fails to confront or answer the administration'sactual Hamdi/AUMF argument. Instead, she concluded that the NSA program would be unconstitutional even if authorized by Congress in the AUMF. She based this extraordinary ruling on a misconstruction of both the Fourth and First Amendments.

The Fourth Amendment prohibits "unreasonable searches and seizures," and requires that search warrants be issued only on a probable cause showing. The Supreme Court has ruled that most warrantless searches are unreasonable, except in cases of "special needs." Special needs cases include instances where individuals are leaving or entering the United States, and are very similar to the international or trans-boundary communications subject to the NSA program. Judge Taylor does not reconcile this important exception to the general rule with her sweeping claims that prior warrants are required "for any reasonable search."

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Nor did she grapple with cases — including the Fourth Circuit's leading decision in United States v. Truong (1980) — upholding warrantless surveillance for foreign intelligence gathering purposes. Truong involved the wiretapping of a Vietnamese citizen and his U.S. contact, as part of an effort to discover who was leaking classified information. The court upheld the surveillance under the Fourth Amendment since the government's primary purpose had been collection of foreign intelligence information — rather than a criminal investigation. Truong and the 2002 FISA Appeals Court's opinion in In re Sealed Case are not, of course, Supreme Court decisions binding on Judge Taylor. But, at a minimum, she should have acknowledged the existence of such important contrary authority, and explained why she considered a different rule to be more appropriate.

Most troubling of all, however, is Judge Taylor's First Amendment analysis. She concluded that the NSA program violated free speech guarantees because the president "undisputably violated the Fourth Amendment in failing to procure judicial orders as required by FISA, and accordingly has violated the First Amendment Rights of these Plaintiffs as well." In fact, a Fourth Amendment violation does not necessarily or even likely result in a First Amendment violation. Although, as Judge Taylor noted, the Supreme Court has recognized that "[n]ational security cases ... often reflect a convergence of First and Fourth Amendment values," the amendments' purposes and protections are distinct, as are the analyses necessary to determine whether one or both have been violated.

Critically, the Fourth Amendment permits government action based upon probable cause, while the First Amendment requires regulation of protected speech to be narrowly tailored to achieve a compelling governmental interest.

Standards aside, the logical implications of Judge Taylor's First Amendment conclusions are unprecedented. If the NSA program's very existenceimpermissibly "chilled" plaintiffs, several advocacy groups, lawyers and journalists, in speaking with known or suspected terrorists overseas, and the terrorists in speaking with them, then the government can never intercept foreign intelligence — with or without congressional approval or a warrant — unless it also can show that the program is narrowly tailored to serve a compelling interest. The courts rarely find this standard to be met.

Judge Taylor has had a long and distinguished career — serving on the federal bench since 1979. In this opinion, however, she has served neither justice nor the rule of law. It will be up to the court of appeals and, ultimately, the Supreme Court to set things right.

FBI Investigating Man Who Claimed To Be Planning To Bomb (AP)

AP, August 24, 2006

SPOKANE, Wash. -- An anti-terrorism task force is investigating a man's reported jailhouse claims of ties to al-Qaida and a plan to blow up a state Department of Social and Health Services building.

While in the Spokane County Jail earlier this month, the 18-year-old reportedly told fellow inmates that he also intended to set off a bomb at the upcoming Pig Out in the Park event and set off a second device when police responded, authorities said Wednesday.

Evidence recovered so far after three search warrants were served includes two loaded ammunition clips for an AK-47 semiautomatic rifle and a laptop computer reportedly containing an al-Qaida training manual, said Norm Brown, a spokesman for the Inland Northwest Joint Terrorism Task Force, which is investigating the case.

The task force includes FBI agents and officers from other agencies.

The U.S. attorney's office is reviewing possible charges against the man, currently in custody at Eastern State Hospital where he is undergoing a 90-day mental evaluation as part of an "involuntary commitment," Brown said.

The young man has "denied making terrorist threats," Brown said.

Agents also recovered a GPS locator device, maps, a mask and other "survivalist-type" gear, but no bomb-making components or firearms, Brown said.

The man reportedly told county jail inmates he planned to build a fertilizer and fuel oil bomb "just like Timothy McVeigh" and blow up a DSHS office in Spokane, Brown said.

He also "bragged that he had an AK-47," but agents haven't located such a gun, just ammunition for one, Brown said.

"We have not been able to tie him to any known terrorist organizations, the task force spokesman told The Spokesman-Review. "I would describe him as a lone wolf.

It wasn't immediately clear what led to the man's incarceration in the county jail.

Investigators took the threats seriously because the man has traveled to Morocco twice in the last two years, Brown said.

FBI Investigates Spokane Man In Bomb Plot (SSR)

By Bill Morlin, Staff writer

Spokane Spokesman-Review, August 24, 2006

DOJ_NMG_0052811

A suspect who made jailhouse claims of ties to al-Qaida is in custody but not yet charged after allegedly boasting of plans to blow-up a Department of Social and Health Services building.

The 18-year-old suspect, Anthony Garver, also told fellow inmates at the Spokane County Jail that he intended to detonate a bomb at the forthcoming "Pig Out in the Park" in Riverfront Park and set off a secondary device when police and firefighters arrived, authorities said Wednesday.

The case remains under investigation by the Inland Northwest Joint Terrorism Task Force, composed of FBI agents and officers from other agencies, said task force spokesman Norm Brown.

Three search warrants already have been served as part of the continuing investigation, and the U.S. Attorney's Office is reviewing possible charges against Garver.

Evidence recovered so far includes two loaded ammunition clips for an AK-47 semi-automatic rifle and a laptop computer reportedly containing an al-Qaida training manual, Brown said.

Agents also recovered a GPS locator device, maps, a mask and other "survivalist-type" gear, but no bomb-making components or firearms, Brown said.

Garver currently is in custody at Eastern State Hospital where he is undergoing a 90-day mental evaluation as part of an "involuntary commitment," Brown said.

"He denied making terrorist threats,'' Brown said of Garver, who was interviewed by task force agents.

But while in the Spokane County Jail earlier this month, Garver allegedly told other inmates that he planned to build a fertilizer and fuel oil bomb "just like Timothy McVeigh" and blow up the DSHS office at 1313 N. Maple, Brown said.

He also "bragged that he had an AK-47," but such a weapon wasn't located – only ammunition for that type of assault rifle, Brown said.

"We have not been able to tie him to any known terrorist organizations,'' the task force spokesman said. "I would describe him as a 'lone wolf.' "

Upon his release from jail, Garver was voluntarily admitted for psychiatric treatment at Sacred Heart Medical Center before he was located and interviewed last week by Task Force agents. It wasn't known when he was transferred to Eastern State Hospital.

It also wasn't immediately known what local charges led to Garver's arrest or when that occurred.

Despite his apparent history of mental illness, task force investigators took the threats seriously because Garver has traveled to Morocco, where he could have had contact with operatives of terrorist organizations, Brown said.

"He has been to Morocco twice in the last two years, and his mother is from Morocco,'' Brown said.

Garver's parents, who live in the Spokane area, have been fully cooperative with investigators and consented to a search of their property in the foothills of Mount Spokane, Brown said.

Bill Morlin can be reached at (509) 459-5444 or e-mail: billm@spokesman.com

FBI Investigating Alleged DSHS Bomb Plot (KXLY-TV)

KXLY-TV, August 24, 2006

SPOKANE -- The FBI is investigating a suspected plot to blow up the building that houses the Department of Social and Health Services in North Spokane.

Officials say it all started when the suspect made a comment about his plans to a fellow inmate at the Spokane County Jail who then approached authorities. According to a spokesman DSHS learned about this alleged plot a couple weeks ago from the Spokane Police Department.

The man was supposedly targeting a DSHS building at 1313 North Maple. Investigators did not consider this a major threat and no security measures were taken. According to spokesman Steve Williams the man is a DSHS client because he is a patient at Eastern State Hospital and "he's not getting out anytime soon".

DSHS doesn't believe its staff or clients are threatened.

So far the FBI says it is only investigating this alleged bomb plot and no arrests have been made.

U.S. Suit Shows New Toughness With State (PPH)

By GREGORY D. KESICH, Staff Writer

Portland (ME) Press-Herald, August 24, 2006

A lawsuit aimed at preventing the Maine Public Utilities Commission from inquiring into Verizon Communication's alleged cooperation with a domestic surveillance program marks a new level of aggressiveness by the federal government, privacy advocates say.

Maine is the third state to be sued in federal court for looking into charges that telecommunications companies cooperated with the government inwarrantless wiretapping and data mining programs.

Unlike the other states that have been sued, however, Maine has never opened an investigation into the program.

In fact, in a decision that disappointed privacy advocates, PUC Chairman Kurt Adams only asked that a Verizon executive affirm the truth of statements made in press releases last spring that denied any illegal activity. The PUC did not require the company to produce any new information.

In its lawsuit, the U.S. government said the company could not comply with the order without endangering national security.

"The United States will be irreparably harmed if Verizon is permitted or is required to disclose sensitive and classified information to the (PUC)."

The attempt to prevent even that level of scrutiny shows that the government is using the protection of state secrets as a weapon, said Shenna Bellows, executive director of the Maine Civil Liberties Union.

"They are going after people before they have done anything," she said. "Frankly, we feel that the lawsuit is without merit, and we hope the PUC will resist the actions of a bully and proceed with an investigation into whether Mainers' privacy rights were violated."

State officials worked Tuesday to respond to the lawsuit filed Monday in U.S. District Court in Bangor.

Representatives of the Maine PUC met Monday with the state Attorney General's Office to plan legal strategy.

Speaking after the funeral of Pfc. Andrew Small in Wiscasset, Gov. John Baldacci said he has communicated with Adams, the PUC chairman, and was confident that Adams would find a way without endangering national security to address the concerns of the telephone company customers who requested a PUC investigation.

Baldacci noted that PUC Commissioner Sharon Reishus is a former employee of the CIA and has experience handling sensitive information.

He said Adams planned to work with the Attorney General's Office and make a recommendation on how the state should proceed.

"We've got the best minds working on it, and I look forward to getting their recommendations," Baldacci said.

On Aug. 9, the PUC issued a written order requiring Verizon to affirm the truth of seven statements the company issued in two press releases in May. The press releases were included in the company's response to the PUC.

In the unsigned statements, Verizon asserted in broad language that it had not broken any state or federal laws involving the privacy of telephone customers.

In its order, the PUC asked that a responsible company official issue a sworn statement affirming the truth of the statements.

The telephone customers who filed the original complaint with the PUC were unhappy with the order, preferring that the PUC had voted to open an investigation instead. Chris Branson, a Portland lawyer and one of the original plaintiffs, said Maine officials were overly cautious about looking into the matter.

"I've been disappointed with both public officials and elected officials on this issue," Branson said. "They appear to lack energy pursuing this matter and they seem to lack the political will or courage to go forward."

Officials in the other states that have been more aggressive have also been sued.

On June 14, the federal government sued New Jersey Attorney General Zulima Farber, who sent subpoenas to five telecommunications carriers demanding documents revealing whether they had turned over records without warrants.

On July 24, the federal government sued members of the Missouri Public Service Commission after they had issued subpoenas to AT&T Inc. over alleged violations of state privacy laws.

When announcing his proposed order, PUC Chairman Adams said requesting a sworn statement could resolve the matter without the need to start an investigationand provoke a lawsuit by the federal government.

Some state lawmakers are also considering a response as the case moves forward.

State Sen. Philip Bartlett, D-Gorham, chairman of the Legislature's Utilities Committee, said he was "stunned" by the lawsuit, and said that the government had gone too far.

"It's a clear case of the federal government overstepping its authority," he said. "It deals directly with states' rights."

Bartlett said the PUC had done nothing more than ask Verizon to affirm the truth of statements it presented to the commission. Doing so would not violate any state secrets, he said.

Bartlett said he has written to U.S. Attorney General Alberto Gonzales protesting the lawsuit and would consider proposing a legislative resolution when the Legislature reconvenes next year.

Sen. Carol Weston, R-Montville, who also serves on the Utilities Committee, said lawmakers should wait before responding to the suit.

"I think we should step back and gather the facts before we second-guess anything as vital as national security," she said.

HOMELAND RESPONSE:

Bush: Katrina Recovery Will Take Time (AP)

By Jennifer Loven

The AP, August 23, 2006

President Bush cautioned against placing too much importance on the first anniversary of Hurricane Katrina's Gulf Coast strike, saying a long, sustained rebuilding effort is still needed.

"It's a time to remember that people suffered and it's a time to recommit ourselves to helping them," Bush said Wednesday. "But I also want people to remember that a one-year anniversary is just that, because it's going to require a long time to help these people rebuild."

A day earlier, the Bush administration's Gulf Coast coordinator, Don Powell, said $44 billion has been spent to get the still-battered region back on its feet. A far larger sum — more than $110 billion — has been designated for the massive rebuilding project. Of that money, approximately $17 billion will help rebuild an estimated 204,000 homes in Louisiana and Mississippi.

Bush spoke on the South Lawn of the White House after meeting in the Oval Office with a New Orleans-area man who lost his home in the storm. Rockey Vaccarella, 41, of Meraux in St. Bernard Parish, has been traveling the Gulf Coast region to mark the Katrina anniversary.

Nearly a year after the hurricane, criticism lingered.

In a report entitled "Broken Promises," House and Senate Democratic leaders described what they called "the failed response" of the administration since the hurricane hit.

Released Wednesday by House Minority Leader Nancy Pelosi, D-Calif., and her Senate counterpart, Harry Reid, D-Nev., the report asserted that "thousands of families are still waiting" for FEMA trailers and that a significant proportion of money that FEMA has spent there "has been waste, fraud and abuse."

"The Republican Congress didn't enact needed housing money for homeowners in Louisiana until June, 10 months after Katrina - and the money has still failed to reach these homeowners," it said.

For his part, Bush promised to continue working to make sure the federal government's efforts in the rebuilding effort are efficient.

"I told Rockey the first obligation of the federal government is to write a check big enough to help the people down there," Bush said. "And I told him that to the extent that there's still bureaucratic hurdles, and the need for the federal government to help eradicate those hurdles, we want to do that."

Vaccarella said he wanted to thank Bush for the federally provided trailers that have provided temporary housing to many in the region who lost homes, but also to keep the pressure on.

"I wanted to remind the president that the job's not done and he knows that," Vaccarell said. "I just don't want the government and President Bush to forget about us."

The president was designating Tuesday, the Katrina anniversary, as a National Day of Remembrance to honor those who lost lives and property and those who helped rescue victims, said spokeswoman Dana Perino.

Bush is spending two days in the Gulf region next week to mark the anniversary. He will be in Mississippi on Monday, to have lunch with community leaders, walk through a neighborhood, and deliver a speech on the rebuilding effort, before traveling to New Orleans, where he was scheduled to have dinner with state and local official and spend the night. On Tuesday, Bush is attending a service of prayer and remembrance, conducting a roundtable discussion on an effort headed by first lady Laura Bush to restock Gulf Coast libraries. He also will give a speech and visit with local residents, Perino said.

Gulf Rebuilding To Take 'Long Time' (WT)

By Stephen Dinan

The Washington Times, August 24, 2006

President Bush said yesterday that the federal government has made a giant commitment to rebuild from Hurricane Katrina, but he cautioned against expecting too much progress by the first anniversary of the storm, which falls next week.

He also won a strong vote of confidence from storm survivor Rockey Vaccarella, who has gained attention by driving a replica of a Federal Emergency Management Agency trailer from Louisiana to Washington. Mr. Vaccarella said Mr. Bush has done such a solid job that he deserves another four years as president.

"The first obligation of the federal government is to write a check big enough to help the people down there," Mr. Bush said after meeting with Mr. Vaccarella in the Oval Office. "I also want people to remember that a one-year anniversary is just that, because it's going to require a long time to help these people rebuild."

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Congress has authorized $110 billion in aid, of which $44 billion has been spent.

Congressional Democrats released a report yesterday charging that thousands of families are still waiting for promised federal aid.

"President Bush is holding a public relations blitz that the survivors of Katrina can ill-afford," said House Minority Leader Nancy Pelosi, California Democrat, while Senate Minority Leader Harry Reid, Nevada Democrat, said Mr. Bush's response proved he cannot keep America safe.

House Democrats today will release a report showing waste, fraud and abuse in federal Katrina spending.

But Mr. Bush, who plans to travel to New Orleans and Mississippi's coastal areas on Monday and Tuesday, says the administration has done its part to make a monetary commitment. He said his focus now is on expediting relief work by removing red tape.

"To the extent that there's still bureaucratic hurdles and the need for the federal government to help eradicate those hurdles, we want to do that," he said.

Mr. Vaccarella, who parked his trailer near the Capitol, said his trip to Washington was intended to thank Mr. Bush for his response and to ensure he knows "the job's not done."

"I just don't want the government and President Bush to forget about us," Mr. Vaccarella said. He said he was particularly thankful for the FEMA trailers, which he said gave people a roof over their head, as well as air conditioning, baths, television and toilets.

"You know, I wish you had another four years, man. If we had this president for another four years, I think we'd be great," Mr. Vaccarella gushed.

Later in the day, White House spokeswoman Dana Perino joked that the idea of a third term, which the Constitution forbids, wasn't attractive to her and other White House employees.

"Believe me, I think the staff thinks that two are plenty," Mrs. Perino said.

Mr. Bush yesterday also stopped in the Mount Vernon area of Fairfax County to raise money for Sen. George Allen, the Virginia Republican who is running for re-election and who made headlines recently when he called a 20-year-old staffer from his opponent's campaign "macaca."

Mr. Allen has apologized for the remark, which critics have called a racial slur, and Mrs. Perino said Mr. Bush thinks that the apology was a good step to improve civil discourse. The fundraiser was closed to the press.

Bush Says Gulf Coast Still Needs Help After Katrina (Update3) (BLOOM)

By Roger Runningen

Bloomberg, August 23, 2006

Aug. 23 (Bloomberg) -- President George W. Bush said people in the Gulf Coast ``still need help" almost a year after Hurricane Katrina struck Louisiana and Mississippi.

``It's going to require a long time to help these people rebuild," Bush said after having coffee at the White House with Rockey Vaccarella, 41, who lost his Saint Bernard Parish, Louisiana, home in the storm. Bush plans to spend Aug. 28 and 29 in Gulfport and Biloxi, Mississippi, and in New Orleans, where 80 percent of the city had been under water.

Democrats say Bush has failed to provide adequate help, just as the Federal Emergency Management Agency was slow to aid the storm's victims. ``Tens of thousands of Hurricane Katrina survivors are still engaged in an unparalleled struggle to rebuild their lives," House Democratic Leader Nancy Pelosi said today in a statement. ``Meanwhile, back in Washington, President Bush is holding a public relations blitz."

Congress has approved more than $110 billion in emergency payments and funds to rebuild homes and businesses in Louisiana and Mississippi battered by the worst natural disaster to strike the U.S.

Don Powell, the administration's Gulf Coast coordinator, told a White House briefing yesterday that $77 billion in aid for the region has been released and $44 billion of it has been spent.

`Balance and Tension'

Part of the holdup is state plans for distributing the money, Powell said. ``There is always balance and tension between getting the money out fast and getting the money out responsibly fast," he said.

Pelosi, a California Democrat, said that about 11 percent of the $19 billion FEMA spent has been lost to waste, fraud and abuse, and 80 percent of Gulf Coast companies cleared for Small Business Administration loans are still waiting for their money. Pelosi said she and 20 other House Democrats also will visit the Gulf Coast next week.

Bush will take walking tours of neighborhoods and meet with community leaders during his trip to the region. `It's a time to remember that people suffered," he said. ``To the extent that there's still bureaucratic hurdles, and the need for the federal government to help eradicate those hurdles, we want to do that."

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Almost half of Americans, 47 percent, said the U.S. government isn't equipped to handle disasters ranging from terrorism to hurricanes, the Wall Street Journal Online reported, citing a Harris Interactive poll in mid-May.

Katrina affected more than 1.5 million people and more than 800,000 people were forced out of their homes, 75 percent of them in Louisiana.

`Broken' System

FEMA director David Paulison said major delays in aid after Katrina struck resulted from a ``broken" communications system and a failure to have rescue and emergency supplies in the right places and on time.

Paulison said a new satellite tracking system will alert officials every 15 minutes to the location of relief supplies. The goal is to have a ``system restored to or better than pre- Katrina levels," he told yesterday's briefing.

``I wanted to remind the president that the job's not done, and he knows that," Vaccarella, a Bush supporter who has traveled through the South in a trailer similar to those the government distributed to hurricane victims, said today.

Vaccarella, still living in a FEMA trailer, says he now has windows and a roof on a house that's being rebuilt.

Even after a year of the rebuilding effort, Bush has an image problem to correct with Katrina victims, said Harvard University professor David Gergen, who advised Presidents Richard Nixon and Bill Clinton. Otherwise, Democrats may succeed in overtaking Republican seats in Congress in the midterm elections in November.

``The message that came out was that he didn't care much," Gergen said in an interview. ``I do think that Katrina has given Democrats some openings in some of the red states in the Deep South that they did not have before."

HAIL TO THE CHIEF (NOTP)

By Bruce Alpert

New Orleans Times-Picayune, August 24, 2006

WASHINGTON -- Any nervousness at the White House about scheduling a meeting with Rockey Vaccarella of Meraux turned out to be unfounded Wednesday as the Hurricane Katrina victim not only thanked President Bush for trailers that provided "roofs over peoples' heads," but suggested it would be great if Bush could be elected to a third four-year term.

Warned last week as he started his 1,100-mile journey from St. Bernard Parish to Washington that a meeting with the president was highly unlikely, Vaccarella, 41, not only shared a cup of coffee with the president in the Oval Office, but appeared with him outside the White House to proclaim how "really amazing" it is that an average guy could meet the world's most powerful leader.

Bush, who has suffered through some unflattering first anniversary stories about his administration's initial response to Katrina, seemed to enjoy Vaccarella's comments. But he grimaced when the former fast-food restaurant operator, who lost his home and most of his possessions to Katrina, suggested a third term, which is barred by the 22nd Amendment of the Constitution.

"Yes, wait a minute," Bush said after Vaccarella told the assembled White House press corps that "I just wish the president could have another term."

A Democratic-leaning Web site suggested that Vaccarella, who ran for the St. Bernard Parish Council as a Republican in 1999, simply served as a prop to deflect criticism of the hurricane-relief efforts.

But White House spokeswoman Dana Perino said the White House was unaware of Vaccarella's political affiliation before the meeting, or that he was going to endorse Bush for another term. "Believe me, I think staff thinks that two are plenty," Perino said to laughter at her afternoon briefing.

Vaccarella said he wasn't motivated by partisan politics -- just a desire to thank Bush for the tens of billions of dollars in federal assistance appropriated for hurricane relief and to remind him that "the job's not done." In the Oval Office for the meeting, he said, were several key aides in addition to Bush, including Secretary of State Condoleezza Rice.

The two men shared gifts, with Vaccarella presenting the president with the key to St. Bernard Parish and other communities he visited as he motored with a replica FEMA trailer from Chalmette to Washington. Bush reciprocated with a goody bag that included a White House tie pin and bookmark.

After meeting with Vaccarella, Bush appeared before TV cameras to praise his visitor as a "plain-spoken guy" whose family "had every possession they had wiped out."

"I know we're coming up on the first-year anniversary of Katrina, and it's a time to remember," said Bush, who designated Tuesday as a national day of remembrance. "It's a time to particularly remember the suffering that people went through."

Bush said people should realize that "it's going to require a long time to help these people rebuild."

Bush's meeting with Vaccarella came as a surprise to many. The president refused a request to meet last year with Cindy Sheehan, whose son was killed in Iraq and who had been demonstrating with other Iraqi war opponents outside his summer home in Texas. He had met with Sheehan and other parents who lost children in Iraq in 2004.

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While Vaccarella's trip at times seemed to be a challenge to the president, his comments Wednesday were all positive.

Bush told Vaccarella, "You're a good man, Rock."

"You are, too," Vaccarella said.

Katrina Survivor Lauds Bush In What Democrats Call PR Stunt (WP)

By Peter Baker

The Washington Post, August 24, 2006

Four more years? Rockey Vaccarella thinks so. President Bush's own staff, though, isn't convinced.

The president played host to Vaccarella, a Hurricane Katrina survivor trailed by a documentary crew, for coffee at the White House yesterday to demonstrate concern for those still afflicted a year after the storm. Vaccarella, it turned out, had another idea in mind as well.

"I just wish the president could have another term in Washington," he said as cameras rolled on the South Lawn, where the two appeared together after coffee.

"Wait a minute," Bush interjected with a laugh.

"You know, I wish you had another four years, man," Vaccarella said. "If we had this president for another four years, I think we'd be great."

Bush did not disagree, constitutional term limits notwithstanding. But his spokeswoman later made it clear that in a White House exhausted by war, terrorism and all manner of disasters, both meteorological and political, the idea of a third term didn't stir much enthusiasm. "Believe me," deputy press secretary Dana Perino joked, "I think staff thinks that two are plenty."

The Vaccarella visit was part of a preemptive effort by the White House to fend off fresh criticism of the administration's handling of Katrina as the first anniversary approaches. Vaccarella praised the government effort while saying he "wanted to remind the president that the job's not done, and he knows that." Bush plans to travel to the Gulf Coast region for two days next week to tour damaged areas, and he vowed to cut through any "bureaucratic hurdles" holding up reconstruction efforts.

"I know we're coming up on the first-year anniversary of Katrina and it's a time to remember," the president said. Noting that Vaccarella and others lost their homes, Bush added: "It's a time to recommit ourselves to helping them. But I also want people to remember that a one-year anniversary is just that, because it's going to require a long time to help these people rebuild."

Democrats quickly responded with a statement noting that Vaccarella once ran for local office as a Republican and with a report blasting the administration's post-Katrina work.

"In our Gulf Coast, the tens of thousands of Hurricane Katrina survivors are still engaged in an unparalleled struggle to rebuild their lives," said House Minority Leader Nancy Pelosi (Calif.). "Meanwhile, back in Washington, President Bush is holding a public relations blitz that the survivors of Katrina can ill afford."

President Serves Up Cup Of Coffee And Katrina Message (USAT)

By David Jackson

USA Today, August 24, 2006

WASHINGTON — President Bush served coffee to a Hurricane Katrina survivor in the Oval Office on Wednesday, and warned him and others that rebuilding the Gulf Coast will take years.

“A one-year anniversary is just that, because it's going to require a long time to help these people rebuild,” Bush said after meeting with Rockey Vaccarella of Louisiana. Vaccarella drove a replica FEMA trailer to Washington from St. Bernard Parish as part of a campaign to remind Americans of those who lost their homes to Katrina.

The coffee klatch came as the administration is preparing for next week's anniversary of the hurricane and flooding, which took nearly 1,600 lives, caused more than $81 billion in damage, and inflicted political pain on the Bush administration.

Bush plans to declare a National Day of Remembrance for Aug. 29, the day Katrina struck. Spokeswoman Dana Perino said a proclamation will “honor those who did not survive the fury” of the storm, and “the heroes who rescued so many.”

The president plans to spend two days in the region. He will be in Mississippi on Monday, meeting with community leaders, touring damaged areas, and speaking about recovery efforts. He spends Tuesday in New Orleans, and events will include a service of prayer and remembrance.

The White House is plotting its post-Katrina strategy as reports criticize aspects of the Katrina recovery. The liberal-leaning Brookings Institution, for example, said there have been “areas of progress,” including housing, but “more progress is needed,” particularly for renters and low-income residents.

Congressional Democrats weighed in with their report, entitled “Broken Promises: The Republican Response To Katrina.”

“The response to Hurricane Katrina was disastrous,” House Minority Leader Nancy Pelosi said.

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Vaccarella had parked his trailer on a street that cuts across the National Mall, in sight of the U.S. Capitol building. An unemployed restaurant supervisor, Vaccarella called the presidential sit-down a “fantastic” experience.

“I just wanted to let the president know, ‘please, don't forget about us,' (and) that the rebuilding is taking a while,” said Vaccarella, who is making a documentary of his experiences.

Vaccarella, once a Republican candidate in a local election, praised Bush's efforts, at one point telling him, “I wish you had another four years, man.” Bush grimaced at the endorsement of a third term, saying, “Wait a minute — ”

“It felt like I was talking to the average American,” Vaccarella said. “He's definitely a people's president.”

Bush Says Katrina Recovery Will Take Time (LAT)

By Johanna Neuman

The Los Angeles Times, August 24, 2006

Washington — President Bush on Wednesday reassured still-struggling victims of Hurricane Katrina that he has not forgotten them, but warned recovery will not be achieved by the first anniversary of the devastating storm.

"It's a time to remember that people suffered, and it's a time to recommit ourselves to helping them," Bush said after meeting in the Oval Office with Rockey Vaccarella, who lost his home to Katrina. "But I also want people to remember that a one-year anniversary is just that, because it's going to require a long time to help these people rebuild."

The president discussed Katrina with Vaccarella, 41, of Mereaux, La., who has been traveling the U.S., making a documentary about his road to recovery as he and his family live in a FEMA trailer.

The administration's Gulf Coast recovery coordinator, Donald E. Powell, said during a White House briefing Tuesday that since Katrina slammed into Louisiana and Mississippi on Aug. 29, 2005, only $44 billion of the $110 billion in federal money earmarked for rebuilding the region has been spent.

"I have a sense of frustration, I have a sense of urgency all the time," Powell said. Federal funds have begun to reach Mississippi homeowners, he said, but Louisiana has delayed its plans for distribution.

Bush addressed the delay in his remarks Wednesday.

"To the extent that there are still bureaucratic hurdles and the need for the federal government to help eradicate those hurdles, we want to do that," he said.

With midterm congressional elections less than three months away, Democrats are seeking to use the lapses in the government's response to Katrina -- including the vivid images of residents stranded on rooftops or directed to shelters with no food or water -- to sway voters against the Republicans.

In a new report, Senate Minority Leader Harry Reid, D-Nev., and House Minority Leader Nancy Pelosi, D-Calif., who both plan to visit the Gulf region in the coming week, detailed what they described as the Bush administration's failures.

"One year ago, Katrina and Rita taught the American people the terrible lesson that their government was not prepared to protect them," Reid said Wednesday, announcing the report's release. "Unfortunately, one year after the hurricanes and five years after 9/11, Bush Republicans in Washington still have not taken that lesson to heart."

The report, titled "Broken Promises," says that thousands of families still are waiting for trailers from the Federal Emergency Management Agency; that an estimated 11 percent of the $19 billion spent by FEMA -- or about $2 billion -- has been wasted by fraud and abuse; and that 80 percent of Gulf Coast businesses with approved Small Business Administration disaster loans are still waiting for the money.

In a separate report on wasteful procurement spending, two California Democrats, Reps. Henry Waxman and Dennis Cardoza, plan to announce on Thursday the formation of a "truth squad" to expose fraud and abuse in Katrina contract awards.

Meanwhile, Vaccarella of Louisiana seemed to enjoy his "Forrest Gump" moment.

"You know, it's really amazing when a small man like me from St. Bernard Parish can meet the president of the United States," he said. "The president is a people person. I knew that from the beginning."

Bush had equally kind words for his visitor.

"Rock is a plain-spoken guy, he's the kind of fellow I feel comfortable talking to," said the president. "I told him that I understand that there's people down there that still need help. And I told him the federal government will work with the state and local authorities to get the help to them as quickly as possible."

Later, White House deputy press secretary Dana Perino said that when the invitation to meet with Bush was extended to Vaccarella, White House staffers did not know that he was a Republican who had once run for local office. The exchange between the president and Vaccarella ended as if the two were enjoying a convivial evening in a neighborhood bar.

"You're a good man, Rockey," said Bush, slapping Vaccarella on the back.

"You are too," Vaccarella responded, slapping the president on the back in return. "Thanks a bunch."

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As he walked along the White House driveway, Vaccarella talked with reporters, urging other Katrina survivors to "get rolling" and see the glass as half-full instead of half-empty.

"We get knocked down, we get back up, we're Americans," he said. "We got hit, we just need to get back on our feet and get rolling."

Then Vaccarella left, carrying a goody bag that he said contained a tie pin, a bookmark and other "tokens" from the president.

FEMA Director Visits Gulf Coast School (AP)

By Michael Kunzelman

The AP, August 23, 2006

A lack of housing is the Gulf Coast's top challenge on Hurricane Katrina's anniversary, the head of the Federal Emergency Management Agency said Wednesday during a tour of the region.

FEMA Director R. David Paulison met with some of the youngest victims of the Aug. 29 storm, telling students at D'Iberville Elementary School that his job is to help them.

"Things will get better," Paulison assured the children. "I know you'll get back in your homes soon."

Paulison asked 9-year-old Christopher Moreau, a fourth-grader, how he likes living in a FEMA trailer.

"Kind of not that roomy," Moreau said. "I'm used to a three-bed house."

Paulison told reporters later that his agency is eyeing alternatives to the trailers and mobile homes that have housed tens of thousands of Mississippi and Louisiana residents for a year.

Congress earmarked $400 million for a pilot program to replace trailers with so-called "Katrina cottages," which are billed as more comfortable, affordable alternatives to trailers.

Paulison also said that states in hurricane-prone areas are competing for shares of that money.

"I'm excited about it. I think it's the right thing to do," he said. "If there's another alternative (to trailers), we'll surely want to look at that."

Paulison also defended the agency's response to Katrina, which led his predecessor, Michael Brown, to resign under intense pressure last September.

On Wednesday, House Minority Leader Nancy Pelosi, D-Calif., and her Senate counterpart, Harry Reid, D-Nev., released a report asserting that "thousands of families are still waiting" for FEMA trailers and that a significant proportion of money that FEMA has spent there "has been waste, fraud and abuse."

Paulison, who said he had not yet seen the report, defended FEMA's response to Katrina and said the agency is better prepared to respond to another disaster.

"We've had some fraud. There's no question about it," he said. "But we've put things in place to fix that. I've had FEMA for nine months now. As issues come up, I'm making sure we fix those and address them."

FEMA also has improved its communications network and its systems for registering storm victims and finding them emergency housing, Paulison added.

"FEMA took 30 years to get where it is today. You're not going to fix it all in a couple months," he said. "However, I think we've fixed big pieces of it."

Charting A New Course (WSJ)

By Ann Carrns

The Wall Street Journal, August 24, 2006

As students streamed through the halls of recently reorganized O. Perry Walker High School in New Orleans last week, Principal Mary Laurie waded into the crowds. "Come on, young people! Two minutes! Quickly!" she bellowed, prowling the corridor with an old-fashioned hand bell. "Where are you going, young person? Hurry up!"

Before Hurricane Katrina, Walker High was among the worst schools in a city whose public education could be described as struggling, at best. Students arrived at class when they felt like it -- or not at all. One was shot in the leg in March 2005, a victim of a turf war. But change is afoot. Walker is one of a bumper crop of new charter schools that embody the most fervent hopes and immense challenges facing New Orleans public schools as they reopen, some for the first time, a year after the storm deluged their city.

More than half of 53 public schools expected to be open in New Orleans by early September -- 31 schools -- will be run independently under state and local charters issued to a dozen different organizations. Charter schools receive public funding and must meet public academic standards, but have great leeway in hiring staff, setting salaries, choosing a curriculum and managing daily operations. Some groups run the schools themselves, while others have hired private companies to do so.

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Proponents say charter schools' independence fosters innovation and better academic performance, while critics contend that empirical studies don't show charters to be superior to more traditional schools. Regardless of that debate, many people in New Orleans see charter schools as the key to a once-in-a-lifetime chance to remake New Orleans's public education system, and to eke some good out of the horror that was Katrina.

"This is truly an opportunity to hit a restart button," said Leslie Jacobs, vice president of the state Board of Elementary and Secondary Education. "We're taking advantage of that opportunity to design for the long term a very different model based on public-school choice."

Local public schools were, on the whole, abysmal before the storm, plagued by financial mismanagement and low expectations. Poor performance was "systemic," with a majority of schools deemed "academically unacceptable," according to a state report. Many of the city's school-age children, both white and black, attended private or parochial schools, in part due to the city's deep Catholic roots and more than 250-year history of church-operated schools. In recent years, public schools were largely attended by African-Americans, many from the city's poorest areas. The New Orleans population was about 67% black and 28% white, while the public schools were 93% black and 4% white. Almost three-quarters of all public-school students were eligible for free lunch.

After Katrina hit, every New Orleans public school shut down. In November, three months after the storm, the state of Louisiana used school-reform laws to take control of more than 100 city schools that had previously failed to meet state academic requirements. They were placed in a special "recovery" district, separate from the city system. At least half of the schools aren't being reopened at all this fall. Officials took applications from 44 independent charter groups hoping to run schools but only 10 were accepted. Some of the city's best public schools before Katrina, such as Lusher Elementary and Benjamin Franklin High, have also converted to charter status. As a result, New Orleans schools are now a hodgepodge operated under various authorities: independent charter groups, state officials and a few still under the control of the city's school board.

Already, initial enthusiasm over the charters has been tempered by the daunting realities of post-Katrina New Orleans, where schools must compete for a limited supply of experienced teachers and jockey for scarce contractors to do repairs. The registration process has been splintered, with varying application procedures and start dates, and has confounded some parents, many still struggling to find housing.

David Wells was shocked to learn that his sixth-grader was being wait-listed at his old school, Harte Elementary in the Algiers neighborhood because he hadn't re-enrolled his son in time. Mr. Wells had to scramble to get his son into a different charter school across the Mississippi River. "It was very disappointing."

Charter school experts say it is unprecedented to have so many charters open in a single city in the space of a year, never mind in a city with little charter school experience and massive infrastructure deficits.

"It will be pretty messy at first," said Greg Richmond, president of the National Association of Charter School Authorizers, a Chicago group hired by the state to help evaluate New Orleans charter-school applications. "You're starting from scratch. The challenges have been beyond anything any city has undertaken before."

Last week, less than three weeks before one charter school was to open, a rift between one charter school and its private company hired to operate it caused the state to revoke the charter and take over two of that association's three schools.

Even though many schools opened in August and most of the rest are scheduled to do so in just two weeks, an air of great uncertainty still prevails. The latest estimate is that at least 22,000 students are expected in the city's public schools this fall, compared with about 12,000 last spring and 65,000 before Katrina. The vast majority of students will be attending charter schools, but precise numbers aren't known.

On a recent sweltering morning, about 30 parents took numbers at the city's main public library and waited for a chance to register children for the Martin Luther King Jr. Charter School for Science and Technology. But construction delays at its renovated building in the Faubourg Marigny neighborhood pushed back the opening date from Aug. 17 to Sept. 6.

"I just pray it'll work out, because I don't like to have her out of school," said Philana Fortune, age 31, who had just returned to New Orleans from Texas and was trying to register her nine-year-old daughter at King. The school attended by her daughter before Katrina wasn't reopening.

Some signs of progress are visible though. At Tubman Elementary, Principal Patsy Gearing reported on opening day that several air conditioners weren't working. The Algiers Charter Schools Association, the largest single charter operator in the city, dispatched repair crews within an hour. "Before, that would have taken weeks," Ms. Gearing said.

The Algiers association is overseeing eight schools in the Algiers neighborhood -- higher ground on the so-called West Bank of New Orleans, across the river from the city's French Quarter and Central Business District. Algiers schools suffered primarily wind damage from Katrina, rather than flooding, and were repaired and reopened relatively quickly. The group opened six schools, including Walker, during the last school year and is adding two this year.

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Ms. Laurie, Walker High's principal, is working hard to change the school's culture. She now operates with her own budget, and has discretion over how best to use it. When she told Brian Riedlinger, chief executive of the Algiers association, that the school needed someone to handle administrative tasks, Mr. Riedlinger said he replied: "You have a budget; hire someone. ... She said, 'I can do that?' "

"As a principal in the public schools before, I never thought about the budget," Ms. Laurie said. "Now, I look at it differently." She has tried to redefine the school experience for students as well, gathering students each morning to focus them on the work ahead. At a recent morning meeting, Ms. Laurie told students they were "brilliant," and apologized that the school system failed them in the past. Yet she also demands respect. Repeated tardiness results in detentions. Students wear uniforms of khaki pants, black shoes and bright orange polo shirts, to foster school pride and make them easily identifiable. Cellphones are banned.

"The security is different, it's better," says Rondaneka Miller, age 18, a Walker senior considering a nursing career. "Before, class would be going on but you'd be talking. Now, you have to participate."

Storm's Escape Routes: One Forced, One Chosen (NYT)

By Shaila Dewan

The New York Times, August 24, 2006

ATLANTA, Aug. 23 — The small van, painted a heraldic bright green, is planted like a flag amid the frenetic commerce of Midtown, claiming a speck of territory for Louisiana. Customers line up at the window to order New Orleans-style snowballs: fluffy concoctions of ice, flavor and condensed milk so delicate they immediately begin to puddle in the heat.

To Kenneth Woodfin, an entrepreneurial 26-year-old who fled New Orleans a year ago as Hurricane Katrina approached, the van is not only his first business venture, but also an emblem of his family's new, more prosperous life in Atlanta. His younger sister works the window. His older sister, a bank teller, makes substantially more than she did back home, and her husband has landed his first white-collar job, at a car rental company. The couple is looking for a house to buy.

"It took some getting used to, but now I'm like, I love this place," Mr. Woodfin said. "It was like an eye-opening experience."

Among Atlanta's thousands of Hurricane Katrina evacuees, the Woodfins are not an anomaly. Many came here by choice and have put down roots, embracing what they say is a higher standard of living and melting into thriving neighborhoods almost without a trace. Some evacuees have even turned down offers to return home and resume their old jobs.

But for many New Orleanians who went west instead of east, especially those borne by fate rather than preference, exile has been a very different experience.

In Houston, it can seem as if the storm never ended. Many evacuees remain in restless limbo, unable to return home but alienated from their new city. Some are still reeling from trauma, others complain of discrimination against people from New Orleans. Still others have lapsed into old habits of unemployment and crime.

No matter where they ended up, of course, evacuees are not at peace over the destruction of their homes and communities. Everywhere, people are struggling with stress-related illnesses, insurance companies, nightmares and even basic needs like stable housing.

But the divergent experiences of those who went to Houston and those who went to Atlanta suggest that recovery depends on more than individual resources and demographics. Just as important are less quantifiable factors: a sense of welcome and connection, the presence of friends and family, even how narrowly they survived the disaster.

Atlanta's evacuees, more likely to have left New Orleans before the flooding, often express enthusiasm for starting over in a place where even dishwashers start at $7 an hour. It is not unusual to hear people here declare the hurricane a net positive in their lives. In Houston, a city that offers similar economic opportunity, the mood lies on the far side of resignation, closer to homesickness and despair.

"It's different from New Orleans as far as opportunity, but they don't want to open it up to people from Louisiana," said Alphonso Thomas, a 34-year-old evacuee in Houston. "Over 90 percent of the people here are either suicidal or hopeless."

Houston is home to nearly twice as many evacuees as Atlanta — an estimated 150,000 are there now, compared with a more manageable 84,000 in Atlanta, which partly explains the difference.

According to a recent study by Appleseed, a public interest law group, the huge numbers of evacuees in Houston strained resources like housing, despite the outpouring of money and help.

But there is a second, perhaps more significant, difference. It dates back to the storm itself, and whether people were willing or able to get out of its way.

Finding Their Way

At the invitation of the mayor, Houston received busload after busload of people who had lived — some just barely — through the flood and its dark aftermath. Thousands came directly from the hellish conditions of the Superdome, arriving with

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nothing but the clothes they were wearing. Although they were grateful — "Thanks Houston" bumper stickers soon appeared — they had not chosen their destination, and many knew not a soul in town. At one point, more than 27,000 people were staying at the Astrodome and its supplemental shelters.

But those who came to Atlanta had not waited until the storm hit. Once the hurricane warnings began, many came on their own steam, often in their own cars (the Woodfins, for example, had a caravan of three). That proved to be a tremendous advantage, because a lack of transportation has been a leading complaint for less fortunate evacuees in both cities.

And many evacuees felt more at home with, even inspired by, Atlanta's long tradition of black leadership and success.

While several New Orleans congregations have started thriving churches in Houston, none can boast a $500,000 donation from Tyler Perry, the black entertainment mogul and New Orleans native. Mr. Perry, who now lives in Atlanta, gave that money to Greater St. Stephen Full Gospel Baptist Church, a New Orleans congregation that opened a branch in an Atlanta suburb and says its membership there has soared.

Long before the hurricane, more New Orleanians had moved to Atlanta than to any other city, so evacuees had places to stay and familiar faces to guide them.

"Definitely it helped us, just in terms of getting around, because Atlanta is a huge city," said Anita Roberson Taylor, whose daughter had moved to Atlanta a month before the storm. "She opened her home to us."

That network also gave a boost to people like Anthony Fields, Mr. Woodfin's brother-in-law, who was having trouble finding a job until he ran into an old New Orleans friend who had been in Atlanta for two years and managed a car rental company.

The friend got Mr. Fields an interview for a sales agent position, which normally requires a college degree. Mr. Fields, 22, who formerly worked as an electrical assistant, got the job.

Hurricane Katrina, Mr. Fields said, had given him the push he needed to get ahead. "Some may be blind to the fact," he said, "but when all is said and done, it was a good thing."

Some Work as Others Wait

If the DNA of cities could be tested, Houston and Atlanta, each with metropolitan populations of just over five million, would be a close match. Both are sprawling, adolescent Sun Belt behemoths whose idea of density is a two-story apartment complex. Unemployment is low, as is the cost of living (though not compared with New Orleans). Atlanta, if anything, is the more competitive city, with slightly higher prices and rents.

But it is Houston where the mayor, Bill White, has resorted to publicly pleading with able evacuees to go to work. A survey in June of the 90,000 evacuees in the city's free housing program, commissioned by the city from Zogby International, showed that only a fifth were employed. (Another 60,000 evacuees were not in the program and are thought to be families with greater resources and skills, many of whom like Houston and are thriving.)

Still, the mayor's reasoning was clear. More than 5,000 jobs are available in Houston, Mr. White said, and nearly 70 percent of the adult evacuees in the housing program were wage earners before the storm. Only about a third, including the elderly and disabled, were on federal assistance. The problem was, though, that most of those who had worked made less than $15,000 a year, many at hotel and restaurant jobs that are not as abundant in Houston. Nearly a third are 55 or older, and most are single women, many with young children. More than 40 percent have no health insurance.

There is no comparable demographic information about the storm evacuees in Atlanta. But even though about the same percentage of evacuees in both cities lived in public housing before the storm, the widely held perception is that Atlanta got a majority of the New Orleans professional class. Interviews with pastors, officials at aid agencies and job counselors suggest that finding employment has been far easier here.

Many evacuees did not even bother to ask for help, said Mark O'Connell, the president of United Way in Atlanta, leaving civic leaders uncertain of what was needed.

"I have to believe the largest number of evacuees self-navigated," Mr. O'Connell said. "This community, like Houston, was willing to do anything. The challenge for us all along was knowing what to do."

Angela Stewart, who evacuated to Atlanta with her husband and two other couples, quickly found a teaching job that paid almost as well as her previous position as an assistant principal and bought a new, larger house.

"Everyone is working," Ms. Stewart said of the six adults, "all the kids are in school, and things are just moving along. We have just picked up a new life here — very different, but very nice."

Many of Houston's evacuees say they are trying to find work. In the city's survey, more than half reported that they were still looking for a job, and a quarter said they had submitted 10 applications or more. Some, like young mothers who had relied on family networks for survival, required training as basic as what to wear to a job interview. But even people with white-collar experience or graduate degrees have reported trouble finding a job. Others, still uncertain about whether and when they will return home, have not yet looked.

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The hurdles in Houston include lower wages, more rigorous qualifications, and a reluctance to invest in employees who might return home at any time. D. B. Spurlock, who taught school in New Orleans, said he failed the Texas teacher certification test. Mr. Spurlock now works seven days a week as a security guard, for $8 an hour. Shawna Kimbrough, a carpenter and welder, said she had been offered the same wage, $8 an hour, for work that paid twice that back home. At age 70, Lutisha Smith said, she had to go back to school to qualify for the same job, nurse's assistant, that she was paid more money to do in New Orleans.

Wallace J. Forte, 57, an experienced forklift operator, said he was being offered entry-level positions at $6 an hour. "They look at you, like, 'Tough,' " Mr. Forte said.

All the same, Mr. Spurlock said he and his family would sooner move from Houston to Atlanta or Florida than return to New Orleans. "I want a change of life," he said. "I feel like the government's giving you an opportunity to get on your feet with FEMA."

Battling a Mind-set

"Shake your neighbor's hand and tell them, 'This won't last long,' " said the pastor from New Orleans, bellowing to the displaced flock of the New Home Family Worship Center on a recent Sunday in the rented ballroom of a Houston Hilton.

"This won't last long!" the congregation said.

"If you get to the point where you feel like you want to jump off a building, or swallow you some pills, remember: it's temporary," the pastor, Robert Blakes Jr., said. "It's not going to last. Shake your neighbor's hand and tell them, 'It's temporary.' "

"It's temporary!"

Mr. Blakes's mention of suicide was more than rhetorical excess. Depression and symptoms of post-traumatic stress have plagued evacuees in Houston, in part because of a pervasive sense of isolation. Unlike in Atlanta, where integration was rapid, the sheer number of evacuees in Houston has ensured that they have remained a separate category of resident, one other Houston residents regard with ambivalence.

The local news, first filled with proud stories of the city's superhuman welcome, followed with reports of evacuees fighting in schools, crowding public clinics and, worst of all, contributing to a significant spike in the city's crime rate. In Atlanta, that kind of news was rare.

"I think they feel discouraged because they're being so stereotyped right now," said Sandra Dorsey, an evacuee working at another transplanted church in Houston. "It's almost like everything that happens is because of people from Louisiana. If you're not strong, that can overtake you."

While those who fled to Atlanta before the storm watched the devastation on television, many Houston evacuees lived through it, and their memories of chaos and corpses are persistent. It was several months and two hospitalizations before Rosemary Thomas, 75, realized she needed treatment for anxiety.

"When I'd wake up in the morning, I felt like I was dying, because I was seeing the same thing over and over and over," said Ms. Thomas, who went to Houston after being guided by rescuers through chest-high water. "And I could still see the last body. I remember his arm. Like a tree or a log."

While Mr. Blakes followed his congregants to Houston, his brother Samuel, also a pastor in New Orleans, opened another New Home church in Atlanta. But on a recent Sunday, Samuel Blakes delivered a very different sermon, one that centered on the importance of delegation and setting priorities. It was not a rallying cry for the dejected, but an admonishment to the busy, those who might be too preoccupied with new jobs, new houses and new schools to remember that God comes first.

Not all who came to Atlanta have had such pleasant distractions. Jobs for the unskilled are hard to come by, and employers have complained about high absenteeism, said Jennifer Moore, a job counselor for evacuees, adding that her most challenging clients brought with them a healthy sense of entitlement to government handouts, even as they needed prodding to take advantage of training, child care and eye exams. Mental distress, family strife, evictions and substance abuse are on the rise, Ms. Moore said. The elderly, in particular, long to go home.

But Samuel Blakes, who describes his congregation as predominantly working class, said most were not looking back to New Orleans.

"I've had nothing but positive feedback, and I've heard nothing but positive things," Mr. Blakes said. "For a lot of people, it's just deliverance from a poverty mind-set. It's been a real liberation where their minds are concerned. They've had the opportunity to see real possibilities."

TSA To Maintain Its Ban On Liquids And Gels (WP)

By Del Quentin Wilber

The Washington Post, August 24, 2006

Two weeks after authorities banned passengers from carrying most gels and liquids on board airlines, the nation's top aviation security official yesterday said he did not have a timetable for scaling back the restrictions.

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"The threat is not over," said Edmund S. "Kip" Hawley, administrator of the Transportation Security Administration. "This issue is not by any means over. . . . We're not going to feel a pressure on time."

Security officials said they were constantly adjusting and examining the list of items banned on Aug. 10 in response to a potential terror plot that British police said they had uncovered. Among the items that were banned from passengers' carry-on bags were bottled water, toothpaste and hair gel.

Hawley declined to discuss specifics of his plans to revisit the restrictions.

Security officials at the TSA said they would be surprised if the new rules were not still in place over Labor Day weekend, a heavy travel period for the airline industry.

In the days after hastily enacting the bans, authorities amended the restricted items, allowing passengers to bring medications, baby food and solid lipsticks on airplanes. The TSA also began requiring passengers to remove their shoes to be X-rayed.

Hawley said no changes would be made until authorities had finished studying the plot and other potential threats.

"That is a very high priority right now, analyzing what exactly they were going to do, what exactly was it, how would it work, how would we detect it, how would we stop it," Hawley said during a question-and-answer session with reporters from The Washington Post and Associated Press during a taping of C-SPAN's "Newsmakers" program, which is scheduled to air at 10 a.m. Sunday. "As the course of investigation continues, and we learn more and we do more science on it, that is going to guide us to say, 'Yeah, we can make that change in the security regime.' "

In the first days after the new restrictions, analysts and aviation industry leaders worried that the bans could hurt the airlines because many travelers would not want to deal with the hassle of checking bags.

Airlines have reported that the number of checked bags has risen substantially since the restrictions were enacted but said there has not been a decline in ticket sales.

Worried that some business travel might decline after the busy summer season, airlines are closely tracking bookings for September and will be paying attention to trends as the late-year holiday travel season approaches, analysts said.

"The big airlines are monitoring this very closely," said Ray Neidl, an analyst with Calyon Securities Inc. "So far, people have adjusted. . . . Everybody, the traveling public, the airlines, the TSA, want to get rid of the unnecessary restrictions. But they are being very cautious."

John Meenan, the chief operating officer of the Air Transport Association, a trade group that represents U.S. carriers, said that he believes the restrictions will "continue to evolve."

"If the security situation permits, we would very much like to see the programs adjusted to accommodate passenger service," Meenan said.

Checked Luggage Strains Security (USAT)

By Thomas Frank

USA Today, August 24, 2006

Air travelers are checking an unprecedented amount of luggage after the recent disclosure of an alleged terrorist plot, an onslaught that threatens to overwhelm bomb detectors and create security gaps, the nation's aviation-security chief said Wednesday.

In an interview with USA TODAY, Transportation Security Administration head Kip Hawley said there has been a 20% surge in checked luggage at U.S. airports since liquids were banned from carry-on bags Aug. 10.

Domestic passengers usually check almost 1 billion bags each year, according to the Air Transport Association, an airline trade group. The increase means that the nation's security screeners are handling more than half a million additional checked bags each day.

The sudden increase “puts on a strain that could result in some vulnerabilities,” Hawley said. The system that screens all checked luggage for bombs “is being stressed,” he said.

“It's the pressure on the system that leads to people saying, ‘Hurry, hurry, hurry,' ” Hawley said. “We want our (screeners) to focus on their security job without cutting corners because of volume pressure. … Anytime you have a system that's overwhelmed, that's where failure is a concern.”

Many travelers have stopped using carry-ons since the TSA barred passengers from taking most liquids, gels and lotions onto flights after British investigators said they had thwarted a plot to destroy U.S.-bound jets with liquid explosives.

The increase in checked bags could lengthen lines at airports. At San Francisco International Airport, the increase has slightly increased lines at check-in counters and added 10-15 minutes to the wait at baggage carousels, airport spokesman Mike McCarron said.

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A June report by the Government Accountability Office, Congress' investigative arm, said that when luggage-screening machines get backed up, the TSA uses alternative procedures such as bomb-sniffing dogs and hand searches. Those procedures "involved trade-offs in security effectiveness," the report said.

The impact is "not fully known because the TSA has not tested the effectiveness of alternative screening procedures," the report said.

Cris Soulia, a screener at San Diego International Airport, said time pressure has always been an issue.

"When you get airlines and (TSA) upper management breathing down your neck, maybe it's not something intentional that you're doing, but it's like, 'What do I need to do to make these people happy and go away?' " Soulia said.

He said screeners were required to work six days last week to handle extra baggage. At Boston's Logan International Airport, "everybody just volunteered" to work overtime, Boston screener A.J. Castilla said.

WAR NEWS:

Bush's New Iraq Argument: It Could Be Worse (WP)

By Peter Baker, Washington Post Staff Writer

The Washington Post, August 24, 2006

Of all the words that President Bush used at his news conference this week to defend his policies in Iraq, the one that did not pass his lips was "progress."

For three years, the president tried to reassure Americans that more progress was being made in Iraq than they realized. But with Iraq either in civil war or on the brink of it, Bush dropped the unseen-progress argument in favor of the contention that things could be even worse.

The shifting rhetoric reflected a broader pessimism that has reached into even some of the most optimistic corners of the administration -- a sense that the Iraq venture has taken a dark turn and will not be resolved anytime soon. Bush advisers once believed that if they met certain benchmarks, such as building a constitutional democracy and training a new Iraqi army, the war would be won. Now they believe they have more or less met those goals, yet the war rages on.

While still committed to the venture, officials have privately told friends and associates outside government that they have grown discouraged in recent months. Even the death of al-Qaeda's leader in Iraq proved not to be the turning point they expected, they have told associates, and other developments have been relentlessly dispiriting, with fewer signs of hope.

Bush acknowledged this week that he has been discouraged as well. "Frustrated?" he asked. "Sometimes I'm frustrated. Rarely surprised. Sometimes I'm happy. This is -- but war is not a time of joy. These aren't joyous times. These are challenging times and they're difficult times and they're straining the psyche of our country."

Presidential counselor Dan Bartlett said Bush and his advisers still believe progress is being made and the war will be won. "No question about it, the last three months have been much more challenging," he said. "Are we always going to be pleased with the pace? No. There are days that are frustrating. But is the overall direction going the right way? . . . The answer to that is yes."

The tone represents a striking change from what critics considered an overly rosy portrayal of Iraq, and the latest stage in a year-long evolution in message.

With sectarian violence flaring into some of the worst bloodshed since the March 2003 invasion, the White House felt the need to connect with the anxiety in the American public. "Most of the people rightly are concerned about the security situation, as is the president," Bartlett said.

But with crucial midterm elections just 2 1/2 months away, Bush and his team are trying to turn the public debate away from whether the Iraq invasion has worked out to what would happen if U.S. troops were withdrawn, as some Democrats advocate. The necessity of not failing, Bush advisers believe, is now a more compelling argument than the likelihood of success.

Using such terms as "havoc" at Monday's news conference, Bush made no effort to suggest the situation in Iraq is improving. Instead, he argued: "If you think it's bad now, imagine what Iraq would look like if the United States leaves before this government can defend itself."

Christopher F. Gelpi, a Duke University scholar whose research on public opinion in wartime has been influential in the White House, said Bush has little choice.

"He looks foolish and not credible if he says, 'We're making progress in Iraq,' " Gelpi said. "I think he probably would like to make that argument, but because that's not credible given the facts on the ground, this is the fallback. . . . If the only thing you can say is 'Yes, it's bad, but it could be worse,' that really is a last-ditch argument."

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As recently as two weeks ago, Bush was still making the case that things in Iraq are better than they seem. The new Iraqi government "has shown remarkable progress on the political front," he said on Aug. 7, calling its mere existence "quite a remarkable achievement."

The White House and the Republican National Committee regularly send e-mails to supporters and journalists highlighting positive developments. In yesterday's Wall Street Journal, an article by U.S. Ambassador Zalmay Khalilzad argued that a shift in security operations in Baghdad has shown "positive results" and said that "this initial progress should give Iraqis, as well as Americans, hope about the future."

Defense Secretary Donald H. Rumsfeld said on a radio show this week that violence is largely limited to four of 18 provinces and that "the government now is starting to get its legs under it."

But Bush has been ruminating on the different nature of Iraq and the battle with Islamic radicals and how hard it is to define victory. "Veterans of World War II and Korea will tell you we were able to measure progress based upon miles gained or based upon tanks destroyed, or however people measured war in those days," he said in a speech last week. "This is different . . . and it's hard on the American people, and I understand that."

Sen. John McCain (R-Ariz.), a strong supporter of the war, suggested this week that the Bush team has only itself to blame for setting unrealistic expectations.

"One of the biggest mistakes we made was underestimating the size of the task and the sacrifices that would be required," McCain said. " 'Stuff happens,' 'mission accomplished,' 'last throes,' 'a few dead-enders.' I'm just more familiar with those statements than anyone else because it grieves me so much that we had not told the American people how tough and difficult this task would be."

Such statements, he said, have "contributed enormously to the frustration that Americans feel today because they were led to believe this could be some kind of day at the beach." Sen. Lindsey O. Graham (R-S.C.) offered a similar assessment. "I think we undersold how hard the war would be," he told reporters this week. "I think we oversold how easy it would be to create democracy. I think we missed by a mile how much it would cost to rebuild Iraq."

Through much of the war, Bush and his advisers focused on meeting benchmarks laid out for rebuilding Iraq -- writing a new constitution, electing a new parliament, bringing disaffected Sunnis into the government and training Iraqi troops. As long as those benchmarks were met, the president had tangible events to point to as evidence of progress.

But the last step in that original timetable, election of a permanent parliament last December, has come and gone with no end to the violence. When Bush mentioned that election at his news conference, he depicted it not as progress but a sign that Iraqis want progress. "It's an indication about the desire for people to live in a free society," he said.

Bush used to mention the number of Iraqi troops trained as another barometer to watch, suggesting that once a new army is in place, it could defend its country. Yet 294,000 Iraqi troops have been trained, just shy of the goal of 325,000, and no U.S. official expects to turn over the war entirely to them anytime soon.

Instead, Bush has publicly emphasized how much his administration is changing tactics to deal with the evolving threats in Iraq, and he has privately reached out for advice about further steps to take. He had lunch at the Pentagon last week with four Middle East experts to solicit ideas about how to stabilize Iraq.

"I would say he was deeply concerned about how many lives are being lost, both American and Iraqi, and how much this is costing the American taxpayer," said Eric Davis, a Rutgers University professor who was among those invited, who urged Bush to launch a New Deal-style economic program in Iraq. "He would like to see progress sooner rather than later."

Bush Revives, Revamps Message (AP-Y)

By Tom Raum

AP, August 24, 2006

In the thick of an election campaign, President Bush has revived and retooled his argument that the U.S. must fight terrorists overseas or face them here. Despite the unpopularity of the Iraq war, some GOP candidates are borrowing Bush's line.

"We leave before the mission is done, the terrorists will follow us here," Bush warned at a news conference this week.

Rep. Curt Weldon, R-Pa., locked in a tight Philadelphia-area re-election race, went a step further. "We either fight them there, or we fight them in the supermarkets and streets here," he said Wednesday in an interview with CNN.

Bush is not on the ballot this midterm election year. But control of the GOP-led Congress is. So the elections could determine the fate of what's left of Bush's second-term agenda.

The fight-them-there theme has been part of Bush's national security stump speech since 2003. But the "follow us here" part is a relatively new twist.

Noting polls that show growing Iraq war opposition, Bush and other Republicans have been stressing links between Iraq and the broader war against terrorism — a connection Democrats generally dismiss.

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They've also been trumpeting their record of urging aggressive action against terrorists.

"What you're seeing here is a restatement of what the administration, and I think most Republicans, consider to be a truth, which is that Iraq is right now the principal battleground in the war on terror," said GOP consultant Rich Galen.

The foiling by British authorities of an alleged terrorist plot to blow up U.S.-bound planes gave new impetus to the terrorism issue for Republicans — even as it underscored that potential terror strikes against the United States could come from anywhere.

An AP-Ipsos poll released Wednesday found that 60 percent of Americans believe that in the long run there will be more terrorism in the United States because of the war in Iraq.

That's up substantially from an AP-Ipsos poll taken in December 2003, after the capture of Saddam Hussein, when the figure was 40 percent.

In the new poll, 40 percent of Republicans said they believe there will be more terrorism in the U.S. because of the war. That compares with 74 percent of Democrats. The poll of 1,001 adults, taken Aug. 7-9, had a margin of sampling error of plus or minus 3 percentage points.

Also, a CBS-New York Times poll on Wednesday said just 44 percent of Americans now consider the Iraq conflict part of the broader war on terror — as the administration contends — down 10 points from June. More than half now say it is not.

"That's exactly why the president is refocusing on this, to remind people that that's an incorrect assessment. They are tied together," said Galen.

Stephen Cimbala, a professor at Penn State University who studies the interaction between war and U.S. politics, said Bush and Republican leaders clearly have decided that emphasizing their leadership in fighting terrorism is the best way to maintain congressional GOP majorities.

"And the more issues they can commingle with the war on terror, the better for them," Cimbala said.

Republicans hope that by cranking up their rhetoric on fighting terrorism they can offset the growing opposition to the Iraq war and blunt Democratic calls for troop withdrawals.

"That's their strategy and message: We're going to make you safer at home if we fight the terrorists there," said James Thurber, a political scientist at American University. "The language may have changed, but the theme has not."

Is Bush right? Will staying in Iraq keep the U.S. from having to fight terrorists at home?

"It's partly true and partly not true," said Jon Alterman, director of the Middle East Program with the Center for Strategic and International Studies.

He said al-Qaida and other terror groups who once found refuge in lawless places like Afghanistan would probably fill any vacuum in Iraq created by departing U.S. troops, setting up training camps and lines of communication.

"But what is also true is that sometimes in fighting a war on terror, you create the conditions under which more people decide to be terrorists," Alterman said. "there's a lot on both sides of the ledger. Part of it depends on how Iraq turns out and part of it depends on the conduct of U.S. policy."

More and more Republicans, even war supporters like Sen. John McCain, R-Ariz., are voicing unhappiness with the administration's efforts to sell the war to Americans.

McCain, a potential 2008 presidential candidate, said Tuesday the administration had misled Americans into believing the conflict would be "some kind of day at the beach." McCain was in Ohio campaigning for Republican Sen. Mike DeWine, who is in a tough re-election fight in which the war is a key issue.

White House spokeswoman Dana Perino on Wednesday disputed McCain's characterization, saying the president "has been consistent in saying how tough and difficult it's going to be" to stabilize Iraq.

"But he also said it would be a mistake if we left, and that the terrorists would follow us here," Perino said, reprising Bush's line.

White House Fires Back At McCain's Comment On Iraq (WT)

By Stephen Dinan, The Washington Times

The Washington Times, August 24, 2006

The White House yesterday fought back against Sen. John McCain's assertion that the administration wrongly led the nation into thinking the Iraq war would be easy, even as a new poll suggests that for the first time since it began a majority of Americans don't think the war is part of the fight against terrorism.

"It is difficult, and the president has said it is going to be difficult from the beginning," said White House spokeswoman Dana Perino, who called it "puzzling to me" that Mr. McCain's comments were gaining attention because, she said, he had made similar criticisms before.

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Mr. McCain, who has been a staunch defender of the war, said while campaigning in Ohio for Sen. Mike DeWine that the public had been "led to believe this could be some kind of day at the beach," and listed the claims of top administration officials that indicated an easier war.

"I think one of the biggest mistakes we made was underestimating the size of the task and the sacrifices that would be required," Mr. McCain said. "Stuff happens, mission accomplished, last throes, a few dead-enders. I'm just more familiar with those statements than anyone else because it grieves me so much that we had not told the American people how tough and difficult this task would be."

Though she said she hadn't seen Mr. McCain's comments directly, Mrs. Perino rattled off three different occasions when Mr. Bush said the fight would be hard, including at the beginning of the war on March 19, 2003, again two months later even after he he had stood beneath a "mission accomplished" banner, and then most recently during a press conference Monday.

Despite challenging his comments, the White House was careful to praise the senator, indicating just how powerful a political figure Mr. McCain is.

"He is a senator who is not shy about sharing his views. That's one of the reasons he is such a unique figure in American politics, and also one of the most popular," Mrs. Perino said.

A McCain spokesman yesterday said the senator was out of the country traveling and didn't have anything more to add.

Mr. McCain has become a yardstick that Democratic challengers are using to attack Republicans. That is natural in Arizona, Mr. McCain's home state, but yesterday Rep. Sherrod Brown, the Democratic member of Congress who is running to unseat Mr. DeWine, pointedly noted that Mr. DeWine did not agree with Mr. McCain.

"Instead of echoing McCain's remarks, DeWine yesterday again failed to criticize the administration's handling of the war or to call for an exit strategy," Mr. Brown's campaign said in a statement.

The National Republican Senatorial Committee tried to steer the conversation back to the political campaign, pointing out that Mr. McCain had strongly endorsed Mr. DeWine and said they share "basically the same" voting record, while Mr. Brown's voting record is "drastically different."

President Bush on Monday put Iraq squarely at the top of this year's political campaigns, saying the two parties had profound differences in how they would handle the war.

Mr. Bush has argued that Iraq is a major part of the war on terror, but a CBS-New York Times poll released yesterday found that 51 percent of Americans now say the conflict in Iraq is "separate from the war on terrorism," a jump of 10 percentage points since June. Still, the same poll found Mr. Bush also scored his highest marks in more than a year on his handling of the war on terror, with 55 percent approving.

A Plan To Hold Iraq Together (WP)

By Joseph R. Biden Jr.

The Washington Post, August 24, 2006

Four months ago, in an opinion piece with Les Gelb, president emeritus of the Council on Foreign Relations, I laid out a detailed plan to keep Iraq together, protect America's interests and bring our troops home. Many experts here and in Iraq embraced our ideas. Since then, circumstances in Iraq have made the plan even more on target -- and urgent -- than when we first proposed it.

The new, central reality in Iraq is that violence between Shiites and Sunnis has surpassed the insurgency and foreign terrorists as the main security threat. Our leading civilian and military experts on Iraq -- Ambassador Zalmay Khalilzad and Gens. George Casey, Peter Pace and John Abizaid -- have all acknowledged that fact.

In December's elections, 90 percent of the votes went to sectarian lists. Ethnic militias increasingly are the law in Iraq. They have infiltrated the official security forces. Sectarian cleansing has begun in mixed areas, with 200,000 Iraqis fleeing their homes in recent months for fear of sectarian reprisals. Massive unemployment feeds the ranks of sectarian militias and criminal gangs.

No number of troops can solve this problem. The only way to hold Iraq together and create the conditions for our armed forces to responsibly withdraw is to give Shiites, Sunnis and Kurds incentives to pursue their interests peacefully and to forge a sustainable political settlement. Unfortunately, this administration does not have a coherent plan or any discernible strategy for success in Iraq. Its strategy is to prevent defeat and hand the problem off when it leaves office.

Meanwhile, more and more Americans, understandably frustrated, support an immediate withdrawal, even at the risk of trading a dictator for chaos and a civil war that could become a regional war.

Both are bad alternatives. The five-point plan Les Gelb and I laid out offers a better way.

First, the plan calls for maintaining a unified Iraq by decentralizing it and giving Kurds, Shiites and Sunnis their own regions. The central government would be left in charge of common interests, such as border security and the distribution of oil revenue.

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Second, it would bind the Sunnis to the deal by guaranteeing them a proportionate share of oil revenue. Each group would have an incentive to maximize oil production, making oil the glue that binds the country together.

Third, the plan would create a massive jobs program while increasing reconstruction aid -- especially from the oil-rich Gulf states -- but tying it to the protection of minority rights.

Fourth, it would convene an international conference that would produce a regional nonaggression pact and create a Contact Group to enforce regional commitments.

Fifth, it would begin the phased redeployment of U.S. forces this year and withdraw most of them by the end of 2007, while maintaining a small follow-on force to keep the neighbors honest and to strike any concentration of terrorists.

This plan is consistent with Iraq's constitution, which already provides for the country's 18 provinces to join together in regions, with their own security forces and control over most day-to-day issues. This plan is the only idea on the table for dealing with the militias, which are likely to retreat to their respective regions instead of engaging in acts of violence. This plan is consistent with a strong central government that has clearly defined responsibilities. Indeed, it provides an agenda for that government, whose mere existence will not end sectarian violence. This plan is not partition -- in fact, it may be the only way to prevent violent partition and preserve a unified Iraq.

To be sure, this plan presents real challenges, especially with regard to large cities with mixed populations. We would maintain Baghdad as a federal city, belonging to no one region. And we would require international peacekeepers for other mixed cities to support local security forces and further protect minorities. The example of Bosnia is illustrative, if not totally analogous. Ten years ago, Bosnia was being torn apart by ethnic cleansing. The United States stepped in decisively with the Dayton Accords to keep the country whole by, paradoxically, dividing it into ethnic federations. We even allowed Muslims, Croats and Serbs to retain separate armies. With the help of U.S. troops and others, Bosnians have lived a decade in peace. Now they are strengthening their central government and disbanding their separate armies.

At best, the course we're on has no end in sight. At worst, it leads to a terrible civil war and possibly a regional war. This plan offers a way to bring our troops home, protect our security interests and preserve Iraq as a unified country. Those who reject this plan out of hand must answer one simple question: What is your alternative?

The writer is a senator from Delaware and the ranking Democrat on the Foreign Relations Committee.

General: Iran Training Shiite Insurgents (AP)

By Lolita C. Baldor

AP, August 23, 2006

The Iranian government is training and equipping much of the Shiite insurgency in Iraq, a senior U.S. general said Wednesday, drawing one of the most direct links by the Pentagon.

Brig. Gen. Michael Barbero also said it was too soon to tell if the latest security crackdown in Baghdad has proved successful.

Barbero said it is a "policy of the central government in Iran" to destabilize Iraq and increase the violence there.

"I think it's irrefutable that Iran is responsible for training, funding and equipping some of these (Shiite) extremist groups and also providing advanced IED technology to them," Barbero said. "IED" refers to the improvised explosive devices — roadside bombs — that have caused much death and destruction in Iraq.

Barbero, deputy director of operations for the Joint Chiefs of Staff, said it would be inappropriate to specify when, where and how many Iranians have been training Iraqi insurgents.

Defense Secretary Donald H. Rumsfeld and other U.S. military leaders have talked about Iran's funding of the insurgency, but generally have been reluctant to directly blame the Tehran government.

Barbero said there continue to be problems policing the borders, particularly the one between Iraq and Syria, as Iraqis construct forts and slowly build up their own border patrol forces.

While some incidents of violence have declined a bit in Baghdad, Barbero said it is too early to tell if U.S. and Iraqi forces are winning the war there.

"After several weeks, we're not ready to make an assessment," he said.

Despite a recent buildup, Barbero said the Pentagon still intends to reduce the number of troops in Iraq as conditions improve and the Iraqis take over more control of their security.

Critics who question whether the U.S. military has a plan to win the peace in Iraq point to recent announcements increasing the number of American troops there — more than three years after the war was launched.

In recent weeks, the U.S. has increased the number of troops there from a low of about 125,000 in June, to the current level of 138,000 — all part of an effort to stem the escalating violence in Baghdad.

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On Tuesday the Marines announced they will involuntarily recall thousands of Marines to active duty to fill positions largely in Iraq and Afghanistan. No more than 2,500 would be brought back at any one time.

The recent moves will make it difficult for the military to meet its previously stated goal of decreasing the number of troops in Iraq to about 100,000 by the end of the year.

The latest call-up, is "a warning that valuable resources are being misspent on the conflict in Iraq rather than being sent to the front lines in the war on terrorism," said Rep. Ike Skelton, the top Democrat on the House Armed Services Committee.

'Shiite Giant' Extends Its Reach (WP)

By Ellen Knickmeyer

The Washington Post, August 24, 2006

KUFA, Iraq -- Pumping their fists in the air, the men and boys inside the colonnaded mosque shouted their loyalty to Shiite Muslim leader Moqtada al-Sadr. "Hasten the coming of the Mahdi!" thousands chanted in the baking sun of the open-air mosque, summoning the central religious figure of Sadr's movement. "And curse his enemies!"

Booming loudspeakers outside the mosque echoed the devotion of Sadr's followers converging for Friday prayers last month in Kufa, the cleric's spiritual base outside the Shiite holy city of Najaf. "Moqtada! Moqtada!" martial male voices intoned over the loudspeakers in rhythmic cadence with the footsteps of the gathering worshipers. "Even the child in the mother's cradle cries: 'Moqtada! Moqtada!' "

Sadr's followers answer as one when his movement calls them, and his organization of social, religious, political and military programs -- as well as the young clerics, politicians and fighters around him -- has become the most pivotal force in Iraq after the United States.

Millions of Sadr's supporters turned out in December elections to give his movement the largest bloc in parliament, which in turn put him in control of four government ministries. Thousands of male followers abandoned their homes and jobs when a bomb destroyed a Shiite shrine in Samarra on Feb. 22, rallying at Sadr headquarters on a night and day of retaliatory bloodletting that plunged Iraq into sectarian war.

While opposition to the U.S. military presence in Iraq remains one of its core tenets, the Sadr movement's militia, called the Mahdi Army, took heavy casualties in two military uprisings against better-armed, better-trained U.S. forces in 2004. Today, according to Sadr leaders and outside analysts, the movement is husbanding its strength and waiting for American troops to go.

Sadr "clearly is the most potent political figure, and the most popular one," in Iraq, said Joost Hiltermann, Middle East project director for the Brussels-based International Crisis Group. "Unless directly provoked, Sadrists will lay low, because they know the Americans' time in Iraq is coming to an end," he said. "Why would they risk another major loss of fighters if it's not necessary? Americans in their eyes are already defeated -- they're going to leave."

In the plainly furnished front room of his simple house in Najaf, one of Sadr's top aides agreed.

"The first time the Sadr trend fought them, it was forced on us," said Riyadh al-Nouri, a brother-in-law of Sadr's, reflecting the movement's belief that American military and civilian leaders provoked the confrontations with the cleric's followers in 2004. "We had no choice. Sayyid Moqtada didn't want to fight," Nouri said, using a religious honorific for Sadr. "This time, it might be the people who are mad and upset who would do this again. But as of now, in terms of orders from the Sadr trend, it doesn't call for these things."

"Until now, the Shiite giant has not begun to move. But if things come to a dead end," Nouri added, Shiite religious authorities "could take a decision to move him. It depends on them."

"Until now, they have patience," Nouri said.Building a Movement

The movement that Sadr now leads took shape in the seminaries of Najaf, a theological center of the Shiite world, as clerics in the second half of the 20th century sought to counter what were then growing secular and nationalist movements in the Arab world. Sadr's own work since the U.S.-led invasion builds upon the social and health programs for Shiite poor begun by his father, Grand Ayatollah Mohammed Sadiq al-Sadr, in the 1990s. Sadr's father died with two of his sons in 1999, in an assassination believed to have been ordered by Iraqi President Saddam Hussein.

The Sadr movement's ultimate goal is a "united Islamic state," Bahaa al-Araji, a senior lawmaker in the Sadr political bloc, said in an interview. In Baghdad's Sadr City and other areas under Sadr's control, women uniformly cover their hair with scarves in the style of conservative Muslims. Islamic scholars operating with Sadr's office help arbitrate divorces, inheritances and other social matters in accordance with religious law. And fighters claiming to be part of Sadr's Mahdi Army -- named for a figure some Muslims believe will usher in an era of justice and true belief just before the end of time -- enforce a stringent Islamic code that includes the prohibition of alcohol and help enforce the orders of extrajudicial Islamic courts.

The movement is highly structured, largely along the lines of the Lebanese Hezbollah organization, building for its followers a state within a state while also acquiring a share of power in Iraq's formal government. Sadr, like Hezbollah, built popularity in

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part by providing social services such as health care. Because he controls the Health Ministry, and with it the hospitals and clinics of Iraq, his followers bear their children in public hospitals decorated with posters of the young cleric. They go to their graves washed by workers of a Sadr charity at a sprawling Shiite cemetery in Najaf, at a cost of 5,000 dinars, about $3.40, one-fifteenth of what grieving families outside Sadr's network pay. Sadr also sponsors the God's Martyr Foundation, which supports veterans and the families of fighters who are killed.

Under a tithing system followed by Sadr's movement and many other mainstream Shiite groups, those who are financially capable give one-fifth of their income, capital investments or both to their religious leaders.

At Sadr's busy headquarters in Najaf last month, a steady stream of men poured in to sign up for a Sadr recruitment drive in the name of rebuilding the Samarra shrine. Younger men offered their labor. Other followers offered cash, including a proud grandfather who prodded forward a toddling grandson clutching two crisp U.S. $5 bills.

Describing the method of building Sadr's organization, Araji said, "We now see resistance should be political, and not military."Avoiding Confrontation

Sadr's relationship with the occupying U.S. forces has been hostile, and at times violent. In early 2004, L. Paul Bremer, then the top U.S. administrator in Iraq, declared Sadr an "outlaw." Bremer's spokesmen announced a murder warrant accusing Sadr in the stabbing death of a fellow Shiite cleric. Sadr's forces battled against the U.S. military in Sadr City, Najaf and across the south that year. But in elections in 2005, Sadr's movement participated in the political process and, along with other Shiite parties, claimed power and became part of the government.

Today, Sadr's movement remains wary of the U.S. forces now trying to impose order on chaotic Baghdad. Mahdi Army fighters openly operate checkpoints in Sadr City and elsewhere, standing at intersections and positioning themselves between two lanes of traffic on Sadr turf, scanning each car for strangers. They have sometimes taken Sunni Arab men away for detention or execution, according to Sunni witnesses. But they hide their weapons from American eyes, tucking pistols in waistbands under their shirts or hiding automatic rifles behind doorways.

When U.S. patrols roll into Sadr City, Mahdi Army patrols melt away. Last month, as Capt. Troy Wayman, one of the commanders of the tiny U.S. force overseeing training of the Iraqi army unit in Sadr City, led one of the small daily U.S. convoys through the district's streets, Mahdi Army fighters faded from view.

A Mahdi Army member in civilian clothes, standing in Sadr City 's main road at an informal checkpoint, caught sight of Wayman's approaching Humvees and scuttled out of sight, disappearing into the crowds of men watching the Americans.

As Wayman visited what were supposed to be Iraqi army checkpoints in Sadr City that morning, the first stop showed not a single soldier of Iraq's regular army at his post monitoring passing cars for bombs, kidnappers and the like.

Tensions have risen in recent weeks, but both Sadr and U.S. commanders have so far avoided the kind of open challenge that could lead to another confrontation. As sectarian violence intensified last month, U.S. forces again began moving against specific targets in Sadr City and elsewhere. U.S. commanders were careful to say they were targeting only "criminals" behind suspected death squads, not renewing a fight against the Mahdi Army.

An official of Sadr's movement who identified himself as Abu Hassan al-Thahabi said last month that leaders of the organization had generally ordered restraint. He spoke to a reporter after a bombing that killed at least 66 people on a crowded street in Sadr City. His hands still black with soot and grease from pulling out dead and wounded after the bombing, Thahabi said: "If the leadership says fight, we will fight. If they say no, we will not fight."Rivals and Allies

At the time of the U.S.-led invasion in 2003, Sadr's militia did not exist. Today, his army numbers tens of thousands. In 2004, Bremer issued a vague order aimed at the Mahdi Army stipulating that militias should be disbanded at some unspecified date. The order set rules under which militias could keep working in the meantime.

The militias rapidly infiltrated key government agencies. Sadr's movement was not alone; it worked in parallel with another Shiite movement, the Supreme Council for the Islamic Revolution in Iraq, headed by Abdul Aziz Hakim.

Hakim's militia is known as the Badr Brigade. Its members largely took control of the Interior Ministry after the 2005 elections, building commando and other police forces. They are better organized and better armed than the Mahdi Army, thanks to decades of Iranian backing when it opposed Hussein. The Mahdi Army tended to supply the rank and file among Iraq's new police forces, rather than commanders. Together, the two Shiite militias infiltrated into Iraq's security forces thousands of people whose loyalty is to the religious parties rather than the national unity government.

In addition, Sadr's four ministries control 70,000 uniformed, armed men who are part of a government agency known as the Facilities Protection Service, according to the Interior Ministry. U.S. military commanders acknowledge that the agency has mushroomed to more than 140,000, largely outside American notice. A top former U.S. military commander has said militia fighters under the Facilities Protection Service are tied to kidnappings, execution-style killings and other crimes.

Both movements can also field thousands of armed civilian men in a matter of hours. Hakim, the leader of the Supreme Council, boasted to his followers in December that he could muster 200,000 militia fighters.

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The Sadr movement claims more. "All Iraq is Mahdi Army," said Thamara al-Fetlawi, a civilian leader of the God's Martyrs Foundation, which cares for the families of slain and wounded Sadr militiamen as well as offering broader social services to followers of Sadr.

Fetlawi, like some other Sadr officials, rejected the definition of the Mahdi Army as a militia, apparently as a tactical move against any future efforts to disband the militias. Instead, he called it "the people's army," suggesting ordinary men who spontaneously grab their own weapons and respond when need and Shiite clerics call. The weapons seen by Washington Post reporters in Sadr City on the night of the Feb. 22 Samarra bombing included grenade launchers and heavy machine guns.

Sadr's Mahdi Army and the Supreme Council's Badr Brigade -- rivals that fought deadly battles in power struggles in the predominantly Shiite south last year -- cooperate when their interests overlap. In the turbulent days after the Samarra bombing, Sadr and Badr militiamen marched openly in a Shiite neighborhood of central Baghdad, each carrying banners declaring their battalion and brigade designations within their militias.

American officials have called the Shiite militias a danger to the Iraqi state. But the United States has yet to tackle what it and the Iraqi government say is their goal of dismantling the militias. In a congressionally mandated report last month, the State Department said that "a plan is being developed to assist Iraqi leaders" in breaking up the militias of the governing Shiite religious parties.

A more ominous warning came recently from the departing British ambassador to Iraq, William Patey, in a cable that was leaked. "If we are to avoid a descent into civil war and anarchy, then preventing the Jaish al-Mahdi from developing into a state within a state, as Hezbollah has done in Lebanon, will be a priority," Patey wrote, using the Arabic term for Mahdi Army.'Claiming to Be the Mahdi Army'

Top U.S. officials and leaders of the Sadr movement both say many of the gunmen claiming to be in the Mahdi Army are increasingly operating outside Sadr's control. Nouri, Sadr's brother-in-law, and others blamed rogue elements and impostors for escalating killings and kidnappings since the Samarra bombing. Many of the attacks since July have focused on driving Sunnis from predominantly Shiite neighborhoods of Baghdad.

"I will say that evil exists in every sect and every place," Nouri said in the interview at his home in Najaf. "And also good exists. Just like with the Jews and the Christians, it is so in Islam.

"They might be gangs claiming to be the Mahdi Army and doing these bad things. But they don't believe in the doctrine, they only do what they want and wear clothes of the Mahdi Army. They do not follow the guidance of the leaders," Nouri said. "They are exposed when there are orders from the high command to sit and do nothing and still they do their acts. Anyone who is not following such orders from the Sadr office is not a member of the Mahdi Army."

"After the Samarra bombing, it seems there were major reprisals organized for large part in Sadr circles," said Hiltermann, of the International Crisis Group. "Moqtada himself was very clear no revenge should be taken. It's not clear whether he was simply not listened to, or was giving a double message -- one to the outside world, one to followers."

Unable to figure out Sadr's militia or approach him on political terms, Americans have been frustrated in their hopes of reining in the Mahdi Army, as well as the Badr Brigade.

"It would be a whole lot easier if these armed illegal groups had a coordinated structure with a clear headquarters," a Western diplomat in Baghdad said last month in response to questions about why no progress had been made on U.S. and Iraqi pledges to disband the militias. Ultimately, Hiltermann said, the Mahdi Army, as well as the Supreme Council and both groups' Sunni rivals, need only bide their time, until growing opposition to the war among the American public brings U.S. troops home.

"Then, the real struggle begins," Hiltermann said.

He Shows Mercy To The Dead (LAT)

By Jeffrey Fleishman And Suhail Ahmad

The Los Angeles Times, August 24, 2006

BAGHDAD — They arrive in borrowed wooden coffins. He lifts them to his marble slab, cuts away their clothes, stuffs their wounds with cotton. He lathers and then rinses them with a hose that runs like a tiny river, carrying away blood and shrapnel and grit. He sprinkles them with rosewater, wraps them in white linen. He sends them to the grave.

Najim Abid works in solitude, in a place where the deeds of men intersect with the grace of God. Islamic custom requires the dead be cleansed before burial. Abid's hands are white and raw; he has washed too many bodies, yet the coffins don't stop. They never seem to stop.

"I've washed clergy, doctors, policemen, soldiers, laborers and painters," says Abid, 44, a slight man with the whisper of a mustache. "I've washed Sunni and Shiite. This sectarian violence touches everyone. Once came a child of 12 killed in a mortar attack. They are all dear to me. They are all Iraqis."

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To visit Abid's washing room is to see how brutal and battered Iraq has become. In July, Baghdad recorded more than 1,800 violent deaths: husbands snatched, tortured and beheaded; wives incinerated in market stall explosions; worshipers gunned down in front of mosques; the throats of laborers slit in the orchards. Children die too, or they are left without a parent, like the boy the other day who ran through the smoke of a suicide bomber to find only his father's twisted motorcycle.

"We curse the devils for all this death," Abid says.

He is meticulous, and sometimes reticent, when he speaks of the dead, as if he holds the secrets of all those who have passed through his hands.

Abid used to wash a few bodies a week; now, with coffins moving like rickety caravans down his alley, he receives as many as six a day, some collected from morgues, others taken from hospitals. His father was a washer before him, and Abid, a government clerk in Saddam Hussein's time, took over when the old man grew frail. The pay is small; he receives whatever a grieving family can afford, usually $10 to $30 a washing.

"To wash a fellow Muslim is an honor recorded by God," he says. "Today, I had two people killed by bombs. I hope this violence is just a passing black cloud. What I am seeing is the innocent and the poor who have committed no sin, yet they end up like this."

Cleansing the dead, like washing one's hands before prayer, is symbolic. It brings purity before God. It is an intimate act, carried out by a stranger, a man who will burn the bloody clothes, offer spiritual comfort to a widow, a brother, a cousin. There is modesty too. Abid washes only men, and when he does, he covers their genitals with a cloth.

Then he takes a loofah and greenish-brown soap. He begins: moving along the right side from leg to arm and over the shoulders and head and then coming down the left side before turning the body over and washing again.

"The bloodstains don't always come off with the first foam," he says. While he washes, he chants: "God is the greatest, there is no god but God. Our thanks are all to God." Relatives are permitted in the washing room. Many don't come. "It's hard to see a wound or a piece of head broken away," Abid says.

Families bring new towels — a final, small gesture of love. Abid dries the body. He measures white linen, running scissors through it and wrapping the body from head to toe, tying it with four sashes. He sprinkles it with rosewater or maybe a man's favorite cologne. Many families bring vials of Zamzam water, drawn from a sacred well at Mecca, where every Muslim able to do so is required to make a pilgrimage at least once.

"Sometimes with a body I feel relaxed and almost calm when washing," he says. "You feel he is close to you. But other times, you just want to finish up quickly. Why I feel one way or the other is a mystery. It must be something related to the dead man himself. Maybe during his life he was good-hearted and had no bitterness in his soul. Maybe that comes through."

The body is taken from the washing room to the nearby mosque. Quick prayers are recited, and Abid watches as the coffin is loaded on a car or minibus and driven to the graveyard, where the body is removed from the coffin and laid in the earth. At dusk, when the dirt is tamped and the final prayer is said, the coffin, bearing faint bloodstains of bodies it has carried before, is returned to the neighborhood mosque to be used again.

"When the dead one is carried away, I try to forget about him," Abid says. "Maybe it is a blessing from God that I don't remember them all. But the wailing families and the beating of chests, I don't forget these."

There are some among the dead that Abid doesn't wash. They are the martyrs, the ones who died for the glory of God. But these days in Iraq, someone's martyr is another's terrorist. Abid is not political. He does not judge. He knows the Koran, and he knows what he sees in front of him when he begins his task.

"The real martyr is pure, even his dust-covered clothes are sacred, and this is how he should face his God," he says.

Abid often mentions God. When the towels are folded, and his apron is hung, God is there. Abid believes this. He believes that without God, the washing room would only be a place of blood and water. "God sees what I do."

He looks at his hands. They smell of soap and rosewater, masking death; the skin has been scrubbed so much that it seems an imperceptible layer has been worn away. One would expect his hands to be as smooth as river stones, but they are coarse and strong, like the hands of a carpenter.

Not long ago, the body lifted out of the coffin and onto Abid's slab was that of a cousin. The man sold pickles in Baghdad, and one afternoon while he was sitting in his car, insurgents opened fire and drove away. They shot him many times, and Abid twisted much cotton into the bullet holes to stop the blood, wondering what harm a pickle seller could do to anyone.

Fleishman was recently on assignment in Iraq.

Marine Called Haditha Shootings Appropriate (WP)

By Josh White

The Washington Post, August 24, 2006

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A sergeant who examined the scene hours after Marines killed two dozen Iraqis in Haditha last year said the shootings appeared to be an appropriate response to a coordinated insurgent attack, according to a sworn statement obtained by The Washington Post.

Sgt. J.M. Laughner, part of a Marine human-intelligence exploitation team that was hunting down insurgent bombmakers, went from house to house in Haditha on Nov. 19, 2005, and acknowledged finding two dozen bodies, including some of women and small children.

But Laughner said the scenes of the slayings appeared to match the version of events the Marine squad provided that day and did not seem especially out of the ordinary, according to a transcript of Laughner's interview with military investigators in March.

Laughner's account supports the argument made by some Marines in Kilo Company, 3rd Battalion, 1st Marines -- that they believed they were following their rules of engagement when they opened fire on groups of people inside at least three homes after a roadside bomb killed a member of their unit. Several Marines are under criminal investigation in connection with the civilian deaths that day, but no one has been charged.

Laughner's statement, although just one viewpoint, is further evidence that Marines who were on the ground that day viewed the civilian deaths as accidental rather than the result of a vengeful rampage.

The transcript was provided to The Post by someone who is sympathetic to the enlisted Marines facing scrutiny for the shootings, which Rep. John P. Murtha (D-Pa.) has characterized as a coldblooded massacre. Laughner's full name is not used in the interview, and efforts to locate the Marine yesterday by telephone were unsuccessful. It is not clear whether Laughner has an attorney.

In a 34-minute interview with two colonels, Laughner described taking pictures of each of the bodies while moving from room to room in three houses, as the Marines described what happened in each circumstance. The Marines told Laughner they had taken fire from the houses and believed they heard people "racking AK-47s" -- preparing to fire the automatic weapons.

The Marines then "cleared" the rooms using fragmentation grenades and rifle shots. Two other accounts given by lawyers for Marines in the unit are consistent with the version Laughner heard from the Marines involved in the incident on Nov. 19.

Laughner also said that 30 Jordanian passports and large amounts of cash were found in a home near the shooting scenes.

One investigator asked Laughner if there was anything about the number of civilian victims or the circumstances of the casualties that gave reason to pause and "say jeez."

"Any time you see women and children, sir, I thought that," Laughner said. "But from what the Marines had told me and from what I understood from them, that I can't say I wouldn't have done the same thing in their situation. If I hear somebody racking AK rounds, and I don't know how many guys are there, I'm going to protect me and my guys."

Laughner also said that leaders within the Marine company were informed almost immediately about the casualty count, and that battalion officers were also made aware of the situation quickly. According to a similar transcript disclosed in The Post last week, Lt. Col. Jeffrey R. Chessani, commander of the 3rd Battalion of the 1st Marines, told investigators that he viewed the civilian deaths as "very unfortunate" but did not suspect wrongdoing.

The colonels interviewing Laughner focused several questions on a white vehicle that approached the Marine convoy just after the roadside blast. The car, which has been a significant subject in both an investigation of leadership failures and the ongoing criminal probe, could figure prominently in any charges lodged against the Marines.

Laughner said five military-age men appeared to have been killed as they ran from the vehicle, which stopped in the middle of the road near the convoy -- a spot that could be considered threatening.

"It made sense, that they had ran out of the car and then they engaged," Laughner said. When asked if anyone ever hinted that the situation that day was considered inappropriate or if something bad had happened, Laughner answered: "No, just that a Marine died. That is the only bad thing."

Marines Recalled After Leaving Military (AP)

By Thomas Watkins

AP, August 23, 2006

After spending six months in Iraq, Marine reservist David Morgan figured he was done patrolling the dangerous streets and could focus on building his biotech business.

He may be wrong.

Now Morgan could be returned to active duty as part of the first involuntary call-up of reservists since the early days of the war.

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"It would be devastating to my career," said Morgan, 37, vice president and general manager of Irvine-based US Labs, a medical diagnostic company with 700 employees.

The call-ups, announced Tuesday, will begin in the next few months. Most of the Marines are expected to serve in Iraq and Afghanistan.

No more than 2,500 Marines will be recalled at any one time, but there is no cap on the total number who may be forced back into service for up to two years.

Morgan, a lieutenant colonel, said he believes in the U.S. mission in Iraq, but fears another deployment would hurt his company.

"We have a highly specialized work force," Morgan said. "If leaders leave, workers could get skittish."

The call-up will affect Marines in the Individual Ready Reserve, a segment of the reserves that consists mainly of those who have left active duty but still have time remaining on their eight-year military obligations.

In Columbia, Mo., Marine families are buzzing with questions about the latest call-up order, said Tracy Della Vecchia, who oversees MarineParents.com and whose son is in the ready reserve.

"You think you're done," said Della Vecchia.

She's also concerned that problems may be brewing elsewhere in the world — perhaps in North Korea. She says people "never know the whole story until it hits us front and center."

Her son, Derrick Jensen, is a 23-year-old Marine who has already seen three tours of combat duty as an infantryman and communications specialist, including stints in some of Iraq's most volatile war zones. He still has three years remaining on an eight-year contract.

Even though Della Vecchia and her son knew he made a long-term commitment, neither was prepared for the roller coaster of emotions created by repeated trips to the battlefield.

"He was home. He was starting his life. He was going to make up for four years of lost time, catch up with his friends and his wife," she said.

Jon Soltz, an Iraq war veteran and chairman of Votevets.org, said the recall is a sign that troops are drastically overextended and it is "the last thing that happens before the draft."

Paul Hackett, an attorney from Cincinnati thinks his background as a civil affairs specialist makes him a prime candidate for an involuntary recall, as there is a shortage of Marines like him. Two weeks ago, he received a packet from the Navy requesting updated information for a security clearance — a sign, he believes, that a recall order could be coming.

Hackett, a major, returned in 2005 from a combat tour in Iraq. Soon after, he ran unsuccessfully as an anti-war candidate in a key Senate race.

If he is forced back to Iraq, Hackett, 44, said it would be hard to be away from his wife and three young children, but he wants to fight with his fellow Marines.

"Even in this miserable excuse of a war that this administration has gotten us into, the Marine Corps is a great operation," he said.

Jerrad Pokora, 25, of Jacksonville, N.C., said while he was on active duty there were constant reminders that Marines faced involuntary recall after leaving active duty.

"It shouldn't be a surprise," he said. "It might inconvenience somebody, but you should know about it."

US Marine Call-up Signals A Long War (CSM)

By Brad Knickerbocker

The Christian Science Monitor, August 24, 2006

With the "global war on terrorism" in Afghanistan and Iraq now well into its fourth year, the strain is starting to show on US troop levels.

The Marine Corps announced this week that it will involuntarily activate 2,500 reservists.

Briefing reporters Tuesday, Col. Guy Stratton, head of Marine Corps manpower mobilization, acknowledged that "this is going to be a long war" and that there is "clearly a need" for more marines in Iraq and Afghanistan. In essence, Col. Stratton said, there have not been enough volunteers among those in the Individual Ready Reserve (IRR) - marines who served four years on active duty but are eligible for recall for the next four years.

The Marine Corps call-up follows a pattern in military manpower in recent years.

Some of those in uniform are on their second or third deployment to the war zones. From time to time, the Army has had to recruit more soldiers from the "lowest acceptable" category based on test scores, education levels, personal background, and other indicators of ability. Some military recruiters - always under pressure to produce - have been reprimanded for illegally

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inducing clearly unqualified young men and women into signing up. "Citizen soldiers" in the National Guard have played an extraordinarily large role on the ground in combat areas.

To some experts, the call-up of Marine Corps reservists indicates that the war is likely to last longer and be more hard-fought than earlier official predictions.

"The most significant dimension of this to me is that it says there are no longer any rosy assessments about how things are going in Iraq and Afghanistan," says retired Air Force Col. Sam Gardiner. "The call-up suggests the Pentagon envisions current troop levels in Iraq through the summer of 2008, with these guys going in the summer of 2007 for one year."

Troop strength in Iraq today is back up to 138,000, notes military analyst John Pike of globalsecurity.com, a research and consulting firm specializing in security issues. "All that happy talk earlier this year about getting below 100,000 by the end of this year now seems premature."

At the Pentagon and within the military services, the debate over necessary troop levels in Iraq has raged both quietly and sometimes, not so quietly, with senior officers arguing for a more robust force and Bush administration civilians wanting to reduce American forces there as soon as possible.

Some observers note that calling up marines with their ever-ready image is less politically fraught than activating more National Guard troops, who tend to be older and more established in their communities. Recalled marines are entitled to five months' additional training.

"I would expect our National Guard soldiers and their families are wondering more than ever how soon they may be called up again," says retired Navy Capt. Larry Seaquist, who notes that individuals from the Army and Navy reserves have been recalled to active duty and sent to Iraq as well.

This latest recall of reservists may indicate problems in Marine Corps morale, according to some observers.

"Marine Corps spirit is legendary," says retired Army Col. Dan Smith, now a military analyst with the Friends Committee on National Legislation in Washington. "But ... IRR members probably have been in Iraq or Afghanistan two, three, even four times already, and they feel they have done their duty, taken their share of the risks."

Following a serious shortfall last year, the Army now predicts that it will meet its 2006 recruiting goal. But the Army, too, has had to mobilize several thousand soldiers from its ready reserves. It's also issued "stop loss" orders for several thousand troops, extending their tours in Iraq.

Meanwhile, an Alaska-based Army "stryker" brigade recently was extended for four months in Iraq to address the growing violence in Baghdad.

Surface Aid For The U.S. War On Terrorism (VAPILOT)

By Kate Wiltrout

Norfolk Virginian-Pilot, August 24, 2006

WILLIAMSBURG - The training is foreign to most of the 450 Navy reservists preparing for customs duty in Kuwait and Iraq: driving Humvees, shooting pistols and M-16 rifles, learning riot control.

It's especially strange to the 102 members of the Navy's submarine reserves who make up almost a quarter of Navy Customs Battalion Romeo.

The unit heads to Camp Arifjan, Kuwait, in early September for a six- to seven-month rotation inspecting the vehicles, equipment and personal belongings of U.S. military units leaving Iraq.

This will be the first group deployment of submarine reservists in support of the war in Iraq. Most of the battalion will stay in Kuwait, but about 40 sailors will work at a U.S. base in Iraq.

The 1,600 members of the submarine reserve typically fulfill their annual duty doing maintenance on submarine tenders in Italy and Guam, or repairing and guarding submarines in U.S. ports.

The idea of including submarine reservists came from Rear Adm. Jay DeLoach, the Norfolk-based deputy commander of the U.S. Atlantic Fleet's submarine force.

DeLoach contacted the commanding officer of the Navy Expeditionary Logistics Support Group in Williamsburg to volunteer the submarine reservists for the mission.

The support group, based at Yorktown Naval Weapons Station's Cheatham Annex, has trained and mobilized more than 1,200 reservists for customs duty since the Navy took over the mission in early 2005.

"At a certain period in time, their resources are going to be tapped out," DeLoach said Tuesday while visiting sailors who were practicing with 9 mm pistols at a Fort Eustis shooting range. "We have a limited opportunity, from a visible point of view, to contribute to the war on terror."

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DeLoach said he's spread the word to the submarine reserves that the deployment is not an anomaly. He told Rear Adm. Henry "Hank" Tomlin III, commanding officer of the expeditionary logistics support group, that he would commit at least 50 undersea reservists to each future Navy customs battalion.

Why put submariners on land?

"They're not front-line troops," DeLoach said. "But somebody has to do the support mission." He said submarine reservists had been asking him how they could do their part.

Petty Officer 2nd Class Aaron Curtiss, who finished a five-year hitch in the Navy last year, said he thought he'd be one of the only submariners in the battalion. He was surprised - and proud - when he got to Williamsburg for four weeks of training and discovered others with undersea experience.

Petty Officer 2nd Class Cornell Evans also wears the insignia of the submarine service on his uniform. "I'm really big on my dolphins," said Evans, now a corrections officer in New York City, referring to the two dolphins on his submarine patch. "I'm proud. It's a fraternity."

Both said there's a little bit of ribbing between surface and undersea sailors, but they're enjoying the exposure to sailors with different backgrounds and are excited to contribute to the war effort. That feeling pervades the unit. The battalion encompasses reservists from across the country, including a Texas preacher with 12 grandchildren and a Virginia Beach mother leaving behind a 3-year-old and a 10-month-old.

Petty Officer 2nd Class Evelyn Sellers, who works as a teller at a Bank of America branch in Virginia Beach, dreads saying goodbye to her children.

Coming off the shooting range, though, Sellers said the training was good and she's part of a gung-ho team.

"It hurts my heart," Sellers said of being away from her children. "But I signed up for this."

Hussein On Trial For Infamous Gas Attacks (CSM)

By Dan Murphy

The Christian Science Monitor, August 24, 2006

Saddam Hussein, still awaiting the verdict from his first war-crimes trial, this week is again before Iraq's special criminal tribunal, where prosecutors are seeking to prove the most difficult charge in international criminal law: Genocide.

"It's extraordinarily difficult to prove genocide," says Michael Scharf, a Case Western University law professor who helped train judges and prosecutors participating in the Iraqi Special Tribunal. "I believe the Iraqi investigating judges reached the conclusion that if they didn't make the attempt to prosecute him for genocide, he would go down in history as a minor thug and not as a Hitler or a Pol Pot."

Mr. Hussein and six aides are charged in a new trial with crimes connected to his regime's most infamous atrocity. The Anfal Campaign, named after a chapter in the Koran usually translated as "The Spoils of War," led to the deaths of more than 100,000 people - mostly Kurds - according to Human Rights Watch.

The aim was to depopulate a swath of Kurdistan where separatists thrived.

Prosecutors appear confident that they will be able to prove the charge of genocide. In remarks on the opening trial day on Tuesday, lead prosecutor Munqith Farun alleged excesses so great that "it was as if genocide was not enough" to the perpetrators.

But Mr. Scharf says winning a genocide conviction "will be a close call" unless documentary evidence is produced that at least part of Hussein's intent was to destroy the Kurds - rather than to neutralize regime opponents. While Scharf thinks the other charges, like crimes against humanity, will be proven, the fight over the genocide charges is likely to be hard-fought from both sides. "There is no defense they can come up with that justifies the use of chemical weapons on civilians, and his lawyers know that," says Scharf. "But one of their main agendas here is to make sure that Saddam does not go down in history as the first head of state convicted for genocide."

Scharf points out that if Hussein is not convicted of genocide, he could still be convicted of lesser crimes sufficient for life imprisonment or execution.

From 1987 to 1989, and under the command of Hussein's cousin Ali Hassan al-Majid, Iraqi forces bombarded villages with conventional and sometimes chemical weapons then swept through on the ground, rounding up and killing surviving men, and, in some cases, forcing families out of the region, replacing Kurds with ethnic Arabs.

Up to 2,000 villages were razed, and at least 40 chemical attacks recorded. Though the campaign formally opened in 1988, operations with the same objectives began as early as late 1986.

So far, the prosecution is building slowly, with eyewitness accounts from survivors of early attacks.

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While in the first trial, in which Hussein was accused of ordering 148 people murdered in Dujail village in reprisal for a 1982 assassination attempt, witness names were withheld and they testified from behind curtains. But witnesses in the Anfal trial, who live in much safer and autonomous Kurdistan in northern Iraq, have confronted Hussein directly.

"My complaint is against Saddam Hussein, Ali Hassan al-Majid ... and everyone in that box," said Adiba Ola Bayez, gesturing to the enclosure where the defendants sit during the trial. "May God blind them all."

Ms. Bayez is a survivor of an August 16, 1987, chemical attack on the village of Balisan. She provided a frightening account of fleeing to a bomb shelter in town, but realizing something was wrong when she noticed a strong "rotten apple" smell. Soon after, she and her five children began vomiting, then went temporarily blind.

Shortly after the attack, she and other survivors were taken to a prison camp, where four victims of chemical poisoning died in front of her.

She said 29 Belisan residents were herded into a bus by Iraqi forces, and were never seen again. While at the camp, her husband's uncle was also taken away. "Anfalized," she said, using the Kurdish term for the thousands who were secretly executed in those days. "Anfalized with the other men."

The documentary evidence that all this did occur is overwhelming. Testimony from thousands of survivors has been gathered over the years, as have video and photographic records of the aftermath of the attacks.

Iraqi government records, now with prosecutors, also detail the campaign.

The defendants - among them Mr. Majid, who came to be known by regime opponents as "Chemical Ali" for his use of sarin nerve gas and mustard gas on villagers - are expected to argue that the use of force in Kurdistan was appropriate in the context of Iraq's then-raging war with Iran, pointing out that Kurdish rebel units were aided by the Iranians.

Defense lawyers have indicated the men will contend that civilian casualties were regrettable accidents during offensives against rebels.

On Wednesday, the defense alleged that all civilians had been evacuated from the area at the time, and that all who remained were Kurdish rebels, often called peshmerga.

They are also likely to point to the international support Hussein's Iraq received at the time, including from the United States, which was aware of his use of chemical weapons against Iran in the 1980s but continued to support him, hoping to keep the Islamic Republic in check.

Scharf anticipates that the defense will seek to disprove the genocide charges by framing the offensive "not as an attempt to destroy [the Kurds] as a group, but rather to remove them from territory that was being used as a base of insurgency by people who were allied with his enemy Iran."

Scharf adds that the absence of strong Western condemnation at the time may be used by the defense to argue that his tactics were seen as broadly acceptable, and that the serious charges of today are a function of politics.

Lawyers For Hussein Accuse Kurd Of Treason (NYT)

By Damien Cave

The New York Times, August 24, 2006

BAGHDAD, Iraq, Aug. 23 — Defense lawyers for Saddam Hussein accused a former Kurdish militant of treason on Wednesday, arguing on the third day of Mr. Hussein's genocide trial that chemical attacks on Kurds were legitimate acts against local militias conspiring with Iran.

The emerging strategy — evident in comments from lawyers and two of Mr. Hussein's six co-defendants — came on a day filled with continued testimony about Kurdish suffering during the Anfal military campaign against northern villages in 1988.

The court adjourned until Sept. 11 at the request of defense lawyers who said they needed more time to prepare.

On Wednesday, three middle-aged women testified for the prosecution, all wearing traditional black dresses and offering similar tales of a sweet, mysterious smell that blinded them temporarily, killed their relatives and forced them to hide in caves.

The attacks they described preceded by a few months the start of the Anfal campaign, the heart of the case against Mr. Hussein and his co-defendants. But the witnesses said that the attacks — allegedly with mustard gas or nerve agents — represented the start of a wider effort to destroy everything they had.

"I lost all my livestock, all my property, I lost all my health," said Adiba Awla Baiz, 45, a mother of five from Balasan. "I lost my sight. My children lost their sight."

She said she also lost the ability to give birth. After two miscarriages and the death of an infant, "The doctor told me my womb was affected by chemical weapons," she said.

"We were not at fault," she added. "Whoever had a hand in this is a criminal."

Another Balasan woman, Badrya Said Kheder, said nine of her family members died from a gas attack in spring 1987. At one point in court, she said she could not keep talking because she still suffered after-effects that affected her throat.

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A third woman, Bahiya Mustafa Mahmood, said she was unable to flee even to caves nearby in the first 24 hours after the attack. Trapped in her village, she tried to soothe her burning throat with milk. But it failed.

"We drank the milk, and when we vomited it was like cheese," she said.

Mr. Hussein's defense lawyers have spent little time disputing victims' claims over the past three days, the first phase of what is likely to be a long trial. Instead, particularly on Wednesday, they have suggested that dead Kurdish families were collateral damage in an effort to root out Iranian troops in the area.

Several times, the lawyers' line of questioning boiled down to a single inquiry: were there soldiers loyal to Iran in the bombed villages?

Every witness offered a response much like the one provided by Ms. Baiz. "No, no, never," she said. "I never saw anyone like this."

The questioning continued. The lawyers asked Ms. Kheder if she knew why the area was being bombed. ("There was no reason," she said. "They were just bombing us.") They asked repeatedly about shelters described by victims, suggesting that they were actually bunkers for Iranian soldiers or Kurdish pesh merga militias opposed to the Iraqi government.

The legal assault intensified after Mosa Abdullah Mosa, 50, the final witness of the day, admitted to being a pesh merga fighter at the time of two chemical weapons attacks on his village, Ichmala, one in 1987 and another in August 1988. He described harrowing scenes of death and injury, with some people's eyes falling from their sockets. Then a defense lawyer rose to declare that Mr. Mosa must have been working with Iranians because he said he was trained to cover his mouth with a wet cloth to minimize the effects of chemical weapons.

A barrage of questions followed. Had he ever fought against the Iraqi government?

"Nobody asked me to participate in a military operation," said Mr. Mosa, a father of four who now lives in Tennessee. "I was a guard in the First Brigade headquarters."

Was the militia keeping war prisoners from the Iraqi government?

"Sure, there were war prisoners," he said. "They were released."

Why raise weapons against the state?

"One goal was liberation," Mr. Mosa said, "to have Kurdish identity, democracy and peace."

Why didn't he lay down his weapons, as the Iraqi government asked?

"The amnesties were false," he said. "They were just trying to arrest us."

At one point, Ali Hassan al-Majid, known as Chemical Ali, Mr. Hussein's commander in the north at that time, stood up and asked Mr. Mosa if he knew anyone who had served in the Iraqi forces, or only people who opposed them.

Mr. Mosa said he knew no Iraqi soldiers, and Kurdish political parties governed the area. Mr. Majid concluded: "Then the state had no control at all over the area where he was."

Sabir Aziz al-Duri, a former intelligence officer and one of the defendants, offered a summary of his own. In the prelude to a question for the witness — as is allowed under Iraqi law — he said, "The Iranians and the Kurdish were joined." Iran had large headquarters in the area, he said, and he asked the witness for the address. Mr. Mosa, like all the witnesses, pleaded ignorance. "I never heard anything like that," he said.

In Baquba on Wednesday, eight people were killed, including the owner of an ice cream shop, in clashes that broke out in several areas of the city, the authorities said. A roadside bomb in Falluja, the site of several large battles between American troops and insurgents, killed two Iraqi civilians, wounded four and damaged an American tank, according to the police.

In Baghdad, at least 15 people were found dead, many showing signs of torture, according to Interior Ministry and hospital officials.

An American serviceman died from his injuries after combat in Mosul, the United States military said in a statement. The Iraqi Army said it had killed one militant and arrested 29 others throughout the country since Tuesday.

Prime Minister Nuri Kamal al-Maliki also offered his most specific plans to date for the transfer of authority to Iraqi forces. Though additional American troops were required recently to secure the capital, he said Iraqi forces were on track to handle security within a matter of months.

"Next month we will start to receive control security in the provinces, one by one," he said in a statement thanking the Interior Ministry for providing protection during a recent Shiite pilgrimage in Baghdad. "At the end of the year we will take control of most provinces."

The Muj Brothers (CSM)

By Jill Carroll, Peter Grier

The Christian Science Monitor, August 24, 2006

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Abu Qarrar was young, rotund, and seemed new to the mujahideen lifestyle. He hadn't memorized much of the Koran, unlike his more senior counterparts. He sometimes sneaked glances at the women on the music-video channels when he thought no one was looking.

To show off, he would run in place, then kick his right leg in the air and fling his arms forward in an awkward demonstration of kung fu.

Abu Hassan was older, athletic, and seething with devotion to jihad. He seemed a veteran fighter - although, like Abu Qarrar, he loved the "Cat and Mouse" cartoons. Yes, they watched "Tom and Jerry."

When he was bored - which was often - he'd use his cellphone to record himself giving fake fiery sermons standing at the top of the stairs as if on a mosque pulpit. Then he'd play them back, to hear how he'd sound if he were a famous imam.

These two men were my most constant guards. They reported to Abu Ahmed, one of Abu Nour's lieutenants. Abu Ahmed was an Islamic scholar who had just finished an Arabic translation of a Henry Kissinger biography and was reading 'How to Win Friends and Influence People" by Dale Carnegie.

The two guards weren't at every house where I was held, and others came and went even when they were present. But during my captivity I spent more time with them than anyone else. They were my up-close-and-personal examples of the rank and file of the Iraqi mujahideen.

Abu Qarrar and Abu Hassan were also starkly different people, despite the fact that they called each other "brother." In this, they were symbolic of the contrasts I saw in the larger group of mujahideen.

Some members were clever; others, not so much. Some seemed dangerous; most were devout. A few were sympathetic. A few were educated. At least one of the women appeared bitter about her lot in life.

As far as I knew, all were native Iraqis.

As the weeks of my captivity turned into months, Abu Qarrar and Abu Hassan became tense and unhappy. They were bored with guard duty and tired of inaction. They became more petty and controlling toward me.

Meanwhile, I was increasingly desperate, fearful, and angry. I felt I was beginning to lose my self-control.

The result was conflict between me and the Muj Brothers which, if not for the context, might have seemed adolescent. We couldn't let little slights go. We were like animals in a cage, locked in all together.

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The Feb. 26 deadline tied to the third video came and went. The kidnappers didn't call. They didn't write. They issued no new demands. But public interest in Jill Carroll's plight didn't flag. The Monitor's Team Jill had adopted a strategy early on to take a low-key US media response. They followed the advice of experts who had analyzed The Wall Street Journal's efforts to free Daniel Pearl after he was kidnapped in Pakistan: ignore the Western media, focus on Iraqi media. The kidnappers and ordinary Iraqis who might generate tips won't be watching Larry King.

Still, Jill's abduction struck a remarkable global chord. There was a series of "Free Jill" rallies in Paris. A giant poster of her was hung from the city hall in Rome. Students at the University of Massachusetts (where Jill went to school) and at the University of Michigan at Ann Arbor (where Jill grew up) held rallies and candlelight vigils. Thousands sent donations to a fund set up to support the family of Alan, Jill's Iraqi interpreter. A jazz song was composed in her honor. Paintings and poems were sent to the Monitor offices. And prayers were said at hundreds of churches, mosques, and synagogues around the United States.

A 45-year-old man from Fremont, Calif., was one of half a dozen Americans who offered to take Jill's place. "I would like to emphasize the fact that I am definitely not suicidal nor would I relish having my life cut short....

"I'm offering myself as a replacement for her as a hostage or even as a potential martyr for her outstanding work as a balanced and compassionate journalist," he wrote.

- P.G.

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Abu Qarrar claimed to have been part of the team that abducted me, but if he was, I didn't see him. I do remember that he was the guard who sat outside the door of my bedroom on the first night I was held.

After all, he was hard to miss, with a girth that advertised his eating habits and a tattoo of Arabic writing on his inner left arm.

He told me he was 26. At the beginning of my ordeal he was unmarried. Later, he left for a period of time for an arranged wedding to a 13-year-old bride.

He didn't know what e-mail was. He'd never seen a computer. He marveled at how a can opener worked. There were times when we got along well. But overall I thought he acted like a spoiled little boy who enjoyed his authority over another human being - namely, me.

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I learned this early on. During the first full day of my captivity, he kept peeking in the door, presumably to make sure I wasn't trying to escape. I'd heard that it was best for hostages to try to make captors see them as human beings, to elicit sympathy, so I tried talking to him. I asked him to help me with my Arabic.

I would point to things, and he would tell me their Arabic names. I was open, even friendly. That turned out to be a big mistake.

You can't be that way with men in such a conservative culture. They often take it the wrong way. He began to get demanding, even assertive. At one point, the pin on my hijab came loose, and I started to pin it back up.

Abu Qarrar demanded, "No, open."

I looked down and whispered, "No."

He repeated, "Open!" He looked at me with wide eyes, very serious.

To Westerners this may sound like an innocuous exchange, but in the context of the conservative Middle East, this was a totally inappropriate advance. I needed to shut him down completely. I put my head down, held my hands in my lap, and didn't move a muscle.

Finally he left and closed the door and locked it. He returned every hour or so, and I wouldn't even look at him. I'd just sit there.

Abu Hassan I met later. He was older - about 32, I would guess - and married with children. Where Abu Qarrar was unathletic, Abu Hassan was trim and fit. He told me he'd been a gym teacher. For some reason I got the impression he'd been in Saddam Hussein's elite Republican Guard.

At first I found him to be the more sympathetic of the Muj Brothers. His age made him seem more mature, or at least more responsible. Later I saw that by guarding me, he was being confined as well. Desperate as he was for action, he would get cabin fever in minutes. Then he'd pace, reciting the fatiha, the opening chapter of the Koran.

The relationship of the Muj Brothers to each other was not one of equals. At times, Abu Hassan treated Abu Qarrar as if he were an insurgent's apprentice.

For instance, the older man taught the younger how to clear the chamber of his handgun and remove its clip. This was good for my safety, as Abu Qarrar would often point his handgun at me and pretend to shoot, for fun.

Abu Hassan used to go out at night sometimes to plant IEDs. Then in daylight he'd go out again, to detonate them. One day, when we were at the insurgent's "clubhouse," as I called it, he decided he would have to wait before leaving to set off his explosives. There were too many American soldiers in the vicinity, he said.

So Abu Qarrar decided he would act the part of the mujahideen hero. He grabbed a black-and-white checked kaffiyeh, the common Arabic head covering favored by insurgents, threw it over his shoulders in a dramatic swoop, and declared that he would set off to fight the Americans, no matter what.

Like a teacher facing a rebellious student, Abu Hassan grabbed Abu Qarrar by the shoulders and snatched away the kaffiyeh over Abu Qarrar's loud objections. The younger man wasn't going to be allowed to pick his own battles. And Abu Hassan recognized the kaffiyeh for what it was, a giant flashing sign to any US soldier that as much as said, "Shoot me! I'm a muj!"

. . .

As my time in captivity passed the two-month mark, my morale, already low, began to deteriorate sharply.

One of my biggest problems was that I had let myself have hope. Numerous times, the insurgent leader, the black-eyed Abu Nour, had said my release was only a matter of settling details. Inevitably, my mood would soar - and then the release wouldn't happen, due to some unspecified "problem." Then I'd feel worse than if I hadn't been told anything at all.

Then there were the videos. They had been astounded when my first hostage video, in which I had been forced to plead for the release of women at Abu Ghraib, had coincided with the freeing of five female prisoners by the US. After that, they seemed to be almost in a frenzy to see what else they could get in exchange for me.

They kept wanting to film different videos with different demands aimed at different audiences. Sometimes I was pleading with the American people in general for help. Once I asked the King of Jordan to free Sajida Mubarak Atrous al-Rishawi, a woman who tried to blow up a Jordanian hotel Nov. 9, 2005. Her explosive vest failed to detonate and she was caught. Another time I begged for aid from the leader of the United Arab Emirates. Later, I made one denouncing him.

While only four of my videos ever reached the outside world, I made nearly a dozen, including retakes done when I didn't cry enough to satisfy my mujahideen producers. And I dreaded making them, not so much because it's scary to plead for your life in front of a camera, but because I recognized that each one was a guarantee I would remain in captivity for some time longer.

Of course, there was an even worse alternative - that the death threats and deadlines they mentioned would be real.

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After the fury over the Feb. 22 Samarra bombing and the backlash over Danish newspaper cartoons depicting the prophet Muhammad, it seemed wise to lower Jill's media profile until emotions calmed somewhat. From about mid-February no public service ads were broadcast.

On March 7, the two-month mark of Jill's abduction, the Monitor restarted the PSA campaign in Iraq. It distributed a video to Iraqi news outlets that included clips from an Al Sharqiya TV interview. The Baghdad-based network had interviewed an Iraqi family that Jill had written a story about in the spring of 2005. A toddler had been left paralyzed by a suicide bomber, and her family had been left homeless. Jill had profiled the family, and later brought money to them sent by readers.

The story illustrated her compassion for Iraqis. But it also highlighted how Jill's personal and professional history made it easy to generate public support for her in the region.

On March 10, the US State Department announced that they had found the body of American Quaker activist Tom Fox. He had been taken hostage on Nov. 26, 2005, along with three other members of the Christian Peacemakers Team. To those working on Jill's behalf, it was an emotional blow; a harsh reminder that hostages held long enough to become icons with their own TV news logos often get killed.

Would PSAs be enough to protect her?

- P. G.

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Meanwhile, my relationship with my guards Abu Qarrar and Abu Hassan got worse as well. Frustration and boredom had slowly eroded their once permissive and friendly attitudes toward me.

Once they had pretended I was a guest. Now they made mean jokes and comments about me in Arabic, thinking I didn't understand. They capriciously restricted my tiny freedoms, such as access to sun, fresh air, and even interior space for pacing.

Their logic was twisted. They were mad at me because they had to guard me, and wanted to punish me for it.

They picked at me in petty ways. One day we were having tea, and I took my glass and stirred it counterclockwise, as I always do.

"No, that's wrong!" said Abu Qarrar, only half-joking. "Stir your tea clockwise!"

I was tired of that kind of behavior. When we later moved to Abu Ahmed's house west of Fallujah, I went over their heads, in essence, to gain more freedoms. I took advantage of the situation to escape the Muj Brothers and hang out with the woman of the house.

They couldn't follow me. The woman's husband was gone during the day, and it would have been unthinkably improper for unrelated men to be around her in any way.

So I had one of the best days I had in captivity. The woman and I chopped vegetables, cooked, washed dishes, swept the floor, made tea, and played games with her little girl. I sensed a flicker of sympathy when the woman complimented my potato peeling ability, and when she asked what people in America ate for breakfast, as we set out the morning meal.

If I pretended hard enough, I could almost fool myself into thinking I really was a guest, living with an average Iraqi family for a story about daily life.

But I wasn't a guest. I was a prisoner. And my guards were determined to win our battle of wills.

A few days later we were back at the clubhouse, where there weren't any women, and they were little kings. After we arrived, they just locked me in my room.

All my hard-won privileges were gone. They let me out to eat, but wouldn't eat with me. In the Middle East, that's a major insult. They wouldn't speak, except for blunt orders.

After dinner, I was going back to my room when I turned and yelled, "This is injustice! This is thuloum!"

My strategy from the start had been to humanize myself. The only way to survive, I thought, was to get them to see me as a person, not a symbol or an object of hate. But by this point, I had put up with so much from so many people, I didn't care. All the questions:

"Why aren't you a Muslim?"

"Why don't you love Zarqawi?"

"Why don't you want to drive a car bomb?"

Plus the fact I'd been kidnapped and Alan murdered. It was all ridiculous.

They just locked me back in my room. And that night, as I lay there, I thought, "I can't do this. I'm not going to win this. It's stupid to try."

The next morning, I didn't knock on the door to come out. I waited for them to fetch me. When they did, I just kept my head down and walked to the bathroom. I was quiet and deferential - as I had been in my ordeal's early days.

I had to keep my eye on the larger goal, which was survival. I had to give in.

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The Muj Brothers had won the battle with me. That didn't mean they had won a war. In the following days, Abu Hassan slept less and less. He'd pull out his handgun and play with it.

"The American soldiers, they will never leave Iraq," he said one day. "It will be 300 years before they go away."

It was the first time I had every heard any of the mujahideen express anything less than complete optimism about the future.

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As March slipped away, to some involved in the long effort to free Jill, it was as if they were now coasting - like a car that was moving forward, but with the engine off.

So Team Jill did what they had agreed to do when things seemed too quiet. They'd kept one person in reserve, someone who might get lots of attention and elicit much emotion: Jill's twin sister, Katie. It was time to put her on TV.

The funny thing - the ironic thing - is that Katie and Jill were twins who didn't get along. Not when they were youngsters, anyway.

They fought and fought and fought all the way through high school. The points of contention between them were the usual sibling irritants, such as whose turn it was in the shower, and who'd been in whose room, and when, and for how long.

They were just different sorts of people, with different lives. Katie was a dancer and looked like a ballerina; Jill loved competitive swimming and had a muscular swimmer's build.

But their relationship changed when they went away to college (Tufts University for Katie; the University of Massachusetts for Jill). They spent hours on the phone with each other, and suddenly the person who had been so irritating when they lived in the same house seemed like an invaluable support.

After graduation, both ended up working in the same area: foreign affairs. Katie joined an international development firm, based in Washington. Jill pursued her dream of becoming a foreign correspondent.

Katie appeared on Al Arabiya on March 29. She talked about how Jill's kidnapping had affected her family and appealed for information that could lead to her release.

- P.G.

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I got worse. I was losing it. I would curl up in the bed and cry so hard. But I couldn't be loud, so I would cry into the bed, into the plush blanket.

Through all the weeks and months I hadn't prayed. I thought it would be hypocritical. All of my extended family is Catholic, but I hadn't been to church in a long time. I hadn't grown up with much religion, in fact. But I needed to calm myself. I knew that my family and friends were doing all they could for me, but it just wasn't enough anymore. They were out there, and I was here alone. OK, I thought, I'll ask God for strength and patience.

"God, thank you for getting me through all these days so far," I began. "Please just give me the strength to keep going.

"Stay with my family right now and sit with them and give them strength.

"I know I never used to come to You before and it's bad of me to come to You now when I really need it.

"Please, just stay with me right now. Just stay with me right now and don't leave me."

Losing Afghanistan (NYT)

The New York Times, August 24, 2006

Reclaiming Afghanistan from the Taliban remains a crucial element in America's global struggle against terrorism. So it should be setting off alarm bells in Washington that Afghans are becoming disenchanted with the performance of the country's pro-American president, Hamid Karzai.

The democratically elected Karzai government is a big improvement over any of its recent predecessors. But it has not brought security, economic revival or effective governance to most of the country. That has left it vulnerable to complaints about blatant corruption, the pervasive power of warlords and drug lords, and escalating military pressure from a revived and resupplied Taliban.

Nearly five years after American military forces help topple a Taliban government that provided sanctuary and training camps to Osama bin Laden, there is no victory in the war for Afghanistan, due in significant measure to the Bush administration's reckless haste to move on to Iraq and shortsighted stinting on economic reconstruction.

The Taliban, operating from cross-border sanctuaries in Pakistan, has exploited Washington's strategic blunders and Mr. Karzai's disappointing performance to rebuild its political and military strength, particularly in the southern region where it first began its drive to power more than a decade ago. Daily battles now rage across five southern provinces. Civilian and military casualties are rising sharply, including those among the NATO forces that have recently moved into these areas.

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Mr. Karzai cannot deliver security and redevelopment without sustained and effective international help. But he should be doing a lot more to curb the corruption of his political allies and appointees.

Their ostentatious greed has widened the gap, and sharpened political antagonisms, between the favored few and the desperately poor majority in one of the world's least developed countries. Such venality is a gift to austere Taliban recruiters.

So is the notorious corruption of the police and judges, which makes it impossible for people to win redress of simple grievances. Frustration with the courts is again driving people to look to the swift and brutal punishments that have always been a Taliban specialty. Mr. Karzai did himself no favors by appointing a warlord and organized-crime figure as Kabul's police chief earlier this year.

Americans are coming to see the war in Iraq as something apart from the war against 9/11-style terrorism — and a distraction from it. The war in Afghanistan has always been an essential part of that larger struggle. That makes it a war that America simply cannot afford to lose.

DOJ:

Cohen Named New Alaska U.S. Attorney (AP)

AP, August 24, 2006

Alaska has a new U.S .Attorney. The Justice Department Tuesday announced that Nelson Cohen has been appointed to the post for the District of Alaska. He replaces Acting U.S. Attorney Deborah Smith. Under rules of her appointment, she could only serve in the post for 210 days.

Cohen has been the assistant U.S. Attorney for the District of Pennsylvania since 1987. But before he joined that office in Pittsburgh, he practiced law in Alaska for ten years -- both as an assistant U.S. attorney and in private practice. He replaces Tim Burgess, who resigned as U.S. Attorney for the District of Alaska to take a seat on the federal bench in 2005.

CORPORATE SCANDALS:

Enron Prosecutor To Lead Case Against Qwest's Former CEO (WSJ)

By Shawn Young

The Wall Street Journal, August 24, 2006

Prosecutors seeking to convict former Qwest Communications International Inc. Chief Executive Joseph Nacchio of insider trading have assembled a team of veteran white-collar attorneys with experience in the Enron Corp. and HealthSouth Corp. cases and are preparing for an important pretrial hearing in Denver tomorrow.

Colorado's U.S. Attorney Troy Eid said yesterday that Cliff Stricklin, first assistant U.S. attorney, will lead the prosecution.

Mr. Stricklin helped prosecute the convictions of former Enron executives Kenneth Lay and Jeffrey Skilling as part of the federal government's Enron Task Force and also is a former Texas state district judge.

"I was looking for someone who had heavy-duty experience in the white-collar realm," Mr. Eid said in an interview. "It's an extremely important case to me and to the Department of Justice."

The appointment of Mr. Stricklin comes as both sides are preparing for a hearing in U.S. District Court at which Judge Edward Nottingham will hear arguments about defense requests to dismiss the case or to move the proceedings out of Denver, where Qwest is based. No trial date has been set yet. The judge also is expected to hold a closed session touching on classified national-security information that Mr. Nacchio is incorporating into his defense.

Mr. Nacchio is fighting 42 counts of insider trading for selling $101 million of the regional phone company's stock in 2001, a time at which prosecutors claim he knew Qwest was headed for trouble. Qwest restated $2.5 billion in revenue and $2.2 billion in earnings for 2000 and 2001. Mr. Nacchio isn't accused of falsifying the company's books. If convicted of the insider-trading charges, Mr. Nacchio could face as many as 10 years in prison on each count and a financial penalty of $101 million.

One of the defense's central claims is that Mr. Nacchio didn't see the company as faltering -- in fact, he was sure Qwest was on track partly because he was privy to information about secret, national-security-related contracts that he thought Qwest would win.

Prosecutors have argued that the national-security elements of the defense are irrelevant, in part because Qwest's revenue from government contracts was too small to stave off the problems Mr. Nacchio knew were brewing. Any classified contracts Qwest was working on would have been included in its financial reports and projections under the broad category of government revenue, prosecutors argue.

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Mr. Stricklin joins a team that has added Justice Department attorneys Colleen Conry and Leo Wise. Ms. Conry worked on the prosecution of HealthSouth's founder and former chief executive, Richard Scrushy. Mr. Wise helped prosecute the Enron case. Mr. Nacchio is represented by Herbert Stern, a former federal judge.

Quattrone May See Payday Of At Least $100 Million (WSJ)

By Susanne Craig

The Wall Street Journal, August 24, 2006

Former star Credit Suisse First Boston investment banker Frank Quattrone is entitled to at least $100 million in cash-and-stock compensation from his former employer if he is ultimately cleared of all charges against him, according to a person familiar with the matter.

Mr. Quattrone on Tuesday agreed to a deferred-prosecution agreement that included the conditional dropping of all other criminal charges against him -- a victory for the once-powerful Silicon Valley banker who resigned from CSFB in 2003, when he faced both criminal prosecution and civil securities charges for alleged wrongdoing during the Internet-stock bubble.

Before the deferred-prosecution agreement, Mr. Quattrone had survived two trials, one ending in a hung jury, the other ending in a conviction for obstruction-of-justice charges that was later overturned on an appeal.

By staying out of legal trouble for a year, the 50-year-old Mr. Quattrone will not only avoid a third criminal trial on obstruction charges but he will be able to collect on the substantial payout from CSFB that he didn't get in 2003 because of the allegations against him. (CSFB recently was renamed Credit Suisse and remains a unit of Credit Suisse Group.)

The potential payout, estimated at $100 million to $120 million of restricted stock and other compensation, mostly from his final years at CSFB, is in addition to the estimated $20 million in legal fees Credit Suisse paid for Mr. Quattrone's defense.

The payout -- in which the firm would make up for the time Mr. Quattrone was there, ending in early 2003, for money earned or promised but not paid out -- was earlier reported by CNBC-TV. Typically, until they are cleared, employees facing criminal or civil charges forfeit monies owed to them by the firm when they leave, according to industry experts.

"I can't think of anyone who left under a cloud and it has cleared. It is a very unusual situation," said Alan Johnson, managing director of Johnson Associates Inc., a pay consultancy in New York. "And it also shows us how incredibly productive Mr. Quattrone was."

Along with a looming payday if Mr. Quattrone stays out of legal trouble, the former star banker could return to Wall Street. Despite a multiyear legal battle, Mr. Quattrone remains popular, especially in Silicon Valley where his banking work helped to fund numerous companies and enrich the companies' backers. There was much chatter yesterday on Wall Street about whether he will strike out on his own or join an influential boutique banking firm.

The criminal obstruction case against Mr. Quattrone stemmed from an email. In 2000, regulators began probing whether CSFB had received excessive commissions as kickbacks from some investors who got hot stock offerings. Shortly after Mr. Quattrone learned those probes had become criminal, he endorsed a colleague's emailed suggestion in December 2000 to "clean up those files" in accordance with company policy.

That endorsement became the basis for the obstruction case, though Mr. Quattrone said he wasn't thinking about the probes at the time and wasn't responsible for allocations of initial public offerings of shares.

Securities regulators alleged that he engaged in, among other things, a practice known as "spinning" -- that is, steering hot IPOs to clients to win additional business -- through a program informally dubbed "Friends of Frank" by some Silicon Valley investors. In May, the National Association of Securities Dealers decided not to pursue the civil spinning and other charges.

Cleared Quattrone Could Claim $100m (FT)

By David Wighton In New York

Financial Times, August 24, 2006

Frank Quattrone may be entitled to more than $100m of deferred compensation from Credit Suisse after being conditionally cleared of charges that he obstructed an investigation into Wall Street practices during the internet bubble.

Mr Quattrone agreed to resign from the investment bank in 2003, two days after being charged, on condition that he would get the money and his legal costs if cleared. On Tuesday, a judge approved a “deferred prosecution” agreement under which the charges will be dropped if Mr Quattrone stays out of trouble for a year.

In an unusual move, Mr Quattrone was not required to make any admission of wrongdoing. This appears to open the way for him to claim the $100m in cash and restricted stock from Credit Suisse in a year’s time.

The possible payment, first reported on CNBC, is believed to be provided for in the bank’s accounts.

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Mr Quattrone was one of the leading bankers in the 1990s technology boom and one of the most highly paid, earning $120m in a single year. But following the bursting of the technology bubble, he came to personify Wall Street's questionable practices during the boom and lawyers said he was a tempting target for prosecutors looking for high-profile convictions.

The case sprang from a probe into how investment banks awarded clients shares in "hot" technology stock offerings. The charges were based on an e-mail written by a colleague and endorsed by Mr Quattrone suggesting his team "clean up" their computer files in line with company policy. Two days earlier, a bank lawyer had warned him the way the bank allocated stock in initial public offerings was under criminal investigation.

After his first trial ended in a hung jury, Mr Quattrone was found guilty in a second trial in 2004 and sentenced to 18 months in prison. But an appeals court threw out the conviction in March because of faulty jury instructions and regulators quashed a lifetime ban from the securities industry.

George Stamboulidis, a former prosecutor who now heads the white collar crime practice at Baker Hostetler, said the case was "very aggressive" with evidence that was "not that strong" so it was understandable prosecutors had opted not to risk a third trial.

But he questioned the decision to go for a deferred prosecution, which tends to be used for "little old ladies and kids" for minor offences.

Had they simply dropped the charges, it might have drawn less attention to their retreat, he said.

"In many ways, they could have just walked away and there would have been less written about it."

A Verdict On Grasso's Legacy (WSJ)

By Aaron Lucchetti

The Wall Street Journal, August 24, 2006

Less than three years ago, board members at the New York Stock Exchange said former exchange Chief Executive Dick Grasso had performed well in his job. One of the directors, Treasury Secretary Henry Paulson, then the head of Goldman Sachs Group, went so far as to assign Mr. Grasso an "A+" grade, according to internal NYSE documents.

Still, the board decided to let Mr. Grasso go, a reaction to the outcry over the $187.5 million compensation package Mr. Grasso had amassed.

Mr. Grasso's job performance is about to go under the microscope again. A civil trial to decide whether his compensation was inappropriate could start as early as October. The lawsuit in that case, brought by New York state's attorney general, Eliot Spitzer, demands that the 60-year-old Mr. Grasso return some of the money to the NYSE, now a part of NYSE Group Inc.

Mr. Spitzer's case hinges on whether the head of what was then a not-for-profit organization should have earned such a big pay day. Mr. Spitzer says no, and bases that assertion on a 37-year-old New York state law that holds compensation must be reasonable and "commensurate with services performed."

(At the Treasury, a spokesman declined to comment.)

Legal findings aside, whether Mr. Grasso deserved all that money is a matter that continues to be debated in the court of public opinion, whose many judges are comparing what the Big Board was and what it has become -- essentially debating Mr. Grasso's legacy.

Much has changed since Mr. Grasso departed his cavernous office on the exchange's sixth floor. The Big Board has transformed into the for-profit company NYSE Group, which must confront the bottom-line concerns that all publicly traded companies face. And the new occupant of the CEO's office, John A. Thain, has embraced electronic trading, in direct contrast with Mr. Grasso's strategy of defending floor-based human traders against the march of computers.

Mr. Grasso kept the trading floor profitable at a time that most people considered it obsolete, says Benn Steil, director of international economics at the Council on Foreign Relations. But "he left the exchange very vulnerable," and "there was no diversification in terms of products."

Mr. Grasso almost single-mindedly focused on trying to ensure that the Big Board dominated stock trading. Mr. Thain, on the other hand, has looked for growth in areas that Mr. Grasso shunned, including derivatives and bonds.

Mr. Grasso's tenure as CEO brought much success. He kept the Big Board's market share of trading in its own listed stocks above 80%, even as rival Nasdaq Stock Market Inc.'s share of trading in its own stocks cratered. At the same time, he maintained the NYSE's dominance in listing the biggest U.S. companies and attracted major foreign firms, employing marketing savvy that brought corporate executives onto the floor to celebrate their stock offerings and primp for the cameras. Later, he won plaudits for helping reopen the NYSE just days after the Sept. 11 terrorist attacks.

"All I can look at is our market share, profitability," and the growth of the "non-U.S. franchise," Mr. Grasso says in reference to his tenure as CEO from 1995 to 2003. "I'll be judged by that." In an interview, Mr. Grasso agreed that Mr. Thain has taken the exchange in "a different direction." But he says his successor's strategy reflects "the competitive environment now."

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Critics of the exchange's current direction also point to ways in which the Big Board has slipped since Mr. Grasso's departure. Its trading market share on the floor has slipped below 70% -- a three-decade low. And Nasdaq has poached several NYSE-listed companies, including Charles Schwab Corp. and Cadence Design Systems Inc.

Mr. Grasso's legacy could play into his trial, especially now that New York State Justice Charles E. Ramos has broken the proceedings into two parts, legal experts say. Justice Ramos first plans to rule on whether Mr. Grasso's pay was reasonable, separate from any questions about whether the pay process was flawed. Mr. Grasso's lawyers are appealing that decision, arguing the two questions should be decided at once by a jury, not a judge.

Still, the case will depend in large part on the numbers: Mr. Grasso, a native of New York's Queens borough, who started at the NYSE as a clerk in 1968, earned $97 million in total pay from 1995 to 2002. He also accumulated through his career more than $100 million in deferred compensation and retirement benefits. Mr. Spitzer has argued both the base pay and extra compensation were excessive, compared with the pay of other executives.

Mr. Grasso has countersued the NYSE for more than $50 million in pay he says he is still due. Should he win that amount, he has pledged to give away the entire amount.

He has defended his pay repeatedly by pointing out that the NYSE board approved it and believed he was doing a stellar job. According to a 2003 report prepared for the NYSE by law firm Winston & Strawn, the exchange exceeded the performance criteria set by its executives and board members by an annual average of 27% from 1995 to 2002. In 2001, the year Mr. Grasso earned a career-high $30.6 million, the NYSE exceeded the benchmark by 38%, paced by high marks in financial, market share and regulatory categories.

Gerson Zweifach, an attorney for Mr. Grasso, says his client left the Big Board in a good financial shape and notes the NYSE under Mr. Grasso investigated and reported suspected trader misconduct to the Securities and Exchange Commission. Last year, 15 former NYSE traders were indicted for allegedly short-changing investors from 1999 to 2003, while Mr. Grasso ran the exchange. Two of the traders have been found guilty of securities fraud. Two have pleaded guilty and a fifth was found not guilty. Mr. Grasso hasn't been named in any of the trading cases, but the NYSE last year promised to spend $20 million on new regulatory initiatives to help settle civil SEC charges that the exchange failed to police the improper trading during Mr. Grasso's tenure.

During his last years at the NYSE, Mr. Grasso also devoted more time to matters of corporate governance, aiming to improve investor confidence, observers say. He also worked on building a better backup facility for the exchange in case of another terrorist attack or other unforeseen disaster.

Mills Ignored Accounting Alerts, Former CEO Contends In Suit (WSJ)

By Ryan Chittum

The Wall Street Journal, August 24, 2006

Mills Corp. received warnings from its auditor as early as 2002 and from an anonymous letter distributed to its audit committee last year saying that its accounting practices were flawed, according to a lawsuit filed by the shopping-mall developer's founder and former chief executive.

In a complaint alleging that Mills's accounting problems cost him millions of dollars, Herbert S. Miller said Mills "consciously and intentionally disregarded numerous warnings" as early as February 2002 from its auditor Ernst & Young.

The suit also said an anonymous letter to the Securities and Exchange Commission was delivered to members of the board's audit committee Oct. 13, 2005. The letter laid out eight problematic accounting areas, including treatment of partnership income, according to the lawsuit.

Mills announced Oct. 31 that it would delay its third-quarter earnings call by eight days because of accounting issues and that results would be "substantially below expectations." On Nov. 9, the Chevy Chase, Md., real-estate investment trust reported its funds from operations -- a key REIT measure -- dropped 54% from a year earlier but said it wouldn't need to restate. Two months later, the company said it would restate its accounting back to 2000 and wrote off 10 development projects.

Mills declined to comment. A spokesman for Ernst & Young said the firm couldn't comment on client matters.

The lawsuit, which was reported earlier in the Washington Post, was filed in Delaware Chancery Court late last month. Many details of the Ernst & Young warnings in the lawsuit were redacted from the public filings by Mills, according to Kenneth A. Freeling, one of Mr. Miller's attorneys.

The lawsuit reports four letters to management from 2002 to 2005 from Ernst & Young that the suit says warned of accounting deficiencies. Mills provided those letters to Mr. Miller's counsel as part of the lawsuit's discovery process, said Mr. Freeling.

Mr. Miller got into mall development in the 1970s and created the first Mills-type mall, an outlet center/mall hybrid called Potomac Mills near Washington, D.C. Mills Corp. went public in 1994 with him at the helm. He left the CEO spot in 1995 and left

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the board of directors in 1997. Mr. Miller is president of developer Western Development Corp., of Washington, D.C., and is trying to build an entertainment complex around the Washington Nationals baseball park.

The SEC launched a formal inquiry into Mills's accounting in March. The company hasn't filed earnings since the third quarter of 2005 and has said its financial reports dating back to 2000 can't be relied upon.

Mills disclosed in an SEC filing two weeks ago that Ernst & Young is raising questions about whether Mills can continue as a "going concern" and gave some details about problems in eight separate accounting areas, including incorrectly capitalized predevelopment costs.

Mills sold three of its non-U.S. malls earlier this month for about $500 million and said it would write down as much as $315 million in shareholder equity. It has also signed a letter of intent that would allow it to extricate itself from the huge Meadowlands Xanadu shopping-mall project in New Jersey. All these steps are part of its bid to reposition itself for a sale or another "strategic alternative."

Mills's shares are down 68% from a year ago, at $18.70 in 4 p.m. New York Stock Exchange composite trading.

Nasdaq Issues Second Warning To EPlus (AP)

AP, August 24, 2006

HERNDON, Va. --Computer products reseller ePlus Inc. on Wednesday said it is not in compliance with Nasdaq listing requirements because it has not yet filed its latest quarterly financial report with regulators.

The warning comes a month after the Nasdaq told ePlus it faced delisting for not filing an annual report for fiscal 2006 on time.

The company's removal from the Nasdaq has been delayed until at least Sept. 7, when a hearing is scheduled with the exchange.

The company has delayed the filing in order to restate fiscal 2004 and 2005 financial statements, after an internal audit committee identified discrepancies on the recording of certain past stock option grants. ePlus said it plans to file its restated financials, its annual report for fiscal 2006 ended March 31, and results for the second quarter ended June 30 as soon as possible.

Numerous companies are currently investigating whether the exercise price of stock options given to employees was manipulated by changing the grant date to correspond to a low point for the company's stock price, a practice known as backdating. Such a move can fatten profits for options recipients when they sell their shares at higher market prices.

Backdating options can be legal as long as the practice is properly disclosed to investors and approved by the company's board, experts say. However, backdating practices may violate federal accounting and tax laws in some cases. There are presently 70 companies under investigation by the Securities and Exchange Commission and Justice Department for possible irregularities.

Shares of ePlus rose a penny to $9.80 in afternoon trading on the Nasdaq.

Phantom Of The Options (NYT)

The New York Times, August 24, 2006

The corporate scandal over rigged stock options continues to expand. More than 100 companies are now either under investigation by the federal government or performing their own internal investigations. Companies are restating earnings and preparing for new tax bills, and in extreme cases, executives are facing criminal charges.

Fiddling with the dates of stock options doesn't sound that nefarious. And unlike in the Enron case, with its spectacular implosion and shattered retirement accounts, the victims are a lot less obvious.

But just because the victims are harder to spot doesn't mean that secretly backdating or otherwise manipulating the timing of an options grant is a victimless crime. Rigging the timing of option grants hurts both the company and its shareholders, usually for the greater enrichment of top executives.

Stock options allow employees to buy the company's stock in the future at the price on the day they were granted. If the company's shares rise in the meantime, the employee can profit from the difference by exercising the options. It all sounds very abstract, if not downright abracadabra, as if the shares don't have to come from somewhere.

But the stock can't just materialize out of thin air. When employees decide to exercise their options, the company has to buy back shares at the new higher price to offset the awards. The company is selling low and buying high. It's that or dilute the value of all outstanding shares by issuing even more of them. Either way, the money is indirectly coming out of shareholders' pockets.

Gaming the system by picking an artificially low starting point siphons off even more money. It also tricks investors into thinking that compensation packages are smaller than they actually are. In the case of Brocade Communications Systems, the

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problems made the company look profitable when it was operating at a sizable loss. Two executives there now face criminal charges.

Investigations are revealing outright skulduggery. At Comverse Technology, three former executives have been charged with mail, securities and wire fraud for allegedly managing a secret options slush fund using fictitious employees. The former chief executive, Jacob Alexander, is a fugitive from justice; he wired $57 million to an account in Israel and is believed to have fled there.

The deeper prosecutors dig, the worse this latest scandal looks.

CRIMINAL LAW:

Judge Orders Investigation Of Leak In Pro-Israel Spy Case (AP)

By Matthew Barakat, Associated Press

AP, August 24, 2006

ALEXANDRIA, Va. – A federal judge has ordered the Justice Department to investigate how media organizations learned about a criminal probe involving the activities of two pro-Israel lobbyists, who now face trial on charges that they illegally disclosed national defense information.

U.S. District Judge T.S. Ellis III ordered the investigation following complaints by defense lawyers that the government failed to follow proper procedures in obtaining and executing a secret warrant for surveillance of lobbyists Steven Rosen and Keith Weissman.

The indictment against Rosen of Silver Spring, Md., and Weissman of Bethesda, Md., alleges that they conspired to obtain classified reports on issues relevant to American policy, including the al-Qaeda terror network; the bombing of the Khobar Towers dormitory in Saudi Arabia, which killed 19 U.S. Air Force personnel; and U.S. policy in Iran.

Rosen and Weissman, former lobbyists for the American Israel Public Affairs Committee, are accused of sharing the information with reporters and foreign diplomats. No trial date has been set.

Media advocacy groups have long been concerned about the government's prosecution of Rosen and Weissman because the statute used to prosecute them – a World War I-era espionage law – could easily be used to prosecute journalists who break news about classified government programs.

Ellis' decision to order an investigation into how CBS News and other media companies learned of the AIPAC probe in late August of 2004 crystallized that concern.

"I find it hard to fathom why the judge needed to file an order seeking confidential sources" in this case, said Lucy Dalglish, executive director for the Arlington-based Reporters Committee for Freedom of the Press. "We're getting into really dangerous territory."

A CBS News spokesman declined comment Wednesday.

Ellis said in his ruling that a leak would not necessarily taint the government's use of a warrant obtained through the secret Foreign Intelligence Surveillance Court, but he ordered the inquiry anyway.

Defense lawyers have been seeking to suppress evidence obtained from the surveillance; they argued that the leak is proof that the government failed to follow proper procedures.

Ellis, whose written opinion was made public Tuesday, left the door open for defense lawyers to renew their objections based on the results of the inquiry. The Justice Department was ordered to give Ellis a sealed report by Sept. 15.

The Espionage Act allows for prosecution of persons who transmit national defense information to those not entitled to receive it. The case against Rosen and Weissman is the first to apply the law to lobbyists.

U.S. Attorney General Alberto Gonzales has said he believes journalists can be prosecuted for publishing classified information, and an earlier ruling by Ellis in the case on the constitutionality of the Espionage Act also left the door open for prosecutors to charge reporters.

A former Defense Department official, Lawrence A. Franklin, has already pleaded guilty to providing Rosen and Weissman classified defense information. Franklin was sentenced to more than 12 years in prison.

Franklin said he believed the United States was insufficiently concerned about the threat posed by Iran and hoped that leaking information might eventually provoke the National Security Council to take a different course of action.

US Man Accused Of Plot To Sell Dow Chemical Secrets In China (AFP)

AFP, August 24, 2006

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US authorities arrested a man for allegedly conspiring to sell trade secrets from Dow Chemical Company to companies in China, the Justice Department said.

Longtime Dow employee Wen Shyu Liu, 69, was arrested Tuesday in Seattle, Washington, on charges of conspiracy, receipt and possession of stolen trade secrets, wire fraud, illegal monetary transactions, perjury and asset forfeiture, US Attorney David Dugas said in a statement.

All charges were associated with stolen Dow trade secrets which the suspect, also known as David Liou, is alleged to have attempted to market to Chinese firms, the statement said.

A 15-count indictment was returned by a federal grand jury on March 24, 2005.

Liou, formerly of Baton Rouge, Louisiana, was arrested on an intercontinental flight inbound to Seattle from Taipei, Taiwan, by agents of the Federal Bureau of Investigation and US Immigration and Customs Enforcement.

The indictment says Liou worked for Dow from 1965 until he retired in March 1992. While at Dow, Liou worked in research and development and had signed employment and retirement agreements prohibiting the disclosure of Dow's trade secrets and other confidential information without permission.

According to the indictment, Liou conspired with others to steal trade secrets related to Dow's trademarked Tyrin CPE resins that the company says can be used in vinyl siding, PVC pipes, automotive, wire and cable, and general rubber applications.

Liou allegedly hired Dow employees and former employees who had worked in producing Tyrin "to prepare a detailed engineering package to sell to prospective Chinese companies."

If convicted of all counts, Liou faces up to a 300 years in prison and a fine of 9.75 million dollars, or, if greater, twice the gain he received or twice the loss he caused to the company, the department said.

Liou was scheduled to appear Wednesday before a US magistrate judge in Seattle.

Suspect's Family To Sell Story (WP/AP)

The Washington Post, August 24, 2006

LOS ANGELES, Aug. 23 -- John Mark Karr's relatives offered up the book and film rights to the family's story Wednesday in hopes of raising money for a high-powered lawyer to defend Karr against charges that he killed 6-year-old JonBenet Ramsey.

"They're not looking for money for themselves," said Larry Garrison, a producer the family members hired to represent them in media deals. "They're looking to support John's boys' college education and to make sure all legal fees are covered."

Karr remained in a Los Angeles County jail Wednesday afternoon awaiting transfer to Colorado. JonBenet was killed in her Boulder, Colo., home in December 1996.

Garrison said no money had changed hands yet with the Karrs and he didn't want to go into details about the agreement. Nathaniel Karr, one of John Mark Karr's brothers, confirmed that Garrison is now representing the family.

Karr told reporters in Thailand last week that he was present when JonBenet died and that her death was an accident. He did not specifically say he killed her, and Boulder prosecutors have not disclosed their evidence against him.

His family has insisted Karr was in Georgia during the Christmas week in which JonBenet was killed.

Georgia lawyer Gary C. Harris, who had represented Karr's father and brother in recent days, has said the family found a photo from Christmas 1996 showing Karr's three sons at a dinner in Atlanta. Karr is not in the photo, but the family insists that if the boys were there, Karr would have been, too.

"John Karr wasn't working," Harris said. "He couldn't afford to buy a MARTA [Atlanta public transportation] or bus ticket, much less plane fare to Colorado."

A family photo has been turned over to Boulder authorities, but Garrison could not say what it shows.

"I can tell you they proclaim his innocence," Garrison said. "They feel he was not there at the time, that some of the statements made by the press are absurd."

Harris told the Associated Press on Wednesday that as far as the family knows, the only time Karr was in Colorado was in 2001, when his car broke down on a trip from Alabama to California with his then-wife and children. He said the family got the car fixed and moved on.

Harris said he thinks Karr claimed involvement in JonBenet's death because he is ill.

"Obviously, this guy has some mental problems," he said. "He obviously has some emotional problems. He's always had some."

Harris declined to be more specific but said he has no knowledge of Karr ever seeing a psychiatrist. He also noted that the family lost touch with Karr five years ago.

"We don't know what happened in the last five years because they hadn't talked to him," Harris said. "They thought he was dead."

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A psychiatrist has met with Karr twice since he was brought to Los Angeles County's Twin Towers Correctional Facility on Sunday night after a flight from Thailand, said sheriff's Lt. George Vanecek. At the jail, deputies were looking in on Karr every 15 minutes.

Harris said that, because of a difference of opinion, he no longer is representing Karr's father, Wexford, and brother Nathaniel. He said he now represents only Michael Karr, another of John Karr's brothers, and his wife.

Harris would not disclose the reason for the split but suggested it had something to do with the desire of Wexford and Nathaniel Karr to sell the family story.

"My clients are not seeking any book deals or anything of that nature," Harris said of Michael Karr and his wife. "I'll let you deduce what you want from that. My clients are not looking to make any money off of this."

Beyond DNA, Several Items Could Determine JonBenét Case (USAT)

By Tom Kenworthy

USA Today, August 24, 2006

DENVER — DNA will be pivotal in the case against John Mark Karr in the murder of JonBenét Ramsey, but it's not the only physical evidence that could help determine his guilt or innocence.

Absent a match from Karr's DNA with a small sample taken from the 6-year-old girl's underwear, prosecutors will rely on other evidence besides his public statement in Thailand last week that he was with JonBenét when she died at her home in Boulder, Colo. That evidence includes:

·An unidentified palm print left on the door to the basement wine cellar where JonBenét's body was found on Dec. 26, 1996.

·A partial boot print found in the basement.

·Hair and fibers taken from JonBenét's body that did not come from family members or fabrics in the Ramsey home.

·The 21/2-page ransom note found in the house.

Legal analysts say Boulder County District Attorney Mary Lacy and her investigators probably have other evidence linking him to the crime that is not publicly known.

“He's given them something other than the confession,” says Craig Silverman, a former Denver prosecutor. “It might be a picture, or information about the ransom note” or evidence he was in Boulder at the time of the killing.

“He obviously has some insider information, or the district attorney's office wouldn't have gone through the exercise of bringing him back” from Thailand, Denver defense lawyer Scott Robinson says.

Larry Pozner, another Denver defense attorney, says that if no DNA link is proved, prosecutors must have evidence placing Karr in Boulder and at the crime scene.

“We go to bed starving for a fact that shows John Karr was there, and we wake up the next morning hungry,” Pozner says. “We are not being fed any facts that indicate guilt,” such as credit card records showing Karr traveled to Boulder.

Karr's second ex-wife has said she cannot remember a Christmas in the mid-1990s when he wasn't with the family in Alabama.

“Christmas is memorable,” Pozner says. “There is no motivation for his ex-wife, who hates him, to say, ‘He was here with me and the kids.' … The prosecution needs a silver bullet. They need his palm print, they need him taking something out of the house and keeping it. They need a lot of facts.”

Karr, being held without bond in Los Angeles, is likely to be flown to Colorado within a few days. Prosecutors will quickly get samples from him: DNA, fingerprints, a palm print and a handwriting sample to test for a match with the ransom note, says Bob Grant, a former Adams County, Colo., district attorney who assisted in the criminal investigation from 1997 to 1999.

A handwriting analysis that finds similarities could help bring a conviction, Silverman says. “I'm not saying he should be convicted on the basis of handwriting analysis alone, but Lord knows I've used it to put people in prison as part of a case.”

Pozner dismisses handwriting analysis as “junk science, one step above a Ouija board.”

A possible link to the ransom note was suggested by the parents of Karr's first wife, who told the Associated Press they had discovered letters the suspect wrote to their daughter. They were signed “S.B.T.C.,” initials that also were written on the ransom note.

The DNA taken from JonBenét's underwear is paramount, Grant says. Tests conducted on the sample in the late 1990s showed it contained DNA from both the victim and another person, probably a male who was not a member of the Ramsey family, he says.

“That DNA has to be explained in some way,” Grant says. “I don't think they have a case without an explanation of where that foreign DNA came from. If it doesn't match him, they have a very, very tough case to prove.”

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Silverman agrees: “If it's a miss, that's a big problem for the prosecution. If it's a match, that's game, set and match for the state.”

Baxter Sentenced To Jail In Gun Incident (WP)

By Henri E. Cauvin

The Washington Post, August 24, 2006

Lonny Baxter, the former University of Maryland basketball star caught last week with a gun a few blocks from the White House, was sentenced yesterday to spend the next two months behind bars after a judge rejected the prosecutor's recommendation for probation.

Baxter, who recently signed a pro contract to play in Europe, agreed to plead guilty yesterday, just a week after he was charged, in hopes that he would be released from jail so he could join his team in Italy for training camp.

Shackled at his wrists and ankles and clad in an orange jail jumpsuit, the 6-foot-8 Baxter said that a .40-caliber Glock found in his white Range Rover was his and that he had fired it into the air in the early hours of Aug. 16 in downtown Washington.

The sight of Baxter, 27, in the dock in D.C. Superior Court was not what anyone would have imagined a few years ago for the young man who led his hometown Maryland Terrapins to a national championship and who seemed to have a promising National Basketball Association career ahead of him.

Echoes of that exciting time in Baxter's life filled the crowded courtroom yesterday.

Maryland Coach Gary Williams, who led the 2002 team that won the national championship, appeared in the courtroom to speak on behalf of Baxter. Dressed in a suit and tie and standing a few feet from his former center, Williams called Baxter a "hard-working individual" and praised him for his efforts with young people and his continued pursuit of his college degree, all of which made Baxter's actions so hard to understand. "Knowing Lonny, I was shocked," Williams told Judge Craig Iscoe.

Former Terps' teammate Juan Dixon, who went on to play for the Wizards, also weighed in, albeit not in person. Baxter's attorneys presented a letter from Dixon as a testimonial to his old teammate.

A bit too short to be a true NBA big man, Baxter never stayed on very long with any of the handful of NBA teams he played for, among them the Wizards. After finishing out last season with the Charlotte Bobcats, Baxter decided to return this season to Europe, where he had played before and where he hoped he could earn another shot at the NBA.

Baxter had been in trouble over guns once before. A couple of years ago, he was arrested in the District after he accidentally fired a shotgun in his Connecticut Avenue NW condominium. Baxter pleaded guilty in Superior Court to a misdemeanor firearms charge in that case, was placed on probation and was told to stay out of trouble -- and not just by the judge.

"I told him, basically, you can't be in those situations. You have too much going for you," Williams told Iscoe of his talk with Baxter after the 2004 arrest.

Apparently, Baxter stayed out of trouble -- until last week, just hours before he was to leave for Italy.

Baxter was celebrating his final night in Washington when was arrested, one of his attorneys, Richard Finci, told the court. Along with the Glock, Secret Service officers found Baxter's passport in the center console of his SUV, Finci said.

Baxter had apparently just left the Eye Bar on I Street NW with a friend, Francis I. Martin, when Baxter decided to fire off a couple of rounds from a gun he bought in Texas. Uniformed Secret Service officers on patrol near the White House heard the shots.

A passerby told the officers that shots had been fired from a white SUV near 18th and I streets NW. When police stopped the Range Rover, near 17th and K streets, they learned that it was registered to Baxter, who was driving. The officers said they saw two spent shell casings on the back floorboard. Baxter and Martin, 35, were ordered out of the car, and police found Baxter's gun.

Martin was originally charged, too, but those charges were dropped yesterday after Baxter made it clear he alone was responsible for the gun and for firing it.

With a sentence that will keep him in jail until the middle of October, after his team has begun its season, Baxter's professional fate is uncertain, said another of his attorneys, Harold Martin.

Entering yesterday's hearing, Baxter seemed to have a good chance at going home to Rockville and then to Italy.

In exchange for his guilty pleas, the U.S. attorney's office had agreed not to seek jail time beyond the seven days that Baxter already served and to dismiss the most serious charge if he stays out of trouble for the next year.

Baxter's attorneys asked the court to accept the recommendation of the prosecutor, Assistant U.S. Attorney Brandi K. Garcia, and allow Baxter to move on. Baxter was eager, excited and overwhelmed at the prospect of going to Italy, to an unfamiliar place and a team that he was expected to lead, and all those feeling somehow bubbled into something inexcusable, Finci told Iscoe.

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"There's no explanation for this," Finci said. "There was obviously no intent to harm any person. It's really just an effect of emotions being out of control."

Defense attorneys presented a letter from the general manager of Baxter's Italian team, Montepaschi Siena, who offered to provide the court with regular reports on Baxter's performance on and off the basketball court.

Finally, the judge heard from Baxter, who majored in criminal justice and criminology at Maryland and who is hoping to receive a bachelor's degree next year.

Baxter has been a local favorite since his basketball-playing days at three area high schools -- Silver Spring's Springbrook, Rockville's Richard Montgomery and Southeast Washington's Anacostia. He spent a postgraduate year at Hargrave Military Academy in Chatham, Va., to focus on academics before heading to College Park.

At Maryland, Baxter became one of the country's best big men, known for his quiet demeanor and consistent play. He averaged at least 15 points per game during his final three seasons.

"I'd like to first just apologize to the court, to the District of Columbia and also to my family, for the careless, selfish, stupid act that I committed," he told the judge.

Iscoe acknowledged Baxter's prompt cooperation with authorities but said he could not go along with the government's recommendation of probation.

The government had given Baxter a "great break" in conditionally dropping the most serious charge, Iscoe said. In sentencing Baxter for the other two charges to which he pleaded guilty -- possession of an unregistered firearm and unregistered ammunition -- he could not be so lenient, Iscoe said.

"There's no good reason for a person who's not working in law enforcement or presidential protection to be in possession of a loaded weapon within blocks of the White House, let alone to fire it into the air," Iscoe said.

Iscoe sentenced Baxter to about nine months in jail but suspended all but 60 days of that sentence, meaning that if Baxter stays out of trouble, he will not have to serve the remaining time. Iscoe also placed him on probation for 18 months, fined him $2,000 and ordered him to perform 100 hours of community service.

"In imposing sentence," Iscoe declared, "I have to consider . . . not only your desire that your punishment not interfere with your basketball career but my responsibility to the citizens o the District of Columbia. . . . And I'm sorry, sir, because I recognize the serious consequences that this will have on your career, but you're the one that took the actions, you're the one that chose to purchase that gun, to load it, to carry it in your SUV and to fire it into the air, and you're the one that will have to suffer the consequences for your deliberate and intentional actions."

Baxter Denied Sentence Delay (WT)

By Jim Mcelhatton

The Washington Times, August 24, 2006

Former Washington Teachers Union Treasurer James O. Baxter II must report to a federal prison today to begin a 10-year sentence, after a federal judge denied his bid for a postponement because of a recent neck injury, likely from gardening and swimming.

U.S. District Court Judge Richard J. Leon yesterday ordered Baxter to surrender to the Federal Correctional Institution in Petersburg, Va., a low-security facility south of Richmond.

The ruling comes nearly a year after Baxter's conviction on charges that he helped embezzle millions of dollars in dues from D.C. public school teachers.

Baxter's attorney, Elmer D. Ellis, had sought an extra 30 days of freedom, at the least, for his client so that the 52-year-old Maryland man could receive medical treatment for a neck injury, including potential surgery.

However, federal prosecutors objected, calling the request "a last-minute, last-ditch plea to escape punishment," according to a court memo filed late Monday.

"Indeed, given the stress likely associated with facing a 120-month prison sentence, neck and back tension requiring medication might be predicted," the memo written by Assistant U.S. Attorneys James W. Cooper and Anthony M. Alexis states.

In his two-page ruling yesterday, Judge Leon ordered a prison doctor to review Baxter's medical records and determine whether the facility is the best place to treat the former union official.

Baxter was convicted in the embezzlement scandal in which union officials stole nearly $5 million in dues and spent money on custom-made clothes, sterling silver, limousine service and sporting events.

Co-defendant Gwendolyn M. Hemphill, a former union office manager and co-manager of D.C. Mayor Anthony A. Williams' 2002 re-election campaign, reported to federal prison last month in Connecticut, where she is serving an 11-year sentence.

After her conviction, Hemphill sought leniency, citing psychotic episodes of being stalked by a small man in native African garb carrying a spear. Prosecutors balked at the notion, and the judge sentenced her to prison.

Hemphill and Baxter largely blamed former union President Barbara A. Bullock for the scandal.

Bullock initially was sentenced to more than nine years in prison after accepting a plea deal.

But prosecutors recently filed a motion with Judge Leon to reduce the prison term by two years, citing her cooperation in the investigation and her testimony against Hemphill and Baxter.

She is scheduled to be resentenced next month.

Schrenko Must Report By Sept. 11 Attorney Asks Time Be Served In Tallahassee (AJC)

By Beth Warren, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, August 24, 2006

In her trip from the White House to the Big House, Linda Schrenko's days as a free woman are numbered.

Five years ago, Georgia's then-School Superintendent was in Washington as President Bush unveiled his education reform plan. She was viewed as a trailblazer, becoming the first woman elected to statewide partisan office in Georgia and the first Republican to take control of the state's education system.

Now her loftiest goal is to help fellow inmates improve their reading skills.

By Sept. 11, the 56-year-old former candidate for governor must report to a federal prison to begin her eight-year sentence for embezzling more than $600,000 in federal money meant for deaf and honors students, U.S. Marshal Richard Mecum confirmed Wednesday. Federal Bureau of Prisons officials haven't announced where she'll serve her sentence, he said.

Her attorney, Pete Theodocion, requested a low-security prison in Tallahassee because there is no federal women's facility in Georgia. The judge agreed to make that

recommendation to prison officials, who ultimately decide.

Theodocion said Wednesday he didn't know about the recent sex scandal at the Federal Correctional Institution in Tallahassee, which is next to a facility for men.

Charges are pending against a group of male guards accused of having sex with female inmates in exchange for drugs, alcohol, money and other contraband. When FBI and Justice Department investigators headed to the prison complex in June to arrest the guards, one of the corrections officers, who should have been unarmed, opened fire. A Justice Department special agent was killed, along with the suspect.

Violence is rare at the complex, said Howard O. Kieffer, a Santa Ana, Calif., attorney who specializes in federal prisons and whose clients have served time at the Tallahassee women's prison camp.

Shoving matches over love triangles

He said shoving matches over love triangles among inmates are more common than any serious violence.

Theodocion said he spoke with his client last week. "She's doing fine. She's ready for anything the future brings."

Before her trial in May, Schrenko repeatedly professed her innocence, but her trial ended abruptly when she pleaded guilty to her role in the embezzlement. Some of the money was funneled into her beleaguered campaign, and she spent about $9,300 for a face-lift.

She agreed to serve eight years in prison and not to appeal.

At her sentencing in July, U.S. District Court Judge Clarence Cooper scolded: "You're the reason the public confidence in the political process continues to erode."

Schrenko then surrendered the keys to her small SUV but was allowed to remain free until she reports to prison.

Schrenko told reporters on her way out of the courthouse that she has made the most of her waning days of freedom with a jaunt to the beach, a party with family and friends and quiet time with her dogs. Prison life could be quite an adjustment for Schrenko, who is accustomed to her privacy, living on acres of countryside in the Augusta area.

Trial Pushed Back In Ecosabotage Case (AP)

AP, August 24, 2006

EUGENE, Ore. (AP) - U.S. District Judge Ann Aiken delayed the trial of four people charged in a federal investigation of arsons by radical environmentalists.

The trial had been scheduled for Oct. 31, but defense lawyers said they needed more time to analyze tens of thousands of pages of evidence. Aiken did not set a new date, but indicated that the trial might not start until March.

The "Operation Backfire" investigation resulted in indictments against more than a dozen people allegedly involved in acts of ecosabotage from 1996 to 2001. The Earth Liberation Front and Animal Liberation Front claimed responsibility.

Part of Tuesday's hearing was to determine how the four defendants should be allowed access to the statements and plea agreements of six co-defendants who have agreed to plead guilty. Those awaiting trial are legally entitled to the material to help them prepare their defense.

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Defense lawyers for those who accepted plea deals argued last month that the safety of their clients would be jeopardized if the agreements were made public.

Under last month's order by U.S. Magistrate Judge Tom Coffin, the remaining four defendants and their lawyers were prohibited from making copies of any of the protected documents. Further, Coffin ordered the defendants not be allowed to view the documents except under the direct supervision of their lawyers.

Defense lawyers for the defendants facing trial say those restrictions are an unneeded burden.

But Assistant U.S. Attorney John Ray told Aiken on Tuesday that prosecutors also fear for the safety of cooperating witnesses if their statements and plea deals are made public.

"This is a matter of great concern," Ray said. Pointing to a thick binder containing the agreements, he said, "This is much sough-after material. Critical material."

Lawyer Richard Fredericks, who represents one of the defendants who accepted a plea deal last month, said his client is worried that protected information already is being leaked. He said Internet sites are rife with anonymous threats against so-called "snitches" within the radical environmental underground.

Aiken ruled the protective orders covering the documents are necessary to ensure the safety of cooperating defendants and witnesses. She said the secrecy does not give an advantage to the prosecution because it is widely known that federal cases of this nature rely on informants making deals with prosecutors.

Man Found Guilty In 2004 Anthrax Hoax At Meraux Post Office (AP)

AP, August 24, 2006

NEW ORLEANS -- A federal jury has found a Livingston Parish man guilty in connection with a 2004 anthrax scare at the Meraux post office, federal prosecutors said Wednesday.

Timothy Blake Dixon, 20, of Holden, was convicted of "communicating false information" after a three-day trial before U.S. District Judge Martin L.C. Feldman, U.S. Attorney Jim Letten said.

Dixon was accused of leaving a bag of white crystals and a note reading "ANTHRAX DIE AMERICANS" at the post office during the early morning hours of July 12, 2004.

The post office was shut down for about two days, delaying deliveries to nearly 4,000 homes and businesses, after a customer found the bag and note in the business' lobby.

Later testing revealed that the substance was sugar.

A hot-line tip alerted investigators to the defendant, who later confessed to committing the crime, Letten said.

Letten said the conviction is "evident of our commitment to protect our institutions and citizens from not only the dangers and horrors that terrorize our citizens but also to prosecute those individuals who wreak havoc by perpetrating hoaxes involving biological threats."

Dixon faces up to five years in jail, a $250,000 fine and three years of supervised release. A sentencing date was not set.

Key Hahn Figure Pleads Not Guilty (LAT)

By Michael Muskal And Ted Rohrlich

The Los Angeles Times, August 24, 2006

Leland Wong, a powerbroker in the administration of former Mayor James K. Hahn, pleaded not guilty this morning to a 20-count indictment that alleges he took a bribe as part of a "pay-to-play" arrangement.

Wong appeared this morning before Los Angeles Superior Court Judge David Wesley, who ordered the 49-year-old former commissioner released on his own recognizance pending an appearance Sept. 7.

The district attorney's office unsuccessfully sought bail set at $390,000.

The indictment is the first of a public official in the ongoing probe of corruption during the Hahn administration by a joint task force from the offices of the U.S. attorney and the district attorney.

Charges of corruption at City Hall played a role in Hahn's defeat by Antonio Villaraigosa in a hotly fought mayoral race in 2005.

The task force, which included representatives from the California Franchise Tax Board, focused on allegations that former city officials solicited political contributions in exchange for city contracts. The political patronage practice is commonly known as "pay to play."

It was unknown whether other indictments are expected, though 41 witnesses presented evidence to the grand jury that began meeting Aug. 3, according to a statement announcing the indictment of Wong.

"The indictment of former Los Angeles City Commissioner Leland Wong by the county grand jury is a significant step in rooting out corrupt public officials and exposing corruption within public institutions," Dist. Atty. Steve Cooley said in a statement.

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Wong, who served in the mayoral administrations of Hahn, Richard Riordan and Tom Bradley, sat stoically between his attorneys, Janet Levine and Jeffrey Rutherford, at his arraignment. Wong's only comment was to plead not guilty to the charges.

"He intends to fight these charges and he intends to be exonerated of his charges," Levine said. "That is what we expect will happen."

The indictment charges Wong with 13 counts of grand theft by embezzlement, one count of accepting a bribe, two counts of conflict of interest, one count of perjury and three counts of filing false tax returns.

Wong was an Airport and Department of Water and Power commissioner during the Hahn administration.

The bribery, conflict of interest and perjury charges relate to dealings with Evergreen Shipping beginning in early 2002 while Wong was an airport commissioner. The indictment alleged that he accepted a $100,000 bribe from an official of that firm, according to authorities.

The grand theft by embezzlement charges stem from Wong's employment as director of government relations for Kaiser-Permanente, officials said. The alleged embezzlement was uncovered by another Kaiser-Permanente employee in October 2003.

The investigation began after Wong resigned from both Kaiser and the Department of Water and Power Commission in January 2004.

Democrats Call For Probe Of Perdue's Florida Land Deal (AP)

By Shannon Mccaffrey

AP, August 24, 2006

ATLANTA - Democratic legislative leaders on Wednesday asked a federal prosecutor and Georgia's attorney general to investigate Gov. Sonny Perdue's $2 million Florida land purchase from a wealthy Republican developer.

In a letter filed with U.S. Attorney David Nahmias and state Attorney General Thurbert Baker, the Democrats said a probe was needed to determine whether Perdue provided any illegal benefits to Newnan developer Stanley Thomas.

They also asked authorities to look into legislation Perdue signed soon after the December 2004 land purchase which allowed him to avoid some $100,000 in state capital gains taxes.

"Both the land purchase and the new tax windfall raise serious legal ethical questions about the governor," House Democratic Leader DuBose Porter said at a news conference.

"Is the governor's office for sale to a developer who gave the governor the chance to reap a personal financial windfall of tens of millions of dollars on an insider deal?"

Perdue is facing a challenge from Democratic Lt. Gov. Mark Taylor.

The Perdue camp dismissed the complaints on Wednesday, saying Democrats were merely trying to shift attention from Taylor's own troubles.

In a highly unusual move, the state Ethics Commission has added to its agenda for Thursday's meeting an ethics complaint that was filed against Taylor just last week. The complaint alleges that $35,000 in campaign contributions the Taylor received from car dealerships are illegal.

"We expect these kinds of desperate attempts to divert attention from what is really going on," Perdue spokesman Derrick Dickey said.

Russell Willard, a spokesman for Baker, declined to comment. Justice Department spokesman Patrick Crosby said officials there do not respond to inquiries about investigations.

In December 2004, Perdue purchased about 20 acres in Osceola County, Fla. along a new toll road that is being built to Disney World. He bought the land from Thomas for $2 million without ever seeing the property. Perdue appointed Thomas to the state Economic Development Board and one of Thomas' companies, Fourth Quarter Properties, donated $250,000 to the state Republican Party.

Perdue has defended the land deal, saying he bought land outside the state because he wanted to avoid charges of potential conflicts on interest he would have faced had he bought land in Georgia.

Just months after the Florida land deal, Perdue signed into law a tax bill that saved him about $100,000 in state capital gains taxes on the land he sold in Houston County, Ga. to buy the Florida property.

The Perdue administration said the bill was part of a large tax package designed to bring state laws in line with the federal government. But the two portions of the law which benefited Perdue were made retroactive to January 2004 - effectively covering Perdue's land sale in Houston County and purchase in Florida.

ON THE NET

Gov. Sonny Perdue: http://www.newga.com

Lt. Gov. Mark Taylor: http://www.marktaylor.com

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Assistant High School Coach Arrested In Internet Child Sex Sting (WBBM-AM)

WBBM-AM, News Radio 780, Chicago, August 24, 2006

PORTAGE, Ind. (WBBM) -- Following a three-week investigation in three Indiana counties, federal agents and local police have arrested more than two dozen people for soliciting sex from children over the Internet. WBBM's Bob Roberts reports.

Arrests continued Tuesday afternoon, bringing the total to at least 27. The U.S. Attorney for the Northern District of Indiana, Joseph Van Bokkelen, said that the arrest total eventually could reach 40.

Among those arrested was 24-year-old Matthew Carl Hensley, of Valparaiso, who was an assistant basketball coach at Andrean High School in Merrillville, said U.S. Attorney Joseph Van Bokkelen.

Detectives from police agencies in Porter County, the South Bend and Lafayette areas posed as 12-and-13-year-old girls in a number of online chat forums.

In one arrest, in Valparaiso, an alleged predator arrived at a prearranged meeting point, saw police cars responding to an unrelated call, returned home and sent an e-mail asking if it was safe for them to meet. Assured that it was, the suspect returned and was arrested.

In at least 11 of the cases, authorities arrested suspects when they showed up at pre-arranged meeting points. The others were arrested after they sent the "girls" graphic images or made graphic references in their e-mails.

In all, Van Bokkelen said, the law enforcement personnel chatted with more than 100 individuals.

Those arrested range in age from their 20s to their 50s. Van Bokkelen said that in all cases, prosecutors asked that the suspects be held without bond.

Penalties recently increased. Under the so-called "Adam's Law," signed into law by President Bush last month, the minimum prison term increased from five years to 10. Those convicted can get life in prison. All of those convicted must register as sex offenders.

"Know who your children are talking to," Van Bokkelen advised parents. "You tell your children not to speak with strangers. Well, that's exactly what they're doing on the Internet. Parents just need to police better what their children are doing, who they're talking with, and what's going on."

Van Bokkelen said the arrests were timed to coincide with the beginning of the school year. His office also is sending a CD to each school system in northern Indiana, discussing ways to keep children safe from would-be predators.

Thirty local, state and federal agencies participated in the operation, part of a national effort known as Project Safe Childhood, announced by the Justice Department earlier this summer.

Superintendent's Early Critics Say Board Shares Some Blame (WP)

By Eric Rich And Rosalind S. Helderman

The Washington Post, August 24, 2006

For those who warned from the start that Andre J. Hornsby was the wrong pick to lead Prince George's County public schools, the news of his indictment this week in a public corruption case has provided a belated and in many ways unwelcome sort of vindication.

Several of those critics, as well as some parents, said in interviews yesterday that the school board shares responsibility for Hornsby's alleged failings because it hired him, and then largely supported him as questions about his conduct swirled, before finally ousting him last year.

"Has this affirmed my initial fears and concerns? Absolutely," said state Sen. Paul G. Pinsky (D-Prince George's), who said he made calls all over the country when the board was considering hiring Hornsby and was deeply concerned by what he learned. "I thought it was a bad choice, and I conveyed that. They made the choice."

Hornsby, 52, was indicted Tuesday by a federal grand jury on charges of steering school business to associates in exchange for kickbacks that were intended to exceed $100,000 and possibly include such indulgences as expensive art or a yacht.

Hornsby maintained his innocence throughout his turbulent tenure, from June 2003 to June 2005, and his attorney said in a statement Tuesday that he would contest the charges vigorously.

Several parents said they were dismayed that an official who drew an annual salary of $250,000 managed, when driven from office, to collect a severance payment of $125,000.

"I was floored," said parent Patricia Browne of Springdale. "My major disappointment was that the county gave him a nice little package to go away even when he was under a cloud."

Parent Carla Jasper of Upper Marlboro said, "I am wondering truly who put that man in office to begin with. . . . He should never have been in a leadership position with the stuff in his background in the first place."

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Hornsby was hired by an appointed school board, a temporary body that was created in 2002 when the state abolished an elected board widely derided as inept and financially reckless. A new elected board will be chosen in November, with only two of the current members hoping to remain.

In March 2003, Hornsby was one of three candidates for the position. He had recently been laid off from an administrative post with New York City schools, and he had been fired three years earlier as superintendent of the Yonkers school system outside the city. In Yonkers, though he denied wrongdoing, critics accused him of improperly accepting a golf trip and a hand-held computer from a vendor.

Just one of the nine board members opposed Hornsby's appointment: Judy Mickens-Murray (Upper Marlboro). "The preliminary research raised a flag," Mickens-Murray, who is standing for election, said yesterday.

The other incumbent running for a seat is Vice Chairman Howard W. Stone Jr. (Mitchellville), who said after the indictment that he could not have foreseen that Hornsby's tenure would be so mired in controversy.

In interviews yesterday and the day before, several school board members and county officials sought to direct attention away from the 16-count criminal indictment and to focus instead on the promise of the chief executive who replaced Hornsby, John E. Deasy.

"Things fall through the cracks," County Executive Jack B. Johnson (D) said shortly before the indictment was announced Tuesday. "It happens, and when it happens, that's why you have the authorities to come in and do the job that they're supposed to do. . . . We have moved on."

County Council Chairman Thomas E. Dernoga (D-Laurel) issued a statement calling the indictment "a cause for great concern" but adding that "now is not the time to reflect on the Hornsby era."

Board member Robert O. Duncan (Laurel) said, "I hope we can get this behind us." Board member Abby L.W. Crowley (Greenbelt) said Hornsby "set us on the right course."

Board Chairman Beatrice P. Tignor (Upper Marlboro), who associated herself closely with Hornsby, said criticism now of her defense of him then amounted to "Monday-morning quarterbacking." She noted that the board ultimately hired a forensic auditor whose findings led the board in 2005 to deem Hornsby's conduct "unacceptable."

In October 2004, when questions surfaced in media accounts about the school system's $1 million purchase of educational tools from a software company where Hornsby's live-in girlfriend worked, Tignor rose to Hornsby's defense. She issued a "statement of facts" that she said she had "personally researched . . . with the assistance of school system staff."

"I believe that this should bring closure to these issues," she wrote, defending among other things an arrangement that is now central to the indictment.

Yesterday, Tignor said: "Certainly at the time I made those statements, [and] we have found some of those statements to be nonfactual. I can't undo the past. . . . We did what we thought was best at the time."

Is Jeffs Hiding In Texas? (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, August 24, 2006

Shurtleff, others discuss ways to track down fugitive FLDS leader

Utah and Texas authorities are exploring new ways of finding proof that fugitive polygamist leader Warren Jeffs has been hiding out at the Fundamentalist LDS Church's massive temple site in Eldorado, Texas.

Warren Jeffs

Mark Shurtleff "He's got how many thousand acres down there and a sheriff that says he's not going to go in?" Utah Attorney General Mark Shurtleff told the Deseret Morning News. "I think he travels around absolutely. It's a place he goes for refuge. My question is, what are you doing to get probable cause?"

But the sheriff of the tiny Texas town said he doesn't have any proof the FLDS leader has been there lately — and that's why he can't go in and search the sprawling ranch.

"No doubt at some point he's been out there," said Schleicher County Sheriff David Doran. "But no evidence that he has been out there recently."

Shurtleff met briefly with his counterparts in Texas and Canada earlier this month while at a conference in Alaska. He said they discussed new ways to track down the fugitive FLDS leader.

The Texas Attorney General's Office declined to comment about any plans to develop more proof that Jeffs has been there.

"Mr. Jeffs is on the FBI's Most Wanted list, and because of this, we want to do all we can to work with local, state and federal authorities to help resolve the matter," said Tom Kelley, a spokesman for Texas Attorney General Greg Abbott. "As to specifics about resources devoted to any particular aspect of it, we cannot comment."

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Shurtleff thinks more resources can be devoted to the manhunt for Jeffs. Utah's attorney general suggested pushing the FBI and U.S. Marshal's Service to use satellite surveillance on the YFZ ranch to look for vehicles that may be traveling in convoy.

The FBI's Salt Lake City office declined to comment on what the agency is doing to develop information about Jeffs' whereabouts.

"I cannot speak with any specificity to probable cause or the lack thereof," said FBI Special Agent Jan Caldwell.

In an interview last week with the Deseret Morning News, Shurtleff said he believes Jeffs has been moving between FLDS enclaves on the Utah-Arizona border, Texas and Canada.

"He seems to be getting word out to his people," Shurtleff said. "He seems to still be saying, 'I'm in charge, I'm in control.' At least some of the time he's traveling around those places."

Arizona Attorney General Terry Goddard told the Deseret Morning News in June he had heard Jeffs had been in the area around the polygamous border towns of Hildale, Utah, and Colorado City, Ariz., performing more child-bride marriages.

Asked if his investigators have developed any new evidence of Jeffs' whereabouts, Shurtleff replied: "Not that I'm going to tell you about."

Doran agrees that Jeffs is traveling around but said he still has no signs or indications that the fugitive polygamist leader has been in Texas recently. Despite Shurtleff's belief that Jeffs may be visiting the YFZ ranch outside Eldorado, the sheriff said authorities still don't have probable cause to search the property. YFZ stands for "Yearning for Zion," after a song Jeffs wrote.

"Their guys have to have the same as we do," Doran said of Utah law enforcement. "They have to have proof, probable cause, anything to get us on the property to conduct a search. Even our local FBI, we don't have that. There's nothing to give us any indication to go in and search."

Doran said he has developed good relations with FLDS members on the YFZ ranch. When Texas environmental authorities conduct routine inspections, he is also allowed on site. One of the only places he is not allowed to visit is the temple itself.

"We've asked, they've said no," the sheriff said. "That's something that's sacred. You've got to be a member and go through ordinances. They compared it to the mainstream Mormon church."

Jeffs, 50, remains a fugitive on the FBI's Ten Most Wanted list, next to the likes of terror mastermind Osama bin Laden. A $100,000 reward is being offered for information leading to his arrest.

In Utah and Arizona, he is charged with sex crimes, accusing him of forcing teenage girls into polygamous marriages with older men. Federal prosecutors have charged him with unlawful flight to avoid prosecution.

The Utah Attorney General's Office has been conducting an organized crime investigation into Jeffs and the FLDS Church. A federal grand jury in Arizona has also been investigating the group, issuing subpoenas to FLDS members. Some have been jailed for refusing to testify.

The FBI said it continues to pursue a number of "good leads" in the manhunt for Jeffs. Caldwell urged more people to phone in tips.

"Various divisions are receiving good information, and we are following every lead to a logical conclusion," she said. "Someone out there knows exactly where he is. We're asking they do the right thing. He's a dangerous man."

Vigil Retrial To Stay In City, Judge Says (ALBTRIB)

Albuquerque Tribune, August 24, 2006

U.S. District Judge James Browning has decided the retrial of former state Treasurer Robert Vigil on corruption charges will not be moved out of state, as Vigil's attorney had requested.

Browning made his decision final late Tuesday, saying he had confidence Vigil can get a fair trial.

Defense attorney Sam Bregman had contended New Mexico residents have been inundated by publicity about Vigil, including campaign ads by U.S. Rep. Heather Wilson and her challenger, Attorney General Patricia Madrid.

The retrial is set to begin Sept. 5.

Metro Court judge tabbed for interim

Linda Rogers, a former senior trial attorney with the 2nd Judicial District Attorney's Office, has been appointed to a temporary judgeship with the Bernalillo County Metropolitan Court.

Gov. Bill Richardson made the appointment Tuesday, choosing the Las Cruces native over two other candidates.

She will hold the position until voters fill it in the Nov. 7 general election.

Another Union Member Pleads Guilty To Racketeering Charges (NSDY)

Long Island Newsday, August 24, 2006

NIAGARA FALLS, N.Y. -- A former union official who admitted he took part in efforts to intimidate people in western New York's construction industry was sentenced Tuesday on a federal racketeering conviction.

Salvatore Bertino, 54, pleaded guilty and was sentenced to 51 months and ordered to pay $30,000 in restitution.

Bertino also agreed to provide testimony against others targeted by the government in an ongoing union-corruption probe.

Certain Local 91 members, including Bertino, engaged in repeated acts of extortion at a number of construction projects in Niagara County, involving dozens of victim companies and employees, over a six year period, prosecutors said.

In all, 18 Local 91 members pleaded guilty or were convicted at trial. They were charged four years ago in an indictment that detailed beatings, a firebombing, and numerous incidents of costly vandalism from 1995 to 2002, all meant to secure work for Local 91 laborers.

Authorities said the union's tactics scared off development and contributed to the upstate county's economic decline.

On Aug. 1, 2006, the last four defendants charged in the case pleaded guilty mid-trial to racketeering conspiracy and other charges and are awaiting sentencing.

Bertin Gets Four Years Behind Bars (TONNEWS)

By Rick Pfeiffer

Tonawanda (NY) News, August 24, 2006

Former Local 91 VP is latest laborer to head to prison

BUFFALO — Veteran defense attorney Angelo Musitano had barely begun to speak when Chief U.S. District Court Judge Richard Arcara cut him off.

The lawyer for former Laborers Local 91 Vice President Salvatore Bertino was about to explain what he thought was his client's role in the activities of a union that federal prosecutors called a "criminal enterprise."

"Mr. Bertino, though he was present for some of these things," Musitano started say.

"Some things," Arcara said with mock surprise. "How about lots of things."

It was just the beginning of a one-hour-long proceeding in federal court in Buffalo on Tuesday, that would see Arcara sentence Bertino to more than four years in prison for his guilty plea to a single count of racketeering conspiracy.

"Your honor, I'm not going to minimize what happened," Musitano said. "(The union leaders') conduct has been described as outrageous and your (Arcara's) comments yesterday reflect that."

Pausing to consider the two-hour-long sentencing of former Local 91 President Dominick Dellaccio on Monday, Arcara said, "You should have been here, I've never seen anything like this. I've never seen anything like this in my experience."

Prosecutors had charged and Bertino admitted to numerous acts of violence and intimidation between 1996 and 2002, the years the feds focused in on their investigation of Local 91. Arcara was particularly upset by Bertino's actions during a September 1998 brawl with members of the bricklayers union at the Military Road construction site of a Wegman's supermarket.

"During the attack, (a member of the bricklayers' union) was held on the ground, his shoulders pinned, while Sal Bertino kicked him in the groin," Arcara said. "And listen to what was said, 'This isn't Buffalo. You're going to get more of this if you stay in our town, get out of our town.' Kicking someone in the groin, that's almost animalistic."

Staring intently at Bertino, Arcara said, "Its fortunate no one got killed."

As prosecutors provided the ammunition, outlining multiple incidents of violence the former union leader was linked to, Arcara blazed away at Bertino and his attorney.

"I'm sure you don't like hearing what I have to say," the judge said. "But I'm not here to make you feel good."

Bertino pleaded guilty and cooperated with the government investigation, acts which Arcara said helped lower his sentence.

The one time labor leader had been looking at a sentence of between 46-to-57 months. The judge imposed a 51-month prison term and tacked on a $30,000 restitution bill for property destruction Bertino admitted to.

"My inclination was to give you a sentence higher than the guideline range," Arcara told Bertino. "But I read the letters (of support) and you cooperated with the government and on that basis I decided to sentence you in the mid range, but I strongly considered a longer sentence."

Former Niagara Falls Union Leader Sentenced (NSDY/AP)

Long Island Newsday, August 24, 2006

BUFFALO, N.Y. (AP) _ The former president of a Niagara Falls labor union was sentenced Monday on federal racketeering charges.

Dominick Dellaccio, 61, pleaded guilty, and was sentenced to 38 months in prison and ordered to pay $20,000 in restitution.

Certain members of Local 91 _ including Dellaccio _ engaged in repeated acts of extortion at a number of construction projects in Niagara County during a six year period, according to the indictment.

Dellaccio was one defendant in a massive government case that investigators began building in the mid-1990s. In all, 18 Local 91 members pleaded guilty or were convicted at trial. They were charged four years ago in an indictment that detailed beatings, a firebombing, and numerous incidents of costly vandalism from 1995 to 2002, all meant to secure work for Local 91 laborers.

Authorities said the union's tactics scared off development and contributed to the upstate county's economic decline.

On Aug. 1, 2006, the last four defendants charged in the case pleaded guilty mid-trial to racketeering conspiracy and other charges and are awaiting sentencing.

As part of his plea, Dellaccio admitted that he and other members of the union participated in property destruction and sabotage at a Mulvey Company construction site in Lockport in 1997. He also admitted that members of Local 91 participated in a mass attack upon members of the bricklayers union at the Wegman's construction site in 1998.

Ex-Local 91 Head Sent To Prison (BUFFBIZ)

Business First of Buffalo, August 24, 2006

A former president of Laborers Local 91 was sentenced to more than three years in jail for his conviction in a federal racketeering case.

Dominick Dellaccio, 61, of Lockport, received prison sentence of 38 months when he appeared before U.S. district Court Judge Richard Arcara. After completing the sentence, Dellaccio was ordered to serve two years of supervised release, and pay $20,000 in restitution.

Dellaccio was convicted for repeated acts of extortion at a number of construction projects in Niagara County, prosecutors from the U.S. Attorney's office said. The violations occurred over a six-year period.

Queens Pol Leaves Labor Post Amid Bid-rig Probe (NYDN)

By Juan Gonzalez, Daily News Staff Writer

New York Daily News, August 24, 2006

Queens assemblyman Brian McLaughlin, the powerful city labor leader who became the target in March of a federal bid-rigging probe, stepped down yesterday as president of the 1 million-member Central Labor Council.

McLaughlin was granted a six-month paid leave of absence yesterday from his post at the labor council, the main umbrella group for organized labor.

The council's executive board approved the leave during a special meeting yesterday where it also named Ed Ott, the group's current director of public policy, to replace McLaughlin with the title of interim executive director.

The move, which many had long expected, comes only two weeks before the annual Labor Day Parade on Sept. 9, when top city union leaders are expected to hold a breakfast attended by major politicians such as Sen. Hillary Clinton and Democratic gubernatorial hopeful Eliot Spitzer, before kicking off the march along Fifth Ave.

McLaughlin, a Democrat, has not been charged with any crime, but several labor leaders said yesterday that his removal avoids embarrassing publicity for organized labor at the parade as well as during the upcoming Democratic primary.

"It was Brian's decision to step down and I think it was the right thing to do," said Denis Hughes, president of the state AFL-CIO. Hughes in effect assumed the reins of the city labor body in March, a few days after FBI agents and the U.S. Labor Department launched simultaneous raids at six spots, including the labor council headquarters in Manhattan and McLaughlin's Assembly office.

Investigators are looking into allegations that McLaughlin, who is also head of Local 3 of the International Brotherhood of Electrical Workers, was involved with several electrical firms in a bid-rigging scheme that involved city street-lighting contracts.

His lawyer Paul Driscoll has denied all the allegations.

Sen. Cooper Charged In Land Fraud (TENN)

By Michael Cass, Staff Writer

The Tennessean, August 24, 2006

He could face 65 years in prison, $2 million in fines if convicted

State Sen. Jerry Cooper was indicted Tuesday by a federal grand jury on three felony counts, accused of using crooked numbers and political clout to help an Alabama couple buy his property.

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Cooper, D-Morrison, stands accused of bank fraud, mail fraud and conspiracy to commit bank and mail fraud. He could face as much as 65 years in prison and more than $2 million in fines if convicted, according to the U.S. attorney's office for the Eastern District of Tennessee.

Cooper, 58, has agreed to surrender himself to be arrested "sometime next week," the U.S. attorney's office said in a news release. Cooper's attorney, Jerry Summers of Chattanooga, did not return two phone calls seeking comment.

Federal prosecutors allege that Cooper conspired in 1998 and 1999 to defraud BankTennessee in Collierville — which Lt. Gov. John Wilder co-owns — by providing a false, inflated appraisal of Cooper's woodworking plant in Smartt, Tenn. Anthony's Construction Co. of Huntsville, Ala., bought the plant.

The appraisal said the property included a railroad spur that did not actually exist, though Cooper had allegedly gotten state and Warren County officials to promise it would be built.

With Cooper's help, Anthony's then was able to get a $1.77 million loan from BankTennessee based on the false appraisal, according to the indictment. The nine-page document says the senator approached "a political friend of his who was an influential person and a director of BankTennessee" and sought "to use that friend's influence to assist in obtaining a loan" from the bank.

The indictment also says Cooper had appraisal papers faxed from his Senate office to BankTennessee at one point.

"The appraisal was fraudulent," Assistant U.S. Attorney Gary Humble said in a brief telephone interview from Chattanooga, where the grand jury met. "He conspired with others and used his political influence and the false appraisal to get the loan."

Wilder, whose home phone line was busy every time a reporter tried to reach him Tuesday evening, said last year that Cooper had approached him about the loan and that he had passed the request on to bank executives. He later retracted that statement, saying he was "mistaken."

As many as eight directors of BankTennessee went to Chattanooga last month to answer Humble's questions.Humble declined to comment Tuesday on Wilder's role in the loan.

The indictment says Cooper also helped Anthony's Construction Co. get a $485,000 equipment loan from the state Department of Economic and Community Development. Anthony and Teresa Auyer, who owned Anthony's, were convicted in April of various fraud, money laundering and conspiracy charges. They were sentenced in July to 34 months and 18 months in prison, respectively.

The appraiser, James Passons, was acquitted of all charges. But he testified during his trial that he inflated the appraisal as a favor to Cooper.

Cooper, who had been described as an "unindicted co-conspirator" in the Auyers' indictment, was elected to his sixth four-year Senate term in 2004. He is chairman of the Commerce, Labor and Agriculture Committee.

Sen. Ron Ramsey, R-Blountville, chairman of the Senate Ethics Committee, said Cooper would have 10 days to say why he shouldn't be stripped of his chairmanship. If he doesn't respond in that time, he'll automatically lose the position.

Cooper resigned from the legislature's Fiscal Review Committee in 2004 after defaulting on nearly $1 million in bank loans, though his staff said the resignation wasn't connected to his financial problems, The Associated Press reported at the time.

Ramsey, who is also the Senate Republican leader, said Cooper's indictment was troubling.

"Even though everyone is innocent until proven guilty, this doesn't look good for Senator Cooper," he said.

But Sen. Jim Kyle, D-Memphis, the Senate Democratic leader, said it was time to let the legal system run its course.

"Jerry Cooper is my friend, and I trust Jerry Cooper," Kyle said. "I also trust the judicial system."

Cooper is the fifth current or former Democratic senator indicted in the past 15 months, joining four from the Tennessee Waltz bribery sting, which also nabbed a Republican House member. Ramsey and Kyle disagreed on the impact that fact would have on Senate elections this fall.

The allegations also had at least one unintended effect. U.S. Rep. Jim Cooper, a Democrat who represents Nashville in Congress, called The Tennessean on Tuesday to stress that he and Jerry Cooper are "not kin."

"A shocking number of people are confused," he said.

Longtime Gadsden Mayor Defeated Amid Corruption Probe (AP)

AP, August 24, 2006

GADSDEN, Ala. (AP) — Real estate agent Sherman Guyton defeated longtime mayor Steve Means in his bid for an eighth term after a race run under the cloud of a federal corruption investigation that already has resulted in three guilty pleas.

Guyton captured almost 62 percent of the vote Tuesday to oust Means, who hasn't been implicated in the probe.

Voters also returned three incumbent council members to office.

Means, 60, told reporters the investigation may have played a role in his defeat, but he didn't use it as an excuse for his defeat.

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"I will assign no blame to anyone or anything," he said. "I lost the race and I had 28 good years."

Guyton said he was surprised at his margin of victory.

"Everybody was real receptive," Guyton said. "I think we've sort of got a mandate of what the people wanted, (but) ... we can't do everything all at once."

Gadsden councilmen Jimmy L. Armstrong and Fred L. Huff plea pleaded guilty last week with consultant Larry R. Thompson to corruption charges in a bribery scheme over a real estate development.

Another city official, Cathy Back of the Commercial Development Authority, also was charged with conspiracy and has agreed to cooperate with authorities in a continuing investigation.

Councilman Bill Stewart, J.R. Countryman and Bob Echols were re-elected, but Stewart said the corruption probe played a role in the race.

Stewart appeared in state court last week and pleaded guilty to a misdemeanor violation of state campaign laws, but word also came that he was no longer a target of the federal conspiracy investigation.

"Certainly, the dark cloud hanging over the city the past few months had a bearing on all the races," Stewart said. "I'm glad the FBI cleared me."

Two other council seats will be decided in a runoff, and a former councilman, Robert Avery, was elected to the panel again.

Guyton and the new council take office on Oct. 2.

Tie Jr. To Dad's Deal (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 24, 2006

Dapper Don John Gotti bankrolled an Aryan Brotherhood drug deal from his prison cell with the help of his children, an ex-member of the violent prison gang testified yesterday.

Glen West, 52, said he turned to Gotti in the 1990s while both were housed at a federal prison in Illinois after he got a sweetheart deal to purchase $2,500 worth of heroin on the outside.

Gotti agreed to get the cash after his next prison visit with family, West said. The day after son John and daughter Victoria came to prison in Marion, Ill., West's heroin supplier received $2,500 in cash, he said.

West did not know who delivered the cash.

Gotti, remaining true to his Mafia oath, told him to pay back the principal only.

"He said he didn't want the interest because it was drug money," West testified at the racketeering trial of Gotti's son, JohnA. (Junior) Gotti, in Manhattan Federal Court.

West's surprise appearance came as federal prosecutors sought to strengthen a case that has already resulted in mistrials after two hung juries.

West served 27 years in prison for bank robberies, burglaries and two failed escapes in which he took prison officers hostage. He has been cooperating with prosecutors since his 2002 release from prison and was enlisted to help in the Gotti case just two weeks ago.

The "A.B." began providing protection for the elder Gotti soon after he was sent to prison in 1992, and were promised $1 million to whack Gotti nemesis and mob snitch Salvatore (Sammy Bull) Gravano, West said.

Also yesterday, jurors watched a June 1992 talk show appearance by radio host Curtis Sliwa ranting against the Gotti family 18 days before he was shot twice by thugs prosecutors say were sent by Junior Gotti.

Oddly, on the tape, to Sliwa's left sits Louis Eppolito, the former NYPD officer accused in eight gangland slayings whose conviction was tossed out by a Brooklyn judge last month.

Eppolito was on the former syndicated program hawking his book "Mafia Cop," telling the tale of his honest life as the son of a mobster. Also appearing on "The Richard Bey Show" was Bruce Cutler, the lawyer for the Dapper Don and later Eppolito.

Adviser Jailed Since 2000 Pleads Guilty In Securities Fraud Case (NYT)

By Gretchen Morgenson

The New York Times, August 24, 2006

Martin A. Armstrong, a financial adviser who has been in jail since January 2000 on a civil contempt charge, pleaded guilty yesterday to a charge of securities fraud in a criminal case stemming from trading losses incurred by his firm in 1999.

At a hearing yesterday afternoon in United States District Court in Manhattan, Mr. Armstrong, founder of Princeton Economics International, admitted to deceiving corporate investors and improperly commingling client funds in a case that prosecutors said resulted in commodities losses of more than $700 million.

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Judge John F. Keenan said that Mr. Armstrong, 56, could receive a sentence of as much as five years in prison and a fine of at least $250,000.

The judge said he had not decided whether to credit Mr. Armstrong with the time he had already spent in jail when he sentences him on Jan. 3. Mr. Armstrong's lawyer said the financier should have been released from jail after 18 months as required by the civil contempt statute.

Mr. Armstrong, jailed in the Metropolitan Correctional Center in Lower Manhattan, pleaded guilty to the conspiracy charge after spending almost a week in segregated confinement, Victoria Armstrong, his daughter, said. Prison officials segregated him after contending that he had damaged an air vent in a recreational area of the jail, she said.

"I think the government just wore Marty out," said Thomas V. Sjoblom, a partner at Proskauer Rose who represents Mr. Armstrong. "The court system has not been gracious in any respect toward Martin Armstrong since the criminal judge in Trenton gave him bail in September 1999."

After being released on bail in New Jersey seven years ago as the case was unfolding, Mr. Armstrong was indicted again by federal prosecutors in Manhattan, Mr. Sjoblom said. The Securities and Exchange Commission and the Commodity Futures Trading Commission sued Mr. Armstrong in October 1999 and ordered him to turn over assets. Mr. Armstrong was jailed on civil contempt charges after failing to surrender $14.9 million in gold bars and rare coins to the government, assets that Mr. Armstrong maintained he did not have.

Last January, Mr. Sjoblom argued before the United States Court of Appeals for the Second Circuit that Mr. Armstrong had been imprisoned unlawfully for six and a half years and should be released; the appellate court has not ruled on the matter.

"The court of appeals needs to resolve this contempt issue because it impacts the sentencing in the criminal case," Mr. Sjoblom said.

Mr. Armstrong's guilty plea came as he and his lawyers prepared for his criminal trial, scheduled to begin on Oct. 24. Three weeks ago, the judge that had overseen the criminal case since 2000 was replaced by Judge Keenan, who immediately scheduled a trial for Mr. Armstrong.

At the peak of his career, Mr. Armstrong managed $3 billion in assets. The unraveling of his firm followed a bet against the Japanese yen that led to substantial losses. In January 2002, Republic Securities, a brokerage firm that housed Princeton Economic's accounts, pleaded guilty to conspiracy and securities fraud charges in the case and paid $569 million to victims.

Ms. Armstrong spoke with her father after he appeared in court. "He didn't sound too happy," she said. "But he had been in there almost seven years with no end in sight. I certainly feel good about his decision."

Market Forecaster Pleads Guilty In New York To Criminal Charge (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, August 24, 2006

NEW YORK -- A market forecaster accused of defrauding Japanese investors of $1 billion pleaded guilty to securities fraud Thursday, after spending more than six years in prison on contempt charges alleging he hid up to $15 million in assets.

Martin Armstrong, 57, entered the plea to conspiracy to commit securities fraud, commodities fraud and wire fraud in a deal with prosecutors limiting his potential prison sentence to up to five years.

He seemed disoriented at the start of his plea, pausing when asked his age before saying haltingly, "I think, about 57."

Later, U.S. District Judge John F. Keenan asked him if anyone had offered him anything to induce a plea and he said he had been offered a slice of pizza for lunch.

"There's nothing funny or humorous about any of this," the judge snapped.

Armstrong, founder of Princeton Economics International Limited in Princeton, N.J., was once free on $5 million bond after pleading not guilty to securities charges. A trial had been set for October.

The contempt order stems from assets prosecutors say Armstrong hasn't turned over, including 102 bars of gold worth $1 million, 699 gold coins, a $750,000 bust of Julius Caesar, hundreds of rare coins valued at $11 million and a bronze helmet.

Prosecutors said Armstrong lost almost $500 million trading the Japanese yen and other investments between 1997 and 1999 as part of a $3 billion Ponzi scheme involving securities known as Princeton notes that stretched from 1992 through 1999 and affected 139 victims, primarily corporate investors.

In his plea, Armstrong said he told the Japanese investors that their accounts would be separate from his own firm's trading accounts.

Armstrong said he merged the accounts anyway after suffering millions of dollars in trading losses and then lied to investors about how much remained in their accounts.

"What I was doing was wrong and improper," he told the judge. "Taking these actions and agreeing with others to do so, I knew at the time I was deceiving investors in the purchase of Princeton notes."

Without the plea agreement, Armstrong would have faced a prison term of between nine years and 11 years and three months according to federal sentencing guidelines, the judge noted.

Sentencing was set for Jan. 3.

Outside court, Armstrong's lawyers said their client had been in solitary confinement for the last week after he was accused of damaging an air conditioner vent. He has since been returned to the federal prison's general population.

Armstrong Admits Japanese Fraud Role (BSUN/BLOOM)

Bloomberg News

The Baltimore Sun, August 24, 2006

NEW YORK -- Former financier Martin Armstrong, who has spent six years in jail for defying a judge's order, pleaded guilty yesterday to federal charges that he conspired to defraud Japanese investors out of millions of dollars.

Armstrong, the former money manager and founder of Princeton Economics International Ltd., faces up to five more years in prison after admitting that he lied to investors about losses incurred by his fund in commodities futures trades.

"By falsely representing to investors that my trading performance was better than it actually was, what I was doing was wrong and improper," Armstrong, 57, told U.S. District Judge John Keenan in New York. "I knew at the time that I was deceiving the investors."

Armstrong was charged in 1999 with defrauding Japanese investors out of more than $700 million. In December 2001, Republic New York Corp., now a unit of HSBC Holdings PLC, pleaded guilty to charges of helping Armstrong swindle Japanese clients and agreed to pay $606 million, then the largest reimbursement by any corporation to investors victimized in a fraud.

In a related civil case, the Securities and Exchange Commission and the Commodity Futures Trading Commission sued Princeton Economics and Armstrong in 1999. The judge in that case jailed Armstrong in January 2000 for contempt after Armstrong refused to surrender $14.9 million in gold bars and rare coins. Armstrong said he didn't have them to turn over.

No one has ever spent more time in jail for civil contempt of a federal court order. Keenan said he hasn't decided whether to credit Armstrong for his time behind bars on the contempt citation when he's sentenced on Jan. 3 on the conspiracy charge.

Armstrong's financial reputation was built on his theory that economic cycles recur over centuries. From an office overlooking Tokyo's Imperial Palace, his now-defunct New Jersey-based firm grew to manage as much as $3 billion for Japanese investors.

U.S. authorities claimed Armstrong hid huge trading losses by using funds from new investors to pay off old ones. He faced up to 11 years in jail if convicted at a trial, Keenan said.

At yesterday's plea hearing, Armstrong, initially appearing dazed, admitted that he commingled investors' funds with other accounts at Republic as a way to offset trading losses.

Armstrong has spent the past week in solitary confinement after being accused of damaging a prison vent.

Defense lawyer David Cooper said yesterday's guilty plea doesn't put an end to Armstrong's civil contempt, which he is appealing.

The decision on whether to end the civil contempt will be made later by U.S. District Judge Richard Owen in Manhattan.

CONSUMER SAFETY (WP)

The Washington Post, August 24, 2006

CONSUMER SAFETY

All Sony Laptop Batteries Probed

All Sony batteries made for laptop computers are being reviewed by the Consumer Product Safety Commission. Earlier this week, Dell recalled 4.1 million units that may ignite.

A spokesman for the commission said it is in discussions with Sony.

Sony has said it expects to share the costs associated with the recall of batteries it supplies to Dell for use in laptop computers.

ECONOMY

Leading Indicators Down in July

The Conference Board's index of leading economic indicators fell 0.1 percent in July. The index has fallen at an annual rate of 1.4 percent over the past six months, the worst performance since 2001. The 0.1 percent decline followed a 0.1 percent gain in June. Economists expected the index to rise 0.1 percent.LEGAL

Forecaster Pleads Guilty to Fraud

A market forecaster accused of defrauding Japanese investors of more than $700 million pleaded guilty to fraud after spending more than six years in prison on contempt charges for allegedly hiding as much as $15 million in assets.

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Martin Armstrong, 57, entered the plea to conspiracy to commit securities fraud, commodities fraud and wire fraud in a deal with prosecutors limiting his potential prison sentence to five years. He was jailed in January 2000 after failing to turn over assets, including 102 gold bars, that authorities had sought.

Prosecutors said Armstrong, founder of Princeton Economics International Ltd., lost almost $500 million trading the Japanese yen and other investments between 1997 and 1999 as part of a $3 billion Ponzi scheme that affected 139 victims, primarily corporate investors.2 Accused of Insider Trading

Dawn Schlegel and Sandra Hatfield, former executives of the body-armor supplier DHB Industries, were arrested on insider-trading charges.

Schlegel and Hatfield were accused of inflating the company's earnings and profit margins from 2003 to 2005, then selling their stock for an $8 million profit.AUTOMOTIVE

Gearshift Device Gets Green Light

Automakers agreed with the U.S. government to install a safety device in all new vehicles by 2010 that will prevent drivers from accidentally shifting a vehicle out of park.

The brake interlock system, promised by 19 U.S. automakers in a deal with the National Highway Traffic Safety Administration, stops vehicles from being shifted out of park without depressing the brake pedal and so prevents the vehicles from rolling away.

Such incidents have resulted in lawsuits against automakers. About 3 million vehicles sold each year in the country lack a brake-shift interlock.DEFENSE

Boeing May Halt C-17 Parts Supply

Delivery of parts for the C-17 cargo jet will soon be stopped unless the Pentagon commits to ordering more, Boeing said. The second-biggest U.S. defense contractor said it was prepared to tell suppliers to stop shipping parts, barring a major award from the Pentagon that would keep production lines running past 2008.

The Defense Department has said it doesn't plan to budget for more C-17s in fiscal 2008 and 2009. Boeing has delivered 154 of the 180 C-17s on order from the Air Force.

Rep. Juanita Millender-McDonald (D-Calif.), whose Long Beach area district includes a Boeing C-17 assembly plant, urged the company to delay canceling parts delivery, saying that she saw a "ray of hope" after meeting with Deputy Defense Secretary Gordon England.

EARNINGS

Gap said second-quarter profit fell 53 percent from the comparable period a year earlier on higher marketing expenses and discounts, to $128 million. Sales in the quarter ended July 29 were flat at $3.72 billion. The company reduced its full-year estimate after August sales missed its projections.

Sears Holdings said second-quarter profit rose 83 percent, to $294 million. Revenue fell 3 percent, to $12.8 billion, in the quarter ended July 29. Sales at stores open at least a year fell 3.8 percent.

Nordstrom said second-quarter profit rose 20 percent, to $178.8 million. Sales in the quarter ended July 29 rose 8 percent, to $2.27 billion.

Compiled from reports by Washington Post staff writers, the Associated Press and Bloomberg News.

Qwest On Data Retention Laws: Oops (CNET)

By Declan McCullagh, CNET News.com

CNET News, August 24, 2006

Broadband provider Qwest Communications International said Wednesday that it made a mistake when one of its lawyers endorsed federal legislation requiring Internet providers to keep records of customers' behavior.

Jennifer Mardosz, Qwest's corporate counsel and chief privacy officer, said in an interview with CNET News.com that she misspoke during a panel discussion organized by the Progress and Freedom Foundation in Aspen, Colo., the day before.

"I just completely misspoke there," Mardosz said. During the panel discussion, she said Qwest "absolutely" supports House of Representatives legislation sponsored by Rep. Diana DeGette mandating data retention--a requirement that Attorney General Alberto Gonzales said will aid in terrorism and child exploitation investigations.

"I associated (DeGette's) name with the female Colorado legislator that introduced the state legislation," Mardosz said. "That was just a pure and honest mistake that I made."

Mardosz said that instead of embracing data retention legislation, Qwest was skeptical of mandates from Congress. "There is no need for it, because companies are already doing the right thing," she said.

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On Tuesday she said during the panel discussion: "We support legislation related to data retention." One industry source, who spoke on condition of anonymity because he was not authorized to speak to the press, said Qwest had backed the Colorado legislation earlier this year.

The original version of the Colorado bill (click for PDF) required Internet providers to "maintain, for at least 180 days after assignment, a record of the Internet Protocol address" assigned to each customer. Violations could be punished by fines of up to $10,000 per incident. The language was subsequently changed.

Qwest's revised position brings it in line with other telecommunications companies, which say they are already required by law to cooperate with criminal investigations and have been generally skeptical of broad, new mandates. The Denver-based company has a market capitalization of $16.5 billion and says it has 784,000 wireless customers and 1.7 million DSL (digital subscriber line) customers.

DeGette's proposed legislation (click for PDF) says any Internet service that "enables users to access content" must permanently retain records that would permit police to identify each user. The records could not be discarded until at least one year after the user's account was closed.

Rep. Joe Barton, the influential Republican chairman of the House Energy and Commerce Committee, has endorsed the concept of data retention and is expected to introduce a bill after the panel completes a series of hearings on child exploitation.

D.C. Police Maintain Focus On House Where Lawyer Was Murdered (LAW)

By Emma Schwartz, Legal Times

Legal Times, August 24, 2006

In the 2 1/2 weeks since D.C. attorney Robert Wone was found stabbed in the Dupont Circle home of his friend of 14 years, police haven't made an arrest. Nor have they identified a suspect in the murder of the 32-year-old general counsel of Radio Free Asia.

Without any further statements from the three residents of 1509 Swann St. N.W., all of whom were home the night of Aug. 2 when Wone was killed, police have focused on the one thing they have: the house where he was found.

The $1.2 million house is co-owned by Wone's longtime friend Joseph Price, a partner at D.C.'s Arent Fox. Though at least one resident told police an intruder had come through the back door, police say they have not yet found any evidence of a burglary. Instead, they are still trying to determine why the crime scene appeared to have been tampered with before police arrived.

Kathleen Voelker and David Schertler, attorneys for the residents, informed Legal Times in a statement last week that the three told police "unequivocally that none of them were involved in the incident." All three -- Price, Victor Zaborsky, and Dylan Ward -- are considered witnesses.

At an Aug. 15 press conference, Capt. C.V. Morris of the Metropolitan Police Department said police haven't been able to find all the evidence they expected. That seems apparent from the fact that as of late last week police still had custody of the house on Swann Street. Police won't say what they've been focusing on in the house, and it appears they won't be revealing it any time soon.

Last week investigators asked D.C. Superior Court to seal search warrants for the property. Although it is not unusual to seal a search warrant in a homicide case, it suggests that investigators want to shield certain information -- be it the name of a witness, evidence or a theory of a crime -- from the public.

Meanwhile, the FBI and MPD are working on the forensic analysis and DNA testing of the trace blood evidence on the walls, sofa bed, door frame and floor near the area where Wone was found.

Without further cooperation from the three residents, that evidence could be critical. Investigators are trying to expedite those tests, but say they could take another couple of weeks to process.

Laws Shield Pets From Domestic Violence (USAT)

By Emily Bazar

USA Today, August 24, 2006

Several states are moving to protect pets in families ripped apart by domestic violence.

Maine, Vermont and New York have passed laws this year that allow judges to include pets in protective orders. Illinois and New Jersey legislators are considering similar measures, and animal welfare advocates in other states, including California, are urging action.

Protecting pets can help protect human victims of domestic violence, according to authorities on domestic violence and animal welfare.

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"Animals are often used as pawns in domestic violence situations," says Katie Dolloff, program coordinator of the Animal Welfare Society in West Kennebunk, Maine. Maine was the first state to adopt an animal-protection law, which took effect Wednesday.

Abusers often harm pets to punish or intimidate their victims, says Frank Ascione, a psychology professor at Utah State University. In a survey of directors of shelters for abused women, Ascione found that more than 80% had encountered women who reported pet abuse by their abusers. One woman he interviewed said she found her dog nailed to her bedroom door.

Ascione says a victim sometimes delays going to a shelter out of concern for the pet she would leave behind. "In most of these cases, the animal abuse is so effective because the woman is so attached to the pet. And the batterer knows that," he says.

Debora Bresch, attorney for the American Society for the Prevention of Cruelty to Animals, says an abuser who harms a pet in violation of a court order can be punished as harshly as he would be if he harmed a person.

"What these laws do is exactly what the protective order for the human victim does," she says. "They protect animals from their abusers."

Illinois state Rep. John Fritchey introduced a pet-protection measure in May and says he hopes to win passage this fall. He says he believes saving pets will save more people.

"It's a very short line from harming somebody's animal to harming that person or that person's child," he says.

Madeline Bernstein, president of the Society for the Prevention of Cruelty to Animals Los Angeles, has e-mailed legislators asking them to propose a similar measure in California.

Her group runs a program called Animal Safety Net, which places pets in temporary homes when abused owners flee to a shelter or other place where they can't bring their pet. Since November 2002, Bernstein says, the program has housed 61 animals, including cats, dogs, rabbits, turtles, fish and rats.

Bernstein says she recently received an e-mail of thanks from a woman who had been afraid to leave an abusive relationship until she found out she didn't have to leave her cat unprotected.

"Any victim of domestic violence that refuses to leave because they can't leave their pet behind will become a homicide statistic," she says. "The victims tell me this program has saved their lives and their pets' lives."

Bresch says the new laws "recognize that these companion animals are more than property. These laws make it more likely these animals will be protected in cases of domestic abuse."

CIVIL LAW:

AT& T Sues 'data Brokers' In Access Case (USAT)

By Leslie Cauley

USA Today, August 24, 2006

NEW YORK — AT&T filed a lawsuit on Wednesday against about two dozen "data brokers" for illegally gaining access to the confidential calling information of about 2,500 customers.

Data brokers are individuals, or groups of individuals, who use a variety of ruses to gain unauthorized access to telephone records. In some cases, data brokers call up carriers and pose as customers.

This cottage industry is generally known as "pretexting," and the data are often sought for use in legal or domestic disputes.

A number of state and federal laws are being considered that would tighten customer privacy rules, making it more difficult for data brokers to obtain information.

AT&T's lawsuit, filed in U.S. District Court in San Antonio, names 25 "John Doe" defendants. According to the lawsuit, these defendants "have used fraudulent means" to gain access to about 2,500 online accounts.

The affected accounts included a range of information, including actual telephone records. AT&T said no Social Security numbers or driver's license information was divulged.

AT&T has more than 48 million telephone lines in service. As such, the 2,500 affected accounts represent a tiny fraction of the carrier's overall customer base.

Still, "any number is too many," said AT&T spokesman Walt Sharp.

In its lawsuit, AT&T identified several e-mail addresses that have been used to help perpetrate these scams. These addresses were attached to several major Internet players, including AOL, Yahoo and Juno.

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AT&T said it intends to use these addresses to help track down the identities of the perpetrators. To do that, however, AT&T will need the cooperation of Yahoo and the other Internet companies, whose databases contain detailed, confidential information about the Web-browsing habits of their customers.

With that goal in mind, Sharp said, AT&T plans to seek a raft of subpoenas later this week.

He said AT&T plans to present those documents to Yahoo and the others, compelling them to lend AT&T some assistance.

Internet companies and telecommunications companies have historically required court orders to be formally presented before they would turn over any customer information to outside parties.

According to Sharp, AT&T was conducting a routine, internal investigation when it discovered some irregularities with about 2,500 customer accounts. Those customers have since been notified, and access to their online accounts has been frozen for their protection, AT&T said.

AT& T Sues, Alleging Fraudulent Access To Customer Accounts (WP)

By Ellen Nakashima

The Washington Post, August 24, 2006

AT&T Corp. on Wednesday filed suit in federal court to unmask and halt the actions of 25 people who allegedly posed as customers to gain unauthorized online access to private phone records.

Some 2,500 customers' records were stolen, AT&T alleges in its civil complaint. The affected customers have been notified and access to their online accounts frozen, the company said.

The AT&T case is but one example of a growing trend of data theft for commercial gain, involving not only phone records but bank, medical and other sensitive personal information. The thieves are sometimes lumped into a category called data brokers, which includes companies that legitimately gather and market information.

AT&T, headquartered in San Antonio, where the suit was filed, hopes to learn the defendants' identities through their Internet protocol addresses. AT&T has "most if not all" of the defendants' IP addresses and will ask the court to subpoena the Internet providers to disclose the identities linked to those addresses, spokesman Walt Sharp said.

Once the defendants are identified, AT&T wants them to return all customer records, account for all profits obtained by the theft and to compensate AT&T for the damages caused.

"We're filing this lawsuit on behalf of our customers who have been the target of data brokers, who have fraudulently created accounts to obtain information," Sharp said.

The information is often used in legal or domestic disputes, as when a private investigator is hired to find out who a spouse suspected of straying may be calling.

Sharp said that of AT&T's total 48 million land lines, 2,500 defrauded accounts is a relatively small amount. "It's very, very, very tiny," he said. "But we consider any too many."

Information security consultant Rob Douglas said 2,500 accounts is "the low end of what's stolen every day."

Thieves are after more than phone records, he said. "They steal your cable TV records, your satellite TV records, your gas and electric records and all the rest," said Douglas, who edits Privacytoday.com, an information security Web site. "Every interaction we have is being recorded somewhere, and every minute thieves are working trying to figure out how to gain access to that information and use it for profit. That's what this demonstrates."

AT&T discovered the fraud in May through an ongoing internal monitoring of customers' accounts, Sharp said. The company has taken internal steps to prevent future occurrences, but will not disclose them because to do so would tip off fraud artists, he said.

The individuals gained access to the records by "pretexting" or fooling AT&T's computer or interactive voice response phone system into believing they were real customers. This was done by providing the customer's telephone number and the last four digits of the customer's Social Security number or the three-digit customer code associated with the customer's account, the complaint states. The defendants also sometimes used "spoofing" software to make it appear that they were calling from the customer's telephone, the complaint alleges.

In each instance, the defendant entered an e-mail address to be associated with the fraudulently established account, and AT&T's computer servers logged the IP address of the computer accessing the account.

In May, the Federal Trade Commission announced it had filed civil complaints charging five Web sites with violating federal law by obtaining and selling consumers' confidential phone records.

State and federal lawmakers are considering legislation to criminalize fraud related to calling records.

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CIVIL RIGHTS:

Jury Considering Case Against Owners Of Labor Camps In N.C., Fla. (AP)

By Ron Word, Associated Press Writer

AP, August 24, 2006

JACKSONVILLE, Fla. (AP) A jury began deliberating Wednesday in the trial of a couple who are accused of selling crack cocaine to migrants workers at their farm labor camps in North Carolina and Florida.

The jury of 10 men and two women began deliberating the 58 counts against Ronald Evans Sr. and 51 charges against his wife Jequita Evans in connection with labor camps they ran in near Palatka, Fla., and Newton Grove, N.C. Deliberations went on about an hour after closing arguments and will resume Thursday morning

Susan French, an attorney with the civil rights division of the Justice Department, said the couple sold their migrant workers cocaine, cigarettes and beer on credit, deducting it from their wages they earned working on potato and cabbage farms, They often finished the week in debt.

``They exploited the laborers' habit," she said, claiming the Evans and his wife recruited homeless people and crack addicts to work for them.

Attorney William Kent, who represents Ronald Evans Sr., said most of the witnesses against Evans and his wife had a ``personal bias, a reason to lie and were not credible."

Evans and his wife may not be perfect, Kent said, but they are not the ``sinister exploiters," that the government claims they are.

But Assistant U.S. Attorney John Sciortino countered that the government had proven its case with testimony and records.

He acknowledged some of the witnesses were drug users and drug addicts, but their stories were true.

``The essential details of their testimony lines up perfectly," he said.

If convicted, Evans and his wife could receive up to life in prison.

Both are charged with drug conspiracy charges and 49 counts of intentionally arranging cash withdrawals under $10,000 to avoid federal reporting requirement.

Ronald Evans Sr. also faces charges of dumping sewage into a creek, transporting untaxed cigarettes across state lines and running a continuing criminal enterprise.

The couple's son, Ronald Evans Jr., 32, pleaded guilty in July to federal drug conspiracy charge. He admitted making sure a supply of cocaine was available, beginning in 2001 when he went to work full time for his father.

When authorities raided the East Palatka camp last summer, they found 148 individually wrapped crack cocaine rocks, about 20 cases of beer and dozens of cartons of cigarettes.

Three others have pleaded guilty to their role in the scheme and two more have been fugitives for about a year.

DOJ To Investigate Marion County Juvenile Detention Center (WTHR-TV)

WTHR-TV, NBC 13, Indianapolis, IN, August 24, 2006

Marion County - The US Justice Department will investigate the Marion County Juvenile Detention Center after several workers were charged with sexually abusing female detainees.

The Juvenile Center has been in investigators' cross hairs for months. Marion County Prosecutor Carl Brizzi launched a probe that led to arrests of ten staffers this year. They're charged with sexually abusing girls at the center.

The federal probe will look at whether young people's rights are protected and whether there's a system for making and investigating complaints.

"We welcome that and certainly we'll give them whatever assistance they need," said David Wiser, Marion County prosecutor's chief trial deputy.

Eyewitness News asked Wiser if there are problems beyond the ten abuse cases the prosecutor brought this year. "We have no reason to believe there's any continuing violations and so we hope things are running smoothly," he said.

Judge Rules State Can't Stop Ex-felons From Voting (AP)

AP, August 24, 2006

A Jefferson County judge ordered Wednesday the state of Alabama to allow ex-felons to vote, saying a state law that denies voting rights to felons convicted of crimes of moral turpitude does not identify which crimes fit that definition.

Circuit Court Judge Robert Vance Jr. stayed portions of his order until it could be cleared by the U.S. Justice Department. The federal Voting Rights Act requires that changes in voting law in Alabama be cleared through the Justice Department.

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Vance ordered voter registrars in Alabama counties to register ex-felons until "the Alabama Legislature passes, and the governor signs into law, legislation specifically identifying which felonies involve moral turpitude."

The judge's ruling came in a lawsuit filed in Jefferson County by Richard Gooden, who lost his right to vote in 2000 when he was convicted of felony driving under the influence. When Gooden tried to have his voting rights restored he was told that the Alabama secretary of state's office had ordered no felons be registered until the Attorney General Troy King issued an opinion on what crimes do not involve moral turpitude.

Gooden filed his lawsuit through the NAACP Legal Defense Fund in New York and was represented in Jefferson County by Birmingham attorney Ed Still.

"The judge issued a great order that's going to have beneficial impact on a lot of people in Alabama," Still said.

New York attorney Ryan Paul Haygood of the NAACP Legal Defense Fund, said the court's ruling "recognizes that the right to vote for which so many fought and died can not turn upon the subjective whim of state and local officials."

In his 50-page ruling, Vance said only the Legislature, not the Secretary of State or other state officials, has the right to decide what crimes involve moral turpitude.

Secretary of State Nancy Worley said she is asking the attorney general's office for an opinion on how to interpret the ruling. She said her office has received a conflicting ruling from a federal court judge to use a voter registration form that asks applicants if they have been convicted of a disqualifying felony.

"I think the judge has appropriately remanded this back to the Legislature to determine what is moral turpitude and what is not moral turpitude," Worley said.

Officials at the attorney general's office were reviewing the ruling Wednesday and did not have any immediate comment, spokesman Chris Bence said.

The Alabama Legislature in 1996 passed a law that allowed ex-felons the right to vote if they were convicted of crimes that did not involve moral turpitude.

In 2003, the Legislature passed a bill by Rep. Yvonne Kennedy, D-Mobile, that sets up a process through the state Board of Pardons and Parole to restore the rights to ex-felons convicted of crimes involving moral turpitude. But Still said the problem was that when Gooden and others went to the board to have their rights restored they were told they did not have to go through the process because they had not been convicted of a crime involving moral turpitude.

But Still said when they went to their local registrars office they were still told they could not register.

State Sen. Bobby Singleton, D-Greensboro, introduced a bill last year that would have automatically restored voting rights to convicted felons upon their release from prison, but it did not pass. Singleton praised Vance's ruling and said he plans to reintroduce his bill next year.

"This is a wonderful victory for people who have been disenfranchised because of the definition of moral turpitude," Singleton said.

Not everyone in the Legislature was happy with the ruling.

"That's absolutely insane and flies in the face of the bill that we passed," said Rep. Mike Hubbard, R-Auburn, the Republican leader in the House. Hubbard said he thinks registrars should not be able to register any ex-felons until the issue concerning the definition of moral turpitude is resolved.

He said if the decision is not overturned on appeal, "I can guarantee you this will be an issue on part of Republicans to get this straightened out next session."

Indianapolis Man Sentenced For Human Trafficking (WISH-TV)

By Jay Hermacinski

WISH-TV, News 8, Indianapolis, August 24, 2006

An Indianapolis man accused of human trafficking was sentenced in court Wednesday. He was one of three men who allegedly transported illegal immigrants from Phoenix to Indianapolis and then shipped the human cargo to destinations across the country.

In court, 25-year-old Marcial Hernandez admitted to holding a man hostage in his apartment and threatening to hurt the man if he tried to run away.

"He was held in this particular apartment for three days, fed an egg a day and not allowed to shower. Very poor conditions," said the prosecuting attorney Mary Garner.

The admission was part of a plea deal prosecutors say involved a far more serious crime, human trafficking. Prosecutors say Hernandez, along with Jose Palacios and Sergio Felix Martinez kept as many as 15 illegal immigrants in Hernandez's apartment last April. But prosecutors only heard from one victim.

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"It was a smuggling case where he had paid to come into the country and this was the mid-point before he made it to his final destination," said Garner.

All three men were charged with conspiracy to commit kidnapping, criminal confinement and intimidation. Prosecutors had testimony from only one victim, so they offered a deal: plead guilty to confinement and the other charges will be dropped. All three accepted. Palacios and Felix Martinez received time served and probation. The judge ordered Hernandez to three years in community corrections.

"Actually I think he got punished a little more. I don't agree with that, but it's up to the judge. I think the punishment should have been the same across the board," said the defense attorney Teresa Hall.

The judge cited Hernandez's past history as a factor in her decision. In the past three years Hernandez has been arrested six times and convicted three times. His other convictions were alcohol related.

Hernandez will either be assigned to home detention, a work release program or be part of a daily reporting program.

State Prisons Chief Quits Amid Criticism (BSUN)

By Nicole Fuller

The Baltimore Sun, August 24, 2006

The commissioner of the Maryland division of correction retired Wednesday amid continuing turmoil over the state's troubled prisons and the slayings of two correctional officers by inmates this year.

Frank C. Sizer Jr., 62, delivered his resignation in the form of a two-week notice Wednesday afternoon to Public Safety and Correctional Services Secretary Mary Ann Saar, said Jacqueline Lampell, her spokeswoman.

"He simply told the secretary he was re tiring," Lampell said. "I can't comment on her response, I wasn't there."

Although the retirement is effective in two weeks, Sizer cleared out his office Wednesday, according to two correctional system sources. The abrupt departure suggested he did not retire voluntarily.

Sizer declined to comment Wednesday.

Sizer had come to be regarded as a political liability for Gov. Robert L. Ehrlich Jr. Republican legislators from Western Maryland, where several state prisons are located, called publicly for Sizer's ouster after a correctional officer was killed in January while guarding an inmate at a hospital in Hagerstown. The clamor for Sizer's removal grew after a second correction officer was stabbed to death in July.

Some correctional officers from Ehrlich political strongholds in Western Maryland and the Eastern Shore had said that they would not vote to re-elect him unless he makes top-level changes in prison administration.

Sizer headed the prison system for three years and previously served as warden of the Western Correctional Institution and deputy commissioner of the division of correction. He will be replaced on an acting basis by John A. Rowley, assistant commissioner for the eastern region of the division of correction, Lampell said.

Rowley, 52, was hired in June 2005 as warden at the Maryland Correctional Institution in Jessup and previously worked in Pennsylvania's prison system for 25 years. He also was director of a detenion center in South Carolina from 2002 to 2005.

Top corrections officials -- including Saar and Sizer -- came under fire last month after the death of correctional officer David McGuinn, who was stabbed by two prisoners at the Maryland House of Correction in Jessup.

In January, Jeffery Alan Wroten, a 44-year-old father of five, was shot to death by a prisoner from the Roxbury Correctional Institution south of Hagerstown who tried to escape from a hospital.

Facing intense criticism after a surge of violence among inmates, Saar held a press conference last month on the eve of an emergency legislative hearing into conditions at the prisons in which she declined to express confidence in Sizer -- a signal to many that his job was in jeopardy.

But she amended her statements the next day, telling The Sun, "I consider him a part of our team and have no plans to replace him."

M. Kim Howard, president of the Maryland Correctional Law Enforcement Union, blamed Sizer's departure on politics.

"Sizer is an excellent commissioner," Howard said. "If he has retired, he has been forced to resign by Secretary Saar. They have to put the blame somewhere, and I guess he was the fall guy."

The increasing violence at the prisons came at a time when prison officials were attempting to change a lax culture of enforcement at some facilities -- especially at the House of Correction in Jessup, which had developed a reputation as a prison where inmates were largely in control.

To stem the flow of contraband, including cell phones, tobacco and drugs, administrators recently installed sensitive screening devices that staff and visitors must pass through to enter House of Correction.

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A report on the effects of prison staffing levels on violence presented at the emergency hearing found that inmate assaults on correctional officers rose sharply from 2003 to 2005 -- a period in which staffing vacancies rose from 3.5 percent to 9.5 percent.

Probes Of D.C. Group Home Deaths Are Shifted In-House (WP)

By Karlyn Barker

The Washington Post, August 24, 2006

The District's mental retardation agency has run out of money to pay an independent contractor to investigate deaths in its group home system and is now conducting the probes in-house -- using the same office that previously deleted damaging information from some of the contractor's reports.

Kathy Sawyer, interim head of the Mental Retardation and Developmental Disabilities Administration, said yesterday that the agency stopped referring cases to the outside contractor beginning with deaths that occurred in early June. Sawyer said that when she came on the job in late June, she asked the agency's Incident Management and Investigations Unit to start conducting the probes while she explored other options.

Sawyer, a nationally recognized disability expert who took over the agency under a six-month contract, said the switch was made because funds to pay a private contractor -- an average of $15,000 per report -- were depleted. She stressed that the agency's investigative unit has a new manager and no longer employs those who altered some death reports before the documents were turned over to court officials and others who review cases.

"The people who deleted the records don't work there any more," Sawyer said.

The D.C. inspector general has begun an investigation to determine who altered some of the death reports to remove information about lapses. Deletions in eight of a sampling of 19 reports were discovered this summer by Elizabeth Jones, the court monitor in a long-standing federal lawsuit against the District over care of the mentally retarded.

The decision to stop using the private contractor, if only temporarily, drew immediate criticism. The city has been under pressure to improve conditions and care at the group homes. The death investigations have flagged recurring problems in critical areas such as case management, oversight, nutrition and health care.

Sawyer's predecessor at the agency, Marsha H. Thompson, who was ousted in early June, said she found the independent reports valuable and was unaware that the agency had stopped referring death cases for outside review.

D.C. Council member Adrian M. Fenty (D-Ward 4), chairman of the council's Human Services Committee, which oversees the mental retardation agency, said the timing is particularly unfortunate because a federal judge is currently weighing a request by advocates for those with developmental disabilities to put the agency in court receivership.

"Having an independent organization investigate the deaths was probably the one little bit of credibility [the agency] had left," said Fenty, who is running for mayor in the Sept. 12 Democratic primary.

He called Sawyer "basically just a consultant" and, in a letter he sent to her yesterday, said it would be "a grave mistake" to halt the independent death inquiries.

The private contractor, the Columbus Organization, does death investigations and provides other specialized consulting services for several states. It has prepared death reports for the District for about four years, often relying on expertise of private doctors and nurses.

The Incident Management and Investigations Unit had been part of the Department of Human Services, where it investigated incidents such as injuries and thefts in group homes and reviewed the Columbus reports. The District has said that the records deletions occurred before October, when the unit was put under the control of the mental retardation agency.

Sandy Bernstein, legal director of University Legal Services, which represents plaintiffs in the 30-year-old lawsuit against the District, expressed alarm at the shift to in-house death probes and said her office didn't know about the switch until contacted by a reporter.

The mental retardation agency "does not have the staffing capability or the knowledge to be able to do as thorough an investigation as Columbus does," she said. She said the agency used to do its own death inquiries but fell behind on the reports and hired Columbus to take advantage of its special expertise.

Bernstein said the District should not be involved in investigating itself, particularly given the lack of oversight of the person or people who made deletions in previous death reports.

"Their track record does not leave me with much confidence of getting thorough, timely reports," she said.

Sawyer said she plans to decide by the end of September, after consultation with advocates for the mentally disabled, whether to renew the contract with the Columbus Organization, put the contract out for bid, find another D.C. agency to conduct the investigations or keep using the in-house investigators.

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The agency budgeted for about 12 to 15 death investigations this year but has so far referred more than 20 cases to Columbus, Sawyer said, which is why contract funds ran out. She said that the contractor is finishing 22 death reports and that probes of seven more recent deaths are being conducted in-house.

The mental retardation agency has a budget of more than $70 million and serves about 2,000 people with developmental disabilities, most of whom live in group homes across the city.

Sawyer, who once headed Alabama's mental health department, called her job in Washington "a much bigger challenge because I don't have as much to work with."

She said she is getting good support from Mayor Anthony A. Williams (D) and his top staff and expects to make significant improvements at the agency by the time her contract is up at the end of December. But she indicated that she would be willing to stay on under a new mayor.

"I expect to deliver as projected, but if I have any loose ends, I want to make sure I finish my business here, if I'm allowed to," she said.

Sawyer said she is concentrating on basic work to put policies and systems in place. She said she wants to leave the agency with a good investigative unit, make progress in settling the federal lawsuit, improve the case management system and deliver safe, quality care to some of the city's most vulnerable residents.

"I understand the public's frustration and disappointment" with past failings, she said. "My goal is to deliver."

Early-voting Letters Sent Despite Ruling (WT)

By S.a. Miller

The Washington Times, August 24, 2006

BALTIMORE -- The city election board has mailed notices to about 300,000 voters telling them they can cast ballots in person during the week before the elections, despite a recent court ruling against Maryland's new early-voting law.

The Anne Arundel Circuit Court on Aug. 11 struck down the law passed by the Democrat-controlled General Assembly, saying it violates the state constitution.

Though Baltimore has sent the notices, several other large jurisdictions -- including Anne Arundel, Baltimore and Howard counties -- have delayed sending them until after the Maryland Court of Appeals hears the case tomorrow.

"We should have waited until the court decision was made," said Gene M. Raynor, elections director for the Baltimore Board of Elections. "I had no input in that decision at all."

Armstead B. Crawley Jones Sr., president of the Baltimore Election Board, said the notices were mailed at the direction of the Maryland State Boardof Elections. "The board followed what the state wanted," he said.

The statement appears to contradict what the state elections board said.

Ross Goldstein, state election board deputy administrator, said the board recommended waiting to send the notices "whenever possible."

"But in a lot of cases their process was already in motion and there was no turning back," he said.

However, Mr. Goldstein sent election officials in every jurisdiction an e-mail Aug. 11 -- the same day that Circuit Judge Ronald A. Silkworth ruled against the early-voting law -- instructing them to mail public notices as planned.

"We will continue with all of our planned implementation activities, including public notice, setting up the networks, and preparing election materials and voting units," he said in the e-mail, a copy of which was obtained by The Washington Times.

Thomas Roskelly, who led the failed petition drive to stop early voting in this year's elections, said the notices could further complicate the already confusing voting issue. "I certainly hope this is not an effort to influence the Court of Appeals decision on Friday," he said.

The early-voting law, which state lawmakers passed this year over the veto of Gov. Robert L. Ehrlich Jr., would allow in-person balloting at specific polling places during the week before the Sept. 12 primary and Nov. 7 general election.

Judge Silkworth stuck it down because the state constitution allows for only one day of voting and bars voters from casting ballots outside their home election districts, which the law also would allow.

The ruling was viewed as a victory for Mr. Ehrlich, a Republican seeking re-election. He said the measure would have increased opportunity for voter fraud.

Critics also said the law favored Democrats in elections by designating early-voting locations in areas dominated by that party. Maryland has twice as many registered Democrats as Republicans.

Supporters of the measure say it would make voting easier and increase voter participation. The state's electoral process has been a frequent point of contention between Mr. Ehrlich and lawmakers, beginning with legislature's intervention in 2003 to save the job of State Board of Elections Administrator Linda H. Lamone, the state's longtime top election official under Democratic administrations. The governor also clashed with the legislature in his failed push to require a paper record of votes

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cast on the state's new touch-screen voting machines. A petition drive backed by Mr. Ehrlich to block early voting also failed when Miss Lamone in June invalidated scores of signatures.

Jackie McDaniel, director of the Baltimore County Board of Elections, said the state board told her that "it would be nice to wait" before sending out the notices to her county's roughly 450,000 voters.

The early-voting notices were mailed in Montgomery and Prince George's counties, which are among the state's most populated jurisdictions and have the largest concentrations of Democratic voters.

Election officials in Montgomery County said they mailed out the notices Aug. 7, before the circuit court ruling.

Robert J. Antonetti Sr., interim elections administrator for the Prince George's County Board of Elections, said the notices were sent out to the county's roughly 432,000 in accordance with the state board's directive.

ANTITRUST:

Weyerhaeuser, Domtar To Merge Fine-paper Businesses (DOW)

Dow Jones, August 24, 2006

SAN FRANCISCO (Dow Jones) -- Weyerhaeuser Co. agreed to divest its fine paper business, creating a new entity part-owned by Canada's Domtar Inc. and ridding itself of a business that has dragged down its more profitable timber and cardboard activities.

The $3.3 billion deal would create North America's largest supplier of uncoated freesheet paper, commonly used in office copiers and annual reports, the two companies said Wednesday. The new firm will take the name Domtar and headquarter in Montreal.

Weyerhaeuser, the world's largest lumber company, has talked for months about unwinding its paper and paper pulp business. The division swung to a net loss of $444 million last year as a jump in fuel and wood chip costs offset higher prices. Profits have since rebounded but still pale besides income from its forest and building products segments.

"Investors were somewhat relieved to see them come to a resolution about this business because it's been holding down the company's profitability," said Taunya Sell, an equity analyst at Ragen MacKenzie, a division of Wells Fargo Investments. "Even when they've got higher prices, input costs are higher," she said.

Weyerhaeuser (WY) shares jumped as high as 3.8% Wednesday before closing up 2.2% at $61.35. Domtar's U.S. listed shares fell 2.3% to $6.71. (DTC) .

While Weyerhaeuser is coming clean of the white paper business, investors can place bets on its viability. Current Weyerhaeuser shareholders are slated to own 55% in the new company, in a tax-free spin-off or split-off structure that Weyerhaeuser will choose before the deal's first-quarter close.

Under the spin-off scenario, shareholders would receive about 1.14 shares of the new company for each share of Weyerhaeuser that they own. In a split-off, they can choose to exchange Weyerhaeuser shares for shares in the expanded Domtar or hang on to their Weyerhaeuser shares, said executives Wednesday.

Weyerhaeuser, based in Federal Way, Washington, will use $1.35 billion in cash it receives to pay down its debt. It'll also restart its 18-million share buyback campaign, said Chairman, President and Chief Executive Steven Rogel in a conference call.

Weyerhaeuser executives stressed the deal, valued at $3.3 billion before synergies, should buff up the firm's income statements and help it expand in other areas.

"Today's announcement accelerates some of the changes we are making," Rogel told investors. "It strengthens our financial position and enhances our ability to achieve our financial priorities."

Excluding overhead associated with the fine-paper business, Weyerhaeuser's operating earnings per share would have been $2.13 in the first quarter vs. the $1.78 actually reported, Rogel said.

The companies expect approximately $200 million in synergies a year within two years, achieved through "process optimization," reductions in transportation, and lower costs for sales and administration. It will cost $100 million to generate the projected savings.

Raymond Royer, Domtar president and chief executive officer, will lead an organization of nearly 14,000 employees. Weyerhaeuser will contribute fine-paper mills, processing plants and warehouses that make just over three million tons of uncoated freesheet paper a year.

Completion of the deal hinges on antitrust approval and a favorable tax ruling from the Internal Revenue Service. Domtar's shareholders must also approve the deal.

Morgan Stanley advised Weyerhaeuser, while J.P. Morgan advised Domtar.

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Weyerhaeuser Announces Merger With Canadian Paper Company (JCL)

By Sylvain Metz

Jackson (MS) Clarion-Ledger, August 24, 2006

Weyerhaeuser Co. today announced it will combine its "fine paper" business and related assets with Domtar Inc. of Montreal, Canada, in a deal valued at $3.3 billion.

The deal gives Weyerhaeuser 55 percent ownership in Domtar and includes a cash payment of $1.35 billion.

The new company, which will be called Domtar, will be based Montreal.

Weyerhaeuser, which has locations in 18 countries, employs 1,700 people in various operations around the state including a pulp and paper complex in Columbus, box plants in Jackson and Olive Branch and lumber mills in McComb and Philadelphia.

The company also manages more than 778,000 acres of forestland around the state.

The merger, which must by approved by the boards of directors of both companies, is expected to close by the first quarter of 2007. The deal also faces a review by antitrust agencies and securities regulators in the United States and Canada as well as the Internal Revenue Service.

In a letter accompanying the news release, Weyerhaeuser, Jackie Walburn, public affairs manager, said the coated groundwood part of the Columbus operation is involved in the transaction, but other operations are not. "However, because of the nature of the transaction — in which nothing changes for six months — we do not know how the transition will be handled for this slice of the Columbus operation or final numbers of current Columbus Weyerhaeuser employees who will eventually be with the new company."

Judge OKs Settlement Of 3M Antitrust Suit For $28.8 Million (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, August 24, 2006

A federal judge has granted final approval of a $28.8 million settlement -- and an attorney fees award of $7.5 million -- in a class action antitrust suit against office supply giant 3M, and lawyers say that another large, class action settlement by 3M is in the final stages of negotiations.

The pair of class action suits directly stemmed from a prior suit, LePage's Inc. v. 3M, which resulted in a $68 million verdict in 1999 and a finding that 3M had set out to monopolize the market for transparent tape.

Retailers responded to the LePage's verdict by filing suit, but Eastern District of Pennsylvania District Judge John R. Padova ruled that a massive class action brought on behalf of all retailers would suffer from "internal conflicts."

Padova said small-volume retailers who sold only 3M's brand-name tapes -- Scotch and Highland -- would likely take a different approach to proving their damages from large-volume retailers who also sold 3M's private label -- or store-brand -- tapes.

As a result, the plaintiffs lawyers in the first case, Bradburn Parent/Teacher Store Inc. v. 3M, narrowed their class definition to exclude such large-volume retailers.

Padova later certified a second case, Meijer Inc. v. 3M, brought on behalf of large-volume retailers.

Now Padova has granted final approval of a $28.8 million settlement in Meijer, and lawyers say a proposed settlement of the Bradburn case is imminent.

According to court papers, settlement talks in the Meijer case began with a two-day mediation in November 2005 and continued for several weeks, ultimately resulting in 3M's agreement to pay $30 million to settle three cases -- the Meijer class action and separate suits brought by Publix Supermarkets Inc. and Kmart Corp.

Meijer, Publix and Kmart then allocated that lump sum among the three actions in proportion to the relevant purchases of 3M tape represented in each action, with each case settling for the same percentage of their respective purchases.

Court records show that the settlement amount was calculated at about 2 percent of the total amount paid to 3M by the retailers for invisible and transparent tape between October 1998 and the date of the settlement.

While Kmart and Publix were free to settle their claims on their own, the class action settlement required court approval.

In a 59-page opinion handed down last week, Padova found that the $28.8 million settlement is fair and reasonable, and that the plaintiffs lawyers are entitled to their requested attorney fees of $7.5 million.

Lawyers from three firms will share the fee award -- Daniel A. Small, Linda P. Nussbaum and Brent W. Landau of Cohen Milstein Hausfeld & Toll in Washington, D.C.; Joseph M. Vanek, Thomas A. Vickers and David P. Germaine of Vanek Vickers & Masini in Chicago; and Ira Neil Richards and Kathryn C. Harr of Trujillo Rodriguez & Richards in Philadelphia.

Significantly, Padova found that no objections were filed to challenge the settlement, and that only one member of the Meijer class had asked to be excluded.

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"The lack of objections and low opt-out rate are particularly notable in this case as these are sophisticated businesses with, in some cases, large potential claims, and they could be expected to object to a settlement they perceived as unfair or inadequate," Padova wrote.

Participation in the settlement was also high, Padova noted, with 68 of the 143 notified parties filing proof-of-claim forms, accounting for more than 60 percent of the class's tape purchases.

Padova also found that if the case did not settle, the class would have faced significant risks of establishing liability.

Applying the 3rd Circuit's test for assessing the fairness of a class settlement, Padova found that only one of the so-called Girsh factors weighed against approval -- that 3M, with annual sales of more than $21 billion, was clearly able to withstand a greater judgment.

But Padova concluded that 3M's wealth, by itself, "does not carry much weight in evaluating the fairness of the settlement."

Instead, Padova found it more significant that the settlement resulted from arm's length negotiations by lawyers who had extensively investigated the case by reviewing hundreds of thousands of documents.

"Both parties have demonstrated willingness and ability to litigate this action, have engaged in mediation at the court's suggestion, and have reached an agreement that provides class members with monetary relief that is immediate, significant, and in line with other comparable settlements," Padova wrote.

Turning to the issue of the attorney fees award, Padova found that the plaintiffs lawyers had logged 4,500 hours on the case.

"This is a relatively small amount of time for a settlement class action of this size," Padova wrote.

But Padova found that the reaction of the class -- and the absence of any objections to the fees -- weighed in favor of the full $7.5 million fee award.

The requested fee -- about 26 percent of the fund -- was also in line with awards in similar cases, Padova found.

In the final step of his analysis, Padova performed a "lodestar cross-check" to determine if the lawyers would be earning a reasonable fee for the hours they logged.

According to court records, Cohen Milstein Hausfeld & Toll had a lodestar of $944,551 for its 2,885 hours; Vanek Vickers & Masini posted a lodestar of $436,199 for 1,133 hours; and Trujillo Rodriguez & Richards logged 489.9 hours for a lodestar of $192,025.

Padova calculated that the total lodestar for the three firms was $1,572,775.50 for 4,508.5 hours of attorney and paralegal time.

Taken against the requested fee award of $7.5 million, Padova said, the hours logged by the lawyers at the regular billing rates would result in a "lodestar multiplier" of 4.77.

"While a 4.77 multiplier is slightly above average, it is not far outside the range of normal awards," Padova wrote.

"Moreover, the lack of objections by this class of sophisticated parties to plaintiffs' counsel's request for fees supports the resulting multiplier," Padova wrote.

Apple Pays $100m To Settle IPod Battle (FT)

By Kevin Allison In San Francisco

Financial Times, August 24, 2006

Apple Computer on Wednesday said it would pay $100m to settle a bitter patent dispute with Creative Technology, a Singapore-based rival that had sought to halt US sales of iPod music players.

The companies had been at loggerheads since May, when Creative filed a complaint against Apple, accusing it of “wilful infringement” of a patent related to the user interface on portable music players.

The lawsuit sought unspecified damages and an injunction halting the import and sale of iPods in the US. Apple later filed a counter-suit, accusing Creative of similar infringements.

Steve Jobs, Apple’s chief executive, said the settlement would end five lawsuits pending between the two companies, and would “remove the uncertainty and distraction of prolonged litigation.” Apple will pay Creative $100m to use Creative’s patent, which was filed in 2001 before the iPod music player became the world’s most popular portable music device.

Apple said it would be able to recoup some of the payment if Creative successfully licensed its patent to other electronics groups. Creative – whose Zen music player remains a distant second to the iPod – will launch its own line of iPod accessories as part of the deal.

Sim Wong Hoo, Creative’s chairman and chief executive, said the company was “pleased to have reached an amicable settlement ... and to have opened up significant new opportunities.”

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IPods accounted for about 40 per cent of Apple's revenues last quarter. The iconic music player commands about 75 per cent of the portable player market. The settlement is a boon for Creative, which has been struggling to return to profitability amid intense competition. It reported a $118m loss last year.

It is also likely to come as a relief to Apple, which faces legal challenges to iTunes in Europe and increased competition from Microsoft, which is expected to launch its own music player and software service later this year.

Apple's shares fell 0.3 per cent in after-hours trading. The shares, which were among the best stock market performers in 2004 and 2005, have fallen by about 20 per cent this year.

Separately, Dell, the world's biggest personal computer maker, said it had stopped selling the last of its Dell Ditty digital music players. Dell said it would continue to sell music players made by other manufacturers.

IPod Patent Dispute Settled (WP)

By Yuki Noguchi

The Washington Post, August 23, 2006

Apple Computer Inc. said yesterday that it would pay $100 million to Creative Technology Ltd. to settle a patent dispute between the bitter rivals in the booming digital music player business.

The truce comes after Creative and Apple filed five lawsuits against each other over competing claims to the software and systems that make their music players work. Apple, based in Cupertino, Calif., launched its iPod after Singapore-based Creative brought its portable music player to market.

But over the years, Apple has dominated, selling about 60 million iPods and grabbing about 75 percent of the market while competitors -- Creative and its Zen line of music players among them -- have struggled to reach double-digit percentages.

Apple has also sold more than 1 billion music and video downloads through its online music store, iTunes.

As part of the agreement, Apple agreed to pay for a license to use Creative's patent. Creative, in turn, will be able to design iPod accessories, such as speakers and earphones.

The companies' rivalry was as well known as their outspoken leaders.

"From the point of view of Creative, their bitterness stems from the fact that when they approached Apple, they were arrogantly dismissive" about licensing their technology, said Phil Leigh, senior analyst with Inside Digital Media Inc., a Tampa-based market research firm. "Apple's point of view on this is, 'These guys are patent trolls,' " who are profiteering off of the technology patent process, he said.

"Creative is very fortunate to have been granted this early patent," Apple's chief executive, Steve Jobs, said in a statement released by both companies. "This settlement resolves all of our differences with Creative."

Sim Wong Hoo, chairman and chief executive of Creative, noted that the much-smaller company's business stands to benefit from its alliance with the market leader.

"We're very pleased to have reached an amicable settlement with Apple and to have opened up significant new opportunities for Creative," he said in the statement. "Apple has built a huge ecosystem for its iPod and with our upcoming participation in the Made for iPod program we are very excited about this new market opportunity."

The Creative-Apple dispute is among many recent high-profile technology patent conflicts.

Echostar Communications Corp. and TiVo Inc., as well as eBay Inc. and MercExchange LLC, are locked in ongoing patent disputes. And earlier this year, BlackBerry maker Research in Motion Ltd. settled its patent case with NTP Inc. for $612.5 million.

Apple, Creative Technology Set Pact Ending IPod-Tied Dispute (WSJ)

By Nick Wingfield

The Wall Street Journal, August 24, 2006

Apple Computer Inc. will pay Creative Technology Ltd. a $100 million technology-licensing fee in a deal to settle an escalating legal fight over patents related to Apple's hot-selling iPod.

The deal brings to a close five pending lawsuits the companies had filed against each other, starting with a complaint Singapore-based Creative filed against Apple in May in federal court in San Francisco. In the suit, Creative alleged that Apple's iPod digital music player violated a Creative patent on methods for navigating, organizing and accessing music through software user interfaces on portable audio players. Complaints by Creative in other venues and Apple countersuits followed.

The settlement removes a cloud over the iPod, a business that has helped resurrect growth in recent years at Apple, of Cupertino, Calif. In a statement, Apple Chief Executive Steve Jobs said the settlement "removes the uncertainty and distraction of prolonged litigation."

"Creative is very fortunate to have been granted this early patent," Mr. Jobs said.

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An Apple spokeswoman said the company will record the Creative patent license as an asset that will be amortized over "many years" and that the company doesn't expect any material impact on its finances as a result of the deal. Analysts said the settlement costs for Apple were minor compared with the hefty damages it could have faced if it had lost in court.

"$100 million is chump-change for Apple," said Charlie Wolf, an analyst who follows Apple at Needham & Co. As of July 1, Apple had $8 billion in cash.

The deal will also allow Apple to recoup an undisclosed portion of its licensing fee if Creative is successful in licensing its patent to others. In fact, its agreement with Creative may lead to more such licensing deals. The agreement could strengthen Creative's patent in the eyes of competitors hoping to bring their own music players to market, spurring them to reach licensing agreements with Creative or giving the company a stronger hand in future licensing litigation.

"When you have a settlement with a large player, that sends a signal that this is a serious claim," said Allonn E. Levy, an intellectual-property attorney at Hopkins & Carley in San Jose, Calif.

Microsoft Corp., for instance, is expected to enter the market later this year with a product called Zune, and cellphone makers and wireless carriers are introducing music-oriented handsets. A Creative spokesman said the company is "open to exploring amicable solutions with companies that exploit the patent," though he said it was difficult to tell whether the Microsoft product will fall into that category since Creative hasn't seen the Zune device yet.

A Microsoft spokeswoman didn't return a call for comment.

The news came out after the close of regular trading. As of 4 p.m. in composite trading yesterday on the Nasdaq Stock Market, Creative was at $6.01, off five cents, and Apple was at $67.31, off 31 cents. In after-hours trading, Creative shares were at $8.26, up 37%, and Apple was quoted at $67.15, off slightly.

Write to Nick Wingfield at nick.wingfield@wsj.com1

Rite Aid Nears A Deal For Eckerd, Brooks Chains (WSJ)

By Dennis K. Berman And Amy Merrick

The Wall Street Journal, August 24, 2006

Rite Aid Corp., finding its footing several years after a major accounting scandal, is near a deal to purchase the Eckerd and Brooks drugstore chains from Jean Coutu Group (PJC) Inc. for about $3.4 billion in cash and stock, according to two people familiar with the matter.

The deal would add about 1,800 stores to Rite Aid's existing 3,300 locations, boosting its efforts to catch up to larger U.S. drugstore rivals Walgreen Co. and CVS Corp. It also would increase Rite Aid's clout along the East Coast, where it already has its strongest markets.

Under the terms of the deal, Rite Aid is expected to pay about $1.5 billion in cash and the rest in stock, said the people familiar with the matter. Jean Coutu Group will own about 30% of Rite Aid following the transaction, which also must pass government clearances. A final agreement hasn't been reached and the situation could change.

Rite Aid and Jean Coutu Group declined to comment.

Jean Coutu Group has owned Eckerd for only about two years, after its $2.38 billion purchase of 1,540 stores from J.C. Penney Co. in 2004. But it had trouble integrating Eckerd with its Brooks chain. (CVS purchased a separate 1,260 Eckerd stores from J.C. Penney.) Late last year, Jean Coutu, co-founder of the company, wrested control from his son to try to right the business.

Earlier this month, Quebec-based Jean Coutu Group said it would spend about $58 million in the coming year to renovate its U.S. drugstores, but it wouldn't comment at that time on analysts' predictions that it would sell some locations to reduce its debt.

Rite Aid, based in Camp Hill, Pa., reported sales of $17.3 billion in its fiscal year ended Feb. 26. Walgreen is the nation's largest drugstore chain by revenue, with $42.2 billion in its most recent fiscal year, while CVS is second with $37.0 billion -- but all three chains are racing to grow.

In June, Walgreen agreed to buy the Happy Harry's chain of 76 drugstores, marking Walgreen's largest acquisition since 1986. Walgreen also has been making overtures to purchase independent drugstores. CVS, meanwhile, is digesting its recent acquisition of 701 Sav-On and Osco drugstores from Albertson's Inc.

Over the past few years, Rite Aid has been rebounding from an accounting scandal in which it admitted that it overstated profits by more than $1 billion from 1997 to 1999. The company said it committed a host of wrongs, including manipulating costs and hiding depreciation expenses. Rite Aid's former chairman and chief executive, Martin L. Grass, is serving a seven-year prison sentence for his role in the deception.

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Rite Aid's recovery has been bumpy. While its sales have been rising recently, profits have been erratic, it remains laden with debt, and efforts to expand in its existing markets have been costly. In its fiscal first quarter, net income fell 67%, as expenses to open new stores more than offset sales growth.

Word of the potential deal came after the close of New York Stock Exchange composite trading yesterday, in which shares of Rite Aid rose 32 cents, or 7.3%, to $4.68. In after-hours trading, shares rose three cents to $4.71. In Toronto, class A shares of Jean Coutu Group were up 39 Canadian cents, or 3.7%, to C$10.95 (US$9.82).

In the fiscal year ended March 4, Rite Aid reported net income of $1.27 billion, or $1.89 a diluted share, on revenue of $17.3 billion.

Jean Coutu Group reported net earnings for the fiscal year ended May 27 of $103.8 million, or 40 cents a share, on revenue of $11.14 billion.

IBM To Bulk Up In Internet Security (WSJ)

By Charles Forelle And Vauhini Vara

The Wall Street Journal, August 24, 2006

International Business Machines Corp., looking to bolster its technology-services offerings amid intense competition in that critical market, has agreed to buy Internet Security Systems Inc. for about $1.3 billion.

In four acquisitions IBM has announced this month, including ISS, the computer giant is spending more than $3.6 billion in an attempt to add new products and services to jolt its own plodding growth.

ISS, based in Atlanta, is a maker of software and equipment that helps corporations and governments fend off security threats that arrive via the Internet. IBM, of Armonk, N.Y., says ISS's products will help it sell "managed security services" -- in which a customer outsources to IBM the protection of its electronic infrastructure.

The move into the hot security market brings IBM -- already a large security player -- into closer competition with rivals such as Symantec Corp., CA Inc. and EMC Corp., which in June announced a $2.3 billion acquisition of RSA Security Inc., another prominent midsize security vendor. In the past few years, Cisco Systems Inc. and Microsoft Corp. have also acquired security players.

Security provides a measure of growth at a time when Big Blue's core businesses are lagging. The deal will be IBM's fifth-largest acquisition ever, the company said.

ISS reported revenue of $330 million in 2005, up 14% from the prior year. Those sorts of revenue gains look particularly attractive to IBM, which has struggled to wring consistent growth out of its giant services arm. Although many of ISS's products are software-based, IBM will move the company under the wing of its services group.

Val Rahmani, an IBM executive, says the ISS deal will help "drive growth" to IBM's offerings. Some customers, she said, "up to now have not felt comfortable" outsourcing security, a critical and sensitive piece of the technology infrastructure. Combining ISS's products and IBM's scale and sales reach should urge them on, she said.

The deal is also a reflection of the continuing march of consolidation in the security industry. As the market matures for some security products -- such as antivirus software and firewalls to block intruders -- investors are less enthusiastic about companies that sell them, says Garrett Bekker, an analyst at Merrill Lynch. That has left their stock priced at lower levels, making them attractive prey.

ISS's shares have risen sharply over the past month amid speculation that it could be a takeover target. At $28 a share, IBM is paying an 8% premium to ISS's closing price Tuesday. ISS's products use analytical methods to spot unusual network traffic, thus attempting to halt security threats including viruses and intruders.

"The smaller players are going to have to beef up their market share in their niche area to fend off the larger players -- and if they're not successful, they're going to have to seriously look at getting married to larger vendors," said Daniel Ives, an analyst at Friedman, Billings, Ramsey.

IBM's other recent deals include MRO Software Inc., for $740 million; FileNet Corp., for $1.6 billion; and Webify Solutions, for an undisclosed amount.

Deal For ISS Adds To IBM Buying Binge (WP)

By Kim Hart

The Washington Post, August 24, 2006

International Business Machines Corp. said yesterday that it will acquire Internet Security Systems Inc., a technology security company with offices in Herndon that protects the networks and servers of several federal government agencies.

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The proposed deal marks the fourth acquisition by IBM in the last month and, at a price of $1.3 billion, or $28 per share, is the fifth-largest acquisition in the company's history. The agreement is aimed at strengthening IBM's footing in the security systems market.

"ISS has been on our radar screen for some time," said IBM spokeswoman Lia Papa. "We're starting to focus on managed security services for our clients, and this helps us grow that part of our business."

Atlanta-based ISS employs about 1,200 people worldwide, including about 40 in its Herndon office. IBM will make "limited changes in operations," Papa said, and plans to retain all of the company's local employees.

"We don't want to change any of the company's capabilities, we want to expand on them," she said.

ISS became a leader in the security industry as it developed systems to detect vulnerable devices and halt harmful attacks and security breaches, said Paul Stamp, a security analyst with Forrester Research Inc.

The deal comes just after IBM's purchase of Webify Solutions Inc., MRO Software and FileNet Corp., all software companies that help clients streamline business processes and manage data. Along with the purchase of ISS, the total bill will come to more than $3.5 billion if the deals are approved by shareholders and regulators.

"From IBM's point of view, you can't have IT without security," Stamp said. "This helps plug some of the gaps in its security portfolio."

Customers are demanding security software that seamlessly integrates with existing systems and data, he said, forcing IBM to acquire a company that could offer "well-rounded solutions in that space."

ISS's technology will help IBM create security systems that can be used in a variety of industries rather than customizing solutions for each individual client, Papa said.

"The same security solutions that work for an insurance company can be used for a bank or government agency," she said. "As more data goes online, that opportunity grows exponentially."

The transaction is expected to close by the end of the year.

I.B.M. To Buy A Security Software Company For $1.3 Billion (NYT)

By Steve Lohr

The New York Times, August 24, 2006

I.B.M. took another step yesterday in its strategy of blending software and services when it announced plans to buy Internet Security Systems of Atlanta for $1.3 billion.

The purchase of the company, which makes security programs for computer networks, is the latest in a recent string of software acquisitions by I.B.M. In the past, the company has often pointed to how the software being purchased would help I.B.M.'s $47-billion-a-year services business, as more services tasks rely on software to improve efficiency.

But Internet Security Systems is the first large software purchase that will be actually folded into I.B.M's services business, rather than becoming part of the company's software group.

Internet Security Systems would be the largest acquisition added to I.B.M.'s services business since it bought PriceWaterhouseCoopers Consulting for $3.5 billion in 2004.

"It's clear that the services business is not going to grow at the rate it needs to for I.B.M. to reach its corporate financial targets, if it depends on indigenous growth alone," said Bob Djurdjevic, president of Annex Research, a consulting firm. "They need to go out and buy things, and this is a step in the right direction."

I.B.M.'s stated financial goal is to achieve high-single-digit growth in revenue and low-double-digit growth in profit. A strong performance by I.B.M. Global Services, which accounts for more than half of the company's revenue, is crucial to reaching that target.

In the last two years, the sluggish performance of I.B.M. Global Services has held back the company's growth, Mr. Djurdjevic said.

Computer security, analysts say, increasingly lends itself to being delivered as an integrated service instead of as a collection of separate software products. And with the steady proliferation of Internet worms, viruses and other malicious software, corporate technology managers consistently rank security at or near the top of their priorities.

"Computer security and systems management used to be separate, but that is less and less the case," said Paul Stamp, an analyst at Forrester Research. "Security has become so important that people don't talk about information technology anymore. Now, it's about secure information technology. So the standalone market for security is shrinking."

Mr. Stamp noted that other suppliers of security software, including Computer Associates, Symantec and McAfee, are increasingly taking a systems approach to their offerings and marketing them as subscription services.

Internet Security Systems, founded in 1994, has been an innovator in intrusion-detection and vulnerability-analysis software tools. Its customers include large banks, corporations and government agencies.

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Thomas E. Noonan, the chief executive of Internet Security Systems, said joining the I.B.M. services group would put his company's technology and its 1,300 employees at the forefront of an industry trend.

"The next generation of security is to deliver software as a service," Mr. Noonan said in a conference call.

For its part, I.B.M. sees security as a growth market and a field ideally suited for the company's strategy of using software to help automate services, reducing labor costs while increasing efficiency and profitability, said Val Rahmani, a general manager in the company's services group.

Last year, Internet Security Systems earned $38.5 million on revenue of $330 million.

The acquisition is the third sizable software purchase announced by I.B.M. this month alone. On Aug. 10, I.B.M. said it would pay $1.6 billion for FileNet, whose software helps companies manage documents and other digital information. On Aug. 3, I.B.M. agreed to buy MRO Software, whose programs are used by companies to track vehicles and equipment, for $740 million.

I.B.M. is offering $28 a share for Internet Security Systems.

After the bid was announced, Internet Security's stock price rose $1.62, or 6 percent, to close at $27.62 a share. I.B.M. shares slipped 28 cents, to $78.67.

IBM Adds To Its Stable Again: Software Maker Internet Security Systems (USAT)

By Michelle Kessler And Jon Swartz

USA Today, August 24, 2006

IBM on Wednesday announced its third major acquisition this month, a $1.3 billion bid for business software maker Internet Security Systems.

ISS sells computer security products to banks, insurance companies, governments and other large groups. It has about 11,000 customers and earned $38.5 million in net income last year.

The all-cash deal, the fifth-largest in IBM's history, represents an 8% premium over ISS' closing stock price Tuesday.

Most of ISS' 1,300 employees are expected to keep their jobs, and the unit will remain headquartered in Atlanta. CEO Tom Noonan will stay in charge, though his title has not been decided.

The deal is scheduled to close in the fourth quarter, if approved by shareholders.

IBM has been a big spender lately. This month it said it would acquire business software makers FileNet for $1.6 billion and MRO Software for $740 million. ISS is its 12th major deal this year.

General manager Val Rahmani says IBM is looking for ways to expand its already huge business. Big Blue had revenue of $91 billion in 2005 and has more than 329,000 employees.

Tech analysts say IBM's buying spree is also part of a growing trend of software consolidation, especially in security software. More than 1,000 companies sell a tech-security product or service, according to research firm IT-Harvest.

The "market cannot support all these vendors," says Ted Schlein, a venture capitalist at Kleiner Perkins Caufield & Byers.

As a result, companies are consolidating. Two of the biggest deals: EMC's $2.1 billion purchase of RSA Security and Symantec's $13.5 billion purchase of Veritas.

There's room for more, says tech analyst Allan Krans at Technology Business Research. He predicts Check Point Software is likely to be the next security firm to be acquired.

But ISS was a good choice for IBM, says tech analyst Paul Stamp at Forrester Research. One of the first Internet security companies, ISS has a strong reputation and has worked with IBM since 1999, Stamp says.

Rahmani says her company chose ISS because its offerings were so comprehensive.

Normally, companies buy "anti-virus software to stop viruses, anti-spyware software to stop spyware, e-mail security programs to stop spam," says Noonan at ISS. It's hard to get so many programs to work with each other, he says. ISS aims to solve that problem by offering security as a single service.

When asked whether IBM had more deals planned, Rahmani said it is "always looking at great opportunities." IBM had about $10 billion in cash at the end of its last quarter.

The long-rumored deal sent IBM shares down less than 1% to $78.67 Wednesday. ISS shares jumped 6% to $27.62.

Air Superiority Two Technology Giants Clash In Battle For Wireless Internet (WSJ)

By Amol Sharma And Don Clark

The Wall Street Journal, August 24, 2006

Qualcomm Inc., which became a technology powerhouse by creating the brains inside hundreds of millions of cellphones, and Intel Corp., the giant maker of microprocessor chips for personal computers, are clashing on a crucial new battleground: wireless access to the Internet.

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Both companies are racing to develop new technologies to better permit consumers to connect wirelessly to the Web, whether by cellphone, laptop, handheld gadget -- or potentially even devices such as MP3 players and video cameras.

This month, Intel scored a first big victory when Sprint Nextel Corp., the third-largest U.S. cellular operator, said it would spend up to $3 billion to build a new network based on the technology that Intel is backing. That technology is "WiMax," a system that promises Internet access at speeds similar to cable broadband connections, wirelessly and over long distances.

The battle puts on a collision course two chip giants that had little to do with each other for two decades. The prize for Intel: a new chance to build bigger markets for its microprocessors -- not just in laptops but in new pocket-sized gadgets and consumer-electronics devices. The widening of Internet access gives Intel an opportunity to try to wrest from Qualcomm the position of wireless standard-setter.

Whoever prevails in the face-off, consumers will end up with yet more options to connect to the Web. Today, they mostly rely on wired high-speed Internet connections from cable and phone companies. While the technologies Intel and Qualcomm are pushing are still untested on a large scale, they promise to give people new ways to get online at work, in the backyard, in a park -- almost anywhere -- and eventually with a whole array of new devices.

WIMAX ADVANTAGE

1

Reporter Amol Sharma explains the advantages2 of WiMax over Wi-Fi and talks about what companies stand to benefit if the new wireless technology takes off, in an interview with technology editor Almar Latour.

It's also an early test for the chief executives of the companies, who both assumed the helm last year. Paul Otellini, 55, the first Intel CEO not trained as an engineer, has already pushed a successful technology that lets people get online wirelessly from cafés and airport lounges. Now he hopes to blanket entire cities with affordable wireless Web access, through a system that Intel wouldn't own but that would create new demand for its chips.

Qualcomm's Paul Jacobs, 43, who succeeded his father as CEO, must defend the company from industry players that are attacking both in the marketplace and in the courtroom. Some big cellular companies, resentful about hefty royalties they must pay Qualcomm because of its patents, have fought back in part by filing antitrust complaints in Europe.

As the field of wireless Internet access develops, Sprint's embrace of WiMax suggests that Qualcomm may not rule this new realm as it has the cellular phone market. "It looks like there's not going to be any single company dominating," said Monica Paolini, an expert on wireless technology at Senza Fili Consulting in Sammamish, Wash.

Although Qualcomm remains highly profitable, and its relationships with cellular carriers will continue to fill its coffers for many years to come, its stock is off 30% since early May. Several forces are responsible, analysts say, including the potential of WiMax, legal disputes with cellular-equipment companies and concerns that carriers in countries such as India and China are moving away from its technology.

Qualcomm was begun in 1985 mainly by the CEO's father, Irwin Jacobs, an electrical engineer and professor at Massachusetts Institute of Technology. He teamed with scientific and business associates to turn advances in military communications into commercial products.

In World War II, the U.S. government had sought ways to deter enemies from jamming radio signals that guided naval torpedoes. The solution was to split the signals into small pieces that could run on different frequencies. In a strange twist, the winner of a patent for this idea was Hedy Lamarr, the Austrian-born Hollywood actress, whose first husband had worked on radio signaling for the Nazis. She teamed with an American composer and they devised a scheme to move radio signals from one frequency to another, using player-piano rolls as a model.

Building on the ideas of Ms. Lamarr and other researchers, Mr. Jacobs realized he could apply the idea to create an efficient way to transmit phone conversations and data. Early cellphones crammed lots of information on a few radio frequencies. He imagined breaking it into small, coded fragments over a larger range of radio spectrum. It was the basis of Qualcomm's core technology, known technically as CDMA, for "code-division multiple access."

Persuading telecom carriers to work with his fledgling company was an uphill battle. By the late 1980s, two other digital technologies were gaining traction. Though Qualcomm argued its technology was far more efficient, few carriers paid attention until a South Korean agency embraced it 1992, and went on to build an advanced cellular system. Qualcomm then won over many carriers. It profited both by making chips for phones and by licensing makers of other gear: handsets and cellular broadcast towers.

In Europe, Qualcomm never overcame a head start by another system, called GSM. But as carriers upgraded to networks fast enough for music and video and for mobile Internet access, they had a hard time avoiding innovations Qualcomm patented. They wound up signing licensing deals requiring them to pay it royalties. Industry experts estimate Qualcomm reaps a royalty of 5% to 6% of the price of cellphones that use its technologies.

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As its patent power grew, so did criticism by competitors, who claimed Qualcomm was abusing its market power with excessive royalties. Last fall, several filed antitrust complaints with European Union regulators. The EU hasn't yet taken any action. Banding together were Nokia Corp., Telefon AB L.M. Ericsson, Texas Instruments Corp., Broadcom Corp., Matsushita Electric Industrial Co. and NEC Corp.

Qualcomm says the six are pushing specious claims of market abuse to protect profits on older technology, and that its royalties let it invest in research that produces better and cheaper phones. "We were the ones that took the risk and we are the ones that continue to do a lot of the innovation," says CEO Mr. Jacobs.

But the biggest long-term threat to Qualcomm, and a more significant one, stems from WiMax, for which Qualcomm largely has Intel to thank.

Intel's first venture into wireless Internet access involved the technology called Wi-Fi, in which someone who has wired Internet access can broadcast it, through radio waves, 100 feet or more in every direction. It quickly became popular in coffee shops and airport lounges, letting the public get online there. Although Wi-Fi isn't owned or marketed by a single company, Intel helped popularize it by starting to make built-in Wi-Fi chips for laptops in 2003.

But Intel executives thought they could do even better. They began looking for a longer-range technology that would attract major cellular carriers and create a larger market for their chips.

Besides, the economics of Wi-Fi were unattractive to large carriers because the service relies on unlicensed radio spectrum, allowing even tiny Internet service providers that own no radio spectrum to compete. A service using spectrum owned by the providers would be more exclusive.

Both concerns led Intel to the technology called WiMax. It, too, is a system backed by many different companies. Intel joined an industry standards committee that was considering proposals for a wireless alternative to cable or DSL broadband -- a way to get fast Web access to a site without any kind of wires.

But Intel's real interest was to develop a technology that would enable consumers to take their laptops anywhere and get a high-speed wireless Internet signal. The chip company worked with allies in the equipment industry, as well as telecom carriers, and last December a mobile WiMax standard was made final. That gave a green light to equipment makers and carriers to start planning for mass deployments.

Intel took the lead in forming a multi-company group called the WiMax Forum. It courted makers of equipment for cellular towers, as well as cellphone makers like Nokia, Motorola Inc. and Samsung Electronics Co. -- the latter a longtime Qualcomm ally that was already working on such technology. By the spring of last year, Intel engineers had completed the company's first WiMax chips. Others are making them too, such as Fujitsu Ltd.

Intel spread money among start-ups interested in WiMax. It attracted a partner in Clearwire Corp., a start-up carrier founded by Craig McCaw, the cellphone pioneer. Clearwire aims to bring consumers a wireless alternative to cable and DSL Internet access. In July, Intel invested $600 million in Clearwire.

As Intel ramped up its efforts, Qualcomm wasn't sitting still. It realized several years ago that its key customers, the large cellular carriers such as Verizon and Sprint, wanted to develop their own high-speed wireless Internet offerings.

Qualcomm gave them a technology to do so. It upgrades existing cellular networks to permit high-speed transmission of data. That makes it possible for a cellphone to download music and video.

Cell subscribers who buy this extra service can use it to get wireless mobile Internet access as well -- by plugging a card into their laptops. That makes the upgraded Qualcomm service, known as EVDO, similar to the Wi-Fi at the local Starbucks. It even has one notable advantage over Wi-Fi: Users don't have to be at a cafe or some other Wi-Fi "hot spot." They can be anywhere.

But it also has limitations. The speeds are only on par with fast Internet service from phone companies, slower than a typical cable connection. It also isn't nearly as fast as proponents of WiMax expect that to be.

This offering from Qualcomm is on the market. Both Verizon Wireless and Sprint offer it to their subscribers.

Yet Qualcomm knows this isn't the ultimate service to put up against WiMax, which is designed specifically with mobile Internet service in mind. So Qualcomm has been designing and acquiring other technology to provide ultra-high-speed, go-anywhere wireless access to the Internet.

Last year it announced it would buy Flarion Technologies Inc., a New Jersey company that has developed a wireless technology competing with WiMax. It spent $810 million on the acquisition.

Qualcomm then went on the attack against WiMax. Its executives told anyone who would listen that it would be hard for start-ups to acquire the costly radio frequencies needed for a brand new wireless network. Jeffrey Belk, Qualcomm's marketing chief, wrote a lengthy paper -- dubbed "Why MAX?" -- that disputed claims about WiMax technical features and aired on technology blogs.

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Against the backdrop of this cold war, Sprint was preparing to make a crucial decision about the future of its wireless network. Sprint was open to try all kinds of new technologies and made clear that royalties would be a factor as it decided.

Last summer, Sprint launched WiMax trials involving Motorola and Samsung. Nextel Communications, a company Sprint acquired in mid-2005, had already field-tested Qualcomm's Flarion system.

This month, Sprint delivered the bad news to Qualcomm that it would build a WiMax network, hoping to begin service in some cities by late 2007. Sprint named Intel, Motorola and Samsung as its chief partners, with Qualcomm left on the sidelines. Sprint said Qualcomm's Flarion technology didn't make the cut because it wasn't as cost-effective and didn't make as efficient use of the particular slice of the radio spectrum that Sprint owns.

At Qualcomm, Mr. Jacobs says his company may try to beat its competitors at their own game by entering the WiMax-chip business itself. He says Qualcomm owns patents covering pieces of the WiMax standard, and that means it could ask for a licensing fee from companies producing equipment or handsets for WiMax networks. But many companies hold patents that could cover aspects of WiMax, making it harder for any one of them to command stiff royalties. "Nobody has a lock on it," says Sean Maloney, an Intel executive vice president and its top strategist on WiMax.

Patent Verdict Against Microsoft, Autodesk Stands (CNET)

By Caroline McCarthy

CNET News, August 24, 2006

Companies must pay more than $150 million for unlawful use of product activation technologies, federal judge says.

A federal judge in Texas has delivered a setback to Microsoft and Autodesk in their patent infringement battle with product activation start-up Z4 Technologies.

U.S. District Judge Leonard Davis turned down the software makers' request for a new trial in a patent infringement lawsuit filed by Z4 Technologies and awarded enhanced damages, ordering Microsoft and Autodesk to pay a combined total of $158 million.

The initial suit was filed nearly two years ago by David Colvin, owner of Michigan-based Z4, over two product activation technologies. One of those technologies is designed to prevent unauthorized use of software; the other is used to combat piracy.

In a verdict reached April 19, a jury found that Microsoft and Autodesk had violated Colvin's patents; the companies' subsequent request for a new trial was turned down Friday. Microsoft is expected to challenge the verdict in the U.S. Court of Appeals.

Representatives for Microsoft and Autodesk, which had asked for a new trial on the basis that the patents were unenforceable because of inequitable conduct, were not readily available. The counsel for Z4 declined to comment.

Not only has the original verdict been upheld, but Microsoft's patent penalty has also been increased by $25 million for enhanced damages, bringing its total bill to $140 million. It also must pay an estimated $2 million in legal fees.

It's the second-biggest patent infringement fee that Microsoft has had to fork over to a smaller company, surpassed only by the $500-plus million that the Redmond, Wash.-based software behemoth was ordered to pay to Eolas Technologies in 2003. Microsoft's fines in antitrust cases, however, have reached into the billions of dollars.

The penalty for San Rafael, Calif.-based Autodesk, originally $18 million, has been increased by $322,000.

The East Texas Federal District Court is a frequent destination for patent infringement complaints, like this summer's Red Hat-JBoss lawsuit, because of its reputation for efficiency on cases in that field.

ENVIRONMENT:

Consultant Warned BP Of Pipe-Network Corrosion (WSJ)

By Matthew Dalton And John M. Biers

The Wall Street Journal, August 24, 2006

Federal investigators probing BP PLC's operations in Alaska are reviewing two-year-old documents from an engineering firm that included warnings of accelerated corrosion in its pipeline network, an indicator of the same type of conditions that forced the partial shutdown of the giant Prudhoe Bay oil field this month.

While the London oil company has acknowledged some responsibility for the corrosion problem, BP has defended its overall pipeline maintenance as robust and characterized the incidents as unforeseeable. Environmental Protection Agency investigators are presenting evidence to a federal grand jury investigating criminal charges against BP related to its pipeline-maintenance program in Alaska. An EPA spokesman declined to comment.

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Separately, a BP spokesman said late yesterday the company, which operates Prudhoe Bay on behalf of a consortium, has had to curtail remaining production at the field by almost one-half because of a mechanical failure in an oil-processing facility. The spokesman, Daren Beaudo, said the move would reduce production to 110,000 barrels a day from the 200,000 barrels a day that it had been able to continue. He said repairs could take several days. At full strength, the field produced 400,000 barrels of oil a day.

BP's own regulatory reports on its pipeline maintenance and analysis of these reports prepared in 2004 by an engineering consulting firm, Coffman Engineers, don't show a direct cause for the problems that led to the shutdown of the pipelines. But they portray a pipeline system vulnerable to localized corrosion, with large blind spots where problems would be difficult to detect. They also show that Coffman flagged isolated incidents of "accelerated corrosion" as early as 2004 based on 2003 data from BP.

Coffman's work for BP is being examined by the EPA, said Dan Stears, manager of Coffman's corrosion-engineering department. "Our reports were quite accurate as far as the corrosion mechanism that BP needs to address," Mr. Stears said, adding that Coffman suggested BP needed to take measures to prevent corrosion over its entire pipeline network.

BP and Alaska officials have pointed to other language in the Coffman reports praising BP's practices. Company spokesman Steve Rinehart said the Coffman reports were concerned with pipelines different from the ones that proved problematic. Coffman said its work encompassed the pipelines in question.

BP Alaska President Steve Marshall said at a hearing before state lawmakers last week that the Coffman reports didn't flag the lines that proved problematic because they were seen as less vulnerable to corrosion.

At the same hearing, Alaska Department of Environmental Conservation Commissioner Kurt Fredriksson cited the praise for BP's program and said the reports focused concern on lines different from the ones that proved problematic. (See article.1)

BP is under fire from state and federal investigators for a maintenance program that led it to shut part of Prudhoe Bay, the largest oil field in the U.S., after finding severe corrosion in a pipeline. Problems with the pipeline system first publicly surfaced when a pipeline spilled over 200,000 gallons of oil in March.

One of BP's primary methods for detecting corrosion inside its pipelines involves the use of pieces of metal, called coupons, inserted into the pipeline flow and then inspected to determine whether corrosion has occurred. BP then injects into its pipelines chemicals that inhibit corrosion based on the monitoring data.

BP's monitoring reports show the company used few coupons on its transit pipelines, where the oil leaked in March and severe corrosion was found at the end of July. Out of a total of 1,495 locations monitored using coupons, only five were placed over the 22 miles of transit pipelines, which carry oil from processing facilities to the 800-mile-long Trans-Alaska Pipeline.

Mr. Rinehart said in hindsight the company should have placed its coupons in different locations.

BP's maintenance reports show the company detected very low rates of pipeline corrosion throughout its system since 1997. Still, the heavy reliance on coupons and similar techniques raises questions about how confident the company could have been in the integrity of its pipeline as a whole.

The company didn't run a standard industry test on the corroded pipeline using a "smart pig" -- a mechanical device that runs along the inside of the pipeline to detect corrosion. "If you want to find this type of random, spotty corrosion, you've got to do 100% ultrasonic scanning from the outside, or the smart pig approach," said Larry Tatum, an anticorrosion specialist with the National Association of Corrosion Engineers.

BP has said, looking forward, its anticorrosion programs will strongly feature the use of smart pigs.

BP's US Woes Deepen With Lawsuit (FT)

By Sheila Mcnulty In Houston

Financial Times, August 24, 2006

BP is embroiled in a legal battle in Illinois that, against the backdrop of a big spill in Alaska and a fatal explosion in Texas, could help fuel the broader debate over whether the UK oil giant has a problem with its US safety culture.

The lawsuit arises from BP's $225m sale of an Illinois chemicals plant in 2004 to Flint Hills Resources, a subsidiary of Koch Industries.

Soon after taking over the plant, Flint Hill claimed BP had breached the terms of its sales agreement. BP responded with a federal lawsuit in Chicago last year seeking a declaration by the court that it had done nothing wrong.

"They had ample time to conduct due diligence prior to their purchase," said Scott Dean, BP spokesman.

Flint Hills then counter-sued, accusing BP of more than 50 misrepresentations about the plant's environmental compliance, mechanical integrity and production capacities.

Flint Hills is seeking at least $200m in damages as well as other legal expenses.

"The plant that BP promised was not the plant that Flint Hills got,'' the Koch Industries subsidiary alleged.

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"Instead of receiving an environmentally compliant, mechanically sound plant ready to immediately increase production capacity, Flint Hills received a plant that required tens of millions [of dollars] to comply with environmental laws and permits, tens of millions to repair substandard mechanical integrity, and tens of millions to address multiple bottlenecks that constrain production."

Flint Hills alleged that the plant had illegal emissions of air pollutants, corroded tanks that leaked chemicals including acid and badly leaking sewer lines that BP had buried unrepaired ahead of the sale.

Mr Dean of BP said: "At the time of the sale, the plant was operating under the necessary emissions permits." He added: "The buyer is a sophisticated petrochemical company that knew they were buying a 1950s vintage chemical plant that had ongoing maintenance requirements consistent with its age."

The case, which is set to go to trial in late 2007, will play out amid BP's recent problems in the US, which have resulted in heightened regulatory scrutiny and two grand jury probes that could bring criminal charges against the oil company.

In addition, an independent panel imposed by the US Chemical Safety and Hazard Investigation Board is investigating other BP refineries in the US to determine if the company's safety culture is flawed.

"The CSB cannot comment on the Koch allegations because we have not examined them," said Carolyn Merritt, CSB chairwoman.

"However, if shown to be factual, they would further indicate a pervasive lack of management oversight and risk awareness that has characterised BP operations at Texas City and, apparently, at Prudhoe Bay."

FBI/DEA/ATF/USMS:

Corps Reviews Its Inquiry Into A Critic (NYT)

By Cornelia Dean

The New York Times, August 24, 2006

The Army Corps of Engineers is looking into how an Illinois man's comments on a proposed bypass channel for fish led a corps official to suggest that the Federal Bureau of Investigation examine him as a possible terrorist, a spokesman for the corps said yesterday.

The man, Jim Bensman of Alton, Ill., said he feared that people in the St. Louis district office of the corps pointed to him because he was a longtime critic of their policies.

"The only thing that makes sense is that this was done for political purposes," Mr. Bensman said.

A spokesman for the corps district, Alan Dooley, said he believed that the brouhaha was a result of a security officer's following Army regulations. Mr. Bensman attended a corps hearing on July 25 on alternatives for improving fish movement in the Mississippi River at the Melvin Price Lock and Dam in East Alton, Ill.

Constructing a channel was one proposal. Another, which Mr. Bensman endorses, was removing the dam, an alternative considered by the corps and a project that would normally be accomplished using explosives.

Mr. Dooley said a report in an Alton newspaper, The Telegraph, described Mr. Bensman as advocating that the dam be blown up, which, technically, he did.

Mr. Dooley said that when the district security manager, Kent Hayes, learned of the report, he "looked at Army regulations concerning possible threats to public facilities, and it was his determination that it should be forwarded to the appropriate federal agency, which in this case was the F.B.I."

Mr. Dooley added, "I have no information that anyone would have done that for any other reason."

Mr. Bensman is not satisfied with that explanation. Though he had been told that he was no longer suspected of anything, he said, "I want more answers from them."

"They are not an investigative agency," Mr. Bensman said of the corps. "But that doesn't mean they should not take a few minutes common sense before wasting the F.B.I.'s time and subjecting a citizen to questioning."

FBI Hoped To Recruit Alleged Cuban Agent To Spy For U.S. (AP)

By Curt Anderson, AP Legal Affairs Writer

AP, August 24, 2006

The FBI hoped to recruit a university professor suspected of being a longtime Cuban agent to spy for the U.S. government against Havana, but never made any explicit promises of criminal immunity if he cooperated or refused, an FBI agent testified Wednesday.

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Albert Alonso, the lead FBI agent in the case of Florida International University psychology professor Carlos Alvarez, said the FBI had become convinced based on intercepted telephone calls that Alvarez - allegedly a Cuban operative since 1977 - was ready by June 2005 to work "in an intelligence capacity" for the U.S. against Cuba.

"We were giving him an opportunity to cooperate with the U.S. government like he had with the Cuban government," Alonso said. "He was in a position to assist the United States government greatly."

But Alonso insisted that he never told Alvarez during three days of interviews that he would not be prosecuted if he declined or accepted the offer to become a U.S. counterespionage agent. The testimony came during a hearing on a motion by Alvarez to have his purported confession to being a Cuban agent thrown out as evidence because, he claims, the FBI made the immunity promise.

"As an FBI agent, you can't do that. You just can't promise. We're not attorneys," Alonso said.

Alvarez, 61, and his 56-year-old wife, Elsa, are charged with failing to register as Cuban agents with the U.S. government. Prosecutors say they spied for President Fidel Castro's government for decades, mainly reporting on activities of Cuban-American exile groups in Miami and on U.S. political affairs. Both have pleaded not guilty.

During interviews with FBI agents on June 22-23 and again July 1, 2005, Alvarez allegedly confessed to his decades of work for Cuba, according to transcripts of FBI videotapes and listening devices hidden in the Alvarezes' home.

On one tape made July 4, 2005 - the night before Elsa Alvarez was to meet with FBI agents - Carlos Alvarez is quoted as saying that his confession signaled "a great revamping of our lives." The tape came from a listening device the FBI had placed in the couple's bedroom some six years before.

"Right now, for me, it was a relief that I was able to cooperate. It's been hell. It's been hell. I really saw it as a huge confession. It was an opportunity for me to confess what I've done wrong," he is quoted as telling his wife.

But Carlos Alvarez did refuse the FBI's offer to become a U.S. counterespionage agent, Alonso testified. A transcript of one of the FBI interviews quotes him as saying he was "willing to be in contact" with his Cuban handlers "but I don't want to go any more to Cuba or to work for intelligence here."

It would be nearly six months before the Alvarezes were arrested. Carlos Alvarez's attorney, Steve Chaykin, repeatedly asked Alonso what he meant in portions of the interview where he told Alvarez that if he cooperated "we can help you" and mentioning other convicted Cuban spies who were not given that chance.

"The fact is, what you're doing is, you're threatening him, right?" Chaykin asked at one point.

"No sir, I am not," Alonso replied.

Alonso also said that Alvarez was told at least five times that he was free to leave the interviews and that the one on July 1 was held at Alvarez's request. Alvarez was never placed in custody during those interviews and not read his Miranda rights until his arrest in January of this year, the agent said.

U.S. Magistrate Judge Barry Garber scheduled a second day of hearings on Thursday on whether the confession should be permitted as evidence. Chaykin indicated that Carlos Alvarez could testify on his own behalf.

FBI Denies Receipt Of Tape Implicating Raúl Castro In Brothers Shootdown (MH)

By Jay Weaver

The Miami Herald, August 24, 2006

News of tape is news to FBI

The tale of the newly surfaced Raúl Castro tape just got more mysterious.

Relatives of Cuban exile pilots who were killed by Castro's air force said their attorney turned over the tape to the FBI more than four years ago, claiming it was possible proof of the defense minister's lead role in the alleged 1996 shoot-down plot.

The FBI said it received a package on Raúl Castro in January 2002 from the relatives' lawyer -- but no tape was inside, only a one-inch binder on the criminal case.

"They never got the tape," said FBI spokeswoman Judy Orihuela, after checking with a case agent. ``They don't have the tape."

News of the 11-minute tape surfaced this week, when local media reported that the alleged June 21, 1996, recording purports to be Raúl Castro talking with Cuban military officials about his initial plans for dealing with Brothers planes that fly into Cuban terrority -- including shooting down the exile group's aircraft.

One of the lead federal prosecutors in the case, David Buckner, said he received only a copy of the binder. "News of the tape is news to me," Buckner, who recently left the U.S. attorney's office, said Wednesday. The office said it would look at any new potential evidence in the shoot-down case, which is still open.

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In the tape, a voice identified as Raúl Castro's details the planning by himself and five generals on Jan. 13, 1996 -- weeks before Cuban MiG pilots shot down the two Brothers Cessna planes on Feb. 24 over international waters. Those killed: Armando Alejandre Jr., Carlos Costa, Mario de la Peña and Pablo Morales.

While federal prosecutors in Miami ended up convicting 10 Cuban men and women in a 2001 spy case linked to the shoot-down, neither Raúl Castro nor his brother, Cuban leader Fidel Castro, has ever been indicted. Prosecutors later indicted a Cuban general and two pilots.

Brothers relatives and their attorney, Frank Angones, said they turned over a copy of the tape -- along with other evidence -- to the FBI in the hope that it could be used to indict Raúl Castro on charges of conspiring to murder the four Brothers pilots.

"We had this tape four years ago," said Maggie Alejandre Khuly, sister of victim, Alejandre. ``We did not sit on it. We went to the FBI because we had faith in them and we had faith in the evidence. We still do."

POSSIBLE SMOKING GUN

Angones, president-elect of the Florida Bar, said that while the tape may not be a proverbial smoking gun, he called it an "important piece of evidence" that could help prosecutors build a criminal case against Raúl Castro. He was temporarily given the reins of power by his brother, Fidel, after the Cuban leader fell ill at the end of last month.

But neither Angones nor the relatives ever heard back from the FBI about the tape. Khuly said she brought up the matter with the lead case agent, Al Alonso, but apparently Alonso thought she was referring to another tape that had been played during the 2001 spy trial.

Khuly said she obtained the tape in the fall of 2001 from a Spanish woman sympathetic to the relatives who lost loved ones as well as to other Cuban exile causes. That woman, Mari Paz Martínez-Nieto, had obtained the tape from a Havana journalist.

Khuly, an architect, prepared the binder that detailed evidence of Cuban government suspects in the case, including those implicated in the spy network that infiltrated exile groups more than a decade ago.

She cited Raúl Castro's taped interview with government journalists at Radio Rebelde in two sections of the binder -- the summary and index -- noting that ``R. Castro discusses the shoot-down."

She said that rather than go public with the tape, binder and other information, the victims' relatives agreed to turn it all over to Angones, a childhood friend of Alejandre, so that he could give it to the FBI.

Angones, who had been involved in the relatives' civil lawsuit against the Cuban government and had regular contact with the FBI, said he put together a package for Alonso to pick up at his Flagler Street law office. Angones said he did not recall if he gave the package directly to Alonso or left it for him at the front desk.

"The package included the binder and the tape," Angones said. ``He definitely picked it up at my office."

FBI spokeswoman Orihuela, who discussed the matter with another case agent, Raúl Fernandez, said the agency received the binder and gave it to Buckner after making a copy. But she said the agency never received the tape.

Buckner, who prosecuted the Cuban spy case along with Caroline Heck Miller and John Kastrenakes, agreed. "I do remember there was no tape," Buckner said. ``If they had a tape like this, they would have turned it over to me."

`THERE WAS NO TAPE'

He added he received a copy of the binder, too, but said he did not recall specific details, such as Khuly's reference to Raúl Castro's radio interview on the shoot-down.

Guy Lewis, who was the U.S. attorney when the spy case was prosecuted, said he, too, knew nothing of the tape until this week.

In the tape, a voice identified as Raúl Castro's details the planning carried out during a meeting of military officers around Jan. 13, 1996, the day Brothers aircraft allegedly had overflown Havana to drop anti-government leaflets.

"I made it clear that [the decision to shoot] had to be decentralized if we wanted it to be effective, so we gave the power to five generals," the voice says. The Brothers airplanes ``were going to escalate this, and we had no other recourse but to make this decision.

"I told them [MiG pilots] to try to knock them down over [Cuban] territory, but they [the Brothers aircraft] would enter Havana and go away. . . . Of course, with one of those missiles, air-to-air, what comes down is a ball of fire that will fall on the city," the voice says. ``Well, knock them down into the sea when they reappear. If not, consult with the people in authority."

The two Brothers Cessna C-337s were shot down by MiGs Feb. 24, killing the four exile pilots. The group, known for flying missions over the Florida Straits in search of Cuban rafters, has denied any violations of Cuban airspace.

The recording was taped during a June 21, 1996, conversation at a Cuban Communist Party office in the eastern city of Holguín between Raúl Castro, government officials and journalists from the government's Radio Rebelde network.

The authenticity of the recording could not be independently confirmed.

Khuly said that she could not say with authority whether it's Raúl Castro's voice on the tape -- that's why she and the other relatives turned it over to the FBI, or so they thought.

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They now want the FBI and prosecutors to examine the new evidence.

"I'm grateful to the government for everything they've done," Khuly said, ``but I want more."

Colombian Drug Suspect Is Extradited To U.S. (AP)

AP, August 24, 2006

NEW YORK -- Touted as another triumph for U.S. and Colombian investigators, a purported drug kingpin alleged to have smuggled more than $100 million of cocaine into the U.S. was held without bail following an appearance in federal court Wednesday.

Manuel Felipe Salazar-Espinosa, 55 years old, arrived late Tuesday at Westchester County Airport from Colombia to face narcotics trafficking and money laundering charges.

He was ordered held without bail during a brief appearance in U.S. District Court in Manhattan. If convicted, Mr. Salazar-Espinosa could face a maximum sentence of life in prison or a mandatory minimum of 10 years in prison. The U.S. has assured Colombia that it will not seek a life sentence for Mr. Salazar-Espinosa or any other defendant brought from Colombia.

The indictment accused Mr. Salazar-Espinosa of leading an international narcotics-trafficking organization that shipped ton-quantity loads of cocaine by sea and on board speedboats from Colombia to Panama from 2002 to July 2005. The drugs were later taken to Mexico and then smuggled into the U.S., authorities said.

A lawyer for Mr. Salazar-Espinosa did not immediately return a telephone message for comment.

Prosecutors blamed Mr. Salazar-Espinosa for transporting 5,000 kilograms of cocaine worth more than $100 million from Colombia to the U.S., particularly New York City.

Erin Mulvey, a spokeswoman for the U.S. Drug Enforcement Administration, said Mr. Salazar-Espinosa was one of the "last remaining dinosaurs of the old cartels." She said his name surfaced in other investigations before a case was brought against him.

She said aggressive law enforcement against the large cartels, which shipped huge amounts of drugs, has led to a reshaping of the drug transportation network to rely on smaller groups of drug traffickers.

Colombian authorities acted on a U.S. arrest warrant when they took Mr. Salazar-Espinosa into custody on May 23, 2005.

"The relationship with the Colombian government has gotten better over the past few years," Mulvey said.

Two months after the arrest, Panamanian law enforcement officers seized more than 1,300 kilograms of cocaine worth more than $25 million after discovering that Mr. Salazar-Espinosa's organization had hidden it in the arm of a large crane in a warehouse outside Panama City, authorities said.

Manhattan: Arraignment In Drug Smuggling Case (NYT)

By Timothy Williams

The New York Times, August 24, 2006

A Colombian man who the authorities said smuggled more than $100 million of cocaine into the United States pleaded not guilty yesterday during his arraignment in Federal District Court on drug-trafficking and money-laundering charges. The man, Manuel Felipe Salazar-Espinosa, also known as Hoover, was extradited from Colombia on Monday and is being held without bail. Federal prosecutors say that between 2002 and July 2005, Mr. Salazar-Espinosa transported cocaine via speedboat from Colombia to Panama, and then by cargo vessel to Mexico. The drugs were eventually smuggled into the United States by Mexican drug organizations. Mr. Salazar-Espinosa was arrested in Cali, Colombia, in 2005.

Colombia Defends Adding Alleged Trafficker To Peace Deal (AP)

AP, August 23, 2006

BOGOTA, Colombia (AP)--The Colombian government defended on Wednesday an alleged drug trafficker's inclusion in a peace agreement with far-right paramilitaries, which could let him serve less time in prison and avoid extradition to the United States.

In a letter to the Organization of American States, Colombia's high commissioner for peace, Luis Carlos Restrepo, said Juan Carlos Sierra was allowed to participate because he was an important figure in the paramilitaries and had the support of many of the illegal group's commanders.

Sierra was part of a group of paramilitaries who turned themselves in to authorities last week to begin prison sentences as part of the peace deal.

Under the terms of the peace agreement, he will serve no more than eight years in prison, and a warrant for his extradition to the United States will be suspended. Sierra is wanted by Washington to face drug trafficking charges.

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Restrepo's letter comes amid a public spat between the Peace Commission and the OAS, which is overseeing the demobilization of the paramilitaries.

Sergio Caramagna, the OAS's top observer of the peace process in Colombia, told journalists Tuesday that his organization had not verified the demobilization of Sierra. Caramagna added that Sierra did not take part in peace negotiations and as recently as last week was considered a drug trafficker by the OAS.

In March 2005, President Alvaro Uribe called Sierra a "drug trafficker posing as a paramilitary."

As peace talks started, traffickers began buying control of paramilitary units to get in on the partial amnesty offered under the terms of the deal.

A number of former paramilitary commanders are wanted for extradition to the United States for links to drug trafficking. The militias relied heavily on the cocaine trade and extortion to fund their battle against leftist rebels in Colombia's four-decade civil war.

The government's decision to give Sierra the benefits of the peace accord has brought more criticism on a process that is already viewed by human rights groups as too favorable to a group that carried out some of the worst atrocities in the conflict.

12 Indicted In Missouri: Heroin Distribution Conspiracy (AP)

AP, August 23, 2006

KANSAS CITY, Mo. A federal grand jury in Kansas City has indicted 12 people for conspiracy to distribute heroin.The list announced today includes one Texan -- 36-year Norberto Soriano of El Paso.The federal indictment, returned August tenth, charges all 12 with one count of possession with intent to distribute one kilogram or more of heroin.The Drug Enforcement Administration says 5 pounds of heroin were seized during the year-long investigation. More than 200-thousand dollars in cash and jewelry were confiscated.

12 People Indicted In Heroin Distribution Conspiracy (AP)

AP, August 23, 2006

KANSAS CITY, Mo. - A federal grand jury has indicted 12 people from across the country in a conspiracy to distribute several kilograms of heroin, the U.S. attorney's office said Wednesday.

Awaiting trial are Bryant L. Griffin-Bey, 42, Aleceia C. Griffin-Bey, 36, Marvin C. Lockett, 50, and Valencia Lockett, 42, all of Lee's Summit, Mo.; Judy L. Jenkins, 43, Dereck Watts, 48, Warren Allen, 43 and Cornell Smith, 43, all of St. Louis; Juan L. Soriano Vargas, 35, of Moreno Valley, Calif.; Andre Watson, 41, of Topeka, Kan.; Norberto Soriano, 36, of El Paso, Texas; and Hector Ruiz-De La Rosa, a citizen of Mexico with no known address.

The federal indictment, returned under seal on Aug. 10, charges all 12 conspirators with one count of possession with intent to distribute one kilogram or more of heroin, U.S. Attorney Bradley J. Schlozman said.

The indictment also calls for Bryant and Aleceia Griffin-Bey to forfeit several residential properties, vehicles and over $2.8 million in proceeds from heroin trafficking, Schlozman said. Both are charged with money laundering.

"This indictment is part of an extensive investigation into a large-scale conspiracy responsible for trafficking multi-kilo quantities of heroin," Schlozman said in a statement. "This black tar heroin - a potent form of heroin - had a street value of millions of dollars."

Dan Mendrala, a special agent for the Drug Enforcement Administration, said 15 pounds of heroin were seized during the yearlong investigation. More than $200,000 in cash and jewelry were also seized.

4 In Area Face Drug Charges (KCS)

By Tony Rizzo

The Kansas City Star, August 24, 2006

Four Lee's Summit residents have been charged as part of a nationwide heroin distribution network that stretched from Missouri to California and Texas.

They were among 12 people named in an indictment returned this month by a federal grand jury in Kansas City. The indictment remained sealed until Wednesday, after the defendants were arrested and appeared in court on drug and money-laundering charges.

Since 2001, members of the conspiracy have allegedly been involved in distributing or possessing with the intent to distribute black tar heroin, according to Bradley Schlozman, U.S. attorney for the Western District of Missouri.

During the yearlong investigation, the Drug Enforcement Administration seized about 15 pounds of the drug as well as more than $200,000 in cash.

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Suspects named in the indictment are Bryant L. Griffin-Bey, 42, Aleceia Griffin-Bey, 36, Marvin C. Lockett, 50, and Valencia Lockett, 42, all of Lee's Summit; Judy L. Jenkins, 43, Dereck Watts, 48, Warren Allen, 43, and Cornell Smith, 43, all of St. Louis; Andre Watson, 41, of Topeka; Juan L. Soriano Vargas, 35, of California; Hector Ruiz-De La Rosa, 32, a Mexican citizen; and Norberto Soriano, 36, of El Paso, Texas.

Hamtramck Temple Fire Probed As Possible Hate Crime (DEN)

Detroit News, August 24, 2006

HAMTRAMCK -- A possible hate crime is under investigation in a Tuesday night fire at the Bangladesh Hindu Temple that's left members searching for a place to worship.

Local fire crews, along with federal Alcohol, Tobacco and Firearms agents and the FBI are among the agencies looking for clues in the blaze near the middle of the Grayling street near Lumpkin. They spent much of Wednesday combing the neighborhood and talking to nearby residents about the fire.

"We don't have any clues yet," said Hamtramck Fire Chief James Szafarczyk. "I hope we can catch the person, and if it wasn't a person, what caused this. This could be just an accidental fire."

Meanwhile, members of the three-year-old temple are shocked their place of worship is burned to the ground. They are now scrambling for a place to worship as early as Sunday.

"This is God's house. I can't explain how I feel," said Biblob Nath, 34. "We don't have any place to go. We may go to a house or rent a hall (for service). As soon as possible, we want to rebuild. Without the temple, we cannot celebrate anything."

About 11:15 p.m. Tuesday, officials were called to the fire. They arrived a short time later and called for assistance at 11:25 p.m. They fought the fire throughout the night until it got under control about 7:30 a.m., fire officials said.

"It was out of control," said Maher Obeid, 18, who came down the street to see what was going on after driving home from work. He said people could see the blaze as far as four blocks away.

"It was really scary to see the flame in front of your eyes. At one point, the flames got higher. It was like an explosion."

The ATF and FBI are mandated to respond to a call to a fire at any worship institution as a matter of protocol after the nation's church burning crisis in 1996, said ATF Michigan spokeswoman Vera Fedorak.

The Bangladesh Hindu Temple, which has a membership of about 200 people, moved into the building on Grayling Street in 2002. It is located about two doors down from the Holbrook Elementary School inside a former Ukrainian Democratic Club, Szafarcyk said.

Szafarcyk and temple members say there have been no reported racial problems in the neighborhood. The area has a diverse mix of cultures.

"It used to be a loud neighborhood, but now it's quiet," Obeid said. "There's no fighting, nothing like that."

A $5,000 reward is offered by the Michigan Arson Prevention Committee for those with information. Call (313) 876-8777.

IMMIGRATION:

Drop In Illegal Border Crossings A Sign Of Success, Bush Aide Says (LAT)

By Maura Reynolds And Richard Marosi

The Los Angeles Times, August 24, 2006

WASHINGTON — The Bush administration announced Wednesday that it had made "extraordinary progress" in reducing the number of Mexicans and others trying to enter the United States illegally, saying that apprehensions had reached the lowest rate in the last four years.

The administration's beefed-up enforcement efforts — including more emphasis on deportation, improved Border Patrol technology and the president's decision to temporarily deploy National Guard troops along the Mexican border — appear to be making a significant difference, Homeland Security Secretary Michael Chertoff told reporters.

"What we have done is beginning to work," he said, adding that the number of illegal immigrants caught crossing the border had declined considerably since early summer. The numbers are at least 25% lower than this time last year, according to statistics provided by the Department of Homeland Security.

Critics challenged the government's position, saying that the three-month statistical snapshot was too brief to signify a trend and that economic and other factors could be contributing to the immigration slowdown.

But in Mexico, authorities who work in staging areas along the Arizona border — the busiest corridor for illegal crossers — confirm that the flow of would-be immigrants has dropped significantly this year and that many are deciding crossing is too difficult.

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In Sasabe, Sonora, the number of immigrants passing through each day has fallen from 1,000 to about 200, said Miguel Zamarripa, an agent for Grupo Beta, a Mexican migrant safety force.

Chertoff's announcement came as the administration is trying to make the case that its border enforcement policies are working and that Congress should approve broader immigration legislation — including a guest worker program and other provisions that eventually could legalize many of the estimated 12 million people here illegally.

"We're not ready to declare victory. We've got more work to do," Chertoff said. "But it is encouraging, and it's something that ought to inspire us to continue to push forward on all of these different areas."

Some House Republicans have sponsored events across the country this summer to build opposition to the comprehensive legislation, which the Senate has approved. They contend that improved border security — the sole focus of a House-passed bill — should come before any other changes are made in the nation's immigration laws. With that tough stance, they hope to overcome voter resentment toward Bush and the GOP on other issues, particularly the Iraq war, in November's congressional elections.

Chertoff on Wednesday hailed the administration's efforts, particularly what he described as the near-elimination of the Border Patrol's "catch-and-release" policy. That practice had allowed illegal immigrants from countries other than Mexico to be cited to appear in court and then freed because authorities did not have facilities to detain them.

The government's policy is now "catch and remove," Chertoff said, noting that seven detainees were released the week of Aug. 7 compared with 1,055 in the same week last year.

"As of the last several weeks, we have essentially been at 100% catch-and-remove in our southern and northern border," Chertoff said.

Sen. John Cornyn (R-Texas), an outspoken opponent of the administration's immigration proposals, described the lowered apprehension rate as welcome but insufficient.

"I have been calling on the federal government to do more to end the catch-and-release practice, which contributes greatly to the illegal immigration crisis in our country today," Cornyn said. "This renewed commitment by the Bush administration is a strong step in the right direction."

However, he added, apprehensions are just "part of our broken immigration system."

"We can't lose sight of the fact that nearly half of all illegal immigrants first enter the country legally and then overstay their visas," he said. "Unless and until Americans are confident that the federal government will control the border and enforce the law, it will be difficult to move forward with comprehensive immigration reform."

Chertoff's announcement received little immediate reaction from lawmakers who oppose a comprehensive immigration overhaul, in part because many were campaigning in their home districts. Action on immigration is widely considered unlikely before the congressional elections.

Some experts doubt that increased enforcement alone will significantly reduce the number of border-crossers. Similar large decreases in apprehensions occurred in 2001, followed by sharp increases in subsequent years, said Wayne Cornelius, director of the Center for Comparative Immigration Studies at UC San Diego.

"Apprehension statistics are very volatile, and the reasons why they change are difficult to discern," he said. "The Border Patrol would like us to believe that the only thing that affects apprehensions is the Border Patrol's own resources and tactics, but there are many other things that affect them as well."

Cornelius said Mexico's solid economic growth rate this year could be keeping more would-be immigrants at home. There also is evidence that illegal crossings are becoming more arduous, increasing the likelihood of getting caught. But that perception, he noted, has not been enough in the past to discourage immigrants.

Some experts say many illegal immigrants in the U.S. might not return home as often as before because of the enforcement crackdown.

And along the border, few have failed to notice the enhanced security. Many say that the once-simple journey now requires multiple attempts to get across. Cornelius estimated that tens of thousands of migrants, many of whom are older and less physically fit, give up and go home.

Those who do succeed often tell tales of hardship.

Luis, a 27-year-old from Guanajuato, Mexico, said that earlier this summer he spent two days walking in the mountains east of San Diego before he was caught. He later tried to crawl into the U.S. through drainage pipes, and got caught again.

Luis and his wife finally got in by presenting fake documents at the San Ysidro Port of Entry, he said, but his cousin got caught by inspectors and went home to Mexico City.

Luis, who declined to give his full name to protect his identity, said crossing the border had gotten much more difficult since the first time he came to the United States, in 1998.

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But for people such as Luis who have steady jobs in this country, giving up is not an option. "As soon as we get caught, we're already thinking about new ways to cross," he said.

Chertoff, in addition to arguing for a guest worker program, urged Congress to pass legislation to end the special status accorded to immigrants from El Salvador, who as the result of an 18-year-old court order have the right to a more involved deportation process that often leads to their release.

The Bush administration has filed a motion in court to remove the order, known as the Orantes injunction, but it is still pending. Chertoff said congressional action would override the court order.

"The civil war in El Salvador is over," Chertoff said. "The reason for these restrictions has long disappeared."

Reynolds reported from Washington, and Marosi from San Diego and Tijuana, Mexico.

Illegal Border Crossings Dip, And Official Cites Security (NYT)

By Rachel L. Swarns

The New York Times, August 24, 2006

WASHINGTON, Aug. 23 — Homeland Security Secretary Michael Chertoff announced on Wednesday that tough border security measures championed by the Bush administration had significantly reduced the number of illegal immigrants crossing into the United States from Mexico for the first time in several years.

Mr. Chertoff pointed to recent apprehension figures to bolster his assertion, saying that the number of Mexicans captured in June and July had dipped to the lowest level for that two-month period since the fiscal year 2002. The number of non-Mexican immigrants apprehended during June and July, he said, dropped to the lowest level for that period since the fiscal year 2004.

Mr. Chertoff attributed the decline to President Bush's decision to deploy National Guard troops on the Mexican border and to an expansion in the number of beds in detention centers, which in recent weeks has allowed immigration officials for the first time to detain nearly all illegal immigrants from countries other than Mexico until they can be deported. Illegal immigrants from Mexico are typically returned soon after capture.

Those efforts, he said, have discouraged illegal immigrants from trying to enter the country.

"The message, I think, is that what we have done is beginning to work," Mr. Chertoff said at a news conference. "Although we're not ready to declare victory — we've got a lot more work to do — it is encouraging and it's something that ought to inspire us to continue to push forward on all of these different fronts."

Critics of the administration's immigration policy challenged Mr. Chertoff's claims, saying that the decline in apprehensions was a poor measure of determining whether immigrants are entering the United States. Illegal immigrants, they note, may simply be evading detection by avoiding heavily patrolled areas.

They also noted that Mr. Chertoff's announcement came as Republican politicians were gearing up for Congressional elections in November. Many conservative voters have been demanding tougher border security. And Mr. Bush, who has been pressing for legislation to legalize illegal immigrants, has been sharply criticized by Republicans who argue that he has failed to do enough to secure the border.

Steven Camarota, director of research for the Center for Immigration Studies, a Washington research group, characterized Mr. Chertoff's announcement as an effort, in part, to rally support for Mr. Bush and for Republican Congressional candidates by promoting the government's border security efforts.

"What does it mean to have fewer apprehensions?" asked Mr. Camarota, who favors a tougher crackdown on illegal immigration. "We just don't know. The really important thing is how many get through, and nobody knows that."

"I think this should be interpreted as positive baby steps," Mr. Camarota said of the Chertoff announcement. "It's a modest increase in enforcement so the president can get his legalization plan for illegals. That's what he wants. And this provides political cover."

Mr. Chertoff plans to continue to carry his message to Texas on Thursday, where he will tour the Mexican border with two Republican lawmakers, Senator Kay Bailey Hutchison of Texas and Representative Mike Pence of Indiana, who have proposed legislation that would require the president to certify that the border was secure before allowing a temporary guest worker plan.

Mr. Chertoff will visit a detention center and address the governors of American and Mexican border states. Two governors, Arnold Schwarzenegger of California, a Republican, and Bill Richardson of New Mexico, a Democrat, urged the federal government on Wednesday to improve border security.

They called for a cross-border task force to step up law enforcement and push for stiffer penalties for building tunnels that funnel people and drugs between the countries.

At the news conference, Mr. Chertoff asked Congress to pass a bill to create a temporary worker program that would provide a legal mechanism for foreigners to work in the United States and ease the flow of illegal immigrants.

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He said a comprehensive approach to immigration, recognizing the economic motivations driving immigrants to enter the United States illegally, would be the most successful. Officials argue that a temporary worker program would slow the flow of illegal immigrants — more than 50,000 were caught in July — by providing foreigners with a legal way to get jobs here.

"Let's register them; let's track them," Mr. Chertoff said of the immigrants. "Let's collect taxes from them, and let's just be sure that we know who they are because they have secure identification."

The possibility that such legislation will be passed before the fall elections, however, seems increasingly remote.

In May, the Senate passed legislation that would tighten border security, create a guest worker program and ultimately grant citizenship to most illegal immigrants after they pay fines and back taxes and enroll in English classes. The president supports this approach.

But House Republicans, who passed a bill in December that focused solely on toughening border security and immigration enforcement, decided to hold hearings to rally support for their approach before working with the Senate on a compromise.

Several hearings are being held in districts where Republican lawmakers are engaged in competitive races for the House, and some lawmakers and advocates of immigrants fear that immigration has become little more than a weapon in the battle over fiercely contested House and Senate seats.

Cecilia Muñoz, vice president of the National Council of La Raza, an immigrant advocacy group, said, "The question is whether the desire to effectively reform immigration laws is greater than the desire to use this issue as a political football."

Policy Shift Targets Illegal U.S. Entries (USAT)

By Mike Madden

USA Today, August 24, 2006

WASHINGTON — U.S. authorities are detaining almost every non-Mexican immigrant caught crossing the border illegally and are sending them back to their home countries, officials said Wednesday.

The policy replaces the previous practice of releasing the immigrants and instructing them to attend hearings that many skipped. The practice has required jail space for undocumented immigrants and nearly $100 million in extra funding this year from Congress.

The shift in policy may deter non-Mexicans from trying to enter the USA illegally because of the risk of being sent home if they are caught, Homeland Security Secretary Michael Chertoff said.

"There is a real deterrent effect to this policy," Chertoff said, pointing to a 20,000 drop in the number of illegal immigrants caught crossing the southwestern border between last summer and the same period this year. "Although we're not ready to declare victory — we've got a lot more work to do — it is encouraging and it is something that ought to inspire us to continue to push forward," he said.

Homeland Security statistics show a steady decrease in non-Mexicans caught crossing the southern border illegally through the spring and summer, and fewer and fewer of those caught are being released. The week of May 22, Border Patrol agents detained 2,055 non-Mexicans and released 681. By the week of Aug. 7, agents detained 1,055 non-Mexicans and released only seven.

Whether the government can keep up that pace remains to be seen. The Bush administration has requested $327 million in next year's budget to detain and extradite non-Mexican undocumented immigrants.

"That's the $64 million question — is there enough funding and will to continue to detain everyone rather than release them?" said T.J. Bonner, president of the National Border Patrol Council, which represents 10,500 Border Patrol agents.

The new policy generally does not apply to Mexicans, who are returned to Mexico after being stopped by Border Patrol agents, said John Torres, detention and removal director of Immigration and Customs Enforcement, an arm of Homeland Security.

Most of the more than 1 million illegal immigrants who sneak over the southwestern border annually are Mexicans, he said.

As many as 12 million illegal immigrants were living in the USA at the start of this year, compared with an estimated 8.5 million living in the country in January 2000, Homeland Security data show.

Non-Mexican Illegals Slowed (WT)

By Jerry Seper

The Washington Times, August 24, 2006

Homeland Security Secretary Michael Chertoff yesterday said the government has all but shut down the flow of non-Mexican illegal aliens into the United States with upgraded border security and an increase in detention beds.

Mr. Chertoff said the department has turned a long-standing "catch-and-release" program into one of "catch-and-remove."

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"I want to be careful not to declare victory," Mr. Chertoff said, adding that alien smugglers were not expected to give up lucrative criminal enterprises they have operated for more than a decade.

"But what we have done is beginning to work. It is encouraging, and it is something that ought to inspire us to continue to push forward."

Mr. Chertoff, joined by U.S. Border Patrol Chief David Aguilar and John Torres, director of the Office of Detention and Removal at U.S. Immigration and Customs Enforcement (ICE), said 99 percent of the non-Mexican illegal aliens now caught at the Southwest border are detained for deportation to their home countries. He said the catch-and-remove program has served as a deterrent to illegal migration by non-Mexicans.

Of the 1,055 non-Mexicans arrested at the border during the week of Aug. 7 to 13, seven were released. Last year, he said, only 34 percent of the non-Mexican illegal aliens -- known as Other-Than-Mexican, or OTMs -- were detained for deportation. Nearly 2,100 OTMs were detained at the border in May.

Chief Aguilar said decreases in the apprehension of illegals allows the Border Patrol to expand operations because agents no longer are required to work eight-hour shifts to process them.

"Because we're detaining them, the flow is down. If the flow is down, that gives us greater capacity to address a larger portion of the border," he said, adding that fewer migrants have been spotted at traditional staging areas in Mexico, where thousands daily seek to hook up with smugglers to cross the border.

Ending the so-called catch-and-release policy was a major goal of the department's Secure Border Initiative, a multiyear plan to secure U.S. borders and reduce illegal border crossing.

The initiative raises the number of agents to patrol the nation's borders, expands detention and removal capabilities, upgrades technology, and increases interior enforcement of U.S. immigration laws.

The majority of illegal aliens caught along the 1,951-mile Southwest border are Mexican nationals, who are returned immediately to their home country. OTMs were not being detained because processing them took too much time and too few detention beds were available.

Mr. Chertoff said the "consequence" of a lack of detention space was that two-thirds of the OTMs were being released on their own recognizance or on bail, "which meant that most of them disappeared."

"That was a very bad message to send to illegal, want-to-be migrants all over the world because it suggested to them if they were non-Mexican that they could come across the border and have a very high likelihood of ultimately being released into our country," he said.

Mr. Torres said he expects to add about 4,000 detention beds this year, but the catch-and-remove policy had freed up such a "significant number of beds" that the turnaround time for each detainee had dropped from 90 days to 21 days.

Immigration Plan Gets A Boost (WP)

By Jonathan Weisman

The Washington Post, August 24, 2006

Homeland Security Secretary Michael Chertoff will tour the Texas-Mexico border this morning with the conservative authors of a congressional immigration compromise, in what will be the clearest sign yet that the Bush administration is prepared to make major concessions to reach an immigration deal this year.

Chertoff's appearance with Sen. Kay Bailey Hutchison (R-Tex.) and Rep. Mike Pence (R-Ind.) is "in no way meant to signal an endorsement" of their compromise, Department of Homeland Security spokesman Russ Knocke said. But it was seen by supporters and opponents yesterday as a boost for the plan and a significant White House concession to conservatives.

Under the compromise, most of the nation's 11 million illegal immigrants would be allowed a chance to work in the country legally -- and possibly earn citizenship. But no guest-worker program would be made operational until stringent border-security measures are implemented, and illegal immigrants would have to report to privately run "Ellis Island" centers in Mexico to apply for legal work permits.

President Bush has maintained that a crackdown on the border could work only if new avenues toward legal work and citizenship were opened concurrently.

"The White House thinks we have a very interesting idea, and the president was very adamant about wanting to encourage my efforts," Pence said yesterday, after touring the border near San Diego. "Going to the border with Secretary Chertoff will help emphasize our seriousness about putting border security first."

With 15 scheduled legislative days left before Congress adjourns for the fall campaign, it is unclear whether any compromise stands a chance of passage. House leaders have spent the month staging "field hearings" on immigration. The hearings have raised sharp questions about guest-worker programs and have helped gird opposition to a Senate-passed bill,

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which includes such a program. Border security has moved to the forefront of Republican campaigns, from the frontier districts of Arizona to Upstate New York.

The Pence-Hutchison compromise has taken heat from conservatives, who say it would be exploited to allow a flood of illegal workers into the country and would still amount to amnesty for undocumented workers. And Sen. Edward M. Kennedy (D-Mass.), a co-author of the Senate bill, said the plan's 17-year wait for full legalization and citizenship "fails the basic test of fairness."

But administration officials have ramped up efforts to win over conservatives as they push for an immigration deal this year. The Department of Homeland Security all but declared victory yesterday in its new policy of ending the "catch and release" program for illegal immigrants from nations other than Mexico. For years, such non-Mexican immigrants were released upon apprehension and told to report for deportation hearings. Few did.

The DHS said that in the second week of August, the Border Patrol apprehended 1,055 non-Mexican illegal immigrants and released seven of them. At this time last year, 34 percent of such migrants were detained. About 4,000 beds have been added to detention facilities this year. And with the support of newly deployed National Guardsmen, the authorities have caught 6,200 illegal immigrants since June 15. Seizures have included 130 vehicles, 31,000 pounds of marijuana, 1,500 pounds of cocaine and $11,000 worth of currency.

"There is a real deterrent effect to this policy," Chertoff told reporters in Washington, pointing to a 20,000 drop in the number of illegal immigrants caught crossing the southwest border between this summer and the same period last year. "Although we're not ready to declare victory -- we've got a lot more work to do -- it is encouraging."

By convincing conservatives that the government is serious about a border clampdown, administration officials hope to win some flexibility to negotiate a final legislative package that would include a guest-worker program. But the anti-illegal immigration firebrands who have driven the debate on the GOP side have shown no sign of budging.

Jim Gilchrist, a founder of the Minuteman Project, a citizens' border patrol, greeted news of Chertoff's appearance with Pence and Hutchison with a preemptive salvo. He called it "a staged public relations ploy by the White House to give the voting public the illusion that the administration is going to do something about border security."

The bipartisan coalition that passed the Senate's more lenient bill has also held together. The Pence-Hutchison plan "is just another distraction to try to kill the Senate-passed bill," said Jim Manley, spokesman for Senate Minority Leader Harry M. Reid (D-Nev.).

Bush Guest-worker Plan Lacks Support (WT)

By Stephen Dinan

The Washington Times, August 24, 2006

One hundred days into his all-out push to win an immigration bill President Bush has convinced House Republicans he is serious about enforcing the border, but he has failed to win their support for his plan to create a guest-worker program or a path to citizenship for illegal aliens.

"I've had a lot of conversations with the president and I just try to make him understand that comprehensive is fine, but the first thing we have to do is protect the borders," House Speaker J. Dennis Hastert, Illinois Republican, told The Washington Times during a campaign stop for a fellow Republican in Arizona last week. "Until you protect the borders, any reform without protecting the borders is premature."

He said that during a recent outing in his district, when he invited constituents to come see him in a park in the town of Geneseo, 150 people showed up and that with the exception of one woman, "every one of those people said secure the border first. It was amazing."

In fact, House Republicans are "stauncher than ever" that a border security bill must come first, said Rep. Peter T. King, New York Republican and chairman of the Homeland Security Committee, in a telephone interview.

"I think he's convinced us he's serious [about enforcement], but to me these are only first steps. Before we even consider any type of quote-unquote comprehensive legislation, we have to show we can control the border -- not that we want to, but that we can," Mr. King said. "Speaking for myself and, I believe, a great majority of House Republicans, we have to see results before we consider going any further. And I can't see that happening in less than a year or 18 months."

Mr. Bush began his major push May 15 with a prime-time address in which he called for National Guard troops to assist on the border, promised to get tough on businesses that hire illegal aliens, and demanded that Congress pass a bill that includes a guest-worker program and a path to citizenship for most illegal aliens.

But House Republicans say allowing illegal aliens to stay amounts to amnesty.

Polls show varying support for a guest-worker program and for legalizing illegal aliens, but the one area almost all voters agree on in polls is the need to do more to secure the borders.

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The House last year passed an enforcement bill that calls for 700 miles of new border fence, cracks down on employers who hire illegal aliens and makes illegal presence a felony. The Senate this year passed a bill that includes half that amount of fencing, includes new requirements for employers and creates both a new foreign-worker program and a path to citizenship for nearly 10 million illegal aliens.

Mr. Bush has generally backed the Senate approach, which he called "a good immigration bill," and the White House yesterday said Mr. Bush is making progress this summer toward winning a comprehensive bill.

"I'm sure members are hearing from their constituents that they want to have an immigration bill," Bush spokeswoman Dana Perino said. "We consistently see that people understand that if we're going to solve any of our immigration problems individually, that they need to be solved together in one bill, comprehensively."

Mr. Bush has also tried to boost the effort of Rep. Mike Pence, Indiana Republican, who has his own plan that would require illegal aliens to briefly leave the country and then re-enter. It would also give them a path to citizenship, but would make the aliens wait far longer than the Senate plan.

Homeland Security Secretary Michael Chertoff is scheduled to meet with Mr. Pence during a tour the congressman is making of the border this week.

Still, Mr. King and other top House Republicans such as Judiciary Committee Chairman F. James Sensenbrenner Jr. have panned the plan as unworkable, and Mr. King said it has not gained majority support among House Republicans.

At this point, says one of Mr. Bush's top House allies on the issue, the president has done what he can and the issue is no longer in his hands.

"I haven't always agreed with the way they've pushed things, but boy, on immigration, you have to credit them -- they've been completely consistent," said Rep. Jeff Flake, Arizona Republican. "I just think it's really out of his hands now. He's made his position clear, he's gone around the country and spoken about it, it's up to the House now."

When Congress returns from its summer recess all sides expect the leaders to sit down and take stock of where the debate stands. And all sides still say they would like to get a deal done. But those who want a broad bill say the decision rests with House leaders.

Mr. Flake said his party's leaders in the House will have to decide "whether they're better off embracing comprehensive reform or just beating up on the border. Unfortunately, it looks like the latter."

One group that's had extended discussions with the White House is Republican House members from Texas.

Rep. John Carter, Texas Republican, said the group has had several meetings with Deputy Chief of Staff Karl Rove, and Mr. Rove has shown them numbers that suggest that border crossings have diminished and that solid progress on border security is happening.

Mr. Carter said, though, that just proves House Republicans were right in saying enforcement can make a difference, and he said the sentiment among his colleagues -- "and I talked to quite a few of them" -- is still for focusing on border security.

"Most are willing to say there's more to this issue than this, but round one is at the border," he said.

Mr. Hastert said he accepts the need for a guest-worker program and is willing to look at a bill that includes some way of measuring whether the border has been secured.

Mr. Carter said he could accept a framework that focuses on enforcement with "a pledge" to revisit the other questions.

But Mr. King said he would oppose writing into this year's bill any "trigger" that would automatically enact a guest-worker program or path to citizenship.

"I want a congressional vote to be the trigger," he said. "I want us to look at it ourselves, a year from now, 18 months from now, and let Congress decide whether the numbers have been met."

Cracks In A Republican Base (WSJ)

By Sarah Lueck

The Wall Street Journal, August 24, 2006

Dennis Nixon, a bank executive from Laredo, Texas, has long supported Republican politicians. He is in frequent contact with his state's congressional delegation and has been a generous donor to the party, contributing thousands of dollars each year to help elect Republicans to Congress and ranking as one of President Bush's fund-raising "Rangers" in 2004.

But recently Mr. Nixon, chairman of International Bancshares Corp., has found himself at odds with Republicans on one issue: immigration. He opposes the enforcement-focused approach favored by most House Republicans and instead wants an immigration overhaul that "recognizes that illegal immigration is filling a gigantic need" in the labor market.

At a recent immigration hearing in Houston, Mr. Nixon was invited to testify by Rep. Sheila Jackson Lee, a Democrat -- not the Republicans who organized the event. And he sparred with Republican Rep. Ted Poe, also of Texas, who suggested Mr. Nixon is more concerned with making money than securing the border.

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"I feel like a man without a party," Mr. Nixon says. Last year, he gave $10,000 to the Republican National Committee, but now says he is "less engaged" in the congressional campaign. "My enthusiasm has basically waned. ... They're not supporting what I think is a well-reasoned, well-thought-out vision for America."

Mr. Poe says it "makes no difference to me" that Mr. Nixon is a Republican.

Ever since Republicans took over the House in 1994, they rarely have split with business, whether on taxes, regulation, labor or the environment. In turn, businesses have given Republicans steady support. Groups such as the U.S. Chamber of Commerce consistently have awarded perfect or near-perfect scores to Republican lawmakers who vote the way they want on crucial issues -- rankings that usually translate into campaign contributions.

This year, the immigration debate is straining that bond. In an election with control of Congress at stake, the spat could cost Republicans support in key districts. Business groups' rankings have fallen for Republicans who support beefed-up border security but reject expanding legal immigration.

The Associated General Contractors of America and the National Roofing Contractors Association, among others, say they will cut or eliminate campaign contributions to some lawmakers taking hard-line immigration positions.

Immigration "has fundamentally altered our relationship with many offices," says Craig Silvertooth, federal affairs director for the roofing group. "We are pulling back financially with some offices that in previous cycles we would not have hesitated to give to." He said he has stopped meeting with some hard-line lawmakers but declined to name them.

The House and Senate have passed different immigration bills, and talks to iron out differences have stalled.

To be sure, most business interests continue to support Republicans. Few trade associations can afford to anger lawmakers who determine tax policy or dole out funding for lucrative projects.

That may explain why the debate doesn't seem to be moving in the business community's direction. "If the business community were voting on this, they'd be winning. But they're not convincing anybody they're voting on this," says Grover Norquist, president of Americans for Tax Reform. Former House Speaker Newt Gingrich, who backs House Republicans' focus on enforcement, says: "If the business community believes they would be better off with Nancy Pelosi and Harry Reid, they should go help them."

Hard-line lawmakers are betting that a focus on enforcement -- stopping illegal immigration at the border and stepping up deportation -- will energize conservative voters. "The oath of office I took was not to hand-hold business," says Rep. J.D. Hayworth, an Arizona Republican who is locked in a tight race. "It was to protect the citizens. ... That is a responsibility I'm not going to abdicate." But that could backfire if many Republicans with business ties sit out the election.

In the long run, some Republicans worry the party is turning off an important part of the base by ignoring -- and in some cases targeting -- business owners. Earlier this year, Cyndi Smallwood, who owns a landscaping company in Riverside, Calif., met with Rep. Gary Miller (R., Calif.) and told him she has trouble finding workers, even with the high prevailing wages -- about $34 an hour for skilled workers and $14 for unskilled workers. Mr. Miller reacted with disbelief.

After Ms. Smallwood recounted the exchange in a Los Angeles Times article, Mr. Miller shot back with a mock "help wanted" notice in local newspapers naming Ms. Smallwood and giving her company's phone number and address. "Want to make up to $34/hour?" the ad asked, adding that Mr. Miller "doesn't buy" Ms. Smallwood's argument. "So he's helping her find legal U.S. resident workers, through ads like this, to prove amnesty for illegal aliens is not the answer."

Pundits and bloggers picked up on the discussion, which Mr. Miller continued on the John and Ken Show, a radio program. Ms. Smallwood said that for two months her phone and fax were clogged with people criticizing and threatening her. "I never knew American people could be so angry," says Ms. Smallwood, a Republican who had voted for Mr. Miller but won't do so this fall. A spokesman for Mr. Miller says he has no regrets about the incident.

Christmas-tree grower Arlene Frelk, of Merrillan, Wis., says she was unsuccessful recently when trying to meet in Washington with Rep. James Sensenbrenner (R., Wis.) to discuss immigration. Ms. Frelk, a Republican, did meet with a Sensenbrenner aide; she came to Washington as part of a "fly-in" organized by the American Agri-Women and wanted to tell the lawmaker that the House-passed immigration bill he sponsored would harm her business.

On the way home, she says she and her daughter saw the Judiciary Committee chairman at the airport baggage claim. When they approached him, Ms. Frelk says, Mr. Sensenbrenner told her that "this is his free time and he didn't want to be bothered" and walked away.

"We're very upset with him, of course," Ms. Frelk says. "I don't think he's reacting in the typical Republican way that works with constituents and listens to them and tries to keep business in Wisconsin."

Mr. Sensenbrenner says he doesn't respond to constituent complaints when he is out in public and holds more than 100 town-hall meetings a year to give voters a chance to address him. He says he isn't worried about upsetting business people with his stance on immigration. "The American public by an overwhelming margin supports the House approach over the Senate approach," he says.

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Some business groups said they were unsuccessful in attempts to appear at the immigration field hearings organized by House Republicans this summer.

In Houston, Mr. Nixon appeared at a hearing last week that focused on crime near the Mexico border. He disagreed with law-enforcement officials who characterized Laredo as a dangerous place. Mr. Poe questioned him about this. "He took the approach that Laredo is Alice in Wonderland," Mr. Poe says.

Mr. Nixon says he is "disturbed" by Mr. Poe's "attack" on him.

U.S. Businesses File 1st In Series Of Lawsuits Against Competitors Who Hire Illegal Immigrants (FINDLAW/AP)

By Peter Prengaman, Associated Press Writer

AP, August 24, 2006

(AP) - LOS ANGELES-Frustrated by lax enforcement of immigration law, American businesses are taking their fight against illegal immigration to court, accusing competitors of hiring illegal workers to achieve an unfair advantage.

Businesses and anti-illegal immigration groups said the legal action was an attempt to create an economic deterrent against hiring illegal employees.

"We see the legal profession bringing to this issue the kind of effect it's had on consumer product safety," said Mike Hethmon of the Immigration Reform Law Institute, a Washington D.C.-based group backing the efforts.

In the first of a series of lawsuits, a temporary employment agency that supplies farm workers sued a grower and two competing companies on Monday.

Similar cases claiming violations of federal anti-racketeering laws have yielded mixed results. The California lawsuit is believed to be the first based on a state's unfair-competition laws, legal experts said.

Santa Monica-based Global Horizons claimed in the lawsuit that Munger Brothers, a grower, hired illegal immigrant workers from Ayala Agricultural Services and J&A Contractors. All the defendants are based in California's farm-rich Central Valley.

The suit alleges that Munger Brothers had a contract with Global Horizons to provide more than 600 blueberry pickers this spring, but nixed the agreement so it could hire illegal immigrants.

"Competitors hiring illegal immigrants is hurting our business badly," Global Horizons President Mordechai Orian said. "It's to the point that doing business legally isn't worth it."

Ayala Agricultural Services manager Javier Rodriguez had not seen the suit but said the company does not hire undocumented immigrants.

"If somebody doesn't have a green card or work documents, we don't hire them," he said.

Munger Brothers lawyer Theodore Hoppe said the contract with Global Horizons fell apart because the laborers they provided could not pick blueberries at the rate the company had promised. He said Munger Brothers hired workers through temporary agencies, which had the responsibility to hire legal workers.

J&A Contractors did not immediately return calls seeking comment.

With an estimated 11 million illegal immigrants in the United States, undocumented workers are a large part of the U.S. work force.

But immigration law enforcement at work sites is limited. In fiscal year 1999, authorities arrested 2,849 people at work sites compared with 1,145 arrests last year, according to the federal Immigration and Customs Enforcement agency.

To prove competitors hire illegal immigrants, businesses could use public records involving prior violations, testimony from former employees who have worked alongside illegal immigrants, and recovered W-2 tax forms that show people working under fake names and Social Security numbers, said David Klehm, the lead lawyer for cases in Southern California.

Companies planning to file additional lawsuits include farms and factories that depend heavily on immigrant labor, Klehm said.

Legal experts said the cases could be difficult to win. Under the California statutes, plaintiffs must prove a competitor directly harmed their business.

"Unless you've got smoking gun evidence, it's hard to tie economic loss of one business to another's practices," said Niels Frenzen, a law professor at the University of Southern California.

He believes it is the first time the unfair-competition law has been used to target illegal immigration.

The Global Horizons lawsuit came after a settlement was reached in a Washington state class action suit involving employees of Zirkle Fruit Co. who sued their employer for driving down wages by hiring undocumented workers.

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Based on federal anti-racketeering laws, the case was settled for $1.3 million (â‚¬1 million) in January after the 9th U.S. Circuit Court of Appeals overturned a lower court decision to dismiss it.

Howard Foster, the lead plaintiffs' lawyer in the Washington case, said he expects more such suits as business owners learn their competitors hired illegal immigrants.

"So many people talk openly about using false documents to assemble an illegal workforce," Foster said. "And when you have IDs with upside down numbers and backward pictures, you know they are fake."

On the Net:

http://www.illegalemployers.org

TAX:

IRS Warns Taxpayers On Fake Debt Collectors (WP/AP)

By Mary Dalrymple

The Washington Post, August 24, 2006

The Internal Revenue Service warned taxpayers yesterday not to be duped by scammers posing as private debt collectors the agency has hired to chase unpaid tax debts.

The IRS designed the debt collection program to minimize that risk, said Brady Bennett, IRS director of collection. Among those protections, the IRS has done background checks and designed special training for collection agency employees working on the accounts.

The IRS plans to assign 12,500 accounts with unpaid tax debts to three private agencies beginning Sept. 7. About 40,000 accounts will be turned over by the end of the year. The IRS chose taxpayers who owe less than $25,000 and do not dispute the debt.

Some critics of the program see so many pitfalls that they are urging debtors to insist on negotiating payment directly with the IRS.

People contacted by a private collection agency have the right to insist that only the IRS deal with their accounts. Bennett said he hoped few taxpayers with debts sent to private collectors would opt out.

"We want this program to work, and we think we've designed the necessary security, privacy protections," he said

The IRS plans to give the collection agencies basic identifying and account information about the chosen taxpayers, including their names, addresses and Social Security numbers. The agencies do not have access to tax returns.

The selected taxpayers will get letters from the IRS that will name the company handling their debts. That letter will include information advising taxpayers of their rights.

It will be followed by another letter from the collection agencies telling the taxpayers they will soon be contacted for payment and specifying the amount owed.

The selected taxpayers can then expect a phone call or an additional letter from the collection agency requesting payment. Bennett cautioned that debt repayment is sent to the IRS, not a private company.

Taxpayers uncertain about the process or wanting to verify the letters are legitimate can call the IRS at 800-829-1040.

Identity thieves have posed as IRS agents in what are called "phishing" schemes that use the tax agency's logo to lure victims. The e-mail schemes are designed to dupe taxpayers into revealing personal financial information.

The IRS does not communicate with taxpayers through e-mail or ask for any passwords or identification numbers that would allow the agency to access bank or credit card accounts.

Taxpayers can also seek help from the Taxpayer Advocate Service at 877-ASK-TAS1.

CONGRESS-ADMINISTRATION:

ABA Rating For 5th Circuit Nominee Angers Specter (LAW)

By T.r. Goldman, Legal Times

Legal Times, August 24, 2006

The American Bar Association's unanimous "not qualified" rating for Michael Wallace, the Mississippi lawyer nominated to the 5th U.S. Circuit Court of Appeals, has sent Senate Judiciary Committee Chairman Arlen Specter, R-Pa., into a tizzy.

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In an Aug. 7 letter, Specter demanded that the ABA "immediately revoke its 'Not Qualified' rating ... and begin a new review process." Such unanimous "not qualified" ratings are extremely rare, but the ABA, in a written summary of its decision, noted that it arrived at its conclusion after interviewing 69 lawyers and judges.

While applauding Wallace's professional credentials -- Harvard College, the University of Virginia School of Law, clerk to then-Associate Justice William Rehnquist -- and his integrity, the ABA assailed his judicial temperament, including allegations of racial bias.

"A large number of minority lawyers stated that Mr. Wallace has on occasion been particularly disrespectful to them and often did not treat them as equals or peers in the profession," the report said.

Meanwhile, five controversial circuit court nominees, including Wallace, Pentagon general counsel William Haynes II, and Terrence Boyle, were sent back to the White House in accordance with a Senate rule that allows nominations to be returned if the Senate will be in recess for more than 30 days.

The decision by Senate Majority Leader Bill Frist, R-Tenn., puts the ball back in the White House's court, forcing the president to formally resubmit their names to the Senate if he wishes to pursue the nominations.

US Pushes Trade But Trims Export Help (CSM)

By Matt Bradley

The Christian Science Monitor, August 24, 2006

When Dan DiMase travels to China and Mexico to look for customers, he enjoys the backing of one of the biggest names in international business: the US government.

"It says a lot when you get a call from the US embassy or the US Department of Commerce looking to arrange a meeting. There's some clout," says Mr. DiMase, whose small electronic components distribution company in Warwick, R.I., now does about 15 to 17 percent of its business abroad.

DiMase attributes part of his success to the Commerce Department's "Gold Key" program - a service that, for a fee, helps businesses link up with foreign clients, research far-flung markets, and bridge yawning cultural gaps. The program is geared to small businesses, which would find it too expensive to do such work on their own.

But Gold Key and federal programs like it are threatened by budget cuts. Commerce officials have spent the last two years debating whether to stop subsidizing Gold Key, by billing client companies for the full cost of the service. While advocates for the program expect to escape funding cuts again this year, the failure of a Senate appropriations bill currently under debate could mean that small- and medium-size businesses would see some export promotion fees triple by as early as Oct. 1.

"We are staring down the barrel of a $1 trillion trade deficit, but our export promotion programs are a cut-and-paste affair," said Kathy Hill, the president of the State International Development Organizations (SIDO) during her testimony before the Congressional Committee on Small Business in April. "Why is it that trade policy, the process of negotiating trade agreements, is centrally orchestrated by a powerful White House office, while trade promotion, the process of helping our businesses take advantage of the agreements we sign, is left up to a loose constellation of agencies and institutions with no common agenda?" States spend $75 million pushing exports

Much of the immediate pressure to discover foreign export markets falls on state governments. Each year, states spend altogether about $75 million on trade and investment promotion - much of which goes toward managing more than 200 trade bureaus overseas. Another large chunk of funding goes directly into Commerce Department coffers to subsidize pay-for-service programs like its matchmaking service. It's all part of individual states' efforts to turn their businesses into global economic players.

As such, the most vocal opposition of funding cuts has come from the states, many of whom say the lack of funding represents a larger neglect on the part of the federal government for touting US products abroad. Fee increases for Gold Key might price Rhode Island out of the program, says Kathy Tufts, associate international trade director for the Rhode Island Economic Development Corporation.

"In some cases, they're proposing costs that are triple the amount they originally were," says Ms. Tufts, whose organization reimbursed 29 companies to the tune of $52,735 to pay for some 14 Gold Key missions. "With some of the larger companies, that doesn't make that much of a difference, but with the smaller ones, you're adding $2,000 to $4,000 on top of the trip for them, and that does make quite a difference."

Under the proposed fee schedule, the price for setting up a single day of meetings in a foreign nation could rise from $770 to as much as $2,500, according to SIDO. OMB: business should pay, not taxpayers

The Office of Management and Budget (OMB), on the other hand, views Gold Key and the entire US Commercial Service as a private-sector function that should be funded as such.

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"The program's services accrue benefits to a limited customer base," writes OMB spokeswoman Christin Baker in an e-mail. "We proposed that the private sector - instead of taxpayers - bear more of the costs of these services."

In 2005, the Commercial Service recovered some $1.4 million through fee charges, while the total cost of providing the service was about $2.7 million, Ms. Baker says. Even with the fee increases, government would still pay overhead costs, such as salaried employees, she adds.

But in a globalizing age, when even small businesses can face crippling foreign competition, a lack of government investment in export promotion may be keeping small businesses from getting the help they need, says Chris Whatley, director of international programs for the Council on State Governments. Small businesses employ as much as half of the private-sector workforce, according to the Small Business Administration.

"I think there definitely is a contradiction," says Wade Merritt, director of the Northeast regional office of the Maine International Trade Center. "We concentrate so heavily on getting the free trade agreements through, but our companies are watching their export assistance erode at the federal level."

Gold Key may be under the budget knife because of the firms it helps, experts say.

"Right now, in our business culture, exporting is kind of viewed as a big guy's game," says Mr. Whatley. "The assumptions of that model were that when you were the little guy in Peoria, you were only competing with companies in Peoria. Now, you face international competition from the moment you open shop."

When their budgets dipped in the red during the early part of this decade, many states depleted their export-promotion funding. The lack of state funding underscored the importance of the federal program.

Other wealthy nations, are far ahead of the United States in export promotion services. The provincial government of Quebec, for example, spends about 12 times as much as the average American state trade promotion agency to tout its products abroad, according to SIDO.

"We've got literally hundreds and thousands of companies that should be exporting. How do we get them to get their feet wet?" asks Earl Fry, a political science professor at Brigham Young University. "There's only a limited amount that can be done. But in terms of what we're doing with our embassies and consulates overseas, we're really behind the other major players. They seem to be more savvy than we are. They put in more resources than we do."

Rice Orders Difficult Posts Filled First (WP)

By Glenn Kessler

The Washington Post, August 24, 2006

The State Department plans to implement sweeping changes in the way foreign service officers bid for new assignments in an effort to more quickly fill vacancies in Iraq and the growing number of dangerous hardship posts in the Middle East.

The new rules were outlined in a cable sent last week by Foreign Service Director General George M. Staples to department personnel that cited "increasing international turmoil." They are intended to shake up the State Department culture so that overseas service becomes more frequent and more focused on global hot spots.

The changes come as the number of overseas positions that prohibit accompanying children -- and sometimes spouses -- has increased from 200 in 2001 to more than 800 today. Secretary of State Condoleezza Rice, who ordered the new approach, has already begun shifting personnel from Europe to the Middle East and Asia.

More than 200 foreign service officers are required each year in Iraq, and already 1,000 of the roughly 11,000 foreign service officers have voluntarily served there. The number of foreign service officers needed in Iraq will grow as Rice pushes forward with a plan to establish provincial reconstruction teams across the country.

Under the plan, which will take effect almost immediately, hardship posts will be filled before bidding can begin on more attractive assignments. Private side deals that lock up plum assignments will be discouraged, and the practice of allowing junior officers to take more senior slots that have gone unfilled will be minimized.

The State Department hopes that by eliminating handshake deals for posts in safer, more attractive cities, it can direct its top talent to places where their missions are more central to U.S. policy.

Moreover, employees headed for hardship posts will no longer be able to meet the requirement by bidding for the most attractive cities in the hardship category, such as Cape Town, Bangkok or Istanbul. The State Department also wants to reduce the number of consecutive years a foreign service officer serves in the United States, from six years to five.

It is "important that we emphasize the 'foreign' part of Foreign Service, and that means getting more of our employees overseas, where our highest-priority vacancies are located," wrote Staples, who oversees human resources at the department. "While domestic service will remain an essential part of career development, most foreign service personnel should expect to spend the bulk of their careers abroad."

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State Department officials denied that the changes are required because they are having trouble filling slots in Iraq, noting that 97 percent of the "unaccompanied" posts are currently filled. Earlier this year, the State Department boosted the pay allowances for both hardship and danger in Iraq and Afghanistan to the highest levels ever, effectively resulting in a 70 percent bonus above base salary.

One senior State Department official acknowledged that Rice and her top aides have discussed the possibility of "directed assignments" if needs are not met. Hardship posts have become "harder to fill," and "there is a real resolve to that we do whatever is needed to fill these positions," the official said, speaking on the condition of anonymity because he was not authorized to discuss the topic.

The changes have stirred concern among foreign service officers. Some suggested that the pressure of Iraq -- where diplomats work under extremely difficult conditions -- is resulting in an imbalance of priorities, minimizing the value of diplomatic efforts in other parts of the world in the eyes of Rice and her top aides. Others are concerned that previous work in places such as Bosnia earlier in their careers seems to be worth little now.

Many foreign service officers tackle difficult assignments when they begin at the State Department but prefer to work in Washington later in their careers, especially if they have older children or need to care for elderly parents.

Staples was on vacation and not available for comment this week. The State Department made available two officials to discuss Staples's cable on the condition that their names not be used.

One of the officials said that "these are major changes we have implemented" that will result in important changes in the foreign service culture. "When we sign up, we have to declare we are worldwide available."

The American Foreign Service Association, which represents foreign service officers, issued its own cable to employees, saying it would reluctantly accept a number of the proposals but raised questions about some details.

"There is a lot of support for the secretary's desire to align her resources with her priorities," J. Anthony Holmes, AFSA's president, said in an interview. But he said AFSA wants to minimize unintended consequences from a new policy that could penalize people who have already devoted long service to the United States under difficult conditions.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, August 24, 2006

Hot ticket

Artistic buzz around the nation's capital is high about the Washington debut of "Rain: The Beatles Experience," which will have three performances Oct. 6-8 at the Warner Theatre.

The highly acclaimed multimedia show boasts of transporting audiences from "The Ed Sullivan Show" to Abbey Road, featuring a song list of about 200 Beatles tunes.

Washington publicist Deb Fiscella of Center Stage Marketing reminds us that when legendary 20th-century music promoter Sid Bernstein brought the Beatles to North America for the first time, their inaugural 1964 concert was right here at the Washington Coliseum.

"What a bargain," she told Inside the Beltway yesterday, showing us pictures of unused tickets for the Feb. 11 concert at Third and M streets Northeast. Indeed, orchestra seats to see this first Beatles concert in America ranged from $2 and $3 for orchestra seating, all the way up to $4 for arena seats. (Unused tickets to the Washington concert are among the most sought after of all Beatles' memorabilia.)

Mr. Bernstein recently attended a performance of "Rain" in New York and said he thought he was witnessing the original Beatles all over again.

"They look like them. They sound like them," he said of the show's band members, Joey Curatolo (Paul McCartney), Joe Bithorn (George Harrison), Ralph Castelli (Ringo Starr) and Steve Landes (John Lennon).

Life for Larry

It might not be an endorsement for re-election, but Rep. Jeb Bradley, New Hampshire Republican, has received a letter of thanks from People for the Ethical Treatment of Animals (PETA) for liberating "Larry," an 11-pound lobster presented to him at a community celebration in Kingston, N.H.

Instead of dipping Larry in hot butter, Mr. Bradley gave the lobster to 9-year-old Barbara Chambers, who had pleaded for his return to the sea -- which she herself accomplished.

"He's probably reuniting with his family now," she was quoted as saying after Larry's release.

Grass is greener

"The lefties are now enthusiastic about global warming," says Christopher C. Horner, counsel and fellow for the Competitive Enterprise Institute in Washington.

Surely he's joshing, but to bolster his argument, Mr. Horner submits a news clipping from Tuesday's Post-Star newspaper in Glens Falls, N.Y. It reads:

"An unusually hot and wet July made for ideal marijuana growing conditions this year, and police expect to find a bumper crop when they start taking to the woods and fields to pull up plants.

" 'We're hearing it's a great crop,' said Saratoga County Undersheriff Michael Woodcock. 'It was junglelike weather, and it is a tropical plant.' "

Finally, a legacy

One shouldn't believe everything they read in the EcoEnquirer -- its motto, "Where Mankind meets Mother Nature" -- including the publication's current online poll, which asks readers: "Who is Your Favorite Environmentalist?"

Of the 1,021 votes cast through yesterday, rock musician-turned-right-wing-activist Ted Nugent led all greenies with 56 percent of the vote, followed by President Bush with 34 percent, Al Gore with 8 percent and Robert F. Kennedy Jr. with 2 percent.

Scoundrels and such

Republicans have no right to attack Americans who possess the temerity to question President Bush's wartime policies, especially by labeling them "obstructionist" and accusing them of "emboldening the enemy." "Within charges such as these lie the seeds of dictatorship and the end of the American republic as we know it," West Virginia Sen. Robert C. Byrd writes in a letter this week to members of his Democratic Party.

"In my long career serving this nation, I have witnessed war and peace. I have seen turmoil at home and danger abroad. I have known statesmen and scoundrels alike. Yet never have I been as concerned for the fate of American liberty as I am today."

Historian that he is, the 88-year-old senator recalled the dictum of Teddy Roosevelt: "To announce that there must be no criticism of the president ... is not only unpatriotic and servile, but is morally treasonous to the American public."

(Mr. Bush, if not certain members of his party, is constantly reminding Americans that they have every constitutional right and privilege to disagree with his policies.)

Medicare Cuts Payments For Pharmacy-made Drugs (USAT)

By Julie Appleby

USA Today, August 24, 2006

WASHINGTON — In a sweeping change, Medicare says it will significantly cut payments to pharmacies that make their own, non-FDA-approved versions of drugs used by asthmatics and others with respiratory ills.

The move was disclosed in a letter sent Tuesday to Sen. Charles Grassley, R-Iowa. He and some consumer advocates say patients may unknowingly get such drugs, which have provided profits for pharmacies, but are made under less-stringent safety and sterility rules than the government sets for drug manufacturers.

It follows action earlier this month by the Food and Drug Administration, which warned three large national medical-supply companies that their pharmacies may be violating federal law by mass producing “thousands of doses” of unapproved respiratory drugs.

Starting in January, Medicare will use special payment codes for pharmacy-made respiratory drugs, allowing it to pay less for those products than for brand-name formulations. For most drugs, Medicare has until now paid the same, no matter whether the pharmacy bought the drugs from manufacturers, or purchased raw ingredients and made them in-house.

The new payments are likely to be “significantly lower” and will remove “any inappropriately large financial incentives” encouraging pharmacies to make drugs for patients, even when there is no medical reason to switch from products made by drug manufacturers, Medicare chief Mark McClellan said in a letter to Grassley.

At issue are liquid drugs used to treat lung conditions. The drugs are inhaled using a tabletop device called a nebulizer. The FDA says patients are unlikely to get such drugs from national chain pharmacies. Instead, most get them from Internet mail-order pharmacies or firms that sell the devices used to inhale the drugs.

Pharmacists are allowed to make drugs when they have specific prescriptions for patients who need specialized treatments that are not available from brand-name manufacturers. Pharmacy-made drugs are not generic drugs, which are produced by commercial manufacturers.

Both brand and generic drugs must receive FDA approval. Pharmacy-made drugs do not. Medicare says it is not trying to stop legitimate pharmacy-made drugs.

In July, Grassley wrote Medicare and the FDA, saying former industry employees told his staff that some pharmacies switch patients to pharmacy-made drugs without telling them or their doctors. Tests conducted by pharmaceutical companies on samples of pharmacy-made drugs found contamination and incorrect dosage amounts, Grassley's letter added.

Grassley on Wednesday called McClellan's reply a “very positive response.”

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Medicare now has a separate payment code for only one pharmacy-made version of the 37 respiratory drugs it covers. That code, for a drug called budesonide, cut payment from $4.40 a dose to 29 cents, according to a recent Securities and Exchange Commission filing by pharmacy Rotech Healthcare, one of the three firms recently warned by the FDA. Rotech said the change could cut its revenue $30 million this year.

Medicare Error Sends $50 Million In Refunds To Recipients (NYT)

By David Stout

The New York Times, August 24, 2006

WASHINGTON, Aug. 23 — About 230,000 Medicare recipients were mistakenly sent refunds last week averaging about $215 for monthly premiums they paid this year for drug coverage, the head of the Medicare program said Wednesday.

Some refunds were paid by check, but the bulk were by direct deposit, said the official, Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services. The total amount involved was almost $50 million.

About 4.7 million people in the drug program pay their monthly premiums by having the government deduct the money from their Social Security payments, and a few of them got letters telling them, incorrectly, that since they had overpaid, their premiums would no longer be deducted from Social Security, Dr. McClellan said.

“We are very concerned about this, and we apologize,” Dr. McClellan said. He said that letters of apology were being sent to those affected, and that additional information would be sent as needed.

The administrator emphasized that while the wrongly distributed refunds would have to be given back, the people who got them would be able to do so gradually, if necessary. And if premium deductions from Social Security were mistakenly stopped, they will resume in October, Dr. McClellan said.

Above all, Dr. McClellan said, he wants those affected by the mistakes to know that their prescription drug coverage will continue uninterrupted, even as his agency fixes what went wrong. None of those affected are among those classified as low-income people, he said.

Dr. McClellan said that “processing errors,” which were discovered last week, arose during exchanges of information between his agency and the Social Security Administration. The Medicare agency contacts Social Security whenever Medicare beneficiaries want to switch plans or change how they pay their premiums, as these changes often require a change in the amount deducted from Social Security.

Dr. McClellan said the processing errors should be relatively inexpensive to correct, “by government standards.”

“We get a bulk-mail discount,” he said. Dr. McClellan said the number of those affected was a tiny percentage of those in the Medicare program: about 42 million people, 38 million of whom have Part D prescription drug coverage, for which the premiums are collected.

“We have not been perfect,” Dr. McClellan said.

Medicare Blunder Costs $50 Million (WT)

By Jennifer Harper

The Washington Times, August 24, 2006

So what's a mere $49,665,000 among friends? That's about how much was sent out by mistake to Medicare recipients after one big federal agency misinformed another big federal agency.

The Centers for Medicare and Medicaid Services (CMS) distributed checks last week averaging $215 each to 231,000 Medicare beneficiaries to reimburse them for prescription-drug coverage. Trouble was, the mailing was based on faulty information: CMS mistakenly placed those participants on a list of those who do not have money withheld from their Social Security check to cover premiums.

Of course, the pricey blunder was sent over to Social Security, the checks issued -- and now Medicare wants the money back. CMS has issued a letter of apology, plus a polite request to recipients to return the funds.

But not to worry, the glitch is fixed and all is well, said CMS spokesman Jeff Nelligan.

"Everything is under control. We moved immediately after we found there was a problem," he said yesterday. "Most importantly, no coverage has lapsed for any beneficiaries, and there will be no delays or disruptions. The letters advising people of the overpayment were already in the mail last weekend."

The number of people affected is relatively small, Mr. Nelligan said, constituting about 1 percent of the total beneficiary population. But some say the system is an accident waiting to happen.

"It's a mess, and this situation was inevitable," said Vicki Gottlich of the District-based Center for Medicare Advocacy, a watchdog group that gave CMS tepid reviews last month in an analysis of the new Medicare Part D, which offers subsidies for medications.

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The report deemed both benefits and myriad regulations confusing and a source of frustration for Medicare participants since the plan took effect in January, Ms. Gottlich said.

"For the last eight months, we've helped people who have had premiums improperly deducted, or were charged for plans they didn't enroll in. We've seen plenty of glitches already," she said. "This week's glitch is evidence that federal government systems can't support the complexities of Part D. We're particularly concerned that people will conclude they're not entitled to their benefits."

Meanwhile, CMS director Mark McClellan said yesterday that insurers who administer the drug benefit will continue to be paid for beneficiaries affected by the error, according to the Associated Press. About 5 million people pay monthly drug-coverage premiums by having money withheld from their Social Security checks.

Mr. McClellan also said the government can't make monthly premium deductions again until October. CMS plans to work with beneficiaries who face financial troubles because they either cashed the overpayment or can't afford multiple premiums withdrawn from a single Social Security check.

'Data Processing Error' Was A Medicare Slip-Up (WP)

By Christopher Lee

The Washington Post, August 24, 2006

When a program is as big as Medicare, even a little bureaucratic mistake can affect a lot of people.

What Medicare chief Mark McClellan yesterday called a "data processing error" recently led the government to erroneously send 231,000 Medicare beneficiaries a refund of several months' worth of premiums they had paid for prescription drug coverage.

About the same time, beneficiaries received a letter from the Social Security Administration saying the agency will no longer electronically deduct their drug premiums from their monthly Social Security benefits -- even though they did not request an end to the service.

The Centers for Medicare and Medicaid Services is trying to fix both mistakes, which affected less than 1 percent of the 33 million Americans who get their drug coverage through Medicare. The agency mailed letters this week notifying the 231,000 beneficiaries about the glitch, which McClellan said will not cause any interruption in drug coverage under what is known as Part D of Medicare.

"We're very concerned about any inconvenience that this causes, and we apologize for that," McClellan said in an interview yesterday. "This was our mistake, and we are working right now to fix it as quickly as possible. . . . We're making sure that the plans continue to get the payments they need to continue coverage."

The average erroneous refund was about $215, making this a nearly $50 million mistake, he said. Some people received it by check, others by direct deposit into their bank accounts.

The government will resume automatically deducting drug premiums from Social Security benefits in October, according to the CMS letter sent to beneficiaries this week. The letter, signed by John R. Dyer, chief operating officer of the CMS, also notifies them that the wrongly refunded money must be returned to the government, although it does not specify how.

"We will let you know soon about that process," Dyer wrote. "Again, you do not need to do anything other than set that money aside."

The problem represents another growing pain for a big federal program that began enrolling seniors for the first time this year, sometimes amid considerable confusion about how to select the most appropriate coverage from the many plans offered by private insurers. Recent polls have found a large majority of beneficiaries are satisfied with the plan they picked, but about 20 percent said they had encountered a major problem in using the benefit.

Robert Wilson, 69, a retired software systems analyst in Reedville, said he suspects that fixing the mistake will be harder than making it. And he could have done without the stress in the first place.

"If initially deciding on whether to sign up for Medicare D selecting from among the various plans was baffling to senior citizens, receiving this cryptic letter from the Social Security Administration could not have been better designed to create anxiety," he said via e-mail.

David L. Elliott, 74, a retired engineering professor in College Park, said he was "amused" that a small computer problem could lead to so much trouble. "I'll be annoyed when I find out how to give it back," he said of the money. "But I wouldn't call it a major inconvenience. It's a nuisance-level problem."

McClellan said the CMS and the Social Security Administration regularly share data about Medicare beneficiaries -- to start and stop drug premium withholding, for instance.

"In this case, because of a data processing error, we sent data to Social Security for these 231,000 beneficiaries along with other requests for stopping withholding status this past month," he said.

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Sen. Charles E. Grassley (R-Iowa), chairman of the Senate Finance Committee, sent McClellan a letter yesterday saying he is "troubled" by the error. Grassley asked for a report on what happened and advised the agency to recover the erroneous refunds in small, "manageable" increments over "as long a period as possible."

"Some may not realize the error that was made and may not have put the money aside," he wrote.

Evolution Major Vanishes From Approved Federal List (NYT)

By Cornelia Dean

The New York Times, August 24, 2006

Evolutionary biology has vanished from the list of acceptable fields of study for recipients of a federal education grant for low-income college students.

The omission is inadvertent, said Katherine McLane, a spokeswoman for the Department of Education, which administers the grants. “There is no explanation for it being left off the list,” Ms. McLane said. “It has always been an eligible major.”

Another spokeswoman, Samara Yudof, said evolutionary biology would be restored to the list, but as of last night it was still missing.

If a major is not on the list, students in that major cannot get grants unless they declare another major, said Barmak Nassirian, associate executive director of the American Association of Collegiate Registrars and Admissions Officers. Mr. Nassirian said students seeking the grants went first to their college registrar, who determined whether they were full-time students majoring in an eligible field.

“If a field is missing, that student would not even get into the process,” he said.

That the omission occurred at all is worrying scientists concerned about threats to the teaching of evolution.

One of them, Lawrence M. Krauss, a physicist at Case Western Reserve University, said he learned about it from someone at the Department of Education, who got in touch with him after his essay on the necessity of teaching evolution appeared in The New York Times on Aug. 15. Dr. Krauss would not name his source, who he said was concerned about being publicly identified as having drawn attention to the matter.

An article about the issue was posted Tuesday on the Web site of The Chronicle of Higher Education.

Dr. Krauss said the omission would be “of great concern” if evolutionary biology had been singled out for removal, or if the change had been made without consulting with experts on biology. The grants are awarded under the National Smart Grant program, established this year by Congress. (Smart stands for Science and Mathematics Access to Retain Talent.)

The program provides $4,000 grants to third- or fourth-year, low-income students majoring in physical, life or computer sciences; mathematics; technology; engineering; or foreign languages deemed “critical” to national security.

The list of eligible majors (which is online at ifap.ed.gov/dpcletters/attachments/GEN0606A.pdf) is drawn from the Education Department’s “Classification of Instructional Programs,” or CIP (pronounced “sip”), a voluminous and detailed classification of courses of study, arranged in a numbered system of sections and subsections.

Part 26, biological and biomedical sciences, has a number of sections, each of which has one or more subsections. Subsection 13 is ecology, evolution, systematics and population biology. This subsection itself has 10 sub-subsections. One of them is 26.1303 — evolutionary biology, “the scientific study of the genetic, developmental, functional, and morphological patterns and processes, and theoretical principles; and the emergence and mutation of organisms over time.”

Though references to evolution appear in listings of other fields of biological study, the evolutionary biology sub-subsection is missing from a list of “fields of study” on the National Smart Grant list — there is an empty space between line 26.1302 (marine biology and biological oceanography) and line 26.1304 (aquatic biology/limnology).

Students cannot simply list something else on an application form, said Mr. Nassirian of the registrars’ association. “Your declared major maps to a CIP code,” he said.

Mr. Nassirian said people at the Education Department had described the omission as “a clerical mistake.” But it is “odd,” he said, because applying the subject codes “is a fairly mechanical task. It is not supposed to be the subject of any kind of deliberation.”

“I am not at all certain that the omission of this particular major is unintentional,” he added. “But I have to take them at their word.”

Scientists who knew about the omission also said they found the clerical explanation unconvincing, given the furor over challenges by the religious right to the teaching of evolution in public schools. “It’s just awfully coincidental,” said Steven W. Rissing, an evolutionary biologist at Ohio State University.

Jeremy Gunn, who directs the Program on Freedom of Religion and Belief at the American Civil Liberties Union, said that if the change was not immediately reversed “we will certainly pursue this.”

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Dr. Rissing said removing evolutionary biology from the list of acceptable majors would discourage students who needed the grants from pursuing the field, at a time when studies of how genes act and evolve are producing valuable insights into human health.

"This is not just some kind of nicety," he said. "We are doing a terrible disservice to our students if this is yet another example of making sure science doesn't offend anyone."

Dr. Krauss of Case Western said he did not know what practical issues would arise from the omission of evolutionary biology from the list, given that students would still be eligible for grants if they declared a major in something else — biology, say.

"I am sure an enterprising student or program director could find a way to put themselves in another slot," he said. "But why should they have to do that?"

Mr. Nassirian said he was not so sure. "Candidly, I don't think most administrators know enough about this program" to help students overcome the apparent objection to evolutionary biology, he said. Undergraduates would be even less knowledgeable about the issue, he added.

Dr. Krauss said: "Removing that one major is not going to make the nation stupid, but if this really was removed, specifically removed, then I see it as part of a pattern to put ideology over knowledge. And, especially in the Department of Education, that should be abhorred."

Mission Unaccomplished (NYT)

The New York Times, August 24, 2006

There is nothing that makes us more nervous than the Bush administration declaring something an "unqualified success."

That is exactly what Michael O. Leavitt, the secretary of health and human services, said about welfare reform this week. In fact, Mr. Leavitt marked the 10th anniversary of welfare reform by writing, in The Salt Lake Tribune, that the only changes needed going forward were stricter work requirements for poor people and a diversion of taxpayer dollars into programs to promote marriage.

That is deeply disturbing. An anniversary like this should be a time of reflection, of building on what has worked and fixing what hasn't. A "mission accomplished" attitude pre-empts any meaningful attempts to do just that.

Very few people would argue that welfare reform has been a failure, or that the country should go back to the old system of open-ended welfare eligibility with no serious emphasis on work requirements. But it is flat-out wrong to declare victory as if the hard part of the journey is over. The evidence says otherwise.

For the first five years, the shift from welfare to work went largely as hoped, with employment rates for single mothers rising and child poverty rates falling, helping to reduce the number of welfare cases. But since 2000, employment rates for single mothers have fallen and child poverty has increased. Caseloads have continued to fall, indicating that welfare is reaching fewer children at a time of rising need.

That the economy was stronger in the mid-1990's than in the current decade is not the only — or even the primary — reason for the backsliding. An important difference is the extent of government support for the working poor.

Welfare reform has often been touted as a triumph of market incentives. But when it passed in 1996, government was deeply involved, offering supportive policies and programs, including a higher minimum wage, expanded aid for child care, a big expansion in the earned income tax credit to ensure that work paid better than welfare, and an extension of health insurance to all low-income children. Such support has diminished in the Bush years. Without it, people who would formerly have been trapped on welfare have very little chance of turning into anything other than working people trapped in poverty.

Ten years into the effort, it's clear that work can help to assuage poverty, as long as the government helps the working poor. When that help is not forthcoming, a low-wage job fails to alleviate poverty, just as cash handouts failed. It's as necessary today for conservatives to back stronger government supports for the working poor as it was 10 years ago for people like President Clinton to get behind work rules for welfare recipients.

OTHER NEWS:

Signs Of A Buyer's Market (WP)

By Tomoeh Murakami Tse

The Washington Post, August 24, 2006

Sales of previously owned homes fell more than expected last month, to the slowest pace in more than two years, while the number of unsold homes reached record levels, according to an industry report released yesterday.

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These are among the starkest signs yet of just how quickly the once-sizzling real estate market has cooled in the past year, and analysts said they expected new-home sales figures to be more of the same when they're released today.

Existing-home sales dropped 11.2 percent to a seasonally adjusted annual rate of 6.33 million units in July, compared with 7.13 million the same time last year, the National Association of Realtors said. The sales pace has been on a general decline since last fall, but the latest figure represents the lowest level since January 2004.

The report is based on resales of single-family houses, townhouses, condominiums and cooperatives that closed during the month.

The number of unsold homes on the market nationwide reached a record 3.86 million -- up by almost 100,000 properties from June and a whopping 1.1 million from July 2005. At the current sales rate, it would take the market 7.3 months to absorb these homes.

When looking at just single-family houses -- which make up the bulk of existing homes -- the number of unsold homes translates to a 7.2 month supply. That's the highest since May 1993. Throughout the recent housing boom, inventory levels rarely exceeded a five-month supply.

The report follows a spate of recent news in the housing industry pointing to a downturn in the market. Toll Brothers Inc. the luxury-home builder based in Horsham, Pa., on Tuesday said its fiscal third-quarter profit dropped 19 percent and cut its earnings estimate for the year. Last week, an industry index that measures home-builder confidence in the market fell to its lowest point since 1991.

David Lereah, chief economist for the Realtors association, said higher interest rates had weakened sales, with many potential home buyers waiting for prices to come down.

According to Freddie Mac, the average interest rate on a conventional, 30-year fixed-rate mortgage was 6.76 percent last month, compared with 5.7 percent in July 2005.

The percentage point increase in the interest rate is significant, and could diminish buyers' purchasing power by about 15 percent in some markets, said Todd Sinai, an associate professor of real estate at the University of Pennsylvania's Wharton School.

"That's got to impact what people are willing to pay," he said. "That's got to bring it down."

Indeed, there are some signs of that already, with the median price of homes in yesterday's report dipping slightly below last year's in parts of the country. For example, in the Northeast, the median price of homes sold in July was $276,000, down 2.1 percent from the same time in 2005. The median is the point at which half of the houses sold for more and the rest for less.

In the South, which includes the Washington area, the year-over-year median price rose 3.2 percent, to $192,000. The country as a whole experienced a 0.9 percent increase to a median price of $230,000 for homes sold in July.

In parts of the Washington region, the numbers are even starker. In Loudoun County, for example, about half as many homes sold in July compared with July 2005, according to figures released recently by Metropolitan Regional Information Systems Inc., the region's multiple listing service. More than 4,700 homes were on the market in the county, up from 2,000 last year. The median sale price was down 2.5 percent.

But some areas with relatively less expensive homes -- most noticeably Prince George's County -- are still experiencing price gains. There, the median price of homes sold in July was $325,000 up 6.6 percent from a year ago, although sales are down and properties are taking longer to sell.

The sales rate released by the national group yesterday was lower than what many analysts had expected. Peter Morici, an economist at the University of Maryland, said he and others had made predictions based in part on the number of contracts signed, a leading indicator for home sales. Apparently, though, not all of the contracts came to fruition. "Some people managed to back out of the contracts -- that's what it means," Morici said.

Based on recent news from home builders, the scheduled report today on new-home sales is also likely to be "a bad number," he said. "People are very hesitant right now."

New Signs Of Cooling In Housing (NYT)

By Jeremy W. Peters

The New York Times, August 24, 2006

The housing market is deteriorating by the month.

In the latest and strongest indication that the home buying and selling frenzy is over, the National Association of Realtors reported yesterday that sales of previously owned homes fell to the lowest level in July in more than two years, prices flattened and sellers waited longer and longer to find buyers for their homes. The supply of unsold houses on the market hit a record high.

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Economists said the data showed the housing market was following the traditional path of a slowdown: a drop in sales followed by a decline or a plateau in prices. But they remained divided over just how severe and long-lasting the coming slump was likely to be.

"It does feel a little scary right now," said Celia Chen, director of housing economics at Moody's Economy.com. "I think these markets will correct. The price gains that they have seen have exceeded what can be supported by the economic and demographic fundamentals.''

Existing-home sales in July declined 4.1 percent from the previous month to a seasonally adjusted annual rate of 6.3 million, the slowest selling pace since early 2004, when sales were running at a rate as low as 6 million.

"We had a hot market, and now it's going to be back to normal," said Edward Leamer, an economist at the University of California, Los Angeles. "Sales volumes will continue to decline, although they'll bottom out sometime in the next year."

The median selling price for existing homes, which rose at double-digit rates for much of the previous two years, was up only slightly last month. And had home prices not continued to rise in the South, where they gained slightly more than 3 percent compared with a year earlier, the national rate would have fallen.

For the second consecutive month, the median price of an existing home in July rose 0.9 percent from a year earlier, to $230,000.

"Certainly, the housing market is undergoing a measurable adjustment," Lawrence Yun, senior economist with the Realtor association, said. "It's a continuing cooling trend."

The number of unsold homes on the market reached a record for the second consecutive month. There are now enough homes available that it would take 7.3 months to sell them all if the current selling rate held.

The bloated inventory levels, Mr. Yun said, indicate "a very sudden change which I have never seen before."

The slowdown means that housing, the sector of the economy that has helped carry the country through a period of rapid expansion, now could act as a drag on growth.

Most economists, including the Federal Reserve chairman, Ben S. Bernanke, still expect the slowdown to be orderly. But with homebuilders reporting a sharp pullback in interest in new homes, existing-home sales in many local markets now look set to weaken at least a while longer.

July's data showed that prices fell in most areas of the country. Only in the South are prices still rising: the median home there sold for 3.2 percent more last month than a year earlier. If prices there had not been so strong, the national median home price in July would have declined on a year-over-year basis. That has not happened since April 1995.

"That's a good indication of an unexpected decline in demand," said Michael Carney, a professor of finance and real estate at California State Polytechnic University, Pomona.

The sales and price declines were most pronounced on the East and West Coasts, where the housing market had overheated the most. In the Northeast, where median existing-home prices rose last year by 10.7 percent, prices fell 2.1 percent in July from the same month in 2005.

Sales in the Northeast fell 5.4 percent from the previous month.

In the West, which is dominated by California, prices fell 0.3 percent in July. Last year, they rose 17.7 percent. Sales in the region declined 6.4 percent last month.

While prices are sliding, most economists are still predicting that they will not fall very far.

"The trend here is one of stabilizing prices after the sharp gains seen for many years," Joshua Shapiro, chief United States economist with MFR, wrote in a research note yesterday. "While certainly a change in trend, so far the official data are not corroborating some of the more alarmist stories being bandied about recently."

Investors saw yesterday's housing data as a reason to pull down shares of major real estate companies and homebuilders. KB Homes, the builder, and Realogy, the country's biggest residential real estate broker, which was recently spun off from Cendant, lost the most of any stocks in the Standard & Poor's 500-stock index yesterday. Shares of KB fell 6 percent, and shares of Realogy fell 5 percent.

Realogy told investors that its earnings for the year would be lower than previously expected. Earlier this week, Toll Brothers, the largest luxury-home builder in the country, also said it would earn less money this year.

US Housing Data Worse Than Feared (FT)

By Richard Beales In New York

Financial Times, August 24, 2006

Sales of existing homes in the US slumped a sharper-than-expected 4.1 per cent in July, the National Association of Realtors reported on Wednesday.

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The data underlined the rapid pace of the slowdown in the property market and sent stocks lower amid fears over the health of the broader economy.

The number of homes sold fell to an annualised 6.33m, a drop of 4.1 per cent from June against analyst expectations of a 1 per cent decline. The supply of unsold homes rose to a record high 7.3 months of sales, up from about four months early last year.

"No region was spared from July's softness," said Omair Sharif, analyst at RBS Greenwich Capital. "The headline figure was well below our forecast and that of the consensus, and corroborates recent builders' statements that the housing market cooled substantially at the start of the summer."

The fourth consecutive monthly decline in existing home sales leaves the measure 14 per cent below its peak last June and at the lowest level since January 2004. The median sale price was less than 1 per cent higher than a year before.

US stocks fell on the news, which has potential implications for the spending power of consumers and the economy as a whole. But the Treasury market appeared to shrug off the worse-than-expected report in light summer trading, with yields briefly trading lower but ending the day slightly higher as traders took profits.

The housing slowdown is one of the factors that led the Federal Reserve's Open Market Committee to hold interest rates steady at its meeting earlier this month. The focus is now on the Fed's next move.

"A continued softening in the housing data – expected to sap consumer demand – should help the Fed refrain from a rate hike during the next FOMC meeting on September 20," said economists at ING Financial Markets.

Other recent data have helped paint a gloomy picture of the US housing market. Builders' are at their least confident in 15 years, and buyers' confidence is also plumbing fresh lows. New home sales data are due to be released on Thursday, and are also expected to show a decline.

Fears that the housing slowdown is affecting other sectors were compounded last week when a University of Michigan survey found overall consumer confidence at its lowest since the aftermath of hurricane Katrina last year.

Housing Market Cools In July (BSUN)

From Sun Staff And Wire Reports

The Baltimore Sun, August 24, 2006

Existing-home sales reach lowest level since January 2004

WASHINGTON -- House hunters shied away from buying in July, driving down sales of previously owned homes to a 2 1/2-year low and propelling the inventory of unsold homes to a record high.

Existing-home sales dropped 4.1 percent in July from June, to a seasonally adjusted annual rate of 6.33 million units, the National Association of Realtors reported. That is the lowest level since January 2004.

The figures provided fresh evidence of how much the once-sizzling housing market has cooled. Prospective home buyers have turned cautious about making such a big-ticket purchase as mortgage rates have gone up and uncertainty has arisen over whether the economy and job creation will keep slowing, analysts said.

The latest snapshot of housing activity was weaker than analysts anticipated. Economists were forecasting the pace of sales to fall to 6.55 million.

Although sales prices for homes are no longer bounding ahead, some prospective buyers are still waiting for better deals -- another factor in the weak showing, economists said.

"Many potential home buyers have been on the sidelines, some kicking the tires but mostly waiting for sellers to compromise on prices and terms," said David Lereah, the association's chief economist.

Economists said the data showed that the housing market is following the traditional path of a slowdown: a drop in sales that is followed by a decline or a plateau in prices.

"It does feel a little scary right now," said Celia Chen, director of housing economics at Moody's Economy.com. "I think these markets will correct. The price gains that they have seen have exceeded what can be supported by the economic and demographic fundamentals."

"We had a hot market, and now it's going to be back to normal," said Edward Leamer, an economist at University of California, Los Angeles. "Sales volumes will continue to decline, although they'll bottom out sometime in the next year."

The median nationwide price of a home sold last month was $230,000, up just 0.9 percent from the same month last year. The median price is the middle point, where half sell for more and half sell for less.

Meanwhile, the inventory of unsold homes in July rose to a record 3.86 million. At the current sales pace, it would take 7.3 months to exhaust that overhang. That is the longest period to exhaust the supply of homes since the spring of 1993.

Sales tumbled 6.4 percent in the West in July from June. Sales fell 5.9 percent in the Midwest and 5.4 percent in the Northeast. In the South, sales dipped 1.2 percent.

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The Baltimore area also is seeing an end to the housing boom. In July, housing sales fell more than 23 percent from July 2005 levels, Rockville-based Metropolitan Regional Information Systems Inc. reported Aug. 10.

Sales in Baltimore and five surrounding counties totaled 3,333 in July, down from 4,362 a year earlier, the MRIS said. That represented the biggest decline for any month since MRIS began tracking data in the region in March 1999. The area has more than twice as many homes on the market as there were last summer.

Sellers are holding out for unrealistic prices in a market where appreciation has slowed, said Anirban Basu, an economist who is chairman and chief executive of Sage Policy Group Inc. in Baltimore.

"In Baltimore, sellers are even more reluctant than they are nationally to part with their homes at a discount" because they're counting on an influx of buyers as a result of the federal base realignment and closure bringing in jobs, Basu said. "They've all heard about the base realignment and the region's inability to house the workforce of the future and they view their homes or investment properties as being very valuable and therefore not worthy of a discount."

But the economy in the state and metro area has slowed, with job growth weaker in the past few months than it had been during 2004 and 2005, and sellers have been slow to recognize this, he said.

As the shift from seller's market to buyer's market has continued, price appreciation in the Baltimore area has slowed markedly from the nearly 20 percent annual gain registered in July 2005. The price of the average home rose 6.03 percent over a year earlier, making July the second consecutive month of single-digit appreciation. Before June, average monthly prices on Baltimore-area homes on a year-over-year basis had risen by double digits in every month since March 2004.

Despite the cool off, experts view Baltimore's housing market as better positioned during a housing slowdown than many other metropolitan areas. Washington-based workers will continue to be attracted to Baltimore's more affordable housing, Basu said.

"Washington will continue to generate jobs, as will Baltimore, albeit at a slower pace," Basu said.

The slowdown means that housing, the sector of the economy that has helped to carry the country through a period of rapid expansion, could now act as a drag on growth.

Most economists, including Federal Reserve Chairman Ben S. Bernanke, expect the slowdown to be orderly. But with home builders reporting a sharp pullback in interest in new homes, existing home sales in many local markets now look set to weaken awhile longer.

July's data showed that prices fell in most areas of the country along with sales.

The sales and price declines were most pronounced on the East and West coasts, where the housing market had overheated the most. In the Northeast, where median existing home prices rose last year by 10.7 percent, prices fell 2.1 percent in July from a year earlier.

In the West, which is dominated by California, prices fell 0.3 percent in July. Last year, they rose 17.7 percent.

Only in the South are prices still rising: the median home there sold for 3.2 percent more last month than a year ago. If prices there had not been so strong, the national median home price in July would have declined on a year-over-year basis for the first time since April 1995.

Though prices are sliding, most economists are still predicting that they will not fall very far.

Drop In Home Sales Puts Pressure On Prices (USAT)

By Noelle Knox

USA Today, August 24, 2006

Home sales posted an unexpectedly sharp drop last month to the lowest level since January 2004, and home prices fell in all regions of the country but the South, the National Association of Realtors said Wednesday.

The downward pressure on home prices will probably continue through the beginning of 2007 because the inventory of homes for sale has surged to the highest level in 13 years. A record 3.86 million homes are for sale, a 7.3-month supply.

The weakness in the market is being driven by higher interest rates, low affordability and speculators who are dumping investment properties because they couldn't flip them for a profit.

“I was disappointed. It was a lot lower than I anticipated,” said David Lereah, NAR's chief economist. “What is clear to me is sellers are more stubborn than I expected them to be. We definitely need a correction in prices in order for buyers to come back into the market.”

He expects home prices to fall 5% nationally. He also cautioned that a few cities in Florida and California, where home prices soared to nosebleed heights, could have “hard landings.”

Total existing-home sales declined 4.1% from June to a seasonally adjusted pace of 6.33 million. That's down 11.2% from July last year. The median single-family home price, meaning half cost more and half cost less, was $231,200, up 1.5% from July last year, but the median condo price fell for the second month in a row and is now $225,600, down 1%.

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What is most worrisome, however, is how the real estate markets are suffering in Michigan, Ohio, Indiana, Massachusetts and some parts of Pennsylvania and New York. Job losses in those areas are pushing home sales and prices down, and foreclosures up.

"That's a whole different situation for real estate. That's not a softening; that's a contraction," Lereah said. "That worries me more than anything else. It highlights the need for the (Federal Reserve) to stay the course and not raise rates. The economy is a little softer than everybody thought."

Earlier this month, the Fed voted not to raise its target for short-term interest rates again but signaled that its pause may be temporary if inflation doesn't slow down.

Some economists, such as Roger Kubarych of HVB group, said the report strengthened the hand of Fed members arguing against further rate increases.

Wednesday's disappointing results for existing-home sales comes a day after Toll Bros., one of the nation's largest builders of new homes, said orders have dropped 48% in its most recent quarter. The Commerce Department reports today on July new home sales.

Home Prices Fall; Sales Plummet (WT)

By Patrice Hill

The Washington Times, August 24, 2006

Home prices dropped everywhere in the country except the South, while sales plunged to January 2004 levels last month, in news that triggered a drubbing in the stock market yesterday on worries that a housing free fall could drag down the economy.

Median home prices dropped 2.1 percent over July 2005 levels in the Northeast, 0.3 percent in the West and 0.6 percent in the Midwest, the National Association of Realtors reported, confirming fears that the most overheated housing markets on the East and West coasts are experiencing a rare decline where homeowners are at risk of losing some of the robust gains they enjoyed in their homes' value during the housing boom.

A hefty price gain of 3.2 percent in the South prevented the first overall decline in the national median house price since 1995. Most Southern markets outside Florida did not experience the doubling or tripling of values seen in the Northeast and West during the boom and are continuing to appreciate as buyers attracted by the comparatively low prices flock to the region.

Nationwide, the condominium market continued to lead the broader home sales market lower last month, with drops of 10.5 percent in sales and 1 percent in prices in the last year. Home sales overall are down by 11.2 percent from a year ago, the Realtors said.

As grim as the news was, prompting a 42-point drop in the Dow Jones Industrial Average, Phillip Neuhart, economic analyst with Wachovia Securities, said there is more to come.

"We would not be surprised at all to see median home price appreciation turn negative soon," he said. After years of relentless double-digit price increases in Washington and other major coastal cities, the combination of record high prices and sharply rising interest rates made homes less affordable than they have been in nearly 20 years.

It is forcing buyers to scale down their expectations and buy smaller and less expensive homes, Mr. Neuhart said, which in turn is causing the rapid decline in the median home price -- the price where half of the homes sold are more expensive and half less expensive.

Homeowners in once-booming areas such as Washington who have been trying to sell at last year's record-high prices are now confronted with having to cut their prices or withdraw from the market, Mr. Neuhart said. He expects to see many homes taken off the market, alleviating some pressure on prices by drawing down the record number of homes for sale.

David Lereah, chief economist of the National Association of Realtors, said the price softening is good news for the market because it is drawing in buyers again.

"Many potential home buyers have been on the sidelines, some 'kicking the tires,' but mostly waiting for sellers to compromise on prices and terms," he said. "Now sellers in many areas of the country are pricing to reflect current market realities. As a result, there could be some lift to home sales" later this year.

The Realtors group said most people who have owned their homes for more than a year can still look forward to selling at a gain rather than a loss.

Most analysts expect the housing decline to last a long time, however.

"Since it was one of the biggest housing expansions in history, we have every reason to expect the correction to be substantial as well," said Alexander P. Paris, analyst at Barrington Research.

Like the technology stock bubble that preceded it, the housing bubble between 2000 and 2005 was fed by easy credit made available by an army of mortgage brokers offering loans with easy terms in the short run but exploding payments in the long run, he said.

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The bursting of the technology bubble in 2000 is widely blamed for precipitating the 2001 recession. That is one reason many economists fear a reckoning in the housing market could have similar consequences.

Mr. Paris said the heavy involvement of banks in facilitating the bubble, including the way they enabled consumers to cash out large chunks of home equity to splurge on a variety of purchases through refinancings, means the housing decline will have big repercussions for the economy.

If consumers lose 25 percent of the $11 trillion in home value they held a year ago, consumer spending will be slashed by $380 billion, he estimates.

"The great refinancing boom is over and the addition to consumer spending power it provided is gone as well," he said. "The most pain is still ahead," in what could be a long-lasting downturn for housing, he said.

"If the housing correction gets out of hand," he added, "the questionable financing techniques and aggressive borrowing will come home to roost" and result in bankruptcies and insolvencies not only among consumers but among banks and other creditors.

Roger M. Kubarych, economist at HVB Group, expects the rapid decline of housing to continue, but not lead to a recession.

"The reason is that financial institutions are still relatively eager to make mortgage loans," he said, and an easing in mortgage rates is likely in the months ahead because the sharp fall of housing will force the Fed to refrain from raising interest rates further.

Sales Of Existing Homes Fall 4.1% (WSJ)

By Christopher Conkey

The Wall Street Journal, August 24, 2006

As the downturn in the housing market deepens, the South is weathering the situation better than other regions.

While sales of existing homes clocked double-digit declines in the West, Midwest and Northeast in July compared with a year earlier, sales in the South were down a more modest 7% on the year and 1.2% from June.

The median sales price of previously owned homes in the South last month actually increased from June and was 3.2% higher than a year earlier. The other three regions, however, experienced median-price declines over the past year, according to the National Association of Realtors. The median is the amount where half of homes sell for more and half sell for less.

Nationwide, the median sales price for existing homes was $230,000 last month, up 0.9% from last year.

Existing-home sales last month fell 4.1% from June to an annual pace of 6.33 million units, a rate 11.2% lower than a year earlier. By region, in contrast to the South, the pace of sales compared with year-earlier results fell 18% in the West, 12.5% in the Northeast and 10.1% in the Midwest.

The inventory of unsold homes nationwide rose 3.2% to a record 3.85 million, a 7.3-month supply at the July sales rate.

Aside from better price appreciation and higher rates of existing-home sales, the South has fared better than the other three regions in the current downturn when it comes to sales of new homes, building permits and new residential construction.

Part of the explanation, economists say, is that prices in many housing markets in the South, with the exception of Florida, never took off as others did in the West and Northeast, and therefore they don't have as far to fall.

Another factor is population growth. Census Bureau figures show the population in the South increased nearly 7% between 2000 and 2005, while the populations of the Midwest and Northeast rose by about 2% in the same period.

In Charlotte, N.C., both factors are combining with solid economic growth to boost the area's housing market. "We have not seen price appreciation like other cities," said Phillip Neuhart, an economic analyst with Wachovia Corp. in Charlotte. "People can come here and buy a more affordable home."

David Lereah, the NAR's chief economist, said several big markets in Texas are "all relatively healthy" and Richmond, Va., is "pretty hot," but he expects year-over-year prices in the South to join other regions in negative territory in the months ahead.

Meanwhile, the Mortgage Bankers Association said its index of mortgage applications was essentially flat last week and is 25% lower than a year earlier. Applications for refinancings, however, rose 1.3% last week as homeowners moved to take advantage of a downshift in interest rates.

Write to Christopher Conkey at christopher.conkey@wsj.com1

Wall Street Suffers On Housing Data (FT)

By John O'doherty In New York

Financial Times, August 24, 2006

Wall Street suffered a broad-based decline on Wednesday as sentiment was deflated by home sales data that heightened fears of a slowing economy.

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The homebuilding sector was badly hit by the figures. KB Home fell 6.2 per cent to $40.53, while Pulte shed 3.6 per cent to $28.07. Toll Brothers dropped 2.6 per cent to $24.55.

Other consumer stocks also traded lower on the news, including home improvement retailer Lowes, down 2.7 per cent to $27.17, and restaurant operator Darden Restaurants, which shed 2.6 per cent to $34.96.

Ford Motor climbed 4.6 per cent to $7.76 on a report that Bill Ford had spoken to Carlos Ghosn, head of Nissan and Renault, to discuss possible co-operation if a proposed alliance with General Motors did not work out.

Merck was the biggest gainer on the Dow, adding 1.8 per cent to $40.46 on news that a new painkiller it was developing carried potentially no more risks than one already on the market.

At the close, the S&P 500 was down 0.5 per cent, or 5.83 points, at 1,292.99, and the Nasdaq Composite was down 0.7 per cent, or 15.36 points, at 2,134.66. The Dow Jones Industrial Average fell 0.4 per cent, or 41.94 points, to 11,297.90.

The main indices started the day higher before the data from the National Association of Realtors showed existing home sales fell more than analysts had expected, bolstering fears of broader economic fallout.

Jeff Kleintop, chief investment strategist at PNC Advisors, saw a silver lining in the data, which lessened pressure for further interest rate rises.

"In some senses, it's helpful, in that it puts the Fed [US Federal Reserve] out of the picture. Investors are counting on the slowdown in housing to achieve the slowdow in the economy," he said.

Sun Microsystems rose 3.7 per cent to $4.80. Sun was the only company to gain market share in the worldwide server business during the second quarter, according to new data. The stock has gained 20 per cent in the past four weeks.

Investors shrugged off a decision by National Semiconductor to cut its revenue forecast for the quarter ending August 27, because of lower-than-expected wireless handset shipments. Its shares gained 3.5 per cent to $23.37.

However, the news of falling handset shipments did affect Motorola, which dipped 2.7 per cent to $22.69

Texas Instruments fell 3.1 per cent to $31.48 following a brokerage downgrade from Caris & Co.

Timber company Weyerhaeuser gained 2.2 per cent to $61.35 after it said it would merge its fine paper unit with Canadian paper-maker Domtar in a deal worth $3.3bn.

ExxonMobil slipped 0.8 per cent to $69.63 and Valero Energy fell 2.6 per cent to $61.78 on lower crude prices.

Slumping Home Sales Hurt Stocks (LAT)

By Jesus Sanchez

The Los Angeles Times, August 24, 2006

Wall Street stocks slumped today after a report about a sharp drop in nationwide home sales in July raised concerns about the damage the housing slowdown could have on the broader economy.

The Dow Jones industrial average suffered its third consecutive daily loss, falling 41.94 points to close at 11,297.90. The Nasdaq, S&P 500 and other major financial indexes were also lower.

Investors were disappointed that the nation's housing market, which had provided a big boost to the economy in recent years as owners cashed in on soaring prices, took a bigger than expected hit last month.

Nationwide sales of all existing homes — including condominiums — fell 4.1% in July from the previous month to a seasonally adjusted annual rate of 6.33 million houses, according to the National Assn. of Realtors. July sales — which do not include new homes — were down 11.2% compared to the same month last year.

The nationwide median sales price — the point at which half the homes sold for more and half for less — in July rose 0.9% from the same month last year to $230,000.

Rising mortgage rates, which raise monthly payments and make it harder for buyers to qualify for loans, were blamed for softening sales. In July, the rate on a 30-year-fixed home loan averaged 6.76% — that's up from the 5.7% in July 2005, according to mortgage company Freddie Mac.

"Many potential home-buyers have been on the sidelines, some 'kicking the tires,' but mostly waiting for sellers to compromise on prices and terms," said NAR chief economist David Lereah in a statement. "Now sellers in many areas of the country are pricing to reflect current market realities. As a result, there could be some lift to home sales, but it'll likely take some months for price appreciation to rise."

Buyers are taking more time to pick and choose amid a ballooning inventory of unsold homes. At the end of July, the number of unsold homes rose 3.2% to 3.86 million properties — a 7.3-month supply at the current sales pace, according to NAR.

On a regional basis, the West reported the steepest decline in sales, which fell 6.4% from June to a seasonally adjusted annual pace of 1.32 million properties.

The median price slipped 0.3% from July 2005 to $348,000.

The pace of sales dropped 1.2% in the South; 5.4% in the Northeast and 5.9% in the Midwest.

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Stocks Sag Despite Drop In Oil Price, As Weak Home Sales Trouble Investors (WSJ)

By Shefali Anand

The Wall Street Journal, August 24, 2006

Not even a drop in the price of oil could lift stocks, as investors fretted over fresh signs of a housing slowdown.

The National Association of Realtors reported that sales of existing homes dropped 4.1% in July to a seasonally adjusted rate of 6.33 million units, the lowest pace of turnover in since January 2004.

While a slackening in the real-estate market is the kind of development that is apt to discourage the Federal Reserve from raising interest rates again, a sharp, fast falloff in the housing market leads to fears about the broader economy. Home sales and rising home values have accounted for much of consumers' wealth generation in recent years.

"The housing market in general is going to stay at the forefront of investors' minds," said Todd Clark, director of stock trading at San Francisco money-management firm Nollenberger Capital Partners. Mr. Clark expects close scrutiny of a report detailing new-home sales in July, although existing-home sales make up the brunt of residential real-estate transactions.

The Dow Jones Industrial Average fell for the third straight day, shedding 41.94 points, or 0.37%, to close at 11297.90. A decline in shares of General Motors weighed on the blue-chip index. The auto maker lost more than 2% to $30.18 on talk that rival Ford Motor may be interested in pursuing business with Carlos Ghosn, the Nissan Motor executive that GM investor Kirk Kerkorian has been trying to get GM to bring into the fold.

The Standard & Poor's 500-stock index lost 5.83 points, or 0.45%, to 1292.99. Trading activity was again light, typical for late-summer dealings.

The price of a barrel of oil closed at $71.76, off $1.34, or 1.8%. News that oil-rich Iran may negotiate a political deal with the U.S. and thus avoid sanctions helped push down the commodity. Also, the Energy Department released figures that showed an unexpected increase in gasoline supplies.

Still, oil is up nearly $11 since the start of the year, and geopolitics will continue to push around crude prices for the rest of this year, said Eric Bolling, a trader at the New York Mercantile Exchange.

In major U.S. market action:

Stocks fell; bond prices were mixed. On the Big Board, where 1.9 billion shares traded, 1,023 stocks advanced and 2,261 fell. The 10-year Treasury note fell 1/32, or 31 cents for each $1,000 invested, pushing the yield up to 4.821%. The 30-year bond rose 1/32 to yield 4.954%.

The dollar was mixed. Late in New York, the currency traded at 116.36 yen, down from 116.55 yen, while the euro fell to $1.2792 from $1.2801.

Write to Shefali Anand at shefali.anand@wsj.com1

Bernanke's Refreshing Pause (TH)

By Robert Novak

Town Hall, August 24, 2006

WASHINGTON -- Ben S. Bernanke, the rookie aviator flying the central bank's monetary airplane through uncertain economic weather, last week survived his first major test with a soft landing. With Washington in a rancid mood this summer, the new chairman of the Federal Reserve Board has received little credit for a successful maiden flight that is very good news for the economy.

Bernanke's decision to pause on Aug. 8 and not increase interest rates for the first time in 18 meetings of the Federal Open Market Committee drew widespread complaints that he was a slacker in the war against inflation. But contrary to the expectations of these naysayers, core inflation figures released by the Labor Department Aug. 15 matched its biggest drop in three years. The markets, far more important than opinions of the economic savants, gave Bernanke a vote of confidence. A boost in bond prices reflected no fear of inflation.

Market approval of Bernanke's performance constitutes early success in achieving a most daunting task for any central banker: to slow a rapidly growing economy enough to control inflation without crashing and burning in a recession -- that is, a soft landing. Bernanke's legendary predecessor, Alan Greenspan, crashed twice in three attempted landings during his long tenure at the Fed. This early success constitutes a rare victory for President Bush, whose selection of Bernanke to replace Greenspan Feb. 1 did not win plaudits from the financial community or many conservatives.

Actually, no Fed chairman has been better qualified to run the Fed than Bernanke, who as chairman of Princeton's economics department was a leading student of monetary policy. He served for three years as a Fed governor before heading Bush's Council of Economic Advisers (CEA) for seven months prior to returning to the central bank. But he was not favored as Greenspan's successor by the Fed bureaucracy, conservative Fed-watchers or Wall Street speculators.

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The popular choice to head the Fed was a familiar face in big-time economics: Martin Feldstein, a 66-year-old Harvard professor. As President Ronald Reagan's CEA chairman 23 years ago, Dr. Feldstein was the bete noire of supply-siders who designated him as "Dr. Gloom" for publicly demanding higher taxes and higher interest rates.

Oddly, Feldstein has become a favorite of latter-day supply-siders, though he still evokes the image of Dr. Gloom by advocating anti-inflationary interest rate increases no matter what the cost. "It is understandable that it [the Fed] would like to achieve the soft landing of low inflation with continued solid growth," Feldstein wrote in The Wall Street Journal on Aug. 7, the day before Bernanke's pause. "But that may not be possible. And if the Fed wants to convince the markets that inflation will be contained in the future, it must show that it is willing to take the risk of tightening too much."

Following Feldstein's line, critics took Bernanke to task for not daring to tighten too much. They would have been in full cry had the Aug. 15 inflation numbers been high and the market reaction negative. However, the opposite results last week evoked no cheers for Bernanke.

It may be too difficult for idolaters of Greenspan as "the maestro" to credit Bernanke's early success. If an unheralded economics professor can so quickly replace the legend, is it possible that Greenspan's legendary status was mostly hype? Hardly anybody wants to acknowledge that Greenspan helped produce a bubble economy by bringing interest rates down to 1 percent and then overshooting the mark in raising them.

But there are dollars-and-cents reasons for Bernanke's unpopularity among financial sharks. High-ticket, speculative investors count on serious opportunities in a central bank creating a turbulent atmosphere where short-sellers can prosper. They are not refreshed by the Fed's pause.

While George W. Bush keeps hands off Fed policy, he and his economic team are delighted by Ben Bernanke not following Marty Feldstein's formula of daring to tighten too much. Europe's economy is lagging today and faces a regimen of higher taxes and higher interest rates that will suppress growth. If American tax cuts and a pause in higher interest rates do not generate inflation, prophets of gloom will be proved wrong.

Study Indicates Embryos Survive Cell Extraction (WSJ)

By David P. Hamilton

The Wall Street Journal, August 24, 2006

Biotechnology researchers said they have developed a new way of producing stem cells that ultimately may not require the destruction of human embryos.

The announcement met with a cacophony of reaction from scientists and ethicists on both sides of the debate over stem-cell research. Several admired the science but said it was unlikely to quell the heated controversy over the morality of the research.

While many experts see stem cells as a potential source of treatments for degenerative or otherwise incurable conditions, many religious and ethical authorities object to stem-cell extraction as devaluing nascent human life. Since 2001, the U.S. has refused to fund any research involving other than a handful of already-existing stem-cell lines, many of them of limited usefulness to scientists.

The research team that said it has developed this new way of producing stem cells is from Advanced Cell Technology Inc., a biotechnology company in Alameda, Calif.

The team conducted its experiments with single cells extracted from tiny human embryos, each consisting of eight to 10 cells. By culturing those extracted cells in just the right way, the scientists were able to nudge some of them into developing as stem cells, the primordial building blocks capable of producing nerves, organs and every other type of tissue.

Until now, deriving new lines of stem cells has required researchers to suck out clumps of cells from five-day-old embryos -- typically unneeded ones, frozen during in-vitro fertilization procedures, that may otherwise face destruction. The process destroys the embryos.

Advanced Cell officials say their new technique offers the prospect of deriving new lines by simply extracting a single cell from an early-stage embryo. That process is already used in IVF clinics that scan for genetic flaws in newly fertilized embryos in order to determine which ones are most likely to grow into children. Extracting a cell or two generally doesn't appear to interfere with later fetal or childhood development, although the procedure can risk damaging the embryo.

"You'd have a cell line and put the embryo at no increased jeopardy at all," says Robert Lanza, the Advanced Cell researcher who led the team. "On top of that, not only is there not a risk, but a benefit," he says, because the derived stem-cell line would be genetically matched to a child born from the same embryo, making it a theoretically convenient and safe source of cells for later medical treatment.

The Advanced Cell research, however, didn't focus specifically on the task of producing stem-cell lines by extracting a single cell without harming an embryo. As reported in their study published in today's edition of the journal Nature, the

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researchers experimented on 16 embryos and extracted a total of 91 individual cells for culturing. That procedure destroyed many of the embryos in question, Dr. Lanza said.

"It looks like they took the embryos apart and tried to create stem-cell lines from each of those cells" said Arnold Kriegstein, head of the stem-cell biology program at the University of California at San Francisco. But the work showed that single cells could be coaxed into becoming stem cells, which Dr. Kriegstein called "a significant achievement."

Extrapolating the results to single-cell extractions that don't harm viable embryos should be a straightforward task, says Dr. Lanza.

"In terms of the actual biopsy and subsequent procedures, it's the same," he said. "It's just semantics." Dr. Lanza said that in some cases the team only took one or two cells from an embryo, and he added that some of the embryos experimented on continued to grow normally for another few days until they were again frozen.

The Advanced Cell team managed to produce two seemingly viable stem-cell lines from the 91 extracted cells and showed that the stem cells could give rise to a variety of tissue types. It remains unclear whether the newly produced lines, which derive from earlier-stage embryos than most existing stem cells, differ from other cell lines in any significant way. The results will also need to be confirmed in other laboratories.

Advanced Cell officials say they hope the results will mark a turning point for stem-cell research. Scientists working without federal funding are so far mostly focused on unraveling the mysteries of how the cells produce different tissue types. Commercially, the field is populated largely by tiny companies like Advanced Cell, which has plans to move ahead with early-stage clinical trials involving the cells in the next year or so.

Stem-cell related treatments, however, are likely at least a decade or more away. Among the hurdles are a lack of basic understanding of what makes the cells grow and repair damaged tissue and exactly how to use them as transplants without provoking immune-system reactions and other side effects.

Larger pharmaceutical and biotechnology companies have mostly steered clear of the field, in part because of the ethical controversy and the lack of federal research support. Advanced Cell Chief Executive William Caldwell, however, said he believes an embryo-safe method of deriving stem cells may help spark large-company interest in the area.

"I think this is going to help address the problem and the issues they have" with stem-cell derivation, Mr. Caldwell said. Advanced Cell, which is currently raising new funds in a private offering to bolster its meager cash reserves, hopes to sign a development partnership with a larger company by the end of the year.

Success or failure in that regard may depend on the extent to which the new technique succeeds in defusing moral qualms over the research. Several scientists and ethicists doubted any placating would happen. William Hurlbut, a Stanford University professor who serves on the White House bioethics council, worries that even single-cell biopsy may pose an unacceptable risk to embryos.

Others note that no one knows whether a single cell extracted from an early-stage embryo might also have the capability of developing into an individual human being. If the cell does have that potential, then destroying it to make a stem-cell line would still be morally problematic. "This thing is supposed to solve an ethical problem, but the ethical problem is not solved," says Davor Solter, the director of developmental-biology research at Germany's Max-Planck Institute of Immunobiology.

Dr. Lanza said there is no evidence to suggest that a single cell from such embryos can develop into an individual.

Scientists Make Key Stem Cell Advance (FT)

By Clive Cookson

Financial Times, August 24, 2006

Scientists in the US have created human embryonic stem cells without destroying embryos, a discovery that appears to get round a basic ethical objection to stem cell research.

The breakthrough – published online on Thursday by the scientific journal Nature – could help lead to greater public funding for the field and make it more appealing for commercial investment.

Researchers from Advanced Cell Technology, a US biotech group, have generated stem cell cultures by plucking individual cells from newly fertilised embryos, which are not harmed. Stem cell production until now involved taking larger masses of cells from slightly older embryos, which are inevitably lost.

The discovery “has the potential to play a critical role in the advancement of regenerative medicine”, said Ronald Green, director of Dartmouth College’s Ethics Institute and head of ACT’s independent ethics board.

“It appears to be a way out of the political impasse in the US and elsewhere,” Prof Green added. “I see this as a real opportunity for the Bush administration to address the need for embryonic stem cell lines, while maintaining their ethical position that embryos should not be destroyed to obtain them.”

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But hardline critics of embryo research – such as the US Conference of Catholic Bishops – are unlikely to accept the manipulation even of a single embryonic cell, which they say could theoretically become a human being.

George W. Bush, US president, last month vetoed a bill that would have required the federal government to fund experiments with newly created human embryonic stem cells. Similar debates are taking place in Europe, where research with human embryos is illegal in some countries, such as Germany, and funded by governments in others, such as the UK.

"Any use of human embryos for research purposes raises serious ethical concerns," the White House said last night. "This technique does not resolve those concerns, but it is encouraging to see scientists at least making serious efforts to move away from research that involves the destruction of embryos."

The ACT breakthrough is based on a single-cell biopsy, known as pre-implantation genetic diagnosis (PGD), which fertility clinics use to detect gene defects in IVF embryos. Robert Lanza, the company's head of research, said ACT would implement the procedure in collaboration with an IVF clinic, so that a biopsy could be used both for PGD and stem cell generation.

"There would be no downside for patients," said Dr Lanza. "The chance of the embryo developing into a healthy child would not be affected – and the child would have a genetically identical line of stem cells that could be banked and used later in life."

ACT has patent protection for its technique but plans to make the resulting stem cell lines "freely available for research".

Additional reporting by Demetri Sevastopulo in Washington

Embryos Preserved In Stem-cell Creation (WT)

By Joyce Howard Price

The Washington Times, August 24, 2006

Scientists yesterday reported that they have devised a way to create human embryonic stem cells that does not harm embryos.

Researchers with Advanced Cell Technology, a California-based biotechnology firm that has been on the cutting edge of experimentation with cloning and stem cells, disclosed their latest findings online in the journal Nature.

They say their technique offers a potential solution to the political and moral debate over using embryonic stem cells to treat life-threatening diseases because embryos have to be destroyed.

The company says its technique takes just a single cell, or blastomere, from a two-day-old embryo, after the fertilized egg has divided into eight cells. They use the blastomere to seed a line of stem cells, which can then grow into any kind of human tissue.

The rest of the embryo retains the capability to grow into a healthy human, according to the biotech firm, which operates in Alameda, Calif., and Worcester, Mass.

The current procedure requires the destruction of embryos, consisting of 100 to 150 cells, after about five days of development. Harvesting the cells kills the embryo.

"We have demonstrated, for the first time, that human embryonic stem cells can be generated without interfering with the embryo's potential for life," said Dr. Robert Lanza, vice president of research and scientific development at the company and the study's senior author.

But few in the scientific, bioethics or pro-life community think the new technique will end the debate.

"It's scientifically interesting ... but it's not going to settle the debate. If one believes an embryo should be accorded the rights of protection of a person, why is it more [morally acceptable] to extract one cell from an embryo than to extract many cells?" said B.D. Colen, spokesman for Harvard University's Stem Cell Institute.

Cell extraction was criticized on moral grounds by Richard M. Doerflinger, deputy director of the U.S. Conference of Catholic Bishops' Secretariat for Pro-Life Activities.

"It is widely believed that one cell of a very early embryo may separate and become a new embryo, an identical twin," he said yesterday.

The company's research produced two viable stem-cell lines from 16 embryos.

"The experiment itself is gravely unethical, because it involved thawing and manipulating 16 human embryos and then discarding them," Mr. Doerflinger said. "By picking single cells from eight-celled embryos and culturing them overnight, it is possible the researchers created and destroyed as many as 91 additional very early embryos to get two new cell lines."

But Dr. Lanza, in a telephone interview, said such criticisms show "scientific ignorance."

In the report in Nature, he said individual blastomeres in embryos that have only eight to 16 cells "have never been shown to have intrinsic capacity to generate a complete organism in any mammalian species."

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The researchers used a fertility treatment known as preimplantation genetic diagnosis to create stem cells. This technique is used in in-vitro fertilization, when one blastomere in an eight-cell embryo is removed and tested for genetic disorders. If no defect is found, the embryo, now with seven cells, can be implanted in the mother.

Federal funding is not available for most research involving embryonic stem cells because of ethical concerns.

White House spokeswoman Emily A. Lawrimore said it is too soon to know whether studies using the new technique would qualify for federal funds.

"Any use of human embryos for research purposes raises serious ethical concerns. This technique does not resolve those concerns, but it is encouraging to see scientists at least making serious efforts to move away from research that involves the destruction of embryos," she said.

Arthur Caplan, head of the bioethics center at the University of Pennsylvania, said, "Being able to generate a stem cell doesn't mean that what you've produced is going to work as a stem cell. This work has to be confirmed."

Dr. Lanza said the company is eager to make its new technique available to the scientific community at little or no cost. He also said he is "absolutely certain" the results will be confirmed.

In late 2001, Advanced Cell Technology reported that it had cloned the first human embryo. It said its goal was to grow stem cells for medicine, not to create cloned humans. Pro-life advocates were outraged, and the company's research was belittled by some in the scientific world.

"This company is not moved by moral arguments but by market arguments. A small shadow hangs around ACT that has to be lifted before jumping up and down" in celebration of its blastomere breakthrough, said Mr. Caplan.

In New Method For Stem Cells, Viable Embryos (NYT)

By Nicholas Wade

The New York Times, August 24, 2006

Biologists have developed a technique for establishing colonies of human embryonic stem cells from an early human embryo without destroying it. This method, if confirmed in other laboratories, would seem to remove the principal objection to the research.

It could also redirect and intensify the emotional political debate over current limits on federal financing for research on human embryonic stem cells, which give rise to the cells and tissues of the body and which scientists and patient advocate groups see as a potential source for treatments for diseases like Alzheimer's, Parkinson's and diabetes.

But the new method, reported yesterday by researchers at Advanced Cell Technology on the Web site of the journal Nature, had little immediate effect on longstanding objections of the White House and some Congressional leaders yesterday. It also brought objections from critics who warned of possible risk to the embryo and the in vitro fertilization procedure itself, in which embryos are generated from a couple's egg and sperm.

The new technique would be performed on a two-day-old embryo, after the fertilized egg has divided into eight cells, known as blastomeres. In fertility clinics, where the embryo is available outside the woman in the normal course of in vitro fertilization, one of these blastomeres can be removed for diagnostic tests, like for Down syndrome.

The embryo, now with seven cells, can be implanted in the woman if no defect is found. Many such embryos have grown into apparently healthy babies over the 10 years or so the diagnostic tests have been used.

Up to now, human embryonic stem cells have been derived at a later stage of development, when the embryo consists of about 150 cells. Both this stage, called the blastocyst, and the earlier eight-cell stage, occur before the embryo implants in the wall of the womb. Harvesting the blastocyst-stage cells kills the embryo, a principal objection of those who oppose the research.

"There is no rational reason left to oppose this research," Dr. Robert Lanza, vice president of Advanced Cell Technology and leader of the research team, said in an interview.

With the approach of midterm elections, in which some candidates are already making the research a central theme, some scientists speculated that President Bush might embrace the new method as meeting his principal objection to the research and showing that he had been right all along to wait for a better technique to turn up.

But Emily Lawrimore, a White House spokeswoman, suggested that the new procedure would not satisfy the objections of Mr. Bush, who vetoed legislation in July that would have expanded federally financed embryonic stem cell research. Though Ms. Lawrimore called it encouraging that scientists were moving away from destroying embryos, she said: "Any use of human embryos for research purposes raises serious ethical questions. This technique does not resolve those concerns."

Last year, Dr. Lanza reported that embryonic stem cell cultures could be derived from the blastomeres of mice, a finding others have confirmed. He now says the same can be done with human blastomeres, and that the colonies of cells behave in the same way as those derived from blastocysts.

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Although he used discarded human embryos, he said that anyone who wished to derive human embryonic stem cells without destroying an embryo could use a blastomere removed for the test, called preimplantation genetic diagnosis.

"By growing the biopsied cell overnight," he said, "the resulting cells could be used for both P.G.D. and the generation of stem cells without affecting the subsequent chances of having a child."

Ronald M. Green, an ethicist at Dartmouth College and an adviser to Advanced Cell Technology, said he hoped the new method "provides a way of ending the impasse about federal funding for this research."

Professor Green said he believed the method should be seen as compatible with the Dickey-Wicker amendment, the Congressional measure that prohibits using federal money for any research in which a human embryo is destroyed or exposed to undue risk.

Dr. James Battey, head of the stem cell task force at the National Institutes of Health, said that it was not immediately clear if the new method would be compatible with the Congressional restriction, since removal of a blastomere subjected the embryo to some risk, but that embryos on which the genetic test was performed seemed to be as healthy as other babies born by in vitro fertilization.

Mr. Bush has allowed federal financing for research on human embryonic stem cells, provided they were established before Aug. 9, 2001. Although that might seem to rule out any new cell lines derived from blastomeres, Dr. Battey said that was not clear because the embryo would not be destroyed, and that he would seek guidance on the point.

The federal policy does not affect privately financed stem cell research, like that done by Advanced Cell.

Critics have a range of objections to deriving human embryonic cell lines with the new method. The United States Conference of Catholic Bishops, in particular, oppose both in vitro fertilization and preimplantation genetic diagnosis, and therefore still object to the research.

Richard Doerflinger, deputy director for pro-life activities at the conference of bishops, said the church opposed in vitro fertilization because of the high death rate of embryos in clinics and because divorcing procreation from the act of love made the embryo seem "more a product of manufacture than a gift."

Asked if he meant that the parents of a child conceived through in vitro fertilization would love it less, Mr. Doerflinger said he was referring to the clinic staff. "The technician does not love this child, has no personal connection with the child, and with every I.V.F. procedure he or she may get more and more used to the idea of the child as manufacture," he said.

Dr. Leon Kass, former chairman of the President's Council on Bioethics, said, "I do not think that this is the sought-for, morally unproblematic and practically useful approach we need."

Dr. Kass said the long-term risk of preimplantation genetic diagnosis was unknown and that the present technique was inefficient, requiring blastomeres from many embryos to generate each new cell line. It would be better to derive human stem cell lines from the body's mature cells, he said, a method researchers are still working on.

Dr. Andrew La Barbera, scientific director of the American Society for Reproductive Medicine, said that more than 2,000 babies had been born in the United States after a preimplantation genetic diagnosis. There is no sign yet that they have any greater risk of disease than other in vitro fertilization babies, but the society needs more data to be sure, Dr. La Barbera said.

Scientists welcomed the new development but also expressed concerns. Dr. Irving Weissman, a stem cell expert at Stanford University, said the new method, if confined to blastomeres derived from preimplantation genetic testing, would not provide a highly desired type of cell, those derived from patients with a specific disease.

Many scientists have come to regard this use of the cells, to explore the basic mechanisms of disease, as more likely to provide new therapies than direct use of the cells themselves.

Dr. Weissman said the new advance could lead into a "Congressional trap" if Congress permitted new lines to be established only during the preimplantation genetic diagnosis procedure. This test looks for only a handful of diseases, he said, and not for Alzheimer's and the other degenerative diseases for which better therapies are needed.

Congressional Republicans who led the resistance to the embryonic stem cell legislation that had bipartisan support in the House and Senate also said the new technique did not ease their opposition. Brian Hart, a spokesman for Senator Sam Brownback, Republican of Kansas and a prominent opponent of federal financing for embryonic stem cell research, said Mr. Brownback's moral objection remained.

"You are creating a twin and then killing that twin," Mr. Hart said.

Dr. Lanza said, however, that twinning is a phenomenon that occurs at a later stage of embryonic development and that there was no evidence that a single blastomere could develop into a person.

Democrats and others who had pushed for added research using embryos that were ultimately going to be discarded stepped up their criticism of the president and his allies for holding back science.

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"It's tragic that the current Republican Congress continues to rubber stamp the restrictions that deny federal funding for scientists engaged in medical research that could save or improve countless lives," said Senator Edward M. Kennedy, Democrat of Massachusetts.

Political analysts said the new findings could elevate embryonic stem cell research as a campaign issue by both keeping it in the news and making it more difficult for opponents to explain their position.

"It paints the pro-life community into a corner," said Stuart Rothenberg, a nonpartisan analyst of Congressional races. "As a rule, you don't want to oppose scientific advances."

Scientists Create Stem Cells Without Destroying Embryos (LAT)

By Karen Kaplan

The Los Angeles Times, August 24, 2006

Scientists have created human embryonic stem cells using a technique that does not require the destruction of any embryos -- a development that offers a path to break the political roadblock over the highly touted but ethically troubled research.

The method, described Thursday in the journal Nature, involves taking a normal three-day-old embryo with only eight to 10 cells and removing a single cell, which is then biochemically coaxed into producing embryonic stem cells.

The original embryo, despite missing one cell, is unharmed, thus avoiding concerns about destroying a potential life.

Fertility clinics have been removing cells from embryos created in vitro since 1990 to screen them for genetic diseases and chromosomal abnormalities. Doctors estimate at least 2,500 children alive today had a cell or two removed when they were early embryos.

The Bush administration, which has restricted federal support for human embryonic stem cell research to prevent taxpayers from funding the destruction of potential life, said it was too soon to say whether the new approach could solve the ethical dilemma at the heart of the research.

But White House spokeswoman Emily Lawrimore said the work appeared to be a step in the right direction.

"Any use of human embryos for research purposes raises serious ethical concerns, but it is encouraging to see scientists at least making serious efforts to move away from research that involves the destruction of embryos," she said.

Dr. Robert Lanza, medical director of Advanced Cell Technology Inc. in Worcester, Mass. and senior author of the study, said he believed the technique satisfies reasonable ethical concerns that should make the research palatable to social conservatives.

Last month, President Bush vetoed a bipartisan bill to expand stem-cell funding beyond the 20 or so cell lines currently eligible to more than 100 newer ones.

If Bush warms to the new approach and opens the floodgates of federal funding, he said, it would "give the field a badly needed jump-start."

Still, social conservatives have already begun complaining that the technique falls short. They say that the method does injure nascent embryos, and they question whether the cell that's removed from an embryo has the potential to develop on its own.

"The new study ... raises more ethical questions than answers," said Richard M. Doerflinger, secretariat for pro-life activities for the U.S. Conference of Catholic Bishops in Washington, D.C.

The new technique relies on an old procedure known as pre-implantation genetic diagnosis, or PGD.

An embryo created through in vitro fertilization is allowed to develop into a small ball of cells known as blastomeres. Specialists use a tiny glass tube to remove one cell for genetic testing. If the tests come up clean, the embryo can be implanted in the womb.

The procedure seems to be safe, said Dr. Joe Leigh Simpson, an OB-GYN and professor of molecular and human genetics at Baylor College of Medicine in Houston.

Between 20 percent and 25 percent of couples that use PGD end up with healthy babies, compared to a success rate of 28.3 percent for all IVF patients, according to figures from Simpson and the Centers for Disease Control and Prevention.

Lanza wanted to piggyback on that safety record. If the removed blastomere were allowed to divide once, one could be used for PGD and the other would be available for research.

The key was to find a way to get the cell to multiply in a laboratory dish long enough to produce stem cells. Embryonic stem cells, which are capable of becoming any cell in the body, are typically harvested from the inner cell mass of an older embryo that contains about 150 cells.

Scientists and doctors are intensely searching for ways to harness embryonic stem cells to grow healthy tissue and treat diseases such as Alzheimer's, Parkinson's and diabetes.

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Lanza's team thawed 16 frozen embryos donated by fertility clinic patients. To give themselves the greatest chance for success, they separated all 91 blastomeres and placed them in culture dishes. More than half of them started to multiply, and about half of those began forming clumps.

In two cases, the cells continued to multiply and became embryonic stem cells.

The approach avoids the ethical problem with the standard method of making stem cells -- the embryo is destroyed once its inner cell mass is removed.

"It's extremely unusual for a scientific development to resolve an ethical problem, and this is one of those very rare occasions where that's happened," said Ronald M. Green, a professor of ethics and human values at Dartmouth College who chairs the ethics advisory board for Advanced Cell.

Stem cell researchers who have felt stymied by the lack of federal support for their work were buoyed by Lanza's feat.

"This is one of the major results of our field," said Renee Reijo Pera, co-director of the Program in Human Stem Cell Biology at the University of California, San Francisco.

But it is still uncertain whether the technique can meet the tough federal standard designed to protect embryos.

The legislation that funds the Department of Health and Human Services forbids the use of federal money for "research in which a human embryo or embryos are destroyed, discarded, or knowingly subjected to risk of injury or death."

Doerflinger said the safety of the single-cell biopsy procedure had not been scientifically established.

"Some embryos do not survive the process, and some survivors may have long-term effects later in life," he said.

Fertility specialists who perform the procedure acknowledge there have been no scientific efforts to study its effect on embryos or to track the children after they are born.

Dr. James F. Battey, who chairs the Stem Cell Task Force at the National Institutes of Health, said that would make it difficult for the funding agency to approve grant money for cells like Lanza's.

"Can I reassure people who have put this language on our appropriation that not even one time in a thousand a single-cell biopsy won't harm an embryo?" Battey said. "I can't do that."

Nicanor Austriaco, a Dominican friar and molecular biologist at Providence College in Providence, R.I., raised another potential problem. What if the single cell that has been removed can itself become an embryo?

In other mammals, researchers have found that a single blastomere can develop into an identical copy of the original embryo.

"This raises the concern that the blastomeres isolated by ACT in order to create a stem cell line are in fact bona fide embryos that are destroyed in the process of creating the stem cell lines," Austriaco said.

Stem cell experts said that argument was speculative. While it may be possible to grow a human blastomere into a full-scale embryo, it does not occur naturally and has never been documented in a lab.

"They're citing something without any medical evidence," said Dr. Irving L. Weissman, director of Stanford University's stem cell institute.

Simpson, a supporter of stem cell research, said efforts to create "ethical" human embryonic stem cells would probably never satisfy all critics. Only successful stem cell-based therapies will be able do that, he said.

"I remember when IVF came along and there was tremendous opposition," he said, "and the opposition disappeared once the usefulness of the technique won people over."

Embryos Spared In Stem Cell Creation (USAT)

By Dan Vergano

USA Today, August 24, 2006

Researchers report today that they have found a way to create human stem cells from a single cell — without harming embryos.

But this discovery may not eliminate the concerns of those who have opposed stem cell research.

The alternative approach, reported in the journal Nature, relies on a fertility clinic method of diagnosing genetic diseases in embryos.

“We started this thinking it wasn't going to work, but it went surprisingly well,” says study lead author Robert Lanza of Advanced Cell Technology of Alameda, Calif. One of the most active and controversial players in the stem cell field, ACT is best known for announcing in 2001 that it had cloned a short-lived human embryo.

The alternative method is based on pre-implantation genetic diagnosis (PGD), which uses single cells taken from an eight- to 10-cell embryo to check for diseases. Minus the single cell, the embryos continue dividing normally and can be implanted into a mother's womb. About 1,500 babies have been born this way nationwide, Lanza says.

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Lanza's team started with 16 frozen embryos donated by fertility clinic patients and removed a single cell, or blastomere, from each one. From the blastomeres, they grew two cell colonies, or lines.

If the experiment is confirmed, the study authors hope it will offer an alternative to the standard technique for generating human embryonic stem cells, allowing them to be created as a side benefit of PGD performed now at a few fertility clinics. “It's not often that technology offers a solution to an ethical dilemma, but this could be one,” says bioethicist Ronald Green of Dartmouth's Ethics Institute, a member of ACT's unpaid research advisory panel.

University of Wisconsin researchers first isolated human embryonic stem cells in 1998. Biomedical researchers have long hoped the cells — capable of turning into nearly any tissue — could be grown into replacement organs for patients who have diseases such as diabetes and Parkinson's.

However, opponents of the research, such as Richard Doerflinger of the U.S. Council of Catholic Bishops, object to the destruction of embryos needed to create the cell lines. Citing such concerns, President Bush in 2001 limited federal funding of embryonic stem cell research to then-existing cell lines, fewer than two dozen in practice. In July, Bush vetoed a Senate bill that expanded spending.

“It is encouraging to see scientists at least making serious efforts to move away from research that involves the destruction of embryos,” White House spokeswoman Emily Lawrimore said in a prepared statement.

Stem cell scientists, such as Lawrence Goldstein of the University of California-San Diego, voiced muted enthusiasm for the alternative method.

“For scientists, it's a moderately important step forward,” Goldstein says. “Scientifically, it's good to have another source of embryonic stem cells.”

Among opponents, Doerflinger says by e-mail, the study “raises more ethical questions than it answers,” citing concern about the long-term health of children born through fertility treatments.

New Method Makes Embryo-Safe Stem Cells (WP)

By Rick Weiss

The Washington Post, August 24, 2006

Scientists have for the first time grown colonies of prized human embryonic stem cells using a technique that does not require the destruction of embryos, an advance that could significantly reshape the ethical and political debates that have long entangled the research.

The new work, described in today's issue of the journal Nature, shows that even a single cell plucked from an early human embryo can be coaxed to divide repeatedly in a laboratory dish and grow into a colony of stem cells, coveted for their potential to mend failing organs.

It is already common for fertility doctors to remove a single cell from a days-old embryo before transferring that embryo into a woman's womb -- part of a test to screen out embryos bearing genetic defects. Although the safety of the cell-removal process is still under study, there is no evidence that the procedure puts embryos at significant risk or that babies born from such "biopsied" embryos are abnormal in any way.

If scientists were to grow stem cell colonies from some of the single cells already being removed for genetic testing, scientists said, they could vastly increase the number of colonies for research without putting any embryos at added risk. Until now, researchers have isolated stem cells only from older embryos, which are inevitably destroyed in the process.

"I hope this will solve the political impasse and allow scientists to move on," said Robert Lanza, who led the research at Advanced Cell Technology (ACT) in Worcester, Mass.

Several experts said they, too, hope that Congress and President Bush will accept the approach as worthy of funding with taxpayer money, a source of support off-limits to research that harms embryos.

"You can honestly say this cell line is from an embryo that was in no way harmed or destroyed," said Ronald M. Green, director of Dartmouth College's Ethics Institute and chief of an ethics panel that ACT convened to assess the experiment before it was done.

But early reactions from others suggest it will not be that simple. Bush offered little encouragement yesterday and, if anything, raised the bar higher, suggesting he would not be comfortable unless embryos were not involved at all.

"Any use of human embryos for research purposes raises serious ethical concerns," said a statement released by the White House. ". . . The President is hopeful that with time scientists can find ways of deriving cells like those now derived from human embryos but without the need for using embryos."

Lanza and his team started eight months ago with 16 embryos donated by fertility clinic patients. Each embryo consisted of about eight cells. The researchers took not just one cell from each, but as many as they could get -- destroying some of the embryos and ending up with 91 cells.

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Kept in their own dishes with special nutrients, 53 of the cells began to divide and two formed robust colonies of what appear to be, by all tests, embryonic stem cells. ACT scientists have since turned some of the cells into blood vessels, retinal (eye) cells and other potentially useful tissues.

The process is inefficient, Lanza acknowledged -- and would probably be even more so if researchers were limited to taking just one cell per embryo. Moreover, the colonies were grown in mixtures containing animal ingredients, which can leave human stem cells too contaminated for use in medical therapies. The team is now developing non-animal nutrients.

But some experts raised more daunting concerns. Several questioned whether using an embryo's single biopsied cell for stem cell cultivation before doing the genetic testing -- a kind of testing that always destroys the cell, so it cannot be done first -- might put that cell at risk of dying before the crucial gene test is done.

Others expressed concern that the single cell removed from an eight-cell embryo might, under certain conditions, itself be capable of becoming an embryo and eventually a baby. If so, the destruction of the cell might violate the president's insistence that scientists not take what some consider a life to save a life.

Experiments have shown that some mammals can develop from a single cell taken from a four-cell embryo. But several scientists yesterday said no mammal has ever been grown from a single cell taken from an eight-cell embryo -- a more advanced stage of development in which each cell has already become somewhat specialized.

Richard Doerflinger of the U.S. Conference of Catholic Bishops said he is concerned that such a feat may nonetheless be possible. The new work, he said, "raises more ethical questions than it answers."

James F. Battey, chief of the stem cells task force at the National Institutes of Health, said that if a scientist were to apply for grant money to conduct studies like Lanza's, the agency would ask for a legal opinion from the general counsel for the Department of Health and Human Services.

Two issues would have to be considered. The first is whether the work would violate a 10-year-old rider on HHS appropriations that precludes the use of agency funding for research "in which a human embryo or embryos are destroyed, discarded or knowingly subjected to risk of injury or death."

Battey asked: "Where is the bar going to be set? I really don't know, but it's not a scientific call. It's a legal call."

The second question is whether the work violates Bush's ban on federal funding of research on any embryonic stem cells created after Aug. 9, 2001 -- a ban based on the presumption, true at the time, that all such research would require the destruction of embryos.

"Here it's a different derivation process, so it's unclear to me where the president's policy stands," Battey said.

John Gearhart, a stem cell researcher at Johns Hopkins Medical Institutions in Baltimore, said he was hopeful that Lanza's approach would prove fruitful. But he was frustrated, he said, by the fact that Bush's order and the congressional appropriations rider continue to keep federal researchers from a more immediately promising resource: embryos slated for destruction at fertility clinics.

"You have to remember that all this talk of protecting embryos is being done against the background of the routine throwing away of embryos" at clinics, Gearhart said.

Last month, Bush vetoed legislation that would have allowed federally funded scientists to study discarded embryos.

Never Enough On Stem Cells (LAT)

The Los Angeles Times, August 24, 2006

SCIENCE TOOK AN UNNECESSARY leap forward Wednesday. A Bay Area biotechnology company announced a breakthrough in stem cell research that could quell religious objections to such research and persuade the federal government to lift its restrictions on funding it. It's an impressive advance, but scientists — and society — would be better off if they could spend more time searching for ways to cure some of humankind's most debilitating diseases and less time trying to satisfy the demands of politics.

The biotech firm, Advanced Cell Technology, says it has found a way to create embryonic stem cells without destroying or damaging early-stage embryos, which is what many social conservatives object to. Yet those critics hardly seem satisfied with the new approach: The very word "embryonic" raises new objections from those who seek extraordinary and sometimes irrational restraints on stem cell research.

The technique developed by Advanced Cell Technology would work with fertilized eggs when they have divided into eight cells. One cell is then removed — something that's already done for genetic testing during in vitro fertilization; the other seven cells would remain a viable embryo. The harvested cell could be used for both stem cell research and genetic testing.

What could possibly be the objection? The National Catholic Bioethics Center has two, for starters. One is that the extracted cell has the potential to develop into an embryo. Never mind that those extracted cells aren't now developed into embryos when extracted for genetic testing or other uses.

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The other is that the embryo is undergoing a medical procedure — the extraction of one cell — not for its own benefit but for the cause of science. If the cell can also be used for genetic testing, however, it is being used for that embryo's benefit. And even if it is not, there are many other procedures — organ donation, for example — that do not benefit the host but are nonetheless viewed not only as acceptable but as moral.

The Catholic Bioethics Center, at least, offers more than objections, outlining a scenario under which stem cell research is acceptable. It involves the cloning of adult cells, then using genetic technology to tinker with the cell's nucleus so it has the potential to create embryonic-type stem cells that have no chance of being an embryo. Japanese scientists are working on similar research. But not all stem cell research opponents find this technique acceptable, if it ever proves feasible.

Laboratory advances that make stem cell research politically popular are welcome. But as Advanced Cell Technology has demonstrated, scientists have already gone to great lengths to answer political objections to their work. It's more important to focus stem cell research on saving lives, not on appeasing a minority of religious conservatives.

Could Walk-in Retail Clinics Help Slow Rising Health Costs? (USAT)

By Julie Schmit

USA Today, August 24, 2006

BLAINE, Minn. — At 10:50 a.m., Keri Krumm walks through a CVS/Pharmacy store here to MinuteClinic, a 100-square-foot room next to the pharmacy counter.

A nurse practitioner takes her name, inputs it into a computer and sees that Krumm visited a MinuteClinic before, is allergic to penicillin and has insurance. “What are you here for?” the nurse practitioner asks.

Krumm, 34, woke with red, itchy eyes and fears pinkeye. Nurse practitioner Carole Stranger checks her eyes, ears, neck glands and temperature and asks if she's fine otherwise. “No surprise. Pinkeye is what you've got,” Stranger says.

She prints an electronic prescription for eye drops, and Krumm walks 20 feet to get it filled. Krumm is in and out of the store within 20 minutes. Her insurance picks up the $49 visit. “I like that I can get in and out,” Krumm says.

Retail clinics like this one are spreading nationwide as more than a dozen clinic operators plan to open thousands in stores such as CVS, Wal-Mart, Walgreens and Kerr Drug.

The clinics, about 150 nationwide, provide convenient but limited service at a low cost. They treat common ailments only — such as strep throat, ear infections and allergies — and offer an alternative to packed doctors' offices and pricey emergency rooms.

Some doctors warn that patients won't get top-notch care at the clinics. Others say they fill a need, especially on nights and weekends, when doctors' offices are closed.

“This really can be part of improving health care,” says MinuteClinic CEO Michael Howe, former CEO of Arby's.

Krumm and her insurer benefited from her MinuteClinic visit. Krumm is insured through Twin City Pipe Trades, which manages benefits for 6,500 workers in the Minneapolis area. It charges the insured a $15 co-pay for doctor visits but waives co-pays for MinuteClinic visits because they cost Twin City Pipe Trades at least 30% less than regular doctor visits, says Jim Heinz, executive administrator.

While the clinics vary by company, most treat 25 to 40 medical conditions and charge $45 to $75 a visit. MinuteClinic pioneered the industry in 2000. It has the most clinics, 87, and is being bought by CVS.

HealthPartners, a Minnesota-based health maintenance organization, analyzed two years of MinuteClinic claims data and found total costs about 25% less for MinuteClinic treatments compared with those done at doctors' offices or urgent-care clinics. Prescription costs were $3 higher for MinuteClinic clients. That may result from higher prices at store pharmacies, more prescriptions or less use of generic drugs, HealthPartners says.

The clinics save even more if they keep patients out of emergency rooms, which can cost hundreds of dollars per visit, and which frequently treat the uninsured. Three weeks before her MinuteClinic visit, Krumm had waited four hours in an emergency room in rural Michigan with pinkeye. She expects to pay $120, a fifth of the bill.

Most clinics do or will take insurance, are walk-in and are open evenings and weekends. They advertise short waits and 15-minute exams, and some give out pagers so clients can shop while waiting. Prices are posted — at MinuteClinic, on an electronic sign, as in a fast-food restaurant.

Bigger clinics look like doctors' offices, with waiting rooms and exam tables. Smaller ones have just chairs. In most clinics, exams don't require disrobing. Patient records are electronic.

Nurse practitioners — nurses with advanced degrees who can write prescriptions — staff most clinics. They reduce costs because they make, on average, less than half of what family doctors make.

At MinuteClinic, the NPs — who most often work alone — not only diagnose ailments but also input computer data, process payments, dispense tip sheets on how to avoid future illness and send patients thank-you notes.

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If clinics cannot treat someone because an ailment is too serious, such as bronchitis that's advanced to pneumonia, most clinics refer clients free of charge to a local doctor or emergency room. Clinic operators say they refer out about 10% of clients.

The retail clinic threat is already sparking change. Several health care providers, including AtlantiCare, the biggest in southeastern New Jersey, are opening their own limited-service clinics in stores.

The American Academy of Family Physicians recently encouraged its 94,000 doctors to expand office hours and same-day appointments. “Hopefully, we'll be able to compete,” says Larry Fields, a physician and head of the AAFP.

The retail clinic industry has powerful drivers beyond cost savings, including:

·Convenience. Morgan Church, 42, had a small wart on his hand frozen off at a MinuteClinic in downtown Minneapolis on his lunch hour. “I didn't want to go through the hassle of making an appointment with my doctor,” he says.

Church walked three blocks to MinuteClinic and was in and out within 30 minutes — less time than it would have taken to drive to and from his doctor's office.

“The problem we're solving is an access problem,” says Peter Miller, CEO of Take Care Health Systems. It opened its first clinic in fall, has 23 in Portland, Ore., Kansas City and St. Louis and plans to open 1,400 by 2009.

·Competitive retailers. Several dozen retailers have clinics or plan to have them. Wal-Mart, the No. 1 retailer, expects to have 50 in stores by 2007 and will then decide whether to spread them nationwide .

The clinics give customers another reason to choose their store over others, retailers say.

“This isn't about prescriptions,” says CVS CEO Tom Ryan, noting that 40% of MinuteClinic clients don't get prescriptions. Still, they add up. Profit margins on general merchandise often run less than 5% but often top 16% on prescriptions, says Mary Kate Scott, who recently wrote a report on retail clinics for the California HealthCare Foundation.

So far, only MinuteClinic has been snapped up by a pharmacy chain.

The clinics boast exceptional consumer satisfaction. Twin City Pipe Trades' Heinz says he hasn't received one complaint regarding MinuteClinic in five years. “That's unusual,” he says. In the past year, at least 750 members or beneficiaries used the clinics.

Clinic operators carry medical malpractice insurance. But none of the leaders that have been open the longest — MinuteClinic, Take Care and RediClinic — have ever faced a claim, they say.

While there is always room for error in diagnosing illness, clinic operators say there is little that can go wrong.

The ailments the clinics treat are common and relatively minor. Nurse practitioners have at least six years of schooling and use proprietary software that helps them examine and question patients.

The clinics have lists of specialists and primary care doctors, should clients need them. If patients agree, clinics send a record of the visit to their regular doctors to help ensure continuity of care.

State law governs doctor involvement in retail clinics. Texas has a stringent law requiring doctors on site 20% of the time; 22 states don't require doctor oversight of nurse practitioners at all. California allows one doctor to supervise, via phone, up to four nurse practitioners and two physician assistants at a time. They also can staff clinics and write prescriptions.

Even without doctors on site, good retail clinics may face more oversight and be more thorough than physicians in many small practices, says Lee Sacks, a physician and president of Advocate Health Partners, a network of almost 3,000 doctors.

Take Care plans to open 20 Chicago-area clinics this fall. In addition to providing a list of doctors for referrals, Advocate Health doctors will review 10% of Take Care patient charts and visit each clinic once a month, Sacks says.

Clinic operators know they'll be under a microscope until they've been around long enough to gain widespread respect.

Fields of the AAFP says retail clinics might be more prone to missing signs of illness than a doctor who sees a patient regularly and knows that person's medical history. The clinics also rely on patients to tell them what drugs they're taking, and some patients don't know, Fields says.

“Hopefully, (the clinics) will do no harm and will help some people,” says Fields. “It's just too soon to say.”

The Flawless Fed (WSJ)

By Arthur B. Laffer

The Wall Street Journal, August 24, 2006

You'd have to dig pretty far down in the duffle bag of economists to find one who actually believes in the Philips Curve -- the idea that rapid growth causes inflation. In truth, rapid growth in conjunction with restrained monetary base growth is a surefire prescription for stable low inflation. The old saw that too much money chasing too few goods results in inflation couldn't be more accurate. But rapid growth does have predictable consequences on the relative prices of various products.

Prices of goods in fixed supply do tend to rise relative to all prices as the global economy accelerates. In the short run, increases in demand for products in relatively fixed supply result in higher prices rather than more output. And, of course, those products that are typically in fixed supply include commodities such as oil, gold, copper and agricultural products. But to confuse

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an increase in commodity prices with general inflation is a serious mistake, one which often seduces otherwise clear-thinking economists.

The influence of rapid growth on the relative prices of goods in fixed supply can be magnified by an unrelated decline in the value of the U.S. dollar in the foreign exchanges. We have seen just such a decline in recent years, and it was dramatic. Those products whose prices are disproportionately affected by world growth are generally the same products whose relative prices are increased by currency depreciation. And the dollar's depreciation has occurred in this cycle at the same time when the world has enjoyed an unprecedented boom. This convergence has exaggerated the appearance of nascent inflation and encouraged faulty thinking.

Since its most recent January 2002 peak against the euro, the dollar has depreciated against the euro by 34%. This means that over this time period, dollar prices of globally traded products have risen by 34% above and beyond the increase in euro prices. This dollar decline-induced increase in commodity prices merely reflects the movings to and fro of the U.S. terms of trade in response to the relative attractiveness of U.S. capital markets.

With today's U.S. global capital surplus (i.e., trade deficit) equaling almost 6% of U.S. GDP -- an all-time high -- it's only natural that with improving economic conditions abroad, global investors would allocate more of their assets to foreign investments. Hence, the decline in the dollar. Over the years we've seen this type of currency move time and again. From 1978 to 1985, the foreign exchange value of the dollar doubled in response to the tax cuts and sound money of Ronald Reagan and Paul Volcker; then, from 1985 to 1993, with the end of the Reagan era and George Bush's and Bill Clinton's original tax increases, it halved back to about where it was in 1978; finally, from 1993 through 2002, the dollar once again appreciated back to its former highs because of the great economics of Presidents Bill Clinton and George W. Bush.

Whenever the dollar bottoms, it tends to bottom out at a value about where it is today. Likewise, when the dollar hits its highs, those highs are just about right in the range of the high the dollar achieved in 2002. But the recent dollar decline has doubled down on spot commodity price inflation. The global economic expansion and the sharp decline of the dollar account for all of the recent appearance of emerging inflation.

Fortunately, for the prospects for future dollar inflation, further declines in the dollar are not very likely and future world growth will taper off. But far more important for the future of inflation than these transitory phenomena is the absolutely stellar policy of the Federal Reserve in controlling the rate of growth of the monetary base. Fed policy couldn't be better.

The Fed's primary policy instrument is its control over the monetary base, which is comprised of currency in circulation and member bank reserves. The Fed creates a lot of hoopla making pronouncements about targeting the federal funds rate, but the long and the short of it is that the Fed is neither a borrower nor a lender in the federal funds market. In times past, the Fed did use the discount rate and loans through the discount window as a policy tool, but no longer. Changes in the federal funds target rate are basically a reaction to changes in the 91-day Treasury bill yield and not a signal of prospective policy. The monetary base, however, is the key to Fed policy and future inflation.

It is here where the Fed has deliberatively and purposively kept the reins on inflation during a rather turbulent time. The Fed not only avoided a massive financial catastrophe in the aftermath of the 9/11 attacks, but has also maintained tight control over the monetary base as the economy strengthened and the dollar fell. In the nearby chart is a plot of the log of the monetary base since early 2001. The spike in the monetary base circa Sept. 11, 2001, reflects the Fed's wisdom to discount freely in times of crisis and then remove that excess monetary base when the crisis is over to avoid inflation.

Post-9/11, the Fed has gradually lowered the growth rate of the monetary base to offset any tendencies for inflation to get a foothold as the dollar fell and world growth surged. The job the Fed has done has been flawless, nothing short of amazing. Walter Bagehot would have been impressed were he alive today. And the financial markets know it.

The bond market is the best place to look for overall expectations of inflation and nominal yields out into the future. Because of the creditworthiness of the U.S. Treasury, 10-year U.S. note yields reflect the market's risk-free expected nominal yield over the coming 10 years. The expected nominal yield is the expected real yield plus the expected rate of inflation.

Fortunately, the Treasury has over the recent past begun to issue an instrument called the Treasury Inflation-Protected Security (TIPS) in a wide range of maturities including a 10-year note. The yield on this TIPS note is for all practical purposes the expected real yield over the horizon of the maturity of the note. To calculate the market's expectations of inflation over the coming 10 years, one need only subtract the TIPS yield from the nominal yield. In the second nearby chart I've plotted all three -- the nominal yield, the TIPS yield and the expected rate of inflation. As is clear, over the past three years there has been no upswing in the market's expectations of inflation.

Markets aren't so dumb after all.

Mr. Laffer is founder and chairman of Laffer Associates.

An Honor And A Boon For Nine Nonprofits (WP)

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By Judy Sarasohn
The Washington Post, August 24, 2006
Genius awards for nonprofits?

The John D. and Catherine T. MacArthur Foundation , known for the fellowship program in which it gives $500,000 to individuals in many fields, has created a similar prize for nonprofit organizations. The prizes for nonprofits were given today to nine groups, including a reconstituted D.C. organization now known as Knowledge Ecology International .

That group, formerly the Ralph Nader -affiliated Consumer Project on Technology, pushes the United States and the international community to overcome patent and other intellectual property rights hurdles to make drugs to fight AIDS and other diseases available in poor countries.

"This small, effective and agile team of professionals . . . has played a key role in major international debates on intellectual property, including helping to pave the way for making essential medicines more available and affordable in developing countries," the foundation said.

James Love , who leads KEI, says the group is going to push for legislation in Congress next year to drive down the price of drugs by changing how research and development are financed. The goal would be for development to be based on drugs' potential health benefits, not on their potential market value. If this "new paradigm" is successful with the U.S. pharmaceutical industry, Love says, the impact would be felt internationally as well. The legislation is to be sponsored by Rep. Bernard Sanders (I-Vt.).

"We're going to make a run [in Congress] on this new idea," he said yesterday. The lobbying focus, he said, will probably be on trying to develop a citizens movement similar to the one that supported importing less-pricey Canadian drugs.

KEI received $500,000 from the MacArthur Foundation to help with start-up costs associated with becoming an independent nonprofit.

Love said he was recruited by Nader in 1990. Over time, Love said, his organization has become more focused on intellectual property and international issues than Nader is. "We wanted to have a bit more of our own culture," Love said of the decision to reconstitute the group.

MacArthur Foundation President Jonathan F. Fanton said the awards, from $250,000 to $500,000, were designed to bring visibility and assistance to creative and effective nonprofits "at a moment when a significant grant will help."

Also receiving awards today are the Chicago Rehab Network, which works on preserving affordable housing; the North Lawndale Employment Network of Chicago, which helps formerly incarcerated people to get jobs; RealBenefits of Boston, a Web-based service that helps poor people seek public assistance; and nonprofits in Nigeria, Mexico, Russia, Peru and India.Ledger of Lobbyists' Spending

Lobbying expenditure reports, which were due to Congress on Aug. 14, are starting to come in, and PoliticalMoneyLine, which follows lobbying and campaign money, has found some interesting ones. And despite lobbying scandals and tight corporate budgets, it seems there's always money to lobby.

According to PoliticalMoneyLine, the U.S. Telecom Association reported spending $15.28 million on lobbying during the first six months of 2006, up from $5.34 million for the last six months of 2005. The U.S. Chamber of Commerce spent $14.3 million, up from $10.54 million in the last six months of 2005, although its Institute for Legal Reform dropped to $9.22 million from $10.25 million.

Freddie Mac's spending on lobbying, however, dropped 20 percent. It spent nearly $4.25 million in the first six months of this year, compared with $5.3 million for the last six months of 2005. Fannie Mae reported a small increase to $5.28 million.

PoliticalMoneyLine's Kent Cooper noted that these lobby reports are not required to include costs for issue ads and certain other expenses often associated with lobby campaigns.Here and There

Moving about town . . . Andrew Gray , formerly communications director for the Senate Banking, Housing and Urban Affairs Committee under the chairmanship of Sen. Richard Shelby (R-Ala.), has joined Ogilvy Public Relations Worldwide . Gray had also been deputy press secretary for Shelby.

The National Association of Manufacturers has signed on Jeri Gillespie as vice president of human resources policy. Gillespie was director of government affairs for NCR Corp.

Jefferson Consulting Group has picked up Timothy Coffin as a vice president. Coffin founded Celtic Consulting , helping clients get business from the Homeland Security and Defense departments, as well as the intelligence community.

Alaska Gov. Murkowski Finishes Third In Republican Primary (WP/AP)

By Matt Volz
The Washington Post, August 24, 2006

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ANCHORAGE, Aug. 23 -- Alaska Gov. Frank Murkowski, whose missteps over the past four years have turned him into one of the most unpopular governors in state history, soundly lost his bid for reelection, finishing last in a three-way race for the Republican nomination.

With 87 percent of precincts reporting, Sarah Palin, a former Wasilla mayor, won the GOP nomination with 51 percent of the vote. Former state legislator John Binkley came in second with 30 percent. Murkowski polled just 19 percent.

Palin will next face Tony Knowles, a former two-term governor. Knowles handily won the Democratic primary with 74 percent of the vote, beating state Rep. Eric Croft.

Elections also were held Tuesday in Wyoming, where incumbent Dave Freudenthal easily won the Democratic gubernatorial primary, and in Oklahoma, where three-term Lt. Gov. Mary Fallin won the Republican nomination in District 5 in her bid to become the state's first female member of Congress since 1920.

Alaska voters were leaning toward adopting a $50-per-person tax on cruise ship passengers. Proponents want the industry to pay more for improving ports and other visitor services. With 87 percent of precincts reporting, 52 percent of Alaskans had voted for the tax and 48 percent against it.

Murkowski, 73, sought to make the primary a referendum on his proposal to build a $25 billion natural gas pipeline to Canada, calling the project "the greatest significant event since statehood."

His approval ratings have skidded over the past four years because of much-criticized decisions. They include appointing his daughter to his Senate seat and buying a state jet after his request for the aircraft was denied by the federal government and the state legislature.

In Oklahoma, Fallin easily won the Republican nomination Tuesday in the race for the U.S. House seat being vacated by Rep. Ernest Istook.

Fallin defeated Oklahoma City Mayor Mick Cornett, and she will be favored in the general election against Democrat David Hunter and independent Matthew Horton Woodson. All three hope to replace Istook, a Republican running for governor after seven terms in Congress.

Fallin was the first woman and first Republican to be elected lieutenant governor.

In Wyoming, Freudenthal handily defeated challenger Al Hamburg for the Democratic gubernatorial nomination. Freudenthal received 89 percent of the vote against Hamburg, a retired house painter whose 1989 conviction for election fraud would have prevented him from holding office if he had won.

Freudenthal will face Ray Hunkins, a lawyer and rancher, who also was an easy winner on the Republican side. And Republican Barbara Cubin, who holds Wyoming's lone U.S. House seat, held off a primary challenge from Bill Winney, a retired naval officer.

Alaska Governor's Defeat Latest Sign Of Surly Electorate (USAT)

By Kathy Kiely

USA Today, August 24, 2006

WASHINGTON — Alaska Gov. Frank Murkowski's defeat in his state's Republican primary is the latest sign that incumbents are facing tougher races than usual, political analysts said Wednesday.

Murkowski got 19% of the vote Tuesday, placing last in a three-way race. His loss sets up a fall contest between Republican Sarah Palin, 42, the former mayor of Wasilla, and Democrat Tony Knowles, 63, who held the governor's seat for two terms from 1994-2002.

Murkowski was burdened by a number of controversies of his own making, including his decision to appoint his daughter, Lisa Murkowski, to succeed him in the U.S. Senate. Even so, the decisiveness of his defeat is an indication of the “surly” mood of the voters, according to Jennifer Duffy, an analyst with the non-partisan Cook Political Report.

“Generally speaking, incumbents get the benefit of the doubt from voters,” Duffy said. “They're not getting it this time.”

Governors having tight races include:

·Jim Doyle of Wisconsin: Watchdog group Common Cause has accused Doyle, a Democrat, of steering state contracts to campaign contributors. In a June Strategic Vision poll, the race was deadlocked with 45% for Doyle and 46% for his Republican opponent, Rep. Mark Green. Doyle has since opened a lead on Green.

·Robert Ehrlich of Maryland: He's a Republican seeking re-election in a state where Democrats hold a nearly 2-to-1 registration edge. In a June poll for The Washington Post, his opponent, Baltimore Mayor Martin O'Malley led 50%-41%. They are now about even.

·Jennifer Granholm of Michigan: She's a Democrat struggling against a tide of bad economic news in a state that depends on the auto industry for jobs. In a June poll for The Detroit News, Republican Dick DeVos, led 48%-40%. Granholm now leads by about the same margin.

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Murkowski is the fourth prominent elected official to suffer a primary defeat recently. The others are Sen. Joe Lieberman, D-Conn., and Reps. Cynthia McKinney, D-Ga., and Joe Schwartz, R-Mich.

The voters' message in Alaska was "spare us the petty, personal nitpicking that I think people all across America are sick and tired of," Palin said in an interview. She said she won the race despite being outspent nearly 4-to-1 because she presented "a new vision" and defied political orthodoxy, including her own party's. "I didn't solicit any special interest money," she said.

Murkowski came under fire for a controversial proposed natural gas pipeline contract and for his effort to end a "longevity bonus" that provided up to $250 a month for senior citizens in Alaska.

Both Palin and Pat Ginsburg, the communications director for Knowles, predicted a close race this fall. Ginsburg called Palin a "formidable" campaigner but predicted that Alaskans will opt for "the real experience" represented by Knowles, who narrowly lost a Senate race to Lisa Murkowski in 2004.

"He will be a tough competitor," Palin said of Knowles.

The key person in the race could turn out to be Andrew Halcro, 41, a centrist Republican who is running for governor as an independent. Carl Shepro, a political scientist at the University of Alaska, said Halcro, a former state representative and Avis executive, "could swing the election to Knowles."

But he added, "Sarah Palin surprised a lot of people."

Governor Finishes Third In Alaska G.O.P. Primary (NYT)

By William Yardley

The New York Times, August 24, 2006

ANCHORAGE, Aug. 23 — Gov. Frank H. Murkowski was decisively defeated in a Republican primary on Tuesday, a loss the governor interpreted as a rejection of his leadership style but one that also echoed an anti-incumbent mood elsewhere in the country.

Mr. Murkowski, 73, a former United States senator who left Washington in his fourth term to run for governor in 2002, won 19 percent of the vote in his bid for a second term, placing third in a three-way race, according to partial results released Wednesday.

Sarah Palin, 42, a former mayor of the little town of Wasilla who rose to prominence as a whistle-blower uncovering ethical misconduct in state government, won the nomination for governor with 51 percent of the vote.

John Binkley, a former state senator, received 30 percent. Mr. Murkowski promised to support Ms. Palin in November, when she faces former Gov. Tony Knowles, a Democrat who left office in 2002 because of term limits. Mr. Knowles, who made an unsuccessful bid for the United States Senate two years ago, won the Democratic primary with 69 percent of the vote.

In a brief interview on Tuesday night, after having told supporters at his campaign headquarters that he would concede, Mr. Murkowski suggested that his style in the Senate, where he unsuccessfully fought to open the Arctic National Wildlife Refuge to oil and natural gas exploration and to expand logging in Tongass National Forest, had not translated well to the state capital.

"Maybe they just weren't used to somebody who calls them as he sees them," he said of the voters who rejected him.

The dominant policy debate of the Republican primary centered on the longstanding goal of building a pipeline for natural gas from the North Slope into Canada, a development that many people here say is critical for the state's economy as oil production declines.

"It has to be pushed hard," Ms. Palin said in an interview. "It is the future of the Alaska economy. But we have to have a shift of emphasis."

While Mr. Murkowski's defeat suggested a rejection of his plan, which would give generous incentives to oil companies that invest in the pipeline, many people linked the loss more closely to the governor's brazen ways and missteps.

Several moves cost him support. He appointed his daughter Lisa to complete his Senate term. He eliminated a "longevity bonus" for the elderly that had been intended to keep them from leaving the state.

He proposed taking money from a reserve account financed by oil taxes to balance the budget. And, after state and federal agencies rejected his efforts to buy a jet for the use of the governor's office, he took out a line of credit from a bank and bought the plane anyway.

Dennis Fradley, a chief of staff in Mr. Murkowski's Senate office in the 80's and his communications director as governor, noted that two other longtime lawmakers in Alaska lost state legislative races on Tuesday.

"I don't know if it was 'throw all the rascals out,' but I do think it's wanting new faces," Mr. Fradley said. "I think his timing couldn't have been worse that way. He was giving people a reason at the same time people were giving less weight to seniority and history."

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The governor did not announce his re-election bid until late May, a fact that aides said hurt his fund-raising and limited their ability to polish his image. In the short summer campaign, Mr. Murkowski appeared in television commercials in a confessional mode, suggesting in one that he might need a "personality transplant."

Senator Lisa Murkowski, who won a full term in 2004, noted that new residents had flooded Alaska since her father and the state's two other Republican giants, Senator Ted Stevens and Representative Don Young, were first elected decades ago.

"They're brand new," Ms. Murkowski, 49, said. "They're seeing these older people leading the state, and they're saying, 'Hey, I want some new blood.' And I think Sarah was that fresh face."

Stephen Haycox, a professor of history at the University of Alaska, Anchorage, and the author of "Frigid Embrace: Politics, Economics and Environment in Alaska," said Mr. Murkowski's defeat was a manifestation of a developing pattern. "I think the sense that change is desirable is a transcendent theme," Professor Haycox said.

Paul Pierson, a professor of political science at the University of California, Berkeley, said Mr. Murkowski's loss, while rooted in local issues, might show something broader about voters as polls show high disapproval over how some incumbents handle issues like the Iraq war.

"That seems like the link that would be worth exploring," Professor Pierson said, "that people are in a sour mood and they're willing to look beyond the presumption they would usually give incumbents."

Alaska Primary Reflects Unease With Incumbents (WSJ)

By Christopher Cooper

The Wall Street Journal, August 24, 2006

In another sign of voter dissatisfaction with political incumbents seeking re-election, Alaska Gov. Frank Murkowski failed to win his party's nomination in Tuesday's primary.

Mr. Murkowski's 18.9% of the Republican vote and distant third-place finish mirrored his showing in recent voter surveys, and his defeat -- which followed some contentious actions during his term -- wasn't unexpected. But in what may be an Election Day bellwether, Mr. Murkowski's loss follows the defeats of several Republican incumbents in Pennsylvania and Indiana primaries. It also appears to track the current political fortunes of a handful of other governors who face tough races.

Public unease with the Republican-dominated White House and Congress is driving voter revolts in many areas of the country, but Mr. Murkowski's problems were rooted in a local issue: his drive for a 2,200-mile natural-gas pipeline from Alaska's North Slope to Alberta, Canada, and perhaps on to Chicago. The project would put Alaska in a venture with BP PLC, ConocoPhillips and Exxon Mobil Corp., and critics said Mr. Murkowski was ceding too much to the companies and not getting enough in return. Discontent with the deal, coupled with anger over the shutdown for overdue maintenance of a BP oil pipeline -- and the subsequent loss of state tax revenue -- drove Mr. Murkowski's shaky standing with voters even lower. (See related article.1)

The Republican primary winner with 51.1% of the vote, Sarah Palin, a former small-town mayor, will square off against former Democratic Gov. Tony Knowles in November. Most current polls favor Mr. Knowles.

Tight races also are shaping up for Democratic governors in Oregon, Michigan and Wisconsin and the Republican incumbent in Maryland. None, however, are likely to end in a pronounced defeat like Mr. Murkowski's.

Political experts say that while local issues are at the root of many tight gubernatorial races, a general unease among voters that begins at the White House and trickles all the way down to local legislative districts could eliminate the traditional edge incumbents have over rivals. In Michigan, one issue that is making the race a close one is jobs -- or the lack of them. In Pennsylvania, voter anger over legislative pay raises helped defeat a number of longtime incumbents, while in Indiana, a debate over a toll road seemed to be the trigger for voter ire.

Tim Storey, a political analyst with the nonpartisan National Conference of State Legislatures, said that while Mr. Murkowski's troubles probably stemmed more from local issues than national ones, the general rule in off-year elections is that the party in control of the White House often suffers across the board when voters show significant dissatisfaction with the president's performance. But incumbents of all political stripes should cast a wary eye on national polling, and particularly right track/wrong track numbers, which he said currently show an unusually high amount of voter dissatisfaction.

"There's anxiety among voters and that can never be good news for incumbents," Mr. Storey said." I think it will be a tough year for incumbents."

And if incumbents are in trouble, it's Democrats who are likely to see the biggest benefit. Stuart Rothenberg, a nonpartisan political analyst, expects Democrats to see net gains in governors' races nationwide, in large part because Republicans have more of them to defend this fall. Nationally, 36 governors are defending their seats in November; 22 of them are Republican.

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In a recent national analysis of election trends at the state level, Mr. Rothenberg wrote that Democrats could gain five to seven seats, falling short of the 10 governorships Republicans picked up in 1994, when their party posted a sweep of victories at the state and national levels.

Lieberman Certified To Appear On Ballot (AP-Y)

By Susan Haigh

AP, August 24, 2006

U.S. Sen. Joe Lieberman, who relaunched his campaign as an independent after losing the Democratic primary, has enough valid voter signatures to secure a spot on the November ballot, the secretary of the state announced Wednesday.

Lieberman far exceeded the 7,500 signatures necessary to be certified as a third-party candidate, Secretary of the State Susan Bysiewicz said.

His name will appear on the general election ballot under his newly created party, Connecticut for Lieberman. By creating the party, Lieberman secured a position higher on the ballot than he would have had as an independent.

"We are happy to have cleared this hurdle, so we can focus on bringing people together in Connecticut for a new politics of unity and purpose," said Dan Gerstein, Lieberman's campaign spokesman.

Lieberman lost the Aug. 8 Democratic primary to Ned Lamont, a Greenwich businessman who criticized Lieberman for his support of the Iraq war and perceived closeness to President Bush. Lamont's 10,000-vote victory was seen as a referendum on an unpopular war.

The day after the primary, Lieberman submitted petitions to create his own political party and appear on the ballot along with Lamont and Republican Alan Schlesinger.

Lieberman says he would still vote with Democrats if elected to a fourth term.

Lamont's campaign manager, Tom Swan, said he was "confident that our message of change will trump his stay-the-course message in November."

National Democrats came out in support of Lamont shortly after the election.

The United Auto Workers endorsed Lamont on Wednesday, a day after representatives of about other 20 union locals held a rally for Lieberman.

The UAW's political action committee offered Lamont $5,000 Wednesday, but the multimillionaire said he is not accepting PAC contributions. UAW regional director Bob Madore promised him 5,000 volunteers instead. The UAW has about 20,000 active and retired members in Connecticut.

Lieberman is accepting PAC contributions.

An American Research Group poll released Tuesday showed Lieberman and Lamont about even among likely voters, with Lieberman receiving 44 percent of the vote, Lamont 42 percent and Schlesinger 3 percent. Last week, a Quinnipiac University poll showed Lieberman leading Lamont by 12 percentage points among likely voters.

Liberman's new political party will appear on the ballot after the two major parties and several existing third parties that have run candidates in the past.

Green Party candidate Ralph A. Ferrucci and Concerned Citizens candidate Timothy A. Knibbs were both approved for the ballot Wednesday. Their parties must submit an official endorsement of their candidates by Sept. 13. Bysiewicz said signatures are still being verified for the Independent Party of Connecticut.

Lieberman Turns Defense Of Iraq War Into An Offense (NYT)

By Jennifer Medina

The New York Times, August 24, 2006

HARTFORD, Aug. 23 — When Senator Joseph I. Lieberman battled Ned Lamont in the Democratic primary earlier this month, he frequently tried to avoid speaking about the war in Iraq. And when he did discuss it, his remarks were typically limited to defending his steadfast support for the war against Mr. Lamont, who derided him as a cheerleader for Bush administration policies.

But since losing the primary, Mr. Lieberman has said that he allowed Mr. Lamont to distort his record. Now, as he builds his campaign as an independent candidate, Mr. Lieberman is speaking more forcefully and in starker detail about why he believes the United States must remain militarily engaged in Iraq.

And he is painting a dire picture of what will happen if American forces are withdrawn too quickly: civil war in Iraq, skyrocketing oil prices, an emboldened Iran and expanding Islamic terrorism.

In an interview with Don Imus on Wednesday, for instance, Mr. Lieberman said that setting a timeline for troop withdrawal — a position favored by Mr. Lamont and several other Democrats — would create a situation “infinitely worse.”

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"It will be an all-out civil war," Mr. Lieberman said. "The Iranians will rush in and control probably at least the southern part of Iraq. The terrorists will establish safe havens there from which they will attack other Arab countries and us and that's worse than where we are now."

The statements echoed those Mr. Lieberman made a day earlier, in an interview with a conservative radio talk show host, Glenn Beck, who repeatedly called Mr. Lieberman a friend and vowed to support him.

During that interview, Mr. Lieberman seemed to agree with Mr. Beck that the struggle against "Islamist terrorists" was similar to the campaign to contain fascism on the eve of World War II. During that interview, Mr. Beck said that invading Iraq on the basis of a perceived threat of weapons of mass destruction was a "nice side benefit," but that the broader goal was to "go and pop the head of the snake in Iran."

"I don't think anybody had the courage or could actually come out and say that with world politics the way they are," Mr. Beck added.

Mr. Lieberman responded: "Well, you're right. And I think if I fault the administration for anything before the war — because I think we did the right thing in going in to overthrow Saddam — it's that they oversold the W.M.D. part of the argument."

Mr. Lieberman's stronger comments about Iraq and the Middle East seem a reflection of his desire to win over independents and Republicans who are considered more likely to support Mr. Bush and the war than Democratic primary voters.

The senator's aides, who did not alert reporters to his appearance on Mr. Beck's program, say his recent remarks simply expressed long-held positions. They also noted that Mr. Lieberman has criticized the Bush administration for its handling of the war and said on Sunday that Defense Secretary Donald H. Rumsfeld should resign.

"He is saying clearly what he believes," said Dan Gerstein, Mr. Lieberman's communications director. "This is a very legitimate difference in their approach to policy, that reflects their experience and understanding of the threat."

Mr. Lamont has been quick to pounce on Mr. Lieberman's strong comments about Iraq, saying that the incumbent continues to advocate a "stay the course" position on the war and is "out of step with Connecticut voters."

"If we really want the Iraqi government to succeed, we need to begin to bring our troops home so our military will not be a crutch and so that the Iraqis will take responsibility for their own security and their own future," Mr. Lamont said in a statement Wednesday.

Mr. Lamont also criticized Mr. Lieberman for his explanation of why the United States initially invaded Iraq, saying that he was muddying the waters.

"Given his recent comments, it's becoming less and less clear what Joe really believes our mission is in Iraq, why he supported the war, and more and more clear that he has no plan to get us out," Mr. Lamont's statement said.

Allen Calls Webb Aide, Apologizes For Remark (WP)

By Michael D. Shear And Tim Craig

The Washington Post, August 24, 2006

Virginia Sen. George Allen apologized directly to S.R. Sidarth yesterday, telling the 20-year-old Democratic campaign staffer that he was sorry for offending him with remarks that have generated nationwide criticism for being racially insensitive.

Allen's telephone call to Sidarth was the first direct contact between the two since Allen (R) was caught by Sidarth's video camera calling him a "macaca" and welcoming the Fairfax native to "America and the real world of Virginia."

Sidarth said Allen told him that the apology was "from his heart."

"His main point was he was sorry he offended me," Sidarth, a fourth-year University of Virginia student, said in an interview later. "He realized how much he offended me from the comments I made in the media."

The call followed a series of public mea culpas , including one heard across the country Tuesday on a conservative radio talk show hosted by commentator Sean Hannity.

"I take full responsibility. I'm not offering any excuses because I said it, and no one else said it," a somber-sounding Allen told Hannity's audience of more than 12 million listeners. "It's a mistake. I apologize, and from my heart, I'm very, very sorry for it."

Allen also apologized Tuesday at the Greenspring Village retirement community in Springfield, saying "from the deepest part of my heart, I'm sorry and I will do better."

The term "macaca" refers to a genus of monkey and is considered an ethnic slur in some cultures. After Democratic challenger James Webb's campaign posted Sidarth's video on the Internet, the incident became national news and has left Allen on the defensive. The senator had issued a public apology and had said he was sorry at other recent events. Political observers said Allen appears to be trying to put the controversy behind him with more fervent expressions of regret.

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But even as he did so, about 50 Democratic activists protested outside a Fairfax County fundraiser for Allen headlined by President Bush. As Bush arrived in Virginia last night, Democrats waved signs that included phrases such as "Hey, George, macaca is a bad word." About the same number of Allen supporters offered signs saying "We love George. We support you."

As the senator was apologizing, his campaign manager continued to blame Webb, the media and the senator's "leftist" foes for the controversy.

"It's great to have the president in Virginia, raising substantial amounts of money so we can fight off the scurrilous attacks by our opponent and his leftist allies," campaign manager Dick Wadhams said in an interview.

Last weekend, Wadhams sent a memo to GOP supporters in which he accused the media of creating a "feeding frenzy" over the incident and called it a "desperate attempt to revive a campaign that was fast-sinking -- the Webb campaign."

Asked whether that message is consistent with Allen's apologies, Wadhams said, "I think the memo speaks for itself."

Charlie Cook, editor of the Cook Political Report, said the Allen campaign is pursuing a two-pronged strategy aimed at convincing some voters that Allen is sorry while motivating his base with attacks against liberals and the media.

"They need a better foil," Cook said. "They need to shift this into 'We're the persecuted.' It was a very, very calculated move."

Mark Rozell, a politics professor at George Mason University, said the comments by Wadhams and Allen are "completely inconsistent" but are part of "a well-thought-through strategy to speak to different audiences."

Rozell said Allen's campaign has probably seen polling data that suggest he is losing support in Virginia, where he is fighting for a second term, and nationally, where he might run for president in 2008.

"The fact that the senator has been so profusely apologetic suggests that he and his campaign strategists know that this incident has really hurt him," Rozell said.

Sidarth, who had been assigned by the Webb campaign to follow Allen on a swing through Southwest Virginia, said he asked Allen why it took him so long to apologize personally.

Allen said he had expected to see Sidarth on the campaign trail again and had wanted to apologize in person, Sidarth and Wadhams said.

"I still have some questions about why it took so long, but, yes, he did the right thing," Sidarth said. Asked whether he thought the apology was sincere, Sidarth declined to comment.

The Bush fundraiser was held at the home of former Republican National Committee chairman Ed Gillespie. As Bush's motorcade approached, Allen and Webb supporters tried to drown each other out. Allen supporters yelled "We love George" as Webb fans yelled and waved signs, which included phrases such as "Hey George Allen, Welcome to the real Virginia."

Norm Atkins, an Allen supporter from Falls Church, said the senator's "mouth goes faster than his brain. I don't think it was intended to be negative, but it was to someone from the Democratic Party who was, let's face it, making trouble."

Terry Hartnett, a Webb supporter who lives in Burke, said George Washington's house, Mount Vernon, is a mile away from the fundraising site. "This is the real Virginia. If he [Allen] doesn't think this is the real Virginia, why does he live here?"

Allen lives in the Mount Vernon community of Fairfax County, also about a mile from Gillespie's house. Many of the several dozen Allen supporters outside the fundraiser said it is time to forgive and forget. "We make mistakes, we apologize and we move on," said Juanita Balenger of Annandale. "God forgives us for our mistakes. If he can do it, so can the media and all those offended."

Senator Apologizes To Student For Remark (NYT)

By Carl Hulse

The New York Times, August 24, 2006

WASHINGTON, Aug. 23 — Senator George Allen of Virginia personally apologized to a volunteer for his opponent's campaign on Wednesday for a perceived racial insult, addressing a misstep that has complicated his re-election campaign and raised doubts about his potential as a Republican presidential contender in 2008.

A few hours before he appeared with President Bush at a fund-raising event, Mr. Allen telephoned the volunteer, S. R. Sidarth, to say he was sorry for mockingly referring to him as "macaca" at an Aug. 11 campaign event. Mr. Sidarth, a 20-year-old college student, caught the moment on video as part of his job of recording Mr. Allen's public appearances, and it quickly became a sensation on television and the Internet.

"He apologized for his comments," said Mr. Sidarth, who is an American of Indian descent, in a telephone interview from the University of Virginia, where he has resumed his classes. "He took the blame for saying them, and he said he didn't realize how offended I was until he heard my comments from the media."

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The word has been interpreted in various ways and is considered a slur in some parts of the world. Mr. Sidarth said he took offense at what he judged to be a mean-spirited remark tied to his skin color. He said Mr. Allen said that he had waited to apologize because he thought he would encounter Mr. Sidarth on the campaign trail, but that they had not crossed paths.

The initial comment, at an appearance in southwestern Virginia, shed an unflattering light on Mr. Allen in a re-election contest that was supposed to be a warm-up for a bid for the Republican presidential nomination. Analysts and political operatives agree that the incident has provided an opening for Mr. Allen's Democratic opponent, James Webb, a former Navy secretary who remains a long shot.

Republicans have rallied around Mr. Allen as evidenced by Mr. Bush's decision to go ahead with the fund-raising event at the northern Virginia home of Ed Gillespie, a former national party chairman and Washington powerbroker.

"Senator Allen has made an apology," said Dana Perino, a White House spokeswoman. "It is in all of our best interest who work in politics and work to improve the tone and the discourse that when apologies are offered they are accepted."

Mr. Bush has been less tolerant of racially charged comments in the past even when apologies were proffered. His lack of support for Senator Trent Lott of Mississippi as majority leader in 2002 after a racially tinged remark was instrumental in Mr. Lott's being ousted by Senator Bill Frist of Tennessee. At the time, Senator Allen was an early advocate of making that switch.

But Republicans are in a close fight for control of the House and Senate and need every seat, so a presidential snub of Mr. Allen could roil the campaign of a dependable White House ally. Both Republicans and Democrats say the tempest in Virginia has already done some damage.

Stuart Rothenberg, a nonpartisan analyst of Congressional races, said he moved the Allen race out of the safe-Republican category though he still rated Mr. Allen with a formidable advantage. "I think it provides an opening for Jim Webb, and we will see over the long haul how it plays," Mr. Rothenberg said.

Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, said he also believed that the incident changed the dynamic of the Virginia contest. "This series of missteps has made this a much more winnable race for us, and it is high on the radar screen," Mr. Schumer said.

But advisers to Mr. Allen, while conceding that the incident threw the campaign temporarily off stride, say they are confident he will prevail.

"In the long term, Senator Allen will be re-elected," said Dick Wadhams, his campaign manager. "And that is the only thing that matters."

Like other Allen backers and some impartial analysts, Mr. Wadhams said the incident was badly overblown. Mallory Factor, a major Republican fund-raiser, called it "much ado about nothing."

Yet even some Republicans say it could intrude on Mr. Allen's presidential aspirations, when he would have to appeal to a much wider audience. And the macaca gaffe could play into an earlier history that has raised the suggestion of racial insensitivity through Mr. Allen's 1984 opposition to a Martin Luther King Jr. holiday as well as an affinity for the Confederate battle flag. In the Senate, Mr. Allen has sought to correct that image through support for historically black colleges and a call for an official apology for the Senate's failure to enact antilynching laws.

Grover Norquist, a Republican strategist, dismissed criticism of Mr. Allen's reported displays of the battle flag as a young man, including in his yearbook photo.

"Does the left want to say that anybody who when they were 17 or in college wore a T-shirt with Che Guevera on it was a Communist?'' Mr. Norquist said. "I am sorry, but being a rebel when you are in high school is what you want to do."

At Allen headquarters, advisers say they are not thinking about 2008. "We are focused on running and winning re-election in 2006," Mr. Wadhams said.

Sen. George Allen Gives Direct Apology (AP-Y)

By Bob Lewis, Associated Press Writer

AP, August 24, 2006

An obscure word played for laughs from a mostly white crowd at the expense of a man of Indian descent clouds what has been a bright political career for Sen. George Allen, including any White House plans.

The Republican, seeking a second term as he explores a 2008 presidential run, apologized directly Wednesday to the Democratic aide he targeted, then joined President Bush for a private fundraiser in the Virginia suburbs of Washington.

But the damage has been done and it will haunt Allen for a while, said Merle Black, a political scientist at Emory University in Atlanta and a specialist in presidential and congressional races.

"Clearly this has damaged his presidential aspirations," Black said in a telephone interview. "It just raises questions about his judgment and how sincere he is in how he deals with these kinds of issues."

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At an Aug. 11 rally with about 100 supporters at Breaks, Va., near the Kentucky border, Allen singled out S.R. Sidarth, a volunteer who was tracking Allen and videotaping his campaign events for Democrat Jim Webb, and twice called him "Macaca."

"Let's give a welcome to Macaca here. Welcome to America and the real world of Virginia," Allen said over laughter and ovations to Sidarth, a 20-year-old of Indian ancestry who was born in Fairfax County.

Macaca is a genus of monkeys including macaques. The name also could be spelled Makaka, which is a city in South Africa. Sidarth said he felt Allen tried to single him out by race.

Sidarth recorded Allen, Webb's campaign posted the video on YouTube, and then the campaign alerted reporters. Within days, it became the dominant political story on network and cable news programs. Perhaps more damaging, it became grist for late-night talk shows and Comedy Central's "The Daily Show," with Jon Stewart.

"In politics, when you become fodder for David Letterman and Jay Leno and Jon Stewart, you know you've had a bad day," said Tom Rath, a Republican National Committee member from New Hampshire.

To remain a strong presidential contender, Allen needs to beat Webb convincingly, and that job has become much tougher, Black said. "If it's close, that would be a sign of weakness and it will not help him in a national race," he said.

Allen's Senate candidacy alone has kept him from visiting the crucial early voting states — Iowa and New Hampshire — that potential GOP rivals John McCain, Rudy Giuliani, Mitt Romney and others are touring this year.

And wherever Allen goes, Black said, the video will be hard for Allen to shake because it shows him pointing to Sidarth and singling him out for derision, and because he smiled as he needled Sidarth, seemingly enjoying the moment.

"He was giving no consideration to how this event would look if it went on TV," Black said.

Allen tracked Sidarth down Wednesday at the University of Virginia where he had returned for senior year of classes and apologized to him personally, said campaign manager Dick Wadhams.

"Senator Allen made a heartfelt apology. He told Sidarth he thought he would see him on the campaign trail, but Sidarth had headed back to U.Va., so we Googled his name, found his number and the senator called him this morning," Wadhams said.

GOP strategists agreed that Allen has damaged himself, but the incident need not doom him politically.

"Senator Allen needs to make it clear that he made a mistake, that this was obviously something he should not have done," said Mike Mahaffey, a former Iowa Republican Party chairman.

Iowa's nominating caucuses rely on one-to-one politics, giving Allen a chance to personally appeal to voters and convince them the incident was an aberration.

"If he can come across as sincere in that regard, it will not hamper him in Iowa," said Mahaffey, a GOP activist with a law practice in Montezuma, Iowa.

Rath said Allen's conservative credentials and his personal charm can appeal to New Hampshire Republicans if they get to know him. But because the Senate race keeps Allen in Virginia, Rath said, he remains "sort of the man behind the curtain here."

"To suddenly come back in this context is probably not the way he would have designed it," Rath said. "But I don't think it's fatal to him and a lot of Republicans here are very interested in taking a good hard look at George Allen."

Senator To 'Macaca': Sorry (WP)

The Washington Post, August 24, 2006

TWELVE DAYS after his now-notorious "macaca" comment, Sen. George F. Allen (R-Va.) succumbed to the political equivalent of begging for mercy: He apologized to his victim. Yesterday he telephoned S.R. Sidarth, a student at the University of Virginia who is of Indian ancestry, and said he was sorry for holding him up to public ridicule at a rally held in a 99 percent white county in southwest Virginia on Aug. 11. Mr. Sidarth, who is from Fairfax County, was videotaping the rally on behalf of Mr. Allen's Democratic opponent, James Webb.

The senator's gesture was apt, but it hardly seemed sincere. Even as he apologized, his campaign continued its two-faced strategy of simultaneously scoffing at the entire incident as what Dick Wadhams, Mr. Allen's campaign manager, has said is a contrivance. To Mr. Wadhams, politics means never having to say you're sorry.

Mr. Wadhams, an itinerant political hit man known for his nasty attacks on opponents, told Republican leaders in a memo sent over the weekend that the Webb campaign and the media had ganged up "to create national news over something that did not warrant coverage in the first place."

He continued: "Never in modern times has a statewide office holder and candidate been so vilified." In other words, Mr. Allen is the victim -- not the 20-year-old student whom he mocked with an insulting, possibly racist slur in front of scores of chortling supporters and demeaned by saying, "Welcome to America and the real world of Virginia!"

Unlike Mr. Allen, whose contrition has become increasingly abject over time, Mr. Wadhams has been consistent. His first pronouncement to journalists, a week and a half ago, was to refer to the "macaca" story with a barnyard epithet and insist that the senator had nothing to apologize for. He has stuck with that assessment.

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With Mr. Allen plummeting in the polls and his reelection prospects now in doubt, he and Mr. Wadhams are in damage-control mode. They have dropped their far-fetched insistence that the word "macaca" referred to Mr. Sidarth's hairstyle. But they ought to get their stories straight. Is the Allen campaign really sorry? Or are the senator's adversaries just making a mountain out of "macaca"?

Steele Gaining Blacks' Support (WT)

By Jon Ward

The Washington Times, August 24, 2006

The Maryland Democratic Party's traditional support among blacks appears to be slipping, now that hip-hop mogul Russell Simmons -- who has helped register thousands of Democratic voters -- has endorsed Republican Michael S. Steele for the U.S. Senate.

Mr. Simmons is scheduled to hold a fundraiser tonight at Baltimore's Frederick Douglass-Isaac Myers Maritime Park for Mr. Steele, the lieutenant governor and the first black to win a statewide office in Maryland.

"Russell Simmons is one of the leading progressive voices in America," said Donna Brazile, who managed Al Gore's 2000 presidential campaign.

"This is a major endorsement for Lieutenant Governor Steele that will help him attract young people, as well as black voters," Ms. Brazile said. "Once again, this should serve as a wake-up call to Democrats not to take their most loyal constituents and voters for granted."

Mr. Simmons, who promoted the rap group Run-DMC in the 1980s and has since built a media and clothing empire, helped the Democratic Party register hundreds of thousands of voters via the Hip Hop Summit Action Network, which he co-founded in 2001.

Mr. Simmons "definitely represents the younger generation. ... He's a pioneer, and hip-hop has become one thing that defines black youths in this country," said Tyrell Ruff, a 19-year old Baltimore native.

"Russell Simmons ... would definitely get some votes for Mr. Steele. If you look at black kids in the city, many of them would probably be wearing something he made," said Mr. Ruff, a sophomore at Trinity College in Hartford, Conn.

Cathy Hughes, founder and chairman of Radio One, the seventh-largest national radio conglomerate and the largest aimed at black audiences, also is supporting Mr. Steele and will attend tonight's event.

"That's huge," said Eric Nelson, a 34-year old rapper and single father from Baltimore. "The tide is shifting."

"These are both people who not only built extremely successful companies but companies that are actively involved in their communities," Steele spokesman Doug Heye said. "It goes to what Mr. Steele talks about in building legacy wealth."

In their endorsements, Miss Hughes and Mr. Simmons praised Mr. Steele's potential in the Senate above that of the Democratic candidates, including one of the board members of Mr. Simmons' political action group -- former NAACP leader Kweisi Mfume.

Mr. Mfume, the only black Democrat in the Senate race, is vying in a crowded field that includes U.S. Rep. Benjamin L. Cardin, the front-runner, for the Sept. 12 primary nomination. Mr. Steele faces minimal opposition in his primary.

Mr. Mfume said that Mr. Simmons' support of Mr. Steele is not a slap in the face.

"Everybody's free to do what they want to do. That's why they call it America. I don't have a problem with it."

Early in his campaign, Mr. Mfume criticized Democratic leaders who, he said, were ignoring his candidacy and warned that many black voters will think about crossing over to the Republican Party if Mr. Steele is its nominee.

State Democratic officials already have taken notice, lavishing attention on Prince George's County -- a mostly black jurisdiction with Maryland's highest concentration of registered Democrats.

In addition, Baltimore Mayor Martin O'Malley, the Democratic nominee for governor, has chosen a black lawmaker from Prince George's County, state Delegate Anthony G. Brown, as his running mate.

Before dropping out of the gubernatorial contest last month, Montgomery County Executive Douglas M. Duncan also had selected a black running mate -- Baltimore lawyer Stuart O. Simms, who now is running for attorney general.

What's more, two Democratic operatives resigned last fall after they illegally obtained Mr. Steele's credit report, and one of the operatives pleaded guilty to a misdemeanor for her role in the theft earlier this year.

And in response to a poll last year, Democrats have sought to link Mr. Steele to President Bush and national Republicans in order to turn Mr. Steele "into a typical Republican in the eyes of voters, as opposed to an African-American candidate," according to the poll's summary.

Mr. Simmons' endorsement of Mr. Steele adds to Democratic concerns about holding on to black voters.

"It did get my attention. I will not lie," Mr. Nelson said. "Russell Simmons' endorsing someone will make me think, 'Well, let me take a look at this guy.'"

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Mike Madden (wsj)

WSJ Online's "Washington Wire", August 24, 2006

With less than two and a half months to go before the mid-term elections, political ad spending is on a record pace.

The nonpartisan Campaign Media Analysis Group reports that from Jan. 1 to Aug. 13, $311 million has been spent on television spots by candidates, political parties and interest groups taking part in gubernatorial, Senate or House races. That's a 150 percent increase from the amount spent during the same period in the 2002 mid-term elections. Fueling the trend is a belief that after a long run of Republican control of the White House, Congress and state houses, many races this year could be up for grabs because of voter unrest.

The flood of ads — and money — has swamped the traditional campaign kickoff date of Labor Day, the group said, and electronic electioneering has increasingly become a year-long phenomenon. – Winston Wood

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August 23, 2006, 7:02 pm A Big Tent

Two weeks after losing Connecticut's Democratic primary, Sen. Joseph Lieberman won a spot on the November ballot to defend his seat as an independent, but a top party official isn't closing the door on the senator should he win re-election.

Connecticut Secretary of State Susan Bysiewicz said Lieberman qualified for the ballot under his newly created Connecticut for Lieberman party, with far more than the 7,500 ballot petition signatures needed. He will face Democratic primary winner Ned Lamont and Republican Alan Schlesinger in what could be a tightening race. An American Research Group poll showed Lieberman and Lamont about even among likely voters, with Lieberman receiving 44 percent of the vote, Lamont 42 percent and Schlesinger 3 percent. Last week's Quinnipiac University poll showed Lieberman leading Lamont by 12 percentage points among likely voters.

Asked on CNN's "Situation Room" if Lieberman pulls it out, would he be welcomed back into the party and caucus with Senate Democrats, Democratic Chairman Howard Dean gave a qualified yes.

"Sure," Dean said. "We want to be a big tent. And Joe has served the country honorably. But Joe is the past and Ned Lamont is the future. And we need a new direction in this country, and the voters in Connecticut have indicated that." – Winston Wood

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August 23, 2006, 3:48 pm Even in the Promised Land…

American workers, you're not alone!

The left-leaning, Washington-based Economic Policy Institute, which has been churning out analyses and data that show that U.S. workers aren't faring well in today's U.S. economy, circulates a new report — on economic inequality in Israel. While other analysts focus on Israel's war-and-peace struggles with Palestinians and Hezbollah, the EPI calls attention to a report by the Adva Center in Tel Aviv — which is, like EPI, affiliated with the Global Policy Network. Authors Dr. Shlomo Swirski and Etty Konor-Attias find Israeli "salaries of those in the top 1% income bracket increased by 39% over the last two decades, while the salaries of low-wage workers increased by only 7% over that time." –David Wessel

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August 23, 2006, 2:44 pm The Empire Strikes Back

In an effort to discredit a leading liberal blogger, the Republican National Committee has released a "research briefing" lambasting Markos Moulitsas Zuniga, founder of the widely read Web site Daily Kos.

Calling Moulitsas "a partisan 'nutroot' who turned his hate-filled blog…into a leadership post in the Democratic Party," the briefing cites media accounts reporting near daily contact with Senate Minority leader Harry Reid's office and a standing phone call every third week with Rep. Rahm Emmanuel, chair of the Democratic Congressional Campaign Committee. It also includes recent statements by Moulitsas that he makes an "excellent living" and just returned from a "relaxing" vacation to El Salvador.

Responding on Daily Kos, Moulitsas writes , "It's obvious that Republican economic policies are targeting those who make a living, what with wage stagnation, the loss of good, high-paying jobs, and all." He continues, "And the GOP's war on 'relaxing vacations' is in full-swing as outrageous gas prices keep people stuck at home this summer." –Ben Winograd

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August 23, 2006, 12:29 pm How About Naming the Puppy Chuckles?

Under fire for the unrelenting violence in Iraq, Defense Secretary Donald Rumsfeld has had a rough summer — but he never seems to stop laughing. That showed up in a friendly radio interview today with host Bill Bennett, the former education secretary.

Here's how the interview unfolded:

Rumsfeld: Good morning, Bill. How are you?

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Bennett: Great. Thanks for joining us.
We wanted to name our new puppy Rummy, but I lost.
Rumsfeld: (Laughs.)
Bennett: Now, there are people in this town who would say, "I wouldn't name my dog Rummy," you know.
Bennett: You've probably heard some of that.
Rumsfeld: Well, your family has good judgment.
Bennett: (Chuckles.)
Rumsfeld: (Laughs.)
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August 23, 2006, 12:12 pm An Anniversary Gift

President Bush sought to get ahead of Democratic critics in the runup to next week's big Hurricane Katrina anniversary, meeting at the White House with activist and hurricane victim Rockey Vaccarella, then making televised remarks with him on the South Lawn.

Meeting with Bush today in Washington, Rockey Vaccarella, a Katrina survivor from St. Bernard Parish in Louisiana stands by a trailer which is a replica of a FEMA trailer in which he lives. Vaccarella, part of a documentary film on the plight of Katrina victims, was followed by a production crew that caught his every move. He had spent much of the previous week traveling towing a travel trailer to Washington and making stops throughout the South to draw attention to the anniversary next Tuesday and to urge government officials not to forget the stricken region. On Tuesday evening, Vaccarella, of St. Bernard Parish, served a New Orleans-style dinner in the trailer for the Bush administration's relief coordinator, Don Powell.

The Oval Office meeting on Wednesday morning gave Bush an occasion to remind Americans that the rebuilding effort will take many years. "A one-year anniversary is just that, because it's going to require a long time to help these people rebuild," he said. He reiterated the administration's commitment to provide $110 billion in relief funds.

For his part, the 41-year-old Vaccarella provided some much-needed political help for the administration, which has been heavily criticized over its Katrina response. While reminding Bush that "the job's not done," he thanked the president for the massive response so far, and enthused that "I just wish the president could have another term in Washington."

"Wait a minute," Bush deadpanned.

"You know, I wish you had another four years, man," Vaccarella added.

The president's meeting with Vaccarella contrasts with Bush's avoidance of Iraq war critic Cindy Sheehan at his Crawford ranch last summer, in the weeks before the Katrina disaster. A White House spokeswoman, Dana Perino explained that the president's meeting with Vaccarella serves to underscore the importance of a big anniversary. Vaccarella also has been "grateful" for the help the federal government provided, she said. –John D. McKinnon

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August 23, 2006, 11:20 am Come Again?

This year's college freshmen indeed have a different perspective. For most of all of their lives, the Soviet Union has never existed, Richard M. Daley has been Chicago mayor, and the U.S. has been studying whether global warming really exists.

In its annual list aimed at giving adults some cultural references for their dealings with the new crop of college students, Wisconsin's Beloit College also points out that today's 18-year-olds have never put their money in a savings and loan or heard anyone "ring it up" on a cash register. What else? For most of their lives, the major U.S. airlines have been bankrupt and Madden has been a video game, not a football coach. –June Kronholz

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August 23, 2006, 8:17 am Iraq, Terror in Focus

McCain John McCain is going on the offensive on Iraq, while U.S. voters are unsure about the ties between terrorists, Iraq, and the Democracy push in the Mideast.

"I think one of the biggest mistakes we made was underestimating the size of the task and the sacrifices that would be required," McCain said in an Ohio appearance for Sen. Mike DeWine. "'Stuff happens,' 'mission accomplished,' 'last throes,' 'a few dead-enders.' I'm just more familiar with those statements than anyone else because it grieves me so much that we had not told the American people how tough and difficult this task would be." The comments came after Bush made a strident defense of the Iraq war on Monday, repeatedly saying that "leaving before the job was done" would be a grave mistake and send a message that U.S. doesn't care about stability and democracy in the region. McCain has supported the war but questioned its execution.

Among voters, a New York Times/CBS News poll out Wednesday shows 51% of those surveyed saw no link between the war in Iraq and the broader effort to fight terror. That's up 10 points since June, the Times said. In a separate CNN poll, 74% of Americans polled said they believe a new terror attack is being planned by OSama bin Laden; 44% said they believe the attack

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won't succeed and 30% said the attack would be successful. The survey showed that 47% said it was either "very likely" or "somewhat likely" that bin Laden would have been captured or killed had the U.S. not become involved in the Iraq war, and 51% said bin Laden wouldn't have been captured by now regardless of the Iraq war.

Meanwhile, the Republican National Committee recently posted a Web video that charts Democratic opposition to a series of post-Sept. 11 security policies: electronic-surveillance programs, interrogation practices, Patriot Act provisions and the Iraq war. In the House and the Senate, Republican leaders are planning to schedule a roster of terror-related votes. "The calendar for the entire month of September will be heavy on national-security issues," a House leadership aide said. See full article on the politics of Sept. 11 and Hurricane Katrina.

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August 22, 2006, 5:59 pm Condi 2008? Look, She's Nodding Yes!

She may have hit a rough patch with conservatives over her Lebanon diplomacy, but Condoleezza Rice's fan base on the Web continues to grow.

There are now no fewer than three groups devoted to recruiting the secretary of state to run for president in 2008, each with its own Web site. Rice denies she has any interest in running for higher office, but www.rice2008.com, www.4condi.com and www.condoleezzaforpresident.com all think otherwise.

The sites brim over with rumors and products, including a slew of bumper stickers — "Hillary '08? Not if Condi's Running!" — and a brand-new Condi bobblehead doll at rice2008.com bears strikingly little resemblance to Rice.

A very unscientific poll on rice2008.com found that 67% of respondents think Rice should run for president. Another 13% agree, but think she should be made vice president now as well. One in 10 thinks she's "too smart + articulate" to run. –Neil King Jr.

Permalink | Trackbacks

August 22, 2006, 5:45 pm What Does $122.5 Billion Buy?

The Senate Budget Committee says Congress has appropriated $122.5 billion — so far — for victims of Hurricane Katrina, but committee chairman, Judd Gregg says he isn't sure the money is being well spent.

"As we approach the one-year anniversary of the devastating Gulf Coast hurricanes, serious questions remain about the funding of recovery efforts," he said. "The whole nation contributed generously…but a year later, I still have concerns about how the money is being spent." The New Hampshire Republican said he, "like many Americans," fears that "waste, fraud and inefficient management are consuming the dollars that should be used to rebuild homes, schools, hospitals and businesses along the Gulf Coast." –David Wessel

See the Senate Budget Committee's tally.

Permalink | Trackbacks

August 22, 2006, 4:42 pm For Washington Free-Traders?

The U.K.'s Adam Smith Institute, which advocates free-market economic and social policies, offers its own adaptation of the ubiquitous rubber wristband. The gray band reads, "I buy goods from poorer countries."

The nonprofit institute says that "A motley assortment of protectionists and anti-capitalists use every argument they can lay their hands on to protect their interests. …Those who embrace free trade as an instrument of good can now express their support for poorer peoples by proclaiming an intention to buy their produce." The institute offers to send the wristband for free.

A visitor to the site left this comment: "Not to nit-pick but wouldn't it be better if the bands were actually made from a poorer country and then purchased by the wearer. It doesn't make sense to me that they would be free. Of course despite all that I'm still considering getting one."

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August 22, 2006, 3:51 pm Postcard to FCC: Wish You Were Here

Comcast Corp.'s effort to convince the Federal Communications Commission it deserves a pass on requirements for digital set-top boxes has run into the reality of Washington in August.

"I am sorry that we haven't been able to connect due to schedule conflicts," wrote Comcast Chief Executive Brian Roberts in a letter Monday to FCC Chairman Kevin Martin — an apparent effort to answer some questions raised during their last conference. "Since we haven't yet been able to talk, I am sending this letter."

Comcast wants the FCC to approve a five-year waiver extension and allow it to use low-end digital set-top boxes that don't including CableCard technology. The CableCard looks like a thick credit card and is designed to fit into a special slot in new digital TVs and other gadgets. It allows digital cable subscribers to avoid paying a monthly fee to their local cable company to rent a set-top box, which is one reason why it's not terribly popular with cable operators.

Comcast argues it will be too expensive to include CableCard technology in the lower-end boxes and is hoping the FCC will approve its request soon.

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Martin was on vacation last week, but he did make time for a call from Motorola Inc. CEO Edward Zander, who made a pitch on behalf of Comcast, which uses Motorola hardware. –Amy Schatz

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August 22, 2006, 1:27 pm Making an Issue of a 'Non-Issue'

After President Bush's unpopular veto last month of a bill permitting federal support of embryonic stem-cell research to treat diseases, House Republicans' campaign spokesman dismissed talk that the issue would hurt his party and predicted no Democrat would run TV ads attacking the Republican Party's opposition. "Therefore it's a non-issue," Carl Forti told The Wall Street Journal.

Well, one top Republican isn't taking any chances. Rep. Deborah Pryce, House Republicans' fourth-ranking leader and a prime Democratic target, has begun running a cable-TV ad in her Columbus, Ohio-area district that highlights her support for stem-cell research — innoculation, perhaps, against any attack ads Democrats might have intended this fall. "She stood up to her own party and fought for millions for stem-cell research," an announcer intones.

Bush and his party's social conservatives call stem-cell research the taking of human life. But polls show big majorities of Americans, including many Republicans, support federal funding for research widely believed to hold potential benefits against juvenile diabetes, Alzheimer's, Parkinson's and other diseases. "I still don't expect it to be a fall issue in most races," Forti said. –Jackie Calmes

Permalink | Trackbacks

August 21, 2006, 3:15 pm DSL Discount, Not So Fast

For Verizon Communications Inc.'s Internet customers, monthly bills won't be dropping after all.

Last year, the government changed the rules so DSL subscribers would no longer have to pay into a federal fund which subsidizes phone services in rural areas and for low-income consumers. That promised to shave a dollar or two off a typical DSL Internet bill — $1.25 a month for Verizon's slower DSL service and $2.834 a month for its faster service.

But Verizon recently emailed subscribers, announcing that it will drop the universal service surcharge as of Aug. 14 and impose a new "supplier surcharge" beginning August 26. The new fee — $1.20 a month for slower service customers and $2.70 a month for faster ones — is almost exactly what consumers would have saved with the government's change.

It appears that Verizon is essentially pocketing the money that consumers would have gotten back, although the company disputes that notion. It says it will eventually impose the fee on all of its six million or so DSL customers because of increased costs of providing stand-alone Internet service, which is purchased at a premium by consumers who don't subscribe to its phone service.

"We have a cost that we have been absorbing it for a long time. We're not going to absorb it anymore," said Bobbi Henson, a Verizon spokeswoman. The new charge will not apply to subscribers with annual Internet contracts until those agreements expire.

Last year, the Federal Communications Commission changed rules that govern DSL Internet lines and dropped the obligation to pay into the $7.3-billion Universal Service Fund, which subsidizes phone services in rural areas and for low-income consumers. That change takes effect this month for all DSL Internet providers. –Amy Schatz and Dionne Searcey

Permalink | Trackbacks (1)

August 21, 2006, 1:59 pm Latest Republican Campaign Issue?

A congressional candidate in Florida has become the third Republican office-seeker to call for heightened screening of Muslim airline passengers since the foiling of an airline bombing plot in Britain. "It is a fact that over the past 34 years, starting with the Munich Olympics, the majority of terrorist attacks have been carried out by Muslims," said Mark Flanagan, a candidate in the 13th District of Florida, in a statement released this morning.

Flanagan said he was the only congressional candidate calling for profiling of Muslim passengers. But Paul Nelson, a Republican running in the third district of Wisconsin, endorsed the idea last week on a local radio show. Asked on the show how screeners would spot a Muslim male, Nelson said, "If he comes in wearing a turban and his name is Muhammad, that's a good start," according to the Associated Press.

New York gubernatorial candidate John Faso also has supported profiling, saying, "If a 25-year-old Muslim man who has been traveling frequently to Yemen or Pakistan tries to board a plane, then not only statistical analysis but also common sense tells us that he is more of a potential threat than the grandmother from Queens."

David Johnson, Flanagan's political consultant, said that under the proposal, passengers who appear to be Arab or Muslim would be pulled out of security lines for additional screening. In an interview, Flanagan declined to say how screeners would determine which passengers met that description, or whether black Muslim and Christian Arab passengers also should be subject to heightened security measures. "Those questions are premature, albeit very important," he said. –Ben Winograd

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August 21, 2006, 1:17 pm Dressing Down

Bush repeatedly poked fun at reporter Ken Herman (right) for wearing a seersucker suit. In an otherwise serious news conference focusing on the Mideast, Bush had some fun with Ken Herman, a reporter for Cox newspapers who has covered Bush since his days as Texas governor, and is a frequent foil for the president. Herman was sporting a brown seersucker-style suit that's a bit brighter than the typical blues and grays of the briefing room. Bush, who's a stickler about traditional dress with his own staff, called on another reporter for a question, but couldn't resist adding an aside to Herman: "By the way, seersucker is coming back."

Later Bush came back to the outfit again. In response to another reporter's question about the Lieberman-Lamont race, Bush said he was "going to stay out of Connecticut." Herman piped up that Bush had been born there. Bush jokingly accused Herman of doing research, and also of being mad that Bush had "dissed that just ridiculous-looking outfit."

Finally Bush called on Herman for a question. "Go ahead," Herman said slowly, bracing himself for yet another jab.

"I don't need to now that you've stood up, and everybody can clearly see for themselves," Bush responded, to laughter. Later inspection showed that the suit in question was a Haspel. Herman said it came out for the press conference because his wife reminded him he should wear his summer stuff again before it has to go to the cleaners. –John D. McKinnon

Updated: Herman offered his own sartorial suggestions to the president: "No insult taken to your haberdashery remarks, sir. And, if I may be so bold as to offer some advice: Give seersucker a chance. It can be a good choice when you're taking heat."

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August 21, 2006, 1:02 pm Time for Plan B?

President Bush, asked at morning press conference about pro-life groups' opposition to nonprescription sales of Plan B, the emergency contraceptive that is available only with a prescription today, said that he backs acting FDA commissioner Andrew von Eschenbach's decision on the issue and emphasized that Plan B "ought to require a prescription for minors." The issue has been controversial for years.

Von Eschenbach recently told the drug's maker, Barr Laboratories Inc., that the FDA could back prescription-free sales for adults 18 and over. But the FDA has yet to formally approve the company's application to sell the morning-after pills without a prescription. An announcement could come as soon as this week. It's likely to draw criticism from both pro-life and reproductive-rights groups — for different reasons, of course — and create challenges for drug stores and clinics.

An FDA spokeswoman said the agency has "received the sponsor's revised application and risk management plan and remain committed to an expeditious review." –Anne Wilde Mathews

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August 21, 2006, 9:17 am Bush to Focus on Lebanon

Bush's press conference at 10:01 a.m. isn't expected to spotlight any particular topic, but his opening comments of about 8-10 minutes are expected to focus on the situation in Lebanon. He's likely to talk about plans for providing humanitarian aid to civilians who've been caught in the crossfire in southern Lebanon between Hezbollah and the Israeli military, according to a senior administration official. He also will discuss the current plans for an international peacekeeping force for the region. With France's decision to curtail its involvement, the international community is casting about for a new lead government; Italy is one emerging possibility. Bush will reiterate that U.S. forces won't be directly involved in the peacekeeping force, the official said. The U.S. instead is expected to provide logistical support and other assistance. –John D. McKinnon

Come Again?

Aug.23, 2006

Iraq, Terror in Focus

Aug.23, 2006

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Incumbent On The Brink (WSJ)

By Jason L. Riley

The Wall Street Journal, August 24, 2006

JANESVILLE, Pa. -- Until recently, Bob Casey Jr.'s strategy for unseating Republican Sen. Rick Santorum had been working so well that Mr. Casey could behave like the incumbent.

Taking advantage of a double-digit lead in the polls, this son of a popular former two-term governor was coasting toward November on the heralded family name. He could remain mum or studiously vague about his actual positions. He could refuse to debate. And he could hide behind handlers who carefully stage-managed his appearances (before friendly audiences) and even more carefully shielded him from media outlets (like this one). It was a smart strategy for Mr. Casey, who is an underwhelming campaigner. But its viability is now being tested.

The latest polls show the race tightening. An independent Quinnipiac University survey released on Aug. 15 had Mr. Casey ahead 48% to 42% among likely voters. The same poll showed him with a 52%-34% lead in late June. A further concern for the challenger is that his negatives among likely voters have risen as he's allowed the senator to define him.

Which might explain why Mr. Casey has begun to emerge from his shell. This week the Casey camp finally agreed to multiple formal debates. The candidates also have scheduled a joint "Meet the Press" appearance on Sept. 3. And on a warm, sunny day last week in Clearfield County, the Casey campaign bus stopped by an annual picnic in this tiny central Pennsylvania town, where a reporter was denied an interview but invited to watch Mr. Casey glad-hand supporters and deliver some brief remarks. The candidate, who currently serves as state treasurer, was introduced to the audience by Democratic Gov. Ed Rendell.

Mr. Rendell will win re-election easily over his Republican opponent this fall, the pro football great, Lynn Swann. And Mr. Casey is hoping the governor has coattails, which could help him in the critical southeast part of the state, where Mr. Rendell, a past mayor of Philadelphia, is most popular. But the governor is also a reminder of Mr. Casey's ability to implode, his political pedigree notwithstanding. In 2002, he challenged Mr. Rendell in the gubernatorial primary. After holding a 20-point lead in that race, Mr. Casey eventually lost by 14 points. Mr. Santorum might need a repeat performance from his opponent if he hopes to keep his seat.

Six points is a sizable deficit for the incumbent to close inside of three months, though the senator certainly has the money, savvy and party unity to give it a go. Mr. Santorum, who's held the seat since 1994, has never won more than 52% of the vote in a Senate race, and he's sailing into what appears to be a strong anti-incumbent headwind this year. Mr. Casey has done an effective job of making the race a referendum on Mr. Santorum, whose vocal social conservatism -- he opposes abortion, gay marriage and embryonic stem cell research -- has made him a whipping boy of the local and national liberal press.

The senator is also closely associated with an unpopular president fighting an unpopular war. The Casey campaign itself has bobbed and weaved on Iraq so far, but the candidate's gratuitous endorsement this week of Democrat Ned Lamont, the one-issue antiwar victor in this month's Connecticut senate primary, might help clarify for Pennsylvanians where Mr. Casey stands in the war on terror.

Mr. Santorum has not abandoned his principles, nor his support for the U.S. effort in Iraq. At a town hall meeting in suburban Philadelphia on Sunday, he said that "this war is as serious a war as we have ever fought, and we have the politics of today trying to blow this off as some sort of creation of a bunch of people in the White House."

In search of something that can legitimately separate him from President Bush, he's done what many fellow Republican incumbents have done and taken a hard line on immigration. But the fact that Mr. Bush's approval ratings currently are as bad or worse in Pennsylvania as they are nationally could override everything else and ultimately spell defeat for the senator.

Moreover, Mr. Santorum shares some of the blame for his current predicament. In 2004, he backed liberal Republican Sen. Arlen Specter for re-election over the conservative challenger Pat Toomey. Mr. Santorum was eyeing the majority leader post and thought his support for the incumbent would help him lure moderates votes in the GOP caucus. Two years later, however, his embrace of Mr. Specter has probably dampened enthusiasm among Mr. Santorum's conservative base, where turnout is a concern. Indeed, one of the questions Mr. Santorum faced at the town hall meeting was a sarcastic "What's it like working with Sen. Specter?"

Another arguable misstep was publishing a controversial book last year when he was sizing up a White House run. Mr. Santorum is a conservative Catholic, and his biggest political liability may be the perception that he's some kind of theocrat. Releasing a manifesto on how government can be used to propagate Christian moral values has only reinforced that negative image. And it's unlikely to help him with moderate Republican voters in those all-important collar counties of Philadelphia come November.

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Among the handful of Upper Chamber Republicans facing difficult races this year, however, a Rick Santorum loss easily would be the most damaging to political conservatives. Mr. Santorum, the No. 3 man in the Senate, is much more than a reliable vote for lower taxes and a strong national defense. He's also been a true reformer who's often willing to champion unpopular causes. Sen. Santorum floor managed the welfare-reform bill that turned 10-years-old this week. He's backed medical savings accounts and pushed for Social Security personal retirement accounts long before George W. Bush. That takes chutzpah for a senator from a state with a higher percentage of senior citizens than anywhere but Florida.

Which is to say that losing the Senate would be bad enough for the GOP, but losing a Sen. Santorum along the way would add insult to injury.

Mr. Riley is a member of The Wall Street Journal's editorial board.

McCain's Age Could Affect Expected Presidential Run (MCT)

By Steven Thomma

McClatchy Newspapers, August 24, 2006

WASHINGTON - Sen. John McCain of Arizona will do something next week that'll set him apart from everyone else who's weighing a run for president in 2008.

He'll celebrate his 70th birthday Tuesday.

That would put him in uncharted political territory should he win the presidency: No one older than 70 has ever moved into the White House.

Not only will the Republican senator be the oldest of the large field of possible candidates in both major parties, he'll be three years older on Election Day 2008 than Ronald Reagan was when he won his first term in 1980. At 69, Reagan was the oldest man ever to enter the White House. He was 73 when he won his second term.

Whether this changes the presidential campaign probably will depend on whether McCain appears healthy and vigorous - and thus up to the unique demands of the job - or not.

McCain aides said the senator was cancer-free six years after surgeons removed thin tumors from his temple and arm. Both were diagnosed as malignant melanoma, a potentially deadly form of skin cancer if left untreated. He also had a bout with skin cancer in 1993.

And they say he's more energetic than many much younger men.

"His health is fine," said John Weaver, his chief political strategist.

"Just this month, he backpacked the Grand Canyon from rim to rim with his son, he went on a weeklong tour campaigning for people and he's about to lead a delegation on a multi-nation tour of Eastern Europe."

Weaver noted that McCain would still be younger than Reagan was when Reagan sought and won his second term. He also stressed that McCain is a key player in the Senate, where he's personally involved in numerous issues and negotiations.

In time, he suggested, voters will see for themselves.

"They'll see that if he chooses to run. They'll see how vibrant he is."

If that's not enough, Weaver also suggested considering McCain's genes.

"His mother, at 95, just returned from Europe, where she keeps a car and drove herself across the continent," he said. "He comes from good stock."

Yet it's not just the state of a candidate's health on Election Day that matters. The elderly face a greater risk of developing problems in the years ahead, including heart disease, stroke, cancer, infection, Alzheimer's or even death.

"No matter how healthy the elderly candidate for the presidency appears to be, there is a significant likelihood that he will not survive or that his intellectual powers and leadership ability may be compromised, far more so than among those in their 50s," two Stanford University scholars wrote in a study after Bob Dole's 1996 presidential campaign, when Dole was 73.

But public reaction to McCain's age will depend on how he looks and sounds.

"There's no question that the senator's going to have to reassure people that his health is good," said Dan Schnur, an aide in McCain's 2000 presidential campaign who's now a Republican strategist in California.

"But in this day and age, my guess is there are very few voters who think that 70 is too old. ... People are living longer. The percentage of the population that lives well beyond 70 and stays active and engaged well beyond 70 is much greater than it was 30 years ago."

Indeed, the census shows that the number of Americans 65 and older increased by more than 14 million from 1970 to 2000, and they increased as a share of the population from 9.9 percent to 12.4 percent.

"Older voters have a tendency to scrutinize more. They know what it's like to be old," said independent pollster John Zogby, who's conducted polls for McCain in the past. Yet they respond positively if they're satisfied that an older candidate is healthy, he said.

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A potential complicating factor: the fact that Reagan was diagnosed with Alzheimer's disease after leaving office.

"It all depends on health," Zogby said. "If he is seen as healthy and is perceived as robust, it matters less."

Image also plays a role.

Reagan, for example, was the picture of ruddy health, often shown chopping wood or riding horses at his California ranch. His campaigns, as well, stressed almost youthful optimism about the future, right down to his 1984 theme that it was "morning in America."

By contrast, Republican presidential nominee Dole struggled with the fact that he was the oldest first-term major candidate in history. Zogby noted that Dole did poorly among the elderly. And when Dole offered himself as a "bridge" to the past, baby boomer President Bill Clinton made his re-election campaign theme "a bridge to the 21st century," and won easily.

New Hampshire: Still A Primary Player (WP)

By Ross Gittell

The Washington Post, August 24, 2006

DURHAM, N.H. -- The Democratic National Committee has moved to reduce the influence of the longtime first-in-the-nation presidential primary state: New Hampshire. It has done so by (1) inserting another state's party caucuses (Nevada's) between the Iowa caucuses and the New Hampshire vote and (2) scheduling the South Carolina primary right after New Hampshire's. Political leaders in the Granite State are, of course, resisting the change and threatening to ignore the new schedule.

But in fact, it may be time for New Hampshire to reflect on its traditional role in the nomination of presidential candidates, and perhaps face up to the need for some changes.

As has been argued before, New Hampshire is not particularly representative of the nation. Neither, for that matter, are Iowa, Nevada and South Carolina. New Hampshire has the third-lowest percentage of minority residents and one of the lowest rates of regular church attendance in the country.

But unlike Iowa, Nevada and South Carolina, New Hampshire has a strong, broad-based economy with a significant concentration of high-tech companies and global exporters. In many respects its economy represents the nation's (hoped-for) economic future. It's a very good place for candidates to test out economic ideas and principles and to learn from workers and entrepreneurs.

In the past quarter-century, New Hampshire's economy has been transformed. Its economic base has changed from traditional manufacturing to concentration in high technology and skilled professional services. It has improved in rank among the states in per capita income from 25th to sixth. It has been the strongest economic performer in New England, with the region's fastest growth rates in employment, gross state product and exports. New Hampshire consistently has among the lowest rates of unemployment and poverty.

The state's leading employers include Fidelity Investments (the largest mutual fund company in the world), BAE Systems (a British defense and homeland security product manufacturer) and Liberty Mutual (a Fortune 500 insurance company). Timberland Co. has its worldwide headquarters in the state. The Segway human transporter was invented in the state, and the company has its headquarters here.

One of the fastest-growing manufacturers in New Hampshire is GT Equipment Technologies Inc., a company that in many respects reflects the future promise and direction of the state's economy. Founded by Kedar Gupta, an immigrant from India, it invented and sells solar cell manufacturing equipment, with the largest markets for its products being in China and elsewhere overseas.

Just as the New Hampshire economy has changed, so must its political position and role. Even with the DNC discussing its alterations in the primary process, presidential hopefuls have continued to come to New Hampshire. In fact, the state need not be first, or even second, in the presidential primaries to be an important factor in the nomination process. Its economic standing, its political heritage and traditions, its continuing high level of citizen engagement, its voters' questioning and testing of candidates, and its current standing as one of the few contested states all combine to make it an ideal testing ground for presidential candidates.

New Hampshire's retail politics -- the level of political engagement -- will not be replicated in Nevada or South Carolina. In New Hampshire, more than three-quarters of the electorate votes in presidential primaries. Survey data indicate that almost all voters in the state pay "some" or "a lot" of attention to the primary, and over two-thirds of the voting-age population watches or listens to a presidential candidate debate during primary seasons.

New Hampshire should work with the Democratic and Republican national committees on changes in the nomination process. This would help to retain the national credibility of its primary and interest in it. The state and its political leaders from

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both parties should recognize that New Hampshire's status, role and influence in the presidential nomination process will remain strong even if it accepts the proposed changes in the nomination process.

For example, suppose Hillary Clinton won the Iowa and Nevada caucuses before the New Hampshire primary in 2008. She'd still have to win in New Hampshire to move toward an early lock on the nomination. What if Clinton lost in Iowa and Nevada? By then winning New Hampshire, she could generate momentum and bring many comparisons to her husband's role in 1992 as the "comeback kid." If Mark Warner or another dark-horse candidate won or did surprisingly well in New Hampshire he would generate attention and establish himself as a legitimate candidate regardless of his performance in Iowa and Nevada.

On the Republican side, if John McCain lost the New Hampshire primary, there'd be questioning of why he won the state against George W. Bush in 2000 but couldn't win it in 2008. If Rudy Giuliani won or did better than expected in New Hampshire, he would generate attention and establish himself as a legitimate candidate, regardless of his performance in the first two caucuses.

So don't expect Mitt Romney or John Kerry to forget the roadways from Massachusetts to New Hampshire, or Hillary Clinton, Rudy Giuliani or George Pataki not to scuttle back and forth between New York and New Hampshire if the Democratic and Republican national parties change the presidential nomination schedule. New Hampshire can continue to be a field of dreams for presidential candidates, and rightfully so.

Christian Coalition Losing Chapters (AP-Y)

By David Crary

AP, August 24, 2006

Three disgruntled state affiliates have severed ties with the Christian Coalition of America, one of the nation's most powerful conservative groups during the 1990s but now buffeted by complaints over finances, leadership and its plans to veer into nontraditional policy areas.

"It's a very sad day for our people, but a liberating day," said John Giles, president of the coalition's Alabama chapter, which announced Wednesday that it was renaming itself and splitting from the national organization. The Iowa and Ohio chapters took similar steps this year.

Giles said he and his Alabama colleagues have "a dozen hard reasons" for the action but would elaborate on only one — a perception that the coalition's leadership was diverting itself from traditional concerns such as abortion and same-sex marriage to address other issues ranging from the environment to Internet access.

Giles predicted further defections and said the coalition was now left with only a half-dozen strong state chapters and a weak presence in Washington.

"In our prime, we were rated the seventh-most powerful lobbying organization in the country," he said. "Now, there's not even any blip on the radar screen."

At its peak, the coalition had a presence in every state, but in some cases a modest one.

The coalition's president, Roberta Combs, insisted her organization — which is $1 million in debt — would survive the defections, and was unapologetic about her interest in new directions.

"We're going to have a new mission, a new vision — much more broad-focused," she said. "They don't like some of the comments I've made about the environment and some of these other issues."

The coalition, which claims more than 2 million members, was founded in 1989 by religious broadcaster Pat Robertson and became politically powerful under Executive Director Ralph Reed before he left in 1997. Robertson, who turned over the presidency to Combs in 2002, has been criticized for provocative public statements, while Reed lost an election in Georgia last month after being linked to disgraced lobbyist Jack Abramoff.

Jim Backlin, the coalition's vice president for legislative affairs, said the Reed situation harmed the organization because of heavy media coverage that constantly mentioned his past role with the coalition.

Backlin insisted, however, that the coalition remained influential among conservatives in Congress.

"Many of the congressional offices always look for Christian Coalition support right away when trying to get their bosses' legislation passed," he said.

On the political left, an activist who monitors conservative organizations said the coalition never recovered from Reed's departure — with its staff and annual budget shrinking.

"They've been in free-fall ever since," said Peter Montgomery of the liberal group People for the American Way. "It's not surprising that local affiliates want to distance themselves from this floundering organization."

Steve Scheffler, who led the breakaway of the coalition's Iowa chapter in March, blamed Combs herself for much of the friction, saying she didn't treat the heads of the state affiliates with respect.

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"The relationship has been very poor — an F minus to say the least," he said. "Her abilities in leading a national organization are not good."

"The sooner the organization goes completely away, the better," he added. "They're a total disgrace."

Combs, in response, said, "I'm disappointed he'd feel that way."

In all three states with defecting chapters, there had been disputes with the coalition's national office over distribution of voter guides and political surveys. The national office, as part of an agreement with the Internal Revenue Service over its tax-exempt status, had asked the state chapters to submit any such materials for advance review, and Combs said the request was sometimes ignored.

In Alabama, according to Giles, some conservatives remained bitter toward Combs since she campaigned there in 2003 in support of a state tax increase.

The head of the breakaway Ohio chapter, Chris Long, said a particular source of concern was the coalition's recent collaboration with various grass-roots groups — some of them liberal — in lobbying for so-called "net neutrality" to safeguard equal access to the Internet.

"We were surprised that the national office took such a lead role on such an obscure issue, at time when marriage protection and stem cell research were being debated," Long said.

Combs said the coalition already has named new state directors for Iowa and Ohio, and she predicted it would retain the loyalty of supporters in all three states where chapters defected.

"There's enough room out there for everybody," she said.

Pennsylvania: Nader Ordered To Pay $80,000 (NYT/AP)

By The Associated Press

The New York Times, August 24, 2006

Ralph Nader and his running mate must pay more than $80,000 in expenses for the lawsuit that challenged their nominating papers and kept them off the 2004 presidential ballot, the Pennsylvania Supreme Court ruled. There was an implication of “fraud and deception” in their petition drive, the court said. A group of Pennsylvania voters sued to block Mr. Nader, left, and his running mate, Peter Camejo, who were campaigning as independents, from being placed on the ballot. As a result of the lawsuit, the State Commonwealth Court found wide-ranging improprieties among Mr. Nader and Mr. Camejo’s petition signatures and disqualified nearly two-thirds of the 51,000 signatures they submitted.

Inside Politics (WT)

By Greg Pierce

The Washington Times, August 24, 2006

Conflict of interest?

U.S. District Court Judge Anna Diggs Taylor, who last week ruled that the government's warrantless wiretapping program was unconstitutional, serves as a secretary and trustee for a foundation that donated funds to the American Civil Liberties Union of Michigan, a plaintiff in the case, ACLU et al. v. National Security Agency.

The independent government watchdog Judicial Watch said it discovered the potential conflict of interest after reviewing Judge Diggs Taylor's financial-disclosure statements, available on Judicial Watch's Web site, www.judicialwatch.org.

According to her 2003 and 2004 financial-disclosure statements, Judge Diggs Taylor served as secretary and trustee for the Community Foundation for Southeastern Michigan (CFSEM). She was re-elected to that position in June. The official CFSEM Web site states that the foundation made a "recent grant" of $45,000 over two years to the ACLU of Michigan, a plaintiff in the wiretapping case. Judge Diggs Taylor, a 1979 appointee of President Carter, sided with the ACLU of Michigan in her recent decision.

According to the CFSEM Web site, "The Foundation's trustees make all funding decisions at meetings held on a quarterly basis."

"This potential conflict of interest merits serious investigation," said Judicial Watch President Tom Fitton.

On the ballot

Connecticut Sen. Joe Lieberman, who restarted his campaign as an independent after losing the Democratic primary, has enough valid voter signatures to secure a spot on the November ballot, the secretary of state announced yesterday.

Mr. Lieberman far exceeded the 7,500 signatures necessary to be certified as a third-party candidate, Secretary of State Susan Bysiewicz said. His name will appear on the general-election ballot under his newly created party, Connecticut for Lieberman. By creating the party, Mr. Lieberman secured a position higher on the ballot than he would have had as an independent.

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An American Research Group poll released Tuesday showed Mr. Lieberman and the Democratic nominee, Ned Lamont, about even among likely voters, with Mr. Lieberman receiving 44 percent of the vote, Mr. Lamont 42 percent and Republican nominee Alan Schlesinger at 3 percent. Last week, a Quinnipiac University poll showed Mr. Lieberman leading Mr. Lamont by 12 percentage points among likely voters.

Mystery illness

Tennessee Gov. Phil Bredesen, who has been sidelined by a fever and flulike symptoms for more than a week, plans to travel to the Mayo Clinic in Minnesota for more medical tests.

Mr. Bredesen's condition is improving, but doctors have not been able to pinpoint the cause of the illness that led to his hospitalization last week, administration spokesman Bob Corney told the Associated Press late Tuesday.

The 62-year-old Democrat spent four nights at Centennial Medical Center in Nashville for what doctors said might have been the effects of a tick bite. He returned home Friday.

Mr. Corney said the governor planned to fly yesterday for a brief outpatient visit at the clinic in Rochester, Minn., about 75 miles southeast of Minneapolis. Mr. Bredesen's doctors had given him the choice of several hospitals for the tests.

"He's feeling better and stronger every day," Mr. Corney said. "His doctors are very clear that he's improving, but they don't have any conclusive diagnosis."

Conspiracy theory

"Did the Bush administration covertly blow up the World Trade Center, ignite the Pentagon, and shoot down United Flight 93 to pave the way for a new American empire? The answer is 'yes,' according to a new book printed by the official publishing house of the Presbyterian Church (U.S.A.) and written by a theologian at a United Methodist seminary," Mark Tooley writes at www.weeklystandard.com.

"'Christian Faith and the Truth Behind 9/11,' published by Westminster John Knox Press, is fairly succinct in its conspiracy theory. In fact, only the first half of the book is devoted to dissecting the conspiracy, the facts being so obvious that elaboration is hardly required. The second half is focused on the theological implications of America as empire, and why Christians should stand against it," Mr. Tooley said.

"David Ray Griffin, professor emeritus of philosophy and theology at Claremont School of Theology in California, is the author of what is now his third book on 9/11. 'If we believe that our political and military leaders are acting on the basis of policies that are diametrically opposed to divine purposes, it is incumbent upon us to say so,' he explains in the preface."

"The book is blurbed by the late Rev. William Sloane Coffin, United Methodist theologian Catherine Keller of Drew University, Episcopal theologian Carter Heyward of Episcopal Divinity School, and Roman Catholic dissident feminist theologian Rosemary Radford Ruether."

Wiretaps upheld

In an opinion released Tuesday, a federal judge said there was plenty of evidence to support federal intelligence-gathering wiretaps and searches in an investigation of two pro-Israel lobbyists charged with conspiring to procure and distribute classified information, the New York Sun reports.

Judge Thomas Ellis III upheld warrants issued by the secrecy-shrouded Foreign Intelligence Surveillance Court and said the evidence obtained can be introduced against the former employees of the American Israel Public Affairs Committee, Steven Rosen and Keith Weissman.

The special court "had ample probable cause to believe that the targets were agents of a foreign power quite apart from their First Amendment lobbying activities," Judge Ellis wrote in an August 14 opinion unsealed Tuesday.

He said that while the pair's advocacy was constitutionally protected, they were entitled to no safe harbor for their suspected violations of a 1917 law that limits disclosure of the nation's secrets, the Espionage Act.

Coalition crackup

A third disgruntled state affiliate has severed ties with the Christian Coalition of America, one of the nation's most powerful conservative groups during the 1990s but now buffeted by complaints over finances, leadership and its plans to veer into nontraditional policy areas, the Associated Press reports.

"It's a very sad day for our people, but a liberating day," said John Giles, president of the coalition's Alabama chapter, which announced yesterday that it was renaming itself and splitting from the national organization. The Iowa and Ohio chapters took similar steps this year.

Mr. Giles said he and his Alabama colleagues have "a dozen hard reasons" for the action, but would elaborate only on a perception that the coalition's leadership was diverting itself from traditional concerns such as abortion and homosexual "marriage" to issues ranging from the environment to Internet access. He predicted further defections.

The coalition's national president, Roberta Combs, insisted her organization -- which is $1 million in debt -- would survive the defections, and was unapologetic about her interest in new directions.

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"We're going to have a new mission, a new vision -- much more broad-focused," she said.

·Greg Pierce can be reached at 202/636-3285 or gpierce@washingtontimes.com.

Some In G.O.P. Say Iran Threat Is Played Down (NYT)

By Mark Mazzetti

The New York Times, August 24, 2006

WASHINGTON, Aug. 23 — Some senior Bush administration officials and top Republican lawmakers are voicing anger that American spy agencies have not issued more ominous warnings about the threats that they say Iran presents to the United States.

Some policy makers have accused intelligence agencies of playing down Iran's role in Hezbollah's recent attacks against Israel and overestimating the time it would take for Iran to build a nuclear weapon.

The complaints, expressed privately in recent weeks, surfaced in a Congressional report about Iran released Wednesday. They echo the tensions that divided the administration and the Central Intelligence Agency during the prelude to the war in Iraq.

The criticisms reflect the views of some officials inside the White House and the Pentagon who advocated going to war with Iraq and now are pressing for confronting Iran directly over its nuclear program and ties to terrorism, say officials with knowledge of the debate.

The dissonance is surfacing just as the intelligence agencies are overhauling their procedures to prevent a repeat of the 2002 National Intelligence Estimate — the faulty assessment that in part set the United States on the path to war with Iraq.

The new report, from the House Intelligence Committee, led by Representative Peter Hoekstra, Republican of Michigan, portrayed Iran as a growing threat and criticized American spy agencies for cautious assessments about Iran's weapons programs. "Intelligence community managers and analysts must provide their best analytical judgments about Iranian W.M.D. programs and not shy away from provocative conclusions or bury disagreements in consensus assessments," the report said, using the abbreviation for weapons of mass destruction like nuclear arms.

Some policy makers also said they were displeased that American spy agencies were playing down intelligence reports — including some from the Israeli government — of extensive contacts recently between Hezbollah and members of Iran's Revolutionary Guard. "The people in the community are unwilling to make judgment calls and don't know how to link anything together," one senior United States official said.

"We're not in a court of law," he said. "When they say there is 'no evidence,' you have to ask them what they mean, what is the meaning of the term 'evidence'?"

The criticisms do not appear to be focused on any particular agency, like the C.I.A., the Defense Intelligence Agency or the State Department's intelligence bureau, which sometimes differ in their views.

Officials from across the government — including from within the Bush administration, Congress and American intelligence agencies — spoke for this article on condition of anonymity because they were discussing a debate over classified intelligence information. Some officials said that given all that had happened over the last four years, it was only appropriate that the intelligence agencies took care to avoid going down the same path that led the United States to war with Iraq.

"Analysts were burned pretty badly during the run-up to the war in Iraq," said Representative Rush Holt, a New Jersey Democrat who sits on the House Intelligence Committee. "I'm not surprised that some in the intelligence community are a bit gun-shy about appearing to be war mongering."

Several intelligence officials said that American spy agencies had made assessments in recent weeks that despite established ties between Iran and Hezbollah and a well-documented history of Iran arming the organization, there was no credible evidence to suggest either that Iran ordered the Hezbollah raid that touched off the recent fighting or that Iran was directly controlling attacks against Israel.

"There are no provable signs of Iranian direction on the ground," said one intelligence official in Washington. "Nobody should think that Hezbollah is a remote-controlled entity." American military assessments have broadly echoed this view, say people who maintain close ties to military intelligence officers.

"Does Iran profit from all of this? Yes," said Gen. Wayne A. Downing Jr., the retired former commander of the Special Operations Command and a White House counterterrorism adviser during President Bush's first term. "But is Iran pulling the strings? The guys I'm talking to say, 'no.' "

Many senior Bush administration officials have long been dismissive of the work of the intelligence agencies. Shortly after the Sept. 11 attacks, the Pentagon set up an office led by Douglas J. Feith, the Defense Department's third-ranking civilian official at the time, that sifted through raw intelligence to look for links between terrorist networks and governments like Iraq's.

In the months before the Iraq war, Vice President Dick Cheney made repeated trips to the C.I.A. and asked analysts pointed questions about their conclusions that Iraq had no direct ties to Al Qaeda. Both the Pentagon office and Mr. Cheney's

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visits were roundly criticized, which is why officials said that policy makers were now being careful about circumventing the intelligence agencies to seek alternate analyses.

During his confirmation hearings in May, the director of the C.I.A. a, Gen. Michael V. Hayden, said he had been "uncomfortable" with the work of the Pentagon intelligence office.

The House Intelligence Committee report released Wednesday was written primarily by Republican staff members on the committee, and privately some Democrats criticized the report for using innuendo and unsubstantiated assertions to inflate the threat that Iran posed to the United States.

The report's cover page shows a picture of President Mahmoud Ahmadinejad of Iran speaking at a lectern that the bears the message "The World Without Zionism."

Page 3 of the report lists several public comments from Mr. Ahmadinejad, including his statement, "The annihilation of the Zionist regime will come. . . . Israel must be wiped off the map."

Earlier this year, the intelligence agencies put new procedures in place to help avoid the type of analysis that was contained in the 2002 National Intelligence Estimate about Iraq and to prevent another "Curveball" — the code name of the Iraqi source who fed the United States faulty intelligence about Iraq's biological weapons program. "I think that the intelligence community is being appropriately cautious," said John E. McLaughlin, a former director of central intelligence.

"I think that what is going on is that people are holding themselves to a higher standard of evidence because of Iraq."

Thomas Fingar, the deputy director of national intelligence for analysis, said analysts now had much more information about the sources of raw intelligence coming from the field.

"Analysts have to know more about the sources than was generally the case before the Iraq estimate," Mr. Fingar said.

Analysts also are required to include in their reports more information about the chain of logic that led them to their conclusions about sensitive topics like Iran, North Korea and global terrorism — "showing your work," as Mr. Fingar put it.

At the same time, Mr. Fingar dismissed the notion that intelligence analysts should try merely to connect random intelligence findings. "As a 40-year analyst, I'm offended by the notion of 'connecting dots,' "he said. "If you had enough monkeys you could do that."

The consensus of the intelligence agencies is that Iran is still years away from building a nuclear weapon. Such an assessment angers some in Washington, who say that it ignores the prospect that Iran could be aided by current nuclear powers like North Korea. "When the intelligence community says Iran is 5 to 10 years away from a nuclear weapon, I ask: 'If North Korea were to ship them a nuke tomorrow, how close would they be then?" said Newt Gingrich, the former Republican speaker of the House of Representatives.

"The intelligence community is dedicated to predicting the least dangerous world possible," he said.

Some veterans of the intelligence battles that preceded the Iraq war see the debate as familiar and are critical of efforts to create hard links based on murky intelligence.

"It reflects a certain way of looking at the world — that all evil is traceable to the capitals of certain states," said Paul R. Pillar, who until last October oversaw American intelligence assessments about the Middle East. "And that, in my view, is a very incorrect way of interpreting the security challenges we face."

Iran Threat Grows Under Hard-liner, Congress Reports (WT)

By Rowan Scarborough

The Washington Times, August 24, 2006

Iran has become a greater threat to the United States since the presidential election of Mahmoud Ahmadinejad, who is presiding over a secretive weapons program capable of producing 12 nuclear weapons if the nation's uranium enrichment continues, says a congressional report released yesterday.

"Iran poses a threat to the United States and its allies due to its sponsorship of terror, probable pursuit of weapons of mass destruction and support for the insurgency in Iraq," said the 29-page bipartisan report from the House Permanent Select Committee on Intelligence.

The report combines previously published intelligence and committee assessments. It is designed to spotlight Iran's radical Islamic regime, which appears to be on a collision course with the West over its nuclear program.

Mr. Ahmadinejad has refused a demand from the United Nations to stop enriching uranium. That stance raises the risk of economic sanctions and a pre-emptive U.S. air strike on Iran's network of atomic centers.

The report says: "The profile of the Iranian threat has increased over the last year due to the election of President Mahmoud Ahmadinejad, who has made public threats against the United States and Israel, the continuation of Iranian nuclear weapons research, and the recent attacks by Hezbollah, an Iranian terrorist proxy, against Israel. ... Iran thus bears significant responsibility for the recent violence in Israel and Lebanon."

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Committee Chairman Peter Hoekstra, Michigan Republican, added, "That Iran has announced it will continue its program of nuclear enrichment, in violation of a U.N. resolution, demonstrates it will not be satisfied until it poses a threat to the entire world."

The report suggests that Iran played a role in Hezbollah's attack on Israel last month, but said the evidence is not firm.

"The extent to which Iran directed the July/August 2006 Hezbollah attacks against Israel is unknown, as are possible Iranian objectives for provoking hostilities with Israel at this point in time," the report said. "Certainly, Iran could benefit if the international community's attention was diverted away from Iran's nuclear program."

Iran has on hand 85 tons of processed uranium that could be enriched and used in 12 nuclear weapons, and could stockpile enough plutonium for 30 weapons per year with spent fuel from a Russian-supplied reactor at Bushehr on the Persian Gulf.

Russia has promised to inventory and collect the spent fuel rods. But the House report says, "Iran's record of non-cooperation with the [International Atomic Energy Agency] and its years of secret nuclear experiments raise questions as to whether Iran can be trusted to honor an agreement on the disposition of spent fuel rods."

The report, "Recognizing Iran as a Strategic Threat: An Intelligence Challenge for the United States," repeats a complaint from a 2005 blue-ribbon commission that the U.S. intelligence community does not know enough about Iran's nuclear program and those of other rogue nations.

"The United States lacks critical information needed for analysts to make many of their judgments with confidence about Iran and there are many significant information gaps," the committee report said.

Congress has criticized the CIA for a flawed national intelligence estimate that said Iraq still possessed large stockpiles of chemical weapons -- an assessment on which President Bush largely based his decision to go to war in 2003. Mr. Bush may decide at some point that strikes on Iran are the only way to prevent the U.S.-designated terror sponsor from achieving a nuclear arsenal.

Iran possesses Shahab-3 ballistic missiles capable of reaching Israel, which Mr. Ahmadinejad has threatened to destroy. Iran is developing the Shahab-4, whose range would reach parts of Europe.

U.S. Spy Agencies Criticized On Iran (WP)

By Dafna Linzer

The Washington Post, August 24, 2006

A key House committee issued a stinging critique of U.S. intelligence on Iran yesterday, charging that the CIA and other agencies lack "the ability to acquire essential information necessary to make judgments" on Tehran's nuclear program, its intentions or even its ties to terrorism.

The 29-page report, principally written by a Republican staff member on the House intelligence committee who holds a hard-line view on Iran, fully backs the White House position that the Islamic republic is moving forward with a nuclear weapons program and that it poses a significant danger to the United States. But it chides the intelligence community for not providing enough direct evidence to support that assertion.

"American intelligence agencies do not know nearly enough about Iran's nuclear weapons program" to help policymakers at a critical time, the report's authors say. Information "regarding potential Iranian chemical weapons and biological weapons programs is neither voluminous nor conclusive," and little evidence has been gathered to tie Iran to al-Qaeda and to the recent fighting between Israel and Hezbollah in southern Lebanon, they say.

The report relies exclusively on publicly available documents. Its authors did not interview intelligence officials. Still, it warns the intelligence community to avoid the mistakes made regarding weapons of mass destruction before the Iraq war, noting that Iran could easily be engaged in "a denial and deception campaign to exaggerate progress on its nuclear program as Saddam Hussein apparently did concerning his WMD programs."

"We want to avoid another 'slam dunk,' " Rep. Peter Hoekstra (R-Mich.) said in an interview yesterday, explaining why the staff report was made public before it had been approved by the full committee. "We think it's important for the American people to understand the kinds of pressures that we are facing and to increase the American public's understanding of Iran as a threat."

Former CIA director George J. Tenet had called prewar intelligence on banned weapons a "slam dunk," but no such arms were ever found.

The House panel's report comes at a time when the Bush administration is scrambling for leverage in its effort to force Iran to suspend its nuclear program. On Tuesday, Tehran rejected a U.N. Security Council resolution requiring it to halt its uranium-enrichment work.

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For weeks, the White House has said that it would push for international sanctions if Iran failed to comply with the council's demands. But none of its allies spoke of sanctions yesterday, a day after Iran said it was willing to engage in serious discussions with the United States -- but not if it had to stop its nuclear program first.

The State Department issued a terse response to the Iranian offer yesterday, saying it fell "short" of Iran's obligations but making no mention of sanctions.

Some Republicans privately oppose President Bush's current policy of potential engagement with Iran and believe it is crumbling in the face of European reluctance to impose strict measures.

Jamal Ware, spokesman for the House intelligence committee, said three staff members wrote the report, but he did not dispute that the principal author was Frederick Fleitz, a former CIA officer who had been a special assistant to John R. Bolton, the administration's former point man on Iran at the State Department. Bolton had been highly influential in the crafting of a tough policy that rejected talks with Tehran.

Bolton was appointed ambassador to the United Nations last year, and Secretary of State Condoleezza Rice changed course when she came to the State Department, choosing instead to support direct European negotiations with Iran. She said the United States would join those talks if Iran agreed to suspend its nuclear work.

Noting "significant gaps" in U.S. intelligence, Fleitz's report suggests that the United States could not effectively engage in talks with Tehran.

Rep. Rush D. Holt (N.J.), the ranking Democrat on the subcommittee that prepared the report, said he agreed to forward it to the full committee because it highlights the difficulties in gathering intelligence on Iran. But he added that the report was not "prepared and reviewed in a way that we can rely on."

The administration has not attributed its assertions about Iran's weapons program to U.S. intelligence, as it had done about Iraq's in the run-up to the March 2003 invasion. Instead, it has pointed to years of Iranian concealment and has questioned why a country with as much oil as Iran would need a huge nuclear energy program.

The House report notes several years of findings by international nuclear inspectors that point to the possibility of a nuclear weapons program and suggests that more U.S. intelligence resources should be devoted to finding proof.

"Although Iran . . . with active denial and deception efforts, is a difficult target for intelligence analysis and collection, it is imperative that the U.S. Intelligence Community devote significant resources against this vital threat," the report says.

The report suggests seven areas in which the intelligence community can improve its analysis and collection of information, and it specifically criticizes the office of the director of national intelligence, John D. Negroponte. The report says Negroponte needs to "clearly identify his goals for improving Iran-related collection and analysis so members of the Community know what they are supposed to achieve."

John Callahan, a spokesman for Negroponte, said the office is already "taking steps along the lines the committee has recommended and looks forward to working with members and staff to continue to make progress as we address the challenges Iran poses."

U.S. Built Major Iranian Nuclear Facility (CHIT)

By Sam Roe

Chicago Tribune, August 24, 2006

In the heart of Tehran sits one of Iran's most important nuclear facilities, a dome-shaped building where scientists have conducted secret experiments that could help the country build atomic bombs. It was provided to the Iranians by the United States.

The Tehran Research Reactor represents a little-known aspect of the international uproar over the country's alleged weapons program. Not only did the U.S. provide the reactor in the 1960s as part of a Cold War strategy, America also supplied the weapons-grade uranium needed to power the facility—fuel that remains in Iran and could be used to help make nuclear arms.

As the U.S. and other countries wrestle with Iran's refusal this week to curb its nuclear capabilities, an examination of the Tehran facility sheds light on the degree to which the United States has been complicit in Iran developing those capabilities.

Though the International Atomic Energy Agency, the United Nations' nuclear watchdog, has found no proof Iran is building a bomb, the agency says the country has repeatedly concealed its nuclear activities from inspectors. And some of these activities have taken place in the U.S.-supplied reactor, IAEA records show, including experiments with uranium, a key material in the production of nuclear weapons.

U.S. officials point to these activities as evidence Iran is trying to construct nuclear arms, but they do not publicly mention that the work has taken place in a U.S.-supplied facility.

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The U.S. provided the reactor when America was eager to prop up the shah, who also was aligned against the Soviet Union at the time. After the Islamic revolution toppled the shah in 1979, the reactor became a reminder that in geopolitics, today's ally can become tomorrow's threat.

Also missing from the current debate over Iran's nuclear intentions is emerging evidence that its research program may be more troubled than previously known.

The Bush administration has portrayed the program as a sophisticated operation that has skillfully hid its true mission of making the bomb. But in the case of the Tehran Research Reactor, a study by a top Iranian scientist suggests otherwise.

After a serious accident in 2001 at the U.S.-supplied reactor, the scientist concluded that poor quality control at the facility was a "chronic disease." Problems included carelessness, sloppy bookkeeping and a staff so poorly trained that workers had a weak understanding of "the most basic and simple principles of physics and mathematics," according to the study, presented at an international nuclear conference in 2004 in France.

The Iranian scientist, Morteza Gharib, told the Tribune that management of the facility had improved in the past three years. When asked whether sloppiness at the reactor might have contributed to some of Iran's troubles with the IAEA, Gharib wrote in an email: "It is always possible, for any system, to commit infractions inadvertently due to lack of proper bookkeeping."

Jeffrey Lewis, an arms control expert at Harvard University, said bungling might be to blame for some infractions, but the Iranians clearly concealed major nuclear activities, such as building a facility to enrich uranium. "This was not an oversight," he said.

Another overlooked concern about the Tehran reactor is the weapons-grade fuel the U.S. provided Iran in the 1960s—about 10 pounds of highly enriched uranium, the most valuable material to bomb makers. It is still at the reactor and susceptible to theft, U.S. scientists familiar with the situation said.

This uranium has already been burned in the reactor, but the "spent fuel" is still highly enriched and could be used in a bomb. Normally, spent fuel is so radioactive that terrorists cannot handle it without causing themselves great harm. But the spent fuel in Iran has sat in storage for so long that it is probably no longer highly radioactive and could be handled easily, the U.S. scientists say.

The fuel is about one-fifth the amount needed to make a nuclear weapon, but experts said it could be combined with other material to construct a bomb.

In an interview, Linton Brooks, head of the National Nuclear Security Administration, an arm of the U.S. Energy Department, said the U.S. would like to retrieve the U.S.-supplied fuel, but the top priority has been to get Iran to suspend its enrichment efforts.

Under the international Nuclear Non-Proliferation Treaty, Iran has the right to enrich uranium for peaceful purposes. But the UN Security Council, saying Iran has failed to prove it is not building weapons, has demanded Iran stop enrichment by Aug. 31 or face economic sanctions. This week, Iran offered "serious talks" on its nuclear activities but did not promise to stop enriching uranium.

While Brooks downplayed the proliferation risk of the Tehran Research Reactor, some experts believe the facility is so important to Iran's nuclear program that it would be targeted in a U.S. military strike on Iran.

"Its purpose is mainly advanced training and producing a cadre of nuclear engineers," said Paul Rogers, an arms control expert at the University of Bradford in England. "So it's one of the facilities that is really quite significant."

Exactly how significant is unclear. The Tehran reactor provided the foundation for Iran's nuclear program, but that program now consists of numerous other facilities as well. And over the years, Iran has obtained nuclear aid from various sources, including Russia and the black market network of Pakistani scientist A.Q. Khan. China also has supplied research reactors.

Most of the world's nuclear research reactors, which train students or produce radioisotopes for medicine, fall under IAEA restrictions. Agency inspectors have visited the Tehran facility several times in recent years. Iran says its nuclear program, including the U.S.-supplied reactor, is solely for peaceful purposes.

When arguing for tough penalties on Iran, U.S. officials have pointed to activities in the U.S.-supplied reactor.

In 2004, John Bolton, the State Department's senior arms control official at the time, told a congressional panel that Iran's covert nuclear weapons program was marked by a "two-decades-long record of obfuscation and deceit." He cited experiments in the reactor as part of the evidence.

Several months later, Bolton told another congressional panel that Iran had received technological assistance from companies in Russia, China and North Korea in an attempt to develop missiles capable of delivering nuclear weapons.

Countries that provide Iran such weapons-of-mass-destruction technology "ought to know better," said Bolton, now the American ambassador to the United Nations. If foreign companies aid Iran, the U.S. "will impose economic burdens and brand them as proliferators."

What Bolton didn't note: America's role in Iran's nuclear program.

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That role has complicated U.S. efforts to gain support for greater restrictions on Iran. For instance, the U.S. wants Russia to take a firmer stance on Iran's nuclear program and has been critical of Russian efforts to help Iran build a nuclear power plant.

But Russia has noted the U.S. had no problem providing Iran a research reactor and highly enriched uranium when it was politically expedient.

Those who defend the U.S. say it should not be faulted for aiding Iran in the past. "It's not the international community's fault for helping Iran exercise its rights in the past" to develop nuclear energy for peaceful uses, said Lewis, the Harvard expert. "It's Iran's fault for not living up to its safeguards obligation."

Iran's nuclear program can be traced to the Cold War era, when the U.S. provided nuclear technology to its allies, including Iran. In 1953, the CIA secretly helped overthrow Iran's democratically elected prime minister and restore the shah of Iran to power.

In the 1960s, the U.S. provided Iran its first nuclear research reactor. Despite Iran's enormous oil reserves, the shah wanted to build numerous nuclear power reactors, which American and other Western companies planned to supply.

Yet today, the U.S. argues that Iran does not need to develop nuclear power because of those same petroleum resources.

In 1979, when the shah was overthrown and U.S. hostages taken, America and Iran became enemies; Iran's nuclear power program stalled.

The U.S. refused to give Iran any more highly enriched uranium for its reactor, and Iran eventually obtained new fuel from Argentina. This fuel is too low in enrichment to be used in weapons but powerful enough to run the facility. To this day, the reactor runs on this kind of fuel from Argentina.

In papers filed with the IAEA, Iran states that before the 1979 revolution it gave the U.S. $2 million for additional highly enriched uranium fuel for its American-supplied reactor but the U.S. neither provided the fuel nor returned the $2 million.

In 2003, shortly after IAEA officials inspected the U.S.-supplied reactor, Iran acknowledged it had conducted experiments on uranium in the reactor between 1988 and 1992—activities that had not been previously reported to the agency.

The IAEA rebuked Iran for failing to report these experiments and expressed concern about other activities in the reactor. These included tests involving the production of polonium-210, a radioisotope useful in nuclear batteries but also in nuclear weapons.

Inspectors also were curious why some uranium was missing from two small cylinders. Iran said the uranium probably leaked when the cylinders were stored under the roof of the research reactor, where heat in the summer reached 131 degrees Fahrenheit.

When inspectors took samples from under the roof, they indeed found uranium particles. But inspectors did not think Iran's explanation about leaking cylinders was plausible.

Eventually, Iran acknowledged the missing uranium had been used in key enrichment tests in another facility.

U.S. Defers Call For Immediate Sanctions Against Iran (LAT)

By Peter Spiegel

The Los Angeles Times, August 24, 2006

Washington — The Bush administration said Wednesday that Iran's response to international efforts to restrain its nuclear program fell short of a U.N. Security Council demand that Iran suspend its uranium enrichment activities by Aug. 31. But U.S. officials declined to say whether that meant it would push for economic sanctions against Iran at the United Nations next week.

The administration's refusal to call immediately for sanctions marked a change in tone from signals sent by American officials before Iran issued a 21-page counteroffer Tuesday. Over the last week, senior U.S. diplomats had warned that anything short of a halt of Iran's enrichment program would lead to a quick U.S.-led push for targeted sanctions at the United Nations.

The U.S. stance appeared even more muted than that taken Wednesday by France, where Foreign Minister Philippe Douste-Blazy told reporters that any return to the negotiating table would depend on Iran suspending its enrichment program. The Security Council is scheduled to meet Aug. 31 to officially consider Iran's response and decide whether it should move toward sanctions.

The Bush administration's reaction came in an announcement by the State Department, where a spokesman called the Iranian response "a serious offer" that warranted review. White House spokesman Dana Perino said afterward that while Iran did not meet the key requirements on enrichment and reprocessing, the U.S. was continuing to discuss the document with the other four permanent members of the U.N. Security Council, plus Germany, to decide whether to push for sanctions.

"I think that we need some time to review it and to discuss what the next steps are," Perino said. "All six of them are meeting, and we'll see what comes next."

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It remained unclear whether the Bush administration's subdued reaction to the Iranian document was a signal of a genuine willingness to re-engage with Tehran on the nuclear issue or simply an attempt to demonstrate publicly that it was not dismissing the Iranian proposal out of hand.

European allies have been pushing the U.S. to refrain from quick public pronouncements, noting Western powers castigated the Iranian government last year when it immediately rejected a European Union offer of political and economic cooperation in return for a cessation of its enrichment program.

"We criticized Iran for the way they dismissed the offer we made in 2005 without even looking at it," said another European diplomat. "It would behoove us to take some time and look at this."

President Bush discussed the Iranian response with U.N. Secretary-General Kofi Annan in a morning telephone call during which Annan said he was planning on traveling to the Middle East at the end of the week. Although the trip will include a stop in Tehran, U.N. officials said his discussions will focus on the U.N.-brokered cease-fire in Lebanon.

Bush also discussed Iran's offer, which included a call for new, "serious negotiations," with Secretary of State Condoleezza Rice.

Other than Douste-Blazy's remarks, the reaction from most allied capitals showed a similar measure of restraint as the one from Washington -- a sign that world powers wanted to avoid displaying any differences so quickly on the heels of an acrimonious debate over the cease-fire in Lebanon.

Furthermore, officials were not under pressure to respond quickly, given the scheduled Security Council meeting on Iran's nuclear program is still more than a week away.

"Our deadline is the 31st of August; I'm not sure we see any reason to respond on Iran's timetable," said one European diplomat who, like others, spoke on condition of anonymity because of diplomatic sensitivity.

Having pushed the international community for action against Tehran, however, it would be unlikely for the administration to back down from its promises to pursue sanctions next week if Iran did not agree to suspend enrichment.

Both Undersecretary of State R. Nicholas Burns, the administration's point man on Iran, and U.N. Ambassador John Bolton have said recently that the administration planned to press quickly for sanctions without an Iranian agreement to the allied offer.

However, the Russian and Chinese foreign ministries said Wednesday that they preferred a negotiated solution, signaling it may be hard to persuade them to vote for any penalty against Iran, at least for now.

Both urged the United States and the Western Europeans, who have been the strongest advocates of enacting penalties quickly if Iran fails to meet the Security Council demands, to focus on Iran's proposals and to avoid strident criticism.

"It is essential to understand the nuances and to find constructive elements, if any exist, and to decide whether it is possible to go on working with Tehran on the basis of the well-known proposals of the six states," said Mikhail Kamynin, the Russian Foreign Ministry Spokesman.

A Chinese Foreign Ministry diplomat said: "Hopefully, the other parties will remain patient and calm," referring to the Europeans and the United States.

Details of the Iranian response remained closely held by U.S. and European diplomats, but the requirement to suspend enrichment was seen on both sides of the Atlantic as the central component of an offer made in June by Germany and the permanent Security Council members. One of the diplomats described the Iranian response as "opaque" and "circular."

Even as the administration sought to portray itself as soberly, the House Intelligence Committee issued a report Wednesday emphasizing the potential threat posed by Iran and reiterating U.S. intelligence estimates that Iran could develop a nuclear weapon sometime in the next decade.

U.S. Says Iran's Reply On Nukes Is 'serious' — But Not Enough (USAT)

By Bill Nichols

USA Today, August 24, 2006

WASHINGTON — The State Department said Wednesday that Iran's reply to a Western offer aimed at curbing its nuclear program "falls short" of conditions set by the United Nations to avoid economic and political sanctions.

The statement also acknowledged that Iran "considers its response as a serious offer" — careful phrasing that foreign policy analysts say is intended to show that Washington is not eager to punish Iran, thereby helping hold a fragile U.S.-European coalition together.

The U.S. strategy of rejecting the response while still treating it as serious is intended to avoid alienating China and Russia, which have resisted economic sanctions, said Jon Wolfsthal, a non-proliferation expert at the Center for Strategic and International Studies. "This was not a case of Iran saying, 'To hell with you,' " Wolfsthal said. "There was a moderate tone, and the White House had to match that."

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Iran's 21-page response, delivered to diplomats Tuesday by Ali Larijani, the country's chief nuclear negotiator, called for "serious negotiations" but rejected a central Western demand: suspending its uranium enrichment program. Details of the response have not been released.

The United States, Britain, China, Germany, France and Russia proposed a package of economic and diplomatic incentives in June for Iran to halt research activities that could lead to the development of nuclear weapons.

The Bush administration and its allies say the uranium program is making fuel for weapons. Iran says it is only for nuclear energy.

When Iran did not meet an initial deadline to respond, the U.N. Security Council passed a resolution July 31 calling on Tehran to halt its enrichment program by Aug. 31 or face possible sanctions.

Wednesday's statement said the United States is "consulting closely" with its allies on next steps.

President Bush met with Secretary of State Condoleezza Rice to discuss Iran's reply. The president also conferred by telephone with U.N. Secretary-General Kofi Annan.

France echoed the U.S. tone. Foreign Minister Philippe Douste-Blazy said "the door is still open" for negotiations only if Iran first suspends enrichment.

China and Russia, both of whom have veto power on the Security Council, reacted carefully. China called for dialogue and patience. The Russian Foreign Ministry said talk of sanctions before the Aug. 31 deadline was "premature."

U.S. Says Iranian Nuclear Proposal Is Inadequate (NYT)

By Helene Cooper

The New York Times, August 24, 2006

WASHINGTON, Aug. 23 — The United States, in its first formal reaction after Iran's counteroffer to an incentives proposal to quit its nuclear program, said Iran's position "falls short" of United Nations demands.

A State Department statement said the United States was "consulting closely" with members of the United Nations Security Council over its next steps.

"We acknowledge that Iran considers its response as a serious offer, and we will review it," said the acting spokesman for the department, Gonzalo Gallegos, in the statement.

On June 1, the five permanent members of the Security Council, along with Germany, offered Iran a package of incentives in return for Tehran's suspension of uranium enrichment, a crucial step in any creation of a nuclear weapon. Iran's official response on Tuesday, in a complex 21-page counterproposal, in effect offered to hold negotiations on its nuclear program but did not address the Security Council's demand that it halt enrichment.

Bush administration officials are pushing their European, Russian and Chinese counterparts to impose sanctions on Iran at the end of the month, after a Security Council deadline for Iran to suspend enrichment expires. But Russia and China, which have deep economic ties with Iran, have resisted any move to penalize the country severely.

On Wednesday, those two countries again urged the Europeans and Americans to respond with caution.

On its Foreign Ministry's Web site, Russia asked world powers to "understand the nuances, to find constructive elements, if there are any, to determine if it is possible to work further with Tehran on the basis of the well-known proposals of the six states." And a Foreign Ministry spokesman, Mikhail Kamynin, said any talk of sanctions before the expiration of the Aug. 31 deadline set by the Security Council was premature.

A statement from China urged patience and further negotiation on the issue. Foreign Minister Philippe Douste-Blazy of France told reporters in Paris that Iran must stop uranium enrichment before negotiation on its nuclear program can resume.

In Berlin, a Foreign Ministry spokesman, Martin Jaeger, said that Germany was "analyzing and evaluating the rather complex text" of the Iranian proposal. But he added that Iran's response ran counter to its insistence that its nuclear program was for peaceful purposes.

The United States, Britain, France and Germany had considered meeting Wednesday in New York to discuss the Iranian proposal and their response, but the Europeans decided against the meeting, a senior American official said. He said the foreign ministers were studying the Iranian proposal in their respective capitals.

President Bush met with Secretary of State Condoleezza Rice at the White House on Wednesday to discuss the issue, aides said. Ms. Rice also spoke by telephone with the European Union's foreign policy chief, Javier Solana.

Offer By Iran 'Falls Short' (WT)

By David R. Sands

The Washington Times, August 24, 2006

DOJ_NMG_0052958

The Bush administration said yesterday that Iran's proposal for talks on its nuclear programs "falls short of the conditions" demanded by the U.N. Security Council.

But with the international alliance against Iran showing signs of strain, the administration stopped short of dismissing Tehran's proposal out of hand.

"We acknowledge that Iran considers its response as a serious offer, and we will review it," State Department acting spokesman Gonzalo Gallegos said after a meeting between President Bush and Secretary of State Condoleezza Rice.

Both China and Russia said they favor additional negotiations with Tehran to clear up questions over its nuclear programs, which the United States and its European allies fear are a cover for Tehran's drive to obtain nuclear weapons.

Mr. Gallegos said that Iran's 20-page counteroffer "falls short of the conditions set by the Security Council, which require the full and verifiable suspension of all [uranium] enrichment-related and reprocessing activities."

"We are consulting closely, including with other members of the Security Council, on next steps," he said.

Separately, a bipartisan congressional report released yesterday said Iran has become an even greater threat to the United States with the election last year of hard-line Islamist President Mahmoud Ahmadinejad.

The House Permanent Select Committee on Intelligence said Iran has enough uranium, if sufficiently enriched, for 12 nuclear bombs.

The report also cast doubt on Moscow's ability to monitor spent fuel rods from a Russian-built nuclear reactor in Bushehr, Iran, and warned Iran could in time produce 30 plutonium-based nuclear bombs annually by reprocessing the plant's spent fuel rods.

The five permanent U.N. Security Council powers -- the United States, Russia, China, France and Britain -- and Germany in June offered Tehran a package of diplomatic, trade and security concessions if Iran would freeze its nuclear programs.

Top U.S. officials say they are prepared to move "quickly" with sanctions and other punitive measures if Iran refuses to cooperate.

France and Germany yesterday echoed the U.S. stance, saying Iran must freeze its enrichment work -- a critical step in producing fuel for both civilian and military nuclear uses -- before any talks can proceed. The U.N. deadline for Iran to comply with the freeze is Aug. 31.

"The Iranians know the rules of the game -- first a suspension of sensitive nuclear activities," said French Foreign Minister Philippe Douste-Blazy.

But official spokesmen in Moscow and Beijing said Iran's lengthy counterproposal for new "serious talks," delivered on Tuesday in Tehran by senior nuclear negotiator Ali Larijani, could form the basis for a new round of negotiations and put on hold for now any talk of sanctions.

"It is very important to understand the nuances and grasp constructive elements, if in fact they exist, and work out how to work further with Tehran on the basis of the known proposals of the six countries," Russian Foreign Ministry spokesman Mikhail Kamynin told the Interfax news agency.

Iranian officials appeared eager to exploit possible divisions on the other side of the negotiating table.

"If the Europeans pay proper attention to positive and clear signals included in Iran's response, the case will be solved through negotiation and without tension," Foreign Ministry spokesman Hamid Reza Asefi told Iran's state radio yesterday.

Mr. Bush also spoke by phone with U.N. Secretary-General Kofi Annan about Iran yesterday. Mr. Annan plans a Middle East trip, starting tomorrow, that will include a stop in Tehran.

Iran says its nuclear programs are for civilian energy uses, and claims it has a right to pursue nuclear power under the international treaty on nonproliferation.

Iran Stalls (WP)

The Washington Post, August 24, 2006

IT'S BEEN four years since the existence of Iran's nuclear program was confirmed, and since then Iran has succeeded in stalling the world's efforts to ensure that the country's enriched uranium is used exclusively for peaceful purposes. Sometimes inspectors from the U.N. International Atomic Energy Agency have been granted permission to enter the country; sometimes they have been denied access. Sometimes Iran's leaders have bluntly pledged never to give up their program; other times, as on Tuesday, they have called for immediate negotiations. By sending conflicting signals about its intentions, Iran has divided its critics and staved off sanctions, all the while continuing with its efforts to amass enriched uranium. The question now is whether the world will allow itself to be manipulated once again.

Iran's latest gambit comes in response to a two-pronged initiative from the five permanent members of the U.N. Security Council plus Germany. The first prong consists of a package of economic and political incentives to Iran to give up its nuclear program; the second consists of a U.N. resolution threatening sanctions if Iran fails to suspend uranium enrichment by the end of

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this month. Both the carrot and the stick have the support of Russia and China as well as the United States, Britain, France and Germany. They are designed to give Iran a clear choice: Freeze enrichment and rejoin the international community or continue enrichment and face sanctions.

Not surprisingly, Iran is trying to fudge this choice. Its response on Tuesday did not offer a freezing of the nuclear program but rather advanced what it called a new formula to resolve the crisis. While it's predictable that Iran should try to wriggle out of its box, it would be scandalous if it were allowed to do so. Iran was told to suspend enrichment. It has not suspended enrichment. Therefore it must face sanctions until it rethinks its position.

The Bush administration appears likely to seek a sanctions resolution at the United Nations. Britain, France and Germany seem ready to go along with that. But Russia and China are said to be wavering, and if they can be persuaded to support sanctions, the price may be that the sanctions are mild. Why this maddening lack of nerve? It's true that Russia and China have investments in Iran and that both may derive a mischievous pleasure from Iran's efforts to undermine U.S. policy in Iraq and elsewhere. But if Russia and China want to be accepted as the forces for global stability that they claim to be, they should not undercut Western efforts to defuse the Iran crisis by peaceful means. No responsible power has anything to gain from further tension in the Middle East, still less an eventual war over Iran's nuclear ambitions.

The Ayatollah's Answer (WSJ)

The Wall Street Journal, August 24, 2006

Two months ago the U.N. Security Council offered Iran a choice: Stop enriching uranium in violation of its treaty agreements and the world would negotiate better diplomatic and commercial relations. Keep enriching the fuel for nuclear weapons, however, and face isolation and sanctions. Tehran's rulers have now given their answer: They won't stop enriching uranium, but they're happy to keep talking about it.

Yesterday, the Bush Administration said it is still studying the Iranian proposal but that the reply "falls short of the conditions set by the Security Council." You can say that again. After three years of Iranian stonewalling since their nuclear deception was discovered, the June resolution was deliberately written to make an end to enrichment a first-order obligation.

The carrots are supposed to follow, not precede, Iran's promise not to take further steps toward becoming a nuclear power. Iran's reply looks like a calculated attempt to conquer the Security Council by dividing its members with the promise that more talk might some day, down the road, in return for who knows what, lead Iran to stop going nuclear.

And already yesterday, the mullahs' strategy was paying dividends as Russia and China took the bait and urged further negotiations. These countries have their oil or nuclear energy deals with Tehran, and they don't seem to worry all that much about Islamic radicals getting the bomb. Perhaps they figure that's America's problem, or Israel's, though how an Islamic regime with a nuclear arsenal helps Russian or Chinese interests is a mystery.

So Secretary of State Condoleezza Rice will have a difficult time mobilizing the world to contain the growing Iranian threat. She sold the idea of offering direct U.S. talks to the mullahs in return for their cooperation on uranium as a way to keep the coalition together. And it worked for that one U.N. resolution. But now that the offer has been rejected so slickly by Tehran, we'll see if she's been out-maneuvered by the Ayatollah Khamenei. * * *

The obvious next diplomatic step is to show Iran that the world meant what it said by following through with the toughest achievable sanctions. A myth has developed in some circles that there are "no good options" available to pressure Iran, but that's more excuse than analysis. Iran's mullahs are unpopular at home and their citizens will notice if they are declared a global pariah state. Sanctions on travel by Iran's government officials, diplomats and sports teams may be largely symbolic, but such symbolism will not be missed on the Persian street.

Iran is also vulnerable economically. Sanctions on banks that deal with Iran can limit the regime's access to global credit markets for trade and other financing. Despite its oil exports, Iran also imports some 40% of its refined gasoline. A ban on selling gasoline to Iran would surely lead to gas lines and other shortages there, with possible domestic political repercussions. And it is domestic discontent that the mullahs rightly fear the most.

The worry in the West is that Iran would respond to a gasoline embargo by playing its oil card in retaliation, withholding its supplies and sending world oil prices perhaps to $100 a barrel. But the mullahs can't eat oil. Amid other economic sanctions, they would need their income from oil sales more than ever. They are also watching closely to see if the world is serious when it says it won't allow them to go nuclear, and they know better than anyone that gasoline imports are their biggest political danger. They'll know a wrist slap from a serious policy. * * *

Anyone who still thinks a nuclear-armed Iran won't pose a serious, and perhaps mortal, threat ought to consult this week's bipartisan staff report from the House Intelligence Committee. Drawing on open-source information and mindful of classified background, the report lays out the history of Iranian nuclear deception and its attempts to promote trouble throughout the Middle

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East. It notes that "Iran probably has an offensive biological weapons program." And it discusses in detail Iran's support for Hezbollah and other terror groups, as well as its continuing support for insurgents who are killing Americans in Iraq.

"A nuclear-armed Iran would likely embolden the leadership in Tehran to advance its aggressive ambitions in and outside of the region, both directly and through the terrorists it supports -- ambitions that gravely threaten the stability and the security of U.S. friends and allies," says the House Intelligence report. With a nuclear arsenal that they felt protected them from retaliation, the mullahs would also be more likely to use conventional military force in the Middle East. The domino effect as Turkey, Egypt and the Saudis sought their own nuclear deterrent would also not be "stabilizing," to cite the highest value of our Middle Eastern "realists." And don't forget President Mahmoud Ahmadinejad's vow that "Israel must be wiped off the map."

The most dismaying part of the House report may be its admission that there are huge gaps in U.S. intelligence about Iran and its weapons programs. That was also the conclusion of the Robb-Silberman report on intelligence last year, and the House Committee also recommends that U.S. spooks devote far more resources and attention to Iran as a strategic threat.

No one wants a military confrontation with Iran, but those who want to avoid one have an obligation to show the mullahs that continuing on their current path will lead to isolation, economic suffering and worse. A U.N. Security Council that passes resolutions it refuses to enforce is itself a threat to global security.

Iran's Double Talk Leaves U.S., Allies Plenty Of Bad Options (USAT)

USA Today, August 24, 2006

Iran lived up to its long history of diplomatic double talk this week. By all accounts, its convoluted response to a U.S.-European offer for negotiations on its fast-advancing nuclear program boils down to this: yes but no. Yes, we are ready for serious talks. But, no, we won't accept the single condition to stop enriching uranium.

The official Bush administration reaction Wednesday to this claptrap was that the 21-page Iranian proposal falls short of United Nations demands, and that the United States will consult with other Security Council members.

The question is what to do next. That the world would be better off without Iran's program is indisputable. A nuclear Iran could supply weapons to terrorists or use them to menace Israel, which Iran's messianic president thinks should be destroyed. And if Iran goes nuclear, others in the already highly volatile Middle East region are likely to follow.

All this reignites President Kennedy's fear in the early 1960s that the United States would soon "face a world in which 15 or 20 or 25 nations" possessed nuclear arms, instead of the four existing at the time. Kennedy's response is instructive. He worked with others to coerce nations to give up nuclear ambitions. The resulting accord, the Nuclear Non-Proliferation Treaty, has since restrained all but five (China, India, Israel and, more recently, Pakistan and North Korea).

If Iran, which signed the non-proliferation treaty in 1968, refuses to suspend its uranium enrichment by the end of this month, as called for in a Security Council resolution, the evident next step will be draconian sanctions. But that's not so easy. Two members of the Security Council with veto power — Russia and China — have energy and investment deals with Iran and are reluctant to impose harsh sanctions. Iran's yes-but-no answer was likely designed to split them off. Right on cue, both issued ambivalent responses.

Military action is both premature and problematic. Airstrikes aren't likely to be able to destroy all of Iran's dispersed facilities, some of which are deep underground or hidden. Iran is far larger and more inhospitable to ground troops than Iraq, where the United States is already bogged down. Military action could also ignite retaliation against those U.S. troops in Iraq as well as more widely.

The best of bad options is for Washington to start playing more chess than poker — moving the political and diplomatic pieces in an effort to checkmate Tehran, instead of raising the stakes while holding a weak hand and letting Iran call the U.N.'s bluff.

A first next step, for instance, might be to impose whatever sanctions Russia and China could accept, such as restricting Iranian officials' travel. There could be some finessing of when a suspension of enrichment would take place. Public fudging is part of all successful negotiations. So, too, is compromise: The United States, for example, might have to offer Iran guarantees that it will not seek violent regime change.

The point is to inch forward and allow no daylight to open up among allies. If and when it becomes clear that Iran won't budge, the alliance against it can be solid enough to inflict what pain is possible. Iran's economy depends on oil riches and handouts. Reducing trade and the refined gasoline Iran that imports (because it doesn't have enough refineries) are potential pressure points.

There are no easy options in dealing with Iran. Ultimately, the United States and its allies might have to decide which is worse: allowing Iran to obtain nuclear weapons or a military strike aimed at preventing it from doing so. That fateful decision, however, should not be made until the non-military alternatives have been exhausted.

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Muddling Mullahs (LAT)

The Los Angeles Times, August 24, 2006

SAY WHAT YOU WILL ABOUT the mullahs who rule Iran, they are masters of obfuscation. Presented with a yes-or-no question on whether they would suspend uranium enrichment, they responded Tuesday with a 23-page masterpiece of diplomat-speak so obscure that foreign governments could initially do little more than mumble that they needed more time to figure out what it meant.

It doesn't take a degree in Middle Eastern affairs to realize that Tehran is, as usual, stalling for time. President Mahmoud Ahmadinejad's government hopes to so thoroughly muck up the diplomatic process that the major world powers are left without a clear-cut justification for cracking down. The U.N. Security Council has set Aug. 31 as the deadline by which Iran must agree to stop enrichment, after which the world body will consider imposing sanctions. Russia and China have been deeply reluctant to take that step, and Iran's latest response is said to contain just enough positive language — offering a "new formula" for further discussions — to give them a reason to keep dithering.

Nonetheless, at least two Security Council members, the U.S. and France, aren't buying it. On Wednesday, they said Iran's response fell short of United Nations requirements, and the State Department announced it was meeting with allies to discuss "next moves," presumably meaning potential sanctions. It's well past time to do so, though there are serious questions about whether the U.N. can come up with punishments harsh enough to pose a real threat to the Iranian regime. As the Cato Institute's Justin Logan puts it, "What's feasible won't work, and what might work isn't feasible."

The strongest blow would be a ban on the export of gasoline to Iran (which lacks refinery capacity), but leverage here is two-sided because a retaliatory cutback by Tehran on its oil exports could roil already strained markets. With oil off the table, diplomats are left mainly discussing ways to make life harder for Iran's leaders, such as by preventing them from getting visas or freezing their foreign assets. That probably won't be enough to persuade Tehran to end its apparent quest for nuclear weapons. Still, it would be a good first step, and it may be the maximum that Russia and China would currently accept; down the road, broader economic punishments might become more practical.

With military action out of the question for now, the international community has little choice but to continue the carrot-and-stick approach, offering Tehran economic benefits for compliance and sanctions for refusal. The challenge is to find big enough sticks.

Sweating Out The Truth In Iran (NYT)

By Maziar Bahari

The New York Times, August 24, 2006

Tehran, Iran

WORKING as a journalist in Iran embodies the definition of insanity: doing the same thing over and over again without getting any results. That's how I felt at the height of the conflict in Lebanon, when I asked officials about Iran's relations with Hezbollah, bearing in mind that posing such questions can be a futile, dangerous and sometimes even lethal exercise.

How was Iran helping Hezbollah? Did Iran really start the war to divert attention from its uranium enrichment program (which it vowed this week to continue)? Was Iran, as Hezbollah's ally, if not patron, willing to put its money where its mouth was and enter the conflict?

Questions, questions. Of course no one answered.

So as a good Iranian, I indulged in fantasy. Fantasizing has become something of a national sport here. Our president, Mahmoud Ahmadinejad, predicted that the national soccer team would finish third or fourth in the World Cup. He also thinks we can become a nuclear powerhouse, even though we have a hard time manufacturing safety matches or making light bulbs with life expectancies of more than two weeks. By the way, the soccer team didn't make it out of the first round.

The setting of my dream was a sauna, where I questioned an imaginary official for five minutes (alas, even our dreams have boundaries here). Why a sauna? For some reason, Iranian officials love going to saunas. Some of the most important decisions in our recent history have been made in saunas. I'm serious.

I politely approach the high-ranking official and give him the impression that he is actually as important as he thinks he is. A bearded man in his early 50's, he usually wears a navy-blue suit and a collarless white shirt buttoned to the neck. (You can imagine how he would look in a sauna yourself. Hint: lots of hair). He is friendly and polite at first, but then his munificent smile turns to an agitated frown.

Q. How do you support the Lebanese resistance?

A. The Israeli regime has shown it has no concern for human rights and international law. It kills infants and pregnant women.

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Q. How do you support the Lebanese resistance?

A. Americans have double standards. There is one for Israel and another one for the rest of the world. If it were not for America, Israel would never dare to kill innocent Lebanese citizens with such impunity.

Q. How do you support the Lebanese resistance?

A. I just answered you.

Q. No. You didn't. You just repeated the slogans I heard people were chanting in the Palestine Square demonstration yesterday morning and at Friday prayers two days before that. How does Iran support Hezbollah? Financially? Militarily? Spiritually? How?

The official gets annoyed and looks to his bodyguards to take him away. He wipes the sweat off his face, adjusts his towel and leaves.

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It is a silly fantasy, I admit. But the Iranian regime has reached a crossroads in its relationship with the rest of the world, and no one in the government is willing to give the public a straight answer.

There is a vague logic in the absurdity of the events here. But the people in the government tend not to share the obscure reasons behind their decisions with the public during crises. Officials usually leave it to pundits to interpret the government's behavior as they wish (they must enjoy the French film critics who divine philosophical gesticulations in Iranian films in which absolutely nothing happens).

Using Hezbollah as a threat has always helped Iran in its negotiations with the West. Iran would like to keep it that way. Helping Hezbollah overtly, however, would lead to a direct confrontation with Israel and the United States, while officially staying out of Lebanese affairs means betraying revolutionary ideals the regime pretends to hold dear to its heart. For the moment, Iran is sticking to bombastic rhetoric while doing nothing, to the chagrin of many of its hard-line supporters.

Iran helped create Hezbollah in the early 1980's, it is Hezbollah's most vocal supporter, and before the war it sent the group millions of dollars of cash, medicine, arms and of course posters of Ayatollahs Ruhollah Khomeini and Ali Khamenei, which accompanied every aid package and arms shipment.

Does this Iranian aid make Hezbollah Iran's puppet? From all evidence, Hezbollah, to a great extent, makes decisions independently of Iran. Hezbollah is an indigenous Lebanese armed resistance group that owes its popularity to Israeli atrocities, biased American policies and corrupt Lebanese politicians. When the United States and Israel try to portray Hezbollah as an Iranian proxy, they are pointing the finger in the wrong direction.

But Iran definitely uses the threat of its influence over Hezbollah to further its objectives. And its prime objective is the survival of the Islamic regime at any price. The clerics and non-clerics (they are now mostly non-clerics) in power in Iran are not the old revolutionary zealots the Americans tend to imagine. They are pragmatic men who have enjoyed the fruits of power for 27 years and don't want to lose them. In the aftermath of Sept. 11, Iranian statesmen were so scared of American retaliation that for the first time since the revolution, no one chanted "Death to America" in Iran for 10 days.

The regime's rhetoric about the United States and Israel is a remnant of the time when seizing embassies and staging revolutions were in vogue. But now the Islamic Republic has one of the world's younger populations. Most young Iranians I know don't care for their fathers' ideals. They prefer the better things in life, like plasma TV's on which to watch Britney Spears and the exiled Iranian pop diva Googoosh on illegal satellite channels. (No, Mr. Cheney, they don't want the United States to invade their country.) The government spends much of its $60 billion in annual oil revenue to import goods and keep its youth happy.

The paradoxes of the regime have exposed its hypocrisies. On one hand, the fiery slogans are the raison d'être of the Islamic Republic, and on the other, acting openly on those slogans would spell its demise. The most expedient thing to do has been nothing, while continuing to chant.

Up until the start of the war in Lebanon, that was just fine. Iran benefited from a series of victories without doing much. First the Americans got rid of the Taliban, Iran's enemy to the east. Then the Americans got rid of Iran's archenemy to the west, Saddam Hussein. Finally, with Americans mired in both countries, the price of oil went through the roof, and Iran started enriching uranium again, knowing that the West could do nothing. The regime was intoxicated with oil money and regional influence.

But the war in Lebanon has made it impossible for the Islamic Republic to enjoy the same calm. Hezbollah has become a liability for Iran. Weakened, it now needs Iran's petrodollars and rockets to regain its strength. At the same time, Israel and the United States are scrutinizing the transfer of arms and money from Iran to Hezbollah more closely than ever. The next shipment of arms from Iran to Hezbollah may result in direct confrontation with Israel and the United States.

The bearded men in the saunas must be sweating more than usual, even though in public they toast Hezbollah's "victory" with glasses of pomegranate juice. The Islamic Republic is coming to the point where it has to choose: destroy itself by repeating the same old slogans, or come up with new definitions for itself, its friends and foes.

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Diplomacy -- For Now (WSJ)

By George Perkovich

The Wall Street Journal, August 24, 2006

Iran has said, "No, for now," to the U.N. Security Council's legally binding demand that Tehran suspend enrichment of uranium, as a first step toward resuming negotiations over the future course of its nuclear-energy program and broader relations with the West. Iran's militant leaders are inspired by Hezbollah's gritty fight with the vaunted Israeli army and the U.S. debacle in Iraq. They are emboldened by the sense that Security Council states have enforcement fatigue -- an unwillingness to confront tough guys who ignore international demands.

It's now time for the U.S. to quietly rally defense and foreign ministries in Europe, the Middle East and Asia to develop operational plans for containing and deterring a nuclear-armed Iran. Far from throwing in the towel or abandoning diplomacy in favor of warfare, devising a deterrence and containment strategy now would allay international fears that Washington uses U.N. diplomacy as a prelude to military-delivered regime change. Building international capabilities to contain a nuclear-armed Iran would have the double benefit of putting muscle into the Security Council's effort to dissuade Iran from acquiring nuclear weapons capability in the first place.

The first step is to convince Iran's leaders that their sovereignty and security will not be threatened if they desist from supporting or conducting violence outside their borders. Iran's leaders -- odious or not -- must know that they do not need nuclear weapons or proxy war for their survival; the regime's survival is best guaranteed by not fighting. The incentive package that France, Germany, the U.K., the U.S., Russia and China have recently offered to negotiate contains most of what is necessary to show Iran it will live better without producing fissile materials. What it lacks is a clear U.S. commitment to live with the government in Tehran, even as we compete with it politically and morally.

If Washington will forswear regime change and the Iranian government still refuses to negotiate terms for conducting an exclusively civilian nuclear program, then Tehran must be convinced it will suffer greatly for threatening its neighbors and Israel, directly or by proxy. The message must be: "The United States and other major powers will work more closely than ever with your neighbors to monitor your activities and establish capabilities to respond forcefully and immediately to any scale of terrorism, subversion or war that you visit on others. If you have nuclear weapons, we won't tolerate your export of violence."

The practical threat from Tehran is an extension of what just happened in Lebanon. With nuclear weapons, Iranian Revolutionary Guards and other militant actors would supply more and better weapons to Hezbollah, Islamic Jihad and Hamas, and stimulate their campaigns against Israeli and American targets, confident that their nuclear weapons would deter major counterattacks against Iran. Iran's collective leadership -- and the Persian nation -- did not grow old by being suicidal. President Mahmoud Ahmadinejad is young and zealous, but not completely in charge. Tehran will test the limits of subversion, low-intensity conflict and terrorism, while seeking to avoid a nuclear war with the U.S. or Israel.

Iran's neighbors will be torn between accommodating Tehran's rising power and seeking greater U.S. security cooperation. As during the Lebanon war, Arab governments will not want to provoke Tehran and their own anti-American populations. At the same time, these governments dread the arrogance and subversion they expect from a regionally dominant Iran. The present moment when Iran's nuclear capabilities remain in doubt must be seized to discreetly develop cooperative strategies to contain Tehran's capacity to project power and influence.

This would be easier if Hezbollah were disarmed, and Iranians less emboldened by their military capabilities. Short of that, if Damascus can be induced to stop facilitating Hezbollah's arms supply and training, Iranians will begin to see containment's potential. Washington should explore directly what it would take to induce Syria's cooperation.

Improved cooperation in intelligence-gathering and monitoring of Iranian activities must be a priority. The U.S. and Iran's neighbors should create a surveillance system to monitor all Iranian aircraft movement and potential missile launches. This is needed to clarify when Iran is conducting or supporting aggression outside its borders, and to identify perpetrators and relevant targets for retaliation, which would best be done covertly. Iran's arming of Hezbollah exemplifies activities that must be nipped in the bud, by covert force if necessary.

Iranian officials today bristle at U.S. intelligence-gathering and networking around their borders and among their restive minority communities. They denounce these activities as signs of a U.S. regime-change strategy that, implicitly, justifies Iran's need of nuclear-weapon capability. The U.S. must clarify that as long as Tehran is acting aggressively and seeks or possesses nuclear weapons, the international community has no choice but to gather intelligence vigorously. Similarly, as long as Tehran is developing ballistic missiles configured to carry nuclear weapons, the U.S. and Iran's neighbors are justified in deploying theater ballistic missile defenses. Again, cooperation in deploying such defenses should be as secret as possible to reduce political controversy. A nuclear-armed Iran that advocates wiping another country off the map would leave the U.S. little choice but to destroy Iranian missiles on the ground if Iran ever threatens to enter conflicts involving U.S. friends.

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Mandatory international sanctions on investment, arms sales and nuclear cooperation in Iran would greatly augment containment. Such sanctions are possible only under U.N. Security Council authorization. Moscow now blocks sanctions to prevent Tehran from producing materials that could be used in nuclear weapons, and President Vladimir Putin has equivocated about stopping Iranian enrichment of uranium. But Mr. Putin has unequivocally said Iran must not acquire nuclear weapons. The West needs to find his price for clarifying that Moscow will support severe penalties if Iran proceeds to acquire nuclear weapons. This will be easier to do now than after the fact.

The U.S. and its partners should now urge the U.N. Security Council to specify that any state violating Security Council Resolution 1540's prohibition on transferring nuclear weapons to terrorists will be deemed a threat to international peace and security under Chapter VII of the U.N. Charter, which would provide authority for military reprisals. In light of Iran's ongoing defiance of Security Council demands regarding its nuclear activities, there is no justifiable excuse not to send such a warning to Tehran and others in case they break their treaty obligations not to acquire nuclear weapons.

Iranian leaders wish to perpetuate their rule, not sacrifice it. Since their illicit nuclear activities were discovered in 2002, they have acted cautiously when the major powers stood resolutely together. When resistance has been weak, Tehran has acted aggressively. It is not too early to build a framework for deterring Tehran from acting outside its borders.

Mr. Perkovich is vice president and director of the Nuclear Nonproliferation Program at the Carnegie Endowment for International Peace.

Troop Pledge Vexes Europe (WSJ)

By Marc Champion And Karby Leggett

The Wall Street Journal, August 24, 2006

Europe's difficulties in raising enough troops to enforce the cease-fire in Lebanon have exposed some hard truths that are testing the Continent's ability to serve as a global military power and Middle East peacemaker.

Europe was expected to take the lead in manning a 15,000-strong force called for in the French-U.S.-brokered resolution to police the Aug. 11 truce between the Hezbollah militia and Israel. But France has since hesitated to commit a significant number of troops for the force amid concerns that they will end up fighting Hezbollah; so far Paris has offered only 400 soldiers, and Europe is having trouble raising as many ground troops as the U.N. says it needs to create a balanced force of troops from European and Muslim countries.

Yesterday, European diplomats struggled again to drum up a significant contribution to the United Nations contingent. Today, French President Jacques Chirac is expected to convene a cabinet meeting during which he could commit more troops to Lebanon beyond the 400. Tomorrow, European Union foreign ministers meet with U.N. Secretary-General Kofi Annan to firm up their contributions to the peacekeeping force.

The hesitation -- however justified by events on the ground -- is forcing Europeans to grapple with some uncomfortable realities: They don't have enough deployable combat troops; they are disliked as much as the U.S. by Mideast radicals; and their determination to stop the destruction and insert peacekeepers could come at a higher price than they are willing to pay.

"This is about the credibility of Europe in the area of security policy and foreign policy," said Danish Foreign Minister Per Stig Moeller in an interview in Denmark's Berlingske Tidende newspaper yesterday. "It would be a great disappointment and surprise if Europe stayed away."

Officials and analysts say France's concerns that the peacekeepers will be vulnerable to attack in a still-hostile environment are sound -- the U.S. and other allies said from the start they wouldn't put troops on the ground in southern Lebanon. The U.S. and Britain have said they are too committed in Iraq to send troops. But U.S. officials also say they are concerned that American troops wouldn't be seen as neutral.

The outlook for successfully keeping the peace and neutralizing Hezbollah is poor, and the risks high, no matter whose troops are on the ground or how well they are armed, military analysts say. Any breakdown of the cease-fire would result in European forces either returning to their barracks or shooting at Israelis or Muslims -- both unpalatable outcomes given the Continent's large Muslim populations and the legacy of the Holocaust that annihilated European Jewry.

The role France played in forging the cease-fire between Israel and Hezbollah raised expectations that Europe would provide the firepower needed to make it work. A failure to put enough boots on the ground risks leaving a gaping hole in the cease-fire strategy.

That would be bad news for Lebanon and Israel, military analysts say, as it would make a resumption of hostilities more likely. It would also be bad for the prospect of broader Middle East peace: If Europe can't be the region's policeman when the U.S. is unable or unwilling to take the lead, there are few if any other options.

"If not the United States, France. If not France, then who?" said Simon Serfaty, a senior European analyst at the Center for Strategic and International Studies in Washington.

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One harsh lesson is that France -- the lead proponent of projecting Europe as an alternative to U.S. global leadership -- is little more popular with Hezbollah, Iran and others in the Muslim world than the U.S., despite Paris's opposition to the Iraq war. France was working with the U.S. to confront Syria and Iran and disarm Hezbollah, even as it effectively negotiated on behalf of Lebanon and the Arab League in the recent U.N. Security Council tussle with the U.S.

Hezbollah has a core ideology built around the idea of resistance to what it sees as Western efforts to control Lebanon. France, as Lebanon's onetime colonial ruler, is particularly controversial. French generals recall bitterly the loss of 58 troops to Hezbollah truck bombers in Lebanon in 1983, on the same day Hezbollah killed 241 U.S. Marines at their barracks in Beirut.

"Our military are very suspicious. Many officers also have a strong memory of what happened in Bosnia," said a French official. Close to half the 167 casualties among the U.N. force in Bosnia in the 1990s were French.

Sir Michael Rose, a retired British general who commanded the U.N.'s 39,000 troops in Bosnia in 1994-1995, said the lesson of that mission is that U.N. troops shouldn't be inserted as a compromise when there is no clear political settlement. Yet that is exactly the situation in the current Lebanon resolution. "[Bosnia] was a shambles, and this will become a shambles unless they have got quite clear what the political settlement is," Gen. Rose said in an interview.

The struggle to assemble a few thousand troops has also exposed Europe's lack of frontline personnel. Italy has offered as many as 3,000 troops and to lead the U.N. force if necessary. But as long as the United Kingdom, France and Germany effectively stay out of the picture, only smaller countries are left to contribute the remainder.

EU nations cumulatively spend around $200 billion on defense each year, but can deploy and equip relatively few troops of the kind needed to go to a conflict zone such as Lebanon. Even for France, which along with the U.K. boasts by far the EU's most capable military, keeping more than 15,000 troops deployed around the world for more than short periods is a strain. France already has 13,200 troops in the field globally.

Europe also is wrestling with the fallout of its demand that Israel and Hezbollah stop fighting before a full political settlement could be worked out. France and others pushed hard for an early truce on the theory that allowing the conflict to continue would only make matters worse. The U.S. and Israel wanted to wait until a complete settlement was on the table and an international force ready to deploy.

But the harder the French military looked at the post-truce situation on the ground, the clearer it became that an international force would be placed in the heart of a tinderbox with implacable enemies -- Israel, Hezbollah, Syria and Iran -- holding the matches.

While many in Israel agree with the analysis of the French military, they are angered by France's apparent flip-flop on the deployment of troops. Many Israelis also expect a well-armed Hezbollah will hide behind the international force to rebuild its ministate in southern Lebanon.

Prospects for the force darkened further last week, after Lebanon's government agreed that Hezbollah doesn't have to withdraw all its weapons from south of the country's Litani River -- the area from which most Hezbollah rockets were fired at Israel -- directly contradicting the Security Council resolution. Instead, Hezbollah just has to keep its weapons off the streets.

Even if a 15,000-strong U.N. force does emerge, government officials and analysts in Lebanon say the best it can do now is maintain an uneasy status quo. That would be a big step down from the ambitions of the resolution, which had aimed to foster an enduring peace by disarming Hezbollah.

Any attempt to find Hezbollah's hidden arms caches and remove them would almost certainly lead to firefights with Hezbollah, analysts say. Even more problematic would be preventing Hezbollah from rearming via Lebanon's border with Syria.

France To Send More Troops To Lebanon, Minister Says (NYT)

By Craig S. Smith

The New York Times, August 24, 2006

PARIS, Aug. 23 — France told Israel Wednesday that it would increase its commitment of troops to a multinational peacekeeping force in southern Lebanon in the coming days, as Syria warned that the positioning of any multinational force near its border would be seen as a “hostile position.”

France had offered to lead the proposed 15,000-strong multinational force authorized by a United Nations resolution earlier this month. Then it announced last week that it was sending just 200 troops to join the 200 it already has deployed as part of the current United Nations International Force in Lebanon.

Its assurance of a larger commitment came as Israel’s foreign minister, Tzipi Livni, visiting Paris, urged the international community to work quickly to put the force in place, calling the situation in Lebanon “explosive.”

“Time is working against those who would like to see this resolution applied,” Ms. Livni told reporters after meeting with the French foreign minister, Philippe Douste-Blazy.

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During their lunch Wednesday, Mr. Douste-Blazy told Ms. Livni that the French president, Jacques Chirac, would announce a larger troop commitment as early as Friday, according to officials present, but who could not be named because they were not authorized to speak. They said the Belgian foreign minister, Karel De Gucht, who also met with Ms. Livni in Paris, said his country would contribute a significant number of soldiers to the force as well.

Ms. Livni will meet with Italian officials in Rome on Thursday.

The diplomatic scramble is driven by concerns that the cease-fire brokered by the United States and France might crumble as the international community dithers over the size and scope of an enlarged force. The reluctance of many nations to commit troops has threatened to make it a far smaller force than envisioned in the United Nations resolution.

Italy has offered to contribute as many as 3,000 troops, and its prime minister, Romano Prodi, has lobbied other nations to do the same. On Tuesday, he telephoned President Vladimir V. Putin to urge Russia to match Italy's commitment.

European foreign ministers will meet in Brussels on Friday to discuss the formation of the multinational force. The United Nations secretary general, Kofi Annan, will attend the meeting.

After meeting with Ms. Livni on Wednesday, Mr. Douste-Blazy defended his country's modest offer to date. He suggested that the offer of the 200 troops was simply an initial response to the Aug. 15 call by the United Nations for an immediate emergency deployment of 3,000 to 3,500 men to reinforce the 2,000 United Nations troops already in southern Lebanon.

He noted that France already had 1,700 marines in the area, and hinted that more troops would be sent once the multinational force's mandate and rules of engagement were more clearly defined.

"We have always said that we would look with care at the composition and the distribution, the balance of the force," Mr. Douste-Blazy said, adding that decisions on deployment would be made at Friday's meeting in Brussels.

European governments, in particular the French, have been apprehensive about sending troops into Lebanon without a stronger mandate to disarm forces on the ground, including Hezbollah fighters who are supported by Iran and Syria.

"The problem was always about the nature of the mandate," Maj. Gen. Alain Pellegrini, the French officer who commands the current international force in Lebanon, told the Italian daily Corriere della Sera. "We came as a peacekeeping force, under the presumption that the parties on both sides were in agreement about keeping the peace. But that was not the case."

Europeans are also concerned about the dangers peacekeepers could face from the Israelis. The Italian foreign minister, Massimo D'Alema, threatened Tuesday to withhold troops pending further guarantees from Israel, and he is expected to press the issue when he meets Ms. Livni on Thursday.

"It is right to insist that the Hezbollah put down their arms, but we cannot send our soldiers into Lebanon if the I.D.F. continues to shoot," Mr. D'Alema told the newspaper La Repubblica, referring to the Israeli Defense Forces.

Last week, the United Nations circulated proposed rules of engagement that would allow the troops to use "deadly force" in self-defense, while protecting civilians or in support of the Lebanese Army's efforts to keep arms from entering Lebanon from Syria.

Some Europeans worry that those rules could draw the force into the conflict by aligning it with Israel, which wants the force to police Lebanon's border with Syria, the route by which most of Hezbollah's weapons have been delivered in the past.

Israel has said that it will not lift its air, sea and land blockade of Lebanon until the multinational force has been deployed at Lebanon's airports and along the Syrian border. Lebanon regards the continuing blockade as a violation of the fragile, cease-fire agreement, which has been in effect for 10 days.

Syria's president, Bashar al-Assad, denounced the plans for the deployment of a multinational force along its border in a television interview broadcast in Dubai on Wednesday.

"This is an infringement on Lebanese sovereignty and a hostile position," he told Dubai Television, according to The Associated Press.

EU Makes New Effort To Raise U.N. Troops (AP)

By Slobodan Lekic, Associated Press Writer

AP, August 24, 2006

Italy, which has offered to send the largest contingent, made a plea Wednesday for more European troops to an expanded U.N. peacekeeping mission in southern Lebanon.

Premier Romano Prodi expressed frustration over the efforts to raise the force mandated by a U.N. resolution that ended 34 days of fighting between Israel and Hezbollah militants.

"It's unthinkable that we would be there alone, and we have been working to strengthen the quantitative and international aspect of the mission in Lebanon," Prodi told reporters at the Tuscan seaside resort of Castiglione della Pescaia, where he has been vacationing.

"The issue now is to have a sufficient number of troops to accomplish the peace mission efficiently," Prodi said.

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The U.N. cease-fire resolution authorized the expansion of the U.N. peacekeeping force in Lebanon, known as UNIFIL, from 2,000 to as many as 15,000 troops. The peacekeepers are to help 15,000 Lebanese troops extend their authority into south Lebanon, which has been controlled by Hezbollah, as Israel withdraws its soldiers.

Italian diplomats also appealed for more troops contributions at a meeting of European Union ambassadors at EU headquarters in Brussels, said Temu Tanner, ambassador of Finland, which now holds the EU's rotating presidency.

The EU ambassadors met ahead of a crucial meeting of the group's foreign ministers Friday with U.N. Secretary-General Kofi Annan in Brussels, when firm decisions on assembling the force could be taken.

Tanner said there were no breakthroughs Wednesday, and none were expected before Friday.

Pressure on the Europeans has grown because Israel has rejected offers of participation from Malaysia, Bangladesh and Indonesia — Muslim countries that do not recognize the Jewish state.

But most EU nations remain wary of making firm commitments until the mandate for the new force is clarified, fearing that their peacekeepers could be dragged into a conflict with the Hezbollah militants or with Israel if the current cease-fire collapses.

Besides Italy's offer of up to 3,000 soldiers, other nations considering contributions include Spain, Finland, Denmark, Germany, Greece, and Belgium. Turkey, Morocco, Nepal, New Zealand and China also are considering participating in the U.N. mission.

"There is no time to sit on the fence. Europe must cough up with contingent contributions," Danish Foreign Minister Per Stig Moeller said in an interview with the Berlingske Tidene daily. "This is about Europe's credibility in the field of foreign and security policy."

France disappointed some by offering only 200 troops to double its contribution to the existing U.N. force in Lebanon.

On Wednesday, Prime Minister Dominique de Villepin said France could expand its role once details of an enhanced force are worked out. "We are today the most committed and most present country on the ground. We want to go further once the conditions are right," he said after meeting with Israeli Foreign Minister Tzipi Livni in Paris.

A U.N. diplomat said Tuesday that France is considering increasing its commitment, and a high-level meeting is planned Thursday with President Jacques Chirac, the foreign and defense ministers and key military officials to look at several options to add more troops. The diplomat spoke on condition of anonymity because no decision has been made.

The Europeans, who have bitter memories of their troops being killed or humiliated while serving under weak U.N. mandates in Rwanda and the Balkans, agree that the new UNIFIL will not forcibly disarm the militia, but will only oversee a political solution that would induce Hezbollah to turn in its weapons to the Lebanese army.

A European diplomat said that nobody wants to be saddled with the task that the Israeli military failed to achieve in a month of intense combat. The diplomat spoke on condition he not be identified because of the sensitivity of the issue.

Mideast Officials Urge Action To Defuse 'explosive' Situation (USAT)

USA Today, August 24, 2006

BEIRUT — Israel's foreign minister said Wednesday the situation in Lebanon was "explosive." Syria's president said the deployment of international troops along the Syrian-Lebanese border would be a "hostile" act.

As a shaky cease-fire reached its 10th day, Lebanese Prime Minister Fuad Saniora urged the United States to help end Israel's sea and air blockade. He said his country was making "every effort" to secure its borders.

"Time is working against those who would like to see this resolution applied," Israeli Foreign Minister Tzipi Livni said after talks with her French counterpart, Philippe Douste-Blazy.

"We are now in the most sensitive and explosive position. … We therefore need extremely quick action from the international community," Livni said.

Syrian President Bashar Assad was quoted as saying he would consider a deployment along the Lebanese-Syrian border a "hostile" move toward his country.

"First, this means creating a hostile condition between Syria and Lebanon," Assad told Dubai Television, according to excerpts the TV station released before the broadcast. "Second, it is a hostile move toward Syria, and naturally it will create problems."

Finland's foreign minister, Erkki Tuomioja, said after meeting with his Syrian counterpart that Syria threatened to close its border with Lebanon if United Nations peacekeepers were deployed there.

In Washington, White House spokeswoman Dana Perino noted the U.N. Security Council's approval of such a force and said of Syria, "I'm not sure that they're a party to this discussion."

The Aug. 11 resolution outlining the cease-fire agreement calls for a 15,000-member force of international peacekeepers and another 15,000 Lebanese army troops to deploy to southern Lebanon as Israeli troops withdraw.

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Efforts to raise the force moved slowly. European Union nations have been reluctant to commit troops without safeguards to ensure they don't get drawn into the conflict.

The U.N. pressured Israel to lift its sea and air blockade of Lebanon to allow the country's economy to recover. Israel imposed the blockade at the start of the month-long war with Hezbollah to stem the flow of weapons into the country from Syria and Iran. Israel refuses to lift the blockade until U.N. troops are in place to police Syrian-Lebanese border crossings to prevent weapons from reaching the guerrillas.

U.N. chief spokesman Stéphane Dujarric said Secretary-General Kofi Annan will ask Israel to lift the blockade during a Middle East trip that is to start in a few days.

Cease-fire Collapse Could Draw Other Militias Into The Conflict (USAT)

By Rick Jervis

USA Today, August 24, 2006

BEIRUT — Sunni militants, Palestinian refugees and other armed groups in Lebanon are poised to join the fight against Israel if its tenuous truce with Hezbollah collapses, top Lebanese officials warn.

Along with the Lebanese army, most armed Sunni, Christian, Druse and Palestinian militias sat on the sidelines during 34 days of fighting that ended with a cease-fire Aug. 14.

The cease-fire is in doubt because the United Nations has been unable to get other nations to commit enough troops to a beefed-up peacekeeping force in Lebanon.

Mohamad Chatah, senior adviser to Lebanese Prime Minister Fuad Saniora, says Lebanon must “guard closely” against other groups siding with Hezbollah against Israel if fighting resumes.

Chatah said “unknown groups” — other than Hezbollah fighters — fired at least two rockets and took part in a ground clash against Israeli forces over the past month.

Ali Kanso, head of Lebanon's small, secular Syrian Social Nationalist Party, says 200 fighters loyal to his party battled Israeli troops in southern villages along the border during the recent conflict.

Israeli military officials would not comment.

Lebanon is home to 18 religious and ethnic groups, many of which have formed political parties that maintain militias. Several were combatants in Lebanon's 1975-91 civil war.

Lebanese Defense Minister Elias Murr said Sunday that Hezbollah was committed to the U.N. cease-fire but warned that “any group” firing rockets into Israel could give Israel a pretext to strike. Palestinian guerrillas in Lebanon have fired rockets at Israel in the past.

“We are aware of this possibility … and we are watching all these groups very carefully,” says Maj. Gen. Achraf Rifi, director of Lebanon's Internal Security Forces. “There are a lot of groups who are against this cease-fire.”

Armed wings of Palestinian political parties Hamas and Fatah populate large refugee camps in southern Lebanon. Al-Qaeda also has a presence: Eight months ago, Lebanon arrested 13 al-Qaeda-linked militants renting apartments and stashing weapons in and around Beirut, Rifi says.

Tripoli is the base for several radical Sunni Muslim groups, including the Islamic Action Forces. Rifi said the IAF met last month to discuss whether to fight.

A cease-fire breakdown “could lead to a mess all over Lebanon,” said Misbah Ahdab, a Sunni lawmaker. “This type of scenario is possible in the very near future.”

Hezbollah, led by Shiite clerics with close ties to Iran, views other armed groups in Lebanon as rivals. But motivated by Lebanese and Arab nationalism, other groups might fight alongside it.

“If we don't see the cease-fire (hold), these groups may be loosed,” says Ahmad Moussalli, an expert on Islamic militants at American University in Beirut. “The second phase of the war will be more violent.”

A Weaker US Hand In The Mideast (CSM)

By Howard Lafranchi

The Christian Science Monitor, August 24, 2006

WASHINGTON

Even before this summer's war between Israel and Hizbullah, American influence in the Middle East was seen to be waning, with the US bogged down in Iraq and the Bush administration's signature vision for the region - democratization - increasingly controversial.

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But as the US joins international powers in attempts to bolster a shaky cease-fire in southern Lebanon, American leverage is seen by many to be even weaker. That could have deep consequences in a tinderbox region that has long looked to US leadership to pull it back from the brink, analysts say.

One of those consequences, they add, is that with America no longer setting the agenda as it once did, the way is clearer for other influences - for example, Iran and radical Islam - to move in.

"There was a time when we really led, when we weren't the last ones to the table but were the ones setting the table," says Jon Alterman, a former State Department policy-planning staff member now at the Center for Strategic and International Studies (CSIS) in Washington.

"Now instead of the leading force, we seem to be leading less - and the world and the Middle East in particular seem to be following less." Among other things, he adds, "that allows for rivals like Iran to gain in influence."

Some specialists in the region say the brief but devastating Israel-Hizbullah war leaves the United States even more tarnished, particularly among moderate Arabs, because America was seen to be either ineffectual or snail-paced by design at stopping the fighting and destruction in southern Lebanon.

"The disillusionment is greatest among those who were sympathetic to the US and its plan for the Middle East before this war, but who became dismayed by the intensity of destruction in Lebanon and the lack of American reaction to it," says Clovis Maksoud, a former Arab League diplomat.

Many Lebanese were convinced that the US had turned to Lebanon as the next best symbol of the American project for Middle East democratization after "the failure in Iraq," he adds. But in a few short weeks that pool of support, already rare in the region, dried up and has been replaced by more solidified assumptions about US support for Israel - and by broader support for Hizbullah.

"When the chips were down, the Lebanese and Arab people saw that Israel was presumed by the government of the United States to be innocent, while everybody else was presumed guilty," says Mr. Maksoud, now director of the Center for the Global South at American University in Washington. "The other consequence is that the role of Hizbullah is enhanced, not weakened," he adds, "with the result that the insistence of the US that it is a terrorist organization totally rejected by Arab people and Lebanese society."

One of the biggest concerns of experts who see weakened American influence in the region is that such a vacuum of leadership has often meant havoc in the past. "What we're seeing is a region left to its own devices more," says Mr. Alterman, "but its instincts have not always served it well."

Lebanon could yet provide an example of how the lack of outside leadership could result in renewed instability. The Lebanese government says its army will not take on the task of disarming Hizbullah, but no outside power appears ready or willing to enforce that demand of the Security Council resolution ending the war. This could set the stage for another flare-up.

Yet as dark as that leaves things sounding, some experts still believe that Hizbullah's new honeymoon with the public will be short-lived - and that, what's more, Iran's rise in influence actually offers the US an opening to reaffirm its leadership in the region.

James Phillips, a Middle East expert at the Heritage Foundation in Washington, acknowledges that forces like Hizbullah, Hamas in the Palestinian territories, and Iran are on the ascending seat of the seesaw of influence in the region. But he believes that rise will be temporary as populations eventually see the consequences of those forces' politics.

"Hizbullah has thrown a monkey wrench in the works, especially in a country [Lebanon] where the US had been seen as an important ally in regaining independence from Syria," Mr. Phillips says. "But now the focus has shifted to the situation in the south, and that has hurt US influence."

Still, Hizbullah is likely to see its newfound popularity fall as the physical and financial consequences of its actions sink in, he adds - and especially if unmet international demands, such as the disarming of Hizbullah, threaten another war.

But Phillips says the US could encounter an even greater opportunity to reassert its influence as a result of Iran's rising influence across the Middle East.

"I see a new kind of leverage for the US arising out of this, as we're likely to see the Arab states that are worried about [Iran] look to the US for protection," he says. "I'd rather see a weaker Iran, but a stronger Iran and the concerns about it do give the US some leverage it didn't have before."

Maksoud of American University says the Iranian juggernaut could influence events another way as well - with concerns about Iran prompting the US to adopt a new approach to region. But that, he says, would require more proactive steps by moderate Arab regimes.

"The Arab governments have not taken the measures they could to prompt the US to reassess its approach to the region," Maksoud says.

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But one problem with a strong focus on the region's governments is that it leaves the publics - civil society and the so-called "Arab street" - out of the equation. And that is where the US continues to meet its stiffest resistance.

"It's often forgotten that the US has actually had some tremendous successes in the Middle East over the last 15 years," Alterman of CSIS says.

One example: Outright opposition to US policy, he says, is really limited to the governments of Iran and Syria.

But until the US manages to reverse its low standing among Arab publics, its influence in the region is not likely to rebound.

"Yes, governments agree with the US that they face an existential threat from the religiously inspired radical groups," says Alterman. "Where we've been much less successful is in getting any popular support for the US approach. If mainstream opinion remains against us and moderate religious forces turn increasingly hostile," he adds, "we will continue to lose ground."

Syria-Hezbollah Ties Seen As Key To Mission (WT)

By Sharon Behn

The Washington Times, August 24, 2006

A retired American general and other analysts warned yesterday that any deployment of international peacekeepers in southern Lebanon will be undermined unless troops focus on preventing Syria from re-arming Hezbollah.

Syria, meanwhile, threatened to close its border with Lebanon if peacekeepers were deployed there.

European officials were meeting in Brussels to work out the details of a 15,000-strong international force sanctioned by the United Nations. Italy has pledged 2,000 to 3,000 troops to help fulfill the peacekeeping mandate, and France has pledged 200.

At a conference in Washington, retired Lt. Gen. Daniel Christman said it was crucial that any international force have a clear mission and rules of engagement, including the use of deadly force, "to prevent the entry into Lebanon of foreign forces, arms and related material."

"If the military cannot accomplish the mission of intercepting and interrupting the resupply of Hezbollah, then the mission of stabilizing Lebanon and providing the opportunity of political dialogue will fail," Gen. Christman said.

Michael Eisenstadt, senior fellow at the Washington Institute for Near East Policy, warned that the re-arming of Hezbollah could spark renewed fighting.

"I'm not sure that a larger force would make a difference, but it should focus on preventing Hezbollah's re-armament" by controlling the borders, Mr. Eisenstadt said.

Syrian President Bashar Assad was quoted as saying on Dubai television that he would consider troop deployment along the Lebanon-Syria border as "creating a hostile condition" between the two countries, the Associated Press reported.

Finnish Foreign Minister Erkki Tuomioja told reporters that Syrian Foreign Minister Walid Moallem had threatened to close the border if troops were moved there.

The comments drove up tensions in the region.

"We are now in the most sensitive and explosive position," said Israeli Foreign Minister Tzipi Livni after talks with her French counterpart, Philippe Douste-Blazy, the AP reported.

"We, therefore, need extremely quick action from the international community," she said.

With 10 days into the cease-fire, an analyst said, the delay in deploying an effective international force was creating a security and responsibility vacuum in the south that could lead to the collapse of the Lebanese government.

"Right now the security situation in the south is very precarious -- any incident can escalate into war again," said Emile El-Hokayem of the Henry L. Stimson Center.

The Lebanese government is trying to re-establish its credibility by sending its troops to the south, he said, but expecting the government to disarm Hezbollah was not a realistic option.

"The debate right now is more about weapons management than disarmament. The question is: Can Israel live with that?" Mr. El-Hokayem said.

Militants Winning Battle To Rebuild (WT)

By David Enders

The Washington Times, August 24, 2006

EITA AL-SHAAB, Lebanon -- In this village near Lebanon's border with Israel, close to where Hezbollah killed three Israeli soldiers and captured two on July 12, almost all the houses have been damaged by Israeli shelling, air strikes or house-to-house fighting.

As Umm Ali shoveled glass and other debris from her living-room floor into a bucket, she said her family moved from room to room as different parts of the house were struck. The living room, now more of a porch, has one wall missing. The family of tobacco farmers also lost its crop.

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"It's the same with every house. All houses are destroyed, every house. If not totally destroyed, they are damaged," she said. "We can't find a house to stay in. It is impossible to live in them. People are staying with their neighbors whenever there is a spot in a house."

It is estimated that 15,000 houses or apartments were destroyed across Lebanon during the monthlong hostilities and that 30,000 were damaged.

Still, Umm Ali remained undaunted.

"We will continue to sacrifice for the Sayyed," she said, referring to Hezbollah's leader, Hassan Nasrallah, using his religious title.

Over the weekend, Hezbollah began registering families for aid in Haret Hreik, a neighborhood in southern Beirut that housed Hezbollah offices and sustained severe damage. Bilal Naim, president of al-Mahdi Scouts, Hezbollah's youth organization, said that in Haret Hriek alone, 6,000 apartments were destroyed.

Hezbollah has been paying $12,000 in cash to cover a year's rent to families who apply -- and more if the family has more than eight members.

A Western diplomat questioned on Monday whether Hezbollah could produce the amount of money it had promised -- estimated at $150 million to $180 million. The diplomat said the money Hezbollah was handing out came from Iran but offered no proof. Though Hezbollah receives money from Iran, many members of the group boast dual citizenships and collect money from inside Lebanon and from Lebanese supporters worldwide.

Hanady Salman, an editor at Al-Safir, one of the country's major newspapers, said that in addition to Hezbollah's rebuilding to strengthen its position in the country, Lebanese have been volunteering time and resources in the cleanup effort, saving the government as much as $100,000 a day.

"Hezbollah are doing a great job paying compensation and say they're getting lots of money from donations," Mr. Salman said. "Also, they have lots of people volunteering -- architects, civil engineers, people who just go there and offer to move the rubble. People who have trucks and are helping move the rubble and paying for their own petrol. We're witnessing something we've never witnessed before, this whole atmosphere of volunteering, donating, university students, housewives, Christians, Muslims."

The Lebanese state, which estimates the damage to its infrastructure at $3.5 billion, is planning its own reconstruction efforts but must wait for international donations to come through. But for now, Hezbollah remains the most direct source of help.

It's Up To You, President Chirac (WP)

By Jim Hoagland

The Washington Post, August 24, 2006

Dear President Chirac,

A mutual friend warns of the obvious: An open letter to the French president -- even a president who has been an acquaintance for 30 years -- risks drawing resentment as its main response. But time is short and the decision you face is huge. So here goes.

The European Union's foreign ministers meet in Brussels tomorrow, and you have told several world leaders that you will make a final decision by then on whether to provide enough troops and leadership to make the new military stabilization force for southern Lebanon credible and effective. It is vital for Europe, for the Middle East and for France that you commit to doing just that.

Monsieur le president, any American making that suggestion must be humble. After all, the United States will not put any of its troops into the force, largely for the same reasons that you give in private for backing away from your initial, assertive indications about France's leadership role in this crisis.

A French-led force would be a particular target for car-bombers and other assassins from Syria and its client Lebanese guerrilla organization, Hezbollah, you are said to believe. Your determined efforts to eliminate Syria's control over Lebanon, to pursue the Syrian officials who assassinated your friend, former Lebanese prime minister Rafiq Hariri, and to deny Iran a nuclear weapon -- to say nothing of the extraordinary but merited public rebukes you have aimed at Syrian President Bashar al-Assad's government -- lend weight to your concerns.

And the watering down of command arrangements in the U.N. resolution that created the new force did nothing to help you overcome the immediate strong doubts of your own Defense Ministry about the wisdom of a Lebanon operation. This is, of course, deja vu for you: Your first crisis on taking office in 1995 involved making sure French troops were not endangered by the inept and ineffective U.N. command in Bosnia. Your forceful calls for change in the Bosnia operation sparked a new dynamic for ending that butchery.

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But those experiences are all reasons why France, and Europe, are essential to making sure this cease-fire in Lebanon does not become just a pause for rearming for an even bloodier round that will widen into a regional conflict reaching into Iran the next time.

The five-week border conflict has created a small strategic opening for avoiding that wider war. Israel -- now led by a lawyer, not a general -- has attached a new importance to the Lebanese government's controlling its own territory, to U.N. resolutions in general and to international peacekeeping forces for the region. And Europe has been more willing to fix responsibility for the crisis on those who are determined to destroy Israel on any pretext available.

One of the biggest losers in the Israeli-Hezbollah smash-up is the concept of "land for peace" and the Arab-Israeli negotiating process. Withdrawals from occupied Arab territory under any conditions are now seen by Israelis as bringing more insecurity, not peace with neighbors. Stabilizing Lebanon by containing Hezbollah militarily is essential to any hope of returning world attention to the Palestinian cause, and to any eventual introduction of peacekeeping forces to separate Israelis and Palestinians.

France vetoed use of the NATO rapid-reaction force in Lebanon, for reasons you outlined in your July 26 interview in Le Monde. Lucid and coherent, those reasons also impose a burden on Europe to develop an effective alternative security doctrine and presence for its interests in a Middle East volcano that is now on a short fuse.

As France hesitated in recent days, Italy has stepped forward to offer to command and put 3,000 troops into the new 15,000-strong force. Prime Minister Romano Prodi has turned out, to President Bush's delighted surprise, to show strong and consistent leadership in foreign affairs. Bravissimo, Romano.

But significant participation by France, which has always claimed a special role with Lebanon and Syria as well as global political and military responsibilities, is vital to the U.N. force, as Secretary General Kofi Annan said to you this week. He's right on that.

Finally, I confess a personal interest: Americans who have long argued that France and Europe have a constructive, important role to play in global affairs -- including in the Middle East -- have a huge stake in your decision. That proposition is, to say the least, not obvious to all Americans. Failure to seize and use this dangerous opportunity in Lebanon that France helped forge would sink such hopes for as far ahead as I can see.

Lebanon Calls For US Help On Blockade (FT)

By Neil MacDonald

Financial Times, August 24, 2006

Lebanon's prime minister on Wednesday urged the US to "put pressure on Israel" to end the air and sea blockade that has persisted since the end of the war 11 days ago.

Fouad Siniora said American help would be appreciated for reconstruction in the wake of the 34-day war between Lebanese Hizbollah militiamen and the Israeli military, which devastated key infrastructure and thousands of homes.

"The US can do more on the level of financial assistance, and the US can do much more on the level of political assistance to Lebanon," Mr Siniora said.

The prime minister welcomed US President George W. Bush's promise this week of an aid package worth $230m (€180m, £122m) and said Lebanon would continue lobbying US Congress members for "larger assistance".

Gulf Arab governments have made larger pledges, and more is expected from other donors in the days ahead. But the US could help most by persuading its ally, Israel, "to lift the siege" that continues to hinder large-scale relief to damaged areas, Mr Siniora said.

Ehud Olmert, Israel's prime minister, said the blockade would continue until international peacekeepers were positioned at Beirut's airport and along Lebanon's border with Syria. That north-eastern border is regarded as the main route of entry for Iranian-supplied weapons used by Hizbollah.

Officials from Mr Siniora's office said the government could accept "technical assistance" from unarmed members of the UN Interim Force in Lebanon, Unifil, to better control the flow of goods from Syria. Existing Unifil troops are deployed only along Lebanon's southern border with Israel.

Syria's President Bashar al-Assad has rejected UN deployment along the Lebanese border with his country. Such a move would be a "hostile act" and infringe on Lebanon's sovereignty, he told Dubai television.

After meeting Walid al-Muallem, Syrian foreign minister, in Helsinki on Wednesday, his Finnish counterpart, Erkki Tuomioja, said Syria had vowed that Damascus would close its border with Lebanon if UN troops were stationed there. The border offers the only land route out of Lebanon.

Syria withdrew from Lebanon last year but it still exerts leverage through local parties, including Hizbollah.

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Fears about Hizbollah's continued ability to start a war with Israel have held up efforts to form the new, more "robust" Unifil, meant to be expanded from 2,000 to as many as 15,000 troops.

Kofi Annan, the UN secretary-general, announced on Wednesday that he would travel to Iran and Syria as part of a broad tour of the Middle East to shore up support for the Lebanon peace process.

European Union foreign ministers are to discuss possible troop contributions on Friday in Brussels. Mr Siniora said he hoped for a greater commitment from France but added that Lebanon "greatly appreciates" Italy's offer to take the lead and send 3,000 troops.

UN diplomats and officials said there were tentative discussions in New York on changing the normal UN command structure for its deployment in Lebanon, to allay French and Italian concerns over repeating the mistakes of previous missions.

Additional reporting by Heba Saleh and Mark Turner

Lebanese Premier Seeks U.S. Help In Lifting Blockade (WP)

By Edward Cody

The Washington Post, August 24, 2006

BEIRUT, Aug. 23 -- Prime Minister Fouad Siniora said Wednesday that he has asked the United States for help in getting Israel to lift the blockade it imposed on Lebanon during the recently concluded war with Hezbollah.

Siniora's appeal, which Beirut newspapers said was made to Secretary of State Condoleezza Rice, reflected growing irritation among Lebanese leaders at continued restrictions under which the Israeli military controls all air and sea transport in and out of the country despite the U.N. cease-fire that came into effect 10 days ago.

Israeli officials have insisted they will lift the blockade only when international peacekeeping forces have deployed at Lebanese ports and airports to guarantee they are not used to import weapons for the Hezbollah militia, which battled Israel in southern Lebanon for more than a month. Lebanese authorities have increased the number of army troops and security forces along the border with Syria and pledged to police air and sea traffic more closely, but Israel has held firm on its demand that imports be inspected by foreigners.

"I tell you there is a diplomatic battle on this issue as harsh as anything on the ground," Siniora said at a news conference at the Serail, his Ottoman-era headquarters.

The blockade has been particularly painful for Lebanon, whose economy depends on the free movement of people and goods. Only a few commercial flights have been permitted to resume from Beirut's international airport, which was damaged during the war but now is repaired and ready to resume its role as a Middle East hub. Similarly, the once-busy Beirut port has been kept under strict controls enforced by Israeli gunships in the Mediterranean.

Ground transport to Syria has resumed. But extensive bombing damage to roads and bridges has slowed traffic to a crawl in much of the country, creating giant traffic jams on the main routes leading from Beirut.

Dramatizing the anger here, Labor Minister Tarrad Hamadeh of the Hezbollah party suggested Tuesday that Arab governments should send their planes and ships toward Lebanon in defiance of the Israeli blockade. His suggestion was not taken seriously, but the resentment it portrayed is widely shared in Siniora's government.

Siniora did not say what response he got from Rice. But he said the United States has the power to help Lebanon get normal transportation going again and suggested the Bush administration was not providing all the assistance Lebanon needs.

"The United States can do more," he said.

A spokesman for Israeli Prime Minister Ehud Olmert said Wednesday that Rice telephoned Olmert, who told her that an international force had to be in control of the area before the naval blockade would be removed.

The issue has dragged on in large part because of the difficulty in assembling reinforcements for the United Nations Interim Force in Lebanon. The 2,000-strong peacekeeping corps was assigned by the U.N. cease-fire resolution to work with 15,000 Lebanese army troops to guarantee security along Lebanon's borders. European officials gathered in Brussels on Wednesday for more discussions on raising the reinforcements, which are supposed to bring the joint force to a strength of about 30,000.

European nations have been reluctant to volunteer the 15,000 foreign troops envisioned for the force. Italian officials have indicated they may be willing to contribute up to 3,000 soldiers and play a leadership role in organizing the force, after the French government backed away from initial indications that it was prepared to lead the troops and committed only 200 soldiers.

U.N. Secretary General Kofi Annan is scheduled to meet with E.U. foreign ministers in Brussels on Friday to push for greater contributions from Europe.

Annan also plans to visit several Middle East capitals, including Tehran and Damascus, where he will seek to build support for a long-term peace settlement between Israel and Lebanon. The U.N. chief believes that the cooperation of Iranian President Mahmoud Ahmadinejad and Syrian President Bashar al-Assad, two key supporters of Hezbollah, are vital in assuring that any final peace deal can stick.

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Annan's chief spokesman, Stephane Dujarric, said that Annan intends to "make sure" Lebanon's neighbors use their influence to prevent a resumption of fighting. He singled out Tehran, saying "it is clear that Iran has an influence on certain parts of the Lebanese society. We would hope they use that influence positively."

European envoys expressed support for Annan's plans, saying they hoped he could persuade Syria and Iran to constrain Hezbollah's activities. "If we all agree that Iran and Syria have considerable influence on Hezbollah and to a certain degree directs its activities in Lebanon, then it is very important to keep channels open," said a senior European diplomat. "Don't shut the doors."

Three Lebanese soldiers were killed in southern Lebanon, meanwhile, as they tried to dismantle a missile, security officials told reporters in Beirut. They were the first casualties since Lebanese troops deployed into the border zone Aug. 17 as part of the cease-fire arrangements.

The Hezbollah television station, al-Manar, said the missile was one of the thousands fired by Israel during the 33-day conflict. But Lebanese security officials did not describe the source of the missile, which was found near the town of Tibnine about 10 miles north of the Israeli border.

An Israeli soldier was also killed in southern Lebanon when he stepped on a mine, Israeli officials said. Three others were wounded. Israel planted thousands of mines in the border area during its two-decade occupation of the area. Since Israeli forces pulled back into Israel in 2000, Hezbollah also has planted mines in the border hills.

Human Rights Group Accuses Israel Of War Crimes In Lebanon (NYT)

By John Kifner

The New York Times, August 24, 2006

BEIRUT, Lebanon, Aug. 23 — Amnesty International accused Israel on Wednesday of war crimes in its monthlong battle with Hezbollah, saying its bombing campaign amounted to indiscriminate attacks on Lebanon's civilian infrastructure and population.

"Many of the violations examined in this report are war crimes that give rise to individual criminal responsibility," Amnesty International, the London-based human rights group, said in a report on the Israeli campaign. "They include directly attacking civilian objects and carrying out indiscriminate or disproportionate attacks."

"During more than four weeks of ground and aerial bombardment by the Israeli armed forces, the country's infrastructure suffered destruction on a catastrophic scale," the report said, contending that this was "an integral part of the military strategy."

"Israeli forces pounded buildings into the ground," the report went on, "reducing entire neighborhoods to rubble and turning villages and towns into ghost towns as their inhabitants fled the bombardments.

"Main roads, bridges and petrol stations were blown to bits. Entire families were killed in airstrikes on their homes or in their vehicles while fleeing the aerial assaults on their villages. Scores lay buried beneath the rubble of their houses for weeks, as the Red Cross and other rescue workers were prevented from accessing the areas by continuing Israeli strikes."

Mark Regev, the spokesman for Israel's Foreign Ministry, categorically rejected the claim that Israel had "acted outside international norms or international legality concerning the rules of war." Unlike Hezbollah, he said, Israel did not target the civilian population, nor did it indiscriminately target Lebanese civilian infrastructure.

He added: "Our job was made very difficult by the fact that Hezbollah adopted a deliberate policy of positioning itself inside civilian areas and breaking the first fundamental distinction under the rules of war, by deliberately endangering civilians. Under the rules of war, you are legally entitled to target infrastructure that your enemy is exploiting for its military campaign."

Citing a variety of sources, the Amnesty International report said Israel's air force had carried out more than 7,000 air attacks, while the navy had fired 2,500 shells. The human toll, according to Lebanese government statistics, was estimated at 1,183 deaths, mostly civilians, about a third of them children; 4,054 wounded; and 970,000 people displaced, out of a population of a little under four million.

"Statements from the Israeli military officials seem to confirm that the destruction of the infrastructure was indeed a goal of the military campaign," the report said. It said that "in village after village the pattern was similar: the streets, especially main streets, were scarred with artillery craters along their length. In some cases, cluster bomb impacts were identified."

"Houses were singled out for precision-guided missile attacks and were destroyed, totally or partially, as a result," the report said. "Business premises such as supermarkets or food stores and auto service stations and petrol stations were targeted.

"With the electricity cut off and food and other supplies not coming into the villages, the destruction of supermarkets and petrol stations played a crucial role in forcing local residents to leave."

The Amnesty International report said the widespread destruction of apartments, houses, electricity and water services, roads, bridges, factories and ports, in addition to several statements by Israeli officials, suggested a policy of punishing the Lebanese government and the civilian population in an effort to get them to turn against Hezbollah.

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"The evidence strongly suggests that the extensive destruction of public works, power systems, civilian homes and industry was a deliberate and integral part of the military strategy rather than collateral damage," the report said.

It also noted a statement from the Israeli military chief of staff, Lt. Gen Dan Halutz, calling Hezbollah a "cancer" that Lebanon must get rid of "because if they don't, their country will pay a very high price."

The Amnesty International report came as a number of international aid and human rights agencies used the current lull in fighting to assess the damage.

The United Nations Development Program said the attacks had obliterated most of the progress Lebanon had made in recovering from the devastation of the civil war years. "Fifteen years of work have been wiped out in a month," Jean Fabre, a spokesman for the organization in Geneva, told reporters.

Another urgent issue, aid groups say, is the number of unexploded bomblets from cluster bombs littering the southern villages. Tekimiti Gilbert, the operations chief of a United Nations mine removal team, told reporters in Tyre: "Up to now there are at least 170 cluster bomb strikes in south Lebanon. It's a huge problem. There are obvious dangers with people, children, cars. People are tripping over these things."

United Nations officials say at least five children have been killed by picking up the bomblets scattered about by the cluster bombs.

Despite the cease-fire, southern Lebanon remained tense on Wednesday. Three Lebanese soldiers were killed trying to defuse a rocket that had not exploded. An Israeli soldier was killed and two others wounded when, according to the Israeli military, they walked over a minefield that Israel had previously buried.

The Israeli military also said it had fired artillery rounds from the disputed territory of Shabaa Farms to the Lebanese village of Shabaa. There were no reports of casualties.

Negotiations Preceded Attack On Convoy Of Fleeing Lebanese (WP)

By Edward Cody

The Washington Post, August 24, 2006

KEFRAYA, Lebanon -- Darkness had descended on the Bekaa Valley when the long convoy of cars snaked up a gentle slope toward Kefraya. In better times, the little town was celebrated for its wine. But to the Lebanese fleeing the war that night, it was a way station on the road to safety.

Or so they thought.

A dry boom rang out without warning shortly before 10 p.m., and the second car in the convoy exploded in flames, witnesses recounted. In the blackness, no one understood at first. People alighted from their cars to see what was the matter. The buzz of an Israeli drone was heard overhead -- some recalled hearing two drones -- and the awful realization settled over the travelers that they were under attack.

"I could never have imagined that there could be an attack on this convoy of 3,000 civilians, men, women and children," said Karamallah Daher, who was driving to Beirut that night with his 80-year-old mother, Neifeh.

But the attack was underway, just at the entrance to this little community 40 miles southwest of Beirut. Before it was over about 15 minutes later, a half-dozen missiles had been fired and seven people were killed, including a retreating Lebanese soldier, a Red Cross volunteer and five other civilians, and 36 people had been wounded, according to Red Cross and government officials.

The attack on the convoy, during the height of fighting on Aug. 11, was one of the least understood and most tragic chapters of the 33-day war between Hezbollah and Israel. For reasons still under dispute, a column of hundreds of cars carrying Lebanese troops and panic-stricken civilians from the border town of Marjayoun came under a sustained Israeli missile attack more than 30 miles north of the battle zone along the Lebanese-Israeli frontier.

"Really, it's a mystery," said Marjayoun's mayor, Fuad Hamra, who was in the convoy but came out unharmed. "Why the Israelis did it, really? I don't know."

The Israeli military issued a statement early the next morning saying the column was attacked because of suspicions -- which the military later acknowledged were baseless -- that the cars were smuggling arms for Hezbollah fighters. In the same statement, the military said it had received a request for safe passage for the convoy from the United Nations but that it had been turned down.

Milos Stugar, spokesman for the United Nations Interim Force in Lebanon, or UNIFIL, said that the request was granted. His statement was confirmed Wednesday by Gen. Alain Pelligrini, the UNIFIL commander, who said: "We had a green light."

In a written response to questions from The Washington Post, the Israeli military put responsibility for the killings on UNIFIL, saying U.N. officials ignored Israeli orders to prevent the column from moving.

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The military, formally called the Israel Defense Forces, "suspected that the vehicles were either returning from a weapons delivery to Hezbollah terrorists in the south or were fleeing from IDF forces with their weapons," the statement added. It did not address the questions of what led the Israeli military to believe the cars were carrying weapons or how, if a request for safe passage had come from the United Nations, the Israeli military could believe it was seeing a Hezbollah convoy.Facing Israeli Forces

Israeli forces entered Marjayoun without opposition before dawn on Aug. 10, eager to demonstrate they controlled a swath of Lebanese land. It was familiar. The town, a Christian community six miles north of the Galilee panhandle, was headquarters for the Israeli-sponsored South Lebanon Army during Israel's 18-year occupation of the border zone that ended six years ago.

About 9 a.m., an Israeli officer appeared at the Marjayoun garrison that housed a 350-man mixed force of Lebanese army and Internal Security Forces personnel, under the command of Brig. Gen. Adnan Daoud. Interior Minister Ahmed Fatfat said Daoud called him immediately on a cellphone and asked whether he should resist. The two decided to let the Israeli officer in, Fatfat said.

After a four-hour tour of the base, during which he asked whether any Hezbollah combatants were present, the Israeli officer advised Daoud to post a white flag at the entrance, then departed. Daoud was later placed under house arrest on suspicion of treason because of a videotape showing him serving tea to the Israeli officer, but he was released a week later and assigned to resume his post.

Later that day, according to Fatfat and witnesses in Marjayoun, another Israeli unit showed up and started shooting at the base, leading Daoud to call Fatfat again for guidance. Without resistance, the second group of Israeli soldiers pushed their way into the base, disarmed the troops and locked Daoud in a room, saying they were occupying the facility.

A frantic round of contacts involving Fatfat, Prime Minister Fouad Siniora, U.S. Ambassador Jeffrey D. Feltman and the U.S. Embassy in Tel Aviv led to assurances from the Israeli Defense Ministry that the soldiers had no orders to occupy the base, Fatfat said. The immediate crisis subsided, he said, but he and Daoud at 7 that evening began discussing when and how the garrison should withdraw from Marjayoun.

Working through UNIFIL, the Lebanese government asked for and received authorization from the Israeli military for the unit to leave for Beirut under a UNIFIL escort, according to Fatfat and a UNIFIL official who declined to be named. At 5 the next morning, they said, UNIFIL headquarters at Naqourah in southern Lebanon telephoned the authorization for a 3 p.m. departure to Gen. Abdul-Rahman al-Shehaiti, an aide to Gen. Georges Khoury, the head of Lebanese military intelligence.

Two gleaming white UNIFIL armored personnel carriers with Indian troops showed up in Marjayoun that morning, ready to lead the way. "We had a total agreement that they will go out through the Bekaa [Valley] and on to Beirut," Fatfat said.

The authorization specified the route the convoy was to follow, according to Fatfat and the UNIFIL official. But Marjayoun officials discovered a road on the agreed route had been bombed and needed to be repaired before the column could pass, leading to a long delay. By the time repairs were made, the UNIFIL unit said it was too late to begin and was reluctant to accompany the column, Fatfat said.

Another round of consultations began, according to Fatfat and others, and just before 4 p.m., the decision was made to depart. "Let's go," Daoud shouted.

By that time, Mayor Hamra recalled, hundreds of civilian cars had lined up on Marjayoun's main street, ready to follow Daoud and his men out of the war zone. They had been assured earlier that the security forces would stay put to help guarantee Marjayoun's safety, although Israeli radio broadcasts, beamed in Arabic into Lebanon, urged people to stay in their homes. The families of Marjayoun judged that if Daoud and his men were evacuating under a U.N. escort, then that was a signal to get out. "There was a lot of confusion when people saw the U.N. show up," Hamra said.

Some townspeople feared for their lives under Israeli occupation, particularly since Israeli artillery was shelling the nearby Hezbollah stronghold of Khiam. Others were reluctant to be seen cooperating with Israelis, a stigma that marks Marjayoun because of its role during the earlier occupation. Still others feared an Israeli attack; witnesses said Hezbollah fighters had sneaked into town and fired rockets on Israel from behind the town hospital.

So when the convoy pulled out of Marjayoun -- with Israeli artillery shells crashing down a few hundred yards away -- it stretched the entire length of Marjayoun's main street.

...

'It Was Total Chaos'

Despite the repairs, the roads along the route were heavily pocked by Israel's bombing campaign, holding the convoy to a snail's pace. "To get 12 miles, it took us four hours," Hamra said. Residents from villages the cars passed through further slowed progress by coming out to offer water and snacks. Some cars stopped. Others honked and tried to proceed. Tempers flared, and the convoy broke up into sections.

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The U.N. armored personnel carriers pulled up near Hasbaya, about five miles north of the departure point, because that was the end of their authorized area of operations. But under Daoud's leadership, the convoy inched on, increasingly fractured as cars sought to work around bombed-out bridges, cratered roads and rubble-strewn village lanes.

"People were in every direction, trying to find their way," said Hamra, 58, an engineer who recently retired after a career in the Persian Gulf.

By the time the first cars approached Kefraya, the convoy stretched for miles in the darkness and had broken up into several groups, according to a number of participants. When the first missile streaked in, what had become a disorganized string of cars turned into a madhouse.

Fawaz Deeba, who runs a grocery store in Marjayoun, said he quickly exited his car when the first explosion occurred. "I stop. I open the door. I hear the noise, then a silence. Then came another bomb," he said.

The second missile, about three minutes after the first, sliced into a car in the middle of the convoy, witnesses said, and by that time everybody understood what was going on. Drivers began to panic as several more missiles crashed in. Some drivers tried to speed away but bumped into their neighbors. Others hit trees. People jumped out of their cars and pushed their children into the ditch, holding their hands over their heads.

"It was total chaos," recalled Daher. "Women were weeping. It was awful. There were cars running into each other. They were crashing into trees. It was crazy."

Daher said Elie Salameh, a well-known Marjayoun resident, got out of his car to ask a neighbor for gasoline when the second missile landed, ripping his head, shoulders and chest to shreds. Salameh's 16-year-old daughter, Sally, jumped out and ran toward Daher, he recalled, crying, "I want my dad. I want my dad."

Daoud, meanwhile, was on the ground trying frantically to call Beirut for help. He had one cellphone in each hand, pressing numbers as fast as he could, witnesses said, but the network wouldn't connect.

Daher tried to carry his mother to a nearby field for safety, he said, but she could not bear the pain in her arthritic legs. So he put her back in the passenger seat and waited with her for the attack to end. "We just sat there, not looking at death, but living it," he recalled, sobbing at the memory.

After about seven missiles had landed, the explosions stopped. Silence returned to the Bekaa Valley. After only seconds of peace, it was shattered by cars racing with the wounded toward a hospital at Dib Jenine, about five miles back down the road.

Israeli Reservists Protest, Call For Resignations (USAT)

By Yaakov Katz

USA Today, August 24, 2006

JERUSALEM — Hundreds of Israeli army reservists set up a tent city outside the prime minister's office Wednesday to protest what they consider poor management of the war in Lebanon.

Protesters held signs calling for the resignations of Prime Minister Ehud Olmert, Defense Minister Amir Peretz and the military's chief of staff, Lt. Gen. Dan Halutz.

Israel went to war in Lebanon against Hezbollah guerrillas on July 12 after the abduction of two Israeli army reservists. The fighting halted Aug. 14 with a United Nations-brokered cease-fire.

In the aftermath, some reservists have complained that Israel lost 118 soldiers and Hezbollah is still functioning, its leadership intact.

Daniel Damboritz, a 28-year-old paratrooper reservist, says troops thought their objectives were uncertain. “Everything was chaotic,” Damboritz says. “Missions that we received were changed constantly, and we found ourselves sometimes with orders that were unclear.”

Ephraim Kam, deputy head of the Jaffee Center for Strategic Studies in Tel Aviv and a former colonel in military intelligence, agrees. “The military brass kept on changing the orders to the soldiers, in some cases several times a day,” he says. “This led to the major loss of life.”

Olmert acknowledged “failings and shortcomings” in an emotional speech to the Israeli parliament last week. He promised a thorough examination of how the war was conducted.

On Monday, though, he said, “I won't play this game, the game of beating ourselves up.”

Some critics are demanding a broad state inquiry. Peretz has set up a commission to investigate the military's management of the war. Olmert says he is considering supporting a state inquiry.

“There is no doubt that there were many mistakes,” Kam says.

Some emergency warehouses were empty or stocked with unusable equipment, and reservists lacked proper training in Hezbollah-style warfare, he says.

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Brig. Gen. Danny Van Buren, chief reservist officer, says, “There is no doubt that we will need to invest more resources in equipment and training for reservists.”

Kam says Israel underestimated Hezbollah. For example, he says, the military was unaware that Hezbollah had created an extensive system of underground bunkers where guerrilla fighters hid during Israeli airstrikes.

“There was an expectation that the war would end sooner and that Israel would be more successful,” Kam says. “That didn't happen, partially because the enemy was underestimated.” Moshe Arens, a former Israeli defense minister, called the outcome of the war a “defeat for Israel” that requires Olmert's resignation.

“The loss of the war has reversed Israel's deterrent posture, which took close to 60 years to build,” Arens says. “This government needs to go, since the major responsibility lies in the government, which gave the wrong orders to the military.”

He says Israel should not have waited to launch a ground offensive. “There was wishful thinking that Hezbollah could be finished from the air,” Arens says. “The major mistake was that a ground offensive was not launched the second day of the war, and in the meantime a quarter of the country was destroyed.”

David Siegel, a spokesman for the Israeli Embassy in Washington, says the war did not end in defeat for Israel. “The aim was to achieve diplomatic goals that we hope very much will be achieved through Resolution 1701.”

U.N. Resolution 1701 requires the Lebanese army to take control of southern Lebanon and enforce an arms embargo on Hezbollah with the help of international forces.

Prisoner Release Demanded For Kidnapped Journalists (LAT)

By Laura King

The Los Angeles Times, August 24, 2006

JERUSALEM — Seated against a black backdrop, appearing pale but calm, two Fox News journalists kidnapped last week in the Gaza Strip appealed in a videotape released today for steps to secure their release.

It was the first confirmation that they were alive and well since the brazen early evening abduction of the pair in central Gaza City on Aug. 14.

The purported kidnappers spoke out as well. A heretofore unknown group calling itself the Holy Jihad Brigades asserted responsibility for the abduction and demanded the release of all Muslim prisoners held by the United States — "everybody without exception" — within 72 hours.

"Release what you have, and we will release what we have," the group said in a statement provided to reporters. "If you implement our conditions we will implement our promise; otherwise you will have to wait, and God will be the judge."

The statement, in elaborately religious language, included references to several Koranic verses, one of which alludes to the exchange of prisoners in wartime. It was not immediately clear whether the statement referred to prisoners being held in the U.S. or to American facilities in Iraq, Guantanamo Bay and Afghanistan.

The group's claim to be holding the journalists could not be independently verified, but Palestinian security sources said that in light of the coordinated release of the group's demand and the videotape, it appeared that the kidnappers had issued the statement.

It was not possible to ascertain when the tape showing correspondent Steve Centanni and cameraman Olaf Wiig was made.

Fox News released a statement by Senior Vice President John Moody in New York. "We're encouraged that our colleagues appear to be alive and well in the tape that was released today. We trust that the abductors understand they are responsible for Steve and Olaf's welfare and safe return. We ask for their immediate release."

Armed, masked men grabbed Centanni and Wiig from their news van in Gaza City as they were working. The kidnapping took place close to Palestinian security services headquarters.

Centanni, 60, is American; Wiig, 36, is from New Zealand. Wiig is married to freelance television journalist Anita McNaught, who last week joined Palestinian journalists in appealing for the release of the pair.

A delegation from New Zealand met today with senior Palestinian officials.

The kidnappers made no specific threats against the men if the demands were not met, but said in the statement that "this is a chance we are giving you, and God knows it might not be repeated."

The statement also directed taunts at President Bush, saying that "the dignity of a single Muslim is worth 20,000" of him.

About a dozen foreigners have been abducted in the Gaza Strip over the past year, but usually they are freed within a matter of hours or days.

Often, the kidnappings involve gang or clan disputes, usually very local in nature, with only the merest veneer of political motive. Many abductions are essentially glorified labor disputes, with the kidnappers demanding to be placed on the payroll of one branch or another of the Palestinian security forces.

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Israel withdrew soldiers and Jewish settlers from the seaside territory during the summer of 2005, but troops and tanks reentered Gaza on June 28, three days after an Israeli soldier was captured by Palestinian militants in a cross-border raid. Nearly 200 Palestinians have been killed in fighting since then.

In the videotape, Centanni and Wiig could be seen seated on the floor on what appeared to be a blanket. No markings were visible on the black backdrop behind them.

"We're alive and well, in fairly good health," Centanni said, his voice low but calm. "Just want to let you know I'm here and alive and give my love to my family and friends and ask you to do anything you can to try to help us get out of here."

Wiig, also even-voiced and looking directly into the camera, said: "I know my family will already be doing this, but if you could apply any political pressure that would be much appreciated by both Steve and myself."

The two, clad in tracksuits, said they were being given basic necessities such as clean water, food, access to toilet facilities and clean clothing. Both appeared somewhat haggard but without visible signs of any physical abuse.

An Israeli security source said the abduction represented a marked departure from previous kidnappings in several respects, including the length of time the captives have been held and the nature of the demands. However, the source, who had no specific knowledge of this case, said the kidnappers could have been copying similar demands by militants in Iraq.

The ruling Hamas movement, already under intense pressure from international sanctions and the Israeli military offensive, has repeatedly called for the release of the journalists and disavowed any knowledge of the kidnapping. Palestinian security forces have been searching for the pair.

"We denounce the kidnappings of foreigners and journalists," said Sami abu Zuhri, a spokesman for the Hamas movement. "We urge the kidnappers to immediately free them."

Consular officials have informed British and American journalists that there are specific and credible kidnap threats against them and have warned against travel to Gaza.

Special correspondent Fayed abu Shammalah in Gaza City contributed to this report.

Kidnapped Journalists Appear On Videotape (WP)

By Doug Struck

The Washington Post, August 24, 2006

JERUSALEM, Aug. 23 -- Kidnappers released a videotape Wednesday of two Fox News journalists abducted nine days ago in the Gaza Strip, and in language that ominously echoed kidnappers in Iraq, they claimed offenses had been committed against Islam and demanded that the United States release all Muslims from its jails.

The video showed American reporter Steve Centanni, 60, and New Zealand cameraman Olaf Wiig, 36, casually dressed and looking fit. The two men said they had received food, water and access to showers. "Our captors are treating us well," Centanni said.

"We are in fairly good condition," Centanni said. Addressing his family, he said: "We love you all and want to go home. Hope to see you soon."

A statement signed by a group calling itself the Holy Jihad Brigades demanded that all Muslims in American jails be released within 72 hours. It did not make any direct threat to harm the two journalists when the deadline passes, but it noted that "those who have been unjust will find out the consequences."

John Moody, a senior vice president with Fox News, said in a statement released Wednesday: "We're encouraged that our colleagues appear to be alive and well in the tape that was released today. We trust that the abductors understand they are responsible for Steve and Olaf's welfare and safe return. We ask for their immediate release."

"The United States strongly condemns the kidnapping of these independent journalists, who were in Gaza to tell the Palestinian story to the world," State Department spokeswoman Julie Reside said. "They should be released immediately and without condition. This kidnapping highlights the challenges and dangers to freedom of the press that journalists face every day as they seek to cover events in areas of conflict around the world."

More than a dozen journalists have been kidnapped in Gaza in the past year, but most have been released within hours.

"Usually, the kidnappers announce very quickly who they are and what they want. That was not true this time," said Gef Julliard, an editor at Reporters Without Borders, an organization to promote press freedom, speaking from Paris. "They may be emulating the groups in Iraq. We are worried this is a global trend."

The statement itself bore none of the hallmarks of past Palestinian demands. It did not seek the release of Palestinian prisoners, and the demands were aimed at the United States rather than at Israel. The rhetoric sought to portray the kidnapping as an act in a wider war between Islam and the United States.

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"I have never heard of this group. It seems from the style and name and demands that it is an al-Qaeda style group," said Ziad Abu Amr, an independent member of the Palestinian legislature in Gaza and an author of books on radical Islam. "The journalists were kidnapped because they were Westerners. It is clear the demands are not geared at domestic issues."

The kidnapping of the journalists, who were seized at gunpoint in daylight near the center of Gaza City, has raised concerns about the ability of reporters to cover the conflict in the Gaza Strip. Western reporters received warnings Tuesday from their embassies and from journalists in Gaza to stay away.

"I think it has a potentially chilling effect on the ability of the news media to report on Gaza," said Joel Campagna, a Middle East expert at the Committee to Protect Journalists in New York.

Dion Nissenbaum, the Jerusalem bureau chief for McClatchy Newspapers, was held for about eight hours at gunpoint last October. In retrospect, Nissenbaum said Wednesday, "it had elements of the Keystone Cops." The kidnappers' car got stuck in the sand and had to be towed, then the muffler fell off and the abductors had to stop for repairs. He was released after the abductors issued a demand for 50 jobs for themselves and friends in the Palestinian security forces.

The abduction has become a hot political issue within Palestinian groups, with leaders of both Hamas and Fatah pledging to find and release the journalists.

"This act contradicts Palestinian habits and customs," Ismail Haniyeh, the prime minister of the Palestinian Authority, said Wednesday.

In the 90-second video, Centanni and Wiig were shown against a dark background, seated cross-legged. The two were animated, made small jokes and urged their families not to worry.

"I will do the worrying for all of us," Wiig said. Both men urged that political pressure be put on governments to help with their release. Wiig noted, however, "I am sure you are doing this."

"Just want to let you know I am here and alive and give my love to my family and friends and ask to do anything you can to try to help us get out of here," Centanni said.

[Early Thursday, Israeli soldiers crossed into the Gaza Strip, backed by tanks and helicopter gunships, Palestinian witnesses and security officials said, according to the Associated Press. As the soldiers moved in, gunmen began firing at them, sparking clashes in which two gunmen were wounded, Palestinian officials said. The army had no immediate comment, the AP reported.]

On Wednesday, hospital officials said Hossam Jaradat, the West Bank leader of Islamic Jihad's armed wing, was shot in the Jenin refugee camp. Islamic Jihad said it was not sure Israel was behind the shooting, according to the AP.

Gaza Captors Of 2 Newsmen Pressure U.S. (NYT)

By Greg Myre

The New York Times, August 24, 2006

JERUSALEM, Aug. 23 — An unknown Islamic group on Wednesday issued a sweeping demand for the release of all Muslim prisoners held in the United States in exchange for two Fox News television journalists seized at gunpoint last week in Gaza.

The group, calling itself the Holy Jihad Brigades, had not claimed responsibility for the abductions or made any demands until Wednesday, when it released a statement along with a video of the two men, Steve Centanni, 60, an American based in Washington, and Olaf Wiig, 36, a cameraman from New Zealand.

More than a dozen Westerners have been kidnapped in the Gaza Strip in the past two years, though in every case, they were released unharmed, and almost always within 24 hours. By contrast, the video and the demand for the release of prisoners on Wednesday echoed kidnappings by Islamic militant groups in Iraq, Pakistan and elsewhere. And it was another sign of the worsening security situation in Gaza one year after the Israelis pulled out.

Moreover, the statement released Wednesday was the first time that kidnappers in Gaza had made a broad political demand that transcended the immediate Israeli-Palestinian conflict.

“We will give you one chance that will not be repeated — the liberation of Muslims detained in American prisons in exchange for the detainees in our hands,” the statement said. “If you satisfy our condition, we will keep our promise.”

The statement made references to the Koran but was not more specific about the Muslim prisoners whose release was sought. The statement said the United States had 72 hours to decide, beginning at noon Wednesday, and did not say what would happen if the demands were not met.

In the video, Mr. Centanni and Mr. Wiig were sitting cross-legged and barefoot on the floor and appeared relaxed as they spoke to the camera.

“We are alive and well,” Mr. Centanni said. “We are in fairly good health. We get lots of clean water, food every day. Access to a bathroom, shower, clean clothes and our captors are treating us well.”

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Mr. Wiig added, "If you could apply any political pressure on the local government here in Gaza and the West Bank that would be much appreciated by both Steve and myself."

The two men were traveling in an armored car in Gaza City on Aug. 14 when armed men stopped the vehicle and forced them out at gunpoint.

Gaza is plagued by armed factions, and it was not immediately clear whether the group claiming responsibility was a real group or just a cover for an existing faction.

Still, Palestinian factions have long insisted that their battle is only with Israel, and it is highly unusual that the statement singles out the United States for denunciation.

The statement condemned the American military presence in Iraq and Afghanistan, saying, "The powers of evil are united in waging wars against Islam and their people."

Israel says it is concerned that groups like Al Qaeda are trying to infiltrate Gaza, particularly since Israel withdrew from the territory, though there has been no hard evidence to date that this has happened.

For many years, Palestinians have welcomed foreign journalists, aid workers and other Westerners in Gaza. Palestinian officials, militant groups and citizens are normally willing, even eager, to speak to journalists. Even after heavy fighting broke out in 2000, Western journalists were able to operate with relative freedom in Gaza.

However, the territory has grown increasingly lawless in the past couple of years as Palestinian government authority has largely collapsed, while armed groups, some of them nothing more than criminal gangs, have proliferated.

In contrast to Iraq, where many kidnapped Westerners have been killed, kidnapping victims in Gaza often said that they were treated more like guests than hostages and that they did not feel threatened during their brief captivity.

Gaza kidnappers have usually been seeking jobs in the Palestinian security forces or the release of a relative held in a Palestinian prison. Kidnappers have often told their captives that they have no interest in harming them, but that Westerners serve as extremely effective bargaining chips when dealing with the Palestinian Authority.

In many instances, the Palestinian Authority has quietly met the demands of the kidnappers after the hostages were released.

The tape on Wednesday was released to a television production office in Gaza City. Al Jazeera, the Arab satellite channel, initially broadcast the tape, though Fox News and other news organizations also showed parts of it.

Fox officials and Mr. Wiig's wife, Anita McNaught, a television journalist, have been in regular contact with Palestinian Authority officials who say they are trying to secure the release of the men.

"We're encouraged that our colleagues appear to be alive and well in the tape that was released today," said John Moody, Fox's senior vice president for news editorial. "We trust that the abductors understand they are responsible for Steve and Olaf's welfare and safe return. We ask for their immediate release."

In Washington, the State Department said it would not give in to the kidnappers' demands. "We don't make concessions to terrorists, and we continue to call for the release of these journalists without conditions," said a State Department spokesman, Gonzalo Gallegos, according to The Associated Press.

The Palestinian prime minister, Ismail Haniya, told his cabinet on Tuesday that the government was "looking to win the immediate and unconditional release of the two journalists."

The Palestinian interior minister, Said Siam, who is in charge of the police and other branches of the security services, said Wednesday that efforts to find the men were under way. But the Palestinian Authority says it has been unable to contact or negotiate with the kidnappers.

In this case and in the previous abductions, Palestinian authorities have denounced the kidnappings and have said that they harm the Palestinian cause.

Raji Sourani, director of the Palestinian Center for Human Rights, said the kidnapping phenomenon had grown in Gaza because the Palestinian Authority had "failed to impose the rule of law against those who have violated it in broad daylight."

But he also criticized Israel for what he said was an extremely harsh response to the June 25 seizure of an Israeli soldier, who is being held by Palestinian militants in Gaza. The increased violence, along with the political and economic pressure imposed by Israel, has "created a very dangerous environment," he said.

Since the abductions, some Western news organizations have pulled their journalists out of Gaza.

American diplomats have warned that there are credible threats that additional kidnappings could take place in Gaza, while the Foreign Press Association in Israel warned its members to "exercise extreme caution in the coming days."

Israel and the Palestinians remain locked in a standoff over the Israeli soldier who was seized, Cpl. Gilad Shalit. After his capture, Israel's military forces, which pulled out of Gaza a year ago, returned to the territory and clashed almost daily with Palestinian militants.

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Israel is demanding the soldier's unconditional release, while the Palestinians seek an exchange for prisoners held in Israeli jails. Egypt has served as a mediator, but the talks appear to have stalled.

Captive Reporters Shown In Video (WT/AP)

By Ibrahim Barzak

The Washington Times, August 24, 2006

GAZA CITY, Gaza Strip -- A previously unknown Palestinian group released the first video yesterday of two kidnapped Fox News journalists and demanded that Muslim prisoners in U.S. jails be released within 72 hours in exchange for the men.

In the video, correspondent Steve Centanni and cameraman Olaf Wiig appeared to be in good health, seated on the floor in sweat suits against a black background with no logos or banners. No armed men were shown.

The two had not been seen since they were kidnapped Aug. 14 near the Palestinian security services headquarters in Gaza City.

"Our captors are treating us well," said Mr. Centanni, 60, of Washington, adding they had access to clean water, showers, bathrooms, food and clothing.

"So, just want to let you know I am here and alive and give my love to my family and friends and ask to do anything you can to try to help us get out of here," he said.

Mr. Wiig, 36, of New Zealand said: "If you could apply any pressure on the local government here in Gaza and the West Bank, that would be much appreciated by Steve and myself."

A written statement accompanying the video was issued by a group called the Holy Jihad Brigades. The statement railed against the U.S. wars in Afghanistan and Iraq.

"The powers of evil are united in waging wars against Islam and their people," it said.

It marked the first time a militant group in Gaza made demands on a foreign country other than Israel, which was not directly mentioned in the statement.

Local militant groups have routinely tried to limit the conflict to a fight between Palestinians and Israel, hoping not to jeopardize international support for the Palestinian cause. All the major Palestinian militant groups condemned the kidnapping and denied involvement.

It was not clear whether a group from outside Gaza could be involved. Palestinian and Israeli officials have previously said al Qaeda was trying to infiltrate into Gaza from Egypt.

The militants' statement was peppered with verses from the Koran and written in a literary, poetic style -- a sharp departure from the terse statements usually issued by Palestinian militant groups.

The statement demanded Muslim prisoners in U.S. jails be released within three days in exchange for Mr. Centanni and Mr. Wiig. The group did not say what would happen if the deadline passed unanswered.

"We are going to exchange the Muslim female and male prisoners in American jails in return for the prisoners that we have. We are going to give you 72 hours beginning midnight tonight to take your decision," the statement said.

"If you implement and meet our condition, we will fulfill our promise. If not, wait, and we are going to wait."

It was not clear whether the group was referring to prisoners being held by the United States in Guantanamo Bay or Iraq, where the United States is holding large numbers of Muslims.

White House spokeswoman Dana Perino would not comment on the demands. Fox News Senior Vice President John Moody said he was "encouraged that our colleagues appear to be alive and well."

India Said To Retain Right To Hold Tests (AP)

AP, August 24, 2006

NEW DELHI — India's prime minister said Wednesday the country would retain its right to carry out future nuclear tests despite a civilian nuclear deal with the United States, a news report said.

"There is no scope for capping of our strategic (nuclear) program. It will be decided by the people, government and Parliament of the country and not by any outside power," Press Trust of India quoted Prime Minister Manmohan Singh as saying in a statement in Parliament.

Singh and President Bush signed an agreement in July 2005 that would allow U.S. agencies and companies to sell India nuclear fuel and technology. In return, India would have to strengthen nuclear safeguards, allow international inspections of its civilian facilities, and separate its civilian and military nuclear programs.

On Wednesday, Singh said also said India would not give any commitment that goes beyond a unilateral moratorium on future nuclear tests.

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If required by the circumstances, he said, India would have the sovereign right to take a decision on atomic tests in its national interest, PTI reported.

He also said India didn't favor a bilateral comprehensive test ban treaty with the United States. "This has been made unambiguously clear (to the U.S.)," PTI quoted him as saying.

After its controversial 1998 nuclear tests, India announced a unilateral moratorium on further tests and said it would use nuclear weapons only if attacked.

Singh's comments in Parliament came in response to criticism by Hindu nationalist opposition and leftist allies who say the government is succumbing to U.S. pressures that allegedly aim to cap India's independent nuclear program.

The opposition and communist allies sought assurances from Singh that India's nuclear program would not be curbed by what they describe as the shifting of goal posts by U.S. lawmakers.

The House of Representatives approved the deal last month but added stringent new clauses, including requiring annual certification on the use of the technology and fuel for peaceful purposes.

The Senate is expected to vote next month on the civilian nuclear plan. The vote will be followed by several other legislative and diplomatic steps before the treaty can be enforced.

Venezuela, China Deepen Relations, Set Oil-Rig Pact (WSJ)

By Raul Gallegos And David Winning

The Wall Street Journal, August 24, 2006

Venezuela aims to become a top oil supplier to China and plans to increase oil sales to the oil-thirsty economy to 500,000 barrels a day in 2009, Venezuela's president said.

"We're getting to 150,000 barrels of crude a day [in sales to China], and next year we will double it to 300,000 barrels a day, and we will reach 500,000 barrels a day in 2009," President Hugo Chávez said during a telephone interview broadcast on a state-owned television channel. "With this, Venezuela becomes one of the top oil suppliers to the Chinese giant."

Mr. Chávez is in the middle of a six-day trip to Beijing, his fourth visit since taking over as president in 1999. During the trip he has signed deals for housing, mining, telecommunications and oil with Chinese companies.

One of those deals was between state oil company Petróleos de Venezuela SA, or PdVSA, and China National Petroleum Corp.'s service-and-engineering unit, involving sales of oil-drilling rigs, a person familiar with the plans said.

The deal will consist of the purchase of 12 Chinese-manufactured oil-drilling rigs, which are expected to be produced by Baoji Oil Machinery Co., CNPC's largest oil-equipment maker by capacity, the person said. The two companies also will set up a joint-venture factory in Venezuela for the production of more drilling rigs, the person familiar with the plans added.

"Chinese-made drilling rigs are competitive in terms of technology and price, although China is still weak in key control software," the person knowledgeable about the signing added.

No details were available on the value of the deal. Depending on their use, oil rigs can cost less than $10 million or as much as $100 million for the complicated structures used to reach oil deposits deep beneath the ocean. In the past few years, surging oil demand and the need to explore for more reserves has sharply pushed up the costs of buying or renting drill rigs.

"We signed a deal with CNPC for a joint venture in the Orinoco oil belt," Mr. Chávez said. "We will soon drill a new well with them in the Junin 4 field."

The leftist leader is expected to tour a plant where the Chinese are set to build a satellite for the Venezuelan government to be named Simon Bolivar, after the country's 19th-century independence figure.

Mr. Chávez has sought to strengthen relations with Iran, Cuba, China and Russia, among others, to slowly reduce reliance on business dealings with the U.S.

A delegation from PdVSA visited Baoji in March and expressed interest in long-term cooperation, the Chinese company said in a statement on its Web site.

Venezuela has a great demand for oil-drilling rigs for onshore and offshore development, given scant domestic manufacturing capacity, a vice president of PdVSA was quoted as saying in the statement.

Among the series of agreements that China and Venezuela are expected to sign, one pact could include accords for China to begin extra-heavy oil production in Venezuela's Orinoco River basin and to jointly develop Venezuela's eastern Zumano oil and gas fields.

China is seeking access to energy sources in Latin America to fuel its booming economy. Mr. Chávez's itinerary has been closely guarded, but according to officials and a state media report, the Venezuelan leader, who is traveling with Oil Minister Rafael Ramirez, is expected to meet with China's premier and companies in the coastal province of Shandong.

-- Renya Peng in Beijing contributed to this article.

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Venezuela Plans To Export Oil To China (AP-Y)

By Gillian Wong

AP, August 24, 2006

Venezuela plans to export 500,000 barrels of oil a day to China within five years, Venezuela President Hugo Chavez said Wednesday.

Chavez arrived in Beijing earlier in the day at the start of a trip aimed at forging stronger energy ties between the two countries. He plans to sign agreements to boost China's investment in oil-rich Venezuela with joint projects in petroleum, telecommunications, farming and railways.

He also proposed an ambitious target plan under which Venezuela — the world's No. 5 oil exporter — will almost quadruple sales to China, which wants access to Latin American energy supplies to fuel its booming economy.

"Within five years we'll arrive at half a million barrels (a day) to China. We are currently exporting close to 150,000 barrels (a day), and next year we will double that," Chavez said.

"The oil issue is of utmost importance because we are diversifying the petroleum business. We are moving toward a new petroleum model," said Chavez, speaking on Venezuelan state television from China. "It's one step more in a strategic alliance."

The Chinese Foreign Ministry said Chavez was scheduled to meet with President Hu Jintao on Thursday; and with China's No. 2 leader Wu Bangguo and Premier Wen Jiabao on Friday.

The left-leaning Chavez has strengthened ties with Beijing since taking office in 1999. He said last week that he will buy Chinese-made oil tankers and seal an oil exploration deal.

"We're going to sign a series of agreements for another leap in energy cooperation," Chavez said after arriving in Beijing.

The United States is the No. 1 buyer of Venezuelan crude, but Chavez's government has sought to sell more to other countries.

Chavez said his government would create joint ventures with two Chinese state-owned oil companies to produce and export crude from Venezuela's petroleum-rich Orinoco River basin as part of a larger energy cooperation plan.

He said agreements would be signed Thursday with China National Petroleum Corp. and China Petroleum and Chemical Corp.

Chavez said Venezuela's growing relations with China are part of his government's efforts to create a "multipolar" world to counter U.S. hegemony. He accuses Washington of bullying countries like Venezuela to keep them from developing military technology.

Doubts Cast On Asean Speeding Single Market (FT)

By John Burton

Financial Times, August 24, 2006

The head of a group drawing up an institutional framework for the Association of South-East Asian Nations expressed doubts on Wednesday about plans to accelerate the creation of a single market for the region.

Musa Hitam, a former Malaysian deputy prime minister, said that Asean did not have an adequate organisational structure in place to carry out the plan, which he regarded as “ambitious”.

Asean this week agreed in principle to advance the establishment of a common market for goods, services, and investment by five years to 2015 to counter competition for foreign investments from China and India.

Mr Musa is chairman of a group of elder statesmen from the region charged with drawing up a draft plan to establish agencies that would implement decisions by Asean.

The blueprint is expected to be submitted to Asean leaders at an annual summit in December.

The lack of formal Asean agencies has been blamed for the slow progress the organisation has made in integrating their economies. Mr Musa suggested that a single market could not be achieved unless Asean set up bodies to monitor and implement decisions and impose sanctions on recalcitrant members.

Although his group was ready to include proposals that would support the 2015 decision, Mr Musa said that it was up to Asean leaders whether to accept them.

Rafidah Aziz, the Malaysian trade minister, defended the accelerated schedule, saying that Asean had identified 70 service sectors, including aviation, tourism and information technology, that are favourable to rapid implementation.

But she expressed support for Malaysia’s affirmative action policy, which critics say represents a barrier to creating an open economy. Malays represent nearly 60 per cent of the country 24m population, but are poorer than the minority Chinese community.

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Malaysia adopted the affirmative action policies following race riots in 1969 by requiring Malays to own 30 per cent of most businesses.

"You cannot integrate into a region when your own domestic constituencies are not happy with your governance.

"How can you talk about a region when your country is in a shambles?" she said.

The issue of affirmative action has become a sticking point in negotations with the US on a trade deal. The US wants greater transparency in the issuing of government contracts, which are normally awarded to Malay businesses.

US Trade Chief Comments On ASEAN Pact (AP)

AP, August 24, 2006

KUALA LUMPUR, Malaysia (AP) - The United States trade chief said Wednesday a trade pact to be signed with ASEAN nations this week is a great boost to economic relations, but she urged the bloc to do more to push Myanmar toward democracy.

Trade Representative Susan Schwab said the Trade and Investment Framework Arrangement, or TIFA, with the 10-member Association of Southeast Asian Nations will create building blocks to broaden and deepen relations -- previously hindered by Myanmar's poor human rights records.

"The U.S. is still very uncomfortable with policies of that government relating to treatment of its own citizens. That said, we do not want our concerns of Burma to jeopardize our broader relations with ASEAN," she told The Associated Press.

"It has been our hope and expectations that ASEAN will always be doing more to push Burma to move toward democracy and to have a better human rights record." Myanmar is also known as Burma.

Schwab is due to sign the TIFA -- which sets the stage for a full-fledged free trade agreement -- on Friday with the 10 ASEAN ministers. Myanmar's Commerce Minister Tin Naing Thein will be signing on behalf of the military junta, according to a copy of the draft obtained by the AP.

President Bush earlier this month renewed sanctions against military-ruled Myanmar following its refusal to speed up democratic reforms and free political prisoners, including pro-democracy leader Aung San Suu Kyi.

ASEAN has a policy of not interfering in each other's affairs but is increasingly frustrated over Myanmar's slow pace of reforms. However, ASEAN officials insist continued sanctions imposed by the European Union and the United States may not help Myanmar's military junta in moving toward democracy.

Schwab acknowledged that the TIFA has been scaled down from a binding formal agreement, to a nonbinding framework arrangement, to overcome Myanmar sensitivities in Washington but said it has not affected the purpose of the pact.

"A TIFA is designed to help create building blocks that can be used to broaden and deepen relationships. The fundamental purpose of the TIFA is served by this version. We don't believe we have in anyway, watered down the substance of the potential of the TIFA," she said.

She said the two sides would work on creating a work program for joint trade projects but declined to say if Myanmar would be part of it.

Malaysian Trade Minister Rafidah Aziz said earlier Wednesday Myanmar's political and human rights situations have not hindered its participation in ASEAN's economic activities.

"We are going ahead together. In the economic sphere, we don't think politics at all," she said.

The draft text says it will ensure that U.S. intellectual property is better guarded in a region infamous for violations. It says all parties must "promote transparency and good governance, including by combating and preventing unlawful activities in international trade and investment."

Washington has frequently complained that ASEAN member nations aren't doing enough to crack down on software and movie piracy. Malaysia, one of ASEAN's key members, are among several Asian nations on a U.S. watch list of intellectual property rights violators.

Friday's agreement, in part, also addresses some of Washington's concerns over access.

ASEAN nations remain fiercely protective over its national companies, where foreign entities -- at most -- are only allowed minority stakes.

Signatories must promote "an open and predictable environment for international trade and investment while recognizing "the essential role of investment, both domestic and foreign, in furthering economic growth and development," the draft said.

US Trade Chief Plans To Visit China (AP)

AP, August 24, 2006

KUALA LUMPUR, Malaysia (AP) -- U.S. trade chief Susan Schwab says she will make a three-day visit to China starting Sunday to further strengthen bilateral economic relations in efforts to help cut America's record trade deficit, and push the Asian nation to curb intellectual property thefts.

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Schwab told The Associated Press late Wednesday that she during a meeting with China's Commerce Minister Bo Xilai in Beijing she also hopes to discuss China's role in helping to restart stalled World Trade Organization talks.

"China is likely to be a major beneficiary of a successful Doha round and is certain to a major loser if the Doha round fails. We have a shared interest in seeing a successful Doha round," she said on the sidelines of meetings here with Southeast Asian trade ministers.

The 149-nation WTO suspended negotiations in the global trade liberalization talks last month, largely over differences on farm tariffs and subsidies.

Schwab hailed initial efforts by the Chinese to crack down on the theft of U.S. copyrights and patents, including a commitment to require that all personal computers sold in China have factory-installed operating programs as a way of reducing the pirating of U.S. computer software.

American companies claim that intellectual property thefts in China are costing them billions of dollars in lost sales annually.

"That is an important step in the right direction," she said. 'We still have some issues that still need to be addressed. Some related to China's commitment under the WTO, obligations that have not been fulfilled. Issues related to intellectual property rights that are still quite problematic. Issues related to auto parts."

Schwab declined to say if she will push China to allow its currency, the yuan, to rise in value against the dollar as a way of lowering the U.S. trade deficit but said that as bilateral trade has grown, China clearly has benefited.

"U.S. exports to China have gone up 20 percent or more per year for the last several years. Obviously China's exports to U.S. have gone up rapidly as well," she said. "Clearly this is a trading relationship that benefits the Chinese. So there is some good news in terms of the strength of the bilateral trade relationship and we'll talk about that."

The U.S. trade deficit with China soared to $202 billion last year, the biggest imbalance ever with a single country. Some American manufacturers contend China is unfairly depressing the value of the yuan by as much as 40 percent to make their goods cheaper and more competitive against American products.

Eighth Mad-Cow Case Is Verified In Canada (WSJ)

The Wall Street Journal, August 24, 2006

WINNIPEG, Manitoba -- Canadian authorities said final testing confirmed the country's eighth case of mad-cow disease.

The animal was a mature beef cow between eight and 10 years old and was from Alberta. The Canadian Food Inspection Agency said no part of the animal's carcass entered the human food or animal feed systems.

Based on the animal's estimated age range, exposure to the infectious agent that causes the disease, formally known as bovine spongiform encephalopathy, likely occurred either before the introduction of Canada's tighter animal-feed restrictions in 1997 or during its early implementation.

A CFIA investigation is under way to determine where the animal was born. Such birth-farm information would serve to verify the animal's age as well as help identify herd mates -- which are also at risk of carrying the disease -- and potential sources of contaminated feed.

The U.S. has found three cases of BSE, the first of which was in a cow believed to have been born and raised in Canada before being shipped.

Canada Confirms Case Of Mad Cow (WT/AP)

By The Associated Press

The Washington Times, August 24, 2006

TORONTO (AP) -- Canada confirmed mad cow disease in an animal on an Alberta farm yesterday, the country's eighth case of a terminal ailment that has roiled its livestock industry.

The latest case was found in a dairy cow 8 to 10 years old, Canada's Food Inspection Agency said.

The agency says exposure to the terminal disease likely occurred before or during the introduction of new feed regulations that were supposed to stop the spread of the disease.

Shipments of cattle to the United States were halted in 2003 after the first reported cases of mad cow in Canada. Trade in cows younger than 30 months resumed last year.

Last month, the United States suspended plans to increase imports of beef and cattle from Canada over concerns about an infected cow born in 2002, five years after Canada enacted safeguards against mad cow disease.

At issue is a ban on using cattle remains in cattle feed, the primary fire wall against the spread of mad cow disease. The only known way for cattle to get the disease is by eating feed containing diseased cattle tissue, a practice largely outlawed in Canada and the United States in 1997.

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George Luterbach, an animal scientist with the Canadian Food Inspection Agency, said the latest cases should not have any repercussions with trading partners.

"These cases are the result of a very robust surveillance program," Mr. Luterbach said. "These cases are very few and far between."

Having tested 60,000 cattle last year, Mr. Luterbach said, the agency is confident that mad cow is not a common in Canada or something that is growing.

The Canadian Cattlemen's Association estimated its 90,000 members had lost more than $5.6 billion since 2003.

Mad cow disease is the common name for bovine spongiform encephalopathy, or BSE, a brain-wasting disorder. Humans can get a related disease, variant Creutzfeldt-Jakob disease, by eating meat contaminated with mad cow.

Privacy Concerns Continue To Bedevil Livestock ID Program (AP)

By David Twiddy

AP, August 24, 2006

KANSAS CITY, Mo. - U.S. Agriculture Secretary Mike Johanns assured livestock owners Wednesday that information collected in a planned animal identification program will be kept confidential and used only in the event of a disease outbreak.

Speaking before a conference on animal identification technology and policy, Johanns sought to downplay concerns that farm information collected through the program could fall into the hands of competitors, animal rights activists or other members of the public.

He said private vendors would collect and maintain the data, making it off-limits to federal open-records laws, a concern that has led officials in some states, such as Vermont, to put their own data-collection efforts on hold.

"It is not data that is controlled and owned by the USDA, so we can protect confidentiality," Johanns said in response to a question from the audience.

Johanns' assurances held little water with some of the 30 protesters picketing outside the meeting. They said the program violated their property rights, would cost too much and is aimed at helping large-scale producers who want to sell their livestock overseas.

"I raise for my own use, and it would wipe me out," said Sue Karber, who owns a few head of cattle in Kingfisher, Okla. "If someone wants to use this for export, fine, but leave our domestic policy alone."

The Department of Agriculture wants to be able to identify and tag each of the country's more than 9 billion cows, pigs, chickens and other livestock by 2009 so it would be able to track them within 48 hours of a report of disease.

Agriculture officials have begun approving companies selling tagging and tracking equipment, setting up competition that Johanns said would keep costs for producers low.

Federal officials still describe the program as voluntary, but Johanns acknowledged that farm owners choosing not to register their animals would create significant gaps in the system, making it harder to track a diseased animal and the animals with which it came into contact.

"That's the very reason why we've got to move this forward and do everything we can to try to get as close as we can to all animals being registered within this system," he told the conference members. "What we're looking for here is commercial identification. We're not trying to figure out which kid in America is going to show a calf at a county fair."

Missouri Department of Agriculture spokeswoman Misti Preston said 8,846 farms and other places with livestock, or 9 percent of the total, have registered under the state's version of the federal program.

Johanns said he believes retailers, overseas markets and consumers will ultimately demand such a tracking system and noted that Australia has used its own animal identification program as a marketing tool.

"The faster we can assure consumers and trading partners of the health of our herd during an outbreak," he said, "the less economic impact on absolutely everyone."

EU To US: Keep Genetically Engineered Rice To Yourself (USAT)

By Elizabeth Weise

USA Today, August 24, 2006

The European Union said Wednesday that it would require that all long-grain rice imported from the USA be certified as free of unauthorized genetically engineered grains.

Rice futures at the Chicago Board of Trade fell by more than 5% Wednesday, the sharpest one-day decline in years. The developments follow the discovery last week of tiny amounts of genetically engineered rice in the commercial U.S. crop.

Europe imports 264,000 tons of long-grain rice from the USA each year, according to the EU, a collaboration of 25 European nations. Genetically engineered long-grain rice has been tested but is not grown commercially in the USA.

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The presence of the unauthorized biotech rice was announced Friday by the U.S. Department of Agriculture, which has launched an investigation. Agriculture Secretary Mike Johanns said in a prepared statement that "based on the available data and information, the U.S. Food and Drug Administration has concluded that the presence of LLRICE 601 (the strain in question) in the food and feed supply poses no safety concerns."

The contamination was first discovered in January by a customer of Riceland Foods, a rice-growers cooperative based in Arkansas. Over the ensuing months, samples were collected and tested. It is the first time such rice has been found in the U.S. commercial rice crop.

This week, Japan also suspended long-grain rice imports from the USA, but because almost all of the rice it imports is of the short- and medium-grain varieties, the ban will have little effect on growers.

U.S. producers of long-grain rice, 50% of which is exported, don't grow genetically engineered rice precisely because their customers overseas don't want it, says David Coia of the USA Rice Federation.

Only trace amounts of the biotech rice, the equivalent of six kernels in 10,000 kernels of rice, were found "geographically dispersed and random throughout the rice-growing area," Riceland spokesman Bill Reed said in a statement.

How even trace amounts of the rice engineered to resist a herbicide got into the 2005 crop remains a mystery.

"We think that sometime when it was being field-tested, it contaminated the commercial supplies and has somehow been growing at low levels ever since," says Bill Freese of the Center for Food Safety, an environmental advocacy group.

The rice, called Liberty Link RICE 601, comes from a line of genetically modified rice that Bayer CropScience had tested from 1998 to 2001 but decided not to pursue. It is likely that at least some seeds or pollen escaped from the test plots.

LLRICE 601 has a genetically modified protein that makes the rice plants resist glyphosate, a weed killer known to many gardeners as Round-Up. The herbicide-resistant trait lets farmers spray their fields with glyphosate, killing all the weeds but leaving the crop untouched.

The rice strain that escaped has not yet been approved for sale in the USA, but two other Bayer CropScience rices that use the same genetically engineered protein were approved by USDA but never went into commercial production.

Although not approved for use in rice, the protein in the biotech strain is widely used in other genetically modified agricultural crops, including corn and soybeans.

US To Test Rice As EU Blocks Modified Imports (FT)

By Tobias Buck And Doug Cameron

Financial Times, August 24, 2006

US officials on Wednesday said they were close to implementing a new testing regime for rice exports after the European Union blocked all shipments by demanding that they be free from an unauthorised genetic modification.

The EU joined South Korea, another key export market for the US, with a requirement for testing which it said would stay in place for six months. This follows the discovery last week of unauthorised GM rice in US commercial samples, though officials insist there is no danger to human health or the environment.

"We are in the final stages of having a validated test available," said Ed Loyd, spokesman for the US Agriculture Department. He called Wednesday's action by the EU "very measured and reasonable", though said other large export markets such as Mexico and Saudi Arabia had so far not called for testing.

US officials have launched a number of probes into how the GM variety entered the system. US rice farmers have steered clear of planting GM rice commercially to avoid any consumer backlash in export markets.

Markos Kyprianou, EU commissioner for consumer protection, said the union had no choice but to clamp down on US rice imports. "We have strict legislation in place in the EU to ensure that any GM product put on the European market has undergone a thorough authorisation procedure based on scientific assessment," he said. "There is no flexibility for unauthorised GMOs – these cannot enter the EU food and feed chain under any circumstances."

No genetically modified rice is currently approved in the EU, though one type that is similar to the traces of LL Rice 601 found last week is under review by the European Food Safety Authority.

EU Adopts Tough Rules For US Long-Grain Rice (WSJ)

By Juliane Von Reppert-Bismarck

The Wall Street Journal, August 24, 2006

BRUSSELS -- The European Commission adopted tough screening rules on U.S. long-grain rice following revelations that an unauthorized genetically engineered rice variety had accidentally entered commercial rice stocks.

U.S. rice farmers, European importers and the biotech industry say the screening procedures, which are expected to be in place for at least six months, will add to their costs by requiring all long-grain rice varieties to be certified.

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The ruling is also likely to strain trade relations between Brussels and Washington, which says the rice poses no health risk, and to raise questions of how to control the spread of biotech crops that are very unpopular in Europe.

Under the rules, which took effect immediately but will be reviewed tomorrow by member governments, U.S. shipments of long-grain rice brands must be certified by an accredited laboratory to be free of the strain known as LL Rice 601, which is owned by German biotech company Bayer AG.

It was unclear who would foot the bill for testing, and some experts warned the screening may not discover the renegade strain, anyway.

U.S. exporters warned the measures may squeeze a rice sector already beleaguered by rising energy costs and increasing competition from abroad.

The U.S. exports about half its rice. Europe is one of its main customers, importing 198,000 metric tons of long-grain rice worth about €52 million, or about $67 million, last year. Japan banned imports of U.S. long-grain rice last week.

Brussels officials have complained Washington took more than two weeks to warn Europe of the contamination after Bayer informed U.S. authorities on July 31 that it had found the genetically altered rice in commercial rice-storage units in Arkansas and Missouri.

The U.S. Department of Agriculture said the amount of altered rice Bayer found was equivalent to six rice grains among 10,000.

Bayer and government officials say they don't know how the rice variety found its way into commercial rice stores five years after it was ditched as a commercial nonstarter.

Bayer, faced with costly tests, has asked U.S. regulators to authorize commercial use of the strain, a process likely to take two months. Critics of the biotech business say the industry uses contamination to push through legalization of its products.

The contamination echoes a similar situation last year, when the EU imposed strict screening requirements on corn imports after U.S.-grown corn-gluten feed and brewers grain containing genetically modified corn made by Swiss biotech giant Syngenta AG was found in European shipments, where the modified strain is illegal.

European Restrictions On Rice Imports (NYT/AP)

By The Associated Press

The New York Times, August 24, 2006

The European Union ordered special certifications for imports of rice from the United States to keep out genetically contaminated long-grain rice. Under the new rules, which are expected to be in place for at least six months, the United States will have to specifically certify that shipments of rice are free from a particular variety of rice. Last week, the United States government announced that long-grain rice samples had tested positive for trace amounts of a genetically modified strain not approved for consumption. Japan suspended imports of United States long-grain rice after the positive test. The 25-nation bloc said it still did not have enough information to assess the extent of the contamination but needed to take preventive measures.

EU Excludes Genetically Modified U.S. Rice (LAT/AP)

From The Associated Press

The Los Angeles Times, August 24, 2006

BRUSSELS — The European Union on Wednesday took urgent steps to keep out genetically contaminated long-grain rice from the United States, ordering special certifications for U.S. rice exports.

Under the new rules, which are expected to be in place for at least six months, the U.S. will have to specifically certify that shipments of rice are free from the unauthorized LL Rice 601 genetically modified organism strain. Controls will also be carried out at EU ports.

Last week, the U.S. government announced that long-grain rice samples had tested positive for trace amounts of a genetically modified strain not approved for consumption. Japan suspended imports of U.S. long-grain rice following the positive test.

The 25-nation EU said it had insufficient information to assess the extent of the contamination but needed to take preventive measures.

"We have strict legislation in place in the EU to ensure that any [genetically modified] product put on the European market has undergone a thorough authorization procedure based on scientific assessment," Health and Consumer Protection Commissioner Markos Kyprianou said.

"There is no flexibility for unauthorized [genetically modified organisms] — these cannot enter the EU food and feed chain under any circumstances," he said.

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The contamination with the strain of genetically engineered rice was detected by Bayer CropScience. The German company then notified U.S. officials. The strain is not approved for sale in the U.S. but two other strains of rice with the same genetically engineered protein are.

Europe has been far more reluctant than the U.S. to accept genetically modified foodstuffs. The environmental group Friends of the Earth Europe called for an immediate import ban and more information on how widespread the contamination had been.

The EU buys about $90 million worth of U.S. rice each year.

175 N. Koreans Held In Bangkok (WT)

By Andrew Salmon

The Washington Times, August 24, 2006

SEOUL -- Thailand's police rounded up 175 North Korean defectors -- mainly women and children -- in a raid on a Bangkok suburb Tuesday, an incident that has cast light on the Southeast Asian nation's increasingly popular status as a refuge for defectors from Kim Jong-il's regime.

The refugees had escaped North Korea via China and are thought to have been awaiting processing by the United Nations High Commissioner for Refugees (UNHCR), and the South Korean and possibly U.S. embassies, before transit to a third country.

"The government will review measures to be taken in consultation with the Thai government," South Korean Foreign Minister Ban Ki-moon told reporters.

South Korea has been highly sensitive about the arrival of large numbers of defectors since Seoul airlifted 468 defectors from Vietnam in 2004. News of the airlift sparked fury in Pyongyang, damaging ties between the two capitals for months.

A Seoul official familiar with North Korea-related issues said: "We do not believe this marks a change in Thai policy. They have said that they will release them to third countries -- South Korea or the United States -- after interrogation."

"I don't think they are going to send them back to North Korea," he said.

South Korea's Grand National Party, the conservative opposition, objects to the government's low-key approach.

"This government does not have a specific, determined policy for dealing with North Korean refugees. For political reasons, they hold an intentionally ambiguous position," said national assembly member Song Young-sun, a specialist on North Korean issues. "I cannot forgive this quiet diplomacy. I want to ask this government to put the North Korean people first, not the Kim Jong-il regime."

Activists urged more action.

"Governments have to deal with this and look this crisis in the face," said Tim Peters, a U.S. Christian activist who heads up the charity Helping Hands Korea. "Hopefully, the main players are going to start looking at ways they can absorb more of these refugees."

Thailand has become a haven for North Koreans who flee their country on an "underground railroad" via China to Southeast Asia -- often undergoing harrowing experiences along the way.

"Thailand, because of its history and experience dealing with refugees from Cambodia, Burma and elsewhere, deals responsibly with refugees, and there is a regional office of the UNHCR in Bangkok," said Mr. Peters, who was featured on the cover of Time magazine's Asian edition in May for his work helping North Korean refugees.

Asked how many have fled North Korea, Mr. Peters said it is difficult to say.

"It is almost anyone's guess, but I would multiply State Department figures of [30,000] to 50,000 by 10," he said.

He cited food shortages and the aftermath of disastrous flooding last month as "push factors" driving North Koreans out of their land, adding that China has recently deployed 2,000 extra troops to seal its border with North Korea.

Ukraine's Premier Pledges To Stop Taking Gas From Russian Pipes (NYT)

By Andrew E. Kramer

The New York Times, August 24, 2006

MOSCOW, Aug. 23 — Ukraine's new prime minister, Viktor F. Yanukovich, has promised that his government will refrain from siphoning natural gas from Russia's export pipelines to meet Ukraine's shortfall this winter, a practice that has incensed Russian officials who characterize it as stealing.

The assurance was the latest step by Mr. Yanukovich, a pro-Russian politician, to address some of the conflicts between Ukraine and Russia since Parliament elected him prime minister on Aug. 4.

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The move was a concession, of sorts, to Russia — Ukrainian officials had never publicly admitted taking the gas without paying — but one also likely to ease worries in Western Europe over the security of energy supplies this winter. About 80 percent of Russia's gas exports to Western Europe pass through Ukraine.

Mr. Yanukovich, who lost the election that came to be known as the Orange Revolution in 2004 but staged an improbable political comeback this summer, has brought a more conciliatory stance to the energy talks with Russia, as expected. Talks are under way for a contract for gas supplies in 2007.

Mr. Yanukovich said Ukraine's national energy company, Naftogaz, was preparing for the winter heating season by storing gas underground.

"I am saying this so Europe can hear, and they can feel at ease," Mr. Yanukovich said on Tuesday at a news conference in Ukraine, according to a transcript provided by his office. "We won't take European gas from the pipes this winter."

Mr. Yanukovich has been welcomed by Russia more than the victor in the Orange Revolution, President Viktor A. Yushchenko, ever was.

Just last week, in a break with protocol, President Vladimir V. Putin of Russia invited him to join heads of state from the Eurasian Economic Community for informal meetings in Sochi, a Russian resort town, though Mr. Yanukovich is not Ukraine's leader.

In turn, Mr. Yanukovich has vowed a more pragmatic approach to the energy dispute that last winter briefly reduced the flow of natural gas to Western Europe, and has tried to reassure European governments they will not be faced with shivering citizens in northern Europe this winter.

At the Sochi meetings, he secured a promise from Russia's natural gas monopoly, Gazprom, not to revisit the gas price, $95 per 1,000 cubic meters, or about 1,300 cubic yards, until the end of the year.

Also, President Yushchenko has signaled that Ukraine is likely to continue to import natural gas next year through a Swiss-registered intermediary, RosUkrEnergo, that is controlled by Gazprom, though the United States has criticized the arrangement as prone to corruption.

"God help us prolong it for several more years," Mr. Yushchenko said of the deal on Saturday, the Interfax news agency reported.

Still, in the tangled energy trade between the countries, Ukraine's practice of withdrawing gas intended for Western Europe from Russian pipelines has long been a thorn in the side of Gazprom. It has also been a source of leverage for Ukraine in the pricing talks, now a matter apparently off the table.

Africa Adds To Miserable Ranks Of Child Workers (NYT)

By Michael Wines

The New York Times, August 24, 2006

LUSAKA, Zambia — The boulders here are hard enough that the scavengers who have taken over the abandoned quarry south of downtown prefer not to strike them directly with their hammers.

They heat the rocks first — with flaming tires, scrap plastic, even old rubber boots — so that the stones will fracture more easily.

At dusk, when three or four blazes spew choking black clouds across the huge pit, the quarry looks like a woodcut out of Dante.

A boy named Alone Banda works in this purgatory six days a week.

Nine years old, nearly lost in a hooded sweatshirt with a skateboarder on the chest, he takes football-size chunks of fractured rock and beats them into powder.

Lacking a hammer, he uses a thick steel bolt gripped in his right hand.

In a good week, he says, he can make enough powder to fill half a bag.

His grandmother, Mary Mulelema, sells each bag, to be used to make concrete, for 10,000 kwacha, less than $3. Often, she said, it is the difference between eating and going hungry.

"Sometimes when he's tired, I tell him to stop, but he helps me here most of the time," she said. "We work every day, to make that powder. Sometimes we work Sunday, if we don't go to church."

Across the globe, the number of children forced to work is in sharp decline.

But sub-Saharan Africa, in places like Lusaka and for children like Alone, is the exception. Here, more than one in four children below age 14 works, whether full time or for a few hours a week, nearly the same percentage as the worldwide average in 1960.

It is by far the greatest proportion of working children in the world.

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By the United Nations' latest estimate, more than 49 million sub-Saharan children age 14 and younger worked in 2004, 1.3 million more than at the turn of the century just four years earlier.

Their tasks are not merely the housework and garden-tending common to most developing societies.

They are prostitutes, miners, construction workers, pesticide sprayers, haulers, street vendors, full-time servants, and they are not necessarily even paid for their labor.

Some are as young as 5 and 6 years old.

In Kenya, nearly a third of the coffee pickers were children, a 2001 World Bank Report found.

In Tanzania, 25,000 children worked in hazardous jobs on plantations and in mines.

Their numbers in Africa grow even as the ranks of child laborers are dropping by the millions in every other region of the world.

Child labor declines with prosperity, and so the region's economic plight — 44 percent of sub-Saharan residents live on less than $1 a day, far and away the greatest share on earth — is a big reason.

But so are social mores that regard hard work by children as the norm, and conflicts that scatter families and kill breadwinners.

So is the staggering H.I.V. rate, which has created millions of orphans who must work to survive, and has forced millions more to work to support dying parents. In Zambia alone, a 2002 study by independent researchers for the United Nations concluded that AIDS had boosted the number of child laborers by up to 30 percent.

So is the region's population explosion. Well over 4 in 10 people here are under age 15, compared with fewer than 2 in 10 in the developed world, according to the Population Reference Bureau, a nonprofit research organization.

With economic growth lagging births, manual labor is often the only way the newcomers can feed themselves.

Worldwide, the number of children who were already "economically active" by the age of 14 fell roughly 10 percent from 2000 to 2004, to about 191 million, according to the International Organization for Labor, a United Nations agency.

More impressive still, the number of young children laboring in the most dangerous jobs dropped by a third.

In Asia, the number of economically active children — meaning they worked beyond their chores, legally or not — dropped by five million in just four years.

In Latin America and the Caribbean, the decline was even more drastic, nearly 12 million. Indeed, sub-Saharan Africa was the only region where the number of working children did not fall.

"It's like trying to empty a bathtub with a teaspoon while the tap is running," said Birgitte Poulsen, the technical specialist for the International Labor Organization in Zambia. "If you want to tackle this, you have to recognize the magnitude of the problem, not just in terms of its size, but its complexity. It isn't just due to instability and conflict and war. It's poverty and H.I.V.-AIDS."

Echoes of Oliver Twist

If the stereotype of child labor is an Oliver Twist world of sweatshops with youngsters hunched over sewing machines or metal presses, Africa's reality is different.

A handful of Zambia's child workers are clearly exploited by adults — for prostitution in cities, and perhaps as miners in the emerald-rich north, near the Democratic Republic of Congo.

The International Labor Organization says there are increasing reports of Zambian children being trafficked for work in construction and farming and as servants.

Overwhelmingly, though, what drives children into work is not greed but privation. Young people here largely work to feed themselves or their parents, or both.

Alone — a family name, like many in this part of the world, drawn from the English language — and his grandmother rise at about 6:30 a.m.

After washing, they make the half-hour walk to the quarry where they work, under a plastic tarp mounted on scavenged tree branches.

Alone describes his day in the most basic English: "I break the rocks. I get up early in the morning, before the sun rises. For breakfast, I drink tea sometimes. This morning, I didn't eat. I'm hungry."

After two hours, he walks to Tatwasha Basic School, a state-run institution near his home, for about four hours of classes.

Tatwasha, a grid of cinder-block buildings set on a yellow dirt courtyard, has 3,000 students. About 300 work in the quarries.

Maureen Chinjenge, the school's stern headmistress, has a word for the quarry children: disoriented.

"Most of these children are orphans," she said, "and in most cases, their performance is not good. For the most part, they don't eat breakfast, and coming to classes they don't concentrate. Things like clothing, they don't have any, and the other children make fun of them."

Their attendance, she says, is spotty. Many are latecomers; some first-graders are as old as 11.

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Alone, a second-grader at age 9, fits that template well. Asked his teacher's name, he fidgets for fully a minute, then answers ruefully, "I don't remember."

After school, he returns to the quarry where, sitting cross-legged on the ground, he attacks his pile of rocks for five more hours, until sunset.

A scab marked his left cheek, damage from a sliver of quartz-like rock that flew into his face after an especially hard strike.

Other stone-crushers complain of broken fingers, impaired vision or a "heavy chest," an early sign of silicosis, but Alone says he has suffered no serious injuries beyond some smashed fingers and cut eyes.

"It's a hard job; I hurt myself sometimes," he said, but "I measure my size. I don't break huge amounts. I do it according to my age."

Beyond the physical cruelty and lost youth, sub-Saharan Africa's child laborers are social and economic millstones on a region that can ill afford them.

They are poorly educated, badly fed, inadequately supervised by adults and far more likely to become illiterates whose children, like them, will toil in fields, tend roadside stands or crush rocks.

Already, a number of studies have documented increases in street children in sub-Saharan cities, many of them AIDS orphans forced into sidewalk vending, theft or selling sex to survive.

In Lusaka, a city of 1.2 million, "I don't think it would come to more than 50,000, but the number is definitely growing," said Yvonne Chilufya, a project manager for Jesus Cares Ministries, a Zambian organization that assists street children and other child laborers.

"We see a lot of child-headed households as a result of H.I.V.," she added. "In other cases, you find the parents are both alive, but doing nothing, chronically ill. So the children are taking care of the parents. The parents send the children out to find food."

The last time Zambia's government counted, in 1999, it found nearly 600,000 child laborers between ages 5 and 17, roughly 9 in 10 of them on farms, the rest in the cities, working as vendors, domestics or laborers.

Almost all were unpaid. On paper, at least, most were illegal: Zambian law forbids labor by children under 13, and allows those between 13 and 15 to engage only in light work.

Zambia also has signed the two international conventions that set minimum ages for work and outlaw the most harmful forms of child labor.

In recent years, its news media have begun to expose dangerous working conditions for children, and its government has started to move against the most outlandish forms of labor.

But as elsewhere in Africa, Zambia's stifling bureaucracy, its poverty, the AIDS epidemic and the sheer size of the task all work against success.

Ms. Poulsen, of the International Labor Organization, says the government's efforts to weed out child labor would be reasonably good "if you have inspectors, cars and fuel." Zambia has precious little of each.

"We've got lots and lots of good policies in this country," she said. "But there's no coordination. It's difficult to staff basic social services — schools, clinics — because people keep dying" of AIDS.

Choosing a Way to Die

Chola J. Chabala, the Zambian assistant labor commissioner and the official charged with reducing child labor, says the number of children who work is growing despite his government's efforts, especially in rural areas where oversight is weak.

"I do this job with a passion, but it is very depressing at the end of the day," he said. "I've heard children who work as prostitutes say they would rather die from AIDS, because it is slower than dying of hunger."

Crushing stone is ranked in international agreements as one of the worst forms of child labor, full of risks from flying rock fragments, misdirected hammers, repetitive motion injuries and years of inhaling dust.

Like prostitution, it is a job undertaken for survival, not profit.

Mrs. Chilufya, of Jesus Cares Ministries, says that in the last four years her group has taken close to 1,000 children from the quarries, placing them in the organization's own schools and giving small loans to parents and caretakers to open more sustainable businesses, like roadside groceries.

But Lusaka has three major quarries, and although hundreds of children have been rescued and sent to schools, hundreds more have taken their place.

The quarries are sprawling outcrops of limestone or quartz-like rock that are hand-mined by hundreds of itinerants armed with hammers, shovels and sledges.

In places, they have dug as much as 20 feet below the surface, leaving lattices of surface paths between pits of algae-clogged rainwater, washbasins for the workers' laundry.

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The quarries have their own economy. Men split boulders into smaller chunks, then sell them by the barrow to women whose families reduce them to gravel and powder.

Homeless and unsupervised children, roaming the streets, hire themselves out at about 30 cents a day to help with the crushing.

The output goes on display beside highways — waist-high piles of gravel; old cement bags packed with crushed stone or powder. Construction crews buy the rocks and powder, then sell the cement bags back to the rock breakers.

It is a tiring, endlessly tedious task. Its practitioners work six and seven days a week, and they make almost nothing.

Fifty-year-old Ms. Mulelema and her grandson Alone live in Lusaka's Chawama neighborhood, a slum of one- and two-room block houses linked by dirt paths, in a single room, perhaps 8 by 12 feet.

A sheet draped over a rope separates a grimy foam sofa and two wooden chairs from a rudimentary kitchen.

There is no electricity.

Pencils of sunshine streaming through holes in the corrugated asbestos roof supply the only light.

Nor is there a toilet; the stench of human waste wafts upward from bushes outside.

Water is hauled in from a community tap.

Mrs. Mulelema sleeps on the sofa. Alone sleeps on the concrete floor. Stenciled in black on the wall is a diamond, one word at each angle, comprising a homily: "God Bless Us All."

Alone has been living with his grandmother since his mother died in 2001. His father is a mystery.

"I saw him once, but it was long ago," his grandmother said. "It's just Alone, and I am taking care of him."

Alone is a handsome boy, with large brown eyes and close-cropped hair, but clearly malnourished.

He is short enough — a bit under four feet — to be mistaken for a 6- or 7-year-old.

He has two pairs of pants, his skateboard sweatshirt and a pair of black leather shoes, which he reserves for school, the soles so worn that his toes hang out the front.

Hungry, but Paying the Rent

The two or three bags of rock powder that Alone can produce, at 10,000 kwacha per bag, are sold as a mixer for concrete, often to line swimming pools for Lusaka's wealthier residents.

They are the most lucrative products his grandmother offers, almost enough to pay the $11 a month she needs for rent and access to the community water tap.

Sales of the gravel she produces earn barely enough money to buy corn meal and small, dried fish, called kapenta, that the two eat for dinner.

For Mrs. Mulelema, Alone is literally the difference between profit and loss, and a hair's-breadth difference at that.

"We don't eat breakfast every day," she said. "At lunch we have sweet potatoes, and then we wait for supper.

"If I decide to have my breakfast, it means I won't have anything for supper."

Mrs. Mulelema once tried to open a food stand in the community market, but could not raise the cash.

Like virtually all the hundreds of Lusakans who crush stones, she says she does it because she has no choice.

"The business has no profit," said Mwila Zulu, a 40-year-old mother of three girls. She has been crushing stone at a quarry in Lusaka's industrial zone since the police shut down her unlicensed vegetable stand in the city's downtown in 2002.

Mrs. Zulu's husband died last year with symptoms that pointed to AIDS. Her daughters work at the quarry after school ends at noon, trying to fill the space he left. The youngest, Kunda and Mercy, break rocks with ball-peen hammers, the handles cut down to fit their hands.

By day's end, their deep brown arms and faces wear a film of white quartz-like dust.

They are 7 and 8 years old.

"She started working with me in recent years," Mrs. Zulu said of Kunda. "She couldn't do anything when she was young, but now she's grown, so she's helping me."

For 50,000 kwacha, or $15, a passing construction worker can buy a chest-high heap of gravel that took them three weeks to render.

But sales of that size are infrequent, sometimes once every two or three weeks, and money is short.

Mrs. Zulu said she did not waste time fretting over her daughters' fate.

"If I feel pity for them," she said, "what are they going to eat?"

Western Frontier China's Big Push To Stoke Economy Rattles Rural Tibet (WSJ)

By James T. Areddy

The Wall Street Journal, August 24, 2006

DOJ_NMG_0052995

NAGQU, China -- China is trying to revive poor rural regions through economic development. In Tibet, the plan has hit a snag: Ni Ma won't slaughter his yaks.

Duan Xiangzheng, a Chinese Communist Party official charged with stimulating the economy here, is pushing for the systematic slaughtering of yaks to kick-start a meat-packing industry. Mr. Duan says exporting the beefy tasting meat and the animals' black wool to markets elsewhere in China makes economic sense and is an "inevitable" development.

Ni Ma, 45 years old, wants to keep alive his 70 yaks, his family's most valuable and beloved asset. He sells yak milk, which is processed into the butter, cheese and yogurt that are the staples of Tibetan diet and Buddhist ritual. Even the dung is used, for fuel. Fingering a cigarette on his vast ranch, Ni Ma says his family slaughtered just three of its herd last year, even though "the local government requested that we kill more."

This remote, mountainous place, known mostly in the West as a human-rights cause, is feeling the force of China's economic juggernaut. The government in Beijing says it wants to make its 12 western provinces resemble the country's booming eastern seaboard. Lured by this vision, and by a new train connecting Tibet with the rest of China, entrepreneurs as well as tourists are flooding into the region known as "the roof of the world."

Yet Tibet is also still very much a rural place -- some 80% of its 2.7 million population is spread out on grasslands that cover almost a quarter of the country. Tibetans are protective of their distinctive Buddhist culture, which abhors the killing of animals. Many are suspicious of Chinese interference and some see the economic integration, part of the government's six-year-old "Go West" policy, as a form of colonization.

Tibetans already believe that Chinese are taking over the economy. In the capital, Lhasa, it is difficult to find a local-born taxi driver, waiter or laborer, since Chinese from other provinces will work for lower wages. Even on the $4.1 billion railway project, only about 10% of the 100,000 construction workers hailed from Tibet, according to Zhu Zhensheng, a Ministry of Railways official. Now completed, the train promises to deliver an extra 800,000 visitors a year.

Tibet lags behind other Chinese regions in many areas, including literacy rates, life expectancy and average per-capita income, which is under $250 a year in rural areas. Unlike the U.S. West, where access to the Pacific Ocean opened new trade routes, China's western regions border land-locked central Asia, home to some of the poorest and most remote locations on earth.

Nagqu, which means "Black River," is a county situated 15,000 feet above sea level on the northern steppe of the Tibetan Plateau, about 125 miles north of Lhasa. On a typical day, the temperature is below freezing. Its main town is a military base and truck stop, where garbage is left to smolder in open containers on streets that aren't lit at night, a gritty contrast to Tibet's legendary Shangri-la reputation.

Beijing's nationwide goal is to halt two decades of creeping inequality between urban and rural income, a gap the United Nations Development Program said last year may represent the world's most-uneven distribution of wealth. The Communist Party recognizes that its future depends on keeping people happy in the countryside, home to more than 80% of Chinese.

Shortly after China's communists took power in 1949, they grabbed control of Tibet, then an independent state. In 1959, the region's spiritual leader, the Fourteenth Dalai Lama, who was 23 at the time, fled on foot over the Himalayan Mountains, fearing arrest. China's efforts to discredit the Dalai Lama, who in 1989 won the Nobel Peace Prize, have fueled support for one of the world's most-celebrated human-rights causes.

In the 1960s, the government tried instituting communal ranching and other Communist economic policies, with the same disastrous results -- such as famine -- seen elsewhere. During the next two decades, Beijing relaxed its supervision of the Tibetan economy and later started celebrating Tibetans as ethnic treasures, one of 55 groups distinct from the 93% of China who are of the Han race. But by the late 1990s, Tibet's economic semi-autonomy began to look like neglect as the region fell behind the sizzling east.

In Nagqu, the job of helping Tibet catch up has fallen to Mr. Duan, a 50-year-old agricultural expert from Beijing. An ethnic Han, Mr. Duan can't speak Tibetan. Like most outsiders, he says he struggled with the effects of its high altitude and thin air.

Still, he can count. The 7.4 million livestock in Nagqu far outnumber people and generate a third of the county's $400 million in gross domestic product. Yaks, sheep and cows, which Mr. Duan calls the region's "pillar industry," are key to his goal: 50% GDP growth this year and a quadrupling of the local economy over five years.

Supporting his quest is the world's highest-altitude train, the $4.1 billion Qinghai-Tibet Railway, that at times travels 16,641 feet above sea level. Completed this summer, it links Tibet with the outside world by rail for the first time, including Beijing 1,572 miles away. Its tracks are set in permafrost and an oxygen system helps riders combat altitude sickness. It will eventually run to the Indian border.

Chinese officials compare the rail's significance with that of America's transcontinental railroad. The train has made Tibet much more accessible -- passengers can ride from Beijing for less than $200 -- and the cost of transporting freight is less than half that charged by truckers.

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The world's highest-altitude bottling plant, Hong Kong-based Tibet Glacier Mineral Water Co., wants to use the train to transport branded water to Shanghai called "5,100," as in meters above sea level. The Yulong copper mine in eastern Tibet contains China's biggest deposit, with more than 10 million metric tons of proven reserves. In Nagqu, Canada's Sterling Group Ventures Inc. says it has signed a letter of intent with a Beijing company to extract lithium carbonate from a salt-water lake. The mineral is used to make batteries and glass.

Wu Yongpan, a 28-year-old entrepreneur from south China, bought an $85 ticket for a middle bunk on the first train into Lhasa last month. He figured getting to China's new western frontier quickly would give him a head start in the wholesale jewelry business. "Tibet is now opened," he says.

After nearly a month in Tibet, Mr. Wu says he found business trickier than he imagined, not least of all because, "Tibetans are not very open minded." Jewelry makers wanted to be paid in cash because they weren't comfortable using wire transfers. Jewelry distributors in southern Guangdong Province said the samples Mr. Wu bought were too big and heavy for the Chinese market. Mr. Wu says he didn't like the food and that his skin felt dry.

He plans to make a second prospecting visit before the end of this year, perhaps to sell electronics. "The culture question is a very big one ... but if I do business for a while, I can learn a little and pass it on to my friends," Mr. Wu says.

The culture question looms large in the yak business. Where rancher Ni Ma lives, rocky flatlands stretch to bald mountains on the horizon, and brushes of green grass are the only summertime vegetation. Three generations of his 10-person family sleep in two rooms of a concrete house with no electricity. Inside, a Buddhist shrine is set on top of a row of hand-painted Tibetan cabinets, contrasting with posters of Chinese luminaries such as Mao Zedong.

In a bow to tradition, when Ni Ma slaughtered his three yaks last fall, he paused for a "crying" rite on behalf of each animal slaughtered, a ceremony he is teaching to his seven children. Before a rope is fixed around the neck of a yak to be suffocated -- considered the least painful way to kill -- Tibetan nomads comfort the animal by putting Buddhist blessing pills and holy water into its mouth, while holding smoky butter candles near its nose.

The term comes from the good wishes read when an animal or person dies, called bsngo-ba, which is pronounced like the word for cry -- ngu wa -- according to Tibetans and foreign experts.

A decision to slaughter an animal is, "not a simple market transaction," says Gabriel Lafitte, a lecturer in Asian civilizations and science at the University of Melbourne, and a long-time critic of China's role in Tibet. "It's a very quiet, simple dignified ritual."

Mr. Duan, the Communist Party official, dismisses the crying rites. He says emotion is unsuitable for the slaughterhouse industry he envisages. "The traditional concept has contained the economic development in our region," Mr. Duan says. "These traditional concepts will have to be changed." The local government also cites a need to fill its budget deficit.

Beijing thinks Tibet has too many yaks, which aren't raised systematically and threaten the grasslands through over-grazing. The Nagqu government is trying to enforce an edict from the Grasslands Construction Authority, the body that decides how such land is used, stating that no more than one yak can be raised per 120 mu, a Chinese measure equivalent to about eight hectares.

Nagqu's yak herders are trying to break into distant markets through a government-funded dairy cooperative. Tibetan butter, cheese and yogurt, all made from yak milk, are slowly becoming specialty products overseas. Tibetan Ragya Yak Cheese has been irregularly imported to New York by Slow Food U.S.A., a not-for-profit organization.

After sampling the Ragya Yak Cheese this year, chef Riccardo Buitoni of the Aurora restaurant in Brooklyn, N.Y., developed a pasta incorporating the "amazing cheese." Mr. Buitoni says he will put the dish on his menu permanently if he can get regular supplies. It reminds him of the unpasteurized cheese he ate as a child in Italy.

Local officials also used the cooperative to lean on yak farmers to slaughter enough animals each year to keep the herd from growing.

Yak meat tastes like tough beef. The woolly animals are two-thirds the size of cows but they're pound-for-pound more valuable; both sell for about $750. The meat is often available jerk-dried or as an ingredient for dipping into a hot pot consisting of an oily, spicy soup. At Ba Guo Bu Yi, a Sichuan-style restaurant in Shanghai, raw yak meat is a delicacy that sells for $16 a plate compared with a cold beef plate at $3.25.

So far, however, there isn't much cargo leaving Tibet. About 60 loaded freight cars a day have pulled into Lhasa since freight services began in March, some of them ferrying supplies for China's military. Railway officials say through July, only about two dozen stocked freight cars left Lhasa for other parts of China.

In the Sichuan town of Manigango last year, some 300 ethnic Tibetans rioted and burned down a year-old slaughterhouse operated by Sichuan Longsheng Group. Ranchers said they faced government pressure to sell livestock to the company for slaughter, according to human-rights groups and an official at the company. The slaughterhouse has reopened "but business is not good," says a Longsheng official. "Tibetans aren't willing to kill their yaks. They just keep them and raise them," he says.

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For Ni Ma, the train had an immediate financial impact. As the construction work stretched into Nagqu, he was hired as part of the preparation crew. The work tripled his $250 yearly herding income.

Now the railroad is complete, Ni Ma says he recognizes the potential of a business-like approach to slaughtering his yaks. But for "family" reasons, he says he still isn't comfortable with it in practice.

The Legacy Of Japan's 'Lion Heart' (WP)

By George F. Will

The Washington Post, August 24, 2006

TOKYO -- Prime Minister Junichiro Koizumi's tenure, which ends next month, has been more remarkable than perhaps most Japanese comprehend. He is the third-longest-serving prime minister since 1945, and his five years have echoed aspects of the careers of four Western leaders: Margaret Thatcher, Tony Blair, Rudy Giuliani and Andrew Jackson.

Like Thatcher, of whom it was said that she could not see an institution without swatting it with her handbag, Koizumi, 64, cast a cool eye on his country and found it overregulated and enervated by excessive dependence on the state. Like Blair, who came to power disliking his Labor Party even more than he did the Conservative opposition, Koizumi thought that many of Japan's problems reflected the political culture congenial to his Liberal Democratic Party, which has governed Japan for all but 10 months since 1955. Like Giuliani confronting entrenched interests in New York City, Koizumi, who has called himself "Lion Heart," made pugnacity a political philosophy. And like Jackson, America's most pugnacious president, Koizumi had an obsession, an emblematic monster to slay.

Jackson's was the Second Bank of the United States, which he considered a government instrument of political mischief and antidemocratic values. Koizumi's monster was Japan Post, the world's largest financial institution, with 24,700 branches and banking and insurance assets of $3 trillion. Koizumi regarded Japan Post much as Jackson regarded the bank -- as a slush fund for political elites and, as such, an inefficient allocator of capital. All told, one-quarter of this high-saving nation's savings were allocated by the government.

Jackson destroyed the bank by withdrawing government funds. Koizumi has put Japan Post on a 10-year path to privatization. But to accomplish this he had to threaten to "destroy" the LDP. Japan's Sept. 11 was a Koizumi-engineered domestic political earthquake. Last Sept. 11, Japan voted in a snap general election he called after 37 LDP members of the upper house of the Diet blocked privatization. In a purge stunningly unlike the LDP's usual backroom brokerings, he endorsed rival candidates against all 37, and most of those he endorsed won.

Koizumi came to power in 2001, near the end of Japan's "lost decade" -- actually, 12 years of stagnation that engulfed the 1990s after stock and real estate bubbles burst. As The Economist has written, "No country in modern history has moved so swiftly from worldwide adulation to dismissal or even contempt as did Japan" in the 1990s, when "Japan mutated from being a giver of lessons to a recipient of lectures."

Japan is recovering its vitality partly because it is becoming somewhat less Japanese. Although the LDP is conservative, it has long reflected elemental Japanese values, hewing to what a senior economic official calls a "severe," even "socialist" aversion to large income disparities. In the debate about equity vs. economic efficiency, Japan has listed toward equity, as egalitarians understand that.

But Japan is not impervious to the typhoon-strength winds of globalization. Demands of efficiency must be accommodated, particularly now that Koizumi has pruned public works spending as part of his double commitment to smaller government and a less imperial LDP.

Recently, three things happened that suggest Japan's evolved economic engagement with the world. In the first five months of this year, U.S. consumers -- excluding rental car agencies and other fleet purchasers -- for the first time bought more cars and trucks built by foreign manufacturers, mostly Japanese, than by the three domestic manufacturers. Second, Toyota outsold Ford in July. The third significant thing that happened was that nothing then happened: There was no American political turbulence.

Twenty-five years ago, so alarmed were Americans about Japanese imports that President Reagan, although a supporter of free trade, pressured Japan into "voluntary" automobile export limits. And Japanese auto manufacturers -- bowing to American pressure to manufacture where their customers are -- began building plants in America. Today many states, including Michigan, compete to attract such plants.

Koizumi, who has compared himself to Galileo, wants Japanese society to revolve less around the LDP and more around private power centers. As Blair has done in Britain, Koizumi has introduced into Japan something like presidential politics -- personal and charismatic, claiming a national mandate superior to mere parliamentary majorities.

The peril of such personality-driven politics, however, is that, inevitably, the personality departs and the legislative branch, having bided its time, remains, nursing grudges and planning the reversal of reforms. Koizumi has tried to prevent this by

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selecting his successor. By appointing Shinzo Abe, 51, chief cabinet secretary and government spokesman, Koizumi made him almost certain to be chosen prime minister by the LDP next month. But the eventful theater of Koizumi's politics has given Abe a difficult act to follow.

Mexico's Democracy Test (WSJ)

The Wall Street Journal, August 24, 2006

Mexico was a beacon unto the world last month. In the estimate of every independent observer, it had held one of the cleanest national elections seen anywhere in recent years, and that probably includes the United States. President Vicente Fox's historic term was expiring. His election had ended some 71 years of uninterrupted one-party rule by the Institutional Revolutionary Party, or PRI. The question was whether Mexico, a country of enormous potential, was finally coming of age. Was it ready to take its rightful place, alongside Brazil, as a lead nation in Latin America?

With the manifest success of the July 2 election, the answer appeared to be yes. National Action Party candidate Felipe Calderón had narrowly defeated Democratic Revolutionary Party (PRD) candidate Andres Manuel López Obrador.

Today, however, Mexico may be on the brink of undoing a generation of hard-won political reform.

After weeks of havoc in the streets of Mexico City by supporters of Mr. López Obrador, few experts are willing to dismiss the possibility that the country's federal electoral tribunal may annul the election. The tribunal has said it has the power of nullification, and such an event cannot be ruled out.

Since July 2, election authorities have carried out a full nationwide recount of all polling-station tallies and yet another recount of votes in select polling stations where the federal electoral tribunal accepted challenges to official tallies. After each count, Mr. Calderón has emerged the winner.

Taking to both the streets and the courts, Mr. López Obrador has refused to accept this reality. In his brief to the court, he asked for a full recount of all votes, and failing that demanded that the court "not issue the declaration that validates the election," which would be equal to annulling it. While the court in early August denied his request for a full recount, it did leave open the possibility that it could annul the entire July 2 vote. Sometime in the next two weeks the tribunal is expected to announce its decision.

Amid the inevitable legal arcana that surrounds election challenges, the greater fear is political -- that the tribunal will bend beneath Mexico's notoriously backward-looking pressures.

Mr. López Obrador's street mobs are one kind of threat. They have barricaded miles of one of the city's most important boulevards for weeks, blocked entry to the offices of foreign banks, caused days of lost income for thousands of Mexican workers and twice burst into the Cathedral to interrupt Sunday Mass. Mr. López Obrador has pledged that this is going to continue until he gets his way.

Then there are arguments, mostly from elites and intellectuals, that a re-run of the election would confer the legitimacy that Mr. Calderón is said to now lack. It is rumored that powerful interests in Mexico's not terribly competitive political economy are also backing nullification -- which would require an interim president, chosen by the congress, until a new election is held. That could take more than a year. And of course during that time, Mexico's government would be too weak to lead.

While a negotiated settlement with the López Obrador camp might seem an expedient to bring peace, the opposite is more likely. The message it would send to Mexico's political factions is that taking to the streets trumps serious politics as the way to get things done. It may have already.

In the southern state of Oaxaca, a three-month "political" protest by a radicalized Mexican teachers' union escalated this week to bus burning, the seizure of television stations and the barricading of highways and bus stations. Thugs are roaming the streets of Oaxaca with machetes and pipes.

The tribunal's decision is a crucial test for Mexican modernity. Mexicans who had reason to believe that their country was evolving toward a pluralistic democracy supported by strong independent institutions are right to be worried, along with foreign investors and international creditors. Should the judges complete their lawful duties by September 6 without bending to Mr. López Obrador's bullying, Mexico will have earned international respectability. If, however, the court succumbs to the temptation to appease the politics of the streets, an era of instability may commence. The country's political and economic aspirations have come too far for that.

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Goodling, Monica

From: Goodling, Monica
Sent: Thursday, August 24, 2006 8:58 AM
To: Goodling, Monica
Subject: The Daily Update: 8/24/06

Good morning, everyone. In DOJ news, please welcome John Nowacki back to Main Justice. Following his time in EDVA, John joins EOUSA as the Principal Deputy Director. Please also welcome Christopher Jones, who joins the Department for the first time as Confidential Assistant in the Tax Division. Chris is a graduate of the University of Iowa and comes to us following a White House internship. Welcome!

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<http://www.whitehouse.gov/>
AUGUST 24, 2006

No public events.

President Bush Says Progress Has Been Made On The Gulf Coast, But Full Recovery Will Take Time. "'It's a time to remember that people suffered and it's a time to recommit ourselves to helping them,' Bush said Wednesday. 'But I also want people to remember that a one-year anniversary is just that, because it's going to require a long time to help these people rebuild <http://news.yahoo.com/s/ap/20060823/ap_on_go_pr_wh/bush_katrina&printer=1> .' ... 'I told Rockey the first obligation of the federal government is to write a check big enough to help the people down there,' Bush said. 'And I told him that to the extent that there's still bureaucratic hurdles, and the need for the federal government to help eradicate those hurdles, we want to do that.'" (Jennifer Loven, "Bush: Katrina Recovery Will Take Time," The Associated Press, 8/23/06)

New Orleans Resident Rockey Vaccarella Meets With President Bush To Discuss The Hurricane Recovery Effort. VACCARELLA: "You know, it's really amazing when a small man like me from St. Bernard Parish can meet the president of the United States. The president is a people person. I knew that from the beginning. I was confident that I could meet President Bush. And my mission was very simple. I wanted to thank President Bush for the millions of FEMA trailers that were brought down there. They gave roofs over people's head. People had the chance to have baths, air condition. We have TV. We have toiletry. We have things and necessities that we can live upon. <http://transcripts.cnn.com/TRANSCRIPTS/0608/23/lt.01.html> But now I wanted to remind the president that the job's not done. And he knows that." (CNN's "CNN Live Today," 8/23/06)

FEMA Director Paulison Visits Gulf Coast School To Emphasize That More Help Is On The Way. "FEMA Director R. David Paulison met with some of the youngest victims of the Aug. 29 storm, telling students at D'Iberville Elementary School that his job is to help them. 'Things will

get better,' Paulison assured the children. 'I know you'll get back in your homes soon.' ... 'We've had some fraud. There's no question about it,' he said. 'But we've put things in place to fix that. I've had FEMA for nine months now. As issues come up, I'm making sure we fix those and address them.' FEMA also has improved its communications network and its systems for registering storm victims and finding them emergency housing, Paulison added. <http://news.yahoo.com/s/ap/20060823/ap_on_re_us/katrina_fema&printer=1> " (Michael Kunzelman, "FEMA Director Visits Gulf Coast School," The Associated Press, 8/23/06)

U.S. Ending "Catch And Release" Policy For Illegal Immigrants. "Nearly all non-Mexican illegal immigrants caught sneaking into the United States are being held until they can be returned to their home countries, the Bush administration said Wednesday. <http://www.boston.com/news/nation/washington/articles/2006/08/23/us_ends_catch_and_release_at_border/> Homeland Security Secretary Michael Chertoff said this marks the end of the so-called 'catch-and-release' policy that for years helped illegal immigrants remain in the United States unhindered. The new policy, dubbed 'catch-and-detain' generally does not apply to Mexicans who are almost immediately returned to Mexico after being stopped by Border Patrol agents. ' <http://www.boston.com/news/nation/washington/articles/2006/08/23/us_ends_catch_and_release_at_border/> Although we're not ready to declare victory, we've got a lot more work to do, it is encouraging and it is something that ought to inspire us to continue to push forward,' Chertoff told reporters in Washington." (Lara Jakes Jordan, "Border Crackdown Deterring Illegal Immigration, Officials Say," The Associated Press, 8/23/06)

Tightening Of Border Security Has Reduced Number Of Illegal Entries At Southern Border. "Homeland Security Secretary Michael Chertoff announced on Wednesday that tough border security measures championed by the Bush administration had significantly reduced the number of illegal immigrants crossing into the United States from Mexico for the first time in several years. Mr. Chertoff pointed to recent apprehension figures to bolster his assertion, saying that the number of Mexicans captured in June and July had dipped to the lowest level for that two-month period since the fiscal year 2002. ... Mr. Chertoff attributed the decline to President Bush's decision to deploy National Guard troops on the Mexican border and to an expansion in the number of beds in detention centers, which in recent weeks has allowed immigration officials for the first time to detain nearly all illegal immigrants from countries other than Mexico until they can be deported." <http://www.nytimes.com/2006/08/24/washington/24immig.html> (Rachel Swarms, "Illegal Border Crossings Dip, And Official Cites Security," The New York Times, 8/24/06)

The New York Times Criticizes Judge Taylor For Failing To Disclose Potential Conflict Of Interest. "When Judge Anna Diggs Taylor was given the job of deciding whether the Bush administration's wiretapping program was unconstitutional, she certainly understood that she would be ruling on one of the most politically charged cases in recent history. So it would have been prudent for her to disclose any activity that might conceivably raise questions about her ability to be impartial. Regrettably, it was left to a conservative group, Judicial Watch, to point out her role as a trustee to a foundation that had given grants to

a branch of the American Civil Liberties Union, a plaintiff in the case. <http://www.nytimes.com/2006/08/24/opinion/24thu4.html?_r=1&oref=slogin> " (Editorial, "A Matter Of Appearances," The New York Times, 8/24/06)

Former Justice Department Officials Says Judge Taylor's Opinion On The Terrorist Surveillance Program Is Not "An Accurate Statement Of What The Law Is." "Judge Anna Diggs Taylor's recent opinion striking down the National Security Agency's terrorist surveillance program is neither an accurate statement of what the law is nor of what it should be. <http://www.washingtontimes.com/op-ed/20060823-085042-1355r.htm> ... Most troubling of all, however, is Judge Taylor's First Amendment analysis. She concluded that the NSA program violated free speech guarantees because the president "undisputably violated the Fourth Amendment in failing to procure judicial orders as required by FISA, and accordingly has violated the First Amendment Rights of these Plaintiffs as well." In fact, a Fourth Amendment violation does not necessarily or even likely result in a First Amendment violation." (David Rivkin and Lee Casey, Op-Ed, "War, Law And Justice," The Washington Times, 8/24/06)

White House Spokeswoman Notes The President Has Said The Iraq War Would Be Difficult From The Beginning. "The White House yesterday fought back against Sen. John McCain's assertion that the administration wrongly led the nation into thinking the Iraq war would be easy, even as a new poll suggests that for the first time since it began a majority of Americans don't think the war is part of the fight against terrorism. 'It is difficult, and the president has said it is going to be difficult from the beginning,' said White House spokeswoman Dana Perino <http://www.washingtontimes.com/national/20060823-105632-1719r.htm> , who called it 'puzzling to me' that Mr. McCain's comments were gaining attention because, she said, he had made similar criticisms before." (Stephen Dinan, "White House Fires Back At McCain's Comment On Iraq," The Washington Times, 8/24/06)

New Orleans Using Charter Schools To Jump Start Improved Education System. "More than half of 53 public schools expected to be open in New Orleans by early September - 31 schools - will be run independently under state and local charters issued to a dozen different organizations. ... 'This is truly an opportunity to hit a restart button,' said Leslie Jacobs, vice president of the state Board of Elementary and Secondary Education. 'We're taking advantage of that opportunity to design for the long term a very different model based on public-school choice.' <http://online.wsj.com/article/SB115638176750244050.html?mod=politics_secondary_stories_hs> ... 'The security is different, it's better,' says Rondaneka Miller, age 18, a Walker senior considering a nursing career. 'Before, class would be going on but you'd be talking. Now, you have to participate.'" (Ann Carrns, "Charting A New Course," The Wall Street Journal, 8/24/06)

Researchers Announce New Procedure To Create Stem Cell Lines Without Destroying Embryos. "Biotechnology researchers said they have developed a new way of producing stem cells that ultimately may not require the destruction of human embryos. <http://online.wsj.com/article/SB115632385655243213.html?mod=home_whats_news_us> The announcement met with a cacophony of reaction from scientists and ethicists on both sides of the debate over stem-cell

research. Several admired the science but said it was unlikely to quell the heated controversy over the morality of the research. ...Until now, deriving new lines of stem cells has required researchers to suck out clumps of cells from five-day-old embryos - typically unneeded ones, frozen during in-vitro fertilization procedures, that may otherwise face destruction. The process destroys the embryos. Advanced Cell officials say their new technique offers the prospect of deriving new lines by simply extracting a single cell from an early-stage embryo." (David Hamilton, "Study Indicates Embryos Survive Cell Extraction," The Wall Street Journal, 8/24/06)

United States Trade Representative Schwab To Sign Trade Pact With ASEAN Nations. "
<http://news.moneycentral.msn.com/printarticle.asp?Feed=AP&Date=20060823&ID=5965048> The United States trade chief said Wednesday a trade pact to be signed with ASEAN nations this week is a great boost to economic relations, but she urged the bloc to do more to push Myanmar toward democracy
<http://news.moneycentral.msn.com/printarticle.asp?Feed=AP&Date=20060823&ID=5965048> . Trade Representative Susan Schwab said the Trade and Investment Framework Arrangement, or TIFA, with the 10-member Association of Southeast Asian Nations will create building blocks to broaden and deepen relations - previously hindered by Myanmar's poor human rights records. ... 'It has been our hope and expectations that ASEAN will always be doing more to push Burma to move toward democracy and to have a better human rights record.'" ("U.S. Trade Chief Comments On ASEAN Pact," The Associated Press, 8/23/06)

President Bush Meets with Rockey Vaccarella, Discusses Gulf Coast Rebuilding
<http://www.whitehouse.gov/news/releases/2006/08/20060823.html>

* In Focus: Hurricane Recovery
<http://www.whitehouse.gov/infocus/hurricane/>

Minority Enterprise Development Week, 2006
<http://www.whitehouse.gov/news/releases/2006/08/20060823-1.html>

Press Briefing by Dana Perino
<http://www.whitehouse.gov/news/releases/2006/08/20060823-2.html>

Miller, Charles S

From: Miller, Charles S
Sent: Thursday, August 24, 2006 10:34 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
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Biovail sues FDA over generic competition

Federal judge tosses Montgomery County, Maryland Canadian drugs lawsuit

Accountant settles double-billing claim

OIG: STATES MUST ALLOW WHISTLEBLOWER FCA CASES TO REAP EXTRA REWARDS

Court rules in Chinese asylum case

Editorial: A Matter of Appearances

Globe and Mail

August 24, 2006

Biovail sues FDA over generic competition

Biovail Corp. sued the U.S. Food and Drug Administration to block approval of a generic form of the antidepressant Wellbutrin XL. The FDA failed to rule within 180 days on Biovail's request to apply safety criteria to any application for a generic version, the company said in the complaint filed yesterday in federal court in Washington. Biovail wants the court to block approval until at least one week after the FDA rules. Biovail is seeking to stave off competition for the drug, which accounted for about 40 per cent of its sales last year. Sales may fall as a result

of Anchen Pharmaceuticals Inc. winning the right to sell a version of the extended-release antidepressant. The company this month boosted its full-year sales outlook for Wellbutrin to as much as $435-million from

as much as $410-million because of higher demand, rising prices and the 'expectation' that generic competition won't arrive in 2006. BVF (TSX) rose 4 cents to $18.81. Bloomberg

END

AP

August 23, 2006

Federal judge tosses Montgomery County, Maryland Canadian drugs lawsuit

GREENBELT, Md._A federal judge has thrown out a lawsuit filed by Montgomery County that sought to overturn a U.S. Food and Drug Administration decision not to allow the county import prescription drugs from Canada for public employees.

The ruling, filed Tuesday, leaves the county's plan to save money by letting workers and retirees buy cheaper drugs from Canada in limbo. Passed in November, the county decided not to implement it without first receiving a waiver from the FDA to import Canadian drugs despite federal laws prohibiting it.

"We are reviewing it. We are checking our options, determining what the next step will be," Donna Bigler, a spokeswoman for Montgomery County, said Wednesday.

The county originally wanted to use the program for 85,000 workers and retirees from the county and other groups such as the school system. But concerns over the legality over the proposal pared that number to just 12,500 county workers.

County Executive Douglas Duncan said he would only implement the law if the FDA agreed to give the county a waiver under the Medicare Prescription Drug, Improvement, and Modernization Act. The FDA denied the request, saying it couldn't vouch for the safety of foreign drugs.

The county sued\l "I" in February to overturn that decision, claiming the FDA's decision was arbitrary and that the federal law had provisions that allowed waivers.

But U.S. District Judge Alexander Williams Jr. granted a motion by the FDA to dismiss the suit. Williams concluded that the FDA followed the law when it rejected Montgomery's request. Williams also said Health and Human Services Secretary Mike Leavitt, who oversees the FDA, was within his power to deny the waiver.

"The FDA's denial of the county's waiver request was mandated by federal law," Williams wrote.

The case mirrors that of jurisdictions such as Vermont, which had a similar waiver lawsuit against the FDA tossed out by a federal judge in September.

END

Flint Journal

August 23, 2006

Accountant settles double-billing claim

By Bryn Mickle

FENTON - A Fenton accountant has agreed to pay $1 million to settle claims that he participated in a plan to double-bill Medicare.

Mark Miller, 44, was financial officer for Rehabilitation Specialists of Livingston County when the company allegedly overbilled Medicare for costs associated with physical, occupational and speech therapy.

A former clinic employee sued Miller under the False Claims Act, a federal law that allows citizens to sue on behalf of the government.

END

Inside CMS

August 24, 2006

OIG: STATES MUST ALLOW WHISTLEBLOWER FCA CASES TO REAP EXTRA REWARDS

A long-awaited HHS Office of Inspector General (OIG) guidance on how states can reap extra rewards from false claims suits satisfies Senate Finance Committee Chair Charles Grassley (R-IA), who helped draft the underlying law and had complained to OIG that some states were skirting congressional intent. The guidance, released Monday (Aug. 21), clarifies that whistleblowers must be allowed to initiate false claims suits without law enforcement agency backing if a state wants to qualify for an increased share of settlement recoveries, as detailed in the Deficit Reduction Act (DRA) of 2005.

In a bid to encourage states to pass their own false claims laws, lawmakers included a provision in the DRA offering states a greater share of false claims settlement proceeds. But after the DRA passed, some states started drafting false claims laws that shut out whistleblower suits -- and Grassley immediately asked OIG to step in and prevent such states from reaping the DRA's benefits.

Grassley's staff has worked with the OIG since the DRA's passage to ensure that states cannot squeeze out whistleblowers, or qui tam, suits if they do not immediately look promising for law enforcement agencies. Qui\l "l" tam\l "l" suits are widely regarded as a prime tool to fight Medicaid fraud, especially in times of understaffed law enforcement agencies.

In an Aug. 22 statement, Grassley suggested that the new guidance may lead states currently in the process of passing false claims acts (FCAs) that would prevent whistleblowers from pursuing cases alone to rethink their strategy.

"The guidance just issued by the Inspector General will help states fine-tune state-level proposals and existing state laws in order to take advantage of the new incentive and beef up their fraud-fighting efforts,"

Grassley said. "All of these efforts are important because every dollar lost to fraud in Medicaid is one less dollar for health care for those who depend on Medicaid."

New York state lawmakers failed to pass a FCA earlier this year to rein in what is believed to be rampant fraud in one of the country's largest Medicaid programs.

Missouri, Kansas and other states are in the process of passing FCAs with various degrees of whistleblower protections. The legal watchdog Taxpayers Against Fraud (TAF) lists 16 states, plus the District of Columbia, as having already passed FCAs, but it is unclear at this point whether all of them followed OIG's interpretation of the DRA and would thus receive an extra 10 percent from total FCA-related recoveries starting next year.

"We're not entirely sure how the OIG will handle it, but this gives us some good clues," a TAF representative said, noting that states would have to wait for the first OIG opinion on a particular state FCA.

Recoveries from FCA-related settlements have risen dramatically in the past year, leading to a $704 million fine for criminal and civil charges last year for biotech company Serono, of which states recouped $262 million.

"These settlements are painful," the TAF source said, "and they're getting bigger."

END

Newsday (USA)

August 24, 2006

Court rules in Chinese asylum case

THE ASSOCIATED PRESS

A federal appeals court, finding the claims of a husband were arbitrarily preferred over those of his wife, has given new life to a Chinese woman's asylum contention that she was subjected to her homeland's coercive family planning policies.

The 2nd U.S. Circuit Court of Appeals ruling Tuesday in the case of Bao Zhu Zhu and her two sons returned her request for U.S. asylum and for relief under the United Nations Convention Against Torture to the immigration courts.

The three-judge panel said it found that an immigration judge erred by "arbitrarily preferring assertions in Bao's husband's application for asylum to those in hers and then arbitrarily using the husband's assertions as the basis for deeming her not credible."

Bao appeared before an immigration judge in December 2001 to support her claim she had been abused under China's family planning policies, which limit the number of children a mother can have.

The court said in its 3-0 ruling she had testified she was seized at her mother's house in 1991 and taken to a family planning facility after she refused to appear voluntarily for sterilization. It said she testified her legs and hands were bound and she was forcibly sterilized, causing her considerable pain and an eventual infection that required re-suturing.

Bao said that when she refused to pay a fine because not enough time had passed between the births of

her first and second sons, her younger son was not permitted to attend school and her windows, doors, furniture and other belongings were destroyed by the Chinese government, the court noted.

The court rejected the immigration judge's finding that Bao's description of her sterilization was implausible because there were inconsistencies between her claims and those of her husband, who had been rejected for asylum in 1997.

The husband has remained in the country illegally and is living in secrecy. The status of their marriage was unclear.

The appeals court said it rarely disturbed credibility findings by judges but found it necessary in Bao's case.

The court said it could not understand why the immigration judge would conclude that the husband "had no reason to lie or make up a claim and that his asylum application was therefore reliable but that, on the other hand, Bao was fabricating her version." The court said it was "particularly troubled" because Bao had clearly and consistently testified about her forced sterilization and provided several other examples of political persecution.

Government lawyers had no comment on the ruling, spokeswoman Heather Tasker said.

A lawyer for Bao did not immediately return a telephone message for comment yesterday.

END

New York Times

August 24, 2006

Editorial: A Matter of Appearances

When Judge Anna Diggs Taylor was given the job of deciding whether the Bush administration's wiretapping program was unconstitutional, she certainly understood that she would be ruling on one of the most politically charged cases in recent history. So it would have been prudent for her to disclose any activity that might conceivably raise questions about her ability to be impartial. Regrettably, it was left to a conservative group, Judicial Watch, to point out her role as a trustee to a foundation that had given grants to a branch of the American Civil Liberties Union, a plaintiff in the case.

The foundation in question — the Community Foundation for Southeastern Michigan — is a large charity that gives out grants to a broad range of organizations engaged in community activity, including some regularly involved in litigation. The $125,000 in grant money directed to the state A.C.L.U. office over several years was for educational programs concerning issues unrelated to the wiretapping case, like racial profiling. While the judge clearly erred in not disclosing this involvement, it wouldn't seem, based on the known facts, to rise to the level of a conflict of interest reasonably requiring that she recuse herself from hearing the case under existing ethics rules.

Judge Taylor's role at a grant-making foundation whose list of beneficiaries includes groups that regularly litigate in the courts is still disquieting — and, even worse, it is not all that unusual for a member of the judiciary. The most important lesson here may be the wisdom of re-examining the sort of outside activities that are appropriate for sitting federal judges.

END

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, AUGUST 25, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

UK Charges 12th Airliner Bomb Plot Suspect 4
Authorities Holding Second Man Over German Terror Plot....4
Prosecutors Ask Judge To Investigate Leak Of "Liberty City 7" Surveillance Video 5
Umer Hayat Maintains Innocence, Castigates FBI 5
Dutch Release Detained Passengers From Diverted India Flight 5
Georgetown Professor Said To Defend Supporters Of Islamic Terrorism 5

Homeland Response:

Chertoff Says Border Patrol Needs Congress To Pass Broad Immigration Reform 6
Air Marshal Dress Code Relaxed 6
Whistleblower Says EPA Downplayed Danger Of Ground Zero Dust 7
FBI Arrests New York Man For Providing TV Subscribers With Al Manar 7
Former Marine Comes Forward After He Is Depicted In World Trade Center Movie 8
NYTimes Makes Light Of Dam-Hearing Terrorism Probe 8
Democrats Say 70% Of Katrina Contracts Rewarded Without Full Competition 8
Bush, Democrats At Odds As Anniversaries Of Katrina, 9/11 Approach 9
Many Gulf Coast Homeowners Battling Insurance Companies Over Katrina Damage 9

War News:

Top Generals Say Baghdad Security Improving, But Violence Continues Across Iraq 10
Army Reviewing US Casualty Reports Since 2001 11
Democrats Target Rumsfeld, Who Plans To Stay Through Bush Second Term 11
Iraq War Supporter Shays Now Calls For Withdrawal Timetable 11
Biden Discusses His Plan For Federal System In Iraq 12
McCain Critique Of Bush's Handling Of War Examined 12
Iraq Electrical Service Remains Erratic 12
Mahdi Army Commander Acknowledges Group's Role In Sectarian Violence 12
Sistani Urges Iraqi Politicians To Abandon Foreign Travel 13
Carroll Recalls Release As "One Of The Hardest Memories" Of Captivity 13
US Raid Kills Seven Suspected Al Qaeda Fighters In Afghanistan 13

Corporate Scandals:

DOJ Closes Criminal Probe Of Fannie Mae 13
Lay Estate Nears Settlement Deal On Enron Retirement Fund 14
SEC To Probe KB Home Stock Options Grants 14

Criminal Law:

Four Charged With Katrina Fraud 15
Hurricane Katrina Task Force Has Uncovered Hundreds Of Fraud Cases 15
Safavian Appeals Conviction 15
Crime Lab Aims At Curbing Child Pornography 16
Karr Arrives In Colorado To Face Charges 16
Alleged Cuban Spy Testifies FBI Agents Promised Him Immunity 17
Atlanta Jailer Pleads Guilty To Selling Inmates Contraband 17
New York State Senator Surrendering Today To Face Corruption Charges 17
Miami Schools Official Says Superintendent Offered To Be FBI Informant 17
Kaiser Grandson Sentenced To Year In Prison For SureWest Fraud Scheme 18

Six Indicted In Alleged California Underground Lottery..... 18
Ohio High Court Clears Execution Of Cult Leader..... 18
Files In Duke Rape Probe Provide Ambiguous Picture 18
Gunman Kills Two At Vermont School, Homes 19
In Plea Deal, Fletcher Agrees To Remake Personnel Board 19

Civil Law:

Court Upholds President's Power To Regulate Transactions During Crises 19
Northwest To Maintain Operations If Attendants Strike 19

Civil Rights:

Administration Opposing School "Racial Balancing" Programs 20
New Maryland Prisons Chief Pledges Change 20
Local Alabama Candidates' Race, Sexual Orientation Shape Election 20

Antitrust:

DOJ Raises Antitrust Concerns About South Carolina Hospital Bid 20
Rite Aid To Buy Eckerd, Brooks Stores 21
British Airways Asks EU To Dismantle Airports Operator 21
Italian Bank Consolidation Set To Accelerate..... 22
LATimes Criticizes Barriers In Way Of FCC Media Ownership Rules..... 22

Environment:

DOJ Fines Alcoa For Pollution Violations 22
9th Circuit Panel Declines To Block Oregon River Dredging 23
Investigators' Probe Alterations To Critical Report On BP's Pipeline Management..... 23
New DOE Standards Draw Criticism 23
California Poised To Enact Tough Global Warming Legislation 23
WSJournal Criticizes Timing Of EPA Diesel Mandate 24

FBI/DEA/ATF/USMS:

DOJ Nears Settlement Of FBI Snitch Case 24
DOJ, ATF To Help Train California Police In Anti-Gang Violence Initiative..... 24
Accused Drug Dealer Arrested In Chicago Fentanyl-Laced Heroin Case 25
In Tennessee, Two Plead Guilty In Marijuana Conspiracy.... 25
Federal Jury Convicts Tampa Man Guilty In Marijuana Farms Case..... 26
Michigan Doctor Gets 5-Year Sentence For Illegally Writing Prescriptions 26
Report: Another Sprinter Coached By Trevor Graham Fails Drug Test 26
Drug Gangs Suspected Of Attacking Newspaper In Cancun. 26
Two Hotels Seized By Ecuador Police Investigating Cocaine Trafficking 26

Tax:

Experts Say Bar On Taxing Emotional Damage Awards May Lead To More Tax Challenges 26
Court Rules DC Partnerships Were Not Illegally Taxed 27
States Begin To Shift Property Tax Burden Elsewhere 27

Congress-Administration:

FDA Approves Over-The-Counter Sale Of Morning-After Pill . 27
Keisler Nomination To DC Circuit Raises Concerns About Previous Partisanship 29
Faith Initiative Said To Rank Low In White House Priorities ... 29
Bush On Vacation In Kennebunkport 29
Virginia Officials Didn't Close HOV Lanes For Bush Motorcade..... 30
Congress Holds Medicare Payments For New Budget Year.. 30

Other News:

Report Adds To Evidence Of Slowing Housing Market..... 30
Poll Finds GOP Seen As Less Friendly To Religion Than Last Year..... 31
Michigan Republicans Say GOP Indifference To Detroit Automakers Could Hurt In November..... 31
Rove Speaks At Blackwell Fundraiser..... 32
Mehlman Doubts Iraq Will Cost GOP Congressional Majorities..... 32
Casey Leads Santorum By Five Points In Keystone Poll..... 32
Chaffee Challenger's Fiscally Conservative Rhetoric Noted .. 32
Lamont Criticizes Lieberman Over Katrina Response..... 32
Steele Endorsed By Hip-Hop Mogul 33
House Democrats Form "Truth" Squad..... 34
Webb Aide Settles Into "Unwanted Fame" Generated By "Macaca" Comment 34
2008 Campaign Staff Recruiting Already Underway 34
Ehrlich Seen As Prolific In Use Of Clemency Powers..... 34
Zinsmeister's Career Said To Show Bankruptcy Of Conservative Intellectuals 35
Murkowski's Defeat Seen As Lesson For Washington GOP .. 35
AIDS Battle Said To Show Interdependence Of Developed, Undeveloped Nations 35
Rice Accused Of Overemphasizing Multilateralism, Overselling Lebanon Deal 35

DOJ_NMG_0053011

State Department Demands Syria Abide By UN Arms Embargo 36
US To Investigate Israeli Use Of US Cluster Bombs 36
France Pledges 2,000 Troops For Lebanon Border Force ... 37
Administration Divisions On Iran Blamed For "Low-Key" Response 39
North Korea May Be Close To Nuclear Test 40
Bush Calls For Free Trade Agreement With Colombia 41
US Official Heads To Khartoum As Sudan Rejects UN Darfur Force 41
Rumsfeld, Russian Defense Minister To Meet This Weekend 41
Chavez Says China Backs Venezuelan Bid For Security Council Seat 41
Obama Treated As Visiting Head Of State In Kenya 41
Chinese Court Sentences NYTimes Researcher, Peasant Activist To Prison 42
Road Link Highlights Opportunities, Challenges Of Sino-Indian Relations 42
Text Messaging Is Key Tool For Filipino Protesters 43
Dionne Praises Howard's Approach To Conservative Governing 43

The Big Picture:

Headlines From Today's Front Pages 43

Washington's Schedule:

Today's Events In Washington 44

DOJ_NMG_0053012

TERRORISM NEWS:

UK Charges 12th Airliner Bomb Plot Suspect. The CBS Evening News (8/24, story 5, Schieffer , 7.66M) reported, "Police in Britain today charged another suspect. That makes twelve now in the alleged plot to bomb transatlantic jetliners flying to the United States. All of the suspects are British citizen, mainly of Pakistani heritage, including several residents of the country town of High Wickham, 30 miles west of London." CBS (MacVicar) added, "There is suspicion here now -- suspicion that not everyone is what they seem," and that "something sinister is happening here. … Intelligence agencies are examining another link -- membership in a worldwide Islamic missionary group called Tablighi Jamaat, once considered pious and apolitical, now feared to be fertile ground for terrorists. … 9/11 conspirator Zacarias Moussaoui, shoe bomber Richard Reid, American Taliban John Walker Lindh, all passed through the doors of Tablighi Jamaat. The US claims it is being used as a cover to mask travel and activities of terrorists, including al Qaeda."

British Charity Commission Launches Terrorism Probe Of Aid Group. The New York Times (8/25, Timmons, 1.21M) reports, "The British Charity Commission said Thursday that it was formally investigating the aid group Crescent Relief and had frozen its funds, after allegations that the charity was linked to a thwarted terrorist plot to blow up trans-Atlantic flights. The commission said it was looking into what it called 'very serious' allegations of potential 'terrorist abuse of charitable funds' at Crescent Relief," which "was registered as a charity in July 2001 and its list of original directors included the father of Rashid Rauf, a suspect arrested in Pakistan in connection with the foiled airline bombing plot." The Times adds, "Also on Thursday, British police said they had charged a 12th suspect in the plot, saying he had failed to disclose information that could have helped prevent it."

ABC World News Tonight (8/24, story 4, 0:15, Gibson, 8.78M) reported, "British officials froze accounts of Crescent Relief, an organization that raised money in Britain for earthquake victims in Pakistan. Investigators say…that some of the money may have gone to fund the alleged plot to bomb airliners on their way to the US."

European Police Intensify Scrutiny Of Extremist Muslim Groups. The Wall Street Journal (8/25, A6, Crawford, Mollenkamp, 2.03M) reports, "European police have stepped up investigations into extremist Muslim groups" in the wake of the airliner and German rail bombing plots. "Authorities across Europe fear the attention generated by the British raids may prompt copycat crimes, given that relations between many European countries and their Muslim populations remain extremely tense. 'Young Muslim men in Germany, France or Italy visit the same Web sites as their friends in Britain,' said one senior European intelligence official, referring to extremist Internet sites." The Journal notes, "Yesterday, Lebanese national Jihad Hamad -- who German police say fled via Turkey to Lebanon shortly after planting one of the train bombs -- turned himself in to police in Lebanon."

UK Pressing EU To Tighten Airline Security Standards. The Financial Times (8/25, Burns, Peel, Buck) reports, "The UK government is pressing the European Union to upgrade standards for airline security amid renewed intelligence warnings about the threat of terrorists smuggling liquid explosives on to aircraft. … EU transport security officials will meet in Brussels next Wednesday to discuss UK proposals that would cover restrictions on hand luggage, increased screening of passengers and an agreed EU-wide investment programme for updating current technology used in explosives detection." The FT notes, "A spokesman for Jacques Barrot, the EU transport commissioner, said the EU's aviation security committee would review the interim measures taken by the UK and other countries in the wake of the Heathrow bomb plot."

Authorities Holding Second Man Over German Terror Plot. The Washington Post (8/25, A14, Whitlock, 748K) reports, "A second suspect in last month's attempted train bombings in Germany was taken into custody Thursday after an international manhunt. But investigators appeared no closer to answering the central questions surrounding the plot: What was the motive, and why was Germany the target?" Jihad Hamad, "20, a Lebanese citizen who had been living in Germany, turned himself in to Lebanese authorities early Thursday in the city of Tripoli, according to the German federal prosecutor's office." Investigators "said Hamad and his accomplice had fled

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Germany after they planted suitcase bombs on two trains in Cologne on July 31 in an attempt to kill scores of people."

The New York Times (8/25, Landler, 1.21M) says the suspect "turned himself in to the police in Lebanon on Thursday, encouraging German authorities in a murky case that has unnerved this country and prompted a debate over the government's antiterrorism policies." The suspect "surrendered and was arrested in Tripoli, in northern Lebanon, after Lebanese authorities contacted his family, German officials said." The German government "will push to have Mr. Hamad extradited, a process that federal prosecutors said could take months." But "officials here praised the arrest, and Lebanon's role in the capture of another suspect in Germany last weekend, as an example of international cooperation in fighting terrorism."

The Christian Science Monitor (8/25, Case, 58K), meanwhile, says that "with the second suspect in a nearly successful train bombing now in custody, Germany is being forced to reevaluate how secure it really is, given that the attacks were stopped by a technical glitch, not by the work of security agencies. Though it's still unclear whether the bombing suspects -- both young Lebanese men -- were part of a larger network of Islamic radicals, their attempted attacks have awakened Germany to its vulnerabilities and cast new scrutiny on counterterrorism efforts."

Prosecutors Ask Judge To Investigate Leak Of "Liberty City 7" Surveillance Video. The AP (8/25, Gresko) reports, "Federal prosecutors asked a judge Thursday to review how the media obtained confidential information in the case of seven men accused of plotting to blow up the Sears Tower and conspiring to help al-Qaida. Prosecutors want a judge to find out whether an order sealing documents in the case was violated. The request comes after a Miami television station obtained and on Tuesday aired video that prosecutors said was not public." The AP notes, "U.S. District Judge Joan Lenard previously warned attorneys not to release nonpublic documents. Neither the U.S. Attorney's Office nor the FBI had released the materials to the media, the document said."

Meanwhile, WFOR-TV Miami (8/24, Andrews) aired more of the video, showing alleged ringleader Narseal Batiste meeting with an FBI informant. WFOR noted, "As the conversation begins, Batiste seems impressed, and almost incredulous that someone from al Qaeda would make contact with him. … He also tells the informant that he is going to carry out his plans whether he gets help from him or not." WFOR added, "This tape is so important in the case because it allegedly shows Batiste knowingly enlisting the financial help of a known terror organization, al Qaeda, in support of his holy war. Batiste would later get the boots he asked for but not guns. In subsequent conversations with this informant, Batiste would spell out his plan for an attack on Chicago's Sears Tower in detail."

Umer Hayat Maintains Innocence, Castigates FBI. The Sacramento Bee (8/25, A1, Magagnini, 298K) reports Umer Hayat – who expects to be released from incarceration today – in an interview this week "vehemently denied he or his son was ever involved in terrorism, saying their confessions, taped by the FBI, resulted from exhaustion and leading questions. Speaking first from his attorney's downtown Sacramento office, then from the Lodi garage where he now lives, Hayat expressed a deep love of America and hatred of terrorists. That love doesn't extend to the FBI, which he accused of setting him up and 'screwing' him to justify an expensive and unfruitful investigation into two Lodi imams from Pakistan who since have been voluntarily deported. … 'Don't talk to the FBI, never, ever. They screwed us very bad. They was telling me, "You are helping your son," so I was cooperating with them.'"

Dutch Release Detained Passengers From Diverted India Flight. The Washington Times/AP (8/25, Sterling) reports, "Prosecutors said yesterday they found no evidence of a terrorist threat aboard a Northwest Airlines flight to India that returned to Amsterdam, and they are releasing all 12 passengers arrested after the emergency landing." The men," all Indian nationals, had roused suspicions on Flight NW0042 to Bombay because they had a large number of cell phones, lap tops and hard drives, and refused to follow the crew's instructions, prosecutors said. … US air marshals on the flight also were suspicious of the men, US officials and passengers said." The New York Times (8/25, Simons, 1.21M) reports "the police said that the men had been unruly but that no evidence was found that they were planning any terrorist actions."

Georgetown Professor Said To Defend Supporters Of Islamic Terrorism. Joel Mowbray writes in a column for the Washington Times (8/25, 88K) on a "high-profile scholar who has been consulted repeatedly by

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the FBI, Professor John Esposito of Georgetown University." Esposito "has long courted controversy" but "has somehow been able to maintain a relatively high reputation in academic and government circles alike." Esposito "acknowledges that there is radicalism in Islam" yet "skillfully downplays the threat posed by radical Islam" and "willingly associates with avowed cheerleaders of Islamic terrorism." He also "defends supporters of Islamic terrorism" and "has lavished praise on two prominent advocates of Islamic terrorism: former University of South Florida professor (and convicted terrorist) Sami al-Arian, and al Jazeera phenomenon Sheikh Yusuf al-Qaradawi." Esposito also "sits on the board of advisers of the Institute for Islamic Political Thought, founded and run by" Azzam Tamimi. Tamimi has said "I admire the Taliban," "paid stirring tribute to 'martyrs' who blow themselves up" and "expressed to the BBC his desire to become a suicide bomber."

HOMELAND RESPONSE:

Chertoff Says Border Patrol Needs Congress To Pass Broad Immigration Reform. USA Today (8/25, Hall, 2.27M) reports from Harlingen, Texas, "Homeland Security Secretary Michael Chertoff warned Thursday that the Border Patrol will not be able to sustain the progress it has made apprehending illegal migrants unless Congress passes broad immigration reforms." He said "the agency needs to focus on 'the drug dealers, the criminals, even the terrorists' trying to sneak across the southern border. It can only do that, he said, if the majority of migrants crossing to find work are allowed to do so through a 'guest worker' program. … '"To try to do it all through brute force would be a very expensive and difficult proposition,' he said." USA Today adds, "Appearing with Chertoff by the banks of the Rio Grande, Sen. Kay Bailey Hutchison, R-Texas, said that although the Border Patrol has made progress -- including a 20,000 decrease in illegal immigrants crossing the southwestern border -- it can't continue to do so without a 'comprehensive solution.'"

US, Mexican Governors Discuss Illegal Immigration. The Los Angeles Times (8/25, Bustillo, 918K) reports, "California Gov. Arnold Schwarzenegger and his counterparts from Texas, Arizona and New Mexico made stopping illegal immigration a central theme at their annual meeting Thursday with governors from Mexico's border states. The focus on illegal immigration at a gathering typically dominated by nonconfrontational topics such as boosting trade and cleaning up the environment underscored the increasing desire of American politicians to show that they are doing something to address the issue in an election year." The Times adds that "even the ceremonial speeches by regional leaders from the two countries were marked by differences over how to make the border more secure, a politically volatile issue on both sides of the frontier." Schwarzenegger, a Republican, and New Mexico Gov. Bill Richardson, a Democrat, "introduced a resolution calling for all 10 US and Mexican border governors to fight criminality along the border, including drug smuggling and illegal immigration, instead of waiting for their federal governments to do the job." Chertoff :was greeted as a guest of honor during the opening ceremony inside the wood-paneled chambers of the Texas Senate, and he reiterated President Bush's push to add 6,000 additional Border Patrol agents by 2008."

House Opponents Zeroing In On Senate Bill's Pricetag. The Christian Science Monitor (8/25, Chaddock, 58K) reports, "The price tag for comprehensive immigration reform was not a key issue when the Senate passed its bill last May. But it is now. One reason: It took the Congressional Budget Office (CBO) -- the gold standard for determining what a bill will cost -- until last week to estimate that federal spending for this vast and complex bill would hit $127 billion over the next 10 years. At the same time, federal revenues would drop by about $79 billion, according to the CBO and the Joint Committee on Taxation. If lawmakers fix a tax glitch, that loss would be cut in half, they add." The Monitor adds, "In field hearings across the nation this month, House GOP leaders are zeroing in on the costs of the Senate bill. It's a bid to define the issue heading into fall elections and muster support for the House bill, which focuses on border security." They "say that the more people know about the Senate version, including a path to citizenship for some 11 million people now in the country illegally, the less they will be inclined to support it."

Air Marshal Dress Code Relaxed. The AP (8/25, Miller) reports, "Air marshals were told Thursday they will be allowed to dress the way they want and choose their own hotels in order to protect their anonymity while on missions." Federal Air Marshal Service chief Dana Brown, "who has been in the job for five months, said he was changing the rules, starting Sept. 1, after listening to air marshals' concerns." In a memo to the air marshals, Brown "said the

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dress code was changed to 'allow you to blend in and not direct attention to yourself, as well as be sufficiently functional to enable you to conduct your law enforcement responsibilities.'"

NBC Nightly News (8/24, story 6, 0:35, P. Williams, 9.87M) said air marshals "have long complained about…that a strict dress code made them stand out." They will also "be allowed to stay in the hotels of their choice now. One hotel they were required to stay in under the old rules had a sign out front that said, 'Welcome Federal Air Marshals."

ABC World News Tonight (8/24, story 3, 2:30, Ross, 8.78M) reported, "Air Marshal Spencer Pickard went public on ABC Mews in May to complain it was much too easy figure out who Air Marshals were. Today he welcomed the changes." Spencer Pickard, Federal Air Marshal: "This will make it much easier to make the American public safer."

The Washington Post (8/25, A6, Wilber, 748K) reports, "Frank Terreri, an air marshal who is president of an association that represents about 1,500 of his colleagues, said yesterday he welcomed the changes. 'It's really a huge step in maintaining the federal air marshals' anonymity,' Terreri said."

Author Calls TSA Behavior Profiling Waste Of Resources. Bernard E. Harcourt, a law professor at the University of Chicago, and author of the forthcoming "Against Prediction: Profiling, Policing and Punishing in an Actuarial Age," writes in the New York Times (8/25, 1.21M) that though the TSA has begun "experimenting" with the profiling of behavioral cues to identify terrorists, "investing heavily" in such "seemingly high-tech methods…isn't the answer, and may make air travel less safe on the whole." Harcourt continues that "the cut-rate version" of profiling that "the TSA has in store for us" will not help with the vulnerabilities in "basic search" procedures. "Rather than divert hundreds of screeners and untold dollars to high-tech fantasies, we need to invest those resources in hiring more routine screeners and giving them better training in basic searches."

Whistleblower Says EPA Downplayed Danger Of Ground Zero Dust. The New York Times (8/25, DePalma, 1.21M) reports that Cate Jenkins, a senior scientist at the EPA who "who has been sharply critical of the agency in the past," said "in a letter to members of the New York Congressional delegation this week that test reports in 2002 and 2003 distorted the alkalinity, or pH level, of the dust released when the twin towers collapsed, downplaying its danger. Some doctors suspect that the highly alkaline nature of the dust contributed to the variety of ailments that recovery workers and residents have complained of since the attack." EPA spokeswoman Mary Mears said the agency "stood behind its work on ground zero environmental hazards, as did the NYU scientists" who conducted the tests being questioned. "Mears distanced the agency from Dr. Jenkins," saying in a statement that she "has not participated in any aspect of the EPA's work on the World Trade Center."

FBI Arrests New York Man For Providing TV Subscribers With Al Manar. The New York Times (8/25, Williams, Rashbaum, 1.21M) reports, "For several years, Javed Iqbal has operated a small company from a Brooklyn storefront and out of the garage at his Staten Island home that provides satellite programming for households, including sermons from Christian evangelists seeking worldwide exposure. … But this week, the budding entrepreneur's house and storefront were raided by federal agents, and Mr. Iqbal was charged with providing customers services that included satellite broadcasts of a television station controlled by Hezbollah — a violation of federal law. Yesterday, Mr. Iqbal was arraigned in Federal District Court in Manhattan and was ordered held in $250,000 bail." Outside court, Iqbal spokesman Farhan Memon "called the government's charges ridiculous. 'It's like the government of Iran saying we're going to ban The New York Times because we think of it as a terrorist outfit,'" Memon said.

The New York Daily News (8/25, Zambito, Marzulli, 729K) reports, "'Why don't you watch al Manar?' Javed Iqbal asked a customer who turned out to be an FBI informant secretly recording the conversation, officials said yesterday. The unique case, prosecuted under the federal Patriot Act, raised First Amendment concerns among civil liberties groups -- and follows battling between Israel and the Lebanon-based terror group. The feds were tipped this year by a media watchdog group that Iqbal…was offering al Manar broadcasts as part of the package, according to court papers unsealed yesterday." The Daily News adds, "FBI agents armed with a search warrant raided Iqbal's office and home in Staten Island Wednesday, carting off records, computers and electronic equipment." The New York Sun (8/25, Goldstein) notes FBI spokeswoman Christine Monaco said yesterday, "We remain committed to preventing a terrorist organization from advancing its agenda within our borders." The New York Post (8/25, Cornell, Gallahue, 608K) reports,

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"He was charged with conspiring to do business with a global terror organization, which is punishable by up to five years in jail. Prosecutors said the charges could be upgraded to providing material support for terrorists, which carries up to 15 years."

In a widely-distributed story, the AP (8/25, Neumeister) reports, "Assistant U.S. Attorney Stephen A. Miller had asked that Iqbal be held without bail, suggesting more charges were imminent. 'The charge lurking in the background is material support for terrorism,' Miller told Magistrate Judge Gabriel Gorenstein. He said Iqbal was evasive as he talked to investigators Wednesday and was a risk to flee because he has family in Pakistan." The Washington Post (8/25, A10, Pincus, 748K) notes, "Donna Lieberman of the American Civil Liberties Union said she is 'deeply troubled' that a television distributor is being prosecuted for the content of a broadcaster." However, "Mark Dubowitz of the Coalition Against Terrorist Media…said yesterday he is 'saddened' that a U.S. resident was allegedly facilitating the transmission of al-Manar 'but pleased that the U.S. is taking the necessary steps to ensure al-Manar's incitement to violence is stopped.'" The Washington Times (8/25, Seper, 88K) and AFP (8/25) also report on the arrest.

Former Marine Comes Forward After He Is Depicted In World Trade Center Movie. USA Today (8/25, Koch, 2.27M) profiles Jason Thomas, who saw himself in a commercial for the movie World Trade Center "hunting for survivors in the ruins" of the Twin Towers, "a role he hadn't discussed publicly in the five years since Sept. 11, 2001. Reluctantly, after an aunt persuaded him to tell his story, Thomas stepped forward. He revealed that he was the mystery man who, with another former Marine, dug through wreckage to rescue Port Authority policemen Will Jimeno and John McLoughlin, who were pinned beneath 20 feet of rubble."

NYTimes Makes Light Of Dam-Hearing Terrorism Probe. The New York Times (8/25, 1.21M) editorializes, "We've been fascinated by the story of how Jim Bensman of Alton, Ill., went to a hearing about fish and wound up as a potential terrorism suspect" after he expressed support for dynamiting a Mississippi River dam at a Corps of Engineers hearing. The Times notes that a Corps official contacted the FBI, which launched a terrorism investigation. "All this started because Mr. Bensman believes the Army Corps builds way too many locks and dams on the Mississippi for the convenience of boating interests. This page has always thought so too. But not in any way, shape or form that involves any kind of sabotage whatsoever."

Democrats Say 70% Of Katrina Contracts Rewarded Without Full Competition. The AP (8/25, Yen) reports a House Democratic study found "the government awarded 70 percent of its contracts for Hurricane Katrina work without full competition, wasting hundreds of millions of taxpayer dollars in the process." The report, "a comprehensive overview of government audits on Katrina contracting, found that out of $10.6 billion in contracts awarded after the storm last year, more than $7.4 billion were handed out with limited or no competitive bidding." In addition, "19 contracts worth $8.75 billion were found to have wasted taxpayer money at least in part, costing taxpayers hundreds of millions of dollars, according to the report. It cited numerous instances of double-billing by contractors and cases of trailers meant as emergency housing sitting empty in Arkansas."

Debris Removal Firm Charged In Katrina-Related Fraud. The New York Times (8/25, Lipton, 1.21M) reports the "owner of a debris-removal company and three employees hired to monitor its work have been charged in a conspiracy to cheat the government of nearly $720,000 after Hurricane Katrina, federal officials said." The Justice Department said "the owner, Allen Kitto, 24, of Dundee, Fla., had payments for work that was never done sent through an employee who redirected the money to him and the three workers hired to monitor the debris removal in Pearl River County, Miss. It said the monitors signed off on the falsified load slips mostly from their homes rather than from their ostensible work site."

Economists Say Natural Disaster Aid Creates Public Corruption. The Washington Post (8/25, A15, Lee, 748K) reports that it is a "familiar story line: When federal aid flows into a region devastated by a natural disaster, those charged with disseminating it do not always behave honorably in the chaos. Is bad weather responsible for U.S. corruption?" West Virginia University economics professors Peter T. Leeson and Russell S. Sobel "say that 'indirectly at least, the answer may be yes,' but the real culprit is the aid." The professors say, "States that experience more frequent and severe natural disasters attract larger quantities of FEMA

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disaster relief. This relief creates a resource windfall that increases public corruption."

Private Sector Seen As Key To Disaster Relief. The Washington Times (8/25, Hudson, 88K) reports a panel said "government at all levels is preparing to respond to hurricanes and other disasters, but the real rescue missions likely will be carried out by corporations and churches." James Jay Carafano, "a Heritage Foundation fellow who moderated yesterday's panel discussion on 'Grassroots Response: Citizens Taking Care of Citizens During Disasters,'" said, "We are so Washington-centric that we pay almost no attention to how Americans respond to disaster." The Times adds panelists "from the private sector said they are able to respond quicker to disasters such as Hurricane Katrina than most government agencies, including the Federal Emergency Management Agency (FEMA)."

Bush, Democrats At Odds As Anniversaries Of Katrina, 9/11 Approach. NBC Nightly News (8/24, story 5, 2:25, Williams, 9.87M) reported, "This country is approaching two major anniversaries, both of them tragedies those widely different. The one-year anniversary of Hurricane Katrina and the five-year anniversary of 9/11. Both events will be somber and both will have political overtones because political parties will use them." NBC (Gregory) added, "Americans have every right to expect a more effective response in a time of emergency. Both parties are using these emergencies to frame the political debate. Democrats argue the President and his party have broken their promise to victims in the storm zone." Sen. Harry Reid: "There are so many basic problems that have not been resolved in allowing people to live decent lives." Gregory: "Some analysts argue Katrina delivered a knockout punch to the President's standing that will hurt Republicans in the fall." Larry Sabato, University of Virginia Center for Politics: "9/11 created an image of competence for George Bush and Katrina destroyed it." Gregory: "The President will mark the one-year anniversary of Katrina by visiting New Orleans. It is the fifth year anniversary of 9/11 that Republicans will use to keep the eye on 9/11. Republicans blamed Democrats for blocking counter terror measures concluding a stronger America, a safer America. President Bush cited the Iraq war arguing Democrats will hurt national security."

Many Gulf Coast Homeowners Battling Insurance Companies Over Katrina Damage. USA Today (8/25, Chu, Copeland, 2.27M) reports much of the Gulf Coast home of Richard Scruggs, "the Mississippi lawyer who took on the tobacco and asbestos industries," and that of his brother-in-law, Sen. Trent Lott, was reduced to rubble after Katrina. For months, Scruggs has been championing" the cases of "thousands of other Gulf Coast homeowners in lawsuits against insurers." In "this storm-scarred region, thousands of homeowners are still waiting to get paid for property damage. Thousands more are disputing insurance payments for hurricane damage. Many of these cases — winding their way through state and federal courts — are likely to take years to be decided, delaying the rebuilding of homes and contributing to higher foreclosure rates." How these "bitter disputes shake out will also affect whether major insurers continue to offer homeowner's policies along the Gulf, and at what price. Already, some of the largest insurers, including Allstate and State Farm, have pulled back on homeowner's coverage here." Insurance companies "have paid out nearly $15.5 billion for Katrina's damage to homes, but billions more dollars are at stake in these lawsuits."

NBC Nightly News (8/24, story 7, 2:45, Mott, 9.87M) reported Paul Leonard is one of the "first homeowners to battle their insurance company in court." Paul Leonard: "We are asking the court to make us whole again." Mott: "A Federal judge did not last week. Instead of the $130,000 they wanted the Leonards got just under $3,000." The judge "said their homeowners insurance did not coverage flood damage which accounts for most of their losses. They are still hopeful for others because the ruling was not a total victory for insurers. It found them responsible for wind damages, even if they occurred at the same time as flooding." Dick Scruggs, Paul and Julie Leonard's attorney: "This is good news for people with extensive wind damage and a little water damage."

Baton Rouge Struggles To Adjust To Post-Katrina Life. The Washington Post (8/25, A1, Haygood, 748K) reports Hurricane Katrina has "permanently transformed Baton Rouge. Katrina has demanded realignments, shaken this city's sense of order and left it struggling to cope with a range of new, daily problems." A "population boom has led to Los Angeles-like traffic jams. A housing crunch has escalated home costs, angering longtime residents. A surge in school enrollment -- there are 3,704 displaced New Orleans students in the local system -- has overburdened teachers, many of whom had already felt overworked. And increased crime has led to daily discussions about race and class."

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Rookie Saints Running Back Reggie Bush Leading Football Recovery Aid. USA Today (8/25, Weir, 2.27M) reports the New Orleans Saints "don't open the season until Sept. 10, but the power of" rookie running back Reggie Bush's "name already is evident amid New Orleans' struggle to recover from Hurricane Katrina." Pepsi soon "will announce a 'Yard by Yard, Neighborhood by Neighborhood' program that aims to build 25 homes in the New Orleans area with donations from the company based on Bush's yardage totals." Holy Rosary High School, "a special-needs school in the New Orleans suburb of Metairie, can keep its classes open, thanks to Bush's donation of $56,000 in sponsorship money from the Adidas shoe and apparel company."

New Orleans Small Businesses Struggle To Survive. The New York Times (8/25, Eaton, 1.21M) reports that across New Orleans, "a year after the hurricane, shoppers, store owners, economists, even government officials share" the fear that small businesses will be unable to bounce back. New Orleans's "little restaurants, independent stores and small manufacturers do not just add flavor to the economy; in a city that lacks a big corporate base, they are the economy. And their revival, like that of the city as a whole, remains uncertain."

Only 50 New Orleans Schools Have Reopened. The CBS Evening News (8/24, story 10, 3:00, Cowan, 7.66M) reported that in New Orleans, "more than 50 schools, some in the hardest hit areas, are scheduled to reopen by the end of the month. It's only half the number before the storm but more than many thought possible justice a year ago. Katrina damaged nearly a third of all the classrooms here beyond repair." But "given that New Orleans had one of the worst public school systems in the country, Katrina may have actually done some good." Scott Cowen, President, Tulane University: "This is an unprecedented opportunity now to rebuild the school system the way it should be." Cowan: "Scott Cowen of Tulane University helped lead the charge for change, encouraging the state to take control away from the failing New Orleans school district, and hand over an unprecedented 60 percent of the public schools to private companies. They'll be managed as charter schools -- publicly funded but independently run." Cowen: "We can make faster decisions. We can make decisions that are more consistent with the needs of our kids than we ever were before."

USA Today Says New Orleans Leaders Have Failed City. USA Today (8/25, 2.27M) says in an editorial that in New Orleans, "a year ago, water was the enemy. Today, it has been replaced by a more insidious foe: Uncertainty. As the water receded, a smaller, sadder New Orleans looked to Mayor Ray Nagin and the City Council for leadership. They responded with chaos. The symbol of their failure is New Orleans' lack of a citywide plan to rebuild — the first essential step toward renewal. Without a plan, residents don't know whether city services, utilities and other families will return to their old neighborhoods. So decisions about rebuilding are deferred and residents stay away, compounding the failure." The Federal Government "bears some responsibility," but "if the problems are challenging, they do not excuse the city's utter failure to tackle them. Local leaders have fled from all the tough choices."

WAR NEWS:

Top Generals Say Baghdad Security Improving, But Violence Continues Across Iraq. While US Middle East commander Gen. John Abizaid and US Iraq commander Gen. George Casey said Thursday that security in Baghdad is improving, all three broadcast networks ran reports that continue to portray the situation in Iraq as poor. The shortest report was on NBC Nightly News (8/24, story 4, 1:00, Williams, 9.87M), which surveyed the latest events and included Abizaid's remarks. NBC reported, "In Iraq, two US soldiers were among the dead today. A third was killed yesterday, all of them near Baghdad. As the military announced those latest casualties," Abizaid "insisted the new security operation in the capital is working." NBC (Miklaszewski) added, "Five bombs tore through several Baghdad neighborhoods today killing four and wounding 24 others. Sectarian violence killed many Iraqis. Despite the relentless slaughter," Abizaid "declared today is not civil war." Abizaid: "I believe there is a danger of civil war in Iraq, but only a danger. Iraq is far from it." Miklaszewski: "Sounding more optimistic than the warning he delivered to Congress only three weeks ago."

The CBS Evening News (8/24, story 9, 2:15, Schieffer, 7.66M) also summarized the latest violence, also including the positive news that "police in Mosul reported they captured a key rebel leader," as well as the more negative news that "the price of ice spiked 400% in Baghdad, which is suffering 120-degree temperatures." CBS said Abizaid "says he remains 'optimistic' about Iraq." CBS (Strassmann) spoke

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with the imam of a Baghdad mosque, who gave Abazaid "mixed reviews. Yes, American soldiers now make his neighborhood feel safer. But Iraqi security forces' behavior is no good, the cleric says." CBS added, "Since the security crackdown began in Baghdad, the murder rate citywide is down 41%. That's progress. But remember, it's been less than three weeks."

USA Today (8/25, 4A, 2.27M) and the AP (8/24, Quinn) also report on the generals' remarks, both quoting Casey saying, "I think everybody has seen an improvement…in Baghdad over the last weeks because of the operations of the Iraqi security forces supported by the American Army. And we're confident that we can sustain that." USA Today says that despite the upbeat assessment, "the bloodshed persisted with three car bombs in Baghdad and a series of bombings and shootings across the country."

Ignatius Accompanies Abizaid On Baghdad Neighborhood Tour. In his Washington Post (8/25, A17, 748K) column, David Ignatius writes, "Abizaid made headlines three weeks ago when he told Congress that civil war was a possibility in Iraq. Yesterday he went into two of Baghdad's most dangerous neighborhoods to see whether a new U.S.-led offensive against the death squads and insurgents is making any progress," and invited Ignatius and "a CBS reporter" to accompany him. Ignatius recounts what they saw, concluding, "With enough troops and aggressive tactics, American forces can bring order to even the meanest streets. But it's only the Iraqis themselves who can stabilize these neighborhoods permanently."

US Faces "Different Fight" In Ramadi. Meanwhile, ABC World News Tonight (8/24, story 5, 2:30, Gibson, 8.78M) focused on the situation in "what has become the single-most dangerous city in this country for US forces," Ramadi, which "terrorists hold…in a deadly grip, fueling the insurgency and take a terrible toll on the several thousand American troops who are trying to hold them at bay." ABC (Raddatz) added, "US commanders now consider Ramadi a magnet for foreign fighters." Lt. Gen Peter Chiarelli: "There's no sectarian violence out in Ramadi that we know of. It's a different fight, because you're fighting al Qaeda. You're fighting terrorists." Raddatz: "And the terrorists are fighting hard, establishing Ramadi as a safe haven from which they funnel money, weapons and suicide bombers to the rest of the country."

Army Reviewing US Casualty Reports Since 2001. The AP (8/24, Lindlaw) reports the Army "has opened a review of casualty reports on American soldiers killed in Afghanistan, Iraq and elsewhere since 2001, a response to complaints that it has not always given families accurate information." The Army plans to "issue a directive formalizing the review" within the next few weeks. Brig. Gen. Anthony A. Cucolo of the Army public affairs office said the move "is not new but a continuing 'rigorous and routine review of current casualty cases with outstanding issues.'"

Rumsfeld Compares Iraq Casualty Count To Other US Wars. The Washington Times (8/25, Gertz, Scarborough, 88K) "Inside The Ring" column recounts Defense Secretary Donald Rumsfeld's remarks putting Iraq's" casualty count into historical perspective" during a recent interview. Rumsfeld said, "Now, you look at the Civil War -- I don't know how many people were killed, but someone gave me a piece of paper and I looked at it, it was half a million people were killed, and -- 524,000 people were killed. So think of that. We've lost 2,054, killed in action in Iraq. … World War II was 405,000. The Korean War was 36,000. Vietnam was 58,000. The lives that have been lost -- American lives to defend this country and the willingness of the American people to defend the country at those costs says a lot about our country. But we wouldn't be the country we are today if those people hadn't been willing to serve."

Democrats Target Rumsfeld, Who Plans To Stay Through Bush Second Term. The Wall Street Journal (8/25, A4, Harwood, 2.03M) "Washington Wire" reports Democrats are targeting Defense Secretary Donald Rumsfeld "to boost election pressure on rivals," also reporting that "in private comments to top aides," Rumsfeld has signaled he "plans to remain" in his job through the end of President Bush's term.

Author Pines For Days Of "Rumsfeld The Poet." In the Los Angeles Times (8/25, 918K), Hart Seely, who wrote "Pieces of Intelligence: The Existential Poetry of Donald H. Rumsfeld," asks, "Whatever Happened to Rumsfeld the Poet?" Seely writes that "in the salad days of the war on terror," Rumsfeld "shared his idiosyncratic haiku with the nation during televised news conferences, while his hands made hypnotic kung fu gestures for the cameras." But, Seely laments, "Rumsfeld has entered a J. D. Salinger mode," cutting back on interactions with members of the media.

Iraq War Supporter Shays Now Calls For Withdrawal Timetable. The Washington Post (8/25,

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A3, Asthana, 748K) reports Rep. Christopher Shays, "once an ardent supporter of the war in Iraq" who "faces a tough reelection campaign because of his previous support for President Bush's war policies," said Thursday that the "Bush administration should set a time frame" for withdrawal, suggesting most of it could take place in 2007. Shays made the comments after completing his 14th trip to Iraq this week. He said he "found a 'noticeable lack of political will' among Iraqis 'to move in what I would call a timely fashion' and concluded that Iraqi officials would act with greater urgency" if the US sets a timetable.

Biden Discusses His Plan For Federal System In Iraq. On MSNBC's Hardball (8/24, Matthews), Sen. Joseph Biden discussed his plan to create a federal system in Iraq and give the Kurds, Sunnis, and Shiites a large measure of autonomy. Biden said he thought the people of Iraq would support the plan, adding, "There's been a real change here. If you asked me that a year ago, the Sunnis still thought they could control the whole show, the Shia thought they could take over politically and physically, and the Kurds were hoping it would fall apart. Now they all have different equities. The only way to hold this country together…is to give these three regional groups breathing room."

McCain Critique Of Bush's Handling Of War Examined. Time (8/25, Carney, 4.03M) writes on its website that Sen. John McCain "has been President Bush's indispensable political ally on the war in Iraq," but this week "unloaded on the Bush Administration's handling of the war in a speech that, with a few tweaks, could have been delivered by an anti-war Democrat." Time says "several factors are at work here." He was speaking at an event for embattled Republican Sen. Mike DeWine, who "will likely be swept away if anti-Bush, anti-GOP, anti-war sentiment turns voters towards Democrats this fall." But McCain "had another, more personal agenda." As he has moved to "transform himself from the insurgent challenger of the 2000 campaign into the establishment front-runner in the 2008 field," he has faced criticism that he is "sacrificing his straight-talk reputation for the support of big GOP donors and power-brokers. McCain's aides know the Senator's reputation for independence and integrity is his most valuable political asset."

Mehlman Downplays Differences Between McCain, Administration. CNN's The Situation Room (8/24, Blitzer) interviewed Republican National Committee Chairman Ken Mehlman. Asked to comment on Sen. John McCain's remarks that the Administration "mislead the American public into thinking this [Iraq] would be a day at the beach," Mehlman said, "I think the president has been very clear from the beginning, this was going to be a very difficult battle in Iraq and a long war on terror. He has said that from the beginning. This is not new. Senator McCain has before made comments where he said, while he agrees with the strategic objective of the Administration, he has had some disagreements about some of the characterizations of the nature of the battle."

Iraq Electrical Service Remains Erratic. USA Today (8/25, 4A, 2.27M) runs a sidebar on the demand for electricity throughout Iraq, where "efforts to add capacity to the power grid have been hampered by violence, sabotage and theft." At present, electricity is available an average 6.6 hours per day in Baghdad and 11 hours per day nationwide.

Mahdi Army Commander Acknowledges Group's Role In Sectarian Violence. The Washington Post (8/25, Knickmeyer, 748K) runs another front-page story on Moqtada al-Sadr's Mahdi Army, including a "rare acknowledgment" from one commander that the militia is playing a role "in the sectarian bloodletting that has killed more than 10,400 Iraqis in recent months." The Post writes, "The death squads that carry out the extrajudicial killings are widely feared but mysterious," with the only evidence often just "the bodies discovered in the streets." Another commander said, "You can find in any religion the right of self-defense."

Sadr Group Disavows Baghdad's "Butcher." Inside the paper, the Washington Post (8/25, A12, Knickmeyer, 748K) also report s on Abu Diri, known by Baghdad's Sunnis as "the Butcher." The US military, Sunnis, "and even many Shiites say they believe Abu Diri kidnaps and kills Sunnis and other rivals with a zeal that has made him notorious, even in Baghdad's daily carnage." While the US believes he is linked to the Mahdi Army, "Sadr and his top aides publicly disavow Abu Diri." Sadr's brother-in-law Riyadh al-Nouri said, "He is not Mahdi Army, he is the head of the gangsters. He is not Mahdi Army and never was. All he does is fight for his own reputation and his own crimes."

Sadr Claims Victory As UK Withdraws From Southern Camp. The Washington Post (8/25, A14, Paley, 748K) reports British troops "abandoned" Camp Abu Naji in

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southern Iraq on Thursday "and prepared to wage guerrilla warfare along the Iranian border to combat weapons smuggling," a move Sadr called the "first expulsion of U.S.-led coalition forces from an Iraqi urban center." British military spokesman Maj. Charlie Burbridge said the last of 1,200 troops left the Maysan Province camp "after several days of heavy mortar and rocket fire by a local militia, which local residents identified" as the Mahdi Army.

Sistani Urges Iraqi Politicians To Abandon Foreign Travel. The New York Times (8/25, Von Zielbauer, 1.21M) reports Grand Ayatollah Ali al-Sistani, Iraq's "most prominent Shiite religious leader," made a "rare political statement" urging members of the government and legislators "to refrain from taking trips abroad and to focus on improving the lives of ordinary citizens."

Carroll Recalls Release As "One Of The Hardest Memories" Of Captivity. The Christian Science Monitor (8/25, Carroll, Grier, 58K) runs the 10th installment of Jill Carroll's story, in which the freelance journalist is set free. Carroll writes, "For me, my release is one of the hardest memories of my captivity. I don't know why. Suddenly, my structure was gone. There was no one to tell me what to do. My body was free, but my mind was not. I was conditioned to be whatever anyone around me wanted me to be. I had no opinions, no self-will. I didn't know how to make decisions."

UAE May Have Attempted To Negotiate Carroll Ransom Payment. The Christian Science Monitor (8/25, Peterson, Murphy, 58K) also reports that since Carroll was released, "rumors have swirled about a $10 million or even a $36 million ransom payment. … Neither the Monitor nor the Carroll family paid for her release." However, the newspaper says it has "new evidence to suggest that the United Arab Emirates (UAE) tried to negotiate a ransom payment. Some Iraqi investigators speculate that this was done on behalf of the US government." UAE officials "did not return requests for comment," and a senior Iraqi official "says there was a ransom negotiation with the UAE for Carroll, but that it fell apart in the week prior to her release." The official "also says no ransom was paid for Carroll, and declined to discuss the matter further."

US Raid Kills Seven Suspected Al Qaeda Fighters In Afghanistan. A US raid against al Qaeda in eastern Afghanistan left seven adults and one child dead. The AP (8/24, Abrashi) calls the seven "suspected al-Qaida fighters," while the New York Times (8/25, Wafa, 1.21M) simply says "eight civilians, including a child, were killed." Both quote coalition spokesman Col. Tom Collins saying the raid aimed at capturing a "known al-Qaida facilitator," whom Collins said was among those killed.

Returned US Army Commander Says Terrorist Recruits Quickly Replace Dead. The Washington Times (8/25, Gertz, Scarborough, 88K) "Inside The Ring" column writes that "an Army commander just back from Afghanistan had some good news and bad news. The good: The coalition is good at finding and killing Taliban and al Qaeda fighters. The bad: Nearly as fast as the terrorists are killed, they are replaced by new recruits from camps in Pakistan."

CORPORATE SCANDALS:

DOJ Closes Criminal Probe Of Fannie Mae. The Wall Street Journal (8/25, Paletta, Wilke, 2.03M) reports, "The Justice Department notified Fannie Mae that it has ended a two-year investigation into the company's accounting misdeeds. The closing of the criminal probe, which was handled by the US attorney for Washington, eliminates one of the regulatory issues dogging Fannie Mae in the wake of findings that it manipulated earnings, partly in an attempt to increase management bonuses." Fannie Mae stock "rallied on the news. In 4 p.m. New York Stock Exchange composite trading, the shares rose to $51.53, up $2.36, or 4.8%." The Journal adds, "In light of the decision, criminal charges against current and former executives of the company aren't expected. A spokesman for the US attorney declined to comment on whether there was an open investigation into individuals."

The New York Times (8/25, Bajaj, 1.21M) reports, "Legal and financial analysts said the decision not to pursue charges against Fannie Mae signaled that the government was heeding lessons from its prosecution of Arthur Andersen, the accounting firm that went out of business in 2002 after being convicted of obstruction of justice related to the audit work it did for Enron." Last year, the Supreme Court "unanimously overturned the conviction against Arthur Andersen."

However, the Washington Post (8/25, D1, Hilzenrath, Johnson, 748K) says the Justice Department "is still investigating whether former Fannie chairman and chief

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executive Franklin D. Raines and former chief financial officer J. Timothy Howard committed perjury when they testified about the company's accounting practices before a House of Representatives panel in 2004, said Channing Phillips, a spokesman for the U.S. attorney for the District of Columbia." In addition, the Securities and Exchange Commission "has not ruled out civil charges against individuals in the accounting matter, according to an SEC source, who spoke on condition of anonymity because it is SEC policy not to comment on pending investigations." Another regulatory agency, the Office of Federal Housing Enterprise Oversight, "said yesterday that it was reviewing potential administrative actions against former Fannie Mae executives."

Bloomberg (8/25, Tyson) reports, "The end of the probe by the U.S. Justice Department reduces the threat of some fines and lawsuits related to an initial federal investigation in 2004 that found Fannie Mae manipulated earnings. The probe forced the ouster of top executives including Chairman and Chief Executive Officer Franklin Raines and led to allegations of fraud by shareholders. … The Securities and Exchange Commission and Fannie Mae's regulator, the Office of Federal Housing Enterprise Oversight, fined the government-chartered company $400 million in May and restricted growth in its $730.9 billion mortgage portfolio." Bloomberg adds, "Though criminal charges may still be filed against former executives, Fannie Mae 'is on the road to recovery,' said Michael Mullaney, who manages $10 billion at Fiduciary Trust Co. in Boston. The Washington-based company 'still has several steps to go,' including the completion of its restatement."

Dow Jones (8/25, Paletta) reports, "Fannie Mae was initially told of the investigation in October 2004. In May, the Securities and Exchange Commission and the Office of Federal Housing Enterprise Oversight fined Fannie Mae$400 million for its accounting problems, alleging that senior executives manipulated earnings to trigger millions of dollars in bonuses. … The SEC said it has closed its investigation into the company, but not into individuals."

AFP (8/25) reports, "The Justice Department had been probing the firm for almost two years for possible criminal misconduct related to improper accounting and earnings manipulation which triggered bonuses for senior executives from 1998 to 2004. … 'Fannie Mae today announced that it has been advised by the United States Attorney's Office for the District of Columbia that it is discontinuing its investigation and does not plan to file charges against the company,' the company said in a statement. … 'We will continue to work closely and cooperatively with our regulators as we move forward to carry out the terms of our agreements, complete our restatement and build a better company,' said Fannie Mae chief executive Daniel Mudd."

Lay Estate Nears Settlement Deal On Enron Retirement Fund. The Houston Chronicle (8/25, Roper) reports, "The estate of the late Ken Lay is expected within days to reach a settlement in a lawsuit involving Enron's retirement fund that could bring thousands of former workers a step closer to receiving their share of a payout." The Chronicle continues, "Such a settlement would leave former Chief Executive Jeff Skilling as the only remaining defendant in the suit that alleges the administrators of the company's retirement plan — as well as outside directors, Lay and Skilling — failed to adequately diversify Enron's 401(k). … The retirement plan was heavily laden with Enron stock. Employees who were invested in it lost hundreds of millions of dollars when Enron collapsed." The Chronicle adds, 'Former Enron employees may still have a long wait, as funds cannot be distributed until all the defendants have settled or the matter is resolved in court. Plus, Skilling appears to be bracing for a fight. … At a brief scheduling conference today for the case in a Houston federal court, Seattle-based attorney Lynn Sarko, who represents the employees, told the court his team had been negotiating with Lay's estate and that they were 'within days' of reaching a settlement. … A smiling U.S. District Judge Melinda Harmon said she was pleased with the development. … Harmon has already approved settlements totaling $264.3 million collected on behalf of former Enron employees who had 401(k) plans with company stock. Some $23 million in legal fees and $874,902 in legal expenses will be subtracted from the $264.3 million."

SEC To Probe KB Home Stock Options Grants. The Wall Street Journal (8/25, Corkery) reports, "KB Home said that the Securities and Exchange Commission will be conducting an "informal inquiry" into the company's stock-option grants." The Journal continues, "On Wednesday, The Wall Street Journal reported1 that several past stock-option grants to Bruce Karatz, the Los Angeles home builder's chief executive, were dated at unusually low points in the company's stock price. KB Home said late yesterday that it would cooperate with the SEC probe. … Four

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grants to Mr. Karatz between 1998 and 2001 were propitiously timed. One was dated at the stock's lowest closing of the year, another at a quarterly low, and the remaining two at monthly lows." The Journal adds, "Mr. Karatz was one of the highest-paid executives in the U.S. in 2005, according to the Journal's annual survey of executive compensation. His total direct compensation in 2005 was $155.9 million, the bulk of it coming from exercising options, according to the Journal article. KB Home has said his compensation was based on company performance. … With the informal SEC inquiry, KB Home joins scores of other companies facing federal probes of their option-granting practices. The probes are concentrating on the practice of backdating, in which an option's grant date is manipulated so that the grant appears to have been made at a time when the company's share price is low. That increases the potential profit to the option's recipient."

CRIMINAL LAW:

Four Charged With Katrina Fraud. The New York Times (8/25, Lipton) reports, "The owner of a debris-removal company and three employees hired to monitor its work have been charged in a conspiracy to cheat the government of nearly $720,000 after Hurricane Katrina, federal officials said." The Times continues, "The Justice Department said the owner, Allen Kitto, 24, of Dundee, Fla., had payments for work that was never done sent through an employee who redirected the money to him and the three workers hired to monitor the debris removal in Pearl River County, Miss. It said the monitors signed off on the falsified load slips mostly from their homes rather than from their ostensible work site. In addition to Mr. Kitto, those charged were Clinton K. Miller, of Carriere, Miss.; Devin Chuter, of Picayune, Miss.; and Lauren Robertson, of Picayune."

The Biloxi Sun Herald (8/25, Fitzgerald, 44K) reports, "Four people have been indicted in a Hurricane Katrina fraud case that accuses them of defrauding the federal government of more than $700,000 from a debris-removal conspiracy in Pearl River County." US Attorney Dunn Lampton announced the indictment during a visit to Gulfport by Alice Fisher, assistant attorney general for the Department of Justice criminal division in Washington, D.C." The AP (8/25) notes, "Those charged Thursday were Allen Kitto, 24, of Dundee, Fla., whose company was a subcontractor for debris cleanup in Pearl River County, near the Louisiana border; and Clinton K. Miller, 28, Devin Chuter, 23, and Lauren Robertson, 23, who worked as debris removal monitors." The New York Times (8/25, Lipton, 1.21M) adds that Kitto allegedly "had payments for work that was never done sent through an employee who redirected the money to him and the three workers hired to monitor the debris removal." The indictment also "said the monitors signed off on the falsified load slips mostly from their homes rather than from their ostensible work site."

Hurricane Katrina Task Force Has Uncovered Hundreds Of Fraud Cases. Scripps-Howard (8/25, Hoffman) reports that "hundreds of suspected fakes and frauds who have been caught by a phalanx of federal and state investigators fighting a flood of post-hurricane wrongdoing that continues to swell a year after Katrina hit last Aug. 29. 'It's a full-employment act for FBI agents,' FBI assistant director James Burrus said. At last count, there were at least 785 criminal cases under investigation by the Hurricane Katrina Task Force," and "state prosecutors in Louisiana, Mississippi and Texas are similarly swamped." Scripps-Howard adds, "Some government-spending watchdogs hold FEMA and other agencies to blame for fertilizing the fraud with their mismanagement and poor oversight. … 'Are we holding the big fish accountable?' said Scott Amey, general counsel for the Project on Government Oversight." Burrus "says the answer to that is a resounding 'yes.' … 'We're not overlooking anything,' Burrus said, invoking Attorney General Alberto Gonzales' vow to have 'zero tolerance' for hurricane-related miscreants. 'We prosecute everyone.'"

Safavian Appeals Conviction. The Washington Post/AP (8/25, A2) reports, "A former Bush administration official convicted of lying about his relationship with lobbyist Jack Abramoff asked a judge yesterday to overturn the verdict or grant him a new trial." An attorney for David H. Safavian, former chief of staff of the General Services Administration, "argued that the charges did not meet the legal standard for conviction. They also argued that U.S. District Judge Paul L. Friedman improperly admitted e-mails between Abramoff and Safavian as evidence. The e-mails discuss two pieces of GSA-controlled property that Abramoff wanted for himself or his lobbying clients."

Judge Appears Skeptical Of Safavian's Arguments For New Trial. Government Executive (8/25, Mandel)

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reports, "A judge who presided over the trial of convicted former Bush administration official David Safavian on Thursday heard arguments on a motion to hold a new trial, but he said it was unlikely he would reverse his decision on a key prosecution point. He confirmed an October sentencing date." GE continues, "D.C. District Judge Paul Friedman heard arguments by defense attorney Albert Lambert on legal theories to dismiss each of the four counts on which Safavian, former head of the Office of Management and Budget's procurement policy shop, was convicted in June. The charges were related to his dealings with lobbyist Jack Abramoff and participation in a golfing trip to Scotland in 2002, while serving as chief of staff at the General Services Administration." GE adds, "Lambert argued that Safavian's due process rights were violated because he was not informed, during interviews with the GSA inspector general's office and with an investigator for the Senate Committee on Indian Affairs, of the legal implications of his participation. Safavian should have been informed, in a disclosure similar to the reading of Miranda rights, that his words could be used against him in court, Lambert argued. … The defense also argued that the extent of what Safavian was required to disclose was unclear, and that statements he made regarding whether Abramoff had business with the GSA, which led to a false statements charge, were reasonable based on a plausible definition of 'doing business.'"

Crime Lab Aims At Curbing Child Pornography. The AP (8/25, Slagle) reports, "Authorities said Thursday they're encouraged by a new computer system designed to find victims of child pornographers and capture the perpetrators by using the very tool responsible for proliferation of the crime: the Internet." The AP continues, "The so-called Victim Identification Lab, tested for the first time during a law enforcement conference this week in Dallas, is designed to help local, state and federal authorities across the country share information and develop new leads in tough child porn cases, said Michelle Collins of the National Center for Missing and Exploited Children. … 'The volume of porn on the Internet is just rapidly increasing,' Collins said. 'But child pornography is not a computer crime — these are sexual abuse cases.'" The AP adds, "The lab is a test for now. The system on display during the Crimes Against Children Conference was basically a room with 30 notebook computers connected to a database of 50 real case files. … Each file includes a picture or a video of a child porn victim, as well as a field where officers can write notes to each other with tips or possible leads. … The case file images have been edited to remove any trace of sexual abuse. But the child's faces are visible, as are potentially crucial background clues such as hotel signs, T-shirts or road signs. Often, it's these small details that can make or break a case, authorities said. … Because the jurisdictional boundaries have been blurred dramatically by the Internet, it's really important that all law enforcement work together, said Lt. Ches Williams, who oversees the crimes against children unit for the Dallas Police Department. … The National Center for Missing and Exploited Children is working with the FBI and other federal agencies to expand the lab so officers and prosecutors can log in to a secure Web site and check cases from anywhere in the country."

Karr Arrives In Colorado To Face Charges. The Washington Times (8/25, Richardson) reports, "John Mark Karr arrived (in Colorado) last night to face charges in one of the century's most notorious unsolved crimes, the JonBenet Ramsey killing." The Times continues, "The suspect took a three-hour flight from Los Angeles to the Jefferson County airport in Broomfield on a Colorado State Police twin-engine aircraft known as 'the governor's plane.' … A judge is expected to issue an order today scheduling Karr's initial advisory hearing." The Times adds, "Even as Karr, dressed in a red shirt and dark slacks, was moved from the plane to an unmarked black sport utility vehicle for his drive to the Boulder County jail, questions resurfaced about the strength of the case against him. … A court filing released yesterday described the case against him as being in the 'very early stages.' … The document said the Boulder District Attorney's Office had been unaware of Karr's identity until Aug. 11, five days before he was arrested in Thailand, but moved to arrest him before he could be tipped off to the investigation and flee." The Times notes, "Karr, 41, is wanted on a warrant charging probable cause for first-degree murder, first-degree felony murder, kidnapping and sexual assault on a child. However, no evidence has emerged to prove that he ever lived in or even visited Colorado, much less the idyllic university town where 6-year-old JonBenet was killed."

The Los Angeles Times (8/25, Riccardi) reports, "On Thursday, Colorado authorities flew him in a state prop-jet from Long Beach Airport to a commuter airport in a Denver suburb. They did not announce when they were transporting him, in hope of eluding the media, but word leaked and TV

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helicopters followed the caravan of vehicles that took Karr, 41, from the runway to the Boulder jail." The Times adds, "Karr's arrest came after a University of Colorado journalism professor who engaged in a four-year e-mail correspondence with Karr alerted the Boulder district attorney's office in May. Prosecutors issued a warrant last week for Karr, a schoolteacher, but sealed the affidavit explaining why they believed he was responsible for the death. .. Media organizations have asked a judge to unseal the affidavit. But in a filing Wednesday, the district attorney's office asked for the affidavit to remain sealed until Sept. 7 because the evidence it described had not been disclosed publicly."

The AP (8/25, Jimenez) reports, "John Mark Karr bragged to his landlord's wife that sexually he was 'like a wolf,' and said he 'liked little boys and girls' when he worked in Costa Rica as an English teacher, his former housemates told The Associated Press." The AP continues, "Karr, now jailed in the United States after his arrest in Thailand, faces a Colorado warrant for the 1996 murder of 6-year-old JonBenet Ramsey. … Karr traveled around the world in recent years, including brief stays in Honduras and Costa Rica, where he rented a room in 2004 from Canadian John Hall, who now teaches at a private university in the capital of San Jose. … 'I had to kick him out because he was obviously a pervert and I was worried about the safety of my wife and my stepdaughters,' Hall told The Associated Press."

Alleged Cuban Spy Testifies FBI Agents Promised Him Immunity. The AP (8/25, Anderson) reports, "A college professor charged with being an illegal Cuban agent testified Thursday that he only divulged details about 'my past' with the Havana government because he believed FBI agents had promised that he wouldn't be prosecuted if he was truthful. 'I did consider it as a promise,' said Carlos Alvarez, indicted along with his wife Elsa on charges of acting as longtime Cuban intelligence operatives." The AP adds, "The FBI agents -- Albert Alonso and Rosa Schureck -- both testified that they made no firm promises to Alvarez and insisted that he was told he was free at any time to leave the interviews." The agents also "said their goal in meeting with Alvarez was not to gather evidence in a criminal case but to persuade him to become a double agent."

Atlanta Jailer Pleads Guilty To Selling Inmates Contraband. The Atlanta Journal-Constitution (8/25, Morris, 399K) reports, "A jailer at the Atlanta City Detention Center pleaded guilty Thursday to federal bribery charges." Nathaniel Gray "was indicted in April on one count of bringing contraband into the city jail, and one count of accepting money to bring contraband into the jail in violation of his official duty." US Attorney David E. Nahmias said, "The introduction of contraband into a prison threatens that order and discipline, and it can also create danger for other inmates and guards."

New York State Senator Surrendering Today To Face Corruption Charges. The New York Daily News (8/25, Kappstatter, 729K) reports, "Longtime Bronx State Sen. Efrain Gonzalez will surrender to federal authorities today to face charges of misappropriating government funds, the Daily News has learned. A sealed 19-count indictment reportedly charges Gonzalez with using grants and contracts acquired for various community groups to siphon money back into his own pocket." The Daily News notes, "The indictment stems from a two-year probe by the FBI and federally-deputized agents from the city Department of Investigation. Investigators sifted through a 'massive' number of records and traveled to Florida and the Dominican Republic, where Gonzalez has a cigar business, a source said." The New York Post (8/25, Weiss, 608K) adds, "Gonzalez and a cadre of politicos and their relatives have been in the cross hairs of federal prosecutors and the city's Department of Investigation as they tried to determine whether funds earmarked for state and city programs were churned into salaries for family members and their cronies. Gonzalez's attorney, Kim Richman, insisted the senator is innocent."

Miami Schools Official Says Superintendent Offered To Be FBI Informant. The Miami Herald (8/25, Pinzur, 310K) reports, "Miami-Dade Superintendent Rudy Crew once offered to 'wear a wire' as part of a federal investigation, he told The Miami Herald on Thursday. He declined to provide details, saying the case might still be active, but said the investigation never included any School Board members or senior district administrators. An FBI spokeswoman declined to comment. The talks between Crew and the FBI were revealed by Herbert Cousins, the district's former inspector general, who said Crew ultimately refused to participate in the investigation. … 'If Dr. Crew had followed through on his promise of cooperation, we would have cleaned up the system,' said Cousins, a former FBI agent. 'Instead, he turned.'"

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Kaiser Grandson Sentenced To Year In Prison For SureWest Fraud Scheme. The Sacramento Bee (8/23, Walsh, 298K) reported, "Henry M. Kaiser, the grandson of Kaiser Industries and Kaiser Permanente founder Henry J. Kaiser, spent 17 years in the venture capital business, but was never very successful at it. Then a group of European con artists lured him into believing he finally got the break he needed. What the 62-year-old Oakland resident got instead was a year and a day prison sentence. A Sacramento federal court Tuesday issued the sentence for Kaiser's role in the theft of $2 million from publicly traded SureWest Communications, a Roseville-based telecommunications firm." The AP (8/23, Davis) noted, "Kaiser and a father-son team, Larry Wells and Jeffrey Wells, repeatedly transferred $25 million back and forth between SureWest Communications and a venture capital company, Quivira Ventures, owned by the elder Wells and Kaiser. The purpose of the transfers was to allow Quivira to demonstrate to potential investors that it had sufficient funds in deposit to qualify for various funding proposals." San Francisco Business Times (8/23) also reported on the sentencing.

Six Indicted In Alleged California Underground Lottery. The AP (8/25) reports, "Suspected ring leaders of an underground lottery operation were indicted Thursday on charges of illegal gambling and money laundering in a scheme police say may have netted $48 million over five years. According to a statement issued by U.S. Attorney McGregor Scott, Prasert Somsinsawasdi, 59, and his wife, Noy Somsinsawasdi, 46, ran the Sacramento-area lottery operation out of residences, Asian markets and small video stores, none of which were licensed lottery retailers. Karen Ernst, an FBI spokeswoman, said the Somsinsawasdis recruited Asian-American business owners to run the lottery. Bettors placed their wagers in stores and homes and received tickets made of handwritten numbers on carbon paper, she said." The AP notes, "Four others were indicted Thursday in connection with the lottery operation."

Ohio High Court Clears Execution Of Cult Leader. The AP (8/25, McCarthy) reports, "A cult leader convicted of killing a family of five in 1989 will be executed on Oct. 10, the Ohio Supreme Court ruled on Thursday." The AP continues, "Jeffrey Lundgren, 56, was convicted of shooting to death a man, his wife and three daughters who had moved from Missouri in 1987 to follow Lundgren's teachings. He referred to the killings as 'pruning the vineyard.' … Lundgren formed a religious cult after he was dismissed in 1987 as a lay minister of the Reorganized Church of Jesus Christ of Latter Day Saints. He had attracted a following, and several people moved with him to a rented farm house in suburban Cleveland, where they called him 'Dad' and contributed money for group expenses." The AP adds, "On April 17, 1989, the Avery family was invited to dinner, then led to the barn where they were bound and placed into the pit, where Lundgren shot each one. The pit was covered with dirt. … A jury found him guilty of five counts of aggravated murder with each count containing two death penalty specifications and five counts of kidnapping. … Lundgren has exhausted all of his state and federal appeals, said Bob Beasley, spokesman for Attorney General Jim Petro."

Files In Duke Rape Probe Provide Ambiguous Picture. The New York Times (8/25, Wilson, Glater) reports, "On March 21, a week after an African-American woman charged that she had been raped by three white Duke University lacrosse players, the police sergeant supervising the investigation met with the sexual-assault nurse who had examined the woman in the emergency room. The sergeant, Mark D. Gottlieb, reviewed the medical report, which did not say much: some swelling, no visible bruises. … But the sergeant's case notes also recount what the nurse told him in response to his questions: that the woman appeared to be in so much pain that it took 'an extended period of time' to examine her, and that the 'blunt force trauma' seen in the examination 'was consistent with the sexual assault that was alleged by the victim.'" The Times continues, "About a week later, the sergeant met with the Durham County district attorney to go over the case. For several days, the prosecutor, Michael B. Nifong, had been beseeching Duke lacrosse players to break their 'stonewall of silence' about what had happened at a team party on March 13. Now, he turned up the pressure, telling Fox News that there was 'no doubt in my mind that she was raped.'" The Times adds, "Whether the woman was in fact raped is the question at the center of a case that has become a national cause célèbre, yet another painful chapter in the tangled American opera of race, sex and privilege. Defense lawyers, amplified by Duke alumni and a group of bloggers who have closely followed the case, have portrayed it as a national scandal — that there is only the flimsiest physical evidence of rape, that the accuser is an unstable fabricator, and that Mr.

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Nifong, in the middle of a tight primary campaign, was summoning racial ghosts for political gain. … By disclosing pieces of evidence favorable to the defendants, the defense has created an image of a case heading for the rocks. But an examination of the entire 1,850 pages of evidence gathered by the prosecution in the four months after the accusation yields a more ambiguous picture. It shows that while there are big weaknesses in Mr. Nifong's case, there is also a body of evidence to support his decision to take the matter to a jury. … Crucial to that portrait of the case are Sergeant Gottlieb's 33 pages of typed notes and 3 pages of handwritten notes, which have not previously been revealed. His file was delivered to the defense on July 17, making it the last of three batches of investigators' notes, medical reports, statements and other evidence shared with the defense under North Carolina's pretrial discovery rules. … In several important areas, the full files, reviewed by The New York Times, contain evidence stronger than that highlighted by the defense:"

Gunman Kills Two At Vermont School, Homes. USA Today (8/25) reports, "A gunman shot and killed two people and wounded two (in Essex, VT) Thursday in a rampage that invaded the town elementary school and ended after he shot himself as police drew close." USA continues, "The shooting began with a domestic dispute between the shooter, identified as Christopher Williams, 26, and his former girlfriend, schoolteacher Andrea Lambesis, Essex Police Chief Dave Demag said. Williams was in fair condition Thursday night and expected to survive his self-inflicted injuries. … Prosecutors said charges are pending." USA adds, "Demag said Williams first shot and killed Linda Lambesis, 57, his former girlfriend's mother, at the home where he once lived with Andrea. He then sought Andrea at the elementary school, where more shots were fired, Demag said. … One bullet struck and killed second-grade teacher Alicia Shanks, 56, through her classroom door. Another wounded first-grade teacher Mary Snedeker, 52. … As teachers barricaded themselves in classrooms, the gunman left. … Dozens of law enforcement agents responded to reports of gunfire at the school, where the staff was preparing for the start of classes next week. Teachers and staff members locked classroom doors and hid until police tactical units escorted them to safety."

In Plea Deal, Fletcher Agrees To Remake Personnel Board. The New York Times (8/25, Urbina, 1.21M) reports Gov. Ernie Fletcher (R) of Kentucky, "who was indicted in May in connection with a hiring scandal, signed an agreement yesterday admitting wrongdoing by his administration and promising to reconstitute the state's Personnel Board." Under the plea deal, "all charges will be dropped." The accord states that "the governor acknowledges that the evidence strongly indicates wrongdoing by his administration with regard to personnel actions within the merit system." The deal "represents welcome news for a governor" who "has been bogged down for 16 months by the investigation" and "approval ratings that have fallen below 30 percent."

CIVIL LAW:

Court Upholds President's Power To Regulate Transactions During Crises. The AP (8/25, Neumeister) reports, "A federal appeals court Thursday upheld the president's authority to regulate financial transactions with foreign countries during a security crisis and rejected a challenge by a man prosecuted for sending $100,000 into Iraq." The 2nd US Circuit Court of Appeals "said the first President Bush made proper use of the International Emergency Economic Powers Act after Iraq invaded Kuwait in August 1990." The court "rejected a claim that invoking the act unfairly let the president create new criminal offenses that should only be authorized by Congress."

Northwest To Maintain Operations If Attendants Strike. The Chicago Tribune/Bloomberg (8/25, Schlangenstein) reports, "Northwest Airlines Corp., which kept operating through a 2005 strike by mechanics, plans to maintain a full schedule if flight attendants stage random work stoppages beginning tomorrow night." Bloomberg continues, "The Association of Flight Attendants-CWA said it will implement strikes that could involve one flight, one city or Northwest's whole system starting at 9:01 p.m. Minneapolis time. The attendants' actions would be in protest of the carrier's $195 million annual reduction in their pay and benefits. … Northwest, the fifth-largest U.S. carrier, has asked a federal court to overrule a bankruptcy judge who upheld the right of the 9,300 attendants to strike. A walkout and anything less than $195 million in concessions could threaten Northwest's exit from bankruptcy, imperil 34,000 jobs and put the company out of business, the Eagan, Minnesota-based

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airline has said. … 'They should be able to run a pretty good schedule,' said Jerry Glass, president of Washington-based F&H Solutions Group and a former US Airways Group Inc. executive. 'If they can't, that says to me the union is engaged in a very aggressive strike. If they are involved in a very aggressive strike, they are going to put the company at great risk.'" Bloomberg adds, "U.S. District Judge Victor Marrero in New York will hear arguments starting at 1 p.m. tomorrow on Northwest's request to block a strike. The federal Justice Department and 20 U.S. carriers have asked him to rule in favor of Northwest, saying a walkout would disrupt transportation and hurt the economy. … Marrero could rule in favor of either side, or block a strike temporarily and order both sides back to negotiations."

CIVIL RIGHTS:

Administration Opposing School "Racial Balancing" Programs. The Los Angeles Times (8/25, Savage, 918K) reports, "The Bush administration has urged the Supreme Court to strike down voluntary school-integration programs that exclude some students because of their race. Administration lawyers filed briefs this week in pending cases from Seattle and Louisville, Ky., on the side of white parents who are challenging 'racial balancing' programs as unconstitutional." The parents "say the integration guidelines amount to racial discrimination and violate the Constitution's guarantee of the equal protection of the laws. They lost in the lower courts, but the Supreme Court will hear their appeals in the fall." In the briefs, Solicitor General Paul D. Clement "urged the justices to rule that 'the use of a racial classification to achieve a desired racial balance in public schools' is just as unconstitutional as old-fashioned racial segregation."

New Maryland Prisons Chief Pledges Change. The Baltimore Sun (8/25, Garland) reports, "Maryland's newly appointed corrections chief says he plans to spend the next month assessing how to improve safety and security in the state's violence-ridden prisons and has been promised the resources he needs to address the problem." The Sun continues, "John A. Rowley, who took over today as acting head of the Maryland Division of Correction, said he looks forward to the challenges of running the troubled prison system. … The 56-year-old Pennsylvania native replaces Frank C. Sizer Jr., who hired Rowley 14 months ago as warden of a medium-security prison in Jessup and who promoted him last week to serve as one of his top deputies." The Sun adds, "Sizer abruptly retired Wednesday, clearing out his office. He had been under fire for a rash of prison violence that included the murders of two correctional officers and three inmates. He said today that he began sending out his resume four months ago because he believed the time had come for him to move on. He said he has an active job prospect in Florida."

The Washington Times/AP (8/25, Witte) reports, "Mr. Rowley pledged that state officials will not allow the Maryland House of Correction in Jessup 'to go back to operating the way it was.' He noted that a thorough review was under way in the slaying of Officer David McGuinn at the prison last month. … Mr. Rowley has been working with the Maryland Division of Correction for 14 months. He came to Maryland after a 25-year career with the Pennsylvania corrections department."

Local Alabama Candidates' Race, Sexual Orientation Shape Election. The New York Times (825, Dewan, 1.21M) reports on the Alabama state legislature Democratic primary race between Patricia Todd, who "won the Democratic primary runoff" against Gaynell Hendricks. The Times reports that Todd's sexual orientation (she is a lesbian) has been eclipsed by the fact that she "is white, in a majority black district in Birmingham." Hendricks is African American. Moreover, Joe L. Reed, "a longtime Democratic kingmaker and the party's vice chairman of minority affairs," is supporting a push to disqualify Todd for untimely campaign finance filing, even though that rule, "by party officials' own admission, has not been enforced in nearly 20 years."

ANTITRUST:

DOJ Raises Antitrust Concerns About South Carolina Hospital Bid. The Fort Mill (SC) Times (8/23, Pettibon, Allen) reports, "The U.S. Department of Justice is questioning state health officials on their decision to award approval to build a Fort Mill hospital to Piedmont Medical Center." The Times continues, "The Justice Department's antitrust division said in an Aug. 18 letter to the S.C. Department of Health and Environmental Control's governing board that it wants to make sure the process didn't quash competition. The letter asks DHEC to consider the Justice Department's opinion on the decision and says 'the issue merits full discussion at a final review conference.'" The

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Times adds, "The request comes after Hospital Partners of America took complaints about the process to the federal agency when PMC's parent Tenet Healthcare was selected over three other competitors and given permission to build a 100-bed hospital in Fort Mill. An official from Hospital Partners said the process used to determine who would get the permit - called a Certificate of Need, or CON - excluded new providers and eliminated competition. … 'What the state did, we felt, was patently unfair,' said Terry Linn, HPA's chief development officer. 'We're just making the world aware of what is going on in South Carolina.' … The letter asks for the Justice Department's antitrust division to meet with DHEC staff and requests a 30-day window to submit a second, more detailed letter. That request could delay a final review conference set for Thursday of another appeal by Presbyterian Healthcare, one of the other three failed bidders."

Rite Aid To Buy Eckerd, Brooks Stores. The AP (8/25, Levy) reports, "In a bold step to keep pace with the industry leaders, the nation's third-largest drugstore chain, Rite Aid, said Thursday that it will buy the U.S. Eckerd and Brooks operations of Canada's Jean Coutu Group for about $2.55 billion in cash and stock." The AP continues, "Rite Aid's first major acquisition since a turnaround team arrived to bring the company back from the brink of bankruptcy six years ago was designed to help it compete better with its bigger rivals Walgreens and CVS." The AP adds, "Rite Aid said the deal will make it the largest drugstore chain operator on the East Coast and give it a larger presence in major cities such as Atlanta, Philadelphia, New York and Baltimore. … 'It accelerates so quickly our growth strategy,' said Rite Aid's president and CEO, Mary Sammons. 'These are good stores in good locations. … In terms of getting into the neighborhood, being where the customer is, you really want to have the scale that our leaders in the drugstore channel have.' … The boards of Rite Aid and Jean Coutu approved the Rite Aid deal, but it still requires a review by antitrust regulators and the approval of Rite Aid shareholders. … In a conference call with analysts, Lehman Brothers analyst Meredith Adler questioned whether the deal would pass muster with antitrust regulators because of the 'significant overlap' in the location of the companies' stores. … Sammons would not speculate about how the proposed deal might fare with regulators."

Bloomberg (8/25, Fineman) reports, "About 70 percent of the acquired stores are located where Rite Aid already operates. Sammons declined to say whether antitrust regulators may force Rite Aid to sell some locations."

The Wall Street Journal (8/25) reports, "Over the past few years, Rite Aid has been rebounding from an accounting scandal in which it admitted that it overstated profits by more than $1 billion from 1997 to 1999. The company said it committed a host of wrongs, including manipulating costs and hiding depreciation expenses. Rite Aid's former chairman and chief executive, Martin L. Grass, is serving a seven-year prison sentence for his role. … Rite Aid's recovery has been bumpy. While sales have been rising recently, profits have been erratic, it remains laden with debt and efforts to expand in existing markets have been costly. In its first quarter, net income fell 67%, as expenses to open new stores more than offset sales growth."

The New York Times (8/25, Austen) reports, "Rite Aid is still dealing with the aftereffects of an accounting scandal in which six executives including a former chief executive, Martin Grass, were convicted of crimes after inflating the company's earnings by $1.6 billion. … Many analysts also view Rite Aid as a weaker player than the market leaders CVS, which also acquired a number of Eckerd stores in 2004, and Walgreen. In a note to investors issued Thursday, John Heinbockel, a Goldman Sachs analyst, called Rite Aid a 'still underperforming and highly leveraged company.'"

USA Today (8/25, Schmit) reports, "The big three drugstore chains have all stepped up acquisitions. Walgreen recently agreed to buy the 76-store Happy Harry's chain. CVS recently absorbed 701 drugstores from Albertsons. At the same time, mass merchandisers, including Wal-Mart, and supermarkets continue to add pharmacies. Last year, supermarkets and mass merchandisers accounted for 30% of pharmacies, up from 15% in 1990, the chain drugstore association says."

British Airways Asks EU To Dismantle Airports Operator. AFP (8/25) reports, "British Airways has called for an in-depth competition probe into the country's airports sector which should lead to the break-up of airports operator BAA." AFP continues, "BAA, which runs seven British airports including the three London airports of Heathrow, Gatwick and Stansted, defended the current ownership structure. .. . No-frills carrier easyJet also appealed on Thursday for the dismantling of BAA and warned that tougher

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regulation was needed." AFP adds, "Regulators at the Office of Fair Trading (OFT) had announced in June a preliminary investigation into the market position of BAA, which is owned by a consortium led by the Spanish construction group Ferrovial. .. . 'British Airways is calling on the Office of Fair Trading to refer its study on the UK airports market to the Competition Commission because of its concerns about current airport regulation and ownership,' BA said in a statement Thursday. … 'Separate ownership of London Heathrow and London Stansted airports should be considered by the Competition Commission. … The airline believes that decisions on new runway construction in South East England should not be concentrated in the hands of one company.' … Almost two-thirds of British air passengers begin or end their journey at BAA's airports, according to the OFT. Within the London area nine out of ten passengers fly through a BAA airport."

Italian Bank Consolidation Set To Accelerate. The Wall Street Journal (8/25, Meichtry, Taylor) reports, "The long-awaited marriages involving Italy's big banks may finally be at hand. … Banca Intesa SpA and Sanpaolo IMI SpA called separate board meetings for tomorrow to discuss a possible merger of two banks with a total market value of more than €50 billion, or about $65 billion, potentially accelerating the consolidation of the country's lucrative but fragmented banking sector." The Journal continues, "A tie-up between Italy's No. 2 and No. 3 banks by market capitalization, after Unicredito SpA, would redraw the Italian banking map and create the country's largest retail bank by number of branches. It also could open further expansion possibilities in Italy to foreign banks." The Journal adds, "Italy, where banking fees are among the highest in Europe, is one of the most attractive markets on the Continent for foreign banks. The country's new top banking regulator, Bank of Italy Gov. Mario Draghi, has been trying to open the sector to foreign investment while simultaneously urging Italian banks to undertake domestic consolidation. A marriage between two of the country's top banks could provide momentum for smaller Italian banks to search for partners as well."

LATimes Criticizes Barriers In Way Of FCC Media Ownership Rules. The Los Angeles Times (8/25, 918K) says in an editorial, "Media companies in this country face unreasonable government restrictions on their activities. Yet for the Federal Communications Commission, rewriting the ownership limits for television and radio stations has been a labor fit for Sisyphus. The commission updates the rules every few years, as required by law, only to have a federal appeals court or Congress smack them down." The "latest go-round started when the commission announced in June that it would reconsider some of its rules limiting what companies can own. The FCC had tried to ease or eliminate these limits in 2003, only to have its actions blocked by the U.S. 3rd Circuit Court of Appeals." The Senate, "prodded by a motley alliance of anti-corporate zealots and conservative activists who think local media tycoons are less liberal than national media tycoons, also intervened." Media ownership "restraints seek to preserve a healthy competition of distinct voices, but the rules developed over the decades are woefully outdated."

ENVIRONMENT:

DOJ Fines Alcoa For Pollution Violations. The Dallas Morning News (8/25, Loftis) reports, "The U.S. Justice Department has demanded almost $9.2 million in penalties from Alcoa Inc. for nearly 2,000 alleged violations of pollution limits at the aluminum company's giant smelter northeast of Austin." The News continues, "The emissions in question come from Alcoa's three-unit, coal-burning power plant, which supplies electricity to the aluminum smelter near Rockdale in Milam County. The smelter is the largest in North America, and emissions from the plant often drift north to the Dallas-Fort Worth area. … Alcoa's power plant was the target of lawsuits filed by environmental groups in 2001 and by the Justice Department in 2003. The suits alleged violations of the federal Clean Air Act." The News adds, "A 2003 settlement among the Justice Department, Alcoa and three environmental groups – Neighbors for Neighbors, Environmental Defense and Public Citizen – required Alcoa to retrofit its power units with modern pollution controls, replace them with a new, cleaner-burning plant, or shut them down altogether. … Alcoa chose to replace them. The replacement plant is among the 16 new coal-burning units that power companies plan to build in Texas. Alcoa and Dallas-based TXU announced last year that they were collaborating on the replacement, but they have not reached a formal agreement, Alcoa spokesman Jim Hodson said. … The settlement required pollution reductions from the existing power units until Alcoa replaces them."

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Cox News Service (8/25, Price) reports, "On Friday, environmental groups and the federal Department of Justice will square off against Alcoa, a Pittsburgh company that runs an enormous aluminum smelting operation in Rockdale, in a federal district court in Austin over whether it may put off pollution controls at its facility. In July the justice department fined Alcoa $9.2 million for exceeding pollution limits at the plants that power the smelters. … And on Wednesday a pair of judges recommended that TXU Corporation, the biggest producer of electricity in the state and a company that is proposing 11 new and expanded plants around Texas, be denied an air permit for its proposed Oak Grove power plant near Franklin, north of Bryan." Cox adds, "The Alcoa case involves a collision of interests stemming from a 2003 settlement between the company and three citizens groups that alleged it had illegally released more than one million tons of air pollution over a 17-year period. … As part of the settlement Alcoa was required to pay a fine of $1.5 million and to spend $2.5 million on environmental mitigation projects in Central Texas. The company also opted to build new power units to replace its old ones."

9th Circuit Panel Declines To Block Oregon River Dredging. The AP (8/25, Fought) reports, "A federal appeals court has rejected an attempt by environmentalists to block the dredging of 103 miles (165 kilometers) of the Columbia River." The AP continues, "The work is designed to give new, larger oceangoing vessels access to Portland and other ports, helping them compete for Pacific Rim business. … The project could be finished in two to four years, depending on how fast Congress supplies money, the U.S. Army Corps of Engineers said." The AP adds, "In a 2-1 decision Wednesday, a panel of the 9th U.S. Circuit Court of Appeals said a lower court correctly decided that the corps had taken the 'hard look' that environmental laws require to protect salmon in the river. … The decision also called the corps' measurement of costs and benefits realistic. … The dissenter, Judge Betty Fletcher, said the corps had done suspect analysis of the project's impact on beach erosion and river pollution, and its economic reasoning was flawed."

Investigators' Probe Alterations To Critical Report On BP's Pipeline Management. The Wall Street Journal (8/25, A2, Carlton, 2.03M) reports, "Federal investigators are probing changes made to a report commissioned by Alaska state officials on [BP's] operations there. The changes were made after the oil giant complained the report was overly negative." BP "is under scrutiny by U.S. and state agencies for how it handled corrosion and potential leak issues" at its pipelines at the Prudhoe Bay field. The Journal says, "Copies of the original and final versions of the 2002 report by Coffman Engineers, which was commissioned by and filed with a state agency to evaluate BP's pipeline management, show several instances in which critical commentary is deleted or replaced with positive comments." The "changes were made to the document after BP officials submitted a critique of the original version, calling it 'biased and unduly negative,' according to documents viewed by the Journal."

New DOE Standards Draw Criticism. The Christian Science Monitor (8/25, Clayton, 58K) reports, "Long accused of dragging its feet on raising energy-efficiency standards for products, the Bush administration has proposed its first such standard." The proposal, which has "attracted little attention," "deals with transformers - those ubiquitous gray canisters that hang from utility poles and could save the nation billions of dollars if they were upgraded." The Monitor says, "Besides saving an estimated $9 billion in electricity costs, the Bush administration standard, unveiled Aug. 4, may also eliminate the need to build 11 new power plants over a 28-year period, the Department of Energy (DOE) reports. They would also reduce pollution and boost the reliability of the nation's electric grid." However, "energy and environment advocates say DOE has opted for 'a very weak proposal' - one that fails to save additional mountains of energy and pollution that a slightly tougher regulation would achieve for about the same cost. The tougher standard would save much more than the DOE proposal over 28 years - about 120 billion kilowatt hours of electricity - or enough energy to power 10 percent of US households for a year, they say."

California Poised To Enact Tough Global Warming Legislation. USA Today (8/25, A6, Ritter, 2.27M) reports California, which "has led the nation on many environmental issues," is now "poised to grab the initiative on one mostly ignored in Washington: global warming." In California's Legislature, "two bills nearing passage" would "authorize the USA's broadest crackdown on 'greenhouse gases.'" One bill creates "the first mandatory caps, requiring companies to cut emissions to 1990 levels by 2020," while

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the other bill "would bar California utilities from buying electricity from out-of-state power plants that generate large quantities of carbon dioxide." Gov. Arnold Schwarzenegger (R) "has made global warming a campaign issue."

WSJournal Criticizes Timing Of EPA Diesel Mandate. In an editorial, the Wall Street Journal (8/25, 2.03M) writes, "Truck drivers in the Rocky Mountain states have recently been parking their rigs, thanks to a diesel fuel shortage that has forced rationing at stations and raised prices by nearly 40 cents a gallon since early July. Welcome to the latest government-inspired energy mess." The Journal writes, "Behind the diesel dry-up is yet another federal mandate, an EPA order that 80% of diesel production after June 1 meet new 'ultra-low-sulfur' requirements." The Journal says, "the timing of the rule's imposition is terrible, since refineries, fuel terminals and pipelines haven't been able to make or distribute enough of the new stuff to replace the older product. This is also the height of the agriculture harvest season, when diesel demand is especially high." The Journal writes, "The refining industry warned Congress and regulators that the multiplicity of mandates would do this damage, but the Bush Administration and GOP leaders chose to accept the Clinton-era mandates. Americans are paying the price, and right around election time. Sometimes we think Republicans are trying to lose Congress this year."

FBI/DEA/ATF/USMS:

DOJ Nears Settlement Of FBI Snitch Case. The California Recorder (8/25, Scheck) reports, "In the year since a federal agent took the Fifth on U.S. District Judge Charles Breyer's witness stand, the underlying cocaine and methamphetamine case has been a relentless perturbation for San Francisco federal prosecutors. … But at a Wednesday hearing it seemed that irritation may end soon, thanks to the Justice Department's apparent willingness to pay the problems away. Both sides told Breyer that a settlement in the defense's pursuit of attorney fees is expected within six weeks — which will apparently prevent U.S. Attorney Kevin Ryan and a number of his deputies from being deposed." The Recorder continues, "The drug case against Nabil Ismael turned into a mess last summer when Drug Enforcement Administration agent Dwayne Bareng contradicted himself on the stand, first denying — and later admitting — that he knew the FBI had fired a snitch at the center of the case due to credibility issues. … The U.S. attorney's office declined to dismiss the case then, forcing Bareng to undergo further cross-examination by Ismael's attorney, Ian Loveseth. Eventually, Bareng took the Fifth, upsetting Breyer and forcing the prosecutors to dismiss the case." The Recorder adds, "Things just got worse after that. At the prodding of a frustrated Breyer, the Justice Department began an investigation into whether the DEA handled the troubled snitch properly. … And then Loveseth filed a motion under the Hyde Amendment, a rarely invoked law allowing defendants to recoup attorney's fees in cases where they were improperly prosecuted. .. . In February, Breyer ordered that Loveseth be be allowed to depose Ryan, top deputy Eumi Choi and four other prosecutors in connection with the fee request. … Those depositions were not scheduled, though, as Loveseth and Patrick McLaughlin — an assistant U.S. attorney in the Central District of California who is now handling the case — tried to negotiate a settlement."

DOJ, ATF To Help Train California Police In Anti-Gang Violence Initiative. The Sacramento Bee (8/25, Lillis, Minugh) reports, "Federal law enforcement agencies will begin helping local law enforcement agencies combat the recent spike in violent crime, authorities said Thursday." The Bee continues, "The U.S. attorney's office and the federal Department of Alcohol, Tobacco, Firearms and Explosives will provide money and training as local authorities try to tackle gang violence linked to an increase in homicides, officials said. … The program is part of a 'heightened interest' in battling violent crime in Sacramento, said R. Graham Barlowe, the resident agent in charge of ATF's Sacramento field office. … 'There are long-term and short-term programs because people are dying in the streets and, ultimately, people look to law enforcement to prevent that from happening,' Barlowe said." The Bee adds, "U.S. Attorney McGregor Scott said the agencies have met several times in the last month 'to fashion new strategies' for addressing the recent crime spike. … The agencies will take a three-pronged approach, Scott said. First, the Sacramento police and sheriff's departments will receive an undetermined amount of federal funds to help in areas such as overtime and undercover work. … Second, federal and local agencies will work together in field operations, and lastly, Scott's office will work with the Sacramento County District Attorney's Office on prosecution strategies to yield the longest sentences. … He

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said the focus will be on violent criminals, particularly violent gang members."

Accused Drug Dealer Arrested In Chicago Fentanyl-Laced Heroin Case. On its Web site, WMAQ-TV, Chicago (8/24) reports Franklin Park Deputy Chief Jack Krecker's son Joe was found dead in vehicle last June from a fentanyl-laced heroin overdose. On Thursday, Krecker and others "announced that an arrest had been made in the Krecker case thanks to an undercover operation, witnesses and phone records. In a move that is a first for Chicago, the drug dealer that allegedly sold Krecker's son heroin will be charged with drug-induced homicide." The DEA's involvement in the investigation is noted by the superintendent.

The New York Times (8/25, Ferkenhoff) reports the homicide charge "was the first to stem from an investigation into numerous deaths attributed in part to the drug. … Police officials say that gangs and drug dealers have been so spooked by the investigations by local and federal officials and by increased patrols that they are often forcing buyers to use the drug inside the apartments where it is sold, in front of them, to avoid detection."

According to the AP (8/25), a reputed gang member "was charged Thursday with drug-induced homicide for allegedly selling a fatal batch of fentanyl-laced heroin to a police chief's son. Corey Crump, 35, is accused of selling the tainted heroin to 17-year-old Joseph Krecker and was ordered held on $80,000 bond during a court hearing Thursday."

Local TV Coverage. WLS-TV, Chicago (8/24, 6:00 p.m.) reported, "An alleged drug dealer [is] charged with drug-induced homicide in the death of a high-ranking police deputy's son. [The] 17-year-old died in June after taking heroin laced with the painkiller fentanyl. So far, 180 people in Cook County have died from using that drug combination. 35-year-old Cory Crump was charged with drug-induced homicide."

WGN-TV, Chicago (8/24, 9:00 p.m.) added, "Police say this is the first murder charge connected to the fentanyl-laced heroine deaths."

Purity Of Heroin Linked To More Deaths, Overdoses. The Press of Atlantic City (8/24) reports an extremely pure batch of heroin "has caused a dramatic increase in the number of deaths from drug and alcohol overdoses in Ocean County this year. At this time last year, there had been 33 fatal overdoses since Jan. 1. This year, 53 people have died from an overload of drugs, alcohol or a combination of the two. … County officials said that the heroin being used in Ocean County is different from the heroin that has been linked to a slew of recent overdoses in Cape May County. That heroin is believed to be coming from Philadelphia and contained the synthetic drug fentanyl."

The Newark(NJ) Star Ledger (8/24, Spoto) reports deaths "occurred in 17 of the county's 33 municipalities, with Dover Township, at 12, seeing the highest, followed by six in neighboring Brick Township."

Fentanyl Use Suspected In At Least 15 Missouri Overdoses. The AP (8/24) reports Franklin County officials "are trying to track down the source of drugs linked to at least 15 overdoses, including one that was fatal. And they believe the painkiller fentanyl - or heroin laced with fentanyl - may be at the root of the problem. … Most of the overdoses have occurred in and around Washington, Villa Ridge, Labadie and Pacific. … County authorities are working with the Drug Enforcement Administration to trace the source of the drug."

In Tennessee, Two Plead Guilty In Marijuana Conspiracy. The Knoxville (TN) News Sentinel (8/24) reports the brother and sister-in-law of a prominent Knoxville businessman "pleaded guilty...to federal charges involving a massive marijuana distribution network. Market Square entrepreneur Scott West and his wife also are expected to enter guilty pleas in the case in the coming weeks. James Michael West, 42, pleaded guilty to charges he bought and peddled tons of marijuana in more than a decade and laundered millions in drug money by investing in Market Square properties and businesses operated by his brother and other family members." The News Sentinel adds, "Authorities, including agents with the U.S. Drug Enforcement Administration and the Internal Revenue Service, seized $206,816 from three locations under Mike West's control."

In a separate story, the Knoxville (TN) News Sentinel (8/25) writes, "In both cases, the agreed penalty ranges represent a significant break given the staggering amount of dope and money involved in the long-running conspiracy that spanned more than a decade and involved pot customers in states including Arizona, Florida, Georgia and Tennessee. The pleas come just weeks after a federal grand jury issued a beefed-up indictment in the case, investigated by agencies including the U.S. Drug Enforcement Administration and the Internal Revenue Service."

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Federal Jury Convicts Tampa Man Guilty In Marijuana Farms Case. The St. Petersburg Times (8/24) reports a federal jury "found a Tampa businessman guilty of conspiracy for his role in a plan to create indoor marijuana farms in some of Tampa Bay's nicest neighborhoods. Herbert Ferrell Jr., 54, faces a minimum of 10 years in prison when he is sentenced by U.S. District Judge James Moody on Dec. 7. … Ferrell was one of 11 people, mostly from Tampa, charged on a federal indictment in December with conspiracy to possess with intent to distribute more than 1,000 marijuana plants. … Drug enforcement agents used undercover informants to get inside information about the indoor farms in at least 10 purchased and rented houses and apartments in Hillsborough, Pasco and Hernando counties."

Michigan Doctor Gets 5-Year Sentence For Illegally Writing Prescriptions. The AP (8/25) reports a doctor who "pleaded guilty to illegally writing prescriptions...was sentenced Thursday to five years in prison. Dr. Stuart W. Bilyeu, 45, of Ann Arbor, must also serve three years' probation when he is released. Bilyeu pleaded guilty in April to one count of illegal distribution of a prescription drug and admitted he illegally prescribed more than 60,000 doses of narcotics." The DEA "began investigating Bilyeu in 2003 after pharmacists and police noted the number of prescriptions he was issuing."

Report: Another Sprinter Coached By Trevor Graham Fails Drug Test. The AP (8/25) reports another track athlete "coached by Trevor Graham has tested positive for banned performance-enhancing drugs. Sprinter LaTasha Jenkins tested positive for the anabolic steroid nandrolone in July, a source familiar with the results told The Associated Press on Thursday. Only the 'A' test has been conducted, said the source, who asked not to be identified because the results have not officially been made public."

Drug Gangs Suspected Of Attacking Newspaper In Cancun. The AP (8/25) reports assailants "threw grenades at the offices of a newspaper in the resort city of Cancun in the latest in a series of attacks on news outlets across Mexico, police said Thursday. Several grenades hit the offices of the daily Por Esto! late Wednesday, damaging the front of the building but causing no injuries, said Bello Melchor Rodriguez Carrillo, the attorney general of Quintana Roo state where Cancun is located. Rodriguez said drug gangs may have been behind the attack. Por Esto! has done extensive reporting on drug selling and trafficking in the Caribbean resort, which is used as a route for Colombian cocaine heading to the United States."

Two Hotels Seized By Ecuador Police Investigating Cocaine Trafficking. The AP (8/24) reports Ecuador police "took control of two exclusive hotels Thursday as part of a cocaine-trafficking and money-laundering investigation. One of the hotels, the Radisson Hotel in Quito, has been under police custody since Wednesday night, although it remained open and appeared to be operating normally. … Ten people, including the owners of 45% of the stock in the Hotel Radisson in Quito, were detained in Colombia and three other people were arrested in Ecuador's capital."

TAX:

Experts Say Bar On Taxing Emotional Damage Awards May Lead To More Tax Challenges. Bloomberg (8/25, Donmoyer) reports, "A federal appeals court decision that cited the Constitution to bar the government from taxing some types of damage awards may encourage challenges to other sections of U.S. tax law, legal experts said." Bloomberg continues, "The U.S. Court of Appeals for the D.C. Circuit in Washington ruled this week that the government cannot collect taxes on damage awards for non-physical compensatory damages such as emotional distress or injury to reputation. The court struck down as unconstitutional a provision of a 1996 law allowing taxation of such awards." Bloomberg adds, "Tax law experts said the ruling will encourage legal challenges to other parts of the tax code defining what income can be taxed. … They also said the government is likely to appeal the decision to the Supreme Court. … 'It's certainly going to launch a thousand constitutionality arguments that people would have thought laughable before,' said Yale University law school Professor Michael Graetz, a former tax official in President George H. W. Bush's administration. … The D.C. Circuit hears most appeals of federal government regulatory decisions. Graetz said the government may ask the full 10-member D.C. Circuit to review the decision of the three-judge panel, though he said it would be unusual for the court to agree to a review

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because Chief Judge Douglas H. Ginsburg wrote the decision and there was no dissent."

Court Rules DC Partnerships Were Not Illegally Taxed. The Washington Post (8/25, D1, Elboghdady) reports, "The D.C. Court of Appeals yesterday ruled that the District did not illegally tax the personal income of several nonresident businessmen with partnerships in the city, reversing a lower court decision that could have cost the city tens of millions of dollars in business taxes." The Post continues, "The opinion yesterday found that the District did not break federal law when it imposed an "unincorporated-business-franchise tax" on real estate partnerships that do business in the District and pass on their profit to partners who do not live in the District. … 'We are gratified that the court of Appeals has vindicated the District,' Sherryl Hobbs Newman, deputy chief financial officer for tax and revenue, said in a statement. 'This is a victory for all District residents.'" The Post adds, "The case involved Kenneth Bender and other members of a prominent area real estate family who sued the District and sought a refund of about $240,000 for taxes they paid over three years on income from their interests in companies including Jack I. Bender & Sons, Rhode Island and M Associates, and Twelfth and L Streets LP. … A trial court judge ruled in their favor in March, and several observers suggested that the decision would create a huge loss in revenue for the D.C. government. Many real estate developers and owners operate in the District through partnerships but live elsewhere. … The partners who filed the suit argued that the two laws that govern unincorporated-business taxes -- the Home Rule Act and the Tax Act of 1947 -- were inconsistent. The appeals court disagreed."

States Begin To Shift Property Tax Burden Elsewhere. In a front page story, USA Today (8/25, Cauchon, 2.27M) reports, "At least 10 states have cut property taxes this year or are preparing to do so, part of a tax mini-rebellion that has been brewing alongside higher home prices." But the states "are raising other taxes, especially the sales tax, and spending budget surpluses to replace" lost tax revenue. That "makes the trend more of a tax shift than a net tax cut. Political leaders are pledging that local government and schools, which depend on property taxes, will be protected." In a 2006 survey, the Tax Foundation "found 39% considered" property tax "the worst" state or local tax.

In an analysis piece, USA Today (8/25, A7, Cauchon, 2.27M) adds that "fallout from property tax cuts is wide and complicated. The changes are shifting public school financing from locally controlled property taxes to state-controlled sales and income taxes." Dartmouth College economist William Fischel "says support for the property tax has been undermined by court decisions that have required states to equalize spending between rich and poor school districts. He says homeowners resent their property taxes being sent to other communities."

CONGRESS-ADMINISTRATION:

FDA Approves Over-The-Counter Sale Of Morning-After Pill. The FDA's decision to approve the over-the-counter sale of Plan B generated extensive media coverage. All three networks led with the news and ran follow-up pieces on it, while major newspapers this morning carry the story on their front pages. The FDA move is being described in positive terms in most reports. Typical of the coverage was NBC Nightly News (8/24, lead story, 2:55, Williams, 9.87M), which said, "Women in this country who wish to avoid a pregnancy have a new option available to them over the counter." The decision is also being cast as a loss for social conservatives and a victory for pro-choice activists -- particularly Democratic Sens. Hillary Clinton and Patty Murray. In fact, President Bush, according to some reports, risks losing religious conservative support over the decision. The CBS Evening News (8/24, lead story, 2:35, Andrews, 7.66M) said that behind the scenes, the Administration tried to get religious conservatives to support the over-18 sales of Plan B., but that was a no-go. So on this issue, two months before the election, the President just abandoned his base." CNN's The Situation Room (8/24, Quijano) also said the President "is raising the ire of social conservatives for his stand on Plan B." Today, the "reaction to the official decision coming from White House Deputy Press Secretary Dana Perino, in a statement saying the President, quote, 'appreciates that the FDA did an exhaustive review, that they recognize the critical distinction between minors and adults, and the risks a drug like this can pose. The FDA made clear that it will insist on stringent conditions and restrictions on access to reduce both health risks and opportunities for abuse, especially to protect minors.' But conservatives, who are, of course, a critical element of support for the Republican base, are not happy."

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ABC World News Tonight (8/24, lead story, 2:55, Yen, 8.78M) reported, "The morning after pill has been at the center of the debate over reproductive rights. Some critics say it will make women more likely to engage in unsafe sex." Wendy Wright, President, and Concerned Women of America: "Making this drug non prescription gives a false sense of security." But "some Democrats are calling the decision a victory for women's health." Sen. Clinton was shown saying, "I think today is a good day for the FDA. They have done the right thing making it available for women 18 and over." The Chicago Tribune (8/25, Graham, 623K) notes Clinton and Murray "called the agency's decision 'an important step in restoring the American people's faith in the FDA' and said they would lift their hold on the nomination of Dr. Andrew von Eschenbach to become commissioner of the agency."

The Baltimore Sun (8/25, Rockoff, 262K) reports "conservative opponents complained that the FDA had buckled to political pressure," while the Wall Street Journal (8/25, Mathews, Martinez, 2.03M) says "the move could become an election-campaign issue," but "for the FDA itself, the decision resolves a long-running and politically contentious issue. The original Plan B application had requested over-the-counter status, regardless of age. An FDA advisory committee voted in December 2003 to support that request. Memos that later leaked out showed that the head of the agency's own office of new drugs, as well as other reviewers, agreed. But in May 2004, the FDA's Dr. Galson rejected the change, citing the lack of data about the youngest teens."

The New York Times (8/25, Harris, 1.21M) quotes Rev. Thomas J. Euteneuer, president of Human Life International, "an anti-abortion group based in Virginia," saying, ""Let there be no mistake about it. Today's decision lies at the feet of President Bush and has created a lasting rift with the Catholic faithful who comprise a large part of his support base." In a briefing on Monday, Bush "was asked whether he supported the intention by Andrew C. von Eschenbach, acting commissioner of the F.D.A., to approve over-the-counter sales of Plan B. 'I support Andy's decision,' he replied, a rare moment when a president addressed an application pending before the drug agency."

The CBS Evening News (8/24, lead story, 2:35, Andrews, 7.66M) cast the FDA move as a compromise, reporting, "In a compromise decision rife with politics, the FDA relaxed the rules on emergency contraception, allowing over-the-counter sales of pill called Plan B to women over 18 but requiring a prescription for women under 18." CBS added, "Politically, this was a defeat for conservatives. Three years ago, FDA scientists called Plan B safe but complained that religious pressure was blocking the drug's approval. This year, to force a decision, Senator Hillary Clinton blocked the confirmation of the White House choice for FDA commissioner. Today, she won." Sen. Hillary Clinton: "I just think this is a good sign that maybe we're going to be back on the right track, to have nonpolitical decisions made."

The Washington Post (8/25, A4, Stein, 748K) reports, "Steven Galson, director of the FDA's center for drug evaluation and research, defended the agency's handling of the issue in a briefing for reporters. She said officials took the time needed to evaluate the complicated issues and develop a plan that would make the drug available safely." The FDA decision "does not resolve other controversial issues swirling around the pills, including the refusal of hospitals run by religious organizations to offer them, of some pharmacies to stock them and of some antiabortion pharmacists to dispense them."

The Financial Times (8/25, Bowe) says "legal questions could yet surface over the approval, according to an expert. One question is whether the FDA has legal authority to authorise both prescription and non-prescription labelling on one drug package. In addition, such 'behind-the-counter' status for the sale of drugs is not clearly defined in FDA's mandate." Along those lines, the Washington Times (8/25, Price, 88K) reports the Family Research Council "said yesterday that it is 'pursuing legal and legislative options' to overturn the FDA's decision, claiming the agency exceeded its rule-making authority, which it contends belongs to Congress and state legislatures, by granting Barr Laboratories' request to allow over-the-counter sales of the contraceptive."

The AP (8/25, Bridges), Bloomberg (8/25, Blum, Pettypiece), Los Angeles Times (8/26, Gallene, Neuman, 918K) and USA Today (8/25, Rubin, 2.27M), among other newspapers, also report on the FDA decision.

More Commentary. The New York Times (8/25, 1.21M), in an editorial, calls the decision "an acceptable compromise that will at least make them readily available to women 18 and older." The news "is also a reminder of how long the administration has blocked this sensible move simply to placate religious and social conservatives who consider the pills akin to abortion or an inducement to unprotected sex."

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The Washington Post (8/25, A16, 748K) editorializes, "Only with Mr. von Eschenbach's nomination held up in the Senate as leverage did the issue get resolved. While the FDA has ultimately come up with a reasonable position, this is no way to make important decisions on science and public health."

Keisler Nomination To DC Circuit Raises Concerns About Previous Partisanship. The Legal Times (8/25, Mclure) reports, "In the spring of 1987, President Ronald Reagan was facing a storm of criticism for his belated response to the AIDS epidemic. In response, the White House had decided to form a presidential commission on AIDS, and a draft of an executive order establishing the group was circulating among the president's staff." The Times continues, "Peter Keisler, then a 26-year-old lawyer in the White House, took issue with one particular part of the draft calling for members of the AIDS commission to be 'distinguished individuals who have extensive experience in the fields of medicine, epidemiology, virology, law and medicine, public health, and related disciplines.' … 'Membership on the Commission is likely to be a hot political issue,' Keisler wrote to his boss, White House counsel Arthur Culvahouse Jr. 'The Administration may wish to allow itself maximum flexibility in the selection of the members.'" The Times adds, "A change in the executive order was made. And when the membership in Reagan's 12-member commission was announced, its ranks included not only physicians and academics but also Cardinal John O'Connor, head of the Roman Catholic Archdiocese of New York and an outspoken opponent both of anti-discrimination laws designed to protect gays and of the use of condoms. It also included a sex therapist who said she believed AIDS could be transmitted via toilet seats and mosquitoes, as well as Richard DeVos -- founder of Amway Corp. … As a nominee for a seat on the U.S. Court of Appeals for the D.C. Circuit, Keisler is under scrutiny for his history in the Reagan White House -- as well as his tenure in his current position as head of the Justice Department's Civil Division. Democrats on the Senate Judiciary Committee have voiced opposition to the haste with which Keisler's nomination was brought to a hearing. Nominated on June 29, Keisler received a hearing in just 32 days. … 'It appears we are trying to break the land-speed record for confirming a nominee to the second-highest court in the land,' said Sen. Charles Schumer, D-N.Y., at Keisler's confirmation hearing earlier this month."

Faith Initiative Said To Rank Low In White House Priorities. The Washington Post (8/25, A15, Cooperman, 748K) reports the White House announced Jay F. Hein's appointment "at 6:30 p.m. on a Thursday three weeks ago, the kind of timing usually reserved for news the administration wants to bury." Hein "is the new director of the White House Office of Faith-Based and Community Initiatives, the third person since 2000 who has headed President Bush's effort to help religious groups win public funding to counsel addicts, mentor prisoners' children and provide other social services. Before he took up his duties this week, the position had been vacant for more than two months." The Post adds, "To some supporters of the president's 'faith-based initiative,' those circumstances are a stark indicator of how low one of Bush's signature programs has fallen in the priorities of his second-term, wartime administration. 'It's part of a continuing story of ambivalence. It's hard to look at the evidence and see any real passion for the initiative from the White House,' said J. David Kuo, a former deputy director of the White House's faith-based office." The Post also reports, "In contrast to his sometimes-flamboyant predecessors, Hein is a 'very orderly and businesslike person' who is well-suited to run the faith-based effort for the remaining 18 months of the Bush administration, said William A. Schambra, an expert on philanthropy at the Hudson Institute, a think tank where Hein once worked."

Bush On Vacation In Kennebunkport. NBC Nightly News (8/24, story 11, 0:30, Williams, 9.87M) reported, "These are the doing days of August. Just about the height of the summer vacation. This is includes the President. For the first time in two years he is vacationing with his folks at the family home in Maine. The President is a 60-year-old man and for him to have both of his parents that is very rare. Among US presidents only John Kennedy and President Ulysses S. Grant had both of their parents live long enough to see their sons take the oath of office. Say nothing of a summer vacation together."

The AP (8/25, Loven) says Bush "went fishing Thursday off the rocky coast of Maine where his great-grandfather built an oceanfront estate that has become entwined with American presidential history. Beginning a long family weekend, Bush first met privately at a local elementary school with the families of five soldiers killed in Iraq, Afghanistan and at the Pentagon on Sept. 11, 2001." Then "he settled in at the

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more than 100-year-old family compound at Walker's Point, a craggy finger of rock that juts into the ocean."

The Washington Post (8/25, A3, Baker, 748K) also reports on Bush's vacation under the headline "Family Time At Kennebunkport," and says the President will "find the volatile domestic debate over the war in Iraq following him here as protesters aligned with peace activist Cindy Sheehan plan to picket a Bush family wedding Saturday. Sheehan and her supporters have made it their mission to follow the president on his vacations to confront him about the war."

The Los Angeles Times (8/25, Gerstenzang, 918K), in a story headlined "Bush Would Rather Be Relaxing in Texas," reports that for Bush, Kennebunkport "is the un-Crawford. … More important than privacy, though, is the fact that since Bush moved to Crawford from Austin in 2000, shortly before entering the White House, Prairie Chapel Ranch has represented a touchstone for Bush -- as fitting for him politically as his work boots and jeans are to the ranch land he is always trying to tame."

Virginia Officials Didn't Close HOV Lanes For Bush Motorcade. The Washington Post (8/25, B1, Shear, 748K) reports, "On Tuesday, the Secret Service asked Virginia officials if they would be kind enough to shut down all of the HOV lanes on I-395 from 1 to 7 p.m. the next day so President Bush could get where he needed to be, according to state officials who spoke on condition of anonymity because of the sensitivity of discussing the president's travel." The request "was made ahead of a fundraiser for Sen. George Allen (R) held at 5:30 p.m. Wednesday at a house near Mount Vernon -- a good hour's drive from 1600 Pennsylvania Ave. during a typical rush hour. The request came into Virginia's Smart Traffic Center on Tuesday morning, one official said." White House spokeswoman Dana Perino "referred calls to the Secret Service, saying the president's staff stays out of such decisions and leaves them to the security experts. Secret Service spokesman Jim Mackin said that 'certainly, closing down the HOV was one of the options that was being discussed.'" Mackin said that "by 7 p.m., the decision was made" that the President "would find another way to the fundraiser. … When all was said and done, the president did what just about all Northern Virginia motorists probably wish they could do. He flew over rush hour in a helicopter."

Congress Holds Medicare Payments For New Budget Year. The AP (8/25) reports the Bush administration "says it will not make any Medicare reimbursements to hospitals, doctors and scores of other providers during the last nine days of the current budget year, from Sept. 22-30." Congress "ordered the hold." Instead, the providers "will get paid in full after the new budget year begins Oct. 1." By delaying payments, the government "moves $5.2 billion in Medicare expenses to next year's budget, rather than the current one." Senate Finance Committee spokeswoman Jill Kozeny noted, "The alternative was to cut reimbursements to providers this year. With this payment shift we avoid that cut."

OTHER NEWS:

Report Adds To Evidence Of Slowing Housing Market. The CBS Evening News (8/24, story 6, 0:10, Schieffer, 7.66M) reported "another home sales report today shows the long housing boom is fizzled. Sales of new homes nationwide fell last month by 4.3%, other sharpest drop since February." NBC Nightly News (8/24, story 3, , Williams, 9.87M) said "the inventory of unsold homes across the country also climbed to a new record high."

The Wall Street Journal (8/25, Conkey, 2.03M) says the numbers '"suggest the downturn in the housing market is deepening and will continue to weigh on the economy. But a separate report from the Commerce Department on the manufacturing sector suggests businesses and consumers are still spending enough to produce modest economic growth."

USA Today/AP (8/25, Gordon) reports "analysts expect home sales to drop by about 10% this year." As a result, "prospective home buyers have turned cautious about making such a big-ticket purchase as mortgage rates have gone up and uncertainty has risen over whether the economy and job creation will keep slowing, analysts said."

The New York Times (8/25, Bajaj, Leonhardt, 1.21M) reports that "in California, the Northeast, South Florida and parts of the Southwest, deal sweeteners…are playing an increasingly important role in supporting home prices. From large national home builders to individual homeowners, many sellers are offering thousands of dollars in perks, including straight cash, so they do not have to slice deeply into asking prices." But "these discounts are almost entirely missing from

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the statistics on new-home prices reported by the government and on existing-home prices reported by the National Association of Realtors. As a result, home prices may now be falling, despite what the official numbers show, many economists say."

More Commentary. The Wall Street Journal (8/25, 2.03M) editorializes, "This is the housing market the Federal Reserve built. That is to say, the current slump in sales, new construction and prices is the aftermath of the astonishing and unsustainable housing boom that began in 2002. As the nearby chart shows, nationwide median prices for existing homes climbed by about 8% a year for three years running, reaching giddy double-digit heights in 2005." The "biggest single cause was Federal Reserve policy in the wake of September 11 and the collapse of the dot-com bubble. With business investment and confidence imploding, the Fed made a bet on the consumer to keep the economy afloat. Former Chairman Alan Greenspan and his mates drove short-term interest rates down to 1% and kept them there for a remarkable 12 months. Even when the Fed started to move rates up again, it did so at a slow and too deliberate pace." The housing "slide is already leading to the inevitable calls for the Fed to reverse course immediately and cut rates once again. But this is precisely the wrong lesson to learn."

In his column for the New York Times (8/25, 1.21M), Paul Krugman writes, "Bubble, bubble, Toll's in trouble," and discusses "indications that the long-feared housing bust has arrived." Krugman concludes that "housing has been the main engine of US economic growth over the past three years, and with that engine now going into reverse, it's hard to see how we can avoid a serious slowdown."

Stocks Rise Slightly. NBC Nightly News (8/24, story 10, 0:05, Williams, 9.87M) reported, "Here are the numbers from Wall Street today. The Dow was up six and a half points [to close at 11,304.46] and Nasdaq up two and a half [to close at 2,137.11]." The Financial Times (8/25, O'Doherty) says that "at the close, the S&P 500 was up 0.2 per cent, or 3.07 points." The Wall Street Journal (8/25, McDonald, 2.03M), among other newspapers, also reports the stock numbers.

Poll Finds GOP Seen As Less Friendly To Religion Than Last Year. The New York Times (8/25, Goodstein, 1.21M) reports a poll conducted for the Pew Forum on Religion and Public Life and the Pew Research Center for the People and the Press "shows that fewer Americans view the Republican Party as 'friendly to religion' than a year ago, with the decline particularly steep among Catholics and white evangelical Protestants — constituencies at the core of the Republicans' conservative Christian voting bloc." The survey "found that the proportion of Americans who say the Republican Party is friendly to religion fell 8 percentage points in the last year, to 47 percent from 55 percent. Among Catholics and white evangelical Protestants, the decline was 14 percentage points." The Democratic Party "suffers from the perception of an even more drastic religion deficit, but that is not new. Just 26 percent of poll respondents said the Democratic Party was friendly to religion, down from 29 percent last year." The poll was "conducted July 6-19 among 2,003 adults. The margin of sampling error was plus or minus three to four percentage points, depending on the question."

Only 26% View Democratic Party As Friendly To Religion. The Washington Times (8/25, Duin, 88K) reports the Pew poll shows "liberal or progressive Christians, who make up 34 percent of the population, are disunified on key issues, and only one out of four Americans considers the Democratic Party friendly to religion." No political party "welcomes the religious left with open arms. Twenty-six percent of those polled said the Democratic Party is friendly toward religion, 42 percent thought it was neutral and 20 percent thought it was unfriendly. Three years ago in a similar Pew poll, 42 percent said the party was friendly toward religion." Israel "gained support among all varieties of Christians, according to the poll. Forty-four percent of Americans supported Israel versus the 9 percent who support Palestinians. A subsequent Pew poll conducted Aug. 9 to 13 found 52 percent of Americans support Israel versus 11 percent for Palestinians."

Michigan Republicans Say GOP Indifference To Detroit Automakers Could Hurt In November. The Washington Times (8/25, Hurt, 88K) reports Michigan Republicans "say that their national party's dismissive attitude toward the Big Three automakers could doom the party's hopes of capturing the governor's mansion and Senate seat in a large blue state this November." Congressional Republicans "have belittled Detroit's woes in recent weeks, and President Bush has been less than sympathetic to their plight, saying that they should focus on building more 'relevant' vehicles." But "no slight has been more insulting here than the much-delayed meeting between Mr. Bush and the heads of Detroit's automakers to discuss

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U.S. trade policies and domestic issues such as health care costs, expensive pensions and other obligations to the federally protected autoworker unions." Republican gubernatorial candidate Dick DeVos said, "The administration is wrong on this issue. … The president needs to meet with the Big Three, and it must happen soon. 29,000 people in Michigan lost jobs last month."

Rove Speaks At Blackwell Fundraiser. The Toledo Blade (OH) (8/24, Tankersly, 136K) reported Karl Rove spoke at a fundraiser for Ohio gubernatorial candidate Ken Blackwell, but "the fund-raiser at the Inverness Club last night sounded and felt like a George W. Bush rally, circa 2004." Rove "peppered Democrats on taxes and national security, invoked the Sept. 11, 2001, terrorist attacks, and called the Iraq war 'the heart of the battle' in a global war against 'Islamic fascists.'" The 20-minute speech "echoed Mr. Bush's 2004 campaign themes. He said Mr. Bush would not abandon the war and said of terrorists to the audience: 'Who thinks if we come home, that they're not going to follow us?'" The event "raised $165,000 for Mr. Blackwell, the Republican candidate for governor, who used the occasion to highlight his plan to lease the Ohio Turnpike to private investors and to criticize his Democratic opponent, U.S. Rep. Ted Strickland of Lisbon."

Mehlman Doubts Iraq Will Cost GOP Congressional Majorities. CNN's The Situation Room (8/24, Blitzer) interviewed Republican National Committee Chairman Ken Mehlman. Asked if the Iraq war could cost the Republicans control of Congress, Mehlman said, "I don't think that's the case at all. … But, certainly, the war on terror is a critical issue in this election and many of the races. … If we were to do what most Democrats want to do, which is to cut and run and give the terrorists that kind of a victory, if we were to leave Iraq the way we left Vietnam, which, again, is what Mr. Zawahiri said his goal is, it would make America much less safe."

Casey Leads Santorum By Five Points In Keystone Poll. The AP (8/25, Hefling) reports Democrat Bob Casey "maintained a slight lead over Republican Sen. Rick Santorum in Pennsylvania, but more voters say they have a poor opinion of the challenger, according to an independent poll released Thursday." The new Keystone Poll "found Casey leading Santorum 44 percent to 39 percent among registered voters. Green Party candidate Carl Romanelli had 4 percent. Thirteen percent were undecided in the poll, which was conducted by Franklin & Marshall College between Aug. 16-21." In addition, 20 percent "said they had an unfavorable opinion of Casey, a seven-point increase. The number with a favorable opinion of him was virtually the same at 31 percent. Forty-nine percent didn't know or were undecided." In the gubernatorial race, "the latest poll detected an apparent widening in Democratic incumbent Ed Rendell's already huge lead over Republican challenger Lynn Swann. It showed Rendell leading Swann 53 percent to 34 percent, compared to a May poll that had him leading 49 percent to 34 percent."

Gillespie Says Santorum Will Beat Casey. On MSNBC's Hardball (8/24, Matthews), former Republican National Committee Chairman Ed Gillespie said he thought Sen. Rick Santorum would defeat Democrat Bob Casey adding, "If I were to pick -- make a list of the ten incumbent Republican senators or any senator that I wouldn't want to run against, Rick Santorum would be about one through ten. That guy is a tough campaigner -- he stands up to these people."

Chaffee Challenger's Fiscally Conservative Rhetoric Noted. USA Today (8/25, Wolf, 2.27M) reports Cranston, Rhode Island, Mayor Steve Laffey "boasts of the school crossing guards he fired, the senior center square dancing he curtailed, even the taxes he raised to balance this city's books. It's not the usual path to the U.S. Senate." What Laffey "will do, he says, is oppose pork-barrel spending — even if it's for Rhode Island." As the "war in Iraq, Hurricane Katrina and soaring health and retirement benefits send federal spending to record levels, fiscal righteousness has become politically correct. Challengers promise not to bring home the bacon, but to slash it." Nowhere has "the issue gained as much attention as in Rhode Island. The Club for Growth, a Washington interest group that favors conservative economic policies, has helped raise nearly $1 million for Laffey — and $6 million nationwide — in hopes of electing lawmakers who promise to cut spending, taxes and government regulations." The group "has given Laffey, 44, a fighting chance to defeat Sen. Lincoln Chafee in the Republican primary Sept. 12."

Lamont Criticizes Lieberman Over Katrina Response. The AP (8/25, Haigh) reports Democratic nominee Ned Lamont "is accusing U.S. Sen. Joe Lieberman,

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now running as an independent, of not holding the Bush administration accountable for failures in responding to the disaster" of Hurricane Katrina. Lamont also "says Lieberman, ranking member of the Senate Homeland Security Committee, mistakenly agreed to put the troubled Federal Emergency Management Agency under the control of the U.S. Department of Homeland Security." Lamont said, "I think FEMA worked really well when it had professional management as an independent agency. And sure, it was Senator Lieberman who said, 'Let's redo FEMA.' It was Senator Lieberman who said, 'Let's put Michael Brown as No. 2 at FEMA.'" The AP adds Lieberman "defends his record on Katrina, saying he visited the devastated region a week or two after the storm and several times later.'

Kerry Vouches For Lamont's Defense Bona Fides. In a Wall Street Journal letter to the editor (8/25), Sen. John Kerry says, "The sentiments expressed in 'The Lamont Wing Is a Threat to Security' (Letters to the Editor, Aug. 22) will do nothing to make America safer. If the neoconservatives were half as good at fighting the war on terror as they are at misleading the American public, we'd be a lot safer than we are today. The disastrous policy in Iraq has made America less safe. We were misled into a war which has become a dangerous distraction, and a profound drain on our financial and military resources." Ned Lamont "has had the courage to stand up to George Bush and make this cause a central part of his campaign. That's why Connecticut Democrats chose him over Joe Lieberman. Mr. Lamont will be tough and smart about our national security."

Schlesinger Says He Would Win In "Slam Dunk" With GOP Backing. The Washington Times (8/25, Pierce, 88K) reports in its "Inside Politics" column, "Alan Schlesinger, Connecticut's unloved and lonely Republican Senate candidate, said yesterday his election would be 'a slam dunk' if only state and national Republican Party campaign officials would get behind him instead of shunning him like the plague." Schlesinger said, "How can I make them realize that this election is so viable and all they have to do is spend a little money and give me a fair chance and they would pick up a good conservative Republican seat."

Gillespie, Mehlman Say State Party Sees Higher Priorities Than Senate Race. On MSNBC's Hardball (8/24, Matthews), host Chris Matthews asked former Republican National Committee Chairman Ed Gillespie if he would support Republican Alan Schlesinger in the Connecticut Senate race. Gillespie said, "The party there has urged neutrality there." Matthews interjected, "This is amazing. A guy is a nominee of your party and you don't endorse him." Gillespie added, "Here is the thing, though. The Republican Party is a bottom up party; it is not a top down party. It is not run out of Washington, the way the DNC runs things out of Washington. And in Connecticut, what the party is telling us is, we ought to be putting our resources and our time and our energy in the House races and into the governor's race." Matthews said, "So, bottom line, after all the BS here, you want Lieberman to win. That is why you are not endorsing the Republican. Because you want Lieberman to win and embarrass the Democrats. Why don't you just say that?" Gillespie said, "I said this when, by the way, he was tapped as nominee by Al Gore, I think he Joe Lieberman is a good man, and someone who deserves a great deal of respect. I've always respected him."

CNN's The Situation Room (8/24, Blitzer) interviewed Republican National Committee Chairman Ken Mehlman. Asked if he has "effectively, forgotten about Connecticut," Mehlman said, "We have talked to our state leadership in the state. And what they have said is, you ought to focus on the congressional race and the governor's race. That's what we're doing. In my experience, people who win in politics are people that focus their resources where they have the best opportunity. And that's what we're doing."

Steele Endorsed By Hip-Hop Mogul. The Washington Post (8/25, B01, Mosk, 748K) reports that "hip-hop mogul Russell Simmons" has endorsed Maryland Lt. Governor and senatorial candidate Michael Steele (R), a move seen as significant in that Steele may "be the only politician in America to have had fundraisers hosted this year by Russell Simmons and Dick Cheney." Steele, who is African American, is drawing support from many Maryland blacks, a typically democratic voting block. "Steele's message of black empowerment -- that African Americans no longer want a seat at the lunch counter, they want to own the diner -- has resonated with Simmons and with Cathy L. Hughes, founder of Radio One, one of the nation's most successful black-owned radio networks."

The Washington Times (8/25, Ward, 88K) adds that Simmons, who has supported Democratic candidates in the past, backs Steele because he "is at the vanguard of the civil rights movement's last chapter." Simmons, "a New York impresario who in 2004 helped the Democratic Party register 4 million voters via the Hip Hop Summit Action Network,"

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considers "economic empowerment" to be the final stage of the civil rights movement. Steele, vying to replace Maryland Sen. Paul Sarbanes (D), "said that creating legacy wealth is the 'the definition of the 21st century civil rights movement.'"

House Democrats Form "Truth" Squad. The Washington Times (8/25, Pierce, 88K) reports in its "Inside Politics" column, "With the fall elections little more than two months away, House Democratic Leader Nancy Pelosi yesterday announced the formation of what she called a 'Truth Squad,' manned by some of her party's most partisan House members." The Democrats' "Waste, Fraud and Abuse Truth Squad" will "be chaired by California Reps. Henry A. Waxman and Dennis Cardoza. Mrs. Pelosi said the Truth Squad will focus on the Bush administration's mishandling of taxpayer dollars, which, she added, contributed to budget deficits."

Webb Aide Settles Into "Unwanted Fame" Generated By "Macaca" Comment. The Washington Post (8/25, Kunkle, 748K) profiles S.R. Sidarth, the UVA student and volunteer for the campaign of Virginia senatorial candidate James Webb (D) whom Sen. George Allen (R) referred to as "macaca" during a campaign appearance in Breaks, Virginia. The Post details Sidarth's impressive academic and volunteer record, continuing to narrate the events which thrust the retiring young scholar into the national consciousness. "Sidarth said he knew right away that the word 'macaca' was a put-down. He felt its sting. … Back at school in Charlottesville now, Sidarth has taken his new, unwanted fame with him. Larry J. Sabato, an oft-quoted political pundit who teaches a small, popular seminar on campaigns and elections, said he asked students to write an essay as part of the admission process. Eighty people applied for the course, including Sidarth. His essay was just three words long -- but it was enough to clinch one of the 20 coveted spots in the class. 'I am Macaca,' he wrote."

On MSNBC's Hardball (8/24, Matthews), former Republican National Committee Chairman Ed Gillespie said Allen's apology for calling a volunteer for his opponent's campaign "Macaca" leaves the issue "behind him. The fact is that George Allen is a very smart person and a very smart individual, but I don't think even he knew that a Macaca is a genus of monkey in the northeastern area of Asia or that in some parts of the world it is a slur. Still it was a mistake to make fun of this young man on the campaign trail, even though he was tweaking his opponent. He apologized for it, apologized to the young man personally yesterday and you know, was it wrong, yes. Does he have a prejudicial bone in his body, absolutely not."

2008 Campaign Staff Recruiting Already Underway. The New York Times (8/25, Nagourney, 1.21M) reports on the "earlier than ever" campaign for the 2008 presidential election, fueled by "what officials in both parties describe as an urgent and persistent effort by potential presidential contenders to begin building the foundation of a campaign for 2008, starting even before a vote has been cast in the midterm elections." The Times details activity in Iowa and other early primary states, adding that 2008 will be "the first time in years that there have been wide-open fields for Democrats and Republicans." The piece focuses on the resultant dearth of qualified campaign managers, calling unusual the beginning of recruitment of such staffers even before the midterm elections.

Neuharth Says New Primary Schedule Will Hurt Clinton. In a "Plain Talk" column in USA Today founder Al Neuharth writes that while a number of candidates are likely to be aided by the Democratic National Committee's move to hasten primaries in South Carolina and Nevada, New York Sen. Hillary Rodham Clinton (D) is "almost certain to be hurt most in both states. … Clinton has been counting on a jump-start with a top two or three showing in Iowa, followed by a big Northeast win in New Hampshire. But unlikely to finish in the top two in either Nevada or South Carolina, she could lose steam before the big states choose."

Ehrlich Seen As Prolific In Use Of Clemency Powers. On its front page, the Washington Post (8/25, Mosk, 748K) reports Maryland Gov. Robert L. Ehrlich Jr. (R) "has been unusually active in his use of executive clemency powers, pardoning scores of convicts and commuting the sentences of five who were serving life sentences for murder." Since taking office in 2003, Ehrlich "has granted clemency to 190 former convicts, reversing a two-decade trend." Though "many of his peers consider the practice politically risky," Ehrlich "said he considers it part of his constitutional duty." He "has invoked his authority to clean the slate most often for those who have, in the aftermath of a youthful indiscretion, lived exemplary lives."

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Zinsmeister's Career Said To Show Bankruptcy Of Conservative Intellectuals. In a New York Times column (8/25), author Thomas Frank says, "In their more grandiloquent moments, conservative publicists will say that the decades-long Republican ascendancy in American government has been an intellectual achievement, that the G.O.P. prevails because it is the 'party of ideas.'" And "now upon the national stage steps one Karl Zinsmeister, formerly the editor of the American Enterprise Institute's flagship magazine and now the president's chief domestic policy adviser. In right-wing circles he is regarded as an intellectual heavyweight. What his career really shows us, though, is the looming exhaustion of the conservative intellectual system; its hopeless addiction to dusty, crumbling clichés; and a blindness to the reality of conservative power so persistent and so bizarre that it amounts to self-deception or, in Zinsmeister's case, delusion."

Murkowski's Defeat Seen As Lesson For Washington GOP. The Wall Street Journal (8/25, 2.03M) says in an editorial, "Alaska is among the most Republican states in the country, and maybe that explains why incumbent Governor Frank Murkowski finished third in Tuesday's GOP primary, with a mere 19% of the vote. We're hard-pressed to remember an incumbent anytime, anywhere receiving that small a share of the vote, and it's a warning to office holders everywhere about the sour public mood." Murkowski is "unpopular for a variety of local reasons, but most of them have to do with the kind of incumbent arrogance that has afflicted too many Washington Republicans." The candidate "who defeated Mr. Murkowski this week is Sarah Palin, a former small town mayor who ran as, well, a real Republican. She hammered the Governor for misspending tax dollars, and for matching state funds to federal spending earmarks for low priority projects (i.e., the bridge to nowhere)." If Republicans "are run out of Congress in November, one big reason will be that, like Mr. Murkowski, they have become far more comfortable running the government than reforming it."

AIDS Battle Said To Show Interdependence Of Developed, Undeveloped Nations. The Washington Post (8/25, A16, 748K) says in an editorial, "The debate about HIV-AIDS often reflects the wider argument about development in poor countries, and the 16th International AIDS Conference, held last week in Toronto with 24,000 scientists and activists in attendance, confirmed that tendency. The conference underlined a lesson that the development business ought to embrace more readily: The prospects for advance in poor countries depend not just on programs launched within their borders, but also on programs launched in the rich world." If "past battles against AIDS and underdevelopment teach anything, it is that rich and poor countries are interdependent, that programs launched by outsiders in poor countries are tough to implement, and that whatever can be done at home can be mutually beneficial and therefore a priority."

Rice Accused Of Overemphasizing Multilateralism, Overselling Lebanon Deal. On A 1,040-piece in today's Wall Street Journal (8/25, King, 2.03M) details "criticism" of Secretary of State Condoleezza Rice's foreign and domestic handling of the Israel-Hezbollah ceasefire. After Rice "flew to New York two weeks ago to help broker an end to the war between Israel and Hezbollah, her aides portrayed the move as one of her best moments," yet the UNSCR "Rice helped to craft is looking shaky, opening her and the Bush administration to criticism that they oversold the strength of the deal to end the war. Some of the sharpest criticism comes from conservatives in Ms. Rice's own party." On the "list of missteps" some have charged the Rice with making, the "most damaging" could "be how the Bush administration portrayed the war early on as a means to bring long-lasting improvements to Lebanon by dismantling Hezbollah, and then brokered a deal that may end up neither weakening the group nor greatly bolstering either Israel's security or Lebanon's wobbly government." Also, "conservative critics fret a similar scenario will play out with Iran." While the Administration's "greater emphasis on multilateral diplomacy in President Bush's second term has won widespread applause," an "increasingly vocal group of Republican foreign-policy critics say this has weakened US resolve -- and blame the shift on Ms. Rice." The Journal says Rice's portrayal of the conflict "as part of a sweeping campaign to dismantle Hezbollah and remake the Middle East also raised some vexing questions, which are coming back to haunt the administration."

More Commentary. In his column in the Washington Post (8/25, A17, 748K), Charles Krauthammer says the "cowboy has been retired. Multilateralism is back. Diplomacy is king. That's the conventional wisdom about George W. Bush's second term: Under the influence of Secretary of State

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Condoleezza Rice, the administration has finally embraced 'the allies.'" Saying that current policy is not "a radical change of course," Krauthammer embraces multilateralism on "one of two conditions: (1) There is something the allies will actually help accomplish or (2) there is nothing to be done anyway, so multilateralism gives you the cover of appearing to do something." While Lebanon fits the first description, he says, North Korea fits the second. In considering the multinational border force, Washington "underestimated French perfidy," and that "breathtaking duplicity…left the State Department red-faced."

State Department Demands Syria Abide By UN Arms Embargo. The AP (8/25, Gearan) reports the State Department "warned Syria on Thursday to abide by a United Nations arms embargo meant to stop Hezbollah from resupplying after its monthlong war with Israel. It dismissed Syrian objections to international peacekeepers as preposterous." Spokesman Gonzalo Gallegos is quoted saying, "All countries must obey the arms embargo… It is a singular duty for Syria, as the one country apart from Israel that borders Lebanon, to do so." The AP notes Damascus "is a Hezbollah benefactor that was largely left out of diplomacy during the 34-day war."

Assad Said To Back Hezbollah In Order To Regain Golan Heights. In a 1,031-word piece, the Christian Science Monitor (8/25, Roumani, Murphy, 58K) reports Syrian President Bashar al-Assad "is generally seen in the US and in Israel as a weak leader who has to end his country's support for Hizbullah or face the consequences. But in a string of recent statements, Mr. Assad has signaled that he has no intention of backing down and is determined to use the fraught situation in Lebanon to push his longstanding claims to the Golan Heights." Assad has vowed "to take a more aggressive stance toward" Israel if Golan Heights talks are not forthcoming. One analyst "says Assad's interview carried the same spirit of defiance as his past speeches and was a sign that Syria, like others in the region, feels emboldened by Hizbullah's performance against Israel." Another expert "says that from Assad's standpoint, abandoning Hizbullah means abandoning his country's claims to the Golan Heights, which were captured by Israel during the Six-Day War in 1967. Doing so is something he doesn't seem inclined to do. Such a step would severely damage his standing among his own people and in the broader region."

US To Investigate Israeli Use Of US Cluster Bombs. The New York Times (8/25, Cloud, 1.21M) reports the State Department "is investigating whether Israel's use of American-made cluster bombs in southern Lebanon violated secret agreements with the United States that restrict when it can employ such weapons." The Office of Defense Trade Controls (DTC) began an inquiry "this week, after reports that three types of American cluster munitions, anti-personnel weapons that spray bomblets over a wide area, have been found in many areas of southern Lebanon and were responsible for civilian casualties." State Department spokesman Gonzalo Gallegos' written response to questions is quoted saying, "We have heard the allegations that these munitions were used, and we are seeking more information." The Times said the review "is likely to focus on whether Israel properly informed the United States about its use of the weapons and whether targets were strictly military." Experts "said that they doubted the investigation would lead to sanctions against Israel but that the decision to proceed with it might be intended to help the Bush administration ease criticism from Arab governments and commentators over its support of Israel's military operations." In tandem with the inquiry, DTC "has held up a shipment of M-26 artillery rockets, a cluster weapon, that Israel sought during the conflict."

Israeli Purchase Of Nuclear-Capable Submarines Seen As Message To Iran. The AP (8/25, Plushnick-Masti) reports, "With the purchase of two more German-made Dolphin submarines capable of carrying nuclear warheads, military experts say Israel is sending a clear message to Iran that it can strike back if attacked by nuclear weapons." The submarines, for which Berlin paid one-third of the cost, "have diesel-electric propulsion systems that allow them to remain submerged for longer periods of time than the three nuclear arms-capable submarines already in Israel's fleet." They "not only would be able to carry out a first strike should Israel choose to do so, but they also would provide Israel with crucial second-strike capabilities, said" one analyst. The AP notes that Tel Aviv "is already believed to have" a nuclear response capability through its Jericho-1 and Jericho-2 silo-based ballistic missiles. Germany's domestic opposition "criticized the deal," saying "Germany had obtained no guarantee the submarines would not be used to carry nuclear weapons."

Pentagon Specialist Tracked Transfer Of Russian Weapons To Hezbollah. The Washington Times (8/25,

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Gertz, Scarborough, 88K) "Inside The Ring" column writes that security experts are wondering how Russian-made Kornet-E anti-tank weapons used by Hezbollah during the recent war reached the group. Pentagon arms technology specialist Edward Timperlake says he "investigated Russia's illegal transfer of Kornet-Es to Iraq in 2003 and 2004 in cataloging the tons of foreign arms found in the country." Timperlake "led the production of the Pentagon's Iraq Technology Transfer List after the March 2003 invasion of Iraq. Among the many foreign weapons he found had been sold to Saddam Hussein in violation of U.N. sanctions was the Kornet-E." The Times writers say Timperlake "and his former boss, Deputy Undersecretary of Defense Jack Shaw, deserve credit for producing the report and giving the world an early and open-source warning of just how deadly the Russian weapon is against the military's main battle tank. Unfortunately, Mr. Shaw had his job reorganized out of existence the same month the report was completed in December 2004 in a dispute with other senior defense officials."

France Pledges 2,000 Troops For Lebanon Border Force. On its front page, the Washington Post (8/25, A1, Moore, 748K) reports French President Jacques Chirac "said Thursday that France would commit 2,000 troops to a new international peacekeeping force in southern Lebanon. The decision breaks a stalemate that has held up the dispatch of soldiers seen by diplomats as crucial to maintaining the 11-day-old cease-fire between Hezbollah and Israel." Chirac had been "chastised at home and abroad when he later said he would dispatch only 200 engineers to augment the 200 French troops serving in" UNIFIL. He "said he hoped France's decision Thursday would spur other countries to join the force, including the United States and Britain. Both have said they are too taxed in Iraq and Afghanistan to take part." President Bush "called Chirac's move 'an important step towards finalizing preparations to deploy the United Nations Interim Force of Lebanon' and called on other countries to join in. So far, Italy is the only other European country to make a major commitment, offering to send as many as 3,000 troops and to command the force." With Chirac's announcement, "the direction of the expanded force appears to be in French hands."

The Financial Times (8/25) reports, "Europe's leaders on Thursday sought to put days of embarrassment and recriminations over Lebanon behind them by stepping up commitments to an international monitoring force." Chirac "hopes to maintain command on the ground of the force, with an Italian general overseeing the force from UN headquarters in New York. However, Italy has also put itself forward to lead the force, with support from the US and Israel." The Wall Street Journal (8/25, Champion, 2.03M) calls Chirac's announcement "a welcome boost to United Nations efforts to build a force credible enough to maintain a tenuous cease-fire between Israel and the Hezbollah militia."

The New York Times (8/25, Smith, 1.21M) calls Chirac's move "a last-minute effort to salvage its flagging reputation and hold on to its leadership role in the face of Italian competition." His initial 200-soldier offer "undermined efforts to raise peacekeeping troops from other nations, officials say. It also won France widespread scorn." Rome, however, "stepped forward with an offer of up to 3,000 soldiers, and Israel's prime minister, Ehud Olmert, placed a call to his Italian counterpart, Romano Prodi, urging him to assume leadership of the force. A French general leads the current international force in Lebanon, which will be reinforced and given a broader mandate under the new resolution." The UN says "that for all the complaints, this peacekeeping force is being assembled faster than any in history. The normal process can take as long as three months, they say. But that is being waived to be able to put 3,000 fresh soldiers on the ground in Lebanon as early as the end of the month. The hope is to have the rest of the force in place by November."

The Washington Times (8/25, Enders, 88K) adds both Lebanon and Israel "are growing increasingly nervous over delays in a deployment of U.N. peacekeepers in southern Lebanon, even as France pledged an extra 1,600 troops yesterday and offered to lead the force." Despite "the chaos of recriminations, warnings and pledges, the shaky Aug. 14 truce continued to hold." The Times says "pressure on the Europeans has grown, in part, because Israel has rejected offers of participation from Malaysia, Bangladesh and Indonesia -- predominantly Muslim countries that do not recognize the Jewish state." Before Chirac's announcement, "tentative pledges from U.N. member countries had reached 4,200."

The AP (8/25, Georges-Picot) says Chirac's address "was closely followed throughout Europe," and that Paris "hopes to retain command of the force. He said the United Nations had provided guarantees France sought involving the mandate of the force." The "White House cheered Chirac's

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announcement. 'The president welcomes the decision by the French,' said White House spokeswoman Dana Perino. 'As he has said, an international force needs to be deployed urgently.'" The AP notes that many "EU nations have been wary of making firm commitments until the mandate for the new force is clarified, fearing their peacekeepers could be dragged into a conflict with the Hezbollah militants or with Israel if the cease-fire collapses."

LATimes Criticizes France For Delay. The Los Angeles Times (8/25, 918K) editorializes, "Reacting to universal dismay "at his irresponsibility, French President Jacques Chirac on Thursday belatedly pledged" 2,000 troops for the Lebanese border force, "a stingy commitment" but one that "may galvanize other European nations to follow suit after two tense weeks in which French dithering threatened to turn the deployment of peacekeepers into a march of folly." Calling Chirac's initial 200-soldier offer "a bait and switch," The Times says his justification for delaying a full commitment "sounds like an attempt to paper over differences within the French government." While Paris "was the presumptive leader of the peacekeeping force," Rome "now has a stronger claim to that responsibility. In any event, European foreign ministers meeting today in Brussels need to make up for lost time in assembling and dispatching the peacekeepers. Europeans love to complain about the United States acting unilaterally in the world, but those complaints will ring awfully hollow if they can't step up and do their part."

Siniora Says Lebanese Troops Can Police Syrian Border. The AP (8/25, Hurst) reports Lebanese Prime Minister Fuad Siniora "sought Thursday to sidestep conflicting Israeli and Syrian demands over the deployment of international troops along his border with Syria, saying Lebanese soldiers already there pose no threat to the prickly Arab neighbor." He remarks "underlined the difficulties the anti-Syrian politician faces in trying to meet the competing demands of Israel and Syria." Also, the Lebanese Cabinet "affirmed its determination to uphold the cease-fire between Israel and Hezbollah and called on the international community to send troops to free up the Lebanese army to patrol the country's borders. It did not directly address the issue of U.N. troops on the Syrian border."

Berri Says Israel "Continuing Economic War" Against Lebanon. The Financial Times (8/25, Khalaf) reports Lebanese Speaker Nabih Berri "accused Israel on Thursday of seeking to re-interpret the United Nations ceasefire resolution in order to justify what he said was a continuing economic war against Lebanon." Berri "charged that Israel had been seeking to undermine Lebanon's economy and that it had targeted companies during the war, including a milk factory and soft drink distributor, that had won contracts in the region against Israeli competitors." Also, Berri, "who has acted as the mediator between the Lebanese government and the Shia Hizbollah movement, brushed aside speculation of UN troops deploying along the border with Syria, an issue that has stirred controversy this week," and said "his information was that Beirut was asking only for logistical assistance in the form of new equipment." The Times says Berri "played a crucial role during the war in bridging political divisions between the group and the government, allowing Lebanon to maintain a semblance of national unity," but "his balancing act has become more delicate since the end of hostilities, as Hizbollah followers accuse rivals of having hoped for an Israeli victory and supporters of the parliamentary majority, led by Sunni and Christian parties, blame the militant group for starting the war."

Lebanese Author Says Hezbollah Not Winning Nation's Hearts And Minds. In an op-ed in today's Wall Street Journal (8/25, 2.03M), author Amir Taheri writes, "By controlling the flow of information from Lebanon throughout the conflict, and help from all those who disagree with U.S. policies for different reasons, Hezbollah may have won the information war in the West. In Lebanon, the Middle East and the broader Muslim space, however, the picture is rather different." Following the conflict, Hezbollah "had to declare victory for a simple reason: It had to pretend that the death and desolation it had provoked had been worth it." That move, and the Green Flood of reconstruction dollars, "does not seem to be working." Taheri says Lebanon's "new Shiite bourgeoisie dreams of a place in the mainstream of Lebanese politics and hopes to use the community's demographic advantage as a springboard for national leadership. Hezbollah, unless it ceases to be an instrument of Iranian policies, cannot realize that dream." He adds, "Far from representing the Lebanese national consensus, Hezbollah is a sectarian group backed by a militia that is trained, armed and controlled by Iran." Many "prominent Arab writers, both Shiite and Sunni, who have exposed Hezbollah for what it is -- a Khomeinist Trojan Horse -- would be too long for a single article. They are beginning to lift the veil and reveal what really happened in Lebanon."

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Israeli Professor Says National Security Decision-Making Needs Overhaul. In an op-ed in today's Washington Post (8/25, A17, 748K), military expert and professor Yoram Peri says Tel Aviv "desperately needs a better system for decision-making in the national security realm," because there were "no well-reasoned alternatives" available "to cabinet ministers to compete with the Israeli Defense Forces' (IDF) recommendation to embark on a broad campaign in Lebanon." Furthermore, Peri argues, "once a path of action was adopted, something went terribly wrong in making and implementing decisions." Although Israeli "generals enjoy extraordinary clout in the policymaking process," this conflict's shortcomings "stemmed from more than the generals' traditional power. The circumstances were unusual," and "resulted in a weak Israeli government that hastily bowed to the generals' emphatically stated position." Despite the political repercussions that may come from the conflict, "Israel's fundamental security posture will not improve until the pattern of relations between its generals and political leaders is dramatically altered and a better decision-making mechanism in national security matters is established. Wars really are too serious a matter to be left to either fervent generals or weak politicians."

Administration Divisions On Iran Blamed For "Low-Key" Response. The New York Times (8/25, Cooper, 1.21M) reports, "After demanding for three months that Iran suspend its uranium enrichment or face penalties, the formal reaction from the United States and its European allies to Iran's refusal to suspend uranium enrichment has been decidedly low-key. Why the reticence? It is all about a public relations strategy intended to make the West appear patient and measured in dealing with the issue." Western diplomats "agreed that Iran had not met the most crucial requirement," and "that sanctions were the next step. But disagreement on just how to get to that step reflected a familiar division: between the State Department and America's European allies on one side, and hard-liners in the Bush administration, particularly in Vice President Dick Cheney's office, on the other side." The State Department "pressed to 'keep the temperature down,' as one American put it," and "pushed for a concerted media strategy that would help keep Russia and China on board the already fragile coalition trying to rein in Iran's nuclear ambitions." Diplomatic deliberations led "America, the most hawkish in the coalition of six countries that made the offer," to issue "a tepid statement — and not through its blunt United Nations ambassador, John R. Bolton, but from a low-profile acting State Department spokesman, Gonzalo Gallegos." European "reaction was also muted."

US Will Seek Security Council Action After August 31. The AP (8/25, Gearan) reports comments by Gallegos yesterday that "the US is awaiting a formal U.N. deadline before seeking any new measures to coerce or punish Iran over its disputed nuclear program." He is quoted saying, "We're looking at the Aug. 31 date and I think once we get there, we'll begin to take action." Also, Berlin "Germany said Thursday that Iran's response appears unsatisfactory, and Gallegos repeated the U.S. assessment that the response 'falls short' of U.N. conditions." Two AP diplomatic sources said "that the U.S. and other world powers will likely reject Tehran's terms," even as Secretary Rice "spoke Thursday with diplomatic counterparts from the" nations who authored the incentives package.

USA Today (8/25, 2.27M) reports Germany "said Thursday that Iran's response to a package of incentives to halt its nuclear program was unsatisfactory because of its refusal to freeze uranium enrichment, and diplomats suggested Tehran now faces a greater risk of United Nations sanctions. Two diplomats who were briefed on Iran's response told the Associated Press that world powers would likely reject it." The diplomats, "who spoke from two European capitals, asked for anonymity because they were not authorized to discuss the confidential proposal."

Threat Of Military Action Said To Hang Over Iran. McClatchy (8/25, Hutcheson) reports, "The escalating confrontation over Iran's nuclear program raises an unsettling question: Is Iran the next target for US military action? Some analysts think so. The focus is on diplomacy for now," but "President Bush hasn't ruled out the use of force to stop Iran from building a nuclear weapon. Tensions are likely to ratchet up a notch next Friday if, as expected, Iran ignores a UN Aug. 31 deadline to abandon its uranium-enrichment program." Armed conflict "isn't imminent or inevitable, and it wouldn't necessarily take the form of a full-scale invasion. Airstrikes alone might be the choice." But "the possibility of military action lurks on the sidelines of the diplomatic dance that will play out over the coming months at the U.N. Security Council."

Jerusalem Post Editor Discusses Report Israel May "Go It Alone" Against Iran. CNN's The Situation Room (8/24, Blitzer) interviewed David Horovitz, editor-in-chief

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of the Jerusalem Post. Asked about his paper's report that Israel "may have to go it alone against Iran," Horovitz said, "You have a president in Iran, Wolf, who almost every day, and certainly at least once a week, is telling the world that he wants to eliminate Israel, that Israel should be eliminated, and he's moving alarmingly towards a nuclear capability. And I think what you -- you unmistakably have in Israel as of late is a growing concern that there may not be international will to stop him doing that. And exacerbating that concern is also a fear that perhaps America may not have the will or the capability or the inclination or the support to take on Iran militarily. And very recently now you have some Israeli officials who are entertaining the notion that Israel might take military action alone. I would be very cautious about this. We have not had, that I know of, public officials on the record in their own name saying that Israel is going to do this. But as you rightly say, 'The Jerusalem Post' today quoted an unnamed very senior Israeli official saying Israel may have to go it alone."

NYTimes Suggests Republicans Trying To Manipulate Iran Intelligence. The New York Times (8/25, 1.21M) editorializes, "The last thing this country needs as it heads into this election season is another attempt to push the intelligence agencies to hype their conclusions about the threat from a Middle Eastern state. That's what happened in 2002, when the administration engineered a deeply flawed document on Iraq that reshaped intelligence to fit President Bush's policy." And "history appeared to be repeating itself this week, when the chairman of the House Intelligence Committee, Peter Hoekstra of Michigan, released a garishly illustrated and luridly written document that is ostensibly dedicated to 'helping the American people understand' that Iran's fundamentalist regime and its nuclear ambitions pose a strategic threat to the United States. … The nation cannot afford to pay the price again for politicians' bending intelligence or bullying the intelligence agencies to suit their ideology."

EU Questions Tehran On Activist's Death. The AP (8/25, Tanner) reports the EU "on Thursday questioned the circumstances surrounding the recent death of an Iranian student activist and called on Tehran to launch an independent investigation into the case." Akbar Mohammadi died on July 31 in Evin Prison "after a nine-day hunger strike to protest a lack of medical care." More broadly, Brussels "expressed 'grave concern regarding the harsh treatment of dissidents, opposition leaders, student activists and all human rights defenders in Iranian prisons.'"

Iranian Museum Exhibits Anti-Jewish Art. The New York Times (8/25, Slackman, 1.21M) reports, "The title of the show is 'Holocaust International Cartoon Contest,' or 'Holocust,' as the show's organizers spell the word in promotional material. But the content has little to do with the events of World War II and Nazi Germany." There is instead "a drawing of a Jew with a very large nose, a nose so large it obscures his entire head. Across his chest is the word Holocaust. Another drawing shows a vampire wearing a big Star of David drinking the blood of Palestinians. A third shows Ariel Sharon dressed in a Nazi uniform, emblazoned not with swastikas but with the Star of David." The cartoons are "among more than 200 on display in the Palestinian Contemporary Art Museum in central Tehran in a show that opened this month and is to run until the middle of September."

North Korea May Be Close To Nuclear Test.

CNN's The Situation Room (8/24, Verjee) reported, "There are more ominous signs North Korea may be preparing to test a nuclear bomb underground. More movement. Vehicles coming in and out of a suspected nuclear site in North Korea. Japan now beefing up surveillance. That's what Kyoto news agencies are reporting today, quoting an unnamed government official. US intelligence analysts have spotted suspicious activity, too, confirming to CNN last week that they're carefully tracking movement." Wendy Sherman, the Albright Group: "Either North Korea is really just yanking the international community's chain, or it is actually going to conduct an underground nuclear test."

The AP (8/25, Mizoguchi) reports remarks by Japanese Chief Cabinet Secretary Shinzo Abe that "a nuclear test by North Korea would pose a 'grave threat' to Japan and the rest of Northeast Asia." Abe "did not confirm" media reports "that vehicles have been seen in recent days at what is thought to be a nuclear testing site in northeastern North Korea," but "he urged Pyongyang to return to the stalled six-nation talks on its nuclear disarmament." The Japanese Foreign Ministry "said that Tokyo had boosted surveillance of the area." Also, South Korean chief nuclear negotiator Chun Yung-woo "warned that time was running out for countries seeking "to persuade the North to disarm, but said chances of resuming international disarmament talks were slim."

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Bush Calls For Free Trade Agreement With Colombia. The AP (8/25) reports, "President Bush said Thursday he wants a free-trade agreement with Colombia, which would be Washington's largest Western Hemisphere pact since creation of NAFTA in 1994." In a letter to Congress, Bush "said the deal would benefit Colombians by expanding economic opportunity and strengthening democracy. He said it would generate export opportunities for US farmers, ranchers and companies." Bush also "said a free trade deal with Colombia would help create jobs in the United States and help U.S. consumers save money while offering them more choices."

US Official Heads To Khartoum As Sudan Rejects UN Darfur Force. The AP (8/25, Osman) reports Sudanese President Omar al-Bashir's National Congress Party "rejected a proposal to transfer peacekeeping in the troubled Darfur region from a weak African force to a larger and stronger U.N. mission, saying that would put the nation under the control of foreign powers." Bashir allies "lashed out at the latest Western efforts and rejected the proposed U.N. force," saying "any council member who supported the draft would be considered an enemy of Sudan." The Administration "said it will send" Assistant Secretary Jendayi Frazier "to Sudan in hopes of winning the government's consent for the deployment of U.N. peacekeepers in Darfur." Frazer is quoted saying, "We cannot let the violence and atrocities continue. We cannot let humanitarian workers and peacekeepers continue to come under attack." AFP (8/25, Millikin) reporting emphasizes Frazier's use of the word "genocide" and says she will be "carrying a letter from [President] Bush to" Bashir. Frazier "gave no indication Thursday that Washington was willing to harden its so-far largely ineffective approach on Darfur."

The New York Times (8/25, Hoge, 1.21M) reports, "At the United Nations, Nana Effah-Apenteng of Ghana, the Council president for August, said the panel would go ahead with a meeting on the Darfur resolution on Monday despite a letter turning down an offer to discuss it from…al-Bashir."

Rumsfeld, Russian Defense Minister To Meet This Weekend. The AP (8/24, Baldor) reports Defense Secretary Donald Rumsfeld and Russian Defense Minister Sergei Ivanov will meet in Alaska this weekend, where they are likely to discuss North Korea, the "troubled Middle East," and the "continued development of a military relationship" between the US and Russia. The meeting is part of a four-day Rumsfeld trip "during which he will visit privately with family members of an Alaska-based brigade that was recently ordered to extend its one-year tour in Iraq for four months to help tamp down violence in Baghdad." Rumsfeld will also deliver speeches in Nevada and Utah.

Chavez Says China Backs Venezuelan Bid For Security Council Seat. The Financial Times (8/25, Yeh) reports comments by Venezuelan President Hugo Chavez that Caracas "has secured China's support in its bid for a United Nations Security Council seat." While enunciating "an agreement to almost quadruple oil sales to China to 1m barrels a day over the next decade, the Venezuelan president said Hu Jintao, his Chinese counterpart, had assured him of China's support over its rival Guatemala." The Times calls the support "a further sign of warming relations between China and Venezuela, a worrying trend for the US." Caracas' "oil fields are among the most productive in the world. China's appetite for crude has been insatiable in recent years, with Venezuelan imports set to rise fast."

The AP (8/25, Ang) adds Chavez claims Beijing "has thrown its support behind his nation's bid for a seat on the U.N. Security Council as the two countries signed deals to develop Venezuela's vast oil resources." Hu "warmly welcomed Chavez, who has proposed an ambitious plan for his country -- the world's No. 5 oil exporter -- to almost quadruple sales to fuel-hungry China to 1 million barrels per day in the next decade."

The Washington Times (8/25, Gertz, 88K) reports Chavez's "visit to China…this week is being watched closely by US national security officials who are concerned that Beijing is increasing its backing for the leftist leader. A defense official involved in Asian affairs said the visit to Beijing by Mr. Chavez is part of China's strategy of forming coalitions aimed at controlling resource markets -- in Venezuela's case, access to oil."

Obama Treated As Visiting Head Of State In Kenya. The Chicago Tribune (8/25, Zeleny, 623K) reports that in Kenya "for days, anticipation had been building over the arrival of" IL Sen. Barack Obama (D). When he arrived, "a 12-car motorcade -- a trapping usually bestowed upon a visiting head of state -- whisked him past admirers who lined the roads heading to his downtown hotel. A security

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contingent of U.S. Marines stood watch." In South Africa, "neither South African President Thabo Mbeki nor three lower-ranking foreign ministers could find time to meet with" him and "a substantive side trip to Congo was canceled because officials were dealing with violence in Kinshasa." In Kenya, "Obama was no longer being treated as a freshman senator from America." He was "scheduled to meet with Kenyan President Mwai Kibaki as well as the leader of the opposition party. After lunching with several members of Parliament, he is to visit the site of the 1998 US Embassy bombing that killed 248 people here." The paper questions whether he will "receive as glorious a sendoff after it becomes clear that he has no ability to solve the problems of this impoverished nation?"

The AP (8/25, Mitchell) reports Obama has "already become the country's most prominent 'citizen.'" He is "seen as an inspiration in this east African country where more than half its 33 million people eke out a living on less than $1 a day." He "arrived Thursday for a six-day visit, and planned to meet with President Mwai Kibaki and stop at the site where Nairobi's U.S. embassy was bombed in 1998, killing 248 people."

The AFP (8/25, Okombo) reports Obama has received "fanfare normally reserved for visiting celebrities or heads of state" and "a lavish hero's welcome." But "the excitement is nowhere stronger than in his father's western hometown" in Kisumu where "local authorities have ordered a massive clean-up operation." During his visit, Obama "will take an AIDS test and see his paternal grandmother at her nearby home village."

Chinese Court Sentences NYTimes Researcher, Peasant Activist To Prison. The New York Times (8/25, Yardley, Kahn, 1.21M) reports, "A Beijing court on Friday morning unexpectedly dismissed a state secrets charge against a researcher for The New York Times but sentenced him to three years in prison on a lesser, unrelated charge of fraud." The dismissal spared Zhao Yan, 44, "a prison sentence of 10 years or longer and also served as a blunt rebuke to the investigation by state security agents." Meanwhile, "in another closely watched case, a Chinese court in Shandong Province on Thursday convicted an advocate for peasants rights and sentenced him to more than four years in prison." Chen Guangcheng is "a blind man who tried to file a class-action lawsuit on behalf of women who were subjected to forced abortions." His attorneys "described the conviction as a sham." The sentence is seen as part of "a concerted effort by Chinese authorities to punish lawyers and rights advocates."

The AP (8/25, McDonald) reports Chen, "was convicted of damaging property and 'organizing a mob to disturb traffic' after a trial in the eastern province of Shandong." Chen had "attracted support from a wide array of Chinese activists." And "several" of those "said last week they were put under house arrest as early as mid-July to prevent them from going to Shandong to attend his trial."

The Washington Post (8/25, A9, Fan, 748K) reports Chen "received a far more severe sentence than others charged in connection with the case, his wife and lawyers said." And "one of Chen's top defense attorneys, Xu Zhiyong, vowed to appeal." Chen's attorneys "were accused of theft and detained by police the night before the trial" and he was "represented, over his objections, by court-appointed lawyers whom he had never met."

The New York Times (8/25, Kahn, 1.21M) reports, "The New China News Agency announced the sentence, four years and three months, in a terse dispatch on its English-language news wire. The information did not appear in Chinese, and other state-run media have been banned from reporting on the matter." And "Chinese lawyers and human rights advocates say they believe that President Hu Jintao has ordered a broad crackdown on people who call themselves 'rights defenders' because he worries that they have tried to use legal pressure to undermine the Communist Party."

USA Today (8/25, Macleod, 2.27M) reports, "The case drew international attention" and his supporters said that "the charges were fabricated and that his real crime was standing up to the state and its brutal family-planning regime." He was "convicted in spite of calls by the Bush administration for the charges to be dropped." His attorneys, "three high-profile Beijing lawyers" were "detained by police during his trial and never saw the evidence against their client." The case "could signal a crackdown on the growing number of public activists in China." Earlier "China's State Family Planning Commission" had "publicly admitted that officials in Yinan had ordered forced abortions and sterilizations in violation of Chinese law" as Chen claimed.

Road Link Highlights Opportunities, Challenges Of Sino-Indian Relations. A 1,550-word piece in today's Los Angeles Times (8/25, Chu, Magnier, 918K) reports, "High atop a snowy Himalayan pass,

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a lonely road linking Asia's two giants reopened last month after a 44-year diplomatic roadblock. Leaders in India and China hailed the event as a sign of the growing rapprochement between neighbors that have eyed each other with distrust since a 1962 border war." In addition to expanded trade, the road "is an apt symbol of Sino-Indian ties in more ways than one. The rough terrain, icy weather and extremely short list of goods approved for exchange are emblematic of the rocky path of limited engagement that Beijing and New Delhi have embarked on after decades of a political deep freeze." The Times says Beijing-New Delhi relations "may help define the 21st century as the world's two most populous nations — which account for one-third of humanity — try to pull themselves out of poverty and stagnation." Those relations are hampered by "persistent suspicion among hawks on either side, unresolved border disputes, intensified competition for resources such as oil and gas, and influence from Washington." The Times notes better relations benefit both nations, as Beijing "has put a premium on stabilizing relations with neighbors and settling contested borders," and India "is liberalizing its economy and paying more attention to the region."

Text Messaging Is Key Tool For Filipino Protesters. The Washington Post (8/25, A1, Jordan, 748K) reports, "In a string of unsolved murders in recent months, trade union leaders, government critics, students, journalists and others have been killed. Students had begun clamoring for President Gloria Macapagal Arroyo to do something. Once they might have called a demonstration by printing fliers." Now, "they do it by mass texting." Protesters "spent days getting the word out, banging out text after text on the keypad of his little Nokia phone."

Dionne Praises Howard's Approach To Conservative Governing. In his Washington Post column (8/25, A17), E.J. Dionne says Australian Prime Minister John Howard's "approach could be a model for how parties of the right -- including Republicans in the United States -- manage to build majorities in turbulent times." What is "exportable about Howard's politics is his shrewd understanding that conservative parties embracing hard-line market economics need to provide those threatened by economic change with something to hang on to -- tradition, nation, family, flag -- so that their world doesn't fly apart. Except on the immigration issue, where he used a sledgehammer, Howard has pulled off in a subtle way what Republicans in the United States have pursued with less finesse and a greater emphasis on religion than would work in this more secular country. Interestingly, though, the political role of religion is on the rise here."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Caps On Phone Rates Lifted."
"Where Everyone Is A Critic."
"A Thaw Between India And China."
"Plan B Pill Cleared For Sale Over The Counter."
"Bush Administration Opposes Integration Plans."
"Pluto Learns Eight Is Enough For Planets."
"Seeing Granite As A Paving Grace."

USA Today:

"States Attack Property Taxes."
"Third Rock's Astronomers 'Dwarf' Pluto's Status In The Solar System."
"Saint Indeed: Reggie Helps Revive City."

New York Times:

"F.D.A. Approves Broader Access To Next-Day Pill."
"Files From Duke Rape Case Give Details But No Answers."
"Inquiry Opened Into Israeli Use Of U.S. Bombs."
"New Orleans Shops Struggle To Survive."
"It's Never Too Early To Gear Up For '08 Race."
"Iran Exhibits Anti-Jewish Art."

Washington Post:

"France To Send 2,000 Troops To Lebanon."
"For Pluto, A Smaller World After All."
"After Katrina, Baton Rouge Weathers A Storm of Its Own."
"Ehrlich Prolific In Granting Clemency."
"Going Mobile: Text Messages Guide Filipino Protesters."
"Sadr's Militia And The Slaughter On The Streets."

Washington Times:

"Lebanon, Israel On Edge Over U.N. Delay.
"Plan B Allowed Over The Counter."
"'Pluto Is Dead'."
"U.S. Eyes Chavez ties To China."
"GOP Told To Ignore Detroit At Its Peril."

DOJ_NMG_0053052

Detroit Free Press:
"544 Michigan Schools Fail Federal Standards."
"Forget What You Learned About Pluto."
"Morning After Pill's New Access Concerns Some."
"Privatizing Ford? Idea Gathers Steam."

Atlanta Journal-Constitution:
"'Plan B' Pill Easier To Obtain."
"Eight Is Enough."
"Hi-Tech Batteries Raise Safety Worries."
"Pimped At 12, 'Anna' Reclaims Dream."

Houston Chronicle:
"Katrina's Students Fall Behind."
"Science Gives Pluto The Cold Shoulder."
"Screeners Disciplined Over Leaving Post Empty."
"Castro, Back Then."
"Approval On Morning-After Pill Polarizes Community."

Story Lineup From Last Night's Network News:
ABC: Plan B FDA Approved; Plan B Decision Reactions; Airline Security; UK Terror Plot; Violence-Ramadi Iraq; Cease-Fire; Planet Pluto No More; JonBenet; Computer Battery Recall; AIDS In Black America; Military Kids Summer Camp.
CBS: Plan B FDA Approved; Plan B VS Abortion Pill; Buying Plan B; JonBenet; UK Terror Plot; Housing Market; Cease-Fire; Iraq Violence; New Orleans Schools; Emmy Awards; Planet Pluto No More.
NBC: Plan B FDA Approved; Computer Battery Recall; Housing Market; Iraq Violence; 9/11 & Katrina Anniversary; Airline Security; Hurricane Insurance; Flash Flood-Phoenix; Debt Collection; Stock Market; Bush Vacation; Planet Pluto No More.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule, In Kennebunkport, Maine.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: MIDEAST _ 9 a.m. The Middle East Institute holds a discussion with Gilead Sher, former Chief of Staff to Israeli Prime Minister Ehud Barak, discussing the ongoing Arab-Israeli conflict. Location: 1761 N St. NW.

PENTAGON-IRAQ BRIEFING _ 9 a.m. Army Col. Robert Scurlock, commander of 2nd Brigade Combat Team, 1st Armored Division, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

SOFTWARE PIRACY-SENTENCING _ 9 a.m. Scheduled sentencing before U.S. District Judge T.S. Ellis III of Danny Ferrer of Lakeland, Fla., who pleaded guilty to running a for-profit software piracy operation. Location: U.S. District Court, Alexandria.

TERROR-PAINTBALL _ 9:30 a.m. Scheduled sentencing for Ali Asad Chandia, 29, a teacher at an Islamic school in College, who was convicted of lending aid to a Pakistani terrorist organization. Location: U.S. District Court, Alexandria.

GAZA JOURNALISTS _ 10 a.m. The Muslim American Society's Freedom Foundation holds a press conference to outline plans for sending a delegation to the Gaza Strip to appeal for the release of kidnapped Fox correspondent Steve Centanni of Washington, D.C., and Fox cameraman Olaf Wiig of New Zealand. Location: Outside Fox News studios, 400 North Capitol St.

HURRICANES-FAMILIES _ 11 a.m. Nonprofit groups hold a briefing to discuss the impact of the Gulf Coast hurricanes on children and families. Participants include Freddie Mac Foundation Chair4man Ralph Boyd, National Center for Missing and Exploited Children President Ernie Allen, National Foster Parent Association Executive Director Karen Jorgenson, others. Contacts: Patricia Fuentes, 703-903-3504. Notes: Callin number: 800-264-7882; passcode: 15415844. Call Contact to reserve a slot.

VA-IRAQ _ 2:45 p.m. James Nicholson, Secretary of Veterans Affairs, will be joined by Iraqi Director General of Veterans Affairs Nabil K. Said for a media briefing on the status of VA assisting the government of Iraq in its continuing efforts towards full responsibility for Iraq's national defense. Location: Department of Veterans Affairs headquarters, Omar Bradley Conference Room, 810 Vermont Ave. NW.

TEAMSTERS DEBATE _ 7 p.m. International Brotherhood of Teamsters (Teamsters Union) candidate for General President Tom Leedham and a surrogate for his opponent, incumbent President James P. Hoffa, will debate on the campus of George Washington University. Location:

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Jack Morton Auditorium, Media and Public Affairs Building, George Washington University, 805 21st St. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, AUGUST 25, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

UK Charges 12th Airliner Bomb Plot Suspect 3
Authorities Holding Second Man Over German Terror Plot 3
Prosecutors Ask Judge To Investigate Leak Of "Liberty City 7" Surveillance Video 4
Umer Hayat Maintains Innocence, Castigates FBI 4
Dutch Release Detained Passengers From Diverted India Flight . 4
Georgetown Professor Said To Defend Supporters Of Islamic Terrorism 4

Homeland Response:

Chertoff Says Border Patrol Needs Congress To Pass Broad Immigration Reform 4
Air Marshal Dress Code Relaxed 5
Whistleblower Says EPA Downplayed Danger Of Ground Zero Dust 6
FBI Arrests New York Man For Providing TV Subscribers With Al Manar 6
Former Marine Comes Forward After He Is Depicted In World Trade Center Movie 6
NYTimes Makes Light Of Dam-Hearing Terrorism Probe 6
Democrats Say 70% Of Katrina Contracts Rewarded Without Full Competition 7
Bush, Democrats At Odds As Anniversaries Of Katrina, 9/11 Approach 7
Many Gulf Coast Homeowners Battling Insurance Companies Over Katrina Damage 7

War News:

Top Generals Say Baghdad Security Improving, But Violence Continues Across Iraq 8
Army Reviewing US Casualty Reports Since 2001 9
Democrats Target Rumsfeld, Who Plans To Stay Through Bush Second Term 9
Iraq War Supporter Shays Now Calls For Withdrawal Timetable 10
Biden Discusses His Plan For Federal System In Iraq 10
McCain Critique Of Bush's Handling Of War Examined 10
Iraq Electrical Service Remains Erratic 10
Mahdi Army Commander Acknowledges Group's Role In Sectarian Violence 10
Sistani Urges Iraqi Politicians To Abandon Foreign Travel 11
Carroll Recalls Release As "One Of The Hardest Memories" Of Captivity 11
US Raid Kills Seven Suspected Al Qaeda Fighters In Afghanistan 11

Corporate Scandals:

DOJ Closes Criminal Probe Of Fannie Mae 11
Lay Estate Nears Settlement Deal On Enron Retirement Fund .. 12
SEC To Probe KB Home Stock Options Grants 12

Criminal Law:

Four Charged With Katrina Fraud 12
Hurricane Katrina Task Force Has Uncovered Hundreds Of Fraud Cases 13
Safavian Appeals Conviction 13
Crime Lab Aims At Curbing Child Pornography 13
Karr Arrives In Colorado To Face Charges 14
Alleged Cuban Spy Testifies FBI Agents Promised Him Immunity 14
Atlanta Jailer Pleads Guilty To Selling Inmates Contraband 14
New York State Senator Surrendering Today To Face Corruption Charges 14
Miami Schools Official Says Superintendent Offered To Be FBI Informant 15
Kaiser Grandson Sentenced To Year In Prison For SureWest Fraud Scheme 15
Six Indicted In Alleged California Underground Lottery 15
Ohio High Court Clears Execution Of Cult Leader 15
Files In Duke Rape Probe Provide Ambiguous Picture 15
Gunman Kills Two At Vermont School, Homes 16
In Plea Deal, Fletcher Agrees To Remake Personnel Board 16

Civil Law:

Court Upholds President's Power To Regulate Transactions During Crises 16
Northwest To Maintain Operations If Attendants Strike 16

Civil Rights:

Administration Opposing School "Racial Balancing" Programs... 17
New Maryland Prisons Chief Pledges Change 17
Local Alabama Candidates' Race, Sexual Orientation Shape Election 17

Antitrust:
DOJ Raises Antitrust Concerns About South Carolina Hospital Bid ... 17
Rite Aid To Buy Eckerd, Brooks Stores ... 18
British Airways Asks EU To Dismantle Airports Operator ... 18
Italian Bank Consolidation Set To Accelerate ... 19
LATimes Criticizes Barriers In Way Of FCC Media Ownership Rules ... 19

Environment:
DOJ Fines Alcoa For Pollution Violations ... 19
9th Circuit Panel Declines To Block Oregon River Dredging ... 19
Investigators' Probe Alterations To Critical Report On BP's Pipeline Management ... 20
New DOE Standards Draw Criticism ... 20
California Poised To Enact Tough Global Warming Legislation ... 20
WSJournal Criticizes Timing Of EPA Diesel Mandate ... 20

FBI/DEA/ATF/USMS:
DOJ Nears Settlement Of FBI Snitch Case ... 20
DOJ, ATF To Help Train California Police In Anti-Gang Violence Initiative ... 21
Accused Drug Dealer Arrested In Chicago Fentanyl-Laced Heroin Case ... 21
In Tennessee, Two Plead Guilty In Marijuana Conspiracy ... 22
Federal Jury Convicts Tampa Man Guilty In Marijuana Farms Case ... 22
Michigan Doctor Gets 5-Year Sentence For Illegally Writing Prescriptions ... 22
Report: Another Sprinter Coached By Trevor Graham Fails Drug Test ... 22
Drug Gangs Suspected Of Attacking Newspaper In Cancun ... 22
Two Hotels Seized By Ecuador Police Investigating Cocaine Trafficking ... 22

Tax:
Experts Say Bar On Taxing Emotional Damage Awards May Lead To More Tax Challenges ... 23
Court Rules DC Partnerships Were Not Illegally Taxed ... 23
States Begin To Shift Property Tax Burden Elsewhere ... 23

Congress-Administration:
FDA Approves Over-The-Counter Sale Of Morning-After Pill ... 23
Keisler Nomination To DC Circuit Raises Concerns About Previous Partisanship ... 25
Faith Initiative Said To Rank Low In White House Priorities ... 25
Bush On Vacation In Kennebunkport ... 25
Virginia Officials Didn't Close HOV Lanes For Bush Motorcade ... 26
Congress Holds Medicare Payments For New Budget Year ... 26

Other News:
Report Adds To Evidence Of Slowing Housing Market ... 26
Poll Finds GOP Seen As Less Friendly To Religion Than Last Year ... 27
Michigan Republicans Say GOP Indifference To Detroit Automakers Could Hurt In November ... 27
Rove Speaks At Blackwell Fundraiser ... 27
Mehlman Doubts Iraq Will Cost GOP Congressional Majorities ... 27
Casey Leads Santorum By Five Points In Keystone Poll ... 28
Chaffee Challenger's Fiscally Conservative Rhetoric Noted ... 28
Lamont Criticizes Lieberman Over Katrina Response ... 28
Steele Endorsed By Hip-Hop Mogul ... 29
House Democrats Form "Truth" Squad ... 29
Webb Aide Settles Into "Unwanted Fame" Generated By "Macaca" Comment ... 29
2008 Campaign Staff Recruiting Already Underway ... 29
Ehrlich Seen As Prolific In Use Of Clemency Powers ... 30
Zinsmeister's Career Said To Show Bankruptcy Of Conservative Intellectuals ... 30
Murkowski's Defeat Seen As Lesson For Washington GOP ... 30
AIDS Battle Said To Show Interdependence Of Developed, Undeveloped Nations ... 30
Rice Accused Of Overemphasizing Multilateralism, Overselling Lebanon Deal ... 30
State Department Demands Syria Abide By UN Arms Embargo ... 31
US To Investigate Israeli Use Of US Cluster Bombs ... 31
France Pledges 2,000 Troops For Lebanon Border Force ... 32
Administration Divisions On Iran Blamed For "Low-Key" Response ... 34
North Korea May Be Close To Nuclear Test ... 35
Bush Calls For Free Trade Agreement With Colombia ... 35
US Official Heads To Khartoum As Sudan Rejects UN Darfur Force ... 35
Rumsfeld, Russian Defense Minister To Meet This Weekend ... 35
Chavez Says China Backs Venezuelan Bid For Security Council Seat ... 36
Obama Treated As Visiting Head Of State In Kenya ... 36
Chinese Court Sentences NYTimes Researcher, Peasant Activist To Prison ... 36
Road Link Highlights Opportunities, Challenges Of Sino-Indian Relations ... 37
Text Messaging Is Key Tool For Filipino Protesters ... 37
Dionne Praises Howard's Approach To Conservative Governing ... 37

The Big Picture:
Headlines From Today's Front Pages ... 37

Washington's Schedule:
Today's Events In Washington ... 38

DOJ_NMG_0053056

TERRORISM NEWS:

UK Charges 12th Airliner Bomb Plot Suspect.

The CBS Evening News (8/24, story 5, Schieffer , 7.66M) reported, "Police in Britain today charged another suspect. That makes twelve now in the alleged plot to bomb transatlantic jetliners flying to the United States. All of the suspects are British citizen, mainly of Pakistani heritage, including several residents of the country town of High Wickham, 30 miles west of London." CBS (MacVicar) added, "There is suspicion here now -- suspicion that not everyone is what they seem," and that "something sinister is happening here. … Intelligence agencies are examining another link -- membership in a worldwide Islamic missionary group called Tablighi Jamaat, once considered pious and apolitical, now feared to be fertile ground for terrorists. … 9/11 conspirator Zacarias Moussaoui, shoe bomber Richard Reid, American Taliban John Walker Lindh, all passed through the doors of Tablighi Jamaat. The US claims it is being used as a cover to mask travel and activities of terrorists, including al Qaeda."

British Charity Commission Launches Terrorism Probe Of Aid Group. The New York Times (8/25, Timmons, 1.21M) reports, "The British Charity Commission said Thursday that it was formally investigating the aid group Crescent Relief and had frozen its funds, after allegations that the charity was linked to a thwarted terrorist plot to blow up trans-Atlantic flights. The commission said it was looking into what it called 'very serious' allegations of potential 'terrorist abuse of charitable funds' at Crescent Relief," which "was registered as a charity in July 2001 and its list of original directors included the father of Rashid Rauf, a suspect arrested in Pakistan in connection with the foiled airline bombing plot." The Times adds, "Also on Thursday, British police said they had charged a 12th suspect in the plot, saying he had failed to disclose information that could have helped prevent it."

ABC World News Tonight (8/24, story 4, 0:15, Gibson, 8.78M) reported, "British officials froze accounts of Crescent Relief, an organization that raised money in Britain for earthquake victims in Pakistan. Investigators say…that some of the money may have gone to fund the alleged plot to bomb airliners on their way to the US."

European Police Intensify Scrutiny Of Extremist Muslim Groups. The Wall Street Journal (8/25, A6, Crawford, Mollenkamp, 2.03M) reports, "European police have stepped up investigations into extremist Muslim groups" in the wake of the airliner and German rail bombing plots. "Authorities across Europe fear the attention generated by the British raids may prompt copycat crimes, given that relations between many European countries and their Muslim populations remain extremely tense. 'Young Muslim men in Germany, France or Italy visit the same Web sites as their friends in Britain,' said one senior European intelligence official, referring to extremist Internet sites." The Journal notes, "Yesterday, Lebanese national Jihad Hamad -- who German police say fled via Turkey to Lebanon shortly after planting one of the train bombs -- turned himself in to police in Lebanon."

UK Pressing EU To Tighten Airline Security Standards. The Financial Times (8/25, Burns, Peel, Buck) reports, "The UK government is pressing the European Union to upgrade standards for airline security amid renewed intelligence warnings about the threat of terrorists smuggling liquid explosives on to aircraft. … EU transport security officials will meet in Brussels next Wednesday to discuss UK proposals that would cover restrictions on hand luggage, increased screening of passengers and an agreed EU-wide investment programme for updating current technology used in explosives detection." The FT notes, "A spokesman for Jacques Barrot, the EU transport commissioner, said the EU's aviation security committee would review the interim measures taken by the UK and other countries in the wake of the Heathrow bomb plot."

Authorities Holding Second Man Over German Terror Plot.

The Washington Post (8/25, A14, Whitlock, 748K) reports, "A second suspect in last month's attempted train bombings in Germany was taken into custody Thursday after an international manhunt. But investigators appeared no closer to answering the central questions surrounding the plot: What was the motive, and why was Germany the target?" Jihad Hamad, "20, a Lebanese citizen who had been living in Germany, turned himself in to Lebanese authorities early Thursday in the city of Tripoli, according to the German federal prosecutor's office." Investigators "said Hamad and his accomplice had fled Germany after they planted suitcase bombs on two trains in Cologne on July 31 in an attempt to kill scores of people."

The New York Times (8/25, Landler, 1.21M) says the suspect "turned himself in to the police in Lebanon on Thursday, encouraging German authorities in a murky case that has unnerved this country and prompted a debate over the government's antiterrorism policies." The suspect "surrendered and was arrested in Tripoli, in northern Lebanon, after Lebanese authorities contacted his family, German officials said." The German government "will push to have Mr. Hamad extradited, a process that federal prosecutors said could take months." But "officials here praised the arrest, and Lebanon's role in the capture of

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another suspect in Germany last weekend, as an example of international cooperation in fighting terrorism."

The Christian Science Monitor (8/25, Case, 58K), meanwhile, says that "with the second suspect in a nearly successful train bombing now in custody, Germany is being forced to reevaluate how secure it really is, given that the attacks were stopped by a technical glitch, not by the work of security agencies. Though it's still unclear whether the bombing suspects -- both young Lebanese men -- were part of a larger network of Islamic radicals, their attempted attacks have awakened Germany to its vulnerabilities and cast new scrutiny on counterterrorism efforts."

Prosecutors Ask Judge To Investigate Leak Of "Liberty City 7" Surveillance Video. The AP (8/25, Gresko) reports, "Federal prosecutors asked a judge Thursday to review how the media obtained confidential information in the case of seven men accused of plotting to blow up the Sears Tower and conspiring to help al-Qaida. Prosecutors want a judge to find out whether an order sealing documents in the case was violated. The request comes after a Miami television station obtained and on Tuesday aired video that prosecutors said was not public." The AP notes, "U.S. District Judge Joan Lenard previously warned attorneys not to release nonpublic documents. Neither the U.S. Attorney's Office nor the FBI had released the materials to the media, the document said."

Meanwhile, WFOR-TV Miami (8/24, Andrews) aired more of the video, showing alleged ringleader Narseal Batiste meeting with an FBI informant. WFOR noted, "As the conversation begins, Batiste seems impressed, and almost incredulous that someone from al Qaeda would make contact with him. … He also tells the informant that he is going to carry out his plans whether he gets help from him or not." WFOR added, "This tape is so important in the case because it allegedly shows Batiste knowingly enlisting the financial help of a known terror organization, al Qaeda, in support of his holy war. Batiste would later get the boots he asked for but not guns. In subsequent conversations with this informant, Batiste would spell out his plan for an attack on Chicago's Sears Tower in detail."

Umer Hayat Maintains Innocence, Castigates FBI. The Sacramento Bee (8/25, A1, Magagnini, 298K) reports Umer Hayat – who expects to be released from incarceration today – in an interview this week "vehemently denied he or his son was ever involved in terrorism, saying their confessions, taped by the FBI, resulted from exhaustion and leading questions. Speaking first from his attorney's downtown Sacramento office, then from the Lodi garage where he now lives, Hayat expressed a deep love of America and hatred of terrorists. That love doesn't extend to the FBI, which he accused of setting him up and 'screwing' him to justify an expensive and unfruitful investigation into two Lodi imams from Pakistan who since have been voluntarily deported. … 'Don't talk to the FBI, never, ever. They screwed us very bad. They was telling me, "You are helping your son," so I was cooperating with them.'"

Dutch Release Detained Passengers From Diverted India Flight. The Washington Times/AP (8/25, Sterling) reports, "Prosecutors said yesterday they found no evidence of a terrorist threat aboard a Northwest Airlines flight to India that returned to Amsterdam, and they are releasing all 12 passengers arrested after the emergency landing." The men," all Indian nationals, had roused suspicions on Flight NW0042 to Bombay because they had a large number of cell phones, lap tops and hard drives, and refused to follow the crew's instructions, prosecutors said. … US air marshals on the flight also were suspicious of the men, US officials and passengers said." The New York Times (8/25, Simons, 1.21M) reports "the police said that the men had been unruly but that no evidence was found that they were planning any terrorist actions."

Georgetown Professor Said To Defend Supporters Of Islamic Terrorism. Joel Mowbray writes in a column for the Washington Times (8/25, 88K) on a "high-profile scholar who has been consulted repeatedly by the FBI, Professor John Esposito of Georgetown University." Esposito "has long courted controversy" but "has somehow been able to maintain a relatively high reputation in academic and government circles alike." Esposito "acknowledges that there is radicalism in Islam" yet "skillfully downplays the threat posed by radical Islam" and "willingly associates with avowed cheerleaders of Islamic terrorism." He also "defends supporters of Islamic terrorism" and "has lavished praise on two prominent advocates of Islamic terrorism: former University of South Florida professor (and convicted terrorist) Sami al-Arian, and al Jazeera phenomenon Sheikh Yusuf al-Qaradawi." Esposito also "sits on the board of advisers of the Institute for Islamic Political Thought, founded and run by" Azzam Tamimi. Tamimi has said "I admire the Taliban," "paid stirring tribute to 'martyrs' who blow themselves up" and "expressed to the BBC his desire to become a suicide bomber."

HOMELAND RESPONSE:

Chertoff Says Border Patrol Needs Congress To Pass Broad Immigration Reform. USA Today (8/25, Hall, 2.27M) reports from Harlingen, Texas, "Homeland Security Secretary Michael Chertoff warned Thursday that the

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Border Patrol will not be able to sustain the progress it has made apprehending illegal migrants unless Congress passes broad immigration reforms." He said "the agency needs to focus on 'the drug dealers, the criminals, even the terrorists' trying to sneak across the southern border. It can only do that, he said, if the majority of migrants crossing to find work are allowed to do so through a 'guest worker' program. … '"To try to do it all through brute force would be a very expensive and difficult proposition,' he said." USA Today adds, "Appearing with Chertoff by the banks of the Rio Grande, Sen. Kay Bailey Hutchison, R-Texas, said that although the Border Patrol has made progress -- including a 20,000 decrease in illegal immigrants crossing the southwestern border -- it can't continue to do so without a 'comprehensive solution.'"

US, Mexican Governors Discuss Illegal Immigration. The Los Angeles Times (8/25, Bustillo, 918K) reports, "California Gov. Arnold Schwarzenegger and his counterparts from Texas, Arizona and New Mexico made stopping illegal immigration a central theme at their annual meeting Thursday with governors from Mexico's border states. The focus on illegal immigration at a gathering typically dominated by nonconfrontational topics such as boosting trade and cleaning up the environment underscored the increasing desire of American politicians to show that they are doing something to address the issue in an election year." The Times adds that "even the ceremonial speeches by regional leaders from the two countries were marked by differences over how to make the border more secure, a politically volatile issue on both sides of the frontier." Schwarzenegger, a Republican, and New Mexico Gov. Bill Richardson, a Democrat, "introduced a resolution calling for all 10 US and Mexican border governors to fight criminality along the border, including drug smuggling and illegal immigration, instead of waiting for their federal governments to do the job." Chertoff :was greeted as a guest of honor during the opening ceremony inside the wood-paneled chambers of the Texas Senate, and he reiterated President Bush's push to add 6,000 additional Border Patrol agents by 2008."

House Opponents Zeroing In On Senate Bill's Pricetag. The Christian Science Monitor (8/25, Chaddock, 58K) reports, "The price tag for comprehensive immigration reform was not a key issue when the Senate passed its bill last May. But it is now. One reason: It took the Congressional Budget Office (CBO) -- the gold standard for determining what a bill will cost -- until last week to estimate that federal spending for this vast and complex bill would hit $127 billion over the next 10 years. At the same time, federal revenues would drop by about $79 billion, according to the CBO and the Joint Committee on Taxation. If lawmakers fix a tax glitch, that loss would be cut in half, they add." The Monitor adds, "In field hearings across the nation this month, House GOP leaders are zeroing in on the costs of the Senate bill. It's a bid to define the issue heading into fall elections and muster support for the House bill, which focuses on border security." They "say that the more people know about the Senate version, including a path to citizenship for some 11 million people now in the country illegally, the less they will be inclined to support it."

Air Marshal Dress Code Relaxed. The AP (8/25, Miller) reports, "Air marshals were told Thursday they will be allowed to dress the way they want and choose their own hotels in order to protect their anonymity while on missions." Federal Air Marshal Service chief Dana Brown, "who has been in the job for five months, said he was changing the rules, starting Sept. 1, after listening to air marshals' concerns." In a memo to the air marshals, Brown "said the dress code was changed to 'allow you to blend in and not direct attention to yourself, as well as be sufficiently functional to enable you to conduct your law enforcement responsibilities.'"

NBC Nightly News (8/24, story 6, 0:35, P. Williams, 9.87M) said air marshals "have long complained about…that a strict dress code made them stand out." They will also "be allowed to stay in the hotels of their choice now. One hotel they were required to stay in under the old rules had a sign out front that said, 'Welcome Federal Air Marshals."

ABC World News Tonight (8/24, story 3, 2:30, Ross, 8.78M) reported, "Air Marshal Spencer Pickard went public on ABC Mews in May to complain it was much too easy figure out who Air Marshals were. Today he welcomed the changes." Spencer Pickard, Federal Air Marshal: "This will make it much easier to make the American public safer."

The Washington Post (8/25, A6, Wilber, 748K) reports, "Frank Terreri, an air marshal who is president of an association that represents about 1,500 of his colleagues, said yesterday he welcomed the changes. 'It's really a huge step in maintaining the federal air marshals' anonymity,' Terreri said."

Author Calls TSA Behavior Profiling Waste Of Resources. Bernard E. Harcourt, a law professor at the University of Chicago, and author of the forthcoming "Against Prediction: Profiling, Policing and Punishing in an Actuarial Age," writes in the New York Times (8/25, 1.21M) that though the TSA has begun "experimenting" with the profiling of behavioral cues to identify terrorists, "investing heavily" in such "seemingly high-tech methods…isn't the answer, and may make air travel less safe on the whole." Harcourt continues that "the cut-rate version" of profiling that "the TSA has in store for us" will not help with the vulnerabilities in "basic search" procedures. "Rather than divert hundreds of screeners and untold dollars to high-tech fantasies, we need to invest those resources in hiring more routine screeners and giving them better training in basic searches."

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Whistleblower Says EPA Downplayed Danger Of Ground Zero Dust. The New York Times (8/25, DePalma, 1.21M) reports that Cate Jenkins, a senior scientist at the EPA who "who has been sharply critical of the agency in the past," said "in a letter to members of the New York Congressional delegation this week that test reports in 2002 and 2003 distorted the alkalinity, or pH level, of the dust released when the twin towers collapsed, downplaying its danger. Some doctors suspect that the highly alkaline nature of the dust contributed to the variety of ailments that recovery workers and residents have complained of since the attack." EPA spokeswoman Mary Mears said the agency "stood behind its work on ground zero environmental hazards, as did the NYU scientists" who conducted the tests being questioned. "Mears distanced the agency from Dr. Jenkins," saying in a statement that she "has not participated in any aspect of the EPA's work on the World Trade Center."

FBI Arrests New York Man For Providing TV Subscribers With Al Manar. The New York Times (8/25, Williams, Rashbaum, 1.21M) reports, "For several years, Javed Iqbal has operated a small company from a Brooklyn storefront and out of the garage at his Staten Island home that provides satellite programming for households, including sermons from Christian evangelists seeking worldwide exposure. … But this week, the budding entrepreneur's house and storefront were raided by federal agents, and Mr. Iqbal was charged with providing customers services that included satellite broadcasts of a television station controlled by Hezbollah — a violation of federal law. Yesterday, Mr. Iqbal was arraigned in Federal District Court in Manhattan and was ordered held in $250,000 bail." Outside court, Iqbal spokesman Farhan Memon "called the government's charges ridiculous. 'It's like the government of Iran saying we're going to ban The New York Times because we think of it as a terrorist outfit,'" Memon said.

The New York Daily News (8/25, Zambito, Marzulli, 729K) reports, "'Why don't you watch al Manar?' Javed Iqbal asked a customer who turned out to be an FBI informant secretly recording the conversation, officials said yesterday. The unique case, prosecuted under the federal Patriot Act, raised First Amendment concerns among civil liberties groups -- and follows battling between Israel and the Lebanon-based terror group. The feds were tipped this year by a media watchdog group that Iqbal…was offering al Manar broadcasts as part of the package, according to court papers unsealed yesterday." The Daily News adds, "FBI agents armed with a search warrant raided Iqbal's office and home in Staten Island Wednesday, carting off records, computers and electronic equipment." The New York Sun (8/25, Goldstein) notes FBI spokeswoman Christine Monaco said yesterday, "We remain committed to preventing a terrorist organization from advancing its agenda within our borders." The New York Post (8/25, Cornell, Gallahue, 608K) reports, "He was charged with conspiring to do business with a global terror organization, which is punishable by up to five years in jail. Prosecutors said the charges could be upgraded to providing material support for terrorists, which carries up to 15 years."

In a widely-distributed story, the AP (8/25, Neumeister) reports, "Assistant U.S. Attorney Stephen A. Miller had asked that Iqbal be held without bail, suggesting more charges were imminent. 'The charge lurking in the background is material support for terrorism,' Miller told Magistrate Judge Gabriel Gorenstein. He said Iqbal was evasive as he talked to investigators Wednesday and was a risk to flee because he has family in Pakistan." The Washington Post (8/25, A10, Pincus, 748K) notes, "Donna Lieberman of the American Civil Liberties Union said she is 'deeply troubled' that a television distributor is being prosecuted for the content of a broadcaster." However, "Mark Dubowitz of the Coalition Against Terrorist Media…said yesterday he is 'saddened' that a U.S. resident was allegedly facilitating the transmission of al-Manar 'but pleased that the U.S. is taking the necessary steps to ensure al-Manar's incitement to violence is stopped.'" The Washington Times (8/25, Seper, 88K) and AFP (8/25) also report on the arrest.

Former Marine Comes Forward After He Is Depicted In World Trade Center Movie. USA Today (8/25, Koch, 2.27M) profiles Jason Thomas, who saw himself in a commercial for the movie World Trade Center "hunting for survivors in the ruins" of the Twin Towers, "a role he hadn't discussed publicly in the five years since Sept. 11, 2001. Reluctantly, after an aunt persuaded him to tell his story, Thomas stepped forward. He revealed that he was the mystery man who, with another former Marine, dug through wreckage to rescue Port Authority policemen Will Jimeno and John McLoughlin, who were pinned beneath 20 feet of rubble."

NYTimes Makes Light Of Dam-Hearing Terrorism Probe. The New York Times (8/25, 1.21M) editorializes, "We've been fascinated by the story of how Jim Bensman of Alton, Ill., went to a hearing about fish and wound up as a potential terrorism suspect" after he expressed support for dynamiting a Mississippi River dam at a Corps of Engineers hearing. The Times notes that a Corps official contacted the FBI, which launched a terrorism investigation. "All this started because Mr. Bensman believes the Army Corps builds way too many locks and dams on the Mississippi for the convenience of boating interests. This page has always thought so too. But not in any way, shape or form that involves any kind of sabotage whatsoever."

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Democrats Say 70% Of Katrina Contracts Rewarded Without Full Competition. The AP (8/25, Yen) reports a House Democratic study found "the government awarded 70 percent of its contracts for Hurricane Katrina work without full competition, wasting hundreds of millions of taxpayer dollars in the process." The report, "a comprehensive overview of government audits on Katrina contracting, found that out of $10.6 billion in contracts awarded after the storm last year, more than $7.4 billion were handed out with limited or no competitive bidding." In addition, "19 contracts worth $8.75 billion were found to have wasted taxpayer money at least in part, costing taxpayers hundreds of millions of dollars, according to the report. It cited numerous instances of double-billing by contractors and cases of trailers meant as emergency housing sitting empty in Arkansas."

Debris Removal Firm Charged In Katrina-Related Fraud. The New York Times (8/25, Lipton, 1.21M) reports the "owner of a debris-removal company and three employees hired to monitor its work have been charged in a conspiracy to cheat the government of nearly $720,000 after Hurricane Katrina, federal officials said." The Justice Department said "the owner, Allen Kitto, 24, of Dundee, Fla., had payments for work that was never done sent through an employee who redirected the money to him and the three workers hired to monitor the debris removal in Pearl River County, Miss. It said the monitors signed off on the falsified load slips mostly from their homes rather than from their ostensible work site."

Economists Say Natural Disaster Aid Creates Public Corruption. The Washington Post (8/25, A15, Lee, 748K) reports that it is a "familiar story line: When federal aid flows into a region devastated by a natural disaster, those charged with disseminating it do not always behave honorably in the chaos. Is bad weather responsible for U.S. corruption?" West Virginia University economics professors Peter T. Leeson and Russell S. Sobel "say that 'indirectly at least, the answer may be yes,' but the real culprit is the aid." The professors say, "States that experience more frequent and severe natural disasters attract larger quantities of FEMA disaster relief. This relief creates a resource windfall that increases public corruption."

Private Sector Seen As Key To Disaster Relief. The Washington Times (8/25, Hudson, 88K) reports a panel said "government at all levels is preparing to respond to hurricanes and other disasters, but the real rescue missions likely will be carried out by corporations and churches." James Jay Carafano, "a Heritage Foundation fellow who moderated yesterday's panel discussion on 'Grassroots Response: Citizens Taking Care of Citizens During Disasters,'" said, "We are so Washington-centric that we pay almost no attention to how Americans respond to disaster." The Times adds panelists "from the private sector said they are able to respond quicker to disasters such as Hurricane Katrina than most government agencies, including the Federal Emergency Management Agency (FEMA)."

Bush, Democrats At Odds As Anniversaries Of Katrina, 9/11 Approach. NBC Nightly News (8/24, story 5, 2:25, Williams, 9.87M) reported, "This country is approaching two major anniversaries, both of them tragedies those widely different. The one-year anniversary of Hurricane Katrina and the five-year anniversary of 9/11. Both events will be somber and both will have political overtones because political parties will use them." NBC (Gregory) added, "Americans have every right to expect a more effective response in a time of emergency. Both parties are using these emergencies to frame the political debate. Democrats argue the President and his party have broken their promise to victims in the storm zone." Sen. Harry Reid: "There are so many basic problems that have not been resolved in allowing people to live decent lives." Gregory: "Some analysts argue Katrina delivered a knockout punch to the President's standing that will hurt Republicans in the fall." Larry Sabato, University of Virginia Center for Politics: "9/11 created an image of competence for George Bush and Katrina destroyed it." Gregory: "The President will mark the one-year anniversary of Katrina by visiting New Orleans. It is the fifth year anniversary of 9/11 that Republicans will use to keep the eye on 9/11. Republicans blamed Democrats for blocking counter terror measures concluding a stronger America, a safer America. President Bush cited the Iraq war arguing Democrats will hurt national security."

Many Gulf Coast Homeowners Battling Insurance Companies Over Katrina Damage. USA Today (8/25, Chu, Copeland, 2.27M) reports much of the Gulf Coast home of Richard Scruggs, "the Mississippi lawyer who took on the tobacco and asbestos industries," and that of his brother-in-law, Sen. Trent Lott, was reduced to rubble after Katrina. For months, Scruggs has been championing" the cases of "thousands of other Gulf Coast homeowners in lawsuits against insurers." In "this storm-scarred region, thousands of homeowners are still waiting to get paid for property damage. Thousands more are disputing insurance payments for hurricane damage. Many of these cases — winding their way through state and federal courts — are likely to take years to be decided, delaying the rebuilding of homes and contributing to higher foreclosure rates." How these "bitter disputes shake out will also affect whether major insurers continue to offer homeowner's policies along the Gulf, and at what price. Already, some of the largest insurers, including Allstate and State Farm, have pulled back on homeowner's coverage here." Insurance

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companies "have paid out nearly $15.5 billion for Katrina's damage to homes, but billions more dollars are at stake in these lawsuits."

NBC Nightly News (8/24, story 7, 2:45, Mott, 9.87M) reported Paul Leonard is one of the "first homeowners to battle their insurance company in court." Paul Leonard: "We are asking the court to make us whole again." Mott: "A Federal judge did not last week. Instead of the $130,000 they wanted the Leonards got just under $3,000." The judge "said their homeowners insurance did not coverage flood damage which accounts for most of their losses. They are still hopeful for others because the ruling was not a total victory for insurers. It found them responsible for wind damages, even if they occurred at the same time as flooding." Dick Scruggs, Paul and Julie Leonard's attorney: "This is good news for people with extensive wind damage and a little water damage."

Baton Rouge Struggles To Adjust To Post-Katrina Life. The Washington Post (8/25, A1, Haygood, 748K) reports Hurricane Katrina has "permanently transformed Baton Rouge. Katrina has demanded realignments, shaken this city's sense of order and left it struggling to cope with a range of new, daily problems." A "population boom has led to Los Angeles-like traffic jams. A housing crunch has escalated home costs, angering longtime residents. A surge in school enrollment -- there are 3,704 displaced New Orleans students in the local system -- has overburdened teachers, many of whom had already felt overworked. And increased crime has led to daily discussions about race and class."

Rookie Saints Running Back Reggie Bush Leading Football Recovery Aid. USA Today (8/25, Weir, 2.27M) reports the New Orleans Saints "don't open the season until Sept. 10, but the power of" rookie running back Reggie Bush's "name already is evident amid New Orleans' struggle to recover from Hurricane Katrina." Pepsi soon "will announce a 'Yard by Yard, Neighborhood by Neighborhood' program that aims to build 25 homes in the New Orleans area with donations from the company based on Bush's yardage totals." Holy Rosary High School, "a special-needs school in the New Orleans suburb of Metairie, can keep its classes open, thanks to Bush's donation of $56,000 in sponsorship money from the Adidas shoe and apparel company."

New Orleans Small Businesses Struggle To Survive. The New York Times (8/25, Eaton, 1.21M) reports that across New Orleans, "a year after the hurricane, shoppers, store owners, economists, even government officials share" the fear that small businesses will be unable to bounce back. New Orleans's "little restaurants, independent stores and small manufacturers do not just add flavor to the economy; in a city that lacks a big corporate base, they are the economy. And their revival, like that of the city as a whole, remains uncertain."

Only 50 New Orleans Schools Have Reopened. The CBS Evening News (8/24, story 10, 3:00, Cowan, 7.66M) reported that in New Orleans, "more than 50 schools, some in the hardest hit areas, are scheduled to reopen by the end of the month. It's only half the number before the storm but more than many thought possible justice a year ago. Katrina damaged nearly a third of all the classrooms here beyond repair." But "given that New Orleans had one of the worst public school systems in the country, Katrina may have actually done some good." Scott Cowen, President, Tulane University: "This is an unprecedented opportunity now to rebuild the school system the way it should be." Cowan: "Scott Cowen of Tulane University helped lead the charge for change, encouraging the state to take control away from the failing New Orleans school district, and hand over an unprecedented 60 percent of the public schools to private companies. They'll be managed as charter schools -- publicly funded but independently run." Cowen: "We can make faster decisions. We can make decisions that are more consistent with the needs of our kids than we ever were before."

USA Today Says New Orleans Leaders Have Failed City. USA Today (8/25, 2.27M) says in an editorial that in New Orleans, "a year ago, water was the enemy. Today, it has been replaced by a more insidious foe: Uncertainty. As the water receded, a smaller, sadder New Orleans looked to Mayor Ray Nagin and the City Council for leadership. They responded with chaos. The symbol of their failure is New Orleans' lack of a citywide plan to rebuild — the first essential step toward renewal. Without a plan, residents don't know whether city services, utilities and other families will return to their old neighborhoods. So decisions about rebuilding are deferred and residents stay away, compounding the failure." The Federal Government "bears some responsibility," but "if the problems are challenging, they do not excuse the city's utter failure to tackle them. Local leaders have fled from all the tough choices."

WAR NEWS:

Top Generals Say Baghdad Security Improving, But Violence Continues Across Iraq. While US Middle East commander Gen. John Abizaid and US Iraq commander Gen. George Casey said Thursday that security in Baghdad is improving, all three broadcast networks ran reports that continue to portray the situation in Iraq as poor. The shortest report was on NBC Nightly News (8/24, story 4, 1:00, Williams, 9.87M), which surveyed the latest events and included Abizaid's remarks. NBC reported, "In Iraq, two US soldiers were among the dead today. A third was killed yesterday, all of them near Baghdad. As the military announced those latest casualties," Abizaid "insisted the new security operation in the capital is working." NBC

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(Miklaszewski) added, "Five bombs tore through several Baghdad neighborhoods today killing four and wounding 24 others. Sectarian violence killed many Iraqis. Despite the relentless slaughter," Abizaid "declared today is not civil war." Abizaid: "I believe there is a danger of civil war in Iraq, but only a danger. Iraq is far from it." Miklaszewski: "Sounding more optimistic than the warning he delivered to Congress only three weeks ago."

The CBS Evening News (8/24, story 9, 2:15, Schieffer, 7.66M) also summarized the latest violence, also including the positive news that "police in Mosul reported they captured a key rebel leader," as well as the more negative news that "the price of ice spiked 400% in Baghdad, which is suffering 120-degree temperatures." CBS said Abizaid "says he remains 'optimistic' about Iraq." CBS (Strassmann) spoke with the imam of a Baghdad mosque, who gave Abazaid "mixed reviews. Yes, American soldiers now make his neighborhood feel safer. But Iraqi security forces' behavior is no good, the cleric says." CBS added, "Since the security crackdown began in Baghdad, the murder rate citywide is down 41%. That's progress. But remember, it's been less than three weeks."

USA Today (8/25, 4A, 2.27M) and the AP (8/24, Quinn) also report on the generals' remarks, both quoting Casey saying, "I think everybody has seen an improvement…in Baghdad over the last weeks because of the operations of the Iraqi security forces supported by the American Army. And we're confident that we can sustain that." USA Today says that despite the upbeat assessment, "the bloodshed persisted with three car bombs in Baghdad and a series of bombings and shootings across the country."

Ignatius Accompanies Abizaid On Baghdad Neighborhood Tour. In his Washington Post (8/25, A17, 748K) column, David Ignatius writes, "Abizaid made headlines three weeks ago when he told Congress that civil war was a possibility in Iraq. Yesterday he went into two of Baghdad's most dangerous neighborhoods to see whether a new U.S.-led offensive against the death squads and insurgents is making any progress," and invited Ignatius and "a CBS reporter" to accompany him. Ignatius recounts what they saw, concluding, "With enough troops and aggressive tactics, American forces can bring order to even the meanest streets. But it's only the Iraqis themselves who can stabilize these neighborhoods permanently."

US Faces "Different Fight" In Ramadi. Meanwhile, ABC World News Tonight (8/24, story 5, 2:30, Gibson, 8.78M) focused on the situation in "what has become the single-most dangerous city in this country for US forces," Ramadi, which "terrorists hold…in a deadly grip, fueling the insurgency and take a terrible toll on the several thousand American troops who are trying to hold them at bay." ABC (Raddatz) added, "US commanders now consider Ramadi a magnet for foreign fighters." Lt. Gen Peter Chiarelli: "There's no sectarian violence out in Ramadi that we know of. It's a different fight, because you're fighting al Qaeda. You're fighting terrorists." Raddatz: "And the terrorists are fighting hard, establishing Ramadi as a safe haven from which they funnel money, weapons and suicide bombers to the rest of the country."

Army Reviewing US Casualty Reports Since 2001. The AP (8/24, Lindlaw) reports the Army "has opened a review of casualty reports on American soldiers killed in Afghanistan, Iraq and elsewhere since 2001, a response to complaints that it has not always given families accurate information." The Army plans to "issue a directive formalizing the review" within the next few weeks. Brig. Gen. Anthony A. Cucolo of the Army public affairs office said the move "is not new but a continuing 'rigorous and routine review of current casualty cases with outstanding issues.'"

Rumsfeld Compares Iraq Casualty Count To Other US Wars. The Washington Times (8/25, Gertz, Scarborough, 88K) "Inside The Ring" column recounts Defense Secretary Donald Rumsfeld's remarks putting Iraq's" casualty count into historical perspective" during a recent interview. Rumsfeld said, "Now, you look at the Civil War -- I don't know how many people were killed, but someone gave me a piece of paper and I looked at it, it was half a million people were killed, and -- 524,000 people were killed. So think of that. We've lost 2,054, killed in action in Iraq. … World War II was 405,000. The Korean War was 36,000. Vietnam was 58,000. The lives that have been lost -- American lives to defend this country and the willingness of the American people to defend the country at those costs says a lot about our country. But we wouldn't be the country we are today if those people hadn't been willing to serve."

Democrats Target Rumsfeld, Who Plans To Stay Through Bush Second Term. The Wall Street Journal (8/25, A4, Harwood, 2.03M) "Washington Wire" reports Democrats are targeting Defense Secretary Donald Rumsfeld "to boost election pressure on rivals," also reporting that "in private comments to top aides," Rumsfeld has signaled he "plans to remain" in his job through the end of President Bush's term.

Author Pines For Days Of "Rumsfeld The Poet." In the Los Angeles Times (8/25, 918K), Hart Seely, who wrote "Pieces of Intelligence: The Existential Poetry of Donald H. Rumsfeld," asks, "Whatever Happened to Rumsfeld the Poet?" Seely writes that "in the salad days of the war on terror," Rumsfeld "shared his idiosyncratic haiku with the nation during televised news conferences, while his hands made hypnotic kung fu gestures for the cameras." But, Seely laments, "Rumsfeld has entered a J. D. Salinger mode," cutting back on interactions with members of the media.

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Iraq War Supporter Shays Now Calls For Withdrawal Timetable. The Washington Post (8/25, A3, Asthana, 748K) reports Rep. Christopher Shays, "once an ardent supporter of the war in Iraq" who "faces a tough reelection campaign because of his previous support for President Bush's war policies," said Thursday that the "Bush administration should set a time frame" for withdrawal, suggesting most of it could take place in 2007. Shays made the comments after completing his 14th trip to Iraq this week. He said he "found a 'noticeable lack of political will' among Iraqis 'to move in what I would call a timely fashion' and concluded that Iraqi officials would act with greater urgency" if the US sets a timetable.

Biden Discusses His Plan For Federal System In Iraq. On MSNBC's Hardball (8/24, Matthews), Sen. Joseph Biden discussed his plan to create a federal system in Iraq and give the Kurds, Sunnis, and Shiites a large measure of autonomy. Biden said he thought the people of Iraq would support the plan, adding, "There's been a real change here. If you asked me that a year ago, the Sunnis still thought they could control the whole show, the Shia thought they could take over politically and physically, and the Kurds were hoping it would fall apart. Now they all have different equities. The only way to hold this country together…is to give these three regional groups breathing room."

McCain Critique Of Bush's Handling Of War Examined. Time (8/25, Carney, 4.03M) writes on its website that Sen. John McCain "has been President Bush's indispensable political ally on the war in Iraq," but this week "unloaded on the Bush Administration's handling of the war in a speech that, with a few tweaks, could have been delivered by an anti-war Democrat." Time says "several factors are at work here." He was speaking at an event for embattled Republican Sen. Mike DeWine, who "will likely be swept away if anti-Bush, anti-GOP, anti-war sentiment turns voters towards Democrats this fall." But McCain "had another, more personal agenda." As he has moved to "transform himself from the insurgent challenger of the 2000 campaign into the establishment front-runner in the 2008 field," he has faced criticism that he is "sacrificing his straight-talk reputation for the support of big GOP donors and power-brokers. McCain's aides know the Senator's reputation for independence and integrity is his most valuable political asset."

Mehlman Downplays Differences Between McCain, Administration. CNN's The Situation Room (8/24, Blitzer) interviewed Republican National Committee Chairman Ken Mehlman. Asked to comment on Sen. John McCain's remarks that the Administration "mislead the American public into thinking this [Iraq] would be a day at the beach," Mehlman said, "I think the president has been very clear from the beginning, this was going to be a very difficult battle in Iraq and a long war on terror. He has said that from the beginning. This is not new. Senator McCain has before made comments where he said, while he agrees with the strategic objective of the Administration, he has had some disagreements about some of the characterizations of the nature of the battle."

Iraq Electrical Service Remains Erratic. USA Today (8/25, 4A, 2.27M) runs a sidebar on the demand for electricity throughout Iraq, where "efforts to add capacity to the power grid have been hampered by violence, sabotage and theft." At present, electricity is available an average 6.6 hours per day in Baghdad and 11 hours per day nationwide.

Mahdi Army Commander Acknowledges Group's Role In Sectarian Violence. The Washington Post (8/25, Knickmeyer, 748K) runs another front-page story on Moqtada al-Sadr's Mahdi Army, including a "rare acknowledgment" from one commander that the militia is playing a role "in the sectarian bloodletting that has killed more than 10,400 Iraqis in recent months." The Post writes, "The death squads that carry out the extrajudicial killings are widely feared but mysterious," with the only evidence often just "the bodies discovered in the streets." Another commander said, "You can find in any religion the right of self-defense."

Sadr Group Disavows Baghdad's "Butcher." Inside the paper, the Washington Post (8/25, A12, Knickmeyer, 748K) also report s on Abu Diri, known by Baghdad's Sunnis as "the Butcher." The US military, Sunnis, "and even many Shiites say they believe Abu Diri kidnaps and kills Sunnis and other rivals with a zeal that has made him notorious, even in Baghdad's daily carnage." While the US believes he is linked to the Mahdi Army, "Sadr and his top aides publicly disavow Abu Diri." Sadr's brother-in-law Riyadh al-Nouri said, "He is not Mahdi Army, he is the head of the gangsters. He is not Mahdi Army and never was. All he does is fight for his own reputation and his own crimes."

Sadr Claims Victory As UK Withdraws From Southern Camp. The Washington Post (8/25, A14, Paley, 748K) reports British troops "abandoned" Camp Abu Naji in southern Iraq on Thursday "and prepared to wage guerrilla warfare along the Iranian border to combat weapons smuggling," a move Sadr called the "first expulsion of U.S.-led coalition forces from an Iraqi urban center." British military spokesman Maj. Charlie Burbridge said the last of 1,200 troops left the Maysan Province camp "after several days of heavy mortar and rocket fire by a local militia, which local residents identified" as the Mahdi Army.

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Sistani Urges Iraqi Politicians To Abandon Foreign Travel. The New York Times (8/25, Von Zielbauer, 1.21M) reports Grand Ayatollah Ali al-Sistani, Iraq's "most prominent Shiite religious leader," made a "rare political statement" urging members of the government and legislators "to refrain from taking trips abroad and to focus on improving the lives of ordinary citizens."

Carroll Recalls Release As "One Of The Hardest Memories" Of Captivity. The Christian Science Monitor (8/25, Carroll, Grier, 58K) runs the 10th installment of Jill Carroll's story, in which the freelance journalist is set free. Carroll writes, "For me, my release is one of the hardest memories of my captivity. I don't know why. Suddenly, my structure was gone. There was no one to tell me what to do. My body was free, but my mind was not. I was conditioned to be whatever anyone around me wanted me to be. I had no opinions, no self-will. I didn't know how to make decisions."

UAE May Have Attempted To Negotiate Carroll Ransom Payment. The Christian Science Monitor (8/25, Peterson, Murphy, 58K) also reports that since Carroll was released, "rumors have swirled about a $10 million or even a $36 million ransom payment. … Neither the Monitor nor the Carroll family paid for her release." However, the newspaper says it has "new evidence to suggest that the United Arab Emirates (UAE) tried to negotiate a ransom payment. Some Iraqi investigators speculate that this was done on behalf of the US government." UAE officials "did not return requests for comment," and a senior Iraqi official "says there was a ransom negotiation with the UAE for Carroll, but that it fell apart in the week prior to her release." The official "also says no ransom was paid for Carroll, and declined to discuss the matter further."

US Raid Kills Seven Suspected Al Qaeda Fighters In Afghanistan. A US raid against al Qaeda in eastern Afghanistan left seven adults and one child dead. The AP (8/24, Abrashi) calls the seven "suspected al-Qaida fighters," while the New York Times (8/25, Wafa, 1.21M) simply says "eight civilians, including a child, were killed." Both quote coalition spokesman Col. Tom Collins saying the raid aimed at capturing a "known al-Qaida facilitator," whom Collins said was among those killed.

Returned US Army Commander Says Terrorist Recruits Quickly Replace Dead. The Washington Times (8/25, Gertz, Scarborough, 88K) "Inside The Ring" column writes that "an Army commander just back from Afghanistan had some good news and bad news. The good: The coalition is good at finding and killing Taliban and al Qaeda fighters. The bad: Nearly as fast as the terrorists are killed, they are replaced by new recruits from camps in Pakistan."

CORPORATE SCANDALS:

DOJ Closes Criminal Probe Of Fannie Mae. The Wall Street Journal (8/25, Paletta, Wilke, 2.03M) reports, "The Justice Department notified Fannie Mae that it has ended a two-year investigation into the company's accounting misdeeds. The closing of the criminal probe, which was handled by the US attorney for Washington, eliminates one of the regulatory issues dogging Fannie Mae in the wake of findings that it manipulated earnings, partly in an attempt to increase management bonuses." Fannie Mae stock "rallied on the news. In 4 p.m. New York Stock Exchange composite trading, the shares rose to $51.53, up $2.36, or 4.8%." The Journal adds, "In light of the decision, criminal charges against current and former executives of the company aren't expected. A spokesman for the US attorney declined to comment on whether there was an open investigation into individuals."

The New York Times (8/25, Bajaj, 1.21M) reports, "Legal and financial analysts said the decision not to pursue charges against Fannie Mae signaled that the government was heeding lessons from its prosecution of Arthur Andersen, the accounting firm that went out of business in 2002 after being convicted of obstruction of justice related to the audit work it did for Enron." Last year, the Supreme Court "unanimously overturned the conviction against Arthur Andersen."

However, the Washington Post (8/25, D1, Hilzenrath, Johnson, 748K) says the Justice Department "is still investigating whether former Fannie chairman and chief executive Franklin D. Raines and former chief financial officer J. Timothy Howard committed perjury when they testified about the company's accounting practices before a House of Representatives panel in 2004, said Channing Phillips, a spokesman for the U.S. attorney for the District of Columbia." In addition, the Securities and Exchange Commission "has not ruled out civil charges against individuals in the accounting matter, according to an SEC source, who spoke on condition of anonymity because it is SEC policy not to comment on pending investigations." Another regulatory agency, the Office of Federal Housing Enterprise Oversight, "said yesterday that it was reviewing potential administrative actions against former Fannie Mae executives."

Bloomberg (8/25, Tyson) reports, "The end of the probe by the U.S. Justice Department reduces the threat of some fines and lawsuits related to an initial federal investigation in 2004 that found Fannie Mae manipulated earnings. The probe forced the ouster of top executives including Chairman and Chief Executive Officer Franklin Raines and led to allegations of fraud by shareholders. … The Securities and Exchange Commission and Fannie Mae's regulator, the

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Office of Federal Housing Enterprise Oversight, fined the government-chartered company $400 million in May and restricted growth in its $730.9 billion mortgage portfolio." Bloomberg adds, "Though criminal charges may still be filed against former executives, Fannie Mae 'is on the road to recovery,' said Michael Mullaney, who manages $10 billion at Fiduciary Trust Co. in Boston. The Washington-based company 'still has several steps to go,' including the completion of its restatement."

Dow Jones (8/25, Paletta) reports, "Fannie Mae was initially told of the investigation in October 2004. In May, the Securities and Exchange Commission and the Office of Federal Housing Enterprise Oversight fined Fannie Mae$400 million for its accounting problems, alleging that senior executives manipulated earnings to trigger millions of dollars in bonuses. … The SEC said it has closed its investigation into the company, but not into individuals."

AFP (8/25) reports, "The Justice Department had been probing the firm for almost two years for possible criminal misconduct related to improper accounting and earnings manipulation which triggered bonuses for senior executives from 1998 to 2004. … 'Fannie Mae today announced that it has been advised by the United States Attorney's Office for the District of Columbia that it is discontinuing its investigation and does not plan to file charges against the company,' the company said in a statement. … 'We will continue to work closely and cooperatively with our regulators as we move forward to carry out the terms of our agreements, complete our restatement and build a better company,' said Fannie Mae chief executive Daniel Mudd."

Lay Estate Nears Settlement Deal On Enron Retirement Fund. The Houston Chronicle (8/25, Roper) reports, "The estate of the late Ken Lay is expected within days to reach a settlement in a lawsuit involving Enron's retirement fund that could bring thousands of former workers a step closer to receiving their share of a payout." The Chronicle continues, "Such a settlement would leave former Chief Executive Jeff Skilling as the only remaining defendant in the suit that alleges the administrators of the company's retirement plan — as well as outside directors, Lay and Skilling — failed to adequately diversify Enron's 401(k). … The retirement plan was heavily laden with Enron stock. Employees who were invested in it lost hundreds of millions of dollars when Enron collapsed." The Chronicle adds, 'Former Enron employees may still have a long wait, as funds cannot be distributed until all the defendants have settled or the matter is resolved in court. Plus, Skilling appears to be bracing for a fight. … At a brief scheduling conference today for the case in a Houston federal court, Seattle-based attorney Lynn Sarko, who represents the employees, told the court his team had been negotiating with Lay's estate and that they were 'within days' of reaching a settlement. … A smiling U.S. District Judge Melinda Harmon said she was pleased with the development. … Harmon has already approved settlements totaling $264.3 million collected on behalf of former Enron employees who had 401(k) plans with company stock. Some $23 million in legal fees and $874,902 in legal expenses will be subtracted from the $264.3 million."

SEC To Probe KB Home Stock Options Grants. The Wall Street Journal (8/25, Corkery) reports, "KB Home said that the Securities and Exchange Commission will be conducting an "informal inquiry" into the company's stock-option grants." The Journal continues, "On Wednesday, The Wall Street Journal reported1 that several past stock-option grants to Bruce Karatz, the Los Angeles home builder's chief executive, were dated at unusually low points in the company's stock price. KB Home said late yesterday that it would cooperate with the SEC probe. … Four grants to Mr. Karatz between 1998 and 2001 were propitiously timed. One was dated at the stock's lowest closing of the year, another at a quarterly low, and the remaining two at monthly lows." The Journal adds, "Mr. Karatz was one of the highest-paid executives in the U.S. in 2005, according to the Journal's annual survey of executive compensation. His total direct compensation in 2005 was $155.9 million, the bulk of it coming from exercising options, according to the Journal article. KB Home has said his compensation was based on company performance. … With the informal SEC inquiry, KB Home joins scores of other companies facing federal probes of their option-granting practices. The probes are concentrating on the practice of backdating, in which an option's grant date is manipulated so that the grant appears to have been made at a time when the company's share price is low. That increases the potential profit to the option's recipient."

CRIMINAL LAW:

Four Charged With Katrina Fraud. The New York Times (8/25, Lipton) reports, "The owner of a debris-removal company and three employees hired to monitor its work have been charged in a conspiracy to cheat the government of nearly $720,000 after Hurricane Katrina, federal officials said." The Times continues, "The Justice Department said the owner, Allen Kitto, 24, of Dundee, Fla., had payments for work that was never done sent through an employee who redirected the money to him and the three workers hired to monitor the debris removal in Pearl River County, Miss. It said the monitors signed off on the falsified load slips mostly from their homes rather than from their ostensible work site. In addition to Mr. Kitto, those charged were Clinton K. Miller,

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of Carriere, Miss.; Devin Chuter, of Picayune, Miss.; and Lauren Robertson, of Picayune."

The Biloxi Sun Herald (8/25, Fitzgerald, 44K) reports, "Four people have been indicted in a Hurricane Katrina fraud case that accuses them of defrauding the federal government of more than $700,000 from a debris-removal conspiracy in Pearl River County." US Attorney Dunn Lampton announced the indictment during a visit to Gulfport by Alice Fisher, assistant attorney general for the Department of Justice criminal division in Washington, D.C." The AP (8/25) notes, "Those charged Thursday were Allen Kitto, 24, of Dundee, Fla., whose company was a subcontractor for debris cleanup in Pearl River County, near the Louisiana border; and Clinton K. Miller, 28, Devin Chuter, 23, and Lauren Robertson, 23, who worked as debris removal monitors." The New York Times (8/25, Lipton, 1.21M) adds that Kitto allegedly "had payments for work that was never done sent through an employee who redirected the money to him and the three workers hired to monitor the debris removal." The indictment also "said the monitors signed off on the falsified load slips mostly from their homes rather than from their ostensible work site."

Hurricane Katrina Task Force Has Uncovered Hundreds Of Fraud Cases. Scripps-Howard (8/25, Hoffman) reports that "hundreds of suspected fakes and frauds who have been caught by a phalanx of federal and state investigators fighting a flood of post-hurricane wrongdoing that continues to swell a year after Katrina hit last Aug. 29. 'It's a full-employment act for FBI agents,' FBI assistant director James Burrus said. At last count, there were at least 785 criminal cases under investigation by the Hurricane Katrina Task Force," and "state prosecutors in Louisiana, Mississippi and Texas are similarly swamped." Scripps-Howard adds, "Some government-spending watchdogs hold FEMA and other agencies to blame for fertilizing the fraud with their mismanagement and poor oversight. … 'Are we holding the big fish accountable?' said Scott Amey, general counsel for the Project on Government Oversight." Burrus "says the answer to that is a resounding 'yes.' … 'We're not overlooking anything,' Burrus said, invoking Attorney General Alberto Gonzales' vow to have 'zero tolerance' for hurricane-related miscreants. 'We prosecute everyone.'"

Safavian Appeals Conviction. The Washington Post/AP (8/25, A2) reports, "A former Bush administration official convicted of lying about his relationship with lobbyist Jack Abramoff asked a judge yesterday to overturn the verdict or grant him a new trial." An attorney for David H. Safavian, former chief of staff of the General Services Administration, "argued that the charges did not meet the legal standard for conviction. They also argued that U.S. District Judge Paul L. Friedman improperly admitted e-mails between Abramoff and Safavian as evidence. The e-mails discuss two pieces of GSA-controlled property that Abramoff wanted for himself or his lobbying clients."

Judge Appears Skeptical Of Safavian's Arguments For New Trial. Government Executive (8/25, Mandel) reports, "A judge who presided over the trial of convicted former Bush administration official David Safavian on Thursday heard arguments on a motion to hold a new trial, but he said it was unlikely he would reverse his decision on a key prosecution point. He confirmed an October sentencing date." GE continues, "D.C. District Judge Paul Friedman heard arguments by defense attorney Albert Lambert on legal theories to dismiss each of the four counts on which Safavian, former head of the Office of Management and Budget's procurement policy shop, was convicted in June. The charges were related to his dealings with lobbyist Jack Abramoff and participation in a golfing trip to Scotland in 2002, while serving as chief of staff at the General Services Administration." GE adds, "Lambert argued that Safavian's due process rights were violated because he was not informed, during interviews with the GSA inspector general's office and with an investigator for the Senate Committee on Indian Affairs, of the legal implications of his participation. Safavian should have been informed, in a disclosure similar to the reading of Miranda rights, that his words could be used against him in court, Lambert argued. … The defense also argued that the extent of what Safavian was required to disclose was unclear, and that statements he made regarding whether Abramoff had business with the GSA, which led to a false statements charge, were reasonable based on a plausible definition of 'doing business.'"

Crime Lab Aims At Curbing Child Pornography. The AP (8/25, Slagle) reports, "Authorities said Thursday they're encouraged by a new computer system designed to find victims of child pornographers and capture the perpetrators by using the very tool responsible for proliferation of the crime: the Internet." The AP continues, "The so-called Victim Identification Lab, tested for the first time during a law enforcement conference this week in Dallas, is designed to help local, state and federal authorities across the country share information and develop new leads in tough child porn cases, said Michelle Collins of the National Center for Missing and Exploited Children. … 'The volume of porn on the Internet is just rapidly increasing,' Collins said. 'But child pornography is not a computer crime — these are sexual abuse cases.'" The AP adds, "The lab is a test for now. The system on display during the Crimes Against Children Conference was basically a room with 30 notebook computers connected to a database of 50 real case files. … Each file includes a picture or a video of a child porn victim, as well as a field where officers can write notes to

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each other with tips or possible leads. … The case file images have been edited to remove any trace of sexual abuse. But the child's faces are visible, as are potentially crucial background clues such as hotel signs, T-shirts or road signs. Often, it's these small details that can make or break a case, authorities said. … Because the jurisdictional boundaries have been blurred dramatically by the Internet, it's really important that all law enforcement work together, said Lt. Ches Williams, who oversees the crimes against children unit for the Dallas Police Department. … The National Center for Missing and Exploited Children is working with the FBI and other federal agencies to expand the lab so officers and prosecutors can log in to a secure Web site and check cases from anywhere in the country."

Karr Arrives In Colorado To Face Charges. The Washington Times (8/25, Richardson) reports, "John Mark Karr arrived (in Colorado) last night to face charges in one of the century's most notorious unsolved crimes, the JonBenet Ramsey killing." The Times continues, "The suspect took a three-hour flight from Los Angeles to the Jefferson County airport in Broomfield on a Colorado State Police twin-engine aircraft known as 'the governor's plane.' … A judge is expected to issue an order today scheduling Karr's initial advisory hearing." The Times adds, "Even as Karr, dressed in a red shirt and dark slacks, was moved from the plane to an unmarked black sport utility vehicle for his drive to the Boulder County jail, questions resurfaced about the strength of the case against him. … A court filing released yesterday described the case against him as being in the 'very early stages.' … The document said the Boulder District Attorney's Office had been unaware of Karr's identity until Aug. 11, five days before he was arrested in Thailand, but moved to arrest him before he could be tipped off to the investigation and flee." The Times notes, "Karr, 41, is wanted on a warrant charging probable cause for first-degree murder, first-degree felony murder, kidnapping and sexual assault on a child. However, no evidence has emerged to prove that he ever lived in or even visited Colorado, much less the idyllic university town where 6-year-old JonBenet was killed."

The Los Angeles Times (8/25, Riccardi) reports, "On Thursday, Colorado authorities flew him in a state prop-jet from Long Beach Airport to a commuter airport in a Denver suburb. They did not announce when they were transporting him, in hope of eluding the media, but word leaked and TV helicopters followed the caravan of vehicles that took Karr, 41, from the runway to the Boulder jail." The Times adds, "Karr's arrest came after a University of Colorado journalism professor who engaged in a four-year e-mail correspondence with Karr alerted the Boulder district attorney's office in May. Prosecutors issued a warrant last week for Karr, a schoolteacher, but sealed the affidavit explaining why they believed he was responsible for the death. .. Media organizations have asked a judge to unseal the affidavit. But in a filing Wednesday, the district attorney's office asked for the affidavit to remain sealed until Sept. 7 because the evidence it described had not been disclosed publicly."

The AP (8/25, Jimenez) reports, "John Mark Karr bragged to his landlord's wife that sexually he was 'like a wolf,' and said he 'liked little boys and girls' when he worked in Costa Rica as an English teacher, his former housemates told The Associated Press." The AP continues, "Karr, now jailed in the United States after his arrest in Thailand, faces a Colorado warrant for the 1996 murder of 6-year-old JonBenet Ramsey. … Karr traveled around the world in recent years, including brief stays in Honduras and Costa Rica, where he rented a room in 2004 from Canadian John Hall, who now teaches at a private university in the capital of San Jose. … 'I had to kick him out because he was obviously a pervert and I was worried about the safety of my wife and my stepdaughters,' Hall told The Associated Press."

Alleged Cuban Spy Testifies FBI Agents Promised Him Immunity. The AP (8/25, Anderson) reports, "A college professor charged with being an illegal Cuban agent testified Thursday that he only divulged details about 'my past' with the Havana government because he believed FBI agents had promised that he wouldn't be prosecuted if he was truthful. 'I did consider it as a promise,' said Carlos Alvarez, indicted along with his wife Elsa on charges of acting as longtime Cuban intelligence operatives." The AP adds, "The FBI agents -- Albert Alonso and Rosa Schureck -- both testified that they made no firm promises to Alvarez and insisted that he was told he was free at any time to leave the interviews." The agents also "said their goal in meeting with Alvarez was not to gather evidence in a criminal case but to persuade him to become a double agent."

Atlanta Jailer Pleads Guilty To Selling Inmates Contraband. The Atlanta Journal-Constitution (8/25, Morris, 399K) reports, "A jailer at the Atlanta City Detention Center pleaded guilty Thursday to federal bribery charges." Nathaniel Gray "was indicted in April on one count of bringing contraband into the city jail, and one count of accepting money to bring contraband into the jail in violation of his official duty." US Attorney David E. Nahmias said, "The introduction of contraband into a prison threatens that order and discipline, and it can also create danger for other inmates and guards."

New York State Senator Surrendering Today To Face Corruption Charges. The New York Daily News (8/25, Kappstatter, 729K) reports, "Longtime Bronx State Sen. Efrain Gonzalez will surrender to federal authorities today to face charges of misappropriating government funds,

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the Daily News has learned. A sealed 19-count indictment reportedly charges Gonzalez with using grants and contracts acquired for various community groups to siphon money back into his own pocket." The Daily News notes, "The indictment stems from a two-year probe by the FBI and federally-deputized agents from the city Department of Investigation. Investigators sifted through a 'massive' number of records and traveled to Florida and the Dominican Republic, where Gonzalez has a cigar business, a source said." The New York Post (8/25, Weiss, 608K) adds, "Gonzalez and a cadre of politicos and their relatives have been in the cross hairs of federal prosecutors and the city's Department of Investigation as they tried to determine whether funds earmarked for state and city programs were churned into salaries for family members and their cronies. Gonzalez's attorney, Kim Richman, insisted the senator is innocent."

Miami Schools Official Says Superintendent Offered To Be FBI Informant. The Miami Herald (8/25, Pinzur, 310K) reports, "Miami-Dade Superintendent Rudy Crew once offered to 'wear a wire' as part of a federal investigation, he told The Miami Herald on Thursday. He declined to provide details, saying the case might still be active, but said the investigation never included any School Board members or senior district administrators. An FBI spokeswoman declined to comment. The talks between Crew and the FBI were revealed by Herbert Cousins, the district's former inspector general, who said Crew ultimately refused to participate in the investigation. … 'If Dr. Crew had followed through on his promise of cooperation, we would have cleaned up the system,' said Cousins, a former FBI agent. 'Instead, he turned.'"

Kaiser Grandson Sentenced To Year In Prison For SureWest Fraud Scheme. The Sacramento Bee (8/23, Walsh, 298K) reported, "Henry M. Kaiser, the grandson of Kaiser Industries and Kaiser Permanente founder Henry J. Kaiser, spent 17 years in the venture capital business, but was never very successful at it. Then a group of European con artists lured him into believing he finally got the break he needed. What the 62-year-old Oakland resident got instead was a year and a day prison sentence. A Sacramento federal court Tuesday issued the sentence for Kaiser's role in the theft of $2 million from publicly traded SureWest Communications, a Roseville-based telecommunications firm." The AP (8/23, Davis) noted, "Kaiser and a father-son team, Larry Wells and Jeffrey Wells, repeatedly transferred $25 million back and forth between SureWest Communications and a venture capital company, Quivira Ventures, owned by the elder Wells and Kaiser. The purpose of the transfers was to allow Quivira to demonstrate to potential investors that it had sufficient funds in deposit to qualify for various funding proposals." San Francisco Business Times (8/23) also reported on the sentencing.

Six Indicted In Alleged California Underground Lottery. The AP (8/25) reports, "Suspected ring leaders of an underground lottery operation were indicted Thursday on charges of illegal gambling and money laundering in a scheme police say may have netted $48 million over five years. According to a statement issued by U.S. Attorney McGregor Scott, Prasert Somsinsawasdi, 59, and his wife, Noy Somsinsawasdi, 46, ran the Sacramento-area lottery operation out of residences, Asian markets and small video stores, none of which were licensed lottery retailers. Karen Ernst, an FBI spokeswoman, said the Somsinsawasdis recruited Asian-American business owners to run the lottery. Bettors placed their wagers in stores and homes and received tickets made of handwritten numbers on carbon paper, she said." The AP notes, "Four others were indicted Thursday in connection with the lottery operation."

Ohio High Court Clears Execution Of Cult Leader. The AP (8/25, McCarthy) reports, "A cult leader convicted of killing a family of five in 1989 will be executed on Oct. 10, the Ohio Supreme Court ruled on Thursday." The AP continues, "Jeffrey Lundgren, 56, was convicted of shooting to death a man, his wife and three daughters who had moved from Missouri in 1987 to follow Lundgren's teachings. He referred to the killings as 'pruning the vineyard.' … Lundgren formed a religious cult after he was dismissed in 1987 as a lay minister of the Reorganized Church of Jesus Christ of Latter Day Saints. He had attracted a following, and several people moved with him to a rented farm house in suburban Cleveland, where they called him 'Dad' and contributed money for group expenses." The AP adds, "On April 17, 1989, the Avery family was invited to dinner, then led to the barn where they were bound and placed into the pit, where Lundgren shot each one. The pit was covered with dirt. … A jury found him guilty of five counts of aggravated murder with each count containing two death penalty specifications and five counts of kidnapping. … Lundgren has exhausted all of his state and federal appeals, said Bob Beasley, spokesman for Attorney General Jim Petro."

Files In Duke Rape Probe Provide Ambiguous Picture. The New York Times (8/25, Wilson, Glater) reports, "On March 21, a week after an African-American woman charged that she had been raped by three white Duke University lacrosse players, the police sergeant supervising the investigation met with the sexual-assault nurse who had examined the woman in the emergency room. The sergeant, Mark D. Gottlieb, reviewed the medical report, which did not say much: some swelling, no visible bruises. …

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But the sergeant's case notes also recount what the nurse told him in response to his questions: that the woman appeared to be in so much pain that it took 'an extended period of time' to examine her, and that the 'blunt force trauma' seen in the examination 'was consistent with the sexual assault that was alleged by the victim.'" The Times continues, "About a week later, the sergeant met with the Durham County district attorney to go over the case. For several days, the prosecutor, Michael B. Nifong, had been beseeching Duke lacrosse players to break their 'stonewall of silence' about what had happened at a team party on March 13. Now, he turned up the pressure, telling Fox News that there was 'no doubt in my mind that she was raped.'" The Times adds, "Whether the woman was in fact raped is the question at the center of a case that has become a national cause célèbre, yet another painful chapter in the tangled American opera of race, sex and privilege. Defense lawyers, amplified by Duke alumni and a group of bloggers who have closely followed the case, have portrayed it as a national scandal — that there is only the flimsiest physical evidence of rape, that the accuser is an unstable fabricator, and that Mr. Nifong, in the middle of a tight primary campaign, was summoning racial ghosts for political gain. … By disclosing pieces of evidence favorable to the defendants, the defense has created an image of a case heading for the rocks. But an examination of the entire 1,850 pages of evidence gathered by the prosecution in the four months after the accusation yields a more ambiguous picture. It shows that while there are big weaknesses in Mr. Nifong's case, there is also a body of evidence to support his decision to take the matter to a jury. … Crucial to that portrait of the case are Sergeant Gottlieb's 33 pages of typed notes and 3 pages of handwritten notes, which have not previously been revealed. His file was delivered to the defense on July 17, making it the last of three batches of investigators' notes, medical reports, statements and other evidence shared with the defense under North Carolina's pretrial discovery rules. … In several important areas, the full files, reviewed by The New York Times, contain evidence stronger than that highlighted by the defense:"

Gunman Kills Two At Vermont School, Homes. USA Today (8/25) reports, "A gunman shot and killed two people and wounded two (in Essex, VT) Thursday in a rampage that invaded the town elementary school and ended after he shot himself as police drew close." USA continues, "The shooting began with a domestic dispute between the shooter, identified as Christopher Williams, 26, and his former girlfriend, schoolteacher Andrea Lambesis, Essex Police Chief Dave Demag said. Williams was in fair condition Thursday night and expected to survive his self-inflicted injuries. … Prosecutors said charges are pending." USA adds, "Demag said Williams first shot and killed Linda Lambesis, 57, his former girlfriend's mother, at the home where he once lived with Andrea. He then sought Andrea at the elementary school, where more shots were fired, Demag said. … One bullet struck and killed second-grade teacher Alicia Shanks, 56, through her classroom door. Another wounded first-grade teacher Mary Snedeker, 52. … As teachers barricaded themselves in classrooms, the gunman left. … Dozens of law enforcement agents responded to reports of gunfire at the school, where the staff was preparing for the start of classes next week. Teachers and staff members locked classroom doors and hid until police tactical units escorted them to safety."

In Plea Deal, Fletcher Agrees To Remake Personnel Board. The New York Times (8/25, Urbina, 1.21M) reports Gov. Ernie Fletcher (R) of Kentucky, "who was indicted in May in connection with a hiring scandal, signed an agreement yesterday admitting wrongdoing by his administration and promising to reconstitute the state's Personnel Board." Under the plea deal, "all charges will be dropped." The accord states that "the governor acknowledges that the evidence strongly indicates wrongdoing by his administration with regard to personnel actions within the merit system." The deal "represents welcome news for a governor" who "has been bogged down for 16 months by the investigation" and "approval ratings that have fallen below 30 percent."

CIVIL LAW:

Court Upholds President's Power To Regulate Transactions During Crises. The AP (8/25, Neumeister) reports, "A federal appeals court Thursday upheld the president's authority to regulate financial transactions with foreign countries during a security crisis and rejected a challenge by a man prosecuted for sending $100,000 into Iraq." The 2nd US Circuit Court of Appeals "said the first President Bush made proper use of the International Emergency Economic Powers Act after Iraq invaded Kuwait in August 1990." The court "rejected a claim that invoking the act unfairly let the president create new criminal offenses that should only be authorized by Congress."

Northwest To Maintain Operations If Attendants Strike. The Chicago Tribune/Bloomberg (8/25, Schlangenstein) reports, "Northwest Airlines Corp., which kept operating through a 2005 strike by mechanics, plans to maintain a full schedule if flight attendants stage random work stoppages beginning tomorrow night." Bloomberg continues, "The Association of Flight Attendants-CWA said it will

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implement strikes that could involve one flight, one city or Northwest's whole system starting at 9:01 p.m. Minneapolis time. The attendants' actions would be in protest of the carrier's $195 million annual reduction in their pay and benefits. … Northwest, the fifth-largest U.S. carrier, has asked a federal court to overrule a bankruptcy judge who upheld the right of the 9,300 attendants to strike. A walkout and anything less than $195 million in concessions could threaten Northwest's exit from bankruptcy, imperil 34,000 jobs and put the company out of business, the Eagan, Minnesota-based airline has said. … 'They should be able to run a pretty good schedule,' said Jerry Glass, president of Washington-based F&H Solutions Group and a former US Airways Group Inc. executive. 'If they can't, that says to me the union is engaged in a very aggressive strike. If they are involved in a very aggressive strike, they are going to put the company at great risk.'" Bloomberg adds, "U.S. District Judge Victor Marrero in New York will hear arguments starting at 1 p.m. tomorrow on Northwest's request to block a strike. The federal Justice Department and 20 U.S. carriers have asked him to rule in favor of Northwest, saying a walkout would disrupt transportation and hurt the economy. … Marrero could rule in favor of either side, or block a strike temporarily and order both sides back to negotiations."

CIVIL RIGHTS:

Administration Opposing School "Racial Balancing" Programs. The Los Angeles Times (8/25, Savage, 918K) reports, "The Bush administration has urged the Supreme Court to strike down voluntary school-integration programs that exclude some students because of their race. Administration lawyers filed briefs this week in pending cases from Seattle and Louisville, Ky., on the side of white parents who are challenging 'racial balancing' programs as unconstitutional." The parents "say the integration guidelines amount to racial discrimination and violate the Constitution's guarantee of the equal protection of the laws. They lost in the lower courts, but the Supreme Court will hear their appeals in the fall." In the briefs, Solicitor General Paul D. Clement "urged the justices to rule that 'the use of a racial classification to achieve a desired racial balance in public schools' is just as unconstitutional as old-fashioned racial segregation."

New Maryland Prisons Chief Pledges Change. The Baltimore Sun (8/25, Garland) reports, "Maryland's newly appointed corrections chief says he plans to spend the next month assessing how to improve safety and security in the state's violence-ridden prisons and has been promised the resources he needs to address the problem." The Sun continues, "John A. Rowley, who took over today as acting head of the Maryland Division of Correction, said he looks forward to the challenges of running the troubled prison system. … The 56-year-old Pennsylvania native replaces Frank C. Sizer Jr., who hired Rowley 14 months ago as warden of a medium-security prison in Jessup and who promoted him last week to serve as one of his top deputies." The Sun adds, "Sizer abruptly retired Wednesday, clearing out his office. He had been under fire for a rash of prison violence that included the murders of two correctional officers and three inmates. He said today that he began sending out his resume four months ago because he believed the time had come for him to move on. He said he has an active job prospect in Florida."

The Washington Times/AP (8/25, Witte) reports, "Mr. Rowley pledged that state officials will not allow the Maryland House of Correction in Jessup 'to go back to operating the way it was.' He noted that a thorough review was under way in the slaying of Officer David McGuinn at the prison last month. … Mr. Rowley has been working with the Maryland Division of Correction for 14 months. He came to Maryland after a 25-year career with the Pennsylvania corrections department."

Local Alabama Candidates' Race, Sexual Orientation Shape Election. The New York Times (825, Dewan, 1.21M) reports on the Alabama state legislature Democratic primary race between Patricia Todd, who "won the Democratic primary runoff" against Gaynell Hendricks. The Times reports that Todd's sexual orientation (she is a lesbian) has been eclipsed by the fact that she "is white, in a majority black district in Birmingham." Hendricks is African American. Moreover, Joe L. Reed, "a longtime Democratic kingmaker and the party's vice chairman of minority affairs," is supporting a push to disqualify Todd for untimely campaign finance filing, even though that rule, "by party officials' own admission, has not been enforced in nearly 20 years."

ANTITRUST:

DOJ Raises Antitrust Concerns About South Carolina Hospital Bid. The Fort Mill (SC) Times (8/23, Pettibon, Allen) reports, "The U.S. Department of Justice is questioning state health officials on their decision to award approval to build a Fort Mill hospital to Piedmont Medical Center." The Times continues, "The Justice Department's antitrust division said in an Aug. 18 letter to the S.C. Department of Health and Environmental Control's governing board that it wants to make sure the process didn't quash competition. The letter asks DHEC to consider the Justice Department's opinion on the decision and says 'the issue merits full discussion at a final review conference.'" The Times adds, "The request comes after Hospital Partners of

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America took complaints about the process to the federal agency when PMC's parent Tenet Healthcare was selected over three other competitors and given permission to build a 100-bed hospital in Fort Mill. An official from Hospital Partners said the process used to determine who would get the permit - called a Certificate of Need, or CON - excluded new providers and eliminated competition. … 'What the state did, we felt, was patently unfair,' said Terry Linn, HPA's chief development officer. 'We're just making the world aware of what is going on in South Carolina.' … The letter asks for the Justice Department's antitrust division to meet with DHEC staff and requests a 30-day window to submit a second, more detailed letter. That request could delay a final review conference set for Thursday of another appeal by Presbyterian Healthcare, one of the other three failed bidders."

Rite Aid To Buy Eckerd, Brooks Stores. The AP (8/25, Levy) reports, "In a bold step to keep pace with the industry leaders, the nation's third-largest drugstore chain, Rite Aid, said Thursday that it will buy the U.S. Eckerd and Brooks operations of Canada's Jean Coutu Group for about $2.55 billion in cash and stock." The AP continues, "Rite Aid's first major acquisition since a turnaround team arrived to bring the company back from the brink of bankruptcy six years ago was designed to help it compete better with its bigger rivals Walgreens and CVS." The AP adds, "Rite Aid said the deal will make it the largest drugstore chain operator on the East Coast and give it a larger presence in major cities such as Atlanta, Philadelphia, New York and Baltimore. … 'It accelerates so quickly our growth strategy,' said Rite Aid's president and CEO, Mary Sammons. 'These are good stores in good locations. … In terms of getting into the neighborhood, being where the customer is, you really want to have the scale that our leaders in the drugstore channel have.' … The boards of Rite Aid and Jean Coutu approved the Rite Aid deal, but it still requires a review by antitrust regulators and the approval of Rite Aid shareholders. … In a conference call with analysts, Lehman Brothers analyst Meredith Adler questioned whether the deal would pass muster with antitrust regulators because of the 'significant overlap' in the location of the companies' stores. … Sammons would not speculate about how the proposed deal might fare with regulators."

Bloomberg (8/25, Fineman) reports, "About 70 percent of the acquired stores are located where Rite Aid already operates. Sammons declined to say whether antitrust regulators may force Rite Aid to sell some locations."

The Wall Street Journal (8/25) reports, "Over the past few years, Rite Aid has been rebounding from an accounting scandal in which it admitted that it overstated profits by more than $1 billion from 1997 to 1999. The company said it committed a host of wrongs, including manipulating costs and hiding depreciation expenses. Rite Aid's former chairman and chief executive, Martin L. Grass, is serving a seven-year prison sentence for his role. … Rite Aid's recovery has been bumpy. While sales have been rising recently, profits have been erratic, it remains laden with debt and efforts to expand in existing markets have been costly. In its first quarter, net income fell 67%, as expenses to open new stores more than offset sales growth."

The New York Times (8/25, Austen) reports, "Rite Aid is still dealing with the aftereffects of an accounting scandal in which six executives including a former chief executive, Martin Grass, were convicted of crimes after inflating the company's earnings by $1.6 billion. … Many analysts also view Rite Aid as a weaker player than the market leaders CVS, which also acquired a number of Eckerd stores in 2004, and Walgreen. In a note to investors issued Thursday, John Heinbockel, a Goldman Sachs analyst, called Rite Aid a 'still underperforming and highly leveraged company.'"

USA Today (8/25, Schmit) reports, "The big three drugstore chains have all stepped up acquisitions. Walgreen recently agreed to buy the 76-store Happy Harry's chain. CVS recently absorbed 701 drugstores from Albertsons. At the same time, mass merchandisers, including Wal-Mart, and supermarkets continue to add pharmacies. Last year, supermarkets and mass merchandisers accounted for 30% of pharmacies, up from 15% in 1990, the chain drugstore association says."

British Airways Asks EU To Dismantle Airports Operator. AFP (8/25) reports, "British Airways has called for an in-depth competition probe into the country's airports sector which should lead to the break-up of airports operator BAA." AFP continues, "BAA, which runs seven British airports including the three London airports of Heathrow, Gatwick and Stansted, defended the current ownership structure. .. . No-frills carrier easyJet also appealed on Thursday for the dismantling of BAA and warned that tougher regulation was needed." AFP adds, "Regulators at the Office of Fair Trading (OFT) had announced in June a preliminary investigation into the market position of BAA, which is owned by a consortium led by the Spanish construction group Ferrovial. .. . 'British Airways is calling on the Office of Fair Trading to refer its study on the UK airports market to the Competition Commission because of its concerns about current airport regulation and ownership,' BA said in a statement Thursday. … 'Separate ownership of London Heathrow and London Stansted airports should be considered by the Competition Commission. … The airline believes that decisions on new runway construction in South East England should not be concentrated in the hands of one company.' … Almost two-thirds of British air passengers begin or end their journey at

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BAA's airports, according to the OFT. Within the London area nine out of ten passengers fly through a BAA airport."

Italian Bank Consolidation Set To Accelerate. The Wall Street Journal (8/25, Meichtry, Taylor) reports, "The long-awaited marriages involving Italy's big banks may finally be at hand. … Banca Intesa SpA and Sanpaolo IMI SpA called separate board meetings for tomorrow to discuss a possible merger of two banks with a total market value of more than €50 billion, or about $65 billion, potentially accelerating the consolidation of the country's lucrative but fragmented banking sector." The Journal continues, "A tie-up between Italy's No. 2 and No. 3 banks by market capitalization, after Unicredito SpA, would redraw the Italian banking map and create the country's largest retail bank by number of branches. It also could open further expansion possibilities in Italy to foreign banks." The Journal adds, "Italy, where banking fees are among the highest in Europe, is one of the most attractive markets on the Continent for foreign banks. The country's new top banking regulator, Bank of Italy Gov. Mario Draghi, has been trying to open the sector to foreign investment while simultaneously urging Italian banks to undertake domestic consolidation. A marriage between two of the country's top banks could provide momentum for smaller Italian banks to search for partners as well."

LATimes Criticizes Barriers In Way Of FCC Media Ownership Rules. The Los Angeles Times (8/25, 918K) says in an editorial, "Media companies in this country face unreasonable government restrictions on their activities. Yet for the Federal Communications Commission, rewriting the ownership limits for television and radio stations has been a labor fit for Sisyphus. The commission updates the rules every few years, as required by law, only to have a federal appeals court or Congress smack them down." The "latest go-round started when the commission announced in June that it would reconsider some of its rules limiting what companies can own. The FCC had tried to ease or eliminate these limits in 2003, only to have its actions blocked by the U.S. 3rd Circuit Court of Appeals." The Senate, "prodded by a motley alliance of anti-corporate zealots and conservative activists who think local media tycoons are less liberal than national media tycoons, also intervened." Media ownership "restraints seek to preserve a healthy competition of distinct voices, but the rules developed over the decades are woefully outdated."

ENVIRONMENT:

DOJ Fines Alcoa For Pollution Violations. The Dallas Morning News (8/25, Loftis) reports, "The U.S. Justice Department has demanded almost $9.2 million in penalties from Alcoa Inc. for nearly 2,000 alleged violations of pollution limits at the aluminum company's giant smelter northeast of Austin." The News continues, "The emissions in question come from Alcoa's three-unit, coal-burning power plant, which supplies electricity to the aluminum smelter near Rockdale in Milam County. The smelter is the largest in North America, and emissions from the plant often drift north to the Dallas-Fort Worth area. … Alcoa's power plant was the target of lawsuits filed by environmental groups in 2001 and by the Justice Department in 2003. The suits alleged violations of the federal Clean Air Act." The News adds, "A 2003 settlement among the Justice Department, Alcoa and three environmental groups – Neighbors for Neighbors, Environmental Defense and Public Citizen – required Alcoa to retrofit its power units with modern pollution controls, replace them with a new, cleaner-burning plant, or shut them down altogether. … Alcoa chose to replace them. The replacement plant is among the 16 new coal-burning units that power companies plan to build in Texas. Alcoa and Dallas-based TXU announced last year that they were collaborating on the replacement, but they have not reached a formal agreement, Alcoa spokesman Jim Hodson said. … The settlement required pollution reductions from the existing power units until Alcoa replaces them."

Cox News Service (8/25, Price) reports, "On Friday, environmental groups and the federal Department of Justice will square off against Alcoa, a Pittsburgh company that runs an enormous aluminum smelting operation in Rockdale, in a federal district court in Austin over whether it may put off pollution controls at its facility. In July the justice department fined Alcoa $9.2 million for exceeding pollution limits at the plants that power the smelters. … And on Wednesday a pair of judges recommended that TXU Corporation, the biggest producer of electricity in the state and a company that is proposing 11 new and expanded plants around Texas, be denied an air permit for its proposed Oak Grove power plant near Franklin, north of Bryan." Cox adds, "The Alcoa case involves a collision of interests stemming from a 2003 settlement between the company and three citizens groups that alleged it had illegally released more than one million tons of air pollution over a 17-year period. … As part of the settlement Alcoa was required to pay a fine of $1.5 million and to spend $2.5 million on environmental mitigation projects in Central Texas. The company also opted to build new power units to replace its old ones."

9th Circuit Panel Declines To Block Oregon River Dredging. The AP (8/25, Fought) reports, "A federal appeals court has rejected an attempt by environmentalists to block the dredging of 103 miles (165 kilometers) of the Columbia River." The AP continues, "The work is designed to give new, larger oceangoing vessels

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access to Portland and other ports, helping them compete for Pacific Rim business. … The project could be finished in two to four years, depending on how fast Congress supplies money, the U.S. Army Corps of Engineers said." The AP adds, "In a 2-1 decision Wednesday, a panel of the 9th U.S. Circuit Court of Appeals said a lower court correctly decided that the corps had taken the 'hard look' that environmental laws require to protect salmon in the river. … The decision also called the corps' measurement of costs and benefits realistic. … The dissenter, Judge Betty Fletcher, said the corps had done suspect analysis of the project's impact on beach erosion and river pollution, and its economic reasoning was flawed."

Investigators' Probe Alterations To Critical Report On BP's Pipeline Management. The Wall Street Journal (8/25, A2, Carlton, 2.03M) reports, "Federal investigators are probing changes made to a report commissioned by Alaska state officials on [BP's] operations there. The changes were made after the oil giant complained the report was overly negative." BP "is under scrutiny by U.S. and state agencies for how it handled corrosion and potential leak issues" at its pipelines at the Prudhoe Bay field. The Journal says, "Copies of the original and final versions of the 2002 report by Coffman Engineers, which was commissioned by and filed with a state agency to evaluate BP's pipeline management, show several instances in which critical commentary is deleted or replaced with positive comments." The "changes were made to the document after BP officials submitted a critique of the original version, calling it 'biased and unduly negative,' according to documents viewed by the Journal."

New DOE Standards Draw Criticism. The Christian Science Monitor (8/25, Clayton, 58K) reports, "Long accused of dragging its feet on raising energy-efficiency standards for products, the Bush administration has proposed its first such standard." The proposal, which has "attracted little attention," "deals with transformers - those ubiquitous gray canisters that hang from utility poles and could save the nation billions of dollars if they were upgraded." The Monitor says, "Besides saving an estimated $9 billion in electricity costs, the Bush administration standard, unveiled Aug. 4, may also eliminate the need to build 11 new power plants over a 28-year period, the Department of Energy (DOE) reports. They would also reduce pollution and boost the reliability of the nation's electric grid." However, "energy and environment advocates say DOE has opted for 'a very weak proposal' - one that fails to save additional mountains of energy and pollution that a slightly tougher regulation would achieve for about the same cost. The tougher standard would save much more than the DOE proposal over 28 years - about 120 billion kilowatt hours of electricity - or enough energy to power 10 percent of US households for a year, they say."

California Poised To Enact Tough Global Warming Legislation. USA Today (8/25, A6, Ritter, 2.27M) reports California, which "has led the nation on many environmental issues," is now "poised to grab the initiative on one mostly ignored in Washington: global warming." In California's Legislature, "two bills nearing passage" would "authorize the USA's broadest crackdown on 'greenhouse gases.'" One bill creates "the first mandatory caps, requiring companies to cut emissions to 1990 levels by 2020," while the other bill "would bar California utilities from buying electricity from out-of-state power plants that generate large quantities of carbon dioxide." Gov. Arnold Schwarzenegger (R) "has made global warming a campaign issue."

WSJournal Criticizes Timing Of EPA Diesel Mandate. In an editorial, the Wall Street Journal (8/25, 2.03M) writes, "Truck drivers in the Rocky Mountain states have recently been parking their rigs, thanks to a diesel fuel shortage that has forced rationing at stations and raised prices by nearly 40 cents a gallon since early July. Welcome to the latest government-inspired energy mess." The Journal writes, "Behind the diesel dry-up is yet another federal mandate, an EPA order that 80% of diesel production after June 1 meet new 'ultra-low-sulfur' requirements." The Journal says, "the timing of the rule's imposition is terrible, since refineries, fuel terminals and pipelines haven't been able to make or distribute enough of the new stuff to replace the older product. This is also the height of the agriculture harvest season, when diesel demand is especially high." The Journal writes, "The refining industry warned Congress and regulators that the multiplicity of mandates would do this damage, but the Bush Administration and GOP leaders chose to accept the Clinton-era mandates. Americans are paying the price, and right around election time. Sometimes we think Republicans are trying to lose Congress this year."

FBI/DEA/ATF/USMS:

DOJ Nears Settlement Of FBI Snitch Case. The California Recorder (8/25, Scheck) reports, "In the year since a federal agent took the Fifth on U.S. District Judge Charles Breyer's witness stand, the underlying cocaine and methamphetamine case has been a relentless perturbation for San Francisco federal prosecutors. … But at a Wednesday hearing it seemed that irritation may end soon, thanks to the Justice Department's apparent willingness to pay the problems away. Both sides told Breyer that a settlement in the defense's pursuit of attorney fees is expected within six weeks — which will apparently prevent

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U.S. Attorney Kevin Ryan and a number of his deputies from being deposed." The Recorder continues, "The drug case against Nabil Ismael turned into a mess last summer when Drug Enforcement Administration agent Dwayne Bareng contradicted himself on the stand, first denying — and later admitting — that he knew the FBI had fired a snitch at the center of the case due to credibility issues. … The U.S. attorney's office declined to dismiss the case then, forcing Bareng to undergo further cross-examination by Ismael's attorney, Ian Loveseth. Eventually, Bareng took the Fifth, upsetting Breyer and forcing the prosecutors to dismiss the case." The Recorder adds, "Things just got worse after that. At the prodding of a frustrated Breyer, the Justice Department began an investigation into whether the DEA handled the troubled snitch properly. … And then Loveseth filed a motion under the Hyde Amendment, a rarely invoked law allowing defendants to recoup attorney's fees in cases where they were improperly prosecuted. .. . In February, Breyer ordered that Loveseth be be allowed to depose Ryan, top deputy Eumi Choi and four other prosecutors in connection with the fee request. … Those depositions were not scheduled, though, as Loveseth and Patrick McLaughlin — an assistant U.S. attorney in the Central District of California who is now handling the case — tried to negotiate a settlement."

DOJ, ATF To Help Train California Police In Anti-Gang Violence Initiative. The Sacramento Bee (8/25, Lillis, Minugh) reports, "Federal law enforcement agencies will begin helping local law enforcement agencies combat the recent spike in violent crime, authorities said Thursday." The Bee continues, "The U.S. attorney's office and the federal Department of Alcohol, Tobacco, Firearms and Explosives will provide money and training as local authorities try to tackle gang violence linked to an increase in homicides, officials said. … The program is part of a 'heightened interest' in battling violent crime in Sacramento, said R. Graham Barlowe, the resident agent in charge of ATF's Sacramento field office. … 'There are long-term and short-term programs because people are dying in the streets and, ultimately, people look to law enforcement to prevent that from happening,' Barlowe said." The Bee adds, "U.S. Attorney McGregor Scott said the agencies have met several times in the last month 'to fashion new strategies' for addressing the recent crime spike. … The agencies will take a three-pronged approach, Scott said. First, the Sacramento police and sheriff's departments will receive an undetermined amount of federal funds to help in areas such as overtime and undercover work. … Second, federal and local agencies will work together in field operations, and lastly, Scott's office will work with the Sacramento County District Attorney's Office on prosecution strategies to yield the longest sentences. … He said the focus will be on violent criminals, particularly violent gang members."

Accused Drug Dealer Arrested In Chicago Fentanyl-Laced Heroin Case. On its Web site, WMAQ-TV, Chicago (8/24) reports Franklin Park Deputy Chief Jack Krecker's son Joe was found dead in vehicle last June from a fentanyl-laced heroin overdose. On Thursday, Krecker and others "announced that an arrest had been made in the Krecker case thanks to an undercover operation, witnesses and phone records. In a move that is a first for Chicago, the drug dealer that allegedly sold Krecker's son heroin will be charged with drug-induced homicide." The DEA's involvement in the investigation is noted by the superintendent.

The New York Times (8/25, Ferkenhoff) reports the homicide charge "was the first to stem from an investigation into numerous deaths attributed in part to the drug. … Police officials say that gangs and drug dealers have been so spooked by the investigations by local and federal officials and by increased patrols that they are often forcing buyers to use the drug inside the apartments where it is sold, in front of them, to avoid detection."

According to the AP (8/25), a reputed gang member "was charged Thursday with drug-induced homicide for allegedly selling a fatal batch of fentanyl-laced heroin to a police chief's son. Corey Crump, 35, is accused of selling the tainted heroin to 17-year-old Joseph Krecker and was ordered held on $80,000 bond during a court hearing Thursday."

Local TV Coverage. WLS-TV, Chicago (8/24, 6:00 p.m.) reported, "An alleged drug dealer [is] charged with drug-induced homicide in the death of a high-ranking police deputy's son. [The] 17-year-old died in June after taking heroin laced with the painkiller fentanyl. So far, 180 people in Cook County have died from using that drug combination. 35-year-old Cory Crump was charged with drug-induced homicide."

WGN-TV, Chicago (8/24, 9:00 p.m.) added, "Police say this is the first murder charge connected to the fentanyl-laced heroine deaths."

Purity Of Heroin Linked To More Deaths, Overdoses. The Press of Atlantic City (8/24) reports an extremely pure batch of heroin "has caused a dramatic increase in the number of deaths from drug and alcohol overdoses in Ocean County this year. At this time last year, there had been 33 fatal overdoses since Jan. 1. This year, 53 people have died from an overload of drugs, alcohol or a combination of the two. … County officials said that the heroin being used in Ocean County is different from the heroin that has been linked to a slew of recent overdoses in

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Cape May County. That heroin is believed to be coming from Philadelphia and contained the synthetic drug fentanyl."

The Newark(NJ) Star Ledger (8/24, Spoto) reports deaths "occurred in 17 of the county's 33 municipalities, with Dover Township, at 12, seeing the highest, followed by six in neighboring Brick Township."

Fentanyl Use Suspected In At Least 15 Missouri Overdoses. The AP (8/24) reports Franklin County officials "are trying to track down the source of drugs linked to at least 15 overdoses, including one that was fatal. And they believe the painkiller fentanyl - or heroin laced with fentanyl - may be at the root of the problem. … Most of the overdoses have occurred in and around Washington, Villa Ridge, Labadie and Pacific. … County authorities are working with the Drug Enforcement Administration to trace the source of the drug."

In Tennessee, Two Plead Guilty In Marijuana Conspiracy. The Knoxville (TN) News Sentinel (8/24) reports the brother and sister-in-law of a prominent Knoxville businessman "pleaded guilty...to federal charges involving a massive marijuana distribution network. Market Square entrepreneur Scott West and his wife also are expected to enter guilty pleas in the case in the coming weeks. James Michael West, 42, pleaded guilty to charges he bought and peddled tons of marijuana in more than a decade and laundered millions in drug money by investing in Market Square properties and businesses operated by his brother and other family members." The News Sentinel adds, "Authorities, including agents with the U.S. Drug Enforcement Administration and the Internal Revenue Service, seized $206,816 from three locations under Mike West's control."

In a separate story, the Knoxville (TN) News Sentinel (8/25) writes, "In both cases, the agreed penalty ranges represent a significant break given the staggering amount of dope and money involved in the long-running conspiracy that spanned more than a decade and involved pot customers in states including Arizona, Florida, Georgia and Tennessee. The pleas come just weeks after a federal grand jury issued a beefed-up indictment in the case, investigated by agencies including the U.S. Drug Enforcement Administration and the Internal Revenue Service."

Federal Jury Convicts Tampa Man Guilty In Marijuana Farms Case. The St. Petersburg Times (8/24) reports a federal jury "found a Tampa businessman guilty of conspiracy for his role in a plan to create indoor marijuana farms in some of Tampa Bay's nicest neighborhoods. Herbert Ferrell Jr., 54, faces a minimum of 10 years in prison when he is sentenced by U.S. District Judge James Moody on Dec. 7. … Ferrell was one of 11 people, mostly from Tampa, charged on a federal indictment in December with conspiracy to possess with intent to distribute more than 1,000 marijuana plants. … Drug enforcement agents used undercover informants to get inside information about the indoor farms in at least 10 purchased and rented houses and apartments in Hillsborough, Pasco and Hernando counties."

Michigan Doctor Gets 5-Year Sentence For Illegally Writing Prescriptions. The AP (8/25) reports a doctor who "pleaded guilty to illegally writing prescriptions...was sentenced Thursday to five years in prison. Dr. Stuart W. Bilyeu, 45, of Ann Arbor, must also serve three years' probation when he is released. Bilyeu pleaded guilty in April to one count of illegal distribution of a prescription drug and admitted he illegally prescribed more than 60,000 doses of narcotics." The DEA "began investigating Bilyeu in 2003 after pharmacists and police noted the number of prescriptions he was issuing."

Report: Another Sprinter Coached By Trevor Graham Fails Drug Test. The AP (8/25) reports another track athlete "coached by Trevor Graham has tested positive for banned performance-enhancing drugs. Sprinter LaTasha Jenkins tested positive for the anabolic steroid nandrolone in July, a source familiar with the results told The Associated Press on Thursday. Only the 'A' test has been conducted, said the source, who asked not to be identified because the results have not officially been made public."

Drug Gangs Suspected Of Attacking Newspaper In Cancun. The AP (8/25) reports assailants "threw grenades at the offices of a newspaper in the resort city of Cancun in the latest in a series of attacks on news outlets across Mexico, police said Thursday. Several grenades hit the offices of the daily Por Esto! late Wednesday, damaging the front of the building but causing no injuries, said Bello Melchor Rodriguez Carrillo, the attorney general of Quintana Roo state where Cancun is located. Rodriguez said drug gangs may have been behind the attack. Por Esto! has done extensive reporting on drug selling and trafficking in the Caribbean resort, which is used as a route for Colombian cocaine heading to the United States."

Two Hotels Seized By Ecuador Police Investigating Cocaine Trafficking. The AP (8/24) reports Ecuador police "took control of two exclusive hotels Thursday as part of a cocaine-trafficking and money-laundering investigation. One of the hotels, the Radisson Hotel in Quito, has been under police custody since Wednesday night, although it remained open and appeared to be operating normally. … Ten people, including the owners of 45% of the stock in the Hotel Radisson in Quito,

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were detained in Colombia and three other people were arrested in Ecuador's capital."

TAX:

Experts Say Bar On Taxing Emotional Damage Awards May Lead To More Tax Challenges. Bloomberg (8/25, Donmoyer) reports, "A federal appeals court decision that cited the Constitution to bar the government from taxing some types of damage awards may encourage challenges to other sections of U.S. tax law, legal experts said." Bloomberg continues, "The U.S. Court of Appeals for the D.C. Circuit in Washington ruled this week that the government cannot collect taxes on damage awards for non-physical compensatory damages such as emotional distress or injury to reputation. The court struck down as unconstitutional a provision of a 1996 law allowing taxation of such awards." Bloomberg adds, "Tax law experts said the ruling will encourage legal challenges to other parts of the tax code defining what income can be taxed. … They also said the government is likely to appeal the decision to the Supreme Court. … 'It's certainly going to launch a thousand constitutionality arguments that people would have thought laughable before,' said Yale University law school Professor Michael Graetz, a former tax official in President George H. W. Bush's administration. … The D.C. Circuit hears most appeals of federal government regulatory decisions. Graetz said the government may ask the full 10-member D.C. Circuit to review the decision of the three-judge panel, though he said it would be unusual for the court to agree to a review because Chief Judge Douglas H. Ginsburg wrote the decision and there was no dissent."

Court Rules DC Partnerships Were Not Illegally Taxed. The Washington Post (8/25, D1, Elboghdady) reports, "The D.C. Court of Appeals yesterday ruled that the District did not illegally tax the personal income of several nonresident businessmen with partnerships in the city, reversing a lower court decision that could have cost the city tens of millions of dollars in business taxes." The Post continues, "The opinion yesterday found that the District did not break federal law when it imposed an "unincorporated-business-franchise tax" on real estate partnerships that do business in the District and pass on their profit to partners who do not live in the District. … 'We are gratified that the court of Appeals has vindicated the District,' Sherryl Hobbs Newman, deputy chief financial officer for tax and revenue, said in a statement. 'This is a victory for all District residents.'" The Post adds, "The case involved Kenneth Bender and other members of a prominent area real estate family who sued the District and sought a refund of about $240,000 for taxes they paid over three years on income from their interests in companies including Jack I. Bender & Sons, Rhode Island and M Associates, and Twelfth and L Streets LP. … A trial court judge ruled in their favor in March, and several observers suggested that the decision would create a huge loss in revenue for the D.C. government. Many real estate developers and owners operate in the District through partnerships but live elsewhere. … The partners who filed the suit argued that the two laws that govern unincorporated-business taxes -- the Home Rule Act and the Tax Act of 1947 -- were inconsistent. The appeals court disagreed."

States Begin To Shift Property Tax Burden Elsewhere. In a front page story, USA Today (8/25, Cauchon, 2.27M) reports, "At least 10 states have cut property taxes this year or are preparing to do so, part of a tax mini-rebellion that has been brewing alongside higher home prices." But the states "are raising other taxes, especially the sales tax, and spending budget surpluses to replace" lost tax revenue. That "makes the trend more of a tax shift than a net tax cut. Political leaders are pledging that local government and schools, which depend on property taxes, will be protected." In a 2006 survey, the Tax Foundation "found 39% considered" property tax "the worst" state or local tax.

In an analysis piece, USA Today (8/25, A7, Cauchon, 2.27M) adds that "fallout from property tax cuts is wide and complicated. The changes are shifting public school financing from locally controlled property taxes to state-controlled sales and income taxes." Dartmouth College economist William Fischel "says support for the property tax has been undermined by court decisions that have required states to equalize spending between rich and poor school districts. He says homeowners resent their property taxes being sent to other communities."

CONGRESS-ADMINISTRATION:

FDA Approves Over-The-Counter Sale Of Morning-After Pill. The FDA's decision to approve the over-the-counter sale of Plan B generated extensive media coverage. All three networks led with the news and ran follow-up pieces on it, while major newspapers this morning carry the story on their front pages. The FDA move is being described in positive terms in most reports. Typical of the coverage was NBC Nightly News (8/24, lead story, 2:55, Williams, 9.87M), which said, "Women in this country who wish to avoid a pregnancy have a new option available to them over the counter." The decision is also being cast as a loss for social conservatives and a victory for pro-choice activists -- particularly Democratic Sens. Hillary Clinton and Patty Murray. In fact, President Bush, according to some reports, risks losing religious conservative support over the

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decision. The CBS Evening News (8/24, lead story, 2:35, Andrews, 7.66M) said that behind the scenes, the Administration tried to get religious conservatives to support the over-18 sales of Plan B., but that was a no-go. So on this issue, two months before the election, the President just abandoned his base." CNN's The Situation Room (8/24, Quijano) also said the President "is raising the ire of social conservatives for his stand on Plan B." Today, the "reaction to the official decision coming from White House Deputy Press Secretary Dana Perino, in a statement saying the President, quote, 'appreciates that the FDA did an exhaustive review, that they recognize the critical distinction between minors and adults, and the risks a drug like this can pose. The FDA made clear that it will insist on stringent conditions and restrictions on access to reduce both health risks and opportunities for abuse, especially to protect minors.' But conservatives, who are, of course, a critical element of support for the Republican base, are not happy."

ABC World News Tonight (8/24, lead story, 2:55, Yen, 8.78M) reported, "The morning after pill has been at the center of the debate over reproductive rights. Some critics say it will make women more likely to engage in unsafe sex." Wendy Wright, President, and Concerned Women of America: "Making this drug non prescription gives a false sense of security." But "some Democrats are calling the decision a victory for women's health." Sen. Clinton was shown saying, "I think today is a good day for the FDA. They have done the right thing making it available for women 18 and over." The Chicago Tribune (8/25, Graham, 623K) notes Clinton and Murray "called the agency's decision 'an important step in restoring the American people's faith in the FDA' and said they would lift their hold on the nomination of Dr. Andrew von Eschenbach to become commissioner of the agency."

The Baltimore Sun (8/25, Rockoff, 262K) reports "conservative opponents complained that the FDA had buckled to political pressure," while the Wall Street Journal (8/25, Mathews, Martinez, 2.03M) says "the move could become an election-campaign issue," but "for the FDA itself, the decision resolves a long-running and politically contentious issue. The original Plan B application had requested over-the-counter status, regardless of age. An FDA advisory committee voted in December 2003 to support that request. Memos that later leaked out showed that the head of the agency's own office of new drugs, as well as other reviewers, agreed. But in May 2004, the FDA's Dr. Galson rejected the change, citing the lack of data about the youngest teens."

The New York Times (8/25, Harris, 1.21M) quotes Rev. Thomas J. Euteneuer, president of Human Life International, "an anti-abortion group based in Virginia," saying, ""Let there be no mistake about it. Today's decision lies at the feet of President Bush and has created a lasting rift with the Catholic faithful who comprise a large part of his support base." In a briefing on Monday, Bush "was asked whether he supported the intention by Andrew C. von Eschenbach, acting commissioner of the F.D.A., to approve over-the-counter sales of Plan B. 'I support Andy's decision,' he replied, a rare moment when a president addressed an application pending before the drug agency."

The CBS Evening News (8/24, lead story, 2:35, Andrews, 7.66M) cast the FDA move as a compromise, reporting, "In a compromise decision rife with politics, the FDA relaxed the rules on emergency contraception, allowing over-the-counter sales of pill called Plan B to women over 18 but requiring a prescription for women under 18." CBS added, "Politically, this was a defeat for conservatives. Three years ago, FDA scientists called Plan B safe but complained that religious pressure was blocking the drug's approval. This year, to force a decision, Senator Hillary Clinton blocked the confirmation of the White House choice for FDA commissioner. Today, she won." Sen. Hillary Clinton: "I just think this is a good sign that maybe we're going to be back on the right track, to have nonpolitical decisions made."

The Washington Post (8/25, A4, Stein, 748K) reports, "Steven Galson, director of the FDA's center for drug evaluation and research, defended the agency's handling of the issue in a briefing for reporters. She said officials took the time needed to evaluate the complicated issues and develop a plan that would make the drug available safely." The FDA decision "does not resolve other controversial issues swirling around the pills, including the refusal of hospitals run by religious organizations to offer them, of some pharmacies to stock them and of some antiabortion pharmacists to dispense them."

The Financial Times (8/25, Bowe) says "legal questions could yet surface over the approval, according to an expert. One question is whether the FDA has legal authority to authorise both prescription and non-prescription labelling on one drug package. In addition, such 'behind-the-counter' status for the sale of drugs is not clearly defined in FDA's mandate." Along those lines, the Washington Times (8/25, Price, 88K) reports the Family Research Council "said yesterday that it is 'pursuing legal and legislative options' to overturn the FDA's decision, claiming the agency exceeded its rule-making authority, which it contends belongs to Congress and state legislatures, by granting Barr Laboratories' request to allow over-the-counter sales of the contraceptive."

The AP (8/25, Bridges), Bloomberg (8/25, Blum, Pettypiece), Los Angeles Times (8/26, Gallene, Neuman, 918K) and USA Today (8/25, Rubin, 2.27M), among other newspapers, also report on the FDA decision.

More Commentary. The New York Times (8/25, 1.21M), in an editorial, calls the decision "an acceptable compromise that will at least make them readily available to

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women 18 and older." The news "is also a reminder of how long the administration has blocked this sensible move simply to placate religious and social conservatives who consider the pills akin to abortion or an inducement to unprotected sex."

The Washington Post (8/25, A16, 748K) editorializes, "Only with Mr. von Eschenbach's nomination held up in the Senate as leverage did the issue get resolved. While the FDA has ultimately come up with a reasonable position, this is no way to make important decisions on science and public health."

Keisler Nomination To DC Circuit Raises Concerns About Previous Partisanship. The Legal Times (8/25, Mclure) reports, "In the spring of 1987, President Ronald Reagan was facing a storm of criticism for his belated response to the AIDS epidemic. In response, the White House had decided to form a presidential commission on AIDS, and a draft of an executive order establishing the group was circulating among the president's staff." The Times continues, "Peter Keisler, then a 26-year-old lawyer in the White House, took issue with one particular part of the draft calling for members of the AIDS commission to be 'distinguished individuals who have extensive experience in the fields of medicine, epidemiology, virology, law and medicine, public health, and related disciplines.' … 'Membership on the Commission is likely to be a hot political issue,' Keisler wrote to his boss, White House counsel Arthur Culvahouse Jr. 'The Administration may wish to allow itself maximum flexibility in the selection of the members.'" The Times adds, "A change in the executive order was made. And when the membership in Reagan's 12-member commission was announced, its ranks included not only physicians and academics but also Cardinal John O'Connor, head of the Roman Catholic Archdiocese of New York and an outspoken opponent both of anti-discrimination laws designed to protect gays and of the use of condoms. It also included a sex therapist who said she believed AIDS could be transmitted via toilet seats and mosquitoes, as well as Richard DeVos -- founder of Amway Corp. … As a nominee for a seat on the U.S. Court of Appeals for the D.C. Circuit, Keisler is under scrutiny for his history in the Reagan White House -- as well as his tenure in his current position as head of the Justice Department's Civil Division. Democrats on the Senate Judiciary Committee have voiced opposition to the haste with which Keisler's nomination was brought to a hearing. Nominated on June 29, Keisler received a hearing in just 32 days. … 'It appears we are trying to break the land-speed record for confirming a nominee to the second-highest court in the land,' said Sen. Charles Schumer, D-N.Y., at Keisler's confirmation hearing earlier this month."

Faith Initiative Said To Rank Low In White House Priorities. The Washington Post (8/25, A15, Cooperman, 748K) reports the White House announced Jay F. Hein's appointment "at 6:30 p.m. on a Thursday three weeks ago, the kind of timing usually reserved for news the administration wants to bury." Hein "is the new director of the White House Office of Faith-Based and Community Initiatives, the third person since 2000 who has headed President Bush's effort to help religious groups win public funding to counsel addicts, mentor prisoners' children and provide other social services. Before he took up his duties this week, the position had been vacant for more than two months." The Post adds, "To some supporters of the president's 'faith-based initiative,' those circumstances are a stark indicator of how low one of Bush's signature programs has fallen in the priorities of his second-term, wartime administration. 'It's part of a continuing story of ambivalence. It's hard to look at the evidence and see any real passion for the initiative from the White House,' said J. David Kuo, a former deputy director of the White House's faith-based office." The Post also reports, "In contrast to his sometimes-flamboyant predecessors, Hein is a 'very orderly and businesslike person' who is well-suited to run the faith-based effort for the remaining 18 months of the Bush administration, said William A. Schambra, an expert on philanthropy at the Hudson Institute, a think tank where Hein once worked."

Bush On Vacation In Kennebunkport. NBC Nightly News (8/24, story 11, 0:30, Williams, 9.87M) reported, "These are the doing days of August. Just about the height of the summer vacation. This is includes the President. For the first time in two years he is vacationing with his folks at the family home in Maine. The President is a 60-year-old man and for him to have both of his parents that is very rare. Among US presidents only John Kennedy and President Ulysses S. Grant had both of their parents live long enough to see their sons take the oath of office. Say nothing of a summer vacation together."

The AP (8/25, Loven) says Bush "went fishing Thursday off the rocky coast of Maine where his great-grandfather built an oceanfront estate that has become entwined with American presidential history. Beginning a long family weekend, Bush first met privately at a local elementary school with the families of five soldiers killed in Iraq, Afghanistan and at the Pentagon on Sept. 11, 2001." Then "he settled in at the more than 100-year-old family compound at Walker's Point, a craggy finger of rock that juts into the ocean."

The Washington Post (8/25, A3, Baker, 748K) also reports on Bush's vacation under the headline "Family Time At Kennebunkport," and says the President will "find the volatile domestic debate over the war in Iraq following him here as protesters aligned with peace activist Cindy Sheehan

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plan to picket a Bush family wedding Saturday. Sheehan and her supporters have made it their mission to follow the president on his vacations to confront him about the war."

The Los Angeles Times (8/25, Gerstenzang, 918K), in a story headlined "Bush Would Rather Be Relaxing in Texas," reports that for Bush, Kennebunkport "is the un-Crawford. … More important than privacy, though, is the fact that since Bush moved to Crawford from Austin in 2000, shortly before entering the White House, Prairie Chapel Ranch has represented a touchstone for Bush -- as fitting for him politically as his work boots and jeans are to the ranch land he is always trying to tame."

Virginia Officials Didn't Close HOV Lanes For Bush Motorcade. The Washington Post (8/25, B1, Shear, 748K) reports, "On Tuesday, the Secret Service asked Virginia officials if they would be kind enough to shut down all of the HOV lanes on I-395 from 1 to 7 p.m. the next day so President Bush could get where he needed to be, according to state officials who spoke on condition of anonymity because of the sensitivity of discussing the president's travel." The request "was made ahead of a fundraiser for Sen. George Allen (R) held at 5:30 p.m. Wednesday at a house near Mount Vernon -- a good hour's drive from 1600 Pennsylvania Ave. during a typical rush hour. The request came into Virginia's Smart Traffic Center on Tuesday morning, one official said." White House spokeswoman Dana Perino "referred calls to the Secret Service, saying the president's staff stays out of such decisions and leaves them to the security experts. Secret Service spokesman Jim Mackin said that 'certainly, closing down the HOV was one of the options that was being discussed.'" Mackin said that "by 7 p.m., the decision was made" that the President "would find another way to the fundraiser. … When all was said and done, the president did what just about all Northern Virginia motorists probably wish they could do. He flew over rush hour in a helicopter."

Congress Holds Medicare Payments For New Budget Year. The AP (8/25) reports the Bush administration "says it will not make any Medicare reimbursements to hospitals, doctors and scores of other providers during the last nine days of the current budget year, from Sept. 22-30." Congress "ordered the hold." Instead, the providers "will get paid in full after the new budget year begins Oct. 1." By delaying payments, the government "moves $5.2 billion in Medicare expenses to next year's budget, rather than the current one." Senate Finance Committee spokeswoman Jill Kozeny noted, "The alternative was to cut reimbursements to providers this year. With this payment shift we avoid that cut."

OTHER NEWS:

Report Adds To Evidence Of Slowing Housing Market. The CBS Evening News (8/24, story 6, 0:10, Schieffer, 7.66M) reported "another home sales report today shows the long housing boom is fizzled. Sales of new homes nationwide fell last month by 4.3%, other sharpest drop since February." NBC Nightly News (8/24, story 3, , Williams, 9.87M) said "the inventory of unsold homes across the country also climbed to a new record high."

The Wall Street Journal (8/25, Conkey, 2.03M) says the numbers '"suggest the downturn in the housing market is deepening and will continue to weigh on the economy. But a separate report from the Commerce Department on the manufacturing sector suggests businesses and consumers are still spending enough to produce modest economic growth."

USA Today/AP (8/25, Gordon) reports "analysts expect home sales to drop by about 10% this year." As a result, "prospective home buyers have turned cautious about making such a big-ticket purchase as mortgage rates have gone up and uncertainty has risen over whether the economy and job creation will keep slowing, analysts said."

The New York Times (8/25, Bajaj, Leonhardt, 1.21M) reports that "in California, the Northeast, South Florida and parts of the Southwest, deal sweeteners…are playing an increasingly important role in supporting home prices. From large national home builders to individual homeowners, many sellers are offering thousands of dollars in perks, including straight cash, so they do not have to slice deeply into asking prices." But "these discounts are almost entirely missing from the statistics on new-home prices reported by the government and on existing-home prices reported by the National Association of Realtors. As a result, home prices may now be falling, despite what the official numbers show, many economists say."

More Commentary. The Wall Street Journal (8/25, 2.03M) editorializes, "This is the housing market the Federal Reserve built. That is to say, the current slump in sales, new construction and prices is the aftermath of the astonishing and unsustainable housing boom that began in 2002. As the nearby chart shows, nationwide median prices for existing homes climbed by about 8% a year for three years running, reaching giddy double-digit heights in 2005." The "biggest single cause was Federal Reserve policy in the wake of September 11 and the collapse of the dot-com bubble. With business investment and confidence imploding, the Fed made a bet on the consumer to keep the economy afloat. Former Chairman Alan Greenspan and his mates drove short-term interest rates down to 1% and kept them there for a remarkable 12 months. Even when the Fed started to move

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rates up again, it did so at a slow and too deliberate pace." The housing "slide is already leading to the inevitable calls for the Fed to reverse course immediately and cut rates once again. But this is precisely the wrong lesson to learn."

In his column for the New York Times (8/25, 1.21M), Paul Krugman writes, "Bubble, bubble, Toll's in trouble," and discusses "indications that the long-feared housing bust has arrived." Krugman concludes that "housing has been the main engine of US economic growth over the past three years, and with that engine now going into reverse, it's hard to see how we can avoid a serious slowdown."

Stocks Rise Slightly. NBC Nightly News (8/24, story 10, 0:05, Williams, 9.87M) reported, "Here are the numbers from Wall Street today. The Dow was up six and a half points [to close at 11,304.46] and Nasdaq up two and a half [to close at 2,137.11]." The Financial Times (8/25, O'Doherty) says that "at the close, the S&P 500 was up 0.2 per cent, or 3.07 points." The Wall Street Journal (8/25, McDonald, 2.03M), among other newspapers, also reports the stock numbers.

Poll Finds GOP Seen As Less Friendly To Religion Than Last Year. The New York Times (8/25, Goodstein, 1.21M) reports a poll conducted for the Pew Forum on Religion and Public Life and the Pew Research Center for the People and the Press "shows that fewer Americans view the Republican Party as 'friendly to religion' than a year ago, with the decline particularly steep among Catholics and white evangelical Protestants — constituencies at the core of the Republicans' conservative Christian voting bloc." The survey "found that the proportion of Americans who say the Republican Party is friendly to religion fell 8 percentage points in the last year, to 47 percent from 55 percent. Among Catholics and white evangelical Protestants, the decline was 14 percentage points." The Democratic Party "suffers from the perception of an even more drastic religion deficit, but that is not new. Just 26 percent of poll respondents said the Democratic Party was friendly to religion, down from 29 percent last year." The poll was "conducted July 6-19 among 2,003 adults. The margin of sampling error was plus or minus three to four percentage points, depending on the question."

Only 26% View Democratic Party As Friendly To Religion. The Washington Times (8/25, Duin, 88K) reports the Pew poll shows "liberal or progressive Christians, who make up 34 percent of the population, are disunified on key issues, and only one out of four Americans considers the Democratic Party friendly to religion." No political party "welcomes the religious left with open arms. Twenty-six percent of those polled said the Democratic Party is friendly toward religion, 42 percent thought it was neutral and 20 percent thought it was unfriendly. Three years ago in a similar Pew poll, 42 percent said the party was friendly toward religion." Israel "gained support among all varieties of Christians, according to the poll. Forty-four percent of Americans supported Israel versus the 9 percent who support Palestinians. A subsequent Pew poll conducted Aug. 9 to 13 found 52 percent of Americans support Israel versus 11 percent for Palestinians."

Michigan Republicans Say GOP Indifference To Detroit Automakers Could Hurt In November. The Washington Times (8/25, Hurt, 88K) reports Michigan Republicans "say that their national party's dismissive attitude toward the Big Three automakers could doom the party's hopes of capturing the governor's mansion and Senate seat in a large blue state this November." Congressional Republicans "have belittled Detroit's woes in recent weeks, and President Bush has been less than sympathetic to their plight, saying that they should focus on building more 'relevant' vehicles." But "no slight has been more insulting here than the much-delayed meeting between Mr. Bush and the heads of Detroit's automakers to discuss U.S. trade policies and domestic issues such as health care costs, expensive pensions and other obligations to the federally protected autoworker unions." Republican gubernatorial candidate Dick DeVos said, "The administration is wrong on this issue. … The president needs to meet with the Big Three, and it must happen soon. 29,000 people in Michigan lost jobs last month."

Rove Speaks At Blackwell Fundraiser. The Toledo Blade (OH) (8/24, Tankersly, 136K) reported Karl Rove spoke at a fundraiser for Ohio gubernatorial candidate Ken Blackwell, but "the fund-raiser at the Inverness Club last night sounded and felt like a George W. Bush rally, circa 2004." Rove "peppered Democrats on taxes and national security, invoked the Sept. 11, 2001, terrorist attacks, and called the Iraq war 'the heart of the battle' in a global war against 'Islamic fascists.'" The 20-minute speech "echoed Mr. Bush's 2004 campaign themes. He said Mr. Bush would not abandon the war and said of terrorists to the audience: 'Who thinks if we come home, that they're not going to follow us?'" The event "raised $165,000 for Mr. Blackwell, the Republican candidate for governor, who used the occasion to highlight his plan to lease the Ohio Turnpike to private investors and to criticize his Democratic opponent, U.S. Rep. Ted Strickland of Lisbon."

Mehlman Doubts Iraq Will Cost GOP Congressional Majorities. CNN's The Situation Room (8/24, Blitzer) interviewed Republican National Committee Chairman Ken Mehlman. Asked if the Iraq war could cost the Republicans control of Congress, Mehlman said, "I don't think that's the case at all. … But, certainly, the war on terror is a

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critical issue in this election and many of the races. … If we were to do what most Democrats want to do, which is to cut and run and give the terrorists that kind of a victory, if we were to leave Iraq the way we left Vietnam, which, again, is what Mr. Zawahiri said his goal is, it would make America much less safe."

Casey Leads Santorum By Five Points In Keystone Poll. The AP (8/25, Hefling) reports Democrat Bob Casey "maintained a slight lead over Republican Sen. Rick Santorum in Pennsylvania, but more voters say they have a poor opinion of the challenger, according to an independent poll released Thursday." The new Keystone Poll "found Casey leading Santorum 44 percent to 39 percent among registered voters. Green Party candidate Carl Romanelli had 4 percent. Thirteen percent were undecided in the poll, which was conducted by Franklin & Marshall College between Aug. 16-21." In addition, 20 percent "said they had an unfavorable opinion of Casey, a seven-point increase. The number with a favorable opinion of him was virtually the same at 31 percent. Forty-nine percent didn't know or were undecided." In the gubernatorial race, "the latest poll detected an apparent widening in Democratic incumbent Ed Rendell's already huge lead over Republican challenger Lynn Swann. It showed Rendell leading Swann 53 percent to 34 percent, compared to a May poll that had him leading 49 percent to 34 percent."

Gillespie Says Santorum Will Beat Casey. On MSNBC's Hardball (8/24, Matthews), former Republican National Committee Chairman Ed Gillespie said he thought Sen. Rick Santorum would defeat Democrat Bob Casey adding, "If I were to pick -- make a list of the ten incumbent Republican senators or any senator that I wouldn't want to run against, Rick Santorum would be about one through ten. That guy is a tough campaigner -- he stands up to these people."

Chaffee Challenger's Fiscally Conservative Rhetoric Noted. USA Today (8/25, Wolf, 2.27M) reports Cranston, Rhode Island, Mayor Steve Laffey "boasts of the school crossing guards he fired, the senior center square dancing he curtailed, even the taxes he raised to balance this city's books. It's not the usual path to the U.S. Senate." What Laffey "will do, he says, is oppose pork-barrel spending — even if it's for Rhode Island." As the "war in Iraq, Hurricane Katrina and soaring health and retirement benefits send federal spending to record levels, fiscal righteousness has become politically correct. Challengers promise not to bring home the bacon, but to slash it." Nowhere has "the issue gained as much attention as in Rhode Island. The Club for Growth, a Washington interest group that favors conservative economic policies, has helped raise nearly $1 million for Laffey — and $6 million nationwide — in hopes of electing lawmakers who promise to cut spending, taxes and government regulations." The group "has given Laffey, 44, a fighting chance to defeat Sen. Lincoln Chafee in the Republican primary Sept. 12."

Lamont Criticizes Lieberman Over Katrina Response. The AP (8/25, Haigh) reports Democratic nominee Ned Lamont "is accusing U.S. Sen. Joe Lieberman, now running as an independent, of not holding the Bush administration accountable for failures in responding to the disaster" of Hurricane Katrina. Lamont also "says Lieberman, ranking member of the Senate Homeland Security Committee, mistakenly agreed to put the troubled Federal Emergency Management Agency under the control of the U.S. Department of Homeland Security." Lamont said, "I think FEMA worked really well when it had professional management as an independent agency. And sure, it was Senator Lieberman who said, 'Let's redo FEMA.' It was Senator Lieberman who said, 'Let's put Michael Brown as No. 2 at FEMA.'" The AP adds Lieberman "defends his record on Katrina, saying he visited the devastated region a week or two after the storm and several times later.'

Kerry Vouches For Lamont's Defense Bona Fides. In a Wall Street Journal letter to the editor (8/25), Sen. John Kerry says, "The sentiments expressed in 'The Lamont Wing Is a Threat to Security' (Letters to the Editor, Aug. 22) will do nothing to make America safer. If the neoconservatives were half as good at fighting the war on terror as they are at misleading the American public, we'd be a lot safer than we are today. The disastrous policy in Iraq has made America less safe. We were misled into a war which has become a dangerous distraction, and a profound drain on our financial and military resources." Ned Lamont "has had the courage to stand up to George Bush and make this cause a central part of his campaign. That's why Connecticut Democrats chose him over Joe Lieberman. Mr. Lamont will be tough and smart about our national security."

Schlesinger Says He Would Win In "Slam Dunk" With GOP Backing. The Washington Times (8/25, Pierce, 88K) reports in its "Inside Politics" column, "Alan Schlesinger, Connecticut's unloved and lonely Republican Senate candidate, said yesterday his election would be 'a slam dunk' if only state and national Republican Party campaign officials would get behind him instead of shunning him like the plague." Schlesinger said, "How can I make them realize that this election is so viable and all they have to do is spend a little money and give me a fair chance and they would pick up a good conservative Republican seat."

Gillespie, Mehlman Say State Party Sees Higher Priorities Than Senate Race. On MSNBC's Hardball (8/24, Matthews), host Chris Matthews asked former Republican National Committee Chairman Ed Gillespie if he would

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support Republican Alan Schlesinger in the Connecticut Senate race. Gillespie said, "The party there has urged neutrality there." Matthews interjected, "This is amazing. A guy is a nominee of your party and you don't endorse him." Gillespie added, "Here is the thing, though. The Republican Party is a bottom up party; it is not a top down party. It is not run out of Washington, the way the DNC runs things out of Washington. And in Connecticut, what the party is telling us is, we ought to be putting our resources and our time and our energy in the House races and into the governor's race." Matthews said, "So, bottom line, after all the BS here, you want Lieberman to win. That is why you are not endorsing the Republican. Because you want Lieberman to win and embarrass the Democrats. Why don't you just say that?" Gillespie said, "I said this when, by the way, he was tapped as nominee by Al Gore, I think he Joe Lieberman is a good man, and someone who deserves a great deal of respect. I've always respected him."

CNN's The Situation Room (8/24, Blitzer) interviewed Republican National Committee Chairman Ken Mehlman. Asked if he has "effectively, forgotten about Connecticut," Mehlman said, "We have talked to our state leadership in the state. And what they have said is, you ought to focus on the congressional race and the governor's race. That's what we're doing. In my experience, people who win in politics are people that focus their resources where they have the best opportunity. And that's what we're doing."

Steele Endorsed By Hip-Hop Mogul. The Washington Post (8/25, B01, Mosk, 748K) reports that "hip-hop mogul Russell Simmons" has endorsed Maryland Lt. Governor and senatorial candidate Michael Steele (R), a move seen as significant in that Steele may "be the only politician in America to have had fundraisers hosted this year by Russell Simmons and Dick Cheney." Steele, who is African American, is drawing support from many Maryland blacks, a typically democratic voting block. "Steele's message of black empowerment -- that African Americans no longer want a seat at the lunch counter, they want to own the diner -- has resonated with Simmons and with Cathy L. Hughes, founder of Radio One, one of the nation's most successful black-owned radio networks."

The Washington Times (8/25, Ward, 88K) adds that Simmons, who has supported Democratic candidates in the past, backs Steele because he "is at the vanguard of the civil rights movement's last chapter." Simmons, "a New York impresario who in 2004 helped the Democratic Party register 4 million voters via the Hip Hop Summit Action Network," considers "economic empowerment" to be the final stage of the civil rights movement. Steele, vying to replace Maryland Sen. Paul Sarbanes (D), "said that creating legacy wealth is the 'the definition of the 21st century civil rights movement.'"

House Democrats Form "Truth" Squad. The Washington Times (8/25, Pierce, 88K) reports in its "Inside Politics" column, "With the fall elections little more than two months away, House Democratic Leader Nancy Pelosi yesterday announced the formation of what she called a 'Truth Squad,' manned by some of her party's most partisan House members." The Democrats' "Waste, Fraud and Abuse Truth Squad" will "be chaired by California Reps. Henry A. Waxman and Dennis Cardoza. Mrs. Pelosi said the Truth Squad will focus on the Bush administration's mishandling of taxpayer dollars, which, she added, contributed to budget deficits."

Webb Aide Settles Into "Unwanted Fame" Generated By "Macaca" Comment. The Washington Post (8/25, Kunkle, 748K) profiles S.R. Sidarth, the UVA student and volunteer for the campaign of Virginia senatorial candidate James Webb (D) whom Sen. George Allen (R) referred to as "macaca" during a campaign appearance in Breaks, Virginia. The Post details Sidarth's impressive academic and volunteer record, continuing to narrate the events which thrust the retiring young scholar into the national consciousness. "Sidarth said he knew right away that the word 'macaca' was a put-down. He felt its sting. … Back at school in Charlottesville now, Sidarth has taken his new, unwanted fame with him. Larry J. Sabato, an oft-quoted political pundit who teaches a small, popular seminar on campaigns and elections, said he asked students to write an essay as part of the admission process. Eighty people applied for the course, including Sidarth. His essay was just three words long -- but it was enough to clinch one of the 20 coveted spots in the class. 'I am Macaca,' he wrote."

On MSNBC's Hardball (8/24, Matthews), former Republican National Committee Chairman Ed Gillespie said Allen's apology for calling a volunteer for his opponent's campaign "Macaca" leaves the issue "behind him. The fact is that George Allen is a very smart person and a very smart individual, but I don't think even he knew that a Macaca is a genus of monkey in the northeastern area of Asia or that in some parts of the world it is a slur. Still it was a mistake to make fun of this young man on the campaign trail, even though he was tweaking his opponent. He apologized for it, apologized to the young man personally yesterday and you know, was it wrong, yes. Does he have a prejudicial bone in his body, absolutely not."

2008 Campaign Staff Recruiting Already Underway. The New York Times (8/25, Nagourney, 1.21M) reports on the "earlier than ever" campaign for the 2008 presidential election, fueled by "what officials in both parties describe as an urgent and persistent effort by potential presidential contenders to begin building the

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foundation of a campaign for 2008, starting even before a vote has been cast in the midterm elections." The Times details activity in Iowa and other early primary states, adding that 2008 will be "the first time in years that there have been wide-open fields for Democrats and Republicans." The piece focuses on the resultant dearth of qualified campaign managers, calling unusual the beginning of recruitment of such staffers even before the midterm elections.

Neuharth Says New Primary Schedule Will Hurt Clinton. In a "Plain Talk" column in USA Today founder Al Neuharth writes that while a number of candidates are likely to be aided by the Democratic National Committee's move to hasten primaries in South Carolina and Nevada, New York Sen. Hillary Rodham Clinton (D) is "almost certain to be hurt most in both states. … Clinton has been counting on a jump-start with a top two or three showing in Iowa, followed by a big Northeast win in New Hampshire. But unlikely to finish in the top two in either Nevada or South Carolina, she could lose steam before the big states choose."

Ehrlich Seen As Prolific In Use Of Clemency Powers. On its front page, the Washington Post (8/25, Mosk, 748K) reports Maryland Gov. Robert L. Ehrlich Jr. (R) "has been unusually active in his use of executive clemency powers, pardoning scores of convicts and commuting the sentences of five who were serving life sentences for murder." Since taking office in 2003, Ehrlich "has granted clemency to 190 former convicts, reversing a two-decade trend." Though "many of his peers consider the practice politically risky," Ehrlich "said he considers it part of his constitutional duty." He "has invoked his authority to clean the slate most often for those who have, in the aftermath of a youthful indiscretion, lived exemplary lives."

Zinsmeister's Career Said To Show Bankruptcy Of Conservative Intellectuals. In a New York Times column (8/25), author Thomas Frank says, "In their more grandiloquent moments, conservative publicists will say that the decades-long Republican ascendancy in American government has been an intellectual achievement, that the G.O.P. prevails because it is the 'party of ideas.'" And "now upon the national stage steps one Karl Zinsmeister, formerly the editor of the American Enterprise Institute's flagship magazine and now the president's chief domestic policy adviser. In right-wing circles he is regarded as an intellectual heavyweight. What his career really shows us, though, is the looming exhaustion of the conservative intellectual system; its hopeless addiction to dusty, crumbling clichés; and a blindness to the reality of conservative power so persistent and so bizarre that it amounts to self-deception or, in Zinsmeister's case, delusion."

Murkowski's Defeat Seen As Lesson For Washington GOP. The Wall Street Journal (8/25, 2.03M) says in an editorial, "Alaska is among the most Republican states in the country, and maybe that explains why incumbent Governor Frank Murkowski finished third in Tuesday's GOP primary, with a mere 19% of the vote. We're hard-pressed to remember an incumbent anytime, anywhere receiving that small a share of the vote, and it's a warning to office holders everywhere about the sour public mood." Murkowski is "unpopular for a variety of local reasons, but most of them have to do with the kind of incumbent arrogance that has afflicted too many Washington Republicans." The candidate "who defeated Mr. Murkowski this week is Sarah Palin, a former small town mayor who ran as, well, a real Republican. She hammered the Governor for misspending tax dollars, and for matching state funds to federal spending earmarks for low priority projects (i.e., the bridge to nowhere)." If Republicans "are run out of Congress in November, one big reason will be that, like Mr. Murkowski, they have become far more comfortable running the government than reforming it."

AIDS Battle Said To Show Interdependence Of Developed, Undeveloped Nations. The Washington Post (8/25, A16, 748K) says in an editorial, "The debate about HIV-AIDS often reflects the wider argument about development in poor countries, and the 16th International AIDS Conference, held last week in Toronto with 24,000 scientists and activists in attendance, confirmed that tendency. The conference underlined a lesson that the development business ought to embrace more readily: The prospects for advance in poor countries depend not just on programs launched within their borders, but also on programs launched in the rich world." If "past battles against AIDS and underdevelopment teach anything, it is that rich and poor countries are interdependent, that programs launched by outsiders in poor countries are tough to implement, and that whatever can be done at home can be mutually beneficial and therefore a priority."

Rice Accused Of Overemphasizing Multilateralism, Overselling Lebanon Deal. On A 1,040-piece in today's Wall Street Journal (8/25, King, 2.03M) details "criticism" of Secretary of State Condoleezza Rice's foreign and domestic handling of the Israel-Hezbollah ceasefire. After Rice "flew to New York two weeks ago to help broker an end to the war between Israel and Hezbollah, her aides portrayed the move as one of her best moments," yet the UNSCR "Rice helped to craft is looking shaky, opening her and the Bush administration to criticism that they oversold the strength of the deal to end the war. Some of the sharpest criticism comes from conservatives in Ms. Rice's own party."

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On the "list of missteps" some have charged the Rice with making, the "most damaging" could "be how the Bush administration portrayed the war early on as a means to bring long-lasting improvements to Lebanon by dismantling Hezbollah, and then brokered a deal that may end up neither weakening the group nor greatly bolstering either Israel's security or Lebanon's wobbly government." Also, "conservative critics fret a similar scenario will play out with Iran." While the Administration's "greater emphasis on multilateral diplomacy in President Bush's second term has won widespread applause," an "increasingly vocal group of Republican foreign-policy critics say this has weakened US resolve -- and blame the shift on Ms. Rice." The Journal says Rice's portrayal of the conflict "as part of a sweeping campaign to dismantle Hezbollah and remake the Middle East also raised some vexing questions, which are coming back to haunt the administration."

More Commentary. In his column in the Washington Post (8/25, A17, 748K), Charles Krauthammer says the "cowboy has been retired. Multilateralism is back. Diplomacy is king. That's the conventional wisdom about George W. Bush's second term: Under the influence of Secretary of State Condoleezza Rice, the administration has finally embraced 'the allies.'" Saying that current policy is not "a radical change of course," Krauthammer embraces multilateralism on "one of two conditions: (1) There is something the allies will actually help accomplish or (2) there is nothing to be done anyway, so multilateralism gives you the cover of appearing to do something." While Lebanon fits the first description, he says, North Korea fits the second. In considering the multinational border force, Washington "underestimated French perfidy," and that "breathtaking duplicity…left the State Department red-faced."

State Department Demands Syria Abide By UN Arms Embargo. The AP (8/25, Gearan) reports the State Department "warned Syria on Thursday to abide by a United Nations arms embargo meant to stop Hezbollah from resupplying after its monthlong war with Israel. It dismissed Syrian objections to international peacekeepers as preposterous." Spokesman Gonzalo Gallegos is quoted saying, "All countries must obey the arms embargo… It is a singular duty for Syria, as the one country apart from Israel that borders Lebanon, to do so." The AP notes Damascus "is a Hezbollah benefactor that was largely left out of diplomacy during the 34-day war."

Assad Said To Back Hezbollah In Order To Regain Golan Heights. In a 1,031-word piece, the Christian Science Monitor (8/25, Roumani, Murphy, 58K) reports Syrian President Bashar al-Assad "is generally seen in the US and in Israel as a weak leader who has to end his country's support for Hizbullah or face the consequences. But in a string of recent statements, Mr. Assad has signaled that he has no intention of backing down and is determined to use the fraught situation in Lebanon to push his longstanding claims to the Golan Heights." Assad has vowed "to take a more aggressive stance toward" Israel if Golan Heights talks are not forthcoming. One analyst "says Assad's interview carried the same spirit of defiance as his past speeches and was a sign that Syria, like others in the region, feels emboldened by Hizbullah's performance against Israel." Another expert "says that from Assad's standpoint, abandoning Hizbullah means abandoning his country's claims to the Golan Heights, which were captured by Israel during the Six-Day War in 1967. Doing so is something he doesn't seem inclined to do. Such a step would severely damage his standing among his own people and in the broader region."

US To Investigate Israeli Use Of US Cluster Bombs. The New York Times (8/25, Cloud, 1.21M) reports the State Department "is investigating whether Israel's use of American-made cluster bombs in southern Lebanon violated secret agreements with the United States that restrict when it can employ such weapons." The Office of Defense Trade Controls (DTC) began an inquiry "this week, after reports that three types of American cluster munitions, anti-personnel weapons that spray bomblets over a wide area, have been found in many areas of southern Lebanon and were responsible for civilian casualties." State Department spokesman Gonzalo Gallegos' written response to questions is quoted saying, "We have heard the allegations that these munitions were used, and we are seeking more information." The Times said the review "is likely to focus on whether Israel properly informed the United States about its use of the weapons and whether targets were strictly military." Experts "said that they doubted the investigation would lead to sanctions against Israel but that the decision to proceed with it might be intended to help the Bush administration ease criticism from Arab governments and commentators over its support of Israel's military operations." In tandem with the inquiry, DTC "has held up a shipment of M-26 artillery rockets, a cluster weapon, that Israel sought during the conflict."

Israeli Purchase Of Nuclear-Capable Submarines Seen As Message To Iran. The AP (8/25, Plushnick-Masti) reports, "With the purchase of two more German-made Dolphin submarines capable of carrying nuclear warheads, military experts say Israel is sending a clear message to Iran that it can strike back if attacked by nuclear weapons." The submarines, for which Berlin paid one-third of the cost, "have diesel-electric propulsion systems that allow them to remain submerged for longer periods of time than the three nuclear arms-capable submarines already in Israel's fleet." They "not only would be able to carry out a first strike should Israel

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choose to do so, but they also would provide Israel with crucial second-strike capabilities, said" one analyst. The AP notes that Tel Aviv "is already believed to have" a nuclear response capability through its Jericho-1 and Jericho-2 silo-based ballistic missiles. Germany's domestic opposition "criticized the deal," saying "Germany had obtained no guarantee the submarines would not be used to carry nuclear weapons."

Pentagon Specialist Tracked Transfer Of Russian Weapons To Hezbollah. The Washington Times (8/25, Gertz, Scarborough, 88K) "Inside The Ring" column writes that security experts are wondering how Russian-made Kornet-E anti-tank weapons used by Hezbollah during the recent war reached the group. Pentagon arms technology specialist Edward Timperlake says he "investigated Russia's illegal transfer of Kornet-Es to Iraq in 2003 and 2004 in cataloging the tons of foreign arms found in the country." Timperlake "led the production of the Pentagon's Iraq Technology Transfer List after the March 2003 invasion of Iraq. Among the many foreign weapons he found had been sold to Saddam Hussein in violation of U.N. sanctions was the Kornet-E." The Times writers say Timperlake "and his former boss, Deputy Undersecretary of Defense Jack Shaw, deserve credit for producing the report and giving the world an early and open-source warning of just how deadly the Russian weapon is against the military's main battle tank. Unfortunately, Mr. Shaw had his job reorganized out of existence the same month the report was completed in December 2004 in a dispute with other senior defense officials."

France Pledges 2,000 Troops For Lebanon Border Force. On its front page, the Washington Post (8/25, A1, Moore, 748K) reports French President Jacques Chirac "said Thursday that France would commit 2,000 troops to a new international peacekeeping force in southern Lebanon. The decision breaks a stalemate that has held up the dispatch of soldiers seen by diplomats as crucial to maintaining the 11-day-old cease-fire between Hezbollah and Israel." Chirac had been "chastised at home and abroad when he later said he would dispatch only 200 engineers to augment the 200 French troops serving in" UNIFIL. He "said he hoped France's decision Thursday would spur other countries to join the force, including the United States and Britain. Both have said they are too taxed in Iraq and Afghanistan to take part." President Bush "called Chirac's move 'an important step towards finalizing preparations to deploy the United Nations Interim Force of Lebanon' and called on other countries to join in. So far, Italy is the only other European country to make a major commitment, offering to send as many as 3,000 troops and to command the force." With Chirac's announcement, "the direction of the expanded force appears to be in French hands."

The Financial Times (8/25) reports, "Europe's leaders on Thursday sought to put days of embarrassment and recriminations over Lebanon behind them by stepping up commitments to an international monitoring force." Chirac "hopes to maintain command on the ground of the force, with an Italian general overseeing the force from UN headquarters in New York. However, Italy has also put itself forward to lead the force, with support from the US and Israel." The Wall Street Journal (8/25, Champion, 2.03M) calls Chirac's announcement "a welcome boost to United Nations efforts to build a force credible enough to maintain a tenuous cease-fire between Israel and the Hezbollah militia."

The New York Times (8/25, Smith, 1.21M) calls Chirac's move "a last-minute effort to salvage its flagging reputation and hold on to its leadership role in the face of Italian competition." His initial 200-soldier offer "undermined efforts to raise peacekeeping troops from other nations, officials say. It also won France widespread scorn." Rome, however, "stepped forward with an offer of up to 3,000 soldiers, and Israel's prime minister, Ehud Olmert, placed a call to his Italian counterpart, Romano Prodi, urging him to assume leadership of the force. A French general leads the current international force in Lebanon, which will be reinforced and given a broader mandate under the new resolution." The UN says "that for all the complaints, this peacekeeping force is being assembled faster than any in history. The normal process can take as long as three months, they say. But that is being waived to be able to put 3,000 fresh soldiers on the ground in Lebanon as early as the end of the month. The hope is to have the rest of the force in place by November."

The Washington Times (8/25, Enders, 88K) adds both Lebanon and Israel "are growing increasingly nervous over delays in a deployment of U.N. peacekeepers in southern Lebanon, even as France pledged an extra 1,600 troops yesterday and offered to lead the force." Despite "the chaos of recriminations, warnings and pledges, the shaky Aug. 14 truce continued to hold." The Times says "pressure on the Europeans has grown, in part, because Israel has rejected offers of participation from Malaysia, Bangladesh and Indonesia -- predominantly Muslim countries that do not recognize the Jewish state." Before Chirac's announcement, "tentative pledges from U.N. member countries had reached 4,200."

The AP (8/25, Georges-Picot) says Chirac's address "was closely followed throughout Europe," and that Paris "hopes to retain command of the force. He said the United Nations had provided guarantees France sought involving the mandate of the force." The "White House cheered Chirac's announcement. 'The president welcomes the decision by the French,' said White House spokeswoman Dana Perino. 'As

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he has said, an international force needs to be deployed urgently.'" The AP notes that many "EU nations have been wary of making firm commitments until the mandate for the new force is clarified, fearing their peacekeepers could be dragged into a conflict with the Hezbollah militants or with Israel if the cease-fire collapses."

LATimes Criticizes France For Delay. The Los Angeles Times (8/25, 918K) editorializes, "Reacting to universal dismay "at his irresponsibility, French President Jacques Chirac on Thursday belatedly pledged" 2,000 troops for the Lebanese border force, "a stingy commitment" but one that "may galvanize other European nations to follow suit after two tense weeks in which French dithering threatened to turn the deployment of peacekeepers into a march of folly." Calling Chirac's initial 200-soldier offer "a bait and switch," The Times says his justification for delaying a full commitment "sounds like an attempt to paper over differences within the French government." While Paris "was the presumptive leader of the peacekeeping force," Rome "now has a stronger claim to that responsibility. In any event, European foreign ministers meeting today in Brussels need to make up for lost time in assembling and dispatching the peacekeepers. Europeans love to complain about the United States acting unilaterally in the world, but those complaints will ring awfully hollow if they can't step up and do their part."

Siniora Says Lebanese Troops Can Police Syrian Border. The AP (8/25, Hurst) reports Lebanese Prime Minister Fuad Siniora "sought Thursday to sidestep conflicting Israeli and Syrian demands over the deployment of international troops along his border with Syria, saying Lebanese soldiers already there pose no threat to the prickly Arab neighbor." He remarks "underlined the difficulties the anti-Syrian politician faces in trying to meet the competing demands of Israel and Syria." Also, the Lebanese Cabinet "affirmed its determination to uphold the cease-fire between Israel and Hezbollah and called on the international community to send troops to free up the Lebanese army to patrol the country's borders. It did not directly address the issue of U.N. troops on the Syrian border."

Berri Says Israel "Continuing Economic War" Against Lebanon. The Financial Times (8/25, Khalaf) reports Lebanese Speaker Nabih Berri "accused Israel on Thursday of seeking to re-interpret the United Nations ceasefire resolution in order to justify what he said was a continuing economic war against Lebanon." Berri "charged that Israel had been seeking to undermine Lebanon's economy and that it had targeted companies during the war, including a milk factory and soft drink distributor, that had won contracts in the region against Israeli competitors." Also, Berri, "who has acted as the mediator between the Lebanese government and the Shia Hizbollah movement, brushed aside speculation of UN troops deploying along the border with Syria, an issue that has stirred controversy this week," and said "his information was that Beirut was asking only for logistical assistance in the form of new equipment." The Times says Berri "played a crucial role during the war in bridging political divisions between the group and the government, allowing Lebanon to maintain a semblance of national unity," but "his balancing act has become more delicate since the end of hostilities, as Hizbollah followers accuse rivals of having hoped for an Israeli victory and supporters of the parliamentary majority, led by Sunni and Christian parties, blame the militant group for starting the war."

Lebanese Author Says Hezbollah Not Winning Nation's Hearts And Minds. In an op-ed in today's Wall Street Journal (8/25, 2.03M), author Amir Taheri writes, "By controlling the flow of information from Lebanon throughout the conflict, and help from all those who disagree with U.S. policies for different reasons, Hezbollah may have won the information war in the West. In Lebanon, the Middle East and the broader Muslim space, however, the picture is rather different." Following the conflict, Hezbollah "had to declare victory for a simple reason: It had to pretend that the death and desolation it had provoked had been worth it." That move, and the Green Flood of reconstruction dollars, "does not seem to be working." Taheri says Lebanon's "new Shiite bourgeoisie dreams of a place in the mainstream of Lebanese politics and hopes to use the community's demographic advantage as a springboard for national leadership. Hezbollah, unless it ceases to be an instrument of Iranian policies, cannot realize that dream." He adds, "Far from representing the Lebanese national consensus, Hezbollah is a sectarian group backed by a militia that is trained, armed and controlled by Iran." Many "prominent Arab writers, both Shiite and Sunni, who have exposed Hezbollah for what it is -- a Khomeinist Trojan Horse -- would be too long for a single article. They are beginning to lift the veil and reveal what really happened in Lebanon."

Israeli Professor Says National Security Decision-Making Needs Overhaul. In an op-ed in today's Washington Post (8/25, A17, 748K), military expert and professor Yoram Peri says Tel Aviv "desperately needs a better system for decision-making in the national security realm," because there were "no well-reasoned alternatives" available "to cabinet ministers to compete with the Israeli Defense Forces' (IDF) recommendation to embark on a broad campaign in Lebanon." Furthermore, Peri argues, "once a path of action was adopted, something went terribly wrong in making and implementing decisions." Although Israeli "generals enjoy extraordinary clout in the policymaking process," this conflict's shortcomings "stemmed from more than the generals' traditional power. The circumstances were unusual," and "resulted in a weak Israeli government that hastily bowed to the generals' emphatically stated position." Despite the political repercussions that may come from the conflict,

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"Israel's fundamental security posture will not improve until the pattern of relations between its generals and political leaders is dramatically altered and a better decision-making mechanism in national security matters is established. Wars really are too serious a matter to be left to either fervent generals or weak politicians."

Administration Divisions On Iran Blamed For "Low-Key" Response. The New York Times (8/25, Cooper, 1.21M) reports, "After demanding for three months that Iran suspend its uranium enrichment or face penalties, the formal reaction from the United States and its European allies to Iran's refusal to suspend uranium enrichment has been decidedly low-key. Why the reticence? It is all about a public relations strategy intended to make the West appear patient and measured in dealing with the issue." Western diplomats "agreed that Iran had not met the most crucial requirement," and "that sanctions were the next step. But disagreement on just how to get to that step reflected a familiar division: between the State Department and America's European allies on one side, and hard-liners in the Bush administration, particularly in Vice President Dick Cheney's office, on the other side." The State Department "pressed to 'keep the temperature down,' as one American put it," and "pushed for a concerted media strategy that would help keep Russia and China on board the already fragile coalition trying to rein in Iran's nuclear ambitions." Diplomatic deliberations led "America, the most hawkish in the coalition of six countries that made the offer," to issue "a tepid statement — and not through its blunt United Nations ambassador, John R. Bolton, but from a low-profile acting State Department spokesman, Gonzalo Gallegos." European "reaction was also muted."

US Will Seek Security Council Action After August 31. The AP (8/25, Gearan) reports comments by Gallegos yesterday that "the US is awaiting a formal U.N. deadline before seeking any new measures to coerce or punish Iran over its disputed nuclear program." He is quoted saying, "We're looking at the Aug. 31 date and I think once we get there, we'll begin to take action." Also, Berlin "Germany said Thursday that Iran's response appears unsatisfactory, and Gallegos repeated the U.S. assessment that the response 'falls short' of U.N. conditions." Two AP diplomatic sources said "that the U.S. and other world powers will likely reject Tehran's terms," even as Secretary Rice "spoke Thursday with diplomatic counterparts from the" nations who authored the incentives package.

USA Today (8/25, 2.27M) reports Germany "said Thursday that Iran's response to a package of incentives to halt its nuclear program was unsatisfactory because of its refusal to freeze uranium enrichment, and diplomats suggested Tehran now faces a greater risk of United Nations sanctions. Two diplomats who were briefed on Iran's response told the Associated Press that world powers would likely reject it." The diplomats, "who spoke from two European capitals, asked for anonymity because they were not authorized to discuss the confidential proposal."

Threat Of Military Action Said To Hang Over Iran. McClatchy (8/25, Hutcheson) reports, "The escalating confrontation over Iran's nuclear program raises an unsettling question: Is Iran the next target for US military action? Some analysts think so. The focus is on diplomacy for now," but "President Bush hasn't ruled out the use of force to stop Iran from building a nuclear weapon. Tensions are likely to ratchet up a notch next Friday if, as expected, Iran ignores a UN Aug. 31 deadline to abandon its uranium-enrichment program." Armed conflict "isn't imminent or inevitable, and it wouldn't necessarily take the form of a full-scale invasion. Airstrikes alone might be the choice." But "the possibility of military action lurks on the sidelines of the diplomatic dance that will play out over the coming months at the U.N. Security Council."

Jerusalem Post Editor Discusses Report Israel May "Go It Alone" Against Iran. CNN's The Situation Room (8/24, Blitzer) interviewed David Horovitz, editor-in-chief of the Jerusalem Post. Asked about his paper's report that Israel "may have to go it alone against Iran," Horovitz said, "You have a president in Iran, Wolf, who almost every day, and certainly at least once a week, is telling the world that he wants to eliminate Israel, that Israel should be eliminated, and he's moving alarmingly towards a nuclear capability. And I think what you -- you unmistakably have in Israel as of late is a growing concern that there may not be international will to stop him doing that. And exacerbating that concern is also a fear that perhaps America may not have the will or the capability or the inclination or the support to take on Iran militarily. And very recently now you have some Israeli officials who are entertaining the notion that Israel might take military action alone. I would be very cautious about this. We have not had, that I know of, public officials on the record in their own name saying that Israel is going to do this. But as you rightly say, 'The Jerusalem Post' today quoted an unnamed very senior Israeli official saying Israel may have to go it alone."

NYTimes Suggests Republicans Trying To Manipulate Iran Intelligence. The New York Times (8/25, 1.21M) editorializes, "The last thing this country needs as it heads into this election season is another attempt to push the intelligence agencies to hype their conclusions about the threat from a Middle Eastern state. That's what happened in 2002, when the administration engineered a deeply flawed document on Iraq that reshaped intelligence to fit President Bush's policy." And "history appeared to be repeating itself this week, when the chairman of the House Intelligence Committee, Peter Hoekstra of Michigan, released a garishly

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illustrated and luridly written document that is ostensibly dedicated to 'helping the American people understand' that Iran's fundamentalist regime and its nuclear ambitions pose a strategic threat to the United States. … The nation cannot afford to pay the price again for politicians' bending intelligence or bullying the intelligence agencies to suit their ideology."

EU Questions Tehran On Activist's Death. The AP (8/25, Tanner) reports the EU "on Thursday questioned the circumstances surrounding the recent death of an Iranian student activist and called on Tehran to launch an independent investigation into the case." Akbar Mohammadi died on July 31 in Evin Prison "after a nine-day hunger strike to protest a lack of medical care." More broadly, Brussels "expressed 'grave concern regarding the harsh treatment of dissidents, opposition leaders, student activists and all human rights defenders in Iranian prisons.'"

Iranian Museum Exhibits Anti-Jewish Art. The New York Times (8/25, Slackman, 1.21M) reports, "The title of the show is 'Holocaust International Cartoon Contest,' or 'Holocust,' as the show's organizers spell the word in promotional material. But the content has little to do with the events of World War II and Nazi Germany." There is instead "a drawing of a Jew with a very large nose, a nose so large it obscures his entire head. Across his chest is the word Holocaust. Another drawing shows a vampire wearing a big Star of David drinking the blood of Palestinians. A third shows Ariel Sharon dressed in a Nazi uniform, emblazoned not with swastikas but with the Star of David." The cartoons are "among more than 200 on display in the Palestinian Contemporary Art Museum in central Tehran in a show that opened this month and is to run until the middle of September."

North Korea May Be Close To Nuclear Test. CNN's The Situation Room (8/24, Verjee) reported, "There are more ominous signs North Korea may be preparing to test a nuclear bomb underground. More movement. Vehicles coming in and out of a suspected nuclear site in North Korea. Japan now beefing up surveillance. That's what Kyoto news agencies are reporting today, quoting an unnamed government official. US intelligence analysts have spotted suspicious activity, too, confirming to CNN last week that they're carefully tracking movement." Wendy Sherman, the Albright Group: "Either North Korea is really just yanking the international community's chain, or it is actually going to conduct an underground nuclear test."

The AP (8/25, Mizoguchi) reports remarks by Japanese Chief Cabinet Secretary Shinzo Abe that "a nuclear test by North Korea would pose a 'grave threat' to Japan and the rest of Northeast Asia." Abe "did not confirm" media reports "that vehicles have been seen in recent days at what is thought to be a nuclear testing site in northeastern North Korea," but "he urged Pyongyang to return to the stalled six-nation talks on its nuclear disarmament." The Japanese Foreign Ministry "said that Tokyo had boosted surveillance of the area." Also, South Korean chief nuclear negotiator Chun Yung-woo "warned that time was running out for countries seeking "to persuade the North to disarm, but said chances of resuming international disarmament talks were slim."

Bush Calls For Free Trade Agreement With Colombia. The AP (8/25) reports, "President Bush said Thursday he wants a free-trade agreement with Colombia, which would be Washington's largest Western Hemisphere pact since creation of NAFTA in 1994." In a letter to Congress, Bush "said the deal would benefit Colombians by expanding economic opportunity and strengthening democracy. He said it would generate export opportunities for US farmers, ranchers and companies." Bush also "said a free trade deal with Colombia would help create jobs in the United States and help U.S. consumers save money while offering them more choices."

US Official Heads To Khartoum As Sudan Rejects UN Darfur Force. The AP (8/25, Osman) reports Sudanese President Omar al-Bashir's National Congress Party "rejected a proposal to transfer peacekeeping in the troubled Darfur region from a weak African force to a larger and stronger U.N. mission, saying that would put the nation under the control of foreign powers." Bashir allies "lashed out at the latest Western efforts and rejected the proposed U.N. force," saying "any council member who supported the draft would be considered an enemy of Sudan." The Administration "said it will send" Assistant Secretary Jendayi Frazier "to Sudan in hopes of winning the government's consent for the deployment of U.N. peacekeepers in Darfur." Frazer is quoted saying, "We cannot let the violence and atrocities continue. We cannot let humanitarian workers and peacekeepers continue to come under attack." AFP (8/25, Millikin) reporting emphasizes Frazier's use of the word "genocide" and says she will be "carrying a letter from [President] Bush to" Bashir. Frazier "gave no indication Thursday that Washington was willing to harden its so-far largely ineffective approach on Darfur."

The New York Times (8/25, Hoge, 1.21M) reports, "At the United Nations, Nana Effah-Apenteng of Ghana, the Council president for August, said the panel would go ahead with a meeting on the Darfur resolution on Monday despite a letter turning down an offer to discuss it from…al-Bashir."

Rumsfeld, Russian Defense Minister To Meet This Weekend. The AP (8/24, Baldor) reports Defense Secretary Donald Rumsfeld and Russian Defense Minister Sergei Ivanov will meet in Alaska this weekend, where they

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are likely to discuss North Korea, the "troubled Middle East," and the "continued development of a military relationship" between the US and Russia. The meeting is part of a four-day Rumsfeld trip "during which he will visit privately with family members of an Alaska-based brigade that was recently ordered to extend its one-year tour in Iraq for four months to help tamp down violence in Baghdad." Rumsfeld will also deliver speeches in Nevada and Utah.

Chavez Says China Backs Venezuelan Bid For Security Council Seat. The Financial Times (8/25, Yeh) reports comments by Venezuelan President Hugo Chavez that Caracas "has secured China's support in its bid for a United Nations Security Council seat." While enunciating "an agreement to almost quadruple oil sales to China to 1m barrels a day over the next decade, the Venezuelan president said Hu Jintao, his Chinese counterpart, had assured him of China's support over its rival Guatemala." The Times calls the support "a further sign of warming relations between China and Venezuela, a worrying trend for the US." Caracas' "oil fields are among the most productive in the world. China's appetite for crude has been insatiable in recent years, with Venezuelan imports set to rise fast."

The AP (8/25, Ang) adds Chavez claims Beijing "has thrown its support behind his nation's bid for a seat on the U.N. Security Council as the two countries signed deals to develop Venezuela's vast oil resources." Hu "warmly welcomed Chavez, who has proposed an ambitious plan for his country -- the world's No. 5 oil exporter -- to almost quadruple sales to fuel-hungry China to 1 million barrels per day in the next decade."

The Washington Times (8/25, Gertz, 88K) reports Chavez's "visit to China…this week is being watched closely by US national security officials who are concerned that Beijing is increasing its backing for the leftist leader. A defense official involved in Asian affairs said the visit to Beijing by Mr. Chavez is part of China's strategy of forming coalitions aimed at controlling resource markets -- in Venezuela's case, access to oil."

Obama Treated As Visiting Head Of State In Kenya. The Chicago Tribune (8/25, Zeleny, 623K) reports that in Kenya "for days, anticipation had been building over the arrival of" IL Sen. Barack Obama (D). When he arrived, "a 12-car motorcade -- a trapping usually bestowed upon a visiting head of state -- whisked him past admirers who lined the roads heading to his downtown hotel. A security contingent of U.S. Marines stood watch." In South Africa, "neither South African President Thabo Mbeki nor three lower-ranking foreign ministers could find time to meet with" him and "a substantive side trip to Congo was canceled because officials were dealing with violence in Kinshasa." In Kenya, "Obama was no longer being treated as a freshman senator from America." He was "scheduled to meet with Kenyan President Mwai Kibaki as well as the leader of the opposition party. After lunching with several members of Parliament, he is to visit the site of the 1998 US Embassy bombing that killed 248 people here." The paper questions whether he will "receive as glorious a sendoff after it becomes clear that he has no ability to solve the problems of this impoverished nation?"

The AP (8/25, Mitchell) reports Obama has "already become the country's most prominent 'citizen.'" He is "seen as an inspiration in this east African country where more than half its 33 million people eke out a living on less than $1 a day." He "arrived Thursday for a six-day visit, and planned to meet with President Mwai Kibaki and stop at the site where Nairobi's U.S. embassy was bombed in 1998, killing 248 people."

The AFP (8/25, Okombo) reports Obama has received "fanfare normally reserved for visiting celebrities or heads of state" and "a lavish hero's welcome." But "the excitement is nowhere stronger than in his father's western hometown" in Kisumu where "local authorities have ordered a massive clean-up operation." During his visit, Obama "will take an AIDS test and see his paternal grandmother at her nearby home village."

Chinese Court Sentences NYTimes Researcher, Peasant Activist To Prison. The New York Times (8/25, Yardley, Kahn, 1.21M) reports, "A Beijing court on Friday morning unexpectedly dismissed a state secrets charge against a researcher for The New York Times but sentenced him to three years in prison on a lesser, unrelated charge of fraud." The dismissal spared Zhao Yan, 44, "a prison sentence of 10 years or longer and also served as a blunt rebuke to the investigation by state security agents." Meanwhile, "in another closely watched case, a Chinese court in Shandong Province on Thursday convicted an advocate for peasants rights and sentenced him to more than four years in prison." Chen Guangcheng is "a blind man who tried to file a class-action lawsuit on behalf of women who were subjected to forced abortions." His attorneys "described the conviction as a sham." The sentence is seen as part of "a concerted effort by Chinese authorities to punish lawyers and rights advocates."

The AP (8/25, McDonald) reports Chen, "was convicted of damaging property and 'organizing a mob to disturb traffic' after a trial in the eastern province of Shandong." Chen had "attracted support from a wide array of Chinese activists." And "several" of those "said last week they were put under house arrest as early as mid-July to prevent them from going to Shandong to attend his trial."

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The Washington Post (8/25, A9, Fan, 748K) reports Chen "received a far more severe sentence than others charged in connection with the case, his wife and lawyers said." And "one of Chen's top defense attorneys, Xu Zhiyong, vowed to appeal." Chen's attorneys "were accused of theft and detained by police the night before the trial" and he was "represented, over his objections, by court-appointed lawyers whom he had never met."

The New York Times (8/25, Kahn, 1.21M) reports, "The New China News Agency announced the sentence, four years and three months, in a terse dispatch on its English-language news wire. The information did not appear in Chinese, and other state-run media have been banned from reporting on the matter." And "Chinese lawyers and human rights advocates say they believe that President Hu Jintao has ordered a broad crackdown on people who call themselves 'rights defenders' because he worries that they have tried to use legal pressure to undermine the Communist Party."

USA Today (8/25, Macleod, 2.27M) reports, "The case drew international attention" and his supporters said that "the charges were fabricated and that his real crime was standing up to the state and its brutal family-planning regime." He was "convicted in spite of calls by the Bush administration for the charges to be dropped." His attorneys, "three high-profile Beijing lawyers" were "detained by police during his trial and never saw the evidence against their client." The case "could signal a crackdown on the growing number of public activists in China." Earlier "China's State Family Planning Commission" had "publicly admitted that officials in Yinan had ordered forced abortions and sterilizations in violation of Chinese law" as Chen claimed.

Road Link Highlights Opportunities, Challenges Of Sino-Indian Relations. A 1,550-word piece in today's Los Angeles Times (8/25, Chu, Magnier, 918K) reports, "High atop a snowy Himalayan pass, a lonely road linking Asia's two giants reopened last month after a 44-year diplomatic roadblock. Leaders in India and China hailed the event as a sign of the growing rapprochement between neighbors that have eyed each other with distrust since a 1962 border war." In addition to expanded trade, the road "is an apt symbol of Sino-Indian ties in more ways than one. The rough terrain, icy weather and extremely short list of goods approved for exchange are emblematic of the rocky path of limited engagement that Beijing and New Delhi have embarked on after decades of a political deep freeze." The Times says Beijing-New Delhi relations "may help define the 21st century as the world's two most populous nations — which account for one-third of humanity — try to pull themselves out of poverty and stagnation." Those relations are hampered by "persistent suspicion among hawks on either side, unresolved border disputes, intensified competition for resources such as oil and gas, and influence from Washington." The Times notes better relations benefit both nations, as Beijing "has put a premium on stabilizing relations with neighbors and settling contested borders," and India "is liberalizing its economy and paying more attention to the region."

Text Messaging Is Key Tool For Filipino Protesters. The Washington Post (8/25, A1, Jordan, 748K) reports, "In a string of unsolved murders in recent months, trade union leaders, government critics, students, journalists and others have been killed. Students had begun clamoring for President Gloria Macapagal Arroyo to do something. Once they might have called a demonstration by printing fliers." Now, "they do it by mass texting." Protesters "spent days getting the word out, banging out text after text on the keypad of his little Nokia phone."

Dionne Praises Howard's Approach To Conservative Governing. In his Washington Post column (8/25, A17), E.J. Dionne says Australian Prime Minister John Howard's "approach could be a model for how parties of the right -- including Republicans in the United States -- manage to build majorities in turbulent times." What is "exportable about Howard's politics is his shrewd understanding that conservative parties embracing hard-line market economics need to provide those threatened by economic change with something to hang on to -- tradition, nation, family, flag -- so that their world doesn't fly apart. Except on the immigration issue, where he used a sledgehammer, Howard has pulled off in a subtle way what Republicans in the United States have pursued with less finesse and a greater emphasis on religion than would work in this more secular country. Interestingly, though, the political role of religion is on the rise here."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Caps On Phone Rates Lifted."
"Where Everyone Is A Critic."
"A Thaw Between India And China."
"Plan B Pill Cleared For Sale Over The Counter."
"Bush Administration Opposes Integration Plans."
"Pluto Learns Eight Is Enough For Planets."
"Seeing Granite As A Paving Grace."

USA Today:
"States Attack Property Taxes."

DOJ_NMG_0053091

"Third Rock's Astronomers 'Dwarf' Pluto's Status In The Solar System."
"Saint Indeed: Reggie Helps Revive City."

New York Times:
"F.D.A. Approves Broader Access To Next-Day Pill."
"Files From Duke Rape Case Give Details But No Answers."
"Inquiry Opened Into Israeli Use Of U.S. Bombs."
"New Orleans Shops Struggle To Survive."
"It's Never Too Early To Gear Up For '08 Race."
"Iran Exhibits Anti-Jewish Art."

Washington Post:
"France To Send 2,000 Troops To Lebanon."
"For Pluto, A Smaller World After All."
"After Katrina, Baton Rouge Weathers A Storm of Its Own."
"Ehrlich Prolific In Granting Clemency."
"Going Mobile: Text Messages Guide Filipino Protesters."
"Sadr's Militia And The Slaughter On The Streets."

Washington Times:
"Lebanon, Israel On Edge Over U.N. Delay.
"Plan B Allowed Over The Counter."
"'Pluto Is Dead'."
"U.S. Eyes Chavez ties To China."
"GOP Told To Ignore Detroit At Its Peril."

Detroit Free Press:
"544 Michigan Schools Fail Federal Standards."
"Forget What You Learned About Pluto."
"Morning After Pill's New Access Concerns Some."
"Privatizing Ford? Idea Gathers Steam."

Atlanta Journal-Constitution:
"'Plan B' Pill Easier To Obtain."
"Eight Is Enough."
"Hi-Tech Batteries Raise Safety Worries."
"Pimped At 12, 'Anna' Reclaims Dream."

Houston Chronicle:
"Katrina's Students Fall Behind."
"Science Gives Pluto The Cold Shoulder."
"Screeners Disciplined Over Leaving Post Empty."
"Castro, Back Then."
"Approval On Morning-After Pill Polarizes Community."

Story Lineup From Last Night's Network News:
ABC: Plan B FDA Approved; Plan B Decision Reactions; Airline Security; UK Terror Plot; Violence-Ramadi Iraq; Cease-Fire; Planet Pluto No More; JonBenet; Computer Battery Recall; AIDS In Black America; Military Kids Summer Camp.
CBS: Plan B FDA Approved; Plan B VS Abortion Pill; Buying Plan B; JonBenet; UK Terror Plot; Housing Market; Cease-Fire; Iraq Violence; New Orleans Schools; Emmy Awards; Planet Pluto No More.
NBC: Plan B FDA Approved; Computer Battery Recall; Housing Market; Iraq Violence; 9/11 & Katrina Anniversary; Airline Security; Hurricane Insurance; Flash Flood-Phoenix; Debt Collection; Stock Market; Bush Vacation; Planet Pluto No More.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — No public schedule, In Kennebunkport, Maine.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: MIDEAST _ 9 a.m. The Middle East Institute holds a discussion with Gilead Sher, former Chief of Staff to Israeli Prime Minister Ehud Barak, discussing the ongoing Arab-Israeli conflict. Location: 1761 N St. NW.

PENTAGON-IRAQ BRIEFING _ 9 a.m. Army Col. Robert Scurlock, commander of 2nd Brigade Combat Team, 1st Armored Division, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

SOFTWARE PIRACY-SENTENCING _ 9 a.m. Scheduled sentencing before U.S. District Judge T.S. Ellis III of Danny Ferrer of Lakeland, Fla., who pleaded guilty to running a for-profit software piracy operation. Location: U.S. District Court, Alexandria.

TERROR-PAINTBALL _ 9:30 a.m. Scheduled sentencing for Ali Asad Chandia, 29, a teacher at an Islamic school in College, who was convicted of lending aid to a Pakistani terrorist organization. Location: U.S. District Court, Alexandria.

GAZA JOURNALISTS _ 10 a.m. The Muslim American Society's Freedom Foundation holds a press conference to outline plans for sending a delegation to the Gaza Strip to appeal for the release of kidnapped Fox correspondent Steve Centanni of Washington, D.C., and Fox cameraman Olaf Wiig of New Zealand. Location: Outside Fox News studios, 400 North Capitol St.

HURRICANES-FAMILIES _ 11 a.m. Nonprofit groups hold a briefing to discuss the impact of the Gulf Coast hurricanes on children and families. Participants include Freddie Mac Foundation Chair4man Ralph Boyd, National Center for Missing and Exploited Children President Ernie Allen, National Foster Parent Association Executive Director Karen Jorgenson, others. Contacts: Patricia Fuentes, 703-903-3504. Notes: Callin number: 800-264-7882; passcode: 15415844. Call Contact to reserve a slot.

DOJ_NMG_0053092

VA-IRAQ _ 2:45 p.m. James Nicholson, Secretary of Veterans Affairs, will be joined by Iraqi Director General of Veterans Affairs Nabil K. Said for a media briefing on the status of VA assisting the government of Iraq in its continuing efforts towards full responsibility for Iraq's national defense. Location: Department of Veterans Affairs headquarters, Omar Bradley Conference Room, 810 Vermont Ave. NW.

TEAMSTERS DEBATE _ 7 p.m. International Brotherhood of Teamsters (Teamsters Union) candidate for General President Tom Leedham and a surrogate for his opponent, incumbent President James P. Hoffa, will debate on the campus of George Washington University. Location: Jack Morton Auditorium, Media and Public Affairs Building, George Washington University, 805 21st St. NW.

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USDOJ- Office of Public Affairs

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To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Friday, August 25, 2006
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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, AUGUST 25, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

British Study Charitable Organization For Links To Plot (NYT) 5
Europe Intensifies Probes Of Extremist Muslims (WSJ)....6
UK Urges Unity On Airline Threat (FT) 7
2nd Man Held In German Plot (WP)....8
2nd Suspect Surrenders In Plot To Bomb Two German Trains (NYT) 9
Germans Eye More Surveillance After Failed Bomb Plot (CSM) 10
Prosecutors Ask Judge To Review Document Release In Terror Case (BRAH) 11
Video: Narseal Batiste Enlists Al Qaeda (WFOR-TV) 12
Waiting To Go Free: I'm No Terrorist, Lodi's Umer Hayat Insists (SACBEE) 12
12 Held On Flight To India Released (WT/AP)....15
Dutch, Seeing No Terror Link, Free 12 Held After India Flight (NYT) 15
A Professor's Islamic Ties (WT)....16

Homeland Response:

Chertoff: Reforms Needed To Fight Illegal Immigration (USAT)....17
Illegal Immigration Dominates Meeting Of U.S., Mexican Border Governors (LAT)....18
Immigration Bill Sticker Shock (CSM) 19
Air Marshal Dress Code Changed (AP-Y)....20
Dress Code Relaxed For Air Marshals (WP) 21
Search And Defend (NYT)....21
E.P.A. Whistle-Blower Says U.S. Hid 9/11 Dust Danger (NYT)22
New York Man Charged With Enabling Hezbollah Television Broadcasts (NYT)....24
Hez TV Is A Bust (NYDN)....25
Staten Island Man Said To Broadcast Hezbollah Network (NYS)....26
B'KLYN BIZMAN IN HEZ-TV BUST (NYPOST)....26
Man Charged With Providing NYC Broadcasts From Hezbollah TV (NSDY/AP) 27
New Yorker Arrested For Providing Hezbollah TV Channel (WP)....28
Man Said To Offer Hezbollah Station (WT) 29
Quick To Save Lives, But Not To Take Credit (USAT) 29
A (Terror) Fish Story (NYT) 30
Democrats Cite No-bid Katrina Contracts (AP) 31
Washington: Storm Fraud Charges (NYT) 32
Weathering Corruption (WP) 32
Disaster-relief Missions Likely From Private Sector, Panel Says (WT)....33
Homeowners Decked By Katrina Still Wait For Insurers To Pay Up (USAT)....33
After Katrina, Baton Rouge Weathers A Storm Of Its Own (WP)....36
Saint Indeed: Reggie Helps Revive City (USAT) 38
New Orleans Shops Struggle To Survive (NYT) 41
In Uncertain New Orleans, Failure Of Leadership... (USAT)..44

War News:

Security Is Improving In Baghdad, U.S. Generals Say (USAT/AP)....45
U.S. Generals Say Baghdad Violence Slows (AP) 46
Returning Some Order To Iraq's Mean Streets (WP)....47
Army Reviewing Casualty Reports (AP) 48
Inside The Ring (WT) 49
Washington Wire (WSJ)....51
Whatever Happened To Rumsfeld The Poet? (LAT)....51
Shays Urges Iraq Withdrawal (WP) 52
Behind McCain's Blast At Bush Over The War (TIME) 53
Electricity Service Still Erratic Throughout Iraq (USAT) 54
Sadr's Militia And The Slaughter In The Streets (WP) 54

Disavowed By Mahdi Army, Shadowy 'Butcher' Still Targets Sadr's Foes (WP) 57
British Leave Iraqi Base; Militia Supporters Jubilant (WP) 58
Freedom (CSM) 59
Ransom Claims Abound In Carroll Case (CSM) 63
U.S.: 7 Operatives Killed In Afghanistan (AP) 65
8 Killed In Raid By U.S. Forces In Afghanistan (NYT) 66

Corporate Scandals:

Justice Department Ends Investigation Of Fannie Accounts (WSJ) 67
Fannie Mae Won't Face U.S. Charges Over Its Books (NYT) 67
Fannie Mae Avoids Criminal Charges Over Accounting (WP) 68
Fannie Mae Won't Face U.S. Justice Department Charges (Update5) (BLOOM) 70
UPDATE: Fannie Mae Told Justice Dept Probe Discontinued (DOW) 71
Justice Department Ends Two Year Probe Of Fannie Mae (AFP-Y) 72
Lay Estate Deal Near On Enron Retirement Fund (HC) 72
KB Home Says SEC Will Probe Its Granting Of Stock Options (WSJ) 73

Criminal Law:

Four Indicted In Katrina Fraud Case (BSH) 74
4 Indicted Over Katrina Debris Removal (AP) 74
Katrina Begat Sorrows But Also Lots Of Greedy Frauds (SH) 75
Safavian Asks Judge To Overturn Conviction (WP/AP) 76
Judge Skeptical Of Argument For New Trial In Safavian Case (GOVEXEC) 77
Crime Lab Designed To Help Find Pornographers, Victims (AP) 78
Karr Lands In Colorado (WT) 78
Ramsey Suspect Sent To Colorado (LAT) 79
Landlord In Costa Rica: Karr Said He Was 'Like A Wolf' Sexually (FINDLAW/AP) 80
Alleged Cuban Spy Says FBI Promised No Arrest (BRAH) 81
Atlanta Jailer Pleads To Bribery Charges (AJC) 82
Bronx Pol To Surrender To Feds (NYDN) 82
BRONX STATE SENATOR INDICTED IN JOB SCAM (NYPOST) 83
Crew Says He Offered To Wear Wire In Probe (MH) 83
Kaiser Heir Sentenced For Fraud (SACBEE) 85
Light Sentence Given Henry Kaiser Scion (MERCN) 85
Kaiser Scion Sentenced In SureWest Fraud Case (SACBIZ) 86
Six Indicted In Alleged $48 Million Lottery Operation (MERCN) 86
Cult Leader Scheduled For Execution (FINDLAW/AP) 87
Files From Duke Rape Case Give Details But No Answers (NYT) 87
Vermont Gunman Kills 2, Wounds 2 At School, Homes (USAT) 94
Kentucky Governor Signs Plea Deal (NYT) 95

Civil Law:

Court Upholds President's Authority (AP-Y) 96
Northwest To Keep Flying If Attendants Strike (CHIT/BLOOM) 97

Civil Rights:

Solicitor General Sides Against Integration Programs (LAT) .98
New State Prisons Chief Pledges Changes (BSUN) 99
New Chief Pledges Change In Prisons (WT/AP) 100
Issues Of Race And Sex Stir Up Alabama Election (NYT) 101

Antitrust:

Feds Eye Hospital Bid (FMT) 102
Rite Aid Makes Deal To Keep Up With Foes (AP) 103
Rite Aid To Buy Jean Coutu's Eckerd, Brooks Chains (Update13) (BLOOM) 104
Rite Aid To Buy Eckerd, Brooks Drugstore Chains (WSJ) 105
Canadian Drugstore Company Retreats From U.S. (NYT) 106
Rite Aid To Buy Brooks, Eckerd (USAT) 107
BA Appeals For Antitrust Authorities To Dismantle BAA (AFP-Y) 108
Stage Gets Set For Italy's Banks To Consolidate (WSJ) 108
Let Companies Buy And Sell News (LAT) 110

Environment:

Alcoa Fined $9.2M For Pollution (DMN) 111
Alcoa Faces More Than $9 Million In Pollution Fines (COX) 112
US Appeals Court Refuses To Block Dredging Of Columbia River In Oregon (FINDLAW/AP) 112
Report Criticizing BP's Controls Is Investigated After Alterations (WSJ) 113
Bush's First Energy Rule: Efficient Enough? (CSM) 114
Calif. Poised To Act On Its Own On Global Warming (USAT) 115
Diesel Blues (WSJ) 116

FBI/DEA/ATF/USMS:

DOJ Close To Settling Messy Bad-snitch Case (LAW) 117
Feds To Help Train Local Cops (SACBEE) 117
Chief Makes Landmark Arrest In Son's Fatal OD CaseCline: Dealer Homicde Charge Is First Of Its Kind In Chicago (WMAQ) 118

DOJ_NMG_0053096

Murder Charges Filed In Death From Painkiller-Laced Heroin (NYT) 119
Fentanyl - Laced Heroin Leads To Charge (AP) 119
County Drug Deaths Surge With Heroin In Mix (PAC) 120
Jump In Lethal ODs Stirs Alarm In Ocean (NSL) 121
Rash Of Drug Overdoses Concerning In Franklin County (AP) 122
Two Plead In West Marijuana Conspiracy (KNOXNS) 122
West's Brother Makes Deal (KNOXNS) 123
Tampa Man Guilty In Pot House Case Despite Reservations About Some "colorful" Witnesses, A Federal Jury Convicts Him Of Trying To Create Indoor Marijuana Farms. (SPT) 125
Ann Arbor Doctor Gets 5 Years In Prison For Illegal Prescriptions (AP) 125
Sprinter LaTasha Jenkins Tests Positive (AP) 126
Assailants Attack Newspaper In Cancun (AP) 126
Ecuador Police Seize 2 Hotels In Drug Trafficking Probe (AP) 127

Tax:

Bar On Taxing Some Judgments Spurs Worries (BLOOM) 127
D.C. Partnerships Weren't Taxed Illegally, Court Says (WP) 128
States Attack Property Taxes (USAT) 129
Soaring Property Taxes Elicit Backlash Among Homeowners (USAT) 130

Congress-Administration:

Emergency Contraception Gets FDA OK For Over-the-counter Sales (CHIT) 131
Plan B To Be Sold On Demand (BSUN) 133
Plan B Shift Threatens To Deepen Rift (WSJ) 134
F.D.A. Approves Broader Access To Next-Day Pill (NYT) 136
FDA Approves Plan B's Over-the-Counter Sale (WP) 138
US Permits Sale Of Plan B Without Prescription (FT) 140
Plan B Allowed Over The Counter (WT) 140
FDA Eases Limits On Morning-after Pill (AP-Y) 142
Barr's `Morning After' Pill May Be Sold Over Counter (Update7) (BLOOM) 143
Plan B Pill Cleared For Sale Over The Counter (LAT) 145
FDA Approves Over-the-counter Sales Of Plan B (USAT) 146
Easier Access To Morning-After Pills (NYT) 147
The Right Plan B Decision (WP) 148
Has Time Softened D.C. Circuit Nominee's Partisan Edges? (LAW) 148
New Chief Oversees A Less Visible Faith Office (WP) 151
PLAYERS (WP) 153
Bush Joins Family On Maine Coast (AP-Y) 153
Family Time At Kennebunkport (WP) 154
Bush Would Rather Be Relaxing In Texas (LAT) 155
HOV Traffic Waits For No Man, Even The President (WP) 156
Medicare Providers Get Pay Day 'Holiday' (WSJ/AP) 157

Other News:

New-Home Sales Decline By 4.3% (WSJ) 157
New-home Sales Drop, A Further Sign Boom Is Over (USAT/AP) 158
Home For Sale, By Anxious Owner (NYT) 159
The House The Fed Built (WSJ) 161
Housing Gets Ugly (NYT) 162
Wall St Edges Up As Traders Digest Data (FT) 163
Investors Wary About The Fed (WSJ) 164
In Poll, G.O.P. Slips As A Friend Of Religion (NYT) 164
Few See Democrats As Friendly To Religion (WT) 165
GOP Told To Ignore Detroit At Its Peril (WT) 166
Rove Slams Democrats At Toledo Fund-raiser (TOLB) 167
Democrat Maintains Slight Lead Over Incumbent In Senate Race (AP) 169
Cry To Cut Spending Grows Louder (USAT) 170
Lamont Criticizes Lieberman, Bush Over Katrina Response (NSDY/AP) 171
Money Can't Buy You . . . Well, Maybe It Can (WSJ) 172
Angling For Hip-Hop Appeal (WP) 174
Hip-hop Mogul Holds Fundraiser For Steele (WT) 175
Fairfax Native Says Allen's Words Stung (WP) 177
It's Never Too Early To Gear Up For '08 Race (NYT) 178
Hillary Will Be Hurt By New Demo Dates (USAT) 180
Ehrlich Prolific In Granting Clemency (WP) 181
Thus Spake Zinsmeister (NYT) 183
Great Alaska Shoot Out (WSJ) 184
Charity At Home (WP) 184
Rice Catches Flak As Mideast Deal Falters (WSJ) 185
The Perils Of Using 'The Allies' (WP) 186
U.S. Warns Syria To Observe Arms Embargo (AP-Y) 187
On The Sidelines Of A Cease-fire, An Increasingly Defiant Syria (CSM) 188
Inquiry Opened Into Israeli Use Of U.S. Bombs (NYT) 190
Israel Adds 2 Nuclear-capable Submarines (AP-Y) 191
France Sets Big Force For Lebanon (WP) 192
EU To Pledge More Troops For Lebanon (FT) 193
France To Raise Lebanon Presence, Bolstering U.N.'s Cease-Fire Aims (WSJ) 194
France Offers Many More Troops For Lebanon (NYT) 195
Lebanon, Israel On Edge Over U.N. Delay (WT) 196

DOJ_NMG_0053097

France To Send 2,000 Troops To Lebanon (AP-Y) 197
France Finally Steps Up (LAT) 199
Lebanese PM Says Army Can Patrol Border (AP) 199
Israel 'waging Economic War On Lebanon' (FT) 200
Hezbollah Didn't Win (WSJ) 201
Israel's Broken Process (WP) 203
In Muted Response To Iran, U.S. And Allies Seek Edge (NYT) 204
U.S. Awaits U.N. Deadline On Iran (AP) 206
Envoys: West Likely To Reject Iran's Response (USAT) 206
Threat Of Military Action Hangs Over Escalating Tensions With Iran (MCT) 207
Wanted: Scarier Intelligence (NYT) 208
EU Questions Death Of Iranian Dissident (AP) 209
Iran Exhibits Anti-Jewish Art (NYT) 210
Japan: N.Korean Test A 'Grave Threat' (AP) 211
Bush Backs Free-trade Pact With Colombia (AP-Y) 212
Sudan Ruling Party Rejects Resolution (AP) 213
Denouncing 'Genocide' In Darfur, Bush Envoy Rushes To Sudan (AFP) 214
U.S. Official To Go To Sudan To Promote Use Of U.N. Troops (NYT) 215
Rumsfeld Meeting With Russian Counterpart (AP) 215
Beijing Backs Venezuela For UN Council (FT) 216
Venezuela Says China Backs U.N. Bid (AP) 216
U.S. Eyes Chavez Ties To China (WT) 217
Obama Called 'One Of Us' In Kenya (CHIT) 218
Sen. Obama Seen As Inspiration In Kenya (AP) 219
Kenya Lays On Hero's Welcome For Favorite Son US Senator (AFP-Y) 220
Times Researcher Receives 3-Year Prison Term (NYT) 221
Chinese Activist Gets 4 Years In Prison (AP) 223
Blind Chinese Activist Gets 4 Years (WP) 224
Chinese Peasants' Advocate Sentenced To 51 Months In Jail (NYT) 226
Chinese Rights Champion Ordered To Prison (USAT) 227
A Thaw Between India And China (LAT) 228
Going Mobile: Text Messages Guide Filipino Protesters (WP) 230
A Down-Under Lesson For The GOP? (WP) 232

DOJ_NMG_0053098

TERRORISM NEWS:

British Study Charitable Organization For Links To Plot (NYT)

By Heather Timmons

The New York Times, August 25, 2006

LONDON, Aug. 24 — The British Charity Commission said Thursday that it was formally investigating the aid group Crescent Relief and had frozen its funds, after allegations that the charity was linked to a thwarted terrorist plot to blow up trans-Atlantic flights.

The commission said it was looking into what it called "very serious'' allegations of potential "terrorist abuse of charitable funds" at Crescent Relief.

"The inquiry will focus on whether or not the charity's funds, or funds raised on its behalf, were used unlawfully,'' the statement said. "It will also consider the financial policies and practices of the charity.''

Crescent Relief was registered as a charity in July 2001 and its list of original directors included the father of Rashid Rauf, a suspect arrested in Pakistan in connection with the foiled airline bombing plot earlier this month.

According to its Web site, Crescent Relief's aid projects include providing food, books and medicine to victims of the earthquake last year in Kashmir and the 2004 tsunami in Indonesia. The group has denied financing terrorism. The charity's actions raised some red flags at its bank last year, after one member tried to send about 50,000 pounds to Pakistan without the proper identification.

Also on Thursday, British police said they had charged a 12th suspect in the plot, saying he had failed to disclose information that could have helped prevent it. The suspect, Umair Hussain, 24, is the brother of Mehran Hussain, 23, who has been charged in connection to the plot, and Nabeel Hussain, 22, who is being held but has not yet been charged. Eight suspects appeared in British court this week charged with conspiracy to murder and preparing to commit acts of terrorism.

The police also said they had arrested an unidentified 27-year-old Manchester man on suspicion of terrorism offenses. His arrest is not tied to the trans-Atlantic airline plot, the Greater Manchester Police said.

The action by the 150-year-old Charity Commission throws a spotlight on the organization, whose role in Britain's efforts to thwart terrorism is growing. The group has been an active partner as the authorities try to stamp out homegrown terrorism and extremism among Britain's Muslim communities, after the July 2005 London bombings and the most recent plot directed against airlines; both involved British citizens.

Financed by the government, the Charity Commission has 500 employees and oversees some 190,000 organizations and nearly a million trustees, including many of Britain's churches and church groups and most of its mosques.

Britain's Home Office, along with the Treasury Department, is currently conducting a review of potential terrorist financing in charities, and plans to make recommendations for changes this fall. "We are aware that existing safeguards against terrorist abuse in the charitable sector need to be strengthened," said a spokesperson for the Home Office.

The Home Office's review is expected to lead to some changes, but it is unclear what they might be.

As Thursday's action illustrates, the Charity Commission is already more than just a rubber stamp or a registration office: it has the authority to freeze the bank accounts of Crescent Relief until its inquiry is finished.

The commission does not begin formal investigations lightly; it made just 60 last year despite receiving thousands of complaints about the charities it regulates.

The commission has been involved in other high-profile actions aimed at thwarting terrorism; in 2002, for example, it removed a cleric, Abu Hamza, from his position as an officer of a mosque in London, because it said he was making statements that were of "such an extreme and political nature as to conflict with its charitable status."

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The Charity Commission has been reluctant to promote its role in the battle against terrorism, preferring to focus on the benefits that charities bring society. In an interview on Wednesday, the commission's chief executive, Andrew Hind, described the organization's mission as "trying to encourage 1,000 flowers to bloom."

A strong individual volunteer sector is "a fundamental element" to a functioning civil society, Mr. Hind said. A former BBC executive, he said he believed that charity, and Britain's tradition of contributing time and money to the less fortunate, was comparable to the role of a free press in society.

The commission does not actively investigate organizations for their links to terrorism, he said, and often relies on tips from the public to prompt investigations. "This is a very small part'' of the overall mission, he said. Since the terrorist acts of Sept. 11, 2001, there have "not been more than one or two cases a year" that involved concerns about terrorism, Mr. Hind said.

Currently the commission, which is staffed by lawyers, accountants and executives who have worked in charities themselves, employs about 50 compliance officers who conduct investigations into complaints about charities, and allegations of terrorist ties or political leanings.

Law firms and charities that have worked with the commission give its investigative prowess high marks. "They approach it with thoroughness, they go into things in depth, and they look for quality of answers," said Christopher Hallam, a charity law adviser with Robinsons Solicitors in London.

But the commission is not a regular part of the global discussions among the police and antiterrorism intelligence officials.

Mr. Hind said there were no regularly scheduled conversations with United States or European officials on the subject. Establishing regular communication with the United States would be unwelcome, Mr. Hind said. "I hope it doesn't happen, because that would be indicative of larger problems," he said.

Europe Intensifies Probes Of Extremist Muslims (WSJ)

By David Crawford And Carrick Mollenkamp

The Wall Street Journal, August 25, 2006

European police have stepped up investigations into extremist Muslim groups since police said they foiled plots to down airliners over the Atlantic Ocean and blow up trains in Germany, even as British police released two more suspects without charging them.

Authorities across Europe fear the attention generated by the British raids may prompt copycat crimes, given that relations between many European countries and their Muslim populations remain extremely tense. "Young Muslim men in Germany, France or Italy visit the same Web sites as their friends in Britain," said one senior European intelligence official, referring to extremist Internet sites.

Police in Denmark, Italy and Germany have stepped up probes of extremist Muslim groups during the past two weeks. Scandinavian police are investigating links of relatives there to two Lebanese men suspected of planting luggage bombs on trains in Germany. In Italy, police detained at least 40 men after London investigators claimed they had thwarted a plan to bomb several U.S.-bound passenger jets. German police have expanded their domestic rail-bombing investigation to Cologne, Essen, Muehlheim and Hamburg, and have asked counterparts in Turkey, Lebanon and several European countries for assistance, a police official said.

A law-enforcement official familiar with the alleged British plot also said there could be more related arrests. Peter Clarke, head of the antiterrorist branch of London's Metropolitan Police Service, this week said inquiries will "span the globe."

Magnus Ranstorp, a counterterrorism expert at the Swedish War College, said Danish police have been on edge since earlier in the year when a controversy over the publication of cartoons depicting the prophet Muhammad ignited violent protests by Muslims world-wide.

Mr. Ranstorp says police in Denmark and elsewhere are concerned the heightened publicity surrounding the London case could inspire copycat terrorist cells and teach potential terrorists how to avoid mistakes. Two weeks after four suicide bombers killed 56 people, including themselves, on London's Underground subway system and a bus on July 7, 2005, a group of young Muslim men allegedly tried to carry out a similar attack in London. On July 31, two bombs planted on trains in Germany failed to explode because of design mistakes.

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Yesterday, Lebanese national Jihad Hamad -- who German police say fled via Turkey to Lebanon shortly after planting one of the train bombs -- turned himself in to police in Lebanon. Youssef Mohamad el-Haj allegedly accompanied Mr. Hamad on the same flight after planting a second bomb on another train, German officials say. Mr. Haj then returned to Germany last week. This week, police questioned two men who vouched for Mr. Haj and provided him with financial guarantees needed for a visa to stay in Germany. Mr. Haj also uses the alias "Hajdib," a police official said.

Police are investigating links between members of Mr. Hamad's and Mr. Haj's families to Hizb ut-Tahrir al-Islami, a Muslim group active in Lebanon and prohibited in Germany, a senior German intelligence official said. In a statement released in Austria, a spokesman for the outlawed German chapter wrote, "We under no circumstances support attacks of this type...but the true cause of these crimes is the criminal policy of western countries against the Islamic world."

In Britain, police late Wednesday released two men they had held since conducting overnight raids on Aug. 9 and 10. One was Tayib Rauf of Birmingham, a person familiar with the matter said. The Metropolitan Police declined to comment. Mr. Rauf's brother, Rashid, was recently arrested in Pakistan, where authorities claim he was a key instigator of the alleged plot and is connected to al Qaeda. The other person released was Asim Tariq, a worker at Heathrow Airport, a person familiar with the probe said.

Since 24 suspects were detained in the initial raids, one additional person has been arrested and then released, while four others detained in the raids have been released, including the two on Wednesday. In all, 12 people have been charged, including eight men who were accused of conspiracy to commit murder and intent to carry out acts of terrorism.

Separately, the Charity Commission, a watchdog for nonprofit groups in England and Wales, said it had upgraded an inquiry into a London charity called Crescent Relief. The father of the Rauf brothers served as a director of the charity from 2000 to 2001, according to British corporate records. The Charity Commission said it had frozen the bank accounts of Crescent Relief and launched a formal inquiry after saying last week it was considering regulatory action.

A Crescent Relief director, Ghazanfer Ali, has said he welcomes the probe.

UK Urges Unity On Airline Threat (FT)

By Jimmy Burns And Michael Peel In London And Tobias Buck In Brussels

Financial Times, August 25, 2006

The UK government is pressing the European Union to upgrade standards for airline security amid renewed intelligence warnings about the threat of terrorists smuggling liquid explosives on to aircraft.

"We are hoping for a forum that will take us to a common position on airline security across Europe, and not for a talking shop," one UK official said on Thursday.

EU transport security officials will meet in Brussels next Wednesday to discuss UK proposals that would cover restrictions on hand luggage, increased screening of passengers and an agreed EU-wide investment programme for updating current technology used in explosives detection.

The UK, which with the US and Pakistan, thwarted an alleged plot at Heathrow airport to blow up several US-bound planes on August 10, is pressing for agreement on measures commensurate with the new threat.

Security officials at the UK's Department of Transport on Thursday said that the plot had exposed gaps in the ability of scanning machines to distinguish between ordinary liquids and those that could be used in a bomb and had necessitated a "step change" in airline security measures.

"We can not disinvent the threat of liquid explosives so we cannot go back to the security regime that existed prior to August 10," said a security official

Although the first alleged terrorist plot to smuggle explosive material and explode bombs on US-bound flights – the so-called Bojinka plot – was uncovered 10 years ago in Manila, security experts say there has been insufficient focus on such a threat being repeated in recent years.

Discussions are ongoing between governments, airports and airlines to try and strike a balance that meets the commercial need to minimise disruption to air travel and the duty to ensure passenger safety.

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But as Britain prepares for one of the busiest holiday weekends of the year, UK security officials on Thursday repeated a warning made earlier this week by anti-terrorist police that the threat posed by international terrorism was "real, present, deadly, and enduring", and insisted that tougher measures introduced over the last two weeks needed to remain for the foreseeable future.

A spokesman for Jacques Barrot, the EU transport commissioner, said the EU's aviation security committee would review the interim measures taken by the UK and other countries in the wake of the Heathrow bomb plot, and discuss the need for a more harmonised approach.

"We are looking at different options and one of the options is to ensure a better harmonised approach to extra security measures," Mr Barrot's spokesman said.

Asked whether this could include extending the list of items that are banned on board, he said: "This is one the things the Commission wants to discuss."

Franco Frattini, the EU security commissioner, has said he wants to allow data about flight passengers to be transferred to and used by European security agencies.

Although the EU has agreed to give American authorities access to data on passengers flying to the US, including birth dates, telephone and credit card numbers, no such system currently exists for flights within the EU.

2nd Man Held In German Plot (WP)

By Craig Whitlock

The Washington Post, August 25, 2006

BERLIN, Aug. 24 -- A second suspect in last month's attempted train bombings in Germany was taken into custody Thursday after an international manhunt. But investigators appeared no closer to answering the central questions surrounding the plot: What was the motive, and why was Germany the target?

Jihad Hamad, 20, a Lebanese citizen who had been living in Germany, turned himself in to Lebanese authorities early Thursday in the city of Tripoli, according to the German federal prosecutor's office. Investigators said Hamad and his accomplice had fled Germany after they planted suitcase bombs on two trains in Cologne on July 31 in an attempt to kill scores of people.

The bombs failed to detonate and German police were able to identify two men who left the suitcases from surveillance videos taken from the Cologne train station. The other suspect, a Lebanese student identified as Youssef Mohamad el Hajdib, 21, was arrested early Saturday. Both men face charges of attempted mass murder, among other crimes.

After at first playing down the incident, German authorities in recent days have called the train plot the biggest terrorist threat the country has faced since the Sept. 11, 2001, attacks in the United States, which were led by a cell of al-Qaeda operatives based in the northern German city of Hamburg. "The threat has never been so close," Interior Minister Wolfgang Schaeuble said in a television interview. "We do not know what could still happen."

The case has also undermined a common assumption among many Germans that their country's opposition to the war in Iraq -- as well as German willingness to criticize U.S. foreign policy in general -- meant they were unlikely to draw the ire of Islamic radicals.

"It is clear that Germany is part of the Western and transatlantic community and is a potential target," said Hans-Joachim Giessmann, deputy director of the Institute for Peace Research and Security Policy at the University of Hamburg. "Many people thought that staying out of the war in Iraq would make Germany safer than other countries, but that clearly is not the case."

Disclosures about the plot have prompted lawmakers to resurrect proposals to increase electronic surveillance in public places and to create a national database of suspected radicals. Similar plans have been shelved in the past because of concerns that they would infringe on privacy rights.

Despite an intensive investigation, little is known about the two suspects, their motivations and whether their alleged plot included anyone else. Both men have been charged with belonging to terrorist organizations, although prosecutors have not specified what group they allegedly belonged to.

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Hajdib arrived in Germany from Lebanon in September 2004 and was taking preparatory classes in the northern city of Kiel in hopes of enrolling at a German university, according to German media reports.

Hamad had been living in Cologne, although it was unclear when he entered the country. German police found bombmaking materials and a receipt for gasoline canisters in his apartment during a search this week, said Frauke-Katrin Scheuten, a spokeswoman for the federal prosecutor's office.

German investigators said the pair flew to Istanbul shortly after leaving the suitcase bombs on the two trains in Cologne. Hajdib returned to Germany last week and was arrested a few days later at the train station in Kiel; officials said he has been cooperating with interrogators since then.

Lebanese military intelligence officials provided tips on both suspects' whereabouts, leading to the arrests, German officials said.

According to German authorities, Hajdib had a brother who was killed in an Israeli air raid in southern Lebanon last month. Investigators have declined to say whether they believe the war in Lebanon was a factor in the planned attack, although they said the plot may have had international support and that more accomplices could be at large.

"We're not out of danger," Joerg Ziercke, chief of the German federal police, said on German television Wednesday. He said investigators were trying to determine "if this was a network, if there were supporters, or if this is simply about radicalized perpetrators acting alone to send some signal of their fanatic delusions."

2nd Suspect Surrenders In Plot To Bomb Two German Trains (NYT)

By Mark Landler

The New York Times, August 25, 2006

FRANKFURT, Aug. 24 — The second suspect in a failed plot to bomb two German trains turned himself in to the police in Lebanon on Thursday, encouraging German authorities in a murky case that has unnerved this country and prompted a debate over the government's antiterrorism policies.

The suspect, Jihad Hamad, 20, of Lebanon, surrendered and was arrested in Tripoli, in northern Lebanon, after Lebanese authorities contacted his family, German officials said.

The German government will push to have Mr. Hamad extradited, a process that federal prosecutors said could take months. But officials here praised the arrest, and Lebanon's role in the capture of another suspect in Germany last weekend, as an example of international cooperation in fighting terrorism.

"This is a major success for our agencies, which have cooperated intensively with foreign institutions," Chancellor Angela Merkel said in an interview with a German cable news channel, N24.

Germans have been on edge since July 31, when the police found two suitcases containing unexploded bombs on trains in Dortmund and Koblenz. The allegations of involvement by the Lebanese men and the suspicion that others helped with the plot have fed the fear that Germany will be the next target for Islamic terrorism.

Mr. Hamad and Youssef Muhammad el-Hajdib, the man accused of being his accomplice, fled to Lebanon immediately after the suitcases were planted, according to the police. Mr. Hajdib, 21, returned to Germany a week later and was arrested in the northern city of Kiel on Aug. 19, after the police released grainy video images from surveillance cameras that showed the two men boarding trains with bulky suitcases at a station in Cologne.

The pictures rattled Mr. Hajdib, investigators said, prompting him to call his family in Lebanon for advice. Lebanon's military intelligence agency intercepted the call and tipped off the German police.

Though Mr. Hamad remained in Lebanon, he, too, was flushed out after German authorities released his name and photograph. After the Lebanese police spoke to his parents, he surrendered in Tripoli.

"In this case, everything worked quite well," August Hanning, secretary of state for the Interior Ministry, said in an interview, referring to German antiterrorism measures like video surveillance of public places.

But Mr. Hanning, echoing other senior officials, said Germany needed to tighten its measures to prevent attacks. Among the issues under particular scrutiny is the use of the Internet by terrorist groups, which officials say played a role in the train bombing plot and the foiled plot to blow up passenger planes flying to the United States from Britain.

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The police say they suspect that the Lebanese men consulted a Web site, accessible with a password, to construct the explosives. The bombs were fueled by propane gas and rigged with alarm clocks to detonate at 2:30 p.m., but did not do so.

The police said the men probably had built the devices in an apartment in Cologne that was Mr. Hamad's most recent address. They said other people might have helped with expertise or material.

"We know from experience that the Internet is playing a greater and greater role in the distribution of information," said Mr. Hanning, a former leader of the federal intelligence service. "We want to extend our effort to watch the Internet, and to track down radical Web sites."

That is tricky, antiterrorism specialists say, because of the amorphous nature of the Internet. At the Agency for the Protection of the Constitution — a rough equivalent of the Federal Bureau of Investigation — in the state of Baden-Württemberg, a task force routinely monitors 1,000 Web sites for signs of threatening activity.

"We used to have only a dozen favorite sites we searched regularly," said Benno Köpper, a member of the task force. "Now we have reached our limits. Also, the sites used to be mostly text documents. Today, there are so many more download files available."

While officials here are relieved by the arrest of Mr. Hamad, they remain nervous that other suspects could be at large. Mr. Hajdib, they speculate, may have returned to Germany to try again, after the first bombs did not explode. He has not yet discussed his motives with the authorities, they said.

Investigators are also troubled by evidence that the young men veered into Islamic extremism after they arrived in Germany. Mr. Hajdib, they said, marched in a rally here against the publication in Denmark of cartoons lampooning the Prophet Muhammad. His family is suspected of having links to Hizb ut-Tahrir, a radical Islamic group banned in Germany.

Mr. Hajdib's brother, a Lebanese soldier, was killed in mid-July during an Israeli bombing raid of the Tripoli port, officials here said. But the plot to bomb the trains, they say they believe, took root long before he was killed.

Germans Eye More Surveillance After Failed Bomb Plot (CSM)

By Christa Case

The Christian Science Monitor, August 25, 2006

BERLIN

With the second suspect in a nearly successful train bombing now in custody, Germany is being forced to reevaluate how secure it really is, given that the attacks were stopped by a technical glitch, not by the work of security agencies.

Though it's still unclear whether the bombing suspects - both young Lebanese men - were part of a larger network of Islamic radicals, their attempted attacks have awakened Germany to its vulnerabilities and cast new scrutiny on counterterrorism efforts.

In the five years since Al Qaeda hijacker Mohammed Atta executed the final details of the 9/11 plot here, Germany's counterterrorism landscape has changed markedly. Germans have largely accepted new security measures, including expanded surveillance powers of security agencies, loosened privacy-protection laws, and computer profiling by police.

But they've been hesitant to support tougher measures, such as a proposed antiterror database, as many Germans feel their opposition to the Iraq war has made them largely immune to the attacks like bombings in Madrid in 2004 and London in 2005.

"From the terrorists' point of view, of course we are a target," says Rolf Tophoven, a prominent German terrorism expert. Analysts say hosting US military bases, Germany's post-World War II closeness with Israel, and sending German troops to Afghanistan, could all put Germany on militants' target list.

That realization has spurred discussion about new security measures. Interior Minister Wolfgang Schäuble has endorsed "carefully" increasing video surveillance of public areas and creating an antiterrorism database. A draft proposal of a law expanding security agencies' counterterrorism measures, which includes a provision for police and intelligence agents to pool information in an antiterror database, is currently circulating in the German parliament.

In the recent attempted attack, bombs were brought onto two trains headed for the western German cities of Dortmund and Koblenz on July 31. The detonators on both went off, but the gas-canister bombs failed to explode.

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German officials identified two suspects based on grainy images from a surveillance camera in Cologne, leading to the arrest of one in Kiel, last weekend. The other turned himself in Thursday after fleeing to Lebanon.

The somewhat amateurish construction of the bombs makes Mr. Tophoven believe it's unlikely that the suspects are part of a well-organized terror group.

But even if the incident was an "aberration," that doesn't mean Germany isn't facing a terror threat, says Magnus Ranstorp, a terrorism expert at the Swedish National Defence College.

"No country is immune in Europe," says Mr. Ranstorp.

Klaus Jansen, head of the German union for criminal investigators and a persistent critic of counterterrorism efforts in Germany, says there hasn't been a major attack here because "the attackers haven't committed themselves yet to try something here. You can't seriously think it has something to do with the work of our security agencies."

But data-protection advocates say that information obtained by intelligence agencies, which have more latitude and often work undercover, should not be available to any police officer, says Anja-Maria Gardain, spokeswoman of the Berlin Commissioner for Data Protection. Instead, they are calling for an index that will give some key identifying data for suspected terrorists, and note which intelligence agency has more information on them.

Countries such as Britain have tried to cut support for Islamic militants by trying to engage the local Muslim communities in monitoring and outreach work. But German and Muslim leaders say such an approach doesn't work here.

"We don't work close together with Muslim leaders because they usually are not the ones who know what their brothers are planning," says Manfred Murck, head of the state office for domestic intelligence in Hamburg, where Mr. Atta's cell operated.

Burhan Kesici, vice president of the Islamische Föderation in Berlin's heavily Turkish Neukölln neighborhood, agrees. Like many Muslim leaders, he's under pressure to identify extremists, but says his community has little more information than government officials.

"We can't recognize them, and they don't come into our mosques because we don't practice their version of Islam ...They have their own world, where we also don't belong," says Mr. Kesici.

Kesici also faults poor communication between Muslims of different ethnicities and religious interpretations.

"There are no structures on the state level where Muslim communities could work together. If there was a commission where one could work more together, then we would talk about [extremism] a lot more often," says Kesici.

But Islamic communities in Germany are better integrated into German society than those in England or France, says Steffen Angenendt, a fellow at the German Council on Foreign Relations in Berlin.

"We have more mixed ethnic environments and quarters in the big cities, and not this type of more ethnic homogeneous structures, as in some British cities," says Mr. Angenendt.

Prosecutors Ask Judge To Review Document Release In Terror Case (BRAH)

By Jessica Gresko

The Bradenton Herald, August 25, 2006

MIAMI - Federal prosecutors asked a judge Thursday to review how the media obtained confidential information in the case of seven men accused of plotting to blow up the Sears Tower and conspiring to help al-Qaida.

Prosecutors want a judge to find out whether an order sealing documents in the case was violated. The request comes after a Miami television station obtained and on Tuesday aired video that prosecutors said was not public. The report on WFOR-CBS4 included government surveillance video and photographs and video of the Federal Justice Building taken by the men, a document filed by prosecutors said.

Prosecutors had earlier said the men shot footage of buildings that were to be targeted.

Copies of the video reports were also posted on the station's Web site. Video reports were also aired on Wednesday and Thursday.

Shannon High-Bassalik, the station's vice president for news, said through a representative that it is not the station's policy to comment on pending legal matters.

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An attorney for the group's alleged ringleader also tried to get the station to stop airing the footage, but a judge denied the request Wednesday.

Media have obtained confidential materials connected to this case in the past. At the defendants' bond hearing, attorneys for the men were provided with wiretap documents that were not public record. They were told not to share the information, but the information also appeared in news reports and posted on the Internet, the document said.

U.S. District Judge Joan Lenard previously warned attorneys not to release nonpublic documents. Neither the U.S. Attorney's Office nor the FBI had released the materials to the media, the document said.

Messages left after hours by The Associated Press at the offices of the lawyers representing the suspects were not immediately returned.

The case involves six men who are accused of seeking to support what they thought was an al-Qaida operative's effort to bomb FBI buildings in Chicago, Los Angeles, Miami, New York and Washington. A seventh man, was arrested and charged in Atlanta. Authorities have said the purported plot never moved beyond the preliminary stages.

A trial in the case is set for March 2007.

Video: Narseal Batiste Enlists Al Qaeda (WFOR-TV)

WFOR-TV, August 25, 2006

(CBS4 News) MIAMI CBS4 News is showing you more tapes of conversations between 'Liberty City 7' alleged ringleader Narseal Batiste and an FBI informant posing as a member of al Qaeda. The tape might be a crucial piece of evidence in the case, because it shows Batiste enlisting the help of a terror group to carry out attacks on American buildings.

In yet another piece of video that was acquired by CBS4's Brian Andrews, Batiste is seen holding a staff as he walks into a Miami hotel room, to introduce himself for the first time to whom he thought would be a member of al Qaeda.

You can click on PLAY on the right hand side to listen to the clips. Here is a summary:

As the conversation begins, Batiste seems impressed, and almost incredulous that someone from al Qaeda would make contact with him.

Batiste: I didn't believe you would actually be here.

Informant: You did believe I would be here. Why is that? Why is that you didn't believe I would be here?

The suspect goes on to talk about how he doesn't consider himself a US citizen but rather a member of his own government representing people as a "sovereign nation and state".

He also tells the informant that he is going to carry out his plans whether he gets help from him or not.

Batiste: I'm going to do what I know that needs to be done. And I'm well on my way to accomplishing it.

He then goes on to talk about the 'army' he's building to wage a holy war, making mention of who appear to be the other 'Liberty City 7' suspects who are also facing charges in the case.

Batiste: You can come with me now and I'll introduce you to the seven other men that I have.

However, Batiste does not talk about the identities of these seven men. In fact, there are only seven suspects have been indicted in the case, including Batiste.

The agent also pressed Batiste to tell him if his group had experience with explosives. Batiste tells him he has some experience involving napalm bombs. He also asks Batiste for his plans, but Batiste is apprehensive about the hotel room they're in – perhaps he suspected there was surveillance- and says he rather share his plan outdoors. The agent refuses, but their conversation then turns to what supplies and support Batiste needs to carry out his alleged attacks.

Batiste: I'm exhausted financially in everything I'm trying to do. We have nothing and the little bit that I had, I took it to fix the mosque.

Finally Batiste asks for uniforms and boots for his 'army' and then gets to write a list of other things that he needs, including cars, trucks, hand pistol and machine guns.

Waiting To Go Free: I'm No Terrorist, Lodi's Umer Hayat Insists (SACBEE)

By Stephen Magagnini, Bee Staff Writer

The Sacramento Bee, August 25, 2006

A federal judge is to sentence the ex-ice cream vendor today on unrelated customs charge.

Over one long weekend with the FBI in June 2005, Umer Hayat went from being a neighborhood fixture driving an ice cream truck in Lodi to a suspect in America's nightmare scenario: another al-Qaida attack.

Today, Hayat, 48, expects to walk out of U.S. District Judge Garland E. Burrell's courtroom a free man for the first time since June 2005, when he was arrested on charges of lying to the FBI about his oldest son's terrorist training in Pakistan and his own visits to the camps.

Ultimately, Hayat's trial ended in a hung jury and he agreed to plead to an unrelated charge of lying to customs officials about how much money he carried on a 2003 trip to Pakistan. His son, Hamid, 23, was convicted on terrorist charges and awaits sentencing.

This week, in his first public interview about the case, Umer Hayat vehemently denied he or his son was ever involved in terrorism, saying their confessions, taped by the FBI, resulted from exhaustion and leading questions.

Speaking first from his attorney's downtown Sacramento office, then from the Lodi garage where he now lives, Hayat expressed a deep love of America and hatred of terrorists.

That love doesn't extend to the FBI, which he accused of setting him up and "screwing" him to justify an expensive and unfruitful investigation into two Lodi imams from Pakistan who since have been voluntarily deported.

"I lost my name, my business, my community and my home for nothing," he said. "Don't talk to the FBI, never, ever. They screwed us very bad. They was telling me, 'You are helping your son,' so I was cooperating with them."

U.S. Attorney McGregor Scott on Thursday defended the government's case and tactics, saying it had struck a blow in the war on terrorism.

"We remain completely confident in the case that was brought and the results that were obtained. Our mission is to protect Americans from further acts of terrorism in our homeland while balancing the constitutional rights of citizens. We believe both those missions were accomplished in this prosecution."

During a lengthy interview with The Bee, Hayat, a burly man with a lightly graying beard, balanced his anger with a desire to resume his American life.

He said he emigrated from his village in Pakistan 30 years ago, becoming a U.S. citizen in 1993. Immigrants, he said, founded and built America: "That's why we called it 'United' States. It doesn't matter if somebody is Christian or Jewish or Muslim, they're all human beings and I love them."

He said he also loves his attorney, Johnny Griffin III, a Christian defending a Muslim, "as a brother."

Hayat insisted he and his son were never terrorists, never went to terrorist camps, and told the FBI what it wanted to hear so they could go home after hours of relentless questioning.

He maintained that he and his son drove to the FBI office voluntarily in June 2005 and submitted to taped interviews because they were good U.S. citizens.

"If we were terrorists, we would not give them an interview," Hayat said.

On April 25 -- the same day Hayat's trial ended in a hung jury -- a federal jury in Sacramento convicted his son, Hamid, of providing material support to terrorists and lying to the FBI about it. The son was found guilty of undergoing terrorist training in Pakistan and returning to Lodi prepared to wage violent jihad, or holy war, against his fellow Americans.

Hamid Hayat faces a maximum of 39 years. His sentencing has been postponed until the court considers his motion for a new trial on Nov. 17.

In June, federal prosecutors agreed not to retry Umer Hayat on charges of lying about his knowledge of his son's activities if he pleaded guilty to lying to federal agents about how much money he was taking to Pakistan during a trip in April 2003.

Hayat said he told customs agents he was carrying $10,000 -- the legal limit -- when in fact he, his wife, Oma, and son Hamid had $28,053 among them. He maintains they planned to use the money to build a home in Behbudhi, the village where he grew up.

As part of the plea agreement, Hayat has spent the last two months under house arrest.

Hayat's roots in America date back to 1919, when his grandparents came to Woodland and established a chicken farm.

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In 1946, one of his uncles came to California and married an American. A second uncle ran a hotel in Stockton, and in 1971 Hayat's father moved to Lodi to work in the fields.

"We are not very educated people," said Hayat. "America is a beautiful country, a good country for us because we are poor people."

In Pakistan where they farmed, he said, "we was working hard and not making enough money, maybe $300 a year for the whole family."

Hayat said he arrived in 1976 and "immediately started work picking peaches and cherries. I wanted to go to school, but my father couldn't afford it."

Hayat said he went on to warehouse and factory work, and by the time he returned to Behbudhi to find a wife in 1978, "everybody say, 'I'll give you my daughter, you can have my daughter.' "

In the early 1990s, he became a "Pick N Go" ice-cream vendor in Lodi, selling Tweety Birds, Super Mario and Ninja Turtle pops.

In his videotaped interview with the FBI, Hayat told agents he had visited several terrorist training camps in Pakistan, including one with "a thousand" people. Hayat said trainees practiced pole vaulting in a giant basement and wore masks -- "Like a Ninja, you know?"

On the ice-cream van in his driveway is a picture of a lime-green "Ninja Turtle" pop with a masked Ninja turtle.

Hayat told The Bee he got the Ninja idea from the ice cream bar and TV shows his kids watched.

During the FBI interview, he also told agents he saw trainees taking target practice with dummies made to look like George Bush and Donald Rumsfeld -- an idea he now says he got from TV news accounts of American dummies burned in effigy.

When asked by the agents what kind of U.S. targets the masked men in the camps were training for, Hayat mentioned the U.S. Department of Justice, the Pentagon and the FBI and federal immigration buildings in Sacramento.

When asked about his son's "boss" in Lodi he suggested one of the Lodi imams, "Maulana Shabbir (Ahmed)."

When the FBI asked if some of the other youths who associated with Ahmed "went to training camp," Hayat said, "Yes."

"And they all learned to kill Americans and shoot at President Bush? Dummies and all that stuff?"

"Yes," Hayat replied.

During closing arguments, prosecutor David Deitch asked the jury, "Why would he lie about something like that? There is no answer. Why would he dime out his son falsely?"

In his interview this week, Hayat maintained -- as his attorney did during trial -- that he broke down and told the FBI what they wanted to hear.

He conceded he and his son were "very stupid" to tell the FBI these tall tales, adding that ever since his son "was a little kid, he likes to make up stories, that somebody was sick and dying, or somebody was killed."

"I'm angry at him -- Why did he make (up) stories (for the FBI)?" Hayat said. "But then I make story."

Hayat said he sent his son to Pakistan because he was lazy and hooked on video games. He said his son learned the Quran, which he mastered well enough to lead prayers at a south Sacramento mosque.

Both Hayats initially told FBI agents they knew nothing about terrorism. But that story changed after agents bluffed Hamid Hayat, saying they had a satellite picture of him at a terrorist training camp. In his constantly changing story, Hamid Hayat then admitted going to various camps.

The agents showed part of the son's confession to Umer Hayat. "They said, 'No, he was in the camp, you are lying to us,' " Hayat said, "Then I say, 'Whatever you say, sir, OK, sir,' because I want to go home."

In the aftermath of the case, Hayat no longer has a home to go to. The Hayats sold their house to pay their legal bills and now live in a garage in the back that used to be Hamid Hayat's video-game room. "We have no privacy, and I don't have one penny," the father said.

Hayat said he misses his son, who remains in jail, and talks to him by phone. "He said, 'Just make a prayer for me, I'm going to be coming home.' "

His wife, he said, is crazy with grief. His daughter Raheela, 11, who hopes to become a doctor, suffers from headaches. "When I go to sleep," she said, "I think the FBI's going to come and knock this house down."

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Hayat hopes the black ankle bracelet he's been wearing will come off today after Judge Burrell issues his sentence. Both sides agree Hayat should do no more than the 330 days he's already served.

Hayat, who's spent much of his house arrest watching his beloved wrestling on TV, said he plans to find a job -- any job other than driving an ice cream truck.

About the writer:

The Bee's Stephen Magagnini can be reached at (916) 321-1072 or smagagnini@sacbee.com.

The elder Hayat, who pleaded guilty to an unrelated charge rather than undergo a second trial, hopes his ankle bracelet will be removed today. Sacramento Bee/Andy Alfaro

Umer Hayat, right, lives in his garage. Daughter Raheela, 11, second from left, holds his grandson Jial Usman, 1. With them are Hayat's nephews, from left, Adeep Khatab, 12, Abbiker Ismil, 7, and Asad Khatab, 14. Sacramento Bee/Andy Alfaro

12 Held On Flight To India Released (WT/AP)

By Toby Sterling

The Washington Times, August 25, 2006

HAARLEM, Netherlands -- Prosecutors said yesterday they found no evidence of a terrorist threat aboard a Northwest Airlines flight to India that returned to Amsterdam, and they are releasing all 12 passengers arrested after the emergency landing.

The men, all Indian nationals, had roused suspicions on Flight NW0042 to Bombay because they had a large number of cell phones, lap tops and hard drives, and refused to follow the crew's instructions, prosecutors said.

Because of those actions by the passengers, the pilot of the DC-10 radioed for help shortly after takeoff Wednesday and the plane was escorted back to Amsterdam's Schiphol Airport by two Dutch fighter jets. The 12 were arrested after the plane landed.

U.S. air marshals on the flight also were suspicious of the men, U.S. officials and passengers said.

"A thorough investigation of the cell phones in the plane found that the phones were not manipulated and no explosives were found on board the plane," said a statement from the prosecutor's office in Haarlem, which has jurisdiction over the airport.

"From the statements of the suspects and the witnesses, no evidence could be brought forward that these men were about to commit an act of violence," the statement said.

Once the men are released from a detention center at the airport, they are free to leave the Netherlands, prosecution spokesman Ed Hartjes said.

The incident reflected the jitters that persist in the airline industry in the two weeks since British police revealed a plot to blow up several U.S.-bound airliners simultaneously using chemical bombs.

Mr. Hartjes said the electronic equipment the suspects possessed could have been enough to trigger an explosion, and he defended the flight crew's response. "This was a correct reaction under the circumstances," he said.

Mr. Hartjes said 11 of the men had been traveling together, catching a connecting flight in Amsterdam from a South American country that he declined to identify. The 12th aroused suspicion for other unspecified reasons, he said. He declined to give personal details about any of them.

Passengers described the men as between 25 and 35 years old and speaking Urdu, the language commonly spoken in Pakistan and by many of India's Muslims. Some had beards, and some wore a shalwar kameez, a long shirt and baggy pants commonly worn by South Asian Muslims.

In New Delhi, Indian External Affairs Ministry spokesman Navtej Sarna said he had no comment.

Dutch, Seeing No Terror Link, Free 12 Held After India Flight (NYT)

By Marlise Simons

The New York Times, August 25, 2006

PARIS, Aug. 24 — Dutch authorities said Thursday that they were releasing all 12 passengers arrested on Wednesday after they aroused suspicion on a Northwest Airlines flight to India and it made an emergency landing in Amsterdam.

The police said that the men had been unruly but that no evidence was found that they were planning any terrorist actions.

The men, all Indian citizens or of Indian descent, had aroused the suspicion of the crew and several federal air marshals when they began using and passing around cellphones soon after takeoff from Amsterdam and ignored orders to keep their seat belts on and stay in their seats.

Because of the group's behavior, the pilot of the DC-10 decided to return to Amsterdam, and on the way back the plane was escorted by two Dutch fighter jets. On arrival, the 12 men were handcuffed and led away by the police, who held them overnight in a detention center.

On Thursday, the police said that after questioning the group, examining their cellphones and searching the plane, they found no evidence that these men "were about to commit an act of violence."

The police investigation focused on the passengers' cellphone conversations and on whether their luggage contained explosives, Ed Hartjes, a spokesman for the local prosecutor's office, said at a news conference. "Threats are taken very seriously," he said. "It was logical to open an investigation on the basis of the captain's indications."

The scare over the flight, which originated in Minneapolis, illustrated the level of apprehension since the Sept. 11 attacks among airline crews and passengers. The tension has been heightened in the past two weeks since British authorities said they had uncovered a plot to blow up planes over the Atlantic.

Passengers on the Northwest Airlines flight said there had been no panic on board but they said they were aware that the aircraft, just entering German airspace, had turned around and begun dumping fuel and circling to land in Amsterdam at Schiphol Airport, where it had taken off 20 minutes earlier.

Some described the suspected group as men 25 to 35 years old, some of them dressed in the traditional long shirt and baggy pants worn in South Asia. Possibly unaware of international flight rules, and security concerns, some of the men began walking in the aisles and using cellphones. The Dutch newspaper De Telegraaf quoted a passenger as saying the men had said they were returning from a vacation in Tobago.

Northwest Flight 42 left Minneapolis on Tuesday and stopped in Amsterdam on Wednesday morning where the group and other passengers boarded for the rest of the flight, bound for Mumbai. But after the plane returned to Amsterdam, it remained grounded for police investigation.

Airport authorities said most of the passengers, after staying at hotels in Amsterdam, were able to continue their trip on other flights.

The incident was the latest of several terror alerts and flight diversions.

On Friday, a British plane made an emergency landing in southern Italy after a bomb scare, and the United States Air Force scrambled jets to escort a United Airlines flight from London to Washington as it was diverted to Boston.

On Tuesday, a flight to New York from Atlanta was diverted to Charlotte, N.C., after an attendant found a bottle of water and then smelled something suspicious on the plane. Officials found nothing hazardous.

A Professor's Islamic Ties (WT)

By Joel Mowbray

The Washington Times, August 25, 2006

Headline-grabbing stories about a British-based Muslim academic's public support for "martyrdom" last weekend missed a key detail: His mentor and frequent collaborator is a high-profile scholar who has been consulted repeatedly by the FBI, Professor John Esposito of Georgetown University.

Mr. Esposito has long courted controversy — most recently when the Georgetown-based center he founded in 1993 accepted $20 million last year from (and took the name of) a notorious Saudi prince. Yet, the professor has somehow been able to maintain a relatively high reputation in academic and government circles alike.

That Mr. Esposito is still largely respected owes to the subtlety of his apologism. He acknowledges that there is radicalism in Islam, and he generally avoids defending the likes of Hamas and Hezbollah. Even as he argues for engaging Islamists, he does so without overtly endorsing their worldview. But Mr. Esposito skillfully downplays the threat posed by radical Islam, and as demonstrated by his close affiliation with Azzam Tamimi, who told a massive crowd in the UK on Sunday that "dying for your beliefs is just," he willingly associates with avowed cheerleaders of Islamic terrorism.

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Mr. Esposito's defenders — and there are many — claim that his critics conflate his practical advice that Islamists cannot simply be ignored with apologism for radical Islam. While such an answer may be appealing for those who believe in giving the benefit of the doubt, it simply doesn't square with the facts.

Although Mr. Esposito is less transparent than most apologists for radical Islam, he is more than a mere apologist. He defends supporters of Islamic terrorism. He even mentors them.

Mr. Esposito has lavished praise on two prominent advocates of Islamic terrorism: former University of South Florida professor (and convicted terrorist) Sami al-Arian, and al Jazeera phenomenon Sheikh Yusuf al-Qaradawi.

When the university moved to fire al-Arian in April 2002, Mr. Esposito wrote to the university's president that he was "stunned, astonished, and saddened." While naysayers point to acquittals on eight of 17 charges brought against him, al-Arian was indisputably an avowed Islamic radical long before September 11. Among other examples, he played host in the early to mid-1990s to some of the most notorious jihadists in the world, all of which was well-documented by the Tampa Tribune and in the 1994 PBS documentary "Jihad in America" by Steven Emerson.

Even more troubling is the affection Mr. Esposito has displayed for Sheikh Qaradawi. In 2003, he fawned over Mr. Qaradawi's "reformist interpretation of Islam and its relationship to democracy, pluralism and human rights." The famous cleric, though, has issued fatwas endorsing suicide bombings in Israel and has said that those who kill Americans in Iraq are "martyrs" with "good intentions." Mr. Qaradawi also supports the killing of homosexuals or anyone who has converted away from Islam.

With neither al-Arian nor Mr. Qaradawi does Mr. Esposito have any plausible deniability. But he doesn't owe nearly as much of an explanation for those sleights of hand as he does for his still un-severed relationship with his protege, Mr. Tamimi.

In 2000, Mr. Esposito co-edited with Mr. Tamimi a book called "Islam and Secularism." The next year, Mr. Tamimi published a biography of Tunisian Islamist Rachid Ghannouchi, which was part of a series edited by Mr. Esposito. In the book's introduction, Mr. Tamimi calls Mr. Esposito his "ustadh," or teacher.

To this day, Mr. Esposito sits on the board of advisers of the Institute for Islamic Political Thought, founded and run by Mr. Tamimi, who confirmed this fact during a phone interview. He's had multiple opportunities when comments by Mr. Tamimi should have prompted his resignation. None did.

A November 2001 Spanish newspaper article about an interview with Mr. Tamimi was titled "I admire the Taliban; they are courageous." The following July at a speech in South Africa, Mr. Tamimi paid stirring tribute to "martyrs" who blow themselves up. Then in 2004, Mr. Tamimi expressed to the BBC his desire to become a suicide bomber: "If I can go to Palestine and sacrifice myself I would do it."

What's most disconcerting about the case of Mr. Tamimi is not that someone who studied under and later worked with Mr. Esposito could turn out to be so noxious. It's that someone like Mr. Tamimi almost certainly could not have kept hidden his real and deeply held beliefs from his mentor and collaborator.

In two separate phone interviews, Mr. Tamimi was quite freewheeling. Though he gave the standard disclaimer that "any killing of innocent people is unacceptable," he quickly clarified — or rather, contradicted — his statement. When asked if this applies to "innocent people in Israel," he responded, "Palestine is a special case." How so? "It is legitimate for the Palestinians to fight the Israelis who are occupying their land." Does this apply to Americans and Brits killed in Iraq? "Of course it holds true in Iraq."

Mr. Tamimi's only testy moment during the interview came when asked if it was morally acceptable to kill Americans who are only in Iraq to rebuild things like roads and schools. He snapped, "It is not my responsibility to tell the Iraqi people who they can kill or not."

To put it gently, Mr. Tamimi is not afraid to express radical views to a stranger, or for that matter, to 8,000 people in Manchester. It raises the question: What kind of venom has he spewed privately to Mr. Esposito?

Better yet, what has Mr. Esposito said back?

HOMELAND RESPONSE:

Chertoff: Reforms Needed To Fight Illegal Immigration (USAT)

DOJ_NMG_0053111

By Mimi Hall

USA Today, August 25, 2006

HARLINGEN, Texas — Homeland Security Secretary Michael Chertoff warned Thursday that the Border Patrol will not be able to sustain the progress it has made apprehending illegal migrants unless Congress passes broad immigration reforms.

He said the agency needs to focus on "the drug dealers, the criminals, even the terrorists" trying to sneak across the southern border. It can only do that, he said, if the majority of migrants crossing to find work are allowed to do so through a "guest worker" program.

The Border Patrol is adding 6,000 agents to its 10,500-agent force and is being aided by the National Guard while it hires and trains the new recruits. The long-overwhelmed patrol will never be able to secure the border if it has to try to catch and return the hundreds of thousands of migrants who cross each year, Chertoff said.

"To try to do it all through brute force would be a very expensive and difficult proposition," he said.

Appearing with Chertoff by the banks of the Rio Grande, Sen. Kay Bailey Hutchison, R-Texas, said that although the Border Patrol has made progress — including a 20,000 decrease in illegal immigrants crossing the southwestern border — it can't continue to do so without a "comprehensive solution."

Congress isn't likely to act on immigration reforms this fall, despite a push from the Bush administration. Last December, the House passed a bill that would tighten security but not include the new opportunities for migrants. In May, the Senate passed a bill that included a guest-worker program. But with fall elections looming, Chertoff conceded that it's unlikely lawmakers will compromise on the issue.

Illegal Immigration Dominates Meeting Of U.S., Mexican Border Governors (LAT)

By Miguel Bustillo

The Los Angeles Times, August 25, 2006

AUSTIN — California Gov. Arnold Schwarzenegger and his counterparts from Texas, Arizona and New Mexico made stopping illegal immigration a central theme at their annual meeting Thursday with governors from Mexico's border states.

The focus on illegal immigration at a gathering typically dominated by nonconfrontational topics such as boosting trade and cleaning up the environment underscored the increasing desire of American politicians to show that they are doing something to address the issue in an election year.

"We had some serious discussions in the private meeting. Border security issues were at the top of the list," said Texas Gov. Rick Perry, a Republican who has been touting tougher measures against illegal immigration as he campaigns for reelection.

However, even the ceremonial speeches by regional leaders from the two countries were marked by differences over how to make the border more secure, a politically volatile issue on both sides of the frontier.

"The immigration problem is not one that is born on our border," said Gov. Eduardo Bours Castelo of the Mexican state of Sonora. "What we need is to improve economic opportunities throughout our country."

Schwarzenegger, a Republican, and New Mexico Gov. Bill Richardson, a Democrat, introduced a resolution calling for all 10 U.S. and Mexican border governors to fight criminality along the border, including drug smuggling and illegal immigration, instead of waiting for their federal governments to do the job.

At the same time, the resolution called for the governors to stand against the prolonged presence of the U.S. National Guard along the border, and said it was the responsibility of federal leaders in Mexico and the U.S. to address the root economic causes of illegal immigration.

Perry and Schwarzenegger also used the event to ask the federal government to continue increasing border security funding, saying that bolstering the law enforcement presence on the U.S. side is clearly showing results.

The annual conference of the four American and six Mexican governors — from the states of Sonora, Baja California, Chihuahua, Coahuila, Nuevo Leon and Tamaulipas — who share the U.S.-Mexico border are typically sleepy affairs.

But this year's event in the Texas capital, taking place Thursday and today, is somewhat different because of election-year politics and the nation's renewed emphasis on illegal immigration.

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U.S. Homeland Security Secretary Michael Chertoff was greeted as a guest of honor during the opening ceremony inside the wood-paneled chambers of the Texas Senate, and he reiterated President Bush's push to add 6,000 additional Border Patrol agents by 2008.

Chertoff called on the border governors to continue cooperating to stop illegal immigration.

"These groups try to operate in the shadows between our governments," Chertoff said of human smugglers, adding, "By working together, we are seeing real progress in apprehending these men."

Immediately afterward, Juan Bosco Marti, the director of North American relations in Mexico's Foreign Ministry, sought to clarify that the Mexican government was acting to stop illegal immigration. But he also made clear that it believed the path to slowing illegal immigration was through economic improvements in his country, and he promoted building more ports of entry and other tools to increase trade.

"More bridges and fewer walls are needed," he said.

Although the event was largely peaceful, the California Nurses Assn., one of the governor's most dogged political opponents, protested a noon Schwarzenegger fundraiser at the Four Seasons Hotel. Meanwhile, Code Pink, the antiwar group, attempted to "arrest" all four American border governors, arguing they had tacitly supported the militarization of the border.

Perhaps the most awkward political moment Thursday came when Perry said he had spoken with Felipe Calderon and offered his support for the man he called the president-elect of Mexico.

Calderon's opponent, Andres Manuel Lopez Obrador, continues to challenge the results of the election, and some Mexican governors immediately sought to distance themselves from Perry's embrace of Calderon.

Amid questions from Mexican journalists, Perry later said that he was merely following the customs of his own country, where it is common to pay respect to the candidate that officially garners the majority of the vote.

Immigration Bill Sticker Shock (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, August 25, 2006

WASHINGTON

The price tag for comprehensive immigration reform was not a key issue when the Senate passed its bill last May. But it is now.

One reason: It took the Congressional Budget Office (CBO) - the gold standard for determining what a bill will cost - until last week to estimate that federal spending for this vast and complex bill would hit $127 billion over the next 10 years.

At the same time, federal revenues would drop by about $79 billion, according to the CBO and the Joint Committee on Taxation. If lawmakers fix a tax glitch, that loss would be cut in half, they add.

In field hearings across the nation this month, House GOP leaders are zeroing in on the costs of the Senate bill. It's a bid to define the issue heading into fall elections and muster support for the House bill, which focuses on border security. They say that the more people know about the Senate version, including a path to citizenship for some 11 million people now in the country illegally, the less they will be inclined to support it.

"We are now just beginning to see a glimpse of the staggering burden on American taxpayers the Reid-Kennedy immigration legislation contains," said House Judiciary Committee Chairman James Sensenbrenner, who convened a field hearing at the State House in Concord, N.H., Thursday on the costs of the Senate bill.

But business groups and others backing the Senate bill say that the cost to the US economy of not resolving the status of illegal immigrants and expanding guest-worker programs is higher still. "In my opinion, the fairer question is: How will illegal immigrants impact the costs of healthcare, local education, and social services without passage of comprehensive immigration reform?" said John Young, co-chairman of the Agriculture Coalition for Immigration Reform, at Thursday's hearing.

"Had we solved this problem in a truly comprehensive way in 1986 ... we would not have the daily news reporting outright shortages of farm labor threatening the very existence of agricultural industries coast to coast," he adds.

Experts are poring over the new CBO data - and coming up with radically different assessments of the social costs of reform, ranging from tens of billions of dollars higher to a net wash.

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On the issue of border security - a feature in both bills - there is little disagreement. The CBO estimates that the cost of hardening US borders in the Senate bill is $78.3 billion over 10 years, or about 62 percent of the bill's total cost.

The fireworks involve new entitlement spending in the Senate version. The CBO sets the price tag for services for some 16 million new citizens and guest workers at $48.4 billion through fiscal year 2016. That includes $24.5 billion for earned income and child tax credits, $11.7 billion for Medicaid, $5.2 billion for Social Security, $3.7 billion for Medicare, and $2.4 billion for food stamps.

But it's easier to estimate the cost of a mile of fence than to assess the prospects for millions of workers, once they can work legally and claim benefits.

"The amnesty alone will be the largest expansion of the welfare system in the last 25 years," says Robert Rector, a senior analyst at the Heritage Foundation, and a witness at a House Judiciary Committee field hearing in San Diego Aug. 2. "Welfare costs will begin to hit their peak around 2021, because there are delays in citizenship. The very narrow time horizon [the CBO is] using is misleading," he adds. "If even a small fraction of those who come into the country stay and get on Medicaid, you're looking at costs of $20 billion or $30 billion per year."

Nonsense, say others who've studied the bill. Immigrant workers are also adding value to the economy, especially once they are working legally and paying taxes. Overall, it's a wash, they say.

"As you increase the number of immigrants to the US and as they get better jobs because a number of them will have attained legal status, they will pay higher taxes," says Leighton Ku, senior fellow at the Center on Budget and Policy Priorities in Washington. "On a longer-run basis, it looks as if the revenues will grow faster than the entitlement costs."

Air Marshal Dress Code Changed (AP-Y)

By Leslie Miller

AP, August 25, 2006

Air marshals were told Thursday they will be allowed to dress the way they want and choose their own hotels in order to protect their anonymity while on missions.

Federal Air Marshal Service chief Dana Brown, who has been in the job for five months, said he was changing the rules, starting Sept. 1, after listening to air marshals' concerns.

In a memo to the air marshals, Brown said the dress code was changed to "allow you to blend in and not direct attention to yourself, as well as be sufficiently functional to enable you to conduct your law enforcement responsibilities."

Air marshals had complained that Brown's predecessor, Thomas Quinn, insisted on a too-formal dress code that allowed people to pick them out. The marshals said, for example, that being forced to wear a jacket and collared shirt made them stand out on flights to Hawaii.

The dress requirements were loosened in October, but the agency kept details under wraps. The change announced Thursday leaves it up to marshals how each of them dresses for duty.

Air marshals also won an agreement from Brown to let them choose their own hotels "within economic and related guidelines" to help keep their identities secret.

Marshals claimed that their undercover status was threatened because they had to stay at designated hotels and show their credentials when checking in.

A recent report to Congress found that the Sheraton Fort Lauderdale Airport Hotel in Florida had designated the Federal Air Marshal Service "company of the month" because of the number of rooms it had reserved at the hotel.

Last week, the Homeland Security Department was ordered to investigate whether it fails to protect the identities of its undercover air marshals from passengers, as alleged by a whistleblowing employee.

The U.S. Office of Special Counsel ordered the investigation after finding a "substantial likelihood" that the marshals' policies may have violated laws, resulted in mismanagement or put its employees in danger.

Brown has been reaching out to rank-and-file air marshals since he took the job as director. He has said that morale was worse than he thought after speaking with a number of air marshals.

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He praised the marshals for helping to restore order in New Orleans after Hurricane Katrina, evacuating civilians from Lebanon and providing more security on international flights after the recent terror plot in Britain was broken up.

Air marshals were on the Northwest Airlines Amsterdam-to-Bombay flight that was diverted Wednesday after a dozen passengers acted suspiciously.

Thousands of armed, undercover air marshals were rushed into service after the Sept. 11 terrorist attacks. The exact number is classified. They are now a part of the Transportation Security Administration.

Dress Code Relaxed For Air Marshals (WP)

By Del Quentin Wilber

The Washington Post, August 25, 2006

On your next flight to the tropics, the person sitting next to you in a Hawaiian shirt might be armed.

It's a possibility because of a new dress code for air marshals announced yesterday.

Dana A. Brown, director of the Federal Air Marshal Service, said in a memo to air marshals that the dress code revisions will take effect Sept. 1 and replace a policy that some air marshals criticized for being so strict that they stood out on some flights.

Brown told air marshals in the memo that the policy was being amended to "allow you to dress at your discretion."

He added that the new policy was designed to let air marshals blend in while concealing their weapons.

"It's not about the clothing," said Conan Bruce, a spokesman for the service, which is part of the Transportation Security Administration. "It's the ability to blend into wherever you are going."

The previous dress code generally required air marshals to wear collared shirts, sport coats and dress shoes. The service loosened some of the restrictions a year ago, officials said.

Frank Terreri, an air marshal who is president of an association that represents about 1,500 of his colleagues, said yesterday he welcomed the changes.

"It's really a huge step in maintaining the federal air marshals' anonymity," Terreri said.

Complaints that the loosening of the restrictions did not go far enough to help shield air marshals' identities led the service to issue the new policy yesterday, officials said.

TSA does not disclose how many air marshals it has on its payroll because of security concerns.

Top TSA officials said they were reviewing other policies that have irked some air marshals, including having them board flights before other passengers, making them easier to spot.

In his memo, Brown said some issues, such as pre-boarding of flights, "do not lend themselves to simple solutions."

Search And Defend (NYT)

By Bernard E. Harcourt

The New York Times, August 25, 2006

Chicago

THE profiling of behavioral cues to identify terrorists is the latest trend in American airport security. The Transportation Security Administration began experimenting with the technique last December at a dozen airports, and after this month's reported bomb plot in Britain, agency officials said they wanted to train and redeploy hundreds of routine screeners at airports across the nation by the end of next year.

There's no question we'd all like to improve airport security. But investing heavily in seemingly high-tech methods like behavioral profiling isn't the answer, and may make air travel less safe on the whole.

To understand why, consider that just a few days after the introduction of stringent carry-on limits following the British bomb scare, a 59-year-old woman from Vermont boarded a Washington-bound jet at London Heathrow Airport, became unruly, and caused the plane to be diverted to Boston. A careful search discovered that she'd brought on the plane several cigarette lighters, matches, a screwdriver, hand lotion and bottled liquids.

How she managed to get those items through heightened screening is still unclear. What is clear, though, is that this passenger helped expose the Achilles' heel in airport security: the basic search.

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Behavioral profiling — especially the cut-rate version the T.S.A. has in store for us — is not going to help in this respect. Learning to defeat poorly trained screeners is a lot easier than learning to fly a jumbo jet. The likely result is that our newly minted behavioral detectives will be singling out and searching the wrong passengers.

Behavioral profiling is by no means new. In the mid-1960's, Paul Ekman, a professor at the University of California at San Francisco, began researching how facial muscle movement relates to emotions. He noted several thousand facial muscle combinations and put together the Facial Action Coding System — an intricate, 500-page catalog of facial expressions.

Since then, there have been many studies of the ability to detect truth and deception, but they have been largely disappointing. A review of the literature published in 2000 found that in experiments where subjects were trying to detect whether others were telling the truth or lying, the subjects had an overall success rate of 56.6 percent — slightly better than a coin toss. In the studies that broke down their data, it was found that subjects were able to determine that they were being lied to only 44 percent of the time — meaning that they would have done better closing their eyes and guessing.

A few studies have found that certain elite, highly trained professional groups may beat chance under specific conditions; however, a comprehensive survey of those also concluded that their accuracy rates overall were unremarkable. As Dr. Ekman himself noted in 1999, almost all the studies "have found that accuracy is close to chance."

Some anecdotal evidence is becoming mythic, but it's largely misleading. The most common involves Ahmed Ressam, the millennium bomber, who was apprehended at the Canadian border in 1999 trying to smuggle bomb-making equipment. Mr. Ressam became a suspect when a customs agent felt that his itinerary seemed unusual and that he was acting oddly.

Many credit his arrest to a profiling plan put in effect by Raymond Kelly, then the head of United States Customs and now New York City's police commissioner. True, under Mr. Kelly, the Customs search success rate improved by 25 percent while the overall number of searches decreased by 75 percent. But his profile rested on six factors, only two of which were behavioral. The four other factors involved canine searches, incorrect or suspicious paperwork and specific intelligence or contraband implicating the suspect. It's unclear how much of the improved success turned on behavioral cues alone.

The remarkable track record of the security force at Ben-Gurion Airport near Tel Aviv — no successful hijackings ever— is also often chalked up to behavioral profiling, but that too is naïve. For three decades, the airport has had intensive security practices and a sky marshal program. All departing passengers are interviewed and subjected to one-on-one searches that, according to Rafi Ron, former head of security at Ben-Gurion, take an average of 57 minutes per person.

Israel is thought to have had the most success with behavioral profiling. But again consider how the Israelis do it: they recruit their officers mostly from the military, subject them to stringent tests in order to weed out all but those with above-average intelligence and particularly strong personality types, and give them nine weeks of training in behavior recognition.

This is a far cry from the T.S.A.'s program: recruits are routine screeners, required only to have a high school degree and a criminal background check; they are given four days of classroom training in observation and questioning techniques, three days of field practice, then sent out on the job.

Rather than divert hundreds of screeners and untold dollars to high-tech fantasies, we need to invest those resources in hiring more routine screeners and giving them better training in basic searches.

If we want to change the system, a better idea would be to eliminate most carry-ons and emulate high-security prisons. In my experience, most prisons operate the same way: first I check my briefcase, overcoat, belt, cellphone and all unnecessary items at the reception. I then take everything out of my pockets — wallet, pen and paper. A guard conducts a thorough pat-down search and physically inspects my property and shoes. We're done in less than a minute.

Sure, this would not be 100 percent foolproof. But, in combination with our sky marshal program, it would be far more likely to prevent future terrorist hijackings than giving a bunch of unqualified screeners a cursory education in face reading.

E.P.A. Whistle-Blower Says U.S. Hid 9/11 Dust Danger (NYT)

By Anthony Depalma

The New York Times, August 25, 2006

A senior scientist at the Environmental Protection Agency has accused the agency of relying on misleading data about the health hazards of World Trade Center dust.

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The scientist, who has been sharply critical of the agency in the past, claimed in a letter to members of the New York Congressional delegation this week that test reports in 2002 and 2003 distorted the alkalinity, or pH level, of the dust released when the twin towers collapsed, downplaying its danger.

Some doctors suspect that the highly alkaline nature of the dust contributed to the variety of ailments that recovery workers and residents have complained of since the attack.

Tests of the gray-brown dust conducted by scientists at the United States Geological Survey a few months after the attack found that the dust was highly alkaline, in some instances as caustic or corrosive as drain cleaner, and capable of causing severe irritation and burns.

The tests that are being challenged by the E.P.A. scientist were conducted by independent scientists at New York University. Those tests also indicated that larger particles of dust were highly alkaline. But they found that smaller dust particles — those most likely to reach into the lower airways of the lungs, where they could cause serious illnesses — were not alkaline and caustic.

The geological survey's tests did not differentiate the dust by particle size.

A spokeswoman for the agency, Mary Mears, said in a statement that the E.P.A. stood behind its work on ground zero environmental hazards, as did the N.Y.U. scientists. The scientist making the complaint, Cate Jenkins, who has a Ph.D. in chemistry and works in the agency's office of solid waste and emergency response, said the test results helped the E.P.A. avoid legal liability. Residents of Lower Manhattan have sued the agency in federal court, claiming that it bungled the cleanup.

Dr. Jenkins said the test reports had a costly health effect, contributing "to emergency personnel and citizens not taking adequate precautions to prevent exposures."

In her statement, Ms. Mears distanced the agency from Dr. Jenkins, who has worked for the E.P.A. since 1979 and has been in conflict with the agency for years over her whistle-blowing activities.

"Dr. Jenkins has not participated in any aspect of the E.P.A.'s work on the World Trade Center," the statement said. "This appears to be a disagreement about scientific methods and not the validity of the results." The New York University scientists, who were not directly financed by the E.P.A., denied being pressured by the agency and said Dr. Jenkins's claims were without scientific merit.

Representative Jerrold Nadler, a Democrat whose district includes Lower Manhattan, received a copy of Dr. Jenkins's letter, and he said that he intended to look into the dispute.

"When a scientist who works for the E.P.A. makes serious allegations about the aftermath of 9/11, they must be examined carefully," he said.

The two scientists named in Dr. Jenkins's letter are faculty members of the New York University School of Medicine who collected dust samples from ground zero in the days after the attack.

One of them, George D. Thurston, is director of N.Y.U.'s Community Outreach and Education Program. He has helped inform Lower Manhattan workers and residents about health hazards related to the terror attack.

Testifying before a Senate committee in 2002, Dr. Thurston said that more than 95 percent of the dust was composed of comparatively large particles that were highly alkaline. He said that although they were irritating, those dust particles did not pose serious health concerns for residents because they were too large to enter the lower airways of the lungs.

Smaller particles, those less than 2.5 microns in size, are far more dangerous because they can be easily breathed deep into the lungs. Dr. Thurston told the Senate committee that tests showed those particles to be pH neutral, and therefore of less concern.

A year later, the same scientists, in conjunction with the E.P.A., among others, published a report in Environmental Health Perspectives, a professional journal, in which they described a new round of tests in which they found the smallest dust particles to have pH values from 8.8 to 10, which made them alkaline.

To keep the particles in the samples from congealing, however, they used a standard process that involved freeze-drying and soaking the samples in saline. When pH tested, the particles were then found to be "near neutral."

Lung-Chi Chen, the second N.Y.U. scientist, an inhalation toxicologist with N.Y.U.'s School of Medicine who was responsible for the testing, said the saline could not have diluted the alkalinity of the samples so greatly that they went from alkaline to neutral.

"We were not trying to mislead anyone," he said.

Dr. Chen said the samples tested prior to Dr. Thurston's 2002 Senate testimony and those in the 2003 report came from different batches of dust, which probably accounted for the difference in their alkalinity.

He said he was not surprised that the smaller dust particles had characteristics and alkalinity levels different from the larger ones. He explained that the larger particles were made up of building materials that had been pulverized by the pressure of the imploding towers. The smallest particles, he said, were probably a combination of crushed material and the combustion byproducts produced by high-temperature fires that burned for weeks.

New York Man Charged With Enabling Hezbollah Television Broadcasts (NYT)

By Timothy Williams And William K. Rashbaum

The New York Times, August 25, 2006

For several years, Javed Iqbal has operated a small company from a Brooklyn storefront and out of the garage at his Staten Island home that provides satellite programming for households, including sermons from Christian evangelists seeking worldwide exposure.

Mr. Iqbal's home, a modest two-story stone and brick house on Van Name Avenue in Mariners Harbor, stood out because among the children's toys in the backyard were eight satellite dishes.

But this week, the budding entrepreneur's house and storefront were raided by federal agents, and Mr. Iqbal was charged with providing customers services that included satellite broadcasts of a television station controlled by Hezbollah — a violation of federal law.

Yesterday, Mr. Iqbal was arraigned in Federal District Court in Manhattan and was ordered held in $250,000 bail.

The Hezbollah station, Al Manar — or "the beacon" in Arabic — was designated a global terrorist entity by the United States Treasury Department in March of this year. Hezbollah was designated a foreign terrorist organization by the State Department in 1997.

"The charge lurking in the background is material support for terrorism," Stephen A. Miller, an assistant United States attorney, told United States Magistrate Judge Gabriel W. Gorenstein.

He said Mr. Iqbal, 42, was a flight risk because he has family in England and Pakistan. "We think there is a strong incentive for him to run," Mr. Miller said.

Mr. Iqbal's lawyer, Mustapha Ndanusa, said his client, who came to the United States from Pakistan, was a compassionate man, and at one point offered shelter in his house to a homeless woman. "He has been very generous in the community,'' Mr. Ndanusa said outside court. "He's a fun-loving guy."

Another spokesman for Mr. Iqbal called the government's charges ridiculous. "It's like the government of Iran saying we're going to ban The New York Times because we think of it as a terrorist outfit," the spokesman, Farhan Memon, said before the hearing. "Or China trying to ban CNN."

Civil libertarians also expressed alarm.

"It appears that the statute under which Mr. Iqbal is being prosecuted includes a First Amendment exemption that prevents the government from punishing people for importing news communications," Donna Lieberman, executive director of the New York Civil Liberties Union, said in a statement. "Such an exemption is constitutionally necessary, and the fact that the government is proceeding with the prosecution in spite of it raises serious questions about how free our marketplace of idea is."

Court papers filed by the government to obtain a warrant to search Mr. Iqbal's business and home suggested that the authorities learned that certain high-definition global transmission systems were providing access to Al Manar broadcasts in the United States. They got their information from Mark Dubowitz, who heads a Washington-based policy group that has monitored Al Manar — through a project called the Coalition Against Terrorist Media — and campaigned for its removal.

Mr. Dubowitz said in a telephone interview that Al Manar's programming includes "very explicit calls for violence."

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According to the government documents, agents flew a helicopter over Mr. Iqbal's home, then sent a confidential informant to the shop to buy a satellite package from Mr. Iqbal. The informant said that Mr. Iqbal had told him that the station was legal. Mr. Iqbal, according to the government, pressed the informant to buy a package with Al Manar instead of another service.

Hez TV Is A Bust (NYDN)

By Thomas Zambito And John Marzulli, Daily News Staff Writers

New York Daily News, August 25, 2006

I want my HezTV!

That was the alleged pitch of a Staten Island satellite TV salesman busted by the feds for beaming the terrorist network Hezbollah's hate-filled al Manar channel - which is banned in the U.S. - into New York City living rooms.

"Why don't you watch al Manar?" Javed Iqbal asked a customer who turned out to be an FBI informant secretly recording the conversation, officials said yesterday.

The unique case, prosecuted under the federal Patriot Act, raised First Amendment concerns among civil liberties groups - and follows battling between Israel and the Lebanon-based terror group.

The feds were tipped this year by a media watchdog group that Iqbal, a Pakistani national who sells satellite dishes out of his storefront business in Brooklyn called HDTV Ltd., was offering al Manar broadcasts as part of the package, according to court papers unsealed yesterday.

The Treasury Department designated al Manar, a Lebanon-based satellite TV station controlled by Hezbollah, as a global terrorist entity in March, making it a federal crime to buy the satellite service - even though the channel can be seen for free on the Internet.

The FBI informant contacted Iqbal, whose business is located on Fort Hamilton Parkway in Dyker Heights, about installing a satellite system at his Manhattan apartment. When Iqbal learned the customer was Lebanese, he encouraged him to sign on for al Manar, officials said.

With hidden cameras rolling, Iqbal's satellite system was installed at the informant's apartment last month - but the al Manar channel didn't work.

"Iqbal stated that the [informant] would have to wait to have al Manar service installed because the recent war [in Lebanon] had damaged al Manar's ability to broadcast," stated an affidavit by Charles Villani, an investigator for the Manhattan U.S. attorney's office.

FBI agents armed with a search warrant raided Iqbal's office and home in Staten Island Wednesday, carting off records, computers and electronic equipment.

They left behind nine massive satellite dishes stored in the yard and three small dishes on the roof.

Iqbal, 42, a married father of four, was ordered held last night in lieu of $250,000 bond.

Defense lawyer Mustapha Mdanusa suggested Iqbal was entrapped.

"The [informant] could have asked for MTV or Playboy," he told reporters.

Lawyers for Iqbal said that half of his business was feeding programming from evangelical churches in Texas to customers.

Harold Lane, 80, a World War II veteran, said Iqbal, who has been in the U.S. for 24 years, is a good neighbor.

"He flies the American flag and he told me he loves this country," Lane said. "He's a very pleasant guy."

"But I'm from the old school. I don't believe in fooling around with this terrorism stuff or anything that's against my country."

Donna Lieberman, executive director of the New York Civil Liberties Union, called the arrest troubling. "In a free society, all speech is protected regardless of the viewpoint," she said.

But Mark Dubowitz, who heads the think tank Foundation for Defense of Democracies, said al Manar is not banned for its content, as ugly as calling on Muslims to carry out suicide attacks against U.S. troops and its allies may be.

"Al Manar is a terrorist organization masquerading as a TV channel," said Dubowitz, who alerted authorities to Iqbal's alleged al Manar sales. "It is being used to raise money ... by broadcasting bank account numbers where viewers can donate money to Hezbollah and other terrorist organizations."

Staten Island Man Said To Broadcast Hezbollah Network (NYS)

New York Sun, August 25, 2006

A Staten Island man has been broadcasting the television network of Hezbollah, al-Manar, to viewers across New York, prosecutors charged yesterday.

Law enforcement officials arrested Javed Iqbal, 42, Wednesday morning after a six-month investigation into a small broadcasting company that Mr. Iqbal owns. Mr. Iqbal, a native of Pakistan who is not an American citizen, was charged in U.S. District Court in Manhattan yesterday with conspiring to violate the International Emergency Economic Powers Act.

Mr. Iqbal agreed to sell a satellite television service that could receive al-Manar broadcasts to a government informant who had posed as a customer, court filings unsealed yesterday allege.

In March, the Department of Treasury classified al-Manar, which is controlled by Hezbollah, as a global terrorist entity. The network is based in Beirut and conducts fund-raisers for Hezbollah in addition to broadcasting the terrorist organization's propaganda.

The courts papers suggest there is at least some appetite among New York viewers for the around-the-clock and often anti-Semitic programming. When a government informant sought to buy satellite television service from Mr. Iqbal, the defendant tol d the informant that 80% of his customers of Lebanese heritage received al-Manar, the court papers allege.

Prosecutors did not disclose how many viewers were reached through the broadcasts. Mr. Iqbal's company, HDTV Corporation, has an office in Brooklyn and eight satellite dishes in Staten Island, according to court papers.

B'KLYN BIZMAN IN HEZ-TV BUST (NYPOST)

By Kati Cornell And Patrick Gallahue

The New York Post, August 25, 2006

A Staten Island man has been charged with aiding terrorists - by using his Brooklyn business to give local viewers a satellite hookup to a Lebanese TV station operated by Hezbollah.

Javed Iqbal, 42, was busted early Wednesday after authorities flew covert helicopter missions over his home and business to check out his electronic equipment and set up a complicated sting involving a bogus customer.

He was charged with conspiring to do business with a global terror organization, which is punishable by up to five years in jail. Prosecutors said the charges could be upgraded to providing material support for terrorists, which carries up to 15 years.

His lawyer, Mustapha Ndanusa, said his client is no terrorist, just "a small-time satellite receiver and dish network distributor."

Neighbors described Iqbal, who has lived in the United States for 24 years, as a quiet, likable father who had no radical views - but did have extensive surveillance equipment.

Alex Rodriguez, who lives down the block, said Iqbal told him he works for the "mayor's office."

"He's got cameras all over the house, inside, outside, everywhere," he said. The mayor's office said Iqbal never worked for them.

The Manhattan U.S. Attorney's Office says Iqbal, who was also known by the first name John, obtained a Federal Communications Commission license in January 2005 to broadcast satellite TV.

Last February a confidential source told the feds that Iqbal was selling access to broadcasts of Hezbollah's Al Manar TV through his business, HDTV Ltd., at 6805 and 6809 Fort Hamilton Parkway in Brooklyn.

The Treasury Department in March designated Al Manar, which means "the beacon" in Arabic, as a terrorist entity.

A team of law-enforcement officers conducted aerial surveillance of the Brooklyn location and Iqbal's home on Van Name Avenue in Staten Island.

Federal investigator Charles Villani said he spotted about eight satellite dishes at the Staten Island site, a double lot with a two-story beige brick home where Iqbal lives with his wife and four children, aged 10 months to six years.

In May, Iqbal, who had been in Lebanon, returned to the United States and was questioned by law-enforcement officials at Kennedy Airport, according to court papers.

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Iqbal told them he was a legal permanent resident with a Pakistani passport and had been touring the Mideast on business. He said he failed to arrange satellite transmissions from Lebanon and Qatar to Arab communities in the United States.

In June, a "wired" FBI informant walked into Iqbal's Brooklyn office, asking to be hooked up to the "DISH network."

The informant explained he was Lebanese and wanted to watch the Lebanese Broadcasting Corporation, which transmits secular or Christian shows. Iqbal asked if he was "Lebanese Christian" and when the informant said no, he asked, "Why don't you watch Al Manar?" court papers say.

He described different service packages that would allow the customer to receive Al Manar and other Arab networks, including Al-Jazeera.

Court papers also say Iqbal falsely told the customer that Al Manar broadcasts were legal in the United States - and a month later changed his sales pitch to say they would soon be legal.

At Iqbal's arraignment yesterday, prosecutor Stephen Miller said Iqbal denied that he was receiving the Al Manar signal but was contradicted by his wife.

"The only thing he has done since his arrest is be evasive," Miller said.

But Ndanusa, the defense lawyer, told the judge that the satellite equipment he installed in the customer's home wasn't capable of carrying the channel.

Federal Judge Gabriel Gorenstein agreed that Iqbal was not a flight risk. He set bail at $250,000 bond and restricted Iqbal's travel to New York City, Long Island and the northern suburbs.

Man Charged With Providing NYC Broadcasts From Hezbollah TV (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, August 25, 2006

NEW YORK -- A Pakistani man has been charged with providing customers in the New York area with satellite broadcasts of a television station operated by the terrorist group Hezbollah.

The defendant's lawyer called the charges "completely ridiculous" and said Thursday he was unaware of another instance of someone being accused of violating U.S. laws by enabling people to obtain news outlets with a satellite dish.

Javed Iqbal, who lives in Staten Island, was arrested Wednesday on charges that he helped people receive the broadcasts of al Manar, which was designated by the U.S. government this spring as a global terrorist entity, U.S. Attorney Michael Garcia said.

Al Manar, launched in 1991, features news programming that promotes Hezbollah's positions and shows statements from the terror group and speeches from its leader.

Iqbal was held on $250,000 bail, though he was expected to be freed as early as Friday once he posts his home as collateral, his lawyer Mustapha Ndanusa said.

Assistant U.S. Attorney Stephen A. Miller had asked that Iqbal be held without bail, suggesting more charges were imminent.

"The charge lurking in the background is material support for terrorism," Miller told Magistrate Judge Gabriel Gorenstein.

He said Iqbal was evasive as he talked to investigators Wednesday and was a risk to flee because he has family in Pakistan.

The judge, though, said the government failed to prove he was a flight risk. He said he would require electronic monitoring once Iqbal is freed.

The charges against Iqbal were brought after FBI agents executed search warrants at two storefronts in Brooklyn where he worked and at his Staten Island residence, where multiple satellite dishes helped him distribute the broadcasts through a Brooklyn company called HDTV Limited, Garcia said.

Farhan Memon, who was assisting Ndanusa on the case, scoffed at the government's claims. He suggested it would be as if the governments of Iran or China banned major U.S. news stations, saying they were terrorist outlets. He said Americans would "be hopping up and down crying, 'Freedom of speech! Freedom of the press!'"

Memon said half of Iqbal's business was feeding programming from evangelical churches in Texas to his satellites for wider distribution.

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Iqbal, who moved to the United States from Pakistan 24 years ago, was "very shocked by what happened to him," Ndanusa said.

"He hasn't done anything wrong," Ndanusa said. "He's a fun-loving guy, a very easygoing guy."

Ndanusa said his client once took in a homeless woman who needed temporary shelter and was known in his community as a generous man.

Iqbal could face up to five years in prison if convicted, though Miller said the maximum possible punishment would rise to 15 years if he is eventually charged with providing material support to a terrorist organization.

In court papers filed in U.S. District Court in Manhattan, investigator Charles Villani wrote that the probe began after a confidential source in February told law enforcement officers that Iqbal was selling al Manar broadcasts through a business in Brooklyn.

He said he had reason to believe that the two locations searched by federal agents contained evidence that would prove violations of laws banning anyone from providing support to a foreign terrorist organization.

Hezbollah was designated by the U.S. Department of State as a foreign terrorist organization in October 1997.

Villani noted in an affidavit that Hezbollah's stated mission is the destruction of Israel and the establishment of a fundamentalist Islamic state in Lebanon, and he cited several attacks the United States has blamed on the group, including the 1983 bombing of the U.S. Marine barracks in Lebanon, which killed 241 Marines.

He said Hezbollah owns and operates a media network including the Lebanese Media Group, the parent company of al Manar, a satellite television operation and al Nour, a radio operation.

Villani wrote that the television and radio stations are designed to increase support for Hezbollah's activities and mission.

"The instant investigation concerns both international and domestic terrorism due to the fact that it concerns activities, both inside the United States and abroad, done in concert with Hezbollah, al Manar and the Lebanese Media Group, all of which have been designated by the United States government as terrorist entities," he said.

Villani said Iqbal told law enforcement agents who interviewed him in May at John F. Kennedy International Airport on a return trip from Lebanon that he was a legal permanent resident of the United States with a passport from Pakistan.

Iqbal, who lives with his wife, three daughters and a son, said he had met with representatives of an Arabic television network in Beirut during his trip abroad but was unsuccessful at concluding any business deals, Villani said.

New Yorker Arrested For Providing Hezbollah TV Channel (WP)

By Walter Pincus, Washington Post Staff Writer

The Washington Post, August 25, 2006

A New York man was arrested yesterday on charges that he conspired to support a terrorist group by providing U.S. residents with access to Hezbollah's satellite channel, al-Manar.

Javed Iqbal runs HDTV Corp., a Brooklyn-based company registered with the Federal Communications Commission that provides satellite television transmissions to cable operators, private companies, government organizations and individual customers.

According to an affidavit made public yesterday in U.S. District Court in New York, a paid FBI confidential informant told law enforcement officials in February that Iqbal's company was selling "satellite television service, including access to al-Manar broadcasts." The informant then had a recorded conversation during which Iqbal offered al-Manar broadcasts along with other Arab television stations.

The U.S. Treasury Department in March designated al-Manar a "global terrorist entity" and a media arm of the Hezbollah terrorist network. The designation froze al-Manar's assets in the United States and prohibited any transactions between Americans and al-Manar.

Iqbal's attorney, Mustapha Ndanusa, said yesterday that the accusations against his client are "completely ridiculous," according to the Associated Press. Ndanusa added that he is not aware of another instance in which someone was accused of violating U.S. laws by enabling access to a news outlet.

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Donna Lieberman of the American Civil Liberties Union said she is "deeply troubled" that a television distributor is being prosecuted for the content of a broadcaster. Such a prosecution, she said, "raises serious First Amendment concerns." She said she thinks that the law under which Iqbal has been charged has a First Amendment exception for news communications.

Mark Dubowitz of the Coalition Against Terrorist Media (CATM), which is composed of Jewish, Christian, Muslim and secular organizations, said yesterday he is "saddened" that a U.S. resident was allegedly facilitating the transmission of al-Manar "but pleased that the U.S. is taking the necessary steps to ensure al-Manar's incitement to violence is stopped."

Al-Manar, he said, was placed on the terrorist list because it was used to incite violence, recruit people to a terrorist organization and raise funds for terrorist activities, including the provision of bank accounts where money should be sent.

On July 11, according to the affidavit, the FBI confidential informant arranged to have the satellite system installed in a New York City apartment that the bureau had wired for sound and video. Iqbal's technician installed the system, but the al-Manar channel came in scrambled.

The informant called twice in the ensuing week and during the second call Iqbal said he wanted to "check out the CI [confidential informant] to make sure the CI was not a spy," according to court documents.

In mid-August, the al-Manar channel at the apartment still was not fixed. When the informant called again on Aug. 17, Iqbal told him the Israeli bombing had disrupted al-Manar's transmissions. Iqbal also acknowledged that he was aware broadcasting of al-Manar was illegal in the United States, although he understood the government would make it legal again soon, according to the affidavit.

Man Said To Offer Hezbollah Station (WT)

By Jerry Seper

The Washington Times, August 25, 2006

A Staten Island, N.Y., man was charged by federal authorities yesterday with illegally providing satellite customers in the New York area with broadcasts of Al Manar, a television station operated by the terrorist group Hezbollah.

U.S. Attorney Michael J. Garcia said Javed Iqbal, 42, was arrested after being named in a criminal complaint filed in U.S. District Court in New York on charges of conspiring to violate the International Emergency Economic Powers Act through his Brooklyn-based company, HDTV Ltd.

Mr. Garcia said the complaint accused Mr. Iqbal and others of providing customers in the New York area with satellite broadcasts of Al Manar. The Treasury Department named the station a specially designated global terrorist entity in March, making it a crime to engage in business with Al Manar.

Federal agents searched HDTV's office and Mr. Iqbal's residence, where he reportedly maintained several satellite dishes, Mr. Garcia said. Mr. Iqbal was scheduled for a preliminary bail hearing yesterday before U.S. Magistrate Judge Gabriel W. Gorenstein.

In court papers, investigator Charles Villani said an inquiry into HDTV began after a confidential source told law-enforcement authorities in February that Mr. Iqbal was selling Al Manar broadcasts through a business in Brooklyn. Mr. Villani said in the documents that he had reason to think that the two locations searched by federal agents contained evidence that would prove violations of laws banning anyone from providing support to a foreign terrorist organization.

The designated-entity list blocks "all property and interests in property" of terrorists and those who materially support terrorists.

Quick To Save Lives, But Not To Take Credit (USAT)

By Wendy Koch

USA Today, August 25, 2006

Jason Thomas was watching the TV show Rescue Me in his living room in Columbus, Ohio, when he saw a commercial for the movie World Trade Center.

“That's when the chills hit me,” says Thomas, 32, a security officer at the Ohio Supreme Court. “It just became all too familiar.”

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A scene in the ad showed two Marines with flashlights, hunting for survivors in the ruins. He realized one of them was him — in a role he hadn't discussed publicly in the five years since Sept. 11, 2001.

Reluctantly, after an aunt persuaded him to tell his story, Thomas stepped forward. He revealed that he was the mystery man who, with another former Marine, dug through wreckage to rescue Port Authority policemen Will Jimeno and John McLoughlin, who were pinned beneath 20 feet of rubble.

Authorities never knew his name because, after digging for hours in a dark hole that threatened to collapse at any moment, he walked away after Jimeno was pulled out alive. He spent another 21/2 weeks at Ground Zero looking for other survivors. He never took credit. He tried to forget.

On Wednesday, he was honored at the Ohio Supreme Court. The crowd of 300 included the state's chief justice, two state senators, Thomas' wife and his five children.

"It's overwhelming. It really is. I don't feel I deserve it, because I was just there to help," says Thomas, a Marine sergeant from 1996-2000.

He had told a few co-workers about the rescue, but they respected his privacy. "We didn't talk about it, because he didn't want to talk about it," says Regina Koehler, a graphic designer.

Thomas, a 6-foot-3 black man, is depicted in the film by a smaller, white actor, William Mapother.

"We made a terrible error. I'm so sorry we miscast him," says Michael Shamberg, a producer of the film, directed by Oliver Stone. Shamberg says the filmmakers didn't know the rescuer's identity until Thomas' aunt, Theresa Golden phoned days before the premiere.

"He's the greatest guy," says Shamberg, who has met Thomas. "He's the kind of hero you want." Shamberg says he would have cast Thomas as himself. "He looks like a Central Casting Marine — he doesn't have an ounce of fat."

The other Marine, Staff Sgt. David Karnes, confirmed Thomas' identity when shown a photo. Thomas says Jimeno thanked him in a recent phone call.

"He's an incredibly humble and amazing individual," says Scott Strauss, a former New York police officer who helped in the rescue. He says he and Thomas talked on the phone, and Thomas knew details that only those who were there know. For example, Strauss says when he arrived at the site, it was dark and the air so thick with smoke that he didn't get a good look at the man who stood waving a flashlight to signal where the officers were trapped. When he asked Thomas how he alerted rescuers, Thomas said, "I waved my flashlight."

Born and raised on Long Island, Thomas was dropping off his 2-month-old daughter Imani at his mother's house in Hempstead, N.Y., when she told him the first tower had been hit.

"They got us," Thomas responded. He retrieved his Marine uniform from his car, skipped a class in criminal justice and raced to the Trade Center. He saw the second tower collapse. Ash enveloped him.

He says he got a man having trouble breathing onto a stretcher. He tried to help an older man with a head injury, but it was too late. He knelt by the man and said a prayer.

He later ran into Karnes, also clad in Marine fatigues. Together they searched for survivors together. From one pit, they heard Jimeno's dim voice. They stayed with him until he was lifted out after being pinned 13 hours. Exhausted, Thomas left before McLoughlin was pulled out hours later.

He hasn't seen World Trade Center. "I'm not ready," he says. "I don't want to relive everything."

He's not bothered that the film portrays him as a white man. "That's not an issue at all."

Who should have played him?

"I wouldn't want anyone to play me but me," he says. "No one else would grasp what happened."

A (Terror) Fish Story (NYT)

The New York Times, August 25, 2006

We've been fascinated by the story of how Jim Bensman of Alton, Ill., went to a hearing about fish and wound up as a potential terrorism suspect.

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As Cornelia Dean reported in The Times, the Army Corps of Engineers held a meeting in Mr. Bensman's neighborhood to talk about helping those fish swim around the locks and dams it has constructed on the Mississippi River over the years. There was a PowerPoint presentation on various options. One — clearly not the Corps's favorite — was to eliminate a dam in East Alton. To illustrate that idea, the presentation included a picture of a dam being dynamited.

Mr. Bensman rose later to support removing the dam. Big mistake.

A local paper reported that Mr. Bensman told the Corps he "would like to see the dam blown up."

A Corps security officer read the report. He decided that Mr. Bensman was threatening a public facility. He notified the G-men.

An F.B.I. agent then contacted Mr. Bensman, who was surprised to learn that federal investigators believed a terrorist might announce his plans at a public hearing of the Army Corps of Engineers.

When the agent said he wanted to visit his home, it occurred to Mr. Bensman that he needed a lawyer. At that point, Mr. Bensman said, the agent threatened to "put you down as not cooperating."

All this started because Mr. Bensman believes the Army Corps builds way too many locks and dams on the Mississippi for the convenience of boating interests. This page has always thought so too.

But not in any way, shape or form that involves any kind of sabotage whatsoever.

Democrats Cite No-bid Katrina Contracts (AP)

By Hope Yen

The AP, August 24, 2006

The government awarded 70 percent of its contracts for Hurricane Katrina work without full competition, wasting hundreds of millions of taxpayer dollars in the process, says a House study released Thursday by Democrats.

The report, a comprehensive overview of government audits on Katrina contracting, found that out of $10.6 billion in contracts awarded after the storm last year, more than $7.4 billion were handed out with limited or no competitive bidding.

In addition, 19 contracts worth $8.75 billion were found to have wasted taxpayer money at least in part, costing taxpayers hundreds of millions of dollars, according to the report. It cited numerous instances of double-billing by contractors and cases of trailers meant as emergency housing sitting empty in Arkansas.

Aaron Walker, a national spokesman for the Homeland Security Department's Federal Emergency Management Agency, the primary agency for awarding hurricane contracts, said FEMA was already working to improve its contracting process based on "previously issued, non-politicized, reports."

"This report has no new revelations," he said. "At the height of hurricane season, it is a disservice to FEMA employees, who are working around the clock to continue retooling this agency."

In their report, Democrats acknowledged that some no-bid contracts were necessary to provide quick aid in the immediate aftermath of the August 29, 2005, storm. But they noted that while 51 percent of Katrina contracts awarded in September were limited or no-bid, that percentage increased to 93 percent in October.

Last December, FEMA was still awarding 57 percent of the total dollar value of contracts without full bidding.

The report came as House Democrats announced a new six-member "truth squad" they said would highlight the problems before the November congressional elections.

"It is apparent that taxpayers and the residents of the Gulf Coast are paying a steep price for the failure to stop waste, fraud and abuse in federal contracting," said Rep. Henry Waxman, D-Calif., the top Democrat on the House Government Reform Committee and a member of the new panel.

He said the new panel, made up of six House Democrats, was needed because the Republican-controlled Congress has resisted probing such allegations against the Bush administration.

In the House report, Democrats faulted FEMA for recently awarding new $400 million temporary housing contracts for future disaster work to Shaw Environmental & Infrastructure, Bechtel National, CH2M Hill Inc. and Fluor Enterprises Inc.

Those four companies have previously been criticized by lawmakers for receiving no-bid Katrina contracts. Three of them — Bechtel, CH2M Hill and Fluor — were found by government auditors to have wasted money in the hurricane effort.

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The Shaw Group Inc.'s lobbyist, Joe Allbaugh, is a former FEMA director and a longtime friend of President Bush, while Bechtel CEO Riley Bechtel served on Bush's Export Council from 2003-2004. CH2M Hill Inc. and Fluor Corp. have done extensive previous work for the government. The companies have denied that political or government connections played a factor.

FEMA has defended the latest contracts, which were awarded earlier this month after a full bidding process, as the best among 13 proposals submitted based on quality of plans, price and resource capacity.

Washington: Storm Fraud Charges (NYT)

By Eric Lipton

The New York Times, August 25, 2006

The owner of a debris-removal company and three employees hired to monitor its work have been charged in a conspiracy to cheat the government of nearly $720,000 after Hurricane Katrina, federal officials said. The Justice Department said the owner, Allen Kitto, 24, of Dundee, Fla., had payments for work that was never done sent through an employee who redirected the money to him and the three workers hired to monitor the debris removal in Pearl River County, Miss. It said the monitors signed off on the falsified load slips mostly from their homes rather than from their ostensible work site. In addition to Mr. Kitto, those charged were Clinton K. Miller, of Carriere, Miss.; Devin Chuter, of Picayune, Miss.; and Lauren Robertson, of Picayune.

Weathering Corruption (WP)

By Christopher Lee

The Washington Post, August 25, 2006

It's a familiar story line: When federal aid flows into a region devastated by a natural disaster, those charged with disseminating it do not always behave honorably in the chaos.

Is bad weather responsible for U.S. corruption?

Peter T. Leeson and Russell S. Sobel, both economics professors at West Virginia University, say that "indirectly at least, the answer may be yes," but the real culprit is the aid.

"States that experience more frequent and severe natural disasters attract larger quantities of FEMA disaster relief. This relief creates a resource windfall that increases public corruption," the two wrote in a 28-page study, published this week by the Mercatus Center at George Washington University.

Official bribes, embezzlement, and the steering of contracts to friends or in exchange for kickbacks are common in times when a premium is placed on getting money to a disaster zone quickly, rather than on monitoring how it is spent, the economists wrote.

Leeson and Sobel examined a decade's worth of public corruption data for the 1990s compiled by the Justice Department's Public Integrity Section. They found that Louisiana was the most corrupt state, with an average of 0.85 annual corruption-related convictions per 100,000 residents. New Hampshire was the least corrupt, with 0.07. (The national average was 0.31.)

The economists also looked at Federal Emergency Management Agency disaster-relief payments for the decade, and performed a statistical regression analysis to see whether there was any relationship between such payments and bad behavior.

They concluded that there was. Every additional $1 per capita spent on federal disaster relief increases corruption nearly 2.5 percent in the average state, they wrote. Some of the worst corruption was in Louisiana, Mississippi and Florida.

"Our findings suggest that notoriously corrupt regions of the United States, such as the Gulf Coast, are notoriously corrupt because natural disasters frequently strike them," the authors wrote. "They attract more disaster relief making them more corrupt."

Their solution: Eliminate FEMA relief, which they say would reduce corruption more than 20 percent in the average state.

Paul C. Light, a professor of government at New York University, said that solution seems rather draconian, and in any case, he is not persuaded by the argument. "Maybe natural disasters strike them because they're corrupt -- same logic," Light said, referring to the Gulf Coast states. "I'd like to see some evidence."

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Disaster-relief Missions Likely From Private Sector, Panel Says (WT)

By Audrey Hudson

The Washington Times, August 25, 2006

Government at all levels is preparing to respond to hurricanes and other disasters, but the real rescue missions likely will be carried out by corporations and churches, a panel said yesterday.

"We are so Washington-centric that we pay almost no attention to how Americans respond to disaster," said James Jay Carafano, a Heritage Foundation fellow who moderated yesterday's panel discussion on "Grassroots Response: Citizens Taking Care of Citizens During Disasters."

Panelists from the private sector said they are able to respond quicker to disasters such as Hurricane Katrina than most government agencies, including the Federal Emergency Management Agency (FEMA).

When a Texas fire chief needed food and water for about 3,000 people after Katrina struck, a network of ministries responded immediately.

"We drove our caravan past 100 FEMA trucks sitting and waiting on instructions," said J. Doug Stringer, president of Turning Point Ministries and founder of Somebody Cares America.

"Our hands were not tied; we were able to do what our hearts told us to do," Mr. Stringer said. "We aren't boxed into a system. We had citizens caring for citizens, and it didn't matter who got the media sound bite or who got credit. It was about helping people with real needs."

James S. Gilmore III, former Virginia governor and chairman of the Gilmore Commission, which studied terrorist threats and disaster readiness, said natural disasters require a response strategy that is national, not federal.

"If you continue to focus on the federal role exclusively, you will never prepare the nation," said Mr. Gilmore, a Republican.

"We've been trained since the Great Depression that if we just hang around long enough, the federal government will come and bail us out because they have all the money," Mr. Gilmore said. "Until we break away from the concept that everything has to be federal, we'll be in trouble."

Lisa Hamilton, public affairs manager for United Parcel Service of America (UPS), said that after Katrina struck last year, corporations contributed $1.2 billion in disaster relief, of which 254 companies contributed $1 million each. That made it the "single largest outpouring of private sector help in U.S. history."

"We are learning how to collaborate, rather than compete in times of disaster," Miss Hamilton said.

UPS put its own system to work and pledged cars, trucks, airplanes and people toward the hurricane-relief effort, and shipped four million pounds of goods, including a mobile hospital and water-treatment system, to affected states.

"Throughout corporate America, we saw an outpouring of good will that was as creative as it was generous," Miss Hamilton said.

One pizza chain passed out pizzas in Biloxi, Miss., and one bank put $1,000 in each of its customers' accounts.

"The great thing about community is you can be nimble," Mr. Gilmore said.

And when corporations or the National Guard respond, Mr. Gilmore said it is essential they be used effectively. "We can't be told clothing cannot be distributed or the National Guard turned back," Mr. Gilmore said.

Homeowners Decked By Katrina Still Wait For Insurers To Pay Up (USAT)

By Kathy Chu And Larry Copeland

USA Today, August 25, 2006

PASCAGOULA, Miss. — A year after Hurricane Katrina flattened her ranch-style brick house on Washington Avenue here, Tina Lee has received only $2,500 from her homeowner's policy for living expenses.

Her four-bedroom home, a block away from the beach, suffered nearly $300,000 in damage, but her insurer said the property was destroyed by flooding, not wind. The distinction is important: A standard homeowner's policy pays for damage from a hurricane's winds and rains, but it doesn't cover flooding.

“They're saying that the top of (my neighbor's) house floated over here and landed on my house,” says Lee, 44, who is living in a one-bedroom RV. But, “We had over 100-mile-per-hour winds before the water even got here.”

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Her neighbor — whose house crushed hers to bits — just happened to be Richard Scruggs, the Mississippi lawyer who took on the tobacco and asbestos industries. Much of his home, along with that of his brother-in-law, Sen. Trent Lott, was reduced to rubble after Katrina. For months, Scruggs has been championing Lee's case and those of thousands of other Gulf Coast homeowners in lawsuits against insurers.

In this storm-scarred region, thousands of homeowners are still waiting to get paid for property damage. Thousands more are disputing insurance payments for hurricane damage. Many of these cases — winding their way through state and federal courts — are likely to take years to be decided, delaying the rebuilding of homes and contributing to higher foreclosure rates.

How these bitter disputes shake out will also affect whether major insurers continue to offer homeowner's policies along the Gulf, and at what price. Already, some of the largest insurers, including Allstate and State Farm, have pulled back on homeowner's coverage here.

The insurance disputes are "the second catastrophe to hit Louisiana," says Madro Bandaries, an attorney representing homeowners in a class-action lawsuit against Louisiana's insurer of last resort, which provides high-cost policies for those who can't get policies elsewhere. A year after the storm, "We have thousands of people who have yet to receive adequate money or have yet to receive any money at all."

Insurance companies have paid out nearly $15.5 billion for Katrina's damage to homes, but billions more dollars are at stake in these lawsuits.

Robert Hartwig, chief economist of the Insurance Information Institute (III), a research group funded by insurers, says that "whatever shortcomings these trial lawyers claim are gross misrepresentations of the truth. We have settled hundreds of thousands of claims expeditiously and fairly."

Some homeowners who haven't gotten insurance payments will receive federal aid, tap retirement funds or take out loans to rebuild. Many others will remain in FEMA trailers or live with friends until insurance money arrives, because, "There's just no money in a lockbox for these folks," says Patrick Buckley of the Center for Justice & Democracy, a consumer-advocacy group.

Lee took out a $250,000, 30-year Small Business Administration loan to build a three-bedroom, 1,935-square-foot house on the old site. It's smaller and several feet higher than the original.

Lee hopes to move out of the RV she and her husband now occupy and into the new house by Christmas. But she doesn't expect her fight with her insurance company to end soon: "I plan to fight it all the way to the Supreme Court."

Last week, insurers won the first round of legal battles when a federal judge said that a Mississippi couple was not covered for most of Katrina's damage to their home. Their Nationwide policy clearly excluded flooding, which includes the hurricane-caused storm surges from the Gulf that ravaged the house, Judge L.T. Senter Jr. ruled.

Flooding, or water that seeps in through the bottom of the house, is covered under a policy issued by the national flood insurance program. But Scruggs, in the Nationwide case, argued unsuccessfully that storm surges are linked with hurricanes, so should be paid for under homeowner's policies.

Judge Senter's denial of that claim is reverberating throughout the state, since he is presiding over hundreds of Katrina-related insurance disputes in Mississippi. It could also influence lawsuits in Louisiana, because most insurers use the same homeowner's policy nationwide, says John Ellison, a managing partner of the Anderson Kill & Olick law firm, which has sued insurers on behalf of Louisiana homeowners.

Judge Senter did give homeowners some hope by questioning a provision in Nationwide's policy, and common in other homeowner's policies, that appears to allow the company to deny payments for wind damage if flooding occurs at the same time.

The judge said the clause is "ambiguous" because it's not a "reasonable" interpretation that if a property has even an inch of flooding, the insurer doesn't need to pay for a roof blown off. This language leaves the door open for homeowners' attorneys to argue in future cases that insurers must pay for wind damages even if the house was damaged by floodwaters, says Gary Thompson, a partner at Reed Smith law firm who represents commercial policyholders.

The insurance institute says disputes in court and mediation represent less than 2% of overall Katrina claims filed. The industry has settled more than 993,000 homeowner insurance claims in Mississippi and Louisiana, the two states hardest hit by Katrina, representing nearly 95% of property claims, according to the institute.

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Settlement rates are lower along the coast because claims there are more complex. But just because an insurer settles or closes a claim doesn't mean that homeowners aren't disputing it, Allstate and State Farm say.

There are also questions about whether companies pressured homeowners into settlements. Mississippi Attorney General Jim Hood alleges in a lawsuit filed in September that adjusters tried to trick homeowners out of payments by telling them to sign forms saying the property was flooded, not damaged by wind — even if that was not the case.

Insurers call those allegations "ridiculous." "The use of such tactics would damage companies' credibility in the minds of consumers and state regulators and destroy our ability to write business in Mississippi — and perhaps nationally," says Joseph Annotti of the Property Casualty Insurers Association of America (PCI), a trade group.

Hood's lawsuit, which also argues that insurers should pay for damage from hurricane-caused storm surge, has been mired in pretrial maneuvers as insurers seek to have the case heard in federal court. Insurers say that because at least one type of water damage, flooding, is insured by a government policy, a federal judge should hear the case.

Hood sees a different motive: The longer the case is delayed, the greater the number of homeowners who will accept low — or no — payments from insurers just to get on with their lives.

Scruggs agrees. "The industry has a term for this: turf and surf," he says. "They try to drive you to the turf with red tape and delays or no response at all, hoping the homeowner will give up. Then they surf you out of the system."

Pamela Church, 48, of Waveland, Miss., has given up on getting any money from her homeowner's policy. She was devastated first by the storm's destruction to her two-story brick house and then by repeated rejections from her insurer.

Katrina filled her house with mud, tore off the rain gutters and pushed some brick columns into the porch.

Her insurer told her the damage was all due to flooding, not wind, and paid her nothing. And she didn't have a federal flood policy.

"I couldn't stop crying," Church says.

She doesn't have the strength for a legal battle that could take years to resolve. And after Katrina, she can't get an affordable homeowner's policy with another insurer. "They have you over a bucket, so what are you going to do?" Church asks.

For business owners such as Maria Stefanias, owner of the Courthouse Cafe in Gretna, La., insurance disputes are jeopardizing their livelihoods.

The Courthouse Cafe — a local haunt for hungry attorneys, jurors and legal spectators — suffered $90,000 in damage when Katrina blew shingles off the roof, then rain damaged the ceilings and warped the floors, according to Stefanias.

Stefanias says she had to dip into her retirement funds to repair the roof and fix the electrical wiring. But she can't afford to replace the water-damaged floors or ceilings.

When the insurer finally sent a check this summer, it covered only a third of Stefanias' damages. An accompanying letter said the payment was a final settlement.

She sent the check back and is suing the insurer. "It's going on a year, and they couldn't care less about us," says Stefanias. "That's what is bothering me. Thank God we had money on the side."

Other area businesses won't be so lucky, she fears. "My whole point is that small businesses, if insurance companies don't pay, they're going to be run out of business."

Delayed insurance payments to homeowners and businesses could lead to higher foreclosures along the Gulf Coast if people don't have money to repair their properties, says Rick Sharga, a vice president at RealtyTrac, which tracks foreclosure rates.

Mortgage lenders have largely held off foreclosing on properties affected by last year's hurricanes in response to regulators' pleas. But their leniency may be ending. Foreclosures have been rising in recent months in Louisiana, Mississippi, Alabama and Florida, according to RealtyTrac.

Some homeowners say they are fighting insurers for the principle. Others do it because they sank their life savings into their homes.

Retirees Donald and Susan Williams thought they had found their own slice of paradise when they retired to D'Iberville, Miss., from Florida about 15 months before Katrina and paid cash for a brick ranch on Locust Drive. They also paid for a new metal roof and added a "Dade County hurricane proof" sun porch at the back of the house.

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They bought homeowner's insurance from State Farm — $110,000 for the structure and $40,000 for its contents — but say their agent advised them not to get flood insurance. So they didn't.

Then Katrina blew in. It reduced the Williamses' house to a shell. State Farm paid the Williamses $2,500 for living expenses but said all the property damage was due to flooding, the couple says.

Susan Williams, 62, still tears up over the memory: "I said, 'How can you say this was all water damage? The wind came before the water.' "

Her wrangling with the insurance company has angered, and shaken, her. "You know the saying, 'Like a good neighbor'? I don't feel like they're good neighbors of mine anymore."

State Farm says it cannot comment on individual cases for privacy reasons, but it believes that it's settled cases fairly and as quickly as possible given Katrina's magnitude. "We would not be putting thousands of people and hours into managing (Katrina) claims if that's not what we were intending to do," says Mike Fernandez, a vice president at State Farm.

The Williamses have sued State Farm. They've also applied for a grant of up to $150,000 from the U.S. Department of Housing and Urban Development and taken out a 30-year, $150,000 SBA loan to rebuild their home, which they moved back into earlier this month.

In two months, the couple will begin paying the SBA loan — at $650 a month. They're not sure they'll live another 30 years to see the debt paid off. "I will be 105," says Don Williams, 75. "There we were, thinking, 'OK, we're good 'til the day we die.' Then, all of a sudden that storm comes in. Now, you've got to start all over again."

After Katrina, Baton Rouge Weathers A Storm Of Its Own (WP)

By Wil Haygood

The Washington Post, August 25, 2006

BATON ROUGE, La. -- When Hurricane Katrina walloped New Orleans, this quiet capital city 80 miles to the northwest suffered only minor damage from howling winds. There were inconvenient power outages. Townsfolk felt fortunate.

It was, however, a cruel mirage. Things turned chaotic and challenging quickly, as tens of thousands of New Orleanians fled up Interstate 10, taking refuge here. That was nearly one year ago, and thousands of those evacuees are still here.

If the hurricane forever changed New Orleans, it has also permanently transformed Baton Rouge. Katrina has demanded realignments, shaken this city's sense of order and left it struggling to cope with a range of new, daily problems.

A population boom has led to Los Angeles-like traffic jams. A housing crunch has escalated home costs, angering longtime residents. A surge in school enrollment -- there are 3,704 displaced New Orleans students in the local system -- has overburdened teachers, many of whom had already felt overworked. And increased crime has led to daily discussions about race and class.

Baton Rouge -- a formal city, home to the state's government -- had long seen itself as an antidote to the laissez-faire goings-on in New Orleans. But now, after a year of new realities and soul-searching, Baton Rouge has found itself frightened of what the hurricane has thrust upon it, worried that its sense of order has been forever altered.

"Be honest with me," says Cora Nixon, who works as a health-care aide for the elderly and has lived here most of her life. "These New Orleans people aren't going back, are they?"

At times it can feel like a brew of every ill that has flummoxed major American cities in recent decades has come to land in Baton Rouge.

Local officials wake up each morning wondering what crisis might toss their day into turmoil -- a shooting at one of the FEMA-run trailer parks, a car accident that ties up traffic for miles, a neighborhood skirmish over gang turf. A "What next?" feeling is pervasive.

"Yesterday," says JoAnne H. Moreau, director of homeland security and emergency preparedness for East Baton Rouge Parish, "I had five people from my staff over in Alexandria in meetings about Amtrak service. Katrina has stretched our resources to its limits. And it's not anything we'll see an end to soon."

Moreau loathes traveling across the city. A trip that took 20 minutes pre-Katrina can now stretch into hours. "There was an accident yesterday on the highway coming to work," she says. "It added two hours to my getting into work."

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Few will deny that there are not many cities the size of Baton Rouge that can cope easily with the arrival of more than 100,000 people. (In the immediate aftermath of Katrina, the parish surrounding Baton Rouge saw its population of 417,000 double. "For about the first 30 days, we did look like we were going to hell in a handbasket," says Sgt. Don Kelly, a police spokesman. "There was fear here. If we did not, from the very beginning, stay on top of things, there was a good chance our city would be overrun.")

While local and federal officials cope with the challenges from behind desks -- or inside trailers with makeshift offices -- a swelled populace has had to learn to cope with one another as neighbors. It has not been easy.

On a recent morning, Cora Nixon was fussing around in the front yard of her aunt Dorothy Hamilton's home on America Street. A native of New Orleans, herself black, Nixon scrunches her face when talking about the Katrina effect in Baton Rouge.

"I hate to say it -- we're all black Americans -- but I had to bolt up my house. Ain't nobody ever tried to break in my house before."

She is talking about before the Katrina evacuees arrived.

"They done gave so much to the storm people," she says. "It's not all just money. I'm talking about housing, too."

She points to the padlock on her aunt's gate. "You see this big old padlock? My aunt needs it. They done stole her barbecue pit from the backyard."

Before the storm, the police department here was averaging about 500 calls a day. That number has jumped to about 800.

And while crime, except homicides, is up across the board, police spokesman Kelly says the department lacks hard statistics on the increase on a percentage basis because the city doesn't have an accurate enough count of its population. "To measure crime increases, you need a yardstick in counting the population," says Kelly. "And right now, our yardstick is still broken. We just don't accurately know how many people are in Baton Rouge."

The population estimates given are based on garbage pickups and traffic patterns.

Moreau, the homeland security official, says the city's sense of being overwhelmed persists because it has had to take responsibility for many roles the state and federal government would have usually played. "We've had to do things that were actually state functions -- such as sheltering, long-term care, feeding people," she says. "All those things that would normally be provided by another government agency."

A year ago the Baton Rouge Police Department had 592 officers; that number is now up to 632. But 38 of those officers, says Kelly, are still in the training academy.

Jeff LeDuff, the city's no-nonsense police chief, was credited by many with keeping order in the city. There was aggressive policing, officers rolling en masse to reports of crimes. "I'm willing to be my brother's keeper. That's what I said at the time," says LeDuff now, referring to the immediate aftermath of Katrina. "And I also said, 'While my brother is in Baton Rouge, he must behave.' "

Some assailed LeDuff, who is black, and his police force, saying they were too aggressive. But Mayor Melvin "Kip" Holden, who appointed LeDuff and who also is black, lauded his chief's stewardship of the department during the crisis.

In 2005 Baton Rouge's population was 43 percent black, a figure that has surely risen after Katrina, city officials say.

Blacks here especially have viewed themselves and their city as different from New Orleans, which they see as a rough-and-tumble poorer relation. Baton Rouge's blacks are proud of their middle-class roots, their jobs at the state Capitol, and the reality that many were former New Orleanians who made good and were able to move here.

Sharon Hebert, 50, works as an administrative clerk at Shiloh Missionary Baptist Church. A black woman, she has listened over the months to the black-on-black chatter regarding the fallout from the hurricane. "You wanted to speak up," she says. "There were things, being black, you dared not say. We all knew it, but we're afraid to openly admit there is a class problem. There is an element we had to say to: 'We're not going to allow you to cause anything to happen to us just because you're black.' "

There also were sharp concerns about what additional challenges the new arrivals might place on the Baton Rouge school system, where the increase in students could fill three new elementary schools. Hebert says she and many other blacks quietly fretted that the influx of students could overwhelm teachers and dampen learning.

And there were times she felt that her candor might be taken as denigrating other blacks, especially Katrina arrivals.

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When she would broach the subject of high standards in the schools with other blacks, Hebert says, some felt she was "selling out," a criticism that stung her. "No, you're not selling out. You are so connected that you want your community to keep improving."

Many blacks across wide swaths of the South point to education as paramount to their advances in society. Baton Rouge is home to Southern University, a historically black college, as well as Louisiana State University.

Shortly after the hurricane, Southern had upwards of 1,000 student evacuees from New Orleans on its campus.

"We opened our doors," says Lynn Dickerson, Southern University's assistant vice chancellor for student affairs. "We fed them, we housed them." And, she adds: "It put a complete hole in our budget. Historic black schools don't ever get enough money anyway."

It wasn't long before Southern administrators noticed that students from New Orleans had company in their dormitory rooms. Many had told their homeless New Orleans families to join them.

"We just looked the other way," says Chancellor Edward R. Jackson. "They bought Mama, Daddy, some grandparents."

Jackson noticed the changes loosed across the landscape when blacks and whites discussed the hurricane and the government's responsibility to help the afflicted. He said few denied that the government needed to play a stronger role in hurricane relief.

"It redefined the relationship between class and structure," he says. "Everything was on the table for redefining."

ValaRay Irvin is a psychologist in the counseling center at Southern. She says she was amazed by how well the students seemed to cope in the beginning. They had youth on their side, she says.

"For a long time afterwards," she says, "there was this illusion by people that they were going to return to New Orleans. A lot of people stayed frozen for a long time."

But then another reality came into view for the students, she says: The deeper into the school year it got, the more anti-depression medication she prescribed. "There was a lot of post-traumatic stress disorder," she says.

One of the effects of Katrina was that it brought plenty of job applicants to Baton Rouge, even if the city didn't need them.

William Dickerson runs Plank Road Cleaners, and he quickly hired a New Orleans evacuee. It was not a pleasant experience. "She came in with these slick New Orleans ways," he says, standing in the shade in front of his shop. "We started missing things, clothes. I noticed her father and sister always hanging around.

"It was awful," he says. "I finally fired her."

But he did not want to prejudge all the evacuees. His most recent hire is Diana Johnson, 46, a presser from New Orleans. "She's a true professional," he says. "Works very hard."

Dickerson, who spent years as a Baton Rouge detective, said it galled him when some New Orleanians, arriving after the hurricane, judged him as being "slow and country," as he puts it.

"Hey, I may have been born in the woods -- but not the backwoods," he says. "I wrote the book on crime here."

Saint Indeed: Reggie Helps Revive City (USAT)

By Tom Weir

USA Today, August 25, 2006

JACKSON, Miss. — A New Orleans priest nicknamed him “St. Reginald” because of his charitable works. A teammate calls him “The Matrix” because on the football field he dodges tacklers with the same ease bullets were eluded in that movie.

And in college he was known as “The President,” after another man named Bush singled him out at the White House.

“But I just go by plain Reggie,” says Reggie Bush, the New Orleans Saints running back and the NFL's most anticipated rookie this season. “That's me. That's who I am. And I think that's a powerful name in itself.”

The Saints don't open the season until Sept. 10, but the power of Bush's name already is evident amid New Orleans' struggle to recover from Hurricane Katrina.

Pepsi soon will announce a “Yard by Yard, Neighborhood by Neighborhood” program that aims to build 25 homes in the New Orleans area with donations from the company based on Bush's yardage totals. Holy Rosary High School, a special-needs

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school in the New Orleans suburb of Metairie, can keep its classes open, thanks to Bush's donation of $56,000 in sponsorship money from the Adidas shoe and apparel company.

Bush also is personally funding an $86,000 artificial turf field for Tad Gormley Stadium, where about six high school football games are played each week because many New Orleans schools don't have their own fields.

In September, Bush will introduce his 619 cologne, named for his hometown San Diego area code, and designate a percentage of royalties for hurricane relief. And Sept. 5, in conjunction with the NFL Players Association, he and other players will help distribute four tons of food in the New Orleans area.

That will continue the NFL's prominent role in Katrina relief. Among the league's stars who have led fundraising efforts are the New Orleans-born Manning brothers, Eli and Peyton, and native Mississippians Steve McNair and Brett Favre.

Several Saints, including star wide receiver Joe Horn, visited evacuee centers after Katrina swamped New Orleans last Aug. 29, and the team established a relief fund and has participated in cleanup efforts. One bride-to-be who lost an engagement ring in the storm was given a new one by tight end Ernie Conwell.

But Bush, who has purchased a downtown condominium, clearly already rivals the popularity of those veterans in New Orleans. The Saints have sold more than 55,000 season tickets, a franchise record, and one of the loudest cheers at Mayor C. Ray Nagin's inauguration speech in June came when he shouted, “We have Reggie Bush!”

The TV images of Katrina's brutality, Bush says, didn't prepare him for what he saw on his first-ever trip to New Orleans in April.

“It's a whole other level,” Bush says. “You don't really understand it fully until you see it in person. I was like, ‘Man, this is crazy.' ”

Having the chance to ease that craziness, Bush says, makes him grateful the Houston Texans shocked fans when they didn't select him as the No. 1 pick in last April's NFL draft.

“I definitely feel like there's a lot more I can do for the community of New Orleans than I could in Houston,” says Bush, who was chosen second behind North Carolina State defensive end Mario Williams.

Mike Ornstein, Bush's marketing agent, says the Texans' decision was the key to his client's windfall of endorsements.

“There's no way we get these endorsements if we're in Houston, I believe,” Ornstein says. “Pepsi for sure is a New Orleans relationship. They really wanted to give something back to that community.”

Bush's appeal as an endorser doesn't seem affected by an NCAA investigation into whether a prospective agent provided Bush's family with free housing while he was still at Southern California. Such a rules violation could result in severe penalties for the school.

Ornstein says Bush's realization that he could contribute to New Orleans' recovery came during his first visit to the city. Accompanying Bush on the limousine ride into town was Sports Illustrated writer Peter King, who, Ornstein says, told Bush, “You have a chance to be the most influential player in the history of the NFL.”

“Reggie didn't say anything then, but later that night he said, ‘That's who I want to be, so you work out how we do that, and let's start getting it done,' ” Ornstein says.

Saints general manager Mickey Loomis says: “Reggie really did all of this on his own. We can't take any credit.”

At the Saints' training camp at Millsaps College here, Bush winced two weeks ago when reminded that he's being called a savior in New Orleans.

“I'm not trying to be a savior. I'm just trying to help win some games and maybe a Super Bowl someday,” Bush says.

“I don't feel like I need to be praised for it. I'm just doing what I think anybody else would do if they were in my position.”

Capt. Rob Callahan of the Slidell (La.) Police Department has Bush to thank for his four-wheeled office, a Hummer. It is one of 12 that Hummer, with whom Bush has an endorsement deal, loaned through next June to Slidell, where being able to cruise through 2 feet of water remains essential for police.

Three-fourths of Slidell was under water after Katrina, Callahan says, and the police department building still hasn't reopened.

“In this area Reggie Bush is, for lack of a better word, a god,” Callahan says. “I don't think there is anyone in our area who doesn't know Reggie Bush and what he's doing for the victims of the hurricane.”

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Callahan adds that Bush's importance to New Orleans isn't a case of sports hyperbole run amok.

"The community here, the entire region, is in need of a winner, something to think about other than the daily problems of Katrina," says Callahan, adding that 60% of Slidell's police officers lost their homes. "People think we're doing OK now, a year after Katrina. But, no, we're still struggling. Many of us are still in FEMA trailers. I'm still in a FEMA trailer."

At Holy Rosary High, school President Patty Glaser says that if not for Bush, her 105 special-needs students would have been scattered to schools that don't specialize in educating teens with dyslexia, attention-deficit problems and other learning issues.

"You get sent to a room with other kids who can't handle it, basically," Glaser says. "That's the message."

When Saints vice president of communications Greg Bensel told Bush the school needed $50,000 to avoid closing in a few days, "He said, 'Let's do it,' " Bensel says.

At a May ceremony, the Rev. William Maestri, superintendent of Catholic schools in the New Orleans archdiocese, likened Bush to St. Reginald of Orleans, a 13th-century French saint who helped establish the Dominican order.

"May you be the burning Bush that lights the way of so many," Maestri told Bush. Then Maestri concluded with, "Above all, I want to thank Houston. … Texans have once again given to Louisiana, and we are very grateful."

After the student body ended with a "Reggie, Reggie" chant, Glaser says, "You could see he was truly moved. He was teary-eyed."

Likewise, Glaser says Bush's effect on Louisiana can't be overstated. At a fish market on the day of the Saints' first preseason game, she says, all the customers around her were talking about how they rearranged dinner plans to make sure they would see Bush.

"There are days when you go, 'Whoa, it's hard just living here right now,' " Glaser says. "We need a beacon of light here right now. I think he can provide that spark, that energy."

Saints receiver Horn christened Bush "The Matrix." Sometimes he calls his 5-111/2, 203-pound teammate "Baby Matrix."

"He's a bad boy," Horn says. "His athleticism is crazy. The way he catches the ball, his burst. The defender may think he's got him, then he just kicks it into another gear."

Bush has denied feeling insulted by the Texans' decision to draft Williams No. 1, saying, "There's no chip on my shoulder, not at all. I play with a chip on my shoulder anyway."

But Horn says he thinks the snub will be a major source of motivation. "Without a doubt," Horn says. "He wants to prove not only to everybody in the league but to himself that, 'I was the second pick, but I should have been the first pick. And I'm showing you that now.' "

Among the Saints, the only criticism of Bush is that he perhaps is trying a little too hard.

"I think he needs to learn to put a bad play behind him," Saints coach Sean Payton says after a training-camp practice in which Bush openly vented his frustration over a dropped pass.

Saints quarterback Drew Brees says: "He's one of those guys who's so competitive and so intense. … Once he gets comfortable, he can be a terror."

As a pass-catching running back who hopes to also return kickoffs and punts, Bush mixes an explosive zig with an electric zag. Saints running backs coach George Henshaw naturally won't share details of their offensive plan but says, "Obviously, you'd like to see him get the ball in his hands 20 times a game."

The Saints likely will split ball-carrying between Bush and veteran Deuce McAllister and have Bush line up out wide as a receiver, similarly to how he was used at USC.

In his preseason opener Aug. 12 against the Tennessee Titans, Bush showed his potential to duplicate in the NFL the freelancing runs that helped power USC to two national championships. Running left, Bush found defenders in his way and then cut back across the entire field for a 44-yard gain.

New Orleans' The Times-Picayune newspaper ran an editorial the next day, saying, "As much as the sheer talent on display, Reggie's run was a balm for our spirits. May there be many more to come."

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As the nation's collegiate leader last season with 222.3 all-purpose yards a game, Bush understands expectations are at an all-time high in his ravaged city. He is the fourth Heisman Trophy winner drafted by the Saints, and disappointment accompanied the other three.

George Rogers led the NFL in rushing as a rookie in 1981 but was traded three years later when his production declined. Quarterback Danny Wuerffel played in 16 games with the Saints from 1997 to '99 and threw more interceptions than touchdown passes. Ricky Williams had two 1,000-yard rushing seasons before being traded to the Miami Dolphins in 2002 but is remembered mostly as the player for whom then-coach Mike Ditka gave up too many draft picks to acquire.

With only one Saints playoff victory in their 39 seasons, New Orleans has long yearned for a winner.

"The pressure of the community — he wants it," marketing agent Ornstein says.

Bush will get it Sept. 25, when the Saints' home opener against the Falcons on a Monday night will give New Orleans a chance to show the nation its resilience and also that much work remains to be done.

Bush says no demands from the fans will be greater than the ones he already puts on himself.

"I want to be the greatest; I want to be the best," he says. "I feel like I'm already my biggest critic."

And for the moment in New Orleans, perhaps the only one.

New Orleans Shops Struggle To Survive (NYT)

By Leslie Eaton

The New York Times, August 25, 2006

NEW ORLEANS — For all the cheerful displays of Louisiana's best-known hot sauce and all the pepper-shaped and pepper-flavored products on the shelves, the Tabasco Country Store is in deep trouble.

The shop, at the airport, was closed for months after Hurricane Katrina, and sales remain down 45 percent. The owner, Laura Y. Drumm, has mortgaged her house to the hilt; she has borrowed from her in-laws; her insurance will not pay for her losses, and neither will the government. Her one employee did not return after the storm, and her husband, Hughes, is running the store's cash register seven days a week.

Recently, Mrs. Drumm said, she found herself driving through the city, crying. "What I'm fearing now," she said, "is that we're going to lose more of the mom-and-pop places that made it so special here."

Across the city, a year after the hurricane, shoppers, store owners, economists, even government officials share her fear. New Orleans's little restaurants, independent stores and small manufacturers do not just add flavor to the economy; in a city that lacks a big corporate base, they are the economy. And their revival, like that of the city as a whole, remains uncertain.

"We expect to lose hundreds of them," said Michael J. Olivier, the state secretary of economic development, referring to the city's small businesses.

Down on Frenchman Street, near the French Quarter, Kenneth and Melba Ferdinand are closing their coffee shop, Cafe Rose Nicaud, at 3 p.m., hovering between hope and fear, "between a tear and a prayer," Mr. Ferdinand said. In the warehouse district, Jonathan Ferrara has been scrambling to find other tenants for the building that houses his art gallery as he wonders whether to leave the city.

Out east in St. Bernard Parish, Chad Blanchard is hoping he was not foolish to spend his savings on reopening Charlie's restaurant, leaving himself with just 15 dollar bills in his back pocket. On Esplanade Avenue near City Park, Charles P. Ciaccio is struggling to lure shoppers to his new grocery store while rebuilding the one that was wiped out in the Lakeview neighborhood.

And on Tchoupitoulas Street near the Mississippi River, at the showroom of Louisiana Variety Wholesale, Joseph S. DeLaune and his family pray for the quick return of the little gift shops and beauty parlors that used to buy their crystal and china bric-a-brac. Many entrepreneurs are hoping business will pick up in the fall, as it traditionally does.

"Twenty-two years of work, and it's going to boil down to what happens in these next four months," Mr. DeLaune said.

Risking Loss of Character

Even before the storm, New Orleans's economic ship was powered not by a couple of whales, but by a school of minnows. The city estimates that 95 percent of the 22,000 businesses here before Hurricane Katrina employed fewer than 100 workers

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(fewer than 25, in most cases). These included not just shops, but also the artists and manufacturers and wholesalers that supplied them, and the accountants and lawyers and cleaning companies that served them.

About 60 percent of the businesses within the city limits have probably not reopened, according to a recent study by Louisiana State University, which tried to call about 8,500 of the 10,000 businesses registered with the state. At about 5,000 of the businesses, the phone had been disconnected or was not answered after five calls.

Long term, more than 40 percent of those businesses are likely to disappear, said Timothy P. Ryan, an economist who is chancellor of the University of New Orleans. As residents return and the city rebuilds, new businesses will eventually open, but Dr. Ryan predicted that they would not be the same kind of businesses as their predecessors. "Many of them may be in Sheetrocking," he said.

So the fallout will be cultural as well as economic. Or as Dr. Ryan put it, if the city loses the quirky shops and the independent restaurants, "we'll lose part of the character and charm and culture of the city."

In recent interviews, many business owners said they were overwhelmed by an environment in which they could not count on electricity, water pressure or, in some parts of town, a feeling of safety. Do not even ask about the cost of insurance.

Their homes were damaged, or their shops destroyed, or both. Their customers, whether tourists or natives, have not come back. Neither have their employees, and they cannot find new ones.

Of course, stores and small businesses are thriving in parts of the city, particularly along Magazine Street, the shopping corridor serving the well-to-do "Isle of Denial" that did not flood. But even there, some much-loved shops have closed, and John Ward, the owner of an art-supply store that has been on the same block for 75 years, said he was having to work harder to keep his business in the black.

In the French Quarter, where tourist traffic is still thin, the going is tough. Brandi C. Kelley, who owns Voodoo Authentica, a cheerful boutique filled with local folk art, said her effort to stay open had involved "everything short of stealing."

Summers are always slow, Ms. Kelley said. But this year, she said, "you could shoot a bullet down Royal Street and not hit a person."

Indeed, the street, which runs through the heart of the Quarter, has a sort of Sleeping Beauty feeling. Gilded furniture still fills the windows of the fancy antiques stores, but signs invite would-be customers to call for appointments. Tortorici's, a century-old Italian restaurant, has a perpetual sign in the window saying it is closed for a private party and wishing "Happy Holidays!" to passers-by.

On nearby Bourbon Street, music still blasts from tourist bars, but it is possible to drive at any time of day without worrying about hitting a drunk, which was definitely not the case before the hurricane.

Struggling to Return

The Quarter appears to be thriving, however, compared with those areas where almost nothing has reopened, particularly in the black neighborhoods east of the Industrial Canal.

"The African-American businesses are gone," said W. Anthony Patton, who should know; before the storm, they were the clients (and targets) of his marketing and advertising firm, EBONetworks. Now, while his fiancée and newborn son wait in Memphis, Mr. Patton has started a recruiting firm trying to lure some of those former customers back to New Orleans to fill jobs.

The level of flooding in a given neighborhood has been the chief factor in how fast its businesses have returned, said Richard Campanella, a geographer at Tulane University and historian of the city. Since October, Professor Campanella has been tracking the situation on several major shopping streets from the seat of his bicycle. Each foot of flooding reduced the percentage of businesses that have returned by about 10 points, he said.

So while dry Magazine Street recovered most of its businesses and even added some, the going has been much slower on St. Claude Avenue leading toward the Ninth Ward, where closed businesses still outnumber open ones.

To his surprise, Professor Campanella said, the small independent businesses reopened first, not the national or regional chains, which presumably have more resources.

"Local individually owned stores have all their eggs in one basket," he said he realized. "They had no choice but to do whatever they can to come back."

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The metropolitan area lost about 184,000 jobs in the 12 months that ended in June, according to federal estimates, or about 30 percent of its prestorm employment. The area also has the highest unemployment rate, at 7.2 percent, of any big city in the country.

Holding on to Hope

State and local officials say there are bright spots. The traffic at the city's port, one of the nation's biggest, has rebounded. Shell Oil reopened its big office in the city. But Chevron is moving its city offices, and 500 jobs, to St. Tammany Parish, on higher ground across Lake Pontchartrain.

Donald J. Trump is still promising to build the tallest office tower in town. The owner of the Hyatt Regency hotel near the Superdome, which remains closed because of storm damage, has proposed a complicated project that would create a new jazz center.

Some people have found their businesses expanding. One is Robbie Vitrano, a co-founder of Trumpet, an advertising agency, who has hired eight people since the hurricane and said he hoped to add a few more to his staff of 36. Mr. Vitrano said his firm had increased its civic involvement by, for example, working with a group of urban planners and architects on redevelopment planning.

Early this year, he worried that some family-owned businesses that had been around since he was a child would disappear, like the stands selling the shaved-ice treats called snowballs, the horse-drawn candy wagon, the great toy stores. But recently, he said, he has become more optimistic.

"We hear about troubles, but we're still holding on to them," Mr. Vitrano said of his favorites.

One of those regional fixtures is Le Jouet, a big blue-and-yellow toy store just west of the city in Metairie. The 30-year-old store, which had never flooded, took in three feet of water after the storm. Of course, it had no flood insurance, said the owner, Elm D. Wood Jr., who goes by Buddy. Mr. Wood filled seven huge trash bins with drowned dolls, soggy stuffed animals and other debris, but reopened in time for Christmas.

"I know I'm here for good," Mr. Wood said. "It's dispiriting what we've seen in New Orleans, but I'm here to help anyway I can — which is very little."

Some business owners have decided that they must leave, including Alvin A. Baumer Jr., president of Baumer Foods, which used to produce bottled sauces in a cramped factory by the highway in the Mid-City neighborhood. Its Crystal hot sauce, less incendiary than Tabasco, is a local favorite; the factory's sign, depicting a man in a chef's hat stirring a big pot, is a local landmark.

Mr. Baumer had already been looking for a more efficient plant when the hurricane sent a wall of water into his factory. Since then, he has devoted all his time, energy and money to finding other producers to fill his orders and to finding another home for his business.

He needed a big building, and he found one, in LaPlace, La., about 25 miles west of downtown New Orleans. "Technically, yes, we moved from New Orleans," Mr. Baumer said. "But in my opinion, we're in the metro New Orleans area."

Unfortunately, he said, he cannot afford to take the old sign with him, and he thinks it is likely to be demolished. Some of his work force will go to LaPlace, but not all. At least one of his employees died in the storm, and some have never tried to collect their paychecks.

"These people had no way to leave," he said. "I can't help but believe some perished."

Lobbying for Help

Mr. Baumer said he had been too busy to try to get aid from the government, though he was hoping he could qualify for some assistance. But many business owners said they had found that little help was available, especially for those who could not — or were afraid to — take out loans.

Louisiana is getting more than $10 billion in federal aid, but at Washington's insistence, almost all the money must go for housing, Mr. Olivier, the state official, said. Less than 4 percent will be used for economic development, he said, and only $38 million has been set aside for possible grants to small companies.

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Some private groups are trying to help, including The Idea Village, a nonprofit group that before the storm specialized in advising entrepreneurs starting high-tech businesses. Afterward, "we realized our clients didn't need high-level consulting, they needed cash," said Timothy Williamson, president of the group.

It has given advice and grants of more than $350,000 to about 120 companies, Mr. Williamson said, "targeting small indigenous businesses that in effect are what makes New Orleans, New Orleans — and uniquely New Orleans."

On another front, hundreds of small business owners have formed Second Wind, an advocacy group modeled on one that grew up in Manhattan after Sept. 11. Kevin J. Curnin, a lawyer at Stroock & Stroock & Lavan in New York, who donated his services to both groups, said that in New York, the government immediately set aside $500 million for grants to help small businesses.

"In New Orleans, almost a year later, we can't even get Baton Rouge or Washington to put real grant relief on the table," Mr. Curnin said. "Since it accounts for more than half the economy, including most of the tourism and almost all the culture, letting the small-business community wither will only hurt long-term recovery."

After months of lobbying, members of the group recently met with representatives of Gov. Kathleen Babineaux Blanco, and they said they hoped she would agree that people rebuilding their homes also needed jobs and places to shop.

One of the group's leaders now is Mrs. Drumm, the owner of the Tabasco store, who said it was her first foray into activism.

"I was a child of the 70's," she said. "We were going disco dancing; we weren't going to rallies."

Group members are also helping one other. One told Mrs. Drumm about an unusual opportunity: a vacant store with reasonable rent on Jackson Square in the heart of the French Quarter. The store was in a historic building, near Cafe du Monde, a tourist magnet. After much agonizing, she decided to rent it and open a second location.

Her husband was not enthusiastic about the idea, she said, at least at first.

"He's afraid," she said. "We're already spread thin. But I said, if we don't take advantage of the good things that have come out of all this, we might as well pack up and leave."

Tomorrow: The spotty state of federal emergency planning.

In Uncertain New Orleans, Failure Of Leadership... (USAT)

USA Today, August 25, 2006

One year after Hurricane Katrina, broad swaths of New Orleans and its suburbs remain ghost towns. The carcasses of houses sit dark and gutted, some still scarred by a bright orange "X" that shows whether they were checked for corpses. Much of the debris has been swept away, and so have the sounds of life: Neighborhoods, black and white, upscale and down, are eerily silent.

In an affluent section of Gentilly, yards remain buried by sand spit from under the broken levees. In the impoverished Lower 9th Ward, where gushing waters crushed houses and carried a gargantuan barge into the neighborhood, block after block has been bulldozed. On Forestall Street, a hand-painted sign in front of a church borrows inspiration from the Bible to ask: "Can these bones live?"

It is a question the city has yet to answer.

A year ago, water was the enemy. Today, it has been replaced by a more insidious foe: uncertainty.

As the water receded, a smaller, sadder New Orleans looked to Mayor Ray Nagin and the City Council for leadership. They responded with chaos. The symbol of their failure is New Orleans' lack of a citywide plan to rebuild — the first essential step toward renewal. Without a plan, residents don't know whether city services, utilities and other families will return to their old neighborhoods. So decisions about rebuilding are deferred and residents stay away, compounding the failure.

The famed French Quarter, which escaped inundation, is back and ready for tourists, but flooded neighborhoods are nowhere near what could be expected a year later. Just as the inept immediate response to the storm was a national shame, the city's continuing paralysis is a poor reflection on America's claim to a can-do spirit.

Certainly, the federal government bears some responsibility. It was, after all, the poorly built federal levees that breached, and the federal response, while substantial, got off to a slow start. Certainly, too, there are intractable local issues. With less than half of the city's 460,000 people back, the most explosive issue is whether to shrink its footprint and, if so, how. Understandably,

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no community wants to get smaller. Residents of poor, African-American neighborhoods, with some validity, fear that their communities could be sacrificed. That has turned the planning issue into a poisonous brew of economics, class and race.

Other harsh realities compound the uncertainty. Many neighborhoods lie below sea level, and while the federal government has patched the levees, the rest of the system remains vulnerable to the next Katrina and will take years to fix.

But if the problems are challenging, they do not excuse the city's utter failure to tackle them. Local leaders have fled from all the tough choices.

The fragmented planning process is a testament to their dithering. There have been three starts to planning and three sets of dueling planners. (See the timeline at right.) In the absence of a plan, the city has handed out more than 40,000 building permits. Homes are springing to life, block by haphazard block, many at their old, risky elevations.

In other places, residents eager to return are left in limbo.

In Mirabou Gardens, an upscale professional enclave that was inundated by water from two canals, Felicia and Jay Higgins have collected insurance and gutted their brick ranch house. Last Saturday, they were out front nursing the lush blades of a new lawn. Felicia grew up in this house; she wants to come back. The couple are renting a home in the suburbs, yet both are afraid to move forward.

By their count, fewer than 10 of the 166 families that lived in Mirabou Gardens have returned. A citywide strategy would give them some assurance that schools, stores and municipal services would follow. "We wish the city would have a plan and just stick to it," Jay says.

The Higginses and thousands like them are trying to pioneer a new New Orleans. What's missing is a vision. If these bones are to live, city leaders will have to offer one.

WAR NEWS:

Security Is Improving In Baghdad, U.S. Generals Say (USAT/AP)

USA Today, August 25, 2006

BAGHDAD — America's two top generals in the Middle East said Thursday that a security operation in Baghdad was helping curb violence after a surge of bombings and shootings there in recent months.

But the bloodshed persisted with three car bombs in Baghdad and a series of bombings and shootings across the country. At least 16 Iraqis and two U.S. soldiers were killed Thursday. Another U.S. soldier was killed the previous day, the military reported.

U.S. authorities say a joint U.S. and Iraqi operation that began in early August has improved security. The U.S. military has said the operation, for which 12,000 troops were moved to Baghdad, aims to curb mostly sectarian warfare.

"I believe there is a danger of civil war in Iraq, but only a danger," Gen. John Abizaid, the top U.S. commander in the Middle East, said after meeting with Iraqi President Jalal Talabani.

"I think Iraq's far from it. I think that there's been great progress in the security front here recently in Baghdad," Abizaid said.

He said he and Army Gen. George Casey, the top U.S. commander in Iraq, were "very optimistic that the situation will stabilize." Casey also said the security operation was working.

"I think everybody has seen an improvement … in Baghdad over the last weeks because of the operations of the Iraqi security forces supported by the American Army," he said. "And we're confident that we can sustain that."

Although accurate casualty figures are not available and government statistics have not been provided for violent deaths in August, an Associated Press count indicates a decline.

With one week remaining in August, the estimated number of Iraqis killed around the country was at least 605, according to an AP count. That number was about 60% of the estimated AP total of at least 1,015 killed in July.

The government's count for July was far higher at 3,500, including 1,500 in Baghdad.

Political and sectarian violence across Iraq increased after a Feb. 22 bombing of a Shiite mosque in the town of Samarra, north of Baghdad. Most of the violence has been sectarian, often involving death squads from the majority Shiites or minority Sunni Arabs.

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"I think there's a large number of civilians that have been killed by various death squads," Abizaid said. "Certain militia groups have been responding in a way that's not in connection with the national government, and that situation is clearly not one that's good for Iraq."

He said the United States and its coalition partners want Iraqis to take control of security.

As part of that takeover, Ali al-Dabbagh, spokesman for Prime Minster Nouri al-Maliki, said Iraqi forces would take over security duties from Italian troops next month in the southern city of Nasiriyah.

Italy has about 1,600 troops in the country, and that force is expected to be withdrawn by year's end.

Al-Maliki has said his national unity government plans to gradually take over security for all of Iraq's provinces within 18 months.

In violence, two U.S. soldiers were killed Thursday, one in a roadside blast south of Baghdad and the other after gunmen attacked his patrol, the U.S. military said.

On Wednesday, an American soldier died south of Baghdad in a raid to capture "foreign terrorists," the U.S. military command said.

U.S. Generals Say Baghdad Violence Slows (AP)

By Patrick Quinn

AP, August 24, 2006

America's two top generals in the Middle East said Thursday a security operation in Baghdad was helping curb violence after a surge of bombings and shootings there in recent months.

But the bloodshed persisted with three car bombs in Baghdad and a series of bombings and shootings across the country killing at least 16 Iraqis and two U.S. soldiers on Thursday. Another U.S. soldiers was killed the previous day, the military said.

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Casey also said the security operation was working.

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Although accurate casualty figures are not available and statistics have not been provided for violent deaths in August, an Associated Press count indicates a downward trend. Reported deaths, however, are thought to be considerably lower than the actual number of people killed.

With one week remaining in August, the estimated number of Iraqis killed around the country was at least 605, according to an AP count. That number was about 60 percent of the estimated AP total of at 1east 1,015 killed for all of July.

But the government's count for July was far higher at 3,500, including 1,500 in Baghdad alone.

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As part of that takeover, Ali al-Dabbagh, spokesman for Prime Minster Nouri al-Maliki said Iraqi forces would take over security responsibilities from Italian troops next month in the southern city of Nasiriyah. That did not necessarily mean that Italian troops would immediately begin withdrawing from Iraq.

A spokesman for Defense Minister Arturo Parisi in Rome declined to say whether the Italians were withdrawing completely next month or merely handing over some of their authority.

Italy has about 1,600 troops in the country, mostly in Nasiriyah, and that force is expected to be withdrawn by year's end.

Al-Maliki has said his national unity government plans to gradually take over security for all of Iraq's provinces within the next 18 months.

America's overall strategy calls for U.S. and international forces to gradually hand over security control for specific regions and redeploy to larger bases. Those bases can act in a support or reserve role. A final future stage would involve the drawdown of troops from those bases.

British troops on Thursday pulled out of a base in southern Iraq that had come under frequent attack, and planned to reposition their forces along the area bordering Iran to crack down on smuggling.

Camp Abu Naji in Amarah, 200 miles southeast of Baghdad, was turned over to Iraqi authorities, Maj. Charlie Burbridge, a spokesman for British forces, said from Basra. The camp in Maysan province, which had housed about 1,200 troops, had been frequently targeted by militants over the past three years.

In violence around Iraq, two U.S. soldiers were killed, one in a roadside explosion south of Baghdad and the other after gunmen attacked his patrol with small arms fire, the U.S. military said.

On Wednesday, another American soldier died in fighting south of Baghdad in a raid to capture "foreign terrorists," the U.S. military command said.

In Baghdad's eastern neighborhood of Mashtal, a suspected suicide car bomb killed at least two people and wounded nine, police said. A bomb inside a parked car exploded in the capital's Sunni neighborhood of Azamiyah, killing two civilians and injuring four, while another car bomb exploded in Baghdad's Zeyouna neighborhood, wounding five policemen, police said.

In other attacks, according to Iraqi security forces:

• Three Iraqi soldiers were killed by a roadside bomb in Buhriz, 35 miles north of Baghdad.

• In Baqouba, 35 miles northeast of Baghdad, a bomb in a minivan killed three policemen.

• A police officer was killed and four others were wounded by a roadside bomb in Jirf al-Melih, south of Baqouba.

• In Baghdad's Azamiyah district, a policeman was killed and another was wounded when gunmen opened fire on their patrol.

• Gunmen shot and killed the mother and brother of the owner of a clothing store in Baghdad's southern Dora neighborhood in a drive-by shooting. The owner was wounded.

• In northern Mosul, two civilians were killed in a drive-by shooting.

Returning Some Order To Iraq's Mean Streets (WP)

By David Ignatius

The Washington Post, August 25, 2006

BAGHDAD -- Gen. John Abizaid made headlines three weeks ago when he told Congress that civil war was a possibility in Iraq. Yesterday he went into two of Baghdad's most dangerous neighborhoods to see whether a new U.S.-led offensive against the death squads and insurgents is making any progress.

Abizaid invited me and a CBS reporter to join him on this journey into the heart of the Baghdad battle zone. In what follows, I want to draw a picture of what we saw.

First, some background: This summer, any chance of success in Iraq seemed to be slipping away. Even Abizaid, who as head of U.S. Central Command has overall responsibility for the troops here, had to admit in his congressional testimony that the trends were going the wrong way. Baghdad was being terrorized by Sunni insurgents and Shiite death squads. More than 1,500 people were murdered in Baghdad in July, a daily average of 52 victims a day. The level of sectarian violence was so high that

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many wondered whether Iraq wasn't already in a civil war. The new government of Prime Minister Nouri al-Maliki seemed powerless to stop the downward spiral.

Abizaid and his commanders decided to focus on Baghdad, the eye of this hurricane of violence. They crafted a new plan called "Operation Forward Together" in which U.S. troops, backed by Iraqi forces, would wrest back control of the city's most violent areas. This new battle of Baghdad began on Aug. 7, led by Maj. Gen. James D. Thurman, a bristly, rough-hewn Oklahoman who commands the 4th Infantry Division and has been dubbed "the Thurmanator." He was Abizaid's guide yesterday into two of the three neighborhoods that have been cleared so far: Amiriyah in northwest Baghdad and Doura in the southern part of the city.

As we entered Amiriyah in the late afternoon of a 115-degree August day, the streets were almost deserted. When the cleanup began, the area was cordoned off and then searched house to house by U.S. and Iraqi troops. People live behind their gates; through the metal fences, you can see well-tended gardens, despite the trash in the alleys. Surprisingly, perhaps, there was little resistance. People were fed up. In the two weeks since the crackdown began, there has been a 44 percent decline in violent attacks compared with the previous month and an 83 percent drop in murders.

As our convoy of armored Humvees rumbled down Amal al-Shaabi Street, we approached a little store selling toys and knickknacks. Abizaid, a Lebanese American who speaks Arabic well, bounded out of his vehicle and began conversing with the owner, a man named Firas. The shopkeeper seemed amused to meet an American general who asked in Arabic, "How's it going?" His message to Abizaid was repeated many times by others during the afternoon: Sunnis here are glad to see the Americans restore order; they tolerate the Iraqi army, but they distrust the Iraqi police; they want basic services such as water and electricity. As for Maliki's government, "It doesn't do anything," the owner of an ice cream parlor called Afna told Abizaid.

We stopped a few minutes later at Abbas Mosque, a small Sunni shrine. Sheik Khaled Mohammed al-Ubaidi, dressed in a knitted white prayer cap and a long white robe, came out to greet Abizaid. The general asked if security had improved and the sheik answered: "Thank God, yes!" Now that U.S. forces are going after Shiite death squads, he said, Sunnis here "understand the Americans are serious about the rule of law." (In the past three weeks, the U.S. military has killed about 25 death squad leaders and captured more than 200, according to Thurman.)

The cleanup has brought a similar respite to Doura, the second neighborhood we visited. You can still see the pieces of red tape on the front gates of each of the homes that were swept. The murder rate has fallen by 83 percent in August, compared with the 30 days before the crackdown began. For Baghdad overall, the murder rate has dropped 41 percent this month.

What does the new battle of Baghdad tell us? I'm still mulling the answer, but my sense is that it's something we already knew: With enough troops and aggressive tactics, American forces can bring order to even the meanest streets. But it's only the Iraqis themselves who can stabilize these neighborhoods permanently. I'm sure about one thing: Iraqi leaders need to do what Abizaid did yesterday -- escape the artificial world of the Green Zone and get back on these streets, where they can begin to lead by example.

Army Reviewing Casualty Reports (AP)

By Scott Lindlaw

AP, August 24, 2006

The Army has opened a review of casualty reports on American soldiers killed in Afghanistan, Iraq and elsewhere since 2001, a response to complaints that it has not always given families accurate information.

The review covers hundreds of casualties in Operation Enduring Freedom, the campaign in Afghanistan, and Operation Iraqi Freedom, two senior military officials said. It also includes American soldiers killed in neighboring countries in support of the two operations.

In coming weeks, the Army will issue a directive formalizing the review, according to the military officials. One spoke Thursday on condition of anonymity because officers at the highest levels of the Army are still making minor changes. The other described the initiative in memos obtained by The Associated Press.

Brig. Gen. Anthony A. Cucolo, who heads the Army's public affairs office, said the Army's move is not new but a continuing "rigorous and routine review of current casualty cases with outstanding issues."

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The step follows high-profile mistakes in telling families the circumstances of soldiers' deaths.

The best-known is that of Cpl. Pat Tillman, the one-time NFL star from San Jose, Calif., who quit football to join the U.S. Army Rangers and was killed by friendly fire in Afghanistan in April 2004.

Tillman's family was originally told he had been killed by enemy fire. Five weeks later, they learned he was shot dead by fellow Rangers after an ambush.

The military suspected it was a friendly fire death within hours, but failed to tell the Tillmans despite a regulation on the books directing it to do so, said the soldier's mother, Mary Tillman.

She called the move positive, but she said the Army must follow up and deliver any new information to surviving family members.

"People will be able to come to terms with the truth, but if you were lied to once, then you're always going to be distrustful," she said in a telephone interview.

Two months after Tillman died, Lt. Andre Tyson and Spc. Patrick McCaffrey, two California National Guardsmen, were killed by the Iraqi civil-defense soldiers they were training.

The Army initially told the families the two men were killed in a conventional ambush. It was two years before their survivors learned they were slain.

The Army is not reopening investigations into the deaths of all soldiers killed in action, but it is revisiting them to ensure family members were informed of the Army's most accurate and updated findings.

The review has been quietly under way for more than two months, but the directive has not yet been sent to units in the field.

It will order Army units down to the battalion level to dig up so-called 15-6 investigative reports routinely conducted after combat deaths. Battalions that have been or are in Iraq or Afghanistan are being directed to ship copies of the initial casualty reports to top Army officials.

The Army will compare the initial reports to the follow-up investigations, looking for discrepancies in conclusions, according to military officials.

If the Army finds such a discrepancy, it will reappoint a casualty notification team, prepare a new report for the surviving family members and revisit the family to make personal notifications, one official said.

Marine Corps spokesman Lt. Col. Scott Fazekas said he was not aware of any similar review by the Marines.

A soldier's death may result in multiple investigations for a number of reasons. Follow-up inquiries are often launched when a first layer of military investigators concludes they need to probe more deeply. For instance, sometimes a crime is suspected but investigators in the field do not have access to resources such as ballistics testing.

Follow-up inquiries are commonly conducted by the Army's Criminal Investigation Command, known as CID, and by the Combat Readiness Center.

One of the military officials said the review is approximately half complete.

The full scope of the effort was not clear Thursday. Officials who spoke said they did not know how many soldiers' deaths would be included, or the circumstances that would trigger review. But it will certainly include several hundred deaths, one official said. Another said the review will include all combat deaths in the two theaters.

That would mean the review would cover some 2,000 reports. Nearly 1,800 Army soldiers have died in Iraq since 2003. More than 230 have died in Afghanistan, according to an Associated Press tally.

Nadia McCaffrey, the mother of Patrick McCaffrey, welcomed the move but said she was cautious in her optimism because the Army has moved slowly to inform her in the past.

"So now again we have to see how long it takes for people to act on it," she said from her home in Tracy.

Inside The Ring (WT)

By Bill Gertz, Rowan Scarborough, The Washington Times

The Washington Times, August 25, 2006

Hezbollah arms

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One of the most surprising and effective weapons used by Hezbollah guerrillas during recent fighting with Israel in southern Lebanon was the Russian-made Kornet-E anti-tank weapon, a laser-guided missile that was deadly against Israel's Merkava tanks. The question being asked by many security specialists is how the Kornets reached the terrorist group.

Edward Timperlake, a Pentagon arms technology specialist, tells us he investigated Russia's illegal transfer of Kornet-Es to Iraq in 2003 and 2004 in cataloging the tons of foreign arms found in the country.

Mr. Timperlake led the production of the Pentagon's Iraq Technology Transfer List after the March 2003 invasion of Iraq. Among the many foreign weapons he found had been sold to Saddam Hussein in violation of U.N. sanctions was the Kornet-E, and the report on the list included a photo of a U.S. M-1A1 tank that had been destroyed by one of the missiles in the Iraq conflict.

The Kornet-E transfers were noted in the report as a "sanction buster" by the Russians, and although how they reached Iraq is not clear, "the evidence pointed to a trans-shipment through Syria," Mr. Timperlake said as part of interviews for the book "Treachery: How America's Friends and Foes Are Secretly Arming Our Enemies."

Mr. Timperlake and his former boss, Deputy Undersecretary of Defense Jack Shaw, deserve credit for producing the report and giving the world an early and open-source warning of just how deadly the Russian weapon is against the military's main battle tank.

Unfortunately, Mr. Shaw had his job reorganized out of existence the same month the report was completed in December 2004 in a dispute with other senior defense officials.

"[International Technology Service] did a very good thing in focusing on sanctions being busted by the shipment of conventional and dual-use items to Iraq," Mr. Timperlake said. "Unfortunately, the [Israel Defense Forces] paid a price for Pentagon political score settling against ITS and Jack Shaw."

Ugly American

We received this e-mail from a Special Forces soldier posted overseas. He commented on coverage of Israel's war against Hezbollah, an Iranian-sponsored terror group:

"The only TV I have where I am is CNN International and BBC. Jeez, I had no idea how evil the U.S. and Israel are. The propaganda is staggering."

By the way, the Jerusalem Post reports that Israeli government officials are again mad at the British Broadcasting Corp., this time for coverage that favors Hezbollah, which has killed hundreds of Americans. Israel boycotted BBC in 2003 over its perceived favorable coverage of Hamas suicide bombers.

In context

Defense Secretary Donald H. Rumsfeld put Iraq's casualty count into historical perspective during an interview with the Pittsburgh Tribune-Review:

"Now, you look at the Civil War — I don't know how many people were killed, but someone gave me a piece of paper and I looked at it, it was half a million people were killed, and — 524,000 people were killed.

"So think of that. We've lost 2,054, killed in action in Iraq. ... World War II was 405,000. The Korean War was 36,000. Vietnam was 58,000. The lives that have been lost — American lives to defend this country and the willingness of the American people to defend the country at those costs says a lot about our country.

"But we wouldn't be the country we are today if those people hadn't been willing to serve. ... I think we have to appreciate that wars are terribly difficult things. They're ugly. They're violent. And they're unpredictable, and we are so fortunate to have the people we have serving over there, doing the job they're doing. They're doing an absolutely superb job under terribly difficult circumstances."

Reinforcements

An Army commander just back from Afghanistan had some good news and bad news.

The good: The coalition is good at finding and killing Taliban and al Qaeda fighters. The bad: Nearly as fast as the terrorists are killed, they are replaced by new recruits from camps in Pakistan.

The war

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The "long war" to which the Pentagon often refers is not so much a "war on terror," but a global war against religious extremists who cite Islam to justify mass murder in a quest for world domination. In that sense, it is akin to wars against Stalinists, fascists or Nazis.

During an interview this week on the Hugh Hewitt radio show, Gen. John Abizaid, the top U.S. commander in the Middle East, talked about defeating extremism. He said it is the moderate Muslims who in the end must win the day.

Asked about whether battles in Lebanon, Iraq and Afghanistan are linked, Gen. Abizaid said: "From where I sit, it's all connected. And whether it's one war or not can be debated from a political perspective. But from a military perspective, as I look at it — all of the lines lead back to one or two sources. They either lead back to Sunni-sponsored extremism, or to Shia-sponsored Iranian extremism. And sometimes, on occasional points in the battlefield, they even cooperate with one another. So it's certainly connected. No doubt in my mind."

He added, "We've got to help the moderates in the region face down the extremists, wherever they show up."

Broken pipeline

Government relations with the press appear to be at an all-time low, with leak investigations and selective prosecutions that are expected to have a chilling effect on reporting.

The Bush administration since the beginning has gone out of its way to alienate the press. Senior officials, including Defense Secretary Donald H. Rumsfeld, have issued issue statements criticizing reporting that he has correctly identified as inaccurate or biased.

Many national security reporters hope the recent appointment of Fox News reporter and radio host Tony Snow as White House spokesman will lead to improvements in battered government-press relations.

A former Reagan administration intelligence official reminded us recently about how President Reagan, who was roundly criticized by the predominantly liberal press, dealt with the problem.

"I remember a meeting with the president when negative press coverage was discussed," the former official said, who noted that those in attendance wanted to punish the press. "Reagan interrupted and said: 'The press is our pipeline to the American people. It's important that we not break that pipeline, for if we do, we'll lose an important channel of communication.'"

Washington Wire (WSJ)

By John Harwood

The Wall Street Journal, August 25, 2006

DEMOCRATS TARGET RUMSFELD to boost election pressure on rivals.

Campaign strategists seek intraparty consensus by focusing on accountability rather than Iraq troop withdrawals. A "no-confidence" vote in Pentagon chief, which Democratic lawmakers might offer on defense spending legislation, could embarrass Bush while appealing to Republicans who defend ousting Saddam but criticize war's execution.

One House Republican predicts leaders would heed White House urgings to block a vote. But a Republican consultant says some incumbents may embrace idea for distance from war setbacks.

In private comments to top aides, Rumsfeld signals he plans to remain through Bush's term.

Whatever Happened To Rumsfeld The Poet? (LAT)

By Hart Seely

The Los Angeles Times, August 25, 2006

AUGUST KILLS POETRY. For starters, it's too hot. You can feel the days shrinking. You can sense changes coming. August devours poets.

Maybe that's what's eating Donald Rumsfeld.

I refer to the secretary of Defense, from whose throat spontaneous verses once poured. For years, Rumsfeld shared his idiosyncratic haiku with the nation during televised news conferences, while his hands made hypnotic kung fu gestures for the cameras.

Back then, in the salad days of the war on terror, Rumsfeld would romance every question, then uncork a response that might bob across an ocean and back. He discussed "chasing the chicken around the chicken yard." He described Iraq as "an

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enormous country … bigger than Texas, or as big, I guess." He noted the "unknown unknowns," those intangibles that "we don't know we don't know," the bumps that bedevil all those who launch silly things, like wars.

But lately, Rumsfeld has entered a J. D. Salinger mode. He's cut back on news conferences and, when fielding questions, generally avoids the chicken yard.

His last significant poem gushed forth in a July 31 briefing. Asked about the war in Lebanon, Rumsfeld offered what I have on his behalf titled, "Observations on Wasted Sunlight":

It is what it is.
What's happened has happened.
And the folks over there are sorting
it out.
And Condi and the president
Have both commented on it.
That's good enough for our coun-
try.
Good to see you all.
Why are you all not out there
In the sun, getting a suntan?

If Rumsfeld that day was musing about some far-off beach, who could blame him? In recent weeks, he's been laid bare in public more often than Pamela Anderson. A new bestseller, "Fiasco: The American Military Adventure in Iraq," by Washington Post reporter Thomas E. Ricks, blames him for "perhaps the worst war plan in American history." For Rumsfeld's critics, the book has had the foaming effect of Mentos placed in a bottle of Diet Coke.

But the cruelest cut came Aug. 3, during a rare Rumsfeldian visit to Congress. Before the Senate Armed Services Committee, he endured a sound-bite tongue-lashing from Sen. Hillary Rodham Clinton (D-N.Y.), who asked, "Given your track record, Secretary Rumsfeld, why should we believe your assurances now?" Rumsfeld winced, perhaps from Clinton's lack of pentameter, but then could offer nothing poetic beyond, "My goodness."

So we wonder: What's happened to the Beltway Bard? Unpopularity? Thin skin? A tightened White House leash?

Or could it be age? On July 9, Rumsfeld turned 74, making him the oldest Defense secretary in history. If he lasts until 2007, he will replace Robert McNamara — author of that earlier fiasco, Vietnam — as America's longest-enduring Pentagon chief. He'll become the Cal Ripken Jr. of unpopular wars.

As Rumsfeld would say, that's one long, hard slog. Then again, William Wordsworth wrote poetry until age 77. Robert Frost conjured a verse for incoming President Kennedy at 87. Ezra Pound was still ranting at 89. Surely Rumsfeld has a few couplets still inside, burning to get out.

But as the elections approach, don't expect Rumsfeld to be calling bingo at GOP fundraisers. His name already adorns a newfound species of slime-mold beetle, Agathidium rumsfeldi. He faces lawsuits. He faces attacks. If Iraq doesn't improve, he likely faces ever-harsher judgments. He may feel it's a good time to lie low.

Thus, I feel compelled to try to answer Sen. Clinton's question: Why should we believe Rumsfeld now?

Actually, it's simple. In poetry, truth can take many forms. But it's always in there somewhere, stuffed amid all the things we thought we knew that we knew — and now realize that we didn't. And it's not necessarily the truth we hoped to hear.

Believe whatever you want. At the end of the day, poetry is only words.

The book on Rumsfeld? He is what he is. What's happened has happened. It will take a long time to sort everything out. But, hey, feel that sun! Who's got the cocoa butter? It's August, the eater of poets. The days are growing shorter.

Hart Seely is the author of "Pieces Of Intelligence: The Existential Poetry Of Donald H. Rumsfeld."

Shays Urges Iraq Withdrawal (WP)

By Anushka Asthana, Washington Post Staff Writer
The Washington Post, August 25, 2006

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A Former War Backer, GOP Congressman Calls for Timetable

Rep. Christopher Shays (R-Conn.), once an ardent supporter of the war in Iraq, said yesterday that the Bush administration should set a time frame for withdrawing U.S. troops. He added that most of the withdrawal could take place next year.

Shays, who faces a tough reelection campaign because of his previous support for President Bush's war policies, made his comments after completing his 14th trip to Iraq this week.

He said he found a "noticeable lack of political will" among Iraqis "to move in what I would call a timely fashion" and concluded that Iraqi officials would act with greater urgency if the United States this fall set a timetable for withdrawal.

"My view is that it may be that the only way we are able to encourage some political will on the part of Iraqis is to have a timeline for troop withdrawal," Shays said from London in a conference call with reporters. "A timeline of when the bulk of heavy lifting is in the hands of the Iraqis."

Shays is one of only a few congressional Republicans supporting a timetable for ending U.S. involvement in the Iraq fighting, which has claimed the lives of more than 2,600 U.S. troops and an estimated 40,000 to 45,000 Iraqi civilians. Bush reaffirmed this week his opposition to the withdrawal of U.S. troops. "Leaving before the job was done would be a disaster," he warned.

Shays said it is essential to signal to the Iraqi government that there is no open checkbook or indefinite time frame.

Shays, chairman of the House Government Reform subcommittee on national security, emerging threats and international relations, plans to outline a time frame for withdrawal next month, after he holds three hearings titled "Iraq: Democracy or Civil War."

Critics said Shays is significantly modifying his stand because he is facing a tough challenge from an antiwar opponent in a state that has become a center of opposition to the war. "Americans have known for a long time that Iraq was a mess, and the only thing that changed is proximity to Election Day," said Bill Burton, spokesman for the Democratic Congressional Campaign Committee.

Diane Farrell, Shays's Democratic challenger, said: "I think it is unfortunate it took him 14 trips and three years to recognize that Iraq has been in a constant state of turmoil since the day that Baghdad fell." She added that Shays's timetable may not meet the "expectations of the American public."

Shays said that while a timetable can and should be set, having one does not necessarily mean the withdrawal would be quick. He said it would be an outrage to leave Iraq before the Iraqis have the security they need. Some forces would have to remain to provide logistical support to the government and its armed forces. "It may be a timeline Americans don't want to hear," he said.

Shays criticized what he called the "huge mistakes" made by Defense Secretary Donald H. Rumsfeld, in particular the disbanding of the former Iraqi army, police and border patrols shortly after the toppling of Saddam Hussein. "I haven't had faith in the secretary in a long time," Shays said. He said Bush should let go of those who consistently offer bad advice.

Behind McCain's Blast At Bush Over The War (TIME)

By James Carney

Time, August 25, 2006

John McCain has been President Bush's indispensable political ally on the war in Iraq. So what was the Arizona Senator and top-shelf 2008 presidential contender up to yesterday in Ohio when he unloaded on the Bush Administration's handling of the war in a speech that, with a few tweaks, could have been delivered by an anti-war Democrat? "I think one of the biggest mistakes we made was underestimating the size of the task and the sacrifices that would be required," McCain said. "Stuff happens, mission accomplished, last throes, a few dead-enders," he went on, citing some of the, ah, less-than-accurate assessments of the Iraq venture made over the years by the President, Vice President and secretary of defense. That kind of overly optimistic talk, McCain said, "has contributed enormously to the frustration that Americans feel today because they were led to believe this could be some kind of day at the beach, which many of us fully understood from the beginning would be a very, very difficult undertaking."

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Several factors are at work here. First, McCain was speaking at a campaign event for fellow Senator Mike DeWine, who needs all the help he can get in his uphill re-election battle. DeWine is the perfect example of the kind of incumbent Republican who would win in a normal mid-term election year but will likely be swept away if anti-Bush, anti-GOP, anti-war sentiment turns voters towards Democrats this fall. Republicans are in trouble for a lot of reasons this year, but Iraq is the biggest. By criticizing Bush, Cheney and Rumsfeld on Iraq, McCain was trying to help DeWine, who desperately needs to distance himself from an unpopular President and unpopular war.

But McCain had another, more personal agenda. His bid to transform himself from the insurgent challenger of the 2000 campaign into the establishment front-runner in the 2008 field has led him into some unlikely alliances — including the one formed by his peace-making visit earlier this year to see Jerry Fallwell at Liberty University. And it has led to charges, from Democrats and the camps of some presidential rivals, that McCain is sacrificing his straight-talk reputation for the support of big GOP donors and power-brokers.

McCain's aides know the Senator's reputation for independence and integrity is his most valuable political asset. They monitor its health closely. They knew that McCain's efforts to ingratiate himself with the party establishment would lead to stories suggesting the Senator had compromised his principles in order to appease conservatives. They counter those stories by citing the number of times McCain has opposed the President and what it has cost him politically with conservatives. But sometimes McCain himself has to do the reminding, as he did in Ohio. "John didn't say anything he hasn't said before — he's always been critical of the way the war's been handled even though he supports the war and thinks we have to win," an adviser told TIME.com this morning. "But sometimes it's a good idea to remind people that he's still John McCain, telling it like it is. "

Electricity Service Still Erratic Throughout Iraq (USAT)

USA Today, August 25, 2006

Demand for electricity has surged in Iraq. Efforts to add capacity to the power grid have been hampered by violence, sabotage and theft. Average number of hours a day electricity has been available:

Nationwide In Baghdad
Currently 11 hours 6.6 hours
January 2006 9.8 hours 4 hours
August 2005 12 hours 8.4 hours
January 2005 9 hours 9 hours
August 2004 13 hours 15 hours
March 2004 (wartime peak) 16 hours 16.4 hours
Prewar estimate 4-8 hours 16-24 hours
Source: U.S. State Department

Sadr's Militia And The Slaughter In The Streets (WP)

By Ellen Knickmeyer, Washington Post Foreign Service
The Washington Post, August 25, 2006
'We Don't Need a Verdict,' One Commander Says

BAGHDAD -- In a grungy restaurant with plastic tables in central Baghdad, the young Mahdi Army commander was staring earnestly. His beard was closely cropped around his jaw, his face otherwise cleanshaven. The sleeves of his yellow shirt were rolled down to the wrists despite the intense late-afternoon heat. He spoke matter-of-factly: Sunni Arab fighters suspected of attacking Shiite Muslims had no claim to mercy, no need of a trial.

"These cases do not need to go back to the religious courts," said the commander, who sat elbow to elbow with a fellow fighter in a short-sleeved, striped shirt. Neither displayed weapons. "Our constitution, the Koran, dictates killing for those who kill."

His comments offered a rare acknowledgment of the role of the Mahdi Army in the sectarian bloodletting that has killed more than 10,400 Iraqis in recent months. The Mahdi Army is the militia of Shiite cleric Moqtada al-Sadr, now one of the most powerful figures in the country.

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The death squads that carry out the extrajudicial killings are widely feared but mysterious. Often, the only evidence is the bodies discovered in the streets. Several commanders in the Mahdi Army said in interviews that they act independently of the Shiite religious courts that have taken root here, meting out street justice on their own with what they believe to be the authorization of Sadr's organization and under the mantle of Islam.

"You can find in any religion the right of self-defense," said another commander, senior enough to be referred to as the Sheik, who was interviewed separately by telephone. Like the others, he lives and works in Sadr City, a trash-strewn, eight-square-mile district of east Baghdad that is home to more than 2 million Shiites. They spoke on condition that their names not be revealed and that specific areas of Sadr City under their control not be identified.

"The takfiris , the ones who kill, they should be killed," said the Sheik, using a term commonly employed by Shiites for violent Sunni extremists. "Also the Saddamists. Whose hands are stained with blood, they are sentenced to death."

"This is part of defending yourself," the commander said. "This is a ready-made verdict -- we don't need any verdict."

Before Feb. 22, when the bombing of a Shiite shrine in Samarra unleashed a wave of sectarian killing and retribution, U.S. authorities and others believed the primary force behind Shiite death squads was the Badr Brigade, the militia of another large Shiite organization, the Supreme Council for the Islamic Revolution in Iraq. But since the bombing, the Mahdi Army appears to have taken the lead in extrajudicial trials and executions, according to Joost Hiltermann, a project director in Jordan for the Brussels-based International Crisis Group.

For suspected enemies taken by the Mahdi Army, the outcome is swift, with guilt and punishment already determined, the commanders said.

"If we catch any of them, the takfiris, Saddamists, bombers, we don't hand them over to police. He could be freed the next day," the Sheik said.

The captured men get a rapid interrogation, he added. They are asked, "How do you come here? Who is working with you? Which organization is supporting you?"

"We get a full confession," he said. "Once we do, we know what to do with them."A Widow's Story

In a darkened living room in a predominantly Sunni neighborhood of Baghdad, the widow of a retired army officer -- a Sunni allegedly taken by the Mahdi Army after the Samarra bombing -- recounted the last hours of her husband's life, stopping her account only to call aloud to God for revenge.

Gunmen from outside the neighborhood surrounded the mosque where her husband and other men were at late-afternoon prayer, she said. It was Feb. 23, the day after the shrine bombing. The armed strangers were wearing black clothes of the type then worn by the Mahdi Army. Sadr later ordered his fighters to discard the uniform, saying rivals were using it to commit killings in the guise of the Mahdi Army.

The gunmen took her husband and the other men to a police station in the Habibiya neighborhood of Sadr City, the black-clad widow said, surrounded by her daughters and granddaughters. Women of the neighborhood gathered in another room to pay their respects to the bereaved family. Some of the men were released, surviving to tell what happened. They recalled that her husband and three other retired officers from Saddam Hussein's military were subjected to a one-hour hearing.

"The trial was held in public, at 6 a.m., on Friday," she said. "At 10 a.m., they called us to tell us to pick the body up from the morgue."

As directed, male relatives retrieved her husband's body from the Baghdad morgue. The corpse bore bullet holes in the face and chest, with both hands still cuffed behind the back.

Fearful despite her anger, she refused to say who she thought killed her husband. An 8-year-old granddaughter whispered the answer into her ear: "The Mahdi Army."

"Darling," the widow scolded, frowning at the child to be silent.

Asked about the Mahdi Army's role in the surge of killings immediately after the Samarra mosque bombing, the Mahdi Army commander in short sleeves at the restaurant frowned, and answered carefully. "Terrorists" were at work then, he said, using a term employed by Shiites for Sunni insurgents. "There was an immediate need to move and contain these groups," he said.Grisly Discoveries

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Thousands of bodies turned up on the streets and vacant lots of Baghdad in the months after the Samarra bombing, found by U.S. Army patrols, Iraqi forces, passersby and families of the dead. Unlike earlier in the conflict, when the biggest share of victims were killed by the bombs of Sunni insurgents, these corpses were found shot to death, often bearing signs of torture and with their hands still bound. Shiite militias were blamed for many of these deaths.

The Mahdi Army commanders who were interviewed balked at detailing how many people the militia may have killed, and how. American forces, by contrast, saw nothing but the end results.

One small unit alone, made up of roughly two dozen Americans helping train the Iraqi army in Sadr City, happened upon more than 200 bodies this year along roads on the edges of Sadr City, said 1st Lt. Zeroy Lawson, the unit's intelligence officer.

Witnesses and residents of Sadr City told the Americans that the victims had been brought from all over Baghdad, said Lawson and Capt. Troy Wayman, an officer in the same squad. Victims typically had their shoes removed and their hands bound, Lawson said, and were executed in public. The Americans said they suspect that the women they found dead, like the men found with their genitals mutilated, were judged guilty of extramarital sex.

Lawson and Wayman offered several examples. One was a female worker at a Sadr City clinic that Mahdi Army members believed was a brothel. The militiamen warned the women there to shut the place down, pistol-whipped them in public and then shot the worker dead on the street, the two Americans said.

In another case, Lawson spotted the unmoving form of a paunchy man in a checked shirt by the side of the road. Residents told Lawson that the man, a Sunni, had been taken from his home in Mansour, an affluent neighborhood of Sunnis, Shiites and Christians in central Baghdad. Accused of conspiring to drive Shiites from their homes, the Sunni man had been brought to Sadr City and shot dead where he now lay, witnesses told the Americans.

In late spring, Wayman recalled, the Americans in Sadr City happened upon uniformed Iraqi security forces clustered around the body of an Iraqi man. Gunmen had shot the man dead seconds before, then sped off when the Iraqi and U.S. forces happened by, Wayman said.

Americans traced the killers' vehicle to a nearby police station, where they found two grateful captives inside. The men were Christians who told Wayman they worked at a store elsewhere in Baghdad that sold alcohol. Gunmen had visited the shop to tell the men that alcohol was forbidden by the Koran and that they must shut down. When the two refused, they told Wayman, the gunmen stuffed them into a car at gunpoint and brought them to a house in Sadr City.

A Shiite cleric visited the two Christians at the house, they told Wayman. The cleric demanded that the captives convert to Islam and, when they refused, informed them that alcohol was forbidden by Islam.

They would be punished, the cleric said, but he did not specify how. The captives said they believed they were second and third in line for execution, after the man who was found in the street.

Mahdi Army commanders interviewed uniformly denied that they kill people for selling alcohol. The Mahdi Army only warns liquor vendors, increasingly strongly, they said. If the vendors still refuse to stop selling, the Mahdi Army "beats them lightly, in accordance with the Koran," the commander known as the Sheik said.

Lawson, the intelligence officer, credits the Mahdi Army with an intelligence operation that has become skilled at feeding bad information to Americans about the militia's activities. But U.S. military officials say they know enough to condemn much of what the Mahdi Army does.

"I have no doubt . . . they hold trial courts and execute people," said Lt. Col. Mark Meadows, commander of a cavalry regiment with the U.S. Army's 10th Mountain Division. Meadows's men oversaw Shula, a northern Baghdad neighborhood under Sadr's control, at the time of the Samarra bombing. The Mahdi Army "is probably the largest, most aggressive militia in this country," Meadows said. "They are a terrorist organization. They terrorize people."

But Iraqi and U.S. security forces are often left as puzzled spectators in areas under the Mahdi Army's jurisdiction.

On patrol early one morning, Wayman and his convoy pulled over at the telltale sign of a group of Iraqi police gathered by the side of a road in northern Sadr City, eyes cast down.

The police officers made room for Wayman, who looked down at an Iraqi girl lying on her side. She appeared to be no more than 15. The morning light bathed her face, and her hands curled gently to her mouth. Wrapped in a blanket, she looked asleep, except for two bursts of pink flesh from bullet wounds in her back.

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Neither American nor Iraqi forces had any inclination to investigate what had happened to the teenager.

"Who knows?" one of the Iraqi policeman said, preparing to bundle up the body. Wayman got back into his Humvee, and the Americans drove on.

Disavowed By Mahdi Army, Shadowy 'Butcher' Still Targets Sadr's Foes (WP)

By Ellen Knickmeyer, Washington Post Foreign Service

The Washington Post, August 25, 2006

BAGHDAD -- In a dirty war where shadowy death squads claim victims daily and leaders on all sides deny blame, there's one killer to whom Iraqis can attach a name, if not a face.

Abu Diri, or Father of the Shield, is the nom de guerre of a Shiite Muslim man. Sunni Arabs of Baghdad also know him as "the Butcher." Like countless other killers in Iraq's capital today, Abu Diri and his followers dump their victims in the streets bearing bullet wounds and sometimes the smaller holes made by electric drills.

But U.S. military officers, Sunnis and even many Shiites say they believe Abu Diri kidnaps and kills Sunnis and other rivals with a zeal that has made him notorious, even in Baghdad's daily carnage.

"He is a savage criminal; tens of murderers follow in his wake," said a posting on Truth, a Sunni Web site that is supportive of Iraqi Sunni insurgent groups. Many Iraqi Sunnis monitor its allegations regarding the country's growing sectarian strife.

At least until July, Abu Diri and the dozens of men believed to be under him operated out of Sadr City and Shula, two Baghdad neighborhoods that are home to more than 2 million Shiites. The districts are heavily loyal to Shiite cleric Moqtada al-Sadr, whose Mahdi Army militia has a significant presence there. Abu Diri's victims typically were found blindfolded, with hands bound, in the streets lining Sadr City, American officers said.

U.S. military officials, distrustful of Sadr after battling his Mahdi Army in the first two years of the war, believe Abu Diri is linked to the militia.

"He's the enforcer," said 1st Lt. Zeroy Lawson, the intelligence officer with a small U.S. Army unit that works in Sadr City and is responsible for helping train the Iraqi army there. "He goes after specific targets" of Sadr and the Mahdi Army.

Lawson called him Sadr City's agent "for external affairs," going across Baghdad in pursuit of Sunnis or any others seen as enemies.

Sadr and his top aides publicly disavow Abu Diri.

"He is not Mahdi Army, he is the head of the gangsters," Riyadh al-Nouri, a brother-in-law of Sadr's and a senior member of the Sadr movement, said in an interview in Najaf. "He is not Mahdi Army and never was. All he does is fight for his own reputation and his own crimes."

Little is known about Abu Diri's background. Baghdad residents commonly agree on a few details: His real first name is Ismail. He is in his early thirties, a father of two and a high school dropout, and allegedly was a forger during the rule of Saddam Hussein, according to ordinary Sunnis and Shiites and to officials of Iraq's Interior Ministry, who spoke on condition of anonymity.

Even his appearance is unclear. A photograph purporting to show him, distributed on Web sites frequented by Sunni Arabs in Iraq, shows a bearded, reed-thin man in white civilian clothes and a red-and-white-checked turban, squinting against the sun on a city street, a rifle slung over his shoulder.

Three men who claim to be former bodyguards of Abu Diri reject that photo, however, and vouch for a different image of him: a short, stocky man, almost clownish, shown in a video distributed on cellphones and DVDs around Baghdad. The image shows a smiling man pouring a soft drink from a bottle into the gulping mouth of a camel.

Abu Diri meant the video to be a warning to Iraqi Vice President Tariq al-Hashemi, according to the bodyguards, who spoke on condition of anonymity. He aspires to capture and behead the Sunni politician and will sacrifice the camel to celebrate the day he does, they said.

Abu Diri's hideouts long included a far northeastern corner of Sadr City known as "the Lost 70s," after the area's street numbers and isolation, U.S. military officers say. Many mornings, after Baghdad's nightly curfew, U.S. troops find corpses dumped along the streets of the Lost 70s, a junkyard of rusted car hulks and trash, with rats that gallop along the sidewalks in daylight.

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Iraqi and U.S. forces raided a house belonging to Abu Diri in Sadr City on July 9, marking the beginning of stepped-up joint operations against alleged criminals in areas under Sadr's control. Iraqi officials said the raid killed nine people. Abu Diri escaped and is believed to have fled Sadr City.

In interviews in Baghdad, the three men claiming to be former bodyguards of his said he carried out killings largely as a free agent, rather than under orders from Sadr's organization. Abu Diri used the fact that he had a brother with a high position in the Mahdi Army to play up his alleged connections with the militia, and had associates in the heavily Shiite Interior Ministry police forces, including its intelligence services, the men alleged.

Interior Ministry officials independently gave some of the same details regarding Abu Diri; some of the other details from the purported bodyguards could not be separately confirmed.

Asked why the Mahdi Army does not shut down Abu Diri's activities, Nouri said, "Like everyone, he has his own gangsters protecting him."

In Najaf, another senior Sadr official, Aus al-Kafaji, said, "We are looking for him ourselves."

Other Washington Post staff in Iraq contributed to this report.

British Leave Iraqi Base; Militia Supporters Jubilant (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, August 25, 2006

Some Troops Will Reposition to Border With Iran

BAGHDAD, Aug. 24 -- British troops abandoned a major base in southern Iraq on Thursday and prepared to wage guerrilla warfare along the Iranian border to combat weapons smuggling, a move that anti-American cleric Moqtada al-Sadr called the first expulsion of U.S.-led coalition forces from an Iraqi urban center.

"This is the first Iraqi city that has kicked out the occupier!" trumpeted a message from Sadr's office that played on car-mounted speakers in Amarah, capital of the southern province of Maysan. "We have to celebrate this occasion!"

Maj. Charlie Burbridge, a British military spokesman, said the last of 1,200 troops left Camp Abu Naji, just outside Amarah, at noon Thursday, after several days of heavy mortar and rocket fire by a local militia, which local residents identified as the Sadr-controlled Mahdi Army. Adopting tactics used by a British special forces unit in North Africa during World War II, 600 of the soldiers plan to slip soon into the marshlands and deserts of eastern Maysan in an attempt to secure the Iranian border.

The repositioning is the first public acknowledgment that forces from the U.S.-led military coalition in Iraq have entered into guerrilla warfare to combat the insurgents and militias they have been fighting for more than three years.

The move also underscores both the rising power of Sadr's Shiite Muslim militia, which has clashed with American forces in an attempt to drive them out of the country, and burgeoning alarm over Shiite-ruled Iran's perceived role in exacerbating the sectarian violence roiling Iraq. U.S. officials have accused Iran of supplying bombs and other weapons to Shiite militias here.

The withdrawal sparked wide-scale looting at the base and then intense clashes late Thursday between Iraqi army forces guarding the camp and unknown attackers, a military intelligence official said. The volatile situation worsened when the 2nd Battalion of the Iraqi army's 4th Brigade mutinied and attacked a local military outpost, said the official, who spoke on condition that his name not be used.

The British soldiers, members of the Queen's Royal Hussars, are preparing to trade their heavy Challenger 2 tanks and Warrior fighting vehicles for lightweight Land Rovers, Burbridge said. They expect to become a flexible, mobile force with no fixed base and receive supplies by airdrops.

"The Americans believe there is an inflow of IEDs and weapons across the border with Iran," said Burbridge, referring to improvised explosive devices, in a telephone interview from Basra. "Our first objective is to go and find out if that is the case. If that is true, we'll be able to disrupt the flow." He said the second goal was to train Iraqi border guards.

Burbridge acknowledged that constant shelling of the base in Amarah by militia forces, including 17 mortar rounds fired in recent days that wounded three people, were part of the reason the camp closed.

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"By no longer presenting a static target, we reduce the ability of the militias to strike us," he said. But he rejected Sadr's claim that the British had been defeated and pushed out of Amarah. "It's very difficult to claim a victory without causing significant casualties."

The mood was quite different in Amarah, where jubilant residents flocked to Sadr's office to offer their congratulations. Drivers in the street honked their car horns in celebration. Some prepared to take to the streets to rejoice.

"Today is a holiday in our province," said Abu Mustaffa, an unemployed 45-year-old from the city's al-Hussein district. "Thanks be to God!"

Abu Mustaffa said anger toward the British reached fever pitch in recent days after soldiers entered a mosque and arrested several local men. The provincial government is controlled by Sadr's movement, he said.

Elsewhere in Iraq, bombings and shootings killed at least 14 Iraqis and two U.S. soldiers Thursday, the Associated Press reported.

In Baghdad, the top U.S. commander in the Middle East said a new security plan was helping to curb violence in the capital. "I believe there is a danger of civil war in Iraq, but only a danger. I think Iraq's far from it," Gen. John P. Abizaid told the AP. "I think that there's been great progress in the security front here recently in Baghdad."

Special correspondents K.I. Ibrahim, Naseer Nouri, Saad al-Izzi and other Washington Post staff members contributed to this report.

Freedom (CSM)

By Jill Carroll, Peter Grier

The Christian Science Monitor, August 25, 2006

The evening of March 29, Katie Carroll went to a party with some of her friends. Earlier that day, she had gone on the Arab satellite television network, Al Arabiya, to plead for her sister's life.

When she got home that night, Katie imagined - as she had before - how great it would be if the phone would ring, and she would answer it, and it would be Jill, and this would all be over.

Just like that.

- P.G.

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Little Hajar toddled away from the sagging bookcase holding a chapter of the Koran in her hand. She was heading for the foot-pedaled sewing machine, where a shiny candy wrapper had caught her attention.

She grabbed the wrapper, then showed me her treasures. She wasn't yet 2 years old and was so small that our eyes were at the same level as I sat cross-legged on the floor of the house west of Fallujah. I'd been here almost two weeks and March was almost over.

"What's that? What's that? Oooh, wow," I said, admiringly.

Hajar was great to play with despite the fact that her dress-and-jacket outfits were often smeared with yogurt or other messy food. Sometimes she'd bang on the door of my room to be let in. She was my only friend, the one person in this mujahideen household not responsible for my captivity.

This time, as the candy wrapper sparkled in her hand, the door suddenly opened. I looked up, expecting to see Hajar's mother or father coming to bring me tea or food as usual.

Instead, I glimpsed Abu Nour's visage as he entered. As always, the leader of these mujahideen had come out of nowhere, like an apparition. I cast my eyes to the ground, afraid he'd think I knew too much about his face.

Hajar collapsed into the velveteen of my dishdasha tunic and buried her face in it, afraid of this stranger.

"I know how ya feel, kid," I thought as I stroked her fine hair and small, motionless back.

What did Ink Eyes want? I hadn't seen him for three weeks. He'd promised then that he would release me in three days - a promise that had been just as worthless as the many other times he'd vowed I was on the brink of freedom.

I had learned to stop believing the promises, to protect myself from that terrible tease called hope.

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I used to cling to every word Abu Nour said, analyzing them for days afterward for any hint of my fate. Now, after almost three months of captivity, I just didn't have the mental energy to do that anymore.

Instead, all I wanted was to minimize pain and have good days. A few minutes of playing with a child or helping women in the kitchen was an attainable goal. Seeing my family again - that was impossibly far away, a dream.

I stroked Hajar's hair, only half-listening to Abu Nour drone on. I just wished he would go so Hajar and I could resume our game.

"Well, today is Monday, and tomorrow is Tuesday," Abu Nour was saying. "So maybe in three days we'll let you go."

Twenty-four hours before my release he would return and we could have a final conversation about the mujahideen, he added.

I'd heard all this a million times.

"Oh thank you, sir," I said, trying to smile as he left.

"Yeah, right," I thought. "Don't listen to him. Don't get your hopes up, Jill. Just don't do it."

This was my theory: They were worried about my mental state. Since my bitter blow-ups with the Muj Brothers, Abu Qarrar and Abu Hassan, the mujahideen seemed to think I was fragile. Abu Nour hadn't seen me in awhile, and he had just come to say hello. Maybe he thought a dose of false hope would keep me from doing something drastic.

It was late March. "Dad's birthday is May 6," I thought. "If they let me out before May 6, that will be OK. That's all I really want."

Abu Nour had come on Monday. Tuesday was OK: I got to play with Hajar. Then Wednesday came around. I can't remember why, but I lost it.

I sobbed the whole day. Quietly, so they wouldn't hear me. I was so tired, so worn out. I'd been fooling myself, thinking some days were happy. It had been three months and I was drifting further and further away from my family, from my life. Enough was enough. "Let me out!" I screamed to myself. "Let me out!"

That night, I was sitting in my room in the dark, all upset. And I heard Abu Nour's voice.

They brought me into the sitting room after dinner. As always, I smelled his distinctive cologne before I saw him. Abu Nour sat cross-legged on the floor, his head bent toward the ground.

He had told me he was going to come back 24 hours before I was released.

"Tomorrow morning, we're going to let you go," he said. "We're going to drive you to the Iraqi Islamic Party and you will call your newspaper and you will be free."

I had no reaction. He might as well have said, "Here, have some tea."

Then came the catch: I needed to make one more video. And I needed to forget much of what he had told me about himself and his group, as well as much of what I had seen.

I had to forget about the Majlis, or council, of mujahideen that he had claimed to lead. I had to say his group was medium-sized, not big, not small.

"You can't talk about the women and children," said Ink Eyes. "You have to say you were in one room the whole time and ... you were treated very well."

I was supposed to "interview" him one last time, and he would tell me what I was supposed to say to the world. He handed me a notebook in which I was to write down his words.

"Anything outside the notebook is forbidden," he said.

Abu Nour wanted to make the video that night, but the power went out. So we made it in the morning. I didn't know then that within a day it would be on the Internet.

After the filming, they put me back in my little room. The night before, they'd told me that they would pay me for my computer, which they would keep, and that they would bring me a gift.

Abu Rasha, the large man who served as the head of the mujahideen cell I spent most of my time with, once had told me that when they let me go, they would give me a gold necklace, just as they had done for Giuliana Sgrena, an Italian journalist who'd been kidnapped in Baghdad in early 2005 and held for a month.

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I still wasn't excited. Money and gold, that was my ticket to freedom. I figured that if they did give me those things, then the end might truly be at hand.

Abu Nour said goodbye. I stammered out some kind of reply. Then I waited, and waited. Finally, the woman of the house rushed in with new clothes for me to wear. There weren't proper shoes, so she gave me her own black high-heeled patent leather sandals. They fit perfectly.

They rushed me into a car waiting outside. I still didn't have gold. I still didn't have money. I began to panic.

Abu Rasha was next to me in the back seat. He leaned over me, or so it felt, as I panted, blind, beneath three black scarves.

"Jill, we asked the Americans for the women prisoners and there were none," he said. Normally his voice was slow and quiet; now it was loud.

"Oh," I said, crouched in darkness, blind, hot, and breathless.

"And then we asked the government for money, and they gave us none," he said.

"Oh yes, I know," I said.

"Now we're going to kill you," he said, agitated and close to my head.

I thought they were going to do it. I imagined the gun. All they'd told me that day had been lies.

I knew I couldn't be afraid. I had to make them think they were good people who weren't capable of killing me.

I forced a laugh.

"No, Abu Rasha, you're my brother, you wouldn't do that!" I said, trying to keep the desperation out of my voice.

He laughed, more convincingly than me. "No, we're not going to kill you," he said. "We're going to take you to the Iraqi Islamic Party and drop you off."

I went limp. Tired, frozen, spent, I didn't know what was going on anymore. I couldn't make sense, couldn't analyze. I had nothing left.

We drove and drove and drove. They kept calling on cellphones to the car ahead, to make sure the way was clear. Finally, Abu Rasha told me to lift my scarves and keep my eyes straight down. He started placing $100 bills in my hand. For my computer, I got $400, and then another $400 for my trouble.

Then he said, "Oh yes, we got you this," and shoved a box into my narrow field of vision. He opened it and pulled out a gold necklace, with a pendant attached.

The money. The gold. Maybe they were really going to let me go.

We switched cars. I was in the front seat, with Abu Rasha driving. He began a monologue, angrier than anything I had ever heard from him. He spewed venom and expletives in English at the American military and government. He railed against the occupation, the war, and the Abu Ghraib prison.

I assured him that I wouldn't tell the US military or American government that I was free, and I meant it. I would only call my journalist friends to come get me and have them drive me to the airport.

I had spent nearly three months feverishly trying to convince my captors that I wasn't a CIA agent. If I was dropped off and immediately sought help from US officials, the mujahideen would assume that I really was a spy, I thought.

And I was afraid of what they then might do. The mujahideen had done everything they could to drill this message into my head over the past three months: They were omniscient, omnipotent, and omnipresent. There was no escape from them, even in the Green Zone. Maybe not even in the US.

Abu Nour had once told me they had eyes everywhere, and that they'd be watching me after I was released. I'd long imagined a car bomb crashing into a military Humvee sent to collect me.

Then Abu Rasha pulled the car up to a curb. He handed me a note written in Arabic explaining who I was and told me to get out, lift my scarves, and walk a few hundred meters back.

The car door opened. It was Abu Qarrar, one of my Muj Brothers guards who'd appeared from nowhere. He handed me my gifts and a big bag full of all the clothes I'd accumulated over the last three months.

So my least favorite captor was the last one I saw. I said, "OK, Abu Qarrar, OK, goodbye, goodbye." Then I hauled away, tottering down the road in an insurgent's wife's high-heeled sandals, grappling with my stuff, scarves flapping in my face, an ex-hostage bag lady returning to the world.

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I found the Iraqi Islamic Party (IIP) office and handed the man behind the desk the note. I was panicky, terrified, starting to shake. I just wanted to use the phone, I mumbled in Arabic.

Instead, the man ran to notify the manager of this IIP branch office. "The same journalist?!" the manager said incredulously after reading the note. Debate over what to do with me followed. I felt weak, lost. All I knew was that I wanted to call my hotel.

Things moved quickly after that. They tried to hustle me into a white car for a drive to IIP headquarters. I resisted; I just wanted the hotel. I asked again to use the office phone, but was told that none of them worked.

A cellphone appeared, with a call for me. It was Tariq al-Hashemi, the IIP leader, later to become the new government's vice president. I told Mr. Hashemi that I wanted him to call my hotel, and if no one from the Monitor was there, to call the Washington Post office and have them come get me. He said he would also call the US Embassy. I begged him not to, but he insisted.

After a few minutes, a convoy of white SUVs and trucks with flashing lights and gunmen roared into the driveway and streets around the office. The IIP officials brought me downstairs and hurried me into a bulletproof luxury vehicle, complete with leather seats. I realized it was Hashemi's personal security detail. The lights and guns and militarylike atmosphere terrified me.

I wanted to shout, "I don't want this!" as we zoomed away.

Things were going horribly wrong. The mujahideen were going to see me; they were going to kill us. They would think I lied, that I hadn't called my colleagues to come get me in a low-profile way. I doubled over in the seat, hiding below the ledge of the tinted windows.

A man sitting next to me laughed and said, "Why are you doing this?"

"I don't want them to see me," I said. Didn't he understand?! I wanted to shout at them to let me out, to stop, to make the cars with the flashing lights go away. We tore down Baghdad's streets, a giant screaming convoy with guns sticking out everywhere. I was terrified that every ordinary car we passed was a car bomb sent by the mujahideen to kill me for breaking my promise.

"Be careful of car bombs, be careful," I told the man driving in Arabic. I checked the location of the door lock and handle in case the vehicle went up in flames and I needed to get out in a hurry.

The guards looked bemused, as if I was crazy, and said not to worry.

For me, my release is one of the hardest memories of my captivity. I don't know why. Suddenly, my structure was gone. There was no one to tell me what to do.

My body was free, but my mind was not. I was conditioned to be whatever anyone around me wanted me to be. I had no opinions, no self-will. I didn't know how to make decisions.

The IIP headquarters was a blur. They wanted to make a video of me, and they had me write a letter of thanks and make an audio recording. This was strictly to ensure that no one would accuse them of being my kidnappers, they said. The video was then widely broadcast.

Two close friends from the Washington Post, including Ellen Knickmeyer, the Iraq bureau chief, showed up. Someone gave me a phone, and I called my twin sister, Katie.

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At 5:45 A.M. on March 30, Katie was awakened by a ringing phone. She rolled over, looked at the caller ID, and saw that someone in Iraq was trying to reach her. In an instant, she knew.

They say that dreams come true, but seldom in life is it given to any of us to have such a perfect moment.

She grabbed the phone. "Katie, it's me," said the voice on the other end of the line. "I'm free." Jill and Katie both started to cry.

As the Carroll family's chief communicator, Katie immediately launched into contact mode, calling people on a predetermined list, working from the East Coast toward the West as the sun rose.

She didn't have to call her parents. Jim and Mary Beth Carroll got their own wake-up calls from Jill.

At the Monitor's headquarters in Boston, the news spread quickly. Editors began looking through the happiest of their premade plans, "Carroll Release Logistics."

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Mr. Murphy didn't believe it. After all, over the course of the past months he'd had nine or so false reports of Jill's freedom. He called back and told his friend nothing had happened. "No, man," his friend insisted, "we're just snapping it out of the States. 'The Christian Science Monitor confirms...' "

- P.G.

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I made the video for the IIP. My state of mind was reflected in the fact that I felt guilty for delaying the start of filming so I could call members of my family.

I learned that Scott Peterson was still in Baghdad. I was sure he would have fled. I called him on Ellen's cellphone. He was at the CNN offices where he was working on a new set of public service videos about me.

I was still on the phone with Scott when the US military arrived. I was so afraid of the soldiers. "What should I do, Scott?" He told me if they were there, they were the surest way to safety. I hung onto my friend Ellen from the Post as we went downstairs.

We got into an armored vehicle. I still had my big bag of stuff. I figured the mujahideen were watching. They were watching everything.

The hatches closed. We were driving along, and I finally started to relax.

One of the soldiers pulled out a picture of me that he had been carrying with him. "I don't need this anymore," he said, and gave it to me.

Another pulled off a flag that was attached with Velcro to his uniform, and gave that to me, too.

A third, sitting to my left, said "We've been looking for you for a long time."

How did these men know who I was? I didn't understand why they had a picture of me. I had no idea how much coverage my kidnapping had received.

I sat and talked with Ellen. After a few minutes, she said, "You can take off your hijab now."

"No, no," I said.

I waited a minute. Then I said, "Well, actually ... I guess I can."

Ransom Claims Abound In Carroll Case (CSM)

By Scott Peterson, Dan Murphy

The Christian Science Monitor, August 25, 2006

Since Jill Carroll's release, rumors have swirled about a $10 million or even a $36 million ransom payment. Iraqi politician Adnan al-Dulaimi's claim to have paid $1.5 million to free Ms. Carroll (See Aug. 22 story), is just the latest.

Such rumors are not without precedent. Most releases of foreign hostages in Iraq have involved ransoms into the millions of dollars. Carroll's captors told her in January that they were seeking $10 million, but they later said that their leadership had decided against accepting money for her release.

Neither the Monitor nor the Carroll family paid for her release.

"There is a cottage industry growing up around these kidnappings, with everyone claiming to have done this, and done that, and paid a ransom," says one US investigator familiar with Carroll's case. "No money was involved [for Carroll's release]. None was paid that we are aware of."

But the Monitor has new evidence to suggest that the United Arab Emirates (UAE) tried to negotiate a ransom payment. Some Iraqi investigators speculate that this was done on behalf of the US government.

When asked about a US ransom payment at a press conference on the day Carroll was released, US Ambassador to Iraq Zalmay Khalilzad seemed to leave some wiggle room: "No US person entered into any arrangements with anyone. By US person, I mean the United States mission."

After two months in captivity, Carroll's chief captor ordered her to make two tearful videos - neither of which were made public - asking specifically for the help of UAE leader Sheikh Khalifa bin Zayed bin Sultan al-Nahyan, as a "last chance" to save her life.

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Abu Nour told Carroll that they had "talked to" Sheikh Khalifa, who had agreed to help. She was told of "negotiating for [the release of] more prisoners" with the UAE. But the first video disc was apparently put in the wrong type of disc drive and destroyed. So four days later, Carroll was forced to make another.

Those videos to the UAE proved worthless in the end, she says. As her captors brainstormed over the contents of the last propaganda video before her March 30 release, one of her captors piped up: "What about that dog, Khalifa?"

Abu Nour, her chief captor, agreed that they should have Carroll verbally attack the UAE leader on the video, emphasizing that he specifically failed to help her.

Carroll says that their anger at Sheikh Khalifa seemed genuine and she believes it stemmed from some kind of negotiation that went awry. "They told me to say that I had asked for the sheikh's help, and that he didn't help me - he refused."

UAE officials in Abu Dhabi and Washington, D.C., who were contacted by the Monitor did not return requests for comment on any videos sent to the UAE leader by Carroll's kidnappers, or whether the UAE had negotiated for her release.

A senior Iraqi official, who asked not to be identified because of concerns about damaging Iraq's relationship with the UAE, says there was a ransom negotiation with the UAE for Carroll, but that it fell apart in the week prior to her release. This official also says no ransom was paid for Carroll, and declined to discuss the matter further.

A story on the Arabic-language Kitabat.com website June 6 provided a great deal of detail about the UAE's possible involvement. But numerous confirmable details in the story were false. For example, the story claimed that the Monitor received an e-mail within a week of Carroll's abduction from her captors. The alleged e-mail said that "even if [Carroll] were proven innocent ... [of] being a collaborator with the American occupation," her freedom would cost $15 million.

The Monitor never received an e-mail or any other form of communication from Carroll's captors, says Richard Bergenheim, the Monitor's editor.

The high-brow Iraqi Web magazine, citing "trusted sources" in Iraq's Interior Ministry that were "confirmed by a high-ranking friend" in the Ministry of Foreign Affairs, claimed that the kidnappers e-mailed the Monitor the contacts of UAE diplomat Naji al-Nuaimi, who was to act as an intermediary and courier in the alleged ransom plan. This, too, never happened, says Mr. Bergenheim.

Mr. Nuaimi ran the UAE Embassy's aid program in Iraq, which finances one of Baghdad's most modern hospitals. That would have given him a good cover for moving large sums. But the story claims the money was never handed over. The kidnappers, angry at Nuaimi, kidnapped him in retaliation on May 16 in Baghdad.

While much of the Kitabat story's claims are demonstrably false, the UAE lent credence to the notion that its diplomats have been involved in negotiations to free hostages. The day after Nuaimi's capture, a UAE official said the government hoped he "would be released unharmed because of the country's success in negotiating the release of foreigners taken hostage in Iraq."

Nuaimi was released May 30 and returned home to a hero's welcome.

Some analysts say that Iraqi politicians are claiming to have had a hand in Carroll's release to try to curry favor with the US or otherwise bolster their positions.

US government policy is to never pay ransom for hostages, though it can't stop individuals or private institutions from doing so. Besides making Americans greater targets in the future, such a payment also presents an ethical dilemma: Even if a hostage in Iraq is released, that cash would almost certainly be used to kill more American troops and other Iraqi civilians, or to snag more hostages.

"I really do believe that [Carroll] was released because of military pressure, and [arresting] people close to them," says one US investigator, noting the release of the three Christian Peacemakers Team hostages the week before. "They were getting desperate and didn't want to hold her anymore.... I never saw any evidence that money was involved." Did someone pay a ransom? The list of 'benefactors' grows

At one point, Iraqi police sources told the Monitor that the Iraqi Islamic Party (IIP) had paid $10 million or $11 million for Jill Carroll's release. On March 30, she was dropped off outside an IIP office in Baghdad's Amiriyah neighborhood. The same police sources now say that they were mistaken, and no longer believe the IIP was involved.

Ms. Carroll's father, Jim, says that in early February - shortly after a third video aired on Al Rai TV in Kuwait - he spoke by phone with a man in Iraq who identified himself as Ahmed al-Sammarai. He spoke English, and told Jim that he had lived in

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Chicago. He told Mr. Carroll that he had contact with his daughter's kidnappers and that "the deal is done." Jim Carroll was elated, but surprised because it was the first indication that any negotiations were under way. But after two conversations, Jim could no longer reach Mr. Sammarai.

Carroll says that her captors became upset when the third video aired in Kuwait. The tape had been sent as a private proof of life to her family, but was somehow intercepted and broadcast.

IIP spokesman Iyad al-Sammarai, whom police officials had originally identified as a possible intermediary with the kidnappers, says neither he nor his party were ever involved in negotiations for Carroll's release. Sammarai speaks English, and used to live in Chicago. But he told the Monitor that he never spoke to Jim Carroll, and never had any contact with her kidnappers.

"There's a big difference between negotiations, which we didn't engage in, and sending messages," he says. "We thought that some people we knew might know the people who kidnapped her, and we sent messages urging her release. Whether those messages reached her kidnappers, we don't know."

Leads pursued during Carroll's captivity, by the Monitor and the Carroll family, in Jordan, Kuwait, and Baghdad, turned up one ransom demand of $30 million, and another for $15 million that quickly shifted to $100,000, and then $10,000 - just as a "fee" to receive proof that Carroll was alive. Other smaller claims came and went, most were determined to have been put forth by scammers.

For example, German police working with the FBI arrested a West African living in Muenster, after he sent an e-mail to David Cook, the Monitor's Washington bureau chief, allegedly promising to release Carroll in exchange for $2 million.

Sheikh Sattam Hamid Farhan al-Gaood insists he is responsible for Carroll's freedom. Mr. Gaood, a former business associate of Saddam Hussein, ran the "largest network of Iraqi front companies," according to the CIA's 2004 report on Iraq's weapons of mass destruction, to outwit the UN oil-for-food sanctions.

Gaood was detained by US soldiers 10 days after the fall of Baghdad in April 2003, and labeled a "high value detainee," according to an Amnesty International appeal. He was released in December 2005 and fled to Jordan.

Gaood has since called attacks on US forces in Iraq "honest resistance." In February, he said that he could get Carroll released with a single phone call. He wanted the Carroll family to publicly ask for his help, which they subsequently did. Jill's father also established a telephone relationship with Gaood.

Iraqi police say US officials were misled about Gaood's influence with insurgents today. Still, in an ABC-TV interview after Carroll's release, in mid-April, Gaood said that "at the kidnappers' request," he had arranged "good donations" of up to $1 million to unspecified widows and orphans.

But his story also has some inconsistencies.

Gaood told his ABC interviewers off camera that he had alerted Carroll's family 10 hours before her release that she would be let go. The family says no one gave them prior notification of Jill's impending release.

Gaood also told the Carrolls that he played a role in the February release of a Jordanian Embassy driver kidnapped in Iraq - a falsehood, according to Jordanian sources.

Sunni politician Adnan al-Dulaimi, who says he paid $1.5 million to have Carroll released, met with Gaood in early March in Amman, Jordan. But Mr. Dulaimi says, "We never talked about this [Carroll] case." As for Gaood's public claims about ransom? "Everything he says is lies. I am ready to go to Amman and tell [Gaood] he is a liar," Dulaimi says.

U.S.: 7 Operatives Killed In Afghanistan (AP)

By Fisnik Abrashi, Associated Press Writer

AP, August 24, 2006

A pre-dawn raid by American troops in eastern Afghanistan left seven suspected al-Qaida fighters and one child dead, the U.S. military said in an account that was disputed by police who say those killed were two families sorting out a feud.

The raid aimed at capturing a "known al-Qaida facilitator" in the village of Asmar in Kunar province, said Col. Tom Collins, a spokesman for the U.S.-led coalition. The seven dead al-Qaida suspects included the facilitator, he said. Four others were detained.

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Afghan officials, however, said those targeted in the compound were from two families trying to resolve a dispute through village elders. Abdul Sabur Alluhyar, the deputy provincial police chief, denied the families were members of al-Qaida.

"According to our district chief, the people who have been killed in the incident this morning are civilians from Shigal district," he said, adding that someone had given the coalition incorrect information that an al-Qaida meeting had been under way at the compound.

Kunar is a volatile region bordering Pakistan where U.S. forces have deployed in large numbers to track down Taliban, al-Qaida and other Islamic extremists.

Militants have stepped up attacks this year and triggered the deadliest violence here since the late-2001 ouster of the Taliban regime for hosting Osama bin Laden. More than 1,600 people, mostly militants, have died in the past four months, according to an Associated Press tally of violent incidents reported by U.S., NATO and Afghan officials.

The U.S. military said it had initiated Thursday's raid, but that it was the suspects who had opened fire first on the U.S. and Afghan forces as they approached the compound. The forces had consequently killed them with return fire.

"We strongly believe and have evidence to support (the seven killed) were al-Qaida," Collins told reporters, without offering evidence other than that soldiers also seized multiple weapons, ammunition and grenades from the compound.

The U.S. military said a child aged between 10 to 12 years was killed in the fighting, but that the circumstances of the death were unclear. A woman was also wounded.

Militants have repeatedly staged deadly attacks on coalition forces in Kunar, still regarded as a possible hiding place of bin Laden. Last week, three U.S. soldiers were killed and three others wounded in when their convoy hit a roadside bomb in the province.

Meanwhile, a purported Taliban spokesman denied reports that militants are holding talks with government officials or foreign forces in a bid to end the country's violence, which has been mostly focussed on the hardline militia's southern heartland.

In an e-mail sent to an Associated Press reporter in Pakistan, Mohammed Hanif said resurgent Taliban fighters "have neither held talks with invading forces and their puppets nor are ready to sit with them in the presence of the country's invasion."

Hanif's exact ties to the Taliban leadership are unclear.

Earlier this week, Afghan officials in the south said authorities had returned the bodies of 21 militants killed in recent fighting to their families after being contacted by the Taliban, amid signs of an effort to strike up a dialogue.

Agha Lalai, an official with an Afghan reconciliation commission that encourages Taliban militants to disarm, said it was negotiating with a number of insurgents in Afghanistan and neighboring Pakistan.

Associated Press reporter Rahim Faiez in Kabul contributed to this report

8 Killed In Raid By U.S. Forces In Afghanistan (NYT)

By Abdul Waheed Wafa

The New York Times, August 25, 2006

KABUL, Afghanistan, Aug. 24 — Eight civilians, including a child, were killed in an operation by American forces in eastern Afghanistan on Thursday, an Afghan police official said. United States forces acknowledged killing a child and injuring a woman but said the seven men also killed were “Qaeda facilitators” who had opened fire on them as they approached a compound.

The Afghan government has sent a team to investigate the killings, said Abdul Sabour Allah Yar, deputy police chief of Kunar, the province where the raid took place. He said the men killed were elders who had gathered in the house to resolve a family dispute. Four other civilians were arrested in the raid, he said.

A spokesman for United States forces in Afghanistan, Col. Tom Collins, said the forces were conducting an early morning operation against a compound housing “suspected terrorists” to capture a “known Al Qaeda facilitator.”

“Seven suspected Al Qaeda facilitators were killed during the operation, including we believe, the lead facilitator,” Colonel Collins said. “There were two civilian casualties during the operation.” No American or Afghan soldiers were wounded in the operation, he said.

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"Credible intelligence linked the targeted individual to suspected terrorist activities and attacks against Afghan and coalition forces in Kunar Province," Colonel Collins said at a news briefing in Kabul. He said weapons and ammunition had been found in the compound but he did not provide details on how the people inside were linked to Al Qaeda.

Colonel Collins said the child who was killed was 10 to 12 years old. Mr. Yar said the child was 10.

Mr. Yar said the local government district chief had informed him that the men killed were civilians and elders of two families. He said that judging from his own conversation with American commanders, they had been wrongly informed that the meeting was a Qaeda gathering.

He also said the provincial authorities had not been told of the operation, something President Hamid Karzai has repeatedly requested in an effort to avoid civilian casualties.

CORPORATE SCANDALS:

Justice Department Ends Investigation Of Fannie Accounts (WSJ)

By Damian Paletta And John R. Wilke

The Wall Street Journal, August 25, 2006

WASHINGTON -- The Justice Department notified Fannie Mae that it has ended a two-year investigation into the company's accounting misdeeds.

The closing of the criminal probe, which was handled by the U.S. attorney for Washington, eliminates one of the regulatory issues dogging Fannie Mae in the wake of findings that it manipulated earnings, partly in an attempt to increase management bonuses. Fannie Mae stock rallied on the news. In 4 p.m. New York Stock Exchange composite trading, the shares rose to $51.53, up $2.36, or 4.8%.

In light of the decision, criminal charges against current and former executives of the company aren't expected. A spokesman for the U.S. attorney declined to comment on whether there was an open investigation into individuals.

In December 2004, Fannie Mae's board ousted the company's chief executive, Franklin D. Raines, and chief financial officer, Timothy Howard, after regulators uncovered accounting violations at the company, which provides funding for home mortgages. Robert Barnett, an attorney for Mr. Raines, said he had no comment. A lawyer for Mr. Howard couldn't be reached immediately to comment.

In May, the Securities and Exchange Commission and the Office of Federal Housing Enterprise Oversight, or Ofheo, fined Fannie Mae $400 million as part of a settlement of charges that the company had engaged in accounting "fraud."

Fannie Mae said a restatement of results for the past several years should be completed by year's end. Ofheo, the company's main regulator, has imposed a ceiling on Fannie's holdings of mortgages and related securities until the company catches up on financial reporting and improves internal controls. Ofheo also has ordered Fannie's board to determine whether any current or former executives should be required to return past bonuses based on improper accounting. The company is fighting suits from shareholders who allege Fannie misled them about its financial condition.

Paul Miller, an analyst at Friedman, Billings, Ramsey & Co., an investment-banking firm in Arlington, Va., said he was maintaining his rating of "underperform" on Fannie Mae shares.

Messrs. Raines and Howard are named in shareholder suits and may remain subject to investigations by regulators. A spokeswoman for Ofheo said the agency is "reviewing potential civil administrative actions against former executives of Fannie Mae." She declined to name them.

Fannie Mae Won't Face U.S. Charges Over Its Books (NYT)

By Vikas Bajaj

The New York Times, August 25, 2006

Almost two years after it started investigating accounting improprieties at Fannie Mae, the Justice Department is no longer pursuing criminal charges against the mortgage giant, the company and federal officials said yesterday.

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The move, which follows a settlement the company reached with securities and housing regulators three months ago, removes a significant legal threat against Fannie Mae, but it was unclear yesterday what the decision meant for two former executives fired by Fannie Mae after the $11 billion accounting scandal came to light.

Channing Phillips, a spokesman for the United States attorney for the District of Columbia, confirmed that the investigation of Fannie Mae had concluded but declined to comment on whether prosecutors intended to bring charges against Franklin D. Raines, Fannie's former chief executive, and J. Timothy Howard, the former chief financial officer.

Lawyers for both men did not return calls yesterday.

Two reports released earlier this year concluded that Fannie Mae improperly used financial reserves and deferred expenses to meet profit goals, which underpinned the payment of millions in executive bonuses.

Legal and financial analysts said the decision not to pursue charges against Fannie Mae signaled that the government was heeding lessons from its prosecution of Arthur Andersen, the accounting firm that went out of business in 2002 after being convicted of obstruction of justice related to the audit work it did for Enron.

Last year, the Supreme Court unanimously overturned the conviction against Arthur Andersen.

"The pendulum might be swinging back toward caution in this area," said Jason Brown, a former federal prosecutor who is now a partner at the New York law firm of Ropes & Gray. "There is a whole lot of collateral damage that comes with indicting companies."

Arthur Andersen's demise displaced about 25,000 employees and reduced the ranks of the nation's large accounting firms to four from five.

Though Fannie Mae employs far fewer people, a criminal case against the company would have had far-reaching political and financial ramifications, experts say. The company, which like Freddie Mac was started by the government to promote low-income housing, is a critical pillar of the American finance, buying one in five home mortgages issued nationally.

One independent analyst, Burt Ely, a longtime critic of Fannie Mae, said a criminal indictment against the company became increasingly unlikely as the investigation into its accounting wore on and Congress took up legislation intended to change how Fannie Mae and Freddie Mac operate and are regulated.

"Frankly a lot of people forgot that this was still under way, because we have moved past it," Mr. Ely said.

Still, Wall Street saw the move as a positive development. Shares of Fannie Mae rose $2.36, to $51.53. The company's shares are up 5.6 percent for the year.

In a statement, the company's chief executive, Daniel H. Mudd, said: "We will continue to work closely and cooperatively with our regulators as we move forward to carry out the terms of our agreements, complete our restatement and build a better company."

The company still faces shareholder lawsuits and a committee of its board is considering seeking the return of millions in bonuses made to former and current executives. The Office of Federal Housing Enterprise Oversight, or Ofheo, the agency that regulates Fannie Mae and Freddie Mac, demanded the inquiry.

In May, Fannie Mae agreed to pay $400 million to resolve civil inquiries started by Ofheo and the Securities and Exchange Commission. The settlement does not prevent the agencies from bringing civil charges against Mr. Raines, Mr. Howard or other executives.

Fannie Mae Avoids Criminal Charges Over Accounting (WP)

By David S. Hilzenrath And Carrie Johnson

The Washington Post, August 25, 2006

The Justice Department has told Fannie Mae that it does not plan to seek criminal charges against the company, an important step for the District-based mortgage funding giant as it tries to move beyond a multibillion-dollar accounting scandal.

Fannie Mae announced yesterday -- and a Justice Department spokesman confirmed -- that the nearly two-year-old criminal investigation of the company had ended. Coupled with settlements reached this year with two regulatory agencies, the decision clears Fannie Mae of prosecution for years of accounting mistakes that are costing hundreds of millions of dollars to correct.

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The company still faces shareholder litigation over the value lost when the accounting problems were revealed and the stock price plunged.

And former Fannie Mae executives remain under scrutiny.

The Justice Department is still investigating whether former Fannie chairman and chief executive Franklin D. Raines and former chief financial officer J. Timothy Howard committed perjury when they testified about the company's accounting practic es before a House of Representatives panel in 2004, said Channing Phillips, a spokesman for the U.S. attorney for the District of Columbia.

In addition, the Securities and Exchange Commission has not ruled out civil charges against individuals in the accounting matter, according to an SEC source, who spoke on condition of anonymity because it is SEC policy not to comment on pending investigations.

Another regulatory agency, the Office of Federal Housing Enterprise Oversight, said yesterday that it was reviewing potential administrative actions against former Fannie Mae executives. The agency could seek to recoup compensation that Fannie insiders received when the company's earnings were overstated, said a spokeswoman for the office, Stefanie Mullin.

Fannie Mae, which was chartered by the government to provide a steady flow of funds for home mortgages, has acknowledged overstating past profit by billions of dollars. Regulators have accused it of manipulating earnings from 1998 through 2004 to maximize executive bonuses and to deliver the smooth earnings growth that Wall Street favors. Since the problems became public in the fall of 2004, they have toppled Raines, Howard and others.

In a May enforcement action, the SEC accused Fannie Mae of fraud. Without admitting or denying wrongdoing, the company agreed to a $400 million penalty.

It was unclear whether the Justice Department's decision not to prosecute the company was based on lack of evidence or a sense that charging the company would be contrary to the public interest.

Proving criminal guilt beyond a reasonable doubt requires more than proving civil liability or negotiating a settlement.

Since the government's prosecution of Enron Corp. auditor Arthur Andersen LLP sealed the venerable accounting firm's demise -- a 2002 conviction was later overturned -- the question of whether to seek criminal charges against a corporation has been one of the more controversial ones in white-collar law enforcement.

Georgetown University law professor Donald C. Langevoort said that, if an employee commits a crime in his role as an employee, "the company has committed a crime, too, in the eyes of the law." But the Justice Department exercises discretion.

"When you fine the company, you're fining the company's shareholders," Langevoort said. "You're hurting a lot of innocent people."

"I think generally deterrence really comes from prosecuting individuals and not from indicting and convicting legal entities that don't feel real flesh-and-blood pain," said Columbia University law professor John C. Coffee. "You can't send a corporation to prison."

Shortly after news of the Fannie Mae criminal probe broke two years ago, defense lawyers pointed out that the statute of limitations had expired on one of the chapters that figured most prominently in OFHEO's investigation of the company. In that 1998 episode, Fannie allegedly delayed counting $200 million of expenses, thereby inflating profit and enabling executives to collect millions of dollars in bonuses.

Criminal authorities might have gotten around the five-year limit by arguing a broad, ongoing conspiracy at the company, but it would doubtless have been challenged by defense lawyers.

Lawyers for Raines were traveling yesterday and unavailable for comment, according to their offices. A lawyer for Howard did not return a call seeking comment.

The spokesman for the U.S. attorney declined to say whether any past or current Fannie Mae personnel remain under criminal investigation with respect to the alleged accounting fraud.

The investigation of whether Raines and Howard committed perjury in testimony about the accounting was initiated at the request of Rep. Richard H. Baker (R-La.), chairman of a House subcommittee that oversees Fannie Mae.

Howard "testified truthfully," his attorney Steven Salky said in a June interview.

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A Fannie spokeswoman declined to comment on the government's decision not to prosecute the company. In a brief news release, chief executive Daniel H. Mudd said the company "will continue to work closely and cooperatively with our regulators."

Fannie Mae Won't Face U.S. Justice Department Charges (Update5) (BLOOM)

By James Tyson

Bloomberg, August 25, 2006

Aug. 24 (Bloomberg) -- Fannie Mae, the largest source of money for U.S. home loans, will avoid criminal prosecution after the federal government ended its almost two-year investigation of $10.8 billion in accounting errors. The company's shares had their biggest increase since January.

The end of the probe by the U.S. Justice Department reduces the threat of some fines and lawsuits related to an initial federal investigation in 2004 that found Fannie Mae manipulated earnings. The probe forced the ouster of top executives including Chairman and Chief Executive Officer Franklin Raines and led to allegations of fraud by shareholders.

The Securities and Exchange Commission and Fannie Mae's regulator, the Office of Federal Housing Enterprise Oversight, fined the government-chartered company $400 million in May and restricted growth in its $730.9 billion mortgage portfolio.

Though criminal charges may still be filed against former executives, Fannie Mae ``is on the road to recovery," said Michael Mullaney, who manages $10 billion at Fiduciary Trust Co. in Boston. The Washington-based company ``still has several steps to go," including the completion of its restatement.

The SEC is still weighing civil charges against individuals, and Congress is considering tougher rules for how Fannie Mae conducts business. Chief Executive Daniel Mudd said earlier this month all the accounting mistakes made by former executives have been found, and the company intends to complete this year a restatement of earnings from 2001 until mid-2004.

``We will continue to work closely and cooperatively with our regulators," Mudd said in a statement today. Fannie Mae owns or guarantees about 20 percent of the $8.5 trillion residential U.S. mortgage market.

`Thirst-quenching' Development

Fannie Mae's shares rose $1.94, or 4 percent, to $51.11 as of 12:55 p.m. in New York Stock Exchange composite trading after reaching $51.92 earlier in the day. The stock was trading at more than $75 in September 2004, prior to initial reports that the company violated accounted rules.

``You've got a shareholder base that has been thirsting for evidence that Fannie Mae and Freddie Mac are making progress in getting through their time in a barrel," said Charles Gabriel, a senior political analyst at Prudential Equity Group in Washington. The end of the Justice Department probe ``is like a thirst-quenching first dose of water."

McLean, Virginia-based Freddie Mac, Fannie Mae's main rival, disclosed in 2003 $5 billion in accounting mistakes.

Congress created both companies to increase money available for home loans, a mission they pursue by buying mortgages from banks and reselling them as securities. The firms make money on fees charged to lenders for guaranteeing loans, and also profit by holding mortgage securities in their investment portfolio.

`Cookie Jar' Reserves

The Justice Department began its probe after the SEC in December 2004 ordered Fannie Mae to restate earnings following findings that executives used improper ``cookie jar" reserves and deferred expenses to smooth earnings and reach targets for bonuses.

Ofheo said in a 340-page report on May 23 that Fannie Mae's board failed to act independently of Raines and had ``serious problems of internal control." Raines was fired in December 2004. Ofheo directed the company to limit the portfolio to its December 2005 level of $727.2 billion. The cap will remain until the company improves accounting, internal controls, governance and other operations, Ofheo said. The portfolio generates about two-thirds of company profits.

Legislation

The Bush administration has tried to persuade Congress to create a tougher regulator for Fannie Mae and Freddie Mac since 2003.

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The House of Representatives in October passed legislation that would create a stronger regulator with power to tighten capital standards, bar new lines of business and close down Fannie Mae and Freddie Mac in the event of default. The legislation would also give a new regulator authority to reduce the companies' combined $1.4 trillion mortgage portfolios.

Similar legislation hasn't gone to the Senate floor for a vote because Democrats on the banking committee oppose a provision requiring a regulator to cut the mortgage holdings.

A downturn in the real estate industry and the prospect Democrats may gain a majority in the House in November elections have reduced the prospects for passage, Gabriel said.

Sales of previously owned homes fell more than expected in July, pushing the supply of unsold homes to the highest level in a decade, the National Association of Realtors said Aug. 23.

Many lawmakers ``will be focused on a number of other issues in this very hurried September'' legislative session, Gabriel said.

To contact the reporter on this story: James Tyson in Washington at jtyson@bloomberg.net

UPDATE: Fannie Mae Told Justice Dept Probe Discontinued (DOW)

By Damian Paletta, Of DOW JONES NEWSWIRES

Dow Jones, August 25, 2006

WASHINGTON -(Dow Jones)- The U.S. Justice Department notified Fannie Mae (FNM) that it had "discontinued" its two-year investigation into the company, the mortgage giant announced Thursday, but it is unclear whether former and existing executives will face individual charges.

Fannie Mae announced that the U.S. Attorney's Office for the District of Columbia has said it "does not plan to file charges against the company."

Fannie Mae's stock price jumped 4.90% to $51.58 at 11 a.m. EDT on the news.

A Justice Department spokesman wasn't immediately available for comment. Fannie Mae wouldn't say when or how it was notified.

Fannie Mae was initially told of the investigation in October 2004. In May, the Securities and Exchange Commission and the Office of Federal Housing Enterprise Oversight fined Fannie Mae$400 million for its accounting problems, alleging that senior executives manipulated earnings to trigger millions of dollars in bonuses.

The SEC said it has closed its investigation into the company, but not into individuals. A spokeswoman for OFHEO said it was also reviewing past executives.

"On May 23, 2006 OFHEO entered into a consent order with Fannie Mae," she said. "However, OFHEO is currently reviewing potential civil and administrative actions against former executives of Fannie Mae."

Fannie Mae's former chief executive officer Franklin Raines and former chief financial officer J. Timothy Howard are also facing a shareholder class action led by Ohio Attorney General Jim Petro.

Attorneys for Raines and Howard didn't return messages Thursday asking whether they had also received notification from the Justice Department.

Earlier this month, Fannie Mae said it had finally uncovered all of its accounting mistakes and planned to complete its 2004 restatement by the end of this year.

"We will continue to work closely and cooperatively with our regulators as we move forward to carry out the terms of our agreements, complete our restatement and build a better company," Fannie Mae President and Chief Executive Daniel H. Mudd said in a press release Thursday.

Rival Freddie Mac (FRE), which is rebuilding from its own accounting scandal, said this spring that it is still under investigation by the Justice Department.

"We can't comment on pending investigations," said a spokesman for Chuck Rosenberg, U.S. Attorney for the Eastern District of Virginia.

Freddie Mac is also under investigation by the SEC, which in early 2004 issued the company a "Wells Notice," a notice that notifies a company that SEC officials are considering civil charges for possible violations of securities laws.

Justice Department Ends Two Year Probe Of Fannie Mae (AFP-Y)

AFP, August 25, 2006

The US Justice Department has ended a probe into mortgage finance giant Fannie Mae's accounting practices and will not file charges against the government-chartered firm, Fannie Mae said.

Fannie Mae agreed to pay a 400-million-dollar fine in May under an agreement with the Securities and Exchange Commission for accounting violations after an audit reported "an arrogant and unethical corporate culture."

The Justice Department had been probing the firm for almost two years for possible criminal misconduct related to improper accounting and earnings manipulation which triggered bonuses for senior executives from 1998 to 2004.

"Fannie Mae today announced that it has been advised by the United States Attorney's Office for the District of Columbia that it is discontinuing its investigation and does not plan to file charges against the company," the company said in a statement.

"We will continue to work closely and cooperatively with our regulators as we move forward to carry out the terms of our agreements, complete our restatement and build a better company," said Fannie Mae chief executive Daniel Mudd.

Ex-chief executive Franklin Raines and ex-finance director Timothy Howard were both sacked in 2004 in the wake of the scandal.

The audit found Fannie Mae had poor internal controls, and as a result overstated reported income and capital by an estimated 10.6 billion dollars from 1998 to 2004.

Concerns were raised about Fannie Mae's accounting and restatements because it is the world's second largest borrower after the US government.

Under the terms of the May settlement, the mortgage giant also agreed to implement new accounting practices and internal controls, and not to increase its mortgage portfolio assets unless approved by government regulators.

Fannie Mae's stock was up 2.33 dollars, or 4.7 percent, at 51.50 dollars in mid-morning deals.

The Justice Department had opened its probe into Fannie Mae's accounting in October 2004.

Lay Estate Deal Near On Enron Retirement Fund (HC)

By John C. Roper

Houston Chronicle, August 25, 2006

The estate of the late Ken Lay is expected within days to reach a settlement in a lawsuit involving Enron's retirement fund that could bring thousands of former workers a step closer to receiving their share of a payout.

Such a settlement would leave former Chief Executive Jeff Skilling as the only remaining defendant in the suit that alleges the administrators of the company's retirement plan — as well as outside directors, Lay and Skilling — failed to adequately diversify Enron's 401(k).

The retirement plan was heavily laden with Enron stock. Employees who were invested in it lost hundreds of millions of dollars when Enron collapsed.

Former Enron employees may still have a long wait, as funds cannot be distributed until all the defendants have settled or the matter is resolved in court. Plus, Skilling appears to be bracing for a fight.

At a brief scheduling conference today for the case in a Houston federal court, Seattle-based attorney Lynn Sarko, who represents the employees, told the court his team had been negotiating with Lay's estate and that they were "within days" of reaching a settlement.

A smiling U.S. District Judge Melinda Harmon said she was pleased with the development.

Harmon has already approved settlements totaling $264.3 million collected on behalf of former Enron employees who had 401(k) plans with company stock. Some $23 million in legal fees and $874,902 in legal expenses will be subtracted from the $264.3 million.

Just how much the Lay estate may add to the pot was not disclosed at the hearing.

However, Marvin Nathan , a lawyer representing the Lay estate, confirmed to the judge that the negotiations were nearing finality. Nathan declined to comment when asked for details outside the courtroom.

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A settlement by the estate, which is overseen by Lay's widow, Linda Lay, is being viewed as a sign that the family wishes to move on and get away from litigation.

"It basically says that the Lay family is ready to resolve their differences and pay a fair percentage of their responsibility," Houston defense attorney Joel Androphy said.

Androphy, who has closely monitored the myriad litigation surrounding the Enron scandal, said if the Lays were to hunker down and fight, "there would be nothing left for them."

Lay's estate still faces a massive shareholder lawsuit and another being brought by the Securities and Exchange Commission, which was put on hold during the criminal proceedings that found Lay guilty of all 10 counts he faced.

And the Justice Department could file its own civil suit against his estate this fall.

But there may not be much for those suits to target.

Lay, who died July 5, claimed in his criminal trial to be worth a negative $250,000. His assets identified by prosecutors include his home in River Oaks valued at around $5 million and a Goldman Sachs investment fund worth more than $6 million.

So far, the suit has produced several settlements.

In July, Harmon gave final approval to a $37.5 million settlement with Northern Trust, the trustee of Enron employees' 401(k) plan in 2001 when the company went into bankruptcy.

Also, attorneys for the employees previously settled with former Enron officers and directors for $85 million and sold a settlement claim from Enron in bankruptcy court for $135 million.

Attorneys representing the employees said today they had made no headway in reaching a settlement with Skilling, whose lawyers indicated they plan to fight.

"With respect to Mr. Skilling, we've had discussions and they have not been fruitful," Sarko told the judge.

Sarko then pressed the judge to quickly schedule a trial in her courtroom to hear the employees' case against Skilling.

"We are competing with those frozen assets," Sarko said, referring to the more than $50 million in Skilling's assets the government has frozen and the efforts by other civil suits and prosecutors to get at them. "They are just sitting there. We have an obligation to go after the $50 million."

Jeffrey Barker, a Los Angeles attorney representing Skilling, quickly countered that any trial should be scheduled months if not years from now.

"We'll be in a better position if we can wait until after the sentencing" and for Skilling to exhaust his appeals, said Barker, adding that it was "unfair to have Mr. Skilling fight on two fronts."

Harmon appeared to side with Sarko.

"Unless you convince me otherwise, I think the case should be heard quicker," Harmon said.

She then instructed Barker to file a motion by Sept. 6 that shows a legal reason for her to wait.

Barker then argued that his law firm, O'Melveny and Myers, was heavily burdened by the complex sentencing of its client and that having the civil trial at the same time was akin to "putting a gun to our head."

Skilling is scheduled to be sentenced Oct. 23. Prosecutors are asking the judge to force Skilling to forfeit some $183 million, an amount they say combines the ill-gotten gains of both him and Lay.

Androphy believes it is unlikely Skilling will settle in the employee suit, at least anytime soon.

"I think Skilling believes at the end of day he is not about to pay a penny based on his conviction until an appellate court affirms it," Androphy said.

john.roper@chron.com

KB Home Says SEC Will Probe Its Granting Of Stock Options (WSJ)

By Michael Corkery

The Wall Street Journal, August 25, 2006

KB Home said that the Securities and Exchange Commission will be conducting an "informal inquiry" into the company's stock-option grants.

DOJ_NMG_0053167

On Wednesday, The Wall Street Journal reported1 that several past stock-option grants to Bruce Karatz, the Los Angeles home builder's chief executive, were dated at unusually low points in the company's stock price. KB Home said late yesterday that it would cooperate with the SEC probe.

Four grants to Mr. Karatz between 1998 and 2001 were propitiously timed. One was dated at the stock's lowest closing of the year, another at a quarterly low, and the remaining two at monthly lows.

Mr. Karatz was one of the highest-paid executives in the U.S. in 2005, according to the Journal's annual survey of executive compensation. His total direct compensation in 2005 was $155.9 million, the bulk of it coming from exercising options, according to the Journal article. KB Home has said his compensation was based on company performance.

With the informal SEC inquiry, KB Home joins scores of other companies facing federal probes of their option-granting practices. The probes are concentrating on the practice of backdating, in which an option's grant date is manipulated so that the grant appears to have been made at a time when the company's share price is low. That increases the potential profit to the option's recipient.

Backdating has led to civil and criminal fraud charges in a few cases, while the practice also can present accounting and tax troubles. Earlier this month, federal prosecutors charged three former executives of Comverse Technology Inc. in an alleged backdating scheme; one remains a fugitive. Two former officials of Brocade Communications Systems Inc. have also been criminally charged with backdating-related offenses.

Write to Michael Corkery at michael.corkery@wsj.com9

CRIMINAL LAW:

Four Indicted In Katrina Fraud Case (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, August 25, 2006

GULFPORT - Four people have been indicted in a Hurricane Katrina fraud case that accuses them of defrauding the federal government of more than $700,000 from a debris-removal conspiracy in Pearl River County.

U.S. Attorney Dunn Lampton announced the indictment here today, identifying the suspects as Allen Kitto, 24, of Dundee, Fla.; Clinton K. Miller, 28, of Carriere; and Devin Chuter and Lauren Robertson, both 23 and of Picayune.

The indictment identifies Kitto as owner of J.A.K. DC&ER, Inc., a subcontractor working in Pearl River County, and the other three as working for a debris-removal monitoring company in the county.

The indictment alleges Chuter and Robertson signed false debris-load slips for debris that was never moved and that Miller collected the false slips from them, paid them for the false loads and gave them "hush money."

Kitto, according to the indictment, deposited the payment money into a bank account and wrote checks to an unindicted co-conspirator, who cashed the checks and gave the cash to Kitto and Miller.

Lampton said the maximum penalty for conspiring to defraud the government is five years in prison and a $250,000 fine.

Lampton announced the indictment during a visit to Gulfport by Alice Fisher, assistant attorney general for the Department of Justice criminal division in Washington, D.C.

The Sun Herald looks at Katrina-fraud cases and related issues in tomorrow's edition.

4 Indicted Over Katrina Debris Removal (AP)

AP, August 25, 2006

GULFPORT, Miss. -- Four people have been indicted on charges of falsifying records of debris cleanup from Hurricane Katrina and billing the federal government more than $700,000 for work they didn't do.

Those charged Thursday were Allen Kitto, 24, of Dundee, Fla., whose company was a subcontractor for debris cleanup in Pearl River County, near the Louisiana border; and Clinton K. Miller, 28, Devin Chuter, 23, and Lauren Robertson, 23, who worked as debris removal monitors, said U.S. Attorney Dunn Lampton.

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According to the indictment, Chuter and Robertson signed false slips misrepresenting that debris was loaded onto trucks and delivered to a dump site. Lampton said that in most instances, the two created and signed the false load slips at their homes and the work was not done.

The indictment also charges that Kitto, in an effort to conceal the conspiracy, would deposit the funds into a bank account opened in the name of one of his employees and then write a check to an unindicted co-conspirator, who would then pay Kitto and Miller.

Lampton would not release further details on the co-conspirator.

Miller would then pay Chuter and Robertson for completing and signing the false load slips, according to the indictment.

The four were charged with conspiracy to defraud the United States. If convicted, they could be sentenced to five years in prison and a $250,000 fine.

Katrina Begat Sorrows But Also Lots Of Greedy Frauds (SH)

By Lisa Hoffman

Scripps-Howard, August 25, 2006

Tina Marie Gilmore said she lost her two young daughters in the floodwaters that besieged New Orleans, suffering the unimaginable horror of watching the girls float away but being helpless to save them before they disappeared.

She bore other losses as well from Hurricane Katrina: destruction to her home on Cedar Street and $10,075 worth of personal property. Soon after the storm, Gilmore asked the Federal Emergency Management Agency to help her with financial disaster assistance. FEMA sent her $4,358.

Turns out, her real name was Tina Marie Winston, she had no such daughters, her New Orleans "address" didn't exist and, when Katrina struck nearly a year ago, she actually was in Belleville, Ill., where she had lived for more than a year. She was indicted on federal fraud charges in June.

Gary Kraser also bore testament to the heartbreak the storm brought, and the desperate and costly struggle to help the survivors. On a Web site dubbed AirKatrina.com, Kraser recounted the flights he piloted to Louisiana, bringing medical supplies and helping to evacuate the sick. One flight carried a 7-month-old in critical need of transplant surgery, he said.

A North Miami resident, Kraser said he had organized a group of Florida pilots to help, but they needed money for fuel. Within two days, he had collected almost $40,000 in donations from sympathetic strangers around the world. He vowed that "every dollar, every nickel" would go toward the flights.

They didn't. Kraser was not what he seemed. Not even a pilot, Kraser was unmasked as a con man who concocted the stories to bilk the gullible. In May, a judge sentenced Kraser to 21 months in the slammer.

These are just two of the hundreds of suspected fakes and frauds who have been caught by a phalanx of federal and state investigators fighting a flood of post-hurricane wrongdoing that continues to swell a year after Katrina hit last Aug. 29.

"It's a full-employment act for FBI agents," FBI assistant director James Burrus said.

At last count, there were at least 785 criminal cases under investigation by the Hurricane Katrina Task Force, a joint effort of 19 federal agencies, including the Department of Homeland Security, the U.S. Postal Service, the Defense Department and even the Environmental Protection Agency. State prosecutors in Louisiana, Mississippi and Texas are similarly swamped. And scores more cases wait in the wings.

"The number of these Katrina fraud cases continue to build and already hundreds are pending in our office," Mississippi U.S. Attorney Dan Lampton said.

A new Mississippi indictment was announced Thursday that charged four people with faking paperwork to show that a Pearl River County, Miss., debris-removal contractor had hauled away more than $716,000 worth of debris, when it actually had done no such thing.

The U.S. Justice Department said task-force investigations alone have so far resulted in charges against more than 380 individuals in 30 federal judicial districts across the country, according to a Justice official who was not authorized to be named.

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Most of the cases fall into the same categories as Hinton and Kraser _ individuals allegedly trying to bilk benefit checks from the government or "donations" from unsuspecting donors. Caught in the net have also been FEMA employees, local public officials, contractors and disaster-relief volunteers.

Abetting those looking to make a dirty buck is the sheer enormity of the amount of money up for grabs _ nearly $100 billion in public funds for relief, recovery and economic development.

Also contributing to the vast scope of apparent wrongdoing was the confusion that surrounded the weeks after Katrina struck and the pressure FEMA and other aid outfits were under to disburse money quickly to tens of thousands of displaced people.

Some government-spending watchdogs hold FEMA and other agencies to blame for fertilizing the fraud with their mismanagement and poor oversight. They also are concerned that prosecutors might be "cherry picking" relatively easy cases to rack up the numbers of investigations to demonstrate their diligence.

"Are we holding the big fish accountable?" said Scott Amey, general counsel for the Project on Government Oversight, which has been critical of the government's performance.

FBI official Burrus says the answer to that is a resounding "yes."

He says the bureau and the task force are relentless in their pursuit of those who are ripping off taxpayers and donors, whoever they are.

"We're not overlooking anything," Burrus said, invoking Attorney General Alberto Gonzales' vow to have "zero tolerance" for hurricane-related miscreants. "We prosecute everyone."

Among those snared so far is the executive director of a nonprofit group charged with money laundering and filing false tax returns of more than $350,000. A hotel owner was charged with defrauding FEMA of $232,000 in false hotel-room charges.

Two temporary FEMA employees were arrested on charges of soliciting a $20,000 bribe in exchange for inflating a catering contract. And the FBI and the U.S. Secret Service have shut down 60 Web sites that appeared to be involved in fraud.

So far, FEMA and the Red Cross say they have amassed more than $8 million in disaster-aid funds that have been voluntarily returned by recipients. Some repayments have been accompanied by letters professing that they were mistakenly paid or confessing to fraud, while others have been anonymous remittances via money order. A few people have asked to arrange a payment plan for reimbursing the government for benefits they took but weren't entitled to.

Others apparently ponied up to avoid criminal charges. "(I)ndividuals have returned funds because they believed they were not entitled to the funds under any circumstances and wanted to avoid possible prosecution," a Katrina task-force progress report concluded.

(Contact Lisa Hoffman at HoffmanL(at)shns.com.)

Safavian Asks Judge To Overturn Conviction (WP/AP)

The Washington Post, August 25, 2006

A former Bush administration official convicted of lying about his relationship with lobbyist Jack Abramoff asked a judge yesterday to overturn the verdict or grant him a new trial.

David H. Safavian, former chief of staff of the General Services Administration, was convicted in June of obstruction of justice and making false statements. His attorneys argued that the charges did not meet the legal standard for conviction. They also argued that U.S. District Judge Paul L. Friedman improperly admitted e-mails between Abramoff and Safavian as evidence. The e-mails discuss two pieces of GSA-controlled property that Abramoff wanted for himself or his lobbying clients.

Many of the e-mails were written around the time that Safavian accepted a week-long trans-Atlantic golfing trip from Abramoff.

Friedman heard more than two hours of arguments Wednesday but did not issue an opinion.

Defense attorney Albert Lambert maintained that when Safavian told GSA officials that Abramoff did not have business with the agency, he was not lying because the wording was ambiguous. Lambert said that Safavian was never advised of the consequences of lying and that his statements did not hinder any investigations.

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"They argue that it's acceptable for a public servant to willfully speak half-truths with the intent to deceive," prosecutor Nathaniel B. Edmonds said.

Friedman said he thinks allowing jurors to see the e-mails was appropriate. "I'm not sure there's anything you said in your briefs or in here that persuades me that I was wrong," he said.

Safavian faces up to five years in prison on each count.

Judge Skeptical Of Argument For New Trial In Safavian Case (GOVEXEC)

By Jenny Mandel

Government Executive, August 25, 2006

A judge who presided over the trial of convicted former Bush administration official David Safavian on Thursday heard arguments on a motion to hold a new trial, but he said it was unlikely he would reverse his decision on a key prosecution point. He confirmed an October sentencing date.

D.C. District Judge Paul Friedman heard arguments by defense attorney Albert Lambert on legal theories to dismiss each of the four counts on which Safavian, former head of the Office of Management and Budget's procurement policy shop, was convicted in June. The charges were related to his dealings with lobbyist Jack Abramoff and participation in a golfing trip to Scotland in 2002, while serving as chief of staff at the General Services Administration.

Lambert argued that Safavian's due process rights were violated because he was not informed, during interviews with the GSA inspector general's office and with an investigator for the Senate Committee on Indian Affairs, of the legal implications of his participation. Safavian should have been informed, in a disclosure similar to the reading of Miranda rights, that his words could be used against him in court, Lambert argued.

The defense also argued that the extent of what Safavian was required to disclose was unclear, and that statements he made regarding whether Abramoff had business with the GSA, which led to a false statements charge, were reasonable based on a plausible definition of "doing business."

Throughout the presentation, Friedman posed questions and probed various aspects of the arguments, laid out in a series of motions by both sides over the last two months. But when Lambert presented an argument that a slew of e-mails between Abramoff and Safavian should have been barred from evidence under rules that exclude hearsay, Friedman appeared unconvinced.

The judge pointed out that in first deciding to admit the e-mails he had spent days reading through them and entertaining various distinct legal arguments on the 250 or so messages presented. "I gave it my best shot, and it's a big issue in this case, and it's a great issue on appeal," Friedman said. But he said it would be difficult to convince him to change his mind.

"Some of the calls I made were close calls," he said. "I'll look back to the cases you cite, of course, but that's sort of my reaction," Friedman said.

Nathanial Edmonds, arguing for the prosecution, rebutted Lambert's points and argued that the convictions should stand.

Friedman promised to decide on the motion "very soon," and moved ahead to address scheduling matters related to Safavian's sentencing, tentatively set for Oct. 12.

Each count on which Safavian was convicted carries a certain number of points that corresponds to a recommended sentencing range. The charges he faces carry 14 points, corresponding to a 15- to 21-month recommended sentence, according to his lead defense lawyer, Barbara Van Gelder.

Justice Department lawyer Peter Zeidenberg, in arguments, revealed that the prosecution will argue for a two-point upward adjustment on the grounds that Safavian had obstructed justice by lying under oath, and that his actions represented an abuse of trust.

Friedman observed that the abuse of trust argument could be difficult to make since Safavian was not charged with having a quid pro quo arrangement, and Van Gelder, in a comment following the hearing, said the obstruction argument should not stand because it duplicates a count on which he was convicted.

Friedman decided to keep the sentencing date, but said it could be pushed back if necessary because of motions on sentencing or other logistical barriers.

Crime Lab Designed To Help Find Pornographers, Victims (AP)

By Matt Slagle

AP, August 25, 2006

DALLAS — Authorities said Thursday they're encouraged by a new computer system designed to find victims of child pornographers and capture the perpetrators by using the very tool responsible for proliferation of the crime: the Internet.

The so-called Victim Identification Lab, tested for the first time during a law enforcement conference this week in Dallas, is designed to help local, state and federal authorities across the country share information and develop new leads in tough child porn cases, said Michelle Collins of the National Center for Missing and Exploited Children.

"The volume of porn on the Internet is just rapidly increasing," Collins said. "But child pornography is not a computer crime — these are sexual abuse cases."

The lab is a test for now. The system on display during the Crimes Against Children Conference was basically a room with 30 notebook computers connected to a database of 50 real case files.

Each file includes a picture or a video of a child porn victim, as well as a field where officers can write notes to each other with tips or possible leads.

The case file images have been edited to remove any trace of sexual abuse. But the child's faces are visible, as are potentially crucial background clues such as hotel signs, T-shirts or road signs. Often, it's these small details that can make or break a case, authorities said.

Because the jurisdictional boundaries have been blurred dramatically by the Internet, it's really important that all law enforcement work together, said Lt. Ches Williams, who oversees the crimes against children unit for the Dallas Police Department.

"This lab has made it very easy for a lot of people who would not normally see these photos to look at them and maybe weigh in on them," he said. "They may have some info about the victim, they may recognize the background, they may recognize the park where the pictures were taken, so I think it's tremendously important."

The National Center for Missing and Exploited Children is working with the FBI and other federal agencies to expand the lab so officers and prosecutors can log in to a secure Web site and check cases from anywhere in the country.

Though specifics were not available, Collins said the plan is to roll out they system sometime in the fall.

According to a Justice Department study, one in seven children using the Internet has been sexually solicited and one in three has been exposed to unwanted sexual material. One in 11 has been harassed.

"I think the more eyes we get on each photograph, the more opportunities we have to identify kids and get them out of the situation that they're in," Williams said.

Karr Lands In Colorado (WT)

By Valerie Richardson

The Washington Times, August 25, 2006

BOULDER, Colo. -- John Mark Karr arrived here last night to face charges in one of the century's most notorious unsolved crimes, the JonBenet Ramsey killing.

The suspect took a three-hour flight from Los Angeles to the Jefferson County airport in Broomfield on a Colorado State Police twin-engine aircraft known as "the governor's plane."

A judge is expected to issue an order today scheduling Karr's initial advisory hearing.

Even as Karr, dressed in a red shirt and dark slacks, was moved from the plane to an unmarked black sport utility vehicle for his drive to the Boulder County jail, questions resurfaced about the strength of the case against him.

A court filing released yesterday described the case against him as being in the "very early stages."

The document said the Boulder District Attorney's Office had been unaware of Karr's identity until Aug. 11, five days before he was arrested in Thailand, but moved to arrest him before he could be tipped off to the investigation and flee.

Karr, 41, is wanted on a warrant charging probable cause for first-degree murder, first-degree felony murder, kidnapping and sexual assault on a child. However, no evidence has emerged to prove that he ever lived in or even visited Colorado, much less the idyllic university town where 6-year-old JonBenet was killed.

Karr's first few hours at the jail will include physical and mental evaluations, Boulder County Sheriff Joe Pelle said. Karr will be locked alone in an 8-by-10-foot cell, away from the other 480 inmates.

"Anybody that's in jail in our population that faces these kinds of charges, charges against children, faces some danger," Sheriff Pelle said.

JonBenet was found beaten and strangled Dec. 26, 1996, in a back room off her family's basement. Hours before her body was discovered, her mother called police after finding a three-page ransom note on the back stairs demanding $118,000 for her safe return.

Authorities said Karr confessed to the killing after he was arrested Aug. 16 in Bangkok. At a press conference the next day, Karr told reporters that he was with JonBenet when she died and that her death was accidental, but he never exactly said that he killed her.

He also refused to provide details about the killing, saying it would take hours to give the full story. Skeptics quickly labeled him a serial confessor, not a murderer, pointing to his history of obsession with the Ramsey case. Several acquaintances said he was consumed by the case and claimed to love JonBenet.

Karr's history resembles the common profile of a pedophile. He worked primarily in jobs that kept him in contact with young children, such as substitute teacher and day care helper. He was fired from a substitute teaching job in Hamilton, Ala., after parents complained about his odd rapport with children.

In 1997, the Marion County Department of Human Resources issued a two-year license for Karr to operate a home day care center out of his rural northwest Alabama home, said John Bradford, a spokesman for the Alabama Department of Human Resources.

Ramsey Suspect Sent To Colorado (LAT)

By Nicholas Riccardi, Times Staff Writer

The Los Angeles Times, August 25, 2006

John Mark Karr has not been charged in the 6-year-old's 1996 killing. Prosecutors say the investigation is in its `very early stages.'

DENVER — The man suspected of killing 6-year-old JonBenet Ramsey was brought to Colorado on Thursday, even as the Boulder district attorney's office acknowledged in court papers that its investigation "is still in its very early stages."

John Mark Karr told reporters in Thailand, where he was arrested last week, that he was with the child beauty queen when she died in 1996; her body was found the day after Christmas. Karr was flown to Los Angeles on Sunday and waived his extradition hearing Tuesday.

On Thursday, Colorado authorities flew him in a state prop-jet from Long Beach Airport to a commuter airport in a Denver suburb. They did not announce when they were transporting him, in hope of eluding the media, but word leaked and TV helicopters followed the caravan of vehicles that took Karr, 41, from the runway to the Boulder jail.

Karr's arrest came after a University of Colorado journalism professor who engaged in a four-year e-mail correspondence with Karr alerted the Boulder district attorney's office in May. Prosecutors issued a warrant last week for Karr, a schoolteacher, but sealed the affidavit explaining why they believed he was responsible for the death.

Media organizations have asked a judge to unseal the affidavit. But in a filing Wednesday, the district attorney's office asked for the affidavit to remain sealed until Sept. 7 because the evidence it described had not been disclosed publicly.

Assistant Dist. Atty. William Nagel wrote that investigators only zeroed in on Karr five days before his Aug. 16 arrest and were unable to contact certain witnesses for fear that the suspect would become alerted to their investigation and flee.

Karr's ex-wife has said since then that he was with her in Alabama when the girl died, and his biological family says he apparently spent that Christmas in Georgia.

"This case is not yet in court," Nagel wrote. "Rather, it is still in the investigative stage."

Once Karr is booked, the district attorney's office must bring him to court within 72 hours to set his bail and ensure he has an attorney.

They can file criminal charges after that appearance. Normally, charges are filed within 48 to 72 hours of a first court appearance in Colorado, but a judge can waive that deadline.

Legal experts in Colorado are divided over what is likely to happen next. Some say they believe that, after additional investigation, Dist. Atty. Mary Lacy could conclude that Karr is falsely claiming responsibility for the killing and not file charges against him. But others say they believe that Karr's presence in Colorado means he will inevitably be prosecuted.

"There are not enough eggs in the world to put on the face of Mary Lacy if she brings this guy back without charging him," said Craig Silverman, a former chief deputy district attorney in Denver. "Nobody on the outside can be positive that this man actually did the crime, but I am positive he is going to be charged with the crime."

Landlord In Costa Rica: Karr Said He Was 'Like A Wolf' Sexually (FINDLAW/AP)

By Marianela Jimenez, Associated Press Writer

AP, August 25, 2006

(AP) - SAN JOSE, Costa Rica-John Mark Karr bragged to his landlord's wife that sexually he was "like a wolf," and said he "liked little boys and girls" when he worked in Costa Rica as an English teacher, his former housemates told The Associated Press.

Karr, now jailed in the United States after his arrest in Thailand, faces a Colorado warrant for the 1996 murder of 6-year-old JonBenet Ramsey.

Karr traveled around the world in recent years, including brief stays in Honduras and Costa Rica, where he rented a room in 2004 from Canadian John Hall, who now teaches at a private university in the capital of San Jose.

"I had to kick him out because he was obviously a pervert and I was worried about the safety of my wife and my stepdaughters," Hall told The Associated Press.

Hall, 42, told AP in an exclusive interview that he rented a room to Karr through an Internet posting, because his family needed the money. Karr told him at the time that he was in Germany taking care of a family. Hall said he e-mailed the family to get a reference, although now he believes Karr was the one who responded and gave the recommendation.

Hall said Karr was a "ham" but that his "sense of humor started to turn twisted and perverted."

Hall said he asked him to move out after about five weeks because Karr was saying "rude and inappropriate things" to his Costa Rican wife and stepdaughters, then 16 and 20.

"I threw him out because he was causing problems for them," Hall said. "Eventually he told my wife that he 'was sexually like a wolf,' and after that I asked him to leave."

One stepdaughter, now 22, told The Associated Press that Karr had said several times that he liked the "little ones."

"My mother asked him why he wasn't looking for a girlfriend in Costa Rica and he said that he doesn't like adult women, only the little ones," said the stepdaughter, who spoke on condition her name not be published. "I thought he was referring to young women at the time; I never imagined that he was referring to little girls."

Hall said that Karr would often either talk incessantly, or sit in his room and listen to dark rock music, like that of Marilyn Manson, something that also bothered the Halls, who are Pentecostal Christians.

"We started getting pretty scared," Hall said, when Karr described himself as "sexually ambiguous" and said he "liked little boys and girls," in conversations with the family and even visitors to the house. Hall said he also told him "he thought my stepdaughter ... was cute."

Hall said Karr never touched his wife or stepdaughters, or did anything else criminal in Costa Rica that he was aware of, so he didn't alert police.

But after kicking Karr out, Hall said, he remained suspicious enough to do a computer search to see if he was a sex predator.

"I suspected he was a pedophile. I looked on the Internet to see if there was something on him, but I didn't find anything," he said.

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The following year, Karr taught for eight months at a small primary school in La Esperanza, Honduras, 60 miles (96 kilometers) from the Honduran capital of Tegucigalpa, according to Renan Marquez, the school's chief administrator.

Marquez said Karr taught second grade but left because he had a contract with a school in another country; he didn't know which. Marquez told AP by telephone that Karr was always "reserved, shy, responsible, organized and punctual."

Karr "required a lot of discipline" of his second-grade English students, Marquez said. "I never saw anything strange in his treatment of the children."

Police in Costa Rica and Honduras told the AP they have no records of any complaints about Karr. "If Karr committed a crime in this country, nobody reported it," said Lorena Calix, spokeswoman for prosecutors in Honduras.

Hall said at one point Karr appeared to want to discuss a famous U.S. murder case with him.

"I think it was about the Ramsey girl, but the conservation didn't continue because i didn't know anything about the topic," Hall said.

Still, Hall said his family was shocked when they heard of Karr's arrest.

"My wife told me that God protected us," Hall said. "I believe it's possible he could have committed this crime, but I also think it's possible he's caught up in a big lie."

Associated Press Writer Freddy Cuevas in Tegucigalpa, Honduras, contributed to this report.

Alleged Cuban Spy Says FBI Promised No Arrest (BRAH)

By Curt Anderson

The Bradenton Herald, August 25, 2006

MIAMI - A college professor charged with being an illegal Cuban agent testified Thursday that he only divulged details about "my past" with the Havana government because he believed FBI agents had promised that he wouldn't be prosecuted if he was truthful.

"I did consider it as a promise," said Carlos Alvarez, indicted along with his wife Elsa on charges of acting as longtime Cuban intelligence operatives. "Otherwise, why would I have said the things I said about my past life? I said a lot. I said everything, basically."

Alvarez, a psychology professor at Florida International University, testified at a hearing on his motion to throw out his purported confession as evidence. The motion contends that the FBI agents made promises of immunity from prosecution and that he also had no real choice in deciding whether to speak with them.

"I felt that if I refused to talk with them, I would be in trouble," he said.

Alvarez did not specifically admit Thursday that he or his wife were Cuban intelligence agents as alleged by prosecutors. They have pleaded not guilty to the charges and face trial in early 2007.

The FBI agents - Albert Alonso and Rosa Schureck - both testified that they made no firm promises to Alvarez and insisted that he was told he was free at any time to leave the interviews, conducted on June 22-23 and July 1, 2005, at a hotel in the Miami area. Two of the sessions were videotaped.

Alonso and Schureck said their goal in meeting with Alvarez was not to gather evidence in a criminal case but to persuade him to become a double agent who would keep his alleged links to Cuba's intelligence service, but secretly work for the U.S. government to gather information about President Fidel Castro's government.

"We did not promise him anything," Schureck said. "We were approaching Mr. Alvarez not only to talk to him but to solicit his cooperation with the government of the United States."

Ultimately, however, the two FBI agents said Alvarez refused their offer and he and his wife were arrested some six month later. The purported confession is a keystone to the prosecution's case, lending great importance to the hearings on whether it will be allowed as evidence.

In his testimony Thursday, Alvarez said the two agents repeatedly invoked his family, including his 13-year-old daughter, in saying his truthfulness and willingness to cooperate would determine their future.

"Whenever my children are mentioned, I'm taking it as a threat," Alvarez said. "To me, it was a subtle message."

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Alvarez also testified that he was led to believe he would not face criminal charges if he gave the FBI agents what they wanted.

"I felt that first of all, I would not be arrested. My family would continue the life we were living ... there would be no scandal," he said.

The FBI agents testified earlier that they made no such threats or promises.

Prosecutors say Alvarez, 61, and Elsa, 56, spied for Cuba's communist government for decades, mainly reporting on activities of Cuban-American exile groups in Miami and on U.S. political affairs. There are no allegations that either passed on any U.S. government secrets or military information, as some past spies have done.

U.S. Magistrate Judge Barry Garber scheduled a third day of testimony Friday in the case.

Atlanta Jailer Pleads To Bribery Charges (AJC)

By Mike Morris, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, August 25, 2006

A jailer at the Atlanta City Detention Center pleaded guilty Thursday to federal bribery charges.

Nathaniel Gray, 41, of Riverdale, will be sentenced by U.S. District Judge Beverly B. Martin on Nov. 8.

Gray was indicted in April on one count of bringing contraband into the city jail, and one count of accepting money to bring contraband into the jail in violation of his official duty.

He pleaded guilty Thursday to both counts, and could receive a maximum sentence of 16 years in prison and a fine of up to $350,000.

Authorities said Gray, who had worked at the jail twice for a total of seven years, sold cellphones, alcohol and cigarettes to inmates.

"Prison guards are entrusted with maintaining order and discipline among inmates, many of whom have been charged with or convicted of violent crimes," said U.S. Attorney David E. Nahmias.

"The introduction of contraband into a prison threatens that order and discipline, and it can also create danger for other inmates and guards," Nahmias said.

Bronx Pol To Surrender To Feds (NYDN)

By Bob Kappstatter, Daily News Staff Writer

New York Daily News, August 25, 2006

Longtime Bronx State Sen. Efrain Gonzalez will surrender to federal authorities today to face charges of misappropriating government funds, the Daily News has learned.

A sealed 19-count indictment reportedly charges Gonzalez with using grants and contracts acquired for various community groups to siphon money back into his own pocket. One group named is the West Bronx Neighborhood Association, an alleged dummy organization.

The indictment stems from a two-year probe by the FBI and federally-deputized agents from the city Department of Investigation. Investigators sifted through a "massive" number of records and traveled to Florida and the Dominican Republic, where Gonzalez has a cigar business, a source said.

Gonzalez, 58, a state senator for 18 years, is to turn himself in at the U.S. attorney's office in Foley Square at 9 a.m., sources said.

"We have not been appraised of the charges," Gonzalez's lawyer, Murray Richman, said last night. "Before we can comment, we want to review them."

Richman said that U.S. Attorney David Kelley's office had agreed Gonzalez could be released on $25,000 bond.

The investigation has been the buzz of the Bronx political establishment since it began, with rumors flying that it extended to other elected officials and the Bronx Democratic Party machine. But a party insider said that, at this point, "no subpoenas, no paper requests, no nothing, has gone out beyond Sen.Gonzalez."

The Bronx's political reputation has taken a beating in recent years, with former state Assemblywoman Gloria Davis and former state Sen. Guy Velella both convicted and jailed for bribe-taking.

BRONX STATE SENATOR INDICTED IN JOB SCAM (NYPOST)

By Murray Weiss

The New York Post, August 25, 2006

August 25, 2006 -- A powerful Bronx state senator has been indicted by the feds in connection with a sweeping yearlong corruption probe of allegations that taxpayer-funded groups were providing jobs to family and friends, The Post has learned.

Sen. Efrain Gonzalez Jr., a veteran politician elected to the Legislature in 1989, is expected to surrender this morning for arraignment on charges brought by the office of Manhattan U.S. Attorney Michael Garcia.

Gonzalez and a cadre of politicos and their relatives have been in the cross hairs of federal prosecutors and the city's Department of Investigation as they tried to determine whether funds earmarked for state and city programs were churned into salaries for family members and their cronies.

Gonzalez's attorney, Kim Richman, insisted the senator is innocent.

"We have just learned the indictment has been unsealed and have not had an opportunity to study it, but we can assert categorically that the senator is innocent of any wrongdoing," he said.

The exact charges against Gonzalez could not be determined, but he is expected to appear before a federal magistrate today, then fingerprinted and released on $25,000 bond.

Representatives for Garcia and DOI Commissioner Rose Gill Hearn declined comment on Gonzalez, a key player in the Bronx Democratic organization.

As the grand jury zeroed in on him this week, the seemingly carefree senator attended the highly publicized Yankee Stadium groundbreaking ceremony. Earlier this month, he was named chairman of a new task force launched by Senate Democrats to explore economic-development prospects with Cuba.

The Post broke the story last August that politically connected Bronx operatives, including Gonzalez's longtime girlfriend, Lucia Sanchez, were hit with subpoenas along with nonprofit organizations where connected people get cushy jobs.

One of the targets was the West Bronx Neighborhood Association, located in the same building as Gonzalez's office at 1780 Grand Concourse.

Several of his colleagues expressed shock last night that the 58-year-old Puerto Rican-born senator, a close ally of party leaders, faced criminal charges today.

It was unclear whether any other subjects of the probe face indictment.

Gonzalez will be the second lawmaker to face criminal charges this month. Brooklyn Assemblywoman Diane Gordon was charged by DA Charles Hynes with trying to shake down a developer to build her a $500,000 home for the development rights to a city-owned lot.

Crew Says He Offered To Wear Wire In Probe (MH)

By Matthew I. Pinzur

The Miami Herald, August 25, 2006

Miami-Dade Superintendent Rudy Crew once offered to "wear a wire" as part of a federal investigation, he told The Miami Herald on Thursday.

He declined to provide details, saying the case might still be active, but said the investigation never included any School Board members or senior district administrators.

An FBI spokeswoman declined to comment.

The talks between Crew and the FBI were revealed by Herbert Cousins, the district's former inspector general, who said Crew ultimately refused to participate in the investigation.

Cousins, who was let go after an acrimonious fight last year, took a first step this week toward suing the school system for defamation. He believes Crew tried to trash his reputation and have him removed from the inspector's job while he was probing alleged corruption among board members and senior administrators.

"If Dr. Crew had followed through on his promise of cooperation, we would have cleaned up the system," said Cousins, a former FBI agent. ``Instead, he turned."

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CREW'S SUSPICIONS

Crew told Cousins in late 2004 or early 2005 that he suspected corruption in the system, but said senior district officials were not involved. If Cousins ever investigated those officials, Crew said, he was unaware of it.

"Mr. Cousins made a huge deal over not wanting to share," Crew said.

Crew's chief of staff, Carolyn Spaht, denied Cousins' claim that files he left behind included details about corrupt board members. She said two senior officials reviewed every document in Cousins' files after the board refused to renew his contract in 2005.

"There was zero, nothing about board members," Spaht said.

Thursday evening, Cousins said that was "totally incorrect," but neither he nor his attorney would discuss the targets of the investigations or what evidence Cousins may have collected.

"I'm not inclined to try my case in The Miami Herald," said Cousins' lawyer, Thomas Equels.

Equels announced Cousins' possible lawsuit in a two-page letter sent Tuesday to the School Board and Crew. Such a letter is necessary before filing suit against a government agency in Florida.

"These people are vicious," Cousins said in an interview Thursday. ``They'll destroy anyone who gets in their way."

School Board Chairman Agustín Barrera said Cousins was seeking revenge against the board members who refused to extend his contract. He accused Cousins of deliberately sending the letter two weeks before voters decide whether to reelect Barrera and two other incumbents, Perla Tabares Hantman and Solomon Stinson.

"The timing is planned and mischievous," Barrera said.

Cousins said he moved as quickly as possible but needed time to build his case.

"I would have preferred to do this six months ago," he said.

Equels said Cousins must now wait six months to file the suit, but it could happen sooner if the district allows the case to move forward.

Equels' letter accused Crew and his former communications chief, Joseph Garcia, of a "smear campaign" that ``effectively thwarted corruption investigations of certain board members."

Cousins believes Garcia planted unflattering news stories about Cousins shortly before his dismissal -- a notion Crew called ``very distorted."

"The district responded to questions from the media," said Garcia, who left the administration last month and moved to North Carolina. ``That was the extent of our communication about the inspector general's office."

LEGAL ACTION

Cousins is at least the fifth former district official to take legal action against Crew.

Equels also represents four others, including former Chief Education Officer Mercedes Toural, who was forced out in late 2004. According to district attorney JulieAnn Rico, the district has rejected settlement offers in those cases.

When the School Board dismissed Cousins, the majority of board members said he was ineffective and would not provide enough information about the progress of his investigations to justify his budget.

"How did we know if he was doing his job or not doing his job if we couldn't see what his caseload was?" Barrera said.

Cousins, however, said he was let go because some board members were trying to protect themselves.

"It's all going to come out in the end, and I'm going to expose as many of them as I can," Cousins said.

Barrera said he had no knowledge of any investigations of himself or any of the other eight board members. The only members mentioned by name in the letter were Marta Pérez and Frank Bolaños, who Cousins believed were the only ones who ``supported the preservation of the independent inspector general function."

Pérez was reelected this summer without opposition; Bolaños is resigning his seat and is engaged in a tough Republican primary race with incumbent state Sen. Alex Villalobos.

TWO MAJOR CASES

During Cousins' tenure, local law enforcement agencies said he played a role in two major cases: the arrests of 22 district employees charged in a prescription painkiller drug ring, and the arrest of a longtime Palmetto Senior High employee charged with peddling worthless continuing-education credits that more than 100 teachers used to renew their licenses.

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Cousins also shut down a wasteful fire-watch program at Miami Lakes Educational Center, prompting the district to repair long-broken fire alarms.

But outside of those cases, Cousins' office closed only a few dozen other cases, many of which board members dismissed as trivial.

The search for a replacement has dragged for nearly a year, during which time the board has cut the office's budget and changed its oversight. Instead of reporting to a Florida Department of Education inspector general in Tallahassee, the position now reports to the district's quasi-independent Audit Committee, composed of lawyers and accountants appointed by School Board members.

"This even more shows the need for an independent inspector general who reports to . . . somebody in Tallahassee," Cousins said. ``The state Legislature should create that position and fund it."

Kaiser Heir Sentenced For Fraud (SACBEE)

By Denny Walsh, Bee Staff Writer

The Sacramento Bee, August 25, 2006

Henry M. Kaiser, the grandson of Kaiser Industries and Kaiser Permanente founder Henry J. Kaiser, spent 17 years in the venture capital business, but was never very successful at it.

Then a group of European con artists lured him into believing he finally got the break he needed.

What the 62-year-old Oakland resident got instead was a year and a day prison sentence.

A Sacramento federal court Tuesday issued the sentence for Kaiser's role in the theft of $2 million from publicly traded SureWest Communications, a Roseville-based telecommunications firm.

In the words of his lawyer, Kaiser "fell prey to false promises of instant capital for his company and crossed the line in pursuit of that capital."

By virtue of that extra day on his sentence, he is eligible for up to 54 days off his term for good behavior. Such a reduction is not credited if the sentence is a year or less.

Kaiser was ordered to surrender Oct. 24 to begin serving his sentence.

Kaiser pleaded guilty in April 2004 to interstate transportation of fraudulently obtained property and engaging in monetary transactions with criminally derived property.

The sentencing range for his offenses, as calculated under federal advisory guidelines, is two years and nine months to three years and five months. But Assistant U.S. Attorney R. Steven Lapham, in a letter to the judge, recommended leniency, citing Kaiser's extraordinary cooperation in the government's investigations of two co-defendants and others.

In late 2001, Kaiser, Larry Wells and a third partner started Quivira Ventures as an investment fund for health care start-ups.

During the ensuing two years few institutions were investing in venture capital funds. In addition, since none of the three had ever run a fund, they had no track record upon which potential investors could rely.

Some European promoters told them if Quivira could demonstrate that it had $25 million on deposit at a major bank, the promoters would come up with $200 million to underwrite Quivira's venture capital fund, without Quivira ever having to relinquish any of the $25 million.

Jeffrey Wells was then a senior treasury analyst at SureWest with access to a portion of the firm's money.

According to the grand jury indictment of Kaiser and the Wellses, "in return for cash and other considerations, including the promise of future employment with Quivira Ventures," Larry Wells persuaded his son to transfer up to $25 million from SureWest to Quivira bank accounts for the purpose of demonstrating Quivira had sufficient funds to make it a viable venture capitalist.

"It was an extremely elaborate scheme," U. S. District Judge Morrison C. England Jr. observed in sentencing Kaiser. "Had it not been discovered, there is no telling what the consequences would have been."

Light Sentence Given Henry Kaiser Scion (MERCN)

By Aaron C. Davis

The San Jose Mercury News, August 25, 2006

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SACRAMENTO, Calif. - The grandson of the founder of Kaiser Permanente was sentenced Tuesday to a year and a day in jail for his role in a scheme to misappropriate $25 million from a telecommunications company.

Henry Mead Kaiser, the grandson of Henry J. Kaiser, the industrialist who formed the nation's largest health maintenance organization, faced three years or more in jail, but a judge ordered a reduced sentence after Kaiser took steps even prosecutors called extraordinary to begin atoning for his crimes.

Kaiser and a father-son team, Larry Wells and Jeffrey Wells, repeatedly transferred $25 million back and forth between SureWest Communications and a venture capital company, Quivira Ventures, owned by the elder Wells and Kaiser.

The purpose of the transfers was to allow Quivira to demonstrate to potential investors that it had sufficient funds in deposit to qualify for various funding proposals.

Kaiser spent the past two years cooperating with police to prosecute his co-defendants. It was the overhaul of Kaiser's own life, however, following his 2004 arrest that impressed the judge.

Kaiser immediately resigned his high-profile jobs as director of Kaiser Hospitals and Health Plans and as a trustee of the Kaiser Family Foundation. He canceled his country club memberships, sold his family estate and put the money in a court registry to compensate SureWest.

After that, Kaiser and his wife moved into a modest rental unit in Oakland where for the past two years they have lived mostly off his wife's $40,000 receptionist salary while Kaiser volunteered with nonprofit groups.

"I looked him in the eye and thought, 'This guy gets it.' He was genuinely remorseful," said Assistant U.S. Attorney R. Steven Lapham in explaining one of the reasons he did not seek the maximum sentence for Kaiser.

Kaiser pleaded guilty to interstate transportation of money obtained by fraud and conducting a monetary transaction in criminally derived property.

Federal Judge Morrison C. England ordered Kaiser to surrender on Oct. 22. Larry and Jeffrey Wells pleaded guilty in June and will be sentenced Oct. 10.

A spokeswoman for the Kaiser Family Foundation declined to comment Tuesday.

Kaiser Scion Sentenced In SureWest Fraud Case (SACBIZ)

San Francisco Business Times, August 25, 2006

Henry M. Kaiser, a descendant of the founder of Kaiser Permanente and Kaiser Industries, has been sentenced to a year and a day imprisonment and ordered to repay $2 million in a case involving millions of dollars shuffled in and out of the accounts of SureWest Communications, prosecutors said Tuesday.

Kaiser was one of three men charged in the case, stemming from a 2003 scheme to move money from the coffers of Roseville-based SureWest to those of San Francisco venture capital company Quivira Ventures. Kaiser and Larry Wells ran Quivira, while Jeffrey Wells was a senior treasury analyst for SureWest who arranged the wire transfers of $25 million, investigators said.

Quivira put the money into various accounts to qualify for various high-yield investments, and the funds periodically were returned to SureWest's accounts to prevent detection, investigators said. But Quivira was itself the victim of a fraud, prosecutors said; when the company transferred $2 million in SureWest money to an account at an Italian bank in Luxembourg, most of it was withdrawn and the rest frozen by investigators.

Kaiser pleaded guilty in April 2004 to reduced charges of interstate transportation of money obtained by fraud and conducting a monetary transaction in criminally derived property. He cooperated with prosecutors, stepped down from the boards of Kaiser Hospitals and Health Plans and sold his house to pay restitution. His sentence also included a $25,000 fine.

Jeffrey Wells admitted this summer to 10 counts of wire fraud and Larry Wells to two counts each of wire fraud and transactions with criminally derived property. Both men are to be sentenced in October.

Most of SureWest's money was recovered from Quivira and insurance covered much of the company's remaining loss.

Six Indicted In Alleged $48 Million Lottery Operation (MERCN)

The San Jose Mercury News, August 25, 2006

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SACRAMENTO - Suspected ring leaders of an underground lottery operation were indicted Thursday on charges of illegal gambling and money laundering in a scheme police say may have netted $48 million over five years.

According to a statement issued by U.S. Attorney McGregor Scott, Prasert Somsinsawasdi, 59, and his wife, Noy Somsinsawasdi, 46, ran the Sacramento-area lottery operation out of residences, Asian markets and small video stores, none of which were licensed lottery retailers.

Karen Ernst, an FBI spokeswoman, said the Somsinsawasdis recruited Asian-American business owners to run the lottery. Bettors placed their wagers in stores and homes and received tickets made of handwritten numbers on carbon paper, she said.

According to an affidavit reviewed by The Sacramento Bee, police said individual bets usually ranged from $5 to $100, and tickets with all three winning numbers paid out at 800 to 1. Store owners were paid 10 percent of bets taken at their businesses. The ringleaders collected about $800,000 a month, according to the affidavit.

Four others were indicted Thursday in connection with the lottery operation. The U.S. attorney's office alleged Chao Lee, 32; Soukuane Saelee, 48; Mouang Saelee, 44; and La Soukasene, 41, were all major sellers of the lottery tickets. If convicted, each faces up to five years in prison and $250,000 in fines.

The Somsinsawasdis each face 20 years and $500,000 in fines.

Cult Leader Scheduled For Execution (FINDLAW/AP)

By John Mccarthy, Associated Press Writer

AP, August 25, 2006

(AP) - COLUMBUS, Ohio-A cult leader convicted of killing a family of five in 1989 will be executed on Oct. 10, the Ohio Supreme Court ruled on Thursday.

Jeffrey Lundgren, 56, was convicted of shooting to death a man, his wife and three daughters who had moved from Missouri in 1987 to follow Lundgren's teachings. He referred to the killings as "pruning the vineyard."

Lundgren formed a religious cult after he was dismissed in 1987 as a lay minister of the Reorganized Church of Jesus Christ of Latter Day Saints. He had attracted a following, and several people moved with him to a rented farm house in suburban Cleveland, where they called him "Dad" and contributed money for group expenses.

On April 17, 1989, the Avery family was invited to dinner, then led to the barn where they were bound and placed into the pit, where Lundgren shot each one. The pit was covered with dirt.

A jury found him guilty of five counts of aggravated murder with each count containing two death penalty specifications and five counts of kidnapping.

Lundgren has exhausted all of his state and federal appeals, said Bob Beasley, spokesman for Attorney General Jim Petro.

In an unsworn statement at his 1990 trial, Lundgren told the jury that he and his cult were preparing for the second coming of Jesus Christ, which they believed would occur at the Reorganized Church's temple. He said messages in the Bible told him to kill the Averys because they were not invested enough in the cult, according to court testimony.

Lundgren's wife, Alice, 55, was sentenced to five terms of life in prison for conspiracy, complicity and kidnapping. The Lundgrens were among 13 cult members arrested in the case. Most lived at the Kirtland farm. Some pleaded guilty to reduced charges.

Files From Duke Rape Case Give Details But No Answers (NYT)

By Duff Wilson And Jonathan D. Glater

The New York Times, August 25, 2006

DURHAM, N.C. — On March 21, a week after an African-American woman charged that she had been raped by three white Duke University lacrosse players, the police sergeant supervising the investigation met with the sexual-assault nurse who had examined the woman in the emergency room. The sergeant, Mark D. Gottlieb, reviewed the medical report, which did not say much: some swelling, no visible bruises.

But the sergeant's case notes also recount what the nurse told him in response to his questions: that the woman appeared to be in so much pain that it took "an extended period of time" to examine her, and that the "blunt force trauma" seen in the examination "was consistent with the sexual assault that was alleged by the victim."

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About a week later, the sergeant met with the Durham County district attorney to go over the case. For several days, the prosecutor, Michael B. Nifong, had been beseeching Duke lacrosse players to break their "stonewall of silence" about what had happened at a team party on March 13. Now, he turned up the pressure, telling Fox News that there was "no doubt in my mind that she was raped."

Whether the woman was in fact raped is the question at the center of a case that has become a national cause célèbre, yet another painful chapter in the tangled American opera of race, sex and privilege. Defense lawyers, amplified by Duke alumni and a group of bloggers who have closely followed the case, have portrayed it as a national scandal — that there is only the flimsiest physical evidence of rape, that the accuser is an unstable fabricator, and that Mr. Nifong, in the middle of a tight primary campaign, was summoning racial ghosts for political gain.

By disclosing pieces of evidence favorable to the defendants, the defense has created an image of a case heading for the rocks. But an examination of the entire 1,850 pages of evidence gathered by the prosecution in the four months after the accusation yields a more ambiguous picture. It shows that while there are big weaknesses in Mr. Nifong's case, there is also a body of evidence to support his decision to take the matter to a jury.

Crucial to that portrait of the case are Sergeant Gottlieb's 33 pages of typed notes and 3 pages of handwritten notes, which have not previously been revealed. His file was delivered to the defense on July 17, making it the last of three batches of investigators' notes, medical reports, statements and other evidence shared with the defense under North Carolina's pretrial discovery rules.

In several important areas, the full files, reviewed by The New York Times, contain evidence stronger than that highlighted by the defense:

Defense lawyers have argued that the written medical reports do not support the charge of rape. But in addition to the nurse's oral description of injuries consistent with the allegation, Sergeant Gottlieb writes that the accuser appeared to be in extreme pain when he interviewed her two and a half days after the incident, and that signs of bruises emerged then as well.

The defense has argued that the accuser gave many divergent versions of events that night, and she did in fact give differing accounts of who did what at the party. But the files show that aside from two brief early conversations with the police, she gave largely consistent accounts of being raped by three men in a bathroom.

As recounted in one investigator's notes, one of the indicted players does not match the accuser's initial physical descriptions of her attackers: she said all three were chubby or heavyset, but one is tall and skinny. In Sergeant Gottlieb's version of the same conversation, however, her descriptions closely correspond to the defendants.

The sergeant's notes are drawing intense scrutiny from defense lawyers both because they appear to strengthen Mr. Nifong's case and because they were not turned over by the prosecution until after the defense had made much of the gaps in the earlier evidence.

Joseph B. Cheshire, a lawyer for David Evans, one of the defendants, called Sergeant Gottlieb's report a "make-up document." He said Sergeant Gottlieb had told defense lawyers that he took few handwritten notes, relying instead on his memory and other officers' notes to write entries in his chronological report of the investigation.

Mr. Cheshire said the sergeant's report was "transparently written to try to make up for holes in the prosecution's case." He added, "It smacks of almost desperation."

Sergeant Gottlieb did not return phone calls yesterday seeking comment.

A review of all of the evidence underscores the major problems with the case:

There is no DNA evidence directly linking the suspects to the accuser.

The array of photographs used to identify the suspects violated generally accepted guidelines for lineups, because it included only lacrosse team members. Defense lawyers have challenged it in court, arguing that all evidence that followed from the identifications should be thrown out.

One suspect, Reade Seligmann, has what appears to be a powerful alibi, based on a cellphone log and other records that show he left the party early.

Finally, no one, not even the second dancer at the party, has corroborated the rape charge made by the woman, whose troubled personal history is sure to be an issue at trial.

Increasingly, Mr. Nifong has become the focus of attacks on the case. Some of the defense lawyers have accused him of professional misconduct for, among other things, giving dozens of what they describe as inflammatory interviews early in the case and for instructing the police to employ the faulty photo lineup. The defense lawyers say, too, that the district attorney refused to meet when they tried to share evidence that supported their clients. In the courthouse and around town, even people who know Mr. Nifong well and respect him are wondering: What does he have?

The files, of course, cannot settle any arguments about the case, which is expected to go to trial next spring. Still, taken in their entirety, they help answer some important questions and raise others. They add rich detail to the narrative of what happened that night.

What is more, regardless of one's opinion about the prosecution, to read the files, with their graphically twined accusations of sexual violence and racial taunts, is to understand better why this case has radiated so powerfully from the edgily cohabited Southern world of Duke and Durham.

Mr. Nifong and the police officers and medical personnel involved in the case have refused requests for interviews, and in mid-July a judge barred participants from publicly discussing the case. But four weeks ago, at a news conference to discuss his campaign, the district attorney admitted that he had erred early on in his handling of the press and had not gotten some hoped-for evidence, like DNA matches. As for the case itself, though, he said, "I have not backed down from my initial assessments."

The Party

Spring break 2006. The Duke lacrosse team was ranked No. 2 in the nation. The verdant campus had gone quiet, but the team stayed to practice and party. Other years they had gone to a strip joint called Teasers Men's Club, one player told the police, but this time they decided to hire their own strippers because some players were too young for the bar.

One of the team captains, Dan Flannery, using the name "Dan Flanigan," called a local escort service and arranged to pay $800 for two women to dance at what he described as a bachelor party. The women were directed to a white clapboard house on North Buchanan Boulevard near campus, where they met for the first time.

One of them, Kim Roberts, was a 31-year-old escort service worker who was wanted by the police for violating probation in a 2001 embezzlement case.

Her partner was a 27-year-old single mother of two, a student with a B average at North Carolina Central University, the historically black college across town. She worked flexible hours at Platinum Pleasures, a strip club, and for Angel's Escorts. She was a stripper, not a prostitute, she later told the police. She told them that "she had been to one event in the past where she thought a male at the party was nice, so after the party they went out and had consensual sexual relations," but just that once.

The women, wearing see-through outfits, started dancing about midnight. A photo taken by one player shows two women together on the floor surrounded by seven young men, many holding drink cups. A few minutes later, one of the men said something about using a broomstick in a sexual manner. The dancers stopped. An argument ensued. Using a racial epithet, someone yelled that they had asked for white dancers, not black ones.

That much is agreed. It was 12:04 a.m. March 14. The question is, what happened in the next 30 to 50 minutes?

The Accuser's Account

At 12:53 a.m., Ms. Roberts called 911 and said some Duke students had called her and a girlfriend by a racist name as they passed the North Buchanan house. She did not identify herself. The police arrived two minutes later to find the house dark. No one answered the door.

Ms. Roberts later said that she had called 911 while driving away. She did not know what to do with her acquaintance, who was incoherent and, she believed, drunk or high. She drove to a 24-hour supermarket near campus, where a security guard called 911 at 1:22 a.m. The first officer to respond was John C. Shelton, a Durham patrol sergeant. He found the woman in her negligee, without undergarments, in the car. She did not need medical attention, he told the dispatcher, "she's just passed-out drunk." He put an ammonia capsule under her nose, and when she started breathing through her mouth, he decided she was faking unconsciousness.

"I grabbed the female and attempted to pull her from the vehicle," Sergeant Shelton wrote. "She grabbed the emergency brake with her left hand and would not come out of the car. At this point, I applied a bent-wrist come-along to her right hand and arm. As I applied pressure, she became responsive, and eventually I was able to get her out of the car. Once she was out of the

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car, I released the pressure and she collapsed to the ground." The woman would not stand or speak, so Sergeant Shelton told two officers to take her to a mental-health and substance-abuse facility overnight.

"During the check-in process, the victim was asked if something had happened to her and she said, 'Yes,' " Officer Joseph Stewart wrote. "She was then asked if she had been raped, and she stated, 'Yes.' "

At 2:31 that morning, the woman was taken to the emergency room at Duke University Medical Center. Over the next eight hours, she spoke with a number of police officers, doctors and nurses. Defense lawyers say she gave so many different accounts — that she had been raped by 3, 5 or 20 men, or not at all — that they add up to a lie.

The prosecutor's file, however, shows that, except in some initial contacts with the police, she gave a consistent account during that night and since then of how many men raped her. In addition, some of the early reports cited by the defense appear to have been based on misunderstandings.

The version that she had been groped, not raped, was what she told Sergeant Shelton at the hospital. "She told me that no one forced her to have sex," he wrote. Sergeant Shelton, who had struggled with her earlier in the night, called his watch commander to say the woman was recanting. Then he heard her tell a doctor that she had been raped.

"I returned to the room where she was and asked her if she had or had not been raped," he wrote. "She told me she did not want to talk to me anymore and then started crying and saying something about them dragging her into the bathroom."

The version in which she claimed to have been raped by 20 men and changed her story "several times" was written by Christopher H. Day, a Duke University police officer, based, he later said, on overhearing a phone call by Sergeant Shelton. Officer Day never talked to the woman or to Sergeant Shelton. The report of 20 men may have been a reference to an estimate of the number of men at the party.

The account of being raped by five men comes from the notes of Gwendolyn Sutton, a Durham police officer who talked with the woman upon her arrival at the hospital. Officer Sutton's report says the woman told her she had been dancing with three other women, "Nikki, Angel and Tammy." Nikki was Ms. Roberts's stage name, but there may have been a misunderstanding about the role of the two other women: Tammy was a dispatcher at Angel's Escorts. The reference to five rapists has not been explained.

(Ms. Roberts has given contradictory accounts. On March 22, she told the police that the rape accusation was "a crock," and that she had been with the accuser for all but five minutes of the party. Later, though, she revised her story to the police and told National Public Radio that a rape "could have happened," but that she had not seen or heard it. Defense lawyers argued that she changed her story to suit an opportunity: on April 17, Mr. Nifong personally changed Ms. Roberts's bail status on her probation violation, reducing her bond payment by $1,875.)

In her subsequent detailed accounts to doctors and detectives, files show, the accuser said she was raped vaginally, anally and orally by three men who called themselves Adam, Matt and Bret. She said these might not have been their real names. She said the men had called her racially pejorative names and had held, pushed and kicked her during the attack.

The woman gave a variety of accounts about what each of the men did during the alleged assault and in what order. For example, in initial statements, she said "Adam" had closed the bathroom door and told her "I'm sorry, sweetheart, you can't leave." But in her April 6 written statement to the police, she said "Matt" told her that. In two separate accounts, she also gave two different names of the man she said raped her orally.

Sergeant Gottlieb's notes recount what Tara Levicy, the sexual-assault nurse, said of her encounter with the woman in the emergency room. "She stated the victim came in and was very apprehensive around the officers," he wrote. "Once the officers left the room, it took her approximately 15-20 minutes to get her to calm down and open up. She stated the victim from that point on never changed her statement for over the 6-7 hour time period they were together."

The nurse said the woman remained calm in her presence, but when Ms. Levicy left the room and a male nurse entered for some supplies, she reacted in a way that sexual-assault experts say is not uncommon among rape victims: she "began to scream hysterically."

The Medical Evidence

The defense lawyers say there is no medical evidence that the woman was raped or assaulted. J. Kirk Osborn and Ernest L. Conner Jr., who represent Mr. Seligmann, filed a motion on June 7 accusing the authorities of misleading a judge about the

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strength of the medical evidence. They attached, under seal, the 23 pages of medical reports received through pretrial discovery. The first notes, by Dr. Joshua S. Broder and Duke hospital nurses, say the woman reported that she had been raped and complained of vaginal pain. A physical examination found no tenderness of the abdomen. She was "well nourished, visibly upset, crying, alert, cooperative, no acute distress."

She was next examined by sexual-assault specialists, Dr. Julie Manly and Ms. Levicy, who confirmed "tenderness" in the vagina and the rectum. The nurse reported finding "diffuse edema," or swelling, "of the vaginal walls," but no abrasions, tearing or bleeding.

That is the finding that defense lawyers have seized upon in arguing that medical personnel did not find signs and symptoms consistent with rape. However, sexual-assault nurse trainers say nurses are specifically trained not to make legal or causative statements in their reports. They just report physical findings. And Ms. Levicy made a much stronger statement a week later.

"I asked her if the exam was consistent with blunt force trauma, and she replied, 'Yes,' " Sergeant Gottlieb wrote in the notes of his March 21 interview with the nurse. "She stated the victim had edema and tenderness to palpitation both anally and especially vaginally. She stated it was so painful for the victim to have the speculum inserted vaginally that it took an extended period of time to insert same to conduct an examination. I asked her if the blunt force trauma was consistent with the sexual assault that was alleged by the victim. She stated the trauma was consistent with the victim's allegation."

Before Sergeant Gottlieb's notes were turned over to the defense, and before the judge's order not to discuss the case, defense lawyers had argued publicly that the woman's swelling and tenderness could have been caused by consensual sexual activity in the days before the Monday-night party.

Jarriel L. Johnson, a friend of the woman who drove her for escort service work, told the police that he had taken her to a half-hour job at a Holiday Inn on the previous Friday afternoon, to Platinum Pleasures on Friday night, to a Millennium Hotel for an hour on Saturday, and to another hotel on Sunday. The woman herself told the police that she had performed with a vibrator for one couple.

The woman denied engaging in sexual activity with those clients, and no evidence has been offered to contradict her. She also told the police that she had last had sex about a week before the party, with her boyfriend. His DNA was the only positive match with samples taken from her body. In addition, her driver initially told the police that they had had sex the weekend before the lacrosse party, but then revised his statement to say it was the previous weekend.

The woman's accounts of other injury changed over time. She "denies other physical assault," Dr. Broder wrote after initial examination in the Duke emergency room. Later that night, though, Ms. Levicy wrote that the woman told of being held by both legs and pinched, pushed and kicked.

Dr. Manly, the sexual-assault specialist, found the woman's head, back, neck, chest, nose, throat, mouth, abdomen, arms and legs all normal. The only "signs of physical trauma," she reported, were three small, nonbleeding scratches to the knee and ankle.

A day later, the woman's condition appeared worse. She went to a University of North Carolina hospital, where she had previously received care for chronic neck and back pain. Now, she reported that she had been "knocked to the floor multiple times and had hit her head on the sink" during a rape, Dr. Yvonne E. Lai wrote.

U.N.C. doctors observed a limping gait, and they confirmed that she had muscle tenderness and that her head did not have the full range of motion. They diagnosed acute pain in her knees, neck pain and contusions, and recommended crutches and ice packs.

The report also pointed to one of the more puzzling aspects of the case — the woman's intoxication. She told the U.N.C. doctors that she had denied being in pain in the Duke emergency room because she was "drunk and did not feel pain."

She has given slightly differing accounts of how much she drank that evening. She told the police that she had had one or two large-size beers before the party and had taken Flexeril, a muscle relaxant. Both dancers said they were given a mixed drink at the party.

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But investigators say that does not explain why the woman seemed so profoundly intoxicated. The other dancer, Ms. Roberts, told the police that her partner had arrived "clearly sober" — a description confirmed by a next-door neighbor — but became glassy-eyed, "talking crazy" and "basically out of it" within the hour.

Toxicological screening is not standard, unless specially requested, in a rape exam in North Carolina. No such request was made that night. Defense lawyers said it would have shown drugs or alcohol. The Durham police have speculated that the test might have found a date-rape drug, records show; they have also theorized that the trauma of rape itself might have been responsible for her condition. The next day, March 16, Sergeant Gottlieb and the lead investigator under his supervision, Officer Benjamin W. Himan, went to the woman's house.

"The victim was at home alone with her two young children," the sergeant wrote, noting she walked slowly and in obvious pain. "Her facial expressions conveyed her pain as she ambulated." She sat so neither hip touched the sofa. "Anytime her bottom touched the sofa cushion while repositioning during our interview, she groaned and had a facial expression consistent with pain."

During that interview, the woman, who is dark skinned, said bruises were beginning to show from the attack. A female officer took photographs and confirmed that "she had the onset of new bruises present," Sergeant Gottlieb wrote. (The female officer's report does not mention bruises.)

The woman spoke for an hour. She talked about her life — joining the Navy and moving to California shortly after finishing high school, marrying a man 14 years her senior, becoming pregnant by a sailor, returning home to North Carolina and getting divorced — and gave a detailed account of the lacrosse party. "Tears ran down her face freely, and her nose began to run," the sergeant wrote.

Identifying Suspects

Mr. Nifong, the district attorney, has said that a woman's identification of her attackers — even without physical evidence — is enough to send a rape case to a jury.

The accounts of this accuser's first description of the suspects, however, are ambiguous: the two investigators who interviewed her at home recorded the conversation differently.

In Officer Himan's handwritten notes, the woman described all three as chubby or heavy. Adam: "white male, short, red cheeks fluffy hair chubby face, brn." Matt: "Heavy set short haircut 260-270." Bret: "Chubby." The descriptions in Sergeant Gottlieb's notes are more detailed and correspond more closely to the men later arrested: Collin Finnerty, 20, a slender 6-foot-3 and 175 pounds with light hair; Mr. Evans, 23, 5-foot-10, 190 pounds and with dark hair; and Mr. Seligmann, 20, who is 6-foot-1 and 215 pounds with dark hair.

Sergeant Gottlieb wrote: "She described the three men as 1) W/M, young, blonde hair, baby faced, tall and lean, 2) W/M, medium height (5'8"+ with Himan's build), dark hair medium build, and had red (rose colored) cheeks, and the third suspect as being a W/M, 6+ feet, large build with dark hair."

The difference in the police accounts could not be explained. Both investigators have declined public comment. Sergeant Gottlieb, 43, is by far the more experienced. He was hired by the Durham Police Department in 1987 and promoted to sergeant in May 2005 and to supervisor of investigations in February 2006; Officer Himan, 27, was hired in 2002 and assigned to investigations last January, said a police spokeswoman, Kammie Michael.

(Sergeant Gottlieb was one of five Durham police officers involved in a matter unrelated to the Duke case — a July 20 fight outside a Raleigh sports bar in which a racial epithet was yelled at a black cook. Two officers have been charged with misdemeanor assault. Sergeant Gottlieb and the two others will not face charges, the authorities said, though their roles are being investigated by Durham police internal affairs.)

Later on March 16, investigators began the process that has become one of the mostly hotly disputed elements of the Duke case — the identification of individual suspects. The woman was shown lacrosse team photographs of four possible suspects — the players whose names were Adam, Matt or Brett — and of 20 other team members. (Mr. Seligmann was among those pictured; Mr. Finnerty and Mr. Evans were not.) She identified four people she thought were at the party, including Mr. Seligmann, but none as her attackers.

"This is harder than I thought," she said, according to Officer Michele Soucie's notes.

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Even so, investigators decided that the results of that first interview were sufficient to establish probable cause of rape. Later that day, the police served a search warrant on the North Buchanan house.

Mr. Evans and the two other team captains who shared the house were there. Police reports say they cooperated fully. Not only had there been no rape, they said, there had been no sex at all. They talked for hours without lawyers, gave DNA samples and offered to take polygraph tests. The officers declined the polygraph offer because, they said, DNA evidence would solve the case.

Five days later, the police gave the woman another opportunity to identify her attackers. Officer Himan wrote that, under questioning, "She was unable to remember anything further about the suspects." She was shown 12 more photographs, including Mr. Evans's, his lawyer said. She identified none. Another investigator, Richard D. Clayton, wrote, "She again stated the photos looked the same."

The third and final photo identification session occurred on April 4. Mr. Nifong suggested to the investigators that they show the woman pictures of all 46 white lacrosse players — taken 12 days before — and ask if she remembered seeing each one at the party and if so, what he had been doing. About 30 players had been at the party.

Sergeant Gottlieb showed the woman each picture for a minute. The full transcript shows some precise recollections, three weeks after a relatively brief encounter with a large group of white strangers.

The third man pictured "was sitting on couch in front of TV," the woman said. The fourth "looked like Bret but I'm not sure." The fifth "looks like one of the guys who assaulted me." How sure was she? Sergeant Gottlieb asked. "He looks just like him without the mustache," the woman said. Ninety percent sure.

This was Mr. Evans. His lawyers and family say he has never had a mustache.

The sixth picture she did not recognize. The seventh "looks like one of the guys who assaulted me." Asked how sure she was, the woman said 100 percent and described what he had done. This was Mr. Seligmann.

Another student was standing outside talking, the woman told the police. Two others were drinking in the bedroom. Another wore khaki shorts. She said the person in one picture was the one who had given her the $400; this was proved accurate. Another was sitting in the kitchen, another outside, talking; one was sitting in the front row during the dance; another sitting on the couch watching TV; another made the broomstick comment; two of them she remembered yelling excitedly during the dance; and another, she said, was the third man who had assaulted her.

The transcript says "the victim's eyes were pooling with tears." She was 100 percent sure. This was Mr. Finnerty.

Defense lawyers say that since the accuser was only shown pictures of team members, the identification process was fatally flawed — "a multiple-choice test with no wrong answers, a pin-the-tail-on-the-donkey identification," in the words of Mr. Evans's lawyers. In fact, Department of Justice and Durham police guidelines say that for each potential suspect, there should be at least five people who are not possibly suspects. In their motion to throw out the photo identifications, Mr. Evans's lawyers have also sought to bar the accuser from identifying the suspects at trial.

Problems for the Prosecution

In asking a judge to order the 46 white team members to submit to DNA swabs in March, Mr. Nifong's office had written that the tests would "show conclusive evidence as to who the suspect(s) are in the alleged violent attack upon this victim."

On April 10, prosecutors gave the negative DNA results to the defense. There were no matches. The lawyers announced the findings at a news conference on the courthouse steps and called on the district attorney to abandon the case.

The next day, Mr. Nifong spoke at a forum on the case at North Carolina Central, where the accuser attended college.

"DNA results can often be helpful, but, you know, I've been doing this for a long time, and for most of the years I've been doing this, we didn't have DNA," he said. "We had to deal with sexual assault cases the good old-fashioned way. Witnesses got on the stand and told what happened to them."

It was clearly a setback, though — and a turning point in the public view of the case. The woman had initially told doctors and nurses that her attackers had not used condoms, suggesting that there would be a lot of DNA evidence to test. Mr. Nifong later suggested that she might not have noticed the use of condoms, or that the rape exam might have missed some semen. The woman gave differing versions of whether her attackers had ejaculated inside her: she told the sexual-assault nurse she did not know, but she told Officer Himan that she thought one of them had.

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Outside experts say it is possible for a rapist to leave no DNA evidence. But they say juries often expect to see such evidence.

More DNA results have been made public in the case, but their relevance is unclear.

The police recovered semen from beside the toilet — about the same spot where the woman said she had spat out semen from someone who orally raped her. It matched the DNA of Matt Zash, a team captain who lived in the house and has not been charged. His lawyer said the semen had come from other, innocent sexual activity.

Investigators also found a towel in the hallway near Mr. Evans's bedroom with semen matching his DNA. The woman had told the sexual assault nurse that someone had wiped her vagina with a rag. Mr. Evans's lawyer said that this towel had nothing to do with her accusation, and that the semen came from other activity.

Defense lawyers have also attacked the woman's credibility. In one court filing, Mr. Seligmann's lawyer, Mr. Osborn, said evidence of her "mental and emotional problems" would be used to impeach her testimony. Medical records in police files show that doctors had previously diagnosed depression and bipolar disorder.

The lawyers also sought to discredit her with the revelation, first reported in Essence magazine, that 10 years before, she reported another gang rape but failed to pursue the case.

The files in the Duke case throw some light on that case.

She had filed the complaint when she was 18, telling the police in Creedmoor, N.C., that four years earlier, her then-boyfriend and two of his friends had raped her when she was a runaway and helping them sell drugs. She told the Durham police that a friend had encouraged her to report her secret so she could hold the men accountable and move on with her life.

The Creedmoor police say they have no further record of the case. Recently, the woman told Durham investigators that she had decided to drop the Creedmoor case after the police told her that it would be difficult to prove and that all the men were already imprisoned for other crimes. Records show that one of the men was declared a habitual felon in 1998. The Times could not trace the other two, who have common names.

In mid-April, the defense lawyers tried repeatedly to meet with the district attorney to share what they describe as evidence favorable to their clients. He rebuffed them, they say.

Mr. Nifong met with three of the lawyers on April 13 but cut them off when they talked about exculpatory evidence, saying he knew more about the case than they did, according to James D. Williams Jr., who represents a player who was not charged.

Mr. Osborn says he offered to show Mr. Nifong proof of a solid alibi for Mr. Seligmann. That includes cellphone records, an A.T.M. record, a time-coded dormitory entry card and a taxi driver's account. Time-stamped photos show that the women were dancing at the party until 12:04 a.m. According to his cellphone bill, between 12:05 and 12:13, Mr. Seligmann made eight brief calls, of 36 seconds or less, six of them to his girlfriend's number, and then phoned a taxi at 12:14 a.m. and left the party shortly after.

Mr. Nifong has never explained his refusal to meet with the lawyers or review their evidence.

"I've known the guy for 25 years," Mr. Osborn said in mid-April. "I went over and thought surely he'd listen to me on it. And he sent some messenger out and said, 'I saw you on the TV saying your client was absolutely innocent, so what do we have to talk about?' He wouldn't even see me himself."

On April 17, a grand jury indicted Mr. Finnerty, of Garden City, N.Y., and Mr. Seligmann, of Essex Fells, N.J. Mr. Evans, who is from Annapolis, Md., was indicted May 15. They have pleaded not guilty to charges of first-degree forcible rape, first-degree sexual offense and kidnapping and are free on $100,000 cash bonds. Mr. Seligmann and Mr. Finnerty have not spoken publicly about the case, but Mr. Evans gave an impassioned denial to reporters on the day he surrendered to the authorities. "Every member of the Duke lacrosse team is innocent," Mr. Evans said. "You have all been told some fantastic lies."

The accuser is living in an undisclosed location with her two children. Durham police investigators stay in touch with her. On June 30, an investigator asked her about a report that she had been offered money to drop the case.

The case file says, "She stated she has never had any offers from anyone to drop the case, nor will she accept."

Vermont Gunman Kills 2, Wounds 2 At School, Homes (USAT)

By Adam Silverman

DOJ_NMG_0053188

USA Today, August 25, 2006

ESSEX, Vt. — A gunman shot and killed two people and wounded two Thursday in a rampage that invaded the town elementary school and ended after he shot himself as police drew close.

The shooting began with a domestic dispute between the shooter, identified as Christopher Williams, 26, and his former girlfriend, schoolteacher Andrea Lambesis, Essex Police Chief Dave Demag said. Williams was in fair condition Thursday night and expected to survive his self-inflicted injuries.

Prosecutors said charges are pending.

Demag said Williams first shot and killed Linda Lambesis, 57, his former girlfriend's mother, at the home where he once lived with Andrea. He then sought Andrea at the elementary school, where more shots were fired, Demag said.

One bullet struck and killed second-grade teacher Alicia Shanks, 56, through her classroom door. Another wounded first-grade teacher Mary Snedeker, 52.

As teachers barricaded themselves in classrooms, the gunman left.

Dozens of law enforcement agents responded to reports of gunfire at the school, where the staff was preparing for the start of classes next week. Teachers and staff members locked classroom doors and hid until police tactical units escorted them to safety.

Williams' whereabouts were unknown for nearly an hour, until calls of another shooting came across police radios. Officers stationed outside the school grabbed shotguns and automatic weapons, leaped in their cruisers and sped to a nearby condominium complex. There they found Chad Johansen, 26, with a gunshot wound and Williams bleeding in the driveway.

Jillian Schultz, 22, who lives at the complex, said she was in the yard when a man ran past her, asking "Where's Chad? Where's Chad?" Moments later, she said, she heard four gunshots.

Kentucky Governor Signs Plea Deal (NYT)

By Ian Urbina

The New York Times, August 25, 2006

Gov. Ernie Fletcher of Kentucky, who was indicted in May in connection with a hiring scandal, signed an agreement yesterday admitting wrongdoing by his administration and promising to reconstitute the state's Personnel Board.

Under the deal with the attorney general, all charges will be dropped.

"The governor acknowledges that the evidence strongly indicates wrongdoing by his administration with regard to personnel actions within the merit system," the seven-page accord said, adding that he takes responsibility and that he "hereby states that these actions were inappropriate."

"This sincere expression of ultimate responsibility, however, is not an admission in any way of any criminal wrongdoing by the governor," the agreement said about Mr. Fletcher, who had been accused of giving Civil Service positions to political supporters.

The agreement represents welcome news for a governor whose administration has been bogged down for 16 months by the investigation.

"It's over," Mr. Fletcher said at a news conference in Louisville. "This is a day we can move forward on the issues that face Kentucky."

The first Republican governor in the state in more than three decades, Mr. Fletcher has promised to seek re-election next year, despite approval ratings that have fallen below 30 percent.

After he and 15 members of his administration were indicted, Mr. Fletcher issued a blanket pardon to any staff members affected by the scandal, and he has consistently maintained that the indictments were politically motivated.

Attorney General Gregory D. Stumbo, a Democrat, called the agreement a victory for change in the state.

"This will help ensure that it is no longer who you know, but what you know that determines hiring," Mr. Stumbo said. "And that will help us achieve a better and more professional work force."

Critics called the accord a product of expediency. Ending the investigation frees Mr. Stumbo, who is widely viewed as having ambitions for the governor's office, to run without breaking his promise to finish his investigation first.

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"Politically, the tough part for Mr. Stumbo is that he is going to take some heat from fellow Democrats for not holding Fletcher fully accountable," Scott Lasley, a professor of political science at Western Kentucky University, said. "He removed the barrier that prevented him from running, but now he's faced with a political tightrope because he has to answer critics within his own party."

Mr. Stumbo said he had decided to cut a deal because he believed that the governor would pardon himself as he left office and because Judge David E. Melcher recently ruled that the governor could not be prosecuted while in office.

It appeared to be inevitable that the governor would never be prosecuted, Mr. Stumbo said

The agreement said that the grand jury would finish its work and produce a final report, and that it would not request new information from his administration.

The agreement stipulates that the governor will accept the resignations of the four members of the merit board that he appointed and select replacements from a list of 12 alternate candidates to be submitted by Mr. Stumbo.

The deal encouraged former or current state employees who think that they might have been affected by improper hiring practices to seek redress through the Personnel Board.

Mr. Fletcher's supporters saw the agreement as vindication.

"The attorney general was sailing a battleship on a raindrop," said William Stone, the former Republican chairman from Jefferson County. "They knew they had nothing. It was reprehensible that it was allowed to go on this long."

Ted Jackson, a Republican Party strategist, took a different view.

"Ultimately, the realization that this dismissal resulted from a plea agreement, and not as a dismissal on the merits of his defense, will continue to haunt Fletcher," Mr. Jackson said.

Citing a number of leading Republicans who have called on the governor to drop his re-election plans, Mr. Jackson said he doubted that Mr. Fletcher could win a second term.

When Mr. Fletcher took office, he campaigned on promises to clean up the mess left by the last governor, Paul E. Patton, a Democrat who spent most of his last year in office fending off accusations of campaign irregularities and bad press about a lengthy extramarital affair.

"You can't forget that Mr. Fletcher campaigned on a pledge to deal with the 'waste, fraud and abuse' in Frankfort," Mr. Jackson said. "And I think the general perception in the state today is that he failed at that."

CIVIL LAW:

Court Upholds President's Authority (AP-Y)

By Larry Neumeister

AP, August 25, 2006

A federal appeals court Thursday upheld the president's authority to regulate financial transactions with foreign countries during a security crisis and rejected a challenge by a man prosecuted for sending $100,000 into Iraq.

The 2nd U.S. Circuit Court of Appeals said the first President Bush made proper use of the International Emergency Economic Powers Act after Iraq invaded Kuwait in August 1990.

The court rejected a claim that invoking the act unfairly let the president create new criminal offenses that should only be authorized by Congress.

In an opinion explaining their decision, the judges said Congress has the authority to delegate some of its power to the president, especially in matters of foreign affairs, and noted that in a similar case, the Supreme Court upheld the president's power to criminalize the sale of weapons to certain countries.

As part of enforcing a series of executive orders in 1990, the Office of Foreign Assets Control announced that no U.S. person could transfer funds directly or indirectly to the Iraqi government or to anyone in Iraq.

Osameh Al Wahaidy, a Jordanian man, ran afoul of the orders when he sent a total of $100,000 to Iraq in October and November 1999 and in February 2000, the appeals court said.

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He pleaded guilty in 2003 to charges that he had willfully tried to violate and evade the executive orders but he preserved his right to challenge the statute's constitutionality. He was sentenced last year to 100 hours of community service and two years probation.

In a statement at sentencing before a federal judge in Syracuse, Al Wahaidy said he sent the money to Help the Needy, a Syracuse-area charity that claimed it was for Iraqi orphans and poor children. However, the appeals court wrote that the funds were being used by Iraqi "agents" for a series of undisclosed projects.

A lawyer for Al Wahaidy did not immediately return a telephone message for comment.

Lauren McDonough, a government spokeswoman, said she had no immediate comment on the ruling.

Northwest To Keep Flying If Attendants Strike (CHIT/BLOOM)

By Mary Schlangenstein, Bloomberg News

Chicago Tribune, August 25, 2006

Northwest Airlines Corp., which kept operating through a 2005 strike by mechanics, plans to maintain a full schedule if flight attendants stage random work stoppages beginning tomorrow night.

The Association of Flight Attendants-CWA said it will implement strikes that could involve one flight, one city or Northwest's whole system starting at 9:01 p.m. Minneapolis time. The attendants' actions would be in protest of the carrier's $195 million annual reduction in their pay and benefits.

Northwest, the fifth-largest U.S. carrier, has asked a federal court to overrule a bankruptcy judge who upheld the right of the 9,300 attendants to strike. A walkout and anything less than $195 million in concessions could threaten Northwest's exit from bankruptcy, imperil 34,000 jobs and put the company out of business, the Eagan, Minnesota-based airline has said.

``They should be able to run a pretty good schedule," said Jerry Glass, president of Washington-based F&H Solutions Group and a former US Airways Group Inc. executive. ``If they can't, that says to me the union is engaged in a very aggressive strike. If they are involved in a very aggressive strike, they are going to put the company at great risk."

U.S. District Judge Victor Marrero in New York will hear arguments starting at 1 p.m. tomorrow on Northwest's request to block a strike. The federal Justice Department and 20 U.S. carriers have asked him to rule in favor of Northwest, saying a walkout would disrupt transportation and hurt the economy.

Marrero could rule in favor of either side, or block a strike temporarily and order both sides back to negotiations.

Northwest, which replaced mechanics who walked off the job in August 2005, has said contingency plans are in place should the attendants strike. The carrier, which detailed how and where it would replace striking mechanics before their walkout started, hasn't said how it will cover the attendants' work.

``We have a plan in place to ensure that our flights are properly staffed with certified flight attendants to meet both FAA and Northwest requirements and the needs of our customers," spokesman Kurt Ebenhoch said. ``Northwest plans to continue serving all markets in our network with our normal schedule."

The flight attendants union calls its strategy CHAOS, or Create Havoc Around Our System.

Corporate travelers and leisure passengers aren't shying away from Northwest, according to Carlson Wagonlit Travel, which operates in 150 countries.

``There is little in the way of perceptible movement away from Northwest," said Steve Loucks, spokesman for Carlson Wagonlit Associates, which has 1,700 U.S. locations. The group's travel agents are alerting customers about the situation at Northwest ``to allow them to make an informed decision."

Carlson Wagonlit Travel, which handles corporate accounts, ``has a significant volume through Northwest" and has seen little effect, spokeswoman Laurie Alexander said.

``The public has become somewhat immune" to potential labor disruptions, said Terry Trippler of Internet travel club Myvacationpassport.com. ``I'm not telling our members to fly Northwest or not to. I am saying, would I buy a ticket to travel in September on Northwest? And I would."

Northwest passengers can sign up on the Association of Flight Attendants' Web site for e-mail alerts of potential work stoppages on flights out of some cities. The carrier's hub airports are in Minneapolis, Detroit and Memphis, Tennessee.

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``Our customers have been so supportive we don't want them suffering," Ricky Thornton, a union spokesman, said.

The attendants aren't asking other Northwest unions to refuse to work flights the attendants strike because ``there is no reason to put any of the other employees in harm's way," he said in an interview.

Northwest did experience flight disruptions after the mechanics' walkout that began last year on Aug. 20. The airline hired replacement workers and shifted some duties to contractors or other employees, saving $200 million a year.

The company has cut $1.4 billion from annual labor costs under its plan to reduce yearly operating expenses $2.5 billion and emerge from court supervision, possibly next year. Its other major unions have already agreed on concessions. Northwest won court permission to impose cuts on flight attendants after they twice rejected agreements negotiated by their union.

The Association of Flight Attendants wants Northwest to reduce its demand, particularly after the carrier reported a second-quarter profit of $179 million, excluding costs related to its bankruptcy.

``It's just too much," Thornton said of the $195 million.

The Association of Flight Attendants used CHAOS on seven Alaska Airlines flights over nine months in 1993 before reaching an agreement with the carrier. It has threatened to impose the strategy seven other times, without taking action.

Northwest's 7.875 percent notes maturing in 2008 rose 1.4 cents to 47.9 cents on the dollar, according to Trace, the bond-price reporting system of the NASD.

The bankruptcy case is In re Northwest Airlines Corp., 05- 17930 U.S. Bankruptcy Court, Southern District of New York.

--With reporting by Tom Becker in New York.

CIVIL RIGHTS:

Solicitor General Sides Against Integration Programs (LAT)

By David G. Savage

The Los Angeles Times, August 25, 2006

Washington — The Bush administration has urged the Supreme Court to strike down voluntary school-integration programs that exclude some students because of their race.

Administration lawyers filed briefs this week in pending cases from Seattle and Louisville, Ky., on the side of white parents who are challenging "racial balancing" programs as unconstitutional.

The parents say the integration guidelines amount to racial discrimination and violate the Constitution's guarantee of the equal protection of the laws. They lost in the lower courts, but the Supreme Court will hear their appeals in the fall.

In the briefs, Solicitor General Paul D. Clement urged the justices to rule that "the use of a racial classification to achieve a desired racial balance in public schools" is just as unconstitutional as old-fashioned racial segregation.

Louisville, which had a history of segregated schools, adopted integration guidelines in 2001 that said the enrollment in each elementary school should be at least 15 percent, but no more than 50 percent, black. In Meredith v. Jefferson County, Crystal Meredith, a white parent, sued when her son was prevented from attending the elementary school nearest his home.

The Seattle school board adopted integration guidelines for its 10 high schools, beginning with the 1998-99 school year. Officials said they hoped to preserve racial diversity in the schools and prevent segregation in the schools that mirrored the racially segregated housing patterns in the city.

In the case of Parents Involved in Community Schools v. Seattle, a group of parents sued to challenge the guidelines after their children were denied enrollment in their first-choice high school because of race or ethnicity.

As many as 1,000 school districts nationwide are integrating some of their schools by using race or ethnicity as a factor for enrollment, according to Sharon L. Browne, a lawyer for the Pacific Legal Foundation in Sacramento, Calif.

Next month, lawyers for the school districts as well as civil-rights advocates will file briefs defending the integration guidelines. The justices are expected to hear oral arguments in December.

In the briefs filed this week, Clement urged the high court to resolve a lingering dispute over the meaning of the court's landmark decision in Brown v. Board of Education. That 1954 ruling struck down racial segregation laws that prevailed in the South and parts of the Midwest and declared that segregated schools were "inherently unequal."

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For decades afterward, school districts across the nation adopted policies to bring about racial integration in their classrooms: Some set enrollment guidelines that prevented schools from becoming nearly all black or all white, while others have used magnet programs that consider a student's race. Many of those policies remain in effect.

Clement, the Bush administration's chief lawyer before the high court, said such programs should be struck down whenever they involve the use of a "racial classification" to decide who may enroll.

"The promise of this court's landmark Brown (decision) was to 'effectuate a transition to a racially nondiscriminatory school system,'" he wrote. "The United States remains deeply committed to that objective. But once the effects of past de jure (legal) segregation have been remedied, the path forward does not involve new instances of de jure discrimination."

His argument is likely to get a favorable hearing from Chief Justice John G. Roberts Jr. and his conservative colleagues.

"It's a sordid business, this divvying us up by race," Roberts commented in June when the court ruled on a voting-rights dispute from Texas. The court majority said Texas had violated the Voting Rights Act by shifting Hispanic voters out of a congressional district where they were nearing a majority, but Roberts expressed his dismay with the law's focus on the race and ethnicity of the voters.

In the past, Justices Antonin Scalia, Clarence Thomas and Anthony M. Kennedy have regularly voted to strike down contracting set-asides or affirmative-action programs that give preferences to minorities.

(Begin optional trim)

Three years ago, they dissented when the high court, in a 5-4 decision, upheld the affirmative-action policy at the University of Michigan law school. Justice Sandra Day O'Connor wrote the majority opinion.

The replacement of O'Connor, who retired last year, with Justice Samuel A. Alito Jr. could tip the court's balance on affirmation action as well as on voluntary school integration. During his days as a Reagan administration lawyer, Alito said he was especially proud of his work on cases that challenged "racial quotas."

Clement argued that the government, including public schools, may use "race-based measures" only to "eliminate the vestiges of past discrimination."

Since neither Seattle nor Louisville defends its policies as a remedy for past discrimination, neither may use "race-based assignments" simply to achieve integration, he said.

New State Prisons Chief Pledges Changes (BSUN)

By Greg Garland

The Baltimore Sun, August 25, 2006

Maryland's newly appointed corrections chief says he plans to spend the next month assessing how to improve safety and security in the state's violence-ridden prisons and has been promised the resources he needs to address the problem.

John A. Rowley, who took over today as acting head of the Maryland Division of Correction, said he looks forward to the challenges of running the troubled prison system.

The 56-year-old Pennsylvania native replaces Frank C. Sizer Jr., who hired Rowley 14 months ago as warden of a medium-security prison in Jessup and who promoted him last week to serve as one of his top deputies.

Sizer abruptly retired Wednesday, clearing out his office. He had been under fire for a rash of prison violence that included the murders of two correctional officers and three inmates. He said today that he began sending out his resume four months ago because he believed the time had come for him to move on. He said he has an active job prospect in Florida.

Sizer declined to comment on why he decided to move up his retirement to this week. But he was known to be under pressure to leave from the Ehrlich administration, which regarded him as a political liability.

Of Rowley, Sizer said, "He's a good man. He's a correctional professional and he knows the right things that need to be done to advance the agency. Hopefully he will get the support he needs to make the necessary changes."

Rowley has worked for 28 years in corrections, most of it in his native Pennsylvania. He began his career as a correctional officer in 1978 while attending college and rose to the rank of deputy superintendent in Pennsylvania.

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Rowley said today he plans to meet with wardens and staff at prisons around Maryland and will report his findings to Public Safety Secretary Mary Ann Saar. "I will identify what the areas of need are in terms of resources," Rowley said. "The governor has promised to do everything he can to get those resources."

Legislators and union officials welcomed Rowley's appointment but questioned whether the management shakeup goes far enough. Sen. James E. DeGrange, an Anne Arundel Democrat, said he thinks Sizer is being made the "fall guy" for problems that originate higher in the Ehrlich administration. "He's just one person," DeGrange said of Sizer. "It's a bigger problem than that."

A union official said he thinks Saar, Sizer's boss, is to blame for many of the system's problems. "Unless something is done with those at the top, I anticipate very little change," said Ron Bailey, executive director of the American Federation of State County and Municipal Employees Council 92.

But Del. LeRoy Myers Jr., a Republican who represents parts of Washington and Allegany counties, where many correctional officers live, said replacing Sizer was "definitely a step in the right direction."

Rowley, who holds a bachelor's degree in human resource management, said today he wants to open better lines of communication with prison system staff. He said his experience working in other states gives him a fresh perspective in dealing with Maryland's problems. "Sometimes when you are part of an organization it's difficult to step back objectively and look at an issue," he said.

Rowley said the "vast majority" of correctional staff in Maryland does a good job but acknowledged some officers are corrupt. He said they will be dealt with as they are found.

Rowley described Sizer as a "professional and a man of integrity" and said they had mutual respect for each other. "I feel very confident stepping in and continuing on the path we've been on," Rowley said.

New Chief Pledges Change In Prisons (WT/AP)

By Brian Witte

The Washington Times, August 25, 2006

BALTIMORE -- Providing a safe environment in Maryland prisons is the biggest challenge facing corrections officials, the acting commissioner of the Division of Correction said yesterday.

John Rowley, 56, was named to lead the troubled agency Wednesday after the abrupt retirement of Frank C. Sizer Jr., who faced growing criticism for prison violence.

"I can assure you there is a lot of intense review going on on every aspect of providing a safe environment for not only the staff but the inmate population and the public in general," Mr. Rowley told reporters.

Mr. Rowley pledged that state officials will not allow the Maryland House of Correction in Jessup "to go back to operating the way it was." He noted that a thorough review was under way in the slaying of Officer David McGuinn at the prison last month.

Mr. Rowley has been working with the Maryland Division of Correction for 14 months. He came to Maryland after a 25-year career with the Pennsylvania corrections department.

Mr. Sizer, Public Safety Secretary Mary Ann Saar and other corrections officials have been criticized for the escalating violence in the state prison system.

Officer McGuinn was the second correctional officer to be killed this year.

In January, a hospitalized state prison inmate reportedly shot Officer Jeffrey Wroten at Washington County Hospital in Hagerstown. Officer Wroten died a day later.

Officer McGuinn and Officer Wroten were the first correctional officers killed in the line of duty in Maryland since the death of Herman L. Toulson in 1984.

The violence also has affected inmates. In July, Julius Pratt, 34, became the third inmate at the maximum-security Maryland House of Correction to be killed there since May.

Ronald E. Smith, a labor relations specialist with the Maryland Classified Employees Association, has criticized corrections leadership, calling for the resignations of Mr. Sizer and Mrs. Saar.

Mr. Smith said that a lack of leadership has led to insufficient staffing, poor training and bad policies inside prisons.

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Visitation policies, he said, are too loose, making it easy for inmates to acquire dangerous contraband. Calls for fixing poor locks on cells "have fallen on deaf ears," Mr. Smith said.

Mr. Rowley said he couldn't discuss details about improving security but that stopping the flow of contraband into state prisons is a perennially challenging goal.

"It's a very difficult process to detect some of this contraband that's being concealed on individuals that are coming in, and that's a constant battle that we fight in this business," he said.

State legislators are taking a harder look at security in state prisons in wake of the violence.

Earlier this month, lawmakers interrogated corrections officials in Annapolis and often expressed dissatisfaction with answers to questions about the security.

Issues Of Race And Sex Stir Up Alabama Election (NYT)

By Shaila Dewan

The New York Times, August 25, 2006

MONTGOMERY, Ala., Aug. 24 — When Patricia Todd won the Democratic primary runoff for a seat in the Alabama Legislature last month, the big news might have been her sexual orientation. With no Republican opponent, Ms. Todd seemed poised to become what political observers said would be the first openly gay officeholder in state history.

But instead, it is the fact that she is white, in a majority black district in Birmingham, that has become the burning issue. One of the state's most powerful Democrats, who had earlier urged voters not to support Ms. Todd because she is white, is backing a challenge to her nomination that could end her candidacy.

On Thursday, a Democratic Party subcommittee heard a challenge to Ms. Todd's candidacy on the ground that she had violated a rule that, by party officials' own admission, has not been enforced in nearly 20 years. The subcommittee voted to disqualify both Ms. Todd and her runoff opponent, a black businesswoman named Gaynell Hendricks, because neither had complied with the rule.

The full party committee, which will meet Saturday, can now either overturn the decision or uphold it and appoint a replacement candidate, and Ms. Hendricks would be eligible. But Ms. Todd's campaign manager, Mark Kelly, said the dispute would almost certainly end up in court.

The challenge was brought by Ms. Hendricks's mother-in-law. But it was tacitly supported by Joe L. Reed, a longtime Democratic kingmaker and the party's vice chairman of minority affairs. Mr. Reed had urged voters to support Ms. Hendricks, and at one point the Alabama Democratic Conference, a black political organization that he is chairman of, gave a check to cover the $3,000 fee needed to bring the challenge in case Ms. Hendricks missed the deadline. He also controlled the subcommittee; three of the five members were drawn from a pool of Mr. Reed's appointees.

"This is really not about race," Ms. Todd said in a telephone interview as she traveled to Montgomery for the hearing. "This is about Joe Reed controlling the party and trying to get his way, and he's just a bully."

Mr. Reed disagreed. "She doesn't even know me,'' he said, "so she wouldn't be in any position to know. This is not about lifestyles; this is not about race. This is about whether she complied with the party rules."

The accusations against Ms. Todd are that she failed to file campaign finance reports with the party chairman in a timely fashion. But candidates no longer submit such reports to the party, instead they send them to the secretary of state. Ms. Todd did miss the deadline for filing her final report, however, which Ms. Hendricks said was an effort to conceal a $25,000 contribution from the Gay & Lesbian Victory Fund, a national group that supports gay candidates. The report also showed that Ms. Todd made payments for consulting services totaling $10,750 to two primary opponents who later supported her in the runoff.

Ms. Todd said that she had been frank about her sexual orientation and that she reported earlier in-kind support from the Victory Fund. The State Supreme Court has ruled that a late filing is not grounds to disqualify a candidate, as long as the report is made before Election Day.

Ms. Todd's district, a patchwork of poor and gentrifying neighborhoods in central Birmingham, has grown whiter in recent years, but it is still, by a hair, the majority-black district it was designed to be.

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Ms. Todd, the associate director for AIDS Alabama, a nonprofit agency, and Ms. Hendricks were political novices, vying for a seat that had been held by a black politician, George Perdue, for more than 20 years. After Ms. Todd challenged him, Mr. Perdue decided to withdraw. Ms. Hendricks and three black candidates then entered the race.

When Ms. Todd and Ms. Hendricks wound up in a runoff, things got nasty, by both sides' reckoning. Anonymous fliers circulated calling Ms. Todd a "confessed lesbian" and applying racial slurs to Ms. Hendricks. The two primary opponents who threw their support to Ms. Todd woke to find signs in their yards accusing them of being "Uncle Toms," said one of them, Charlie L. Williams.

Ms. Todd said that with Mr. Reed's three appointments on the committee, its ruling was a foregone conclusion. "I would be greatly surprised if they ruled in my favor," she said.

ANTITRUST:

Feds Eye Hospital Bid (FMT)

By Sula Pettibon And Jonathan Allen

Fort Mill (SC) Times, August 23, 2006

U.S. Justice Department letter raises antitrust questions about DHEC's decision

FORT MILL -- The U.S. Department of Justice is questioning state health officials on their decision to award approval to build a Fort Mill hospital to Piedmont Medical Center.

The Justice Department's antitrust division said in an Aug. 18 letter to the S.C. Department of Health and Environmental Control's governing board that it wants to make sure the process didn't quash competition. The letter asks DHEC to consider the Justice Department's opinion on the decision and says "the issue merits full discussion at a final review conference."

The request comes after Hospital Partners of America took complaints about the process to the federal agency when PMC's parent Tenet Healthcare was selected over three other competitors and given permission to build a 100-bed hospital in Fort Mill. An official from Hospital Partners said the process used to determine who would get the permit - called a Certificate of Need, or CON - excluded new providers and eliminated competition.

"What the state did, we felt, was patently unfair," said Terry Linn, HPA's chief development officer. "We're just making the world aware of what is going on in South Carolina."

The letter asks for the Justice Department's antitrust division to meet with DHEC staff and requests a 30-day window to submit a second, more detailed letter. That request could delay a final review conference set for Thursday of another appeal by Presbyterian Healthcare, one of the other three failed bidders.

ADVERTISEMENT DHEC spokesman Thom Berry said Monday the state agency is trying to determine what the letter means.

A Justice Department spokeswoman would not comment Monday about the letter, which refers to a study conducted by the department and the Federal Trade Commission of the harmful effects CON laws have on competition.

Hospital Partners believes it and the other Charlotte-based hospitals, which also includes Carolinas Healthcare System, were excluded from being considered because of their location. The alleged home-state advantage has angered the three North Carolina hospitals, which spent millions on the long and costly permit process.

DHEC's Berry said the state considered all the applications during the 18 months preceding the May 30 decision. In addition to Presbyterian's request for a final review by DHEC, CHS has appealed to the S.C. Administrative Law Court in Columbia.

DHEC gave permission to PMC citing the hospital's pricing contract with the York County Council and the company's sole ability to build a 100-bed hospital. PMC's proposal had 36 more beds than the others because it can transfer beds from its existing facility in Rock Hill.

The other three bidders had to stick with 64-bed plans specified by the state Health Plan, and they were prevented from similarly transferring beds across the state line.

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Charles Miller, PMC's president and chief executive officer, said Piedmont's 20-plus years in the community also played a role.

"The process was fair," Miller said. "DHEC staff clearly and firmly stated that the Piedmont application submitted was the best application."

He said the CON process is not intended to restrict competition, but is "intended to help manage the process so it doesn't have a negative impact on providers who are serving the community."

Representatives from Presbyterian and CHS said they were surprised by the letter.

"All along we felt the citizens of York County deserved a choice in health care providers," Presbyterian spokeswoman Katie Everett said. "We look forward to seeing how this process works out."

CHS spokesman Scott White said his company believes it will ultimately get to build Fort Mill's hospital.

"We don't know what this will mean for the DHEC appeals process, but we continue to believe that Carolinas HealthCare System should be awarded the CON to build the new hospital for the Fort Mill community," he said.

Rite Aid Makes Deal To Keep Up With Foes (AP)

By Marc Levy, The Associated Press

AP, August 25, 2006

Company will buy U.S. Eckerd and Brooks operations

HARRISBURG, Pa. — In a bold step to keep pace with the industry leaders, the nation's third-largest drugstore chain, Rite Aid, said Thursday that it will buy the U.S. Eckerd and Brooks operations of Canada's Jean Coutu Group for about $2.55 billion in cash and stock.

Rite Aid's first major acquisition since a turnaround team arrived to bring the company back from the brink of bankruptcy six years ago was designed to help it compete better with its bigger rivals Walgreens and CVS.

Rite Aid said the deal will make it the largest drugstore chain operator on the East Coast and give it a larger presence in major cities such as Atlanta, Philadelphia, New York and Baltimore.

"It accelerates so quickly our growth strategy," said Rite Aid's president and CEO, Mary Sammons. "These are good stores in good locations. … In terms of getting into the neighborhood, being where the customer is, you really want to have the scale that our leaders in the drugstore channel have."

Rite Aid will pay $1.45 billion in cash and 250 million shares valued at about

$1.1 billion. The shares will give Jean Coutu a 32 percent equity stake and 30.2 percent voting power in the expanded Rite Aid, making it the company's largest shareholder.

In addition, Rite Aid will assume $850 million of long-term debt.

In the first year, Rite Aid plans to spend $500 million on the stores it is buying to remodel, remerchandise and convert their computer systems and signs to Rite Aid's, as well as an additional

$450 million in the next four years, Sammons said.

"Every store will be touched in that first year, and some to a greater degree than others," she said.

Neil Stern, a drugstore analyst and senior partner with Chicago-based retail consulting firm McMillan Doolittle, said Rite Aid needed to make the deal if it expected to keep up with rapidly expanding CVS and Walgreens.

He said the deal also builds on Rite Aid's strong markets in the Northeast.

"I think they clearly have the organizational strength to do this, and I think they have the financial wherewithal, assuming they get the support from Wall Street," Stern said.

Shares of Camp Hill, Pa.-based Rite Aid fell 32 cents, or 6.8 percent, to close at $4.36 on the New York Stock Exchange.

Jean Coutu paid $2.38 billion for 1,539 Eckerd stores that retailer J.C. Penney sold in 2004.

The boards of Rite Aid and Jean Coutu approved the Rite Aid deal, but it still requires a review by antitrust regulators and the approval of Rite Aid shareholders.

In a conference call with analysts, Lehman Brothers analyst Meredith Adler questioned whether the deal would pass muster with antitrust regulators because of the "significant overlap" in the location of the companies' stores.

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Sammons would not speculate about how the proposed deal might fare with regulators. She also said that it was too early to say whether Rite Aid would close stores until it does an analysis but that some employees from Jean Coutu's U.S. headquarters in Warwick, R.I., would be let go.

The planned acquisition includes 1,858 drugstores — 337 Brooks stores and 1,521 Eckerd stores — and six distribution centers in 18 states, mostly on the East Coast from Maine to Georgia. About 70 percent of the stores being acquired are in states where Rite Aid currently operates. The rest will introduce Rite Aid to Massachusetts, Rhode Island, South Carolina and North Carolina.

Upon closing, there will be about 5,000 Rite Aid stores in 31 states and Washington, D.C., with coverage on the East and West coasts.

CVS, based in Woonsocket, R.I., is the nation's leader with more than 6,100 drug stores. Deerfield, Ill.-based Walgreens, with about 5,400 stores, is the leader in annual revenue at $42.2 billion its latest fiscal year.

The combined fiscal 2006 revenue of Rite Aid and Jean Coutu's U.S. operations was about $26.8 billion.

Sammons will add chairman of the board to her duties. Michel Coutu, currently the president of Jean Coutu's U.S. operations, will become co-chairman of Rite Aid. Rite Aid's current chairman, Robert Miller, will continue to serve as a director.

Sammons' team took the reins of Rite Aid in December 1999 after the board forced out the previous management.

They found the company to be $6 billion in debt, the seriousness of which was hidden for at least two years because of a $1.6 billion accounting falsification scheme that landed several former executives behind bars.

Rite Aid expects the latest deal to generate $150 million in savings and sees it adding earnings of 9 cents to 15 cents per share in the year after the deal closes.

The company said it could complete the deal as early as its fourth quarter, which ends March 3.

Rite Aid To Buy Jean Coutu's Eckerd, Brooks Chains (Update13) (BLOOM)

By Josh Fineman

Bloomberg, August 25, 2006

Aug. 24 (Bloomberg) -- Rite Aid Corp., the third-largest U.S. drugstore chain, agreed to buy the Brooks and Eckerd pharmacy chains for $2.54 billion to keep pace with CVS Corp. and Walgreen Co.

The purchase from Jean Coutu Group Inc., Canada's second- biggest pharmacy chain, is Rite Aid's biggest acquisition since an accounting scandal was resolved in 2000. The deal gives Rite Aid more than 5,100 stores and makes it the largest drug retailer on the East Coast, the companies said today in a statement.

``It looks like a very smart acquisition for both parties," said Matthew Kaufler, who helps manage $2.5 billion at Rochester, New York-based Clover Capital Management Inc. and is a previous owner of Rite Aid shares. ``Most importantly, it gives Rite Aid greater scale."

Jean Coutu will receive $1.45 billion in cash and 250 million shares of the Camp Hill, Pennsylvania-based Rite Aid, making it the company's largest shareholder with a 32 percent stake. Rite Aid will also assume $850 million in debt.

The addition of 1,521 Eckerd and 337 Brooks stores, to be renamed as Rite Aids, still leaves the company behind CVS's 6,171 and Walgreen's 5,401 locations.

Shares of Rite Aid fell 32 cents, or 6.8 percent, to $4.36 at 4:01 p.m. in composite trading on the New York Stock Exchange. They rose 25 percent this year. Jean Coutu's Class A shares rose C$1.81, or 17 percent, to C$12.76 in Toronto, their biggest gain since at least 1988.

Drugstore Growth

Drugstore companies have been expanding to become more efficient. Walgreen, the largest U.S. drugstore company by revenue, bought regional competitor Happy Harry's Inc. in July. CVS is expanding in California after completing its acquisition of Albertson's Inc.'s drugstores in June.

Goldman, Sachs & Co. analyst John Heinbockel questioned whether the purchase price was too high, calling Rite Aid a ``much larger, but still underperforming and highly leveraged company'' in a research note today.

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Heinbockel estimated Rite Aid is paying $1.8 million per store, above the $1.5 million to $1.6 million that Jean Coutu paid for the Eckerd stores in 2004. Goldman removed the company from its ``buy'' list.

Separately, Standard & Poor's Ratings Service said it may cut Rite Aid's ratings, including its corporate credit rating of B+, citing the company's increased financial risk.

Paying off the additional debt will not be a problem, Rite Aid Chief Executive Mary Sammons said in an interview today. ``We know how to really manage debt.''

Sammons' Role

Sammons was named Rite Aid's chairman in addition to her positions as CEO and president. Michel Coutu, president of Jean Coutu's U.S. operations, will become co-chairman. Robert Miller, Rite Aid's chairman, will stay on as a director.

Based on Rite Aid's closing price today, the stock portion of the transaction is valued at $1.09 billion. The deal including debt is worth about $3.39 billion and is expected to be completed as early as December pending regulatory and Rite Aid stockholder approval.

The transaction, which includes six distribution centers, will lower Rite Aid's earnings by as much as 7 cents a share in the first 12 months after its completion, the company said. In the following year, Rite Aid is expecting the deal to add 9 cents to 15 cents to profit following $150 million in cost reductions.

Jean Coutu was founded in 1969, when Jean Coutu, now 79, opened his first store in Montreal. The company struggled to integrate the 1,500 Eckerd stores it bought in 2004 from J.C. Penney Co. for $2.4 billion.

Jean Coutu

Based on a Rite Aid share price of $4.41 and assuming exchange rates remain constant, Jean Coutu said it expects to a record an after-tax loss of $140 million

Rite Aid has been remodeling and relocating stores in an effort to increase profit, and plans to open 800 to 1,000 new and relocated stores over the next five years.

The company reiterated a full-year forecast ranging from a loss of $5 million, or 7 cents a share, to net income of as much as $40 million, or 2 cent, on a conference call today with analysts and investors.

Rite Aid has been recovering from an accounting scandal that erased $1.6 billion in profit from 1997 to 2000. Six former executives were convicted of crimes, including former CEO Martin Grass and ex-chief counsel Franklin Brown. Grass is serving a seven-year prison term and Brown is serving 10 years.

About 70 percent of the acquired stores are located where Rite Aid already operates. Sammons declined to say whether antitrust regulators may force Rite Aid to sell some locations.

Future Strategy

Sammons said during the interview that no plans exist to take the company private as has been speculated by some analysts.

Rite Aid's 9.25 percent notes maturing in June 2013 fell 3 cents to 96.75 cents on the dollar at 4:13 p.m., according to Trace, the bond price reporting system of the NASD. The yield rose to 9.92 percent.

Citigroup Inc. and Rothschild Inc. served as financial advisers for Rite Aid, while J.P. Morgan Securities Inc. advised Jean Coutu.

To contact the reporter on this story: Josh Fineman in New York at jfineman@bloomberg.net ;

Rite Aid To Buy Eckerd, Brooks Drugstore Chains (WSJ)

The Wall Street Journal, August 25, 2006

Rite Aid Corp. confirmed a deal to purchase the Eckerd and Brooks drugstore chains from Jean Coutu Group Inc. for about $3.4 billion in cash and stock, greatly expanding its presence on the East Coast.

Jean Coutu bought 1,550 U.S. Eckerd stores only two years ago, for $2.4 billion, from J.C. Penney Co. But Coutu borrowed $2.55 billion to finance the Eckerd deal, leaving it with scant financial resources to upgrade stores and improve customer service, analysts said. The integration went poorly and Eckerd lost market share amid intense competition in the drug store market.

The deal will add about 1,800 stores to Rite Aid's existing 3,300 locations, giving it a total of more than 5,000 stores and increasing its efforts to catch up to larger U.S. drugstore rivals Walgreen Co. and CVS Corp. The deal also would increase Rite Aid's clout along the East Coast, where it has its strongest markets.

Quebec-based Jean Coutu will keep its 327 stores in Canada.

Rite Aid's shares fell 32 cents, or 6.8%, to $4.36 in 4 p.m. New York Stock Exchange composite trading amid investors' concerns that it was paying a high price for underperforming stores and that it could face problems integrating the assets.

Rite Aid, Camp Hill, Pa., plans to pay $1.45 billion in cash and the rest in stock. Jean Coutu Group will own about 32% of Rite Aid. According to a filing with the Securities and Exchange Commission, Jean Coutu will have the right to designate a certain number of directors to Rite Aid's board.

Rite Aid reported sales of $17.3 billion in its fiscal year ended Feb. 26. Walgreen is the nation's largest drugstore chain by revenue, with $42.2 billion in its most recent fiscal year, while CVS is second with $37 billion -- but all three chains are racing to grow.

In June, Walgreen agreed to buy the Happy Harry's chain of 76 drugstores, marking Walgreen's largest acquisition since 1986. Walgreen also has been making overtures to purchase independent drugstores. CVS, meanwhile, is digesting its recent acquisition of 701 Sav-On and Osco drugstores from Albertson's Inc.

Over the past few years, Rite Aid has been rebounding from an accounting scandal in which it admitted that it overstated profits by more than $1 billion from 1997 to 1999. The company said it committed a host of wrongs, including manipulating costs and hiding depreciation expenses. Rite Aid's former chairman and chief executive, Martin L. Grass, is serving a seven-year prison sentence for his role.

Rite Aid's recovery has been bumpy. While sales have been rising recently, profits have been erratic, it remains laden with debt and efforts to expand in existing markets have been costly. In its first quarter, net income fell 67%, as expenses to open new stores more than offset sales growth.

Canadian Drugstore Company Retreats From U.S. (NYT)

By Ian Austen

The New York Times, August 25, 2006

OTTAWA, Aug. 24 — The Jean Coutu Group confirmed on Thursday that it would sell its Eckerd and Brooks drugstore chains to Rite Aid for $2.55 billion in cash and stock.

The company's withdrawal from the United States, just two years after acquiring 1,549 Eckerd stores for $2.4 billion, puts it on a long list of Canadian retailers whose success at home did not translate to the American market.

"Thinking that the U.S. market is similar to the Canadian market is partly true but also very wrong," said Louis Hébert, a professor at HEC Montréal, a business school. "On the 20 percent where Canadians and American shoppers differ, they're very different, and retailing is about details."

Under the terms of the agreement, Rite Aid will pay Coutu $1.5 billion in cash and assume $850 million of the Canadian company's debt. When the deal is completed, Coutu will end up owning about 30 percent of Rite Aid.

At a news conference in Coutu's modest headquarters in an industrial Montreal suburb, Jean Coutu, the company's founder, largest shareholder and interim chief executive, challenged a reporter who suggested that the Eckerd acquisition had come to a less than desirable end.

"We started with one little pharmacy in '69; now we are one of the largest shareholders in the third-largest pharmacy in the United States," he said. "You call it a disaster. Well, I'd like to see more disasters like this."

Mr. Coutu, a 79-year-old pharmacist who wears a lab coat at work and occasionally dispenses pills at his stores, said that the gains the company hoped to achieve over time through the Eckerd stores would be recovered as Rite Aid's shares increased in value.

That is far from certain. Rite Aid is still dealing with the aftereffects of an accounting scandal in which six executives including a former chief executive, Martin Grass, were convicted of crimes after inflating the company's earnings by $1.6 billion.

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Many analysts also view Rite Aid as a weaker player than the market leaders CVS, which also acquired a number of Eckerd stores in 2004, and Walgreen. In a note to investors issued Thursday, John Heinbockel, a Goldman Sachs analyst, called Rite Aid a "still underperforming and highly leveraged company."

Criticism of Rite Aid, Mr. Coutu said, belongs in the past.

"It's like the Bible," he said. "There's an Old Testament and a New Testament. The Old Testament is finished."

The dominance of Jean Coutu's often-cluttered stores in the Quebec market made Mr. Coutu a celebrity in that province. He enhanced his reputation with the successful purchase of 221 Brooks pharmacies in the Northeast United States 12 years ago.

The Eckerd expansion, however, was to have been the first major move by Mr. Coutu's sons, François, who was president and chief executive until his father's return earlier this year, and Michel, who headed the company's United States operations. The elder Mr. Coutu said that he handled the sale to Rite Aid personally.

Eckerd, which had been owned by J. C. Penney, was in poor shape at the time of the takeover. But Professor Hébert said that Jean Coutu had little to bring to the company.

"Jean Coutu's success in Canada and Quebec was adapting the American model of a pharmacy as a discount retailer of a wide range of merchandise," Professor Hébert said. "Going back with that model to where it was created was a me-too strategy."

Among the other major Canadian retailers that have failed in the United States are Canadian Tire, which is among Canada's most consistently profitable chains, and Shoppers Drug Mart, the country's largest pharmacy owner, based in Toronto.

Rite Aid To Buy Brooks, Eckerd (USAT)

By Julie Schmit

USA Today, August 25, 2006

Rite Aid, the No. 3 drugstore chain, said Thursday that it'll buy the Brooks and Eckerd chains to speed its growth and better compete with CVS and Walgreen.

The deal further consolidates an industry that was once a bastion of locally owned small businesses but is now dominated by big chains and facing new competition from mail order and Internet outlets.

Rite Aid will pay about $2.6 billion in cash and stock to Canada's Jean Coutu Group for 1,858 stores, making it the largest chain on the East Coast and giving it a presence in 31 states. Still, it will lag behind Walgreen, the nation's biggest drugstore by revenue, and CVS, the biggest by number of stores.

Rite Aid's shares fell 6.8% to $4.36 Thursday. Some Wall Street analysts said the deal combines two underperformers and creates a heavily indebted company.

"These are two laggards," says John Ransom, industry analyst with Raymond James & Associates, adding that Rite Aid "paid too much."

In July, the latest month for which sales data are available, Jean Coutu's U.S. stores posted same-store sales gains of 2.4% vs. 4.1% for Rite Aid, 9.7% for Walgreen and 9.5% for CVS. The data come from stores open more than one year.

Rite Aid, on the verge of bankruptcy in 1999 after an ambitious expansion, then an accounting scandal, says the deal will strengthen its ability to win concessions from suppliers. That should help consumers if Rite Aid keeps prices down, says economist Laura Miller of the National Association of Chain Drug Stores.

Rite Aid CEO Mary Sammons, in a call with industry analysts, said the deal will also help Rite Aid take advantage of the industry's expected growth from more people taking more prescriptions, high profit margins on generic drugs and the new Medicare prescription plan.

The big three drugstore chains have all stepped up acquisitions. Walgreen recently agreed to buy the 76-store Happy Harry's chain. CVS recently absorbed 701 drugstores from Albertsons. At the same time, mass merchandisers, including Wal-Mart, and supermarkets continue to add pharmacies. Last year, supermarkets and mass merchandisers accounted for 30% of pharmacies, up from 15% in 1990, the chain drugstore association says.

Jean Coutu, which bought the Eckerd stores from J.C. Penney in 2004, will receive $1.45 billion in cash and a 32% Rite Aid equity stake, making it the largest individual shareholder. Rite Aid will assume $850 million of debt.

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Both companies' boards have approved the deal, but an antitrust regulatory review and shareholder approval are required. Regulators are likely to look at the 14 states in which both chains have stores.

BA Appeals For Antitrust Authorities To Dismantle BAA (AFP-Y)

AFP, August 25, 2006

British Airways has called for an in-depth competition probe into the country's airports sector which should lead to the break-up of airports operator BAA.

BAA, which runs seven British airports including the three London airports of Heathrow, Gatwick and Stansted, defended the current ownership structure.

No-frills carrier easyJet also appealed on Thursday for the dismantling of BAA and warned that tougher regulation was needed.

Regulators at the Office of Fair Trading (OFT) had announced in June a preliminary investigation into the market position of BAA, which is owned by a consortium led by the Spanish construction group Ferrovial.

"British Airways is calling on the Office of Fair Trading to refer its study on the UK airports market to the Competition Commission because of its concerns about current airport regulation and ownership," BA said in a statement Thursday.

"Separate ownership of London Heathrow and London Stansted airports should be considered by the Competition Commission.

"The airline believes that decisions on new runway construction in South East England should not be concentrated in the hands of one company."

But a spokesman for BAA welcomed the OFT inquiry, adding: "Evidence to date suggests that the current ownership structure of UK airports serves the public interest well.

"Any intervention aimed at increasing competition in the market would need to demonstrate clearly that the benefits to consumers would outweigh potential disadvantages such as the reduced likelihood of investment.

"That's a very big test, and we need to see the argument."

Almost two-thirds of British air passengers begin or end their journey at BAA's airports, according to the OFT. Within the London area nine out of ten passengers fly through a BAA airport.

In a separate statement, easyJet said that travellers across Britain must be protected from paying higher air fares.

"Consumers need better protection from the airport operators who behave like local monopolists, pushing up prices to hide their own inefficiencies," said easyJet chief executive Andy Harrison.

"So, whilst easyJet supports the break-up of BAA, the primary focus must be on tougher regulation. The issue of ownership is secondary to providing the right regulatory regime."

In recent weeks, BAA has been under fire over its handling of heightened security measures in the wake of an alleged plot to bomb US-bound planes earlier this month.

The operator had ordered airlines to cancel hundreds of flights as security and baggage personnel could not process all passengers with the restrictions banning carry-on luggage. The restrictions have since mostly been eased.

BAA was bought by a consortium led by Ferrovial for 10.23 billion pounds (14.8 billion euros, 18.8 billion dollars) in June.

Ferrovial, which represents 65 percent of the consortium, also manages Belfast airport and Bristol and Exeter airports in western England.

Stage Gets Set For Italy's Banks To Consolidate (WSJ)

By Stacy Meichtry In Rome And Edward Taylor In Frankfurt

The Wall Street Journal, August 25, 2006

The long-awaited marriages involving Italy's big banks may finally be at hand.

Banca Intesa SpA and Sanpaolo IMI SpA called separate board meetings for tomorrow to discuss a possible merger of two banks with a total market value of more than €50 billion, or about $65 billion, potentially accelerating the consolidation of the country's lucrative but fragmented banking sector.

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A tie-up between Italy's No. 2 and No. 3 banks by market capitalization, after Unicredito SpA, would redraw the Italian banking map and create the country's largest retail bank by number of branches. It also could open further expansion possibilities in Italy to foreign banks.

Italy, where banking fees are among the highest in Europe, is one of the most attractive markets on the Continent for foreign banks. The country's new top banking regulator, Bank of Italy Gov. Mario Draghi, has been trying to open the sector to foreign investment while simultaneously urging Italian banks to undertake domestic consolidation. A marriage between two of the country's top banks could provide momentum for smaller Italian banks to search for partners as well.

An Intesa-Sanpaolo alliance would create Europe's 13th-biggest bank, with the size necessary to compete with large European rivals, though it would remain heavily dependent on the underperforming Italian economy.

Representatives of the two banks said a merger would bring synergies in corporate and investment banking, and particularly in money management. In January, Intesa sold its share of Nextra, its asset-management portfolio, to French lender Crédit Agricole SA, which owns nearly 18% of Intesa. A merger would allow Intesa to offer Sanpaolo's asset-management products through its branch network.

However, Intesa, based in Milan, and Sanpaolo, based in Turin, would have considerable overlap in merging their lucrative retail operations, both of which are concentrated in Italy's wealthy north.

"Bottom line, the deal is positive," said Marcello Zanardo of Keefe, Bruyette & Woods, saying he expects shareholders to approve the merger. "You're looking at synergies worth" more than a billion euros, he said.

Sanpaolo shares rose 6.1% to close at €15.56 ($19.91) in Milan, while Intesa rose 7.6% to close at €5.03.

An Intesa-Sanpaolo tie-up also could open up opportunities for foreign banks to make offers for other Italian lenders, such as Capitalia SpA, Italy's fourth-largest bank. The Rome-based bank's shares have risen 31% this year partially on speculation that it would be taken over soon. Intesa and Sanpaolo had been considered potential partners for Capitalia. But the absence of an Italian suitor for Capitalia could open the way for foreign buyers.

Italian bank Monte dei Paschi di Siena SpA, Italy's No. 6 bank, also has seen its shares rise 31% this year based in part on it being a takeover target.

Romano Prodi, Italy's prime minister, welcomed the potential Intesa-Sanpaolo merger as an opportunity to create a national champion big enough to play an active role in European banking consolidation. "Instead of always being the 'prey,' I'd like, once in a while, to also be the predator," he said.

Italy's banking sector has been among the most turbulent in Europe recently and some expansion attempts from foreign banks have run into trouble.

Last year the European Union complained that the Bank of Italy's then-governor, Antonio Fazio, was using his regulatory authority to hamper foreign banks from taking over Italian lenders. Mr. Fazio later resigned after Italian prosecutors began investigating him for insider trading and other securities violations for allegedly attempting to obstruct a bid by ABN Amro Holding NV for midsize Italian lender Banca Antonveneta SpA. Mr. Fazio denies the allegations.

The affair tarnished the Italian banking sector and raised questions about regulatory transparency.

Since Mr. Draghi took over the Bank of Italy this year, he has worked to create greater regulatory transparency and remove hurdles to foreign takeovers. So far this year, ABN Amro completed its takeover, and another Italian bank, Banca Nazionale del Lavoro SpA, was bought by French bank BNP Paribas SA.

Another factor driving change in the Italian sector was Unicredito's takeover last year of a Germany-based bank, HVB Group AG. The combination turned Unicredito into a major European banking power and made it the leader in the fast-growing Eastern European market.

The deal also put pressure on Intesa and Sanpaolo, Unicredito's Italian rivals, to make moves to increase their own scale and reach. However, some analysts were skeptical about whether an Intesa-Sanpaolo deal would create significant value, casting the potential merger as a defensive move aimed at keeping Italy's top banks out of foreign hands and questioning whether it could produce significant synergies and opportunities for foreign expansion.

"They're building a fortress," said Armin Polster, a banking analyst with Deutsche Bank. Creating synergies in their retail operations, he said, would require staff reductions that could be politically difficult in Italy.

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It is also unclear how the major shareholders of the two banks would react to a deal. A deal between Sanpaolo and Intesa could encounter resistance from Credit Agricole. The French bank's 18% stake makes it the largest player by far within the shareholder pact -- the group of shareholders who joined up to control Intesa.

That essentially gives Credit Agricole veto power over any potential deal. Although Credit Agricole has expressed support for Intesa's effort to grow, analysts say Credit Agricole is keen on expanding further in Italy and doesn't want to see its stake diluted by a merger.

Intesa Chairman Giovanni Bazoli indicated Thursday that Credit Agricole already had given its approval to the deal. Speaking at a conference in Rimini, Italy, he added that while the size of the French bank's future stake hadn't been determined, Credit Agricole "will not increase its presence."

Louise Tingstrom, a Credit Agricole spokeswoman, declined to say whether the bank would accept a dilution of its stake, but said the bank would "examine in detail any formal proposal put forward and subsequently act in the best interest of all stakeholders."

A spokesman for Banco Santander Central Hispano SA, which owns a stake of about 8.5% in Sanpaolo, declined to comment on the potential merger talks. The Spanish bank has three representatives on the 17-member Sanpaolo board.

Let Companies Buy And Sell News (LAT)

The Los Angeles Times, August 25, 2006

The FCC should relax unreasonable ownership restrictions on the media.

MEDIA COMPANIES IN THIS COUNTRY face unreasonable government restrictions on their activities. Yet for the Federal Communications Commission, rewriting the ownership limits for television and radio stations has been a labor fit for Sisyphus. The commission updates the rules every few years, as required by law, only to have a federal appeals court or Congress smack them down.

The latest go-round started when the commission announced in June that it would reconsider some of its rules limiting what companies can own. The FCC had tried to ease or eliminate these limits in 2003, only to have its actions blocked by the U.S. 3rd Circuit Court of Appeals. The Senate, prodded by a motley alliance of anti-corporate zealots and conservative activists who think local media tycoons are less liberal than national media tycoons, also intervened.

Media ownership restraints seek to preserve a healthy competition of distinct voices, but the rules developed over the decades are woefully outdated. If anything, what the FCC tried to do three years ago was too modest. In an age of cable and satellite TV — not to mention an age of YouTube.com — it's no longer justifiable for the government to impose any limits on how many affiliates broadcast networks can own, given that CBS, NBC and ABC no longer control the distribution of their programming the way they did when American families gathered around their sets to watch "I Love Lucy," captured by their rabbit-ear antennas.

And yet the FCC only sought to raise the percentage of the national audience that network-owned affiliates can reach from 35% to 45%. This would have been a radical move — in 1960. Three years ago, it was laughably meek. After a compromise raised the limit to 39%, these rules aren't even on the table for review this time around.

A different set of rules limiting the number of media outlets one company can own within the same city do remain relevant. Here again, the FCC was rather prudent in its ill-fated 2003 ruling. The commission would have let TV groups control three stations in markets with at least 18 outlets, and two stations in markets with five to 17 outlets — although only one of the stations could be among the four most popular in that community. It also proposed to allow TV, radio and newspaper owners in a community to consolidate to varying degrees, depending on the number of TV stations in the market.

Full disclosure: Tribune Co., owner of this newspaper and KTLA-TV Channel 5, would benefit from a relaxation of these rules. Indeed, its purchase of The Times in 2000 was allowed because of the widespread assumption that the so-called cross-ownership rule banning ownership of a broadcast station and newspaper in the same city would soon be retired, as it should be.

More cities might still have a competitive newspaper market if more broadcasters had been allowed to buy newspapers in the past. Studies show that those broadcasters that do operate local newspapers through waivers or exemptions offer more news and public affairs programs, on average, than competitors that don't. Moreover, the business challenges facing media giants

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such as Tribune and Time Warner Inc., which had hoped for greater "synergy" dividends, underscore the ever-changing media landscape and the fact that Americans have a growing number of media choices. The number of people who regularly watch local TV news is down from 77% in 1993 to 54% today. It's in their interest that the FCC press ahead with liberalization.

ENVIRONMENT:

Alcoa Fined $9.2M For Pollution (DMN)

By Randy Lee Loftis, The Dallas Morning News

The Dallas Morning News, August 25, 2006

Justice Department alleges 1,819 breaches; company disputes case

The U.S. Justice Department has demanded almost $9.2 million in penalties from Alcoa Inc. for nearly 2,000 alleged violations of pollution limits at the aluminum company's giant smelter northeast of Austin.

The emissions in question come from Alcoa's three-unit, coal-burning power plant, which supplies electricity to the aluminum smelter near Rockdale in Milam County. The smelter is the largest in North America, and emissions from the plant often drift north to the Dallas-Fort Worth area.

Alcoa's power plant was the target of lawsuits filed by environmental groups in 2001 and by the Justice Department in 2003. The suits alleged violations of the federal Clean Air Act.

Also Online

Judges reject TXU plant

A 2003 settlement among the Justice Department, Alcoa and three environmental groups – Neighbors for Neighbors, Environmental Defense and Public Citizen – required Alcoa to retrofit its power units with modern pollution controls, replace them with a new, cleaner-burning plant, or shut them down altogether.

Alcoa chose to replace them. The replacement plant is among the 16 new coal-burning units that power companies plan to build in Texas. Alcoa and Dallas-based TXU announced last year that they were collaborating on the replacement, but they have not reached a formal agreement, Alcoa spokesman Jim Hodson said.

The settlement required pollution reductions from the existing power units until Alcoa replaces them.

In a letter to Alcoa dated July 14, the Justice Department alleged that between mid-2003 and mid-2005, Alcoa violated the agreement's pollution limits a total of 1,819 times.

The total included 36 violations of the limit on sulfur dioxide and 1,783 violations of the limit on opacity, or visible soot. The Justice Department demanded that Alcoa pay $9.175 million in penalties by Aug. 13 unless it invoked a dispute resolution process before then.

Mr. Hodson said the company had taken the case to dispute resolution, automatically suspending the government's payment demand. He also denied that Alcoa had committed the violations that the Justice Department alleged.

The company's position "is that no, they're not violations," Mr. Hodson.

Justice Department spokesman Andrew Ames said the department had no comment. Spokesmen for TXU did not return phone calls.

The settlement set a deadline of April 25 for replacing the old units.

However, Alcoa, working with TXU, asked a federal judge to extend the deadline to 2010. The Justice Department and the environmental groups oppose the extension.

A hearing on the deadline-extension request and other issues related to pollution controls on the new plant is scheduled for Friday in Austin before U.S. District Judge Sam Sparks.

Travis Brown of Neighbors for Neighbors, a group of residents fighting Alcoa on environmental matters, said Alcoa was going back on its pollution control promises in order to reach a deal with TXU to build the new plant.

"Alcoa is trying to eliminate a number of pollution limits from the consent decree to make it more palatable to TXU," Mr. Brown said. "That doesn't make sense when Alcoa isn't even meeting those required emission limits now."

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Alcoa Faces More Than $9 Million In Pollution Fines (COX)

By Asher Price, Cox News Service

Cox News Service, August 25, 2006

AUSTIN, Texas — In the annals of coal-fired power plants in Texas, this summer could prove to be a hot one.

On Friday, environmental groups and the federal Department of Justice will square off against Alcoa, a Pittsburgh company that runs an enormous aluminum smelting operation in Rockdale, in a federal district court in Austin over whether it may put off pollution controls at its facility. In July the justice department fined Alcoa $9.2 million for exceeding pollution limits at the plants that power the smelters.

And on Wednesday a pair of judges recommended that TXU Corporation, the biggest producer of electricity in the state and a company that is proposing 11 new and expanded plants around Texas, be denied an air permit for its proposed Oak Grove power plant near Franklin, north of Bryan.

The Alcoa case involves a collision of interests stemming from a 2003 settlement between the company and three citizens groups that alleged it had illegally released more than one million tons of air pollution over a 17-year period.

As part of the settlement Alcoa was required to pay a fine of $1.5 million and to spend $2.5 million on environmental mitigation projects in Central Texas. The company also opted to build new power units to replace its old ones.

Alcoa is trying to sell ownership of its air permits for the coal-fired plants that power its smelter to TXU. Under the deal, Alcoa would close down its three generating units and TXU would build a new one. But Alcoa is trying to loosen the emissions controls in the 2003 agreement to make the ownership change more appealing to TXU.

Environmental groups say any changes in the ownership may only be considered as long as the terms of the settlement are met. But the justice department is demanding Alcoa pay nearly $9.2 million for exceeding sulfur dioxide emissions limits 36 times and opacity emissions limits 1,783 times between mid-2003 and mid-2005. Opacity serves as a surrogate test for a host of pollutants, according to Jim Marston, the head of the Texas office of Environmental Defense.

"Realistically that's not going to be the final amount," said Travis Brown, who heads Neighbors for Neighbors, a group that filed lawsuits against Alcoa. "They're going to be negotiated down. Alcoa's going to argue they have legitimate excuses for the pollution."

"But it could be a few million dollars It's not often you see millions of dollars out there."

The Alcoa plant employs more than 1,100 people, and the company says transferring ownership to TXU and building a new plant is critical for maximizing its smelting abilities and staying competitive.

"Are they actually violations? We'll go through the individual claims," said Kevin Lowery, a spokesman for Alcoa. "They have nothing to do with the permitting."

TXU meanwhile has to deal with the implications of Wednesday's decision by two administrative law judges.

The judges, Carol Wood and Thomas H. Walston, recommended the commission find that Oak Grove, which would be built about 100 miles northeast of Austin, failed to prove that it will achieve the required pollution standards.

The case will not go before the commission for at least a month.

TXU tried to spin the reading as a victory.

The ruling "underscores the aggressiveness of TXU's proposal," said spokeswoman Kimberly Morgan.

Environmentalists heralded the ruling.

"We are very happy with this decision," said Karen Hadden, who heads the Sustainable Energy and Economic Development Coalition. "It matters for Austin. Pollution from this plant would affect health here in Austin."

Asher Price writes for the Austin American-Statesman.

US Appeals Court Refuses To Block Dredging Of Columbia River In Oregon (FINDLAW/AP)

By Tim Fought, Associated Press Writer

AP, August 25, 2006

(AP) - PORTLAND, Oregon-A federal appeals court has rejected an attempt by environmentalists to block the dredging of 103 miles (165 kilometers) of the Columbia River.

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The work is designed to give new, larger oceangoing vessels access to Portland and other ports, helping them compete for Pacific Rim business.

The project could be finished in two to four years, depending on how fast Congress supplies money, the U.S. Army Corps of Engineers said.

In a 2-1 decision Wednesday, a panel of the 9th U.S. Circuit Court of Appeals said a lower court correctly decided that the corps had taken the "hard look" that environmental laws require to protect salmon in the river.

The decision also called the corps' measurement of costs and benefits realistic.

The dissenter, Judge Betty Fletcher, said the corps had done suspect analysis of the project's impact on beach erosion and river pollution, and its economic reasoning was flawed.

"The corps is wont to undervalue costs and overvalue benefits so that it can get on with its mission - constructing water projects," Fletcher wrote.

The suit was brought by Northwest Environmental Advocates in Portland. Attorney Steve Mashuda said his client had not yet decided whether to appeal further.

The dredging project would deepen the Columbia shipping channel from 40 feet (12 meters) to 43 feet (13 meters).

Environmentalists objected to the corps' plan to dump sediment off the continental shelf in the Pacific Ocean, taking it out of the natural system that would replenish beaches in Oregon and Washington state and aggravating the damage coastal erosion does to ecosystems and local economies.

Report Criticizing BP's Controls Is Investigated After Alterations (WSJ)

By Jim Carlton

The Wall Street Journal, August 25, 2006

Federal investigators are probing changes made to a report commissioned by Alaska state officials on BP PLC's operations there. The changes were made after the oil giant complained the report was overly negative.

The London company, which runs the massive Prudhoe Bay oil field on behalf of a consortium of oil companies, is under scrutiny by U.S. and state agencies for how it handled corrosion and potential leak issues at pipelines there. Concerns about corrosion led BP to shut down part of the field earlier this month, sparking a surge in oil prices. Separately, BP said late Wednesday that it would further reduce input from the hobbled field because of equipment failure.

Copies of the original and final versions of the 2002 report by Coffman Engineers, which was commissioned by and filed with a state agency to evaluate BP's pipeline management, show several instances in which critical commentary is deleted or replaced with positive comments. For example, the original version, reviewed by The Wall Street Journal, said BP's corrosion-monitoring program "makes it difficult to develop a qualitative understanding of the basis for their corrosion strategy." That reference was replaced by this: "BP has demonstrated a clear commitment to corrosion control."

That and other changes were made to the document after BP officials submitted a critique of the original version, calling it "biased and unduly negative," according to documents viewed by the Journal.

BP spokesman Daren Beaudo said the company tried to point out errors they discovered in the first version and wasn't trying to pressure anyone. "We pointed them out as part of the normal review process," he said.

Coffman changed the report after BP "explained some things we didn't know," said Dan Stears, manager of Coffman's corrosion-engineering department, who added the firm wasn't pressured by BP or anyone else to make changes. The changes were made after the first draft version was reviewed for input by state and industry officials, he said.

A spokeswoman for the Alaska Department of Environmental Conservation, which contracted with Coffman to file the report, said the agency couldn't comment because of an investigation by the state attorney general's office into the 2002 report. A spokesman for the attorney general's office said he couldn't make an immediate comment.

BP officials have defended their corrosion-control programs but have acknowledged the need to do more following the recent discovery of more severely corroded lines. The findings followed a March spill that has revealed widespread internal-corrosion problems at the oil field, the largest in the U.S.

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The documents were obtained by Charles Hamel, a critic of the oil industry's conduct in Alaska, who said he turned the information over to the Environmental Protection Agency and the Department of Transportation's Office of Pipeline Safety. The two agencies have launched investigations into BP's operations at Prudhoe Bay. Mr. Stears said the EPA, which is conducting a criminal probe, has subpoenaed its BP corrosion reports, including the one in 2002. An EPA spokesman declined comment.

The final draft of Coffman's 2002 report was submitted to the Alaskan state agency in November 2001. It contained a number of criticisms. For example, it said that without certain details, it was hard to judge the effectiveness of BP's program to use chemicals to fight corrosion inside pipes.

In a document titled "BP response to Coffman Final Draft," BP said specifics on the overall corrosion trend were of "limited utility" because the program's success had been demonstrated by low corrosion rates, among other things. The final version of the Coffman report excised that reference, along with several others.

BP late Wednesday said it would reduce the field's output by about 90,000 barrels of oil a day from the previous level of about 200,000 barrels a day because of an equipment failure that would take several days to fix. Before the partial shutdown of the field earlier this month, Prudhoe Bay produced about 400,000 barrels of oil a day, equal to just less than 2% of daily U.S. consumption.

Bush's First Energy Rule: Efficient Enough? (CSM)

By Mark Clayton

The Christian Science Monitor, August 25, 2006

Long accused of dragging its feet on raising energy-efficiency standards for products, the Bush administration has proposed its first such standard.

Its proposal attracted little attention, since it didn't mean better dishwashers or more fuel-efficient cars. Instead, it deals with transformers - those ubiquitous gray canisters that hang from utility poles and could save the nation billions of dollars if they were upgraded.

The question is how extensive the upgrade should be. Besides saving an estimated $9 billion in electricity costs, the Bush administration standard, unveiled Aug. 4, may also eliminate the need to build 11 new power plants over a 28-year period, the Department of Energy (DOE) reports. They would also reduce pollution and boost the reliability of the nation's electric grid.

But instead of celebrating the proposal, energy and environment advocates say DOE has opted for "a very weak proposal" - one that fails to save additional mountains of energy and pollution that a slightly tougher regulation would achieve for about the same cost. The tougher standard would save much more than the DOE proposal over 28 years - about 120 billion kilowatt hours of electricity - or enough energy to power 10 percent of US households for a year, they say.

"The new Department of Energy proposals leave billions in savings just sitting on the table," says Steven Nadel, executive director of the American Council for an Energy Efficient Economy in Washington. Efficiency advocates: Why stop there?

By comparison, the higher standards Mr. Nadel and others support would require a 12-to-22-year period for the more efficient units to pay for themselves through energy savings, the DOE estimates. That's compared with a 4-to-18 year payback period for the Bush proposal. For that extra cost, utilities and consumers would save $11 billion in electricity costs and eliminate the need for 16 power plants.

If those power plants were all coal-fired, as is the current building trend among utilities, the tougher standards would mean 75 million fewer tons of carbon dioxide greenhouse gas and 20,000 fewer tons of smog-forming oxides each year, over and above the DOE's proposed standard.

"I just don't understand why they're choosing this lesser standard when by their own analysis it pays to go with the higher one," says David Goldstein, co-director of the energy program for the Natural Resources Defense Council, a New York-based environmental group.

But DOE officials say voluminous analyses of a half-dozen possible standards arrived at the one standard that meets all the varied criteria laid down by Congress in the Energy Policy Act of 1992.

"We start out wanting the most efficient standards," says Ron Lewis, who oversees energy efficiency standards development at the DOE. "But we've got to go through these reviews ... and the analysis leads us to the level we've enunciated."

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Of course, unhappiness with the Bush administration over lagging energy efficiency efforts is nothing new. The Clinton administration by this time in its tenure had produced at least a half dozen major energy-saving standards and many other lesser mandates, Nadel says.

Frustration peaked last September when New York and 14 other states sued the DOE for falling years behind its congressionally mandated schedule for new energy-efficiency standards. Twenty-two of those standards are overdue for review and strengthening, the ACEEE says. In response, the DOE in January unveiled a revamped schedule for proposing standards. New standards needed now more than ever

Transformers are the first such proposed standards to emerge. And that may be a good thing - because the nation's electric grid, and particularly its transformers, are under more stress than ever.

Though the recent heat wave didn't cause large-scale blackouts as feared, a slew of smaller outages popped up across California and other states, many attributed to overheated transformers.

In late July, nearly 1,400 transformers blew in Northern California, leaving more than 1 million people without power, local news media reported.

Big transformers at power plants convert electricity to high voltages for efficient transmission over long distances, then smaller neighborhood distribution transformers reduce it back to levels safe for home use.

Higher-standard transformers are more expensive, heavier, and cost more to install, but also bear up far better under peak loads and make the grid more reliable, analysts say. That's good, because the nation could see a significantly higher rate of older transformers failing than in years past, says Alison Silverstein, a power industry consultant.

"We need to hurry up and push through these new standards," she says. "There are already more efficient transformers out there today. My hope is the utilities are installing those - and not just the biggest, dumbest, cheapest piece of steel out there."

Calif. Poised To Act On Its Own On Global Warming (USAT)

By John Ritter

USA Today, August 25, 2006

SAN FRANCISCO — California has led the nation on many environmental issues: clean air, energy efficiency, recycling, alternative fuels. Now the Golden State is poised to grab the initiative on one mostly ignored in Washington: global warming.

Two bills nearing passage in California's Legislature would authorize the USA's broadest crackdown on “greenhouse gases,” considered by most scientists the cause of the warming.

One bill would create the first mandatory caps, requiring companies to cut emissions to 1990 levels by 2020 and eliminate an estimated 190 million tons of greenhouse gases. California produces more greenhouse gases than all but 11 countries, according to the California Environmental Protection Agency.

The other bill would bar California utilities from buying electricity from out-of-state power plants that generate large quantities of carbon dioxide, the primary greenhouse gas. That would force more than two dozen coal-fired plants under development in the West to adopt non-polluting technologies or lose a piece of the California market.

“This is the most progressive thing to come down the pike,” says Deborah Sivas, director of Stanford University's environmental law clinic. “We're very likely to see other states follow suit.”

Two years ago, California regulators approved strict rules to curb motor vehicle emissions. Those rules, requiring 30% emissions cuts by 2016, are being challenged in federal court by auto companies and the Bush administration.

Ten other states have adopted the vehicle standards, and most are likely to join California in sidestepping the federal government to clamp down on sources other than vehicles.

“The objective is bottom-up pressure on the Bush administration,” says Fabian Nunez, speaker of the California Assembly and a sponsor of the cap bill. “The United States hasn't come around. We're Johnny-come-latelies here.”

The caps are based on the 1997 Kyoto Protocol, an international global warming treaty that President Bush has declined to sign.

Republican Gov. Arnold Schwarzenegger, running for re-election, has made global warming a campaign issue, even though part of the state's powerful business lobby opposes the pending bills.

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The California Chamber of Commerce calls an emissions cap a "job killer" that will drive industry from the state, hurt middle-income wage-earners and raise electricity prices that already are the nation's highest. "This is just a political stunt to limit growth in California," says chamber President Allan Zaremberg.

Other businesses — financial services, high-tech, venture capital — believe emissions caps will stir competition among energy producers, encourage cleaner technologies and create jobs .

"The business community is divided on this," says Bob Epstein, co-founder of Environmental Entrepreneurs, a national group that advocates economic approaches to environmental issues. "Some of the leaders in the energy field would just as soon have the rules stay the same."

Returning greenhouse-gas emissions to 1990 levels could boost the state economy by as much as $74 billion a year and create as many as 89,000 jobs, says a study by David Roland-Holst, a University of California-Berkeley economist.

Two-thirds of the state's likely voters backed the cap bill last month in a Public Policy Institute of California survey. Nearly half, 49%, rated global warming a "very serious threat" to the state's economy and quality of life.

"There's reason to believe that Californians have reached bipartisan consensus on this issue," says Mark Baldasarre, the institute's research director.

The governor's representatives are in talks with lawmakers to settle differences on the cap bill by Thursday, when the Legislature adjourns.

Schwarzenegger is no latecomer to the debate. Last year he outlined a broad program to cut air pollution at a United Nations summit. In July, he and British Prime Minister Tony Blair agreed to cooperate on clean-technology research.

"I say the debate is over," he said at the U.N. summit. "We know the science. We see the threat. And we know the time for action is now."

Diesel Blues (WSJ)

The Wall Street Journal, August 25, 2006

Truck drivers in the Rocky Mountain states have recently been parking their rigs, thanks to a diesel fuel shortage that has forced rationing at stations and raised prices by nearly 40 cents a gallon since early July. Welcome to the latest government-inspired energy mess.

Behind the diesel dry-up is yet another federal mandate, an EPA order that 80% of diesel production after June 1 meet new "ultra-low-sulfur" requirements. As federal clean-air rules go, this at least has the advantage of targeting particulates, which can do health damage. But the timing of the rule's imposition is terrible, since refineries, fuel terminals and pipelines haven't been able to make or distribute enough of the new stuff to replace the older product. This is also the height of the agriculture harvest season, when diesel demand is especially high.

If this all sounds familiar, recall that Congress's big new ethanol fuel mandate hit just at the start of the summer driving season. That payoff to the Midwest corn lobby requires the nationwide use of 7.5 billion gallons of that corn-based fuel by 2012. With ethanol manufacturers unable to keep pace, and the makers of a rival fuel additive, MTBE, fleeing the market because of liability concerns, drivers were hammered with spot gas shortages and price run-ups nationwide. The refinery industry is still trying to work the kinks out of that one.

The diesel headache won't make it any easier. Switching to diesel that contains only 15 parts per million of sulfur (compared with the previous 500 ppm) requires refinery upgrades, tank-cleanings and complicated pipeline logistics -- which has bottled up supply to certain inland states. Nebraska Governor Dave Heineman recently issued waivers for how long truckers hauling diesel could drive, just to keep the fuel flowing into his state. Prices in the region have hit $3.35 a gallon, and stations are limiting purchases. Meanwhile, this is all merely a warm-up to October 15, when all diesel must meet the new standard.

Consumers are going to feel this pinch, since an estimated two-thirds of freight in the U.S. is still trucked and higher diesel prices will soon find their way into everyday goods. The refining industry warned Congress and regulators that the multiplicity of mandates would do this damage, but the Bush Administration and GOP leaders chose to accept the Clinton-era mandates. Americans are paying the price, and right around election time. Sometimes we think Republicans are trying to lose Congress this year.

DOJ_NMG_0053210

FBI/DEA/ATF/USMS:

DOJ Close To Settling Messy Bad-snitch Case (LAW)

By Justin Scheck, The Recorder

California Recorder, August 25, 2006

In the year since a federal agent took the Fifth on U.S. District Judge Charles Breyer's witness stand, the underlying cocaine and methamphetamine case has been a relentless perturbation for San Francisco federal prosecutors.

But at a Wednesday hearing it seemed that irritation may end soon, thanks to the Justice Department's apparent willingness to pay the problems away. Both sides told Breyer that a settlement in the defense's pursuit of attorney fees is expected within six weeks — which will apparently prevent U.S. Attorney Kevin Ryan and a number of his deputies from being deposed.

The drug case against Nabil Ismael turned into a mess last summer when Drug Enforcement Administration agent Dwayne Bareng contradicted himself on the stand, first denying — and later admitting — that he knew the FBI had fired a snitch at the center of the case due to credibility issues.

The U.S. attorney's office declined to dismiss the case then, forcing Bareng to undergo further cross-examination by Ismael's attorney, Ian Loveseth. Eventually, Bareng took the Fifth, upsetting Breyer and forcing the prosecutors to dismiss the case.

Things just got worse after that. At the prodding of a frustrated Breyer, the Justice Department began an investigation into whether the DEA handled the troubled snitch properly.

And then Loveseth filed a motion under the Hyde Amendment, a rarely invoked law allowing defendants to recoup attorney's fees in cases where they were improperly prosecuted.

In February, Breyer ordered that Loveseth be be allowed to depose Ryan, top deputy Eumi Choi and four other prosecutors in connection with the fee request.

Those depositions were not scheduled, though, as Loveseth and Patrick McLaughlin — an assistant U.S. attorney in the Central District of California who is now handling the case — tried to negotiate a settlement.

At a hearing Wednesday, McLaughlin and Loveseth said those talks are ongoing, and they expect to reach a deal by their next hearing, which is scheduled for Oct. 4.

But the money's still an issue. The lawyers told Breyer that an agreement expired today in which Loveseth said he wouldn't perform work that would result in significant new expenses prior to settlement. And Loveseth said after the hearing that he plans to start prepping for depositions of Ryan and the other prosecutors, which could increase the cost of settling.

A spokesman for Ryan had no comment. But in court, McLaughlin told Breyer — who was considerably more subdued than in past hearings on the matter — that he expects a deal to be in place by the October court date.

"Hopefully, by then we'll have good news," he said.

Breyer's terse response seemed somewhat skeptical: "Whatever."

Feds To Help Train Local Cops (SACBEE)

By Ryan Lillis And Kim Minugh, Bee Staff Writers

The Sacramento Bee, August 25, 2006

Federal law enforcement agencies will begin helping local law enforcement agencies combat the recent spike in violent crime, authorities said Thursday.

The U.S. attorney's office and the federal Department of Alcohol, Tobacco, Firearms and Explosives will provide money and training as local authorities try to tackle gang violence linked to an increase in homicides, officials said.

The program is part of a "heightened interest" in battling violent crime in Sacramento, said R. Graham Barlowe, the resident agent in charge of ATF's Sacramento field office.

"There are long-term and short-term programs because people are dying in the streets and, ultimately, people look to law enforcement to prevent that from happening," Barlowe said.

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U.S. Attorney McGregor Scott said the agencies have met several times in the last month "to fashion new strategies" for addressing the recent crime spike.

The agencies will take a three-pronged approach, Scott said. First, the Sacramento police and sheriff's departments will receive an undetermined amount of federal funds to help in areas such as overtime and undercover work.

Second, federal and local agencies will work together in field operations, and lastly, Scott's office will work with the Sacramento County District Attorney's Office on prosecution strategies to yield the longest sentences.

He said the focus will be on violent criminals, particularly violent gang members.

"It's no secret. It's a well-publicized fact at this point: Violent crime in the city of Sacramento is up -- and it's up considerably," Scott said.

Scott declined to discuss other specifics of the partnership, and said its duration has not been determined.

"We're going to be committed to this as long as it takes," he said.

ATF will conduct "first-rate firearm training" starting today, Scott said. Police will learn to create databases on guns used in crimes and to keep track of guns brought into the area, officials said.

About 230 officers from around the country are expected to be on hand when the program is announced today at the Sacramento Convention Center.

About the writer:

The Bee's Ryan Lillis can be reached at (916) 321-1085 or rlillis@sacbee.com.

Chief Makes Landmark Arrest In Son's Fatal OD CaseCline: Dealer Homicde Charge Is First Of Its Kind In Chicago (WMAQ)

WMAQ-TV, August 24, 2006

CHICAGO -- Franklin Park Deputy Chief Jack Krecker's son Joe was found dead in vehicle last June from a heroin overdose.

But it wasn't just the heroin that killed him -- it had been laced with fentanyl and therefore was many times more deadly. Joe Krecker's death is one of many around the nation from the fentanyl-laced drug.

Related Content: Video | Images

In a press conference Thursday, Krecker and Superintendent Phil Cline -- along with a heroin task force -- announced that an arrest had been made in the Krecker case thanks to an undercover operation, witnesses and phone records. In a move that is a first for Chicago, the drug dealer that allegedly sold Krecker's son heroin will be charged with drug-induced homicide.

The man who is accused of selling Joe Krecker the bad heroin has 21 previous arrests, six convictions, and is a Vice Lord gang member, according to police.

"This case is the first of its kind in Chicago, and the epidemic is clearly not just a Chicago problem. When we convened the task force in May, we wanted to identify the sellers and prove that there is a link between the dealer and the fatal OD," said Cline.

Cline said the message should be clear to the dealers: "If you get caught selling or passing out illegal drugs, you're going to jail. We treat drugs like illegal weapons, and drug dealers should know there isn't a difference."

Police said the operation was carried out on the West Side of Chicago. They sent officers posing as young adults from Park Ridge.

"(The officers) moved up from the dealers to a supply level, and we pinpointed an offender," said Cline. "We tracked down witnesses and charged him, and it's a result of Franklin Park, Park Ridge and the Drug Enforcement Adminstration working together on a regional problem."

Cline said the task force has been working on every drug-induced homicide since last spring.

"It's the first case we've been able to get charges on," said Cline, "but not the last."

Mourning Family Hopes Death Is Not In Vain

Krecker said he hopes the arrest "may help prevent another family suffering from a tragedy like this."

"My son was in rehab. His roommates were sons of doctors and CEOs, and they were hit with this problem. Drug addiction doesn't have any class or race. My son and I talked all the time, but he was led into an addiction and this is what happened."

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Krecker said his son's use was minor and then escalated.

"He started using for the first time in January and was a casual weekend user, but no one knows how many times you can be considered a casual weekend user," he said.

Krecker said he found out his son had a problem by monitoring his bank account. He said Joe started using twice a week, then three times a week and in early April Joe came to his father for help.

Though Krecker said it's been challenging channeling his anger, it doesn't change the way he approaches his job.

"We're committed to our church and getting strength through our community and church. I also have an extended large family in the police force that is there for support," Krecker said. "My son was a good kid, he was a good athlete, and he was loyal to his friends and family."

Cline said he admires Krecker for coming forward and speaking about a common problem.

"I give Deputy Chief Krecker all kinds of credit to show this can happen to anyone, including a law enforcement family," said Cline. "If you have a drug problem, call 311 and we'll direct you toward help. There has never been a more crucial time to get off drugs than now. The drugs themselves are deadly to begin with, but now they're even more deadly, considering the stuff they're being laced with."

There have been 145 painkiller-laced heroin deaths in Chicago this there.

Murder Charges Filed In Death From Painkiller-Laced Heroin (NYT)

By Eric Ferkenhoff

The New York Times, August 24, 2006

CHICAGO, Aug. 24 — The authorities charged a 35-year-old man Thursday with homicide in the death of a police chief's son who died after taking heroin spiked with the powerful painkiller Fentanyl.

The homicide charge was the first to stem from an investigation into numerous deaths attributed in part to the drug.

A conviction could bring a sentence of up to 30 years for the suspect, Corey Crump, who was ordered held on $80,000 bond. Mr. Crump was described as having a history of drug arrests.

The authorities charge that the drug resulted in the death of 17-year-old Joseph Krecker in June. Mr. Krecker, the son of Deputy Chief Jack Krecker of the suburban Franklin Park police, was found slumped in his car not long after buying the heroin.

The drug was found to contain Fentanyl, an additive that has been blamed for hundreds of deaths nationwide. Since April 2005, at least 185 Fentanyl-related deaths have been reported in Cook County, 145 of them in Chicago.

“This is growing like wild,” said the Cook County medical examiner, Edmund Donoghue.

Police officials say that gangs and drug dealers have been so spooked by the investigations by local and federal officials and by increased patrols that they are often forcing buyers to use the drug inside the apartments where it is sold, in front of them, to avoid detection.

Mr. Krecker apparently did the same, or took the heroin mix soon after buying it, said the police, who said that he was found just blocks from the West Side apartment where he is believed to have bought the drugs.

“With this announcement comes the bittersweet reality that members of our own family can be vulnerable to the evils of gangs, guns and drugs,” said Superintendent Philip J. Cline of the Chicago police.

Superintendent Cline said Chief Krecker’s “tenacity and determination’’ in leading investigators to his son’s network of associates had helped break case.

The announcement of the homicide charge came two months after hundreds of local and federal officers raided homes in Chicago and elsewhere and indicted nearly 50 people on drug conspiracy charges.

Fentanyl - Laced Heroin Leads To Charge (AP)

By The Associated Press

AP, August 25, 2006

CHICAGO (AP) -- A reputed gang member was charged Thursday with drug-induced homicide for allegedly selling a fatal batch of fentanyl-laced heroin to a police chief's son, authorities said.

DOJ_NMG_0053213

Corey Crump, 35, is accused of selling the tainted heroin to 17-year-old Joseph Krecker and was ordered held on $80,000 bond during a court hearing Thursday.

Fentanyl is a highly powerful synthetic drug that has caused hundreds of deaths in eight states when combined with heroin.

Krecker, whose father is the deputy chief of the Franklin Park Police Department, was found dead inside his vehicle June 6 a short distance from Crump's home, authorities said.

Police officials said Thursday that they used phone records and witness statements to link Crump -- a self-admitted member of the Conservative Vice Lords -- to the drugs responsible for Krecker's death.

"He sold to the victim as a supplier, causing (the victim's) death," police Sgt. Charles Daly said.

Crump is the first person in Illinois to face the charge in relation to the use of the fentanyl-laced drug, authorities said. Since last spring, 185 deaths in Cook County have been linked to tainted heroin, 145 of them in Chicago alone, police said.

Jack Krecker said his son first tried heroin in early January and became "a casual weekend user" shortly thereafter. The family became aware of his drug problem in April and he underwent drug treatment.

County Drug Deaths Surge With Heroin In Mix (PAC)

Press of Atlantic City, August 24, 2006

An extremely pure and potent batch of heroin has caused a dramatic increase in the number of deaths from drug and alcohol overdoses in Ocean County this year, officials said.

At this time last year, there had been 33 fatal overdoses since Jan. 1. This year, 53 people have died from an overload of drugs, alcohol or a combination of the two.

â€œEvery time people use these drugs, they are playing Russian roulette with their lives,â€• Ocean County Prosecutor Thomas F. Kelaher said at a news conference Tuesday.

â€œWhat concerns us most is the sharp increase in heroin overdoses.â€•

County officials said that the heroin being used in Ocean County is different from the heroin that has been linked to a slew of recent overdoses in Cape May County. That heroin is believed to be coming from Philadelphia and contained the synthetic drug fentanyl. Only two of the Ocean County deaths were caused by fentanyl, and in those cases heroin was not involved.

â€œThe main cause of the overdoses is the purity of the drug and its wide availability,â€• said Capt. Michael Mohel, who leads the prosecutor's Major Crime Unit. Most of the heroin being consumed and sold in Ocean County is coming from Newark, Camden, Plainfield and Asbury Park, according to the Prosecutor's Office.

Joanne Vieth, director of the drug treatment program Lighthouse at Ocean County in Stafford Township, says her patients have told her recently that the heroin they have been using is much stronger than it used to be. â€œWe have had some patients that have overdosed because it was lot more powerful than what they're used to,â€• she said.

Dan Meara, a spokesman for the National Council on Drug and Alcohol Dependency in New Jersey, said that the state's geography explained some of the potency.

â€œNew Jersey does have an exceedingly pure form of heroin,â€ Meara said. â€œIt's where the drug enters the country, through the ports in Newark. As it makes its way out of the area it gets cut more regularly and therefore is weakened.â€•

Dover had the most fatalities at 12, followed by Brick with six, and Manchester and Seaside Heights with five each. About one third of the deaths were among people younger than 30. The youngest victim, who was 16 years old, took a painkiller called Oxycodone, a prescription drug that has become popular for abuse among teenagers. The oldest person who died was a 78-year-old man who overdosed on alcohol.

Officials said combining the stronger heroin with other drugs also has led to deaths. Almost one third of the overdoses involved the combined use of at least two different drugs, mostly heroin or alcohol mixed with another substance.

â€œAlcohol can speed up an overdose,â€ Mohel said. â€œWe say overdose, but it could be any dose, any hit could be fatal depending on potency and combination, so it doesn't necessarily mean they've taken a lot of the drug.â€•

In addition to the 53 fatalities, officials said there are also many overdoses in which the user comes close to death. In 2003, the Prosecutor's Office conducted a survey of acute-care facilities in the area. It found 396 incidents in which an overdose victim would have died without medical attention.

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County officials said they wanted to warn the public and encourage drug users to seek help.

Vieth, the director of Lighthouse in Stafford, says it as important for the family members and friends of addicts to be aware of treatment options as it is for addicts themselves.

â€œAddiction is a family disease, it doesn't happen in a vacuum,â€ she said. â€œIf the family and friends don't get educated, they can't expect the addict to do it by themselves. It doesn't work that way.â€•

The Prosecutor's Office says that preventing fatalities and drug abuse required a multi-pronged approach.

â€œThe main thing is to get help for these people,â€ Kelaher said. â€œWe have prevention programs, we have drug court and we have enforcement. Many of them need to find treatment that can take them out of revolving door of drugs and jail.â€•

Jump In Lethal ODs Stirs Alarm In Ocean (NSL)

By Maryann Spoto, Star-ledger Staff

Newark Star-Ledger (NJ), August 24, 2006

Prosecutor blames rising purity of drugs

Ocean County has seen a high number of drug overdose deaths already this year, and officials fear more people will die from their ad dictions at record numbers.

Only seven months into the year, Ocean County already has 53 drug overdose deaths, compared with 56 in all of last year, said Prosecutor Thomas Kelaher.

Just what has propelled the increase has investigators baffled. They just know the situation could get worse.

"It's incredibly alarming to see that we could double legitimately the number of overdoses that we had in this county," said First Assistant Prosecutor Terrance Farley.

Law enforcement officers have not been able to pinpoint the reason for the spike in these deadly doses, which occurred in people from as young as 16 to as old as 78. Kelaher said he believes the high purity of heroin, with accounted for 23 of the 53 fatal overdoses this year, is a major factor in the problem.

At 10 cases each, methadone and alcohol tied for second as the primary substance of overdose, followed by cocaine in nine cases.

The remainder are overdoses of prescription drugs, such as oxyco done and its derivatives. Farley said prescription medications are fast becoming the drugs of choice for teens and young adults.

His office usually tallies such figures at the end of the year, but Ke laher said he released the statistics early to alert the public and to encourage friends and relatives of ad dicts to urge them to seek treatment.

"The idea is to reach out and get help for these people," he said.

Deaths occurred in 17 of the county's 33 municipalities, with Dover Township, at 12, seeing the highest, followed by six in neighboring Brick Township. Most oc curred in people between the ages of 30 and 45, probably those who had been using drugs of less po tency for years and were not able to handle the higher levels of purity that have hit the streets recently, Farley said.

More than three times the number of men -- 42 -- died from overdoses as women -- 12 -- according to the figures released yesterday at a press conference at the prosecutor's office in Toms River.

In 2002, the county saw 59 fatal drug overdoses. The figure took a dip in 2003, but then jumped to 60 in the following year.

In 2003, when the county saw 52 drug overdose deaths, the four area hospitals reported a total of 396 people treated for drug overdoses and resuscitated, Kelaher said.

"It's really a very, very serious problem," he said. "We wanted to get as much word out as possible."

Relatively new on the scene, Farley said, is fentanyl, a synthetic opiate 50 times more powerful than heroin.

In May, an alleged member of the Latin Kings street gang was ar rested at his Camden home, where authorities seized 1,300 bags of fen tanyl-laced heroin. More of that heroin, however, had already made it to the streets, causing the deaths of at least 60 people in Camden and Gloucester counties.

Statewide, there were 373 drug overdose deaths just from Jan. 1 to July 31 last year, according to the state Medical Examiner's Office.

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That office did not have figures immediately available on fatal drug overdoses by county. Kelaher said he doesn't know where Ocean ranks on the scale of such deaths statewide, but noted it is still less than Camden.

Rash Of Drug Overdoses Concerning In Franklin County (AP)

AP, August 24, 2006

WASHINGTON, Mo. - Franklin County officials are trying to track down the source of drugs linked to at least 15 overdoses, including one that was fatal. And they believe the painkiller fentanyl - or heroin laced with fentanyl - may be at the root of the problem.

A 41-year-old Labadie man died May 31 from a drug overdose. He was a known heroin user, Frankling County detective Jason Grellner said. Other victims have experienced serious medical complications.

Most of the overdoses have occurred in and around Washington, Villa Ridge, Labadie and Pacific, Grellner said.

In some cases, heroin may be laced with fentanyl, or persons may be buying pure fentanyl thinking it is heroin, Grellner said. Fentanyl also may be mixed with other drugs like cocaine.

"As with all illegal narcotics, people have no idea what they're buying," Grellner said. "When you buy drugs off the street, you're taking your life in your own hands."

County authorities are working with the Drug Enforcement Administration to trace the source of the drug.

"We believe it's been coming out of the St. Louis metro area," Grellner said, noting that more than 100 overdoses there have been linked to Fentanyl. Franklin County is about 50 miles southwest of St. Louis.

Heroin laced with fentanyl is blamed for more than 400 deaths nationwide.

Fentanyl is an opiate used legally in anesthesia and for some cancer patients. The legally produced prescription painkiller is 80 times stronger than morphine.

But law enforcement officials say the type of fentanyl currently being mixed with heroin is most likely manufactured in illic it labs. It is cheaper than heroin, making it an appealing additive for heroin distributors.

Two Plead In West Marijuana Conspiracy (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), August 24, 2006

The brother and sister-in-law of a prominent Market Square businessman pleaded guilty this afternoon to federal charges involving a massive marijuana distribution network.

Market Square entrepreneur Scott West and his wife also are expected to enter guilty pleas in the case in the coming weeks, according to statements made in U.S. District Court today.

James Michael West, 42, pleaded guilty today to charges he bought and peddled tons of marijuana in more than a decade and laundered millions in drug money by investing in Market Square properties and businesses operated by his brother and other family members.

His wife, Joanne Baker West, 39, admitted conspiring to help her husband launder his ill-gotten gains.

The pair are represented, respectively, by Assistant Federal Defender Jonathan Moffatt and defense attorney Scott Green.

The pleas came just over two weeks after federal prosecutors Hugh Ward and David Jennings secured a new indictment in the West case and just over a month after federal agents raided Scott West's Market Square apartment and properties.

Ward told U.S. District Judge Thomas Phillips today that U.S. Attorney Russ Dedrick had urged his team to build a solid case that would result in quick guilty pleas to protect the viability of the Market Square businesses, which many consider vital to Knoxville's business success.

"That's why we've worked very diligently in this case," Ward said.

Ward also revealed that guilty pleas by Scott West and his wife, Bernadette West, could come within two weeks. Scott West is accused of both dealing marijuana and money laundering. His wife is only accused in the money laundering conspiracy.

As part of Mike West's plea today, he and his wife agree to give up their financial interests in Market Square properties, including Preservation Pub, World Grotto and Earth to Old City, as well as properties in North Carolina and Hawaii, hundreds of thousands in cash and other goods.

DOJ_NMG_0053216

The new indictment — known as a superseding indictment because it replaces the original and beefs up details — alleges homes owned by Scott West; his brother, James Michael West; his alleged marijuana broker, Mark Anthony Cort; and alleged marijuana supplier Phillip A. Apodaca were brimming with cash.

Authorities, including agents with the U.S. Drug Enforcement Administration and the Internal Revenue Service, seized $206,816 from three locations under Mike West's control, the new indictment states.

Another $15,100 in cash was, according to the indictment, "recovered" from Mike West over three different dates — wording that suggests these were payments made to Mike West by an informant making undercover drug buys from him.

The new indictment alleges authorities seized $13,519 from the Market Square apartment of Scott West and wife Bernadette Trent West; $23,842 from Apodaca's Tucson, Ariz., home; and $55,750 from Cort's home in Durango, Colo.

IRS criminal investigators, including Agent Brian Grove, have uncovered 19 bank accounts connected to either Mike West or his wife, Joanne Baker West, in which $301,129 was stashed, the indictment reveals.

Authorities also took 73 cases of wine, four guns and ammunition from Mike West's Mooresburg, Tenn., home and two guns from Apodaca's home, the indictment states.

Other items seized include a gold bullion coin collection, a Subaru Legacy Outback and a Dodge Ram truck.

All of the items were funded by drug money, authorities contend.

Ward and Jennings sought the new indictment against the West brothers, their wives, Apodaca and Cort to reflect new details emerging as part of the ongoing probe into the alleged marijuana trafficking and money-laundering conspiracy.

The new indictment also adds as alleged conspirators two corporate entities — Preservation Public LLC and Spiral-Web Inc.

Preservation Public LLC is the corporate entity used by Scott West and his wife to title their Market Square properties. Spiral-Web Inc. is the business name for various ventures, including Sensua Gallery in Atlanta, operated by Mike West and Cort.

The addition of the two corporate entities signals two things: One, federal authorities are not backing down from the notion that the Wests funneled drug money through their businesses, and, two, federal authorities want to leave no financial stone unturned in the quest for properties to seize.

The new indictment includes a specific reference to a lease agreement the Wests entered into with the city on its Market Square businesses, which include the popular Preservation Pub, World Grotto and Earth to Old City. Under that agreement, the Wests deeded the actual buildings to the Industrial Development Board, earning them a substantial tax break, and then leased back the properties for a nominal $1 annual fee.

By including the lease agreement itself, federal authorities are working to ensure that potential buyers of the properties would get the same deal offered the Wests — provided Ward and Jennings are able to snare convictions in the case.

Scott West, Mike West, Apodaca and Cort are accused of peddling tons of marijuana from Mexico, through Arizona to North Carolina, Georgia, Florida and Tennessee for more than a decade. Two other indictments issued in recent weeks bring the total number of people charged in the case to 13.

The West wives are accused only in the money-laundering conspiracy.

West's Brother Makes Deal (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), August 25, 2006

Sister-in-law of prominent businessman also pleads guilty in conspiracy

The businesses many credit with the rebirth of Market Square would not only have gone belly up without drug money. They wouldn't exist.

And the charismatic entrepreneur who launched the ventures and became a hailed cheerleader for Market Square not only knew where the cash came from, he volunteered to wash the dirt out of it.

Those revelations appear in agreements the brother and sister-in-law of Market Square businessman Scott West have struck with the U.S. Attorney's Office in a drug distribution and money-laundering conspiracy case that rocked Knoxville's business community.

DOJ_NMG_0053217

James Michael West, 42, pleaded guilty Thursday in U.S. District Court to charges he bought and peddled tons of marijuana in more than a decade and invested millions in drug proceeds into Market Square properties at the request of his brother and sister-in-law, Bernadette Trent West.

Mike West's wife, Joanne Baker West, 39, pleaded guilty at the same hearing to money-laundering conspiracy charges.

The plea agreement in Mike West's case, hammered out between federal prosecutors Hugh Ward and David Jennings and Assistant Federal Defender Jonathan Moffatt, includes an agreed penalty range for Mike West of 210 months to 262 months.

Joanne Baker's plea deal, negotiated by defense attorney Scott Green, puts her potential penalty range at 46 to 57 months.

In both cases, the agreed penalty ranges represent a significant break given the staggering amount of dope and money involved in the long-running conspiracy that spanned more than a decade and involved pot customers in states including Arizona, Florida, Georgia and Tennessee.

The pleas come just weeks after a federal grand jury issued a beefed-up indictment in the case, investigated by agencies including the U.S. Drug Enforcement Administration and the Internal Revenue Service.

Ward told U.S. District Judge Thomas Phillips at Thursday's hearing that U.S. Attorney Russ Dedrick had pushed for a solid case that would net quick guilty pleas to ensure the viability of the Market Square businesses operated by the Wests, which include the Preservation Pub, World Grotto and Earth to Old City.

"That's why we've worked very diligently in this case, and perhaps in another week and a half, we can conclude the case as smoothly as possible so the properties on Market Square (can be sold) to a developer or any other person interested," Ward said.

The statement was confirmation that plea deals are in the works with Scott West and Bernadette West. Their respective defense attorneys, Don Bosch and David Eldridge, were present at Thursday's hearing.

Bosch said the West family would continue to operate the businesses pending seizure of the Market Square properties and the accompanying lease deal the Wests had brokered.

Prosecutors have repeatedly made it clear in court records that the U.S. Attorney's Office is seeking to seize the drug-funded properties without actually shutting down the businesses operated out of those buildings.

Court records filed as part of the plea deals for Mike West and his wife make it equally clear that Scott West and his wife relied on drug money to secure their Market Square holdings, renovate them and operate their businesses.

"In October 2001, co-conspirators Ronald Scott West and Bernadette Trent West arranged with defendant (Mike) West to invest the drug proceeds into certain properties in Market Square," court records state.

"These properties were and are owned or operated or controlled by Scott West and Bernadette Trent West and defendant (Mike) West and others," court records state. "Scott West and Bernadette Trent West knew that (Mike) West's source of these funds was (Mike) West's drug trafficking activities.

"(Mike) West's initial investment in these properties was approximately $100,000 and grew eventually to at least $2.1 million," according to the documents.

Mike West, who owned at least one art gallery in Atlanta apparently began feeling a bit left out of the Market Square action, prompting Bernadette West and her husband to draft a document known as the West Family Trust, according to court records.

"Scott's just a little too paranoid," Mike West is quoted in the documents as having said in a secretly recorded conversation. "I've already told Scott that, you know, in five or 10 years I'm going to need something back out of there He knows that.

"He said that, you know, he told me that a building down next to Tomato Head on Market Square just sold for like six hundred and something thousand dollars," Mike West continued. "So if we take that same figure and just figure in Earth to Old City, the building that Earth to Old City's in and the building that the Oodles (restaurant) is in, that comes to $5.4 million. And that's not including (Preservation) Pub or the four-story (building the Wests own) or the one in the Old City that we're a minority partner in, so my money is there.

"So I feel pretty good about where it's at and the fact that, essentially, a couple of million of dollars managed to get laundered, you know," Mike West stated. "It's done and no taxes were paid on it and, you know, income can be generated off of it for a long, long time."

DOJ_NMG_0053218

Tampa Man Guilty In Pot House Case Despite Reservations About Some "colorful" Witnesses, A Federal Jury Convicts Him Of Trying To Create Indoor Marijuana Farms. (SPT)

St. Petersburg Times, August 24, 2006

TAMPA - After deliberating for nearly four hours, a federal jury found a Tampa businessman guilty of conspiracy for his role in a plan to create indoor marijuana farms in some of Tampa Bay's nicest neighborhoods.

Herbert Ferrell Jr., 54, faces a minimum of 10 years in prison when he is sentenced by U.S. District Judge James Moody on Dec. 7.

Ferrell showed no emotion as the guilty verdict was read. His attorney, Joseph Bodiford, said his client was very disappointed by the jury's decision.

"He's always felt 100 percent like he has been set up, from the day I met him to this morning as we were waiting for the verdict in my office," Bodiford said.

Ferrell was one of 11 people, mostly from Tampa, charged on a federal indictment in December with conspiracy to possess with intent to distribute more than 1,000 marijuana plants.

Drug enforcement agents used undercover informants to get inside information about the indoor farms in at least 10 purchased and rented houses and apartments in Hillsborough, Pasco and Hernando counties.

Assistant U.S. Attorney Anthony Porcelli said the defendants picked large houses in nice neighborhoods to avoid suspicion.

The others have pleaded guilty and agreed to cooperate with the government.

The testimony of several of those defendants gave jurors pause, according to jury foreman Patrick Healey, 37.

He described them as "colorful" and said their credibility was questionable.

Healey said he also had doubts about the government's key witness, a DEA confidential informant named Harvey "Duke" Faglier.

Faglier was sent to Tampa under the guise of learning the marijuana growing business from Ferrell and his associates. He told Ferrell he planned to take the knowledge to the Atlanta area, where he would franchise their business.

Faglier, a professional musician, has tattoos covering both arms and a dollar sign inked on the palm of his hand.

"What a treat he was," Healey said sarcastically. "I hope he's in some other state."

But in the end, jurors couldn't overlook the hours and hours of tape Faglier created, Healey said. On the tapes, Ferrell can be heard discussing minute details of the marijuana growing business, from where to buy supplies to the amount of money he had invested.

Ferrell testified during the trial that Faglier coerced him into going along with the plan. He said Faglier talked about killing people and was physically intimidating.

Porcelli told Judge Moody the tapes and the jury's verdict indicate Ferrell lied during his testimony. In light of that, Porcelli asked Moody to put Ferrell in jail until his sentencing hearing.

Bodiford said Ferrell has a 6-year-old daughter and did not pose a flight risk.

Moody agreed to allow Ferrell to remain free on $50,000 bail until he is sentenced. Bodiford said Ferrell plans to appeal.

Ann Arbor Doctor Gets 5 Years In Prison For Illegal Prescriptions (AP)

AP, August 25, 2006

ANN ARBOR, Mich. (AP) — A doctor who pleaded guilty to illegally writing prescriptions for narcotic drugs was sentenced Thursday to five years in prison.

Dr. Stuart W. Bilyeu, 45, of Ann Arbor, must also serve three years' probation when he is released, U.S. District Judge Robert Cleland ruled.

Bilyeu pleaded guilty in April to one count of illegal distribution of a prescription drug and admitted he illegally prescribed more than 60,000 doses of narcotics. He originally had been indicted on charges that he illegally wrote prescriptions for 1.26 million doses of drugs such as Xanax, Valium, hydrocodone, oxycodone and methadone.

The Drug Enforcement Administration began investigating Bilyeu in 2003 after pharmacists and police noted the number of prescriptions he was issuing.

DOJ_NMG_0053219

Bilyeu had been charged in 1992 with illegally selling prescriptions and marijuana. He pleaded guilty and was sentenced to lifetime probation and his medical license was suspended. In 1994, the lifetime probation was changed to a three-year probation, and Bilyeu regained his license in 2000.

Sprinter LaTasha Jenkins Tests Positive (AP)

AP, August 25, 2006

Another track athlete coached by Trevor Graham has tested positive for banned performance-enhancing drugs.

Sprinter LaTasha Jenkins tested positive for the anabolic steroid nandrolone in July, a source familiar with the results told The Associated Press on Thursday. Only the "A" test has been conducted, said the source, who asked not to be identified because the results have not officially been made public.

The test was done in July by the International Association of Athletics Federations in Europe. If the second "B" test is positive, Jenkins could face a minimum two-year ban from competition.

Jenkins' positive test first was reported Thursday on the Web site of the Chicago Tribune.

Graham has had several athletes test positive for banned substances, including Olympic 100-meter champion Justin Gatlin. The co-world record holder in the 100 meters tested positive for testosterone and other steroids at the Kansas Relays on April 22.

On Tuesday, Gatlin reached an agreement with the U.S. Anti-Doping Agency not to contest the positive results. In response, USADA issued a ban for a maximum of eight years. Gatlin can reduce the ban substantially by cooperating with investigators.

Graham, former coach of Marion Jones and Tim Montgomery, has been banned from using U.S. Olympic Committee training facilities. Graham did not return a message left Thursday on his cell phone.

Jenkins, 28, finished third in the 200 meters at the U.S. track and field championships in Indianapolis in late June. In 2001, she won the silver medal in the 200 at the world indoor championships and the bronze in the same event at the world outdoors.

She announced her retirement in 2003 but returned to the sport the following year.

Her best time of this season, 22.50 in a semifinal heat in Indianapolis, ranks 11th on this year's world list. Four Americans have run faster.

Jenkins is the third U.S. track athlete to test positive for banned drugs recently. The others are Gatlin and Jones, who tested positive for the endurance-enhancer EPO after winning the 100 meters at the U.S. championships June 23.

Assailants Attack Newspaper In Cancun (AP)

AP, August 25, 2006

CANCUN, Mexico (AP) -- Assailants threw grenades at the offices of a newspaper in the resort city of Cancun in the latest in a series of attacks on news outlets across Mexico, police said Thursday.

Several grenades hit the offices of the daily Por Esto! late Wednesday, damaging the front of the building but causing no injuries, said Bello Melchor Rodriguez Carrillo, the attorney general of Quintana Roo state where Cancun is located.

Rodriguez said drug gangs may have been behind the attack. Por Esto! has done extensive reporting on drug selling and trafficking in the Caribbean resort, which is used as a route for Colombian cocaine heading to the United States.

On Thursday, the newspaper published a story on its Web site accusing an alleged drug trafficker called Ismael "El Mayo" Zambada of being behind the attack.

"The attack had the clear intention of sending a single message: to silence the Por Esto! newspaper for the critical and investigative journalism that it has practiced throughout its history," wrote the newspaper's Renan Castro Madera.

On Wednesday evening, grenades were thrown at a private house across the street from the Cancun newspaper Que Quintana Roo se Entere, injuring 22-year-old car cleaner Jorge Perez. Rodriguez said the house was used by drug sellers and that attack had no relation to the newspaper.

Mexican newspaper and radio offices have been the target of a various attacks in recent months.

On Monday, armed leftist protesters seized 12 radio stations in the historic city of Oaxaca and used them to broadcast revolutionary messages.

Earlier this month, gunmen in Oaxaca attacked a newspaper critical of the state government, injuring two people.

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In February, gunmen opened fire and launched a grenade at the offices of El Manana, a daily newspaper in the northern city of Nuevo Laredo, severely injuring reporter Jaime Orozco Tey.

Since 2004, 10 journalists have been killed by armed assailants and another has disappeared.

President Vicente Fox's spokesman, Ruben Aguilar, said the federal government is dedicated to protecting journalists.

"The president of the republic condemns these actions against journalists and against the freedom of expression," Aguilar said.

Ecuador Police Seize 2 Hotels In Drug Trafficking Probe (AP)

AP, August 24, 2006

QUITO (AP)--Police took control of two exclusive hotels Thursday as part of a cocaine trafficking and money laundering investigation, a police spokesman said.

One of the hotels, the Radisson Hotel in Quito, has been under police custody since Wednesday night, although it remained open and appeared to be operating normally.

Police spokesman Patricio Kimso declined to identify a second hotel seized in the coastal city of Guayaquil, saying the operations were continuing.

He said police had also taken control of 27 offices in Quito's World Trade Center building and one private home in Quito. More seizures were planned. He said properties had also been seized in Manta, a port on the Pacific ocean.

Ten people, including the owners of 45% of the stock in the Hotel Radisson in Quito, were detained in Colombia and three other people were arrested in Ecuador's capital, Kimso said.

He said the manager of the Radisson had gone into hiding.

Cecilia Armas, a prosecutor, said the police and the prosecutor's office had been investigating the money laundering operation for months.

TAX:

Bar On Taxing Some Judgments Spurs Worries (BLOOM)

By RYAN J. DONMOYER, BLOOMBERG NEWS

Bloomberg, August 25, 2006

WASHINGTON -- A federal appeals court decision that cited the Constitution to bar the government from taxing some types of damage awards may encourage challenges to other sections of U.S. tax law, legal experts said.

The U.S. Court of Appeals for the D.C. Circuit in Washington ruled this week that the government cannot collect taxes on damage awards for non-physical compensatory damages such as emotional distress or injury to reputation. The court struck down as unconstitutional a provision of a 1996 law allowing taxation of such awards.

Tax law experts said the ruling will encourage legal challenges to other parts of the tax code defining what income can be taxed.

They also said the government is likely to appeal the decision to the Supreme Court.

"It's certainly going to launch a thousand constitutionality arguments that people would have thought laughable before," said Yale University law school Professor Michael Graetz, a former tax official in President George H. W. Bush's administration.

The D.C. Circuit hears most appeals of federal government regulatory decisions. Graetz said the government may ask the full 10-member D.C. Circuit to review the decision of the three-judge panel, though he said it would be unusual for the court to agree to a review because Chief Judge Douglas H. Ginsburg wrote the decision and there was no dissent.

Ginsburg, nominated to the court by President Ronald Reagan, was joined in the ruling by Judge Judith Rogers, nominated by President Bill Clinton, and Judge Janice Rogers Brown, nominated by President George W. Bush.

Internal Revenue Service spokesman Bruce Friedland referred calls to the Justice Department. Justice Department spokesman Charles Miller said the department is reviewing the decision and hasn't decided whether it will appeal.

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Attorney David Colapinto, representing Marrita Murphy, who won this week's ruling, did not immediately return a telephone call seeking comment. He is with the Washington law firm Kohn, Kohn & Colapinto. Attorney Colin M. Dunham, who filed a brief supporting Murphy on behalf of the No Fear Coalition, also didn't respond to a call seeking comment.

Friedland said the IRS doesn't have a separate figure on how much tax money it collects on damage awards for emotional distress and injury to reputation.

Former IRS Commissioner Donald C. Alexander, now a partner at the law firm Akin, Gump, Strauss, Hauer & Feld LLC in Washington, said the case will likely be appealed to the Supreme Court.

"I think it will be appealed, the Supreme Court will hear it, and the Supreme Court will reverse it," Alexander said.

In the meantime, tax experts predict challenges to the taxation of other money, including some insurance proceeds, gambling winnings and windfalls such as found money.

"It is difficult to overstate the importance and potential harm of this decision," said Paul Caron, a tax professor at the University of Cincinnati College of Law.

Graetz said tax lawyers will have fewer concerns that their constitutionality claims will be deemed frivolous because most thought the issue decided in the case was frivolous before this week's ruling.

"Now it's hard to know what's frivolous and what's serious," he said.

The ruling concerned a $70,000 award to Murphy, who filed an administrative complaint with the Department of Labor in 1994 saying the New York Air National Guard "blacklisted" her and gave her bad references after she complained about environmental hazards at an air base. She was awarded $45,000 for emotional distress and $25,000 for injury to her reputation.

Under a 1996 law, legal compensation for physical injuries is tax-free while those for mental anguish and injury to reputation are not. Murphy sued for return of $20,665 in taxes she paid on the damage award.

The D.C. Circuit ruled for her, deciding the award wasn't taxable income under the Constitution's 16th Amendment because it didn't compensate for lost wages or earnings. Punitive damages are taxable, the Supreme Court ruled in 1955.

Alexander said one worry for the IRS is that tax protesters will find new arguments to argue that the tax code is illegal.

"Tax protesters will love it because it's what they've been arguing for years," he said. "They will claim this destroys the income tax."

"A case like this does serious damage to the system even though it involves one provision," Alexander said. "It does not say all the other parts of the code are constitutional."

Vanessa Astrup, a spokeswoman for the anti-tax group We the People Congress, based in Queensbury, N.Y., didn't immediately return an e-mail seeking comment.

D.C. Partnerships Weren't Taxed Illegally, Court Says (WP)

By Dina Elboghdady

The Washington Post, August 25, 2006

The D.C. Court of Appeals yesterday ruled that the District did not illegally tax the personal income of several nonresident businessmen with partnerships in the city, reversing a lower court decision that could have cost the city tens of millions of dollars in business taxes.

The opinion yesterday found that the District did not break federal law when it imposed an "unincorporated-business-franchise tax" on real estate partnerships that do business in the District and pass on their profit to partners who do not live in the District.

"We are gratified that the court of Appeals has vindicated the District," Sherryl Hobbs Newman, deputy chief financial officer for tax and revenue, said in a statement. "This is a victory for all District residents."

The case involved Kenneth Bender and other members of a prominent area real estate family who sued the District and sought a refund of about $240,000 for taxes they paid over three years on income from their interests in companies including Jack I. Bender & Sons, Rhode Island and M Associates, and Twelfth and L Streets LP.

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A trial court judge ruled in their favor in March, and several observers suggested that the decision would create a huge loss in revenue for the D.C. government. Many real estate developers and owners operate in the District through partnerships but live elsewhere.

The partners who filed the suit argued that the two laws that govern unincorporated-business taxes -- the Home Rule Act and the Tax Act of 1947 -- were inconsistent. The appeals court disagreed.

Gerald H. Sherman, the attorney who represented the partners, said yesterday that he had not yet spoken to his clients to discuss whether they will pursue further appeals.

"I feel strongly we were right," Sherman said.

States Attack Property Taxes (USAT)

By Dennis Cauchon

USA Today, August 25, 2006

At least 10 states have cut property taxes this year or are preparing to do so, part of a tax mini-rebellion that has been brewing alongside higher home prices.

States are raising other taxes, especially the sales tax, and spending budget surpluses to replace lost property tax revenue. That makes the trend more of a tax shift than a net tax cut. Political leaders are pledging that local government and schools, which depend on property taxes, will be protected.

“We will replace the money so that education doesn't get shorted,” says Idaho Gov. James Risch, a Republican who has called a special legislative session today to cut property taxes.

Polls show the property tax is the most unpopular tax. A 2006 survey by the Tax Foundation, a non-partisan tax research group, found 39% considered it “the worst” state or local tax, about twice as many as thought that of the state income or sales tax.

The attack on property taxes hasn't happened everywhere. California has had strict property tax limits since voters passed Proposition 13 in 1978, and some states haven't experienced soaring real estate values. The trend also could be tempered by recent declines in home sales and prices.

While local schools and governments collect most property taxes, they work under rules established by state legislatures and constitutions. Property tax limits in California, Minnesota and elsewhere have shifted taxing powers to state governments and away from local government. In the last economic slowdown, some states trimmed aid to local governments below what they had promised in earlier property tax relief.

Property taxes this year have replaced state income taxes as the favorite tax-cut target of legislatures:

•Idaho. The Legislature will vote today on whether to eliminate the local property tax used to pay for schools. The state would raise the sales tax to 6% from 5% and dip into its budget surplus to replace the $260 million that schools will use next year.

•New Jersey. After raising the sales tax to 7% from 6% in July to help cut property taxes by about $600 million, the Legislature has returned in special session to find more ways to cut. On the agenda: consolidating local governments and limiting retirement benefits of state and local government workers.

•Florida. Voters will decide in November whether to grant $36 million in new property tax breaks to seniors and disabled veterans. Arizona, New York, Pennsylvania, Rhode Island and Indiana also expanded property tax breaks this year. Texas and South Carolina raised other taxes to pay for property tax cuts.

Property taxes have risen 27% since 2000, after adjusting for inflation and population growth. That's less than the 41% inflation-adjusted increase in home values, but it's twice as fast as the growth in sales or income taxes.

Property taxes now consume a greater share of personal income — 3.4% — than any time since 1992, according to a USA TODAY analysis.

Economists generally like the property tax because it is stable. “The property tax is a fantastic tax for things that are purely local because, under those circumstances, it does not function like a tax. It's more like a user fee,” says Harvard University economist Caroline Hoxby.

Seniors on fixed incomes, however, are especially angry about property taxes because big increases could force some to give up their homes. “It hits a vulnerable part of our population, namely the elderly,” Risch says.

DOJ_NMG_0053223

Soaring Property Taxes Elicit Backlash Among Homeowners (USAT)

By Dennis Cauchon

USA Today, August 25, 2006

Last summer, the booming area around Coeur d'Alene, Idaho, had 700 homes for sale. This year, 3,400 homes are on the market.

Realtor and anti-tax activist Sharon Culbreth says soaring property taxes are partly to blame for the glut.

"It's not just that the market is softening," she says. "Many people have put their houses on the market because they fear losing their homes. The old-timers are afraid they won't be able to pay property taxes that have doubled or tripled."

Anger over rising property taxes is reverberating in many states that do not already have strict limits. State legislatures and some local governments are starting to cut property taxes, often shifting the burden to the sales tax.

Fallout from property tax cuts is wide and complicated. The changes are shifting public school financing from locally controlled property taxes to state-controlled sales and income taxes.

The changes also are carving out new winners and losers. Tax exemptions are being expanded for the elderly, the disabled, veterans and people who have owned their homes for long periods. New Jersey is considering taxing business property at a higher rate than residential property, a practice some other states use.

The property tax is under fire in states that have high property taxes, such as New Jersey, and states that don't, such as Idaho. The rebellion is mostly in states that have had soaring home values, but it's also found in some states that haven't, such as Indiana.

"People hate the property tax because it's visible," says economist Andrew Chamberlain of the Tax Foundation, a research group in Washington, D.C. "One of the great ironies of tax policies is that people hate the tax that's easiest to see, not necessarily the one that costs them most." State and local governments collect more in sales taxes than in property taxes.

Idaho Gov. James Risch says he tells constituents that their state has some of the lowest property taxes in the nation. It ranked 36th last year. "The perception is otherwise," he says.

Risch has called a one-day special session of the Legislature today and says he has the votes to pass a controversial property tax cut. The state would raise the sales tax to 6% from 5% and use the extra money, plus some surplus funds, to eliminate the local property tax used for operations of public schools. Property taxes for building schools would remain.

"We have people coming to Idaho, buying property at high prices and driving up home prices," the governor says. "That's a good thing, in a way. But it's also causing home assessments to double and triple."

Gene Ealy, 80, of Coeur d'Alene, saw the assessment on his home rise 57% last year and 62% this year, reaching $355,000. His taxes didn't rise that much — many local governments shave a few cents off the tax rate when assessments rise rapidly — but they have had an impact.

"The value of our homes is being set by people moving in here that value our property a great deal higher than we do," he says. "It's deadly on fixed-income people."

Ealy has investments that will let him stay in his home, but he knows other elderly people who are being forced to sell.

Voter anger can be seen at the polls. In March, voters in Coeur d'Alene — a scenic tourist town of 40,000 — rejected a school property tax increase for the first time in 16 years.

Jim Smith, the elected property appraiser in Pinellas County, Fla., which includes St. Petersburg and Clearwater, says government spending is the problem, not higher property values. He says elected officials use higher assessments as a way to raise taxes without admitting it. "It's the big lie," Smith says. "I'm fed up with them claiming they cut taxes because they lowered the tax rate, at the same time they're collecting more money because of higher assessments."

Weakening home sales and prices in many areas could slow the rise in assessments or even lower them, but it would be up to elected officials to pass on the property tax savings.

Every year, Florida property appraisers give local elected officials an estimate of what the tax rate should be so that taxes don't go up even if property values have, Smith says. It's called the rollback rate.

"If they don't want to spend more money, they can use the rollback rate," he says. "Of course, they never do. Instead, they get to have a tax increase while claiming they lower taxes."

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Dartmouth College economist William Fischel says support for the property tax has been undermined by court decisions that have required states to equalize spending between rich and poor school districts. He says homeowners resent their property taxes being sent to other communities. States are better off helping poor districts with money from statewide taxes, he says.

Fischel says the move away from local property taxes for funding schools is not good because research shows schools perform better when financial decisions are controlled at the local level.

Texas struggled for years with a "Robin Hood" property tax system that had affluent school districts send property tax money to poorer districts, part of an effort to satisfy a 1987 court decision. Earlier this year, Texas slashed property taxes and shifted financing for poor districts to cigarette taxes and other revenue sources.

Many New Jersey educators support reducing local property taxes and getting more state money for schools. That's partly because some local property taxes are diverted to 31 poor districts, and schools in New Jersey rely more on property taxes — the highest in the nation — than in other states.

"Shifting the burden from the property tax to a statewide tax would make it easier for many school districts to provide public education without burdening local taxpayers," says Frank Belluscio of the New Jersey School Boards Association.

In Idaho, however, many educators oppose the governor's proposal to have the state take over school funding.

Marilyn Howard, Idaho's elected superintendent of public instruction, fears a loss of local control and unreliable school funding in the future.

"The property tax is a very stable source of revenue," she says. "The Legislature has said before that a higher sales tax or the lottery will be used for education, and then disbursed it for other spending."

Gov. Risch says schools have nothing to fear. "Education is the No. 1 priority of the Legislature."

CONGRESS-ADMINISTRATION:

Emergency Contraception Gets FDA OK For Over-the-counter Sales (CHIT)

By Judith Graham

Chicago Tribune, August 25, 2006

Moving to resolve a bitter controversy, the Food and Drug Administration announced Thursday that it would allow emergency contraception to be sold over-the-counter to women 18 years and older.

Stores across the country will start selling the pills without prescriptions, if customers are of appropriate age, by year's end, said Carol Cox, a spokeswoman for Barr Pharmaceuticals, the drug's manufacturer.

Certain restrictions will apply: the pills will be available only from licensed pharmacists at pharmacy counters or medical professionals at health clinics. To make a purchase, a consumer will need to present proof of his or her age. Gas stations and convenience stores will not carry the pills.

Girls 17 and younger will be able to get the drug {ndash} a high dose of the same hormones found in birth control pills—but only with a prescription.

The FDA's decision was widely hailed as a breakthrough by medical and reproductive rights groups that have fought for three years to make emergency contraception, also known as the morning-after pill, more widely available.

"This is a historic event in the struggle for women's reproductive health and rights, and a long-overdue victory for science over ideology," said Sharon Camp, president of the Guttmacher Institute, a non-profit policy and research group. "For the first time we're trusting women to make good reproductive health care decisions by letting them buy their own hormonal birth control, without a prescription."

Conservatives — who have long worried that the pill would promote promiscuity among young teens or abort just-fertilized embryos — decried the government's announcement Thursday as misguided and potentially dangerous.

"We are very, very concerned about the health impacts on women who will be getting this drug without a doctor's guidance," said William Beckman, executive director of the Illinois Right to Life Committee.

DOJ_NMG_0053225

Access to emergency contraception is important, because the drug is most effective if taken within 72 hours of unprotected intercourse. Also called Plan B, the medicine generally prevents a woman from ovulating or inhibits the fertilization of an egg, according to the FDA. There is no clear evidence that the pill affects an existing pregnancy.

Plan B is often confused, wrongly, with the abortion pill known as RU-486.

Sens. Hillary Rodham Clinton (D-N.Y.) and Patty Murray (D-Wash.) called the agency's decision "an important step in restoring the American people's faith in the FDA" and said they would lift their hold on the nomination of Dr. Andrew von Eschenbach to become commissioner of the agency.

The circumstances surrounding Plan B's application for over-the-counter status were unprecedented. Although two FDA advisory panels overwhelmingly found Plan B safe and effective for women and girls and the agency's own scientists concurred, the FDA refused for an extended period to make a decision, evoking sharp criticism that it was putting politics ahead of science.

On Thursday, Dr. Steven Galson, director of the FDA's Center for Drug Evaluation and Research, acknowledged that the controversy had pulled the agency away from other priorities. He said FDA officials were "looking forward to renewing our focus" on issues such as ensuring drug safety and speeding up the approval of new medications.

Advocates said FDA's endorsement of over-the-counter status for Plan B would help large numbers of women avoid unintended pregnancies and prevent abortions.

But conservatives were incensed. Judie Brown, president of the American Life League, said her organization was "overwhelmingly disappointed."

President Bush "missed the mark with this endorsement," complained Carrie Gordon Earll, senior bioethics analyst at Focus on the Family. "Over-the-counter status for Plan B {ndash} regardless of the age requirement {ndash} is an invitation for adult men to pressure underage girls to have sex with the promise of an easily-accessible magic pill to prevent or abort a pregnancy."

Dr. David Stevens, executive director of the Christian Medical Association, criticized what he called the FDA's "political compromise" and said "removing this high dose of hormones from a doctor's oversight removes a vital safety protection from women."

Several studies have shown that emergency contraception does not increase risky sexual behavior among teens. The Guttmacher Institute estimates that the drug helps prevent more than 100,000 unintended pregnancies and 51,000 abortions each year. And there is no evidence that Plan B is unsafe {ndash} whether for women or younger teenagers, FDA scientists and their advisers have found.

In a statement, the American College of Obstetricians and Gynecologists cautioned that many women and girls will still have problems gaining access to emergency contraception. "By restricting its availability to women 18 and older, the FDA has missed an unparalleled opportunity to prevent teenage pregnancies," the group said.

There is nothing in the FDA's ruling that prevents pharmacists from refusing to fill a prescription for the morning-after pill.

In a memo released Thursday, acting FDA commissioner von Eschenbach said Barr Pharmaceuticals "had not established that Plan B could be used safely and effectively by young adolescents" without the supervision of medical professionals. He chose 18 as a cut-off for non-prescription sales because it's the age when teens legally reach adulthood in all 50 states and because several other products, including tobacco, and nicotine replacement therapy, are restricted to customers 18 and over, the memo said.

Simon Heller, lead attorney for the Center for Reproductive Rights, said the legal advocacy organization will still pursue its lawsuit against the government over its handling of Plan B and seek to have the age restriction over-turned.

Still, others see what was clearly a compromise by the FDA as a step forward. "Maybe as people become more comfortable with the use of emergency contraception and the lack of misuse, restrictions for adolescents will be loosened," said Dr. Gloria Elam, an obstetrician-gynecologist at the University of Illinois at Chicago Medical Center.

"We now urge retailers to make sure this time-sensitive drug is in stock and dispensed," said Marcia Greenberger, co-president of the National Women's Law Center.

In a statement, Wal-Mart said that once it had more details, "we will consider carrying the product for OTC (over-the-counter) sale."

Walgreens Stores spokeswoman Tiffani Bruce said, "We will follow the FDA guidelines and sell [Plan B] over the counter to customers."

Plan B To Be Sold On Demand (BSUN)

By Jonathan D. Rockoff

The Baltimore Sun, August 25, 2006

WASHINGTON -- The Food and Drug Administration announced Thursday that the Plan B morning-after pill can now be purchased without a prescription by women 18 years and older. The decision ends a bitter three-year political fight, but doctors say it is not likely to change the behavior of women in the ways that conservatives and liberals had argued.

Women will have to show proof of age in order to buy the emergency contraception, which will be kept behind counters in pharmacies and health clinics, but they won't need a prescription any longer. Over-the-counter sales should begin by the end of the year, the drug's maker said.

By limiting the sales to adults, the acting FDA commissioner, Dr. Andrew C. von Eschenbach, said in a memorandum that the agency had found a way to ease access to the morning-after pill while protecting the health of teenage girls.

The resolution clears the way for von Eschenbach's confirmation as permanent FDA commissioner. Democratic Sens. Hillary Rodham Clinton of New York and Patty Murray of Washington called the approval a long overdue but positive step and said they were lifting the hold they had placed on the nomination because the agency had repeatedly delayed making a decision.

Conservative opponents complained that the FDA had buckled to political pressure.

They have argued that easier access to the pill would increase promiscuity. Liberals, who had countered by arguing that it would reduce unintended pregnancies, welcomed the decision but said the age restriction was unwarranted.

Doctors and researchers said they don't expect the decision to result in the worst-case scenarios of either side. Drawing from their own experiences with patients and from studies, they expect sexually active women who use birth control to stick with their current contraception method and most of those who don't to continue avoiding protection.

"I can't see them taking emergency contraception every time" they have unprotected sex, said Dr. Edward E. Wallach, a Baltimore gynecologist and Johns Hopkins University professor. Women who want to avoid pregnancy, he said, will likely take preventive steps.

How it works

The morning-after pill is actually two birth control pills, each taken orally. The first must be taken within 72 hours of unprotected sex and the second 12 hours later. According to the FDA, the pills work by stopping the release of an egg from the ovary, can prevent the union of sperm and egg and can prevent implantation of the egg.

Supporters of over-the-counter sales say the FDA approval will increase access to the pill by making it available on weekends or at other times when it might be difficult to reach a doctor for a prescription. Men will also be able to buy the drug for adult women, an FDA official said. The supporters predicted that the number of prescriptions, currently 1.5 million a year, would rise as awareness grows.

Sales could double

Annual sales of Plan B, projected at $38 million this year, should double, said Robert Uhl, a financial analyst at Friedman, Billings, Ramsey & Co. in Arlington, Va.

Still, that wouldn't mean that most of the nearly 43 million American women between 15 and 44 will buy Plan B. Almost 11 percent, or 4.5 million, don't use any method of birth control or contraception at all, according to the National Center for Health Statistics.

What's more, merely buying the pill doesn't mean that women always use it when they should, said James Trussell, the director of Princeton's Office of Population Research. He served on the advisory committee that recommended, on a 23-4 vote, that FDA approve over-the-counter sales.

Plan B, technically called levonorgestrel, has been available by prescription since 1999, and nine states have allowed pharmacists to dispense the drug without a prescription.

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Trussell said studies of women with access to Plan B showed that it neither led them to have more sex nor meant that they used the pills as frequently as they should have.

"You're talking about a cork in the ocean here," Trussell said. "There's so much unprotected sex it would take a vast increase in use to make a difference."

Free publicity

The political controversy has given Plan B "a lot of free publicity. Many women who didn't know such a thing existed learned about it," Uhl said.

During the past three years, while over-the-counter sales were under FDA consideration, prescriptions jumped 130 percent, according to Barr Pharmaceuticals. However, the company doesn't expect Plan B to be anything more than one part of its array of 29 contraceptive products, according to a spokeswoman.

Gynecologists doubt their patients will abandon current birth control just because the government made an alternative more accessible.

"Most women are responsible and want to use protection prophylactically, in advance," said Dr. Nathan G. Berger, chairman of the gynecology department at Union Memorial Hospital in Baltimore.

In addition, some patients will probably remain unwilling to use the pill. Dr. Karl Schwalm, a family practitioner in Oakland, Md., near the West Virginia border, said, "We have a lot of girls who would probably just as well be pregnant."

Another potential obstacle to wider use is the likelihood that insurance plans won't pay for the over-the-counter product. Barr is not expected to discount the prescription price of $25 to $30 for the two-pill package.

For those reasons, Planned Parenthood clinics in Colorado predict they will continue writing prescriptions. In 2005, the clinics wrote 50,000 prescriptions.

Dr. Anita Nelson, who directs a women's health clinic in Dorrance, Calif., also expects to keep writing prescriptions so patients can get their insurers to cover the cost.

Nelson, an obstetrics and gynecology professor at UCLA who has advised Barr about another of its products, said she would keep making patients aware of Plan B and informing them of its proper use. She plans to recommend that women already on birth control use Plan B as an insurance policy, not as their main method of contraception.

"You want to make sure it's not a substitute for their ongoing method of birth control," she said. "It's not a magic bullet."

Plan B Shift Threatens To Deepen Rift (WSJ)

By Anna Wilde Mathews And Barbara Martinez

The Wall Street Journal, August 25, 2006

The Food and Drug Administration's decision to allow the emergency contraceptive Plan B to be sold to adults without a prescription will boost the use of the drug, but the move may also widen political and societal fault lines around issues of medicine and reproductive rights.

Plan B, made by Barr Pharmaceuticals Inc., has been at the center of a bitter debate both inside and outside the FDA, which for years stalled the manufacturer's application for over-the-counter status. Yesterday, the agency said that people 18 years or older could get the drug without a prescription, if they show identification proving their age. For women younger than 18, Plan B, also known as the "morning-after" pill, will still require a prescription.

Yesterday, Democratic Sens. Hillary Rodham Clinton of New York and Patty Murray of Washington said they would remove their hold on the nomination of acting FDA Commissioner Andrew von Eschenbach to be formal head of the agency. They had blocked a Senate vote until the FDA made a decision about Plan B.

MORE ON THE DECISION

• Easier Access May Bring Higher Costs1
• A Subtle Method for Selling 'Plan B'2
• Video: Barr CEO comments on decision3
• WSJ senior special writer John Harwood4 on the political fallout.
• Q&A on Plan B5 | FDA statement6 | Timeline7

Antiabortion groups criticized yesterday's decision and said it wouldn't prevent young teens from getting Plan B without a prescription. On the other side, reproductive-rights groups, which had argued that easy access to Plan B would be a vital tool against unintended pregnancies, applauded the decision but said the age restriction was unnecessary.

Plan B effectively functions like a high dose of birth-control pills. When taken within 72 hours following unprotected sex, the product reduces the risk of pregnancy by as much as 89%. Scientists believe the resulting surge of hormones interferes with ovulation and fertilization or may potentially prevent implantation of a fertilized egg in the uterus. The medical community generally doesn't consider this to be abortion, and the FDA doesn't classify Plan B as an abortion-causing drug, though some antiabortion groups do. Plan B isn't the same as mifepristone, sometimes called RU-486, a prescription-only pill that induces an abortion.

The FDA and Barr said that they will take steps to try to enforce the age restriction. Plan B will be sold only in stores or clinics with a medical professional such as a doctor, nurse or pharmacist, not in gas stations or convenience stores, and isn't expected to be available through online pharmacies and other Web sites, Barr said.

The company agreed to send "anonymous shoppers" to test whether pharmacies are adhering to the rules. Barr will provide a booklet to be distributed with the drug that will explain how it works and its proper use.

'Adequate Safeguards'

Steven Galson, director of the FDA's drug center, said he believed the agency didn't have enough data about younger teens to approve the use of Plan B for them, and that they "would strongly benefit from consultation with heath-care providers" before getting Plan B. The FDA can't absolutely ensure that people younger than 18 won't get the drug, he said, but the agency had "adequate safeguards in place ... to convince us this drug will be provided as per the labeling." He said other FDA officials within the FDA's drug center, who had endorsed over-the-counter Plan B without an age limit, disagreed with the final decision.

Barr said it expects use of the drug to grow. Currently, it is prescribed about 1.5 million times a year in the U.S. The company declined to project how much revenue would increase over the approximately $30 million a year currently generated by Plan B's sales in the U.S. Barr's version of the drug is only sold in the U.S. and Canada. Other companies sell similar products elsewhere. Will Sawyer, specialty pharmaceuticals analyst at Leerink Swann & Co., predicted that Plan B sales may triple, to $90 million, over the next three to five years. The company said it expected to price the two-pill Plan B regimen at least as high as the current $25 to $40 per prescription.

Bruce Downey, chief executive of Barr, said the company was "very happy" with the FDA's decision but planned to try to "lower or eliminate the age restriction" in the future. Major drugstore chains including Walgreen Co. and CVS Corp. said they would offer Plan B under the new FDA rules. A spokesman for Wal-Mart Stores Inc., which declined to stock Plan B until March of this year, said the company is "still looking at details of what was approved and how the product can be sold and once we have those details we'll consider carrying the product for nonprescription sale." Wal-Mart Watch, a union-backed group that is critical of the giant retailer, said it would prod the company to offer Plan B under the new prescription-free conditions.

Barr said the newly labeled drug will be available "before the end of the calendar year."

Reproductive-rights groups said the need to present proof of age, and the age cutoff itself, might keep the drug from women and teens who need it. Cecile Richards, president of the Planned Parenthood Federation of America, said "putting in restrictions ... makes it less likely that it's going to be used and going to be effective." In the U.S., 34% of teenage girls get pregnant at least once before turning 20, a figure cited on the group's Web site. The Center for Reproductive Rights, which criticized the age restriction, said it planned to continue a lawsuit against the FDA over Plan B.

Potential Election Issue

The move could become an election-campaign issue. The decision is "very detrimental to some deeply held concerns" of her members, said Wendy Wright, president of Concerned Women for America. "I think they will have it in mind" as they vote. Her group called for the White House to withdraw Dr. von Eschenbach's nomination. Yesterday, Republican Sen. Tom Coburn of Oklahoma said he opposed the FDA's decision.

Antiabortion groups have pressed for states to pass laws that would protect pharmacists' ability to refuse to provide certain drugs, including Plan B. The FDA's decision "does place pharmacists much more on the front line," said Daniel McConchie, executive director of Americans United for Life, which has lobbied for such legislation. His group would like to see states pass

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restrictions that could limit prescription-free availability of Plan B and is exploring the legal possibility of such state laws, he said. Barr's Mr. Downey said the company would fight any efforts to add sales restrictions, and Barr believes most pharmacists will be willing to dispense the drug.

For the FDA itself, the decision resolves a long-running and politically contentious issue. The original Plan B application had requested over-the-counter status, regardless of age. An FDA advisory committee voted in December 2003 to support that request. Memos that later leaked out showed that the head of the agency's own office of new drugs, as well as other reviewers, agreed. But in May 2004, the FDA's Dr. Galson rejected the change, citing the lack of data about the youngest teens.

Barr, which had by then purchased rights to the drug from its original sponsor, then reapplied to the FDA, requesting that females 16 years and older be allowed to buy Plan B without a prescription. Last August, the FDA's then-commissioner, Lester Crawford, postponed a decision, saying that the agency might need new regulations to enforce an age restriction, though the agency's career staff was willing to approve an over-the-counter version for those 17 and older. The agency's assistant commissioner for women's health, Susan Wood, resigned after that announcement, complaining that the FDA's handling of the drug hadn't been based on science. Dr. Crawford later resigned, though not over the Plan B issue.

But on July 31, the day before Dr. von Eschenbach was supposed to have a Senate confirmation hearing on his nomination, the FDA released a letter saying it didn't need to craft a new regulation. In a memo released yesterday, Dr. von Eschenbach said he concluded that 18 was the best cutoff age because it is a familiar one for states and pharmacies. Dr. Galson said in his own memo that he now concurred.

F.D.A. Approves Broader Access To Next-Day Pill (NYT)

By Gardiner Harris

The New York Times, August 25, 2006

WASHINGTON, Aug. 24 — The Food and Drug Administration on Thursday approved over-the-counter sales of the morning-after contraceptive pill to women 18 and older, resolving one of the most contentious issues in the agency's 100-year history.

Nationwide over-the-counter sales of the drug, Plan B, are expected to start by the end of the year. It will be sold in pharmacies and health clinics only, and buyers must show proof of age. Anyone under age 18 will still need a prescription. Men may also buy Plan B for a partner.

The prescription drug now sells for $25 to $40 per two-pill dose, but the manufacturer, Barr Pharmaceuticals of Woodcliff Park, N.J., said the price could change.

The agency's decision, which took three years and spanned the terms of three F.D.A. commissioners, did little to dampen what has became a central part of the nation's debate on abortion. Abortion rights advocates argue that the wide availability of Plan B may reduce abortions; abortion opponents assert that Plan B will cause them.

Abortion rights advocates hailed the F.D.A.'s decision on Thursday, although many bemoaned the age restriction.

"We are pleased that a common sense, common ground agenda for reducing unintended pregnancy and the need for abortion finally won out," said Kirsten Moore, president of the Reproductive Health Technologies Project in Washington.

Abortion opponents threatened political retribution, however, and were displeased when President Bush backed the agency's decision.

"Let there be no mistake about it," said the Rev. Thomas J. Euteneuer, president of Human Life International, an anti-abortion group based in Virginia. "Today's decision lies at the feet of President Bush and has created a lasting rift with the Catholic faithful who comprise a large part of his support base."

In a briefing on Monday, Mr. Bush was asked whether he supported the intention by Andrew C. von Eschenbach, acting commissioner of the F.D.A., to approve over-the-counter sales of Plan B.

"I support Andy's decision," he replied, a rare moment when a president addressed an application pending before the drug agency.

Barr Pharmaceuticals said that sales of Plan B would barely register on its balance sheet and that it had no plans to advertise the drug on television or radio. [BusinessDay, Page C1.]

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Dr. von Eschenbach wrote that he had decided that 18 was the appropriate cut-off age because pharmacies already used it for restricted nicotine and cold medicines sales.

"This approach builds on well-established state and private-sector infrastructures to restrict certain products to consumers 18 and older," Dr. von Eschenbach wrote in a memorandum.

His predecessor, Dr. Lester M. Crawford, said last year that science supported giving over-the-counter access of the drug to women at 17, but that he could not figure out how to ensure that such an age restriction was enforced.

The agency has now decided that it will rely on Barr to enforce the rules. The company's chairman, Bruce Downey, said in an interview that the company would depend on pharmacists to abide by the restrictions.

Barr will not sell the pills to gasoline stations or convenience stores, and it will conduct surveys to measure adherence, Mr. Downey said.

The drug agency decided that younger women would benefit by seeing a doctor before having access to Plan B. It also determined that Barr had failed to prove that young women would understand how to use the drug as well as older women.

The F.D.A.'s approval was widely expected and led to a flood of prepared press releases from Capitol Hill offices, advocacy and medical groups.

"This long overdue decision is a victory for women's health and for the American people who have been waiting for years for the F.D.A. to act," Senators Hillary Rodham Clinton, Democrat of New York, and Patty Murray, Democrat of Washington, said in a statement.

Senator Tom Coburn, Republican of Oklahoma and a family practice doctor, denounced the decision, saying, "Exposing women to the high-dose hormones in Plan B without the guidance of a physician will put them at risk."

Studies suggest that both the anti-abortion groups and abortion rights advocates are wrong in their predictions of the pill's effect on the number of abortions performed each year and on the rate of sexually transmitted diseases. Couples in the United States have so much unprotected sex — half of all pregnancies are unplanned — that even if the pills were passed out like aspirin, they would be unlikely to cause a major change in abortion and disease rates.

"Emergency contraceptives don't work if, like condoms, they're left in the drawer," said Dr. James Trussell, director of the Office of Population Research at Princeton University. "And studies show that even if women have the pills on hand, the drawer is where they remain."

Still, Dr. Tina Raine, associate professor of obstetrics and gynecology at the University of California, San Francisco, said that over-the-counter access to Plan B would help some women avoid becoming pregnant.

"Unintended pregnancy rates have been dropping over the last decade,'' Dr. Raine said. "Lots of things have contributed to that, and this will, too."

Plan B's effect on the F.D.A. and its image may well overshadow its public health impact.

The agency has regulatory authority over a quarter of the United States economy. Despite this huge portfolio, three commissioners devoted countless hours to considering whether to switch Plan B. a small-selling, decades-old medicine, to over-the-counter status.

"I cannot recall any other issue in my 45 years of watching F.D.A. that has garnered this much attention at all levels of government," said Peter Barton Hutt, a former general counsel for the agency who now teaches drug law at Harvard.

The director of the Office of Women's Health at the drug agency resigned last year to protest what she said was the abortion politics behind the delay in approving Plan B. An investigation by the Government Accountability Office concluded that top agency officials had decided to reject the initial Plan B application months before a scientific review was complete.

Sworn depositions taken by lawyers from the Center for Reproductive Rights, a legal advocacy organization, show that some of the agency's staff members were convinced that no amount of scientific evidence would have persuaded the F.D.A.'s political appointees to approve the application.

Dr. John Jenkins, director of the Office of New Drugs at the agency, said in a deposition that his boss, Dr. Steven Galson, told him "that he felt he didn't have a choice" but to reject the application, according to transcripts provided to The New York Times.

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"And he characterized that in a sense that he wasn't sure that he would be allowed to remain as center director if he didn't agree with the action," Dr. Jenkins said. Dr. Galson is director of the Center for Drug Evaluation and Research at the F.D.A.

Dr. Florence Houn, director of the office that evaluated the Plan B application, said that she was told by Dr. Janet Woodcock, a deputy commissioner at the agency, that a rejection was necessary "to appease the administration's constituents, and then later this could be approved,'' according to the transcripts.

Drs. Galson and Woodcock said in their own depositions and public statements that scientific considerations drove their decisions. In an interview, Dr. Galson refused to address the apparent inconsistencies.

"I'm extremely happy to put this phase of the decision-making process behind me and to move on to other priorities," Dr. Galson said.

But the issue may not go away.

Barr will study Plan B's use in young adolescents in hopes of getting the agency's age restrictions lifted, Mr. Downey said.

"In my mind,'' he said, "if we go back and have an adequate study that includes the younger group, the basis for any age restriction goes away."

Last year, Senators Clinton and Murray placed a legislative hold on Dr. Crawford's nomination as commissioner to pressure the agency to make a decision on Plan B. They lifted their hold after Health and Human Services Secretary Michael O. Leavitt promised a decision by Sept. 1 of that year. Dr. Crawford was then confirmed, but the agency announced yet another delay in a decision on Plan B.

When Dr. Crawford unexpectedly resigned weeks later, the two senators refused to let Dr. von Eschenbach's nomination as commissioner advance without a Plan B decision. On Thursday, they said that they would lift their hold.

Plan B is made from a synthetic hormone found in regular oral contraceptives. There are two pills, the first of which should be taken within 72 hours of unprotected sex and the second 12 hours later. Like regular contraceptive pills, Plan B generally acts by preventing ovulation or fertilization, according to the F.D.A.

Plan B may in rare circumstances prevent a fertilized egg from becoming implanted, something abortion opponents decry. But regular oral contraceptives do that, too.

FDA Approves Plan B's Over-the-Counter Sale (WP)

By Rob Stein

The Washington Post, August 25, 2006

By the end of the year, American women will be able to walk into any pharmacy and buy emergency contraceptive pills without a prescription as a result of a Food and Drug Administration decision announced yesterday.

The decision means women will not have to go to a doctor first as long as they can prove they are 18 or older to a pharmacist, who will keep the drugs behind a counter. Younger teenagers will still need a prescription, and the pills will not be sold at gas stations, convenience stores or other outlets that do not have pharmacists.

The approval marks the first time a hormonal contraceptive will be broadly available in the United States without a prescription. The pills, which will be sold as Plan B, will probably cost about $25 to $40 per dose, and men will also be able to buy them.

The announcement was aimed at resolving one of the longest and highest-profile health controversies of the Bush administration, but opponents said they are considering plans to block the decision, either in court or in Congress.

"This decision has nothing to do with science or FDA rules but has everything to do with politics," Sen. Tom Coburn (R-Okla.) said.

Coburn and other social conservatives said that the high doses of hormones in the pills carry risks, and that making them more easily available will encourage sexual activity and result in more unwanted pregnancies and sexually transmitted diseases. Opponents also liken taking the pills to abortion, because they can sometimes prevent a fertilized egg from implanting in the womb.

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"This is a bad decision for women, for girls, for parents and for public health," said Wendy Wright of Concerned Women for America, which led a campaign to block the decision. "The FDA's decision today will only make things worse for American women."

Women's health and family-planning advocates, while criticizing the FDA for the age restriction, hailed the decision as a long-overdue milestone that will make it much easier for women to prevent an unwanted pregnancy when they have unprotected sex or when another form of contraception, such as a condom, fails. Plan B will be particularly valuable to rape victims, they said.

"This is great news for women and great news for women's health," said Cecile Richards of the Planned Parenthood Federation of America. "This provides women with another important option."

The FDA's move reverses a decision it made three years ago prohibiting over-the-counter sales of the drug. That decision, which rejected the advice of the agency's outside advisers and internal reviewers, triggered intense criticism that the administration was letting political ideology influence scientific decisions, undermining the credibility and independence of an agency charged with protecting the nation's health.

Plan B, which consists of two pills containing a synthetic version of the hormone progestin used in standard birth-control pills, is highly effective in preventing a pregnancy if taken within 72 hours of unprotected intercourse (long before pregnancy tests usually work).

FDA officials said they have concluded after further review that too little safety data are available to approve the drug for teenagers younger than 18. But the agency ruled that the drug could be sold safely to those 18 or older because similar restrictions are already in place for other products, such as tobacco, nicotine and cold remedies containing pseudoephedrine.

"This approach builds on well-established state and private sector infrastructures to restrict certain products to consumers 18 and older," acting FDA Commissioner Andrew C. von Eschenbach said in a memo outlining the decision.

The agency said it is requiring Barr Pharmaceuticals Inc. to sell the pills in new packaging that clearly explains how best to use them and the possible risks. The company will also be required to ensure that the pills are sold only through pharmacies, retail stores with pharmacists and clinics with "licensed healthcare providers."

The company must take a number of steps to ensure compliance, including sending "anonymous shoppers" to check on stores, reporting its findings regularly to the FDA and referring any violations to state pharmacy regulators.

"This approach should help ensure safe and effective use of this product," von Eschenbach wrote.

Opponents charged that the requirement is meaningless because it does not specify how the company will ensure compliance or provide penalties for violations.

"There's nothing to stop a 20-year-old man who is having sex with a minor girl from buying the drug and giving it to her," Wright said. "Parents will be eliminated from the medical decisions being made about their daughters."

Plan B's backers, meanwhile, criticized the agency for not allowing the drug to be sold to everyone.

"We urge the FDA to revisit placing age restrictions on the sale of Plan B," said Sens. Hillary Rodham Clinton (D-N.Y.) and Patty Murray (D-Wash.). But because the decision represents "real progress" and an "important step in restoring the American people's faith in the FDA," the senators said, they were lifting a hold they had imposed on von Eschenbach's confirmation as FDA commissioner.

Steven Galson, director of the FDA's center for drug evaluation and research, defended the agency's handling of the issue in a briefing for reporters. She said officials took the time needed to evaluate the complicated issues and develop a plan that would make the drug available safely.

"We're convinced that, with this comprehensive program, we have adequate safeguards in place . . . to convince us that this drug will be provided as per the labeling," Galson said.

The FDA decision does not resolve other controversial issues swirling around the pills, including the refusal of hospitals run by religious organizations to offer them, of some pharmacies to stock them and of some antiabortion pharmacists to dispense them.

"The FDA doing a stupid thing doesn't change anything for those of us who need to do the right thing," said Karen Brauer, president of the group Pharmacists for Life International, which opposes the use of the emergency contraceptive.

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US Permits Sale Of Plan B Without Prescription (FT)

By Christopher Bowe In New York

Financial Times, August 25, 2006

The emergency contraception product Plan B may now be sold in the US to adult women without a prescription, after medicines regulators on Thursday removed one of their most contentious restrictions.

The Food and Drug Administration approval of Plan B non-prescription sales, for women 18 years and older, ended a three-year debate in which the agency was accused of putting politics before science. Plan B may be sold over pharmacists' counters if proper age identification is provided.

Plan B, made by Barr Pharmaceuticals, will still require a prescription for minors aged 17 and younger. The FDA approval also requires Barr to monitor the use of Plan B, to ensure it complies with the age restrictions.

The approval also removed a congressional threat to block Senate confirmation of Dr Andrew von Eschenbach as FDA commissioner.

Democratic Senators Patty Murray and Hillary Rodham Clinton, vocal critics of the FDA's delay on Plan B, said: "We will lift our hold on the nomination . . . and hope that he will provide the strong scientific leadership the FDA needs and deserves."

Nevertheless, legal questions could yet surface over the approval, according to an expert. One question is whether the FDA has legal authority to authorise both prescription and non-prescription labelling on one drug package. In addition, such "behind-the-counter" status for the sale of drugs is not clearly defined in FDA's mandate.

Dr von Eschenbach fashioned the compromise on Plan B late last month, ending its one-year regulatory limbo by proposing an age restriction of 18 rather than the previous 17. Last year, his predecessor, Lester Crawford, delayed approval of Plan B over-the-counter sales indefinitely, saying more information was needed, particularly on enforcing age restrictions.

That delay caused intensified criticism of the FDA, with claims that because of rightwing political concerns it was ignoring data that Plan B could be used safely by older teenagers.

Plan B is a stronger dose of a hormone used in prescription birth control pills that can prevent pregnancy if taken within three days of unprotected sexual intercourse.

Supporters say it is a valuable tool to reduce potential unwanted pregnancies and even abortions. Opponents are concerned it could promote promiscuity and increase sexually transmitted diseases, and others see its mechanism of action as equivalent to an early-term abortion.

Last Monday, President George W. Bush said at a press conference that he backed the FDA's decision to keep Plan B prescription-only for minors.

Barr filed in April 2003 for approval to sell Plan B over the counter to all ages. It resubmitted its application a year later, asking for approval for ages 16 years and older.

Dr von Eschenbach said pharmacies were already familiar with using 18 as a cut-off age for non-prescription products such as nicotine smoking cessation aids. He added that 18 was the legal age of adulthood in all states.

"This approach builds on well-established state and private-sector infrastructures to restrict certain products to consumers 18 and older," Dr von Eschenbach said.

Plan B Allowed Over The Counter (WT)

By Joyce Howard Price

The Washington Times, August 25, 2006

The U.S. Food and Drug Administration yesterday announced approval of nonprescription sales of Plan B, the morning-after pill, for men and women who can prove they are 18 or older.

Plan B will remain a prescription-only product for girls 17 and younger, FDA officials said at a press briefing. The over-the-counter sales were extended to men, even though manufacturer Barr Laboratories did not seek approval for male buyers.

The decision comes after a three-year fight in which feminist groups, liberal lawmakers and health organizations have said easier access to Plan B could cut in half the nation's 3 million unplanned pregnancies a year. Social conservatives have said that

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such sales could increase promiscuity and sexually transmitted diseases, especially among teens and that the pill is an abortifacient.

"This decision is long overdue. For nearly three years, politics took precedence over good science and good health policy," said Susan F. Wood, research professor at the George Washington University School of Public Health, who resigned her post as the FDA's assistant commissioner for women's health a year ago, when the agency refused to allow over-the-counter (OTC) sales of Plan B.

"The scientific and medical evidence, as well as the consensus among major medical organizations like the American Medical Association supporting OTC access to Plan B for all women is overwhelming," she added.

But conservative groups decried the ruling, saying it will let older men buy the drug for young girls.

"This is a dream come true for a statutory rapist ... it is political correctness run amok," said Jan LaRue, chief counsel for Concerned Women for America.

Tony Perkins, president of the Family Research Council, called it "a very legitimate concern that an older male could commit a criminal sex act with a young girl" and then try to hide it by buying her Plan B.

"This is a very real concern since national studies show that two-thirds of adolescent girls have partners who are 21 or older," Mrs. LaRue said. She also cited a 2002 report by the California Center for Health Statistics that found a "slight majority" of pregnancies involving girls 10 to 14 in that state resulted from sex with an adult.

Meanwhile yesterday, Democratic Sens. Hillary Rodham Clinton of New York and Patty Murray of Washington lifted their hold on the Senate confirmation of Dr. Andrew von Eschenbach as FDA commissioner. The two senators had blocked a vote on Dr. von Eschenbach since March, saying they would not lift it until the FDA approved Plan B.

But yesterday's ruling was not enough for Mrs. Clinton and Mrs. Murray, who said, "We urge the FDA to revisit placing age restrictions on the sale of Plan B."

When taken after sexual intercourse, Plan B reduces the risk of pregnancy by 89 percent. It works best if taken within 24 hours of sex, and the company says it should be taken within 72 hours of unprotected sex to be effective.

Some pro-life groups say the drug produces an early term abortion because it works by preventing implantation of the embryo after conception.

The medication in Plan B is a higher dose of the main ingredient in the traditional birth-control pill, a prescription-only product -- another fact that galls conservative groups.

"How can the FDA justify approving over-the-counter sales of a higher potency version of a drug that requires a prescription?" Mrs. LaRue asked.

Dr. Steven Galson, director of the FDA's Center for Drug Evaluation and Research, said in a telebriefing yesterday that the agency hoped to address many of the conservatives' concerns.

While saying that "men can buy" Plan B over the counter, Dr. Galson said, "We will monitor the use of this drug and the prescription patterns. If changes are needed, we'll make them."

But Carol Cox, a spokeswoman for Barr, said the company did not seek approval for purchase by males.

"The product is not designed for men," she said in an e-mail.

The two-pill post-sex contraceptive will be sold only from behind the counters of pharmacies, so druggists can check photo identifications, and not at gas stations, convenience stores or other places where other nonprescription drugs such as aspirin are sold.

Dr. Galson noted that Barr Laboratories plans to send buyers of different ages to pharmacies to determine whether druggists are following the age restrictions on sales of the drug.

Miss Cox of Barr said the company will be "tracking how Plan B is sold" and will report its findings twice yearly to the FDA.

But the conflict over Plan B may not be over. The Family Research Council said yesterday that it is "pursuing legal and legislative options" to overturn the FDA's decision, claiming the agency exceeded its rule-making authority, which it contends belongs to Congress and state legislatures, by granting Barr Laboratories' request to allow over-the-counter sales of the contraceptive.

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"I am greatly troubled that the FDA has sacrificed women's health in the name of politics" and that it approved Plan B "just days after Barr Laboratories admitted its inability to enforce dual-status sale of the drug," Mr. Perkins said.

Barr says it hopes to begin nonprescription sales of Plan B by the end of this year.

FDA Eases Limits On Morning-after Pill (AP-Y)

By Andrew Bridges

AP, August 25, 2006

Women can buy the morning-after pill without a prescription, the government declared Thursday, a major step that nevertheless failed to quell the politically charged debate over access to emergency contraception.

The manufacturer, lawmakers and other advocates said they will press the government to let minors purchase the pills over the counter.

The Food and Drug Administration said women 18 and older — and men purchasing for their partners — may buy the Plan B pills without a doctor's note, but only from pharmacies.

Girls 17 and younger still will need a prescription to buy the pills, the FDA told manufacturer Barr Pharmaceuticals Inc., in ruling on an application filed in 2003.

The compromise decision is a partial victory for women's advocacy and medical groups, which say easier access could halve the nation's 3 million annual unplanned pregnancies.

"While we are glad to know the FDA finally ended its foot-dragging on this issue, Planned Parenthood is troubled by the scientifically baseless restriction imposed on teenagers. The U.S. has one of the highest rates of teen pregnancy in the Western world — anything that makes it harder for teenagers to avoid unintended pregnancy is bad medicine and bad public policy," president Cecile Richards said.

Opponents contend that nonprescription availability could increase promiscuity and promote use of the pills by sexual predators.

"If the FDA thinks that enacting an age restriction will work, or that the drug company will enforce it ... then they are living in a dream world," said Wendy Wright, president of Concerned Women for America, who led the opposition.

Plan B contains a concentrated dose of the same drug found in many regular birth-control pills. Planned Parenthood estimates 41 other countries, including Australia and Canada, already let women buy emergency contraception without a prescription.

If a woman takes Plan B within 72 hours of unprotected sex, she can lower the risk of pregnancy by up to 89 percent. Plan B is different from the abortion pill: If a woman already is pregnant, Plan B has no effect.

The earlier the pills are taken, the more effective they are. Allowing nonprescription sales means women won't have to run themselves ragged to get a prescription, something especially difficult on weekends and holidays, advocates said.

The FDA's long delay in deciding on Barr's application ensnared President Bush's nominee to head the regulatory agency, Dr. Andrew von Eschenbach. On Thursday, two senators said they would lift their block on his nomination, making it likely he will win confirmation as FDA chief, perhaps next month.

In recent weeks, anti-abortion groups, angered that approval was imminent, had urged Bush to withdraw von Eschenbach's nomination. Bush stood behind his nominee Monday.

Barr hopes to begin nonprescription sales of Plan B by the end of the year. The pills will be sold only from behind the counter at pharmacies, but not at convenience stores or gas stations. Pharmacists will check photo identification.

There isn't enough scientific evidence that young teens can safely use Plan B without a doctor's supervision, von Eschenbach said in a memo. Over-the-counter use is safe for older teens and adults, the acting FDA commissioner added in explaining the age cutoff.

"This approach should help ensure safe and effective use of the product," wrote von Eschenbach.

Barr and others were disappointed that FDA imposed the age restriction. Bruce L. Downey, Barr's chairman, pledged to continue working with the agency to try to eliminate it.

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The age restriction remains controversial even inside FDA, agency drugs chief Dr. Steven Galson told The Associated Press. Galson has acknowledged overruling his staff scientists, who concluded in 2004 that nonprescription sales would be safe for all ages.

"There still are disagreements," Galson said in an interview. "There were disagreements from the first second this application came in the house."

The Center for Reproductive Rights said a lawsuit filed last year to do away with all age restrictions would continue.

As a condition of approval, Barr agreed to use anonymous shoppers and other methods to check whether pharmacists are enforcing the age restriction.

"I'm sure the FDA will follow through on that and make sure these important conditions are established and enforced," said White House spokeswoman Dana Perino.

Barr hasn't said if it will raise the price of the pills, which now cost $25 to $40 in prescription form.

Planned Parenthood, the largest dispenser of the pills, expects some insurers to continue covering prescription sales. Whether that would be cheaper will depend on a woman's insurance.

Nine states — Alaska, California, Hawaii, Maine, Massachusetts, New Hampshire, New Mexico, Washington and Vermont — already let certain pharmacies sell Plan B without a doctor's prescription to women of any age.

Minors won't see any change in those states, because the pharmacist already technically writes the prescription, the American Pharmacists Association said.

The FDA approved prescription-only sales of Plan B in 1999. The quest to change its status began in 2003. That year, agency advisers endorsed nonprescription sales for all ages, and FDA's staff scientists agreed.

Higher-ranking officials rejected that recommendation, citing concerns about young teens using the pills without oversight. Barr reapplied, asking that women 16 and older be allowed to buy Plan B without a prescription. Then last August, the FDA postponed a final decision indefinitely, saying the agency needed to determine how to enforce the age restrictions.

FDA's handling of Plan B sparked a firestorm, with allegations of political meddling, high-profile resignations, lawsuits and congressional investigations.

The controversy appears to have helped Plan B sales, which are up an estimated 30 percent this year, according to IMS Health Inc., a health care consulting company. Barr estimates pharmacists dispense about 1.5 million packs a year.

Barr's `Morning After' Pill May Be Sold Over Counter (Update7) (BLOOM)

Bloomberg, August 25, 2006

By Justin Blum and Shannon Pettypiece

Aug. 24 (Bloomberg) -- Barr Pharmaceuticals Inc. won U.S. approval to sell its ``morning after'' contraceptive pill without a prescription, capping a policy debate that has dogged the Bush administration for three years.

The Food and Drug Administration said today that customers must show that they are 18 or older to buy the pill, similar to the restriction for buying cigarettes. Plan B, as the drug is known, is designed to prevent pregnancy when taken within 72 hours of sex. Those younger than 18 still need a prescription.

The end of the battle removes an obstacle to the confirmation of Andrew von Eschenbach as FDA commissioner. Democratic Senators Hillary Clinton of New York and Patty Murray of Washington said that they will no longer block the appointment. Barr's application to sell Plan B without a prescription set off a debate between those who said access to the drug is important for health and social conservatives who argued it might increase teenage sexual promiscuity.

``We are very pleased about this decision,'' Clinton told reporters on a conference call. ``It is an important step forward, and it is about something more than just Plan B. The non-decision out of FDA was about the integrity of the agency as a whole.''

President George W. Bush ``agrees that minors should have a prescription,'' spokeswoman Dana Perino told reporters today. Bush understands that the FDA ``did an exhaustive review, that they recognized the critical distinction between minors and adults, and the risks this drug can impose.''

Availability

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Shares of Woodcliff Lake, New Jersey-based Barr fell by 20 cents to $57.77 at 4:02 p.m. in New York Stock Exchange composite trading. The shares are up 28 percent since mid-July, buoyed by a jump in fiscal fourth-quarter earnings.

Barr aims to make the non-prescription pill available as early as Nov. 1, Chief Executive Officer Bruce Downey said today in an interview. It will only be sold in pharmacies or clinics. Customers will have to ask for the pills.

It will be up to Barr and drug stores to enforce the FDA age restriction, because the agency says it doesn't have legal authority to do so. Barr said it will send undercover shoppers to ensure pharmacies are checking for identification and report any violations to state pharmacy boards.

Sales

Plan B sales may double from about $30 million last year, said Barr Chief Executive Officer Bruce Downey in an interview today. The over-the-counter version may cost slightly more than the prescription version, which sells for between $25 and $40.

``It accounts for 100 percent of our publicity, about 3 percent of sales,'' Downey said, adding that his company will continue to seek to end age restrictions.

The approval will have little impact on Barr's earnings, said Ken Cacciatore, an analyst at Cowen & Co. in New York, in an interview. The agreement ``has tons of political implications and less of an impact on Barr,'' he said.

Opponents of the compromise threatened to take legal action. Some advocates wanted no age limits, saying wider availability will prevent unintended pregnancies. On the other side were those who said any over-the-counter sale would increase promiscuity.

The Family Research Council, a group of social conservatives, said in its statement it would pursue legal and legislative options. The Morning-After Pill Conspiracy, which describes itself as a coalition of feminist groups, has also filed a lawsuit opposing the age restrictions.

Elections

People on both sides of the debate said that lawmakers' efforts to block von Eschenbach's nomination as permanent commissioner probably forced the agency to act.

``Von Eschenbach did this out of his desire to get confirmed,'' said Wendy Wright, whose Washington-based group, Concerned Women for America, has long opposed Plan B sales without a prescription. ``People should lose a lot of confidence in the FDA over this.''

The FDA's approval after three years of delays is likely to be an issue in this year's congressional election campaigns, said Carl Tobias, a law professor at the University of Richmond Law School who was a legal consultant to the FDA in the 1970s.

``There's been a lot of strong opposition,'' Tobias said. ``There are a lot of issues swirling around about whether decisions are being made for reasons of science or politics.''

End of an Era

The battle over Plan B subjected the FDA to widespread criticism. At least one high-level FDA official resigned in protest over the delays.

``The credibility of FDA has been at stake over this and it remains at risk,'' said Susan Wood, who resigned a year ago as FDA assistant commissioner of women's health. ``This is a move to help restore its credibility and restore the reputation it has long had of being a science-based agency.''

An agency advisory panel had recommended approval of Barr's application to sell the drug to all age groups without a prescription. The FDA rejected that approach, saying there wasn't enough evidence young teens could safely use Plan B without a doctor's supervision.

Barr then asked the agency for permission to sell Plan B to those 16 and older. Last August, the FDA said it thought sales should be limited to those 17 and older and delayed a decision indefinitely while it sought public comment.

Europe's Plan B

Levonelle, the European equivalent, is available without prescription in the United Kingdom to women 16 and older, said Astrid Kranz, a spokeswoman for Schering AG. The German company has a marketing agreement in several European Union countries with Gedeon Richter Nyrt, the Hungarian pharmaceutical company that makes Plan B for Barr.

Zsuzsa Beke, a spokeswoman for Richter, said the drug usually is available by prescription only.

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Richter, eastern Europe's biggest drugmaker by stock market value, added 1.7 percent to close at 46,980 forint in Budapest.

Plan B contains high doses of an ingredient used in prescription birth control pills. The drug is effective if women take the first of two pills as soon as possible within 72 hours of sex. The second pill is taken 12 hours later.

Plan B Pill Cleared For Sale Over The Counter (LAT)

By Denise Gellene And Johanna Neuman

The Los Angeles Times, August 25, 2006

The Food and Drug Administration decided Thursday to make the "morning-after" contraceptive pill known as Plan B available without a prescription to people 18 and older, ending a three-year impasse that put the agency at the center of a polarizing debate over reproductive choice.

Girls 17 and younger will need a prescription to obtain the pills, which will be available only from pharmacists at drugstores and health clinics. Purchasers will be required to show proof of their age. The pill is expected to be available over the counter by November.

The decision will not change programs in California and eight other states that already allow pharmacists to dispense the pill to teens and women without a doctor's prescription, the FDA said.

But Dr. Tina Raine-Bennett of the Center of Reproductive Health Research and Policy at UC San Francisco said that even in states where the pill was available over the counter, the decision would help improve access to the drug.

Many California pharmacies still do not offer the morningafter pill over the counter because of extra paperwork and training requirements. Women in some rural counties must drive great distances to purchase the drug.

"What this means is now women 18 and over can go to the local Safeway for the pill," Raine-Bennett said. "I think this is great news."

Planned Parenthood President Cecile Richards said in a statement that the FDA decision was "an important victory and long overdue," and that it would help prevent some of the 1.5 million unplanned pregnancies in the U.S. each year.

Social conservatives, however, said that easing access to the pill would only lead to more teenage promiscuity and sexually transmitted disease.

Tony Perkins, president of Family Research Council, a conservative group that opposes the pill on moral grounds, said the organization expected to file a lawsuit to overturn the decision.

"It's a bad idea, bad policy," Perkins said. "The FDA has failed."

Wendy Wright, president of the conservative Concerned Women of America, said statutory rapists could buy the drug for teens "to cover up their abuse." Men 18 and older also can buy the drug without a prescription.

Wright also said the age restriction would be nearly impossible to police.

Caught up in the controversy is President Bush's nomination of acting FDA Commissioner Andrew C. von Eschenbach to permanently lead the agency. Angry about FDA delay in acting on Plan B, Democratic Sens. Hillary Rodham Clinton of New York and Patty Murray of Washington had prevented a Senate vote on the nomination. But after Thursday's FDA action, they said they would withdraw their objections.

"We are very pleased about this decision," Clinton told reporters in a conference call. "It is an important step forward, and it is about something more than just Plan B. The nondecision out of FDA was about the integrity of the agency as a whole."

But Wright's group, which led the fight against wider availability of Plan B, issued a statement calling on Bush to withdraw the nomination because of Von Eschenbach's "pandering to political activists and a drug company."

Plan B, produced by Barr Pharmaceuticals Inc. of Woodcliff Lake, N.J., consists of two pills — concentrated doses of regular birth control pills — taken 12 hours apart. If taken within 72 hours after unprotected sex, it reduces the chance of pregnancy by 89%.

Plan B sells for $25 to $40. It is thought to work by releasing a flood of synthetic hormone that prevents an egg from being released from the ovary or from being fertilized. It can also prevent implantation of a fertilized egg into the womb.

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Side effects of Plan B include nausea and vomiting. It can be used by women for whom ongoing birth control pills are not advised.

The drug has never been widely used, with annual sales of just $30 million.

Plan B became tangled in abortion politics because some people object to the fact that it can prevent implantation of a fertilized egg. The FDA classifies the drug as a contraceptive.

Unlike RU-486, the abortion pill, Plan B does not end an established pregnancy.

The FDA approved Plan B as a prescription drug in 1999. In December 2003, an FDA advisory committee recommended that it be made available over the counter.

But the FDA said it could not approve Plan B for over-the-counter sale because it did not have enough information on how adolescents would use the drug. The agency said it was concerned that younger teens might engage in risky sex if Plan B became readily available.

For the next three years, the agency was unable to make up its mind about what would be the right cutoff age.

The delays prompted an investigation by the General Accounting Office, the investigative arm of Congress, and accusations of political meddling.

Last year, Susan F. Wood, head of the FDA Office of Women's Health, resigned to protest the delay.

She said Thursday: "It's a shame the FDA waited this long to begin to catch up with the science."

Sen. Tom Coburn (R-Okla.), a practicing physician, said the FDA had caved into pressure from reproductive-rights advocates.

"Never before has the FDA approved a medicine for over-the-counter sales when a lower dose of the same drug requires a prescription," he said in a statement.

He added: "This decision has nothing to do with science or FDA rules but has everything to do with politics."

Perkins, of the Family Research Council, said the decision was inconsistent with Bush administration policies on abstinence.

That led some political observers to note that the FDA action suggested a weakened White House going into the midterm elections.

"This was one of those the White House could not win," said Marshall Wittmann, senior fellow at the Progressive Policy Institute, a centrist Democratic think tank. "They were either going to lose the social conservatives or risk jeopardizing many moderate women."

Although conservatives lamented the decision, neither were family-planning advocates entirely satisfied. They said the decision should have gone further, allowing younger teens to buy the drug without a prescription.

"The U.S. has one of the highest rates of teen pregnancy in the Western world. Anything that makes it harder for teenagers to avoid unintended pregnancy is bad medicine and bad public policy," said Planned Parenthood's Richards.

In an internal memo released by the FDA, Von Eschenbach said there wasn't enough scientific evidence that younger teens could safely use Plan B without a doctor's supervision.

He said 18 was appropriate because pharmacies and retail outlets were used to restricting sales of tobacco and over-the-counter cold medicines containing pseudoephedrine to that age.

"This approach builds on well-established state and private-sector infrastructures to restrict certain products to consumers 18 and older," he wrote.

As a further safeguard, Barr Pharmaceuticals agreed to use anonymous shoppers to make sure pharmacists were enforcing the age restriction. The company said it would report violators to appropriate state pharmacy boards.

The company also agreed to maintain a 24-hour toll-free number for the public and to sponsor educational programs about Plan B for pharmacists and healthcare providers.

FDA Approves Over-the-counter Sales Of Plan B (USAT)

By Rita Rubin

USA Today, August 25, 2006

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The Food and Drug Administration announced Thursday that it will allow Plan B emergency contraception to be sold over the counter to anyone 18 and older but only by prescription to girls under 18, an age restriction that some observers call either unnecessary or easily circumvented.

Some of the harshest critics of the FDA's inaction on over-the-counter (OTC) Plan B praised the decision. "Today's announcement is a critical step in restoring the faith of the American people in the FDA," said Sen. Hillary Rodham Clinton, D-N.Y.

Because of the FDA's Plan B decision, Clinton and Sen. Patty Murray, D-Wash., said they would lift their hold on Andrew von Eschenbach's nomination to be FDA commissioner. Von Eschenbach has been acting commissioner since last September. On Aug. 1, at the first hearing on his nomination, Senate Democrats questioned him about why it has taken the agency so long to make Plan B, the so-called morning-after pill, available without a prescription.

The FDA's action comes nearly three years after its advisory panel in December 2003 said Plan B was safe enough to be sold without a prescription.

OTC Plan B supporters argued that the FDA's foot-dragging resulted from interference by a White House pressured by anti-abortion groups that believe the pill ends, rather than prevents, pregnancies and could lead to increased promiscuity.

"For nearly three years politics took precedence over good science and good health policy decisions and women's health suffered," Susan Wood, former FDA assistant commissioner for women's health, said in a statement. She resigned a year ago because of the agency's refusal to approve OTC Plan B.

Plan B, approved as a prescription drug in 1999, contains a higher dose of a hormone found in many birth control pills. It greatly reduces the risk of pregnancy if taken within 72 hours of unprotected intercourse but is even more effective when taken sooner. Scores of medical groups, including the American Academy of Pediatrics, support OTC sales to all ages.

In the 12 months ending June 30, approximately 1.5 million prescriptions were written for Plan B, which now costs $25 to $40, says Carol Cox, spokeswoman for manufacturer Barr Pharmaceuticals.

Plan B will still be sold only at pharmacies and only when a pharmacist is on duty. It will be kept behind the pharmacy counter, so customers will have to ask for it.

Steven Galson, head of the FDA center that regulates drugs, said women won't be able to buy OTC Plan B until packaging detailing its unprecedented prescription/OTC dual status hits stores. Cox says the package should be available this fall.

Galson said the agency's decision should not affect the nine states in which pharmacists, working collaboratively with physicians, are allowed to dispense Plan B to women of all ages without a prescription from their own doctor.

Wendy Williams, president of Concerned Women for America, a group long opposed to OTC sales, said teenage girls in every state will now be able to get Plan B without a prescription, despite the FDA's age cutoff. "Any adult male who is having sex with a minor could walk into a pharmacy, buy the drug, and coax the girl into taking the pill," Wright said in a statement.

James Trussell, a Princeton University birth control researcher who served on the FDA panel that recommended OTC sales, says the FDA had plenty of evidence that Plan B is safe for girls 13 and up. Despite the age rule, he said, "I'm declaring victory."

Easier Access To Morning-After Pills (NYT)

The New York Times, August 25, 2006

After more than two years of obfuscation and procrastination, the Food and Drug Administration has finally approved nonprescription use of the morning-after contraceptive pills. Yesterday's decision will not please advocates of unrestricted access to the pills, but it is an acceptable compromise that will at least make them readily available to women 18 and older.

The news is also a reminder of how long the administration has blocked this sensible move simply to placate religious and social conservatives who consider the pills akin to abortion or an inducement to unprotected sex.

The morning-after pill, which is actually two pills taken in sequence, is an emergency contraceptive that can head off a pregnancy if taken within 72 hours of intercourse, or preferably earlier. That makes it imperative to have quick access to the pills without waiting for a doctor's appointment to obtain a prescription.

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Under the plan announced yesterday, the pills will be held behind the counter at pharmacies and health clinics. Women who show proof that they are 18 or older will be able to buy them without a prescription. Younger girls will still need a doctor's OK. The cutoff was set at 18 because that is the age that pharmacies and other retailers already use for other restricted products.

The fight over the morning-after pill has a long and sorry history. The F.D.A.'s professional staff and its advisory committees have long held that the pills could safely be sold over the counter. There was never any good explanation for delay beyond the Bush administration's desire to placate its political base among social conservatives.

The change of heart seems to be due to a combination of factors, including a threat by Congressional Democrats to hold up the nomination of Andrew C. von Eschenbach as F.D.A. commissioner until a decision was made, and a lawsuit forcing the agency to reveal the machinations behind the delay. The White House may also have decided that it had milked enough political advantage from the issue and could let the F.D.A. judge the issue on its merits.

Once that occurred, the call was easy. Since virtually all the scientific evidence shows that the pills are safe, no self-respecting F.D.A. commissioner could reject over-the-counter sales without looking foolish and craven.

The Right Plan B Decision (WP)

The Washington Post, August 25, 2006

IN APPROVING the sale of the Plan B emergency contraceptive without a prescription yesterday, the Food and Drug Administration took an important step -- more than two years late. Wide availability of the so-called morning-after pill should reduce the number of unwanted pregnancies, and therefore abortions, in this country. The drug, which is just a high dose of regular birth-control pills, has been shown to be safe and effective, and there is no evidence that its availability increases sexual activity. It should not have taken three years of dithering to achieve what the FDA finally permitted: Over-the-counter sales for adults and continued sales to minors with a prescription.

The outcry among social conservatives as it became clear the FDA was moving toward approval highlights the political pressure the FDA faced in making it. Activists have called on President Bush to withdraw the nomination of acting FDA Commissioner Andrew C. von Eschenbach to be the agency's permanent chief. Yesterday, the social conservative Traditional Values Coalition issued a statement saying that, "The people running the FDA should be introduced to George Bush who is a solid pro-life leader" -- conveniently not mentioning that, just the other day, Mr. Bush declared that obtaining Plan B "ought to require a prescription for minors" and that "I support Andy's decision." In fact, the problem in this case was not that the FDA has somehow veered off to the left. Rather, it was the administration's unwillingness earlier to act according to what the science suggested.

The arrangements announced this week to prevent over-the-counter access by teens could surely have been worked out long ago; the application, after all, was submitted in 2003 and availability to minors has been the sticking point ever since. Only with Mr. von Eschenbach's nomination held up in the Senate as leverage did the issue get resolved. While the FDA has ultimately come up with a reasonable position, this is no way to make important decisions on science and public health.

Has Time Softened D.C. Circuit Nominee's Partisan Edges? (LAW)

By Jason Mclure, Legal Times

Legal Times, August 25, 2006

In the spring of 1987, President Ronald Reagan was facing a storm of criticism for his belated response to the AIDS epidemic. In response, the White House had decided to form a presidential commission on AIDS, and a draft of an executive order establishing the group was circulating among the president's staff.

Peter Keisler, then a 26-year-old lawyer in the White House, took issue with one particular part of the draft calling for members of the AIDS commission to be "distinguished individuals who have extensive experience in the fields of medicine, epidemiology, virology, law and medicine, public health, and related disciplines."

"Membership on the Commission is likely to be a hot political issue," Keisler wrote to his boss, White House counsel Arthur Culvahouse Jr. "The Administration may wish to allow itself maximum flexibility in the selection of the members."

A change in the executive order was made. And when the membership in Reagan's 12-member commission was announced, its ranks included not only physicians and academics but also Cardinal John O'Connor, head of the Roman

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Catholic Archdiocese of New York and an outspoken opponent both of anti-discrimination laws designed to protect gays and of the use of condoms. It also included a sex therapist who said she believed AIDS could be transmitted via toilet seats and mosquitoes, as well as Richard DeVos -- founder of Amway Corp.

As a nominee for a seat on the U.S. Court of Appeals for the D.C. Circuit, Keisler is under scrutiny for his history in the Reagan White House -- as well as his tenure in his current position as head of the Justice Department's Civil Division. Democrats on the Senate Judiciary Committee have voiced opposition to the haste with which Keisler's nomination was brought to a hearing. Nominated on June 29, Keisler received a hearing in just 32 days.

"It appears we are trying to break the land-speed record for confirming a nominee to the second-highest court in the land," said Sen. Charles Schumer, D-N.Y., at Keisler's confirmation hearing earlier this month.

One issue Democrats have raised is access to Keisler's files from the Reagan White House, held at the Ronald Reagan Presidential Library in California. Hundreds of Keisler's documents, including the memo on the AIDS commission, have been released by the library through the Freedom of Information Act. But an additional 40 linear feet of boxes of documents, including Keisler's files on controversial issues such as the Iran-Contra investigation and affirmative action, remain sealed.

"Our position is, the records that would cast light on his views have not been made publicly available," says Judith Schaeffer, the deputy legal director of liberal interest group People for the American Way.

With or without the documents, Keisler's qualifications and legal record may not prove the determining factor in his confirmation process. That's because Keisler's nomination could be blocked by Senate Democrats in a long-running partisan dispute over whether an 11th judge on the court is even necessary. During the Clinton administration, Senate Republicans were outspoken in their opposition to Democratic attempts to add an 11th judge to the D.C. Circuit, a court seen as a stepping stone to the Supreme Court. Today it is Democrats who question whether the court's docket, which has shrunk since the late 1990s, merits the appointment of an additional judge.

Keisler will have to hope he can avoid the fate of Elena Kagan, now dean of Harvard Law School, who was nominated to the 11th seat on the D.C. Circuit by President Bill Clinton in June 1999. Kagan never received a confirmation hearing.

Evidence from public documents, as well as his colleagues and courtroom adversaries, suggest that Keisler, 45, was a well-connected Republican foot soldier during the 1980s and an acolyte of ultraconservative ex-D.C. Circuit Judge Robert Bork. But Keisler's partisan edges appear to have softened during his highly successful tenure in private practice from 1989 to 2002. Since then, Keisler has served as a senior official in the Justice Department, first as a deputy to then-Associate Attorney General Jay Stephens, and later as head of the department's civil litigation division.

At the Civil Division, Keisler has robustly defended the Bush administration's controversial surveillance and detention policies. His division has filed suit to stop state governments from probing the National Security Agency's surveillance program, and Keisler personally argued the landmark detainee case of Hamdan v. Rumsfeld before the D.C. Circuit. But although Keisler has defended those policies in court, to date there is no evidence that he played a policy role in developing the initiatives.

"Peter is not in the mold of the quote-unquote political nominee," says Bradford Berenson, a former Bush White House lawyer who is now a partner at Sidley Austin. "He's a quintessential qualifications nominee."

A FEDERALIST FOUNDER

But during the early part of his career, Keisler was anything but apolitical. A native of Long Island, N.Y., Keisler went to Yale in 1977 and became active in its political union. "Peter started out on the more liberal side of the spectrum and drifted right," says Akil Amar, a Yale law professor who is friends with Keisler from their undergraduate days. Keisler declined to comment for this article.

By 1982, Keisler had moved on to Yale Law School, had joined the Committee for Responsible Youth Politics, and was working as an editor at the university's conservative student paper The Yale Free Press, under its publisher Charles Bork -- the son of Judge Bork. While in law school, Keisler roomed with Steven Calabresi, who, along with Keisler and a group of other conservative law students, founded the Federalist Society -- a conservative legal group that has grown into a national force in Republican legal circles.

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During that time, Keisler also began penning essays for the conservative journal Human Events, including an article critical of late Yale President A. Bartlett Giamatti, who had warned Yale students that the Moral Majority was doing "spiritual violence" to American politics.

Keisler's activities drew the attention of national Republicans, and in late 1984, the White House granted Keisler, then still a law student, a recess appointment to the National Advisory Council on Women's Educational Programs. His stint there was short-lived. By mid-1985 he had resigned from the council to accept a clerkship with Bork, then considered perhaps the country's most brilliant conservative jurist. Bork, Keisler told the Judiciary Committee at his confirmation hearing on Aug. 1, taught him to "keep an open mind throughout the [legal] process."

"He's one of my favorites," Bork says of Keisler. "He tried to be faithful to the words and meaning of the Constitution. I don't think he's given to social engineering."

The clerkship with Bork ended in 1986, and Keisler moved on to work in the Reagan White House Counsel's Office. But his association with the judge didn't end. Soon enough, Keisler would be working closely with Bork on his nomination to the Supreme Court, defending him against hostile Senate Democrats. Among Bork's most ardent foes were Sens. Joseph Biden (Del.), Edward Kennedy (Mass.), and Patrick Leahy (Vt.) -- all of whom still sit on the Judiciary Committee now considering Keisler's own nomination.

A REAGAN REPUBLICAN

The White House was a heady place for a 26-year-old law school grad. Documents reviewed at the Reagan Library by Legal Times show that although some of Keisler's responsibilities were mundane ones, such as lawyering the transfer of 10 acres of property from the state of Iowa for a National Guard armory, others were of greater import.

After Soviet leader Mikhail Gorbachev asked Reagan at Reykjavik in 1986 if the Soviets could obtain a U.S. broadcasting license, Keisler was tasked with providing a legal opinion on the request (Keisler's recommendation: no).

Keisler also served as a White House liaison with the office of independent counsel Jim McKay, who was then probing a government-contracting scandal that would tarnish the reputation of then-Attorney General Edwin Meese III.

But Bork's nomination to the Supreme Court in the summer of 1987 gave Keisler one of his most public tasks in the White House Counsel's Office. As a former clerk, he often appeared by Bork's side and, according to Ethan Bronner's "Battle for Justice," he attempted to soften Bork's image by rewriting his opening statement (Bork rejected the rewrite). He also served as a media surrogate. After a study by Columbia University found Bork to be among the most conservative judges in America, Keisler told National Journal the report was "a bunch of hot air. ... I think Bork is in the mainstream. He's been in the majority in 94 percent of the cases he's heard."

At his own hearing earlier this month, Keisler was asked by Kennedy if he still considered Bork's views to be mainstream. "I do, Senator," Keisler replied, though he pointed out that he and Bork don't agree on every issue. Under questioning from Democrats, Keisler, unlike Bork, acknowledged that the Constitution offered a right to privacy, a crucial underpinning of Roe v. Wade.

Keisler's work also included legal work for the White House in the Iran-Contra scandal. The titles of his still-sealed White House files indicate he was part of a team of lawyers that gathered legal analysis regarding the sale of arms to Iran and the use of the proceeds to fund right-wing Nicaraguan guerrillas. When asked about his knowledge of the scandal, Keisler told the Judiciary Committee he only became aware of the secret arms deals after they were publicly disclosed in the fall of 1986. After that, he said, his role was limited to that of a lawyer representing his client.

A PRAGMATIC PARTNER

Keisler would later help shepherd the Supreme Court nominations of Douglas Ginsburg (which was withdrawn) and then Anthony Kennedy. Keisler left the White House soon after Kennedy was confirmed, and along with Gibson, Dunn & Crutcher partner Miguel Estrada, he became one of Kennedy's first clerks. But less than a year later, in 1989, Keisler moved to private practice, joining the D.C. office of Sidley Austin.

After working for the president and shaping Supreme Court decisions, Keisler's early years at Sidley were a reduction in stature. Like many associates at large law firms, Keisler didn't appear in court a single time in his first three years.

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But he became a partner in 1993 and quickly advanced at the firm. Keisler's legal talents soon made him one of the lead partners representing AT&T, one of the firm's marquee clients. In 2002 he won a major victory for the cable-television industry before the Supreme Court, when the Court decided the federal government could regulate the fees local phone companies charge cable providers for using utility poles.

Keisler found more than just corporate legal work in private practice. He also found Susan Gomory, a former associate at the firm who would become his wife (the couple has three children). Their budding romance was shielded from many at Sidley at first, but became public during one of Sidley's semiannual partner meetings at which associates' performance is discussed. "The first inkling I had was when we got to [Susan's] name," says George Jones, a partner at the firm. "He very quietly got up and left the room."

During his time in private practice, Keisler also served as hiring partner in the firm's D.C. office, where he was credited with bringing more diversity to the firm and pushing for benefits for gay and lesbian employees.

"I think being in private practice for as long as Peter was makes you less ideological and more pragmatic," says Carter Phillips, who manages Sidley's Washington office. "There's a maturing that comes with it."

Private practice also brought a hefty salary. In a recent financial-disclosure statement, Keisler listed assets of more than $3.5 million. His judicial questionnaire also lists his pro bono activities while at Sidley, which include just 320 hours of work in 13 years. A DOJ spokeswoman says that Keisler made himself available to other Sidley lawyers on pro bono matters not listed on his questionnaire, and that he contributed $2,000 to legal aid groups in the past 5 1/2 years.

TERROR AND TOBACCO

In 2002, Keisler left Sidley to become the chief deputy to Associate Attorney General Jay Stephens. A year later he moved over to head the Civil Division and was soon involved in some of the government's most controversial legal matters.

In 2005, Keisler signed off on the Justice Department's decision to reduce from $130 billion to $10 billion the amount it sought to collect from tobacco companies in its civil racketeering case against the industry. The move drew criticism from the career government attorneys handling the case. One of them, Sharon Eubanks, would later resign from the Justice Department, and she specifically criticized Keisler and two other political appointees when she left. An internal investigation by the Justice Department's Office of Professional Responsibility later found no improper political influence in the decision. Last week, U.S. District Judge Gladys Kessler issued a ruling that severely limited how tobacco companies could market cigarettes, but she said that a higher court restricted her from imposing billions of dollars in penalties.

Keisler has also won plaudits from an unlikely source: Neal Katyal, the lawyer for Salim Hamdan, whose landmark Supreme Court victory overthrew the Bush administration's system of trying detainees at Guantanamo Bay, Cuba. Keisler had argued the Hamdan case against Katyal before the D.C. Circuit in the spring of 2005 (the court unanimously sided with the government). Just five days before oral arguments in the case, Katyal received word that his father was diagnosed with brain cancer. Despondent, he phoned the Justice Department in hopes it would agree to a delay. "Within a minute I got a call from Peter saying he would do whatever he could," Katyal says. "And he got that extension. I was a nobody, and he didn't have to do that."

In 2004, Keisler personally argued an appeal of an unusual case that allied the Bush administration with abortion-rights supporters against Frank Bird Jr., who had been indicted under the Freedom of Access to Clinic Entrances Act for driving a van into the door of a Houston Planned Parenthood clinic. The district court had dismissed the indictment on the grounds that the clinic-protection law was unconstitutional. Keisler appealed the case to the 5th Circuit -- and prevailed.

"He had a way of undermining every good argument I had," says Brent Newton, an assistant federal public defender who represented the defendant. "If one picks judges based on ideology, which obviously both parties do, [then] pick a smart one, and he's obviously a very smart one."

New Chief Oversees A Less Visible Faith Office (WP)

By Alan Cooperman

The Washington Post, August 25, 2006

DOJ_NMG_0053245

The White House announced Jay F. Hein's appointment at 6:30 p.m. on a Thursday three weeks ago, the kind of timing usually reserved for news the administration wants to bury.

Hein is the new director of the White House Office of Faith-Based and Community Initiatives, the third person since 2000 who has headed President Bush's effort to help religious groups win public funding to counsel addicts, mentor prisoners' children and provide other social services. Before he took up his duties this week, the position had been vacant for more than two months.

To some supporters of the president's "faith-based initiative," those circumstances are a stark indicator of how low one of Bush's signature programs has fallen in the priorities of his second-term, wartime administration.

"It's part of a continuing story of ambivalence. It's hard to look at the evidence and see any real passion for the initiative from the White House," said J. David Kuo, a former deputy director of the White House's faith-based office.

Hein, 41, who moved from Indianapolis to Washington last week, is a born-again Christian who previously ran the Sagamore Institute for Policy Research, a small but well-respected Indiana think tank on civic issues. He said in an interview that he is convinced of Bush's full support.

"I had 30 minutes of Oval Office time with the president before I accepted the position, and that spoke loudly to me about his personal interest in seeing this initiative made successful and that it remains a high priority on his desk," Hein said last week. He added that he had met Bush on one prior occasion, at a meeting two years ago of experts on AIDS policy.

Hein was an adviser to former Wisconsin governor Tommy Thompson (R) and has worked closely in recent years with former senator Dan Coats (R-Ind.), who helped connect him to the White House. Both Thompson and Coats were major players in the 1990s effort to overhaul welfare policy.

"Welfare reform was a government-centered question," Hein said. "I believe the faith-based initiative is a natural extension from that work. The question is: How does society at large more effectively do those things -- relieving human suffering and equipping the poor to achieve greater self-sufficiency?"

Hein enters the administration as a deputy assistant to the president, a rung lower than that of his predecessors, H. James Towey and John J. Dilulio Jr. He is not as well known as either Towey, who had worked closely with Mother Teresa, or Dilulio, one of the intellectual architects of Bush's "compassionate conservatism."

But White House officials said it would be wrong to read anything into the timing of Hein's appointment or his job title. They noted that Towey also started as a deputy assistant to the president and was promoted after three years of White House service. He resigned in April to become president of St. Vincent College, a Roman Catholic school in Latrobe, Pa.

"Since the Faith-Based and Community Initiative is one of the president's top priorities, we conducted an extensive search to ensure we found the right person to lead this important program," said White House press officer Emily A. Lawrimore, explaining the gap between Towey's June 2 departure and Hein's Aug. 3 appointment.

Coincidentally, Hein's first week on the job was the 10th anniversary of "Charitable Choice," a key predecessor of the faith-based initiative. On Aug. 22, 1996, President Bill Clinton signed a bill designed to "end welfare as we know it" by, among other things, allowing states to use federal funds to pay religious groups to provide social services.

From the start, Charitable Choice was seen as a way to broaden the services available to single mothers, the homeless and impoverished elderly people. But it was also controversial on church-state grounds, particularly because it allowed government-funded groups to hire and fire employees on the basis of religion.

During his first campaign for president, Bush promised to unleash "armies of compassion" by extending a charitable tax deduction to the 70 percent of taxpayers who do not itemize their deductions. After taking office in 2001, he pushed other tax cuts through Congress but met resistance over his efforts to apply Charitable Choice to all federal social spending. In the end, Bush issued executive orders to put the faith-based initiative into effect administratively, dropping his plan for major tax breaks to spur charitable giving.

One result, according to a study by the independent Roundtable on Religion and Social Welfare Policy, is that government grants to religious charities are rising, but grants to charities overall have been squeezed.

Another result, according to former administration officials, is that the office Hein occupies has become more of a coordinator of existing executive branch activities than a producer of bold new policies and legislation.

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"What he needs to do is consolidate and put into practice a lot of things that have already been talked about," said Stanley Carlson-Thies, who worked in the faith-based office during Bush's first term.

In contrast to his sometimes-flamboyant predecessors, Hein is a "very orderly and businesslike person" who is well-suited to run the faith-based effort for the remaining 18 months of the Bush administration, said William A. Schambra, an expert on philanthropy at the Hudson Institute, a think tank where Hein once worked.

Because the faith-based office "has a very poor track record when it comes to getting legislation passed," Schambra said, Hein's task will be "to pull out of the wreckage of the faith-based initiative the pieces of it that really should be preserved as a legacy for the next Republican administration."

Hein agreed that "the initiative is well under way operationally."

"The policies are being implemented not only at Cabinet agencies but at the state and local level, as well," he said. "So I'll be taking a policy wonk approach into the job."

PLAYERS (WP)

The Washington Post, August 25, 2006

Jay Forest Hein

Title : Director of the White House Office of Faith-Based and Community Initiatives, Deputy Assistant to President Bush.

Born : 1965, Shawano, Wis.

Education : BA, Eureka College in social science and business.

Career : Welfare reform policy adviser to Wisconsin then-Gov. Tommy Thompson (R) 1994-97; director of civil society programs at the Hudson Institute 1997-2004; chief executive officer of the Foundation for American Renewal, a charity founded by former Sen. Daniel R. Coats (R-Ind.), 2002-2006; founder and president of the Sagamore Institute for Policy Research, 2004-2006.

Family : Wife, Mary Jo; two sons and a daughter.

Hobbies : Golf; Little League coach; elder at Grace Community Church in Noblesville, Ind.

Last book read : "Team of Rivals" by Doris Kearns Goodwin.

Bush Joins Family On Maine Coast (AP-Y)

By Jennifer Loven

AP, August 25, 2006

President Bush went fishing Thursday off the rocky coast of Maine where his great-grandfather built an oceanfront estate that has become entwined with American presidential history.

Beginning a long family weekend, Bush first met privately at a local elementary school with the families of five soldiers killed in Iraq, Afghanistan and at the Pentagon on Sept. 11, 2001. Then he settled in at the more than 100-year-old family compound at Walker's Point, a craggy finger of rock that juts into the ocean.

His father, former President George H.W. Bush, has summered at Walker's Point since boyhood, skipping it only while serving as a World War II Navy aviator. He and his wife, Barbara, are well-liked in the wealthy enclave of Kennebunkport, whose citizens have helpfully forgotten the disruptive traffic jams that accompanied his visits when Bush was president.

Soon after arriving, Bush and daughter Jenna went on a fishing excursion with his father.

The current president doesn't love the family's coastal getaway quite as much as his parents, preferring his dusty Texas ranch. It has been two years since President Bush has been in Kennebunkport.

It was a family wedding that drew Bush here in August 2004, and is so again.

This time, the nuptials are for Walker Stapleton, the son of the former president's cousin, Dorothy Walker Stapleton, and Craig Roberts Stapleton, the U.S. ambassador to France. Stapleton is marrying Jenna Bertocchi on Saturday before about 300 guests at a seaside stone church just a minute's drive from Walker's Point.

Aside from the wedding, there was nothing on the public schedule other than time with his family — which often features speed-golf, fishing and plenty of verbal jousting. The president returns to Washington on Sunday. Anti-war protesters said they would stage a weekend protest as close to Walker's Point as police would allow.

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During George H.W. Bush's presidency in the late 1980s and early 1990s, the compound was visited by French President Francois Mitterand, British Prime Minister John Major, Jordan's King Hussein and other world leaders. The former president also notably retired to Walker's Point three days after ordering American forces deployed to reverse Iraq's invasion of Kuwait.

The area also was the place where, in 1976, after a Labor Day weekend visit to a bar, George W. Bush was arrested, later pleading guilty to driving while under the influence of alcohol. That incident remained under wraps throughout his early political career, only surfacing late in his first campaign for president in 2000.

Family Time At Kennebunkport (WP)

By Peter Baker

The Washington Post, August 25, 2006

KENNEBUNKPORT, Maine, Aug. 24 -- President Bush returned to his parents' century-old oceanfront retreat here Thursday for the first time in his second term, putting aside the troubles of the world to some extent for a brief spell of fishing and family.

After a morning flight on Air Force One, Bush wasted little time getting started with his four-day weekend, heading out with his father, George H.W. Bush, and daughter Jenna for a fishing trip aboard Fidelity III, the former president's boat. No word on whether either angler-in-chief caught anything.

As on any presidential vacation, Bush could not entirely free himself from the job as he engaged in a little telephone diplomacy to help assemble a U.N. stabilization force for Lebanon and rally international pressure against Iran's nuclear program. He telephoned Italian Prime Minister Romano Prodi and German Chancellor Angela Merkel in the morning, then issued a statement in the afternoon thanking French President Jacques Chirac for agreeing to send more troops to Lebanon.

The president will also find the volatile domestic debate over the war in Iraq following him here as protesters aligned with peace activist Cindy Sheehan plan to picket a Bush family wedding Saturday. Sheehan and her supporters have made it their mission to follow the president on his vacations to confront him about the war.

In a preemptive move of sorts, Bush met on his arrival here at an elementary school with families of five slain service members -- three who died in Iraq, one killed in Afghanistan and another killed in the Sept. 11, 2001, attack on the Pentagon. The president often meets with relatives of the fallen, and, as usual, Thursday's hour-long session was behind closed doors with no public comments or photographs.

Still, the visit to the rocky Maine coast was meant to be a last chance for Bush to relax before embarking on a pair of emotionally and politically delicate trips and then heading into a high-stakes campaign season. The day after returning from Kennebunkport on Sunday, Bush plans to head to the Gulf Coast to mark the first anniversary of Hurricane Katrina and soon after will travel to the sites of terrorist attacks to commemorate the fifth anniversary of the Sept. 11 attacks.

Much as his parents love it, the family compound at Walker's Point is not the president's favorite getaway, but he limited his stay at his cherished ranch outside Crawford, Tex., to nine days this summer. Last year's month-long sojourn in Texas stirred anger among critics who complained that he was slow to cut short his vacation when Katrina was bearing down on New Orleans.

Bush takes pride in his Texas identity and often plays down his New England roots. Just this week, for instance, he playfully eschewed his family's home region in discussing Democratic Sen. Joseph I. Lieberman's independent campaign in Connecticut, saying he had no plans to go support Lieberman's bid. "I'm going to stay out of Connecticut," Bush said.

"You were born there," a reporter reminded him.

"Shhh," Bush replied.

The last time he came here was August 2004 for the wedding of his nephew George P. Bush, son of Florida Gov. Jeb Bush (R). It took another wedding to bring the president back, the Saturday nuptials of Walker Stapleton and Jennifer Bertocchi. Stapleton is the son of the former president's cousin Dorothy Walker Stapleton and her husband, Craig Roberts Stapleton, once a partner with George W. Bush in ownership of the Texas Rangers baseball team and now the presidentially appointed U.S. ambassador to France.

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Antiwar groups affiliated with Sheehan plan to rally as close as they can get to the wedding at St. Ann's Episcopal Church, near Walker's Point. "Join with people of conscience to call for an end to the war in Iraq and say NO! to the Bush Agenda," reads an online recruitment pitch for the demonstration.

Bush Would Rather Be Relaxing In Texas (LAT)

By James Gerstenzang

The Los Angeles Times, August 25, 2006

KENNEBUNKPORT, Maine — This, for George Walker Bush, is the un-Crawford.

His nearly 1,600-acre ranch in Texas is secluded, the house he built situated far from the public road.

But here in Kennebunkport, the rambling wood and stone family home where he spent childhood summers stands on Walker's Point, a low promontory that juts into the Gulf of Maine. For years, tourists have been able to catch a glimpse of the seaside compound.

More important than privacy, though, is the fact that since Bush moved to Crawford from Austin in 2000, shortly before entering the White House, Prairie Chapel Ranch has represented a touchstone for Bush — as fitting for him politically as his work boots and jeans are to the ranch land he is always trying to tame.

Still, he returned to Walker's Point on Thursday for a four-day visit at his parents' home, drawn by family ties and family events into the web of his often-overlooked New England origins, generations deeper than his nearly six decades in Texas.

Although Bush grew up in Texas — and the twang in his speech suggests generations of Texans behind him — his family roots are in the Northeast: His grandfather represented Connecticut in the U.S. Senate. His father was born in Massachusetts. His mother was raised in a tony suburb of New York City. He was born in Connecticut.

It was the wedding of a nephew, George Prescott Bush, the son of Florida Gov. Jeb Bush, that brought him here two years ago, his most recent visit. It is the wedding of a cousin (actually his father's cousin's son, Walker Stapleton) on Saturday at the small stone chapel of St. Ann's Episcopal Church, just a few hundred yards down the road from Walker's Point, that has brought him here again.

In a confluence of unanticipated occurrences, the family this weekend is celebrating a baptism and mourning the death of the president's great-aunt, 91-year-old Grace Walker.

Walker's Point is an ancestral home of the summer variety — albeit one where the president is still reminded to mind his manners.

Two years ago, during a campaign visit to New Hampshire, his wife recounted a much-told tale about a visit she and the president had paid to Walker's Point a few years before.

"George woke up at 6 a.m., early in the morning as usual, and he padded downstairs for a cup of coffee. And then he went in his parents' bedroom and sat on the sofa and put his feet up," Laura Bush said.

"And all of a sudden, Barbara Bush hollered, 'Put your feet down!' And George's dad said, 'For goodness' sake, Barbara, he's the president of the United States.' And Bar replied, 'I don't care, I don't want his feet on my coffee table.' "

The president planned a short visit to Kennebunkport last year, but Hurricane Katrina forced him to cancel. He had drawn sharp criticism for not leaving his ranch to quickly assess the damage to the Gulf Coast, and the political fallout made further vacation time here politically untenable.

The first President Bush reveled in the respite Kennebunkport offered during his White House years. He has returned each summer of his life but two, missing visits only during one year of World War II, when he was a pilot in the South Pacific, and during the summer of 1992, when he was struggling to gain a second presidential term. In the two years since his son last visited, he has twice been host to Bill Clinton, who denied him that second term.

Delving into the inevitable comparison of the 41st president and the 43rd, Ron Kaufman, who worked for the senior Bush in the 1980 presidential campaign, said the preference of the younger Bush for Crawford grew out of his upbringing in West Texas, just as the elder's Bush's affection for the Maine coast grew out of his early years in Greenwich, Conn.

"It's not that he doesn't love Walker's Point," Kaufman said of the president. "He does. He has a great affection for it. It's just a matter of when you have X number of free days in your life, where do you want to spend them."

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At the ranch, said Scott McClellan, Bush's former press secretary and a Texan, the president can drive hard on his mountain bike, or go fishing on his pond and take Barney, his Scottish terrier, "along for the ride."

If he harbors his father's fondness for the coast, the president keeps it to himself. Based on his public remarks, it is clear that a 100-degree day in Crawford (and that's what it was Thursday) beats a typical summer day on the Maine coast — 65 degrees, damp and cloudy, as it was here for much of the day until the sun broke through at dusk.

A defensive edge enters his voice when he senses a griping comparison between Crawford and Kennebunkport — as when he said famously in 2001 to reporters on a sweltering Texas golf course: "I know a lot of you wish you were on the East Coast, lounging on the beaches, sucking in the salt air. But when you're from Texas — and love Texas — this is where you come home. This is my home."

Besides, there is little debate about the political virtues of boat shoes and madras pants vs. boots and jeans. In the younger Bush world, boots beat boat shoes every time.

HOV Traffic Waits For No Man, Even The President (WP)

By Michael D. Shear

The Washington Post, August 25, 2006

Wouldn't it be nice to have the highway all to yourself? All alone during rush hour, whizzing down Interstate 395 with not a single car or bus to get in your way? Alas, even the leader of the free world doesn't get that kind of treatment.

Not that he didn't ask.

On Tuesday, the Secret Service asked Virginia officials if they would be kind enough to shut down all of the HOV lanes on I-395 from 1 to 7 p.m. the next day so President Bush could get where he needed to be, according to state officials who spoke on condition of anonymity because of the sensitivity of discussing the president's travel.

The request was made ahead of a fundraiser for Sen. George Allen (R) held at 5:30 p.m. Wednesday at a house near Mount Vernon -- a good hour's drive from 1600 Pennsylvania Ave. during a typical rush hour.

The request came into Virginia's Smart Traffic Center on Tuesday morning, one official said. "We were sort of dealing with it all day," the official said.

All day because they couldn't shake the image of what closing the HOV lanes would do: Buses that normally use the high-speed lanes would have to be rerouted or canceled; commuters who hitch rides in carpools would be stranded; and thousands of cars would be added to the congested regular lanes of I-395.

An e-mail prepared by state experts who monitor traffic captures the issue:

"There will be approximately 8,600 cars using the HOV lanes over a three hour period (4 to 7 pm). This equates to approximately 20,000 to 22,000 people. If the HOV lanes are closed, according to the District's estimate the back up of traffic in the general purpose lanes will not be cleared until 10 p.m."

In other words, a nearly endless traffic jam.

"It would give a new meaning to political gridlock in D.C.," laughed John Townsend, a spokesman for AAA Mid-Atlantic. "You have to wonder, What were they thinking? It makes you shake your head and say, 'Only in Washington.' "

White House spokeswoman Dana Perino referred calls to the Secret Service, saying the president's staff stays out of such decisions and leaves them to the security experts. Secret Service spokesman Jim Mackin said that "certainly, closing down the HOV was one of the options that was being discussed."

The original idea was to close the HOV lanes briefly for the trip to the fundraiser, reopen them and then close them for the trip home, according to officials with the Secret Service. When federal officials found out that, for logistical reasons, Virginia would have to keep them closed the entire time, it became clear it would be too disruptive.

A spokesman for Allen, who gathered campaign cash with Bush at the home of former Republican National Committee chairman Ed Gillespie, said he had no idea the Secret Service had made such a request.

"I'm not aware of any such thing," campaign manager Dick Wadhams said. "We would not have supported such a proposal. Oh my Lord. Wow. No. Not aware of any such proposal. Certainly grateful it didn't happen that way."

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It didn't, the state officials said, because folks in Virginia worked "into the night" to convince those in Washington of the commuter -- and political -- nightmare that could ensue, one Richmond official said.

The efforts included calls to the Secret Service and to people in Washington who might be more politically attuned to the TV news contrast between Bush at a glitzy fundraiser and miles of red brake lights on the highway.

It took a bit of convincing, they said, but ultimately word came down that no road closure would be necessary.

Mackin said that "by 7 p.m., the decision was made" that the president would find another way to the fundraiser.

In a "stand-down" e-mail sent at 9:24 p.m., Virginia officials were given reason to breathe a sigh of relief.

"No hov issues, no additional support will be needed," the Virginia e-mail said.

When all was said and done, the president did what just about all Northern Virginia motorists probably wish they could do.

He flew over rush hour in a helicopter.

Medicare Providers Get Pay Day 'Holiday' (WSJ/AP)

By Associated Press

The Wall Street Journal, August 25, 2006

WASHINGTON -- Many health-care providers will have to make do next month without a government paycheck or two.

The Bush administration says it will not make any Medicare reimbursements to hospitals, doctors and scores of other providers during the last nine days of the current budget year, from Sept. 22-30. Congress ordered the hold.

The providers taking care of older people and the disabled will get paid in full after the new budget year begins Oct. 1. They should not count on any interest on the amount they are owed.

Dr. Arthur Wise, a plastic surgeon from New York's Long Island, N.Y., and others are not happy about it. Dr. Wise said the hold is unfair and underhanded.

"Obviously, none of our suppliers, our renters or our malpractice insurers are saying, 'Hey, we know you're not going to get paid for nine days of September, so don't bother sending us a check,'" Dr. Wise said.

For most hospitals, nursing homes and others, the hold will serve more as a frustration than a financial strain, said Chris Jennings, a health policy analyst who used to work in the Clinton administration.

By delaying payments, the government moves $5.2 billion in Medicare expenses to next year's budget, rather than the current one.

"The alternative was to cut reimbursements to providers this year. With this payment shift we avoid that cut," Senate Finance Committee spokeswoman Jill Kozeny said.

A Medicare "holiday" has been approved at least twice before, in the early 1980s, she said. In one of those cases, it was repealed before the holiday could take effect.

Herb Kuhn, director of the Center for Medicare Management, said health-care providers have been warned that they will not get paid near the end of September. He also said he has heard no complaints.

"For a lot of them it should be pretty seamless," Mr. Kuhn said. "It may affect some of their cash flow, but won't affect it significantly."

At the American Medical Association's annual meeting, doctors in New York introduced a resolution stating that because they do not get a "financial responsibility holiday," the hold should be repealed.

The resolution did not muster enough votes to pass. A bigger concern to the organization was Medicare's reimbursement rates for physicians. The legislation that included the hold on Medicare payments also did away with about a 4.4% cut in reimbursement rates scheduled for this year.

OTHER NEWS:

New-Home Sales Decline By 4.3% (WSJ)

By Christopher Conkey

The Wall Street Journal, August 25, 2006

DOJ_NMG_0053251

Sales of newly built homes tumbled last month, but a firm reading on orders for big-ticket factory goods suggests the economy will continue to grow moderately despite head winds from a slumping housing market and high energy prices.

The Commerce Department said sales of new homes in July fell 4.3% from June to a rate of 1.07 million units, a pace that is 21.6% slower than a year ago. The inventory of unsold homes on the market rose to a supply of 6.5 months, up from 4.2 months a year earlier, while the median price fell to $230,000 in July and is essentially flat compared with a year ago.

Those numbers suggest the downturn in the housing market is deepening and will continue to weigh on the economy. But a separate report from the Commerce Department on the manufacturing sector suggests businesses and consumers are still spending enough to produce modest economic growth.

Sign of a Pickup

Orders for durable goods excluding transportation in July rose 0.5% from June following even bigger gains the previous two months. In a sign that business spending is picking up after a mild second quarter, orders for nondefense capital goods excluding aircraft increased 1.5% last month after posting similar increases the two previous months. Overall, orders for durable goods fell 2.4% last month due to a drop in the volatile transportation sector, which includes car and aircraft manufacturers.

Economists closely monitor orders for durable goods -- items such as lawn mowers, desktop computers and cars that are intended to last three years or longer -- to get a sense of what business and consumer spending will be like a couple months down the road.

With the weakening housing market and high gasoline prices making consumers more cautious, many economists expect businesses that have enjoyed big profits recently to pick up some of the slack. Roger Kubarych, senior economic adviser for HVB America in New York, said that yesterday's report confirms that the economy is undergoing a "profound shift away from a disproportionate emphasis on housing and personal consumption expenditures toward greater business investment and exports."

Passing the Baton

"We're trying to pass the baton here," said Josh Feinman, chief economist at Deutsche Asset Management. He noted that both shipments and new orders for durable goods in June were revised higher, making it likely that the economy grew at an inflation-adjusted annual rate of closer to 3% in the second quarter, rather than the initially reported 2.5% growth rate. For the rest of the year, Mr. Feinman estimates the economy will grow at a slightly slower pace than the second quarter. The Commerce Department will release its revised figure on second-quarter growth on Wednesday.

Separately, the Labor Department said the number of people filing initial unemployment claims last week was nearly unchanged from a week earlier, suggesting that the labor market will continue to produce mild job creation, but low unemployment.

Write to Christopher Conkey at christopher.conkey@wsj.com3

New-home Sales Drop, A Further Sign Boom Is Over (USAT/AP)

By Marcy Gordon

USA Today, August 25, 2006

WASHINGTON — Sales of new homes dropped in July by the most since February, while the inventory of unsold homes climbed to a record high.

Piling on more proof that the housing boom is over, the Commerce Department reported Thursday that new home sales fell by 4.3% last month. That was the largest decline since an 11.5% plunge in February.

The July seasonally adjusted annual pace of 1.072 million units sold was down 21.6% from a year earlier and below the 1.100 million that had been expected by analysts.

“Builders are offering many extras to entice buyers,” said Peter Morici, a professor at the University of Maryland's business school. “Overall, values are falling and builders' profits are threatened.”

Sales of both new and existing homes set records for five consecutive years as the housing industry enjoyed a boom powered by the lowest mortgage rates in four decades. But rates have been steadily rising this year as the Federal Reserve tightens credit conditions to slow the economy and keep inflation under control.

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Analysts expect home sales to drop by about 10% this year.

Prospective home buyers have turned cautious about making such a big-ticket purchase as mortgage rates have gone up and uncertainty has risen over whether the economy and job creation will keep slowing, analysts said.

The government reported that the median price of a new home was $230,000 in July, down from $233,800 in June and up from $229,200 a year ago.

The inventory of unsold new homes reached 568,000 at the end of July, up from 562,000 in June and an all-time high.

The data follow another report Wednesday that also provided evidence of how much the once-sizzling housing market has cooled. Sales of previously owned homes dropped 4.1% in July from June to a 2½-year low, while the inventory of unsold homes climbed to a record high, the National Association of Realtors reported.

The average rate for a 30-year fixed-rate mortgage is 6.48% this week, down from 6.52% last week, mortgage lender Freddie Mac said Thursday. This week's rate is the lowest since April 6, when the average was 6.43%. But a year ago, the average was 5.77%

In other economic news, orders to U.S. factories for big-ticket manufactured goods fell 2.4% in July as demand for aircraft and automobiles weakened.

And the Labor Department reported Thursday that the number of Americans filing claims for unemployment benefits last week slipped by 1,000 to 313,000.

New orders for durable goods decreased by $5.3 billion last month, the Commerce Department said. The 2.4% decline, which followed two straight monthly increases, was a poorer showing than the unchanged level that analysts had expected.

Home For Sale, By Anxious Owner (NYT)

By Vikas Bajaj And David Leonhardt

The New York Times, August 25, 2006

Home sales are falling rapidly, and the number of houses on the market is surging. Yet each new economic report offering evidence of a housing slowdown also shows that the national median home price has continued to rise over the last year.

To understand how this could be happening, consider a three-bedroom house surrounded by oak and redwood trees, not far from the Golden Gate Bridge, in San Rafael, Calif. Reluctant to cut the price from its current listing of $1.54 million, its owners are instead offering a weeklong vacation time-share, every year for life, worth about $10,000, or an equal amount toward lease of a car.

“Location and value will give the buyers a reason — this will give them a sense of urgency,” said Tom Wessling, who owns the house with his wife, Brenda, and is being transferred to Atlanta. “If nothing else, it will be the thing that calls attention” to the house.

In California, the Northeast, South Florida and parts of the Southwest, deal sweeteners like these are playing an increasingly important role in supporting home prices. From large national home builders to individual homeowners, many sellers are offering thousands of dollars in perks, including straight cash, so they do not have to slice deeply into asking prices.

But these discounts are almost entirely missing from the statistics on new-home prices reported by the government and on existing-home prices reported by the National Association of Realtors. As a result, home prices may now be falling, despite what the official numbers show, many economists say.

The use of rebates helps home builders and individual sellers by making the real estate market look healthier than it may truly be and by preventing a snowballing decline in home prices. It also keeps commissions for real estate agents higher than they would otherwise be.

In July, the national median price — half sold for more and half for less — of a newly built home was $230,000, the Commerce Department said yesterday. That is 0.3 percent higher than the median price a year ago. The number of new-home sales fell 21.6 percent over the last year, with the sharpest drop occurring in the Northeast.

On Wednesday, the Realtor group reported that the median price of existing homes was also $230,000 in July, up 0.9 percent from a year earlier.

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Mark Zandi, the chief economist of Moody's Economy.com, estimated that incentives might now be equal to as much as 3 percent of the effective prices of houses across the country, on average. But he and other economists said there was simply no way to know for certain.

"We don't have any house price indexes that get it right," said Todd Sinai, an associate professor of real estate at the Wharton School of the University of Pennsylvania.

"Sellers are pretty picky," he added. "They are not willing to lower prices enough in downturns; they don't do it very quickly." Their reluctance delays sales, contributes to rising inventories and allows prices on the remaining transactions to show an annual increase.

Incentives are most common in the new-home market, where builders are under financial pressure to sell empty homes and, as large businesses, have the ability to absorb the financial hit. Depending on the market, executives at the nation's biggest builders say the giveaways can equal 3 percent to 8 percent of a home's sale price. If builders instead reduced asking prices by that much, it would be enough to wipe out the year-over-year price gains in many markets. Last year, by contrast, many builders were selling out new subdivisions and condominiums in hours or days, often in auctions.

"If you were going to sell the house exactly the way it was before, you would be looking at a price decline," said David Seiders, chief economist at the National Association of Home Builders.

But in a sign of the housing market's deterioration, creative — and expensive — lures are also becoming more common in the existing-home market. With many houses languishing on the market for months, buyers often have the leverage to request a last-minute concession of a few thousand dollars, or more, as a prerequisite to a sale. The subsidy often comes in the form of a discount on the amount of cash a seller must pay at closing.

"It's using a little psychology," said Frank Borges LLosa , who owns Frankly Realty in northern Virginia, an agency that mainly represents buyers. "It makes it sometimes appear like I'm offering a higher price."

Mr. LLosa recently analyzed records for condominiums in one Virginia ZIP code and found that the use of subsidies had soared since last year, when they were almost nonexistent. In Arlington, 14 condominiums had sold for $350,000 to $550,000 since June 1, and 10 of them included a subsidy from the seller to the buyer. The average subsidy was more than $7,000.

The Wesslings of San Rafael have cut the price of their house twice, by a total of $160,000, since they put it on the market in May. Mr. Wessling, a marketing executive, believes the home is now "competitively priced" and hopes the perks, which also include a $10,000 reward for referring a qualified buyer, will be enough to clinch a deal.

Mr. Zandi, the economist, said he believed that the use of perks was now approaching its peak and that sellers would soon be forced to cut list prices more heavily. He predicted that the home-price data released by the Realtors association would show a year-over-year decline, relative to the same month a year earlier, before the end of this year. If so, that would be the first such drop since 1993. The Realtors have never reported a drop in the annual average of national home prices, a fact frequently cited by real estate analysts.

"The reason the Realtors' data has never showed an outright decline" before, he said, "might be that they're not measuring the effective price."

Lawrence Yun, a senior economist with the Realtors group, said that in markets where inventories had been rising rapidly — like the Northeast and California — incentives could well equal 3 percent of house values. But he estimated that the national number was smaller, because homes sales were continuing to rise in roughly a third of markets around the country.

The typical incentive package from a home builder consists of upgrades to the house — granite countertops instead of humdrum tiles, stainless-steel refrigerators and stoves instead of plain white models and wood blinds instead of plastic. At the extremes, some have thrown in $30,000 swimming pools.

Buyers who demand discounts often get them in the form of excused closing costs or low interest rate loans made by builder-affiliated mortgage companies.

On the west coast of Florida, builders are advertising incentives like upgraded countertops, interest rate promotions and cash rebates totaling $40,000, or 6.6 percent to 8 percent of the sales price, on homes that sell for $500,000 to $600,000, said John Dew, a real estate agent in Naples.

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Builders tend to choose discounts because they worry that reductions in the list price would send a clear signal that the market is in trouble, potentially angering previous buyers and emboldening future customers.

"They already sold the same product to the guy next door and if they reduce the price he is going to scream," Mr. Dew said. He added that many builders were also offering agents bonuses worth tens of thousands of dollars in finders' fees for bringing in buyers.

In effect, the incentives have become a quiet way to cut the price of houses without further damaging the market. Sellers "don't want to create this environment of fear in the market that prices are going down, so you should wait to buy," said Dean Baker, co-director of the Center for Economic Policy Research in Washington, who believes that prices will fall in coming years.

Incentives are often most substantial on homes built on speculation before a sales contract has been signed, or on properties that buyers have walked away from after signing a contract. Big builders report that cancellation rates are running as high as a third of new sales, compared with about 20 percent or less a year ago.

Pulte Homes, for instance, was recently offering unspecified incentives totaling as much as $10,000 on homes in a Connecticut development to buyers who were willing to move in before school started. In the spring, Centex Homes ran a "24-hour sale" in Southern California where buyers who agreed to purchase within the day could get a $100,000 discount. It ran a similar offer for a $60,000 discount in Atlanta.

Lenders are also wary of incentives. Lenders do not want to finance transactions where the sales price exceeds the true value of the home. Fannie Mae, the large buyer of mortgages, requires disclosure of perks and it caps them on a sliding scale from 2 percent to 9 percent of selling prices, depending on whether buyers will live in the home and based on the size of the down payment. The concerns of lenders will eventually limit the size of incentives in home sales, said Anthony Hsieh, president of LendingTree.com, the Web loan site. Many buyers may also balk because their property taxes will be based on the sales price listed on the contract.

Eventually, buyers will realize "there is no free lunch," he said. "There is a reason it's being given away."

The House The Fed Built (WSJ)

The Wall Street Journal, August 25, 2006

After the party sometimes comes the hangover, which is what much of the country is now experiencing as the housing market comes back to Earth following several years of remarkable levitation. With more than a few not-so-cool economists starting to panic, now is a good time to explain how we got here.

This is the housing market the Federal Reserve built. That is to say, the current slump in sales, new construction and prices is the aftermath of the astonishing and unsustainable housing boom that began in 2002. As the nearby chart shows, nationwide median prices for existing homes climbed by about 8% a year for three years running, reaching giddy double-digit heights in 2005.

As homebuyers on the East and West Coast in particular can attest, the increases in some markets were much higher. The average price of new homes nationwide increased by 13.3% in 2004 and another 9% last year. Some of this has been rooted in the strong overall economy. Innovations in housing finance -- such as interest-only loans -- contributed by making borrowing easier for more buyers. A reduction in the capital-gains tax on home sales also helped, and immigration has sustained housing demand in many parts of the country.

But the biggest single cause was Federal Reserve policy in the wake of September 11 and the collapse of the dot-com bubble. With business investment and confidence imploding, the Fed made a bet on the consumer to keep the economy afloat. Former Chairman Alan Greenspan and his mates drove short-term interest rates down to 1% and kept them there for a remarkable 12 months. Even when the Fed started to move rates up again, it did so at a slow and too deliberate pace.

The strategy worked in the early going, as the housing market remained strong and the mighty American consumer kept on spending despite terrorism fears, a war and weak job creation in the early years of the decade. The 2001 recession was one of the mildest on record. The trouble arose as the Fed maintained its easy money policy into 2004 and 2005, well past the time the Bush tax cuts of 2003 had helped to revive corporate spending and investment incentives.

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One result is what now looks to have been a classic asset inflation in housing values. Mr. Greenspan never got around to using the word "bubble" himself, preferring the more elegant "a little froth." But that's about as close as any Fed chief gets to conceding a mistake. We agree that as a rule the Fed shouldn't target asset prices (housing, stocks) as it makes monetary policy; its core job is maintaining an overall stable price level. However, when housing prices climb as rapidly as they did in late 2004 and throughout 2005, something more than rational exuberance is going on. At one point, some 10% of all home purchases were estimated to have been for "investment" reasons, not for an actual residence.

This speculative buying was bound to break as the Fed eventually corrected its easy-money mistake. The current slump is in part the product of that correction, and it seems likely to continue for some time as the Fed's interest rate increases have an impact. For many Americans whose monthly mortgage payments are now rising, or who still hope to sell at last year's prices, this may be painful.

How hard the housing fall will be is impossible to know, but a broader recession is far from inevitable. A housing bust typically leads to recession when it coincides with a collapse in business investment and a lack of job growth. But the current unemployment rate remains a healthy 4.8%, and weekly jobless claims fell yesterday to a hale 313,000. Corporate profits are also robust, signaling more business investment ahead.

Even in housing, most of the decline in wealth so far is on paper. Home prices in many places are merely flat, not falling, and the rapid increases in value of recent years means that homeowners of long-standing still have big increases in equity. Only more recent buyers, or those who overborrowed on a bet that rates wouldn't rise, are likely to see losses or start missing home payments.

The housing slide is already leading to the inevitable calls for the Fed to reverse course immediately and cut rates once again. But this is precisely the wrong lesson to learn from the housing market rise and fall. The Fed's mistake was staying too easy for too long. Re-establishing the Fed's anti-inflation bona fides would help the entire economy, including the housing market.

Housing Gets Ugly (NYT)

By Paul Krugman

The New York Times, August 25, 2006

Bubble, bubble, Toll's in trouble. This week, Toll Brothers, the nation's premier builder of McMansions, announced that sales were way off, profits were down, and the company was walking away from already-purchased options on land for future development.

Toll's announcement was one of many indications that the long-feared housing bust has arrived. Home sales are down sharply; home prices, which rose 57 percent over the past five years (and much more than that along the coasts), are now falling in much of the country. The inventory of unsold existing homes is at a 13-year high; builders' confidence is at a 15-year low.

A year ago, Robert Toll, who runs Toll Brothers, was euphoric about the housing boom, declaring: "We've got the supply, and the market has got the demand. So it's a match made in heaven." In a New York Times profile of his company published last October, he dismissed worries about a possible bust. "Why can't real estate just have a boom like every other industry?" he asked. "Why do we have to have a bubble and then a pop?"

The current downturn, Mr. Toll now says, is unlike anything he's seen: sales are slumping despite the absence of any "macroeconomic nasty condition" taking housing down along with the rest of the economy. He suggests that unease about the direction of the country and the war in Iraq is undermining confidence. All I have to say is: pop!

Now what? Until recently most business economists were predicting a "soft landing" for housing. Even now, the majority opinion seems to be that we're looking at a cooling market, not a bust. But this complacency looks increasingly like denial, as hard data — which tend, for technical reasons, to lag what's actually going on in the market — start to confirm anecdotal evidence that it is, indeed, a bust.

Why the sudden crackup? When prices were rising rapidly, some people bought houses purely as investments, betting that prices would keep going up. Other people rushed to buy houses, or stretched themselves to buy houses they couldn't really

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afford, because they feared that prices would rise out of reach if they waited. And all this speculative demand pushed prices even higher. In other words, there was a market bubble.

But eventually prices reached a level beyond what even optimistic potential buyers were willing to pay, especially after interest rates rose a bit. (They're still low by historical standards.) As demand fell short of supply, double-digit price increases declined into the low single digits, then went negative everywhere except in the South.

And with prices falling in many areas, the speculative demand for houses has gone into reverse, as people try to get out with a profit while they still can. There's now a rapidly growing glut of unsold houses. This is a recipe for a major bust, not a soft landing.

Moreover, it could be both a deep and a prolonged bust. Since 2000, much of the nation has experienced a rise in home prices comparable to the boom in Southern California during the late 1980's. After that bubble popped, Los Angeles house prices began a slow, grinding deflation, eventually falling 20 percent (34 percent after adjusting for inflation). Prices didn't begin a sustained recovery until 1996, more than six years after the downturn began.

Now imagine the same thing happening across a large part of the United States. It's an ugly picture, and not just for people and companies in the construction business. Many homeowners — especially those who bought their houses with interest-only loans or with minimal down payments — will find themselves in financial distress. And the economy as a whole will take a hit.

As far as I know, Nouriel Roubini of Roubini Global Economics is the only well-known economist flatly predicting a housing-led recession in the coming year. Most forecasters consider his call alarmist, and many Federal Reserve officials remain optimistic. Last week, Richard Fisher, the president of the Federal Reserve Bank of Dallas, dismissed "Eeyores in the analytical community" who worry about a possible recession.

Call me Eeyore. While I don't share Mr. Roubini's certainty, I see his point: housing has been the main engine of U.S. economic growth over the past three years, and with that engine now going into reverse, it's hard to see how we can avoid a serious slowdown.

Wall St Edges Up As Traders Digest Data (FT)

By John O'doherty

Financial Times, August 25, 2006

Wall Street closed barely higher on Thursday after mixed trading for much of the day, as investors digested data on home sales and durable goods orders that gave further indications of a slowing economy.

Trading was tentative and the Dow Jones Industrial Average and Nasdaq Composite both dipped in and out of negative territory throughout the day.

Shares in mortgage finance group Fannie Mae jumped on news that it would not be facing criminal charges for accounting irregularities and that the US Justice Department had ended its investigation of the company. Its shares gained 4.8 per cent to $51.53, its best day since January.

Online auction site Ebay dropped 4.5 per cent to $25.78 after Piper Jaffray cut its rating on the stock from "market perform" to "underperform".

At the close, the S&P 500 was up 0.2 per cent, or 3.07 points, at 1,296.06, while the Nasdaq Composite was up 0.1 per cent, or 2.45 points, at 2,137.11. The Dow Jones Industrial Average was up 0.1 per cent, or 6.56 points, at 11,304.46.

Sales of existing homes fell by more than expected in July, bolstering the picture of a cooling US housing market and presaging further economic slowing. Durable goods orders data for July were mixed, although the headline number dropped by 2.4 per cent, more than had been forecast.

The sluggish durable goods figures precipitated a sell-off in heavy-industry stocks. Caterpillar tumbled 2.5 per cent to $65.50, while Joy Global, maker of farm and mining machinery, fell 2.6 per cent to $38.00.

Consumer stocks were the worst hit by the news of slowing home sales and the attendant risks they posed to consumer spending. Electronics retailer Circuit City sank 4 per cent to $22.78, while jewellery company Tiffany & Co lost 3.3 per cent to $30.80.

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Subodh Kumar, chief investment strategist at CIBC World Markets, said the fall-back in consumer cyclical stocks hinted at a shift in the sectors that would lead the market.

"Going into 2005 and beyond, cyclicals have done well so the issue is, do we bottom fish, because they have dipped so much, or do we look for a change of leadership?" he said. "I think we should think in terms of a change in leadership."

While consumer stocks slumped, healthcare made strong gains. UnitedHealth rose 3.1 per cent to $51.16 and Aetna gained 3.5 per cent to $37.66.

Clothes retailer Chico's FAS sank 25.5 per cent to $17.95 after it issued guidance for the third and fourth quarters that was below analyst expectations.

Investors checked into hotel chain Wyndham Worldwide after it said it would receive $760m from its sale of real estate group Cendant and use the money to pay down debt. Shares in Wyndham rose 5.7 per cent to $27.88.

Investors Wary About The Fed (WSJ)

By Ian Mcdonald

The Wall Street Journal, August 25, 2006

Stocks eked out modest gains in the kind of light trading seen all week, as investors keep pondering whether efforts to slow the economy have been a little too successful.

Investors absorbed mixed measures of the economy. As they did so, stocks inched in and out of positive territory. The Dow Jones Industrial Average ended at 11304.46, up just 6.56 points, or 0.06%, but breaking a three-day decline. The Standard & Poor's 500-stock index edged up 3.07 points, or 0.24%, to 1296.06, while the technology-stock-heavy Nasdaq Composite rose 2.45 points to 2137.11, up 0.11%.

Among other assets, Treasury-bond prices gained slightly, pushing yields lower. Crude-oil futures gained 60 cents to $72.36 a barrel on the New York Mercantile Exchange, but are still off $2.04 on the month.

Traders who aren't on vacation are nervous. The Federal Reserve pushed up interest rates 17 times in the past two years to ward off inflation. But recent readings showing a retrenchment in the housing market have many worried the Fed may have stepped on the brakes so hard the economy could skid into a recessionary ditch.

If so, the drop in consumer spending would naturally pull down corporate profits and stock prices.

The Commerce Department said new-home sales last month fell 4.3% from June, more than the 2.7% expected drop. Over the past year, new-home sales are off 22%. The report came a day after one showing sales of existing homes also fell last month.

"The housing data weren't pretty, they haven't been pretty, and I think it will get worse," said Jeffrey Saut, chief investment strategist at Raymond James Financial. "The odds of a potential recession have gone up."

But those hoping for a more gradual economic slowdown -- the kind that might leave stocks in relatively good standing -- have some data on their side, too.

For example, the Labor Department reported fewer than expected new claims for unemployment benefits for the week ended Aug. 19, and the Commerce Department said spending on nondefense capital goods excluding aircraft rose in July. However, the Commerce Department also said overall orders for durable goods -- such as cars, household appliances and other big-ticket items -- slid 2.4% in July, much more than the 1% expected by economists.

The debate over the Fed's navigating skills will continue today, when Federal Reserve Chairman Ben Bernanke speaks at a Fed symposium in Jackson Hole, Wyo. Investors should look to Mr. Bernanke's speech with "great trepidation," says Ted Oberhaus, director of equity trading at Lord Abbett Funds.

Meanwhile, the dollar strengthened, to 116.52 yen from 116.36, while the euro fell against it to $1.2758, from $1.2792.

In Poll, G.O.P. Slips As A Friend Of Religion (NYT)

By Laurie Goodstein

The New York Times, August 25, 2006

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A new poll shows that fewer Americans view the Republican Party as "friendly to religion" than a year ago, with the decline particularly steep among Catholics and white evangelical Protestants — constituencies at the core of the Republicans' conservative Christian voting bloc.

The survey found that the proportion of Americans who say the Republican Party is friendly to religion fell 8 percentage points in the last year, to 47 percent from 55 percent. Among Catholics and white evangelical Protestants, the decline was 14 percentage points.

The Democratic Party suffers from the perception of an even more drastic religion deficit, but that is not new. Just 26 percent of poll respondents said the Democratic Party was friendly to religion, down from 29 percent last year.

The telephone poll, conducted by the Pew Forum on Religion and Public Life and the Pew Research Center for the People and the Press, was conducted July 6-19 among 2,003 adults. The margin of sampling error was plus or minus three to four percentage points, depending on the question.

The survey examined Americans' attitudes on such topics as politics, science, the Bible, global warming and Israel. But the most startling change, said John Green, senior fellow in religion and American politics at the Pew Forum, was the perception of the Republican Party by its core constituency.

"It's unclear how directly this will translate into voting behavior," Mr. Green said, "but this is a baseline indicator that religious conservatives see the party they've chosen to support as less friendly to religion than they used to."

He speculated that religious conservatives could feel betrayed that some Republican politicians recently voted to back stem cell research, and that a Republican-dominated Congress failed to pass an amendment outlawing same-sex marriage.

"At the minimum, there will be less good will toward the Republican Party by these conservative religious groups, and a disenchantment that the party will be able to deliver on its promises," Mr. Green said.

Americans remained critical of the influence of both the right and the left on religion. Sixty-nine percent agreed that liberals had "gone too far in trying to keep religion out of schools and government" — an increase of three percentage points, which is not statistically significant. And 49 percent agreed that conservative Christians had "gone too far in trying to impose their religious values on the country," also a three percentage point increase.

Asked about "the Christian conservative movement," 44 percent had a favorable view and 36 percent unfavorable, about the same as a year ago.

The respondents were almost evenly divided on whether the influence of religion on governmental institutions like the presidency, Congress and the Supreme Court was increasing (42 percent) or decreasing (45 percent). Most of those who said the influence was decreasing said that was "a bad thing."

Americans also disagree on whether churches and houses of worship should express their views on politics, with 51 percent saying they should, and 46 percent saying they should keep out of political matters. This divide has held steady for the last five years, the Pew report said.

Of the topics addressed by clergy members during religious services, 92 percent of respondents who attend religious services regularly said they had heard clergy members speak about hunger and poverty, 59 percent said abortion, 53 percent said Iraq, 52 percent said homosexuality and 40 percent said evolution or intelligent design. Only 24 percent said they heard clergy members discuss stem cell research, and 21 percent immigration.

In the last year, religious organizations, including some representing evangelicals, have made global warming a priority.

In the poll, a large majority (79 percent) said there was "solid evidence" of global warming, and 61 percent said it was a problem that required "immediate government action." But white evangelicals and mainline Protestants were more skeptical about global warming than Catholics and secular Americans were, and more likely to say that it is the result of natural causes, not human activity.

Few See Democrats As Friendly To Religion (WT)

By Julia Duin

The Washington Times, August 25, 2006

DOJ_NMG_0053259

Liberal or progressive Christians, who make up 34 percent of the population, are disunified on key issues, and only one out of four Americans considers the Democratic Party friendly to religion, a Pew poll shows.

Released yesterday, the wide-ranging poll on religion as it intersects with politics, public life, science, law and world affairs also showed an increase among Christians in sympathy for Israel.

"I'm not surprised," said David Brog, executive director of Christians United for Israel, a Texas-based nonprofit that last month brought in 3,500 Christians here for a "Washington Israel summit."

"More and more Christians in the heartland have heard the message coming from so many pastors and put Israel at the top of their priorities," he said. "When it comes to the war on terror, conservatives have a clear platform and positions that are easy to understand. One of the problems liberals have had is providing a compelling alternative vision."

Only 7 percent of those polled identified themselves as members of the religious left in the poll of 2,003 adults, conducted last month by the Pew Research Center for the People and the Press and the Pew Forum on Religion & Public Life. As a movement, the religious left lacks cohesive issues that define its views, said the poll, which has a sampling error of 3.5 percentage points.

Moreover, no political party welcomes the religious left with open arms. Twenty-six percent of those polled said the Democratic Party is friendly toward religion, 42 percent thought it was neutral and 20 percent thought it was unfriendly. Three years ago in a similar Pew poll, 42 percent said the party was friendly toward religion.

Israel gained support among all varieties of Christians, according to the poll. Forty-four percent of Americans supported Israel versus the 9 percent who support Palestinians. A subsequent Pew poll conducted Aug. 9 to 13 found 52 percent of Americans support Israel versus 11 percent for Palestinians.

White evangelical Protestants (69 percent) and black Protestants (60 percent) said they believed that Israel was given to the Jews by God. Fifty-nine percent of the white evangelicals and 56 percent of the black Protestants said Israel is the fulfillment of biblical prophecy that relates to the Second Coming. Far lower percentages of white mainline Protestants and Catholics agreed with both questions.

News from the poll was not all bad for liberal Democrats. Two important Republican constituencies: evangelicals and Catholics, saw the Republican Party as less friendly toward religion than in previous years. Nearly half (49 percent) say Republicans are friendly to religion, a decline of 14 points in the past year. Just 41 percent of the Catholics polled said the Republican Party is friendly to religion, compared with 55 percent a year ago.

Religion's influence over the country is waning, said 59 percent of those polled.

A spokeswoman for the liberal Interfaith Alliance says her organization perceives religious influence on society as static or decreasing.

"We'd say the administration is more religiously right," Megan Hoffman said, "but the public is not in agreement with them."

GOP Told To Ignore Detroit At Its Peril (WT)

By Charles Hurt

The Washington Times, August 25, 2006

DETROIT -- Republicans here say that their national party's dismissive attitude toward the Big Three automakers could doom the party's hopes of capturing the governor's mansion and Senate seat in a large blue state this November.

Republicans in Congress have belittled Detroit's woes in recent weeks, and President Bush has been less than sympathetic to their plight, saying that they should focus on building more "relevant" vehicles.

But no slight has been more insulting here than the much-delayed meeting between Mr. Bush and the heads of Detroit's automakers to discuss U.S. trade policies and domestic issues such as health care costs, expensive pensions and other obligations to the federally protected autoworker unions.

"The administration is wrong on this issue," said Republican Dick DeVos, a longtime Bush supporter who has a good shot at unseating Gov. Jennifer M. Granholm, who was a superstar among Democrats just two years ago. Since the summer, polls have shown the two swapping leads by a handful of points.

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"The president needs to meet with the Big Three, and it must happen soon," Mr. DeVos told reporters this week. "29,000 people in Michigan lost jobs last month."

The state's unemployment rate is at 7 percent, which has given Republicans unusual openings in a state dominated by Democrats. It's been 18 years since a Republican won Michigan in a presidential election.

"I think that these are both very, very good opportunities," Republican National Committee Chairman Ken Mehlman said yesterday while touring the state. "There is no governor that is in more trouble than Jennifer Granholm. The state has bled jobs under her watch, and people want change."

Another seat that Republicans think they can capture is that of Sen. Debbie Stabenow, the first-term Democrat who picked off a Republican incumbent six years ago. She faces a challenge from popular Oakland County Sheriff Michael Bouchard.

Like Mr. DeVos, Mr. Bouchard has made Michigan's economic woes a central campaign theme.

"Every place I go, everybody I run into either is somebody that lost a job or knows somebody that lost a job. That's a scary situation," Mr. Bouchard said during a campaign stop yesterday.

Although Mr. Bouchard and Mr. DeVos appear to be reaching voters with their economic message, Republicans in Washington are confusing the issue.

Sen. Lamar Alexander, Tennessee Republican, recently offered a "new definition of the American auto industry," which includes any foreign company that hires U.S. workers and builds cars in the U.S.

Sen. Richard C. Shelby, Alabama Republican, said Detroit automakers must "change or they won't be around. ... There is a lot that our automobile manufacturers can learn in the world."

Those remarks, along with the White House meeting that hasn't happened, has angered a lot of people in Michigan.

Detroit News business writer Daniel Howes this week blasted "Red State Republicans," accusing them of trying to "give Detroit a condescending geography lesson -- as if the No. 1 player in China, GM, doesn't know the business is global."

A White House spokeswoman said yesterday that both sides continue to look for a time for a meeting that suits all parties.

"It's not a blow-off," Mr. Mehlman said yesterday. "The president cares tremendously about the industry. But again, if you look at the record, this is not an industry problem. This is a Michigan problem."

Mr. DeVos isn't buying that line.

"This has just been a continued refusal," he said. "I've heard the meeting's scheduled and it's not scheduled, it's on and it's off. ... The White House needs to step up and get it done."

Michigan Republican Party Chairman Saulius Anuzis said yesterday that it's a "huge issue."

"We know the president has tried to make this work, but the fact is that it hasn't happened," he said. "We want the president to get engaged."

Rove Slams Democrats At Toledo Fund-raiser (TOLB)

By Jim Tankersley

Toledo Blade (OH), August 25, 2006

GOP gubernatorial candidate Ken Blackwell greets Karl Rove as he introduces the White House adviser at the Inverness Club. The event raised $165,000 for Mr. Blackwell's campaign.

(THE BLADE/ANDY MORRISON)

Zoom | Photo Reprints

By JIM TANKERSLEY

BLADE POLITICS WRITER

The party benefited Ken Blackwell. The keynote speaker was Karl Rove. The election at hand is this November. But the fund-raiser at the Inverness Club last night sounded and felt like a George W. Bush rally, circa 2004.

Mr. Rove, a White House adviser and the architect of Mr. Bush's winning presidential campaigns, peppered Democrats on taxes and national security, invoked the Sept. 11, 2001, terrorist attacks, and called the Iraq war "the heart of the battle" in a global war against "Islamic fascists."

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The 20-minute speech echoed Mr. Bush's 2004 campaign themes. He said Mr. Bush would not abandon the war and said of terrorists to the audience: "Who thinks if we come home, that they're not going to follow us?"

The event featured baked-brie appetizers, dark suits all around, and a minimum $1,000 entry fee. It raised $165,000 for Mr. Blackwell, the Republican candidate for governor, who used the occasion to highlight his plan to lease the Ohio Turnpike to private investors and to criticize his Democratic opponent, U.S. Rep. Ted Strickland of Lisbon.

A few dozen protesters outside the club used Mr. Rove's visit to denounce the Iraq war and Mr. Bush. Democrats used it to highlight the ongoing scandal surrounding former Republican power broker Tom Noe, who pleaded guilty this summer to laundering money to Mr. Bush's re-election campaign and who faces charges this fall of stealing millions of dollars that state officials invested in his rare coin ventures.

Presidential adviser Karl Rove speaks at Inverness Club, echoing themes from President Bush's 2004 campaign.

(THE BLADE/ANDY MORRISON)

Zoom | Photo Reprints In a press conference preceding the event, U.S. Rep. Marcy Kaptur (D., Toledo) challenged Mr. Rove to explain his relationship with Noe during the 2004 campaign.

"Karl Rove owes it to the people of Ohio to answer these questions," she said.

Mr. Rove did not take media questions and never brought up Noe. He talked early and late about Mr. Blackwell, but mostly about Mr. Bush and the war on terror.

Mr. Rove praised Mr. Blackwell's character and his commitment to tax cuts, likening him to the President on both counts. He accused Mr. Strickland of believing that "every day is a good day for raising your taxes."

He cheered the President's handling of the national economy, which he said has grown 20 percent since 2003, but he acknowledged tougher times in Ohio.

He drew his first applause when he listed federal taxes Mr. Bush pushed to cut and proclaimed the estate tax "on the road to extinction."

Mr. Rove criticized the New York Times for disclosing a government program to track terrorist finances and a Detroit judge for ruling against a federal government warrantless domestic surveillance program. He said that program, if in use at the time, could have prevented the 2001 attacks.

He referenced Osama bin Laden extensively and said al- Qaeda leaders view the Iraq war as the "central front in the war on terror."

He ridiculed Democrats as "obstacles" on national security, including highlighting a 2004 line that Sen. John Kerry (D., Mass.) was "for the war before he was against it" and a claim that on several key security votes, Mr. Strickland was "on the wrong side."

Mr. Strickland's campaign hit Mr. Rove pre-emptively yesterday in an e-mail fund-raising appeal that claimed Mr. Rove would encourage Republicans to spread a message of "fear and hate."

"We must stop their lies," wrote David Leland, Mr. Strickland's finance chairman.

Mr. Blackwell praised Mr. Rove's political and policy skills. He introduced Mr. Rove as "my friend, an outstanding American."

For weeks, Mr. Blackwell said he would not allow Mr. Strickland to cast the governor's race as a referendum on Mr. Bush or on unpopular Republican incumbent Gov. Bob Taft.

He said bringing Mr. Rove to town would not impede that goal.

"This is about our public policy positions and our records," Mr. Blackwell said.

Contact Jim Tankersley at: jtankersley@theblade.com or 419-724-6134.

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Democrat Maintains Slight Lead Over Incumbent In Senate Race (AP)

By Kimberly Hefling

AP PA Sen. Poll, August 25, 2006

WASHINGTON - Democrat Bob Casey maintained a slight lead over Republican Sen. Rick Santorum in Pennsylvania, but more voters say they have a poor opinion of the challenger, according to an independent poll released Thursday.

In a three-way contest, the new Keystone Poll found Casey leading Santorum 44 percent to 39 percent among registered voters. Green Party candidate Carl Romanelli had 4 percent. Thirteen percent were undecided in the poll, which was conducted by Franklin & Marshall College between Aug. 16-21.

In May, before Romanelli entered the race, the same pollster had Casey with a six-point lead over Santorum, the No. 3 Senate Republican.

In the Pennsylvania's governor's race, the latest poll detected an apparent widening in Democratic incumbent Ed Rendell's already huge lead over Republican challenger Lynn Swann. It showed Rendell leading Swann 53 percent to 34 percent, compared to a May poll that had him leading 49 percent to 34 percent.

In the Senate race, 20 percent said they had an unfavorable opinion of Casey, a seven-point increase. The number with a favorable opinion of him was virtually the same at 31 percent. Forty-nine percent didn't know or were undecided.

The number with either a favorable or unfavorable opinion of Santorum remained about the same at 37 percent each. Twenty-six percent didn't know or were undecided.

It appears Santorum has had success in placing Casey, the state treasurer, in a bad light, even as the opinion of Santorum hasn't shifted much, said G. Terry Madonna, the Franklin & Marshall professor who directed the poll.

"Casey has to define himself before Santorum defines him completely," Madonna said.

With some two months to the election, Santorum launched his first negative ad on Wednesday, criticizing Casey's attendance record at his state treasurer job while the challenger was campaigning. Santorum had been running more positive ads since June.

On Thursday, Casey answered with a critical ad that assailed Santorum for voting 98 percent of the time with President Bush, voting to give himself a pay raise and voting against raising the minimum wage.

"Santorum's misleading attacks on Bob Casey can't go unanswered," said Larry Smar, Casey's campaign press secretary.

The results of the survey were based on telephone interviews with 551 Pennsylvanians. The poll carried a sampling margin of error of plus or minus 4 percentage points.

The survey was commissioned by the Philadelphia Daily News, The Patriot-News in Harrisburg, WGAL-TV in Lancaster, the Pittsburgh Tribune-Review and WTAE-TV in Pittsburgh.

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Cry To Cut Spending Grows Louder (USAT)

By Richard Wolf

USA Today, August 25, 2006

CRANSTON, R.I. — Steve Laffey boasts of the school crossing guards he fired, the senior center square dancing he curtailed, even the taxes he raised to balance this city's books. It's not the usual path to the U.S. Senate.

Campaigning in the nation's smallest state, the two-term mayor encounters the usual requests for aid from Washington. A woman wants help with college costs; he won't promise any. A man wants him to defend endangered species; he won't pledge to do so.

What he will do, he says, is oppose pork-barrel spending — even if it's for Rhode Island. "I don't placate people," Laffey says.

As the war in Iraq, Hurricane Katrina and soaring health and retirement benefits send federal spending to record levels, fiscal righteousness has become politically correct. Challengers promise not to bring home the bacon, but to slash it.

Nowhere has the issue gained as much attention as in Rhode Island. The Club for Growth, a Washington interest group that favors conservative economic policies, has helped raise nearly $1 million for Laffey — and $6 million nationwide — in hopes of electing lawmakers who promise to cut spending, taxes and government regulations.

The group has given Laffey, 44, a fighting chance to defeat Sen. Lincoln Chafee in the Republican primary Sept. 12.

In a state where President Bush gets only a 22% favorable rating, both candidates try to distance themselves from their party. At a debate in Warwick on Wednesday night, Laffey said Bush backs Chafee. The incumbent noted that his support for the president's policies has been "spotty at best."

The primary shapes up as a mirror image of neighboring Connecticut's Democratic contest last month. There, moderate Sen. Joe Lieberman lost to a more liberal challenger. Here, Chafee — one of the Senate's most liberal Republicans — is threatened from the right. Unlike Lieberman, Chafee won't run as an independent if he loses the primary.

Laffey's lament about Washington's spending habits is catching on as an issue nationwide. The Club for Growth has backed nine winners in primaries this year, including one who defeated a Republican congressman in Michigan. It has lost three times.

The group has turned its sights on Chafee, 53, who took over the Senate seat from his late father, John, in 1999.

In its latest TV ad, the club ridicules Chafee's votes for projects such as a $223 million "bridge to nowhere" in Alaska, an indoor rain forest in Iowa and a sheep institute in Montana. Laffey's website features 36 "taxpayer ripoffs of the week," such as funding for Mark Twain's home in Connecticut, that Chafee has supported.

"The message about wasteful spending resonates more strongly with voters than the message of excessive taxes," says Club for Growth President Pat Toomey, a former Pennsylvania congressman. Toomey narrowly lost a primary challenge to a moderate Republican senator, Arlen Specter, in 2004.

Laffey supporters count on the anti-spending message to boost his chances. It worked this month in Michigan, where the Club for Growth helped Tim Walberg upset moderate GOP Rep. Joe Schwarz. The Club for Growth plans to get involved in up to 20 general election races this fall.

Laffey campaigns as a populist. The son of a union toolmaker, he went on to Harvard Business School and the top job at Morgan Keegan, a financial services firm, before returning to run for mayor. He ridicules "career politicians" in both parties for their ties to "special interests," particularly oil and drug companies.

He campaigns in polo shirts and shorts with his wife and five children. His wife, Kelly, pushes a double stroller while Sarah Grace, 9, snaps photos, and Audrey, 2, shakes every hand. "In Rhode Island, you can knock on enough doors to make a difference," he says. Estimated total to date: 8,000.

Chafee calls the Club for Growth "the great white shark of special interests" and plays up his thrifty credentials, such as his 2002 rating by the Concord Coalition as the Senate's most fiscally responsible member. He voted against Bush's tax cuts in 2001 and 2003.

On the other hand, Chafee brags about the $2 billion in spending he has helped bring to his state since 1999. His ads note that he "got millions to improve our bridges and roads." His website asks, "Would Steve Laffey oppose the construction of the Westerly water tank (a storage tank for the town's drinking water)?"

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Chafee touts his independence and “growing seniority” in Congress and laments the loss of moderate Republicans in the Senate. “ ‘Squishy moderates,' that's what we're called. ‘No real spine,' ” he says of the four who remain.

That's the opinion of some voters who gave Chafee a hard time Thursday on a local radio show and in front of a supermarket on issues ranging from immigration (he favors a “guest worker” program) to the war on terror (he wants more dialogue with Iran and Syria).

Richard Lavallee, 47, a Web architect from Warwick who came to Wednesday's debate undecided, emerged a Chafee supporter. “I think Chafee has the right blend of thoughtfulness. He really is emblematic of the independent man,” Lavallee says.

That could come in handy in the general election. Independents outnumber Democrats 55%-35% in the state. Republicans come in a distant third at 10%. Chafee and former Democratic attorney general Sheldon Whitehouse run even in the polls. “All the numbers suggest that Laffey cannot beat Sheldon Whitehouse in November,” says Chuck Newton, spokesman for the state Republican Party.

First, however, Chafee must overcome an anti-incumbent sentiment that has toppled Lieberman, Schwarz, Georgia Rep. Cynthia McKinney and Alaska Gov. Frank Murkowski, who lost his re-election bid Tuesday.

“It's a challenging cycle to be an incumbent and a challenging cycle to be a Republican,” says Chafee's campaign manager, Ian Lang.

Karen Fecteau of Coventry, 57, was impressed this week when Laffey came to her door. She isn't so sure about Chafee. “Unfortunately,” she says, “he is a Washington, D.C., senator.”

Lamont Criticizes Lieberman, Bush Over Katrina Response (NSDY/AP)

By Susan Haigh

Long Island Newsday, August 25, 2006

HARTFORD, Conn. -- The Gulf Coast is thousands of miles away, but the federal response to Hurricane Katrina has become an issue in Connecticut's hot U.S. Senate race.

Democratic primary winner Ned Lamont is accusing U.S. Sen. Joe Lieberman, now running as an independent, of not holding the Bush administration accountable for failures in responding to the disaster.

Lamont also says Lieberman, ranking member of the Senate Homeland Security Committee, mistakenly agreed to put the troubled Federal Emergency Management Agency under the control of the U.S. Department of Homeland Security.

"I think FEMA worked really well when it had professional management as an independent agency," Lamont said in an interview this week. "And sure, it was Senator Lieberman who said, 'Let's redo FEMA.' It was Senator Lieberman who said, 'Let's put Michael Brown as No. 2 at FEMA.'"

Lieberman defends his record on Katrina, saying he visited the devastated region a week or two after the storm and several times later. He said he and Sen. Susan Collins, R-Maine, issued a bipartisan Homeland Security Committee report in April that was critical of all levels of government, from the White House to the New Orleans mayor's office.

Lieberman, in a secondary report, took sharper aim at President Bush, who he said appeared distracted from the disaster as it unfolded. "The president is, after all, the commander in chief _ not only in terms of international crises, but in terms of catastrophes here at home," he said.

On Thursday, Lieberman said he has also consistently fought to get adequate federal aid delivered to the Gulf Coast region.

Lamont was scheduled to be one of the headliners Thursday night at a fundraising event for Katrina victims in New York City, where he is to outline his plan to prevent another similar tragedy.

The event, organized by the liberal organization MoveOn.org, will feature celebrities such as actress Rosie Perez and singer Moby, as well as some Katrina evacuees.

Lamont, a Greenwich businessman and political newcomer, defeated three-term incumbent Lieberman in the Aug. 8 primary by about 10,000 votes.

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Lieberman is now running as an independent in a three-way race with Lamont and Republican Alan Schlesinger. Lamont has gained support by criticizing Lieberman for being too supportive of Bush and the Republicans on various issues, including the war in Iraq.

This is not the first time Hurricane Katrina has been an issue in the Senate race, which has attracted both national and international attention.

Lamont referenced the Bush administration's response to the hurricane in at least one of his TV ads, which showed flood victims standing on their rooftops waiting for help. In the ad, he talks about how the administration's poor response exemplified Bush's wrong priorities for the country. Lamont's campaign is currently re-airing the ad.

Lamont has also condemned Bush's response to the hurricane during campaign visits to mostly black churches.

Lamont is calling for FEMA to be returned to an independent, cabinet-level agency. The report issued by Lieberman and Collins concluded that only by abolishing FEMA and replacing it with a stronger authority could the government best respond to future catastrophes.

Lamont, who opposes the war in Iraq, said National Guard forces should be returned from Iraq to the U.S. to protect the nation from natural disasters as well as terrorist attacks.

"Right now our National Guard are doing not what they were contracted to do," Lamont said in an afternoon conference call with reporters.

Also, Lamont is calling for an investigation into the federal government's response to the hurricane, and said Congress must better scrutinize all administration nominees.

Money Can't Buy You . . . Well, Maybe It Can (WSJ)

WSJ letters – Kerry / Secret holds, August 25, 2006

Jonathan Clements writes in his Aug. 16 Getting Going column about money and happiness ("Money and Happiness: Here's Why You Won't Laugh All the Way to the Bank," Personal Journal). I've seen a few articles in newspapers and magazines on this topic over the years, with the main theme that being rich doesn't equal happiness.

While Mr. Clements mentions that lifestyle changes can be made to increase happiness with less money, the one thing never mentioned in these articles is peace of mind. Having money gives one a better chance of achieving this.

I recently inherited a little bit of money, and was able to get a sense of how it felt to not worry about where the money was going to come from to cover some expenses. I had to get my two cars serviced, plus get a new set of tires. This was an expense that would cost almost $1,500. I had put off this expense for some time because I didn't want to use a credit card. But since I now had some money in my checking account to cover this expense, I had the work done. While sitting at the dealer's waiting for the work to be completed, a sense of joy came over me because I wasn't worried about how this bill was going to get paid. No sense of despair about going further in debt, no worry about paying it off over the next year or the interest rate. For the first time in quite a while, I had a sense of what it must feel like to have money and not have to worry about how to pay for such things.

People with money don't worry about such things. I know because I have relatives and friends that are somewhat well off, and expenses that would keep me awake at night don't faze them in the least. So while money might not bring happiness, if I had a choice between having money and not having money, having money is heck of a lot better.

Bob Dickerson

Forest Hill, Md.

Mr. Clements's article especially touched me because following Hurricane Katrina, I did much soul searching and decided to sell my New Orleans home and leave my tenured teaching position at a New Orleans university. I opened up an import gift shop in the quiet, picturesque town of Grand Coteau, where I now live. The teaching job paid well and provided good benefits, but the 4/4 course load left me with long hours of grading and class preparation that often overflowed into my evenings and weekends.

It is with hesitation that I left teaching for an uncertain and drastically lower income. But now I enjoy a four-minute commute to work -- on foot. And I find that my dinners at home with my husband are much more pleasant as there is no ungraded

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student work awaiting me. We live in a small house that is easier to maintain. And I feel like I am beginning to catch up on friendships that had begun to lag in my busy city life.

The article noted activities that make people happy, such as travel and sharing meals with friends. I would add to that list learning new things, such as studying a foreign language or learning to dance.

Patrice Melnick

Grand Coteau, La.

My mother-in-law sums this issue up very simply: Money doesn't buy you happiness, but it does let you suffer in comfort.

David H Jameson

Chappaqua, N.Y.

Lamont Has the Courage To Defy Bush and the War

The sentiments expressed in "The Lamont Wing Is a Threat to Security" (Letters to the Editor, Aug. 22) will do nothing to make America safer. If the neoconservatives were half as good at fighting the war on terror as they are at misleading the American public, we'd be a lot safer than we are today.

The disastrous policy in Iraq has made America less safe. We were misled into a war which has become a dangerous distraction, and a profound drain on our financial and military resources. Nearly five years after the attacks of 9/11, it's clear that this administration hasn't learned the real lessons of 9/11 and failed to take the steps to make us as safe as we must be. Osama bin Laden is still on the loose. The 9/11 Commission's recommendations to secure our most vulnerable infrastructure remain virtually ignored. Homeland security funding has been cut for cities such as Boston and New York. Staying the current course in Iraq is not making the American people any safer at home or abroad and has hurt our fight in the war on terror.

Ned Lamont has had the courage to stand up to George Bush and make this cause a central part of his campaign. That's why Connecticut Democrats chose him over Joe Lieberman. Mr. Lamont will be tough and smart about our national security. He's boldly stepped forward to demand a winning strategy from Washington and he has put forward concrete ideas. Mr. Lamont vigorously supported the war in Afghanistan and will help restore America's focus on destroying Osama bin Laden and the enemies who actually attacked us on 9/11. He won't stand by and allow Afghanistan to continue to descend back into chaos. He'll fight for increased funding to protect our ports that have been left vulnerable and he'll fight to restore the cuts to the veterans' budget for our heroes coming home from Iraq. In fact, continuing the current course is a grave threat to our security and we'll be stronger with Ned Lamont in the Senate.

Sen. John F. Kerry (D., Mass.)

Boston

Secret Holds in Senate Undermine Accountability

Your Aug. 21 editorial "Senate's Most Wanted" highlights how the practice of secret holds undermines accountability in the Senate.

For nearly a decade, we have worked on a bipartisan basis to bring more transparency to the Senate by permanently prohibiting holds that are secret. In 1997 and 1998, the Senate unanimously approved our amendments to require that a senator's intent to object to legislation or a nominee be made public within 48 hours in the Congressional Record. These amendments didn't survive conference committee proceedings.

Now we have another chance. In March, senators voted 84-13 for our amendment requiring that holds be made public. The amendment is part of the Senate version of the lobbying reform bill. We will work to see that it is included in final legislation.

The use of secret holds damages public confidence in the Senate. The exercise of power that has been vested in us should always be accompanied by public accountability. It's time to force these holds out of the shadows and into the sunshine. The holding pattern that has become a way of life in the Senate needs to end.

Sen. Ron Wyden (D., Ore.)

Sen. Charles Grassley (R., Iowa)

Washington

Google Model Is Similar To Traditional 'Throwaway'

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When Google announced plans to duplicate copyrighted material to support its business plan, writers and publishers took them to court for violating copyright ("Google Sees Content Deals as Key to Long-Term Growth," Marketplace, Aug. 14). Google will eventually sign agreements to license the content and provide financial consideration to the copyright holders for that license.

Let's face it, the current Google business model is a modified "throwaway" classified ad sheet of the kind delivered to millions of homes every day. The modification is the search engine for which you must endure the ads for free use of Google search. You can't even shred it for the cat box!

We all know that content can be sold. It must first be acquired: You create it (very expensive); lease it (much less expensive); steal it (illegal and very, very expensive when caught).

Angling For Hip-Hop Appeal (WP)

By Matthew Mosk

The Washington Post, August 25, 2006

Maryland Lt. Gov. Michael S. Steele's credibility with a pivotal constituency -- African American voters -- got a boost yesterday when hip-hop mogul Russell Simmons got behind his U.S. Senate bid.

"It's extremely significant," said Donna Brazile, a Democratic political strategist. "It says that Michael Steele is someone who is comfortable with youth voters and minority voters."

Yesterday's heavily promoted announcement was just the latest example of how one of the nation's highest-ranking black Republican office holders is trying to balance two aspects of his life -- his race and his political party. Standing beside Simmons, Steele happily embraced the label "hip-hop Republican."

That title is the essence of Steele's delicate campaign strategy to draw votes from Maryland's large pool of black voters while retaining financial and Election Day support from another minority group in the state, conservative Republicans.

He might, for instance, be the only politician in America to have had fundraisers hosted this year by Russell Simmons and Dick Cheney.

Simmons, in turn, might just be the only host to throw fundraisers for both Sen. Hillary Rodham Clinton and Michael Steele.

"I'm from hip-hop, how can I give in to la-

bels?" asked Simmons, who as co-founder of Def Jam Records has been at the forefront of hip-hop's ascendance, as well as efforts to register black voters.

Simmons said he first came to Maryland four years ago to campaign against Steele, but Steele won him over. "Every time we've had a discussion, it boils downs to the same two things: education and opportunity," Simmons said. "The lieutenant governor is clear on his mission."

Steele's message of black empowerment -- that African Americans no longer want a seat at the lunch counter, they want to own the diner -- has resonated with Simmons and with Cathy L. Hughes, founder of Radio One, one of the nation's most successful black-owned radio networks.

Hughes's name appeared on the invitation for a fundraiser last night in Baltimore, but she did not attend.

Support from these icons of black popular culture could help burnish Steele's image for political dexterity. He almost never invokes his deep GOP roots on the trail and launched his first television ad this week pledging to "talk straight about what's wrong in both parties."

Other Democrats, though, have called his strategy a cynical attempt to divert attention from his own biography: that of a social conservative who chaired the state Republican party and worked aggressively on behalf of President Bush.

State Democratic Party Chairman Terry Lierman yesterday advised against reading too much into the endorsements.

"I think it's two individuals supporting a right-wing candidate who does not reflect the values and priorities of Marylanders," Lierman said. "When the time to vote comes, people will know that a vote for Steele is a vote for Bush."

Steele has consistently trailed in polls that match him against one of the leading Democrats in the party's crowded primary field, Rep. Benjamin L. Cardin of Baltimore. Polls have shown Steele in a statistical tie against the other Democratic front-runner, former NAACP president Kweisi Mfume.

Mfume said yesterday that the significance of the Simmons and Hughes endorsements was "lost on me."

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But Brazile, who has long warned the Democratic party not ignore its black voters, saw significance.

She called the endorsements a "shot across the bow" for the Democratic Party. That cry rose in Maryland four years ago, when Republicans became the first to nominate, then elect, an African American to statewide office: Steele.

"This should be a wake-up call," Brazile said. "You cannot take your most loyal base for granted. You cannot assume that just because people are black they will vote Democratic."

Where Simmons and Hughes could also prove to be powerful allies is in the image they present to younger black voters who may not feel the same tug of loyalty to the Democrats as do those who lived through the civil rights era.

An internal Democratic Party report found as much, saying that "at this time, a majority of African American voters are open to supporting Steele, particularly younger voters."

The March 27 report, by strategist Cornell Belcher, found that the most likely black voters to migrate to Steele would be men ages 18 to 29.

Simmons, who has long reigned as one of the entertainment industry's most capable promoters, is someone who can help Steele reach that demographic, said Brazile, who worked with Simmons when he went on a nationwide drive that registered 4,000 new Democrats in 2004.

"He has reach," she said.

Mark Anthony Neal, an associate professor of black popular culture at Duke University, agreed that Simmons "has tapped into the hip-hop generation" and used that skill to reach consumers. But he's not sure it will reach voters. "I don't think he's has shown he can do that yet," Neal said.

Hughes -- who chairs the nation's only publicly traded company headed by an African American woman, with about 71 stations across the country, including its Washington flagship, WMMJ (102.3 FM) -- also has potential to help, especially if she is able to draw any of her many celebrity friends behind Steele's candidacy.

A recent gala celebrating the 25th anniversary of her broadcasting empire drew Janet Jackson, Sean Combs, Jay-Z, Ruben Studdard, Danny Glover, go-go music pioneer Chuck Brown, roughly half the record industry and just about every major African American political figure, including Steele.

But even if the two help Steele reach young black men, it's unclear how much that will improve his election chances, said David Bositis, who studies black voting trends at the Joint Center for Political and Economic Studies.

"Of all the groups in the black population, they are the least likely to vote," Bositis said.

Bositis also predicted that, if Mfume wins the Democratic primary, "that's the last time you'll see Steele pursuing black voters."

Benjamin F. Chavis Jr., a former NAACP president who co-chairs a nonprofit group with Simmons called the Hip-Hop Summit Action Network, said that even if Mfume is the Democratic nominee, many African Americans will continue to follow Steele.

"Steele's candidacy offers a lot of hope and has inspired the positive aspirations of a lot of people in Maryland," he said.

In a brief interview, conducted as a stretch limo idled in an alley in Laurel, Simmons laughed that Steele was only the second Republican he's supported. (New York Mayor Michael Bloomberg was the first.) But then he turned serious.

"We're not looking for a hip-hop Republican," he said. "We're looking for someone concerned about the war on poverty and ignorance, and anyone who is open-minded about that, as the lieutenant governor seems to be."

Hip-hop Mogul Holds Fundraiser For Steele (WT)

By Jon Ward

The Washington Times, August 25, 2006

BALTIMORE -- Hip-hop mogul Russell Simmons said last night that even though many Democrats are not happy that he is supporting the U.S. Senate bid of a Republican, he doesn't care because Maryland Lt. Gov. Michael S. Steele is at the vanguard of the civil rights movement's last chapter.

"Lots of people don't like that I'm here, but that's all right," said Mr. Simmons at a fundraiser he headlined for Mr. Steele.

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Mr. Simmons is a New York impresario who in 2004 helped the Democratic Party register 4 million voters via the Hip Hop Summit Action Network, which he co-founded with Benjamin Chavis, former executive director of the National Association for the Advancement of Colored People (NAACP).

He said he supports Mr. Steele because he is "a giver of education and opportunity."

A crowd of about 300 mostly young black people paid $35 to attend the fundraiser with Mr. Simmons at the Frederick Douglass-Isaac Myers Maritime Park, where nationally known disc jockey Kid Capri spun records. About 100 people attended a $500 ticket VIP reception beforehand.

"The last leg of the civil rights movement is the economic empowerment step," said Mr. Simmons, who promoted the rap group Run-DMC in the 1980s and has since built a media and clothing empire called Phat Farm. "Some of the things [Mr. Steele] is doing are causing people to pay attention."

He also said Mr. Steele "may live a conservative lifestyle, but he's got an open mind."

Cathy Hughes, founder of Lanham-based Radio One, the seventh-largest national radio conglomerate and the largest aimed at black audiences, was scheduled to attend the fundraiser but could not because of a family illness.

Mr. Steele, seeking to replace retiring five-term Sen. Paul S. Sarbanes, a Democrat, called Mr. Simmons an "inspiration" and a "role model for what economic empowerment can do to create legacy wealth for our children."

Mr. Steele said that creating legacy wealth is the "the definition of the 21st century civil rights movement."

He then criticized both Republicans and Democrats for not doing enough to alleviate poverty in lower-class neighborhoods.

Earlier in the day, Mr. Simmons appeared with Mr. Steele, who also is black, at the Laurel Boys and Girls Club to tell children about the importance of an education.

Mr. Simmons, dressed in a T-shirt, baggy blue jeans and spotless white sneakers, said that he was "going wherever the lieutenant governor tells me to go."

He was accompanied by Mr. Chavis, who also worked for Martin Luther King during the civil rights movement.

"Personally, I'm a Democrat," Mr. Chavis said. "However, I'm here today to stand with Russell Simmons as he stands with the lieutenant governor of Maryland. It appears that Steele's candidacy offers a lot of hope and has inspired the positive aspirations of people in Maryland and across the country.

"This is being watched across the country. People's aspirations are transcending traditional political boundaries. Steele has emerged as an independent thinker."

U.S. Rep. Benjamin L. Cardin, a 10-term congressman, is one of the two leading Democrats running to oppose Mr. Steele in the general election.

Mr. Cardin's chief opponent in the Democratic primary is Kweisi Mfume, a former congressman and also a past president of the NAACP.

Mr. Chavis said he admired Mr. Mfume, whom he called a friend, and wished him well "on the Democratic side."

When asked whom he supports in the general election, Mr. Chavis said, "It's up to the voters."

Several parents at the boys and girls club said they are inclined to vote for Mr. Steele and do not think of him as a Republican, despite attempts by the Maryland Democratic Party to portray him as "a typical Republican in the eyes of voters, as opposed to an African-American candidate," as detailed in an internal party memo.

"Anybody affiliated with the president these days would make me take a second look at what they stand for," said Robin McCormick, 30, of Laurel, who brought her son to see Mr. Simmons and Mr. Steele. "But when I hear [Mr. Steele's] name, that's not what comes to mind."

Mrs. McCormick, a registered Democrat who works for the Department of Agriculture, said Mr. Simmons has "a large amount of influence."

Warren Branch, 33, and Anthony Phillips, 41, of Laurel, grew up in New York City, where Mr. Simmons came to fame, and brought along their sons to the club.

Mr. Simmons "definitely has enough power to be able to influence people," Mr. Branch said. Children "look at him and say, 'He looks just like us. He dresses just like us.'"

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Mr. Phillips said he votes as a Democrat, "but if you're going to say something positive, and do it, it doesn't matter if you're Democrat or Republican. ... I don't think Russell Simmons would support somebody who doesn't have the same influences that he does."

Fairfax Native Says Allen's Words Stung (WP)

By Fredrick Kunkle

The Washington Post, August 25, 2006

S.R. Sidarth had built an impressive record of achievements for such a young man: straight-A student at one of Fairfax County's finest high schools, a tournament chess player, a quiz team captain, a sportswriter at his college newspaper, a Capitol Hill intern and an active member of the Hindu temple his parents helped establish in Maryland.

But for all his achievements, the moment that thrust him into the national spotlight this month came when Sen. George Allen (R-Va.) called him "macaca."

The remark stung the young man of Indian descent. What hurt more, Sidarth said, was when Allen gave him a sarcastic welcome to his own country, his birthplace even. It was too ironic, he thought. "I was born and raised in Fairfax County, and he's from California," said S.R. Sidarth, wearing khaki shorts, a yellow short-sleeve shirt and flip-flops a week after the incident during an interview at the campaign headquarters of Allen's opponent, Democrat James Webb.

The full name of the suddenly famous 20-year-old is Shekar Ramanuja Sidarth. Following Indian custom, he goes by his surname. To some of his friends, he is simply "Sid."

He returned this week to the University of Virginia, where he is a senior majoring in American government and computer engineering.

Before college, Sidarth lived a somewhat typical, but distinguished, Fairfax County life. He attended the elite Thomas Jefferson High School, where he had a 4.1 grade-point average and scored 1550 on his SATs. He was a member of the chess club and the Spanish Honor Society and participated in the quiz show "It's Academic." At 6 feet 4 inches tall, he also played defensive end, tight end, punter and kicker for the school's football team.

Sidarth was ambivalent about his sudden celebrity. He twiddled a pen as he talked about his life, at times barely raising his eyes from the office desk where he was sitting. "I was just doing my job, and I got sort of pulled into this," he said.

Sidarth said the Allen incident hasn't turned him off from politics, though he's ruled out becoming a politician himself. Right now he thinks it's more likely that he'll become an environmental lawyer.

Growing up, Sidarth was consumed by chess, testing his mettle against computers and in tournaments. As an 11-year-old, he paid attention when IBM's Deep Blue computer defeated Russian chess master Garry Kasparov in a legendary showdown between man and machine.

"I guess I was pretty introverted. I guess being an only child was part of that. I was on the computer a lot," Sidarth said.

At U-Va., he joined the Quizbowl team and the Cavalier Daily. He also worked part time at the library and spent a term in Barcelona last fall, studying Spanish law and politics.

The Webb campaign wasn't Sidarth's first venture into politics. In 2003, he contributed $2,000 to the presidential campaign of Sen. Joseph I. Lieberman (D-Conn.), according to campaign finance records. The next summer, he was an intern in Lieberman's office.

His political interests follow family tradition. His great-grandfather accompanied Mahatma Gandhi to London for talks on political reform. His grandfather, R. Srinivasan, was secretary of the World Health Organization in the 1990s. His father, Shekar Narasimhan, aided some political campaigns, usually for Democrats but not always, Sidarth said.

Sidarth's father, a prosperous mortgage banker, came to the United States to study about 25 years ago. His mother, Charu, a teacher of Indian classical dance, followed later.

Both played important roles in the founding of Sri Siva Vishnu Temple in Lanham, one of the largest Hindu temples in the country, said Narayanswami Subramanian, the temple's president. Shekar Narasimhan is a trustee emeritus, Charu Narasimhan chairs the board of trustees and Sidarth volunteers there.

"They've instilled in him all the values that are important to a Hindu: being honest, working hard," Subramanian said.

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Ali Batouli, a senior biology major at Stanford University who befriended Sidarth in a 10th-grade calculus class, said Sidarth could solve complicated math problems in his head faster than anyone else. As a high school senior, Sidarth also seemed to know more than his Advanced Placement classmates about Virginia and United States government history, Batouli said.

Once, Batouli recalled, a roomful of Thomas Jefferson students were competing in an online academic contest against schools across the country. Sidarth answered most of the questions, helping the team to vanquish much of the competition.

"He basically knows a lot about a lot," Batouli, 20, said by telephone this week.

But Sidarth was not the kind to raise his hand a lot or show off, and he was interested in public service before any of his peers were, Batouli said. "On the weekends or something, I'd call him, and he'd be volunteering somewhere," Batouli said.

It was his volunteering that started the clock on his 15 minutes of fame.

On Aug. 7, Sidarth was given a digital camcorder, a copy of Webb's Republican opponent's schedule and orders to record Allen during his "Listening Tour" of Virginia. It is a routine campaign practice known as tracking, and both sides were doing it.

Sidarth set off in a dark green, 1996 Volvo 960 with a faded American flag decal in the rear window and a washed-out "God Bless America" sticker on the rear bumper.

At campaign stops, Sidarth said he and Allen's aides made small talk about the long trek, whether they had slept well and the name of the staffer from Allen's campaign who was doing what he was doing -- keeping an eye on the opponent.

At one stop, the senator had even walked up and shaken Sidarth's hand. Allen asked him his name and what company he was from, evidently thinking that Sidarth was a supporter, Sidarth said.

"I said, 'I'm following you around,' " Sidarth said. "And he understood that."

On Aug. 11, Sidarth followed Allen's bus into Breaks, Va., a town near the Kentucky border, for a GOP meet-and-greet. It was there that Allen segued into the riff directed at Sidarth.

"This fellow here, over here with the yellow shirt, Macaca, or whatever his name is, he's with my opponent," Allen said.

"Macaca" is the scientific name of a genus of monkeys, and it is used as a slur in some cultures. Allen called Sidarth this week to apologize.

Sidarth said he knew right away that the word "macaca" was a put-down. He felt its sting.

"I had an idea of what he was getting at -- that he was injecting some sort of derogatory comment toward me that had a racial bent to it. I knew that it meant 'monkey' and it was used toward immigrants," Sidarth said. "I realized that I had been insulted."

But he kept filming. Allen kept going.

"He's following us around everywhere. And it's just great. We're going to places all over Virginia, and he's having it on film, and it's great to have you here, and you show it to your opponent because he's never been there and probably will never come so it's good for him to see what it's like out here in the real world," Allen said.

There were big whoops from the crowd, and laughter.

"So welcome, let's give a welcome to Macaca here! Welcome to America, and the real world of Virginia!"

Back at school in Charlottesville now, Sidarth has taken his new, unwanted fame with him.

Larry J. Sabato, an oft-quoted political pundit who teaches a small, popular seminar on campaigns and elections, said he asked students to write an essay as part of the admission process. Eighty people applied for the course, including Sidarth. His essay was just three words long -- but it was enough to clinch one of the 20 coveted spots in the class.

"I am Macaca," he wrote.

It's Never Too Early To Gear Up For '08 Race (NYT)

By Adam Nagourney

The New York Times, August 25, 2006

DETROIT, Aug. 24 — For Chuck Larson, a former chairman of the Iowa Republican Party, the past few months have included a flight to Albany for dinner at the executive mansion with Gov. George E. Pataki of New York, a likely 2008 presidential contender. Mr. Larson was also summoned for a long private sit-down with Gov. Mitt Romney of Massachusetts at a hotel in Des Moines.

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And there was an hourlong visit with Senator John McCain of Arizona at his private office on Capitol Hill, where Mr. McCain, a Vietnam veteran, asked Mr. Larson about his just-completed tour in Iraq. That one closed the deal. So last week, Mr. Larson could be found at Mr. McCain's side at the Iowa State Fair, squiring the senator from cow to hog to the pork-chop-on-a-stick stand in his new role as Mr. McCain's Iowa adviser.

Every four years, politicians on both sides of the fence say the presidential race has begun earlier than ever. The difference this time is that it appears to be true.

The bath of attention for Mr. Larson reflects what officials in both parties describe as an urgent and persistent effort by potential presidential contenders to begin building the foundation of a campaign for 2008, starting even before a vote has been cast in the midterm elections. In Iowa, Michigan and other important early primary states, a small storm of activity is taking place, as the nearly 20 Democrats and Republicans who are eyeing races have become increasingly anxious at the realization that there are only so many big-name staff members, contributors, prominent local supporters and minutes on the evening news.

This is the first time in years that there have been wide-open fields for Democrats and Republicans, and that is kindling competition for the services of people like Jim Jordan, who worked in 2004 as a campaign manager for the presidential campaign of Senator John Kerry, Democrat of Massachusetts.

"There really aren't enough proven campaign managers and consultants and seasoned field operatives to go around,'' said Mr. Jordan, who just signed on with Mark Warner, a Democrat and the former governor of Virginia who is considering a run for president.

The signs of activity are everywhere. On Thursday, Mr. Warner was in Detroit campaigning for Gov. Jennifer M. Granholm, a Democrat seeking re-election in a state with the second largest trove of delegates among states expected to schedule nominating contests in the critical first three weeks of the 2008 primary season. On the same day, Mr. Romney announced that he had created a 75-member Michigan Steering Committee, widely viewed as the cornerstone of a Romney-for-President operation in the state.

Nine candidates were in Iowa last week: four Democrats and five Republicans. That does not count Gov. Tom Vilsack of Iowa, who is also likely to seek the Democratic Party's presidential nomination. And as candidates today try to figure out what states will matter in 2008, Iowa is just one stop on this busy circuit.

"Sorry for being late getting back to you," Katon Dawson, the South Carolina Republican chairman said in a telephone interview. "Giuliani's second visit down here threw us off."

Mr. Dawson said Rudolph W. Giuliani, the former mayor of New York, had been in the state to do a fund-raiser for the South Carolina Republican Party — local party officials learned long ago that one of the fringe benefits of having eager-to-please prospective presidential candidates in town was pressing them into fund-raising — as well as campaigning in Congressional races. So had Mr. Romney, Mr. Dawson said as he reviewed his calendar of political visitors to South Carolina. And Mr. Pataki. And Newt Gingrich, the former House speaker. And Gov. Mike Huckabee of Arkansas.

Typically, even in highly competitive years, candidates do not begin doing this kind of recruiting and traveling until after the midterm elections. Mr. Jordan did not begin as Mr. Kerry's campaign manager until after November 2002, and did not begin putting together a full-fledged staff until January, he said.

But as of today — before Labor Day of the midterm elections — Senator Hillary Rodham Clinton of New York, Mr. McCain, Mr. Warner and John Edwards, the former North Carolina senator and 2004 presidential candidate, have built what appear to be the closest to full-formed skeletons of national campaign organizations.

They have signed on fund-raisers (Mrs. Clinton's roster includes Terry McAuliffe, the former Democratic national chairman and close friend to her and her husband, former President Bill Clinton), as well as pollsters, media advisers, communications directors, policy advisers and, inevitably enough, Web specialists.

Mr. Romney has four full-time workers in Iowa and three in South Carolina, his aides said. And the candidates themselves do seem to be everywhere, in what officials in both parties take as a sign of how times have shifted.

"That's the difference compared to 2004 — it started later in the '04 cycle," said Joe Erwin, the Democratic party leader in South Carolina. "Warner has been in two or three times," Mr. Erwin said, along with Senator Evan Bayh of Indiana, Mr. Kerry and Mr. Vilsack.

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Aides to most of the candidates said there was risk in delay. There may be a dwindling opportunity to nail down big names — Mr. McCain's aides said this week that Robert B. Zoellick, the former deputy secretary of state, was the latest big name to join the McCain camp. But it is also important to be perceived by contributors and political journalists as viable and gaining support.

Mr. Romney's supporters were understandably cheered when David Yepsen, the influential columnist for The Des Moines Register, wrote a column showering Mr. Romney's efforts with praise, calling him the best organized of any Republican candidate in the state and declaring that he was "well on his way toward winning the 2008 Iowa Republican caucuses."

Given how much competition there is, the candidates have been resourceful in coming up with new ways to make friends in important places.

Senator Bayh has created Camp Bayh, training political operatives and dispatching them to help in the local elections in Iowa this year. "I am visiting Iowa more than any place, more than any other state than Indiana," he said after speaking to Iowa Democrats at a small coffee shop in Cedar Rapids.

Mr. Romney, clearly enjoying his role as chairman of the Republican Governors Association, went to Cedar Rapids to campaign with Representative Jim Nussle, the Republican candidate for governor. There, Mr. Romney announced, to the audible gasps from an audience of devoted Republicans, that his committee was giving $500,000 to the Nussle campaign.

Mr. Pataki of New York is using the lure of the Saratoga Racetrack to make friends. Aides said he was bringing 15 Republican state senators from New Hampshire for a day at the races on Friday.

The competition has been both for big-name people and to work out of a national headquarters, and that starts with the small group of people who were at the core of President Bush's campaigns for the White House.

Mr. McCain has worked hard in trying to get veterans of the president's campaigns, succeeding with Mark McKinnon, President Bush's media adviser; Terry Nelson, his political director; and, in all likelihood, Nicolle Wallace, who was the White House communications director.

One of the top members of Mr. Bush's campaigns, Matthew Dowd, who was his chief strategist, is the object of at least interest of both the McCain and Romney campaigns, Republicans say. "Matt is the biggest fish out there who hasn't signed," said one of Mr. McCain's associates, who insisted on anonymity to discuss internal campaign deliberations.

But Mr. Dowd, along with two of the other top lieutenants in the Bush presidential campaign — Karl Rove, the president's chief political adviser, and Ken Mehlman, the chairman of the Republican National Committee — have told friends they are unlikely to do another campaign.

Some of the most significant maneuvering involves states like Iowa and New Hampshire, because they hold early primaries and caucuses and require the kind of expertise that comes from either living there or having worked on campaigns there.

Mr. Larson, 38, the former Iowa Republican Party chairman and an Army Reserve major who served for 12 months in Iraq, drew particular attention because of his knowledge of Iowa politics, and because he worked as a co-chairman in the state for Mr. Bush. Mr. Larson said Mr. McCain's support for the war was one of the key issues that sold him on a McCain candidacy.

Hillary Will Be Hurt By New Demo Dates (USAT)

USA Today, August 25, 2006

When the Democratic National Committee last weekend revised presidential nominating procedures for 2008, it might have made for the biggest field of candidates since 1976. Then, 17 were in the race, which Jimmy Carter won.

Party caucuses will be held in Nevada five days after Iowa's traditional opener and before New Hampshire's primary. South Carolina's primary will follow a week after New Hampshire's. Possible candidates to be aided or harmed most by the two new states:

•In Nevada, Gov. Bill Richardson, 58, of New Mexico; former U.S. Senate majority leader Tom Daschle, 58, South Dakota; and U.S. Sen. Evan Bayh, 50, Indiana, could benefit.

•In South Carolina, native son and 2004 vice presidential candidate John Edwards, 53, will be helped. So might former Virginia governor Mark Warner, 51; and U.S. Sen. Barack Obama, 45, of Illinois.

•Almost certain to be hurt most in both states is U.S. Sen. Hillary Clinton, 58, New York.

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Clinton has been counting on a jump-start with a top two or three showing in Iowa, followed by a big Northeast win in New Hampshire. But unlikely to finish in the top two in either Nevada or South Carolina, she could lose steam before the big states choose.

She still is the overall favorite. But more and more leading Democrats express concern that even if she gets the nomination, she probably won't win the election.

That's one reason the field of candidates is growing. In addition to the likelies listed above, these wannabes probably will seek the nomination: U.S. Sen. Chris Dodd, 62, Connecticut; U.S. Sen. Joe Biden Jr., 63, Delaware; the 2004 presidential loser John Kerry, 62, U.S. senator from Massachusetts; and U.S. Sen. Russ Feingold, 53, Wisconsin.

Ehrlich Prolific In Granting Clemency (WP)

By Matthew Mosk

The Washington Post, August 25, 2006

Maryland Gov. Robert L. Ehrlich Jr. has been unusually active in his use of executive clemency powers, pardoning scores of convicts and commuting the sentences of five who were serving life sentences for murder.

Since taking office in 2003, Ehrlich (R) has granted clemency to 190 former convicts, reversing a two-decade trend among state and national chief executives, who have largely shelved their power to issue pardons.

Many of his peers consider the practice politically risky, but Ehrlich said he considers it part of his constitutional duty. He has invoked his authority to clean the slate most often for those who have, in the aftermath of a youthful indiscretion, lived exemplary lives.

For example, a series of pardons in recent weeks enabled a 29-year-old Cumberland man to receive a gun permit despite a 1998 arrest in a fistfight and a Hagerstown man, 56, to get a job as a security guard despite a 21-year-old battery conviction.

But the governor has also tackled cases that his predecessor wouldn't touch: a backlog of clemency appeals from lifers who had convinced state parole officials that they were ready to be released. "You have these situations where race may have played a part, insufficient counsel may have played a part, where the shooter is out and the accomplice is still in," Ehrlich said. "Those needed to be addressed."

His pardons touched people across the state and across party lines.

Ehrlich's political advisers cringed when he began holding monthly meetings to review pardon applications, but, he said, his law school training and his marriage to a public defender instilled in him a sense of duty.

"This is what governors do," Ehrlich said. "Criminal justice is something I'm trained in, and I believe in it. But I know at times the system doesn't work even though there are a lot of safeguards."

Ehrlich's Democratic predecessor, Parris N. Glendening, pardoned or commuted the sentences of one-fifth as many felons in his first term and refused to release lifers, maintaining a "life means life" stance throughout his tenure. His reluctance is not uncommon among governors. Nor is it inconsistent with the federal trend. President Bush has largely sidelined the practice, issuing 99 pardons since he took office, the fewest of any modern president.

"It appears that the only two incumbent chief executives who approach their pardoning responsibilities with any amount of proper respect are Governor Robert Ehrlich of Maryland and President Josiah Bartlet of 'The West Wing,' " wrote Margaret Colgate Love, a Democrat who was President Bill Clinton's pardon attorney, in a paper published in January by the American Bar Association.

In an interview, Love said that ever since the Willie Horton episode -- when an attack on a Maryland couple by a furloughed prisoner helped doom the presidential ambitions of then-Massachusetts Gov. Michael S. Dukakis (D) in 1988 -- politicians have considered pardoned criminals ticking time bombs, capable of destroying a career with a single act.

Glendening said he had been concerned about maintaining a consistent policy. With most pardon petitions coming from former felons who wanted guns, he said, he "had real concerns" about putting firearms in their hands.

"It would be odd, in a way, to say we should restrict the use of guns and then go out and issue a bunch of pardons," Glendening said.

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But Ehrlich did not share that objection. He viewed people such as Joseph Stafford, a deer hunter who was turned away by a salesclerk last year when he tried to buy a pistol at a Cumberland gun shop for target shooting, as deserving of a second chance.

Eight years earlier, a scuffle at a mall earned Stafford a second-degree assault conviction. If he wanted a gun permit, the clerk told him, he would need an executive pardon. Three weeks ago, after a long application and interview process, that is what Stafford received.

Other cases were more involved.

Montgomery County council member Tom Perez (D-Silver Spring), who is also a University of Maryland law professor and candidate for attorney general, said he was overseeing a criminal justice clinic five years ago when he discovered 30 inmates who had "fallen through a crack in the system." In 1994, the General Assembly reduced the sentence for daytime housebreaking from 25 years to three years but did not allow the change to apply retroactively.

Perez and his students petitioned Glendening on behalf of the 30 men with 25-year terms on the grounds that others committing the same crime were serving only a fraction of the time because they were convicted after the legislature's action.

Glendening rebuffed Perez's appeal. But soon after Ehrlich took office, Perez said, one of the governor's aides invited him to reapply. Ehrlich has since commuted the sentences of three of the men. And he signed a law that gave the others a one-year window in which to seek parole. One of them was Clifford Sewell, who, Perez said, "is now employed and living in Baltimore."

"Governor Ehrlich commuted his sentence, and I give him a lot of credit for that," Perez said.

Ehrlich has also reversed Glendening's "life means life" policy.

Walter H. Arvinger was 19 when he was arrested in 1968 in the beating death of James R. Brown. Witnesses gave conflicting testimony about whether Arvinger was part of a group that planned to rob Brown on a Baltimore street, but he never held the bat used to kill Brown. After a one-day trial, Arvinger was sentenced to life in prison.

The Maryland Parole Commission first endorsed his release in 1998, noting that everyone else involved in the attack was out, including the man who wielded the bat. But Glendening never considered it. He said his administration's prohibition on commuting life sentences stemmed from his discomfort with the death penalty -- and the only way the public would be willing to abandon the death penalty, he said, was if life sentences were irrevocable.

Ehrlich's decision to commute sentences in that case and other killings has not brought any outcry from victims' advocates.

One reason, said Russell Butler, executive director of the Maryland Crime Victims' Resource Center Inc., is that Ehrlich sought input from victims' relatives before granting clemency.

Ehrlich is an aberration among those governors endowed with clemency powers, statistics show. Governors in Louisiana and Michigan have, between them, issued a single pardon.

In Virginia, Mark R. Warner (D) issued 53 when he was governor, and Gov. Timothy M. Kaine (D) has signed one. Only two of Warner's involved people serving long felony terms. Both pardons resulted from DNA evidence that exonerated the convicts.

Most politicians, Love said, consider pardons too risky in a world where voters have responded best to those who talk tough about crime.

Pennsylvania's Mark S. Singel is one who learned that lesson the hard way. Singel (D), who had served eight years as lieutenant governor, began his bid for governor in 1994 by highlighting his service as chairman of the state's Board of Pardons to prove his mettle on crime. Of the 2,614 applications he reviewed, eight had been granted.

But a month before the election, one of the eight people pardoned was charged in the kidnapping, rape and robbery of a New York woman. Within days, Singel's opponent, Republican Tom Ridge, aired a television ad in which the narrator said: "In 1992, Mark Singel votes to free a murderer. Now the same man is arrested again. . . . Just a mistake or too liberal on crime?"

Ehrlich hasn't talked much about his pardons as he has campaigned for reelection against Baltimore Mayor Martin O'Malley (D), except before a group of black church leaders last month.

Ehrlich's chief counsel, Jervis S. Finney, said the governor is mindful of the political risks but has established a screening process that borders on the obsessive.

Applications are first reviewed by the state Parole Commission. Applicants who pass muster are then checked by a team from Finney's office. Two lawyers dig into their pasts, subject them to lie detector tests, read transcripts, talk to victims and

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prosecutors, and conduct a psychological battery that Finney said will provide the governor with the numerical odds that the applicants will commit other crimes.

The process seems to have worked. According to the state Division of Parole and Probation, only one of Ehrlich's clemency recipients has had another brush with the system: Timothy Branham, pardoned June 5 for a breaking and entering conviction, was arrested in a drug possession case later that month.

Even for Stafford, whose offense did not result in jail time, the investigation was thorough, the deer hunter said. An investigator interviewed him at length, called his relatives and past employers, and asked him to submit a 26-page application.

"It took a year," Stafford said. "I guess I could see the risk for [Ehrlich]. Some people, I'm sure, don't deserve it. But I'm glad he did it for me."

Thus Spake Zinsmeister (NYT)

By Thomas Frank

The New York Times, August 25, 2006

In their more grandiloquent moments, conservative publicists will say that the decades-long Republican ascendancy in American government has been an intellectual achievement, that the G.O.P. prevails because it is the "party of ideas." And, indeed, during the last three decades a cottage industry of conservative institutes and foundations has grown into a powerful quasi-academy with seven-figure budgets and phalanxes of "senior fellows" and "distinguished chairs."

While real academics dither and fret over bugbears like certainty and balance, the scholars of the American Enterprise Institute, the Heritage Foundation and the Cato Institute act boldly in the knowledge, to quote a seminal conservative text, that ideas have consequences. Luckily, the consequences are for other people.

Now upon the national stage steps one Karl Zinsmeister, formerly the editor of the American Enterprise Institute's flagship magazine and now the president's chief domestic policy adviser. In right-wing circles he is regarded as an intellectual heavyweight. What his career really shows us, though, is the looming exhaustion of the conservative intellectual system; its hopeless addiction to dusty, crumbling clichés; and a blindness to the reality of conservative power so persistent and so bizarre that it amounts to self-deception or, in Zinsmeister's case, delusion.

Let us begin with Zinsmeister's infamous remark that the people of Washington are "morally repugnant, cheating, shifty human beings," a declaration he later clarified to encompass only the city's "overclass." One could justifiably read his words as an obvious reference to the lobbyists, think-tankers, and fund-raising Congressmen who make up the Republican machine.

But a brief read through Zinsmeister's journalistic oeuvre reveals that liberals are, with a few exceptions, the only ones capable of repugnancy, shiftiness and membership in overclasses. This last quality is a point of particular emphasis in Zinsmeister's writing. Over the years, his editorials come back again and again to "elites" and their nefarious ways: "educated elites," "East Coast elites" and "professor/lawyer/journalist/activist elites," all of them shamefully out of tune with the good people of America.

Now, I am all for criticizing elites, beginning with Zinsmeister's former employer, the American Enterprise Institute, which has long been the reliable voice of corporate money. Its principals effectively ran the Goldwater campaign in 1964, and it was deep thinkers from the institute who, after moving into the Bush administration, dreamed up the war in Iraq. Today, its roster is a comprehensive directory of conservative Washington power; there is no better-connected group of people outside the government itself.

One might say the institute is a living lesson in the power of elites and shifty overclasses to distort debate. But that would imply that we have classes, and as Zinsmeister once wrote, the idea "that the United States has separate classes is dubious."

Then why has Zinsmeister expended so much ink assailing elites and their works? Enter the magic concept of the market, the source of corporate power and all else that is sacred. The working of the free market "is democracy," Zinsmeister writes, "with pluralities of economic actors exerting votes." Democracy itself, however, if it takes the form of a regulatory state, "is monarchism. It lets the handful at court boss the masses."

Swallow this, and all the rest of it starts to make sense: how liberals are elites even when they aren't, how the sweatshop economy of the Mariana Islands is the will of a humble people looking to be free from a domineering central government (an

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argument Zinsmeister's magazine made in 1997), and how a well-subsized think-tank editor can advise the victims of economic dislocation to stop whining.

Swallow too much of it, though, and the almighty market will start to dissolve your moral sense. You might even unconsciously decide to reduce the Almighty to an advertising slogan. For an issue in 2003, Zinsmeister's magazine bore as its headline the words, "Things Go Better With God," a repurposed Coca-Cola slogan in which the King of Kings was allowed to momentarily occupy the throne of the brand of brands. A better writer would have titled it, "I'd Like to Buy the World a God" — but maybe Zinsmeister can propose that as a motto for his new employer.

Great Alaska Shoot Out (WSJ)

The Wall Street Journal, August 25, 2006

Alaska is among the most Republican states in the country, and maybe that explains why incumbent Governor Frank Murkowski finished third in Tuesday's GOP primary, with a mere 19% of the vote. We're hard-pressed to remember an incumbent anytime, anywhere receiving that small a share of the vote, and it's a warning to office holders everywhere about the sour public mood.

Mr. Murkowski is unpopular for a variety of local reasons, but most of them have to do with the kind of incumbent arrogance that has afflicted too many Washington Republicans. The Governor -- who spent 22 years in the Senate before running in Juneau -- made headlines for lobbying the legislature for a private jet because he said his prop plane wasn't speedy enough. When the legislature said no, Mr. Murkowski grabbed $2 million from the department of public security to buy one anyway and used it for campaign and personal trips. Now he'll be flying commercial.

Meanwhile, his pet $20 billion pipeline to transport natural gas to the lower 48 states was tainted by reports of sweetheart deals negotiated with energy companies. The pipeline will help the state's economy, but the cost in government subsidies is enormous. Voters also had a sour taste from the Governor's decision to name his daughter Lisa to the U.S. Senate seat that he gave up in 2002. She won election in her own right by a surprisingly narrow margin in 2004.

The candidate who defeated Mr. Murkowski this week is Sarah Palin, a former small town mayor who ran as, well, a real Republican. She hammered the Governor for misspending tax dollars, and for matching state funds to federal spending earmarks for low priority projects (i.e., the bridge to nowhere). Ms. Palin called the outcome a victory against "politics as usual," and will face a tough battle in November against Democrat and well-known former Governor Tony Knowles.

If Republicans are run out of Congress in November, one big reason will be that, like Mr. Murkowski, they have become far more comfortable running the government than reforming it.

Charity At Home (WP)

The Washington Post, August 25, 2006

THE DEBATE about HIV-AIDS often reflects the wider argument about development in poor countries, and the 16th International AIDS Conference, held last week in Toronto with 24,000 scientists and activists in attendance, confirmed that tendency. The conference underlined a lesson that the development business ought to embrace more readily: The prospects for advance in poor countries depend not just on programs launched within their borders, but also on programs launched in the rich world.

Consider the cycle that HIV-AIDS has gone through. Five or six years ago, most experts believed it would be folly to treat people in poor countries who were infected with the virus: Anti-retroviral drugs seemed prohibitively expensive; persuading impoverished people to adhere to a complex medical regime was said to be impossible; and the experts insisted that scarce HIV budgets should be aimed at preventing new infections. But around 2003, the experts reversed themselves. Political pressure had forced drug companies to cut prices and tolerate cheap generics, so anti-retroviral treatment seemed affordable. Illiterate people had proved capable of taking medicines punctually. And the experts pointed out that the first step toward preventing new infections was to encourage people to get tested for the virus -- which in turn made it essential to offer the incentive of treatment.

So in 2003 the World Health Organization announced a goal to get 3 million people in poor countries into treatment by 2005. A year after that deadline, about 1.6 million are receiving medicines, but long before the goal is met, the cycle is again turning. At the Toronto conference, prevention received more emphasis than treatment, for the good reason that virus continues

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to infect 4 million healthy people annually. Of course, the AIDS experts know this isn't their first experiment in prioritizing prevention. So they hope this time to bring new tools to the challenge: vaginal microbicides that kill the virus before a woman is infected; campaigns to circumcise men, since circumcision greatly reduces the odds of infection; and perhaps, eventually, a vaccine.

A microbicide or a vaccine would be the product of research conducted mainly in U.S. and European laboratories: Hence the lesson that the fate of the poor world depends partly on programs launched in rich countries. It's a valuable lesson that goes beyond the AIDS virus, because other aspects of development can also be advanced with new technologies or practices adopted in rich countries. Vaccination drives in poor countries have been helped by the invention of ingenious syringes that block after one use, preventing children from being hurt or infected by blunt or dirty needles. Agricultural output has been helped by new crop technologies -- and could be helped much more if Europe were to abandon its anti-scientific suspicions of genetically modified seeds. Corruption can be addressed not just by campaigning against it in poor countries -- but also by pressing oil and mining companies in the West to disclose royalty and tax payments to poor governments in their financial statements. Economic growth in poor countries could be boosted by efforts in rich countries to cut tariff barriers and farm subsidies.

If past battles against AIDS and underdevelopment teach anything, it is that rich and poor countries are interdependent, that programs launched by outsiders in poor countries are tough to implement, and that whatever can be done at home can be mutually beneficial and therefore a priority.

Rice Catches Flak As Mideast Deal Falters (WSJ)

By Neil King Jr.

The Wall Street Journal, August 25, 2006

WASHINGTON -- After Secretary of State Condoleezza Rice flew to New York two weeks ago to help broker an end to the war between Israel and Hezbollah, her aides portrayed the move as one of her best moments, an example, as one deputy put it, "of truly intense, hard-nosed diplomacy."

President Bush then praised his top diplomat in a rare visit to the State Department, saying several days later that "most leaders around the world would give Condoleezza Rice and her team great credit for finally getting a U.N. resolution passed" to end the fighting.

Yet the United Nations solution Ms. Rice helped to craft is looking shaky, opening her and the Bush administration to criticism that they oversold the strength of the deal to end the war. Some of the sharpest criticism comes from conservatives in Ms. Rice's own party.

Critics tick off a list of missteps they claim the administration made after fighting broke out July 12 between Israel and the heavily armed Islamic militia group. Most damaging, they assert, may be how the Bush administration portrayed the war early on as a means to bring long-lasting improvements to Lebanon by dismantling Hezbollah, and then brokered a deal that may end up neither weakening the group nor greatly bolstering either Israel's security or Lebanon's wobbly government.

"It's pretty clear that things are going to pan out badly," says Danielle Pletka, a Middle East expert at the conservative American Enterprise Institute and increasingly vocal administration critic. "Whenever you try to solve something that needs major surgery with a Band-Aid you run a real risk of disaster."

Conservative critics fret a similar scenario will play out with Iran: that after repeatedly warning Tehran to stop uranium enrichment, the U.S. will manage in coming weeks to win only meager sanctions within the U.N. Security Council. As evidence they point to the administration's muted response after Iran this week said formally it wasn't going to suspend uranium enrichment -- a key requirement of a recent U.N. resolution.

"This is an administration that frequently says things are unacceptable and then goes on to accept them," says Richard Perle, a prominent neoconservative and Pentagon adviser.

The administration's greater emphasis on multilateral diplomacy in President Bush's second term has won widespread applause. There are even signs Ms. Rice might be interested in trying to launch another effort to broker a peace deal between Israel and the Palestinians. An increasingly vocal group of Republican foreign-policy critics say this has weakened U.S. resolve -- and blame the shift on Ms. Rice.

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Among the critics is Weekly Standard editor William Kristol, who charged in a column this week that while the State Department has made the Bush administration "more Euro-friendly and U.N.-attentive than ever," President Bush "has reaped no political benefit at home -- and the dangers continue to mount abroad."

Both conservatives and liberals cheered early on at how the Bush administration supported Israel's swift and far-ranging military response to Hezbollah's border raid and rocket attacks. Within days, Ms. Rice was fending off international calls for an immediate cease-fire by insisting that the ultimate aim wasn't a quick cessation of violence but a "permanent peace" in the region that rooted out Hezbollah and assured that Lebanon wouldn't return to a "status quo ante" in which Islamic militants could attack Israel at will from the country's south.

Portraying the fight as part of a sweeping campaign to dismantle Hezbollah and remake the Middle East also raised some vexing questions, which are coming back to haunt the administration.

Mr. Perle says both Mr. Bush and Ms. Rice erred by making the administration's own ambitions so dependent at first on Israeli actions -- and then on another in a long line of Lebanon-related U.N. resolutions.

Others say they were amazed at how little U.S. political objectives were in sync with Israeli military plans, which turned out to be haphazard at best. Dennis Ross, a Middle East adviser to both the first Bush and Clinton administrations and now a scholar at the Washington Institute for Near East Policy, says he saw no evidence that Ms. Rice or others within the administration "ever had a detailed, systematic discussion with the Israelis to assure that the stated U.S. political aims were in line with Israeli military thinking." On the contrary, U.S. and Israeli officials insist they kept one another at arms length.

By week three, when it became clear that world opinion had turned against the Israeli bombing and that Hezbollah wasn't going to be routed, the U.S. shifted its focus abruptly to crafting a U.N.-brokered cease-fire pact. Ms. Rice had spent several days before that in the Middle East, mainly trying to maintain international support for the Israeli campaign while seeking to increase humanitarian support for Lebanon.

It wasn't until New York that she really revved up the diplomacy. "Rice emerged three weeks into the war to play a heroic and very personal role in hammering out that resolution," says Aaron Miller, a scholar at the Washington-based Wilson Center who was a Middle East adviser to several administrations, including the current one. "Yet the minute it passed everyone knew that the administration's big strategic goal would never be achieved. Never in a million years. The new Middle East is just not going to be born."

The deal Ms. Rice helped create, U.N. resolution 1701, lays out aims and demands that rely almost entirely on the will of a shaky international community. While the deal has stopped the fighting, few argue that it is likely to achieve Ms. Rice's larger goals.

The Europeans continue to argue over troop commitments for the promised international force. What leverage that force will have is uncertain. More ominously for the Israelis, there is little progress toward stemming the flow of heavy arms to Hezbollah from Syria and Iran. Lebanon itself has declared it won't actively move to disarm Hezbollah.

U.S. and Israeli officials argue the status quo already has been seriously altered in southern Lebanon. Hezbollah command posts have been destroyed, as have thousands of the group's missiles. More importantly, the group has been pushed well north of the Israeli border. As one administration official put it, "You do have the beginnings of a new order in southern Lebanon."

The Perils Of Using 'The Allies' (WP)

By Charles Krauthammer

The Washington Post, August 25, 2006

The cowboy has been retired. Multilateralism is back. Diplomacy is king. That's the conventional wisdom about George W. Bush's second term: Under the influence of Secretary of State Condoleezza Rice, the administration has finally embraced "the allies."

This is considered a radical change of course. It is not. Even the most ardent unilateralist always prefers multilateral support under one of two conditions: (1) There is something the allies will actually help accomplish or (2) there is nothing to be done anyway, so multilateralism gives you the cover of appearing to do something.

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The six-party negotiations on North Korea are an example of the second. North Korea went nuclear a long time ago. Our time to act was during the Bush 41 and Clinton administrations. Nothing was done. And nothing can be done now. Once a country has gone nuclear, there is no return. The nukes themselves act as a deterrent against military measures. And no diplomat, however mellifluous, is going to talk a nuclear North Korea into dismantling the one thing that gives it any significance in the world.

Like most multilateral efforts, the six-party talks give only the appearance of activity, thereby providing cover to a hopelessly lost cause. Nothing wrong with that kind of multilateralism.

Lebanon is an example of the other category -- multilateralism that might actually accomplish something. The United States worked assiduously with France to draft a Security Council resolution that would create a powerful international force, and thus a real buffer, in south Lebanon. However, when the Lebanese government and the Arab League objected, France became their lawyer and renegotiated the draft with the United States. The State Department acquiesced to a far weaker resolution on the quite reasonable grounds that since France was going to lead and be the major participant in the international force, we should not be dictating the terms under which the force would operate.

But we underestimated French perfidy. (Overestimating it is mathematically impossible.) Once the resolution was passed, France announced that instead of the expected 5,000 troops, it would be sending 200. The French defense minister explained that France was not going to send out soldiers under a limited mandate and weak rules of engagement -- precisely the mandate and rules of engagement that the French had just gotten us to agree to.

This breathtaking duplicity -- payback for the Louisiana Purchase? -- left the State Department red-faced. (It was offset somewhat when, last night, France agreed to send an additional 1,600 troops.) But the setback was minor compared with what we now face with Iran. Hezbollah in southern Lebanon is a major irritant, but a nuclear Iran is a major strategic threat.

The problem is not quite as intractable as North Korea because Iran has not crossed the nuclear threshold. And American diplomacy has, up until now, been defensible. Secretary Rice's June initiative, postponing Security Council debate on sanctions, was meant to keep the allies on board. It offered Iran a major array of economic and diplomatic incentives (including talks with the United States), with but a single condition: Iran had to verifiably halt uranium enrichment.

Iran's answer is now in. It will not. Indeed, on the day before it sent its reply to the United Nations, Iran barred International Atomic Energy Agency inspectors from the uranium enrichment facilities at Natanz. Our exercise in multilateralism has now reached criticality. We never expected Iran to respond positively. The whole point in going the extra mile was to demonstrate American good will and thus get our partners to support real sanctions at the Security Council.

But this will not work. The Russians and Chinese are already sending signals that they will allow Iran to endlessly drag out the process. Even if we do get sanctions imposed on Iran, they will undoubtedly be weak. And even if they are strong, the mullahs will not give up the glory and dominion (especially over the Arabs) that come with the bomb in exchange for a mess of pottage.

Realistically speaking, the point of this multilateral exercise cannot be to stop Iran's nuclear program by diplomacy. That has always been a fantasy. It will take military means. There would be terrible consequences from an attack. These must be weighed against the terrible consequences of allowing an openly apocalyptic Iranian leadership to acquire weapons of genocide.

The point of the current elaborate exercise in multilateral diplomacy is to slightly alter that future calculation. By demonstrating extraordinary forbearance and accommodation, perhaps we will have purchased the acquiescence of our closest allies -- Britain, Germany and, yes, France -- to a military strike on that fateful day when diplomacy has run its course.

U.S. Warns Syria To Observe Arms Embargo (AP-Y)

By Anne Gearan

AP, August 25, 2006

The U.S. warned Syria on Thursday to abide by a United Nations arms embargo meant to stop Hezbollah from resupplying after its monthlong war with Israel. It dismissed Syrian objections to international peacekeepers as preposterous.

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"All countries must obey the arms embargo" under the U.N. Security Council resolution that set a cease-fire this month, said State Department spokesman Gonzalo Gallegos. "It is a singular duty for Syria, as the one country apart from Israel that borders Lebanon, to do so."

President Bush welcomed an announcement from France that it will send 2,000 soldiers for an expanded U.N. peacekeeping force in southern Lebanon and spoke by phone Thursday to Italian Prime Minister Romano Prodi as the Italians prepare to lead the international force.

Syria is a Hezbollah benefactor that was largely left out of diplomacy during the 34-day war. On Wednesday, Syrian President Bashar Assad called any deployment of multinational troops along his border a "hostile" affront to Syria.

"First, this means creating hostile conditions between Syria and Lebanon," Assad told Dubai Television in an interview aired Wednesday. "Second, it is a hostile move toward Syria and naturally it will create problems."

The notion that the troops are a threat to Syria "is preposterous," the State Department's Gallegos said in Washington. "We call on the Syrian regime to fulfill its international obligations."

Hezbollah is an Islamic militia and political organization rooted in southern Lebanon, where its power eclipsed that of the central government in Beirut before the cross-border war. Hezbollah's political and organizational prowess is again on display as Lebanese begin to rebuild shattered towns, but its military capability and future is unclear.

Syria has also indicated it might impose a punitive blockade of Lebanon.

"They will close their borders for all traffic in the event that U.N. troops are deployed along the Lebanon-Syria border," Finland Foreign Minister Erkki Tuomioja said after meeting his Syrian counterpart, Walid Moallem, in Helsinki. Finland holds the rotating presidency of the European Union.

The Bush administration refused to talk to Syria directly during the negotiations to end the Israeli-Hezbollah fighting. In the complex diplomacy now under way to seal and strengthen the fragile U.N.-brokered cease-fire, the administration is wary of new Syrian efforts to assert control in Lebanon.

The United States pulled its ambassador out of Syria last year after the assassination of a Lebanese politician who had sought to steer his nation away from three decades of effective control by Syria.

"We are working with the United Nations and our partners to ensure the rapid deployment of this force to help Lebanon's legitimate armed forces restore the sovereignty of its democratic government throughout the country and stop Hezbollah from acting as a state within a state," Bush said Thursday.

France, along with the United States, helped draft the cease-fire deal allowing for expansion of an existing U.N. force from 2,000 troops to up to 15,000. France's commitment of troops to establish a buffer zone between Israel and Hezbollah guerrillas has been closely watched in other countries.

On The Sidelines Of A Cease-fire, An Increasingly Defiant Syria (CSM)

By Rhonda Roumani And Dan Murphy

The Christian Science Monitor, August 25, 2006

DAMASCUS, SYRIA AND CAIRO

Syrian President Bashar al-Assad is generally seen in the US and in Israel as a weak leader who has to end his country's support for Hizbullah or face the consequences.

But in a string of recent statements, Mr. Assad has signaled that he has no intention of backing down and is determined to use the fraught situation in Lebanon to push his longstanding claims to the Golan Heights.

On Wednesday, he warned that if peace negotiations on the Golan fail to materialize soon, Syria will take a more aggressive stance toward its old enemy.

"We are continuously seeking preparations, at least in the first phase, to defend our territories because Israel is an expansionist state," Assad said on Dubai TV. "If peace is not achieved and the peace process does not move, then war is the natural future in the region and Syria will be the first party concerned in the matter."

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Rami Khouri, editor-at-large of the Daily Star, an English-language Lebanese newspaper, says Assad's interview carried the same spirit of defiance as his past speeches and was a sign that Syria, like others in the region, feels emboldened by Hizbullah's performance against Israel.

"When he says there is a war option, I think that's more of confrontation or resistance," says Mr. Khouri. "What he's really trying to say is, 'let's not keep having these wars every three years. Let's look at the peace option.' The peace side is more significant than the war side of his message. It's more possible and more desirable."

The Syrian government has expressed its support of Hizbullah throughout the 34-day war between the Lebanese guerrillas and Israel, even though its own border with Israel remained quiet. Assad also said Wednesday that stationing international peacekeepers on its border with Lebanon would be considered an "infringement on Lebanese sovereignty" and "a hostile stance toward Syria."

"In essence, what we see going on in Lebanon is a classic struggle for an important sphere of influence," says Joshua Landis, a historian of Syria and director of the Center for Peace Studies at the University of Oklahoma.

"Since the American invasion of Iraq, the US decided to take Lebanon away from Syria. [But] Lebanon is the major card that Syria has to play in order to get back the Golan Heights, and Hizbullah is the most important card in Syria's hand."

Mr. Landis says that from Assad's standpoint, abandoning Hizbullah means abandoning his country's claims to the Golan Heights, which were captured by Israel during the Six-Day War in 1967. Doing so is something he doesn't seem inclined to do. Such a step would severely damage his standing among his own people and in the broader region.

"Bashar's latest speech saying he would close the border with Lebanon, and that [putting] foreign troops on the border would be considered a hostile act - this is a message from Bashar to the French," says Landis. What he is saying, Landis says, is: " 'Do not think you can come here and oppose us and shut down Hizbullah because we will consider this an act of war.' He's seeking to use tough talk to scare off the French."

Assad's interview with Dubai TV softened statements he made during a hard-hitting speech last week in which he voiced his support of the "resistance" and of Hizbullah, called Arab leaders "half men" for not supporting Hizbullah in the war in Lebanon, and slammed the pro-US Lebanese politicians in Lebanon.

Assad's speech comes in the same week that Israel signalled the possibility of dialogue with Syria. In the aftermath of the war, Israeli Defense Minister Amir Peretz became the first senior Israeli official to call for resuming talks with Syria.

"We must hold a dialogue with Lebanon, and we should create the conditions for dialogue also with Syria," he said.

But, on Monday, Israeli Prime Minister Ehud Olmert said Syria must first stop its support of militant groups if Israel is to consider reopening negotiations. Mr. Olmert's statement came after a cabinet minister urged Israel to give back the Golan Heights in exchange for peace with Syria.

Syria's overtures over the past two years to reopen negotiations over the Golan have repeatedly gone unheard. Israel has preferred to maintain the status quo since Syria is viewed as a weak state that poses little threat to Israel.

Indeed, Syria's military appears to be in no position to confront Israel directly, particularly its air force as conflict with Israel over the skies of Lebanon demonstrated in 1982. A week of fighting then ended with the loss of over 80 Syrian planes, with no losses for the Israelis. Since, the gap between the two militaries has grown.

Analysts say that although the Syrian side of the Golan is sparsely inhabited and has no indigenous resistance movement, Islamists and nationalists within the country could easily be mobilized and armed. But that move could be a risky one for the government itself, others say.

"Only a revolutionary type of war will work using an explosive mixture of Arabism and Islam," says Samir al-Taqi, an adviser to the foreign ministry and the manager of OCS, the Orient Center for Studies, a newly opened think tank based in Damascus. "Now Syria is in a deadlock. The choice is either you go to war or do this by peace."

Over the past month, Syria has said that it is preparing its army and calling up reserves in case that war with Israel becomes inevitable.

"The Syrian people are pressuring the government to start the resistance after the failure of negotiations," said Syrian Information Minister Mohsen Bilal, who added that Syria would be the third front that Israel would have to deal with apart from that of Lebanon and the Palestinian conflict.

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"If the Israelis are really seeking peace, then we as Syrians shall be ready to resume negotiations to get back the complete Golan Heights. The Israelis should pull out to the border of June 4, 1967. With such conditions, we are ready."

On the Damascus street, where cars with Hizbullah flags are a regular sight, a common proverb summed up public sentiment: "If the problem doesn't get worse it can't get better."

Inquiry Opened Into Israeli Use Of U.S. Bombs (NYT)

By David S. Cloud

The New York Times, August 25, 2006

WASHINGTON, Aug. 24 — The State Department is investigating whether Israel's use of American-made cluster bombs in southern Lebanon violated secret agreements with the United States that restrict when it can employ such weapons, two officials said.

The investigation by the department's Office of Defense Trade Controls began this week, after reports that three types of American cluster munitions, anti-personnel weapons that spray bomblets over a wide area, have been found in many areas of southern Lebanon and were responsible for civilian casualties.

Gonzalo Gallegos, a State Department spokesman, said, "We have heard the allegations that these munitions were used, and we are seeking more information." He declined to comment further.

Several current and former officials said that they doubted the investigation would lead to sanctions against Israel but that the decision to proceed with it might be intended to help the Bush administration ease criticism from Arab governments and commentators over its support of Israel's military operations. The investigation has not been publicly announced; the State Department confirmed it in response to questions.

In addition to investigating use of the weapons in southern Lebanon, the State Department has held up a shipment of M-26 artillery rockets, a cluster weapon, that Israel sought during the conflict, the officials said.

The inquiry is likely to focus on whether Israel properly informed the United States about its use of the weapons and whether targets were strictly military. So far, the State Department is relying on reports from United Nations personnel and nongovernmental organizations in southern Lebanon, the officials said.

David Siegel, a spokesman for the Israeli Embassy, said, "We have not been informed about any such inquiry, and when we are we would be happy to respond."

Officials were granted anonymity to discuss the investigation because it involves sensitive diplomatic issues and agreements that have been kept secret for years.

The agreements that govern Israel's use of American cluster munitions go back to the 1970's, when the first sales of the weapons occurred, but the details of them have never been publicly confirmed. The first one was signed in 1976 and later reaffirmed in 1978 after an Israeli incursion into Lebanon. News accounts over the years have said that they require that the munitions be used only against organized Arab armies and clearly defined military targets under conditions similar to the Arab-Israeli wars of 1967 and 1973.

A Congressional investigation after Israel's 1982 invasion of Lebanon found that Israel had used the weapons against civilian areas in violation of the agreements. In response, the Reagan administration imposed a six-year ban on further sales of cluster weapons to Israel.

Israeli officials acknowledged soon after their offensive began last month that they were using cluster munitions against rocket sites and other military targets. While Hezbollah positions were frequently hidden in civilian areas, Israeli officials said their intention was to use cluster bombs in open terrain.

Bush administration officials warned Israel to avoid civilian casualties, but they have lodged no public protests against its use of cluster weapons. American officials say it has not been not clear whether the weapons, which are also employed by the United States military, were being used against civilian areas and had been supplied by the United States. Israel also makes its own types of cluster weapons.

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But a report released Wednesday by the United Nations Mine Action Coordination Center, which has personnel in Lebanon searching for unexploded ordnance, said it had found unexploded bomblets, including hundreds of American types, in 249 locations south of the Litani River.

The report said American munitions found included 559 M-42's, an anti-personnel bomblet used in 105-millimeter artillery shells; 663 M-77's, a submunition found in M-26 rockets; and 5 BLU-63's, a bomblet found in the CBU-26 cluster bomb. Also found were 608 M-85's, an Israeli-made submunition.

The unexploded submunitions being found in Lebanon are probably only a fraction of the total number dropped. Cluster munitions can contain dozens or even hundreds of submunitions designed to explode as they scatter around a wide area. They are very effective against rocket-launcher units or ground troops.

The Lebanese government has reported that the conflict killed 1,183 people and wounded 4,054, most of them civilians. The United Nations reported this week that the number of civilian casualties in Lebanon from cluster munitions, land mines and unexploded bombs stood at 30 injured and eight killed.

Dozen of Israelis were killed and hundreds wounded in attacks by Hezbollah rockets, some of which were loaded with ball bearings to maximize their lethality.

Officials say it is unlikely that Israel will be found to have violated a separate agreement, the Arms Export Control Act, which requires foreign governments that receive American weapons to use them for legitimate self-defense. Proving that Israel's campaign against Hezbollah did not constitute self-defense would be difficult, especially in view of President Bush's publicly announced support for Israel's action after Hezbollah fighters attacked across the border, the officials said.

Even if Israel is found to have violated the classified agreement covering cluster bombs, it is not clear what actions the United States might take.

In 1982, delivery of cluster-bomb shells to Israel was suspended a month after Israel invaded Lebanon after the Reagan administration determined that Israel "may" have used them against civilian areas.

But the decision to impose what amounted to a indefinite moratorium was made under pressure from Congress, which conducted a long investigation of the issue. Israel and the United States reaffirmed restrictions on the use of cluster munitions in 1988, and the Reagan administration lifted the moratorium.

Israel Adds 2 Nuclear-capable Submarines (AP-Y)

By Ramit Plushnick-masti, Associated Press Writer

AP, August 25, 2006

With the purchase of two more German-made Dolphin submarines capable of carrying nuclear warheads, military experts say Israel is sending a clear message to Iran that it can strike back if attacked by nuclear weapons.

The purchases come at a time when Iran is refusing to bow to growing Western demands to halt its nuclear program, and after Iranian President Mahmoud Ahmadinejad has called for Israel to be "wiped off the map."

The new submarines, built at a cost of $1.3 billion with Germany footing one-third of the bill, have diesel-electric propulsion systems that allow them to remain submerged for longer periods of time than the three nuclear arms-capable submarines already in Israel's fleet, the Jerusalem Post reported.

The latest submarines not only would be able to carry out a first strike should Israel choose to do so, but they also would provide Israel with crucial second-strike capabilities, said Paul Beaver, a London-based independent defense analyst.

Israel is already believed to have that ability in the form of the Jericho-1 and Jericho-2 nuclear-capable ballistic missiles, which are buried so far underground they would survive a nuclear strike, he said.

"The Iranians would be very foolish if they attacked Israel," Beaver said.

German officials have said the contract for the new submarines was signed July 6, and the Jerusalem Post reported this week the subs will be operational shortly.

Israel, operating on a policy of nuclear ambiguity, has never confirmed or denied whether it has nuclear weapons. It is believed, however, to have the world's sixth-largest stockpile of atomic arms, including hundreds of warheads.

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Iran so far has resisted calls by the U.N. Security Council to halt uranium enrichment, which can produce, among other things, the material for atomic bombs. The council set an Aug. 31 deadline that is accompanied by the threat of sanctions.

The dispute over Tehran's nuclear program revolves around Iran's insistence it wants to master the technology simply to generate electricity. Critics say Iran wants to make nuclear weapons.

The Dolphin submarine could be one of the best deterrents, Beaver said. The technology on the subs makes them undetectable and gives them defensive capabilities in the case of attack, he said.

"They are very well-built, very well-prepared, lots of interesting equipment, one of the best conventional submarines available," Beaver said. "We are talking about a third string of deterrence capabilities."

Michael Karpin, an expert on Israel's atomic weapons capabilities who published a book on the issue in the United States, said nuclear-armed submarines provide better second-strike capabilities than missiles launched from airplanes.

"Planes are vulnerable, unlike nuclear (armed) submarines that can operate for an almost unlimited amount of time without being struck," Karpin said. "Second-strike capabilities are a crucial element in any nuclear conflict."

In Germany, members of two opposition parties criticized the deal. Winfried Nachtwei, national security spokesman for the Greens, said the decision was wrong because Germany had obtained no guarantee the submarines would not be used to carry nuclear weapons.

"This red line should not be crossed," Nachtwei was quoted as saying by the newspaper Taz. "Otherwise it is a complete renunciation of Germany's policy of non-proliferation."

David Menashri, an Israeli expert on Iran, said Tehran is clearly determined to obtain nuclear weapons and "the purchase of additional Dolphin submarines by Israel is a small footnote in this context."

What also makes Tehran dangerous, Beaver said, is that it may not understand the consequences of carrying out a nuclear strike.

"They (Iran) have a belligerent leadership and that's why Israel is prudent in ensuring that it has that deterrent capability," Beaver said. "What they (the submarines) are is a very good insurance policy."

France Sets Big Force For Lebanon (WP)

By Molly Moore

The Washington Post, August 25, 2006

PARIS, Aug. 24 -- French President Jacques Chirac said Thursday that France would commit 2,000 troops to a new international peacekeeping force in southern Lebanon. The decision breaks a stalemate that has held up the dispatch of soldiers seen by diplomats as crucial to maintaining the 11-day-old cease-fire between Hezbollah and Israel.

Chirac's announcement in a nationally televised address followed days of intense negotiations with the United Nations, Lebanon and Israel over European concerns that the force would have no clear mandate and inadequate rights to open fire in defense of itself or civilians.

"We obtained the necessary clarifications from the U.N. on the chain of command, which needs to be simple, coherent and reactive," he said, "and the rules of engagement, which must guarantee the freedom of movement of the force and its ability to operate when confronted with hostile conditions."

France helped broker the U.N. cease-fire and initially indicated it would commit 2,000 troops to help maintain the truce. But Chirac was chastised at home and abroad when he later said he would dispatch only 200 engineers to augment the 200 French troops serving in an existing U.N. monitoring force on the Lebanon-Israel border.

Many European countries have expressed reluctance to take part in the operation out of fear that their soldiers would become enmeshed in shooting conflicts with Hezbollah or Israel. U.N. Secretary General Kofi Annan is scheduled to meet with European foreign ministers in Brussels on Friday in an effort to pressure more countries to commit troops.

U.N. officials hope the force will eventually total 15,000 foreign troops. It will be an expansion of the United Nations Interim Force in Lebanon, or UNIFIL, the 28-year-old U.N. monitoring force that operates along the Lebanon-Israel border with about 2,000 troops and a French commanding general. It would operate with 15,000 Lebanese troops as well.

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Chirac said he hoped France's decision Thursday would spur other countries to join the force, including the United States and Britain. Both have said they are too taxed in Iraq and Afghanistan to take part.

In a statement issued in Kennebunkport, Maine, where he is vacationing, President Bush gave no sign of reversing that decision. But he called Chirac's move "an important step towards finalizing preparations to deploy the United Nations Interim Force of Lebanon" and called on other countries to join in.

So far, Italy is the only other European country to make a major commitment, offering to send as many as 3,000 troops and to command the force.

But the direction of the expanded force appears to be in French hands. French and U.N. officials said French Maj. Gen. Alain Pelligrini will retain command of the U.N. mission until his term ends next February. U.N. officials said an Italian general will head a new military command center at U.N. headquarters to map out strategy for the operation.

The French military, with a long, emotional history in Lebanon and in other peacekeeping venues, was particularly wary of dispatching large numbers of troops into southern Lebanon, according to French officials and analysts. The French lost 58 troops in the same Hezbollah suicide bombings that killed 241 U.S. service members in Beirut in 1983. Eighty-four French troops in the U.N. mission in Bosnia were killed in the 1990s, in part because they were not allowed to defend themselves assertively.

"We've been there and saw what happened in '83," said Francois Heisbourg, a military analyst at the Foundation for Strategic Research in Paris. "The only difference between now and then is the situation is much worse now."

French officials said Chirac won pledges from the United Nations, Lebanon and Israel that peacekeeping troops would be allowed to open fire to defend themselves or to intervene if civilians were facing imminent threat. Peacekeeping forces in several previous operations around the globe have been criticized for allowing combatants to massacre civilians because of rules that prevented soldiers from interfering.

Chirac's announcement Thursday came as he was being savaged in both the domestic and international media.

"We are once again made fun of because of Chirac, who took strong positions to send troops to Lebanon during the conflict," said Alexandre Dret, a 28-year-old physician from the Paris suburb of Suresnes. "Sending 200 French soldiers seemed ridiculous. You either send enough people or none, but not 200."

At the same time, Dret added, "I think everybody is worried about seeing French troops getting killed there. . . . The conflict is not over yet and it's dangerous to send our soldiers there."

Staff writers Peter Baker in Kennebunkport and Colum Lynch at the United Nations and researcher Corinne Gavard in Paris contributed to this report.

EU To Pledge More Troops For Lebanon (FT)

Financial Times, August 25, 2006

Europe's leaders on Thursday sought to put days of embarrassment and recriminations over Lebanon behind them by stepping up commitments to an international monitoring force.

Last night, Jacques Chirac, French president, announced about 1,600 further French troops for the United Nations force in the country. "The conditions for a force have been met," Mr Chirac said. "Two thousand French soldiers will wear the [UN] blue helmet." Some 400 French soldiers are already there.

Mr Chirac said he had received "a certain number of guarantees for the conditions of efficiency and optimal security of our troops" from Israel, Lebanon and the UN that had convinced him that "French troops can now be deployed effectively". He also promised a parliamentary debate on Lebanon.

France hopes to maintain command on the ground of the force, with an Italian general overseeing the force from UN headquarters in New York. However, Italy has also put itself forward to lead the force, with support from the US and Israel.

European Union foreign ministers will try to confirm an increase in EU commitments for the force at an emergency meeting in Brussels on Friday with Kofi Annan, UN secretary-general.

"I am convinced that Europe will provide the necessary help to contribute to the strengthening of Unifil and aid the Lebanese government to consolidate control of its territory," Jose Manuel Barroso, European Commission president, said. "It is time for the EU to carry out the role of global actor that citizens expect."

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For weeks EU governments have proclaimed their readiness to provide the backbone for a substantial monitoring force. But although a UN Security Council resolution setting up such a force was agreed this month, to date the EU has failed to commit the troops required.

Germany said on Thursday it was prepared to assume the command of the naval component of the peacekeeping force.

The UN resolution authorises an expanded and more muscular role for Unifil, the current monitoring force in Lebanon. It calls for a total of 15,000 international troops to deploy in south Lebanon, together with equal numbers from the Lebanese army.

Unifil has about 2,000 troops in Lebanon. Italy has provided the biggest extra commitment, with a promise of up to 3,000 more troops.

EU diplomats said that a preparatory meeting in Brussels on Wednesday had paved the way for an announcement of more soldiers at today's meeting – although countries had been careful not to mention any troop numbers.

UN diplomats and officials say there have been tentative discussions in New York on changing the normal UN command structure for the deployment in Lebanon, as a way of allaying French and Italian concerns over repeating mistakes that have bedevilled previous missions.

The idea would be to establish a new strategic command in New York and a "more effective" chain of decision-making, according to one diplomat.

¦ US authorities have arrested a New York man for broadcasting Hizbollah television al-Manar, which the Treasury department has branded a terrorist entity.

Javed Iqbal, 42, was arrested on Wednesday on allegations that his company HDTV was providing New York satellite customers with the Hizbollah-operated channel, federal prosecutors said on Thursday.

Reporting by Daniel Dombey in Brussels, Mark Turner at the UN, Roula Khalaf in Beirut, Martin Arnold in Paris and Friederike von Tiesenhausen in Flensburg

France To Raise Lebanon Presence, Bolstering U.N.'s Cease-Fire Aims (WSJ)

By Marc Champion

The Wall Street Journal, August 25, 2006

BRUSSELS -- France said it will increase its contribution to an international peacekeeping force in Lebanon to 2,000 troops, a welcome boost to United Nations efforts to build a force credible enough to maintain a tenuous cease-fire between Israel and the Hezbollah militia.

European Union officials said they hoped the French decision, which came after a week of pressure from the U.N. and Washington, would coax other EU countries to pledge more troops. The bloc's 25 foreign ministers meet with U.N. Secretary-General Kofi Annan in Brussels today.

Under an Aug. 11 U.N. Security Council resolution setting out the terms for a cease-fire in Lebanon and Israel, the existing U.N. force in Lebanon -- known as Unifil -- should expand from 2,000 troops to 15,000. Italy has said it will send 2,000 to 3,000 troops. Spain, Portugal, Belgium, Greece and Finland are also expected to contribute.

There was intense disappointment last week when France offered just 200 engineers. France had played a leading role in drafting the U.N. Security Council resolution behind the cease-fire and runs one of the world's most capable militaries. Israel, Lebanon and officials at the U.N. responsible for assembling the force were expecting Paris to follow up with a sizable contribution of troops.

In a televised address to the nation following a special cabinet meeting yesterday, French President Jacques Chirac said France had received the clarifications it needed on the force's chain of command and rules of engagement, as well as assurances from Israel and the Lebanese government that the troops would be able to carry out their mission.

"France will assume fully its responsibilities in Lebanon," Mr. Chirac said. He said France would send two additional battalions, which would bring the French contingent to 2,000. He also called on other permanent members of the Security Council to contribute troops. The U.S. and Britain have said they won't send troops to Lebanon, but China and Russia haven't said what they will do.

Mr. Chirac also said France would be willing to lead the force for at least six months.

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A French government official said some of the troops could be on the ground in days. France already has 1,700 personnel in the region to support Unifil and the evacuation of French citizens during the conflict between Israel and Hezbollah.

France's defense minister had said late last week the U.N. mandate for the force was still too "fuzzy" for France to commit extra ground troops, and that Paris needed guarantees that its troops wouldn't be targeted by Hezbollah, a militant group that remains well armed.

French military commanders were particularly worried by the Lebanese government's decision last week to allow Hezbollah to keep weapons in the area that is to be patrolled by the expanded Unifil force. The U.N. resolution calls for that region to be cleared of all armed militias.

France lost 58 peacekeepers in Lebanon to a Hezbollah truck bomb in 1983, and Mr. Chirac's address was worded to reassure the French public that the government has done everything possible to ensure the safety of its soldiers. It wasn't clear last night exactly what guarantees Paris has received since the adoption of the U.N. resolution.

The size of the European contribution has become more important since Israel objected to Unifil troops offered by Malaysia, Indonesia and Bangladesh since those countries don't recognize Israel. Turkey, Morocco and several other Muslim countries have also said they may send troops.

France Offers Many More Troops For Lebanon (NYT)

By Craig S. Smith

The New York Times, August 25, 2006

PARIS, Aug. 24 — France pledged Thursday to send a total of 2,000 troops to the United Nations multinational peacekeeping force for Lebanon, in a last-minute effort to salvage its flagging reputation and hold on to its leadership role in the face of Italian competition.

President Jacques Chirac made the announcement in a televised address to the nation after his country had come under widespread criticism for initially offering just 200 new soldiers to the force, which already includes 200 French soldiers.

That offer, coming after France took a leading role in writing the United Nations resolution that authorized the force and ended more than a month of fighting between Israel and Hezbollah, undermined efforts to raise peacekeeping troops from other nations, officials say. It also won France widespread scorn.

In the meantime, Italy stepped forward with an offer of up to 3,000 soldiers, and Israel's prime minister, Ehud Olmert, placed a call to his Italian counterpart, Romano Prodi, urging him to assume leadership of the force. A French general leads the current international force in Lebanon, which will be reinforced and given a broader mandate under the new resolution.

Mr. Chirac made his announcement a day before a special meeting of European Union foreign ministers in Brussels, at which other European countries are expected to make firm commitments to the force. France's sizable commitment is likely to lend momentum to the meeting and encourage other European countries to make significant contributions of their own.

While Europe has been criticized for moving slowly, European and United Nations diplomats emphasize that the multinational force, which the resolution says can be as large as 15,000 troops, was never intended to be entirely European. The resolution says only that Europe must form a "credible core" of the force, and Europeans say they expect their troops to make up about a third of the total.

United Nations officials say that for all the complaints, this peacekeeping force is being assembled faster than any in history. The normal process can take as long as three months, they say. But that is being waived to be able to put 3,000 fresh soldiers on the ground in Lebanon as early as the end of the month. The hope is to have the rest of the force in place by November.

French officials defended their response to the crisis. "France has been criticized for being too slow, but in fact it has been the fastest-moving nation in providing not only humanitarian help to Lebanon but also ground troops to the field," said Philippe Le Corre, an adviser to Defense Minister Michèle Alliot-Marie.

In mid-July, France sent 1,700 marines to help evacuate civilians trapped in Lebanon, and that force has remained to help supply the existing United Nations International Force in Lebanon, known as Unifil. Mr. Chirac said the marines would stay in place.

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In addition, the country's earlier offer of 200 troops, while ridiculed, was fulfilled immediately — they were the first fresh troops to arrive in Lebanon to reinforce the existing 2,000-member United Nations force.

Nonetheless, the country's generals were mindful of the casualties suffered as part of the peacekeeping forces in the early 1990's in Bosnia, where France lost more troops than any other contributor, and in southern Lebanon in 1983. So they resisted a strong commitment until they obtained certain guarantees from the parties to the conflict and from the United Nations. In making his announcement, Mr. Chirac said those guarantees had been given.

"From Lebanon and Israel we have obtained assurances that the force will be allowed to fulfill its mission on the ground," Mr. Chirac said. "We have obtained from the United Nations the necessary clarifications on the chain of command, which must be simple, coherent and reactive; on the rules of engagement, which must guarantee the force's freedom of movement and capacity for action in the face of any hostile situations."

People familiar with those clarifications, who could not be identified because they were not authorized to talk on the subject, said they included stronger than usual rules of engagement that would permit the peacekeepers to use "deadly force" against anyone interfering with their mandate.

Also, the force's chain of command will answer to military officers based at United Nations headquarters in New York rather than to civilian United Nations officials. The United Nations said Thursday that it planned to create a "military cell" in New York to act as the peacekeeping force's command center.

Mr. Chirac said he had lobbied other heads of state to follow his country's example in committing troops, and he said several European countries would do so, together with "important Muslim countries in Asia."

The latter was a reference to Malaysia and Indonesia, which have both offered significant contributions to the force. But neither has diplomatic relations with Israel, which has previously expressed opposition to the inclusion of such countries in the force.

Mr. Chirac said the additional French troops would consist of two battalions, or 1,600, bringing the total number of French troops to 2,000. "France is ready, if the U.N. wishes it, to continue to assume the command of the force," he said.

Stéphane Dujarric, the spokesman for Secretary General Kofi Annan, said Thursday that the current United Nations commander in Lebanon, Gen. Alain Pellegrini of France, was expected to keep his post.

Italy is expected to confirm its offer on Friday; United Nations officials said talk of 2,000 to 3,000 troops was not yet official. Other European Union members are also expected to give a clearer indication of what they will contribute. Mr. Prodi informed President Bush on Thursday of his country's readiness to lead the peacekeeping force, a statement from the Italian president said.

One official said the United Nations hoped that the peacekeeping force would eventually include Muslim troops from Malaysia, Indonesia, Nepal and perhaps Morocco.

Lebanon, Israel On Edge Over U.N. Delay (WT)

By David Enders, The Washington Times

The Washington Times, August 25, 2006

BEIRUT -- Lebanon and Israel are growing increasingly nervous over delays in a deployment of U.N. peacekeepers in southern Lebanon, even as France pledged an extra 1,600 troops yesterday and offered to lead the force.

"Our own military can deploy fully in days, not weeks. We want the international force to be beefed up, but we do not agree that the full force needs to be in place before Israel withdraws," said Mohammed Shatah, a spokesman for Lebanese Prime Minister Fuad Siniora.

On another front, Israel's military chief acknowledged publicly for the first time yesterday that there were shortcomings in the military's performance in the 34-day war.

Amid the chaos of recriminations, warnings and pledges, the shaky Aug. 14 truce continued to hold.

European leaders scheduled more meetings today in Brussels, and efforts were under way to set up a U.N. Security Council meeting in New York on Monday.

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Pressure on the Europeans has grown, in part, because Israel has rejected offers of participation from Malaysia, Bangladesh and Indonesia -- predominantly Muslim countries that do not recognize the Jewish state.

In France, President Jacques Chirac went on national television to announce France will contribute a total of 2,000 soldiers for the U.N. peacekeeping force in southern Lebanon instead of the 200 additional troops initially offered.

"Two extra battalions will go on to the ground to extend our numbers within UNIFIL [the United Nations Interim Force in Lebanon]," Mr. Chirac said, referring to a small U.N. observer mission that has been in southern Lebanon since 1978.

The White House praised Mr. Chirac's offer. "The president welcomes the decision by the French," said White House spokeswoman Dana Perino. "As he has said, an international force needs to be deployed urgently."

Israeli Foreign Minister Tzipi Livni echoed the call during a meeting in Rome with her Italian counterpart to discuss Italy's earlier offer to provide up to 3,000 troops.

"We are being watched also by extremists who want to put the region in flames, and this is also the test of the international community, a test for the determination of the international community," Mrs. Livni said.

Though the United Nations has had troops in Lebanon for nearly 30 years, U.N. Resolution 1701, passed on Aug. 11, calls for a 15,000-strong force of U.N. troops in addition to the 15,000 Lebanese troops that are currently being deployed in the south. There are already 2,000 U.N. troops in southern Lebanon.

Prior to Mr. Chirac's announcement, tentative pledges from U.N. member countries had reached 4,200.

Israeli officials have said their troops will not withdraw or end their land and sea blockade of Lebanon until the larger U.N. force is in place.

But with Israeli troops still occupying nine areas inside Lebanon, many Lebanese fear a resumption of hostilities and do not believe a long-term cease-fire will hold.

Sporadic clashes have been reported since the cease-fire, and Israeli jets have continued to fly over all parts of Lebanon.

Ibrahim Kanaan, a member of Lebanon's parliament with the Free Patriotic Party, said he feared the fighting would resume.

"Are they planning another war in the region?" asked Mr. Kanaan, whose party is led by former Gen. Michel Aoun, one of the country's major Christian leaders.

"If not, what are they doing? Where is the UNIFIL? Why they are allowing frequent violations of the cease-fire from Israel?" he asked.

Timur Goksel, who worked for more than 20 years with UNIFIL as an adviser and a spokesman, said the longer it takes the U.N. force to deploy, the greater the chance of conflict between the Lebanese army being deployed and the remaining Israeli troops.

"That U.N. force will give some sort of a buffer for the Lebanese army," Mr. Goksel said. "That's why it's getting very embarrassing that the U.N. cannot get its act together and do this."

In Israel, military chief Lt. Gen. Dan Halutz wrote in a letter to soldiers:

"Alongside the achievements, the fighting uncovered shortcomings in various areas -- logistical, operational and command. We are committed to a thorough, honest, rapid and complete investigation of all the shortcomings and successes.

"Questions will be answered professionally, and everyone will be investigated -- from me down to the last soldier."

Criticism of the military's preparedness and tactics swelled after the battles ended without a clear-cut victory for Israel.

While Gen. Halutz was owning up to military missteps, the head of the Shin Bet security service was calling the war "a fiasco" in his first public statement on the fighting.

"The north was abandoned, the government systems collapsed there completely," Shin Bet director Yuval Diskin told a closed security forum, according to meeting participants. "There were many failures, and the public sees and understands this. This is not the time to whitewash. The truth must be told. ... Someone has to provide explanations and take responsibility."

France To Send 2,000 Troops To Lebanon (AP-Y)

By Emmanuel Georges-picot

AP, August 25, 2006

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President Jacques Chirac says France will send 2,000 soldiers for the U.N. peacekeeping force in southern Lebanon, and a European Union official said it wants the troops in place within a week.

In a nationally televised address that was closely followed throughout Europe, Chirac said Thursday that France will increase its deployment from an already announced 400 troops, and hopes to retain command of the force. He said the United Nations had provided guarantees France sought involving the mandate of the force.

"Two extra battalions will go on to the ground to extend our numbers within UNIFIL," Chirac said. "Two thousand French soldiers are thus placed under blue helmets in Lebanon," he added.

The White House cheered Chirac's announcement. "The president welcomes the decision by the French," said White House spokeswoman Dana Perino. "As he has said, an international force needs to be deployed urgently." President Bush is spending a long weekend in Kennebunkport, Maine, that will include the wedding of a cousin.

France, along with the United States, helped craft a U.N. Security Council cease-fire resolution that allowed for expansion of the UNIFIL force from the current 2,000 troops to up to 15,000. France's commitment of troops to establish a buffer zone between Israel and Hezbollah guerrillas has been closely watched in other countries.

The U.N. is expected to hold another formal meeting Monday for countries that have expressed interest in contributing troops to Lebanon, a U.N. official said, speaking on condition of anonymity because there has been no official announcement.

The United Nations hopes to nail down concrete numbers at that meeting so the deployment can begin quickly, the U.N. official said.

Sporadic violence has marked the U.N.-brokered cease-fire in Lebanon that took hold Aug. 14 and ended 34 days of ferocious fighting, but the truce has thus far held.

EU foreign ministers are to meet Friday in Brussels to discuss the force. Pressure on the Europeans has grown because Israel rejected offers of participation from Malaysia, Bangladesh and Indonesia — predominantly Muslim countries that do not recognize the Jewish state.

Israeli Foreign Minister Tzipi Livni urged the international community to act as quickly as possible to deploy a U.N. force to keep the peace in southern Lebanon.

"The extremists who want to inflame the region are watching us, and this will test the strength and determination of the international community," Livni said after a meeting with Italian Foreign Minister Massimo D'Alema.

Finnish Foreign Minister Erkki Tuomioja indicated the first reinforcements to a U.N. peacekeeping force could be imminent.

"We would like to see the first reinforcements for UNIFIL arrive within a week if possible," Tuomioja said in Berlin. Finland holds the rotating European Union presidency.

Most EU nations have been wary of making firm commitments until the mandate for the new force is clarified, fearing their peacekeepers could be dragged into a conflict with the Hezbollah militants or with Israel if the cease-fire collapses.

History has much to do with the hesitancy of European powers to make clear troop commitments.

France lost 71 soldiers during peacekeeping operations in Bosnia and Belgium 10 at the outset of the genocide in Rwanda a dozen years ago. France also lost 58 peacekeepers in the Oct. 23, 1983, Hezbollah attacks in Beirut that also killed 241 Americans.

Many European countries have expressed qualms over committing troops without strong guidelines on when its soldiers would have the right to shoot and to defend themselves.

During this summer's fighting, France presented itself as the natural leader to push for a cease-fire between Hezbollah militants and Israel — sending its prime minister and foreign minister to Lebanon to survey the devastation and make appeals for peace.

Bush spoke with Italian Prime Minister Romano Prodi about the expanded UNIFIL force for Lebanon, thanking Italy for its offer of "substantial forces" to the effort.

The resolution was designed to bolster the peacekeeping force to support some 15,000 Lebanese troops that have begun moving into the southern region, which suffered more than a month of fighting between the Lebanese-based Hezbollah militia and Israeli troops.

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Aside from France and Italy, other nations considering contributions include Belgium, China, Denmark, Finland, Germany, Greece, Morocco, Nepal, New Zealand, Spain and Turkey.

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Associated Press Writers Ariel David in Rome and Edith M. Lederer at the United Nations contributed to this report.

France Finally Steps Up (LAT)

The Los Angeles Times, August 25, 2006

REACTING TO UNIVERSAL DISMAY at his irresponsibility, French President Jacques Chirac on Thursday belatedly pledged a total of 2,000 soldiers for the expanded United Nations peacekeeping force in southern Lebanon authorized by the Security Council on Aug. 11. It's still a stingy commitment, but the hope is that it may galvanize other European nations to follow suit after two tense weeks in which French dithering threatened to turn the deployment of peacekeepers into a march of folly.

What was so exasperating about France's initial offer of only 200 new peacekeepers (engineers, at that) was that it was France, in an unusual entente with the U.S., that spearheaded the adoption of Security Council Resolution 1701, calling for deployment of a 15,000-member United Nations Interim Force in Lebanon to help that nation's army police the cease-fire between Israel and Hezbollah fighters.

We're not sure how to say "bait and switch" in French, but that is the only way to describe a sequence of events in which France's foreign ministry promoted Resolution 1701 as an adequate mandate for French and other international forces, only to have the French defense minister publicly criticize the mandate as "fuzzy." In a televised speech, Chirac suggested that he was dramatically increasing France's commitment because the U.N. had clarified the rules of engagement for the force, which, according to a document circulated last week, would allow peacekeepers to use deadly force in self-defense, to protect Lebanese civilians or to help the Lebanese army block weapons from coming into the country.

This sounds like an attempt to paper over differences within the French government. Resolution 1701 already said that the expanded U.N. force could "take all necessary action … to ensure that its area of operations is not utilized for hostile activities of any kind."

Because of its authorship of the resolution and its historical ties to the region, France was the presumptive leader of the peacekeeping force, but Italy now has a stronger claim to that responsibility. In any event, European foreign ministers meeting today in Brussels need to make up for lost time in assembling and dispatching the peacekeepers. Europeans love to complain about the United States acting unilaterally in the world, but those complaints will ring awfully hollow if they can't step up and do their part.

Lebanese PM Says Army Can Patrol Border (AP)

By Steven R. Hurst

AP, August 25, 2006

Lebanon's prime minister sought Thursday to sidestep conflicting Israeli and Syrian demands over the deployment of international troops along his border with Syria, saying Lebanese soldiers already there pose no threat to the prickly Arab neighbor.

Israel insists a U.N. force take up positions along the border to cut off arms shipments to Hezbollah, while Syria says such a move would be a "hostile" act.

Lebanese Prime Minister Fuad Saniora's remarks in a French television interview underlined the difficulties the anti-Syrian politician faces in trying to meet the competing demands of Israel and Syria.

"We have deployed the Lebanese army on the border, and we have no intention of showing any hostility toward Syria. We want cordial relations with Syria and we are taking care of the issue of the border to prevent any infiltration into Lebanon," he said.

Later in the day, Saniora's Cabinet affirmed its determination to uphold the cease-fire between Israel and Hezbollah and called on the international community to send troops to free up the Lebanese army to patrol the country's borders. It did not directly address the issue of U.N. troops on the Syrian border.

Lebanon's Syrian-allied president, Emile Lahoud, added his voice to the issue, urging U.N. Secretary-General Kofi Annan to force Israel to lift its blockade of Lebanon as called for in the U.N.-brokered cease-fire.

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"Eleven days after Resolution 1701 went into effect, Israel's aggressive acts against Lebanon have not stopped yet," Lahoud said in a statement released by his office.

Israel has said the air and sea blockade — imposed at the start of the Israeli-Hezbollah conflict July 12 — will remain until the expanded peacekeeping force takes up positions along the Syrian border to prevent weapons shipments to Hezbollah guerrillas.

Syria, which virtually controlled Lebanon for nearly three decades before withdrawing troops last year under international pressure, had little to say while Israel conducted the 34-day war against its allies in Hezbollah.

But Syrian President Bashar Assad lashed out Wednesday at the demand for U.N. troops on the border, calling it a "hostile" move aimed at damaging his relations with Lebanon. He said it was unprecedented for such a force to police a border between two nations that have not been at war.

Finland's foreign minister, Erkki Tuomioja, came out of a Wednesday meeting with his Syrian counterpart and said the Damascus regime was threatening to close the border if international troops moved along the border.

Representatives of aid groups have expressed concern about a possible closure, which would hurt shipments of supplies into Lebanon, but refused to comment directly on Syria's threat.

U.N. envoy Terje Roed-Larsen said Sunday that 2,000 Lebanese soldiers had been deployed along Lebanon's eastern border near Syria with the goal of eventually having 8,600 on the frontier. Some 1,000 Lebanese soldiers also have been deployed along Lebanon's coast, he said.

Policing the predominantly mountainous frontier will be difficult, whoever takes on the task. Lebanon has four official crossings on the Syrian border, but there are dozens of dirt tracks used for centuries by smugglers and many are able to carry modern-day vehicles.

It also is unclear how much Hezbollah needs resupplying. Although it fired about 4,000 rockets into north Israel, experts think it had an arsenal of more than 12,000 missiles when the fighting started. There has been wide speculation, as well, that the Syrian army left behind weapons for Hezbollah as it withdrew in April 2005.

Associated Press writers Sam F. Ghattas and Hussein Dakroub contributed to this report.

Israel 'waging Economic War On Lebanon' (FT)

By Roula Khalaf

Financial Times, August 25, 2006

Lebanon's powerful parliament speaker accused Israel on Thursday of seeking to re-interpret the United Nations ceasefire resolution in order to justify what he said was a continuing economic war against Lebanon.

In an interview with the Financial Times, Nabih Berri, who has acted as the mediator between the Lebanese government and the Shia Hizbollah movement, brushed aside speculation of UN troops deploying along the border with Syria, an issue that has stirred controversy this week.

Pointing out that UN resolution 1701 called on the Lebanese government to secure its borders to prevent smuggling of weapons to non-state parties and "request" assistance from international troops if needed, he said his information was that Beirut was asking only for logistical assistance in the form of new equipment.

"What the resolution says we have to apply," he said. "So why is Israel putting conditions? What it's doing is justifying its blockade, on the airport and the sea, because one of the objectives of this war is to hit Lebanon economically, and this war is still continuing."

Israel has said it wanted UN forces to help at police border crossings to prevent Hizbollah guerrillas from re-arming, citing this as a reason for maintaining an air and sea blockade.

The embargo has exacerbated the sense of anxiety in Beirut and led Syria to threaten to close its borders, the only land route out of Lebanon.

Mr Berri charged that Israel had been seeking to undermine Lebanon's economy and that it had targeted companies during the war, including a milk factory and soft drink distributor, that had won contracts in the region against Israeli competitors.

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"They impose an embargo on air and sea to deter investors from returning to Lebanon, at a time when there's an oil boom and when the Arabs want to invest here," he said.

Mr Berri, leader of a Shia party, Amal, that has been in alliance with Hizbollah, played a crucial role during the war in bridging political divisions between the group and the government, allowing Lebanon to maintain a semblance of national unity.

His balancing act has become more delicate since the end of hostilities, as Hizbollah followers accuse rivals of having hoped for an Israeli victory and supporters of the parliamentary majority, led by Sunni and Christian parties, blame the militant group for starting the war.

Mr Berri said it was "natural" to hear criticism but played down concerns that divisions would aggravate sectarian tensions.

"What I care about is one thing: when Israel committed its crimes against the population and the property and 1m people were displaced, can you name one area that refused to take them in, can you name one party that didn't take care of them?" he said.

"I care that there was unity in the face of the Israeli aggression. If after that, there are expressions of recrimination and criticism, that's not something that is unacceptable." He said the national dialogue, the roundtable of leaders that he had hosted before the war to debate the fate of Hizbollah's military wing, among other issues, should resume, but not immediately. Security was one of the constraints, he added.

Mr Berri revealed on Thursday that before the war, he had been preparing to propose ideas to resolve differences over disarmament and that he had been confident the proposals would have gained the approval of all sides. He would not be drawn on the details of his blueprint.

Asked whether Hizbollah's disarmament had become less likely because its leaders felt emboldened by their perceived victory in the war, he said this would depend on implementation of the UN ceasefire resolution. "If Israel doesn't apply it properly, the resistance might be the demand of all the Lebanese," he warned.

Hizbollah, he added, had proved that it was a resistance movement and that it was needed to defend Lebanon.

At the same time, the war and its aftermath had shown that Hizbollah and the Lebanese army, which is now deploying in the south of the country for the first time, were not in confrontation.

Mr Berri also dismissed claims that Hizbollah's "state within a state" had now expanded, saying that if the group had rushed last week to pay compensation to families whose property had been destroyed, it was because the government had not moved fast enough.

Hezbollah Didn't Win (WSJ)

By Amir Taheri

The Wall Street Journal, August 25, 2006

The way much of the Western media tells the story, Hezbollah won a great victory against Israel and the U.S., healed the Sunni-Shiite rift, and boosted the Iranian mullahs' claim to leadership of the Muslim world. Portraits of Hassan Nasrallah, the junior mullah who leads the Lebanese branch of this pan-Shiite movement, have adorned magazine covers in the West, hammering in the message that this child of the Khomeinist revolution is the new hero of the mythical "Arab Street."

Probably because he watches a lot of CNN, Iran's "Supreme Guide" Ali Khamenei also believes in "a divine victory." Last week he asked 205 members of his Islamic Majlis to send Mr. Nasrallah a message, congratulating him for his "wise and far-sighted leadership of the Ummah that produced the great victory in Lebanon."

By controlling the flow of information from Lebanon throughout the conflict, and help from all those who disagree with U.S. policies for different reasons, Hezbollah may have won the information war in the West. In Lebanon, the Middle East and the broader Muslim space, however, the picture is rather different. * * *

Let us start with Lebanon.

Immediately after the U.N.-ordained ceasefire started, Hezbollah organized a series of firework shows, accompanied by the distribution of fruits and sweets, to celebrate its victory. Most Lebanese, however, finding the exercise indecent, stayed away. The largest "victory march" in south Beirut, Hezbollah's stronghold, attracted just a few hundred people.

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Initially Hezbollah had hesitated between declaring victory and going into mourning for its "martyrs." The latter course would have been more in harmony with Shiite traditions centered on the cult of Imam Hussain's martyrdom in 680 A.D. Some members of Hezbollah wished to play the martyrdom card so that they could accuse Israel, and, through it, the U.S., of war crimes. They knew that it was easier for Shiites, brought up in a culture of eternal victimhood, to cry over an imagined calamity than laugh in the joy of a claimed victory.

Politically, however, Hezbollah had to declare victory for a simple reason: It had to pretend that the death and desolation it had provoked had been worth it. A claim of victory was Hezbollah's shield against criticism of a strategy that had led Lebanon into war without the knowledge of its government and people. Mr. Nasrallah alluded to this in television appearances, calling on those who criticized him for having triggered the war to shut up because "a great strategic victory" had been won.

The tactic worked for a day or two. However, it did not silence the critics, who have become louder in recent days. The leaders of the March 14 movement, which has a majority in the Lebanese parliament and government, have demanded an investigation into the circumstances that led to the war, a roundabout way of accusing Hezbollah of having provoked the tragedy. Prime Minister Fouad Siniora has made it clear that he would not allow Hezbollah to continue as a state within the state. Even Michel Aoun, a maverick Christian leader and tactical ally of Hezbollah, has called for the Shiite militia to disband.

Mr. Nasrallah followed his claim of victory with what is known as the "Green Flood" (Al-sayl al-akhdhar). This refers to the massive amounts of crisp U.S. dollar notes that Hezbollah is distributing among Shiites in Beirut and the south. The dollars from Iran are ferried to Beirut via Syria and distributed through networks of militants. Anyone who can prove that his home was damaged in the war receives $12,000, a tidy sum in wartorn Lebanon. * * *

The Green Flood has been unleashed to silence criticism of Mr. Nasrallah and his masters in Tehran. But the trick does not seem to be working. "If Hezbollah won a victory, it was a pyrrhic one," says Walid Abi-Mershed, a leading Lebanese columnist. "They made Lebanon pay too high a price -- for which they must be held accountable."

Hezbollah is also criticized from within the Lebanese Shiite community, which accounts for some 40% of the population. Sayyed Ali al-Amin, the grand old man of Lebanese Shiism, has broken years of silence to criticize Hezbollah for provoking the war, and called for its disarmament. In an interview granted to the Beirut An-Nahar, he rejected the claim that Hezbollah represented the whole of the Shiite community. "I don't believe Hezbollah asked the Shiite community what they thought about [starting the] war," Mr. al-Amin said. "The fact that the masses [of Shiites] fled from the south is proof that they rejected the war. The Shiite community never gave anyone the right to wage war in its name."

There were even sharper attacks. Mona Fayed, a prominent Shiite academic in Beirut, wrote an article also published by An-Nahar last week. She asks: Who is a Shiite in Lebanon today? She provides a sarcastic answer: A Shiite is he who takes his instructions from Iran, terrorizes fellow believers into silence, and leads the nation into catastrophe without consulting anyone. Another academic, Zubair Abboud, writing in Elaph, a popular Arabic-language online newspaper, attacks Hezbollah as "one of the worst things to happen to Arabs in a long time." He accuses Mr. Nasrallah of risking Lebanon's existence in the service of Iran's regional ambitions.

Before he provoked the war, Mr. Nasrallah faced growing criticism not only from the Shiite community, but also from within Hezbollah. Some in the political wing expressed dissatisfaction with his over-reliance on the movement's military and security apparatus. Speaking on condition of anonymity, they described Mr. Nasrallah's style as "Stalinist" and pointed to the fact that the party's leadership council (shura) has not held a full session in five years. Mr. Nasrallah took all the major decisions after clearing them with his Iranian and Syrian contacts, and made sure that, on official visits to Tehran, he alone would meet Iran's "Supreme Guide" Ali Khamenei.

Mr. Nasrallah justified his style by claiming that involving too many people in decision-making could allow "the Zionist enemy" to infiltrate the movement. Once he had received the Iranian green light to provoke the war, Mr. Nasrallah acted without informing even the two Hezbollah ministers in the Siniora cabinet or the 12 Hezbollah members of the Lebanese parliament.

Mr. Nasrallah was also criticized for his acknowledgement of Ali Khamenei as Marjaa al-Taqlid (Source of Emulation), the highest theological authority in Shiism. Highlighting his bay'aah (allegiance), Mr. Nasrallah kisses the man's hand each time they meet. Many Lebanese Shiites resent this because Mr. Khamenei, a powerful politician but a lightweight in theological terms, is

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not recognized as Marjaa al-Taqlid in Iran itself. The overwhelming majority of Lebanese Shiites regard Grand Ayatollah Ali Sistani, in Iraq, or Ayatollah Muhammad-Hussein Fadhlallah, in Beirut, as their "Source of Emulation."

Some Lebanese Shiites also question Mr. Nasrallah's strategy of opposing Prime Minister Siniora's "Project for Peace," and instead advancing an Iranian-backed "Project of Defiance." The coalition led by Mr. Siniora wants to build Lebanon into a haven of peace in the heart of a turbulent region. His critics dismiss this as a plan "to create a larger Monaco." Mr. Nasrallah's "Project of Defiance," however, is aimed at turning Lebanon into the frontline of Iranian defenses in a war of civilizations between Islam (led by Tehran) and the "infidel," under American leadership. "The choice is between the beach and the bunker," says Lebanese scholar Nadim Shehadeh. There is evidence that a majority of Lebanese Shiites would prefer the beach. * * *

There was a time when Shiites represented an underclass of dirt-poor peasants in the south and lumpen elements in Beirut. Over the past 30 years, however, that picture has changed. Money sent from Shiite immigrants in West Africa (where they dominate the diamond trade), and in the U.S. (especially Michigan), has helped create a prosperous middle class of Shiites more interested in the good life than martyrdom à la Imam Hussain. This new Shiite bourgeoisie dreams of a place in the mainstream of Lebanese politics and hopes to use the community's demographic advantage as a springboard for national leadership. Hezbollah, unless it ceases to be an instrument of Iranian policies, cannot realize that dream.

The list of names of those who never endorsed Hezbollah, or who broke with it after its Iranian connections became too apparent, reads like a Who's Who of Lebanese Shiism. It includes, apart from the al-Amins, families such as the al-As'ad, the Osseiran, the al-Khalil, the Hamadah, the Murtadha, the Sharafeddin, the Fadhlallah, the Mussawis, the Hussainis, the Shamsuddin and the Ata'allahs.

Far from representing the Lebanese national consensus, Hezbollah is a sectarian group backed by a militia that is trained, armed and controlled by Iran. In the words of Hossein Shariatmadari, editor of the Iranian daily Kayhan, "Hezbollah is 'Iran in Lebanon.'" In the 2004 municipal elections, Hezbollah won some 40% of the votes in the Shiite areas, the rest going to its rival Amal (Hope) movement and independent candidates. In last year's general election, Hezbollah won only 12 of the 27 seats allocated to Shiites in the 128-seat National Assembly -- despite making alliances with Christian and Druze parties and spending vast sums of Iranian money to buy votes.

Hezbollah's position is no more secure in the broader Arab world, where it is seen as an Iranian tool rather than as the vanguard of a new Nahdha (Awakening), as the Western media claim. To be sure, it is still powerful because it has guns, money and support from Iran, Syria and Hate-America International Inc. But the list of prominent Arab writers, both Shiite and Sunni, who have exposed Hezbollah for what it is -- a Khomeinist Trojan Horse -- would be too long for a single article. They are beginning to lift the veil and reveal what really happened in Lebanon.

Having lost more than 500 of its fighters, and with almost all of its medium-range missiles destroyed, Hezbollah may find it hard to sustain its claim of victory. "Hezbollah won the propaganda war because many in the West wanted it to win as a means of settling score with the United States," says Egyptian columnist Ali al-Ibrahim. "But the Arabs have become wise enough to know TV victory from real victory."

Mr. Taheri is author of "L'Irak: Le Dessous Des Cartes" (Editions Complexe, 2002).

Israel's Broken Process (WP)

By Yoram Peri

The Washington Post, August 25, 2006

The rumblings of a political earthquake in Israel were heard even before the guns fell silent. The question before the country now is: What went wrong in the war in Lebanon? One part of the answer is already clear: Israel desperately needs a better system for decision-making in the national security realm.

The civil branch of Israel's government and its decision-making machinery must be made strong enough to balance the military's input. Otherwise, there will only be more events like the one this summer, in which no well-reasoned alternatives were presented to cabinet ministers to compete with the Israeli Defense Forces' (IDF) recommendation to embark on a broad campaign in Lebanon.

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This military option was discussed in the cabinet for less than three hours, was not countered by any diplomatic option and was approved in a conceptual void. Moreover, once a path of action was adopted, something went terribly wrong in making and implementing decisions.

Rectifying this situation is easier said than done. To appreciate the size of the challenge, one needs to take into account the complexity of Israel's civil-military relations and their inherent quirks and anomalies.

To begin with, the military is not necessarily the most militaristic player on the field. At times the IDF's senior command -- rather than the politicians -- has been the moderating force. In the mid-1980s IDF Chief of Staff Moshe Levi recommended the Israeli military's withdrawal from northern Lebanon, while then-Prime Minister Yitzhak Shamir (of the Likud Party) objected to such a move. My recent research on Israel's foreign policy in the 1990s reveals that the driving force behind the Oslo peace process was the Israeli military. Civilian leaders then fell in step.

The most cogent and relevant example of the Israeli military's lack of militancy was its attitude toward Syria since 1999. IDF Chief of Staff Shaul Mofaz and his successor, Moshe Yaalon, both recommended peace negotiations with Syria and were prepared to make significant territorial compromises to reach a peace settlement. Prime Minister Ehud Barak and his successor, Ariel Sharon, vigorously opposed this approach. Had this recommendation been adopted, it's possible that Syria, Lebanon and Israel would be at peace today, and Hezbollah would be without a major source of support and sponsorship.

As a rule, in just about any country, war strengthens the position of the top brass vis-Ã -vis civilian authorities. And the military's added political clout can alter the nature of democratic processes. In Israel, however, because of the protracted warfare since its founding (no fewer than 10 full-scale or partial campaigns since 1948), the pattern has been somewhat different. Rather than the military leading and calling the shots for civilian authorities, there is a military-political partnership -- albeit one in which generals enjoy extraordinary clout in the policymaking process.

The problems this summer stemmed from more than the generals' traditional power. The circumstances were unusual. The IDF had a monopoly on intelligence. The country had an inexperienced prime minister and lacked a strong National Security Council. These things, along with other structural weaknesses in the machinery of civilian control of the military, resulted in a weak Israeli government that hastily bowed to the generals' emphatically stated position.

In many respects, war has been the most decisive factor in Israeli society. Wars have shaped Israel's political agenda, and unsuccessful military campaigns have sparked protest movements, brought down prime ministers and redrawn the political map. The Lebanon war is likely to be another such defining event.

The focus of controversy in coming weeks will not be whether the war was justified; the overwhelming majority of Israelis, including myself, are convinced it was. Rather, the question will be whether it was wise to opt for full-scale war as Israel's response to the kidnapping of two soldiers. And if a military operation was indeed the appropriate response, what should have been its timing, nature and scope?

The military will undoubtedly draw the professional conclusions about this war, as it has in the past. The public will eventually punish the political leaders for their conduct of it. But Israel's fundamental security posture will not improve until the pattern of relations between its generals and political leaders is dramatically altered and a better decision-making mechanism in national security matters is established.

Wars really are too serious a matter to be left to either fervent generals or weak politicians.

The writer, a professor at Tel Aviv University, served as a political adviser to the late prime minister Yitzhak Rabin. He is the author of "Generals in the Cabinet Room: How the Military Shapes Israeli Policy."

In Muted Response To Iran, U.S. And Allies Seek Edge (NYT)

By Helene Cooper

The New York Times, August 25, 2006

WASHINGTON, Aug. 24 — After demanding for three months that Iran suspend its uranium enrichment or face penalties, the formal reaction from the United States and its European allies to Iran's refusal to suspend uranium enrichment has been decidedly low-key.

Why the reticence?

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It is all about a public relations strategy intended to make the West appear patient and measured in dealing with the issue, United States and European diplomats say.

After receiving Iran's response on Tuesday to a proposal to curb the country's nuclear program, Bush administration officials had a series of telephone calls with European counterparts to discuss where to go from there.

Everyone agreed that Iran had not met the most crucial requirement: that it suspend uranium enrichment. Everyone agreed that sanctions were the next step. But disagreement on just how to get to that step reflected a familiar division: between the State Department and America's European allies on one side, and hard-liners in the Bush administration, particularly in Vice President Dick Cheney's office, on the other side, according to officials involved in the discussions.

Officials representing the vice president, including John P. Hannah, a national security aide, argued that by not slamming the Iranian document from the start, the United States was allowing Iran's response to appear reasonable.

State Department officials, on the other hand, pressed to "keep the temperature down," as one American put it. They pushed for a concerted media strategy that would help keep Russia and China on board the already fragile coalition trying to rein in Iran's nuclear ambitions, American and European diplomats recounted. The officials, representing some of the countries most actively engaged in the issue, would only discuss their private strategy if they were not further identified.

"The thinking was, even though we all know the Iranian response doesn't amount to much, before rejecting it out of hand we should remember that at least two members of the group have a Security Council veto," one European diplomat said, referring to Russia and China and their historic aversion to penalties. He referred to the strategy as "giving Iran the rope to hang itself."

The result: on Wednesday, a day after receiving the Iranian response, America, the most hawkish in the coalition of six countries that made the offer, issued a tepid statement — and not through its blunt United Nations ambassador, John R. Bolton, but from a low-profile acting State Department spokesman, Gonzalo Gallegos. While the American statement mentioned the obvious, that Iran's response "falls short" of the uranium suspension condition, it was careful to add: "We acknowledge that Iran considers its response as a serious offer, and we will review it."

Across the Atlantic, the reaction was also muted. In Paris, Foreign Minister Philippe Douste-Blazy said simply that Iran must stop uranium enrichment before negotiation on its nuclear program could resume. In Germany, Chancellor Angela Merkel echoed, "What we expected is not stated there, namely: 'We will suspend our uranium enrichment and come to the negotiating table.' "

There were no official mentions of penalties, despite the looming Aug. 31 deadline that the six countries, which also include Britain, have given for Iran to suspend enrichment.

United States and European diplomats say the response so far is part of a calculated public campaign to give the appearance that they are carefully considering Iran's response, despite the fact that Britain, Germany, France and the United States all agree that it was unsatisfactory.

The four countries still plan to pursue penalties if Iran does not suspend uranium enrichment by the Aug. 31 deadline set by the United Nations Security Council. But, officials from all four countries said, they do not want to appear trigger happy.

The maneuvering highlights the fragile nature of the coalition on Iran that Secretary of State Condoleezza Rice is trying to keep together. While the United States and its European allies appear to be united in the notion that the next step should be to impose penalties on Iran through the Security Council, Russia and China remain question marks. Neither country likes sanctions in general, and both have been loath to hit Iran in particular, since both have deep economic interests there.

Both Russia and China crossed a diplomatic threshold in July and joined the United States and Europe in seeking a Security Council resolution ordering Iran to freeze some nuclear activities, or face penalties. United States officials said Ms. Rice received assurances in June that Russia would, at a minimum, sign on to a first phase of weak sanctions if Iran refused to suspend uranium enrichment. Those penalties would probably include a ban on travel by Iranian officials and curbs on imports of nuclear-related technology.

But the diplomatic choreography under way demonstrates that Russian and Chinese cooperation is by no means assured, analysts say.

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Iran's nuclear program and its response to the offer from world powers are on the agenda for Friday's meeting of European Union foreign ministers in Brussels. But that meeting is expected to be dominated by the international effort to come up with a peacekeeping force in Lebanon. European officials said that the foreign ministers were not expected seriously to take up the Iran issue until Sept. 1.

A senior Bush administration official said the group wanted to avoid the criticism leveled at Iran last year for being too quick to turn down a European offer on its nuclear program. "The game is about appearing to be reasonable," the Bush official said.

U.S. Awaits U.N. Deadline On Iran (AP)

By Anne Gearan

AP, August 25, 2006

The United States is awaiting a formal U.N. deadline before seeking any new measures to coerce or punish Iran over its disputed nuclear program, the State Department says.

"We're looking at the Aug. 31 date and I think once we get there, we'll begin to take action," State Department spokesman Gonzalo Gallegos said Thursday.

The U.N. Security Council is set to take up the Iran case on Aug. 31, and could soon consider a new resolution to impose economic or other sanctions on Tehran. The U.S. has long favored sanctions.

The U.N. Security Council gave Iran until the end of August to stop enriching uranium, a key component of both nuclear weapons and the peaceful nuclear energy that Tehran says it wants. The suspension is a precondition before Iran could bargain with European nations and the United States over a package offering Iran economic and other incentives if it gives up portions of its nuclear program that the West fears could produce a bomb.

Iran made a counteroffer to the proposal Tuesday that ignores the U.N. demand on uranium.

Germany said Thursday that Iran's response appears unsatisfactory, and Gallegos repeated the U.S. assessment that the response "falls short" of U.N. conditions.

"We've acknowledged that Iran considers its response a serious offer and we're reviewing it," Gallegos said. "I note that there is still time before Aug. 31 for Iran to comply."

Meanwhile, two senior diplomats who have been briefed on the Iranian response told The Associated Press that the U.S. and other world powers will likely reject Tehran's terms.

The diplomats said the 25-page Iranian document does not suggest an enrichment moratorium once negotiations start and includes only a vague reference to a willingness to discuss all aspects of Iran's nuclear program. The diplomats, who spoke from two European capitals, asked for anonymity because they were not authorized to discuss the confidential proposal.

White House spokeswoman Dana Perino said President Bush spoke with German Chancellor Angela Merkel by phone Thursday about Iran and the diplomatic effort in reaction to Tehran's response.

Perino would not say whether Bush agreed with Merkel that Iran's response was "unsatisfactory." And she would not say whether the two leaders agreed on what should be done next.

Secretary of State Condoleezza Rice spoke Thursday with diplomatic counterparts from the European Union, Russia and Germany, all participants in the international outreach to Iran, but Gallegos provided no details of the conversations.

Despite cooperation so far from Russia and China, which, like the U.S., hold veto power at the U.N. Security Council, it is not clear that those nations would agree to impose harsh sanctions on Iran once the deadline passes.

Associated Press Writers George Jahn in Vienna, Austria, and Geir Moulson in Berlin contributed to this report.

Envoys: West Likely To Reject Iran's Response (USAT)

USA Today, August 25, 2006

Germany said Thursday that Iran's response to a package of incentives to halt its nuclear program was unsatisfactory because of its refusal to freeze uranium enrichment, and diplomats suggested Tehran now faces a greater risk of United Nations sanctions. Two diplomats who were briefed on Iran's response told the Associated Press that world powers would likely reject it. The diplomats, who spoke from two European capitals, asked for anonymity because they were not authorized to discuss the confidential proposal.

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They said the reaction among the six powers — France, Germany, Britain, Russia, the United States and China — was one of disappointment and even anger that Tehran would not consider a suspension of uranium enrichment. The U.N. Security Council has set a deadline of next Thursday for Iran to freeze enrichment, and the six nations offering to talk to Iran says such a step must precede the start of discussions.

Unruly fliers not terrorists, Dutch say

Twelve men arrested in the Netherlands after their behavior on a Northwest Airlines flight to India prompted the crew to return the plane to Amsterdam do not appear to be terrorists and will be released, Dutch prosecutors said. “No evidence could be brought forward that these men were about to commit an act of violence,” said the prosecutor's office in Haarlem. The men passed cellphones and refused to follow instructions during the flight Wednesday.

Meanwhile, in London, a 12th suspect was charged in an alleged plot to bomb U.S.-bound airliners. Umair Hussain, 24, was charged with having information about a possible terrorist act and not disclosing it, Scotland Yard said. He will appear in court today.

Female drug suspect flogged in Somalia

Islamic leaders in Mogadishu gave a woman 11 lashes for selling $1 worth of marijuana. She was the first woman to be whipped since a fundamentalist militia took over Somalia's capital in June. The woman insisted she was innocent as she was flogged with five men. “We want to stop people selling and using drugs,” said Sheik Omar Hussein, a security official. Somalia has not had a judiciary since warlords overthrew dictator Mohamed Siad Barre in 1991 and then turned on each other, creating clan-ruled fiefdoms.

Threat Of Military Action Hangs Over Escalating Tensions With Iran (MCT)

By Ron Hutcheson

McClatchy Newspapers, August 25, 2006

WASHINGTON - The escalating confrontation over Iran's nuclear program raises an unsettling question: Is Iran the next target for U.S. military action?

Some analysts think so. The focus is on diplomacy for now, but President Bush hasn't ruled out the use of force to stop Iran from building a nuclear weapon. Tensions are likely to ratchet up a notch next Friday if, as expected, Iran ignores a U.N. Aug. 31 deadline to abandon its uranium-enrichment program.

Armed conflict isn't imminent or inevitable, and it wouldn't necessarily take the form of a full-scale invasion. Airstrikes alone might be the choice. But the possibility of military action lurks on the sidelines of the diplomatic dance that will play out over the coming months at the U.N. Security Council.

"We are creating a situation where everything we're going to try short of military force is going to fail," said Ilan Berman, an Iran expert at the American Foreign Policy Council, which favors an aggressive approach. "By the spring of next year, we're going to be looking at very serious discussions about next steps, including military options."

The steps to war could follow the same path that led to the invasion of Iraq: The U.N. passes a resolution demanding an end to Iranian nuclear-weapons development, then fails to enforce it. Bush prods the U.N. to support words with action. The U.N. dithers. Bush unleashes the U.S. military.

"If George Bush is serious about denying Iran nuclear weapons and Iran doesn't respond to our diplomacy, then we're headed to a conflict," said Michael Rubin, an Iran expert at the American Enterprise Institute, a research center with strong ties to the "neo-conservatives" who shaped Iraq policy in the Bush administration.

However, even if the president is leaning toward military action, he faces several constraints. The military is already strained by Iraq and Afghanistan. Iran could strike U.S. forces in Iraq, incite Shiite Muslim militias there to do it or simply unleash Shiite chaos that ends Bush's dream of a stable, pro-U.S. Iraq. Iran also could encourage Hezbollah attacks on Israel.

"There exists a very real possibility that, if the U.S. attacks Iran, then Iran will inflict a devastating defeat upon the U.S. in Iraq, and also take the fight to the U.S. across the Middle East," concluded an analysis Wednesday by Chatham House, a respected British research center.

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A unilateral U.S. strike probably would inflame world opinion anew against America. It could send global oil prices over $100 a barrel and tip the world into recession. And U.S. voters weary of war could punish Bush and his Republican Party in 2008 - as might Congress in the meantime if Democrats win control of it in November.

Some analysts think the risks of war will convince the president to forgo it.

"When all the political and strategic pros and cons of an American military strike on Iran are taken into account, there is good reason to believe that the U.S. will stick to diplomacy," Philip Gordon, a foreign policy specialist at the Brookings Institution, a center-left research center, concluded in a recent article. "I know of almost no one who ... sees it as anything other than a last resort."

Still, Gordon added, "it would be foolish" to completely dismiss the idea that "Washington is getting ready to bomb Iran."

There are other possible scenarios. Iran might cave to international pressure and give up its uranium-enrichment programs. A diplomatic stalemate might leave the issue unresolved through Bush's term. The international community might be able to force Iran's cooperation by imposing tough economic sanctions.

That's the American game plan for the moment. U.S. diplomats are trying to come up with a package of sanctions that could win Security Council approval, but Russia and China oppose tough measures and each holds veto power. Both have strong economic ties to Iran.

Many experts think the right mix of sanctions could work. Despite the windfall it's reaped from skyrocketing oil prices, Iran's economy is shaky. Although Iran is the second-largest exporter of Middle East oil, behind Saudi Arabia, it imports about 40 percent of its refined gasoline. The government has drafted plans for fuel rationing.

"The mullahs have terribly mismanaged the economy. They're economically vulnerable," said Peter Brookes, an Iran specialist at the Heritage Foundation, a conservative research center. "The hard part, when you're talking about sanctions, is getting the Europeans to do it and getting the Chinese and the Russians not to oppose it at the Security Council."

The Security Council passed a resolution in July demanding that Iran shut down its uranium-enrichment program, but Russia and China blocked American efforts to include an automatic trigger for sanctions if Iran failed to comply.

Iran says it wants enriched uranium for nuclear power plants, not bombs, but few accept that. U.S. intelligence officials think Iran is on track to produce a nuclear weapon over the next four to nine years.

"If they get the bomb, all bets are off," Berman said. "We don't want the leading state sponsor of terrorism to have a finger on the trigger."

Berman said the best-case scenario would be a regime change within Iran. Earlier this year, Bush asked Congress for $75 million to encourage internal dissent, but there are no indications that the Iranian regime is close to collapsing.

Iran's leaders show no sign of backing down on the nuclear issue. Their prestige in the region is on the rise, as Iranian support for Shiite militias in Iraq and Hezbollah militants in Lebanon has expanded Tehran's influence.

If diplomacy fails and the Iranian regime presses ahead with its nuclear program, Bush could order airstrikes, although Iran's nuclear facilities are hidden and scattered. Or he could let Israel do it; in 1981, Israel bombed a nuclear plant in Iraq to prevent it from being used to develop weapons. It's the nation most at risk from a nuclear Iran.

Alternatively, Bush could let diplomacy drag out through the end of his term in January 2009.

"Political reality may force him to punt it. His credibility is, in a sense, shot internationally. Domestically, there's no appetite for a military confrontation," said Thomas Alan Schwartz, who teaches diplomatic history at Vanderbilt University in Nashville, Tenn. "He might be faced with the issue of whether he wants to go out with a bang, so to speak, or leave it to his successor."

Brookes of Heritage, who agrees with Bush's zero-tolerance policy toward a nuclear-armed Iran, suggested that events may force a compromise.

"We may have to live with a nuclear Iran," he said.

Wanted: Scarier Intelligence (NYT)

The New York Times, August 25, 2006

The last thing this country needs as it heads into this election season is another attempt to push the intelligence agencies to hype their conclusions about the threat from a Middle Eastern state.

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That's what happened in 2002, when the administration engineered a deeply flawed document on Iraq that reshaped intelligence to fit President Bush's policy. And history appeared to be repeating itself this week, when the chairman of the House Intelligence Committee, Peter Hoekstra of Michigan, released a garishly illustrated and luridly written document that is ostensibly dedicated to "helping the American people understand" that Iran's fundamentalist regime and its nuclear ambitions pose a strategic threat to the United States.

It's hard to imagine that Mr. Hoekstra believes there is someone left in this country who does not already know that. But the report obviously has different aims. It is partly a campaign document, a product of the Republican strategy of scaring Americans into allowing the G.O.P. to retain control of Congress this fall. It fits with the fearmongering we've heard lately — like President Bush's attempt the other day to link the Iraq war to the 9/11 terrorist attacks.

But even more worrisome, the report seems intended to signal the intelligence community that the Republican leadership wants scarier assessments that would justify a more confrontational approach to Tehran. It was not the work of any intelligence agency, or the full intelligence panel, or even the subcommittee that ostensibly drafted it. The Washington Post reported that it was written primarily by a former C.I.A. official known for his view that the assessments on Iran are not sufficiently dire.

While the report contains no new information, it does dish up dire-sounding innuendo, mostly to leave the impression that Iran is developing nuclear weapons a lot faster than intelligence agencies have the guts to admit. It also tosses in a few conspiracy theories, like the unsupported assertion that Iran engineered the warfare between Israel and Hezbollah. And it complains that America's spy agencies are too cautious, that they "shy away from provocative conclusions."

Newt Gingrich, the former House speaker, put it even more bluntly in explaining some Republicans' dissatisfaction with the C.I.A. reporting on Iran: "The intelligence community is dedicated to predicting the least dangerous world possible."

All in all, this is a chilling reminder of what happened when intelligence analysts told Vice President Dick Cheney they could not prove that Iraq was building a nuclear weapon or had ties with Al Qaeda. He kept asking if they really meant it — until the C.I.A. took the hint.

It's obvious that Iran wants nuclear weapons, has lied about its program and views America as an enemy. We enthusiastically agree that the United States needs every scrap of intelligence it can get on Iran. But the reason American intelligence is not certain when Iran might have a nuclear bomb is because the situation is so murky — not because the agencies are too wimpy to tell the scary truth.

If the Republicans who control Congress really wanted a full-scale assessment on the state of Iran's weapons programs, they would have asked for one, rather than producing this brochure.

The nation cannot afford to pay the price again for politicians' bending intelligence or bullying the intelligence agencies to suit their ideology.

EU Questions Death Of Iranian Dissident (AP)

By Jari Tanner, Associated Press Writer

AP, August 25, 2006

The European Union on Thursday questioned the circumstances surrounding the recent death of an Iranian student activist and called on Tehran to launch an independent investigation into the case.

The EU said it was "gravely concerned" about Iranian human rights activists following the death of Akbar Mohammadi, 34, in a Tehran prison on July 31 after a nine-day hunger strike to protest a lack of medical care.

"The circumstances concerning the death of Mr. Mohammadi are also unclear," the EU said in a statement released by Finland, which holds the bloc's rotating presidency. "The EU questions whether Mr. Mohammadi was provided with proper medical care while in hunger strike."

The EU also expressed "grave concern regarding the harsh treatment of dissidents, opposition leaders, student activists and all human rights defenders in Iranian prisons."

Mohammadi, who died in Evin Prison, was arrested for taking part in protests at Tehran University in July 1999 — Iran's biggest anti-government demonstrations since the 1979 Islamic revolution.

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He was sentenced to death after being convicted of throwing Molotov cocktails during the protests, but his sentence was later reduced to 15 years in prison.

The Student Committee of Human Rights Reporters of Iran said Mohammadi went on a hunger strike to protest a lack of proper medical care, and had a heart attack.

Prison officials said Mohammadi had been receiving appropriate medical care.

The EU said it had received reports that Mohammadi's trial was "characterized by severe deficiencies" and that he received "inappropriate treatment" in custody.

"The EU asks the Iranian authorities to carry out an independent investigation on the death of Mr. Mohammadi," the 25-member bloc said, adding it will closely monitor the situation of his brother, Manoucher Mohammadi, and other detained Iranian student activists.

Iran Exhibits Anti-Jewish Art (NYT)

By Michael Slackman

The New York Times, August 25, 2006

TEHRAN, Aug. 24 — The title of the show is "Holocaust International Cartoon Contest," or "Holocust," as the show's organizers spell the word in promotional material. But the content has little to do with the events of World War II and Nazi Germany.

There is instead a drawing of a Jew with a very large nose, a nose so large it obscures his entire head. Across his chest is the word Holocaust. Another drawing shows a vampire wearing a big Star of David drinking the blood of Palestinians. A third shows Ariel Sharon dressed in a Nazi uniform, emblazoned not with swastikas but with the Star of David.

The cartoons are among more than 200 on display in the Palestinian Contemporary Art Museum in central Tehran in a show that opened this month and is to run until the middle of September.

The exhibition is intended to expose what some here see as Western hypocrisy for invoking freedom of expression regarding the publication of cartoons that lampooned the Prophet Muhammad while condemning President Mahmoud Ahmadinejad of Iran for questioning the Holocaust.

The cartoons of Muhammad, first published in September 2005 in a Danish newspaper, were widely condemned by Muslims as blasphemous. They prompted riots in many countries, which left some people dead and several European embassies burned by demonstrators.

The cartoons in the exhibit draw on images both ancient and contemporary, from the fictional "Protocols of the Elders of Zion," to Israeli tanks running over Palestinian children. Each picture is carefully matted and placed in a soft wood frame, hung with great care and illuminated by gentle lighting.

"It is not that we are against a specific religion," said the show's curator, Seyed Massoud Shojaei, making a distinction that visitors to the show are certain to question. "We are against repression by the Israelis."

In February, the Iranian newspaper Hamshahri said it would challenge Western concepts of freedom of expression by exploring one of the West's taboos and challenging accounts of the Holocaust in the contest. Mr. Shojaei said more than 1,000 pictures from 61 countries had been submitted, proving that "there is a new Holocaust in Guantánamo Bay, Abu Ghraib, Palestine, Iraq and Afghanistan."

The provocative theme may attract the attention of the West. But it has gone little noticed here. Over a three-day period the gallery was virtually empty. A few visitors stopped by, mostly art students who said they had visited to examine artistic techniques. Many were happy to take away a free poster: a photograph showing three military helmets piled up, two with swastikas on the crown, a third with the Star of David.

"I came here to study the quality of the work," said Hamid Derikvand, 27, who said he was an art student at the university across the street from the gallery.

What did he think of the message? "I am not interested in politics," he said.

Technically this is not a government show. The cash prizes that will be awarded to the winners — including a $12,000 top prize — will not come from the government, Mr. Shojaei said. But the theme of the show fit well with the leadership's efforts to

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define itself as confrontational with the West and as a leader in challenging Israel's existence. At the height of the worldwide anger over the Muhammad cartoons there were two protests in Tehran, both organized by government officials.

But while people here say they sympathize with Palestinians and Lebanese and are angry at Israel and the United States, there did not seem to be a rush to see the show.

"Look, these cartoons are the reflections of U.S. and Israelis' deeds, but wouldn't it have been better if they were put on display in the U.S. or even in Israel?" said Ali Eezadi, 70, a retired industrial engineer who visited the gallery Thursday afternoon.

"If this were the case," he said, "certainly there would be a rationale for it. But having this kind of exhibition in Iran does not draw much attention. I mean, these things are said, written and expressed in lots of ways that makes people apathetic."

At first, Mr. Shojaei was eager to show visitors around. He was proud to point to his own drawing, a rabid dog with a Star of David on its side and the word Holocaust around its collar.

He said there were three reasons for holding the show. The first is that in the West it is all right to insult religion but impermissible to question the Holocaust, he said.

The second is to ask why Palestinians must pay the price for the atrocities of the Holocaust — which he, unlike his president, did not question. And the third is to draw attention to what he called the creation of a new Holocaust against Muslims, primarily Palestinians.

"We have been accused of being advocates for neo-Nazis," he said, speaking in Persian through an interpreter. "This is not true."

The show took up three floors of the gallery, and Mr. Shojaei was on the third floor, surrounded by images that at most used the Holocaust as a subtext: a dove chained to a Star of David. President Bush seated at a desk swatting doves. A Jew, or Israeli, asleep with three Arab heads mounted to the wall above his bed.

"We are not saying the Holocaust is a myth," he said. "We are saying that by this excuse Israelis are repressing other people."

But Mr. Shojaei was not interested in answering questions or being challenged on his statements. "You will need to make an appointment for an interview," he said abruptly, and left quickly through the front door after an attempt to engage him.

Cartoons from other countries were on display as well: China, India, Brazil, Syria, Jordan, Pakistan. An Israeli soldier, holding a gasoline can that said Holocaust on the side, pouring the fuel into a military tank. A razor blade in the ground, like the wall Israel is building along the West Bank, with the word Holocaust along the side. Two firefighters, each with a Star of David on his chest, using Palestinian blood to extinguish the word Holocaust, which was ablaze.

Mr. Shojaei said none of the images were intended as anti-Jewish, only anti-Zionist and anti-Israeli — and of course, anti-American and anti-British. As evidence, he said Iranians lived peacefully with this country's Jews.

But Morris Motamed, the one Jewish member of Iran's Parliament, said he had not gone to the show, because "it was in line with anti-Semitism and aimed at insulting Jews."

He added, "I felt if I went, I would get insulted and get hurt."

Japan: N.Korean Test A 'Grave Threat' (AP)

By Kozo Mizoguchi, Associated Press Writer

AP, August 25, 2006

A nuclear test by North Korea would pose a "grave threat" to Japan and the rest of Northeast Asia, a top government spokesman said Friday, amid reports Japan is boosting surveillance of the reclusive communist nation.

The comments by Chief Cabinet Secretary Shinzo Abe came after Kyodo News agency reported that vehicles have been seen in recent days at what is thought to be a nuclear testing site in northeastern North Korea.

Abe did not confirm the report, saying he could not comment on what Japan knows because of intelligence reasons, but he urged Pyongyang to return to the stalled six-nation talks on its nuclear disarmament.

"If North Korea does carry out its nuclear experience, it will pose a grave threat to the peace and security of Japan, Northeast Asia, and the international community," Abe said. "It will be absolutely unacceptable."

"North Korea's nuclear problem should be resolved peacefully through the six party talks," he added.

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Kyodo, in the Thursday report, quoted an unidentified government official as saying it was unclear whether any nuclear tests by the North were imminent, but that Japan was closely monitoring the situation.

Japan's Foreign Ministry said that Tokyo had boosted surveillance of the area, but defense officials refused to confirm the Kyodo report.

American media reported last week that U.S. officials were monitoring potentially suspicious activity at a suspected underground nuclear site.

On Thursday, South Korea's chief nuclear negotiator Chun Yung-woo warned that time was running out for countries seeking to persuade the North to disarm, but said chances of resuming international disarmament talks were slim.

Meanwhile, North Korea's army chief said Thursday his country will "do our utmost to bolster our self-defensive war deterrent, unhindered by anything," and criticized Washington for what he called a "dastardly and malicious hostile policy" toward the North.

The North regularly uses the term "war deterrent" to refer to its nuclear weapons program.

North Korea has claimed it has nuclear weapons, but hasn't performed any known test to confirm it. Many experts believe the North has enough radioactive material to build at least a half a dozen nuclear weapons.

Talks on the North's nuclear program have been deadlocked since November, when negotiators failed to make headway in implementing a September agreement in which the North agreed to drop its nuclear program in exchange for aid and security guarantees.

North Korea has since refused to attend the six-nation talks until Washington stops blacklisting a bank where the communist regime held accounts, a restriction imposed over alleged counterfeiting and money laundering.

Washington wants the North to return without condition to the talks, which involve the two Koreas, China, Japan, Russia and the U.S.

Bush Backs Free-trade Pact With Colombia (AP-Y)

AP, August 25, 2006

President Bush said Thursday he wants a free-trade agreement with Colombia, which would be Washington's largest Western Hemisphere pact since creation of NAFTA in 1994.

In a letter to Congress, Bush said the deal would benefit Colombians by expanding economic opportunity and strengthening democracy. He said it would generate export opportunities for U.S. farmers, ranchers and companies. Bush also said a free trade deal with Colombia would help create jobs in the United States and help U.S. consumers save money while offering them more choices.

Trade negotiators in Colombia have said that their country is being unfairly punished because of the White House's refusal to push a bilateral free trade deal through Congress ahead of November's midterm elections. The deal also is a unique test of Washington's leadership in a region where trade deals that lock in billion-dollar subsidies for U.S. farmers have been sharply criticized.

In 1991, Washington granted privileges covering thousands of products to help four Andean countries — Colombia, Peru, Ecuador and Bolivia — diversify their economies away from production of coca, the base ingredient of cocaine. But they now stand to lose millions of dollars when unilateral trade privileges expire and 18 percent tariffs are restored.

Colombia's President Alvaro Uribe, the United States' staunchest ally in Latin America, has bet heavily on a trade agreement to replace expiring privileges. In February, Uribe risked his own re-election chances and traveled to Washington to conclude talks over a deal that eliminated overnight all but a fraction of tariffs on the $14.3 billion in goods traded annually between the two countries.

Since talks concluded, ratification has been held up by the White House's refusal to notify the U.S. Congress, perhaps fearing another highly politicized trade deal could hurt the re-election chances of Republican incumbents, according to Colombian trade negotiators and Capitol Hill staffers.

Bush notified Congress of his intention to enter into the free-trade agreement on Thursday in a statement issued in Kennebunkport, Maine, where he will spend the rest of the week.

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Sudan Ruling Party Rejects Resolution (AP)

By Mohamed Osman

AP, August 25, 2006

Sudan's ruling party rejected a proposal to transfer peacekeeping in the troubled Darfur region from a weak African force to a larger and stronger U.N. mission, saying that would put the nation under the control of foreign powers, official media reported Thursday.

The Bush administration said it will send a senior envoy to Sudan in hopes of winning the government's consent for the deployment of U.N. peacekeepers in Darfur.

"We cannot let the violence and atrocities continue. We cannot let humanitarian workers and peacekeepers continue to come under attack," Assistant Secretary of State Jendayi Frazer said in announcing plans to fly to Sudan on Friday.

The United Nations and aid organizations, meanwhile, warned of a deepening humanitarian crisis from violence that has mounted since a peace agreement was signed in May by the government and one of the region's major rebel groups.

To stop the bloodshed, the United States and Britain have introduced a U.N. Security Council resolution to transfer peacekeeping from 7,000 financially strapped African Union troops to a better-equipped U.N. peacekeeping mission of about 22,600.

Sudanese President Omar al-Bashir's National Congress Party lashed out at the latest Western efforts and rejected the proposed U.N. force at a meeting Wednesday night, Radio Omdurman and the SUNA news agency reported.

"The draft resolution is worse than the previous ones because it constitutes an attempt to impose complete guardianship on the Sudan," lawmaker Ghazi Salah Eldin Atabani told journalists after the meeting. "It did not pay any consideration to the bodies set up for implementation of the Darfur peace agreement and was not presented to the Sudanese authorities."

He said any council member who supported the draft would be considered an enemy of Sudan.

Placing the mission under United Nations auspices "can make a difference, bringing quickly to bear the U.N.'s long history of peacekeeping experience and an infusion of addition resources," Frazer told reporters Thursday.

Frazer said there are no plans to carry out a U.N. deployment in defiance of Sudanese wishes.

In a letter circulated Wednesday, al-Bashir asked the U.N. Security Council to give him time to bring peace to Darfur and urged it to delay action on transferring peacekeeping duties to the U.N. force.

He has warned that Sudan's army would fight any U.N. forces sent to Darfur, blaming "Jewish organizations" for the drive to dispatch international troops to the war-torn area of Western Sudan.

Meanwhile, the U.N. Security Council held a closed-door council meeting to discuss al-Bashir's letter, announcing later it would meet again Monday to discuss the transfer of peacekeeping duties.

"We think that the situation in Darfur is so grave that it merits attention," said Ghana's U.N. Ambassador Nana Effah-Apenteng, the council president for August.

The poorly equipped and funded AU troops, whose mandate expires Sept. 30, have failed to bring security to the area which has seen more than 200,000 people killed since February 2003.

International aid workers and U.N. humanitarian officials say the violence has actually increased since May, when the government and a single rebel group, Minni Minnawi's faction of the Sudan Liberation Movement, signed the Darfur Peace Agreement, prompting the United States to urge that international troops be in place by Oct. 1.

Meanwhile, more than 200 women have been raped in Kalma refugee camp — one of Darfur's largest — over the past five weeks alone, the International Rescue Committee aid organization said Wednesday.

U.N. Secretary-General Kofi Annan said Tuesday that there were thousands of documented cases of women and children abducted for forced labor and rape.

The International Rescue Committee contends that more than 50,000 people have been made refugees in recent weeks, joining some two million people previously displaced.

The conflict that has killed more than 200,000 in Sudan's remote western region since 2003, when ethnic African tribes revolted against the Arab-led Khartoum government, which responded by unleashing militias known as the janjaweed that have been blamed for many of the atrocities.

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Denouncing 'Genocide' In Darfur, Bush Envoy Rushes To Sudan (AFP)

By David Millikin

AFP, August 25, 2006

President George W. Bush is rushing a senior envoy to Sudan in hopes of convincing the Khartoum government to let UN peacekeepers end the "genocide" in Darfur, an official said.

Jendayi Frazer, assistant secretary of state for African affairs, said she would travel to Sudan Friday carrying a letter from Bush to Sudanese President Omar al-Beshir.

"We must stop the genocide and protect the people of Darfur," Frazer said in announcing her mission.

Beshir's government has been accused of using Arab militia known as Janjaweed as a proxy army against ethnic minorities whose fight for autonomy and a greater share of Darfur's resources sparked the conflict in early 2003.

The fighting and a resulting famine has left an estimated 300,000 dead and forced 2.5 million people from their homes.

Beshir has rebuffed repeated US appeals on Darfur in the past and is now refusing to accept a plan to deploy UN peacekeepers in the place of an ill-equipped and under-funded African Union (AU) force which has failed to end the violence.

Khartoum has proposed deploying 10,000 of its own troops to the region, but Frazer insisted only a "robust" UN force could act credibly in Darfur.

But she gave no indication Thursday that Washington was willing to harden its so-far largely ineffective approach on Darfur.

She notably ruled out the deployment blue-helmeted troops without a green-light from Beshir's Arab-led government.

"We're not talking about fighting our way in," she said.

"The United States believes we need to act together (at the UN) to convince the government of Sudan that it is in their interests to have this force deployed," she said.

Despite a May peace agreement with one Darfur rebel group that had raised hopes of an end to the conflict, a new wave of killing appears imminent, Frazer said.

"Darfur is on the verge of a dangerous downward spiral," she told reporters. "The parties are rearming and repositioning to renew their fighting."

Nine humanitarian aid workers and two African Union peacekeepers have been killed in recent weeks and Frazer said aid organizations were planning on withdrawing staff from the zone.

She also noted a dramatic increase in rapes of women living in camps for those displaced by the fighting.

The International Rescue Committee reported Wednesday that more than 200 women and girls as young as 13 had been sexually assaulted in the past five weeks in the largest camp at Kalma.

Darfur support groups and human rights organizations have accused the Bush administration of neglecting the crisis in recent months as it struggled with the worsening conflicts in Iraq and Afghanistan, a nuclear standoff with Iran and the recent war between Israel and the Hezbollah militia in Lebanon.

Frazer rejected the complaints.

"Stopping the genocide now is one of the highest priorities of the Bush administration," she said.

Her mission to Khartoum coincides with a push by the United States and Britain at the United Nations, where they presented a draft resolution last week calling for deployment of up to 18,000 UN peacekeepers to Darfur.

The Security Council held closed door talks on the draft Thursday, but Frazer said Sudan had declined an invitation to send high level officials to the deliberations, due to resume next week in New York.

The African Union's mandate in Darfur expires on September 30 and it has asked for deployment of the UN force immediately thereafter.

Frazer said the UN troops would include "re-hatted" elements of the current AU force and be made up primarily of soldiers from African and Muslim nations.

She said 5,200 troops could be read by the October 1 deadline.

Frazer acknowledged resistance to the US-British plan on the Security Council, in part because of Khartoum's opposition and because UN officials have said they could not deploy forces to Darfur before January -- a contention the US contests.

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"We cannot allow foot-dragging at the UN or be held hostage to the Sudanese government's refusal to allow UN peacekeepers," she said.

U.S. Official To Go To Sudan To Promote Use Of U.N. Troops (NYT)

By Warren Hoge

The New York Times, August 25, 2006

UNITED NATIONS, Aug. 24 — President Bush on Thursday dispatched his senior African affairs official to Sudan to try to persuade its government to accept a United Nations peacekeeping force in Darfur. At the United Nations, Sudan rebuffed a Security Council invitation to discuss the resolution creating the force.

"Darfur is on the verge of a dangerous downward spiral," said the administration official, Jendayi E. Frazer, assistant secretary of state for African affairs, who was scheduled to go to Sudan's capital, Khartoum, on Friday.

"We cannot allow foot-dragging at the U.N. or be held hostage to the Sudanese government's refusal to allow U.N. peacekeepers to keep us from taking morally just and humane action in Darfur," she said.

At the United Nations, Nana Effah-Apenteng of Ghana, the Council president for August, said the panel would go ahead with a meeting on the Darfur resolution on Monday despite a letter turning down an offer to discuss it from Omar Hassan al-Bashir, the Sudanese president.

"We thought we were offering them a golden opportunity on Monday to come and talk on the resolution before we took further action," Mr. Effah-Apenteng said. He had extended the invitation, he said, because of repeated claims by Sudan that it was not being consulted.

Mr. Bashir has repeatedly objected to the proposal to turn the underfinanced and poorly equipped 7,000-member African Union force now patrolling Darfur into a new United Nations-mandated force. Under the draft resolution, co-sponsored by the United States and Britain, the force would grow to 22,000 soldiers and police officers.

Mr. Bashir, instead, has proposed using more than 10,000 of his own troops to quell the violence. In his letter to the Security Council, he said a transfer of authority to the United Nations would cause "acts of violence and unmanageable confrontations among all parties in Darfur, including the United Nations forces."

More than 200,000 people have died in the conflict in Darfur, and more than two million have been forced from their homes in a campaign that the United Nations calls the world's worst human crisis. The Bush administration labels it genocide.

Sudan has said it will deny its consent to the presence of new United Nations peacekeepers.

Despite this defiant stance, both Britain and the United States say that the Security Council should persist in pursuing a vote.

"No country has ever had a veto over the Security Council expressing its will," Ms. Frazer said. "And so that can't be an excuse for not passing the resolution."

Rumsfeld Meeting With Russian Counterpart (AP)

By Lolita C. Baldor

AP, August 24, 2006

Defense Secretary Donald H. Rumsfeld will travel to Alaska this weekend and meet with his Russian counterpart to discuss North Korea's nuclear program and other issues.

Pentagon spokesman Eric Ruff said Thursday that Rumsfeld and Defense Minister Sergei Ivanov also will probably talk about the troubled Middle East and the continued development of a military relationship between the U.S. and Russia.

Rumsfeld's meeting with Ivanov, scheduled for Sunday, is part of a four-day trip during which he will visit privately with family members of an Alaska-based brigade that was recently ordered to extend its one-year tour in Iraq for four months to help tamp down violence in Baghdad.

"The 172nd has done some great work in Iraq and they have another important mission," said Ruff. "The secretary understands there is some natural disappointment among some of the family members, and he intends to visit with them and thank them for their support and that of their spouses who are serving in Iraq."

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The Stryker Brigade had been serving in northern Iraq but was moved to Baghdad, where sectarian violence had escalated between Shiite and the Sunni extremists.

Rumsfeld is also planning stops in Utah and Nevada to give speeches.

The discussions with Ivanov come less than a week after President Bush spoke with Chinese President Hu Jintao about how to persuade North Korea to return to deadlocked international talks on its nuclear weapons program.

Beijing Backs Venezuela For UN Council (FT)

By Andrew Yeh

Financial Times, August 25, 2006

Venezuela has secured China's support in its bid for a United Nations Security Council seat, Hugo Chávez said on Thursday as he announced a raft of deals to develop his oil-rich nation's resources.

Detailing an agreement to almost quadruple oil sales to China to 1m barrels a day over the next decade, the Venezuelan president said Hu Jintao, his Chinese counterpart, had assured him of China's support over its rival Guatemala.

''The support of China is very important from the political and moral point of view,'' said Mr Chávez after meeting Mr Hu.

The move, together with the broadening of energy ties between Beijing and Caracas, is a further sign of warming relations between China and Venezuela, a worrying trend for the US.

"I'm very satisfied with co-operation with China in the oil and petrochemical fields," Mr Chávez was quoted as saying on Thursday by the state-run Xinhua news agency. He expressed a desire to diversify his country's petroleum business.

China National Petroleum Corp (CNPC), China's state-controlled oil major, and PDVSA, the Venezuela state oil company, have signed two agreements to jointly explore Block 4 of the Junin area of the Orinoco River basin as well as the region of Zumano in Venezuela.

No financial details of the deals were made public.

Venezuela's oil fields are among the most productive in the world. China's appetite for crude has been insatiable in recent years, with Venezuelan imports set to rise fast.

This week, Mr Chávez predicted oil exports to China could reach 500,000 barrels a day in five years' time, nearly tripling from the current amount of about 160,000 b/d. He predicted exports could reach 1m b/d within a decade.

Aside from the energy contracts, six other agreements were signed on Thursday, including those focusing on bilateral trade and infrastructure construction.

Both Mr Chávez and Mr Hu said co-operation would be likely to include the building of oil machinery, railways and telecommunications networks.

Beijing frequently assists developing countries, including rogue regimes shunned by the west, with infrastructure building and other economic incentives. In exchange, China often is able to secure much-needed oil and mineral resources for its expanding economy.

Mr Hu said China was encouraging more companies to invest in Venezuela. Beijing's leaders have made it a priority to urge competitive Chinese enterprises – particularly in the energy, construction and high-technology fields – to "go out".

Venezuela Says China Backs U.N. Bid (AP)

By Audra Ang, Associated Press Writer

AP, August 25, 2006

Venezuelan President Hugo Chavez said Thursday that China has thrown its support behind his nation's bid for a seat on the U.N. Security Council as the two countries signed deals to develop Venezuela's vast oil resources.

Chinese President Hu Jintao warmly welcomed Chavez, who has proposed an ambitious plan for his country — the world's No. 5 oil exporter — to almost quadruple sales to fuel-hungry China to 1 million barrels per day in the next decade.

"I believe that, through your visit, the two countries' cooperation in all aspects can be promoted," Hu told Chavez at the Great Hall of the People, the seat of China's parliament.

Chavez responded by saying that "mutual trust between our two countries has been deepening, and the economic and cultural exchanges have been strengthening."

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The two countries' alliance has expanded beyond energy, however. Chavez told reporters after his meeting with Hu that the Chinese president had expressed support for Venezuela's bid to join the Security Council — a move the United States has sought to block.

"The support of China is very important from the political and moral point of view," said Chavez, who has fostered increasingly close ties with North Korea and Iran despite international tension over their suspected nuclear ambitions.

The U.S. government, which frequently clashes with leftist Chavez, is backing Guatemala for the Security Council seat instead. The race between the two countries is to be decided by the General Assembly in a secret ballot in October.

China is the second of the council's five permanent, veto-wielding members to back Venezuela. Chavez won Russia's support last month.

The Asian nation has sought to lessen its dependency on Middle Eastern oil while securing access to the resources needed to fuel its booming industrial expansion, an aim that dovetails with Chavez's goal of selling more oil to other countries besides the U.S., its biggest customer.

Energy agreements signed by Hu and Chavez include one for their main government oil companies — China National Petroleum Corp. and Petroleos de Venezuela SA — to jointly develop Block 4 of the Junin area in Venezuela's Orinoco oil belt. China has been helping to certify reserves in the 247-square mile block, which are estimated at some 20 billion barrels of oil.

Another deal calls for the two companies to jointly explore an oil field in Venezuela's Zumano region.

The U.S. government would "be concerned because this deal makes both countries stronger," said Steven Knell, a London-based energy analyst for Global Insight, a private forecasting firm.

"Despite assurances, these countries represent a challenge to America," Knell said. "It's not exactly the sort of bilateral relationship they would want to see going much deeper."

Chavez told reporters on Thursday that he hoped to be exporting 500,000 barrels of oil per day to China by 2009.

"And in the next decade we will aim for a million barrels," he said.

Chavez was scheduled to meet China's No. 2 leader, Wu Bangguo and Premier Wen Jiabao on Friday.

U.S. Eyes Chavez Ties To China (WT)

By Bill Gertz

The Washington Times, August 25, 2006

The visit to China by Venezuelan President Hugo Chavez this week is being watched closely by U.S. national security officials who are concerned that Beijing is increasing its backing for the leftist leader.

A defense official involved in Asian affairs said the visit to Beijing by Mr. Chavez is part of China's strategy of forming coalitions aimed at controlling resource markets -- in Venezuela's case, access to oil.

"China does not believe in free markets and wants to lock up access to them," the official said. He noted that Beijing thinks the United States is trying to block access to international energy and other resources as part of a containment strategy designed to prevent the emergence of a threatening China.

In Beijing yesterday, Chinese President Hu Jintao warmly welcomed Mr. Chavez, who has proposed an ambitious plan for his country to almost quadruple sales to China to 1 million barrels per day in the next decade.

"I believe that, through your visit, the two countries' cooperation in all aspects can be promoted," Mr. Hu told the Venezuelan leader at the Great Hall of the People, the Associated Press reported from Beijing.

Mr. Chavez responded by saying that "mutual trust between our two countries has been deepening, and the economic and cultural exchanges have been strengthening."

Mr. Chavez told reporters that he hoped to be exporting 500,000 barrels of oil per day to China by 2009.

"And in the next decade, we will aim for a million barrels," he said.

Mr. Chavez also sought and won Beijing's backing for Venezuela's bid for a nonpermanent seat on the U.N. Security Council next year, something the Bush administration opposes.

China views souring relations between Washington and Caracas as a strategic opportunity and is cautiously coaxing Mr. Chavez into reducing Venezuela's current large exports to the United States, the defense official said.

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Currently, Venezuela ships about 1.5 million barrels of oil a day to the United States, accounting for about 10 percent of all U.S. oil imports.

The Chavez government earlier this year threatened to curtail oil exports to the United States over concerns that the Bush administration was planning to invade Venezuela or otherwise oust the leftist government.

Mr. Chavez has embarked on a major arms buildup that includes purchases of Russian, European and Chinese weapons.

Richard Fisher, a specialist on the Chinese military with the International Assessment and Strategy Center, noted that Mr. Chavez said earlier this year that he would consider buying Chinese jet fighters in addition to 24 Su-30 fighter bombers purchased as part of a $3 billion deal with Russia.

The first of three advanced long-range air defense radar purchased from China last year are expected to arrive in Venezuela next month, and the Venezuelan military plans to buy as many as seven more JYL-1 radar by next year, U.S. officials said.

Additional weapons purchases likely will be discussed during Mr. Chavez's meetings with Chinese leaders, including Mr. Hu.

The purchases followed a Bush administration decision to block sales of spare parts from the United States for Venezuela's F-16 jets.

"Within the next two to three years, China will be able to offer integrated air defense systems, from satellites to [airborne warning and controls systems], to fighters and [surface-to-air missiles], and naval weapons," Mr. Fisher said.

China's sale of military equipment to Venezuela appears to contradict a pledge made by Beijing officials to the U.S. government earlier this year.

Thomas A. Shannon, assistant secretary of state for Western Hemisphere affairs, told The Washington Times recently that China informed the United States it is "not interested in political or military adventures" in Latin America and other developing areas of the world.

Recent efforts to entice China's government into joining the United States in helping promote global stability have failed, U.S. officials said. High-level U.S.-China talks aimed at promoting the concept of China joining the United States as a "stakeholder" in world affairs were rebuffed by the Chinese during recent talks with Deputy Secretary of State Robert B. Zoellick.

There are also concerns that the close ties between Venezuela and Cuba will lead to covert arms supplies from China to Cuba through Venezuela.

China has delivered some military goods to Cuba since the 1990s, according to U.S. officials.

Obama Called 'One Of Us' In Kenya (CHIT)

By Jeff Zeleny

Chicago Tribune, August 25, 2006

NAIROBI, Kenya -- The sun was falling quickly, and clusters of street salesman began to abandon their posts in the middle of chaotic roadways. Along a one-block stretch of a neighborhood called Nairobi West, barstools were filling up as beer bottles emptied and after-work conversations flowed.

Suddenly, a forceful admonition sounded from a dark corner of the room.

"Shhhhh," hissed Said Nassir, 43, a medical technologist with a bottle of Coca-Cola sitting on the plastic before him. "If you don't mind, Obama is on the news."

No one, at least among gathering here Thursday evening, seemed to mind.

In the United States, such a statement surely would draw heckles from a thirsty barroom. But for days, anticipation had been building over the arrival of Sen. Barack Obama (D-Ill.), and when the moment finally came, the patrons inside Elgesa Wine & Spirits strained to see him on a television set atop a beer cooler.

They uttered barely a word as the nightly news went on for nearly 10 minutes about Obama.

"Tonight, it was special. That's why everyone was quiet," the softspoken Nassir said when the broadcast moved on to another topic. "People will follow his every movement from today until he leaves. He is one of us."

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For all the adulation Obama has received during less than two years in office, for all the celebrity glow he basks in, the junior senator from Illinois had never before experienced the type of hospitality shown when his plane landed here Thursday.

A 12-car motorcade — a trapping usually bestowed upon a visiting head of state — whisked him past admirers who lined the roads heading to his downtown hotel. A security contingent of U.S. Marines stood watch. All the while, a taxi driver ensnared in the congestion didn't mind a bit, craning his neck to take in the view.

It was a markedly different scene from that during his first four days in Africa, when the senator traveled in a car without lights or sirens and saw little trace of a red carpet.

For three days, neither South African President Thabo Mbeki nor three lower-ranking foreign ministers could find time to meet with Obama. And a substantive side trip to Congo was canceled because officials were dealing with violence in Kinshasa and didn't have time to lead a visiting senator on a tour.

But upon his arrival in Kenya, the home of his late father, suddenly Obama was no longer being treated as a freshman senator from America.

On Friday, he was scheduled to meet with Kenyan President Mwai Kibaki as well as the leader of the opposition party. After lunching with several members of Parliament, he is to visit the site of the 1998 U.S. Embassy bombing that killed 248 people here.

"Our blood is in his," said Charles Kibiru Muraguri, who was sitting at the Nairobi West bar, dripping with pride over Obama. "And he came back to Africa to see us."

How, though, will Kenyans perceive him when his motorcade is leaving the city in six days? Will he receive as glorious a sendoff after it becomes clear that he has no ability to solve the problems of this impoverished nation?

"Kenya is not my country. It's the country of my father," Obama said. "I feel a connection, but ultimately, it's not going to be me, it's going to be them who are climbing a path to improving their new lives."

An afternoon drive through the city center of Nairobi underscores economic challenges facing the country. While colorful billboards entice people to drink Dasani water, fly Emirates Airline and sign up for wireless Internet access, the reality for many residents in this city of nearly 4 million is unfolding beneath those lofty advertisements.

Men and boys stand in the middle of streets polluted in exhaust fumes, walking from car to car, selling a bounty of goods. Neckties, alarm clocks and flowers are among items for sale.

And by simply rolling down your car window, even a Time magazine — the May 6, 2002, edition on autism — could be purchased at a stoplight on Uhuru Highway.

"Finding a job here is hard," said Benjamin Okola, a 30-year-old taxi driver, ignoring the men surrounding his car who sought to sell their merchandise to his passengers. "People are really expecting a lot of things from Obama."

But Okola, who grew up 30 kilometers from the Obama homeland in Nyanza Province, said he knows the senator can't realistically solve all of Kenya's problems. Even so, he said he hoped his government meetings — and a public speech next week — would at least help decrease rampant corruption.

"He can talk to the president about it like no one else can," Okola said. "He will give a good example to Kenya of how to treat each other."

For all the fanfare surrounding the trip, details of the senator's schedule had not been widely announced to Kenyans. The secrecy stirred even more suspense and yearning.

"I can't go to sleep until I see him," said John Kariuki, a 30-year-old taxi driver who dashed back to the airport immediately after dropping off his fares in the hopes of seeing Obama's arrival. "I can't have any chance to talk to him but I want to see this man."

Sen. Obama Seen As Inspiration In Kenya (AP)

By Anthony Mitchell, Associated Press Writer

AP, August 25, 2006

Barack Obama may have only landed Thursday for his latest visit to his father's homeland, but the U.S. senator has already become the country's most prominent "citizen."

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People drinking a Kenyan beer called Senator are ordering "Obama" instead. Obama's photograph is popping up on T-shirts, and the once knee-high grass in his ancestral village was cut in advance of his arrival.

As the only African-American in the U.S. Senate, Obama is seen as an inspiration in this east African country where more than half its 33 million people eke out a living on less than $1 a day.

Obama arrived Thursday for a six-day visit, and planned to meet with President Mwai Kibaki and stop at the site where Nairobi's U.S. embassy was bombed in 1998, killing 248 people.

The Illinois Democrat, his wife, Michelle, and daughters Malia, 8, and Sasha, 4, were greeted at Jomo Kenyatta International Airport in Nairobi by U.S. Ambassador Michael E. Ranneberger, the embassy said.

Just an hour after his plane touched down, Obama's arrival was making headline news on the country's leading television stations and local journalists chased his entourage as it left the airport.

"Village beats the drums for returning son" declared the Daily Nation newspaper, the most widely read in Kenya.

In Nyangoma-Kogelo, a tiny village tucked away in the rural west where chickens roam free and tiny boys in rags tend their flocks, residents have been preparing for weeks for Obama's return. Local newspapers reported that the dirt road leading to his 85-year-old grandmother's house was leveled.

Local media reported that Sarah Hussein, who will have to communicate with Obama through an interpreter, will treat him just like any other grandchild.

The senator grew up in Hawaii with his American mother after his parents divorced. He has visited Kenya three times, most recently in the early 1990s to introduce his then-fiancee to his Kenyan family. This is his first trip to Kenya since being sworn into office as a U.S. senator.

The senator's father, also named Barack Obama, became a university lecturer in Uganda after studying economics at Harvard University. He then worked in Kenya's private sector before joining the treasury department, where he became a senior economist.

He died in a car crash in 1982, leaving three wives, six sons and a daughter. One son died in 1984 and all his surviving children, except one, live in Britain or the United States.

Obama's paternal grandfather, Onyango Hussein Obama, was one of the first Muslim converts in the village.

During the senator's visit, he plans to take a public HIV test at a clinic in Nyangoma-Kogelo in an effort to promote AIDS prevention in a country where 700 people die on average per day from HIV/AIDS.

Although there have been recent declines in the amount of people infected with the virus in Kenya, two million people out of a total population of 33 million are infected. Around 1.5 million people have died from the disease — and western parts of the country are the worst hit.

After his visit to Kenya, Obama is headed to Djibouti and Chad. He began his African tour Sunday with a visit to Nelson Mandela's former prison at Robben Island in South Africa. He has met with black businessmen, AIDS victims and U.S. Embassy officials, among others.

He paid tribute to South Africans' fight for freedom, saying they taught lessons to the world and helped inspire his own political career.

Aides said Wednesday that Obama had scrapped plans to visit Congo and Rwanda at the request of the U.S. Embassy in Congo because of postelection fighting in that country's capital, Kinshasa.

Kenya Lays On Hero's Welcome For Favorite Son US Senator (AFP-Y)

By Odhiambo Okombo

AFP, August 25, 2006

With fanfare normally reserved for visiting celebrities or heads of state, Kenya is preparing a lavish hero's welcome for one of its favorite sons, US Senator Barack Obama.

The son of a Kenyan goat herder-turned-economist, the only African-American in the Senate and potential Democratic Party presidential nominee arrived here Thursday for a much-anticipated five-day trip amid widespread fervor.

His public schedule does not begin until Friday, the US embassy said.

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But while officials set for gala receptions in Nairobi for Obama's first visit to Kenya since his election to the upper house of the US legislature, the excitement is nowhere stronger than in his father's western hometown.

Here in Kisumu on the shores of Lake Victoria, Kenya's often trash-strewn third city perhaps best known for its languishing fishing industry, high HIV/AIDS rates and grinding poverty, anticipation is at fever pitch.

Local authorities have ordered a massive clean-up operation ahead of the Illinois senator's tour of the city on Saturday, during which Obama, 45, will take an AIDS test and see his paternal grandmother at her nearby home village.

Vendors have flooded the streets with Obama T-shirts and other merchandise while sales of Kenya's low-cost "Senator" beer, dubbed "Obama" after his 2004 election, have skyrocketed.

"Miya Obama moro mangich," 24-year-old Carillus Onyango yells to a waitress in a local tin-roofed drinking hole, using the Luo tribal language of Barack Obama's US-educated father to say: "Give me another cold Obama."

"Most people have forgotten the real name of the beer because we want to identify with Obama," he says. "He is the only senator we know of, he is close to us and we are proud of him."

"This beer gives us a sense of identity with our son," says fellow drinker Tom Omwando. "He might be away but each time I order a bottle, I think of him."

Despite the facts that Obama was born in Hawaii to his Kenyan father and US mother who divorced when he was two, has never lived in Kenya and last visited more than a decade ago, many here feel strong affinity for him.

"I simply adore him as one of our own," says Kisumu resident Silpa Anyango, her hair covered with a baseball cap bearing the slogan "Obama for President" for an election he has not been nominated for and in which she will not vote.

"I hope that turns into a reality for him back in America," she says. "He means a lot to us."

Noting heavy security laid on for the visit, John Onyango said he hoped his T-shirt inscribed with the slogan "Obama Tosha," Swahili for "Obama is Enough," would convey his message if he couldn't deliver it in person.

"It may be difficult to personally reach him and relay my gratitude, but my shirt can would speak for me," he said.

Ancestral pride is one thing, but money is another and many in Kisumu are hoping to cash in on Obama's visit, his third to Africa.

"This is a lifetime opportunity to make some money by satisfying the people's feeling for Obama," said Charles Otieno, a street hawker peddling shirts and other regalia bearing the senator's image.

"We know the people love him and so we came up with memorabilia like these T-shirts," he said. "We want to welcome him in style and make him feel like one of us."

Others are hoping for aid: villagers are expecting him to fund a local school, launch a medical clinic and commission a water point.

"That is what we want: water, schools and education," said Albert Odhiambo, a elderly man who claims to have known Obama's father.

The trip of the rising US political star is being treated here as a "state visit" by Kenyan President Mwai Kibaki's government, which has been criticized for some for trying to score political points ahead of elections next year.

Obama is to meet Kibaki on Friday in the capital before heading to Kisumu but on his return to Nairobi is to deliver what US officials say will be a "major speech" on US-Africa relations at the University of Nairobi.

Kenya is the second leg of the senator's tour of Africa, which began in South Africa and will continue in Chad and Djibouti. He has been forced to cancel planned stops in Rwanda, the Democratic Republic of Congo and Sudan.

Times Researcher Receives 3-Year Prison Term (NYT)

By Jim Yardley And Joseph Kahn

The New York Times, August 25, 2006

BEIJING, Friday, Aug. 25 — A Beijing court on Friday morning unexpectedly dismissed a state secrets charge against a researcher for The New York Times but sentenced him to three years in prison on a lesser, unrelated charge of fraud.

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The verdict against the researcher, Zhao Yan, 44, spared him a prison sentence of 10 years or longer and also served as a blunt rebuke to the investigation by state security agents. Agents began detaining Mr. Zhao almost two years ago and accused him of leaking state secrets to The Times. He has consistently stated that he is innocent of both charges.

In another closely watched case, a Chinese court in Shandong Province on Thursday convicted an advocate for peasants rights and sentenced him to more than four years in prison. The advocate, Chen Guangcheng, is a blind man who tried to file a class-action lawsuit on behalf of women who were subjected to forced abortions. His case, like that of Mr. Zhao's, was considered a test of China's legal system, and his defense team described the conviction as a sham.

In Mr. Zhao's case, the Beijing No. 2 Intermediate People's Court rejected the state secrets charge in strong language in a 10-page verdict released Friday morning.

"On the charge against the defendant Zhao Yan that he provided state secrets abroad, the evidence is insufficient," the court ruling read. "The charge for this crime cannot stand, and this court does not accept it."

Mr. Zhao's lead defense lawyer, Mo Shaoping, said, "This is the way they proclaim someone innocent."

The case has attracted international attention, including lobbying from President Bush. The verdict had been postponed, and some legal experts had suggested that the final result would be as much a political decision by high-level government officials as a legal one.

Mr. Mo said Friday that prosecutors had 10 days to decide whether to contest the innocence verdict on the state secrets charge to a higher court. He and another defense lawyer, Guan Anping, said they would meet with Mr. Zhao to decide whether to appeal the conviction on the fraud case.

"I am not satisfied," his sister, Zhao Kun, said of the fraud conviction on Friday morning outside the courthouse. "The fraud charge also has no basis in fact. He should have been found completely innocent. According to my own feeling, the first charge also should never have been introduced. On this charge, the court respected the law."

Mr. Zhao, formerly a muckraking journalist for different Chinese publications, has been imprisoned since September 2004. Under Chinese law, the time he has already served will count against his prison term. Mr. Mo said the court ruling stated that his release was scheduled for Sept. 15, 2007.

Mr. Zhao joined The Times's Beijing bureau as a researcher in April 2004. The Times has consistently denied that he leaked any state secrets to the newspaper. "If the verdict is what it appears to be, we consider it a vindication," said Bill Keller, executive editor of The Times. "We have always said that to the best of our knowledge the only thing that Zhao Yan committed is journalism."

On Thursday, the rights advocate, Mr. Chen, was convicted of destroying property and organizing a mob to block traffic. He earned the enmity of local Communist Party leaders in Shandong Province, in eastern China, when he sought to organize a class-action lawsuit against forced abortions and sterilizations there.

The New China News Agency announced the sentence, four years and three months, in a terse dispatch on its English-language news wire. The information did not appear in Chinese, and other state-run media have been banned from reporting on the matter.

Mr. Chen's two-hour trial last week and the long sentence appear to reflect a concerted effort by Chinese authorities to punish lawyers and rights advocates, who increasingly in recent years have helped defend people aggrieved about land seizures, environmental abuses, religious persecution and population controls.

Chinese lawyers and human rights advocates say they believe that President Hu Jintao has ordered a broad crackdown on people who call themselves "rights defenders" because he worries that they have tried to use legal pressure to undermine the Communist Party.

The case of Mr. Chen, a 34-year-old peasant, came as a particular shock to the legal and human rights community. Mr. Chen, blind as a result of a childhood illness, taught himself the law. He became a minor celebrity in China after he helped disabled people win cases against government agencies that did not grant them the full protections and benefits they are entitled to under Chinese law. He then took up the cause of women abused under family planning policies.

Central government investigators later found that such abuses had occurred, but local authorities in Shandong Province put Mr. Chen under house arrest for months and then charged him with destroying property and blocking traffic.

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A team of the top rights lawyers in the country came to Mr. Chen's aid. They argued that the charges against him were fabrications. The crimes would have been difficult for Mr. Chen to commit, they said, given that he cannot see and was under constant police guard at the time.

But the Beijing lawyers were harassed, beaten and prevented from gathering evidence to support Mr. Chen in court, numerous people involved in his defense said.

On the eve of Mr. Chen's trial last week, three of his lawyers were accused by local thugs of stealing property. The lawyers were then detained by the local police and one of them was held until after Mr. Chen's trial had ended.

The case against Mr. Zhao was also marked by irregular and unexpected legal developments.

Earlier this year, the court withdrew both charges against him, prompting his lawyer to predict that he would soon be released. Instead, the court continued to hold Mr. Zhao, and prosecutors later reinstated the same charges. Mr. Mo vehemently complained, to no avail, that the tactic was illegal.

Jerome A. Cohen, an expert in Chinese law who has advised The Times on Mr. Zhao's case, characterized the dismissal of the state secrets charge as "a welcome surprise." He said that typically in state secrets cases, a defendant faces a near automatic conviction when investigators have made such a lengthy effort to pursue the case.

"As we have maintained consistently, there simply wasn't the evidence to convict him on the state secrets charge," Mr. Cohen said.

Mr. Cohen, in an e-mail message, called the verdict "an unusual and welcome precedent" but added that it was "marred by conviction on the fraud charge, which was originally introduced as a fig leaf to justify the continuing detention of Zhao."

He said that "conviction on the fraud charge helps to 'save face' for the law enforcement agencies."

Indeed, investigators added the charge several months after Mr. Zhao was arrested on Sept. 17, 2004, on the state secrets charge. It involved an accusation that Mr. Zhao, while working for a Chinese publication in 2001, had promised to write an article and intervene on behalf of a person with legal problems in exchange for a cash payment.

Mr. Zhao strongly denied the claim and a witness came forward on his behalf to dispute the charge.

The more serious state secrets charge was outlined in confidential state security investigation report. It accused him of leaking state secrets for a Times article about transition among the country's top leaders. The article, published 10 days before Mr. Zhao was detained, revealed that former President Jiang Zemin had unexpectedly offered to resign from his final leadership position, as military chief.

The investigation report did not accuse Mr. Zhao of being one of the anonymous sources cited for Mr. Jiang's resignation offer. Instead, security agents accused him of providing information about jockeying between Mr. Jiang and his successor, Hu Jintao, over positions in the military's high command. A reference to this jockeying was included as context at the end of the article.

As evidence, the investigation report cited a photocopy of a handwritten note in which Mr. Zhao had scribbled down a few sentences of political gossip about the jockeying. The note was left in the Times office in Beijing. Mr. Zhao's lawyers have maintained that such information should hardly constitute a state secret. Even so, questions remain about how security agents obtained a copy of the note. One possibility is that agents entered the Times's Beijing bureau without permission.

Mr. Zhao's trial was held in June. He was not allowed to call any defense witnesses and his family was forbidden from attending.

Chinese Activist Gets 4 Years In Prison (AP)

By Joe Mcdonald, Associated Press Writer

AP, August 25, 2006

A blind activist who was arrested after recording complaints of forced abortions was sentenced Thursday to four years and three months in prison on what his supporters called phony charges, a defense lawyer said.

Chen Guangcheng was convicted of damaging property and "organizing a mob to disturb traffic" after a trial in the eastern province of Shandong, according to the official Xinhua News Agency.

Chen's supporters said local officials fabricated the charges against him in retaliation for his activism.

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"I am outraged by the sentence," said Li Fangping, a member of Chen's team of volunteer defense lawyers. "The whole justice system has acted totally illegally in Chen Guangcheng's case."

Chen was put on trial last week without his lawyers present after police detained three members of the defense team on theft charges and refused to let them see evidence against him.

Chen's wife, Yuan Weijing, said he would appeal.

"I did not expect such a harsh sentence," Yuan said by phone from their home, where she was under house arrest.

"It has to be because he had exposed the scandals in the family planning practices, because the local authorities are afraid that he will continue his investigations and make his findings public. So they put him in jail to seal his lips," she said.

Yuan said she has not seen her husband since March 11, when he was detained while trying to report the beating of his cousin by men who she said were most likely hired by local authorities.

The State Department criticized the detention of Chen's lawyers, saying it raised questions about China's commitment to the rule of law.

The Xinhua report gave the first detailed account of the charges against Chen. It said he instigated an attack on government offices in Shandong's Yinan County because he was upset with workers sent to carry out poverty-relief programs.

Chen was accused of getting several members of his family to help damage police cars, the report said. It said his relatives gathered a bigger group that smashed windows at a police station, overturned cars and beat police officers.

Chen attracted support from a wide array of Chinese activists.

Several said last week they were put under house arrest as early as mid-July to prevent them from going to Shandong to attend his trial.

Chen was blinded by a fever in infancy and taught himself law in order to fight discrimination against himself and handicapped farmers in his home province of Shandong.

He was arrested after recording complaints by villagers who said they were forced to undergo abortions and sterilizations to enforce China's controversial birth-control rules, which limit most urban couples to one child and most in the countryside to two.

Such practices are illegal, but local officials often resort to drastic measures for fear of being punished for exceeding birth quotas.

Chen's efforts to record the complaints prompted China's family planning agency to investigate. It confirmed the claims and said some officials were detained or fired.

In the past year, Chen and members of his family have been beaten, threatened and confined to their house by thugs, according to the family and their lawyers and supporters.

Chen's legal team included some of China's most prominent activist lawyers and a leading law professor from Beijing.

Other legal activists also have been targeted by Chinese authorities.

Beijing lawyer Gao Zhisheng was detained by police last week, reportedly on suspicion of criminal activity. Gao has represented members of the banned Falun Gong spiritual group and villagers who say local officials improperly seized their land.

On Wednesday, the U.S.-based group Human Rights Watch criticized the communist government's treatment of Chen, Gao and other activists.

"Beijing should either uphold the rule of law and tolerate legal challenges or drop this facade of commitment to legal reform," the group said. "The actions against Chen, Gao and others make it difficult to believe that everyone in China is equal before the law."

Blind Chinese Activist Gets 4 Years (WP)

By Maureen Fan

The Washington Post, August 25, 2006

BEIJING, Aug. 25-- A blind rural activist who attracted international attention for exposing forced abortions and sterilizations in eastern China was sentenced to four years and three months in prison on charges that he damaged property and disrupted traffic, state media reported Thursday evening.

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Supporters of the activist, Chen Guangcheng, immediately denounced the verdict, which came less than a week after a closed-door trial at which he had been deprived of his defense team.

Chen, 34, originally faced five years in prison on the charges, which stem from an incident in his village in February. He received a far more severe sentence than others charged in connection with the case, his wife and lawyers said.

"I didn't expect they would punish him this severely," said Chen's wife, Yuan Weijing, who, like Chen's lawyers, learned of the verdict through news media. "The whole operation stinks and is illegal and under the table."

"I don't know what to do now," she said, her voice cracking. "I want to visit him, but I don't think they will allow me."

One of Chen's top defense attorneys, Xu Zhiyong, vowed to appeal. He and Chen's other attorneys were accused of theft and detained by police the night before the trial; Xu was released an hour after it concluded. Chen was represented, over his objections, by court-appointed lawyers whom he had never met.

His supporters say the charges were trumped up to retaliate against him for preparing a class action lawsuit that embarrassed local family planning officials last year. He took testimony from thousands of residents who said officials had raided the homes of families with two children and demanded that at least one parent be sterilized. They also said authorities had forced women pregnant with a third child to have abortions.

Chen has been under house arrest or in jail for a year. His trial has brought international condemnation of China's legal system and galvanized human rights lawyers, who say they are feeling a sharp upturn in official pressure.

"Authorities always control us human rights lawyers, but it has been tighter in the last two months," said Teng Biao, a Chen supporter and a lecturer at the China University of Political Science and Law.

Luo Gan, the Politburo member responsible for internal security in China, warned this summer against the destabilizing influence of rights lawyers and activists.

In an issue of a Communist Party journal, Luo called for the adoption of "vigorous measures to effectively prevent hostile forces and people with ulterior motives from exploiting conflicts." He said some Chinese had engaged in "sabotage under the disguise of 'rights protection.' "

Last week, Gao Zhisheng, a well-known human rights lawyer who has lobbied for Chen's release, was abruptly taken from his sister's home by a group of men with no identification, no warrants and no legal documents. Gao, 42, is being detained for unspecified "criminal activities," the official New China News Agency later reported.

Hu Jia, an activist and a friend of Gao's who is also under house arrest, said he had learned details of the incident from Gao's sister.

"More than 10 people rushed into Gao's sister's house and put a black hood over Gao's head. So many men surrounded him that she told me, 'I could only see his slippers,' " Hu said.

"The men pushed me onto the sofa and covered my mouth with their hands. They took away my cellphone and my brother's car key. Everything happened in a few minutes. They didn't say a word," Gao's sister said, according to Hu. "The next day police came to my house, returned my mobile and told me two things. One, that the group of people who came over yesterday were from Beijing and, two, not to tell anybody what happened, to pretend I didn't see anything."

Hu said a "psychological war" has been initiated by the party to terrify lawyers and advocates into "behaving."

On Thursday, international rights lawyers condemned the verdict in the Chen case.

"The Communist Party has decided to thumb its nose at the world by allowing this flagrantly unjust conclusion, and Chen will become the poster boy for advertising this," said Jerome Cohen, a professor of Chinese law retained by the New York Times to help defend Zhao Yan, a Beijing-based researcher for the paper who has been charged with leaking state secrets. Zhao was sentenced Friday to three years, including the two years he has already served in a detention house, so he will be released a year from now. The court threw out a charge of leaking state secrets to the foreign media, but found Zhao guilty of fraud in connection with taking $2,500 from a man in Jilin province, in northeast China. Lawyers for Zhao, however, plan to appeal, saying he is innocent of all charges.

"This is a turning point in the harsh crackdown against lawyers and other rights defenders," said Sharon Hom, executive director of New York-based Human Rights in China. "It moves rights defenders into the 'enemy camp,' of Falun Gong activists, Tibetan activists and democracy activists."

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Researchers Jin Ling and Jiang Fei contributed to this report.

Chinese Peasants' Advocate Sentenced To 51 Months In Jail (NYT)

By Joseph Kahn

The New York Times, August 25, 2006

BEIJING, Aug. 24 — A Chinese court sentenced an advocate of peasants' rights to more than four years in prison on Thursday after a trial his lawyers say was a sham.

The rights advocate, Chen Guangcheng, was convicted of destroying property and organizing a mob to block traffic. He earned the enmity of local Communist Party leaders in Shandong Province, in eastern China, when he sought to organize a class-action lawsuit against forced abortions and sterilizations there.

The New China News Agency announced the sentence, four years and three months, in a terse dispatch on its English-language news wire. The information did not appear in Chinese, and other state-run media have been banned from reporting on the matter.

Mr. Chen's two-hour trial last week and the long sentence announced Thursday appear to reflect a concerted effort by Chinese authorities to punish lawyers and rights advocates, who increasingly in recent years have helped defend people aggrieved about land seizures, environmental abuses, religious persecution and population controls.

The Beijing police last week detained Gao Zhisheng, a lawyer and one of China's most outspoken dissidents, on suspicion of criminal activity. Mr. Gao's family has also been put under police guard. His whereabouts and the exact charges against him are unknown.

Chinese lawyers and human rights advocates say they believe that President Hu Jintao has ordered a broad crackdown on people who call themselves "rights defenders" because he worries that they have tried to use legal pressure to undermine the Communist Party.

The police and judicial officials also appear to be moving assertively to resolve a slew of the most important human rights cases, possibly calculating that the Western governments and the international news media will pay less attention to such matters at the height of the summer vacation season.

The case of Mr. Chen, a 34-year-old peasant, came as a particular shock to the legal and human rights community.

Mr. Chen, blind as a result of a childhood illness, taught himself the law. He became a minor celebrity in China after he helped disabled people win cases against government agencies that did not grant them the full protections and benefits they are entitled to under Chinese law.

But Shandong government officials turned bitterly against him in early 2005 when he sought to defend thousands of local residents forced to have abortions or sterilization operations so that Linyi City could meet its population-control quotas.

Though central government investigators later found that abuses had occurred in enforcing population policies there, local authorities put Mr. Chen under house arrest for months and then charged him with destroying property and blocking traffic.

A team of the top rights lawyers in the country came to Mr. Chen's aid. They argued that the charges against him were fabrications. The crimes would have been difficult for Mr. Chen to commit, they said, given that he cannot see and was under constant police guard at the time the violations were said to have occurred.

But the Beijing lawyers were harassed, beaten and prevented from gathering evidence to support Mr. Chen in court, numerous people involved in his defense said.

On the eve of Mr. Chen's trial last week, three of his lawyers were accused by local thugs of stealing property. The lawyers were then detained by the local police and one of them was held until after Mr. Chen's trial had ended.

When his other lawyers complained to the court that the harassment made a mockery of the legal proceedings and called for a delay, the court appointed new defense lawyers for Mr. Chen and proceeded with the trial.

The appointed defense lawyers did not contest any of the charges against Mr. Chen and did not call any witnesses on his behalf.

"I believe the court officials there have lost their minds," said Xu Zhiyong, one of Mr. Chen's chosen lawyers, who was prevented from attending his trial by the local police. "The entire process was illegal."

DOJ_NMG_0053320

Chinese Rights Champion Ordered To Prison (USAT)

By Calum Macleod

USA Today, August 25, 2006

BEIJING — A Chinese court issued a four-year prison sentence Thursday to an activist who had exposed authorities for ordering thousands of forced abortions and sterilizations.

Chen Guangcheng — a blind, self-taught legal advocate — was convicted of "willfully damaging property and organizing a mob to disturb traffic," the state news agency Xinhua said. The charges related to incidents that happened in his home village in February and March.

The case drew international attention because of the abuses Chen uncovered and because he was tried without his defense team present. Chen's supporters said that the charges were fabricated and that his real crime was standing up to the state and its brutal family-planning regime.

"This case will teach everyone a lesson," said lawyer Li Fangping, who was arrested last week as he prepared to defend Chen. "You cannot criticize the Chinese government, even if it is constructive criticism, and especially not on family-planning issues. The government will get its revenge."

Chen was convicted in spite of calls by the Bush administration for the charges to be dropped. He was to be represented by three high-profile Beijing lawyers, but they were detained by police during his trial and never saw the evidence against their client.

The case could signal a crackdown on the growing number of public activists in China. Labor rights specialists, AIDS activists, environmentalists and others have used courts, the Internet and other forums to broaden personal freedoms and try to get justice for victims of state policies.

Chen's case "is related to the current campaign against lawyers, journalists and others who stoke the fire of the nation's increasing rights consciousness," said China law expert Jerry Cohen, a professor at New York University law school.

China has few lawyers: about one for every 10,000 people, according to the All China Lawyers Association. That compares with approximately one lawyer for every 268 Americans. Many poor and rural Chinese have sought legal help from self-styled advocates such as Chen.

Chen's sentence of four years and three months comes on top of 13 months of house arrest and formal detention. His initial detention came after he filed a class-action lawsuit against authorities in Shandong province. The lawsuit accused Yinan County officials of forcing women to be sterilized and to have abortions as late as eight months into their pregnancies.

China's strict population-control policies limit most urban couples to one child and most rural couples to two.

After its own inquiry last year, China's State Family Planning Commission concluded that Chen's accusations of abuses by Yinan officials were valid. The commission publicly admitted that officials in Yinan had ordered forced abortions and sterilizations in violation of Chinese law.

Chen was prosecuted because he humiliated local bosses and forced the central government to admit abuses, said Teng Biao, a scholar at China's University of Political Science and Law who advised the activist's legal team. "Although he is blind, he has a mature grasp of the law, and great social responsibility."

This spring, Time magazine named Chen as one of the world's 100 most influential people. Such attention may have contributed to his downfall. "Once there were international influences in the case, the local government really lost face and wanted to take revenge on him," Teng said.

Chen's case is a setback for efforts at legal reform in China. The country's judicial system has generally been strengthening defendants' rights, tightening rules that govern police conduct, and moving away from politically driven verdicts, Teng said.

The soft-spoken Chen, 34, has been blind since infancy. He is an unlikely firebrand. The youngest of five brothers, Chen struggled to get a formal education, only beginning grade school at age 17. Later, he studied massage — one of the few career options for the blind in China.

He has said he was inspired to fight injustice by listening to U.S. broadcasts on Voice of America and Radio Free Asia.

In 2000, Chen successfully halted the operations of a Shandong paper mill that was poisoning local rivers. Along with other efforts to champion the disadvantaged, the case brought him publicity and earned him the nickname "barefoot lawyer."

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"Chen never had a chance to become a qualified lawyer," said his wife, Yuan Weijing. "But he taught himself the law, and has always protected both women's rights and farmers' rights." She will appeal his sentence because "every step of his detention and prosecution has been illegal," she said.

A Thaw Between India And China (LAT)

By Henry Chu And Mark Magnier

The Los Angeles Times, August 25, 2006

NEW DELHI — High atop a snowy Himalayan pass, a lonely road linking Asia's two giants reopened last month after a 44-year diplomatic roadblock.

Leaders in India and China hailed the event as a sign of the growing rapprochement between neighbors that have eyed each other with distrust since a 1962 border war. Officials say the artery along the fabled Silk Road will invigorate trade between their two booming countries.

But the reopened Nathu La pass is an apt symbol of SinoIndian ties in more ways than one. The rough terrain, icy weather and extremely short list of goods approved for exchange are emblematic of the rocky path of limited engagement that Beijing and New Delhi have embarked on after decades of a political deep freeze.

Their evolving relationship may help define the 21st century as the world's two most populous nations — which account for one-third of humanity — try to pull themselves out of poverty and stagnation.

By 2050, some experts predict, the United States, China and India will have the planet's largest economies.

In a noticeable thawing of relations, New Delhi and Beijing have taken steps in recent years to reduce military tension, increase government contacts and expand trade. The two governments declared 2006 their "year of friendship," to be marked by cultural events and a summit of Chinese President Hu Jintao and Indian Prime Minister Manmohan Singh.

But establishing a truly strategic partnership will be no mean feat. Persistent suspicion among hawks on either side, unresolved border disputes, intensified competition for resources such as oil and gas, and influence from Washington could all act as a brake on Sino-Indian cooperation, analysts say.

That both nations stand to benefit from a peaceful, improved relationship is clear.

"In the next two decades, both sides want to be a rising power," said Hu Shiren, a South Asia expert at the China Institute of Contemporary International Relations in Beijing. "To facilitate this, you must have good, stable surroundings. Cooperation is most imperative."

China's communist government, in its rush to remake the country into a capitalist powerhouse, has put a premium on stabilizing relations with neighbors and settling contested borders.

India, too, after years of looking inward, is liberalizing its economy and paying more attention to the region. It's particularly keeping an eye on China, whose economy is nearly three times the size of its own, as it begins flexing its muscles politically, militarily and economically on the global stage.

"They've been a rising power for 20 years, and we didn't notice. We were so obsessed with our little world," said Mohan Guruswamy, head of the Center for Policy Alternatives in New Delhi. "The establishment in India has begun to take note, and it's slowly and lumberingly beginning to change its attitude."

Mention China here and hackles still rise. Official Indian rhetoric on the behemoth to the north remains heavily colored by the 1962 border war that led to the closing of the Nathu La pass, a conflict each side accuses the other of provoking.

In 1998, India's defense minister pointed to China as the country's No. 1 threat. That same year, the Indian prime minister infuriated Beijing by writing a letter to President Clinton citing China as one of two reasons India was conducting nuclear weapons tests.

The other reason was archrival Pakistan, a longtime ally of China whose own nuclear buildup Beijing is accused of aiding.

The Indian military's view of China is one of abiding mistrust.

"It's gospel among the armed forces. It's sacred to the hawks in this country," said Alka Acharya, an expert on international relations at Jawaharlal Nehru University. "They don't budge from that position."

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Large swaths of mountainous territory technically remain in dispute between Beijing and New Delhi, despite a breakthrough agreement three years ago to push for a permanent settlement. Several rounds of talks have yielded little substantive progress.

The recent completion of China's Tibetan railway touched off warnings here of easier access to the area by People's Liberation Army troops. China contends that the rail line was built to help develop its impoverished western provinces.

"Some Indians see an ulterior motive, but this is ridiculous," said Hu, the South Asia expert. "If there were a war, of course the railway could serve military purposes; but its main purpose is for the economy."

In contrast to the enduring suspicion among the Indian military's top brass, the reality is far more relaxed. The India-China border, which stretches for more than 2,500 miles, has lain largely quiet for 25 years, to the point that soldiers on both sides of the Nathu La pass engage in friendly sporting matches, celebrate each other's festivals and exchange gifts.

Reopening the pass July 6 represented official recognition not just of greater mutual trust but of the increasing importance of economics in Sino-Indian ties.

Last year, trade between the two nations was estimated at $18.7 billion, up by more than a third from 2004. This year, it is expected to hit $20 billion.

Pharmaceuticals, chemicals and steel flow from India to China; manufactured goods and commodities such as silk come back. Economists expect China soon to overtake the United States as India's biggest trading partner.

In the early 1900s, the Nathu La pass, more than 14,000 feet above sea level, was the most important commercial corridor bridging the two countries, accounting for 80% of bilateral trade, according to some estimates. The land link saves thousands of miles and weeks of travel compared with shipping goods by sea.

But demonstrating the wariness with which the two sides still regard each other, Indian merchants are allowed to export only 29 items, such as rice and flour, across the pass, and their Chinese counterparts must stick to a list of 15 approved goods, including goatskins and yak tails, which are used as fly swatters.

Predictions that trade through Nathu La could reach nearly $3 billion in less than 10 years seem wildly optimistic unless the list of items is greatly expanded and better infrastructure is built.

"It will take time, but it's better than nothing," said Wang Jinzhen, secretary-general of the China Council for the Promotion of International Trade.

Restrictions on trade are not limited to the Nathu La pass. Chinese trade experts say China has lowered its tariffs faster than India and welcomed earlier and greater foreign participation in such important sectors as retailing and auto manufacturing.

Chinese telecommunications companies trying to invest in India complain of being made to jump through more regulatory hoops than American or European firms on the grounds of national security. For example, the Chinese telecom company ZTE's bid to enter the Indian market has been blocked by an Indian government investigation of "safety" issues.

Clashes also have cropped up in the two countries' scramble for sources of energy to fuel their burgeoning economies. Indian and Chinese oil companies have gone head to head several times for access to reserves around the world, including South America and Central Asia, with China almost always emerging the victor.

In January, Beijing and New Delhi agreed to work together in securing reserves abroad. Putting the deal into practice may be difficult, but analysts say both nations need to cooperate in the face of dwindling supplies.

"There isn't enough if you just go and fight for it. We need to pool our resources," said Acharya of Jawaharlal Nehru University.

"Competition is bound to emerge, particularly since we're looking at the same markets, the same sources of technology and energy," she said. "But this is precisely why [China] is the most important potential partner as well. You could clash on energy if you don't work with China. You could clash on U.S. markets if there's not some kind of understanding there. We are both too big to be competing for the same things, in the same neighborhoods, at the same time."

Although the United States' trade relationship with China, at $285 billion last year, dwarfs that with India, the Bush administration has made improving ties with New Delhi one of its top foreign policy priorities, as seen in its push for a civilian nuclear cooperation deal with India, a reversal of long-standing policy.

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Senior U.S. officials have openly described improving relations with India as a way to offset China's growing clout in Asia, and building up India's nuclear arsenal as a way to keep Beijing worried more about New Delhi than about Washington.

That kind of talk has stoked Chinese fears of American attempts to "contain" China. At the same time, India has looked askance at Beijing's aid to Pakistan in building a submarine base at Gwadar, in southern Pakistan.

Guruswamy, of the Center for Policy Alternatives here, said diplomacy in the region needn't be played as a zero-sum game.

"It doesn't mean that if you have good relations with America, you have bad relations with China," he said. "That's not required in the modern world."

Establishing a deeper partnership between India and China, however, will require a concerted effort not just to overcome historical obstacles but to sell the idea to the people of both countries.

Chinese tour groups may be hitting popular destinations across the globe, but India isn't among them, and vice versa. There is no way to fly direct between Beijing and New Delhi on any Chinese or Indian carrier; the only way to do so is on Ethiopian Airlines.

But Wang of the China trade-promotion council is hopeful.

"Both are developing countries at a stage that requires cooperation," he said. "Closer ties are good for the region and the world."

Going Mobile: Text Messages Guide Filipino Protesters (WP)

By Mary Jordan

The Washington Post, August 25, 2006

MANILA -- Raymond Palatino's cellphone pinged loudly, and a text message lit up the display: "Other students are already marching. Where are you?"

Palatino and hundreds of others -- nearly all carrying cellphones -- were on their way to Manila's gated presidential palace for a protest rally. Palatino and what people here call a "text brigade" were still a couple of miles away, about to board buses in the steamy midday heat.

"No, not ready," he typed, holding his phone in both hands, his thumbs flying across the buttons. "We're 30 minutes away."

In a string of unsolved murders in recent months, trade union leaders, government critics, students, journalists and others have been killed. Students had begun clamoring for President Gloria Macapagal Arroyo to do something.

Once they might have called a demonstration by printing fliers. Now, they do it by mass texting. Palatino had spent days getting the word out, banging out text after text on the keypad of his little Nokia phone.

"WEAR RED. BRING BANNERS." The messages -- faster and cheaper than phone calls -- went to thousands of young people, telling them to gather near Morayta Street.

"I didn't talk to anyone," said Palatino, 26, a university graduate who has a contagious smile and aspires to be a teacher. "All the organizing is done through texting. It's affordable and instant."

Cellphones and text messaging are changing the way political mobilizations are conducted around the world. From Manila to Riyadh and Kathmandu protests once publicized on coffeehouse bulletin boards are now organized entirely through text-messaging networks that can reach vast numbers of people in a matter of minutes.

The technology is also changing the organization and dynamics of protests, allowing leaders to control, virtually minute-by-minute, the movements of demonstrators, like military generals in the field. Using texts that communicate orders instantly, organizers can call for advances or retreats of waves of protesters.

This tool has changed the balance of political power in places where governments have a history of outmuscling dissent. In April, Nepal's King Gyanendra ordered authorities to cut cellphone service after protesters against his absolute rule used text messages to help assemble street protests by tens of thousands of democracy advocates.

The Philippines, widely called the text-messaging center of the world, has led the way. When President Joseph Estrada was forced from office in 2001, he bitterly complained that the popular uprising against him was a "coup de text."

This country of 85 million people has only 2 million Internet users and 3 million people with land-line telephones. But there are more than 30 million cellphone subscribers here, according to government statistics, more than double the figure in 2002.

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Initially, mobile phone companies offered free texting. Today, a text message still costs just 2 cents, a fraction of a call. A typical Filipino mobile phone user sends about eight texts a day, spending far more time texting than talking.

Every major Philippine political party and nonprofit group has a database of its supporters' cellphone numbers. Many use computers to automatically generate mass text mailings to those phones with news about issues or rallies or upcoming votes.

"When Estrada was ousted, we realized the power of texting," said Palatino, the slight, well-spoken president of a national youth party. "Since then we have never stopped using it to advance our causes."

At 1:30 p.m. on a recent day, Palatino and three students lingered near the doughnut case in the 7-Eleven on a congested corner of Morayta Street. They stood in the air-conditioned cool, cellphones in hand, waiting for a text.

Outside in the sweltering sunshine, amid street kiosks selling goods from iced coconut drinks to 1973 National Geographic magazines, other young people stood around, trying to blend in and avoid the notice of a few police officers who walked up and down, watching. Some of the students carried rolled-up banners that said "Stop the Killings." Each clutched a cellphone.

They knew police had been ordered to disperse unauthorized crowds near the presidential palace and would not hesitate to use wooden batons and water cannons to do it. So organizers wanted to make sure that everyone converged at the same time to make the rally harder to break up.

Soon Palatino's phone was alive with a flurry of texts from coordinators and marchers anxious to start.

One asked: "Are the media here?"

About a dozen TV cameramen and newspaper photographers gathered outside. They, too, had been summoned by text.

At 1:45, Palatino's phone pinged again, this time with the message: "ASSEMBLE RIGHT NOW!"

A smile crossed his face. With a few more taps of his thumbs, he forwarded the command down the text brigade ranks. He sent it to those on his phone list, and each who received it did the same. In seconds, about 1,000 students were in the street, stopping traffic and sending cars and bicycle taxis scattering.

Two students quickly hooked up a public address system to the battery of a vehicle. One by one, leaders climbed on top of it to fire up the crowd. Palatino demanded that President Arroyo do more to end the killings and allocate more money for universities.

"Books, not bullets!" he shouted.

The all-at-once strategy worked: The police were caught off guard. Only a few officers were on the scene, and they quickly pulled out their own cellphones to make urgent voice calls. Within minutes, scores more officers arrived.

They lined up to block the demonstrators. Many wore helmets and carried riot shields. A red firetruck arrived at the intersection. It stopped, its water cannon pointed at the crowd.

Palatino looked at the growing confrontation, worry creeping across his face for the first time. "It will be a success if we can stay long enough to get our message out," he said.

As the speeches continued, a police commander negotiated with a female protest leader.

At 2:38, she stepped away and composed a text, which she sent to Palatino and eight other organizers. In a mixture of Tagalog and English, the country's two official languages -- a popular combination known as Taglish -- she called for a meeting to plan their next move.

They huddled in the middle of the street like a football team. It started to rain.

The protest was a success, the leaders agreed. It had lasted an hour already and surely would make the evening news. They worried about the police, but decided to take their chances and keep going. They agreed to press on toward Mendiola Street, historically a popular protest site within sight of the presidential compound.

They knew they couldn't break through the police lines. So they decided to take a different route, Bustillos Street, which the police might not expect.

Then came the next mass text command. "BUSTILLOS!"

At first, the police looked pleased: The students were retreating. Then, they realized the protesters were only changing course. Officers hustled into new positions and cut off the crowd closer to the palace.

At 3:30, violence broke out. The students retreated, police running after them, hitting them across the back, head and arms with batons. Thwack! Thwack!

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Caught up in the melee, ducking from the swinging batons, Palatino heard his phone ping loudly.

"GET OUT OF THERE. You are in a dangerous place," warned the text, from a friend who could see that Palatino was about to be pinned between the crowd and a wall.

An officer grabbed Palatino.

"ID! ID! Now!" the red-faced officer demanded.

A small group of officers closed in around Palatino, whose eyes were suddenly wide with terror.

Students who saw it quickly typed a text alert to others, using Palatino's nickname: "Mong is being arrested."

But as suddenly as they had grabbed him, the police let him go and ran off to help another group of officers who were beating a group of students.

Relieved but shaken, Palatino walked quickly toward a Shakey's Pizza on EspaÃ±a Boulevard, where earlier texts had instructed everyone to meet once the protest ended. As he walked, his phone pinged loudly with text after text.

Like other leaders, Palatino was responsible for making sure everyone in his group was safe and accounted for.

Texts of "WHERE ARE YOU?" raced through the crowd.

After an hour, 10 people out of the 1,000 had not replied. So organizers dispatched people to police stations and hospitals to check for the missing.

An hour later, students started filtering home in time for the 6:30 news, which was filled with graphic scenes of police officers beating the young protesters.

Just after 7 p.m., Palatino received a text with the final tally: 34 students injured, eight seriously. Ten people detained, then released.

"Before, we had no choice but to keep quiet and listen to the president," Palatino said, still holding his tiny phone. "This is a development for democracy."

A Down-Under Lesson For The GOP? (WP)

By E. J. Dionne Jr.

The Washington Post, August 25, 2006

MELBOURNE, Australia -- A battle over the future of the past broke out here last week. The fight explains a great deal about how Australia's conservative prime minister, John Howard, has hung on to power for a decade.

Pay attention to Howard. His approach could be a model for how parties of the right -- including Republicans in the United States -- manage to build majorities in turbulent times.

Last week, Howard organized a "history summit" to call attention to the decline of Australian history as a subject in high schools. In most states here, history has been subsumed within (and thus displaced by) a broader social studies curriculum focused on "studies of society and the environment."

"I think we have taught history as some kind of fragmented stew of moods and events," Howard declared, "rather than some kind of proper narrative."

This is the sort of cultural and educational fight familiar to Americans. My gut is with those who see history as a distinct subject. Wherever we live, we should know our country's national story.

Notice what has just happened: This writer, on the other side of politics from the Australian prime minister, has embraced his argument that old-fashioned history is worth teaching.

Howard has a genius for picking the right wedge issues. In this case, his argument appeals to conservatives who don't like what Howard has called "black armband history" -- i.e., a history that is primarily critical of Australia's white settlers. But it also draws in many from outside the ranks of the right who have moderately traditional views about school curriculums.

This has been Howard's way since he defeated Paul Keating, a Labor Party prime minister, in 1996. Oddly, the two political enemies have a lot in common.

As George Megalogenis argues in his new book, "The Longest Decade," both Howard and Keating believed in opening up the once highly protected Australian economy to global market forces. The two, Megalogenis writes, "bombarded us with change."

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But there was a big difference. Keating was also in favor of cultural change -- bravely so, in the eyes of his friends. He proposed that Australia get rid of its old flag. He wanted the country to stop being a constitutional monarchy theoretically under the queen of England and instead become a republic.

Howard, on the other hand, thought that in a time of rapid economic change, Australians needed to cling to some of the old sources of stability, including the symbols. He was for the old flag and against the new republic. David Kemp, a former member of Howard's cabinet, said his old boss understood the reaction against globalization and economic change among conservative voters.

Howard has also waged war on political correctness. His liberal Australian critics see him as appealing in code to racist sentiment by, among other things, taking a hard line on refugees. Howard's supporters see him instead as defanging hard-core racism. He has acknowledged that Australians have "badly treated our aboriginal people, shamefully treated them." But he insists that "in the greater sweep of history, Australia has been a very tolerant, humane society." Voters like to hear that sort of thing.

What's exportable about Howard's politics is his shrewd understanding that conservative parties embracing hard-line market economics need to provide those threatened by economic change with something to hang on to -- tradition, nation, family, flag -- so that their world doesn't fly apart. Except on the immigration issue, where he used a sledgehammer, Howard has pulled off in a subtle way what Republicans in the United States have pursued with less finesse and a greater emphasis on religion than would work in this more secular country. Interestingly, though, the political role of religion is on the rise here.

There are limits to Howard's approach. His government has pushed through an industrial relations overhaul that will undo many rights in areas, such as overtime, that Australian workers have long taken for granted.

Kim Beazley, the leader of the opposition Labor Party, believes the employment law changes, combined with rising interest rates, will start losing Howard the very votes his cultural traditionalism has earned him in the past. "All of a sudden he's pulverizing that conservative working-class heartland," Beazley said in an interview. On the history curriculum war, Beazley is not far from Howard's view. But he sees the issue as just the latest attempt to distract attention from questions that could prove dangerous to Howard.

The next Australian national election is expected late in 2007. Watching whether Howard's model can work one more time will be instructive, especially to U.S. Republicans who will need all the ideas they can find to hold on in 2008.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

British Study Charitable Organization For Links To Plot (NYT)..... 4
Europe Intensifies Probes Of Extremist Muslims (WSJ) 5
UK Urges Unity On Airline Threat (FT) 6
2nd Man Held In German Plot (WP) 6
2nd Suspect Surrenders In Plot To Bomb Two German Trains (NYT) 7
Germans Eye More Surveillance After Failed Bomb Plot (CSM) .. 8
Prosecutors Ask Judge To Review Document Release In Terror Case (BRAH) 9
Video: Narseal Batiste Enlists Al Qaeda (WFOR-TV) 10
Waiting To Go Free: I'm No Terrorist, Lodi's Umer Hayat Insists (SACBEE) 10
12 Held On Flight To India Released (WT/AP)..... 12
Dutch, Seeing No Terror Link, Free 12 Held After India Flight (NYT) 13
A Professor's Islamic Ties (WT)..... 14

Homeland Response:

Chertoff: Reforms Needed To Fight Illegal Immigration (USAT) . 15
Illegal Immigration Dominates Meeting Of U.S., Mexican Border Governors (LAT) 15
Immigration Bill Sticker Shock (CSM)..... 16
Air Marshal Dress Code Changed (AP-Y) 17
Dress Code Relaxed For Air Marshals (WP)..... 18
Search And Defend (NYT)..... 18
E.P.A. Whistle-Blower Says U.S. Hid 9/11 Dust Danger (NYT) .. 19
New York Man Charged With Enabling Hezbollah Television Broadcasts (NYT) 20
Hez TV Is A Bust (NYDN)..... 21
Staten Island Man Said To Broadcast Hezbollah Network (NYS)22
B'KLYN BIZMAN IN HEZ-TV BUST (NYPOST)..... 22
Man Charged With Providing NYC Broadcasts From Hezbollah TV (NSDY/AP) 23
New Yorker Arrested For Providing Hezbollah TV Channel (WP)24
Man Said To Offer Hezbollah Station (WT) 25
Quick To Save Lives, But Not To Take Credit (USAT)..... 25
A (Terror) Fish Story (NYT)..... 26
Democrats Cite No-bid Katrina Contracts (AP) 26
Washington: Storm Fraud Charges (NYT) 27
Weathering Corruption (WP)..... 27
Disaster-relief Missions Likely From Private Sector, Panel Says (WT) 28
Homeowners Decked By Katrina Still Wait For Insurers To Pay Up (USAT) 29
After Katrina, Baton Rouge Weathers A Storm Of Its Own (WP) 31
Saint Indeed: Reggie Helps Revive City (USAT)..... 33
New Orleans Shops Struggle To Survive (NYT) 35
In Uncertain New Orleans, Failure Of Leadership... (USAT)..... 38

War News:

Security Is Improving In Baghdad, U.S. Generals Say (USAT/AP) 39
U.S. Generals Say Baghdad Violence Slows (AP)..... 39
Returning Some Order To Iraq's Mean Streets (WP)..... 41
Army Reviewing Casualty Reports (AP) 41
Inside The Ring (WT)..... 43
Washington Wire (WSJ)..... 44
Whatever Happened To Rumsfeld The Poet? (LAT) 44
Shays Urges Iraq Withdrawal (WP) 45
Behind McCain's Blast At Bush Over The War (TIME) 46
Electricity Service Still Erratic Throughout Iraq (USAT)..... 46
Sadr's Militia And The Slaughter In The Streets (WP)..... 47
Disavowed By Mahdi Army, Shadowy 'Butcher' Still Targets Sadr's Foes (WP)..... 49
British Leave Iraqi Base; Militia Supporters Jubilant (WP) 50
Freedom (CSM) 51
Ransom Claims Abound In Carroll Case (CSM) 54
U.S.: 7 Operatives Killed In Afghanistan (AP) 56
8 Killed In Raid By U.S. Forces In Afghanistan (NYT)..... 57

Corporate Scandals:

Justice Department Ends Investigation Of Fannie Accounts (WSJ) 58
Fannie Mae Won't Face U.S. Charges Over Its Books (NYT) 58
Fannie Mae Avoids Criminal Charges Over Accounting (WP) 59
Fannie Mae Won't Face U.S. Justice Department Charges (Update5) (BLOOM) 60
UPDATE: Fannie Mae Told Justice Dept Probe Discontinued (DOW)..... 61
Justice Department Ends Two Year Probe Of Fannie Mae (AFP-Y)..... 62
Lay Estate Deal Near On Enron Retirement Fund (HC) 62

KB Home Says SEC Will Probe Its Granting Of Stock Options (WSJ) ... 63

Criminal Law:

Four Indicted In Katrina Fraud Case (BSH) ... 64
4 Indicted Over Katrina Debris Removal (AP) ... 64
Katrina Begat Sorrows But Also Lots Of Greedy Frauds (SH) ... 65
Safavian Asks Judge To Overturn Conviction (WP/AP) ... 66
Judge Skeptical Of Argument For New Trial In Safavian Case (GOVEXEC) ... 66
Crime Lab Designed To Help Find Pornographers, Victims (AP) 67
Karr Lands In Colorado (WT) ... 68
Ramsey Suspect Sent To Colorado (LAT) ... 68
Landlord In Costa Rica: Karr Said He Was 'Like A Wolf' Sexually (FINDLAW/AP) ... 69
Alleged Cuban Spy Says FBI Promised No Arrest (BRAH) ... 70
Atlanta Jailer Pleads To Bribery Charges (AJC) ... 71
Bronx Pol To Surrender To Feds (NYDN) ... 71
BRONX STATE SENATOR INDICTED IN JOB SCAM (NYPOST) ... 71
Crew Says He Offered To Wear Wire In Probe (MH) ... 72
Kaiser Heir Sentenced For Fraud (SACBEE) ... 73
Light Sentence Given Henry Kaiser Scion (MERCN) ... 74
Kaiser Scion Sentenced In SureWest Fraud Case (SACBIZ) ... 75
Six Indicted In Alleged $48 Million Lottery Operation (MERCN) . 75
Cult Leader Scheduled For Execution (FINDLAW/AP) ... 75
Files From Duke Rape Case Give Details But No Answers (NYT) ... 76
Vermont Gunman Kills 2, Wounds 2 At School, Homes (USAT) 82
Kentucky Governor Signs Plea Deal (NYT) ... 82

Civil Law:

Court Upholds President's Authority (AP-Y) ... 83
Northwest To Keep Flying If Attendants Strike (CHIT/BLOOM) .. 84

Civil Rights:

Solicitor General Sides Against Integration Programs (LAT) ... 85
New State Prisons Chief Pledges Changes (BSUN) ... 86
New Chief Pledges Change In Prisons (WT/AP) ... 87
Issues Of Race And Sex Stir Up Alabama Election (NYT) ... 87

Antitrust:

Feds Eye Hospital Bid (FMT) ... 88
Rite Aid Makes Deal To Keep Up With Foes (AP) ... 89
Rite Aid To Buy Jean Coutu's Eckerd, Brooks Chains (Update13) (BLOOM) ... 90
Rite Aid To Buy Eckerd, Brooks Drugstore Chains (WSJ) ... 92
Canadian Drugstore Company Retreats From U.S. (NYT) ... 92
Rite Aid To Buy Brooks, Eckerd (USAT) ... 93
BA Appeals For Antitrust Authorities To Dismantle BAA (AFP-Y)93
Stage Gets Set For Italy's Banks To Consolidate (WSJ) ... 94
Let Companies Buy And Sell News (LAT) ... 95

Environment:

Alcoa Fined $9.2M For Pollution (DMN) ... 96
Alcoa Faces More Than $9 Million In Pollution Fines (COX) ... 97
US Appeals Court Refuses To Block Dredging Of Columbia River In Oregon (FINDLAW/AP) ... 98
Report Criticizing BP's Controls Is Investigated After Alterations (WSJ) ... 98
Bush's First Energy Rule: Efficient Enough? (CSM) ... 99
Calif. Poised To Act On Its Own On Global Warming (USAT) .. 100
Diesel Blues (WSJ) ... 101

FBI/DEA/ATF/USMS:

DOJ Close To Settling Messy Bad-snitch Case (LAW) ... 101
Feds To Help Train Local Cops (SACBEE) ... 102
Chief Makes Landmark Arrest In Son's Fatal OD CaseCline: Dealer Homicde Charge Is First Of Its Kind In Chicago (WMAQ) ... 103
Murder Charges Filed In Death From Painkiller-Laced Heroin (NYT) ... 103
Fentanyl - Laced Heroin Leads To Charge (AP) ... 104
County Drug Deaths Surge With Heroin In Mix (PAC) ... 104
Jump In Lethal ODs Stirs Alarm In Ocean (NSL) ... 105
Rash Of Drug Overdoses Concerning In Franklin County (AP) 106
Two Plead In West Marijuana Conspiracy (KNOXNS) ... 106
West's Brother Makes Deal (KNOXNS) ... 107
Tampa Man Guilty In Pot House Case Despite Reservations About Some "colorful" Witnesses, A Federal Jury Convicts Him Of Trying To Create Indoor Marijuana Farms. (SPT) 108
Ann Arbor Doctor Gets 5 Years In Prison For Illegal Prescriptions (AP) ... 109
Sprinter LaTasha Jenkins Tests Positive (AP) ... 109
Assailants Attack Newspaper In Cancun (AP) ... 110
Ecuador Police Seize 2 Hotels In Drug Trafficking Probe (AP) . 110

Tax:

Bar On Taxing Some Judgments Spurs Worries (BLOOM) ... 111
D.C. Partnerships Weren't Taxed Illegally, Court Says (WP) ... 112
States Attack Property Taxes (USAT) ... 112
Soaring Property Taxes Elicit Backlash Among Homeowners (USAT) ... 113

Congress-Administration:

Emergency Contraception Gets FDA OK For Over-the-counter Sales (CHIT) ... 114
Plan B To Be Sold On Demand (BSUN) ... 116
Plan B Shift Threatens To Deepen Rift (WSJ) ... 117
F.D.A. Approves Broader Access To Next-Day Pill (NYT) ... 118
FDA Approves Plan B's Over-the-Counter Sale (WP) ... 120
US Permits Sale Of Plan B Without Prescription (FT) ... 122
Plan B Allowed Over The Counter (WT) ... 122
FDA Eases Limits On Morning-after Pill (AP-Y) ... 123
Barr's `Morning After' Pill May Be Sold Over Counter (Update7) (BLOOM) ... 125
Plan B Pill Cleared For Sale Over The Counter (LAT) ... 126
FDA Approves Over-the-counter Sales Of Plan B (USAT) ... 128
Easier Access To Morning-After Pills (NYT) ... 128
The Right Plan B Decision (WP) ... 129
Has Time Softened D.C. Circuit Nominee's Partisan Edges? (LAW) ... 129

DOJ_NMG_0053329

New Chief Oversees A Less Visible Faith Office (WP) 132
PLAYERS (WP) 133
Bush Joins Family On Maine Coast (AP-Y)..... 133
Family Time At Kennebunkport (WP) 134
Bush Would Rather Be Relaxing In Texas (LAT) 135
HOV Traffic Waits For No Man, Even The President (WP)..... 136
Medicare Providers Get Pay Day 'Holiday' (WSJ/AP)..... 137

Other News:

New-Home Sales Decline By 4.3% (WSJ) 137
New-home Sales Drop, A Further Sign Boom Is Over (USAT/AP) 138
Home For Sale, By Anxious Owner (NYT) 138
The House The Fed Built (WSJ)..... 140
Housing Gets Ugly (NYT) 141
Wall St Edges Up As Traders Digest Data (FT) 142
Investors Wary About The Fed (WSJ)..... 143
In Poll, G.O.P. Slips As A Friend Of Religion (NYT)..... 143
Few See Democrats As Friendly To Religion (WT)..... 144
GOP Told To Ignore Detroit At Its Peril (WT) 145
Rove Slams Democrats At Toledo Fund-raiser (TOLB)..... 146
Democrat Maintains Slight Lead Over Incumbent In Senate Race (AP) 147
Cry To Cut Spending Grows Louder (USAT) 148
Lamont Criticizes Lieberman, Bush Over Katrina Response (NSDY/AP)..... 149
Money Can't Buy You . . . Well, Maybe It Can (WSJ) 150
Angling For Hip-Hop Appeal (WP)..... 151
Hip-hop Mogul Holds Fundraiser For Steele (WT) 153
Fairfax Native Says Allen's Words Stung (WP)..... 154
It's Never Too Early To Gear Up For '08 Race (NYT)..... 155
Hillary Will Be Hurt By New Demo Dates (USAT) 157
Ehrlich Prolific In Granting Clemency (WP)..... 157
Thus Spake Zinsmeister (NYT) 159
Great Alaska Shoot Out (WSJ)..... 160
Charity At Home (WP) 160
Rice Catches Flak As Mideast Deal Falters (WSJ) 161
The Perils Of Using 'The Allies' (WP) 162
U.S. Warns Syria To Observe Arms Embargo (AP-Y) 163
On The Sidelines Of A Cease-fire, An Increasingly Defiant Syria (CSM)..... 164
Inquiry Opened Into Israeli Use Of U.S. Bombs (NYT) 165
Israel Adds 2 Nuclear-capable Submarines (AP-Y) 166
France Sets Big Force For Lebanon (WP) 167
EU To Pledge More Troops For Lebanon (FT)..... 168
France To Raise Lebanon Presence, Bolstering U.N.'s Cease-Fire Aims (WSJ)..... 169
France Offers Many More Troops For Lebanon (NYT) 170
Lebanon, Israel On Edge Over U.N. Delay (WT) 171
France To Send 2,000 Troops To Lebanon (AP-Y)..... 172
France Finally Steps Up (LAT)..... 173
Lebanese PM Says Army Can Patrol Border (AP)..... 173
Israel 'waging Economic War On Lebanon' (FT)..... 174
Hezbollah Didn't Win (WSJ)..... 175
Israel's Broken Process (WP) 177
In Muted Response To Iran, U.S. And Allies Seek Edge (NYT) 178
U.S. Awaits U.N. Deadline On Iran (AP)..... 179
Envoys: West Likely To Reject Iran's Response (USAT)..... 180
Threat Of Military Action Hangs Over Escalating Tensions With Iran (MCT)..... 180
Wanted: Scarier Intelligence (NYT) 182
EU Questions Death Of Iranian Dissident (AP) 182
Iran Exhibits Anti-Jewish Art (NYT)..... 183
Japan: N.Korean Test A 'Grave Threat' (AP)..... 184
Bush Backs Free-trade Pact With Colombia (AP-Y) 185
Sudan Ruling Party Rejects Resolution (AP)..... 185
Denouncing 'Genocide' In Darfur, Bush Envoy Rushes To Sudan (AFP) 186
U.S. Official To Go To Sudan To Promote Use Of U.N. Troops (NYT) 187
Rumsfeld Meeting With Russian Counterpart (AP) 188
Beijing Backs Venezuela For UN Council (FT)..... 188
Venezuela Says China Backs U.N. Bid (AP)..... 188
U.S. Eyes Chavez Ties To China (WT) 189
Obama Called 'One Of Us' In Kenya (CHIT) 190
Sen. Obama Seen As Inspiration In Kenya (AP)..... 191
Kenya Lays On Hero's Welcome For Favorite Son US Senator (AFP-Y) 192
Times Researcher Receives 3-Year Prison Term (NYT) 193
Chinese Activist Gets 4 Years In Prison (AP)..... 195
Blind Chinese Activist Gets 4 Years (WP)..... 196
Chinese Peasants' Advocate Sentenced To 51 Months In Jail (NYT) 197
Chinese Rights Champion Ordered To Prison (USAT)..... 197
A Thaw Between India And China (LAT)..... 198
Going Mobile: Text Messages Guide Filipino Protesters (WP) . 200
A Down-Under Lesson For The GOP? (WP) 202

DOJ_NMG_0053330

TERRORISM NEWS:

British Study Charitable Organization For Links To Plot (NYT)

By Heather Timmons

The New York Times, August 25, 2006

LONDON, Aug. 24 — The British Charity Commission said Thursday that it was formally investigating the aid group Crescent Relief and had frozen its funds, after allegations that the charity was linked to a thwarted terrorist plot to blow up trans-Atlantic flights.

The commission said it was looking into what it called "very serious'' allegations of potential "terrorist abuse of charitable funds" at Crescent Relief.

"The inquiry will focus on whether or not the charity's funds, or funds raised on its behalf, were used unlawfully,'' the statement said. "It will also consider the financial policies and practices of the charity.''

Crescent Relief was registered as a charity in July 2001 and its list of original directors included the father of Rashid Rauf, a suspect arrested in Pakistan in connection with the foiled airline bombing plot earlier this month.

According to its Web site, Crescent Relief's aid projects include providing food, books and medicine to victims of the earthquake last year in Kashmir and the 2004 tsunami in Indonesia. The group has denied financing terrorism. The charity's actions raised some red flags at its bank last year, after one member tried to send about 50,000 pounds to Pakistan without the proper identification.

Also on Thursday, British police said they had charged a 12th suspect in the plot, saying he had failed to disclose information that could have helped prevent it. The suspect, Umair Hussain, 24, is the brother of Mehran Hussain, 23, who has been charged in connection to the plot, and Nabeel Hussain, 22, who is being held but has not yet been charged. Eight suspects appeared in British court this week charged with conspiracy to murder and preparing to commit acts of terrorism.

The police also said they had arrested an unidentified 27-year-old Manchester man on suspicion of terrorism offenses. His arrest is not tied to the trans-Atlantic airline plot, the Greater Manchester Police said.

The action by the 150-year-old Charity Commission throws a spotlight on the organization, whose role in Britain's efforts to thwart terrorism is growing. The group has been an active partner as the authorities try to stamp out homegrown terrorism and extremism among Britain's Muslim communities, after the July 2005 London bombings and the most recent plot directed against airlines; both involved British citizens.

Financed by the government, the Charity Commission has 500 employees and oversees some 190,000 organizations and nearly a million trustees, including many of Britain's churches and church groups and most of its mosques.

Britain's Home Office, along with the Treasury Department, is currently conducting a review of potential terrorist financing in charities, and plans to make recommendations for changes this fall. "We are aware that existing safeguards against terrorist abuse in the charitable sector need to be strengthened," said a spokesperson for the Home Office.

The Home Office's review is expected to lead to some changes, but it is unclear what they might be.

As Thursday's action illustrates, the Charity Commission is already more than just a rubber stamp or a registration office: it has the authority to freeze the bank accounts of Crescent Relief until its inquiry is finished.

The commission does not begin formal investigations lightly; it made just 60 last year despite receiving thousands of complaints about the charities it regulates.

The commission has been involved in other high-profile actions aimed at thwarting terrorism; in 2002, for example, it removed a cleric, Abu Hamza, from his position as an officer of a mosque in London, because it said he was making statements that were of "such an extreme and political nature as to conflict with its charitable status."

The Charity Commission has been reluctant to promote its role in the battle against terrorism, preferring to focus on the benefits that charities bring society. In an interview on Wednesday, the commission's chief executive, Andrew Hind, described the organization's mission as "trying to encourage 1,000 flowers to bloom."

A strong individual volunteer sector is "a fundamental element" to a functioning civil society, Mr. Hind said. A former BBC executive, he said he believed that charity, and Britain's tradition of contributing time and money to the less fortunate, was comparable to the role of a free press in society.

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The commission does not actively investigate organizations for their links to terrorism, he said, and often relies on tips from the public to prompt investigations. “This is a very small part” of the overall mission, he said. Since the terrorist acts of Sept. 11, 2001, there have “not been more than one or two cases a year” that involved concerns about terrorism, Mr. Hind said.

Currently the commission, which is staffed by lawyers, accountants and executives who have worked in charities themselves, employs about 50 compliance officers who conduct investigations into complaints about charities, and allegations of terrorist ties or political leanings.

Law firms and charities that have worked with the commission give its investigative prowess high marks. “They approach it with thoroughness, they go into things in depth, and they look for quality of answers,” said Christopher Hallam, a charity law adviser with Robinsons Solicitors in London.

But the commission is not a regular part of the global discussions among the police and antiterrorism intelligence officials.

Mr. Hind said there were no regularly scheduled conversations with United States or European officials on the subject. Establishing regular communication with the United States would be unwelcome, Mr. Hind said. “I hope it doesn’t happen, because that would be indicative of larger problems,” he said.

Europe Intensifies Probes Of Extremist Muslims (WSJ)

By David Crawford And Carrick Mollenkamp

The Wall Street Journal, August 25, 2006

European police have stepped up investigations into extremist Muslim groups since police said they foiled plots to down airliners over the Atlantic Ocean and blow up trains in Germany, even as British police released two more suspects without charging them.

Authorities across Europe fear the attention generated by the British raids may prompt copycat crimes, given that relations between many European countries and their Muslim populations remain extremely tense. "Young Muslim men in Germany, France or Italy visit the same Web sites as their friends in Britain," said one senior European intelligence official, referring to extremist Internet sites.

Police in Denmark, Italy and Germany have stepped up probes of extremist Muslim groups during the past two weeks. Scandinavian police are investigating links of relatives there to two Lebanese men suspected of planting luggage bombs on trains in Germany. In Italy, police detained at least 40 men after London investigators claimed they had thwarted a plan to bomb several U.S.-bound passenger jets. German police have expanded their domestic rail-bombing investigation to Cologne, Essen, Muehlheim and Hamburg, and have asked counterparts in Turkey, Lebanon and several European countries for assistance, a police official said.

A law-enforcement official familiar with the alleged British plot also said there could be more related arrests. Peter Clarke, head of the antiterrorist branch of London's Metropolitan Police Service, this week said inquiries will "span the globe."

Magnus Ranstorp, a counterterrorism expert at the Swedish War College, said Danish police have been on edge since earlier in the year when a controversy over the publication of cartoons depicting the prophet Muhammad ignited violent protests by Muslims world-wide.

Mr. Ranstorp says police in Denmark and elsewhere are concerned the heightened publicity surrounding the London case could inspire copycat terrorist cells and teach potential terrorists how to avoid mistakes. Two weeks after four suicide bombers killed 56 people, including themselves, on London's Underground subway system and a bus on July 7, 2005, a group of young Muslim men allegedly tried to carry out a similar attack in London. On July 31, two bombs planted on trains in Germany failed to explode because of design mistakes.

Yesterday, Lebanese national Jihad Hamad -- who German police say fled via Turkey to Lebanon shortly after planting one of the train bombs -- turned himself in to police in Lebanon. Youssef Mohamad el-Haj allegedly accompanied Mr. Hamad on the same flight after planting a second bomb on another train, German officials say. Mr. Haj then returned to Germany last week. This week, police questioned two men who vouched for Mr. Haj and provided him with financial guarantees needed for a visa to stay in Germany. Mr. Haj also uses the alias "Hajdib," a police official said.

Police are investigating links between members of Mr. Hamad's and Mr. Haj's families to Hizb ut-Tahrir al-Islami, a Muslim group active in Lebanon and prohibited in Germany, a senior German intelligence official said. In a statement released in Austria, a spokesman for the outlawed German chapter wrote, "We under no circumstances support attacks of this type...but the true cause of these crimes is the criminal policy of western countries against the Islamic world."

In Britain, police late Wednesday released two men they had held since conducting overnight raids on Aug. 9 and 10. One was Tayib Rauf of Birmingham, a person familiar with the matter said. The Metropolitan Police declined to comment. Mr. Rauf's brother, Rashid, was recently arrested in Pakistan, where authorities claim he was a key instigator of the alleged plot and is

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connected to al Qaeda. The other person released was Asim Tariq, a worker at Heathrow Airport, a person familiar with the probe said.

Since 24 suspects were detained in the initial raids, one additional person has been arrested and then released, while four others detained in the raids have been released, including the two on Wednesday. In all, 12 people have been charged, including eight men who were accused of conspiracy to commit murder and intent to carry out acts of terrorism.

Separately, the Charity Commission, a watchdog for nonprofit groups in England and Wales, said it had upgraded an inquiry into a London charity called Crescent Relief. The father of the Rauf brothers served as a director of the charity from 2000 to 2001, according to British corporate records. The Charity Commission said it had frozen the bank accounts of Crescent Relief and launched a formal inquiry after saying last week it was considering regulatory action.

A Crescent Relief director, Ghazanfer Ali, has said he welcomes the probe.

UK Urges Unity On Airline Threat (FT)

By Jimmy Burns And Michael Peel In London And Tobias Buck In Brussels

Financial Times, August 25, 2006

The UK government is pressing the European Union to upgrade standards for airline security amid renewed intelligence warnings about the threat of terrorists smuggling liquid explosives on to aircraft.

"We are hoping for a forum that will take us to a common position on airline security across Europe, and not for a talking shop," one UK official said on Thursday.

EU transport security officials will meet in Brussels next Wednesday to discuss UK proposals that would cover restrictions on hand luggage, increased screening of passengers and an agreed EU-wide investment programme for updating current technology used in explosives detection.

The UK, which with the US and Pakistan, thwarted an alleged plot at Heathrow airport to blow up several US-bound planes on August 10, is pressing for agreement on measures commensurate with the new threat.

Security officials at the UK's Department of Transport on Thursday said that the plot had exposed gaps in the ability of scanning machines to distinguish between ordinary liquids and those that could be used in a bomb and had necessitated a "step change" in airline security measures.

"We can not disinvent the threat of liquid explosives so we cannot go back to the security regime that existed prior to August 10," said a security official

Although the first alleged terrorist plot to smuggle explosive material and explode bombs on US-bound flights – the so-called Bojinka plot – was uncovered 10 years ago in Manila, security experts say there has been insufficient focus on such a threat being repeated in recent years.

Discussions are ongoing between governments, airports and airlines to try and strike a balance that meets the commercial need to minimise disruption to air travel and the duty to ensure passenger safety.

But as Britain prepares for one of the busiest holiday weekends of the year, UK security officials on Thursday repeated a warning made earlier this week by anti-terrorist police that the threat posed by international terrorism was "real, present, deadly, and enduring", and insisted that tougher measures introduced over the last two weeks needed to remain for the foreseeable future.

A spokesman for Jacques Barrot, the EU transport commissioner, said the EU's aviation security committee would review the interim measures taken by the UK and other countries in the wake of the Heathrow bomb plot, and discuss the need for a more harmonised approach.

"We are looking at different options and one of the options is to ensure a better harmonised approach to extra security measures," Mr Barrot's spokesman said.

Asked whether this could include extending the list of items that are banned on board, he said: "This is one the things the Commission wants to discuss."

Franco Frattini, the EU security commissioner, has said he wants to allow data about flight passengers to be transferred to and used by European security agencies.

Although the EU has agreed to give American authorities access to data on passengers flying to the US, including birth dates, telephone and credit card numbers, no such system currently exists for flights within the EU.

2nd Man Held In German Plot (WP)

By Craig Whitlock

The Washington Post, August 25, 2006

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BERLIN, Aug. 24 -- A second suspect in last month's attempted train bombings in Germany was taken into custody Thursday after an international manhunt. But investigators appeared no closer to answering the central questions surrounding the plot: What was the motive, and why was Germany the target?

Jihad Hamad, 20, a Lebanese citizen who had been living in Germany, turned himself in to Lebanese authorities early Thursday in the city of Tripoli, according to the German federal prosecutor's office. Investigators said Hamad and his accomplice had fled Germany after they planted suitcase bombs on two trains in Cologne on July 31 in an attempt to kill scores of people.

The bombs failed to detonate and German police were able to identify two men who left the suitcases from surveillance videos taken from the Cologne train station. The other suspect, a Lebanese student identified as Youssef Mohamad el Hajdib, 21, was arrested early Saturday. Both men face charges of attempted mass murder, among other crimes.

After at first playing down the incident, German authorities in recent days have called the train plot the biggest terrorist threat the country has faced since the Sept. 11, 2001, attacks in the United States, which were led by a cell of al-Qaeda operatives based in the northern German city of Hamburg. "The threat has never been so close," Interior Minister Wolfgang Schaeuble said in a television interview. "We do not know what could still happen."

The case has also undermined a common assumption among many Germans that their country's opposition to the war in Iraq -- as well as German willingness to criticize U.S. foreign policy in general -- meant they were unlikely to draw the ire of Islamic radicals.

"It is clear that Germany is part of the Western and transatlantic community and is a potential target," said Hans-Joachim Giessmann, deputy director of the Institute for Peace Research and Security Policy at the University of Hamburg. "Many people thought that staying out of the war in Iraq would make Germany safer than other countries, but that clearly is not the case."

Disclosures about the plot have prompted lawmakers to resurrect proposals to increase electronic surveillance in public places and to create a national database of suspected radicals. Similar plans have been shelved in the past because of concerns that they would infringe on privacy rights.

Despite an intensive investigation, little is known about the two suspects, their motivations and whether their alleged plot included anyone else. Both men have been charged with belonging to terrorist organizations, although prosecutors have not specified what group they allegedly belonged to.

Hajdib arrived in Germany from Lebanon in September 2004 and was taking preparatory classes in the northern city of Kiel in hopes of enrolling at a German university, according to German media reports.

Hamad had been living in Cologne, although it was unclear when he entered the country. German police found bombmaking materials and a receipt for gasoline canisters in his apartment during a search this week, said Frauke-Katrin Scheuten, a spokeswoman for the federal prosecutor's office.

German investigators said the pair flew to Istanbul shortly after leaving the suitcase bombs on the two trains in Cologne. Hajdib returned to Germany last week and was arrested a few days later at the train station in Kiel; officials said he has been cooperating with interrogators since then.

Lebanese military intelligence officials provided tips on both suspects' whereabouts, leading to the arrests, German officials said.

According to German authorities, Hajdib had a brother who was killed in an Israeli air raid in southern Lebanon last month. Investigators have declined to say whether they believe the war in Lebanon was a factor in the planned attack, although they said the plot may have had international support and that more accomplices could be at large.

"We're not out of danger," Joerg Ziercke, chief of the German federal police, said on German television Wednesday. He said investigators were trying to determine "if this was a network, if there were supporters, or if this is simply about radicalized perpetrators acting alone to send some signal of their fanatic delusions."

2nd Suspect Surrenders In Plot To Bomb Two German Trains (NYT)

By Mark Landler

The New York Times, August 25, 2006

FRANKFURT, Aug. 24 — The second suspect in a failed plot to bomb two German trains turned himself in to the police in Lebanon on Thursday, encouraging German authorities in a murky case that has unnerved this country and prompted a debate over the government's antiterrorism policies.

The suspect, Jihad Hamad, 20, of Lebanon, surrendered and was arrested in Tripoli, in northern Lebanon, after Lebanese authorities contacted his family, German officials said.

The German government will push to have Mr. Hamad extradited, a process that federal prosecutors said could take months. But officials here praised the arrest, and Lebanon's role in the capture of another suspect in Germany last weekend, as an example of international cooperation in fighting terrorism.

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"This is a major success for our agencies, which have cooperated intensively with foreign institutions," Chancellor Angela Merkel said in an interview with a German cable news channel, N24.

Germans have been on edge since July 31, when the police found two suitcases containing unexploded bombs on trains in Dortmund and Koblenz. The allegations of involvement by the Lebanese men and the suspicion that others helped with the plot have fed the fear that Germany will be the next target for Islamic terrorism.

Mr. Hamad and Youssef Muhammad el-Hajdib, the man accused of being his accomplice, fled to Lebanon immediately after the suitcases were planted, according to the police. Mr. Hajdib, 21, returned to Germany a week later and was arrested in the northern city of Kiel on Aug. 19, after the police released grainy video images from surveillance cameras that showed the two men boarding trains with bulky suitcases at a station in Cologne.

The pictures rattled Mr. Hajdib, investigators said, prompting him to call his family in Lebanon for advice. Lebanon's military intelligence agency intercepted the call and tipped off the German police.

Though Mr. Hamad remained in Lebanon, he, too, was flushed out after German authorities released his name and photograph. After the Lebanese police spoke to his parents, he surrendered in Tripoli.

"In this case, everything worked quite well," August Hanning, secretary of state for the Interior Ministry, said in an interview, referring to German antiterrorism measures like video surveillance of public places.

But Mr. Hanning, echoing other senior officials, said Germany needed to tighten its measures to prevent attacks. Among the issues under particular scrutiny is the use of the Internet by terrorist groups, which officials say played a role in the train bombing plot and the foiled plot to blow up passenger planes flying to the United States from Britain.

The police say they suspect that the Lebanese men consulted a Web site, accessible with a password, to construct the explosives. The bombs were fueled by propane gas and rigged with alarm clocks to detonate at 2:30 p.m., but did not do so.

The police said the men probably had built the devices in an apartment in Cologne that was Mr. Hamad's most recent address. They said other people might have helped with expertise or material.

"We know from experience that the Internet is playing a greater and greater role in the distribution of information," said Mr. Hanning, a former leader of the federal intelligence service. "We want to extend our effort to watch the Internet, and to track down radical Web sites."

That is tricky, antiterrorism specialists say, because of the amorphous nature of the Internet. At the Agency for the Protection of the Constitution — a rough equivalent of the Federal Bureau of Investigation — in the state of Baden-Württemberg, a task force routinely monitors 1,000 Web sites for signs of threatening activity.

"We used to have only a dozen favorite sites we searched regularly," said Benno Köpper, a member of the task force. "Now we have reached our limits. Also, the sites used to be mostly text documents. Today, there are so many more download files available."

While officials here are relieved by the arrest of Mr. Hamad, they remain nervous that other suspects could be at large. Mr. Hajdib, they speculate, may have returned to Germany to try again, after the first bombs did not explode. He has not yet discussed his motives with the authorities, they said.

Investigators are also troubled by evidence that the young men veered into Islamic extremism after they arrived in Germany. Mr. Hajdib, they said, marched in a rally here against the publication in Denmark of cartoons lampooning the Prophet Muhammad. His family is suspected of having links to Hizb ut-Tahrir, a radical Islamic group banned in Germany.

Mr. Hajdib's brother, a Lebanese soldier, was killed in mid-July during an Israeli bombing raid of the Tripoli port, officials here said. But the plot to bomb the trains, they say they believe, took root long before he was killed.

Germans Eye More Surveillance After Failed Bomb Plot (CSM)

By Christa Case

The Christian Science Monitor, August 25, 2006

BERLIN

With the second suspect in a nearly successful train bombing now in custody, Germany is being forced to reevaluate how secure it really is, given that the attacks were stopped by a technical glitch, not by the work of security agencies.

Though it's still unclear whether the bombing suspects - both young Lebanese men - were part of a larger network of Islamic radicals, their attempted attacks have awakened Germany to its vulnerabilities and cast new scrutiny on counterterrorism efforts.

In the five years since Al Qaeda hijacker Mohammed Atta executed the final details of the 9/11 plot here, Germany's counterterrorism landscape has changed markedly. Germans have largely accepted new security measures, including expanded surveillance powers of security agencies, loosened privacy-protection laws, and computer profiling by police.

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But they've been hesitant to support tougher measures, such as a proposed antiterror database, as many Germans feel their opposition to the Iraq war has made them largely immune to the attacks like bombings in Madrid in 2004 and London in 2005.

"From the terrorists' point of view, of course we are a target," says Rolf Tophoven, a prominent German terrorism expert. Analysts say hosting US military bases, Germany's post-World War II closeness with Israel, and sending German troops to Afghanistan, could all put Germany on militants' target list.

That realization has spurred discussion about new security measures. Interior Minister Wolfgang Schäuble has endorsed "carefully" increasing video surveillance of public areas and creating an antiterrorism database. A draft proposal of a law expanding security agencies' counterterrorism measures, which includes a provision for police and intelligence agents to pool information in an antiterror database, is currently circulating in the German parliament.

In the recent attempted attack, bombs were brought onto two trains headed for the western German cities of Dortmund and Koblenz on July 31. The detonators on both went off, but the gas-canister bombs failed to explode.

German officials identified two suspects based on grainy images from a surveillance camera in Cologne, leading to the arrest of one in Kiel, last weekend. The other turned himself in Thursday after fleeing to Lebanon.

The somewhat amateurish construction of the bombs makes Mr. Tophoven believe it's unlikely that the suspects are part of a well-organized terror group.

But even if the incident was an "aberration," that doesn't mean Germany isn't facing a terror threat, says Magnus Ranstorp, a terrorism expert at the Swedish National Defence College.

"No country is immune in Europe," says Mr. Ranstorp.

Klaus Jansen, head of the German union for criminal investigators and a persistent critic of counterterrorism efforts in Germany, says there hasn't been a major attack here because "the attackers haven't committed themselves yet to try something here. You can't seriously think it has something to do with the work of our security agencies."

But data-protection advocates say that information obtained by intelligence agencies, which have more latitude and often work undercover, should not be available to any police officer, says Anja-Maria Gardain, spokeswoman of the Berlin Commissioner for Data Protection. Instead, they are calling for an index that will give some key identifying data for suspected terrorists, and note which intelligence agency has more information on them.

Countries such as Britain have tried to cut support for Islamic militants by trying to engage the local Muslim communities in monitoring and outreach work. But German and Muslim leaders say such an approach doesn't work here.

"We don't work close together with Muslim leaders because they usually are not the ones who know what their brothers are planning," says Manfred Murck, head of the state office for domestic intelligence in Hamburg, where Mr. Atta's cell operated.

Burhan Kesici, vice president of the Islamische Föderation in Berlin's heavily Turkish Neukölln neighborhood, agrees. Like many Muslim leaders, he's under pressure to identify extremists, but says his community has little more information than government officials.

"We can't recognize them, and they don't come into our mosques because we don't practice their version of Islam ...They have their own world, where we also don't belong," says Mr. Kesici.

Kesici also faults poor communication between Muslims of different ethnicities and religious interpretations.

"There are no structures on the state level where Muslim communities could work together. If there was a commission where one could work more together, then we would talk about [extremism] a lot more often," says Kesici.

But Islamic communities in Germany are better integrated into German society than those in England or France, says Steffen Angenendt, a fellow at the German Council on Foreign Relations in Berlin.

"We have more mixed ethnic environments and quarters in the big cities, and not this type of more ethnic homogeneous structures, as in some British cities," says Mr. Angenendt.

Prosecutors Ask Judge To Review Document Release In Terror Case (BRAH)

By Jessica Gresko

The Bradenton Herald, August 25, 2006

MIAMI - Federal prosecutors asked a judge Thursday to review how the media obtained confidential information in the case of seven men accused of plotting to blow up the Sears Tower and conspiring to help al-Qaida.

Prosecutors want a judge to find out whether an order sealing documents in the case was violated. The request comes after a Miami television station obtained and on Tuesday aired video that prosecutors said was not public. The report on WFOR-CBS4 included government surveillance video and photographs and video of the Federal Justice Building taken by the men, a document filed by prosecutors said.

Prosecutors had earlier said the men shot footage of buildings that were to be targeted.

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Copies of the video reports were also posted on the station's Web site. Video reports were also aired on Wednesday and Thursday.

Shannon High-Bassalik, the station's vice president for news, said through a representative that it is not the station's policy to comment on pending legal matters.

An attorney for the group's alleged ringleader also tried to get the station to stop airing the footage, but a judge denied the request Wednesday.

Media have obtained confidential materials connected to this case in the past. At the defendants' bond hearing, attorneys for the men were provided with wiretap documents that were not public record. They were told not to share the information, but the information also appeared in news reports and posted on the Internet, the document said.

U.S. District Judge Joan Lenard previously warned attorneys not to release nonpublic documents. Neither the U.S. Attorney's Office nor the FBI had released the materials to the media, the document said.

Messages left after hours by The Associated Press at the offices of the lawyers representing the suspects were not immediately returned.

The case involves six men who are accused of seeking to support what they thought was an al-Qaida operative's effort to bomb FBI buildings in Chicago, Los Angeles, Miami, New York and Washington. A seventh man, was arrested and charged in Atlanta. Authorities have said the purported plot never moved beyond the preliminary stages.

A trial in the case is set for March 2007.

Video: Narseal Batiste Enlists Al Qaeda (WFOR-TV)

WFOR-TV, August 25, 2006

(CBS4 News) MIAMI CBS4 News is showing you more tapes of conversations between 'Liberty City 7' alleged ringleader Narseal Batiste and an FBI informant posing as a member of al Qaeda. The tape might be a crucial piece of evidence in the case, because it shows Batiste enlisting the help of a terror group to carry out attacks on American buildings.

In yet another piece of video that was acquired by CBS4's Brian Andrews, Batiste is seen holding a staff as he walks into a Miami hotel room, to introduce himself for the first time to whom he thought would be a member of al Qaeda.

You can click on PLAY on the right hand side to listen to the clips. Here is a summary:

As the conversation begins, Batiste seems impressed, and almost incredulous that someone from al Qaeda would make contact with him.

Batiste: I didn't believe you would actually be here.

Informant: You did believe I would be here. Why is that? Why is that you didn't believe I would be here?

The suspect goes on to talk about how he doesn't consider himself a US citizen but rather a member of his own government representing people as a "sovereign nation and state".

He also tells the informant that he is going to carry out his plans whether he gets help from him or not.

Batiste: I'm going to do what I know that needs to be done. And I'm well on my way to accomplishing it.

He then goes on to talk about the 'army' he's building to wage a holy war, making mention of who appear to be the other 'Liberty City 7' suspects who are also facing charges in the case.

Batiste: You can come with me now and I'll introduce you to the seven other men that I have.

However, Batiste does not talk about the identities of these seven men. In fact, there are only seven suspects have been indicted in the case, including Batiste.

The agent also pressed Batiste to tell him if his group had experience with explosives. Batiste tells him he has some experience involving napalm bombs. He also asks Batiste for his plans, but Batiste is apprehensive about the hotel room they're in – perhaps he suspected there was surveillance- and says he rather share his plan outdoors. The agent refuses, but their conversation then turns to what supplies and support Batiste needs to carry out his alleged attacks.

Batiste: I'm exhausted financially in everything I'm trying to do. We have nothing and the little bit that I had, I took it to fix the mosque.

Finally Batiste asks for uniforms and boots for his 'army' and then gets to write a list of other things that he needs, including cars, trucks, hand pistol and machine guns.

Waiting To Go Free: I'm No Terrorist, Lodi's Umer Hayat Insists (SACBEE)

By Stephen Magagnini, Bee Staff Writer

The Sacramento Bee, August 25, 2006

A federal judge is to sentence the ex-ice cream vendor today on unrelated customs charge.

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Over one long weekend with the FBI in June 2005, Umer Hayat went from being a neighborhood fixture driving an ice cream truck in Lodi to a suspect in America's nightmare scenario: another al-Qaida attack.

Today, Hayat, 48, expects to walk out of U.S. District Judge Garland E. Burrell's courtroom a free man for the first time since June 2005, when he was arrested on charges of lying to the FBI about his oldest son's terrorist training in Pakistan and his own visits to the camps.

Ultimately, Hayat's trial ended in a hung jury and he agreed to plead to an unrelated charge of lying to customs officials about how much money he carried on a 2003 trip to Pakistan. His son, Hamid, 23, was convicted on terrorist charges and awaits sentencing.

This week, in his first public interview about the case, Umer Hayat vehemently denied he or his son was ever involved in terrorism, saying their confessions, taped by the FBI, resulted from exhaustion and leading questions.

Speaking first from his attorney's downtown Sacramento office, then from the Lodi garage where he now lives, Hayat expressed a deep love of America and hatred of terrorists.

That love doesn't extend to the FBI, which he accused of setting him up and "screwing" him to justify an expensive and unfruitful investigation into two Lodi imams from Pakistan who since have been voluntarily deported.

"I lost my name, my business, my community and my home for nothing," he said. "Don't talk to the FBI, never, ever. They screwed us very bad. They was telling me, 'You are helping your son,' so I was cooperating with them."

U.S. Attorney McGregor Scott on Thursday defended the government's case and tactics, saying it had struck a blow in the war on terrorism.

"We remain completely confident in the case that was brought and the results that were obtained. Our mission is to protect Americans from further acts of terrorism in our homeland while balancing the constitutional rights of citizens. We believe both those missions were accomplished in this prosecution."

During a lengthy interview with The Bee, Hayat, a burly man with a lightly graying beard, balanced his anger with a desire to resume his American life.

He said he emigrated from his village in Pakistan 30 years ago, becoming a U.S. citizen in 1993. Immigrants, he said, founded and built America: "That's why we called it 'United' States. It doesn't matter if somebody is Christian or Jewish or Muslim, they're all human beings and I love them."

He said he also loves his attorney, Johnny Griffin III, a Christian defending a Muslim, "as a brother."

Hayat insisted he and his son were never terrorists, never went to terrorist camps, and told the FBI what it wanted to hear so they could go home after hours of relentless questioning.

He maintained that he and his son drove to the FBI office voluntarily in June 2005 and submitted to taped interviews because they were good U.S. citizens.

"If we were terrorists, we would not give them an interview," Hayat said.

On April 25 -- the same day Hayat's trial ended in a hung jury -- a federal jury in Sacramento convicted his son, Hamid, of providing material support to terrorists and lying to the FBI about it. The son was found guilty of undergoing terrorist training in Pakistan and returning to Lodi prepared to wage violent jihad, or holy war, against his fellow Americans.

Hamid Hayat faces a maximum of 39 years. His sentencing has been postponed until the court considers his motion for a new trial on Nov. 17.

In June, federal prosecutors agreed not to retry Umer Hayat on charges of lying about his knowledge of his son's activities if he pleaded guilty to lying to federal agents about how much money he was taking to Pakistan during a trip in April 2003.

Hayat said he told customs agents he was carrying $10,000 -- the legal limit -- when in fact he, his wife, Oma, and son Hamid had $28,053 among them. He maintains they planned to use the money to build a home in Behbudhi, the village where he grew up.

As part of the plea agreement, Hayat has spent the last two months under house arrest.

Hayat's roots in America date back to 1919, when his grandparents came to Woodland and established a chicken farm.

In 1946, one of his uncles came to California and married an American. A second uncle ran a hotel in Stockton, and in 1971 Hayat's father moved to Lodi to work in the fields.

"We are not very educated people," said Hayat. "America is a beautiful country, a good country for us because we are poor people."

In Pakistan where they farmed, he said, "we was working hard and not making enough money, maybe $300 a year for the whole family."

Hayat said he arrived in 1976 and "immediately started work picking peaches and cherries. I wanted to go to school, but my father couldn't afford it."

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Hayat said he went on to warehouse and factory work, and by the time he returned to Behbudhi to find a wife in 1978, "everybody say, 'I'll give you my daughter, you can have my daughter.' "

In the early 1990s, he became a "Pick N Go" ice-cream vendor in Lodi, selling Tweety Birds, Super Mario and Ninja Turtle pops.

In his videotaped interview with the FBI, Hayat told agents he had visited several terrorist training camps in Pakistan, including one with "a thousand" people. Hayat said trainees practiced pole vaulting in a giant basement and wore masks -- "Like a Ninja, you know?"

On the ice-cream van in his driveway is a picture of a lime-green "Ninja Turtle" pop with a masked Ninja turtle.

Hayat told The Bee he got the Ninja idea from the ice cream bar and TV shows his kids watched.

During the FBI interview, he also told agents he saw trainees taking target practice with dummies made to look like George Bush and Donald Rumsfeld -- an idea he now says he got from TV news accounts of American dummies burned in effigy.

When asked by the agents what kind of U.S. targets the masked men in the camps were training for, Hayat mentioned the U.S. Department of Justice, the Pentagon and the FBI and federal immigration buildings in Sacramento.

When asked about his son's "boss" in Lodi he suggested one of the Lodi imams, "Maulana Shabbir (Ahmed)."

When the FBI asked if some of the other youths who associated with Ahmed "went to training camp," Hayat said, "Yes."

"And they all learned to kill Americans and shoot at President Bush? Dummies and all that stuff?"

"Yes," Hayat replied.

During closing arguments, prosecutor David Deitch asked the jury, "Why would he lie about something like that? There is no answer. Why would he dime out his son falsely?"

In his interview this week, Hayat maintained -- as his attorney did during trial -- that he broke down and told the FBI what they wanted to hear.

He conceded he and his son were "very stupid" to tell the FBI these tall tales, adding that ever since his son "was a little kid, he likes to make up stories, that somebody was sick and dying, or somebody was killed."

"I'm angry at him -- Why did he make (up) stories (for the FBI)?" Hayat said. "But then I make story."

Hayat said he sent his son to Pakistan because he was lazy and hooked on video games. He said his son learned the Quran, which he mastered well enough to lead prayers at a south Sacramento mosque.

Both Hayats initially told FBI agents they knew nothing about terrorism. But that story changed after agents bluffed Hamid Hayat, saying they had a satellite picture of him at a terrorist training camp. In his constantly changing story, Hamid Hayat then admitted going to various camps.

The agents showed part of the son's confession to Umer Hayat. "They said, 'No, he was in the camp, you are lying to us,' " Hayat said, "Then I say, 'Whatever you say, sir, OK, sir,' because I want to go home."

In the aftermath of the case, Hayat no longer has a home to go to. The Hayats sold their house to pay their legal bills and now live in a garage in the back that used to be Hamid Hayat's video-game room. "We have no privacy, and I don't have one penny," the father said.

Hayat said he misses his son, who remains in jail, and talks to him by phone. "He said, 'Just make a prayer for me, I'm going to be coming home.' "

His wife, he said, is crazy with grief. His daughter Raheela, 11, who hopes to become a doctor, suffers from headaches. "When I go to sleep," she said, "I think the FBI's going to come and knock this house down."

Hayat hopes the black ankle bracelet he's been wearing will come off today after Judge Burrell issues his sentence. Both sides agree Hayat should do no more than the 330 days he's already served.

Hayat, who's spent much of his house arrest watching his beloved wrestling on TV, said he plans to find a job -- any job other than driving an ice cream truck.

About the writer:

The Bee's Stephen Magagnini can be reached at (916) 321-1072 or smagagnini@sacbee.com.

The elder Hayat, who pleaded guilty to an unrelated charge rather than undergo a second trial, hopes his ankle bracelet will be removed today. Sacramento Bee/Andy Alfaro

Umer Hayat, right, lives in his garage. Daughter Raheela, 11, second from left, holds his grandson Jial Usman, 1. With them are Hayat's nephews, from left, Adeep Khatab, 12, Abbiker Ismil, 7, and Asad Khatab, 14. Sacramento Bee/Andy Alfaro

12 Held On Flight To India Released (WT/AP)

By Toby Sterling

The Washington Times, August 25, 2006

DOJ_NMG_0053339

HAARLEM, Netherlands -- Prosecutors said yesterday they found no evidence of a terrorist threat aboard a Northwest Airlines flight to India that returned to Amsterdam, and they are releasing all 12 passengers arrested after the emergency landing.

The men, all Indian nationals, had roused suspicions on Flight NW0042 to Bombay because they had a large number of cell phones, lap tops and hard drives, and refused to follow the crew's instructions, prosecutors said.

Because of those actions by the passengers, the pilot of the DC-10 radioed for help shortly after takeoff Wednesday and the plane was escorted back to Amsterdam's Schiphol Airport by two Dutch fighter jets. The 12 were arrested after the plane landed.

U.S. air marshals on the flight also were suspicious of the men, U.S. officials and passengers said.

"A thorough investigation of the cell phones in the plane found that the phones were not manipulated and no explosives were found on board the plane," said a statement from the prosecutor's office in Haarlem, which has jurisdiction over the airport.

"From the statements of the suspects and the witnesses, no evidence could be brought forward that these men were about to commit an act of violence," the statement said.

Once the men are released from a detention center at the airport, they are free to leave the Netherlands, prosecution spokesman Ed Hartjes said.

The incident reflected the jitters that persist in the airline industry in the two weeks since British police revealed a plot to blow up several U.S.-bound airliners simultaneously using chemical bombs.

Mr. Hartjes said the electronic equipment the suspects possessed could have been enough to trigger an explosion, and he defended the flight crew's response. "This was a correct reaction under the circumstances," he said.

Mr. Hartjes said 11 of the men had been traveling together, catching a connecting flight in Amsterdam from a South American country that he declined to identify. The 12th aroused suspicion for other unspecified reasons, he said. He declined to give personal details about any of them.

Passengers described the men as between 25 and 35 years old and speaking Urdu, the language commonly spoken in Pakistan and by many of India's Muslims. Some had beards, and some wore a shalwar kameez, a long shirt and baggy pants commonly worn by South Asian Muslims.

In New Delhi, Indian External Affairs Ministry spokesman Navtej Sarna said he had no comment.

Dutch, Seeing No Terror Link, Free 12 Held After India Flight (NYT)

By Marlise Simons

The New York Times, August 25, 2006

PARIS, Aug. 24 — Dutch authorities said Thursday that they were releasing all 12 passengers arrested on Wednesday after they aroused suspicion on a Northwest Airlines flight to India and it made an emergency landing in Amsterdam.

The police said that the men had been unruly but that no evidence was found that they were planning any terrorist actions.

The men, all Indian citizens or of Indian descent, had aroused the suspicion of the crew and several federal air marshals when they began using and passing around cellphones soon after takeoff from Amsterdam and ignored orders to keep their seat belts on and stay in their seats.

Because of the group's behavior, the pilot of the DC-10 decided to return to Amsterdam, and on the way back the plane was escorted by two Dutch fighter jets. On arrival, the 12 men were handcuffed and led away by the police, who held them overnight in a detention center.

On Thursday, the police said that after questioning the group, examining their cellphones and searching the plane, they found no evidence that these men "were about to commit an act of violence."

The police investigation focused on the passengers' cellphone conversations and on whether their luggage contained explosives, Ed Hartjes, a spokesman for the local prosecutor's office, said at a news conference. "Threats are taken very seriously," he said. "It was logical to open an investigation on the basis of the captain's indications."

The scare over the flight, which originated in Minneapolis, illustrated the level of apprehension since the Sept. 11 attacks among airline crews and passengers. The tension has been heightened in the past two weeks since British authorities said they had uncovered a plot to blow up planes over the Atlantic.

Passengers on the Northwest Airlines flight said there had been no panic on board but they said they were aware that the aircraft, just entering German airspace, had turned around and begun dumping fuel and circling to land in Amsterdam at Schiphol Airport, where it had taken off 20 minutes earlier.

Some described the suspected group as men 25 to 35 years old, some of them dressed in the traditional long shirt and baggy pants worn in South Asia. Possibly unaware of international flight rules, and security concerns, some of the men began

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walking in the aisles and using cellphones. The Dutch newspaper De Telegraaf quoted a passenger as saying the men had said they were returning from a vacation in Tobago.

Northwest Flight 42 left Minneapolis on Tuesday and stopped in Amsterdam on Wednesday morning where the group and other passengers boarded for the rest of the flight, bound for Mumbai. But after the plane returned to Amsterdam, it remained grounded for police investigation.

Airport authorities said most of the passengers, after staying at hotels in Amsterdam, were able to continue their trip on other flights.

The incident was the latest of several terror alerts and flight diversions.

On Friday, a British plane made an emergency landing in southern Italy after a bomb scare, and the United States Air Force scrambled jets to escort a United Airlines flight from London to Washington as it was diverted to Boston.

On Tuesday, a flight to New York from Atlanta was diverted to Charlotte, N.C., after an attendant found a bottle of water and then smelled something suspicious on the plane. Officials found nothing hazardous.

A Professor's Islamic Ties (WT)

By Joel Mowbray

The Washington Times, August 25, 2006

Headline-grabbing stories about a British-based Muslim academic's public support for "martyrdom" last weekend missed a key detail: His mentor and frequent collaborator is a high-profile scholar who has been consulted repeatedly by the FBI, Professor John Esposito of Georgetown University.

Mr. Esposito has long courted controversy — most recently when the Georgetown-based center he founded in 1993 accepted $20 million last year from (and took the name of) a notorious Saudi prince. Yet, the professor has somehow been able to maintain a relatively high reputation in academic and government circles alike.

That Mr. Esposito is still largely respected owes to the subtlety of his apologism. He acknowledges that there is radicalism in Islam, and he generally avoids defending the likes of Hamas and Hezbollah. Even as he argues for engaging Islamists, he does so without overtly endorsing their worldview. But Mr. Esposito skillfully downplays the threat posed by radical Islam, and as demonstrated by his close affiliation with Azzam Tamimi, who told a massive crowd in the UK on Sunday that "dying for your beliefs is just," he willingly associates with avowed cheerleaders of Islamic terrorism.

Mr. Esposito's defenders — and there are many — claim that his critics conflate his practical advice that Islamists cannot simply be ignored with apologism for radical Islam. While such an answer may be appealing for those who believe in giving the benefit of the doubt, it simply doesn't square with the facts.

Although Mr. Esposito is less transparent than most apologists for radical Islam, he is more than a mere apologist. He defends supporters of Islamic terrorism. He even mentors them.

Mr. Esposito has lavished praise on two prominent advocates of Islamic terrorism: former University of South Florida professor (and convicted terrorist) Sami al-Arian, and al Jazeera phenomenon Sheikh Yusuf al-Qaradawi.

When the university moved to fire al-Arian in April 2002, Mr. Esposito wrote to the university's president that he was "stunned, astonished, and saddened." While naysayers point to acquittals on eight of 17 charges brought against him, al-Arian was indisputably an avowed Islamic radical long before September 11. Among other examples, he played host in the early to mid-1990s to some of the most notorious jihadists in the world, all of which was well-documented by the Tampa Tribune and in the 1994 PBS documentary "Jihad in America" by Steven Emerson.

Even more troubling is the affection Mr. Esposito has displayed for Sheikh Qaradawi. In 2003, he fawned over Mr. Qaradawi's "reformist interpretation of Islam and its relationship to democracy, pluralism and human rights." The famous cleric, though, has issued fatwas endorsing suicide bombings in Israel and has said that those who kill Americans in Iraq are "martyrs" with "good intentions." Mr. Qaradawi also supports the killing of homosexuals or anyone who has converted away from Islam.

With neither al-Arian nor Mr. Qaradawi does Mr. Esposito have any plausible deniability. But he doesn't owe nearly as much of an explanation for those sleights of hand as he does for his still un-severed relationship with his protege, Mr. Tamimi.

In 2000, Mr. Esposito co-edited with Mr. Tamimi a book called "Islam and Secularism." The next year, Mr. Tamimi published a biography of Tunisian Islamist Rachid Ghannouchi, which was part of a series edited by Mr. Esposito. In the book's introduction, Mr. Tamimi calls Mr. Esposito his "ustadh," or teacher.

To this day, Mr. Esposito sits on the board of advisers of the Institute for Islamic Political Thought, founded and run by Mr. Tamimi, who confirmed this fact during a phone interview. He's had multiple opportunities when comments by Mr. Tamimi should have prompted his resignation. None did.

A November 2001 Spanish newspaper article about an interview with Mr. Tamimi was titled "I admire the Taliban; they are courageous." The following July at a speech in South Africa, Mr. Tamimi paid stirring tribute to "martyrs" who blow themselves

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up. Then in 2004, Mr. Tamimi expressed to the BBC his desire to become a suicide bomber: "If I can go to Palestine and sacrifice myself I would do it."

What's most disconcerting about the case of Mr. Tamimi is not that someone who studied under and later worked with Mr. Esposito could turn out to be so noxious. It's that someone like Mr. Tamimi almost certainly could not have kept hidden his real and deeply held beliefs from his mentor and collaborator.

In two separate phone interviews, Mr. Tamimi was quite freewheeling. Though he gave the standard disclaimer that "any killing of innocent people is unacceptable," he quickly clarified — or rather, contradicted — his statement. When asked if this applies to "innocent people in Israel," he responded, "Palestine is a special case." How so? "It is legitimate for the Palestinians to fight the Israelis who are occupying their land." Does this apply to Americans and Brits killed in Iraq? "Of course it holds true in Iraq."

Mr. Tamimi's only testy moment during the interview came when asked if it was morally acceptable to kill Americans who are only in Iraq to rebuild things like roads and schools. He snapped, "It is not my responsibility to tell the Iraqi people who they can kill or not."

To put it gently, Mr. Tamimi is not afraid to express radical views to a stranger, or for that matter, to 8,000 people in Manchester. It raises the question: What kind of venom has he spewed privately to Mr. Esposito?

Better yet, what has Mr. Esposito said back?

HOMELAND RESPONSE:

Chertoff: Reforms Needed To Fight Illegal Immigration (USAT)

By Mimi Hall

USA Today, August 25, 2006

HARLINGEN, Texas — Homeland Security Secretary Michael Chertoff warned Thursday that the Border Patrol will not be able to sustain the progress it has made apprehending illegal migrants unless Congress passes broad immigration reforms.

He said the agency needs to focus on “the drug dealers, the criminals, even the terrorists” trying to sneak across the southern border. It can only do that, he said, if the majority of migrants crossing to find work are allowed to do so through a “guest worker” program.

The Border Patrol is adding 6,000 agents to its 10,500-agent force and is being aided by the National Guard while it hires and trains the new recruits. The long-overwhelmed patrol will never be able to secure the border if it has to try to catch and return the hundreds of thousands of migrants who cross each year, Chertoff said.

“To try to do it all through brute force would be a very expensive and difficult proposition,” he said.

Appearing with Chertoff by the banks of the Rio Grande, Sen. Kay Bailey Hutchison, R-Texas, said that although the Border Patrol has made progress — including a 20,000 decrease in illegal immigrants crossing the southwestern border — it can't continue to do so without a “comprehensive solution.”

Congress isn't likely to act on immigration reforms this fall, despite a push from the Bush administration. Last December, the House passed a bill that would tighten security but not include the new opportunities for migrants. In May, the Senate passed a bill that included a guest-worker program. But with fall elections looming, Chertoff conceded that it's unlikely lawmakers will compromise on the issue.

Illegal Immigration Dominates Meeting Of U.S., Mexican Border Governors (LAT)

By Miguel Bustillo

The Los Angeles Times, August 25, 2006

AUSTIN — California Gov. Arnold Schwarzenegger and his counterparts from Texas, Arizona and New Mexico made stopping illegal immigration a central theme at their annual meeting Thursday with governors from Mexico's border states.

The focus on illegal immigration at a gathering typically dominated by nonconfrontational topics such as boosting trade and cleaning up the environment underscored the increasing desire of American politicians to show that they are doing something to address the issue in an election year.

"We had some serious discussions in the private meeting. Border security issues were at the top of the list," said Texas Gov. Rick Perry, a Republican who has been touting tougher measures against illegal immigration as he campaigns for reelection.

However, even the ceremonial speeches by regional leaders from the two countries were marked by differences over how to make the border more secure, a politically volatile issue on both sides of the frontier.

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"The immigration problem is not one that is born on our border," said Gov. Eduardo Bours Castelo of the Mexican state of Sonora. "What we need is to improve economic opportunities throughout our country."

Schwarzenegger, a Republican, and New Mexico Gov. Bill Richardson, a Democrat, introduced a resolution calling for all 10 U.S. and Mexican border governors to fight criminality along the border, including drug smuggling and illegal immigration, instead of waiting for their federal governments to do the job.

At the same time, the resolution called for the governors to stand against the prolonged presence of the U.S. National Guard along the border, and said it was the responsibility of federal leaders in Mexico and the U.S. to address the root economic causes of illegal immigration.

Perry and Schwarzenegger also used the event to ask the federal government to continue increasing border security funding, saying that bolstering the law enforcement presence on the U.S. side is clearly showing results.

The annual conference of the four American and six Mexican governors — from the states of Sonora, Baja California, Chihuahua, Coahuila, Nuevo Leon and Tamaulipas — who share the U.S.-Mexico border are typically sleepy affairs.

But this year's event in the Texas capital, taking place Thursday and today, is somewhat different because of election-year politics and the nation's renewed emphasis on illegal immigration.

U.S. Homeland Security Secretary Michael Chertoff was greeted as a guest of honor during the opening ceremony inside the wood-paneled chambers of the Texas Senate, and he reiterated President Bush's push to add 6,000 additional Border Patrol agents by 2008.

Chertoff called on the border governors to continue cooperating to stop illegal immigration.

"These groups try to operate in the shadows between our governments," Chertoff said of human smugglers, adding, "By working together, we are seeing real progress in apprehending these men."

Immediately afterward, Juan Bosco Marti, the director of North American relations in Mexico's Foreign Ministry, sought to clarify that the Mexican government was acting to stop illegal immigration. But he also made clear that it believed the path to slowing illegal immigration was through economic improvements in his country, and he promoted building more ports of entry and other tools to increase trade.

"More bridges and fewer walls are needed," he said.

Although the event was largely peaceful, the California Nurses Assn., one of the governor's most dogged political opponents, protested a noon Schwarzenegger fundraiser at the Four Seasons Hotel. Meanwhile, Code Pink, the antiwar group, attempted to "arrest" all four American border governors, arguing they had tacitly supported the militarization of the border.

Perhaps the most awkward political moment Thursday came when Perry said he had spoken with Felipe Calderon and offered his support for the man he called the president-elect of Mexico.

Calderon's opponent, Andres Manuel Lopez Obrador, continues to challenge the results of the election, and some Mexican governors immediately sought to distance themselves from Perry's embrace of Calderon.

Amid questions from Mexican journalists, Perry later said that he was merely following the customs of his own country, where it is common to pay respect to the candidate that officially garners the majority of the vote.

Immigration Bill Sticker Shock (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, August 25, 2006

WASHINGTON

The price tag for comprehensive immigration reform was not a key issue when the Senate passed its bill last May. But it is now.

One reason: It took the Congressional Budget Office (CBO) - the gold standard for determining what a bill will cost - until last week to estimate that federal spending for this vast and complex bill would hit $127 billion over the next 10 years.

At the same time, federal revenues would drop by about $79 billion, according to the CBO and the Joint Committee on Taxation. If lawmakers fix a tax glitch, that loss would be cut in half, they add.

In field hearings across the nation this month, House GOP leaders are zeroing in on the costs of the Senate bill. It's a bid to define the issue heading into fall elections and muster support for the House bill, which focuses on border security. They say that the more people know about the Senate version, including a path to citizenship for some 11 million people now in the country illegally, the less they will be inclined to support it.

"We are now just beginning to see a glimpse of the staggering burden on American taxpayers the Reid-Kennedy immigration legislation contains," said House Judiciary Committee Chairman James Sensenbrenner, who convened a field hearing at the State House in Concord, N.H., Thursday on the costs of the Senate bill.

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But business groups and others backing the Senate bill say that the cost to the US economy of not resolving the status of illegal immigrants and expanding guest-worker programs is higher still. "In my opinion, the fairer question is: How will illegal immigrants impact the costs of healthcare, local education, and social services without passage of comprehensive immigration reform?" said John Young, co-chairman of the Agriculture Coalition for Immigration Reform, at Thursday's hearing.

"Had we solved this problem in a truly comprehensive way in 1986 ... we would not have the daily news reporting outright shortages of farm labor threatening the very existence of agricultural industries coast to coast," he adds.

Experts are poring over the new CBO data - and coming up with radically different assessments of the social costs of reform, ranging from tens of billions of dollars higher to a net wash.

On the issue of border security - a feature in both bills - there is little disagreement. The CBO estimates that the cost of hardening US borders in the Senate bill is $78.3 billion over 10 years, or about 62 percent of the bill's total cost.

The fireworks involve new entitlement spending in the Senate version. The CBO sets the price tag for services for some 16 million new citizens and guest workers at $48.4 billion through fiscal year 2016. That includes $24.5 billion for earned income and child tax credits, $11.7 billion for Medicaid, $5.2 billion for Social Security, $3.7 billion for Medicare, and $2.4 billion for food stamps.

But it's easier to estimate the cost of a mile of fence than to assess the prospects for millions of workers, once they can work legally and claim benefits.

"The amnesty alone will be the largest expansion of the welfare system in the last 25 years," says Robert Rector, a senior analyst at the Heritage Foundation, and a witness at a House Judiciary Committee field hearing in San Diego Aug. 2. "Welfare costs will begin to hit their peak around 2021, because there are delays in citizenship. The very narrow time horizon [the CBO is] using is misleading," he adds. "If even a small fraction of those who come into the country stay and get on Medicaid, you're looking at costs of $20 billion or $30 billion per year."

Nonsense, say others who've studied the bill. Immigrant workers are also adding value to the economy, especially once they are working legally and paying taxes. Overall, it's a wash, they say.

"As you increase the number of immigrants to the US and as they get better jobs because a number of them will have attained legal status, they will pay higher taxes," says Leighton Ku, senior fellow at the Center on Budget and Policy Priorities in Washington. "On a longer-run basis, it looks as if the revenues will grow faster than the entitlement costs."

Air Marshal Dress Code Changed (AP-Y)

By Leslie Miller

AP, August 25, 2006

Air marshals were told Thursday they will be allowed to dress the way they want and choose their own hotels in order to protect their anonymity while on missions.

Federal Air Marshal Service chief Dana Brown, who has been in the job for five months, said he was changing the rules, starting Sept. 1, after listening to air marshals' concerns.

In a memo to the air marshals, Brown said the dress code was changed to "allow you to blend in and not direct attention to yourself, as well as be sufficiently functional to enable you to conduct your law enforcement responsibilities."

Air marshals had complained that Brown's predecessor, Thomas Quinn, insisted on a too-formal dress code that allowed people to pick them out. The marshals said, for example, that being forced to wear a jacket and collared shirt made them stand out on flights to Hawaii.

The dress requirements were loosened in October, but the agency kept details under wraps. The change announced Thursday leaves it up to marshals how each of them dresses for duty.

Air marshals also won an agreement from Brown to let them choose their own hotels "within economic and related guidelines" to help keep their identities secret.

Marshals claimed that their undercover status was threatened because they had to stay at designated hotels and show their credentials when checking in.

A recent report to Congress found that the Sheraton Fort Lauderdale Airport Hotel in Florida had designated the Federal Air Marshal Service "company of the month" because of the number of rooms it had reserved at the hotel.

Last week, the Homeland Security Department was ordered to investigate whether it fails to protect the identities of its undercover air marshals from passengers, as alleged by a whistleblowing employee.

The U.S. Office of Special Counsel ordered the investigation after finding a "substantial likelihood" that the marshals' policies may have violated laws, resulted in mismanagement or put its employees in danger.

Brown has been reaching out to rank-and-file air marshals since he took the job as director. He has said that morale was worse than he thought after speaking with a number of air marshals.

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He praised the marshals for helping to restore order in New Orleans after Hurricane Katrina, evacuating civilians from Lebanon and providing more security on international flights after the recent terror plot in Britain was broken up.

Air marshals were on the Northwest Airlines Amsterdam-to-Bombay flight that was diverted Wednesday after a dozen passengers acted suspiciously.

Thousands of armed, undercover air marshals were rushed into service after the Sept. 11 terrorist attacks. The exact number is classified. They are now a part of the Transportation Security Administration.

Dress Code Relaxed For Air Marshals (WP)

By Del Quentin Wilber

The Washington Post, August 25, 2006

On your next flight to the tropics, the person sitting next to you in a Hawaiian shirt might be armed.

It's a possibility because of a new dress code for air marshals announced yesterday.

Dana A. Brown, director of the Federal Air Marshal Service, said in a memo to air marshals that the dress code revisions will take effect Sept. 1 and replace a policy that some air marshals criticized for being so strict that they stood out on some flights.

Brown told air marshals in the memo that the policy was being amended to "allow you to dress at your discretion."

He added that the new policy was designed to let air marshals blend in while concealing their weapons.

"It's not about the clothing," said Conan Bruce, a spokesman for the service, which is part of the Transportation Security Administration. "It's the ability to blend into wherever you are going."

The previous dress code generally required air marshals to wear collared shirts, sport coats and dress shoes. The service loosened some of the restrictions a year ago, officials said.

Frank Terreri, an air marshal who is president of an association that represents about 1,500 of his colleagues, said yesterday he welcomed the changes.

"It's really a huge step in maintaining the federal air marshals' anonymity," Terreri said.

Complaints that the loosening of the restrictions did not go far enough to help shield air marshals' identities led the service to issue the new policy yesterday, officials said.

TSA does not disclose how many air marshals it has on its payroll because of security concerns.

Top TSA officials said they were reviewing other policies that have irked some air marshals, including having them board flights before other passengers, making them easier to spot.

In his memo, Brown said some issues, such as pre-boarding of flights, "do not lend themselves to simple solutions."

Search And Defend (NYT)

By Bernard E. Harcourt

The New York Times, August 25, 2006

Chicago

THE profiling of behavioral cues to identify terrorists is the latest trend in American airport security. The Transportation Security Administration began experimenting with the technique last December at a dozen airports, and after this month's reported bomb plot in Britain, agency officials said they wanted to train and redeploy hundreds of routine screeners at airports across the nation by the end of next year.

There's no question we'd all like to improve airport security. But investing heavily in seemingly high-tech methods like behavioral profiling isn't the answer, and may make air travel less safe on the whole.

To understand why, consider that just a few days after the introduction of stringent carry-on limits following the British bomb scare, a 59-year-old woman from Vermont boarded a Washington-bound jet at London Heathrow Airport, became unruly, and caused the plane to be diverted to Boston. A careful search discovered that she'd brought on the plane several cigarette lighters, matches, a screwdriver, hand lotion and bottled liquids.

How she managed to get those items through heightened screening is still unclear. What is clear, though, is that this passenger helped expose the Achilles' heel in airport security: the basic search.

Behavioral profiling — especially the cut-rate version the T.S.A. has in store for us — is not going to help in this respect. Learning to defeat poorly trained screeners is a lot easier than learning to fly a jumbo jet. The likely result is that our newly minted behavioral detectives will be singling out and searching the wrong passengers.

Behavioral profiling is by no means new. In the mid-1960's, Paul Ekman, a professor at the University of California at San Francisco, began researching how facial muscle movement relates to emotions. He noted several thousand facial muscle combinations and put together the Facial Action Coding System — an intricate, 500-page catalog of facial expressions.

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Since then, there have been many studies of the ability to detect truth and deception, but they have been largely disappointing. A review of the literature published in 2000 found that in experiments where subjects were trying to detect whether others were telling the truth or lying, the subjects had an overall success rate of 56.6 percent — slightly better than a coin toss. In the studies that broke down their data, it was found that subjects were able to determine that they were being lied to only 44 percent of the time — meaning that they would have done better closing their eyes and guessing.

A few studies have found that certain elite, highly trained professional groups may beat chance under specific conditions; however, a comprehensive survey of those also concluded that their accuracy rates overall were unremarkable. As Dr. Ekman himself noted in 1999, almost all the studies "have found that accuracy is close to chance."

Some anecdotal evidence is becoming mythic, but it's largely misleading. The most common involves Ahmed Ressam, the millennium bomber, who was apprehended at the Canadian border in 1999 trying to smuggle bomb-making equipment. Mr. Ressam became a suspect when a customs agent felt that his itinerary seemed unusual and that he was acting oddly.

Many credit his arrest to a profiling plan put in effect by Raymond Kelly, then the head of United States Customs and now New York City's police commissioner. True, under Mr. Kelly, the Customs search success rate improved by 25 percent while the overall number of searches decreased by 75 percent. But his profile rested on six factors, only two of which were behavioral. The four other factors involved canine searches, incorrect or suspicious paperwork and specific intelligence or contraband implicating the suspect. It's unclear how much of the improved success turned on behavioral cues alone.

The remarkable track record of the security force at Ben-Gurion Airport near Tel Aviv — no successful hijackings ever— is also often chalked up to behavioral profiling, but that too is naïve. For three decades, the airport has had intensive security practices and a sky marshal program. All departing passengers are interviewed and subjected to one-on-one searches that, according to Rafi Ron, former head of security at Ben-Gurion, take an average of 57 minutes per person.

Israel is thought to have had the most success with behavioral profiling. But again consider how the Israelis do it: they recruit their officers mostly from the military, subject them to stringent tests in order to weed out all but those with above-average intelligence and particularly strong personality types, and give them nine weeks of training in behavior recognition.

This is a far cry from the T.S.A.'s program: recruits are routine screeners, required only to have a high school degree and a criminal background check; they are given four days of classroom training in observation and questioning techniques, three days of field practice, then sent out on the job.

Rather than divert hundreds of screeners and untold dollars to high-tech fantasies, we need to invest those resources in hiring more routine screeners and giving them better training in basic searches.

If we want to change the system, a better idea would be to eliminate most carry-ons and emulate high-security prisons. In my experience, most prisons operate the same way: first I check my briefcase, overcoat, belt, cellphone and all unnecessary items at the reception. I then take everything out of my pockets — wallet, pen and paper. A guard conducts a thorough pat-down search and physically inspects my property and shoes. We're done in less than a minute.

Sure, this would not be 100 percent foolproof. But, in combination with our sky marshal program, it would be far more likely to prevent future terrorist hijackings than giving a bunch of unqualified screeners a cursory education in face reading.

E.P.A. Whistle-Blower Says U.S. Hid 9/11 Dust Danger (NYT)

By Anthony Depalma

The New York Times, August 25, 2006

A senior scientist at the Environmental Protection Agency has accused the agency of relying on misleading data about the health hazards of World Trade Center dust.

The scientist, who has been sharply critical of the agency in the past, claimed in a letter to members of the New York Congressional delegation this week that test reports in 2002 and 2003 distorted the alkalinity, or pH level, of the dust released when the twin towers collapsed, downplaying its danger.

Some doctors suspect that the highly alkaline nature of the dust contributed to the variety of ailments that recovery workers and residents have complained of since the attack.

Tests of the gray-brown dust conducted by scientists at the United States Geological Survey a few months after the attack found that the dust was highly alkaline, in some instances as caustic or corrosive as drain cleaner, and capable of causing severe irritation and burns.

The tests that are being challenged by the E.P.A. scientist were conducted by independent scientists at New York University. Those tests also indicated that larger particles of dust were highly alkaline. But they found that smaller dust particles — those most likely to reach into the lower airways of the lungs, where they could cause serious illnesses — were not alkaline and caustic.

The geological survey's tests did not differentiate the dust by particle size.

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A spokeswoman for the agency, Mary Mears, said in a statement that the E.P.A. stood behind its work on ground zero environmental hazards, as did the N.Y.U. scientists. The scientist making the complaint, Cate Jenkins, who has a Ph.D. in chemistry and works in the agency's office of solid waste and emergency response, said the test results helped the E.P.A. avoid legal liability. Residents of Lower Manhattan have sued the agency in federal court, claiming that it bungled the cleanup.

Dr. Jenkins said the test reports had a costly health effect, contributing "to emergency personnel and citizens not taking adequate precautions to prevent exposures."

In her statement, Ms. Mears distanced the agency from Dr. Jenkins, who has worked for the E.P.A. since 1979 and has been in conflict with the agency for years over her whistle-blowing activities.

"Dr. Jenkins has not participated in any aspect of the E.P.A.'s work on the World Trade Center," the statement said. "This appears to be a disagreement about scientific methods and not the validity of the results." The New York University scientists, who were not directly financed by the E.P.A., denied being pressured by the agency and said Dr. Jenkins's claims were without scientific merit.

Representative Jerrold Nadler, a Democrat whose district includes Lower Manhattan, received a copy of Dr. Jenkins's letter, and he said that he intended to look into the dispute.

"When a scientist who works for the E.P.A. makes serious allegations about the aftermath of 9/11, they must be examined carefully," he said.

The two scientists named in Dr. Jenkins's letter are faculty members of the New York University School of Medicine who collected dust samples from ground zero in the days after the attack.

One of them, George D. Thurston, is director of N.Y.U.'s Community Outreach and Education Program. He has helped inform Lower Manhattan workers and residents about health hazards related to the terror attack.

Testifying before a Senate committee in 2002, Dr. Thurston said that more than 95 percent of the dust was composed of comparatively large particles that were highly alkaline. He said that although they were irritating, those dust particles did not pose serious health concerns for residents because they were too large to enter the lower airways of the lungs.

Smaller particles, those less than 2.5 microns in size, are far more dangerous because they can be easily breathed deep into the lungs. Dr. Thurston told the Senate committee that tests showed those particles to be pH neutral, and therefore of less concern.

A year later, the same scientists, in conjunction with the E.P.A., among others, published a report in Environmental Health Perspectives, a professional journal, in which they described a new round of tests in which they found the smallest dust particles to have pH values from 8.8 to 10, which made them alkaline.

To keep the particles in the samples from congealing, however, they used a standard process that involved freeze-drying and soaking the samples in saline. When pH tested, the particles were then found to be "near neutral."

Lung-Chi Chen, the second N.Y.U. scientist, an inhalation toxicologist with N.Y.U.'s School of Medicine who was responsible for the testing, said the saline could not have diluted the alkalinity of the samples so greatly that they went from alkaline to neutral.

"We were not trying to mislead anyone," he said.

Dr. Chen said the samples tested prior to Dr. Thurston's 2002 Senate testimony and those in the 2003 report came from different batches of dust, which probably accounted for the difference in their alkalinity.

He said he was not surprised that the smaller dust particles had characteristics and alkalinity levels different from the larger ones. He explained that the larger particles were made up of building materials that had been pulverized by the pressure of the imploding towers. The smallest particles, he said, were probably a combination of crushed material and the combustion byproducts produced by high-temperature fires that burned for weeks.

New York Man Charged With Enabling Hezbollah Television Broadcasts (NYT)

By Timothy Williams And William K. Rashbaum

The New York Times, August 25, 2006

For several years, Javed Iqbal has operated a small company from a Brooklyn storefront and out of the garage at his Staten Island home that provides satellite programming for households, including sermons from Christian evangelists seeking worldwide exposure.

Mr. Iqbal's home, a modest two-story stone and brick house on Van Name Avenue in Mariners Harbor, stood out because among the children's toys in the backyard were eight satellite dishes.

But this week, the budding entrepreneur's house and storefront were raided by federal agents, and Mr. Iqbal was charged with providing customers services that included satellite broadcasts of a television station controlled by Hezbollah — a violation of federal law.

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Yesterday, Mr. Iqbal was arraigned in Federal District Court in Manhattan and was ordered held in $250,000 bail.

The Hezbollah station, Al Manar — or "the beacon" in Arabic — was designated a global terrorist entity by the United States Treasury Department in March of this year. Hezbollah was designated a foreign terrorist organization by the State Department in 1997.

"The charge lurking in the background is material support for terrorism," Stephen A. Miller, an assistant United States attorney, told United States Magistrate Judge Gabriel W. Gorenstein.

He said Mr. Iqbal, 42, was a flight risk because he has family in England and Pakistan. "We think there is a strong incentive for him to run," Mr. Miller said.

Mr. Iqbal's lawyer, Mustapha Ndanusa, said his client, who came to the United States from Pakistan, was a compassionate man, and at one point offered shelter in his house to a homeless woman. "He has been very generous in the community,'' Mr. Ndanusa said outside court. "He's a fun-loving guy."

Another spokesman for Mr. Iqbal called the government's charges ridiculous. "It's like the government of Iran saying we're going to ban The New York Times because we think of it as a terrorist outfit," the spokesman, Farhan Memon, said before the hearing. "Or China trying to ban CNN."

Civil libertarians also expressed alarm.

"It appears that the statute under which Mr. Iqbal is being prosecuted includes a First Amendment exemption that prevents the government from punishing people for importing news communications," Donna Lieberman, executive director of the New York Civil Liberties Union, said in a statement. "Such an exemption is constitutionally necessary, and the fact that the government is proceeding with the prosecution in spite of it raises serious questions about how free our marketplace of idea is."

Court papers filed by the government to obtain a warrant to search Mr. Iqbal's business and home suggested that the authorities learned that certain high-definition global transmission systems were providing access to Al Manar broadcasts in the United States. They got their information from Mark Dubowitz, who heads a Washington-based policy group that has monitored Al Manar — through a project called the Coalition Against Terrorist Media — and campaigned for its removal.

Mr. Dubowitz said in a telephone interview that Al Manar's programming includes "very explicit calls for violence."

According to the government documents, agents flew a helicopter over Mr. Iqbal's home, then sent a confidential informant to the shop to buy a satellite package from Mr. Iqbal. The informant said that Mr. Iqbal had told him that the station was legal. Mr. Iqbal, according to the government, pressed the informant to buy a package with Al Manar instead of another service.

Hez TV Is A Bust (NYDN)

By Thomas Zambito And John Marzulli, Daily News Staff Writers

New York Daily News, August 25, 2006

I want my HezTV!

That was the alleged pitch of a Staten Island satellite TV salesman busted by the feds for beaming the terrorist network Hezbollah's hate-filled al Manar channel - which is banned in the U.S. - into New York City living rooms.

"Why don't you watch al Manar?" Javed Iqbal asked a customer who turned out to be an FBI informant secretly recording the conversation, officials said yesterday.

The unique case, prosecuted under the federal Patriot Act, raised First Amendment concerns among civil liberties groups - and follows battling between Israel and the Lebanon-based terror group.

The feds were tipped this year by a media watchdog group that Iqbal, a Pakistani national who sells satellite dishes out of his storefront business in Brooklyn called HDTV Ltd., was offering al Manar broadcasts as part of the package, according to court papers unsealed yesterday.

The Treasury Department designated al Manar, a Lebanon-based satellite TV station controlled by Hezbollah, as a global terrorist entity in March, making it a federal crime to buy the satellite service - even though the channel can be seen for free on the Internet.

The FBI informant contacted Iqbal, whose business is located on Fort Hamilton Parkway in Dyker Heights, about installing a satellite system at his Manhattan apartment. When Iqbal learned the customer was Lebanese, he encouraged him to sign on for al Manar, officials said.

With hidden cameras rolling, Iqbal's satellite system was installed at the informant's apartment last month - but the al Manar channel didn't work.

"Iqbal stated that the [informant] would have to wait to have al Manar service installed because the recent war [in Lebanon] had damaged al Manar's ability to broadcast," stated an affidavit by Charles Villani, an investigator for the Manhattan U.S. attorney's office.

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FBI agents armed with a search warrant raided Iqbal's office and home in Staten Island Wednesday, carting off records, computers and electronic equipment.

They left behind nine massive satellite dishes stored in the yard and three small dishes on the roof.

Iqbal, 42, a married father of four, was ordered held last night in lieu of $250,000 bond.

Defense lawyer Mustapha Mdanusa suggested Iqbal was entrapped.

"The [informant] could have asked for MTV or Playboy," he told reporters.

Lawyers for Iqbal said that half of his business was feeding programming from evangelical churches in Texas to customers.

Harold Lane, 80, a World War II veteran, said Iqbal, who has been in the U.S. for 24 years, is a good neighbor.

"He flies the American flag and he told me he loves this country," Lane said. "He's a very pleasant guy."

"But I'm from the old school. I don't believe in fooling around with this terrorism stuff or anything that's against my country."

Donna Lieberman, executive director of the New York Civil Liberties Union, called the arrest troubling. "In a free society, all speech is protected regardless of the viewpoint," she said.

But Mark Dubowitz, who heads the think tank Foundation for Defense of Democracies, said al Manar is not banned for its content, as ugly as calling on Muslims to carry out suicide attacks against U.S. troops and its allies may be.

"Al Manar is a terrorist organization masquerading as a TV channel," said Dubowitz, who alerted authorities to Iqbal's alleged al Manar sales. "It is being used to raise money ... by broadcasting bank account numbers where viewers can donate money to Hezbollah and other terrorist organizations."

Staten Island Man Said To Broadcast Hezbollah Network (NYS)

New York Sun, August 25, 2006

A Staten Island man has been broadcasting the television network of Hezbollah, al-Manar, to viewers across New York, prosecutors charged yesterday.

Law enforcement officials arrested Javed Iqbal, 42, Wednesday morning after a six-month investigation into a small broadcasting company that Mr. Iqbal owns. Mr. Iqbal, a native of Pakistan who is not an American citizen, was charged in U.S. District Court in Manhattan yesterday with conspiring to violate the International Emergency Economic Powers Act.

Mr. Iqbal agreed to sell a satellite television service that could receive al-Manar broadcasts to a government informant who had posed as a customer, court filings unsealed yesterday allege.

In March, the Department of Treasury classified al-Manar, which is controlled by Hezbollah, as a global terrorist entity. The network is based in Beirut and conducts fund-raisers for Hezbollah in addition to broadcasting the terrorist organization's propaganda.

The courts papers suggest there is at least some appetite among New York viewers for the around-the-clock and often anti-Semitic programming. When a government informant sought to buy satellite television service from Mr. Iqbal, the defendant told the informant that 80% of his customers of Lebanese heritage received al-Manar, the court papers allege.

Prosecutors did not disclose how many viewers were reached through the broadcasts. Mr. Iqbal's company, HDTV Corporation, has an office in Brooklyn and eight satellite dishes in Staten Island, according to court papers.

B'KLYN BIZMAN IN HEZ-TV BUST (NYPOST)

By Kati Cornell And Patrick Gallahue

The New York Post, August 25, 2006

A Staten Island man has been charged with aiding terrorists - by using his Brooklyn business to give local viewers a satellite hookup to a Lebanese TV station operated by Hezbollah.

Javed Iqbal, 42, was busted early Wednesday after authorities flew covert helicopter missions over his home and business to check out his electronic equipment and set up a complicated sting involving a bogus customer.

He was charged with conspiring to do business with a global terror organization, which is punishable by up to five years in jail. Prosecutors said the charges could be upgraded to providing material support for terrorists, which carries up to 15 years.

His lawyer, Mustapha Ndanusa, said his client is no terrorist, just "a small-time satellite receiver and dish network distributor."

Neighbors described Iqbal, who has lived in the United States for 24 years, as a quiet, likable father who had no radical views - but did have extensive surveillance equipment.

Alex Rodriguez, who lives down the block, said Iqbal told him he works for the "mayor's office."

"He's got cameras all over the house, inside, outside, everywhere," he said. The mayor's office said Iqbal never worked for them.

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The Manhattan U.S. Attorney's Office says Iqbal, who was also known by the first name John, obtained a Federal Communications Commission license in January 2005 to broadcast satellite TV.

Last February a confidential source told the feds that Iqbal was selling access to broadcasts of Hezbollah's Al Manar TV through his business, HDTV Ltd., at 6805 and 6809 Fort Hamilton Parkway in Brooklyn.

The Treasury Department in March designated Al Manar, which means "the beacon" in Arabic, as a terrorist entity.

A team of law-enforcement officers conducted aerial surveillance of the Brooklyn location and Iqbal's home on Van Name Avenue in Staten Island.

Federal investigator Charles Villani said he spotted about eight satellite dishes at the Staten Island site, a double lot with a two-story beige brick home where Iqbal lives with his wife and four children, aged 10 months to six years.

In May, Iqbal, who had been in Lebanon, returned to the United States and was questioned by law-enforcement officials at Kennedy Airport, according to court papers.

Iqbal told them he was a legal permanent resident with a Pakistani passport and had been touring the Mideast on business. He said he failed to arrange satellite transmissions from Lebanon and Qatar to Arab communities in the United States.

In June, a "wired" FBI informant walked into Iqbal's Brooklyn office, asking to be hooked up to the "DISH network."

The informant explained he was Lebanese and wanted to watch the Lebanese Broadcasting Corporation, which transmits secular or Christian shows. Iqbal asked if he was "Lebanese Christian" and when the informant said no, he asked, "Why don't you watch Al Manar?" court papers say.

He described different service packages that would allow the customer to receive Al Manar and other Arab networks, including Al-Jazeera.

Court papers also say Iqbal falsely told the customer that Al Manar broadcasts were legal in the United States - and a month later changed his sales pitch to say they would soon be legal.

At Iqbal's arraignment yesterday, prosecutor Stephen Miller said Iqbal denied that he was receiving the Al Manar signal but was contradicted by his wife.

"The only thing he has done since his arrest is be evasive," Miller said.

But Ndanusa, the defense lawyer, told the judge that the satellite equipment he installed in the customer's home wasn't capable of carrying the channel.

Federal Judge Gabriel Gorenstein agreed that Iqbal was not a flight risk. He set bail at $250,000 bond and restricted Iqbal's travel to New York City, Long Island and the northern suburbs.

Man Charged With Providing NYC Broadcasts From Hezbollah TV (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, August 25, 2006

NEW YORK -- A Pakistani man has been charged with providing customers in the New York area with satellite broadcasts of a television station operated by the terrorist group Hezbollah.

The defendant's lawyer called the charges "completely ridiculous" and said Thursday he was unaware of another instance of someone being accused of violating U.S. laws by enabling people to obtain news outlets with a satellite dish.

Javed Iqbal, who lives in Staten Island, was arrested Wednesday on charges that he helped people receive the broadcasts of al Manar, which was designated by the U.S. government this spring as a global terrorist entity, U.S. Attorney Michael Garcia said.

Al Manar, launched in 1991, features news programming that promotes Hezbollah's positions and shows statements from the terror group and speeches from its leader.

Iqbal was held on $250,000 bail, though he was expected to be freed as early as Friday once he posts his home as collateral, his lawyer Mustapha Ndanusa said.

Assistant U.S. Attorney Stephen A. Miller had asked that Iqbal be held without bail, suggesting more charges were imminent.

"The charge lurking in the background is material support for terrorism," Miller told Magistrate Judge Gabriel Gorenstein.

He said Iqbal was evasive as he talked to investigators Wednesday and was a risk to flee because he has family in Pakistan.

The judge, though, said the government failed to prove he was a flight risk. He said he would require electronic monitoring once Iqbal is freed.

The charges against Iqbal were brought after FBI agents executed search warrants at two storefronts in Brooklyn where he worked and at his Staten Island residence, where multiple satellite dishes helped him distribute the broadcasts through a Brooklyn company called HDTV Limited, Garcia said.

Farhan Memon, who was assisting Ndanusa on the case, scoffed at the government's claims. He suggested it would be as if the governments of Iran or China banned major U.S. news stations, saying they were terrorist outlets. He said Americans would "be hopping up and down crying, 'Freedom of speech! Freedom of the press!'"

Memon said half of Iqbal's business was feeding programming from evangelical churches in Texas to his satellites for wider distribution.

Iqbal, who moved to the United States from Pakistan 24 years ago, was "very shocked by what happened to him," Ndanusa said.

"He hasn't done anything wrong," Ndanusa said. "He's a fun-loving guy, a very easygoing guy."

Ndanusa said his client once took in a homeless woman who needed temporary shelter and was known in his community as a generous man.

Iqbal could face up to five years in prison if convicted, though Miller said the maximum possible punishment would rise to 15 years if he is eventually charged with providing material support to a terrorist organization.

In court papers filed in U.S. District Court in Manhattan, investigator Charles Villani wrote that the probe began after a confidential source in February told law enforcement officers that Iqbal was selling al Manar broadcasts through a business in Brooklyn.

He said he had reason to believe that the two locations searched by federal agents contained evidence that would prove violations of laws banning anyone from providing support to a foreign terrorist organization.

Hezbollah was designated by the U.S. Department of State as a foreign terrorist organization in October 1997.

Villani noted in an affidavit that Hezbollah's stated mission is the destruction of Israel and the establishment of a fundamentalist Islamic state in Lebanon, and he cited several attacks the United States has blamed on the group, including the 1983 bombing of the U.S. Marine barracks in Lebanon, which killed 241 Marines.

He said Hezbollah owns and operates a media network including the Lebanese Media Group, the parent company of al Manar, a satellite television operation and al Nour, a radio operation.

Villani wrote that the television and radio stations are designed to increase support for Hezbollah's activities and mission.

"The instant investigation concerns both international and domestic terrorism due to the fact that it concerns activities, both inside the United States and abroad, done in concert with Hezbollah, al Manar and the Lebanese Media Group, all of which have been designated by the United States government as terrorist entities," he said.

Villani said Iqbal told law enforcement agents who interviewed him in May at John F. Kennedy International Airport on a return trip from Lebanon that he was a legal permanent resident of the United States with a passport from Pakistan.

Iqbal, who lives with his wife, three daughters and a son, said he had met with representatives of an Arabic television network in Beirut during his trip abroad but was unsuccessful at concluding any business deals, Villani said.

New Yorker Arrested For Providing Hezbollah TV Channel (WP)

By Walter Pincus, Washington Post Staff Writer

The Washington Post, August 25, 2006

A New York man was arrested yesterday on charges that he conspired to support a terrorist group by providing U.S. residents with access to Hezbollah's satellite channel, al-Manar.

Javed Iqbal runs HDTV Corp., a Brooklyn-based company registered with the Federal Communications Commission that provides satellite television transmissions to cable operators, private companies, government organizations and individual customers.

According to an affidavit made public yesterday in U.S. District Court in New York, a paid FBI confidential informant told law enforcement officials in February that Iqbal's company was selling "satellite television service, including access to al-Manar broadcasts." The informant then had a recorded conversation during which Iqbal offered al-Manar broadcasts along with other Arab television stations.

The U.S. Treasury Department in March designated al-Manar a "global terrorist entity" and a media arm of the Hezbollah terrorist network. The designation froze al-Manar's assets in the United States and prohibited any transactions between Americans and al-Manar.

Iqbal's attorney, Mustapha Ndanusa, said yesterday that the accusations against his client are "completely ridiculous," according to the Associated Press. Ndanusa added that he is not aware of another instance in which someone was accused of violating U.S. laws by enabling access to a news outlet.

Donna Lieberman of the American Civil Liberties Union said she is "deeply troubled" that a television distributor is being prosecuted for the content of a broadcaster. Such a prosecution, she said, "raises serious First Amendment concerns." She said she thinks that the law under which Iqbal has been charged has a First Amendment exception for news communications.

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Mark Dubowitz of the Coalition Against Terrorist Media (CATM), which is composed of Jewish, Christian, Muslim and secular organizations, said yesterday he is "saddened" that a U.S. resident was allegedly facilitating the transmission of al-Manar "but pleased that the U.S. is taking the necessary steps to ensure al-Manar's incitement to violence is stopped."

Al-Manar, he said, was placed on the terrorist list because it was used to incite violence, recruit people to a terrorist organization and raise funds for terrorist activities, including the provision of bank accounts where money should be sent.

On July 11, according to the affidavit, the FBI confidential informant arranged to have the satellite system installed in a New York City apartment that the bureau had wired for sound and video. Iqbal's technician installed the system, but the al-Manar channel came in scrambled.

The informant called twice in the ensuing week and during the second call Iqbal said he wanted to "check out the CI [confidential informant] to make sure the CI was not a spy," according to court documents.

In mid-August, the al-Manar channel at the apartment still was not fixed. When the informant called again on Aug. 17, Iqbal told him the Israeli bombing had disrupted al-Manar's transmissions. Iqbal also acknowledged that he was aware broadcasting of al-Manar was illegal in the United States, although he understood the government would make it legal again soon, according to the affidavit.

Man Said To Offer Hezbollah Station (WT)

By Jerry Seper

The Washington Times, August 25, 2006

A Staten Island, N.Y., man was charged by federal authorities yesterday with illegally providing satellite customers in the New York area with broadcasts of Al Manar, a television station operated by the terrorist group Hezbollah.

U.S. Attorney Michael J. Garcia said Javed Iqbal, 42, was arrested after being named in a criminal complaint filed in U.S. District Court in New York on charges of conspiring to violate the International Emergency Economic Powers Act through his Brooklyn-based company, HDTV Ltd.

Mr. Garcia said the complaint accused Mr. Iqbal and others of providing customers in the New York area with satellite broadcasts of Al Manar. The Treasury Department named the station a specially designated global terrorist entity in March, making it a crime to engage in business with Al Manar.

Federal agents searched HDTV's office and Mr. Iqbal's residence, where he reportedly maintained several satellite dishes, Mr. Garcia said. Mr. Iqbal was scheduled for a preliminary bail hearing yesterday before U.S. Magistrate Judge Gabriel W. Gorenstein.

In court papers, investigator Charles Villani said an inquiry into HDTV began after a confidential source told law-enforcement authorities in February that Mr. Iqbal was selling Al Manar broadcasts through a business in Brooklyn. Mr. Villani said in the documents that he had reason to think that the two locations searched by federal agents contained evidence that would prove violations of laws banning anyone from providing support to a foreign terrorist organization.

The designated-entity list blocks "all property and interests in property" of terrorists and those who materially support terrorists.

Quick To Save Lives, But Not To Take Credit (USAT)

By Wendy Koch

USA Today, August 25, 2006

Jason Thomas was watching the TV show Rescue Me in his living room in Columbus, Ohio, when he saw a commercial for the movie World Trade Center.

“That's when the chills hit me,” says Thomas, 32, a security officer at the Ohio Supreme Court. “It just became all too familiar.”

A scene in the ad showed two Marines with flashlights, hunting for survivors in the ruins. He realized one of them was him — in a role he hadn't discussed publicly in the five years since Sept. 11, 2001.

Reluctantly, after an aunt persuaded him to tell his story, Thomas stepped forward. He revealed that he was the mystery man who, with another former Marine, dug through wreckage to rescue Port Authority policemen Will Jimeno and John McLoughlin, who were pinned beneath 20 feet of rubble.

Authorities never knew his name because, after digging for hours in a dark hole that threatened to collapse at any moment, he walked away after Jimeno was pulled out alive. He spent another 21/2 weeks at Ground Zero looking for other survivors. He never took credit. He tried to forget.

On Wednesday, he was honored at the Ohio Supreme Court. The crowd of 300 included the state's chief justice, two state senators, Thomas' wife and his five children.

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"It's overwhelming. It really is. I don't feel I deserve it, because I was just there to help," says Thomas, a Marine sergeant from 1996-2000.

He had told a few co-workers about the rescue, but they respected his privacy. "We didn't talk about it, because he didn't want to talk about it," says Regina Koehler, a graphic designer.

Thomas, a 6-foot-3 black man, is depicted in the film by a smaller, white actor, William Mapother.

"We made a terrible error. I'm so sorry we miscast him," says Michael Shamberg, a producer of the film, directed by Oliver Stone. Shamberg says the filmmakers didn't know the rescuer's identity until Thomas' aunt, Theresa Golden phoned days before the premiere.

"He's the greatest guy," says Shamberg, who has met Thomas. "He's the kind of hero you want." Shamberg says he would have cast Thomas as himself. "He looks like a Central Casting Marine — he doesn't have an ounce of fat."

The other Marine, Staff Sgt. David Karnes, confirmed Thomas' identity when shown a photo. Thomas says Jimeno thanked him in a recent phone call.

"He's an incredibly humble and amazing individual," says Scott Strauss, a former New York police officer who helped in the rescue. He says he and Thomas talked on the phone, and Thomas knew details that only those who were there know. For example, Strauss says when he arrived at the site, it was dark and the air so thick with smoke that he didn't get a good look at the man who stood waving a flashlight to signal where the officers were trapped. When he asked Thomas how he alerted rescuers, Thomas said, "I waved my flashlight."

Born and raised on Long Island, Thomas was dropping off his 2-month-old daughter Imani at his mother's house in Hempstead, N.Y., when she told him the first tower had been hit.

"They got us," Thomas responded. He retrieved his Marine uniform from his car, skipped a class in criminal justice and raced to the Trade Center. He saw the second tower collapse. Ash enveloped him.

He says he got a man having trouble breathing onto a stretcher. He tried to help an older man with a head injury, but it was too late. He knelt by the man and said a prayer.

He later ran into Karnes, also clad in Marine fatigues. Together they searched for survivors together. From one pit, they heard Jimeno's dim voice. They stayed with him until he was lifted out after being pinned 13 hours. Exhausted, Thomas left before McLoughlin was pulled out hours later.

He hasn't seen World Trade Center. "I'm not ready," he says. "I don't want to relive everything."

He's not bothered that the film portrays him as a white man. "That's not an issue at all."

Who should have played him?

"I wouldn't want anyone to play me but me," he says. "No one else would grasp what happened."

A (Terror) Fish Story (NYT)

The New York Times, August 25, 2006

We've been fascinated by the story of how Jim Bensman of Alton, Ill., went to a hearing about fish and wound up as a potential terrorism suspect.

As Cornelia Dean reported in The Times, the Army Corps of Engineers held a meeting in Mr. Bensman's neighborhood to talk about helping those fish swim around the locks and dams it has constructed on the Mississippi River over the years. There was a PowerPoint presentation on various options. One — clearly not the Corps's favorite — was to eliminate a dam in East Alton. To illustrate that idea, the presentation included a picture of a dam being dynamited.

Mr. Bensman rose later to support removing the dam. Big mistake.

A local paper reported that Mr. Bensman told the Corps he "would like to see the dam blown up."

A Corps security officer read the report. He decided that Mr. Bensman was threatening a public facility. He notified the G-men.

An F.B.I. agent then contacted Mr. Bensman, who was surprised to learn that federal investigators believed a terrorist might announce his plans at a public hearing of the Army Corps of Engineers.

When the agent said he wanted to visit his home, it occurred to Mr. Bensman that he needed a lawyer. At that point, Mr. Bensman said, the agent threatened to "put you down as not cooperating."

All this started because Mr. Bensman believes the Army Corps builds way too many locks and dams on the Mississippi for the convenience of boating interests. This page has always thought so too.

But not in any way, shape or form that involves any kind of sabotage whatsoever.

Democrats Cite No-bid Katrina Contracts (AP)

By Hope Yen

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The AP, August 24, 2006

The government awarded 70 percent of its contracts for Hurricane Katrina work without full competition, wasting hundreds of millions of taxpayer dollars in the process, says a House study released Thursday by Democrats.

The report, a comprehensive overview of government audits on Katrina contracting, found that out of $10.6 billion in contracts awarded after the storm last year, more than $7.4 billion were handed out with limited or no competitive bidding.

In addition, 19 contracts worth $8.75 billion were found to have wasted taxpayer money at least in part, costing taxpayers hundreds of millions of dollars, according to the report. It cited numerous instances of double-billing by contractors and cases of trailers meant as emergency housing sitting empty in Arkansas.

Aaron Walker, a national spokesman for the Homeland Security Department's Federal Emergency Management Agency, the primary agency for awarding hurricane contracts, said FEMA was already working to improve its contracting process based on "previously issued, non-politicized, reports."

"This report has no new revelations," he said. "At the height of hurricane season, it is a disservice to FEMA employees, who are working around the clock to continue retooling this agency."

In their report, Democrats acknowledged that some no-bid contracts were necessary to provide quick aid in the immediate aftermath of the August 29, 2005, storm. But they noted that while 51 percent of Katrina contracts awarded in September were limited or no-bid, that percentage increased to 93 percent in October.

Last December, FEMA was still awarding 57 percent of the total dollar value of contracts without full bidding.

The report came as House Democrats announced a new six-member "truth squad" they said would highlight the problems before the November congressional elections.

"It is apparent that taxpayers and the residents of the Gulf Coast are paying a steep price for the failure to stop waste, fraud and abuse in federal contracting," said Rep. Henry Waxman, D-Calif., the top Democrat on the House Government Reform Committee and a member of the new panel.

He said the new panel, made up of six House Democrats, was needed because the Republican-controlled Congress has resisted probing such allegations against the Bush administration.

In the House report, Democrats faulted FEMA for recently awarding new $400 million temporary housing contracts for future disaster work to Shaw Environmental & Infrastructure, Bechtel National, CH2M Hill Inc. and Fluor Enterprises Inc.

Those four companies have previously been criticized by lawmakers for receiving no-bid Katrina contracts. Three of them — Bechtel, CH2M Hill and Fluor — were found by government auditors to have wasted money in the hurricane effort.

The Shaw Group Inc.'s lobbyist, Joe Allbaugh, is a former FEMA director and a longtime friend of President Bush, while Bechtel CEO Riley Bechtel served on Bush's Export Council from 2003-2004. CH2M Hill Inc. and Fluor Corp. have done extensive previous work for the government. The companies have denied that political or government connections played a factor.

FEMA has defended the latest contracts, which were awarded earlier this month after a full bidding process, as the best among 13 proposals submitted based on quality of plans, price and resource capacity.

Washington: Storm Fraud Charges (NYT)

By Eric Lipton

The New York Times, August 25, 2006

The owner of a debris-removal company and three employees hired to monitor its work have been charged in a conspiracy to cheat the government of nearly $720,000 after Hurricane Katrina, federal officials said. The Justice Department said the owner, Allen Kitto, 24, of Dundee, Fla., had payments for work that was never done sent through an employee who redirected the money to him and the three workers hired to monitor the debris removal in Pearl River County, Miss. It said the monitors signed off on the falsified load slips mostly from their homes rather than from their ostensible work site. In addition to Mr. Kitto, those charged were Clinton K. Miller, of Carriere, Miss.; Devin Chuter, of Picayune, Miss.; and Lauren Robertson, of Picayune.

Weathering Corruption (WP)

By Christopher Lee

The Washington Post, August 25, 2006

It's a familiar story line: When federal aid flows into a region devastated by a natural disaster, those charged with disseminating it do not always behave honorably in the chaos.

Is bad weather responsible for U.S. corruption?

Peter T. Leeson and Russell S. Sobel, both economics professors at West Virginia University, say that "indirectly at least, the answer may be yes," but the real culprit is the aid.

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"States that experience more frequent and severe natural disasters attract larger quantities of FEMA disaster relief. This relief creates a resource windfall that increases public corruption," the two wrote in a 28-page study, published this week by the Mercatus Center at George Washington University.

Official bribes, embezzlement, and the steering of contracts to friends or in exchange for kickbacks are common in times when a premium is placed on getting money to a disaster zone quickly, rather than on monitoring how it is spent, the economists wrote.

Leeson and Sobel examined a decade's worth of public corruption data for the 1990s compiled by the Justice Department's Public Integrity Section. They found that Louisiana was the most corrupt state, with an average of 0.85 annual corruption-related convictions per 100,000 residents. New Hampshire was the least corrupt, with 0.07. (The national average was 0.31.)

The economists also looked at Federal Emergency Management Agency disaster-relief payments for the decade, and performed a statistical regression analysis to see whether there was any relationship between such payments and bad behavior.

They concluded that there was. Every additional $1 per capita spent on federal disaster relief increases corruption nearly 2.5 percent in the average state, they wrote. Some of the worst corruption was in Louisiana, Mississippi and Florida.

"Our findings suggest that notoriously corrupt regions of the United States, such as the Gulf Coast, are notoriously corrupt because natural disasters frequently strike them," the authors wrote. "They attract more disaster relief making them more corrupt."

Their solution: Eliminate FEMA relief, which they say would reduce corruption more than 20 percent in the average state.

Paul C. Light, a professor of government at New York University, said that solution seems rather draconian, and in any case, he is not persuaded by the argument. "Maybe natural disasters strike them because they're corrupt -- same logic," Light said, referring to the Gulf Coast states. "I'd like to see some evidence."

Disaster-relief Missions Likely From Private Sector, Panel Says (WT)

By Audrey Hudson

The Washington Times, August 25, 2006

Government at all levels is preparing to respond to hurricanes and other disasters, but the real rescue missions likely will be carried out by corporations and churches, a panel said yesterday.

"We are so Washington-centric that we pay almost no attention to how Americans respond to disaster," said James Jay Carafano, a Heritage Foundation fellow who moderated yesterday's panel discussion on "Grassroots Response: Citizens Taking Care of Citizens During Disasters."

Panelists from the private sector said they are able to respond quicker to disasters such as Hurricane Katrina than most government agencies, including the Federal Emergency Management Agency (FEMA).

When a Texas fire chief needed food and water for about 3,000 people after Katrina struck, a network of ministries responded immediately.

"We drove our caravan past 100 FEMA trucks sitting and waiting on instructions," said J. Doug Stringer, president of Turning Point Ministries and founder of Somebody Cares America.

"Our hands were not tied; we were able to do what our hearts told us to do," Mr. Stringer said. "We aren't boxed into a system. We had citizens caring for citizens, and it didn't matter who got the media sound bite or who got credit. It was about helping people with real needs."

James S. Gilmore III, former Virginia governor and chairman of the Gilmore Commission, which studied terrorist threats and disaster readiness, said natural disasters require a response strategy that is national, not federal.

"If you continue to focus on the federal role exclusively, you will never prepare the nation," said Mr. Gilmore, a Republican.

"We've been trained since the Great Depression that if we just hang around long enough, the federal government will come and bail us out because they have all the money," Mr. Gilmore said. "Until we break away from the concept that everything has to be federal, we'll be in trouble."

Lisa Hamilton, public affairs manager for United Parcel Service of America (UPS), said that after Katrina struck last year, corporations contributed $1.2 billion in disaster relief, of which 254 companies contributed $1 million each. That made it the "single largest outpouring of private sector help in U.S. history."

"We are learning how to collaborate, rather than compete in times of disaster," Miss Hamilton said.

UPS put its own system to work and pledged cars, trucks, airplanes and people toward the hurricane-relief effort, and shipped four million pounds of goods, including a mobile hospital and water-treatment system, to affected states.

"Throughout corporate America, we saw an outpouring of good will that was as creative as it was generous," Miss Hamilton said.

One pizza chain passed out pizzas in Biloxi, Miss., and one bank put $1,000 in each of its customers' accounts.

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"The great thing about community is you can be nimble," Mr. Gilmore said.

And when corporations or the National Guard respond, Mr. Gilmore said it is essential they be used effectively. "We can't be told clothing cannot be distributed or the National Guard turned back," Mr. Gilmore said.

Homeowners Decked By Katrina Still Wait For Insurers To Pay Up (USAT)

By Kathy Chu And Larry Copeland

USA Today, August 25, 2006

PASCAGOULA, Miss. — A year after Hurricane Katrina flattened her ranch-style brick house on Washington Avenue here, Tina Lee has received only $2,500 from her homeowner's policy for living expenses.

Her four-bedroom home, a block away from the beach, suffered nearly $300,000 in damage, but her insurer said the property was destroyed by flooding, not wind. The distinction is important: A standard homeowner's policy pays for damage from a hurricane's winds and rains, but it doesn't cover flooding.

“They're saying that the top of (my neighbor's) house floated over here and landed on my house,” says Lee, 44, who is living in a one-bedroom RV. But, “We had over 100-mile-per-hour winds before the water even got here.”

Her neighbor — whose house crushed hers to bits — just happened to be Richard Scruggs, the Mississippi lawyer who took on the tobacco and asbestos industries. Much of his home, along with that of his brother-in-law, Sen. Trent Lott, was reduced to rubble after Katrina. For months, Scruggs has been championing Lee's case and those of thousands of other Gulf Coast homeowners in lawsuits against insurers.

In this storm-scarred region, thousands of homeowners are still waiting to get paid for property damage. Thousands more are disputing insurance payments for hurricane damage. Many of these cases — winding their way through state and federal courts — are likely to take years to be decided, delaying the rebuilding of homes and contributing to higher foreclosure rates.

How these bitter disputes shake out will also affect whether major insurers continue to offer homeowner's policies along the Gulf, and at what price. Already, some of the largest insurers, including Allstate and State Farm, have pulled back on homeowner's coverage here.

The insurance disputes are “the second catastrophe to hit Louisiana,” says Madro Bandaries, an attorney representing homeowners in a class-action lawsuit against Louisiana's insurer of last resort, which provides high-cost policies for those who can't get policies elsewhere. A year after the storm, “We have thousands of people who have yet to receive adequate money or have yet to receive any money at all.”

Insurance companies have paid out nearly $15.5 billion for Katrina's damage to homes, but billions more dollars are at stake in these lawsuits.

Robert Hartwig, chief economist of the Insurance Information Institute (III), a research group funded by insurers, says that “whatever shortcomings these trial lawyers claim are gross misrepresentations of the truth. We have settled hundreds of thousands of claims expeditiously and fairly.”

Some homeowners who haven't gotten insurance payments will receive federal aid, tap retirement funds or take out loans to rebuild. Many others will remain in FEMA trailers or live with friends until insurance money arrives, because, “There's just no money in a lockbox for these folks,” says Patrick Buckley of the Center for Justice & Democracy, a consumer-advocacy group.

Lee took out a $250,000, 30-year Small Business Administration loan to build a three-bedroom, 1,935-square-foot house on the old site. It's smaller and several feet higher than the original.

Lee hopes to move out of the RV she and her husband now occupy and into the new house by Christmas. But she doesn't expect her fight with her insurance company to end soon: “I plan to fight it all the way to the Supreme Court.”

Last week, insurers won the first round of legal battles when a federal judge said that a Mississippi couple was not covered for most of Katrina's damage to their home. Their Nationwide policy clearly excluded flooding, which includes the hurricane-caused storm surges from the Gulf that ravaged the house, Judge L.T. Senter Jr. ruled.

Flooding, or water that seeps in through the bottom of the house, is covered under a policy issued by the national flood insurance program. But Scruggs, in the Nationwide case, argued unsuccessfully that storm surges are linked with hurricanes, so should be paid for under homeowner's policies.

Judge Senter's denial of that claim is reverberating throughout the state, since he is presiding over hundreds of Katrina-related insurance disputes in Mississippi. It could also influence lawsuits in Louisiana, because most insurers use the same homeowner's policy nationwide, says John Ellison, a managing partner of the Anderson Kill & Olick law firm, which has sued insurers on behalf of Louisiana homeowners.

Judge Senter did give homeowners some hope by questioning a provision in Nationwide's policy, and common in other homeowner's policies, that appears to allow the company to deny payments for wind damage if flooding occurs at the same time.

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The judge said the clause is “ambiguous” because it's not a “reasonable” interpretation that if a property has even an inch of flooding, the insurer doesn't need to pay for a roof blown off. This language leaves the door open for homeowners' attorneys to argue in future cases that insurers must pay for wind damages even if the house was damaged by floodwaters, says Gary Thompson, a partner at Reed Smith law firm who represents commercial policyholders.

The insurance institute says disputes in court and mediation represent less than 2% of overall Katrina claims filed. The industry has settled more than 993,000 homeowner insurance claims in Mississippi and Louisiana, the two states hardest hit by Katrina, representing nearly 95% of property claims, according to the institute.

Settlement rates are lower along the coast because claims there are more complex. But just because an insurer settles or closes a claim doesn't mean that homeowners aren't disputing it, Allstate and State Farm say.

There are also questions about whether companies pressured homeowners into settlements. Mississippi Attorney General Jim Hood alleges in a lawsuit filed in September that adjusters tried to trick homeowners out of payments by telling them to sign forms saying the property was flooded, not damaged by wind — even if that was not the case.

Insurers call those allegations “ridiculous.” “The use of such tactics would damage companies' credibility in the minds of consumers and state regulators and destroy our ability to write business in Mississippi — and perhaps nationally,” says Joseph Annotti of the Property Casualty Insurers Association of America (PCI), a trade group.

Hood's lawsuit, which also argues that insurers should pay for damage from hurricane-caused storm surge, has been mired in pretrial maneuvers as insurers seek to have the case heard in federal court. Insurers say that because at least one type of water damage, flooding, is insured by a government policy, a federal judge should hear the case.

Hood sees a different motive: The longer the case is delayed, the greater the number of homeowners who will accept low — or no — payments from insurers just to get on with their lives.

Scruggs agrees. “The industry has a term for this: turf and surf,” he says. “They try to drive you to the turf with red tape and delays or no response at all, hoping the homeowner will give up. Then they surf you out of the system.”

Pamela Church, 48, of Waveland, Miss., has given up on getting any money from her homeowner's policy. She was devastated first by the storm's destruction to her two-story brick house and then by repeated rejections from her insurer.

Katrina filled her house with mud, tore off the rain gutters and pushed some brick columns into the porch.

Her insurer told her the damage was all due to flooding, not wind, and paid her nothing. And she didn't have a federal flood policy.

“I couldn't stop crying,” Church says.

She doesn't have the strength for a legal battle that could take years to resolve. And after Katrina, she can't get an affordable homeowner's policy with another insurer. “They have you over a bucket, so what are you going to do?” Church asks.

For business owners such as Maria Stefanias, owner of the Courthouse Cafe in Gretna, La., insurance disputes are jeopardizing their livelihoods.

The Courthouse Cafe — a local haunt for hungry attorneys, jurors and legal spectators — suffered $90,000 in damage when Katrina blew shingles off the roof, then rain damaged the ceilings and warped the floors, according to Stefanias.

Stefanias says she had to dip into her retirement funds to repair the roof and fix the electrical wiring. But she can't afford to replace the water-damaged floors or ceilings.

When the insurer finally sent a check this summer, it covered only a third of Stefanias' damages. An accompanying letter said the payment was a final settlement.

She sent the check back and is suing the insurer. “It's going on a year, and they couldn't care less about us,” says Stefanias. “That's what is bothering me. Thank God we had money on the side.”

Other area businesses won't be so lucky, she fears. “My whole point is that small businesses, if insurance companies don't pay, they're going to be run out of business.”

Delayed insurance payments to homeowners and businesses could lead to higher foreclosures along the Gulf Coast if people don't have money to repair their properties, says Rick Sharga, a vice president at RealtyTrac, which tracks foreclosure rates.

Mortgage lenders have largely held off foreclosing on properties affected by last year's hurricanes in response to regulators' pleas. But their leniency may be ending. Foreclosures have been rising in recent months in Louisiana, Mississippi, Alabama and Florida, according to RealtyTrac.

Some homeowners say they are fighting insurers for the principle. Others do it because they sank their life savings into their homes.

Retirees Donald and Susan Williams thought they had found their own slice of paradise when they retired to D'Iberville, Miss., from Florida about 15 months before Katrina and paid cash for a brick ranch on Locust Drive. They also paid for a new metal roof and added a “Dade County hurricane proof” sun porch at the back of the house.

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They bought homeowner's insurance from State Farm — $110,000 for the structure and $40,000 for its contents — but say their agent advised them not to get flood insurance. So they didn't.

Then Katrina blew in. It reduced the Williamses' house to a shell. State Farm paid the Williamses $2,500 for living expenses but said all the property damage was due to flooding, the couple says.

Susan Williams, 62, still tears up over the memory: "I said, 'How can you say this was all water damage? The wind came before the water.' "

Her wrangling with the insurance company has angered, and shaken, her. "You know the saying, 'Like a good neighbor'? I don't feel like they're good neighbors of mine anymore."

State Farm says it cannot comment on individual cases for privacy reasons, but it believes that it's settled cases fairly and as quickly as possible given Katrina's magnitude. "We would not be putting thousands of people and hours into managing (Katrina) claims if that's not what we were intending to do," says Mike Fernandez, a vice president at State Farm.

The Williamses have sued State Farm. They've also applied for a grant of up to $150,000 from the U.S. Department of Housing and Urban Development and taken out a 30-year, $150,000 SBA loan to rebuild their home, which they moved back into earlier this month.

In two months, the couple will begin paying the SBA loan — at $650 a month. They're not sure they'll live another 30 years to see the debt paid off. "I will be 105," says Don Williams, 75. "There we were, thinking, 'OK, we're good 'til the day we die.' Then, all of a sudden that storm comes in. Now, you've got to start all over again."

After Katrina, Baton Rouge Weathers A Storm Of Its Own (WP)

By Wil Haygood

The Washington Post, August 25, 2006

BATON ROUGE, La. -- When Hurricane Katrina walloped New Orleans, this quiet capital city 80 miles to the northwest suffered only minor damage from howling winds. There were inconvenient power outages. Townsfolk felt fortunate.

It was, however, a cruel mirage. Things turned chaotic and challenging quickly, as tens of thousands of New Orleanians fled up Interstate 10, taking refuge here. That was nearly one year ago, and thousands of those evacuees are still here.

If the hurricane forever changed New Orleans, it has also permanently transformed Baton Rouge. Katrina has demanded realignments, shaken this city's sense of order and left it struggling to cope with a range of new, daily problems.

A population boom has led to Los Angeles-like traffic jams. A housing crunch has escalated home costs, angering longtime residents. A surge in school enrollment -- there are 3,704 displaced New Orleans students in the local system -- has overburdened teachers, many of whom had already felt overworked. And increased crime has led to daily discussions about race and class.

Baton Rouge -- a formal city, home to the state's government -- had long seen itself as an antidote to the laissez-faire goings-on in New Orleans. But now, after a year of new realities and soul-searching, Baton Rouge has found itself frightened of what the hurricane has thrust upon it, worried that its sense of order has been forever altered.

"Be honest with me," says Cora Nixon, who works as a health-care aide for the elderly and has lived here most of her life. "These New Orleans people aren't going back, are they?"

At times it can feel like a brew of every ill that has flummoxed major American cities in recent decades has come to land in Baton Rouge.

Local officials wake up each morning wondering what crisis might toss their day into turmoil -- a shooting at one of the FEMA-run trailer parks, a car accident that ties up traffic for miles, a neighborhood skirmish over gang turf. A "What next?" feeling is pervasive.

"Yesterday," says JoAnne H. Moreau, director of homeland security and emergency preparedness for East Baton Rouge Parish, "I had five people from my staff over in Alexandria in meetings about Amtrak service. Katrina has stretched our resources to its limits. And it's not anything we'll see an end to soon."

Moreau loathes traveling across the city. A trip that took 20 minutes pre-Katrina can now stretch into hours. "There was an accident yesterday on the highway coming to work," she says. "It added two hours to my getting into work."

Few will deny that there are not many cities the size of Baton Rouge that can cope easily with the arrival of more than 100,000 people. (In the immediate aftermath of Katrina, the parish surrounding Baton Rouge saw its population of 417,000 double. "For about the first 30 days, we did look like we were going to hell in a handbasket," says Sgt. Don Kelly, a police spokesman. "There was fear here. If we did not, from the very beginning, stay on top of things, there was a good chance our city would be overrun.")

While local and federal officials cope with the challenges from behind desks -- or inside trailers with makeshift offices -- a swelled populace has had to learn to cope with one another as neighbors. It has not been easy.

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On a recent morning, Cora Nixon was fussing around in the front yard of her aunt Dorothy Hamilton's home on America Street. A native of New Orleans, herself black, Nixon scrunches her face when talking about the Katrina effect in Baton Rouge.

"I hate to say it -- we're all black Americans -- but I had to bolt up my house. Ain't nobody ever tried to break in my house before."

She is talking about before the Katrina evacuees arrived.

"They done gave so much to the storm people," she says. "It's not all just money. I'm talking about housing, too."

She points to the padlock on her aunt's gate. "You see this big old padlock? My aunt needs it. They done stole her barbecue pit from the backyard."

Before the storm, the police department here was averaging about 500 calls a day. That number has jumped to about 800.

And while crime, except homicides, is up across the board, police spokesman Kelly says the department lacks hard statistics on the increase on a percentage basis because the city doesn't have an accurate enough count of its population. "To measure crime increases, you need a yardstick in counting the population," says Kelly. "And right now, our yardstick is still broken. We just don't accurately know how many people are in Baton Rouge."

The population estimates given are based on garbage pickups and traffic patterns.

Moreau, the homeland security official, says the city's sense of being overwhelmed persists because it has had to take responsibility for many roles the state and federal government would have usually played. "We've had to do things that were actually state functions -- such as sheltering, long-term care, feeding people," she says. "All those things that would normally be provided by another government agency."

A year ago the Baton Rouge Police Department had 592 officers; that number is now up to 632. But 38 of those officers, says Kelly, are still in the training academy.

Jeff LeDuff, the city's no-nonsense police chief, was credited by many with keeping order in the city. There was aggressive policing, officers rolling en masse to reports of crimes. "I'm willing to be my brother's keeper. That's what I said at the time," says LeDuff now, referring to the immediate aftermath of Katrina. "And I also said, 'While my brother is in Baton Rouge, he must behave.' "

Some assailed LeDuff, who is black, and his police force, saying they were too aggressive. But Mayor Melvin "Kip" Holden, who appointed LeDuff and who also is black, lauded his chief's stewardship of the department during the crisis.

In 2005 Baton Rouge's population was 43 percent black, a figure that has surely risen after Katrina, city officials say.

Blacks here especially have viewed themselves and their city as different from New Orleans, which they see as a rough-and-tumble poorer relation. Baton Rouge's blacks are proud of their middle-class roots, their jobs at the state Capitol, and the reality that many were former New Orleanians who made good and were able to move here.

Sharon Hebert, 50, works as an administrative clerk at Shiloh Missionary Baptist Church. A black woman, she has listened over the months to the black-on-black chatter regarding the fallout from the hurricane. "You wanted to speak up," she says. "There were things, being black, you dared not say. We all knew it, but we're afraid to openly admit there is a class problem. There is an element we had to say to: 'We're not going to allow you to cause anything to happen to us just because you're black.' "

There also were sharp concerns about what additional challenges the new arrivals might place on the Baton Rouge school system, where the increase in students could fill three new elementary schools. Hebert says she and many other blacks quietly fretted that the influx of students could overwhelm teachers and dampen learning.

And there were times she felt that her candor might be taken as denigrating other blacks, especially Katrina arrivals.

When she would broach the subject of high standards in the schools with other blacks, Hebert says, some felt she was "selling out," a criticism that stung her. "No, you're not selling out. You are so connected that you want your community to keep improving."

Many blacks across wide swaths of the South point to education as paramount to their advances in society. Baton Rouge is home to Southern University, a historically black college, as well as Louisiana State University.

Shortly after the hurricane, Southern had upwards of 1,000 student evacuees from New Orleans on its campus.

"We opened our doors," says Lynn Dickerson, Southern University's assistant vice chancellor for student affairs. "We fed them, we housed them." And, she adds: "It put a complete hole in our budget. Historic black schools don't ever get enough money anyway."

It wasn't long before Southern administrators noticed that students from New Orleans had company in their dormitory rooms. Many had told their homeless New Orleans families to join them.

"We just looked the other way," says Chancellor Edward R. Jackson. "They bought Mama, Daddy, some grandparents."

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Jackson noticed the changes loosed across the landscape when blacks and whites discussed the hurricane and the government's responsibility to help the afflicted. He said few denied that the government needed to play a stronger role in hurricane relief.

"It redefined the relationship between class and structure," he says. "Everything was on the table for redefining."

ValaRay Irvin is a psychologist in the counseling center at Southern. She says she was amazed by how well the students seemed to cope in the beginning. They had youth on their side, she says.

"For a long time afterwards," she says, "there was this illusion by people that they were going to return to New Orleans. A lot of people stayed frozen for a long time."

But then another reality came into view for the students, she says: The deeper into the school year it got, the more anti-depression medication she prescribed. "There was a lot of post-traumatic stress disorder," she says.

One of the effects of Katrina was that it brought plenty of job applicants to Baton Rouge, even if the city didn't need them.

William Dickerson runs Plank Road Cleaners, and he quickly hired a New Orleans evacuee. It was not a pleasant experience. "She came in with these slick New Orleans ways," he says, standing in the shade in front of his shop. "We started missing things, clothes. I noticed her father and sister always hanging around.

"It was awful," he says. "I finally fired her."

But he did not want to prejudge all the evacuees. His most recent hire is Diana Johnson, 46, a presser from New Orleans. "She's a true professional," he says. "Works very hard."

Dickerson, who spent years as a Baton Rouge detective, said it galled him when some New Orleanians, arriving after the hurricane, judged him as being "slow and country," as he puts it.

"Hey, I may have been born in the woods -- but not the backwoods," he says. "I wrote the book on crime here."

Saint Indeed: Reggie Helps Revive City (USAT)

By Tom Weir

USA Today, August 25, 2006

JACKSON, Miss. — A New Orleans priest nicknamed him “St. Reginald” because of his charitable works. A teammate calls him “The Matrix” because on the football field he dodges tacklers with the same ease bullets were eluded in that movie.

And in college he was known as “The President,” after another man named Bush singled him out at the White House.

“But I just go by plain Reggie,” says Reggie Bush, the New Orleans Saints running back and the NFL's most anticipated rookie this season. “That's me. That's who I am. And I think that's a powerful name in itself.”

The Saints don't open the season until Sept. 10, but the power of Bush's name already is evident amid New Orleans' struggle to recover from Hurricane Katrina.

Pepsi soon will announce a “Yard by Yard, Neighborhood by Neighborhood” program that aims to build 25 homes in the New Orleans area with donations from the company based on Bush's yardage totals. Holy Rosary High School, a special-needs school in the New Orleans suburb of Metairie, can keep its classes open, thanks to Bush's donation of $56,000 in sponsorship money from the Adidas shoe and apparel company.

Bush also is personally funding an $86,000 artificial turf field for Tad Gormley Stadium, where about six high school football games are played each week because many New Orleans schools don't have their own fields.

In September, Bush will introduce his 619 cologne, named for his hometown San Diego area code, and designate a percentage of royalties for hurricane relief. And Sept. 5, in conjunction with the NFL Players Association, he and other players will help distribute four tons of food in the New Orleans area.

That will continue the NFL's prominent role in Katrina relief. Among the league's stars who have led fundraising efforts are the New Orleans-born Manning brothers, Eli and Peyton, and native Mississippians Steve McNair and Brett Favre.

Several Saints, including star wide receiver Joe Horn, visited evacuee centers after Katrina swamped New Orleans last Aug. 29, and the team established a relief fund and has participated in cleanup efforts. One bride-to-be who lost an engagement ring in the storm was given a new one by tight end Ernie Conwell.

But Bush, who has purchased a downtown condominium, clearly already rivals the popularity of those veterans in New Orleans. The Saints have sold more than 55,000 season tickets, a franchise record, and one of the loudest cheers at Mayor C. Ray Nagin's inauguration speech in June came when he shouted, “We have Reggie Bush!”

The TV images of Katrina's brutality, Bush says, didn't prepare him for what he saw on his first-ever trip to New Orleans in April.

“It's a whole other level,” Bush says. “You don't really understand it fully until you see it in person. I was like, ‘Man, this is crazy.' ”

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Having the chance to ease that craziness, Bush says, makes him grateful the Houston Texans shocked fans when they didn't select him as the No. 1 pick in last April's NFL draft.

“I definitely feel like there's a lot more I can do for the community of New Orleans than I could in Houston,” says Bush, who was chosen second behind North Carolina State defensive end Mario Williams.

Mike Ornstein, Bush's marketing agent, says the Texans' decision was the key to his client's windfall of endorsements.

“There's no way we get these endorsements if we're in Houston, I believe,” Ornstein says. “Pepsi for sure is a New Orleans relationship. They really wanted to give something back to that community.”

Bush's appeal as an endorser doesn't seem affected by an NCAA investigation into whether a prospective agent provided Bush's family with free housing while he was still at Southern California. Such a rules violation could result in severe penalties for the school.

Ornstein says Bush's realization that he could contribute to New Orleans' recovery came during his first visit to the city. Accompanying Bush on the limousine ride into town was Sports Illustrated writer Peter King, who, Ornstein says, told Bush, “You have a chance to be the most influential player in the history of the NFL.”

“Reggie didn't say anything then, but later that night he said, ‘That's who I want to be, so you work out how we do that, and let's start getting it done,' ” Ornstein says.

Saints general manager Mickey Loomis says: “Reggie really did all of this on his own. We can't take any credit.”

At the Saints' training camp at Millsaps College here, Bush winced two weeks ago when reminded that he's being called a savior in New Orleans.

“I'm not trying to be a savior. I'm just trying to help win some games and maybe a Super Bowl someday,” Bush says.

“I don't feel like I need to be praised for it. I'm just doing what I think anybody else would do if they were in my position.”

Capt. Rob Callahan of the Slidell (La.) Police Department has Bush to thank for his four-wheeled office, a Hummer. It is one of 12 that Hummer, with whom Bush has an endorsement deal, loaned through next June to Slidell, where being able to cruise through 2 feet of water remains essential for police.

Three-fourths of Slidell was under water after Katrina, Callahan says, and the police department building still hasn't reopened.

“In this area Reggie Bush is, for lack of a better word, a god,” Callahan says. “I don't think there is anyone in our area who doesn't know Reggie Bush and what he's doing for the victims of the hurricane.”

Callahan adds that Bush's importance to New Orleans isn't a case of sports hyperbole run amok.

“The community here, the entire region, is in need of a winner, something to think about other than the daily problems of Katrina,” says Callahan, adding that 60% of Slidell's police officers lost their homes. “People think we're doing OK now, a year after Katrina. But, no, we're still struggling. Many of us are still in FEMA trailers. I'm still in a FEMA trailer.”

At Holy Rosary High, school President Patty Glaser says that if not for Bush, her 105 special-needs students would have been scattered to schools that don't specialize in educating teens with dyslexia, attention-deficit problems and other learning issues.

“You get sent to a room with other kids who can't handle it, basically,” Glaser says. “That's the message.”

When Saints vice president of communications Greg Bensel told Bush the school needed $50,000 to avoid closing in a few days, “He said, ‘Let's do it,' ” Bensel says.

At a May ceremony, the Rev. William Maestri, superintendent of Catholic schools in the New Orleans archdiocese, likened Bush to St. Reginald of Orleans, a 13th-century French saint who helped establish the Dominican order.

“May you be the burning Bush that lights the way of so many,” Maestri told Bush. Then Maestri concluded with, “Above all, I want to thank Houston. … Texans have once again given to Louisiana, and we are very grateful.”

After the student body ended with a “Reggie, Reggie” chant, Glaser says, “You could see he was truly moved. He was teary-eyed.”

Likewise, Glaser says Bush's effect on Louisiana can't be overstated. At a fish market on the day of the Saints' first preseason game, she says, all the customers around her were talking about how they rearranged dinner plans to make sure they would see Bush.

“There are days when you go, ‘Whoa, it's hard just living here right now,' ” Glaser says. “We need a beacon of light here right now. I think he can provide that spark, that energy.”

Saints receiver Horn christened Bush “The Matrix.” Sometimes he calls his 5-111/2, 203-pound teammate “Baby Matrix.”

“He's a bad boy,” Horn says. “His athleticism is crazy. The way he catches the ball, his burst. The defender may think he's got him, then he just kicks it into another gear.”

Bush has denied feeling insulted by the Texans' decision to draft Williams No. 1, saying, “There's no chip on my shoulder, not at all. I play with a chip on my shoulder anyway.”

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But Horn says he thinks the snub will be a major source of motivation. “Without a doubt,” Horn says. “He wants to prove not only to everybody in the league but to himself that, ‘I was the second pick, but I should have been the first pick. And I'm showing you that now.' ”

Among the Saints, the only criticism of Bush is that he perhaps is trying a little too hard.

“I think he needs to learn to put a bad play behind him,” Saints coach Sean Payton says after a training-camp practice in which Bush openly vented his frustration over a dropped pass.

Saints quarterback Drew Brees says: “He's one of those guys who's so competitive and so intense. … Once he gets comfortable, he can be a terror.”

As a pass-catching running back who hopes to also return kickoffs and punts, Bush mixes an explosive zig with an electric zag. Saints running backs coach George Henshaw naturally won't share details of their offensive plan but says, “Obviously, you'd like to see him get the ball in his hands 20 times a game.”

The Saints likely will split ball-carrying between Bush and veteran Deuce McAllister and have Bush line up out wide as a receiver, similarly to how he was used at USC.

In his preseason opener Aug. 12 against the Tennessee Titans, Bush showed his potential to duplicate in the NFL the freelancing runs that helped power USC to two national championships. Running left, Bush found defenders in his way and then cut back across the entire field for a 44-yard gain.

New Orleans' The Times-Picayune newspaper ran an editorial the next day, saying, “As much as the sheer talent on display, Reggie's run was a balm for our spirits. May there be many more to come.”

As the nation's collegiate leader last season with 222.3 all-purpose yards a game, Bush understands expectations are at an all-time high in his ravaged city. He is the fourth Heisman Trophy winner drafted by the Saints, and disappointment accompanied the other three.

George Rogers led the NFL in rushing as a rookie in 1981 but was traded three years later when his production declined. Quarterback Danny Wuerffel played in 16 games with the Saints from 1997 to '99 and threw more interceptions than touchdown passes. Ricky Williams had two 1,000-yard rushing seasons before being traded to the Miami Dolphins in 2002 but is remembered mostly as the player for whom then-coach Mike Ditka gave up too many draft picks to acquire.

With only one Saints playoff victory in their 39 seasons, New Orleans has long yearned for a winner.

“The pressure of the community — he wants it,” marketing agent Ornstein says.

Bush will get it Sept. 25, when the Saints' home opener against the Falcons on a Monday night will give New Orleans a chance to show the nation its resilience and also that much work remains to be done.

Bush says no demands from the fans will be greater than the ones he already puts on himself.

“I want to be the greatest; I want to be the best,” he says. “I feel like I'm already my biggest critic.”

And for the moment in New Orleans, perhaps the only one.

New Orleans Shops Struggle To Survive (NYT)

By Leslie Eaton

The New York Times, August 25, 2006

NEW ORLEANS — For all the cheerful displays of Louisiana’s best-known hot sauce and all the pepper-shaped and pepper-flavored products on the shelves, the Tabasco Country Store is in deep trouble.

The shop, at the airport, was closed for months after Hurricane Katrina, and sales remain down 45 percent. The owner, Laura Y. Drumm, has mortgaged her house to the hilt; she has borrowed from her in-laws; her insurance will not pay for her losses, and neither will the government. Her one employee did not return after the storm, and her husband, Hughes, is running the store’s cash register seven days a week.

Recently, Mrs. Drumm said, she found herself driving through the city, crying. “What I’m fearing now,” she said, “is that we’re going to lose more of the mom-and-pop places that made it so special here.”

Across the city, a year after the hurricane, shoppers, store owners, economists, even government officials share her fear. New Orleans’s little restaurants, independent stores and small manufacturers do not just add flavor to the economy; in a city that lacks a big corporate base, they are the economy. And their revival, like that of the city as a whole, remains uncertain.

“We expect to lose hundreds of them,” said Michael J. Olivier, the state secretary of economic development, referring to the city’s small businesses.

Down on Frenchman Street, near the French Quarter, Kenneth and Melba Ferdinand are closing their coffee shop, Cafe Rose Nicaud, at 3 p.m., hovering between hope and fear, “between a tear and a prayer,” Mr. Ferdinand said. In the warehouse district, Jonathan Ferrara has been scrambling to find other tenants for the building that houses his art gallery as he wonders whether to leave the city.

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Out east in St. Bernard Parish, Chad Blanchard is hoping he was not foolish to spend his savings on reopening Charlie's restaurant, leaving himself with just 15 dollar bills in his back pocket. On Esplanade Avenue near City Park, Charles P. Ciaccio is struggling to lure shoppers to his new grocery store while rebuilding the one that was wiped out in the Lakeview neighborhood.

And on Tchoupitoulas Street near the Mississippi River, at the showroom of Louisiana Variety Wholesale, Joseph S. DeLaune and his family pray for the quick return of the little gift shops and beauty parlors that used to buy their crystal and china bric-a-brac. Many entrepreneurs are hoping business will pick up in the fall, as it traditionally does.

"Twenty-two years of work, and it's going to boil down to what happens in these next four months," Mr. DeLaune said.

Risking Loss of Character

Even before the storm, New Orleans's economic ship was powered not by a couple of whales, but by a school of minnows. The city estimates that 95 percent of the 22,000 businesses here before Hurricane Katrina employed fewer than 100 workers (fewer than 25, in most cases). These included not just shops, but also the artists and manufacturers and wholesalers that supplied them, and the accountants and lawyers and cleaning companies that served them.

About 60 percent of the businesses within the city limits have probably not reopened, according to a recent study by Louisiana State University, which tried to call about 8,500 of the 10,000 businesses registered with the state. At about 5,000 of the businesses, the phone had been disconnected or was not answered after five calls.

Long term, more than 40 percent of those businesses are likely to disappear, said Timothy P. Ryan, an economist who is chancellor of the University of New Orleans. As residents return and the city rebuilds, new businesses will eventually open, but Dr. Ryan predicted that they would not be the same kind of businesses as their predecessors. "Many of them may be in Sheetrocking," he said.

So the fallout will be cultural as well as economic. Or as Dr. Ryan put it, if the city loses the quirky shops and the independent restaurants, "we'll lose part of the character and charm and culture of the city."

In recent interviews, many business owners said they were overwhelmed by an environment in which they could not count on electricity, water pressure or, in some parts of town, a feeling of safety. Do not even ask about the cost of insurance.

Their homes were damaged, or their shops destroyed, or both. Their customers, whether tourists or natives, have not come back. Neither have their employees, and they cannot find new ones.

Of course, stores and small businesses are thriving in parts of the city, particularly along Magazine Street, the shopping corridor serving the well-to-do "Isle of Denial" that did not flood. But even there, some much-loved shops have closed, and John Ward, the owner of an art-supply store that has been on the same block for 75 years, said he was having to work harder to keep his business in the black.

In the French Quarter, where tourist traffic is still thin, the going is tough. Brandi C. Kelley, who owns Voodoo Authentica, a cheerful boutique filled with local folk art, said her effort to stay open had involved "everything short of stealing."

Summers are always slow, Ms. Kelley said. But this year, she said, "you could shoot a bullet down Royal Street and not hit a person."

Indeed, the street, which runs through the heart of the Quarter, has a sort of Sleeping Beauty feeling. Gilded furniture still fills the windows of the fancy antiques stores, but signs invite would-be customers to call for appointments. Tortorici's, a century-old Italian restaurant, has a perpetual sign in the window saying it is closed for a private party and wishing "Happy Holidays!" to passers-by.

On nearby Bourbon Street, music still blasts from tourist bars, but it is possible to drive at any time of day without worrying about hitting a drunk, which was definitely not the case before the hurricane.

Struggling to Return

The Quarter appears to be thriving, however, compared with those areas where almost nothing has reopened, particularly in the black neighborhoods east of the Industrial Canal.

"The African-American businesses are gone," said W. Anthony Patton, who should know; before the storm, they were the clients (and targets) of his marketing and advertising firm, EBONetworks. Now, while his fiancée and newborn son wait in Memphis, Mr. Patton has started a recruiting firm trying to lure some of those former customers back to New Orleans to fill jobs.

The level of flooding in a given neighborhood has been the chief factor in how fast its businesses have returned, said Richard Campanella, a geographer at Tulane University and historian of the city. Since October, Professor Campanella has been tracking the situation on several major shopping streets from the seat of his bicycle. Each foot of flooding reduced the percentage of businesses that have returned by about 10 points, he said.

So while dry Magazine Street recovered most of its businesses and even added some, the going has been much slower on St. Claude Avenue leading toward the Ninth Ward, where closed businesses still outnumber open ones.

To his surprise, Professor Campanella said, the small independent businesses reopened first, not the national or regional chains, which presumably have more resources.

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"Local individually owned stores have all their eggs in one basket," he said he realized. "They had no choice but to do whatever they can to come back."

The metropolitan area lost about 184,000 jobs in the 12 months that ended in June, according to federal estimates, or about 30 percent of its prestorm employment. The area also has the highest unemployment rate, at 7.2 percent, of any big city in the country.

Holding on to Hope

State and local officials say there are bright spots. The traffic at the city's port, one of the nation's biggest, has rebounded. Shell Oil reopened its big office in the city. But Chevron is moving its city offices, and 500 jobs, to St. Tammany Parish, on higher ground across Lake Pontchartrain.

Donald J. Trump is still promising to build the tallest office tower in town. The owner of the Hyatt Regency hotel near the Superdome, which remains closed because of storm damage, has proposed a complicated project that would create a new jazz center.

Some people have found their businesses expanding. One is Robbie Vitrano, a co-founder of Trumpet, an advertising agency, who has hired eight people since the hurricane and said he hoped to add a few more to his staff of 36. Mr. Vitrano said his firm had increased its civic involvement by, for example, working with a group of urban planners and architects on redevelopment planning.

Early this year, he worried that some family-owned businesses that had been around since he was a child would disappear, like the stands selling the shaved-ice treats called snowballs, the horse-drawn candy wagon, the great toy stores. But recently, he said, he has become more optimistic.

"We hear about troubles, but we're still holding on to them," Mr. Vitrano said of his favorites.

One of those regional fixtures is Le Jouet, a big blue-and-yellow toy store just west of the city in Metairie. The 30-year-old store, which had never flooded, took in three feet of water after the storm. Of course, it had no flood insurance, said the owner, Elm D. Wood Jr., who goes by Buddy. Mr. Wood filled seven huge trash bins with drowned dolls, soggy stuffed animals and other debris, but reopened in time for Christmas.

"I know I'm here for good," Mr. Wood said. "It's dispiriting what we've seen in New Orleans, but I'm here to help anyway I can — which is very little."

Some business owners have decided that they must leave, including Alvin A. Baumer Jr., president of Baumer Foods, which used to produce bottled sauces in a cramped factory by the highway in the Mid-City neighborhood. Its Crystal hot sauce, less incendiary than Tabasco, is a local favorite; the factory's sign, depicting a man in a chef's hat stirring a big pot, is a local landmark.

Mr. Baumer had already been looking for a more efficient plant when the hurricane sent a wall of water into his factory. Since then, he has devoted all his time, energy and money to finding other producers to fill his orders and to finding another home for his business.

He needed a big building, and he found one, in LaPlace, La., about 25 miles west of downtown New Orleans. "Technically, yes, we moved from New Orleans," Mr. Baumer said. "But in my opinion, we're in the metro New Orleans area."

Unfortunately, he said, he cannot afford to take the old sign with him, and he thinks it is likely to be demolished. Some of his work force will go to LaPlace, but not all. At least one of his employees died in the storm, and some have never tried to collect their paychecks.

"These people had no way to leave," he said. "I can't help but believe some perished."

Lobbying for Help

Mr. Baumer said he had been too busy to try to get aid from the government, though he was hoping he could qualify for some assistance. But many business owners said they had found that little help was available, especially for those who could not — or were afraid to — take out loans.

Louisiana is getting more than $10 billion in federal aid, but at Washington's insistence, almost all the money must go for housing, Mr. Olivier, the state official, said. Less than 4 percent will be used for economic development, he said, and only $38 million has been set aside for possible grants to small companies.

Some private groups are trying to help, including The Idea Village, a nonprofit group that before the storm specialized in advising entrepreneurs starting high-tech businesses. Afterward, "we realized our clients didn't need high-level consulting, they needed cash," said Timothy Williamson, president of the group.

It has given advice and grants of more than $350,000 to about 120 companies, Mr. Williamson said, "targeting small indigenous businesses that in effect are what makes New Orleans, New Orleans — and uniquely New Orleans."

On another front, hundreds of small business owners have formed Second Wind, an advocacy group modeled on one that grew up in Manhattan after Sept. 11. Kevin J. Curnin, a lawyer at Stroock & Stroock & Lavan in New York, who donated his

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services to both groups, said that in New York, the government immediately set aside $500 million for grants to help small businesses.

"In New Orleans, almost a year later, we can't even get Baton Rouge or Washington to put real grant relief on the table," Mr. Curnin said. "Since it accounts for more than half the economy, including most of the tourism and almost all the culture, letting the small-business community wither will only hurt long-term recovery."

After months of lobbying, members of the group recently met with representatives of Gov. Kathleen Babineaux Blanco, and they said they hoped she would agree that people rebuilding their homes also needed jobs and places to shop.

One of the group's leaders now is Mrs. Drumm, the owner of the Tabasco store, who said it was her first foray into activism.

"I was a child of the 70's," she said. "We were going disco dancing; we weren't going to rallies."

Group members are also helping one other. One told Mrs. Drumm about an unusual opportunity: a vacant store with reasonable rent on Jackson Square in the heart of the French Quarter. The store was in a historic building, near Cafe du Monde, a tourist magnet. After much agonizing, she decided to rent it and open a second location.

Her husband was not enthusiastic about the idea, she said, at least at first.

"He's afraid," she said. "We're already spread thin. But I said, if we don't take advantage of the good things that have come out of all this, we might as well pack up and leave."

Tomorrow: The spotty state of federal emergency planning.

In Uncertain New Orleans, Failure Of Leadership... (USAT)

USA Today, August 25, 2006

One year after Hurricane Katrina, broad swaths of New Orleans and its suburbs remain ghost towns. The carcasses of houses sit dark and gutted, some still scarred by a bright orange "X" that shows whether they were checked for corpses. Much of the debris has been swept away, and so have the sounds of life: Neighborhoods, black and white, upscale and down, are eerily silent.

In an affluent section of Gentilly, yards remain buried by sand spit from under the broken levees. In the impoverished Lower 9th Ward, where gushing waters crushed houses and carried a gargantuan barge into the neighborhood, block after block has been bulldozed. On Forestall Street, a hand-painted sign in front of a church borrows inspiration from the Bible to ask: "Can these bones live?"

It is a question the city has yet to answer.

A year ago, water was the enemy. Today, it has been replaced by a more insidious foe: uncertainty.

As the water receded, a smaller, sadder New Orleans looked to Mayor Ray Nagin and the City Council for leadership. They responded with chaos. The symbol of their failure is New Orleans' lack of a citywide plan to rebuild — the first essential step toward renewal. Without a plan, residents don't know whether city services, utilities and other families will return to their old neighborhoods. So decisions about rebuilding are deferred and residents stay away, compounding the failure.

The famed French Quarter, which escaped inundation, is back and ready for tourists, but flooded neighborhoods are nowhere near what could be expected a year later. Just as the inept immediate response to the storm was a national shame, the city's continuing paralysis is a poor reflection on America's claim to a can-do spirit.

Certainly, the federal government bears some responsibility. It was, after all, the poorly built federal levees that breached, and the federal response, while substantial, got off to a slow start. Certainly, too, there are intractable local issues. With less than half of the city's 460,000 people back, the most explosive issue is whether to shrink its footprint and, if so, how. Understandably, no community wants to get smaller. Residents of poor, African-American neighborhoods, with some validity, fear that their communities could be sacrificed. That has turned the planning issue into a poisonous brew of economics, class and race.

Other harsh realities compound the uncertainty. Many neighborhoods lie below sea level, and while the federal government has patched the levees, the rest of the system remains vulnerable to the next Katrina and will take years to fix.

But if the problems are challenging, they do not excuse the city's utter failure to tackle them. Local leaders have fled from all the tough choices.

The fragmented planning process is a testament to their dithering. There have been three starts to planning and three sets of dueling planners. (See the timeline at right.) In the absence of a plan, the city has handed out more than 40,000 building permits. Homes are springing to life, block by haphazard block, many at their old, risky elevations.

In other places, residents eager to return are left in limbo.

In Mirabou Gardens, an upscale professional enclave that was inundated by water from two canals, Felicia and Jay Higgins have collected insurance and gutted their brick ranch house. Last Saturday, they were out front nursing the lush blades

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of a new lawn. Felicia grew up in this house; she wants to come back. The couple are renting a home in the suburbs, yet both are afraid to move forward.

By their count, fewer than 10 of the 166 families that lived in Mirabou Gardens have returned. A citywide strategy would give them some assurance that schools, stores and municipal services would follow. "We wish the city would have a plan and just stick to it," Jay says.

The Higginses and thousands like them are trying to pioneer a new New Orleans. What's missing is a vision. If these bones are to live, city leaders will have to offer one.

WAR NEWS:

Security Is Improving In Baghdad, U.S. Generals Say (USAT/AP)

USA Today, August 25, 2006

BAGHDAD — America's two top generals in the Middle East said Thursday that a security operation in Baghdad was helping curb violence after a surge of bombings and shootings there in recent months.

But the bloodshed persisted with three car bombs in Baghdad and a series of bombings and shootings across the country. At least 16 Iraqis and two U.S. soldiers were killed Thursday. Another U.S. soldier was killed the previous day, the military reported.

U.S. authorities say a joint U.S. and Iraqi operation that began in early August has improved security. The U.S. military has said the operation, for which 12,000 troops were moved to Baghdad, aims to curb mostly sectarian warfare.

"I believe there is a danger of civil war in Iraq, but only a danger," Gen. John Abizaid, the top U.S. commander in the Middle East, said after meeting with Iraqi President Jalal Talabani.

"I think Iraq's far from it. I think that there's been great progress in the security front here recently in Baghdad," Abizaid said.

He said he and Army Gen. George Casey, the top U.S. commander in Iraq, were "very optimistic that the situation will stabilize." Casey also said the security operation was working.

"I think everybody has seen an improvement … in Baghdad over the last weeks because of the operations of the Iraqi security forces supported by the American Army," he said. "And we're confident that we can sustain that."

Although accurate casualty figures are not available and government statistics have not been provided for violent deaths in August, an Associated Press count indicates a decline.

With one week remaining in August, the estimated number of Iraqis killed around the country was at least 605, according to an AP count. That number was about 60% of the estimated AP total of at least 1,015 killed in July.

The government's count for July was far higher at 3,500, including 1,500 in Baghdad.

Political and sectarian violence across Iraq increased after a Feb. 22 bombing of a Shiite mosque in the town of Samarra, north of Baghdad. Most of the violence has been sectarian, often involving death squads from the majority Shiites or minority Sunni Arabs.

"I think there's a large number of civilians that have been killed by various death squads," Abizaid said. "Certain militia groups have been responding in a way that's not in connection with the national government, and that situation is clearly not one that's good for Iraq."

He said the United States and its coalition partners want Iraqis to take control of security.

As part of that takeover, Ali al-Dabbagh, spokesman for Prime Minster Nouri al-Maliki, said Iraqi forces would take over security duties from Italian troops next month in the southern city of Nasiriyah.

Italy has about 1,600 troops in the country, and that force is expected to be withdrawn by year's end.

Al-Maliki has said his national unity government plans to gradually take over security for all of Iraq's provinces within 18 months.

In violence, two U.S. soldiers were killed Thursday, one in a roadside blast south of Baghdad and the other after gunmen attacked his patrol, the U.S. military said.

On Wednesday, an American soldier died south of Baghdad in a raid to capture "foreign terrorists," the U.S. military command said.

U.S. Generals Say Baghdad Violence Slows (AP)

By Patrick Quinn

AP, August 24, 2006

DOJ_NMG_0053366

America's two top generals in the Middle East said Thursday a security operation in Baghdad was helping curb violence after a surge of bombings and shootings there in recent months.

But the bloodshed persisted with three car bombs in Baghdad and a series of bombings and shootings across the country killing at least 16 Iraqis and two U.S. soldiers on Thursday. Another U.S. soldiers was killed the previous day, the military said.

U.S. authorities claim a joint American and Iraqi operation that began in early August has improved security. The U.S. military has said the operation, for which 12,000 troops were redeployed to Baghdad, aims to curb mostly sectarian warfare.

"I believe there is a danger of civil war in Iraq, but only a danger," Gen. John Abizaid, the top U.S. commander in the Middle East, said after meeting with Iraqi President Jalal Talabani. "I think Iraq's far from it. I think that there's been great progress in the security front here recently in Baghdad."

Abizaid said he and Army Gen. George Casey, the top U.S. commander in Iraq, were "very optimistic that the situation will stabilize."

Casey also said the security operation was working.

"I think everybody has seen an improvement in the situation in Baghdad over the last weeks because of the operations of the Iraqi security forces supported by the American Army," he said. "And we're confident that we can sustain that."

Although accurate casualty figures are not available and statistics have not been provided for violent deaths in August, an Associated Press count indicates a downward trend. Reported deaths, however, are thought to be considerably lower than the actual number of people killed.

With one week remaining in August, the estimated number of Iraqis killed around the country was at least 605, according to an AP count. That number was about 60 percent of the estimated AP total of at 1east 1,015 killed for all of July.

But the government's count for July was far higher at 3,500, including 1,500 in Baghdad alone.

Political and sectarian violence across Iraq increased after a Feb. 22 bombing of a Shiite mosque in the town of Samarra, north of Baghdad. Most of the violence has been sectarian, often involving death squads from the majority Shiites or minority Sunni Arabs.

"I think there's a large number of civilians that have been killed by various death squads. Certain militia groups have been responding in a way that's not in connection with the national government, and that situation is clearly not one that's good for Iraq," Abizaid said.

He said the United States and its coalition partners wanted Iraqis to take control of security.

As part of that takeover, Ali al-Dabbagh, spokesman for Prime Minster Nouri al-Maliki said Iraqi forces would take over security responsibilities from Italian troops next month in the southern city of Nasiriyah. That did not necessarily mean that Italian troops would immediately begin withdrawing from Iraq.

A spokesman for Defense Minister Arturo Parisi in Rome declined to say whether the Italians were withdrawing completely next month or merely handing over some of their authority.

Italy has about 1,600 troops in the country, mostly in Nasiriyah, and that force is expected to be withdrawn by year's end.

Al-Maliki has said his national unity government plans to gradually take over security for all of Iraq's provinces within the next 18 months.

America's overall strategy calls for U.S. and international forces to gradually hand over security control for specific regions and redeploy to larger bases. Those bases can act in a support or reserve role. A final future stage would involve the drawdown of troops from those bases.

British troops on Thursday pulled out of a base in southern Iraq that had come under frequent attack, and planned to reposition their forces along the area bordering Iran to crack down on smuggling.

Camp Abu Naji in Amarah, 200 miles southeast of Baghdad, was turned over to Iraqi authorities, Maj. Charlie Burbridge, a spokesman for British forces, said from Basra. The camp in Maysan province, which had housed about 1,200 troops, had been frequently targeted by militants over the past three years.

In violence around Iraq, two U.S. soldiers were killed, one in a roadside explosion south of Baghdad and the other after gunmen attacked his patrol with small arms fire, the U.S. military said.

On Wednesday, another American soldier died in fighting south of Baghdad in a raid to capture "foreign terrorists," the U.S. military command said.

In Baghdad's eastern neighborhood of Mashtal, a suspected suicide car bomb killed at least two people and wounded nine, police said. A bomb inside a parked car exploded in the capital's Sunni neighborhood of Azamiyah, killing two civilians and injuring four, while another car bomb exploded in Baghdad's Zeyouna neighborhood, wounding five policemen, police said.

In other attacks, according to Iraqi security forces:

· Three Iraqi soldiers were killed by a roadside bomb in Buhriz, 35 miles north of Baghdad.

· In Baqouba, 35 miles northeast of Baghdad, a bomb in a minivan killed three policemen.

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· A police officer was killed and four others were wounded by a roadside bomb in Jirf al-Melih, south of Baqouba.

· In Baghdad's Azamiyah district, a policeman was killed and another was wounded when gunmen opened fire on their patrol.

· Gunmen shot and killed the mother and brother of the owner of a clothing store in Baghdad's southern Dora neighborhood in a drive-by shooting. The owner was wounded.

· In northern Mosul, two civilians were killed in a drive-by shooting.

Returning Some Order To Iraq's Mean Streets (WP)

By David Ignatius

The Washington Post, August 25, 2006

BAGHDAD -- Gen. John Abizaid made headlines three weeks ago when he told Congress that civil war was a possibility in Iraq. Yesterday he went into two of Baghdad's most dangerous neighborhoods to see whether a new U.S.-led offensive against the death squads and insurgents is making any progress.

Abizaid invited me and a CBS reporter to join him on this journey into the heart of the Baghdad battle zone. In what follows, I want to draw a picture of what we saw.

First, some background: This summer, any chance of success in Iraq seemed to be slipping away. Even Abizaid, who as head of U.S. Central Command has overall responsibility for the troops here, had to admit in his congressional testimony that the trends were going the wrong way. Baghdad was being terrorized by Sunni insurgents and Shiite death squads. More than 1,500 people were murdered in Baghdad in July, a daily average of 52 victims a day. The level of sectarian violence was so high that many wondered whether Iraq wasn't already in a civil war. The new government of Prime Minister Nouri al-Maliki seemed powerless to stop the downward spiral.

Abizaid and his commanders decided to focus on Baghdad, the eye of this hurricane of violence. They crafted a new plan called "Operation Forward Together" in which U.S. troops, backed by Iraqi forces, would wrest back control of the city's most violent areas. This new battle of Baghdad began on Aug. 7, led by Maj. Gen. James D. Thurman, a bristly, rough-hewn Oklahoman who commands the 4th Infantry Division and has been dubbed "the Thurmanator." He was Abizaid's guide yesterday into two of the three neighborhoods that have been cleared so far: Amiriyah in northwest Baghdad and Doura in the southern part of the city.

As we entered Amiriyah in the late afternoon of a 115-degree August day, the streets were almost deserted. When the cleanup began, the area was cordoned off and then searched house to house by U.S. and Iraqi troops. People live behind their gates; through the metal fences, you can see well-tended gardens, despite the trash in the alleys. Surprisingly, perhaps, there was little resistance. People were fed up. In the two weeks since the crackdown began, there has been a 44 percent decline in violent attacks compared with the previous month and an 83 percent drop in murders.

As our convoy of armored Humvees rumbled down Amal al-Shaabi Street, we approached a little store selling toys and knickknacks. Abizaid, a Lebanese American who speaks Arabic well, bounded out of his vehicle and began conversing with the owner, a man named Firas. The shopkeeper seemed amused to meet an American general who asked in Arabic, "How's it going?" His message to Abizaid was repeated many times by others during the afternoon: Sunnis here are glad to see the Americans restore order; they tolerate the Iraqi army, but they distrust the Iraqi police; they want basic services such as water and electricity. As for Maliki's government, "It doesn't do anything," the owner of an ice cream parlor called Afna told Abizaid.

We stopped a few minutes later at Abbas Mosque, a small Sunni shrine. Sheik Khaled Mohammed al-Ubaidi, dressed in a knitted white prayer cap and a long white robe, came out to greet Abizaid. The general asked if security had improved and the sheik answered: "Thank God, yes!" Now that U.S. forces are going after Shiite death squads, he said, Sunnis here "understand the Americans are serious about the rule of law." (In the past three weeks, the U.S. military has killed about 25 death squad leaders and captured more than 200, according to Thurman.)

The cleanup has brought a similar respite to Doura, the second neighborhood we visited. You can still see the pieces of red tape on the front gates of each of the homes that were swept. The murder rate has fallen by 83 percent in August, compared with the 30 days before the crackdown began. For Baghdad overall, the murder rate has dropped 41 percent this month.

What does the new battle of Baghdad tell us? I'm still mulling the answer, but my sense is that it's something we already knew: With enough troops and aggressive tactics, American forces can bring order to even the meanest streets. But it's only the Iraqis themselves who can stabilize these neighborhoods permanently. I'm sure about one thing: Iraqi leaders need to do what Abizaid did yesterday -- escape the artificial world of the Green Zone and get back on these streets, where they can begin to lead by example.

Army Reviewing Casualty Reports (AP)

DOJ_NMG_0053368

By Scott Lindlaw

AP, August 24, 2006

The Army has opened a review of casualty reports on American soldiers killed in Afghanistan, Iraq and elsewhere since 2001, a response to complaints that it has not always given families accurate information.

The review covers hundreds of casualties in Operation Enduring Freedom, the campaign in Afghanistan, and Operation Iraqi Freedom, two senior military officials said. It also includes American soldiers killed in neighboring countries in support of the two operations.

In coming weeks, the Army will issue a directive formalizing the review, according to the military officials. One spoke Thursday on condition of anonymity because officers at the highest levels of the Army are still making minor changes. The other described the initiative in memos obtained by The Associated Press.

Brig. Gen. Anthony A. Cucolo, who heads the Army's public affairs office, said the Army's move is not new but a continuing "rigorous and routine review of current casualty cases with outstanding issues."

The step follows high-profile mistakes in telling families the circumstances of soldiers' deaths.

The best-known is that of Cpl. Pat Tillman, the one-time NFL star from San Jose, Calif., who quit football to join the U.S. Army Rangers and was killed by friendly fire in Afghanistan in April 2004.

Tillman's family was originally told he had been killed by enemy fire. Five weeks later, they learned he was shot dead by fellow Rangers after an ambush.

The military suspected it was a friendly fire death within hours, but failed to tell the Tillmans despite a regulation on the books directing it to do so, said the soldier's mother, Mary Tillman.

She called the move positive, but she said the Army must follow up and deliver any new information to surviving family members.

"People will be able to come to terms with the truth, but if you were lied to once, then you're always going to be distrustful," she said in a telephone interview.

Two months after Tillman died, Lt. Andre Tyson and Spc. Patrick McCaffrey, two California National Guardsmen, were killed by the Iraqi civil-defense soldiers they were training.

The Army initially told the families the two men were killed in a conventional ambush. It was two years before their survivors learned they were slain.

The Army is not reopening investigations into the deaths of all soldiers killed in action, but it is revisiting them to ensure family members were informed of the Army's most accurate and updated findings.

The review has been quietly under way for more than two months, but the directive has not yet been sent to units in the field.

It will order Army units down to the battalion level to dig up so-called 15-6 investigative reports routinely conducted after combat deaths. Battalions that have been or are in Iraq or Afghanistan are being directed to ship copies of the initial casualty reports to top Army officials.

The Army will compare the initial reports to the follow-up investigations, looking for discrepancies in conclusions, according to military officials.

If the Army finds such a discrepancy, it will reappoint a casualty notification team, prepare a new report for the surviving family members and revisit the family to make personal notifications, one official said.

Marine Corps spokesman Lt. Col. Scott Fazekas said he was not aware of any similar review by the Marines.

A soldier's death may result in multiple investigations for a number of reasons. Follow-up inquiries are often launched when a first layer of military investigators concludes they need to probe more deeply. For instance, sometimes a crime is suspected but investigators in the field do not have access to resources such as ballistics testing.

Follow-up inquiries are commonly conducted by the Army's Criminal Investigation Command, known as CID, and by the Combat Readiness Center.

One of the military officials said the review is approximately half complete.

The full scope of the effort was not clear Thursday. Officials who spoke said they did not know how many soldiers' deaths would be included, or the circumstances that would trigger review. But it will certainly include several hundred deaths, one official said. Another said the review will include all combat deaths in the two theaters.

That would mean the review would cover some 2,000 reports. Nearly 1,800 Army soldiers have died in Iraq since 2003. More than 230 have died in Afghanistan, according to an Associated Press tally.

Nadia McCaffrey, the mother of Patrick McCaffrey, welcomed the move but said she was cautious in her optimism because the Army has moved slowly to inform her in the past.

"So now again we have to see how long it takes for people to act on it," she said from her home in Tracy.

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Inside The Ring (WT)

By Bill Gertz, Rowan Scarborough, The Washington Times

The Washington Times, August 25, 2006

Hezbollah arms

One of the most surprising and effective weapons used by Hezbollah guerrillas during recent fighting with Israel in southern Lebanon was the Russian-made Kornet-E anti-tank weapon, a laser-guided missile that was deadly against Israel's Merkava tanks. The question being asked by many security specialists is how the Kornets reached the terrorist group.

Edward Timperlake, a Pentagon arms technology specialist, tells us he investigated Russia's illegal transfer of Kornet-Es to Iraq in 2003 and 2004 in cataloging the tons of foreign arms found in the country.

Mr. Timperlake led the production of the Pentagon's Iraq Technology Transfer List after the March 2003 invasion of Iraq. Among the many foreign weapons he found had been sold to Saddam Hussein in violation of U.N. sanctions was the Kornet-E, and the report on the list included a photo of a U.S. M-1A1 tank that had been destroyed by one of the missiles in the Iraq conflict.

The Kornet-E transfers were noted in the report as a "sanction buster" by the Russians, and although how they reached Iraq is not clear, "the evidence pointed to a trans-shipment through Syria," Mr. Timperlake said as part of interviews for the book "Treachery: How America's Friends and Foes Are Secretly Arming Our Enemies."

Mr. Timperlake and his former boss, Deputy Undersecretary of Defense Jack Shaw, deserve credit for producing the report and giving the world an early and open-source warning of just how deadly the Russian weapon is against the military's main battle tank.

Unfortunately, Mr. Shaw had his job reorganized out of existence the same month the report was completed in December 2004 in a dispute with other senior defense officials.

"[International Technology Service] did a very good thing in focusing on sanctions being busted by the shipment of conventional and dual-use items to Iraq," Mr. Timperlake said. "Unfortunately, the [Israel Defense Forces] paid a price for Pentagon political score settling against ITS and Jack Shaw."

Ugly American

We received this e-mail from a Special Forces soldier posted overseas. He commented on coverage of Israel's war against Hezbollah, an Iranian-sponsored terror group:

"The only TV I have where I am is CNN International and BBC. Jeez, I had no idea how evil the U.S. and Israel are. The propaganda is staggering."

By the way, the Jerusalem Post reports that Israeli government officials are again mad at the British Broadcasting Corp., this time for coverage that favors Hezbollah, which has killed hundreds of Americans. Israel boycotted BBC in 2003 over its perceived favorable coverage of Hamas suicide bombers.

In context

Defense Secretary Donald H. Rumsfeld put Iraq's casualty count into historical perspective during an interview with the Pittsburgh Tribune-Review:

"Now, you look at the Civil War — I don't know how many people were killed, but someone gave me a piece of paper and I looked at it, it was half a million people were killed, and — 524,000 people were killed.

"So think of that. We've lost 2,054, killed in action in Iraq. ... World War II was 405,000. The Korean War was 36,000. Vietnam was 58,000. The lives that have been lost — American lives to defend this country and the willingness of the American people to defend the country at those costs says a lot about our country.

"But we wouldn't be the country we are today if those people hadn't been willing to serve. ... I think we have to appreciate that wars are terribly difficult things. They're ugly. They're violent. And they're unpredictable, and we are so fortunate to have the people we have serving over there, doing the job they're doing. They're doing an absolutely superb job under terribly difficult circumstances."

Reinforcements

An Army commander just back from Afghanistan had some good news and bad news.

The good: The coalition is good at finding and killing Taliban and al Qaeda fighters. The bad: Nearly as fast as the terrorists are killed, they are replaced by new recruits from camps in Pakistan.

The war

The "long war" to which the Pentagon often refers is not so much a "war on terror," but a global war against religious extremists who cite Islam to justify mass murder in a quest for world domination. In that sense, it is akin to wars against Stalinists, fascists or Nazis.

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During an interview this week on the Hugh Hewitt radio show, Gen. John Abizaid, the top U.S. commander in the Middle East, talked about defeating extremism. He said it is the moderate Muslims who in the end must win the day.

Asked about whether battles in Lebanon, Iraq and Afghanistan are linked, Gen. Abizaid said: "From where I sit, it's all connected. And whether it's one war or not can be debated from a political perspective. But from a military perspective, as I look at it — all of the lines lead back to one or two sources. They either lead back to Sunni-sponsored extremism, or to Shia-sponsored Iranian extremism. And sometimes, on occasional points in the battlefield, they even cooperate with one another. So it's certainly connected. No doubt in my mind."

He added, "We've got to help the moderates in the region face down the extremists, wherever they show up."

Broken pipeline

Government relations with the press appear to be at an all-time low, with leak investigations and selective prosecutions that are expected to have a chilling effect on reporting.

The Bush administration since the beginning has gone out of its way to alienate the press. Senior officials, including Defense Secretary Donald H. Rumsfeld, have issued issue statements criticizing reporting that he has correctly identified as inaccurate or biased.

Many national security reporters hope the recent appointment of Fox News reporter and radio host Tony Snow as White House spokesman will lead to improvements in battered government-press relations.

A former Reagan administration intelligence official reminded us recently about how President Reagan, who was roundly criticized by the predominantly liberal press, dealt with the problem.

"I remember a meeting with the president when negative press coverage was discussed," the former official said, who noted that those in attendance wanted to punish the press. "Reagan interrupted and said: 'The press is our pipeline to the American people. It's important that we not break that pipeline, for if we do, we'll lose an important channel of communication.'"

Washington Wire (WSJ)

By John Harwood

The Wall Street Journal, August 25, 2006

DEMOCRATS TARGET RUMSFELD to boost election pressure on rivals.

Campaign strategists seek intraparty consensus by focusing on accountability rather than Iraq troop withdrawals. A "no-confidence" vote in Pentagon chief, which Democratic lawmakers might offer on defense spending legislation, could embarrass Bush while appealing to Republicans who defend ousting Saddam but criticize war's execution.

One House Republican predicts leaders would heed White House urgings to block a vote. But a Republican consultant says some incumbents may embrace idea for distance from war setbacks.

In private comments to top aides, Rumsfeld signals he plans to remain through Bush's term.

Whatever Happened To Rumsfeld The Poet? (LAT)

By Hart Seely

The Los Angeles Times, August 25, 2006

AUGUST KILLS POETRY. For starters, it's too hot. You can feel the days shrinking. You can sense changes coming. August devours poets.

Maybe that's what's eating Donald Rumsfeld.

I refer to the secretary of Defense, from whose throat spontaneous verses once poured. For years, Rumsfeld shared his idiosyncratic haiku with the nation during televised news conferences, while his hands made hypnotic kung fu gestures for the cameras.

Back then, in the salad days of the war on terror, Rumsfeld would romance every question, then uncork a response that might bob across an ocean and back. He discussed "chasing the chicken around the chicken yard." He described Iraq as "an enormous country … bigger than Texas, or as big, I guess." He noted the "unknown unknowns," those intangibles that "we don't know we don't know," the bumps that bedevil all those who launch silly things, like wars.

But lately, Rumsfeld has entered a J. D. Salinger mode. He's cut back on news conferences and, when fielding questions, generally avoids the chicken yard.

His last significant poem gushed forth in a July 31 briefing. Asked about the war in Lebanon, Rumsfeld offered what I have on his behalf titled, "Observations on Wasted Sunlight":

It is what it is.

What's happened has happened.

And the folks over there are sorting

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it out.
And Condi and the president
Have both commented on it.
That's good enough for our coun-
try.
Good to see you all.
Why are you all not out there
In the sun, getting a suntan?

If Rumsfeld that day was musing about some far-off beach, who could blame him? In recent weeks, he's been laid bare in public more often than Pamela Anderson. A new bestseller, "Fiasco: The American Military Adventure in Iraq," by Washington Post reporter Thomas E. Ricks, blames him for "perhaps the worst war plan in American history." For Rumsfeld's critics, the book has had the foaming effect of Mentos placed in a bottle of Diet Coke.

But the cruelest cut came Aug. 3, during a rare Rumsfeldian visit to Congress. Before the Senate Armed Services Committee, he endured a sound-bite tongue-lashing from Sen. Hillary Rodham Clinton (D-N.Y.), who asked, "Given your track record, Secretary Rumsfeld, why should we believe your assurances now?" Rumsfeld winced, perhaps from Clinton's lack of pentameter, but then could offer nothing poetic beyond, "My goodness."

So we wonder: What's happened to the Beltway Bard? Unpopularity? Thin skin? A tightened White House leash?

Or could it be age? On July 9, Rumsfeld turned 74, making him the oldest Defense secretary in history. If he lasts until 2007, he will replace Robert McNamara — author of that earlier fiasco, Vietnam — as America's longest-enduring Pentagon chief. He'll become the Cal Ripken Jr. of unpopular wars.

As Rumsfeld would say, that's one long, hard slog. Then again, William Wordsworth wrote poetry until age 77. Robert Frost conjured a verse for incoming President Kennedy at 87. Ezra Pound was still ranting at 89. Surely Rumsfeld has a few couplets still inside, burning to get out.

But as the elections approach, don't expect Rumsfeld to be calling bingo at GOP fundraisers. His name already adorns a newfound species of slime-mold beetle, Agathidium rumsfeldi. He faces lawsuits. He faces attacks. If Iraq doesn't improve, he likely faces ever-harsher judgments. He may feel it's a good time to lie low.

Thus, I feel compelled to try to answer Sen. Clinton's question: Why should we believe Rumsfeld now?

Actually, it's simple. In poetry, truth can take many forms. But it's always in there somewhere, stuffed amid all the things we thought we knew that we knew — and now realize that we didn't. And it's not necessarily the truth we hoped to hear.

Believe whatever you want. At the end of the day, poetry is only words.

The book on Rumsfeld? He is what he is. What's happened has happened. It will take a long time to sort everything out. But, hey, feel that sun! Who's got the cocoa butter? It's August, the eater of poets. The days are growing shorter.

Hart Seely is the author of "Pieces Of Intelligence: The Existential Poetry Of Donald H. Rumsfeld."

Shays Urges Iraq Withdrawal (WP)

By Anushka Asthana, Washington Post Staff Writer

The Washington Post, August 25, 2006

A Former War Backer, GOP Congressman Calls for Timetable

Rep. Christopher Shays (R-Conn.), once an ardent supporter of the war in Iraq, said yesterday that the Bush administration should set a time frame for withdrawing U.S. troops. He added that most of the withdrawal could take place next year.

Shays, who faces a tough reelection campaign because of his previous support for President Bush's war policies, made his comments after completing his 14th trip to Iraq this week.

He said he found a "noticeable lack of political will" among Iraqis "to move in what I would call a timely fashion" and concluded that Iraqi officials would act with greater urgency if the United States this fall set a timetable for withdrawal.

"My view is that it may be that the only way we are able to encourage some political will on the part of Iraqis is to have a timeline for troop withdrawal," Shays said from London in a conference call with reporters. "A timeline of when the bulk of heavy lifting is in the hands of the Iraqis."

Shays is one of only a few congressional Republicans supporting a timetable for ending U.S. involvement in the Iraq fighting, which has claimed the lives of more than 2,600 U.S. troops and an estimated 40,000 to 45,000 Iraqi civilians. Bush reaffirmed this week his opposition to the withdrawal of U.S. troops. "Leaving before the job was done would be a disaster," he warned.

Shays said it is essential to signal to the Iraqi government that there is no open checkbook or indefinite time frame.

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Shays, chairman of the House Government Reform subcommittee on national security, emerging threats and international relations, plans to outline a time frame for withdrawal next month, after he holds three hearings titled "Iraq: Democracy or Civil War."

Critics said Shays is significantly modifying his stand because he is facing a tough challenge from an antiwar opponent in a state that has become a center of opposition to the war. "Americans have known for a long time that Iraq was a mess, and the only thing that changed is proximity to Election Day," said Bill Burton, spokesman for the Democratic Congressional Campaign Committee.

Diane Farrell, Shays's Democratic challenger, said: "I think it is unfortunate it took him 14 trips and three years to recognize that Iraq has been in a constant state of turmoil since the day that Baghdad fell." She added that Shays's timetable may not meet the "expectations of the American public."

Shays said that while a timetable can and should be set, having one does not necessarily mean the withdrawal would be quick. He said it would be an outrage to leave Iraq before the Iraqis have the security they need. Some forces would have to remain to provide logistical support to the government and its armed forces. "It may be a timeline Americans don't want to hear," he said.

Shays criticized what he called the "huge mistakes" made by Defense Secretary Donald H. Rumsfeld, in particular the disbanding of the former Iraqi army, police and border patrols shortly after the toppling of Saddam Hussein. "I haven't had faith in the secretary in a long time," Shays said. He said Bush should let go of those who consistently offer bad advice.

Behind McCain's Blast At Bush Over The War (TIME)

By James Carney

Time, August 25, 2006

John McCain has been President Bush's indispensable political ally on the war in Iraq. So what was the Arizona Senator and top-shelf 2008 presidential contender up to yesterday in Ohio when he unloaded on the Bush Administration's handling of the war in a speech that, with a few tweaks, could have been delivered by an anti-war Democrat? "I think one of the biggest mistakes we made was underestimating the size of the task and the sacrifices that would be required," McCain said. "Stuff happens, mission accomplished, last throes, a few dead-enders," he went on, citing some of the, ah, less-than-accurate assessments of the Iraq venture made over the years by the President, Vice President and secretary of defense. That kind of overly optimistic talk, McCain said, "has contributed enormously to the frustration that Americans feel today because they were led to believe this could be some kind of day at the beach, which many of us fully understood from the beginning would be a very, very difficult undertaking."

Several factors are at work here. First, McCain was speaking at a campaign event for fellow Senator Mike DeWine, who needs all the help he can get in his uphill re-election battle. DeWine is the perfect example of the kind of incumbent Republican who would win in a normal mid-term election year but will likely be swept away if anti-Bush, anti-GOP, anti-war sentiment turns voters towards Democrats this fall. Republicans are in trouble for a lot of reasons this year, but Iraq is the biggest. By criticizing Bush, Cheney and Rumsfeld on Iraq, McCain was trying to help DeWine, who desperately needs to distance himself from an unpopular President and unpopular war.

But McCain had another, more personal agenda. His bid to transform himself from the insurgent challenger of the 2000 campaign into the establishment front-runner in the 2008 field has led him into some unlikely alliances — including the one formed by his peace-making visit earlier this year to see Jerry Fallwell at Liberty University. And it has led to charges, from Democrats and the camps of some presidential rivals, that McCain is sacrificing his straight-talk reputation for the support of big GOP donors and power-brokers.

McCain's aides know the Senator's reputation for independence and integrity is his most valuable political asset. They monitor its health closely. They knew that McCain's efforts to ingratiate himself with the party establishment would lead to stories suggesting the Senator had compromised his principles in order to appease conservatives. They counter those stories by citing the number of times McCain has opposed the President and what it has cost him politically with conservatives. But sometimes McCain himself has to do the reminding, as he did in Ohio. "John didn't say anything he hasn't said before — he's always been critical of the way the war's been handled even though he supports the war and thinks we have to win," an adviser told TIME.com this morning. "But sometimes it's a good idea to remind people that he's still John McCain, telling it like it is. "

Electricity Service Still Erratic Throughout Iraq (USAT)

USA Today, August 25, 2006

Demand for electricity has surged in Iraq. Efforts to add capacity to the power grid have been hampered by violence, sabotage and theft. Average number of hours a day electricity has been available:

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Nationwide In Baghdad
Currently 11 hours 6.6 hours
January 2006 9.8 hours 4 hours
August 2005 12 hours 8.4 hours
January 2005 9 hours 9 hours
August 2004 13 hours 15 hours
March 2004 (wartime peak) 16 hours 16.4 hours
Prewar estimate 4-8 hours 16-24 hours
Source: U.S. State Department

Sadr's Militia And The Slaughter In The Streets (WP)

By Ellen Knickmeyer, Washington Post Foreign Service
The Washington Post, August 25, 2006
'We Don't Need a Verdict,' One Commander Says

BAGHDAD -- In a grungy restaurant with plastic tables in central Baghdad, the young Mahdi Army commander was staring earnestly. His beard was closely cropped around his jaw, his face otherwise cleanshaven. The sleeves of his yellow shirt were rolled down to the wrists despite the intense late-afternoon heat. He spoke matter-of-factly: Sunni Arab fighters suspected of attacking Shiite Muslims had no claim to mercy, no need of a trial.

"These cases do not need to go back to the religious courts," said the commander, who sat elbow to elbow with a fellow fighter in a short-sleeved, striped shirt. Neither displayed weapons. "Our constitution, the Koran, dictates killing for those who kill."

His comments offered a rare acknowledgment of the role of the Mahdi Army in the sectarian bloodletting that has killed more than 10,400 Iraqis in recent months. The Mahdi Army is the militia of Shiite cleric Moqtada al-Sadr, now one of the most powerful figures in the country.

The death squads that carry out the extrajudicial killings are widely feared but mysterious. Often, the only evidence is the bodies discovered in the streets. Several commanders in the Mahdi Army said in interviews that they act independently of the Shiite religious courts that have taken root here, meting out street justice on their own with what they believe to be the authorization of Sadr's organization and under the mantle of Islam.

"You can find in any religion the right of self-defense," said another commander, senior enough to be referred to as the Sheik, who was interviewed separately by telephone. Like the others, he lives and works in Sadr City, a trash-strewn, eight-square-mile district of east Baghdad that is home to more than 2 million Shiites. They spoke on condition that their names not be revealed and that specific areas of Sadr City under their control not be identified.

"The takfiris , the ones who kill, they should be killed," said the Sheik, using a term commonly employed by Shiites for violent Sunni extremists. "Also the Saddamists. Whose hands are stained with blood, they are sentenced to death."

"This is part of defending yourself," the commander said. "This is a ready-made verdict -- we don't need any verdict."

Before Feb. 22, when the bombing of a Shiite shrine in Samarra unleashed a wave of sectarian killing and retribution, U.S. authorities and others believed the primary force behind Shiite death squads was the Badr Brigade, the militia of another large Shiite organization, the Supreme Council for the Islamic Revolution in Iraq. But since the bombing, the Mahdi Army appears to have taken the lead in extrajudicial trials and executions, according to Joost Hiltermann, a project director in Jordan for the Brussels-based International Crisis Group.

For suspected enemies taken by the Mahdi Army, the outcome is swift, with guilt and punishment already determined, the commanders said.

"If we catch any of them, the takfiris, Saddamists, bombers, we don't hand them over to police. He could be freed the next day," the Sheik said.

The captured men get a rapid interrogation, he added. They are asked, "How do you come here? Who is working with you? Which organization is supporting you?"

"We get a full confession," he said. "Once we do, we know what to do with them."A Widow's Story

In a darkened living room in a predominantly Sunni neighborhood of Baghdad, the widow of a retired army officer -- a Sunni allegedly taken by the Mahdi Army after the Samarra bombing -- recounted the last hours of her husband's life, stopping her account only to call aloud to God for revenge.

Gunmen from outside the neighborhood surrounded the mosque where her husband and other men were at late-afternoon prayer, she said. It was Feb. 23, the day after the shrine bombing. The armed strangers were wearing black clothes of the type

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then worn by the Mahdi Army. Sadr later ordered his fighters to discard the uniform, saying rivals were using it to commit killings in the guise of the Mahdi Army.

The gunmen took her husband and the other men to a police station in the Habibiya neighborhood of Sadr City, the black-clad widow said, surrounded by her daughters and granddaughters. Women of the neighborhood gathered in another room to pay their respects to the bereaved family. Some of the men were released, surviving to tell what happened. They recalled that her husband and three other retired officers from Saddam Hussein's military were subjected to a one-hour hearing.

"The trial was held in public, at 6 a.m., on Friday," she said. "At 10 a.m., they called us to tell us to pick the body up from the morgue."

As directed, male relatives retrieved her husband's body from the Baghdad morgue. The corpse bore bullet holes in the face and chest, with both hands still cuffed behind the back.

Fearful despite her anger, she refused to say who she thought killed her husband. An 8-year-old granddaughter whispered the answer into her ear: "The Mahdi Army."

"Darling," the widow scolded, frowning at the child to be silent.

Asked about the Mahdi Army's role in the surge of killings immediately after the Samarra mosque bombing, the Mahdi Army commander in short sleeves at the restaurant frowned, and answered carefully. "Terrorists" were at work then, he said, using a term employed by Shiites for Sunni insurgents. "There was an immediate need to move and contain these groups," he said.Grisly Discoveries

Thousands of bodies turned up on the streets and vacant lots of Baghdad in the months after the Samarra bombing, found by U.S. Army patrols, Iraqi forces, passersby and families of the dead. Unlike earlier in the conflict, when the biggest share of victims were killed by the bombs of Sunni insurgents, these corpses were found shot to death, often bearing signs of torture and with their hands still bound. Shiite militias were blamed for many of these deaths.

The Mahdi Army commanders who were interviewed balked at detailing how many people the militia may have killed, and how. American forces, by contrast, saw nothing but the end results.

One small unit alone, made up of roughly two dozen Americans helping train the Iraqi army in Sadr City, happened upon more than 200 bodies this year along roads on the edges of Sadr City, said 1st Lt. Zeroy Lawson, the unit's intelligence officer.

Witnesses and residents of Sadr City told the Americans that the victims had been brought from all over Baghdad, said Lawson and Capt. Troy Wayman, an officer in the same squad. Victims typically had their shoes removed and their hands bound, Lawson said, and were executed in public. The Americans said they suspect that the women they found dead, like the men found with their genitals mutilated, were judged guilty of extramarital sex.

Lawson and Wayman offered several examples. One was a female worker at a Sadr City clinic that Mahdi Army members believed was a brothel. The militiamen warned the women there to shut the place down, pistol-whipped them in public and then shot the worker dead on the street, the two Americans said.

In another case, Lawson spotted the unmoving form of a paunchy man in a checked shirt by the side of the road. Residents told Lawson that the man, a Sunni, had been taken from his home in Mansour, an affluent neighborhood of Sunnis, Shiites and Christians in central Baghdad. Accused of conspiring to drive Shiites from their homes, the Sunni man had been brought to Sadr City and shot dead where he now lay, witnesses told the Americans.

In late spring, Wayman recalled, the Americans in Sadr City happened upon uniformed Iraqi security forces clustered around the body of an Iraqi man. Gunmen had shot the man dead seconds before, then sped off when the Iraqi and U.S. forces happened by, Wayman said.

Americans traced the killers' vehicle to a nearby police station, where they found two grateful captives inside. The men were Christians who told Wayman they worked at a store elsewhere in Baghdad that sold alcohol. Gunmen had visited the shop to tell the men that alcohol was forbidden by the Koran and that they must shut down. When the two refused, they told Wayman, the gunmen stuffed them into a car at gunpoint and brought them to a house in Sadr City.

A Shiite cleric visited the two Christians at the house, they told Wayman. The cleric demanded that the captives convert to Islam and, when they refused, informed them that alcohol was forbidden by Islam.

They would be punished, the cleric said, but he did not specify how. The captives said they believed they were second and third in line for execution, after the man who was found in the street.

Mahdi Army commanders interviewed uniformly denied that they kill people for selling alcohol. The Mahdi Army only warns liquor vendors, increasingly strongly, they said. If the vendors still refuse to stop selling, the Mahdi Army "beats them lightly, in accordance with the Koran," the commander known as the Sheik said.

Lawson, the intelligence officer, credits the Mahdi Army with an intelligence operation that has become skilled at feeding bad information to Americans about the militia's activities. But U.S. military officials say they know enough to condemn much of what the Mahdi Army does.

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"I have no doubt . . . they hold trial courts and execute people," said Lt. Col. Mark Meadows, commander of a cavalry regiment with the U.S. Army's 10th Mountain Division. Meadows's men oversaw Shula, a northern Baghdad neighborhood under Sadr's control, at the time of the Samarra bombing. The Mahdi Army "is probably the largest, most aggressive militia in this country," Meadows said. "They are a terrorist organization. They terrorize people."

But Iraqi and U.S. security forces are often left as puzzled spectators in areas under the Mahdi Army's jurisdiction.

On patrol early one morning, Wayman and his convoy pulled over at the telltale sign of a group of Iraqi police gathered by the side of a road in northern Sadr City, eyes cast down.

The police officers made room for Wayman, who looked down at an Iraqi girl lying on her side. She appeared to be no more than 15. The morning light bathed her face, and her hands curled gently to her mouth. Wrapped in a blanket, she looked asleep, except for two bursts of pink flesh from bullet wounds in her back.

Neither American nor Iraqi forces had any inclination to investigate what had happened to the teenager.

"Who knows?" one of the Iraqi policeman said, preparing to bundle up the body. Wayman got back into his Humvee, and the Americans drove on.

Disavowed By Mahdi Army, Shadowy 'Butcher' Still Targets Sadr's Foes (WP)

By Ellen Knickmeyer, Washington Post Foreign Service

The Washington Post, August 25, 2006

BAGHDAD -- In a dirty war where shadowy death squads claim victims daily and leaders on all sides deny blame, there's one killer to whom Iraqis can attach a name, if not a face.

Abu Diri, or Father of the Shield, is the nom de guerre of a Shiite Muslim man. Sunni Arabs of Baghdad also know him as "the Butcher." Like countless other killers in Iraq's capital today, Abu Diri and his followers dump their victims in the streets bearing bullet wounds and sometimes the smaller holes made by electric drills.

But U.S. military officers, Sunnis and even many Shiites say they believe Abu Diri kidnaps and kills Sunnis and other rivals with a zeal that has made him notorious, even in Baghdad's daily carnage.

"He is a savage criminal; tens of murderers follow in his wake," said a posting on Truth, a Sunni Web site that is supportive of Iraqi Sunni insurgent groups. Many Iraqi Sunnis monitor its allegations regarding the country's growing sectarian strife.

At least until July, Abu Diri and the dozens of men believed to be under him operated out of Sadr City and Shula, two Baghdad neighborhoods that are home to more than 2 million Shiites. The districts are heavily loyal to Shiite cleric Moqtada al-Sadr, whose Mahdi Army militia has a significant presence there. Abu Diri's victims typically were found blindfolded, with hands bound, in the streets lining Sadr City, American officers said.

U.S. military officials, distrustful of Sadr after battling his Mahdi Army in the first two years of the war, believe Abu Diri is linked to the militia.

"He's the enforcer," said 1st Lt. Zeroy Lawson, the intelligence officer with a small U.S. Army unit that works in Sadr City and is responsible for helping train the Iraqi army there. "He goes after specific targets" of Sadr and the Mahdi Army.

Lawson called him Sadr City's agent "for external affairs," going across Baghdad in pursuit of Sunnis or any others seen as enemies.

Sadr and his top aides publicly disavow Abu Diri.

"He is not Mahdi Army, he is the head of the gangsters," Riyadh al-Nouri, a brother-in-law of Sadr's and a senior member of the Sadr movement, said in an interview in Najaf. "He is not Mahdi Army and never was. All he does is fight for his own reputation and his own crimes."

Little is known about Abu Diri's background. Baghdad residents commonly agree on a few details: His real first name is Ismail. He is in his early thirties, a father of two and a high school dropout, and allegedly was a forger during the rule of Saddam Hussein, according to ordinary Sunnis and Shiites and to officials of Iraq's Interior Ministry, who spoke on condition of anonymity.

Even his appearance is unclear. A photograph purporting to show him, distributed on Web sites frequented by Sunni Arabs in Iraq, shows a bearded, reed-thin man in white civilian clothes and a red-and-white-checked turban, squinting against the sun on a city street, a rifle slung over his shoulder.

Three men who claim to be former bodyguards of Abu Diri reject that photo, however, and vouch for a different image of him: a short, stocky man, almost clownish, shown in a video distributed on cellphones and DVDs around Baghdad. The image shows a smiling man pouring a soft drink from a bottle into the gulping mouth of a camel.

Abu Diri meant the video to be a warning to Iraqi Vice President Tariq al-Hashemi, according to the bodyguards, who spoke on condition of anonymity. He aspires to capture and behead the Sunni politician and will sacrifice the camel to celebrate the day he does, they said.

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Abu Diri's hideouts long included a far northeastern corner of Sadr City known as "the Lost 70s," after the area's street numbers and isolation, U.S. military officers say. Many mornings, after Baghdad's nightly curfew, U.S. troops find corpses dumped along the streets of the Lost 70s, a junkyard of rusted car hulks and trash, with rats that gallop along the sidewalks in daylight.

Iraqi and U.S. forces raided a house belonging to Abu Diri in Sadr City on July 9, marking the beginning of stepped-up joint operations against alleged criminals in areas under Sadr's control. Iraqi officials said the raid killed nine people. Abu Diri escaped and is believed to have fled Sadr City.

In interviews in Baghdad, the three men claiming to be former bodyguards of his said he carried out killings largely as a free agent, rather than under orders from Sadr's organization. Abu Diri used the fact that he had a brother with a high position in the Mahdi Army to play up his alleged connections with the militia, and had associates in the heavily Shiite Interior Ministry police forces, including its intelligence services, the men alleged.

Interior Ministry officials independently gave some of the same details regarding Abu Diri; some of the other details from the purported bodyguards could not be separately confirmed.

Asked why the Mahdi Army does not shut down Abu Diri's activities, Nouri said, "Like everyone, he has his own gangsters protecting him."

In Najaf, another senior Sadr official, Aus al-Kafaji, said, "We are looking for him ourselves."

Other Washington Post staff in Iraq contributed to this report.

British Leave Iraqi Base; Militia Supporters Jubilant (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, August 25, 2006

Some Troops Will Reposition to Border With Iran

BAGHDAD, Aug. 24 -- British troops abandoned a major base in southern Iraq on Thursday and prepared to wage guerrilla warfare along the Iranian border to combat weapons smuggling, a move that anti-American cleric Moqtada al-Sadr called the first expulsion of U.S.-led coalition forces from an Iraqi urban center.

"This is the first Iraqi city that has kicked out the occupier!" trumpeted a message from Sadr's office that played on car-mounted speakers in Amarah, capital of the southern province of Maysan. "We have to celebrate this occasion!"

Maj. Charlie Burbridge, a British military spokesman, said the last of 1,200 troops left Camp Abu Naji, just outside Amarah, at noon Thursday, after several days of heavy mortar and rocket fire by a local militia, which local residents identified as the Sadr-controlled Mahdi Army. Adopting tactics used by a British special forces unit in North Africa during World War II, 600 of the soldiers plan to slip soon into the marshlands and deserts of eastern Maysan in an attempt to secure the Iranian border.

The repositioning is the first public acknowledgment that forces from the U.S.-led military coalition in Iraq have entered into guerrilla warfare to combat the insurgents and militias they have been fighting for more than three years.

The move also underscores both the rising power of Sadr's Shiite Muslim militia, which has clashed with American forces in an attempt to drive them out of the country, and burgeoning alarm over Shiite-ruled Iran's perceived role in exacerbating the sectarian violence roiling Iraq. U.S. officials have accused Iran of supplying bombs and other weapons to Shiite militias here.

The withdrawal sparked wide-scale looting at the base and then intense clashes late Thursday between Iraqi army forces guarding the camp and unknown attackers, a military intelligence official said. The volatile situation worsened when the 2nd Battalion of the Iraqi army's 4th Brigade mutinied and attacked a local military outpost, said the official, who spoke on condition that his name not be used.

The British soldiers, members of the Queen's Royal Hussars, are preparing to trade their heavy Challenger 2 tanks and Warrior fighting vehicles for lightweight Land Rovers, Burbridge said. They expect to become a flexible, mobile force with no fixed base and receive supplies by airdrops.

"The Americans believe there is an inflow of IEDs and weapons across the border with Iran," said Burbridge, referring to improvised explosive devices, in a telephone interview from Basra. "Our first objective is to go and find out if that is the case. If that is true, we'll be able to disrupt the flow." He said the second goal was to train Iraqi border guards.

Burbridge acknowledged that constant shelling of the base in Amarah by militia forces, including 17 mortar rounds fired in recent days that wounded three people, were part of the reason the camp closed.

"By no longer presenting a static target, we reduce the ability of the militias to strike us," he said. But he rejected Sadr's claim that the British had been defeated and pushed out of Amarah. "It's very difficult to claim a victory without causing significant casualties."

The mood was quite different in Amarah, where jubilant residents flocked to Sadr's office to offer their congratulations. Drivers in the street honked their car horns in celebration. Some prepared to take to the streets to rejoice.

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"Today is a holiday in our province," said Abu Mustaffa, an unemployed 45-year-old from the city's al-Hussein district. "Thanks be to God!"

Abu Mustaffa said anger toward the British reached fever pitch in recent days after soldiers entered a mosque and arrested several local men. The provincial government is controlled by Sadr's movement, he said.

Elsewhere in Iraq, bombings and shootings killed at least 14 Iraqis and two U.S. soldiers Thursday, the Associated Press reported.

In Baghdad, the top U.S. commander in the Middle East said a new security plan was helping to curb violence in the capital. "I believe there is a danger of civil war in Iraq, but only a danger. I think Iraq's far from it," Gen. John P. Abizaid told the AP. "I think that there's been great progress in the security front here recently in Baghdad."

Special correspondents K.I. Ibrahim, Naseer Nouri, Saad al-Izzi and other Washington Post staff members contributed to this report.

Freedom (CSM)

By Jill Carroll, Peter Grier

The Christian Science Monitor, August 25, 2006

The evening of March 29, Katie Carroll went to a party with some of her friends. Earlier that day, she had gone on the Arab satellite television network, Al Arabiya, to plead for her sister's life.

When she got home that night, Katie imagined - as she had before - how great it would be if the phone would ring, and she would answer it, and it would be Jill, and this would all be over.

Just like that.

- P.G.

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Little Hajar toddled away from the sagging bookcase holding a chapter of the Koran in her hand. She was heading for the foot-pedaled sewing machine, where a shiny candy wrapper had caught her attention.

She grabbed the wrapper, then showed me her treasures. She wasn't yet 2 years old and was so small that our eyes were at the same level as I sat cross-legged on the floor of the house west of Fallujah. I'd been here almost two weeks and March was almost over.

"What's that? What's that? Oooh, wow," I said, admiringly.

Hajar was great to play with despite the fact that her dress-and-jacket outfits were often smeared with yogurt or other messy food. Sometimes she'd bang on the door of my room to be let in. She was my only friend, the one person in this mujahideen household not responsible for my captivity.

This time, as the candy wrapper sparkled in her hand, the door suddenly opened. I looked up, expecting to see Hajar's mother or father coming to bring me tea or food as usual.

Instead, I glimpsed Abu Nour's visage as he entered. As always, the leader of these mujahideen had come out of nowhere, like an apparition. I cast my eyes to the ground, afraid he'd think I knew too much about his face.

Hajar collapsed into the velveteen of my dishdasha tunic and buried her face in it, afraid of this stranger.

"I know how ya feel, kid," I thought as I stroked her fine hair and small, motionless back.

What did Ink Eyes want? I hadn't seen him for three weeks. He'd promised then that he would release me in three days - a promise that had been just as worthless as the many other times he'd vowed I was on the brink of freedom.

I had learned to stop believing the promises, to protect myself from that terrible tease called hope.

I used to cling to every word Abu Nour said, analyzing them for days afterward for any hint of my fate. Now, after almost three months of captivity, I just didn't have the mental energy to do that anymore.

Instead, all I wanted was to minimize pain and have good days. A few minutes of playing with a child or helping women in the kitchen was an attainable goal. Seeing my family again - that was impossibly far away, a dream.

I stroked Hajar's hair, only half-listening to Abu Nour drone on. I just wished he would go so Hajar and I could resume our game.

"Well, today is Monday, and tomorrow is Tuesday," Abu Nour was saying. "So maybe in three days we'll let you go."

Twenty-four hours before my release he would return and we could have a final conversation about the mujahideen, he added.

I'd heard all this a million times.

"Oh thank you, sir," I said, trying to smile as he left.

"Yeah, right," I thought. "Don't listen to him. Don't get your hopes up, Jill. Just don't do it."

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This was my theory: They were worried about my mental state. Since my bitter blow-ups with the Muj Brothers, Abu Qarrar and Abu Hassan, the mujahideen seemed to think I was fragile. Abu Nour hadn't seen me in awhile, and he had just come to say hello. Maybe he thought a dose of false hope would keep me from doing something drastic.

It was late March. "Dad's birthday is May 6," I thought. "If they let me out before May 6, that will be OK. That's all I really want."

Abu Nour had come on Monday. Tuesday was OK: I got to play with Hajar. Then Wednesday came around. I can't remember why, but I lost it.

I sobbed the whole day. Quietly, so they wouldn't hear me. I was so tired, so worn out. I'd been fooling myself, thinking some days were happy. It had been three months and I was drifting further and further away from my family, from my life. Enough was enough. "Let me out!" I screamed to myself. "Let me out!"

That night, I was sitting in my room in the dark, all upset. And I heard Abu Nour's voice.

They brought me into the sitting room after dinner. As always, I smelled his distinctive cologne before I saw him. Abu Nour sat cross-legged on the floor, his head bent toward the ground.

He had told me he was going to come back 24 hours before I was released.

"Tomorrow morning, we're going to let you go," he said. "We're going to drive you to the Iraqi Islamic Party and you will call your newspaper and you will be free."

I had no reaction. He might as well have said, "Here, have some tea."

Then came the catch: I needed to make one more video. And I needed to forget much of what he had told me about himself and his group, as well as much of what I had seen.

I had to forget about the Majlis, or council, of mujahideen that he had claimed to lead. I had to say his group was medium-sized, not big, not small.

"You can't talk about the women and children," said Ink Eyes. "You have to say you were in one room the whole time and ... you were treated very well."

I was supposed to "interview" him one last time, and he would tell me what I was supposed to say to the world. He handed me a notebook in which I was to write down his words.

"Anything outside the notebook is forbidden," he said.

Abu Nour wanted to make the video that night, but the power went out. So we made it in the morning. I didn't know then that within a day it would be on the Internet.

After the filming, they put me back in my little room. The night before, they'd told me that they would pay me for my computer, which they would keep, and that they would bring me a gift.

Abu Rasha, the large man who served as the head of the mujahideen cell I spent most of my time with, once had told me that when they let me go, they would give me a gold necklace, just as they had done for Giuliana Sgrena, an Italian journalist who'd been kidnapped in Baghdad in early 2005 and held for a month.

I still wasn't excited. Money and gold, that was my ticket to freedom. I figured that if they did give me those things, then the end might truly be at hand.

Abu Nour said goodbye. I stammered out some kind of reply. Then I waited, and waited. Finally, the woman of the house rushed in with new clothes for me to wear. There weren't proper shoes, so she gave me her own black high-heeled patent leather sandals. They fit perfectly.

They rushed me into a car waiting outside. I still didn't have gold. I still didn't have money. I began to panic.

Abu Rasha was next to me in the back seat. He leaned over me, or so it felt, as I panted, blind, beneath three black scarves.

"Jill, we asked the Americans for the women prisoners and there were none," he said. Normally his voice was slow and quiet; now it was loud.

"Oh," I said, crouched in darkness, blind, hot, and breathless.

"And then we asked the government for money, and they gave us none," he said.

"Oh yes, I know," I said.

"Now we're going to kill you," he said, agitated and close to my head.

I thought they were going to do it. I imagined the gun. All they'd told me that day had been lies.

I knew I couldn't be afraid. I had to make them think they were good people who weren't capable of killing me.

I forced a laugh.

"No, Abu Rasha, you're my brother, you wouldn't do that!" I said, trying to keep the desperation out of my voice.

He laughed, more convincingly than me. "No, we're not going to kill you," he said. "We're going to take you to the Iraqi Islamic Party and drop you off."

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I went limp. Tired, frozen, spent, I didn't know what was going on anymore. I couldn't make sense, couldn't analyze. I had nothing left.

We drove and drove and drove. They kept calling on cellphones to the car ahead, to make sure the way was clear. Finally, Abu Rasha told me to lift my scarves and keep my eyes straight down. He started placing $100 bills in my hand. For my computer, I got $400, and then another $400 for my trouble.

Then he said, "Oh yes, we got you this," and shoved a box into my narrow field of vision. He opened it and pulled out a gold necklace, with a pendant attached.

The money. The gold. Maybe they were really going to let me go.

We switched cars. I was in the front seat, with Abu Rasha driving. He began a monologue, angrier than anything I had ever heard from him. He spewed venom and expletives in English at the American military and government. He railed against the occupation, the war, and the Abu Ghraib prison.

I assured him that I wouldn't tell the US military or American government that I was free, and I meant it. I would only call my journalist friends to come get me and have them drive me to the airport.

I had spent nearly three months feverishly trying to convince my captors that I wasn't a CIA agent. If I was dropped off and immediately sought help from US officials, the mujahideen would assume that I really was a spy, I thought.

And I was afraid of what they then might do. The mujahideen had done everything they could to drill this message into my head over the past three months: They were omniscient, omnipotent, and omnipresent. There was no escape from them, even in the Green Zone. Maybe not even in the US.

Abu Nour had once told me they had eyes everywhere, and that they'd be watching me after I was released. I'd long imagined a car bomb crashing into a military Humvee sent to collect me.

Then Abu Rasha pulled the car up to a curb. He handed me a note written in Arabic explaining who I was and told me to get out, lift my scarves, and walk a few hundred meters back.

The car door opened. It was Abu Qarrar, one of my Muj Brothers guards who'd appeared from nowhere. He handed me my gifts and a big bag full of all the clothes I'd accumulated over the last three months.

So my least favorite captor was the last one I saw. I said, "OK, Abu Qarrar, OK, goodbye, goodbye." Then I hauled away, tottering down the road in an insurgent's wife's high-heeled sandals, grappling with my stuff, scarves flapping in my face, an ex-hostage bag lady returning to the world.

I found the Iraqi Islamic Party (IIP) office and handed the man behind the desk the note. I was panicky, terrified, starting to shake. I just wanted to use the phone, I mumbled in Arabic.

Instead, the man ran to notify the manager of this IIP branch office. "The same journalist?!" the manager said incredulously after reading the note. Debate over what to do with me followed. I felt weak, lost. All I knew was that I wanted to call my hotel.

Things moved quickly after that. They tried to hustle me into a white car for a drive to IIP headquarters. I resisted; I just wanted the hotel. I asked again to use the office phone, but was told that none of them worked.

A cellphone appeared, with a call for me. It was Tariq al-Hashemi, the IIP leader, later to become the new government's vice president. I told Mr. Hashemi that I wanted him to call my hotel, and if no one from the Monitor was there, to call the Washington Post office and have them come get me. He said he would also call the US Embassy. I begged him not to, but he insisted.

After a few minutes, a convoy of white SUVs and trucks with flashing lights and gunmen roared into the driveway and streets around the office. The IIP officials brought me downstairs and hurried me into a bulletproof luxury vehicle, complete with leather seats. I realized it was Hashemi's personal security detail. The lights and guns and militarylike atmosphere terrified me.

I wanted to shout, "I don't want this!" as we zoomed away.

Things were going horribly wrong. The mujahideen were going to see me; they were going to kill us. They would think I lied, that I hadn't called my colleagues to come get me in a low-profile way. I doubled over in the seat, hiding below the ledge of the tinted windows.

A man sitting next to me laughed and said, "Why are you doing this?"

"I don't want them to see me," I said. Didn't he understand?! I wanted to shout at them to let me out, to stop, to make the cars with the flashing lights go away. We tore down Baghdad's streets, a giant screaming convoy with guns sticking out everywhere. I was terrified that every ordinary car we passed was a car bomb sent by the mujahideen to kill me for breaking my promise.

"Be careful of car bombs, be careful," I told the man driving in Arabic. I checked the location of the door lock and handle in case the vehicle went up in flames and I needed to get out in a hurry.

The guards looked bemused, as if I was crazy, and said not to worry.

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For me, my release is one of the hardest memories of my captivity. I don't know why. Suddenly, my structure was gone. There was no one to tell me what to do.

My body was free, but my mind was not. I was conditioned to be whatever anyone around me wanted me to be. I had no opinions, no self-will. I didn't know how to make decisions.

The IIP headquarters was a blur. They wanted to make a video of me, and they had me write a letter of thanks and make an audio recording. This was strictly to ensure that no one would accuse them of being my kidnappers, they said. The video was then widely broadcast.

Two close friends from the Washington Post, including Ellen Knickmeyer, the Iraq bureau chief, showed up. Someone gave me a phone, and I called my twin sister, Katie.

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At 5:45 A.M. on March 30, Katie was awakened by a ringing phone. She rolled over, looked at the caller ID, and saw that someone in Iraq was trying to reach her. In an instant, she knew.

They say that dreams come true, but seldom in life is it given to any of us to have such a perfect moment.

She grabbed the phone. "Katie, it's me," said the voice on the other end of the line. "I'm free." Jill and Katie both started to cry.

As the Carroll family's chief communicator, Katie immediately launched into contact mode, calling people on a predetermined list, working from the East Coast toward the West as the sun rose.

She didn't have to call her parents. Jim and Mary Beth Carroll got their own wake-up calls from Jill.

At the Monitor's headquarters in Boston, the news spread quickly. Editors began looking through the happiest of their premade plans, "Carroll Release Logistics."

...

Mr. Murphy didn't believe it. After all, over the course of the past months he'd had nine or so false reports of Jill's freedom. He called back and told his friend nothing had happened. "No, man," his friend insisted, "we're just snapping it out of the States. 'The Christian Science Monitor confirms...' "

- P.G.

***

I made the video for the IIP. My state of mind was reflected in the fact that I felt guilty for delaying the start of filming so I could call members of my family.

I learned that Scott Peterson was still in Baghdad. I was sure he would have fled. I called him on Ellen's cellphone. He was at the CNN offices where he was working on a new set of public service videos about me.

I was still on the phone with Scott when the US military arrived. I was so afraid of the soldiers. "What should I do, Scott?" He told me if they were there, they were the surest way to safety. I hung onto my friend Ellen from the Post as we went downstairs.

We got into an armored vehicle. I still had my big bag of stuff. I figured the mujahideen were watching. They were watching everything.

The hatches closed. We were driving along, and I finally started to relax.

One of the soldiers pulled out a picture of me that he had been carrying with him. "I don't need this anymore," he said, and gave it to me.

Another pulled off a flag that was attached with Velcro to his uniform, and gave that to me, too.

A third, sitting to my left, said "We've been looking for you for a long time."

How did these men know who I was? I didn't understand why they had a picture of me. I had no idea how much coverage my kidnapping had received.

I sat and talked with Ellen. After a few minutes, she said, "You can take off your hijab now."

"No, no," I said.

I waited a minute. Then I said, "Well, actually ... I guess I can."

Ransom Claims Abound In Carroll Case (CSM)

By Scott Peterson, Dan Murphy

The Christian Science Monitor, August 25, 2006

Since Jill Carroll's release, rumors have swirled about a $10 million or even a $36 million ransom payment. Iraqi politician Adnan al-Dulaimi's claim to have paid $1.5 million to free Ms. Carroll (See Aug. 22 story), is just the latest.

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Such rumors are not without precedent. Most releases of foreign hostages in Iraq have involved ransoms into the millions of dollars. Carroll's captors told her in January that they were seeking $10 million, but they later said that their leadership had decided against accepting money for her release.

Neither the Monitor nor the Carroll family paid for her release.

"There is a cottage industry growing up around these kidnappings, with everyone claiming to have done this, and done that, and paid a ransom," says one US investigator familiar with Carroll's case. "No money was involved [for Carroll's release]. None was paid that we are aware of."

But the Monitor has new evidence to suggest that the United Arab Emirates (UAE) tried to negotiate a ransom payment. Some Iraqi investigators speculate that this was done on behalf of the US government.

When asked about a US ransom payment at a press conference on the day Carroll was released, US Ambassador to Iraq Zalmay Khalilzad seemed to leave some wiggle room: "No US person entered into any arrangements with anyone. By US person, I mean the United States mission."

After two months in captivity, Carroll's chief captor ordered her to make two tearful videos - neither of which were made public - asking specifically for the help of UAE leader Sheikh Khalifa bin Zayed bin Sultan al-Nahyan, as a "last chance" to save her life.

Abu Nour told Carroll that they had "talked to" Sheikh Khalifa, who had agreed to help. She was told of "negotiating for [the release of] more prisoners" with the UAE. But the first video disc was apparently put in the wrong type of disc drive and destroyed. So four days later, Carroll was forced to make another.

Those videos to the UAE proved worthless in the end, she says. As her captors brainstormed over the contents of the last propaganda video before her March 30 release, one of her captors piped up: "What about that dog, Khalifa?"

Abu Nour, her chief captor, agreed that they should have Carroll verbally attack the UAE leader on the video, emphasizing that he specifically failed to help her.

Carroll says that their anger at Sheikh Khalifa seemed genuine and she believes it stemmed from some kind of negotiation that went awry. "They told me to say that I had asked for the sheikh's help, and that he didn't help me - he refused."

UAE officials in Abu Dhabi and Washington, D.C., who were contacted by the Monitor did not return requests for comment on any videos sent to the UAE leader by Carroll's kidnappers, or whether the UAE had negotiated for her release.

A senior Iraqi official, who asked not to be identified because of concerns about damaging Iraq's relationship with the UAE, says there was a ransom negotiation with the UAE for Carroll, but that it fell apart in the week prior to her release. This official also says no ransom was paid for Carroll, and declined to discuss the matter further.

A story on the Arabic-language Kitabat.com website June 6 provided a great deal of detail about the UAE's possible involvement. But numerous confirmable details in the story were false. For example, the story claimed that the Monitor received an e-mail within a week of Carroll's abduction from her captors. The alleged e-mail said that "even if [Carroll] were proven innocent ... [of] being a collaborator with the American occupation," her freedom would cost $15 million.

The Monitor never received an e-mail or any other form of communication from Carroll's captors, says Richard Bergenheim, the Monitor's editor.

The high-brow Iraqi Web magazine, citing "trusted sources" in Iraq's Interior Ministry that were "confirmed by a high-ranking friend" in the Ministry of Foreign Affairs, claimed that the kidnappers e-mailed the Monitor the contacts of UAE diplomat Naji al-Nuaimi, who was to act as an intermediary and courier in the alleged ransom plan. This, too, never happened, says Mr. Bergenheim.

Mr. Nuaimi ran the UAE Embassy's aid program in Iraq, which finances one of Baghdad's most modern hospitals. That would have given him a good cover for moving large sums. But the story claims the money was never handed over. The kidnappers, angry at Nuaimi, kidnapped him in retaliation on May 16 in Baghdad.

While much of the Kitabat story's claims are demonstrably false, the UAE lent credence to the notion that its diplomats have been involved in negotiations to free hostages. The day after Nuaimi's capture, a UAE official said the government hoped he "would be released unharmed because of the country's success in negotiating the release of foreigners taken hostage in Iraq."

Nuaimi was released May 30 and returned home to a hero's welcome.

Some analysts say that Iraqi politicians are claiming to have had a hand in Carroll's release to try to curry favor with the US or otherwise bolster their positions.

US government policy is to never pay ransom for hostages, though it can't stop individuals or private institutions from doing so. Besides making Americans greater targets in the future, such a payment also presents an ethical dilemma: Even if a hostage in Iraq is released, that cash would almost certainly be used to kill more American troops and other Iraqi civilians, or to snag more hostages.

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"I really do believe that [Carroll] was released because of military pressure, and [arresting] people close to them," says one US investigator, noting the release of the three Christian Peacemakers Team hostages the week before. "They were getting desperate and didn't want to hold her anymore.... I never saw any evidence that money was involved." Did someone pay a ransom? The list of 'benefactors' grows

At one point, Iraqi police sources told the Monitor that the Iraqi Islamic Party (IIP) had paid $10 million or $11 million for Jill Carroll's release. On March 30, she was dropped off outside an IIP office in Baghdad's Amiriyah neighborhood. The same police sources now say that they were mistaken, and no longer believe the IIP was involved.

Ms. Carroll's father, Jim, says that in early February - shortly after a third video aired on Al Rai TV in Kuwait - he spoke by phone with a man in Iraq who identified himself as Ahmed al-Sammarai. He spoke English, and told Jim that he had lived in Chicago. He told Mr. Carroll that he had contact with his daughter's kidnappers and that "the deal is done." Jim Carroll was elated, but surprised because it was the first indication that any negotiations were under way. But after two conversations, Jim could no longer reach Mr. Sammarai.

Carroll says that her captors became upset when the third video aired in Kuwait. The tape had been sent as a private proof of life to her family, but was somehow intercepted and broadcast.

IIP spokesman Iyad al-Sammarai, whom police officials had originally identified as a possible intermediary with the kidnappers, says neither he nor his party were ever involved in negotiations for Carroll's release. Sammarai speaks English, and used to live in Chicago. But he told the Monitor that he never spoke to Jim Carroll, and never had any contact with her kidnappers.

"There's a big difference between negotiations, which we didn't engage in, and sending messages," he says. "We thought that some people we knew might know the people who kidnapped her, and we sent messages urging her release. Whether those messages reached her kidnappers, we don't know."

Leads pursued during Carroll's captivity, by the Monitor and the Carroll family, in Jordan, Kuwait, and Baghdad, turned up one ransom demand of $30 million, and another for $15 million that quickly shifted to $100,000, and then $10,000 - just as a "fee" to receive proof that Carroll was alive. Other smaller claims came and went, most were determined to have been put forth by scammers.

For example, German police working with the FBI arrested a West African living in Muenster, after he sent an e-mail to David Cook, the Monitor's Washington bureau chief, allegedly promising to release Carroll in exchange for $2 million.

Sheikh Sattam Hamid Farhan al-Gaood insists he is responsible for Carroll's freedom. Mr. Gaood, a former business associate of Saddam Hussein, ran the "largest network of Iraqi front companies," according to the CIA's 2004 report on Iraq's weapons of mass destruction, to outwit the UN oil-for-food sanctions.

Gaood was detained by US soldiers 10 days after the fall of Baghdad in April 2003, and labeled a "high value detainee," according to an Amnesty International appeal. He was released in December 2005 and fled to Jordan.

Gaood has since called attacks on US forces in Iraq "honest resistance." In February, he said that he could get Carroll released with a single phone call. He wanted the Carroll family to publicly ask for his help, which they subsequently did. Jill's father also established a telephone relationship with Gaood.

Iraqi police say US officials were misled about Gaood's influence with insurgents today. Still, in an ABC-TV interview after Carroll's release, in mid-April, Gaood said that "at the kidnappers' request," he had arranged "good donations" of up to $1 million to unspecified widows and orphans.

But his story also has some inconsistencies.

Gaood told his ABC interviewers off camera that he had alerted Carroll's family 10 hours before her release that she would be let go. The family says no one gave them prior notification of Jill's impending release.

Gaood also told the Carrolls that he played a role in the February release of a Jordanian Embassy driver kidnapped in Iraq - a falsehood, according to Jordanian sources.

Sunni politician Adnan al-Dulaimi, who says he paid $1.5 million to have Carroll released, met with Gaood in early March in Amman, Jordan. But Mr. Dulaimi says, "We never talked about this [Carroll] case." As for Gaood's public claims about ransom? "Everything he says is lies. I am ready to go to Amman and tell [Gaood] he is a liar," Dulaimi says.

U.S.: 7 Operatives Killed In Afghanistan (AP)

By Fisnik Abrashi, Associated Press Writer

AP, August 24, 2006

A pre-dawn raid by American troops in eastern Afghanistan left seven suspected al-Qaida fighters and one child dead, the U.S. military said in an account that was disputed by police who say those killed were two families sorting out a feud.

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The raid aimed at capturing a "known al-Qaida facilitator" in the village of Asmar in Kunar province, said Col. Tom Collins, a spokesman for the U.S.-led coalition. The seven dead al-Qaida suspects included the facilitator, he said. Four others were detained.

Afghan officials, however, said those targeted in the compound were from two families trying to resolve a dispute through village elders. Abdul Sabur Alluhyar, the deputy provincial police chief, denied the families were members of al-Qaida.

"According to our district chief, the people who have been killed in the incident this morning are civilians from Shigal district," he said, adding that someone had given the coalition incorrect information that an al-Qaida meeting had been under way at the compound.

Kunar is a volatile region bordering Pakistan where U.S. forces have deployed in large numbers to track down Taliban, al-Qaida and other Islamic extremists.

Militants have stepped up attacks this year and triggered the deadliest violence here since the late-2001 ouster of the Taliban regime for hosting Osama bin Laden. More than 1,600 people, mostly militants, have died in the past four months, according to an Associated Press tally of violent incidents reported by U.S., NATO and Afghan officials.

The U.S. military said it had initiated Thursday's raid, but that it was the suspects who had opened fire first on the U.S. and Afghan forces as they approached the compound. The forces had consequently killed them with return fire.

"We strongly believe and have evidence to support (the seven killed) were al-Qaida," Collins told reporters, without offering evidence other than that soldiers also seized multiple weapons, ammunition and grenades from the compound.

The U.S. military said a child aged between 10 to 12 years was killed in the fighting, but that the circumstances of the death were unclear. A woman was also wounded.

Militants have repeatedly staged deadly attacks on coalition forces in Kunar, still regarded as a possible hiding place of bin Laden. Last week, three U.S. soldiers were killed and three others wounded in when their convoy hit a roadside bomb in the province.

Meanwhile, a purported Taliban spokesman denied reports that militants are holding talks with government officials or foreign forces in a bid to end the country's violence, which has been mostly focussed on the hardline militia's southern heartland.

In an e-mail sent to an Associated Press reporter in Pakistan, Mohammed Hanif said resurgent Taliban fighters "have neither held talks with invading forces and their puppets nor are ready to sit with them in the presence of the country's invasion."

Hanif's exact ties to the Taliban leadership are unclear.

Earlier this week, Afghan officials in the south said authorities had returned the bodies of 21 militants killed in recent fighting to their families after being contacted by the Taliban, amid signs of an effort to strike up a dialogue.

Agha Lalai, an official with an Afghan reconciliation commission that encourages Taliban militants to disarm, said it was negotiating with a number of insurgents in Afghanistan and neighboring Pakistan.

Associated Press reporter Rahim Faiez in Kabul contributed to this report

8 Killed In Raid By U.S. Forces In Afghanistan (NYT)

By Abdul Waheed Wafa

The New York Times, August 25, 2006

KABUL, Afghanistan, Aug. 24 — Eight civilians, including a child, were killed in an operation by American forces in eastern Afghanistan on Thursday, an Afghan police official said. United States forces acknowledged killing a child and injuring a woman but said the seven men also killed were “Qaeda facilitators” who had opened fire on them as they approached a compound.

The Afghan government has sent a team to investigate the killings, said Abdul Sabour Allah Yar, deputy police chief of Kunar, the province where the raid took place. He said the men killed were elders who had gathered in the house to resolve a family dispute. Four other civilians were arrested in the raid, he said.

A spokesman for United States forces in Afghanistan, Col. Tom Collins, said the forces were conducting an early morning operation against a compound housing “suspected terrorists” to capture a “known Al Qaeda facilitator.”

“Seven suspected Al Qaeda facilitators were killed during the operation, including we believe, the lead facilitator,” Colonel Collins said. “There were two civilian casualties during the operation.” No American or Afghan soldiers were wounded in the operation, he said.

“Credible intelligence linked the targeted individual to suspected terrorist activities and attacks against Afghan and coalition forces in Kunar Province,” Colonel Collins said at a news briefing in Kabul. He said weapons and ammunition had been found in the compound but he did not provide details on how the people inside were linked to Al Qaeda.

Colonel Collins said the child who was killed was 10 to 12 years old. Mr. Yar said the child was 10.

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Mr. Yar said the local government district chief had informed him that the men killed were civilians and elders of two families. He said that judging from his own conversation with American commanders, they had been wrongly informed that the meeting was a Qaeda gathering.

He also said the provincial authorities had not been told of the operation, something President Hamid Karzai has repeatedly requested in an effort to avoid civilian casualties.

CORPORATE SCANDALS:

Justice Department Ends Investigation Of Fannie Accounts (WSJ)

By Damian Paletta And John R. Wilke

The Wall Street Journal, August 25, 2006

WASHINGTON -- The Justice Department notified Fannie Mae that it has ended a two-year investigation into the company's accounting misdeeds.

The closing of the criminal probe, which was handled by the U.S. attorney for Washington, eliminates one of the regulatory issues dogging Fannie Mae in the wake of findings that it manipulated earnings, partly in an attempt to increase management bonuses. Fannie Mae stock rallied on the news. In 4 p.m. New York Stock Exchange composite trading, the shares rose to $51.53, up $2.36, or 4.8%.

In light of the decision, criminal charges against current and former executives of the company aren't expected. A spokesman for the U.S. attorney declined to comment on whether there was an open investigation into individuals.

In December 2004, Fannie Mae's board ousted the company's chief executive, Franklin D. Raines, and chief financial officer, Timothy Howard, after regulators uncovered accounting violations at the company, which provides funding for home mortgages. Robert Barnett, an attorney for Mr. Raines, said he had no comment. A lawyer for Mr. Howard couldn't be reached immediately to comment.

In May, the Securities and Exchange Commission and the Office of Federal Housing Enterprise Oversight, or Ofheo, fined Fannie Mae $400 million as part of a settlement of charges that the company had engaged in accounting "fraud."

Fannie Mae said a restatement of results for the past several years should be completed by year's end. Ofheo, the company's main regulator, has imposed a ceiling on Fannie's holdings of mortgages and related securities until the company catches up on financial reporting and improves internal controls. Ofheo also has ordered Fannie's board to determine whether any current or former executives should be required to return past bonuses based on improper accounting. The company is fighting suits from shareholders who allege Fannie misled them about its financial condition.

Paul Miller, an analyst at Friedman, Billings, Ramsey & Co., an investment-banking firm in Arlington, Va., said he was maintaining his rating of "underperform" on Fannie Mae shares.

Messrs. Raines and Howard are named in shareholder suits and may remain subject to investigations by regulators. A spokeswoman for Ofheo said the agency is "reviewing potential civil administrative actions against former executives of Fannie Mae." She declined to name them.

Fannie Mae Won't Face U.S. Charges Over Its Books (NYT)

By Vikas Bajaj

The New York Times, August 25, 2006

Almost two years after it started investigating accounting improprieties at Fannie Mae, the Justice Department is no longer pursuing criminal charges against the mortgage giant, the company and federal officials said yesterday.

The move, which follows a settlement the company reached with securities and housing regulators three months ago, removes a significant legal threat against Fannie Mae, but it was unclear yesterday what the decision meant for two former executives fired by Fannie Mae after the $11 billion accounting scandal came to light.

Channing Phillips, a spokesman for the United States attorney for the District of Columbia, confirmed that the investigation of Fannie Mae had concluded but declined to comment on whether prosecutors intended to bring charges against Franklin D. Raines, Fannie's former chief executive, and J. Timothy Howard, the former chief financial officer.

Lawyers for both men did not return calls yesterday.

Two reports released earlier this year concluded that Fannie Mae improperly used financial reserves and deferred expenses to meet profit goals, which underpinned the payment of millions in executive bonuses.

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Legal and financial analysts said the decision not to pursue charges against Fannie Mae signaled that the government was heeding lessons from its prosecution of Arthur Andersen, the accounting firm that went out of business in 2002 after being convicted of obstruction of justice related to the audit work it did for Enron.

Last year, the Supreme Court unanimously overturned the conviction against Arthur Andersen.

"The pendulum might be swinging back toward caution in this area," said Jason Brown, a former federal prosecutor who is now a partner at the New York law firm of Ropes & Gray. "There is a whole lot of collateral damage that comes with indicting companies."

Arthur Andersen's demise displaced about 25,000 employees and reduced the ranks of the nation's large accounting firms to four from five.

Though Fannie Mae employs far fewer people, a criminal case against the company would have had far-reaching political and financial ramifications, experts say. The company, which like Freddie Mac was started by the government to promote low-income housing, is a critical pillar of the American finance, buying one in five home mortgages issued nationally.

One independent analyst, Burt Ely, a longtime critic of Fannie Mae, said a criminal indictment against the company became increasingly unlikely as the investigation into its accounting wore on and Congress took up legislation intended to change how Fannie Mae and Freddie Mac operate and are regulated.

"Frankly a lot of people forgot that this was still under way, because we have moved past it," Mr. Ely said.

Still, Wall Street saw the move as a positive development. Shares of Fannie Mae rose $2.36, to $51.53. The company's shares are up 5.6 percent for the year.

In a statement, the company's chief executive, Daniel H. Mudd, said: "We will continue to work closely and cooperatively with our regulators as we move forward to carry out the terms of our agreements, complete our restatement and build a better company."

The company still faces shareholder lawsuits and a committee of its board is considering seeking the return of millions in bonuses made to former and current executives. The Office of Federal Housing Enterprise Oversight, or Ofheo, the agency that regulates Fannie Mae and Freddie Mac, demanded the inquiry.

In May, Fannie Mae agreed to pay $400 million to resolve civil inquiries started by Ofheo and the Securities and Exchange Commission. The settlement does not prevent the agencies from bringing civil charges against Mr. Raines, Mr. Howard or other executives.

Fannie Mae Avoids Criminal Charges Over Accounting (WP)

By David S. Hilzenrath And Carrie Johnson

The Washington Post, August 25, 2006

The Justice Department has told Fannie Mae that it does not plan to seek criminal charges against the company, an important step for the District-based mortgage funding giant as it tries to move beyond a multibillion-dollar accounting scandal.

Fannie Mae announced yesterday -- and a Justice Department spokesman confirmed -- that the nearly two-year-old criminal investigation of the company had ended. Coupled with settlements reached this year with two regulatory agencies, the decision clears Fannie Mae of prosecution for years of accounting mistakes that are costing hundreds of millions of dollars to correct.

The company still faces shareholder litigation over the value lost when the accounting problems were revealed and the stock price plunged.

And former Fannie Mae executives remain under scrutiny.

The Justice Department is still investigating whether former Fannie chairman and chief executive Franklin D. Raines and former chief financial officer J. Timothy Howard committed perjury when they testified about the company's accounting practices before a House of Representatives panel in 2004, said Channing Phillips, a spokesman for the U.S. attorney for the District of Columbia.

In addition, the Securities and Exchange Commission has not ruled out civil charges against individuals in the accounting matter, according to an SEC source, who spoke on condition of anonymity because it is SEC policy not to comment on pending investigations.

Another regulatory agency, the Office of Federal Housing Enterprise Oversight, said yesterday that it was reviewing potential administrative actions against former Fannie Mae executives. The agency could seek to recoup compensation that Fannie insiders received when the company's earnings were overstated, said a spokeswoman for the office, Stefanie Mullin.

Fannie Mae, which was chartered by the government to provide a steady flow of funds for home mortgages, has acknowledged overstating past profit by billions of dollars. Regulators have accused it of manipulating earnings from 1998

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through 2004 to maximize executive bonuses and to deliver the smooth earnings growth that Wall Street favors. Since the problems became public in the fall of 2004, they have toppled Raines, Howard and others.

In a May enforcement action, the SEC accused Fannie Mae of fraud. Without admitting or denying wrongdoing, the company agreed to a $400 million penalty.

It was unclear whether the Justice Department's decision not to prosecute the company was based on lack of evidence or a sense that charging the company would be contrary to the public interest.

Proving criminal guilt beyond a reasonable doubt requires more than proving civil liability or negotiating a settlement.

Since the government's prosecution of Enron Corp. auditor Arthur Andersen LLP sealed the venerable accounting firm's demise -- a 2002 conviction was later overturned -- the question of whether to seek criminal charges against a corporation has been one of the more controversial ones in white-collar law enforcement.

Georgetown University law professor Donald C. Langevoort said that, if an employee commits a crime in his role as an employee, "the company has committed a crime, too, in the eyes of the law." But the Justice Department exercises discretion.

"When you fine the company, you're fining the company's shareholders," Langevoort said. "You're hurting a lot of innocent people."

"I think generally deterrence really comes from prosecuting individuals and not from indicting and convicting legal entities that don't feel real flesh-and-blood pain," said Columbia University law professor John C. Coffee. "You can't send a corporation to prison."

Shortly after news of the Fannie Mae criminal probe broke two years ago, defense lawyers pointed out that the statute of limitations had expired on one of the chapters that figured most prominently in OFHEO's investigation of the company. In that 1998 episode, Fannie allegedly delayed counting $200 million of expenses, thereby inflating profit and enabling executives to collect millions of dollars in bonuses.

Criminal authorities might have gotten around the five-year limit by arguing a broad, ongoing conspiracy at the company, but it would doubtless have been challenged by defense lawyers.

Lawyers for Raines were traveling yesterday and unavailable for comment, according to their offices. A lawyer for Howard did not return a call seeking comment.

The spokesman for the U.S. attorney declined to say whether any past or current Fannie Mae personnel remain under criminal investigation with respect to the alleged accounting fraud.

The investigation of whether Raines and Howard committed perjury in testimony about the accounting was initiated at the request of Rep. Richard H. Baker (R-La.), chairman of a House subcommittee that oversees Fannie Mae.

Howard "testified truthfully," his attorney Steven Salky said in a June interview.

A Fannie spokeswoman declined to comment on the government's decision not to prosecute the company. In a brief news release, chief executive Daniel H. Mudd said the company "will continue to work closely and cooperatively with our regulators."

Fannie Mae Won't Face U.S. Justice Department Charges (Update5) (BLOOM)

By James Tyson

Bloomberg, August 25, 2006

Aug. 24 (Bloomberg) -- Fannie Mae, the largest source of money for U.S. home loans, will avoid criminal prosecution after the federal government ended its almost two-year investigation of $10.8 billion in accounting errors. The company's shares had their biggest increase since January.

The end of the probe by the U.S. Justice Department reduces the threat of some fines and lawsuits related to an initial federal investigation in 2004 that found Fannie Mae manipulated earnings. The probe forced the ouster of top executives including Chairman and Chief Executive Officer Franklin Raines and led to allegations of fraud by shareholders.

The Securities and Exchange Commission and Fannie Mae's regulator, the Office of Federal Housing Enterprise Oversight, fined the government-chartered company $400 million in May and restricted growth in its $730.9 billion mortgage portfolio.

Though criminal charges may still be filed against former executives, Fannie Mae ``is on the road to recovery," said Michael Mullaney, who manages $10 billion at Fiduciary Trust Co. in Boston. The Washington-based company ``still has several steps to go," including the completion of its restatement.

The SEC is still weighing civil charges against individuals, and Congress is considering tougher rules for how Fannie Mae conducts business. Chief Executive Daniel Mudd said earlier this month all the accounting mistakes made by former executives have been found, and the company intends to complete this year a restatement of earnings from 2001 until mid-2004.

``We will continue to work closely and cooperatively with our regulators," Mudd said in a statement today. Fannie Mae owns or guarantees about 20 percent of the $8.5 trillion residential U.S. mortgage market.

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`Thirst-quenching' Development

Fannie Mae's shares rose $1.94, or 4 percent, to $51.11 as of 12:55 p.m. in New York Stock Exchange composite trading after reaching $51.92 earlier in the day. The stock was trading at more than $75 in September 2004, prior to initial reports that the company violated accounted rules.

``You've got a shareholder base that has been thirsting for evidence that Fannie Mae and Freddie Mac are making progress in getting through their time in a barrel," said Charles Gabriel, a senior political analyst at Prudential Equity Group in Washington. The end of the Justice Department probe ``is like a thirst-quenching first dose of water."

McLean, Virginia-based Freddie Mac, Fannie Mae's main rival, disclosed in 2003 $5 billion in accounting mistakes.

Congress created both companies to increase money available for home loans, a mission they pursue by buying mortgages from banks and reselling them as securities. The firms make money on fees charged to lenders for guaranteeing loans, and also profit by holding mortgage securities in their investment portfolio.

`Cookie Jar' Reserves

The Justice Department began its probe after the SEC in December 2004 ordered Fannie Mae to restate earnings following findings that executives used improper ``cookie jar" reserves and deferred expenses to smooth earnings and reach targets for bonuses.

Ofheo said in a 340-page report on May 23 that Fannie Mae's board failed to act independently of Raines and had ``serious problems of internal control." Raines was fired in December 2004. Ofheo directed the company to limit the portfolio to its December 2005 level of $727.2 billion. The cap will remain until the company improves accounting, internal controls, governance and other operations, Ofheo said. The portfolio generates about two-thirds of company profits.

Legislation

The Bush administration has tried to persuade Congress to create a tougher regulator for Fannie Mae and Freddie Mac since 2003.

The House of Representatives in October passed legislation that would create a stronger regulator with power to tighten capital standards, bar new lines of business and close down Fannie Mae and Freddie Mac in the event of default. The legislation would also give a new regulator authority to reduce the companies' combined $1.4 trillion mortgage portfolios.

Similar legislation hasn't gone to the Senate floor for a vote because Democrats on the banking committee oppose a provision requiring a regulator to cut the mortgage holdings.

A downturn in the real estate industry and the prospect Democrats may gain a majority in the House in November elections have reduced the prospects for passage, Gabriel said.

Sales of previously owned homes fell more than expected in July, pushing the supply of unsold homes to the highest level in a decade, the National Association of Realtors said Aug. 23.

Many lawmakers ``will be focused on a number of other issues in this very hurried September" legislative session, Gabriel said.

To contact the reporter on this story: James Tyson in Washington at jtyson@bloomberg.net

UPDATE: Fannie Mae Told Justice Dept Probe Discontinued (DOW)

By Damian Paletta, Of DOW JONES NEWSWIRES

Dow Jones, August 25, 2006

WASHINGTON -(Dow Jones)- The U.S. Justice Department notified Fannie Mae (FNM) that it had "discontinued" its two-year investigation into the company, the mortgage giant announced Thursday, but it is unclear whether former and existing executives will face individual charges.

Fannie Mae announced that the U.S. Attorney's Office for the District of Columbia has said it "does not plan to file charges against the company."

Fannie Mae's stock price jumped 4.90% to $51.58 at 11 a.m. EDT on the news.

A Justice Department spokesman wasn't immediately available for comment. Fannie Mae wouldn't say when or how it was notified.

Fannie Mae was initially told of the investigation in October 2004. In May, the Securities and Exchange Commission and the Office of Federal Housing Enterprise Oversight fined Fannie Mae$400 million for its accounting problems, alleging that senior executives manipulated earnings to trigger millions of dollars in bonuses.

The SEC said it has closed its investigation into the company, but not into individuals. A spokeswoman for OFHEO said it was also reviewing past executives.

"On May 23, 2006 OFHEO entered into a consent order with Fannie Mae," she said. "However, OFHEO is currently reviewing potential civil and administrative actions against former executives of Fannie Mae."

Fannie Mae's former chief executive officer Franklin Raines and former chief financial officer J. Timothy Howard are also facing a shareholder class action led by Ohio Attorney General Jim Petro.

Attorneys for Raines and Howard didn't return messages Thursday asking whether they had also received notification from the Justice Department.

Earlier this month, Fannie Mae said it had finally uncovered all of its accounting mistakes and planned to complete its 2004 restatement by the end of this year.

"We will continue to work closely and cooperatively with our regulators as we move forward to carry out the terms of our agreements, complete our restatement and build a better company," Fannie Mae President and Chief Executive Daniel H. Mudd said in a press release Thursday.

Rival Freddie Mac (FRE), which is rebuilding from its own accounting scandal, said this spring that it is still under investigation by the Justice Department.

"We can't comment on pending investigations," said a spokesman for Chuck Rosenberg, U.S. Attorney for the Eastern District of Virginia.

Freddie Mac is also under investigation by the SEC, which in early 2004 issued the company a "Wells Notice," a notice that notifies a company that SEC officials are considering civil charges for possible violations of securities laws.

Justice Department Ends Two Year Probe Of Fannie Mae (AFP-Y)

AFP, August 25, 2006

The US Justice Department has ended a probe into mortgage finance giant Fannie Mae's accounting practices and will not file charges against the government-chartered firm, Fannie Mae said.

Fannie Mae agreed to pay a 400-million-dollar fine in May under an agreement with the Securities and Exchange Commission for accounting violations after an audit reported "an arrogant and unethical corporate culture."

The Justice Department had been probing the firm for almost two years for possible criminal misconduct related to improper accounting and earnings manipulation which triggered bonuses for senior executives from 1998 to 2004.

"Fannie Mae today announced that it has been advised by the United States Attorney's Office for the District of Columbia that it is discontinuing its investigation and does not plan to file charges against the company," the company said in a statement.

"We will continue to work closely and cooperatively with our regulators as we move forward to carry out the terms of our agreements, complete our restatement and build a better company," said Fannie Mae chief executive Daniel Mudd.

Ex-chief executive Franklin Raines and ex-finance director Timothy Howard were both sacked in 2004 in the wake of the scandal.

The audit found Fannie Mae had poor internal controls, and as a result overstated reported income and capital by an estimated 10.6 billion dollars from 1998 to 2004.

Concerns were raised about Fannie Mae's accounting and restatements because it is the world's second largest borrower after the US government.

Under the terms of the May settlement, the mortgage giant also agreed to implement new accounting practices and internal controls, and not to increase its mortgage portfolio assets unless approved by government regulators.

Fannie Mae's stock was up 2.33 dollars, or 4.7 percent, at 51.50 dollars in mid-morning deals.

The Justice Department had opened its probe into Fannie Mae's accounting in October 2004.

Lay Estate Deal Near On Enron Retirement Fund (HC)

By John C. Roper

Houston Chronicle, August 25, 2006

The estate of the late Ken Lay is expected within days to reach a settlement in a lawsuit involving Enron's retirement fund that could bring thousands of former workers a step closer to receiving their share of a payout.

Such a settlement would leave former Chief Executive Jeff Skilling as the only remaining defendant in the suit that alleges the administrators of the company's retirement plan — as well as outside directors, Lay and Skilling — failed to adequately diversify Enron's 401(k).

The retirement plan was heavily laden with Enron stock. Employees who were invested in it lost hundreds of millions of dollars when Enron collapsed.

Former Enron employees may still have a long wait, as funds cannot be distributed until all the defendants have settled or the matter is resolved in court. Plus, Skilling appears to be bracing for a fight.

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At a brief scheduling conference today for the case in a Houston federal court, Seattle-based attorney Lynn Sarko, who represents the employees, told the court his team had been negotiating with Lay's estate and that they were "within days" of reaching a settlement.

A smiling U.S. District Judge Melinda Harmon said she was pleased with the development.

Harmon has already approved settlements totaling $264.3 million collected on behalf of former Enron employees who had 401(k) plans with company stock. Some $23 million in legal fees and $874,902 in legal expenses will be subtracted from the $264.3 million.

Just how much the Lay estate may add to the pot was not disclosed at the hearing.

However, Marvin Nathan , a lawyer representing the Lay estate, confirmed to the judge that the negotiations were nearing finality. Nathan declined to comment when asked for details outside the courtroom.

A settlement by the estate, which is overseen by Lay's widow, Linda Lay, is being viewed as a sign that the family wishes to move on and get away from litigation.

"It basically says that the Lay family is ready to resolve their differences and pay a fair percentage of their responsibility," Houston defense attorney Joel Androphy said.

Androphy, who has closely monitored the myriad litigation surrounding the Enron scandal, said if the Lays were to hunker down and fight, "there would be nothing left for them."

Lay's estate still faces a massive shareholder lawsuit and another being brought by the Securities and Exchange Commission, which was put on hold during the criminal proceedings that found Lay guilty of all 10 counts he faced.

And the Justice Department could file its own civil suit against his estate this fall.

But there may not be much for those suits to target.

Lay, who died July 5, claimed in his criminal trial to be worth a negative $250,000. His assets identified by prosecutors include his home in River Oaks valued at around $5 million and a Goldman Sachs investment fund worth more than $6 million.

So far, the suit has produced several settlements.

In July, Harmon gave final approval to a $37.5 million settlement with Northern Trust, the trustee of Enron employees' 401(k) plan in 2001 when the company went into bankruptcy.

Also, attorneys for the employees previously settled with former Enron officers and directors for $85 million and sold a settlement claim from Enron in bankruptcy court for $135 million.

Attorneys representing the employees said today they had made no headway in reaching a settlement with Skilling, whose lawyers indicated they plan to fight.

"With respect to Mr. Skilling, we've had discussions and they have not been fruitful," Sarko told the judge.

Sarko then pressed the judge to quickly schedule a trial in her courtroom to hear the employees' case against Skilling.

"We are competing with those frozen assets," Sarko said, referring to the more than $50 million in Skilling's assets the government has frozen and the efforts by other civil suits and prosecutors to get at them. "They are just sitting there. We have an obligation to go after the $50 million."

Jeffrey Barker, a Los Angeles attorney representing Skilling, quickly countered that any trial should be scheduled months if not years from now.

"We'll be in a better position if we can wait until after the sentencing" and for Skilling to exhaust his appeals, said Barker, adding that it was "unfair to have Mr. Skilling fight on two fronts."

Harmon appeared to side with Sarko.

"Unless you convince me otherwise, I think the case should be heard quicker," Harmon said.

She then instructed Barker to file a motion by Sept. 6 that shows a legal reason for her to wait.

Barker then argued that his law firm, O'Melveny and Myers, was heavily burdened by the complex sentencing of its client and that having the civil trial at the same time was akin to "putting a gun to our head."

Skilling is scheduled to be sentenced Oct. 23. Prosecutors are asking the judge to force Skilling to forfeit some $183 million, an amount they say combines the ill-gotten gains of both him and Lay.

Androphy believes it is unlikely Skilling will settle in the employee suit, at least anytime soon.

"I think Skilling believes at the end of day he is not about to pay a penny based on his conviction until an appellate court affirms it," Androphy said.

john.roper@chron.com

KB Home Says SEC Will Probe Its Granting Of Stock Options (WSJ)

By Michael Corkery

The Wall Street Journal, August 25, 2006

KB Home said that the Securities and Exchange Commission will be conducting an "informal inquiry" into the company's stock-option grants.

On Wednesday, The Wall Street Journal reported1 that several past stock-option grants to Bruce Karatz, the Los Angeles home builder's chief executive, were dated at unusually low points in the company's stock price. KB Home said late yesterday that it would cooperate with the SEC probe.

Four grants to Mr. Karatz between 1998 and 2001 were propitiously timed. One was dated at the stock's lowest closing of the year, another at a quarterly low, and the remaining two at monthly lows.

Mr. Karatz was one of the highest-paid executives in the U.S. in 2005, according to the Journal's annual survey of executive compensation. His total direct compensation in 2005 was $155.9 million, the bulk of it coming from exercising options, according to the Journal article. KB Home has said his compensation was based on company performance.

With the informal SEC inquiry, KB Home joins scores of other companies facing federal probes of their option-granting practices. The probes are concentrating on the practice of backdating, in which an option's grant date is manipulated so that the grant appears to have been made at a time when the company's share price is low. That increases the potential profit to the option's recipient.

Backdating has led to civil and criminal fraud charges in a few cases, while the practice also can present accounting and tax troubles. Earlier this month, federal prosecutors charged three former executives of Comverse Technology Inc. in an alleged backdating scheme; one remains a fugitive. Two former officials of Brocade Communications Systems Inc. have also been criminally charged with backdating-related offenses.

Write to Michael Corkery at michael.corkery@wsj.com9

CRIMINAL LAW:

Four Indicted In Katrina Fraud Case (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, August 25, 2006

GULFPORT - Four people have been indicted in a Hurricane Katrina fraud case that accuses them of defrauding the federal government of more than $700,000 from a debris-removal conspiracy in Pearl River County.

U.S. Attorney Dunn Lampton announced the indictment here today, identifying the suspects as Allen Kitto, 24, of Dundee, Fla.; Clinton K. Miller, 28, of Carriere; and Devin Chuter and Lauren Robertson, both 23 and of Picayune.

The indictment identifies Kitto as owner of J.A.K. DC&ER, Inc., a subcontractor working in Pearl River County, and the other three as working for a debris-removal monitoring company in the county.

The indictment alleges Chuter and Robertson signed false debris-load slips for debris that was never moved and that Miller collected the false slips from them, paid them for the false loads and gave them "hush money."

Kitto, according to the indictment, deposited the payment money into a bank account and wrote checks to an unindicted co-conspirator, who cashed the checks and gave the cash to Kitto and Miller.

Lampton said the maximum penalty for conspiring to defraud the government is five years in prison and a $250,000 fine.

Lampton announced the indictment during a visit to Gulfport by Alice Fisher, assistant attorney general for the Department of Justice criminal division in Washington, D.C.

The Sun Herald looks at Katrina-fraud cases and related issues in tomorrow's edition.

4 Indicted Over Katrina Debris Removal (AP)

AP, August 25, 2006

GULFPORT, Miss. -- Four people have been indicted on charges of falsifying records of debris cleanup from Hurricane Katrina and billing the federal government more than $700,000 for work they didn't do.

Those charged Thursday were Allen Kitto, 24, of Dundee, Fla., whose company was a subcontractor for debris cleanup in Pearl River County, near the Louisiana border; and Clinton K. Miller, 28, Devin Chuter, 23, and Lauren Robertson, 23, who worked as debris removal monitors, said U.S. Attorney Dunn Lampton.

According to the indictment, Chuter and Robertson signed false slips misrepresenting that debris was loaded onto trucks and delivered to a dump site. Lampton said that in most instances, the two created and signed the false load slips at their homes and the work was not done.

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The indictment also charges that Kitto, in an effort to conceal the conspiracy, would deposit the funds into a bank account opened in the name of one of his employees and then write a check to an unindicted co-conspirator, who would then pay Kitto and Miller.

Lampton would not release further details on the co-conspirator.

Miller would then pay Chuter and Robertson for completing and signing the false load slips, according to the indictment.

The four were charged with conspiracy to defraud the United States. If convicted, they could be sentenced to five years in prison and a $250,000 fine.

Katrina Begat Sorrows But Also Lots Of Greedy Frauds (SH)

By Lisa Hoffman

Scripps-Howard, August 25, 2006

Tina Marie Gilmore said she lost her two young daughters in the floodwaters that besieged New Orleans, suffering the unimaginable horror of watching the girls float away but being helpless to save them before they disappeared.

She bore other losses as well from Hurricane Katrina: destruction to her home on Cedar Street and $10,075 worth of personal property. Soon after the storm, Gilmore asked the Federal Emergency Management Agency to help her with financial disaster assistance. FEMA sent her $4,358.

Turns out, her real name was Tina Marie Winston, she had no such daughters, her New Orleans "address" didn't exist and, when Katrina struck nearly a year ago, she actually was in Belleville, Ill., where she had lived for more than a year. She was indicted on federal fraud charges in June.

Gary Kraser also bore testament to the heartbreak the storm brought, and the desperate and costly struggle to help the survivors. On a Web site dubbed AirKatrina.com, Kraser recounted the flights he piloted to Louisiana, bringing medical supplies and helping to evacuate the sick. One flight carried a 7-month-old in critical need of transplant surgery, he said.

A North Miami resident, Kraser said he had organized a group of Florida pilots to help, but they needed money for fuel. Within two days, he had collected almost $40,000 in donations from sympathetic strangers around the world. He vowed that "every dollar, every nickel" would go toward the flights.

They didn't. Kraser was not what he seemed. Not even a pilot, Kraser was unmasked as a con man who concocted the stories to bilk the gullible. In May, a judge sentenced Kraser to 21 months in the slammer.

These are just two of the hundreds of suspected fakes and frauds who have been caught by a phalanx of federal and state investigators fighting a flood of post-hurricane wrongdoing that continues to swell a year after Katrina hit last Aug. 29.

"It's a full-employment act for FBI agents," FBI assistant director James Burrus said.

At last count, there were at least 785 criminal cases under investigation by the Hurricane Katrina Task Force, a joint effort of 19 federal agencies, including the Department of Homeland Security, the U.S. Postal Service, the Defense Department and even the Environmental Protection Agency. State prosecutors in Louisiana, Mississippi and Texas are similarly swamped. And scores more cases wait in the wings.

"The number of these Katrina fraud cases continue to build and already hundreds are pending in our office," Mississippi U.S. Attorney Dan Lampton said.

A new Mississippi indictment was announced Thursday that charged four people with faking paperwork to show that a Pearl River County, Miss., debris-removal contractor had hauled away more than $716,000 worth of debris, when it actually had done no such thing.

The U.S. Justice Department said task-force investigations alone have so far resulted in charges against more than 380 individuals in 30 federal judicial districts across the country, according to a Justice official who was not authorized to be named.

Most of the cases fall into the same categories as Hinton and Kraser _ individuals allegedly trying to bilk benefit checks from the government or "donations" from unsuspecting donors. Caught in the net have also been FEMA employees, local public officials, contractors and disaster-relief volunteers.

Abetting those looking to make a dirty buck is the sheer enormity of the amount of money up for grabs _ nearly $100 billion in public funds for relief, recovery and economic development.

Also contributing to the vast scope of apparent wrongdoing was the confusion that surrounded the weeks after Katrina struck and the pressure FEMA and other aid outfits were under to disburse money quickly to tens of thousands of displaced people.

Some government-spending watchdogs hold FEMA and other agencies to blame for fertilizing the fraud with their mismanagement and poor oversight. They also are concerned that prosecutors might be "cherry picking" relatively easy cases to rack up the numbers of investigations to demonstrate their diligence.

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"Are we holding the big fish accountable?" said Scott Amey, general counsel for the Project on Government Oversight, which has been critical of the government's performance.

FBI official Burrus says the answer to that is a resounding "yes."

He says the bureau and the task force are relentless in their pursuit of those who are ripping off taxpayers and donors, whoever they are.

"We're not overlooking anything," Burrus said, invoking Attorney General Alberto Gonzales' vow to have "zero tolerance" for hurricane-related miscreants. "We prosecute everyone."

Among those snared so far is the executive director of a nonprofit group charged with money laundering and filing false tax returns of more than $350,000. A hotel owner was charged with defrauding FEMA of $232,000 in false hotel-room charges.

Two temporary FEMA employees were arrested on charges of soliciting a $20,000 bribe in exchange for inflating a catering contract. And the FBI and the U.S. Secret Service have shut down 60 Web sites that appeared to be involved in fraud.

So far, FEMA and the Red Cross say they have amassed more than $8 million in disaster-aid funds that have been voluntarily returned by recipients. Some repayments have been accompanied by letters professing that they were mistakenly paid or confessing to fraud, while others have been anonymous remittances via money order. A few people have asked to arrange a payment plan for reimbursing the government for benefits they took but weren't entitled to.

Others apparently ponied up to avoid criminal charges. "(I)ndividuals have returned funds because they believed they were not entitled to the funds under any circumstances and wanted to avoid possible prosecution," a Katrina task-force progress report concluded.

(Contact Lisa Hoffman at HoffmanL(at)shns.com.)

Safavian Asks Judge To Overturn Conviction (WP/AP)

The Washington Post, August 25, 2006

A former Bush administration official convicted of lying about his relationship with lobbyist Jack Abramoff asked a judge yesterday to overturn the verdict or grant him a new trial.

David H. Safavian, former chief of staff of the General Services Administration, was convicted in June of obstruction of justice and making false statements. His attorneys argued that the charges did not meet the legal standard for conviction. They also argued that U.S. District Judge Paul L. Friedman improperly admitted e-mails between Abramoff and Safavian as evidence. The e-mails discuss two pieces of GSA-controlled property that Abramoff wanted for himself or his lobbying clients.

Many of the e-mails were written around the time that Safavian accepted a week-long trans-Atlantic golfing trip from Abramoff.

Friedman heard more than two hours of arguments Wednesday but did not issue an opinion.

Defense attorney Albert Lambert maintained that when Safavian told GSA officials that Abramoff did not have business with the agency, he was not lying because the wording was ambiguous. Lambert said that Safavian was never advised of the consequences of lying and that his statements did not hinder any investigations.

"They argue that it's acceptable for a public servant to willfully speak half-truths with the intent to deceive," prosecutor Nathaniel B. Edmonds said.

Friedman said he thinks allowing jurors to see the e-mails was appropriate. "I'm not sure there's anything you said in your briefs or in here that persuades me that I was wrong," he said.

Safavian faces up to five years in prison on each count.

Judge Skeptical Of Argument For New Trial In Safavian Case (GOVEXEC)

By Jenny Mandel

Government Executive, August 25, 2006

A judge who presided over the trial of convicted former Bush administration official David Safavian on Thursday heard arguments on a motion to hold a new trial, but he said it was unlikely he would reverse his decision on a key prosecution point. He confirmed an October sentencing date.

D.C. District Judge Paul Friedman heard arguments by defense attorney Albert Lambert on legal theories to dismiss each of the four counts on which Safavian, former head of the Office of Management and Budget's procurement policy shop, was convicted in June. The charges were related to his dealings with lobbyist Jack Abramoff and participation in a golfing trip to Scotland in 2002, while serving as chief of staff at the General Services Administration.

Lambert argued that Safavian's due process rights were violated because he was not informed, during interviews with the GSA inspector general's office and with an investigator for the Senate Committee on Indian Affairs, of the legal implications of his

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participation. Safavian should have been informed, in a disclosure similar to the reading of Miranda rights, that his words could be used against him in court, Lambert argued.

The defense also argued that the extent of what Safavian was required to disclose was unclear, and that statements he made regarding whether Abramoff had business with the GSA, which led to a false statements charge, were reasonable based on a plausible definition of "doing business."

Throughout the presentation, Friedman posed questions and probed various aspects of the arguments, laid out in a series of motions by both sides over the last two months. But when Lambert presented an argument that a slew of e-mails between Abramoff and Safavian should have been barred from evidence under rules that exclude hearsay, Friedman appeared unconvinced.

The judge pointed out that in first deciding to admit the e-mails he had spent days reading through them and entertaining various distinct legal arguments on the 250 or so messages presented. "I gave it my best shot, and it's a big issue in this case, and it's a great issue on appeal," Friedman said. But he said it would be difficult to convince him to change his mind.

"Some of the calls I made were close calls," he said. "I'll look back to the cases you cite, of course, but that's sort of my reaction," Friedman said.

Nathanial Edmonds, arguing for the prosecution, rebutted Lambert's points and argued that the convictions should stand.

Friedman promised to decide on the motion "very soon," and moved ahead to address scheduling matters related to Safavian's sentencing, tentatively set for Oct. 12.

Each count on which Safavian was convicted carries a certain number of points that corresponds to a recommended sentencing range. The charges he faces carry 14 points, corresponding to a 15- to 21-month recommended sentence, according to his lead defense lawyer, Barbara Van Gelder.

Justice Department lawyer Peter Zeidenberg, in arguments, revealed that the prosecution will argue for a two-point upward adjustment on the grounds that Safavian had obstructed justice by lying under oath, and that his actions represented an abuse of trust.

Friedman observed that the abuse of trust argument could be difficult to make since Safavian was not charged with having a quid pro quo arrangement, and Van Gelder, in a comment following the hearing, said the obstruction argument should not stand because it duplicates a count on which he was convicted.

Friedman decided to keep the sentencing date, but said it could be pushed back if necessary because of motions on sentencing or other logistical barriers.

Crime Lab Designed To Help Find Pornographers, Victims (AP)

By Matt Slagle

AP, August 25, 2006

DALLAS — Authorities said Thursday they're encouraged by a new computer system designed to find victims of child pornographers and capture the perpetrators by using the very tool responsible for proliferation of the crime: the Internet.

The so-called Victim Identification Lab, tested for the first time during a law enforcement conference this week in Dallas, is designed to help local, state and federal authorities across the country share information and develop new leads in tough child porn cases, said Michelle Collins of the National Center for Missing and Exploited Children.

"The volume of porn on the Internet is just rapidly increasing," Collins said. "But child pornography is not a computer crime — these are sexual abuse cases."

The lab is a test for now. The system on display during the Crimes Against Children Conference was basically a room with 30 notebook computers connected to a database of 50 real case files.

Each file includes a picture or a video of a child porn victim, as well as a field where officers can write notes to each other with tips or possible leads.

The case file images have been edited to remove any trace of sexual abuse. But the child's faces are visible, as are potentially crucial background clues such as hotel signs, T-shirts or road signs. Often, it's these small details that can make or break a case, authorities said.

Because the jurisdictional boundaries have been blurred dramatically by the Internet, it's really important that all law enforcement work together, said Lt. Ches Williams, who oversees the crimes against children unit for the Dallas Police Department.

"This lab has made it very easy for a lot of people who would not normally see these photos to look at them and maybe weigh in on them," he said. "They may have some info about the victim, they may recognize the background, they may recognize the park where the pictures were taken, so I think it's tremendously important."

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The National Center for Missing and Exploited Children is working with the FBI and other federal agencies to expand the lab so officers and prosecutors can log in to a secure Web site and check cases from anywhere in the country.

Though specifics were not available, Collins said the plan is to roll out they system sometime in the fall.

According to a Justice Department study, one in seven children using the Internet has been sexually solicited and one in three has been exposed to unwanted sexual material. One in 11 has been harassed.

"I think the more eyes we get on each photograph, the more opportunities we have to identify kids and get them out of the situation that they're in," Williams said.

Karr Lands In Colorado (WT)

By Valerie Richardson

The Washington Times, August 25, 2006

BOULDER, Colo. -- John Mark Karr arrived here last night to face charges in one of the century's most notorious unsolved crimes, the JonBenet Ramsey killing.

The suspect took a three-hour flight from Los Angeles to the Jefferson County airport in Broomfield on a Colorado State Police twin-engine aircraft known as "the governor's plane."

A judge is expected to issue an order today scheduling Karr's initial advisory hearing.

Even as Karr, dressed in a red shirt and dark slacks, was moved from the plane to an unmarked black sport utility vehicle for his drive to the Boulder County jail, questions resurfaced about the strength of the case against him.

A court filing released yesterday described the case against him as being in the "very early stages."

The document said the Boulder District Attorney's Office had been unaware of Karr's identity until Aug. 11, five days before he was arrested in Thailand, but moved to arrest him before he could be tipped off to the investigation and flee.

Karr, 41, is wanted on a warrant charging probable cause for first-degree murder, first-degree felony murder, kidnapping and sexual assault on a child. However, no evidence has emerged to prove that he ever lived in or even visited Colorado, much less the idyllic university town where 6-year-old JonBenet was killed.

Karr's first few hours at the jail will include physical and mental evaluations, Boulder County Sheriff Joe Pelle said. Karr will be locked alone in an 8-by-10-foot cell, away from the other 480 inmates.

"Anybody that's in jail in our population that faces these kinds of charges, charges against children, faces some danger," Sheriff Pelle said.

JonBenet was found beaten and strangled Dec. 26, 1996, in a back room off her family's basement. Hours before her body was discovered, her mother called police after finding a three-page ransom note on the back stairs demanding $118,000 for her safe return.

Authorities said Karr confessed to the killing after he was arrested Aug. 16 in Bangkok. At a press conference the next day, Karr told reporters that he was with JonBenet when she died and that her death was accidental, but he never exactly said that he killed her.

He also refused to provide details about the killing, saying it would take hours to give the full story. Skeptics quickly labeled him a serial confessor, not a murderer, pointing to his history of obsession with the Ramsey case. Several acquaintances said he was consumed by the case and claimed to love JonBenet.

Karr's history resembles the common profile of a pedophile. He worked primarily in jobs that kept him in contact with young children, such as substitute teacher and day care helper. He was fired from a substitute teaching job in Hamilton, Ala., after parents complained about his odd rapport with children.

In 1997, the Marion County Department of Human Resources issued a two-year license for Karr to operate a home day care center out of his rural northwest Alabama home, said John Bradford, a spokesman for the Alabama Department of Human Resources.

Ramsey Suspect Sent To Colorado (LAT)

By Nicholas Riccardi, Times Staff Writer

The Los Angeles Times, August 25, 2006

John Mark Karr has not been charged in the 6-year-old's 1996 killing. Prosecutors say the investigation is in its `very early stages.'

DENVER — The man suspected of killing 6-year-old JonBenet Ramsey was brought to Colorado on Thursday, even as the Boulder district attorney's office acknowledged in court papers that its investigation "is still in its very early stages."

DOJ_NMG_0053395

John Mark Karr told reporters in Thailand, where he was arrested last week, that he was with the child beauty queen when she died in 1996; her body was found the day after Christmas. Karr was flown to Los Angeles on Sunday and waived his extradition hearing Tuesday.

On Thursday, Colorado authorities flew him in a state prop-jet from Long Beach Airport to a commuter airport in a Denver suburb. They did not announce when they were transporting him, in hope of eluding the media, but word leaked and TV helicopters followed the caravan of vehicles that took Karr, 41, from the runway to the Boulder jail.

Karr's arrest came after a University of Colorado journalism professor who engaged in a four-year e-mail correspondence with Karr alerted the Boulder district attorney's office in May. Prosecutors issued a warrant last week for Karr, a schoolteacher, but sealed the affidavit explaining why they believed he was responsible for the death.

Media organizations have asked a judge to unseal the affidavit. But in a filing Wednesday, the district attorney's office asked for the affidavit to remain sealed until Sept. 7 because the evidence it described had not been disclosed publicly.

Assistant Dist. Atty. William Nagel wrote that investigators only zeroed in on Karr five days before his Aug. 16 arrest and were unable to contact certain witnesses for fear that the suspect would become alerted to their investigation and flee.

Karr's ex-wife has said since then that he was with her in Alabama when the girl died, and his biological family says he apparently spent that Christmas in Georgia.

"This case is not yet in court," Nagel wrote. "Rather, it is still in the investigative stage."

Once Karr is booked, the district attorney's office must bring him to court within 72 hours to set his bail and ensure he has an attorney.

They can file criminal charges after that appearance. Normally, charges are filed within 48 to 72 hours of a first court appearance in Colorado, but a judge can waive that deadline.

Legal experts in Colorado are divided over what is likely to happen next. Some say they believe that, after additional investigation, Dist. Atty. Mary Lacy could conclude that Karr is falsely claiming responsibility for the killing and not file charges against him. But others say they believe that Karr's presence in Colorado means he will inevitably be prosecuted.

"There are not enough eggs in the world to put on the face of Mary Lacy if she brings this guy back without charging him," said Craig Silverman, a former chief deputy district attorney in Denver. "Nobody on the outside can be positive that this man actually did the crime, but I am positive he is going to be charged with the crime."

Landlord In Costa Rica: Karr Said He Was 'Like A Wolf' Sexually (FINDLAW/AP)

By Marianela Jimenez, Associated Press Writer

AP, August 25, 2006

(AP) - SAN JOSE, Costa Rica-John Mark Karr bragged to his landlord's wife that sexually he was "like a wolf," and said he "liked little boys and girls" when he worked in Costa Rica as an English teacher, his former housemates told The Associated Press.

Karr, now jailed in the United States after his arrest in Thailand, faces a Colorado warrant for the 1996 murder of 6-year-old JonBenet Ramsey.

Karr traveled around the world in recent years, including brief stays in Honduras and Costa Rica, where he rented a room in 2004 from Canadian John Hall, who now teaches at a private university in the capital of San Jose.

"I had to kick him out because he was obviously a pervert and I was worried about the safety of my wife and my stepdaughters," Hall told The Associated Press.

Hall, 42, told AP in an exclusive interview that he rented a room to Karr through an Internet posting, because his family needed the money. Karr told him at the time that he was in Germany taking care of a family. Hall said he e-mailed the family to get a reference, although now he believes Karr was the one who responded and gave the recommendation.

Hall said Karr was a "ham" but that his "sense of humor started to turn twisted and perverted."

Hall said he asked him to move out after about five weeks because Karr was saying "rude and inappropriate things" to his Costa Rican wife and stepdaughters, then 16 and 20.

"I threw him out because he was causing problems for them," Hall said. "Eventually he told my wife that he 'was sexually like a wolf,' and after that I asked him to leave."

One stepdaughter, now 22, told The Associated Press that Karr had said several times that he liked the "little ones."

"My mother asked him why he wasn't looking for a girlfriend in Costa Rica and he said that he doesn't like adult women, only the little ones," said the stepdaughter, who spoke on condition her name not be published. "I thought he was referring to young women at the time; I never imagined that he was referring to little girls."

Hall said that Karr would often either talk incessantly, or sit in his room and listen to dark rock music, like that of Marilyn Manson, something that also bothered the Halls, who are Pentecostal Christians.

"We started getting pretty scared," Hall said, when Karr described himself as "sexually ambiguous" and said he "liked little boys and girls," in conversations with the family and even visitors to the house. Hall said he also told him "he thought my stepdaughter ... was cute."

Hall said Karr never touched his wife or stepdaughters, or did anything else criminal in Costa Rica that he was aware of, so he didn't alert police.

But after kicking Karr out, Hall said, he remained suspicious enough to do a computer search to see if he was a sex predator.

"I suspected he was a pedophile. I looked on the Internet to see if there was something on him, but I didn't find anything," he said.

The following year, Karr taught for eight months at a small primary school in La Esperanza, Honduras, 60 miles (96 kilometers) from the Honduran capital of Tegucigalpa, according to Renan Marquez, the school's chief administrator.

Marquez said Karr taught second grade but left because he had a contract with a school in another country; he didn't know which. Marquez told AP by telephone that Karr was always "reserved, shy, responsible, organized and punctual."

Karr "required a lot of discipline" of his second-grade English students, Marquez said. "I never saw anything strange in his treatment of the children."

Police in Costa Rica and Honduras told the AP they have no records of any complaints about Karr. "If Karr committed a crime in this country, nobody reported it," said Lorena Calix, spokeswoman for prosecutors in Honduras.

Hall said at one point Karr appeared to want to discuss a famous U.S. murder case with him.

"I think it was about the Ramsey girl, but the conservation didn't continue because i didn't know anything about the topic," Hall said.

Still, Hall said his family was shocked when they heard of Karr's arrest.

"My wife told me that God protected us," Hall said. "I believe it's possible he could have committed this crime, but I also think it's possible he's caught up in a big lie."

Associated Press Writer Freddy Cuevas in Tegucigalpa, Honduras, contributed to this report.

Alleged Cuban Spy Says FBI Promised No Arrest (BRAH)

By Curt Anderson

The Bradenton Herald, August 25, 2006

MIAMI - A college professor charged with being an illegal Cuban agent testified Thursday that he only divulged details about "my past" with the Havana government because he believed FBI agents had promised that he wouldn't be prosecuted if he was truthful.

"I did consider it as a promise," said Carlos Alvarez, indicted along with his wife Elsa on charges of acting as longtime Cuban intelligence operatives. "Otherwise, why would I have said the things I said about my past life? I said a lot. I said everything, basically."

Alvarez, a psychology professor at Florida International University, testified at a hearing on his motion to throw out his purported confession as evidence. The motion contends that the FBI agents made promises of immunity from prosecution and that he also had no real choice in deciding whether to speak with them.

"I felt that if I refused to talk with them, I would be in trouble," he said.

Alvarez did not specifically admit Thursday that he or his wife were Cuban intelligence agents as alleged by prosecutors. They have pleaded not guilty to the charges and face trial in early 2007.

The FBI agents - Albert Alonso and Rosa Schureck - both testified that they made no firm promises to Alvarez and insisted that he was told he was free at any time to leave the interviews, conducted on June 22-23 and July 1, 2005, at a hotel in the Miami area. Two of the sessions were videotaped.

Alonso and Schureck said their goal in meeting with Alvarez was not to gather evidence in a criminal case but to persuade him to become a double agent who would keep his alleged links to Cuba's intelligence service, but secretly work for the U.S. government to gather information about President Fidel Castro's government.

"We did not promise him anything," Schureck said. "We were approaching Mr. Alvarez not only to talk to him but to solicit his cooperation with the government of the United States."

Ultimately, however, the two FBI agents said Alvarez refused their offer and he and his wife were arrested some six month later. The purported confession is a keystone to the prosecution's case, lending great importance to the hearings on whether it will be allowed as evidence.

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In his testimony Thursday, Alvarez said the two agents repeatedly invoked his family, including his 13-year-old daughter, in saying his truthfulness and willingness to cooperate would determine their future.

"Whenever my children are mentioned, I'm taking it as a threat," Alvarez said. "To me, it was a subtle message."

Alvarez also testified that he was led to believe he would not face criminal charges if he gave the FBI agents what they wanted.

"I felt that first of all, I would not be arrested. My family would continue the life we were living ... there would be no scandal," he said.

The FBI agents testified earlier that they made no such threats or promises.

Prosecutors say Alvarez, 61, and Elsa, 56, spied for Cuba's communist government for decades, mainly reporting on activities of Cuban-American exile groups in Miami and on U.S. political affairs. There are no allegations that either passed on any U.S. government secrets or military information, as some past spies have done.

U.S. Magistrate Judge Barry Garber scheduled a third day of testimony Friday in the case.

Atlanta Jailer Pleads To Bribery Charges (AJC)

By Mike Morris, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, August 25, 2006

A jailer at the Atlanta City Detention Center pleaded guilty Thursday to federal bribery charges.

Nathaniel Gray, 41, of Riverdale, will be sentenced by U.S. District Judge Beverly B. Martin on Nov. 8.

Gray was indicted in April on one count of bringing contraband into the city jail, and one count of accepting money to bring contraband into the jail in violation of his official duty.

He pleaded guilty Thursday to both counts, and could receive a maximum sentence of 16 years in prison and a fine of up to $350,000.

Authorities said Gray, who had worked at the jail twice for a total of seven years, sold cellphones, alcohol and cigarettes to inmates.

"Prison guards are entrusted with maintaining order and discipline among inmates, many of whom have been charged with or convicted of violent crimes," said U.S. Attorney David E. Nahmias.

"The introduction of contraband into a prison threatens that order and discipline, and it can also create danger for other inmates and guards," Nahmias said.

Bronx Pol To Surrender To Feds (NYDN)

By Bob Kappstatter, Daily News Staff Writer

New York Daily News, August 25, 2006

Longtime Bronx State Sen. Efrain Gonzalez will surrender to federal authorities today to face charges of misappropriating government funds, the Daily News has learned.

A sealed 19-count indictment reportedly charges Gonzalez with using grants and contracts acquired for various community groups to siphon money back into his own pocket. One group named is the West Bronx Neighborhood Association, an alleged dummy organization.

The indictment stems from a two-year probe by the FBI and federally-deputized agents from the city Department of Investigation. Investigators sifted through a "massive" number of records and traveled to Florida and the Dominican Republic, where Gonzalez has a cigar business, a source said.

Gonzalez, 58, a state senator for 18 years, is to turn himself in at the U.S. attorney's office in Foley Square at 9 a.m., sources said.

"We have not been appraised of the charges," Gonzalez's lawyer, Murray Richman, said last night. "Before we can comment, we want to review them."

Richman said that U.S. Attorney David Kelley's office had agreed Gonzalez could be released on $25,000 bond.

The investigation has been the buzz of the Bronx political establishment since it began, with rumors flying that it extended to other elected officials and the Bronx Democratic Party machine. But a party insider said that, at this point, "no subpoenas, no paper requests, no nothing, has gone out beyond Sen.Gonzalez."

The Bronx's political reputation has taken a beating in recent years, with former state Assemblywoman Gloria Davis and former state Sen. Guy Velella both convicted and jailed for bribe-taking.

BRONX STATE SENATOR INDICTED IN JOB SCAM (NYPOST)

By Murray Weiss

DOJ_NMG_0053398

The New York Post, August 25, 2006

August 25, 2006 -- A powerful Bronx state senator has been indicted by the feds in connection with a sweeping yearlong corruption probe of allegations that taxpayer-funded groups were providing jobs to family and friends, The Post has learned.

Sen. Efrain Gonzalez Jr., a veteran politician elected to the Legislature in 1989, is expected to surrender this morning for arraignment on charges brought by the office of Manhattan U.S. Attorney Michael Garcia.

Gonzalez and a cadre of politicos and their relatives have been in the cross hairs of federal prosecutors and the city's Department of Investigation as they tried to determine whether funds earmarked for state and city programs were churned into salaries for family members and their cronies.

Gonzalez's attorney, Kim Richman, insisted the senator is innocent.

"We have just learned the indictment has been unsealed and have not had an opportunity to study it, but we can assert categorically that the senator is innocent of any wrongdoing," he said.

The exact charges against Gonzalez could not be determined, but he is expected to appear before a federal magistrate today, then fingerprinted and released on $25,000 bond.

Representatives for Garcia and DOI Commissioner Rose Gill Hearn declined comment on Gonzalez, a key player in the Bronx Democratic organization.

As the grand jury zeroed in on him this week, the seemingly carefree senator attended the highly publicized Yankee Stadium groundbreaking ceremony. Earlier this month, he was named chairman of a new task force launched by Senate Democrats to explore economic-development prospects with Cuba.

The Post broke the story last August that politically connected Bronx operatives, including Gonzalez's longtime girlfriend, Lucia Sanchez, were hit with subpoenas along with nonprofit organizations where connected people get cushy jobs.

One of the targets was the West Bronx Neighborhood Association, located in the same building as Gonzalez's office at 1780 Grand Concourse.

Several of his colleagues expressed shock last night that the 58-year-old Puerto Rican-born senator, a close ally of party leaders, faced criminal charges today.

It was unclear whether any other subjects of the probe face indictment.

Gonzalez will be the second lawmaker to face criminal charges this month. Brooklyn Assemblywoman Diane Gordon was charged by DA Charles Hynes with trying to shake down a developer to build her a $500,000 home for the development rights to a city-owned lot.

Crew Says He Offered To Wear Wire In Probe (MH)

By Matthew I. Pinzur

The Miami Herald, August 25, 2006

Miami-Dade Superintendent Rudy Crew once offered to "wear a wire" as part of a federal investigation, he told The Miami Herald on Thursday.

He declined to provide details, saying the case might still be active, but said the investigation never included any School Board members or senior district administrators.

An FBI spokeswoman declined to comment.

The talks between Crew and the FBI were revealed by Herbert Cousins, the district's former inspector general, who said Crew ultimately refused to participate in the investigation.

Cousins, who was let go after an acrimonious fight last year, took a first step this week toward suing the school system for defamation. He believes Crew tried to trash his reputation and have him removed from the inspector's job while he was probing alleged corruption among board members and senior administrators.

"If Dr. Crew had followed through on his promise of cooperation, we would have cleaned up the system," said Cousins, a former FBI agent. ``Instead, he turned."

CREW'S SUSPICIONS

Crew told Cousins in late 2004 or early 2005 that he suspected corruption in the system, but said senior district officials were not involved. If Cousins ever investigated those officials, Crew said, he was unaware of it.

"Mr. Cousins made a huge deal over not wanting to share," Crew said.

Crew's chief of staff, Carolyn Spaht, denied Cousins' claim that files he left behind included details about corrupt board members. She said two senior officials reviewed every document in Cousins' files after the board refused to renew his contract in 2005.

"There was zero, nothing about board members," Spaht said.

Thursday evening, Cousins said that was "totally incorrect," but neither he nor his attorney would discuss the targets of the investigations or what evidence Cousins may have collected.

"I'm not inclined to try my case in The Miami Herald," said Cousins' lawyer, Thomas Equels.

Equels announced Cousins' possible lawsuit in a two-page letter sent Tuesday to the School Board and Crew. Such a letter is necessary before filing suit against a government agency in Florida.

"These people are vicious," Cousins said in an interview Thursday. ``They'll destroy anyone who gets in their way."

School Board Chairman Agustín Barrera said Cousins was seeking revenge against the board members who refused to extend his contract. He accused Cousins of deliberately sending the letter two weeks before voters decide whether to reelect Barrera and two other incumbents, Perla Tabares Hantman and Solomon Stinson.

"The timing is planned and mischievous," Barrera said.

Cousins said he moved as quickly as possible but needed time to build his case.

"I would have preferred to do this six months ago," he said.

Equels said Cousins must now wait six months to file the suit, but it could happen sooner if the district allows the case to move forward.

Equels' letter accused Crew and his former communications chief, Joseph Garcia, of a "smear campaign" that ``effectively thwarted corruption investigations of certain board members."

Cousins believes Garcia planted unflattering news stories about Cousins shortly before his dismissal -- a notion Crew called ``very distorted."

"The district responded to questions from the media," said Garcia, who left the administration last month and moved to North Carolina. ``That was the extent of our communication about the inspector general's office."

LEGAL ACTION

Cousins is at least the fifth former district official to take legal action against Crew.

Equels also represents four others, including former Chief Education Officer Mercedes Toural, who was forced out in late 2004. According to district attorney JulieAnn Rico, the district has rejected settlement offers in those cases.

When the School Board dismissed Cousins, the majority of board members said he was ineffective and would not provide enough information about the progress of his investigations to justify his budget.

"How did we know if he was doing his job or not doing his job if we couldn't see what his caseload was?" Barrera said.

Cousins, however, said he was let go because some board members were trying to protect themselves.

"It's all going to come out in the end, and I'm going to expose as many of them as I can," Cousins said.

Barrera said he had no knowledge of any investigations of himself or any of the other eight board members. The only members mentioned by name in the letter were Marta Pérez and Frank Bolaños, who Cousins believed were the only ones who ``supported the preservation of the independent inspector general function."

Pérez was reelected this summer without opposition; Bolaños is resigning his seat and is engaged in a tough Republican primary race with incumbent state Sen. Alex Villalobos.

TWO MAJOR CASES

During Cousins' tenure, local law enforcement agencies said he played a role in two major cases: the arrests of 22 district employees charged in a prescription painkiller drug ring, and the arrest of a longtime Palmetto Senior High employee charged with peddling worthless continuing-education credits that more than 100 teachers used to renew their licenses.

Cousins also shut down a wasteful fire-watch program at Miami Lakes Educational Center, prompting the district to repair long-broken fire alarms.

But outside of those cases, Cousins' office closed only a few dozen other cases, many of which board members dismissed as trivial.

The search for a replacement has dragged for nearly a year, during which time the board has cut the office's budget and changed its oversight. Instead of reporting to a Florida Department of Education inspector general in Tallahassee, the position now reports to the district's quasi-independent Audit Committee, composed of lawyers and accountants appointed by School Board members.

"This even more shows the need for an independent inspector general who reports to . . . somebody in Tallahassee," Cousins said. ``The state Legislature should create that position and fund it."

Kaiser Heir Sentenced For Fraud (SACBEE)

By Denny Walsh, Bee Staff Writer

The Sacramento Bee, August 25, 2006

DOJ_NMG_0053400

Henry M. Kaiser, the grandson of Kaiser Industries and Kaiser Permanente founder Henry J. Kaiser, spent 17 years in the venture capital business, but was never very successful at it.

Then a group of European con artists lured him into believing he finally got the break he needed.

What the 62-year-old Oakland resident got instead was a year and a day prison sentence.

A Sacramento federal court Tuesday issued the sentence for Kaiser's role in the theft of $2 million from publicly traded SureWest Communications, a Roseville-based telecommunications firm.

In the words of his lawyer, Kaiser "fell prey to false promises of instant capital for his company and crossed the line in pursuit of that capital."

By virtue of that extra day on his sentence, he is eligible for up to 54 days off his term for good behavior. Such a reduction is not credited if the sentence is a year or less.

Kaiser was ordered to surrender Oct. 24 to begin serving his sentence.

Kaiser pleaded guilty in April 2004 to interstate transportation of fraudulently obtained property and engaging in monetary transactions with criminally derived property.

The sentencing range for his offenses, as calculated under federal advisory guidelines, is two years and nine months to three years and five months. But Assistant U.S. Attorney R. Steven Lapham, in a letter to the judge, recommended leniency, citing Kaiser's extraordinary cooperation in the government's investigations of two co-defendants and others.

In late 2001, Kaiser, Larry Wells and a third partner started Quivira Ventures as an investment fund for health care start-ups.

During the ensuing two years few institutions were investing in venture capital funds. In addition, since none of the three had ever run a fund, they had no track record upon which potential investors could rely.

Some European promoters told them if Quivira could demonstrate that it had $25 million on deposit at a major bank, the promoters would come up with $200 million to underwrite Quivira's venture capital fund, without Quivira ever having to relinquish any of the $25 million.

Jeffrey Wells was then a senior treasury analyst at SureWest with access to a portion of the firm's money.

According to the grand jury indictment of Kaiser and the Wellses, "in return for cash and other considerations, including the promise of future employment with Quivira Ventures," Larry Wells persuaded his son to transfer up to $25 million from SureWest to Quivira bank accounts for the purpose of demonstrating Quivira had sufficient funds to make it a viable venture capitalist.

"It was an extremely elaborate scheme," U. S. District Judge Morrison C. England Jr. observed in sentencing Kaiser. "Had it not been discovered, there is no telling what the consequences would have been."

Light Sentence Given Henry Kaiser Scion (MERCN)

By Aaron C. Davis

The San Jose Mercury News, August 25, 2006

SACRAMENTO, Calif. - The grandson of the founder of Kaiser Permanente was sentenced Tuesday to a year and a day in jail for his role in a scheme to misappropriate $25 million from a telecommunications company.

Henry Mead Kaiser, the grandson of Henry J. Kaiser, the industrialist who formed the nation's largest health maintenance organization, faced three years or more in jail, but a judge ordered a reduced sentence after Kaiser took steps even prosecutors called extraordinary to begin atoning for his crimes.

Kaiser and a father-son team, Larry Wells and Jeffrey Wells, repeatedly transferred $25 million back and forth between SureWest Communications and a venture capital company, Quivira Ventures, owned by the elder Wells and Kaiser.

The purpose of the transfers was to allow Quivira to demonstrate to potential investors that it had sufficient funds in deposit to qualify for various funding proposals.

Kaiser spent the past two years cooperating with police to prosecute his co-defendants. It was the overhaul of Kaiser's own life, however, following his 2004 arrest that impressed the judge.

Kaiser immediately resigned his high-profile jobs as director of Kaiser Hospitals and Health Plans and as a trustee of the Kaiser Family Foundation. He canceled his country club memberships, sold his family estate and put the money in a court registry to compensate SureWest.

After that, Kaiser and his wife moved into a modest rental unit in Oakland where for the past two years they have lived mostly off his wife's $40,000 receptionist salary while Kaiser volunteered with nonprofit groups.

"I looked him in the eye and thought, 'This guy gets it.' He was genuinely remorseful," said Assistant U.S. Attorney R. Steven Lapham in explaining one of the reasons he did not seek the maximum sentence for Kaiser.

Kaiser pleaded guilty to interstate transportation of money obtained by fraud and conducting a monetary transaction in criminally derived property.

Federal Judge Morrison C. England ordered Kaiser to surrender on Oct. 22. Larry and Jeffrey Wells pleaded guilty in June and will be sentenced Oct. 10.

A spokeswoman for the Kaiser Family Foundation declined to comment Tuesday.

Kaiser Scion Sentenced In SureWest Fraud Case (SACBIZ)

San Francisco Business Times, August 25, 2006

Henry M. Kaiser, a descendant of the founder of Kaiser Permanente and Kaiser Industries, has been sentenced to a year and a day imprisonment and ordered to repay $2 million in a case involving millions of dollars shuffled in and out of the accounts of SureWest Communications, prosecutors said Tuesday.

Kaiser was one of three men charged in the case, stemming from a 2003 scheme to move money from the coffers of Roseville-based SureWest to those of San Francisco venture capital company Quivira Ventures. Kaiser and Larry Wells ran Quivira, while Jeffrey Wells was a senior treasury analyst for SureWest who arranged the wire transfers of $25 million, investigators said.

Quivira put the money into various accounts to qualify for various high-yield investments, and the funds periodically were returned to SureWest's accounts to prevent detection, investigators said. But Quivira was itself the victim of a fraud, prosecutors said; when the company transferred $2 million in SureWest money to an account at an Italian bank in Luxembourg, most of it was withdrawn and the rest frozen by investigators.

Kaiser pleaded guilty in April 2004 to reduced charges of interstate transportation of money obtained by fraud and conducting a monetary transaction in criminally derived property. He cooperated with prosecutors, stepped down from the boards of Kaiser Hospitals and Health Plans and sold his house to pay restitution. His sentence also included a $25,000 fine.

Jeffrey Wells admitted this summer to 10 counts of wire fraud and Larry Wells to two counts each of wire fraud and transactions with criminally derived property. Both men are to be sentenced in October.

Most of SureWest's money was recovered from Quivira and insurance covered much of the company's remaining loss.

Six Indicted In Alleged $48 Million Lottery Operation (MERCN)

The San Jose Mercury News, August 25, 2006

SACRAMENTO - Suspected ring leaders of an underground lottery operation were indicted Thursday on charges of illegal gambling and money laundering in a scheme police say may have netted $48 million over five years.

According to a statement issued by U.S. Attorney McGregor Scott, Prasert Somsinsawasdi, 59, and his wife, Noy Somsinsawasdi, 46, ran the Sacramento-area lottery operation out of residences, Asian markets and small video stores, none of which were licensed lottery retailers.

Karen Ernst, an FBI spokeswoman, said the Somsinsawasdis recruited Asian-American business owners to run the lottery. Bettors placed their wagers in stores and homes and received tickets made of handwritten numbers on carbon paper, she said.

According to an affidavit reviewed by The Sacramento Bee, police said individual bets usually ranged from $5 to $100, and tickets with all three winning numbers paid out at 800 to 1. Store owners were paid 10 percent of bets taken at their businesses. The ringleaders collected about $800,000 a month, according to the affidavit.

Four others were indicted Thursday in connection with the lottery operation. The U.S. attorney's office alleged Chao Lee, 32; Soukuane Saelee, 48; Mouang Saelee, 44; and La Soukasene, 41, were all major sellers of the lottery tickets. If convicted, each faces up to five years in prison and $250,000 in fines.

The Somsinsawasdis each face 20 years and $500,000 in fines.

Cult Leader Scheduled For Execution (FINDLAW/AP)

By John Mccarthy, Associated Press Writer

AP, August 25, 2006

(AP) - COLUMBUS, Ohio-A cult leader convicted of killing a family of five in 1989 will be executed on Oct. 10, the Ohio Supreme Court ruled on Thursday.

Jeffrey Lundgren, 56, was convicted of shooting to death a man, his wife and three daughters who had moved from Missouri in 1987 to follow Lundgren's teachings. He referred to the killings as "pruning the vineyard."

Lundgren formed a religious cult after he was dismissed in 1987 as a lay minister of the Reorganized Church of Jesus Christ of Latter Day Saints. He had attracted a following, and several people moved with him to a rented farm house in suburban Cleveland, where they called him "Dad" and contributed money for group expenses.

On April 17, 1989, the Avery family was invited to dinner, then led to the barn where they were bound and placed into the pit, where Lundgren shot each one. The pit was covered with dirt.

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A jury found him guilty of five counts of aggravated murder with each count containing two death penalty specifications and five counts of kidnapping.

Lundgren has exhausted all of his state and federal appeals, said Bob Beasley, spokesman for Attorney General Jim Petro.

In an unsworn statement at his 1990 trial, Lundgren told the jury that he and his cult were preparing for the second coming of Jesus Christ, which they believed would occur at the Reorganized Church's temple . He said messages in the Bible told him to kill the Averys because they were not invested enough in the cult, according to court testimony.

Lundgren's wife, Alice, 55, was sentenced to five terms of life in prison for conspiracy, complicity and kidnapping. The Lundgrens were among 13 cult members arrested in the case. Most lived at the Kirtland farm. Some pleaded guilty to reduced charges.

Files From Duke Rape Case Give Details But No Answers (NYT)

By Duff Wilson And Jonathan D. Glater

The New York Times, August 25, 2006

DURHAM, N.C. — On March 21, a week after an African-American woman charged that she had been raped by three white Duke University lacrosse players, the police sergeant supervising the investigation met with the sexual-assault nurse who had examined the woman in the emergency room. The sergeant, Mark D. Gottlieb, reviewed the medical report, which did not say much: some swelling, no visible bruises.

But the sergeant's case notes also recount what the nurse told him in response to his questions: that the woman appeared to be in so much pain that it took "an extended period of time" to examine her, and that the "blunt force trauma" seen in the examination "was consistent with the sexual assault that was alleged by the victim."

About a week later, the sergeant met with the Durham County district attorney to go over the case. For several days, the prosecutor, Michael B. Nifong, had been beseeching Duke lacrosse players to break their "stonewall of silence" about what had happened at a team party on March 13. Now, he turned up the pressure, telling Fox News that there was "no doubt in my mind that she was raped."

Whether the woman was in fact raped is the question at the center of a case that has become a national cause célèbre, yet another painful chapter in the tangled American opera of race, sex and privilege. Defense lawyers, amplified by Duke alumni and a group of bloggers who have closely followed the case, have portrayed it as a national scandal — that there is only the flimsiest physical evidence of rape, that the accuser is an unstable fabricator, and that Mr. Nifong, in the middle of a tight primary campaign, was summoning racial ghosts for political gain.

By disclosing pieces of evidence favorable to the defendants, the defense has created an image of a case heading for the rocks. But an examination of the entire 1,850 pages of evidence gathered by the prosecution in the four months after the accusation yields a more ambiguous picture. It shows that while there are big weaknesses in Mr. Nifong's case, there is also a body of evidence to support his decision to take the matter to a jury.

Crucial to that portrait of the case are Sergeant Gottlieb's 33 pages of typed notes and 3 pages of handwritten notes, which have not previously been revealed. His file was delivered to the defense on July 17, making it the last of three batches of investigators' notes, medical reports, statements and other evidence shared with the defense under North Carolina's pretrial discovery rules.

In several important areas, the full files, reviewed by The New York Times, contain evidence stronger than that highlighted by the defense:

Defense lawyers have argued that the written medical reports do not support the charge of rape. But in addition to the nurse's oral description of injuries consistent with the allegation, Sergeant Gottlieb writes that the accuser appeared to be in extreme pain when he interviewed her two and a half days after the incident, and that signs of bruises emerged then as well.

The defense has argued that the accuser gave many divergent versions of events that night, and she did in fact give differing accounts of who did what at the party. But the files show that aside from two brief early conversations with the police, she gave largely consistent accounts of being raped by three men in a bathroom.

As recounted in one investigator's notes, one of the indicted players does not match the accuser's initial physical descriptions of her attackers: she said all three were chubby or heavyset, but one is tall and skinny. In Sergeant Gottlieb's version of the same conversation, however, her descriptions closely correspond to the defendants.

The sergeant's notes are drawing intense scrutiny from defense lawyers both because they appear to strengthen Mr. Nifong's case and because they were not turned over by the prosecution until after the defense had made much of the gaps in the earlier evidence.

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Joseph B. Cheshire, a lawyer for David Evans, one of the defendants, called Sergeant Gottlieb's report a "make-up document." He said Sergeant Gottlieb had told defense lawyers that he took few handwritten notes, relying instead on his memory and other officers' notes to write entries in his chronological report of the investigation.

Mr. Cheshire said the sergeant's report was "transparently written to try to make up for holes in the prosecution's case." He added, "It smacks of almost desperation."

Sergeant Gottlieb did not return phone calls yesterday seeking comment.

A review of all of the evidence underscores the major problems with the case:

There is no DNA evidence directly linking the suspects to the accuser.

The array of photographs used to identify the suspects violated generally accepted guidelines for lineups, because it included only lacrosse team members. Defense lawyers have challenged it in court, arguing that all evidence that followed from the identifications should be thrown out.

One suspect, Reade Seligmann, has what appears to be a powerful alibi, based on a cellphone log and other records that show he left the party early.

Finally, no one, not even the second dancer at the party, has corroborated the rape charge made by the woman, whose troubled personal history is sure to be an issue at trial.

Increasingly, Mr. Nifong has become the focus of attacks on the case. Some of the defense lawyers have accused him of professional misconduct for, among other things, giving dozens of what they describe as inflammatory interviews early in the case and for instructing the police to employ the faulty photo lineup. The defense lawyers say, too, that the district attorney refused to meet when they tried to share evidence that supported their clients. In the courthouse and around town, even people who know Mr. Nifong well and respect him are wondering: What does he have?

The files, of course, cannot settle any arguments about the case, which is expected to go to trial next spring. Still, taken in their entirety, they help answer some important questions and raise others. They add rich detail to the narrative of what happened that night.

What is more, regardless of one's opinion about the prosecution, to read the files, with their graphically twined accusations of sexual violence and racial taunts, is to understand better why this case has radiated so powerfully from the edgily cohabited Southern world of Duke and Durham.

Mr. Nifong and the police officers and medical personnel involved in the case have refused requests for interviews, and in mid-July a judge barred participants from publicly discussing the case. But four weeks ago, at a news conference to discuss his campaign, the district attorney admitted that he had erred early on in his handling of the press and had not gotten some hoped-for evidence, like DNA matches. As for the case itself, though, he said, "I have not backed down from my initial assessments."

The Party

Spring break 2006. The Duke lacrosse team was ranked No. 2 in the nation. The verdant campus had gone quiet, but the team stayed to practice and party. Other years they had gone to a strip joint called Teasers Men's Club, one player told the police, but this time they decided to hire their own strippers because some players were too young for the bar.

One of the team captains, Dan Flannery, using the name "Dan Flanigan," called a local escort service and arranged to pay $800 for two women to dance at what he described as a bachelor party. The women were directed to a white clapboard house on North Buchanan Boulevard near campus, where they met for the first time.

One of them, Kim Roberts, was a 31-year-old escort service worker who was wanted by the police for violating probation in a 2001 embezzlement case.

Her partner was a 27-year-old single mother of two, a student with a B average at North Carolina Central University, the historically black college across town. She worked flexible hours at Platinum Pleasures, a strip club, and for Angel's Escorts. She was a stripper, not a prostitute, she later told the police. She told them that "she had been to one event in the past where she thought a male at the party was nice, so after the party they went out and had consensual sexual relations," but just that once.

The women, wearing see-through outfits, started dancing about midnight. A photo taken by one player shows two women together on the floor surrounded by seven young men, many holding drink cups. A few minutes later, one of the men said something about using a broomstick in a sexual manner. The dancers stopped. An argument ensued. Using a racial epithet, someone yelled that they had asked for white dancers, not black ones.

That much is agreed. It was 12:04 a.m. March 14. The question is, what happened in the next 30 to 50 minutes?

The Accuser's Account

At 12:53 a.m., Ms. Roberts called 911 and said some Duke students had called her and a girlfriend by a racist name as they passed the North Buchanan house. She did not identify herself. The police arrived two minutes later to find the house dark. No one answered the door.

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Ms. Roberts later said that she had called 911 while driving away. She did not know what to do with her acquaintance, who was incoherent and, she believed, drunk or high. She drove to a 24-hour supermarket near campus, where a security guard called 911 at 1:22 a.m. The first officer to respond was John C. Shelton, a Durham patrol sergeant. He found the woman in her negligee, without undergarments, in the car. She did not need medical attention, he told the dispatcher, "she's just passed-out drunk." He put an ammonia capsule under her nose, and when she started breathing through her mouth, he decided she was faking unconsciousness.

"I grabbed the female and attempted to pull her from the vehicle," Sergeant Shelton wrote. "She grabbed the emergency brake with her left hand and would not come out of the car. At this point, I applied a bent-wrist come-along to her right hand and arm. As I applied pressure, she became responsive, and eventually I was able to get her out of the car. Once she was out of the car, I released the pressure and she collapsed to the ground." The woman would not stand or speak, so Sergeant Shelton told two officers to take her to a mental-health and substance-abuse facility overnight.

"During the check-in process, the victim was asked if something had happened to her and she said, 'Yes,' " Officer Joseph Stewart wrote. "She was then asked if she had been raped, and she stated, 'Yes.' "

At 2:31 that morning, the woman was taken to the emergency room at Duke University Medical Center. Over the next eight hours, she spoke with a number of police officers, doctors and nurses. Defense lawyers say she gave so many different accounts — that she had been raped by 3, 5 or 20 men, or not at all — that they add up to a lie.

The prosecutor's file, however, shows that, except in some initial contacts with the police, she gave a consistent account during that night and since then of how many men raped her. In addition, some of the early reports cited by the defense appear to have been based on misunderstandings.

The version that she had been groped, not raped, was what she told Sergeant Shelton at the hospital. "She told me that no one forced her to have sex," he wrote. Sergeant Shelton, who had struggled with her earlier in the night, called his watch commander to say the woman was recanting. Then he heard her tell a doctor that she had been raped.

"I returned to the room where she was and asked her if she had or had not been raped," he wrote. "She told me she did not want to talk to me anymore and then started crying and saying something about them dragging her into the bathroom."

The version in which she claimed to have been raped by 20 men and changed her story "several times" was written by Christopher H. Day, a Duke University police officer, based, he later said, on overhearing a phone call by Sergeant Shelton. Officer Day never talked to the woman or to Sergeant Shelton. The report of 20 men may have been a reference to an estimate of the number of men at the party.

The account of being raped by five men comes from the notes of Gwendolyn Sutton, a Durham police officer who talked with the woman upon her arrival at the hospital. Officer Sutton's report says the woman told her she had been dancing with three other women, "Nikki, Angel and Tammy." Nikki was Ms. Roberts's stage name, but there may have been a misunderstanding about the role of the two other women: Tammy was a dispatcher at Angel's Escorts. The reference to five rapists has not been explained.

(Ms. Roberts has given contradictory accounts. On March 22, she told the police that the rape accusation was "a crock," and that she had been with the accuser for all but five minutes of the party. Later, though, she revised her story to the police and told National Public Radio that a rape "could have happened," but that she had not seen or heard it. Defense lawyers argued that she changed her story to suit an opportunity: on April 17, Mr. Nifong personally changed Ms. Roberts's bail status on her probation violation, reducing her bond payment by $1,875.)

In her subsequent detailed accounts to doctors and detectives, files show, the accuser said she was raped vaginally, anally and orally by three men who called themselves Adam, Matt and Bret. She said these might not have been their real names. She said the men had called her racially pejorative names and had held, pushed and kicked her during the attack.

The woman gave a variety of accounts about what each of the men did during the alleged assault and in what order. For example, in initial statements, she said "Adam" had closed the bathroom door and told her "I'm sorry, sweetheart, you can't leave." But in her April 6 written statement to the police, she said "Matt" told her that. In two separate accounts, she also gave two different names of the man she said raped her orally.

Sergeant Gottlieb's notes recount what Tara Levicy, the sexual-assault nurse, said of her encounter with the woman in the emergency room. "She stated the victim came in and was very apprehensive around the officers," he wrote. "Once the officers left the room, it took her approximately 15-20 minutes to get her to calm down and open up. She stated the victim from that point on never changed her statement for over the 6-7 hour time period they were together."

The nurse said the woman remained calm in her presence, but when Ms. Levicy left the room and a male nurse entered for some supplies, she reacted in a way that sexual-assault experts say is not uncommon among rape victims: she "began to scream hysterically."

The Medical Evidence

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The defense lawyers say there is no medical evidence that the woman was raped or assaulted. J. Kirk Osborn and Ernest L. Conner Jr., who represent Mr. Seligmann, filed a motion on June 7 accusing the authorities of misleading a judge about the strength of the medical evidence. They attached, under seal, the 23 pages of medical reports received through pretrial discovery. The first notes, by Dr. Joshua S. Broder and Duke hospital nurses, say the woman reported that she had been raped and complained of vaginal pain. A physical examination found no tenderness of the abdomen. She was "well nourished, visibly upset, crying, alert, cooperative, no acute distress."

She was next examined by sexual-assault specialists, Dr. Julie Manly and Ms. Levicy, who confirmed "tenderness" in the vagina and the rectum. The nurse reported finding "diffuse edema," or swelling, "of the vaginal walls," but no abrasions, tearing or bleeding.

That is the finding that defense lawyers have seized upon in arguing that medical personnel did not find signs and symptoms consistent with rape. However, sexual-assault nurse trainers say nurses are specifically trained not to make legal or causative statements in their reports. They just report physical findings. And Ms. Levicy made a much stronger statement a week later.

"I asked her if the exam was consistent with blunt force trauma, and she replied, 'Yes,' " Sergeant Gottlieb wrote in the notes of his March 21 interview with the nurse. "She stated the victim had edema and tenderness to palpitation both anally and especially vaginally. She stated it was so painful for the victim to have the speculum inserted vaginally that it took an extended period of time to insert same to conduct an examination. I asked her if the blunt force trauma was consistent with the sexual assault that was alleged by the victim. She stated the trauma was consistent with the victim's allegation."

Before Sergeant Gottlieb's notes were turned over to the defense, and before the judge's order not to discuss the case, defense lawyers had argued publicly that the woman's swelling and tenderness could have been caused by consensual sexual activity in the days before the Monday-night party.

Jarriel L. Johnson, a friend of the woman who drove her for escort service work, told the police that he had taken her to a half-hour job at a Holiday Inn on the previous Friday afternoon, to Platinum Pleasures on Friday night, to a Millennium Hotel for an hour on Saturday, and to another hotel on Sunday. The woman herself told the police that she had performed with a vibrator for one couple.

The woman denied engaging in sexual activity with those clients, and no evidence has been offered to contradict her. She also told the police that she had last had sex about a week before the party, with her boyfriend. His DNA was the only positive match with samples taken from her body. In addition, her driver initially told the police that they had had sex the weekend before the lacrosse party, but then revised his statement to say it was the previous weekend.

The woman's accounts of other injury changed over time. She "denies other physical assault," Dr. Broder wrote after initial examination in the Duke emergency room. Later that night, though, Ms. Levicy wrote that the woman told of being held by both legs and pinched, pushed and kicked.

Dr. Manly, the sexual-assault specialist, found the woman's head, back, neck, chest, nose, throat, mouth, abdomen, arms and legs all normal. The only "signs of physical trauma," she reported, were three small, nonbleeding scratches to the knee and ankle.

A day later, the woman's condition appeared worse. She went to a University of North Carolina hospital, where she had previously received care for chronic neck and back pain. Now, she reported that she had been "knocked to the floor multiple times and had hit her head on the sink" during a rape, Dr. Yvonne E. Lai wrote.

U.N.C. doctors observed a limping gait, and they confirmed that she had muscle tenderness and that her head did not have the full range of motion. They diagnosed acute pain in her knees, neck pain and contusions, and recommended crutches and ice packs.

The report also pointed to one of the more puzzling aspects of the case — the woman's intoxication. She told the U.N.C. doctors that she had denied being in pain in the Duke emergency room because she was "drunk and did not feel pain."

She has given slightly differing accounts of how much she drank that evening. She told the police that she had had one or two large-size beers before the party and had taken Flexeril, a muscle relaxant. Both dancers said they were given a mixed drink at the party.

But investigators say that does not explain why the woman seemed so profoundly intoxicated. The other dancer, Ms. Roberts, told the police that her partner had arrived "clearly sober" — a description confirmed by a next-door neighbor — but became glassy-eyed, "talking crazy" and "basically out of it" within the hour.

Toxicological screening is not standard, unless specially requested, in a rape exam in North Carolina. No such request was made that night. Defense lawyers said it would have shown drugs or alcohol. The Durham police have speculated that the test might have found a date-rape drug, records show; they have also theorized that the trauma of rape itself might have been

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responsible for her condition. The next day, March 16, Sergeant Gottlieb and the lead investigator under his supervision, Officer Benjamin W. Himan, went to the woman's house.

"The victim was at home alone with her two young children," the sergeant wrote, noting she walked slowly and in obvious pain. "Her facial expressions conveyed her pain as she ambulated." She sat so neither hip touched the sofa. "Anytime her bottom touched the sofa cushion while repositioning during our interview, she groaned and had a facial expression consistent with pain."

During that interview, the woman, who is dark skinned, said bruises were beginning to show from the attack. A female officer took photographs and confirmed that "she had the onset of new bruises present," Sergeant Gottlieb wrote. (The female officer's report does not mention bruises.)

The woman spoke for an hour. She talked about her life — joining the Navy and moving to California shortly after finishing high school, marrying a man 14 years her senior, becoming pregnant by a sailor, returning home to North Carolina and getting divorced — and gave a detailed account of the lacrosse party. "Tears ran down her face freely, and her nose began to run," the sergeant wrote.

Identifying Suspects

Mr. Nifong, the district attorney, has said that a woman's identification of her attackers — even without physical evidence — is enough to send a rape case to a jury.

The accounts of this accuser's first description of the suspects, however, are ambiguous: the two investigators who interviewed her at home recorded the conversation differently.

In Officer Himan's handwritten notes, the woman described all three as chubby or heavy. Adam: "white male, short, red cheeks fluffy hair chubby face, brn." Matt: "Heavy set short haircut 260-270." Bret: "Chubby." The descriptions in Sergeant Gottlieb's notes are more detailed and correspond more closely to the men later arrested: Collin Finnerty, 20, a slender 6-foot-3 and 175 pounds with light hair; Mr. Evans, 23, 5-foot-10, 190 pounds and with dark hair; and Mr. Seligmann, 20, who is 6-foot-1 and 215 pounds with dark hair.

Sergeant Gottlieb wrote: "She described the three men as 1) W/M, young, blonde hair, baby faced, tall and lean, 2) W/M, medium height (5'8"+ with Himan's build), dark hair medium build, and had red (rose colored) cheeks, and the third suspect as being a W/M, 6+ feet, large build with dark hair."

The difference in the police accounts could not be explained. Both investigators have declined public comment. Sergeant Gottlieb, 43, is by far the more experienced. He was hired by the Durham Police Department in 1987 and promoted to sergeant in May 2005 and to supervisor of investigations in February 2006; Officer Himan, 27, was hired in 2002 and assigned to investigations last January, said a police spokeswoman, Kammie Michael.

(Sergeant Gottlieb was one of five Durham police officers involved in a matter unrelated to the Duke case — a July 20 fight outside a Raleigh sports bar in which a racial epithet was yelled at a black cook. Two officers have been charged with misdemeanor assault. Sergeant Gottlieb and the two others will not face charges, the authorities said, though their roles are being investigated by Durham police internal affairs.)

Later on March 16, investigators began the process that has become one of the mostly hotly disputed elements of the Duke case — the identification of individual suspects. The woman was shown lacrosse team photographs of four possible suspects — the players whose names were Adam, Matt or Brett — and of 20 other team members. (Mr. Seligmann was among those pictured; Mr. Finnerty and Mr. Evans were not.) She identified four people she thought were at the party, including Mr. Seligmann, but none as her attackers.

"This is harder than I thought," she said, according to Officer Michele Soucie's notes.

Even so, investigators decided that the results of that first interview were sufficient to establish probable cause of rape. Later that day, the police served a search warrant on the North Buchanan house.

Mr. Evans and the two other team captains who shared the house were there. Police reports say they cooperated fully. Not only had there been no rape, they said, there had been no sex at all. They talked for hours without lawyers, gave DNA samples and offered to take polygraph tests. The officers declined the polygraph offer because, they said, DNA evidence would solve the case.

Five days later, the police gave the woman another opportunity to identify her attackers. Officer Himan wrote that, under questioning, "She was unable to remember anything further about the suspects." She was shown 12 more photographs, including Mr. Evans's, his lawyer said. She identified none. Another investigator, Richard D. Clayton, wrote, "She again stated the photos looked the same."

The third and final photo identification session occurred on April 4. Mr. Nifong suggested to the investigators that they show the woman pictures of all 46 white lacrosse players — taken 12 days before — and ask if she remembered seeing each one at the party and if so, what he had been doing. About 30 players had been at the party.

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Sergeant Gottlieb showed the woman each picture for a minute. The full transcript shows some precise recollections, three weeks after a relatively brief encounter with a large group of white strangers.

The third man pictured "was sitting on couch in front of TV," the woman said. The fourth "looked like Bret but I'm not sure." The fifth "looks like one of the guys who assaulted me." How sure was she? Sergeant Gottlieb asked. "He looks just like him without the mustache," the woman said. Ninety percent sure.

This was Mr. Evans. His lawyers and family say he has never had a mustache.

The sixth picture she did not recognize. The seventh "looks like one of the guys who assaulted me." Asked how sure she was, the woman said 100 percent and described what he had done. This was Mr. Seligmann.

Another student was standing outside talking, the woman told the police. Two others were drinking in the bedroom. Another wore khaki shorts. She said the person in one picture was the one who had given her the $400; this was proved accurate. Another was sitting in the kitchen, another outside, talking; one was sitting in the front row during the dance; another sitting on the couch watching TV; another made the broomstick comment; two of them she remembered yelling excitedly during the dance; and another, she said, was the third man who had assaulted her.

The transcript says "the victim's eyes were pooling with tears." She was 100 percent sure. This was Mr. Finnerty.

Defense lawyers say that since the accuser was only shown pictures of team members, the identification process was fatally flawed — "a multiple-choice test with no wrong answers, a pin-the-tail-on-the-donkey identification," in the words of Mr. Evans's lawyers. In fact, Department of Justice and Durham police guidelines say that for each potential suspect, there should be at least five people who are not possibly suspects. In their motion to throw out the photo identifications, Mr. Evans's lawyers have also sought to bar the accuser from identifying the suspects at trial.

Problems for the Prosecution

In asking a judge to order the 46 white team members to submit to DNA swabs in March, Mr. Nifong's office had written that the tests would "show conclusive evidence as to who the suspect(s) are in the alleged violent attack upon this victim."

On April 10, prosecutors gave the negative DNA results to the defense. There were no matches. The lawyers announced the findings at a news conference on the courthouse steps and called on the district attorney to abandon the case.

The next day, Mr. Nifong spoke at a forum on the case at North Carolina Central, where the accuser attended college.

"DNA results can often be helpful, but, you know, I've been doing this for a long time, and for most of the years I've been doing this, we didn't have DNA," he said. "We had to deal with sexual assault cases the good old-fashioned way. Witnesses got on the stand and told what happened to them."

It was clearly a setback, though — and a turning point in the public view of the case. The woman had initially told doctors and nurses that her attackers had not used condoms, suggesting that there would be a lot of DNA evidence to test. Mr. Nifong later suggested that she might not have noticed the use of condoms, or that the rape exam might have missed some semen. The woman gave differing versions of whether her attackers had ejaculated inside her: she told the sexual-assault nurse she did not know, but she told Officer Himan that she thought one of them had.

Outside experts say it is possible for a rapist to leave no DNA evidence. But they say juries often expect to see such evidence.

More DNA results have been made public in the case, but their relevance is unclear.

The police recovered semen from beside the toilet — about the same spot where the woman said she had spat out semen from someone who orally raped her. It matched the DNA of Matt Zash, a team captain who lived in the house and has not been charged. His lawyer said the semen had come from other, innocent sexual activity.

Investigators also found a towel in the hallway near Mr. Evans's bedroom with semen matching his DNA. The woman had told the sexual assault nurse that someone had wiped her vagina with a rag. Mr. Evans's lawyer said that this towel had nothing to do with her accusation, and that the semen came from other activity.

Defense lawyers have also attacked the woman's credibility. In one court filing, Mr. Seligmann's lawyer, Mr. Osborn, said evidence of her "mental and emotional problems" would be used to impeach her testimony. Medical records in police files show that doctors had previously diagnosed depression and bipolar disorder.

The lawyers also sought to discredit her with the revelation, first reported in Essence magazine, that 10 years before, she reported another gang rape but failed to pursue the case.

The files in the Duke case throw some light on that case.

She had filed the complaint when she was 18, telling the police in Creedmoor, N.C., that four years earlier, her then-boyfriend and two of his friends had raped her when she was a runaway and helping them sell drugs. She told the Durham police that a friend had encouraged her to report her secret so she could hold the men accountable and move on with her life.

The Creedmoor police say they have no further record of the case. Recently, the woman told Durham investigators that she had decided to drop the Creedmoor case after the police told her that it would be difficult to prove and that all the men were

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already imprisoned for other crimes. Records show that one of the men was declared a habitual felon in 1998. The Times could not trace the other two, who have common names.

In mid-April, the defense lawyers tried repeatedly to meet with the district attorney to share what they describe as evidence favorable to their clients. He rebuffed them, they say.

Mr. Nifong met with three of the lawyers on April 13 but cut them off when they talked about exculpatory evidence, saying he knew more about the case than they did, according to James D. Williams Jr., who represents a player who was not charged.

Mr. Osborn says he offered to show Mr. Nifong proof of a solid alibi for Mr. Seligmann. That includes cellphone records, an A.T.M. record, a time-coded dormitory entry card and a taxi driver's account. Time-stamped photos show that the women were dancing at the party until 12:04 a.m. According to his cellphone bill, between 12:05 and 12:13, Mr. Seligmann made eight brief calls, of 36 seconds or less, six of them to his girlfriend's number, and then phoned a taxi at 12:14 a.m. and left the party shortly after.

Mr. Nifong has never explained his refusal to meet with the lawyers or review their evidence.

"I've known the guy for 25 years," Mr. Osborn said in mid-April. "I went over and thought surely he'd listen to me on it. And he sent some messenger out and said, 'I saw you on the TV saying your client was absolutely innocent, so what do we have to talk about?' He wouldn't even see me himself."

On April 17, a grand jury indicted Mr. Finnerty, of Garden City, N.Y., and Mr. Seligmann, of Essex Fells, N.J. Mr. Evans, who is from Annapolis, Md., was indicted May 15. They have pleaded not guilty to charges of first-degree forcible rape, first-degree sexual offense and kidnapping and are free on $100,000 cash bonds. Mr. Seligmann and Mr. Finnerty have not spoken publicly about the case, but Mr. Evans gave an impassioned denial to reporters on the day he surrendered to the authorities. "Every member of the Duke lacrosse team is innocent," Mr. Evans said. "You have all been told some fantastic lies."

The accuser is living in an undisclosed location with her two children. Durham police investigators stay in touch with her. On June 30, an investigator asked her about a report that she had been offered money to drop the case.

The case file says, "She stated she has never had any offers from anyone to drop the case, nor will she accept."

Vermont Gunman Kills 2, Wounds 2 At School, Homes (USAT)

By Adam Silverman

USA Today, August 25, 2006

ESSEX, Vt. — A gunman shot and killed two people and wounded two Thursday in a rampage that invaded the town elementary school and ended after he shot himself as police drew close.

The shooting began with a domestic dispute between the shooter, identified as Christopher Williams, 26, and his former girlfriend, schoolteacher Andrea Lambesis, Essex Police Chief Dave Demag said. Williams was in fair condition Thursday night and expected to survive his self-inflicted injuries.

Prosecutors said charges are pending.

Demag said Williams first shot and killed Linda Lambesis, 57, his former girlfriend's mother, at the home where he once lived with Andrea. He then sought Andrea at the elementary school, where more shots were fired, Demag said.

One bullet struck and killed second-grade teacher Alicia Shanks, 56, through her classroom door. Another wounded first-grade teacher Mary Snedeker, 52.

As teachers barricaded themselves in classrooms, the gunman left.

Dozens of law enforcement agents responded to reports of gunfire at the school, where the staff was preparing for the start of classes next week. Teachers and staff members locked classroom doors and hid until police tactical units escorted them to safety.

Williams' whereabouts were unknown for nearly an hour, until calls of another shooting came across police radios. Officers stationed outside the school grabbed shotguns and automatic weapons, leaped in their cruisers and sped to a nearby condominium complex. There they found Chad Johansen, 26, with a gunshot wound and Williams bleeding in the driveway.

Jillian Schultz, 22, who lives at the complex, said she was in the yard when a man ran past her, asking "Where's Chad? Where's Chad?" Moments later, she said, she heard four gunshots.

Kentucky Governor Signs Plea Deal (NYT)

By Ian Urbina

The New York Times, August 25, 2006

Gov. Ernie Fletcher of Kentucky, who was indicted in May in connection with a hiring scandal, signed an agreement yesterday admitting wrongdoing by his administration and promising to reconstitute the state's Personnel Board.

Under the deal with the attorney general, all charges will be dropped.

"The governor acknowledges that the evidence strongly indicates wrongdoing by his administration with regard to personnel actions within the merit system," the seven-page accord said, adding that he takes responsibility and that he "hereby states that these actions were inappropriate."

"This sincere expression of ultimate responsibility, however, is not an admission in any way of any criminal wrongdoing by the governor," the agreement said about Mr. Fletcher, who had been accused of giving Civil Service positions to political supporters.

The agreement represents welcome news for a governor whose administration has been bogged down for 16 months by the investigation.

"It's over," Mr. Fletcher said at a news conference in Louisville. "This is a day we can move forward on the issues that face Kentucky."

The first Republican governor in the state in more than three decades, Mr. Fletcher has promised to seek re-election next year, despite approval ratings that have fallen below 30 percent.

After he and 15 members of his administration were indicted, Mr. Fletcher issued a blanket pardon to any staff members affected by the scandal, and he has consistently maintained that the indictments were politically motivated.

Attorney General Gregory D. Stumbo, a Democrat, called the agreement a victory for change in the state.

"This will help ensure that it is no longer who you know, but what you know that determines hiring," Mr. Stumbo said. "And that will help us achieve a better and more professional work force."

Critics called the accord a product of expediency. Ending the investigation frees Mr. Stumbo, who is widely viewed as having ambitions for the governor's office, to run without breaking his promise to finish his investigation first.

"Politically, the tough part for Mr. Stumbo is that he is going to take some heat from fellow Democrats for not holding Fletcher fully accountable," Scott Lasley, a professor of political science at Western Kentucky University, said. "He removed the barrier that prevented him from running, but now he's faced with a political tightrope because he has to answer critics within his own party."

Mr. Stumbo said he had decided to cut a deal because he believed that the governor would pardon himself as he left office and because Judge David E. Melcher recently ruled that the governor could not be prosecuted while in office.

It appeared to be inevitable that the governor would never be prosecuted, Mr. Stumbo said

The agreement said that the grand jury would finish its work and produce a final report, and that it would not request new information from his administration.

The agreement stipulates that the governor will accept the resignations of the four members of the merit board that he appointed and select replacements from a list of 12 alternate candidates to be submitted by Mr. Stumbo.

The deal encouraged former or current state employees who think that they might have been affected by improper hiring practices to seek redress through the Personnel Board.

Mr. Fletcher's supporters saw the agreement as vindication.

"The attorney general was sailing a battleship on a raindrop," said William Stone, the former Republican chairman from Jefferson County. "They knew they had nothing. It was reprehensible that it was allowed to go on this long."

Ted Jackson, a Republican Party strategist, took a different view.

"Ultimately, the realization that this dismissal resulted from a plea agreement, and not as a dismissal on the merits of his defense, will continue to haunt Fletcher," Mr. Jackson said.

Citing a number of leading Republicans who have called on the governor to drop his re-election plans, Mr. Jackson said he doubted that Mr. Fletcher could win a second term.

When Mr. Fletcher took office, he campaigned on promises to clean up the mess left by the last governor, Paul E. Patton, a Democrat who spent most of his last year in office fending off accusations of campaign irregularities and bad press about a lengthy extramarital affair.

"You can't forget that Mr. Fletcher campaigned on a pledge to deal with the 'waste, fraud and abuse' in Frankfort," Mr. Jackson said. "And I think the general perception in the state today is that he failed at that."

CIVIL LAW:

Court Upholds President's Authority (AP-Y)

By Larry Neumeister
AP, August 25, 2006

DOJ_NMG_0053410

A federal appeals court Thursday upheld the president's authority to regulate financial transactions with foreign countries during a security crisis and rejected a challenge by a man prosecuted for sending $100,000 into Iraq.

The 2nd U.S. Circuit Court of Appeals said the first President Bush made proper use of the International Emergency Economic Powers Act after Iraq invaded Kuwait in August 1990.

The court rejected a claim that invoking the act unfairly let the president create new criminal offenses that should only be authorized by Congress.

In an opinion explaining their decision, the judges said Congress has the authority to delegate some of its power to the president, especially in matters of foreign affairs, and noted that in a similar case, the Supreme Court upheld the president's power to criminalize the sale of weapons to certain countries.

As part of enforcing a series of executive orders in 1990, the Office of Foreign Assets Control announced that no U.S. person could transfer funds directly or indirectly to the Iraqi government or to anyone in Iraq.

Osameh Al Wahaidy, a Jordanian man, ran afoul of the orders when he sent a total of $100,000 to Iraq in October and November 1999 and in February 2000, the appeals court said.

He pleaded guilty in 2003 to charges that he had willfully tried to violate and evade the executive orders but he preserved his right to challenge the statute's constitutionality. He was sentenced last year to 100 hours of community service and two years probation.

In a statement at sentencing before a federal judge in Syracuse, Al Wahaidy said he sent the money to Help the Needy, a Syracuse-area charity that claimed it was for Iraqi orphans and poor children. However, the appeals court wrote that the funds were being used by Iraqi "agents" for a series of undisclosed projects.

A lawyer for Al Wahaidy did not immediately return a telephone message for comment.

Lauren McDonough, a government spokeswoman, said she had no immediate comment on the ruling.

Northwest To Keep Flying If Attendants Strike (CHIT/BLOOM)

By Mary Schlangenstein, Bloomberg News

Chicago Tribune, August 25, 2006

Northwest Airlines Corp., which kept operating through a 2005 strike by mechanics, plans to maintain a full schedule if flight attendants stage random work stoppages beginning tomorrow night.

The Association of Flight Attendants-CWA said it will implement strikes that could involve one flight, one city or Northwest's whole system starting at 9:01 p.m. Minneapolis time. The attendants' actions would be in protest of the carrier's $195 million annual reduction in their pay and benefits.

Northwest, the fifth-largest U.S. carrier, has asked a federal court to overrule a bankruptcy judge who upheld the right of the 9,300 attendants to strike. A walkout and anything less than $195 million in concessions could threaten Northwest's exit from bankruptcy, imperil 34,000 jobs and put the company out of business, the Eagan, Minnesota-based airline has said.

``They should be able to run a pretty good schedule," said Jerry Glass, president of Washington-based F&H Solutions Group and a former US Airways Group Inc. executive. ``If they can't, that says to me the union is engaged in a very aggressive strike. If they are involved in a very aggressive strike, they are going to put the company at great risk."

U.S. District Judge Victor Marrero in New York will hear arguments starting at 1 p.m. tomorrow on Northwest's request to block a strike. The federal Justice Department and 20 U.S. carriers have asked him to rule in favor of Northwest, saying a walkout would disrupt transportation and hurt the economy.

Marrero could rule in favor of either side, or block a strike temporarily and order both sides back to negotiations.

Northwest, which replaced mechanics who walked off the job in August 2005, has said contingency plans are in place should the attendants strike. The carrier, which detailed how and where it would replace striking mechanics before their walkout started, hasn't said how it will cover the attendants' work.

``We have a plan in place to ensure that our flights are properly staffed with certified flight attendants to meet both FAA and Northwest requirements and the needs of our customers," spokesman Kurt Ebenhoch said. ``Northwest plans to continue serving all markets in our network with our normal schedule."

The flight attendants union calls its strategy CHAOS, or Create Havoc Around Our System.

Corporate travelers and leisure passengers aren't shying away from Northwest, according to Carlson Wagonlit Travel, which operates in 150 countries.

``There is little in the way of perceptible movement away from Northwest," said Steve Loucks, spokesman for Carlson Wagonlit Associates, which has 1,700 U.S. locations. The group's travel agents are alerting customers about the situation at Northwest ``to allow them to make an informed decision."

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Carlson Wagonlit Travel, which handles corporate accounts, ``has a significant volume through Northwest'' and has seen little effect, spokeswoman Laurie Alexander said.

``The public has become somewhat immune'' to potential labor disruptions, said Terry Trippler of Internet travel club Myvacationpassport.com. ``I'm not telling our members to fly Northwest or not to. I am saying, would I buy a ticket to travel in September on Northwest? And I would.''

Northwest passengers can sign up on the Association of Flight Attendants' Web site for e-mail alerts of potential work stoppages on flights out of some cities. The carrier's hub airports are in Minneapolis, Detroit and Memphis, Tennessee.

``Our customers have been so supportive we don't want them suffering,'' Ricky Thornton, a union spokesman, said.

The attendants aren't asking other Northwest unions to refuse to work flights the attendants strike because ``there is no reason to put any of the other employees in harm's way,'' he said in an interview.

Northwest did experience flight disruptions after the mechanics' walkout that began last year on Aug. 20. The airline hired replacement workers and shifted some duties to contractors or other employees, saving $200 million a year.

The company has cut $1.4 billion from annual labor costs under its plan to reduce yearly operating expenses $2.5 billion and emerge from court supervision, possibly next year. Its other major unions have already agreed on concessions. Northwest won court permission to impose cuts on flight attendants after they twice rejected agreements negotiated by their union.

The Association of Flight Attendants wants Northwest to reduce its demand, particularly after the carrier reported a second-quarter profit of $179 million, excluding costs related to its bankruptcy.

``It's just too much,'' Thornton said of the $195 million.

The Association of Flight Attendants used CHAOS on seven Alaska Airlines flights over nine months in 1993 before reaching an agreement with the carrier. It has threatened to impose the strategy seven other times, without taking action.

Northwest's 7.875 percent notes maturing in 2008 rose 1.4 cents to 47.9 cents on the dollar, according to Trace, the bond-price reporting system of the NASD.

The bankruptcy case is In re Northwest Airlines Corp., 05- 17930 U.S. Bankruptcy Court, Southern District of New York.

--With reporting by Tom Becker in New York.

CIVIL RIGHTS:

Solicitor General Sides Against Integration Programs (LAT)

By David G. Savage

The Los Angeles Times, August 25, 2006

Washington — The Bush administration has urged the Supreme Court to strike down voluntary school-integration programs that exclude some students because of their race.

Administration lawyers filed briefs this week in pending cases from Seattle and Louisville, Ky., on the side of white parents who are challenging "racial balancing" programs as unconstitutional.

The parents say the integration guidelines amount to racial discrimination and violate the Constitution's guarantee of the equal protection of the laws. They lost in the lower courts, but the Supreme Court will hear their appeals in the fall.

In the briefs, Solicitor General Paul D. Clement urged the justices to rule that "the use of a racial classification to achieve a desired racial balance in public schools" is just as unconstitutional as old-fashioned racial segregation.

Louisville, which had a history of segregated schools, adopted integration guidelines in 2001 that said the enrollment in each elementary school should be at least 15 percent, but no more than 50 percent, black. In Meredith v. Jefferson County, Crystal Meredith, a white parent, sued when her son was prevented from attending the elementary school nearest his home.

The Seattle school board adopted integration guidelines for its 10 high schools, beginning with the 1998-99 school year. Officials said they hoped to preserve racial diversity in the schools and prevent segregation in the schools that mirrored the racially segregated housing patterns in the city.

In the case of Parents Involved in Community Schools v. Seattle, a group of parents sued to challenge the guidelines after their children were denied enrollment in their first-choice high school because of race or ethnicity.

As many as 1,000 school districts nationwide are integrating some of their schools by using race or ethnicity as a factor for enrollment, according to Sharon L. Browne, a lawyer for the Pacific Legal Foundation in Sacramento, Calif.

Next month, lawyers for the school districts as well as civil-rights advocates will file briefs defending the integration guidelines. The justices are expected to hear oral arguments in December.

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In the briefs filed this week, Clement urged the high court to resolve a lingering dispute over the meaning of the court's landmark decision in Brown v. Board of Education. That 1954 ruling struck down racial segregation laws that prevailed in the South and parts of the Midwest and declared that segregated schools were "inherently unequal."

For decades afterward, school districts across the nation adopted policies to bring about racial integration in their classrooms: Some set enrollment guidelines that prevented schools from becoming nearly all black or all white, while others have used magnet programs that consider a student's race. Many of those policies remain in effect.

Clement, the Bush administration's chief lawyer before the high court, said such programs should be struck down whenever they involve the use of a "racial classification" to decide who may enroll.

"The promise of this court's landmark Brown (decision) was to 'effectuate a transition to a racially nondiscriminatory school system,'" he wrote. "The United States remains deeply committed to that objective. But once the effects of past de jure (legal) segregation have been remedied, the path forward does not involve new instances of de jure discrimination."

His argument is likely to get a favorable hearing from Chief Justice John G. Roberts Jr. and his conservative colleagues.

"It's a sordid business, this divvying us up by race," Roberts commented in June when the court ruled on a voting-rights dispute from Texas. The court majority said Texas had violated the Voting Rights Act by shifting Hispanic voters out of a congressional district where they were nearing a majority, but Roberts expressed his dismay with the law's focus on the race and ethnicity of the voters.

In the past, Justices Antonin Scalia, Clarence Thomas and Anthony M. Kennedy have regularly voted to strike down contracting set-asides or affirmative-action programs that give preferences to minorities.

(Begin optional trim)

Three years ago, they dissented when the high court, in a 5-4 decision, upheld the affirmative-action policy at the University of Michigan law school. Justice Sandra Day O'Connor wrote the majority opinion.

The replacement of O'Connor, who retired last year, with Justice Samuel A. Alito Jr. could tip the court's balance on affirmation action as well as on voluntary school integration. During his days as a Reagan administration lawyer, Alito said he was especially proud of his work on cases that challenged "racial quotas."

Clement argued that the government, including public schools, may use "race-based measures" only to "eliminate the vestiges of past discrimination."

Since neither Seattle nor Louisville defends its policies as a remedy for past discrimination, neither may use "race-based assignments" simply to achieve integration, he said.

New State Prisons Chief Pledges Changes (BSUN)

By Greg Garland

The Baltimore Sun, August 25, 2006

Maryland's newly appointed corrections chief says he plans to spend the next month assessing how to improve safety and security in the state's violence-ridden prisons and has been promised the resources he needs to address the problem.

John A. Rowley, who took over today as acting head of the Maryland Division of Correction, said he looks forward to the challenges of running the troubled prison system.

The 56-year-old Pennsylvania native replaces Frank C. Sizer Jr., who hired Rowley 14 months ago as warden of a medium-security prison in Jessup and who promoted him last week to serve as one of his top deputies.

Sizer abruptly retired Wednesday, clearing out his office. He had been under fire for a rash of prison violence that included the murders of two correctional officers and three inmates. He said today that he began sending out his resume four months ago because he believed the time had come for him to move on. He said he has an active job prospect in Florida.

Sizer declined to comment on why he decided to move up his retirement to this week. But he was known to be under pressure to leave from the Ehrlich administration, which regarded him as a political liability.

Of Rowley, Sizer said, "He's a good man. He's a correctional professional and he knows the right things that need to be done to advance the agency. Hopefully he will get the support he needs to make the necessary changes."

Rowley has worked for 28 years in corrections, most of it in his native Pennsylvania. He began his career as a correctional officer in 1978 while attending college and rose to the rank of deputy superintendent in Pennsylvania.

Rowley said today he plans to meet with wardens and staff at prisons around Maryland and will report his findings to Public Safety Secretary Mary Ann Saar. "I will identify what the areas of need are in terms of resources," Rowley said. "The governor has promised to do everything he can to get those resources."

Legislators and union officials welcomed Rowley's appointment but questioned whether the management shakeup goes far enough. Sen. James E. DeGrange, an Anne Arundel Democrat, said he thinks Sizer is being made the "fall guy" for problems

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that originate higher in the Ehrlich administration. "He's just one person," DeGrange said of Sizer. "It's a bigger problem than that."

A union official said he thinks Saar, Sizer's boss, is to blame for many of the system's problems. "Unless something is done with those at the top, I anticipate very little change," said Ron Bailey, executive director of the American Federation of State County and Municipal Employees Council 92.

But Del. LeRoy Myers Jr., a Republican who represents parts of Washington and Allegany counties, where many correctional officers live, said replacing Sizer was "definitely a step in the right direction."

Rowley, who holds a bachelor's degree in human resource management, said today he wants to open better lines of communication with prison system staff. He said his experience working in other states gives him a fresh perspective in dealing with Maryland's problems. "Sometimes when you are part of an organization it's difficult to step back objectively and look at an issue," he said.

Rowley said the "vast majority" of correctional staff in Maryland does a good job but acknowledged some officers are corrupt. He said they will be dealt with as they are found.

Rowley described Sizer as a "professional and a man of integrity" and said they had mutual respect for each other. "I feel very confident stepping in and continuing on the path we've been on," Rowley said.

New Chief Pledges Change In Prisons (WT/AP)

By Brian Witte

The Washington Times, August 25, 2006

BALTIMORE -- Providing a safe environment in Maryland prisons is the biggest challenge facing corrections officials, the acting commissioner of the Division of Correction said yesterday.

John Rowley, 56, was named to lead the troubled agency Wednesday after the abrupt retirement of Frank C. Sizer Jr., who faced growing criticism for prison violence.

"I can assure you there is a lot of intense review going on on every aspect of providing a safe environment for not only the staff but the inmate population and the public in general," Mr. Rowley told reporters.

Mr. Rowley pledged that state officials will not allow the Maryland House of Correction in Jessup "to go back to operating the way it was." He noted that a thorough review was under way in the slaying of Officer David McGuinn at the prison last month.

Mr. Rowley has been working with the Maryland Division of Correction for 14 months. He came to Maryland after a 25-year career with the Pennsylvania corrections department.

Mr. Sizer, Public Safety Secretary Mary Ann Saar and other corrections officials have been criticized for the escalating violence in the state prison system.

Officer McGuinn was the second correctional officer to be killed this year.

In January, a hospitalized state prison inmate reportedly shot Officer Jeffrey Wroten at Washington County Hospital in Hagerstown. Officer Wroten died a day later.

Officer McGuinn and Officer Wroten were the first correctional officers killed in the line of duty in Maryland since the death of Herman L. Toulson in 1984.

The violence also has affected inmates. In July, Julius Pratt, 34, became the third inmate at the maximum-security Maryland House of Correction to be killed there since May.

Ronald E. Smith, a labor relations specialist with the Maryland Classified Employees Association, has criticized corrections leadership, calling for the resignations of Mr. Sizer and Mrs. Saar.

Mr. Smith said that a lack of leadership has led to insufficient staffing, poor training and bad policies inside prisons.

Visitation policies, he said, are too loose, making it easy for inmates to acquire dangerous contraband. Calls for fixing poor locks on cells "have fallen on deaf ears," Mr. Smith said.

Mr. Rowley said he couldn't discuss details about improving security but that stopping the flow of contraband into state prisons is a perennially challenging goal.

"It's a very difficult process to detect some of this contraband that's being concealed on individuals that are coming in, and that's a constant battle that we fight in this business," he said.

State legislators are taking a harder look at security in state prisons in wake of the violence.

Earlier this month, lawmakers interrogated corrections officials in Annapolis and often expressed dissatisfaction with answers to questions about the security.

Issues Of Race And Sex Stir Up Alabama Election (NYT)

By Shaila Dewan

DOJ_NMG_0053414

The New York Times, August 25, 2006

MONTGOMERY, Ala., Aug. 24 — When Patricia Todd won the Democratic primary runoff for a seat in the Alabama Legislature last month, the big news might have been her sexual orientation. With no Republican opponent, Ms. Todd seemed poised to become what political observers said would be the first openly gay officeholder in state history.

But instead, it is the fact that she is white, in a majority black district in Birmingham, that has become the burning issue. One of the state's most powerful Democrats, who had earlier urged voters not to support Ms. Todd because she is white, is backing a challenge to her nomination that could end her candidacy.

On Thursday, a Democratic Party subcommittee heard a challenge to Ms. Todd's candidacy on the ground that she had violated a rule that, by party officials' own admission, has not been enforced in nearly 20 years. The subcommittee voted to disqualify both Ms. Todd and her runoff opponent, a black businesswoman named Gaynell Hendricks, because neither had complied with the rule.

The full party committee, which will meet Saturday, can now either overturn the decision or uphold it and appoint a replacement candidate, and Ms. Hendricks would be eligible. But Ms. Todd's campaign manager, Mark Kelly, said the dispute would almost certainly end up in court.

The challenge was brought by Ms. Hendricks's mother-in-law. But it was tacitly supported by Joe L. Reed, a longtime Democratic kingmaker and the party's vice chairman of minority affairs. Mr. Reed had urged voters to support Ms. Hendricks, and at one point the Alabama Democratic Conference, a black political organization that he is chairman of, gave a check to cover the $3,000 fee needed to bring the challenge in case Ms. Hendricks missed the deadline. He also controlled the subcommittee; three of the five members were drawn from a pool of Mr. Reed's appointees.

"This is really not about race," Ms. Todd said in a telephone interview as she traveled to Montgomery for the hearing. "This is about Joe Reed controlling the party and trying to get his way, and he's just a bully."

Mr. Reed disagreed. "She doesn't even know me,'' he said, "so she wouldn't be in any position to know. This is not about lifestyles; this is not about race. This is about whether she complied with the party rules."

The accusations against Ms. Todd are that she failed to file campaign finance reports with the party chairman in a timely fashion. But candidates no longer submit such reports to the party, instead they send them to the secretary of state. Ms. Todd did miss the deadline for filing her final report, however, which Ms. Hendricks said was an effort to conceal a $25,000 contribution from the Gay & Lesbian Victory Fund, a national group that supports gay candidates. The report also showed that Ms. Todd made payments for consulting services totaling $10,750 to two primary opponents who later supported her in the runoff.

Ms. Todd said that she had been frank about her sexual orientation and that she reported earlier in-kind support from the Victory Fund. The State Supreme Court has ruled that a late filing is not grounds to disqualify a candidate, as long as the report is made before Election Day.

Ms. Todd's district, a patchwork of poor and gentrifying neighborhoods in central Birmingham, has grown whiter in recent years, but it is still, by a hair, the majority-black district it was designed to be.

Ms. Todd, the associate director for AIDS Alabama, a nonprofit agency, and Ms. Hendricks were political novices, vying for a seat that had been held by a black politician, George Perdue, for more than 20 years. After Ms. Todd challenged him, Mr. Perdue decided to withdraw. Ms. Hendricks and three black candidates then entered the race.

When Ms. Todd and Ms. Hendricks wound up in a runoff, things got nasty, by both sides' reckoning. Anonymous fliers circulated calling Ms. Todd a "confessed lesbian" and applying racial slurs to Ms. Hendricks. The two primary opponents who threw their support to Ms. Todd woke to find signs in their yards accusing them of being "Uncle Toms," said one of them, Charlie L. Williams.

Ms. Todd said that with Mr. Reed's three appointments on the committee, its ruling was a foregone conclusion. "I would be greatly surprised if they ruled in my favor," she said.

ANTITRUST:

Feds Eye Hospital Bid (FMT)

By Sula Pettibon And Jonathan Allen

Fort Mill (SC) Times, August 23, 2006

U.S. Justice Department letter raises antitrust questions about DHEC's decision

FORT MILL -- The U.S. Department of Justice is questioning state health officials on their decision to award approval to build a Fort Mill hospital to Piedmont Medical Center.

The Justice Department's antitrust division said in an Aug. 18 letter to the S.C. Department of Health and Environmental Control's governing board that it wants to make sure the process didn't quash competition. The letter asks DHEC to consider the Justice Department's opinion on the decision and says "the issue merits full discussion at a final review conference."

The request comes after Hospital Partners of America took complaints about the process to the federal agency when PMC's parent Tenet Healthcare was selected over three other competitors and given permission to build a 100-bed hospital in Fort Mill. An official from Hospital Partners said the process used to determine who would get the permit - called a Certificate of Need, or CON - excluded new providers and eliminated competition.

"What the state did, we felt, was patently unfair," said Terry Linn, HPA's chief development officer. "We're just making the world aware of what is going on in South Carolina."

The letter asks for the Justice Department's antitrust division to meet with DHEC staff and requests a 30-day window to submit a second, more detailed letter. That request could delay a final review conference set for Thursday of another appeal by Presbyterian Healthcare, one of the other three failed bidders.

ADVERTISEMENT DHEC spokesman Thom Berry said Monday the state agency is trying to determine what the letter means.

A Justice Department spokeswoman would not comment Monday about the letter, which refers to a study conducted by the department and the Federal Trade Commission of the harmful effects CON laws have on competition.

Hospital Partners believes it and the other Charlotte-based hospitals, which also includes Carolinas Healthcare System, were excluded from being considered because of their location. The alleged home-state advantage has angered the three North Carolina hospitals, which spent millions on the long and costly permit process.

DHEC's Berry said the state considered all the applications during the 18 months preceding the May 30 decision. In addition to Presbyterian's request for a final review by DHEC, CHS has appealed to the S.C. Administrative Law Court in Columbia.

DHEC gave permission to PMC citing the hospital's pricing contract with the York County Council and the company's sole ability to build a 100-bed hospital. PMC's proposal had 36 more beds than the others because it can transfer beds from its existing facility in Rock Hill.

The other three bidders had to stick with 64-bed plans specified by the state Health Plan, and they were prevented from similarly transferring beds across the state line.

Charles Miller, PMC's president and chief executive officer, said Piedmont's 20-plus years in the community also played a role.

"The process was fair," Miller said. "DHEC staff clearly and firmly stated that the Piedmont application submitted was the best application."

He said the CON process is not intended to restrict competition, but is "intended to help manage the process so it doesn't have a negative impact on providers who are serving the community."

Representatives from Presbyterian and CHS said they were surprised by the letter.

"All along we felt the citizens of York County deserved a choice in health care providers," Presbyterian spokeswoman Katie Everett said. "We look forward to seeing how this process works out."

CHS spokesman Scott White said his company believes it will ultimately get to build Fort Mill's hospital.

"We don't know what this will mean for the DHEC appeals process, but we continue to believe that Carolinas HealthCare System should be awarded the CON to build the new hospital for the Fort Mill community," he said.

Rite Aid Makes Deal To Keep Up With Foes (AP)

By Marc Levy, The Associated Press

AP, August 25, 2006

Company will buy U.S. Eckerd and Brooks operations

HARRISBURG, Pa. — In a bold step to keep pace with the industry leaders, the nation's third-largest drugstore chain, Rite Aid, said Thursday that it will buy the U.S. Eckerd and Brooks operations of Canada's Jean Coutu Group for about $2.55 billion in cash and stock.

Rite Aid's first major acquisition since a turnaround team arrived to bring the company back from the brink of bankruptcy six years ago was designed to help it compete better with its bigger rivals Walgreens and CVS.

Rite Aid said the deal will make it the largest drugstore chain operator on the East Coast and give it a larger presence in major cities such as Atlanta, Philadelphia, New York and Baltimore.

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"It accelerates so quickly our growth strategy," said Rite Aid's president and CEO, Mary Sammons. "These are good stores in good locations. … In terms of getting into the neighborhood, being where the customer is, you really want to have the scale that our leaders in the drugstore channel have."

Rite Aid will pay $1.45 billion in cash and 250 million shares valued at about

$1.1 billion. The shares will give Jean Coutu a 32 percent equity stake and 30.2 percent voting power in the expanded Rite Aid, making it the company's largest shareholder.

In addition, Rite Aid will assume $850 million of long-term debt.

In the first year, Rite Aid plans to spend $500 million on the stores it is buying to remodel, remerchandise and convert their computer systems and signs to Rite Aid's, as well as an additional

$450 million in the next four years, Sammons said.

"Every store will be touched in that first year, and some to a greater degree than others," she said.

Neil Stern, a drugstore analyst and senior partner with Chicago-based retail consulting firm McMillan Doolittle, said Rite Aid needed to make the deal if it expected to keep up with rapidly expanding CVS and Walgreens.

He said the deal also builds on Rite Aid's strong markets in the Northeast.

"I think they clearly have the organizational strength to do this, and I think they have the financial wherewithal, assuming they get the support from Wall Street," Stern said.

Shares of Camp Hill, Pa.-based Rite Aid fell 32 cents, or 6.8 percent, to close at $4.36 on the New York Stock Exchange.

Jean Coutu paid $2.38 billion for 1,539 Eckerd stores that retailer J.C. Penney sold in 2004.

The boards of Rite Aid and Jean Coutu approved the Rite Aid deal, but it still requires a review by antitrust regulators and the approval of Rite Aid shareholders.

In a conference call with analysts, Lehman Brothers analyst Meredith Adler questioned whether the deal would pass muster with antitrust regulators because of the "significant overlap" in the location of the companies' stores.

Sammons would not speculate about how the proposed deal might fare with regulators. She also said that it was too early to say whether Rite Aid would close stores until it does an analysis but that some employees from Jean Coutu's U.S. headquarters in Warwick, R.I., would be let go.

The planned acquisition includes 1,858 drugstores — 337 Brooks stores and 1,521 Eckerd stores — and six distribution centers in 18 states, mostly on the East Coast from Maine to Georgia. About 70 percent of the stores being acquired are in states where Rite Aid currently operates. The rest will introduce Rite Aid to Massachusetts, Rhode Island, South Carolina and North Carolina.

Upon closing, there will be about 5,000 Rite Aid stores in 31 states and Washington, D.C., with coverage on the East and West coasts.

CVS, based in Woonsocket, R.I., is the nation's leader with more than 6,100 drug stores. Deerfield, Ill.-based Walgreens, with about 5,400 stores, is the leader in annual revenue at $42.2 billion its latest fiscal year.

The combined fiscal 2006 revenue of Rite Aid and Jean Coutu's U.S. operations was about $26.8 billion.

Sammons will add chairman of the board to her duties. Michel Coutu, currently the president of Jean Coutu's U.S. operations, will become co-chairman of Rite Aid. Rite Aid's current chairman, Robert Miller, will continue to serve as a director.

Sammons' team took the reins of Rite Aid in December 1999 after the board forced out the previous management.

They found the company to be $6 billion in debt, the seriousness of which was hidden for at least two years because of a $1.6 billion accounting falsification scheme that landed several former executives behind bars.

Rite Aid expects the latest deal to generate $150 million in savings and sees it adding earnings of 9 cents to 15 cents per share in the year after the deal closes.

The company said it could complete the deal as early as its fourth quarter, which ends March 3.

Rite Aid To Buy Jean Coutu's Eckerd, Brooks Chains (Update13) (BLOOM)

By Josh Fineman

Bloomberg, August 25, 2006

Aug. 24 (Bloomberg) -- Rite Aid Corp., the third-largest U.S. drugstore chain, agreed to buy the Brooks and Eckerd pharmacy chains for $2.54 billion to keep pace with CVS Corp. and Walgreen Co.

The purchase from Jean Coutu Group Inc., Canada's second- biggest pharmacy chain, is Rite Aid's biggest acquisition since an accounting scandal was resolved in 2000. The deal gives Rite Aid more than 5,100 stores and makes it the largest drug retailer on the East Coast, the companies said today in a statement.

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``It looks like a very smart acquisition for both parties,'' said Matthew Kaufler, who helps manage $2.5 billion at Rochester, New York-based Clover Capital Management Inc. and is a previous owner of Rite Aid shares. ``Most importantly, it gives Rite Aid greater scale.''

Jean Coutu will receive $1.45 billion in cash and 250 million shares of the Camp Hill, Pennsylvania-based Rite Aid, making it the company's largest shareholder with a 32 percent stake. Rite Aid will also assume $850 million in debt.

The addition of 1,521 Eckerd and 337 Brooks stores, to be renamed as Rite Aids, still leaves the company behind CVS's 6,171 and Walgreen's 5,401 locations.

Shares of Rite Aid fell 32 cents, or 6.8 percent, to $4.36 at 4:01 p.m. in composite trading on the New York Stock Exchange. They rose 25 percent this year. Jean Coutu's Class A shares rose C$1.81, or 17 percent, to C$12.76 in Toronto, their biggest gain since at least 1988.

Drugstore Growth

Drugstore companies have been expanding to become more efficient. Walgreen, the largest U.S. drugstore company by revenue, bought regional competitor Happy Harry's Inc. in July. CVS is expanding in California after completing its acquisition of Albertson's Inc.'s drugstores in June.

Goldman, Sachs & Co. analyst John Heinbockel questioned whether the purchase price was too high, calling Rite Aid a ``much larger, but still underperforming and highly leveraged company'' in a research note today.

Heinbockel estimated Rite Aid is paying $1.8 million per store, above the $1.5 million to $1.6 million that Jean Coutu paid for the Eckerd stores in 2004. Goldman removed the company from its ``buy'' list.

Separately, Standard & Poor's Ratings Service said it may cut Rite Aid's ratings, including its corporate credit rating of B+, citing the company's increased financial risk.

Paying off the additional debt will not be a problem, Rite Aid Chief Executive Mary Sammons said in an interview today. ``We know how to really manage debt.''

Sammons' Role

Sammons was named Rite Aid's chairman in addition to her positions as CEO and president. Michel Coutu, president of Jean Coutu's U.S. operations, will become co-chairman. Robert Miller, Rite Aid's chairman, will stay on as a director.

Based on Rite Aid's closing price today, the stock portion of the transaction is valued at $1.09 billion. The deal including debt is worth about $3.39 billion and is expected to be completed as early as December pending regulatory and Rite Aid stockholder approval.

The transaction, which includes six distribution centers, will lower Rite Aid's earnings by as much as 7 cents a share in the first 12 months after its completion, the company said. In the following year, Rite Aid is expecting the deal to add 9 cents to 15 cents to profit following $150 million in cost reductions.

Jean Coutu was founded in 1969, when Jean Coutu, now 79, opened his first store in Montreal. The company struggled to integrate the 1,500 Eckerd stores it bought in 2004 from J.C. Penney Co. for $2.4 billion.

Jean Coutu

Based on a Rite Aid share price of $4.41 and assuming exchange rates remain constant, Jean Coutu said it expects to a record an after-tax loss of $140 million

Rite Aid has been remodeling and relocating stores in an effort to increase profit, and plans to open 800 to 1,000 new and relocated stores over the next five years.

The company reiterated a full-year forecast ranging from a loss of $5 million, or 7 cents a share, to net income of as much as $40 million, or 2 cent, on a conference call today with analysts and investors.

Rite Aid has been recovering from an accounting scandal that erased $1.6 billion in profit from 1997 to 2000. Six former executives were convicted of crimes, including former CEO Martin Grass and ex-chief counsel Franklin Brown. Grass is serving a seven-year prison term and Brown is serving 10 years.

About 70 percent of the acquired stores are located where Rite Aid already operates. Sammons declined to say whether antitrust regulators may force Rite Aid to sell some locations.

Future Strategy

Sammons said during the interview that no plans exist to take the company private as has been speculated by some analysts.

Rite Aid's 9.25 percent notes maturing in June 2013 fell 3 cents to 96.75 cents on the dollar at 4:13 p.m., according to Trace, the bond price reporting system of the NASD. The yield rose to 9.92 percent.

Citigroup Inc. and Rothschild Inc. served as financial advisers for Rite Aid, while J.P. Morgan Securities Inc. advised Jean Coutu.

To contact the reporter on this story: Josh Fineman in New York at jfineman@bloomberg.net ;

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Rite Aid To Buy Eckerd, Brooks Drugstore Chains (WSJ)

The Wall Street Journal, August 25, 2006

Rite Aid Corp. confirmed a deal to purchase the Eckerd and Brooks drugstore chains from Jean Coutu Group Inc. for about $3.4 billion in cash and stock, greatly expanding its presence on the East Coast.

Jean Coutu bought 1,550 U.S. Eckerd stores only two years ago, for $2.4 billion, from J.C. Penney Co. But Coutu borrowed $2.55 billion to finance the Eckerd deal, leaving it with scant financial resources to upgrade stores and improve customer service, analysts said. The integration went poorly and Eckerd lost market share amid intense competition in the drugstore market.

The deal will add about 1,800 stores to Rite Aid's existing 3,300 locations, giving it a total of more than 5,000 stores and increasing its efforts to catch up to larger U.S. drugstore rivals Walgreen Co. and CVS Corp. The deal also would increase Rite Aid's clout along the East Coast, where it has its strongest markets.

Quebec-based Jean Coutu will keep its 327 stores in Canada.

Rite Aid's shares fell 32 cents, or 6.8%, to $4.36 in 4 p.m. New York Stock Exchange composite trading amid investors' concerns that it was paying a high price for underperforming stores and that it could face problems integrating the assets.

Rite Aid, Camp Hill, Pa., plans to pay $1.45 billion in cash and the rest in stock. Jean Coutu Group will own about 32% of Rite Aid. According to a filing with the Securities and Exchange Commission, Jean Coutu will have the right to designate a certain number of directors to Rite Aid's board.

Rite Aid reported sales of $17.3 billion in its fiscal year ended Feb. 26. Walgreen is the nation's largest drugstore chain by revenue, with $42.2 billion in its most recent fiscal year, while CVS is second with $37 billion -- but all three chains are racing to grow.

In June, Walgreen agreed to buy the Happy Harry's chain of 76 drugstores, marking Walgreen's largest acquisition since 1986. Walgreen also has been making overtures to purchase independent drugstores. CVS, meanwhile, is digesting its recent acquisition of 701 Sav-On and Osco drugstores from Albertson's Inc.

Over the past few years, Rite Aid has been rebounding from an accounting scandal in which it admitted that it overstated profits by more than $1 billion from 1997 to 1999. The company said it committed a host of wrongs, including manipulating costs and hiding depreciation expenses. Rite Aid's former chairman and chief executive, Martin L. Grass, is serving a seven-year prison sentence for his role.

Rite Aid's recovery has been bumpy. While sales have been rising recently, profits have been erratic, it remains laden with debt and efforts to expand in existing markets have been costly. In its first quarter, net income fell 67%, as expenses to open new stores more than offset sales growth.

Canadian Drugstore Company Retreats From U.S. (NYT)

By Ian Austen

The New York Times, August 25, 2006

OTTAWA, Aug. 24 — The Jean Coutu Group confirmed on Thursday that it would sell its Eckerd and Brooks drugstore chains to Rite Aid for $2.55 billion in cash and stock.

The company's withdrawal from the United States, just two years after acquiring 1,549 Eckerd stores for $2.4 billion, puts it on a long list of Canadian retailers whose success at home did not translate to the American market.

"Thinking that the U.S. market is similar to the Canadian market is partly true but also very wrong," said Louis Hébert, a professor at HEC Montréal, a business school. "On the 20 percent where Canadians and American shoppers differ, they're very different, and retailing is about details."

Under the terms of the agreement, Rite Aid will pay Coutu $1.5 billion in cash and assume $850 million of the Canadian company's debt. When the deal is completed, Coutu will end up owning about 30 percent of Rite Aid.

At a news conference in Coutu's modest headquarters in an industrial Montreal suburb, Jean Coutu, the company's founder, largest shareholder and interim chief executive, challenged a reporter who suggested that the Eckerd acquisition had come to a less than desirable end.

"We started with one little pharmacy in '69; now we are one of the largest shareholders in the third-largest pharmacy in the United States," he said. "You call it a disaster. Well, I'd like to see more disasters like this."

Mr. Coutu, a 79-year-old pharmacist who wears a lab coat at work and occasionally dispenses pills at his stores, said that the gains the company hoped to achieve over time through the Eckerd stores would be recovered as Rite Aid's shares increased in value.

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That is far from certain. Rite Aid is still dealing with the aftereffects of an accounting scandal in which six executives including a former chief executive, Martin Grass, were convicted of crimes after inflating the company's earnings by $1.6 billion.

Many analysts also view Rite Aid as a weaker player than the market leaders CVS, which also acquired a number of Eckerd stores in 2004, and Walgreen. In a note to investors issued Thursday, John Heinbockel, a Goldman Sachs analyst, called Rite Aid a "still underperforming and highly leveraged company."

Criticism of Rite Aid, Mr. Coutu said, belongs in the past.

"It's like the Bible," he said. "There's an Old Testament and a New Testament. The Old Testament is finished."

The dominance of Jean Coutu's often-cluttered stores in the Quebec market made Mr. Coutu a celebrity in that province. He enhanced his reputation with the successful purchase of 221 Brooks pharmacies in the Northeast United States 12 years ago.

The Eckerd expansion, however, was to have been the first major move by Mr. Coutu's sons, François, who was president and chief executive until his father's return earlier this year, and Michel, who headed the company's United States operations. The elder Mr. Coutu said that he handled the sale to Rite Aid personally.

Eckerd, which had been owned by J. C. Penney, was in poor shape at the time of the takeover. But Professor Hébert said that Jean Coutu had little to bring to the company.

"Jean Coutu's success in Canada and Quebec was adapting the American model of a pharmacy as a discount retailer of a wide range of merchandise," Professor Hébert said. "Going back with that model to where it was created was a me-too strategy."

Among the other major Canadian retailers that have failed in the United States are Canadian Tire, which is among Canada's most consistently profitable chains, and Shoppers Drug Mart, the country's largest pharmacy owner, based in Toronto.

Rite Aid To Buy Brooks, Eckerd (USAT)

By Julie Schmit

USA Today, August 25, 2006

Rite Aid, the No. 3 drugstore chain, said Thursday that it'll buy the Brooks and Eckerd chains to speed its growth and better compete with CVS and Walgreen.

The deal further consolidates an industry that was once a bastion of locally owned small businesses but is now dominated by big chains and facing new competition from mail order and Internet outlets.

Rite Aid will pay about $2.6 billion in cash and stock to Canada's Jean Coutu Group for 1,858 stores, making it the largest chain on the East Coast and giving it a presence in 31 states. Still, it will lag behind Walgreen, the nation's biggest drugstore by revenue, and CVS, the biggest by number of stores.

Rite Aid's shares fell 6.8% to $4.36 Thursday. Some Wall Street analysts said the deal combines two underperformers and creates a heavily indebted company.

"These are two laggards," says John Ransom, industry analyst with Raymond James & Associates, adding that Rite Aid "paid too much."

In July, the latest month for which sales data are available, Jean Coutu's U.S. stores posted same-store sales gains of 2.4% vs. 4.1% for Rite Aid, 9.7% for Walgreen and 9.5% for CVS. The data come from stores open more than one year.

Rite Aid, on the verge of bankruptcy in 1999 after an ambitious expansion, then an accounting scandal, says the deal will strengthen its ability to win concessions from suppliers. That should help consumers if Rite Aid keeps prices down, says economist Laura Miller of the National Association of Chain Drug Stores.

Rite Aid CEO Mary Sammons, in a call with industry analysts, said the deal will also help Rite Aid take advantage of the industry's expected growth from more people taking more prescriptions, high profit margins on generic drugs and the new Medicare prescription plan.

The big three drugstore chains have all stepped up acquisitions. Walgreen recently agreed to buy the 76-store Happy Harry's chain. CVS recently absorbed 701 drugstores from Albertsons. At the same time, mass merchandisers, including Wal-Mart, and supermarkets continue to add pharmacies. Last year, supermarkets and mass merchandisers accounted for 30% of pharmacies, up from 15% in 1990, the chain drugstore association says.

Jean Coutu, which bought the Eckerd stores from J.C. Penney in 2004, will receive $1.45 billion in cash and a 32% Rite Aid equity stake, making it the largest individual shareholder. Rite Aid will assume $850 million of debt.

Both companies' boards have approved the deal, but an antitrust regulatory review and shareholder approval are required. Regulators are likely to look at the 14 states in which both chains have stores.

BA Appeals For Antitrust Authorities To Dismantle BAA (AFP-Y)

AFP, August 25, 2006

British Airways has called for an in-depth competition probe into the country's airports sector which should lead to the break-up of airports operator BAA.

BAA, which runs seven British airports including the three London airports of Heathrow, Gatwick and Stansted, defended the current ownership structure.

No-frills carrier easyJet also appealed on Thursday for the dismantling of BAA and warned that tougher regulation was needed.

Regulators at the Office of Fair Trading (OFT) had announced in June a preliminary investigation into the market position of BAA, which is owned by a consortium led by the Spanish construction group Ferrovial.

"British Airways is calling on the Office of Fair Trading to refer its study on the UK airports market to the Competition Commission because of its concerns about current airport regulation and ownership," BA said in a statement Thursday.

"Separate ownership of London Heathrow and London Stansted airports should be considered by the Competition Commission.

"The airline believes that decisions on new runway construction in South East England should not be concentrated in the hands of one company."

But a spokesman for BAA welcomed the OFT inquiry, adding: "Evidence to date suggests that the current ownership structure of UK airports serves the public interest well.

"Any intervention aimed at increasing competition in the market would need to demonstrate clearly that the benefits to consumers would outweigh potential disadvantages such as the reduced likelihood of investment.

"That's a very big test, and we need to see the argument."

Almost two-thirds of British air passengers begin or end their journey at BAA's airports, according to the OFT. Within the London area nine out of ten passengers fly through a BAA airport.

In a separate statement, easyJet said that travellers across Britain must be protected from paying higher air fares.

"Consumers need better protection from the airport operators who behave like local monopolists, pushing up prices to hide their own inefficiencies," said easyJet chief executive Andy Harrison.

"So, whilst easyJet supports the break-up of BAA, the primary focus must be on tougher regulation. The issue of ownership is secondary to providing the right regulatory regime."

In recent weeks, BAA has been under fire over its handling of heightened security measures in the wake of an alleged plot to bomb US-bound planes earlier this month.

The operator had ordered airlines to cancel hundreds of flights as security and baggage personnel could not process all passengers with the restrictions banning carry-on luggage. The restrictions have since mostly been eased.

BAA was bought by a consortium led by Ferrovial for 10.23 billion pounds (14.8 billion euros, 18.8 billion dollars) in June.

Ferrovial, which represents 65 percent of the consortium, also manages Belfast airport and Bristol and Exeter airports in western England.

Stage Gets Set For Italy's Banks To Consolidate (WSJ)

By Stacy Meichtry In Rome And Edward Taylor In Frankfurt

The Wall Street Journal, August 25, 2006

The long-awaited marriages involving Italy's big banks may finally be at hand.

Banca Intesa SpA and Sanpaolo IMI SpA called separate board meetings for tomorrow to discuss a possible merger of two banks with a total market value of more than €50 billion, or about $65 billion, potentially accelerating the consolidation of the country's lucrative but fragmented banking sector.

A tie-up between Italy's No. 2 and No. 3 banks by market capitalization, after Unicredito SpA, would redraw the Italian banking map and create the country's largest retail bank by number of branches. It also could open further expansion possibilities in Italy to foreign banks.

Italy, where banking fees are among the highest in Europe, is one of the most attractive markets on the Continent for foreign banks. The country's new top banking regulator, Bank of Italy Gov. Mario Draghi, has been trying to open the sector to foreign investment while simultaneously urging Italian banks to undertake domestic consolidation. A marriage between two of the country's top banks could provide momentum for smaller Italian banks to search for partners as well.

An Intesa-Sanpaolo alliance would create Europe's 13th-biggest bank, with the size necessary to compete with large European rivals, though it would remain heavily dependent on the underperforming Italian economy.

Representatives of the two banks said a merger would bring synergies in corporate and investment banking, and particularly in money management. In January, Intesa sold its share of Nextra, its asset-management portfolio, to French lender

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Crédit Agricole SA, which owns nearly 18% of Intesa. A merger would allow Intesa to offer Sanpaolo's asset-management products through its branch network.

However, Intesa, based in Milan, and Sanpaolo, based in Turin, would have considerable overlap in merging their lucrative retail operations, both of which are concentrated in Italy's wealthy north.

"Bottom line, the deal is positive," said Marcello Zanardo of Keefe, Bruyette & Woods, saying he expects shareholders to approve the merger. "You're looking at synergies worth" more than a billion euros, he said.

Sanpaolo shares rose 6.1% to close at €15.56 ($19.91) in Milan, while Intesa rose 7.6% to close at €5.03.

An Intesa-Sanpaolo tie-up also could open up opportunities for foreign banks to make offers for other Italian lenders, such as Capitalia SpA, Italy's fourth-largest bank. The Rome-based bank's shares have risen 31% this year partially on speculation that it would be taken over soon. Intesa and Sanpaolo had been considered potential partners for Capitalia. But the absence of an Italian suitor for Capitalia could open the way for foreign buyers.

Italian bank Monte dei Paschi di Siena SpA, Italy's No. 6 bank, also has seen its shares rise 31% this year based in part on it being a takeover target.

Romano Prodi, Italy's prime minister, welcomed the potential Intesa-Sanpaolo merger as an opportunity to create a national champion big enough to play an active role in European banking consolidation. "Instead of always being the 'prey,' I'd like, once in a while, to also be the predator," he said.

Italy's banking sector has been among the most turbulent in Europe recently and some expansion attempts from foreign banks have run into trouble.

Last year the European Union complained that the Bank of Italy's then-governor, Antonio Fazio, was using his regulatory authority to hamper foreign banks from taking over Italian lenders. Mr. Fazio later resigned after Italian prosecutors began investigating him for insider trading and other securities violations for allegedly attempting to obstruct a bid by ABN Amro Holding NV for midsize Italian lender Banca Antonveneta SpA. Mr. Fazio denies the allegations.

The affair tarnished the Italian banking sector and raised questions about regulatory transparency.

Since Mr. Draghi took over the Bank of Italy this year, he has worked to create greater regulatory transparency and remove hurdles to foreign takeovers. So far this year, ABN Amro completed its takeover, and another Italian bank, Banca Nazionale del Lavoro SpA, was bought by French bank BNP Paribas SA.

Another factor driving change in the Italian sector was Unicredito's takeover last year of a Germany-based bank, HVB Group AG. The combination turned Unicredito into a major European banking power and made it the leader in the fast-growing Eastern European market.

The deal also put pressure on Intesa and Sanpaolo, Unicredito's Italian rivals, to make moves to increase their own scale and reach. However, some analysts were skeptical about whether an Intesa-Sanpaolo deal would create significant value, casting the potential merger as a defensive move aimed at keeping Italy's top banks out of foreign hands and questioning whether it could produce significant synergies and opportunities for foreign expansion.

"They're building a fortress," said Armin Polster, a banking analyst with Deutsche Bank. Creating synergies in their retail operations, he said, would require staff reductions that could be politically difficult in Italy.

It is also unclear how the major shareholders of the two banks would react to a deal. A deal between Sanpaolo and Intesa could encounter resistance from Credit Agricole. The French bank's 18% stake makes it the largest player by far within the shareholder pact -- the group of shareholders who joined up to control Intesa.

That essentially gives Credit Agricole veto power over any potential deal. Although Credit Agricole has expressed support for Intesa's effort to grow, analysts say Credit Agricole is keen on expanding further in Italy and doesn't want to see its stake diluted by a merger.

Intesa Chairman Giovanni Bazoli indicated Thursday that Credit Agricole already had given its approval to the deal. Speaking at a conference in Rimini, Italy, he added that while the size of the French bank's future stake hadn't been determined, Credit Agricole "will not increase its presence."

Louise Tingstrom, a Credit Agricole spokeswoman, declined to say whether the bank would accept a dilution of its stake, but said the bank would "examine in detail any formal proposal put forward and subsequently act in the best interest of all stakeholders."

A spokesman for Banco Santander Central Hispano SA, which owns a stake of about 8.5% in Sanpaolo, declined to comment on the potential merger talks. The Spanish bank has three representatives on the 17-member Sanpaolo board.

Let Companies Buy And Sell News (LAT)

The Los Angeles Times, August 25, 2006

The FCC should relax unreasonable ownership restrictions on the media.

MEDIA COMPANIES IN THIS COUNTRY face unreasonable government restrictions on their activities. Yet for the Federal Communications Commission, rewriting the ownership limits for television and radio stations has been a labor fit for Sisyphus. The commission updates the rules every few years, as required by law, only to have a federal appeals court or Congress smack them down.

The latest go-round started when the commission announced in June that it would reconsider some of its rules limiting what companies can own. The FCC had tried to ease or eliminate these limits in 2003, only to have its actions blocked by the U.S. 3rd Circuit Court of Appeals. The Senate, prodded by a motley alliance of anti-corporate zealots and conservative activists who think local media tycoons are less liberal than national media tycoons, also intervened.

Media ownership restraints seek to preserve a healthy competition of distinct voices, but the rules developed over the decades are woefully outdated. If anything, what the FCC tried to do three years ago was too modest. In an age of cable and satellite TV — not to mention an age of YouTube.com — it's no longer justifiable for the government to impose any limits on how many affiliates broadcast networks can own, given that CBS, NBC and ABC no longer control the distribution of their programming the way they did when American families gathered around their sets to watch "I Love Lucy," captured by their rabbit-ear antennas.

And yet the FCC only sought to raise the percentage of the national audience that network-owned affiliates can reach from 35% to 45%. This would have been a radical move — in 1960. Three years ago, it was laughably meek. After a compromise raised the limit to 39%, these rules aren't even on the table for review this time around.

A different set of rules limiting the number of media outlets one company can own within the same city do remain relevant. Here again, the FCC was rather prudent in its ill-fated 2003 ruling. The commission would have let TV groups control three stations in markets with at least 18 outlets, and two stations in markets with five to 17 outlets — although only one of the stations could be among the four most popular in that community. It also proposed to allow TV, radio and newspaper owners in a community to consolidate to varying degrees, depending on the number of TV stations in the market.

Full disclosure: Tribune Co., owner of this newspaper and KTLA-TV Channel 5, would benefit from a relaxation of these rules. Indeed, its purchase of The Times in 2000 was allowed because of the widespread assumption that the so-called cross-ownership rule banning ownership of a broadcast station and newspaper in the same city would soon be retired, as it should be.

More cities might still have a competitive newspaper market if more broadcasters had been allowed to buy newspapers in the past. Studies show that those broadcasters that do operate local newspapers through waivers or exemptions offer more news and public affairs programs, on average, than competitors that don't. Moreover, the business challenges facing media giants such as Tribune and Time Warner Inc., which had hoped for greater "synergy" dividends, underscore the ever-changing media landscape and the fact that Americans have a growing number of media choices. The number of people who regularly watch local TV news is down from 77% in 1993 to 54% today. It's in their interest that the FCC press ahead with liberalization.

ENVIRONMENT:

Alcoa Fined $9.2M For Pollution (DMN)

By Randy Lee Loftis, The Dallas Morning News

The Dallas Morning News, August 25, 2006

Justice Department alleges 1,819 breaches; company disputes case

The U.S. Justice Department has demanded almost $9.2 million in penalties from Alcoa Inc. for nearly 2,000 alleged violations of pollution limits at the aluminum company's giant smelter northeast of Austin.

The emissions in question come from Alcoa's three-unit, coal-burning power plant, which supplies electricity to the aluminum smelter near Rockdale in Milam County. The smelter is the largest in North America, and emissions from the plant often drift north to the Dallas-Fort Worth area.

Alcoa's power plant was the target of lawsuits filed by environmental groups in 2001 and by the Justice Department in 2003. The suits alleged violations of the federal Clean Air Act.

Also Online

Judges reject TXU plant

A 2003 settlement among the Justice Department, Alcoa and three environmental groups – Neighbors for Neighbors, Environmental Defense and Public Citizen – required Alcoa to retrofit its power units with modern pollution controls, replace them with a new, cleaner-burning plant, or shut them down altogether.

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Alcoa chose to replace them. The replacement plant is among the 16 new coal-burning units that power companies plan to build in Texas. Alcoa and Dallas-based TXU announced last year that they were collaborating on the replacement, but they have not reached a formal agreement, Alcoa spokesman Jim Hodson said.

The settlement required pollution reductions from the existing power units until Alcoa replaces them.

In a letter to Alcoa dated July 14, the Justice Department alleged that between mid-2003 and mid-2005, Alcoa violated the agreement's pollution limits a total of 1,819 times.

The total included 36 violations of the limit on sulfur dioxide and 1,783 violations of the limit on opacity, or visible soot. The Justice Department demanded that Alcoa pay $9.175 million in penalties by Aug. 13 unless it invoked a dispute resolution process before then.

Mr. Hodson said the company had taken the case to dispute resolution, automatically suspending the government's payment demand. He also denied that Alcoa had committed the violations that the Justice Department alleged.

The company's position "is that no, they're not violations," Mr. Hodson.

Justice Department spokesman Andrew Ames said the department had no comment. Spokesmen for TXU did not return phone calls.

The settlement set a deadline of April 25 for replacing the old units.

However, Alcoa, working with TXU, asked a federal judge to extend the deadline to 2010. The Justice Department and the environmental groups oppose the extension.

A hearing on the deadline-extension request and other issues related to pollution controls on the new plant is scheduled for Friday in Austin before U.S. District Judge Sam Sparks.

Travis Brown of Neighbors for Neighbors, a group of residents fighting Alcoa on environmental matters, said Alcoa was going back on its pollution control promises in order to reach a deal with TXU to build the new plant.

"Alcoa is trying to eliminate a number of pollution limits from the consent decree to make it more palatable to TXU," Mr. Brown said. "That doesn't make sense when Alcoa isn't even meeting those required emission limits now."

Alcoa Faces More Than $9 Million In Pollution Fines (COX)

By Asher Price, Cox News Service

Cox News Service, August 25, 2006

AUSTIN, Texas — In the annals of coal-fired power plants in Texas, this summer could prove to be a hot one.

On Friday, environmental groups and the federal Department of Justice will square off against Alcoa, a Pittsburgh company that runs an enormous aluminum smelting operation in Rockdale, in a federal district court in Austin over whether it may put off pollution controls at its facility. In July the justice department fined Alcoa $9.2 million for exceeding pollution limits at the plants that power the smelters.

And on Wednesday a pair of judges recommended that TXU Corporation, the biggest producer of electricity in the state and a company that is proposing 11 new and expanded plants around Texas, be denied an air permit for its proposed Oak Grove power plant near Franklin, north of Bryan.

The Alcoa case involves a collision of interests stemming from a 2003 settlement between the company and three citizens groups that alleged it had illegally released more than one million tons of air pollution over a 17-year period.

As part of the settlement Alcoa was required to pay a fine of $1.5 million and to spend $2.5 million on environmental mitigation projects in Central Texas. The company also opted to build new power units to replace its old ones.

Alcoa is trying to sell ownership of its air permits for the coal-fired plants that power its smelter to TXU. Under the deal, Alcoa would close down its three generating units and TXU would build a new one. But Alcoa is trying to loosen the emissions controls in the 2003 agreement to make the ownership change more appealing to TXU.

Environmental groups say any changes in the ownership may only be considered as long as the terms of the settlement are met. But the justice department is demanding Alcoa pay nearly $9.2 million for exceeding sulfur dioxide emissions limits 36 times and opacity emissions limits 1,783 times between mid-2003 and mid-2005. Opacity serves as a surrogate test for a host of pollutants, according to Jim Marston, the head of the Texas office of Environmental Defense.

"Realistically that's not going to be the final amount," said Travis Brown, who heads Neighbors for Neighbors, a group that filed lawsuits against Alcoa. "They're going to be negotiated down. Alcoa's going to argue they have legitimate excuses for the pollution."

"But it could be a few million dollars It's not often you see millions of dollars out there."

The Alcoa plant employs more than 1,100 people, and the company says transferring ownership to TXU and building a new plant is critical for maximizing its smelting abilities and staying competitive.

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"Are they actually violations? We'll go through the individual claims," said Kevin Lowery, a spokesman for Alcoa. "They have nothing to do with the permitting."

TXU meanwhile has to deal with the implications of Wednesday's decision by two administrative law judges.

The judges, Carol Wood and Thomas H. Walston, recommended the commission find that Oak Grove, which would be built about 100 miles northeast of Austin, failed to prove that it will achieve the required pollution standards.

The case will not go before the commission for at least a month.

TXU tried to spin the reading as a victory.

The ruling "underscores the aggressiveness of TXU's proposal," said spokeswoman Kimberly Morgan.

Environmentalists heralded the ruling.

"We are very happy with this decision," said Karen Hadden, who heads the Sustainable Energy and Economic Development Coalition. "It matters for Austin. Pollution from this plant would affect health here in Austin."

Asher Price writes for the Austin American-Statesman.

US Appeals Court Refuses To Block Dredging Of Columbia River In Oregon (FINDLAW/AP)

By Tim Fought, Associated Press Writer

AP, August 25, 2006

(AP) - PORTLAND, Oregon-A federal appeals court has rejected an attempt by environmentalists to block the dredging of 103 miles (165 kilometers) of the Columbia River.

The work is designed to give new, larger oceangoing vessels access to Portland and other ports, helping them compete for Pacific Rim business.

The project could be finished in two to four years, depending on how fast Congress supplies money, the U.S. Army Corps of Engineers said.

In a 2-1 decision Wednesday, a panel of the 9th U.S. Circuit Court of Appeals said a lower court correctly decided that the corps had taken the "hard look" that environmental laws require to protect salmon in the river.

The decision also called the corps' measurement of costs and benefits realistic.

The dissenter, Judge Betty Fletcher, said the corps had done suspect analysis of the project's impact on beach erosion and river pollution, and its economic reasoning was flawed.

"The corps is wont to undervalue costs and overvalue benefits so that it can get on with its mission - constructing water projects," Fletcher wrote.

The suit was brought by Northwest Environmental Advocates in Portland. Attorney Steve Mashuda said his client had not yet decided whether to appeal further.

The dredging project would deepen the Columbia shipping channel from 40 feet (12 meters) to 43 feet (13 meters).

Environmentalists objected to the corps' plan to dump sediment off the continental shelf in the Pacific Ocean, taking it out of the natural system that would replenish beaches in Oregon and Washington state and aggravating the damage coastal erosion does to ecosystems and local economies.

Report Criticizing BP's Controls Is Investigated After Alterations (WSJ)

By Jim Carlton

The Wall Street Journal, August 25, 2006

Federal investigators are probing changes made to a report commissioned by Alaska state officials on BP PLC's operations there. The changes were made after the oil giant complained the report was overly negative.

The London company, which runs the massive Prudhoe Bay oil field on behalf of a consortium of oil companies, is under scrutiny by U.S. and state agencies for how it handled corrosion and potential leak issues at pipelines there. Concerns about corrosion led BP to shut down part of the field earlier this month, sparking a surge in oil prices. Separately, BP said late Wednesday that it would further reduce input from the hobbled field because of equipment failure.

Copies of the original and final versions of the 2002 report by Coffman Engineers, which was commissioned by and filed with a state agency to evaluate BP's pipeline management, show several instances in which critical commentary is deleted or replaced with positive comments. For example, the original version, reviewed by The Wall Street Journal, said BP's corrosion-monitoring program "makes it difficult to develop a qualitative understanding of the basis for their corrosion strategy." That reference was replaced by this: "BP has demonstrated a clear commitment to corrosion control."

That and other changes were made to the document after BP officials submitted a critique of the original version, calling it "biased and unduly negative," according to documents viewed by the Journal.

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BP spokesman Daren Beaudo said the company tried to point out errors they discovered in the first version and wasn't trying to pressure anyone. "We pointed them out as part of the normal review process," he said.

Coffman changed the report after BP "explained some things we didn't know," said Dan Stears, manager of Coffman's corrosion-engineering department, who added the firm wasn't pressured by BP or anyone else to make changes. The changes were made after the first draft version was reviewed for input by state and industry officials, he said.

A spokeswoman for the Alaska Department of Environmental Conservation, which contracted with Coffman to file the report, said the agency couldn't comment because of an investigation by the state attorney general's office into the 2002 report. A spokesman for the attorney general's office said he couldn't make an immediate comment.

BP officials have defended their corrosion-control programs but have acknowledged the need to do more following the recent discovery of more severely corroded lines. The findings followed a March spill that has revealed widespread internal-corrosion problems at the oil field, the largest in the U.S.

The documents were obtained by Charles Hamel, a critic of the oil industry's conduct in Alaska, who said he turned the information over to the Environmental Protection Agency and the Department of Transportation's Office of Pipeline Safety. The two agencies have launched investigations into BP's operations at Prudhoe Bay. Mr. Stears said the EPA, which is conducting a criminal probe, has subpoenaed its BP corrosion reports, including the one in 2002. An EPA spokesman declined comment.

The final draft of Coffman's 2002 report was submitted to the Alaskan state agency in November 2001. It contained a number of criticisms. For example, it said that without certain details, it was hard to judge the effectiveness of BP's program to use chemicals to fight corrosion inside pipes.

In a document titled "BP response to Coffman Final Draft," BP said specifics on the overall corrosion trend were of "limited utility" because the program's success had been demonstrated by low corrosion rates, among other things. The final version of the Coffman report excised that reference, along with several others.

BP late Wednesday said it would reduce the field's output by about 90,000 barrels of oil a day from the previous level of about 200,000 barrels a day because of an equipment failure that would take several days to fix. Before the partial shutdown of the field earlier this month, Prudhoe Bay produced about 400,000 barrels of oil a day, equal to just less than 2% of daily U.S. consumption.

Bush's First Energy Rule: Efficient Enough? (CSM)

By Mark Clayton

The Christian Science Monitor, August 25, 2006

Long accused of dragging its feet on raising energy-efficiency standards for products, the Bush administration has proposed its first such standard.

Its proposal attracted little attention, since it didn't mean better dishwashers or more fuel-efficient cars. Instead, it deals with transformers - those ubiquitous gray canisters that hang from utility poles and could save the nation billions of dollars if they were upgraded.

The question is how extensive the upgrade should be. Besides saving an estimated $9 billion in electricity costs, the Bush administration standard, unveiled Aug. 4, may also eliminate the need to build 11 new power plants over a 28-year period, the Department of Energy (DOE) reports. They would also reduce pollution and boost the reliability of the nation's electric grid.

But instead of celebrating the proposal, energy and environment advocates say DOE has opted for "a very weak proposal" - one that fails to save additional mountains of energy and pollution that a slightly tougher regulation would achieve for about the same cost. The tougher standard would save much more than the DOE proposal over 28 years - about 120 billion kilowatt hours of electricity - or enough energy to power 10 percent of US households for a year, they say.

"The new Department of Energy proposals leave billions in savings just sitting on the table," says Steven Nadel, executive director of the American Council for an Energy Efficient Economy in Washington. Efficiency advocates: Why stop there?

By comparison, the higher standards Mr. Nadel and others support would require a 12-to-22-year period for the more efficient units to pay for themselves through energy savings, the DOE estimates. That's compared with a 4-to-18 year payback period for the Bush proposal. For that extra cost, utilities and consumers would save $11 billion in electricity costs and eliminate the need for 16 power plants.

If those power plants were all coal-fired, as is the current building trend among utilities, the tougher standards would mean 75 million fewer tons of carbon dioxide greenhouse gas and 20,000 fewer tons of smog-forming oxides each year, over and above the DOE's proposed standard.

"I just don't understand why they're choosing this lesser standard when by their own analysis it pays to go with the higher one," says David Goldstein, co-director of the energy program for the Natural Resources Defense Council, a New York-based environmental group.

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But DOE officials say voluminous analyses of a half-dozen possible standards arrived at the one standard that meets all the varied criteria laid down by Congress in the Energy Policy Act of 1992.

"We start out wanting the most efficient standards," says Ron Lewis, who oversees energy efficiency standards development at the DOE. "But we've got to go through these reviews ... and the analysis leads us to the level we've enunciated."

Of course, unhappiness with the Bush administration over lagging energy efficiency efforts is nothing new. The Clinton administration by this time in its tenure had produced at least a half dozen major energy-saving standards and many other lesser mandates, Nadel says.

Frustration peaked last September when New York and 14 other states sued the DOE for falling years behind its congressionally mandated schedule for new energy-efficiency standards. Twenty-two of those standards are overdue for review and strengthening, the ACEEE says. In response, the DOE in January unveiled a revamped schedule for proposing standards. New standards needed now more than ever

Transformers are the first such proposed standards to emerge. And that may be a good thing - because the nation's electric grid, and particularly its transformers, are under more stress than ever.

Though the recent heat wave didn't cause large-scale blackouts as feared, a slew of smaller outages popped up across California and other states, many attributed to overheated transformers.

In late July, nearly 1,400 transformers blew in Northern California, leaving more than 1 million people without power, local news media reported.

Big transformers at power plants convert electricity to high voltages for efficient transmission over long distances, then smaller neighborhood distribution transformers reduce it back to levels safe for home use.

Higher-standard transformers are more expensive, heavier, and cost more to install, but also bear up far better under peak loads and make the grid more reliable, analysts say. That's good, because the nation could see a significantly higher rate of older transformers failing than in years past, says Alison Silverstein, a power industry consultant.

"We need to hurry up and push through these new standards," she says. "There are already more efficient transformers out there today. My hope is the utilities are installing those - and not just the biggest, dumbest, cheapest piece of steel out there."

Calif. Poised To Act On Its Own On Global Warming (USAT)

By John Ritter

USA Today, August 25, 2006

SAN FRANCISCO — California has led the nation on many environmental issues: clean air, energy efficiency, recycling, alternative fuels. Now the Golden State is poised to grab the initiative on one mostly ignored in Washington: global warming.

Two bills nearing passage in California's Legislature would authorize the USA's broadest crackdown on “greenhouse gases,” considered by most scientists the cause of the warming.

One bill would create the first mandatory caps, requiring companies to cut emissions to 1990 levels by 2020 and eliminate an estimated 190 million tons of greenhouse gases. California produces more greenhouse gases than all but 11 countries, according to the California Environmental Protection Agency.

The other bill would bar California utilities from buying electricity from out-of-state power plants that generate large quantities of carbon dioxide, the primary greenhouse gas. That would force more than two dozen coal-fired plants under development in the West to adopt non-polluting technologies or lose a piece of the California market.

“This is the most progressive thing to come down the pike,” says Deborah Sivas, director of Stanford University's environmental law clinic. “We're very likely to see other states follow suit.”

Two years ago, California regulators approved strict rules to curb motor vehicle emissions. Those rules, requiring 30% emissions cuts by 2016, are being challenged in federal court by auto companies and the Bush administration.

Ten other states have adopted the vehicle standards, and most are likely to join California in sidestepping the federal government to clamp down on sources other than vehicles.

“The objective is bottom-up pressure on the Bush administration,” says Fabian Nunez, speaker of the California Assembly and a sponsor of the cap bill. “The United States hasn't come around. We're Johnny-come-latelies here.”

The caps are based on the 1997 Kyoto Protocol, an international global warming treaty that President Bush has declined to sign.

Republican Gov. Arnold Schwarzenegger, running for re-election, has made global warming a campaign issue, even though part of the state's powerful business lobby opposes the pending bills.

The California Chamber of Commerce calls an emissions cap a “job killer” that will drive industry from the state, hurt middle-income wage-earners and raise electricity prices that already are the nation's highest. “This is just a political stunt to limit growth in California,” says chamber President Allan Zaremberg.

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Other businesses — financial services, high-tech, venture capital — believe emissions caps will stir competition among energy producers, encourage cleaner technologies and create jobs .

"The business community is divided on this," says Bob Epstein, co-founder of Environmental Entrepreneurs, a national group that advocates economic approaches to environmental issues. "Some of the leaders in the energy field would just as soon have the rules stay the same."

Returning greenhouse-gas emissions to 1990 levels could boost the state economy by as much as $74 billion a year and create as many as 89,000 jobs, says a study by David Roland-Holst, a University of California-Berkeley economist.

Two-thirds of the state's likely voters backed the cap bill last month in a Public Policy Institute of California survey. Nearly half, 49%, rated global warming a "very serious threat" to the state's economy and quality of life.

"There's reason to believe that Californians have reached bipartisan consensus on this issue," says Mark Baldasarre, the institute's research director.

The governor's representatives are in talks with lawmakers to settle differences on the cap bill by Thursday, when the Legislature adjourns.

Schwarzenegger is no latecomer to the debate. Last year he outlined a broad program to cut air pollution at a United Nations summit. In July, he and British Prime Minister Tony Blair agreed to cooperate on clean-technology research.

"I say the debate is over," he said at the U.N. summit. "We know the science. We see the threat. And we know the time for action is now."

Diesel Blues (WSJ)

The Wall Street Journal, August 25, 2006

Truck drivers in the Rocky Mountain states have recently been parking their rigs, thanks to a diesel fuel shortage that has forced rationing at stations and raised prices by nearly 40 cents a gallon since early July. Welcome to the latest government-inspired energy mess.

Behind the diesel dry-up is yet another federal mandate, an EPA order that 80% of diesel production after June 1 meet new "ultra-low-sulfur" requirements. As federal clean-air rules go, this at least has the advantage of targeting particulates, which can do health damage. But the timing of the rule's imposition is terrible, since refineries, fuel terminals and pipelines haven't been able to make or distribute enough of the new stuff to replace the older product. This is also the height of the agriculture harvest season, when diesel demand is especially high.

If this all sounds familiar, recall that Congress's big new ethanol fuel mandate hit just at the start of the summer driving season. That payoff to the Midwest corn lobby requires the nationwide use of 7.5 billion gallons of that corn-based fuel by 2012. With ethanol manufacturers unable to keep pace, and the makers of a rival fuel additive, MTBE, fleeing the market because of liability concerns, drivers were hammered with spot gas shortages and price run-ups nationwide. The refinery industry is still trying to work the kinks out of that one.

The diesel headache won't make it any easier. Switching to diesel that contains only 15 parts per million of sulfur (compared with the previous 500 ppm) requires refinery upgrades, tank-cleanings and complicated pipeline logistics -- which has bottled up supply to certain inland states. Nebraska Governor Dave Heineman recently issued waivers for how long truckers hauling diesel could drive, just to keep the fuel flowing into his state. Prices in the region have hit $3.35 a gallon, and stations are limiting purchases. Meanwhile, this is all merely a warm-up to October 15, when all diesel must meet the new standard.

Consumers are going to feel this pinch, since an estimated two-thirds of freight in the U.S. is still trucked and higher diesel prices will soon find their way into everyday goods. The refining industry warned Congress and regulators that the multiplicity of mandates would do this damage, but the Bush Administration and GOP leaders chose to accept the Clinton-era mandates. Americans are paying the price, and right around election time. Sometimes we think Republicans are trying to lose Congress this year.

FBI/DEA/ATF/USMS:

DOJ Close To Settling Messy Bad-snitch Case (LAW)

By Justin Scheck, The Recorder

California Recorder, August 25, 2006

In the year since a federal agent took the Fifth on U.S. District Judge Charles Breyer's witness stand, the underlying cocaine and methamphetamine case has been a relentless perturbation for San Francisco federal prosecutors.

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But at a Wednesday hearing it seemed that irritation may end soon, thanks to the Justice Department's apparent willingness to pay the problems away. Both sides told Breyer that a settlement in the defense's pursuit of attorney fees is expected within six weeks — which will apparently prevent U.S. Attorney Kevin Ryan and a number of his deputies from being deposed.

The drug case against Nabil Ismael turned into a mess last summer when Drug Enforcement Administration agent Dwayne Bareng contradicted himself on the stand, first denying — and later admitting — that he knew the FBI had fired a snitch at the center of the case due to credibility issues.

The U.S. attorney's office declined to dismiss the case then, forcing Bareng to undergo further cross-examination by Ismael's attorney, Ian Loveseth. Eventually, Bareng took the Fifth, upsetting Breyer and forcing the prosecutors to dismiss the case.

Things just got worse after that. At the prodding of a frustrated Breyer, the Justice Department began an investigation into whether the DEA handled the troubled snitch properly.

And then Loveseth filed a motion under the Hyde Amendment, a rarely invoked law allowing defendants to recoup attorney's fees in cases where they were improperly prosecuted.

In February, Breyer ordered that Loveseth be be allowed to depose Ryan, top deputy Eumi Choi and four other prosecutors in connection with the fee request.

Those depositions were not scheduled, though, as Loveseth and Patrick McLaughlin — an assistant U.S. attorney in the Central District of California who is now handling the case — tried to negotiate a settlement.

At a hearing Wednesday, McLaughlin and Loveseth said those talks are ongoing, and they expect to reach a deal by their next hearing, which is scheduled for Oct. 4.

But the money's still an issue. The lawyers told Breyer that an agreement expired today in which Loveseth said he wouldn't perform work that would result in significant new expenses prior to settlement. And Loveseth said after the hearing that he plans to start prepping for depositions of Ryan and the other prosecutors, which could increase the cost of settling.

A spokesman for Ryan had no comment. But in court, McLaughlin told Breyer — who was considerably more subdued than in past hearings on the matter — that he expects a deal to be in place by the October court date.

"Hopefully, by then we'll have good news," he said.

Breyer's terse response seemed somewhat skeptical: "Whatever."

Feds To Help Train Local Cops (SACBEE)

By Ryan Lillis And Kim Minugh, Bee Staff Writers

The Sacramento Bee, August 25, 2006

Federal law enforcement agencies will begin helping local law enforcement agencies combat the recent spike in violent crime, authorities said Thursday.

The U.S. attorney's office and the federal Department of Alcohol, Tobacco, Firearms and Explosives will provide money and training as local authorities try to tackle gang violence linked to an increase in homicides, officials said.

The program is part of a "heightened interest" in battling violent crime in Sacramento, said R. Graham Barlowe, the resident agent in charge of ATF's Sacramento field office.

"There are long-term and short-term programs because people are dying in the streets and, ultimately, people look to law enforcement to prevent that from happening," Barlowe said.

U.S. Attorney McGregor Scott said the agencies have met several times in the last month "to fashion new strategies" for addressing the recent crime spike.

The agencies will take a three-pronged approach, Scott said. First, the Sacramento police and sheriff's departments will receive an undetermined amount of federal funds to help in areas such as overtime and undercover work.

Second, federal and local agencies will work together in field operations, and lastly, Scott's office will work with the Sacramento County District Attorney's Office on prosecution strategies to yield the longest sentences.

He said the focus will be on violent criminals, particularly violent gang members.

"It's no secret. It's a well-publicized fact at this point: Violent crime in the city of Sacramento is up -- and it's up considerably," Scott said.

Scott declined to discuss other specifics of the partnership, and said its duration has not been determined.

"We're going to be committed to this as long as it takes," he said.

ATF will conduct "first-rate firearm training" starting today, Scott said. Police will learn to create databases on guns used in crimes and to keep track of guns brought into the area, officials said.

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About 230 officers from around the country are expected to be on hand when the program is announced today at the Sacramento Convention Center.

About the writer:

The Bee's Ryan Lillis can be reached at (916) 321-1085 or rlillis@sacbee.com.

Chief Makes Landmark Arrest In Son's Fatal OD CaseCline: Dealer Homicde Charge Is First Of Its Kind In Chicago (WMAQ)

WMAQ-TV, August 24, 2006

CHICAGO -- Franklin Park Deputy Chief Jack Krecker's son Joe was found dead in vehicle last June from a heroin overdose.

But it wasn't just the heroin that killed him -- it had been laced with fentanyl and therefore was many times more deadly. Joe Krecker's death is one of many around the nation from the fentanyl-laced drug.

Related Content: Video | Images

In a press conference Thursday, Krecker and Superintendent Phil Cline -- along with a heroin task force -- announced that an arrest had been made in the Krecker case thanks to an undercover operation, witnesses and phone records. In a move that is a first for Chicago, the drug dealer that allegedly sold Krecker's son heroin will be charged with drug-induced homicide.

The man who is accused of selling Joe Krecker the bad heroin has 21 previous arrests, six convictions, and is a Vice Lord gang member, according to police.

"This case is the first of its kind in Chicago, and the epidemic is clearly not just a Chicago problem. When we convened the task force in May, we wanted to identify the sellers and prove that there is a link between the dealer and the fatal OD," said Cline.

Cline said the message should be clear to the dealers: "If you get caught selling or passing out illegal drugs, you're going to jail. We treat drugs like illegal weapons, and drug dealers should know there isn't a difference."

Police said the operation was carried out on the West Side of Chicago. They sent officers posing as young adults from Park Ridge.

"(The officers) moved up from the dealers to a supply level, and we pinpointed an offender," said Cline. "We tracked down witnesses and charged him, and it's a result of Franklin Park, Park Ridge and the Drug Enforcement Adminstration working together on a regional problem."

Cline said the task force has been working on every drug-induced homicide since last spring.

"It's the first case we've been able to get charges on," said Cline, "but not the last."

Mourning Family Hopes Death Is Not In Vain

Krecker said he hopes the arrest "may help prevent another family suffering from a tragedy like this."

"My son was in rehab. His roommates were sons of doctors and CEOs, and they were hit with this problem. Drug addiction doesn't have any class or race. My son and I talked all the time, but he was led into an addiction and this is what happened."

Krecker said his son's use was minor and then escalated.

"He started using for the first time in January and was a casual weekend user, but no one knows how many times you can be considered a casual weekend user," he said.

Krecker said he found out his son had a problem by monitoring his bank account. He said Joe started using twice a week, then three times a week and in early April Joe came to his father for help.

Though Krecker said it's been challenging channeling his anger, it doesn't change the way he approaches his job.

"We're committed to our church and getting strength through our community and church. I also have an extended large family in the police force that is there for support," Krecker said. "My son was a good kid, he was a good athlete, and he was loyal to his friends and family."

Cline said he admires Krecker for coming forward and speaking about a common problem.

"I give Deputy Chief Krecker all kinds of credit to show this can happen to anyone, including a law enforcement family," said Cline. "If you have a drug problem, call 311 and we'll direct you toward help. There has never been a more crucial time to get off drugs than now. The drugs themselves are deadly to begin with, but now they're even more deadly, considering the stuff they're being laced with."

There have been 145 painkiller-laced heroin deaths in Chicago this there.

Murder Charges Filed In Death From Painkiller-Laced Heroin (NYT)

By Eric Ferkenhoff

The New York Times, August 24, 2006

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CHICAGO, Aug. 24 — The authorities charged a 35-year-old man Thursday with homicide in the death of a police chief's son who died after taking heroin spiked with the powerful painkiller Fentanyl.

The homicide charge was the first to stem from an investigation into numerous deaths attributed in part to the drug.

A conviction could bring a sentence of up to 30 years for the suspect, Corey Crump, who was ordered held on $80,000 bond. Mr. Crump was described as having a history of drug arrests.

The authorities charge that the drug resulted in the death of 17-year-old Joseph Krecker in June. Mr. Krecker, the son of Deputy Chief Jack Krecker of the suburban Franklin Park police, was found slumped in his car not long after buying the heroin.

The drug was found to contain Fentanyl, an additive that has been blamed for hundreds of deaths nationwide. Since April 2005, at least 185 Fentanyl-related deaths have been reported in Cook County, 145 of them in Chicago.

"This is growing like wild," said the Cook County medical examiner, Edmund Donoghue.

Police officials say that gangs and drug dealers have been so spooked by the investigations by local and federal officials and by increased patrols that they are often forcing buyers to use the drug inside the apartments where it is sold, in front of them, to avoid detection.

Mr. Krecker apparently did the same, or took the heroin mix soon after buying it, said the police, who said that he was found just blocks from the West Side apartment where he is believed to have bought the drugs.

"With this announcement comes the bittersweet reality that members of our own family can be vulnerable to the evils of gangs, guns and drugs," said Superintendent Philip J. Cline of the Chicago police.

Superintendent Cline said Chief Krecker's "tenacity and determination'' in leading investigators to his son's network of associates had helped break case.

The announcement of the homicide charge came two months after hundreds of local and federal officers raided homes in Chicago and elsewhere and indicted nearly 50 people on drug conspiracy charges.

Fentanyl - Laced Heroin Leads To Charge (AP)

By The Associated Press

AP, August 25, 2006

CHICAGO (AP) -- A reputed gang member was charged Thursday with drug-induced homicide for allegedly selling a fatal batch of fentanyl-laced heroin to a police chief's son, authorities said.

Corey Crump, 35, is accused of selling the tainted heroin to 17-year-old Joseph Krecker and was ordered held on $80,000 bond during a court hearing Thursday.

Fentanyl is a highly powerful synthetic drug that has caused hundreds of deaths in eight states when combined with heroin.

Krecker, whose father is the deputy chief of the Franklin Park Police Department, was found dead inside his vehicle June 6 a short distance from Crump's home, authorities said.

Police officials said Thursday that they used phone records and witness statements to link Crump -- a self-admitted member of the Conservative Vice Lords -- to the drugs responsible for Krecker's death.

"He sold to the victim as a supplier, causing (the victim's) death," police Sgt. Charles Daly said.

Crump is the first person in Illinois to face the charge in relation to the use of the fentanyl-laced drug, authorities said. Since last spring, 185 deaths in Cook County have been linked to tainted heroin, 145 of them in Chicago alone, police said.

Jack Krecker said his son first tried heroin in early January and became "a casual weekend user" shortly thereafter. The family became aware of his drug problem in April and he underwent drug treatment.

County Drug Deaths Surge With Heroin In Mix (PAC)

Press of Atlantic City, August 24, 2006

An extremely pure and potent batch of heroin has caused a dramatic increase in the number of deaths from drug and alcohol overdoses in Ocean County this year, officials said.

At this time last year, there had been 33 fatal overdoses since Jan. 1. This year, 53 people have died from an overload of drugs, alcohol or a combination of the two.

â€œEvery time people use these drugs, they are playing Russian roulette with their lives,â€ Ocean County Prosecutor Thomas F. Kelaher said at a news conference Tuesday.

â€œWhat concerns us most is the sharp increase in heroin overdoses.â€

County officials said that the heroin being used in Ocean County is different from the heroin that has been linked to a slew of recent overdoses in Cape May County. That heroin is believed to be coming from Philadelphia and contained the synthetic drug fentanyl. Only two of the Ocean County deaths were caused by fentanyl, and in those cases heroin was not involved.

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â€œThe main cause of the overdoses is the purity of the drug and its wide availability,â€ said Capt. Michael Mohel, who leads the prosecutor's Major Crime Unit. Most of the heroin being consumed and sold in Ocean County is coming from Newark, Camden, Plainfield and Asbury Park, according to the Prosecutor's Office.

Joanne Vieth, director of the drug treatment program Lighthouse at Ocean County in Stafford Township, says her patients have told her recently that the heroin they have been using is much stronger than it used to be. â€œWe have had some patients that have overdosed because it was lot more powerful than what they're used to,â€ she said.

Dan Meara, a spokesman for the National Council on Drug and Alcohol Dependency in New Jersey, said that the state's geography explained some of the potency.

â€œNew Jersey does have an exceedingly pure form of heroin,â€ Meara said. â€œIt's where the drug enters the country, through the ports in Newark. As it makes its way out of the area it gets cut more regularly and therefore is weakened.â€

Dover had the most fatalities at 12, followed by Brick with six, and Manchester and Seaside Heights with five each. About one third of the deaths were among people younger than 30. The youngest victim, who was 16 years old, took a painkiller called Oxycodone, a prescription drug that has become popular for abuse among teenagers. The oldest person who died was a 78-year-old man who overdosed on alcohol.

Officials said combining the stronger heroin with other drugs also has led to deaths. Almost one third of the overdoses involved the combined use of at least two different drugs, mostly heroin or alcohol mixed with another substance.

â€œAlcohol can speed up an overdose,â€ Mohel said. â€œWe say overdose, but it could be any dose, any hit could be fatal depending on potency and combination, so it doesn't necessarily mean they've taken a lot of the drug.â€

In addition to the 53 fatalities, officials said there are also many overdoses in which the user comes close to death. In 2003, the Prosecutor's Office conducted a survey of acute-care facilities in the area. It found 396 incidents in which an overdose victim would have died without medical attention.

County officials said they wanted to warn the public and encourage drug users to seek help.

Vieth, the director of Lighthouse in Stafford, says it as important for the family members and friends of addicts to be aware of treatment options as it is for addicts themselves.

â€œAddiction is a family disease, it doesn't happen in a vacuum,â€ she said. â€œIf the family and friends don't get educated, they can't expect the addict to do it by themselves. It doesn't work that way.â€

The Prosecutor's Office says that preventing fatalities and drug abuse required a multi-pronged approach.

â€œThe main thing is to get help for these people,â€ Kelaher said. â€œWe have prevention programs, we have drug court and we have enforcement. Many of them need to find treatment that can take them out of revolving door of drugs and jail.â€

Jump In Lethal ODs Stirs Alarm In Ocean (NSL)

By Maryann Spoto, Star-ledger Staff

Newark Star-Ledger (NJ), August 24, 2006

Prosecutor blames rising purity of drugs

Ocean County has seen a high number of drug overdose deaths already this year, and officials fear more people will die from their ad dictions at record numbers.

Only seven months into the year, Ocean County already has 53 drug overdose deaths, compared with 56 in all of last year, said Prosecutor Thomas Kelaher.

Just what has propelled the increase has investigators baffled. They just know the situation could get worse.

"It's incredibly alarming to see that we could double legitimately the number of overdoses that we had in this county," said First Assistant Prosecutor Terrance Farley.

Law enforcement officers have not been able to pinpoint the reason for the spike in these deadly doses, which occurred in people from as young as 16 to as old as 78. Kelaher said he believes the high purity of heroin, with accounted for 23 of the 53 fatal overdoses this year, is a major factor in the problem.

At 10 cases each, methadone and alcohol tied for second as the primary substance of overdose, followed by cocaine in nine cases.

The remainder are overdoses of prescription drugs, such as oxyco done and its derivatives. Farley said prescription medications are fast becoming the drugs of choice for teens and young adults.

His office usually tallies such figures at the end of the year, but Ke laher said he released the statistics early to alert the public and to encourage friends and relatives of ad dicts to urge them to seek treatment.

"The idea is to reach out and get help for these people," he said.

Deaths occurred in 17 of the county's 33 municipalities, with Dover Township, at 12, seeing the highest, followed by six in neighboring Brick Township. Most oc curred in people between the ages of 30 and 45, probably those who had been using drugs of less po tency for years and were not able to handle the higher levels of purity that have hit the streets recently, Farley said.

More than three times the number of men -- 42 -- died from overdoses as women -- 12 -- according to the figures released yesterday at a press conference at the prosecutor's office in Toms River.

In 2002, the county saw 59 fatal drug overdoses. The figure took a dip in 2003, but then jumped to 60 in the following year.

In 2003, when the county saw 52 drug overdose deaths, the four area hospitals reported a total of 396 people treated for drug overdoses and resuscitated, Kelaher said.

"It's really a very, very serious problem," he said. "We wanted to get as much word out as possible."

Relatively new on the scene, Farley said, is fentanyl, a synthetic opiate 50 times more powerful than heroin.

In May, an alleged member of the Latin Kings street gang was ar rested at his Camden home, where authorities seized 1,300 bags of fen tanyl-laced heroin. More of that heroin, however, had already made it to the streets, causing the deaths of at least 60 people in Camden and Gloucester counties.

Statewide, there were 373 drug overdose deaths just from Jan. 1 to July 31 last year, according to the state Medical Examiner's Office.

That office did not have figures immediately available on fatal drug overdoses by county. Kelaher said he doesn't know where Ocean ranks on the scale of such deaths statewide, but noted it is still less than Camden.

Rash Of Drug Overdoses Concerning In Franklin County (AP)

AP, August 24, 2006

WASHINGTON, Mo. - Franklin County officials are trying to track down the source of drugs linked to at least 15 overdoses, including one that was fatal. And they believe the painkiller fentanyl - or heroin laced with fentanyl - may be at the root of the problem.

A 41-year-old Labadie man died May 31 from a drug overdose. He was a known heroin user, Frankling County detective Jason Grellner said. Other victims have experienced serious medical complications.

Most of the overdoses have occurred in and around Washington, Villa Ridge, Labadie and Pacific, Grellner said.

In some cases, heroin may be laced with fentanyl, or persons may be buying pure fentanyl thinking it is heroin, Grellner said. Fentanyl also may be mixed with other drugs like cocaine.

"As with all illegal narcotics, people have no idea what they're buying," Grellner said. "When you buy drugs off the street, you're taking your life in your own hands."

County authorities are working with the Drug Enforcement Administration to trace the source of the drug.

"We believe it's been coming out of the St. Louis metro area," Grellner said, noting that more than 100 overdoses there have been linked to Fentanyl. Franklin County is about 50 miles southwest of St. Louis.

Heroin laced with fentanyl is blamed for more than 400 deaths nationwide.

Fentanyl is an opiate used legally in anesthesia and for some cancer patients. The legally produced prescription painkiller is 80 times stronger than morphine.

But law enforcement officials say the type of fentanyl currently being mixed with heroin is most likely manufactured in illicit labs. It is cheaper than heroin, making it an appealing additive for heroin distributors.

Two Plead In West Marijuana Conspiracy (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), August 24, 2006

The brother and sister-in-law of a prominent Market Square businessman pleaded guilty this afternoon to federal charges involving a massive marijuana distribution network.

Market Square entrepreneur Scott West and his wife also are expected to enter guilty pleas in the case in the coming weeks, according to statements made in U.S. District Court today.

James Michael West, 42, pleaded guilty today to charges he bought and peddled tons of marijuana in more than a decade and laundered millions in drug money by investing in Market Square properties and businesses operated by his brother and other family members.

His wife, Joanne Baker West, 39, admitted conspiring to help her husband launder his ill-gotten gains.

The pair are represented, respectively, by Assistant Federal Defender Jonathan Moffatt and defense attorney Scott Green.

The pleas came just over two weeks after federal prosecutors Hugh Ward and David Jennings secured a new indictment in the West case and just over a month after federal agents raided Scott West's Market Square apartment and properties.

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Ward told U.S. District Judge Thomas Phillips today that U.S. Attorney Russ Dedrick had urged his team to build a solid case that would result in quick guilty pleas to protect the viability of the Market Square businesses, which many consider vital to Knoxville's business success.

"That's why we've worked very diligently in this case," Ward said.

Ward also revealed that guilty pleas by Scott West and his wife, Bernadette West, could come within two weeks. Scott West is accused of both dealing marijuana and money laundering. His wife is only accused in the money laundering conspiracy.

As part of Mike West's plea today, he and his wife agree to give up their financial interests in Market Square properties, including Preservation Pub, World Grotto and Earth to Old City, as well as properties in North Carolina and Hawaii, hundreds of thousands in cash and other goods.

The new indictment — known as a superseding indictment because it replaces the original and beefs up details — alleges homes owned by Scott West; his brother, James Michael West; his alleged marijuana broker, Mark Anthony Cort; and alleged marijuana supplier Phillip A. Apodaca were brimming with cash.

Authorities, including agents with the U.S. Drug Enforcement Administration and the Internal Revenue Service, seized $206,816 from three locations under Mike West's control, the new indictment states.

Another $15,100 in cash was, according to the indictment, "recovered" from Mike West over three different dates — wording that suggests these were payments made to Mike West by an informant making undercover drug buys from him.

The new indictment alleges authorities seized $13,519 from the Market Square apartment of Scott West and wife Bernadette Trent West; $23,842 from Apodaca's Tucson, Ariz., home; and $55,750 from Cort's home in Durango, Colo.

IRS criminal investigators, including Agent Brian Grove, have uncovered 19 bank accounts connected to either Mike West or his wife, Joanne Baker West, in which $301,129 was stashed, the indictment reveals.

Authorities also took 73 cases of wine, four guns and ammunition from Mike West's Mooresburg, Tenn., home and two guns from Apodaca's home, the indictment states.

Other items seized include a gold bullion coin collection, a Subaru Legacy Outback and a Dodge Ram truck.

All of the items were funded by drug money, authorities contend.

Ward and Jennings sought the new indictment against the West brothers, their wives, Apodaca and Cort to reflect new details emerging as part of the ongoing probe into the alleged marijuana trafficking and money-laundering conspiracy.

The new indictment also adds as alleged conspirators two corporate entities — Preservation Public LLC and Spiral-Web Inc.

Preservation Public LLC is the corporate entity used by Scott West and his wife to title their Market Square properties. Spiral-Web Inc. is the business name for various ventures, including Sensua Gallery in Atlanta, operated by Mike West and Cort.

The addition of the two corporate entities signals two things: One, federal authorities are not backing down from the notion that the Wests funneled drug money through their businesses, and, two, federal authorities want to leave no financial stone unturned in the quest for properties to seize.

The new indictment includes a specific reference to a lease agreement the Wests entered into with the city on its Market Square businesses, which include the popular Preservation Pub, World Grotto and Earth to Old City. Under that agreement, the Wests deeded the actual buildings to the Industrial Development Board, earning them a substantial tax break, and then leased back the properties for a nominal $1 annual fee.

By including the lease agreement itself, federal authorities are working to ensure that potential buyers of the properties would get the same deal offered the Wests — provided Ward and Jennings are able to snare convictions in the case.

Scott West, Mike West, Apodaca and Cort are accused of peddling tons of marijuana from Mexico, through Arizona to North Carolina, Georgia, Florida and Tennessee for more than a decade. Two other indictments issued in recent weeks bring the total number of people charged in the case to 13.

The West wives are accused only in the money-laundering conspiracy.

West's Brother Makes Deal (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), August 25, 2006

Sister-in-law of prominent businessman also pleads guilty in conspiracy

The businesses many credit with the rebirth of Market Square would not only have gone belly up without drug money. They wouldn't exist.

And the charismatic entrepreneur who launched the ventures and became a hailed cheerleader for Market Square not only knew where the cash came from, he volunteered to wash the dirt out of it.

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Those revelations appear in agreements the brother and sister-in-law of Market Square businessman Scott West have struck with the U.S. Attorney's Office in a drug distribution and money-laundering conspiracy case that rocked Knoxville's business community.

James Michael West, 42, pleaded guilty Thursday in U.S. District Court to charges he bought and peddled tons of marijuana in more than a decade and invested millions in drug proceeds into Market Square properties at the request of his brother and sister-in-law, Bernadette Trent West.

Mike West's wife, Joanne Baker West, 39, pleaded guilty at the same hearing to money-laundering conspiracy charges.

The plea agreement in Mike West's case, hammered out between federal prosecutors Hugh Ward and David Jennings and Assistant Federal Defender Jonathan Moffatt, includes an agreed penalty range for Mike West of 210 months to 262 months.

Joanne Baker's plea deal, negotiated by defense attorney Scott Green, puts her potential penalty range at 46 to 57 months.

In both cases, the agreed penalty ranges represent a significant break given the staggering amount of dope and money involved in the long-running conspiracy that spanned more than a decade and involved pot customers in states including Arizona, Florida, Georgia and Tennessee.

The pleas come just weeks after a federal grand jury issued a beefed-up indictment in the case, investigated by agencies including the U.S. Drug Enforcement Administration and the Internal Revenue Service.

Ward told U.S. District Judge Thomas Phillips at Thursday's hearing that U.S. Attorney Russ Dedrick had pushed for a solid case that would net quick guilty pleas to ensure the viability of the Market Square businesses operated by the Wests, which include the Preservation Pub, World Grotto and Earth to Old City.

"That's why we've worked very diligently in this case, and perhaps in another week and a half, we can conclude the case as smoothly as possible so the properties on Market Square (can be sold) to a developer or any other person interested," Ward said.

The statement was confirmation that plea deals are in the works with Scott West and Bernadette West. Their respective defense attorneys, Don Bosch and David Eldridge, were present at Thursday's hearing.

Bosch said the West family would continue to operate the businesses pending seizure of the Market Square properties and the accompanying lease deal the Wests had brokered.

Prosecutors have repeatedly made it clear in court records that the U.S. Attorney's Office is seeking to seize the drug-funded properties without actually shutting down the businesses operated out of those buildings.

Court records filed as part of the plea deals for Mike West and his wife make it equally clear that Scott West and his wife relied on drug money to secure their Market Square holdings, renovate them and operate their businesses.

"In October 2001, co-conspirators Ronald Scott West and Bernadette Trent West arranged with defendant (Mike) West to invest the drug proceeds into certain properties in Market Square," court records state.

"These properties were and are owned or operated or controlled by Scott West and Bernadette Trent West and defendant (Mike) West and others," court records state. "Scott West and Bernadette Trent West knew that (Mike) West's source of these funds was (Mike) West's drug trafficking activities.

"(Mike) West's initial investment in these properties was approximately $100,000 and grew eventually to at least $2.1 million," according to the documents.

Mike West, who owned at least one art gallery in Atlanta apparently began feeling a bit left out of the Market Square action, prompting Bernadette West and her husband to draft a document known as the West Family Trust, according to court records.

"Scott's just a little too paranoid," Mike West is quoted in the documents as having said in a secretly recorded conversation. "I've already told Scott that, you know, in five or 10 years I'm going to need something back out of there He knows that.

"He said that, you know, he told me that a building down next to Tomato Head on Market Square just sold for like six hundred and something thousand dollars," Mike West continued. "So if we take that same figure and just figure in Earth to Old City, the building that Earth to Old City's in and the building that the Oodles (restaurant) is in, that comes to $5.4 million. And that's not including (Preservation) Pub or the four-story (building the Wests own) or the one in the Old City that we're a minority partner in, so my money is there.

"So I feel pretty good about where it's at and the fact that, essentially, a couple of million of dollars managed to get laundered, you know," Mike West stated. "It's done and no taxes were paid on it and, you know, income can be generated off of it for a long, long time."

Tampa Man Guilty In Pot House Case Despite Reservations About Some "colorful" Witnesses, A Federal Jury Convicts Him Of Trying To Create Indoor Marijuana Farms. (SPT)

DOJ_NMG_0053435

St. Petersburg Times, August 24, 2006

TAMPA - After deliberating for nearly four hours, a federal jury found a Tampa businessman guilty of conspiracy for his role in a plan to create indoor marijuana farms in some of Tampa Bay's nicest neighborhoods.

Herbert Ferrell Jr., 54, faces a minimum of 10 years in prison when he is sentenced by U.S. District Judge James Moody on Dec. 7.

Ferrell showed no emotion as the guilty verdict was read. His attorney, Joseph Bodiford, said his client was very disappointed by the jury's decision.

"He's always felt 100 percent like he has been set up, from the day I met him to this morning as we were waiting for the verdict in my office," Bodiford said.

Ferrell was one of 11 people, mostly from Tampa, charged on a federal indictment in December with conspiracy to possess with intent to distribute more than 1,000 marijuana plants.

Drug enforcement agents used undercover informants to get inside information about the indoor farms in at least 10 purchased and rented houses and apartments in Hillsborough, Pasco and Hernando counties.

Assistant U.S. Attorney Anthony Porcelli said the defendants picked large houses in nice neighborhoods to avoid suspicion.

The others have pleaded guilty and agreed to cooperate with the government.

The testimony of several of those defendants gave jurors pause, according to jury foreman Patrick Healey, 37.

He described them as "colorful" and said their credibility was questionable.

Healey said he also had doubts about the government's key witness, a DEA confidential informant named Harvey "Duke" Faglier.

Faglier was sent to Tampa under the guise of learning the marijuana growing business from Ferrell and his associates. He told Ferrell he planned to take the knowledge to the Atlanta area, where he would franchise their business.

Faglier, a professional musician, has tattoos covering both arms and a dollar sign inked on the palm of his hand.

"What a treat he was," Healey said sarcastically. "I hope he's in some other state."

But in the end, jurors couldn't overlook the hours and hours of tape Faglier created, Healey said. On the tapes, Ferrell can be heard discussing minute details of the marijuana growing business, from where to buy supplies to the amount of money he had invested.

Ferrell testified during the trial that Faglier coerced him into going along with the plan. He said Faglier talked about killing people and was physically intimidating.

Porcelli told Judge Moody the tapes and the jury's verdict indicate Ferrell lied during his testimony. In light of that, Porcelli asked Moody to put Ferrell in jail until his sentencing hearing.

Bodiford said Ferrell has a 6-year-old daughter and did not pose a flight risk.

Moody agreed to allow Ferrell to remain free on $50,000 bail until he is sentenced. Bodiford said Ferrell plans to appeal.

Ann Arbor Doctor Gets 5 Years In Prison For Illegal Prescriptions (AP)

AP, August 25, 2006

ANN ARBOR, Mich. (AP) — A doctor who pleaded guilty to illegally writing prescriptions for narcotic drugs was sentenced Thursday to five years in prison.

Dr. Stuart W. Bilyeu, 45, of Ann Arbor, must also serve three years' probation when he is released, U.S. District Judge Robert Cleland ruled.

Bilyeu pleaded guilty in April to one count of illegal distribution of a prescription drug and admitted he illegally prescribed more than 60,000 doses of narcotics. He originally had been indicted on charges that he illegally wrote prescriptions for 1.26 million doses of drugs such as Xanax, Valium, hydrocodone, oxycodone and methadone.

The Drug Enforcement Administration began investigating Bilyeu in 2003 after pharmacists and police noted the number of prescriptions he was issuing.

Bilyeu had been charged in 1992 with illegally selling prescriptions and marijuana. He pleaded guilty and was sentenced to lifetime probation and his medical license was suspended. In 1994, the lifetime probation was changed to a three-year probation, and Bilyeu regained his license in 2000.

Sprinter LaTasha Jenkins Tests Positive (AP)

AP, August 25, 2006

Another track athlete coached by Trevor Graham has tested positive for banned performance-enhancing drugs.

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Sprinter LaTasha Jenkins tested positive for the anabolic steroid nandrolone in July, a source familiar with the results told The Associated Press on Thursday. Only the "A" test has been conducted, said the source, who asked not to be identified because the results have not officially been made public.

The test was done in July by the International Association of Athletics Federations in Europe. If the second "B" test is positive, Jenkins could face a minimum two-year ban from competition.

Jenkins' positive test first was reported Thursday on the Web site of the Chicago Tribune.

Graham has had several athletes test positive for banned substances, including Olympic 100-meter champion Justin Gatlin. The co-world record holder in the 100 meters tested positive for testosterone and other steroids at the Kansas Relays on April 22.

On Tuesday, Gatlin reached an agreement with the U.S. Anti-Doping Agency not to contest the positive results. In response, USADA issued a ban for a maximum of eight years. Gatlin can reduce the ban substantially by cooperating with investigators.

Graham, former coach of Marion Jones and Tim Montgomery, has been banned from using U.S. Olympic Committee training facilities. Graham did not return a message left Thursday on his cell phone.

Jenkins, 28, finished third in the 200 meters at the U.S. track and field championships in Indianapolis in late June. In 2001, she won the silver medal in the 200 at the world indoor championships and the bronze in the same event at the world outdoors.

She announced her retirement in 2003 but returned to the sport the following year.

Her best time of this season, 22.50 in a semifinal heat in Indianapolis, ranks 11th on this year's world list. Four Americans have run faster.

Jenkins is the third U.S. track athlete to test positive for banned drugs recently. The others are Gatlin and Jones, who tested positive for the endurance-enhancer EPO after winning the 100 meters at the U.S. championships June 23.

Assailants Attack Newspaper In Cancun (AP)

AP, August 25, 2006

CANCUN, Mexico (AP) -- Assailants threw grenades at the offices of a newspaper in the resort city of Cancun in the latest in a series of attacks on news outlets across Mexico, police said Thursday.

Several grenades hit the offices of the daily Por Esto! late Wednesday, damaging the front of the building but causing no injuries, said Bello Melchor Rodriguez Carrillo, the attorney general of Quintana Roo state where Cancun is located.

Rodriguez said drug gangs may have been behind the attack. Por Esto! has done extensive reporting on drug selling and trafficking in the Caribbean resort, which is used as a route for Colombian cocaine heading to the United States.

On Thursday, the newspaper published a story on its Web site accusing an alleged drug trafficker called Ismael "El Mayo" Zambada of being behind the attack.

"The attack had the clear intention of sending a single message: to silence the Por Esto! newspaper for the critical and investigative journalism that it has practiced throughout its history," wrote the newspaper's Renan Castro Madera.

On Wednesday evening, grenades were thrown at a private house across the street from the Cancun newspaper Que Quintana Roo se Entere, injuring 22-year-old car cleaner Jorge Perez. Rodriguez said the house was used by drug sellers and that attack had no relation to the newspaper.

Mexican newspaper and radio offices have been the target of a various attacks in recent months.

On Monday, armed leftist protesters seized 12 radio stations in the historic city of Oaxaca and used them to broadcast revolutionary messages.

Earlier this month, gunmen in Oaxaca attacked a newspaper critical of the state government, injuring two people.

In February, gunmen opened fire and launched a grenade at the offices of El Manana, a daily newspaper in the northern city of Nuevo Laredo, severely injuring reporter Jaime Orozco Tey.

Since 2004, 10 journalists have been killed by armed assailants and another has disappeared.

President Vicente Fox's spokesman, Ruben Aguilar, said the federal government is dedicated to protecting journalists.

"The president of the republic condemns these actions against journalists and against the freedom of expression," Aguilar said.

Ecuador Police Seize 2 Hotels In Drug Trafficking Probe (AP)

AP, August 24, 2006

QUITO (AP)--Police took control of two exclusive hotels Thursday as part of a cocaine trafficking and money laundering investigation, a police spokesman said.

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One of the hotels, the Radisson Hotel in Quito, has been under police custody since Wednesday night, although it remained open and appeared to be operating normally.

Police spokesman Patricio Kimso declined to identify a second hotel seized in the coastal city of Guayaquil, saying the operations were continuing.

He said police had also taken control of 27 offices in Quito's World Trade Center building and one private home in Quito. More seizures were planned. He said properties had also been seized in Manta, a port on the Pacific ocean.

Ten people, including the owners of 45% of the stock in the Hotel Radisson in Quito, were detained in Colombia and three other people were arrested in Ecuador's capital, Kimso said.

He said the manager of the Radisson had gone into hiding.

Cecilia Armas, a prosecutor, said the police and the prosecutor's office had been investigating the money laundering operation for months.

TAX:

Bar On Taxing Some Judgments Spurs Worries (BLOOM)

By RYAN J. DONMOYER, BLOOMBERG NEWS

Bloomberg, August 25, 2006

WASHINGTON -- A federal appeals court decision that cited the Constitution to bar the government from taxing some types of damage awards may encourage challenges to other sections of U.S. tax law, legal experts said.

The U.S. Court of Appeals for the D.C. Circuit in Washington ruled this week that the government cannot collect taxes on damage awards for non-physical compensatory damages such as emotional distress or injury to reputation. The court struck down as unconstitutional a provision of a 1996 law allowing taxation of such awards.

Tax law experts said the ruling will encourage legal challenges to other parts of the tax code defining what income can be taxed.

They also said the government is likely to appeal the decision to the Supreme Court.

"It's certainly going to launch a thousand constitutionality arguments that people would have thought laughable before," said Yale University law school Professor Michael Graetz, a former tax official in President George H. W. Bush's administration.

The D.C. Circuit hears most appeals of federal government regulatory decisions. Graetz said the government may ask the full 10-member D.C. Circuit to review the decision of the three-judge panel, though he said it would be unusual for the court to agree to a review because Chief Judge Douglas H. Ginsburg wrote the decision and there was no dissent.

Ginsburg, nominated to the court by President Ronald Reagan, was joined in the ruling by Judge Judith Rogers, nominated by President Bill Clinton, and Judge Janice Rogers Brown, nominated by President George W. Bush.

Internal Revenue Service spokesman Bruce Friedland referred calls to the Justice Department. Justice Department spokesman Charles Miller said the department is reviewing the decision and hasn't decided whether it will appeal.

Attorney David Colapinto, representing Marrita Murphy, who won this week's ruling, did not immediately return a telephone call seeking comment. He is with the Washington law firm Kohn, Kohn & Colapinto. Attorney Colin M. Dunham, who filed a brief supporting Murphy on behalf of the No Fear Coalition, also didn't respond to a call seeking comment.

Friedland said the IRS doesn't have a separate figure on how much tax money it collects on damage awards for emotional distress and injury to reputation.

Former IRS Commissioner Donald C. Alexander, now a partner at the law firm Akin, Gump, Strauss, Hauer & Feld LLC in Washington, said the case will likely be appealed to the Supreme Court.

"I think it will be appealed, the Supreme Court will hear it, and the Supreme Court will reverse it," Alexander said.

In the meantime, tax experts predict challenges to the taxation of other money, including some insurance proceeds, gambling winnings and windfalls such as found money.

"It is difficult to overstate the importance and potential harm of this decision," said Paul Caron, a tax professor at the University of Cincinnati College of Law.

Graetz said tax lawyers will have fewer concerns that their constitutionality claims will be deemed frivolous because most thought the issue decided in the case was frivolous before this week's ruling.

"Now it's hard to know what's frivolous and what's serious," he said.

The ruling concerned a $70,000 award to Murphy, who filed an administrative complaint with the Department of Labor in 1994 saying the New York Air National Guard "blacklisted" her and gave her bad references after she complained about environmental hazards at an air base. She was awarded $45,000 for emotional distress and $25,000 for injury to her reputation.

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Under a 1996 law, legal compensation for physical injuries is tax-free while those for mental anguish and injury to reputation are not. Murphy sued for return of $20,665 in taxes she paid on the damage award.

The D.C. Circuit ruled for her, deciding the award wasn't taxable income under the Constitution's 16th Amendment because it didn't compensate for lost wages or earnings. Punitive damages are taxable, the Supreme Court ruled in 1955.

Alexander said one worry for the IRS is that tax protesters will find new arguments to argue that the tax code is illegal.

"Tax protesters will love it because it's what they've been arguing for years," he said. "They will claim this destroys the income tax."

"A case like this does serious damage to the system even though it involves one provision," Alexander said. "It does not say all the other parts of the code are constitutional."

Vanessa Astrup, a spokeswoman for the anti-tax group We the People Congress, based in Queensbury, N.Y., didn't immediately return an e-mail seeking comment.

D.C. Partnerships Weren't Taxed Illegally, Court Says (WP)

By Dina Elboghdady

The Washington Post, August 25, 2006

The D.C. Court of Appeals yesterday ruled that the District did not illegally tax the personal income of several nonresident businessmen with partnerships in the city, reversing a lower court decision that could have cost the city tens of millions of dollars in business taxes.

The opinion yesterday found that the District did not break federal law when it imposed an "unincorporated-business-franchise tax" on real estate partnerships that do business in the District and pass on their profit to partners who do not live in the District.

"We are gratified that the court of Appeals has vindicated the District," Sherryl Hobbs Newman, deputy chief financial officer for tax and revenue, said in a statement. "This is a victory for all District residents."

The case involved Kenneth Bender and other members of a prominent area real estate family who sued the District and sought a refund of about $240,000 for taxes they paid over three years on income from their interests in companies including Jack I. Bender & Sons, Rhode Island and M Associates, and Twelfth and L Streets LP.

A trial court judge ruled in their favor in March, and several observers suggested that the decision would create a huge loss in revenue for the D.C. government. Many real estate developers and owners operate in the District through partnerships but live elsewhere.

The partners who filed the suit argued that the two laws that govern unincorporated-business taxes -- the Home Rule Act and the Tax Act of 1947 -- were inconsistent. The appeals court disagreed.

Gerald H. Sherman, the attorney who represented the partners, said yesterday that he had not yet spoken to his clients to discuss whether they will pursue further appeals.

"I feel strongly we were right," Sherman said.

States Attack Property Taxes (USAT)

By Dennis Cauchon

USA Today, August 25, 2006

At least 10 states have cut property taxes this year or are preparing to do so, part of a tax mini-rebellion that has been brewing alongside higher home prices.

States are raising other taxes, especially the sales tax, and spending budget surpluses to replace lost property tax revenue. That makes the trend more of a tax shift than a net tax cut. Political leaders are pledging that local government and schools, which depend on property taxes, will be protected.

“We will replace the money so that education doesn't get shorted,” says Idaho Gov. James Risch, a Republican who has called a special legislative session today to cut property taxes.

Polls show the property tax is the most unpopular tax. A 2006 survey by the Tax Foundation, a non-partisan tax research group, found 39% considered it “the worst” state or local tax, about twice as many as thought that of the state income or sales tax.

The attack on property taxes hasn't happened everywhere. California has had strict property tax limits since voters passed Proposition 13 in 1978, and some states haven't experienced soaring real estate values. The trend also could be tempered by recent declines in home sales and prices.

While local schools and governments collect most property taxes, they work under rules established by state legislatures and constitutions. Property tax limits in California, Minnesota and elsewhere have shifted taxing powers to state governments

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and away from local government. In the last economic slowdown, some states trimmed aid to local governments below what they had promised in earlier property tax relief.

Property taxes this year have replaced state income taxes as the favorite tax-cut target of legislatures:

·Idaho. The Legislature will vote today on whether to eliminate the local property tax used to pay for schools. The state would raise the sales tax to 6% from 5% and dip into its budget surplus to replace the $260 million that schools will use next year.

·New Jersey. After raising the sales tax to 7% from 6% in July to help cut property taxes by about $600 million, the Legislature has returned in special session to find more ways to cut. On the agenda: consolidating local governments and limiting retirement benefits of state and local government workers.

·Florida. Voters will decide in November whether to grant $36 million in new property tax breaks to seniors and disabled veterans. Arizona, New York, Pennsylvania, Rhode Island and Indiana also expanded property tax breaks this year. Texas and South Carolina raised other taxes to pay for property tax cuts.

Property taxes have risen 27% since 2000, after adjusting for inflation and population growth. That's less than the 41% inflation-adjusted increase in home values, but it's twice as fast as the growth in sales or income taxes.

Property taxes now consume a greater share of personal income — 3.4% — than any time since 1992, according to a USA TODAY analysis.

Economists generally like the property tax because it is stable. “The property tax is a fantastic tax for things that are purely local because, under those circumstances, it does not function like a tax. It's more like a user fee,” says Harvard University economist Caroline Hoxby.

Seniors on fixed incomes, however, are especially angry about property taxes because big increases could force some to give up their homes. “It hits a vulnerable part of our population, namely the elderly,” Risch says.

Soaring Property Taxes Elicit Backlash Among Homeowners (USAT)

By Dennis Cauchon

USA Today, August 25, 2006

Last summer, the booming area around Coeur d'Alene, Idaho, had 700 homes for sale. This year, 3,400 homes are on the market.

Realtor and anti-tax activist Sharon Culbreth says soaring property taxes are partly to blame for the glut.

“It's not just that the market is softening,” she says. “Many people have put their houses on the market because they fear losing their homes. The old-timers are afraid they won't be able to pay property taxes that have doubled or tripled.”

Anger over rising property taxes is reverberating in many states that do not already have strict limits. State legislatures and some local governments are starting to cut property taxes, often shifting the burden to the sales tax.

Fallout from property tax cuts is wide and complicated. The changes are shifting public school financing from locally controlled property taxes to state-controlled sales and income taxes.

The changes also are carving out new winners and losers. Tax exemptions are being expanded for the elderly, the disabled, veterans and people who have owned their homes for long periods. New Jersey is considering taxing business property at a higher rate than residential property, a practice some other states use.

The property tax is under fire in states that have high property taxes, such as New Jersey, and states that don't, such as Idaho. The rebellion is mostly in states that have had soaring home values, but it's also found in some states that haven't, such as Indiana.

“People hate the property tax because it's visible,” says economist Andrew Chamberlain of the Tax Foundation, a research group in Washington, D.C. “One of the great ironies of tax policies is that people hate the tax that's easiest to see, not necessarily the one that costs them most.” State and local governments collect more in sales taxes than in property taxes.

Idaho Gov. James Risch says he tells constituents that their state has some of the lowest property taxes in the nation. It ranked 36th last year. “The perception is otherwise,” he says.

Risch has called a one-day special session of the Legislature today and says he has the votes to pass a controversial property tax cut. The state would raise the sales tax to 6% from 5% and use the extra money, plus some surplus funds, to eliminate the local property tax used for operations of public schools. Property taxes for building schools would remain.

“We have people coming to Idaho, buying property at high prices and driving up home prices,” the governor says. “That's a good thing, in a way. But it's also causing home assessments to double and triple.”

Gene Ealy, 80, of Coeur d'Alene, saw the assessment on his home rise 57% last year and 62% this year, reaching $355,000. His taxes didn't rise that much — many local governments shave a few cents off the tax rate when assessments rise rapidly — but they have had an impact.

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"The value of our homes is being set by people moving in here that value our property a great deal higher than we do," he says. "It's deadly on fixed-income people."

Ealy has investments that will let him stay in his home, but he knows other elderly people who are being forced to sell.

Voter anger can be seen at the polls. In March, voters in Coeur d'Alene — a scenic tourist town of 40,000 — rejected a school property tax increase for the first time in 16 years.

Jim Smith, the elected property appraiser in Pinellas County, Fla., which includes St. Petersburg and Clearwater, says government spending is the problem, not higher property values. He says elected officials use higher assessments as a way to raise taxes without admitting it. "It's the big lie," Smith says. "I'm fed up with them claiming they cut taxes because they lowered the tax rate, at the same time they're collecting more money because of higher assessments."

Weakening home sales and prices in many areas could slow the rise in assessments or even lower them, but it would be up to elected officials to pass on the property tax savings.

Every year, Florida property appraisers give local elected officials an estimate of what the tax rate should be so that taxes don't go up even if property values have, Smith says. It's called the rollback rate.

"If they don't want to spend more money, they can use the rollback rate," he says. "Of course, they never do. Instead, they get to have a tax increase while claiming they lower taxes."

Dartmouth College economist William Fischel says support for the property tax has been undermined by court decisions that have required states to equalize spending between rich and poor school districts. He says homeowners resent their property taxes being sent to other communities. States are better off helping poor districts with money from statewide taxes, he says.

Fischel says the move away from local property taxes for funding schools is not good because research shows schools perform better when financial decisions are controlled at the local level.

Texas struggled for years with a "Robin Hood" property tax system that had affluent school districts send property tax money to poorer districts, part of an effort to satisfy a 1987 court decision. Earlier this year, Texas slashed property taxes and shifted financing for poor districts to cigarette taxes and other revenue sources.

Many New Jersey educators support reducing local property taxes and getting more state money for schools. That's partly because some local property taxes are diverted to 31 poor districts, and schools in New Jersey rely more on property taxes — the highest in the nation — than in other states.

"Shifting the burden from the property tax to a statewide tax would make it easier for many school districts to provide public education without burdening local taxpayers," says Frank Belluscio of the New Jersey School Boards Association.

In Idaho, however, many educators oppose the governor's proposal to have the state take over school funding.

Marilyn Howard, Idaho's elected superintendent of public instruction, fears a loss of local control and unreliable school funding in the future.

"The property tax is a very stable source of revenue," she says. "The Legislature has said before that a higher sales tax or the lottery will be used for education, and then disbursed it for other spending."

Gov. Risch says schools have nothing to fear. "Education is the No. 1 priority of the Legislature."

CONGRESS-ADMINISTRATION:

Emergency Contraception Gets FDA OK For Over-the-counter Sales (CHIT)

By Judith Graham

Chicago Tribune, August 25, 2006

Moving to resolve a bitter controversy, the Food and Drug Administration announced Thursday that it would allow emergency contraception to be sold over-the-counter to women 18 years and older.

Stores across the country will start selling the pills without prescriptions, if customers are of appropriate age, by year's end, said Carol Cox, a spokeswoman for Barr Pharmaceuticals, the drug's manufacturer.

Certain restrictions will apply: the pills will be available only from licensed pharmacists at pharmacy counters or medical professionals at health clinics. To make a purchase, a consumer will need to present proof of his or her age. Gas stations and convenience stores will not carry the pills.

Girls 17 and younger will be able to get the drug {ndash} a high dose of the same hormones found in birth control pills—but only with a prescription.

The FDA's decision was widely hailed as a breakthrough by medical and reproductive rights groups that have fought for three years to make emergency contraception, also known as the morning-after pill, more widely available.

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"This is a historic event in the struggle for women's reproductive health and rights, and a long-overdue victory for science over ideology," said Sharon Camp, president of the Guttmacher Institute, a non-profit policy and research group. "For the first time we're trusting women to make good reproductive health care decisions by letting them buy their own hormonal birth control, without a prescription."

Conservatives — who have long worried that the pill would promote promiscuity among young teens or abort just-fertilized embryos — decried the government's announcement Thursday as misguided and potentially dangerous.

"We are very, very concerned about the health impacts on women who will be getting this drug without a doctor's guidance," said William Beckman, executive director of the Illinois Right to Life Committee.

Access to emergency contraception is important, because the drug is most effective if taken within 72 hours of unprotected intercourse. Also called Plan B, the medicine generally prevents a woman from ovulating or inhibits the fertilization of an egg, according to the FDA. There is no clear evidence that the pill affects an existing pregnancy.

Plan B is often confused, wrongly, with the abortion pill known as RU-486.

Sens. Hillary Rodham Clinton (D-N.Y.) and Patty Murray (D-Wash.) called the agency's decision "an important step in restoring the American people's faith in the FDA" and said they would lift their hold on the nomination of Dr. Andrew von Eschenbach to become commissioner of the agency.

The circumstances surrounding Plan B's application for over-the-counter status were unprecedented. Although two FDA advisory panels overwhelmingly found Plan B safe and effective for women and girls and the agency's own scientists concurred, the FDA refused for an extended period to make a decision, evoking sharp criticism that it was putting politics ahead of science.

On Thursday, Dr. Steven Galson, director of the FDA's Center for Drug Evaluation and Research, acknowledged that the controversy had pulled the agency away from other priorities. He said FDA officials were "looking forward to renewing our focus" on issues such as ensuring drug safety and speeding up the approval of new medications.

Advocates said FDA's endorsement of over-the-counter status for Plan B would help large numbers of women avoid unintended pregnancies and prevent abortions.

But conservatives were incensed. Judie Brown, president of the American Life League, said her organization was "overwhelmingly disappointed."

President Bush "missed the mark with this endorsement," complained Carrie Gordon Earll, senior bioethics analyst at Focus on the Family. "Over-the-counter status for Plan B {ndash} regardless of the age requirement {ndash} is an invitation for adult men to pressure underage girls to have sex with the promise of an easily-accessible magic pill to prevent or abort a pregnancy."

Dr. David Stevens, executive director of the Christian Medical Association, criticized what he called the FDA's "political compromise" and said "removing this high dose of hormones from a doctor's oversight removes a vital safety protection from women."

Several studies have shown that emergency contraception does not increase risky sexual behavior among teens. The Guttmacher Institute estimates that the drug helps prevent more than 100,000 unintended pregnancies and 51,000 abortions each year. And there is no evidence that Plan B is unsafe {ndash} whether for women or younger teenagers, FDA scientists and their advisers have found.

In a statement, the American College of Obstetricians and Gynecologists cautioned that many women and girls will still have problems gaining access to emergency contraception. "By restricting its availability to women 18 and older, the FDA has missed an unparalleled opportunity to prevent teenage pregnancies," the group said.

There is nothing in the FDA's ruling that prevents pharmacists from refusing to fill a prescription for the morning-after pill.

In a memo released Thursday, acting FDA commissioner von Eschenbach said Barr Pharmaceuticals "had not established that Plan B could be used safely and effectively by young adolescents" without the supervision of medical professionals. He chose 18 as a cut-off for non-prescription sales because it's the age when teens legally reach adulthood in all 50 states and because several other products, including tobacco, and nicotine replacement therapy, are restricted to customers 18 and over, the memo said.

Simon Heller, lead attorney for the Center for Reproductive Rights, said the legal advocacy organization will still pursue its lawsuit against the government over its handling of Plan B and seek to have the age restriction over-turned.

Still, others see what was clearly a compromise by the FDA as a step forward. "Maybe as people become more comfortable with the use of emergency contraception and the lack of misuse, restrictions for adolescents will be loosened," said Dr. Gloria Elam, an obstetrician-gynecologist at the University of Illinois at Chicago Medical Center.

"We now urge retailers to make sure this time-sensitive drug is in stock and dispensed," said Marcia Greenberger, co-president of the National Women's Law Center.

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In a statement, Wal-Mart said that once it had more details, "we will consider carrying the product for OTC (over-the-counter) sale."

Walgreens Stores spokeswoman Tiffani Bruce said, "We will follow the FDA guidelines and sell [Plan B] over the counter to customers."

Plan B To Be Sold On Demand (BSUN)

By Jonathan D. Rockoff

The Baltimore Sun, August 25, 2006

WASHINGTON -- The Food and Drug Administration announced Thursday that the Plan B morning-after pill can now be purchased without a prescription by women 18 years and older. The decision ends a bitter three-year political fight, but doctors say it is not likely to change the behavior of women in the ways that conservatives and liberals had argued.

Women will have to show proof of age in order to buy the emergency contraception, which will be kept behind counters in pharmacies and health clinics, but they won't need a prescription any longer. Over-the-counter sales should begin by the end of the year, the drug's maker said.

By limiting the sales to adults, the acting FDA commissioner, Dr. Andrew C. von Eschenbach, said in a memorandum that the agency had found a way to ease access to the morning-after pill while protecting the health of teenage girls.

The resolution clears the way for von Eschenbach's confirmation as permanent FDA commissioner. Democratic Sens. Hillary Rodham Clinton of New York and Patty Murray of Washington called the approval a long overdue but positive step and said they were lifting the hold they had placed on the nomination because the agency had repeatedly delayed making a decision.

Conservative opponents complained that the FDA had buckled to political pressure.

They have argued that easier access to the pill would increase promiscuity. Liberals, who had countered by arguing that it would reduce unintended pregnancies, welcomed the decision but said the age restriction was unwarranted.

Doctors and researchers said they don't expect the decision to result in the worst-case scenarios of either side. Drawing from their own experiences with patients and from studies, they expect sexually active women who use birth control to stick with their current contraception method and most of those who don't to continue avoiding protection.

"I can't see them taking emergency contraception every time" they have unprotected sex, said Dr. Edward E. Wallach, a Baltimore gynecologist and Johns Hopkins University professor. Women who want to avoid pregnancy, he said, will likely take preventive steps.

How it works

The morning-after pill is actually two birth control pills, each taken orally. The first must be taken within 72 hours of unprotected sex and the second 12 hours later. According to the FDA, the pills work by stopping the release of an egg from the ovary, can prevent the union of sperm and egg and can prevent implantation of the egg.

Supporters of over-the-counter sales say the FDA approval will increase access to the pill by making it available on weekends or at other times when it might be difficult to reach a doctor for a prescription. Men will also be able to buy the drug for adult women, an FDA official said. The supporters predicted that the number of prescriptions, currently 1.5 million a year, would rise as awareness grows.

Sales could double

Annual sales of Plan B, projected at $38 million this year, should double, said Robert Uhl, a financial analyst at Friedman, Billings, Ramsey & Co. in Arlington, Va.

Still, that wouldn't mean that most of the nearly 43 million American women between 15 and 44 will buy Plan B. Almost 11 percent, or 4.5 million, don't use any method of birth control or contraception at all, according to the National Center for Health Statistics.

What's more, merely buying the pill doesn't mean that women always use it when they should, said James Trussell, the director of Princeton's Office of Population Research. He served on the advisory committee that recommended, on a 23-4 vote, that FDA approve over-the-counter sales.

Plan B, technically called levonorgestrel, has been available by prescription since 1999, and nine states have allowed pharmacists to dispense the drug without a prescription.

Trussell said studies of women with access to Plan B showed that it neither led them to have more sex nor meant that they used the pills as frequently as they should have.

"You're talking about a cork in the ocean here," Trussell said. "There's so much unprotected sex it would take a vast increase in use to make a difference."

Free publicity

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The political controversy has given Plan B "a lot of free publicity. Many women who didn't know such a thing existed learned about it," Uhl said.

During the past three years, while over-the-counter sales were under FDA consideration, prescriptions jumped 130 percent, according to Barr Pharmaceuticals. However, the company doesn't expect Plan B to be anything more than one part of its array of 29 contraceptive products, according to a spokeswoman.

Gynecologists doubt their patients will abandon current birth control just because the government made an alternative more accessible.

"Most women are responsible and want to use protection prophylactically, in advance," said Dr. Nathan G. Berger, chairman of the gynecology department at Union Memorial Hospital in Baltimore.

In addition, some patients will probably remain unwilling to use the pill. Dr. Karl Schwalm, a family practitioner in Oakland, Md., near the West Virginia border, said, "We have a lot of girls who would probably just as well be pregnant."

Another potential obstacle to wider use is the likelihood that insurance plans won't pay for the over-the-counter product. Barr is not expected to discount the prescription price of $25 to $30 for the two-pill package.

For those reasons, Planned Parenthood clinics in Colorado predict they will continue writing prescriptions. In 2005, the clinics wrote 50,000 prescriptions.

Dr. Anita Nelson, who directs a women's health clinic in Dorrance, Calif., also expects to keep writing prescriptions so patients can get their insurers to cover the cost.

Nelson, an obstetrics and gynecology professor at UCLA who has advised Barr about another of its products, said she would keep making patients aware of Plan B and informing them of its proper use. She plans to recommend that women already on birth control use Plan B as an insurance policy, not as their main method of contraception.

"You want to make sure it's not a substitute for their ongoing method of birth control," she said. "It's not a magic bullet."

Plan B Shift Threatens To Deepen Rift (WSJ)

By Anna Wilde Mathews And Barbara Martinez

The Wall Street Journal, August 25, 2006

The Food and Drug Administration's decision to allow the emergency contraceptive Plan B to be sold to adults without a prescription will boost the use of the drug, but the move may also widen political and societal fault lines around issues of medicine and reproductive rights.

Plan B, made by Barr Pharmaceuticals Inc., has been at the center of a bitter debate both inside and outside the FDA, which for years stalled the manufacturer's application for over-the-counter status. Yesterday, the agency said that people 18 years or older could get the drug without a prescription, if they show identification proving their age. For women younger than 18, Plan B, also known as the "morning-after" pill, will still require a prescription.

Yesterday, Democratic Sens. Hillary Rodham Clinton of New York and Patty Murray of Washington said they would remove their hold on the nomination of acting FDA Commissioner Andrew von Eschenbach to be formal head of the agency. They had blocked a Senate vote until the FDA made a decision about Plan B.

MORE ON THE DECISION

· Easier Access May Bring Higher Costs1

· A Subtle Method for Selling 'Plan B'2

· Video: Barr CEO comments on decision3

· WSJ senior special writer John Harwood4 on the political fallout.

· Q&A on Plan B5 | FDA statement6 | Timeline7

Antiabortion groups criticized yesterday's decision and said it wouldn't prevent young teens from getting Plan B without a prescription. On the other side, reproductive-rights groups, which had argued that easy access to Plan B would be a vital tool against unintended pregnancies, applauded the decision but said the age restriction was unnecessary.

Plan B effectively functions like a high dose of birth-control pills. When taken within 72 hours following unprotected sex, the product reduces the risk of pregnancy by as much as 89%. Scientists believe the resulting surge of hormones interferes with ovulation and fertilization or may potentially prevent implantation of a fertilized egg in the uterus. The medical community generally doesn't consider this to be abortion, and the FDA doesn't classify Plan B as an abortion-causing drug, though some antiabortion groups do. Plan B isn't the same as mifepristone, sometimes called RU-486, a prescription-only pill that induces an abortion.

The FDA and Barr said that they will take steps to try to enforce the age restriction. Plan B will be sold only in stores or clinics with a medical professional such as a doctor, nurse or pharmacist, not in gas stations or convenience stores, and isn't expected to be available through online pharmacies and other Web sites, Barr said.

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The company agreed to send "anonymous shoppers" to test whether pharmacies are adhering to the rules. Barr will provide a booklet to be distributed with the drug that will explain how it works and its proper use.

'Adequate Safeguards'

Steven Galson, director of the FDA's drug center, said he believed the agency didn't have enough data about younger teens to approve the use of Plan B for them, and that they "would strongly benefit from consultation with heath-care providers" before getting Plan B. The FDA can't absolutely ensure that people younger than 18 won't get the drug, he said, but the agency had "adequate safeguards in place ... to convince us this drug will be provided as per the labeling." He said other FDA officials within the FDA's drug center, who had endorsed over-the-counter Plan B without an age limit, disagreed with the final decision.

Barr said it expects use of the drug to grow. Currently, it is prescribed about 1.5 million times a year in the U.S. The company declined to project how much revenue would increase over the approximately $30 million a year currently generated by Plan B's sales in the U.S. Barr's version of the drug is only sold in the U.S. and Canada. Other companies sell similar products elsewhere. Will Sawyer, specialty pharmaceuticals analyst at Leerink Swann & Co., predicted that Plan B sales may triple, to $90 million, over the next three to five years. The company said it expected to price the two-pill Plan B regimen at least as high as the current $25 to $40 per prescription.

Bruce Downey, chief executive of Barr, said the company was "very happy" with the FDA's decision but planned to try to "lower or eliminate the age restriction" in the future. Major drugstore chains including Walgreen Co. and CVS Corp. said they would offer Plan B under the new FDA rules. A spokesman for Wal-Mart Stores Inc., which declined to stock Plan B until March of this year, said the company is "still looking at details of what was approved and how the product can be sold and once we have those details we'll consider carrying the product for nonprescription sale." Wal-Mart Watch, a union-backed group that is critical of the giant retailer, said it would prod the company to offer Plan B under the new prescription-free conditions.

Barr said the newly labeled drug will be available "before the end of the calendar year."

Reproductive-rights groups said the need to present proof of age, and the age cutoff itself, might keep the drug from women and teens who need it. Cecile Richards, president of the Planned Parenthood Federation of America, said "putting in restrictions ... makes it less likely that it's going to be used and going to be effective." In the U.S., 34% of teenage girls get pregnant at least once before turning 20, a figure cited on the group's Web site. The Center for Reproductive Rights, which criticized the age restriction, said it planned to continue a lawsuit against the FDA over Plan B.

Potential Election Issue

The move could become an election-campaign issue. The decision is "very detrimental to some deeply held concerns" of her members, said Wendy Wright, president of Concerned Women for America. "I think they will have it in mind" as they vote. Her group called for the White House to withdraw Dr. von Eschenbach's nomination. Yesterday, Republican Sen. Tom Coburn of Oklahoma said he opposed the FDA's decision.

Antiabortion groups have pressed for states to pass laws that would protect pharmacists' ability to refuse to provide certain drugs, including Plan B. The FDA's decision "does place pharmacists much more on the front line," said Daniel McConchie, executive director of Americans United for Life, which has lobbied for such legislation. His group would like to see states pass restrictions that could limit prescription-free availability of Plan B and is exploring the legal possibility of such state laws, he said. Barr's Mr. Downey said the company would fight any efforts to add sales restrictions, and Barr believes most pharmacists will be willing to dispense the drug.

For the FDA itself, the decision resolves a long-running and politically contentious issue. The original Plan B application had requested over-the-counter status, regardless of age. An FDA advisory committee voted in December 2003 to support that request. Memos that later leaked out showed that the head of the agency's own office of new drugs, as well as other reviewers, agreed. But in May 2004, the FDA's Dr. Galson rejected the change, citing the lack of data about the youngest teens.

Barr, which had by then purchased rights to the drug from its original sponsor, then reapplied to the FDA, requesting that females 16 years and older be allowed to buy Plan B without a prescription. Last August, the FDA's then-commissioner, Lester Crawford, postponed a decision, saying that the agency might need new regulations to enforce an age restriction, though the agency's career staff was willing to approve an over-the-counter version for those 17 and older. The agency's assistant commissioner for women's health, Susan Wood, resigned after that announcement, complaining that the FDA's handling of the drug hadn't been based on science. Dr. Crawford later resigned, though not over the Plan B issue.

But on July 31, the day before Dr. von Eschenbach was supposed to have a Senate confirmation hearing on his nomination, the FDA released a letter saying it didn't need to craft a new regulation. In a memo released yesterday, Dr. von Eschenbach said he concluded that 18 was the best cutoff age because it is a familiar one for states and pharmacies. Dr. Galson said in his own memo that he now concurred.

F.D.A. Approves Broader Access To Next-Day Pill (NYT)

By Gardiner Harris

The New York Times, August 25, 2006

WASHINGTON, Aug. 24 — The Food and Drug Administration on Thursday approved over-the-counter sales of the morning-after contraceptive pill to women 18 and older, resolving one of the most contentious issues in the agency's 100-year history.

Nationwide over-the-counter sales of the drug, Plan B, are expected to start by the end of the year. It will be sold in pharmacies and health clinics only, and buyers must show proof of age. Anyone under age 18 will still need a prescription. Men may also buy Plan B for a partner.

The prescription drug now sells for $25 to $40 per two-pill dose, but the manufacturer, Barr Pharmaceuticals of Woodcliff Park, N.J., said the price could change.

The agency's decision, which took three years and spanned the terms of three F.D.A. commissioners, did little to dampen what has became a central part of the nation's debate on abortion. Abortion rights advocates argue that the wide availability of Plan B may reduce abortions; abortion opponents assert that Plan B will cause them.

Abortion rights advocates hailed the F.D.A.'s decision on Thursday, although many bemoaned the age restriction.

"We are pleased that a common sense, common ground agenda for reducing unintended pregnancy and the need for abortion finally won out," said Kirsten Moore, president of the Reproductive Health Technologies Project in Washington.

Abortion opponents threatened political retribution, however, and were displeased when President Bush backed the agency's decision.

"Let there be no mistake about it," said the Rev. Thomas J. Euteneuer, president of Human Life International, an anti-abortion group based in Virginia. "Today's decision lies at the feet of President Bush and has created a lasting rift with the Catholic faithful who comprise a large part of his support base."

In a briefing on Monday, Mr. Bush was asked whether he supported the intention by Andrew C. von Eschenbach, acting commissioner of the F.D.A., to approve over-the-counter sales of Plan B.

"I support Andy's decision," he replied, a rare moment when a president addressed an application pending before the drug agency.

Barr Pharmaceuticals said that sales of Plan B would barely register on its balance sheet and that it had no plans to advertise the drug on television or radio. [BusinessDay, Page C1.]

Dr. von Eschenbach wrote that he had decided that 18 was the appropriate cut-off age because pharmacies already used it for restricted nicotine and cold medicines sales.

"This approach builds on well-established state and private-sector infrastructures to restrict certain products to consumers 18 and older," Dr. von Eschenbach wrote in a memorandum.

His predecessor, Dr. Lester M. Crawford, said last year that science supported giving over-the-counter access of the drug to women at 17, but that he could not figure out how to ensure that such an age restriction was enforced.

The agency has now decided that it will rely on Barr to enforce the rules. The company's chairman, Bruce Downey, said in an interview that the company would depend on pharmacists to abide by the restrictions.

Barr will not sell the pills to gasoline stations or convenience stores, and it will conduct surveys to measure adherence, Mr. Downey said.

The drug agency decided that younger women would benefit by seeing a doctor before having access to Plan B. It also determined that Barr had failed to prove that young women would understand how to use the drug as well as older women.

The F.D.A.'s approval was widely expected and led to a flood of prepared press releases from Capitol Hill offices, advocacy and medical groups.

"This long overdue decision is a victory for women's health and for the American people who have been waiting for years for the F.D.A. to act," Senators Hillary Rodham Clinton, Democrat of New York, and Patty Murray, Democrat of Washington, said in a statement.

Senator Tom Coburn, Republican of Oklahoma and a family practice doctor, denounced the decision, saying, "Exposing women to the high-dose hormones in Plan B without the guidance of a physician will put them at risk."

Studies suggest that both the anti-abortion groups and abortion rights advocates are wrong in their predictions of the pill's effect on the number of abortions performed each year and on the rate of sexually transmitted diseases. Couples in the United States have so much unprotected sex — half of all pregnancies are unplanned — that even if the pills were passed out like aspirin, they would be unlikely to cause a major change in abortion and disease rates.

"Emergency contraceptives don't work if, like condoms, they're left in the drawer," said Dr. James Trussell, director of the Office of Population Research at Princeton University. "And studies show that even if women have the pills on hand, the drawer is where they remain."

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Still, Dr. Tina Raine, associate professor of obstetrics and gynecology at the University of California, San Francisco, said that over-the-counter access to Plan B would help some women avoid becoming pregnant.

"Unintended pregnancy rates have been dropping over the last decade,'' Dr. Raine said. "Lots of things have contributed to that, and this will, too."

Plan B's effect on the F.D.A. and its image may well overshadow its public health impact.

The agency has regulatory authority over a quarter of the United States economy. Despite this huge portfolio, three commissioners devoted countless hours to considering whether to switch Plan B. a small-selling, decades-old medicine, to over-the-counter status.

"I cannot recall any other issue in my 45 years of watching F.D.A. that has garnered this much attention at all levels of government," said Peter Barton Hutt, a former general counsel for the agency who now teaches drug law at Harvard.

The director of the Office of Women's Health at the drug agency resigned last year to protest what she said was the abortion politics behind the delay in approving Plan B. An investigation by the Government Accountability Office concluded that top agency officials had decided to reject the initial Plan B application months before a scientific review was complete.

Sworn depositions taken by lawyers from the Center for Reproductive Rights, a legal advocacy organization, show that some of the agency's staff members were convinced that no amount of scientific evidence would have persuaded the F.D.A.'s political appointees to approve the application.

Dr. John Jenkins, director of the Office of New Drugs at the agency, said in a deposition that his boss, Dr. Steven Galson, told him "that he felt he didn't have a choice" but to reject the application, according to transcripts provided to The New York Times.

"And he characterized that in a sense that he wasn't sure that he would be allowed to remain as center director if he didn't agree with the action," Dr. Jenkins said. Dr. Galson is director of the Center for Drug Evaluation and Research at the F.D.A.

Dr. Florence Houn, director of the office that evaluated the Plan B application, said that she was told by Dr. Janet Woodcock, a deputy commissioner at the agency, that a rejection was necessary "to appease the administration's constituents, and then later this could be approved,'' according to the transcripts.

Drs. Galson and Woodcock said in their own depositions and public statements that scientific considerations drove their decisions. In an interview, Dr. Galson refused to address the apparent inconsistencies.

"I'm extremely happy to put this phase of the decision-making process behind me and to move on to other priorities," Dr. Galson said.

But the issue may not go away.

Barr will study Plan B's use in young adolescents in hopes of getting the agency's age restrictions lifted, Mr. Downey said.

"In my mind,'' he said, "if we go back and have an adequate study that includes the younger group, the basis for any age restriction goes away."

Last year, Senators Clinton and Murray placed a legislative hold on Dr. Crawford's nomination as commissioner to pressure the agency to make a decision on Plan B. They lifted their hold after Health and Human Services Secretary Michael O. Leavitt promised a decision by Sept. 1 of that year. Dr. Crawford was then confirmed, but the agency announced yet another delay in a decision on Plan B.

When Dr. Crawford unexpectedly resigned weeks later, the two senators refused to let Dr. von Eschenbach's nomination as commissioner advance without a Plan B decision. On Thursday, they said that they would lift their hold.

Plan B is made from a synthetic hormone found in regular oral contraceptives. There are two pills, the first of which should be taken within 72 hours of unprotected sex and the second 12 hours later. Like regular contraceptive pills, Plan B generally acts by preventing ovulation or fertilization, according to the F.D.A.

Plan B may in rare circumstances prevent a fertilized egg from becoming implanted, something abortion opponents decry. But regular oral contraceptives do that, too.

FDA Approves Plan B's Over-the-Counter Sale (WP)

By Rob Stein

The Washington Post, August 25, 2006

By the end of the year, American women will be able to walk into any pharmacy and buy emergency contraceptive pills without a prescription as a result of a Food and Drug Administration decision announced yesterday.

The decision means women will not have to go to a doctor first as long as they can prove they are 18 or older to a pharmacist, who will keep the drugs behind a counter. Younger teenagers will still need a prescription, and the pills will not be sold at gas stations, convenience stores or other outlets that do not have pharmacists.

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The approval marks the first time a hormonal contraceptive will be broadly available in the United States without a prescription. The pills, which will be sold as Plan B, will probably cost about $25 to $40 per dose, and men will also be able to buy them.

The announcement was aimed at resolving one of the longest and highest-profile health controversies of the Bush administration, but opponents said they are considering plans to block the decision, either in court or in Congress.

"This decision has nothing to do with science or FDA rules but has everything to do with politics," Sen. Tom Coburn (R-Okla.) said.

Coburn and other social conservatives said that the high doses of hormones in the pills carry risks, and that making them more easily available will encourage sexual activity and result in more unwanted pregnancies and sexually transmitted diseases. Opponents also liken taking the pills to abortion, because they can sometimes prevent a fertilized egg from implanting in the womb.

"This is a bad decision for women, for girls, for parents and for public health," said Wendy Wright of Concerned Women for America, which led a campaign to block the decision. "The FDA's decision today will only make things worse for American women."

Women's health and family-planning advocates, while criticizing the FDA for the age restriction, hailed the decision as a long-overdue milestone that will make it much easier for women to prevent an unwanted pregnancy when they have unprotected sex or when another form of contraception, such as a condom, fails. Plan B will be particularly valuable to rape victims, they said.

"This is great news for women and great news for women's health," said Cecile Richards of the Planned Parenthood Federation of America. "This provides women with another important option."

The FDA's move reverses a decision it made three years ago prohibiting over-the-counter sales of the drug. That decision, which rejected the advice of the agency's outside advisers and internal reviewers, triggered intense criticism that the administration was letting political ideology influence scientific decisions, undermining the credibility and independence of an agency charged with protecting the nation's health.

Plan B, which consists of two pills containing a synthetic version of the hormone progestin used in standard birth-control pills, is highly effective in preventing a pregnancy if taken within 72 hours of unprotected intercourse (long before pregnancy tests usually work).

FDA officials said they have concluded after further review that too little safety data are available to approve the drug for teenagers younger than 18. But the agency ruled that the drug could be sold safely to those 18 or older because similar restrictions are already in place for other products, such as tobacco, nicotine and cold remedies containing pseudoephedrine.

"This approach builds on well-established state and private sector infrastructures to restrict certain products to consumers 18 and older," acting FDA Commissioner Andrew C. von Eschenbach said in a memo outlining the decision.

The agency said it is requiring Barr Pharmaceuticals Inc. to sell the pills in new packaging that clearly explains how best to use them and the possible risks. The company will also be required to ensure that the pills are sold only through pharmacies, retail stores with pharmacists and clinics with "licensed healthcare providers."

The company must take a number of steps to ensure compliance, including sending "anonymous shoppers" to check on stores, reporting its findings regularly to the FDA and referring any violations to state pharmacy regulators.

"This approach should help ensure safe and effective use of this product," von Eschenbach wrote.

Opponents charged that the requirement is meaningless because it does not specify how the company will ensure compliance or provide penalties for violations.

"There's nothing to stop a 20-year-old man who is having sex with a minor girl from buying the drug and giving it to her," Wright said. "Parents will be eliminated from the medical decisions being made about their daughters."

Plan B's backers, meanwhile, criticized the agency for not allowing the drug to be sold to everyone.

"We urge the FDA to revisit placing age restrictions on the sale of Plan B," said Sens. Hillary Rodham Clinton (D-N.Y.) and Patty Murray (D-Wash.). But because the decision represents "real progress" and an "important step in restoring the American people's faith in the FDA," the senators said, they were lifting a hold they had imposed on von Eschenbach's confirmation as FDA commissioner.

Steven Galson, director of the FDA's center for drug evaluation and research, defended the agency's handling of the issue in a briefing for reporters. She said officials took the time needed to evaluate the complicated issues and develop a plan that would make the drug available safely.

"We're convinced that, with this comprehensive program, we have adequate safeguards in place . . . to convince us that this drug will be provided as per the labeling," Galson said.

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The FDA decision does not resolve other controversial issues swirling around the pills, including the refusal of hospitals run by religious organizations to offer them, of some pharmacies to stock them and of some antiabortion pharmacists to dispense them.

"The FDA doing a stupid thing doesn't change anything for those of us who need to do the right thing," said Karen Brauer, president of the group Pharmacists for Life International, which opposes the use of the emergency contraceptive.

US Permits Sale Of Plan B Without Prescription (FT)

By Christopher Bowe In New York

Financial Times, August 25, 2006

The emergency contraception product Plan B may now be sold in the US to adult women without a prescription, after medicines regulators on Thursday removed one of their most contentious restrictions.

The Food and Drug Administration approval of Plan B non-prescription sales, for women 18 years and older, ended a three-year debate in which the agency was accused of putting politics before science. Plan B may be sold over pharmacists' counters if proper age identification is provided.

Plan B, made by Barr Pharmaceuticals, will still require a prescription for minors aged 17 and younger. The FDA approval also requires Barr to monitor the use of Plan B, to ensure it complies with the age restrictions.

The approval also removed a congressional threat to block Senate confirmation of Dr Andrew von Eschenbach as FDA commissioner.

Democratic Senators Patty Murray and Hillary Rodham Clinton, vocal critics of the FDA's delay on Plan B, said: "We will lift our hold on the nomination . . . and hope that he will provide the strong scientific leadership the FDA needs and deserves."

Nevertheless, legal questions could yet surface over the approval, according to an expert. One question is whether the FDA has legal authority to authorise both prescription and non-prescription labelling on one drug package. In addition, such "behind-the-counter" status for the sale of drugs is not clearly defined in FDA's mandate.

Dr von Eschenbach fashioned the compromise on Plan B late last month, ending its one-year regulatory limbo by proposing an age restriction of 18 rather than the previous 17. Last year, his predecessor, Lester Crawford, delayed approval of Plan B over-the-counter sales indefinitely, saying more information was needed, particularly on enforcing age restrictions.

That delay caused intensified criticism of the FDA, with claims that because of rightwing political concerns it was ignoring data that Plan B could be used safely by older teenagers.

Plan B is a stronger dose of a hormone used in prescription birth control pills that can prevent pregnancy if taken within three days of unprotected sexual intercourse.

Supporters say it is a valuable tool to reduce potential unwanted pregnancies and even abortions. Opponents are concerned it could promote promiscuity and increase sexually transmitted diseases, and others see its mechanism of action as equivalent to an early-term abortion.

Last Monday, President George W. Bush said at a press conference that he backed the FDA's decision to keep Plan B prescription-only for minors.

Barr filed in April 2003 for approval to sell Plan B over the counter to all ages. It resubmitted its application a year later, asking for approval for ages 16 years and older.

Dr von Eschenbach said pharmacies were already familiar with using 18 as a cut-off age for non-prescription products such as nicotine smoking cessation aids. He added that 18 was the legal age of adulthood in all states.

"This approach builds on well-established state and private-sector infrastructures to restrict certain products to consumers 18 and older," Dr von Eschenbach said.

Plan B Allowed Over The Counter (WT)

By Joyce Howard Price

The Washington Times, August 25, 2006

The U.S. Food and Drug Administration yesterday announced approval of nonprescription sales of Plan B, the morning-after pill, for men and women who can prove they are 18 or older.

Plan B will remain a prescription-only product for girls 17 and younger, FDA officials said at a press briefing. The over-the-counter sales were extended to men, even though manufacturer Barr Laboratories did not seek approval for male buyers.

The decision comes after a three-year fight in which feminist groups, liberal lawmakers and health organizations have said easier access to Plan B could cut in half the nation's 3 million unplanned pregnancies a year. Social conservatives have said that such sales could increase promiscuity and sexually transmitted diseases, especially among teens and that the pill is an abortifacient.

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"This decision is long overdue. For nearly three years, politics took precedence over good science and good health policy," said Susan F. Wood, research professor at the George Washington University School of Public Health, who resigned her post as the FDA's assistant commissioner for women's health a year ago, when the agency refused to allow over-the-counter (OTC) sales of Plan B.

"The scientific and medical evidence, as well as the consensus among major medical organizations like the American Medical Association supporting OTC access to Plan B for all women is overwhelming," she added.

But conservative groups decried the ruling, saying it will let older men buy the drug for young girls.

"This is a dream come true for a statutory rapist ... it is political correctness run amok," said Jan LaRue, chief counsel for Concerned Women for America.

Tony Perkins, president of the Family Research Council, called it "a very legitimate concern that an older male could commit a criminal sex act with a young girl" and then try to hide it by buying her Plan B.

"This is a very real concern since national studies show that two-thirds of adolescent girls have partners who are 21 or older," Mrs. LaRue said. She also cited a 2002 report by the California Center for Health Statistics that found a "slight majority" of pregnancies involving girls 10 to 14 in that state resulted from sex with an adult.

Meanwhile yesterday, Democratic Sens. Hillary Rodham Clinton of New York and Patty Murray of Washington lifted their hold on the Senate confirmation of Dr. Andrew von Eschenbach as FDA commissioner. The two senators had blocked a vote on Dr. von Eschenbach since March, saying they would not lift it until the FDA approved Plan B.

But yesterday's ruling was not enough for Mrs. Clinton and Mrs. Murray, who said, "We urge the FDA to revisit placing age restrictions on the sale of Plan B."

When taken after sexual intercourse, Plan B reduces the risk of pregnancy by 89 percent. It works best if taken within 24 hours of sex, and the company says it should be taken within 72 hours of unprotected sex to be effective.

Some pro-life groups say the drug produces an early term abortion because it works by preventing implantation of the embryo after conception.

The medication in Plan B is a higher dose of the main ingredient in the traditional birth-control pill, a prescription-only product -- another fact that galls conservative groups.

"How can the FDA justify approving over-the-counter sales of a higher potency version of a drug that requires a prescription?" Mrs. LaRue asked.

Dr. Steven Galson, director of the FDA's Center for Drug Evaluation and Research, said in a telebriefing yesterday that the agency hoped to address many of the conservatives' concerns.

While saying that "men can buy" Plan B over the counter, Dr. Galson said, "We will monitor the use of this drug and the prescription patterns. If changes are needed, we'll make them."

But Carol Cox, a spokeswoman for Barr, said the company did not seek approval for purchase by males.

"The product is not designed for men," she said in an e-mail.

The two-pill post-sex contraceptive will be sold only from behind the counters of pharmacies, so druggists can check photo identifications, and not at gas stations, convenience stores or other places where other nonprescription drugs such as aspirin are sold.

Dr. Galson noted that Barr Laboratories plans to send buyers of different ages to pharmacies to determine whether druggists are following the age restrictions on sales of the drug.

Miss Cox of Barr said the company will be "tracking how Plan B is sold" and will report its findings twice yearly to the FDA.

But the conflict over Plan B may not be over. The Family Research Council said yesterday that it is "pursuing legal and legislative options" to overturn the FDA's decision, claiming the agency exceeded its rule-making authority, which it contends belongs to Congress and state legislatures, by granting Barr Laboratories' request to allow over-the-counter sales of the contraceptive.

"I am greatly troubled that the FDA has sacrificed women's health in the name of politics" and that it approved Plan B "just days after Barr Laboratories admitted its inability to enforce dual-status sale of the drug," Mr. Perkins said.

Barr says it hopes to begin nonprescription sales of Plan B by the end of this year.

FDA Eases Limits On Morning-after Pill (AP-Y)

By Andrew Bridges

AP, August 25, 2006

Women can buy the morning-after pill without a prescription, the government declared Thursday, a major step that nevertheless failed to quell the politically charged debate over access to emergency contraception.

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The manufacturer, lawmakers and other advocates said they will press the government to let minors purchase the pills over the counter.

The Food and Drug Administration said women 18 and older — and men purchasing for their partners — may buy the Plan B pills without a doctor's note, but only from pharmacies.

Girls 17 and younger still will need a prescription to buy the pills, the FDA told manufacturer Barr Pharmaceuticals Inc., in ruling on an application filed in 2003.

The compromise decision is a partial victory for women's advocacy and medical groups, which say easier access could halve the nation's 3 million annual unplanned pregnancies.

"While we are glad to know the FDA finally ended its foot-dragging on this issue, Planned Parenthood is troubled by the scientifically baseless restriction imposed on teenagers. The U.S. has one of the highest rates of teen pregnancy in the Western world — anything that makes it harder for teenagers to avoid unintended pregnancy is bad medicine and bad public policy," president Cecile Richards said.

Opponents contend that nonprescription availability could increase promiscuity and promote use of the pills by sexual predators.

"If the FDA thinks that enacting an age restriction will work, or that the drug company will enforce it ... then they are living in a dream world," said Wendy Wright, president of Concerned Women for America, who led the opposition.

Plan B contains a concentrated dose of the same drug found in many regular birth-control pills. Planned Parenthood estimates 41 other countries, including Australia and Canada, already let women buy emergency contraception without a prescription.

If a woman takes Plan B within 72 hours of unprotected sex, she can lower the risk of pregnancy by up to 89 percent. Plan B is different from the abortion pill: If a woman already is pregnant, Plan B has no effect.

The earlier the pills are taken, the more effective they are. Allowing nonprescription sales means women won't have to run themselves ragged to get a prescription, something especially difficult on weekends and holidays, advocates said.

The FDA's long delay in deciding on Barr's application ensnared President Bush's nominee to head the regulatory agency, Dr. Andrew von Eschenbach. On Thursday, two senators said they would lift their block on his nomination, making it likely he will win confirmation as FDA chief, perhaps next month.

In recent weeks, anti-abortion groups, angered that approval was imminent, had urged Bush to withdraw von Eschenbach's nomination. Bush stood behind his nominee Monday.

Barr hopes to begin nonprescription sales of Plan B by the end of the year. The pills will be sold only from behind the counter at pharmacies, but not at convenience stores or gas stations. Pharmacists will check photo identification.

There isn't enough scientific evidence that young teens can safely use Plan B without a doctor's supervision, von Eschenbach said in a memo. Over-the-counter use is safe for older teens and adults, the acting FDA commissioner added in explaining the age cutoff.

"This approach should help ensure safe and effective use of the product," wrote von Eschenbach.

Barr and others were disappointed that FDA imposed the age restriction. Bruce L. Downey, Barr's chairman, pledged to continue working with the agency to try to eliminate it.

The age restriction remains controversial even inside FDA, agency drugs chief Dr. Steven Galson told The Associated Press. Galson has acknowledged overruling his staff scientists, who concluded in 2004 that nonprescription sales would be safe for all ages.

"There still are disagreements," Galson said in an interview. "There were disagreements from the first second this application came in the house."

The Center for Reproductive Rights said a lawsuit filed last year to do away with all age restrictions would continue.

As a condition of approval, Barr agreed to use anonymous shoppers and other methods to check whether pharmacists are enforcing the age restriction.

"I'm sure the FDA will follow through on that and make sure these important conditions are established and enforced," said White House spokeswoman Dana Perino.

Barr hasn't said if it will raise the price of the pills, which now cost $25 to $40 in prescription form.

Planned Parenthood, the largest dispenser of the pills, expects some insurers to continue covering prescription sales. Whether that would be cheaper will depend on a woman's insurance.

Nine states — Alaska, California, Hawaii, Maine, Massachusetts, New Hampshire, New Mexico, Washington and Vermont — already let certain pharmacies sell Plan B without a doctor's prescription to women of any age.

Minors won't see any change in those states, because the pharmacist already technically writes the prescription, the American Pharmacists Association said.

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The FDA approved prescription-only sales of Plan B in 1999. The quest to change its status began in 2003. That year, agency advisers endorsed nonprescription sales for all ages, and FDA's staff scientists agreed.

Higher-ranking officials rejected that recommendation, citing concerns about young teens using the pills without oversight. Barr reapplied, asking that women 16 and older be allowed to buy Plan B without a prescription. Then last August, the FDA postponed a final decision indefinitely, saying the agency needed to determine how to enforce the age restrictions.

FDA's handling of Plan B sparked a firestorm, with allegations of political meddling, high-profile resignations, lawsuits and congressional investigations.

The controversy appears to have helped Plan B sales, which are up an estimated 30 percent this year, according to IMS Health Inc., a health care consulting company. Barr estimates pharmacists dispense about 1.5 million packs a year.

Barr's `Morning After' Pill May Be Sold Over Counter (Update7) (BLOOM)

Bloomberg, August 25, 2006

By Justin Blum and Shannon Pettypiece

Aug. 24 (Bloomberg) -- Barr Pharmaceuticals Inc. won U.S. approval to sell its ``morning after'' contraceptive pill without a prescription, capping a policy debate that has dogged the Bush administration for three years.

The Food and Drug Administration said today that customers must show that they are 18 or older to buy the pill, similar to the restriction for buying cigarettes. Plan B, as the drug is known, is designed to prevent pregnancy when taken within 72 hours of sex. Those younger than 18 still need a prescription.

The end of the battle removes an obstacle to the confirmation of Andrew von Eschenbach as FDA commissioner. Democratic Senators Hillary Clinton of New York and Patty Murray of Washington said that they will no longer block the appointment. Barr's application to sell Plan B without a prescription set off a debate between those who said access to the drug is important for health and social conservatives who argued it might increase teenage sexual promiscuity.

``We are very pleased about this decision,'' Clinton told reporters on a conference call. ``It is an important step forward, and it is about something more than just Plan B. The non-decision out of FDA was about the integrity of the agency as a whole.''

President George W. Bush ``agrees that minors should have a prescription,'' spokeswoman Dana Perino told reporters today. Bush understands that the FDA ``did an exhaustive review, that they recognized the critical distinction between minors and adults, and the risks this drug can impose.''

Availability

Shares of Woodcliff Lake, New Jersey-based Barr fell by 20 cents to $57.77 at 4:02 p.m. in New York Stock Exchange composite trading. The shares are up 28 percent since mid-July, buoyed by a jump in fiscal fourth-quarter earnings.

Barr aims to make the non-prescription pill available as early as Nov. 1, Chief Executive Officer Bruce Downey said today in an interview. It will only be sold in pharmacies or clinics. Customers will have to ask for the pills.

It will be up to Barr and drug stores to enforce the FDA age restriction, because the agency says it doesn't have legal authority to do so. Barr said it will send undercover shoppers to ensure pharmacies are checking for identification and report any violations to state pharmacy boards.

Sales

Plan B sales may double from about $30 million last year, said Barr Chief Executive Officer Bruce Downey in an interview today. The over-the-counter version may cost slightly more than the prescription version, which sells for between $25 and $40.

``It accounts for 100 percent of our publicity, about 3 percent of sales,'' Downey said, adding that his company will continue to seek to end age restrictions.

The approval will have little impact on Barr's earnings, said Ken Cacciatore, an analyst at Cowen & Co. in New York, in an interview. The agreement ``has tons of political implications and less of an impact on Barr,'' he said.

Opponents of the compromise threatened to take legal action. Some advocates wanted no age limits, saying wider availability will prevent unintended pregnancies. On the other side were those who said any over-the-counter sale would increase promiscuity.

The Family Research Council, a group of social conservatives, said in its statement it would pursue legal and legislative options. The Morning-After Pill Conspiracy, which describes itself as a coalition of feminist groups, has also filed a lawsuit opposing the age restrictions.

Elections

People on both sides of the debate said that lawmakers' efforts to block von Eschenbach's nomination as permanent commissioner probably forced the agency to act.

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``Von Eschenbach did this out of his desire to get confirmed," said Wendy Wright, whose Washington-based group, Concerned Women for America, has long opposed Plan B sales without a prescription. ``People should lose a lot of confidence in the FDA over this."

The FDA's approval after three years of delays is likely to be an issue in this year's congressional election campaigns, said Carl Tobias, a law professor at the University of Richmond Law School who was a legal consultant to the FDA in the 1970s.

``There's been a lot of strong opposition," Tobias said. ``There are a lot of issues swirling around about whether decisions are being made for reasons of science or politics."

End of an Era

The battle over Plan B subjected the FDA to widespread criticism. At least one high-level FDA official resigned in protest over the delays.

``The credibility of FDA has been at stake over this and it remains at risk," said Susan Wood, who resigned a year ago as FDA assistant commissioner of women's health. ``This is a move to help restore its credibility and restore the reputation it has long had of being a science-based agency."

An agency advisory panel had recommended approval of Barr's application to sell the drug to all age groups without a prescription. The FDA rejected that approach, saying there wasn't enough evidence young teens could safely use Plan B without a doctor's supervision.

Barr then asked the agency for permission to sell Plan B to those 16 and older. Last August, the FDA said it thought sales should be limited to those 17 and older and delayed a decision indefinitely while it sought public comment.

Europe's Plan B

Levonelle, the European equivalent, is available without prescription in the United Kingdom to women 16 and older, said Astrid Kranz, a spokeswoman for Schering AG. The German company has a marketing agreement in several European Union countries with Gedeon Richter Nyrt, the Hungarian pharmaceutical company that makes Plan B for Barr.

Zsuzsa Beke, a spokeswoman for Richter, said the drug usually is available by prescription only.

Richter, eastern Europe's biggest drugmaker by stock market value, added 1.7 percent to close at 46,980 forint in Budapest.

Plan B contains high doses of an ingredient used in prescription birth control pills. The drug is effective if women take the first of two pills as soon as possible within 72 hours of sex. The second pill is taken 12 hours later.

Plan B Pill Cleared For Sale Over The Counter (LAT)

By Denise Gellene And Johanna Neuman

The Los Angeles Times, August 25, 2006

The Food and Drug Administration decided Thursday to make the "morning-after" contraceptive pill known as Plan B available without a prescription to people 18 and older, ending a three-year impasse that put the agency at the center of a polarizing debate over reproductive choice.

Girls 17 and younger will need a prescription to obtain the pills, which will be available only from pharmacists at drugstores and health clinics. Purchasers will be required to show proof of their age. The pill is expected to be available over the counter by November.

The decision will not change programs in California and eight other states that already allow pharmacists to dispense the pill to teens and women without a doctor's prescription, the FDA said.

But Dr. Tina Raine-Bennett of the Center of Reproductive Health Research and Policy at UC San Francisco said that even in states where the pill was available over the counter, the decision would help improve access to the drug.

Many California pharmacies still do not offer the morningafter pill over the counter because of extra paperwork and training requirements. Women in some rural counties must drive great distances to purchase the drug.

"What this means is now women 18 and over can go to the local Safeway for the pill," Raine-Bennett said. "I think this is great news."

Planned Parenthood President Cecile Richards said in a statement that the FDA decision was "an important victory and long overdue," and that it would help prevent some of the 1.5 million unplanned pregnancies in the U.S. each year.

Social conservatives, however, said that easing access to the pill would only lead to more teenage promiscuity and sexually transmitted disease.

Tony Perkins, president of Family Research Council, a conservative group that opposes the pill on moral grounds, said the organization expected to file a lawsuit to overturn the decision.

"It's a bad idea, bad policy," Perkins said. "The FDA has failed."

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Wendy Wright, president of the conservative Concerned Women of America, said statutory rapists could buy the drug for teens "to cover up their abuse." Men 18 and older also can buy the drug without a prescription.

Wright also said the age restriction would be nearly impossible to police.

Caught up in the controversy is President Bush's nomination of acting FDA Commissioner Andrew C. von Eschenbach to permanently lead the agency. Angry about FDA delay in acting on Plan B, Democratic Sens. Hillary Rodham Clinton of New York and Patty Murray of Washington had prevented a Senate vote on the nomination. But after Thursday's FDA action, they said they would withdraw their objections.

"We are very pleased about this decision," Clinton told reporters in a conference call. "It is an important step forward, and it is about something more than just Plan B. The nondecision out of FDA was about the integrity of the agency as a whole."

But Wright's group, which led the fight against wider availability of Plan B, issued a statement calling on Bush to withdraw the nomination because of Von Eschenbach's "pandering to political activists and a drug company."

Plan B, produced by Barr Pharmaceuticals Inc. of Woodcliff Lake, N.J., consists of two pills — concentrated doses of regular birth control pills — taken 12 hours apart. If taken within 72 hours after unprotected sex, it reduces the chance of pregnancy by 89%.

Plan B sells for $25 to $40. It is thought to work by releasing a flood of synthetic hormone that prevents an egg from being released from the ovary or from being fertilized. It can also prevent implantation of a fertilized egg into the womb.

Side effects of Plan B include nausea and vomiting. It can be used by women for whom ongoing birth control pills are not advised.

The drug has never been widely used, with annual sales of just $30 million.

Plan B became tangled in abortion politics because some people object to the fact that it can prevent implantation of a fertilized egg. The FDA classifies the drug as a contraceptive.

Unlike RU-486, the abortion pill, Plan B does not end an established pregnancy.

The FDA approved Plan B as a prescription drug in 1999. In December 2003, an FDA advisory committee recommended that it be made available over the counter.

But the FDA said it could not approve Plan B for over-the-counter sale because it did not have enough information on how adolescents would use the drug. The agency said it was concerned that younger teens might engage in risky sex if Plan B became readily available.

For the next three years, the agency was unable to make up its mind about what would be the right cutoff age.

The delays prompted an investigation by the General Accounting Office, the investigative arm of Congress, and accusations of political meddling.

Last year, Susan F. Wood, head of the FDA Office of Women's Health, resigned to protest the delay.

She said Thursday: "It's a shame the FDA waited this long to begin to catch up with the science."

Sen. Tom Coburn (R-Okla.), a practicing physician, said the FDA had caved into pressure from reproductive-rights advocates.

"Never before has the FDA approved a medicine for over-the-counter sales when a lower dose of the same drug requires a prescription," he said in a statement.

He added: "This decision has nothing to do with science or FDA rules but has everything to do with politics."

Perkins, of the Family Research Council, said the decision was inconsistent with Bush administration policies on abstinence.

That led some political observers to note that the FDA action suggested a weakened White House going into the midterm elections.

"This was one of those the White House could not win," said Marshall Wittmann, senior fellow at the Progressive Policy Institute, a centrist Democratic think tank. "They were either going to lose the social conservatives or risk jeopardizing many moderate women."

Although conservatives lamented the decision, neither were family-planning advocates entirely satisfied. They said the decision should have gone further, allowing younger teens to buy the drug without a prescription.

"The U.S. has one of the highest rates of teen pregnancy in the Western world. Anything that makes it harder for teenagers to avoid unintended pregnancy is bad medicine and bad public policy," said Planned Parenthood's Richards.

In an internal memo released by the FDA, Von Eschenbach said there wasn't enough scientific evidence that younger teens could safely use Plan B without a doctor's supervision.

He said 18 was appropriate because pharmacies and retail outlets were used to restricting sales of tobacco and over-the-counter cold medicines containing pseudoephedrine to that age.

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"This approach builds on well-established state and private-sector infrastructures to restrict certain products to consumers 18 and older," he wrote.

As a further safeguard, Barr Pharmaceuticals agreed to use anonymous shoppers to make sure pharmacists were enforcing the age restriction. The company said it would report violators to appropriate state pharmacy boards.

The company also agreed to maintain a 24-hour toll-free number for the public and to sponsor educational programs about Plan B for pharmacists and healthcare providers.

FDA Approves Over-the-counter Sales Of Plan B (USAT)

By Rita Rubin

USA Today, August 25, 2006

The Food and Drug Administration announced Thursday that it will allow Plan B emergency contraception to be sold over the counter to anyone 18 and older but only by prescription to girls under 18, an age restriction that some observers call either unnecessary or easily circumvented.

Some of the harshest critics of the FDA's inaction on over-the-counter (OTC) Plan B praised the decision. “Today's announcement is a critical step in restoring the faith of the American people in the FDA,” said Sen. Hillary Rodham Clinton, D-N.Y.

Because of the FDA's Plan B decision, Clinton and Sen. Patty Murray, D-Wash., said they would lift their hold on Andrew von Eschenbach's nomination to be FDA commissioner. Von Eschenbach has been acting commissioner since last September. On Aug. 1, at the first hearing on his nomination, Senate Democrats questioned him about why it has taken the agency so long to make Plan B, the so-called morning-after pill, available without a prescription.

The FDA's action comes nearly three years after its advisory panel in December 2003 said Plan B was safe enough to be sold without a prescription.

OTC Plan B supporters argued that the FDA's foot-dragging resulted from interference by a White House pressured by anti-abortion groups that believe the pill ends, rather than prevents, pregnancies and could lead to increased promiscuity.

“For nearly three years politics took precedence over good science and good health policy decisions and women's health suffered,” Susan Wood, former FDA assistant commissioner for women's health, said in a statement. She resigned a year ago because of the agency's refusal to approve OTC Plan B.

Plan B, approved as a prescription drug in 1999, contains a higher dose of a hormone found in many birth control pills. It greatly reduces the risk of pregnancy if taken within 72 hours of unprotected intercourse but is even more effective when taken sooner. Scores of medical groups, including the American Academy of Pediatrics, support OTC sales to all ages.

In the 12 months ending June 30, approximately 1.5 million prescriptions were written for Plan B, which now costs $25 to $40, says Carol Cox, spokeswoman for manufacturer Barr Pharmaceuticals.

Plan B will still be sold only at pharmacies and only when a pharmacist is on duty. It will be kept behind the pharmacy counter, so customers will have to ask for it.

Steven Galson, head of the FDA center that regulates drugs, said women won't be able to buy OTC Plan B until packaging detailing its unprecedented prescription/OTC dual status hits stores. Cox says the package should be available this fall.

Galson said the agency's decision should not affect the nine states in which pharmacists, working collaboratively with physicians, are allowed to dispense Plan B to women of all ages without a prescription from their own doctor.

Wendy Williams, president of Concerned Women for America, a group long opposed to OTC sales, said teenage girls in every state will now be able to get Plan B without a prescription, despite the FDA's age cutoff. “Any adult male who is having sex with a minor could walk into a pharmacy, buy the drug, and coax the girl into taking the pill,” Wright said in a statement.

James Trussell, a Princeton University birth control researcher who served on the FDA panel that recommended OTC sales, says the FDA had plenty of evidence that Plan B is safe for girls 13 and up. Despite the age rule, he said, “I'm declaring victory.”

Easier Access To Morning-After Pills (NYT)

The New York Times, August 25, 2006

After more than two years of obfuscation and procrastination, the Food and Drug Administration has finally approved nonprescription use of the morning-after contraceptive pills. Yesterday’s decision will not please advocates of unrestricted access to the pills, but it is an acceptable compromise that will at least make them readily available to women 18 and older.

The news is also a reminder of how long the administration has blocked this sensible move simply to placate religious and social conservatives who consider the pills akin to abortion or an inducement to unprotected sex.

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The morning-after pill, which is actually two pills taken in sequence, is an emergency contraceptive that can head off a pregnancy if taken within 72 hours of intercourse, or preferably earlier. That makes it imperative to have quick access to the pills without waiting for a doctor's appointment to obtain a prescription.

Under the plan announced yesterday, the pills will be held behind the counter at pharmacies and health clinics. Women who show proof that they are 18 or older will be able to buy them without a prescription. Younger girls will still need a doctor's OK. The cutoff was set at 18 because that is the age that pharmacies and other retailers already use for other restricted products.

The fight over the morning-after pill has a long and sorry history. The F.D.A.'s professional staff and its advisory committees have long held that the pills could safely be sold over the counter. There was never any good explanation for delay beyond the Bush administration's desire to placate its political base among social conservatives.

The change of heart seems to be due to a combination of factors, including a threat by Congressional Democrats to hold up the nomination of Andrew C. von Eschenbach as F.D.A. commissioner until a decision was made, and a lawsuit forcing the agency to reveal the machinations behind the delay. The White House may also have decided that it had milked enough political advantage from the issue and could let the F.D.A. judge the issue on its merits.

Once that occurred, the call was easy. Since virtually all the scientific evidence shows that the pills are safe, no self-respecting F.D.A. commissioner could reject over-the-counter sales without looking foolish and craven.

The Right Plan B Decision (WP)

The Washington Post, August 25, 2006

IN APPROVING the sale of the Plan B emergency contraceptive without a prescription yesterday, the Food and Drug Administration took an important step -- more than two years late. Wide availability of the so-called morning-after pill should reduce the number of unwanted pregnancies, and therefore abortions, in this country. The drug, which is just a high dose of regular birth-control pills, has been shown to be safe and effective, and there is no evidence that its availability increases sexual activity. It should not have taken three years of dithering to achieve what the FDA finally permitted: Over-the-counter sales for adults and continued sales to minors with a prescription.

The outcry among social conservatives as it became clear the FDA was moving toward approval highlights the political pressure the FDA faced in making it. Activists have called on President Bush to withdraw the nomination of acting FDA Commissioner Andrew C. von Eschenbach to be the agency's permanent chief. Yesterday, the social conservative Traditional Values Coalition issued a statement saying that, "The people running the FDA should be introduced to George Bush who is a solid pro-life leader" -- conveniently not mentioning that, just the other day, Mr. Bush declared that obtaining Plan B "ought to require a prescription for minors" and that "I support Andy's decision." In fact, the problem in this case was not that the FDA has somehow veered off to the left. Rather, it was the administration's unwillingness earlier to act according to what the science suggested.

The arrangements announced this week to prevent over-the-counter access by teens could surely have been worked out long ago; the application, after all, was submitted in 2003 and availability to minors has been the sticking point ever since. Only with Mr. von Eschenbach's nomination held up in the Senate as leverage did the issue get resolved. While the FDA has ultimately come up with a reasonable position, this is no way to make important decisions on science and public health.

Has Time Softened D.C. Circuit Nominee's Partisan Edges? (LAW)

By Jason Mclure, Legal Times

Legal Times, August 25, 2006

In the spring of 1987, President Ronald Reagan was facing a storm of criticism for his belated response to the AIDS epidemic. In response, the White House had decided to form a presidential commission on AIDS, and a draft of an executive order establishing the group was circulating among the president's staff.

Peter Keisler, then a 26-year-old lawyer in the White House, took issue with one particular part of the draft calling for members of the AIDS commission to be "distinguished individuals who have extensive experience in the fields of medicine, epidemiology, virology, law and medicine, public health, and related disciplines."

"Membership on the Commission is likely to be a hot political issue," Keisler wrote to his boss, White House counsel Arthur Culvahouse Jr. "The Administration may wish to allow itself maximum flexibility in the selection of the members."

A change in the executive order was made. And when the membership in Reagan's 12-member commission was announced, its ranks included not only physicians and academics but also Cardinal John O'Connor, head of the Roman Catholic Archdiocese of New York and an outspoken opponent both of anti-discrimination laws designed to protect gays and of the use of

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condoms. It also included a sex therapist who said she believed AIDS could be transmitted via toilet seats and mosquitoes, as well as Richard DeVos -- founder of Amway Corp.

As a nominee for a seat on the U.S. Court of Appeals for the D.C. Circuit, Keisler is under scrutiny for his history in the Reagan White House -- as well as his tenure in his current position as head of the Justice Department's Civil Division. Democrats on the Senate Judiciary Committee have voiced opposition to the haste with which Keisler's nomination was brought to a hearing. Nominated on June 29, Keisler received a hearing in just 32 days.

"It appears we are trying to break the land-speed record for confirming a nominee to the second-highest court in the land," said Sen. Charles Schumer, D-N.Y., at Keisler's confirmation hearing earlier this month.

One issue Democrats have raised is access to Keisler's files from the Reagan White House, held at the Ronald Reagan Presidential Library in California. Hundreds of Keisler's documents, including the memo on the AIDS commission, have been released by the library through the Freedom of Information Act. But an additional 40 linear feet of boxes of documents, including Keisler's files on controversial issues such as the Iran-Contra investigation and affirmative action, remain sealed.

"Our position is, the records that would cast light on his views have not been made publicly available," says Judith Schaeffer, the deputy legal director of liberal interest group People for the American Way.

With or without the documents, Keisler's qualifications and legal record may not prove the determining factor in his confirmation process. That's because Keisler's nomination could be blocked by Senate Democrats in a long-running partisan dispute over whether an 11th judge on the court is even necessary. During the Clinton administration, Senate Republicans were outspoken in their opposition to Democratic attempts to add an 11th judge to the D.C. Circuit, a court seen as a stepping stone to the Supreme Court. Today it is Democrats who question whether the court's docket, which has shrunk since the late 1990s, merits the appointment of an additional judge.

Keisler will have to hope he can avoid the fate of Elena Kagan, now dean of Harvard Law School, who was nominated to the 11th seat on the D.C. Circuit by President Bill Clinton in June 1999. Kagan never received a confirmation hearing.

Evidence from public documents, as well as his colleagues and courtroom adversaries, suggest that Keisler, 45, was a well-connected Republican foot soldier during the 1980s and an acolyte of ultraconservative ex-D.C. Circuit Judge Robert Bork. But Keisler's partisan edges appear to have softened during his highly successful tenure in private practice from 1989 to 2002. Since then, Keisler has served as a senior official in the Justice Department, first as a deputy to then-Associate Attorney General Jay Stephens, and later as head of the department's civil litigation division.

At the Civil Division, Keisler has robustly defended the Bush administration's controversial surveillance and detention policies. His division has filed suit to stop state governments from probing the National Security Agency's surveillance program, and Keisler personally argued the landmark detainee case of Hamdan v. Rumsfeld before the D.C. Circuit. But although Keisler has defended those policies in court, to date there is no evidence that he played a policy role in developing the initiatives.

"Peter is not in the mold of the quote-unquote political nominee," says Bradford Berenson, a former Bush White House lawyer who is now a partner at Sidley Austin. "He's a quintessential qualifications nominee."

A FEDERALIST FOUNDER

But during the early part of his career, Keisler was anything but apolitical. A native of Long Island, N.Y., Keisler went to Yale in 1977 and became active in its political union. "Peter started out on the more liberal side of the spectrum and drifted right," says Akil Amar, a Yale law professor who is friends with Keisler from their undergraduate days. Keisler declined to comment for this article.

By 1982, Keisler had moved on to Yale Law School, had joined the Committee for Responsible Youth Politics, and was working as an editor at the university's conservative student paper The Yale Free Press, under its publisher Charles Bork -- the son of Judge Bork. While in law school, Keisler roomed with Steven Calabresi, who, along with Keisler and a group of other conservative law students, founded the Federalist Society -- a conservative legal group that has grown into a national force in Republican legal circles.

During that time, Keisler also began penning essays for the conservative journal Human Events, including an article critical of late Yale President A. Bartlett Giamatti, who had warned Yale students that the Moral Majority was doing "spiritual violence" to American politics.

Keisler's activities drew the attention of national Republicans, and in late 1984, the White House granted Keisler, then still a law student, a recess appointment to the National Advisory Council on Women's Educational Programs. His stint there was short-lived. By mid-1985 he had resigned from the council to accept a clerkship with Bork, then considered perhaps the country's most brilliant conservative jurist. Bork, Keisler told the Judiciary Committee at his confirmation hearing on Aug. 1, taught him to "keep an open mind throughout the [legal] process."

"He's one of my favorites," Bork says of Keisler. "He tried to be faithful to the words and meaning of the Constitution. I don't think he's given to social engineering."

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The clerkship with Bork ended in 1986, and Keisler moved on to work in the Reagan White House Counsel's Office. But his association with the judge didn't end. Soon enough, Keisler would be working closely with Bork on his nomination to the Supreme Court, defending him against hostile Senate Democrats. Among Bork's most ardent foes were Sens. Joseph Biden (Del.), Edward Kennedy (Mass.), and Patrick Leahy (Vt.) -- all of whom still sit on the Judiciary Committee now considering Keisler's own nomination.

A REAGAN REPUBLICAN

The White House was a heady place for a 26-year-old law school grad. Documents reviewed at the Reagan Library by Legal Times show that although some of Keisler's responsibilities were mundane ones, such as lawyering the transfer of 10 acres of property from the state of Iowa for a National Guard armory, others were of greater import.

After Soviet leader Mikhail Gorbachev asked Reagan at Reykjavik in 1986 if the Soviets could obtain a U.S. broadcasting license, Keisler was tasked with providing a legal opinion on the request (Keisler's recommendation: no).

Keisler also served as a White House liaison with the office of independent counsel Jim McKay, who was then probing a government-contracting scandal that would tarnish the reputation of then-Attorney General Edwin Meese III.

But Bork's nomination to the Supreme Court in the summer of 1987 gave Keisler one of his most public tasks in the White House Counsel's Office. As a former clerk, he often appeared by Bork's side and, according to Ethan Bronner's "Battle for Justice," he attempted to soften Bork's image by rewriting his opening statement (Bork rejected the rewrite). He also served as a media surrogate. After a study by Columbia University found Bork to be among the most conservative judges in America, Keisler told National Journal the report was "a bunch of hot air. ... I think Bork is in the mainstream. He's been in the majority in 94 percent of the cases he's heard."

At his own hearing earlier this month, Keisler was asked by Kennedy if he still considered Bork's views to be mainstream. "I do, Senator," Keisler replied, though he pointed out that he and Bork don't agree on every issue. Under questioning from Democrats, Keisler, unlike Bork, acknowledged that the Constitution offered a right to privacy, a crucial underpinning of Roe v. Wade.

Keisler's work also included legal work for the White House in the Iran-Contra scandal. The titles of his still-sealed White House files indicate he was part of a team of lawyers that gathered legal analysis regarding the sale of arms to Iran and the use of the proceeds to fund right-wing Nicaraguan guerrillas. When asked about his knowledge of the scandal, Keisler told the Judiciary Committee he only became aware of the secret arms deals after they were publicly disclosed in the fall of 1986. After that, he said, his role was limited to that of a lawyer representing his client.

A PRAGMATIC PARTNER

Keisler would later help shepherd the Supreme Court nominations of Douglas Ginsburg (which was withdrawn) and then Anthony Kennedy. Keisler left the White House soon after Kennedy was confirmed, and along with Gibson, Dunn & Crutcher partner Miguel Estrada, he became one of Kennedy's first clerks. But less than a year later, in 1989, Keisler moved to private practice, joining the D.C. office of Sidley Austin.

After working for the president and shaping Supreme Court decisions, Keisler's early years at Sidley were a reduction in stature. Like many associates at large law firms, Keisler didn't appear in court a single time in his first three years.

But he became a partner in 1993 and quickly advanced at the firm. Keisler's legal talents soon made him one of the lead partners representing AT&T, one of the firm's marquee clients. In 2002 he won a major victory for the cable-television industry before the Supreme Court, when the Court decided the federal government could regulate the fees local phone companies charge cable providers for using utility poles.

Keisler found more than just corporate legal work in private practice. He also found Susan Gomory, a former associate at the firm who would become his wife (the couple has three children). Their budding romance was shielded from many at Sidley at first, but became public during one of Sidley's semiannual partner meetings at which associates' performance is discussed. "The first inkling I had was when we got to [Susan's] name," says George Jones, a partner at the firm. "He very quietly got up and left the room."

During his time in private practice, Keisler also served as hiring partner in the firm's D.C. office, where he was credited with bringing more diversity to the firm and pushing for benefits for gay and lesbian employees.

"I think being in private practice for as long as Peter was makes you less ideological and more pragmatic," says Carter Phillips, who manages Sidley's Washington office. "There's a maturing that comes with it."

Private practice also brought a hefty salary. In a recent financial-disclosure statement, Keisler listed assets of more than $3.5 million. His judicial questionnaire also lists his pro bono activities while at Sidley, which include just 320 hours of work in 13 years. A DOJ spokeswoman says that Keisler made himself available to other Sidley lawyers on pro bono matters not listed on his questionnaire, and that he contributed $2,000 to legal aid groups in the past 5 1/2 years.

TERROR AND TOBACCO

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In 2002, Keisler left Sidley to become the chief deputy to Associate Attorney General Jay Stephens. A year later he moved over to head the Civil Division and was soon involved in some of the government's most controversial legal matters.

In 2005, Keisler signed off on the Justice Department's decision to reduce from $130 billion to $10 billion the amount it sought to collect from tobacco companies in its civil racketeering case against the industry. The move drew criticism from the career government attorneys handling the case. One of them, Sharon Eubanks, would later resign from the Justice Department, and she specifically criticized Keisler and two other political appointees when she left. An internal investigation by the Justice Department's Office of Professional Responsibility later found no improper political influence in the decision. Last week, U.S. District Judge Gladys Kessler issued a ruling that severely limited how tobacco companies could market cigarettes, but she said that a higher court restricted her from imposing billions of dollars in penalties.

Keisler has also won plaudits from an unlikely source: Neal Katyal, the lawyer for Salim Hamdan, whose landmark Supreme Court victory overthrew the Bush administration's system of trying detainees at Guantanamo Bay, Cuba. Keisler had argued the Hamdan case against Katyal before the D.C. Circuit in the spring of 2005 (the court unanimously sided with the government). Just five days before oral arguments in the case, Katyal received word that his father was diagnosed with brain cancer. Despondent, he phoned the Justice Department in hopes it would agree to a delay. "Within a minute I got a call from Peter saying he would do whatever he could," Katyal says. "And he got that extension. I was a nobody, and he didn't have to do that."

In 2004, Keisler personally argued an appeal of an unusual case that allied the Bush administration with abortion-rights supporters against Frank Bird Jr., who had been indicted under the Freedom of Access to Clinic Entrances Act for driving a van into the door of a Houston Planned Parenthood clinic. The district court had dismissed the indictment on the grounds that the clinic-protection law was unconstitutional. Keisler appealed the case to the 5th Circuit -- and prevailed.

"He had a way of undermining every good argument I had," says Brent Newton, an assistant federal public defender who represented the defendant. "If one picks judges based on ideology, which obviously both parties do, [then] pick a smart one, and he's obviously a very smart one."

New Chief Oversees A Less Visible Faith Office (WP)

By Alan Cooperman

The Washington Post, August 25, 2006

The White House announced Jay F. Hein's appointment at 6:30 p.m. on a Thursday three weeks ago, the kind of timing usually reserved for news the administration wants to bury.

Hein is the new director of the White House Office of Faith-Based and Community Initiatives, the third person since 2000 who has headed President Bush's effort to help religious groups win public funding to counsel addicts, mentor prisoners' children and provide other social services. Before he took up his duties this week, the position had been vacant for more than two months.

To some supporters of the president's "faith-based initiative," those circumstances are a stark indicator of how low one of Bush's signature programs has fallen in the priorities of his second-term, wartime administration.

"It's part of a continuing story of ambivalence. It's hard to look at the evidence and see any real passion for the initiative from the White House," said J. David Kuo, a former deputy director of the White House's faith-based office.

Hein, 41, who moved from Indianapolis to Washington last week, is a born-again Christian who previously ran the Sagamore Institute for Policy Research, a small but well-respected Indiana think tank on civic issues. He said in an interview that he is convinced of Bush's full support.

"I had 30 minutes of Oval Office time with the president before I accepted the position, and that spoke loudly to me about his personal interest in seeing this initiative made successful and that it remains a high priority on his desk," Hein said last week. He added that he had met Bush on one prior occasion, at a meeting two years ago of experts on AIDS policy.

Hein was an adviser to former Wisconsin governor Tommy Thompson (R) and has worked closely in recent years with former senator Dan Coats (R-Ind.), who helped connect him to the White House. Both Thompson and Coats were major players in the 1990s effort to overhaul welfare policy.

"Welfare reform was a government-centered question," Hein said. "I believe the faith-based initiative is a natural extension from that work. The question is: How does society at large more effectively do those things -- relieving human suffering and equipping the poor to achieve greater self-sufficiency?"

Hein enters the administration as a deputy assistant to the president, a rung lower than that of his predecessors, H. James Towey and John J. Dilulio Jr. He is not as well known as either Towey, who had worked closely with Mother Teresa, or Dilulio, one of the intellectual architects of Bush's "compassionate conservatism."

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But White House officials said it would be wrong to read anything into the timing of Hein's appointment or his job title. They noted that Towey also started as a deputy assistant to the president and was promoted after three years of White House service. He resigned in April to become president of St. Vincent College, a Roman Catholic school in Latrobe, Pa.

"Since the Faith-Based and Community Initiative is one of the president's top priorities, we conducted an extensive search to ensure we found the right person to lead this important program," said White House press officer Emily A. Lawrimore, explaining the gap between Towey's June 2 departure and Hein's Aug. 3 appointment.

Coincidentally, Hein's first week on the job was the 10th anniversary of "Charitable Choice," a key predecessor of the faith-based initiative. On Aug. 22, 1996, President Bill Clinton signed a bill designed to "end welfare as we know it" by, among other things, allowing states to use federal funds to pay religious groups to provide social services.

From the start, Charitable Choice was seen as a way to broaden the services available to single mothers, the homeless and impoverished elderly people. But it was also controversial on church-state grounds, particularly because it allowed government-funded groups to hire and fire employees on the basis of religion.

During his first campaign for president, Bush promised to unleash "armies of compassion" by extending a charitable tax deduction to the 70 percent of taxpayers who do not itemize their deductions. After taking office in 2001, he pushed other tax cuts through Congress but met resistance over his efforts to apply Charitable Choice to all federal social spending. In the end, Bush issued executive orders to put the faith-based initiative into effect administratively, dropping his plan for major tax breaks to spur charitable giving.

One result, according to a study by the independent Roundtable on Religion and Social Welfare Policy, is that government grants to religious charities are rising, but grants to charities overall have been squeezed.

Another result, according to former administration officials, is that the office Hein occupies has become more of a coordinator of existing executive branch activities than a producer of bold new policies and legislation.

"What he needs to do is consolidate and put into practice a lot of things that have already been talked about," said Stanley Carlson-Thies, who worked in the faith-based office during Bush's first term.

In contrast to his sometimes-flamboyant predecessors, Hein is a "very orderly and businesslike person" who is well-suited to run the faith-based effort for the remaining 18 months of the Bush administration, said William A. Schambra, an expert on philanthropy at the Hudson Institute, a think tank where Hein once worked.

Because the faith-based office "has a very poor track record when it comes to getting legislation passed," Schambra said, Hein's task will be "to pull out of the wreckage of the faith-based initiative the pieces of it that really should be preserved as a legacy for the next Republican administration."

Hein agreed that "the initiative is well under way operationally."

"The policies are being implemented not only at Cabinet agencies but at the state and local level, as well," he said. "So I'll be taking a policy wonk approach into the job."

PLAYERS (WP)

The Washington Post, August 25, 2006

Jay Forest Hein

Title : Director of the White House Office of Faith-Based and Community Initiatives, Deputy Assistant to President Bush.

Born : 1965, Shawano, Wis.

Education : BA, Eureka College in social science and business.

Career : Welfare reform policy adviser to Wisconsin then-Gov. Tommy Thompson (R) 1994-97; director of civil society programs at the Hudson Institute 1997-2004; chief executive officer of the Foundation for American Renewal, a charity founded by former Sen. Daniel R. Coats (R-Ind.), 2002-2006; founder and president of the Sagamore Institute for Policy Research, 2004-2006.

Family : Wife, Mary Jo; two sons and a daughter.

Hobbies : Golf; Little League coach; elder at Grace Community Church in Noblesville, Ind.

Last book read : "Team of Rivals" by Doris Kearns Goodwin.

Bush Joins Family On Maine Coast (AP-Y)

By Jennifer Loven

AP, August 25, 2006

President Bush went fishing Thursday off the rocky coast of Maine where his great-grandfather built an oceanfront estate that has become entwined with American presidential history.

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Beginning a long family weekend, Bush first met privately at a local elementary school with the families of five soldiers killed in Iraq, Afghanistan and at the Pentagon on Sept. 11, 2001. Then he settled in at the more than 100-year-old family compound at Walker's Point, a craggy finger of rock that juts into the ocean.

His father, former President George H.W. Bush, has summered at Walker's Point since boyhood, skipping it only while serving as a World War II Navy aviator. He and his wife, Barbara, are well-liked in the wealthy enclave of Kennebunkport, whose citizens have helpfully forgotten the disruptive traffic jams that accompanied his visits when Bush was president.

Soon after arriving, Bush and daughter Jenna went on a fishing excursion with his father.

The current president doesn't love the family's coastal getaway quite as much as his parents, preferring his dusty Texas ranch. It has been two years since President Bush has been in Kennebunkport.

It was a family wedding that drew Bush here in August 2004, and is so again.

This time, the nuptials are for Walker Stapleton, the son of the former president's cousin, Dorothy Walker Stapleton, and Craig Roberts Stapleton, the U.S. ambassador to France. Stapleton is marrying Jenna Bertocchi on Saturday before about 300 guests at a seaside stone church just a minute's drive from Walker's Point.

Aside from the wedding, there was nothing on the public schedule other than time with his family — which often features speed-golf, fishing and plenty of verbal jousting. The president returns to Washington on Sunday. Anti-war protesters said they would stage a weekend protest as close to Walker's Point as police would allow.

During George H.W. Bush's presidency in the late 1980s and early 1990s, the compound was visited by French President Francois Mitterand, British Prime Minister John Major, Jordan's King Hussein and other world leaders. The former president also notably retired to Walker's Point three days after ordering American forces deployed to reverse Iraq's invasion of Kuwait.

The area also was the place where, in 1976, after a Labor Day weekend visit to a bar, George W. Bush was arrested, later pleading guilty to driving while under the influence of alcohol. That incident remained under wraps throughout his early political career, only surfacing late in his first campaign for president in 2000.

Family Time At Kennebunkport (WP)

By Peter Baker

The Washington Post, August 25, 2006

KENNEBUNKPORT, Maine, Aug. 24 -- President Bush returned to his parents' century-old oceanfront retreat here Thursday for the first time in his second term, putting aside the troubles of the world to some extent for a brief spell of fishing and family.

After a morning flight on Air Force One, Bush wasted little time getting started with his four-day weekend, heading out with his father, George H.W. Bush, and daughter Jenna for a fishing trip aboard Fidelity III, the former president's boat. No word on whether either angler-in-chief caught anything.

As on any presidential vacation, Bush could not entirely free himself from the job as he engaged in a little telephone diplomacy to help assemble a U.N. stabilization force for Lebanon and rally international pressure against Iran's nuclear program. He telephoned Italian Prime Minister Romano Prodi and German Chancellor Angela Merkel in the morning, then issued a statement in the afternoon thanking French President Jacques Chirac for agreeing to send more troops to Lebanon.

The president will also find the volatile domestic debate over the war in Iraq following him here as protesters aligned with peace activist Cindy Sheehan plan to picket a Bush family wedding Saturday. Sheehan and her supporters have made it their mission to follow the president on his vacations to confront him about the war.

In a preemptive move of sorts, Bush met on his arrival here at an elementary school with families of five slain service members -- three who died in Iraq, one killed in Afghanistan and another killed in the Sept. 11, 2001, attack on the Pentagon. The president often meets with relatives of the fallen, and, as usual, Thursday's hour-long session was behind closed doors with no public comments or photographs.

Still, the visit to the rocky Maine coast was meant to be a last chance for Bush to relax before embarking on a pair of emotionally and politically delicate trips and then heading into a high-stakes campaign season. The day after returning from Kennebunkport on Sunday, Bush plans to head to the Gulf Coast to mark the first anniversary of Hurricane Katrina and soon after will travel to the sites of terrorist attacks to commemorate the fifth anniversary of the Sept. 11 attacks.

Much as his parents love it, the family compound at Walker's Point is not the president's favorite getaway, but he limited his stay at his cherished ranch outside Crawford, Tex., to nine days this summer. Last year's month-long sojourn in Texas stirred anger among critics who complained that he was slow to cut short his vacation when Katrina was bearing down on New Orleans.

Bush takes pride in his Texas identity and often plays down his New England roots. Just this week, for instance, he playfully eschewed his family's home region in discussing Democratic Sen. Joseph I. Lieberman's independent campaign in Connecticut, saying he had no plans to go support Lieberman's bid. "I'm going to stay out of Connecticut," Bush said.

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"You were born there," a reporter reminded him.

"Shhh," Bush replied.

The last time he came here was August 2004 for the wedding of his nephew George P. Bush, son of Florida Gov. Jeb Bush (R). It took another wedding to bring the president back, the Saturday nuptials of Walker Stapleton and Jennifer Bertocchi. Stapleton is the son of the former president's cousin Dorothy Walker Stapleton and her husband, Craig Roberts Stapleton, once a partner with George W. Bush in ownership of the Texas Rangers baseball team and now the presidentially appointed U.S. ambassador to France.

Antiwar groups affiliated with Sheehan plan to rally as close as they can get to the wedding at St. Ann's Episcopal Church, near Walker's Point. "Join with people of conscience to call for an end to the war in Iraq and say NO! to the Bush Agenda," reads an online recruitment pitch for the demonstration.

Bush Would Rather Be Relaxing In Texas (LAT)

By James Gerstenzang

The Los Angeles Times, August 25, 2006

KENNEBUNKPORT, Maine — This, for George Walker Bush, is the un-Crawford.

His nearly 1,600-acre ranch in Texas is secluded, the house he built situated far from the public road.

But here in Kennebunkport, the rambling wood and stone family home where he spent childhood summers stands on Walker's Point, a low promontory that juts into the Gulf of Maine. For years, tourists have been able to catch a glimpse of the seaside compound.

More important than privacy, though, is the fact that since Bush moved to Crawford from Austin in 2000, shortly before entering the White House, Prairie Chapel Ranch has represented a touchstone for Bush — as fitting for him politically as his work boots and jeans are to the ranch land he is always trying to tame.

Still, he returned to Walker's Point on Thursday for a four-day visit at his parents' home, drawn by family ties and family events into the web of his often-overlooked New England origins, generations deeper than his nearly six decades in Texas.

Although Bush grew up in Texas — and the twang in his speech suggests generations of Texans behind him — his family roots are in the Northeast: His grandfather represented Connecticut in the U.S. Senate. His father was born in Massachusetts. His mother was raised in a tony suburb of New York City. He was born in Connecticut.

It was the wedding of a nephew, George Prescott Bush, the son of Florida Gov. Jeb Bush, that brought him here two years ago, his most recent visit. It is the wedding of a cousin (actually his father's cousin's son, Walker Stapleton) on Saturday at the small stone chapel of St. Ann's Episcopal Church, just a few hundred yards down the road from Walker's Point, that has brought him here again.

In a confluence of unanticipated occurrences, the family this weekend is celebrating a baptism and mourning the death of the president's great-aunt, 91-year-old Grace Walker.

Walker's Point is an ancestral home of the summer variety — albeit one where the president is still reminded to mind his manners.

Two years ago, during a campaign visit to New Hampshire, his wife recounted a much-told tale about a visit she and the president had paid to Walker's Point a few years before.

"George woke up at 6 a.m., early in the morning as usual, and he padded downstairs for a cup of coffee. And then he went in his parents' bedroom and sat on the sofa and put his feet up," Laura Bush said.

"And all of a sudden, Barbara Bush hollered, 'Put your feet down!' And George's dad said, 'For goodness' sake, Barbara, he's the president of the United States.' And Bar replied, 'I don't care, I don't want his feet on my coffee table.' "

The president planned a short visit to Kennebunkport last year, but Hurricane Katrina forced him to cancel. He had drawn sharp criticism for not leaving his ranch to quickly assess the damage to the Gulf Coast, and the political fallout made further vacation time here politically untenable.

The first President Bush reveled in the respite Kennebunkport offered during his White House years. He has returned each summer of his life but two, missing visits only during one year of World War II, when he was a pilot in the South Pacific, and during the summer of 1992, when he was struggling to gain a second presidential term. In the two years since his son last visited, he has twice been host to Bill Clinton, who denied him that second term.

Delving into the inevitable comparison of the 41st president and the 43rd, Ron Kaufman, who worked for the senior Bush in the 1980 presidential campaign, said the preference of the younger Bush for Crawford grew out of his upbringing in West Texas, just as the elder's Bush's affection for the Maine coast grew out of his early years in Greenwich, Conn.

"It's not that he doesn't love Walker's Point," Kaufman said of the president. "He does. He has a great affection for it. It's just a matter of when you have X number of free days in your life, where do you want to spend them."

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At the ranch, said Scott McClellan, Bush's former press secretary and a Texan, the president can drive hard on his mountain bike, or go fishing on his pond and take Barney, his Scottish terrier, "along for the ride."

If he harbors his father's fondness for the coast, the president keeps it to himself. Based on his public remarks, it is clear that a 100-degree day in Crawford (and that's what it was Thursday) beats a typical summer day on the Maine coast — 65 degrees, damp and cloudy, as it was here for much of the day until the sun broke through at dusk.

A defensive edge enters his voice when he senses a griping comparison between Crawford and Kennebunkport — as when he said famously in 2001 to reporters on a sweltering Texas golf course: "I know a lot of you wish you were on the East Coast, lounging on the beaches, sucking in the salt air. But when you're from Texas — and love Texas — this is where you come home. This is my home."

Besides, there is little debate about the political virtues of boat shoes and madras pants vs. boots and jeans. In the younger Bush world, boots beat boat shoes every time.

HOV Traffic Waits For No Man, Even The President (WP)

By Michael D. Shear

The Washington Post, August 25, 2006

Wouldn't it be nice to have the highway all to yourself? All alone during rush hour, whizzing down Interstate 395 with not a single car or bus to get in your way? Alas, even the leader of the free world doesn't get that kind of treatment.

Not that he didn't ask.

On Tuesday, the Secret Service asked Virginia officials if they would be kind enough to shut down all of the HOV lanes on I-395 from 1 to 7 p.m. the next day so President Bush could get where he needed to be, according to state officials who spoke on condition of anonymity because of the sensitivity of discussing the president's travel.

The request was made ahead of a fundraiser for Sen. George Allen (R) held at 5:30 p.m. Wednesday at a house near Mount Vernon -- a good hour's drive from 1600 Pennsylvania Ave. during a typical rush hour.

The request came into Virginia's Smart Traffic Center on Tuesday morning, one official said. "We were sort of dealing with it all day," the official said.

All day because they couldn't shake the image of what closing the HOV lanes would do: Buses that normally use the high-speed lanes would have to be rerouted or canceled; commuters who hitch rides in carpools would be stranded; and thousands of cars would be added to the congested regular lanes of I-395.

An e-mail prepared by state experts who monitor traffic captures the issue:

"There will be approximately 8,600 cars using the HOV lanes over a three hour period (4 to 7 pm). This equates to approximately 20,000 to 22,000 people. If the HOV lanes are closed, according to the District's estimate the back up of traffic in the general purpose lanes will not be cleared until 10 p.m."

In other words, a nearly endless traffic jam.

"It would give a new meaning to political gridlock in D.C.," laughed John Townsend, a spokesman for AAA Mid-Atlantic. "You have to wonder, What were they thinking? It makes you shake your head and say, 'Only in Washington.' "

White House spokeswoman Dana Perino referred calls to the Secret Service, saying the president's staff stays out of such decisions and leaves them to the security experts. Secret Service spokesman Jim Mackin said that "certainly, closing down the HOV was one of the options that was being discussed."

The original idea was to close the HOV lanes briefly for the trip to the fundraiser, reopen them and then close them for the trip home, according to officials with the Secret Service. When federal officials found out that, for logistical reasons, Virginia would have to keep them closed the entire time, it became clear it would be too disruptive.

A spokesman for Allen, who gathered campaign cash with Bush at the home of former Republican National Committee chairman Ed Gillespie, said he had no idea the Secret Service had made such a request.

"I'm not aware of any such thing," campaign manager Dick Wadhams said. "We would not have supported such a proposal. Oh my Lord. Wow. No. Not aware of any such proposal. Certainly grateful it didn't happen that way."

It didn't, the state officials said, because folks in Virginia worked "into the night" to convince those in Washington of the commuter -- and political -- nightmare that could ensue, one Richmond official said.

The efforts included calls to the Secret Service and to people in Washington who might be more politically attuned to the TV news contrast between Bush at a glitzy fundraiser and miles of red brake lights on the highway.

It took a bit of convincing, they said, but ultimately word came down that no road closure would be necessary.

Mackin said that "by 7 p.m., the decision was made" that the president would find another way to the fundraiser.

In a "stand-down" e-mail sent at 9:24 p.m., Virginia officials were given reason to breathe a sigh of relief.

"No hov issues, no additional support will be needed," the Virginia e-mail said.

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When all was said and done, the president did what just about all Northern Virginia motorists probably wish they could do. He flew over rush hour in a helicopter.

Medicare Providers Get Pay Day 'Holiday' (WSJ/AP)

By Associated Press

The Wall Street Journal, August 25, 2006

WASHINGTON -- Many health-care providers will have to make do next month without a government paycheck or two.

The Bush administration says it will not make any Medicare reimbursements to hospitals, doctors and scores of other providers during the last nine days of the current budget year, from Sept. 22-30. Congress ordered the hold.

The providers taking care of older people and the disabled will get paid in full after the new budget year begins Oct. 1. They should not count on any interest on the amount they are owed.

Dr. Arthur Wise, a plastic surgeon from New York's Long Island, N.Y., and others are not happy about it. Dr. Wise said the hold is unfair and underhanded.

"Obviously, none of our suppliers, our renters or our malpractice insurers are saying, 'Hey, we know you're not going to get paid for nine days of September, so don't bother sending us a check,'" Dr. Wise said.

For most hospitals, nursing homes and others, the hold will serve more as a frustration than a financial strain, said Chris Jennings, a health policy analyst who used to work in the Clinton administration.

By delaying payments, the government moves $5.2 billion in Medicare expenses to next year's budget, rather than the current one.

"The alternative was to cut reimbursements to providers this year. With this payment shift we avoid that cut," Senate Finance Committee spokeswoman Jill Kozeny said.

A Medicare "holiday" has been approved at least twice before, in the early 1980s, she said. In one of those cases, it was repealed before the holiday could take effect.

Herb Kuhn, director of the Center for Medicare Management, said health-care providers have been warned that they will not get paid near the end of September. He also said he has heard no complaints.

"For a lot of them it should be pretty seamless," Mr. Kuhn said. "It may affect some of their cash flow, but won't affect it significantly."

At the American Medical Association's annual meeting, doctors in New York introduced a resolution stating that because they do not get a "financial responsibility holiday," the hold should be repealed.

The resolution did not muster enough votes to pass. A bigger concern to the organization was Medicare's reimbursement rates for physicians. The legislation that included the hold on Medicare payments also did away with about a 4.4% cut in reimbursement rates scheduled for this year.

OTHER NEWS:

New-Home Sales Decline By 4.3% (WSJ)

By Christopher Conkey

The Wall Street Journal, August 25, 2006

Sales of newly built homes tumbled last month, but a firm reading on orders for big-ticket factory goods suggests the economy will continue to grow moderately despite head winds from a slumping housing market and high energy prices.

The Commerce Department said sales of new homes in July fell 4.3% from June to a rate of 1.07 million units, a pace that is 21.6% slower than a year ago. The inventory of unsold homes on the market rose to a supply of 6.5 months, up from 4.2 months a year earlier, while the median price fell to $230,000 in July and is essentially flat compared with a year ago.

Those numbers suggest the downturn in the housing market is deepening and will continue to weigh on the economy. But a separate report from the Commerce Department on the manufacturing sector suggests businesses and consumers are still spending enough to produce modest economic growth.

Sign of a Pickup

Orders for durable goods excluding transportation in July rose 0.5% from June following even bigger gains the previous two months. In a sign that business spending is picking up after a mild second quarter, orders for nondefense capital goods excluding aircraft increased 1.5% last month after posting similar increases the two previous months. Overall, orders for durable goods fell 2.4% last month due to a drop in the volatile transportation sector, which includes car and aircraft manufacturers.

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Economists closely monitor orders for durable goods -- items such as lawn mowers, desktop computers and cars that are intended to last three years or longer -- to get a sense of what business and consumer spending will be like a couple months down the road.

With the weakening housing market and high gasoline prices making consumers more cautious, many economists expect businesses that have enjoyed big profits recently to pick up some of the slack. Roger Kubarych, senior economic adviser for HVB America in New York, said that yesterday's report confirms that the economy is undergoing a "profound shift away from a disproportionate emphasis on housing and personal consumption expenditures toward greater business investment and exports."

Passing the Baton

"We're trying to pass the baton here," said Josh Feinman, chief economist at Deutsche Asset Management. He noted that both shipments and new orders for durable goods in June were revised higher, making it likely that the economy grew at an inflation-adjusted annual rate of closer to 3% in the second quarter, rather than the initially reported 2.5% growth rate. For the rest of the year, Mr. Feinman estimates the economy will grow at a slightly slower pace than the second quarter. The Commerce Department will release its revised figure on second-quarter growth on Wednesday.

Separately, the Labor Department said the number of people filing initial unemployment claims last week was nearly unchanged from a week earlier, suggesting that the labor market will continue to produce mild job creation, but low unemployment.

Write to Christopher Conkey at christopher.conkey@wsj.com3

New-home Sales Drop, A Further Sign Boom Is Over (USAT/AP)

By Marcy Gordon

USA Today, August 25, 2006

WASHINGTON — Sales of new homes dropped in July by the most since February, while the inventory of unsold homes climbed to a record high.

Piling on more proof that the housing boom is over, the Commerce Department reported Thursday that new home sales fell by 4.3% last month. That was the largest decline since an 11.5% plunge in February.

The July seasonally adjusted annual pace of 1.072 million units sold was down 21.6% from a year earlier and below the 1.100 million that had been expected by analysts.

“Builders are offering many extras to entice buyers,” said Peter Morici, a professor at the University of Maryland's business school. “Overall, values are falling and builders' profits are threatened.”

Sales of both new and existing homes set records for five consecutive years as the housing industry enjoyed a boom powered by the lowest mortgage rates in four decades. But rates have been steadily rising this year as the Federal Reserve tightens credit conditions to slow the economy and keep inflation under control.

Analysts expect home sales to drop by about 10% this year.

Prospective home buyers have turned cautious about making such a big-ticket purchase as mortgage rates have gone up and uncertainty has risen over whether the economy and job creation will keep slowing, analysts said.

The government reported that the median price of a new home was $230,000 in July, down from $233,800 in June and up from $229,200 a year ago.

The inventory of unsold new homes reached 568,000 at the end of July, up from 562,000 in June and an all-time high.

The data follow another report Wednesday that also provided evidence of how much the once-sizzling housing market has cooled. Sales of previously owned homes dropped 4.1% in July from June to a 2½-year low, while the inventory of unsold homes climbed to a record high, the National Association of Realtors reported.

The average rate for a 30-year fixed-rate mortgage is 6.48% this week, down from 6.52% last week, mortgage lender Freddie Mac said Thursday. This week's rate is the lowest since April 6, when the average was 6.43%. But a year ago, the average was 5.77%

In other economic news, orders to U.S. factories for big-ticket manufactured goods fell 2.4% in July as demand for aircraft and automobiles weakened.

And the Labor Department reported Thursday that the number of Americans filing claims for unemployment benefits last week slipped by 1,000 to 313,000.

New orders for durable goods decreased by $5.3 billion last month, the Commerce Department said. The 2.4% decline, which followed two straight monthly increases, was a poorer showing than the unchanged level that analysts had expected.

Home For Sale, By Anxious Owner (NYT)

DOJ_NMG_0053465

By Vikas Bajaj And David Leonhardt

The New York Times, August 25, 2006

Home sales are falling rapidly, and the number of houses on the market is surging. Yet each new economic report offering evidence of a housing slowdown also shows that the national median home price has continued to rise over the last year.

To understand how this could be happening, consider a three-bedroom house surrounded by oak and redwood trees, not far from the Golden Gate Bridge, in San Rafael, Calif. Reluctant to cut the price from its current listing of $1.54 million, its owners are instead offering a weeklong vacation time-share, every year for life, worth about $10,000, or an equal amount toward lease of a car.

"Location and value will give the buyers a reason — this will give them a sense of urgency," said Tom Wessling, who owns the house with his wife, Brenda, and is being transferred to Atlanta. "If nothing else, it will be the thing that calls attention" to the house.

In California, the Northeast, South Florida and parts of the Southwest, deal sweeteners like these are playing an increasingly important role in supporting home prices. From large national home builders to individual homeowners, many sellers are offering thousands of dollars in perks, including straight cash, so they do not have to slice deeply into asking prices.

But these discounts are almost entirely missing from the statistics on new-home prices reported by the government and on existing-home prices reported by the National Association of Realtors. As a result, home prices may now be falling, despite what the official numbers show, many economists say.

The use of rebates helps home builders and individual sellers by making the real estate market look healthier than it may truly be and by preventing a snowballing decline in home prices. It also keeps commissions for real estate agents higher than they would otherwise be.

In July, the national median price — half sold for more and half for less — of a newly built home was $230,000, the Commerce Department said yesterday. That is 0.3 percent higher than the median price a year ago. The number of new-home sales fell 21.6 percent over the last year, with the sharpest drop occurring in the Northeast.

On Wednesday, the Realtor group reported that the median price of existing homes was also $230,000 in July, up 0.9 percent from a year earlier.

Mark Zandi, the chief economist of Moody's Economy.com, estimated that incentives might now be equal to as much as 3 percent of the effective prices of houses across the country, on average. But he and other economists said there was simply no way to know for certain.

"We don't have any house price indexes that get it right," said Todd Sinai, an associate professor of real estate at the Wharton School of the University of Pennsylvania.

"Sellers are pretty picky," he added. "They are not willing to lower prices enough in downturns; they don't do it very quickly." Their reluctance delays sales, contributes to rising inventories and allows prices on the remaining transactions to show an annual increase.

Incentives are most common in the new-home market, where builders are under financial pressure to sell empty homes and, as large businesses, have the ability to absorb the financial hit. Depending on the market, executives at the nation's biggest builders say the giveaways can equal 3 percent to 8 percent of a home's sale price. If builders instead reduced asking prices by that much, it would be enough to wipe out the year-over-year price gains in many markets. Last year, by contrast, many builders were selling out new subdivisions and condominiums in hours or days, often in auctions.

"If you were going to sell the house exactly the way it was before, you would be looking at a price decline," said David Seiders, chief economist at the National Association of Home Builders.

But in a sign of the housing market's deterioration, creative — and expensive — lures are also becoming more common in the existing-home market. With many houses languishing on the market for months, buyers often have the leverage to request a last-minute concession of a few thousand dollars, or more, as a prerequisite to a sale. The subsidy often comes in the form of a discount on the amount of cash a seller must pay at closing.

"It's using a little psychology," said Frank Borges LLosa , who owns Frankly Realty in northern Virginia, an agency that mainly represents buyers. "It makes it sometimes appear like I'm offering a higher price."

Mr. LLosa recently analyzed records for condominiums in one Virginia ZIP code and found that the use of subsidies had soared since last year, when they were almost nonexistent. In Arlington, 14 condominiums had sold for $350,000 to $550,000 since June 1, and 10 of them included a subsidy from the seller to the buyer. The average subsidy was more than $7,000.

The Wesslings of San Rafael have cut the price of their house twice, by a total of $160,000, since they put it on the market in May. Mr. Wessling, a marketing executive, believes the home is now "competitively priced" and hopes the perks, which also include a $10,000 reward for referring a qualified buyer, will be enough to clinch a deal.

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Mr. Zandi, the economist, said he believed that the use of perks was now approaching its peak and that sellers would soon be forced to cut list prices more heavily. He predicted that the home-price data released by the Realtors association would show a year-over-year decline, relative to the same month a year earlier, before the end of this year. If so, that would be the first such drop since 1993. The Realtors have never reported a drop in the annual average of national home prices, a fact frequently cited by real estate analysts.

"The reason the Realtors' data has never showed an outright decline" before, he said, "might be that they're not measuring the effective price."

Lawrence Yun, a senior economist with the Realtors group, said that in markets where inventories had been rising rapidly — like the Northeast and California — incentives could well equal 3 percent of house values. But he estimated that the national number was smaller, because homes sales were continuing to rise in roughly a third of markets around the country.

The typical incentive package from a home builder consists of upgrades to the house — granite countertops instead of humdrum tiles, stainless-steel refrigerators and stoves instead of plain white models and wood blinds instead of plastic. At the extremes, some have thrown in $30,000 swimming pools.

Buyers who demand discounts often get them in the form of excused closing costs or low interest rate loans made by builder-affiliated mortgage companies.

On the west coast of Florida, builders are advertising incentives like upgraded countertops, interest rate promotions and cash rebates totaling $40,000, or 6.6 percent to 8 percent of the sales price, on homes that sell for $500,000 to $600,000, said John Dew, a real estate agent in Naples.

Builders tend to choose discounts because they worry that reductions in the list price would send a clear signal that the market is in trouble, potentially angering previous buyers and emboldening future customers.

"They already sold the same product to the guy next door and if they reduce the price he is going to scream," Mr. Dew said. He added that many builders were also offering agents bonuses worth tens of thousands of dollars in finders' fees for bringing in buyers.

In effect, the incentives have become a quiet way to cut the price of houses without further damaging the market. Sellers "don't want to create this environment of fear in the market that prices are going down, so you should wait to buy," said Dean Baker, co-director of the Center for Economic Policy Research in Washington, who believes that prices will fall in coming years.

Incentives are often most substantial on homes built on speculation before a sales contract has been signed, or on properties that buyers have walked away from after signing a contract. Big builders report that cancellation rates are running as high as a third of new sales, compared with about 20 percent or less a year ago.

Pulte Homes, for instance, was recently offering unspecified incentives totaling as much as $10,000 on homes in a Connecticut development to buyers who were willing to move in before school started. In the spring, Centex Homes ran a "24-hour sale" in Southern California where buyers who agreed to purchase within the day could get a $100,000 discount. It ran a similar offer for a $60,000 discount in Atlanta.

Lenders are also wary of incentives. Lenders do not want to finance transactions where the sales price exceeds the true value of the home. Fannie Mae, the large buyer of mortgages, requires disclosure of perks and it caps them on a sliding scale from 2 percent to 9 percent of selling prices, depending on whether buyers will live in the home and based on the size of the down payment. The concerns of lenders will eventually limit the size of incentives in home sales, said Anthony Hsieh, president of LendingTree.com, the Web loan site. Many buyers may also balk because their property taxes will be based on the sales price listed on the contract.

Eventually, buyers will realize "there is no free lunch," he said. "There is a reason it's being given away."

The House The Fed Built (WSJ)

The Wall Street Journal, August 25, 2006

After the party sometimes comes the hangover, which is what much of the country is now experiencing as the housing market comes back to Earth following several years of remarkable levitation. With more than a few not-so-cool economists starting to panic, now is a good time to explain how we got here.

This is the housing market the Federal Reserve built. That is to say, the current slump in sales, new construction and prices is the aftermath of the astonishing and unsustainable housing boom that began in 2002. As the nearby chart shows, nationwide median prices for existing homes climbed by about 8% a year for three years running, reaching giddy double-digit heights in 2005.

As homebuyers on the East and West Coast in particular can attest, the increases in some markets were much higher. The average price of new homes nationwide increased by 13.3% in 2004 and another 9% last year. Some of this has been rooted in the strong overall economy. Innovations in housing finance -- such as interest-only loans -- contributed by making borrowing

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easier for more buyers. A reduction in the capital-gains tax on home sales also helped, and immigration has sustained housing demand in many parts of the country.

But the biggest single cause was Federal Reserve policy in the wake of September 11 and the collapse of the dot-com bubble. With business investment and confidence imploding, the Fed made a bet on the consumer to keep the economy afloat. Former Chairman Alan Greenspan and his mates drove short-term interest rates down to 1% and kept them there for a remarkable 12 months. Even when the Fed started to move rates up again, it did so at a slow and too deliberate pace.

The strategy worked in the early going, as the housing market remained strong and the mighty American consumer kept on spending despite terrorism fears, a war and weak job creation in the early years of the decade. The 2001 recession was one of the mildest on record. The trouble arose as the Fed maintained its easy money policy into 2004 and 2005, well past the time the Bush tax cuts of 2003 had helped to revive corporate spending and investment incentives.

One result is what now looks to have been a classic asset inflation in housing values. Mr. Greenspan never got around to using the word "bubble" himself, preferring the more elegant "a little froth." But that's about as close as any Fed chief gets to conceding a mistake. We agree that as a rule the Fed shouldn't target asset prices (housing, stocks) as it makes monetary policy; its core job is maintaining an overall stable price level. However, when housing prices climb as rapidly as they did in late 2004 and throughout 2005, something more than rational exuberance is going on. At one point, some 10% of all home purchases were estimated to have been for "investment" reasons, not for an actual residence.

This speculative buying was bound to break as the Fed eventually corrected its easy-money mistake. The current slump is in part the product of that correction, and it seems likely to continue for some time as the Fed's interest rate increases have an impact. For many Americans whose monthly mortgage payments are now rising, or who still hope to sell at last year's prices, this may be painful.

How hard the housing fall will be is impossible to know, but a broader recession is far from inevitable. A housing bust typically leads to recession when it coincides with a collapse in business investment and a lack of job growth. But the current unemployment rate remains a healthy 4.8%, and weekly jobless claims fell yesterday to a hale 313,000. Corporate profits are also robust, signaling more business investment ahead.

Even in housing, most of the decline in wealth so far is on paper. Home prices in many places are merely flat, not falling, and the rapid increases in value of recent years means that homeowners of long-standing still have big increases in equity. Only more recent buyers, or those who overborrowed on a bet that rates wouldn't rise, are likely to see losses or start missing home payments.

The housing slide is already leading to the inevitable calls for the Fed to reverse course immediately and cut rates once again. But this is precisely the wrong lesson to learn from the housing market rise and fall. The Fed's mistake was staying too easy for too long. Re-establishing the Fed's anti-inflation bona fides would help the entire economy, including the housing market.

Housing Gets Ugly (NYT)

By Paul Krugman

The New York Times, August 25, 2006

Bubble, bubble, Toll's in trouble. This week, Toll Brothers, the nation's premier builder of McMansions, announced that sales were way off, profits were down, and the company was walking away from already-purchased options on land for future development.

Toll's announcement was one of many indications that the long-feared housing bust has arrived. Home sales are down sharply; home prices, which rose 57 percent over the past five years (and much more than that along the coasts), are now falling in much of the country. The inventory of unsold existing homes is at a 13-year high; builders' confidence is at a 15-year low.

A year ago, Robert Toll, who runs Toll Brothers, was euphoric about the housing boom, declaring: "We've got the supply, and the market has got the demand. So it's a match made in heaven." In a New York Times profile of his company published last October, he dismissed worries about a possible bust. "Why can't real estate just have a boom like every other industry?" he asked. "Why do we have to have a bubble and then a pop?"

The current downturn, Mr. Toll now says, is unlike anything he's seen: sales are slumping despite the absence of any "macroeconomic nasty condition" taking housing down along with the rest of the economy. He suggests that unease about the direction of the country and the war in Iraq is undermining confidence. All I have to say is: pop!

Now what? Until recently most business economists were predicting a "soft landing" for housing. Even now, the majority opinion seems to be that we're looking at a cooling market, not a bust. But this complacency looks increasingly like denial, as hard data — which tend, for technical reasons, to lag what's actually going on in the market — start to confirm anecdotal evidence that it is, indeed, a bust.

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Why the sudden crackup? When prices were rising rapidly, some people bought houses purely as investments, betting that prices would keep going up. Other people rushed to buy houses, or stretched themselves to buy houses they couldn't really afford, because they feared that prices would rise out of reach if they waited. And all this speculative demand pushed prices even higher. In other words, there was a market bubble.

But eventually prices reached a level beyond what even optimistic potential buyers were willing to pay, especially after interest rates rose a bit. (They're still low by historical standards.) As demand fell short of supply, double-digit price increases declined into the low single digits, then went negative everywhere except in the South.

And with prices falling in many areas, the speculative demand for houses has gone into reverse, as people try to get out with a profit while they still can. There's now a rapidly growing glut of unsold houses. This is a recipe for a major bust, not a soft landing.

Moreover, it could be both a deep and a prolonged bust. Since 2000, much of the nation has experienced a rise in home prices comparable to the boom in Southern California during the late 1980's. After that bubble popped, Los Angeles house prices began a slow, grinding deflation, eventually falling 20 percent (34 percent after adjusting for inflation). Prices didn't begin a sustained recovery until 1996, more than six years after the downturn began.

Now imagine the same thing happening across a large part of the United States. It's an ugly picture, and not just for people and companies in the construction business. Many homeowners — especially those who bought their houses with interest-only loans or with minimal down payments — will find themselves in financial distress. And the economy as a whole will take a hit.

As far as I know, Nouriel Roubini of Roubini Global Economics is the only well-known economist flatly predicting a housing-led recession in the coming year. Most forecasters consider his call alarmist, and many Federal Reserve officials remain optimistic. Last week, Richard Fisher, the president of the Federal Reserve Bank of Dallas, dismissed "Eeyores in the analytical community" who worry about a possible recession.

Call me Eeyore. While I don't share Mr. Roubini's certainty, I see his point: housing has been the main engine of U.S. economic growth over the past three years, and with that engine now going into reverse, it's hard to see how we can avoid a serious slowdown.

Wall St Edges Up As Traders Digest Data (FT)

By John O'doherty

Financial Times, August 25, 2006

Wall Street closed barely higher on Thursday after mixed trading for much of the day, as investors digested data on home sales and durable goods orders that gave further indications of a slowing economy.

Trading was tentative and the Dow Jones Industrial Average and Nasdaq Composite both dipped in and out of negative territory throughout the day.

Shares in mortgage finance group Fannie Mae jumped on news that it would not be facing criminal charges for accounting irregularities and that the US Justice Department had ended its investigation of the company. Its shares gained 4.8 per cent to $51.53, its best day since January.

Online auction site Ebay dropped 4.5 per cent to $25.78 after Piper Jaffray cut its rating on the stock from "market perform" to "underperform".

At the close, the S&P 500 was up 0.2 per cent, or 3.07 points, at 1,296.06, while the Nasdaq Composite was up 0.1 per cent, or 2.45 points, at 2,137.11. The Dow Jones Industrial Average was up 0.1 per cent, or 6.56 points, at 11,304.46.

Sales of existing homes fell by more than expected in July, bolstering the picture of a cooling US housing market and presaging further economic slowing. Durable goods orders data for July were mixed, although the headline number dropped by 2.4 per cent, more than had been forecast.

The sluggish durable goods figures precipitated a sell-off in heavy-industry stocks. Caterpillar tumbled 2.5 per cent to $65.50, while Joy Global, maker of farm and mining machinery, fell 2.6 per cent to $38.00.

Consumer stocks were the worst hit by the news of slowing home sales and the attendant risks they posed to consumer spending. Electronics retailer Circuit City sank 4 per cent to $22.78, while jewellery company Tiffany & Co lost 3.3 per cent to $30.80.

Subodh Kumar, chief investment strategist at CIBC World Markets, said the fall-back in consumer cyclical stocks hinted at a shift in the sectors that would lead the market.

"Going into 2005 and beyond, cyclicals have done well so the issue is, do we bottom fish, because they have dipped so much, or do we look for a change of leadership?" he said. "I think we should think in terms of a change in leadership."

While consumer stocks slumped, healthcare made strong gains. UnitedHealth rose 3.1 per cent to $51.16 and Aetna gained 3.5 per cent to $37.66.

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Clothes retailer Chico's FAS sank 25.5 per cent to $17.95 after it issued guidance for the third and fourth quarters that was below analyst expectations.

Investors checked into hotel chain Wyndham Worldwide after it said it would receive $760m from its sale of real estate group Cendant and use the money to pay down debt. Shares in Wyndham rose 5.7 per cent to $27.88.

Investors Wary About The Fed (WSJ)

By Ian Mcdonald

The Wall Street Journal, August 25, 2006

Stocks eked out modest gains in the kind of light trading seen all week, as investors keep pondering whether efforts to slow the economy have been a little too successful.

Investors absorbed mixed measures of the economy. As they did so, stocks inched in and out of positive territory. The Dow Jones Industrial Average ended at 11304.46, up just 6.56 points, or 0.06%, but breaking a three-day decline. The Standard & Poor's 500-stock index edged up 3.07 points, or 0.24%, to 1296.06, while the technology-stock-heavy Nasdaq Composite rose 2.45 points to 2137.11, up 0.11%.

Among other assets, Treasury-bond prices gained slightly, pushing yields lower. Crude-oil futures gained 60 cents to $72.36 a barrel on the New York Mercantile Exchange, but are still off $2.04 on the month.

Traders who aren't on vacation are nervous. The Federal Reserve pushed up interest rates 17 times in the past two years to ward off inflation. But recent readings showing a retrenchment in the housing market have many worried the Fed may have stepped on the brakes so hard the economy could skid into a recessionary ditch.

If so, the drop in consumer spending would naturally pull down corporate profits and stock prices.

The Commerce Department said new-home sales last month fell 4.3% from June, more than the 2.7% expected drop. Over the past year, new-home sales are off 22%. The report came a day after one showing sales of existing homes also fell last month.

"The housing data weren't pretty, they haven't been pretty, and I think it will get worse," said Jeffrey Saut, chief investment strategist at Raymond James Financial. "The odds of a potential recession have gone up."

But those hoping for a more gradual economic slowdown -- the kind that might leave stocks in relatively good standing -- have some data on their side, too.

For example, the Labor Department reported fewer than expected new claims for unemployment benefits for the week ended Aug. 19, and the Commerce Department said spending on nondefense capital goods excluding aircraft rose in July. However, the Commerce Department also said overall orders for durable goods -- such as cars, household appliances and other big-ticket items -- slid 2.4% in July, much more than the 1% expected by economists.

The debate over the Fed's navigating skills will continue today, when Federal Reserve Chairman Ben Bernanke speaks at a Fed symposium in Jackson Hole, Wyo. Investors should look to Mr. Bernanke's speech with "great trepidation," says Ted Oberhaus, director of equity trading at Lord Abbett Funds.

Meanwhile, the dollar strengthened, to 116.52 yen from 116.36, while the euro fell against it to $1.2758, from $1.2792.

In Poll, G.O.P. Slips As A Friend Of Religion (NYT)

By Laurie Goodstein

The New York Times, August 25, 2006

A new poll shows that fewer Americans view the Republican Party as "friendly to religion" than a year ago, with the decline particularly steep among Catholics and white evangelical Protestants — constituencies at the core of the Republicans' conservative Christian voting bloc.

The survey found that the proportion of Americans who say the Republican Party is friendly to religion fell 8 percentage points in the last year, to 47 percent from 55 percent. Among Catholics and white evangelical Protestants, the decline was 14 percentage points.

The Democratic Party suffers from the perception of an even more drastic religion deficit, but that is not new. Just 26 percent of poll respondents said the Democratic Party was friendly to religion, down from 29 percent last year.

The telephone poll, conducted by the Pew Forum on Religion and Public Life and the Pew Research Center for the People and the Press, was conducted July 6-19 among 2,003 adults. The margin of sampling error was plus or minus three to four percentage points, depending on the question.

The survey examined Americans' attitudes on such topics as politics, science, the Bible, global warming and Israel. But the most startling change, said John Green, senior fellow in religion and American politics at the Pew Forum, was the perception of the Republican Party by its core constituency.

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"It's unclear how directly this will translate into voting behavior," Mr. Green said, "but this is a baseline indicator that religious conservatives see the party they've chosen to support as less friendly to religion than they used to."

He speculated that religious conservatives could feel betrayed that some Republican politicians recently voted to back stem cell research, and that a Republican-dominated Congress failed to pass an amendment outlawing same-sex marriage.

"At the minimum, there will be less good will toward the Republican Party by these conservative religious groups, and a disenchantment that the party will be able to deliver on its promises," Mr. Green said.

Americans remained critical of the influence of both the right and the left on religion. Sixty-nine percent agreed that liberals had "gone too far in trying to keep religion out of schools and government" — an increase of three percentage points, which is not statistically significant. And 49 percent agreed that conservative Christians had "gone too far in trying to impose their religious values on the country," also a three percentage point increase.

Asked about "the Christian conservative movement," 44 percent had a favorable view and 36 percent unfavorable, about the same as a year ago.

The respondents were almost evenly divided on whether the influence of religion on governmental institutions like the presidency, Congress and the Supreme Court was increasing (42 percent) or decreasing (45 percent). Most of those who said the influence was decreasing said that was "a bad thing."

Americans also disagree on whether churches and houses of worship should express their views on politics, with 51 percent saying they should, and 46 percent saying they should keep out of political matters. This divide has held steady for the last five years, the Pew report said.

Of the topics addressed by clergy members during religious services, 92 percent of respondents who attend religious services regularly said they had heard clergy members speak about hunger and poverty, 59 percent said abortion, 53 percent said Iraq, 52 percent said homosexuality and 40 percent said evolution or intelligent design. Only 24 percent said they heard clergy members discuss stem cell research, and 21 percent immigration.

In the last year, religious organizations, including some representing evangelicals, have made global warming a priority.

In the poll, a large majority (79 percent) said there was "solid evidence" of global warming, and 61 percent said it was a problem that required "immediate government action." But white evangelicals and mainline Protestants were more skeptical about global warming than Catholics and secular Americans were, and more likely to say that it is the result of natural causes, not human activity.

Few See Democrats As Friendly To Religion (WT)

By Julia Duin

The Washington Times, August 25, 2006

Liberal or progressive Christians, who make up 34 percent of the population, are disunified on key issues, and only one out of four Americans considers the Democratic Party friendly to religion, a Pew poll shows.

Released yesterday, the wide-ranging poll on religion as it intersects with politics, public life, science, law and world affairs also showed an increase among Christians in sympathy for Israel.

"I'm not surprised," said David Brog, executive director of Christians United for Israel, a Texas-based nonprofit that last month brought in 3,500 Christians here for a "Washington Israel summit."

"More and more Christians in the heartland have heard the message coming from so many pastors and put Israel at the top of their priorities," he said. "When it comes to the war on terror, conservatives have a clear platform and positions that are easy to understand. One of the problems liberals have had is providing a compelling alternative vision."

Only 7 percent of those polled identified themselves as members of the religious left in the poll of 2,003 adults, conducted last month by the Pew Research Center for the People and the Press and the Pew Forum on Religion & Public Life. As a movement, the religious left lacks cohesive issues that define its views, said the poll, which has a sampling error of 3.5 percentage points.

Moreover, no political party welcomes the religious left with open arms. Twenty-six percent of those polled said the Democratic Party is friendly toward religion, 42 percent thought it was neutral and 20 percent thought it was unfriendly. Three years ago in a similar Pew poll, 42 percent said the party was friendly toward religion.

Israel gained support among all varieties of Christians, according to the poll. Forty-four percent of Americans supported Israel versus the 9 percent who support Palestinians. A subsequent Pew poll conducted Aug. 9 to 13 found 52 percent of Americans support Israel versus 11 percent for Palestinians.

White evangelical Protestants (69 percent) and black Protestants (60 percent) said they believed that Israel was given to the Jews by God. Fifty-nine percent of the white evangelicals and 56 percent of the black Protestants said Israel is the fulfillment

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of biblical prophecy that relates to the Second Coming. Far lower percentages of white mainline Protestants and Catholics agreed with both questions.

News from the poll was not all bad for liberal Democrats. Two important Republican constituencies: evangelicals and Catholics, saw the Republican Party as less friendly toward religion than in previous years. Nearly half (49 percent) say Republicans are friendly to religion, a decline of 14 points in the past year. Just 41 percent of the Catholics polled said the Republican Party is friendly to religion, compared with 55 percent a year ago.

Religion's influence over the country is waning, said 59 percent of those polled.

A spokeswoman for the liberal Interfaith Alliance says her organization perceives religious influence on society as static or decreasing.

"We'd say the administration is more religiously right," Megan Hoffman said, "but the public is not in agreement with them."

GOP Told To Ignore Detroit At Its Peril (WT)

By Charles Hurt

The Washington Times, August 25, 2006

DETROIT -- Republicans here say that their national party's dismissive attitude toward the Big Three automakers could doom the party's hopes of capturing the governor's mansion and Senate seat in a large blue state this November.

Republicans in Congress have belittled Detroit's woes in recent weeks, and President Bush has been less than sympathetic to their plight, saying that they should focus on building more "relevant" vehicles.

But no slight has been more insulting here than the much-delayed meeting between Mr. Bush and the heads of Detroit's automakers to discuss U.S. trade policies and domestic issues such as health care costs, expensive pensions and other obligations to the federally protected autoworker unions.

"The administration is wrong on this issue," said Republican Dick DeVos, a longtime Bush supporter who has a good shot at unseating Gov. Jennifer M. Granholm, who was a superstar among Democrats just two years ago. Since the summer, polls have shown the two swapping leads by a handful of points.

"The president needs to meet with the Big Three, and it must happen soon," Mr. DeVos told reporters this week. "29,000 people in Michigan lost jobs last month."

The state's unemployment rate is at 7 percent, which has given Republicans unusual openings in a state dominated by Democrats. It's been 18 years since a Republican won Michigan in a presidential election.

"I think that these are both very, very good opportunities," Republican National Committee Chairman Ken Mehlman said yesterday while touring the state. "There is no governor that is in more trouble than Jennifer Granholm. The state has bled jobs under her watch, and people want change."

Another seat that Republicans think they can capture is that of Sen. Debbie Stabenow, the first-term Democrat who picked off a Republican incumbent six years ago. She faces a challenge from popular Oakland County Sheriff Michael Bouchard.

Like Mr. DeVos, Mr. Bouchard has made Michigan's economic woes a central campaign theme.

"Every place I go, everybody I run into either is somebody that lost a job or knows somebody that lost a job. That's a scary situation," Mr. Bouchard said during a campaign stop yesterday.

Although Mr. Bouchard and Mr. DeVos appear to be reaching voters with their economic message, Republicans in Washington are confusing the issue.

Sen. Lamar Alexander, Tennessee Republican, recently offered a "new definition of the American auto industry," which includes any foreign company that hires U.S. workers and builds cars in the U.S.

Sen. Richard C. Shelby, Alabama Republican, said Detroit automakers must "change or they won't be around. ... There is a lot that our automobile manufacturers can learn in the world."

Those remarks, along with the White House meeting that hasn't happened, has angered a lot of people in Michigan.

Detroit News business writer Daniel Howes this week blasted "Red State Republicans," accusing them of trying to "give Detroit a condescending geography lesson -- as if the No. 1 player in China, GM, doesn't know the business is global."

A White House spokeswoman said yesterday that both sides continue to look for a time for a meeting that suits all parties.

"It's not a blow-off," Mr. Mehlman said yesterday. "The president cares tremendously about the industry. But again, if you look at the record, this is not an industry problem. This is a Michigan problem."

Mr. DeVos isn't buying that line.

"This has just been a continued refusal," he said. "I've heard the meeting's scheduled and it's not scheduled, it's on and it's off. ... The White House needs to step up and get it done."

Michigan Republican Party Chairman Saulius Anuzis said yesterday that it's a "huge issue."

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"We know the president has tried to make this work, but the fact is that it hasn't happened," he said. "We want the president to get engaged."

Rove Slams Democrats At Toledo Fund-raiser (TOLB)

By Jim Tankersley

Toledo Blade (OH), August 25, 2006

GOP gubernatorial candidate Ken Blackwell greets Karl Rove as he introduces the White House adviser at the Inverness Club. The event raised $165,000 for Mr. Blackwell's campaign.

(THE BLADE/ANDY MORRISON)

Zoom | Photo Reprints

By JIM TANKERSLEY

BLADE POLITICS WRITER

The party benefited Ken Blackwell. The keynote speaker was Karl Rove. The election at hand is this November. But the fund-raiser at the Inverness Club last night sounded and felt like a George W. Bush rally, circa 2004.

Mr. Rove, a White House adviser and the architect of Mr. Bush's winning presidential campaigns, peppered Democrats on taxes and national security, invoked the Sept. 11, 2001, terrorist attacks, and called the Iraq war "the heart of the battle" in a global war against "Islamic fascists."

The 20-minute speech echoed Mr. Bush's 2004 campaign themes. He said Mr. Bush would not abandon the war and said of terrorists to the audience: "Who thinks if we come home, that they're not going to follow us?"

The event featured baked-brie appetizers, dark suits all around, and a minimum $1,000 entry fee. It raised $165,000 for Mr. Blackwell, the Republican candidate for governor, who used the occasion to highlight his plan to lease the Ohio Turnpike to private investors and to criticize his Democratic opponent, U.S. Rep. Ted Strickland of Lisbon.

A few dozen protesters outside the club used Mr. Rove's visit to denounce the Iraq war and Mr. Bush. Democrats used it to highlight the ongoing scandal surrounding former Republican power broker Tom Noe, who pleaded guilty this summer to laundering money to Mr. Bush's re-election campaign and who faces charges this fall of stealing millions of dollars that state officials invested in his rare coin ventures.

Presidential adviser Karl Rove speaks at Inverness Club, echoing themes from President Bush's 2004 campaign.

(THE BLADE/ANDY MORRISON)

Zoom | Photo Reprints In a press conference preceding the event, U.S. Rep. Marcy Kaptur (D., Toledo) challenged Mr. Rove to explain his relationship with Noe during the 2004 campaign.

"Karl Rove owes it to the people of Ohio to answer these questions," she said.

Mr. Rove did not take media questions and never brought up Noe. He talked early and late about Mr. Blackwell, but mostly about Mr. Bush and the war on terror.

Mr. Rove praised Mr. Blackwell's character and his commitment to tax cuts, likening him to the President on both counts. He accused Mr. Strickland of believing that "every day is a good day for raising your taxes."

He cheered the President's handling of the national economy, which he said has grown 20 percent since 2003, but he acknowledged tougher times in Ohio.

He drew his first applause when he listed federal taxes Mr. Bush pushed to cut and proclaimed the estate tax "on the road to extinction."

Mr. Rove criticized the New York Times for disclosing a government program to track terrorist finances and a Detroit judge for ruling against a federal government warrantless domestic surveillance program. He said that program, if in use at the time, could have prevented the 2001 attacks.

He referenced Osama bin Laden extensively and said al- Qaeda leaders view the Iraq war as the "central front in the war on terror."

He ridiculed Democrats as "obstacles" on national security, including highlighting a 2004 line that Sen. John Kerry (D., Mass.) was "for the war before he was against it" and a claim that on several key security votes, Mr. Strickland was "on the wrong side."

Mr. Strickland's campaign hit Mr. Rove pre-emptively yesterday in an e-mail fund-raising appeal that claimed Mr. Rove would encourage Republicans to spread a message of "fear and hate."

"We must stop their lies," wrote David Leland, Mr. Strickland's finance chairman.

Mr. Blackwell praised Mr. Rove's political and policy skills. He introduced Mr. Rove as "my friend, an outstanding American."

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For weeks, Mr. Blackwell said he would not allow Mr. Strickland to cast the governor's race as a referendum on Mr. Bush or on unpopular Republican incumbent Gov. Bob Taft.

He said bringing Mr. Rove to town would not impede that goal.

"This is about our public policy positions and our records," Mr. Blackwell said.

Contact Jim Tankersley at: jtankersley@theblade.com or 419-724-6134.

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AP WALL STREET

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Democrat Maintains Slight Lead Over Incumbent In Senate Race (AP)

By Kimberly Hefling

AP PA Sen. Poll, August 25, 2006

WASHINGTON - Democrat Bob Casey maintained a slight lead over Republican Sen. Rick Santorum in Pennsylvania, but more voters say they have a poor opinion of the challenger, according to an independent poll released Thursday.

In a three-way contest, the new Keystone Poll found Casey leading Santorum 44 percent to 39 percent among registered voters. Green Party candidate Carl Romanelli had 4 percent. Thirteen percent were undecided in the poll, which was conducted by Franklin & Marshall College between Aug. 16-21.

In May, before Romanelli entered the race, the same pollster had Casey with a six-point lead over Santorum, the No. 3 Senate Republican.

In the Pennsylvania's governor's race, the latest poll detected an apparent widening in Democratic incumbent Ed Rendell's already huge lead over Republican challenger Lynn Swann. It showed Rendell leading Swann 53 percent to 34 percent, compared to a May poll that had him leading 49 percent to 34 percent.

In the Senate race, 20 percent said they had an unfavorable opinion of Casey, a seven-point increase. The number with a favorable opinion of him was virtually the same at 31 percent. Forty-nine percent didn't know or were undecided.

The number with either a favorable or unfavorable opinion of Santorum remained about the same at 37 percent each. Twenty-six percent didn't know or were undecided.

It appears Santorum has had success in placing Casey, the state treasurer, in a bad light, even as the opinion of Santorum hasn't shifted much, said G. Terry Madonna, the Franklin & Marshall professor who directed the poll.

"Casey has to define himself before Santorum defines him completely," Madonna said.

With some two months to the election, Santorum launched his first negative ad on Wednesday, criticizing Casey's attendance record at his state treasurer job while the challenger was campaigning. Santorum had been running more positive ads since June.

On Thursday, Casey answered with a critical ad that assailed Santorum for voting 98 percent of the time with President Bush, voting to give himself a pay raise and voting against raising the minimum wage.

"Santorum's misleading attacks on Bob Casey can't go unanswered," said Larry Smar, Casey's campaign press secretary.

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The results of the survey were based on telephone interviews with 551 Pennsylvanians. The poll carried a sampling margin of error of plus or minus 4 percentage points.

The survey was commissioned by the Philadelphia Daily News, The Patriot-News in Harrisburg, WGAL-TV in Lancaster, the Pittsburgh Tribune-Review and WTAE-TV in Pittsburgh.

Cry To Cut Spending Grows Louder (USAT)

By Richard Wolf

USA Today, August 25, 2006

CRANSTON, R.I. — Steve Laffey boasts of the school crossing guards he fired, the senior center square dancing he curtailed, even the taxes he raised to balance this city's books. It's not the usual path to the U.S. Senate.

Campaigning in the nation's smallest state, the two-term mayor encounters the usual requests for aid from Washington. A woman wants help with college costs; he won't promise any. A man wants him to defend endangered species; he won't pledge to do so.

What he will do, he says, is oppose pork-barrel spending — even if it's for Rhode Island. “I don't placate people,” Laffey says.

As the war in Iraq, Hurricane Katrina and soaring health and retirement benefits send federal spending to record levels, fiscal righteousness has become politically correct. Challengers promise not to bring home the bacon, but to slash it.

Nowhere has the issue gained as much attention as in Rhode Island. The Club for Growth, a Washington interest group that favors conservative economic policies, has helped raise nearly $1 million for Laffey — and $6 million nationwide — in hopes of electing lawmakers who promise to cut spending, taxes and government regulations.

The group has given Laffey, 44, a fighting chance to defeat Sen. Lincoln Chafee in the Republican primary Sept. 12.

In a state where President Bush gets only a 22% favorable rating, both candidates try to distance themselves from their party. At a debate in Warwick on Wednesday night, Laffey said Bush backs Chafee. The incumbent noted that his support for the president's policies has been “spotty at best.”

The primary shapes up as a mirror image of neighboring Connecticut's Democratic contest last month. There, moderate Sen. Joe Lieberman lost to a more liberal challenger. Here, Chafee — one of the Senate's most liberal Republicans — is threatened from the right. Unlike Lieberman, Chafee won't run as an independent if he loses the primary.

Laffey's lament about Washington's spending habits is catching on as an issue nationwide. The Club for Growth has backed nine winners in primaries this year, including one who defeated a Republican congressman in Michigan. It has lost three times.

The group has turned its sights on Chafee, 53, who took over the Senate seat from his late father, John, in 1999.

In its latest TV ad, the club ridicules Chafee's votes for projects such as a $223 million “bridge to nowhere” in Alaska, an indoor rain forest in Iowa and a sheep institute in Montana. Laffey's website features 36 “taxpayer ripoffs of the week,” such as funding for Mark Twain's home in Connecticut, that Chafee has supported.

“The message about wasteful spending resonates more strongly with voters than the message of excessive taxes,” says Club for Growth President Pat Toomey, a former Pennsylvania congressman. Toomey narrowly lost a primary challenge to a moderate Republican senator, Arlen Specter, in 2004.

Laffey supporters count on the anti-spending message to boost his chances. It worked this month in Michigan, where the Club for Growth helped Tim Walberg upset moderate GOP Rep. Joe Schwarz. The Club for Growth plans to get involved in up to 20 general election races this fall.

Laffey campaigns as a populist. The son of a union toolmaker, he went on to Harvard Business School and the top job at Morgan Keegan, a financial services firm, before returning to run for mayor. He ridicules “career politicians” in both parties for their ties to “special interests,” particularly oil and drug companies.

He campaigns in polo shirts and shorts with his wife and five children. His wife, Kelly, pushes a double stroller while Sarah Grace, 9, snaps photos, and Audrey, 2, shakes every hand. “In Rhode Island, you can knock on enough doors to make a difference,” he says. Estimated total to date: 8,000.

Chafee calls the Club for Growth “the great white shark of special interests” and plays up his thrifty credentials, such as his 2002 rating by the Concord Coalition as the Senate's most fiscally responsible member. He voted against Bush's tax cuts in 2001 and 2003.

On the other hand, Chafee brags about the $2 billion in spending he has helped bring to his state since 1999. His ads note that he “got millions to improve our bridges and roads.” His website asks, “Would Steve Laffey oppose the construction of the Westerly water tank (a storage tank for the town's drinking water)?”

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Chafee touts his independence and “growing seniority” in Congress and laments the loss of moderate Republicans in the Senate. “ ‘Squishy moderates,' that's what we're called. ‘No real spine,' ” he says of the four who remain.

That's the opinion of some voters who gave Chafee a hard time Thursday on a local radio show and in front of a supermarket on issues ranging from immigration (he favors a “guest worker” program) to the war on terror (he wants more dialogue with Iran and Syria).

Richard Lavallee, 47, a Web architect from Warwick who came to Wednesday's debate undecided, emerged a Chafee supporter. “I think Chafee has the right blend of thoughtfulness. He really is emblematic of the independent man,” Lavallee says.

That could come in handy in the general election. Independents outnumber Democrats 55%-35% in the state. Republicans come in a distant third at 10%. Chafee and former Democratic attorney general Sheldon Whitehouse run even in the polls. “All the numbers suggest that Laffey cannot beat Sheldon Whitehouse in November,” says Chuck Newton, spokesman for the state Republican Party.

First, however, Chafee must overcome an anti-incumbent sentiment that has toppled Lieberman, Schwarz, Georgia Rep. Cynthia McKinney and Alaska Gov. Frank Murkowski, who lost his re-election bid Tuesday.

“It's a challenging cycle to be an incumbent and a challenging cycle to be a Republican,” says Chafee's campaign manager, Ian Lang.

Karen Fecteau of Coventry, 57, was impressed this week when Laffey came to her door. She isn't so sure about Chafee. “Unfortunately,” she says, “he is a Washington, D.C., senator.”

Lamont Criticizes Lieberman, Bush Over Katrina Response (NSDY/AP)

By Susan Haigh

Long Island Newsday, August 25, 2006

HARTFORD, Conn. -- The Gulf Coast is thousands of miles away, but the federal response to Hurricane Katrina has become an issue in Connecticut's hot U.S. Senate race.

Democratic primary winner Ned Lamont is accusing U.S. Sen. Joe Lieberman, now running as an independent, of not holding the Bush administration accountable for failures in responding to the disaster.

Lamont also says Lieberman, ranking member of the Senate Homeland Security Committee, mistakenly agreed to put the troubled Federal Emergency Management Agency under the control of the U.S. Department of Homeland Security.

"I think FEMA worked really well when it had professional management as an independent agency," Lamont said in an interview this week. "And sure, it was Senator Lieberman who said, 'Let's redo FEMA.' It was Senator Lieberman who said, 'Let's put Michael Brown as No. 2 at FEMA.'"

Lieberman defends his record on Katrina, saying he visited the devastated region a week or two after the storm and several times later. He said he and Sen. Susan Collins, R-Maine, issued a bipartisan Homeland Security Committee report in April that was critical of all levels of government, from the White House to the New Orleans mayor's office.

Lieberman, in a secondary report, took sharper aim at President Bush, who he said appeared distracted from the disaster as it unfolded. "The president is, after all, the commander in chief _ not only in terms of international crises, but in terms of catastrophes here at home," he said.

On Thursday, Lieberman said he has also consistently fought to get adequate federal aid delivered to the Gulf Coast region.

Lamont was scheduled to be one of the headliners Thursday night at a fundraising event for Katrina victims in New York City, where he is to outline his plan to prevent another similar tragedy.

The event, organized by the liberal organization MoveOn.org, will feature celebrities such as actress Rosie Perez and singer Moby, as well as some Katrina evacuees.

Lamont, a Greenwich businessman and political newcomer, defeated three-term incumbent Lieberman in the Aug. 8 primary by about 10,000 votes.

Lieberman is now running as an independent in a three-way race with Lamont and Republican Alan Schlesinger. Lamont has gained support by criticizing Lieberman for being too supportive of Bush and the Republicans on various issues, including the war in Iraq.

This is not the first time Hurricane Katrina has been an issue in the Senate race, which has attracted both national and international attention.

Lamont referenced the Bush administration's response to the hurricane in at least one of his TV ads, which showed flood victims standing on their rooftops waiting for help. In the ad, he talks about how the administration's poor response exemplified Bush's wrong priorities for the country. Lamont's campaign is currently re-airing the ad.

Lamont has also condemned Bush's response to the hurricane during campaign visits to mostly black churches.

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Lamont is calling for FEMA to be returned to an independent, cabinet-level agency. The report issued by Lieberman and Collins concluded that only by abolishing FEMA and replacing it with a stronger authority could the government best respond to future catastrophes.

Lamont, who opposes the war in Iraq, said National Guard forces should be returned from Iraq to the U.S. to protect the nation from natural disasters as well as terrorist attacks.

"Right now our National Guard are doing not what they were contracted to do," Lamont said in an afternoon conference call with reporters.

Also, Lamont is calling for an investigation into the federal government's response to the hurricane, and said Congress must better scrutinize all administration nominees.

Money Can't Buy You . . . Well, Maybe It Can (WSJ)

WSJ letters – Kerry / Secret holds, August 25, 2006

Jonathan Clements writes in his Aug. 16 Getting Going column about money and happiness ("Money and Happiness: Here's Why You Won't Laugh All the Way to the Bank," Personal Journal). I've seen a few articles in newspapers and magazines on this topic over the years, with the main theme that being rich doesn't equal happiness.

While Mr. Clements mentions that lifestyle changes can be made to increase happiness with less money, the one thing never mentioned in these articles is peace of mind. Having money gives one a better chance of achieving this.

I recently inherited a little bit of money, and was able to get a sense of how it felt to not worry about where the money was going to come from to cover some expenses. I had to get my two cars serviced, plus get a new set of tires. This was an expense that would cost almost $1,500. I had put off this expense for some time because I didn't want to use a credit card. But since I now had some money in my checking account to cover this expense, I had the work done. While sitting at the dealer's waiting for the work to be completed, a sense of joy came over me because I wasn't worried about how this bill was going to get paid. No sense of despair about going further in debt, no worry about paying it off over the next year or the interest rate. For the first time in quite a while, I had a sense of what it must feel like to have money and not have to worry about how to pay for such things.

People with money don't worry about such things. I know because I have relatives and friends that are somewhat well off, and expenses that would keep me awake at night don't faze them in the least. So while money might not bring happiness, if I had a choice between having money and not having money, having money is heck of a lot better.

Bob Dickerson

Forest Hill, Md.

Mr. Clements's article especially touched me because following Hurricane Katrina, I did much soul searching and decided to sell my New Orleans home and leave my tenured teaching position at a New Orleans university. I opened up an import gift shop in the quiet, picturesque town of Grand Coteau, where I now live. The teaching job paid well and provided good benefits, but the 4/4 course load left me with long hours of grading and class preparation that often overflowed into my evenings and weekends.

It is with hesitation that I left teaching for an uncertain and drastically lower income. But now I enjoy a four- minute commute to work -- on foot. And I find that my dinners at home with my husband are much more pleasant as there is no ungraded student work awaiting me. We live in a small house that is easier to maintain. And I feel like I am beginning to catch up on friendships that had begun to lag in my busy city life.

The article noted activities that make people happy, such as travel and sharing meals with friends. I would add to that list learning new things, such as studying a foreign language or learning to dance.

Patrice Melnick

Grand Coteau, La.

My mother-in-law sums this issue up very simply: Money doesn't buy you happiness, but it does let you suffer in comfort.

David H Jameson

Chappaqua, N.Y.

Lamont Has the Courage To Defy Bush and the War

The sentiments expressed in "The Lamont Wing Is a Threat to Security" (Letters to the Editor, Aug. 22) will do nothing to make America safer. If the neoconservatives were half as good at fighting the war on terror as they are at misleading the American public, we'd be a lot safer than we are today.

The disastrous policy in Iraq has made America less safe. We were misled into a war which has become a dangerous distraction, and a profound drain on our financial and military resources. Nearly five years after the attacks of 9/11, it's clear that this administration hasn't learned the real lessons of 9/11 and failed to take the steps to make us as safe as we must be. Osama bin Laden is still on the loose. The 9/11 Commission's recommendations to secure our most vulnerable infrastructure remain

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virtually ignored. Homeland security funding has been cut for cities such as Boston and New York. Staying the current course in Iraq is not making the American people any safer at home or abroad and has hurt our fight in the war on terror.

Ned Lamont has had the courage to stand up to George Bush and make this cause a central part of his campaign. That's why Connecticut Democrats chose him over Joe Lieberman. Mr. Lamont will be tough and smart about our national security. He's boldly stepped forward to demand a winning strategy from Washington and he has put forward concrete ideas. Mr. Lamont vigorously supported the war in Afghanistan and will help restore America's focus on destroying Osama bin Laden and the enemies who actually attacked us on 9/11. He won't stand by and allow Afghanistan to continue to descend back into chaos. He'll fight for increased funding to protect our ports that have been left vulnerable and he'll fight to restore the cuts to the veterans' budget for our heroes coming home from Iraq. In fact, continuing the current course is a grave threat to our security and we'll be stronger with Ned Lamont in the Senate.

Sen. John F. Kerry (D., Mass.)

Boston

Secret Holds in Senate Undermine Accountability

Your Aug. 21 editorial "Senate's Most Wanted" highlights how the practice of secret holds undermines accountability in the Senate.

For nearly a decade, we have worked on a bipartisan basis to bring more transparency to the Senate by permanently prohibiting holds that are secret. In 1997 and 1998, the Senate unanimously approved our amendments to require that a senator's intent to object to legislation or a nominee be made public within 48 hours in the Congressional Record. These amendments didn't survive conference committee proceedings.

Now we have another chance. In March, senators voted 84-13 for our amendment requiring that holds be made public. The amendment is part of the Senate version of the lobbying reform bill. We will work to see that it is included in final legislation.

The use of secret holds damages public confidence in the Senate. The exercise of power that has been vested in us should always be accompanied by public accountability. It's time to force these holds out of the shadows and into the sunshine. The holding pattern that has become a way of life in the Senate needs to end.

Sen. Ron Wyden (D., Ore.)

Sen. Charles Grassley (R., Iowa)

Washington

Google Model Is Similar To Traditional 'Throwaway'

When Google announced plans to duplicate copyrighted material to support its business plan, writers and publishers took them to court for violating copyright ("Google Sees Content Deals as Key to Long-Term Growth," Marketplace, Aug. 14). Google will eventually sign agreements to license the content and provide financial consideration to the copyright holders for that license.

Let's face it, the current Google business model is a modified "throwaway" classified ad sheet of the kind delivered to millions of homes every day. The modification is the search engine for which you must endure the ads for free use of Google search. You can't even shred it for the cat box!

We all know that content can be sold. It must first be acquired: You create it (very expensive); lease it (much less expensive); steal it (illegal and very, very expensive when caught).

Angling For Hip-Hop Appeal (WP)

By Matthew Mosk

The Washington Post, August 25, 2006

Maryland Lt. Gov. Michael S. Steele's credibility with a pivotal constituency -- African American voters -- got a boost yesterday when hip-hop mogul Russell Simmons got behind his U.S. Senate bid.

"It's extremely significant," said Donna Brazile, a Democratic political strategist. "It says that Michael Steele is someone who is comfortable with youth voters and minority voters."

Yesterday's heavily promoted announcement was just the latest example of how one of the nation's highest-ranking black Republican office holders is trying to balance two aspects of his life -- his race and his political party. Standing beside Simmons, Steele happily embraced the label "hip-hop Republican."

That title is the essence of Steele's delicate campaign strategy to draw votes from Maryland's large pool of black voters while retaining financial and Election Day support from another minority group in the state, conservative Republicans.

He might, for instance, be the only politician in America to have had fundraisers hosted this year by Russell Simmons and Dick Cheney.

Simmons, in turn, might just be the only host to throw fundraisers for both Sen. Hillary Rodham Clinton and Michael Steele.

"I'm from hip-hop, how can I give in to la-

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bels?" asked Simmons, who as co-founder of Def Jam Records has been at the forefront of hip-hop's ascendance, as well as efforts to register black voters.

Simmons said he first came to Maryland four years ago to campaign against Steele, but Steele won him over. "Every time we've had a discussion, it boils downs to the same two things: education and opportunity," Simmons said. "The lieutenant governor is clear on his mission."

Steele's message of black empowerment -- that African Americans no longer want a seat at the lunch counter, they want to own the diner -- has resonated with Simmons and with Cathy L. Hughes, founder of Radio One, one of the nation's most successful black-owned radio networks.

Hughes's name appeared on the invitation for a fundraiser last night in Baltimore, but she did not attend.

Support from these icons of black popular culture could help burnish Steele's image for political dexterity. He almost never invokes his deep GOP roots on the trail and launched his first television ad this week pledging to "talk straight about what's wrong in both parties."

Other Democrats, though, have called his strategy a cynical attempt to divert attention from his own biography: that of a social conservative who chaired the state Republican party and worked aggressively on behalf of President Bush.

State Democratic Party Chairman Terry Lierman yesterday advised against reading too much into the endorsements.

"I think it's two individuals supporting a right-wing candidate who does not reflect the values and priorities of Marylanders," Lierman said. "When the time to vote comes, people will know that a vote for Steele is a vote for Bush."

Steele has consistently trailed in polls that match him against one of the leading Democrats in the party's crowded primary field, Rep. Benjamin L. Cardin of Baltimore. Polls have shown Steele in a statistical tie against the other Democratic front-runner, former NAACP president Kweisi Mfume.

Mfume said yesterday that the significance of the Simmons and Hughes endorsements was "lost on me."

But Brazile, who has long warned the Democratic party not ignore its black voters, saw significance.

She called the endorsements a "shot across the bow" for the Democratic Party. That cry rose in Maryland four years ago, when Republicans became the first to nominate, then elect, an African American to statewide office: Steele.

"This should be a wake-up call," Brazile said. "You cannot take your most loyal base for granted. You cannot assume that just because people are black they will vote Democratic."

Where Simmons and Hughes could also prove to be powerful allies is in the image they present to younger black voters who may not feel the same tug of loyalty to the Democrats as do those who lived through the civil rights era.

An internal Democratic Party report found as much, saying that "at this time, a majority of African American voters are open to supporting Steele, particularly younger voters."

The March 27 report, by strategist Cornell Belcher, found that the most likely black voters to migrate to Steele would be men ages 18 to 29.

Simmons, who has long reigned as one of the entertainment industry's most capable promoters, is someone who can help Steele reach that demographic, said Brazile, who worked with Simmons when he went on a nationwide drive that registered 4,000 new Democrats in 2004.

"He has reach," she said.

Mark Anthony Neal, an associate professor of black popular culture at Duke University, agreed that Simmons "has tapped into the hip-hop generation" and used that skill to reach consumers. But he's not sure it will reach voters. "I don't think he's has shown he can do that yet," Neal said.

Hughes -- who chairs the nation's only publicly traded company headed by an African American woman, with about 71 stations across the country, including its Washington flagship, WMMJ (102.3 FM) -- also has potential to help, especially if she is able to draw any of her many celebrity friends behind Steele's candidacy.

A recent gala celebrating the 25th anniversary of her broadcasting empire drew Janet Jackson, Sean Combs, Jay-Z, Ruben Studdard, Danny Glover, go-go music pioneer Chuck Brown, roughly half the record industry and just about every major African American political figure, including Steele.

But even if the two help Steele reach young black men, it's unclear how much that will improve his election chances, said David Bositis, who studies black voting trends at the Joint Center for Political and Economic Studies.

"Of all the groups in the black population, they are the least likely to vote," Bositis said.

Bositis also predicted that, if Mfume wins the Democratic primary, "that's the last time you'll see Steele pursuing black voters."

Benjamin F. Chavis Jr., a former NAACP president who co-chairs a nonprofit group with Simmons called the Hip-Hop Summit Action Network, said that even if Mfume is the Democratic nominee, many African Americans will continue to follow Steele.

"Steele's candidacy offers a lot of hope and has inspired the positive aspirations of a lot of people in Maryland," he said.

In a brief interview, conducted as a stretch limo idled in an alley in Laurel, Simmons laughed that Steele was only the second Republican he's supported. (New York Mayor Michael Bloomberg was the first.) But then he turned serious.

"We're not looking for a hip-hop Republican," he said. "We're looking for someone concerned about the war on poverty and ignorance, and anyone who is open-minded about that, as the lieutenant governor seems to be."

Hip-hop Mogul Holds Fundraiser For Steele (WT)

By Jon Ward

The Washington Times, August 25, 2006

BALTIMORE -- Hip-hop mogul Russell Simmons said last night that even though many Democrats are not happy that he is supporting the U.S. Senate bid of a Republican, he doesn't care because Maryland Lt. Gov. Michael S. Steele is at the vanguard of the civil rights movement's last chapter.

"Lots of people don't like that I'm here, but that's all right," said Mr. Simmons at a fundraiser he headlined for Mr. Steele.

Mr. Simmons is a New York impresario who in 2004 helped the Democratic Party register 4 million voters via the Hip Hop Summit Action Network, which he co-founded with Benjamin Chavis, former executive director of the National Association for the Advancement of Colored People (NAACP).

He said he supports Mr. Steele because he is "a giver of education and opportunity."

A crowd of about 300 mostly young black people paid $35 to attend the fundraiser with Mr. Simmons at the Frederick Douglass-Isaac Myers Maritime Park, where nationally known disc jockey Kid Capri spun records. About 100 people attended a $500 ticket VIP reception beforehand.

"The last leg of the civil rights movement is the economic empowerment step," said Mr. Simmons, who promoted the rap group Run-DMC in the 1980s and has since built a media and clothing empire called Phat Farm. "Some of the things [Mr. Steele] is doing are causing people to pay attention."

He also said Mr. Steele "may live a conservative lifestyle, but he's got an open mind."

Cathy Hughes, founder of Lanham-based Radio One, the seventh-largest national radio conglomerate and the largest aimed at black audiences, was scheduled to attend the fundraiser but could not because of a family illness.

Mr. Steele, seeking to replace retiring five-term Sen. Paul S. Sarbanes, a Democrat, called Mr. Simmons an "inspiration" and a "role model for what economic empowerment can do to create legacy wealth for our children."

Mr. Steele said that creating legacy wealth is the "the definition of the 21st century civil rights movement."

He then criticized both Republicans and Democrats for not doing enough to alleviate poverty in lower-class neighborhoods.

Earlier in the day, Mr. Simmons appeared with Mr. Steele, who also is black, at the Laurel Boys and Girls Club to tell children about the importance of an education.

Mr. Simmons, dressed in a T-shirt, baggy blue jeans and spotless white sneakers, said that he was "going wherever the lieutenant governor tells me to go."

He was accompanied by Mr. Chavis, who also worked for Martin Luther King during the civil rights movement.

"Personally, I'm a Democrat," Mr. Chavis said. "However, I'm here today to stand with Russell Simmons as he stands with the lieutenant governor of Maryland. It appears that Steele's candidacy offers a lot of hope and has inspired the positive aspirations of people in Maryland and across the country.

"This is being watched across the country. People's aspirations are transcending traditional political boundaries. Steele has emerged as an independent thinker."

U.S. Rep. Benjamin L. Cardin, a 10-term congressman, is one of the two leading Democrats running to oppose Mr. Steele in the general election.

Mr. Cardin's chief opponent in the Democratic primary is Kweisi Mfume, a former congressman and also a past president of the NAACP.

Mr. Chavis said he admired Mr. Mfume, whom he called a friend, and wished him well "on the Democratic side."

When asked whom he supports in the general election, Mr. Chavis said, "It's up to the voters."

Several parents at the boys and girls club said they are inclined to vote for Mr. Steele and do not think of him as a Republican, despite attempts by the Maryland Democratic Party to portray him as "a typical Republican in the eyes of voters, as opposed to an African-American candidate," as detailed in an internal party memo.

"Anybody affiliated with the president these days would make me take a second look at what they stand for," said Robin McCormick, 30, of Laurel, who brought her son to see Mr. Simmons and Mr. Steele. "But when I hear [Mr. Steele's] name, that's not what comes to mind."

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Mrs. McCormick, a registered Democrat who works for the Department of Agriculture, said Mr. Simmons has "a large amount of influence."

Warren Branch, 33, and Anthony Phillips, 41, of Laurel, grew up in New York City, where Mr. Simmons came to fame, and brought along their sons to the club.

Mr. Simmons "definitely has enough power to be able to influence people," Mr. Branch said. Children "look at him and say, 'He looks just like us. He dresses just like us.'"

Mr. Phillips said he votes as a Democrat, "but if you're going to say something positive, and do it, it doesn't matter if you're Democrat or Republican. ... I don't think Russell Simmons would support somebody who doesn't have the same influences that he does."

Fairfax Native Says Allen's Words Stung (WP)

By Fredrick Kunkle

The Washington Post, August 25, 2006

S.R. Sidarth had built an impressive record of achievements for such a young man: straight-A student at one of Fairfax County's finest high schools, a tournament chess player, a quiz team captain, a sportswriter at his college newspaper, a Capitol Hill intern and an active member of the Hindu temple his parents helped establish in Maryland.

But for all his achievements, the moment that thrust him into the national spotlight this month came when Sen. George Allen (R-Va.) called him "macaca."

The remark stung the young man of Indian descent. What hurt more, Sidarth said, was when Allen gave him a sarcastic welcome to his own country, his birthplace even. It was too ironic, he thought. "I was born and raised in Fairfax County, and he's from California," said S.R. Sidarth, wearing khaki shorts, a yellow short-sleeve shirt and flip-flops a week after the incident during an interview at the campaign headquarters of Allen's opponent, Democrat James Webb.

The full name of the suddenly famous 20-year-old is Shekar Ramanuja Sidarth. Following Indian custom, he goes by his surname. To some of his friends, he is simply "Sid."

He returned this week to the University of Virginia, where he is a senior majoring in American government and computer engineering.

Before college, Sidarth lived a somewhat typical, but distinguished, Fairfax County life. He attended the elite Thomas Jefferson High School, where he had a 4.1 grade-point average and scored 1550 on his SATs. He was a member of the chess club and the Spanish Honor Society and participated in the quiz show "It's Academic." At 6 feet 4 inches tall, he also played defensive end, tight end, punter and kicker for the school's football team.

Sidarth was ambivalent about his sudden celebrity. He twiddled a pen as he talked about his life, at times barely raising his eyes from the office desk where he was sitting. "I was just doing my job, and I got sort of pulled into this," he said.

Sidarth said the Allen incident hasn't turned him off from politics, though he's ruled out becoming a politician himself. Right now he thinks it's more likely that he'll become an environmental lawyer.

Growing up, Sidarth was consumed by chess, testing his mettle against computers and in tournaments. As an 11-year-old, he paid attention when IBM's Deep Blue computer defeated Russian chess master Garry Kasparov in a legendary showdown between man and machine.

"I guess I was pretty introverted. I guess being an only child was part of that. I was on the computer a lot," Sidarth said.

At U-Va., he joined the Quizbowl team and the Cavalier Daily. He also worked part time at the library and spent a term in Barcelona last fall, studying Spanish law and politics.

The Webb campaign wasn't Sidarth's first venture into politics. In 2003, he contributed $2,000 to the presidential campaign of Sen. Joseph I. Lieberman (D-Conn.), according to campaign finance records. The next summer, he was an intern in Lieberman's office.

His political interests follow family tradition. His great-grandfather accompanied Mahatma Gandhi to London for talks on political reform. His grandfather, R. Srinivasan, was secretary of the World Health Organization in the 1990s. His father, Shekar Narasimhan, aided some political campaigns, usually for Democrats but not always, Sidarth said.

Sidarth's father, a prosperous mortgage banker, came to the United States to study about 25 years ago. His mother, Charu, a teacher of Indian classical dance, followed later.

Both played important roles in the founding of Sri Siva Vishnu Temple in Lanham, one of the largest Hindu temples in the country, said Narayanswami Subramanian, the temple's president. Shekar Narasimhan is a trustee emeritus, Charu Narasimhan chairs the board of trustees and Sidarth volunteers there.

"They've instilled in him all the values that are important to a Hindu: being honest, working hard," Subramanian said.

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Ali Batouli, a senior biology major at Stanford University who befriended Sidarth in a 10th-grade calculus class, said Sidarth could solve complicated math problems in his head faster than anyone else. As a high school senior, Sidarth also seemed to know more than his Advanced Placement classmates about Virginia and United States government history, Batouli said.

Once, Batouli recalled, a roomful of Thomas Jefferson students were competing in an online academic contest against schools across the country. Sidarth answered most of the questions, helping the team to vanquish much of the competition.

"He basically knows a lot about a lot," Batouli, 20, said by telephone this week.

But Sidarth was not the kind to raise his hand a lot or show off, and he was interested in public service before any of his peers were, Batouli said. "On the weekends or something, I'd call him, and he'd be volunteering somewhere," Batouli said.

It was his volunteering that started the clock on his 15 minutes of fame.

On Aug. 7, Sidarth was given a digital camcorder, a copy of Webb's Republican opponent's schedule and orders to record Allen during his "Listening Tour" of Virginia. It is a routine campaign practice known as tracking, and both sides were doing it.

Sidarth set off in a dark green, 1996 Volvo 960 with a faded American flag decal in the rear window and a washed-out "God Bless America" sticker on the rear bumper.

At campaign stops, Sidarth said he and Allen's aides made small talk about the long trek, whether they had slept well and the name of the staffer from Allen's campaign who was doing what he was doing -- keeping an eye on the opponent.

At one stop, the senator had even walked up and shaken Sidarth's hand. Allen asked him his name and what company he was from, evidently thinking that Sidarth was a supporter, Sidarth said.

"I said, 'I'm following you around,' " Sidarth said. "And he understood that."

On Aug. 11, Sidarth followed Allen's bus into Breaks, Va., a town near the Kentucky border, for a GOP meet-and-greet. It was there that Allen segued into the riff directed at Sidarth.

"This fellow here, over here with the yellow shirt, Macaca, or whatever his name is, he's with my opponent," Allen said.

"Macaca" is the scientific name of a genus of monkeys, and it is used as a slur in some cultures. Allen called Sidarth this week to apologize.

Sidarth said he knew right away that the word "macaca" was a put-down. He felt its sting.

"I had an idea of what he was getting at -- that he was injecting some sort of derogatory comment toward me that had a racial bent to it. I knew that it meant 'monkey' and it was used toward immigrants," Sidarth said. "I realized that I had been insulted."

But he kept filming. Allen kept going.

"He's following us around everywhere. And it's just great. We're going to places all over Virginia, and he's having it on film, and it's great to have you here, and you show it to your opponent because he's never been there and probably will never come so it's good for him to see what it's like out here in the real world," Allen said.

There were big whoops from the crowd, and laughter.

"So welcome, let's give a welcome to Macaca here! Welcome to America, and the real world of Virginia!"

Back at school in Charlottesville now, Sidarth has taken his new, unwanted fame with him.

Larry J. Sabato, an oft-quoted political pundit who teaches a small, popular seminar on campaigns and elections, said he asked students to write an essay as part of the admission process. Eighty people applied for the course, including Sidarth. His essay was just three words long -- but it was enough to clinch one of the 20 coveted spots in the class.

"I am Macaca," he wrote.

It's Never Too Early To Gear Up For '08 Race (NYT)

By Adam Nagourney

The New York Times, August 25, 2006

DETROIT, Aug. 24 — For Chuck Larson, a former chairman of the Iowa Republican Party, the past few months have included a flight to Albany for dinner at the executive mansion with Gov. George E. Pataki of New York, a likely 2008 presidential contender. Mr. Larson was also summoned for a long private sit-down with Gov. Mitt Romney of Massachusetts at a hotel in Des Moines.

And there was an hourlong visit with Senator John McCain of Arizona at his private office on Capitol Hill, where Mr. McCain, a Vietnam veteran, asked Mr. Larson about his just-completed tour in Iraq. That one closed the deal. So last week, Mr. Larson could be found at Mr. McCain's side at the Iowa State Fair, squiring the senator from cow to hog to the pork-chop-on-a-stick stand in his new role as Mr. McCain's Iowa adviser.

Every four years, politicians on both sides of the fence say the presidential race has begun earlier than ever. The difference this time is that it appears to be true.

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The bath of attention for Mr. Larson reflects what officials in both parties describe as an urgent and persistent effort by potential presidential contenders to begin building the foundation of a campaign for 2008, starting even before a vote has been cast in the midterm elections. In Iowa, Michigan and other important early primary states, a small storm of activity is taking place, as the nearly 20 Democrats and Republicans who are eyeing races have become increasingly anxious at the realization that there are only so many big-name staff members, contributors, prominent local supporters and minutes on the evening news.

This is the first time in years that there have been wide-open fields for Democrats and Republicans, and that is kindling competition for the services of people like Jim Jordan, who worked in 2004 as a campaign manager for the presidential campaign of Senator John Kerry, Democrat of Massachusetts.

"There really aren't enough proven campaign managers and consultants and seasoned field operatives to go around," said Mr. Jordan, who just signed on with Mark Warner, a Democrat and the former governor of Virginia who is considering a run for president.

The signs of activity are everywhere. On Thursday, Mr. Warner was in Detroit campaigning for Gov. Jennifer M. Granholm, a Democrat seeking re-election in a state with the second largest trove of delegates among states expected to schedule nominating contests in the critical first three weeks of the 2008 primary season. On the same day, Mr. Romney announced that he had created a 75-member Michigan Steering Committee, widely viewed as the cornerstone of a Romney-for-President operation in the state.

Nine candidates were in Iowa last week: four Democrats and five Republicans. That does not count Gov. Tom Vilsack of Iowa, who is also likely to seek the Democratic Party's presidential nomination. And as candidates today try to figure out what states will matter in 2008, Iowa is just one stop on this busy circuit.

"Sorry for being late getting back to you," Katon Dawson, the South Carolina Republican chairman said in a telephone interview. "Giuliani's second visit down here threw us off."

Mr. Dawson said Rudolph W. Giuliani, the former mayor of New York, had been in the state to do a fund-raiser for the South Carolina Republican Party — local party officials learned long ago that one of the fringe benefits of having eager-to-please prospective presidential candidates in town was pressing them into fund-raising — as well as campaigning in Congressional races. So had Mr. Romney, Mr. Dawson said as he reviewed his calendar of political visitors to South Carolina. And Mr. Pataki. And Newt Gingrich, the former House speaker. And Gov. Mike Huckabee of Arkansas.

Typically, even in highly competitive years, candidates do not begin doing this kind of recruiting and traveling until after the midterm elections. Mr. Jordan did not begin as Mr. Kerry's campaign manager until after November 2002, and did not begin putting together a full-fledged staff until January, he said.

But as of today — before Labor Day of the midterm elections — Senator Hillary Rodham Clinton of New York, Mr. McCain, Mr. Warner and John Edwards, the former North Carolina senator and 2004 presidential candidate, have built what appear to be the closest to full-formed skeletons of national campaign organizations.

They have signed on fund-raisers (Mrs. Clinton's roster includes Terry McAuliffe, the former Democratic national chairman and close friend to her and her husband, former President Bill Clinton), as well as pollsters, media advisers, communications directors, policy advisers and, inevitably enough, Web specialists.

Mr. Romney has four full-time workers in Iowa and three in South Carolina, his aides said. And the candidates themselves do seem to be everywhere, in what officials in both parties take as a sign of how times have shifted.

"That's the difference compared to 2004 — it started later in the '04 cycle," said Joe Erwin, the Democratic party leader in South Carolina. "Warner has been in two or three times," Mr. Erwin said, along with Senator Evan Bayh of Indiana, Mr. Kerry and Mr. Vilsack.

Aides to most of the candidates said there was risk in delay. There may be a dwindling opportunity to nail down big names — Mr. McCain's aides said this week that Robert B. Zoellick, the former deputy secretary of state, was the latest big name to join the McCain camp. But it is also important to be perceived by contributors and political journalists as viable and gaining support.

Mr. Romney's supporters were understandably cheered when David Yepsen, the influential columnist for The Des Moines Register, wrote a column showering Mr. Romney's efforts with praise, calling him the best organized of any Republican candidate in the state and declaring that he was "well on his way toward winning the 2008 Iowa Republican caucuses."

Given how much competition there is, the candidates have been resourceful in coming up with new ways to make friends in important places.

Senator Bayh has created Camp Bayh, training political operatives and dispatching them to help in the local elections in Iowa this year. "I am visiting Iowa more than any place, more than any other state than Indiana," he said after speaking to Iowa Democrats at a small coffee shop in Cedar Rapids.

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Mr. Romney, clearly enjoying his role as chairman of the Republican Governors Association, went to Cedar Rapids to campaign with Representative Jim Nussle, the Republican candidate for governor. There, Mr. Romney announced, to the audible gasps from an audience of devoted Republicans, that his committee was giving $500,000 to the Nussle campaign.

Mr. Pataki of New York is using the lure of the Saratoga Racetrack to make friends. Aides said he was bringing 15 Republican state senators from New Hampshire for a day at the races on Friday.

The competition has been both for big-name people and to work out of a national headquarters, and that starts with the small group of people who were at the core of President Bush's campaigns for the White House.

Mr. McCain has worked hard in trying to get veterans of the president's campaigns, succeeding with Mark McKinnon, President Bush's media adviser; Terry Nelson, his political director; and, in all likelihood, Nicolle Wallace, who was the White House communications director.

One of the top members of Mr. Bush's campaigns, Matthew Dowd, who was his chief strategist, is the object of at least interest of both the McCain and Romney campaigns, Republicans say. "Matt is the biggest fish out there who hasn't signed," said one of Mr. McCain's associates, who insisted on anonymity to discuss internal campaign deliberations.

But Mr. Dowd, along with two of the other top lieutenants in the Bush presidential campaign — Karl Rove, the president's chief political adviser, and Ken Mehlman, the chairman of the Republican National Committee — have told friends they are unlikely to do another campaign.

Some of the most significant maneuvering involves states like Iowa and New Hampshire, because they hold early primaries and caucuses and require the kind of expertise that comes from either living there or having worked on campaigns there.

Mr. Larson, 38, the former Iowa Republican Party chairman and an Army Reserve major who served for 12 months in Iraq, drew particular attention because of his knowledge of Iowa politics, and because he worked as a co-chairman in the state for Mr. Bush. Mr. Larson said Mr. McCain's support for the war was one of the key issues that sold him on a McCain candidacy.

Hillary Will Be Hurt By New Demo Dates (USAT)

USA Today, August 25, 2006

When the Democratic National Committee last weekend revised presidential nominating procedures for 2008, it might have made for the biggest field of candidates since 1976. Then, 17 were in the race, which Jimmy Carter won.

Party caucuses will be held in Nevada five days after Iowa's traditional opener and before New Hampshire's primary. South Carolina's primary will follow a week after New Hampshire's. Possible candidates to be aided or harmed most by the two new states:

·In Nevada, Gov. Bill Richardson, 58, of New Mexico; former U.S. Senate majority leader Tom Daschle, 58, South Dakota; and U.S. Sen. Evan Bayh, 50, Indiana, could benefit.

·In South Carolina, native son and 2004 vice presidential candidate John Edwards, 53, will be helped. So might former Virginia governor Mark Warner, 51; and U.S. Sen. Barack Obama, 45, of Illinois.

·Almost certain to be hurt most in both states is U.S. Sen. Hillary Clinton, 58, New York.

Clinton has been counting on a jump-start with a top two or three showing in Iowa, followed by a big Northeast win in New Hampshire. But unlikely to finish in the top two in either Nevada or South Carolina, she could lose steam before the big states choose.

She still is the overall favorite. But more and more leading Democrats express concern that even if she gets the nomination, she probably won't win the election.

That's one reason the field of candidates is growing. In addition to the likelies listed above, these wannabes probably will seek the nomination: U.S. Sen. Chris Dodd, 62, Connecticut; U.S. Sen. Joe Biden Jr., 63, Delaware; the 2004 presidential loser John Kerry, 62, U.S. senator from Massachusetts; and U.S. Sen. Russ Feingold, 53, Wisconsin.

Ehrlich Prolific In Granting Clemency (WP)

By Matthew Mosk

The Washington Post, August 25, 2006

Maryland Gov. Robert L. Ehrlich Jr. has been unusually active in his use of executive clemency powers, pardoning scores of convicts and commuting the sentences of five who were serving life sentences for murder.

Since taking office in 2003, Ehrlich (R) has granted clemency to 190 former convicts, reversing a two-decade trend among state and national chief executives, who have largely shelved their power to issue pardons.

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Many of his peers consider the practice politically risky, but Ehrlich said he considers it part of his constitutional duty. He has invoked his authority to clean the slate most often for those who have, in the aftermath of a youthful indiscretion, lived exemplary lives.

For example, a series of pardons in recent weeks enabled a 29-year-old Cumberland man to receive a gun permit despite a 1998 arrest in a fistfight and a Hagerstown man, 56, to get a job as a security guard despite a 21-year-old battery conviction.

But the governor has also tackled cases that his predecessor wouldn't touch: a backlog of clemency appeals from lifers who had convinced state parole officials that they were ready to be released. "You have these situations where race may have played a part, insufficient counsel may have played a part, where the shooter is out and the accomplice is still in," Ehrlich said. "Those needed to be addressed."

His pardons touched people across the state and across party lines.

Ehrlich's political advisers cringed when he began holding monthly meetings to review pardon applications, but, he said, his law school training and his marriage to a public defender instilled in him a sense of duty.

"This is what governors do," Ehrlich said. "Criminal justice is something I'm trained in, and I believe in it. But I know at times the system doesn't work even though there are a lot of safeguards."

Ehrlich's Democratic predecessor, Parris N. Glendening, pardoned or commuted the sentences of one-fifth as many felons in his first term and refused to release lifers, maintaining a "life means life" stance throughout his tenure. His reluctance is not uncommon among governors. Nor is it inconsistent with the federal trend. President Bush has largely sidelined the practice, issuing 99 pardons since he took office, the fewest of any modern president.

"It appears that the only two incumbent chief executives who approach their pardoning responsibilities with any amount of proper respect are Governor Robert Ehrlich of Maryland and President Josiah Bartlet of 'The West Wing,' " wrote Margaret Colgate Love, a Democrat who was President Bill Clinton's pardon attorney, in a paper published in January by the American Bar Association.

In an interview, Love said that ever since the Willie Horton episode -- when an attack on a Maryland couple by a furloughed prisoner helped doom the presidential ambitions of then-Massachusetts Gov. Michael S. Dukakis (D) in 1988 -- politicians have considered pardoned criminals ticking time bombs, capable of destroying a career with a single act.

Glendening said he had been concerned about maintaining a consistent policy. With most pardon petitions coming from former felons who wanted guns, he said, he "had real concerns" about putting firearms in their hands.

"It would be odd, in a way, to say we should restrict the use of guns and then go out and issue a bunch of pardons," Glendening said.

But Ehrlich did not share that objection. He viewed people such as Joseph Stafford, a deer hunter who was turned away by a salesclerk last year when he tried to buy a pistol at a Cumberland gun shop for target shooting, as deserving of a second chance.

Eight years earlier, a scuffle at a mall earned Stafford a second-degree assault conviction. If he wanted a gun permit, the clerk told him, he would need an executive pardon. Three weeks ago, after a long application and interview process, that is what Stafford received.

Other cases were more involved.

Montgomery County council member Tom Perez (D-Silver Spring), who is also a University of Maryland law professor and candidate for attorney general, said he was overseeing a criminal justice clinic five years ago when he discovered 30 inmates who had "fallen through a crack in the system." In 1994, the General Assembly reduced the sentence for daytime housebreaking from 25 years to three years but did not allow the change to apply retroactively.

Perez and his students petitioned Glendening on behalf of the 30 men with 25-year terms on the grounds that others committing the same crime were serving only a fraction of the time because they were convicted after the legislature's action.

Glendening rebuffed Perez's appeal. But soon after Ehrlich took office, Perez said, one of the governor's aides invited him to reapply. Ehrlich has since commuted the sentences of three of the men. And he signed a law that gave the others a one-year window in which to seek parole. One of them was Clifford Sewell, who, Perez said, "is now employed and living in Baltimore."

"Governor Ehrlich commuted his sentence, and I give him a lot of credit for that," Perez said.

Ehrlich has also reversed Glendening's "life means life" policy.

Walter H. Arvinger was 19 when he was arrested in 1968 in the beating death of James R. Brown. Witnesses gave conflicting testimony about whether Arvinger was part of a group that planned to rob Brown on a Baltimore street, but he never held the bat used to kill Brown. After a one-day trial, Arvinger was sentenced to life in prison.

The Maryland Parole Commission first endorsed his release in 1998, noting that everyone else involved in the attack was out, including the man who wielded the bat. But Glendening never considered it. He said his administration's prohibition on

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commuting life sentences stemmed from his discomfort with the death penalty -- and the only way the public would be willing to abandon the death penalty, he said, was if life sentences were irrevocable.

Ehrlich's decision to commute sentences in that case and other killings has not brought any outcry from victims' advocates.

One reason, said Russell Butler, executive director of the Maryland Crime Victims' Resource Center Inc., is that Ehrlich sought input from victims' relatives before granting clemency.

Ehrlich is an aberration among those governors endowed with clemency powers, statistics show. Governors in Louisiana and Michigan have, between them, issued a single pardon.

In Virginia, Mark R. Warner (D) issued 53 when he was governor, and Gov. Timothy M. Kaine (D) has signed one. Only two of Warner's involved people serving long felony terms. Both pardons resulted from DNA evidence that exonerated the convicts.

Most politicians, Love said, consider pardons too risky in a world where voters have responded best to those who talk tough about crime.

Pennsylvania's Mark S. Singel is one who learned that lesson the hard way. Singel (D), who had served eight years as lieutenant governor, began his bid for governor in 1994 by highlighting his service as chairman of the state's Board of Pardons to prove his mettle on crime. Of the 2,614 applications he reviewed, eight had been granted.

But a month before the election, one of the eight people pardoned was charged in the kidnapping, rape and robbery of a New York woman. Within days, Singel's opponent, Republican Tom Ridge, aired a television ad in which the narrator said: "In 1992, Mark Singel votes to free a murderer. Now the same man is arrested again. . . . Just a mistake or too liberal on crime?"

Ehrlich hasn't talked much about his pardons as he has campaigned for reelection against Baltimore Mayor Martin O'Malley (D), except before a group of black church leaders last month.

Ehrlich's chief counsel, Jervis S. Finney, said the governor is mindful of the political risks but has established a screening process that borders on the obsessive.

Applications are first reviewed by the state Parole Commission. Applicants who pass muster are then checked by a team from Finney's office. Two lawyers dig into their pasts, subject them to lie detector tests, read transcripts, talk to victims and prosecutors, and conduct a psychological battery that Finney said will provide the governor with the numerical odds that the applicants will commit other crimes.

The process seems to have worked. According to the state Division of Parole and Probation, only one of Ehrlich's clemency recipients has had another brush with the system: Timothy Branham, pardoned June 5 for a breaking and entering conviction, was arrested in a drug possession case later that month.

Even for Stafford, whose offense did not result in jail time, the investigation was thorough, the deer hunter said. An investigator interviewed him at length, called his relatives and past employers, and asked him to submit a 26-page application.

"It took a year," Stafford said. "I guess I could see the risk for [Ehrlich]. Some people, I'm sure, don't deserve it. But I'm glad he did it for me."

Thus Spake Zinsmeister (NYT)

By Thomas Frank

The New York Times, August 25, 2006

In their more grandiloquent moments, conservative publicists will say that the decades-long Republican ascendancy in American government has been an intellectual achievement, that the G.O.P. prevails because it is the “party of ideas.” And, indeed, during the last three decades a cottage industry of conservative institutes and foundations has grown into a powerful quasi-academy with seven-figure budgets and phalanxes of “senior fellows” and “distinguished chairs.”

While real academics dither and fret over bugbears like certainty and balance, the scholars of the American Enterprise Institute, the Heritage Foundation and the Cato Institute act boldly in the knowledge, to quote a seminal conservative text, that ideas have consequences. Luckily, the consequences are for other people.

Now upon the national stage steps one Karl Zinsmeister, formerly the editor of the American Enterprise Institute’s flagship magazine and now the president’s chief domestic policy adviser. In right-wing circles he is regarded as an intellectual heavyweight. What his career really shows us, though, is the looming exhaustion of the conservative intellectual system; its hopeless addiction to dusty, crumbling clichés; and a blindness to the reality of conservative power so persistent and so bizarre that it amounts to self-deception or, in Zinsmeister’s case, delusion.

Let us begin with Zinsmeister’s infamous remark that the people of Washington are “morally repugnant, cheating, shifty human beings,” a declaration he later clarified to encompass only the city’s “overclass.” One could justifiably read his words as an obvious reference to the lobbyists, think-tankers, and fund-raising Congressmen who make up the Republican machine.

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But a brief read through Zinsmeister's journalistic oeuvre reveals that liberals are, with a few exceptions, the only ones capable of repugnancy, shiftiness and membership in overclasses. This last quality is a point of particular emphasis in Zinsmeister's writing. Over the years, his editorials come back again and again to "elites" and their nefarious ways: "educated elites," "East Coast elites" and "professor/lawyer/journalist/activist elites," all of them shamefully out of tune with the good people of America.

Now, I am all for criticizing elites, beginning with Zinsmeister's former employer, the American Enterprise Institute, which has long been the reliable voice of corporate money. Its principals effectively ran the Goldwater campaign in 1964, and it was deep thinkers from the institute who, after moving into the Bush administration, dreamed up the war in Iraq. Today, its roster is a comprehensive directory of conservative Washington power; there is no better-connected group of people outside the government itself.

One might say the institute is a living lesson in the power of elites and shifty overclasses to distort debate. But that would imply that we have classes, and as Zinsmeister once wrote, the idea "that the United States has separate classes is dubious."

Then why has Zinsmeister expended so much ink assailing elites and their works? Enter the magic concept of the market, the source of corporate power and all else that is sacred. The working of the free market "is democracy," Zinsmeister writes, "with pluralities of economic actors exerting votes." Democracy itself, however, if it takes the form of a regulatory state, "is monarchism. It lets the handful at court boss the masses."

Swallow this, and all the rest of it starts to make sense: how liberals are elites even when they aren't, how the sweatshop economy of the Mariana Islands is the will of a humble people looking to be free from a domineering central government (an argument Zinsmeister's magazine made in 1997), and how a well-subsized think-tank editor can advise the victims of economic dislocation to stop whining.

Swallow too much of it, though, and the almighty market will start to dissolve your moral sense. You might even unconsciously decide to reduce the Almighty to an advertising slogan. For an issue in 2003, Zinsmeister's magazine bore as its headline the words, "Things Go Better With God," a repurposed Coca-Cola slogan in which the King of Kings was allowed to momentarily occupy the throne of the brand of brands. A better writer would have titled it, "I'd Like to Buy the World a God" — but maybe Zinsmeister can propose that as a motto for his new employer.

Great Alaska Shoot Out (WSJ)

The Wall Street Journal, August 25, 2006

Alaska is among the most Republican states in the country, and maybe that explains why incumbent Governor Frank Murkowski finished third in Tuesday's GOP primary, with a mere 19% of the vote. We're hard-pressed to remember an incumbent anytime, anywhere receiving that small a share of the vote, and it's a warning to office holders everywhere about the sour public mood.

Mr. Murkowski is unpopular for a variety of local reasons, but most of them have to do with the kind of incumbent arrogance that has afflicted too many Washington Republicans. The Governor -- who spent 22 years in the Senate before running in Juneau -- made headlines for lobbying the legislature for a private jet because he said his prop plane wasn't speedy enough. When the legislature said no, Mr. Murkowski grabbed $2 million from the department of public security to buy one anyway and used it for campaign and personal trips. Now he'll be flying commercial.

Meanwhile, his pet $20 billion pipeline to transport natural gas to the lower 48 states was tainted by reports of sweetheart deals negotiated with energy companies. The pipeline will help the state's economy, but the cost in government subsidies is enormous. Voters also had a sour taste from the Governor's decision to name his daughter Lisa to the U.S. Senate seat that he gave up in 2002. She won election in her own right by a surprisingly narrow margin in 2004.

The candidate who defeated Mr. Murkowski this week is Sarah Palin, a former small town mayor who ran as, well, a real Republican. She hammered the Governor for misspending tax dollars, and for matching state funds to federal spending earmarks for low priority projects (i.e., the bridge to nowhere). Ms. Palin called the outcome a victory against "politics as usual," and will face a tough battle in November against Democrat and well-known former Governor Tony Knowles.

If Republicans are run out of Congress in November, one big reason will be that, like Mr. Murkowski, they have become far more comfortable running the government than reforming it.

Charity At Home (WP)

The Washington Post, August 25, 2006

THE DEBATE about HIV-AIDS often reflects the wider argument about development in poor countries, and the 16th International AIDS Conference, held last week in Toronto with 24,000 scientists and activists in attendance, confirmed that tendency. The conference underlined a lesson that the development business ought to embrace more readily: The prospects for

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advance in poor countries depend not just on programs launched within their borders, but also on programs launched in the rich world.

Consider the cycle that HIV-AIDS has gone through. Five or six years ago, most experts believed it would be folly to treat people in poor countries who were infected with the virus: Anti-retroviral drugs seemed prohibitively expensive; persuading impoverished people to adhere to a complex medical regime was said to be impossible; and the experts insisted that scarce HIV budgets should be aimed at preventing new infections. But around 2003, the experts reversed themselves. Political pressure had forced drug companies to cut prices and tolerate cheap generics, so anti-retroviral treatment seemed affordable. Illiterate people had proved capable of taking medicines punctually. And the experts pointed out that the first step toward preventing new infections was to encourage people to get tested for the virus -- which in turn made it essential to offer the incentive of treatment.

So in 2003 the World Health Organization announced a goal to get 3 million people in poor countries into treatment by 2005. A year after that deadline, about 1.6 million are receiving medicines, but long before the goal is met, the cycle is again turning. At the Toronto conference, prevention received more emphasis than treatment, for the good reason that virus continues to infect 4 million healthy people annually. Of course, the AIDS experts know this isn't their first experiment in prioritizing prevention. So they hope this time to bring new tools to the challenge: vaginal microbicides that kill the virus before a woman is infected; campaigns to circumcise men, since circumcision greatly reduces the odds of infection; and perhaps, eventually, a vaccine.

A microbicide or a vaccine would be the product of research conducted mainly in U.S. and European laboratories: Hence the lesson that the fate of the poor world depends partly on programs launched in rich countries. It's a valuable lesson that goes beyond the AIDS virus, because other aspects of development can also be advanced with new technologies or practices adopted in rich countries. Vaccination drives in poor countries have been helped by the invention of ingenious syringes that block after one use, preventing children from being hurt or infected by blunt or dirty needles. Agricultural output has been helped by new crop technologies -- and could be helped much more if Europe were to abandon its anti-scientific suspicions of genetically modified seeds. Corruption can be addressed not just by campaigning against it in poor countries-- but also by pressing oil and mining companies in the West to disclose royalty and tax payments to poor governments in their financial statements. Economic growth in poor countries could be boosted by efforts in rich countries to cut tariff barriers and farm subsidies.

If past battles against AIDS and underdevelopment teach anything, it is that rich and poor countries are interdependent, that programs launched by outsiders in poor countries are tough to implement, and that whatever can be done at home can be mutually beneficial and therefore a priority.

Rice Catches Flak As Mideast Deal Falters (WSJ)

By Neil King Jr.

The Wall Street Journal, August 25, 2006

WASHINGTON -- After Secretary of State Condoleezza Rice flew to New York two weeks ago to help broker an end to the war between Israel and Hezbollah, her aides portrayed the move as one of her best moments, an example, as one deputy put it, "of truly intense, hard-nosed diplomacy."

President Bush then praised his top diplomat in a rare visit to the State Department, saying several days later that "most leaders around the world would give Condoleezza Rice and her team great credit for finally getting a U.N. resolution passed" to end the fighting.

Yet the United Nations solution Ms. Rice helped to craft is looking shaky, opening her and the Bush administration to criticism that they oversold the strength of the deal to end the war. Some of the sharpest criticism comes from conservatives in Ms. Rice's own party.

Critics tick off a list of missteps they claim the administration made after fighting broke out July 12 between Israel and the heavily armed Islamic militia group. Most damaging, they assert, may be how the Bush administration portrayed the war early on as a means to bring long-lasting improvements to Lebanon by dismantling Hezbollah, and then brokered a deal that may end up neither weakening the group nor greatly bolstering either Israel's security or Lebanon's wobbly government.

"It's pretty clear that things are going to pan out badly," says Danielle Pletka, a Middle East expert at the conservative American Enterprise Institute and increasingly vocal administration critic. "Whenever you try to solve something that needs major surgery with a Band-Aid you run a real risk of disaster."

Conservative critics fret a similar scenario will play out with Iran: that after repeatedly warning Tehran to stop uranium enrichment, the U.S. will manage in coming weeks to win only meager sanctions within the U.N. Security Council. As evidence they point to the administration's muted response after Iran this week said formally it wasn't going to suspend uranium enrichment -- a key requirement of a recent U.N. resolution.

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"This is an administration that frequently says things are unacceptable and then goes on to accept them," says Richard Perle, a prominent neoconservative and Pentagon adviser.

The administration's greater emphasis on multilateral diplomacy in President Bush's second term has won widespread applause. There are even signs Ms. Rice might be interested in trying to launch another effort to broker a peace deal between Israel and the Palestinians. An increasingly vocal group of Republican foreign-policy critics say this has weakened U.S. resolve -- and blame the shift on Ms. Rice.

Among the critics is Weekly Standard editor William Kristol, who charged in a column this week that while the State Department has made the Bush administration "more Euro-friendly and U.N.-attentive than ever," President Bush "has reaped no political benefit at home -- and the dangers continue to mount abroad."

Both conservatives and liberals cheered early on at how the Bush administration supported Israel's swift and far-ranging military response to Hezbollah's border raid and rocket attacks. Within days, Ms. Rice was fending off international calls for an immediate cease-fire by insisting that the ultimate aim wasn't a quick cessation of violence but a "permanent peace" in the region that rooted out Hezbollah and assured that Lebanon wouldn't return to a "status quo ante" in which Islamic militants could attack Israel at will from the country's south.

Portraying the fight as part of a sweeping campaign to dismantle Hezbollah and remake the Middle East also raised some vexing questions, which are coming back to haunt the administration.

Mr. Perle says both Mr. Bush and Ms. Rice erred by making the administration's own ambitions so dependent at first on Israeli actions -- and then on another in a long line of Lebanon-related U.N. resolutions.

Others say they were amazed at how little U.S. political objectives were in sync with Israeli military plans, which turned out to be haphazard at best. Dennis Ross, a Middle East adviser to both the first Bush and Clinton administrations and now a scholar at the Washington Institute for Near East Policy, says he saw no evidence that Ms. Rice or others within the administration "ever had a detailed, systematic discussion with the Israelis to assure that the stated U.S. political aims were in line with Israeli military thinking." On the contrary, U.S. and Israeli officials insist they kept one another at arms length.

By week three, when it became clear that world opinion had turned against the Israeli bombing and that Hezbollah wasn't going to be routed, the U.S. shifted its focus abruptly to crafting a U.N.-brokered cease-fire pact. Ms. Rice had spent several days before that in the Middle East, mainly trying to maintain international support for the Israeli campaign while seeking to increase humanitarian support for Lebanon.

It wasn't until New York that she really revved up the diplomacy. "Rice emerged three weeks into the war to play a heroic and very personal role in hammering out that resolution," says Aaron Miller, a scholar at the Washington-based Wilson Center who was a Middle East adviser to several administrations, including the current one. "Yet the minute it passed everyone knew that the administration's big strategic goal would never be achieved. Never in a million years. The new Middle East is just not going to be born."

The deal Ms. Rice helped create, U.N. resolution 1701, lays out aims and demands that rely almost entirely on the will of a shaky international community. While the deal has stopped the fighting, few argue that it is likely to achieve Ms. Rice's larger goals.

The Europeans continue to argue over troop commitments for the promised international force. What leverage that force will have is uncertain. More ominously for the Israelis, there is little progress toward stemming the flow of heavy arms to Hezbollah from Syria and Iran. Lebanon itself has declared it won't actively move to disarm Hezbollah.

U.S. and Israeli officials argue the status quo already has been seriously altered in southern Lebanon. Hezbollah command posts have been destroyed, as have thousands of the group's missiles. More importantly, the group has been pushed well north of the Israeli border. As one administration official put it, "You do have the beginnings of a new order in southern Lebanon."

The Perils Of Using 'The Allies' (WP)

By Charles Krauthammer

The Washington Post, August 25, 2006

The cowboy has been retired. Multilateralism is back. Diplomacy is king. That's the conventional wisdom about George W. Bush's second term: Under the influence of Secretary of State Condoleezza Rice, the administration has finally embraced "the allies."

This is considered a radical change of course. It is not. Even the most ardent unilateralist always prefers multilateral support under one of two conditions: (1) There is something the allies will actually help accomplish or (2) there is nothing to be done anyway, so multilateralism gives you the cover of appearing to do something.

The six-party negotiations on North Korea are an example of the second. North Korea went nuclear a long time ago. Our time to act was during the Bush 41 and Clinton administrations. Nothing was done. And nothing can be done now. Once a

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country has gone nuclear, there is no return. The nukes themselves act as a deterrent against military measures. And no diplomat, however mellifluous, is going to talk a nuclear North Korea into dismantling the one thing that gives it any significance in the world.

Like most multilateral efforts, the six-party talks give only the appearance of activity, thereby providing cover to a hopelessly lost cause. Nothing wrong with that kind of multilateralism.

Lebanon is an example of the other category -- multilateralism that might actually accomplish something. The United States worked assiduously with France to draft a Security Council resolution that would create a powerful international force, and thus a real buffer, in south Lebanon. However, when the Lebanese government and the Arab League objected, France became their lawyer and renegotiated the draft with the United States. The State Department acquiesced to a far weaker resolution on the quite reasonable grounds that since France was going to lead and be the major participant in the international force, we should not be dictating the terms under which the force would operate.

But we underestimated French perfidy. (Overestimating it is mathematically impossible.) Once the resolution was passed, France announced that instead of the expected 5,000 troops, it would be sending 200. The French defense minister explained that France was not going to send out soldiers under a limited mandate and weak rules of engagement -- precisely the mandate and rules of engagement that the French had just gotten us to agree to.

This breathtaking duplicity -- payback for the Louisiana Purchase? -- left the State Department red-faced. (It was offset somewhat when, last night, France agreed to send an additional 1,600 troops.) But the setback was minor compared with what we now face with Iran. Hezbollah in southern Lebanon is a major irritant, but a nuclear Iran is a major strategic threat.

The problem is not quite as intractable as North Korea because Iran has not crossed the nuclear threshold. And American diplomacy has, up until now, been defensible. Secretary Rice's June initiative, postponing Security Council debate on sanctions, was meant to keep the allies on board. It offered Iran a major array of economic and diplomatic incentives (including talks with the United States), with but a single condition: Iran had to verifiably halt uranium enrichment.

Iran's answer is now in. It will not. Indeed, on the day before it sent its reply to the United Nations, Iran barred International Atomic Energy Agency inspectors from the uranium enrichment facilities at Natanz. Our exercise in multilateralism has now reached criticality. We never expected Iran to respond positively. The whole point in going the extra mile was to demonstrate American good will and thus get our partners to support real sanctions at the Security Council.

But this will not work. The Russians and Chinese are already sending signals that they will allow Iran to endlessly drag out the process. Even if we do get sanctions imposed on Iran, they will undoubtedly be weak. And even if they are strong, the mullahs will not give up the glory and dominion (especially over the Arabs) that come with the bomb in exchange for a mess of pottage.

Realistically speaking, the point of this multilateral exercise cannot be to stop Iran's nuclear program by diplomacy. That has always been a fantasy. It will take military means. There would be terrible consequences from an attack. These must be weighed against the terrible consequences of allowing an openly apocalyptic Iranian leadership to acquire weapons of genocide.

The point of the current elaborate exercise in multilateral diplomacy is to slightly alter that future calculation. By demonstrating extraordinary forbearance and accommodation, perhaps we will have purchased the acquiescence of our closest allies -- Britain, Germany and, yes, France -- to a military strike on that fateful day when diplomacy has run its course.

U.S. Warns Syria To Observe Arms Embargo (AP-Y)

By Anne Gearan

AP, August 25, 2006

The U.S. warned Syria on Thursday to abide by a United Nations arms embargo meant to stop Hezbollah from resupplying after its monthlong war with Israel. It dismissed Syrian objections to international peacekeepers as preposterous.

"All countries must obey the arms embargo" under the U.N. Security Council resolution that set a cease-fire this month, said State Department spokesman Gonzalo Gallegos. "It is a singular duty for Syria, as the one country apart from Israel that borders Lebanon, to do so."

President Bush welcomed an announcement from France that it will send 2,000 soldiers for an expanded U.N. peacekeeping force in southern Lebanon and spoke by phone Thursday to Italian Prime Minister Romano Prodi as the Italians prepare to lead the international force.

Syria is a Hezbollah benefactor that was largely left out of diplomacy during the 34-day war. On Wednesday, Syrian President Bashar Assad called any deployment of multinational troops along his border a "hostile" affront to Syria.

"First, this means creating hostile conditions between Syria and Lebanon," Assad told Dubai Television in an interview aired Wednesday. "Second, it is a hostile move toward Syria and naturally it will create problems."

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The notion that the troops are a threat to Syria "is preposterous," the State Department's Gallegos said in Washington. "We call on the Syrian regime to fulfill its international obligations."

Hezbollah is an Islamic militia and political organization rooted in southern Lebanon, where its power eclipsed that of the central government in Beirut before the cross-border war. Hezbollah's political and organizational prowess is again on display as Lebanese begin to rebuild shattered towns, but its military capability and future is unclear.

Syria has also indicated it might impose a punitive blockade of Lebanon.

"They will close their borders for all traffic in the event that U.N. troops are deployed along the Lebanon-Syria border," Finland Foreign Minister Erkki Tuomioja said after meeting his Syrian counterpart, Walid Moallem, in Helsinki. Finland holds the rotating presidency of the European Union.

The Bush administration refused to talk to Syria directly during the negotiations to end the Israeli-Hezbollah fighting. In the complex diplomacy now under way to seal and strengthen the fragile U.N.-brokered cease-fire, the administration is wary of new Syrian efforts to assert control in Lebanon.

The United States pulled its ambassador out of Syria last year after the assassination of a Lebanese politician who had sought to steer his nation away from three decades of effective control by Syria.

"We are working with the United Nations and our partners to ensure the rapid deployment of this force to help Lebanon's legitimate armed forces restore the sovereignty of its democratic government throughout the country and stop Hezbollah from acting as a state within a state," Bush said Thursday.

France, along with the United States, helped draft the cease-fire deal allowing for expansion of an existing U.N. force from 2,000 troops to up to 15,000. France's commitment of troops to establish a buffer zone between Israel and Hezbollah guerrillas has been closely watched in other countries.

On The Sidelines Of A Cease-fire, An Increasingly Defiant Syria (CSM)

By Rhonda Roumani And Dan Murphy

The Christian Science Monitor, August 25, 2006

DAMASCUS, SYRIA AND CAIRO

Syrian President Bashar al-Assad is generally seen in the US and in Israel as a weak leader who has to end his country's support for Hizbullah or face the consequences.

But in a string of recent statements, Mr. Assad has signaled that he has no intention of backing down and is determined to use the fraught situation in Lebanon to push his longstanding claims to the Golan Heights.

On Wednesday, he warned that if peace negotiations on the Golan fail to materialize soon, Syria will take a more aggressive stance toward its old enemy.

"We are continuously seeking preparations, at least in the first phase, to defend our territories because Israel is an expansionist state," Assad said on Dubai TV. "If peace is not achieved and the peace process does not move, then war is the natural future in the region and Syria will be the first party concerned in the matter."

Rami Khouri, editor-at-large of the Daily Star, an English-language Lebanese newspaper, says Assad's interview carried the same spirit of defiance as his past speeches and was a sign that Syria, like others in the region, feels emboldened by Hizbullah's performance against Israel.

"When he says there is a war option, I think that's more of confrontation or resistance," says Mr. Khouri. "What he's really trying to say is, 'let's not keep having these wars every three years. Let's look at the peace option.' The peace side is more significant than the war side of his message. It's more possible and more desirable."

The Syrian government has expressed its support of Hizbullah throughout the 34-day war between the Lebanese guerrillas and Israel, even though its own border with Israel remained quiet. Assad also said Wednesday that stationing international peacekeepers on its border with Lebanon would be considered an "infringement on Lebanese sovereignty" and "a hostile stance toward Syria."

"In essence, what we see going on in Lebanon is a classic struggle for an important sphere of influence," says Joshua Landis, a historian of Syria and director of the Center for Peace Studies at the University of Oklahoma.

"Since the American invasion of Iraq, the US decided to take Lebanon away from Syria. [But] Lebanon is the major card that Syria has to play in order to get back the Golan Heights, and Hizbullah is the most important card in Syria's hand."

Mr. Landis says that from Assad's standpoint, abandoning Hizbullah means abandoning his country's claims to the Golan Heights, which were captured by Israel during the Six-Day War in 1967. Doing so is something he doesn't seem inclined to do. Such a step would severely damage his standing among his own people and in the broader region.

"Bashar's latest speech saying he would close the border with Lebanon, and that [putting] foreign troops on the border would be considered a hostile act - this is a message from Bashar to the French," says Landis. What he is saying, Landis says,

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is: " 'Do not think you can come here and oppose us and shut down Hizbullah because we will consider this an act of war.' He's seeking to use tough talk to scare off the French."

Assad's interview with Dubai TV softened statements he made during a hard-hitting speech last week in which he voiced his support of the "resistance" and of Hizbullah, called Arab leaders "half men" for not supporting Hizbullah in the war in Lebanon, and slammed the pro-US Lebanese politicians in Lebanon.

Assad's speech comes in the same week that Israel signalled the possibility of dialogue with Syria. In the aftermath of the war, Israeli Defense Minister Amir Peretz became the first senior Israeli official to call for resuming talks with Syria.

"We must hold a dialogue with Lebanon, and we should create the conditions for dialogue also with Syria," he said.

But, on Monday, Israeli Prime Minister Ehud Olmert said Syria must first stop its support of militant groups if Israel is to consider reopening negotiations. Mr. Olmert's statement came after a cabinet minister urged Israel to give back the Golan Heights in exchange for peace with Syria.

Syria's overtures over the past two years to reopen negotiations over the Golan have repeatedly gone unheard. Israel has preferred to maintain the status quo since Syria is viewed as a weak state that poses little threat to Israel.

Indeed, Syria's military appears to be in no position to confront Israel directly, particularly its air force as conflict with Israel over the skies of Lebanon demonstrated in 1982. A week of fighting then ended with the loss of over 80 Syrian planes, with no losses for the Israelis. Since, the gap between the two militaries has grown.

Analysts say that although the Syrian side of the Golan is sparsely inhabited and has no indigenous resistance movement, Islamists and nationalists within the country could easily be mobilized and armed. But that move could be a risky one for the government itself, others say.

"Only a revolutionary type of war will work using an explosive mixture of Arabism and Islam," says Samir al-Taqi, an adviser to the foreign ministry and the manager of OCS, the Orient Center for Studies, a newly opened think tank based in Damascus. "Now Syria is in a deadlock. The choice is either you go to war or do this by peace."

Over the past month, Syria has said that it is preparing its army and calling up reserves in case that war with Israel becomes inevitable.

"The Syrian people are pressuring the government to start the resistance after the failure of negotiations," said Syrian Information Minister Mohsen Bilal, who added that Syria would be the third front that Israel would have to deal with apart from that of Lebanon and the Palestinian conflict.

"If the Israelis are really seeking peace, then we as Syrians shall be ready to resume negotiations to get back the complete Golan Heights. The Israelis should pull out to the border of June 4, 1967. With such conditions, we are ready."

On the Damascus street, where cars with Hizbullah flags are a regular sight, a common proverb summed up public sentiment: "If the problem doesn't get worse it can't get better."

Inquiry Opened Into Israeli Use Of U.S. Bombs (NYT)

By David S. Cloud

The New York Times, August 25, 2006

WASHINGTON, Aug. 24 — The State Department is investigating whether Israel's use of American-made cluster bombs in southern Lebanon violated secret agreements with the United States that restrict when it can employ such weapons, two officials said.

The investigation by the department's Office of Defense Trade Controls began this week, after reports that three types of American cluster munitions, anti-personnel weapons that spray bomblets over a wide area, have been found in many areas of southern Lebanon and were responsible for civilian casualties.

Gonzalo Gallegos, a State Department spokesman, said, "We have heard the allegations that these munitions were used, and we are seeking more information." He declined to comment further.

Several current and former officials said that they doubted the investigation would lead to sanctions against Israel but that the decision to proceed with it might be intended to help the Bush administration ease criticism from Arab governments and commentators over its support of Israel's military operations. The investigation has not been publicly announced; the State Department confirmed it in response to questions.

In addition to investigating use of the weapons in southern Lebanon, the State Department has held up a shipment of M-26 artillery rockets, a cluster weapon, that Israel sought during the conflict, the officials said.

The inquiry is likely to focus on whether Israel properly informed the United States about its use of the weapons and whether targets were strictly military. So far, the State Department is relying on reports from United Nations personnel and nongovernmental organizations in southern Lebanon, the officials said.

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David Siegel, a spokesman for the Israeli Embassy, said, “We have not been informed about any such inquiry, and when we are we would be happy to respond.”

Officials were granted anonymity to discuss the investigation because it involves sensitive diplomatic issues and agreements that have been kept secret for years.

The agreements that govern Israel’s use of American cluster munitions go back to the 1970’s, when the first sales of the weapons occurred, but the details of them have never been publicly confirmed. The first one was signed in 1976 and later reaffirmed in 1978 after an Israeli incursion into Lebanon. News accounts over the years have said that they require that the munitions be used only against organized Arab armies and clearly defined military targets under conditions similar to the Arab-Israeli wars of 1967 and 1973.

A Congressional investigation after Israel’s 1982 invasion of Lebanon found that Israel had used the weapons against civilian areas in violation of the agreements. In response, the Reagan administration imposed a six-year ban on further sales of cluster weapons to Israel.

Israeli officials acknowledged soon after their offensive began last month that they were using cluster munitions against rocket sites and other military targets. While Hezbollah positions were frequently hidden in civilian areas, Israeli officials said their intention was to use cluster bombs in open terrain.

Bush administration officials warned Israel to avoid civilian casualties, but they have lodged no public protests against its use of cluster weapons. American officials say it has not been not clear whether the weapons, which are also employed by the United States military, were being used against civilian areas and had been supplied by the United States. Israel also makes its own types of cluster weapons.

But a report released Wednesday by the United Nations Mine Action Coordination Center, which has personnel in Lebanon searching for unexploded ordnance, said it had found unexploded bomblets, including hundreds of American types, in 249 locations south of the Litani River.

The report said American munitions found included 559 M-42’s, an anti-personnel bomblet used in 105-millimeter artillery shells; 663 M-77’s, a submunition found in M-26 rockets; and 5 BLU-63’s, a bomblet found in the CBU-26 cluster bomb. Also found were 608 M-85’s, an Israeli-made submunition.

The unexploded submunitions being found in Lebanon are probably only a fraction of the total number dropped. Cluster munitions can contain dozens or even hundreds of submunitions designed to explode as they scatter around a wide area. They are very effective against rocket-launcher units or ground troops.

The Lebanese government has reported that the conflict killed 1,183 people and wounded 4,054, most of them civilians. The United Nations reported this week that the number of civilian casualties in Lebanon from cluster munitions, land mines and unexploded bombs stood at 30 injured and eight killed.

Dozen of Israelis were killed and hundreds wounded in attacks by Hezbollah rockets, some of which were loaded with ball bearings to maximize their lethality.

Officials say it is unlikely that Israel will be found to have violated a separate agreement, the Arms Export Control Act, which requires foreign governments that receive American weapons to use them for legitimate self-defense. Proving that Israel’s campaign against Hezbollah did not constitute self-defense would be difficult, especially in view of President Bush’s publicly announced support for Israel’s action after Hezbollah fighters attacked across the border, the officials said.

Even if Israel is found to have violated the classified agreement covering cluster bombs, it is not clear what actions the United States might take.

In 1982, delivery of cluster-bomb shells to Israel was suspended a month after Israel invaded Lebanon after the Reagan administration determined that Israel “may” have used them against civilian areas.

But the decision to impose what amounted to a indefinite moratorium was made under pressure from Congress, which conducted a long investigation of the issue. Israel and the United States reaffirmed restrictions on the use of cluster munitions in 1988, and the Reagan administration lifted the moratorium.

Israel Adds 2 Nuclear-capable Submarines (AP-Y)

By Ramit Plushnick-masti, Associated Press Writer

AP, August 25, 2006

With the purchase of two more German-made Dolphin submarines capable of carrying nuclear warheads, military experts say Israel is sending a clear message to Iran that it can strike back if attacked by nuclear weapons.

The purchases come at a time when Iran is refusing to bow to growing Western demands to halt its nuclear program, and after Iranian President Mahmoud Ahmadinejad has called for Israel to be "wiped off the map."

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The new submarines, built at a cost of $1.3 billion with Germany footing one-third of the bill, have diesel-electric propulsion systems that allow them to remain submerged for longer periods of time than the three nuclear arms-capable submarines already in Israel's fleet, the Jerusalem Post reported.

The latest submarines not only would be able to carry out a first strike should Israel choose to do so, but they also would provide Israel with crucial second-strike capabilities, said Paul Beaver, a London-based independent defense analyst.

Israel is already believed to have that ability in the form of the Jericho-1 and Jericho-2 nuclear-capable ballistic missiles, which are buried so far underground they would survive a nuclear strike, he said.

"The Iranians would be very foolish if they attacked Israel," Beaver said.

German officials have said the contract for the new submarines was signed July 6, and the Jerusalem Post reported this week the subs will be operational shortly.

Israel, operating on a policy of nuclear ambiguity, has never confirmed or denied whether it has nuclear weapons. It is believed, however, to have the world's sixth-largest stockpile of atomic arms, including hundreds of warheads.

Iran so far has resisted calls by the U.N. Security Council to halt uranium enrichment, which can produce, among other things, the material for atomic bombs. The council set an Aug. 31 deadline that is accompanied by the threat of sanctions.

The dispute over Tehran's nuclear program revolves around Iran's insistence it wants to master the technology simply to generate electricity. Critics say Iran wants to make nuclear weapons.

The Dolphin submarine could be one of the best deterrents, Beaver said. The technology on the subs makes them undetectable and gives them defensive capabilities in the case of attack, he said.

"They are very well-built, very well-prepared, lots of interesting equipment, one of the best conventional submarines available," Beaver said. "We are talking about a third string of deterrence capabilities."

Michael Karpin, an expert on Israel's atomic weapons capabilities who published a book on the issue in the United States, said nuclear-armed submarines provide better second-strike capabilities than missiles launched from airplanes.

"Planes are vulnerable, unlike nuclear (armed) submarines that can operate for an almost unlimited amount of time without being struck," Karpin said. "Second-strike capabilities are a crucial element in any nuclear conflict."

In Germany, members of two opposition parties criticized the deal. Winfried Nachtwei, national security spokesman for the Greens, said the decision was wrong because Germany had obtained no guarantee the submarines would not be used to carry nuclear weapons.

"This red line should not be crossed," Nachtwei was quoted as saying by the newspaper Taz. "Otherwise it is a complete renunciation of Germany's policy of non-proliferation."

David Menashri, an Israeli expert on Iran, said Tehran is clearly determined to obtain nuclear weapons and "the purchase of additional Dolphin submarines by Israel is a small footnote in this context."

What also makes Tehran dangerous, Beaver said, is that it may not understand the consequences of carrying out a nuclear strike.

"They (Iran) have a belligerent leadership and that's why Israel is prudent in ensuring that it has that deterrent capability," Beaver said. "What they (the submarines) are is a very good insurance policy."

France Sets Big Force For Lebanon (WP)

By Molly Moore

The Washington Post, August 25, 2006

PARIS, Aug. 24 -- French President Jacques Chirac said Thursday that France would commit 2,000 troops to a new international peacekeeping force in southern Lebanon. The decision breaks a stalemate that has held up the dispatch of soldiers seen by diplomats as crucial to maintaining the 11-day-old cease-fire between Hezbollah and Israel.

Chirac's announcement in a nationally televised address followed days of intense negotiations with the United Nations, Lebanon and Israel over European concerns that the force would have no clear mandate and inadequate rights to open fire in defense of itself or civilians.

"We obtained the necessary clarifications from the U.N. on the chain of command, which needs to be simple, coherent and reactive," he said, "and the rules of engagement, which must guarantee the freedom of movement of the force and its ability to operate when confronted with hostile conditions."

France helped broker the U.N. cease-fire and initially indicated it would commit 2,000 troops to help maintain the truce. But Chirac was chastised at home and abroad when he later said he would dispatch only 200 engineers to augment the 200 French troops serving in an existing U.N. monitoring force on the Lebanon-Israel border.

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Many European countries have expressed reluctance to take part in the operation out of fear that their soldiers would become enmeshed in shooting conflicts with Hezbollah or Israel. U.N. Secretary General Kofi Annan is scheduled to meet with European foreign ministers in Brussels on Friday in an effort to pressure more countries to commit troops.

U.N. officials hope the force will eventually total 15,000 foreign troops. It will be an expansion of the United Nations Interim Force in Lebanon, or UNIFIL, the 28-year-old U.N. monitoring force that operates along the Lebanon-Israel border with about 2,000 troops and a French commanding general. It would operate with 15,000 Lebanese troops as well.

Chirac said he hoped France's decision Thursday would spur other countries to join the force, including the United States and Britain. Both have said they are too taxed in Iraq and Afghanistan to take part.

In a statement issued in Kennebunkport, Maine, where he is vacationing, President Bush gave no sign of reversing that decision. But he called Chirac's move "an important step towards finalizing preparations to deploy the United Nations Interim Force of Lebanon" and called on other countries to join in.

So far, Italy is the only other European country to make a major commitment, offering to send as many as 3,000 troops and to command the force.

But the direction of the expanded force appears to be in French hands. French and U.N. officials said French Maj. Gen. Alain Pelligrini will retain command of the U.N. mission until his term ends next February. U.N. officials said an Italian general will head a new military command center at U.N. headquarters to map out strategy for the operation.

The French military, with a long, emotional history in Lebanon and in other peacekeeping venues, was particularly wary of dispatching large numbers of troops into southern Lebanon, according to French officials and analysts. The French lost 58 troops in the same Hezbollah suicide bombings that killed 241 U.S. service members in Beirut in 1983. Eighty-four French troops in the U.N. mission in Bosnia were killed in the 1990s, in part because they were not allowed to defend themselves assertively.

"We've been there and saw what happened in '83," said Francois Heisbourg, a military analyst at the Foundation for Strategic Research in Paris. "The only difference between now and then is the situation is much worse now."

French officials said Chirac won pledges from the United Nations, Lebanon and Israel that peacekeeping troops would be allowed to open fire to defend themselves or to intervene if civilians were facing imminent threat. Peacekeeping forces in several previous operations around the globe have been criticized for allowing combatants to massacre civilians because of rules that prevented soldiers from interfering.

Chirac's announcement Thursday came as he was being savaged in both the domestic and international media.

"We are once again made fun of because of Chirac, who took strong positions to send troops to Lebanon during the conflict," said Alexandre Dret, a 28-year-old physician from the Paris suburb of Suresnes. "Sending 200 French soldiers seemed ridiculous. You either send enough people or none, but not 200."

At the same time, Dret added, "I think everybody is worried about seeing French troops getting killed there. . . . The conflict is not over yet and it's dangerous to send our soldiers there."

Staff writers Peter Baker in Kennebunkport and Colum Lynch at the United Nations and researcher Corinne Gavard in Paris contributed to this report.

EU To Pledge More Troops For Lebanon (FT)

Financial Times, August 25, 2006

Europe's leaders on Thursday sought to put days of embarrassment and recriminations over Lebanon behind them by stepping up commitments to an international monitoring force.

Last night, Jacques Chirac, French president, announced about 1,600 further French troops for the United Nations force in the country. "The conditions for a force have been met," Mr Chirac said. "Two thousand French soldiers will wear the [UN] blue helmet." Some 400 French soldiers are already there.

Mr Chirac said he had received "a certain number of guarantees for the conditions of efficiency and optimal security of our troops" from Israel, Lebanon and the UN that had convinced him that "French troops can now be deployed effectively". He also promised a parliamentary debate on Lebanon.

France hopes to maintain command on the ground of the force, with an Italian general overseeing the force from UN headquarters in New York. However, Italy has also put itself forward to lead the force, with support from the US and Israel.

European Union foreign ministers will try to confirm an increase in EU commitments for the force at an emergency meeting in Brussels on Friday with Kofi Annan, UN secretary-general.

"I am convinced that Europe will provide the necessary help to contribute to the strengthening of Unifil and aid the Lebanese government to consolidate control of its territory," Jose Manuel Barroso, European Commission president, said. "It is time for the EU to carry out the role of global actor that citizens expect."

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For weeks EU governments have proclaimed their readiness to provide the backbone for a substantial monitoring force. But although a UN Security Council resolution setting up such a force was agreed this month, to date the EU has failed to commit the troops required.

Germany said on Thursday it was prepared to assume the command of the naval component of the peacekeeping force.

The UN resolution authorises an expanded and more muscular role for Unifil, the current monitoring force in Lebanon. It calls for a total of 15,000 international troops to deploy in south Lebanon, together with equal numbers from the Lebanese army.

Unifil has about 2,000 troops in Lebanon. Italy has provided the biggest extra commitment, with a promise of up to 3,000 more troops.

EU diplomats said that a preparatory meeting in Brussels on Wednesday had paved the way for an announcement of more soldiers at today's meeting – although countries had been careful not to mention any troop numbers.

UN diplomats and officials say there have been tentative discussions in New York on changing the normal UN command structure for the deployment in Lebanon, as a way of allaying French and Italian concerns over repeating mistakes that have bedevilled previous missions.

The idea would be to establish a new strategic command in New York and a "more effective" chain of decision-making, according to one diplomat.

¦ US authorities have arrested a New York man for broadcasting Hizbollah television al-Manar, which the Treasury department has branded a terrorist entity.

Javed Iqbal, 42, was arrested on Wednesday on allegations that his company HDTV was providing New York satellite customers with the Hizbollah-operated channel, federal prosecutors said on Thursday.

Reporting by Daniel Dombey in Brussels, Mark Turner at the UN, Roula Khalaf in Beirut, Martin Arnold in Paris and Friederike von Tiesenhausen in Flensburg

France To Raise Lebanon Presence, Bolstering U.N.'s Cease-Fire Aims (WSJ)

By Marc Champion

The Wall Street Journal, August 25, 2006

BRUSSELS -- France said it will increase its contribution to an international peacekeeping force in Lebanon to 2,000 troops, a welcome boost to United Nations efforts to build a force credible enough to maintain a tenuous cease-fire between Israel and the Hezbollah militia.

European Union officials said they hoped the French decision, which came after a week of pressure from the U.N. and Washington, would coax other EU countries to pledge more troops. The bloc's 25 foreign ministers meet with U.N. Secretary-General Kofi Annan in Brussels today.

Under an Aug. 11 U.N. Security Council resolution setting out the terms for a cease-fire in Lebanon and Israel, the existing U.N. force in Lebanon -- known as Unifil -- should expand from 2,000 troops to 15,000. Italy has said it will send 2,000 to 3,000 troops. Spain, Portugal, Belgium, Greece and Finland are also expected to contribute.

There was intense disappointment last week when France offered just 200 engineers. France had played a leading role in drafting the U.N. Security Council resolution behind the cease-fire and runs one of the world's most capable militaries. Israel, Lebanon and officials at the U.N. responsible for assembling the force were expecting Paris to follow up with a sizable contribution of troops.

In a televised address to the nation following a special cabinet meeting yesterday, French President Jacques Chirac said France had received the clarifications it needed on the force's chain of command and rules of engagement, as well as assurances from Israel and the Lebanese government that the troops would be able to carry out their mission.

"France will assume fully its responsibilities in Lebanon," Mr. Chirac said. He said France would send two additional battalions, which would bring the French contingent to 2,000. He also called on other permanent members of the Security Council to contribute troops. The U.S. and Britain have said they won't send troops to Lebanon, but China and Russia haven't said what they will do.

Mr. Chirac also said France would be willing to lead the force for at least six months.

A French government official said some of the troops could be on the ground in days. France already has 1,700 personnel in the region to support Unifil and the evacuation of French citizens during the conflict between Israel and Hezbollah.

France's defense minister had said late last week the U.N. mandate for the force was still too "fuzzy" for France to commit extra ground troops, and that Paris needed guarantees that its troops wouldn't be targeted by Hezbollah, a militant group that remains well armed.

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French military commanders were particularly worried by the Lebanese government's decision last week to allow Hezbollah to keep weapons in the area that is to be patrolled by the expanded Unifil force. The U.N. resolution calls for that region to be cleared of all armed militias.

France lost 58 peacekeepers in Lebanon to a Hezbollah truck bomb in 1983, and Mr. Chirac's address was worded to reassure the French public that the government has done everything possible to ensure the safety of its soldiers. It wasn't clear last night exactly what guarantees Paris has received since the adoption of the U.N. resolution.

The size of the European contribution has become more important since Israel objected to Unifil troops offered by Malaysia, Indonesia and Bangladesh since those countries don't recognize Israel. Turkey, Morocco and several other Muslim countries have also said they may send troops.

France Offers Many More Troops For Lebanon (NYT)

By Craig S. Smith

The New York Times, August 25, 2006

PARIS, Aug. 24 — France pledged Thursday to send a total of 2,000 troops to the United Nations multinational peacekeeping force for Lebanon, in a last-minute effort to salvage its flagging reputation and hold on to its leadership role in the face of Italian competition.

President Jacques Chirac made the announcement in a televised address to the nation after his country had come under widespread criticism for initially offering just 200 new soldiers to the force, which already includes 200 French soldiers.

That offer, coming after France took a leading role in writing the United Nations resolution that authorized the force and ended more than a month of fighting between Israel and Hezbollah, undermined efforts to raise peacekeeping troops from other nations, officials say. It also won France widespread scorn.

In the meantime, Italy stepped forward with an offer of up to 3,000 soldiers, and Israel's prime minister, Ehud Olmert, placed a call to his Italian counterpart, Romano Prodi, urging him to assume leadership of the force. A French general leads the current international force in Lebanon, which will be reinforced and given a broader mandate under the new resolution.

Mr. Chirac made his announcement a day before a special meeting of European Union foreign ministers in Brussels, at which other European countries are expected to make firm commitments to the force. France's sizable commitment is likely to lend momentum to the meeting and encourage other European countries to make significant contributions of their own.

While Europe has been criticized for moving slowly, European and United Nations diplomats emphasize that the multinational force, which the resolution says can be as large as 15,000 troops, was never intended to be entirely European. The resolution says only that Europe must form a "credible core" of the force, and Europeans say they expect their troops to make up about a third of the total.

United Nations officials say that for all the complaints, this peacekeeping force is being assembled faster than any in history. The normal process can take as long as three months, they say. But that is being waived to be able to put 3,000 fresh soldiers on the ground in Lebanon as early as the end of the month. The hope is to have the rest of the force in place by November.

French officials defended their response to the crisis. "France has been criticized for being too slow, but in fact it has been the fastest-moving nation in providing not only humanitarian help to Lebanon but also ground troops to the field," said Philippe Le Corre, an adviser to Defense Minister Michèle Alliot-Marie.

In mid-July, France sent 1,700 marines to help evacuate civilians trapped in Lebanon, and that force has remained to help supply the existing United Nations International Force in Lebanon, known as Unifil. Mr. Chirac said the marines would stay in place.

In addition, the country's earlier offer of 200 troops, while ridiculed, was fulfilled immediately — they were the first fresh troops to arrive in Lebanon to reinforce the existing 2,000-member United Nations force.

Nonetheless, the country's generals were mindful of the casualties suffered as part of the peacekeeping forces in the early 1990's in Bosnia, where France lost more troops than any other contributor, and in southern Lebanon in 1983. So they resisted a strong commitment until they obtained certain guarantees from the parties to the conflict and from the United Nations. In making his announcement, Mr. Chirac said those guarantees had been given.

"From Lebanon and Israel we have obtained assurances that the force will be allowed to fulfill its mission on the ground," Mr. Chirac said. "We have obtained from the United Nations the necessary clarifications on the chain of command, which must be simple, coherent and reactive; on the rules of engagement, which must guarantee the force's freedom of movement and capacity for action in the face of any hostile situations."

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People familiar with those clarifications, who could not be identified because they were not authorized to talk on the subject, said they included stronger than usual rules of engagement that would permit the peacekeepers to use “deadly force” against anyone interfering with their mandate.

Also, the force’s chain of command will answer to military officers based at United Nations headquarters in New York rather than to civilian United Nations officials. The United Nations said Thursday that it planned to create a “military cell” in New York to act as the peacekeeping force’s command center.

Mr. Chirac said he had lobbied other heads of state to follow his country’s example in committing troops, and he said several European countries would do so, together with “important Muslim countries in Asia.”

The latter was a reference to Malaysia and Indonesia, which have both offered significant contributions to the force. But neither has diplomatic relations with Israel, which has previously expressed opposition to the inclusion of such countries in the force.

Mr. Chirac said the additional French troops would consist of two battalions, or 1,600, bringing the total number of French troops to 2,000. “France is ready, if the U.N. wishes it, to continue to assume the command of the force,” he said.

Stéphane Dujarric, the spokesman for Secretary General Kofi Annan, said Thursday that the current United Nations commander in Lebanon, Gen. Alain Pellegrini of France, was expected to keep his post.

Italy is expected to confirm its offer on Friday; United Nations officials said talk of 2,000 to 3,000 troops was not yet official. Other European Union members are also expected to give a clearer indication of what they will contribute. Mr. Prodi informed President Bush on Thursday of his country’s readiness to lead the peacekeeping force, a statement from the Italian president said.

One official said the United Nations hoped that the peacekeeping force would eventually include Muslim troops from Malaysia, Indonesia, Nepal and perhaps Morocco.

Lebanon, Israel On Edge Over U.N. Delay (WT)

By David Enders, The Washington Times

The Washington Times, August 25, 2006

BEIRUT -- Lebanon and Israel are growing increasingly nervous over delays in a deployment of U.N. peacekeepers in southern Lebanon, even as France pledged an extra 1,600 troops yesterday and offered to lead the force.

"Our own military can deploy fully in days, not weeks. We want the international force to be beefed up, but we do not agree that the full force needs to be in place before Israel withdraws," said Mohammed Shatah, a spokesman for Lebanese Prime Minister Fuad Siniora.

On another front, Israel's military chief acknowledged publicly for the first time yesterday that there were shortcomings in the military's performance in the 34-day war.

Amid the chaos of recriminations, warnings and pledges, the shaky Aug. 14 truce continued to hold.

European leaders scheduled more meetings today in Brussels, and efforts were under way to set up a U.N. Security Council meeting in New York on Monday.

Pressure on the Europeans has grown, in part, because Israel has rejected offers of participation from Malaysia, Bangladesh and Indonesia -- predominantly Muslim countries that do not recognize the Jewish state.

In France, President Jacques Chirac went on national television to announce France will contribute a total of 2,000 soldiers for the U.N. peacekeeping force in southern Lebanon instead of the 200 additional troops initially offered.

"Two extra battalions will go on to the ground to extend our numbers within UNIFIL [the United Nations Interim Force in Lebanon]," Mr. Chirac said, referring to a small U.N. observer mission that has been in southern Lebanon since 1978.

The White House praised Mr. Chirac's offer. "The president welcomes the decision by the French," said White House spokeswoman Dana Perino. "As he has said, an international force needs to be deployed urgently."

Israeli Foreign Minister Tzipi Livni echoed the call during a meeting in Rome with her Italian counterpart to discuss Italy's earlier offer to provide up to 3,000 troops.

"We are being watched also by extremists who want to put the region in flames, and this is also the test of the international community, a test for the determination of the international community," Mrs. Livni said.

Though the United Nations has had troops in Lebanon for nearly 30 years, U.N. Resolution 1701, passed on Aug. 11, calls for a 15,000-strong force of U.N. troops in addition to the 15,000 Lebanese troops that are currently being deployed in the south. There are already 2,000 U.N. troops in southern Lebanon.

Prior to Mr. Chirac's announcement, tentative pledges from U.N. member countries had reached 4,200.

Israeli officials have said their troops will not withdraw or end their land and sea blockade of Lebanon until the larger U.N. force is in place.

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But with Israeli troops still occupying nine areas inside Lebanon, many Lebanese fear a resumption of hostilities and do not believe a long-term cease-fire will hold.

Sporadic clashes have been reported since the cease-fire, and Israeli jets have continued to fly over all parts of Lebanon.

Ibrahim Kanaan, a member of Lebanon's parliament with the Free Patriotic Party, said he feared the fighting would resume.

"Are they planning another war in the region?" asked Mr. Kanaan, whose party is led by former Gen. Michel Aoun, one of the country's major Christian leaders.

"If not, what are they doing? Where is the UNIFIL? Why they are allowing frequent violations of the cease-fire from Israel?" he asked.

Timur Goksel, who worked for more than 20 years with UNIFIL as an adviser and a spokesman, said the longer it takes the U.N. force to deploy, the greater the chance of conflict between the Lebanese army being deployed and the remaining Israeli troops.

"That U.N. force will give some sort of a buffer for the Lebanese army," Mr. Goksel said. "That's why it's getting very embarrassing that the U.N. cannot get its act together and do this."

In Israel, military chief Lt. Gen. Dan Halutz wrote in a letter to soldiers:

"Alongside the achievements, the fighting uncovered shortcomings in various areas -- logistical, operational and command. We are committed to a thorough, honest, rapid and complete investigation of all the shortcomings and successes.

"Questions will be answered professionally, and everyone will be investigated -- from me down to the last soldier."

Criticism of the military's preparedness and tactics swelled after the battles ended without a clear-cut victory for Israel.

While Gen. Halutz was owning up to military missteps, the head of the Shin Bet security service was calling the war "a fiasco" in his first public statement on the fighting.

"The north was abandoned, the government systems collapsed there completely," Shin Bet director Yuval Diskin told a closed security forum, according to meeting participants. "There were many failures, and the public sees and understands this. This is not the time to whitewash. The truth must be told. ... Someone has to provide explanations and take responsibility."

France To Send 2,000 Troops To Lebanon (AP-Y)

By Emmanuel Georges-picot

AP, August 25, 2006

President Jacques Chirac says France will send 2,000 soldiers for the U.N. peacekeeping force in southern Lebanon, and a European Union official said it wants the troops in place within a week.

In a nationally televised address that was closely followed throughout Europe, Chirac said Thursday that France will increase its deployment from an already announced 400 troops, and hopes to retain command of the force. He said the United Nations had provided guarantees France sought involving the mandate of the force.

"Two extra battalions will go on to the ground to extend our numbers within UNIFIL," Chirac said. "Two thousand French soldiers are thus placed under blue helmets in Lebanon," he added.

The White House cheered Chirac's announcement. "The president welcomes the decision by the French," said White House spokeswoman Dana Perino. "As he has said, an international force needs to be deployed urgently." President Bush is spending a long weekend in Kennebunkport, Maine, that will include the wedding of a cousin.

France, along with the United States, helped craft a U.N. Security Council cease-fire resolution that allowed for expansion of the UNIFIL force from the current 2,000 troops to up to 15,000. France's commitment of troops to establish a buffer zone between Israel and Hezbollah guerrillas has been closely watched in other countries.

The U.N. is expected to hold another formal meeting Monday for countries that have expressed interest in contributing troops to Lebanon, a U.N. official said, speaking on condition of anonymity because there has been no official announcement.

The United Nations hopes to nail down concrete numbers at that meeting so the deployment can begin quickly, the U.N. official said.

Sporadic violence has marked the U.N.-brokered cease-fire in Lebanon that took hold Aug. 14 and ended 34 days of ferocious fighting, but the truce has thus far held.

EU foreign ministers are to meet Friday in Brussels to discuss the force. Pressure on the Europeans has grown because Israel rejected offers of participation from Malaysia, Bangladesh and Indonesia — predominantly Muslim countries that do not recognize the Jewish state.

Israeli Foreign Minister Tzipi Livni urged the international community to act as quickly as possible to deploy a U.N. force to keep the peace in southern Lebanon.

"The extremists who want to inflame the region are watching us, and this will test the strength and determination of the international community," Livni said after a meeting with Italian Foreign Minister Massimo D'Alema.

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Finnish Foreign Minister Erkki Tuomioja indicated the first reinforcements to a U.N. peacekeeping force could be imminent.

"We would like to see the first reinforcements for UNIFIL arrive within a week if possible," Tuomioja said in Berlin. Finland holds the rotating European Union presidency.

Most EU nations have been wary of making firm commitments until the mandate for the new force is clarified, fearing their peacekeepers could be dragged into a conflict with the Hezbollah militants or with Israel if the cease-fire collapses.

History has much to do with the hesitancy of European powers to make clear troop commitments.

France lost 71 soldiers during peacekeeping operations in Bosnia and Belgium 10 at the outset of the genocide in Rwanda a dozen years ago. France also lost 58 peacekeepers in the Oct. 23, 1983, Hezbollah attacks in Beirut that also killed 241 Americans.

Many European countries have expressed qualms over committing troops without strong guidelines on when its soldiers would have the right to shoot and to defend themselves.

During this summer's fighting, France presented itself as the natural leader to push for a cease-fire between Hezbollah militants and Israel — sending its prime minister and foreign minister to Lebanon to survey the devastation and make appeals for peace.

Bush spoke with Italian Prime Minister Romano Prodi about the expanded UNIFIL force for Lebanon, thanking Italy for its offer of "substantial forces" to the effort.

The resolution was designed to bolster the peacekeeping force to support some 15,000 Lebanese troops that have begun moving into the southern region, which suffered more than a month of fighting between the Lebanese-based Hezbollah militia and Israeli troops.

Aside from France and Italy, other nations considering contributions include Belgium, China, Denmark, Finland, Germany, Greece, Morocco, Nepal, New Zealand, Spain and Turkey.

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Associated Press Writers Ariel David in Rome and Edith M. Lederer at the United Nations contributed to this report.

France Finally Steps Up (LAT)

The Los Angeles Times, August 25, 2006

REACTING TO UNIVERSAL DISMAY at his irresponsibility, French President Jacques Chirac on Thursday belatedly pledged a total of 2,000 soldiers for the expanded United Nations peacekeeping force in southern Lebanon authorized by the Security Council on Aug. 11. It's still a stingy commitment, but the hope is that it may galvanize other European nations to follow suit after two tense weeks in which French dithering threatened to turn the deployment of peacekeepers into a march of folly.

What was so exasperating about France's initial offer of only 200 new peacekeepers (engineers, at that) was that it was France, in an unusual entente with the U.S., that spearheaded the adoption of Security Council Resolution 1701, calling for deployment of a 15,000-member United Nations Interim Force in Lebanon to help that nation's army police the cease-fire between Israel and Hezbollah fighters.

We're not sure how to say "bait and switch" in French, but that is the only way to describe a sequence of events in which France's foreign ministry promoted Resolution 1701 as an adequate mandate for French and other international forces, only to have the French defense minister publicly criticize the mandate as "fuzzy." In a televised speech, Chirac suggested that he was dramatically increasing France's commitment because the U.N. had clarified the rules of engagement for the force, which, according to a document circulated last week, would allow peacekeepers to use deadly force in self-defense, to protect Lebanese civilians or to help the Lebanese army block weapons from coming into the country.

This sounds like an attempt to paper over differences within the French government. Resolution 1701 already said that the expanded U.N. force could "take all necessary action … to ensure that its area of operations is not utilized for hostile activities of any kind."

Because of its authorship of the resolution and its historical ties to the region, France was the presumptive leader of the peacekeeping force, but Italy now has a stronger claim to that responsibility. In any event, European foreign ministers meeting today in Brussels need to make up for lost time in assembling and dispatching the peacekeepers. Europeans love to complain about the United States acting unilaterally in the world, but those complaints will ring awfully hollow if they can't step up and do their part.

Lebanese PM Says Army Can Patrol Border (AP)

By Steven R. Hurst

AP, August 25, 2006

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Lebanon's prime minister sought Thursday to sidestep conflicting Israeli and Syrian demands over the deployment of international troops along his border with Syria, saying Lebanese soldiers already there pose no threat to the prickly Arab neighbor.

Israel insists a U.N. force take up positions along the border to cut off arms shipments to Hezbollah, while Syria says such a move would be a "hostile" act.

Lebanese Prime Minister Fuad Saniora's remarks in a French television interview underlined the difficulties the anti-Syrian politician faces in trying to meet the competing demands of Israel and Syria.

"We have deployed the Lebanese army on the border, and we have no intention of showing any hostility toward Syria. We want cordial relations with Syria and we are taking care of the issue of the border to prevent any infiltration into Lebanon," he said.

Later in the day, Saniora's Cabinet affirmed its determination to uphold the cease-fire between Israel and Hezbollah and called on the international community to send troops to free up the Lebanese army to patrol the country's borders. It did not directly address the issue of U.N. troops on the Syrian border.

Lebanon's Syrian-allied president, Emile Lahoud, added his voice to the issue, urging U.N. Secretary-General Kofi Annan to force Israel to lift its blockade of Lebanon as called for in the U.N.-brokered cease-fire.

"Eleven days after Resolution 1701 went into effect, Israel's aggressive acts against Lebanon have not stopped yet," Lahoud said in a statement released by his office.

Israel has said the air and sea blockade — imposed at the start of the Israeli-Hezbollah conflict July 12 — will remain until the expanded peacekeeping force takes up positions along the Syrian border to prevent weapons shipments to Hezbollah guerrillas.

Syria, which virtually controlled Lebanon for nearly three decades before withdrawing troops last year under international pressure, had little to say while Israel conducted the 34-day war against its allies in Hezbollah.

But Syrian President Bashar Assad lashed out Wednesday at the demand for U.N. troops on the border, calling it a "hostile" move aimed at damaging his relations with Lebanon. He said it was unprecedented for such a force to police a border between two nations that have not been at war.

Finland's foreign minister, Erkki Tuomioja, came out of a Wednesday meeting with his Syrian counterpart and said the Damascus regime was threatening to close the border if international troops moved along the border.

Representatives of aid groups have expressed concern about a possible closure, which would hurt shipments of supplies into Lebanon, but refused to comment directly on Syria's threat.

U.N. envoy Terje Roed-Larsen said Sunday that 2,000 Lebanese soldiers had been deployed along Lebanon's eastern border near Syria with the goal of eventually having 8,600 on the frontier. Some 1,000 Lebanese soldiers also have been deployed along Lebanon's coast, he said.

Policing the predominantly mountainous frontier will be difficult, whoever takes on the task. Lebanon has four official crossings on the Syrian border, but there are dozens of dirt tracks used for centuries by smugglers and many are able to carry modern-day vehicles.

It also is unclear how much Hezbollah needs resupplying. Although it fired about 4,000 rockets into north Israel, experts think it had an arsenal of more than 12,000 missiles when the fighting started. There has been wide speculation, as well, that the Syrian army left behind weapons for Hezbollah as it withdrew in April 2005.

Associated Press writers Sam F. Ghattas and Hussein Dakroub contributed to this report.

Israel 'waging Economic War On Lebanon' (FT)

By Roula Khalaf

Financial Times, August 25, 2006

Lebanon's powerful parliament speaker accused Israel on Thursday of seeking to re-interpret the United Nations ceasefire resolution in order to justify what he said was a continuing economic war against Lebanon.

In an interview with the Financial Times, Nabih Berri, who has acted as the mediator between the Lebanese government and the Shia Hizbollah movement, brushed aside speculation of UN troops deploying along the border with Syria, an issue that has stirred controversy this week.

Pointing out that UN resolution 1701 called on the Lebanese government to secure its borders to prevent smuggling of weapons to non-state parties and "request" assistance from international troops if needed, he said his information was that Beirut was asking only for logistical assistance in the form of new equipment.

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"What the resolution says we have to apply," he said. "So why is Israel putting conditions? What it's doing is justifying its blockade, on the airport and the sea, because one of the objectives of this war is to hit Lebanon economically, and this war is still continuing."

Israel has said it wanted UN forces to help at police border crossings to prevent Hizbollah guerrillas from re-arming, citing this as a reason for maintaining an air and sea blockade.

The embargo has exacerbated the sense of anxiety in Beirut and led Syria to threaten to close its borders, the only land route out of Lebanon.

Mr Berri charged that Israel had been seeking to undermine Lebanon's economy and that it had targeted companies during the war, including a milk factory and soft drink distributor, that had won contracts in the region against Israeli competitors.

"They impose an embargo on air and sea to deter investors from returning to Lebanon, at a time when there's an oil boom and when the Arabs want to invest here," he said.

Mr Berri, leader of a Shia party, Amal, that has been in alliance with Hizbollah, played a crucial role during the war in bridging political divisions between the group and the government, allowing Lebanon to maintain a semblance of national unity.

His balancing act has become more delicate since the end of hostilities, as Hizbollah followers accuse rivals of having hoped for an Israeli victory and supporters of the parliamentary majority, led by Sunni and Christian parties, blame the militant group for starting the war.

Mr Berri said it was "natural" to hear criticism but played down concerns that divisions would aggravate sectarian tensions.

"What I care about is one thing: when Israel committed its crimes against the population and the property and 1m people were displaced, can you name one area that refused to take them in, can you name one party that didn't take care of them?" he said.

"I care that there was unity in the face of the Israeli aggression. If after that, there are expressions of recrimination and criticism, that's not something that is unacceptable." He said the national dialogue, the roundtable of leaders that he had hosted before the war to debate the fate of Hizbollah's military wing, among other issues, should resume, but not immediately. Security was one of the constraints, he added.

Mr Berri revealed on Thursday that before the war, he had been preparing to propose ideas to resolve differences over disarmament and that he had been confident the proposals would have gained the approval of all sides. He would not be drawn on the details of his blueprint.

Asked whether Hizbollah's disarmament had become less likely because its leaders felt emboldened by their perceived victory in the war, he said this would depend on implementation of the UN ceasefire resolution. "If Israel doesn't apply it properly, the resistance might be the demand of all the Lebanese," he warned.

Hizbollah, he added, had proved that it was a resistance movement and that it was needed to defend Lebanon.

At the same time, the war and its aftermath had shown that Hizbollah and the Lebanese army, which is now deploying in the south of the country for the first time, were not in confrontation.

Mr Berri also dismissed claims that Hizbollah's "state within a state" had now expanded, saying that if the group had rushed last week to pay compensation to families whose property had been destroyed, it was because the government had not moved fast enough.

Hezbollah Didn't Win (WSJ)

By Amir Taheri

The Wall Street Journal, August 25, 2006

The way much of the Western media tells the story, Hezbollah won a great victory against Israel and the U.S., healed the Sunni-Shiite rift, and boosted the Iranian mullahs' claim to leadership of the Muslim world. Portraits of Hassan Nasrallah, the junior mullah who leads the Lebanese branch of this pan-Shiite movement, have adorned magazine covers in the West, hammering in the message that this child of the Khomeinist revolution is the new hero of the mythical "Arab Street."

Probably because he watches a lot of CNN, Iran's "Supreme Guide" Ali Khamenei also believes in "a divine victory." Last week he asked 205 members of his Islamic Majlis to send Mr. Nasrallah a message, congratulating him for his "wise and far-sighted leadership of the Ummah that produced the great victory in Lebanon."

By controlling the flow of information from Lebanon throughout the conflict, and help from all those who disagree with U.S. policies for different reasons, Hezbollah may have won the information war in the West. In Lebanon, the Middle East and the broader Muslim space, however, the picture is rather different. * * *

Let us start with Lebanon.

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Immediately after the U.N.-ordained ceasefire started, Hezbollah organized a series of firework shows, accompanied by the distribution of fruits and sweets, to celebrate its victory. Most Lebanese, however, finding the exercise indecent, stayed away. The largest "victory march" in south Beirut, Hezbollah's stronghold, attracted just a few hundred people.

Initially Hezbollah had hesitated between declaring victory and going into mourning for its "martyrs." The latter course would have been more in harmony with Shiite traditions centered on the cult of Imam Hussain's martyrdom in 680 A.D. Some members of Hezbollah wished to play the martyrdom card so that they could accuse Israel, and, through it, the U.S., of war crimes. They knew that it was easier for Shiites, brought up in a culture of eternal victimhood, to cry over an imagined calamity than laugh in the joy of a claimed victory.

Politically, however, Hezbollah had to declare victory for a simple reason: It had to pretend that the death and desolation it had provoked had been worth it. A claim of victory was Hezbollah's shield against criticism of a strategy that had led Lebanon into war without the knowledge of its government and people. Mr. Nasrallah alluded to this in television appearances, calling on those who criticized him for having triggered the war to shut up because "a great strategic victory" had been won.

The tactic worked for a day or two. However, it did not silence the critics, who have become louder in recent days. The leaders of the March 14 movement, which has a majority in the Lebanese parliament and government, have demanded an investigation into the circumstances that led to the war, a roundabout way of accusing Hezbollah of having provoked the tragedy. Prime Minister Fouad Siniora has made it clear that he would not allow Hezbollah to continue as a state within the state. Even Michel Aoun, a maverick Christian leader and tactical ally of Hezbollah, has called for the Shiite militia to disband.

Mr. Nasrallah followed his claim of victory with what is known as the "Green Flood" (Al-sayl al-akhdhar). This refers to the massive amounts of crisp U.S. dollar notes that Hezbollah is distributing among Shiites in Beirut and the south. The dollars from Iran are ferried to Beirut via Syria and distributed through networks of militants. Anyone who can prove that his home was damaged in the war receives $12,000, a tidy sum in wartorn Lebanon. * * *

The Green Flood has been unleashed to silence criticism of Mr. Nasrallah and his masters in Tehran. But the trick does not seem to be working. "If Hezbollah won a victory, it was a pyrrhic one," says Walid Abi-Mershed, a leading Lebanese columnist. "They made Lebanon pay too high a price -- for which they must be held accountable."

Hezbollah is also criticized from within the Lebanese Shiite community, which accounts for some 40% of the population. Sayyed Ali al-Amin, the grand old man of Lebanese Shiism, has broken years of silence to criticize Hezbollah for provoking the war, and called for its disarmament. In an interview granted to the Beirut An-Nahar, he rejected the claim that Hezbollah represented the whole of the Shiite community. "I don't believe Hezbollah asked the Shiite community what they thought about [starting the] war," Mr. al-Amin said. "The fact that the masses [of Shiites] fled from the south is proof that they rejected the war. The Shiite community never gave anyone the right to wage war in its name."

There were even sharper attacks. Mona Fayed, a prominent Shiite academic in Beirut, wrote an article also published by An-Nahar last week. She asks: Who is a Shiite in Lebanon today? She provides a sarcastic answer: A Shiite is he who takes his instructions from Iran, terrorizes fellow believers into silence, and leads the nation into catastrophe without consulting anyone. Another academic, Zubair Abboud, writing in Elaph, a popular Arabic-language online newspaper, attacks Hezbollah as "one of the worst things to happen to Arabs in a long time." He accuses Mr. Nasrallah of risking Lebanon's existence in the service of Iran's regional ambitions.

Before he provoked the war, Mr. Nasrallah faced growing criticism not only from the Shiite community, but also from within Hezbollah. Some in the political wing expressed dissatisfaction with his over-reliance on the movement's military and security apparatus. Speaking on condition of anonymity, they described Mr. Nasrallah's style as "Stalinist" and pointed to the fact that the party's leadership council (shura) has not held a full session in five years. Mr. Nasrallah took all the major decisions after clearing them with his Iranian and Syrian contacts, and made sure that, on official visits to Tehran, he alone would meet Iran's "Supreme Guide" Ali Khamenei.

Mr. Nasrallah justified his style by claiming that involving too many people in decision-making could allow "the Zionist enemy" to infiltrate the movement. Once he had received the Iranian green light to provoke the war, Mr. Nasrallah acted without informing even the two Hezbollah ministers in the Siniora cabinet or the 12 Hezbollah members of the Lebanese parliament.

Mr. Nasrallah was also criticized for his acknowledgement of Ali Khamenei as Marjaa al-Taqlid (Source of Emulation), the highest theological authority in Shiism. Highlighting his bay'aah (allegiance), Mr. Nasrallah kisses the man's hand each time they meet. Many Lebanese Shiites resent this because Mr. Khamenei, a powerful politician but a lightweight in theological terms, is not recognized as Marjaa al-Taqlid in Iran itself. The overwhelming majority of Lebanese Shiites regard Grand Ayatollah Ali Sistani, in Iraq, or Ayatollah Muhammad-Hussein Fadhlallah, in Beirut, as their "Source of Emulation."

Some Lebanese Shiites also question Mr. Nasrallah's strategy of opposing Prime Minister Siniora's "Project for Peace," and instead advancing an Iranian-backed "Project of Defiance." The coalition led by Mr. Siniora wants to build Lebanon into a haven of peace in the heart of a turbulent region. His critics dismiss this as a plan "to create a larger Monaco." Mr. Nasrallah's

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"Project of Defiance," however, is aimed at turning Lebanon into the frontline of Iranian defenses in a war of civilizations between Islam (led by Tehran) and the "infidel," under American leadership. "The choice is between the beach and the bunker," says Lebanese scholar Nadim Shehadeh. There is evidence that a majority of Lebanese Shiites would prefer the beach. * * *

There was a time when Shiites represented an underclass of dirt-poor peasants in the south and lumpen elements in Beirut. Over the past 30 years, however, that picture has changed. Money sent from Shiite immigrants in West Africa (where they dominate the diamond trade), and in the U.S. (especially Michigan), has helped create a prosperous middle class of Shiites more interested in the good life than martyrdom à la Imam Hussain. This new Shiite bourgeoisie dreams of a place in the mainstream of Lebanese politics and hopes to use the community's demographic advantage as a springboard for national leadership. Hezbollah, unless it ceases to be an instrument of Iranian policies, cannot realize that dream.

The list of names of those who never endorsed Hezbollah, or who broke with it after its Iranian connections became too apparent, reads like a Who's Who of Lebanese Shiism. It includes, apart from the al-Amins, families such as the al-As'ad, the Osseiran, the al-Khalil, the Hamadah, the Murtadha, the Sharafeddin, the Fadhlallah, the Mussawis, the Hussainis, the Shamsuddin and the Ata'allahs.

Far from representing the Lebanese national consensus, Hezbollah is a sectarian group backed by a militia that is trained, armed and controlled by Iran. In the words of Hossein Shariatmadari, editor of the Iranian daily Kayhan, "Hezbollah is 'Iran in Lebanon.'" In the 2004 municipal elections, Hezbollah won some 40% of the votes in the Shiite areas, the rest going to its rival Amal (Hope) movement and independent candidates. In last year's general election, Hezbollah won only 12 of the 27 seats allocated to Shiites in the 128-seat National Assembly -- despite making alliances with Christian and Druze parties and spending vast sums of Iranian money to buy votes.

Hezbollah's position is no more secure in the broader Arab world, where it is seen as an Iranian tool rather than as the vanguard of a new Nahdha (Awakening), as the Western media claim. To be sure, it is still powerful because it has guns, money and support from Iran, Syria and Hate-America International Inc. But the list of prominent Arab writers, both Shiite and Sunni, who have exposed Hezbollah for what it is -- a Khomeinist Trojan Horse -- would be too long for a single article. They are beginning to lift the veil and reveal what really happened in Lebanon.

Having lost more than 500 of its fighters, and with almost all of its medium-range missiles destroyed, Hezbollah may find it hard to sustain its claim of victory. "Hezbollah won the propaganda war because many in the West wanted it to win as a means of settling score with the United States," says Egyptian columnist Ali al-Ibrahim. "But the Arabs have become wise enough to know TV victory from real victory."

Mr. Taheri is author of "L'Irak: Le Dessous Des Cartes" (Editions Complexe, 2002).

Israel's Broken Process (WP)

By Yoram Peri

The Washington Post, August 25, 2006

The rumblings of a political earthquake in Israel were heard even before the guns fell silent. The question before the country now is: What went wrong in the war in Lebanon? One part of the answer is already clear: Israel desperately needs a better system for decision-making in the national security realm.

The civil branch of Israel's government and its decision-making machinery must be made strong enough to balance the military's input. Otherwise, there will only be more events like the one this summer, in which no well-reasoned alternatives were presented to cabinet ministers to compete with the Israeli Defense Forces' (IDF) recommendation to embark on a broad campaign in Lebanon.

This military option was discussed in the cabinet for less than three hours, was not countered by any diplomatic option and was approved in a conceptual void. Moreover, once a path of action was adopted, something went terribly wrong in making and implementing decisions.

Rectifying this situation is easier said than done. To appreciate the size of the challenge, one needs to take into account the complexity of Israel's civil-military relations and their inherent quirks and anomalies.

To begin with, the military is not necessarily the most militaristic player on the field. At times the IDF's senior command -- rather than the politicians -- has been the moderating force. In the mid-1980s IDF Chief of Staff Moshe Levi recommended the Israeli military's withdrawal from northern Lebanon, while then-Prime Minister Yitzhak Shamir (of the Likud Party) objected to such a move. My recent research on Israel's foreign policy in the 1990s reveals that the driving force behind the Oslo peace process was the Israeli military. Civilian leaders then fell in step.

The most cogent and relevant example of the Israeli military's lack of militancy was its attitude toward Syria since 1999. IDF Chief of Staff Shaul Mofaz and his successor, Moshe Yaalon, both recommended peace negotiations with Syria and were prepared to make significant territorial compromises to reach a peace settlement. Prime Minister Ehud Barak and his successor,

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Ariel Sharon, vigorously opposed this approach. Had this recommendation been adopted, it's possible that Syria, Lebanon and Israel would be at peace today, and Hezbollah would be without a major source of support and sponsorship.

As a rule, in just about any country, war strengthens the position of the top brass vis-Ã -vis civilian authorities. And the military's added political clout can alter the nature of democratic processes. In Israel, however, because of the protracted warfare since its founding (no fewer than 10 full-scale or partial campaigns since 1948), the pattern has been somewhat different. Rather than the military leading and calling the shots for civilian authorities, there is a military-political partnership -- albeit one in which generals enjoy extraordinary clout in the policymaking process.

The problems this summer stemmed from more than the generals' traditional power. The circumstances were unusual. The IDF had a monopoly on intelligence. The country had an inexperienced prime minister and lacked a strong National Security Council. These things, along with other structural weaknesses in the machinery of civilian control of the military, resulted in a weak Israeli government that hastily bowed to the generals' emphatically stated position.

In many respects, war has been the most decisive factor in Israeli society. Wars have shaped Israel's political agenda, and unsuccessful military campaigns have sparked protest movements, brought down prime ministers and redrawn the political map. The Lebanon war is likely to be another such defining event.

The focus of controversy in coming weeks will not be whether the war was justified; the overwhelming majority of Israelis, including myself, are convinced it was. Rather, the question will be whether it was wise to opt for full-scale war as Israel's response to the kidnapping of two soldiers. And if a military operation was indeed the appropriate response, what should have been its timing, nature and scope?

The military will undoubtedly draw the professional conclusions about this war, as it has in the past. The public will eventually punish the political leaders for their conduct of it. But Israel's fundamental security posture will not improve until the pattern of relations between its generals and political leaders is dramatically altered and a better decision-making mechanism in national security matters is established.

Wars really are too serious a matter to be left to either fervent generals or weak politicians.

The writer, a professor at Tel Aviv University, served as a political adviser to the late prime minister Yitzhak Rabin. He is the author of "Generals in the Cabinet Room: How the Military Shapes Israeli Policy."

In Muted Response To Iran, U.S. And Allies Seek Edge (NYT)

By Helene Cooper

The New York Times, August 25, 2006

WASHINGTON, Aug. 24 — After demanding for three months that Iran suspend its uranium enrichment or face penalties, the formal reaction from the United States and its European allies to Iran's refusal to suspend uranium enrichment has been decidedly low-key.

Why the reticence?

It is all about a public relations strategy intended to make the West appear patient and measured in dealing with the issue, United States and European diplomats say.

After receiving Iran's response on Tuesday to a proposal to curb the country's nuclear program, Bush administration officials had a series of telephone calls with European counterparts to discuss where to go from there.

Everyone agreed that Iran had not met the most crucial requirement: that it suspend uranium enrichment. Everyone agreed that sanctions were the next step. But disagreement on just how to get to that step reflected a familiar division: between the State Department and America's European allies on one side, and hard-liners in the Bush administration, particularly in Vice President Dick Cheney's office, on the other side, according to officials involved in the discussions.

Officials representing the vice president, including John P. Hannah, a national security aide, argued that by not slamming the Iranian document from the start, the United States was allowing Iran's response to appear reasonable.

State Department officials, on the other hand, pressed to "keep the temperature down," as one American put it. They pushed for a concerted media strategy that would help keep Russia and China on board the already fragile coalition trying to rein in Iran's nuclear ambitions, American and European diplomats recounted. The officials, representing some of the countries most actively engaged in the issue, would only discuss their private strategy if they were not further identified.

"The thinking was, even though we all know the Iranian response doesn't amount to much, before rejecting it out of hand we should remember that at least two members of the group have a Security Council veto," one European diplomat said, referring to Russia and China and their historic aversion to penalties. He referred to the strategy as "giving Iran the rope to hang itself."

The result: on Wednesday, a day after receiving the Iranian response, America, the most hawkish in the coalition of six countries that made the offer, issued a tepid statement — and not through its blunt United Nations ambassador, John R. Bolton,

but from a low-profile acting State Department spokesman, Gonzalo Gallegos. While the American statement mentioned the obvious, that Iran's response "falls short" of the uranium suspension condition, it was careful to add: "We acknowledge that Iran considers its response as a serious offer, and we will review it."

Across the Atlantic, the reaction was also muted. In Paris, Foreign Minister Philippe Douste-Blazy said simply that Iran must stop uranium enrichment before negotiation on its nuclear program could resume. In Germany, Chancellor Angela Merkel echoed, "What we expected is not stated there, namely: 'We will suspend our uranium enrichment and come to the negotiating table.' "

There were no official mentions of penalties, despite the looming Aug. 31 deadline that the six countries, which also include Britain, have given for Iran to suspend enrichment.

United States and European diplomats say the response so far is part of a calculated public campaign to give the appearance that they are carefully considering Iran's response, despite the fact that Britain, Germany, France and the United States all agree that it was unsatisfactory.

The four countries still plan to pursue penalties if Iran does not suspend uranium enrichment by the Aug. 31 deadline set by the United Nations Security Council. But, officials from all four countries said, they do not want to appear trigger happy.

The maneuvering highlights the fragile nature of the coalition on Iran that Secretary of State Condoleezza Rice is trying to keep together. While the United States and its European allies appear to be united in the notion that the next step should be to impose penalties on Iran through the Security Council, Russia and China remain question marks. Neither country likes sanctions in general, and both have been loath to hit Iran in particular, since both have deep economic interests there.

Both Russia and China crossed a diplomatic threshold in July and joined the United States and Europe in seeking a Security Council resolution ordering Iran to freeze some nuclear activities, or face penalties. United States officials said Ms. Rice received assurances in June that Russia would, at a minimum, sign on to a first phase of weak sanctions if Iran refused to suspend uranium enrichment. Those penalties would probably include a ban on travel by Iranian officials and curbs on imports of nuclear-related technology.

But the diplomatic choreography under way demonstrates that Russian and Chinese cooperation is by no means assured, analysts say.

Iran's nuclear program and its response to the offer from world powers are on the agenda for Friday's meeting of European Union foreign ministers in Brussels. But that meeting is expected to be dominated by the international effort to come up with a peacekeeping force in Lebanon. European officials said that the foreign ministers were not expected seriously to take up the Iran issue until Sept. 1.

A senior Bush administration official said the group wanted to avoid the criticism leveled at Iran last year for being too quick to turn down a European offer on its nuclear program. "The game is about appearing to be reasonable," the Bush official said.

U.S. Awaits U.N. Deadline On Iran (AP)

By Anne Gearan

AP, August 25, 2006

The United States is awaiting a formal U.N. deadline before seeking any new measures to coerce or punish Iran over its disputed nuclear program, the State Department says.

"We're looking at the Aug. 31 date and I think once we get there, we'll begin to take action," State Department spokesman Gonzalo Gallegos said Thursday.

The U.N. Security Council is set to take up the Iran case on Aug. 31, and could soon consider a new resolution to impose economic or other sanctions on Tehran. The U.S. has long favored sanctions.

The U.N. Security Council gave Iran until the end of August to stop enriching uranium, a key component of both nuclear weapons and the peaceful nuclear energy that Tehran says it wants. The suspension is a precondition before Iran could bargain with European nations and the United States over a package offering Iran economic and other incentives if it gives up portions of its nuclear program that the West fears could produce a bomb.

Iran made a counteroffer to the proposal Tuesday that ignores the U.N. demand on uranium.

Germany said Thursday that Iran's response appears unsatisfactory, and Gallegos repeated the U.S. assessment that the response "falls short" of U.N. conditions.

"We've acknowledged that Iran considers its response a serious offer and we're reviewing it," Gallegos said. "I note that there is still time before Aug. 31 for Iran to comply."

Meanwhile, two senior diplomats who have been briefed on the Iranian response told The Associated Press that the U.S. and other world powers will likely reject Tehran's terms.

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The diplomats said the 25-page Iranian document does not suggest an enrichment moratorium once negotiations start and includes only a vague reference to a willingness to discuss all aspects of Iran's nuclear program. The diplomats, who spoke from two European capitals, asked for anonymity because they were not authorized to discuss the confidential proposal.

White House spokeswoman Dana Perino said President Bush spoke with German Chancellor Angela Merkel by phone Thursday about Iran and the diplomatic effort in reaction to Tehran's response.

Perino would not say whether Bush agreed with Merkel that Iran's response was "unsatisfactory." And she would not say whether the two leaders agreed on what should be done next.

Secretary of State Condoleezza Rice spoke Thursday with diplomatic counterparts from the European Union, Russia and Germany, all participants in the international outreach to Iran, but Gallegos provided no details of the conversations.

Despite cooperation so far from Russia and China, which, like the U.S., hold veto power at the U.N. Security Council, it is not clear that those nations would agree to impose harsh sanctions on Iran once the deadline passes.

Associated Press Writers George Jahn in Vienna, Austria, and Geir Moulson in Berlin contributed to this report.

Envoys: West Likely To Reject Iran's Response (USAT)

USA Today, August 25, 2006

Germany said Thursday that Iran's response to a package of incentives to halt its nuclear program was unsatisfactory because of its refusal to freeze uranium enrichment, and diplomats suggested Tehran now faces a greater risk of United Nations sanctions. Two diplomats who were briefed on Iran's response told the Associated Press that world powers would likely reject it. The diplomats, who spoke from two European capitals, asked for anonymity because they were not authorized to discuss the confidential proposal.

They said the reaction among the six powers — France, Germany, Britain, Russia, the United States and China — was one of disappointment and even anger that Tehran would not consider a suspension of uranium enrichment. The U.N. Security Council has set a deadline of next Thursday for Iran to freeze enrichment, and the six nations offering to talk to Iran say such a step must precede the start of discussions.

Unruly fliers not terrorists, Dutch say

Twelve men arrested in the Netherlands after their behavior on a Northwest Airlines flight to India prompted the crew to return the plane to Amsterdam do not appear to be terrorists and will be released, Dutch prosecutors said. “No evidence could be brought forward that these men were about to commit an act of violence,” said the prosecutor's office in Haarlem. The men passed cellphones and refused to follow instructions during the flight Wednesday.

Meanwhile, in London, a 12th suspect was charged in an alleged plot to bomb U.S.-bound airliners. Umair Hussain, 24, was charged with having information about a possible terrorist act and not disclosing it, Scotland Yard said. He will appear in court today.

Female drug suspect flogged in Somalia

Islamic leaders in Mogadishu gave a woman 11 lashes for selling $1 worth of marijuana. She was the first woman to be whipped since a fundamentalist militia took over Somalia's capital in June. The woman insisted she was innocent as she was flogged with five men. “We want to stop people selling and using drugs,” said Sheik Omar Hussein, a security official. Somalia has not had a judiciary since warlords overthrew dictator Mohamed Siad Barre in 1991 and then turned on each other, creating clan-ruled fiefdoms.

Threat Of Military Action Hangs Over Escalating Tensions With Iran (MCT)

By Ron Hutcheson

McClatchy Newspapers, August 25, 2006

WASHINGTON - The escalating confrontation over Iran's nuclear program raises an unsettling question: Is Iran the next target for U.S. military action?

Some analysts think so. The focus is on diplomacy for now, but President Bush hasn't ruled out the use of force to stop Iran from building a nuclear weapon. Tensions are likely to ratchet up a notch next Friday if, as expected, Iran ignores a U.N. Aug. 31 deadline to abandon its uranium-enrichment program.

Armed conflict isn't imminent or inevitable, and it wouldn't necessarily take the form of a full-scale invasion. Airstrikes alone might be the choice. But the possibility of military action lurks on the sidelines of the diplomatic dance that will play out over the coming months at the U.N. Security Council.

"We are creating a situation where everything we're going to try short of military force is going to fail," said Ilan Berman, an Iran expert at the American Foreign Policy Council, which favors an aggressive approach. "By the spring of next year, we're going to be looking at very serious discussions about next steps, including military options."

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The steps to war could follow the same path that led to the invasion of Iraq: The U.N. passes a resolution demanding an end to Iranian nuclear-weapons development, then fails to enforce it. Bush prods the U.N. to support words with action. The U.N. dithers. Bush unleashes the U.S. military.

"If George Bush is serious about denying Iran nuclear weapons and Iran doesn't respond to our diplomacy, then we're headed to a conflict," said Michael Rubin, an Iran expert at the American Enterprise Institute, a research center with strong ties to the "neo-conservatives" who shaped Iraq policy in the Bush administration.

However, even if the president is leaning toward military action, he faces several constraints. The military is already strained by Iraq and Afghanistan. Iran could strike U.S. forces in Iraq, incite Shiite Muslim militias there to do it or simply unleash Shiite chaos that ends Bush's dream of a stable, pro-U.S. Iraq. Iran also could encourage Hezbollah attacks on Israel.

"There exists a very real possibility that, if the U.S. attacks Iran, then Iran will inflict a devastating defeat upon the U.S. in Iraq, and also take the fight to the U.S. across the Middle East," concluded an analysis Wednesday by Chatham House, a respected British research center.

A unilateral U.S. strike probably would inflame world opinion anew against America. It could send global oil prices over $100 a barrel and tip the world into recession. And U.S. voters weary of war could punish Bush and his Republican Party in 2008 - as might Congress in the meantime if Democrats win control of it in November.

Some analysts think the risks of war will convince the president to forgo it.

"When all the political and strategic pros and cons of an American military strike on Iran are taken into account, there is good reason to believe that the U.S. will stick to diplomacy," Philip Gordon, a foreign policy specialist at the Brookings Institution, a center-left research center, concluded in a recent article. "I know of almost no one who ... sees it as anything other than a last resort."

Still, Gordon added, "it would be foolish" to completely dismiss the idea that "Washington is getting ready to bomb Iran."

There are other possible scenarios. Iran might cave to international pressure and give up its uranium-enrichment programs. A diplomatic stalemate might leave the issue unresolved through Bush's term. The international community might be able to force Iran's cooperation by imposing tough economic sanctions.

That's the American game plan for the moment. U.S. diplomats are trying to come up with a package of sanctions that could win Security Council approval, but Russia and China oppose tough measures and each holds veto power. Both have strong economic ties to Iran.

Many experts think the right mix of sanctions could work. Despite the windfall it's reaped from skyrocketing oil prices, Iran's economy is shaky. Although Iran is the second-largest exporter of Middle East oil, behind Saudi Arabia, it imports about 40 percent of its refined gasoline. The government has drafted plans for fuel rationing.

"The mullahs have terribly mismanaged the economy. They're economically vulnerable," said Peter Brookes, an Iran specialist at the Heritage Foundation, a conservative research center. "The hard part, when you're talking about sanctions, is getting the Europeans to do it and getting the Chinese and the Russians not to oppose it at the Security Council."

The Security Council passed a resolution in July demanding that Iran shut down its uranium-enrichment program, but Russia and China blocked American efforts to include an automatic trigger for sanctions if Iran failed to comply.

Iran says it wants enriched uranium for nuclear power plants, not bombs, but few accept that. U.S. intelligence officials think Iran is on track to produce a nuclear weapon over the next four to nine years.

"If they get the bomb, all bets are off," Berman said. "We don't want the leading state sponsor of terrorism to have a finger on the trigger."

Berman said the best-case scenario would be a regime change within Iran. Earlier this year, Bush asked Congress for $75 million to encourage internal dissent, but there are no indications that the Iranian regime is close to collapsing.

Iran's leaders show no sign of backing down on the nuclear issue. Their prestige in the region is on the rise, as Iranian support for Shiite militias in Iraq and Hezbollah militants in Lebanon has expanded Tehran's influence.

If diplomacy fails and the Iranian regime presses ahead with its nuclear program, Bush could order airstrikes, although Iran's nuclear facilities are hidden and scattered. Or he could let Israel do it; in 1981, Israel bombed a nuclear plant in Iraq to prevent it from being used to develop weapons. It's the nation most at risk from a nuclear Iran.

Alternatively, Bush could let diplomacy drag out through the end of his term in January 2009.

"Political reality may force him to punt it. His credibility is, in a sense, shot internationally. Domestically, there's no appetite for a military confrontation," said Thomas Alan Schwartz, who teaches diplomatic history at Vanderbilt University in Nashville, Tenn. "He might be faced with the issue of whether he wants to go out with a bang, so to speak, or leave it to his successor."

Brookes of Heritage, who agrees with Bush's zero-tolerance policy toward a nuclear-armed Iran, suggested that events may force a compromise.

"We may have to live with a nuclear Iran," he said.

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Wanted: Scarier Intelligence (NYT)

The New York Times, August 25, 2006

The last thing this country needs as it heads into this election season is another attempt to push the intelligence agencies to hype their conclusions about the threat from a Middle Eastern state.

That's what happened in 2002, when the administration engineered a deeply flawed document on Iraq that reshaped intelligence to fit President Bush's policy. And history appeared to be repeating itself this week, when the chairman of the House Intelligence Committee, Peter Hoekstra of Michigan, released a garishly illustrated and luridly written document that is ostensibly dedicated to "helping the American people understand" that Iran's fundamentalist regime and its nuclear ambitions pose a strategic threat to the United States.

It's hard to imagine that Mr. Hoekstra believes there is someone left in this country who does not already know that. But the report obviously has different aims. It is partly a campaign document, a product of the Republican strategy of scaring Americans into allowing the G.O.P. to retain control of Congress this fall. It fits with the fearmongering we've heard lately — like President Bush's attempt the other day to link the Iraq war to the 9/11 terrorist attacks.

But even more worrisome, the report seems intended to signal the intelligence community that the Republican leadership wants scarier assessments that would justify a more confrontational approach to Tehran. It was not the work of any intelligence agency, or the full intelligence panel, or even the subcommittee that ostensibly drafted it. The Washington Post reported that it was written primarily by a former C.I.A. official known for his view that the assessments on Iran are not sufficiently dire.

While the report contains no new information, it does dish up dire-sounding innuendo, mostly to leave the impression that Iran is developing nuclear weapons a lot faster than intelligence agencies have the guts to admit. It also tosses in a few conspiracy theories, like the unsupported assertion that Iran engineered the warfare between Israel and Hezbollah. And it complains that America's spy agencies are too cautious, that they "shy away from provocative conclusions."

Newt Gingrich, the former House speaker, put it even more bluntly in explaining some Republicans' dissatisfaction with the C.I.A. reporting on Iran: "The intelligence community is dedicated to predicting the least dangerous world possible."

All in all, this is a chilling reminder of what happened when intelligence analysts told Vice President Dick Cheney they could not prove that Iraq was building a nuclear weapon or had ties with Al Qaeda. He kept asking if they really meant it — until the C.I.A. took the hint.

It's obvious that Iran wants nuclear weapons, has lied about its program and views America as an enemy. We enthusiastically agree that the United States needs every scrap of intelligence it can get on Iran. But the reason American intelligence is not certain when Iran might have a nuclear bomb is because the situation is so murky — not because the agencies are too wimpy to tell the scary truth.

If the Republicans who control Congress really wanted a full-scale assessment on the state of Iran's weapons programs, they would have asked for one, rather than producing this brochure.

The nation cannot afford to pay the price again for politicians' bending intelligence or bullying the intelligence agencies to suit their ideology.

EU Questions Death Of Iranian Dissident (AP)

By Jari Tanner, Associated Press Writer

AP, August 25, 2006

The European Union on Thursday questioned the circumstances surrounding the recent death of an Iranian student activist and called on Tehran to launch an independent investigation into the case.

The EU said it was "gravely concerned" about Iranian human rights activists following the death of Akbar Mohammadi, 34, in a Tehran prison on July 31 after a nine-day hunger strike to protest a lack of medical care.

"The circumstances concerning the death of Mr. Mohammadi are also unclear," the EU said in a statement released by Finland, which holds the bloc's rotating presidency. "The EU questions whether Mr. Mohammadi was provided with proper medical care while in hunger strike."

The EU also expressed "grave concern regarding the harsh treatment of dissidents, opposition leaders, student activists and all human rights defenders in Iranian prisons."

Mohammadi, who died in Evin Prison, was arrested for taking part in protests at Tehran University in July 1999 — Iran's biggest anti-government demonstrations since the 1979 Islamic revolution.

He was sentenced to death after being convicted of throwing Molotov cocktails during the protests, but his sentence was later reduced to 15 years in prison.

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The Student Committee of Human Rights Reporters of Iran said Mohammadi went on a hunger strike to protest a lack of proper medical care, and had a heart attack.

Prison officials said Mohammadi had been receiving appropriate medical care.

The EU said it had received reports that Mohammadi's trial was "characterized by severe deficiencies" and that he received "inappropriate treatment" in custody.

"The EU asks the Iranian authorities to carry out an independent investigation on the death of Mr. Mohammadi," the 25-member bloc said, adding it will closely monitor the situation of his brother, Manoucher Mohammadi, and other detained Iranian student activists.

Iran Exhibits Anti-Jewish Art (NYT)

By Michael Slackman

The New York Times, August 25, 2006

TEHRAN, Aug. 24 — The title of the show is "Holocaust International Cartoon Contest," or "Holocust," as the show's organizers spell the word in promotional material. But the content has little to do with the events of World War II and Nazi Germany.

There is instead a drawing of a Jew with a very large nose, a nose so large it obscures his entire head. Across his chest is the word Holocaust. Another drawing shows a vampire wearing a big Star of David drinking the blood of Palestinians. A third shows Ariel Sharon dressed in a Nazi uniform, emblazoned not with swastikas but with the Star of David.

The cartoons are among more than 200 on display in the Palestinian Contemporary Art Museum in central Tehran in a show that opened this month and is to run until the middle of September.

The exhibition is intended to expose what some here see as Western hypocrisy for invoking freedom of expression regarding the publication of cartoons that lampooned the Prophet Muhammad while condemning President Mahmoud Ahmadinejad of Iran for questioning the Holocaust.

The cartoons of Muhammad, first published in September 2005 in a Danish newspaper, were widely condemned by Muslims as blasphemous. They prompted riots in many countries, which left some people dead and several European embassies burned by demonstrators.

The cartoons in the exhibit draw on images both ancient and contemporary, from the fictional "Protocols of the Elders of Zion," to Israeli tanks running over Palestinian children. Each picture is carefully matted and placed in a soft wood frame, hung with great care and illuminated by gentle lighting.

"It is not that we are against a specific religion," said the show's curator, Seyed Massoud Shojaei, making a distinction that visitors to the show are certain to question. "We are against repression by the Israelis."

In February, the Iranian newspaper Hamshahri said it would challenge Western concepts of freedom of expression by exploring one of the West's taboos and challenging accounts of the Holocaust in the contest. Mr. Shojaei said more than 1,000 pictures from 61 countries had been submitted, proving that "there is a new Holocaust in Guantánamo Bay, Abu Ghraib, Palestine, Iraq and Afghanistan."

The provocative theme may attract the attention of the West. But it has gone little noticed here. Over a three-day period the gallery was virtually empty. A few visitors stopped by, mostly art students who said they had visited to examine artistic techniques. Many were happy to take away a free poster: a photograph showing three military helmets piled up, two with swastikas on the crown, a third with the Star of David.

"I came here to study the quality of the work," said Hamid Derikvand, 27, who said he was an art student at the university across the street from the gallery.

What did he think of the message? "I am not interested in politics," he said.

Technically this is not a government show. The cash prizes that will be awarded to the winners — including a $12,000 top prize — will not come from the government, Mr. Shojaei said. But the theme of the show fit well with the leadership's efforts to define itself as confrontational with the West and as a leader in challenging Israel's existence. At the height of the worldwide anger over the Muhammad cartoons there were two protests in Tehran, both organized by government officials.

But while people here say they sympathize with Palestinians and Lebanese and are angry at Israel and the United States, there did not seem to be a rush to see the show.

"Look, these cartoons are the reflections of U.S. and Israelis' deeds, but wouldn't it have been better if they were put on display in the U.S. or even in Israel?" said Ali Eezadi, 70, a retired industrial engineer who visited the gallery Thursday afternoon.

"If this were the case," he said, "certainly there would be a rationale for it. But having this kind of exhibition in Iran does not draw much attention. I mean, these things are said, written and expressed in lots of ways that makes people apathetic."

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At first, Mr. Shojaei was eager to show visitors around. He was proud to point to his own drawing, a rabid dog with a Star of David on its side and the word Holocaust around its collar.

He said there were three reasons for holding the show. The first is that in the West it is all right to insult religion but impermissible to question the Holocaust, he said.

The second is to ask why Palestinians must pay the price for the atrocities of the Holocaust — which he, unlike his president, did not question. And the third is to draw attention to what he called the creation of a new Holocaust against Muslims, primarily Palestinians.

"We have been accused of being advocates for neo-Nazis," he said, speaking in Persian through an interpreter. "This is not true."

The show took up three floors of the gallery, and Mr. Shojaei was on the third floor, surrounded by images that at most used the Holocaust as a subtext: a dove chained to a Star of David. President Bush seated at a desk swatting doves. A Jew, or Israeli, asleep with three Arab heads mounted to the wall above his bed.

"We are not saying the Holocaust is a myth," he said. "We are saying that by this excuse Israelis are repressing other people."

But Mr. Shojaei was not interested in answering questions or being challenged on his statements. "You will need to make an appointment for an interview," he said abruptly, and left quickly through the front door after an attempt to engage him.

Cartoons from other countries were on display as well: China, India, Brazil, Syria, Jordan, Pakistan. An Israeli soldier, holding a gasoline can that said Holocaust on the side, pouring the fuel into a military tank. A razor blade in the ground, like the wall Israel is building along the West Bank, with the word Holocaust along the side. Two firefighters, each with a Star of David on his chest, using Palestinian blood to extinguish the word Holocaust, which was ablaze.

Mr. Shojaei said none of the images were intended as anti-Jewish, only anti-Zionist and anti-Israeli — and of course, anti-American and anti-British. As evidence, he said Iranians lived peacefully with this country's Jews.

But Morris Motamed, the one Jewish member of Iran's Parliament, said he had not gone to the show, because "it was in line with anti-Semitism and aimed at insulting Jews."

He added, "I felt if I went, I would get insulted and get hurt."

Japan: N.Korean Test A 'Grave Threat' (AP)

By Kozo Mizoguchi, Associated Press Writer

AP, August 25, 2006

A nuclear test by North Korea would pose a "grave threat" to Japan and the rest of Northeast Asia, a top government spokesman said Friday, amid reports Japan is boosting surveillance of the reclusive communist nation.

The comments by Chief Cabinet Secretary Shinzo Abe came after Kyodo News agency reported that vehicles have been seen in recent days at what is thought to be a nuclear testing site in northeastern North Korea.

Abe did not confirm the report, saying he could not comment on what Japan knows because of intelligence reasons, but he urged Pyongyang to return to the stalled six-nation talks on its nuclear disarmament.

"If North Korea does carry out its nuclear experience, it will pose a grave threat to the peace and security of Japan, Northeast Asia, and the international community," Abe said. "It will be absolutely unacceptable."

"North Korea's nuclear problem should be resolved peacefully through the six party talks," he added.

Kyodo, in the Thursday report, quoted an unidentified government official as saying it was unclear whether any nuclear tests by the North were imminent, but that Japan was closely monitoring the situation.

Japan's Foreign Ministry said that Tokyo had boosted surveillance of the area, but defense officials refused to confirm the Kyodo report.

American media reported last week that U.S. officials were monitoring potentially suspicious activity at a suspected underground nuclear site.

On Thursday, South Korea's chief nuclear negotiator Chun Yung-woo warned that time was running out for countries seeking to persuade the North to disarm, but said chances of resuming international disarmament talks were slim.

Meanwhile, North Korea's army chief said Thursday his country will "do our utmost to bolster our self-defensive war deterrent, unhindered by anything," and criticized Washington for what he called a "dastardly and malicious hostile policy" toward the North.

The North regularly uses the term "war deterrent" to refer to its nuclear weapons program.

North Korea has claimed it has nuclear weapons, but hasn't performed any known test to confirm it. Many experts believe the North has enough radioactive material to build at least a half a dozen nuclear weapons.

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Talks on the North's nuclear program have been deadlocked since November, when negotiators failed to make headway in implementing a September agreement in which the North agreed to drop its nuclear program in exchange for aid and security guarantees.

North Korea has since refused to attend the six-nation talks until Washington stops blacklisting a bank where the communist regime held accounts, a restriction imposed over alleged counterfeiting and money laundering.

Washington wants the North to return without condition to the talks, which involve the two Koreas, China, Japan, Russia and the U.S.

Bush Backs Free-trade Pact With Colombia (AP-Y)

AP, August 25, 2006

President Bush said Thursday he wants a free-trade agreement with Colombia, which would be Washington's largest Western Hemisphere pact since creation of NAFTA in 1994.

In a letter to Congress, Bush said the deal would benefit Colombians by expanding economic opportunity and strengthening democracy. He said it would generate export opportunities for U.S. farmers, ranchers and companies. Bush also said a free trade deal with Colombia would help create jobs in the United States and help U.S. consumers save money while offering them more choices.

Trade negotiators in Colombia have said that their country is being unfairly punished because of the White House's refusal to push a bilateral free trade deal through Congress ahead of November's midterm elections. The deal also is a unique test of Washington's leadership in a region where trade deals that lock in billion-dollar subsidies for U.S. farmers have been sharply criticized.

In 1991, Washington granted privileges covering thousands of products to help four Andean countries — Colombia, Peru, Ecuador and Bolivia — diversify their economies away from production of coca, the base ingredient of cocaine. But they now stand to lose millions of dollars when unilateral trade privileges expire and 18 percent tariffs are restored.

Colombia's President Alvaro Uribe, the United States' staunchest ally in Latin America, has bet heavily on a trade agreement to replace expiring privileges. In February, Uribe risked his own re-election chances and traveled to Washington to conclude talks over a deal that eliminated overnight all but a fraction of tariffs on the $14.3 billion in goods traded annually between the two countries.

Since talks concluded, ratification has been held up by the White House's refusal to notify the U.S. Congress, perhaps fearing another highly politicized trade deal could hurt the re-election chances of Republican incumbents, according to Colombian trade negotiators and Capitol Hill staffers.

Bush notified Congress of his intention to enter into the free-trade agreement on Thursday in a statement issued in Kennebunkport, Maine, where he will spend the rest of the week.

Sudan Ruling Party Rejects Resolution (AP)

By Mohamed Osman

AP, August 25, 2006

Sudan's ruling party rejected a proposal to transfer peacekeeping in the troubled Darfur region from a weak African force to a larger and stronger U.N. mission, saying that would put the nation under the control of foreign powers, official media reported Thursday.

The Bush administration said it will send a senior envoy to Sudan in hopes of winning the government's consent for the deployment of U.N. peacekeepers in Darfur.

"We cannot let the violence and atrocities continue. We cannot let humanitarian workers and peacekeepers continue to come under attack," Assistant Secretary of State Jendayi Frazer said in announcing plans to fly to Sudan on Friday.

The United Nations and aid organizations, meanwhile, warned of a deepening humanitarian crisis from violence that has mounted since a peace agreement was signed in May by the government and one of the region's major rebel groups.

To stop the bloodshed, the United States and Britain have introduced a U.N. Security Council resolution to transfer peacekeeping from 7,000 financially strapped African Union troops to a better-equipped U.N. peacekeeping mission of about 22,600.

Sudanese President Omar al-Bashir's National Congress Party lashed out at the latest Western efforts and rejected the proposed U.N. force at a meeting Wednesday night, Radio Omdurman and the SUNA news agency reported.

"The draft resolution is worse than the previous ones because it constitutes an attempt to impose complete guardianship on the Sudan," lawmaker Ghazi Salah Eldin Atabani told journalists after the meeting. "It did not pay any consideration to the bodies set up for implementation of the Darfur peace agreement and was not presented to the Sudanese authorities."

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He said any council member who supported the draft would be considered an enemy of Sudan.

Placing the mission under United Nations auspices "can make a difference, bringing quickly to bear the U.N.'s long history of peacekeeping experience and an infusion of addition resources," Frazer told reporters Thursday.

Frazer said there are no plans to carry out a U.N. deployment in defiance of Sudanese wishes.

In a letter circulated Wednesday, al-Bashir asked the U.N. Security Council to give him time to bring peace to Darfur and urged it to delay action on transferring peacekeeping duties to the U.N. force.

He has warned that Sudan's army would fight any U.N. forces sent to Darfur, blaming "Jewish organizations" for the drive to dispatch international troops to the war-torn area of Western Sudan.

Meanwhile, the U.N. Security Council held a closed-door council meeting to discuss al-Bashir's letter, announcing later it would meet again Monday to discuss the transfer of peacekeeping duties.

"We think that the situation in Darfur is so grave that it merits attention," said Ghana's U.N. Ambassador Nana Effah-Apenteng, the council president for August.

The poorly equipped and funded AU troops, whose mandate expires Sept. 30, have failed to bring security to the area which has seen more than 200,000 people killed since February 2003.

International aid workers and U.N. humanitarian officials say the violence has actually increased since May, when the government and a single rebel group, Minni Minnawi's faction of the Sudan Liberation Movement, signed the Darfur Peace Agreement, prompting the United States to urge that international troops be in place by Oct. 1.

Meanwhile, more than 200 women have been raped in Kalma refugee camp — one of Darfur's largest — over the past five weeks alone, the International Rescue Committee aid organization said Wednesday.

U.N. Secretary-General Kofi Annan said Tuesday that there were thousands of documented cases of women and children abducted for forced labor and rape.

The International Rescue Committee contends that more than 50,000 people have been made refugees in recent weeks, joining some two million people previously displaced.

The conflict that has killed more than 200,000 in Sudan's remote western region since 2003, when ethnic African tribes revolted against the Arab-led Khartoum government, which responded by unleashing militias known as the janjaweed that have been blamed for many of the atrocities.

Denouncing 'Genocide' In Darfur, Bush Envoy Rushes To Sudan (AFP)

By David Millikin

AFP, August 25, 2006

President George W. Bush is rushing a senior envoy to Sudan in hopes of convincing the Khartoum government to let UN peacekeepers end the "genocide" in Darfur, an official said.

Jendayi Frazer, assistant secretary of state for African affairs, said she would travel to Sudan Friday carrying a letter from Bush to Sudanese President Omar al-Beshir.

"We must stop the genocide and protect the people of Darfur," Frazer said in announcing her mission.

Beshir's government has been accused of using Arab militia known as Janjaweed as a proxy army against ethnic minorities whose fight for autonomy and a greater share of Darfur's resources sparked the conflict in early 2003.

The fighting and a resulting famine has left an estimated 300,000 dead and forced 2.5 million people from their homes.

Beshir has rebuffed repeated US appeals on Darfur in the past and is now refusing to accept a plan to deploy UN peacekeepers in the place of an ill-equipped and under-funded African Union (AU) force which has failed to end the violence.

Khartoum has proposed deploying 10,000 of its own troops to the region, but Frazer insisted only a "robust" UN force could act credibly in Darfur.

But she gave no indication Thursday that Washington was willing to harden its so-far largely ineffective approach on Darfur.

She notably ruled out the deployment blue-helmeted troops without a green-light from Beshir's Arab-led government.

"We're not talking about fighting our way in," she said.

"The United States believes we need to act together (at the UN) to convince the government of Sudan that it is in their interests to have this force deployed," she said.

Despite a May peace agreement with one Darfur rebel group that had raised hopes of an end to the conflict, a new wave of killing appears imminent, Frazer said.

"Darfur is on the verge of a dangerous downward spiral," she told reporters. "The parties are rearming and repositioning to renew their fighting."

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Nine humanitarian aid workers and two African Union peacekeepers have been killed in recent weeks and Frazer said aid organizations were planning on withdrawing staff from the zone.

She also noted a dramatic increase in rapes of women living in camps for those displaced by the fighting.

The International Rescue Committee reported Wednesday that more than 200 women and girls as young as 13 had been sexually assaulted in the past five weeks in the largest camp at Kalma.

Darfur support groups and human rights organizations have accused the Bush administration of neglecting the crisis in recent months as it struggled with the worsening conflicts in Iraq and Afghanistan, a nuclear standoff with Iran and the recent war between Israel and the Hezbollah militia in Lebanon.

Frazer rejected the complaints.

"Stopping the genocide now is one of the highest priorities of the Bush administration," she said.

Her mission to Khartoum coincides with a push by the United States and Britain at the United Nations, where they presented a draft resolution last week calling for deployment of up to 18,000 UN peacekeepers to Darfur.

The Security Council held closed door talks on the draft Thursday, but Frazer said Sudan had declined an invitation to send high level officials to the deliberations, due to resume next week in New York.

The African Union's mandate in Darfur expires on September 30 and it has asked for deployment of the UN force immediately thereafter.

Frazer said the UN troops would include "re-hatted" elements of the current AU force and be made up primarily of soldiers from African and Muslim nations.

She said 5,200 troops could be read by the October 1 deadline.

Frazer acknowledged resistance to the US-British plan on the Security Council, in part because of Khartoum's opposition and because UN officials have said they could not deploy forces to Darfur before January -- a contention the US contests.

"We cannot allow foot-dragging at the UN or be held hostage to the Sudanese government's refusal to allow UN peacekeepers," she said.

U.S. Official To Go To Sudan To Promote Use Of U.N. Troops (NYT)

By Warren Hoge

The New York Times, August 25, 2006

UNITED NATIONS, Aug. 24 — President Bush on Thursday dispatched his senior African affairs official to Sudan to try to persuade its government to accept a United Nations peacekeeping force in Darfur. At the United Nations, Sudan rebuffed a Security Council invitation to discuss the resolution creating the force.

“Darfur is on the verge of a dangerous downward spiral,” said the administration official, Jendayi E. Frazer, assistant secretary of state for African affairs, who was scheduled to go to Sudan’s capital, Khartoum, on Friday.

“We cannot allow foot-dragging at the U.N. or be held hostage to the Sudanese government’s refusal to allow U.N. peacekeepers to keep us from taking morally just and humane action in Darfur,” she said.

At the United Nations, Nana Effah-Apenteng of Ghana, the Council president for August, said the panel would go ahead with a meeting on the Darfur resolution on Monday despite a letter turning down an offer to discuss it from Omar Hassan al-Bashir, the Sudanese president.

“We thought we were offering them a golden opportunity on Monday to come and talk on the resolution before we took further action,” Mr. Effah-Apenteng said. He had extended the invitation, he said, because of repeated claims by Sudan that it was not being consulted.

Mr. Bashir has repeatedly objected to the proposal to turn the underfinanced and poorly equipped 7,000-member African Union force now patrolling Darfur into a new United Nations-mandated force. Under the draft resolution, co-sponsored by the United States and Britain, the force would grow to 22,000 soldiers and police officers.

Mr. Bashir, instead, has proposed using more than 10,000 of his own troops to quell the violence. In his letter to the Security Council, he said a transfer of authority to the United Nations would cause “acts of violence and unmanageable confrontations among all parties in Darfur, including the United Nations forces.”

More than 200,000 people have died in the conflict in Darfur, and more than two million have been forced from their homes in a campaign that the United Nations calls the world’s worst human crisis. The Bush administration labels it genocide.

Sudan has said it will deny its consent to the presence of new United Nations peacekeepers.

Despite this defiant stance, both Britain and the United States say that the Security Council should persist in pursuing a vote.

“No country has ever had a veto over the Security Council expressing its will,” Ms. Frazer said. “And so that can’t be an excuse for not passing the resolution.”

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Rumsfeld Meeting With Russian Counterpart (AP)

By Lolita C. Baldor

AP, August 24, 2006

Defense Secretary Donald H. Rumsfeld will travel to Alaska this weekend and meet with his Russian counterpart to discuss North Korea's nuclear program and other issues.

Pentagon spokesman Eric Ruff said Thursday that Rumsfeld and Defense Minister Sergei Ivanov also will probably talk about the troubled Middle East and the continued development of a military relationship between the U.S. and Russia.

Rumsfeld's meeting with Ivanov, scheduled for Sunday, is part of a four-day trip during which he will visit privately with family members of an Alaska-based brigade that was recently ordered to extend its one-year tour in Iraq for four months to help tamp down violence in Baghdad.

"The 172nd has done some great work in Iraq and they have another important mission," said Ruff. "The secretary understands there is some natural disappointment among some of the family members, and he intends to visit with them and thank them for their support and that of their spouses who are serving in Iraq."

The Stryker Brigade had been serving in northern Iraq but was moved to Baghdad, where sectarian violence had escalated between Shiite and the Sunni extremists.

Rumsfeld is also planning stops in Utah and Nevada to give speeches.

The discussions with Ivanov come less than a week after President Bush spoke with Chinese President Hu Jintao about how to persuade North Korea to return to deadlocked international talks on its nuclear weapons program.

Beijing Backs Venezuela For UN Council (FT)

By Andrew Yeh

Financial Times, August 25, 2006

Venezuela has secured China's support in its bid for a United Nations Security Council seat, Hugo Chávez said on Thursday as he announced a raft of deals to develop his oil-rich nation's resources.

Detailing an agreement to almost quadruple oil sales to China to 1m barrels a day over the next decade, the Venezuelan president said Hu Jintao, his Chinese counterpart, had assured him of China's support over its rival Guatemala.

''The support of China is very important from the political and moral point of view,'' said Mr Chávez after meeting Mr Hu.

The move, together with the broadening of energy ties between Beijing and Caracas, is a further sign of warming relations between China and Venezuela, a worrying trend for the US.

"I'm very satisfied with co-operation with China in the oil and petrochemical fields," Mr Chávez was quoted as saying on Thursday by the state-run Xinhua news agency. He expressed a desire to diversify his country's petroleum business.

China National Petroleum Corp (CNPC), China's state-controlled oil major, and PDVSA, the Venezuela state oil company, have signed two agreements to jointly explore Block 4 of the Junin area of the Orinoco River basin as well as the region of Zumano in Venezuela.

No financial details of the deals were made public.

Venezuela's oil fields are among the most productive in the world. China's appetite for crude has been insatiable in recent years, with Venezuelan imports set to rise fast.

This week, Mr Chávez predicted oil exports to China could reach 500,000 barrels a day in five years' time, nearly tripling from the current amount of about 160,000 b/d. He predicted exports could reach 1m b/d within a decade.

Aside from the energy contracts, six other agreements were signed on Thursday, including those focusing on bilateral trade and infrastructure construction.

Both Mr Chávez and Mr Hu said co-operation would be likely to include the building of oil machinery, railways and telecommunications networks.

Beijing frequently assists developing countries, including rogue regimes shunned by the west, with infrastructure building and other economic incentives. In exchange, China often is able to secure much-needed oil and mineral resources for its expanding economy.

Mr Hu said China was encouraging more companies to invest in Venezuela. Beijing's leaders have made it a priority to urge competitive Chinese enterprises – particularly in the energy, construction and high-technology fields – to "go out".

Venezuela Says China Backs U.N. Bid (AP)

By Audra Ang, Associated Press Writer

AP, August 25, 2006

DOJ_NMG_0053515

Venezuelan President Hugo Chavez said Thursday that China has thrown its support behind his nation's bid for a seat on the U.N. Security Council as the two countries signed deals to develop Venezuela's vast oil resources.

Chinese President Hu Jintao warmly welcomed Chavez, who has proposed an ambitious plan for his country — the world's No. 5 oil exporter — to almost quadruple sales to fuel-hungry China to 1 million barrels per day in the next decade.

"I believe that, through your visit, the two countries' cooperation in all aspects can be promoted," Hu told Chavez at the Great Hall of the People, the seat of China's parliament.

Chavez responded by saying that "mutual trust between our two countries has been deepening, and the economic and cultural exchanges have been strengthening."

The two countries' alliance has expanded beyond energy, however. Chavez told reporters after his meeting with Hu that the Chinese president had expressed support for Venezuela's bid to join the Security Council — a move the United States has sought to block.

"The support of China is very important from the political and moral point of view," said Chavez, who has fostered increasingly close ties with North Korea and Iran despite international tension over their suspected nuclear ambitions.

The U.S. government, which frequently clashes with leftist Chavez, is backing Guatemala for the Security Council seat instead. The race between the two countries is to be decided by the General Assembly in a secret ballot in October.

China is the second of the council's five permanent, veto-wielding members to back Venezuela. Chavez won Russia's support last month.

The Asian nation has sought to lessen its dependency on Middle Eastern oil while securing access to the resources needed to fuel its booming industrial expansion, an aim that dovetails with Chavez's goal of selling more oil to other countries besides the U.S., its biggest customer.

Energy agreements signed by Hu and Chavez include one for their main government oil companies — China National Petroleum Corp. and Petroleos de Venezuela SA — to jointly develop Block 4 of the Junin area in Venezuela's Orinoco oil belt. China has been helping to certify reserves in the 247-square mile block, which are estimated at some 20 billion barrels of oil.

Another deal calls for the two companies to jointly explore an oil field in Venezuela's Zumano region.

The U.S. government would "be concerned because this deal makes both countries stronger," said Steven Knell, a London-based energy analyst for Global Insight, a private forecasting firm.

"Despite assurances, these countries represent a challenge to America," Knell said. "It's not exactly the sort of bilateral relationship they would want to see going much deeper."

Chavez told reporters on Thursday that he hoped to be exporting 500,000 barrels of oil per day to China by 2009.

"And in the next decade we will aim for a million barrels," he said.

Chavez was scheduled to meet China's No. 2 leader, Wu Bangguo and Premier Wen Jiabao on Friday.

U.S. Eyes Chavez Ties To China (WT)

By Bill Gertz

The Washington Times, August 25, 2006

The visit to China by Venezuelan President Hugo Chavez this week is being watched closely by U.S. national security officials who are concerned that Beijing is increasing its backing for the leftist leader.

A defense official involved in Asian affairs said the visit to Beijing by Mr. Chavez is part of China's strategy of forming coalitions aimed at controlling resource markets -- in Venezuela's case, access to oil.

"China does not believe in free markets and wants to lock up access to them," the official said. He noted that Beijing thinks the United States is trying to block access to international energy and other resources as part of a containment strategy designed to prevent the emergence of a threatening China.

In Beijing yesterday, Chinese President Hu Jintao warmly welcomed Mr. Chavez, who has proposed an ambitious plan for his country to almost quadruple sales to China to 1 million barrels per day in the next decade.

"I believe that, through your visit, the two countries' cooperation in all aspects can be promoted," Mr. Hu told the Venezuelan leader at the Great Hall of the People, the Associated Press reported from Beijing.

Mr. Chavez responded by saying that "mutual trust between our two countries has been deepening, and the economic and cultural exchanges have been strengthening."

Mr. Chavez told reporters that he hoped to be exporting 500,000 barrels of oil per day to China by 2009.

"And in the next decade, we will aim for a million barrels," he said.

Mr. Chavez also sought and won Beijing's backing for Venezuela's bid for a nonpermanent seat on the U.N. Security Council next year, something the Bush administration opposes.

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China views souring relations between Washington and Caracas as a strategic opportunity and is cautiously coaxing Mr. Chavez into reducing Venezuela's current large exports to the United States, the defense official said.

Currently, Venezuela ships about 1.5 million barrels of oil a day to the United States, accounting for about 10 percent of all U.S. oil imports.

The Chavez government earlier this year threatened to curtail oil exports to the United States over concerns that the Bush administration was planning to invade Venezuela or otherwise oust the leftist government.

Mr. Chavez has embarked on a major arms buildup that includes purchases of Russian, European and Chinese weapons.

Richard Fisher, a specialist on the Chinese military with the International Assessment and Strategy Center, noted that Mr. Chavez said earlier this year that he would consider buying Chinese jet fighters in addition to 24 Su-30 fighter bombers purchased as part of a $3 billion deal with Russia.

The first of three advanced long-range air defense radar purchased from China last year are expected to arrive in Venezuela next month, and the Venezuelan military plans to buy as many as seven more JYL-1 radar by next year, U.S. officials said.

Additional weapons purchases likely will be discussed during Mr. Chavez's meetings with Chinese leaders, including Mr. Hu.

The purchases followed a Bush administration decision to block sales of spare parts from the United States for Venezuela's F-16 jets.

"Within the next two to three years, China will be able to offer integrated air defense systems, from satellites to [airborne warning and controls systems], to fighters and [surface-to-air missiles], and naval weapons," Mr. Fisher said.

China's sale of military equipment to Venezuela appears to contradict a pledge made by Beijing officials to the U.S. government earlier this year.

Thomas A. Shannon, assistant secretary of state for Western Hemisphere affairs, told The Washington Times recently that China informed the United States it is "not interested in political or military adventures" in Latin America and other developing areas of the world.

Recent efforts to entice China's government into joining the United States in helping promote global stability have failed, U.S. officials said. High-level U.S.-China talks aimed at promoting the concept of China joining the United States as a "stakeholder" in world affairs were rebuffed by the Chinese during recent talks with Deputy Secretary of State Robert B. Zoelleck.

There are also concerns that the close ties between Venezuela and Cuba will lead to covert arms supplies from China to Cuba through Venezuela.

China has delivered some military goods to Cuba since the 1990s, according to U.S. officials.

Obama Called 'One Of Us' In Kenya (CHIT)

By Jeff Zeleny

Chicago Tribune, August 25, 2006

NAIROBI, Kenya -- The sun was falling quickly, and clusters of street salesman began to abandon their posts in the middle of chaotic roadways. Along a one-block stretch of a neighborhood called Nairobi West, barstools were filling up as beer bottles emptied and after-work conversations flowed.

Suddenly, a forceful admonition sounded from a dark corner of the room.

"Shhhhh," hissed Said Nassir, 43, a medical technologist with a bottle of Coca-Cola sitting on the plastic before him. "If you don't mind, Obama is on the news."

No one, at least among gathering here Thursday evening, seemed to mind.

In the United States, such a statement surely would draw heckles from a thirsty barroom. But for days, anticipation had been building over the arrival of Sen. Barack Obama (D-Ill.), and when the moment finally came, the patrons inside Elgesa Wine & Spirits strained to see him on a television set atop a beer cooler.

They uttered barely a word as the nightly news went on for nearly 10 minutes about Obama.

"Tonight, it was special. That's why everyone was quiet," the softspoken Nassir said when the broadcast moved on to another topic. "People will follow his every movement from today until he leaves. He is one of us."

For all the adulation Obama has received during less than two years in office, for all the celebrity glow he basks in, the junior senator from Illinois had never before experienced the type of hospitality shown when his plane landed here Thursday.

A 12-car motorcade — a trapping usually bestowed upon a visiting head of state — whisked him past admirers who lined the roads heading to his downtown hotel. A security contingent of U.S. Marines stood watch. All the while, a taxi driver ensnared in the congestion didn't mind a bit, craning his neck to take in the view.

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It was a markedly different scene from that during his first four days in Africa, when the senator traveled in a car without lights or sirens and saw little trace of a red carpet.

For three days, neither South African President Thabo Mbeki nor three lower-ranking foreign ministers could find time to meet with Obama. And a substantive side trip to Congo was canceled because officials were dealing with violence in Kinshasa and didn't have time to lead a visiting senator on a tour.

But upon his arrival in Kenya, the home of his late father, suddenly Obama was no longer being treated as a freshman senator from America.

On Friday, he was scheduled to meet with Kenyan President Mwai Kibaki as well as the leader of the opposition party. After lunching with several members of Parliament, he is to visit the site of the 1998 U.S. Embassy bombing that killed 248 people here.

"Our blood is in his," said Charles Kibiru Muraguri, who was sitting at the Nairobi West bar, dripping with pride over Obama. "And he came back to Africa to see us."

How, though, will Kenyans perceive him when his motorcade is leaving the city in six days? Will he receive as glorious a sendoff after it becomes clear that he has no ability to solve the problems of this impoverished nation?

"Kenya is not my country. It's the country of my father," Obama said. "I feel a connection, but ultimately, it's not going to be me, it's going to be them who are climbing a path to improving their new lives."

An afternoon drive through the city center of Nairobi underscores economic challenges facing the country. While colorful billboards entice people to drink Dasani water, fly Emirates Airline and sign up for wireless Internet access, the reality for many residents in this city of nearly 4 million is unfolding beneath those lofty advertisements.

Men and boys stand in the middle of streets polluted in exhaust fumes, walking from car to car, selling a bounty of goods. Neckties, alarm clocks and flowers are among items for sale.

And by simply rolling down your car window, even a Time magazine — the May 6, 2002, edition on autism — could be purchased at a stoplight on Uhuru Highway.

"Finding a job here is hard," said Benjamin Okola, a 30-year-old taxi driver, ignoring the men surrounding his car who sought to sell their merchandise to his passengers. "People are really expecting a lot of things from Obama."

But Okola, who grew up 30 kilometers from the Obama homeland in Nyanza Province, said he knows the senator can't realistically solve all of Kenya's problems. Even so, he said he hoped his government meetings — and a public speech next week — would at least help decrease rampant corruption.

"He can talk to the president about it like no one else can," Okola said. "He will give a good example to Kenya of how to treat each other."

For all the fanfare surrounding the trip, details of the senator's schedule had not been widely announced to Kenyans. The secrecy stirred even more suspense and yearning.

"I can't go to sleep until I see him," said John Kariuki, a 30-year-old taxi driver who dashed back to the airport immediately after dropping off his fares in the hopes of seeing Obama's arrival. "I can't have any chance to talk to him but I want to see this man."

Sen. Obama Seen As Inspiration In Kenya (AP)

By Anthony Mitchell, Associated Press Writer

AP, August 25, 2006

Barack Obama may have only landed Thursday for his latest visit to his father's homeland, but the U.S. senator has already become the country's most prominent "citizen."

People drinking a Kenyan beer called Senator are ordering "Obama" instead. Obama's photograph is popping up on T-shirts, and the once knee-high grass in his ancestral village was cut in advance of his arrival.

As the only African-American in the U.S. Senate, Obama is seen as an inspiration in this east African country where more than half its 33 million people eke out a living on less than $1 a day.

Obama arrived Thursday for a six-day visit, and planned to meet with President Mwai Kibaki and stop at the site where Nairobi's U.S. embassy was bombed in 1998, killing 248 people.

The Illinois Democrat, his wife, Michelle, and daughters Malia, 8, and Sasha, 4, were greeted at Jomo Kenyatta International Airport in Nairobi by U.S. Ambassador Michael E. Ranneberger, the embassy said.

Just an hour after his plane touched down, Obama's arrival was making headline news on the country's leading television stations and local journalists chased his entourage as it left the airport.

"Village beats the drums for returning son" declared the Daily Nation newspaper, the most widely read in Kenya.

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In Nyangoma-Kogelo, a tiny village tucked away in the rural west where chickens roam free and tiny boys in rags tend their flocks, residents have been preparing for weeks for Obama's return. Local newspapers reported that the dirt road leading to his 85-year-old grandmother's house was leveled.

Local media reported that Sarah Hussein, who will have to communicate with Obama through an interpreter, will treat him just like any other grandchild.

The senator grew up in Hawaii with his American mother after his parents divorced. He has visited Kenya three times, most recently in the early 1990s to introduce his then-fiancee to his Kenyan family. This is his first trip to Kenya since being sworn into office as a U.S. senator.

The senator's father, also named Barack Obama, became a university lecturer in Uganda after studying economics at Harvard University. He then worked in Kenya's private sector before joining the treasury department, where he became a senior economist.

He died in a car crash in 1982, leaving three wives, six sons and a daughter. One son died in 1984 and all his surviving children, except one, live in Britain or the United States.

Obama's paternal grandfather, Onyango Hussein Obama, was one of the first Muslim converts in the village.

During the senator's visit, he plans to take a public HIV test at a clinic in Nyangoma-Kogelo in an effort to promote AIDS prevention in a country where 700 people die on average per day from HIV/AIDS.

Although there have been recent declines in the amount of people infected with the virus in Kenya, two million people out of a total population of 33 million are infected. Around 1.5 million people have died from the disease — and western parts of the country are the worst hit.

After his visit to Kenya, Obama is headed to Djibouti and Chad. He began his African tour Sunday with a visit to Nelson Mandela's former prison at Robben Island in South Africa. He has met with black businessmen, AIDS victims and U.S. Embassy officials, among others.

He paid tribute to South Africans' fight for freedom, saying they taught lessons to the world and helped inspire his own political career.

Aides said Wednesday that Obama had scrapped plans to visit Congo and Rwanda at the request of the U.S. Embassy in Congo because of postelection fighting in that country's capital, Kinshasa.

Kenya Lays On Hero's Welcome For Favorite Son US Senator (AFP-Y)

By Odhiambo Okombo

AFP, August 25, 2006

With fanfare normally reserved for visiting celebrities or heads of state, Kenya is preparing a lavish hero's welcome for one of its favorite sons, US Senator Barack Obama.

The son of a Kenyan goat herder-turned-economist, the only African-American in the Senate and potential Democratic Party presidential nominee arrived here Thursday for a much-anticipated five-day trip amid widespread fervor.

His public schedule does not begin until Friday, the US embassy said.

But while officials set for gala receptions in Nairobi for Obama's first visit to Kenya since his election to the upper house of the US legislature, the excitement is nowhere stronger than in his father's western hometown.

Here in Kisumu on the shores of Lake Victoria, Kenya's often trash-strewn third city perhaps best known for its languishing fishing industry, high HIV/AIDS rates and grinding poverty, anticipation is at fever pitch.

Local authorities have ordered a massive clean-up operation ahead of the Illinois senator's tour of the city on Saturday, during which Obama, 45, will take an AIDS test and see his paternal grandmother at her nearby home village.

Vendors have flooded the streets with Obama T-shirts and other merchandise while sales of Kenya's low-cost "Senator" beer, dubbed "Obama" after his 2004 election, have skyrocketed.

"Miya Obama moro mangich," 24-year-old Carillus Onyango yells to a waitress in a local tin-roofed drinking hole, using the Luo tribal language of Barack Obama's US-educated father to say: "Give me another cold Obama."

"Most people have forgotten the real name of the beer because we want to identify with Obama," he says. "He is the only senator we know of, he is close to us and we are proud of him."

"This beer gives us a sense of identity with our son," says fellow drinker Tom Omwando. "He might be away but each time I order a bottle, I think of him."

Despite the facts that Obama was born in Hawaii to his Kenyan father and US mother who divorced when he was two, has never lived in Kenya and last visited more than a decade ago, many here feel strong affinity for him.

"I simply adore him as one of our own," says Kisumu resident Silpa Anyango, her hair covered with a baseball cap bearing the slogan "Obama for President" for an election he has not been nominated for and in which she will not vote.

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"I hope that turns into a reality for him back in America," she says. "He means a lot to us."

Noting heavy security laid on for the visit, John Onyango said he hoped his T-shirt inscribed with the slogan "Obama Tosha," Swahili for "Obama is Enough," would convey his message if he couldn't deliver it in person.

"It may be difficult to personally reach him and relay my gratitude, but my shirt can would speak for me," he said.

Ancestral pride is one thing, but money is another and many in Kisumu are hoping to cash in on Obama's visit, his third to Africa.

"This is a lifetime opportunity to make some money by satisfying the people's feeling for Obama," said Charles Otieno, a street hawker peddling shirts and other regalia bearing the senator's image.

"We know the people love him and so we came up with memorabilia like these T-shirts," he said. "We want to welcome him in style and make him feel like one of us."

Others are hoping for aid: villagers are expecting him to fund a local school, launch a medical clinic and commission a water point.

"That is what we want: water, schools and education," said Albert Odhiambo, a elderly man who claims to have known Obama's father.

The trip of the rising US political star is being treated here as a "state visit" by Kenyan President Mwai Kibaki's government, which has been criticized for some for trying to score political points ahead of elections next year.

Obama is to meet Kibaki on Friday in the capital before heading to Kisumu but on his return to Nairobi is to deliver what US officials say will be a "major speech" on US-Africa relations at the University of Nairobi.

Kenya is the second leg of the senator's tour of Africa, which began in South Africa and will continue in Chad and Djibouti. He has been forced to cancel planned stops in Rwanda, the Democratic Republic of Congo and Sudan.

Times Researcher Receives 3-Year Prison Term (NYT)

By Jim Yardley And Joseph Kahn

The New York Times, August 25, 2006

BEIJING, Friday, Aug. 25 — A Beijing court on Friday morning unexpectedly dismissed a state secrets charge against a researcher for The New York Times but sentenced him to three years in prison on a lesser, unrelated charge of fraud.

The verdict against the researcher, Zhao Yan, 44, spared him a prison sentence of 10 years or longer and also served as a blunt rebuke to the investigation by state security agents. Agents began detaining Mr. Zhao almost two years ago and accused him of leaking state secrets to The Times. He has consistently stated that he is innocent of both charges.

In another closely watched case, a Chinese court in Shandong Province on Thursday convicted an advocate for peasants rights and sentenced him to more than four years in prison. The advocate, Chen Guangcheng, is a blind man who tried to file a class-action lawsuit on behalf of women who were subjected to forced abortions. His case, like that of Mr. Zhao's, was considered a test of China's legal system, and his defense team described the conviction as a sham.

In Mr. Zhao's case, the Beijing No. 2 Intermediate People's Court rejected the state secrets charge in strong language in a 10-page verdict released Friday morning.

"On the charge against the defendant Zhao Yan that he provided state secrets abroad, the evidence is insufficient," the court ruling read. "The charge for this crime cannot stand, and this court does not accept it."

Mr. Zhao's lead defense lawyer, Mo Shaoping, said, "This is the way they proclaim someone innocent."

The case has attracted international attention, including lobbying from President Bush. The verdict had been postponed, and some legal experts had suggested that the final result would be as much a political decision by high-level government officials as a legal one.

Mr. Mo said Friday that prosecutors had 10 days to decide whether to contest the innocence verdict on the state secrets charge to a higher court. He and another defense lawyer, Guan Anping, said they would meet with Mr. Zhao to decide whether to appeal the conviction on the fraud case.

"I am not satisfied," his sister, Zhao Kun, said of the fraud conviction on Friday morning outside the courthouse. "The fraud charge also has no basis in fact. He should have been found completely innocent. According to my own feeling, the first charge also should never have been introduced. On this charge, the court respected the law."

Mr. Zhao, formerly a muckraking journalist for different Chinese publications, has been imprisoned since September 2004. Under Chinese law, the time he has already served will count against his prison term. Mr. Mo said the court ruling stated that his release was scheduled for Sept. 15, 2007.

Mr. Zhao joined The Times's Beijing bureau as a researcher in April 2004. The Times has consistently denied that he leaked any state secrets to the newspaper. "If the verdict is what it appears to be, we consider it a vindication," said Bill Keller,

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executive editor of The Times. “We have always said that to the best of our knowledge the only thing that Zhao Yan committed is journalism.”

On Thursday, the rights advocate, Mr. Chen, was convicted of destroying property and organizing a mob to block traffic. He earned the enmity of local Communist Party leaders in Shandong Province, in eastern China, when he sought to organize a class-action lawsuit against forced abortions and sterilizations there.

The New China News Agency announced the sentence, four years and three months, in a terse dispatch on its English-language news wire. The information did not appear in Chinese, and other state-run media have been banned from reporting on the matter.

Mr. Chen’s two-hour trial last week and the long sentence appear to reflect a concerted effort by Chinese authorities to punish lawyers and rights advocates, who increasingly in recent years have helped defend people aggrieved about land seizures, environmental abuses, religious persecution and population controls.

Chinese lawyers and human rights advocates say they believe that President Hu Jintao has ordered a broad crackdown on people who call themselves “rights defenders” because he worries that they have tried to use legal pressure to undermine the Communist Party.

The case of Mr. Chen, a 34-year-old peasant, came as a particular shock to the legal and human rights community. Mr. Chen, blind as a result of a childhood illness, taught himself the law. He became a minor celebrity in China after he helped disabled people win cases against government agencies that did not grant them the full protections and benefits they are entitled to under Chinese law. He then took up the cause of women abused under family planning policies.

Central government investigators later found that such abuses had occurred, but local authorities in Shandong Province put Mr. Chen under house arrest for months and then charged him with destroying property and blocking traffic.

A team of the top rights lawyers in the country came to Mr. Chen’s aid. They argued that the charges against him were fabrications. The crimes would have been difficult for Mr. Chen to commit, they said, given that he cannot see and was under constant police guard at the time.

But the Beijing lawyers were harassed, beaten and prevented from gathering evidence to support Mr. Chen in court, numerous people involved in his defense said.

On the eve of Mr. Chen’s trial last week, three of his lawyers were accused by local thugs of stealing property. The lawyers were then detained by the local police and one of them was held until after Mr. Chen’s trial had ended.

The case against Mr. Zhao was also marked by irregular and unexpected legal developments.

Earlier this year, the court withdrew both charges against him, prompting his lawyer to predict that he would soon be released. Instead, the court continued to hold Mr. Zhao, and prosecutors later reinstated the same charges. Mr. Mo vehemently complained, to no avail, that the tactic was illegal.

Jerome A. Cohen, an expert in Chinese law who has advised The Times on Mr. Zhao’s case, characterized the dismissal of the state secrets charge as “a welcome surprise.” He said that typically in state secrets cases, a defendant faces a near automatic conviction when investigators have made such a lengthy effort to pursue the case.

“As we have maintained consistently, there simply wasn’t the evidence to convict him on the state secrets charge,” Mr. Cohen said.

Mr. Cohen, in an e-mail message, called the verdict “an unusual and welcome precedent” but added that it was “marred by conviction on the fraud charge, which was originally introduced as a fig leaf to justify the continuing detention of Zhao.”

He said that “conviction on the fraud charge helps to ‘save face’ for the law enforcement agencies.”

Indeed, investigators added the charge several months after Mr. Zhao was arrested on Sept. 17, 2004, on the state secrets charge. It involved an accusation that Mr. Zhao, while working for a Chinese publication in 2001, had promised to write an article and intervene on behalf of a person with legal problems in exchange for a cash payment.

Mr. Zhao strongly denied the claim and a witness came forward on his behalf to dispute the charge.

The more serious state secrets charge was outlined in confidential state security investigation report. It accused him of leaking state secrets for a Times article about transition among the country’s top leaders. The article, published 10 days before Mr. Zhao was detained, revealed that former President Jiang Zemin had unexpectedly offered to resign from his final leadership position, as military chief.

The investigation report did not accuse Mr. Zhao of being one of the anonymous sources cited for Mr. Jiang’s resignation offer. Instead, security agents accused him of providing information about jockeying between Mr. Jiang and his successor, Hu Jintao, over positions in the military’s high command. A reference to this jockeying was included as context at the end of the article.

As evidence, the investigation report cited a photocopy of a handwritten note in which Mr. Zhao had scribbled down a few sentences of political gossip about the jockeying. The note was left in the Times office in Beijing. Mr. Zhao’s lawyers have

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maintained that such information should hardly constitute a state secret. Even so, questions remain about how security agents obtained a copy of the note. One possibility is that agents entered the Times's Beijing bureau without permission.

Mr. Zhao's trial was held in June. He was not allowed to call any defense witnesses and his family was forbidden from attending.

Chinese Activist Gets 4 Years In Prison (AP)

By Joe Mcdonald, Associated Press Writer

AP, August 25, 2006

A blind activist who was arrested after recording complaints of forced abortions was sentenced Thursday to four years and three months in prison on what his supporters called phony charges, a defense lawyer said.

Chen Guangcheng was convicted of damaging property and "organizing a mob to disturb traffic" after a trial in the eastern province of Shandong, according to the official Xinhua News Agency.

Chen's supporters said local officials fabricated the charges against him in retaliation for his activism.

"I am outraged by the sentence," said Li Fangping, a member of Chen's team of volunteer defense lawyers. "The whole justice system has acted totally illegally in Chen Guangcheng's case."

Chen was put on trial last week without his lawyers present after police detained three members of the defense team on theft charges and refused to let them see evidence against him.

Chen's wife, Yuan Weijing, said he would appeal.

"I did not expect such a harsh sentence," Yuan said by phone from their home, where she was under house arrest.

"It has to be because he had exposed the scandals in the family planning practices, because the local authorities are afraid that he will continue his investigations and make his findings public. So they put him in jail to seal his lips," she said.

Yuan said she has not seen her husband since March 11, when he was detained while trying to report the beating of his cousin by men who she said were most likely hired by local authorities.

The State Department criticized the detention of Chen's lawyers, saying it raised questions about China's commitment to the rule of law.

The Xinhua report gave the first detailed account of the charges against Chen. It said he instigated an attack on government offices in Shandong's Yinan County because he was upset with workers sent to carry out poverty-relief programs.

Chen was accused of getting several members of his family to help damage police cars, the report said. It said his relatives gathered a bigger group that smashed windows at a police station, overturned cars and beat police officers.

Chen attracted support from a wide array of Chinese activists.

Several said last week they were put under house arrest as early as mid-July to prevent them from going to Shandong to attend his trial.

Chen was blinded by a fever in infancy and taught himself law in order to fight discrimination against himself and handicapped farmers in his home province of Shandong.

He was arrested after recording complaints by villagers who said they were forced to undergo abortions and sterilizations to enforce China's controversial birth-control rules, which limit most urban couples to one child and most in the countryside to two.

Such practices are illegal, but local officials often resort to drastic measures for fear of being punished for exceeding birth quotas.

Chen's efforts to record the complaints prompted China's family planning agency to investigate. It confirmed the claims and said some officials were detained or fired.

In the past year, Chen and members of his family have been beaten, threatened and confined to their house by thugs, according to the family and their lawyers and supporters.

Chen's legal team included some of China's most prominent activist lawyers and a leading law professor from Beijing.

Other legal activists also have been targeted by Chinese authorities.

Beijing lawyer Gao Zhisheng was detained by police last week, reportedly on suspicion of criminal activity. Gao has represented members of the banned Falun Gong spiritual group and villagers who say local officials improperly seized their land.

On Wednesday, the U.S.-based group Human Rights Watch criticized the communist government's treatment of Chen, Gao and other activists.

"Beijing should either uphold the rule of law and tolerate legal challenges or drop this facade of commitment to legal reform," the group said. "The actions against Chen, Gao and others make it difficult to believe that everyone in China is equal before the law."

DOJ_NMG_0053522

Blind Chinese Activist Gets 4 Years (WP)

By Maureen Fan

The Washington Post, August 25, 2006

BEIJING, Aug. 25-- A blind rural activist who attracted international attention for exposing forced abortions and sterilizations in eastern China was sentenced to four years and three months in prison on charges that he damaged property and disrupted traffic, state media reported Thursday evening.

Supporters of the activist, Chen Guangcheng, immediately denounced the verdict, which came less than a week after a closed-door trial at which he had been deprived of his defense team.

Chen, 34, originally faced five years in prison on the charges, which stem from an incident in his village in February. He received a far more severe sentence than others charged in connection with the case, his wife and lawyers said.

"I didn't expect they would punish him this severely," said Chen's wife, Yuan Weijing, who, like Chen's lawyers, learned of the verdict through news media. "The whole operation stinks and is illegal and under the table."

"I don't know what to do now," she said, her voice cracking. "I want to visit him, but I don't think they will allow me."

One of Chen's top defense attorneys, Xu Zhiyong, vowed to appeal. He and Chen's other attorneys were accused of theft and detained by police the night before the trial; Xu was released an hour after it concluded. Chen was represented, over his objections, by court-appointed lawyers whom he had never met.

His supporters say the charges were trumped up to retaliate against him for preparing a class action lawsuit that embarrassed local family planning officials last year. He took testimony from thousands of residents who said officials had raided the homes of families with two children and demanded that at least one parent be sterilized. They also said authorities had forced women pregnant with a third child to have abortions.

Chen has been under house arrest or in jail for a year. His trial has brought international condemnation of China's legal system and galvanized human rights lawyers, who say they are feeling a sharp upturn in official pressure.

"Authorities always control us human rights lawyers, but it has been tighter in the last two months," said Teng Biao, a Chen supporter and a lecturer at the China University of Political Science and Law.

Luo Gan, the Politburo member responsible for internal security in China, warned this summer against the destabilizing influence of rights lawyers and activists.

In an issue of a Communist Party journal, Luo called for the adoption of "vigorous measures to effectively prevent hostile forces and people with ulterior motives from exploiting conflicts." He said some Chinese had engaged in "sabotage under the disguise of 'rights protection.' "

Last week, Gao Zhisheng, a well-known human rights lawyer who has lobbied for Chen's release, was abruptly taken from his sister's home by a group of men with no identification, no warrants and no legal documents. Gao, 42, is being detained for unspecified "criminal activities," the official New China News Agency later reported.

Hu Jia, an activist and a friend of Gao's who is also under house arrest, said he had learned details of the incident from Gao's sister.

"More than 10 people rushed into Gao's sister's house and put a black hood over Gao's head. So many men surrounded him that she told me, 'I could only see his slippers,' " Hu said.

"The men pushed me onto the sofa and covered my mouth with their hands. They took away my cellphone and my brother's car key. Everything happened in a few minutes. They didn't say a word," Gao's sister said, according to Hu. "The next day police came to my house, returned my mobile and told me two things. One, that the group of people who came over yesterday were from Beijing and, two, not to tell anybody what happened, to pretend I didn't see anything."

Hu said a "psychological war" has been initiated by the party to terrify lawyers and advocates into "behaving."

On Thursday, international rights lawyers condemned the verdict in the Chen case.

"The Communist Party has decided to thumb its nose at the world by allowing this flagrantly unjust conclusion, and Chen will become the poster boy for advertising this," said Jerome Cohen, a professor of Chinese law retained by the New York Times to help defend Zhao Yan, a Beijing-based researcher for the paper who has been charged with leaking state secrets. Zhao was sentenced Friday to three years, including the two years he has already served in a detention house, so he will be released a year from now. The court threw out a charge of leaking state secrets to the foreign media, but found Zhao guilty of fraud in connection with taking $2,500 from a man in Jilin province, in northeast China. Lawyers for Zhao, however, plan to appeal, saying he is innocent of all charges.

"This is a turning point in the harsh crackdown against lawyers and other rights defenders," said Sharon Hom, executive director of New York-based Human Rights in China. "It moves rights defenders into the 'enemy camp,' of Falun Gong activists, Tibetan activists and democracy activists."

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Researchers Jin Ling and Jiang Fei contributed to this report.

Chinese Peasants' Advocate Sentenced To 51 Months In Jail (NYT)

By Joseph Kahn

The New York Times, August 25, 2006

BEIJING, Aug. 24 — A Chinese court sentenced an advocate of peasants' rights to more than four years in prison on Thursday after a trial his lawyers say was a sham.

The rights advocate, Chen Guangcheng, was convicted of destroying property and organizing a mob to block traffic. He earned the enmity of local Communist Party leaders in Shandong Province, in eastern China, when he sought to organize a class-action lawsuit against forced abortions and sterilizations there.

The New China News Agency announced the sentence, four years and three months, in a terse dispatch on its English-language news wire. The information did not appear in Chinese, and other state-run media have been banned from reporting on the matter.

Mr. Chen's two-hour trial last week and the long sentence announced Thursday appear to reflect a concerted effort by Chinese authorities to punish lawyers and rights advocates, who increasingly in recent years have helped defend people aggrieved about land seizures, environmental abuses, religious persecution and population controls.

The Beijing police last week detained Gao Zhisheng, a lawyer and one of China's most outspoken dissidents, on suspicion of criminal activity. Mr. Gao's family has also been put under police guard. His whereabouts and the exact charges against him are unknown.

Chinese lawyers and human rights advocates say they believe that President Hu Jintao has ordered a broad crackdown on people who call themselves "rights defenders" because he worries that they have tried to use legal pressure to undermine the Communist Party.

The police and judicial officials also appear to be moving assertively to resolve a slew of the most important human rights cases, possibly calculating that the Western governments and the international news media will pay less attention to such matters at the height of the summer vacation season.

The case of Mr. Chen, a 34-year-old peasant, came as a particular shock to the legal and human rights community.

Mr. Chen, blind as a result of a childhood illness, taught himself the law. He became a minor celebrity in China after he helped disabled people win cases against government agencies that did not grant them the full protections and benefits they are entitled to under Chinese law.

But Shandong government officials turned bitterly against him in early 2005 when he sought to defend thousands of local residents forced to have abortions or sterilization operations so that Linyi City could meet its population-control quotas.

Though central government investigators later found that abuses had occurred in enforcing population policies there, local authorities put Mr. Chen under house arrest for months and then charged him with destroying property and blocking traffic.

A team of the top rights lawyers in the country came to Mr. Chen's aid. They argued that the charges against him were fabrications. The crimes would have been difficult for Mr. Chen to commit, they said, given that he cannot see and was under constant police guard at the time the violations were said to have occurred.

But the Beijing lawyers were harassed, beaten and prevented from gathering evidence to support Mr. Chen in court, numerous people involved in his defense said.

On the eve of Mr. Chen's trial last week, three of his lawyers were accused by local thugs of stealing property. The lawyers were then detained by the local police and one of them was held until after Mr. Chen's trial had ended.

When his other lawyers complained to the court that the harassment made a mockery of the legal proceedings and called for a delay, the court appointed new defense lawyers for Mr. Chen and proceeded with the trial.

The appointed defense lawyers did not contest any of the charges against Mr. Chen and did not call any witnesses on his behalf.

"I believe the court officials there have lost their minds," said Xu Zhiyong, one of Mr. Chen's chosen lawyers, who was prevented from attending his trial by the local police. "The entire process was illegal."

Chinese Rights Champion Ordered To Prison (USAT)

By Calum Macleod

USA Today, August 25, 2006

BEIJING — A Chinese court issued a four-year prison sentence Thursday to an activist who had exposed authorities for ordering thousands of forced abortions and sterilizations.

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Chen Guangcheng — a blind, self-taught legal advocate — was convicted of "willfully damaging property and organizing a mob to disturb traffic," the state news agency Xinhua said. The charges related to incidents that happened in his home village in February and March.

The case drew international attention because of the abuses Chen uncovered and because he was tried without his defense team present. Chen's supporters said that the charges were fabricated and that his real crime was standing up to the state and its brutal family-planning regime.

"This case will teach everyone a lesson," said lawyer Li Fangping, who was arrested last week as he prepared to defend Chen. "You cannot criticize the Chinese government, even if it is constructive criticism, and especially not on family-planning issues. The government will get its revenge."

Chen was convicted in spite of calls by the Bush administration for the charges to be dropped. He was to be represented by three high-profile Beijing lawyers, but they were detained by police during his trial and never saw the evidence against their client.

The case could signal a crackdown on the growing number of public activists in China. Labor rights specialists, AIDS activists, environmentalists and others have used courts, the Internet and other forums to broaden personal freedoms and try to get justice for victims of state policies.

Chen's case "is related to the current campaign against lawyers, journalists and others who stoke the fire of the nation's increasing rights consciousness," said China law expert Jerry Cohen, a professor at New York University law school.

China has few lawyers: about one for every 10,000 people, according to the All China Lawyers Association. That compares with approximately one lawyer for every 268 Americans. Many poor and rural Chinese have sought legal help from self-styled advocates such as Chen.

Chen's sentence of four years and three months comes on top of 13 months of house arrest and formal detention. His initial detention came after he filed a class-action lawsuit against authorities in Shandong province. The lawsuit accused Yinan County officials of forcing women to be sterilized and to have abortions as late as eight months into their pregnancies.

China's strict population-control policies limit most urban couples to one child and most rural couples to two.

After its own inquiry last year, China's State Family Planning Commission concluded that Chen's accusations of abuses by Yinan officials were valid. The commission publicly admitted that officials in Yinan had ordered forced abortions and sterilizations in violation of Chinese law.

Chen was prosecuted because he humiliated local bosses and forced the central government to admit abuses, said Teng Biao, a scholar at China's University of Political Science and Law who advised the activist's legal team. "Although he is blind, he has a mature grasp of the law, and great social responsibility."

This spring, Time magazine named Chen as one of the world's 100 most influential people. Such attention may have contributed to his downfall. "Once there were international influences in the case, the local government really lost face and wanted to take revenge on him," Teng said.

Chen's case is a setback for efforts at legal reform in China. The country's judicial system has generally been strengthening defendants' rights, tightening rules that govern police conduct, and moving away from politically driven verdicts, Teng said.

The soft-spoken Chen, 34, has been blind since infancy. He is an unlikely firebrand. The youngest of five brothers, Chen struggled to get a formal education, only beginning grade school at age 17. Later, he studied massage — one of the few career options for the blind in China.

He has said he was inspired to fight injustice by listening to U.S. broadcasts on Voice of America and Radio Free Asia.

In 2000, Chen successfully halted the operations of a Shandong paper mill that was poisoning local rivers. Along with other efforts to champion the disadvantaged, the case brought him publicity and earned him the nickname "barefoot lawyer."

"Chen never had a chance to become a qualified lawyer," said his wife, Yuan Weijing. "But he taught himself the law, and has always protected both women's rights and farmers' rights." She will appeal his sentence because "every step of his detention and prosecution has been illegal," she said.

A Thaw Between India And China (LAT)

By Henry Chu And Mark Magnier

The Los Angeles Times, August 25, 2006

NEW DELHI — High atop a snowy Himalayan pass, a lonely road linking Asia's two giants reopened last month after a 44-year diplomatic roadblock.

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Leaders in India and China hailed the event as a sign of the growing rapprochement between neighbors that have eyed each other with distrust since a 1962 border war. Officials say the artery along the fabled Silk Road will invigorate trade between their two booming countries.

But the reopened Nathu La pass is an apt symbol of SinoIndian ties in more ways than one. The rough terrain, icy weather and extremely short list of goods approved for exchange are emblematic of the rocky path of limited engagement that Beijing and New Delhi have embarked on after decades of a political deep freeze.

Their evolving relationship may help define the 21st century as the world's two most populous nations — which account for one-third of humanity — try to pull themselves out of poverty and stagnation.

By 2050, some experts predict, the United States, China and India will have the planet's largest economies.

In a noticeable thawing of relations, New Delhi and Beijing have taken steps in recent years to reduce military tension, increase government contacts and expand trade. The two governments declared 2006 their "year of friendship," to be marked by cultural events and a summit of Chinese President Hu Jintao and Indian Prime Minister Manmohan Singh.

But establishing a truly strategic partnership will be no mean feat. Persistent suspicion among hawks on either side, unresolved border disputes, intensified competition for resources such as oil and gas, and influence from Washington could all act as a brake on Sino-Indian cooperation, analysts say.

That both nations stand to benefit from a peaceful, improved relationship is clear.

"In the next two decades, both sides want to be a rising power," said Hu Shiren, a South Asia expert at the China Institute of Contemporary International Relations in Beijing. "To facilitate this, you must have good, stable surroundings. Cooperation is most imperative."

China's communist government, in its rush to remake the country into a capitalist powerhouse, has put a premium on stabilizing relations with neighbors and settling contested borders.

India, too, after years of looking inward, is liberalizing its economy and paying more attention to the region. It's particularly keeping an eye on China, whose economy is nearly three times the size of its own, as it begins flexing its muscles politically, militarily and economically on the global stage.

"They've been a rising power for 20 years, and we didn't notice. We were so obsessed with our little world," said Mohan Guruswamy, head of the Center for Policy Alternatives in New Delhi. "The establishment in India has begun to take note, and it's slowly and lumberingly beginning to change its attitude."

Mention China here and hackles still rise. Official Indian rhetoric on the behemoth to the north remains heavily colored by the 1962 border war that led to the closing of the Nathu La pass, a conflict each side accuses the other of provoking.

In 1998, India's defense minister pointed to China as the country's No. 1 threat. That same year, the Indian prime minister infuriated Beijing by writing a letter to President Clinton citing China as one of two reasons India was conducting nuclear weapons tests.

The other reason was archrival Pakistan, a longtime ally of China whose own nuclear buildup Beijing is accused of aiding.

The Indian military's view of China is one of abiding mistrust.

"It's gospel among the armed forces. It's sacred to the hawks in this country," said Alka Acharya, an expert on international relations at Jawaharlal Nehru University. "They don't budge from that position."

Large swaths of mountainous territory technically remain in dispute between Beijing and New Delhi, despite a breakthrough agreement three years ago to push for a permanent settlement. Several rounds of talks have yielded little substantive progress.

The recent completion of China's Tibetan railway touched off warnings here of easier access to the area by People's Liberation Army troops. China contends that the rail line was built to help develop its impoverished western provinces.

"Some Indians see an ulterior motive, but this is ridiculous," said Hu, the South Asia expert. "If there were a war, of course the railway could serve military purposes; but its main purpose is for the economy."

In contrast to the enduring suspicion among the Indian military's top brass, the reality is far more relaxed. The India-China border, which stretches for more than 2,500 miles, has lain largely quiet for 25 years, to the point that soldiers on both sides of the Nathu La pass engage in friendly sporting matches, celebrate each other's festivals and exchange gifts.

Reopening the pass July 6 represented official recognition not just of greater mutual trust but of the increasing importance of economics in Sino-Indian ties.

Last year, trade between the two nations was estimated at $18.7 billion, up by more than a third from 2004. This year, it is expected to hit $20 billion.

Pharmaceuticals, chemicals and steel flow from India to China; manufactured goods and commodities such as silk come back. Economists expect China soon to overtake the United States as India's biggest trading partner.

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In the early 1900s, the Nathu La pass, more than 14,000 feet above sea level, was the most important commercial corridor bridging the two countries, accounting for 80% of bilateral trade, according to some estimates. The land link saves thousands of miles and weeks of travel compared with shipping goods by sea.

But demonstrating the wariness with which the two sides still regard each other, Indian merchants are allowed to export only 29 items, such as rice and flour, across the pass, and their Chinese counterparts must stick to a list of 15 approved goods, including goatskins and yak tails, which are used as fly swatters.

Predictions that trade through Nathu La could reach nearly $3 billion in less than 10 years seem wildly optimistic unless the list of items is greatly expanded and better infrastructure is built.

"It will take time, but it's better than nothing," said Wang Jinzhen, secretary-general of the China Council for the Promotion of International Trade.

Restrictions on trade are not limited to the Nathu La pass. Chinese trade experts say China has lowered its tariffs faster than India and welcomed earlier and greater foreign participation in such important sectors as retailing and auto manufacturing.

Chinese telecommunications companies trying to invest in India complain of being made to jump through more regulatory hoops than American or European firms on the grounds of national security. For example, the Chinese telecom company ZTE's bid to enter the Indian market has been blocked by an Indian government investigation of "safety" issues.

Clashes also have cropped up in the two countries' scramble for sources of energy to fuel their burgeoning economies. Indian and Chinese oil companies have gone head to head several times for access to reserves around the world, including South America and Central Asia, with China almost always emerging the victor.

In January, Beijing and New Delhi agreed to work together in securing reserves abroad. Putting the deal into practice may be difficult, but analysts say both nations need to cooperate in the face of dwindling supplies.

"There isn't enough if you just go and fight for it. We need to pool our resources," said Acharya of Jawaharlal Nehru University.

"Competition is bound to emerge, particularly since we're looking at the same markets, the same sources of technology and energy," she said. "But this is precisely why [China] is the most important potential partner as well. You could clash on energy if you don't work with China. You could clash on U.S. markets if there's not some kind of understanding there. We are both too big to be competing for the same things, in the same neighborhoods, at the same time."

Although the United States' trade relationship with China, at $285 billion last year, dwarfs that with India, the Bush administration has made improving ties with New Delhi one of its top foreign policy priorities, as seen in its push for a civilian nuclear cooperation deal with India, a reversal of long-standing policy.

Senior U.S. officials have openly described improving relations with India as a way to offset China's growing clout in Asia, and building up India's nuclear arsenal as a way to keep Beijing worried more about New Delhi than about Washington.

That kind of talk has stoked Chinese fears of American attempts to "contain" China. At the same time, India has looked askance at Beijing's aid to Pakistan in building a submarine base at Gwadar, in southern Pakistan.

Guruswamy, of the Center for Policy Alternatives here, said diplomacy in the region needn't be played as a zero-sum game.

"It doesn't mean that if you have good relations with America, you have bad relations with China," he said. "That's not required in the modern world."

Establishing a deeper partnership between India and China, however, will require a concerted effort not just to overcome historical obstacles but to sell the idea to the people of both countries.

Chinese tour groups may be hitting popular destinations across the globe, but India isn't among them, and vice versa. There is no way to fly direct between Beijing and New Delhi on any Chinese or Indian carrier; the only way to do so is on Ethiopian Airlines.

But Wang of the China trade-promotion council is hopeful.

"Both are developing countries at a stage that requires cooperation," he said. "Closer ties are good for the region and the world."

Going Mobile: Text Messages Guide Filipino Protesters (WP)

By Mary Jordan

The Washington Post, August 25, 2006

MANILA -- Raymond Palatino's cellphone pinged loudly, and a text message lit up the display: "Other students are already marching. Where are you?"

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Palatino and hundreds of others -- nearly all carrying cellphones -- were on their way to Manila's gated presidential palace for a protest rally. Palatino and what people here call a "text brigade" were still a couple of miles away, about to board buses in the steamy midday heat.

"No, not ready," he typed, holding his phone in both hands, his thumbs flying across the buttons. "We're 30 minutes away."

In a string of unsolved murders in recent months, trade union leaders, government critics, students, journalists and others have been killed. Students had begun clamoring for President Gloria Macapagal Arroyo to do something.

Once they might have called a demonstration by printing fliers. Now, they do it by mass texting. Palatino had spent days getting the word out, banging out text after text on the keypad of his little Nokia phone.

"WEAR RED. BRING BANNERS." The messages -- faster and cheaper than phone calls -- went to thousands of young people, telling them to gather near Morayta Street.

"I didn't talk to anyone," said Palatino, 26, a university graduate who has a contagious smile and aspires to be a teacher. "All the organizing is done through texting. It's affordable and instant."

Cellphones and text messaging are changing the way political mobilizations are conducted around the world. From Manila to Riyadh and Kathmandu protests once publicized on coffeehouse bulletin boards are now organized entirely through text-messaging networks that can reach vast numbers of people in a matter of minutes.

The technology is also changing the organization and dynamics of protests, allowing leaders to control, virtually minute-by-minute, the movements of demonstrators, like military generals in the field. Using texts that communicate orders instantly, organizers can call for advances or retreats of waves of protesters.

This tool has changed the balance of political power in places where governments have a history of outmuscling dissent. In April, Nepal's King Gyanendra ordered authorities to cut cellphone service after protesters against his absolute rule used text messages to help assemble street protests by tens of thousands of democracy advocates.

The Philippines, widely called the text-messaging center of the world, has led the way. When President Joseph Estrada was forced from office in 2001, he bitterly complained that the popular uprising against him was a "coup de text."

This country of 85 million people has only 2 million Internet users and 3 million people with land-line telephones. But there are more than 30 million cellphone subscribers here, according to government statistics, more than double the figure in 2002.

Initially, mobile phone companies offered free texting. Today, a text message still costs just 2 cents, a fraction of a call. A typical Filipino mobile phone user sends about eight texts a day, spending far more time texting than talking.

Every major Philippine political party and nonprofit group has a database of its supporters' cellphone numbers. Many use computers to automatically generate mass text mailings to those phones with news about issues or rallies or upcoming votes.

"When Estrada was ousted, we realized the power of texting," said Palatino, the slight, well-spoken president of a national youth party. "Since then we have never stopped using it to advance our causes."

At 1:30 p.m. on a recent day, Palatino and three students lingered near the doughnut case in the 7-Eleven on a congested corner of Morayta Street. They stood in the air-conditioned cool, cellphones in hand, waiting for a text.

Outside in the sweltering sunshine, amid street kiosks selling goods from iced coconut drinks to 1973 National Geographic magazines, other young people stood around, trying to blend in and avoid the notice of a few police officers who walked up and down, watching. Some of the students carried rolled-up banners that said "Stop the Killings." Each clutched a cellphone.

They knew police had been ordered to disperse unauthorized crowds near the presidential palace and would not hesitate to use wooden batons and water cannons to do it. So organizers wanted to make sure that everyone converged at the same time to make the rally harder to break up.

Soon Palatino's phone was alive with a flurry of texts from coordinators and marchers anxious to start.

One asked: "Are the media here?"

About a dozen TV cameramen and newspaper photographers gathered outside. They, too, had been summoned by text.

At 1:45, Palatino's phone pinged again, this time with the message: "ASSEMBLE RIGHT NOW!"

A smile crossed his face. With a few more taps of his thumbs, he forwarded the command down the text brigade ranks. He sent it to those on his phone list, and each who received it did the same. In seconds, about 1,000 students were in the street, stopping traffic and sending cars and bicycle taxis scattering.

Two students quickly hooked up a public address system to the battery of a vehicle. One by one, leaders climbed on top of it to fire up the crowd. Palatino demanded that President Arroyo do more to end the killings and allocate more money for universities.

"Books, not bullets!" he shouted.

The all-at-once strategy worked: The police were caught off guard. Only a few officers were on the scene, and they quickly pulled out their own cellphones to make urgent voice calls. Within minutes, scores more officers arrived.

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They lined up to block the demonstrators. Many wore helmets and carried riot shields. A red firetruck arrived at the intersection. It stopped, its water cannon pointed at the crowd.

Palatino looked at the growing confrontation, worry creeping across his face for the first time. "It will be a success if we can stay long enough to get our message out," he said.

As the speeches continued, a police commander negotiated with a female protest leader.

At 2:38, she stepped away and composed a text, which she sent to Palatino and eight other organizers. In a mixture of Tagalog and English, the country's two official languages -- a popular combination known as Taglish -- she called for a meeting to plan their next move.

They huddled in the middle of the street like a football team. It started to rain.

The protest was a success, the leaders agreed. It had lasted an hour already and surely would make the evening news. They worried about the police, but decided to take their chances and keep going. They agreed to press on toward Mendiola Street, historically a popular protest site within sight of the presidential compound.

They knew they couldn't break through the police lines. So they decided to take a different route, Bustillos Street, which the police might not expect.

Then came the next mass text command. "BUSTILLOS!"

At first, the police looked pleased: The students were retreating. Then, they realized the protesters were only changing course. Officers hustled into new positions and cut off the crowd closer to the palace.

At 3:30, violence broke out. The students retreated, police running after them, hitting them across the back, head and arms with batons. Thwack! Thwack!

Caught up in the melee, ducking from the swinging batons, Palatino heard his phone ping loudly.

"GET OUT OF THERE. You are in a dangerous place," warned the text, from a friend who could see that Palatino was about to be pinned between the crowd and a wall.

An officer grabbed Palatino.

"ID! ID! Now!" the red-faced officer demanded.

A small group of officers closed in around Palatino, whose eyes were suddenly wide with terror.

Students who saw it quickly typed a text alert to others, using Palatino's nickname: "Mong is being arrested."

But as suddenly as they had grabbed him, the police let him go and ran off to help another group of officers who were beating a group of students.

Relieved but shaken, Palatino walked quickly toward a Shakey's Pizza on EspaÃ±a Boulevard, where earlier texts had instructed everyone to meet once the protest ended. As he walked, his phone pinged loudly with text after text.

Like other leaders, Palatino was responsible for making sure everyone in his group was safe and accounted for.

Texts of "WHERE ARE YOU?" raced through the crowd.

After an hour, 10 people out of the 1,000 had not replied. So organizers dispatched people to police stations and hospitals to check for the missing.

An hour later, students started filtering home in time for the 6:30 news, which was filled with graphic scenes of police officers beating the young protesters.

Just after 7 p.m., Palatino received a text with the final tally: 34 students injured, eight seriously. Ten people detained, then released.

"Before, we had no choice but to keep quiet and listen to the president," Palatino said, still holding his tiny phone. "This is a development for democracy."

A Down-Under Lesson For The GOP? (WP)

By E. J. Dionne Jr.

The Washington Post, August 25, 2006

MELBOURNE, Australia -- A battle over the future of the past broke out here last week. The fight explains a great deal about how Australia's conservative prime minister, John Howard, has hung on to power for a decade.

Pay attention to Howard. His approach could be a model for how parties of the right -- including Republicans in the United States -- manage to build majorities in turbulent times.

Last week, Howard organized a "history summit" to call attention to the decline of Australian history as a subject in high schools. In most states here, history has been subsumed within (and thus displaced by) a broader social studies curriculum focused on "studies of society and the environment."

"I think we have taught history as some kind of fragmented stew of moods and events," Howard declared, "rather than some kind of proper narrative."

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This is the sort of cultural and educational fight familiar to Americans. My gut is with those who see history as a distinct subject. Wherever we live, we should know our country's national story.

Notice what has just happened: This writer, on the other side of politics from the Australian prime minister, has embraced his argument that old-fashioned history is worth teaching.

Howard has a genius for picking the right wedge issues. In this case, his argument appeals to conservatives who don't like what Howard has called "black armband history" -- i.e., a history that is primarily critical of Australia's white settlers. But it also draws in many from outside the ranks of the right who have moderately traditional views about school curriculums.

This has been Howard's way since he defeated Paul Keating, a Labor Party prime minister, in 1996. Oddly, the two political enemies have a lot in common.

As George Megalogenis argues in his new book, "The Longest Decade," both Howard and Keating believed in opening up the once highly protected Australian economy to global market forces. The two, Megalogenis writes, "bombarded us with change."

But there was a big difference. Keating was also in favor of cultural change -- bravely so, in the eyes of his friends. He proposed that Australia get rid of its old flag. He wanted the country to stop being a constitutional monarchy theoretically under the queen of England and instead become a republic.

Howard, on the other hand, thought that in a time of rapid economic change, Australians needed to cling to some of the old sources of stability, including the symbols. He was for the old flag and against the new republic. David Kemp, a former member of Howard's cabinet, said his old boss understood the reaction against globalization and economic change among conservative voters.

Howard has also waged war on political correctness. His liberal Australian critics see him as appealing in code to racist sentiment by, among other things, taking a hard line on refugees. Howard's supporters see him instead as defanging hard-core racism. He has acknowledged that Australians have "badly treated our aboriginal people, shamefully treated them." But he insists that "in the greater sweep of history, Australia has been a very tolerant, humane society." Voters like to hear that sort of thing.

What's exportable about Howard's politics is his shrewd understanding that conservative parties embracing hard-line market economics need to provide those threatened by economic change with something to hang on to -- tradition, nation, family, flag -- so that their world doesn't fly apart. Except on the immigration issue, where he used a sledgehammer, Howard has pulled off in a subtle way what Republicans in the United States have pursued with less finesse and a greater emphasis on religion than would work in this more secular country. Interestingly, though, the political role of religion is on the rise here.

There are limits to Howard's approach. His government has pushed through an industrial relations overhaul that will undo many rights in areas, such as overtime, that Australian workers have long taken for granted.

Kim Beazley, the leader of the opposition Labor Party, believes the employment law changes, combined with rising interest rates, will start losing Howard the very votes his cultural traditionalism has earned him in the past. "All of a sudden he's pulverizing that conservative working-class heartland," Beazley said in an interview. On the history curriculum war, Beazley is not far from Howard's view. But he sees the issue as just the latest attempt to distract attention from questions that could prove dangerous to Howard.

The next Australian national election is expected late in 2007. Watching whether Howard's model can work one more time will be instructive, especially to U.S. Republicans who will need all the ideas they can find to hold on in 2008.

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Miller, Charles S

From: Miller, Charles S
Sent: Friday, August 25, 2006 10:39 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 8/25/2006 Civil Division News

U.S. Frees Longtime Detainee; Court Had Ruled In Favor of Turk

Judge Denies Former CIA Officer's Request To Keep Her Home Address a Secret

Indians appeal action that removed judge Lengthy lawsuit: They object to contentions that the jurist was biased in their favor in suit against U.S.

ACLU sues federal government in San Diego cross battle

Justice Department takes NWA's side in labor dispute

Washington Post
August 25, 2006

U.S. Frees Longtime Detainee; Court Had Ruled In Favor of Turk

By Craig Whitlock
Washington Post Foreign Service

STUTTGART, Germany, Aug. 24 -- A German native who was imprisoned by the U.S. military at Guantanamo Bay, Cuba, was released Thursday, more than 18 months after a federal judge in Washington ruled there was insufficient evidence to detain him.

Murat Kurnaz, 24, a Turkish citizen who was born and raised in Germany, was flown to Ramstein Air Base in Germany and reunited with his mother, Rabiye Kurnaz, after spending more than four years as a prisoner at Guantanamo, according to his lawyers.

"What we saw was just an overwhelming human moment, an overjoyed weeping mother and her son,"

said Baher Azmy, a Seton Hall University law professor who served as a defense attorney for Kurnaz and was present for his client's arrival in Germany.

Without identifying Kurnaz by name, the Pentagon confirmed his release, saying that an administrative review board at Guantanamo had recommended his transfer to Germany. "The United States does not desire to hold detainees any longer than necessary," the Defense Department said in a statement.

Kurnaz was detained in Pakistan in October 2001 and taken to Guantanamo a few months later on suspicion that he was a supporter of al-Qaeda. But records in his case show that the evidence against him was thin from the start.

By early 2002, U.S. military intelligence and German law enforcement authorities had largely concluded there was no information linking Kurnaz to al-Qaeda or terrorist activities, according to declassified records in his case that were made public last year.

A military tribunal at Guantanamo nevertheless concluded that he should remain in prison, citing a single unsubstantiated report from an unnamed U.S. government official alleging that Kurnaz was an al-Qaeda member who had been trying to reach Afghanistan to fight U.S. forces.

In January 2005, U.S. District Judge Joyce Hens Green criticized the military for ignoring evidence in Kurnaz's favor and ruled that his detention was illegal. Her ruling was stayed while the government appealed.

Although Kurnaz grew up in Germany and was a legal resident here at the time of his capture, the German government at first declined to intercede in his behalf, saying he was not entitled to its help because he was not a citizen. But Germany changed its position last year and Chancellor Angela Merkel raised the case in meetings with President Bush, which led to a diplomatic agreement to release Kurnaz, German officials said.

Kurnaz's lawyers said U.S. officials had asked Germany to place Kurnaz under surveillance and open a criminal investigation of him as a condition of his release, but relented in the end. "There will be no criminal charges, no criminal investigation," said Azmy, the defense counsel. "He's a completely free man."

END

New York Sun

August 25, 2006

Judge Denies Former CIA Officer's Request To Keep Her Home Address a Secret

BY JOSH GERSTEIN - Staff Reporter of the Sun
August 25, 2006
A federal judge has denied a request by a former CIA employee, Valerie Plame, and her husband, Joseph Wilson, not to make public their home address as part of a lawsuit claiming Bush administration officials deliberately exposed Ms. Plame's undercover status.

The couple had asked to keep their address under wraps for privacy reasons, but Judge John Bates said yesterday the couple's address was already evident to anyone who sought it. "In less than thirty minutes, the Court was able to ascertain plaintiffs' residential address from multiple publicly available sources," the judge wrote. "Indeed, an attorney who filed this motion on plaintiffs' behalf has stated in a national circulated newspaper that he is plaintiffs' next-door neighbor, and the residential address of that attorney also is readily ascertainable."

A lawyer for the couple, Christopher Wolf, wrote in USA Today that he lived next door to them in the Palisades neighborhood of Washington for five years without knowing of her tie to the CIA.

END

AP

August 25, 2006

Indians appeal action that removed judge Lengthy lawsuit: They object to contentions that the jurist was biased in their favor in suit against U.S.

By Jennifer Talhelm
The Associated Press

Salt Lake Tribune WASHINGTON - The American Indian plaintiffs in a 10-year-old class-action lawsuit against the government are moving ahead with their court case despite an ongoing effort by Congress to settle the dispute.

Plaintiffs on Thursday said they will ask the U.S. Supreme Court to review a July 11 decision to remove U.S. District Judge Royce Lamberth from their case for apparent bias in favor of the Indians.

"It is unprecedented for a federal judge to be reassigned under these circumstances, especially where, as here, the judge has presided over a complex case for 10 years," said lead plaintiff Elouise Cobell, a Blackfeet Indian from Browning, Mont. "To take a judge of this caliber and integrity from a case as complex as this is terribly unfair and a travesty of justice," she said. "It is another dark chapter in the history of this nation's mistreatment of Indian people."
Plaintiffs also on Thursday appealed a decision throwing out Lamberth's order to shut down some government computer systems to protect trust accounts managed for Indians.

The plaintiffs' announcement comes as lawmakers are trying to broker a settlement deal between the government and the Indians. The Indians accuse the government of mismanaging more than $100 billion in oil, gas, timber and other royalties from their lands, dating back to 1887. Plaintiffs say staffers for the Senate Indian Affairs Committee approached them earlier this summer offering to settle for $8 billion. The Indians had said they were eager to work with Congress, and the Indian Affairs Committee scheduled a hearing earlier this month to work out the details of the settlement legislation. But the hearing was postponed until later in the fall after a meeting between Chairman John McCain, R-Ariz., and Bush administration officials. McCain said afterward that he had decided to spend Congress' August recess negotiating a deal both sides could agree to.

Bill McAllister, a spokesman for the plaintiffs, said the Indians had always made it clear they would continue with their lawsuit. He said the decision to file the appeal was not directly related to the ongoing settlement talks.

Interior Department officials said Thursday that they respect the plaintiffs' rights to appeal.

A panel of the U.S. Circuit Court of Appeals for the District of Columbia ordered Lamberth removed from the Indian trust case in July, saying he had lost his objectivity. The conservative Reagan appointee is well-respected, but appeals judges said he went too far in several decisions, including one accusing the Interior Department of racism.

END

AP

August 25, 2006

ACLU sues federal government in San Diego cross battle

By ALLISON HOFFMAN

Associated Press Writer

SAN DIEGO_The American Civil Liberties Union rejoined a long-running battle over a 29-foot Latin cross standing on public parkland, suing the federal government Thursday, just ten days after President Bush signed legislation designed to shield the monument from legal challenges.

The bill transferred ownership of the hilltop monument from the city of San Diego to the Department of Defense.

The ACLU complaint, filed in San Diego federal court on behalf of the Jewish War Veterans and individual Jewish and Muslim plaintiffs, charges Defense Secretary Donald Rumsfeld with violating the First Amendment.

The Defense Department referred calls to the Justice Department press office, which did not respond to phone calls late Thursday.

A spokesman for U.S. Rep. Duncan Hunter, R-Alpine, said the lawsuit was no surprise. Hunter, chairman of the House Armed Services Committee, authored the bill to take over the cross.

"The legislation was drafted with the expectation that legal challenges would continue," said spokesman Joe Kasper.

The legal fight began in 1989, when Philip Paulson, an atheist and a Vietnam War veteran, sued the city of San Diego. He contends that the cross, dedicated in 1954 in honor of Korean War soldiers, excludes veterans who are not Christian.

The ACLU joined Paulson's 1989 suit but has not been directly involved in the litigation since the mid-1990s, said spokeswoman Rebecca Rauber.

Paulson recently filed his own suit in federal court in San Diego to void the transfer to the Defense Department and declare the monument unconstitutional.

A series of court decisions dating back to 1991 have deemed that the cross violates the California state constitution because it unfairly favors a single religion.

Last year, San Diego voters overwhelmingly approved a measure to preserve the cross by donating it to the federal government. A judge declared that measure unconstitutional.

In July, the U.S. Supreme Court stepped in to block an order that the city take it down by Aug. 1, giving lower courts time to hear appeals from the city, which has argued that the cross is part of a secular war memorial.

Supporters of the cross, which towers at the center of a secular veterans' memorial, believe the installation may be protected under more flexible federal rules on public religious displays in nonreligious contexts.

"Now it is a battle between the federal government and the ACLU," said Phil Thalheimer, chairman of a private group called San Diegans for the Mount Soledad National War Memorial.

END

Memphis Business Journal

August 25, 2006

Justice Department takes NWA's side in labor dispute

The U.S. Department of Justice Wednesday filed a statement supporting Northwest Airlines Corp.'s court appeal to block its flight attendants from striking.

In the court filing, the department argues against a ruling handed down by a judge last week, which said Northwest (Pink Sheets: NWACQ) could not bar its attendants from striking. Another judge is scheduled to hear Eagan, Minn.-based carrier's appeal Friday.

The department said it filed the claim out of concern that a strike could significantly disrupt air travel.

"The United States has a vital interest in this matter both to ensure that serious disruptions to the nation's air transportation system do not occur, and to support the RLA's (Railway Labor Act) requirement that air carriers and their employees exert every reasonable effort to avoid a strike," the filing stated.

The Association of Flight Attendants union has said Northwest attendants could strike as early as 9:01 p.m. Friday unless the airline improves the terms of its labor contract.

NWA operates one of its three U.S. hubs from Memphis International Airport.

END

Williamson, Angela

From: Williamson, Angela
Sent: Friday, August 25, 2006 10:48 AM
To: Williamson, Angela
Subject: The Daily Update: 8/25/06

<http://www.whitehouse.gov/>
AUGUST 25, 2006

No public events.

President Bush Welcomes France's Decision To Commit 2,000 Troops To Lebanon. "I welcome President Chirac's decision to send a total of 2000 troops to Lebanon and to continue to exercise leadership on the ground in enforcing United Nations Security Council Resolution 1701. This is an important step towards finalizing preparations to deploy the United Nations Interim Force of Lebanon. I applaud the decision of France, as well as the significant pledges from Italy and our other important allies <http://www.whitehouse.gov/news/releases/2006/08/20060824-4.html> . I encourage other nations to make contributions as well. We are working with the United Nations and our partners to ensure the rapid deployment of this force to help Lebanon's legitimate armed forces restore the sovereignty of its democratic government throughout the country and stop Hezbollah from acting as a state within a state." (President George W. Bush, Statement, 8/24/06)

Top U.S. Generals Say Security Is Improving In Baghdad. "'I believe there is a danger of civil war in Iraq, but only a danger,' Gen. John Abizaid, the top U.S. commander in the Middle East, said after meeting with Iraqi President Jalal Talabani. 'I think Iraq's far from it. I think that there's been great progress in the security front here recently in Baghdad,' Abizaid said. He said he and Army Gen. George Casey, the top U.S. commander in Iraq, were 'very optimistic that the situation will stabilize.' Casey also said the security operation was working. 'I think everybody has seen an improvement ... in Baghdad over the last weeks because of the operations of the Iraqi security forces supported by the American Army,' he said. 'And we're confident that we can sustain that <http://www.usatoday.com/printedition/news/20060825/a_iraqnews25.art.htm> .'" ("Security Is Improving In Baghdad, U.S. Generals Say," The Associated Press, 8/25/06)

Operation Forward Together Is Curbing Violence In Baghdad. "Abizaid and his commanders decided to focus on Baghdad, the eye of this hurricane of violence. They crafted a new plan called 'Operation Forward Together' in which U.S. troops, backed by Iraqi forces, would wrest back control of the city's most violent areas. ... In the two weeks since the crackdown began, there has been a 44 percent decline in violent attacks compared with the previous month and an 83 percent drop in murders <http://www.washingtonpost.com/wp-dyn/content/article/2006/08/24/AR2006082401331.html> . ... We stopped a few minutes later at Abbas Mosque, a small Sunni shrine. Sheik Khaled Mohammed al-Ubaidi, dressed in a

knitted white prayer cap and a long white robe, came out to greet Abizaid. The general asked if security had improved and the sheik answered: 'Thank God, yes!' Now that U.S. forces are going after Shiite death squads, he said, Sunnis here 'understand the Americans are serious about the rule of law.'" (David Ignatius, Op-Ed, "Returning Some Order To Iraq's Mean Streets," The Washington Post, 8/25/06)

Homeland Security Secretary Michael Chertoff Says A Temporary Worker Program Is Essential To Securing The Border. "Homeland Security Secretary Michael Chertoff warned Thursday that the Border Patrol will not be able to sustain the progress it has made apprehending illegal migrants unless Congress passes broad immigration reforms <http://www.usatoday.com/printedition/news/20060825/a_detention25.art.htm> . He said the agency needs to focus on 'the drug dealers, the criminals, even the terrorists' trying to sneak across the southern border. It can only do that, he said, if the majority of migrants crossing to find work are allowed to do so through a 'guest worker' program. ... 'To try to do it all through brute force would be a very expensive and difficult proposition,' he said." (Mimi Hall, "Chertoff: Reforms Needed To Fight Illegal Immigration," USA Today, 8/25/06)

Defense Secretary Donald Rumsfeld Discusses Recent Terror Plot. "A foiled plot to blow up trans-Atlantic jetliners is a 'reminder ... that this is going to be a long struggle,' Defense Secretary Donald Rumsfeld says. ... The latest plot 'is a reminder - probably even a useful reminder for everybody - that this is going to be a long struggle, and that there are a large number of people who are determined to try to defeat freedom,' he said <http://www.pittsburghlive.com/x/pittsburghtrib/search/s_466849.html> . 'The organization, the financing, the purposefulness of these people is real, and they're not the kind of people that you negotiate with ... they don't accept halfway measures.'" (Salena Zito, Colin McNickle, and Frank Craig, "Rumsfeld Reflects On 'Sept. 12' World," Pittsburgh Tribune-Review, 8/25/06)

Secretary Rumsfeld To Meet With Family Members Of Troops Serving In Iraq. "Rumsfeld's meeting with Ivanov, scheduled for Sunday, is part of a four-day trip during which he will visit privately with family members of an Alaska-based brigade that was recently ordered to extend its one-year tour in Iraq for four months to help tamp down violence in Baghdad. 'The 172nd has done some great work in Iraq and they have another important mission,' said Ruff. <http://news.yahoo.com/s/ap/20060824/ap_on_go_ca_st_pe/rumsfeld_russia&printer=1> 'The secretary understands there is some natural disappointment among some of the family members, and he intends to visit with them and thank them for their support and that of their spouses who are serving in Iraq.'" (Lolita C. Baldor, "Rumsfeld Meeting With Russian Counterpart," The Associated Press, 8/24/06)

U.S. Warns Syria To Abide By UN Arms Embargo And Halt Supplies To Hezbollah. "The U.S. warned Syria on Thursday to abide by a United Nations arms embargo meant to stop Hezbollah from resupplying after its monthlong war with Israel. It dismissed Syrian objections to international peacekeepers as preposterous. 'All countries must obey the arms embargo' under the U.N. Security Council resolution that set a cease-fire this month, said State Department spokesman Gonzalo Gallegos. 'It is a singular duty for Syria, as the one country apart from Israel

that borders Lebanon, to do so
<http://news.yahoo.com/s/ap/20060824/ap_on_go_ca_st_pe/us_mideast&printer=1> .' ... The notion that the troops are a threat to Syria 'is preposterous,' the State Department's Gallegos said in Washington. 'We call on the Syrian regime to fulfill its international obligations.'" (Anne Gearan, "U.S. Warns Syria To Observe Arms Embargo," The Associated Press, 8/24/06)

Author Amir Taheri Says Lebanese Do Not See Hezbollah As Victorious In Recent Conflict. "By controlling the flow of information from Lebanon throughout the conflict, and help from all those who disagree with U.S. policies for different reasons, Hezbollah may have won the information war in the West. In Lebanon, the Middle East and the broader Muslim space, however, the picture is rather different. ... Politically, however, Hezbollah had to declare victory for a simple reason: It had to pretend that the death and desolation it had provoked had been worth it. A claim of victory was Hezbollah's shield against criticism of a strategy that had led Lebanon into war without the knowledge of its government and people. ... The tactic worked for a day or two. However, it did not silence the critics, who have become louder in recent days <http://online.wsj.com/article/SB115646420028245060.html?mod=opinion_main_commentaries> ." (Amir Taheri, Op-Ed, "Hezbollah Didn't Win," The Wall Street Journal, 8/25/06)

President Bush Plans To Enter Free Trade Agreement With Colombia. " President Bush said Thursday he wants a free-trade agreement with Colombia, which would be Washington's largest Western Hemisphere pact since creation of NAFTA in 1994
<http://news.yahoo.com/s/ap/20060824/ap_on_go_pr_wh/us_colombia_trade&printer=1> . In a letter to Congress, Bush said the deal would benefit Colombians by expanding economic opportunity and strengthening democracy. He said it would generate export opportunities for U.S. farmers, ranchers and companies. Bush also said a free trade deal with Colombia would help create jobs in the United States and help U.S. consumers save money while offering them more choices." ("Bush Backs Free-Trade Pact With Colombia," The Associated Press, 8/24/06)

Solicitor General Urges Supreme Court To Strike Down Voluntary School Programs That Exclude Some Students Because Of Their Race. "The Bush administration has urged the Supreme Court to strike down voluntary school integration programs across the nation that exclude some students because of their race. ... Clement, the Bush administration's chief lawyer before the high court, said such programs should be struck down whenever they involve the use of a 'racial classification' to decide who may enroll. 'The promise of this court's landmark Brown [decision] was to "effectuate a transition to a racially non-discriminatory school system,"' he wrote. 'The United States remains deeply committed to that objective. But once the effects of past de jure [legal] segregation have been remedied, the path forward does not involve new instances of de jure discrimination
<http://www.latimes.com/news/printedition/la-na-scotus25aug25,1,1755968.story> .'" (David G. Savage, "Bush Administration Opposes Integration Plans," Los Angeles Times, 8/25/06)

President Bush Welcomes France's Decision to Send Troops to Lebanon
<http://www.whitehouse.gov/news/releases/2006/08/20060824-4.html>

Fact Sheet: The One Year Anniversary of Hurricane Katrina
<http://www.whitehouse.gov/news/releases/2006/08/20060824.html>

Text of a Letter from the President to the Speaker of the House of Representatives and the President of the Senate
<http://www.whitehouse.gov/news/releases/2006/08/20060824-1.html>

Notice: Intention to Enter Into a Free Trade Agreement with Colombia
<http://www.whitehouse.gov/news/releases/2006/08/20060824-2.html>

Press Gaggle by Dana Perino
<http://www.whitehouse.gov/news/releases/2006/08/20060824-3.html>

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
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Attachments:	agnb060828.pdf; agnb060828.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, AUGUST 28, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Dynamite On Flight Spotlights Security Shortfalls At International Airports 3
FBI Lists Embassy Bombings, But Not 9/11, On Bin Laden Most Wanted Entry 3
Legal Experts Say Padilla Case Increasingly Difficult To Prosecute 3
Novak Says Eavesdropping Ruling Shows Judiciary In "State Of Chaos." 3
Britain Freed "Key" Suspect In Terror Plot Investigation 4

Homeland Response:

Bush To Discuss Katrina Recovery In Visit To Gulf Coast 4
US Officials Say Gulf Coast Prepared For Ernesto 8
DHS Said To Have Gutted TWIC Program 9
Schumer Calls UN Building A "Firetrap." 9
Disaster Simulation In California Said To Show Limitations Of Latest Technology 9

War News:

Maliki Says Violence "In Decrease" As Iraq Weathers Another Bloody Day 9
Biden Says Militias Have Undermined Iraqi Reconciliation 10
Battle For Baghdad Said To Have Reached Crossroads 11
Levin Criticizes Bush Not Setting Limits On US Commitment To Iraq 11
Few Homicide Charges Pressed Against US Soldiers In Iraq 11
Precision Technology Has Advanced During Course Of War 12
Baghdad Museum Director Resigns Due To Threats 12
UK Ambassador To Iraq Explains British Troop Movements Along Iran Border 12
Carroll Says "What Happened To Me Is Not The Whole Middle East." 12
Approval Of New Afghan Supreme Court Seen As Positive Sign 12

Corporate Scandals:

Legal Precedent Said To Protect Lay's Estate From Forfeiture 12
Quattrone Deal Said To Mark Shift In White Collar Prosecutions 13
Private Eye Says He Would Talk With FBI About Alexander Sighting If Asked 13

Criminal Law:

Former Lewis Aide's Lobbying Success Leads To Federal Probe 13
Lawyer For NM Treasurer Says Prosecutors Withholding Exculpatory Letter 13
FBI Arrests Fugitive Wanted In 1994 Chicago-Area Murder 14
Four Sentenced To Prison For Roles In Miami Airport Heist 14
Armitage Said To Have Played Central Role In Plame Disclosure 14
Operators Of Offshore Gaming Sites Cautious After BetOnSports Charges 14
Botnet Hacker Sentenced To 37 Month In Prison 15
Virginia Man Convicted Of Child Porn Possession 15
Louisiana Journalist Indicted On Child Porn Possession Charges 15

Civil Rights:

New York Voters Find Some Machines Difficult To Use 15
Abortion Activists Concentrate Resources On South Dakota Referendum 16
School Administrators Said To Lack Of Understanding Of First Amendment 16

Antitrust:

GE's Water Unit Struggles To Integrate Acquisitions 16
Two Italian Banks Agree To Merger 17

WSJournal Praises California PUC's Decision On Telephone Price-Controls 17

Environment:

Texas Judge To Rule Monday On Whether To Compel BP Chief's Testimony 17
Lawsuits Seek To Curb Use Of Chicken Waste Fertilizer 17
Bush Planning Energy Initiative 18
Professors Researching Means To Turn Fuel Ethanol Into Food-Grade Alcohol 18
Coburn Applauds Bush's Oversight Of Anti-Malaria Spending 18

FBI/DEA/ATF/USMS:

Retiring DC Agent Roundly Praised 18
California Legislation Challenges Federal Ban On Industrial Hemp 18
Mexico-Based Drug Ring Busted, 69 People Indicted 19
Alabama Man Gets Life Sentence For Drug Trafficking 19
In Baltimore, 2 Brothers Plead Guilty In Cocaine Case 19
Five Face Charges In Sacramento Marijuana Case 19
Gatlin Denies Agreeing To Suspension For Doping 19

Immigration:

Unaccompanied Children Among Migrants Caught Seeking Entry Into US 20

Congress-Administration:

Activists, Bloggers Try To Identify Senator Holding Up Anti-Pork Bill 20
Federal Judge Draws Criticism Over Helping Clerk In Store Dispute 20
Slight Decline In DC-Area Federal Jobs Recorded In July 21
Bush's Handling Of War On Terror Praised 21
Bush Administration Said To Harbor "An Extraordinary Mania For Secrecy." 21
Bush Blamed For "Rise Of Pessimism" In US 21
New Stem Cell Technique May Not Pan Out 21
Eschenbach Seen As The "Immediate Beneficiary" Of FDA Decision On Plan B 22
Pelosi Described As Democratic DeLay "Minus Ethical, Legal Issues." 22
Cheney Cooperating With Biographer 22
House Panel To Look Into NFL, Player's Union 22

Other News:

Economists Cite Terrorism As Chief Threat To US Economy 22
Judge Orders Bar Prep Firm To Pay $11.9 Million For Copying Multistate Exam Questions 23
UN Treaty Seen As Potentially Trumping Parental Rights 24
Weakened Unions Mobilizing Resources To Boost Democrats' GOTV Efforts 24
Zogby Poll Shows Webb With Slight Lead Over Allen 24
Brown Ahead Of DeWine 47-39 25
Talent Pulls Out To More Than 4 Point Lead Over McCaskill 25
Steele Makes Border Security A Focus Of His Campaign 25
Zogby "Battleground" Polls Show Democrats Leading In Most Close Gubernatorial Races 25
Campaigns' Cable Ad Buys Allow Voters To Be Targeted More Precisely 25
Voters In Eight States Will Decide On Anti-Smoking Initiatives This Year 25
LATimes Analyzes Murkowski's Loss 26
Clinton's Distancing From Wal-Mart Called "Dumb Economic Populism." 26
Schwarzenegger Accused Of Abandoning His Commitment To Spending Reform 26
Rumsfeld Says Missile Defense System Needs Further Testing 26
Iran Tests Sub-Based Anti-Ship Missile 27
Hezbollah Said To Be Beating US, Allies In Reconstruction Of Lebanon 28
Fox Journalists Released After Feigning Conversion To Islam 30
Abizaid In Pakistan For Talks 31
Car Bombing In Turkish Resort Injures 21 31
Leading US Journalist Faces Trial In Khartoum 32
Obama Visits Kenya's Largest Slum 32
US Seeks China's Support To Revive Global Trade Talks 32
Administration Split On Reaching Out To Cuban Military 32
US Embassy In Caracas Says Authorities Knew About Parts Shipment 33
Koizumi Seen As Defining Success For Future Premiers 33
WSJournal Says Hanoi Police Must Not Intervene In Legitimate Business Deals 33
LATimes Lauds Brazilian President 34

The Big Picture:

Headlines From Today's Front Pages 34

Washington's Schedule:

Today's Events In Washington 35

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TERRORISM NEWS:

Dynamite On Flight Spotlights Security Shortfalls At International Airports. Under the headline "Dynamite On Plane Sets Off Alarms, But Only After The Flight," USA Today/AP (8/28, 2A, Miller) reports, "A stick of dynamite that made it onto a flight from Argentina to Houston highlighted a weak link in aviation security: International airports are not always as secure as those in the USA." The explosive, found in a college student's checked bag, "was discovered during a baggage inspection at Bush Intercontinental Airport shortly after a Continental Airlines flight landed Friday." ICE spokeswoman Luisa Deason "said the incident had no connection to terrorism." Meanwhile, TSA chief Kip Hawley said in an interview taped to air Sunday on C-SPAN that the agency is "focused on getting a base level of security around the world. We'll put in additional measures where we think we need to."

EU "Scrambling" To Standardize Security. The Wall Street Journal (8/28, A4, Michaels, 2.03M) reports that European Union regulators are "scrambling to standardize rules on screening travelers and their hand luggage across the 25-country bloc." The EU took on the role of "overseeing and enforcing aviation security across Europe" in December 2002. "But compared with the US, where the federal government sets security standards and is primarily responsible for enforcing them, the task in Europe is more complicated because responsibilities remain divided between Brussels and national capitals." EU's Aviation Security Regulatory Committee is considering "increasing the percentage of passengers subject to hand searches, limiting the size and number of carry-on bags, and expanding the list of items permanently prohibited from cabin baggage, such as liquids and gels."

FBI Lists Embassy Bombings, But Not 9/11, On Bin Laden Most Wanted Entry. The Washington Post (8/28, A13, Eggen, 748K) reports that "Osama bin Laden is a longtime and prominent member of the FBI's 'Ten Most Wanted' list, which notes his role as the suspected mastermind of the deadly U.S. embassy bombings in East Africa," but 9/11 "is nowhere to be found on the same FBI notice. The curious omission underscores the Justice Department's decision, so far, to not seek formal criminal charges against bin Laden for approving" 9/11, and it "has also provided fodder for conspiracy theorists who think the U.S. government or another power was behind" the attacks. The Post adds, "FBI officials say the wanted poster merely reflects the government's long-standing practice of relying on actual criminal charges in the notices," and former US Attorney David N. Kelley "said the issue is a matter of legal restrictions and the need to be fair to any defendant."

Legal Experts Say Padilla Case Increasingly Difficult To Prosecute. The Miami Herald (8/28, Weaver, 310K) reports, "On a visit to Moscow in 2002, then-U.S. Attorney General John Ashcroft trumpeted on TV that 'we have captured a known terrorist' who was plotting to blow up a radioactive 'dirty bomb' in the United States. … Now the terror case against [Jose] Padilla…is shrinking under the scrutiny of U.S. District Judge Marcia Cooke," and "what the Bush administration presented as an open-and-shut terror case is proving to be much harder to prosecute, legal experts say. Carl Tobias, a constitutional scholar at the University of Richmond School of Law…said his prosecution 'falls into the category of terror cases that are overstated and don't deliver on what they promised.'" University of Miami law professor Stephen Vladeck, who "worked on an amicus brief that challenged Padilla's detention in a South Carolina Navy brig," added, "This is not as clear-cut a case, certainly not as clear-cut as the attorney general made it out to be back in November."

Novak Says Eavesdropping Ruling Shows Judiciary In "State Of Chaos." Syndicated columnist Robert Novak (8/28) writes this morning, "The background of a federal district court declaring President Bush's national security eavesdropping unconstitutional was a conservative's fantasy." District Judge Anna Diggs Taylor, "a former Democratic politician and civil rights activist, wrote what read more like a political manifesto than a judicial opinion." She also "was responsible for contributions to an organization that was a plaintiff in the case she decided." Novak relates, "For this opinion ever to have been issued by an activist judge in Detroit, in the opinion of several legal scholars and distinguished lawyers whom I contacted, shows the judiciary in a state of chaos. Taylor ended up with the

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case because of forum-shopping: filing multiple law suits in quest of a favorable venue." Novak adds, "The overriding question is how Anna Diggs Taylor was able to seize a constitutional issue. In The Wall Street Journal this week, Circuit Judge Richard A. Posner noted delegating a national security issue 'to a randomly selected member of the federal judiciary's corps of almost 700 district judges.' The Detroit judgment contributed to Posner's conclusion that 'we do not have a coherent political dimension to our efforts to combat terrorism.' Judge Taylor's farce made that clear."

Britain Freed "Key" Suspect In Terror Plot Investigation. Newsweek (9/4, Hosenball, Vencat, 3.12M) reports in its "Periscope" column British authorities last week "set free a supposedly key suspect arrested during Scotland Yard raids earlier in August. Two UK counterterrorism officials, who asked for anonymity because of the continuing investigation, confirmed to NEWSWEEK that police had released 22-year-old Tayib Rauf of Birmingham, England." Tayib is "the younger brother of Rashid Rauf, an alleged mastermind of the airline."

HOMELAND RESPONSE:

Bush To Discuss Katrina Recovery In Visit To Gulf Coast. The anniversary of Hurricane Katrina continues to spark extensive media attention. Most of the stories, both on TV and in today's major papers, are pointedly negative toward the Administration, suggesting the government's reconstruction efforts have been insufficient. The exception to that trend is the Wall Street Journal, which runs two stories highlighting economic opportunities arising from the government-funded recovery. Generally, however, Katrina is being portrayed as a political turning point for President Bush, one that damaged his standing in significant ways. USA Today (8/28, Jackson, 2.27M), for example, reports this morning, "When he arrives on the Gulf Coast today, President Bush will visit the scene of a storm that devastated the area and damaged his political standing." Bush "plans to tour the area ravaged by Hurricane Katrina today and Tuesday to discuss the ongoing recovery from the deadly storm." Bush "will emphasize efforts since the initial response to the storm and subsequent flooding, widely criticized as inadequate by Louisiana and Mississippi officials." The New York Times (8/28, Stolberg, 1.21M), in a story titled "Year After Katrina, Bush Still Fights For 9/11 Image," says that "when the nation records" Bush's legacy, "two competing images will help tell the tale. The first is of Mr. Bush after the Sept. 11 terrorist attacks, bullhorn in hand, feet planted firmly in the rubble of the twin towers. The second is of him aboard Air Force One, on his way from Crawford, Tex., to Washington, peering out the window at the wreckage of Hurricane Katrina thousands of feet below." The Times adds, "If the bungled federal response to Hurricane Katrina called into question the president's competence, that Air Force One snapshot, coupled with wrenching scenes on the ground of victims who were largely poor and black, called into question something equally important to Mr. Bush: his compassion. A year later, he has yet to recover on either front."

Along similar lines, ABC World News Tonight (8/27, story 8, 3:05, Harris, 8.78M) said last night that Katrina "was not only a natural disaster but also a political disaster, most notably for President Bush, whose Administration was viewed as responding slowly and inefficiently." The President, added ABC, "promised this weekend the Federal Government will stay until the job is done. That is the latest in a year's worth of promises to the victims of Katrina, many who say their anger and frustration has only grown. In a new poll, more than 80% from New Orleans and 60% of people along the Gulf Coast give the government's recovery efforts a negative rating. We asked to measure the promises the White House made against the reality on the ground." Bush was shown saying, a year ago, "We will do what it takes. We will stay as long as it takes to help citizens rebuild their communities and their lives." ABC (Young) added, "A year later, tens of thousands are still waiting for help."

The New York Times (8/28, Nossiter, 1.21M) reports "the White House, aware of the widespread skepticism about its commitment to rebuilding, will use this week's visit to reinforce the message that the president cares about the region and is intent on helping it recover. Instead of heralding the money that has been allocated and spent, said Dan Bartlett, counselor to the president, Mr. Bush will sound uplifting themes 'to shine a light on the true grit and character of the citizens who are rebuilding.'" Bartlett "said Mr. Bush wanted to 'send a message on behalf of all Americans' that the storm's victims would not be forgotten. 'The president,' he said, 'as most Americans, will focus on the anniversary to reflect and remember and to recommit ourselves to seeing the job through.'" The Times adds, "Nonetheless, the White House sent five cabinet secretaries -- from the Departments

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of Commerce, Education, Justice, Health and Human Services, and Housing and Urban Development -- as well as the Gulf Coast reconstruction czar, Donald Powell, to announce mini-initiatives and emphasize that progress was occurring, despite visual evidence suggesting otherwise."

USA Today (8/28, 2.27M) analyzes "what Bush said" last September 15 "and what's been done nearly a year later." Among the points discussed, Bush said, "I propose the creation of Worker Recovery Accounts to help those evacuees who need extra help finding work." USA Today says "no action" was "taken by Congress. The proposal called for up to $5,000 in special accounts for Hurricane Katrina evacuees seeking education and job training." Bush also pledged, "To help lower-income citizens in the hurricane region build new and better lives, I also propose that Congress pass an Urban Homesteading Act." USA Today says "no action" was "taken by Congress. The proposal called for free building sites to low-income citizens via a lottery system."

Katrina was also discussed on the Sunday political talk shows. Sen. Mary Landrieu, on ABC's This Week (8/27, Stephanopoulos), was asked whether President Bush is "focused" on the rebuilding of the Gulf Coast, she responded, "I wish I could say yes…but I'm still not sure. He's come here often, but it's not the quantity of the visits, it's the quality of the visits, and it's the follow-through. This Administration is still having a hard time, I think, understanding the magnitude of this disaster." Meanwhile, asked on NBC's Meet the Press (8/27, Russert) if Bush has "kept his pledge" to the New Orleans' residents, Mayor Ray Nagin replied, "I think that it's getting closer. … Now, the dollars are flowing from the federal government to the state, but they really haven't gotten down to the local government and to the people to impact and accelerate this rebuild. So he's moved the money closer, but I would just wish it would come directly, so we wouldn't have to go through another bureaucracy."

Responding to Landrieu's criticism, Federal Coordinator of Gulf Coast Rebuilding Don Powell, also on ABC's This Week (8/27, Stephanopoulos), said, "I want there to be clarification on that and with no questions asked: The President's resolve for rebuilding the Gulf Coast is very strong. I have interaction with him from time to time. He is on point to make sure that the federal government does everything they can to help rebuild the Gulf Coast. There has been $110 billion that this president secured from Congress. … I think it's important for us to understand that every component of the federal government, all of the departments, all of the agencies are involved in coordinating the rebuilding of the Gulf Coast. The President demands that." The AP (8/28, Heilprin) runs a story on Powell's comments, in which it says "officials on the ground -- including the head of the U.S. Army Corps -- were more skeptical."

In the Los Angeles Times "Column One" (8/28), Scott Gold reports a retrospective on his encounter with a then-17-month-old girl displaced by Katrina named "Justice," and his search for her on the one-year anniversary. Gold tracked Justice's family down to Beaumont, Texas, where there "were suggestions of home," but "like half a million evacuees who remain scattered across the country, Justice's family is still unsettled. Nothing feels familiar. They are still learning their way around the area."

The Wall Street Journal (8/28, Terhune, 2.03M) in a more positive story, reports, "Working in favor of the rebuilding effort is that $7.5 billion in federal aid has started flowing to Louisiana homeowners in the disaster zone. Last week, the Louisiana Recovery Authority started issuing grants for as much as $150,000 to help cover uninsured losses. A similar $3 billion program is under way in Mississippi." Local officials "expect that to trigger an unprecedented construction boom -- with thousands of renovations simultaneously under way across hundreds of miles of southern Louisiana and Mississippi. Of course, that will exacerbate the labor shortage even more."

Another positive piece in the Wall Street Journal (8/28, Glader, 2.03M) reports that Mittal Steel Co., of the Netherlands "and the rest of the steel industry see an opportunity. They have adopted Long Beach, a small Gulf Coast city of graceful, mostly wooden homes, where about half of the 6,000 structures were damaged by Katrina." In "addition to Mittal's efforts," the Steel Framing Alliance, run by executive director Larry Williams, is "pooling $1.1 million from 12 steel companies to launch the Gulf Coast Steel Initiative, a marketing effort to gain more steel-framed buildings in the Gulf Coast region in general and Long Beach in particular, where it is heading up plans to rebuild the community recreation center and senior citizens home, mostly out of steel." A "smaller, but similar marketing effort was launched after Hurricane Andrew struck Florida in 1992 and was credited with boosting steel's market share of home frames to 7% from 1%, with even higher percentages in certain cities such as Orlando."

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USA Today (8/28, Copeland, 2.27M) also runs one positive piece, in which it reports that no one "knows how coastal Mississippi will look when it is finally rebuilt from a 28-foot storm surge that scoured the coast here a half-mile or more inland. The 11 Mississippi towns and cities blasted by Katrina each had a distinct style and character." Ocean Springs, Mississippi, a "city of 17,300 seems the most likely to emerge as the kind of welcoming, village-style community envisioned by Gov. Haley Barbour and the 'new urbanists' who designed Mississippi's blueprint for rebuilding." New urbanism "uses zoning to try to recreate the best of the USA's pre-sprawl, small-town past."

In addition to the report excerpted above, ABC World News Tonight ran three other stories on Katrina. One of them (8/27, story 6, 4:00, Harris) said "the Federal Government was slow to recognize the scope of the disaster," and showed Michael Chertoff, Homeland Security Secretary, saying, "We are extremely pleased with the response from every element of the Federal Government." ABC also said, "Nearly 1,700 people died on the Gulf Coast. Katrina was the costliest storm in US history $40.6 billion. One year later in New Orleans, it is still a struggle. There were 71 hospitals open before the storm, 54 are open today. Of 235 schools, just 144 are now open."

ABC World News Tonight (8/27, story 7, 2:55, Curry, 8.78M) also reported, from Mississippi, "Scarred and now scrapped clean, Mississippi's 80 miles of devastated coastline remains dotted with white FEMA trailers. Still home to 100,000 people. Feeling forgotten, lost in the shadow of New Orleans, has tested faith on many here." ABC (8/27, story 9, 2:00, Harris) also devoted a segment to pets killed during Katrina, reporting, "So many threads of the Katrina catastrophe have resonated over the last year. The terrible human toll, the physical destruction, the government incompetence, and also the plight of the animals. Thousands of them were left behind, which left us to wonder, what has happened to them a year later."

NBC Nightly News's Carl Quintanilla (8/27, story 9, 2:30), meanwhile, took a "home video camera on a 24-hour journey through" New Orleans. He concluded, "8:00 P.M. And it's dinner hour at this restaurant. It's actually busier on weekends here than it was before the storm. A day coming to another close and if you believe in New Orleans one year later, another beginning."

Some New Orleans Residents Report Respiratory Ailment Called "Katrina Cough." USA Today (8/28, Szabo, 2.27M) reports nearly "a year after the hurricane, some New Orleans residents say they have 'Katrina cough' -- they blame the storm and its aftermath for their respiratory problems." Doctors are "still debating whether the symptoms are related to the hurricane, and no one knows exactly how many patients have respiratory problems. The American Lung Association of Louisiana has screened about 1,600 people since the hurricane. About 25% had mild to moderate reduced lung function, says Tom Lotz, the association's executive director."

Barbour Denies Benefiting From Favoritism Due To His GOP Ties. Mississippi's Gov. Haley Barbour was asked on CBS' Face the Nation (8/27, Schieffer) if he thinks his state benefited from being represented by two Republican Senators and a Republican governor in contrast to Louisiana whose politicians "are predominantly Democrats," Barbour replied, "that's very flattering to me, just unfortunately not true. We are the people in Mississippi who came up with the idea that the federal government could use community development block grant money to allow us to rebuild housing. We proposed that to Congress. Yet Louisiana has received more than twice as much of that money as we have. … It was our idea, our concept, and they got more than twice as much of that money. That doesn't sound to me like they've been treated unfairly."

Woman Says Post-Katrina Meeting With Bush Changed Nothing For Her. Newsweek (9/4, Bailey, 3.12M) reports President Bush comforted Bronwynne Bassier of Biloxi after Hurricane Katrina, but "a year later, Bassier's life remains like that of countless other Katrina victims: she lives in a FEMA trailer with her son and new husband. Her story offers a window into the workaday reality of life post-Katrina. 'Meeting [Bush] didn't really change anything for me,' Bassier tells NEWSWEEK. 'I've been just like everybody else, trying to move forward with my life one day at a time.'" After NEWSWEEK's "inquiries, Bassier received a call Friday from the White House inviting her to meet with President Bush this Monday when he visits Gulfport to mark the first anniversary of Katrina."

Bush Gulf Coast Katrina Cleanup Aide Has "Gone Native." US News & World Report (9/4, Bedard) reports in its Washington Whispers column that Donald Powell "has gone native. President Bush's man in charge of cleaning up the mess left by Hurricane Katrina says his nine months on the job has changed him forever." Powell said, "This has been a

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defining moment in my life. When I come up here [to Washington], I feel like I need to get back down there."

Brown Now Disaster-Preparedness Consultant. Time (9/4, Sayre, 4.03M) reports in its Notebook column that former FEMA administrator Michael Brown's firm, "Michael D. Brown LLC, draws on the lessons of Katrina to help corporate clients implement contingency plans ahead of natural disasters. He has taken his unapologetic message to Congress."

Nagin Said To Lack "Personal Force" Of Giuliani. Newsweek (9/4, Thomas, Darman, Childress, 3.12M) reports New Orleans Mayor Ray Nagin is "lacks the dominating personal force of a Rudy Giuliani pulling New York together on 9/11. Nagin can be touchy about invidious comparisons with New York: questioned about the slow pace of rebuilding in his own city, he gave NEWSWEEK his controversial anniversary talking point—'They still have a big hole in the ground after five years.'"

US News & World Report (9/4, Mulrine) reports that on "Freret Street and in the city's 72 other neighborhoods, the absence of a master plan has forced residents to take matters into their own hands, to rebuild in the face of local leadership that the most charitable of Crescent City inhabitants have dubbed 'nonchalant.'"

Paulison Says He Has The Tools To Rebuild FEMA. On CBS' Face the Nation, (8/27, Schieffer), Paulison was read a quote from Sen. Mary Landrieu that "'too often, federal agencies have been slow to move and have been encumbered by red tape over the last year.' She says FEMA, for example, is but a shell of what it once was only six years ago, stripped of authority, denied resources, it is often unresponsive, inept and badly managed." Paulison said he disagreed "with that assessment. I have received a tremendous amount of support from Secretary Chertoff and, quite frankly, the president himself. I have the tools I need to do the job and we're doing it."

Appearing on NBC's Meet the Press (8/27, Russert) Paulison said the "single most important change" made at FEMA post-Katrina is "communications." Paulison added, "And I mean communications by information sharing. Setting up a joint field office, setting up a unified command system where no matter where information comes in, whether it comes in from the first responder or comes in from the senator calling the president, we all share that same information. I see that as the number one failure in what happened in Katrina."

Brown Says Chertoff Allowed Him To "Take The Fall." Former FEMA Director Mike Brown, on ABC's This Week (8/27, Stephanopoulos), said that during the days after Katrina hit the Gulf Coast he agreed to "play along" with "a lie" perpetuated by the White House that "we were ready and that everything was working as a team." According to Brown, "Behind the scenes, it wasn't working at all. There were political considerations going into all the discussions. … My biggest mistake was just not leveling with the American public and saying: 'Folks, this isn't working.'" Brown went on to allege that "there's the e-mail that came from a very high source in the White House that says the president at a Cabinet meeting said, 'Thank goodness Brown's taking all the heat, because it's better that he takes the heat than I do,' meaning the president or Secretary Chertoff. And look, I recognize I'm a political appointee. I take the fall for the president. But I'm not going to take the fall for Secretary Chertoff and fact that DHS didn't do the things that I asked them to do for three or four years."

Poll Finds Most Americans Believe Nation Not Prepared For Major Disaster. The AP (8/27, Yen) reported that an AP-Ipsos poll of 1,001 adults Aug. 7-9 and 1,000 adults Aug. 15-17 (+/- 3%) found that "most Americans don't believe the nation is ready for another major disaster. … Fifty-seven percent in the poll said they felt at least somewhat strongly the country was ill-prepared — up from 44 percent in the days after the storm slammed ashore on Aug. 29, 2005. Just one in three Americans polled believe Bush did a good job with Katrina, down from 46 percent a year ago." The AP added that Norma Guelker, of Bay St. Louis, Miss., who "still lives in a FEMA trailer," said the President Bush has no reason "to be concerned about the people who live here. They're not the people who vote for him.'"

More Commentary. In his New York Times column (8/28), Paul Krugman says, "The Bush administration likes to talk about all the money it has allocated to the region, and it plans a public relations blitz to persuade America that it's doing a heck of a job aiding Katrina's victims. But as the Iraqis learned, allocating money and actually using it for reconstruction are two different things, and so far the administration has done almost nothing to make good on last year's promises."

USA Today (8/28, 2.27M) says in an editorial that as Bush "returns to the Gulf Coast states today, New Orleans is clawing its way back with help from tens of billions of dollars the administration and Congress have pumped into the

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region." Even so, "for all the grants and programs aimed at recovery, little has been done to improve the lives of those who were living in poverty when Katrina hit."

USA Today (8/28, 2.27M) says in an editorial, "The vanishing wetlands are only part of what allowed New Orleans to drown, killing more than a thousand people and displacing more than 200,000. Rebuilding the city without addressing the multiple causes of the disaster would be the height of folly. Yet a year after Katrina, it's astonishing how little the federal government has learned, how much remains the same and how easily it could happen again. The inescapable truth is that New Orleans will not be safe from a Katrina-scale storm for many years."

US Officials Say Gulf Coast Prepared For Ernesto. The Washington Times (8/28, Pfeiffer, 88K) reports, "The administration's head of Hurricane Katrina reconstruction and FEMA Director R. David Paulison say that the Gulf Coast is prepared for Tropical Storm Ernesto or other future storms, thanks to levee reconstruction and an improved evacuation plan." Federal Coordinator for the Office of Gulf Coast Rebuilding Donald E. Powell "agreed with Mr. Paulison's assessment. 'I think we're in good shape,' Mr. Powell told 'Fox News Sunday.'" Asked on Fox News Sunday (8/27, Wallace) whether the Gulf Coast is prepared for a major hurricane, Powell also said, "I know that the local people, the local officials, the state officials, have been coordinating with the federal officials to anticipate this day. Hopefully, this will not come, but there is a widespread coordination, and I think we're ready. There's no question in my mind, we're ready. … There's been an extraordinary amount of effort by the Corps of Engineers on restoring and repairing the levees, and I believe that the levees are ready for the hurricane season."

The ABC and NBC evening news broadcasts each reported on Tropical Storm Ernesto, which had become the year's first hurricane before being downgraded again to a tropical storm. Asked on ABC World News Tonight (8/27, story 2, 1:00, Harris, 8.78M) whether "people in Florida should stop worrying so much?" ABC (Kofman) responded, "Absolutely not. We're going to see the storm strengthen. It's just a question of where and when." Max Mayfield, the director of the National Hurricane Center, was shown saying, "As soon as this pulls away from the land mass and gets over the open waters again, we think it has a good chance to regain hurricane status."

NBC Nightly News (8/27, story 4, 0:45, Karins, 9.87M), meanwhile, reported, "As far as the intensity, the current path takes it through Cuba all the way through Florida over a lot of land areas. That means a weaker Ernesto or just a lower end category one. A stronger storm or could be a stronger storm for the Carolinas. A lot can change."

The Los Angeles Times (8/28, Williams, 918K) reports, "Florida Gov. Jeb Bush declared a state of emergency and visitors to the Florida Keys were ordered out, as well as all travel trailers, after the National Hurricane Center confirmed that Ernesto had become the season's first hurricane. … The governor's order and the hurricane center's forecast of possible Florida landfall as soon as Tuesday prompted officials in Tallahassee to 'partially activate' their emergency-management plans, a move allowing county officials to mobilize first responders and prepare transportation, shelter and other supplies for potential evacuations, said Mike Stone, spokesman for the state Division of Emergency Management." The AP (8/28, Gresko) says that as tourists were ordered to evacuate, residents in the Florida Keys "were taking notice too: a Home Depot store in Key West was busy Sunday afternoon as customers shopped for generators and other storm-preparation equipment."

USA Today (8/28, Welch, 2.27M) reports, "Arriving just as the nation prepared to mark the anniversary of Katrina and its devastation of the Gulf Coast, Ernesto attained hurricane-force winds of 75 mph for 10 hours on Sunday and became the first hurricane of the Atlantic season." Michael Brennan, a meteorologist at the National Hurricane Center, said the storm is "on a track toward the Florida peninsula early this week and all of Florida is in the area that's being threatened, from the Keys all the way up to the Panhandle."

Nagin Says Evacuation Plans For New Orleans Are Ready. New Orleans Mayor Ray Nagin, on NBC's Meet the Press (8/27, Russert), said that if Ernesto, or another, hurricane bears down on his city, "we are ready, from an evacuation standpoint. All of our plans have been updated. We're not going to have a shelter of last resort in the Superdome or the Convention Center. We will be getting everyone out of the city. … We've fine-tuned these plans. We've practiced them. And we are ready to go."

Brown Says He's Not Sure Whether Gulf Coast Is Ready. Former FEMA director Michael Brown was the lead interview on ABC's This Week (8/27, Stephanopoulos), where he was shown video of Secretary Chertoff saying, "I couldn't get a hold of Michael Brown. He was flying around in a

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helicopter looking at damage, he was planning to go on Larry King, or Rita Crosby. And, job one, in you're the operator in the field, if that's the responsibility you want, is make sure you've got the plans in place to save lives." Brown said, "Secretary Chertoff talks about your man on the ground needs to be running things, and that's exactly right. I wasn't running around looking at damage. I was running around and looking at the teams, finding out what they needed. In 2004, in Florida, we were everywhere we needed to be. You can't run a disaster sitting in an office somewhere, which is what Chertoff wanted to do." Asked whether the Gulf Coast could handle Ernesto if it were to land, Brown said he was "not sure. I don't want to sit here and say they're not ready, because I'm not on the inside. But, if they're doing what needs to be done in terms of the planning, at least we're on a path to get ready."

DHS Said To Have Gutted TWIC Program. The Washington Times (8/28, Waterman, 88K) runs an Aug. 24 UPI article reporting that DHS "quietly announced last week that port facility and merchant vessel owners and operators will not be required to install readers for the biometric ID cards it plans to issue to the nation's transportation workers. The change, which critics says guts the security benefit of the proposal, is the latest stumble for the controversial ID card project, called the Transportation Worker Identity Credential, or TWIC program." UPI added that progress on the program "has been slow and marred by concerns about cost, the security of the card-issuance process, and how workers wrongly refused a card will be able to get redress. … No one from homeland security responded to phone calls or e-mails requesting comment, but the Federal Register notice, first reported by the Web site of Government Executive magazine, says the move followed congressional requests for an extension to the 45-day comment period on the proposed rules for the program."

Shift To Biometric ID Represents "Potential Boon" For Business. The Washington Post (8/28, D1, Witte, 748K) reports "a wave of government initiatives" in the coming months could begin to make biometric identification commonplace, starting "with the replacement this fall of federal employee IDs. Similar cards are planned for transportation workers, first responders and visitors to the United States." The shift represents "a potential boon to technology companies eyeing an estimated $8 billion in identity-related contracts. … In an era of chronic concern over terrorism and anxiety over immigration, the business of determining who is who has become increasingly urgent."

Schumer Calls UN Building A "Firetrap." USA Today (8/28, 2.27M) reports Sen. Charles Schumer said Sunday that the United Nations building, on New York City's East River, "is a 'firetrap' that violates New York City's building code. It has no internal sprinkler system and is full of dangerous asbestos — and its driveway, above an underground garage, probably would collapse from the weight of firetrucks and other emergency equipment, he said. He called on UN Secretary-General Kofi Annan and US Ambassador to the UN John Bolton to 'make it a priority' to force through a $1.6 billion renovation program."

Disaster Simulation In California Said To Show Limitations Of Latest Technology. The New York Times (8/28, Markoff, 1.21M) reports a five-day disaster simulation in California, in which "teams from the Pentagon, nongovernmental agencies and several dozen technology companies" dealt with "a worldwide virus outbreak that had cities under quarantine, emergency workers overwhelmed and government agencies unable to cope." The disaster "was compounded by a wave of cyberterror attacks that cut off power, phones and Internet access." The training effort, named Strong Angel III, showed "limitations of even the latest technology…when an effort to restore communications by setting up ad hoc wireless networks resulted in a three-day data traffic jam. Yet the problems encountered in the training effort, named Strong Angel III, did little to dampen the enthusiasm of the participants, a diverse group of more than 800 'first responders,' military officers and software and wireless network experts — some from rivals like Microsoft and Google, working side by side."

WAR NEWS:

Maliki Says Violence "In Decrease" As Iraq Weathers Another Bloody Day. The broadcast networks offered very little on Iraq, with just NBC Nightly News (8/27, story 7, 0:15, Seigenthaler, 9.87M) running a brief item on the "violent day across Iraq. Officials report an American soldier killed by a roadside bomb, while other attacks took some 60 lives. One bombing was actually caught on tape. A surveillance camera as it drove in front of Baghdad's Palestine hotel. The minibus pulled over and suddenly

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exploded. Nine people were killed in the blast, 20 others were wounded."

By contrast, several major newspapers offered their own accounts, also highlighting the comments of Iraqi PM Nouri al-Maliki on CNN's Late Edition (8/27, Blitzer), where he said through an interpreter, "The violence is not increasing. We're not in a civil war. Iraq will never be in a civil war. The violence is in decrease, and our security ability is increasing."

USA Today/AP (8/28, 11A) reports that as "bomb attacks and shootings killed at least 51 people," Maliki "insisted bloodshed in Iraq was decreasing and that his government was making progress in efforts to combat sectarian clashes between Shiites and Sunni Arabs, and attacks by insurgents." The Washington Post (8/28, A11, Knickmeyer, 748K) leads its report similarly, saying "gunmen and bombers claimed at least 69 lives in Iraq on Sunday, even as" Maliki "repeated the assertions of Iraqi and U.S. leaders that violence was easing from a wartime high set earlier this summer."

The Washington Times (8/28, Pfeiffer, 88K) also reports on Maliki's CNN remarks, but focuses on his assertion that Iraq "could handle its own security and withstand a withdrawal of all U.S. troops in the next 12 months." Maliki said, "The forces will be able because the friendly multinational force is working hard to finish the building of Iraq."

The Los Angeles Times (8/28, Moore, 918K) reports on Maliki's comments in a mostly positive piece headlined "Deaths Drop In Iraqi Capital" that begins, "An ambitious military sweep appears to be dramatically reducing Baghdad's homicide rate, U.S. and Iraqi officials said Sunday -- even as violence nationwide killed at least 80 people." The Times says Maliki "seized on the drop in slayings" during the CNN interview. But while the "smaller monthly tally offers encouragement to U.S. and Iraqi officials, it remains a triple-digit reminder that sectarian violence and insurgent activity vex Iraq's newly formed government."

The New York Times (8/28, Von Zielbauer, 1.21M) focuses on a suicide car bomber's attack on Al-Sabah, Iraq's largest newspaper, which killed two people and wounded 20. Al-Sabah Executive Editor Falah al-Mishaal "blamed the attacks on Iraqi insurgent and foreign terrorist groups in the mold of the one founded by Abu Musab al-Zarqawi." The Times also recounts the other attacks during "a violent day across Iraq."

Despite Maliki's remarks on the same program, Senate Foreign Relations Chairman Richard Lugar, asked on CNN's Late Edition (8/27, Blitzer) if Iraq is in danger of civil war, said, "We're heading toward that. Now having said that, the fact is that we must do all we can to work with the president of Iraq to prevent it, or to hold it down. The idea, somehow, that civil war means that we leave is a non-starter, because Iraq's physical integrity is important. By that I mean, if Iraq deteriorates and Sunnis, Shiites and Kurds begin picking up partners in other countries, then we have a conflagration that dwarfs anything which is occurring presently in the deteriorating problems of Iraq."

US, Iraqi Militaries Press Government To Outlaw Militias. USA Today (8/28, 11A, Michaels, 2.27M) reports US and Iraqi military leaders "are pressing Iraq's Shiite-dominated government to outlaw armed militias, some of which have close links to parties in the ruling coalition." USA Today says the "frustration…illustrates the difficulty Iraq's government has had in confronting militias."

Biden Says Militias Have Undermined Iraqi Reconciliation. On Fox News Sunday (8/27) Sen. Joseph Biden, in response to host Chris Wallace's claim that President Bush's "plan for Iraq" might be "finally beginning to work," said he saw little evidence that was the case. Biden argued, "I don't think there's any reasonable prospect…for 'things to work in Iraq,' until and in fact the Sunnis get a buy-in with a piece of the oil to deal with the insurgency, and Maliki has the ability to jump in and be willing to take on the competing elements within the Shia coalition. … Unless you are able to take control of the militias, I don't think there's much of a shot here. But we have had good days and good weeks like this before. I pray this is the beginning of an ultimate reconciliation, but I'm doubtful of that."

Biden Again Reiterates Five-Point Plan For Iraq. In an op-ed in the Union Leader (8/27) in the early primary state of New Hampshire, Biden reiterated the five-point plan he and Council on Foreign Relations President Emeritus Les Gelb laid out in a Washington Post op-ed last week and in a New York Times op-ed in May. The plan "calls for maintaining a unified Iraq by decentralizing it and giving Kurds, Shiites and Sunnis their own regions"; binding the Sunnis "by guaranteeing them a proportionate share of oil revenue"; the creation of "a massive jobs program while increasing reconstruction aid"; the convening of "an international conference that would produce a regional nonaggression pact and create a Contact Group to enforce regional commitments"; and the start of a "phased redeployment of

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U.S. forces this year and withdraw most of them by the end of 2007."

Battle For Baghdad Said To Have Reached Crossroads. US News & World Report (9/4, Robinson) reports in its cover story that US and Iraqi security forces "have launched a new effort to pacify the capital. But-as with everything else in Iraq-there are no guarantees that it will be any more successful than the previous attempt, which even senior U.S. commanders here concede was woefully ineffective." The "war has reached this grim crossroads, many here believe, because the mounting centrifugal forces and the failure to achieve the basic requirements of peace are threatening to doom the Maliki government, or at least render it irrelevant. "

US News & World Report (9/4, Robinson) also reports that "almost every night in Baghdad, special operations forces wage an intense battle against the Iraqi groups conducting the massacres, kidnappings, and ghoulish disfigurements that are the city's latest scourge. Together, the Iraqis and Americans are conducting three, four, even five raids a night, with human and electronic intelligence tipping them off to the location of death squad leaders."

US Special Forces Heavily Involved In Training Iraqi Troops. US News & World Report (9/4, Robinson) reports the US military operation in Iraq "involves the largest ongoing deployment of special operations forces since Vietnam. A total of 3,768 Special Forces, Navy SEALs, and Air Force combat controllers are scattered across the critical Euphrates and Tigris river valleys, from the Syrian border to Hilla and Kut in the south. They are partnered with one third of the Iraqi Army battalions and 13 SWAT-type police units." Once the platoons "are trained, the Americans advise them in combat."

Al-Sadr Modeling Bid To Control Social Services In Iraq On Hamas. US News & World Report (9/4, Bedard) reports in its Washington Whispers column that Hamas, "the terrorist group that now runs the Palestinian National Authority, appears to be a model for radical Shiite cleric Moqtada al-Sadr and his Mahdi Army's move to take control of Iraq, say senior military officials." Following the Hamas "bid to run sewer, health, and other social services that could help win the hearts and minds of Palestinians, Sadr's efforts look like a copycat move."

Saudis Building Border Fence. Time (9/4, Burger, 4.03M) reports in its "Notebook" column Saudi Arabia, "unnerved by the violence next door in Iraq, plans to spend up to $7 billion on a partly virtual fence along its 500-mile border with Iraq. The ultramodern barrier will combine fencing, electronic sensors and sand berms. Saudi and U.S. sources tell TIME the kingdom is seeking bids from contractors, including U.S. defense giant Raytheon." Saudi diplomats "say the fence is intended to stop weapons and drug smuggling and illegal immigration. But they admit they fear that Iraq's sectarian fighting and jihadi militancy could spill south."

Shays Calls For "Fixed Timeline" For Withdrawal Of US Troops. Newsweek (9/4, Clift, 3.12M) reports Republican Rep. Christopher Shays of Connecticut "has long been an ardent backer of the war in Iraq. But after returning last week from his 14th trip to the country, the congressman reported that little progress had been made -- and called for a 'fixed timeline' for the withdrawal of U.S. troops." Shays' "new position is a significant break among Republicans in Bush's firewall on the war going into the November elections."

Levin Criticizes Bush Not Setting Limits On US Commitment To Iraq. Sen. Carl Levin, also appearing on CNN's Late Edition (8/27, Blitzer), argued, "We cannot save the Iraqis from themselves. They're the ones who have got to decide: Do they want a civil war or do they want a nation? We have taken the pressure off them by the President saying we're there as long as they need us, by the President saying as long as he's president we're not going to remove troops, by the President refusing to put some pressure. … And I think it's a fundamental error."

Few Homicide Charges Pressed Against US Soldiers In Iraq. Under the front-page headline "Homicide Charges Rare In Iraq War," the Washington Post (8/28, White, Lane, Tate, 748K) reports that the "majority of U.S. service members charged in the unlawful deaths of Iraqi civilians have been acquitted, found guilty of relatively minor offenses or given administrative punishments without trials," and "charges against some of the troops were dropped completely." The Post says that while "some military officials and analysts say the small numbers reflect the caution and professionalism exercised by U.S. forces on an urban battlefield where it is often difficult to distinguish combatants from civilians," others say the "statistics illustrate commanders' reluctance to investigate and hold troops accountable when they take the lives of civilians."

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Precision Technology Has Advanced During Course Of War. USA Today (8/28, 11A, Brook, 2.27M) runs a generally positive story on the advances of precision technology during the course of the Iraq war, noting that it is now possible "for troops to call in strikes less than the length of a football field from their positions compared with 2,000 yards two years ago. That's needed more than ever as troops fight insurgents in tightly packed urban areas." Such technology "also can limit injuries to civilians and damage to sensitive sites such as mosques. This helps the military avoid angering the people it's trying to win over."

Baghdad Museum Director Resigns Due To Threats. The New York Times (8/28, Wong, 1.21M) reports Baghdad Museum Director Donny George "has resigned and moved to Syria because he felt under threat from fundamentalists" with ties to Iraq's government. George "was a midlevel official in the Baath Party under Saddam Hussein's government and may be the target of a revenge campaign by conservative Shiites."

UK Ambassador To Iraq Explains British Troop Movements Along Iran Border. McClatchy (8/28, Brunswick) reports Dominic Asquith, the new British ambassador to Iraq, said British troops "taking up position near Iraq's border with Iran aren't preparing for military action against Iran, but were getting to crack down on weapons smuggling between the two countries." Asquith "was responding to concerns raised by some Iraqi political and religious leaders, who've suggested that the British troops may be doing U.S. bidding as tensions rise over Iran's nuclear development program."

Carter "Disappointed" With Blair's Role In Iraq War. The AP (8/28) reports former President Jimmy Carter "accused Tony Blair on Sunday of being 'subservient' to the White House, saying the British prime minister failed to constrain America on Iraq." Carter "said in many countries he has visited, people equate U.S. and British policy." Carter is quoted telling the Sunday Telegraph, "I have been surprised and extremely disappointed by Tony Blair's behavior. I think that more than any other person in the world, the prime minister could have had a moderating influence on Washington — and he has not. I really thought that Tony Blair ... would be a constraint on President Bush's policy toward Iraq. It's a shameful and pitiful state of affairs, and I hold your British prime minister to be substantially responsible for being so compliant and subservient."

Carroll Says "What Happened To Me Is Not The Whole Middle East." The Christian Science Monitor (8/28, 58K) concludes "The Jill Carroll Story" with an epilogue written by Peter Grier. The Monitor reports that Carroll says she "doesn't regret going to Iraq in the first place. She was doing what she had always wanted to do -- foreign reporting. Since her release, she has returned to Egypt, and is glad of it." Carroll said, "What happened to me is not the whole Middle East." Carroll "is no longer a freelancer. To provide financial support in anticipation of her eventual release, the Monitor quietly made Jill a full-time employee a week after she was abducted. This fall, she's been accepted into a journalism fellowship program at a major university. After that, she plans to return to writing from overseas."

Approval Of New Afghan Supreme Court Seen As Positive Sign. In a New York Times (8/28, 1.21M) op-ed, United States Institute of Peace senior rule of law adviser J Alexander Thier writes that while "it's been a bad year for Afghanistan," a "recent turn of events could have a significant positive impact on Afghanistan's future. A few weeks ago the new Parliament approved a fresh slate of Supreme Court justices -- a strong group of professionals and reformers that includes several of Afghanistan's pre-eminent legal minds." The "new court's leadership has much in its favor. With an infusion of funds and experienced judges, as well as a good relationship" with President Hamid Karzai, it "stands a good chance of success."

CORPORATE SCANDALS:

Legal Precedent Said To Protect Lay's Estate From Forfeiture. The Christian Science Monitor (8/28, Axtman, 58K) reports, "A legal precedent could clear the record of Enron founder Kenneth Lay, even though he was found guilty of six counts of conspiracy and fraud, because of his sudden death last month. The move could also make tens of millions of dollars in his estate off-limits to creditors. The Justice Department has said it will use all available legal means to reclaim the money related to the criminal charges Mr. Lay was convicted of in May. But those means may be few because of the legal precedent set by the US Fifth Circuit Court of Appeals, which found in 2004 that a

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person's criminal record is 'abated,' or wiped out, if he or she dies before having a chance to exhaust all appeals."

Quattrone Deal Said To Mark Shift In White Collar Prosecutions. Time (8/28, Kiviat) reports, "Frank Quattrone was always good at making deals. As a sizzling Silicon Valley investment banker during the tech boom of the 1990s, he orchestrated the initial public offerings (IPOs) of start-ups from Netscape to Amazon.com collecting as much as $120 million a year for himself in the process. Yet the deal he reached last week may well be the one he cherishes most. After 31/2 years of court dates, two criminal trials and the prospect of jail time, Quattrone struck a deal in which federal prosecutors agreed to all but drop charges that he obstructed justice during a 2000 investigation into how his employer handed out IPO shares of hot new companies." Time continues, "The deal marks the end of a sorry chapter in American business history. While high-profile white-collar crime persists, the dramatic criminal cases that were launched just after the dotcom economy fizzled are now mostly completed. The icons of massive, turn-of-the-century corporate fraud--Ken Lay and Jeff Skilling of Enron, Bernie Ebbers of WorldCom, Dennis Kozlowski and Mark Swartz of Tyco--are convicted and, in Lay's case, dead. Even Martha Stewart has served time. And many, if not most, of the cases the feds brought against smaller fish--to help assuage a share-owning public that had been scammed by phony accounting and overhyped stock--are resolved. The government claims that since mid-2002 it has won more than 1,000 corporate-fraud convictions, including those of more than 100 CEOs and presidents. … That's not to say the system has been wholly reformed. Although Wall Streeters were genuinely terrified by the wrath of the prosecutors, they eventually flocked to other legal schemes--like hedge funds--with which to vastly overcompensate themselves. Prosecutors too are cutting their losses, and, as the public outrage subsides, moving on to new areas. … The Quattrone case symbolizes that shift."

Private Eye Says He Would Talk With FBI About Alexander Sighting If Asked. The New York Times (8/28, Creswell, Arnold, 1.21M) reports on Israeli private investigator Moshe Buller's claim to have tracked fugitive Comverser CEO Kobi Alexander to Sri Lanka, noting, "So far, Mr. Alexander, who is said to have wired $57 million in late July to an account in Israel, has eluded the Federal Bureau of Investigation and Interpol. … When asked if he called the authorities after seeing Mr. Alexander, Mr. Buller said he did not. … In fact, he said he had not spoken with anyone from the F.B.I. or any other authorities about his sighting of Mr. Alexander. 'If the F.B.I. wants my help, I would be the first guy to sit at a table in New York and give information in a good way,' said Mr. Buller. 'But I have not spoken with anyone from the F.B.I.' A spokeswoman for the F.B.I. said, 'We do not disclose whom we speak with in terms of an investigation that is ongoing.'"

"Sources Familiar" With Alexander Search Doubt Buller's Claim. Newsday (8/26, Kessler) reported, "Investigators are dubious about a report that Jacob Alexander…is hiding in a remote fishing village in Sri Lanka, according to several sources familiar with the hunt for him by the FBI and the U.S. Marshals Service. The sources said federal agents have several leads to the whereabouts of Alexander…and none of them involves Sri Lanka, which one source noted has an extradition treaty with the United States. But the sources added that investigators were still checking the report out."

CRIMINAL LAW:

Former Lewis Aide's Lobbying Success Leads To Federal Probe. The AP (8/28, Werner) reports, "Depending on your perspective, Letitia White is either the epitome of a Capitol Hill success story or a prime example of an unsettling mix of money, politics and public policy." She has risen from a receptionist for Rep. Jerry Lewis to "an influential lobbyist whose connections to Lewis…and others on the Hill have translated into millions of dollars for her and her firm. They also have made her part of a federal investigation into Lewis' ties to the lobbying firm where she works alongside former California Republican Rep. Bill Lowery, another close Lewis friend." The AP notes, "Last spring, an FBI agent on the case visited the House Legislative Resource Center to review White's annual financial disclosure forms, according to records at the center."

Lawyer For NM Treasurer Says Prosecutors Withholding Exculpatory Letter. The AP (8/26) reported, "An attorney for former state Treasurer Robert Vigil has accused federal prosecutors of withholding evidence that could help his client." Defense lawyer Sam Bregman "says that a January 1993 letter printed on an FBI and U.S.

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Department of Justice letterhead could help Vigil. The letter shows that then-Assistant U.S. Attorney David Williams declined to authorize an investigation after hearing allegations of wrongdoing concerning Vigil."

FBI Arrests Fugitive Wanted In 1994 Chicago-Area Murder. The Chicago Tribune (8/26, Ford, 623K) reported, "A man wanted in the 1994 killing of a northwest suburban boy in Hoffman Estates was arrested this week following his deportation from Mexico, authorities said Friday." Hugo Luis Zarco, "a U.S. citizen, was deported Thursday to Houston from Leon, Guanajuato, Mexico, where he had been living, according to the FBI. He was arrested by FBI agents and waived extradition, authorities said." The Tribune notes that the victim, Michael Bruce, "had gotten into an argument with his ex-girlfriend, Zarco's then-17-year-old sister. Zarco is accused of later tracking Bruce down and fatally stabbing him twice in the chest, police said."

Four Sentenced To Prison For Roles In Miami Airport Heist. In a widely-distributed story, the AP (8/26, Anderson) reported, "Four people were sentenced to prison Friday for their roles in one of the biggest heists in Florida history -- a brazen daylight armed robbery of $7.4 million in cash from a warehouse near Miami International Airport. … The ringleader, Karls Monzon, and getaway driver, Jeffrey Boatwright, were each sentenced to more than 17 years in prison. A former Brink's security guard who provided inside information for the robbery, Onelio Diaz, was sentenced to 16 years. Monzon's wife, Cinnamon Monzon, was sentenced to nearly 3 years for being an accessory." The AP noted, "Some has been recovered from various sites in Miami, including money that was buried outside at least one home. More than $6 million remains unaccounted for, according to the FBI."

The South Florida Sun-Sentinel (8/26, Blum, 265K) added, "At least some of the missing cash may have already been spent. Boatwright, who acted as the getaway driver, spent $600,000 on strippers, 'loose women,' drugs, and worthless jewelry, his attorney Michael Walsh said at Friday's hearing. Boatwright paid a $400,000 ransom after being kidnapped from a strip club and $200,000 was stolen from him by a prostitute after he fell asleep, Walsh said. The last $200,000 of Boatwright's $1.4 million share was given to a Santeria priest, the attorney said."

Armitage Said To Have Played Central Role In Plame Disclosure. Newsweek (9/4, Isikoff, 3.12M) reports on new details about former State Department official Richard Armitage's role in the disclosure of the name of Valerie Plame, included in the new book, "Hubris: The Inside Story of Spin, Scandal, and the Selling of the Iraq War," co-written by Isikoff and David Corn of the Nation. On October 1, after reading Robert Novak's second column on the Plame-Wilson case, Armitage "was 'in deep distress,' says a source directly familiar with the conversation who asked not to be identified because of legal sensitivities. 'I'm sure he's talking about me,'" Armitage told Secretary of State Colin Powell. Within hours, William Howard Taft IV, "the State Department's legal adviser, notified a senior Justice official that Armitage had information relevant to the case. The next day, a team of FBI agents and Justice prosecutors investigating the leak questioned the deputy secretary." Armitage "acknowledged that he had passed along to Novak information contained in a classified State Department memo: that Wilson's wife worked on weapons-of-mass-destruction issues at the CIA."

Operators Of Offshore Gaming Sites Cautious After BetOnSports Charges. USA Today (8/28, Swartz) reports, "Americans continue to gamble in record numbers online, but executives of the offshore operations that take those bets are exercising caution weeks after one of their peers was arrested in the USA." USA continues, "The trepidation of online-betting executives underscores growing concern that the U.S. government could target more offshore firms after essentially giving the industry a free pass for several years, gambling experts say. … '(Operators) are playing a wait-and-see policy to see what the feds manage to pin on (indicted gaming site BetOnSports.com),' says Simon Holliday, a partner at Global Betting and Gaming Consultants in the UK. 'Although the sports books give the impression they are not too concerned, I don't see them rushing to be in the U.S. now.'" USA adds, "The actions by some gaming executives hardly constitute a self-imposed shutdown of some 2,300 gaming sites worldwide. But they reflect an undercurrent of concern, especially for sports-betting sites, gambling experts say. … London-based Ladbrokes, the world's biggest bookmaker, last week said it is reviewing plans to take bets from Americans on its gaming sites, something it currently does not do. It cited uncertainties in the U.S. market. … Online gamer Bodog.com canceled a marketing conference in Las

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Vegas this month, shortly after the arrest of David Carruthers, the former CEO of BetOnSports.com. Carruthers was charged with violating the 1961 Wire Act. BetOnSports has stopped taking U.S. bets, a majority of its business."

Botnet Hacker Sentenced To 37 Month In Prison. The Seattle Post-Intelligencer (8/26, Shukovsky, 129K) reported, "Sending a message to malicious computer hackers 'squirreled away in their basements,' U.S. District Judge Marsha Pechman on Friday sentenced a 21-year-old man to 37 months in federal prison for a global robot virus attack in 2004 and 2005. Christopher Maxwell launched the attack…to collect commissions by installing adware onto the computers of unwitting victims. … The Seattle FBI's cybersquad believes the scheme netted Maxwell and two unnamed teenage accomplices more than $100,000. Among the countless victims, the virus wreaked havoc with the Defense Department, Seattle's Northwest Hospital and a school district in California." The Seattle Times (8/26, Bowermaster, 217K) noted, "Maxwell is from Vacaville, Calif., but was prosecuted in Washington state because Northwest Hospital & Medical Center in Seattle was a primary victim. … Northwest Hospital contacted the FBI soon after its computers were attacked in January 2005. A six-month investigation eventually led to Maxwell."

Virginia Man Convicted Of Child Porn Possession. The Roanoke Times (8/26, Nair) reported, "A Roanoke man who had collected more than 2,000 pictures of child pornography on his computer was convicted of four felony charges Friday." Freddie Lee Caldwell "pleaded guilty to transmitting, distributing and possessing child pornography. He also admitted to using a computer to transmit lewd images, a charge that carries up to five years in prison. Federal authorities first homed in on Caldwell in October 2003, when an agent with the FBI's Innocent Images unit found an online advertisement for '100 percent pre-teen' material, said prosecutor Joe Mott. … An FBI investigator in Roanoke executed a search warrant on Caldwell's…home in July 2004, seizing computers, disks and other items, according to Mott."

Louisiana Journalist Indicted On Child Porn Possession Charges. The New Orleans Times-Picayune(8/26, Scallan) reported, "A federal grand jury on Friday indicted longtime River Parishes journalist Leonard Gray on charges of possessing child pornography, U.S. Attorney Jim Letten said." Gray, "the managing editor of the twice-weekly L'Observateur newspaper in LaPlace and former managing editor of the weekly St. Charles Herald-Guide newspaper in Boutte, was indicted on charges of possession and receipt of child pornography. He was arrested by FBI agents in Slidell on Aug. 17, and the agents later obtained a search warrant for Gray's home in Waggaman from U.S. Magistrate Louis Moore Jr., authorities said." The Times-Picayune noted Letten said in a statement, "Our office and the FBI have a proud and productive history of policing our community and communication channels by effectively identifying, investigating and removing from society those individuals who exploit the innocence of children." The AP (8/26) also reports on the FBI probe and Gray's indictment.

CIVIL RIGHTS:

New York Voters Find Some Machines Difficult To Use. The New York Times (8/28, Chan) reports, "With New York State facing a looming deadline to modernize its election technology, a new report offers evidence that one of the two major types of voting machines being considered has a higher rate of unrecorded votes, suggesting that it is too confusing for many people." The Times continues, "The report, which the Brennan Center for Justice at New York University School of Law intends to release today, examined election records from thousands of counties across the nation since 2000. It is likely to animate long-simmering debates in across the state's 62 counties, which face a December deadline for deciding how to replace antiquated voting equipment. … For the overwhelming majority of the state's 11.6 million registered voters, the changes will mean the end of the creaky lever machines that have been used for decades." The Times adds, "One of the two types of machines under consideration is the direct-recording electronic or D.R.E. systems, in which voters push a button or touch a screen to choose a candidate, and the ballot is automatically recorded and counted. … The other is the optical-scan system, in which voters mark an oval or arrow next to a candidate's name on a paper ballot, which is then scanned into a machine at the precinct, allowing the voter to find and fix any errors. … The choice, however, is further complicated because the State Board of Elections has ruled that state law requires the use of a 'full face' ballot — a

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ballot that displays all candidates for all races on a single page or screen."

Electronic Voting Expansion Expected To Result In Unintended Consequences. In an op-ed for the Washington Post (8/28, 748K) former Republican governor of Pennsylvania Dick Thornburgh and former Democratic governor of Ohio Richard Celeste, who chaired a recent study by the National Academies' National Research Council on electronic voting, write, "For many jurisdictions, the 2006 elections will see the first large-scale use of electronic voting systems. Many organizations have learned the hard way that deployment and use of new technologies on a large scale virtually guarantee big surprises and unintended consequences: sudden system crashes, corrupted data or painfully slow systems. The usual remedies are to develop, test and evaluate small-scale prototypes before committing to organization-wide upgrades in technology, and to keep both old and new systems running for a while so that failures in the new system do not paralyze operations. Unfortunately, faced with the deadlines for deploying enhanced voting systems that were set by the Help America Vote Act of 2002, most electoral jurisdictions have been unable to follow this prudent path. That's why we believe it will be essential this year that jurisdictions have backup and contingency plans that anticipate a wide range of possible failures in their electronic voting systems, including those that occur in the middle of the voting process on Election Day (or days)."

Abortion Activists Concentrate Resources On South Dakota Referendum. The Washington Post (8/28, A1, Slevin, 748K), in a front-page story, reports South Dakota "is the unlikely home of this year's most intense duel over abortion, a Nov. 7 referendum to decide the future of HB 1215, a measure that would institute a broad ban on the procedure. No exceptions would be allowed for pregnancies resulting from rape or incest -- abortion would be permitted only when the mother's life is in jeopardy. Partisans across the nation are delivering money and tactical advice on an issue that has divided residents of the state." The Post claims "South Dakota's fight could be a harbinger of political battles across the country should the Supreme Court strike down Roe v. Wade. … 'This has become the focal point in the country for the choice debate,' said Nancy Keenan, president of NARAL Pro-Choice America, which is channeling cash into the campaign." The Post adds that a July Mason-Dixon poll showed "Forty-seven percent of 800 respondents said they opposed the ban, while 39 percent said they supported it. If the law had included an exception for rape and incest, the poll found, 59 percent would have favored it, with 29 percent opposed."

School Administrators Said To Lack Of Understanding Of First Amendment. Nat Hentoff, an authority on First Amendment issues, student rights and education, writes in USA Today (8/28, 2.27M) on "the chronic civil war in our public schools between the First Amendment's Establishment Clause and its Free Exercise of Religion requirement." Now "it's unfortunate that many principals and school boards are not educated on the meaning of the Establishment Clause -- which can be violated" by the action of a principal or teacher, while "under the Free Exercise Clause, a student can express his or her personal religious beliefs in an assignment or as a valedictorian."

ANTITRUST:

GE's Water Unit Struggles To Integrate Acquisitions. The Wall Street Journal (8/28, Kranhold) reports, "Shortly after taking over as chief executive of General Electric Co. in 2001, Jeffrey Immelt plunged the conglomerate into the water-treatment business. GE has since spent nearly $4 billion acquiring four companies, prompting executives to boast that the water unit could reach $10 billion in annual revenue within a decade. … But Mr. Immelt's initiative hasn't lived up to expectations. The unit's biggest business -- selling chemicals -- faces tough price competition, and multimillion-dollar projects to build water-desalination and reuse plants haven't materialized. The water unit has reduced financial projections; the current target of around $2 billion in sales this year roughly equals the combined revenue of the companies GE bought. Some employees have been laid off, and Mr. Immelt earlier this year replaced his handpicked head of the water unit." The Journal continues, "The turbulence highlights GE's challenge in entering a new $400 billion market by building a business from scratch against global competitors such as Danaher Corp., ITT Corp., Siemens AG of Germany and, in Spain, both OHL Group's Inima and Abengoa Group's Befesa. … GE is struggling to meld thousands of employees from competing cultures with its own emphasis on strict processes and financial rigor. In one shift, more than 2,000 engineers

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who had made careers peddling chemicals for treating water at oil refineries and power plants were retrained to sell expensive equipment."

Two Italian Banks Agree To Merger. The Wall Street Journal (8/28, Taylor, Kahn) reports, "By merging Italy's Banca Intesa SpA and Sanpaolo IMI SpA, the architects of the deal aim to create a player with enough heft to be a driver in European banking consolidation." The Journal continues, "Saturday, the boards of the banks agreed to the terms of a merger, valued at about €29.43 billion ($37.54 billion). The deal would catapult the two midsize national players into a bank with a market capitalization of around €60 billion that would likely rank No. 4 in the euro zone. However, in cases of domestic megamergers like this one, success hinges on whether Intesa, of Milan, and Sanpaolo, of Turin, can achieve the promised savings and synergies, and in particular whether they can deliver on job reductions, which could be as high as 10% of total staff." The Journal adds, "Under terms of the deal, which is to be put to shareholders for approval at extraordinary meetings in December, Intesa is offering 3.115 of its shares for every Sanpaolo share. … The transaction comes at a time when cross-border banking deals throughout Europe have been on a sharp rise and shortly after foreign players such as ABN Amro Holding NV of the Netherlands and France's BNP Paribas SA took control of a pair of midsize Italian banks, adding to competitive pressure in one of Europe's most lucrative banking markets."

WSJournal Praises California PUC's Decision On Telephone Price-Controls. The Wall Street Journal (8/28, 2.03M), in an editorial, writes, "How much competition is there in U.S. telecommunications? So much that even California regulators have finally noticed. Last week the state's Public Utilities Commission voted 5-0 to lift decades-old price controls on land-line phone companies. The move was instigated by Rachelle Chong, who was appointed to the Commission in January by Governor Arnold Schwarzenegger. … If even California regulators can come to this realization, anyone can."

ENVIRONMENT:

Texas Judge To Rule Monday On Whether To Compel BP Chief's Testimony. The Financial Times (8/28, McNulty) reports, "A Texas judge is to decide on Monday whether to compel Lord Browne, BP's chief executive, to be formally questioned before a court to decide claims against the UK oil giant arising from last year's fatal refinery explosion." A BP spokesman said, "We are opposing the request because Lord Browne has no unique knowledge of the incident that is not available from other people within BP." The discovery process "led Michael Hoffman, BP's group vice-president for global refining, to reveal the company is conducting an internal investigation, reaching up into its executive level, to determine whether to take further disciplinary action for the accident, which killed 15 and injured an estimated 500 at BP's biggest refinery."

Lawsuits Seek To Curb Use Of Chicken Waste Fertilizer. The Washington Post (8/28, A3, Eilperin) reports from Tahlequah, OK, "Frustrated that nearly four years of talks failed to produce a solution, Oklahoma is now suing eight firms -- including Arkansas giant Tyson Foods Inc. -- on the grounds that the chicken waste applied to crops near the river contains hazardous chemicals that are damaging the ecosystem and jeopardizing the region's tourist industry. … Across the country, states and localities are suing polluters outside their jurisdiction, and sometimes each other, in efforts to curb air and water contamination that respects no borders. They say they are forced to act because Congress and the Bush administration have failed to crack down on everything from storm water runoff to dumping of invasive aquatic species. … In some cases, there is little in the way of federal law or regulation. This is the case with the factory farms in Arkansas and Oklahoma. The administration is still sorting through which regulations apply to poultry, dairy and hog farmers, and existing rules don't apply to those who buy the waste for fertilizer. And some lawmakers, such as Rep. Ralph M. Hall (R-Tex.), are lobbying to permanently exempt these industries from even minimal federal oversight. … Other times the administration has blessed activities in one state that another state opposes: Virginia -- over Kentucky's objections -- plans to allow a strip mining company to discharge more than a billion gallons of briny water into a river just eight miles from where it flows into Kentucky. … In others instances, the Bush administration has declined to take action, such as the Environmental Protection Agency's decision not to regulate ballast water from freighters that release invasive species into waterways."

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Bush Planning Energy Initiative. In a story devoted largely to elaboration of President Bush's remark that the nation's psyche was "strained," comparing it to former President Jimmy Carter's "malaise speech," Time (9/4, Allen, 4.03M) reports Bush's aides "maintain that they're in no funk either. Previewing the final quarter of Bush's presidency, officials disclosed to TIME that the Administration is formulating a huge energy initiative designed to 'change the whole nature of the discussion' and challenge the GOP, Democrats, the oil and electricity industries, and environmentalists. An adviser said Bush's views about global warming have evolved."

Bush Said To Remain Optimistic. US News & World Report (9/4, Bedard) reports in its Washington Whispers column that with "a bloody war, bad polls, and his beloved Texas Rangers several games out of first, you'd think President Bush would be bummed out. But pals say he's as happy as ever." At last week's "fundraiser for Virginia Sen. George Allen at the home of former Republican National Chairman Ed Gillespie," Bush "gave an animated history of the Oval Office and told of how optimistic he is about the future."

Professors Researching Means To Turn Fuel Ethanol Into Food-Grade Alcohol. The AP (8/28, Lorentzen) reports two Iowa State University professors "are researching how to easily, and cheaply, turn fuel ethanol into food-grade alcohol for beverages, pharmaceuticals and personal care products. 'We will be taking relatively abundant and cheap fuel ethanol and, for a very small amount [of money], adding a lot of value to it,' said Jacek Koziel, an assistant professor of agricultural and biosystems engineering." The AP says, "Why find another use for ethanol at a time when demand for the fuel has skyrocketed? Because although the demand for fuel ethanol could wane if the automotive industry embraces other technology, 'the demand for liquor and mouthwashes and cough syrups will always be there,' said Hans van Leeuwen, a civil, construction and environmental engineering professor who is working with Mr. Koziel on the project."

Coburn Applauds Bush's Oversight Of Anti-Malaria Spending. In a letter to the editor of the Wall Street Journal (8/28, 2.03M) Sen. Tom Coburn writes, "Americans are…supporting billions of dollars of publicly funded anti-malaria programs through both bilateral programs and multilateral programs. Those concerned about children and pregnant moms suffering and dying from malaria should expect that agencies spending U.S. dollars will achieve results, as measured by reductions in deaths and sickness. Congress and President Bush have worked together to ensure improved measurement of malaria control programs and greater accountability and transparency in these programs. As a result of congressional demands for 'sunshine,' the U.S. Agency for International Development (USAID) malaria budget was exposed as diluted and ineffective. That transparency led to encouraging reforms. President Bush and USAID should now be commended for running a program that is both transparent and strategic, including the dramatic redirection of funds to effective malaria prevention programs, such as indoor spraying with insecticides and effective new malaria therapies."

FBI/DEA/ATF/USMS:

Retiring DC Agent Roundly Praised. In an overwhelmingly positive profile, the Washington Post (8/28, B1, Lengel, 748K) reports, "Time is running out for FBI agent Brad Garrett, who helped solve the Starbucks slayings in the Georgetown area, helped persuade sniper Lee Boyd Malvo to confess and flew to Pakistan to help nab the man who gunned down two CIA workers outside the agency's headquarters in McLean. One of the most renowned agents to work in the FBI's Washington field office, he will retire Thursday after 16 years in Washington and 21 years in all -- regretfully, he said, before he can solve some of his most famous cases." The Post adds that Garrett has "gained gushing admiration from co-workers and police detectives -- and even the grudging approval of some criminals he has caught. 'He's accomplished, confident, he's a very patient interviewer,' said FBI agent Chuck Knowles. … Ronald H. Chavarro, Garrett's FBI supervisor, added: 'He's empathetic, he's nonjudgmental, he's approachable. ... They don't come any better than him.'"

California Legislation Challenges Federal Ban On Industrial Hemp. The New York Times (8/28, Brown, 1.21M) reports, "Seven states have passed bills supporting the farming of industrial hemp; their strategy has been to try to get permission from the Drug Enforcement Administration to proceed. But California is the first state that would directly challenge the federal ban, arguing that it does

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not need a D.E.A. permit, echoing the state's longstanding fight with the federal authorities over its legalization of medicinal marijuana. The hemp bill would require farmers who grow it to undergo crop testing to ensure their variety of cannabis is nonhallucinogenic; its authors say it has been carefully worded to avoid conflicting with the federal Controlled Substances Act. But those efforts have not satisfied federal and state drug enforcement authorities, who argue that fields of industrial hemp would only serve as hiding places for illicit cannabis." The Times notes that a spokesman for the Office of National Drug Control Policy "said the measure was unworkable."

Mexico-Based Drug Ring Busted, 69 People Indicted. The East Valley Tribune (8/26) reports a seizure of cocaine and meth valued between $1.1 million and $1.4 million "has led to the breakup of a drug organization based in Sinaloa, Mexico, the Arizona Attorney General's Office said Friday. A three-month investigation has resulted in a 417-count indictment against 69 people — 10 of whom are in custody. … The partnership between the Phoenix Police Department, U.S. Drug Enforcement Administration and Arizona Attorney General's Office led to the arrests and indictments, Attorney General Terry Goddard said."

The AP (8/28) reports a Phoenix-based investigation "has led to the break-up of a major drug trafficking ring based in Mexico. The Phoenix Police Department says a joint investigation by the department and the Drug Enforcement Administration has led to the indictment of 69 people involving in trafficking of methamphetamine and cocaine. It says the majority of the defendants were in the U.S. illegally from Mexico."

Alabama Man Gets Life Sentence For Drug Trafficking. The AP (8/26) reports a federal judge "sentenced a Lauderdale County man to life in prison for a large-scale drug-trafficking operation in northwest Alabama that sold cocaine and marijuana. Darryl Dewayne Russell, 38, of Florence, was sentenced late Thursday. … Russell was convicted in January of conspiracy to commit drug trafficking and money laundering. He was part of an investigation that led to the guilty pleas of 21 individuals and the conviction of four more."

In Baltimore, 2 Brothers Plead Guilty In Cocaine Case. The Baltimore Sun (8/26) reports a former Dunbar High School basketball star "pleaded guilty…to drug charges in U.S. District Court in Baltimore, four days after his brother pleaded guilty to similar charges, according to federal law enforcement officials. Federal prosecutors say that William 'Billy' Wells -- as well as his brother, Leonardo Wells -- were involved in distributing large quantities of cocaine to wholesale customers. … 'It is a shame that a star basketball player from Baltimore used his abilities to throw kilos of cocaine rather than a basketball on the court,' said Carl J. Kotowski, assistant special agent in charge of the Drug Enforcement Administration's Baltimore district office."

Five Face Charges In Sacramento Marijuana Case. The San Francisco Chronicle (8/25) reports five Bay Area residents "are facing federal charges for their alleged roles in what authorities described…as a sophisticated indoor marijuana-growing operation in the Sacramento area. The defendants had completely converted five homes in Elk Grove and North Natomas into marijuana farms, authorities said. … A search of the residences earlier this month yielded 1,975 marijuana plants, according to the federal Drug Enforcement Administration and Elk Grove police."

Gatlin Denies Agreeing To Suspension For Doping. The Los Angeles Times (8/28, Pucin) reports sprinter Justin Gatlin, who "was suspended for eight years…by the United States Anti-Doping Agency (USADA), said Friday that he had 'never knowingly used any banned substance.' … Gatlin also seemed to suggest he was not ready to accept the eight-year suspension. 'Contrary to what has been reported, I have not agreed to any penalties whatsoever,' Gatlin said."

The AP (8/25, Pells) reports Gatlin intends to appeal his suspension.

In a separate story, the AP (8/28, Casert) reports International Olympic Committee president Jacques Rogge "praised U.S. doping authorities' recent work Friday, calling it 'an extremely positive turn in the tide' of the worldwide fight against doping. … The IOC president stressed there was a positive side to the latest doping allegations. 'It proves that controls are working,' Rogge said 'It is not only Jones and Gatlin but also (Tour de France winner) Floyd Landis and many other cases. They allow us to eliminate the cheats.'"

Suspected Drug Users Caught Using Longtime Techniques. USA Today (8/28, Patrick) reports when cyclist

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Floyd Landis plus sprint stars Justin Gatlin and Marion Jones "were busted for performance drugs in the last month, it made a hat trick for testers — three high-profile stars nabbed. But a drug expert cautions this is not necessarily a trend and probably not a sign the testers have gotten much smarter, though their techniques have improved. … These people were caught using the same analytical techniques labs have been using for a number of years."

Nike Suspends Contracts with Graham, Gatlin. The New York Times (8/28, Zinser) reports Nike "ended its contract with the track coach Trevor Graham…and stepped into the debate over Graham's role in doping violations by many of his athletes. The company also said it was suspending its contract with the sprinter Justin Gatlin, one of Graham's athletes who has tested positive for performance-enhancing drugs."

IMMIGRATION:

Unaccompanied Children Among Migrants Caught Seeking Entry Into US. The Washington Post (8/28, A1, Aizenman, 748K), in a front-page story titled, "Young Migrants Risk All To Reach U.S.," reports, "Across Central America, growing numbers of impoverished children appear to be setting out for the United States on their own, risking robbery, rape and death as they try to sneak illegally through Mexico and across the U.S. border. Last year, 6,460 underage illegal immigrants from Central America were detained in the United States while traveling without their parents and sent to government shelters, a 35 percent increase over the previous year. Many others likely slipped in undetected." According to the Post, "stricter enforcement might actually be causing more children to travel alone. They note that many have parents who are already in the United States illegally and are unwilling to fetch them now that the chances of getting caught have increased." The Post adds, "Many of the youths never make it to the border. … Mexican immigration authorities were catching and deporting so many Guatemalan children trying to sneak through Mexico to the United States that the Guatemalan government opened a 50-bed shelter last year to receive them until they could be picked up by their parents. It was quickly overwhelmed."

CONGRESS-ADMINISTRATION:

Activists, Bloggers Try To Identify Senator Holding Up Anti-Pork Bill. The Washington Times (8/28, Dinan, 88K) reports that "the biggest game in political Washington this summer is trying to smoke out the senator who is blocking a bill to create a searchable database of federal contracts and grants. The bill, sponsored by Sens. Tom Coburn and Barack Obama, "has the support of the Bush administration and activists on widely divergent sides of the political spectrum. It also passed a Senate committee without any objections, so the unknown senator is annoying many people." Senate Majority Leader Bill Frist "tried to win speedy passage just before the Senate left for its summer break, but at least one senator objected anonymously. Now Porkbusters.org, a Web site dedicated to exposing wasteful government spending, is conducting a public campaign to smoke out the obstructor or obstructors, while blogs on both sides of the political spectrum have weighed in, demanding action on the bill. … The Federal Times reported that one senator has a 'secret hold' on the bill."

Kerrey And Rudman Outline Basis For National Commission On Fiscal Policy Reform. In an op-ed for the Washington Post (8/28, 748K) former Senators Bob Kerrey and Warren Rudman, co-chairs of the Concord Coalition, write, "The economic and moral case for long-term reform of fiscal policy is clear. Yet politicians refuse to act. If this stalemate persists, it could end in catastrophe. … Since the regular legislative process seems incapable of dealing with the impending crisis, some alternative has to be found. President Bush has suggested a commission." Kerrey and Rudman contend that a new commission "could be very useful, but only if it recognizes fiscal and political realities." They go on to list the prerequisites for a successful commission: "it has to be truly bipartisan;" "it must have a broad mandate;" "all options must be on the table;" "the commission needs to engage the public in a genuine dialogue;" and "the commission's recommendations should be given an up-or-down vote in Congress."

Federal Judge Draws Criticism Over Helping Clerk In Store Dispute. The Miami Daily Business Review (8/28, Kay) reports, "Southern District of Florida Judge Shelby Highsmith and a U.S. Marshals Service deputy are drawing criticism for intervening in a personal dispute

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involving the judge's clerk and her daughter at a downtown Miami store." The Review continues, "The incident is raising eyebrows in the legal community as well as questions about whether Highsmith may have violated judicial canons by misusing his judicial powers. … Both Highsmith and an unidentified deputy showed up at the store during the incident, flashed their government identifications, and began questioning store employees and asking for their addresses." The Review adds, "The incident occurred in December, but it only recently came to light when the city's Civilian Investigative Panel took up the issue Aug. 15, after Highsmith filed a complaint against a Miami police officer who responded to the scene. .. The officer, Michael Ragusa, was cleared of charges of discourtesy."

Slight Decline In DC-Area Federal Jobs Recorded In July. The Washington Post (8/28, D2, Kang, 748K) reports, "A closer look at July's employment data for the Washington area underscores a shift in the economy, with the number of jobs in the federal government shrinking and the number at companies that serve the government expanding. The greatest increases in new jobs were in industries that most commonly hold contracts with the government, such as information technology and other professional services sectors, according to the Bureau of Labor Statistics. … The number of federal government jobs…fell 0.6 percent, to 341,900."

Bush's Handling Of War On Terror Praised. In an op-ed for the Washington Times (8/28, 88K) Preludium News Service's Barry Casselman writes, "During the campaign of 2006," President Bush "has been touring the country in support of his party's candidates for Congress. As a sitting, albeit unpopular, president, he raises large sums for their campaigns. But his remarks on these occasions, often given to private and sympathetic audiences, have been restatements of his resolve to carry on the global struggle against the contemporary threat of terrorism." According to Casselman, Bush "is an eagle in the autumn of his presidency, stubbornly holding to his vision and overwhelming responsibility, determined to finish his watch holding to his deepest values and ideals. Eventually, those who oppose him, and even those who may despise him now, are likely to recognize and honor his lonely and historic journey."

Bush Administration Said To Harbor "An Extraordinary Mania For Secrecy." The New York Times (8/28, 1.21M), in an editorial, writes, "the Bush administration, which has consistently demonstrated an extraordinary mania for secrecy, is blacking that public information out of history. That's right: it has reclassified the number of missiles and bombers from the Nixon era as some fresh national security secret, even though historians and officials in the old Soviet Union long have had it available on their research shelves. … The missile blackout is the latest symptom of a deepening government illness. National security has become the excuse for efforts to crack down on whistle-blowers and journalists dealing in such vital disclosures as the illicit eavesdropping on Americans."

Bush Blamed For "Rise Of Pessimism" In US. In a New York Times (8/28, 1.21M) "Editorial Observer" piece, Adam Cohen examines "The Rise Of Pessimism," writing that the "early stages of the Iraq war may have been a watershed in American optimism. The happy talk was so extreme it is now difficult to believe it was sincere: 'we will be greeted as liberators'; 'mission accomplished'; the insurgency is 'in the last throes.'" The "gap between predictions and reality has left Americans deeply discouraged," as has the aftermath of Hurricane Katrina and other growing problems. Cohen says that while President Clinton "was often mocked for his declarations that he still believed 'in a place called Hope,'" he "understood that instilling hope is a critical part of leadership." Part of President Bush's "legacy may well be that he robbed America of its optimism -- a force that Franklin Delano Roosevelt and other presidents, like Ronald Reagan, used to rally the country when it was deeply challenged."

New Stem Cell Technique May Not Pan Out. US News & World Report (9/4, Fields) reports that last week, "scientists at Advanced Cell Technology in Massachusetts announced that they had found a way to make embryonic stem cells without destroying embryos-which could allow scientists to get federal funding for medical research using the cells. But the new technique may not live up to the hype."

Newsweek (9/4, Kalb, Rosenberg, 3.12M) reports "a more careful examination of" Dr. Robert Lanza's work "showed he'd only proposed a new method, but hadn't in fact proved it worked from start to finish. And, by relying on human embryos, he still couldn't avoid the inevitable firestorm. Publicly, the White House took a measured approach, calling

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the reports 'encouraging.' Some social conservatives, particularly Roman Catholics, were far more critical."

WPost Ridicules Bush's Reaction To New Stem Cell Study. The Washington Post (8/28, A14, 748K) editorializes, "When president Bush restricted federal funding for stem cell research in 2001, he claimed he opposed 'providing taxpayer funding that would sanction or encourage further destruction of human embryos that have at least the potential for life.' Last week, the scientific community addressed Mr. Bush's expressed moral concern in a study reported in the journal Nature, revealing a new method for extracting embryonic stem cells that its backers say poses no additional risk to human embryos. But instead of embracing the potential of the new procedure, which might be a way of advancing stem cell research without destroying potential humans, the president registered his concerns about using any new embryonic material for scientific research. … Later, a White House spokeswoman tried to backpedal, insisting that Mr. Bush is waiting for expert reviews of the study's findings before making any final judgments. Yet the president's initial statement on the matter indicates that he will search for new -- and far less convincing -- reasons to keep federal coffers shut from stem cell researchers."

Eschenbach Seen As The "Immediate Beneficiary" Of FDA Decision On Plan B. US News & World Report (9/4, Fischman) reports the "immediate beneficiary" of the FDA decision to approve over-the-counter sale of Plan B "will most likely be a man. Andrew von Eschenbach, the acting head of the Food and Drug Administration, which approved the pill, should get the job for real in September, because key senators dropped their opposition to his nomination when he dropped his opposition to the 'morning-after pill,' called Plan B."

Newsweek (9/4, Scelfo, 3.12M) reports in its "Periscope" column that the Food and Drug Administration's decision that "Plan B emergency contraception would be available 'over the counter,' but would be kept behind the counter because of the drug's 18-and-over age restriction" had "echoed an idea, long advocated by the American Pharmacists Association (APhA), that two classes of drugs aren't enough."

Pelosi Described As Democratic DeLay "Minus Ethical, Legal Issues." Time (9/4, Bacon, 4.03M) profiles House Minority Leader Nancy Pelosi, the "aggressive, hyperpartisan liberal pol who is the Democrats' version of Tom DeLay, minus the ethical and legal problems of the former Republican House leader. To condition Democrats for this fall's midterm elections, she has employed tactics straight out of DeLay's playbook: insisting other House Democrats vote the party line on everything, avoiding compromise with Republicans at all cost and mandating that members spend much of their time raising money for colleagues in close races. And she has been effective." Pelosi "declines to discuss" her conflicts with other Democrats such as former Rep. Martin Frost or Minority Whip Steny Hoyer, "Pelosi told TIME, 'Anybody who's ever dealt with me knows not to mess with me.'"

Cheney Cooperating With Biographer. US News & World Report (9/4, Bedard) reports in its Washington Whispers column that Vice President Dick Cheney "is finally getting the book-length biography treatment-and he's playing along. We hear that the Weekly Standard's Stephen Hayes is hot on the case and plans to publish a bio titled, naturally enough, Cheney as early as next spring." What's "surprised Hayes so far? Cheney isn't just a hawk but a strong advocate for the 'softer side of the Bush doctrine, advocacy of democracy.'"

House Panel To Look Into NFL, Player's Union. US News & World Report (9/4, Bedard) reports in its Washington Whispers column that NFL Network "play-by-play man Bryant Gumbel is under fire for suggesting on his HBO show that retiring National Football League Commissioner Paul Tagliabue has NFL Players Association prez Gene Upshaw on a 'leash.'" But "members of the House Judiciary Committee are interested in just how cozy the NFLPA and NFL have become and are concerned about the players association's rules governing professional agents."

OTHER NEWS:

Economists Cite Terrorism As Chief Threat To US Economy. The Wall Street Journal's "Washington Wire" blog (8/28, Conkey), available online only, reports, "Terrorism and energy prices top the worry list, according to a biannual survey of nearly 200 economists released Monday by the National Association for Business Economics. With the foiled plot to bomb U.S.-bound airlines raising security concerns, 34% said terrorism posed the

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greatest short-term risk to economic growth, up from 26% in March. Nearly 30% cited energy prices, up from 23% in March, although they say it would take the unlikely scenario of prices rising to $100 a barrel to spark a recession. Inflation came in third among the most frequently cited threats to short-term economic health.

Global Dynamics Handicap Fed's Ability To Arrest Inflation. The New York Times (8/28, Andrews, 1.21M), in an article titled, "Global Trends May Hinder Effort To Curb U.S. Inflation," reports that as the Federal Reserve "fiercely debates how to reduce inflation within the United States, economists are warning that trends outside the country may soon make the Fed's job much harder." China's "voracious appetite for oil and raw materials has aggravated inflation by driving up global prices for oil and many commodities. Beyond that, new research presented this weekend suggested that the United States could not count on a continuation of cheap money from poor countries. Those flows could stop as soon as countries find ways to spend their excess savings at home. The warnings come as the Fed's new chairman, Ben S. Bernanke, faces widespread skepticism among economists about his forecast for a 'soft landing'." Bernanke "has been arguing that inflation will cool as annual economic growth slows to 2.5 percent, from about 3.5 percent. But some Fed officials, worried that inflation pressures are becoming more entrenched, want to take tougher action. Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, voted against the pause in rate increases. Michael H. Moskow, president of the Chicago Fed, strongly suggested last week that he favored higher rates and declared that the risks of higher inflation were greater than the risks of an unexpectedly sharp slowdown."

Decline In Real Wages Said To Add To GOP Incumbents' Vulnerability. The New York Times (8/28, Greenhouse, Leonhardt, 1.21M) says that as US economic growth begins "to slow," the current period of expansion "has a chance to become the first sustained period of economic growth since World War II that fails to offer a prolonged increase in real wages for most workers." According to the Times, that "is adding to fears among Republicans that the economy will hurt vulnerable incumbents in this year's midterm elections even though overall growth has been healthy for much of the last five years." The Times goes on to report, "The median hourly wage for American workers has declined 2 percent since 2003, after factoring in inflation. The drop has been especially notable, economists say, because productivity…has risen steadily over the same period. As a result, wages and salaries now make up the lowest share of the nation's gross domestic product since the government began recording the data in 1947, while corporate profits have climbed to their highest share since the 1960's." However the Times allows that "polls show that Americans are less dissatisfied with the economy than they were in the early 1980's or early 90's."

Krugman Influence At Fed Symposium Noted. The Wall Street Journal's "Washington Wire" blog (8/28, lp) reports, "Though he wasn't in attendance, the work of Princeton University economist and New York Times columnist Paul Krugman was a recurrent theme in the Federal Reserve's Jackson Hole symposium this year. The event's title, 'The New Economic Geography,' was the name given to work Mr. Krugman pioneered in 1991 in his book, 'Geography and Trade.' Anthony Venables of the London School of Economics, the first academic presenter at the event, has been a co-author of Mr. Krugman. Another speaker, Doug Irwin of Dartmouth College, recommended participants read Mr. Krugman's essay, 'Competitiveness: A Dangerous Obsession.'" The Journal notes Krugman "is an accomplished economist who won the American Economic Association's prestigious John Bates Clark Medal in 1991. But in recent years he has become better known, even among many of his academic peers, for his popular writings, in particular his Times columns which are often harshly critical of the Bush administration, than for his academic research."

Judge Orders Bar Prep Firm To Pay $11.9 Million For Copying Multistate Exam Questions. The Legal Intelligencer (8/28, Duffy) reports, "In a ruling that promises to fundamentally alter the way many American law students prepare for the bar exam, a federal judge has concluded that a California company illegally copied questions from the Multistate Bar Examination for use in its bar exam preparation courses and ordered it to pay more than $11.9 million to the National Conference of Bar Examiners." The Intelligencer continues, "In the suit, NCBE claimed that employees of Multistate Legal Studies Inc. have attended bar exams in several states for the sole purpose of copying questions to be used in its prep courses. … MLSI is based in Santa Monica, Calif., and has offices in Philadelphia and New York. It operates bar-review programs under the trade name PMBR, which stands for 'preliminary multistate

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bar review.'" The Intelligencer adds, "Lawyers for MLSI insisted that any similarities between the questions in their prep courses and those on the MBE stem from the fact that both are drawn from the same pool of material -- hornbooks, law treatises and case law -- and that such similarity is entirely permissible. … But Eastern Distsrict of Pennsylvania Judge John P. Fullam disagreed and said the evidence showed MLSI had copied both the detailed facts in the questions as well as the correct and incorrect answers. … 'I conclude that nearly all of the 113 challenged questions are substantially similar to copyrighted MBE questions,' Fullam wrote. 'In many instances, evidence of copying practically leaps from the page.'"

UN Treaty Seen As Potentially Trumping Parental Rights. The Washington Times (8/28, Smith) reports, "Could a 10-person panel of foreign nationals dictate, with the full weight of U.S. law, how we raise our children? This idea seems far-fetched, even ridiculous, but, unfortunately, it is possible." The Times continues, "The problem stems from the United Nations Convention on the Rights of the Child, which has been adopted by 192 nations. The treaty creates civil, economic, social and cultural rights for every child. The Clinton administration sought ratification, but the treaty was not approved by the U.S. Senate because of opposition from senators who were concerned it would undermine parental rights. … For example, the convention gives children autonomy regarding the school they attend, the friends they have and the activities they choose. If there is a disagreement, the parent's decisions could be reviewed by a third party. Consequently, parents could be subject to 'identification, reporting, referral, investigation, treatment and follow-up.'" The Times adds, "Many people are probably asking the question -- if the Senate didn't ratify it, why is the convention still a problem for the United States? Unfortunately, this is not the end of the story because the U.S. court system has been incorporating the treaty steadily through a doctrine called 'customary international law.' This is where U.S. courts look to foreign courts and other international treaties to derive its interpretation of the U.S Constitution."

Weakened Unions Mobilizing Resources To Boost Democrats' GOTV Efforts. The Wall Street Journal (8/28, Maher, 2.03M) reports, "Unions have ratcheted up their political spending and voter-turnout efforts as polls suggest the 12-year Republican control of both houses of Congress could be in jeopardy." However, unions "will be pushing [their] agenda amid some of the biggest obstacles in its history. The ranks of union members in the private sector continue to decline -- the share was down to 7.8% last year from 15% 20 years ago. Labor also is badly split after some of its biggest unions and most dynamic leaders left the AFL-CIO to form their own labor federation. Those unions have agreed to work with the AFL-CIO in the current election." The Journal adds, "The AFL-CIO is spending $40 million on voter outreach, up from $35 million in 2002 and the most it has spent on turnout efforts in a midterm election. It says it will focus primarily by mobilizing 12.4 million union-affiliated voters for key races in 21 states."

Zogby Poll Shows Webb With Slight Lead Over Allen. A new Zogby Interactive poll released today and conducted August 15-21 with a margin of error of 3.4% shows James Webb leading Virginia Sen. George Allen 47.9%-46.6%.

The Wall Street Journal's "Washington Wire" blog (8/28), available online only, reports, "Democrats picked up ground in a new set of polls of hotly contested Senate races, now leading in 12 of the 18 races tracked, up from 10 of 17 last time. In Virginia, the 'macaca' comment appear to have hurt incumbent George Allen, who went from a comfortable lead in previous Zogby polls to now trailing Democrat James Webb, a former secretary of the Navy under President Reagan. Among other races, Robert Menendez's lead over Republican Tom Kean Jr. narrowed to just two percentage points in New Jersey, while incumbent John Ensign's advantage over Democrat Jack Carter narrowed in Nevada. Although Republicans are ahead in fewer of the battlegrounds than Democrats, the party would still maintain control of the 100-seat Senate if the election results match Zogby's results."

Secret Service's Attempt To Close HOV Lanes Seen As Potentially Damaging Allen. The Washington Post (8/28, A14, 748K), in an editorial, writes that Sen. George Allen "should be breathing a sign of relief that Virginia transportation officials nixed an ill-advised request to shut down high-occupancy-vehicle lanes for some presidential convenience. As reported by The Post's Michael D. Shear, the Secret Service wanted to close all the HOV lanes on Interstate 395 for a good chunk of last Wednesday so that President Bush could travel to a fundraiser for Mr. Allen near

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Mount Vernon. Just think about it. The gridlock (involving an estimated 22,000 people in cars, not to mention buses and displaced carpoolers) would have been nothing compared with the political uproar that would have resulted. The controversy over the senator's recent unkind use of the word 'macaca' would have paled in comparison."

Brown Ahead Of DeWine 47-39. A new Zogby Interactive poll released today and conducted August 15-21 with a margin of error of 3% shows Rep. Sherrod Brown ahead of incumbent Sen. Mike DeWine 47.2%-38.7% in Ohio.

Talent Pulls Out To More Than 4 Point Lead Over McCaskill. Sen. Jim Talent leads Missouri state auditor Claire McCaskill 49.7%-45.2% according to a Zogby Interactive poll released today and conducted August 15-21 with a margin of error of 3.4%

Steele Makes Border Security A Focus Of His Campaign. The Washington Times (8/28, Miller, 88K) reports Lt. Gov. Michael S. Steele "is bringing the national issue of border security home to Maryland in fundraising brochures for his U.S. Senate campaign and on the hustings. 'We have to focus on what the American people want us to focus on,' Mr. Steele, a Republican, told The Washington Times. 'In their hearts and their minds, they want to see the Senate and House come together on a strategy that incorporates personnel, technology and other resources to secure the border. … You have to start with the fundamental point that we have a porous border. Until you can control that, you can never deal successfully with the human element that is such an important part of what we need to face.'" Steele "also cites the border-security issue in his latest fundraising letter. 'I know what needs to be done in Washington,' he says in the letter. 'We need to make a commitment to strong family values, and we must secure our borders today so every American citizen is safe in their own community.'"

Prevalence Of Black Candidates Running For Senator Or Governor Noted. The Christian Science Monitor (8/28, Feldmann, 58K) notes that "the 2006 elections already hold a place in the history books: More black candidates from both major parties are mounting serious campaigns for upper-tier office - senator or governor - than ever before. Even more noteworthy, three of the six men are Republican, a party that has struggled to boost its black affiliation above 10 percent."

Zogby "Battleground" Polls Show Democrats Leading In Most Close Gubernatorial Races. The Wall Street Journal's "Washington Wire" blog (8/28), available online only, reports, "Democrats lead in most of 19 hotly contested gubernatorial races, including seven now held by Republican incumbents, according to the most recent set of Battlegrounds polls from Zogby Interactive, conducted in cooperation with The Wall Street Journal Online. In Pennsylvania, incumbent Ed Rendell remained locked in a tight race with Republican Lynn Swann, a former Pittsburgh Steelers wide receiver and sports announcer. Rendell's lead was four percentage points in the latest poll, down from seven points in July. California Gov. Arnold Schwarzenegger climbed to a five percentage point lead over Democratic challenger Phil Angelides. … Meanwhile, the race between Republican Rep. Jim Nussle and Democratic Iowa Secretary of State Chet Culver continues to be one of the hottest contests in the nation. While Culver edged into the lead in the latest poll, Zogby says the race is too close to call for either side."

Campaigns' Cable Ad Buys Allow Voters To Be Targeted More Precisely. The Wall Street Journal (8/28, Schatz, 2.03M) reports that "unlike previous mid-term election years, candidates are devoting more money than ever to cable TV in an effort to target voters more precisely. Though most political ad dollars traditionally are spent after Labor Day, tight primaries and early spending on House, Senate and gubernatorial races have pushed local TV-ad spending above $311 million as of mid-August, up 45% from the same point in 2004 and more than three times as much as in 2002, according to Campaign Media Analysis Group, a division of TNS Media Intelligence, which tracks political ad spending. All political ad buys by mid-year, including issue ads, ballot initiatives and other issues, have pushed spending above $700 million nationally, the firm says. About 85% of that spending still is expected to go to local broadcast television stations, but cable operators say they're tracking well ahead of expectations and look forward to a particularly lucrative mid-term election this time, thanks to a growing acceptance of cable by political ad buyers and a desire of candidates to better target their messages."

Voters In Eight States Will Decide On Anti-Smoking Initiatives This Year. The Christian Science Monitor (8/28, Scherer, 58K) reports, "This fall,

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voters in a record eight states will be voting on tobacco-control initiatives that range from sharply higher taxes to smoking bans in most workplaces. … The results of the state initiatives…will be a gauge of political will, antismoking groups believe. If the initiatives pass, they say, members of Congress will take notice and perhaps consider national regulation of tobacco. And as more states protect the rights of non-smokers, they point out, pressure mounts on more lenient states.

NYTimes Criticizes "Safer" Cigarettes. The New York Times (8/28, 1.21M) editorializes, "The decades-long campaign by the tobacco industry to dupe smokers into thinking that 'low tar,' 'light' and 'ultra light' cigarettes are a safe haven has been astonishingly effective. Some 85 percent of all smokers today use the supposedly safer cigarettes. What most of them don't realize is that these cigarettes are every bit as risky as the full-flavor versions that they have largely replaced. … Smokers of light or low-tar cigarettes need to realize that the industry is not so much concerned about their health as it is worried, in the words of an internal document, that their penchant to quit smoking entirely could pose 'a special problem for the cigarette industry.'"

LATimes Analyzes Murkowski's Loss. The Los Angeles Times (8/28, 918K), in an editorial titled "Alaska's Gray Davis," writes, "Political forecasters looking for cutting-edge national trends shouldn't read too much into Alaska Gov. Frank H. Murkowski's decisive defeat in that state's Republican primary last week. The message voters delivered was as timeless as it was bipartisan. He made them mad, so they dumped him."

Clinton's Distancing From Wal-Mart Called "Dumb Economic Populism." The Washington Post's Sebastian Mallaby (8/28,) writes, "In the late 1980s and early 1990s, Hillary Clinton sat on Wal-Mart's board; and when Sam Walton died in 1992, Bill Clinton lauded him as 'a wonderful family man and one of the greatest citizens in the history of the state of Arkansas.' … Times change. Last year Hillary Clinton returned a campaign contribution from Wal-Mart." Mallaby notes Clinton "is not alone in this. The stiff-necked Joe Lieberman, who holds fast to his principles on the Iraq war, recently abandoned his centrist economic credentials by appearing at an anti-Wal-Mart rally. No matter that Lieberman once served as chairman of the business-friendly Democratic Leadership Council. Now he proclaims his determination 'to wake up Wal-Mart and say, 'Treat your workers fairly.'"" Mallaby adds, "The truth is that none of these Democrats can resist dumb economic populism. Even though we are not in a recession, and even though the presidential primaries are more than a year away, the DLC crowd is pandering shamelessly to the left of the party -- perhaps in the knowledge that the grocery workers union, which launched the anti-Wal-Mart campaign, is strong in the key state of Iowa."

Schwarzenegger Accused Of Abandoning His Commitment To Spending Reform. In an op-ed for the Wall Street Journal (8/28, 2.03M) the Reason Foundation's Shikha Dalmia writes, "Arnold Schwarzenegger is following the wrong script. After taking over as governor in 2003, he was expected to vanquish business-as-usual politicians in Sacramento -- and pull California from the brink of fiscal ruin. Instead, he has decided to put his own political future ahead of the economic survival of his beloved Golden State. How else to interpret his recent move to join ranks with his opponents in Sacramento to put a pork-heavy $37 billion bond infrastructure proposal on the November ballot?" Dalmia adds, "There are better ways of generating steady revenues to fund transportation and other needed infrastructure. … Among them, notes Donna Arduin, Mr. Schwarzenegger's former finance director, are things like privately built toll roads and congestion pricing. 'These were things that were recommended to him back when he first took office,' she says."

Rumsfeld Says Missile Defense System Needs Further Testing. The New York Times (8/28, Cloud, 1.21M) reports Defense Secretary Donald Rumsfeld said in Alaska Sunday that while the "ballistic missile defense system was becoming more capable, he wanted to see a successful full-scale test before declaring it able to shoot down a ballistic missile." Rumsfeld, touring one of the system's interceptor sites, said, "I have a lot of confidence in these folks, and I have a lot of confidence in the work that's been done." But he "added that he wanted to see a test 'where we actually put all the pieces together; that just hasn't happened.'" The Times says Rumsfeld's assessment "was more cautious" that that of USAF Lt. Gen. Henry A. Obering III, head of the Missile Defense Agency, who "said recently that he was confident the system could have shot down a ballistic

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missile test-fired July 4 by North Korea, if it had been a live attack" aimed at the US.

USA Today/AP (8/28, 4A, Burns) also says Rumsfeld "sounded a note of caution about expectations that interceptors poised in underground silos here would work in the event of a missile attack by North Korea." And in its headline, the Washington Post (8/28, A2, 748K) says "Rumsfeld Unsure Of Ability To Intercept Korean Missiles," reporting that Rumsfeld "said he would not be fully convinced until the multibillion-dollar defense system has undergone more complete and realistic testing."

The Los Angeles Times (8/28, Barnes, 918K) focuses its story on the upcoming Thursday test of the system, "the fullest demonstration since a pair of tests grounded the program 18 months ago. Military officials are seeking to lower expectations." The Times notes that after his tour, "Rumsfeld said that although he wanted to see a 'full end-to-end test,' he was patient. He rejected suggestions that the system should try to hit the target this time."

Missile Defense, Foreign Policy Experts Tout Sea-, Space-Based Defenses. In a Wall Street Journal (8/28, A12, 2.03M) op-ed, Henry F. Cooper, who heads the missile defense advocacy group High Frontier, and Institute for Foreign Policy Analysis President Robert F. Pfaltzgraff Jr. write, "The blunt truth is that, since withdrawing from the ABM Treaty in 2002, the U.S. has not done enough to protect the nation from the threat of missiles. The Pentagon is improving ground-based interceptor systems, but it is not fully exploiting other interceptor-basing modes." The US "should make deployment of a multilayered missile defense, including space-based systems, an urgent priority. We should complete the ground-based sites in Alaska and California -- but build no additional ground-based sites. Limited resources are better spent to meet emerging threats by building the more cost-effective (sea- and space-based) missile components."

Iran Tests Sub-Based Anti-Ship Missile. ABC World News Tonight (8/27, story 5, 0:10, Harris, 8.78M) reported, "Iran today test-fired a missile from a submarine in the Persian Gulf. The timing is provocative. This comes in the middle of a standoff over Iran's nuclear program and just days before a deadline for them to stop enriching uranium."

The AP (8/28, Dareini) reports that "while the missile showed some technological advances by Iran, its main importance seemed to be that it gives the country another means for targeting ships, along with the arsenal of torpedoes and other anti-ship missiles it already has."

USA Today (8/28, 2.27M) reports "Iran is known to have several submarines. It bought at least two diesel subs from Russia in the 1990s and has produced an unknown number of locally made ones. Last year, it announced it was building a new class of sub called the Ghadir, which it said was a stealth craft and could fire missiles and torpedoes." Iran "says the weaponry is intended to defend itself against the possibility of a US attack." The Washington Times (8/28, Dareini, 88K) runs a similar report.

Iran Reiterates Willingness To Talk But Not To Suspend Enrichment. The Financial Times (8/28, Smyth) reports Tehran "said on Sunday it would continue making nuclear fuel, but it remained open to negotiations over its controversial atomic programme." The "double-edged diplomacy seems set to continue beyond Thursday's deadline" for enrichment suspension. Nuclear chief Ali Larijani is quoted saying, "Any measure to deprive Iran of its right will not change our mind," but the Times adds he "said the passing of the UN deadline would not mean 'the end of diplomacy.'" Also, Italian Foreign Minister Massimo D'Alema "was on Sunday quoted as saying Italy should be included in any future talks with Iran over the nuclear issue."

Under the headline "Nuclear Program A Source Of Pride For Iranians," USA Today (8/28, Lynch, 2.27M) reports, "Conversations with policy experts and ordinary Iranians alike suggest an Islamic republic that is simultaneously insecure about its standing in the world and emboldened by the drift of recent events. … Many educated Iranians say they recognize their president is a controversial and polarizing figure in the West." But "they say his statements questioning the Holocaust and threatening to destroy Israel are no more outrageous or fanciful than President Bush's talk of a 'new Middle East' modeled in a democratic Iraq."

The New York Times (8/28, Slackman, 1.21M) reports, "A former high-ranking Iranian official wants Americans to see his cracked thumbnails. They were torn out, he said, after Washington's friend, Shah Mohammed Reza Pahlavi, put him in prison in the 1970's. His point is instantly clear: look at what happened when we had close ties to the United States." Ali Muhammad Besharati, a former interior minister and deputy foreign minister, told the Times, "I was a medical student. But they put me in prison because I opposed American dominance in Iran." To listen to Besharati "is to hear the fight described as Tehran's frontline effort to block

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American influence in the region and to never again allow Washington to have an upper hand in Iran." That attitude "is obvious among Iran's current leaders, who see this not just as a battle over nuclear weapons but a fight for survival against a far more powerful enemy that has lumped them into an 'axis of evil' and allocated millions of dollars to oust the government, political analysts and Western diplomats here said."

US Said To Be Ready To "Move Rapidly" Towards Sanctions. The Washington Times (8/28, Gertz, 88K) says the Administration "plans to move rapidly to organize and impose international economic sanctions on Iran, but not until after a Thursday U.N. deadline passes." One official "who has reviewed Iran's 21-page response said there is still hope Iran will agree before then to stop enriching uranium, although there are no indications Tehran is ready to do so." The Times notes, "International economic sanctions likely will be imposed after passage of a United Nations Security Council Chapter 7 resolution, and sanctions will be applied in stages." The State Department, White House and Pentagon "are at odds over whether to give Iran another chance to halt enrichment activities." Undersecretary Burns "is working to persuade" Secretary Rice "to agree to a plan by the governments of Britain, France and Germany to send Javier Solana…back to Tehran for talks before the Thursday deadline. The Europeans are arguing that if Iran is willing to discuss suspension of enrichment, then the three European governments will not pursue immediate sanctions. The planned concession is opposed by" the Pentagon and Vice President Cheney, "who oppose making any further concessions to the Iranians because of Tehran's continued defiance."

Iran Undergoing Social Crackdown. Time (9/4, Moaven, 4.03M) reports when President Mahmoud Ahmadinejad "took office last summer, everyone nervously watched to see whether Islamic dogma would shape domestic policy. To much delight, nothing changed: Western films were sold everywhere, women wore skimpy veils, and couples held hands in the street. But the long, libertine honeymoon is over. The hard line now seems to begin at home for the Ahmadinejad regime." Over the "past few months, various branches of the government have stealthily rolled back freedoms with moves like the reinstatement of gender segregation in public institutions."

Biden Urges Administration To Persuade Russia To Support Sanctions. Democratic Sen. Joseph Biden, on Fox News Sunday (8/27, Wallace), said that Russia's decision to reject placing sanctions on Iran leaves the US in "a really bad situation." Biden added that "it seems…what we have to do is continue to push to see if we can hold this coalition together to increase gradual sanctions. Without that, we don't have a whole lot of options here. … And our military option to go in and take out any one of their multiple sites that they may use to produce nuclear weapons over the next decade, is pretty limited. So we ought to be getting to the point where we are trying to get the rest of these nations to keep their deal."

Lugar, Levin Criticize US Intelligence On Iran. GOP Sen. Richard Lugar, on CNN's Late Edition (8/27, Blitzer), was asked how confident he is "that the U.S. intelligence community knows what's going on in Iran as far as its nuclear program is concerned," Lugar responded, "I'm not very confident at all, and I don't think any American is. The fact is, our intelligence has to be a whole lot better. You can make arguments as to how that's going to come about. One method may well be through negotiations with the Iranians. Notably, we pick up what their response has been to the United Nations and begin to work on that and begin to find some people in Iran who can tell us something. But for the moment, I don't have high confidence in what we are hearing."

Democratic Sen. Carl Levin, also on CNN's Late Edition (8/27, Blitzer), said he considers US intelligence on Iran "very weak." Levin added, "It's very spotty. And that's even acknowledged by Negroponte, who's the new director of national intelligence. We don't have enough people on the ground who are spying for us. And we just don't have reliable evidence so that we can say with certainty even how far away they are from having a nuclear weapon."

Hezbollah Said To Be Beating US, Allies In Reconstruction Of Lebanon. Time (9/4, Blanford, MacLeod, 4.03M) reports "the U.S. and its Arab allies, like Saudi Arabia, Jordan and Egypt," have been "blindsided by the surge in Hizballah's prestige across the Islamic world and are trying to bolster Lebanon's democratically elected but chronically beleaguered government. Judging from the activity on the ground in Lebanon, where Hizballah has already handed out grants -- ranging from $10,000 to $12,000 -- to some 15,000 homeless families, it's clear who is gaining."

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Israel Seen As Less Open To Compromise After War. Time (9/4, McGirk, 4.03M) reports that "however much" Prime Minister Ehud Olmert's "media advisers try to spin it, Israel's war in Lebanon was bungled: the Israelis failed to destroy Hizballah's leadership or even halt its barrage of rockets, and 159 Israelis died in the conflict." That has "sent Olmert's political stock plummeting," but "this isn't just politics as usual. The war in Lebanon has induced a new sense of national vulnerability." The Lebanon war "will probably make Israel even less open to compromise."

Annan Begins 11-Day Middle East Tour To Buttress Lebanon Deal. The New York Times (8/28, Hoge, 1.21M) reports UN Secretary-General Kofi Annan "starts an 11-day tour of the Middle East on Monday to press for support of the Security Council resolution that ended the fighting between Israel and Hezbollah and set a path for securing Lebanon's independence. It is likely to be the last major diplomatic journey of his 10 years in office." Annan will meet with Iranian President Mahmoud Ahmadinejad and Syrian President Bashar al-Assad, "each of whom is shunned by the United States because of his role in financing and equipping Hezbollah. While Mr. Annan has no plans to see the leaders of Hezbollah, he will attend a meeting Monday in Beirut of the Lebanese cabinet, which includes two ministers from Hezbollah." The Times notes, "Another contentious matter Mr. Annan will face in Lebanon is whether to station United Nations troops along the border with Syria to enforce the resolution's call for an embargo on illegal arms shipments. Mr. Assad has denounced the prospect, saying he will close the border entirely if foreign soldiers are posted there." Annan's office said he "had spoken Sunday with" Secretary Rice" concerning possible US objections to some of Annan's itinerary.

The Financial Times (8/28, Khalaf, Turner) calls the trip "a high-stakes Middle East tour in which [Annan] will face a dizzying array of conflicting agendas and entrenched demands. In a region of inter-connected conflicts, uniting all the parties with interests in Lebanon around a common goal will prove a struggle. His hope of also reinvigorating the broader Arab-Israeli peace process could prove one of the toughest challenges of his career." Annan "and his staff are under no illusion as to how difficult the task is and officials in New York have been playing down expectations, forecasting no momentous breakthrough."

French Forces Will Be In Lebanon In 20 Days. The Wall Street Journal (8/28, Champion, 2.03M) reports, "French Defense Minister Michèle Alliot-Marie said an expanded French peacekeeping force would be on the ground in Lebanon within 20 days, as European countries pledged as many as 7,000 troops to help maintain Israel's shaky cease-fire with the Hezbollah militia. According to a United Nations Security Council resolution setting terms of the truce, the southern Lebanon contingent eventually should number 15,000." French troops "will be among roughly 3,500 to deploy quickly, Ms. Alliot-Marie said in an interview Friday. The rest of the so-called U.N. blue helmets will follow over two to three months."

Turkey Said To Struggle With Decision On Troop Contribution. The AP (8/28, Meixler) reports, "The European Union and the United Nations are pushing for Muslim participation in the expanded U.N. peacekeeping force in Lebanon, but a growing public chorus in Turkey opposes sending troops who could be seen as supporting Israel against fellow Muslims." A proposal to contribute Turkish troops will be discussed by the Cabinet today, "though no decision is anticipated. Some officials say Turkey is likely to wait until" Annan's visit next Wednesday "before committing to the force." One Turkish newspaper "reported Sunday that Turkey has slashed the number of troops that it would consider sending from 1,000 to 200 in light of the strong domestic opposition. President Ahmet Necdet Sezer, who may hold a ceremonial post but wields considerable influence in the country, has come out strongly against sending troops."

Beirut Will Ask Annan's Help To Lift Israeli Blockade. The Financial Times (8/28, Khalaf, Turner) reports Beirut "will on Monday urge" UN Secretary-General Kofi Annan "to press for a lifting of the Israeli air and sea blockade and appeal for international help to persuade Israel to withdraw from a disputed border area." Lebanese officials "said Israel's blockade of the airport and ports was reinforcing an atmosphere of instability and undercutting a government that had to negotiate every step of the ceasefire resolution with Hizbollah."

Hezbollah Launches Reconstruction Effort. The Financial Times (8/28, Khalaf) reports, "Deep in devastated south Beirut, the engineers of Hizbollah…are rebuilding the fabric of their heartland in the city, and thereby reclaiming their constituency." The Times notes, "Since the ceasefire two weeks ago, Construction Jihad has moved into high gear, dispatching agents to areas affected by the conflict to measure the damage – they estimate 15,000 properties were

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destroyed or damaged – and send the forms back to this central office. This information is entered into computers, before people are paid compensation from the party itself, or assisted with reconstruction." These kinds of assistance are "part of a social network, including schools, hospitals and a banking institution, that was critical to Hizbollah's ability to fight Israeli troops during the occupation of Lebanon in the 1980s and 1990s."

Nasrallah Says He Wouldn't Have Ordered Abduction Had He Known It Would Lead To War. The Washington Times (8/28, Mitnick, 88K) reports, "Hezbollah leader Sheik Hassan Nasrallah said yesterday that he would not have ordered the July 12 seizure of two Israeli soldiers had he known it would provoke a war that leveled Shi'ite villages and neighborhoods throughout Lebanon." Nasrallah told Lebanon's New TV station, "We did not think, even 1 percent, that the capture would lead to a war at this time and of this magnitude. You ask me, if I had known on July 11 ... that the operation would lead to such a war, would I do it? I say no, absolutely not." He also "said that officials from the United Nations and Italy were attempting to negotiate an exchange of the Israeli soldiers for Arabs held in Israeli jails. Israel denied involvement in any prisoner-exchange talks." In addition, "Sheik Nasrallah said Hezbollah would not oppose the deployment of thousands of UN peacekeeping troops in southern Lebanon." The Washington Post (8/28, A9, 748K) and Los Angeles Times (8/28, Daragahi, 918K) run similar reports.

UNIFIL Posted Israeli Troop Positions On Website. In the Weekly Standard (9/4), Lori Lowenthal Marcus, president of the Zionist Organization of America, Greater Philadelphia District, says that during the Israel-Hezbollah conflict, "UN 'peacekeeping' forces made a startling contribution: They openly published daily real-time intelligence, of obvious usefulness to Hezbollah, on the location, equipment, and force structure of Israeli troops in Lebanon." UNIFIL "posted on its website for all to see precise information about the movements of Israeli Defense Forces soldiers and the nature of their weaponry and materiel, even specifying the placement of IDF safety structures within hours of their construction."

Pearl's Parents Urge Annan Put Spotlight On Abducted Soldiers. Judea Pearl and Ruth Pearl write in the Wall Street Journal (8/28, 2.03M), "As the parents of Daniel Pearl, The Wall Street Journal's reporter who was kidnapped and brutally murdered in Pakistan in 2002, we share the anguish of the families of the kidnapped Israeli soldiers, and their frustration with the international community for failing to secure the release of their loved ones. … Whatever success the UN Security Council would presume to claim, it cannot be said that Resolution 1701 has effectively addressed the direct cause of the fighting -- the kidnapping of Israeli soldiers, Ehud Goldwasser, 31, and Eldad Regev, 26, by Hezbollah, and the earlier abduction of Gilad Shalit, 19, by Hamas." Annan's "call for the unconditional release of these soldiers has been ignored." Also, "by not publicly demanding the unfettered access of humanitarian representatives to the kidnapped soldiers, Mr. Annan has deprived his [negotiating] team of the force of credibility and seriousness they need in those negotiations."

More Commentary. In an editorial, the New York Times (8/28, 1.21M) writes, "Bashing the United Nations is fine sport and one that doesn't demand accuracy. But let's be clear about the real dangers. The No. 1 risk going into Lebanon -- whether the peacekeepers wear blue helmets or green -- is thinking that a military solution is even possible. For all of the tough talk still coming out of Washington and Jerusalem, 15,000 peacekeepers, assuming they ever make it to that number, cannot be expected to disarm Hezbollah. Israel's far larger army failed to do that in a month of bloody fighting." The Times adds, "What a UN force can do -- with a credible show of weapons and a mandate to shoot -- is make it harder for Hezbollah to attack Israel or restock its arsenal."

Fox Journalists Released After Feigning Conversion To Islam. The Washington Post (8/28, A8, Struck, 748K) reports, "After being forced at gunpoint to say they embraced Islam, two Fox News journalists," Steve Centanni and Olaf Wiig, "kidnapped 13 days ago were delivered unharmed to a Gaza hotel Sunday." The Post adds, "The anti-American rhetoric in statements from the group, which called itself the Holy Jihad Brigades, had raised new concerns for the safety of Western aid workers and reporters working in the Palestinian territory. In a brief and chaotic news conference in Gaza, both Centanni and Wiig said they hoped their abduction would not deter reporting on the Gaza Strip." Both men "met briefly with Palestinian Prime Minister Ismail Haniyeh" in Gaza.

NBC Nightly News (8/27, story 8, 2:10, Fletcher, 9.87M) reported, "Today's the kidnappers released these pictures. They spoke under stress." Centanni: "After I entered Islam I changed my name to Muhammad." Fletcher: "Once free,

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they thanked the Palestinian prime minister for his help, but when asked if they would now arrest the kidnappers Palestinian officials said only -- we condemn such actions and hope they will not be repeated."

ABC World News Tonight (8/27, story 4,0:50, Harris, 8.78M) also reported "the story took a bizarre turn early in the day, when kidnappers released a video of cameraman Olaf Wiig being forced to read a prepared statement. And moments later, the were freed." Centanni: "I am not used to being on this side of the story."

The New York Times (8/28, Erlanger, 1.21M) adds the two men "were released unharmed on Sunday after being forced at gunpoint to say on a videotape that they had converted to Islam." They had been "held for 13 days in an abandoned garage in the Gaza Strip." Haniyeh "dismissed suggestions that any Qaeda-associated group was in Gaza and said of the kidnappers, 'These are young men who carried out the action out of private beliefs.'" The Times says the "identities" of the Holy Jihad Brigades "were a puzzle, and there were no immediate arrests. Nor was there any immediate indication of a ransom payment. … In Gaza, there was speculation that the group consisted of angry or disaffected members of various militant groups trying to embarrass Mr. Haniya and President Mahmoud Abbas of Fatah. Others suggested a private grievance."

The Financial Times (8/28, Morris) reports the journalists released in Gaza City on Sunday after being missing for almost two weeks said their kidnappers had forced them at gunpoint to say in a video that they had converted to Islam." Their kidnapping had been "condemned by all Palestinian factions, including the ruling Hamas party."

The AP (8/28, Barzak) says that, in their press conference, Centanni and Wiig "described a harrowing two weeks of captivity during which they were blindfolded, tied in painful positions and forced at gunpoint to say on a video that they converted to Islam." USA Today (8/28, 2.27M), Los Angeles Times (8/28, Ellingwood, 918K), Christian Science Monitor (8/28, Prusher, 58K) and Washington Times (8/28, Barzak, 88K) also report the story.

Israeli Blockade Of Gaza Said To Strangle Economy. In a 1,444-word piece on its front page, the Washington Post (8/28, A1, Struck, 748K) reports, "The war in southern Lebanon has overshadowed Israel's second front, a military and economic siege of the Gaza Strip that is deepening the poverty and desperation in this dense area of 1.4 million people. More than 200 Palestinians, at least 44 of them children, have been killed in the past 8 1/2 weeks. Three Israeli soldiers have been killed." Describing the violence, the Post says "at least" 40 houses have been destroyed. "Daily skirmishes regularly result in new casualties. The Israelis attack with tanks, F-16 jets and artillery." Since the "siege" was imposed following Hamas' election, "the Gaza Strip's economy has been strangled. The largest employer, the Palestinian Authority, has been unable to pay more than token salaries to its 160,000 employees -- teachers, clerks, health care workers, police officers -- in six months. … Most industry has shut down. Electricity and water services have been intermittent."

Abizaid In Pakistan For Talks. AFP (8/28) reports Gen. John Abizaid of US Central Command "has arrived in Pakistan for talks with military officials." He will meet with Pakistani counterparts over the next three days.

Death Of Tribal Leader Sparks Violent Protests. The New York Times (8/28, Gall, 1.21M) reports, "Violent protests broke out in the southern Pakistani province of Baluchistan and in the city of Karachi on Sunday after the killing of a prominent rebel tribal leader in a fierce battle with the army. Anticipating unrest, the government placed the army on alert on Saturday night after the death of the leader, Nawab Akbar Khan Bugti, 79, who had dominated the Baluch political scene for more than 50 years." The police "closed the main highways from three provinces into the provincial capital, Quetta, and imposed a curfew at 1 a.m." But "protesters defied the curfew, burning tires, ransacking shops and government buildings and setting fire to buses in the city."

The Christian Science Monitor (8/28, Montero, 58K) reports Bugti "was both hated and revered." But "as a former federal minister and governor, he symbolized a political as well as a violent struggle. And his death this weekend, during a fierce three-day battle that left more than 30 dead, could prove a serious blow to Pakistan's stability."

Car Bombing In Turkish Resort Injures 21. The AP (8/28, Hacaoglu) reports, "A bomb blast blew apart a minibus in" Marmaris, "a Turkish tourist resort, late Sunday injuring 21 people including 10 British tourists, the local police chief said. The AP notes, "There were two other bomb blasts at the same time in garbage cans on the main boulevard in Marmaris," but "there were no reports of injuries in those blasts." While "there was no immediate claim of responsibility for the blast," Kurdish "guerrillas have in the past

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carried out such attacks against tourist resorts." The UK's FCO "said that 10 Britons were injured in the explosions."

Leading US Journalist Faces Trial In Khartoum. The New York Times (8/28, Polgreen, 1.21M) reports Sudanese authorities have "charged Paul Salopek, a foreign correspondent for The Chicago Tribune and winner of two Pulitzer Prizes, with espionage and entering the country illegally. Mr. Salopek crossed the border from Chad into the troubled region of Darfur without a visa about three weeks ago." Salopek had been on independent assignment for National Geographic when he "was captured Aug. 6 by a militant group allied with the government and handed over to the Sudanese Army." About ten days ago, "the United States Embassy in Khartoum was notified of his detention and he was allowed access to a lawyer." The Times notes, "The Tribune and the National Geographic Society strongly deny that Mr. Salopek, whose dispatches from across the world have won him acclaim, is a spy."

The Washington Post/AP (8/28, A8) notes, "Journalism watchdog groups on Sunday urged Sudan's government to release" Salopek. "The New York-based Committee to Protect Journalists said it was 'deeply troubled' by [his] arrest." Sen. Barack Obama, "who is in Africa on a two-week tour of several countries, said Sunday the State Department had assured him that Salopek's case was a high priority. 'I expect the U.S. government to take this with the utmost seriousness,' Obama said."

Obama Visits Kenya's Largest Slum. AFP (8/28, Bosire) reports, "US Senator Barack Obama waded through trash and leaking sewage on the outskirts of the Kenyan capital as thousands turned out to welcome him into the heart of sub-Saharan Africa's largest slum." After "two days of rapturous greetings by Nairobi officialdom and villagers in his father's birth and burial place in western Kenya, the rising American political star toured the sprawling, garbage-strewn Kibera shantytown."

USA Today (8/28, Wills, 2.27M) reports the senator "visited a program that helps residents pool their resources to start small businesses, buy insurance or improve their homes, and another that encourages children to abstain from sex to avoid AIDS." He "was cheered wherever he went, but no stop was as poignant as the one in the hamlet of Kogelo, where he had lunch with his father's stepmother, Sarah, and visited the elder Obama's grave."

US Seeks China's Support To Revive Global Trade Talks. The Wall Street Journal/AP (8/28, A6) reports US Trade Representative Susan Schwab arrived in Beijing Sunday "to press China for help in restarting WTO talks on liberalizing global trade after warning they could be stalled for years without a breakthrough soon." Schwab, who will meet with Commerce Minister Bo Xilai during her visit, said China is "likely to be a major beneficiary of a successful Doha round and is certain to be a major loser if the Doha round fails. We have a shared interest in seeing a successful Doha round," Schwab said last week in Malaysia.

Administration Split On Reaching Out To Cuban Military. The Washington Times (8/28, Scarborough, 88K) says the Administration has "concluded" that "the permanent successor to Fidel Castro will be his brother, Raul, … and he will be enthusiastically assisted by the cadre of 'young technocratic communist professionals' who have run Cuba's day-to-day government machine for decades." In interviews with the Times, Administration officials said "that this layer of committed communists is a key reason that democracy is not likely to emerge in Havana soon after the dictator's death." Also, Washington "has debated making secret overtures to Cuba. One strategy toward democracy considered was an alliance with key military leaders in the Revolutionary Armed Forces (FAR), the officials said. Some officials in the Pentagon backed the idea, but the State Department and White House said 'no,' calling it unlikely to succeed." US officials "considered" contacting the Cuban military "because it is regarded as the 'least of three evils' within the security apparatus," and "the average Cuban is not thought to necessarily link the military to political repression." The Times also details "a secret Pentagon report from 2000" authored by the Defense Intelligence Agency that "concluded that the military likely would remain loyal to the Communist Party."

Economy Unlikely To Modernize Quickly Under Raul Castro. A 1,682-word piece in today's USA Today (8/28, Iwata, 2.27M) says "the Castro regime and military and government officials control nearly all of Cuba's multibillion-dollar economy," and "speculation is rising over the future of Cuba's economy and the anticipated rule of … Raul Castro, the military strongman who lords over hundreds of state-run businesses." While many outsiders believe that "Cuba might welcome capitalism and that the U.S. might lift its long-running embargo, dramatic change probably won't happen

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soon." USA Today says the economic "stakes remain high: billions of dollars in future trade and investments and 11 million potential Cuban consumers only 90 miles from Florida. Economists say that U.S. failure to tap into the Cuban economy will benefit only leftist Venezuela and communist China, Cuba's biggest trade partners." Those nations "are likely to grow closer to Cuba. It has potential crude oil reserves of up to 9 billion barrels and vast natural gas reserves." More broadly, however, many analysts believe "much of Cuba remains frozen in the past and lacks the modern ports, airports, business facilities and power grid needed to grow global trade. More than half of Cubans live in poverty, and the United Nations runs an emergency food program for 700,000. The country also is saddled by heavy" foreign "debt."

US Embassy In Caracas Says Authorities Knew About Parts Shipment. The New York Times (8/28, Romero, 1.21M) reports US Embassy Caracas statements yesterday that "Venezuelan military and customs officials were notified of the military equipment contained in diplomatic baggage at the center of a dispute between Venezuela and the United States before its delivery here last week." US Embassy staff explained that the bags were shipped "on a C-17 military transport plane, and not aboard a civilian aircraft, because it contained fuses and other material for ejector seats that had been ordered by Venezuela's military mission at Wright-Patterson Air Force Base near Dayton, Ohio." Sale of the ejector seat parts is permissible under US law because they were ordered before a May ban on such trade was implemented. The Times says the seizure of the baggage "set off accusations from Caracas and Washington that international law governing diplomatic baggage had been violated," and notes that "at the heart of the dispute are fears frequently expressed by" Caracas that Washington "is trying to foment opposition to the administration of President Hugo Chávez."

AID's Refusal To Disclose Grant Recipients' Names Raises Chavez's "Deep Suspicions." The Washington Times/AP (8/28, James) runs a 1,300-word AP story from Saturday that examines "1,600 pages of grant contracts" related to Agency for International Development expenditures on democracy programs in Venezuela. Washington "is spending millions of dollars in the name of democracy in Venezuela -- bankrolling human rights seminars, training emerging leaders, advising political parties and giving to charities. But the money is raising deep suspicions among supporters of President Hugo Chavez, in part because the U.S. has refused to name many of the groups it's supporting." On the released contracts, AID had "whited out the names and other identifying details of nearly half the grantees. U.S. officials insist the aid is aboveboard and politically neutral, and say the Chavez government would harass or prosecute the grant recipients if they were identified." Caracas "believes the United States is campaigning -- overtly and covertly -- to undermine [Chavez's] leftist government, which has crusaded against U.S. influence in Latin America and elsewhere."

Koizumi Seen As Defining Success For Future Premiers. A 2,242-word feature in today's Wall Street Journal (8/28, Moffett, 2.03M) details the five-year tenure of Japanese Prime Minister Junichiro Koizumi, whose "success charts the path to Japan's future." While Koizumi took over a "moribund nation" in 2001, this fall he will "leave behind him a different Japan. An economic has-been that mourned its waning international influence has been transformed into a surprise revival story -- sprouting skyscrapers and shopping centers -- while becoming Washington's most reliable ally in Asia." He became "one of the most influential leaders in modern Japanese history -- and his impact is likely to endure, because he created a template for future leaders for how to centralize power and influence public opinion." Koizumi's "combination of guts, stubbornness and quirky unpredictability made him both loved and hated abroad -- a contrast to earlier Japanese leaders whose names were barely known." While "he and George W. Bush celebrated their close friendship in June with a visit to Elvis Presley's former home in Tennessee," leaders in Beijing "shunned Mr. Koizumi, angered by his yearly visits to" the Yasukuni shrine. Since 2001, Japan "has solidified its defense alliance with the U.S., but become more assertive toward neighbors like China and the Koreas." When he leaves office, "Japan likely will not return to its old ways."

WSJournal Says Hanoi Police Must Not Intervene In Legitimate Business Deals. In an editorial today, the Wall Street Journal (8/28, A12, 2.03M) laments recent reports of retaliatory actions by Vietnamese state-run banks against foreign banks. "Vietnam was supposed to be heading in the right direction. … But now comes the appalling treatment of staff of the Dutch bank ABN-

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AMRO, caught up in what even Vietnamese regulators say were legitimate business transactions. The story highlights how, for all its strides toward a market economy, this Communist state is still not always a safe place to do business." The Journal this case "will be familiar to foreigners who do business in China." While the government "seems unlikely to risk Vietnam's trading status with the U.S. for the sake of one state-owned bank," this episode "stands as testament to how far Vietnam still has to travel before foreign companies can be confident of a fair and transparent business climate and a reliable rule of law. WTO entry is no panacea, with China's 2001 accession failing to halt its abuses." The Journal concludes, "Until state-owned companies are forced to live with the consequences of bad business deals -- or resolve disputes through the legal system -- Vietnam can never expect to become a full-fledged member of the world business community."

LATimes Lauds Brazilian President. In an editorial, the Los Angeles Times (8/28, 918K) says the evolution of Brazilian President Luiz Inacio Lula da Silva "shows how quickly power can tame" left-wing "firebrands." In 2002, Lula "looked like just another domino in Latin and South America's leftward tumble, an echo of Venezuela's Hugo Chavez in the continent's largest country." However, four years in power have "transformed" Lula. "The many degrees of separation between Lula and Chavez disprove the notion of a monolithic left. Brazil's president is respectful of democratic norms, and he has managed to walk the fine line between business interests and those of the working poor." While he "may have disappointed his more radical followers when he embraced orthodox macroeconomic policies," he has produced "strong job growth, a stable currency and low inflation coupled with dramatic increases in the minimum wage and a sweeping poverty reduction program." Lula's "quiet" foreign policy has made him "a voice for the world's poor, helping lead the charge to reduce agricultural subsidies in the United States and the European Union in the Doha round of trade talks." Saying Chilean President Michele Bachelet is similarly a "former activist turned pragmatic president who defies the stereotype of the Latin American left," the Times concludes, "Brazil is home to half of South America's population and should have commensurate influence on the continent. If reelected, it would be nice to see Lula steal some of those headlines from his Venezuelan counterpart."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Deaths Drop In Iraqi Capital."
"Searching For The Face Of Katrina And A Sign Of Hope."
"East Timor's Last Hero Faces A Daunting Task."
"Commuter Jet Crash In Kentucky Kills 49."
"Awards Hold Few Surprises, Except For Plot Twist At End."
"Double Opportunity In China's Far West."

USA Today:

"Jet Was On Wrong Runway."
"Evacuations Ordered As Ernesto Steams Toward Florida."
"Nuclear Program A Source Of Pride For Iranians."

New York Times:

"Real Wages Fail To Match A Rise In Productivity."
"49 Die In Crash As Jet Takes Off From Wrong Runway."
"Year After Katrina, Bush Still Fights For 9/11 Image."
"Firefighter Dies And 4 Are Hurt In Bronx Blaze."
"California Seeks To Clear Hemp Of A Bad Name."

Washington Post:

"Commuter Jet Crash In Kentucky Kills 49."
"Homicide Charges Rare In Iraq War."
"Wilson Bridge: The No-Good Neighbor."
"Young Migrants Risk All To Reach U.S."
"S. Dakota Becomes Abortion Focal Point."
"Israeli Siege Leaves Gaza Isolated And Desperate."

Washington Times:

"Kentucky Plane Crash Kills 49 Of 50."
"Candidates Revisit D.C. Stadium Deal."
"U.S. Plans For Sanctions On Iran."
"Hezbollah Admits To Misjudging Israel's Response."
"Democracy In Cuba Unlikely As Raul Rule."
"Hunt On Hill Afoot For Pork-Bill Blocker."
"'Taste Like Vodka."

Detroit Free Press:

"Livionia May Get Oil Well."
"Teachers On Strike."
"Hope Overshadows Despair In New Orleans."

Atlanta Journal-Constitution:

"The Wrong Runway."
"Fabled farm Flees March Of Suburbs."

DOJ_NMG_0053574

"Florida Keeps Wary Eye On Storms Path."

Houston Chronicle:

"'We're Houstonians Now.'"
"Experts Cite Pilot Error In Jet Crash."
"Hoping For Launch, Bracing For Ernesto."
"Added CPS Investigators Lead To Caseload Crunch For Courts."

Story Lineup From Last Night's Network News:

ABC: Comair Plane Crash; Tropical Storm Ernesto; Space Shuttle; Hostages Released; Iran Test Missile Fire; Katrina Anniversary-New Orleans; Katrina Anniversary-Mississippi; Katrina Anniversary-Mississippi; Katrina Anniversary-Bush; Katrina Anniversary-Pets.
CBS: Preempted By Golf.
NBC: Comair Plane Crash; Crash Victims; Flying Safer; Tropical Storm Ernesto; Hurricane Risk; Space Shuttle; Sectarian Violence; Hostages Released; Katrina Anniversary-New Orleans; Midnight Vegas Weddings-No More.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends lunch with community leaders, TBA Location, Biloxi, Miss.; president and Mrs. Bush participate in walking tour of Mississippi neighborhood, TBA location; makes remarks on Gulf Coast recovery, TBA location in Mississippi; participates in a visit to United States Marine, Inc. Gulfport, Miss; president and Mrs. Bush attend Dinner with Louisiana State and local officials.

VICE PRESIDENT CHENEY — Arrives at Reno/Tahoe International Airport, Reno, Nev.; speaks at the Veterans of Foreign Wars National Convention, Reno-Sparks Convention and Visitors Center. Reno, Nev.; speaks at fundraise for Nevada Victory 2006, Private Residence, Reno.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: BIOLOGICAL AGENTS _ The National Academies' Committee on Methodological Improvements to the Department of Homeland Security's Biological Agent Risk Analysis holds a meeting. Highlights: 1:45 p.m. Session on past experiences and implications for bioterrorism. Location: Keck Center, 500 5th St. NW.

MANUFACTURERS-LABOR DAY _ 10 a.m. National Association of Manufacturers (NAM) President and CEO John Engler and NAM chief economist David Huether hold a news conference to release the organization's annual Labor Day report. They will discuss a study showing that that energy costs are shrinking the pie for American workers. Location: Industry Room, Suite 600, NAM headquarters, 1331 Pennsylvania Ave. NW.

PENTAGON-IRAQ BRIEFING _ 10:30 a.m. Army Brig. Gen. Dana Pittard, commander of the Iraqi Assistance Group,will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

EDUCATION POLL _ 11 a.m. The Public Education Network holds a press conference to release results of a poll showing the priority Americans place on education at the local level. Poll results will be released in conjunction with the launch of ``Give Kids Good Schools, a campaign to provide Americans with information to improve the nation's public schools. Briefers include Public Education Network President Wendy Puriefoy, and PARADE Magazine executive editor Lee Kravitz. Location: National Press Club, Lisagor Room.

CENSUS DATA _ 12 p.m. The American Enterprise Institute holds a briefing with experts discussing how to interpret the Census Bureau's statistics on income and poverty, which will be released in Tuesday. Location: 12th floor, AEI, 1150 17th St. NW.

WEALTH _ 12 p.m. The Economic Policy Institute holds a news conference call with experts on income, wealth, and retirement to discuss the data and trends on these and other topics, which they will analyze in detail in the ``Wealth" chapter of the forthcoming 2006-2007 edition of The State of Working America. Contacts: ., 202-775-8810.

ISRAEL LOBBY AUTHORS _ 1 p.m. - 2:30 p.m. The Council on American-Islamic Relations (CAIR) hosts a panel discussion on ``The Israel Lobby and the U.S. Response to the War in Lebanon." The panel features professors John Mearsheimer and Stephen Walt, authors of a recent Harvard University paper titled ``The Israel Lobby." Sponsors say the Israel lobby and the U.S. response to the war in Lebanon will be discussed. Location: National Press Club, Holeman Lounge.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, AUGUST 28, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Dynamite On Flight Spotlights Security Shortfalls At International Airports ... 3
FBI Lists Embassy Bombings, But Not 9/11, On Bin Laden Most Wanted Entry ... 3
Legal Experts Say Padilla Case Increasingly Difficult To Prosecute ... 3
Novak Says Eavesdropping Ruling Shows Judiciary In "State Of Chaos." ... 3
Britain Freed "Key" Suspect In Terror Plot Investigation ... 3

Homeland Response:

Bush To Discuss Katrina Recovery In Visit To Gulf Coast ... 4
US Officials Say Gulf Coast Prepared For Ernesto ... 7
DHS Said To Have Gutted TWIC Program ... 8
Schumer Calls UN Building A "Firetrap." ... 8
Disaster Simulation In California Said To Show Limitations Of Latest Technology ... 8

War News:

Maliki Says Violence "In Decrease" As Iraq Weathers Another Bloody Day ... 9
Biden Says Militias Have Undermined Iraqi Reconciliation ... 9
Battle For Baghdad Said To Have Reached Crossroads ... 10
Levin Criticizes Bush Not Setting Limits On US Commitment To Iraq ... 10
Few Homicide Charges Pressed Against US Soldiers In Iraq ... 10
Precision Technology Has Advanced During Course Of War ... 10
Baghdad Museum Director Resigns Due To Threats ... 11
UK Ambassador To Iraq Explains British Troop Movements Along Iran Border ... 11
Carroll Says "What Happened To Me Is Not The Whole Middle East." ... 11
Approval Of New Afghan Supreme Court Seen As Positive Sign 11

Corporate Scandals:

Legal Precedent Said To Protect Lay's Estate From Forfeiture ... 11
Quattrone Deal Said To Mark Shift In White Collar Prosecutions 11
Private Eye Says He Would Talk With FBI About Alexander Sighting If Asked ... 12

Criminal Law:

Former Lewis Aide's Lobbying Success Leads To Federal Probe 12
Lawyer For NM Treasurer Says Prosecutors Withholding Exculpatory Letter ... 12
FBI Arrests Fugitive Wanted In 1994 Chicago-Area Murder ... 12
Four Sentenced To Prison For Roles In Miami Airport Heist ... 12
Armitage Said To Have Played Central Role In Plame Disclosure ... 13
Operators Of Offshore Gaming Sites Cautious After BetOnSports Charges ... 13
Botnet Hacker Sentenced To 37 Month In Prison ... 13
Virginia Man Convicted Of Child Porn Possession ... 13
Louisiana Journalist Indicted On Child Porn Possession Charges 13

Civil Rights:

New York Voters Find Some Machines Difficult To Use ... 14
Abortion Activists Concentrate Resources On South Dakota Referendum ... 14
School Administrators Said To Lack Of Understanding Of First Amendment ... 14

Antitrust:

GE's Water Unit Struggles To Integrate Acquisitions ... 15
Two Italian Banks Agree To Merger ... 15
WSJournal Praises California PUC's Decision On Telephone Price-Controls ... 15

Environment:

Texas Judge To Rule Monday On Whether To Compel BP Chief's Testimony ... 15
Lawsuits Seek To Curb Use Of Chicken Waste Fertilizer ... 15
Bush Planning Energy Initiative ... 16
Professors Researching Means To Turn Fuel Ethanol Into Food-Grade Alcohol ... 16
Coburn Applauds Bush's Oversight Of Anti-Malaria Spending ... 16

FBI/DEA/ATF/USMS:

Retiring DC Agent Roundly Praised ... 16
California Legislation Challenges Federal Ban On Industrial Hemp ... 17
Mexico-Based Drug Ring Busted, 69 People Indicted ... 17
Alabama Man Gets Life Sentence For Drug Trafficking ... 17
In Baltimore, 2 Brothers Plead Guilty In Cocaine Case ... 17
Five Face Charges In Sacramento Marijuana Case ... 17
Gatlin Denies Agreeing To Suspension For Doping ... 17

Immigration:

Unaccompanied Children Among Migrants Caught Seeking Entry Into US ... 18

Congress-Administration:

Activists, Bloggers Try To Identify Senator Holding Up Anti-Pork Bill ... 18
Federal Judge Draws Criticism Over Helping Clerk In Store Dispute ... 18
Slight Decline In DC-Area Federal Jobs Recorded In July ... 18
Bush's Handling Of War On Terror Praised ... 19
Bush Administration Said To Harbor "An Extraordinary Mania For Secrecy." ... 19
Bush Blamed For "Rise Of Pessimism" In US ... 19
New Stem Cell Technique May Not Pan Out ... 19
Eschenbach Seen As The "Immediate Beneficiary" Of FDA Decision On Plan B ... 19
Pelosi Described As Democratic DeLay "Minus Ethical, Legal Issues." ... 20
Cheney Cooperating With Biographer ... 20
House Panel To Look Into NFL, Player's Union ... 20

Other News:

Economists Cite Terrorism As Chief Threat To US Economy ... 20
Judge Orders Bar Prep Firm To Pay $11.9 Million For Copying Multistate Exam Questions ... 21
UN Treaty Seen As Potentially Trumping Parental Rights ... 21
Weakened Unions Mobilizing Resources To Boost Democrats' GOTV Efforts ... 21
Zogby Poll Shows Webb With Slight Lead Over Allen ... 22
Brown Ahead Of DeWine 47-39 ... 22
Talent Pulls Out To More Than 4 Point Lead Over McCaskill ... 22
Steele Makes Border Security A Focus Of His Campaign ... 22
Zogby "Battleground" Polls Show Democrats Leading In Most Close Gubernatorial Races ... 22
Campaigns' Cable Ad Buys Allow Voters To Be Targeted More Precisely ... 23
Voters In Eight States Will Decide On Anti-Smoking Initiatives This Year ... 23
LATimes Analyzes Murkowski's Loss ... 23
Clinton's Distancing From Wal-Mart Called "Dumb Economic Populism." ... 23
Schwarzenegger Accused Of Abandoning His Commitment To Spending Reform ... 23
Rumsfeld Says Missile Defense System Needs Further Testing 24
Iran Tests Sub-Based Anti-Ship Missile ... 24
Hezbollah Said To Be Beating US, Allies In Reconstruction Of Lebanon ... 25
Fox Journalists Released After Feigning Conversion To Islam ... 27
Abizaid In Pakistan For Talks ... 28
Car Bombing In Turkish Resort Injures 21 ... 28
Leading US Journalist Faces Trial In Khartoum ... 28
Obama Visits Kenya's Largest Slum ... 28
US Seeks China's Support To Revive Global Trade Talks ... 28
Administration Split On Reaching Out To Cuban Military ... 29
US Embassy In Caracas Says Authorities Knew About Parts Shipment ... 29
Koizumi Seen As Defining Success For Future Premiers ... 29
WSJournal Says Hanoi Police Must Not Intervene In Legitimate Business Deals ... 30
LATimes Lauds Brazilian President ... 30

The Big Picture:

Headlines From Today's Front Pages ... 30

Washington's Schedule:

Today's Events In Washington ... 31

DOJ_NMG_0053578

TERRORISM NEWS:

Dynamite On Flight Spotlights Security Shortfalls At International Airports. Under the headline "Dynamite On Plane Sets Off Alarms, But Only After The Flight," USA Today/AP (8/28, 2A, Miller) reports, "A stick of dynamite that made it onto a flight from Argentina to Houston highlighted a weak link in aviation security: International airports are not always as secure as those in the USA." The explosive, found in a college student's checked bag, "was discovered during a baggage inspection at Bush Intercontinental Airport shortly after a Continental Airlines flight landed Friday." ICE spokeswoman Luisa Deason "said the incident had no connection to terrorism." Meanwhile, TSA chief Kip Hawley said in an interview taped to air Sunday on C-SPAN that the agency is "focused on getting a base level of security around the world. We'll put in additional measures where we think we need to."

EU "Scrambling" To Standardize Security. The Wall Street Journal (8/28, A4, Michaels, 2.03M) reports that European Union regulators are "scrambling to standardize rules on screening travelers and their hand luggage across the 25-country bloc." The EU took on the role of "overseeing and enforcing aviation security across Europe" in December 2002. "But compared with the US, where the federal government sets security standards and is primarily responsible for enforcing them, the task in Europe is more complicated because responsibilities remain divided between Brussels and national capitals." EU's Aviation Security Regulatory Committee is considering "increasing the percentage of passengers subject to hand searches, limiting the size and number of carry-on bags, and expanding the list of items permanently prohibited from cabin baggage, such as liquids and gels."

FBI Lists Embassy Bombings, But Not 9/11, On Bin Laden Most Wanted Entry. The Washington Post (8/28, A13, Eggen, 748K) reports that "Osama bin Laden is a longtime and prominent member of the FBI's 'Ten Most Wanted' list, which notes his role as the suspected mastermind of the deadly U.S. embassy bombings in East Africa," but 9/11 "is nowhere to be found on the same FBI notice. The curious omission underscores the Justice Department's decision, so far, to not seek formal criminal charges against bin Laden for approving" 9/11, and it "has also provided fodder for conspiracy theorists who think the U.S. government or another power was behind" the attacks. The Post adds, "FBI officials say the wanted poster merely reflects the government's long-standing practice of relying on actual criminal charges in the notices," and former US Attorney David N. Kelley "said the issue is a matter of legal restrictions and the need to be fair to any defendant."

Legal Experts Say Padilla Case Increasingly Difficult To Prosecute. The Miami Herald (8/28, Weaver, 310K) reports, "On a visit to Moscow in 2002, then-U.S. Attorney General John Ashcroft trumpeted on TV that 'we have captured a known terrorist' who was plotting to blow up a radioactive 'dirty bomb' in the United States. … Now the terror case against [Jose] Padilla…is shrinking under the scrutiny of U.S. District Judge Marcia Cooke," and "what the Bush administration presented as an open-and-shut terror case is proving to be much harder to prosecute, legal experts say. Carl Tobias, a constitutional scholar at the University of Richmond School of Law…said his prosecution 'falls into the category of terror cases that are overstated and don't deliver on what they promised.'" University of Miami law professor Stephen Vladeck, who "worked on an amicus brief that challenged Padilla's detention in a South Carolina Navy brig," added, "This is not as clear-cut a case, certainly not as clear-cut as the attorney general made it out to be back in November."

Novak Says Eavesdropping Ruling Shows Judiciary In "State Of Chaos." Syndicated columnist Robert Novak (8/28) writes this morning, "The background of a federal district court declaring President Bush's national security eavesdropping unconstitutional was a conservative's fantasy." District Judge Anna Diggs Taylor, "a former Democratic politician and civil rights activist, wrote what read more like a political manifesto than a judicial opinion." She also "was responsible for contributions to an organization that was a plaintiff in the case she decided." Novak relates, "For this opinion ever to have been issued by an activist judge in Detroit, in the opinion of several legal scholars and distinguished lawyers whom I contacted, shows the judiciary in a state of chaos. Taylor ended up with the case because of forum-shopping: filing multiple law suits in quest of a favorable venue." Novak adds, "The overriding question is how Anna Diggs Taylor was able to seize a constitutional issue. In The Wall Street Journal this week, Circuit Judge Richard A. Posner noted delegating a national security issue 'to a randomly selected member of the federal judiciary's corps of almost 700 district judges.' The Detroit judgment contributed to Posner's conclusion that 'we do not have a coherent political dimension to our efforts to combat terrorism.' Judge Taylor's farce made that clear."

Britain Freed "Key" Suspect In Terror Plot Investigation. Newsweek (9/4, Hosenball, Vencat,

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3.12M) reports in its "Periscope" column British authorities last week "set free a supposedly key suspect arrested during Scotland Yard raids earlier in August. Two UK counterterrorism officials, who asked for anonymity because of the continuing investigation, confirmed to NEWSWEEK that police had released 22-year-old Tayib Rauf of Birmingham, England." Tayib is "the younger brother of Rashid Rauf, an alleged mastermind of the airline."

HOMELAND RESPONSE:

Bush To Discuss Katrina Recovery In Visit To Gulf Coast. The anniversary of Hurricane Katrina continues to spark extensive media attention. Most of the stories, both on TV and in today's major papers, are pointedly negative toward the Administration, suggesting the government's reconstruction efforts have been insufficient. The exception to that trend is the Wall Street Journal, which runs two stories highlighting economic opportunities arising from the government-funded recovery. Generally, however, Katrina is being portrayed as a political turning point for President Bush, one that damaged his standing in significant ways. USA Today (8/28, Jackson, 2.27M), for example, reports this morning, "When he arrives on the Gulf Coast today, President Bush will visit the scene of a storm that devastated the area and damaged his political standing." Bush "plans to tour the area ravaged by Hurricane Katrina today and Tuesday to discuss the ongoing recovery from the deadly storm." Bush "will emphasize efforts since the initial response to the storm and subsequent flooding, widely criticized as inadequate by Louisiana and Mississippi officials." The New York Times (8/28, Stolberg, 1.21M), in a story titled "Year After Katrina, Bush Still Fights For 9/11 Image," says that "when the nation records" Bush's legacy, "two competing images will help tell the tale. The first is of Mr. Bush after the Sept. 11 terrorist attacks, bullhorn in hand, feet planted firmly in the rubble of the twin towers. The second is of him aboard Air Force One, on his way from Crawford, Tex., to Washington, peering out the window at the wreckage of Hurricane Katrina thousands of feet below." The Times adds, "If the bungled federal response to Hurricane Katrina called into question the president's competence, that Air Force One snapshot, coupled with wrenching scenes on the ground of victims who were largely poor and black, called into question something equally important to Mr. Bush: his compassion. A year later, he has yet to recover on either front."

Along similar lines, ABC World News Tonight (8/27, story 8, 3:05, Harris, 8.78M) said last night that Katrina "was not only a natural disaster but also a political disaster, most notably for President Bush, whose Administration was viewed as responding slowly and inefficiently." The President, added ABC, "promised this weekend the Federal Government will stay until the job is done. That is the latest in a year's worth of promises to the victims of Katrina, many who say their anger and frustration has only grown. In a new poll, more than 80% from New Orleans and 60% of people along the Gulf Coast give the government's recovery efforts a negative rating. We asked to measure the promises the White House made against the reality on the ground." Bush was shown saying, a year ago, "We will do what it takes. We will stay as long as it takes to help citizens rebuild their communities and their lives." ABC (Young) added, "A year later, tens of thousands are still waiting for help."

The New York Times (8/28, Nossiter, 1.21M) reports "the White House, aware of the widespread skepticism about its commitment to rebuilding, will use this week's visit to reinforce the message that the president cares about the region and is intent on helping it recover. Instead of heralding the money that has been allocated and spent, said Dan Bartlett, counselor to the president, Mr. Bush will sound uplifting themes 'to shine a light on the true grit and character of the citizens who are rebuilding.'" Bartlett "said Mr. Bush wanted to 'send a message on behalf of all Americans' that the storm's victims would not be forgotten. 'The president,' he said, 'as most Americans, will focus on the anniversary to reflect and remember and to recommit ourselves to seeing the job through.'" The Times adds, "Nonetheless, the White House sent five cabinet secretaries -- from the Departments of Commerce, Education, Justice, Health and Human Services, and Housing and Urban Development -- as well as the Gulf Coast reconstruction czar, Donald Powell, to announce mini-initiatives and emphasize that progress was occurring, despite visual evidence suggesting otherwise."

USA Today (8/28, 2.27M) analyzes "what Bush said" last September 15 "and what's been done nearly a year later." Among the points discussed, Bush said, "I propose the creation of Worker Recovery Accounts to help those evacuees who need extra help finding work." USA Today says "no action" was "taken by Congress. The proposal called for up to $5,000 in special accounts for Hurricane Katrina evacuees seeking education and job training." Bush also pledged, "To help lower-income citizens in the hurricane region build new and better lives, I also propose that Congress pass an Urban Homesteading Act." USA Today says "no action" was "taken by Congress. The proposal called for free building sites to low-income citizens via a lottery system."

Katrina was also discussed on the Sunday political talk shows. Sen. Mary Landrieu, on ABC's This Week (8/27, Stephanopoulos), was asked whether President Bush is "focused" on the rebuilding of the Gulf Coast, she responded, "I wish I could say yes…but I'm still not sure. He's come here often, but it's not the quantity of the visits, it's the quality of the visits, and it's the follow-through. This Administration is still

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having a hard time, I think, understanding the magnitude of this disaster." Meanwhile, asked on NBC's Meet the Press (8/27, Russert) if Bush has "kept his pledge" to the New Orleans' residents, Mayor Ray Nagin replied, "I think that it's getting closer. … Now, the dollars are flowing from the federal government to the state, but they really haven't gotten down to the local government and to the people to impact and accelerate this rebuild. So he's moved the money closer, but I would just wish it would come directly, so we wouldn't have to go through another bureaucracy."

Responding to Landrieu's criticism, Federal Coordinator of Gulf Coast Rebuilding Don Powell, also on ABC's This Week (8/27, Stephanopoulos), said, "I want there to be clarification on that and with no questions asked: The President's resolve for rebuilding the Gulf Coast is very strong. I have interaction with him from time to time. He is on point to make sure that the federal government does everything they can to help rebuild the Gulf Coast. There has been $110 billion that this president secured from Congress. … I think it's important for us to understand that every component of the federal government, all of the departments, all of the agencies are involved in coordinating the rebuilding of the Gulf Coast. The President demands that." The AP (8/28, Heilprin) runs a story on Powell's comments, in which it says "officials on the ground -- including the head of the U.S. Army Corps -- were more skeptical."

In the Los Angeles Times "Column One" (8/28), Scott Gold reports a retrospective on his encounter with a then-17-month-old girl displaced by Katrina named "Justice," and his search for her on the one-year anniversary. Gold tracked Justice's family down to Beaumont, Texas, where there "were suggestions of home," but "like half a million evacuees who remain scattered across the country, Justice's family is still unsettled. Nothing feels familiar. They are still learning their way around the area."

The Wall Street Journal (8/28, Terhune, 2.03M) in a more positive story, reports, "Working in favor of the rebuilding effort is that $7.5 billion in federal aid has started flowing to Louisiana homeowners in the disaster zone. Last week, the Louisiana Recovery Authority started issuing grants for as much as $150,000 to help cover uninsured losses. A similar $3 billion program is under way in Mississippi." Local officials "expect that to trigger an unprecedented construction boom -- with thousands of renovations simultaneously under way across hundreds of miles of southern Louisiana and Mississippi. Of course, that will exacerbate the labor shortage even more."

Another positive piece in the Wall Street Journal (8/28, Glader, 2.03M) reports that Mittal Steel Co., of the Netherlands "and the rest of the steel industry see an opportunity. They have adopted Long Beach, a small Gulf Coast city of graceful, mostly wooden homes, where about half of the 6,000 structures were damaged by Katrina." In "addition to Mittal's efforts," the Steel Framing Alliance, run by executive director Larry Williams, is "pooling $1.1 million from 12 steel companies to launch the Gulf Coast Steel Initiative, a marketing effort to gain more steel-framed buildings in the Gulf Coast region in general and Long Beach in particular, where it is heading up plans to rebuild the community recreation center and senior citizens home, mostly out of steel." A "smaller, but similar marketing effort was launched after Hurricane Andrew struck Florida in 1992 and was credited with boosting steel's market share of home frames to 7% from 1%, with even higher percentages in certain cities such as Orlando."

USA Today (8/28, Copeland, 2.27M) also runs one positive piece, in which it reports that no one "knows how coastal Mississippi will look when it is finally rebuilt from a 28-foot storm surge that scoured the coast here a half-mile or more inland. The 11 Mississippi towns and cities blasted by Katrina each had a distinct style and character." Ocean Springs, Mississippi, a "city of 17,300 seems the most likely to emerge as the kind of welcoming, village-style community envisioned by Gov. Haley Barbour and the 'new urbanists' who designed Mississippi's blueprint for rebuilding." New urbanism "uses zoning to try to recreate the best of the USA's pre-sprawl, small-town past."

In addition to the report excerpted above, ABC World News Tonight ran three other stories on Katrina. One of them (8/27, story 6, 4:00, Harris) said "the Federal Government was slow to recognize the scope of the disaster," and showed Michael Chertoff, Homeland Security Secretary, saying, "We are extremely pleased with the response from every element of the Federal Government." ABC also said, "Nearly 1,700 people died on the Gulf Coast. Katrina was the costliest storm in US history $40.6 billion. One year later in New Orleans, it is still a struggle. There were 71 hospitals open before the storm, 54 are open today. Of 235 schools, just 144 are now open."

ABC World News Tonight (8/27, story 7, 2:55, Curry, 8.78M) also reported, from Mississippi, "Scarred and now scrapped clean, Mississippi's 80 miles of devastated coastline remains dotted with white FEMA trailers. Still home to 100,000 people. Feeling forgotten, lost in the shadow of New Orleans, has tested faith on many here." ABC (8/27, story 9, 2:00, Harris) also devoted a segment to pets killed during Katrina, reporting, "So many threads of the Katrina catastrophe have resonated over the last year. The terrible human toll, the physical destruction, the government incompetence, and also the plight of the animals. Thousands of them were left behind, which left us to wonder, what has happened to them a year later."

NBC Nightly News's Carl Quintanilla (8/27, story 9, 2:30), meanwhile, took a "home video camera on a 24-hour journey through" New Orleans. He concluded, "8:00 P.M. And it's dinner hour at this restaurant. It's actually busier on

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weekends here than it was before the storm. A day coming to another close and if you believe in New Orleans one year later, another beginning."

Some New Orleans Residents Report Respiratory Ailment Called "Katrina Cough." USA Today (8/28, Szabo, 2.27M) reports nearly "a year after the hurricane, some New Orleans residents say they have 'Katrina cough' -- they blame the storm and its aftermath for their respiratory problems." Doctors are "still debating whether the symptoms are related to the hurricane, and no one knows exactly how many patients have respiratory problems. The American Lung Association of Louisiana has screened about 1,600 people since the hurricane. About 25% had mild to moderate reduced lung function, says Tom Lotz, the association's executive director."

Barbour Denies Benefiting From Favoritism Due To His GOP Ties. Mississippi's Gov. Haley Barbour was asked on CBS' Face the Nation (8/27, Schieffer) if he thinks his state benefited from being represented by two Republican Senators and a Republican governor in contrast to Louisiana whose politicians "are predominantly Democrats," Barbour replied, "that's very flattering to me, just unfortunately not true. We are the people in Mississippi who came up with the idea that the federal government could use community development block grant money to allow us to rebuild housing. We proposed that to Congress. Yet Louisiana has received more than twice as much of that money as we have. … It was our idea, our concept, and they got more than twice as much of that money. That doesn't sound to me like they've been treated unfairly."

Woman Says Post-Katrina Meeting With Bush Changed Nothing For Her. Newsweek (9/4, Bailey, 3.12M) reports President Bush comforted Bronwynne Bassier of Biloxi after Hurricane Katrina, but "a year later, Bassier's life remains like that of countless other Katrina victims: she lives in a FEMA trailer with her son and new husband. Her story offers a window into the workaday reality of life post-Katrina. 'Meeting [Bush] didn't really change anything for me,' Bassier tells NEWSWEEK. 'I've been just like everybody else, trying to move forward with my life one day at a time.'" After NEWSWEEK's "inquiries, Bassier received a call Friday from the White House inviting her to meet with President Bush this Monday when he visits Gulfport to mark the first anniversary of Katrina."

Bush Gulf Coast Katrina Cleanup Aide Has "Gone Native." US News & World Report (9/4, Bedard) reports in its Washington Whispers column that Donald Powell "has gone native. President Bush's man in charge of cleaning up the mess left by Hurricane Katrina says his nine months on the job has changed him forever." Powell said, "This has been a defining moment in my life. When I come up here [to Washington], I feel like I need to get back down there."

Brown Now Disaster-Preparedness Consultant. Time (9/4, Sayre, 4.03M) reports in its Notebook column that former FEMA administrator Michael Brown's firm, "Michael D. Brown LLC, draws on the lessons of Katrina to help corporate clients implement contingency plans ahead of natural disasters. He has taken his unapologetic message to Congress."

Nagin Said To Lack "Personal Force" Of Giuliani. Newsweek (9/4, Thomas, Darman, Childress, 3.12M) reports New Orleans Mayor Ray Nagin is "lacks the dominating personal force of a Rudy Giuliani pulling New York together on 9/11. Nagin can be touchy about invidious comparisons with New York: questioned about the slow pace of rebuilding in his own city, he gave NEWSWEEK his controversial anniversary talking point—'They still have a big hole in the ground after five years.'"

US News & World Report (9/4, Mulrine) reports that on "Freret Street and in the city's 72 other neighborhoods, the absence of a master plan has forced residents to take matters into their own hands, to rebuild in the face of local leadership that the most charitable of Crescent City inhabitants have dubbed 'nonchalant.'"

Paulison Says He Has The Tools To Rebuild FEMA. On CBS' Face the Nation, (8/27, Schieffer), Paulison was read a quote from Sen. Mary Landrieu that "'too often, federal agencies have been slow to move and have been encumbered by red tape over the last year.' She says FEMA, for example, is but a shell of what it once was only six years ago, stripped of authority, denied resources, it is often unresponsive, inept and badly managed." Paulison said he disagreed "with that assessment. I have received a tremendous amount of support from Secretary Chertoff and, quite frankly, the president himself. I have the tools I need to do the job and we're doing it."

Appearing on NBC's Meet the Press (8/27, Russert) Paulison said the "single most important change" made at FEMA post-Katrina is "communications." Paulison added, "And I mean communications by information sharing. Setting up a joint field office, setting up a unified command system where no matter where information comes in, whether it comes in from the first responder or comes in from the senator calling the president, we all share that same information. I see that as the number one failure in what happened in Katrina."

Brown Says Chertoff Allowed Him To "Take The Fall." Former FEMA Director Mike Brown, on ABC's This Week (8/27, Stephanopoulos), said that during the days after Katrina hit the Gulf Coast he agreed to "play along" with "a lie" perpetuated by the White House that "we were ready and that everything was working as a team." According to Brown, "Behind the scenes, it wasn't working at all. There were political considerations going into all the discussions. … My biggest mistake was just not leveling with the American public

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and saying: 'Folks, this isn't working.'" Brown went on to allege that "there's the e-mail that came from a very high source in the White House that says the president at a Cabinet meeting said, 'Thank goodness Brown's taking all the heat, because it's better that he takes the heat than I do,' meaning the president or Secretary Chertoff. And look, I recognize I'm a political appointee. I take the fall for the president. But I'm not going to take the fall for Secretary Chertoff and fact that DHS didn't do the things that I asked them to do for three or four years."

Poll Finds Most Americans Believe Nation Not Prepared For Major Disaster. The AP (8/27, Yen) reported that an AP-Ipsos poll of 1,001 adults Aug. 7-9 and 1,000 adults Aug. 15-17 (+/- 3%) found that "most Americans don't believe the nation is ready for another major disaster. … Fifty-seven percent in the poll said they felt at least somewhat strongly the country was ill-prepared — up from 44 percent in the days after the storm slammed ashore on Aug. 29, 2005. Just one in three Americans polled believe Bush did a good job with Katrina, down from 46 percent a year ago." The AP added that Norma Guelker, of Bay St. Louis, Miss., who "still lives in a FEMA trailer," said the President Bush has no reason "to be concerned about the people who live here. They're not the people who vote for him.'"

More Commentary. In his New York Times column (8/28), Paul Krugman says, "The Bush administration likes to talk about all the money it has allocated to the region, and it plans a public relations blitz to persuade America that it's doing a heck of a job aiding Katrina's victims. But as the Iraqis learned, allocating money and actually using it for reconstruction are two different things, and so far the administration has done almost nothing to make good on last year's promises."

USA Today (8/28, 2.27M) says in an editorial that as Bush "returns to the Gulf Coast states today, New Orleans is clawing its way back with help from tens of billions of dollars the administration and Congress have pumped into the region." Even so, "for all the grants and programs aimed at recovery, little has been done to improve the lives of those who were living in poverty when Katrina hit."

USA Today (8/28, 2.27M) says in an editorial, "The vanishing wetlands are only part of what allowed New Orleans to drown, killing more than a thousand people and displacing more than 200,000. Rebuilding the city without addressing the multiple causes of the disaster would be the height of folly. Yet a year after Katrina, it's astonishing how little the federal government has learned, how much remains the same and how easily it could happen again. The inescapable truth is that New Orleans will not be safe from a Katrina-scale storm for many years."

US Officials Say Gulf Coast Prepared For Ernesto. The Washington Times (8/28, Pfeiffer, 88K) reports, "The administration's head of Hurricane Katrina reconstruction and FEMA Director R. David Paulison say that the Gulf Coast is prepared for Tropical Storm Ernesto or other future storms, thanks to levee reconstruction and an improved evacuation plan." Federal Coordinator for the Office of Gulf Coast Rebuilding Donald E. Powell "agreed with Mr. Paulison's assessment. 'I think we're in good shape,' Mr. Powell told 'Fox News Sunday.'" Asked on Fox News Sunday (8/27, Wallace) whether the Gulf Coast is prepared for a major hurricane, Powell also said, "I know that the local people, the local officials, the state officials, have been coordinating with the federal officials to anticipate this day. Hopefully, this will not come, but there is a widespread coordination, and I think we're ready. There's no question in my mind, we're ready. … There's been an extraordinary amount of effort by the Corps of Engineers on restoring and repairing the levees, and I believe that the levees are ready for the hurricane season."

The ABC and NBC evening news broadcasts each reported on Tropical Storm Ernesto, which had become the year's first hurricane before being downgraded again to a tropical storm. Asked on ABC World News Tonight (8/27, story 2, 1:00, Harris, 8.78M) whether "people in Florida should stop worrying so much?" ABC (Kofman) responded, "Absolutely not. We're going to see the storm strengthen. It's just a question of where and when." Max Mayfield, the director of the National Hurricane Center, was shown saying, "As soon as this pulls away from the land mass and gets over the open waters again, we think it has a good chance to regain hurricane status."

NBC Nightly News (8/27, story 4, 0:45, Karins, 9.87M), meanwhile, reported, "As far as the intensity, the current path takes it through Cuba all the way through Florida over a lot of land areas. That means a weaker Ernesto or just a lower end category one. A stronger storm or could be a stronger storm for the Carolinas. A lot can change."

The Los Angeles Times (8/28, Williams, 918K) reports, "Florida Gov. Jeb Bush declared a state of emergency and visitors to the Florida Keys were ordered out, as well as all travel trailers, after the National Hurricane Center confirmed that Ernesto had become the season's first hurricane. … The governor's order and the hurricane center's forecast of possible Florida landfall as soon as Tuesday prompted officials in Tallahassee to 'partially activate' their emergency-management plans, a move allowing county officials to mobilize first responders and prepare transportation, shelter and other supplies for potential evacuations, said Mike Stone, spokesman for the state Division of Emergency Management." The AP (8/28, Gresko) says that as tourists were ordered to evacuate, residents in the Florida Keys "were

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taking notice too: a Home Depot store in Key West was busy Sunday afternoon as customers shopped for generators and other storm-preparation equipment."

USA Today (8/28, Welch, 2.27M) reports, "Arriving just as the nation prepared to mark the anniversary of Katrina and its devastation of the Gulf Coast, Ernesto attained hurricane-force winds of 75 mph for 10 hours on Sunday and became the first hurricane of the Atlantic season." Michael Brennan, a meteorologist at the National Hurricane Center, said the storm is "on a track toward the Florida peninsula early this week and all of Florida is in the area that's being threatened, from the Keys all the way up to the Panhandle."

Nagin Says Evacuation Plans For New Orleans Are Ready. New Orleans Mayor Ray Nagin, on NBC's Meet the Press (8/27, Russert), said that if Ernesto, or another, hurricane bears down on his city, "we are ready, from an evacuation standpoint. All of our plans have been updated. We're not going to have a shelter of last resort in the Superdome or the Convention Center. We will be getting everyone out of the city. … We've fine-tuned these plans. We've practiced them. And we are ready to go."

Brown Says He's Not Sure Whether Gulf Coast Is Ready. Former FEMA director Michael Brown was the lead interview on ABC's This Week (8/27, Stephanopoulos), where he was shown video of Secretary Chertoff saying, "I couldn't get a hold of Michael Brown. He was flying around in a helicopter looking at damage, he was planning to go on Larry King, or Rita Crosby. And, job one, in you're the operator in the field, if that's the responsibility you want, is make sure you've got the plans in place to save lives." Brown said, "Secretary Chertoff talks about your man on the ground needs to be running things, and that's exactly right. I wasn't running around looking at damage. I was running around and looking at the teams, finding out what they needed. In 2004, in Florida, we were everywhere we needed to be. You can't run a disaster sitting in an office somewhere, which is what Chertoff wanted to do." Asked whether the Gulf Coast could handle Ernesto if it were to land, Brown said he was "not sure. I don't want to sit here and say they're not ready, because I'm not on the inside. But, if they're doing what needs to be done in terms of the planning, at least we're on a path to get ready."

DHS Said To Have Gutted TWIC Program. The Washington Times (8/28, Waterman, 88K) runs an Aug. 24 UPI article reporting that DHS "quietly announced last week that port facility and merchant vessel owners and operators will not be required to install readers for the biometric ID cards it plans to issue to the nation's transportation workers. The change, which critics says guts the security benefit of the proposal, is the latest stumble for the controversial ID card project, called the Transportation Worker Identity Credential, or TWIC program." UPI added that progress on the program "has been slow and marred by concerns about cost, the security of the card-issuance process, and how workers wrongly refused a card will be able to get redress. … No one from homeland security responded to phone calls or e-mails requesting comment, but the Federal Register notice, first reported by the Web site of Government Executive magazine, says the move followed congressional requests for an extension to the 45-day comment period on the proposed rules for the program."

Shift To Biometric ID Represents "Potential Boon" For Business. The Washington Post (8/28, D1, Witte, 748K) reports "a wave of government initiatives" in the coming months could begin to make biometric identification commonplace, starting "with the replacement this fall of federal employee IDs. Similar cards are planned for transportation workers, first responders and visitors to the United States." The shift represents "a potential boon to technology companies eyeing an estimated $8 billion in identity-related contracts. … In an era of chronic concern over terrorism and anxiety over immigration, the business of determining who is who has become increasingly urgent."

Schumer Calls UN Building A "Firetrap." USA Today (8/28, 2.27M) reports Sen. Charles Schumer said Sunday that the United Nations building, on New York City's East River, "is a 'firetrap' that violates New York City's building code. It has no internal sprinkler system and is full of dangerous asbestos — and its driveway, above an underground garage, probably would collapse from the weight of firetrucks and other emergency equipment, he said. He called on UN Secretary-General Kofi Annan and US Ambassador to the UN John Bolton to 'make it a priority' to force through a $1.6 billion renovation program."

Disaster Simulation In California Said To Show Limitations Of Latest Technology. The New York Times (8/28, Markoff, 1.21M) reports a five-day disaster simulation in California, in which "teams from the Pentagon, nongovernmental agencies and several dozen technology companies" dealt with "a worldwide virus outbreak that had cities under quarantine, emergency workers overwhelmed and government agencies unable to cope." The disaster "was compounded by a wave of cyberterror attacks that cut off power, phones and Internet access." The training effort, named Strong Angel III, showed "limitations of even the latest technology…when an effort to restore communications by setting up ad hoc wireless networks resulted in a three-day data traffic jam. Yet the problems encountered in the training effort, named Strong Angel III, did little to dampen the enthusiasm of the participants, a diverse group of more than 800 'first responders,' military officers and software and wireless network experts — some from rivals like Microsoft and Google, working side by side."

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WAR NEWS:

Maliki Says Violence "In Decrease" As Iraq Weathers Another Bloody Day. The broadcast networks offered very little on Iraq, with just NBC Nightly News (8/27, story 7, 0:15, Seigenthaler, 9.87M) running a brief item on the "violent day across Iraq. Officials report an American soldier killed by a roadside bomb, while other attacks took some 60 lives. One bombing was actually caught on tape. A surveillance camera as it drove in front of Baghdad's Palestine hotel. The minibus pulled over and suddenly exploded. Nine people were killed in the blast, 20 others were wounded."

By contrast, several major newspapers offered their own accounts, also highlighting the comments of Iraqi PM Nouri al-Maliki on CNN's Late Edition (8/27, Blitzer), where he said through an interpreter, "The violence is not increasing. We're not in a civil war. Iraq will never be in a civil war. The violence is in decrease, and our security ability is increasing."

USA Today/AP (8/28, 11A) reports that as "bomb attacks and shootings killed at least 51 people," Maliki "insisted bloodshed in Iraq was decreasing and that his government was making progress in efforts to combat sectarian clashes between Shiites and Sunni Arabs, and attacks by insurgents." The Washington Post (8/28, A11, Knickmeyer, 748K) leads its report similarly, saying "gunmen and bombers claimed at least 69 lives in Iraq on Sunday, even as" Maliki "repeated the assertions of Iraqi and U.S. leaders that violence was easing from a wartime high set earlier this summer."

The Washington Times (8/28, Pfeiffer, 88K) also reports on Maliki's CNN remarks, but focuses on his assertion that Iraq "could handle its own security and withstand a withdrawal of all U.S. troops in the next 12 months." Maliki said, "The forces will be able because the friendly multinational force is working hard to finish the building of Iraq."

The Los Angeles Times (8/28, Moore, 918K) reports on Maliki's comments in a mostly positive piece headlined "Deaths Drop In Iraqi Capital" that begins, "An ambitious military sweep appears to be dramatically reducing Baghdad's homicide rate, U.S. and Iraqi officials said Sunday -- even as violence nationwide killed at least 80 people." The Times says Maliki "seized on the drop in slayings" during the CNN interview. But while the "smaller monthly tally offers encouragement to U.S. and Iraqi officials, it remains a triple-digit reminder that sectarian violence and insurgent activity vex Iraq's newly formed government."

The New York Times (8/28, Von Zielbauer, 1.21M) focuses on a suicide car bomber's attack on Al-Sabah, Iraq's largest newspaper, which killed two people and wounded 20. Al-Sabah Executive Editor Falah al-Mishaal "blamed the attacks on Iraqi insurgent and foreign terrorist groups in the mold of the one founded by Abu Musab al-Zarqawi." The Times also recounts the other attacks during "a violent day across Iraq."

Despite Maliki's remarks on the same program, Senate Foreign Relations Chairman Richard Lugar, asked on CNN's Late Edition (8/27, Blitzer) if Iraq is in danger of civil war, said, "We're heading toward that. Now having said that, the fact is that we must do all we can to work with the president of Iraq to prevent it, or to hold it down. The idea, somehow, that civil war means that we leave is a non-starter, because Iraq's physical integrity is important. By that I mean, if Iraq deteriorates and Sunnis, Shiites and Kurds begin picking up partners in other countries, then we have a conflagration that dwarfs anything which is occurring presently in the deteriorating problems of Iraq."

US, Iraqi Militaries Press Government To Outlaw Militias. USA Today (8/28, 11A, Michaels, 2.27M) reports US and Iraqi military leaders "are pressing Iraq's Shiite-dominated government to outlaw armed militias, some of which have close links to parties in the ruling coalition." USA Today says the "frustration…illustrates the difficulty Iraq's government has had in confronting militias."

Biden Says Militias Have Undermined Iraqi Reconciliation. On Fox News Sunday (8/27) Sen. Joseph Biden, in response to host Chris Wallace's claim that President Bush's "plan for Iraq" might be "finally beginning to work," said he saw little evidence that was the case. Biden argued, "I don't think there's any reasonable prospect…for 'things to work in Iraq,' until and in fact the Sunnis get a buy-in with a piece of the oil to deal with the insurgency, and Maliki has the ability to jump in and be willing to take on the competing elements within the Shia coalition. … Unless you are able to take control of the militias, I don't think there's much of a shot here. But we have had good days and good weeks like this before. I pray this is the beginning of an ultimate reconciliation, but I'm doubtful of that."

Biden Again Reiterates Five-Point Plan For Iraq. In an op-ed in the Union Leader (8/27) in the early primary state of New Hampshire, Biden reiterated the five-point plan he and Council on Foreign Relations President Emeritus Les Gelb laid out in a Washington Post op-ed last week and in a New York Times op-ed in May. The plan "calls for maintaining a unified Iraq by decentralizing it and giving Kurds, Shiites and Sunnis their own regions"; binding the Sunnis "by guaranteeing them a proportionate share of oil revenue"; the creation of "a massive jobs program while increasing reconstruction aid"; the convening of "an international conference that would produce a regional nonaggression pact and create a Contact Group to enforce regional

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commitments"; and the start of a "phased redeployment of U.S. forces this year and withdraw most of them by the end of 2007."

Battle For Baghdad Said To Have Reached Crossroads. US News & World Report (9/4, Robinson) reports in its cover story that US and Iraqi security forces "have launched a new effort to pacify the capital. But-as with everything else in Iraq-there are no guarantees that it will be any more successful than the previous attempt, which even senior U.S. commanders here concede was woefully ineffective." The "war has reached this grim crossroads, many here believe, because the mounting centrifugal forces and the failure to achieve the basic requirements of peace are threatening to doom the Maliki government, or at least render it irrelevant. "

US News & World Report (9/4, Robinson) also reports that "almost every night in Baghdad, special operations forces wage an intense battle against the Iraqi groups conducting the massacres, kidnappings, and ghoulish disfigurements that are the city's latest scourge. Together, the Iraqis and Americans are conducting three, four, even five raids a night, with human and electronic intelligence tipping them off to the location of death squad leaders."

US Special Forces Heavily Involved In Training Iraqi Troops. US News & World Report (9/4, Robinson) reports the US military operation in Iraq "involves the largest ongoing deployment of special operations forces since Vietnam. A total of 3,768 Special Forces, Navy SEALs, and Air Force combat controllers are scattered across the critical Euphrates and Tigris river valleys, from the Syrian border to Hilla and Kut in the south. They are partnered with one third of the Iraqi Army battalions and 13 SWAT-type police units." Once the platoons "are trained, the Americans advise them in combat."

Al-Sadr Modeling Bid To Control Social Services In Iraq On Hamas. US News & World Report (9/4, Bedard) reports in its Washington Whispers column that Hamas, "the terrorist group that now runs the Palestinian National Authority, appears to be a model for radical Shiite cleric Moqtada al-Sadr and his Mahdi Army's move to take control of Iraq, say senior military officials." Following the Hamas "bid to run sewer, health, and other social services that could help win the hearts and minds of Palestinians, Sadr's efforts look like a copycat move."

Saudis Building Border Fence. Time (9/4, Burger, 4.03M) reports in its "Notebook" column Saudi Arabia, "unnerved by the violence next door in Iraq, plans to spend up to $7 billion on a partly virtual fence along its 500-mile border with Iraq. The ultramodern barrier will combine fencing, electronic sensors and sand berms. Saudi and U.S. sources tell TIME the kingdom is seeking bids from contractors, including U.S. defense giant Raytheon." Saudi diplomats "say the fence is intended to stop weapons and drug smuggling and illegal immigration. But they admit they fear that Iraq's sectarian fighting and jihadi militancy could spill south."

Shays Calls For "Fixed Timeline" For Withdrawal Of US Troops. Newsweek (9/4, Clift, 3.12M) reports Republican Rep. Christopher Shays of Connecticut "has long been an ardent backer of the war in Iraq. But after returning last week from his 14th trip to the country, the congressman reported that little progress had been made -- and called for a 'fixed timeline' for the withdrawal of U.S. troops." Shays' "new position is a significant break among Republicans in Bush's firewall on the war going into the November elections."

Levin Criticizes Bush Not Setting Limits On US Commitment To Iraq. Sen. Carl Levin, also appearing on CNN's Late Edition (8/27, Blitzer), argued, "We cannot save the Iraqis from themselves. They're the ones who have got to decide: Do they want a civil war or do they want a nation? We have taken the pressure off them by the President saying we're there as long as they need us, by the President saying as long as he's president we're not going to remove troops, by the President refusing to put some pressure. … And I think it's a fundamental error."

Few Homicide Charges Pressed Against US Soldiers In Iraq. Under the front-page headline "Homicide Charges Rare In Iraq War," the Washington Post (8/28, White, Lane, Tate, 748K) reports that the "majority of U.S. service members charged in the unlawful deaths of Iraqi civilians have been acquitted, found guilty of relatively minor offenses or given administrative punishments without trials," and "charges against some of the troops were dropped completely." The Post says that while "some military officials and analysts say the small numbers reflect the caution and professionalism exercised by U.S. forces on an urban battlefield where it is often difficult to distinguish combatants from civilians," others say the "statistics illustrate commanders' reluctance to investigate and hold troops accountable when they take the lives of civilians."

Precision Technology Has Advanced During Course Of War. USA Today (8/28, 11A, Brook, 2.27M) runs a generally positive story on the advances of precision technology during the course of the Iraq war, noting that it is now possible "for troops to call in strikes less than the length of a football field from their positions compared with 2,000 yards two years ago. That's needed more than ever as troops fight insurgents in tightly packed urban areas." Such technology "also can limit injuries to civilians and damage to sensitive sites such as mosques. This helps the military avoid angering the people it's trying to win over."

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Baghdad Museum Director Resigns Due To Threats. The New York Times (8/28, Wong, 1.21M) reports Baghdad Museum Director Donny George "has resigned and moved to Syria because he felt under threat from fundamentalists" with ties to Iraq's government. George "was a midlevel official in the Baath Party under Saddam Hussein's government and may be the target of a revenge campaign by conservative Shiites."

UK Ambassador To Iraq Explains British Troop Movements Along Iran Border. McClatchy (8/28, Brunswick) reports Dominic Asquith, the new British ambassador to Iraq, said British troops "taking up position near Iraq's border with Iran aren't preparing for military action against Iran, but were getting to crack down on weapons smuggling between the two countries." Asquith "was responding to concerns raised by some Iraqi political and religious leaders, who've suggested that the British troops may be doing U.S. bidding as tensions rise over Iran's nuclear development program."

Carter "Disappointed" With Blair's Role In Iraq War. The AP (8/28) reports former President Jimmy Carter "accused Tony Blair on Sunday of being 'subservient' to the White House, saying the British prime minister failed to constrain America on Iraq." Carter "said in many countries he has visited, people equate U.S. and British policy." Carter is quoted telling the Sunday Telegraph, "I have been surprised and extremely disappointed by Tony Blair's behavior. I think that more than any other person in the world, the prime minister could have had a moderating influence on Washington — and he has not. I really thought that Tony Blair ... would be a constraint on President Bush's policy toward Iraq. It's a shameful and pitiful state of affairs, and I hold your British prime minister to be substantially responsible for being so compliant and subservient."

Carroll Says "What Happened To Me Is Not The Whole Middle East." The Christian Science Monitor (8/28, 58K) concludes "The Jill Carroll Story" with an epilogue written by Peter Grier. The Monitor reports that Carroll says she "doesn't regret going to Iraq in the first place. She was doing what she had always wanted to do -- foreign reporting. Since her release, she has returned to Egypt, and is glad of it." Carroll said, "What happened to me is not the whole Middle East." Carroll "is no longer a freelancer. To provide financial support in anticipation of her eventual release, the Monitor quietly made Jill a full-time employee a week after she was abducted. This fall, she's been accepted into a journalism fellowship program at a major university. After that, she plans to return to writing from overseas."

Approval Of New Afghan Supreme Court Seen As Positive Sign. In a New York Times (8/28, 1.21M) op-ed, United States Institute of Peace senior rule of law adviser J Alexander Thier writes that while "it's been a bad year for Afghanistan," a "recent turn of events could have a significant positive impact on Afghanistan's future. A few weeks ago the new Parliament approved a fresh slate of Supreme Court justices -- a strong group of professionals and reformers that includes several of Afghanistan's pre-eminent legal minds." The "new court's leadership has much in its favor. With an infusion of funds and experienced judges, as well as a good relationship" with President Hamid Karzai, it "stands a good chance of success."

CORPORATE SCANDALS:

Legal Precedent Said To Protect Lay's Estate From Forfeiture. The Christian Science Monitor (8/28, Axtman, 58K) reports, "A legal precedent could clear the record of Enron founder Kenneth Lay, even though he was found guilty of six counts of conspiracy and fraud, because of his sudden death last month. The move could also make tens of millions of dollars in his estate off-limits to creditors. The Justice Department has said it will use all available legal means to reclaim the money related to the criminal charges Mr. Lay was convicted of in May. But those means may be few because of the legal precedent set by the US Fifth Circuit Court of Appeals, which found in 2004 that a person's criminal record is 'abated,' or wiped out, if he or she dies before having a chance to exhaust all appeals."

Quattrone Deal Said To Mark Shift In White Collar Prosecutions. Time (8/28, Kiviat) reports, "Frank Quattrone was always good at making deals. As a sizzling Silicon Valley investment banker during the tech boom of the 1990s, he orchestrated the initial public offerings (IPOs) of start-ups from Netscape to Amazon.com collecting as much as $120 million a year for himself in the process. Yet the deal he reached last week may well be the one he cherishes most. After 31/2 years of court dates, two criminal trials and the prospect of jail time, Quattrone struck a deal in which federal prosecutors agreed to all but drop charges that he obstructed justice during a 2000 investigation into how his employer handed out IPO shares of hot new companies." Time continues, "The deal marks the end of a sorry chapter in American business history. While high-profile white-collar crime persists, the dramatic criminal cases that were launched just after the dotcom economy fizzled are now mostly completed. The icons of massive, turn-of-the-century corporate fraud--Ken Lay and Jeff Skilling of Enron, Bernie Ebbers of WorldCom, Dennis Kozlowski and Mark Swartz of

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Tyco--are convicted and, in Lay's case, dead. Even Martha Stewart has served time. And many, if not most, of the cases the feds brought against smaller fish--to help assuage a share-owning public that had been scammed by phony accounting and overhyped stock--are resolved. The government claims that since mid-2002 it has won more than 1,000 corporate-fraud convictions, including those of more than 100 CEOs and presidents. … That's not to say the system has been wholly reformed. Although Wall Streeters were genuinely terrified by the wrath of the prosecutors, they eventually flocked to other legal schemes--like hedge funds--with which to vastly overcompensate themselves. Prosecutors too are cutting their losses, and, as the public outrage subsides, moving on to new areas. … The Quattrone case symbolizes that shift."

Private Eye Says He Would Talk With FBI About Alexander Sighting If Asked. The New York Times (8/28, Creswell, Arnold, 1.21M) reports on Israeli private investigator Moshe Buller's claim to have tracked fugitive Comverser CEO Kobi Alexander to Sri Lanka, noting, "So far, Mr. Alexander, who is said to have wired $57 million in late July to an account in Israel, has eluded the Federal Bureau of Investigation and Interpol. … When asked if he called the authorities after seeing Mr. Alexander, Mr. Buller said he did not. … In fact, he said he had not spoken with anyone from the F.B.I. or any other authorities about his sighting of Mr. Alexander. 'If the F.B.I. wants my help, I would be the first guy to sit at a table in New York and give information in a good way,' said Mr. Buller. 'But I have not spoken with anyone from the F.B.I.' A spokeswoman for the F.B.I. said, 'We do not disclose whom we speak with in terms of an investigation that is ongoing.'"

"Sources Familiar" With Alexander Search Doubt Buller's Claim. Newsday (8/26, Kessler) reported, "Investigators are dubious about a report that Jacob Alexander…is hiding in a remote fishing village in Sri Lanka, according to several sources familiar with the hunt for him by the FBI and the U.S. Marshals Service. The sources said federal agents have several leads to the whereabouts of Alexander…and none of them involves Sri Lanka, which one source noted has an extradition treaty with the United States. But the sources added that investigators were still checking the report out."

CRIMINAL LAW:

Former Lewis Aide's Lobbying Success Leads To Federal Probe. The AP (8/28, Werner) reports, "Depending on your perspective, Letitia White is either the epitome of a Capitol Hill success story or a prime example of an unsettling mix of money, politics and public policy." She has risen from a receptionist for Rep. Jerry Lewis to "an influential lobbyist whose connections to Lewis…and others on the Hill have translated into millions of dollars for her and her firm. They also have made her part of a federal investigation into Lewis' ties to the lobbying firm where she works alongside former California Republican Rep. Bill Lowery, another close Lewis friend." The AP notes, "Last spring, an FBI agent on the case visited the House Legislative Resource Center to review White's annual financial disclosure forms, according to records at the center."

Lawyer For NM Treasurer Says Prosecutors Withholding Exculpatory Letter. The AP (8/26) reported, "An attorney for former state Treasurer Robert Vigil has accused federal prosecutors of withholding evidence that could help his client." Defense lawyer Sam Bregman "says that a January 1993 letter printed on an FBI and U.S. Department of Justice letterhead could help Vigil. The letter shows that then-Assistant U.S. Attorney David Williams declined to authorize an investigation after hearing allegations of wrongdoing concerning Vigil."

FBI Arrests Fugitive Wanted In 1994 Chicago-Area Murder. The Chicago Tribune (8/26, Ford, 623K) reported, "A man wanted in the 1994 killing of a northwest suburban boy in Hoffman Estates was arrested this week following his deportation from Mexico, authorities said Friday." Hugo Luis Zarco, "a U.S. citizen, was deported Thursday to Houston from Leon, Guanajuato, Mexico, where he had been living, according to the FBI. He was arrested by FBI agents and waived extradition, authorities said." The Tribune notes that the victim, Michael Bruce, "had gotten into an argument with his ex-girlfriend, Zarco's then-17-year-old sister. Zarco is accused of later tracking Bruce down and fatally stabbing him twice in the chest, police said."

Four Sentenced To Prison For Roles In Miami Airport Heist. In a widely-distributed story, the AP (8/26, Anderson) reported, "Four people were sentenced to prison Friday for their roles in one of the biggest heists in Florida history -- a brazen daylight armed robbery of $7.4 million in cash from a warehouse near Miami International Airport. … The ringleader, Karls Monzon, and getaway driver, Jeffrey Boatwright, were each sentenced to more than 17 years in prison. A former Brink's security guard who provided inside information for the robbery, Onelio Diaz, was sentenced to 16 years. Monzon's wife, Cinnamon Monzon, was sentenced to nearly 3 years for being an accessory." The AP noted, "Some has been recovered from various sites in Miami, including money that was buried outside at least one home. More than $6 million remains unaccounted for, according to the FBI."

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The South Florida Sun-Sentinel (8/26, Blum, 265K) added, "At least some of the missing cash may have already been spent. Boatwright, who acted as the getaway driver, spent $600,000 on strippers, 'loose women,' drugs, and worthless jewelry, his attorney Michael Walsh said at Friday's hearing. Boatwright paid a $400,000 ransom after being kidnapped from a strip club and $200,000 was stolen from him by a prostitute after he fell asleep, Walsh said. The last $200,000 of Boatwright's $1.4 million share was given to a Santeria priest, the attorney said."

Armitage Said To Have Played Central Role In Plame Disclosure. Newsweek (9/4, Isikoff, 3.12M) reports on new details about former State Department official Richard Armitage's role in the disclosure of the name of Valerie Plame, included in the new book, "Hubris: The Inside Story of Spin, Scandal, and the Selling of the Iraq War," co-written by Isikoff and David Corn of the Nation. On October 1, after reading Robert Novak's second column on the Plame-Wilson case, Armitage "was 'in deep distress,' says a source directly familiar with the conversation who asked not to be identified because of legal sensitivities. 'I'm sure he's talking about me,'" Armitage told Secretary of State Colin Powell. Within hours, William Howard Taft IV, "the State Department's legal adviser, notified a senior Justice official that Armitage had information relevant to the case. The next day, a team of FBI agents and Justice prosecutors investigating the leak questioned the deputy secretary." Armitage "acknowledged that he had passed along to Novak information contained in a classified State Department memo: that Wilson's wife worked on weapons-of-mass-destruction issues at the CIA."

Operators Of Offshore Gaming Sites Cautious After BetOnSports Charges. USA Today (8/28, Swartz) reports, "Americans continue to gamble in record numbers online, but executives of the offshore operations that take those bets are exercising caution weeks after one of their peers was arrested in the USA." USA continues, "The trepidation of online-betting executives underscores growing concern that the U.S. government could target more offshore firms after essentially giving the industry a free pass for several years, gambling experts say. … '(Operators) are playing a wait-and-see policy to see what the feds manage to pin on (indicted gaming site BetOnSports.com),' says Simon Holliday, a partner at Global Betting and Gaming Consultants in the UK. 'Although the sports books give the impression they are not too concerned, I don't see them rushing to be in the U.S. now.'" USA adds, "The actions by some gaming executives hardly constitute a self-imposed shutdown of some 2,300 gaming sites worldwide. But they reflect an undercurrent of concern, especially for sports-betting sites, gambling experts say. … London-based Ladbrokes, the world's biggest bookmaker, last week said it is reviewing plans to take bets from Americans on its gaming sites, something it currently does not do. It cited uncertainties in the U.S. market. … Online gamer Bodog.com canceled a marketing conference in Las Vegas this month, shortly after the arrest of David Carruthers, the former CEO of BetOnSports.com. Carruthers was charged with violating the 1961 Wire Act. BetOnSports has stopped taking U.S. bets, a majority of its business."

Botnet Hacker Sentenced To 37 Month In Prison. The Seattle Post-Intelligencer (8/26, Shukovsky, 129K) reported, "Sending a message to malicious computer hackers 'squirreled away in their basements,' U.S. District Judge Marsha Pechman on Friday sentenced a 21-year-old man to 37 months in federal prison for a global robot virus attack in 2004 and 2005. Christopher Maxwell launched the attack…to collect commissions by installing adware onto the computers of unwitting victims. … The Seattle FBI's cybersquad believes the scheme netted Maxwell and two unnamed teenage accomplices more than $100,000. Among the countless victims, the virus wreaked havoc with the Defense Department, Seattle's Northwest Hospital and a school district in California." The Seattle Times (8/26, Bowermaster, 217K) noted, "Maxwell is from Vacaville, Calif., but was prosecuted in Washington state because Northwest Hospital & Medical Center in Seattle was a primary victim. … Northwest Hospital contacted the FBI soon after its computers were attacked in January 2005. A six-month investigation eventually led to Maxwell."

Virginia Man Convicted Of Child Porn Possession. The Roanoke Times (8/26, Nair) reported, "A Roanoke man who had collected more than 2,000 pictures of child pornography on his computer was convicted of four felony charges Friday." Freddie Lee Caldwell "pleaded guilty to transmitting, distributing and possessing child pornography. He also admitted to using a computer to transmit lewd images, a charge that carries up to five years in prison. Federal authorities first homed in on Caldwell in October 2003, when an agent with the FBI's Innocent Images unit found an online advertisement for '100 percent pre-teen' material, said prosecutor Joe Mott. … An FBI investigator in Roanoke executed a search warrant on Caldwell's…home in July 2004, seizing computers, disks and other items, according to Mott."

Louisiana Journalist Indicted On Child Porn Possession Charges. The New Orleans Times-Picayune(8/26, Scallan) reported, "A federal grand jury on Friday indicted longtime River Parishes journalist Leonard

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Gray on charges of possessing child pornography, U.S. Attorney Jim Letten said." Gray, "the managing editor of the twice-weekly L'Observateur newspaper in LaPlace and former managing editor of the weekly St. Charles Herald-Guide newspaper in Boutte, was indicted on charges of possession and receipt of child pornography. He was arrested by FBI agents in Slidell on Aug. 17, and the agents later obtained a search warrant for Gray's home in Waggaman from U.S. Magistrate Louis Moore Jr., authorities said." The Times-Picayune noted Letten said in a statement, "Our office and the FBI have a proud and productive history of policing our community and communication channels by effectively identifying, investigating and removing from society those individuals who exploit the innocence of children." The AP (8/26) also reports on the FBI probe and Gray's indictment.

CIVIL RIGHTS:

New York Voters Find Some Machines Difficult To Use. The New York Times (8/28, Chan) reports, "With New York State facing a looming deadline to modernize its election technology, a new report offers evidence that one of the two major types of voting machines being considered has a higher rate of unrecorded votes, suggesting that it is too confusing for many people." The Times continues, "The report, which the Brennan Center for Justice at New York University School of Law intends to release today, examined election records from thousands of counties across the nation since 2000. It is likely to animate long-simmering debates in across the state's 62 counties, which face a December deadline for deciding how to replace antiquated voting equipment. … For the overwhelming majority of the state's 11.6 million registered voters, the changes will mean the end of the creaky lever machines that have been used for decades." The Times adds, "One of the two types of machines under consideration is the direct-recording electronic or D.R.E. systems, in which voters push a button or touch a screen to choose a candidate, and the ballot is automatically recorded and counted. … The other is the optical-scan system, in which voters mark an oval or arrow next to a candidate's name on a paper ballot, which is then scanned into a machine at the precinct, allowing the voter to find and fix any errors. … The choice, however, is further complicated because the State Board of Elections has ruled that state law requires the use of a 'full face' ballot — a ballot that displays all candidates for all races on a single page or screen."

Electronic Voting Expansion Expected To Result In Unintended Consequences. In an op-ed for the Washington Post (8/28, 748K) former Republican governor of Pennsylvania Dick Thornburgh and former Democratic governor of Ohio Richard Celeste, who chaired a recent study by the National Academies' National Research Council on electronic voting, write, "For many jurisdictions, the 2006 elections will see the first large-scale use of electronic voting systems. Many organizations have learned the hard way that deployment and use of new technologies on a large scale virtually guarantee big surprises and unintended consequences: sudden system crashes, corrupted data or painfully slow systems. The usual remedies are to develop, test and evaluate small-scale prototypes before committing to organization-wide upgrades in technology, and to keep both old and new systems running for a while so that failures in the new system do not paralyze operations. Unfortunately, faced with the deadlines for deploying enhanced voting systems that were set by the Help America Vote Act of 2002, most electoral jurisdictions have been unable to follow this prudent path. That's why we believe it will be essential this year that jurisdictions have backup and contingency plans that anticipate a wide range of possible failures in their electronic voting systems, including those that occur in the middle of the voting process on Election Day (or days)."

Abortion Activists Concentrate Resources On South Dakota Referendum. The Washington Post (8/28, A1, Slevin, 748K), in a front-page story, reports South Dakota "is the unlikely home of this year's most intense duel over abortion, a Nov. 7 referendum to decide the future of HB 1215, a measure that would institute a broad ban on the procedure. No exceptions would be allowed for pregnancies resulting from rape or incest -- abortion would be permitted only when the mother's life is in jeopardy. Partisans across the nation are delivering money and tactical advice on an issue that has divided residents of the state." The Post claims "South Dakota's fight could be a harbinger of political battles across the country should the Supreme Court strike down Roe v. Wade. … 'This has become the focal point in the country for the choice debate,' said Nancy Keenan, president of NARAL Pro-Choice America, which is channeling cash into the campaign." The Post adds that a July Mason-Dixon poll showed "Forty-seven percent of 800 respondents said they opposed the ban, while 39 percent said they supported it. If the law had included an exception for rape and incest, the poll found, 59 percent would have favored it, with 29 percent opposed."

School Administrators Said To Lack Of Understanding Of First Amendment. Nat Hentoff, an authority on First Amendment issues, student rights and education, writes in USA Today (8/28, 2.27M) on "the chronic civil war in our public schools between the First Amendment's Establishment Clause and its Free Exercise of Religion requirement." Now "it's unfortunate that many principals and

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school boards are not educated on the meaning of the Establishment Clause -- which can be violated" by the action of a principal or teacher, while "under the Free Exercise Clause, a student can express his or her personal religious beliefs in an assignment or as a valedictorian."

ANTITRUST:

GE's Water Unit Struggles To Integrate Acquisitions. The Wall Street Journal (8/28, Kranhold) reports, "Shortly after taking over as chief executive of General Electric Co. in 2001, Jeffrey Immelt plunged the conglomerate into the water-treatment business. GE has since spent nearly $4 billion acquiring four companies, prompting executives to boast that the water unit could reach $10 billion in annual revenue within a decade. … But Mr. Immelt's initiative hasn't lived up to expectations. The unit's biggest business -- selling chemicals -- faces tough price competition, and multimillion-dollar projects to build water-desalination and reuse plants haven't materialized. The water unit has reduced financial projections; the current target of around $2 billion in sales this year roughly equals the combined revenue of the companies GE bought. Some employees have been laid off, and Mr. Immelt earlier this year replaced his handpicked head of the water unit." The Journal continues, "The turbulence highlights GE's challenge in entering a new $400 billion market by building a business from scratch against global competitors such as Danaher Corp., ITT Corp., Siemens AG of Germany and, in Spain, both OHL Group's Inima and Abengoa Group's Befesa. … GE is struggling to meld thousands of employees from competing cultures with its own emphasis on strict processes and financial rigor. In one shift, more than 2,000 engineers who had made careers peddling chemicals for treating water at oil refineries and power plants were retrained to sell expensive equipment."

Two Italian Banks Agree To Merger. The Wall Street Journal (8/28, Taylor, Kahn) reports, "By merging Italy's Banca Intesa SpA and Sanpaolo IMI SpA, the architects of the deal aim to create a player with enough heft to be a driver in European banking consolidation." The Journal continues, "Saturday, the boards of the banks agreed to the terms of a merger, valued at about €29.43 billion ($37.54 billion). The deal would catapult the two midsize national players into a bank with a market capitalization of around €60 billion that would likely rank No. 4 in the euro zone. However, in cases of domestic megamergers like this one, success hinges on whether Intesa, of Milan, and Sanpaolo, of Turin, can achieve the promised savings and synergies, and in particular whether they can deliver on job reductions, which could be as high as 10% of total staff." The Journal adds, "Under terms of the deal, which is to be put to shareholders for approval at extraordinary meetings in December, Intesa is offering 3.115 of its shares for every Sanpaolo share. … The transaction comes at a time when cross-border banking deals throughout Europe have been on a sharp rise and shortly after foreign players such as ABN Amro Holding NV of the Netherlands and France's BNP Paribas SA took control of a pair of midsize Italian banks, adding to competitive pressure in one of Europe's most lucrative banking markets."

WSJournal Praises California PUC's Decision On Telephone Price-Controls. The Wall Street Journal (8/28, 2.03M), in an editorial, writes, "How much competition is there in U.S. telecommunications? So much that even California regulators have finally noticed. Last week the state's Public Utilities Commission voted 5-0 to lift decades-old price controls on land-line phone companies. The move was instigated by Rachelle Chong, who was appointed to the Commission in January by Governor Arnold Schwarzenegger. … If even California regulators can come to this realization, anyone can."

ENVIRONMENT:

Texas Judge To Rule Monday On Whether To Compel BP Chief's Testimony. The Financial Times (8/28, McNulty) reports, "A Texas judge is to decide on Monday whether to compel Lord Browne, BP's chief executive, to be formally questioned before a court to decide claims against the UK oil giant arising from last year's fatal refinery explosion." A BP spokesman said, "We are opposing the request because Lord Browne has no unique knowledge of the incident that is not available from other people within BP." The discovery process "led Michael Hoffman, BP's group vice-president for global refining, to reveal the company is conducting an internal investigation, reaching up into its executive level, to determine whether to take further disciplinary action for the accident, which killed 15 and injured an estimated 500 at BP's biggest refinery."

Lawsuits Seek To Curb Use Of Chicken Waste Fertilizer. The Washington Post (8/28, A3, Eilperin) reports from Tahlequah, OK, "Frustrated that nearly four years of talks failed to produce a solution, Oklahoma is now suing eight firms -- including Arkansas giant Tyson Foods Inc. -- on the grounds that the chicken waste applied to crops near the river contains hazardous chemicals that are damaging the ecosystem and jeopardizing the region's tourist industry. … Across the country, states and localities are suing polluters outside their jurisdiction, and sometimes each

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other, in efforts to curb air and water contamination that respects no borders. They say they are forced to act because Congress and the Bush administration have failed to crack down on everything from storm water runoff to dumping of invasive aquatic species. … In some cases, there is little in the way of federal law or regulation. This is the case with the factory farms in Arkansas and Oklahoma. The administration is still sorting through which regulations apply to poultry, dairy and hog farmers, and existing rules don't apply to those who buy the waste for fertilizer. And some lawmakers, such as Rep. Ralph M. Hall (R-Tex.), are lobbying to permanently exempt these industries from even minimal federal oversight. … Other times the administration has blessed activities in one state that another state opposes: Virginia -- over Kentucky's objections -- plans to allow a strip mining company to discharge more than a billion gallons of briny water into a river just eight miles from where it flows into Kentucky. … In others instances, the Bush administration has declined to take action, such as the Environmental Protection Agency's decision not to regulate ballast water from freighters that release invasive species into waterways."

Bush Planning Energy Initiative. In a story devoted largely to elaboration of President Bush's remark that the nation's psyche was "strained," comparing it to former President Jimmy Carter's "malaise speech," Time (9/4, Allen, 4.03M) reports Bush's aides "maintain that they're in no funk either. Previewing the final quarter of Bush's presidency, officials disclosed to TIME that the Administration is formulating a huge energy initiative designed to 'change the whole nature of the discussion' and challenge the GOP, Democrats, the oil and electricity industries, and environmentalists. An adviser said Bush's views about global warming have evolved."

Bush Said To Remain Optimistic. US News & World Report (9/4, Bedard) reports in its Washington Whispers column that with "a bloody war, bad polls, and his beloved Texas Rangers several games out of first, you'd think President Bush would be bummed out. But pals say he's as happy as ever." At last week's "fundraiser for Virginia Sen. George Allen at the home of former Republican National Chairman Ed Gillespie," Bush "gave an animated history of the Oval Office and told of how optimistic he is about the future."

Professors Researching Means To Turn Fuel Ethanol Into Food-Grade Alcohol. The AP (8/28, Lorentzen) reports two Iowa State University professors "are researching how to easily, and cheaply, turn fuel ethanol into food-grade alcohol for beverages, pharmaceuticals and personal care products. 'We will be taking relatively abundant and cheap fuel ethanol and, for a very small amount [of money], adding a lot of value to it,' said Jacek Koziel, an assistant professor of agricultural and biosystems engineering." The AP says, "Why find another use for ethanol at a time when demand for the fuel has skyrocketed? Because although the demand for fuel ethanol could wane if the automotive industry embraces other technology, 'the demand for liquor and mouthwashes and cough syrups will always be there,' said Hans van Leeuwen, a civil, construction and environmental engineering professor who is working with Mr. Koziel on the project."

Coburn Applauds Bush's Oversight Of Anti-Malaria Spending. In a letter to the editor of the Wall Street Journal (8/28, 2.03M) Sen. Tom Coburn writes, "Americans are…supporting billions of dollars of publicly funded anti-malaria programs through both bilateral programs and multilateral programs. Those concerned about children and pregnant moms suffering and dying from malaria should expect that agencies spending U.S. dollars will achieve results, as measured by reductions in deaths and sickness. Congress and President Bush have worked together to ensure improved measurement of malaria control programs and greater accountability and transparency in these programs. As a result of congressional demands for 'sunshine,' the U.S. Agency for International Development (USAID) malaria budget was exposed as diluted and ineffective. That transparency led to encouraging reforms. President Bush and USAID should now be commended for running a program that is both transparent and strategic, including the dramatic redirection of funds to effective malaria prevention programs, such as indoor spraying with insecticides and effective new malaria therapies."

FBI/DEA/ATF/USMS:

Retiring DC Agent Roundly Praised. In an overwhelmingly positive profile, the Washington Post (8/28, B1, Lengel, 748K) reports, "Time is running out for FBI agent Brad Garrett, who helped solve the Starbucks slayings in the Georgetown area, helped persuade sniper Lee Boyd Malvo to confess and flew to Pakistan to help nab the man who gunned down two CIA workers outside the agency's headquarters in McLean. One of the most renowned agents to work in the FBI's Washington field office, he will retire Thursday after 16 years in Washington and 21 years in all -- regretfully, he said, before he can solve some of his most famous cases." The Post adds that Garrett has "gained gushing admiration from co-workers and police detectives -- and even the grudging approval of some criminals he has caught. 'He's accomplished, confident, he's a very patient interviewer,' said FBI agent Chuck Knowles. … Ronald H. Chavarro, Garrett's FBI supervisor, added: 'He's empathetic,

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he's nonjudgmental, he's approachable. ... They don't come any better than him.'"

California Legislation Challenges Federal Ban On Industrial Hemp. The New York Times (8/28, Brown, 1.21M) reports, "Seven states have passed bills supporting the farming of industrial hemp; their strategy has been to try to get permission from the Drug Enforcement Administration to proceed. But California is the first state that would directly challenge the federal ban, arguing that it does not need a D.E.A. permit, echoing the state's longstanding fight with the federal authorities over its legalization of medicinal marijuana. The hemp bill would require farmers who grow it to undergo crop testing to ensure their variety of cannabis is nonhallucinogenic; its authors say it has been carefully worded to avoid conflicting with the federal Controlled Substances Act. But those efforts have not satisfied federal and state drug enforcement authorities, who argue that fields of industrial hemp would only serve as hiding places for illicit cannabis." The Times notes that a spokesman for the Office of National Drug Control Policy "said the measure was unworkable."

Mexico-Based Drug Ring Busted, 69 People Indicted. The East Valley Tribune (8/26) reports a seizure of cocaine and meth valued between $1.1 million and $1.4 million "has led to the breakup of a drug organization based in Sinaloa, Mexico, the Arizona Attorney General's Office said Friday. A three-month investigation has resulted in a 417-count indictment against 69 people — 10 of whom are in custody. … The partnership between the Phoenix Police Department, U.S. Drug Enforcement Administration and Arizona Attorney General's Office led to the arrests and indictments, Attorney General Terry Goddard said."

The AP (8/28) reports a Phoenix-based investigation "has led to the break-up of a major drug trafficking ring based in Mexico. The Phoenix Police Department says a joint investigation by the department and the Drug Enforcement Administration has led to the indictment of 69 people involving in trafficking of methamphetamine and cocaine. It says the majority of the defendants were in the U.S. illegally from Mexico."

Alabama Man Gets Life Sentence For Drug Trafficking. The AP (8/26) reports a federal judge "sentenced a Lauderdale County man to life in prison for a large-scale drug-trafficking operation in northwest Alabama that sold cocaine and marijuana. Darryl Dewayne Russell, 38, of Florence, was sentenced late Thursday. … Russell was convicted in January of conspiracy to commit drug trafficking and money laundering. He was part of an investigation that led to the guilty pleas of 21 individuals and the conviction of four more."

In Baltimore, 2 Brothers Plead Guilty In Cocaine Case. The Baltimore Sun (8/26) reports a former Dunbar High School basketball star "pleaded guilty…to drug charges in U.S. District Court in Baltimore, four days after his brother pleaded guilty to similar charges, according to federal law enforcement officials. Federal prosecutors say that William 'Billy' Wells -- as well as his brother, Leonardo Wells -- were involved in distributing large quantities of cocaine to wholesale customers. … 'It is a shame that a star basketball player from Baltimore used his abilities to throw kilos of cocaine rather than a basketball on the court,' said Carl J. Kotowski, assistant special agent in charge of the Drug Enforcement Administration's Baltimore district office."

Five Face Charges In Sacramento Marijuana Case. The San Francisco Chronicle (8/25) reports five Bay Area residents "are facing federal charges for their alleged roles in what authorities described…as a sophisticated indoor marijuana-growing operation in the Sacramento area. The defendants had completely converted five homes in Elk Grove and North Natomas into marijuana farms, authorities said. … A search of the residences earlier this month yielded 1,975 marijuana plants, according to the federal Drug Enforcement Administration and Elk Grove police."

Gatlin Denies Agreeing To Suspension For Doping. The Los Angeles Times (8/28, Pucin) reports sprinter Justin Gatlin, who "was suspended for eight years…by the United States Anti-Doping Agency (USADA), said Friday that he had 'never knowingly used any banned substance.' … Gatlin also seemed to suggest he was not ready to accept the eight-year suspension. 'Contrary to what has been reported, I have not agreed to any penalties whatsoever,' Gatlin said."

The AP (8/25, Pells) reports Gatlin intends to appeal his suspension.

In a separate story, the AP (8/28, Casert) reports International Olympic Committee president Jacques Rogge "praised U.S. doping authorities' recent work Friday, calling it 'an extremely positive turn in the tide' of the worldwide fight against doping. … The IOC president stressed there was a positive side to the latest doping allegations. 'It proves that controls are working,' Rogge said 'It is not only Jones and Gatlin but also (Tour de France winner) Floyd Landis and many other cases. They allow us to eliminate the cheats.'"

Suspected Drug Users Caught Using Longtime Techniques. USA Today (8/28, Patrick) reports when cyclist Floyd Landis plus sprint stars Justin Gatlin and Marion Jones "were busted for performance drugs in the last month, it made

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a hat trick for testers — three high-profile stars nabbed. But a drug expert cautions this is not necessarily a trend and probably not a sign the testers have gotten much smarter, though their techniques have improved. … These people were caught using the same analytical techniques labs have been using for a number of years."

Nike Suspends Contracts with Graham, Gatlin. The New York Times (8/28, Zinser) reports Nike "ended its contract with the track coach Trevor Graham…and stepped into the debate over Graham's role in doping violations by many of his athletes. The company also said it was suspending its contract with the sprinter Justin Gatlin, one of Graham's athletes who has tested positive for performance-enhancing drugs."

IMMIGRATION:

Unaccompanied Children Among Migrants Caught Seeking Entry Into US. The Washington Post (8/28, A1, Aizenman, 748K), in a front-page story titled, "Young Migrants Risk All To Reach U.S.," reports, "Across Central America, growing numbers of impoverished children appear to be setting out for the United States on their own, risking robbery, rape and death as they try to sneak illegally through Mexico and across the U.S. border. Last year, 6,460 underage illegal immigrants from Central America were detained in the United States while traveling without their parents and sent to government shelters, a 35 percent increase over the previous year. Many others likely slipped in undetected." According to the Post, "stricter enforcement might actually be causing more children to travel alone. They note that many have parents who are already in the United States illegally and are unwilling to fetch them now that the chances of getting caught have increased." The Post adds, "Many of the youths never make it to the border. … Mexican immigration authorities were catching and deporting so many Guatemalan children trying to sneak through Mexico to the United States that the Guatemalan government opened a 50-bed shelter last year to receive them until they could be picked up by their parents. It was quickly overwhelmed."

CONGRESS-ADMINISTRATION:

Activists, Bloggers Try To Identify Senator Holding Up Anti-Pork Bill. The Washington Times (8/28, Dinan, 88K) reports that "the biggest game in political Washington this summer is trying to smoke out the senator who is blocking a bill to create a searchable database of federal contracts and grants. The bill, sponsored by Sens. Tom Coburn and Barack Obama, "has the support of the Bush administration and activists on widely divergent sides of the political spectrum. It also passed a Senate committee without any objections, so the unknown senator is annoying many people." Senate Majority Leader Bill Frist "tried to win speedy passage just before the Senate left for its summer break, but at least one senator objected anonymously. Now Porkbusters.org, a Web site dedicated to exposing wasteful government spending, is conducting a public campaign to smoke out the obstructor or obstructors, while blogs on both sides of the political spectrum have weighed in, demanding action on the bill. … The Federal Times reported that one senator has a 'secret hold' on the bill."

Kerrey And Rudman Outline Basis For National Commission On Fiscal Policy Reform. In an op-ed for the Washington Post (8/28, 748K) former Senators Bob Kerrey and Warren Rudman, co-chairs of the Concord Coalition, write, "The economic and moral case for long-term reform of fiscal policy is clear. Yet politicians refuse to act. If this stalemate persists, it could end in catastrophe. … Since the regular legislative process seems incapable of dealing with the impending crisis, some alternative has to be found. President Bush has suggested a commission." Kerrey and Rudman contend that a new commission "could be very useful, but only if it recognizes fiscal and political realities." They go on to list the prerequisites for a successful commission: "it has to be truly bipartisan;" "it must have a broad mandate;" "all options must be on the table;" "the commission needs to engage the public in a genuine dialogue;" and "the commission's recommendations should be given an up-or-down vote in Congress."

Federal Judge Draws Criticism Over Helping Clerk In Store Dispute. The Miami Daily Business Review (8/28, Kay) reports, "Southern District of Florida Judge Shelby Highsmith and a U.S. Marshals Service deputy are drawing criticism for intervening in a personal dispute involving the judge's clerk and her daughter at a downtown Miami store." The Review continues, "The incident is raising eyebrows in the legal community as well as questions about whether Highsmith may have violated judicial canons by misusing his judicial powers. … Both Highsmith and an unidentified deputy showed up at the store during the incident, flashed their government identifications, and began questioning store employees and asking for their addresses." The Review adds, "The incident occurred in December, but it only recently came to light when the city's Civilian Investigative Panel took up the issue Aug. 15, after Highsmith filed a complaint against a Miami police officer who responded to the scene. .. The officer, Michael Ragusa, was cleared of charges of discourtesy."

Slight Decline In DC-Area Federal Jobs Recorded In July. The Washington Post (8/28, D2,

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Kang, 748K) reports, "A closer look at July's employment data for the Washington area underscores a shift in the economy, with the number of jobs in the federal government shrinking and the number at companies that serve the government expanding. The greatest increases in new jobs were in industries that most commonly hold contracts with the government, such as information technology and other professional services sectors, according to the Bureau of Labor Statistics. … The number of federal government jobs…fell 0.6 percent, to 341,900."

Bush's Handling Of War On Terror Praised. In an op-ed for the Washington Times (8/28, 88K) Preludium News Service's Barry Casselman writes, "During the campaign of 2006," President Bush "has been touring the country in support of his party's candidates for Congress. As a sitting, albeit unpopular, president, he raises large sums for their campaigns. But his remarks on these occasions, often given to private and sympathetic audiences, have been restatements of his resolve to carry on the global struggle against the contemporary threat of terrorism." According to Casselman, Bush "is an eagle in the autumn of his presidency, stubbornly holding to his vision and overwhelming responsibility, determined to finish his watch holding to his deepest values and ideals. Eventually, those who oppose him, and even those who may despise him now, are likely to recognize and honor his lonely and historic journey."

Bush Administration Said To Harbor "An Extraordinary Mania For Secrecy." The New York Times (8/28, 1.21M), in an editorial, writes, "the Bush administration, which has consistently demonstrated an extraordinary mania for secrecy, is blacking that public information out of history. That's right: it has reclassified the number of missiles and bombers from the Nixon era as some fresh national security secret, even though historians and officials in the old Soviet Union long have had it available on their research shelves. … The missile blackout is the latest symptom of a deepening government illness. National security has become the excuse for efforts to crack down on whistle-blowers and journalists dealing in such vital disclosures as the illicit eavesdropping on Americans."

Bush Blamed For "Rise Of Pessimism" In US. In a New York Times (8/28, 1.21M) "Editorial Observer" piece, Adam Cohen examines "The Rise Of Pessimism," writing that the "early stages of the Iraq war may have been a watershed in American optimism. The happy talk was so extreme it is now difficult to believe it was sincere: 'we will be greeted as liberators'; 'mission accomplished'; the insurgency is 'in the last throes.'" The "gap between predictions and reality has left Americans deeply discouraged," as has the aftermath of Hurricane Katrina and other growing problems. Cohen says that while President Clinton "was often mocked for his declarations that he still believed 'in a place called Hope,'" he "understood that instilling hope is a critical part of leadership." Part of President Bush's "legacy may well be that he robbed America of its optimism -- a force that Franklin Delano Roosevelt and other presidents, like Ronald Reagan, used to rally the country when it was deeply challenged."

New Stem Cell Technique May Not Pan Out. US News & World Report (9/4, Fields) reports that last week, "scientists at Advanced Cell Technology in Massachusetts announced that they had found a way to make embryonic stem cells without destroying embryos-which could allow scientists to get federal funding for medical research using the cells. But the new technique may not live up to the hype."

Newsweek (9/4, Kalb, Rosenberg, 3.12M) reports "a more careful examination of" Dr. Robert Lanza's work "showed he'd only proposed a new method, but hadn't in fact proved it worked from start to finish. And, by relying on human embryos, he still couldn't avoid the inevitable firestorm. Publicly, the White House took a measured approach, calling the reports 'encouraging.' Some social conservatives, particularly Roman Catholics, were far more critical."

WPost Ridicules Bush's Reaction To New Stem Cell Study. The Washington Post (8/28, A14, 748K) editorializes, "When president Bush restricted federal funding for stem cell research in 2001, he claimed he opposed 'providing taxpayer funding that would sanction or encourage further destruction of human embryos that have at least the potential for life.' Last week, the scientific community addressed Mr. Bush's expressed moral concern in a study reported in the journal Nature, revealing a new method for extracting embryonic stem cells that its backers say poses no additional risk to human embryos. But instead of embracing the potential of the new procedure, which might be a way of advancing stem cell research without destroying potential humans, the president registered his concerns about using any new embryonic material for scientific research. … Later, a White House spokeswoman tried to backpedal, insisting that Mr. Bush is waiting for expert reviews of the study's findings before making any final judgments. Yet the president's initial statement on the matter indicates that he will search for new -- and far less convincing -- reasons to keep federal coffers shut from stem cell researchers."

Eschenbach Seen As The "Immediate Beneficiary" Of FDA Decision On Plan B. US News & World Report (9/4, Fischman) reports the "immediate beneficiary" of the FDA decision to approve over-the-counter sale of Plan B "will most likely be a man. Andrew von Eschenbach, the acting head of the Food and Drug

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Administration, which approved the pill, should get the job for real in September, because key senators dropped their opposition to his nomination when he dropped his opposition to the 'morning-after pill,' called Plan B."

Newsweek (9/4, Scelfo, 3.12M) reports in its "Periscope" column that the Food and Drug Administration's decision that "Plan B emergency contraception would be available 'over the counter,' but would be kept behind the counter because of the drug's 18-and-over age restriction" had "echoed an idea, long advocated by the American Pharmacists Association (APhA), that two classes of drugs aren't enough."

Pelosi Described As Democratic DeLay "Minus Ethical, Legal Issues." Time (9/4, Bacon, 4.03M) profiles House Minority Leader Nancy Pelosi, the "aggressive, hyperpartisan liberal pol who is the Democrats' version of Tom DeLay, minus the ethical and legal problems of the former Republican House leader. To condition Democrats for this fall's midterm elections, she has employed tactics straight out of DeLay's playbook: insisting other House Democrats vote the party line on everything, avoiding compromise with Republicans at all cost and mandating that members spend much of their time raising money for colleagues in close races. And she has been effective." Pelosi "declines to discuss" her conflicts with other Democrats such as former Rep. Martin Frost or Minority Whip Steny Hoyer, "Pelosi told TIME, 'Anybody who's ever dealt with me knows not to mess with me.'"

Cheney Cooperating With Biographer. US News & World Report (9/4, Bedard) reports in its Washington Whispers column that Vice President Dick Cheney "is finally getting the book-length biography treatment-and he's playing along. We hear that the Weekly Standard's Stephen Hayes is hot on the case and plans to publish a bio titled, naturally enough, Cheney as early as next spring." What's "surprised Hayes so far? Cheney isn't just a hawk but a strong advocate for the 'softer side of the Bush doctrine, advocacy of democracy.'"

House Panel To Look Into NFL, Player's Union. US News & World Report (9/4, Bedard) reports in its Washington Whispers column that NFL Network "play-by-play man Bryant Gumbel is under fire for suggesting on his HBO show that retiring National Football League Commissioner Paul Tagliabue has NFL Players Association prez Gene Upshaw on a 'leash.'" But "members of the House Judiciary Committee are interested in just how cozy the NFLPA and NFL have become and are concerned about the players association's rules governing professional agents."

OTHER NEWS:

Economists Cite Terrorism As Chief Threat To US Economy. The Wall Street Journal's "Washington Wire" blog (8/28, Conkey), available online only, reports, "Terrorism and energy prices top the worry list, according to a biannual survey of nearly 200 economists released Monday by the National Association for Business Economics. With the foiled plot to bomb U.S.-bound airlines raising security concerns, 34% said terrorism posed the greatest short-term risk to economic growth, up from 26% in March. Nearly 30% cited energy prices, up from 23% in March, although they say it would take the unlikely scenario of prices rising to $100 a barrel to spark a recession. Inflation came in third among the most frequently cited threats to short-term economic health.

Global Dynamics Handicap Fed's Ability To Arrest Inflation. The New York Times (8/28, Andrews, 1.21M), in an article titled, "Global Trends May Hinder Effort To Curb U.S. Inflation," reports that as the Federal Reserve "fiercely debates how to reduce inflation within the United States, economists are warning that trends outside the country may soon make the Fed's job much harder." China's "voracious appetite for oil and raw materials has aggravated inflation by driving up global prices for oil and many commodities. Beyond that, new research presented this weekend suggested that the United States could not count on a continuation of cheap money from poor countries. Those flows could stop as soon as countries find ways to spend their excess savings at home. The warnings come as the Fed's new chairman, Ben S. Bernanke, faces widespread skepticism among economists about his forecast for a 'soft landing'." Bernanke "has been arguing that inflation will cool as annual economic growth slows to 2.5 percent, from about 3.5 percent. But some Fed officials, worried that inflation pressures are becoming more entrenched, want to take tougher action. Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, voted against the pause in rate increases. Michael H. Moskow, president of the Chicago Fed, strongly suggested last week that he favored higher rates and declared that the risks of higher inflation were greater than the risks of an unexpectedly sharp slowdown."

Decline In Real Wages Said To Add To GOP Incumbents' Vulnerability. The New York Times (8/28, Greenhouse, Leonhardt, 1.21M) says that as US economic growth begins "to slow," the current period of expansion "has a chance to become the first sustained period of economic growth since World War II that fails to offer a prolonged increase in real wages for most workers." According to the Times, that "is adding to fears among Republicans that the economy will hurt vulnerable incumbents in this year's midterm elections even though overall growth has been

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healthy for much of the last five years." The Times goes on to report, "The median hourly wage for American workers has declined 2 percent since 2003, after factoring in inflation. The drop has been especially notable, economists say, because productivity…has risen steadily over the same period. As a result, wages and salaries now make up the lowest share of the nation's gross domestic product since the government began recording the data in 1947, while corporate profits have climbed to their highest share since the 1960's." However the Times allows that "polls show that Americans are less dissatisfied with the economy than they were in the early 1980's or early 90's."

Krugman Influence At Fed Symposium Noted. The Wall Street Journal's "Washington Wire" blog (8/28, Ip) reports, "Though he wasn't in attendance, the work of Princeton University economist and New York Times columnist Paul Krugman was a recurrent theme in the Federal Reserve's Jackson Hole symposium this year. The event's title, 'The New Economic Geography,' was the name given to work Mr. Krugman pioneered in 1991 in his book, 'Geography and Trade.' Anthony Venables of the London School of Economics, the first academic presenter at the event, has been a co-author of Mr. Krugman. Another speaker, Doug Irwin of Dartmouth College, recommended participants read Mr. Krugman's essay, 'Competitiveness: A Dangerous Obsession.'" The Journal notes Krugman "is an accomplished economist who won the American Economic Association's prestigious John Bates Clark Medal in 1991. But in recent years he has become better known, even among many of his academic peers, for his popular writings, in particular his Times columns which are often harshly critical of the Bush administration, than for his academic research."

Judge Orders Bar Prep Firm To Pay $11.9 Million For Copying Multistate Exam Questions. The Legal Intelligencer (8/28, Duffy) reports, "In a ruling that promises to fundamentally alter the way many American law students prepare for the bar exam, a federal judge has concluded that a California company illegally copied questions from the Multistate Bar Examination for use in its bar exam preparation courses and ordered it to pay more than $11.9 million to the National Conference of Bar Examiners." The Intelligencer continues, "In the suit, NCBE claimed that employees of Multistate Legal Studies Inc. have attended bar exams in several states for the sole purpose of copying questions to be used in its prep courses. … MLSI is based in Santa Monica, Calif., and has offices in Philadelphia and New York. It operates bar-review programs under the trade name PMBR, which stands for 'preliminary multistate bar review.'" The Intelligencer adds, "Lawyers for MLSI insisted that any similarities between the questions in their prep courses and those on the MBE stem from the fact that both are drawn from the same pool of material -- hornbooks, law treatises and case law -- and that such similarity is entirely permissible. … But Eastern Distsrict of Pennsylvania Judge John P. Fullam disagreed and said the evidence showed MLSI had copied both the detailed facts in the questions as well as the correct and incorrect answers. … 'I conclude that nearly all of the 113 challenged questions are substantially similar to copyrighted MBE questions,' Fullam wrote. 'In many instances, evidence of copying practically leaps from the page.'"

UN Treaty Seen As Potentially Trumping Parental Rights. The Washington Times (8/28, Smith) reports, "Could a 10-person panel of foreign nationals dictate, with the full weight of U.S. law, how we raise our children? This idea seems far-fetched, even ridiculous, but, unfortunately, it is possible." The Times continues, "The problem stems from the United Nations Convention on the Rights of the Child, which has been adopted by 192 nations. The treaty creates civil, economic, social and cultural rights for every child. The Clinton administration sought ratification, but the treaty was not approved by the U.S. Senate because of opposition from senators who were concerned it would undermine parental rights. … For example, the convention gives children autonomy regarding the school they attend, the friends they have and the activities they choose. If there is a disagreement, the parent's decisions could be reviewed by a third party. Consequently, parents could be subject to 'identification, reporting, referral, investigation, treatment and follow-up.'" The Times adds, "Many people are probably asking the question -- if the Senate didn't ratify it, why is the convention still a problem for the United States? Unfortunately, this is not the end of the story because the U.S. court system has been incorporating the treaty steadily through a doctrine called 'customary international law.' This is where U.S. courts look to foreign courts and other international treaties to derive its interpretation of the U.S Constitution."

Weakened Unions Mobilizing Resources To Boost Democrats' GOTV Efforts. The Wall Street Journal (8/28, Maher, 2.03M) reports, "Unions have ratcheted up their political spending and voter-turnout efforts as polls suggest the 12-year Republican control of both houses of Congress could be in jeopardy." However, unions "will be pushing [their] agenda amid some of the biggest obstacles in its history. The ranks of union members in the private sector continue to decline -- the share was down to 7.8% last year from 15% 20 years ago. Labor also is badly split after some of its biggest unions and most dynamic leaders left the AFL-CIO to form their own labor federation. Those unions have agreed to work with the AFL-CIO in the current election." The

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Journal adds, "The AFL-CIO is spending $40 million on voter outreach, up from $35 million in 2002 and the most it has spent on turnout efforts in a midterm election. It says it will focus primarily by mobilizing 12.4 million union-affiliated voters for key races in 21 states."

Zogby Poll Shows Webb With Slight Lead Over Allen. A new Zogby Interactive poll released today and conducted August 15-21 with a margin of error of 3.4% shows James Webb leading Virginia Sen. George Allen 47.9%-46.6%.

The Wall Street Journal's "Washington Wire" blog (8/28), available online only, reports, "Democrats picked up ground in a new set of polls of hotly contested Senate races, now leading in 12 of the 18 races tracked, up from 10 of 17 last time. In Virginia, the 'macaca' comment appear to have hurt incumbent George Allen, who went from a comfortable lead in previous Zogby polls to now trailing Democrat James Webb, a former secretary of the Navy under President Reagan. Among other races, Robert Menendez's lead over Republican Tom Kean Jr. narrowed to just two percentage points in New Jersey, while incumbent John Ensign's advantage over Democrat Jack Carter narrowed in Nevada. Although Republicans are ahead in fewer of the battlegrounds than Democrats, the party would still maintain control of the 100-seat Senate if the election results match Zogby's results."

Secret Service's Attempt To Close HOV Lanes Seen As Potentially Damaging Allen. The Washington Post (8/28, A14, 748K), in an editorial, writes that Sen. George Allen "should be breathing a sign of relief that Virginia transportation officials nixed an ill-advised request to shut down high-occupancy-vehicle lanes for some presidential convenience. As reported by The Post's Michael D. Shear, the Secret Service wanted to close all the HOV lanes on Interstate 395 for a good chunk of last Wednesday so that President Bush could travel to a fundraiser for Mr. Allen near Mount Vernon. Just think about it. The gridlock (involving an estimated 22,000 people in cars, not to mention buses and displaced carpoolers) would have been nothing compared with the political uproar that would have resulted. The controversy over the senator's recent unkind use of the word 'macaca' would have paled in comparison."

Brown Ahead Of DeWine 47-39. A new Zogby Interactive poll released today and conducted August 15-21 with a margin of error of 3% shows Rep. Sherrod Brown ahead of incumbent Sen. Mike DeWine 47.2%-38.7% in Ohio.

Talent Pulls Out To More Than 4 Point Lead Over McCaskill. Sen. Jim Talent leads Missouri state auditor Claire McCaskill 49.7%-45.2% according to a Zogby Interactive poll released today and conducted August 15-21 with a margin of error of 3.4%

Steele Makes Border Security A Focus Of His Campaign. The Washington Times (8/28, Miller, 88K) reports Lt. Gov. Michael S. Steele "is bringing the national issue of border security home to Maryland in fundraising brochures for his U.S. Senate campaign and on the hustings. 'We have to focus on what the American people want us to focus on,' Mr. Steele, a Republican, told The Washington Times. 'In their hearts and their minds, they want to see the Senate and House come together on a strategy that incorporates personnel, technology and other resources to secure the border. … You have to start with the fundamental point that we have a porous border. Until you can control that, you can never deal successfully with the human element that is such an important part of what we need to face.'" Steele "also cites the border-security issue in his latest fundraising letter. 'I know what needs to be done in Washington,' he says in the letter. 'We need to make a commitment to strong family values, and we must secure our borders today so every American citizen is safe in their own community.'"

Prevalence Of Black Candidates Running For Senator Or Governor Noted. The Christian Science Monitor (8/28, Feldmann, 58K) notes that "the 2006 elections already hold a place in the history books: More black candidates from both major parties are mounting serious campaigns for upper-tier office - senator or governor - than ever before. Even more noteworthy, three of the six men are Republican, a party that has struggled to boost its black affiliation above 10 percent."

Zogby "Battleground" Polls Show Democrats Leading In Most Close Gubernatorial Races. The Wall Street Journal's "Washington Wire" blog (8/28), available online only, reports, "Democrats lead in most of 19 hotly contested gubernatorial races, including seven now held by Republican incumbents, according to the most recent set of Battlegrounds polls from Zogby Interactive, conducted in cooperation with The Wall Street Journal Online. In Pennsylvania, incumbent Ed Rendell remained locked in a tight race with Republican Lynn Swann, a former Pittsburgh Steelers wide receiver and sports announcer. Rendell's lead was four percentage points in the latest poll, down from seven points in July. California Gov. Arnold Schwarzenegger climbed to a five percentage point lead over Democratic challenger Phil Angelides. … Meanwhile, the race between Republican Rep. Jim Nussle and Democratic Iowa Secretary of State Chet Culver continues to be one of the hottest contests in the nation. While Culver edged into the lead in

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the latest poll, Zogby says the race is too close to call for either side."

Campaigns' Cable Ad Buys Allow Voters To Be Targeted More Precisely. The Wall Street Journal (8/28, Schatz, 2.03M) reports that "unlike previous mid-term election years, candidates are devoting more money than ever to cable TV in an effort to target voters more precisely. Though most political ad dollars traditionally are spent after Labor Day, tight primaries and early spending on House, Senate and gubernatorial races have pushed local TV-ad spending above $311 million as of mid-August, up 45% from the same point in 2004 and more than three times as much as in 2002, according to Campaign Media Analysis Group, a division of TNS Media Intelligence, which tracks political ad spending. All political ad buys by mid-year, including issue ads, ballot initiatives and other issues, have pushed spending above $700 million nationally, the firm says. About 85% of that spending still is expected to go to local broadcast television stations, but cable operators say they're tracking well ahead of expectations and look forward to a particularly lucrative mid-term election this time, thanks to a growing acceptance of cable by political ad buyers and a desire of candidates to better target their messages."

Voters In Eight States Will Decide On Anti-Smoking Initiatives This Year. The Christian Science Monitor (8/28, Scherer, 58K) reports, "This fall, voters in a record eight states will be voting on tobacco-control initiatives that range from sharply higher taxes to smoking bans in most workplaces. … The results of the state initiatives…will be a gauge of political will, antismoking groups believe. If the initiatives pass, they say, members of Congress will take notice and perhaps consider national regulation of tobacco. And as more states protect the rights of non-smokers, they point out, pressure mounts on more lenient states.

NYTimes Criticizes "Safer" Cigarettes. The New York Times (8/28, 1.21M) editorializes, "The decades-long campaign by the tobacco industry to dupe smokers into thinking that 'low tar,' 'light' and 'ultra light' cigarettes are a safe haven has been astonishingly effective. Some 85 percent of all smokers today use the supposedly safer cigarettes. What most of them don't realize is that these cigarettes are every bit as risky as the full-flavor versions that they have largely replaced. … Smokers of light or low-tar cigarettes need to realize that the industry is not so much concerned about their health as it is worried, in the words of an internal document, that their penchant to quit smoking entirely could pose 'a special problem for the cigarette industry.'"

LATimes Analyzes Murkowski's Loss. The Los Angeles Times (8/28, 918K), in an editorial titled "Alaska's Gray Davis," writes, "Political forecasters looking for cutting-edge national trends shouldn't read too much into Alaska Gov. Frank H. Murkowski's decisive defeat in that state's Republican primary last week. The message voters delivered was as timeless as it was bipartisan. He made them mad, so they dumped him."

Clinton's Distancing From Wal-Mart Called "Dumb Economic Populism." The Washington Post's Sebastian Mallaby (8/28,) writes, "In the late 1980s and early 1990s, Hillary Clinton sat on Wal-Mart's board; and when Sam Walton died in 1992, Bill Clinton lauded him as 'a wonderful family man and one of the greatest citizens in the history of the state of Arkansas.' … Times change. Last year Hillary Clinton returned a campaign contribution from Wal-Mart." Mallaby notes Clinton "is not alone in this. The stiff-necked Joe Lieberman, who holds fast to his principles on the Iraq war, recently abandoned his centrist economic credentials by appearing at an anti-Wal-Mart rally. No matter that Lieberman once served as chairman of the business-friendly Democratic Leadership Council. Now he proclaims his determination 'to wake up Wal-Mart and say, 'Treat your workers fairly.'"" Mallaby adds, "The truth is that none of these Democrats can resist dumb economic populism. Even though we are not in a recession, and even though the presidential primaries are more than a year away, the DLC crowd is pandering shamelessly to the left of the party -- perhaps in the knowledge that the grocery workers union, which launched the anti-Wal-Mart campaign, is strong in the key state of Iowa."

Schwarzenegger Accused Of Abandoning His Commitment To Spending Reform. In an op-ed for the Wall Street Journal (8/28, 2.03M) the Reason Foundation's Shikha Dalmia writes, "Arnold Schwarzenegger is following the wrong script. After taking over as governor in 2003, he was expected to vanquish business-as-usual politicians in Sacramento -- and pull California from the brink of fiscal ruin. Instead, he has decided to put his own political future ahead of the economic survival of his beloved Golden State. How else to interpret his recent move to join ranks with his opponents in Sacramento to put a pork-heavy $37 billion bond infrastructure proposal on the November ballot?" Dalmia adds, "There are better ways of generating steady revenues to fund transportation and other needed infrastructure. … Among them, notes Donna Arduin, Mr. Schwarzenegger's former finance director, are things like privately built toll roads and congestion pricing. 'These were things that were recommended to him back when he first took office,' she says."

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Rumsfeld Says Missile Defense System Needs Further Testing. The New York Times (8/28, Cloud, 1.21M) reports Defense Secretary Donald Rumsfeld said in Alaska Sunday that while the "ballistic missile defense system was becoming more capable, he wanted to see a successful full-scale test before declaring it able to shoot down a ballistic missile." Rumsfeld, touring one of the system's interceptor sites, said, "I have a lot of confidence in these folks, and I have a lot of confidence in the work that's been done." But he "added that he wanted to see a test 'where we actually put all the pieces together; that just hasn't happened.'" The Times says Rumsfeld's assessment "was more cautious" that that of USAF Lt. Gen. Henry A. Obering III, head of the Missile Defense Agency, who "said recently that he was confident the system could have shot down a ballistic missile test-fired July 4 by North Korea, if it had been a live attack" aimed at the US.

USA Today/AP (8/28, 4A, Burns) also says Rumsfeld "sounded a note of caution about expectations that interceptors poised in underground silos here would work in the event of a missile attack by North Korea." And in its headline, the Washington Post (8/28, A2, 748K) says "Rumsfeld Unsure Of Ability To Intercept Korean Missiles," reporting that Rumsfeld "said he would not be fully convinced until the multibillion-dollar defense system has undergone more complete and realistic testing."

The Los Angeles Times (8/28, Barnes, 918K) focuses its story on the upcoming Thursday test of the system, "the fullest demonstration since a pair of tests grounded the program 18 months ago. Military officials are seeking to lower expectations." The Times notes that after his tour, "Rumsfeld said that although he wanted to see a 'full end-to-end test,' he was patient. He rejected suggestions that the system should try to hit the target this time."

Missile Defense, Foreign Policy Experts Tout Sea-, Space-Based Defenses. In a Wall Street Journal (8/28, A12, 2.03M) op-ed, Henry F. Cooper, who heads the missile defense advocacy group High Frontier, and Institute for Foreign Policy Analysis President Robert F. Pfaltzgraff Jr. write, "The blunt truth is that, since withdrawing from the ABM Treaty in 2002, the U.S. has not done enough to protect the nation from the threat of missiles. The Pentagon is improving ground-based interceptor systems, but it is not fully exploiting other interceptor-basing modes." The US "should make deployment of a multilayered missile defense, including space-based systems, an urgent priority. We should complete the ground-based sites in Alaska and California -- but build no additional ground-based sites. Limited resources are better spent to meet emerging threats by building the more cost-effective (sea- and space-based) missile components."

Iran Tests Sub-Based Anti-Ship Missile. ABC World News Tonight (8/27, story 5, 0:10, Harris, 8.78M) reported, "Iran today test-fired a missile from a submarine in the Persian Gulf. The timing is provocative. This comes in the middle of a standoff over Iran's nuclear program and just days before a deadline for them to stop enriching uranium."

The AP (8/28, Dareini) reports that "while the missile showed some technological advances by Iran, its main importance seemed to be that it gives the country another means for targeting ships, along with the arsenal of torpedoes and other anti-ship missiles it already has."

USA Today (8/28, 2.27M) reports "Iran is known to have several submarines. It bought at least two diesel subs from Russia in the 1990s and has produced an unknown number of locally made ones. Last year, it announced it was building a new class of sub called the Ghadir, which it said was a stealth craft and could fire missiles and torpedoes." Iran "says the weaponry is intended to defend itself against the possibility of a US attack." The Washington Times (8/28, Dareini, 88K) runs a similar report.

Iran Reiterates Willingness To Talk But Not To Suspend Enrichment. The Financial Times (8/28, Smyth) reports Tehran "said on Sunday it would continue making nuclear fuel, but it remained open to negotiations over its controversial atomic programme." The "double-edged diplomacy seems set to continue beyond Thursday's deadline" for enrichment suspension. Nuclear chief Ali Larijani is quoted saying, "Any measure to deprive Iran of its right will not change our mind," but the Times adds he "said the passing of the UN deadline would not mean 'the end of diplomacy.'" Also, Italian Foreign Minister Massimo D'Alema "was on Sunday quoted as saying Italy should be included in any future talks with Iran over the nuclear issue."

Under the headline "Nuclear Program A Source Of Pride For Iranians," USA Today (8/28, Lynch, 2.27M) reports, "Conversations with policy experts and ordinary Iranians alike suggest an Islamic republic that is simultaneously insecure about its standing in the world and emboldened by the drift of recent events. … Many educated Iranians say they recognize their president is a controversial and polarizing figure in the West." But "they say his statements questioning the Holocaust and threatening to destroy Israel are no more outrageous or fanciful than President Bush's talk of a 'new Middle East' modeled in a democratic Iraq."

The New York Times (8/28, Slackman, 1.21M) reports, "A former high-ranking Iranian official wants Americans to see his cracked thumbnails. They were torn out, he said, after Washington's friend, Shah Mohammed Reza Pahlavi, put him in prison in the 1970's. His point is instantly clear: look at what happened when we had close ties to the United States." Ali Muhammad Besharati, a former interior minister and deputy foreign minister, told the Times, "I was a medical

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student. But they put me in prison because I opposed American dominance in Iran." To listen to Besharati "is to hear the fight described as Tehran's frontline effort to block American influence in the region and to never again allow Washington to have an upper hand in Iran." That attitude "is obvious among Iran's current leaders, who see this not just as a battle over nuclear weapons but a fight for survival against a far more powerful enemy that has lumped them into an 'axis of evil' and allocated millions of dollars to oust the government, political analysts and Western diplomats here said."

US Said To Be Ready To "Move Rapidly" Towards Sanctions. The Washington Times (8/28, Gertz, 88K) says the Administration "plans to move rapidly to organize and impose international economic sanctions on Iran, but not until after a Thursday U.N. deadline passes." One official "who has reviewed Iran's 21-page response said there is still hope Iran will agree before then to stop enriching uranium, although there are no indications Tehran is ready to do so." The Times notes, "International economic sanctions likely will be imposed after passage of a United Nations Security Council Chapter 7 resolution, and sanctions will be applied in stages." The State Department, White House and Pentagon "are at odds over whether to give Iran another chance to halt enrichment activities." Undersecretary Burns "is working to persuade" Secretary Rice "to agree to a plan by the governments of Britain, France and Germany to send Javier Solana…back to Tehran for talks before the Thursday deadline. The Europeans are arguing that if Iran is willing to discuss suspension of enrichment, then the three European governments will not pursue immediate sanctions. The planned concession is opposed by" the Pentagon and Vice President Cheney, "who oppose making any further concessions to the Iranians because of Tehran's continued defiance."

Iran Undergoing Social Crackdown. Time (9/4, Moaven, 4.03M) reports when President Mahmoud Ahmadinejad "took office last summer, everyone nervously watched to see whether Islamic dogma would shape domestic policy. To much delight, nothing changed: Western films were sold everywhere, women wore skimpy veils, and couples held hands in the street. But the long, libertine honeymoon is over. The hard line now seems to begin at home for the Ahmadinejad regime." Over the "past few months, various branches of the government have stealthily rolled back freedoms with moves like the reinstatement of gender segregation in public institutions."

Biden Urges Administration To Persuade Russia To Support Sanctions. Democratic Sen. Joseph Biden, on Fox News Sunday (8/27, Wallace), said that Russia's decision to reject placing sanctions on Iran leaves the US in "a really bad situation." Biden added that "it seems…what we have to do is continue to push to see if we can hold this coalition together to increase gradual sanctions. Without that, we don't have a whole lot of options here. … And our military option to go in and take out any one of their multiple sites that they may use to produce nuclear weapons over the next decade, is pretty limited. So we ought to be getting to the point where we are trying to get the rest of these nations to keep their deal."

Lugar, Levin Criticize US Intelligence On Iran. GOP Sen. Richard Lugar, on CNN's Late Edition (8/27, Blitzer), was asked how confident he is "that the U.S. intelligence community knows what's going on in Iran as far as its nuclear program is concerned," Lugar responded, "I'm not very confident at all, and I don't think any American is. The fact is, our intelligence has to be a whole lot better. You can make arguments as to how that's going to come about. One method may well be through negotiations with the Iranians. Notably, we pick up what their response has been to the United Nations and begin to work on that and begin to find some people in Iran who can tell us something. But for the moment, I don't have high confidence in what we are hearing."

Democratic Sen. Carl Levin, also on CNN's Late Edition (8/27, Blitzer), said he considers US intelligence on Iran "very weak." Levin added, "It's very spotty. And that's even acknowledged by Negroponte, who's the new director of national intelligence. We don't have enough people on the ground who are spying for us. And we just don't have reliable evidence so that we can say with certainty even how far away they are from having a nuclear weapon."

Hezbollah Said To Be Beating US, Allies In Reconstruction Of Lebanon. Time (9/4, Blanford, MacLeod, 4.03M) reports "the U.S. and its Arab allies, like Saudi Arabia, Jordan and Egypt," have been "blindsided by the surge in Hizballah's prestige across the Islamic world and are trying to bolster Lebanon's democratically elected but chronically beleaguered government. Judging from the activity on the ground in Lebanon, where Hizballah has already handed out grants -- ranging from $10,000 to $12,000 -- to some 15,000 homeless families, it's clear who is gaining."

Israel Seen As Less Open To Compromise After War. Time (9/4, McGirk, 4.03M) reports that "however much" Prime Minister Ehud Olmert's "media advisers try to spin it, Israel's war in Lebanon was bungled: the Israelis failed to destroy Hizballah's leadership or even halt its barrage of rockets, and 159 Israelis died in the conflict." That has "sent Olmert's political stock plummeting," but "this isn't just politics as usual. The war in Lebanon has induced a new sense of national vulnerability." The Lebanon war "will probably make Israel even less open to compromise."

Annan Begins 11-Day Middle East Tour To Buttress Lebanon Deal. The New York Times (8/28, Hoge, 1.21M)

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reports UN Secretary-General Kofi Annan "starts an 11-day tour of the Middle East on Monday to press for support of the Security Council resolution that ended the fighting between Israel and Hezbollah and set a path for securing Lebanon's independence. It is likely to be the last major diplomatic journey of his 10 years in office." Annan will meet with Iranian President Mahmoud Ahmadinejad and Syrian President Bashar al-Assad, "each of whom is shunned by the United States because of his role in financing and equipping Hezbollah. While Mr. Annan has no plans to see the leaders of Hezbollah, he will attend a meeting Monday in Beirut of the Lebanese cabinet, which includes two ministers from Hezbollah." The Times notes, "Another contentious matter Mr. Annan will face in Lebanon is whether to station United Nations troops along the border with Syria to enforce the resolution's call for an embargo on illegal arms shipments. Mr. Assad has denounced the prospect, saying he will close the border entirely if foreign soldiers are posted there." Annan's office said he "had spoken Sunday with" Secretary Rice" concerning possible US objections to some of Annan's itinerary.

The Financial Times (8/28, Khalaf, Turner) calls the trip "a high-stakes Middle East tour in which [Annan] will face a dizzying array of conflicting agendas and entrenched demands. In a region of inter-connected conflicts, uniting all the parties with interests in Lebanon around a common goal will prove a struggle. His hope of also reinvigorating the broader Arab-Israeli peace process could prove one of the toughest challenges of his career." Annan "and his staff are under no illusion as to how difficult the task is and officials in New York have been playing down expectations, forecasting no momentous breakthrough."

French Forces Will Be In Lebanon In 20 Days. The Wall Street Journal (8/28, Champion, 2.03M) reports, "French Defense Minister Michèle Alliot-Marie said an expanded French peacekeeping force would be on the ground in Lebanon within 20 days, as European countries pledged as many as 7,000 troops to help maintain Israel's shaky cease-fire with the Hezbollah militia. According to a United Nations Security Council resolution setting terms of the truce, the southern Lebanon contingent eventually should number 15,000." French troops "will be among roughly 3,500 to deploy quickly, Ms. Alliot-Marie said in an interview Friday. The rest of the so-called U.N. blue helmets will follow over two to three months."

Turkey Said To Struggle With Decision On Troop Contribution. The AP (8/28, Meixler) reports, "The European Union and the United Nations are pushing for Muslim participation in the expanded U.N. peacekeeping force in Lebanon, but a growing public chorus in Turkey opposes sending troops who could be seen as supporting Israel against fellow Muslims." A proposal to contribute Turkish troops will be discussed by the Cabinet today, "though no decision is anticipated. Some officials say Turkey is likely to wait until" Annan's visit next Wednesday "before committing to the force." One Turkish newspaper "reported Sunday that Turkey has slashed the number of troops that it would consider sending from 1,000 to 200 in light of the strong domestic opposition. President Ahmet Necdet Sezer, who may hold a ceremonial post but wields considerable influence in the country, has come out strongly against sending troops."

Beirut Will Ask Annan's Help To Lift Israeli Blockade. The Financial Times (8/28, Khalaf, Turner) reports Beirut "will on Monday urge" UN Secretary-General Kofi Annan "to press for a lifting of the Israeli air and sea blockade and appeal for international help to persuade Israel to withdraw from a disputed border area." Lebanese officials "said Israel's blockade of the airport and ports was reinforcing an atmosphere of instability and undercutting a government that had to negotiate every step of the ceasefire resolution with Hizbollah."

Hezbollah Launches Reconstruction Effort. The Financial Times (8/28, Khalaf) reports, "Deep in devastated south Beirut, the engineers of Hizbollah…are rebuilding the fabric of their heartland in the city, and thereby reclaiming their constituency." The Times notes, "Since the ceasefire two weeks ago, Construction Jihad has moved into high gear, dispatching agents to areas affected by the conflict to measure the damage – they estimate 15,000 properties were destroyed or damaged – and send the forms back to this central office. This information is entered into computers, before people are paid compensation from the party itself, or assisted with reconstruction." These kinds of assistance are "part of a social network, including schools, hospitals and a banking institution, that was critical to Hizbollah's ability to fight Israeli troops during the occupation of Lebanon in the 1980s and 1990s."

Nasrallah Says He Wouldn't Have Ordered Abduction Had He Known It Would Lead To War. The Washington Times (8/28, Mitnick, 88K) reports, "Hezbollah leader Sheik Hassan Nasrallah said yesterday that he would not have ordered the July 12 seizure of two Israeli soldiers had he known it would provoke a war that leveled Shi'ite villages and neighborhoods throughout Lebanon." Nasrallah told Lebanon's New TV station, "We did not think, even 1 percent, that the capture would lead to a war at this time and of this magnitude. You ask me, if I had known on July 11 ... that the operation would lead to such a war, would I do it? I say no, absolutely not." He also "said that officials from the United Nations and Italy were attempting to negotiate an exchange of the Israeli soldiers for Arabs held in Israeli jails. Israel denied involvement in any prisoner-exchange talks." In addition, "Sheik Nasrallah said Hezbollah would not oppose the deployment of thousands of UN peacekeeping troops in southern Lebanon." The Washington Post (8/28, A9, 748K)

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and Los Angeles Times (8/28, Daragahi, 918K) run similar reports.

UNIFIL Posted Israeli Troop Positions On Website. In the Weekly Standard (9/4), Lori Lowenthal Marcus, president of the Zionist Organization of America, Greater Philadelphia District, says that during the Israel-Hezbollah conflict, "UN 'peacekeeping' forces made a startling contribution: They openly published daily real-time intelligence, of obvious usefulness to Hezbollah, on the location, equipment, and force structure of Israeli troops in Lebanon." UNIFIL "posted on its website for all to see precise information about the movements of Israeli Defense Forces soldiers and the nature of their weaponry and materiel, even specifying the placement of IDF safety structures within hours of their construction."

Pearl's Parents Urge Annan Put Spotlight On Abducted Soldiers. Judea Pearl and Ruth Pearl write in the Wall Street Journal (8/28, 2.03M), "As the parents of Daniel Pearl, The Wall Street Journal's reporter who was kidnapped and brutally murdered in Pakistan in 2002, we share the anguish of the families of the kidnapped Israeli soldiers, and their frustration with the international community for failing to secure the release of their loved ones. … Whatever success the UN Security Council would presume to claim, it cannot be said that Resolution 1701 has effectively addressed the direct cause of the fighting -- the kidnapping of Israeli soldiers, Ehud Goldwasser, 31, and Eldad Regev, 26, by Hezbollah, and the earlier abduction of Gilad Shalit, 19, by Hamas." Annan's "call for the unconditional release of these soldiers has been ignored." Also, "by not publicly demanding the unfettered access of humanitarian representatives to the kidnapped soldiers, Mr. Annan has deprived his [negotiating] team of the force of credibility and seriousness they need in those negotiations."

More Commentary. In an editorial, the New York Times (8/28, 1.21M) writes, "Bashing the United Nations is fine sport and one that doesn't demand accuracy. But let's be clear about the real dangers. The No. 1 risk going into Lebanon -- whether the peacekeepers wear blue helmets or green -- is thinking that a military solution is even possible. For all of the tough talk still coming out of Washington and Jerusalem, 15,000 peacekeepers, assuming they ever make it to that number, cannot be expected to disarm Hezbollah. Israel's far larger army failed to do that in a month of bloody fighting." The Times adds, "What a UN force can do -- with a credible show of weapons and a mandate to shoot -- is make it harder for Hezbollah to attack Israel or restock its arsenal."

Fox Journalists Released After Feigning Conversion To Islam. The Washington Post (8/28, A8, Struck, 748K) reports, "After being forced at gunpoint to say they embraced Islam, two Fox News journalists," Steve Centanni and Olaf Wiig, "kidnapped 13 days ago were delivered unharmed to a Gaza hotel Sunday." The Post adds, "The anti-American rhetoric in statements from the group, which called itself the Holy Jihad Brigades, had raised new concerns for the safety of Western aid workers and reporters working in the Palestinian territory. In a brief and chaotic news conference in Gaza, both Centanni and Wiig said they hoped their abduction would not deter reporting on the Gaza Strip." Both men "met briefly with Palestinian Prime Minister Ismail Haniyeh" in Gaza.

NBC Nightly News (8/27, story 8, 2:10, Fletcher, 9.87M) reported, "Today's the kidnappers released these pictures. They spoke under stress." Centanni: "After I entered Islam I changed my name to Muhammad." Fletcher: "Once free, they thanked the Palestinian prime minister for his help, but when asked if they would now arrest the kidnappers Palestinian officials said only -- we condemn such actions and hope they will not be repeated."

ABC World News Tonight (8/27, story 4,0:50, Harris, 8.78M) also reported "the story took a bizarre turn early in the day, when kidnappers released a video of cameraman Olaf Wiig being forced to read a prepared statement. And moments later, the were freed." Centanni: "I am not used to being on this side of the story."

The New York Times (8/28, Erlanger, 1.21M) adds the two men "were released unharmed on Sunday after being forced at gunpoint to say on a videotape that they had converted to Islam." They had been "held for 13 days in an abandoned garage in the Gaza Strip." Haniyeh "dismissed suggestions that any Qaeda-associated group was in Gaza and said of the kidnappers, 'These are young men who carried out the action out of private beliefs.'" The Times says the "identities" of the Holy Jihad Brigades "were a puzzle, and there were no immediate arrests. Nor was there any immediate indication of a ransom payment. … In Gaza, there was speculation that the group consisted of angry or disaffected members of various militant groups trying to embarrass Mr. Haniya and President Mahmoud Abbas of Fatah. Others suggested a private grievance."

The Financial Times (8/28, Morris) reports the journalists released in Gaza City on Sunday after being missing for almost two weeks said their kidnappers had forced them at gunpoint to say in a video that they had converted to Islam." Their kidnapping had been "condemned by all Palestinian factions, including the ruling Hamas party."

The AP (8/28, Barzak) says that, in their press conference, Centanni and Wiig "described a harrowing two weeks of captivity during which they were blindfolded, tied in painful positions and forced at gunpoint to say on a video that they converted to Islam." USA Today (8/28, 2.27M), Los Angeles Times (8/28, Ellingwood, 918K), Christian Science Monitor (8/28, Prusher, 58K) and Washington Times (8/28, Barzak, 88K) also report the story.

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Israeli Blockade Of Gaza Said To Strangle Economy. In a 1,444-word piece on its front page, the Washington Post (8/28, A1, Struck, 748K) reports, "The war in southern Lebanon has overshadowed Israel's second front, a military and economic siege of the Gaza Strip that is deepening the poverty and desperation in this dense area of 1.4 million people. More than 200 Palestinians, at least 44 of them children, have been killed in the past 8 1/2 weeks. Three Israeli soldiers have been killed." Describing the violence, the Post says "at least" 40 houses have been destroyed. "Daily skirmishes regularly result in new casualties. The Israelis attack with tanks, F-16 jets and artillery." Since the "siege" was imposed following Hamas' election, "the Gaza Strip's economy has been strangled. The largest employer, the Palestinian Authority, has been unable to pay more than token salaries to its 160,000 employees -- teachers, clerks, health care workers, police officers -- in six months. … Most industry has shut down. Electricity and water services have been intermittent."

Abizaid In Pakistan For Talks. AFP (8/28) reports Gen. John Abizaid of US Central Command "has arrived in Pakistan for talks with military officials." He will meet with Pakistani counterparts over the next three days.

Death Of Tribal Leader Sparks Violent Protests. The New York Times (8/28, Gall, 1.21M) reports, "Violent protests broke out in the southern Pakistani province of Baluchistan and in the city of Karachi on Sunday after the killing of a prominent rebel tribal leader in a fierce battle with the army. Anticipating unrest, the government placed the army on alert on Saturday night after the death of the leader, Nawab Akbar Khan Bugti, 79, who had dominated the Baluch political scene for more than 50 years." The police "closed the main highways from three provinces into the provincial capital, Quetta, and imposed a curfew at 1 a.m." But "protesters defied the curfew, burning tires, ransacking shops and government buildings and setting fire to buses in the city."

The Christian Science Monitor (8/28, Montero, 58K) reports Bugti "was both hated and revered." But "as a former federal minister and governor, he symbolized a political as well as a violent struggle. And his death this weekend, during a fierce three-day battle that left more than 30 dead, could prove a serious blow to Pakistan's stability."

Car Bombing In Turkish Resort Injures 21. The AP (8/28, Hacaoglu) reports, "A bomb blast blew apart a minibus in" Marmaris, "a Turkish tourist resort, late Sunday injuring 21 people including 10 British tourists, the local police chief said. The AP notes, "There were two other bomb blasts at the same time in garbage cans on the main boulevard in Marmaris," but "there were no reports of injuries in those blasts." While "there was no immediate claim of responsibility for the blast," Kurdish "guerrillas have in the past carried out such attacks against tourist resorts." The UK's FCO "said that 10 Britons were injured in the explosions."

Leading US Journalist Faces Trial In Khartoum. The New York Times (8/28, Polgreen, 1.21M) reports Sudanese authorities have "charged Paul Salopek, a foreign correspondent for The Chicago Tribune and winner of two Pulitzer Prizes, with espionage and entering the country illegally. Mr. Salopek crossed the border from Chad into the troubled region of Darfur without a visa about three weeks ago." Salopek had been on independent assignment for National Geographic when he "was captured Aug. 6 by a militant group allied with the government and handed over to the Sudanese Army." About ten days ago, "the United States Embassy in Khartoum was notified of his detention and he was allowed access to a lawyer." The Times notes, "The Tribune and the National Geographic Society strongly deny that Mr. Salopek, whose dispatches from across the world have won him acclaim, is a spy."

The Washington Post/AP (8/28, A8) notes, "Journalism watchdog groups on Sunday urged Sudan's government to release" Salopek. "The New York-based Committee to Protect Journalists said it was 'deeply troubled' by [his] arrest." Sen. Barack Obama, "who is in Africa on a two-week tour of several countries, said Sunday the State Department had assured him that Salopek's case was a high priority. 'I expect the U.S. government to take this with the utmost seriousness,' Obama said."

Obama Visits Kenya's Largest Slum. AFP (8/28, Bosire) reports, "US Senator Barack Obama waded through trash and leaking sewage on the outskirts of the Kenyan capital as thousands turned out to welcome him into the heart of sub-Saharan Africa's largest slum." After "two days of rapturous greetings by Nairobi officialdom and villagers in his father's birth and burial place in western Kenya, the rising American political star toured the sprawling, garbage-strewn Kibera shantytown."

USA Today (8/28, Wills, 2.27M) reports the senator "visited a program that helps residents pool their resources to start small businesses, buy insurance or improve their homes, and another that encourages children to abstain from sex to avoid AIDS." He "was cheered wherever he went, but no stop was as poignant as the one in the hamlet of Kogelo, where he had lunch with his father's stepmother, Sarah, and visited the elder Obama's grave."

US Seeks China's Support To Revive Global Trade Talks. The Wall Street Journal/AP (8/28, A6) reports US Trade Representative Susan Schwab arrived in Beijing Sunday "to press China for help in restarting WTO talks on liberalizing global trade after warning they could be stalled for years without a breakthrough soon." Schwab, who

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will meet with Commerce Minister Bo Xilai during her visit, said China is "likely to be a major beneficiary of a successful Doha round and is certain to be a major loser if the Doha round fails. We have a shared interest in seeing a successful Doha round," Schwab said last week in Malaysia.

Administration Split On Reaching Out To Cuban Military. The Washington Times (8/28, Scarborough, 88K) says the Administration has "concluded" that "the permanent successor to Fidel Castro will be his brother, Raul, … and he will be enthusiastically assisted by the cadre of 'young technocratic communist professionals' who have run Cuba's day-to-day government machine for decades." In interviews with the Times, Administration officials said "that this layer of committed communists is a key reason that democracy is not likely to emerge in Havana soon after the dictator's death." Also, Washington "has debated making secret overtures to Cuba. One strategy toward democracy considered was an alliance with key military leaders in the Revolutionary Armed Forces (FAR), the officials said. Some officials in the Pentagon backed the idea, but the State Department and White House said 'no,' calling it unlikely to succeed." US officials "considered" contacting the Cuban military "because it is regarded as the 'least of three evils' within the security apparatus," and "the average Cuban is not thought to necessarily link the military to political repression." The Times also details "a secret Pentagon report from 2000" authored by the Defense Intelligence Agency that "concluded that the military likely would remain loyal to the Communist Party."

Economy Unlikely To Modernize Quickly Under Raul Castro. A 1,682-word piece in today's USA Today (8/28, Iwata, 2.27M) says "the Castro regime and military and government officials control nearly all of Cuba's multibillion-dollar economy," and "speculation is rising over the future of Cuba's economy and the anticipated rule of … Raul Castro, the military strongman who lords over hundreds of state-run businesses." While many outsiders believe that "Cuba might welcome capitalism and that the U.S. might lift its long-running embargo, dramatic change probably won't happen soon." USA Today says the economic "stakes remain high: billions of dollars in future trade and investments and 11 million potential Cuban consumers only 90 miles from Florida. Economists say that U.S. failure to tap into the Cuban economy will benefit only leftist Venezuela and communist China, Cuba's biggest trade partners." Those nations "are likely to grow closer to Cuba. It has potential crude oil reserves of up to 9 billion barrels and vast natural gas reserves." More broadly, however, many analysts believe "much of Cuba remains frozen in the past and lacks the modern ports, airports, business facilities and power grid needed to grow global trade. More than half of Cubans live in poverty, and the United Nations runs an emergency food program for 700,000. The country also is saddled by heavy" foreign "debt."

US Embassy In Caracas Says Authorities Knew About Parts Shipment. The New York Times (8/28, Romero, 1.21M) reports US Embassy Caracas statements yesterday that "Venezuelan military and customs officials were notified of the military equipment contained in diplomatic baggage at the center of a dispute between Venezuela and the United States before its delivery here last week." US Embassy staff explained that the bags were shipped "on a C-17 military transport plane, and not aboard a civilian aircraft, because it contained fuses and other material for ejector seats that had been ordered by Venezuela's military mission at Wright-Patterson Air Force Base near Dayton, Ohio." Sale of the ejector seat parts is permissible under US law because they were ordered before a May ban on such trade was implemented. The Times says the seizure of the baggage "set off accusations from Caracas and Washington that international law governing diplomatic baggage had been violated," and notes that "at the heart of the dispute are fears frequently expressed by" Caracas that Washington "is trying to foment opposition to the administration of President Hugo Chávez."

AID's Refusal To Disclose Grant Recipients' Names Raises Chavez's "Deep Suspicions." The Washington Times/AP (8/28, James) runs a 1,300-word AP story from Saturday that examines "1,600 pages of grant contracts" related to Agency for International Development expenditures on democracy programs in Venezuela. Washington "is spending millions of dollars in the name of democracy in Venezuela -- bankrolling human rights seminars, training emerging leaders, advising political parties and giving to charities. But the money is raising deep suspicions among supporters of President Hugo Chavez, in part because the U.S. has refused to name many of the groups it's supporting." On the released contracts, AID had "whited out the names and other identifying details of nearly half the grantees. U.S. officials insist the aid is aboveboard and politically neutral, and say the Chavez government would harass or prosecute the grant recipients if they were identified." Caracas "believes the United States is campaigning -- overtly and covertly -- to undermine [Chavez's] leftist government, which has crusaded against U.S. influence in Latin America and elsewhere."

Koizumi Seen As Defining Success For Future Premiers. A 2,242-word feature in today's Wall Street Journal (8/28, Moffett, 2.03M) details the five-year tenure of Japanese Prime Minister Junichiro Koizumi, whose "success charts the path to Japan's future." While Koizumi took over a "moribund nation" in 2001, this fall he will "leave behind him a

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different Japan. An economic has-been that mourned its waning international influence has been transformed into a surprise revival story -- sprouting skyscrapers and shopping centers -- while becoming Washington's most reliable ally in Asia." He became "one of the most influential leaders in modern Japanese history -- and his impact is likely to endure, because he created a template for future leaders for how to centralize power and influence public opinion." Koizumi's "combination of guts, stubbornness and quirky unpredictability made him both loved and hated abroad -- a contrast to earlier Japanese leaders whose names were barely known." While "he and George W. Bush celebrated their close friendship in June with a visit to Elvis Presley's former home in Tennessee," leaders in Beijing "shunned Mr. Koizumi, angered by his yearly visits to" the Yasukuni shrine. Since 2001, Japan "has solidified its defense alliance with the U.S., but become more assertive toward neighbors like China and the Koreas." When he leaves office, "Japan likely will not return to its old ways."

WSJournal Says Hanoi Police Must Not Intervene In Legitimate Business Deals. In an editorial today, the Wall Street Journal (8/28, A12, 2.03M) laments recent reports of retaliatory actions by Vietnamese state-run banks against foreign banks. "Vietnam was supposed to be heading in the right direction. … But now comes the appalling treatment of staff of the Dutch bank ABN-AMRO, caught up in what even Vietnamese regulators say were legitimate business transactions. The story highlights how, for all its strides toward a market economy, this Communist state is still not always a safe place to do business." The Journal this case "will be familiar to foreigners who do business in China." While the government "seems unlikely to risk Vietnam's trading status with the U.S. for the sake of one state-owned bank," this episode "stands as testament to how far Vietnam still has to travel before foreign companies can be confident of a fair and transparent business climate and a reliable rule of law. WTO entry is no panacea, with China's 2001 accession failing to halt its abuses." The Journal concludes, "Until state-owned companies are forced to live with the consequences of bad business deals -- or resolve disputes through the legal system -- Vietnam can never expect to become a full-fledged member of the world business community."

LATimes Lauds Brazilian President. In an editorial, the Los Angeles Times (8/28, 918K) says the evolution of Brazilian President Luiz Inacio Lula da Silva "shows how quickly power can tame" left-wing "firebrands." In 2002, Lula "looked like just another domino in Latin and South America's leftward tumble, an echo of Venezuela's Hugo Chavez in the continent's largest country." However, four years in power have "transformed" Lula. "The many degrees of separation between Lula and Chavez disprove the notion of a monolithic left. Brazil's president is respectful of democratic norms, and he has managed to walk the fine line between business interests and those of the working poor." While he "may have disappointed his more radical followers when he embraced orthodox macroeconomic policies," he has produced "strong job growth, a stable currency and low inflation coupled with dramatic increases in the minimum wage and a sweeping poverty reduction program." Lula's "quiet" foreign policy has made him "a voice for the world's poor, helping lead the charge to reduce agricultural subsidies in the United States and the European Union in the Doha round of trade talks." Saying Chilean President Michele Bachelet is similarly a "former activist turned pragmatic president who defies the stereotype of the Latin American left," the Times concludes, "Brazil is home to half of South America's population and should have commensurate influence on the continent. If reelected, it would be nice to see Lula steal some of those headlines from his Venezuelan counterpart."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Deaths Drop In Iraqi Capital."
"Searching For The Face Of Katrina And A Sign Of Hope."
"East Timor's Last Hero Faces A Daunting Task."
"Commuter Jet Crash In Kentucky Kills 49."
"Awards Hold Few Surprises, Except For Plot Twist At End."
"Double Opportunity In China's Far West."

USA Today:
"Jet Was On Wrong Runway."
"Evacuations Ordered As Ernesto Steams Toward Florida."
"Nuclear Program A Source Of Pride For Iranians."

New York Times:
"Real Wages Fail To Match A Rise In Productivity."
"49 Die In Crash As Jet Takes Off From Wrong Runway."
"Year After Katrina, Bush Still Fights For 9/11 Image."
"Firefighter Dies And 4 Are Hurt In Bronx Blaze."
"California Seeks To Clear Hemp Of A Bad Name."

Washington Post:
"Commuter Jet Crash In Kentucky Kills 49."
"Homicide Charges Rare In Iraq War."
"Wilson Bridge: The No-Good Neighbor."
"Young Migrants Risk All To Reach U.S."
"S. Dakota Becomes Abortion Focal Point."
"Israeli Siege Leaves Gaza Isolated And Desperate."

DOJ_NMG_0053606

Washington Times:
"Kentucky Plane Crash Kills 49 Of 50."
"Candidates Revisit D.C. Stadium Deal."
"U.S. Plans For Sanctions On Iran."
"Hezbollah Admits To Misjudging Israel's Response."
"Democracy In Cuba Unlikely As Raul Rule."
"Hunt On Hill Afoot For Pork-Bill Blocker."
"'Taste Like Vodka."

Detroit Free Press:
"Livionia May Get Oil Well."
"Teachers On Strike."
"Hope Overshadows Despair In New Orleans."

Atlanta Journal-Constitution:
"The Wrong Runway."
"Fabled farm Flees March Of Suburbs."
"Florida Keeps Wary Eye On Storms Path."

Houston Chronicle:
"'We're Houstonians Now.'"
"Experts Cite Pilot Error In Jet Crash."
"Hoping For Launch, Bracing For Ernesto."
"Added CPS Investigators Lead To Caseload Crunch For Courts."

Story Lineup From Last Night's Network News:
ABC: Comair Plane Crash; Tropical Storm Ernesto; Space Shuttle; Hostages Released; Iran Test Missile Fire; Katrina Anniversary-New Orleans; Katrina Anniversary-Mississippi; Katrina Anniversary-Mississippi; Katrina Anniversary-Bush; Katrina Anniversary-Pets.
CBS: Preempted By Golf.
NBC: Comair Plane Crash; Crash Victims; Flying Safer; Tropical Storm Ernesto; Hurricane Risk; Space Shuttle; Sectarian Violence; Hostages Released; Katrina Anniversary-New Orleans; Midnight Vegas Weddings-No More.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends lunch with community leaders, TBA Location, Biloxi, Miss.; president and Mrs. Bush participate in walking tour of Mississippi neighborhood, TBA location; makes remarks on Gulf Coast recovery, TBA location in Mississippi; participates in a visit to United States Marine, Inc. Gulfport, Miss; president and Mrs. Bush attend Dinner with Louisiana State and local officials.

VICE PRESIDENT CHENEY — Arrives at Reno/Tahoe International Airport, Reno, Nev.; speaks at the Veterans of Foreign Wars National Convention, Reno-Sparks Convention and Visitors Center. Reno, Nev.; speaks at fundraise for Nevada Victory 2006, Private Residence, Reno.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: BIOLOGICAL AGENTS _ The National Academies' Committee on Methodological Improvements to the Department of Homeland Security's Biological Agent Risk Analysis holds a meeting. Highlights: 1:45 p.m. Session on past experiences and implications for bioterrorism. Location: Keck Center, 500 5th St. NW.

MANUFACTURERS-LABOR DAY _ 10 a.m. National Association of Manufacturers (NAM) President and CEO John Engler and NAM chief economist David Huether hold a news conference to release the organization's annual Labor Day report. They will discuss a study showing that that energy costs are shrinking the pie for American workers. Location: Industry Room, Suite 600, NAM headquarters, 1331 Pennsylvania Ave. NW.

PENTAGON-IRAQ BRIEFING _ 10:30 a.m. Army Brig. Gen. Dana Pittard, commander of the Iraqi Assistance Group,will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

EDUCATION POLL _ 11 a.m. The Public Education Network holds a press conference to release results of a poll showing the priority Americans place on education at the local level. Poll results will be released in conjunction with the launch of ``Give Kids Good Schools, a campaign to provide Americans with information to improve the nation's public schools. Briefers include Public Education Network President Wendy Puriefoy, and PARADE Magazine executive editor Lee Kravitz. Location: National Press Club, Lisagor Room.

CENSUS DATA _ 12 p.m. The American Enterprise Institute holds a briefing with experts discussing how to interpret the Census Bureau's statistics on income and poverty, which will be released in Tuesday. Location: 12th floor, AEI, 1150 17th St. NW.

WEALTH _ 12 p.m. The Economic Policy Institute holds a news conference call with experts on income, wealth, and retirement to discuss the data and trends on these and other topics, which they will analyze in detail in the ``Wealth" chapter of the forthcoming 2006-2007 edition of The State of Working America. Contacts: ., 202-775-8810.

ISRAEL LOBBY AUTHORS _ 1 p.m. - 2:30 p.m. The Council on American-Islamic Relations (CAIR) hosts a panel discussion on ``The Israel Lobby and the U.S. Response to the War in Lebanon." The panel features professors John Mearsheimer and Stephen Walt, authors of a recent Harvard University paper titled ``The Israel Lobby." Sponsors say the Israel lobby and the U.S. response to the war in Lebanon will be discussed. Location: National Press Club, Holeman Lounge.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: **THE ATTORNEY GENERAL AND SENIOR STAFF**

DATE: **MONDAY, AUGUST 28, 2006 7:45 AM EDT**

TODAY'S EDITION

Terrorism News:

Dynamite On Plane Sets Off Alarms, But Only After The Flight (USAT/AP) ... 3
EU Seeks Uniform Screening Rules (WSJ) ... 4
Bin Laden, Most Wanted For Embassy Bombings? (WP) ... 4
Government's Case Against Terror Suspect Faces Obstacles (MH) ... 5
Judicial Chaos (TH) ... 7
London Plot: U.K. Suspect Released (NSWK) ... 7

Homeland Response:

Bush Returns Again To Gulf Coast For Katrina Anniversary (USAT) ... 8
Year After Katrina, Bush Still Fights For 9/11 Image (NYT) ... 9
Anniversary Brings Out The Politics Of Commemoration (NYT) 11
Katrina Plan Enacted On Some Fronts, Not On Others (USAT) 12
Feds Say New Orleans Is Storm-ready (AP) ... 13
Searching For The Face Of Katrina And A Sign Of Hope (opinion) (LAT) ... 14
Razing Hopes And Fears (WSJ) ... 17
Mississippi Town Becomes Steel's City (WSJ) ... 18
Gulf Coast Taking A Look At 'new Urbanism' (USAT) ... 19
'Katrina Cough' Sending Many To The Doctor (USAT) ... 21
When The Cameras Left (NSWK) ... 21
Washington Whispers (USNEWS) ... 22
Bush's Brownie (TIME) ... 23
New Orleans Blues (NSWK) ... 23
Freret Street Revisited (USNEWS) ... 26
Poll: U.S. Not Ready For Major Disaster (AP) ... 28
Broken Promises (NYT) ... 29
Promises Dim For The Nation's Poor (opinion) (USAT) ... 30
Piecemeal Federal Response Won't Protect New Orleans (opinion) (USAT) ... 31
Officials Differ On Gulf Preparedness (WT) ... 31
Erratic Ernesto Cause For Alarm From Florida To Louisiana (LAT) ... 32
Bush Declares State Of Emergency In Fla. (AP) ... 33
Evacuations Ordered As Ernesto Steams Toward Florida (USAT) ... 34
ID Program Trips Over Hardware (WT) ... 34
Unlocking Fingerprints (WP) ... 35
U.N. Tower Is Deadly Firetrap, Senator Says (USAT) ... 37
This Is Only A Drill: In California, Testing Technology In A Disaster Response (NYT) ... 37

War News:

Shootings, Bombings Kill At Least 51 (USAT/AP) ... 39
At Least 69 Killed In Attacks Across Iraq (WP) ... 40
Deaths Drop In Iraqi Capital (LAT) ... 41
Bomber Attacks Baghdad Paper On Day When 52 Are Killed (NYT) ... 42
Iraq Tries To Crack Down Carefully On Militias (USAT) ... 44
Joe Biden: A Plan For Iraq (NHUL) ... 45
The Battle For Baghdad (USNEWS) ... 45
Hunting Baghdad's Death Squads (USNEWS) ... 49
The Shadow Warriors (USNEWS) ... 50
The Great Wall Of Arabia (TIME) ... 51
Elections: Shays' Sudden Shift (NSWK) ... 51
Homicide Charges Rare In Iraq War (WP) ... 52
Precision Technology Helps Combat Troops Pinpoint Enemy (USAT) ... 55
Director Of Baghdad Museum Resigns, Citing Political Threat (NYT) ... 56
British Ambassador Explains Troop Movement Near Iraq-Iran Border (MCT) ... 57
Jimmy Carter: Blair Subservient To Bush (AP) ... 57
Hostage: The Jill Carroll Story - Epilogue: Family reunion (CSM) 58
Order In The Courts (NYT) ... 59

Corporate Scandals:

An Enron Twist: Convicted But Not Guilty? (CSM) ... 60
The One Who Got Away (TIME) ... 61
A Sighting, Perhaps, Of A Fugitive In High Tech (NYT) ... 62
Sighting Of Fugitive Exec Called Doubtful (NSDY) ... 64

Criminal Law:

Receptionist-turned-lobbyist Faces Probe (AP) ... 64
Vigil's Attorney Accuses Government Of Withholding Evidence (AP) ... 66
Fugitive Arrested In 1994 Slaying (CHIT) ... 66
4 Sentenced In $7.4M Airport Robbery (NSDY/AP) ... 66
Four Jailed, Millions Still Missing In Miami Airport Raid (FLSUNSEN) ... 67

The Man Who Said Too Much (NSWK) 67
Offshore Gaming Sites Not Sure USA's Worth The Risk (USAT)68
Hacker Sentenced To 37 Months In Prison (SEAPI) 69
"Botnet" Hacker Sentenced To 3 Years (SEAT) 70
Man Enters Guilty Plea In Child Porn Case (ROT) 71
LaPlace Journalist Indicted In Porn Case (NOTP)..... 71
Newspaper Editor Indicted In Child Pornography Case (AP) 71

Civil Rights:

Voters Find Some Machines Harder To Use (NYT)..... 72
Watch Out For Voting Day Bugs (WP)..... 73
S. Dakota Becomes Abortion Focal Point (WP)..... 74
When Schools Silence God Talk (USAT)..... 76

Antitrust:

GE's Water Unit Remains Stagnant As It Struggles To Integrate Acquisitions (WSJ) 77
Italian Banks Intesa And Sanpaolo Agree To Merge (WSJ)..... 78
California Epiphany (WSJ)..... 79

Environment:

BP Chief Faces Court Appearance (FT) 80
Pollution In The Water, Lawsuits In The Air (WP)..... 81
'Tastes Just Like Vodka' (WT/AP) 82
Malaria Kills Millions -- We Have The Cure (WSJ) 83

FBI/DEA/ATF/USMS:

Celebrated FBI Agent Will Retire Haunted By Those Who Got Away (WP)..... 85
California Seeks To Clear Hemp Of A Bad Name (NYT) 87
Drug-trafficking Ring Broken Up (EVT) 88
Major Mexico-based Drug Trafficking Ring Disrupted (AP)..... 89
Florence Man Sentenced To Life In Prison For Drug Dealing (AP)..... 89
Ex-athlete Guilty In Drug Case (BSUN) 89
Feds: 5 Sacto-area Homes Turned Into Pot Farms (SFC) 90
Gatlin's Statement Leaves Questions (LAT)..... 90
Gatlin Will Appeal 8-Year Ban From Track (AP)..... 91
IOC Chief Praises U.S. Anti-Doping Work (AP)..... 92
Luck, Not Better Lab Tests, Helped Catch Athletes (USAT) 92
Nike Drops Track Coach And Star Amid Scandal (NYT)..... 93

Immigration:

Young Migrants Risk All To Reach U.S. (WP) 94

Congress-Administration:

Hunt On Hill Afoot For Pork-bill Blocker (WT) 96
Securing Future Fiscal Health (WP)..... 97
Did A Federal Judge Cross A Legal Line For His Clerk? (LAW) 98
Federal Jobs Decline As Contractor Market Expands (WP)..... 99
An American Eagle In Autumn (WT) 99
A Fixation With Secrecy (NYT)..... 101
What Is The Latest Thing To Be Discouraged About? The Rise Of Pessimism (NYT)..... 101
A Way Past The Stem Cell Dilemma? (USNEWS)..... 102
Embryonic War (NSWK)..... 102
A Way Out? (WP) 103
Over (and Behind) The Counter (USNEWS)..... 104
New Plan For Plan B (NSWK) 105
"Anybody Knows Not To Mess With Me" (TIME)..... 105

Other News:

What Worries Economists? (WSJ) 107
Global Trends May Hinder Effort To Curb U.S. Inflation (NYT) 110
Real Wages Fail To Match A Rise In Productivity (NYT)..... 111
Bar Prep Co. Ordered To Pay $11.9M For Copying Multistate Exam Questions (LAW)..... 113
U.N. Treaty Trumps Parental Rights (WT) 115
Signs Of A Possible Power Shift In Congress Have Unions Going All Out To Reach Voters (WSJ)..... 115
Saved By VDOT (WP) 117
Steele Campaign Stresses Border Security (WT)..... 117
Major Black Candidates At Record High (CSM) 118
As TV Campaign Spending Soars, Cable Outlets Attract More Dollars (WSJ)..... 119
This Fall, New Push Against Big Tobacco (CSM)..... 120
The Safer Cigarette Delusion (NYT)..... 121
Alaska's Gray Davis? (LAT)..... 122
Shopping For Support Down The Wrong Aisle (WP)..... 122
Schwarzenegger Gives Up (WSJ)..... 123
Rumsfeld Sees Some Progress In Missile Plan (NYT)..... 124
Rumsfeld Wants More Missile-shield Testing (USAT/AP)..... 125
Rumsfeld Unsure Of Ability To Intercept Korean Missiles (WP)126
U.S. Set For Biggest Missile Defense Test In 18 Months (LAT)126
Lost In Space (WSJ)..... 127
Iran Tests Submarine-to-surface Missile (AP) 129
Iran Test-fires New Anti-ship Missile As U.N. Deadline Nears (USAT/AP) 130
Tehran Test-fires Long-range Missile (WT/AP)..... 130
Iran Vows To Continue Making Nuclear Fuel (FT)..... 131
Nuclear Program A Source Of Pride For Iranians (USAT) 132
An Ex-Official Offers Glimpse Of Iranian Views Of U.S. (NYT) 134
U.S. Plans For Sanctions On Iran (WT) 135
Iran's Hard Line Begins At Home (TIME)..... 136
The War For Hearts And Minds (TIME)..... 137
The End Of Invincibility (TIME)..... 138
Annan Will Travel Mideast To Bolster Lebanon Peace Plan (NYT) 139
Lebanon To Press UN For Withdrawal Help (FT) 140
EU Clarifies Its Role In Lebanon (WSJ) 141
Turkey Torn On Joining U.N. Mission (AP)..... 142
Hizbollah Hopes To Engineer A Quick Recovery (FT) 143
Hezbollah Says Its War With Israel Was A Mistake (WT) 144
Hezbollah Chief Revisits Raid (WP/AP)..... 144
Hezbollah Chief Indicates Regret For Kidnappings (LAT)..... 145
What Did You Do In The War, UNIFIL? (WKLYSTD) 145
Hostage Crisis (WSJ) 147
It's Not Easy Being Blue (NYT) 147
2 Abducted Journalists Are Freed In Gaza Strip (WP) 148
Fox News Journalists Free After Declaring Conversion (NYT). 149

DOJ_NMG_0053611

Kidnapped Fox Journalists Freed After Two Weeks (FT)..... 150
Fox News Journalists Describe Captivity (AP)..... 150
Freed Fox Journalists Tell Of Painful Time In Captivity (USAT/AP) 151
Fox Journalists Freed After 2 Weeks In Gaza (LAT) 152
Freed Journalists: Despair, Then Hope (CSM)..... 153
Fox News Journalists Set Free Unharmed (WT/AP) 155
Israeli Siege Leaves Gaza Isolated And Desperate (WP)..... 155
US Centcom Chief Abizaid Arrives In Pakistan (AFP)..... 157
Tribal Leader's Killing Incites Riots In Pakistan (NYT)..... 157
A Rebel's Killing Roils Pakistan (CSM) 158
21 Wounded As Blasts Hit Turkish Resort (AP)..... 160
Journalist Faces Charges Over Entering Darfur Region (NYT) 160
Media Groups Urge Sudan To Release U.S. Reporter (WP/AP)161
US Senator Electrifies Kenya's Largest Slum (AFP-Y)..... 161
Kenyans Greet Obama With Open Arms (USAT/AP)..... 162
US Seeks Support From China To Revive Global Trade Talks (WSJ/AP) 163
Democracy In Cuba Unlikely As Raul Rules (WT)..... 163
Cuba's Economic Fate Up In Air (USAT) 164
U.S. Officials Say Venezuela Knew Military Equipment Was In Seized Cargo (NYT) 166
U.S.-funded Programs Incite Chavez's Suspicion (WT/AP) 167
New Blueprint Koizumi's Success Charts The Path To Japan's Future (WSJ) 168
Vietnam's Hostages (WSJ)..... 170
South America's Right Leftist (LAT) 171

TERRORISM NEWS:

Dynamite On Plane Sets Off Alarms, But Only After The Flight (USAT/AP)

By Leslie Miller

USA Today, August 28, 2006

WASHINGTON — A stick of dynamite that made it onto a flight from Argentina to Houston highlighted a weak link in aviation security: International airports are not always as secure as those in the USA.

U.S. and Argentine authorities were investigating how the explosive made it onto the airplane in a college student's checked bag. The dynamite was discovered during a baggage inspection at Bush Intercontinental Airport shortly after a Continental Airlines flight landed Friday.

U.S. Immigration and Customs Enforcement spokeswoman Luisa Deason said the incident had no connection to terrorism. Houston Assistant Fire Chief Omero Longoria said the student, Howard Fish, 21, told authorities that he works in mining and often handles explosives.

The head of the Transportation Security Administration said the government is aware of the problem of looser security at international airports and is taking steps to fix it. "We are focused on getting a base level of security around the world," Kip Hawley said in an interview taped to air Sunday on C-SPAN. "We'll put in additional measures where we think we need to."

Airline passengers traveling from U.S. and British airports were barred this month from bringing liquids and gels onto planes. The bans were instituted after British authorities said they had foiled a terrorist plot to use liquid explosives to blow up as many as 10 U.S.-bound airplanes.

There have been several attempts to destroy airplanes with bombs in checked luggage. In 1988, a bomb hidden in a checked bag exploded aboard Pan Am Flight 103 over Lockerbie, Scotland. All 259 people on the London-to-New York flight were killed, as were 11 on the ground.

Many countries use bomb-detection equipment for checked baggage that does not meet U.S. standards, according to a report last year by the Homeland Security Department.

"Checkpoint and checked baggage security measures have been radically improved in the U.S. since 9/11, and similar levels of improvements are essential in the rest of the world," the report said. "From the U.S. perspective, we are particularly concerned about security on flights inbound to our nation, but the worldwide fight against terrorism argues for making improvements universal."

It was not immediately clear what kind of bomb-screening procedures are used at Buenos Aires Airport in Argentina. Bob Hesselbein, national security committee chairman for the Air Line Pilots Association, said the equipment used in the USA would have detected a stick of dynamite.

"It will identify chemicals common to dynamite," Hesselbein said.

A United Nations group, the International Civil Aviation Organization, sets basic security standards for civil aviation worldwide. Those standards generally are lower than the standards for U.S. airports.

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The organization plans to meet in Montreal in September to discuss raising the standards for international air security. Among issues to be discussed: the kinds of liquids that should be allowed on airliners.

Hesselbein recently attended the group's security conference in the Dominican Republic. “Airports in South and Central America are complaining they have to comply with TSA standards,” Hesselbein said. “The greatest challenge they confront is not having the funds.”

Hawley said that in the past few weeks he has talked with many of his counterparts from other countries, including Britain and the European Union, about tighter security standards.

Hawley said TSA inspectors visit international airports that have U.S.-bound flights and audit their security systems and procedures against the U.N. aviation organization's benchmarks.

In the past year, TSA inspectors determined that an airport on the Indonesian island of Bali and one in Haiti fell short of the standards. Airlines and airports were required to tell passengers traveling between the USA and the Bali and Haiti airports that there were security lapses. The requirement was lifted for Haiti in July.

EU Seeks Uniform Screening Rules (WSJ)

By Daniel Michaels

The Wall Street Journal, August 28, 2006

As aviation-security officials world-wide heighten scrutiny of airline passengers following recent terrorist alerts, the European Union is scrambling to standardize rules on screening travelers and their hand luggage across the 25-country bloc.

EU regulators want to raise standards of airline security and increase uniformity of the rules among member states. For example, the United Kingdom recently imposed extraordinarily strict rules for passenger screening following disclosure that British police on Aug. 10 foiled what authorities called a terrorist attack on aircraft bound for the U.S. Most other EU countries have maintained less severe standards that officials felt were sufficient.

The push for greater uniformity comes as the EU and its members try to balance centralized and national responsibilities. Following the Sept. 11, 2001, terrorist attacks on the U.S., the EU in December 2002 took on a new role overseeing and enforcing aviation security across Europe. But compared with the U.S., where the federal government sets security standards and is primarily responsible for enforcing them, the task in Europe is more complicated because responsibilities remain divided between Brussels and national capitals.

The EU and its members are also struggling with the question of who should pay for increased aviation security: the EU, member states, or airlines and their passengers. The issue is clearer in the U.S. because the federal government passes part of the cost of handling security along to airlines and travelers.

In Europe, coordination is guided by the EU's Aviation Security Regulatory Committee, which was created in 2002 and is comprised of security officials and experts from the EU and member states.

The committee will meet in Brussels Wednesday to receive formal briefings from British officials on the recent security alert. British authorities have charged 12 people with involvement in what investigators say was a plot to smuggle liquid explosives aboard jetliners headed to the U.S. and blow up the planes while in flight.

The committee will also discuss coordinated response measures. A memo to committee members, seen by The Wall Street Journal, said the ad hoc meeting Wednesday will help "prepare the ground for swift decision making" on new steps by the group. A more formal meeting on the issue was already planned for Sept. 6 and 7.

"We want to sound out member states" on potential measures, said Stefaan de Rynck, spokesman for the European Commission's transport directorate. "We're not going to rush into measures" without proper consultation, he said.

Measures under consideration by the committee include increasing the percentage of passengers subject to hand searches, limiting the size and number of carry-on bags, and expanding the list of items permanently prohibited from cabin baggage, such as liquids and gels.

Airlines generally support the EU's greater role coordinating aviation security. "Harmonization is better for industry and for passengers because it's less confusing," said Nathalie Herbelles, manager of cargo, security and legal issues at the Association of European Airlines, a trade group in Brussels. But the response now should be "consistent and reasonable," Ms. Herbelles said. "We're concerned that politicians, to be seen to be doing something, will go too far," she said.

Following the Sept. 11 terrorist attacks, the EU handed overall responsibility for aviation security to the European Commission, the EU's executive body. The Regulatory Committee was then established to ensure that member states adopted and implemented the new EU rules.

Bin Laden, Most Wanted For Embassy Bombings? (WP)

DOJ_NMG_0053613

By Dan Eggen

The Washington Post, August 28, 2006

Al-Qaeda leader Osama bin Laden is a longtime and prominent member of the FBI's "Ten Most Wanted" list, which notes his role as the suspected mastermind of the deadly U.S. embassy bombings in East Africa on Aug. 7, 1998.

But another more infamous date -- Sept. 11, 2001 -- is nowhere to be found on the same FBI notice.

The curious omission underscores the Justice Department's decision, so far, to not seek formal criminal charges against bin Laden for approving al-Qaeda's most notorious and successful terrorist attack. The notice says bin Laden is "a suspect in other terrorist attacks throughout the world" but does not provide details.

The absence has also provided fodder for conspiracy theorists who think the U.S. government or another power was behind the Sept. 11 hijackings. From this point of view, the lack of a Sept. 11 reference suggests that the connection to al-Qaeda is uncertain.

Exhaustive government and independent investigations have concluded otherwise, of course, and bin Laden and other al-Qaeda leaders have proudly taken responsibility for the hijackings. FBI officials say the wanted poster merely reflects the government's long-standing practice of relying on actual criminal charges in the notices.

"There's no mystery here," said FBI spokesman Rex Tomb. "They could add 9/11 on there, but they have not because they don't need to at this point. . . . There is a logic to it."

David N. Kelley, the former U.S. attorney in New York who oversaw terrorism cases when bin Laden was indicted for the embassy bombings there in 1998, said he is not at all surprised by the lack of a reference to Sept. 11 on the official wanted poster. Kelley said the issue is a matter of legal restrictions and the need to be fair to any defendant.

"It might seem a little strange from the outside, but it makes sense from a legal point of view," said Kelley, now in private practice. "If I were in government, I'd be troubled if I were asked to put up a wanted picture where no formal charges had been filed, no matter who it was."

Bin Laden was placed on the Ten Most Wanted list in June 1999 after being indicted for murder, conspiracy and other charges in connection with the embassy bombings, and a $5 million reward was put on his head at that time. The listing was updated after Sept. 11, 2001, to include a higher reward of $25 million, but no mention of the attacks was added.

Others on the list include Colombian drug cartel leader Diego Leon Montoya Sanchez and fugitive Boston crime boss James "Whitey" Bulger, charged with a role in "numerous murders" in the 1970s and 1980s.

The FBI maintains a separate "Most Wanted Terrorists" list, which includes bin Laden and 25 others who have been indicted in U.S. federal courts in connection with terror plots. But this second bin Laden listing also makes no mention of Sept. 11.

"The indictments currently listed on the posters allow them to be arrested and brought to justice," the FBI says in a note accompanying the terrorist list on its Web site. "Future indictments may be handed down as various investigations proceed in connection to other terrorist incidents, for example, the terrorist attacks on September 11, 2001."

Government's Case Against Terror Suspect Faces Obstacles (MH)

By Jay Weaver

The Miami Herald, August 28, 2006

On a visit to Moscow in 2002, then-U.S. Attorney General John Ashcroft trumpeted on TV that "we have captured a known terrorist" who was plotting to blow up a radioactive "dirty bomb" in the United States.

The suspect: Jose Padilla, a U.S. citizen who became a Muslim while living in the Fort Lauderdale area.

Ashcroft branded Padilla an "al Qaeda operative," and the Bush administration held him for more than three years without charges as one of a select few U.S. citizens designated "enemy combatants" in the war on terror.

But faced with a risky legal showdown over his detention, the administration tossed Padilla into the federal court system -- confident that Miami prosecutors could convict him for being a recruit, not a dirty bomber, for an alleged South Florida terror cell.

Now the terror case against Padilla, 35, is shrinking under the scrutiny of U.S. District Judge Marcia Cooke.

Last week, she threw out the first count in the indictment -- that Padilla and two other Muslim men "conspired to murder, kidnap and maim persons in a foreign country . . . to advance violent jihad." She found it repeated the same charges in two other counts that alleged they agreed to support terrorists overseas -- a violation of the Constitution.

Cooke's ruling, which will be appealed by the U.S. Attorney's Office, effectively eliminates the possibility of life sentences for the three defendants. If Padilla, Adham Amin Hassoun and Kifah Wael Jayyousi are convicted on the remaining terror charges at trial in January, they could face up to a maximum 15 years in prison.

So what the Bush administration presented as an open-and-shut terror case is proving to be much harder to prosecute, legal experts say.

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Carl Tobias, a constitutional scholar at the University of Richmond School of Law in Virginia who has followed Padilla's legal odyssey, said his prosecution ``falls into the category of terror cases that are overstated and don't deliver on what they promised."

"If the measure is what Attorney General Ashcroft said at the outset, we're pretty far removed from that," Tobias said. ``The tougher question is whether the government can prove the lesser charges of what they have now. That's hard to predict."

Stephen Vladeck, a professor at the University of Miami School of Law, has carefully followed the government's treatment of Padilla -- from his arrest by the FBI at Chicago's O'Hare International Airport in May 2002 and his lengthy military detention as an "enemy combatant" without charges to his indictment in Miami federal court last November.

As a student at Yale Law School, Vladeck worked on an amicus brief that challenged Padilla's detention in a South Carolina Navy brig -- a highly controversial appeal that came close to being reviewed by the U.S. Supreme Court.

Like Tobias, Vladeck raised doubts about the strength of the government's evidence against Padilla -- not only in light of what Ashcroft first said about his terror ties to al Qaeda but also what his successor, Alberto Gonzales, said at a Washington press conference when the Miami indictment was unveiled.

`VIOLENT JIHAD'

'The indictment alleges that Padilla traveled overseas to train as a terrorist with the intention of fighting in `violent jihad' -- a shorthand term to describe a radical Islamic fundamentalist ideology that advocates using physical force and violence to oppose governments, institutions and individuals who do not share their view of Islam," Gonzales said in November 2005.

``These groups routinely engage in acts of physical violence such as murder, maiming, kidnapping and hostage-taking against innocent civilians."

Gonzales was referring to the first conspiracy count in the Padilla case -- the one that Cooke lopped off the indictment a week ago.

"This is not as clear-cut a case, certainly not as clear-cut as the attorney general made it out to be back in November," Vladeck said. ``You have to wonder how strong their case is if there is this much trouble at the outset."

But Vladeck also conceded this point: ``The charges we see in this case tend not to require the proverbial smoking gun."

Another legal scholar, Professor Robert Chesney at the Wake Forest University School of Law in Winston-Salem, N.C., said that despite dismissal of the first count in the indictment, the case is still fundamentally solid.

"On the one hand, it sounds bad -- the one charge that carried a life sentence is thrown out the window," said Chesney, a recognized expert on national security law, who analyzed the Padilla case and others in a forthcoming law review article.

"What [the judge] has really done is condensed the charge," he said. ``Since you can't charge the defendants for the same crime twice, one of the charges had to be dropped. But that doesn't mean the allegations against them, if proved, would not constitute a crime."

Chesney said that under the terror conspiracy law, prosecutors only have to show that the defendants agreed to provide money, recruits and other resources to further the violent activity of Islamic extremists engaged in jihad, or holy war, overseas -- not necessarily be involved themselves in actual terrorist actions.

"At the end of the day, if the defendants generally intended to provide material support, then the government has a good case," Chesney said.

Much of the government's case has been built upon thousands of wiretaps of phone conversations among members of an alleged North American terror cell with links to the Fort Lauderdale area. The time frame: October 1993 to November 2001.

In the indictment, Hassoun and Jayyousi are accused of recruiting Mujahadeen fighters and raising funds for radical Islamic causes in Bosnia, Kosovo, Chechnya, Somalia, Afghanistan and Egypt -- but it makes no mention of any specific attacks anywhere.

Hassoun, a Palestinian computer programmer who lived in Sunrise, became friends with Padilla when they attended the Masjid Al-Imam mosque in Fort Lauderdale during much of the 1990s. Padilla, a former Chicago gang member, left South Florida in 1998. He traveled to Egypt but remained in contact with Hassoun.

TERRORIST TRAINING

According to the indictment, Padilla traveled overseas to receive training for violent jihad. On July 24, 2000, Padilla is alleged to have filled out a "Mujahadeen Data Form" in preparation for training in Afghanistan.

It also claimed that on Sept. 3, 2000, Hassoun called another alleged co-conspirator in Egypt to provide financing for Padilla.

But the indictment does not explicitly say Padilla -- who was arrested in Chicago upon returning from Pakistan -- belonged to al Qaeda.

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UM's Vladeck said the indictment, first filed in 2004, was just a "run-of-the-mill" terror case until the notorious Padilla was charged last fall.

Said Vladeck: ``This would be a huge loss for the government if Padilla gets off."

Judicial Chaos (TH)

By Robert Novak

Town Hall, August 28, 2006

WASHINGTON -- The background of a federal district court declaring President Bush's national security eavesdropping unconstitutional was a conservative's fantasy. The judge, a former Democratic politician and civil rights activist, wrote what read more like a political manifesto than a judicial opinion. What's more, she was responsible for contributions to an organization that was a plaintiff in the case she decided.

District Judge Anna Diggs Taylor's decision has been stayed and probably will be reversed by the 6th Circuit Court of Appeals. Nevertheless, she was playing more than a cameo role on the stage of history. For this opinion ever to have been issued by an activist judge in Detroit, in the opinion of several legal scholars and distinguished lawyers whom I contacted, shows the judiciary in a state of chaos.

Taylor ended up with the case because of forum-shopping: filing multiple law suits in quest of a favorable venue. With the executive and legislative branches in Republican hands, liberals count on activists in the federal judiciary such as Judge Taylor. That explains why normally censorious legal scholars tend to excuse her shoddy judicial opinion and ethical trespassing.

Jimmy Carter as president never named a Supreme Court justice, but he filled plenty of district judgeships with Democratic loyalists. In 1979, he nominated Anna Diggs Taylor, a politician and civil rights worker well known in Michigan Democratic circles as the woman who until 1971 ran the congressional office of her then husband, Rep. Charles Diggs (who was censured by the House and went to prison for taking kickbacks from congressional employees).

Taylor as a judge and, after 1997, chief judge in the Detroit district has been predictably liberal, and recently was criticized for trying to switch an affirmative action case to a friendly judge. Her moment of fame came Aug. 17 at age 73 when she ordered an immediate halt to National Security Agency (NSA) monitoring of suspect international phone calls. Her decision was higher on emotion than logic, including this unfathomable peroration: "There are no hereditary kings in America."

This posed a dilemma for the liberal establishment. Could they excuse this ridiculous opinion to justify a desired outcome? Harvard's Laurence Tribe, the left's pre-eminent constitutional expert, reacted politically. With a presumably straight face, he praised Taylor for a "splendid job" of dealing with a "lawless" administration.

Other liberal scholars were more candid. Yale's Jack Balkin said Taylor's opinion "has so many holes in it" that "the plaintiffs will have to relitigate the entire matter" on appeal. Still, Balkin rejoiced over the decision, reducing the case to a political question where judicial reasoning was less important.

An additional embarrassment for liberal scholars was a discovery by Judicial Watch, the conservative watchdog organization, that Taylor was on ethical thin ice. She is listed as secretary and trustee of the Community Foundation for Southeastern Michigan, deciding its financial grants. They included $125,000 to the American Civil Liberties Union (ACLU), which was one of the plaintiffs in the NSA suit.

That might seem an obvious conflict of interest, but the canons of conduct for federal judges are unclear as to whether Taylor was in violation. Liberal scholars, quick to claim conflict of interest by Justice Antonin Scalia on far less evidence, gave Taylor the benefit of the doubt. Her ACLU ties, said New York University's Stephen Gillers, would not "raise reasonable questions about her partiality on the issue of warrantless wiretapping." Gillers conceded, however, that she should have disclosed the connection "because it avoids suspicion later."

Why did the Justice Department not try to disqualify Taylor? Administration sources told me the president's lawyers were unaware of her ACLU connection. But career lawyers at Justice may have just been avoiding trouble with the federal bench.

The overriding question is how Anna Diggs Taylor was able to seize a constitutional issue. In The Wall Street Journal this week, Circuit Judge Richard A. Posner noted delegating a national security issue "to a randomly selected member of the federal judiciary's corps of almost 700 district judges." The Detroit judgment contributed to Posner's conclusion that "we do not have a coherent political dimension to our efforts to combat terrorism." Judge Taylor's farce made that clear.

London Plot: U.K. Suspect Released (NSWK)

By Mark Hosenball And Emily Flynn Vencat

Newsweek, September 4, 2006

DOJ_NMG_0053616

The British investigation into a plot to bomb flights from Britain to the United States using homemade explosives took a strange twist last week when authorities set free a supposedly key suspect arrested during Scotland Yard raids earlier in August. Two U.K. counterterrorism officials, who asked for anonymity because of the continuing investigation, confirmed to NEWSWEEK that police had released 22-year-old Tayib Rauf of Birmingham, England. Tayib is the younger brother of Rashid Rauf, an alleged mastermind of the airline plot whose arrest by authorities in Pakistan, according to some U.S. and U.K. officials, forced U.K. authorities to round up British-based suspects earlier than they had originally planned.

Initially, U.K. and U.S. officials suggested that both Rauf brothers were significant participants in the plot. Last week, however, officials said that Tayib was only a "van driver" who might have been ignorant of the plot. Tayib, the two U.K. counterterrorism officials said, was released because British prosecutors believed police had insufficient evidence to convict him on criminal charges.

The officials indicated, however, that Tayib was still likely to be closely monitored by British intelligence. Rauf family friend Mohammed Nazam told NEWSWEEK: "Tayib's here in Birmingham and he's OK ... But he needs a few days." Meanwhile, Pakistani authorities have detained the Rauf brothers' father, Abdul Rauf, and U.K. authorities have frozen the funds of Crescent Relief, a U.K. charity that Abdul Rauf helped to found. The family friend says Tayib and Abdul Rauf told him by phone that they were "totally innocent."

British authorities did charge 12 other suspects with offenses related to the alleged airline plot last week, and announced that bomb-making equipment and "martyrdom videos" had been found by police. But according to a U.S. counterterrorism official, who asked for anonymity due to the sensitive subject, investigators remain concerned not only that participants in the plot could still be at large, but also about the possible existence of a "parallel" plot carried out by a second, unidentified group of conspirators.

The release of Tayib Rauf has raised questions about whether U.K. authorities have stumbled in yet another high-profile terror investigation. Last year, in the wake of the fatal suicide bombings of three London subway trains and a double-decker bus, police shot dead a suicide bombing suspect only to discover he was an innocent Brazilian. Earlier this summer, police shot and injured another suspect during a raid while searching for an alleged homemade chemical weapon. No weapon, or any other evidence of terrorism, was found, though the suspect who police shot was later arrested for possession of child pornography.

HOMELAND RESPONSE:

Bush Returns Again To Gulf Coast For Katrina Anniversary (USAT)

By David Jackson

USA Today, August 28, 2006

WASHINGTON — When he arrives on the Gulf Coast today, President Bush will visit the scene of a storm that devastated the area and damaged his political standing.

Bush plans to tour the area ravaged by Hurricane Katrina today and Tuesday to discuss the ongoing recovery from the deadly storm. Bush will emphasize efforts since the initial response to the storm and subsequent flooding, widely criticized as inadequate by Louisiana and Mississippi officials.

Sen. Mary Landrieu, D-La., said the administration “was really slow to grasp the magnitude of this disaster,” and that sluggishness has shadowed efforts to rebuild. “That got everything started off in the wrong direction,” she said.

When the storm hit the Gulf Coast in the early hours of Aug. 29, Bush was at his Texas vacation home. He didn't visit the area until after he made a speech in San Diego on the 60th anniversary of V-J Day, including a defense of the Iraq war.

By the time of an Aug. 31 flight over New Orleans, most of which was under water, much of the public relations damage had been done.

In his weekend radio address, Bush said the floods “revealed that federal, state, and local governments were unprepared to respond to such an extraordinary disaster,” but all three have learned lessons and are working together to rebuild the region.

“We will stay until the job is done,” Bush said.

Tariq Abdul-Mu'Min, 42, who runs a kitchen-design business in Gulfport, Miss., said Bush's trip fulfills “his responsibility as the head of this country,” a job in which he faltered a year ago.

“Poor. Terrible,” Abdul-Mu'Min said. “He should have reacted much sooner.”

Angela Jackson-Moore, 42, an interviewer at a local jobs center, said Bush was one of many government officials at fault. She predicted the government's response to the next disaster would be better because of the bad publicity officials received over Katrina.

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Making his 13th visit to the Gulf Coast since Katrina, Bush is expected to emphasize the $110 billion that Congress has approved to rebuild the Gulf Coast, including programs for housing, education and business redevelopment.

The White House has defended the Bush administration's post-Katrina record in the face of a new series of critical reports in the media and from various think tanks.

Last week, it issued lengthy fact sheets detailing steps to help hurricane victims and rebuild damaged areas.

"There's been some promising progress, but there are many areas that have been left untouched," said Amy Liu, author of a new study by The Brookings Institution on Hurricane Katrina in New Orleans.

The Brookings report and others list a variety of post-Katrina shortcomings throughout the region: The federal government has decided not to rebuild the levees to withstand a worst-case Category 5 hurricane. Housing programs are geared more to help Gulf Coast residents who own their homes and not renters or public housing residents.

Bush said programs are being designed to make sure that money is spent effectively. He cited progress with debris removal, infrastructure repair and rental assistance, in partnership with state and local governments and businesses.

Bush asked for patience, saying he wants "the people down there to understand that it's going to take a while to recover. This was a huge storm."

New Orleans Mayor Ray Nagin said Sunday that the administration was doing a good job of getting money to the state, but it was not reaching cities such as New Orleans fast enough.

Bush may have hurt himself the most when he praised the work of Michael Brown, then director of the Federal Emergency Management Agency, said Douglas Brinkley, author of The Great Deluge: Hurricane Katrina, New Orleans, and the Mississippi Gulf Coast.

"We live in a sound-bite culture," he said. "And the 'Brownie, you're doing a heck of a job' is the sound bite that's going to live forever."

Americans take a dim view of Bush's handling of Katrina. Only 37% approved of it in a recent USA Today/Gallup Poll, compared with 43% who answered that way immediately after the storm.

The storm did not have much effect, however, on Bush's job approval rating. His approval rating, currently at 42%, was already heading down last summer because of Iraq and rising gas prices.

Lydia Saad, senior editor for The Gallup Poll, said there were declines in Bush's image as a strong and decisive leader that seemed tied to the Katrina response.

In the year since, the administration has offered periodic updates on its post-Katrina response and has stepped it up in recent weeks.

Don Powell, coordinator for the office of Gulf Coast Rebuilding, also has made a string of media appearances, touting such items as $16.7 billion in housing assistance, and the clearing of more than 100 million cubic tons of debris.

Year After Katrina, Bush Still Fights For 9/11 Image (NYT)

By Sheryl Gay Stolberg

The New York Times, August 28, 2006

WASHINGTON, Aug. 27 — When the nation records the legacy of George W. Bush, 43rd president and self-described compassionate conservative, two competing images will help tell the tale.

The first is of Mr. Bush after the Sept. 11 terrorist attacks, bullhorn in hand, feet planted firmly in the rubble of the twin towers. The second is of him aboard Air Force One, on his way from Crawford, Tex., to Washington, peering out the window at the wreckage of Hurricane Katrina thousands of feet below.

If the bungled federal response to Hurricane Katrina called into question the president's competence, that Air Force One snapshot, coupled with wrenching scenes on the ground of victims who were largely poor and black, called into question something equally important to Mr. Bush: his compassion.

A year later, he has yet to recover on either front.

Mr. Bush has prodded Congress to approve tens of billions of dollars for rebuilding and victim assistance, delivered a much-publicized fence-mending speech to the N.A.A.C.P. and made repeated trips to the Gulf Coast, where he plans to observe the anniversary of the storm Monday and Tuesday. Yet his public persona remains that of wartime president — the man standing in the Manhattan rubble — flying by as desperate and vulnerable Americans suffered.

His approval ratings have never rebounded from their post-hurricane plummet. A New York Times/CBS News poll conducted this month found that 51 percent of those surveyed disapproved of the way Mr. Bush had responded to the needs of hurricane victims, a figure statistically no different from last September, when 48 percent disapproved.

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"This is a real black mark on his administration, and it's going to stay with him for a long time," said James A. Thurber, director of the Center for Congressional and Presidential Studies at American University. "It will be in every textbook."

The White House says it has allocated $110 billion toward rebuilding and victim assistance; of that, $44 billion has been spent. The Federal Emergency Management Agency has provided more than $6 billion directly to nearly 950,000 victims for temporary housing, the most money ever provided by the agency for a single natural disaster.

But Mr. Bush is not getting much credit. The poll found Americans critical about the pace of recovery and lacking full confidence in the government. Thirty-nine percent described themselves as dissatisfied with progress in the region, and an additional 11 percent said they were angry. Fifty-six percent had a great deal or a fair amount of confidence in the government's ability to respond to another natural disaster; 44 percent had little or no confidence at all.

The storm is generating a powerful undercurrent in this year's midterm elections as well, as Democrats invoke it as a catchphrase for what they regard as mismanagement on a number of issues, including the war in Iraq and the economy. Senator Charles E. Schumer of New York, who runs the Democratic Senatorial Campaign Committee, said his candidates mentioned the storm at every turn.

"I might argue that this was the worst thing that's happened to George Bush in the whole six years of his presidency," Mr. Schumer said. "It was a perception-altering event. People had questioned his ideology. People had even questioned his intelligence. But before this, average people rarely questioned his competence or his caring."

One year later, Democrats are not the only ones raising questions. In follow-up interviews to the Times/CBS News poll, Republicans and independents also expressed lingering doubts about Mr. Bush, using language suggesting that their memories of the storm and his handling of it remained fresh and deep.

"Bush did nothing for the people," said one Republican, Joseph Ippolito, 75, a retired highway superintendent from Bayville, N.J. "Bush didn't have the proper people in office to take care of Katrina. The whole administration is wacky — and I voted twice for him."

White House officials and leading Republicans, while defending the president's record, are not surprised by the anger.

Dan Bartlett, counselor to the president, said the White House was well aware that New Orleans residents "are skeptical about our commitment," and that many Americans blamed Mr. Bush for their fellow citizens' suffering. But Mr. Bartlett said the president would ultimately be judged on how the Gulf Coast was rebuilt and how the government handled the next crisis — a theme echoed by Senator Susan Collins, Republican of Maine, the chairwoman of the Senate committee charged with overseeing the recovery.

"If we have another devastating hurricane and the response is markedly more efficient, more compassionate," Ms. Collins said, "then I think people will say, 'Well, they learned.' "

But the senator said the damage to the president's image would be difficult to undo.

"Unfortunately, it may be hard to erase the regrettable photo of him on Air Force One looking down at the destruction and devastation below," she said. "That's a searing and very unfortunate image that doesn't reflect the president's compassion."

When Mr. Bush stood last September in Jackson Square, in the darkened city of New Orleans, and declared that Americans had "a duty to confront this poverty with bold action," religious and civil rights leaders saw it as a hopeful turning point. Suddenly, a president who had defined himself as the lead prosecutor in the war on terror was turning his attention to jobs, housing and education for the poor, in language that evoked memories of the 1960's.

Today, those same leaders are discouraged and critical.

"Here was an opportunity for a new conversation on race and class and poverty, and they blew it," said the Rev. Eugene F. Rivers III, a Bush supporter who runs a coalition that represents mainly black churches. "It's not even just President Bush. Here was an opportunity for Republicans and conservatives in general to make a moral and intellectual case for a positive policy agenda for the black poor, and they did not advance it."

Yet the mayor of New Orleans, C. Ray Nagin, who had been critical of the president, publicly praised him in his re-election victory speech in May, thanking Mr. Bush for "delivering for the citizens of New Orleans."

Others who have worked with the president on the recovery, including prominent Democrats like Senator Mary L. Landrieu of Louisiana and Donna Brazile, a political strategist who spent 2000 trying to defeat Mr. Bush as campaign manager for Vice President Al Gore, say they do not doubt his sincerity or commitment.

Ms. Brazile, a New Orleans native who serves on a state recovery task force, describes the president as "very much engaged" and praises him for prodding Congress to spend more money on levee rebuilding.

"I said to him, 'You'll be a hero if you commit to rebuilding those levees,' " she said, recounting their first meeting last December. "I have to give him credit. Two weeks later, we got the additional money."

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But Ms. Landrieu calls the administration "slow and reluctant." She sees Mr. Bush as being distracted by the war in Iraq and says he has fallen short on the one task he cannot delegate: using the power of the presidency to grab the nation's attention.

"I understand that there have been many distractions and many important priorities for the nation — the war in Iraq, the unrest in the Mideast — but the president has not maintained the bully pulpit on Katrina," she said, adding, "He does it so intermittently, I wonder if we are on his mind."

Some members of the public wonder as well.

"I find that the concentration of the president is on the Middle East crisis and not on what's at home," said Carlton DeCosta, a 33-year-old Navy veteran from Patchogue, N.Y., who said he considered himself an independent, in a follow-up interview to the Times/CBS News poll. "When the president addresses the country it has nothing to do with Katrina, nothing to do with the rebuilding."

But Mary Lou Ackley, a 69-year-old homemaker from Elmira, N.Y., who said she voted Republican, said state and local agencies bore responsibility for the pace of rebuilding. "I don't think the president sits there and does the pencil work," Ms. Ackley said, adding, "He's got a lot more to do than just direct Louisiana and their hurricanes."

As the midterm elections approach, analysts say dissatisfaction with the administration's handling of the hurricane could prompt the Republican faithful to stay home.

Professor Thurber, the American University scholar, says the competence issue will be central to history's assessment of the president. Mr. Bartlett, the White House counselor, predicts historians will soften their criticism "if people see a better and more vibrant Gulf Coast emerge from this tragedy."

With the rebuilding expected to continue long after Mr. Bush leaves office, Senator Landrieu says he still has a chance.

"I think there's an opportunity for him to make this a real legacy of his presidency," she said. "There's still time to have people say he did a good job and he rose to the occasion. He's writing the story himself."

Anniversary Brings Out The Politics Of Commemoration (NYT)

By Adam Nossiter

The New York Times, August 28, 2006

NEW ORLEANS, Aug. 27 — On the eve of Hurricane Katrina's first anniversary Tuesday, this city has become a giant political talking point.

Finger-wagging Democratic congressmen are pouring down here, hoping to score points a year into the stuttering recovery, and President Bush's cabinet secretaries have been staking out hopeful counterpositions among the ruins. The president himself will spend two days in the region this week.

Weary citizens, meanwhile, await with apprehension the day and its revival of painful memories. In New Orleans the anniversary will be marked with a solemn bell-ringing ceremony on the steps of City Hall to commemorate the levee breaches, and with a host of prayer services, wreath layings, colloquia and discussion panels.

Democrats are seizing this moment of reckoning with something approaching glee, while Republicans are handling it gingerly. For Democrats there are the persistent scenes of destruction and the ongoing misery of lives upended, handy backdrops for criticism of the Bush administration.

"We know the storm was a tragedy, but a bigger tragedy is how the federal government responded," Senator Harry Reid, the minority leader, said Thursday to television cameras and a handful of onlookers in the parking lot of St. Bernard Parish's only functioning grocery store.

For Republicans there are more arcane indicators like the percentage of debris removed or the number of Small Business Administration loans approved. A lengthy report released last week by President Bush's Gulf Coast recovery chief detailed these and other initiatives, down to the number of passports being issued per week by the reopened New Orleans passport agency (25,000) and the number of air mattresses provided by the federal government (20,000).

Mr. Bush is set for visits to Mississippi on Monday and to New Orleans on Tuesday that are expected to include speeches, neighborhood stops and attendance at an ecumenical prayer service. He has designated Tuesday a National Day of Remembrance. Last week, he pre-emptively played down the importance of the event, cautioning that "a one-year anniversary is just that" and saying that "it's going to take a while to recover."

The White House, aware of the widespread skepticism about its commitment to rebuilding, will use this week's visit to reinforce the message that the president cares about the region and is intent on helping it recover. Instead of heralding the money that has been allocated and spent, said Dan Bartlett, counselor to the president, Mr. Bush will sound uplifting themes "to shine a light on the true grit and character of the citizens who are rebuilding."

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Mr. Bartlett said Mr. Bush wanted to "send a message on behalf of all Americans" that the storm's victims would not be forgotten. "The president," he said, "as most Americans, will focus on the anniversary to reflect and remember and to recommit ourselves to seeing the job through."

Nonetheless, the White House sent five cabinet secretaries — from the Departments of Commerce, Education, Justice, Health and Human Services, and Housing and Urban Development — as well as the Gulf Coast reconstruction czar, Donald Powell, to announce mini-initiatives and emphasize that progress was occurring, despite visual evidence suggesting otherwise.

A housing project overhaul, more prosecutors for the local United States attorney, $235 million for displaced students, millions more to rebuild oyster beds: Mr. Bush's deputies have been working to counter persistent dissatisfaction from outside Louisiana with the quality of the federal response.

In New Orleans, resentment remains deep, particularly among blacks. At the premiere of Spike Lee's HBO hurricane documentary on Aug. 16 at the New Orleans Arena, the crowd hooted vociferously when Mr. Bush appeared on the screen. Its most enthusiastic applause came when local residents interviewed for the film gave voice to the conspiracy theorists' hobbyhorse: that the levees had been blown up deliberately.

Elsewhere in Louisiana, Mr. Bush is not blamed and remains highly popular among whites, a leading Republican pollster said. "They're not going to hold Bush responsible for New Orleans because they didn't like it to start with," said the pollster, Bernie Pinsonat of Baton Rouge, adding, "How would we expect them to recover when they haven't been able to take care of themselves?"

Underscoring the point, Mr. Bush got a locally well-publicized lift last week from a St. Bernard Parish citizen who had traveled to Washington in a replica Federal Emergency Management Agency trailer to meet him, and who turned out to be an ardent supporter of the president.

Going up against the Bush officials are about 20 Democratic members of Congress, including Representative Nancy Pelosi, the House minority leader, as well as Mr. Reid. The representatives will go on the now-obligatory bus tour of New Orleans and participate in the ecumenical prayer service on Tuesday at the New Orleans Convention Center.

There is the politics of commemorating the storm's wreckage, and then there is the wreckage itself. By week's end the Washington visitors will have cleared out, and the ruined neighborhoods will remain. Fears here that the region's lingering woes will be forgotten, never far from the surface, will be as sharp as ever.

On Thursday, Mr. Reid's motorcade breezed through the ruins of Chalmette, a suburb just east of the Lower Ninth Ward that was completely inundated by Hurricane Katrina. Much of it looks as if the storm hit last week, with blocks of ghostly, vacant houses and empty shopping strips; less than a third of the surrounding parish's prestorm population of 75,000 has returned.

With brisk efficiency Mr. Reid, accompanied by Senator Mary L. Landrieu, Democrat of Louisiana, strode through Andrew Jackson Elementary School, one of only two schools open in the parish. Virtually all the students had lost their homes and spent the preceding school year somewhere else. The parking lot is crammed with narrow trailers that serve as living quarters for the teachers.

That unmistakable evidence notwithstanding, Mr. Reid called out to Christine Elliers's fifth-grade class, "Does anyone live in these little trailers?" The response was immediate and unanimous. "We all do!" the class shouted back.

A further initiation into the realities of present-day South Louisiana awaited. "Do we like them?" the teacher called out. "No!" the students shouted back. "Do we have to put up with them?" Ms. Elliers asked. "Yeah!" the students shouted.

Local officials were thin on the ground in this conservative parish to hear Mr. Reid say later, outside the grocery store: "What is needed in New Orleans is public works projects. For as much money as we spend in one week in Iraq, we could create 150,000 jobs."

Lynn Dean, the chairman of the St. Bernard Parish Council, a veteran local Republican, listened skeptically. "Typical partisan talk," Mr. Dean said. "The federal government has put billions of dollars down here already. A lot of the money has been wasted."

Katrina Plan Enacted On Some Fronts, Not On Others (USAT)

USA Today, August 28, 2006

President Bush went before the nation in prime time last Sept. 15, making a variety of pledges to help rebuild the Hurricane Katrina-ravaged Gulf Coast. What Bush said and what's been done nearly a year later:

1. "Our goal is to get people out of the shelters by the middle of October."

•The government moved 275,000 evacuees out of shelters by the end of October.

2. "The federal government will undertake a close partnership with the states of Louisiana and Mississippi, the city of New Orleans, and other Gulf Coast cities, so they can rebuild in a sensible, well-planned way."

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•The Department of Housing and Urban Development approved a housing plan for Mississippi on April 4 and two for Louisiana on May 9 and 30. These and other plans for Alabama, Florida and Texas, which also suffered damage from Hurricane Rita, involve the distribution of up to $16.7 billion in block grants. Critics such as Derrick Johnson, president of the Mississippi NAACP, complained about the length of the approval process. “There is always a balance in attention between getting the money out fast and getting the money out responsibly fast,” says Donald Powell, federal coordinator for the Office of Gulf Coast Rebuilding.

3. “Tonight I propose the creation of a Gulf Opportunity Zone.”

•Bush signed the Gulf Opportunity Zone Act of 2005 into law on Dec. 21. The programs offers tax incentives for business development in the damaged region.

4. “I propose the creation of Worker Recovery Accounts to help those evacuees who need extra help finding work.”

•No action taken by Congress. The proposal called for up to $5,000 in special accounts for Hurricane Katrina evacuees seeking education and job training.

5. “To help lower-income citizens in the hurricane region build new and better lives, I also propose that Congress pass an Urban Homesteading Act.”

•No action taken by Congress. The proposal called for free building sites to low-income citizens via a lottery system.

6. “I've asked USA Freedom Corps to create an information clearinghouse, available at usafreedomcorps.gov, so that families anywhere in the country can find opportunities to help families in the region, or a school can support a school.”

•Went up immediately.

7. “I've ordered every Cabinet secretary to participate in a comprehensive review of the government response to the hurricane. This government will learn the lessons of Hurricane Katrina.”

Feds Say New Orleans Is Storm-ready (AP)

By John Heilprin, Associated Press Writer

The AP, August 27, 2006

Federal emergency officials claim the New Orleans levee system is ready for another major hurricane, despite the less-optimistic views of other political leaders and engineers.

"I think we're in good shape," Don Powell, the Bush administration's coordinator of Gulf Coast rebuilding, said Sunday. "There's no question in my mind, we're ready."

The levees failed after Hurricane Katrina, a Category 4 storm, roared ashore a year ago, flooding the city of New Orleans. The levees were built to withstand a Category 3 storm; the highest level is a Category 5.

The first storm of the Atlantic season was considered likely to have hurricane force as it moved across Cuba and aimed at Florida.

Visitors were ordered to leave the Florida Keys on Sunday.

"We are ready for a hurricane regardless of where it's going to hit," said David Paulison, director of the Federal Emergency Management Agency.

The U.S. Army Corps of Engineers, which says it repaired and reinforced 220 miles of levee walls, has been closely monitoring the storm, which could hit soon after Tuesday's anniversary of Katrina.

"I believe that the levees are ready for hurricane season," Powell said." "The levees are back to where they were pre-Katrina, and they're on their way to being the best, better and stronger then they have ever been."

But officials on the ground — including the head of the U.S. Army Corps — were more skeptical.

Sen. Mary Landrieu, D-La., said the levee repairs alone aren't enough. "They're back up to Category 3," she said. "We need to get them up to Category 5, and we are working to do that."

New Orleans Mayor Ray Nagin said the city was ready — but only to evacuate.

"You will never see a replay of last year, as long as I'm the mayor of the city," he said Sunday. "It's the storm surge that's really the major concern. ... We don't expect the catastrophic failures."

Contradicting other Bush administration officials, Lt. Gen. Carl Strock, the U.S. Army Corps' chief, conceded it isn't clear whether the levees could withstand a big hurricane this year.

"To pinpoint it to one thing and say 'yes' or 'no' is very difficult," he told reporters Saturday.

Gov. Kathleen Blanco, appearing at a news conference with Strock in New Orleans, said she's unhappy with the current strength of the levee system, but believes as much work as possible was done on it in the year since Katrina.

FEMA, which is part of the Department of Homeland Security, should not take all the heat for the problems after Katrina, said Michael Brown, who resigned under intense pressure last September as director of the agency.

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"There was a complete breakdown of government" at all levels, Brown said Sunday. But, he also acknowledged, "Of course I failed."

But Brown, who criticized the White House for trying to put a rosy spin on its handling of Katrina and for making him the fall guy for its failings, said he's not sure if New Orleans is ready for another big storm.

Asked whether Brown was made a scapegoat, Powell said he didn't think it was productive to look back. He said money has been committed to rebuild the Gulf Coast.

Only $44 billion of the $110 billion designated for the massive rebuilding project has been spent so far to help get the battered region back on its feet.

Powell made these comments on "Fox News Sunday" and ABC's "This Week," while Brown appeared on ABC. Nagin, Paulison were on NBC's "Meet the Press," Landrieu on ABC's "This Week."

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On the Net:

FEMA: http://www.fema.gov/

Searching For The Face Of Katrina And A Sign Of Hope (opinion) (LAT)

By Scott Gold

The Los Angeles Times, August 28, 2006

NEW ORLEANS -- The first time I met Justice, she was in the Louisiana Superdome, sitting side-saddle on her mother's lap and swinging her legs as if she were on a shady porch, not trapped in a defeated city.

At the time, three days after Hurricane Katrina, she was 17 months old, the same age as my daughter. I wrote about her that night, how she was eating trail mix rescuers had handed out, how I had foolishly advised her mother -- when there was nothing else to eat -- that babies shouldn't eat raisins.

She became, to me, the face of the storm, the face I saw when I thought about everything the Gulf Coast had endured in those terrible months: the decimation of 93,000 square miles, the dead and the displaced, the unmasking of a forgotten American underclass. Did her family, like many survivors of the hurricane, still live with a quiet sadness? Where had they ended up? Wherever it was, did it feel like home? As the first anniversary of the storm approached, I decided to find out.

There are suggestions of progress and recovery here. Billions of dollars in federal aid are headed toward the region. Some have suggested that New Orleans, long one of the poorest cities in America, could become a boomtown. But it's easy to be pessimistic about its future.

Block after block remains abandoned. Crime is up. Suicides have tripled. City Hall -- where the facade is still missing some of the letters in "City Hall" -- announced recently that the anniversary of Katrina would be marked with comedy and fireworks. But there is a pervasive sense that the party is over, and amid public outcry, a more somber memorial has been planned.

Maybe, I thought, finding Justice would provide some hope.

The only concrete leads were on a list -- compiled from voting and property records -- of addresses where Justice's family may have lived before the storm. The first stop was at a house in the working-class Bywater district. One of Justice's relatives appeared to have lived in this "double," a fatter version of the city's narrow "shotgun" homes.

Azaleas had taken over and weeds had erupted through the concrete steps leading to the door. There was no one home, hardly unusual in a city where fewer than half the residents have returned.

Across the bridge that spanned the nearby Industrial Canal, a scrawny man was wrestling the radiator out of a green pickup truck along the roadside. The truck had been struck by a tidal surge that had ripped off its roof. But in New Orleans, where scavengers pick through the rubble every day, it was a find. His hands coated in rust, sweat dripping from his nose, Tyrone Smith said the radiator might fetch $15 or more at the scrap yard.

Smith put in 13 years at a shrimp plant before the storm, a job that vanished amid a crumbling economy. Now he gets $10 an hour rewiring flooded houses. He lives in a gutted house in the 9th Ward, a 42-year-old man sleeping in a bunk bed next to exposed studs pocked with rusty nails.

A pickup truck rumbled down the street. It was a noisy arrival; clamshells swept in from the Gulf still covered many of the streets. "The bossman!" Smith said. He raced off toward the truck.

House after house was vacant. No one remembered Justice or her family.

Next to one of the houses, in the Bywater, neighbor Dymous Henry said seven people are living in the block of 21 dwellings. Even those who have returned, he said, are not really home.

"People here can't take change," said Henry, 48. "There were people who lived in this part of town who had never been Uptown, never been across the river. This has done something to them. Everybody's changed."

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In Gentilly, close to Lake Pontchartrain, was a house where Justice's mother, Tonisha, may have lived in 2002. Now, a meaty tree limb juts through the roof.

Across the street were the block's only residents. Renee Daw, 43, who works at a shipping warehouse, and her son, Raynau, 8, rode out the storm at home. When they were chased out of the attic because the water got so high, they kicked out a vent and climbed onto the roof. They were rescued after three days. They returned in April, and live in a Federal Emergency Management Agency trailer parked in front of their gutted house.

New Orleans is not an easy place to be a kid these days. There are two boys Raynau's age three blocks away. They came by to play, once. The local park is padlocked; the bleachers next to the baseball diamond are upside down. Asked what he was going to do with the rest of his day, Raynau just shrugged.

"We mostly just stay in the trailer," Daw said. "We're inside people now."

In Pontchartrain Park, a neighborhood of postal workers and school teachers that was devastated by a breach in the London Avenue Canal, property records indicated that Tonisha's mother, Winifred Jones, owned a tiny home. Today, the door is missing. There is nothing inside but a toilet and a bathtub full of chunks of drywall.

Down the street, a man living in a FEMA trailer was mowing a neighbor's lawn, not because he has any neighbors, but because snakes and other critters have taken up in the overgrown lots.

"Tonisha?" he said. "That's my goddaughter!"

This was Winifred Jones' house, he confirmed. But when asked where they were living, he snapped: "Why are you asking me all these questions?"

He began to sweat profusely. He grabbed the sides of his baseball cap, pulled it low and retreated into the street, stumbling over a pile of empty bleach bottles, tree limbs and splintered boards.

"Do you know them?" he shouted. "Or don't you?"

It was a valid question; despite the connection that I felt with Justice and her mother, I didn't really know them at all. "I don't mean any harm. I'm just trying to see if they're OK."

"Don't you get it, boy?" he screamed. "Everybody's gone! Everybody's lost!"

Twenty-two houses, in Gentilly, in Pontchartrain Park, in the Bywater. Nothing. Fifty-three phone calls, to FEMA, to City Hall, to disconnected numbers, and to people in North Carolina and Oklahoma who appeared to be relatives or old neighbors, but none knew the family.

An Internet message board set up to reunite storm victims provided a clue I had missed: a note from Winifred Jones written from the Houston Astrodome, which after Katrina had served as a shelter. It included a cell phone number.

A recording said the phone network would not accept messages. Another dead end, it seemed. But a few minutes later, my phone rang. A woman was on the other end: "Who called this number?"

"I'm trying to find Tonisha Jones," I said.

"I'm her auntie," the woman said. She said they were living in Beaumont, Texas. "I'll have her call you in 15 minutes."

When the phone rang, I raced across the room to answer it. I said I was looking for a little girl named Justice.

"That's my baby," Tonisha said. "I remember you."

The next morning, Justice was on the second-floor balcony of a tidy apartment complex on the west side of Beaumont, swinging around her mother's leg, a smile on her face, her red gingham dress billowing behind her.

There were suggestions of home. A scooter was outside the apartment and, inside, a chicken was baking in the oven. Justice's father, Joshua Lonzo, was tying on an apron getting ready to go to work at a grocery store.

But like half a million evacuees who remain scattered across the U.S., Justice's family is still unsettled. Nothing feels familiar. They are still learning their way around the area. The stores don't carry the Cajun spices they used to cook with, or the white Bunny Bread they had used for sandwiches. Dinner is eaten on donated plates, in front of a donated TV.

Tonisha and Joshua Lonzo -- she has recently taken his last name -- were products of the New Orleans projects. Gangs ruled. Drugs were everywhere. Only God, he says, knows how he and Tonisha chose the straight path.

They met at a party when they were 15. They lived across the railroad tracks from each other and went to different high schools but saw each other every day. Their friends joked that they had turned into an old, married couple before their senior prom.

Four years ago, they had their first daughter, Taylor. They married a short time later. Tonisha worked as a cashier at a drug store. Josh was a cook on a riverboat and drove a truck for an upholstery company.

"We were poor," said Tonisha, 25. "But we were making it."

They rented a little clapboard house in the 7th Ward. They bought a bedroom set on layaway. They went into the French Quarter for an occasional daiquiri and stopped by her grandmother's house on weekends for a slice of coconut pie.

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On the day the storm came, they gave no thought to leaving the city, like tens of thousands of others. Generations of their family had stayed and ridden out storms and, in any case, they had little money and nowhere to go.

They went to the Superdome better prepared than most of the others. They had crackers, sardines, smoked sausage. They had three changes of clothes for the girls and 25 diapers for Justice.

By the time they got out six days later, everything that had not been lost or stolen -- a couple of boxed meals, some medicine, the keys to a Dodge Intrepid they would never see again and a house that had been destroyed -- fit into a child's suitcase decorated with the Cat in the Hat. The girls were covered in mud and urine. They had lost their shoes, so Tonisha had made them new ones, first by tying plastic bags around their feet, then by tearing strips of fabric from a pair of pants someone gave her.

After three weeks at a shelter, Tonisha got in touch with her aunt, Galintha Harden, who had also ended up in Texas. Her aunt told her about an apartment in Beaumont that a church had found for another relative, so Tonisha, Josh and the girls took a bus there.

Days after their arrival, Hurricane Rita slammed into the city. "The double whammy," Tonisha said. They fled again, 11 relatives in two cars. They stayed in a hotel in Lafayette, La., for two weeks.

Those were dark days. They were exhausted. Tonisha could not shake the putrid smell of the Superdome.

"I was crazy," she said. "I just kept smelling it, no matter how much we washed. I would sit and cry, cry, cry. Eventually, I realized that I had to stay strong for my kids. I realized that it could have been worse, because we were alive."

In October, Tonisha, Josh, the girls and three other relatives moved into the $550-a-month, two-bedroom apartment in Beaumont. By then, Tonisha had discovered that she was three months pregnant.

It was not an easy pregnancy; doctors hospitalized her for two months because her amniotic fluid was too low and her blood pressure too high. Josh had found work as an automotive technician. But juggling the girls' care and his job proved too much. After he was late to work a couple of times -- even after bringing a note from Tonisha's doctor explaining that she was in the hospital -- he was fired.

They were so strapped for money that at one point they borrowed a car and drove 260 miles to New Orleans to recover $240 in cash that Tonisha remembered she had left in the pocket of Josh's jeans. The money was with the electric bill that Josh was supposed to have dropped off that week.

Looters had already been inside their house, but they had missed the envelope. Tonisha washed the mold off each bill with soap and water.

They miss New Orleans -- the pickled meat and the gumbo, the raucous parades held by the Zulu Social Aid and Pleasure Club. "But it's peaceful here," Tonisha said one recent afternoon, as her girls ran through the courtyard of their apartment complex and pretended to make spaghetti with a pile of twigs.

Justice is a typical toddler, "always looking for trouble," Tonisha said. She gets mad when told she cannot store her toys in the microwave. She is scared of bugs and loud noises. She uses a broomstick to flip on the lights. She is too little to remember the storm, or New Orleans. Tonisha figures that's for the best.

Zoey, the baby, was born in April. She sleeps between Tonisha and Josh. Justice and Taylor sleep in a single bed on the other side of a nightstand crowded with sippie cups, toys and the Bible Tonisha and Josh recently bought to replace the one they lost in the flood.

On July 4, Tonisha's aunt was driving the car they all shared when she was rear-ended by a woman with no insurance. The girls' car seats had been stored in the trunk, which was so badly damaged they couldn't retrieve them.

Tonisha and Josh needed a car of their own. Josh found an ad asking $4,500 for a 1997 Chevrolet Suburban. It was big enough for all of them, but the purchase would sap about a third of their net worth -- and the car had nearly 200,000 miles on it.

"I just hope it lasts," Tonisha said.

Justice had been in the car for a while, and was getting antsy.

"Justice!" Tonisha yelled. "Get away from the door! You want to get hurt?" Justice slouched in the backseat and pouted. Tonisha fiddled with the radio, trying to distract her so she wouldn't cry. "Justice!" she called. "It's your song!"

It was a Mariah Carey song called "Fly Like a Bird." The song is a prayer for strength: "Don't let the world break me tonight. I pray you'll come and carry me home." Justice bobbed her head to the beat, her braids swaying back and forth. Then she put her head on my shoulder and her hand on my arm. Soon, she was asleep.

I stared out the window, thinking about the storm, about everything I'd seen in the past year, about how silly it had been to think that a 2-year-old would be able to provide me with a happy ending.

Gold covered Hurricanes Katrina and Rita and their aftermaths for the past year.

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Razing Hopes And Fears (WSJ)

By Chad Terhune

The Wall Street Journal, August 28, 2006

NEW ORLEANS -- Mera Bercy -- fed up with the stench and the rats and the roaches from the abandoned house next door to her home in the flood-battered Gentilly neighborhood -- hopes the city of New Orleans keeps its word.

Officials have promised that beginning tomorrow, the one-year anniversary of Hurricane Katrina's landfall here, they would begin moving to demolish buildings whose owners haven't at least gutted them and cleaned up their lots.

"Their rats and roaches are coming into my home with three small children," complains the 33-year-old Ms. Bercy, who gutted her home in November and is living in a small travel trailer in her front yard as she slowly repairs her single-story brick house. "Obviously the owner next door has moved on. But don't punish me. If they say Aug. 29, make it stick."

Demolitions won't begin for a few weeks or even months. But New Orleans and neighboring St. Bernard Parish -- two of the hardest-hit areas -- have set the deadline to force tens of thousands of property owners to deal with abandoned, blighted structures that still litter the landscape here and perhaps kick start the area's stagnant recovery. In a vote Friday, the New Orleans City Council stuck to the deadline but spelled out that homeowners will have several weeks to comply with or challenge warning letters or seek a "hardship exemption."

Katrina severely damaged more than 125,000 homes in New Orleans and St. Bernard parishes alone, and it is estimated only about 30% to 50% of residents have returned. Many homeowners don't have the money to rebuild as disputes over denied insurance claims drag on, and an acute shortage of workers and construction materials is crimping efforts and raising costs. Government red tape and property owners' concerns that another devastating storm might wreck any repairs have also bogged down work. Katrina survivors are watching Tropical Storm Ernesto closely as it churns toward the Gulf of Mexico.

The demolition plan has become a flashpoint, pitting neighbor against neighbor in many cases and signaling an important shift among local leaders to focus their efforts and priorities on those who have already returned versus those who may never come back. After the local government demolishes or guts a house, officials will place a lien on the property to force the owners to repay the cost of the work.

"People shouldn't have to live in disgusting neighborhoods with boarded-up homes, uncut grass and debris in the yard," says Joey DiFatta, a St. Bernard Parish Council member. Oliver Thomas, the New Orleans City Council president, agrees. He says the time has come to "focus on the people who've returned so they're not discouraged and leave."

Working in favor of the rebuilding effort is that $7.5 billion in federal aid has started flowing to Louisiana homeowners in the disaster zone. Last week, the Louisiana Recovery Authority started issuing grants for as much as $150,000 to help cover uninsured losses. A similar $3 billion program is under way in Mississippi.

Local officials expect that to trigger an unprecedented construction boom -- with thousands of renovations simultaneously under way across hundreds of miles of southern Louisiana and Mississippi. Of course, that will exacerbate the labor shortage even more. Some experts estimate more than 50,000 additional workers are needed in Louisiana and Mississippi. Already signs begging for laborers are interspersed among thousands of placards plastering the New Orleans area to advertise wallboard removal, mold fumigation and demolition.

To fill the gap, construction companies are offering pay incentives to retain employees, and business groups are pushing for training programs and improved housing options. The Business Roundtable, a Washington D.C.-based association of 160 CEOs at leading companies, has teamed up with state and federal labor officials to launch training efforts in Baton Rouge, La., and Jackson, Miss. The group has a goal of recruiting and training 2,500 entry-level construction workers this year and 20,000 by 2009. The Business Roundtable has put $5 million into the program and state and federal officials have invested more than $20 million toward this initiative and other worker training.

Stephanie Foster, 31, started the four-week training course at Baton Rouge Community College earlier this month. She hopes to earn more than $20 an hour in welding or carpentry -- up from the $8 an hour she made previously as a fast-food cook and cleaning houses. "We have to rebuild to get our people back. If we don't do it ourselves, no one will," she says. Billboards and radio ads promoting the program began airing this month, and nearly 200 participants have finished the program and taken jobs at local builders and bigger companies such as Shaw Group Inc. and Bechtel Group Inc.

The billions for rebuilding "mean nothing if we don't have the hands on the ground," says Tim Johnson, a Baton Rouge consultant organizing the training. "There will be no rebuilding without the craftspeople."

In St. Bernard Parish, the largely blue-collar community east of New Orleans inundated with Katrina floodwaters, Bill and Kathie Lind have invested roughly $150,000 to fix up their home and another rental property they own. Their neighbors have done very little.

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Next door on Jupiter Street in Chalmette one home still hasn't been gutted and portions of the roof are collapsing. The Linds' neighbor on the other side recently tore out the interior of his house and a chest-high pile of debris fills the front yard. "Before they set the deadline no one was doing anything," says Mr. Lind, his T-shirt drenched in sweat after clearing weeds in his yard in 95-degree heat. "The deadline is the only thing that will save the parish."

Many homeowners, though, remain skeptical of any government rebuilding effort given the slow, bureaucratic response thus far to Katrina. They also fear the government will demolish structures that are salvageable -- or stick them with excessive liens on their property.

Others are openly hostile. The looming deadline brought out Ray Berger, a 47-year-old motel owner, to clean up his mother-in-law's house on Florida Avenue, not far from Ms. Bercy's Gentilly home. "It's a shame it's a year later, and you don't see any improvement," Mr. Berger said. "But how can we get anything done when we're still battling the insurance companies? If they tear down this house, they will catch a bullet."

Civil-rights groups in New Orleans have threatened a legal effort to block the city demolition program. New Orleans already has exempted low-income areas such as the Lower Ninth Ward. Property owners in New Orleans can also comply with the deadline by getting on a waiting list for free gutting services offered by some nonprofit groups -- a wait currently running at four to six months as the groups struggle to recruit enough volunteers to meet the enormous demand. It often takes a team of 10 volunteers two to three days to gut one home.

St. Bernard will give property owners 30 days notice before starting demolition. Homes that are structurally sound will only be gutted, officials say.

Joseph and Helen Moore heard about the demolition deadline in St. Bernard Parish from their daughter-in-law and rushed back earlier this month from their new home in Broken Arrow, Okla., to install new doors and windows on their damaged Chalmette house -- one recommended way to get off the demolition list. They intend to sell the house and stay in Oklahoma because they don't consider Louisiana safe from future storms. "Why should we put windows and doors on to make it presentable? They will just be broken out later," said Ms. Moore, a 62-year-old Wal-Mart employee.

Last month, the parish posted a list online of more than 7,000 residential and commercial properties it considered "blighted" out of 27,000 pre-Katrina structures. That number has dwindled to about 4,100 as property owners documented work they'd undertaken.

"Every day we have our screamers and criers," said Gina Hayes, director of the Department of Community Development in St. Bernard Parish. But "our goal is to clean up this area."

Mississippi Town Becomes Steel's City (WSJ)

By Paul Glader

The Wall Street Journal, August 28, 2006

LONG BEACH, Miss. -- Roger Glennon spends his days in a trailer next to the mayor's office here working on plans to rebuild the town hall complex, library, police station and recreation center devastated a year ago by Hurricane Katrina.

The 65-year-old engineer doesn't work for the city, or a local contractor or architect. Instead, he and four other engineers are being paid by Mittal Steel Co., of the Netherlands, the world's largest steelmaker and his former employer. Out of the piles of debris stacked high with wood, Mittal and the rest of the steel industry see an opportunity.

They have adopted Long Beach, a small Gulf Coast city of graceful, mostly wooden homes, where about half of the 6,000 structures were damaged by Katrina.

"Here was a city that was small and not on anybody's radar screen early on," says Larry Williams, executive director for The Steel Framing Alliance, which is affiliated with the American Iron and Steel Institute.

Along with essentially donating the work of five engineers to help local contractors learn to work with steel, Mittal set up a $1 million grant for city rebuilding projects and has helped pay for the annual Christmas party, the yearbook at the local high school, and renovations at the Little League baseball field.

"I took my hard hat and mill shoes along and was ready to dig in," Mr. Glennon says, noting that after he arrived in January the work turned out to be managing contracts and working through bureaucracy of state and federal building rules and disaster funding.

In addition to Mittal's efforts, Mr. Williams's group announced in February that it was pooling $1.1 million from 12 steel companies to launch the Gulf Coast Steel Initiative, a marketing effort to gain more steel-framed buildings in the Gulf Coast region in general and Long Beach in particular, where it is heading up plans to rebuild the community recreation center and senior citizens home, mostly out of steel.

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A smaller, but similar marketing effort was launched after Hurricane Andrew struck Florida in 1992 and was credited with boosting steel's market share of home frames to 7% from 1%, with even higher percentages in certain cities such as Orlando. That effort, and the current one, tout steel as stronger and more disaster-resistant than traditional wood framing, which has 78.5% of the market share nationwide.

Concrete makers are also trying to make inroads in the home-construction market at the expense of wood, whose industry trade group is vigorously protecting its market share. The Washington D.C.-based American Forest & Paper Association and its American Wood Council defends the durability of wood-framed buildings. "We are entirely confidant that wood-framed structures, properly constructed, are able to withstand the wind-loads prescribed by the building code," says Ken Bland, director of codes and standards for the organization.

But steelmakers believe natural disasters like Katrina help their cause. General Steel Corp., based in Lakewood, Colo., advertises its pre-engineered building kits on a local radio station, saying their steel-based garages and commercial structures can withstand high winds. "You have to have a catastrophic event to get people out of traditional building methods," said Steve Bezner, a partner in Light Gauge Solutions of Arlington, Texas, and president of the Texas branch of the steel-framing alliance, while driving along the beachfront of Long Beach. "We think we can take steel building up a few notches."

The gains won't come easily. Steel is expensive. It costs anywhere from 15% to 40% more to frame or roof a house in steel or concrete rather than in traditional wood framing or asphalt roofing. To help offset the higher costs, the steel coalition is lobbying insurance companies and commissions for preferential insurance rates for homeowners who have steel-framed houses.

But cost isn't the only issue. Most home builders were trained to use wood and don't know how to use other materials. Indeed, several wood framers in the region say they would try steel framing if they could get skilled workers. Wood frames require nails and hammers. Steel frames require screws and drills. "We've looked at steel or modular but we can't get the people for crews," said Ronnie Wirth, a home builder in New Orleans.

Planetta Custom Homes in Slidell, La., is finalizing an agreement with China's Zhongfu Group to build and distribute 600 prefabricated steel houses in Long Beach and other Gulf Coast towns. Vic Planetta says American builders aren't as experienced working with steel and so he wants to bring Chinese engineers and workers to the U.S. to work alongside his own subcontractors. He expects the first steel houses to be built in six months. The Chinese firm, partially government owned, says the homes will be able to withstand winds of 150 miles per hour and will have several different designs ranging in size from 1,250 to 3,000 square feet and priced between $130,000 and $500,000.

"We are open to whatever," said Long Beach Mayor Billy Skellie, who says as long as steel home designs meet building codes, he is willing to "tweak" city ordinances a bit to allow for more steel-intensive housing.

Gulf Coast Taking A Look At 'new Urbanism' (USAT)

By Larry Copeland

USA Today, August 28, 2006

Downtown's main street is lined with bright, welcoming shops, restaurants and small art galleries. The pastel storefronts have colorful awnings; some have apartments on the second floor. Sprawling oaks shade the sidewalks, which are dotted by benches where strollers can take a break to people-watch.

The heart of Ocean Springs largely escaped the fury of Hurricane Katrina a year ago Tuesday. Most businesses are open. Two Dogs Dancing, which boasts "delightful gifts for pets and people," displays some of its wares on the front porch. The Bayou Belle Ladies Apparel store sports a "Yard of the Month" sign on the front lawn.

No one knows how coastal Mississippi will look when it is finally rebuilt from a 28-foot storm surge that scoured the coast here a half-mile or more inland. The 11 Mississippi towns and cities blasted by Katrina each had a distinct style and character.

This city of 17,300 seems the most likely to emerge as the kind of welcoming, village-style community envisioned by Gov. Haley Barbour and the "new urbanists" who designed Mississippi's blueprint for rebuilding.

New urbanism uses zoning to try to recreate the best of the USA's pre-sprawl, small-town past. It promotes communities where people can walk from home to shops and offices. Houses have front porches to encourage neighborliness. Condominiums and apartments are built above shops.

Ocean Springs Mayor Connie Moran says she was quick to embrace new urbanism because her city already cherishes its principles. "It's the old urbanism to which we aspire," she says. "The new urbanism is recreating the old urbanism, and Ocean Springs is a prime example of that."

None of the Katrina-hit coastal communities has adopted the model zoning ordinance that guides new urbanist development.

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Biloxi, a casino gambling mecca, has rejected such zoning for its hardest-hit areas. The 10 other cities — Ocean Springs, Bay St. Louis, D'Iberville, Gautier, Gulfport, Long Beach, Moss Point, Pascagoula, Pass Christian and Waveland — are either moving toward implementing the zoning or considering it, according to state officials.

The process has been slowed by a lack of funding, a shortage of staff planners and the cumbersome legal process of making zoning changes, says Ann Daigle, Gulf Coast new urbanism expert for the Mississippi Development Authority, which is supervising much of the rebuilding.

New urbanism isn't an easy sell to some local politicians and state transportation officials, Daigle says. “The people in general … are really listening and learning about this alternative for rebuilding,” she says. “What I am discouraged about is that … in general, I think the elected officials are not interested.”

Neither are some residents. In a part of the state where tens of thousands of people still live in government trailers and thousands are fighting their insurers over storm damage to their homes, esoteric concepts such as new urbanism are often very low on the priority list.

“It's something different,” says Marty Wagoner, 45, a financial planner and 40-year resident. “A lot of people don't accept something they've never seen before.”

As residents get long-awaited checks from the federal government to rebuild their homes, they're doing so in traditional subdivisions. “I'm disappointed because the developers coming in are not as open to developing around these principles,” Daigle says.

New urbanism emphasizes development in “pods,” communities with a discernible center, often a square or a green. The center has a transit stop because public transportation is valued over the automobile. Homes are built in a variety of styles for young and old, families and singles, and people of various incomes. Neighborhoods are designed within a five-minute walk of the town center. Shops and offices are located at the edge of the neighborhood, and the streets are relatively narrow and tree-lined.

Coastal Mississippi, pre-Katrina, had developed in a far different fashion. It was a land of strip malls and distant suburbs, a place defined by the car culture. It has no regional transportation system.

Less than two months after Katrina, Barbour welcomed a rebuilding proposal from Andres Duany, a Miami architect and one of the founders of new urbanism. In October, architects from around the world met for six days in Biloxi. They worked with local architects, planners and community leaders on plans tailored to each city.

The development style doesn't address the stronger building codes or higher elevations that will be required for rebuilding in some areas vulnerable to flooding.

New urbanism got its start in Seaside, Fla., in 1981. The Florida Panhandle city showed that new developments could be built like traditional resort towns and succeed. Since then, several communities have been built. Among them: Legacy Town Center in Plano, Texas; Celebration and Avalon Park in Orlando; Kentlands in Gaithersburg, Md.; the Peninsula Neighborhood in Iowa City; and Harbor Town in Memphis.

Ocean Springs, founded in 1699 as a French colony and now popular with local artists, could be one of the first coastal cities to enact new urbanism zoning.

“We're considering adapting some version,” Mayor Moran, says. “That's going to take quite a lot of public input and tinkering.”

Perhaps the best-known example of new urbanist development in coastal Mississippi is Cottage Square, a planned village of 20 “Katrina cottages” about a mile from Ocean Springs' downtown. The project is being developed within a five-minute walk of an elementary school and a grocery store. There are two cottages on the site now.

A Katrina cottage is a small, permanent house designed as an alternative to the government trailers where many residents are still living. The cottage is homier than a trailer. It has hardwood floors, a spacious living-dining area at the entrance, an inviting front porch.

It's the handiwork of New York designer Marianne Cusato, who last week reached an agreement with Lowe's in which the home improvement giant will manufacture a “kit” so builders can assemble cottages on-site. The 308-square-foot prototype has siding designed to withstand winds up to 130 mph.

Cusato says she created it to incorporate Gulf Coast architectural features. “So much was lost that created such an identity of place,” she says. “If we turn our backs on that and just say ‘let's rebuild,' we've really lost something.”

Several other teams of architects and builders are scrambling to design, build and sell similar structures that can be used as alternatives to trailers. In July, Congress set aside $400 million for a pilot program that could move thousands from trailers to cottages.

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Wagoner, the financial planner, and his wife, Lisa, also a financial planner, are building a 768-square-foot Katrina cottage on their beachfront property. It's going to take up to two years to rebuild their house, and they wanted a "home" in the meantime for themselves and twin sons Slay and Cole, 6.

"It wouldn't work for everybody," Marty Wagoner says of the $80,000-$100,000 cottage. "But it's going to be a nice little house."

'Katrina Cough' Sending Many To The Doctor (USAT)

By Liz Szabo

USA Today, August 28, 2006

Nearly a year after the hurricane, some New Orleans residents say they have "Katrina cough" — they blame the storm and its aftermath for their respiratory problems.

Doctors are still debating whether the symptoms are related to the hurricane, and no one knows exactly how many patients have respiratory problems. The American Lung Association of Louisiana has screened about 1,600 people since the hurricane. About 25% had mild to moderate reduced lung function, says Tom Lotz, the association's executive director.

AmeriCares, a relief agency, awarded the lung association $100,000 this month to help people with hurricane-related respiratory problems.

Nereida Parada, an allergist and pulmonologist at Tulane Health Sciences Center, says she sees many patients with coughs and other symptoms. Some patients developed a cough right after the hurricane. Others with asthma, emphysema or lung diseases noticed that their symptoms have worsened. Patients who live or work in flooded or moldy areas appear most at risk.

"Katrina left a long time ago, and people are still coughing," says Parada, a specialist who sees patients who don't get better after seeing their primary-care doctors.

Parada says patients' problems could have many different causes, including allergies, environmental irritants such as dust or mold, or even gastroesophageal reflux, which can be made worse by stress. Parada says she can't definitively connect these symptoms to the storm.

Paul Timmons, who works for the American Red Cross, says his asthma was under control until October, when he arrived in New Orleans. By December, Timmons, 38, was waking up with night sweats and coughing up sticky phlegm. His fevers went away with treatment. But he says he still wakes up at night unable to breathe.

Some aren't convinced that New Orleans is experiencing an increase in respiratory ills. Maureen Lichtveld, chairwoman of environmental health sciences at the Tulane University School of Public Health and Tropical Medicine, says some patients who blamed their winter coughs on Katrina may have simply had common cold and flu viruses.

Some patients with normal seasonal allergies or winter colds may have mistakenly blamed their symptoms on the hurricane instead of ordinary pollen or common viruses, she says.

And in a report in April, the Louisiana Department of Health and Hospitals found no increase in serious respiratory problems related to the storm. The report's authors note that they studied only patients whose symptoms sent them to the emergency room, so they could not rule out an increase in less-serious problems.

When The Cameras Left (NSWK)

By Holly Bailey

Newsweek, September 4, 2006

Bronwynne Bassier was desperate. Roaming the streets of her Biloxi, Miss., neighborhood four days after Katrina, scavenging for food and clothes for her 2-year-old son, Bassier stumbled upon the one man who presumably could help: President George W. Bush. Rushing toward him, the 22-year-old single mother pleaded and sobbed. "My son needs clothes," she cried. "I've lost everything." Momentarily stunned, Bush appeared on the verge of tears himself as he listened. Bush tried to direct her and her younger sister, Kim, toward a Salvation Army shelter down the road, but ultimately comforted them the only way he knew how: he hugged them. "Hang in there," he told Bassier, kissing her forehead. "We're going to take care of you." Press cameras captured the moment and beamed the image of compassion around the globe.

A year later, Bassier's life remains like that of countless other Katrina victims: she lives in a FEMA trailer with her son and new husband. Her story offers a window into the workaday reality of life post-Katrina. "Meeting [Bush] didn't really change anything for me," Bassier tells NEWSWEEK. "I've been just like everybody else, trying to move forward with my life one day at a time." In a new NEWSWEEK Poll, 51 percent of Americans say they don't think Bush has followed through on his promises to rebuild New Orleans and the Gulf Coast.

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To complicate matters, Bassier—a native of South Africa—has had a hard time getting a work visa. She'd applied for one after graduating from a local college last summer, but in the chaos of Katrina, the Department of Homeland Security lost the paperwork. More than a year later, her application is still pending. In May, Bassier sent a letter to the man who'd been there for her last year. But as of last Thursday, the president still hadn't responded. A White House spokeswoman confirmed last week that the administration received it, but said it had been forwarded to DHS. "We don't intervene in individual cases," says Deputy Press Secretary Dana Perino.

This chapter of Bassier's story may yet have a happy ending: after NEWSWEEK's inquiries, Bassier received a call Friday from the White House inviting her to meet with President Bush this Monday when he visits Gulfport to mark the first anniversary of Katrina. (A White House aide tells NEWSWEEK that the invitation had long been in the works, but they hadn't been able to locate her until Friday.) She plans to make her case in person for a work visa. And she wants to thank President Bush for coming back. She's not angry, but she's looking for more than a hug.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, August 28, 2006

Ping-Pong Still Works in China

He's not one to brag, but the fact is Minnesota Republican Sen. Norm Coleman was a mean Ping-Pong player back in college. "I spent a lot of hours in the game room," he chuckles. So trying to scare up a match during an official trip to China seemed like a neat thing to do. Nothing serious, mind you, but something still reminiscent of the famous 1971 Ping-Pong diplomacy that marked a thaw in U.S.-Chinese relations. "I thought they were going to just meet at like a Boys or Girls Club and play with a couple of kids," he says. "Instead, I walk into the National People's Congress building, and they've got this table set up and some former world champions to play! Clearly the Chinese thought ahead of us."

He actually held his own. "I got a few points," says Coleman, part of a just-returned Senate delegation that yearly meets with Chinese counterparts. Better yet, playing their sport on their turf opened up top Chinese officials including President Hu Jintao-who singled out Coleman's game-to the delegation's urgings on arming Iran and other issues. "It created a little bond, a little relationship there," says Coleman. And an Olympic spirit. "I told President Hu that I will be working on my game for our next interparliamentary visit to China in two years," he says. "Let's just say the Olympians won't be the only ones competing in Beijing in 2008."

Playing Soon in Congress: the NFL

NFL Network play-by-play man Bryant Gumbel is under fire for suggesting on his HBO show that retiring National Football League Commissioner Paul Tagliabue has NFL Players Association prez Gene Upshaw on a "leash." But he might soon get some powerful allies. We hear that members of the House Judiciary Committee are interested in just how cozy the NFLPA and NFL have become and are concerned about the players association's rules governing professional agents. "This whole look at sports started with the baseball steroids scandal," says a House insider. "Now we're looking wider." What sparked Congress's new interest was the two-year suspension of star agent Carl Poston before a planned arbitration hearing with the NFLPA. He went to his congresswoman, Rep. Sheila Jackson Lee, for help, and now several lawmakers and the Judiciary Committee are looking into his case. NFLPA officials say they handled the case by the book and don't think Congress should butt in. And, anyway, they add, Poston should be punished for somehow missing a $6.5 million bonus for client LaVar Arrington when he played for the Washington Redskins. Still, they have scheduled an arbitration hearing on his suspension. A meeting between lawmakers and the NFLPA is planned, and Hill insiders say hearings-and legislation-could follow.

A Hamas Copycat at Work in Iraq

Hamas, the terrorist group that now runs the Palestinian National Authority, appears to be a model for radical Shiite cleric Moqtada al-Sadr and his Mahdi Army's move to take control of Iraq, say senior military officials. Following the Hamas bid to run sewer, health, and other social services that could help win the hearts and minds of Palestinians, Sadr's efforts look like a copycat move. "Sadr's militia is doing the same kinds of things," says a senior defense official.

The Official Book on Dick Cheney

Vice President Dick Cheney is finally getting the book-length biography treatment-and he's playing along. We hear that the Weekly Standard's Stephen Hayes is hot on the case and plans to publish a bio titled, naturally enough, Cheney as early as next spring. "I'm not a historian," Hayes fesses up. "I approached it like a long magazine article." A very long article, considering Cheney's been in the public eye for some five decades. "It's a pretty unique perspective of American history over the last 50 years," Hayes says of Cheney, who worked in three administrations before being tagged by George W. Bush as veep. As is Bush with biographer Robert Draper, we hear Cheney, his staff, and friends are cooperating. So what's surprised Hayes so far?

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Cheney isn't just a hawk but a strong advocate for the "softer side of the Bush doctrine, advocacy of democracy." Also: "He's much more a normal person than his public persona." And maybe one reason that Cheney floundered at Yale: Pals told Hayes that he "pined" for his girlfriend Lynne, now Mrs. Cheney.

What, Me Worry? Not This President

A bloody war, bad polls, and his beloved Texas Rangers several games out of first, you'd think President Bush would be bummed out. But pals say he's as happy as ever. We checked in with those who attended last week's fundraiser for Virginia Sen. George Allen at the home of former Republican National Chairman Ed Gillespie. The prez gave an animated history of the Oval Office and told of how optimistic he is about the future. He spent time schmoozing and even beckoned neighborhood kids over for a picture. "He was cranked up," we're told, though he might have been euphoric because the following day he was flying to his parents' Maine home for a day of fishing.

'Tis the Season to Go With the Saints

Donald Powell has gone native. President Bush's man in charge of cleaning up the mess left by Hurricane Katrina says his nine months on the job has changed him forever. "This has been a defining moment in my life," says the likable Texan and former Federal Deposit Insurance Corp. head. "When I come up here [to Washington], I feel like I need to get back down there." Here's just a bit of proof that he's become NOLA's biggest fan: Powell plans to attend the reopening of the Superdome, home to so many terrible post-Katrina stories, for the Saints-Atlanta Falcons game on September 25. And he promises he'll be wearing a Saints jersey with QB Drew Brees's No. 9 on it. "You can write that on August 22 I predicted that the Saints will make the playoffs," says the federal coordinator of Gulf Coast rebuilding. "They'll be playing for more than just themselves."

Bush's Brownie (TIME)

By Carolyn Sayre

Time, September 4, 2006

No one has to tell MICHAEL BROWN he's doing a heckuva job anymore. He's his own boss now. Brown, 51, who was FEMA director when Katrina hit last August, was roundly pilloried for mishandling the relief effort after the hurricane. At first President Bush stood by him, but two weeks after the storm, Brown resigned. For six weeks, he continued to work for FEMA as a consultant. Then he set up his own shop--in disaster preparedness. His firm, Michael D. Brown LLC, draws on the lessons of Katrina to help corporate clients implement contingency plans ahead of natural disasters. He has taken his unapologetic message to Congress. Testifying in February, he blamed his bosses at the Department of Homeland Security for FEMA's response to Katrina and urged "corrective action" so that "disasters don't occur in the future." "If we don't learn from this, then shame on us," he said in an interview with NBC. "I will have been scapegoated for nothing."

New Orleans Blues (NSWK)

By Evan Thomas, Jonathan Darman And Sarah Childress, Newsweek

Newsweek, August 28, 2006

Charged with rebuilding his city and decisively re-elected six months ago, Mayor Ray Nagin remains an elusive character and a controversial leader—and miles of the Big Easy are still uninhabitable.

Ray Nagin, the mayor of New Orleans, had been avoiding a group of particularly determined—and strident—community activists who were after him to do more to rebuild the Lower Ninth Ward, a working-class, predominantly black area that was wiped out by Hurricane Katrina. A year after the storm, New Orleans water and sewer pipes are still badly damaged, and the city has been unable to certify that the water is drinkable in much of the blighted but once tightknit neighborhood known as Lower Nine. At a press conference on Aug. 1, the mayor tried to be good-humored when he was confronted by Vanessa Gueringer, a particularly vocal organizer for a community group called ACORN.

"Oh, Miss Acorn," said Nagin with a smile, "Are you still mad at me?"

"Hell yeah!" she shot back. "Is the water certified in Lower Nine?"

Nagin's smile faded.

"You can't see the good in anything," he said.

"No, I can't," said Gueringer, "because my community is still being locked out. And I'm still angry."

Nagin tried to reassure her about the water. "I'm working on it, I'm working on it, we have people down there every day."

"No, you don't," Gueringer snapped. "I know you're lying to me, Mr. Mayor."

Nagin walked away. (His staff later said he needed to get to an appointment.)

The blame game for New Orleans's sorry state is many-sided. The Bush administration, the governor's office in Baton Rouge and city hall all share some responsibility for the slow state of reconstruction. So does the culture of New Orleans itself.

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When San Francisco was destroyed by an earthquake in 1906, the raw, capitalist spirit of the place was regenerative. New Orleanians have traditionally been more fatalistic and classbound. (Though San Francisco, too, was plagued by racial division: the city fathers originally wanted to use the earthquake as an excuse to drive out Chinese immigrants, until the Empress Dowager of China personally protested and the California governor intervened to halt the forced relocation plan.) Even though Congress has appropriated more than $100 billion for the recovery effort along the Gulf Coast, New Orleans is only now just beginning to get serious money for rebuilding.

Nothing in Ray Nagin's career as a cable-TV executive or first-term mayor of a smallish (and shrinking) American city prepared him to cope with the rough equivalent of an atom bomb detonating off the coast. He can't be faulted for shoddily built levees, or a vacationing, clueless White House, or the Force of Nature. Even so, he is the theater commander in the battle to save New Orleans, and the war is still not going well.

It is very difficult to be in Nagin's shoes. He is intelligent and independent and not corrupt, qualities not always associated with Louisiana fat-cat politics. But he can be ineffectual, too eager to please and too easily distracted. He lacks the dominating personal force of a Rudy Giuliani pulling New York together on 9/11. Nagin can be touchy about invidious comparisons with New York: questioned about the slow pace of rebuilding in his own city, he gave NEWSWEEK his controversial anniversary talking point—"They still have a big hole in the ground after five years."

Tough words, but it should be noted the damage wreaked by Katrina to New Orleans far surpassed the lasting physical impact of the downed Twin Towers. A year after the storm flooded New Orleans and killed more than a thousand people, the city has lost more than half its population. Water and electrical service are still out in some low-lying areas, garbage collection is spotty, many schools and hospitals are still closed, and the city buses don't run regularly or on time. Whole blocks still look as though they were bombed. On a sultry afternoon in late August, along Florida Avenue near the now repaired Industrial Canal, gawkers stopped to photograph a house sitting on top of a car. The Gray Line bus company runs a Hurricane Katrina Tour, which charges tourists $35 a day to look at some of the worst-hit spots. (A NEWSWEEK Poll found that 58 percent of Americans are "dissatisfied" with the progress on rebuilding New Orleans and the Gulf Coast.)

There are, in some ways, two New Orleanses. The city's original crescent, "the sliver by the river" of high ground along the Mississippi, was not badly damaged by Katrina. Housing prices are booming and even Donald Trump is looking to invest. But the lower-lying areas stretching toward Lake Pontchartrain are still battered.

The sense of anger and suspicion among Lower Ninth residents, many of whom believe they are being conspired against by white uptown developers, has been a burden for Nagin. His attempts to deal with that sense of alienation bring into sharp relief the mayor's uncomfortable place in the Big Easy. He has always had a foot in both worlds of New Orleans, rich white as well as poor black. His almost unique position could have been a blessing, allowing him to bridge deep divides, something he has failed to accomplish.

Nagin has no deep roots in any one part of New Orleans. He was born in Treme, a middle-class neighborhood traditionally populated by Creoles, who sometimes "passed" for white in the Jim Crow days. The son of a janitor, Nagin himself grew up poor, and for much of his upbringing, he lived in Algiers, a blue-collar community across the Mississippi that is regarded by old New Orleanians as Over There. After getting a baseball scholarship at Tuskegee Institute and an M.B.A. at Tulane, he became a successful businessman. He was the candidate of the elite and the business community when he ran for mayor in 2002. He won 80 percent of the white vote and 20 percent of the black vote, good enough to carry a city that was roughly 70 percent black, 30 percent white.

Katrina seemed to catch Nagin, like the rest of his city, by surprise. He was slow to order an evacuation, and during the storm he had little communication with the Feds (or, for that matter, his own city council). He gained national attention by ranting on a local radio show that the state and federal authorities should "get off their a---s and do something." Normally, "I'm a pretty even-keeled guy," he told NEWSWEEK. "I don't get too high or low."

Nagin is not easy to read. At meetings, he'll frequently slouch to one side or lean his arms and torso way up on the table. The people involved with Nagin's latest plan to rebuild New Orleans, his "100 Days Initiative," won't describe the organization's structure, not because they're required to keep it confidential, but because, they say, the structure exists mainly in Nagin's head. Nagin acknowledges that he has been called a "lone wolf," though he rejects the caricature.

Nagin has a few longtime close advisers, but his administration has been a revolving door. He moves with grace, and is charming and easygoing, though cool and a little detached. He has been called "Mayor Hottie," according to the New Orleans Times-Picayune, but he is hardly a swinger. A family man who likes to play golf, Nagin has been married for 23 years and has three children. He prefers not to show his hand too quickly, and always reserves the right to change his mind.

About a month after Katrina, the city's movers and shakers met at a local restaurant, still serving on paper plates, to talk about New Orleans's future. "The mayor was there for three hours, table-hopping," recalls Douglas Ahlers, a local entrepreneur

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who became involved in city planning. "But instead of going around saying, 'What do you need? What are you going to do? How can we help?' it was as if it was just a regular Friday lunch in old New Orleans. I realized he wasn't working the issues, just glad-handing."

Nagin did create an ambitious-sounding Bring New Orleans Back Commission in late September and appointed a racially mixed (eight whites, eight blacks, one Hispanic) panel of local worthies to offer recommendations. The most forceful presence on the panel was a wealthy developer, 69-year-old Joe Canizaro, a "git-r-dun" type with close ties to the Bush White House. The commission brought in professional urban planners who suggested that a smaller, drier New Orleans might be healthier and safer. The planners suggested that parts of the lower-lying areas—which were disproportionately populated by African-Americans—be returned to cypress swampland. In an interview with NEWSWEEK, Canizaro said he believed that the mayor would act on the BNOB proposals. "I had no doubt," he said.

Nagin now says that he never wanted the BNOB to be "his" plan but rather a forum for ideas that he could use or discard. When the plan was unveiled at a public meeting in early January, the hotel ballroom erupted with angry protesters. Conspiracy theories were racing through the black community that white developers wanted to drive blacks from the city and seize their property. (The Lower Ninth Ward, in particular, has a higher homeownership—about 60 percent—than most of the city.) Nagin began publicly backing away from the BNOB plan, insisting the Lower Nine would be rebuilt, or making ambiguous or contradictory remarks to a variety of different audiences. Canizaro was desperately trying to get Nagin to go to Washington and present the BNOB plan to policymakers and members of Congress, to show that the city would make wise use of federal dollars. Each time he asked Nagin, Canizaro said, Nagin would reply, "We're going to do it." But nothing would happen. "That was the height of frustration," Canizaro recalled. "That's when I realized the Bring New Orleans Back plan was in serious jeopardy."

Nagin was already shifting into campaign mode—the election was scheduled for late March. A month after Katrina, Nagin had met quietly with his chief political adviser, Jim Carvin, a white man in a wheelchair who is a New Orleans institution (at 77, he has been the winning strategist in 10 straight mayoral races). In an interview with NEWSWEEK, Carvin recalled that Nagin was worried that he would be the fall guy for Katrina. Carvin says he told him that "we would get the black vote, and we would get enough of the black vote to win." Carvin says he coached Nagin to chase the post-Katrina diaspora and assure them that they would get their city back: "Get out of town," Carvin instructed the mayor. "Go to Houston, Atlanta, Birmingham. Talk to the displaced voters. Say, 'I'm going to rebuild it'."

On Martin Luther King Day, just a few days after the blowup over the BNOB plan, Nagin made a speech that drew national headlines and not a few political-obituary notices. Speaking to a mostly black audience, he vowed that the city of New Orleans would once again be "chocolate" because "it's the way God wants it to be. You can't have New Orleans no other way." Nagin says he knew what he was doing. "I wanted to be a little edgy because I knew that the national media ... would pick it up and spread the word to displaced voters in other states." ("Chocolate City" is the name of a Parliament album that Nagin listened to in college.)

Nagin's political instincts were spot-on. In a runoff election in May, he beat a white candidate, Mitch Landrieu, winning more than 80 percent of the black vote and about 20 percent of the white vote. Both candidates avoided the touchy issue of whether New Orleans needed to "shrink its footprint," and vaguely promised a plan to rebuild the city if elected. At Sunday mass after the election, Nagin told reporters, "I'm on my boogie board, I'm just going to keep on riding." He announced a "100 Day Plan" to rebuild the city, which immediately became the butt of jokes. Was it supposed to be a plan for rebuilding the city in 100 days, or was it going to take 100 days to release the plan? "The answer's still out there; which one was it?" said a former Nagin adviser, who requested anonymity because he did not want to offend the mayor. Actually, the 100 Day Plan envisions a bottom-up approach: each community will come up with its own plan, and these plans will be knitted together in a larger plan. With less than two weeks to go on Nagin's 100 Days, some communities, like middle-class Broadmoor, are far along, and some neighborhoods, like the Lower Ninth, are still basically nowhere.

Nagin himself has been out of town for much of the time, making speeches to various groups. His detachment vexes some local organizers. The Rev. Leonard Lucas Jr., the wealthy pastor of the Light City Church in Lower Nine, styles himself as Nagin's black conscience. Devoted to getting jobs and federal money into Lower Nine, Lucas seized on the reconstruction of the Jackson Barracks, the local home of a Louisiana National Guard unit, as a chance to get contracts for minority-owned companies. Lucas persuaded Nagin to go to a meeting on the project, and crowed afterward, "We got the mayor onboard and he liked it. He didn't like it—he loved it!" But then Lucas never heard back from Nagin. Now the reverend is bitter. "I've never seen a black man hate his people like that. All he did was sell his people out." Calling Nagin a "white Republican," he denounced the mayor for joining with the white business community in trying to drive blacks out of the city.

Nagin insists he's trying to restore black neighborhoods but accepts that he is going to be a target of frustration. "I'm the mayor, I take those hits at times," he says. Nagin worries about the effect of the rough publicity on his wife and kids, who only this

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past week were able to move back into their house, which was buffeted and flooded in the storm and is still not entirely repaired. ("My daughter went into her room, kissed the carpet, kissed her bed and kissed the wall," says Nagin.) He has been tending to his own soul, reading a book called "Inspiration: Your Ultimate Calling," a New Age spirituality book that asks readers to remember the "voice in the Universe entreating us to remember our purpose ... " Nagin says his calling is to "find broken stuff ... I do turnaround, I do fixes, I start up stuff."

Nagin cannot run for a third term, and he is vague about his ambitions for higher office. "Every time I go somewhere somebody wants to throw a fund-raiser for me," says Nagin. "So I don't know, man, I'm raising money the easiest I've ever done in my life. I'm serious. I mean big money." Asked if he'd like to be a national leader, he answers, "It depends, man, then I'd have to do the party thing. I don't like any of those parties. I'd rather throw my own party." Carvin, the mayor's political adviser, says that Nagin "doesn't like politics. He's not comfortable with it. He's not comfortable with the wheeling and dealing that goes on in politics." Carvin, who has not seen much of Nagin since the election, is disappointed in his pupil. "He had a marvelous opportunity, having won the election against all odds, to try to pull it together and exhibit all the qualities that a leader should have," says the old political hand. "And he just hasn't done that." Until he does, New Orleans will remain a smaller, sadder city.

Freret Street Revisited (USNEWS)

By Anna Mulrine

U.S. News and World Report, August 28, 2006

When it comes to their people skills, New Orleanians have for centuries prided themselves on a couple of things: being generous in their acceptance of human frailty, and tolerant of the ghost stories told to them by others. One year since Hurricane Katrina made landfall, killing some 1,700 and uprooting thousands in a diaspora not seen since the Dust Bowl, these are a fraction of the survival skills that come in handy in a town filled with empty homes still scarred with traces of grimy floodlines-and haunted with the memories of loved ones no longer living in them.

Today the city is at under half of its pre-Katrina population of 455,000. Most residents have yet to return, and those who have managed to make their way back are greeted with the specter of levees that still cannot withstand another big storm, insurance payouts that may never come, and a city government whose push-me, pull-you planning initiatives have stalled time and again.

On Freret Street and in the city's 72 other neighborhoods, the absence of a master plan has forced residents to take matters into their own hands, to rebuild in the face of local leadership that the most charitable of Crescent City inhabitants have dubbed "nonchalant." On any weeknight, after their day jobs are done, folks get friends together to gut mold-infested homes in the Ninth Ward, recruit neighborhood kids to paint street names on salvaged two-by-fours in Broadmoor, and sell T-shirts to raise money for the likes of, say, fire stations in Lakeview. "The best things happening in this city are happening without and in spite of the government," says Lauren Anderson, director of the nonprofit Neighborhood Housing Services on Freret Street, where the office file cabinets are now up on cinderblocks and clients stop by with tales of skyrocketing utility bills and homeowners insurance rates that have doubled since the storm-even for houses that weren't touched by floodwaters.

In the meantime, residents disgusted with the pace of planning have begun to pull up stakes and leave, heartsick at spiraling murder rates and beaten down by the accumulation of daily indignities: monster potholes, weak water pressure, and dwindling access to day-care centers, 80 percent of which have disappeared since the storm. Some are simply getting priced out-rents have risen 40 percent, because so much of the housing stock is uninhabitable. For those who remain, the enormousness of the task can be overwhelming if you dwell on it, says Anderson. It's tough to take in the scope of cleanup necessary for a storm that created, for example, 50 million cubic yards of trash (with 8.2 million collected as of July, according to city estimates)-and that has left a quarter-million wrecked cars on the streets, which the city only recently began towing away, to much fanfare. "Sometimes," says Anderson, "the only way to be here is to live in denial."

Carnage. Sarah Parker faces the stark reality of the storm's aftermath every day at the eastern end of Freret Street, near what have long been a handful of "hot" drug corners. When U.S. News met her in December, she was lonely, missing her sister and niece who once lived next door. Today, she is growing increasingly concerned with violence that is shocking even in a city that has long vied for the dubious distinction of murder capital of the country: A quintuple homicide just a few blocks from where Parker lives forced the city to call in the National Guard earlier this summer. But not much has changed. "Oh, Lord, that crime is bad," she says, sitting on her stoop as she surveys two teens strolling down the sidewalk across the street. Notorious drug dealers, she explains as she waves congenially in their direction. "You can't let them know you're scared." While the homes across the street have recently been repainted in bright yellows and pinks, most remain empty and feel incongruous on this street where so many others remain abandoned. Next door, kids climb in and out of windows at all hours to stash drugs and light up

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"Lord knows what," says Parker. "They put their little stuff in the house, up under there,"she adds, pointing to the window screens.

The city recently launched a plan to reclaim abandoned property and set a deadline for gutting flood-damaged homes, but in the meantime Parker worries that her kids could be shot by a stray bullet in one of the myriad turf wars now being waged here. Every day she calls a city number to report the abandoned house next to hers, and every day she hears gunshots. She worries, too, that the house next door could go up in flames and take hers with it. For these reasons and more, Parker has struggled with anxiety and depression since the storm. But counseling is a luxury in a town where only 22 of 196 psychiatrists who were practicing pre-Katrina have returned. Parker got a boost a couple of months ago when her sister-in-law was able to leave San Antonio, her temporary home in the wake of the evacuation, to return to New Orleans. Now Parker has a confidant, and someone to help her watch her children and her daughter's new baby, her first grandchild. That baby is part of a boomlet of sorts that has hit New Orleans since the storm, where the birthrate has risen an estimated 25 percent this year.

But Parker remains terribly worried about the conditions in her neighborhood. Last month she begged her husband, Peter, to come back from his job upstate, where he was earning good money and commuting home on weekends, to live with her again. He is back now, but Sarah would feel safer if she saw more of the police-"and if they would get out of their little cars and walk some," she says.

Citywide, emergency responders are overwhelmed and understaffed. The police force now stands at 1,452, having lost 362 officers post-Katrina. The department is budgeted for 1,700 officers, but applications are down-only 12 recruits have been added in a year-while more cops leave every month, including 25 in July alone. Throughout the city, hospital beds are at a premium and patients report emergency room waits of upwards of eight hours on a good day. Firefighters, too, are underfunded and understaffed, operating on a budget that has been reduced by nearly a third since the storm.

Up in flames. Those cuts may have made the difference for the Original Brown Derby. Back in November, U.S. News met the owner of the corner grocery, Sam Ottallah, as he was struggling to scrape together enough money to rebuild his business after the storm. He did not have flood insurance, and he and his wife and children did without window shades, some furniture, and other items that Ottallah considered luxuries in the family's flooded home to save money to stock his store shelves. The store reopened and was doing brisk business. That is, until it burned down this May, felled in a four-alarm fire.

Firefighters said they would have been able to arrive sooner had they not needed to respond from a station nearly 10 minutes away-instead of one two blocks down the street that the city didn't have the funds to keep open. By the time cashier Vivian Richards-still in her pajamas-joined Ottallah at the Derby just after 5 a.m., it was consumed by flames caused by a gas leak. "He cried his little heart out," says Richards of her longtime friend and boss.But like most New Orleanians, they did not surrender to sorrow. At her local nail salon, Richards heard of some vacant property just a couple of blocks from the old shop, on Louisiana Avenue. Ottallah, Richards, and her son, Dennis, restocked the shelves and reopened for business just a month and a half later.

Throughout the city, three quarters of locally owned shops are now back in business, compared with less than half of the national chains. Celestine Dunbar is hoping to be among this number soon, praying for one of the small-business grants that she hopes will be more available once the city has a unified plan. In the meantime, during one recent meeting, Freret Street business owners agreed to help Celestine and her family plan some fundraising to get their restaurant, Dunbar's, running again; it was flooded out and closed following the storm. The New Orleans soul food institution had hosted local politicos and national celebrities. But without flood insurance, Dunbar and her daughter Peggy Radliff have struggled to reopen. Dunbar is now cooking out of her home to make some cash, and without the money to pay contractors, the family plans to gather on Freret in the months ahead and rehabilitate the place, slowly, week by week if they have to. But Dunbar remains concerned about whether she will be able to employ 15 full-time staffers, as she did before, in a city where salaries are rising in the face of worker shortages and a labor force that is 30 percent smaller post-Katrina.

Housing. Those without the means to get back to their hometown at all feel neglected, too. In June, the Department of Housing and Urban Development announced plans to demolish several public housing complexes throughout the city, including C.J. Peete on Freret Street, home to former New Orleans residents like Theresa Harness, now living in Houston, and her son, Malik, 15. U.S. News spoke with them in December , when Harness returned to clean out her old apartment in C.J. Peete, an apartment she'd lived in for 26 years. Theresa and Malik have been trying to get back home to New Orleans ever since. "We can't find a place to stay yet," says Malik. There have been protests surrounding the announced closures-local casino Harrah's, desperate for workers, weighed in to support more affordable housing-but Malik just has Mardi Gras on his mind, already wondering if he'll be able to play his alto sax in his old school, to parade next February in the one city where it is the cool kids who are in the marching band. "I really wanted to get back home," he says. "But we're just going to work harder to make sure we get back next year."

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Residents in neighborhoods forced to prove their viability had to make sure they made it back even earlier, when the city's Bring New Orleans Back commission unveiled what became known throughout town as the "green dots" debacle. The plan set aside some of the hardest hit, most flood-prone neighborhoods for parklands, including predominantly African-American areas like the Lower Ninth Ward, a decision that enraged residents and sparked charges of racial discrimination. The city later backtracked, saying that if those neighborhoods could prove their viability and the intent of residents to return, they would survive. And so neighborhoods banded together, offering fellow communities advice on the fine points of navigating city council. Throughout the summer the Freret neighborhood, in which only a small section was green-dotted, received tips and borrowed volunteers from the Broadmoor community just to its north, a neighborhood that was badly flooded and had to fight for its life to prove its viability to the city.

Today, an agreement reached by the Greater New Orleans Foundation fully 10 months after the storm seeks to weave the plans of individual neighborhoods into a unified city effort, thanks to a $3.5 million grant from the Rockefeller Foundation that helped match up neighborhoods with urban planners of their choice. But while this master plan integrates the wishes of the residents, it also sidesteps key environmental concerns, say critics-and it isn't slated to be complete until the end of the year. "We hear, 'Why don't you just get in there and plan the damn thing?'" says Steven Bingler, the architect in charge of the revamped process. "But if there's anything that's come out of this whole enterprise that has major significance, it's this whole concept of democratic process and self-determination." The struggle to survive also created dynamics that many hope will be the key to a stronger city, particularly in Freret, says Anderson of Neighborhood Housing Services. "People are so much more civically engaged since the storm."

As children returned to school last week, Jesse Murdoch was fixing up his new business, an ice cream shop that he plans to open on Freret Street next month as part of a new, blue block of storefronts that have been developed since the storm. In the meantime he is living with his wife and four daughters in a Federal Emergency Management Agency trailer-the kind of sacrifice countless residents across the city are making to save money. Murdoch is optimistic but also filled with anxiety as his hometown enters the peak of a hurricane season that could make or break it. Like so many residents here, he is rolling the dice, hoping for the best-and gambling, he says, everything he has.

SLOW GROWTH

Back in February, U.S. News charted the efforts of residents to rebuild on Freret Street, a 3.8-mile stretch of road running from the Pontchartrain Expressway in the east to the Mississippi River bend in the west. Katrina's flood line wove in and out of homes and businesses, uprooting many lives there. Since February, a lot has happened to the denizens of Freret Street; these are their updated stories.

Poll: U.S. Not Ready For Major Disaster (AP)

By Hope Yen

The AP, August 27, 2006

Their confidence shaken by Katrina, most Americans don't believe the nation is ready for another major disaster, a new AP-Ipsos poll finds.

Poor people are more likely to fear becoming victims of the next disaster.

The survey, conducted one year after the devastating hurricane and with much of New Orleans still in shambles, found diminishing faith in the government's ability to deal with emergencies. It also gave President Bush poor marks for his handling of the storm's aftermath.

The region could get an eerily timed test of preparedness with forecasters concerned that a storm system named Ernesto could be at hurricane strength as it crosses over Cuba and heads across the Florida Keys this week.

Fifty-seven percent in the poll said they felt at least somewhat strongly the country was ill-prepared — up from 44 percent in the days after the storm slammed ashore on Aug. 29, 2005. Just one in three Americans polled believe Bush did a good job with Katrina, down from 46 percent a year ago.

"Nobody actually realized soon enough what the scope of this thing was," said Frank Sheppard, a 63-year-old retiree in Valrico, Fla., who considers himself strongly Republican. "The day after, people were actually celebrating."

"They didn't realize that the levees were deteriorating and breaking at that time," he said.

One year after Katrina, large areas of New Orleans remain virtually uninhabitable with piles of debris and wrecked cars.

Only $117 million in at least $25 billion in federal aid has reached the city, while federal investigators determined that roughly $2 billion in taxpayer money was wasted in no-bid contracts and disaster aid to people who did not need the help.

Norma Guelker, 55, of Bay St. Louis, Miss., still lives in a FEMA trailer after Katrina flooded her home with seven feet of water. She says there's no way the government is ready.

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Blaming Bush, she said: "There's no reason for him to be concerned about the people who live here. They're not the people who vote for him."

Bush, who visits the recovering storm zone Monday and Tuesday, has sought to deflect the torrent of criticism, saying that rebuilding takes time.

Democrats are hoping to capitalize for the November congressional elections, such as among black and poor people, many of whom were unable to escape Katrina and the flooding it caused.

On Monday, Democrats on the House Homeland Security Committee planned to release a fresh report that summarizes instances where small businesses in the Gulf Coast region were hurt as limited- or no-bid contracts were awarded to politically connected large firms in the weeks after the storm.

The AP-Ipsos poll surveyed 1,001 adults Aug. 7-9 and 1,000 adults Aug. 15-17 and has a margin of sampling error of plus or minus 3 percentage points. The poll found race and class differences sometimes did color people's perceptions.

For example:

_Those making $25,000 a year or less worry were more likely to be worried about becoming a victim of a natural disaster than those who make $75,000 or more.

_People with a high school education or less were among those with the strongest views that the country cannot handle another disaster.

_Fewer than one in five minorities approved of Bush's handling of Katrina, compared with almost two in five whites.

Gina Montana, 45, of New Orleans, said she worries about another hurricane like Katrina "all day, every day" after the storm forced her family to flee their home. Montana is making her own disaster plans but insists she won't evacuate the city after sleeping in cars and on shelter floors the last time.

"I'm not going out like that," she said recently at the Superdome, which served as a trash-filled, sweltering temporary home for 30,000 people displaced by Katrina.

Others say some of the criticism of Bush has been unfair, noting there were missteps by Louisiana officials such as Democratic Gov. Kathleen Blanco and New Orleans Mayor Ray Nagin as well. Still, they acknowledge their sense of security may never be the same.

"We're definitely not mentally prepared," said Dawn Janosik, a 52-year-old resident of North Lauderdale, Fla.

Broken Promises (NYT)

By Paul Krugman

The New York Times, August 28, 2006

Last September President Bush stood in New Orleans, where the lights had just come on for the first time since Katrina struck, and promised “one of the largest reconstruction efforts the world has ever seen.” Then he left, and the lights went out again.

What happened next was a replay of what happened after Mr. Bush asked Congress to allocate $18 billion for Iraqi reconstruction. In the months that followed, congressmen who visited Iraq returned with glowing accounts of all the wonderful things we were doing there, like repainting schools and, um, repainting schools.

But when the Coalition Provisional Authority, which was running Iraq, closed up shop nine months later, it turned out that only 2 percent of the $18 billion had been spent, and only a handful of the projects that were supposed to have been financed with that money had even been started. In the end, America failed to deliver even the most basic repair of Iraq’s infrastructure; today, Baghdad gets less than seven hours of electricity a day.

And so it is along our own Gulf Coast. The Bush administration likes to talk about all the money it has allocated to the region, and it plans a public relations blitz to persuade America that it’s doing a heck of a job aiding Katrina’s victims. But as the Iraqis learned, allocating money and actually using it for reconstruction are two different things, and so far the administration has done almost nothing to make good on last year’s promises.

It’s true that tens of billions have been spent on emergency relief and cleanup. But even the cleanup remains incomplete: almost a third of the hurricane debris in New Orleans has yet to be removed. And the process of going beyond cleanup to actual reconstruction has barely begun.

For example, although Congress allocated $17 billion to the Department of Housing and Urban Development for Katrina relief, primarily to provide cash assistance to homeowners, as of last week the department had spent only $100 million. The first Louisiana homeowners finally received checks under a federally financed program just three days ago. Mississippi, which has a similar program, has sent out only about two dozen checks so far.

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Local governments, which were promised aid in rebuilding facilities such as fire stations and sewer systems, have fared little better in actually getting that aid. A recent article in The National Journal describes a Kafkaesque situation in which devastated towns and parishes seeking federal funds have been told to jump through complex hoops, spending time and money they don't have on things like proving that felled trees were actually knocked down by Katrina, only to face demands for even more paperwork.

Apologists for the administration will doubtless claim that blame for the lack of progress rests not with Mr. Bush, but with the inherent inefficiency of government bureaucracies. That's the great thing about being an antigovernment conservative: even when you fail at the task of governing, you can claim vindication for your ideology.

But bureaucracies don't have to be this inefficient. The failure to get moving on reconstruction reflects lack of leadership at the top.

Mr. Bush could have moved quickly to turn his promises of reconstruction into reality. But he didn't. As months dragged by with little sign of White House action, all urgency about developing a plan for reconstruction ebbed away.

Mr. Bush could have appointed someone visible and energetic to oversee the Gulf Coast's recovery, someone who could act as an advocate for families and local governments in need of help. But he didn't. How many people can even name the supposed reconstruction "czar"?

Mr. Bush could have tried to fix FEMA, the agency whose effectiveness he destroyed through cronyism and privatization. But he didn't. FEMA remains a demoralized organization, unable to replenish its ranks: it currently has fewer than 84 percent of its authorized personnel.

Maybe the aid promised to the gulf region will actually arrive some day. But by then it will probably be too late. Many former residents and small-business owners, tired of waiting for help that never comes, will have permanently relocated elsewhere; those businesses that stayed open, or reopened after the storm, will have gone under for lack of customers. In America as in Iraq, reconstruction delayed is reconstruction denied — and Mr. Bush has, once again, broken a promise.

Promises Dim For The Nation's Poor (opinion) (USAT)

USA Today, August 28, 2006

Illuminated by lights fit for a Hollywood movie set, President Bush stood in New Orleans' Jackson Square on Sept. 15 and tried to reassure Americans that the darkened and flood-ravaged city would be saved.

For that brief moment, domestic poverty shared the presidential spotlight. Bush acknowledged the dismal relief effort that Americans had witnessed on TV. Poor people who were unable or unwilling to evacuate the city were stranded on the roofs of their flooded homes or at the Louisiana Superdome and the city's convention center.

Bush said the region's deep, persistent poverty was rooted in the nation's "history of racial discrimination." He promised to confront this malady "with bold action."

But when the lights dimmed, so did the promise to make poverty and discrimination national priorities.

As Bush returns to the Gulf Coast states today, New Orleans is clawing its way back with help from tens of billions of dollars the administration and Congress have pumped into the region.

Bush, stung by his administration's inept initial response to the storm, has made a dozen trips to the region. His Justice Department announced last week that it would send lawyers and investigators to help local law enforcement stem a crime wave.

The president has supported funding for rebuilding levees and has pushed for more money for individual housing grants in Louisiana, approved this summer during rancorous budget debates. It is a substantial effort.

Even so, for all the grants and programs aimed at recovery, little has been done to improve the lives of those who were living in poverty when Katrina hit.

At that time, the city's poverty rate was nearly double the national rate. In last September's speech, Bush called for two programs to help lower-income Katrina evacuees train for jobs and become homeowners. Both measures were introduced in Congress but, lacking a presidential push, went nowhere.

Instead of promoting a new national conversation about race and class, Bush has largely stuck to Republican economic orthodoxy.

He showed little enthusiasm for an increase in the minimum wage, so critical to the working poor, but went out of his way when he spoke to the NAACP in July to tout the need to repeal the estate tax, which affects only the wealthiest Americans.

Though Katrina flooded New Orleans democratically, striking rich and poor alike, its aftermath has been harder on people in poverty. Many federal programs are aimed at homeowners, not renters.

Katrina offered the president an opportunity to make the plight of the underclass a new national priority. That's still worth trying to do. Perhaps the president can remember his call for "bold action" when he returns Tuesday to Jackson Square.

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Piecemeal Federal Response Won't Protect New Orleans (opinion) (USAT)

USA Today, August 28, 2006

To understand why New Orleans drowned, it helps to fly 2,000 feet above Louisiana's coast.

Along the Mississippi River close to the city, rich marshlands, chartreuse to emerald green, still rise out of the delta, interrupted by thin squiggles of blue water. But as the plane heads toward the Gulf of Mexico, they quickly disappear.

For decades, the gulf has eaten away the land, its salt water killing oaks, cypress and grasses that were once buffers against storms.

When Hurricane Katrina crashed ashore last August, the few natural protections left were no match for its record surges. The city was left open and defenseless.

The vanishing wetlands are only part of what allowed New Orleans to drown, killing more than a thousand people and displacing more than 200,000.

Rebuilding the city without addressing the multiple causes of the disaster would be the height of folly. Yet a year after Katrina, it's astonishing how little the federal government has learned, how much remains the same and how easily it could happen again. The inescapable truth is that New Orleans will not be safe from a Katrina-scale storm for many years.

While the city's situation is in some ways unique, the mistakes made and risks ignored hold lessons for other parts of the nation reliant on levees and vulnerable to floods.

Among the lingering problems:

• Unsafe walls. New Orleans' levees and floodwalls "failed catastrophically at more than 50 different locations" during the hurricane, according to a report released Friday by the American Society of Civil Engineers.

While some levees were overtopped, other parts of the system were overwhelmed by precisely the kind of a storm they were meant to withstand. A team study led by experts from the University of California at Berkeley found that the Army Corps of Engineers — the federal government's builder of canals, dams and levees — made errors in the basic design and structure of the levees.

Since Katrina, the federal government has spent $759 million to repair and upgrade 220 miles of the 350-mile system. But as a new storm nears the gulf this week, New Orleans remains at risk: Parts of the system begun in the 1960s are unfinished, parts are weak and the ability to pump water out of the 17th Street Canal, which breached, is inadequate.

The levees need to be repaired and upgraded to withstand another Katrina-like storm, but that only makes sense if there's a plan to deal with the wetlands, too.

•Eroding buffers. The marshes, swamps and barrier islands that might have protected New Orleans have been eroded by federally financed projects that tamed the Mississippi's flow and turned it into one of the world's most lucrative shipping channels. Every half hour or so, marshes the size of a football field turn into water. It would take two decades and more than $14 billion, according to a pre-Katrina estimate, to undo that damage. But even the hurricane has not blasted Congress into action. Although lawmakers approved spending about $6 billion to fix and improve the levees by 2010, they've allocated only $115 million to study and restore wetlands.

• Misplaced priorities. Since the 1980s, the driving force behind levee construction has been development, often in places that are flood-prone, rather than protecting people already living in danger. For years, Louisiana's congressional delegations fought for pork-barrel projects to build and deepen shipping channels — projects that often made the city more vulnerable. In the five years before Katrina, the state received $1.9 billion for water projects, but most went to projects that had nothing to do with safety.

A year after Katrina, the simple fact is that the nation still has no policy on how to use the billions spent each year on supposed flood control. Authority is divided among the Corps of Engineers, Congress, the states and in some cases local authorities. No one is in charge or setting priorities.

Changing this requires new thinking and a new structure. The independent Berkeley panel proposed creating a National Flood Defense Authority that would oversee construction and maintenance of flood control systems, in conjunction with equivalent state organizations.

The job is just too big for piecemeal planning. There is no time to waste. That next football field of marshes is eroding. And hurricane season is upon us.

Officials Differ On Gulf Preparedness (WT)

By Eric Pfeiffer

The Washington Times, August 28, 2006

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The administration's head of Hurricane Katrina reconstruction and FEMA Director R. David Paulison say that the Gulf Coast is prepared for Tropical Storm Ernesto or other future storms, thanks to levee reconstruction and an improved evacuation plan.

"I don't know if -- whether they'd hold or not," Mr. Paulison told CBS's "Face the Nation" when asked if the repaired levees could sustain a hurricane. "It really doesn't matter because that whole area is in the evacuation zone. And people should evacuate if they're asked to evacuate. They should not be riding out a storm in that area inside those levees."

However, Mr. Paulison said the Federal Emergency Management Agency is better prepared to help evacuate those who are not able to do so on their own. "We've been working with the state of Louisiana to make sure we have a very robust evacuation plan in place, make sure there's shelters available, make sure the people have staffed those shelters, and making sure there's not only security but supplies in those shelters."

Federal Coordinator for the Office of Gulf Coast Rebuilding Donald E. Powell agreed with Mr. Paulison's assessment. "I think we're in good shape," Mr. Powell told "Fox News Sunday."

"I know that the local people, the local officials, the state officials, have been coordinating with the federal officials to anticipate this day," Mr. Powell said. "Hopefully, this will not come, but there is a widespread coordination, and I think we're ready. There's no question in my mind we're ready."

Mr. Powell pointed to Louisiana's refineries as a bright spot in the recovery effort.

"The port is back to pre-Katrina levels. Tonnage is back. Ship calls are more than they were pre-Katrina," he said. "The port is active. It touches 33 states in America, affects 62 percent of all of the consumers in America, and it's back. Energy, 25 percent of the domestic production, is supplied by the Gulf. It's all back."

Mr. Powell said the levee reconstruction was at pre-Katrina levels but that the project would not be complete until 2010.

New Orleans Mayor C. Ray Nagin said his city's evacuation plan would be successful if Ernesto lands on the Gulf Coast.

"We are ready from an evacuation standpoint. All of our plans have been updated," Mr. Nagin said on NBC's "Meet the Press" yesterday. "We're not going to have a shelter of last resort in the Superdome or the Convention Center. We will be getting everyone out of the city."

Sen. Mary L. Landrieu, Louisiana Democrat, also said the levees are up to pre-Katrina levels but said that wasn't enough. "We need to get them up to Category 5, and we are working to do that," she said during an appearance on ABC's "This Week."

"But this work took so much time and effort and energy," she said. "And as you can see, you know, it's still basically being done."

Mrs. Landrieu said her state was not prepared for another major hurricane. "We have to do two things. We have to fix the levees and then build them stronger and better and higher. And we have to restore the coastline."

President Bush has traveled repeatedly to the region since Katrina, but Mrs. Landrieu said the response still needed improvement.

"He's come here often, but it's not the quantity of the visits, it's the quality of the visits, and it's the follow-through," she said. "This administration is still having a hard time, I think, understanding the magnitude of this disaster."

In contrast to the slow recovery in Louisiana, Mississippi Gov. Haley Barbour said hurricane recovery has been largely successful in his state.

"Most of our state is way past the recovery stage into rebuilding," Mr. Barbour told CBS. "Even if you go down to the three coast counties, largely recovery is over and we're into rebuilding."

Mr. Barbour rejected suggestions that Mississippi received favorable treatment because he is a Republican who supports Mr. Bush politically.

"Louisiana has received more than twice as much of that money as we have," Mr. Barbour said. "They're a larger state than we have. But it was our idea, our concept, and they got more than twice as much of that money. That doesn't sound to me like they've been treated unfairly."

Erratic Ernesto Cause For Alarm From Florida To Louisiana (LAT)

By Carol J. Williams

The Los Angeles Times, August 28, 2006

MIAMI -- Hurricane Ernesto lashed southern Haiti with 75-mph winds Sunday and despite slowing to tropical-storm speeds as it bore down on Cuba, the erratic tempest prompted officials from Florida to Louisiana to scramble emergency-response teams.

Florida Gov. Jeb Bush declared a state of emergency and visitors to the Florida Keys were ordered out, as well as all travel trailers, after the National Hurricane Center confirmed that Ernesto had become the season's first hurricane.

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Although the storm lost force by afternoon, with winds easing to 60 mph, center director Max Mayfield warned that Ernesto could quickly pick up intensity again as it crossed the warm Caribbean waters overnight and that even as a tropical storm could inflict serious damage.

"We think it has a good chance to regain hurricane status," Mayfield told reporters at the bunker-like hurricane center west of Miami. Even if Ernesto remains a tropical storm, Mayfield warned that it appeared likely to drive through a broad swath of Florida and that "the entire state needs to pay close attention."

The governor's order and the hurricane center's forecast of possible Florida landfall as soon as Tuesday prompted officials in Tallahassee to "partially activate" their emergency-management plans, a move allowing county officials to mobilize first responders and prepare transportation, shelter and other supplies for potential evacuations, said Mike Stone, spokesman for the state Division of Emergency Management.

Monroe County authorities reported an orderly evacuation and steady traffic out of the Keys on the single road linking the island chain, U.S. Route 1. But overnight maintenance work closing one of the two causeways to the Florida mainland was expected to slow the exodus.

The evacuation order for the Keys included warnings to those with travel plans throughout this week not to come. Just days before the busy Labor Day weekend, hotel and restaurant owners still reeling from losses inflicted during the past two hurricane seasons looked with dread on the prospects of a holiday without tourists.

"We had four storms last year and that already made people double-guess their decisions to come down here this time of year," said Gregg McGrady, executive director of the Key West Business Guild.

Cuba's Civil Defense agency moved more than 70,000 people from vulnerable settlements along the communist-ruled island's southern coast after Ernesto reached hurricane proportions in the morning and remained on track to inundate much of the country over the next few days, Cuban media reported.

The storm, expected to make Cuban landfall early Monday and travel as far west as Havana, would be the first test of the country's emergency response capabilities since President Fidel Castro fell ill in late July and handed power to his brother, Defense Minister Raul Castro. The ailing Cuban leader traditionally played a prominent role in marshaling orderly -- and mandatory -- evacuations and visiting shelters to show solidarity with the displaced.

Concerns about Ernesto were high all along the Gulf of Mexico coast ravaged by Hurricane Katrina a year ago, despite Ernesto's change of course late Saturday that caused forecasters to project the storm would likely hit Florida harder than Mississippi or Louisiana.

With 100,000 Mississippians living in trailers vulnerable to hurricane-force winds, those vehicles will have to be evacuated at least two days ahead of any storm landfall, Mississippi Gov. Haley Barbour told CBS "Face the Nation."

"We cannot wait as late as we would have waited a year or two ago because we've got all these people under these special circumstances," Barbour said, adding the evacuation order could go out as early as Tuesday if Ernesto is then on a path imperiling his state.

Federal Emergency Management Agency director David Paulison said the agency that came in for withering criticism for its response to Katrina had thoroughly evaluated the lessons learned from that disaster and corrected policies and planning.

"After every major event, you always go back and do after-action reports and look carefully at what worked and what did not work, and then very quickly get on top of those things to fix them for the next time," Paulison told NBC's "Meet the Press."

The veteran of Florida emergency response missions, including 1992's Hurricane Andrew, said major improvements had been made to communications, logistics, victim registration and relief operations since the Gulf Coast devastation a year ago.

Bush Declares State Of Emergency In Fla. (AP)

By Jessica Gresko

The AP, August 27, 2006

A hurricane watch was issued Sunday for the Florida Keys and Gov. Jeb Bush ordered a state of emergency in anticipation of Tropical Storm Ernesto.

Ernesto, which had strengthened into a hurricane for about 10 hours, weakened back into a tropical storm by late afternoon with top sustained winds of 60 mph, the National Hurricane Center said.

Still, the Miami-based hurricane center said the storm could reclaim its hurricane status before reaching the southeastern coast of Cuba on Monday morning.

"It certainly looks like it's going to impact a significant portion of Florida before it's all over," said Max Mayfield, director of the National Hurricane Center.

Florida has been hit by eight hurricanes in the past two years.

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Officials in the Keys told tourists to postpone any immediate plans to travel there and ordered those already in the island chain to leave.

All travel trailers and recreational vehicles were ordered off the islands immediately. Residents were taking notice too: a Home Depot store in Key West was busy Sunday afternoon as customers shopped for generators and other storm-preparation equipment.

"We put up the storm shutters today and we're hitting the grocery store tomorrow," said Ben Cassis, who, along with his father-in-law, spent nearly $2,500 for a powerful generator Sunday.

The state of emergency directs counties to open their emergency management offices and activates the National Guard, among other things. Bush canceled a scheduled trip to New York on Monday, choosing to stay in Tallahassee and monitor storm developments.

Ernesto, the first hurricane of the Atlantic season, lashed Haiti and the Dominican Republic on Sunday. The storm was expected to arrive in southern Florida by early Tuesday, the National Hurricane Center said.

Tourists including Jim Rogers, of Lodi, N.J., made preparations Sunday to leave the low-lying Keys, which are connected to each other by just one highway, U.S. 1. Traffic leaving the Keys on the single evacuation route was steady but not heavy Sunday afternoon.

Rogers was part of a group of eight visiting Key Largo and had planned to stay in the Keys until Thursday or Friday. Rogers said the group now might go to Naples, but they were not going home.

"You don't know where to go. You don't know where it's going to blow," he said. "You don't want to be in Key West."

Evacuations Ordered As Ernesto Steams Toward Florida (USAT)

By William M. Welch

USA Today, August 28, 2006

Tourists were ordered off the Florida Keys on Sunday as Tropical Storm Ernesto barreled across the Caribbean and threatened to regain hurricane strength before approaching Florida and the Gulf of Mexico.

Arriving just as the nation prepared to mark the anniversary of Katrina and its devastation of the Gulf Coast, Ernesto attained hurricane-force winds of 75 mph for 10 hours on Sunday and became the first hurricane of the Atlantic season.

Ernesto weakened as it brushed by Haiti and the Dominican Republic but lashed the island countries with 50 mph sustained winds and heavy rain.

Forecasters at the National Hurricane Center said the storm could regain hurricane status by the time it reaches Cuba early Monday. It was expected to arrive in southern Florida by Tuesday.

“It's on a track toward the Florida peninsula early this week and all of Florida is in the area that's being threatened, from the Keys all the way up to the Panhandle,” said Michael Brennan, a meteorologist at the center in Miami.

Tourists were ordered to evacuate the Florida Keys to prevent roads and shelters in the exposed islands from becoming overburdened in case a storm emergency forces island residents to flee along the only highway, U.S. 1, linking the islands and the mainland. All travel trailers and recreational vehicles were ordered to depart the islands, and visitors planning travel to the Keys were told to stay away.

As of 11 p.m. ET Sunday, Ernesto was near the southwestern tip of Haiti and moving at 7 mph, the center said.

Forecasts had called for Ernesto to wallop New Orleans, still recovering from Katrina. Those concerns receded as the storm was predicted to veer east toward Tampa. The White House said President Bush has not changed his plans to visit the Gulf Coast today and Tuesday for the Aug. 29 anniversary of Katrina.

The revised forecast offered no comfort to Floridians, who've weathered eight hurricanes in the past two years. Gov. Jeb Bush ordered a state of emergency.

“A lot of people are coming in and getting gas cans, barbecues, hurricane clamps, batteries, flashlights,” said Wanda Freyre, 47, at Ace of Town n' Country, a hardware store in Tampa. “After Katrina, people are taking it more serious.”

ID Program Trips Over Hardware (WT)

By Shaun Waterman

The Washington Times, August 28, 2006

The Department of Homeland Security quietly announced last week that port facilities and merchant vessels will not be required to install readers for the biometric ID cards the department plans to issue to the nation's transportation workers.

The change, which critics says guts the security benefit of the proposal, is the latest stumble for the ID card project, called the Transportation Worker Identification Credential, or TWIC, program.

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Officials "have concluded that facility and vessel owners and operators will not be required to purchase or install card readers during the first phase of the TWIC implementation," reads a notice in the Federal Register, published last Monday.

The notice also promises that "a requirement to purchase and install card readers will not be implemented until the public is afforded further opportunity to comment on that aspect of the ... program." It adds: "The details of this approach will be explained in the next rulemaking."

The TWIC program, mandated by Congress in the 2002 Maritime Transportation Security Act, is designed eventually to cover 725,000 airport workers, truck drivers, merchant seafarers and others needing unescorted access to transportation facilities such as ships, ports and runways. Workers requiring the card will have to submit their fingerprints and undergo checks against databases for criminals, terrorism and immigration status.

Now critics complain that the Department of Homeland Security has effectively gutted the program by removing a requirement that card readers be installed at ports and on vessels.

"At least for the initial phase, there is not going to be any way to automatically authenticate the identity of the cardholder at these maritime facilities," said Walter Hamilton, chairman of the International Biometric Industry Association.

"Is there going to be a way to make sure it's Tom and not Tom's cousin" holding the card? asked a senior congressional staffer familiar with the program. "No. There isn't."

Homeland Security officials did not respond to phone calls and e-mails requesting comment, but the congressional staffer said the rule was the result of concerns from industry about how the required technology would operate in a maritime environment.

"These are not insurmountable problems," said the staffer, predicting a delay of six months or a year before a mandate for card readers could be imposed.

The staffer said the pilot project run by Homeland Security to test the program had employed contactless card readers "which worked well in a maritime environment," but had then selected a different kind of reader, requiring the card to be swiped, in the rule. In a maritime environment, said the staffer, where the swipe readers would be exposed to saltwater and sea air, corrosion and other types of damage could quickly render them useless.

Moreover, said the staffer, there was no testing aboard ships as part of the pilot. "Vessels at sea present unique environmental challenges," said the staffer, adding there were additional concerns about sealing off important areas on long voyages.

"There are legitimate safety issues associated with trying to isolate certain areas [on board a ship] for security purposes," said the staffer, asking what would happen during a fire or a hull breach if the reader malfunctioned or a crew member dropped his card and couldn't gain access.

The staffer also said that even without the readers initially installed, the TWIC program would have a security benefit, because of the background checks run on workers who apply for it.

But labor unions protested that using the credential as a "flash card" -- one that is simply shown to a guard, rather than confirming the holder's identity through biometrics or a personal identification number -- would give a false sense of security and increase the ease with which criminal or terrorist gangs could infiltrate transportation facilities by posing as credentialed workers.

"It makes no sense to impose onerous requirements on workers now and force them to pay almost $150 for a glorified flash pass that may never be used as intended," said Edward Wytkind, president of the Transportation Trades Department of the AFL-CIO.

Unlocking Fingerprints (WP)

By Griff Witte

The Washington Post, August 28, 2006

The technology has been the stuff of movies for years: A secret agent runs his fingertip and an encrypted ID card over a pair of sensors. There's a match, and the door swings open.

In the coming months, a wave of government initiatives could start making such high-tech methods of identification commonplace -- beginning with the replacement this fall of federal employee IDs. Similar cards are planned for transportation workers, first responders and visitors to the United States.

Packed with biometric data such as fingerprints and containing a computer chip with room to expand the amount of information stored, the new IDs represent a potential boon to technology companies eyeing an estimated $8 billion in identity-related contracts. Firms such as BearingPoint Inc. and Lockheed Martin Corp. have set up showcase identity labs, pulling technology from different companies into turnkey operations. Hundreds of smaller companies, down to manufacturers of plastic cards, are vying for part of the market.

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The biggest business opportunity still looms: Driver's licenses, which are due for a retooling under new federal laws.

"When you're talking about credentialing the federal workforce and contractors, you're talking about maybe 10 million people. When you're talking first responders, you're at 20, 30 or 40 million people," said Thomas Greco, a vice president at Herndon-based Cybertrust Inc. "But when you're talking credentialing all registered drivers in the United States, you're up to hundreds of millions of people. Nobody is losing sight of that."

In an era of chronic concern over terrorism and anxiety over immigration, the business of determining who is who has become increasingly urgent. But it is not without controversy. Americans have long resisted the idea of a national ID card, for example. The growing sophistication of computer databases and networks has heightened privacy concerns -- as have data breaches, from the theft or loss of government computers to AOL's online posting of 36 million keyword searches conducted by hundreds of thousands of subscribers. If the pool of government programs using the new identity technology gets large enough and the amount of information collected gets detailed enough, "there will be a lot of pressure for these programs to converge," creating a de facto national identity system, said Barry Steinhardt, director of the technology and liberty project at the American Civil Liberties Union.

Use of a new government standard may prompt the private sector to follow. The banking, retailing and health-care industries are monitoring the federal initiatives, ready to apply stricter identity standards when dealing with their employees and customers. In an online world, the technology could also be used to establish that two people who never meet in person really are who they say they are.

Federal agencies are supposed to begin issuing their new ID cards in October, complying with a 2004 Bush administration directive requiring more stringent methods for tracking who gets access to federal facilities.

The new cards must meet a rigorous federal standard that details -- down to the size of the typeface -- what the new cards look like and how they are used. At a minimum, the IDs will require fingerprints and possibly retinal scans or other forms of biometric identification, depending on the agency. The cards are also likely to incorporate magnetic strips, personal identification numbers and digital photos, as well as holograms and watermarks to deter forgery. Before employees and contractors can get their new credentials, they will have to submit to a thorough background check, if they have not already.

By employing multiple methods of checking identity, officials hope to make it as difficult as possible for someone other than a card's owner to use it. Ultimately, the cards will determine not just who gets into buildings but also who receives access to computer applications and files.

Because the information needed to verify an individual's identity won't take up much space on the computer chip in each card, plenty more can be added. An employee's skills, work hours, medical history and job evaluations, for example, could all be included -- much to the dismay of civil liberties advocates.

Already, other federal programs are borrowing from the new standard for government workers. A program to issue credentials to all transportation workers to monitor who has access to air and seaports, for instance, will subject those workers to much the same process as federal employees.

In addition, the Real ID Act, approved by Congress last year, aims to standardize security features on driver's licenses by mid-2008. The Department of Homeland Security has not yet set the standards that states will have to follow. It probably won't include the advanced biometrics the federal government is using for its employees, and states are pushing hard to avoid a complex reengineering of the ubiquitous, low-tech driver's license.

Nonetheless, the companies that make the cards, the scanning devices and the software needed to run identity systems are closely watching the driver's license requirements. They say they understand the privacy concerns but also expect that security will remain a top priority -- with ID standards likely to get stricter, the technology more sophisticated, and the business more profitable.

"No one's going to want technology that just exposes them to more risk," said Greco, whose company, Cybertrust, focuses on information security.

At BearingPoint's McLean offices, the company has set up a room to show off a range of identity systems, including machines for taking fingerprints, scanning irises, recognizing faces or even differentiating between individuals based on the shape of a hand.

"We think it's a terrific area of opportunity," said Gordon Hannah, who leads BearingPoint's efforts to win identity contracts.

Earlier this month, the General Services Administration awarded BearingPoint a five-year deal worth up to $105 million to supply new IDs to any agency that wants them. Agencies that do not buy their cards through the GSA contract are holding their own competitions.

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That may be just the beginning. A recent study by the Stanford Washington Research Group and an expert in identity management put the value of the 10 biggest U.S. identity initiatives at $8 billion over the next five years, with an additional $14 billion coming from overseas.

From those programs, identity businesses expect other opportunities to emerge.

"One of the inhibitors has been the cost of the technology. But with the widespread adoption by the government, the cost of everything is going to come down," said Jon Rambeau, director of credentialing at Bethesda-based Lockheed Martin.

State and local governments are considered major potential buyers. Among their needs are credentials for first responders so that officials can verify the identity of people who show up to help in the event of an emergency.

On the commercial side, too, boosters of identity technology say the opportunities abound. Banks, for instance, may want secure cards that can guarantee that someone trying to cash a check really is the intended recipient. Hospitals are looking into using the identity systems for a more reliable way of accessing medical records. And retailers have been working on allowing consumers to make purchases with the swipe of a finger, instead of a card.

Nor do the opportunities stop at the U.S. border. California-based contractor Computer Sciences Corp. has enrolled 40 million people in identity programs worldwide. But on a planet of 6.5 billion, the company thinks it has only scratched the surface.

"Each country has exactly the same issues: How do you facilitate security, facilitate movement across borders and protect privacy all at the same time?" said Tim Ruggles, CSC's director of border and immigration solutions. "That's a tough one."

U.N. Tower Is Deadly Firetrap, Senator Says (USAT)

USA Today, August 28, 2006

The United Nations building is a disaster waiting to happen — a potential towering inferno that could be as devastating for workers, staff and visitors as the terrorist attacks on the World Trade Center's twin towers, Sen. Charles Schumer, D-N.Y., said Sunday.

Schumer said the 39-story, glass-walled landmark on the East River is a “firetrap” that violates New York City's building code. It has no internal sprinkler system and is full of dangerous asbestos — and its driveway, above an underground garage, probably would collapse from the weight of firetrucks and other emergency equipment, he said.

He called on U.N. Secretary-General Kofi Annan and U.S. Ambassador to the U.N. John Bolton to “make it a priority” to force through a $1.6 billion renovation program. U.N. officials could not be reached for comment.

Study: Out-of-state funds boost Democrats

Democrats running for Congress in the most competitive races for open seats have raised more out-of-state money than Republicans, by a ratio of more than 4-to-1, according to data compiled by watchdog organizations and an Associated Press review of Federal Election Commission records. The races are in Arizona, Colorado, Illinois and Iowa.

In no race is the discrepancy as evident as in Illinois' 6th Congressional District, where Republican Rep. Henry Hyde is retiring after 32 years.

Tammy Duckworth, a National Guard major who lost both legs in a rocket-propelled-grenade attack on her helicopter outside Baghdad, raised $536,982 from individual contributors outside Illinois, according to Political Money Line, a non-partisan clearinghouse for fundraising and lobbying data. Peter Roskam, a Republican state senator and former congressional aide, raised $84,650 outside the state. Duckworth and Roskam each had raised nearly $1.9 million from all sources. The figures are based on campaign-finance reports through June 30, the latest available.

This Is Only A Drill: In California, Testing Technology In A Disaster Response (NYT)

By John Markoff

The New York Times, August 28, 2006

SAN DIEGO, Aug. 26 — It began with a worldwide virus outbreak that had cities under quarantine, emergency workers overwhelmed and government agencies unable to cope. It was compounded by a wave of cyberterror attacks that cut off power, phones and Internet access.

Such was the crisis that teams from the Pentagon, nongovernmental agencies and several dozen technology companies set out to resolve in a five-day simulation meant to showcase and test a new set of digital tools in responding to disaster.

The limitations of even the latest technology were in evidence when an effort to restore communications by setting up ad hoc wireless networks resulted in a three-day data traffic jam.

Yet the problems encountered in the training effort, named Strong Angel III, did little to dampen the enthusiasm of the participants, a diverse group of more than 800 “first responders,” military officers and software and wireless network experts — some from rivals like Microsoft and Google, working side by side.

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"My view is that the value of Strong Angel is 70 percent in the social networks that will be created," said the organizer, Eric Rasmussen, a Navy surgeon and veteran of relief efforts on several continents. "What we do is try to bring people with disparate backgrounds together and ensure that they are forced to enter into a conversation."

More than $35 million in equipment was assembled here as part of the event, aimed at preparing for natural disasters, epidemics, terrorist attacks or the aftermath of war.

Last Monday, the group began to assemble a makeshift command center at an abandoned building near the San Diego airport. But a state-of-the-art wireless network, intended to route video images, satellite map coordinates and other data — from an impressive array of mobile computers, software analysis tools and command programs — failed to come to life.

"Finally I said, 'Lights out! Everyone turn everything off and let's start over,' " said Brian D. Steckler, a computer scientist at the Naval Postgraduate School in Monterey, Calif., who was in charge of more than a dozen interlocking networks at the heart of the command center.

Hundreds of computers and even cellphones were shut down, and then the network was slowly turned back on, segment by segment. Too many high-bandwidth applications had clogged the network, including a powerful video camera and "rogue" transmitters set up by participants intent on creating their own mini-networks.

Computer researchers call wireless networks of this type "hastily formed networks." But Mr. Steckler said his experience in the training session and in real disasters had led him to refer to them as "fragilely formed networks" instead.

At the same time, the technology roadblocks were balanced by notable successes, like the work of Google, Microsoft, ESRI, Intergraph and other companies to allow sharing a single set of digital satellite maps seamlessly and to overlay event data relayed from emergency workers throughout the San Diego area.

The new software capability relies on a Microsoft-designed system called Simple Sharing Extensions. It has been built on industry standards, like the Web protocol known as Really Simple Syndication, or R.S.S., which was designed to enable one-way data streams.

Such tools are valuable for disaster-response coordinators who require real-time data feeds from a variety of locations. The Microsoft extensions will make it possible for the feeds to display constantly changing or even conflicting data streams from multiple sources.

Moreover, the achievement demonstrated that industry rivals like Microsoft and Google could cooperatively generate useful technologies. Small teams of programmers from the two companies sat before laptops at adjacent tables to make sure that the Microsoft software connection system would transfer information to Google Earth, Google's visual mapping tool.

"I've been talking to Google all week," said Robert Kirkpatrick, lead architect of Microsoft's humanitarian systems group.

That is the kind of teamwork that Dr. Rasmussen had in mind in organizing the Strong Angel event, the third held since 2000. Dr. Rasmussen has become a leading figure in high-tech emergency preparedness in the United States and internationally. His expertise has been honed by experience in Bosnia and Baghdad, in African refugee camps, in Indonesia after the tsunami and in New Orleans after Hurricane Katrina.

Working a decade ago in the Defense Advanced Research Projects Agency at the Pentagon, he began exploring the use of high-tech systems to support the emergency missions that he would serve as a doctor.

"People are dying in really ugly ways, and it's avoidable," he said.

That led him to organize Strong Angel, which he said was not a formal disaster exercise, but rather a laboratory to experiment with technology that might prove useful in disaster settings. He likened the event to a group of musicians playing casual jazz rather than a rigorous symphony.

That unstructured approach led to some frustrations among participants, who complained at times that they were uncertain of their duties. But Dr. Rasmussen said the situation was meant to force them to organize themselves in a leadership vacuum.

Significantly, Dr. Rasmussen's effort has the support of Linton Wells II, principal deputy assistant secretary of defense for networks and information integration. Mr. Wells, a military strategist, was a driving force behind a Pentagon directive last November that put "stability operations" — defined as "military and civilian activities conducted across the spectrum from peace to conflict to establish or maintain order" — on an equal footing with waging war as a primary mission for the military.

Recognizing the shortcomings of reconstruction efforts after the invasion of Iraq, the directive acknowledges that much of this work is best performed by "indigenous, foreign or U.S. civilian professionals."

"We want to be able to create a space outside of the Pentagon's network firewalls to offer assistance," Mr. Wells said. Such a shift in mission will make it easier, for example, to provide Pentagon imagery from satellites and unmanned Predator aircraft to disaster relief organizations, he said.

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It took 300 e-mail messages and ultimately the intervention of a high-ranking fleet admiral to get Dr. Rasmussen and two colleagues to Banda Aceh, Indonesia, in the days immediately after the tsunami in December 2004. Such missions need to be on the military's checklist, Mr. Wells said.

In addition to large technology firms like Cisco Systems, Mitre and Bell Canada, smaller companies demonstrated a range of initiatives last week, tucked amid a phalanx of big trucks that had brought communications equipment and other rescue gear to the command site.

VSee Lab, a Silicon Valley start-up, brought a videoconferencing software system made to transmit video over today's cellular telephone data networks at good quality.

GATR Technologies, a two-person company in Huntsville, Ala., brought a satellite communications antenna tucked inside a 10-foot inflatable beach ball made of ultralight racing sail cloth. The system, designed by Paul Gierow, a former aerospace engineer, weighs just over 70 pounds and makes it possible to deploy a two-megabit Internet connection — faster than many digital phone lines — virtually anywhere.

Looking around at the satellite dishes that had been trucked to the command site, Mr. Gierow said, "We were the only ones who walked here carrying our gear."

Also on display was a novel low-cost refugee shelter designed by Vinay Gupta, a software engineer in Chicago. Called Hexayurts, the buildings are fabricated from four-by-eight sheets of foam or hexacomb cardboard and duct tape and can be built for about $1,000 apiece. Mr. Gupta set up several of the buildings in a plaza and showed how they could be equipped with a high-efficiency wood stove for cooking, a composting toilet and a small fluorescent light.

Although there has been no mass production of the buildings, which are large enough to shelter a family, Mr. Gupta has put design instructions on the Internet and placed them in the public domain. He thinks they are sure to find users.

"A FEMA trailer costs $30,000," he said. "I'm waiting for the next hurricane season."

WAR NEWS:

Shootings, Bombings Kill At Least 51 (USAT/AP)

USA Today, August 28, 2006

BAGHDAD — Bomb attacks and shootings killed at least 51 people as Iraq's prime minister said violence was lessening and hundreds of Shiite sheiks signed a pact to disarm militias and support the government.

Shiite Prime Minister Nouri al-Maliki insisted bloodshed in Iraq was decreasing and that his government was making progress in efforts to combat sectarian clashes between Shiites and Sunni Arabs, and attacks by insurgents.

"The violence is not increasing. We're not in a civil war. Iraq will never be in a civil war," he said through an interpreter on CNN's Late Edition. "The violence is in decrease, and our security ability is increasing."

On Sunday, gunmen in three cars raked an open-air night market with gunfire, killing at least 12 people. The gunmen fired at throngs of people at the main market of Khalis, a mostly Shiite town 50 miles north of Baghdad. Earlier in the day six people were killed when a bomb exploded on the outskirts of the town.

The U.S. military command said two U.S. soldiers were killed — one by small-arms fire in eastern Baghdad on Sunday and the other on Saturday night when the vehicle he was traveling in was hit by a roadside bomb.

In downtown Baghdad, a bomb in a minibus exploded outside the Palestine Hotel, killing nine people. A car bomb outside the offices of a government-run newspaper left three dead.

Two back-to-back suicide car bombings in the northern city of Kirkuk killed nine people hours after an earlier suicide car bomb killed one person.

Drive-by shootings also killed two people in Mosul, one in Numaniyah and three in Dujail.

Iraqi and coalition forces have been expanding security in Baghdad to crack down on violence neighborhood by neighborhood. Security forces were to conduct a cordon-and-search operation of all the buildings in the Sunni district of Azamiyah in north Baghdad, the U.S. military command said in a statement.

The security sweep has already "resulted in a 36% reduction of murders across the city of Baghdad," said Maj. Gen. James Thurman, commander of U.S. forces in Baghdad.

The prime minister appealed to Iraqis to support his national reconciliation plan to end the bloodshed. The plan was endorsed by hundreds of tribal chiefs at a conference on Saturday.

The reconciliation plan seeks to bridge religious, ethnic and political divisions, which are tearing the country with almost daily violence that has left about 10,000 people dead since May when al-Maliki's government took office.

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The plan includes an offer of amnesty to members of the Sunni-led insurgency not involved in terrorist activities, calls for disarming primarily Shiite sectarian militias and promises compensation for families of Iraqis killed by U.S. and government forces. No major Sunni Arab insurgent groups agreed publicly to join the plan.

"Realizing the gravity of the situation our country is undergoing, we pledge in front of God and the Iraqi people to be sincere and serious in preserving the unity of our country," the agreement said. The chiefs also pledged to "work hard to stop the bloodletting and … sectarian killings that have nothing to do with our values."

At Least 69 Killed In Attacks Across Iraq (WP)

By Ellen Knickmeyer

The Washington Post, August 28, 2006

BAGHDAD, Aug. 27 -- Gunmen and bombers claimed at least 69 lives in Iraq on Sunday, even as Prime Minister Nouri al-Maliki repeated the assertions of Iraqi and U.S. leaders that violence was easing from a wartime high set earlier this summer.

While U.S. and Iraqi forces have deployed additional troops in Baghdad to deal with the surge of sectarian violence, the deadliest of the attacks Sunday occurred outside the capital, in cities to the north.

The attention of Iraqi and U.S. officials since this spring has been focused on the rivalry between Sunni Arabs and Shiite Muslims in Baghdad. Sunday's violence, however, highlighted the country's many other dangers since the war began: rising crime and growing tensions among Iraq's other faiths and peoples.

The most lethal attack came in the town of Khalis, near Baqubah, 35 miles northeast of Baghdad. Gunmen stormed the house of a local judge, Hamdi al-Ubaidi, shot one of his brothers and moved to abduct another, police said.

When men from a nearby cafe ran to the aid of the family, gunmen opened fire, killing 12 of the would-be rescuers and injuring 25, police Brig. Safa al Mandalawi said.

The kidnappers escaped, with the judge's brother as their captive, Mandalawi said.

The mass killing came about 11 hours after a bomb planted in a marketplace in Khalis exploded at the height of morning shopping. Nine people died, and 15 were injured, police Lt. Ali Khayam said.

Gunmen killed five people in three other attacks in the nearby city of Baqubah, a community with a heavily nationalist Sunni Arab population that has seen nearly daily violence.

Farther to the north, in the tense oil city of Kirkuk, back-to-back bombings killed 10 people Sunday outside the house of a police colonel and outside a meeting hall of Sufis, a mystical Muslim religious sect.

A top Sufi leader in Fallujah last week declared that his previously nonviolent sect was joining the Sunni insurgency, saying that rising Shiite militancy left him no choice but to fight for survival. It was not known whether Sunday's attack was related to the Sufi leader's call to arms.

Attacks elsewhere in Kirkuk on Sunday targeted offices of the Patriotic Union of Kurdistan, the party of Iraqi President Jalal Talabani, a member of Iraq's northern-based Kurdish minority. A car bomb at one of the offices killed a guard, while security personnel at another office repelled an assault by gunmen, killing one of the assailants.

Sunni Arabs and Kurds are vying for Kirkuk, one of the country's two main oil centers. A referendum in the city is to determine whether Kirkuk is to come under Kurdish or Arab control. Each side is trying to build up its strength ahead of the vote.

In Iraq's other oil hub, the southern city of Basra, a bomb mounted on a motorcycle killed seven people, authorities said. Maliki, the prime minister, has imposed a state of emergency to deal with the deadly rivalry among the Shiite factions controlling the south.

Another of the day's major attacks was in Baghdad, where a bomb in a minibus killed nine people at a police checkpoint on Sadoun Street, in the center of the city near the Palestine Hotel, police said.

Lt. Col. Barry Johnson, a U.S. military spokesman, confirmed that seven Iraqi civilians were killed Sunday night in what Johnson said was a street battle between American forces and insurgents in Baghdad.

It began when a bomb exploded near American troops in a Stryker armored vehicle in the mostly Sunni west Baghdad neighborhood of Ghaziliyah, a district where U.S. forces have beefed up their presence in an effort to quell sectarian violence.

Insurgents opened fire with grenade launchers and guns after the bomb hit the Stryker, Johnson said. U.S. forces returned fire, wounding four attackers, whom Americans took into custody, Johnson said. He said it appeared the civilians had been caught in the cross-fire.

A resident at the scene gave a different account, saying all seven, including a family of five traveling together, were killed when U.S. forces opened fire on cars around their vehicle following the bombing.

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Also in Baghdad, three American soldiers were killed, two by roadside bombs and one by insurgent gunfire, the U.S. military said. A car bomb outside a government-run newspaper killed three and wounded 29 Iraqis, the Associated Press reported.

In Baghdad in particular, the toll reflected the growing aggressiveness of the militias loyal to Iraq's governing Shiite religious parties as they try to crush the country's Sunni insurgency.

U.S. military leaders stepped up American deployments and patrols in Baghdad. U.S. commanders also abruptly extended the stay of one Alaska-based brigade that had been headed home and called in emergency reserves from Kuwait.

U.S. military leaders have credited their crackdown in Baghdad with what they say is a reduction in the number of deaths in Iraq in recent weeks.

"The violence is in decrease and our security ability is increasing," Maliki said on CNN's "Late Edition" program. Multinational forces have created an atmosphere of "reconciliation" in the country, Maliki said, and "Iraq will never be in a civil war."

Maliki's spokesman, Ali Debagh, confirmed Sunday that the prime minister was shuffling the cabinet in his three-month-old government of Shiite religious parties, Kurds and Sunnis.

Debagh said at least one and probably two of the ministers to be replaced belong to the movement of populist Shiite cleric Moqtada al-Sadr. Sadr commands a militia increasingly accused of taking a lead in killings of Sunnis.

Debagh played down the idea that the shuffle was largely a purge of Sadr supporters. Debagh said Sadr "is more and more coming to work as a political force" within the government while disavowing his militia.

Special correspondents Saad al-Izzi in Baghdad and other Washington Post staff in Iraq contributed to this report.

Deaths Drop In Iraqi Capital (LAT)

By Solomon Moore

The Los Angeles Times, August 28, 2006

BAGHDAD — An ambitious military sweep appears to be dramatically reducing Baghdad's homicide rate, U.S. and Iraqi officials said Sunday — even as violence nationwide killed at least 80 people, including six U.S. soldiers in and around the capital.

Last month, the Baghdad morgue received more than 1,800 bodies, a record high. This month, the morgue is on track to receive less than a quarter of that.

Iraqi Prime Minister Nouri Maliki seized on the drop in slayings during a CNN interview.

"The violence is not increasing.... No, we're not in a civil war," Maliki said. "In Iraq, we'll never be in civil war. What you see is an atmosphere of reconciliation."

Although the smaller monthly tally offers encouragement to U.S. and Iraqi officials, it remains a triple-digit reminder that sectarian violence and insurgent activity vex Iraq's newly formed government.

"It is not possible to create a democracy at the barrel of a gun.... We cannot even work freely as politicians," said Salih Mutlaq, a Sunni Arab member of parliament. "It is not possible for us to even hold meetings. We cannot travel between one province and another."

U.S. Army Maj. Gen. James D. Thurman, commander of military forces in Baghdad, attributed the capital's declining violence to a military sweep involving 8,000 U.S. soldiers and 3,000 Iraqi troops aimed at stopping sectarian violence.

The troops, many redeployed from hotspots around Iraq, have patrolled the capital, searched houses and made arrests since Aug. 7. Similar sweeps in Baghdad and elsewhere since the U.S.-led invasion in 2003 have reduced violence. But the bloodshed would increase when U.S. forces moved on.

Though the U.S. military has not issued a timetable for ending the sweep, officials say that patrolling Baghdad indefinitely would create dependency among Iraq's nascent security forces and tax U.S. resources and manpower.

The U.S. military, with 138,000 troops, is stretched thin in Iraq, with many units on their third deployments. Last week, the Pentagon announced an involuntary recall of as much as 2,500 Marines reservists. The Army has issued recall orders to 10,000 soldiers.

U.S. military leaders say they hope Iraqi police units, paired with American training teams, will be able to maintain security once the troops leave.

Many Baghdad residents, however, think that Iraq's notoriously corrupt and sectarian police forces are part of the problem. U.S. and Iraqi officials acknowledge that Shiite militiamen, many of whom have infiltrated the police, commit most of Baghdad's slayings, but there is still no plan to disarm paramilitary groups.

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U.S. and Iraqi officials describe the Baghdad security plan as a last-ditch effort to stave off civil war and to shore up Maliki's government, which has struggled to contain sectarian violence and deliver essentials such as electricity and gasoline.

Baghdad morgue statistician Muayed Matrood said Sunday that "the number of unidentified, identified bodies and those killed randomly in crossfire received by the morgue from Aug. 1 to Aug. 15 were between 240 and 250 bodies." Between the 15th and Sunday, the morgue received 80 to 85 bodies, Matrood said.

The morgue does not count victims of explosions, whose remains often are mutilated. But Iraqi Police Capt. Mohamed Hanoon said bomb attacks were down by one-third during the first two weeks of August.

But the news of progress in Baghdad was dampened by the flurry of weekend violence throughout Iraq.

Of the 80 deaths reported Sunday, 25 were in Baghdad.

Bombers targeted two media centers in the capital. Nine people were killed when a bomb planted on a commuter bus exploded near the pedestrian entrance of the Palestine Hotel, which houses several media organizations.

Two people died when a bomb exploded in the parking lot of the headquarters of Al Sabah, one of Iraq's largest daily newspapers.

"This is the second attack of its kind against us so far," Falah Mishal, an editor at the paper, told the Iraqiya television network. "This is the price that is being paid to the workers at Al Sabah due to their steadfastness and their patriotism."

Morgue workers at Yarmouk Hospital in Baghdad said they received at least a dozen bodies Sunday, among them torture victims, bystanders hit by gunfire, and a child killed by a mortar rocket.

Near Khalis, a village 15 miles north of Baghdad, gunmen killed 22 people at a cafe, an Iraqi Army official said. The assailants also raided a judge's home, killing his brother. In an attack in Khalis, a bomb detonated near a market, killing six people.

In nearby Baqubah, two truck drivers were slain in drive-by shootings and gunmen killed an Iraqi Army colonel. In addition, two brothers and their cousin were shot to death by unknown attackers. And Iraqi police found two bodies six miles north of Baqubah.

In the northern oil hub of Kirkuk, a car bomber smashed into the home of an Iraqi police colonel, killing nine people. Another car bomb killed one person at the office of Iraqi President Jalal Talabani's political party, the Patriotic Union of Kurdistan. It was the second time this month that bombers targeted the party's office.

The bombings are "aimed at igniting sectarian divisions between Kirkuk's residents, especially between Arabs and Kurds," said Mohamed Khalel Nsayef, an Arab politician in Kirkuk, a Kurdish majority city with significant Arab and Turkomen populations.

In Duluiyah, 50 miles north of Baghdad, three bodyguards for parliament member Abid Jaboori were gunned down.

In the southern city of Basra, Iraqi police officers said gunmen killed a policeman and his sister. Basra authorities also arrested 18 people accused of kidnapping and selling women to foreigners.

U.S. military officials announced the deaths of six American soldiers. Two died in Baghdad, one by small arms fire and one by a roadside bomb, officials said.

Four more troops died in a roadside bombing north of Baghdad. No location was given, but eyewitnesses in Tarmiya, 35 miles north of the capital, said a bomb destroyed an American armored vehicle and that no one survived.

Deputy Prime Minister Barham Salih said in an interview that the leading Shiite coalition was planning to reshuffle the Cabinet only three months after the formation of the unity government.

"This is aimed at improving the performance of the government," said Salih, who declined to identify which ministries would be affected.

Two senior U.S. military leaders in Iraq recently expressed concern that Interior Minister Jawad Bolani, a former engineer and Iraqi Army officer with no police experience, had yet to rein in Shiite militias in the police forces. The paramilitary groups are accused of detaining and killing Sunni Arabs.

A conference of Sunni Arab tribal leaders from throughout Iraq ended Sunday with a declaration pledging support for Maliki, condemning killings and kidnappings of Iraqis, and calling for increased participation in Iraq's political process. The tribesmen also denounced "irresponsible actions by the multinational forces that are hurting innocent people."

"What has been reflected in this conference is that there aren't any real differences that should separate Iraqis from each other," the declaration said.

Bomber Attacks Baghdad Paper On Day When 52 Are Killed (NYT)

By Paul Von Zielbauer

The New York Times, August 28, 2006

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BAGHDAD, Iraq, Aug. 27 — A suicide car bomber attacked Iraq's largest newspaper on Sunday, detonating his vehicle inside its fortified compound in downtown Baghdad and killing two people and wounding 20 others, the executive editor and government officials said.

The bombing was part of a violent day across Iraq in which explosions and gun battles killed at least 52 people, including an American soldier.

In Baghdad, a bomb planted on a commuter bus blew up near the pedestrian entrance of a downtown hotel, killing nine people and wounding 20 others, and a convoy ferrying a deputy defense minister came under heavy gunfire that wounded two bodyguards, two government officials said.

The bombing of Al-Sabah, a national newspaper financed by the Shiite-led Iraqi government, also destroyed more than a dozen vehicles and caused the collapse of a quarter of the building where journalists and printing-press operators work, said the executive editor, Falah al-Mishaal.

The attack occurred around 8:30 a.m., as guards carrying automatic assault rifles grew suspicious of the vehicle after it had been cleared to enter the newspaper's parking lot, Mr. Mishaal said in an interview. Before the bomber could be killed, he blew up his vehicle, sending at least two parked cars through the building's wall.

"Tomorrow we will return to work again," Mr. Mishaal said.

The attack was the second on Al-Sabah — which means "morning'' in Arabic — in three months. On May 6, a suicide bomber in a car set off an explosion at the newspaper's main vehicle checkpoint, killing one person and wounding several others, Mr. Mishaal said.

He blamed the attacks on Iraqi insurgent and foreign terrorist groups in the mold of the one founded by Abu Musab al-Zarqawi, the Jordanian leader of Al Qaeda in Iraq who was killed in an American airstrike in June.

"We have received many threats from Zarqawi's assistant," Mr. Mishaal said. "We published them in the newspaper."

He said he believed that the bombing was also in retaliation for a meeting of Iraqi television and newspaper editors organized by his newspaper this month where the editors were to sign a "pledge of honor" to respect the government's reconciliation efforts and to avoid printing or broadcasting inflammatory statements or violent images.

"This is an attack against all Iraqi media," Mr. Mishaal said in a telephone interview. "It is a kind of challenge and an attempt to get rid of all free Iraqi media."

At least 16 journalists working for Al-Sabah and a government-run Baghdad television station have been killed since 2003, news media executives here said.

In a statement, Prime Minister Nuri Kamal al-Maliki "strongly denounced" the attack on Al-Sabah, which he called "a pioneering media organization confronting terror, serving the truth and consolidating unity and national coherence." Furthermore, he vowed to capture the people behind it.

And yet, in remarks closely following similarly upbeat statements by American military officials in Baghdad, the prime minister also sought to lend optimism to his government's efforts to bring security to Baghdad and other parts of the country, and to rule out the possibility of civil war.

"We are not in a civil war; Iraq will never be in a civil war," he said, through an interpreter, in an interview with CNN on Sunday. "The violence is in decrease, and our security ability is increasing."

Mr. Maliki's statement stood in contrast to a far bleaker assessment he made in a speech to Parliament on July 12, when he said the country had one "last chance" to eliminate the sectarian and insurgent attacks destabilizing the country, and warned lawmakers that "if that fails — God forbid — I don't know what will be Iraq's fate."

Also on Sunday, an Iraqi government official said the prison run by the American military at Abu Ghraib, which became notorious for the abuse of Iraqi inmates by American soldiers, had been emptied of inmates and was now under the control of the Justice Ministry.

Saad Sultan, the supervisor of detention facilities in the Human Rights Ministry, said in an intervie that more than 3,000 prisoners in American custody had been transferred to a detention facility at Camp Cropper, an American military base near Baghdad International Airport, on Aug. 15.

Mr. Sultan said the transfer was done "for security reasons, because Abu Ghraib is an unsafe area."

The closing of the prison was reported earlier on Sunday by McClatchy Newspapers.

Elsewhere in Iraqn, 21 people died in continuing sectarian violence in and around Baquba, a restive city 30 miles northeast of Baghdad where Sunni and Shiite Arabs have engaged in a longstanding cycle of retributive attacks.

A roadside bomb in Khalis, a town north of Baquba, killed six people and wounded 15 others, a Baquba police spokesman said. Two truck drivers and three other people were also killed by gunfire in the city's western suburbs, he said. A second attack in Khalis killed at least 10 additional people and wounded 10, said the provincial governor, Raad Rashid.

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Near Kirkuk, a northern oil city on the border of the autonomous Kurdish region, four traffic policemen were killed in a roadside ambush as they traveled south toward Tikrit, said Capt. Firas Mahmoud of the Kirkuk police.

Also in Kirkuk, a suicide bomber driving a truck full of explosives stormed into a building housing the offices of the main Kurdish political party, killing two security workers and wounding 16 others, Maj. Kamil Shakhwan of the Kirkuk police said. And a suicide bomb attack later Sunday killed nine others, the Kirkuk police said.

In a market in Basra, a bomb attached to a motorcycle killed four people and wounded 15.

An American soldier was killed in Baghdad by small-arms fire, the military said. Another American soldier was killed Saturday by a roadside bomb that detonated near his vehicle in the southeast section of Baghdad, the military said.

Iraq Tries To Crack Down Carefully On Militias (USAT)

By Jim Michaels

USA Today, August 28, 2006

BAGHDAD — U.S. and Iraqi military leaders are pressing Iraq's Shiite-dominated government to outlaw armed militias, some of which have close links to parties in the ruling coalition.

This month, the top U.S. commander in Iraq, Gen. George Casey, said Shiite death squads were responsible for most of the recent sectarian killing in Baghdad.

"The government should announce clearly to the public that all militias should be dissolved," said Maj. Gen. Bashar Mahmoud Ayoub, commander of the Iraqi army's 9th Mechanized Division.

A brigade from Ayoub's division arrived this month in Baghdad to join an ongoing crackdown on sectarian violence.

The frustration among some officers illustrates the difficulty Iraq's government has had in confronting militias, many of which have ties to political leaders in the National Assembly and the government.

Prime Minister Nouri al-Maliki, a Shiite, has said his government will disband militias as part of a national reconciliation process. Yet al-Maliki's fragile coalition government depends on many of the armed groups for political support and has avoided confronting them directly.

"The militias hold a lot of political power," said Army Col. Doug Heckman, a U.S. adviser.

The government has said there should be no armed groups in Iraq other than legitimate security forces, such as soldiers and police. In practice, Iraq's government is walking a fine line by trying to draw a distinction between rogue militias and death squads, which it intends to confront, and organized militias tied to political groups. It is negotiating with those militias.

"Disarming militias is a political issue," government spokesman Ali al-Dabbagh said. Al-Maliki intends to confront any militias that remain armed after negotiations are over, he said.

That nuanced approach may prove difficult for American and Iraqi soldiers.

"Until the government comes out and says, 'Disarm the militias,' it's a very ambiguous situation," Heckman said. "If there was an announcement by the government, there would be no more ambiguity."

Brig. Gen. David Halverson, deputy commanding general of the U.S. 4th Infantry Division in Baghdad, said Iraq's security forces had hoped to have a new law on militias in time for the second phase of the Baghdad offensive. A militia law would need approval by Iraq's legislature, which has recessed until next month.

"We want to push this to the political people to clarify this, so it is black and white," Halverson said. However, he said, soldiers have clear orders to detain anyone operating "outside the rule of law," and said the lack of an anti-militia decree won't impede the Baghdad offensive.

American and Iraqi forces operating in Baghdad are authorized to detain anyone who is found carrying a weapon without a permit. They also will attempt to break up criminal enterprises tied to militias, such as black-market fuel sales, he said.

What's less clear is whether and when U.S. and Iraqi troops can target militia leaders. "There is this feeling (among Iraqi military forces) that if we're going to go after the militias, we've got to have the government support," said Maj. Bill Taylor, a U.S. adviser.

The only anti-militia law on the books is one issued by the U.S.-led Coalition Provisional Authority, which governed Iraq until it restored sovereignty to a handpicked interim government in June 2004. That order banned most militias but allowed some armed groups, which it said would eventually be absorbed into Iraq's security forces at an unspecified date.

One of the biggest militias is that of radical Shiite cleric Muqtada al-Sadr. His Mahdi Army, which has battled U.S. troops in the past, consists of about 6,000 to 10,000 fighters in Baghdad, the U.S. military has said. Al-Sadr has emerged as a key political figure in the new government. His party has about 30 seats in Iraq's parliament and controls several ministries. "He has influence over this government," said Brig. Gen. Dana Pittard, commander of the Iraq Assistance Group, which oversees coalition security advisers. "That may be a dilemma for the government to work out."

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The coalition military is tracking more than 20 militias in Baghdad, including Sunni and Shiite groups, Pittard said.

Many of the militias have grown stronger because they offer security to residents at a time of rising religious violence. Many Iraqis have little confidence in security forces, some of whom have been tied to death squads. "People have got to be convinced the Iraqi security forces will be able to protect them," Pittard said.

The current phase of the Baghdad offensive is designed to clear neighborhoods, one by one, of criminals and death squads. The next phase will attempt to establish effective policing and begin a reconstruction effort.

The daily number of attacks in Baghdad during the past two weeks has dropped to an average of 21, from 25 per day in the seven weeks prior to that, the U.S. military says. Much of the violence was religious or sectarian.

Maj. Kotiyba Ahmed, who was commanding a contingent of 14 Iraqi soldiers at a checkpoint on the edge of Baghdad, said the offensive has already given people a feeling of security. Stores are staying open later and there is more traffic on the road, Ahmed said.

"Before, people were afraid to leave their homes," he said.

Joe Biden: A Plan For Iraq (NHUL)

By Joe Biden

New Hampshire Union Leader, August 28, 2006

THE NEW, central reality in Iraq is that violence between Shiites and Sunnis has surpassed the insurgency and foreign terrorists as the main security threat. Our leading civilian and military experts on Iraq -- Ambassador Zalmay Khalilzad and Gens. George Casey, Peter Pace and John Abizaid -- have all acknowledged that fact.

In December's elections, 90 percent of the votes went to sectarian lists. Ethnic militias increasingly are the law in Iraq. They have infiltrated the official security forces. Sectarian cleansing has begun in mixed areas, with 200,000 Iraqis fleeing their homes in recent months for fear of sectarian reprisals. Massive unemployment feeds the ranks of sectarian militias and criminal gangs.

No number of troops can solve this problem. The only way to hold Iraq together and create the conditions for our armed forces to responsibly withdraw is to give Shiites, Sunnis and Kurds incentives to pursue their interests peacefully and to forge a sustainable political settlement.

Meanwhile, more and more Americans, understandably frustrated, support an immediate withdrawal, even at the risk of trading a dictator for chaos and a civil war that could become a regional war.

Both are bad alternatives. The five-point plan Les Gelb and I laid out offers a better way.

First, the plan calls for maintaining a unified Iraq by decentralizing it and giving Kurds, Shiites and Sunnis their own regions. The central government would be left in charge of common interests, such as border security and the distribution of oil revenue.

Second, it would bind the Sunnis to the deal by guaranteeing them a proportionate share of oil revenue. Each group would have an incentive to maximize oil production, making oil the glue that binds the country together.

Third, the plan would create a massive jobs program while increasing reconstruction aid -- especially from the oil-rich Gulf states -- but tying it to the protection of minority rights.

Fourth, it would convene an international conference that would produce a regional nonaggression pact and create a Contact Group to enforce regional commitments.

Fifth, it would begin the phased redeployment of U.S. forces this year and withdraw most of them by the end of 2007, while maintaining a small follow-on force to keep the neighbors honest and to strike any concentration of terrorists.

This plan is consistent with Iraq's constitution, which already provides for the country's 18 provinces to join together in regions, with their own security forces and control over most day-to-day issues. This plan is the only idea on the table for dealing with the militias, which are likely to retreat to their respective regions instead of engaging in acts of violence. This plan is consistent with a strong central government that has clearly defined responsibilities.

To be sure, this plan presents real challenges, especially with regard to large cities with mixed populations. We would maintain Baghdad as a federal city, belonging to no one region. And we would require international peacekeepers for other mixed cities to support local security forces and further protect minorities. The example of Bosnia is illustrative, if not totally analogous.

At best, the course we're on has no end in sight.

At worst, it leads to a terrible civil war and possibly a regional war. This plan offers a way to bring our troops home, protect our security interests and preserve Iraq as a unified country.

The Battle For Baghdad (USNEWS)

By Linda Robinson

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U.S. News and World Report, August 27, 2006

BAGHDAD-With the number of violent deaths in Baghdad hovering around 2,000 a month, the U.S. and Iraqi security forces have launched a new effort to pacify the capital. But-as with everything else in Iraq-there are no guarantees that it will be any more successful than the previous attempt, which even senior U.S. commanders here concede was woefully ineffective. That initiative, by the newly formed government of Prime Minister Nouri al-Maliki, failed utterly in its attempt to secure the city from the Sunni insurgents and Shiite militias who are conducting much of the killing, kidnapping, and torture of their fellow Iraqis. Some 4,000 U.S. troops, and an even larger number of Iraqi soldiers, have been sent to the capital as reinforcements for the new effort. Among both Iraqi and American officials, there is a growing consensus that the entire war effort hangs in the balance.

The war has reached this grim crossroads, many here believe, because the mounting centrifugal forces and the failure to achieve the basic requirements of peace are threatening to doom the Maliki government, or at least render it irrelevant. If the level of violence can't be significantly reduced in the coming months, the strained patience of Americans may also reach the breaking point, a growing number of politicians and military officers say. John Warner, the Virginia Republican and longtime chairman of the Senate Armed Services Committee, recently warned that if Iraq plunges into all-out civil war, Congress will have to reconsider its 2002 authorization for the use of troops here. In a letter to President Bush, longtime House Armed Services ranking member Ike Skelton of Missouri compared the battle for Baghdad to Midway in World War II as the "decisive battle" at a "critical and dire phase" of the war.

The danger of the strategy contemplated in the new security effort, however, is that much of the energy of the Iraqi and American forces will be poured into one more series of house-to-house sweeps, as thousands of soldiers fan out in cordon-and-search operations, knocking on doors and confiscating weapons and ammunition. Such tactics, U.S. commanders said in a series of in-depth interviews over the past few weeks, address only the symptoms of the current conflict, not its causes, while they risk further alienating the very civilians whose allegiance the fledgling government desperately needs.

Maj. Gen. William Caldwell, spokesman for the U.S. four-star command, the Multi-National Forces-Iraq, says the new strategy must be seen in its proper context. "The Baghdad Security Plan is a complete package," he emphasized. "We've always said that the military cannot win the peace around this country. All it can do is set the conditions to allow the political process to work so that it can establish peace." There are two economic components to the new plan, Caldwell says. Short-term relief programs will be funded by the United States, after which the government of Iraq is supposed to step up with $200 million in infrastructure-development and jobs projects. Whether that will happen, however, is anyone's guess. Another senior general points out, acerbically, that previous campaigns in Fallujah and Tal Afar failed to provide sustained aid. The man in charge of daily military operations in Iraq, Lt. Gen. Peter Chiarelli, says failure now is not an option. "If we don't follow up with a build phase," he told U.S. News, "then I don't think Baghdad can be secure."

Power vacuum. Getting Baghdad right is just part of the challenge, and it may not be possible to bring lasting peace to the city without significant breakthroughs on the core issues of the conflict. The lack of political progress during the past year created a power vacuum that allowed sectarian violence to spiral out of control. Today, many seasoned American military officials grappling with the Iraq problem express frustration that there has not been more progress on implementing the official strategy's key political, economic, and security imperatives. There has been a failure to put sufficient resources and manpower toward achieving the fundamental requirements for peace, many U.S. commanders say. Among their principal complaints: A political reconciliation pact has not been achieved. Too little has been spent on reconstruction and services to win over ordinary Iraqis, and too few of the 138,000 U.S. troops are being used to mentor Iraqi security forces.

The lack of security is only the most obvious symptom of the lack of progress. Even armed U.S. soldiers cannot move around any more freely than they could a year or two ago. They travel from Baghdad's airport to downtown on high-speed choppers or on a hulking armored bus called the Rhino. Riders don helmets and bulletproof vests for the midnight rides. Drivers wearing night-vision goggles pilot the Rhinos with headlights off, in a convoy guarded by humvees bristling with heavy-caliber guns and escorted by attack aircraft.

Resupply convoys still roll mostly in the dead of night, snaking out of military bases in long lines. Military personnel hopscotch from base to base by plane or chopper. On a recent flight aboard a small Army cargo plane called a Sherpa, the pilot flew fast and low-no more than 200 feet off the ground-because the plane's slow climbing speed makes it vulnerable to antiaircraft missiles. Pilots jokingly call the main supply base at Balad the "duck pond" since Iraqis take frequent potshots at the many aircraft there. The most notable difference in the movement of people is the long lines of Iraqis at the airport with their belongings piled high. They are leaving, and few seem hopeful of coming back. Those who can't leave are rushing for whatever security they can find, many in the armed sectarian bands. "Everybody," says a senior U.S. officer in Iraq, "is just trying to survive."

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One official puts the top political priority in blunt terms. "A viable government is needed to reduce the violence." By which he means a government that has explicitly gained the allegiance of all of Iraq's main groups. Since the fall of Baghdad, obviously, that hasn't happened. "We've wasted a lot of time here in the last three years," says another senior officer, ticking off the various interim governments, elections, even the writing of the Iraqi Constitution, which failed to address, much less resolve, the major points of conflict. The previous efforts, several U.S. military officials complain, were all about process when the focus should have been on the bargains that still need to be struck among the Shiite, Sunni, and Kurdish groups to hold Iraq together. Process, these officials say, will never be enough to win over skeptical, fearful, and warring Iraqis; what's needed instead is an actual deal, arrived at through hard-knuckled bargaining and with sufficient carrots and sticks to make it work. The U.S., with its military, must be ready to be the guarantor.

To do such a deal, a senior coalition official says, it is essential not to demonize the key players. Right now, one such "demon" is Moqtada al-Sadr, the young firebrand Shiite cleric who has built both a potent militia and a highly popular political movement over the past three years. His party now controls five ministries and has 32 legislators, and his militia, Jaish al-Mahdi, numbers in the thousands. This official argues that a multipronged approach must be taken to the militias' various components, which include unemployed youths who are the foot soldiers, the criminal opportunists who run the bomb factories, and the hard-core fundamentalists who are torturing and executing Iraqis for belonging to the wrong sect.

Disbanding. In fact, that very approach was advocated as part of a security plan written about six months ago. Under it, each militia would produce a one-time list of members, and some number would be allowed to join the Iraqi security forces as individuals and spread across different units. The Badr Brigades Shiite militia, for example, which has about 17,500 members, would be given 5,000 slots. Many of its members are aging, so an economic incentive might be sufficient to win their retirement. The key to making this plan work is to offer it simultaneously to both Sunni insurgents and Shiite militias. Some of the Shiite-led government's members, however, want to make the offer only to Shiites.

The lack of a political compact has direct bearing on the security mess. First, the length of time it took to form the government created a vacuum in which the militias' strength and influence grew. Maliki, named prime minister in April after months of haggling among the parties, espoused a 24-point national reconciliation plan, but lack of progress has it hanging by a thread today. One sign of gridlock occurred after Iraqi Army commanders asked that the government's Council of Representatives reaffirm Maliki's order that all illegal armed groups, Shiite and Sunni, be pursued equally. The council adjourned, instead, for summer break. The result? Still more violence. "There are forces in Baghdad," a senior coalition official says, "who feel they do not have the support of the government yet to confront some of the threats that are impacting them daily."

The economic deficiencies in Washington's Iraq strategy are every bit as glaring as the political ones. Of more than $300 billion spent on the war here, one senior official calculates that only about $8 billion has gone for economic reconstruction, services, and infrastructure. The imperative to provide economic benefits to ordinary Iraqis is not born out of some vague humanitarian impulse, U.S. military officials here emphasize, but one that directly affects the security of the country and the viability of the government. "That is how you get people to help you police the environment and provide you with the intelligence you need," says a senior official. "With a little more investment, we could turn Baghdad around," he adds, suggesting a figure of $10 billion over three years. "How do we know this approach won't work? We haven't even tried it yet."

White elephants. The objective, obviously, is for ordinary Iraqis to experience the benefits of the economic programs. The special U.S. inspector general in Iraq recently testified to Congress that the most effective aid in this regard was not the large development projects undertaken by civilian government aid agencies and private contractors but the military commanders' emergency response program, or CERP fund. Large-scale civilian projects have produced some enormous white elephants, like the R3 water-treatment plant in Baghdad, on the northern edge of one of the most conflicted zones, Sadr City. Residents can go to the plant to get water, but homes aren't hooked up to it. "What we have built," one U.S. general said in frustration, "is the world's largest water fountain." Another example: In restive Diyala province, a water plant built to provide water to 36,000 homes today supplies fewer than 6,000.

The current U.S. budget request for economic aid to Iraq is only $355 million, and just $276 million for next year. The U.S. ambassador in Iraq, Zalmay Khalilzad, has pinned his hopes for more on an international donors conference sponsored by the United Nations, even though less than $4 billion of $13.5 billion originally pledged by other countries in 2003 has been forthcoming. Neighboring gulf countries have not even agreed to forgive Iraq's debt. "I really believe that reconstruction has to continue, be that with U.S. funds or foreign funds," says Chiarelli. Iraq's legislature must prioritize its huge agenda to tackle the most important issues first, and in the meantime, the general says, "we've got to make sure we continue the rebuilding as they go through the process of passing laws."

The U.S. strategy calls for "standing up" Iraqi forces so that U.S. troops can gradually hand off policing and patrolling tasks to them. But even though this is the primary security task, there are only 4,000 U.S. advisers serving on military transition teams,

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or MiTTs, supplemented by special operations forces and a "partnering" arrangement with U.S. conventional forces based in the area. The number of partnered units is beginning to drop, as they are being concentrated on fewer and fewer bases. Finally, the U.S. advisers are mostly at the battalion level or above, when this type of insurgent warfare is mostly fought at the company, platoon, and squad level.

Despite a great deal of lip service paid to "counterinsurgency," more U.S. manpower is still being employed in offensive combat operations than in classic counterinsurgency tasks of protecting the population and denying its use to the armed opposition. In practice, many U.S. troops have been used for large-scale sweeps, efforts to seal borders, and chasing insurgents around in lightly populated areas. Massive security operations, including, most notably, the Fallujah offensive, wreak indiscriminate damage, as opposed to the precision, intelligence-driven raids on specific buildings where insurgents have been found.

Even worse, in terms of wasted manpower, are the huge layers of military bureaucracy that have built up here. There is a four-star strategic command in downtown Baghdad, led by Gen. George Casey, the ranking general in Iraq. Under Casey, there's a three-star command led by Chiarelli. Yet another three-star general, Lt. Gen. Martin Dempsey, is in charge of training Iraqi forces. There are thousands of soldiers in command staffs who labor over daily briefings and endless PowerPoint presentations. Hundreds more are employed in force-protection operations and providing basic services to the bases scattered around the country. On the sprawling U.S. military base next to the Baghdad airport, there are 14 speed traps monitored by military police with radar detectors in their SUVs.

Police purge. The argument is that all efforts should be bent on improving Iraqis' ability to take charge of their own security. The Iraqi Army has been given the lead role in about half of the country (map, Page 53). There is a strong view within the U.S. officer corps here that Iraqis must be put in charge so that they will take ownership of the country's problems. But others lower down on the totem pole caution that the handover to Iraqis should not be accelerated much faster. And many commanders caution that U.S. advisers will be needed for years to reinforce the training and professionalization of the forces.

There is also a growing consensus that Iraqi forces will have to be bigger to do the job of securing Iraq. The military and police now number 298,000 and will reach 325,000 by year's end. The Maliki government plans to seek more. One yardstick calls for three Iraqi soldiers to replace every American one, which would mean 390,000. Some Vietnam comparisons suggest that as many as 500,000 are needed. In any case, just to meet the current goal, new recruits are needed to replace roughly 18,000 who have resigned or been wounded or killed.

The picture in the Iraqi police forces is far less positive. Overseen by the Interior Ministry, these forces outnumber the Army by about 40,000. Starting this month, the Iraqi National Police are being pulled from duty to undergo a much-needed overhaul. A senior coalition official says that five to six of the 26 police battalion commanders have been implicated in sectarian or criminal violence or both and should be purged and, perhaps, prosecuted. Unlike the Army, where efforts have been made to balance the ethnic mix to reflect the population, the National Police is still 75 percent Shiite, although that is down from 92 percent. In recognition of the need for greater mentoring, the police advisory teams are being increased to 200 from 158. Another very serious problem are 150,000 armed guards assigned to various ministries, who officials say are committing many of the crimes and killings. The Interior Ministry proposes taking control of them and having the United States purge and retrain them, but this will require Iraqi legislative approval.

Beefing up U.S. advisory teams could also make them less vulnerable. They will be increasingly exposed as U.S. forces consolidate onto 50 bases by year's end. That means that resupply lines for outlying advisory teams will be longer, quick-reaction forces will be farther away, and the medical evacuation may be more difficult.

President Bush has said on many occasions that he will heed Casey's advice on when and how fast to draw down U.S. troops. Backing away from earlier hints of a drawdown this year, Casey now wants to see "significant" improvement in the levels of violence by Ramadan, in late October. That also happens to be the eve of the U.S. congressional midterm elections.Despite adverse polls, the administration continues to argue for "staying the course" on Iraq, and Casey's spokesman argues against a rush to judgment. "Our presence has been there for three years, but this government has been in place for two months," says Caldwell. The new Baghdad security effort, he explains, will be a "rolling campaign," and the hope is that success in one area will have a positive effect on the other more difficult places like Sadr City.

The alternative, championed by opponents of the war, is to set a deadline for pulling out troops.

Between the two stark alternatives, however, another possibility exists. According to officials in the trenches of America's grinding war, there is still time to make significant changes in resources and manpower to achieve the key political, economic, and security goals of the strategy. But not much. Citing Ulysses Grant in the darkest days of the Civil War, one senior official said, "It's time for 2-o'-clock-in-the-morning courage on our part and the Iraqis' part."

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Hunting Baghdad's Death Squads (USNEWS)

By Linda Robinson

U.S. News and World Report, August 27, 2006

BAGHDAD-A line of 13 humvees rolled into Baghdad's fetid Shula neighborhood well after midnight early this month, stopping briefly to navigate a makeshift barrier of concrete and concertina wire that a local militia had erected on a bridge leading into the warren of one- and two-story homes and market stalls. When they reached the high-walled house they were looking for, Iraqi and American special operations forces spilled out of the humvees, quickly breaching a metal garage door with an ear-shattering boom. Fire from AK-47 rifles erupted minutes later, and the commandos began shooting out streetlights that silhouetted them with a pop, pop, pop. Inside the house, a quick search revealed only women and children-and a photo of one of the men the team was after.

Almost every night in Baghdad, special operations forces wage an intense battle against the Iraqi groups conducting the massacres, kidnappings, and ghoulish disfigurements that are the city's latest scourge. Together, the Iraqis and Americans are conducting three, four, even five raids a night, with human and electronic intelligence tipping them off to the location of death squad leaders. Iraq's special-ops brigade, with its American combat advisers, has netted 1,320 detainees in 445 operations all over the country this year, including three senior militia leaders and 20 individuals most wanted by the U.S. conventional division commanders. Three years of intensive U.S. mentoring, generous funding, and constant operations have made the elite 1,433-man unit the most capable one in the Iraqi Army.

On this night, four raids were launched, and two death squad members were scooped up. Outside the house in Shula, two sharp-eyed U.S. Special Forces sergeants, one a trained sniper, simultaneously spotted two men sitting in a van in the shadows. The soldiers swung the barrels of their rifles and light machine guns toward the windshield, and the two Iraqis instantly raised their hands. The soldiers zip-tied the men's wrists and had them kneel by the road until an interpreter was free to question them. Their cellphones, thrown into the humvee, began ringing incessantly. Someone was anxious to find them.

Barrage. The Iraqis and Americans rendezvoused briefly in the courtyard, virtually indistinguishable in their U.S.-made night-vision goggles and M-4 rifles with laser sights. A new burst of AK-47 fire came from an alley into the courtyard, and two soldiers stole swiftly down the alley while others manning the big guns on the humvees let loose with a ferocious barrage of .50-caliber and 7.62 rounds. The Iraqi commander spoke a few words to his troops, and they dashed around a corner. A U.S. AC-130 gunship circling overhead had just spotted five men entering the mosque behind them. Past experience had taught the commandos how to handle such delicate targets. They had statements from informants attesting to the mosque's use as a meeting place for militia members and as a possible arms depot. Only Iraqis, not Americans, went in to search it.

One of the men in the van turned out to be one of two brothers the Iraqis and Americans were seeking. He was a Jaish al-Mahdi battalion commander who led a "punishment cell" set up to detain, torture, and kill Iraqis for alleged infractions of Islamic law. Their armed band, led by the man in the photo they found, is accused of some of the most gruesome crimes in Baghdad, including the kidnapping of 14 Iraqi soldiers in May. When the soldiers' bodies were found, their skulls had been burned with a hot iron, then punctured repeatedly with a power drill. Residents say this group has killed over two dozen people, including a young, pregnant wife whose fetus was cut from her womb. The leader's dossier also included making roadside bombs that had killed two U.S. soldiers in February.

Lt. Col. Sean Swindell, the Special Forces battalion commander in charge of special operations forces in Baghdad and the south, described the extensive documentation compiled before any targets are nominated for raids. "We do not go after anyone until we have assembled an evidence packet with numerous sworn statements," he said. "We often add to those packets as we detain others." For one thing, the soldiers want to make sure there are ample grounds to hold those they capture, whether in Iraqi or U.S. custody. The other reason is to have all the details ready to divulge if politicians or the public begins questioning the motives for an operation. In the explosively charged climate of Iraq today, that has happened more than once.

Crying foul. In particular, when those detained are members of a Shiite militia, the Shiite-led government has sometimes cried foul. The powerful cleric Moqtada al-Sadr has denounced raids on his Jaish al-Mahdi militia, even though he has also criticized some of its excesses. In March, after special operations forces killed 16 armed Iraqis in a religious school, or hussainiya, the raids were virtually halted for three months while an investigation was conducted. Since he assumed the job of prime minister, Nouri al-Maliki has strongly supported the commandos and paid them a visit in August. He backed their detention of a sheik in Karbala who ran an armory and assassination cell, even when politicians there complained.

But Maliki is not immune to pressure. Just this month, he criticized the commandos for using aircraft to defend their raids. The AC-130 gunship has been a vital part of the raids' success. The small commando units defend themselves with overwhelming firepower. And in heavily armed neighborhoods like Sadr City, the militias fire antiaircraft guns from rooftops. In video footage of a July 23 raid viewed by U.S. News, heavy fire from a rooftop into the sky was clearly visible during the pitched

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battle. In that raid, the commandos rescued two Iraqis held in a mock sharia court who had been burned with acid and beaten with electric prods. On the night of the raid in the Shula neighborhood, the AC-130 swung into action to cover the commandos' departure. With AK-47 fire growing steadily, the gunship shot lethal 40-mm rounds to suppress it long enough for the convoy to turn around and wend its way out of the market area. Thirteen Iraqis were killed that night, 10 of them from the aircraft fire and three in the earlier gun battle.

Although U.S. officials take pains to avoid naming the particular groups they are going after, Sunni insurgents, al Qaeda in Iraq, and the Shiite militia commanders who are committing atrocities are all targets of the raids. The hope is to remove these hard-core leaders while the political leaders negotiate an amnesty and offer jobs to the foot soldiers.

The Shadow Warriors (USNEWS)

By Linda Robinson

U.S. News and World Report, August 28, 2006

BALAD, IRAQ-One little-known aspect of the U.S. military operation in Iraq is that it involves the largest ongoing deployment of special operations forces since Vietnam. A total of 3,768 Special Forces,Navy SEALs, and Air Force combat controllers are scattered across the critical Euphrates and Tigris river valleys, from the Syrian border to Hilla and Kut in the south. They are partnered with one third of the Iraqi Army battalions and 13 SWAT-type police units. Speaking to U.S. News at his headquarters in Balad, Kenneth Tovo, the colonel in charge of the Combined Joint Special Operations Task Force-Arabian Peninsula, said his troops are using their specialized skills to complement the U.S. conventional forces' training in two ways. "One, they are working with battalion staffs to integrate intelligence and operations and teach them how to target," he said. "Two, they are training scout platoons to find and fix the enemy." Once the platoons are trained, the Americans advise them in combat. Navy SEAL teams who are partnered with Iraqi forces in Anbar province have seen intensive combat, as have the Americans advising the Baghdad-based Iraqi special ops forces.

Colonel Tovo emphasizes that surgical force must be combined with other methods. In the restive west, his teams woo Sunni tribal chiefs and have persuaded some to send recruits to the police and army. "This task force understands that we cannot kill our way to victory," he told U.S. News. "That said, we live in the security side of the house. We are building Iraqi security force capacity and using that to attack insurgents." This year, Iraqi units with special ops advisers detained 2,065 selected targets, including 460 high- and mid-value ones, killed 222 enemy combatants, and wounded 92. Perhaps a more important measure of their success is that, thanks to their careful targeting and preparation of evidence packets, 70 percent of those captured remain in detention and 85 percent of those who made it to trial were convicted, compared with 40 and 50 percent for other units.

The Opel gang. Even though Iraq's third-largest city, Mosul, is still plagued by some 14 attacks a week, it is seen as a successful model of the training effort. The lone 12-man U.S. Special Forces team forged a good relationship with the 172nd Stryker Brigade, which has now been sent to Baghdad to help quell the violence there. Lt. Col. Charles Webster, one of the Stryker battalion commanders who invited the special forces to join his planning meetings, recalled how they helped shut down a group he called the "Opel gang," which was plaguing the city with car bombs. "One of them said, 'Sir, they meet here, pick up the cars at this point, drop them off there,' and pointed out the locations on the map," Webster said.

Perhaps their most important breakthrough was getting Mosul's largely Sunni police force to work with the Kurdish Army brigade that secures the east half of the city. After a suicide bomber hit the Army unit one day in July, the police responded-before the U.S. soldiers even learned of the attack. "They were fighting each other just two years ago," says one of Webster's company commanders. The Special Forces master sergeant praised the young officer's diplomatic skill. "He played them like a fiddle," he said.

The Special Forces team in Mosul trained three Iraqi scout platoons in everything from surveillance techniques to marksmanship to special driving skills, using their collection of Toyota Hilux trucks and beat-up civilian cars. Last month, the team's medic patiently corrected a new class's ham-handed attempts at surveillance in a trial run outside a Saddam-era bunker. "You would've been killed if this had been for real," he told them gravely. The team has also worked with the civilian police advisers to improve the Iraqi police, who lag far behind. The Special Forces pick up Iraqi detectives on their way to raids so the latter can collect evidence. They are also helping to figure out why Mosul judges are reluctant to bring cases to trial or impose sentences. "If we can't get them convicted," the Special Forces captain in Mosul says, "we're just running a catch-and-release program."

One point virtually everyone agrees on is that the number of U.S. forces backing up the Iraqis in the Mosul area shouldn't be reduced anytime soon. The American force here has already been reduced from a division to two battalions in the past two years. The Stryker brigade that has arrived to replace the 172nd lived through an abrupt drawdown in 2004, when insurgents

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from Fallujah flowed into the city and began killing policemen by the dozens. Summing up his tour in Mosul, the Special Forces master sergeant said, "I think we made a difference here."

"Make me afraid!" Like Mosul, Kirkuk to the south is a volatile mix of Sunni and Kurd, with the additional prize of the northern oil fields and production facilities. A Special Forces team there trained scout platoons and started a leadership course for Iraqi lieutenants, platoon leaders, and sergeants in a kind of mini-Ranger school. The team's master sergeant drew a page from Vietnam to create a monthlong program built on the Military Assistance Command Vietnam Recondo model. Under the blazing sun at the K1 base, Iraqi officers and sergeants swapped roles, learned to plan missions, and honed basic soldier skills. Soldiers from the 101st Airborne Division became instructors. In addition, two Special Forces soldiers were farmed out as advisers to each Iraqi company. On the shooting range with his company one day, a cheery blond weapons sergeant shouted above the din as the Iraqis fired tentative bursts from their Soviet-made PKC machine guns: "Make me afraid! Make me s - - - my pants!"

A burly Iraqi scout platoon sergeant named Omran has plenty of reason to be afraid. He has personally suffered from the violence that still plagues Kirkuk. His brother was killed outside his house, in a neighborhood that has been named Kabul for its violence. Omran was also kidnapped during a harrowing visit to Baghdad last month. At a roadblock manned by armed members of the Jaish al-Mahdi militia, he was accused of being Sunni and thrown into the back of a van. Omran, who is Shiite, finally related enough details of his Shiite birthplace that they let him go. "If they had known I was a soldier," he said, finishing his sentence by drawing a finger across his neck.

Omran would like to have armored vehicles instead of the jury-rigged pickup they now use, but the Special Forces team itself has mostly old humvees. Once outside the gates of the K1 base, the humvee gunner flicks on the jammers and the driver hits the gas, heading straight at oncoming cars to determine who is a suicide bomber. The aggressive tactic forces regular drivers to pull off the road until the humvee passes. Back at the team house, named Hornbeck Hall for a Special Forces soldier killed in 2004, the team sergeant expresses concern that the next team may be spread too thin if asked to take on more police mentoring. "If our work is not sustained by those who come after us, it will all fall apart," says the 20-year Army veteran. "They will just go back to their old ways."

The team's final days were marked by a disappointment, when the local U.S. conventional commander did not incorporate the whole team into the planning and execution of a sweep through three insurgent-ridden towns west of Kirkuk. The massive cordon-and-search operation turned up over 300 weapons, 300 fuses for bombs, and hundreds of ammunition rounds, as well as 77 detainees. But they do take home one clear measure of their impact here, the gratitude of young Lieutenant Mohammed. Thanks to his own courage and the combat lifesaver course taught by the special forces, he was able to put tourniquets on both his legs when his vehicle was bombed. The medic helped save one leg, and the team is now trying to get him a U.S.-made prosthetic. "I want to get back to duty," the plucky Iraqi said from his hospital bed.

Colonel Tovo, who led special ops forces here in the first phase of the war, believes Iraq is at a tipping point. "If you look over the long term," he says, "we've made tremendous progress on the ground. But this is long-duration work. We are trying to change a culture at every level."

The Great Wall Of Arabia (TIME)

By Timothy J. Burger

Time, September 4, 2006

No, you won't be able to see it from space, but Saudi Arabia, unnerved by the violence next door in Iraq, plans to spend up to $7 billion on a partly virtual fence along its 500-mile border with Iraq. The ultramodern barrier will combine fencing, electronic sensors and sand berms. Saudi and U.S. sources tell TIME the kingdom is seeking bids from contractors, including U.S. defense giant Raytheon. (A Raytheon spokesman says the Saudis asked the company not to comment.)

Saudi diplomats say the fence is intended to stop weapons and drug smuggling and illegal immigration. But they admit they fear that Iraq's sectarian fighting and jihadi militancy could spill south. "We're worried about the war in Iraq coming into Saudi Arabia and spreading into the whole region," says Nail al-Jubeir, a spokesman for the Saudi embassy in Washington. "Having some of these guys heading toward the Saudi border is something we want to make sure doesn't happen."

While good fences may make good neighbors, this one will not ensure Saudi Arabia's security. The kingdom has had at least five deadly terrorist attacks since 2003, and some of the perpetrators were homegrown.

Elections: Shays' Sudden Shift (NSWK)

By Eleanor Clift

Newsweek, September 4, 2006

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Connecticut Republican Christopher Shays has long been an ardent backer of the war in Iraq. But after returning last week from his 14th trip to the country, the congressman reported that little progress had been made—and called for a "fixed timeline" for the withdrawal of U.S. troops. He plans to hold three hearings next month in the House subcommittee on government reform, which he chairs, to examine the consequences of a phased withdrawal. "We need to send a very powerful message to the Iraqis that there is not an open checkbook and our soldiers are not going to be in harm's way indefinitely," Shays told NEWSWEEK.

His new position is a significant break among Republicans in Bush's firewall on the war going into the November elections. When Shays called the Iraqi desk at the National Security Council to alert it of what he calls "an evolution in my thinking," he assured the staffer on duty that he remains "strongly supportive of what I see as a noble cause." But Shays has his re-election to think about. He's in a tight race with his Democratic opponent, who's casting the contest as a referendum on the war. Two thirds of the voters in Shays' Greenwich district think it was a mistake to go into Iraq. But, says Shays, even antiwar Democrats don't really want to get out right away: "Our positions are not that far apart." He'll find out in November whether his constituents agree.

Homicide Charges Rare In Iraq War (WP)

By Josh White, Charles Lane And Julie Tate

The Washington Post, August 28, 2006

The majority of U.S. service members charged in the unlawful deaths of Iraqi civilians have been acquitted, found guilty of relatively minor offenses or given administrative punishments without trials, according to a Washington Post review of concluded military cases. Charges against some of the troops were dropped completely.

Though experts estimate that thousands of Iraqi civilians have died at the hands of U.S. forces, only 39 service members were formally accused in connection with the deaths of 20 Iraqis from 2003 to early this year. Twenty-six of the 39 troops were initially charged with murder, negligent homicide or manslaughter; 12 of them ultimately served prison time for any offense.

Some military officials and analysts say the small numbers reflect the caution and professionalism exercised by U.S. forces on an urban battlefield where it is often difficult to distinguish combatants from civilians. Others argue the statistics illustrate commanders' reluctance to investigate and hold troops accountable when they take the lives of civilians.

"I think there are a number of cases that never make it to the reporting stage, and in some that do make it to the reporting stage, there has been a reluctance to pursue them vigorously," said Gary D. Solis, a law professor at Georgetown University and a former Marine prosecutor. "There have been fewer prosecutions in Iraq than one might expect."

"But we should not forget that so many of our soldiers and Marines are performing not only honorably, but heroically, in very difficult circumstances," he added. "Their contributions should not be tarnished by the acts of a very, very few."

Top military officers, military lawyers, experts and troops say the number of homicide cases prosecuted probably represents only a small portion of the incidents in which Iraqi citizens were killed under questionable circumstances. Officials also say privately that some cases have not been investigated thoroughly because there has been a tendency to consider Iraqi civilian deaths an unintended consequence of combat operations.

"I think there were many other engagements that should have been investigated, definitely," said an Army major who served in Iraq in 2004, speaking anonymously because he fears retribution. "But no one wanted to look at them or report them higher. . . . It was just the way things worked."

Others contend, however, that civilian deaths are inevitable in war and that the close combat environment in Iraq frequently puts civilians in the line of U.S. and insurgent fire.

The cases highlight the sometimes fine line between a criminal allegation and the bloodshed that is a part of war. Spec. Nathan Lynn, a Pennsylvania National Guardsman, shot and killed a man in the darkness of a Ramadi neighborhood in February. Lynn said he considered the man a threat and believes he did nothing wrong.

The man was not armed, and Lynn was charged with voluntary manslaughter. But a military investigator agreed that Lynn acted properly in a difficult situation, and the charges were dropped.

"I was extremely surprised when I was charged because it was clear the shooting fell within the guidelines of my rules of engagement," Lynn said. "This is a war. It's not a police action."A Look at the Numbers

The Post undertook the review after allegations surfaced in recent months that U.S. forces had killed significant numbers of civilians in places such as Haditha, Hamdaniya and Mahmudiyah, with many of the victims women and children. The review included the military justice system's disposition of incidents that occurred from June 2003 to February 2006. It did not include cases from Afghanistan.

Also excluded was the killing of 24 civilians by Marines in Haditha in November 2005, which is under investigation.

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There is no accurate count of the number of Iraqi civilians killed by U.S. forces. Iraq Body Count, an independent group that advocates more extensive investigation of civilian deaths, estimates that 40,000 to 45,000 civilians have been killed by insurgents, terrorists and U.S. personnel.

Military officials say they do not track overall civilian casualties. But recently, the military said that an average of one Iraqi civilian was killed by U.S. troops each day in 2005 in "escalation of force" incidents alone. These include, for example, shootings of drivers who did not heed instructions at checkpoints and appeared to be threats.

The harshest penalty, meted out to two soldiers in separate murder cases in 2004, was 25 years in prison -- one of the convicted shot an Iraqi soldier, and the other shot an Iraqi man in his house. Two others convicted in what was called a mercy killing of an Iraqi each received one year in jail.

Solis, who has studied civilian homicides from the Vietnam War, said there were 27 Marines and 95 Army soldiers convicted of murder and manslaughter in that conflict, which lasted much longer and produced many more casualties than the Iraq war has so far.

According to The Post's review of publicly reported cases from Iraq, 39 U.S. service members were charged with crimes in connection with the deaths of Iraqi civilians or for allegedly covering them up, from the start of the war in March 2003 through early 2006.

Twenty-four Army personnel were charged in connection with civilian deaths. Twelve were convicted of crimes and received jail sentences that ranged from 45 days to 25 years. Four others were tried at courts-martial, resulting in one acquittal and three convictions with no confinement.

Charges against two others were dropped. Six received administrative punishments, including four who cooperated with government prosecutions of their superiors. In administrative cases, no trial is held and the charges and penalties are not made public.

"Each case was evaluated independently, and appropriate action was taken in each case," Paul Boyce, an Army spokesman, said Friday after officials examined The Post's data. "Conviction and confinement is not always the measure of a correct result."

Five Marines were involved in homicide cases. One officer was convicted of dereliction of duty and maltreatment for strangling an Iraqi prisoner in 2003 and was dismissed from the Corps; one was acquitted; and charges against three others were dropped.

One naval officer was charged and acquitted in a case related to the death of a detainee at Abu Ghraib prison, and eight Navy SEALS and one sailor received administrative punishments in the same case.

Army and Marine officials confirmed that The Post's compilation of criminal homicide cases is comprehensive. The Naval Criminal Investigative Service, which handles Navy and Marine cases, did not respond to requests for comments on the data.

Since March, an additional 17 U.S. troops have been charged with murder in three separate incidents. The increase in the rate of charges is in part because Lt. Gen. Peter W. Chiarelli, commander of Multinational Corps-Iraq, ordered officers in April to look at every escalation-of-force incident that led to civilian casualties. That effort began after the killings in Haditha came to light and it was alleged that officers in the chain of command ignored the case or covered it up.

"Part of our mission success depends on not creating additional enemies because of our actions," said Lt. Col. Michelle Martin-Hing, a spokeswoman for Chiarelli.

The number of civilians killed has declined from an average of seven per week last year and four per week in January to about one per week in August, she said.

No homicide prosecutions have arisen from shootings at U.S.-manned checkpoints, where troops sometimes kill approaching drivers if they appear to be suicide bombers or insurgents. But officials have been focusing on eliminating such deaths.

Standardized signs warning that U.S. troops can use deadly force are displayed, and Chiarelli is trying to buy green warning lasers to use to get drivers' attention without firing warning shots.Too Few Convictions?

The homicide data have caused concern among some human rights advocates and experts on military law, who say the low conviction rate and seemingly lenient punishments may be sending the wrong signal, both to U.S. troops and to the Iraqi people.

"We are indeed having trouble getting convictions and accountability, and so are other countries," said Eugene R. Fidell, president of the National Institute of Military Justice. "It has struck me that the sentences are kind of modest."

But several experts on military justice said that the convictions and penalties so far are a reasonable outcome for a system designed to give soldiers fair trials in which the special circumstances of the battlefield are taken into account.

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"Military justice is a two-edged sword," said Michael A. Newton, a former Army lawyer who teaches at Vanderbilt University law school and advises the judges supervising Saddam Hussein's trial. "It is a tool for discipline and military efficiency, but it is also a tool for preserving fairness and the rights of soldiers."

Some incidents clearly took place outside of combat and without provocation.

Army Pvt. Federico Daniel Merida, for example, killed an Iraqi soldier in May 2004 by shooting him 11 times after the two had sex. He was later sentenced to 25 years in prison and given a dishonorable discharge. In October 2004, Army Sgt. 1st Class Jorge Diaz shot a detainee in the face after searching a suspected insurgent's house. He was sentenced to seven years and given a dishonorable discharge.

A series of incidents involving the 1st Battalion, 41st Infantry Regiment in August 2004 highlighted the stresses of battle in the heavily contested Sadr City section of Baghdad and led to four soldiers serving sentences in the deaths of three Iraqi civilians. One of the civilians was shot to death after soldiers attacked a trash truck they believed was dropping roadside bombs. Two soldiers told authorities that the man was in such bad shape, they shot him to put him out of his misery.

In the days that followed, two different soldiers from the same unit, Sgt. Michael P. Williams and Spec. Brent May of the 3rd Platoon, went into two houses in Sadr City during a routine security sweep and shot two unarmed men, later arguing that they felt threatened. Williams and May were investigated for murder only after Lt. Erick Anderson, their platoon leader, forced the battalion's officers to start a probe.

Shortly after filing a report, Anderson was charged with murder.

"In the very beginning, no one wanted to do anything about it," said Anderson, 27, who has left active duty and is living in Kansas. "I think the officers didn't want to have the possibility of having themselves brought into it. They didn't want to go through the whole process."

Charges against Anderson ultimately were dropped, and he was promoted.

He said that during his tour there were many cases of slain Iraqi civilians that never drew scrutiny. "I think once people started seeing the reality of what can happen, when something did happen, they wanted to bury it," he said.

Williams pleaded guilty and was initially sentenced to life in prison, a sentence later reduced to 25 years. May was sentenced to five years.

Retired Maj. Gen. John Batiste, who commanded the 1st Infantry Division in northern Iraq, said he always sought to address crimes as quickly as possible in order to maintain the trust of Iraqis.

"We created more enemies in Iraq than there were insurgents, and that's a geometric equation," Batiste said.How Military Courts Work

To win a murder conviction, military prosecutors must prove beyond a reasonable doubt that the accused killed "without justification or excuse." But that is not always easy in a war zone.

The Uniform Code of Military Justice was enacted by Congress in 1950 partly to help make military trials more like civilian trials, with more procedural protections for the accused.

But there are key differences between a military criminal case and a civilian one. One of the most fundamental is that the initial decision to start a criminal investigation ultimately rests with the commander of the service member in question, who can order administrative or non-judicial punishments instead of courts-martial.

Critics of the military's processes in Iraq say the performance so far shows a need to change the decentralized decision-making structure. They argue that it creates the potential for improper "command influence" in favor of defendants by officers who don't want the embarrassment of criminal investigations of their subordinates.

Hina Shamsi, senior counsel at Human Rights First, a New York-based nonprofit organization that monitors the military justice system, is a supporter of such changes. Nevertheless, she said: "The system is adequate. When properly followed, it works extremely well."

When criminal proceedings are authorized, there is no grand jury to hear testimony from witnesses called by a prosecutor. Instead, a proceeding called an Article 32 hearing takes place before a single officer. The defense is allowed to present evidence and cross-examine prosecution witnesses. Charges sometimes fail at this stage.

That happened in the case of Marine 2nd Lt. Ilario Pantano, who was charged with murder in the deaths of two Iraqis he had detained at a roadblock in April 2004. He shot the men 60 times and left a sign on their bodies warning insurgents not to risk similar treatment. But he said he fired only after they made threatening moves in his direction.

The Article 32 hearing officer agreed and dropped the charges, partly because forensic evidence showed that the men were shot in the chest, supporting Pantano's story that they were moving toward him when he fired.

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Court-martial juries are made up exclusively of fellow service members, all of whom must outrank the accused, though enlisted personnel are entitled to a jury composed of at least one-third enlisted troops. Service members now frequently face juries that include members with battlefield experience in Iraq and Afghanistan.

Frequently, soldiers say they fired because they perceived a threat, or because they believed that their actions were authorized by the rules of engagement or other orders.

"It's not an easy call to make. It requires getting into the head of a serviceman," said retired Rear Adm. John D. Hutson, a former Navy judge advocate general who is now dean of the Franklin Pierce Law Center in Concord, N.H. "Rape is pretty clear, but death of civilians can be a part of the fog of war, or it can be the result of inexperience or misjudgment."

When Abed Hamed Mowhoush, a captured former general in Hussein's army, died in November 2003 after interrogation by U.S. intelligence officers, Iraqi agents and U.S. soldiers, Chief Warrant Officer Lewis E. Welshofer Jr., a military interrogator, was found guilty of negligent homicide, not murder.

Welshofer had stuffed the general headfirst into a sleeping bag and straddled his chest while questioning him. The jury that convicted him rejected the prosecution's claims that Welshofer intended to kill. Welshofer had sought approval for the sleeping bag method at a time when U.S. policy on interrogations of resistant Iraqi insurgents was, at best, unclear.

The jury gave him a formal reprimand, fined him $6,000 and said he should be confined to his home, office and church for 60 days.

Welshofer defended his actions in a February 2004 letter to the commander of the 82nd Airborne Division, citing his "moral obligation to do everything I can to protect the lives of my fellow soldiers."

Precision Technology Helps Combat Troops Pinpoint Enemy (USAT)

By Tom Vanden Brook

USA Today, August 28, 2006

WASHINGTON — U.S. troops and pilots in Iraq and Afghanistan share live video feeds from the battlefield to call in precise airstrikes, technology that barely existed a few years ago but now directs nine of 10 bombs and missiles dropped.

It's possible, military officers say, for troops to call in strikes less than the length of a football field from their positions compared with 2,000 yards two years ago. That's needed more than ever as troops fight insurgents in tightly packed urban areas.

The technology also can limit injuries to civilians and damage to sensitive sites such as mosques. This helps the military avoid angering the people it's trying to win over.

Forward air controllers — troops who call in airstrikes — can direct a pilot to a target in less than a minute. It used to take them 45 minutes to verbally direct a pilot to an enemy position, said Air Force Lt. Col. Greg Harbin, a forward air controller and former pilot who's used the Remote Operated Video Enhanced Receiver (ROVER) in combat.

“It's the most fundamental revolution in warfare since radio,” Harbin said. “The pilot and controller see the same thing. A picture's worth a thousand words. In this case, it might be a million.”

Precise images captured by sensors aboard a fighter jet or an unmanned plane such as the Predator are instantly relayed to troops on the ground who receive them with an antenna and laptop that can be carried in a backpack. Troops can highlight a target on the laptop screen, allowing either the aircraft's crew or the unmanned plane to lock in on the target and hit it with either a bomb or a missile.

The system's use has proliferated. At the start of the Iraq war, there were only enough of the early versions of the system to be used by special operations forces. Now, virtually every jet in the sky over Iraq has the ability to share its video, and troops in all services have about 800 receivers, Harbin said. Australian, British and Canadian forces are buying the units, which cost about $32,000 apiece if bought 100 at a time.

“Historically, close air support has been the art of talking the pilot on to the target,” said John Pike, a military analyst with GlobalSecurity. “That isn't easy.”

ROVER also allows the use of smaller bombs. Pike said the Air Force's new GBU-39, a 250-pound precision bomb, can be used to destroy a building rather than a neighborhood. The bomb can hit within 6 feet of its intended target.

“Fragments from a 2,000-pound bomb will go many football fields,” Pike said. “That's one of the reasons why they're hot on this 250-pound bomb. The safe distance is a lot less.”

Coalition aircraft have been dropping bombs daily in Afghanistan over the past week, according to figures from U.S. Central Command. Warplanes patrol Iraq daily. Those planes also perform surveillance and reconnaissance for troops on the ground with ROVER technology, Harbin said.

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Though ROVER offers advantages, it isn't perfect, Harbin said. Bad weather is a limiting factor. “This isn't a cure-all,” he said. “It's a step in the right direction.”

Here's how the new targeting technology has been used:

•April 2005: Sniper and mortar fire had pinned down Harbin and 25 Marines in the restive Anbar province in western Iraq. Harbin had been wounded by a rocket-propelled grenade when he called in an airstrike within 100 yards of his men. An unmanned Predator, piloted by an Air Force officer in Las Vegas, unleashed a Hellfire missile that killed the snipers but left the building they were in standing.

•March 2003: Kyle Stanbro, an Air Force special operations combat controller (now retired), used the technology to call in airstrikes that destroyed 35 Iraqi tanks in the early days of the war. Stanbro and his team, traveling in four unarmored vehicles, were able to stay out of the tanks' range and call in airstrikes for more than six hours.

•September 2005: ROVER technology was used to locate 182 survivors of Hurricane Katrina in New Orleans and direct helicopters and boats to rescue them. Air Force Tech. Sgt. Travis Crosby, who used the system to help direct Iraqi police to stop suicide bombers last year, said the Air Force is prepared to use ROVER again this year if a major hurricane hits the USA.

Director Of Baghdad Museum Resigns, Citing Political Threat (NYT)

By Edward Wong

The New York Times, August 28, 2006

BAGHDAD, Iraq, Aug. 27 — The director of the Baghdad Museum has resigned and moved to Syria because he felt under threat from fundamentalists with ties to the Shiite-led government, a Western diplomat said Sunday. The director, Donny George, is known as a prominent advocate for the preservation of antiquities in Iraq.

A spokesman for the Ministry of Tourism and Antiquities, which is in charge of the museum, confirmed that Mr. George resigned this month and left Iraq a few days ago. “We think he left Iraq to eventually try to go to the United States or a European country,” said the spokesman, Abdul Zahra al-Talaqani.

The Western diplomat, who has some expertise in antiquities, said in a telephone interview on Sunday evening that Mr. George had recently told people close to him that he felt threatened. Mr. George was a midlevel official in the Baath Party under Saddam Hussein’s government and may be the target of a revenge campaign by conservative Shiites, said the diplomat, who spoke on the condition of anonymity.

Since the fall of Mr. Hussein in 2003, hard-line Shiite politicians have pushed for a purging of Baath Party officials from the government, even though many Iraqis joined the party out of social pressure or to advance their careers and not out of ideological motivation. Many Shiites and Kurds feel great hostility toward Baathists, whose top officials, including Mr. Hussein, were from the Sunni Arab minority.

The Western diplomat said Mr. George was dedicated to saving antiquities. “I think any institution would revere somebody with his skills and abilities,” the diplomat said.

Mr. George could not be reached by telephone in Damascus. He did not return e-mail messages asking for comment.

The flight of Mr. George was first reported by The Art Newspaper, a trade publication based in London. Mr. George told the newspaper that he had fled Iraq because the current government had appointed fundamentalist Shiites to oversee the ministry’s antiquities board and no longer had money to pay for the guarding of ancient sites. Mr. George, a Christian, spoke to The Art Newspaper from Damascus, the Syrian capital. The interview was posted on the Internet on Saturday.

Mr. George said his position had become untenable over the past year because the new officials in charge of antiquities preservation were followers of Moktada al-Sadr, the radical Shiite cleric who led two uprisings against the Americans in 2004. Mr. Sadr’s allies hold at least 30 seats in Parliament, making him one of the most powerful political forces in Iraq. He also commands the Mahdi Army, a formidable militia. “I can no longer work with these people who have come in with the new ministry,” Mr. George said. “They have no knowledge of archaeology, no knowledge of antiquities, nothing.”

Mr. George added that the new appointees were focused exclusively on preserving art from the country’s Islamic history and not from earlier periods. Long before Islam arrived here, Iraq was the site of flourishing civilizations, beginning with the ancient societies of Mesopotamia.

Mr. George said in the interview that he had come under increasing pressure from ministry officials to sever his contacts with international experts on antiquities.

In addition, he said, the work of preserving ancient sites and relics had come to a stop over the past two years. Though there exists on paper a government force of 1,400 guards assigned to protect various sites, the government will run out of money in September to continue paying the guards, he said. “The coalition has to do something about this,” he said, referring to the American-led forces.

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Mr. Talaqani, the ministry spokesman, said Mr. George's statements were wrong. He accused Mr. George of trying to make himself look besieged in order to apply for asylum in the United States or Europe. "He's using this story so some immigration officials will believe the Iraqi government is pressuring him," Mr. Talaqani said.

The new director of the museum is a woman named Amira Eidan, he said.

The halls of the Baghdad Museum are sealed with concrete, and its treasures are not open to the public. The hauling off of many of its relics in 2003, during the mass looting that swept Baghdad after the American invasion, became for many a potent symbol of the war's cost.

British Ambassador Explains Troop Movement Near Iraq-Iran Border (MCT)

By Mark Brunswick

McClatchy Newspapers, August 28, 2006

BAGHDAD, Iraq - The new British ambassador to Iraq said on Sunday that British troops taking up position near Iraq's border with Iran aren't preparing for military action against Iran, but were getting to crack down on weapons smuggling between the two countries.

Ambassador Dominic Asquith was responding to concerns raised by some Iraqi political and religious leaders, who've suggested that the British troops may be doing U.S. bidding as tensions rise over Iran's nuclear development program.

The concerns come as British forces have faced escalating violence in the once-quiet southern area around the port city of Basra, Iraq's second largest city. Last week, the British turned a base over to the Iraqi army and dispatched half the troops formerly stationed there to positions closer to the Iranian border. The base was subsequently overrun by Iraqi looters, who stripped it bare.

Asquith said the movement was designed to block the flow of arms, bomb-making materials and other "outside influences" into Iraq, particularly during a tenuous time as it pursues a program of national reconciliation.

"I would not draw any connection to the deployment of multinational forces and any deeper theory about what messages we are designing to give," he said during a news conference at the British Embassy in Baghdad.

Asquith, who's been in Iraq since 2004 as a lower-level diplomat, presented his credentials as ambassador last week.

U.S. officials worry that Shiite militias are receiving arms and explosives smuggled from Iran, a Shiite-dominated nation that could stand to gain by Iraq's continued instability.

Last month, a leaked memo by Britain's outgoing ambassador, William Patey, warned that "a low-intensity civil war and a de facto division of Iraq" was probably more likely than a transition to a stable democracy." The memo contributed to an on-going debate about whether Iraq, racked by sectarian violence pitting Shiite and Sunni militias against each other, was in the throes of civil war.

Iraq's prime minister said Sunday that violence was decreasing.

"We're not in a civil war. Iraq will never be in a civil war," Nouri al-Maliki said on CNN's "Late Edition."

Asquith said he does not yet see Iraq in a civil war, and said he thought progress was being made.

"There's no question there is sectarian violence inspired by people who are determined to fan the flames," he said. "We have made progress in attacking the security issue of Baghdad but the level of violence is deeply disturbing."

His comments came as a series of explosions killed at least 18 people and wounded dozens Sunday. A bomb planted in a minivan used as a public bus detonated near the pedestrian entry point to the Palestine Hotel in downtown Baghdad, killing at least nine people and wounding 18, police and witnesses said.

Another car bomb exploded in the parking lot of the government-run al-Sabah newspaper in a Sunni-dominated area of the capital, killing at least three people and wounding 30.

Jimmy Carter: Blair Subservient To Bush (AP)

AP, August 28, 2006

Former President Jimmy Carter accused Tony Blair on Sunday of being "subservient" to the White House, saying the British prime minister failed to constrain America on Iraq.

"I have been surprised and extremely disappointed by Tony Blair's behavior," Carter said in an interview with The Sunday Telegraph newspaper.

"I think that more than any other person in the world, the prime minister could have had a moderating influence on Washington — and he has not," added Carter, who opposed the war in Iraq. "I really thought that Tony Blair ... would be a constraint on President Bush's policy toward Iraq."

Blair has been Bush's closest international ally on Iraq, and Britain has the second most troops there after America.

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Carter said in many countries he has visited, people equate U.S. and British policy.

"It's a shameful and pitiful state of affairs, and I hold your British prime minister to be substantially responsible for being so compliant and subservient," Carter said.

Blair committed Britain to the war even though public opinion was strongly against it. He was re-elected last year — but with a sharply reduced Parliamentary majority, and the war has damaged his credibility among Britons.

Some speculated when the war began that Blair had decided to back Bush publicly in order to maintain his behind-the-scenes influence on Washington. But he has always denied suggestions that he committed to the invasion of Iraq for any reason other than that he believed it was the right thing to do.

Hostage: The Jill Carroll Story - Epilogue: Family reunion (CSM)

By Peter Grier

The Christian Science Monitor, August 28, 2006

On April 2, 2006, a white Lufthansa 747 with the designation "Hamburg" written on its side taxied up to a gate at Boston's Logan Airport. At 12:22 p.m., Jill Carroll stepped off the plane and onto US soil.

As she passed through customs, agents and other officials on duty crowded around for a chance to see her. Whisked into a waiting car, she was driven to the Monitor's headquarters in Boston's Back Bay, a police escort around her and news helicopters overhead.

Jill was traveling light. She'd left a big yellow bag of clothes and toiletries from her captivity in the Green Zone in Baghdad. She'd decompressed there for a day, talking to members of the US Embassy's Hostage Working Group, before traveling on an aircraft carrying American casualties to Ramstein Air Force Base in Landstuhl, Germany.

In Boston, her car went straight into the underground garage of the Christian Science church headquarters. In a preplanned bit of evasion, she was led through basement corridors under the complex to a loading dock on a nearby side street. She then jumped into a blue van - easily missing the media horde camped outside the Monitor building.

The van went only a few blocks, to a nearby church-owned townhouse. There, Jim, Mary Beth, and Katie crowded around an open window, yelling her nickname, "Zippy!"

Jill met them coming down the hallway in a whole-family embrace. She wept and said, "I'm sorry." She was home.

• • •

Nearly five months on, what's to be learned from Jill Carroll's kidnapping and release?

Monitor editors and correspondents were heartened by the global condemnation of the kidnapping, especially from Muslim religious leaders and even militant groups, such as Hamas. They remain proud of the media campaign they helped mount, from the solicitation of statements on Jill's behalf to the public service announcements that ran in the Iraqi media. They believe it was targeted to the right audience - the Middle East - and well placed. They know the kidnappers saw some of it.

It's presumptuous to say it led directly to her release, but "I do think that changed the mental climate," says Richard Bergenheim, editor of the Monitor.

Another obvious conclusion is that Iraq has become a very dangerous place for the news media. More than 100 journalists, including interpreters and assistants, have died there since March 2003.

Since Jill's kidnapping, the Monitor has upgraded its security measures in Baghdad - both because of what had happened to her and because of the worsening situation on the ground. Editors won't detail those measures, so as not to undermine their effectiveness. The paper has kept a British security firm on retainer for consultation.

As for Jill herself, she says that her experience taught her about priorities. Throughout her 82-day ordeal, she missed her family and her friends. Work and success didn't seem so important anymore. "I never once wished I'd filed one more story," she says.

But she doesn't regret going to Iraq in the first place. She was doing what she had always wanted to do - foreign reporting. Since her release, she has returned to Egypt, and is glad of it. She experienced again the distinctive culture of the Islamic world in a peaceful context.

"What happened to me is not the whole Middle East," she says.

Jill is no longer a freelancer. To provide financial support in anticipation of her eventual release, the Monitor quietly made Jill a full-time employee a week after she was abducted. This fall, she's been accepted into a journalism fellowship program at a major university. After that, she plans to return to writing from overseas.

Why was she released? Probably no one really knows except for her kidnappers. Maybe the public pressure worked. Maybe private whispers via Western and Middle Eastern intelligence convinced influential Sunnis that harming Jill wasn't in their best interest.

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Maybe as the political situation changed, so did the priorities of her kidnappers. Maybe the kidnappers just got what they wanted - publicity or the release of women from Abu Ghraib prison. Or maybe Jill herself - the smart, young American who spoke Arabic - helped alter her captors' plans.

"One of the most effective weapons against terrorism is the truth. The truth was that Jill Carroll was not the enemy of her captors. Her father spoke that truth, and the rest of the world repeated it," says Christopher Voss, special agent with the FBI's Crisis Negotiation Unit in Quantico, Va.

As far as the Monitor and Jill's family can determine, no ransom changed hands to win her release.

Earlier this month, the US military announced that it had captured four of Jill's suspected kidnappers, after raiding a total of four locations in Baghdad, Abu Ghraib, and a village west of Fallujah. US sources in Baghdad have told staff writer Scott Peterson that the man Jill knew as "Abu Ahmed" (aka Sheikh Sadoun, say US military sources) was arrested by US Marines on May 19. The others in custody are guards, not the top figures in the group.

Members of murdered translator Alan Enwiya's immediate family have left Iraq, where they felt endangered. They are applying for US government permission to join their extended family in the US.

Jill never met the man who shot Alan. She was told that Alan's killer died a few weeks later during an insurgent military operation.

Driver Adnan Abbas, having survived the abduction, was initially a suspect. He passed a polygraph test, and was cleared by Iraqi police. He, his wife, and four children (including a newborn) have also moved to another country. Their future remains uncertain, but their ambition is to live and work in the US.

The Monitor has established two funds to help these families start new lives. Among the donations received so far: The $800 cash the mujahideen gave Jill just prior to her release. She plans to sell the gold necklace and donate those funds, as well.

Order In The Courts (NYT)

By J Alexander Thier

The New York Times, August 28, 2006

Washington

IT'S been a bad year for Afghanistan. Insurgents are gaining ground and killing more coalition soldiers, Afghan officials and civilians than at any time since the fall of the Taliban government. Reconstruction is faltering. A disenchanted population appears to be pulling back the welcome mat for foreign forces.

But a recent turn of events could have a significant positive impact on Afghanistan's future. A few weeks ago the new Parliament approved a fresh slate of Supreme Court justices — a strong group of professionals and reformers that includes several of Afghanistan's pre-eminent legal minds.

This court represents a sea change from the judiciary that has been in place since the collapse of the Taliban. For the first time in its history, Afghanistan may have a real system of checks and balances. But the United States and its partners must seize this opportunity and act quickly to support the new court,and not squander another chance for meaningful reform.

It's the big bang moment of democracy, when the three branches of government all come into being, each with its own powers and limitations. We are witnessing in Afghanistan today what the American founders understood so well: alone, factions and institutions will abuse their power, but in combination they will constrain and balance one another, creating stability amid competition and turmoil.

Afghanistan's Parliament, still struggling to find its feet, has played a critical role in this constitutional drama. Last spring, the body rejected the previous chief justice, Fazel Hadi Shinwari, a fundamentalist firebrand whom President Hamid Karzai had appointed in deference to Islamist demands. Rising to the challenge, Mr. Karzai then nominated Abdul Salam Azimi, a moderate Islamic scholar and the primary drafter of Afghanistan's new democratic constitution. The Parliament approved Mr. Azimi as chief justice, along with a slate of other moderates.

Chief Justice Azimi and his associates have substantial experience and a demonstrated desire to build an effective system that promotes the rule of law. In his swearing-in speech this month, the new chief justice railed against the corruption for which the judicial system is famous.

Overall, the efforts of the Afghan government and the international community to rebuild the judicial system have been meager. Courthouses have been built, laws revised, judges and prosecutors trained. But there has been no grand strategic plan to turn the tattered judiciary into a unified and coherent institution.

What might such a plan consist of?

It should focus on bolstering the Supreme Court's three critical functions and making it a linchpin of stability for Afghanistan.

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First, the court must be able to check the power of the other branches and make the government accountable for abuses. An honest arbiter in the contests of power between Parliament and president, citizen and state, and church and state is essential to Afghanistan's development. To play this role, the court needs deep resources and strong political support. And there must be a steep price to pay for defying the judiciary — something the United Nations and NATO countries have to impress upon their Afghan partners.

Second, the Supreme Court must be able to fulfill its central role in deciding questions concerning Islam. This is enormously important in an Islamic society. The new constitution vests authority in the court to determine whether laws are in accordance with the "beliefs and provisions of the sacred religion of Islam." So long as the resurgent Taliban claim that the government is the corrupt puppet of infidels, the Islamic legitimacy of the government and the court must be strong. Moderate Islamic countries like Egypt, Indonesia and Turkey have a special role to play here, providing resources and credibility to the court.

Third, the Supreme Court must be responsible for the entire judiciary, down to the village level. Most Afghans will never encounter the court directly, but rather will interact with the government and legal system at the local level over issues like marriage, property disputes and crime. Providing better access to justice in the provinces — which necessitates difficult decisions about where and how to concentrate support — must be a high priority. It is more important for the judicial system to do well in a few regions than to do poorly everywhere. Qualified legal professionals are also desperately lacking. Potential leaders within the legal community must be chosen for intensive training, mentoring and promotion, and those who are incompetent should be removed.

The new court's leadership has much in its favor. With an infusion of funds and experienced judges, as well as a good relationship with President Karzai, it stands a good chance of success. But it will not be easy.

I have spoken to Chief Justice Azimi and some of the associate justices in recent days. They are fully aware of the immensity of the task before them. And while they are committed to meaningful reform, they stress that the window of opportunity will close quickly.

For Afghanistan, this is a rare chance for redemption. After several years of frail efforts to promote the rule of law, the Afghan people must make sure they capitalize on it.

CORPORATE SCANDALS:

An Enron Twist: Convicted But Not Guilty? (CSM)

By Kris Axtman

The Christian Science Monitor, August 28, 2006

HOUSTON

If someone is convicted of a crime and dies before exhausting all his appeals, is he innocent?

That's the question now challenging federal prosecutors in the latest twist of the Enron case. A legal precedent could clear the record of Enron founder Kenneth Lay, even though he was found guilty of six counts of conspiracy and fraud, because of his sudden death last month. The move could also make tens of millions of dollars in his estate off-limits to creditors.

The Justice Department has said it will use all available legal means to reclaim the money related to the criminal charges Mr. Lay was convicted of in May. But those means may be few because of the legal precedent set by the US Fifth Circuit Court of Appeals, which found in 2004 that a person's criminal record is "abated," or wiped out, if he or she dies before having a chance to exhaust all appeals.

The rationale is that someone convicted of a crime should not be denied the right to have the trial's fairness tested, says Brian Wice, a Houston attorney. In this case, it means Lay's conviction, trial, even his indictment will most likely be abated - making him an innocent man.

The lawyer handling Lay's estate has already filed a motion with US District Judge Sim Lake, asking him to erase Lay's criminal record, based on the ruling by the Fifth Circuit, which governors federal courts in Texas.

That may be hard for the public to take, says Ross Albert, an Atlanta lawyer formerly with the Securities and Exchange Commission.

"There is a presumption of innocence that comes before every conviction. But Ken Lay, at the time he died, was not presumed to be innocent," says Mr. Albert, who believes the Fifth Circuit is "zealously" protecting the prerogative of the appeals court even though well over 80 percent of all criminal appeals are denied.

Courts do not see eye to eye on the issue of abatement. Just last week, for instance, the Washington State Supreme Court held that convictions will no longer be vacated when a defendant dies during appeal.

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The issue is ripe for US Supreme Court review, but it's unlikely that federal prosecutors, known as the Enron Task Force, will take it that far, experts agree. US to fight abatement but is unlikely to win

Prosecutors have indicated that they will file a motion opposing the request for abatement, but that would require Judge Lake going against legal precedent - something that most agree is highly unlikely.

In going after Lay's money, "it's back to square one for the government," says Mr. Wice. It can sue either Lay's estate in a civil asset-forfeiture case or his wife, Linda Lay, as the executor of the will. Experts agree that a civil-forfeiture suit is the most likely course of action, given the fact that Mrs. Lay was never charged with a crime and would be a very sympathetic witness.

"But a civil-forfeiture case is going to be very time-consuming and expensive," says David Smith, an Alexandria, Va., lawyer and expert in such cases. "You would essentially have to redo the entire criminal case. And because civil discovery is much broader, the case could drag on for years."

What's most likely to happen, these experts say, is that the government will settle with Lay's estate - something that occurs in the vast majority of civil suits.

But others are clamoring for a share as well.

"There is a long line of civil claimants on the Lay money. So there are all kinds of other ways beyond the criminal case to get that money," says Samuel Buell, a former federal prosecutor on the Enron Task Force who now teaches law at Washington University in St. Louis. "But the longer it takes to get, by virtue of inflation and legal fees, the less there is at the end." Lay's estate moves to settle suits

Late last week, it appeared that the Lay family was ready to put the litigation behind it. In a civil case brought by employees, lawyers said they were within days of coming to terms with the Lay estate on a settlement over the company's inadequacy in diversifying its retirement plan.

Depending on the sum, that could make the government's settlement plans moot - especially since Lay claimed at trial to have been financially wiped out when Enron's stock became worthless.

Indeed, the Enron Task Force indicated after Lay's death that it will try to hold Jeffrey Skilling, Enron's ex-CEO, accountable for the full amount of restitution. He was found guilty of 19 of the 28 counts he faced.

Prosecutors had initially asked for $139.3 million from Mr. Skilling and $43.5 million from Lay. Now, they are asking Skilling to pay the entire $182.8 million, based on the conspiracy charge, which says anyone involved can be held responsible for 100 percent of the restitution.

In any case, Lay was being asked to forfeit only a tiny fraction of all the money that was lost when Enron collapsed, says Professor Buell. He sees the government's actions as mostly symbolic at this point and says that even if the judge vacates Lay's conviction, it doesn't speak to the merits of the case against him.

No matter the outcome, says Wice, "he's guilty as sin in the public's eye. Try convincing the people in this town otherwise."

The One Who Got Away (TIME)

By Barbara Kiviat

Time, August 28, 2006

The decision to abandon a high-profile case against a dotcom poster boy marks the end of a sorry era

Frank Quattrone was always good at making deals. As a sizzling Silicon Valley investment banker during the tech boom of the 1990s, he orchestrated the initial public offerings (IPOs) of start-ups from Netscape to Amazon.com collecting as much as $120 million a year for himself in the process. Yet the deal he reached last week may well be the one he cherishes most. After 31/2 years of court dates, two criminal trials and the prospect of jail time, Quattrone struck a deal in which federal prosecutors agreed to all but drop charges that he obstructed justice during a 2000 investigation into how his employer handed out IPO shares of hot new companies.

The deal marks the end of a sorry chapter in American business history. While high-profile white-collar crime persists, the dramatic criminal cases that were launched just after the dotcom economy fizzled are now mostly completed. The icons of massive, turn-of-the-century corporate fraud--Ken Lay and Jeff Skilling of Enron, Bernie Ebbers of WorldCom, Dennis Kozlowski and Mark Swartz of Tyco--are convicted and, in Lay's case, dead. Even Martha Stewart has served time. And many, if not most, of the cases the feds brought against smaller fish--to help assuage a share-owning public that had been scammed by phony accounting and overhyped stock--are resolved. The government claims that since mid-2002 it has won more than 1,000 corporate-fraud convictions, including those of more than 100 CEOs and presidents.

That's not to say the system has been wholly reformed. Although Wall Streeters were genuinely terrified by the wrath of the prosecutors, they eventually flocked to other legal schemes--like hedge funds--with which to vastly overcompensate themselves. Prosecutors too are cutting their losses, and, as the public outrage subsides, moving on to new areas.

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The Quattrone case symbolizes that shift. During the go-go bubble years, Quattrone was the go-to guy at Credit Suisse First Boston (now called Credit Suisse) for tech deals. After the government started looking into how bankers set aside shares of promising IPOs for favored clients and pressured analysts to issue rave reports about companies that often had no way of making money, Quattrone sent an e-mail reminding colleagues to "clean up" old files, per company policy. The Justice Department viewed that as obstruction of justice, since it had already started investigating IPOs involving Credit Suisse. One jury was divided on the issue. Another, in 2004, found Quattrone guilty, after which he was sentenced to 18 months in prison.

But that verdict was overturned last March by an appeals court that cited faulty jury instructions. (The trial judge didn't explain that Quattrone would have had to know what he was doing was wrong to be convicted.) With their case, and perhaps their will, weakened, prosecutors waved a white flag and agreed to let Quattrone off--no fine, no admission of guilt, no ban from the securities industry--as long as he stays out of trouble for one year.

The evidence against Quattrone--who has all along proclaimed his innocence--was thin from the start, says Columbia University law professor John Coffee. But the prosecutors thought there was enough circumstantial evidence surrounding the e-mail to win a case. In the end the decision to drop the case echoes a broader trend to allocate resources to more timely issues. "You can't focus on everything," says Andrew Weissmann, former head of the Justice Department's Enron task force, who is now in private practice. "There are a lot of other things to do." For example: the backdating of stock options. More than 100 companies, from Home Depot to Apple, are being investigated for the way they handed out stock options to executives with issue dates earlier than the actual ones. (See box.)

There are still a few loose ends from the wave of prosecutions kicked off after the 2000 stock-market slump and the Enron meltdown. And some aren't as easy to wrap up as Quattrone's. Several British bankers, known in England as the NatWest Three, were hauled to Texas in July, after loud protests back home and a drawn-out extradition process. They face charges that they worked with ex-Enron CFO Andrew Fastow to siphon millions of dollars from a deal between their former employer, National Westminster Bank, and Enron. And in August, most of the convictions of four former Merrill Lynch executives, who stood accused of helping Enron inflate earnings by charading a loan as the sale of energy-producing barges, were overturned. An ex-Enron manager who was also convicted decided not to contest the decision. The government is expected to appeal the ruling on the four, which hinges on the interpretation of a controversial legal phrase.

Reversals like these often mark the true end of a contentious business cycle, as the legal system shakes out how old laws will apply to new crimes. The Supreme Court's decision last year to overturn the conviction of accounting firm Arthur Andersen wasn't without precedent. (Nor was it helpful: after the initial trial, Andersen had collapsed and some 28,000 U.S. employees lost their jobs.) Similarly, Charles Keating, one of the biggest nabs in the 1980s savings and loan scandal, saw his conviction reversed nearly five years after going to prison. And after the late-'80s insider-trading Wall Street sweep that, among other things, sent Michael Milken and Ivan Boesky to prison, a number of convictions were overturned, including that of onetime Boesky associate John Mulheren. "When you're more aggressive, you're going to wind up with more losses," says Peter Henning, a law professor at Wayne State University.

And when it's all over, you often end up with new laws, like the Sarbanes-Oxley reforms, which have made illegal much of the unsavory behavior of the go-go years. New laws aren't retroactive, of course, and what was on the books didn't seem sufficient to convict Quattrone. "I am very pleased that the case will be concluded," he said, emerging from the courthouse last week. "I plan to resume my business career." Northern California's tech investors, many of whom wrote letters of support during Quattrone's two trials, seem poised to embrace him. It is the clearest sign yet that while the world may have changed, it has also moved on. With reporting by Kathleen Kingsbury, Jyoti Thottam

A Sighting, Perhaps, Of A Fugitive In High Tech (NYT)

By Julie Creswell And Wayne Arnold

The New York Times, August 28, 2006

Lots of people are looking for Jacob Alexander, the fugitive former head of Comverse Technology. But only one has publicly claimed to have seen him.

Moshe Buller, an Israeli private detective, whipped the world's media into a frenzy late last week after the Israeli newspaper Ma'ariv reported that Mr. Buller had located Mr. Alexander, known as Kobi, in a popular seaside resort town in Sri Lanka.

"I cannot be sure 100 percent, but I can be sure that the guy I see was Kobi Alexander," Mr. Buller said in an interview on Thursday from his office south of Tel Aviv.

It was 3 in the morning when Mr. Buller spied Mr. Alexander through the window of a house in Negombo, about 20 miles north of the country's capital, Colombo. "I saw the guy for 20 minutes or a half an hour in a house, playing on the Internet," said Mr. Buller.

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But Mr. Buller's account of his cloak-and-dagger investigation has only deepened the mystery surrounding Mr. Alexander's whereabouts. The former chief executive of Comverse, Mr. Alexander has been the subject of an international manhunt and endless speculation, rumors and, like Elvis, unconfirmed sightings since he failed to appear in court earlier this month on federal criminal securities fraud charges.

He and two other former Comverse executives are accused of altering the dates on options granted at the company to make combined profits of about $8.4 million and of creating a secret account to dole options out to favored employees. While not widely known in the United States, Mr. Alexander garners a lot of attention in Israel, where he is a citizen and military veteran, and is viewed as a pioneer in that country's high-tech industry.

So far, Mr. Alexander, who is said to have wired $57 million in late July to an account in Israel, has eluded the Federal Bureau of Investigation and Interpol.

Yet Mr. Alexander apparently was not able to elude Mr. Buller, who popped onto the international radar two years ago when he investigated a supposed affair between the international soccer star David Beckham and his assistant Rebecca Loos.

Two weeks ago, Mr. Alexander failed to appear in a Brooklyn courtroom and a warrant was issued for his arrest. Mr. Buller said he was retained by a New York venture capital fund that he declined to name, but that he said he believed owned Comverse stock and might have other assets with Mr. Alexander. "The client wanted to know what kind of assets and money he has in Israel and what he did with those assets in Israel in the last year and especially in the last month. What sort of assets in offshore companies does he have? Investments in Europe?" said Mr. Buller.

While Mr. Alexander may have personal investments with venture capital funds, Comverse, a public company since 1986, does not currently have any venture capital financing, according to its public documents. A spokesman for Comverse would not comment.

Multiple hedge funds have invested in Comverse. Calls asking whether they have hired a private investigator to track down Mr. Alexander were met with silence, then laughter. Many said that even if Mr. Alexander were apprehended, it would probably have no effect on Comverse's stock, because he resigned as chief executive in late April.

Mr. Buller said he tracked down Mr. Alexander quite easily through a call Mr. Alexander made over the Internet to his family in Israel and a wire transfer to a bank in Sri Lanka. The phone call from Colombo was made using Skype's Internet telephony system, he said.

In an e-mail message, a spokesman for Skype said the company could not comment specifically on this case, but noted that calls made through Skype were encrypted and "almost impossible to intercept." Mr. Buller declined to provide details as to how he traced the call.

Mr. Alexander's second mistake, according to Mr. Buller, was having an individual transfer $10,000 from Bucharest to a Western Union branch located inside a bank in Colombo.

Mr. Buller said he went to the bank and showed a picture of Mr. Alexander to the employees there. One person identified Mr. Alexander and said he knew someone who, for a fee, could take Mr. Buller to a house in Negombo where Mr. Alexander was staying.

Mr. Buller said he arrived at the home at midnight and waited for three hours until the lights in the house suddenly came on and a man, who Mr. Buller claims was Mr. Alexander, sat down in front of a computer. Mr. Buller said he watched the man for 20 or 30 minutes and then left.

When asked if he called the authorities after seeing Mr. Alexander, Mr. Buller said he did not.

"I do not think I have to do that. I did the mission I was hired to do," said Mr. Buller, who said he would be traveling to New York to meet with his client over the weekend.

In fact, he said he had not spoken with anyone from the F.B.I. or any other authorities about his sighting of Mr. Alexander.

"If the F.B.I. wants my help, I would be the first guy to sit at a table in New York and give information in a good way," said Mr. Buller. "But I have not spoken with anyone from the F.B.I."

A spokeswoman for the F.B.I. said, "We do not disclose whom we speak with in terms of an investigation that is ongoing."

Sisira Mendis, director of the Criminal Investigation Department in Sri Lanka and the local representative for Interpol, said the bureau had received a notice by fax from the New York branch of Interpol asking them to search for Mr. Alexander.

He said the bureau had yet to ascertain from Sri Lanka's immigration authorities whether it had any record of Mr. Alexander entering Sri Lanka. He said the bureau had also been informed that Mr. Alexander might be in Negombo, but that it would not be easy to find him there. Negombo, described in press reports as a fishing village, is actually a beach town near Colombo's international airport, and is where most arriving foreign tourists head first.

According to Evan W. Owen, the press officer at the United States Embassy in Colombo, the embassy had not been alerted to the possibility that Mr. Alexander might have fled to Sri Lanka and was not aware of it until reporters began calling.

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Told that Mr. Buller claimed to have spotted Mr. Alexander in Sri Lanka, Mr. Owen said, "Why didn't he grab him then?"

Mr. Owen suggested that Mr. Buller might have been able to apprehend Mr. Alexander himself and turn him over to Sri Lankan authorities despite the fact that he is not a police officer and has no jurisdiction in Sri Lanka.

"This is Sri Lanka," said Mr. Owen. "Things are fast and loose."

But according to Mr. Buller, authorities won't get another chance. He says he believes Mr. Alexander has already left Sri Lanka and is planning to appear in New York early this week to turn himself in.

"I believe his lawyer wants to find the best way for him to come back to a position of answering about the stuff he did at the company," said Mr. Buller.

Mr. Alexander's lawyer, Robert G. Morvillo, said Friday he had not spoken to his client in nearly a month and expressed doubts that Mr. Alexander was planning to turn himself in.

"I am going on vacation on Monday," said Mr. Morvillo. "If Kobi shows up here on Monday, he's going to be without an attorney."

Sighting Of Fugitive Exec Called Doubtful (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, August 28, 2006

Investigators are dubious about a report that Jacob Alexander, the fugitive former head of Comverse Technology, is hiding in a remote fishing village in Sri Lanka, according to several sources familiar with the hunt for him by the FBI and the U.S. Marshals Service.

The sources said federal agents have several leads to the whereabouts of Alexander, who also uses the first name of Kobi, and none of them involves Sri Lanka, which one source noted has an extradition treaty with the United States. But the sources added that investigators were still checking the report out.

The sources declined to identify where Alexander is believed to be. Other reports have placed him in his native Israel, in Germany, or in a country that does not have an extradition treaty with the United States.

Alexander and two other top Comverse executives were indicted on Aug. 9 on conspiracy to commit stock, mail and wire fraud by manipulating grants of stock options in order to illegally make millions of dollars.

Robert Nardoza, a spokesman for the U.S. attorney's office for the Eastern District, declined to comment Friday.

Comverse, a multibillion-dollar corporation that was headquartered in Woodbury until it moved to Manhattan last year, specializes in software for voice communications.

The report about Alexander's hiding out in Sri Lanka first appeared in the Israeli newspaper Ma'ariv earlier in the week. The paper quoted a private detective as saying he had tracked Alexander by monitoring Internet communications between Alexander and his daughter in Israel.

Alexander's attorney, Robert Morvillo of Manhattan, yesterday knocked holes in one part of the Israeli newspaper's account, in which the private detective was quoted as saying Alexander's lawyers were negotiating with federal prosecutors in Brooklyn for Alexander's surrender. Morvillo said there were no negotiations going on, and he had no idea where his client was. He last spoke with him several weeks ago.

CRIMINAL LAW:

Receptionist-turned-lobbyist Faces Probe (AP)

By Erica Werner, ASSOCIATED PRESS WRITER

AP, August 28, 2006

WASHINGTON -- Depending on your perspective, Letitia White is either the epitome of a Capitol Hill success story or a prime example of an unsettling mix of money, politics and public policy.

White was a receptionist when she joined the staff of Rep. Jerry Lewis, R-Calif. More than two decades later, she is an influential lobbyist whose connections to Lewis - now chairman of the powerful Appropriations Committee - and others on the Hill have translated into millions of dollars for her and her firm.

They also have made her part of a federal investigation into Lewis' ties to the lobbying firm where she works alongside former California Republican Rep. Bill Lowery, another close Lewis friend.

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It's one of a number of corruption investigations involving members of Congress that have prompted lawmakers to look again at tightening lobbying rules. Bills have passed the House and Senate, but little progress has been made in finding common ground on legislation that watchdog groups have criticized as toothless.

Meanwhile, prosecutors in the Lewis case have issued at least 10 subpoenas and are seeking details on why counties, towns and businesses in his Southern California district chose to hire Lowery's lobbying firm, how much they paid, and what kind of communications the firm and Lewis had.

Last spring, an FBI agent on the case visited the House Legislative Resource Center to review White's annual financial disclosure forms, according to records at the center.

A spokesman for the U.S. attorney's office in Los Angeles, which is leading the probe, declined comment. Through a spokesman, White declined an interview request and defended herself.

"Ms. White has a good relationship with chairman Lewis and other members of Congress because she has real substantive expertise on defense issues and is careful when it comes to the rules and regulations governing Capitol Hill lobbying," spokesman Patrick Dorton said. "She has a reputation for being a smart, hardworking consultant."

White, 48, joined Lewis' staff as a receptionist and rose to become his top aide on defense issues. She won friends and influence through hard work, a warm personality and detailed knowledge of defense spending bills.

She left that job in January 2003 and joined Copeland, Lowery, Jacquez, Denton & White, as her firm was known until it was broken into two parts in June. She quickly acquired a stable of defense contractors as clients and began to lobby Lewis, then chairman of the Appropriations defense subcommittee. She and her clients also donated tens of thousands of dollars to him.

During the year prior to her departure from Lewis' office, the Capitol Hill newspaper Roll Call reported, her income dropped by around $11,000, to just $80 below the $112,500 salary ceiling that would have triggered an automatic one-year ban on her lobbying of Lewis.

The top-secret Defense Department security clearance she'd gotten while on the Hill added to White's value for some potential clients, and her new firm mentioned it in solicitation materials.

"If I worked for a defense company, the first person I'd hire is Letitia White. She's very, very effective," said Keith Ashdown of Taxpayers for Common Sense. "No one is closer to Jerry Lewis."

But Ashdown said some of White's actions amount to "taking advantage of the gray areas of our ethics rules."

The day after leaving the Hill, on Jan. 9, 2003, White signed up a major client, General Atomics, along with one of its aeronautics subsidiaries. The companies received several multimillion-dollar earmarks that year in the defense spending bill for the 2004 fiscal year, according to Taxpayers for Common Sense, including $3 million for General Atomics to provide anti-terror systems at Liberty Island, home to the Statue of Liberty, and $15.3 million for the aeronautics division to develop unmanned aerial vehicles.

Earmarks are funding inserted into legislation that often get little or no review. Prosecutors are scrutinizing Lewis' earmarks as part of the federal probe.

By the end of 2003, White had signed up about 15 more clients, mostly defense contractors, and was bringing in hundreds of thousands of dollars in fees. Her clients were enjoying similar success to General Atomics in getting earmarks. White, her husband lobbyist Richard White, and her firm's clients were donating generously to Lewis' fundraising committees.

During the 2004 election cycle, officials with General Atomics were the second-highest donors to Lewis' campaign committee, giving $18,000; another White client, Isothermal System Research, was third-highest, giving $14,000; and officials with Copeland, Lowery were fourth-highest, giving $13,250, according to the Center for Responsive Politics. Tens of thousands more was donated to the political action committee Lewis used to spread campaign cash to other lawmakers as he gunned for the Appropriations Committee chairmanship.

Dorton said White consulted with the House Ethics Committee over the circumstances of her departure from the Hill, and that her salary cut in her final year was mostly because she didn't get a bonus.

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, said the pay cut "was completely intended to allow that woman to make a fortune the minute she walked off the job."

White co-owns a Capitol Hill townhouse with the head of one of her client companies, Trident Systems Inc. Trident's founder, Nick Karangelen, is chairman of a political action committee called Small Biz Tech PAC that has employed Lewis' stepdaughter, Julia Willis-Leon, for fundraising. White and her husband have both donated to the PAC.

White's defenders say they don't believe she would do anything illegal or unethical. While working for Lewis, she never expected a free meal, unlike many Hill staffers, they said.

"It's one of the reasons that all of us enjoyed working with Letitia. We just had high respect and regard for how she did her business," said Mike Matton, a defense consultant and former legislative affairs official at Boeing.

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"And I'm kind of sad to see all of this in the press because there's been nothing illegal that I know of that's been reported, but just the perception in the eye of the beholder outside the Beltway, people who don't understand the lobbying business."

Vigil's Attorney Accuses Government Of Withholding Evidence (AP)

AP, August 27, 2006

ALBUQUERQUE (AP) - An attorney for former state Treasurer Robert Vigil has accused federal prosecutors of withholding evidence that could help his client.

Vigil faces a Sept. 5 retrial on racketeering and extortion charges. Vigil has pleaded not guilty.

His attorney, Sam Bregman, says that a January 1993 letter printed on an FBI and U.S. Department of Justice letterhead could help Vigil.

The letter shows that then-Assistant U.S. Attorney David Williams declined to authorize an investigation after hearing allegations of wrongdoing concerning Vigil. Vigil was state auditor at the time.

Bregman says the letter is exculpatory evidence that by law must be provided to defense attorneys.

A U.S. Attorney's Office spokesman didn't return telephone messages seeking comment left Sunday.

Fugitive Arrested In 1994 Slaying (CHIT)

By Liam Ford, Tribune Staff Reporter

Chicago Tribune, August 28, 2006

A man wanted in the 1994 killing of a northwest suburban boy in Hoffman Estates was arrested this week following his deportation from Mexico, authorities said Friday.

Hugo Luis Zarco, 32, was 19 when Michael Bruce, 16, was fatally stabbed.

A confidential informant recently contacted authorities in Hoffman Estates, telling them Zarco was living in Mexico and setting in motion his arrest by Mexican authorities, police said.

"We're very happy that an arrest was made and justice will be served," said Hoffman Estates Police Lt. Rich Russo.

Zarco, a U.S. citizen, was deported Thursday to Houston from Leon, Guanajuato, Mexico, where he had been living, according to the FBI. He was arrested by FBI agents and waived extradition, authorities said. Leon, the country's fifth largest city, is about 240 miles northwest of Mexico City.

Bruce, of Wood Dale, had gotten into an argument with his ex-girlfriend, Zarco's then-17-year-old sister. Zarco is accused of later tracking Bruce down and fatally stabbing him twice in the chest, police said.

Zarco, who last lived in the 200 block of West Grissom Lane in Hoffman Estates, has been charged with murder, but bail has not been set, police said.

Bruce, a former Conant High School student, had moved from Hoffman Estates but had returned to visit friends at a Memorial Day cookout in the 100 block of Berkeley Lane.

After the stabbing, Zarco fled in a red 1987 Chrysler, police said. The car later was found abandoned on Chicago's Southwest Side, and authorities soon issued a murder warrant for Zarco, saying they thought he had fled to Mexico.

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lford@tribune.com

4 Sentenced In $7.4M Airport Robbery (NSDY/AP)

By Curt Anderson, Associated Press Writer

Long Island Newsday, August 28, 2006

MIAMI -- Four people were sentenced to prison Friday for their roles in one of the biggest heists in Florida history -- a brazen daylight armed robbery of $7.4 million in cash from a warehouse near Miami International Airport.

The cash was part of an $80 million deposit shipped by a bank in Frankfurt, Germany, to the Federal Reserve Bank branch in Miami on Nov. 6, 2005. The masked robbers, at least one armed with a gun, ordered warehouse and security personnel to lie on the floor while they loaded bags of currency into a pickup truck that had pulled into one of the cargo bays.

The ringleader, Karls Monzon, and getaway driver, Jeffrey Boatwright, were each sentenced to more than 17 years in prison. A former Brink's security guard who provided inside information for the robbery, Onelio Diaz, was sentenced to 16 years.

Monzon's wife, Cinnamon Monzon, was sentenced to nearly 3 years for being an accessory, including helping her husband conceal about $80,000 in vacuum-wrapped cash in the attic of their home.

Some has been recovered from various sites in Miami, including money that was buried outside at least one home. More than $6 million remains unaccounted for, according to the FBI.

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"This is, if not the biggest, one of the biggest armed robberies in Florida history," said Anthony Lacosta, the chief federal prosecutor on the case.

Four Jailed, Millions Still Missing In Miami Airport Raid (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, August 28, 2006

Miami · A federal judge sentenced four people Friday for their roles in a brazen $7.4 million cash heist at Miami International Airport last year. The thieves drove up in broad daylight to an airport warehouse holding $80 million on Nov. 6 and snatched bundles of cash bound for the Federal Reserve Bank in Miami. Most of the stolen money remains missing.

U.S. District Judge Donald Graham sentenced Karls Monzon, the plot's leader, and Jeffrey Boatwright each to prison terms of 17 years and one month, and Onelio Diaz, a former Brinks Security guard who provided information about the time and date of the cash shipment, to 16 years. The three pleaded guilty to being involved in the crime.

Each sentence included seven years because a gun was used during the robbery.

Cinnamon Monzon--Karls Monzon's wife and Boatwright's sister-- admitted that she learned of the robbery after it was committed and helped to hide some of the stolen crash. She received two years and nine months in prison.

Prosecutor Anthony Lacosta called the heist "one of the biggest armed robberies in Florida history."

So far, investigators have recovered just $1.26 million, according to FBI statements.

At least some of the missing cash may have already been spent.

Boatwright, who acted as the getaway driver, spent $600,000 on strippers, "loose women," drugs, and worthless jewelry, his attorney Michael Walsh said at Friday's hearing.

Boatwright paid a $400,000 ransom after being kidnapped from a strip club and $200,000 was stolen from him by a prostitute after he fell asleep, Walsh said.

The last $200,000 of Boatwright's $1.4 million share was given to a Santeria priest, the attorney said. Santeria is a religion that blends African and Roman Catholic traditions.

"This money went through his fingers like water," Walsh said in an effort to explain why Boatwright was not able to lead investigators to his share of stolen cash.

Attorney Maria Elena Perez, who represents Karls Monzon, said brandishing a gun had not been part of her client's original plan, because Monzon knew from Diaz that the Brinks guards would not be armed.

"They all believed this was going to be a smash and grab--as easy as taking candy from a baby," Perez said.

The crime went unsolved for several months, until a $150,000 reward lured an individual connected to the group to come forward.

Vanessa Blum can be reached at vbblum@sun-sentinel.com or 954-356-4605.

The Man Who Said Too Much (NSWK)

By Michael Isikoff, Newsweek

Newsweek, August 27, 2006

A book coauthored by NEWSWEEK's Michael Isikoff details Richard Armitage's central role in the Valerie Plame leak.

In the early morning of Oct. 1, 2003, Secretary of State Colin Powell received an urgent phone call from his No. 2 at the State Department. Richard Armitage was clearly agitated. As recounted in a new book, "Hubris: The Inside Story of Spin, Scandal, and the Selling of the Iraq War," Armitage had been at home reading the newspaper and had come across a column by journalist Robert Novak. Months earlier, Novak had caused a huge stir when he revealed that Valerie Plame, wife of Iraq-war critic Joseph Wilson, was a CIA officer. Ever since, Washington had been trying to find out who leaked the information to Novak. The columnist himself had kept quiet. But now, in a second column, Novak provided a tantalizing clue: his primary source, he wrote, was a "senior administration official" who was "not a partisan gunslinger." Armitage was shaken. After reading the column, he knew immediately who the leaker was. On the phone with Powell that morning, Armitage was "in deep distress," says a source directly familiar with the conversation who asked not to be identified because of legal sensitivities. "I'm sure he's talking about me."

Armitage's admission led to a flurry of anxious phone calls and meetings that day at the State Department. (Days earlier, the Justice Department had launched a criminal investigation into the Plame leak after the CIA informed officials there that she was an undercover officer.) Within hours, William Howard Taft IV, the State Department's legal adviser, notified a senior Justice official that Armitage had information relevant to the case. The next day, a team of FBI agents and Justice prosecutors investigating the leak questioned the deputy secretary. Armitage acknowledged that he had passed along to Novak information

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contained in a classified State Department memo: that Wilson's wife worked on weapons-of-mass-destruction issues at the CIA. (The memo made no reference to her undercover status.) Armitage had met with Novak in his State Department office on July 8, 2003—just days before Novak published his first piece identifying Plame. Powell, Armitage and Taft, the only three officials at the State Department who knew the story, never breathed a word of it publicly and Armitage's role remained secret.

Armitage, a well-known gossip who loves to dish and receive juicy tidbits about Washington characters, apparently hadn't thought through the possible implications of telling Novak about Plame's identity. "I'm afraid I may be the guy that caused this whole thing," he later told Carl Ford Jr., State's intelligence chief. Ford says Armitage admitted to him that he had "slipped up" and told Novak more than he should have. "He was basically beside himself that he was the guy that f---ed up. My sense from Rich is that it was just chitchat," Ford recalls in "Hubris," to be published next week by Crown and co-written by the author of this article and David Corn, Washington editor of The Nation magazine.

As it turned out, Novak wasn't the only person Armitage talked to about Plame. Washington Post reporter Bob Woodward has also said he was told of Plame's identity in June 2003. Woodward did not respond to requests for comment for this article, but, as late as last week, he referred reporters to his comments in November 2005 that he learned of her identity in a "casual and offhand" conversation with an administration official he declined to identify. According to three government officials, a lawyer familiar with the case and an Armitage confidant, all of whom would not be named discussing these details, Armitage told Woodward about Plame three weeks before talking to Novak. Armitage has consistently refused to discuss the case; through an assistant last week he declined to comment for this story. Novak would say only: "I don't discuss my sources until they reveal themselves."

Armitage's central role as the primary source on Plame is detailed for the first time in "Hubris," which recounts the leak case and the inside battles at the CIA and White House in the run-up to the war. The disclosures about Armitage, gleaned from interviews with colleagues, friends and lawyers directly involved in the case, underscore one of the ironies of the Plame investigation: that the initial leak, seized on by administration critics as evidence of how far the White House was willing to go to smear an opponent, came from a man who had no apparent intention of harming anyone.

Indeed, Armitage was a member of the administration's small moderate wing. Along with his boss and good friend, Powell, he had deep misgivings about President George W. Bush's march to war. A barrel-chested Vietnam vet who had volunteered for combat, Armitage at times expressed disdain for Dick Cheney and other administration war hawks who had never served in the military. Armitage routinely returned from White House meetings shaking his head at the armchair warriors. "One day," says Powell's former chief of staff Larry Wilkerson, "we were walking into his office and Rich turned to me and said, 'Larry, these guys never heard a bullet go by their ears in anger ... None of them ever served. They're a bunch of jerks'."

But officials at the White House also told reporters about Wilson's wife in an effort to discredit Wilson for his public attacks on Bush's handling of Iraq intelligence. Karl Rove confirmed to Novak that Wilson's wife worked at the CIA, and days later offered the same information to Time reporter Matt Cooper. The inquiry into the case led to the indictment of Cheney's chief of staff, I. Lewis (Scooter) Libby, on charges of perjury and obstruction of justice. Armitage himself was aggressively investigated by special counsel Patrick Fitzgerald, but was never charged. Fitzgerald found no evidence that Armitage knew of Plame's covert CIA status when he talked to Novak and Woodward. The decision to go to the FBI that panicky October afternoon also may have helped Armitage. Powell, Armitage and Taft were aware of the perils of a cover-up—all three had lived through the Iran-contra scandal at the Defense Department in the late 1980s.

Taft, the State Department lawyer, also felt obligated to inform White House counsel Alberto Gonzales. But Powell and his aides feared the White House would then leak that Armitage had been Novak's source—possibly to embarrass State Department officials who had been unenthusiastic about Bush's Iraq policy. So Taft told Gonzales the bare minimum: that the State Department had passed some information about the case to Justice. He didn't mention Armitage. Taft asked if Gonzales wanted to know the details. The president's lawyer, playing the case by the book, said no, and Taft told him nothing more. Armitage's role thus remained that rarest of Washington phenomena: a hot secret that never leaked.

Offshore Gaming Sites Not Sure USA's Worth The Risk (USAT)

By Jon Swartz, Usa Today

USA Today, August 28, 2006

SAN FRANCISCO — Americans continue to gamble in record numbers online, but executives of the offshore operations that take those bets are exercising caution weeks after one of their peers was arrested in the USA.

The trepidation of online-betting executives underscores growing concern that the U.S. government could target more offshore firms after essentially giving the industry a free pass for several years, gambling experts say.

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"(Operators) are playing a wait-and-see policy to see what the feds manage to pin on (indicted gaming site BetOnSports.com)," says Simon Holliday, a partner at Global Betting and Gaming Consultants in the UK. "Although the sports books give the impression they are not too concerned, I don't see them rushing to be in the U.S. now."

The actions by some gaming executives hardly constitute a self-imposed shutdown of some 2,300 gaming sites worldwide. But they reflect an undercurrent of concern, especially for sports-betting sites, gambling experts say.

London-based Ladbrokes, the world's biggest bookmaker, last week said it is reviewing plans to take bets from Americans on its gaming sites, something it currently does not do. It cited uncertainties in the U.S. market.

Online gamer Bodog.com canceled a marketing conference in Las Vegas this month, shortly after the arrest of David Carruthers, the former CEO of BetOnSports.com. Carruthers was charged with violating the 1961 Wire Act. BetOnSports has stopped taking U.S. bets, a majority of its business.

"Any executive that has anything to do with online gaming, no matter how minor, has got to be apprehensive about setting foot in the United States," Bodog.com CEO Calvin Ayre said in an e-mail. Bodog is based in Costa Rica.

Established offshore operators, such as PartyGaming, that have recently acquired sports-betting sites are emphatic in saying that they won't take U.S. bets.

"The Justice Department is waging a war of intimidation, and it is working in terms of scaring some operators," says Nelson Rose, a professor at Whittier Law School.

Before Carruthers, the last significant arrest of an offshore Internet gaming executive was Jay Cohen. In 2001, he was sentenced to 21 months in federal prison, and served more than a year.

Officials at poker sites aren't as nervous, because the Justice Department has not pursued actions against them as vigorously as sports operators, Rose and others say. PokerStars.com, among others, hosted events at the World Series Of Poker in Las Vegas in early August, shortly after Carruthers' arrest.

Still, 24hPoker in Sweden says it will exclude American players. Despite the case against BetOnSports, viewership for large sites such as PokerStars have increased. It drew 1.2 million unique visitors in the USA for the week ended Aug. 13, up 41% from a month earlier, according to Nielsen/NetRatings.

Hacker Sentenced To 37 Months In Prison (SEAPI)

By Paul Shukovsky, P-I REPORTER

Seattle Post-Intelligencer, August 26, 2006

Victims in global attack included U.S. military

Sending a message to malicious computer hackers "squirreled away in their basements," U.S. District Judge Marsha Pechman on Friday sentenced a 21-year-old man to 37 months in federal prison for a global robot virus attack in 2004 and 2005.

Christopher Maxwell launched the attack from the comfort of his Vacaville, Calif., home in order to collect commissions by installing adware onto the computers of unwitting victims.

To achieve his aim, he essentially took remote control of huge numbers of computers around the world, causing them to spread the infection and increase his profits. The Seattle FBI's cybersquad believes the scheme netted Maxwell and two unnamed teenage accomplices more than $100,000.

Among the countless victims, the virus wreaked havoc with the Defense Department, Seattle's Northwest Hospital and a school district in California. Disaster preparations by the military and the hospital prevented significant damage, but the Colton Unified School District was not so fortunate.

"It took the district to its knees," said Gary Stine, the district's former director of information technology.

"We don't plan for calamities like this. The real impact was to our teachers and our students" who lost crucial instructional time on PCs used to teach such topics as English as a second language. The repairs cost the district more than $50,000.

At Northwest Hospital, digital systems used for transmitting results from medical labs and the radiology department directly to physicians crashed, said Vice President Robert Steigmeyer.

The hospital switched to its well-drilled disaster plan, which involves the use of runners to move medical records and lab test results. Elective medical procedures, however, had to be rescheduled.

No patients were harmed as a result of the attack, and Maxwell made no attempt to steal confidential patient information.

Army Maj. Keithon Corpening, who runs the Defense Department's computer incident response team, told Pechman that a full-scale investigation was launched after the military saw 407 of its computers taken over by an unknown assailant they dubbed "Don't Trip." Eight investigators were assigned to the case.

"Planes still flew, tanks were still operating, soldiers were getting their supplies," Corpening said. But "the potential for damage to our systems" was significant.

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No military information was stolen, he said.

Assistant U.S. Attorney Kathryn Warma, in arguing for a six-year sentence, told Pechman: "The importance of deterrence in this case is profound. There is a hacker community. They will know immediately what sentence you impose."

Maxwell, holding back tears, pleaded for probation in lieu of prison time.

"I am a 21-year-old boy with a good heart and I made a mistake," he told the judge. "I never realized how dangerous a computer could be. I thank God no one was hurt."

Pechman rejected attempts by Maxwell and his attorney to portray him as being shocked by the consequences of his actions. "It is obvious that anyone who would launch this kind of computer attack would know" that there would be a multitude of victims, she said.

And while Pechman took Maxwell's age and lack of criminal record into account, she said the prison term was necessary to provide a deterrent to other hackers.

The robot virus program, or "botnet" software, used by Maxwell was sent over the Web, where it sought out computers with exploitable security flaws. He pleaded guilty in May to a felony charge of conspiracy to intentionally cause damage to a protected computer.

P-I reporter Paul Shukovsky can be reached at 206-448-8072 or paulshukovsky@seattlepi.com.

"Botnet" Hacker Sentenced To 3 Years (SEAT)

By David Bowermaster, Seattle Times staff reporter

Seattle Times, August 26, 2006

A 21-year-old computer hacker has been sentenced to three years in prison for launching a "botnet" that attacked millions of computers worldwide and disrupted networks at hospitals, schools and the U.S. Department of Defense.

Judge Marsha Pechman delivered the sentence to Christopher Maxwell in federal court in Seattle Friday after a lengthy hearing that included five witnesses who testified about the damage caused by the botnet attack, which lasted at least 12 months.

Maxwell is from Vacaville, Calif., but was prosecuted in Washington state because Northwest Hospital & Medical Center in Seattle was a primary victim.

A botnet exploits software vulnerabilities to invade individual computers, then attacks other computers connected to the original targets via the Internet.

Maxwell's botnet installed adware on victims' computers that launched pop-up ads, even if the computers were not online. Often, the pop-up ads appeared in such abundance that they froze computers and disabled e-mail and other communications systems.

Maxwell received commissions for each installment of adware. The government estimated he earned at least $30,000 from the botnet.

Over a two-week period in February 2005, according to investigators, Maxwell's botnet attacked more than 441,000 computers.

Maxwell told the court he created the botnet with two co-conspirators he met online in an Internet chat room. The others have not been named because they are juveniles.

Maxwell said the attacks began as an informal competition to see how many computers each person could put adware on.

"I just kept getting better and better at what I was doing," said Maxwell, fighting off tears, "I never stopped to think about the consequences."

Northwest Hospital contacted the FBI soon after its computers were attacked in January 2005. A six-month investigation eventually led to Maxwell.

Maxwell pleaded guilty in May to one count of conspiracy to intentionally damage a protected computer and one count of intentional computer damage that interferes with medical treatment.

Assistant U.S. Attorney Kathryn Warma had sought a six-year prison term for Maxwell to send a message to others who might follow in his footsteps.

"The need for serious sentences as an effective deterrent to hacking offenses is compelling, and if such a sentence is imposed in this case, it will be quickly communicated with the botnet community," Warma wrote in court papers.

Pechman agreed. "Whatever I do, even before I get off this bench tonight, half the world will know about it," the judge said. "That leads me to the conclusion that there must indeed be deterrence."

However, Pechman cited Maxwell's age and lack of previous criminal history in imposing a prison sentence of 37 months plus three years of probation.

Maxwell must also pay restitution of $114,000 to Northwest Hospital and $138,000 to the Department of Defense.

Man Enters Guilty Plea In Child Porn Case (ROT)

By Lindsey Nair

Roanoke Times, August 28, 2006

Federal authorities first homed in on Freddie Lee Caldwell of Roanoke in 2003.

A Roanoke man who had collected more than 2,000 pictures of child pornography on his computer was convicted of four felony charges Friday.

Freddie Lee Caldwell, 43, pleaded guilty to transmitting, distributing and possessing child pornography. He also admitted to using a computer to transmit lewd images, a charge that carries up to five years in prison.

Federal authorities first homed in on Caldwell in October 2003, when an agent with the FBI's Innocent Images unit found an online advertisement for "100 percent pre-teen" material, said prosecutor Joe Mott.

The agent downloaded several images and confirmed that 11 of them were child pornography, Mott said. The agent then subpoenaed the Internet Protocol address and traced it to Caldwell.

An FBI investigator in Roanoke executed a search warrant on Caldwell's Tazewell Avenue home in July 2004, seizing computers, disks and other items, according to Mott.

A forensic analysis of the seized items uncovered more than 2,000 child pornography images saved on the computer, officials said.

The FBI was able to determine that hundreds of the pictures were of actual victims.

On Friday, Caldwell's attorney, Terry Grimes, said that if the case had gone to trial, his client would have argued that he knew his actions were immoral but was unaware it was a violation of federal law.

Grimes added that Caldwell has no history of molesting children or contacting juveniles over the Internet.

Because Caldwell has been out on bond and has not violated the conditions of his release, he will be allowed to remain free and work until he is sentenced in November.

LaPlace Journalist Indicted In Porn Case (NOTP)

By Matt Scallan, River Parishes Bureau

New Orleans Times-Picayune, August 28, 2006

Images of children found, authorities say

A federal grand jury on Friday indicted longtime River Parishes journalist Leonard Gray on charges of possessing child pornography, U.S. Attorney Jim Letten said.

Gray, 52, the managing editor of the twice-weekly L'Observateur newspaper in LaPlace and former managing editor of the weekly St. Charles Herald-Guide newspaper in Boutte, was indicted on charges of possession and receipt of child pornography.

He was arrested by FBI agents in Slidell on Aug. 17, and the agents later obtained a search warrant for Gray's home in Waggaman from U.S. Magistrate Louis Moore Jr., authorities said.

"During the execution of this warrant, FBI agents recovered computer equipment and digital media that contained images depicting the sexual victimization of children," the news release said.

Gray was arrested by a task force called Project Safe Childhood, Letten said.

"Our office and the FBI have a proud and productive history of policing our community and communication channels by effectively identifying, investigating and removing from society those individuals who exploit the innocence of children," Letten said in a statement.

If convicted, Gray faces a mandatory term of up to five years and a maximum of 20 years in prison, followed by a lifetime of supervised release. He could also face a fine of up to $250,000, a news release by the U.S. attorney's office said.

Gray remains in the custody of the U.S. marshal's office, and should be arraigned in the "next couple of weeks," the release said.

Gray has worked at L'Observateur for more than a decade. Publisher Kevin Chiri said the newspaper had no immediate comment on the indictment.

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Matt Scallan can be reached at mscallan@timespicayune.com or (985) 652-0953.

Newspaper Editor Indicted In Child Pornography Case (AP)

AP, August 28, 2006

NEW ORLEANS -- A federal grand jury Friday indicted the managing editor of a twice-weekly newspaper on charges of possession and receipt of child pornography, the U.S. Attorney's office said.

Leonard Gray, 52, of Waggaman, was arrested Aug. 17 in Slidell following an undercover investigation by the FBI, U.S. Attorney Jim Letten said.

FBI agents searched Gray's home and found computer equipment and digital media that contained images depicting the sexual victimization of children, Letten said.

"Our office and the FBI have a proud and productive history of policing our community and our communications channels by effectively identifying, investigating and removing from our society those individuals who exploit the innocence of our children," he said.

Gray, who will be formally arraigned in the next few weeks, has been suspended from L'Observateur newspaper in LaPlace. He has worked at weekly newspapers in St. John the Baptist and St. Charles parishes for at least two decades.

If convicted, Gray faces up to 20 years in jail followed by a life term of supervised release and a $250,000 fine.

CIVIL RIGHTS:

Voters Find Some Machines Harder To Use (NYT)

By Sewell Chan

The New York Times, August 28, 2006

With New York State facing a looming deadline to modernize its election technology, a new report offers evidence that one of the two major types of voting machines being considered has a higher rate of unrecorded votes, suggesting that it is too confusing for many people.

The report, which the Brennan Center for Justice at New York University School of Law intends to release today, examined election records from thousands of counties across the nation since 2000. It is likely to animate long-simmering debates in across the state's 62 counties, which face a December deadline for deciding how to replace antiquated voting equipment.

For the overwhelming majority of the state's 11.6 million registered voters, the changes will mean the end of the creaky lever machines that have been used for decades.

One of the two types of machines under consideration is the direct-recording electronic or D.R.E. systems, in which voters push a button or touch a screen to choose a candidate, and the ballot is automatically recorded and counted.

The other is the optical-scan system, in which voters mark an oval or arrow next to a candidate's name on a paper ballot, which is then scanned into a machine at the precinct, allowing the voter to find and fix any errors.

The choice, however, is further complicated because the State Board of Elections has ruled that state law requires the use of a "full face" ballot — a ballot that displays all candidates for all races on a single page or screen.

The Brennan Center disagrees with the state board's interpretation that a full-face ballot is required in New York.

In January, the Connecticut attorney general, Richard Blumenthal, concluded that contrary to a widely held belief there, Connecticut law did not require full-face ballots.

The direct-recording electronic system is not inherently flawed, the report found, but when it is combined with full-face ballots, there seems to be more difficulty, particularly in areas with more black, Hispanic and low-income voters.

Such voters, according to the report, would find it easier to use digital machines that allow voters to make one choice and then flip to the next page, which is similar to what customers do at A.T.M.'s and airport check-in kiosks that dispense boarding passes. But the full-face requirement precludes the use of such machines.

In the absence of that option, optical-scan machines would be the best choice for counties, said Lawrence D. Norden, an associate counsel at the Brennan Center and an author of the report.

To adopt electronic machines with the full-face requirement, he said yesterday, "virtually guarantees that thousands of votes are going to be lost at every election."

At stake in the decision between the two major types of machines is some $200 million in federal financing that the state will spend on new machines and other steps to modernize voting. To promote their products, a handful of manufacturers have hired lobbyists and aggressively courted county election commissioners.

John A. Ravitz, the executive director of the New York City Board of Elections, said yesterday that he had read a draft of the Brennan Center's report and that its findings would be carefully reviewed by the board's 10 members.

"We're continuing to gather as much information as possible on both types of systems, both optical scan and D.R.E.," said Mr. Ravitz, a former assemblyman.

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Bo Lipari, executive director of New Yorkers for Verified Voting, an organization that has been pressing for adoption of the optical-scan machines, said he hoped the report would have a major effect on the decision-making by counties.

"The implications of this report clearly show that the only viable voting system for New York State is precinct-based optical scans," said Mr. Lipari, who represents the League of Women Voters of New York State on a committee that advises the state elections board on voting modernization.

However, support for the optical-scan ballots is by no means assured. Although optical-scan advocates say their systems are more cost-effective, proponents of direct-recording electronic system say the electronic machines do not waste paper and are easier for disabled people to use.

In March, the Justice Department sued New York State for failing to overhaul its election system as required by the Help America Vote Act of 2002, which was intended to prevent a recurrence of the Florida election debacle of 2000 and to help disabled people to vote. Unable to agree on a unified response to the federal law, Albany passed the decision along to localities.

For the Sept. 12 primary and the Nov. 7 election, the state and federal governments have agreed on a stopgap plan involving temporary machines for use by the disabled. But the counties still must choose machines to adopt over the long term. The state has yet to identify which machines will be acceptable. Eleven devices, made by a total of six manufacturers, are under consideration.

Besides New York, only one other state — Delaware — uses full-face ballots statewide, although some counties in Arkansas, Indiana, Kentucky, Louisiana, New Jersey, Pennsylvania and Tennessee also use them, according to David C. Kimball, a political scientist at the University of Missouri at St. Louis and a co-author of the Brennan Center report.

For the report, Dr. Kimball reviewed election records for thousands of counties in 2000, 2002 and 2004. He compared the residual-vote rate — the difference between the number of ballots cast and the number of valid votes cast in a particular contest — across several voting systems. Residual votes occur because of "undervoting," when voters intentionally or unintentionally make no selection, or by "overvoting," when voters select too many candidates, invalidating the ballot for a particular contest.

Dr. Kimball found that elections involving both a touch-screen or push-button system and a full-face ballot generated a residual vote rate of 1.2 percent, compared with 0.7 percent for optical-scan ballots that are counted at the precinct.

For the study, he examined records for the 2004 presidential election from 2,402 counties. He found that the disparity between the two systems, in the percentage of unrecorded votes, was even higher in counties where the median income was less than $25,000 (2.8 percent versus 1.4 percent), where blacks made up more than 30 percent of the population (1.3 percent versus 0.9 percent) and where Hispanics made up more than 30 percent of the population (2.0 percent versus 1.2 percent).

(The report also examined two variants of the main new voting systems that are not applicable in New York State. These are optical-scan ballots that are counted centrally and do not allow voters to check their ballot for errors, and "scrolling" direct-recording electronic systems, which do not meet the "full face" requirement.)

"Any design feature that makes it more confusing or places more of a burden on the user increases the likelihood of errors, and that effect is more dramatic in low-income and minority communities," Dr. Kimball said.

Mr. Norden added: "The digital divide is real. Full-face touch screen will put low-income and minority voters at a particular disadvantage."

The report's other two authors were Jeremy M. Creelan of the law firm Jenner & Block and Whitney Quesenberry, a designer who helps companies makes their Web sites easier to use.

Watch Out For Voting Day Bugs (WP)

By Dick Thornburgh And Richard Celeste

The Washington Post, August 28, 2006

For many years election officials have kept the machinery of American democracy running in the face of sometimes overwhelming difficulties. But this November's elections will pose unprecedented challenges to them.

For many jurisdictions, the 2006 elections will see the first large-scale use of electronic voting systems. Many organizations have learned the hard way that deployment and use of new technologies on a large scale virtually guarantee big surprises and unintended consequences: sudden system crashes, corrupted data or painfully slow systems. The usual remedies are to develop, test and evaluate small-scale prototypes before committing to organization-wide upgrades in technology, and to keep both old and new systems running for a while so that failures in the new system do not paralyze operations.

Unfortunately, faced with the deadlines for deploying enhanced voting systems that were set by the Help America Vote Act of 2002, most electoral jurisdictions have been unable to follow this prudent path. That's why we believe it will be essential this year that jurisdictions have backup and contingency plans that anticipate a wide range of possible failures in their electronic voting systems, including those that occur in the middle of the voting process on Election Day (or days).

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The outcome of the November elections seems likely to be very close. Depending on the results of a few races, control of the House or Senate -- or both -- may be at stake, which is likely to lead to close scrutiny of how those elections are carried out. If major problems arise with unproven technology and new election procedures, the political heat will be high indeed.

What problems might crop up on Election Day? Software or hardware problems could render a significant number of voting machines inoperable when they are first turned on. An unexpected sequence of voting inputs on touch screens might cause machines to lock up. Or the cards that voters use to activate voting machines to accept their votes might not work properly. Or voting machines might be inadvertently loaded with the ballot for a neighboring precinct.

Jurisdictions need to come up with contingency plans for such November problems, if they haven't done so already. One possible example: Make preparations to fall back to paper ballots if necessary.

Other problems might include machines that appear to work but then yield an erroneous electronic vote count. Systems could lose votes because they continue to accept them after their memories are full, or because they have incorrectly reset themselves in the middle of the day as voters are attempting to vote.

In such cases, applicable backup technologies such as paper trails, which provide an independent, permanent record of activity on a voting machine, might already be in place. But paper trails themselves have potential problems (such as jammed printers) and voters might be confused by the introduction of an unfamiliar element into the election whose purpose and role will not be clear to many voters.

For any given jurisdiction, the likelihood of a specific problem is low. But with 9,500 jurisdictions in the United States it's likely that problems will occur in some of them. Indeed, many of the problems described above have actually happened in one jurisdiction or another. We don't mean to suggest there will be widespread failures of electronic voting systems. But in this election year, the challenges facing election officials and the nation are formidable. Prudence and reasonable contingency planning should rule at this moment of truth for electronic voting, as election officials across the land work to retain public confidence in the face of new challenges.

Dick Thornburgh is a former Republican governor of Pennsylvania. Richard Celeste is a former Democratic governor of Ohio. They chaired a recent study by the National Academies' National Research Council on electronic voting.

S. Dakota Becomes Abortion Focal Point (WP)

By Peter Slevin

The Washington Post, August 28, 2006

SIOUX FALLS, S.D. -- Kayla Brandt had an abortion three years ago and instantly hated having done it. Now, hoping to stop other women from making the same choice, she is a public advocate for the most severe abortion ban in the nation.

"I don't want anyone to feel what I did," Brandt says.

Maria Bell is a Sioux Falls obstetrician-gynecologist who also joined the political fray for the first time, but on the opposite side. Appalled by the attempt to shut the state's only abortion clinic, she says she would not be able to live with herself unless she worked to overturn the law.

"To think passing a law will stop abortion is incredibly naive," Bell said.

South Dakota is the unlikely home of this year's most intense duel over abortion, a Nov. 7 referendum to decide the future of HB 1215, a measure that would institute a broad ban on the procedure. No exceptions would be allowed for pregnancies resulting from rape or incest -- abortion would be permitted only when the mother's life is in jeopardy.

Partisans across the nation are delivering money and tactical advice on an issue that has divided residents of the state. South Dakota's fight could be a harbinger of political battles across the country should the Supreme Court strike down Roe v. Wade , the 1973 decision that legalized abortion nationwide.

"This has become the focal point in the country for the choice debate," said Nancy Keenan, president of NARAL Pro-Choice America, which is channeling cash into the campaign. "The stakes are very high, especially for us to win in November and again say America is pro-choice, America doesn't think politicians should be involved in these private decisions, and enough is enough."

A fresh poll suggests voters are inclined to oppose the law as too severe. In a late-July sounding, opponents of the ban held an eight-point lead, with 14 percent undecided.

"There's going to be a lot of money spent," said state Rep. Roger W. Hunt (R), the ban's chief sponsor, urging voters to defend the unborn. Pointing to the vivid statewide conversation over HB 1215, formally known as the Women's Health and Human Life Protection Act, he said, "There are a lot of people who have gotten very political because of HB 1215."

People such as Brandt, a 29-year-old financial auditor, who described a period of quiet misery after an abortion about three years ago. When the doctor finished, Brandt said, she felt an emptiness that led to a long year of grief.

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Later, she decided to speak out, hoping to create what she called a "haven" for women and children in South Dakota by outlawing abortion. Her smiling face now appears on the letterhead of VoteYesForLife.com, the umbrella group mobilizing support for the ban.

"I was in a relationship and panicked and got scared and ashamed, and thought an abortion was the means to fix my mistake," said Brandt, who came to see herself as a "mother who was sadly stripped of her child."

"Where's the baby's choice?" Brandt asked. "What about the life of the baby?"

The bold South Dakota strategy has energized some proponents while highlighting strategic splits in the antiabortion movement. Many committed foes, focusing on incremental steps to make abortion less accessible, believe that Roe v. Wade cannot realistically be challenged until the composition of the Supreme Court shifts further.

The ban is not "something we would have chosen," said Daniel S. McConchie, chief of staff of Chicago-based Americans United for Life. "To overturn Roe v. Wade , which is the goal here, you have to be able to count to five members of the court. We count five in favor of keeping Roe."

McConchie considers it unlikely that any one case -- even a near-total ban on abortions -- would force the high court to reconsider the landmark decision before the justices are ready. Nor, he believes, is such a law necessary to get the Supreme Court's attention.

Performing an abortion in South Dakota would be a felony if the mother's life is not in danger, according to the law, which declares that mother and fetus "each possess a natural and inalienable right to life." There is no exception for rape, although rape victims would be permitted to take morning-after contraceptives "prior to the time when a pregnancy could be determined through conventional medical testing."

Gov. Mike Rounds (R) signed the bill into law in March, declaring that the unborn are "the most helpless persons in our society." Architects of the law never really expected it to be implemented. Instead, they figured that it would be the subject of a lawsuit that would eventually make its way to the Supreme Court, where they hoped it would be upheld by the overturning of Roe v. Wade .

But instead of suing to block the law, opponents are using a 19th-century provision that allows voters to overrule the legislature by referendum. Meanwhile, the law is on hold.

In a socially conservative state of 775,000 residents who twice gave George W. Bush 60 percent of the vote, abortion defenders gathered more than 38,000 signatures -- more than twice the number necessary -- to place the measure on the ballot. Supporters drew on traditional abortion rights advocates, as well as Republicans who feel the legislature is too intrusive.

Also on the Nov. 7 ballot is a constitutional amendment that would define a marriage as being between a man and a woman while prohibiting the recognition of "civil unions, domestic partnerships or other quasi-marital relationships between two or more persons regardless of sex."

Seated on a park bench, reading "When Life and Beliefs Collide," insurance company employee Laurie Harsch said the unborn must be protected. Questioning the abortion rights advocates' contention that giving a woman a right to choose is more tolerant and moral, she asked whether tolerance is always moral.

"There were people in Germany who were tolerant of what Hitler did to the Jews," said Harsch, a born-again Christian and mother of three. "I understand the people who say, 'It's my body. I can do what I want.' But I don't believe it's only their body."

Meanwhile, the abortion issue proved potent in the state's June primary. Conservative Republicans defeated four GOP state senators who had voted against the ban. One defeated incumbent later became a Democrat, and another endorsed a Democrat for the November elections.

Indeed, party labels offer only limited help in identifying opinions on abortion here. In the state House, where HB 1215 was approved 50 to 18, the primary sponsor was Hunt, a Republican. In the state Senate, where the vote was 23 to 12, the chief sponsor was Julie Bartling, a Democrat.

NARAL named Republican state Rep. Casey Murschel as its statewide executive director. Jan Nicolay, a leading spokeswoman for an abortion rights coalition called the South Dakota Campaign for Healthy Families, spent 14 years as a Republican state lawmaker before quitting the party.

"I have never had an experience like this. There's an intensity," said Nicolay. "It's an issue that most people weren't talking about, and are now doing so."

The state's lone clinic, run by Planned Parenthood in Sioux Falls, is open one day a week, when a doctor flies in from Minnesota -- the organization could not find a South Dakotan willing to do elective abortions. State figures show that 814 abortions were performed in South Dakota in 2004.

A sign on the outside of the secure one-story building proclaims in bold letters: "These Doors Will Stay Open!"

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A recent Mason-Dixon poll suggested that they just may. Forty-seven percent of 800 respondents said they opposed the ban, while 39 percent said they supported it. If the law had included an exception for rape and incest, the poll found, 59 percent would have favored it, with 29 percent opposed.

"If they put in an exception for rape and incest, the ban would pass, but leaving it out, they showed who they are," said Jean Beddow, a former state legislator who hosted a recent party to rally abortion rights forces. "If we lose it this fall, we're going to be in court."

When Schools Silence God Talk (USAT)

USA Today, August 28, 2006

Every year, the Frenchtown Elementary School in New Jersey presents an after-school talent show, open to kids from kindergarten through eighth grade. The performers can choose to play an instrument, dance, create a skit or select a song.

This past school year, a second-grader decided to sing Awesome God. But during rehearsal, the teacher in charge, on hearing the title and lyrics, told the child that principal Joyce Brennan would have to approve that song. Brennan contacted the attorney for the school district.

INDEX: Focus on faith

Brennan then explained in a letter to the child's mother that the song was "inappropriate for a school-run event with a captive audience of, in many cases, quite young children because of its religious content."

Accordingly, a lawsuit has been filed in the chronic civil war in our public schools between the First Amendment's Establishment Clause and its Free Exercise of Religion requirement. The case landed in U.S. District Court in New Jersey.

With schools opening around the country, it's unfortunate that many principals and school boards are not educated on the meaning of the Establishment Clause — which can be violated, for example, if a principal asks a priest, rabbi or minister to speak at commencement exercises, thereby officially favoring that form of religion, or any specific form of religion.

Such behavior would appropriately be regarded as a "state action." But under the Free Exercise Clause, a student can express his or her personal religious beliefs in an assignment or as a valedictorian.

A child's right, not a school's choice

In the Frenchtown Elementary School's case, the American Civil Liberties Union of New Jersey is supporting the child plaintiff. Attorney Jennifer Klear, who took the case on behalf of the ACLU, filed a brief to the court. In it, she made the essential — and to me, obvious — point that it was the child who chose the song, not the school.

So there was no violation of the Establishment Clause by removing the "wall" of separation between church and state. Ironically, the school's guidelines for the talent show mandated only that everything in the performances be G-rated. There were no other restrictions, nor was there a "captive audience" because students were not required to attend.

But the school district's lawyer recoiled at the song's religious content, and the principal explained that the song was the equivalent of a prayer. As this second-grader is discovering how embattled the First Amendment can be, the case is still in the courts.

In another lawsuit, an ACLU affiliate in Nevada has taken the side of school authorities, banishing certain religious speech. In June, during high school graduation exercises at Foothill High School in Henderson, Nev., valedictorian Brittany McComb was reading her address when, suddenly, school officials cut off the microphone.

The audience was spared her presumably infectious references to God, "the Lord," and a mention of Christ. According to Clark County school district officials, while school events may include religious references, proselytizing is forbidden.

Agreeing, Allen Lichtenstein, general counsel for the ACLU of Nevada, said in the Las Vegas Review-Journal: "There should be no controversy here. It's important for people to understand that a student was given a school-sponsored forum ... in essence, it was a school-sponsored speech," thereby violating the Establishment Clause because of "her proselytizing."

"People aren't stupid," the admirably clear-headed McComb told the Review-Journal, "and they know we have freedom of speech, and the district wasn't advocating my ideas. ... I went through four years of school at Foothill and they taught me logic and they taught me freedom of speech. God's the biggest part of my life. Just like other valedictorians thank their parents, I wanted to thank my lord and savior."

How did the school authorities know at what point the forbidden words would be spoken? At Foothill High, as at most high schools around the country, valedictorians are subject to what the courts call "prior restraint" of speeches. School officials preview the remarks, and McComb was ordered to strike those prohibited words.

Refusing, McComb explained why she rebelled against authority for the first time. Having graduated with a 4.7 GPA, McComb — who was planning at the time to study journalism at Biola University, a private Christian school in La Mirada, Calif. — emphasized that she was saying what she believes: "The district wasn't advocating my ideas."

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In her lawsuit against the district, McComb is represented by what I consider one of the premier civil liberties organizations in the country, the Rutherford Institute in Charlottesville, Va. Says founder John Whitehead of his client: "She has a constitutional right — like any other student — to freely speak about the factors that contributed to her success."

So why are two ACLU affiliates at odds on the kinds of religious speech protected by the First Amendment? Because the national ACLU puts forth an ambiguous and sometimes misinformed policy on such issues. For example, the ACLU has in numerous cases backed efforts to expunge crosses from city seals — even if the cross dated to the founding of a city, when religion played a vital role. Citing history is not a violation of the Establishment Clause, nor is it proselytizing.

In need of an education

What's unfortunate is that every school year, these unreasonable restrictions of free speech come to the fore in this country simply because educators — and, for that matter, some ACLU chapters — don't have a clear understanding of the First Amendment.

In 1994, I was reporting in Murfreesboro, Tenn., on another high school valedictorian, Kathryn Sinclair, who on principle defied another prior restraint gag rule: She told the principal of Riverdale High School that prior restraint violated the First Amendment. She gave her address without interruption but was reviled by many of her fellow students and some faculty because the resultant publicity "made the school look bad," as Sinclair put it.

When her ordeal — and it was an ordeal — was over, Sinclair asked me: "Why don't schools teach why we are Americans?" And then she stated an unfortunate truth: "So few people know."

Nat Hentoff is an authority on First Amendment issues, student rights and education.

ANTITRUST:

GE's Water Unit Remains Stagnant As It Struggles To Integrate Acquisitions (WSJ)

By Kathryn Kranhold

The Wall Street Journal, August 28, 2006

Shortly after taking over as chief executive of General Electric Co. in 2001, Jeffrey Immelt plunged the conglomerate into the water-treatment business. GE has since spent nearly $4 billion acquiring four companies, prompting executives to boast that the water unit could reach $10 billion in annual revenue within a decade.

But Mr. Immelt's initiative hasn't lived up to expectations. The unit's biggest business -- selling chemicals -- faces tough price competition, and multimillion-dollar projects to build water-desalination and reuse plants haven't materialized. The water unit has reduced financial projections; the current target of around $2 billion in sales this year roughly equals the combined revenue of the companies GE bought. Some employees have been laid off, and Mr. Immelt earlier this year replaced his handpicked head of the water unit.

The turbulence highlights GE's challenge in entering a new $400 billion market by building a business from scratch against global competitors such as Danaher Corp., ITT Corp., Siemens AG of Germany and, in Spain, both OHL Group's Inima and Abengoa Group's Befesa.

"Are we happy with all of the performance of the business so far? No," says Mr. Immelt. "Over the next five years and into the future, this is going to be a great part of the GE portfolio."

GE is struggling to meld thousands of employees from competing cultures with its own emphasis on strict processes and financial rigor. In one shift, more than 2,000 engineers who had made careers peddling chemicals for treating water at oil refineries and power plants were retrained to sell expensive equipment.

"We probably moved quicker than we should have in some areas," says Mr. Immelt, adding that training has taken longer than expected.

Creating a business through multiple large acquisitions is an unusual strategy for GE, says management consultant Ron Ashkenas, a managing partner with consulting firm Robert Schaffer & Associates. Dr. Ashkenas, who has written books about GE, says the company typically enters a new market by carving a smaller business from a larger one, then bolting on small companies. "In most cases, they know something about the market and the dynamics, and here they don't," he says.

Mr. Immelt acknowledges that GE is behind in integrating the acquisitions and reaching financial targets. In May, Mr. Immelt reduced the unit's estimated operating profit for the year to $200 million, from an initial $400 million. Some analysts doubt that GE will hit the lower number. In the first half of the year, they estimate the unit recorded $40 million in operating profit. For next year, GE has lowered its revenue target by 10% to $2.5 billion from $2.8 billion.

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The difficulties at the water unit also show how tough it is for Mr. Immelt, who is now five years into his job, to move the needle on a 126-year-old company that expects $163 billion in revenue this year. Water is one of five new businesses that Mr. Immelt, who took over in September 2001, touts as platforms for long-term growth. The others are Hispanic television, security equipment, health-care information technology and oil-and-gas services.

Looking to turn the division around, Mr. Immelt moved aside GE veteran George Oliver, whom he had chosen to launch the water business in 2002. Colleagues were surprised by Mr. Oliver's departure, shortly after he led a sales-strategy session in Cancun in January. Mr. Oliver, now at Tyco International Ltd., declined to comment.

His replacement is Jeff Garwood, a 44-year-old chemical engineer who joined GE in 1992 and had been leading the factory-automation unit after stints in GE's plastics and aircraft-engine units. He also left briefly for two dot-com companies. Mr. Garwood started his career running a water plant in Victoria, Texas, for DuPont Co., and then worked for consulting firm McKinsey & Co.

Even before Mr. Garwood arrived, GE had tapped McKinsey to help the water unit refine its strategy. The unit has eliminated jobs, primarily in the U.S., reducing the number of district managers to 28, from 95, for example. Overall, Mr. Garwood says less than 5% of the unit's employees have been let go since 2000. Mr. Garwood describes his task as "a difficult evolution."

The market is attractive: GE is eyeing a $50 billion slice of the global water market, including treating water for power plants and building and running desalination and waste-water plants. Key to the reorganization, Mr. Garwood says, is a new sales and marketing structure introduced in the spring that primarily divides the sales team geographically. Within each region, one sales team now scouts new opportunities.

Most of the salespeople -- more than 1,500 engineers -- have been retrained to sell the unit's entire portfolio, from chemicals to equipment that removes salt and debris from water. Another group handles specific issues in industries including dairy products, electronics and health care.

As evidence the changes are paying off, GE says it recently won an $11 million contract to supply a Ukrainian fertilizer plant with a suite of products such as filtration systems and chemicals.

Mr. Garwood says GE is looking at more than $3 billion in opportunities to build, own and operate facilities around the globe. In some cases, GE will sell its equipment. In others, the water unit, working with GE's financial-services group, will secure an ownership stake in projects for GE, creating a revenue stream. "That's a big opportunity for us," Mr. Garwood says, noting that it is 10% of the water business now.

But those big projects are hard to come by and often mired in politics. Last year, GE said it planned to take a stake in at least two major projects a year. Since then, GE has announced only one such deal -- 70% ownership of a plant in Algiers.

A project GE inherited in the Caribbean nation of Trinidad and Tobago exemplifies the pitfalls. GE acquired a 40% stake in a desalination plant there in early 2005 by buying Ionics Inc. The Trinidadian government, which now opposes the plant, claims that Ionics's partner, a local contractor, committed fraud to win the contract for the plant. (A lawyer for the contractor denies the claim.) The government wants to renegotiate the 23-year deal to buy water from the plant, considered the largest of its kind in the Western Hemisphere,according to officials familiar with the matter.

Analysts expect GE to win its share of projects eventually. "They are the new kids on the block," says Debra Coy, a senior analyst with Stanford Washington Research Group, an investment and advisory firm. "GE is very sophisticated in terms of international energy projects. The water market is different. They've had to figure it out step by step."

And, like Mr. Immelt, analysts say GE has the finances to back big projects and has acquired top-notch water technology.

"There's nothing that I've seen that says this is not a good market for the company," Mr Immelt says. "We think we've got some of the best technologies in the industry."

Italian Banks Intesa And Sanpaolo Agree To Merge (WSJ)

By Edward Taylor In Frankfurt And Gabriel Kahn In Rome

The Wall Street Journal, August 28, 2006

By merging Italy's Banca Intesa SpA and Sanpaolo IMI SpA, the architects of the deal aim to create a player with enough heft to be a driver in European banking consolidation.

Saturday, the boards of the banks agreed to the terms of a merger, valued at about €29.43 billion ($37.54 billion). The deal would catapult the two midsize national players into a bank with a market capitalization of around €60 billion that would likely rank No. 4 in the euro zone. However, in cases of domestic megamergers like this one, success hinges on whether Intesa, of Milan, and Sanpaolo, of Turin, can achieve the promised savings and synergies, and in particular whether they can deliver on job reductions, which could be as high as 10% of total staff.

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Under terms of the deal, which is to be put to shareholders for approval at extraordinary meetings in December, Intesa is offering 3.115 of its shares for every Sanpaolo share.

The transaction comes at a time when cross-border banking deals throughout Europe have been on a sharp rise and shortly after foreign players such as ABN Amro Holding NV of the Netherlands and France's BNP Paribas SA took control of a pair of midsize Italian banks, adding to competitive pressure in one of Europe's most lucrative banking markets.

Foreign entrants are upping the ante in one of Europe's most fragmented and, until recently, sheltered banking markets. Pressure to become more competitive has risen since Mario Draghi took over as Bank of Italy governor from Antonio Fazio. Mr. Draghi is seen as someone who takes a more open-market view to cross-border deals than his predecessor, who had hindered foreign takeovers of Italian banks.

The architects of the Intesa-Sanpaolo merger, which would be the largest domestic banking merger in Europe in a decade, said they see the deal as a first step in creating a bank that is much better positioned to compete in further consolidation across the Continent. That wasn't possible when the two operated separately. They both lacked sufficient size and were hampered by shareholders who didn't want to see their influence diluted through an expensive acquisition.

The combined entity stands to control roughly 20% of Italy's retail-banking market. That would give it a strong position in the domestic market and enough free cash flow to focus attention abroad.

A person involved in the negotiations said the new bank could begin to look for acquisitions as early as a year from now. Advisers and executives who worked on the deal stressed that any foreign acquisition would only follow a successful integration of the two banks.

On its own terms, that integration could prove very lucrative. Domestic in-market acquisitions generate almost double the economic value added that cross-border transactions do, according to a study on European banking consolidation by Keefe, Bruyette & Woods. Joining two local players can help save 21% of the target's cost base.

However, the success of any domestic merger depends on the banks' being able to eke out those savings.

The executives of the two banks said they plan to find about €1.3 billion in cost savings by 2009, achieved by measures such as integrating information technology. They predicted that combining operations would result in annual net-profit growth of 13% and would achieve net profit of about €7 billion by 2009. The merger would result in a pretax charge of €1.5 billion, the banks said.

The savings targets are in line with those for other European domestic merger deals, said Marcello Zanardo, an analyst in London with Keefe Bruyette. Achieving those savings often requires significant work-force reductions, something difficult to carry out under Italy's strict labor laws.

Executives gave no details about potential layoffs following Saturday's meetings. An adviser who worked on the deal said there were no plans for layoffs in the banks' retail networks.

Mr. Zanardo said cost-savings targets imply that around 10,000 employees -- about 10% of the overall work force -- will leave. Forced layoffs are extremely difficult in Italy because of restrictive labor laws, but staff reductions are possible through the sale of bank branches to competitors and because of the agreed sale by law of the tax-collection activities, which employ more than 3,000.

Still, the lack of clarity about how these reductions could be achieved sparked some skepticism among industry analysts. "Achieving cost savings is ultimately a matter of layoffs, and flexibility on this is limited in Italy," Citigroup wrote in a research note last week.

Yesterday, unions representing bank workers demanded a meeting with the management of the two banks and declared that they were opposed to any plan that included forced layoffs.

Under the merger terms, the new, and as yet unnamed, bank will have Banca Intesa Chief Executive Officer Corrado Passera as its chief executive. Intesa Chairman Giovanni Bazoli will head a supervisory board, while Sanpaolo Chairman Enrico Salza will head a management board.

Shares in Sanpaolo closed Friday almost 3% higher at €16.05, while Intesa shares closed 0.5% higher at €5.05. Crédit Agricole SA, of France, which wields veto power over the deal as the largest player in Intesa's shareholder pact, has cautiously backed the terms of the plan. In a statement Saturday, the French bank said final approval was "subject to reaching an agreement which safeguards and enhances the value of Crédit Agricole's strategic interests in the Italian market."

A person close to Crédit Agricole said the French lender remains prepared to exercise its veto power as negotiations continue. Mr. Bazoli called Crédit Agricole's conditions "reasonable," adding that the deal would include "solutions to best protect their strategic interests."

California Epiphany (WSJ)

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The Wall Street Journal, August 28, 2006

How much competition is there in U.S. telecommunications? So much that even California regulators have finally noticed. Last week the state's Public Utilities Commission voted 5-0 to lift decades-old price controls on land-line phone companies.

The move was instigated by Rachelle Chong, who was appointed to the Commission in January by Governor Arnold Schwarzenegger. According to a Los Angeles Times report, this is the first time in 18 years that California has altered its rate structure. Think about all that has happened in telecom in the past two decades, from the proliferation of wireless devices to Internet telephony, and you get some idea of how far past due these changes were.

Other states, including Texas, Florida, Indiana, Colorado and Massachusetts, have eased their anti-competitive price controls in recent years, but the decision to do so by the nation's largest state is still significant. "The California Public Utility Commission is used by Commissions in other states as a standard," says Barry Aarons, who follows telecom at the Institute for Policy Innovation. "They reason, 'If California is willing to do this, we shouldn't be scared to do it ourselves.'"

It's unfortunate that the Commission felt the need to delay matters by locking residential retail rates in place until 2009, thus dampening the incentive for AT&T, Verizon and others to continue building advanced networks. But the temporary rate freeze was probably the political price for passing broader structural reform in a state not exactly known for its deregulatory instincts.

The good news is that these state regulators have finally acknowledged that competition in telecom abounds, that free-markets work, and that holding residential phone bills below actual cost is silly in today's brave new telecom world. The other good news is that if even California regulators can come to this realization, anyone can.

ENVIRONMENT:

BP Chief Faces Court Appearance (FT)

By Sheila Mcnulty In Houston

Financial Times, August 28, 2006

A Texas judge is to decide on Monday whether to compel Lord Browne, BP's chief executive, to be formally questioned before a court to decide claims against the UK oil giant arising from last year's fatal refinery explosion.

BP has refused a request by the plaintiff's attorney, Brent Coon, to question Lord Browne, forcing the decision into the court's hands.

"We are opposing the request because Lord Browne has no unique knowledge of the incident that is not available from other people within BP,'' a spokesman for BP said. "The head of BP's worldwide refining operations has participated in the discovery process," referring to the questioning of potential witnesses ahead of a US trial.

That "discovery process'' led Michael Hoffman, BP's group vice-president for global refining, to reveal the company is conducting an internal investigation, reaching up into its executive level, to determine whether to take further disciplinary action for the accident, which killed 15 and injured an estimated 500 at BP's biggest refinery.

More than a year and a half after the blast, Mr Hoffman said in a videotaped deposition that he was also being scrutinised in the probe. A transcript of the deposition, taken this month by the plaintiff's attorney in the civil case against BP that arose from the blast, was seen by the Financial Times.

The US Department of Labor found more than 300 health and safety violations at the refinery and fined BP a maximum allowable $21m before referring the explosion to the Justice Department for possible "criminal action". A grand jury is debating whether to bring charges against BP and/or its executives.

In preparation, the plaintiffs pressed Mr Hoffman to reveal that John Manzoni, BP's chief executive for refining and marketing, had chosen Wilhelm Bonse-Geuking, group vice-president of BP to investigate "whether or not there should be further disciplinary action . . . in the chain of command".

He said Patrick Gower, refining vice-president for BP's US region, and he believed Kathleen Lucas, Texas City operations manager, had also been interviewed.

The transcript of a videotaped deposition by Mr Gower, a copy of which also was obtained by the FT, reveals him saying he had learned in the month or two before his May deposition that he was being investigated.

Mr Gower said Don Parus, the refinery manager who has been on leave since the explosion, Ms Lucas and Willie Willis, an employee at the Texas City plant, were also being probed.

A BP spokesman, declined to confirm the probe. "As a matter of policy, we don't comment on personnel matters,'' he said. While BP has settled most of the claims arising from the blast, Mr Coon has more than 100 cases he is to take to trial on September 16.

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Pollution In The Water, Lawsuits In The Air (WP)

By Juliet Eilperin

The Washington Post, August 28, 2006

TAHLEQUAH, Okla. -- Every time the rain comes down, muddy water laden with phosphorus, arsenic and other contaminants flows into the Illinois River from chicken farms nearby and just across the border in Arkansas.

The inflow of nutrients has begun to change the river and the reservoir it feeds, Tenkiller Ferry Lake. At times the water is clogged with fish-killing algae, occasionally emitting a foul odor that affects the drinking water and undercuts the area's attraction as a tourist destination.

"This river used to be crystal clear," recalled Ed Brocksmith, a member of the Oklahoma Scenic Rivers Commission. "Phosphorus is the problem here."

Frustrated that nearly four years of talks failed to produce a solution, Oklahoma is now suing eight firms -- including Arkansas giant Tyson Foods Inc. -- on the grounds that the chicken waste applied to crops near the river contains hazardous chemicals that are damaging the ecosystem and jeopardizing the region's tourist industry.

"They're not fertilizing, they're dumping," said Drew Edmondson, an Oklahoma lawyer who filed the suit last year. "My concern is for the environment. My concern is for the lake and the river, which I'm watching being degraded before my eyes, literally."

Across the country, states and localities are suing polluters outside their jurisdiction, and sometimes each other, in efforts to curb air and water contamination that respects no borders. They say they are forced to act because Congress and the Bush administration have failed to crack down on everything from storm water runoff to dumping of invasive aquatic species.

In some cases, there is little in the way of federal law or regulation. This is the case with the factory farms in Arkansas and Oklahoma. The administration is still sorting through which regulations apply to poultry, dairy and hog farmers, and existing rules don't apply to those who buy the waste for fertilizer. And some lawmakers, such as Rep. Ralph M. Hall (R-Tex.), are lobbying to permanently exempt these industries from even minimal federal oversight.

Other times the administration has blessed activities in one state that another state opposes: Virginia -- over Kentucky's objections -- plans to allow a strip mining company to discharge more than a billion gallons of briny water into a river just eight miles from where it flows into Kentucky.

In others instances, the Bush administration has declined to take action, such as the Environmental Protection Agency's decision not to regulate ballast water from freighters that release invasive species into waterways.

Joel A. Mintz, an environmental law professor at Nova Southeastern University in Miami, said he has noticed an increase in such cases. "The [state attorneys general] have gotten aggressive in the last couple of years," Mintz said. "It's a little hotter now."

EPA spokeswoman Jessica Emond said the agency works hard to monitor all pollution.

"EPA is committed to protecting public health and the environment by coordinating closely with its 10 regional offices to implement environmental laws at the state and regional levels," she said. "In addition, EPA solicits and takes into consideration comments submitted by state and local governments when developing national rules and regulations."

But New York Attorney General Eliot L. Spitzer, who has sued EPA over its aquatic species policy as well as air pollution rules, said the flurry of legal activity reflects "the lack of enforcement" by the administration.

"It's more than a trend, it's an ideological decision that's been made by the Bush administration," Spitzer said. "Into that void we have stepped in to enforce the law."

In many cases, state lawyers say out-of-state pollution jeopardizes their tourist industry. Kentucky Assistant Attorney General Scott Porter, for example, argues that Virginia's proposal to let Consolidation Coal Co. release water from its mining operations could damage Fishtrap Lake, a reservoir filled with bass and catfish that attracts tens of thousands of visitors a year.

Porter's office is weighing whether to sue Virginia. "We will take every available method we have to protect the waters of Kentucky."

Leslie Vincent, chief engineer of Virginia's Division of Mined Land Reclamation, said Virginia is aware of Kentucky's concerns but believes the plan's requirement for mixing the discharge with cleaner water should keep levels of harmful chloride to an acceptable level. "It should not be an adverse impact," Vincent said.

In Arkansas, poultry farmers see the Oklahoma lawsuit as a threat to their livelihoods. Keith Morgan, who raises 178,000 chickens at a time for Arkansas-based Peterson Farms, said he and other producers make a profit selling their waste as fertilizer and cannot afford to truck it out of the million-acre watershed.

No one questions that Tenkiller Ferry Lake and the Illinois River -- which travelers in 1870 described as "one of the prettiest rivers on the continent, sparkling with crystal waters" -- are being flooded with nutrients. The lake and river remain a popular

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tourist site that generates at least $42 million a year in revenue: Last week, Adam Visor and his friend Jordan Hebert drove three hours from Oklahoma City to fish for smallmouth bass along the river's banks.

Edmondson and allies such as Brocksmith say a significant amount of the pollution comes from the 200,000 tons of chicken litter -- waste and shavings that fill poultry houses stretching the length of nearly two football fields -- that more than 2,800 farmers in Arkansas and Oklahoma buy and apply to their crops.

Poultry officials counter that western Arkansas towns such as Bentonville and Fayetteville are also to blame for the river's pollution, since they rank among the fastest-growing in the nation and generate their own runoff. John Elrod, a partner at the Arkansas firm of Conner and Winters, who represents Simmons Foods, said the industry is willing to help Oklahoma but will not fold under legal pressure.

"Our attitude all along has been if you need someone to help with this problem, we're going to be standing at the front of the line, but if you're going to file a lawsuit against us, it's going to be an all-day affair," Elrod said.

Oklahoma's lawsuit could drag on for years. The outside lawyers that Edmondson retained stand to get a third of any eventual settlement or court award, along with attorney's fees; the defendants have hired a phalanx of attorneys from the District, as well as Arkansas and Oklahoma.

The public relations fight is equally intense. An advocacy group called "Save The Illinois River" has printed baseball caps and tie-dyed T-shirts with the slogan, "Fed Up With All The Arkansas Chicken Poop!" and plans to release a CD of songs paying homage to the river. The poultry industry has responded in Oklahoma with a massive television and radio ad campaign touting the virtues of "organic" chicken litter, and it recently donated $1 million to the state's Scenic Rivers Commission to improve recreational facilities.

"Oklahoma should be saying thank you to Arkansas for providing this kind of income to one of the poorest areas in the nation," said Bev Saunders, who raises chickens on her 540-acre Oklahoma farm.

But Edmondson -- who does not blame the administration but faults Congress for failing to pass a broader law regulating poultry waste -- is pressing ahead.

Some have succeeded with such litigation. In Texas, Waco officials sued after city drinking water became polluted by more than a dozen out-of-town dairy farms dumping waste into the North Bosque River. Eventually, Waco reached a series of settlements, including an agreement to monitor the river's water quality for two years and a pledge by the dairies to make sure any new cows they acquire will not worsen the area's water pollution.

Spitzer has scored some legal victories over the Bush administration, but he acknowledged there are limits to pursuing environmental goals through litigation.

"Long term, states cannot supplant the role of the federal government in addressing these issues," he said.

'Tastes Just Like Vodka' (WT/AP)

By Amy Lorentzen

The Washington Times, August 28, 2006

AMES, Iowa -- Now that ethanol has become common in gas tanks, two Iowa State University professors are working to get it into martini glasses.

The professors are researching how to easily, and cheaply, turn fuel ethanol into food-grade alcohol for beverages, pharmaceuticals and personal care products.

"We will be taking relatively abundant and cheap fuel ethanol and, for a very small amount [of money], adding a lot of value to it," said Jacek Koziel, an assistant professor of agricultural and biosystems engineering.

He said the research is focused on perfecting technologies that purify fuel ethanol, a grain alcohol most often made from corn and used as a gasoline additive. Like beverage alcohol, fuel ethanol is yeast-fermented and then distilled. However, it has many more impurities that must be removed, Mr. Koziel said.

"We are trying to fine-tune, so to speak, the process of alcohol purification," he said.

Why find another use for ethanol at a time when demand for the fuel has skyrocketed?

Because although the demand for fuel ethanol could wane if the automotive industry embraces other technology, "the demand for liquor and mouthwashes and cough syrups will always be there," said Hans van Leeuwen, a civil, construction and environmental engineering professor who is working with Mr. Koziel on the project.

"We're really just looking at a process improvement here that will save a lot of money," said Mr. van Leeuwen, who also serves as vice president of Cedar Rapids-based MellO3z, a company that has created a process for purifying alcoholic beverages.

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Monte Shaw, a spokesman for the Iowa Renewable Fuels Association, said the future of food-grade alcohol produced from fuel ethanol depends on its profitability. Right now, ethanol used in gasoline blends is in demand, but as more plants are built and production climbs, producers could take advantage of extra capacity and turn food-grade ethanol into a premium business, he said.

"So today that interest probably isn't as high, but we've got a lot of production coming on line," Mr. Shaw said Thursday as he drove to a groundbreaking of an ethanol plant in St. Ansgar, Iowa. "It's not unreasonable to assume some time in the future that something like this might be very attractive."

Preliminary work on the effort began last year, and the 1½-year project -- which uses ozone gas and a carbon-filtration process -- recently began. Funding comes from a $79,900 grant from the state's Grow Iowa Values Fund, with matching dollars and materials from industry sponsors and specialists.

Iowa, the nation's top corn grower, has become a leader in the ethanol industry, with 25 plants producing about 1.6 billion gallons this year and eight plants under construction or expansion, according to the Iowa Renewable Fuels Association.

The key to the effort is price.

Mr. van Leeuwen said the multiple distillations needed to make food-grade alcohol raise production costs by about 50 cents per gallon more than it costs to make ethanol. The system the Iowa State team is working on aims to put purifying costs at less than a penny per gallon, he said, adding that retrofitting the purification process would cost little for ethanol plants.

"It's the type of thing that will pay for itself over and over within a year," Mr. van Leeuwen said.

Mr. Koziel said there are many potential applications for the product.

"It's not just necessarily the consumer of liquor-type alcohol" who benefits, he said. "It could be used for all sorts of other consumer products ... everywhere where food-grade alcohol could be put to use."

But for those who like their liquor, Mr. van Leeuwen said the food-grade ethanol "tastes just like vodka," although the 190-proof product must be diluted. He said he has hosted one tasting panel with positive results, and he plans another after further research.

The Iowa State scientists are using two purification technologies for their system. The first part involves bubbling ozone gas through the fuel ethanol to remove impurities and to form new compounds, which are then filtered through granular-activated carbon to absorb remaining impurities.

A patent for the process is pending.

Mr. van Leeuwen said he has used the process to treat wastewater with success, and he expects fine results for food-grade alcohol.

"I have little doubt that it will work," he said.

Malaria Kills Millions -- We Have The Cure (WSJ)

WSJ – Coburn letter, August 28, 2006

Impoverished Africans should be grateful to philanthropist Lance Laifer for his effective outreach to reduce the tragic, needless toll of malaria in sub-Saharan Africa ("Malaria's Toll" by Jason Riley, editorial page, Aug. 21). For his attempt to focus complacent Americans, Mr. Riley also deserves thanks -- such clarity is obviously desperately needed, as even with all the publicity accorded to the ravages of malaria, someone as educated and intelligent as Mr. Laifer remained blithely unaware of this scourge until last year.

Both Mr. Laifer and Mr. Riley note the lack of attention given by official organizations to the more widespread use of DDT as a malaria control method, despite its long and honorable history for this use. Even with his money and other resources, Mr. Laifer has been unable to persuade Africans to utilize DDT. African exporters legitimately fear economic repercussions from wealthy Western trading partners, who continue to demonize this lifesaving insecticide despite the lack of evidence of DDT's adverse health effects in humans.

And where is the Gates Foundation's massive resources in this ongoing struggle to save a half-billion from sickness and millions from death? This organization asserts its devotion to reducing the toll of TB, AIDS and malaria -- yet none of its funding is aimed toward the cheapest and most effective way to deal with malaria: increased indoor spraying with DDT. Maybe Warren Buffett can persuade his friends Bill and Melinda to target their contributions where they will do the most good, in the shortest time, for the most people. Malaria vaccines are many years away -- DDT works in weeks or months.

Gilbert Ross M.D.
Executive and Medical Director
American Council on Science and Health
New York

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Jason Riley correctly highlights the human and economic catastrophe that is malaria. Privately funded endeavors described by Mr. Riley are critical to saving lives around the world and I welcome and encourage more private and innovative philanthropy. Americans are also supporting billions of dollars of publicly funded anti-malaria programs through both bilateral programs and multilateral programs. Those concerned about children and pregnant moms suffering and dying from malaria should expect that agencies spending U.S. dollars will achieve results, as measured by reductions in deaths and sickness.

Congress and President Bush have worked together to ensure improved measurement of malaria control programs and greater accountability and transparency in these programs. As a result of congressional demands for "sunshine," the U.S. Agency for International Development (USAID) malaria budget was exposed as diluted and ineffective. That transparency led to encouraging reforms. President Bush and USAID should now be commended for running a program that is both transparent and strategic, including the dramatic redirection of funds to effective malaria prevention programs, such as indoor spraying with insecticides and effective new malaria therapies.

However, challenges remain at other major development agencies, such as the World Bank, which receives $1 billion from U.S. taxpayers and has been criticized by malaria scientists for its failing malaria programs. Americans also contribute more than $5 billion annually to the U.N. system, including UNICEF and the World Health Organization (WHO). The WHO has new leadership on malaria, Dr. Arata Kochi, who is finally making key reforms to that troubled and failing program. But his encouraging start could be threatened by entrenched resistance to change in many quarters of the Geneva bureaucracy.

Tom Coburn, M.D. (R., Okla.)

Chairman

Subcommittee on Federal Financial Management, Government Information and International Security

Senate Committee on Homeland Security and Governmental Affairs

Washington

There Was a Time When Saddam Was 'Our' Thug

Your Aug. 23 editorial "Saddam's WMD," arguing that "the habit of American liberals is to deplore the thugs of the world from afar but then never doing anything about it," warrants the addition of a little history.

In 1979 President Jimmy Carter had severed diplomatic relations with Saddam Hussein's Iraq and put it on a list of "terrorist nations," which prohibited the sale to Iraq of many U.S. made goods that could strengthen Iraq militarily. Remarkably, in late 1983 none other than Donald Rumsfeld journeyed to Baghdad to pay court to Saddam Hussein on behalf of President Reagan, to re-establish diplomatic relations with the "thug." It happened after it had become widely known that Saddam had used poison gas on Iranian troops. Soon the thug of Iraq enjoyed once again a brisk business with American firms, some of which supplied him with high-tech equipment and other materials of potential dual civilian-military use.

As the Washington Times (Oct. 1, 2002) reported, the U.S. Centers of Disease Control even supplied Iraq with "strains of all the germs Iraq used to make weapons, including anthrax, the bacteria that make botulinum toxin and the germs that cause gas gangrene." Even after Saddam had used poison gas on his own people in the late 1980s, the U.S. kindly guaranteed a $4 billion "agricultural" loan extended to Iraq by Italy's Banco de Lavoro.

Finally, as neoconservatives Lawrence Kaplan and William Kristol lamented in a Jan. 20, 2003, Journal editorial-page commentary, after President George H.W. Bush had called Saddam Hussein "worse than Hitler" and shortly after he had encouraged the Shia to rise up against Saddam, the elder Bush and his advisers (then Secretary of Defense Dick Cheney among them) thought the better of it. They abandoned the hapless Shia to Saddam's murderous fury, because on second thought they preferred "stability" in Iraq under Saddam to what Secretary Cheney then presciently predicted, on an ABC This Week program in 1991, would happen in Iraq if U.S. troops ever entered Iraq: "civil war," with U.S. troops caught in a "quagmire."

The truth is that, over the years, administrations of both parties have been cozy with often ruthless and thuggish dictators that suited U.S. foreign policy. Indeed, chances are that Iraq eventually will become "stabilized," not under a truly democratic government, but under the government of a dictator of our choosing. Chances also are that this arrangement will have bipartisan support in Congress.

Uwe E. Reinhardt

James Madison Professor of Political Economy

Princeton University

Princeton, N.J.

Defined-Benefit Plans Reduce Risk of Poverty

We agree with your editorial "The Other Pension Crisis" (Aug. 18), stating that problems with public sector defined benefit pension plans, as in the case of San Diego, need to be addressed. Whether a defined-benefit or defined-contribution pension plan, in the public or private sectors, there is no excuse for mismanagement, corruption or inappropriate political influence.

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However, stating that "the long-term solution is for government to follow the private sector and wean public workers from the defined-benefit pension model to a defined-contribution plan where an individual worker owns and controls his own retirement investments" is an unsupported conclusion.

Defined-benefit plans, whether in the public or private sector, face some challenges, but they cost-effectively manage the risks people face in retirement. Because defined-benefit plans provide a guaranteed lifetime income, they reduce the chance that there will be future generations of poor, elderly retirees who have outlived their savings and subsist only on Social Security supplemented by charity.

Defined benefit plans are not the problem. Poorly written pension laws and regulations, combined with pension managers who have over-promised benefits or underfunded their pension obligations, have been the problem. Those responsible should be held accountable.

FBI/DEA/ATF/USMS:

Celebrated FBI Agent Will Retire Haunted By Those Who Got Away (WP)

By Allan Lengel

The Washington Post, August 28, 2006

Time is running out for FBI agent Brad Garrett, who helped solve the Starbucks slayings in the Georgetown area, helped persuade sniper Lee Boyd Malvo to confess and flew to Pakistan to help nab the man who gunned down two CIA workers outside the agency's headquarters in McLean.

One of the most renowned agents to work in the FBI's Washington field office, he will retire Thursday after 16 years in Washington and 21 years in all -- regretfully, he said, before he can solve some of his most famous cases. The mandatory retirement age is 57. He is 58, finishing up a one-year extension approved by the FBI director.

In recent weeks, Garrett has hardly acted like a guy winding things down. Even now, he holds out a measure of hope, conducting interviews, checking criminal records -- and hopping on a plane recently to track a possible lead in the slaying of Chandra Levy.

Besides the Levy killing, Garrett has his sights on solving the case of a Vietnamese woman and her 2 1/2 -year-old son slain in Fairfax County in 1995, possibly the victims of Asian organized crime. And the 1999 execution-style slaying in McLean of an Iraqi woman, her son and her husband, who was working on a food-for-oil deal with Iraq.

"It causes me a lot of anxiety," Garrett said. "Not that somebody else can't solve these cases. Of course they can. Cases become sort of part of you, and these kind of cases tend to do that more so because they are investigated for so many years."

Prone to dressing in black, Garrett looks more like a music mogul than an FBI agent. But beyond the hip, calm exterior is a former probation officer with a doctorate in criminology who has gained gushing admiration from co-workers and police detectives -- and even the grudging approval of some criminals he has caught.

"He's accomplished, confident, he's a very patient interviewer," said FBI agent Chuck Knowles. "He makes that connection with people, and they want to tell him their secrets."

Ronald H. Chavarro, Garrett's FBI supervisor, added: "He's empathetic, he's nonjudgmental, he's approachable. . . . They don't come any better than him.

"He had no interest in going into management; he's had no interest but investigating cases," Chavarro added. "That's been his passion."

Co-workers said that fervor has helped Garrett chalk up one confession after another, including that of Mir Aimal Kasi, a Pakistani who methodically fired an assault rifle into the car windows of CIA workers in 1993.

To coax that admission, Garrett and other agents first had to find Kasi, an odyssey that stretched across continents and 4 1/2 years.

On June 15, 1997, Garrett and three other FBI agents tracked Kasi to a seedy hotel in Pakistan, near the Afghanistan border. At 4 a.m., the FBI agents stood in the hall as an informant knocked on the door to wake Kasi for morning prayer. Words were exchanged in Urdu. Kasi unlocked the door, and the agents tackled him.

"He was screaming" so hard as the agents struggled to cuff him that they then gagged him, Garrett recalled. But he still wasn't sure they had the right guy. Kasi looked heavier than the shooter and had a beard. After the gag was removed, Kasi refused to give his name, instead hurling an expletive "in very clear, almost eloquent English."

"We laid him face down on the bed, and I had fingerprints with me in a bag and a fingerprint kit, so I took an ink pad and hit his thumb," Garrett said. Then Garrett took out a flashlight and a magnifying glass. The prints matched.

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On the plane ride back to the United States, Kasi confessed to the slayings.

"He was sort of straightforward about it, saying, 'Look, it's not right what the U.S. is doing in Muslim countries, and they're using the CIA to manipulate governments,' " Garrett said.

The two developed a relationship. They exchanged letters, and Garrett visited Kasi occasionally. Garrett also watched Kasi die from a lethal injection at a prison in Jarratt, Va., in November 2002 and remembered walking away feeling "a sort of hollowness. It completely drains you of energy, emotions."

"He understood I was doing my job," Garrett said. "He respected me because I treated him with respect."

Garrett got a confession from another infamous fugitive, Ramzi Yousef, the mastermind of the 1993 World Trade Center bombing, while in Pakistan during an earlier, unsuccessful hunt for Kasi.

In February 1995, Pakistani authorities were about to nab Yousef in an Islamabad guesthouse, and Garrett got a call to accompany them. After Garrett helped transport Yousef to a secure facility, the former fugitive confessed to the U.S. agent that he had directed the bombing.

Garrett, an ex-Marine who grew up in Indiana, joined the FBI in Nashville before moving to the Washington field office in 1990, where he became adept at criminal profiling and hostage negotiations and earned a reputation as a tireless investigator.

"He works on his cases 24-7," said retired FBI agent and friend Susan Lloyd. "If need be, there's no such thing as a weekend or a close of business."

In recent years, Garrett said, he has gotten better about not obsessing about his cases on his off time, and last year he married a federal prosecutor who worked on the Levy case.

Throughout his career, Garrett has navigated easily back and forth between international and local cases.

In 1997, a few weeks after capturing the CIA killer in Pakistan, Garrett was back home working the triple slaying at a Georgetown area Starbucks, which appeared to be a robbery that went bad.

He teamed up with Jim Trainum, a skilled D.C. police detective. They played good cop-bad cop with suspect Carl Cooper, with whom they had spoken but had not arrested. Cooper hated Trainum and talked of harming him.

But not Garrett.

"He ain't never disrespected me or my wife," Cooper said in a conversation that was taped secretly by investigators. "I kind of like" him, Cooper said, describing the agent as "cool."

In the end, after a cat-and-mouse game of more than a year, Cooper confessed. He was sentenced to life in prison without parole.

"We would have never solved the Starbucks case if it hadn't been for Brad Garrett's abilities and energy," Trainum said. "He taught me so much. He spoiled me. He's the person you want to have on every case."

In the summer of 2001, Garrett entered the Levy case, and shortly after the Washington area sniper suspects were arrested in October 2002, Garrett and a Fairfax County detective met with Lee Boyd Malvo.

"I couldn't get him to look at me," Garrett said. "He kept looking over the top of me."

So Garrett tried to engage the teenager. "We started talking about movies, the Mel Gibson movie 'We Were Soldiers,' " Garrett said. "And he eventually . . . said [that] as they were driving away from the shooting at Home Depot, they were watching 'We Were Soldiers' on a DVD in this car.

"The movie he latched [onto] the most was 'The Matrix,' and the only thing he would say about what had occurred was, 'It's all about 'The Matrix.' "

Then the teenager who had been taught how to shoot guns by John Allen Muhammad laid out the details of their deadly spree.

For all of Garrett's successes, other cases fill his brain, including the Levy case and the 1999 slayings of an Iraqi, Fuad K. Taima, his wife, Dorothy, and 16-year-old son, Leith.

But perhaps the one that haunts him most deeply is the killing of Kieuoanh Thi "Nina" Nguyen, 35, and her son Ryobi, 2. Mother and child were kidnapped from their Franconia home in November 1995. A ransom demand was made by phone from the home to the husband, who was in Vietnam on business, but no further contact was made.

About six months later, a fisherman found a trash can in a Springfield pond. Inside, the mother and son were bound and gagged, facing each other.

"It's an image you can't get out of your mind," Garrett said.

What does such a storied ex-FBI agent do for an encore? Garrett plans to start an investigative consulting business.

But he'll miss being an agent.

"There's a tremendous intensity working these cases," he said. "It becomes addictive to a certain extent. I'm sure for a period of time I'll feel a tremendous loss."

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California Seeks To Clear Hemp Of A Bad Name (NYT)

By Patricia Leigh Brown

The New York Times, August 28, 2006

STRATFORD, Calif. — Charles Meyer's politics are as steady and unswerving as the rows of pima cotton on his Central Valley farm. With his work-shirt blue eyes and flinty Clint Eastwood demeanor, he is staunchly in favor of the war in Iraq, against gun control and believes people unwilling to recite the Pledge of Allegiance should be kicked out of America, and fast.

But what gets him excited is the crop he sees as a potential windfall for California farmers: industrial hemp, or Cannabis sativa. The rapidly growing plant with a seemingly infinite variety of uses is against federal law to grow because of its association with its evil twin, marijuana.

"Industrial hemp is a wholesome product," said Mr. Meyer, 65, who says he has never worn tie-dye and professes a deep disdain for "dope."

"The fact we're not growing it is asinine," Mr. Meyer said.

Things could change if a measure passed by legislators in Sacramento and now on Gov. Arnold Schwarzenegger's desk becomes law. [The bill reached Mr. Schwarzenegger last week; he has 30 days to sign or veto it.]

Seven states have passed bills supporting the farming of industrial hemp; their strategy has been to try to get permission from the Drug Enforcement Administration to proceed.

But California is the first state that would directly challenge the federal ban, arguing that it does not need a D.E.A. permit, echoing the state's longstanding fight with the federal authorities over its legalization of medicinal marijuana. The hemp bill would require farmers who grow it to undergo crop testing to ensure their variety of cannabis is nonhallucinogenic; its authors say it has been carefully worded to avoid conflicting with the federal Controlled Substances Act.

But those efforts have not satisfied federal and state drug enforcement authorities, who argue that fields of industrial hemp would only serve as hiding places for illicit cannabis. The California Narcotic Officers Association opposes the bill, and a spokesman for the Office of National Drug Control Policy in Washington said the measure was unworkable.

Mr. Schwarzenegger, a Republican running for re-election, has been mum on his intentions, with the political calculus of hemp in California difficult to decipher. The bill was the handiwork of two very different lawmakers, Assemblyman Mark Leno, a San Francisco Democrat best known for attempting to legalize same-sex marriage, and Assemblyman Charles S. DeVore, an Orange County Republican who worked in the Pentagon as a Reagan-era political appointee.

Their bipartisan communion underscores a deeper shift in hemp culture that has evolved in recent years, from ragtag hempsters whose love of plants with seven leaves ran mostly to marijuana, to today's savvy coalition of organic farmers and health-food entrepreneurs working to distance themselves from the drug.

Hundreds of hemp products, including energy bars and cold-pressed hemp oil, are made in California, giving the banned plant a capitalist aura. But manufacturers must import the raw material, mostly from Canada, where hemp cultivation was legalized in 1998.

The new hemp entrepreneurs regard it as a sustainable crop, said John Roulac, 47, a former campaigner against clear-cutting and a backyard composter before founding Nutiva, a growing California hemp-foods company. "They want to lump together all things cannabis," said David Bronner, 33, whose family's squeeze-bottle Dr. Bronners Magic Soaps, based in Escondido, Calif., are made with hemp oil. "You don't associate a poppy seed bagel with opium."

The differences between hemp and its mind-altering cousin, however, can be horticulturally challenging to grasp. The main one is that the epidermal glands of marijuana secrete a resin of euphoria-inducing delta-9 tetrahydrocannabinol, or T.H.C., a substance all but lacking in industrial hemp.

Ernest Small, a Canadian researcher who co-wrote a major hemp study in 2002 for Purdue University, compared the genetic differences to those that separate racehorses from plow horses. Evolution, Mr. Small said, has almost completely bred T.H.C. out of industrial hemp, which by law must have a concentration of no more than three-tenths of 1 percent.

To its supporters, industrial hemp is utopia in a crop. Prized not only for its healthful seeds and oils, rich in omega-3 and -6 fatty acids, but also its fast, bamboo-like growth that shades out weeds, without pesticides.

"Simply put, you create a jungle in one year," said John LaBoyteaux, who testified in Sacramento on behalf of the California Certified Organic Farmers association. "There's a growing market out there, and we can't tap it."

The bill before Governor Schwarzenegger is the latest installment in a hemp debate that reached its height in 2004, when the Ninth Circuit Court of Appeals said that federal antidrug laws did not apply to the manufacturing or consumption of industrial hemp. The court ruled that decades earlier, Congress had exempted from marijuana-control laws the stalks, fibers, oils and seeds of industrial hemp, and that the government had no right to ban hemp products.

That opened the floodgates for Patagonia hemp jeans and the Merry Hempsters Zit Zapper (with hemp oil).

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Patrick D. Goggin, a lawyer for the Hemp Industries Association and Vote Hemp, said there would probably be legal snarls to work out with the California legislation, assuming it is enacted, so that farmers would not be placing their property in jeopardy if they chose to grow industrial hemp. But if the federal government clamps down, Mr. Goggin said, "we're prepared to raise the issue in court."

"Were trying to get an arcane vision of the law contemporized," he added.

Rogene Waite, a spokeswoman for the Drug Enforcement Administration, said the agency would not speculate about pending legislation.

The bill's adherents point to hemp's hallowed niche in American history. George Washington and Thomas Jefferson cultivated hemp (neither effort was profitable). Colonists' boats sailed the Atlantic with hempen sails. Old Ironsides carried 60 tons of hempen sail and rope. The word "canvas," in fact, is derived from cannabis, a high-tensile fiber naturally resistant to decay.

Hemp flourished as an American crop from the end of the Civil War until the 1937 Marihuana Tax Act ended production. During World War II, when Japan seized the Philippines and cut off supplies of Manila hemp, the crop got a brief reprieve in the United States, where farmers were encouraged to grow "Hemp for Victory," for boots, parachute cording and the like. But contrary to lore, most such hemp was never harvested.

Today, China controls about 40 percent of the world's hemp fiber, and its ability to flood the market "could result in price fluctuations the American farmer would have to weather," said Valerie Vantreese, an agricultural economist in Lexington, Ky. (Kentucky was once the leading hemp-producing state).

Hemp is grown legally in about 30 countries, including many in the European Union, where it is mixed with lime to make plaster and as a "biocomposite" in the interior panels of Mercedes-Benzes.

In the United States, the chief argument against hemp has been made by drug-control officials, who are concerned that vast acreages could be used to conceal clandestine marijuana, which they say would be impossible to detect.

"California is a great climate to grow pot in, and no one from law enforcement is going through the fields to do a chemical analysis of different plants," said Thomas A. Riley, a spokesman for the Office of National Drug Control Policy in Washington.

To some people intimate with the nuances of marijuana, however, the idea of hiding marijuana in a hemp field, where the plants would cross-pollinate, provokes amusement.

"It would be the end of outdoors marijuana," said Jack Heber, 67, a marijuana historian and author who runs a group called Help End Marijuana Prohibition, or HEMP. "If it gets mixed with that crop, it's a disaster."

In North Dakota, the state agricultural commissioner, Roger Johnson, has proposed allowing hemp farming, and has been working with federal drug regulators on stringent regulations that would include fingerprinting farmers and requiring G.P.S. coordinates of hemp fields.

"We've done our level best to convince them we're not a bunch of wackos," Mr. Johnson said.

Fifteen years ago, he noted, there was little market for canola, which is now a major crop produced for its cooking oil. He sees hemp in a similar vein and dismisses the fears that it would lead to criminality.

"It would take a joint the size of a telephone pole to have an impact," he said.

But up north in Garberville, the Central Valley of marijuana, the lines between hemp and marijuana are often a hazy blur, as they are at a store called the Hemp Connection, where hemp hats and yoga clothing are sold alongside manuals on pot botany and Stoneware baking pans ("makes six groovy brownies per pan").

The proprietor, Marie Mills, who said she once crafted paper from marijuana stalks, remains committed to cannabis in all its guises.

"We want to educate people and take away the stigma," Ms. Mills said. "We want hemp without harassment."

Drug-trafficking Ring Broken Up (EVT)

By Christian Richardson

East Valley Tribune, August 26, 2006

A seizure of cocaine and methamphetamine valued between $1.1 million and $1.4 million has led to the breakup of a drug organization based in Sinaloa, Mexico, the Arizona Attorney General's Office said Friday.

A three-month investigation has resulted in a 417-count indictment against 69 people — 10 of whom are in custody, officials said while standing near a cache of drugs, cash and weapons at the Phoenix Police Property Management Bureau.

Among those in custody, Phoenix Police Chief Jack Harris said, are key players Amando Gamboa-Molina, Adrian Barraza-Mendoza, Mario Velasco-Felix and Noel Velasco-Felix.

The evidence includes 49 kilograms of cocaine, 50 pounds of methamphetamine, 2 pounds of crack cocaine, 16 guns and 33 vehicles. Most of the drugs were in vehicles. Authorities said 25 pounds of meth were found under a car seat carrying a child.

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Approximately $2.5 million also was seized. This amount includes $1 million of bail money posted by Gamboa-Molina. The money had been seized after an Aug. 1 hearing in which a judge ruled the money was not from legitimate sources.

Phoenix has served as what police are calling a transhipment site, where drugs come before being sent across the United States.

Mayor Phil Gordon warned drug dealers that Phoenix isn't a haven for their activity.

"This city is not a sanctuary city," Gordon said. "But this is a city for our families."

Authorities remain tightlipped and are withholding many details of the investigation as they continue to look for those who are involved in the smuggling.

The partnership between the Phoenix Police Department, U.S. Drug Enforcement Administration and Arizona Attorney General's Office led to the arrests and indictments, Attorney General Terry Goddard said.

The attorney general's office and courts will eventually decide the disposition of the money, which could go to law enforcement agencies.

Major Mexico-based Drug Trafficking Ring Disrupted (AP)

AP, August 28, 2006

PHOENIX Word today that a Phoenix-based investigation has led to the break-up of a major drug trafficking ring based in Mexico.The Phoenix Police Department says a joint investigation by the department and the Drug Enforcement Administration has led to the indictment of 69 people involving in trafficking of methamphetamine and cocaine. It says the majority of the defendants were in the U-S illegally from Mexico.During the probe, police say they seized cocaine and meth with a combined street value of over one (m) million dollars.They say they also seized some two and a-half (m) million dollars in drug proceeds. Included, say police, was a (m) million dollars that one of the alleged major players in the ring tried to post for bond.

Florence Man Sentenced To Life In Prison For Drug Dealing (AP)

AP, August 26, 2006

BIRMINGHAM, Ala. (AP) — A federal judge sentenced a Lauderdale County man to life in prison for a large-scale drug-trafficking operation in northwest Alabama that sold cocaine and marijuana.

Darryl Dewayne Russell, 38, of Florence, was sentenced late Thursday by U.S. District Judge Sharon Blackburn, prosecutors said.

U.S. Attorney Alice Martin said evidence presented during the trial involved a drug conspiracy that lasted from January 1999 until June 2005.

Russell was convicted in January of conspiracy to commit drug trafficking and money laundering. He was part of an investigation that led to the guilty pleas of 21 individuals and the conviction of four more, authorities said.

All but two of those involved in the operation have either been convicted or entered guilty pleas. Reports indicate one defendant remains to be sentenced and one is a fugitive.

The case involved several agencies and linked drug trade in the Florence area to Atlanta, Nashville, Houston, El Paso, Texas, southern California and Mexico.

Agents seized more than $479,592 in cash, numerous vehicles, including 82 mini-motorcycles, and numerous pieces of property throughout north Alabama.

"This outcome, the long-term incarceration of a major-league drug dealer, shows the powerful benefits of law enforcement coordination," said Harold Willis, resident agent in charge of the Drug Enforcement Administration.

Ex-athlete Guilty In Drug Case (BSUN)

The Baltimore Sun, August 28, 2006

Dunbar basketball player Wells admits involvement in large cocaine operation

A former Dunbar High School basketball star pleaded guilty yesterday to drug charges in U.S. District Court in Baltimore, four days after his brother pleaded guilty to similar charges, according to federal law enforcement officials.

Federal prosecutors say that William "Billy" Wells -- as well as his brother, Leonardo Wells -- were involved in distributing large quantities of cocaine to wholesale customers.

Prosecutors said Leonardo Wells purchased kilograms of cocaine and sold them to customers in Hagerstown and elsewhere from December 2003 until February of this year.

They said that law enforcement officials followed Leonardo Wells on Sept. 7 as he sought to meet a customer in Hagerstown, but he spotted the surveillance and abandoned his car near Union Memorial Hospital in Baltimore.

In November, two Hagerstown men were arrested with 420 grams of cocaine after leaving the Parkville home of Billy Wells.

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In 1994-1995, Billy Wells was named to the all-Baltimore City/Baltimore County first team, and he played from 1999 to 2001 at the University of Delaware.

He holds the college's record for most three-point shots made in a game.

"It is a shame that a star basketball player from Baltimore used his abilities to throw kilos of cocaine rather than a basketball on the court," said Carl J. Kotowski, assistant special agent in charge of the Drug Enforcement Administration's Baltimore district office, in a statement.

Kotowski said Billy Wells also worked as a counselor for troubled youths in Baltimore.

Sentencing for both men is set for Nov. 15.

Both face prison sentences of at least five years, and as much as 40 years, prosecutors said.

Feds: 5 Sacto-area Homes Turned Into Pot Farms (SFC)

San Francisco Chronicle, August 25, 2006

(08-25) 14:25 PDT SACRAMENTO -- Five Bay Area residents are facing federal charges for their alleged roles in what authorities described today as a sophisticated indoor marijuana-growing operation in the Sacramento area.

The defendants had completely converted five homes in Elk Grove and North Natomas into marijuana farms, authorities said. No one lived at the homes. A search of the residences earlier this month yielded 1,975 marijuana plants, according to the federal Drug Enforcement Administration andElk Grove police.

A search of two additional homes on Wednesday yielded 2,200 more plants, authorities said.

Each house was configured to create a natural growing cycle of night and day as well as a uniform climate, investigators said. Each was equipped with a sophisticated lighting system that used 1,000-watt halogen bulbs and made use of an irrigation system with timers, authorities said.

Wei Lun Zhou, 35, of San Francisco; Christy Tan, 25, of San Francisco; Philip Yu, 29, of Oakland; and John Hin, 25, of Oakland each pleaded not guilty during arraignments this week in U.S. District Court in Sacramento, court records show.

A fifth defendant, Can Hui Zhen, a San Francisco resident whose age was unknown, has not yet appeared in court.

Each was named in a federal grand jury indictment handed down this month with conspiracy to manufacture at least 1,000 plants of marijuana and manufacturing at least 1,000 plants of marijuana.

Gatlin's Statement Leaves Questions (LAT)

By Diane Pucin, Times Staff Writer

The Los Angeles Times, August 26, 2006

A press release says he has 'not agreed to any penalties whatsoever' despite earlier report of an eight-year ban. Nike suspends his contract.

Justin Gatlin, who was suspended for eight years this week by the United States Anti-Doping Agency (USADA), said Friday that he had "never knowingly used any banned substance," protesting that "cheating in any form is completely contrary to who I am as an athlete and a person."

In a statement released through his New York public relations agency, Gatlin also seemed to suggest he was not ready to accept the eight-year suspension. "Contrary to what has been reported, I have not agreed to any penalties whatsoever," Gatlin said. "I expect when the process is concluded that this entire matter will be resolved favorably."

Gatlin, the national sprint champion, tested positive for testosterone and steroids last spring at the Kansas Relays.

Tuesday, USADA officials said Gatlin acknowledged the accuracy of the drug test results and would cooperate in any investigations. In return USADA would not give Gatlin, the defending Olympic and world 100-meter champion, a lifetime ban and left open the possibility the eight-year penalty might be reduced. USADA officials did not return calls for comment in response to Gatlin's statement.

"It's a real puzzling statement," Mark Wetmore, meet director of the Adidas Track Classic in Los Angeles, said of Gatlin's Friday proclamation.

"It sounds like he has a different idea than accepting an eight-year ban. But assuming everything about his test is as reported, this is all a necessary step. I actually feel much better about track in our country because two people, high-profile people, have been caught on U.S. soil in U.S.-sponsored meets. No hiding. If you cheat, we're going to catch you."

Sprinter Marion Jones, a three-time gold medalist at the Sydney Olympics, was revealed last week to have failed a drug test at the U.S. nationals in Indianapolis.

Jones also has denied knowing how it was possible that she tested positive for blood-boosting erythropoietin (EPO).

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Also Friday, according to company spokesman Dean Stoyer, Nike suspended Gatlin's endorsement contract and terminated a contract it had with Trevor Graham, the coach of Gatlin and Jones.

Graham, who has recently been banned from working at any USA track facility, had suggested Gatlin had been sabotaged by a masseuse using a cream with banned substances.

Steve Ungerleider, an Oregon researcher who wrote the acclaimed book "Faust's Gold," about the former East German doping regime, said it would take more responses like Nike's before athletes and sports officials would begin to understand that doping has consequences.

"When Nike comes out and says, 'Hey, this is bad stuff. We're not going to tolerate this whatever excuse the athlete makes,' if they come out and say, 'Hey, we're not going to play this game anymore, it's not what we're about,' I think you'd start to see a shift away from this stuff."

Said Gatlin: "As an athlete it is frustrating for me to be on the sidelines and have people drawing conclusions that I have cheated."

Gatlin Will Appeal 8-Year Ban From Track (AP)

By Eddie Pells, The Associated Press

AP, August 26, 2006

-- Justin Gatlin said Friday he has "no idea how any banned substance got into my body," and restated his plan to appeal the eight-year ban from track he received earlier this week after acknowledging he tested positive for doping.

In a statement released through his publicists, the Olympic and world champion in the 100-meters reiterated his disdain for cheating in a sport that has been wracked with doping issues.

"Cheating, in any form, is completely contrary to who I am as an athlete and a person," said Gatlin, who has long positioned himself as a champion of drug-free competition in track. "I will continue to cooperate with USADA and with their efforts to get to the bottom of this situation."

But, he said he still fully intended to file for arbitration, in hopes of reducing the eight-year ban he received from the U.S. Anti-Doping Agency.

"I expect when that process is concluded that this entire matter will be resolved favorably," he said.

Gatlin has six months to appeal to an American arbitration panel. After that, he can take his case to the Court of Arbitration for Sport.

On Tuesday, Gatlin and USADA reached an agreement that scaled back his penalty from a lifetime ban to a maximum of eight years in exchange for Gatlin's help in other doping investigations _ presumably one involving his coach, Trevor Graham.

The agreement also acknowledged that Gatlin's first positive test, five years ago, was an honest mistake _ the result of his taking medicine to treat attention-deficit disorder.

In exchange, Gatlin agreed not to argue the validity of the latest positive tests, which found testosterone or other steroids in his system after an April race. He retained his right _ as all athletes do _ to appeal the case to arbitrators in hopes of a reduced sentence.

Gatlin's attorney, Cameron Myler, would not confirm that she will argue Graham's claim _ that Gatlin was sabotaged by a vengeful massage therapist who rubbed steroid cream into his skin. On Tuesday, Myler said she wasn't prepared to offer her strategy for the arbitration. She did not return messages left by The Associated Press on Friday. USADA chief executive officer Terry Madden declined to comment.

With the Olympics less than two years away, the clock is ticking fast for Gatlin. Even if his suspension were reduced significantly _ say to two years _ he would miss Olympic trials in June 2008.

"We're shooting for something way less than two years," Myler said earlier in the week. "The goal is to have him back on the track as soon as possible."

Meanwhile, also on Friday, Nike terminated its contract with Graham and suspended its contract with Gatlin until further notice.

"He will not receive payment while the contract is suspended, and there is no specific date or speculation as to when we would re-up that," said Nike spokesman Dean Stoyer, who would not disclose details of the contracts.

Graham's attorney said Nike's move was made without just cause.

"The contract cannot be terminated based upon innuendo and suspicion," attorney Joe Zeszotarski said. "We have contacted Nike regarding this matter, and we are awaiting their response. We hope to avoid having to take legal action but will do so if necessary."

Gatlin remains convinced all this will blow over.

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"As an athlete it is frustrating for me to be on the sidelines, and have people drawing conclusions that I have cheated," he said. "I have put my faith in a system that I believe will clear my name and that I believe will allow me to compete again."

IOC Chief Praises U.S. Anti-Doping Work (AP)

By Raf Casert, The Associated Press

AP, August 25, 2006

BRUSSELS, Belgium -- International Olympic Committee president Jacques Rogge praised U.S. doping authorities' recent work Friday, calling it "an extremely positive turn in the tide" of the worldwide fight against doping.

"I take my hat off to them," Rogge said in an interview with The Associated Press.

The U.S. Anti-Doping Agency has been active in recent doping scandals involving Olympic sprint champions Justin Gatlin and Marion Jones.

Gatlin, the co-world record holder in the 100 meters, tested positive for testosterone and other steroids at the Kansas Relays on April 22. Two months later, Jones' "A" sample tested positive for the endurance-enhancer EPO after winning the 100 meters at the U.S. championships June 23. The result of the backup "B" sample is still pending. Both deny using performance-enhancing drugs.

But Rogge cautioned proof will be needed to strip athletes of their Olympic titles.

"That can only happen if there is proof that they took doping during the (Olympic Games) period. Otherwise, there is no possibility."

The IOC president stressed there was a positive side to the latest doping allegations.

"It proves that controls are working," Rogge said before Friday's Van Damme Memorial track meet. "It is not only Jones and Gatlin but also (Tour de France winner) Floyd Landis and many other cases. They allow us to eliminate the cheats."

On Tuesday, USADA issued an eight-year ban to Athens Olympic 100 champion Gatlin. He can reduce the ban substantially by cooperating with investigators and insists he did not cheat.

"As I have said from the very beginning of this situation, I have no idea how any banned substance got into my body," Gatlin said Friday in a statement released through a public relations firm. "I have never knowingly used any banned substance, nor have I allowed anyone to administer one to me. Cheating, in any form, is completely contrary to who I am as an athlete and a person.

Rogge refused to comment on the specifics of the Gatlin case, saying he did not know enough details.

"USADA has provided proof that it produces excellent work," Rogge said. "It is a very positive turn in the tide in the battle against doping," he said.

IOC disciplinary commissions are investigating cases linked to the BALCO steroid scandal and blood doping allegations involving Austrian athletes and banned coach Walter Mayer at the Turin Olympics.

Luck, Not Better Lab Tests, Helped Catch Athletes (USAT)

By Dick Patrick, Usa Today

USA Today, August 25, 2006

When cyclist Floyd Landis plus sprint stars Justin Gatlin and Marion Jones were busted for performance drugs in the last month, it made a hat trick for testers — three high-profile stars nabbed. But a drug expert cautions this is not necessarily a trend and probably not a sign the testers have gotten much smarter, though their techniques have improved.

"With all things that occur periodically and infrequently, there are sometimes conclusions that are really explainable by nothing more than randomness," said Paul Scott, director of client affairs for the Olympic testing lab at UCLA. "As to these people being high-profile, the reality is that it must have been luck. These people were caught using the same analytical techniques labs have been using for a number of years."

Neither do the busts mean that cheating athletes are getting dumber. "Unfortunately, to answer that question you're going to have to know the number of false negatives going through the lab every day," Scott said. "We don't have a way to determine that.

"I wouldn't try to draw too many conclusions about athlete behavior or improvement in anti-doping merely based on a small run of positive samples. Over the years the level of positive samples on a per-client basis doesn't fluctuate that much."

Chuck Yesalis, a Penn State professor, author of books on drugs in sports and persistent critic of the testing establishment for decades, thinks there are a lot of false negatives getting past labs: "You've got to be a moron not to connect the dots. Doping is everywhere. There are only a few good apples in the barrel, and they're not winning any medals."

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Landis, whose Tour de France title is in jeopardy, and Gatlin, who has lost his share of the 100-meter world record and faces a maximum eight-year ban, are contesting positives for testosterone. Jones is awaiting the confirmation test on a positive for endurance-boosting EPO and faces a two-year ban if found guilty.

Even if the run of positive tests does not grow, track is going through its roughest PR crisis since Ben Johnson's positive steroid test at the 1988 Olympics nullified the Canadian's 100-meter gold.

"Back in 1988 there were many people who thought some athletes had get-out-of-jail-free cards and were immune to positive tests," said Brad Hunt, formerly a prominent agent in the sport.

"I believe that nobody thinks anybody carries those kind of cards now. That's the most positive spin we could put on how bad this situation is."

Sponsor relations:

During the USA Track & Field Championships in June, Gatlin appeared at a news conference promoting the Hershey youth program in track and field. At the time, USATF knew Gatlin had an "A" positive sample for testosterone but allowed him to appear with a sponsor that prides itself on its wholesome image and states on its website it is against the glamorization of drugs and alcohol.

The Hershey Co. declined to provide an executive to comment on the situation. The company only issued a statement: "Our program's relationship is with USA Track & Field, not with individual athletes. We're very supportive of USATF and had a great experience with the members of Team USA who attended our recent North American finals meet."

Hunt criticized USATF's decision to use Gatlin in the appearance: "You've got to avoid these things. If you knew it was in the pipeline, you've got to sidestep it. That's totally insensitive to the sponsor."

Said USATF spokeswoman Jill Geer: "It was a difficult situation. We withdrew Justin from as many sponsor events as possible without breaching the confidentiality of the case."

Leaking:

Under U.S. Anti-Doping Agency rules, an athlete is not announced as positive until the "A" and the "B," or confirmation, samples have turned up positive and an athlete has a chance to present an explanation to a review board. National and international federations also get "A" reports. The news on Landis and Jones was leaked before the "B" sample was tested. Similarly, the Chicago Tribune and Associated Press on Thursday attributed a positive "A" test of U.S. sprinter LaTasha Jenkins to a person familiar with the results.

"It's getting worse and worse," said Howard Jacobs, the lawyer for Landis and Jones. "If these guys can't follow their own rules and keep things quiet, then maybe they shouldn't get the results of the 'A.' "

Nike Drops Track Coach And Star Amid Scandal (NYT)

By Lynn Zinser

The New York Times, August 26, 2006

Nike ended its contract with the track coach Trevor Graham yesterday and stepped into the debate over Graham's role in doping violations by many of his athletes.

The company also said it was suspending its contract with the sprinter Justin Gatlin, one of Graham's athletes who has tested positive for performance-enhancing drugs. Gatlin was barred from the sport for up to eight years this week by the United States Anti-Doping Agency.

A Nike spokesman, Dean Stoyer, did not explain why the company was severing the deal with Graham. "I can't divulge the details," Stoyer said. "All I can say is we're terminating the contract."

Nike has dropped athletes in the past but normally does so without a public announcement. Moving against a coach is even more unusual.

But the focus on Graham has intensified recently. Another of Graham's sprinters, LaTasha Jenkins, had her A sample from a meet in Europe come up positive for the anabolic steroid nandrolone this week, people with knowledge of the test reporting said.

Jenkins dropped out of the Golden League meet in Brussels, citing a knee injury. The people confirming the test result were granted anonymity because antidoping rules require the results not be revealed until the B sample has been tested.

Graham has had at least seven athletes serve doping suspensions. That prompted the United States Olympic Committee to bar him from its facilities, and several European meets have said they will not invite any athlete training with Graham. Nike added to that momentum with its move.

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"There is absolutely no basis for Nike to terminate Trevor's contract," Graham's lawyer, Joseph Zeszotarski, said. "The contract cannot legally be terminated based upon innuendo and suspicion. We have contacted Nike regarding the matter and are awaiting their response. We hope to avoid having to take legal action but will do so if necessary."

Athletes' contracts typically have clauses giving sponsors an out if a client fails a doping test, but Stoyer said the move to suspend Gatlin's contract was "without precedent."

Gatlin reiterated yesterday that he did not knowingly use any performance-enhancing substance and would appeal his ban. "As an athlete it is frustrating for me to be on the sidelines, and have people drawing conclusions that I have cheated," he said in a statement. "I have put my faith in a system that I believe will clear my name and that I believe will allow me to compete again."

Until last year, Nike also sponsored Marion Jones, whose A sample from this year's national championships tested positive for the blood-boosting agent EPO. That contract was not renewed, and Jones had been competing without a sponsor.

After the cyclist Floyd Landis's positive test, which threatens his Tour de France title, his team sponsor immediately suspended him.

"Brands do not want to be associated with controversy," said Jeff Chown, president of Davie-Brown Talent, which signs celebrity spokesmen for corporations. "Steroids are top-of-mind in the sports industry right now. Nobody wants to be associated with it right now. I think a company like Nike is trying to build good will with the public by saying, 'We're against this.' "

Chown said he had seen many companies steer clear of baseball players because of that sport's problem with performance-enhancing drugs.

"There's too much risk in signing an athlete who might end up in the middle of a steroids scandal," he said. "The risk is not worth the reward."

The rash of positive drug tests has done much to tarnish track and field's image, but the International Olympic Committee president, Jacques Rogge, said yesterday that he was not disturbed.

"It proves that controls are working," Rogge told The Associated Press at the meet in Brussels. "It is not only Jones and Gatlin but also Floyd Landis and many other cases. They allow us to eliminate the cheats."

Rogge said the United States Anti-Doping Agency should be praised. "It is a very positive turn in the tide in the battle against doping," he said.

IMMIGRATION:

Young Migrants Risk All To Reach U.S. (WP)

By N.C. Aizenman

The Washington Post, August 28, 2006

QUETZALTENANGO, Guatemala -- Across Central America, growing numbers of impoverished children appear to be setting out for the United States on their own, risking robbery, rape and death as they try to sneak illegally through Mexico and across the U.S. border.

Last year, 6,460 underage illegal immigrants from Central America were detained in the United States while traveling without their parents and sent to government shelters, a 35 percent increase over the previous year. Many others likely slipped in undetected.

The higher detention figures may reflect stepped-up enforcement by Mexican and U.S. authorities. But social workers who help such child migrants say the stricter enforcement might actually be causing more children to travel alone. They note that many have parents who are already in the United States illegally and are unwilling to fetch them now that the chances of getting caught have increased.

Many of the youths never make it to the border. Mexico reported deporting 3,772 unaccompanied Central American minors bound for the United States in 2005, compared with fewer than 700 in 2003.

Mexican immigration authorities were catching and deporting so many Guatemalan children trying to sneak through Mexico to the United States that the Guatemalan government opened a 50-bed shelter last year to receive them until they could be picked up by their parents. It was quickly overwhelmed.

"Many nights there were not enough beds for everyone," said Ivone Rivera, director of the shelter, which is in a large, cement-block house in this mountain city about 45 miles from the Mexican border. "We had to lay down extra mattresses across every bit of floor space."

Delia Barrientos, a soft-spoken 15-year-old deportee on a bus taking her from Mexico to the shelter on a recent afternoon, said she had been thrilled when her mother finally agreed to let her head for Atlanta.

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"My mother left when I was 4 or 5. . . . I just want to get to know her. Every day I've been asking God for the chance," said Barrientos, who was caught with two older cousins while they waited to stow away on a freight train.

Shelter workers say parents often pay smugglers to take children as young as 4 to the United States. The vast majority of underage migrants, however, appear to be teenage boys like Luis Santos, a short, almond-eyed 16-year-old sitting a few rows behind Barrientos. He said he is the youngest of six siblings and has been working since he was 7 years old.

"My father was a policeman. He was shot to death when he was following a car that was smuggling cocaine," Santos said. "After that, my mother couldn't have supported me even if she'd wanted to. . . . She sells vegetables in the market. She has no money."

For the last five years, Santos had been living and working on a cattle ranch, barely covering expenses with his $66-a-week paycheck and finding it increasingly tough to find time for schoolwork. He was drawn to the United States by the same hopes of higher wages that attract adults.

"I just wanted to finally have something of my own," Santos said as tears began to roll down his cheeks. "To show everyone in my family that I can do this. That I can have things, too."

For all their grown-up dreams and responsibilities, youngsters like Santos often lack the maturity and experience vital to surviving an overland journey fraught with danger -- including not just the risk of death from heat exhaustion on the final trek across the desert into the United States, but also robbery, rape, or murder by bandits and corrupt authorities all the way through Mexico, immigrant advocates say.

Santos said he was beaten and robbed of all his clothes by uniformed police just a few miles into Mexico. He turned himself in to immigration authorities the next day.

Betsy Wier of Catholic Relief Services in Honduras said it could have been worse.

"There are so many ways that migrating as a vulnerable kid can go wrong," said Wier, who is overseeing a year-long, multi-nation survey of child migrants for the aid group. "There are trafficking gangs that prey on people who've lost all their money -- especially kids who are too ashamed to go home. They may use them as forced labor or for prostitution."

Also of concern, Wier added, is the haphazard manner in which children are received by their home countries after being deported from Mexico.

Mexican buses carrying Honduran deportees frequently drop them off at the border town of Agua Caliente, 18 miles from the nearest shelter.

"There's nobody there to greet them, no Honduran official checking off any list, no security watching," Wier said. "And it's such a porous border that oftentimes the kids just scramble back over the mountain towards Mexico."

Workers in the Quetzaltenango shelter are so pressured by the need to free up bed space that they barely have time to check parents' identification, let alone assess why a child left home and whether it is safe to turn him back over to the parent.

Still, at least Guatemala has a structured system for receiving children deported from Mexico: Twice a week a large purple coach carrying the minors pulls into the hot, bustling border crossing of El Carmen. Two staff members from the Quetzaltenango shelter, Edgar Gutierrez and Enrique Lopez, are always there to greet it.

Upon boarding the bus carrying Santos and Barrientos on a recent afternoon, Gutierrez made a point of reassuring the 29 youngsters aboard.

"Don't worry. Because you are minors, we have to take you to the shelter to wait for your parents," Gutierrez said. "But you're in Guatemala now. You are welcome here."

"Woo-hoo! We're home. Here they can't do anything to us!" shouted Adan Mejia, a tall 17-year-old sitting next to Santos.

Santos gave a wry smile. "Yeah, but here there's no money."

The bus lurched forward and began winding through verdant mountains shrouded in misty clouds.

Santos stared out the window at a pickup truck packed with laborers heading toward Mexico. "I wish I could just jump into that pickup," he muttered. "As soon as I get home, I'm going to start saving up 3,000 quetzales [about $400] for another try."

Christian Villegas, a psychologist at a shelter for detained underage migrants in the Mexican border town of Tapachula, said almost all the minors he has encountered are determined to try again -- even when they've been caught multiple times. "It's this fixed idea that they have that you just can't get out of them," he said.

As the bus wended its way to the shelter, Gutierrez and Lopez asked for home phone numbers to call in to the shelter so staffers there could begin contacting parents.

The youngsters' responses offered a glimpse of how isolated some of the communities they had left behind were.

"But my mother doesn't speak Spanish," said an ebony-haired 17-year-old who belongs to one of the more than 20 indigenous Mayan groups in Guatemala that speak their own language.

"But my family doesn't have a phone," a boy sitting next to him interrupted.

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Nonetheless, by the time the bus pulled in front of the shelter three hours later, several mothers and fathers were already waiting anxiously by the door.

Villegas, the psychologist in Mexico, said that even after handling dozens of cases, he finds it hard to fathom why parents who clearly love their children would permit them to make such a dangerous journey. "I ask them," he said. "But I've never really heard an answer that I can understand."

The parents waiting to pick up their youngsters from the Quetzaltenango shelter gave a variety of explanations.

"Yes, I know how dangerous it is for him. And I've felt such anguish since he left," Alfonsina Hernandez, a 39-year-old widow wearing a purple Mayan skirt, said of her 17-year-old son, Sergio Salalxot. "I can't keep him by force. If I had said no, he would have gone anyway without even telling me."

Perfecto Morales, 41, who spoke in halting Spanish, said that he had helped his 16-year-old son Miguel get across the border into Mexico to join a sister who is working in a poultry plant in Delaware.

"I have a sickness in my fingers," the elder Morales said, holding up hands that were bent like claws. "I can't work in the fields anymore. . . . When my son told me he wanted to help earn more money for us, I felt so proud, like I was being lifted up. . . . He is so young and he's already looking out for us."

CONGRESS-ADMINISTRATION:

Hunt On Hill Afoot For Pork-bill Blocker (WT)

By Stephen Dinan

The Washington Times, August 28, 2006

It's a sign of just how hot an issue pork-barrel spending has become that the biggest game in political Washington this summer is trying to smoke out the senator who is blocking a bill to create a searchable database of federal contracts and grants.

The bill has the support of the Bush administration and activists on widely divergent sides of the political spectrum. It also passed a Senate committee without any objections, so the unknown senator is annoying many people.

Sponsored by Sens. Tom Coburn, Oklahoma Republican, and Barack Obama, Illinois Democrat, the bill would require the administration to create a searchable Web site that would list the name and amount of any federal grant, contract or other award of money amounting to $25,000 or more.

Senate Majority Leader Bill Frist, Tennessee Republican, tried to win speedy passage just before the Senate left for its summer break, but at least one senator objected anonymously.

Now Porkbusters.org, a Web site dedicated to exposing wasteful government spending, is conducting a public campaign to smoke out the obstructor or obstructors, while blogs on both sides of the political spectrum have weighed in, demanding action on the bill. Mr. Frist has also vowed to get into the act, promising to try to pass the bill again when Congress returns from its break next month.

"For reasons of policy and politics, many bloggers are rightly outraged that S. 2590 was shot down when I attempted to bring it up for a vote prior to the August recess," Mr. Frist wrote in an entry last week on the blog of Volpac, his political action committee (www.volpac.com).

The Federal Times reported that one senator has a "secret hold" on the bill. Holds are an unofficial part of Senate parliamentary tradition that allow a single senator to delay action anonymously.

A spokeswoman for Mr. Frist said it's not clear how hard and fast the hold is. Sometimes holds are simply a way for a senator to earn time to learn more about a bill, though other times the intent is to scuttle the bill.

The Bush administration is backing the bill as a way to improve accountability.

"We want to see the bill enacted, so whatever we can do to be supportive of Senators Coburn's and Obama's efforts, we'll be supportive," said Clay Johnson, deputy director for management at the Office of Management and Budget.

"What we like is transparency. We believe that the more public information that's available about how programs work, about where we're spending our money, who's getting grants, who's getting contracts, the more accountability there is," Mr. Johnson said.

So far, Porkbusters has cleared a little more than a quarter of the Senate of suspicion.

"It's all about focusing on an individual and uncovering secrets," said Glenn Reynolds of Instapundit.com, one of the forces behind Porkbusters. "Fortunately, a member of the Senate played into our hands."

He said enough people in Washington know who is obstructing the bill that if the hold continues, the senator's name will come out.

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The effort is already producing some interesting results, including an e-mail from a Senate staffer who accused Porkbusters of a "guilty until proven innocent approach." Mr. Reynolds, who declined to release the name of the staffer or the office he works for, said it shows members of Congress are feeling the heat.

Understanding the power of wasteful spending as an issue, House Democrats this past week announced their own "truth squad" to target waste, fraud and abuse in Hurricane Katrina relief spending.

Mr. Frist could try to overcome the hold by forcing the issue onto the floor using the same procedure used to end a filibuster, which would require 60 votes.

The House passed a bill earlier this year that creates a database for grants only.

In his blog entry, Mr. Frist said the issue underscores the stakes in November's congressional elections.

"There is a real choice between Democrats and Republicans on matters of taxes and spending," he wrote. "Indeed, just this year, when we wrote our tight budget, Senate Republicans defeated constant Democrat attempts to bloat spending and hike your taxes by billions of dollars."

Securing Future Fiscal Health (WP)

By Bob Kerrey And Warren Rudman

The Washington Post, August 28, 2006

The economic and moral case for long-term reform of fiscal policy is clear. Yet politicians refuse to act. If this stalemate persists, it could end in catastrophe.

Over the next 30 years, spending on federal programs is on track to go up by 50 percent as a share of the economy. If revenue remain at their historical level, the resulting deficits will approach 20 percent of gross domestic product by 2036 -- almost 10 times the current size. The debt will surge to 200 percent of GDP -- twice what it was at the end of World War II.

Political realities explain why nothing has been done about this. Changing course would require substantial spending cuts from projected levels or equivalent tax increases. Neither party wants to be the first to propose these tough choices out of fear that the other side would attack it. Similarly, neither side wants to discuss possible compromises of its own priorities, out of fear that the other side will take the concessions and run. Unfortunately, these fears are justified.

Since the regular legislative process seems incapable of dealing with the impending crisis, some alternative has to be found. President Bush has suggested a commission. Having served on many commissions, we understand their potential value. We also understand how they can go wrong. In our view, a new commission could be very useful, but only if it recognizes fiscal and political realities. It needs five elements to succeed.

First, it has to be truly bipartisan. Any perception that the commission's purpose is to facilitate swift enactment of a partisan agenda would doom it to failure. It must have bipartisan co-chairs and equal representation. Doing otherwise in the current partisan environment would be a waste of time and money.

Second, it must have a broad mandate. While it is critical to control the growth of entitlements, particularly Medicare and Social Security, the commission should examine all aspects of fiscal policy.

Third, all options must be on the table. If either side sets conditions, the other won't participate. Republicans cannot take tax increases off the table, and Democrats cannot take benefit reductions off the table.

Fourth, the commission needs to engage the public in a genuine dialogue about the trade-offs inherent in realistic solutions. When people are armed with the facts and given the opportunity for honest dialogue, they are willing to set priorities and make hard choices.

Fifth, the commission's recommendations should be given an up-or-down vote in Congress, allowing for amendments that would not reduce the total savings. Absent that, the report would likely join many others on a shelf.

Rep. Frank Wolf (R-Va.) and Sen. George Voinovich (R-Ohio) have put forward a proposal that satisfies most of these elements. They would create a bipartisan commission with a broad mandate to examine long-term fiscal challenges. All policy options would be on the table. The commission would solicit input from the public and develop legislation that Congress and the president would be required to act on. Its work would address four key concerns: the unsustainable gap between projected spending and revenue, the need to increase national savings, the implications of foreign ownership of U.S. government debt and the lack of emphasis on long-term planning in the budget process.

A commission with these attributes could give all parties the political cover they need to tackle the tough choices and develop a bipartisan consensus for solutions. This would be invaluable regardless of who controls Congress or the White House.

In the end, of course, elected representatives, not a commission, will have to make the hard decisions. But a commission that produced solutions with meaningful bipartisan support would provide a catalyst for action. If Congress were required to vote on the commission's recommendations, opponents would be challenged to produce solutions of their own.

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Advocates of extending tax cuts would be challenged to say how they would restrain spending enough to avoid cascading debt once the baby boomers begin to retire in large numbers. Those who oppose reductions in current entitlement promises would be challenged to say how they would fund those promises without squeezing out other priorities or raising taxes to unacceptable levels that could damage the economy.

The Wolf-Voinovich proposal has been greeted with silence or outright hostility. It deserves better. This is a serious proposal by two leaders who regard the debt burden and draconian policy options we are leaving to future generations as a moral stain on our nation's character.

To be sure, their proposal has shortcomings that must be corrected. Two improvements that are critical to the success of a commission are providing for bipartisan co-chairs and dividing the membership more evenly between parties than the current 9-6 split in favor of Republican appointments. These problems are not minor technicalities, but they could be fixed in negotiations with potential Democratic co-sponsors.

Time is running out to enact reforms. Wolf and Voinovich have come up with a credible way to get the process started. Any takers?

Bob Kerrey, a former Democratic senator from Nebraska, and Warren B. Rudman, a former Republican senator from New Hampshire, are co-chairs of the Concord Coalition.

Did A Federal Judge Cross A Legal Line For His Clerk? (LAW)

By Julie Kay, Daily Business Review

Miami Daily Business Review, August 28, 2006

Southern District of Florida Judge Shelby Highsmith and a U.S. Marshals Service deputy are drawing criticism for intervening in a personal dispute involving the judge's clerk and her daughter at a downtown Miami store.

The incident is raising eyebrows in the legal community as well as questions about whether Highsmith may have violated judicial canons by misusing his judicial powers.

Both Highsmith and an unidentified deputy showed up at the store during the incident, flashed their government identifications, and began questioning store employees and asking for their addresses.

The incident occurred in December, but it only recently came to light when the city's Civilian Investigative Panel took up the issue Aug. 15, after Highsmith filed a complaint against a Miami police officer who responded to the scene.

The officer, Michael Ragusa, was cleared of charges of discourtesy.

According to a CIP report as well as Highsmith's clerk, Laura Sabbatino, the incident began when Sabbatino's daughter, Adriana Thorne, was shopping at Gifts & Luggage at 27 E. Flagler St. Thorne purchased a $7 item and paid by credit card.

Sabbatino, in an interview with the Daily Business Review, said that the clerk told her daughter the card could only be used for debit and then handed back the card wrapped in a receipt. About five minutes later, Thorne got a call from her bank, Wachovia Bank, asking whether she had just made a $300 purchase at Macy's. The card had been used in both the jewelry department and the baby department.

Thorne took out her credit card and discovered it was not hers but someone else's. She called her mother, who was standing in front of Highsmith in his chambers. According to Sabbatino's statement, the judge "instructed Mrs. Sabbatino to call the Deputy's Service and that they were on the way down to her daughter."

Both the judge and a deputy, whose name is not identified in the report, appeared at the store and asked to speak to the cashier. The judge then showed the owner his identification.

The owner replied that the clerk, who is pregnant, was not feeling well and had gone home. When the judge began asking more questions, the store owner responded, "This is not court! If you have a complaint, call the police!"

The deputy, who appeared on the scene a couple of minutes later, asked the store owner for the clerk's address, since she had left before the deputy's arrival. The owner, Joseph Yoo, reluctantly gave the deputy the address, according to Yoo's statement, and the deputy left the store. The report does not state whether the deputy took further action.

At this point Sabbatino called the police, and Highsmith departed.

Ragusa responded to the scene and the clerk showed up. The clerk said she was not feeling well and Ragusa asked whether she needed fire rescue. "OK, stop! Everyone step away," Ragusa said. 'We have a pregnant woman here. This investigation can't continue." He then said, according to Sabbatino, "For all I know you're the one who took the card. You can't point fingers; you need to take this up with the bank."

"The officer was a jerk," Sabbatino said. "He was very rude. Instantly, my daughter felt that we were no longer the victims."

Ragusa could not be reached for comment.

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But in his statement for the CIP, he gave a slightly different version of events. He reported that Sabbatino yelled at him and put both hands about two to three feet from his face. When he told Thorne and her mother to stand at the opposite end of the store, the mother refused, saying, "I work for a judge." Ragusa threatened to jail Sabbatino if she would not move.

Highsmith, who is on leave until Oct. 30, did not return telephone calls seeking comment.

Albert Hidalgo, a deputy with the U.S. Marshals Service in Miami, said he was not familiar with the details of the incident and did not know the name of the deputy involved.

But he said the 80 deputies who work in the Southern District of Florida are supposed to provide protection to the federal judiciary and are not supposed to get involved in personal disputes outside the courthouse that don't involve a judge's safety.

Other duties, according to a Marshals Service Web site, are to apprehend fugitives, transport and manage prisoners, serve court documents and administer the Justice Department's asset forfeiture program.

Some legal observers called Highsmith's actions a serious breach of judicial conduct and likened the incident to the recent resignation of the attorney general of New Jersey, who was found to have violated her department's code of ethics by coming to the aid of a companion during a traffic stop.

"The judge should apologize and be reprimanded," said Robert Jarvis, who teaches ethics law at Nova Southeastern University. "This is outrageous conduct. He used the prestige of his office for a personal favor and using public resources to intervene in a private dispute. This showed extremely poor judgment on the judge's part."

Jarvis suggested that the judge write a check to the judiciary to reimburse it for the time the deputy spent on the personal errand.

Highsmith's action violates several judicial canons, Jarvis said. Not only does it compromise the integrity of the judiciary, said Jarvis, but it reflects a conflict of interest on the judges' part.

"It raises in the minds of the public that there are two systems of justice -- one for those who are connected and one for us poor schmucks," he said.

Jarvis also reserved some criticism for the deputy, who used his powers to wrongly "intimidate and harass" the store clerk, he said.

Several lawyers who did not want to be identified also said the judge erred by summoning a deputy to assist him with a personal dispute. "U.S. deputies have a serious duty and they're not the errand boys of the judges," said one Miami lawyer.

For her part, Sabbatino said she was disappointed that Ragusa was cleared of the charge of discourtesy. She said the judge did nothing wrong in calling a deputy to the store.

"He can have a deputy accompany him anywhere he wants to go," she said. "That's part of his job."

Federal Jobs Decline As Contractor Market Expands (WP)

By Cecilia Kang

The Washington Post, August 28, 2006

A closer look at July's employment data for the Washington area underscores a shift in the economy, with the number of jobs in the federal government shrinking and the number at companies that serve the government expanding.

The greatest increases in new jobs were in industries that most commonly hold contracts with the government, such as information technology and other professional services sectors, according to the Bureau of Labor Statistics.

In July, the number of professional and business services jobs rose 4.5 percent from last July. Jobs in the financial industry increased 1.7 percent. Computer systems design and related services jobs were up 4.5 percent.

The number of federal government jobs, meanwhile, fell 0.6 percent, to 341,900.

The total number of jobs in the Washington area increased 2.1 percent, to 3,007,100 jobs.

Others sectors were supported by the residential boom. Jobs in private services, which range from auto repair shops to nail salons, rose 3.2 percent. The overall retail sector saw a 3 percent increase.

Other industries were left out of the region's economic expansion.

Jobs in manufacturing fell 1.1 percent. Food and beverage retail store jobs declined 0.7 percent. Telecommunications jobs dropped 2.7 percent.

An American Eagle In Autumn (WT)

By Barry Casselman

The Washington Times, August 28, 2006

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It is the final political season for President Bush. After November, he will begin the process leading to the day in January 2009 when he will become irreversibly a former president on the United States. But his season as president is not yet over. He has two and a half years to preside over the American government, regardless of the results this November.

Mr. Bush faces momentous difficulties. Many Americans still do not realize the extent to which the United States is locked into a protracted and dangerous war with Islamofascism.

After we were attacked on September 11, U.S. public opinion overwhelmingly favored the pursuit of our attackers in their base in Afghanistan. Mr. Bush and his advisers realized, however, that this would not solve the new long-term threat now posed by an enemy determined not only to remove our presence from the Middle East and destroy Israel, but also intent upon humiliating and overwhelming Western culture with an aggressive and feudal totalitarian culture of their own.

A war was initiated in Iraq to remove a bestial dictator and to change this totalitarian nature of the Middle East. Virtually everyone concedes Saddam Hussein's cruelty, but many in the United States and most in Europe resisted the boldness and risk the president took to alter the chemistry of persistent feudalism in the Middle Eastern Islamic world.

Unfortunately, Mr. Bush at the outset muddled his true purpose with dire warnings of so-called "weapons of mass destruction," which were not found after the war. What we did find was absolute evidence of a regime so venal and cruel that it is difficult to understand how it was able to persist for so many decades.

Opponents rightly contend that even destroying this unspeakable regime was not alone worth the risk we took, the lives we have lost, and the huge expense we have made. But the president and his advisors had a much larger strategic purpose. They saw the necessity, given the ominous aggression of the terrorists, to change the nature of the Middle Eastern political landscape which had been altered primarily by a vast and seemingly unending infusion of cash from the sale of its petroleum resources to the rest of the world. This infusion permitted Middle Eastern regimes to arm themselves with sophisticated weaponry and to pursue the acquisition of nuclear weapons. It is instructive to point out to Western apologists for these regimes that they did not use their new economic resources to provide civilian infrastructure, universal education and health care to their populations, including the long-suffering Palestinian refugees in their midst.

His opponents continue to demonize Mr. Bush. But I continue to think his strategic vision is the best one, and the risk he took was a valid one. The struggle is not over in the Middle East, contrary to the perennial naysayers, but it is a time when outcomes are uncertain and our purpose is not transparent. The president and his advisors, principally Defense Secretary Donald Rumsfeld, tried to follow up their successful military campaign with minimal military force. I think this was mainly due to their lack of personal military experience. Colin Powell's doctrine of "overwhelming force" in hindsight (and in the foresight of military history) was much more likely to succeed.

But given the chance to reverse our policy through the presidential election on 2004, American voters chose, intuitively, to continue the president's course. The fact is that wars are not easily and neatly fought. From Manassas to the Battle of the Bulge to Viet Nam, there are battles lost and grievous mistakes made. It has been this way as long as we have records of history.

Only 16 years after we unilaterally withdrew from Viet Nam, world communism collapsed. It did not collapse from war on a battlefield, but it did collapse from the determination of Western democratic capitalism to contain it until it fell apart from its own economic contradictions. In the case of the Middle East, the continued infusion of billions of dollars into the economies of hostile regimes from the sale of petroleum and the aggression of the terrorists offers no such simple prospect.

I have suggested that George W. Bush came to the right vision and the right strategy after September 11. In this he has served, and continues to serve, the greatest interests of the United States and its values of democracy and economic freedom. This gift, however, has not been matched with equal gifts of communication to the American people. In an environment of uncertainly, terrible images of war and destruction, and a lack of understanding of our foreign policy purposes, it is not surprising that most Americans are unhappy, anxious and unwilling to be optimistic about our military confrontations which seem to have no end.

During the campaign of 2006, Mr. Bush has been touring the country in support of his party's candidates for Congress. As a sitting, albeit unpopular, president, he raises large sums for their campaigns. But his remarks on these occasions, often given to private and sympathetic audiences, have been restatements of his resolve to carry on the global struggle against the contemporary threat of terrorism. He and his advisers are showing new flexibility in their determination to defeat this enemy even as some leaders of the opposition party are clamoring for immediate withdrawal from Iraq. The American voters are deeply troubled and weary of war, but I don't think they have any intention to appease the enemy and surrender the field. (Some Democrats, including Sen. Joe Biden, are searching for new ways to hold the field and reject appeasement, while realizing American goals and ideals. But for now they are being shouted down.)

This is why November may not be so dark for the president and his party after all. Mr. Bush has been telling personal stories to his audiences during the campaign of 2006, trying to enable them belatedly to understand what he is doing. Reverting

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to his native Texglish, and eschewing the more formal contemporary English of so many of his colleagues, Mr. Bush talks of his recent experiences as president. One of the most touching is when he talks about the books he has been reading about his predecessors, particularly the best of them, Washington, Lincoln and FDR. All of them were war presidents, too. His identity with Lincoln is the most revealing.

Lincoln struggled with an unpopular war, was demonized in the press and made many mistakes in his choice of generals and battles. Lincoln's original stated purpose to preserve the Union evolved into the abolition of slavery, and when he was on the verge of winning, he put it all into what author Ron White and others call, his greatest speech: the second inaugural. Mr. Bush has read Mr. White's remarkable book ("Lincoln's Greatest Speech"). He communicates his own anguish, realizing he has no less responsibility and purpose as our greatest president, but knowing he lacks Lincoln's extraordinary gift of speech. Unlike Lincoln, who wrote his own speeches, Mr. Bush has delivered his best ones with the aid of a superb speechwriter. Even so, he has so far failed to explain fully to the American people his grand strategy and purpose.

But he is an eagle in the autumn of his presidency, stubbornly holding to his vision and overwhelming responsibility, determined to finish his watch holding to his deepest values and ideals. Eventually, those who oppose him, and even those who may despise him now, are likely to recognize and honor his lonely and historic journey.

A Fixation With Secrecy (NYT)

The New York Times, August 28, 2006

In 1971, Defense Secretary Melvin Laird punctuated his plea to Congress for more cold war appropriations with a graphic display of information that revealed the nation on guard with 54 Titan and 1,000 Minuteman nuclear missiles, plus 30 strategic bomber squadrons. In making his case, Mr. Laird exemplified the idea that a little transparency is no drawback in a democracy.

Thirty-five years later, the Bush administration, which has consistently demonstrated an extraordinary mania for secrecy, is blacking that public information out of history. That's right: it has reclassified the number of missiles and bombers from the Nixon era as some fresh national security secret, even though historians and officials in the old Soviet Union long have had it available on their research shelves.

What strange compulsion drives such "silly secrecy," as it is aptly described by officials of the National Security Archive, a nonprofit research library at George Washington University? The archive published a report on how retroactive the administration has become in its obsession with creating secrets out of interesting information. The blacked-out missile and defense policy information dates to the 1960's. Soviet numbers are left untouched on the open record, while the old American armada is freshly cloaked. What's next? Classifying Civil War ironclads and cannons?

The missile blackout is the latest symptom of a deepening government illness. National security has become the excuse for efforts to crack down on whistle-blowers and journalists dealing in such vital disclosures as the illicit eavesdropping on Americans. Last spring the director of the National Archives objected to a reclassifying initiative undertaken by intelligence officials that caused 55,000 decades-old pages to vanish from the public record. The process itself was labeled an official secret.

Public recourse has become more difficult: enforcement of the Freedom of Information Act has become slower and more burdensome. The one thing the administration has made no secret is its antipathy to government transparency. The secrecy fixation is a threat to democracy and an insult to honest history.

What Is The Latest Thing To Be Discouraged About? The Rise Of Pessimism (NYT)

By Adam Cohen

The New York Times, August 28, 2006

The early stages of the Iraq war may have been a watershed in American optimism. The happy talk was so extreme it is now difficult to believe it was sincere: "we will be greeted as liberators"; "mission accomplished"; the insurgency is "in the last throes." Most wildly optimistic of all was the goal: a military action transforming the Middle East into pro-American democracies.

The gap between predictions and reality has left Americans deeply discouraged. So has much of what has happened, or not happened, at the same time. Those who believed New Orleans would rebound quickly after Hurricane Katrina have seen their hopes dashed. Those counting on solutions to health care, energy dependence or global warming have seen no progress. It is no wonder the nation is in a gloomy mood; 71 percent of respondents in a recent Associated Press-Ipsos poll said the country is on the wrong track.

These are ideal times for the release of "Pessimism: Philosophy, Ethic, Spirit," by Joshua Foa Dienstag, a U.C.L.A. political theorist. Mr. Dienstag aims to rescue pessimism from the philosophical sidelines, where it has been shunted by optimists of all ideologies. The book is seductive, because pessimists are generally more engaging and entertaining than optimists, and

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because, as the author notes, “the world keeps delivering bad news.” It is almost tempting to throw up one’s hands and sign on with Schopenhauer.

Pessimism, however, is the most un-American of philosophies. This nation was built on the values of reason and progress, not to mention the “pursuit of happiness.” Pessimism as philosophy is skeptical of the idea of progress. Pursuing happiness is a fool’s errand. Pessimism is not, as is commonly thought, about being depressed or misanthropic, and it does not hold that humanity is headed for disaster. It simply doubts the most basic liberal principle: that applying human reasoning to the world’s problems will have a positive effect.

The biggest difference between optimists and pessimists, Mr. Dienstag argues, is in how they view time. Optimists see the passing of time as a canvas on which to paint a better world. Pessimists see it as a burden. Time ticks off the physical decline of one’s body toward the inevitability of death, and it separates people from their loved ones. “All the tragedies which we can imagine,” said Simone Weil, the French philosopher who starved herself to death at age 34, “return in the end to the one and only tragedy: the passage of time.”

Optimists see history as the story of civilization’s ascent. Pessimists believe, Mr. Dienstag notes, in the idea that any apparent progress has hidden costs, so that even when the world seems to be improving, “in fact it is getting worse (or, on the whole, no better).” Polio is cured, but AIDS arrives. Airplanes make travel easy, but they can drop bombs or be crashed into office towers. There is no point in seeking happiness. When joy “actually makes its appearance, it as a rule comes uninvited and unannounced,” insisted Schopenhauer, the dour German who was pessimism’s leading figure.

As politicians, pessimists do not believe in undertaking great initiatives to ameliorate unhappiness, since they are skeptical they will work. They are inclined to accept the world’s evil and misery as inevitable. Mr. Dienstag tries to argue that pessimists can be politically engaged, and in modest ways they can be. Camus joined the French Resistance. But pessimism’s overall spirit, as Camus noted, “is not to be cured, but to live with one’s ailments.”

President Clinton was often mocked for his declarations that he still believed “in a place called Hope.” But he understood that instilling hope is a critical part of leadership. Other than a few special interest programs — like cutting taxes on the wealthy and giving various incentives to business — it is hard to think of areas in which the Bush administration has raised the nation’s hopes and met them. This president has, instead, tried to focus the American people on the fear of terrorism, for which there is no cure, only bad choices or something worse.

Part of Mr. Bush’s legacy may well be that he robbed America of its optimism — a force that Franklin Delano Roosevelt and other presidents, like Ronald Reagan, used to rally the country when it was deeply challenged. The next generation of leaders will have to resell discouraged Americans on the very idea of optimism, and convince them again that their goal should not be to live with their ailments, but to cure them.

A Way Past The Stem Cell Dilemma? (USNEWS)

By Helen Fields

U.S. News and World Report, August 28, 2006

Last week, scientists at Advanced Cell Technology in Massachusetts announced that they had found a way to make embryonic stem cells without destroying embryos-which could allow scientists to get federal funding for medical research using the cells. But the new technique may not live up to the hype.

As described in the journal Nature, the cells would come from a procedure sometimes used for in vitro fertilization, in which a single cell from a very early embryo is removed and tested for defects. The new method would let that cell divide overnight, then use one daughter cell for testing and one to create new embryonic stem cell lines. The experimental cells have survived in the lab for eight months.

Objections. Some stem cell opponents object to this procedure, because defective embryos are discarded. And scientists still haven't ruled out the possibility that the one cell removed from an embryo could be coaxed to develop into a new embryo on its own, making that one cell as "human" as the embryo. A U.S. Conference of Catholic Bishops spokesman criticized the research last week as "gravely unethical."

No one knows if research using the cells would be eligible for National Institutes of Health money, says James Battey, chair of the NIH's stem cell task force. But Robert Lanza, medical director of Advanced Cell Technology, is hopeful. "I think that we could easily quadruple the number of lines eligible for federal funding, if this were to fly."

Embryonic War (NSWK)

By Claudia Kalb And Debra Rosenberg

Newsweek, September 4, 2006

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It was heralded as a scientific milestone. Published in an advance online version of the scientific journal Nature, it was touted on the front pages of newspapers across the country. For the first time, scientists said last week, they had derived human embryonic stem cells using a technique that does not harm the embryo—a biological feat intended to assuage religious conservatives and break the impasse over federal funding of new embryonic-stem-cell research. "Up until now, embryonic-stem-cell research has been synonymous with embryo destruction," said Dr. Robert Lanza, the study's lead author and vice president of research and scientific development at the biotech firm Advanced Cell Technology (ACT). "I think this changes that paradigm."

But within days of publication, that wasn't so clear. A more careful examination of Lanza's work showed he'd only proposed a new method, but hadn't in fact proved it worked from start to finish. And, by relying on human embryos, he still couldn't avoid the inevitable firestorm. Publicly, the White House took a measured approach, calling the reports "encouraging." Some social conservatives, particularly Roman Catholics, were far more critical. Though they claimed a moral victory, saying their hard-line position had forced scientists to consider the ethical status of the embryo, they dismissed Lanza's approach. "We're against manipulating, harming, assaulting embryos for their cells even if it doesn't always kill them," says Richard Doerflinger, of the U.S. Conference of Catholic Bishops, who accused Lanza of deceiving the public about the details of his work. By late last week, the scientific "breakthrough" had failed to bridge the political gap.

Normally, embryonic stem cells are grown from embryos at the blastocyst stage, when they're clusters of about 150 cells. In the process, the embryos are destroyed. Borrowing from a fertility-clinic technique called preimplantation genetic diagnosis (PGD), which is used to screen for genetic diseases in embryos before implantation, Lanza extracted single cells out of 16 embryos, then grew two of those cells into new embryonic-stem-cell lines. While the experiment showed that it is theoretically possible to grow embryonic-stem-cell lines and still preserve the embryos, Lanza failed to prove this. He needed so many individual cells (total: 91) to create his lines that multiple cells had to be pulled from each of the embryos; in the end, all 16 were destroyed. Lanza says that single-cell extraction has been proved effective through PGD (embryos subjected to the loss of a cell have developed into healthy babies); more important, he says, he has shown that single cells can develop into embryonic-stem-cell lines.

Other scientists say Lanza's work is impressive. It's "an interesting and important technical feat," says Dr. George Daley, a Harvard stem-cell researcher. But there are still a host of unanswered technical questions, say Daley and others. And it's unclear how many scientists will rush to replicate Lanza's work—the key to deeming it scientifically solid. Already, scientists can derive many more stem-cell lines through traditional methods. And many researchers want to study "disease-specific" embryonic stem cells for disorders like Alzheimer's and diabetes, which Lanza's approach wouldn't allow.

Underlying all of this, however, is a deep discomfort that scientific research is being designed to appease religious or political concerns. Glenn McGee, a bioethicist at Albany Medical College in New York, says ACT's research—done by a for-profit company—is a "pitiful attempt to look morally acceptable, rather than do valuable science." Politically, says McGee, who resigned from ACT's ethics board in 2000 because he says he wasn't consulted about critical research, "this will never sell."

George W. Bush has steadfastly refused to fund any research on stem-cell lines created since he established his policy in 2001 and, in July, when lawmakers in both parties passed a bill to fund new lines, he issued his first presidential veto. There's no indication that he'll change his position any time soon. But if Lanza's technique eventually works without destroying embryos, Bush might be able to embrace it. "I think it would satisfy the ethical concerns," says former Bush adviser Jay Lefkowitz, who helped formulate the 2001 policy.

Still, it's unlikely to satisfy many social conservatives. They oppose the PGD process, which weeds out defective embryos. And they worry that a single cell could itself grow into a viable embryo. "Then we'd be back in the same soup"—destroying potential life—says Princeton professor Robert George, a Catholic bioethics adviser to the White House.

Lanza is used to the criticism. In 2001, ACT was accused of hyping a report on cloning human embryos. Lanza, who wasn't running the lab at the time, defends the science but says he would have handled things differently. Now he's charting his own course. At 50, he lives on an island in a Massachusetts pond and claims a collection of natural curiosities, including a 3,500-pound amethyst and a six-foot Brachiosaurus femur. Of McGee and other critics, he says his goal is to advance science: "I've done what I thought was right." But in the murky waters of stem-cell science, what's "right" is never crystal clear.

A Way Out? (WP)

The Washington Post, August 28, 2006

WHEN PRESIDENT Bush restricted federal funding for stem cell research in 2001, he claimed he opposed "providing taxpayer funding that would sanction or encourage further destruction of human embryos that have at least the potential for life." Last week, the scientific community addressed Mr. Bush's expressed moral concern in a study reported in the journal Nature, revealing a new method for extracting embryonic stem cells that its backers say poses no additional risk to human embryos.

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But instead of embracing the potential of the new procedure, which might be a way of advancing stem cell research without destroying potential humans, the president registered his concerns about using any new embryonic material for scientific research. "Any use of human embryos for research purposes raises serious ethical concerns. This technique does not resolve those concerns," the White House said. "The President is hopeful that with time scientists can find ways of deriving cells like those now derived from human embryos but without the need for using embryos."

Later, a White House spokeswoman tried to backpedal, insisting that Mr. Bush is waiting for expert reviews of the study's findings before making any final judgments. Yet the president's initial statement on the matter indicates that he will search for new -- and far less convincing -- reasons to keep federal coffers shut from stem cell researchers.

The new method of gathering stem cells involves taking a single cell from a young embryo of around eight cells, a procedure that does not kill the embryo as earlier methods of stem cell extraction did, said Robert Lanza, the lead researcher. According to Ronald M. Green, director of Dartmouth College's Ethics Institute, the new method allows researchers to create stem cells as byproducts of a standard procedure in fertility clinics. There doctors often take one cell from eight-cell embryos to test for genetic defects such as Down syndrome. The rest of the embryo can grow into a normal human child, according to all available scientific evidence. Instead of immediately conducting the genetic test on the extracted cell, doctors can allow it to multiply overnight, use one of the resulting cells for the genetic analysis and create brand-new stem cell lines from the others.

As with any scientific breakthrough, the country has to wait for other scientists to successfully repeat the experiment to verify that the procedure will work. Researchers should also be prepared to respond to critics of the landmark scientific report, such as Richard Doerflinger of the U.S. Conference of Bishops. But if this new process is demonstrated to be viable, Mr. Bush can easily articulate rules that would allow federal funding for research on stem cells gathered harmlessly when cells are to be taken for genetic testing anyway. Then stem cell research on a range of debilitating and deadly diseases could finally proceed faster in the United States. On the other hand, sticking to his disappointing rhetoric of last week would unfairly raise the ethical bar Mr. Bush set in 2001 for America's stem cell scientists and continue to stunt the growth of this valuable field of study.

Over (and Behind) The Counter (USNEWS)

By Josh Fischman

U.S. News and World Report, August 28, 2006

A woman whose regular birth control method failed or who was raped will not be the first person to benefit from last week's decision to sell emergency contraceptive pills without a prescription. The immediate beneficiary will most likely be a man.

Andrew von Eschenbach, the acting head of the Food and Drug Administration, which approved the pill, should get the job for real in September, because key senators dropped their opposition to his nomination when he dropped his opposition to the "morning-after pill," called Plan B. "All he needs now is a simple majority vote for approval," says one of those senators, Democrat Patty Murray of Washington State. And that's good for the drug agency, which has been without a permanent leader for nearly a year.

Proof of age. Women will first see Plan B without a prescription near year's end-it has been prescription-only since 1999-after the manufacturer, Barr Laboratories, packs it in new boxes with more drug facts in easy-to-read language, like other nonprescription drugs. The estimated price is between $20 and $40 for a pack of two pills. And it won't be in gas stations or convenience stores but tucked behind the pharmacy counter, where buyers will have to show a valid ID to a pharmacist proving that they are at least 18 years of age. These restrictions are all part of the deal the FDA and the drug maker cut to market Plan B. The drug has been mired in controversy since the FDA refused to approve easier access two years ago, overruling the agency's own scientific advisers amid charges that it had caved in to conservatives who equate the pill with abortion. (Plan B contains hormones that prevent fertilization or stop a fertilized egg from implanting in the uterus.)

Conservative groups condemned the expanded access, charging that it cuts parents out of the loop. But keeping the pill behind the counter, along with the age restriction, didn't please women's health advocates either. "'Behind the counter' is another barrier," says Amy Middleman, a pediatrician and adolescent-health specialist at Texas Children's Hospital in Houston. "Adolescents make a mistake or they get raped, and they may not have the self-confidence to share personal information with a pharmacist." IDs, after all, show not just age but name and address. Canadian pharmacists were caught last year collecting this information. "Plan B has to be used within 72 hours to be effective. You don't want to create reluctance to use it," she says. Murray agrees but says "at least women don't have to find a doctor, get a prescription, find a pharmacy, and wait to get it filled now."

The drug agency says it insisted on the distribution limit to ensure that buyers could get health counseling from a pharmacist and on the age limit because there were doubts about the ability of younger teens to use the pill responsibly. "Ridiculous," says James Trussell, a reproductive-health researcher at Princeton and a member of the FDA's advisory committee

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on the drug. "We saw at least three studies showing that younger teens used the drug just as safely as older women did. Plan B is safer than aspirin." Medically, perhaps, but politically it clearly has a big warning label.

New Plan For Plan B (NSWK)

By Julie Scelfo

Newsweek, September 4, 2006

When the food and Drug Administration announced last week that Plan B emergency contraception would be available "over the counter," but would be kept behind the counter because of the drug's 18-and-over age restriction, the decision echoed an idea, long advocated by the American Pharmacists Association (APhA), that two classes of drugs aren't enough.

As it stands, the FDA can approve drugs in two categories: by prescription, which typically requires a doctor's visit, and over the counter, which means the medication is safe enough to sit on shelves next to diapers and batteries. What APhA is arguing for is a third official category, like Britain's "behind the counter" designation, for dozens of drugs that may require some oversight but are safe enough to take without a doctor's written consent. Certain flu medications fall into this category, pharmacists say, as do cholesterol-fighting drugs, some vaccinations and smoking-cessation inhalers. A third category would allow consumers quicker access to drugs and could help lower costs. It would also put more responsibility in pharmacists' hands.

Scott Gottlieb, FDA deputy commissioner, has said he is open to this third way (which would require congressional approval). But the Ameri-can Medical Association, which applauded the FDA's approval of Plan B as an OTC option, so far opposes it. "If pharmacists take on diagnosing, they take on liabil-ity, too," says the AMA's Dr. Edward Langston. >

"Anybody Knows Not To Mess With Me" (TIME)

By By Perry Bacon Jr.

Time, September 4, 2006

Nancy Pelosi, the leaderÂ of theÂ Democrats in the House, portrays herself as a polite, grandmotherly lady. She constantly discusses her five grandchildren, makes sure her office is stocked with Ghirardelli chocolates, perpetually smiles and never swears in a business in which almost everyone else does. She even has a few cute quirks she and her staff would love to tell you about: a diet consisting mostly of chocolate and chocolate ice cream, and so much energy, she rarely sleeps. Just the other night, she will tell you, she was up watching MTV after midnight.

Don't believe it for a second. Would your grandmother ever say, "If people are ripping your face off, you have to rip their face off" (Pelosi's approach to handling attacks from Republicans)? How about "If you take the knife off the table, it's not very frightening anymore" (her explanation for why she won't let voters forget George W. Bush's unpopular Social Security proposal from last year)?

The 66-year-old San Francisco lawmaker is an aggressive, hyperpartisan liberal pol who is the Democrats' version of Tom DeLay, minus the ethical and legal problems of the former Republican House leader. To condition Democrats for this fall's midterm elections, she has employed tactics straight out of DeLay's playbook: insisting other House Democrats vote the party line on everything, avoiding compromise with Republicans at all cost and mandating that members spend much of their time raising money for colleagues in close races. And she has been effective. House Democrats have been more unified in their voting than at any other time in the past quarter-century, with members on average voting the party line 88% of the time in 2005, according to Congressional Quarterly. That cohesion enabled Democrats to hasten President Bush's slide in the polls when they blocked his plan to reform Social Security by allowing retirees to eschew guaranteed benefits in favor of private accounts. Bush's approval rating remains depressed--38% in a TIME poll last week--and the Democrats are in their best position to win the House since Republicans took control of it in 1994.

If Democrats are successful in November, it will be mostly the result of Americans' increasing frustration with the Iraq war and with the perception that Bush and congressional Republicans have bungled everything from Terri Schiavo to Hurricane Katrina. But Pelosi has made sure Democrats didn't break the Republicans' fall. And if Democrats win back the 15 seats they need to form a majority, Pelosi will be richly rewarded. She would almost certainly become the first woman to be House Speaker.

That would be sweet vindication for a leader many moderate Democrats castigated as an out-of-touch liberal who would take the party perilously to the left when she became the top House Democrat in 2002. It would also mark a rapid rise for a politician who didn't run for office until she was 47. Pelosi grew up in a prominent political family in Baltimore, Md. Her father was the mayor for almost her entire childhood. After college, Pelosi and her husband Paul moved to New York City and then to San Francisco, where she became a leading Democratic fund raiser, then chairwoman of the party in California. But she waited until the youngest of her five children was a high school senior before she ran for Congress in 1987.

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Among Democrats in Washington, Pelosi became popular for her prodigious fund raising on behalf of colleagues and her gracious manners; she's often the first person to send flowers if a member's spouse is sick. Staffers also enjoy her largesse. After a lavish meal, she will sometimes say, "Thank God for Paul Pelosi," her investment-banker husband, whose real estate holdings make up much of the couple's $16 million in assets.

Once in Congress, she was embraced especially by liberal Democrats. She opposed the Gulf War and in a 1996 interview with the San Francisco Chronicle said, "I pride myself in being called a liberal" and "I don't consider myself a moderate." In 2001, on the strength of the votes of party progressives, Pelosi won an intense battle with Maryland's Steny Hoyer, who is more centrist, to be the No. 2 Democrat in the House. A year later she defeated another moderate, Martin Frost of Texas, to become the party's leader in the chamber.

In both contests her opponents argued that Pelosi was too liberal, and she hasn't forgotten. Her relationship with Hoyer is tense, and when Pennsylvania Representative John Murtha said he would run against Hoyer for House majority leader if Democrats won this fall, Pelosi did little to dissuade him. When Frost, who is now out of Congress, unsuccessfully ran for chair of the Democratic National Committee last year, Pelosi repeatedly rebuffed his attempts to get her support. While she declines to discuss those conflicts, Pelosi told TIME, "Anybody who's ever dealt with me knows not to mess with me." Pelosi carries a chip on her shoulder, believing that fellow Democrats and media Ã©lites have constantly underestimated her political ability, dating back to her unsuccessful effort to become head of the Democratic National Committee in 1985, when she was called an "airhead" by a labor-union official. She will talk about those political battles only vaguely but told me the Democratic establishment in Washington "couldn't control me, so they needed to take me down" and "They can't even believe the fact that I'm going to become Speaker, but they're getting used to it."

Like DeLay, who was also known for bruising rivalries within his party, Pelosi has embraced hard-knuckle partisanship, even if it means standing still. When Bush announced his Social Security plan last year, Pelosi told House Democrats they could never beat him in a straight-ahead, policy-against-policy debate because he had the megaphone of the presidency and was just coming off re-election. So the Democrats would thunderously attack Bush and argue there was no Social Security crisis and therefore no need for them to put out their own proposal. Some members were leery, concerned that Pelosi would make the Democrats look like the Party of No. As the spring of 2005 wore on, some pestered her every week, asking when they were going to release a rival plan. "Never. Is never good enough for you?" Pelosi defiantly said to one member. When Florida Democrat Robert Wexler publicly suggested raising Social Security taxes as the solution, Pelosi immediately chewed him out over the phone. Only one other Democrat signed on to his plan.

The Democrats won the Social Security battle Pelosi's way. That earned her credit with her colleagues, who have embraced her overall strategy. Throughout the past year, Pelosi has demanded that Democrats unanimously oppose G.O.P. bills. By denying the G.O.P votes from across the aisle, Democrats have forced moderate Republicans to back bills like those cutting Medicaid and other social programs that fiscally conservative Republicans have insisted on, votes for which Democrats have then attacked moderate Republicans in television ads. Pelosi has also ordered Democrats not to work on bills or even hold press conferences with Republicans whom the party is trying to defeat in November.

Meanwhile, at the cost of infuriating parts of her own, progressive base, Pelosi has made a number of pragmatic, tactical moves to better position the Democrats for November. When Louisiana Congressman William Jefferson was found with $90,000 in his freezer from an apparent bribery scheme, Pelosi immediately had him tossed out of his seat on the House Ways and Means Committee. The strongly liberal Congressional Black Caucus was incensed that one of its members had been punished before he had even been indicted. But Pelosi's action helped rebut the G.O.P.'s contention that Democrats had as many corruption problems as Republicans, many of whom are caught up in the Jack Abramoff scandal.

No one among the Democrats has succeeded in solidifying the party around a single position on the Iraq war, but Pelosi has managed to tame the several dozen House members who call themselves the Out of Iraq caucus. They have wanted the Democratic Party to demand the prompt withdrawal of U.S. troops from Iraq. But Pelosi has so far convinced them that Murtha, the ex-Marine and veteran lawmaker whose call for a troop withdrawal in November created real debate, should be the party's face for that cause while the others should stay in the background.

Still, some Democrats think Pelosi's leftward tilt, combined with her strident attacks on Bush, undercuts her strength as a party leader. A number of Democratic candidates have distanced themselves from her. "We hope she campaigns in as many districts as possible," said Ron Bonjean, spokesman for Dennis Hastert, the Republican Speaker of the House. "She comes across as very liberal."

That's not the only issue with Pelosi. Even her supporters acknowledge she's not the ideal spokeswoman for the Democrats in public. When she's not making clumsy remarks, like bragging earlier this year that one of the biggest benefits of a Democratic takeover of Congress would be "subpoena power," she's mind-numbingly repeating whatever talking points the party

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has agreed on that week or indulging her love of alliteration: "People, politics, policy" and "Money, message, mobilization." The charitable view of her often disjointed speaking style is that she's someone who thinks faster than she talks. The uncharitable view is that "she's Teresa Heinz without the accent," as one Democratic activist said.

But Democrats aren't counting on Pelosi to be their poster girl for November. Her most important role is behind the scenes. If the Democrats take the House, that will change, since Speaker Pelosi would become the face of the Democrats and second in the line of succession to the presidency, after Vice President Dick Cheney. It would also be a test of Pelosi's skills: she has unified the Democrats in opposition, but it would be much more difficult to keep Democratic members in line if they took control. "They listen to no one," says Pelosi. "They don't listen to each other." But so far, the Democrats have listened to their leader, and if she keeps guiding them smartly, Nancy Pelosi could make President Bush's final two years even more vexing than the past two.

OTHER NEWS:

What Worries Economists? (WSJ)

WSJ Online's "Washington Wire", August 28, 2006

Terrorism and energy prices top the worry list, according to a biannual survey of nearly 200 economists released Monday by the National Association for Business Economics. With the foiled plot to bomb U.S.-bound airlines raising security concerns, 34% said terrorism posed the greatest short-term risk to economic growth, up from 26% in March. Nearly 30% cited energy prices, up from 23% in March, although they say it would take the unlikely scenario of prices rising to $100 a barrel to spark a recession. Inflation came in third among the most frequently cited threats to short-term economic health.

With Treasury coffers filling up with higher-than-expected tax revenue, only 2% of the economists cited government spending and the federal deficit as a short-term risk, down from 14% in March. The deficit, however, was cited as the biggest threat to the economy's long-term health. Three-quarters said the government should be spending less and have a narrower deficit at the end of the Bush presidency in two years, but only 17% think it will.

With early signs suggesting Federal Reserve Chairman Ben Bernanke and his policymaking colleagues may be able to tame inflation without causing inflation, 71% of economists surveyed said monetary policy was "about right." There's no consensus on where the Fed will take interest rates from here. According to 14% of those surveyed, rates are still too low, but 13% said they're too high. – Christopher Conkey

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August 28, 2006, 12:06 am Gone but Not Forgotten

Though he wasn't in attendance, the work of Princeton University economist and New York Times columnist Paul Krugman was a recurrent theme in the Federal Reserve's Jackson Hole symposium this year.

The event's title, "The New Economic Geography," was the name given to work Mr. Krugman pioneered in 1991 in his book, "Geography and Trade." Anthony Venables of the London School of Economics, the first academic presenter at the event, has been a co-author of Mr. Krugman. Another speaker, Doug Irwin of Dartmouth College, recommended participants read Mr. Krugman's essay, "Competitiveness: A Dangerous Obsession." Later, during a whimsical discussion on the potential for interplanetary trade, the Bank of England's Charlie Bean noted Mr. Krugman had written an article called "The pure theory of interstellar trade," which Mr. Krugman had called a "serious analysis of a silly problem," according to Mr. Bean.

Mr. Krugman is an accomplished economist who won the American Economic Association's prestigious John Bates Clark Medal in 1991. But in recent years he has become better known, even among many of his academic peers, for his popular writings, in particular his Times columns which are often harshly critical of the Bush administration, than for his academic research. He has presented papers at the Jackson Hole conference in previous years, but wasn't invited to this year's. Mr. Krugman, in an email, said he would have attended, had he been invited. "After all, a lot of people give me credit or blame for founding the new economic geography, and it would have been interesting to join a discussion on the state of the field, even though I haven't done a lot of new research in the area since the late 90s."

Officials of the Kansas City Fed, which hosts the event, declined to comment on why Mr. Krugman wasn't invited. That said, there are only a few slots for academics at the event and hundreds of logical candidates to fill them. Moreover, when the term "new economic geography" was coined in the early 1990s, it referred to how local agglomerations of skills, talent and other assets can given a country a comparative advantage in a particular industry. At this weekend's conference, the term referred more to how the rise of China, India and other developing nations is reshaping the world economy. – Greg Ip

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August 27, 2006, 8:22 pm Gov. Schwarzenegger Is Standout as GOP Stumbles

Democrats lead in most of 19 hotly contested gubernatorial races, including seven now held by Republican incumbents, according to the most recent set of Battlegrounds polls from Zogby Interactive, conducted in cooperation with The Wall Street Journal Online. In Pennsylvania, incumbent Ed Rendell remained locked in a tight race with Republican Lynn Swann, a former Pittsburgh Steelers wide receiver and sports announcer. Rendell's lead was four percentage points in the latest poll, down from seven points in July. California Gov. Arnold Schwarzenegger climbed to a five percentage point lead over Democratic challenger Phil Angelides. It was the first time that Schwarzenegger led in that matchup since the polling project began, though he has generally gained ground throughout the year. Meanwhile, the race between Republican Rep. Jim Nussle and Democratic Iowa Secretary of State Chet Culver continues to be one of the hottest contests in the nation. While Culver edged into the lead in the latest poll, Zogby says the race is too close to call for either side. The polls were conducted Aug. 15-21. See the full results.

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August 27, 2006, 8:20 pm Zogby Polls Show Dems Gaining in Senate

Democrats picked up ground in a new set of polls of hotly contested Senate races, now leading in 12 of the 18 races tracked, up from 10 of 17 last time. In Virginia, the "macaca" comment appear to have hurt incumbent George Allen, who went from a comfortable lead in previous Zogby polls to now trailing Democrat James Webb, a former secretary of the Navy under President Reagan. Among other races, Robert Menendez's lead over Republican Tom Kean Jr. narrowed to just two percentage points in New Jersey, while incumbent John Ensign's advantage over Democrat Jack Carter narrowed in Nevada.

Although Republicans are ahead in fewer of the battlegrounds than Democrats, the party would still maintain control of the 100-seat Senate if the election results match Zogby's results. Taking into account the 40 Republican seats not up for re-election and seven that weren't included in the polling because Republicans are expected to win handily, Republicans would retain a 52-46 majority in the Senate, though Mr. Lieberman and another independent, Jim Jeffords of Vermont, would be expected to vote frequently with the Democrats. See the full results.

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August 27, 2006, 2:41 pm Starr Goes From Cigars to Bongs

President Clinton's impeachment nemesis Kenneth Starr is staying busy. Monday, the former Independent Counsel is expected to file a petition asking the U.S. Supreme Court to uphold the suspension of a high school student disciplined for holding a banner across the street from campus reading, "BONG HITS 4 JESUS."

The incident occurred in January 2002, as the Olympic torch relay wound through Juneau, Alaska, en route to the winter games in Salt Lake City. As the torch passed by the school, student Joseph Frederick and friends unfurled the banner across the street from campus apparently to attract the attention of television cameras.

A bong is a popular device used to smoke marijuana, inhalation from which is commonly known as a "bong hit." The school principal suspended Mr. Frederick — allegedly the only student who disobeyed her command to put down the banner — for 10 days. Mr. Frederick claimed the suspension violated his First Amendment right to freedom of speech. A federal district judge sided with the school, but a panel on the U.S. Court of Appeals for the Ninth Circuit unanimously reversed.

Mr. Starr and other attorneys in the Los Angeles office of Kirkland & Ellis have accepted the case pro bono. Should the court grant the petition, the outcome could hinge on whether the banner disrupted the educational process, whether watching the relay was a school-sponsored event, and whether Mr. Frederick — who had yet to enter school property that morning because his car had been stuck in the snow — was officially on campus. –Ben Winograd

Read the petition to be filed with the Supreme Court.

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August 27, 2006, 2:01 pm On Call, On the Spot

Does trouble follow National Safety Transportation Board member Debbie Hersman? She was the NTSB member on call when a Comair commuter jet fatally crashed at the Lexington , Ky., airport early Sunday morning. Board members take turns being on call and that person becomes the NTSB's spokesman on the accident scene.

When Ms. Hersman joined the NTSB, some aviation safety officials grumbled she was part of a new wave of NTSB officials who didn't have enough technical knowledge of aviation to be effective. But she's certainly had plenty of exposure to safety issues since then, because major accidents seem to have had a way of happening when she's on call.

Since joining the NTSB in June 2004 from her previous job as a Senate staffer, Ms. Hersman has been on scene at five transportation accidents, including the nonfatal November 2004 collision of two subway cars in Washington, the February 2005 crash of a private jet into an airport warehouse in Teterboro, N.J., and the July 2005 head-on collision of two freight trains in Anding, Miss.

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The crash Sunday morning ended what government safety officials dubbed the "safest period in aviation history." The last major fatal airline accident in the U.S. happened in November 2001, when American Airlines Fight 587 crashed soon after take-off in Queens, N.Y., killing 265 people. –Amy Schatz

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August 26, 2006, 6:54 pm Anecdotes on Education From Jackson Hole

It's long been accepted that emerging Asian economies owe much of their success to an emphasis on education, but a few anecdotes aired at Jackson Hole underlined the point. Arminio Frago, a former governor of Brazil's central bank who now runs a hedge fund, noted that Brazil and South Korea once had the same per-capita gross domestic product. Now, South Korea's is over twice that of Brazil's. By way of explanation, he noted that the average Korean has 13 years of school, while in Brazil the figure is six years, and the education is not very high quality. Rakesh Mohan, deputy governor of the Reserve Bank of India, noted that Tokyo has 113 universities; Beijing has 59. – Greg Ip

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August 26, 2006, 6:51 pm Feldstein Speaks Up at Jackson Hole

Harvard University's Martin Feldstein is traditionally an active participant at the Fed's annual Jackson Hole conference. Last year, he was unusually quiet, a result of the fact he was under consideration to succeed Alan Greenspan as chairman of the Fed. Since then, the job went to Ben Bernanke and this year Mr. Feldstein seemed more willing to speak his mind. His views, had they come from a Fed chairman, would have sent the markets into a tizzy. First, Mr. Feldstein repeated his long-standing view that the U.S. dollar has to fall a lot to rein in the U.S.'s massive trade deficit. It's not clear when or how fast, "but I have no doubt it will be coming." A lower dollar, he said, will result in "higher inflation." Furthermore, U.S. interest rates will have to rise to entice foreigners to hold onto some of their dollar holdings. So "the most likely response [is] some combination of higher real interest rates and a falling value of the dollar, further complicating the problem for monetary policy." Alternatively, Americans could cut their consumption, leading to a narrower trade deficit and higher saving, perhaps because of lower house prices. Then the Fed has the delicate job of "balancing the decline in domestic demand and the process of international adjustment." – Greg Ip

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August 26, 2006, 6:50 pm Jackson Hole's Sleeper Hit

At a conference dominated by discussion of the rise of India and China and their impact on the U.S. and Europe, the sleeper hit of the Federal Reserve Bank of Kansas City's annual conference in Jackson Hole, Wyo., was a short presentation on why Africa has fallen so far behind the rest of the developed world, especially Asia, in recent decades.

Reflecting the conference theme — "The New Economic Geography" — Paul Collier of Oxford University made a persuasive case that nowhere more than in Africa has geography undermined economic progress. Statistically, a country's growth is more likely to lag if it is landlocked, resource-poor or small, and Africa, which is divided into over 40 countries, has an unusually large number of countries that are all three. Many African countries are resource rich but are unable to efficiently spend those resources because, while democratic, they lack effective checks and balances. By contrast, countries that must rely on taxes are more likely to face demands for accountability. African countries, despite being small, are also ethnically diverse. The more diverse a society, the smaller the share of the population represented by the ruling group, he notes. "A minority in power has an incentive to distribute to itself at the expense of the public good of national economic growth." Finally, he says, Africa has missed the globalization boat: at the time Asia was opening up to foreign investment, Africa was saddled with overvalued currencies, civil war, experiments with socialism, or apartheid. Almost all these problems have been solved, but in the meantime Asia has acquired a formidable critical mass of local skills and infrastructure that make it difficult for Africa to compete for foreign investment. Mr. Collier's presentation was perhaps the most eye-opening to the crowd of academics, Wall Streeters and central bankers at the Fed conference, perhaps because so much of it was new to them. (Only one central banker from Africa was on the list of attendees: South Africa's. There were six from Latin America.) But perhaps it was welcomed because it presented a persuasive, systematic explanation for the continent's troubles that didn't have to argue that Africa was somehow different. "African performance has been far worse than that of any other region," Mr. Collier has written. "The explanation for this is not that African economic behavior is fundamentally different from elsewhere, but rather that African geographic endowments are distinctive." He sharply disagreed with economist-celebrity Jeffrey Sachs's view that disease and climate are the principal reasons for Africa's underdevelopment. Sachs, he said, is "barking up the wrong tree." – Greg Ip

Anecdotes on Education From Jackson Hole

Aug.26, 2006

Feldstein Speaks Up at Jackson Hole

Aug.26, 2006

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Global Trends May Hinder Effort To Curb U.S. Inflation (NYT)

By Edmund L. Andrews

The New York Times, August 28, 2006

JACKSON HOLE, Wyo., Aug. 27 — As the Federal Reserve fiercely debates how to reduce inflation within the United States, economists are warning that trends outside the country may soon make the Fed's job much harder.

In recent years, global integration has made things easier for the Fed in two ways. An explosion in low-cost exports from China and other countries helped keep prices of many products low even as Americans spent heavily and loaded up on debt.

At the same time, China and other relatively poor nations reversed the normal patterns of global investment by becoming net lenders to the United States and Europe. Analysts estimate that this "uphill" flow of money from poor nations to rich ones may have reduced long-term interest rates in the United States by 1.5 percentage points in recent years — a big difference when home mortgage rates are about 6 percent.

But as Fed officials held their annual retreat this weekend here in the Grand Tetons, a growing number of economists warned that those benign international trends could abate or even reverse.

For one thing, they said, China's explosive rise as a low-cost manufacturer does not mean that prices will fall year after year. Indeed, China's voracious appetite for oil and raw materials has aggravated inflation by driving up global prices for oil and many commodities.

Beyond that, new research presented this weekend suggested that the United States could not count on a continuation of cheap money from poor countries. Those flows could stop as soon as countries find ways to spend their excess savings at home.

"Medium- and long-term interest rates are set outside of the country," said Kenneth S. Rogoff, a professor of economics at Harvard University and a former director of research at the International Monetary Fund. "It's very important to think about what to do if the winds of globalization change."

The warnings come as the Fed's new chairman, Ben S. Bernanke, faces widespread skepticism among economists about his forecast for a "soft landing" — a mild slowdown that will tame inflation without costing many jobs.

Inflation is already running above Mr. Bernanke's unofficial target — 2 percent a year, excluding energy and food prices — and few analysts here say they believe the Fed will raise rates and slow growth enough to bring inflation down to its target anytime soon.

"They are in a box, and they know it," said John H. Makin, an economist at the American Enterprise Institute and a hedge fund manger. "It's an awkward position for them to be in."

Economists presenting papers at the Fed retreat said that the central bank may be hindered as global trends that have kept inflation and interest rates lower than they would otherwise be turn less favorable.

The biggest change could be an increased reluctance by foreign investors to finance the United States' huge trade gap, now more than $700 billion a year.

"What happens if foreign investors decide they don't want to accumulate American assets any more?" asked Martin S. Feldstein, economics professor at Harvard and president of the National Bureau of Economic Research.

"Something has to change to make the debt more attractive — an increase in interest rates in the U.S. or a decline in the exchange rate of the dollar," he continued. "In the short term, the Fed will face slowing output growth, possible with higher inflation."

For the moment, bond investors appear to accept the Fed's view that inflation will remain low. Long-term interest rates have actually edged down slightly since the Fed decided on Aug. 8 not to raise overnight rates.

But economists, including some leading bond investors, predict that inflation will creep higher even if oil prices stop climbing.

"The consensus among people here is that the Fed's real target is not 2 percent but about 2.5 percent," said David Hale, an economic forecaster in Chicago. Looking ahead 12 months, if Fed members do not make progress bringing inflation down, "it's going to call into question their credibility," he said.

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Members of the Federal Open Market Committee, which sets monetary policy, appear torn. In a sign of uncertainty this weekend, Mr. Bernanke and all other senior Fed policymakers were unusually tight-lipped about any of the issues — wage trends, the ability of companies to pass higher costs on to customers, or the plunge in home sales — that are at top of their agenda.

Mr. Bernanke has been arguing that inflation will cool as annual economic growth slows to 2.5 percent, from about 3.5 percent.

But some Fed officials, worried that inflation pressures are becoming more entrenched, want to take tougher action. Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, voted against the pause in rate increases.

Michael H. Moskow, president of the Chicago Fed, strongly suggested last week that he favored higher rates and declared that the risks of higher inflation were greater than the risks of an unexpectedly sharp slowdown. Mr. Moskow is not currently a voting member of the policy committee, which rotates the regional bank presidents, but he participated in the debates.

Ethan S. Harris, chief United States economist at Lehman Brothers, said the Fed's focus on core inflation understated the challenges posed by international shifts. The focus, he said, includes the price-lowering impact of China's expansion but excludes the impact of higher oil prices. "They've included the part that makes things look better and thrown out the part that makes things look worse," he said.

Officially, the Federal Reserve does not set explicit targets for inflation. But Mr. Bernanke, a longtime champion of inflation targets, has said that his own definition of price stability is to keep core inflation between 1 percent and 2 percent a year.

The Fed's job is not made any easier by the upcoming midterm elections, in which Republicans are struggling to keep from losing control of both the House and Senate.

The Fed has two policy meetings, in late September and late October, before the November elections. The central bank often likes to avoid any interest rate changes immediately before an election, for fear that it will be accused of interfering on behalf of one party or another.

Regardless of what Mr. Bernanke does in the next few months, economists at the conference here said that globalization and the United States' growing foreign debt could make his job more difficult.

Raghuram G. Rajan, the International Monetary Fund's current head of research, presented new research to explain why many poorer countries are now net lenders to rich countries — and why they might change course. He argued that fast-growing poor countries relied less on foreign capital than many nations, and that they saved much more than they invested.

One example is Chile, the most prosperous country in Latin America. Thanks to soaring copper prices in recent years, Chile has paid off its government debt and is running a budget surplus equal to about 7 percent of its gross domestic product. Chilean leaders are putting the surplus into a long-term stability fund, part of which is invested in foreign securities, that will be used to maintain full government operations if copper prices plummet.

Mr. Rajan said many countries might not have a way to channel their excess savings because their banking systems were too underdeveloped. If so, the savings rates of those countries may decline as people become more accustomed to rising incomes and as banks find ways to rechannel savings into consumer and business loans.

Even though capital is flowing uphill to rich countries like the United States right now, Mr. Rajan said, "it doesn't mean these flows are optimal, safe or permanent."

Real Wages Fail To Match A Rise In Productivity (NYT)

By Steven Greenhouse And David Leonhardt

The New York Times, August 28, 2006

With the economy beginning to slow, the current expansion has a chance to become the first sustained period of economic growth since World War II that fails to offer a prolonged increase in real wages for most workers.

That situation is adding to fears among Republicans that the economy will hurt vulnerable incumbents in this year's midterm elections even though overall growth has been healthy for much of the last five years.

The median hourly wage for American workers has declined 2 percent since 2003, after factoring in inflation. The drop has been especially notable, economists say, because productivity — the amount that an average worker produces in an hour and the basic wellspring of a nation's living standards — has risen steadily over the same period.

As a result, wages and salaries now make up the lowest share of the nation's gross domestic product since the government began recording the data in 1947, while corporate profits have climbed to their highest share since the 1960's. UBS, the investment bank, recently described the current period as "the golden era of profitability."

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Until the last year, stagnating wages were somewhat offset by the rising value of benefits, especially health insurance, which caused overall compensation for most Americans to continue increasing. Since last summer, however, the value of workers' benefits has also failed to keep pace with inflation, according to government data.

At the very top of the income spectrum, many workers have continued to receive raises that outpace inflation, and the gains have been large enough to keep average income and consumer spending rising.

In a speech on Friday, Ben S. Bernanke, the Federal Reserve chairman, did not specifically discuss wages, but he warned that the unequal distribution of the economy's spoils could derail the trade liberalization of recent decades. Because recent economic changes "threaten the livelihoods of some workers and the profits of some firms," Mr. Bernanke said, policy makers must try "to ensure that the benefits of global economic integration are sufficiently widely shared."

Political analysts are divided over how much the wage trends will help Democrats this fall in their effort to take control of the House and, in a bigger stretch, the Senate. Some see parallels to watershed political years like 1980, 1992 and 1994, when wage growth fell behind inflation, party alignments shifted and dozens of incumbents were thrown out of office.

"It's a dangerous time for any party to have control of the federal government — the presidency, the Senate and the House," said Charles Cook, who publishes a nonpartisan political newsletter. "It all feeds into 'it's a time for a change' sentiment. It's a highly combustible mixture."

But others say that war in Iraq and terrorism, not the economy, will dominate the campaign and that Democrats have yet to offer an economic vision that appeals to voters.

"National economic policies are more clearly in focus in presidential campaigns," said Richard T. Curtin, director of the University of Michigan's consumer surveys. "When you're electing your local House members, you don't debate that on those issues as much."

Moreover, polls show that Americans are less dissatisfied with the economy than they were in the early 1980's or early 90's. Rising house and stock values have lifted the net worth of many families over the last few years, and interest rates remain fairly low.

But polls show that Americans disapprove of President Bush's handling of the economy by wide margins and that anxiety about the future is growing. Earlier this month, the University of Michigan reported that consumer confidence had fallen sharply in recent months, with people's expectations for the future now as downbeat as they were in 1992 and 1993, when the job market had not yet recovered from a recession.

"Some people who aren't partisans say, 'Yes, the economy's pretty good, so why are people so agitated and anxious?' " said Frank Luntz, a Republican campaign consultant. "The answer is they don't feel it in their weekly paychecks."

But Mr. Luntz predicted that the economic mood would not do significant damage to Republicans this fall because voters blamed corporate America, not the government, for their problems.

Economists offer various reasons for the stagnation of wages. Although the economy continues to add jobs, global trade, immigration, layoffs and technology — as well as the insecurity caused by them — appear to have eroded workers' bargaining power.

Trade unions are much weaker than they once were, while the buying power of the minimum wage is at a 50-year low. And health care is far more expensive than it was a decade ago, causing companies to spend more on benefits at the expense of wages.

Together, these forces have caused a growing share of the economy to go to companies instead of workers' paychecks. In the first quarter of 2006, wages and salaries represented 45 percent of gross domestic product, down from almost 50 percent in the first quarter of 2001 and a record 53.6 percent in the first quarter of 1970, according to the Commerce Department. Each percentage point now equals about $132 billion.

Total employee compensation — wages plus benefits — has fared a little better. Its share was briefly lower than its current level of 56.1 percent in the mid-1990's and otherwise has not been so low since 1966.

Over the last year, the value of employee benefits has risen only 3.4 percent, while inflation has exceeded 4 percent, according to the Labor Department.

In Europe and Japan, the profit share of economic output is also at or near record levels, noted Larry Hatheway, chief economist for UBS Investment Bank, who said that this highlighted the pressures of globalization on wages. Many Americans, be they apparel workers or software programmers, are facing more comptition from China and India.

In another recent report on the boom in profits, economists at Goldman Sachs wrote, "The most important contributor to higher profit margins over the past five years has been a decline in labor's share of national income." Low interest rates and the moderate cost of capital goods, like computers, have also played a role, though economists note that an economic slowdown could hurt profits in coming months.

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For most of the last century, wages and productivity — the key measure of the economy's efficiency — have risen together, increasing rapidly through the 1950's and 60's and far more slowly in the 1970's and 80's.

But in recent years, the productivity gains have continued while the pay increases have not kept up. Worker productivity rose 16.6 percent from 2000 to 2005, while total compensation for the median worker rose 7.2 percent, according to Labor Department statistics analyzed by the Economic Policy Institute, a liberal research group. Benefits accounted for most of the increase.

"If I had to sum it up," said Jared Bernstein, a senior economist at the institute, "it comes down to bargaining power and the lack of ability of many in the work force to claim their fair share of growth."

Nominal wages have accelerated in the last year, but the spike in oil costs has eaten up the gains. Now the job market appears to be weakening, after a protracted series of interest-rate increases by the Federal Reserve.

Unless these trends reverse, the current expansion may lack even an extended period of modest wage growth like one that occurred in the mid-1980's.

The most recent recession ended in late 2001. Hourly wages continued to rise in 2002 and peaked in early 2003, largely on the lingering strength of the 1990's boom.

Average family income, adjusted for inflation, has continued to advance at a good clip, a fact Mr. Bush has cited when speaking about the economy. But these gains are a result mainly of increases at the top of the income spectrum that pull up the overall numbers. Even for workers at the 90th percentile of earners — making about $80,000 a year — inflation has outpaced their pay increases over the last three years, according to the Labor Department.

"There are two economies out there," Mr. Cook, the political analyst, said. "One has been just white hot, going great guns. Those are the people who have benefited from globalization, technology, greater productivity and higher corporate earnings.

"And then there's the working stiffs," he added, "who just don't feel like they're getting ahead despite the fact that they're working very hard. And there are a lot more people in that group than the other group."

In 2004, the top 1 percent of earners — a group that includes many chief executives — received 11.2 percent of all wage income, up from 8.7 percent a decade earlier and less than 6 percent three decades ago, according to Emmanuel Saez and Thomas Piketty, economists who analyzed the tax data.

With the midterm campaign expected to heat up after Labor Day, Democrats are saying that they will help workers by making health care more affordable and lifting the minimum wage. Democrats have criticized Republicans for passing tax cuts mainly benefiting high-income families at a time when most families are failing to keep up.

Republicans counter that the tax cuts passed during Mr. Bush's first term helped lifted the economy out of recession. Unless the cuts are extended, a move many Democrats oppose, the economy will suffer, and so will wages, Republicans say.

But in a sign that Republicans may be growing concerned about the public's mood, the new Treasury secretary, Henry M. Paulson Jr., adopted a somewhat different tone from Mr. Bush in his first major speech, delivered early this month.

"Many aren't seeing significant increases in their take-home pay," Mr. Paulson said. "Their increases in wages are being eaten up by high energy prices and rising health care costs, among others."

At the same time, he said that the Bush administration was not responsible for the situation, pointing out that inequality had been increasing for many years. "It is neither fair nor useful," Mr. Paulson said, "to blame any political party."

Bar Prep Co. Ordered To Pay $11.9M For Copying Multistate Exam Questions (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, August 28, 2006

In a ruling that promises to fundamentally alter the way many American law students prepare for the bar exam, a federal judge has concluded that a California company illegally copied questions from the Multistate Bar Examination for use in its bar exam preparation courses and ordered it to pay more than $11.9 million to the National Conference of Bar Examiners.

In the suit, NCBE claimed that employees of Multistate Legal Studies Inc. have attended bar exams in several states for the sole purpose of copying questions to be used in its prep courses.

MLSI is based in Santa Monica, Calif., and has offices in Philadelphia and New York. It operates bar-review programs under the trade name PMBR, which stands for "preliminary multistate bar review."

Lawyers for MLSI insisted that any similarities between the questions in their prep courses and those on the MBE stem from the fact that both are drawn from the same pool of material -- hornbooks, law treatises and case law -- and that such similarity is entirely permissible.

But Eastern Distsrict of Pennsylvania Judge John P. Fullam disagreed and said the evidence showed MLSI had copied both the detailed facts in the questions as well as the correct and incorrect answers.

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"I conclude that nearly all of the 113 challenged questions are substantially similar to copyrighted MBE questions," Fullam wrote. "In many instances, evidence of copying practically leaps from the page."

The ruling is a victory for attorneys Barbara W. Mather and Christopher J. Huber of Pepper Hamilton in Philadelphia, and Robert A. Burgoyne and Caroline M. Mew of Fulbright & Jaworski in Washington, D.C.

Fullam noted that many advertisements for the PMBR course use "testimonials" from former students that emphasize the similarity between its practice questions and those on the MBE.

In one ad, a student is quoted as saying that "dozens of nearly identical questions appeared on the actual exam," and another says he "breezed through the exam because I recognized so many of the questions from PMBR."

Because the illegally copied questions were a "major selling-point" for MLSI, Fullam concluded that the company should pay damages equal to one-third of its $35.7 million in revenues from a five-year period ending in 2005 during which more than 125,000 students took its three-day course, paying fees ranging from $250 to $300.

"Because question similarity is a major draw, and because infringing questions made up close to 40 percent of the PMBR from 2003 through 2005 (though a substantially lower percentage in 2001 and 2002), I conclude that attributing one-third of defendants' revenues to the infringing questions is justified," Fullam wrote.

MLSI was also enjoined from future copying of MBE test questions and its employees are now prohibited from taking bar exam tests "for any purpose other than to obtain bar admission in the jurisdiction in which the examination is being given."

Fullam's 25-page opinion in National Conference of Bar Examiners v. Multistate Legal Studies Inc. announces his verdict from a four-day nonjury trial in February.

MLSI's lawyer, Manny D. Pokotilow of Caesar Rivise Bernstein Cohen & Pokotilow, said he was "very disappointed" in the decision and that MLSI intends to appeal. According to court papers, NCBE's Multistate Bar Exam is a 200-question multiple-choice test currently used by more than 50 jurisdictions.

The drafting of MBE questions is a lengthy process conducted by panels of professors, judges and practitioners, and NCBE says it goes to great lengths to maintain secrecy of the questions because it reuses many of them, adding only 50 new questions each year. MLSI was founded in 1977 by Robert Feinberg and Dona Zimmerman, and the company currently offers a variety of programs -- a three-day class, a six-day class, and a one-on-one tutorial.

The suit focused on the three-day course that is offered in 150 locations.

Fullam found that Feinberg generates almost all of the questions and explanatory answer keys used in the course, and that he admits that he uses the notes of MLSI employees who have taken the MBE.

Feinberg himself has taken the MBE more than 20 times, Fullam found, and Zimmerman has taken it more than a dozen times.

But to ensure that they will be allowed to take the test again, they often fail, Fullam found.

"Given that these individuals are highly paid to prepare students to take (and presumably to pass) the bar exam, their failure rate is strikingly high. Mr. Feinberg, for example, failed five consecutive bar examinations in Alaska before barely passing in February 2004," Fullam wrote.

"Perhaps even more startling, Ms. Zimmerman twice failed the Kentucky bar examination despite passing the essay portion, because her scores on the MBE were so low," Fullam wrote.

Zimmerman testified that she failed because the MBE "is quite a difficult examination," but Fullam said her explanation "speaks poorly of either her professional qualifications or her credibility as a witness."

In 2003, Feinberg was taking the Alaska bar exam -- the only state that allows test takers to use scratch paper -- and was cited at the close of the test for violating the rule against leaving the test site with notes.

Fullam said a proctor confiscated Feinberg's notes and filed an "irregularity report" with NCBE.

NCBE then conducted an investigation and concluded that MLSI's course materials included more than 100 questions copied from the MBE.

Fullam concluded that NCBE had proven that nearly all of the challenged questions were copied.

"This is the rare case in which there is direct evidence that defendants copied plaintiff's work," Fullam wrote.

Many of MLSI's questions, Fullam said, "reproduce MBE questions nearly verbatim, and others contain trivial variations that suggest awareness of copying. … In all, defendants copied well over 100 … questions from the MBE, in many cases duplicating passages nearly verbatim or reproducing labyrinthine fact patterns turn by turn."

Fullam also rejected MLSI's argument that the questions are not entitled to copyright protection.

"MBE questions may reflect original expression in their wording, particularized facts, and answer choices," Fullam wrote.

Pokotilow argued that the questions should be afforded only limited protection because they test established legal rules within a relatively narrow set of formal constraints.

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Fullam disagreed, saying "teaching the legal principles tested on the MBE is permissible. Doing so using the same fact patterns, prompts and answer-choice combinations found in MBE questions is not."

In his closing paragraph, Fullam concluded that MLSI had compromised the integrity of the bar exam and may have assisted unqualified lawyers in passing the bar.

"Defendants' willful and egregious copyright infringement harmed the public as well as plaintiffs. States have a compelling interest in regulating admission to the bar both to maintain the integrity of the legal system and to protect the safety of their citizens," Fullam wrote.

"By exposing its students to questions likely to appear on the MBE, [the defendants] undermined the integrity of the bar examination, possibly causing the admission of unqualified applicants. That the victims of this harm are impossible to identify and the injury impossible to quantify underscores the need to deter would-be copyright infringers," Fullam wrote.

U.N. Treaty Trumps Parental Rights (WT)

By Michael Smith

The Washington Times, August 28, 2006

Could a 10-person panel of foreign nationals dictate, with the full weight of U.S. law, how we raise our children? This idea seems far-fetched, even ridiculous, but, unfortunately, it is possible.

The problem stems from the United Nations Convention on the Rights of the Child, which has been adopted by 192 nations. The treaty creates civil, economic, social and cultural rights for every child. The Clinton administration sought ratification, but the treaty was not approved by the U.S. Senate because of opposition from senators who were concerned it would undermine parental rights.

For example, the convention gives children autonomy regarding the school they attend, the friends they have and the activities they choose. If there is a disagreement, the parent's decisions could be reviewed by a third party. Consequently, parents could be subject to "identification, reporting, referral, investigation, treatment and follow-up."

Many people are probably asking the question -- if the Senate didn't ratify it, why is the convention still a problem for the United States? Unfortunately, this is not the end of the story because the U.S. court system has been incorporating the treaty steadily through a doctrine called "customary international law." This is where U.S. courts look to foreign courts and other international treaties to derive its interpretation of the U.S Constitution.

In the 2004 case Roper v. Simmons, a majority on the U.S. Supreme Court noted that the execution of juvenile offenders violated several international treaties, including the U.N. Convention on the Rights of the Child, and stated that the overwhelming weight of international opinion against the juvenile death penalty provides confirmation for the court's own conclusion that the death penalty is disproportional punishment for offenders younger than 18.

Additionally, a change in the makeup of the Senate could result in the ratification of the treaty. The consequences of these actions could be devastating for the American family because it would mean that any state law relating to education, the family, adoption and dozens of other issues could be nullified by a judge.

Decisions interpreting the treaty in other nations could be relied on by our courts. An example of how this could unfold is occurring in Belgium today. A couple in Brussels is being threatened with criminal neglect for educating their children at home, and the Belgian authorities are using non-compliance with the convention as a legal argument to force the family to stop home-schooling. As reported by WorldNetDaily, the only response from the Belgian minister of education, Frank Vandenbroucke, came through a spokesman who said in a local newspaper that in Belgium home-schoolers must sign a document that requires them to follow the protocols of the U.N. convention.

"These parents have not done this. This is why the ministry has started an inquiry," he said.

It remains to be seen whether the Belgian courts, and potentially the European courts, uphold the position of the Belgian government. A ruling against the home-schooling Belgium family could have negative ramifications in the United States.

If the treaty is ratified, because of the way the U.S. Constitution is written, the convention would become the supreme law of the land. The U.S. Constitution's supremacy clause requires that "all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land." The U.S. Congress and state legislatures could not override the provisions of the treaty.

This scenario should remind us that we need to remain vigilant in defense of our liberty. In the short-term, it means that the appointment of judges who will not look to foreign courts for guidance is one of the ways the scenario above can be avoided.

Signs Of A Possible Power Shift In Congress Have Unions Going All Out To Reach Voters (WSJ)

By Kris Maher

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The Wall Street Journal, August 28, 2006

This Labor Day many union leaders will have their sights set squarely on Election Day.

Unions have ratcheted up their political spending and voter-turnout efforts as polls suggest the 12-year Republican control of both houses of Congress could be in jeopardy. Democrats are more likely to support labor's favorite issues, such as an increase in the minimum wage, and Democratic control of even one chamber of Congress would make it easier to block legislation the unions oppose, such as free-trade agreements.

Still, if the Democrats make gains this November, the U.S. labor movement will be pushing its agenda amid some of the biggest obstacles in its history. The ranks of union members in the private sector continue to decline -- the share was down to 7.8% last year from 15% 20 years ago. Labor also is badly split after some of its biggest unions and most dynamic leaders left the AFL-CIO to form their own labor federation. Those unions have agreed to work with the AFL-CIO in the current election.

And as demonstrated by one of labor's most recent legislative efforts -- one that would make organizing private-sector workers easier -- business groups are planning for a time when unions find a friendlier audience in Congress. That measure, called the Employee Free Choice Act, already has drawn business opposition. "If the House changed leadership and the Employee Free Choice Act came up for a vote, I can tell you the business community would be all over it. It would be adamantly opposed," says Randel Johnson, vice president of labor at the U.S. Chamber of Commerce.

The AFL-CIO is spending $40 million on voter outreach, up from $35 million in 2002 and the most it has spent on turnout efforts in a midterm election. It says it will focus primarily by mobilizing 12.4 million union-affiliated voters for key races in 21 states.

While some of labor's legislative efforts would benefit manufacturers, many focus on measures that would particularly affect the service sector, where unions see growth potential among workers with low wages and benefits. At the top of labor's legislative wish list is an increase in the minimum wage from the current $5.15 an hour.

Bill Samuels, legislative director for the AFL-CIO, says that in the short term labor also would push to increase funding to the Occupational Safety and Health Administration and the Department of Labor to beef up enforcement of safety and wage-and-hour laws, as well as work to expand Medicaid and state health-insurance programs for children, revamp bankruptcy laws to make it harder for companies to shed contract obligations and also work to prevent passage of coming trade-agreement proposals with Peru and Colombia.

Unions also hope Democratic victories will help them build momentum in Congress for the Employee Free Choice Act. A key element would make it easier for them to organize workers by getting them to sign cards over a period of time, whereas today employers can require secret-ballot elections. If Democrats were to win both houses of Congress and pass the bill, forcing a presidential veto, union leaders believe they could make the legislation an even bigger issue during the 2008 presidential race.

Some unions make support a prerequisite for their endorsement. Candidates "have to understand that we are adamantly going to draw a line in the sand with this," says Fred Frost, president of the South Florida AFL-CIO.

The U.S. Chamber of Commerce and others have thrown their support behind the Secret Ballot Protection Act, which would amend the National Labor Relations Act to require the use of secret-ballot elections.

Earlier this year, the Center for Union Facts, a nonprofit funded primarily by business interests, was founded largely to wage a campaign against the Employee Free Choice Act, according to Rick Berman, its executive director. The group ran a newspaper advertisement attacking Bruce Raynor, president of Unite Here, a union representing mostly hotel and apparel workers. The ad juxtaposed a picture of Mr. Raynor, a strong advocate of organizing workers via card signatures, with photographs of Kim Jong Il and Fidel Castro.

Bill Adams, president of Adams, Nash, Haskell & Sheridan, a labor-consulting company based in Fort Wright, Ky., sent a newsletter to 400 employers last week, in which he says that "because of the changing political landscape in Washington, labor has now amassed ominously large numbers of sponsors and supporters in both houses of Congress" for the act.

The proposed law also would call for mediation after successful organizing drives if no first contract is reached within 90 days -- a change aimed at remedying protracted negotiations. It would also set financial penalties of as much as $20,000 for individual unfair labor-practice violations.

A report released in December, prepared by researchers at the University of Illinois at Chicago for the pro-labor group American Rights At Work, examined union-organizing campaigns in the Chicago metropolitan area in 2002. It found that 30% of employers faced with organizing campaigns fired workers who engaged in union activities and 49% threatened to close or relocate all or part of the business if workers chose to form a union.

Business groups say the data, which are based in large part on interviews with union organizers, are questionable. Michael Eastman, director of labor policy at the U.S. Chamber of Commerce, says current labor law "is a significant deterrent for an unscrupulous employer."

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Ronald Meisburg, general counsel for the National Labor Relations Board, said that elections where unions are seeking to represent workers typically occur without significant delays and that unions win well over 50% of elections. Yet he said the board has found merit in union charges that employers don't bargain in good faith in more than a quarter of all cases when new unions are formed. The election process "is working very smoothly," he said. "We can do a better job enforcing the fruits of that."

Consultants who run antiunion campaigns for companies say that they do all that they can to thwart unions. "We're not going to make it easy on them," says Mr. Adams, the labor consultant for employers. One contract he helped negotiate with a newly certified union took seven years, he says. "Obviously, what we're doing is lawful."

Saved By VDOT (WP)

The Washington Post, August 28, 2006

SEN. GEORGE Allen (R-Va.) has had a rough political month, but he should be breathing a sign of relief that Virginia transportation officials nixed an ill-advised request to shut down high-occupancy-vehicle lanes for some presidential convenience.

As reported by The Post's Michael D. Shear, the Secret Service wanted to close all the HOV lanes on Interstate 395 for a good chunk of last Wednesday so that President Bush could travel to a fundraiser for Mr. Allen near Mount Vernon. Just think about it.

The gridlock (involving an estimated 22,000 people in cars, not to mention buses and displaced carpoolers) would have been nothing compared with the political uproar that would have resulted. The controversy over the senator's recent unkind use of the word "macaca" would have paled in comparison.

It's only fair to point out that Mr. Allen and his campaign had nothing to do with the request, which was properly rejected, leaving the president to travel to the event by helicopter.

However, it's only fitting that we applaud Virginia transportation officials. It's good to know that sometimes there is something they can do about traffic.

Steele Campaign Stresses Border Security (WT)

By S.A. Miller

The Washington Times, August 28, 2006

Lt. Gov. Michael S. Steele is bringing the national issue of border security home to Maryland in fundraising brochures for his U.S. Senate campaign and on the hustings.

"We have to focus on what the American people want us to focus on," Mr. Steele, a Republican, told The Washington Times. "In their hearts and their minds, they want to see the Senate and House come together on a strategy that incorporates personnel, technology and other resources to secure the border.

"I think that is an important first step before you move into anything else in the debate on immigration," he said. "You have to start with the fundamental point that we have a porous border. Until you can control that, you can never deal successfully with the human element that is such an important part of what we need to face."

None of the top Democratic candidates -- Rep. Benjamin L. Cardin, former congressman and former National Association for the Advancement of Colored People leader Kweisi Mfume and Bethesda millionaire Josh Rales -- list on their campaign Web sites border security or immigration as a priority issue. Mr. Mfume's site is the only one to mention border protection, which he delineates as a facet of homeland security. The Cardin and Rales campaigns did not return calls seeking comment.

Mr. Steele devotes a page to the immigration topic on his campaign Web site, which advocates "immediate steps to secure our borders" before addressing illegal aliens or the businesses that employ them.

He also cites the border-security issue in his latest fundraising letter.

"I know what needs to be done in Washington," he says in the letter. "We need to make a commitment to strong family values, and we must secure our borders today so every American citizen is safe in their own community."

Mr. Steele told The Times on Thursday that he think it is "a message that resonates with every Marylander -- Democrat, Republican, independent, whatever."

Polls show Americans are divided on immigration reforms such as guest-worker programs and citizenship programs for illegal aliens, but most voters support measures to tighten border security.

In Maryland, 71 percent of voters say government policy should focus on securing the country's borders and enforcing existing immigration law before attending to further reforms, according to a recent poll by Rasmussen Reports.

President Bush is pressing Congress to pass immigration reforms that include the guest-worker program and a citizenship process for illegal aliens. But lawmakers hit an impasse with the House backing tighter border security and the Senate favoring more lenient immigration policies.

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The president has tried to allay concerns by ordering National Guard troops to help the Border Patrol and promising to crack down on businesses that hire illegal aliens.

Mr. Cardin, a 10-term congressman, has voted 14 times against and two times for enhanced border security since 2000. Last year, he voted against the bill that called for a 700-mile fence on the southern border.

His campaign Web site presents position papers on 12 issues including health care, the war in Iraq, government ethics and human rights, but not immigration or border security. The position paper on homeland security stresses Maryland's proximity to the District and the need for improved security at ports.

Mr. Rales' campaign Web site also excludes the issue.

His statement on the "threats and realities of the 21st Century" does not mention border security but calls for bringing troops back from Iraq and "reallocating resources to fighting the war on terror and defending our homeland."

Major Black Candidates At Record High (CSM)

By Linda Feldmann

The Christian Science Monitor, August 28, 2006

WASHINGTON

From Maryland to Tennessee to Ohio, the 2006 elections already hold a place in the history books: More black candidates from both major parties are mounting serious campaigns for upper-tier office - senator or governor - than ever before.

Even more noteworthy, three of the six men are Republican, a party that has struggled to boost its black affiliation above 10 percent. In Maryland, after the Sept. 12 primary, the major-party choice for Senate could come down to two African-Americans.

Whether this year's numbers represent a trend is too early to say. Let's get through a few more election cycles first, political analysts say. But these numbers are not just a coincidence. As with the long-fought rise of women in elective office, African-Americans have toiled for decades to boost their numbers at the lower political levels, and are building the résumés usually required for candidates to upper-level office.

"It's a signal moment in American politics," says Lester Spence, a political scientist at Johns Hopkins University in Baltimore.

Historically, blacks have faced a steep climb running for statewide office. Only one African-American - L. Douglas Wilder (D) of Virginia - has ever won the governorship. In the Senate, only five blacks have served, including two in the 1870s. If Rep. Harold Ford Jr. (D) of Tennessee wins his race, he will be the first black senator from the South since Reconstruction.

But that's a big "if." The Republicans nominated a moderate, former Chattanooga Mayor Bob Corker, and so it will be a tougher race for the centrist Mr. Ford than if one of the more right-wing Republicans in the primary had won. And even though the Ford family is a brand name in Tennessee politics - Harold Jr.'s father preceded him in representing the Ninth District for 22 years - the legal problems of other family members could hurt him.

Polls show a tight race, but "Harold's not going to win without a strong Demo- cratic wave," says David Bositis, an expert on African-American politics at the Joint Center for Political and Economic Studies in Washington.

Of course, the 2006 midterms are showing the telltale signs of a pro-Democratic "wave" election, with the Republican-controlled White House and Congress suffering from high negatives. That could help sink the black Republicans running for statewide office. In Pennsylvania, the GOP's gubernatorial nominee, retired Pittsburgh Steeler Lynn Swann, already faced the near-impossible task of unseating the incumbent Democrat, Ed Rendell.

But in Ohio and Maryland, a more favorable climate toward Republicans could have been a boon to Ken Blackwell, nominee for governor in the Buckeye State, and Lt. Gov. Michael Steele, the only viable Republican in the Maryland Senate race. Both of those men are considered underdogs in their general election races.

Mr. Blackwell, in particular, suffers from GOP scandals in his state. "State party scandals - that's the biggest enemy of Ken Blackwell," says Raynard Jackson, a black Republican activist.

In Massachusetts, Deval Patrick is one of three Democrats in the primary for governor. While he brings a major-league résumé - Harvard-educated, top Justice Department appointee, executive at Coca-Cola - this is his first foray into politics, and he is in a tight race.

Still, Mr. Patrick is representative of a new breed of black politician: Ivy League educated, at home in corridors of power.

Of the six African-Americans running for upper-tier office, only former Rep. Kweisi Mfume of Maryland - a Democratic contender for Senate - brings to his contest an inner-city street image reminiscent of the old-style civil rights struggle. But he, too, faces an uphill battle for his party's nomination, amid allegations of sexual impropriety during his tenure as head of the NAACP. If his main primary opponent, Rep. Ben Cardin, wins the nomination, polls show him beating Mr. Steele. Maryland, after all, is a Democratic state. If Mr. Mfume wins, the race tightens up, as some of the white vote shifts to Steele.

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Ultimately, all six of the African-Americans running for Senate and state house could end up losing. When a white and a black with comparable qualifications go head to head, "then racial stereotypes come into play," says Ron Walters, director of the African American Leadership Institute at the University of Maryland, College Park. "People ask, 'Can he govern? Can I trust him to represent me?' Blacks have to go the extra mile to prove their fidelity and their competence."

Voters remain more comfortable with representatives who "look like them," Professor Walters says. But, he adds, it's better for black politicians to run and lose than not to try in the first place.

For black Republicans, the frustration is especially palpable. Despite efforts to reach out to black voters, the national GOP recruited an alternative candidate who happened to be white to run against a well-funded black pastor in the Michigan Senate primary. The white candidate won.

As TV Campaign Spending Soars, Cable Outlets Attract More Dollars (WSJ)

By Amy Schatz

The Wall Street Journal, August 28, 2006

As campaign season kicks into high gear, television-advertising spending is on track to possibly break the 2002 record. But unlike previous mid-term election years, candidates are devoting more money than ever to cable TV in an effort to target voters more precisely.

Though most political ad dollars traditionally are spent after Labor Day, tight primaries and early spending on House, Senate and gubernatorial races have pushed local TV-ad spending above $311 million as of mid-August, up 45% from the same point in 2004 and more than three times as much as in 2002, according to Campaign Media Analysis Group, a division of TNS Media Intelligence, which tracks political ad spending. All political ad buys by mid-year, including issue ads, ballot initiatives and other issues, have pushed spending above $700 million nationally, the firm says.

About 85% of that spending still is expected to go to local broadcast television stations, but cable operators say they're tracking well ahead of expectations and look forward to a particularly lucrative mid-term election this time, thanks to a growing acceptance of cable by political ad buyers and a desire of candidates to better target their messages.

The heavy spending in part reflects the view of both parties that the stakes are high this year. Control of Congress is in play, with Democrats hoping to pick up the House and at least a few Senate seats. Incumbents in both parties are fighting uneasiness, as reflected in many polls, that the country is heading in the wrong direction. There also are competitive gubernatorial races in big states with expensive media markets, including California, Michigan and Florida.

Meanwhile, candidates are unusually flush with cash, thanks to aggressive fund-raising efforts. By the end of July, the Republican National Committee had raised a total of $176 million this election cycle, compared to the Democrats' $95 million, according to PoliticalMoneyLine, which tracks political contributions. But Democrats are closer than usual to matching Republican fund-raising totals this year, and the Democratic Senatorial Campaign Committee has even surpassed its rival by $12 million, with $77 million total raised. Special-interest groups are also expected to spend heavily in certain races this fall.

When it comes to cable spending, industry executives credit President Bush's embrace of national cable ads in his 2004 re-election campaign for the burgeoning interest of other candidates now.

"With cable and radio, you can more precisely target a segment than broadcast television. The audience is more fragmented in cable and radio. You can pick out the fragments you want," says Will Feltus, senior vice president for research and planning at National Media, a Washington firm that bought ads for President Bush's 2004 campaign.

National Cable Communications, a spot cable-ad firm jointly owned by Comcast Corp., Cox Communications and Time Warner Cable, estimates about $200 million will be spent on local and national cable spots this cycle.

Cable stations carried ads in practically every major statewide primary across the country this year, says Chuck Cowdrey, vice president of political strategy for the firm. "We never participated in primaries before," Mr. Cowdrey says. "I think we would have eventually gotten there, but it would have moved more slowly. (The Bush campaign ad buys) had that kind of impact."

As of last week, "we're tracking 70% ahead of where we were in 2004," says Ed Dunbar, vice president of corporate integration at Comcast's Spotlight national advertising-sales division. "The television audience is not as monolithic on the broadcast side as it once was and there's recognition of that."

The Bush team originally turned to cable largely for practical reasons: Its demographic data showed Republicans tend to watch more cable programming, while Democrats tend to watch more broadcast television. Spending about $20 million for national spots on networks including Outdoor Life Network and the Golf Channel allowed the Bush campaign to capture the attention of its base, even in states where it wasn't otherwise spending much money, like Hawaii and Texas.

Consequently, some statewide candidates, such as California Gov. Arnold Schwarzenegger, have been on the air for months -- on both broadcast TV and cable -- with ads aimed at redefining the race and getting a head start on the competition.

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Not coincidentally, Mr. Schwarzenegger's team includes several of the main architects behind Mr. Bush's re-election campaign, including ad guru Alex Castellanos, pollster and strategist Matthew Dowd and campaign manager Steve Schmidt, who did rapid response for Mr. Bush's campaign.

The governor spent more than $16 million during the first half of the year and more than $7 million of that total was spent on television ads, campaign finance records show. Democrat Phil Angelides has spent $21 million on television ads during the first half of the year, but much of that effort was spent in a nasty gubernatorial primary battle, which he won by just 4% in June.

The growing interest isn't based on more viewers watching cable at the expense of broadcast TV, but the ability of campaigns to better target demographic groups, says Mr. Dowd. "You figure out who your voters are in California and what they watch and what they listen to...You can get someone who watches certain sports, or A&E or Lifetime," he says. "It's a better way to be more efficient with each dollar spent. We're going to spend more on cable than anyone in California has ever spent before."

Pennsylvania Republican Sen. Rick Santorum also has been spending liberally on cable ads statewide to boost his support in his race against Democrat Bob Casey, Jr. Of late, Mr. Santorum appears to have made some inroads; Mr. Casey still continues to lead in various polls, but the margins have narrowed.

It's not just cable; broadcasters, too, are projecting robust political ad sales this fall to Wall Street. "We expect our local stations to have a great fall because of some extra heavy political spending," says Leslie Moonves, CBS Corp.'s chief executive officer.

In June, Media General Inc., owner of 25 daily newspapers, including the Tampa Tribune, and 30 broadcast stations, said its broadcast division expects to see $36 million in political advertising revenue this year, 12% more than 2002. Gannett Co. executives told investors it expects "very significant" broadcast advertising this fall driven by local stations in Florida, Colorado and California.

"You're going to have some potential inventory problems in some local markets," says Evan Tracey, chief operating officer of Campaign Media Analysis Group, the political ad tracking firm based in Arlington, Va. "In Ohio, those markets are going to be jam-packed with ads." He adds that some campaigns already are going negative. "The rhetoric is already very strong for this early in the election," he says. "Everyone is playing for keeps."

For instance, in Indiana's second congressional district, which has been targeted by Democrats as a potential pick-up, incumbent Republican Chris Chocola and his Democratic opponent Joe Donnelly have been jousting in a series of TV ads over late tax payments. In early August, Mr. Chocola released an ad accusing his opponent of paying his property taxes late 15 times. "Joe Donnelly wants to raise our taxes," it said. "Even worse, he's delinquent paying his own."

A few days later, Mr. Donnelly's campaign fired back with a TV ad suggesting Mr. Chocola also was guilty of late tax payment when he was chief executive of an agricultural company. The Democrat later said records showed the congressman also had once paid a late property tax bill -- of $66.26.

This Fall, New Push Against Big Tobacco (CSM)

By Ron Scherer

The Christian Science Monitor, August 28, 2006

NEW YORK

Smoking is back in the cross hairs.

This fall, voters in a record eight states will be voting on tobacco-control initiatives that range from sharply higher taxes to smoking bans in most workplaces.

Earlier this month, a federal judge ruled that the tobacco industry had conspired to mislead the American public about the health effects of smoking. She also ruled that one remedy is to end use of the terms "light" and "low tar."

And the industry may face yet more counteradvertising: New York Mayor Michael Bloomberg recently said he was donating $125 million for global antitobacco efforts.

The results of the state initiatives in particular will be a gauge of political will, antismoking groups believe. If the initiatives pass, they say, members of Congress will take notice and perhaps consider national regulation of tobacco. And as more states protect the rights of non-smokers, they point out, pressure mounts on more lenient states.

"By 2008 or 2009, we may have made every state smoke-free in restaurants and the workplace," says Paul Billings, vice president for national policy at the American Lung Association in Washington. "As people visit places like New York, California, Delaware, or Maine and have a smoke-free experience, they come to expect it in their own state."

As part of the tobacco-control efforts, states have been steadily raising per-pack taxes. The current average state cigarette tax, including Washington, D.C., is 93.7 cents per pack, up from 91.6 cents this January and up from 72 cents a pack in January 2004.

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One of the latest such efforts is in California, where a coalition of health groups met last year to begin a citizen process to raise the state's cigarette taxes, which had not been hiked since the late 1990s. Using a recommended level suggested by the federal Centers for Disease Control and Prevention, the groups settled on a hike of $2.60 a pack, which would make California cigarette taxes among the highest in the nation.

"We said, what is the amount that actually has an impact?" says Kris Deutschman, communications director for Proposition 86, the name of the ballot initiative. According to the American Lung Association in California, 200 underage kids begin to smoke in the state a day, and there are currently 200,000 underage smokers. "We think between the size of the increase and the use of the funds, it will prevent 700,000 kids in California from starting to smoke," says Ms. Deutschman.

But those opposed to the new tax, a combination of tobacco interests and business groups, have already been hitting the airwaves. John Singleton, a spokesman for R.J. Reynolds Tobacco in Winston-Salem, N.C., says raising taxes would "create all kinds of problems for retailers." It would "exacerbate" the smuggling problem, he says, and perhaps give extra money to those raising money for terrorism.

Terrorism and smuggling are "red herrings," replies Paul Knepprath, a vice president at the American Lung Association of California in Sacramento. "We already have the infrastructure to combat smuggling, and 70 percent of people buy their cigarettes at the most expensive place - the convenience store."

Reynolds, which has said it will spend $40 million fighting the ballot initiatives, is bankrolling opposition to proposed smoking restrictions in Arizona and Ohio. The company's strategy includes a competing proposal that sounds like health measures but allows smoking in bars and other places. "One of the few places we can interact with adults who smoke is in bars and nightclubs where typically the owner can set the smoking policy," says Mr. Singleton.

But the health sponsors of Arizona's proposed ban on smoking respond that there "clear differences" between the two plans. If Reynolds's sponsored proposal were voted in, it would potentially allow smoking at 3,000 restaurants that have bars. In addition, the Reynolds proposal does not provide enforcement.

"Their proposal just protects the pocketbook of Big Tobacco," says Troy Corder, communications director for Smoke-Free Arizona.

Antitobacco activists had hoped to get an infusion of money as a result of the government's racketeering lawsuit against the tobacco companies. But Judge Gladys Kessler did not fine them massive amounts of money because an appeals court had already limited the potential penalty.

However, Judge Kessler did prohibit the companies from marketing cigarettes by using terms such as "low tar" as of Jan. 1, 2007. According to the Federal Trade Commission, in 2003 these brands represented 85 percent of all cigarettes sold in the US. However, antismoking groups expect the tobacco companies to adapt.

"The European Union and Brazil banned the use of light and low-tar cigarettes, but during the transition, the industry color-coded the products," says Matthew Myers, president of the Campaign for Tobacco-Free Kids in Washington. "By the time the ban went into effect, smokers didn't need the labels."

However, antismoking forces can expect an influx of fresh money sometime in the future once Mayor Bloomberg decides how to distribute his funds to combat global tobacco use. "It could be the start of one of the most important public-health campaigns in history," says Mr. Myers. "It could speed up the process of reducing tobacco use in developing nations and those with the highest smoking rates."

The Safer Cigarette Delusion (NYT)

The New York Times, August 28, 2006

The decades-long campaign by the tobacco industry to dupe smokers into thinking that “low tar,” “light” and “ultra light” cigarettes are a safe haven has been astonishingly effective. Some 85 percent of all smokers today use the supposedly safer cigarettes. What most of them don’t realize is that these cigarettes are every bit as risky as the full-flavor versions that they have largely replaced.

The reason is a phenomenon known as compensation. Most smokers are hooked on nicotine and crave a certain daily dose. If a light cigarette gives them too small a dose in each puff, they will make up the difference, often unconsciously, by taking more puffs, inhaling more deeply, covering cigarette ventilation holes or simply smoking more cigarettes. More than 95 percent of all smokers compensate, with many replacing every bit of tar and nicotine they thought they were avoiding.

The tobacco industry has known about this phenomenon since at least the late 1960’s, as revealed by internal company documents cited in a recent decision by a federal judge in the District of Columbia. But it is distressing to learn how easily the companies fooled public health experts and federal regulators. The Federal Trade Commission adopted a method to test cigarettes on a smoking machine that would measure the amount of tar and nicotine, and a 1981 Surgeon General’s report even

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suggested that smokers unable to quit would be well advised to switch to cigarettes that scored better on the test. Unfortunately, a cigarette could look a lot safer when smoked by the machine than when smoked by nicotine-addicted humans.

No wonder there has been no decline in the risk of lung cancer or other smoking-related diseases even though smokers have moved in droves to supposedly safer cigarettes. Smokers of light or low-tar cigarettes need to realize that the industry is not so much concerned about their health as it is worried, in the words of an internal document, that their penchant to quit smoking entirely could pose "a special problem for the cigarette industry."

Alaska's Gray Davis? (LAT)

The Los Angeles Times, August 28, 2006

POLITICAL FORECASTERS LOOKING for cutting-edge national trends shouldn't read too much into Alaska Gov. Frank H. Murkowski's decisive defeat in that state's Republican primary last week. The message voters delivered was as timeless as it was bipartisan. He made them mad, so they dumped him.

Murkowski had easily won reelection three times to the U.S. Senate. But once he left that job for the governorship, he angered constituents by naming his daughter to fill out his unexpired fourth Senate term. Politics is increasingly treated as a family business nationwide, but this was an especially outrageous dynastic power grab. Alaskans didn't hold that decision against the younger Murkowski, electing her to a full term in 2004. But that same year, they did register their objections with her father, mandating by initiative that future vacated seats be filled by special election, not gubernatorial appointment.

Nepotism was not the only manifestation of Murkowski's imperial manner. The $2.7 million he spent on an executive jet (while cutting benefits to seniors) managed to offend even the residents of a state with more pilots per capita than any other. And although most Alaskans pine for a natural gas pipeline to replace dwindling oil-field revenues, they weren't happy with the deal Murkowski offered oil companies to build the thing, or the secrecy under which he conducted the negotiations.

For his arrogance, Murkowski got fewer votes than either of his two Republican challengers, both of whom had been on the short list to fill the Senate seat that went to his daughter. (Their campaigns featured dueling dog-musher endorsements, but that's another story.)

If only it were a national trend for politicians to get so deserving a comeuppance.

Then again, if only it were an Alaskan trend to reject arrogance in Washington as well as at home. Murkowski's reelection to the Senate was all but guaranteed as long as he and the rest of the state's long-serving congressional delegation delivered more pork per capita than any other state, including boondoggles such as Sen. Ted Stevens' recent multimillion-dollar "bridge to nowhere."

Murkowski was the same person in Alaska that he'd been in Washington; he was just using state money to buy the pork. By electing him governor in the first place, Alaskans got their comeuppance too.

Shopping For Support Down The Wrong Aisle (WP)

By Sebastian Mallaby

The Washington Post, August 28, 2006

Once upon a time, smart Democrats defended globalization, open trade and the companies that thrive within this system. They were wary of tethering themselves to an anti-trade labor movement that represents a dwindling fraction of the electorate. They understood the danger in bashing corporations: Voters don't hate corporations, because many of them work for one.

Then dot-bombs and Enron punctured corporate America's prestige, and Democrats bolted. Rather than hammer legitimately on real instances of corporate malfeasance -- accounting scandals, out-of-control executive compensation and the like -- Democrats swallowed the whole anti-corporate playbook.

To see the difference between then and now, just look at the Clintons. In the late 1980s and early 1990s, Hillary Clinton sat on Wal-Mart's board; and when Sam Walton died in 1992, Bill Clinton lauded him as "a wonderful family man and one of the greatest citizens in the history of the state of Arkansas." Campaigning in the New Hampshire primary that year, Bill Clinton came proudly to the rescue of a local company called American Brush Co. by helping it become a Wal-Mart supplier.

Times change. Last year Hillary Clinton returned a campaign contribution from Wal-Mart, even though she had no compunction in banking a check from Jerry Springer. The nation's most successful retailer, which has seized the opportunities created by globalization to boost the buying power of ordinary Americans, is now seen as too toxic to touch. But a trash-talking TV host is acceptable.

Clinton is not alone in this. The stiff-necked Joe Lieberman, who holds fast to his principles on the Iraq war, recently abandoned his centrist economic credentials by appearing at an anti-Wal-Mart rally. No matter that Lieberman once served as

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chairman of the business-friendly Democratic Leadership Council. Now he proclaims his determination "to wake up Wal-Mart and say, 'Treat your workers fairly.' "

After Lieberman, a senator from Connecticut, stepped down as chairman of the DLC, he was succeeded by Sen. Evan Bayh of Indiana. Well, Bayh recently showed up at an anti-Wal-Mart rally, too, as has Iowa Gov. Tom Vilsack, who is the current DLC chairman. The Wake Up Wal-Mart campaign bus, which is trundling across the country on a 35-day tour, ensnares prominent Democrats in almost every state it passes through. Harry Reid, the Democrats' Senate leader, appeared at an anti-Wal-Mart event on Saturday, and Sen. Joe Biden and Gov. Bill Richardson popped up at earlier stops. When the campaign bus reaches Washington state on Labor Day, both Washington's Democratic senators are expected to greet it.

How can supposedly centrist Democrats defend this betrayal of their principles? Some claim that their beliefs are consistent, but that the company has changed: The Wal-Mart of the early 1990s mainly bought American, whereas today's irresponsible monster buys cheap stuff from China. But this argument merely illustrates how far Democrats have come. Since when did the party's centrists believe that trading with China is evil? It was the Clinton administration that brought China into the World Trade Organization.

Other Democrats reaffirm their centrist credentials while calling upon Wal-Mart to pay workers more. "We are not here today because we are anti-business," Bayh asserted in Iowa recently as he demonstrated against Wal-Mart -- a contention that the retailer's shareholders, who have spent millions defending their brand against Wake-Up Wal-Mart, may have a hard time swallowing. But the idea that Wal-Mart pays below-market wages is false. Otherwise nobody would work there.

Hillary Clinton and Sen. John Kerry have attacked Wal-Mart for offering health coverage to too few workers. But Kerry's former economic adviser, Jason Furman of New York University, concluded in a paper last year that Wal-Mart's health benefits are about as generous as those of comparable employers. Moreover, Clinton and Kerry know perfectly well that market pressures limit the health coverage that companies can provide. After all, both senators have proposed expansions in government health provision precisely on the premise that the private sector can't pay for all of it.

The truth is that none of these Democrats can resist dumb economic populism. Even though we are not in a recession, and even though the presidential primaries are more than a year away, the DLC crowd is pandering shamelessly to the left of the party -- perhaps in the knowledge that the grocery workers union, which launched the anti-Wal-Mart campaign, is strong in the key state of Iowa.

For a party that needs the votes of Wal-Mart's customers, this is a questionable strategy. But there is more than politics at stake. According to a paper for the National Bureau of Economic Research by Jerry Hausman and Ephraim Leibtag, neither of whom received funding from Wal-Mart, big-box stores led by Wal-Mart reduce families' food bills by one-fourth. Because Wal-Mart's price-cutting also has a big impact on the non-food stuff it peddles, it saves U.S. consumers upward of $200 billion a year, making it a larger booster of family welfare than the federal government's $33 billion food-stamp program.

How can centrist Democrats respond to that? By beating up Wal-Mart and forcing it to focus on public relations rather than opening new stores, Democrats are harming the poor Americans they claim to speak for.

Schwarzenegger Gives Up (WSJ)

By Shikha Dalmia

The Wall Street Journal, August 28, 2006

Arnold Schwarzenegger is following the wrong script. After taking over as governor in 2003, he was expected to vanquish business-as-usual politicians in Sacramento -- and pull California from the brink of fiscal ruin. Instead, he has decided to put his own political future ahead of the economic survival of his beloved Golden State. How else to interpret his recent move to join ranks with his opponents in Sacramento to put a pork-heavy $37 billion bond infrastructure proposal on the November ballot?

Mr. Schwarzenegger's move officially marks the end of his grand plans to reform Sacramento, earning him kudos from many California Democrats. Sen. Don Perata, the most influential Democrat in the state legislature, and Senate Assembly Speaker Fabian Nunez have praised Mr. Schwarzenegger's leadership and pledged to campaign with him this fall to promote the initiative. Making joint appearances with prominent Democrats while he is campaigning for re-election will help cement Mr. Schwarzenegger's image as a political moderate, something he has been trying hard to cultivate in this bluest of blue states since last year. That's when the state's public unions accused him of right-wing partisanship, and defeated the bold reform initiatives he put on the ballot to curtail their influence on state government and politics.

The real issue, however, is what this bond measure will do to California. Few doubt the need for California to invest in its crumbling infrastructure. But this is an infrastructure bond in name only. The four big-ticket items in the bond -- which is two times bigger than the biggest bond in the state's history -- are $2.6 billion for housing, $10.4 billion for K-12 schools and universities, $3.1 billion for levee repairs and $19.2 billion for transportation.

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The housing bond is simply welfare masquerading as a capital project. A bulk of its money won't fund general infrastructure -- an acceptable use of general-obligation bonds like these -- but such things as cheap multifamily dwellings for low-income families, and down-payment assistance for first-time home buyers.

The education bond is equally misguided, given that 40% of the state's $94 billion general-fund revenues are already constitutionally earmarked for education. Moreover, California voters approved a total of $25 billion for school-construction bonds in 2002 and 2004 to reduce overcrowding. If there is still not enough money for new schools, it is not because of lack of state spending, but abject waste by individual districts. If anything, this handout will encourage more waste by undercutting districts' need to explore the kind of public-private partnership responsible for Inderkum High School in Sacramento being completed a month early and $2.5 million under budget. In this case, a private developer built the school and district authorities used their public dollars to lease the facility from him.

In contrast to schools, California has genuinely underinvested in its levees and transportation. Yet it is unclear that general-obligation bonds that mortgage the wallets of all future taxpayers are the best remedy. To the extent that levee repair, for instance, would benefit mostly those living in the flood plains, at least part of the cost ought to be recovered through special assessments on them.

California has also been routinely raiding the transportation dollars it raises from gas taxes for other general fund needs -- a fact obvious to anyone who has ever battled traffic on the San Diego Freeway. Yet only about half of this bond's revenues are slated for actual road building. Instead, $4 billion is going to mass transit even though mass transit's share of commuters, never large, has dropped by 9% since 2000.

Even after the proposed $19 billion transportation bond and the $384 billion in planned transportation spending by the state's biggest three regions (Los Angeles, the Bay Area and San Diego), California's traffic congestion will actually be worse in 2030 than it is today because the state is choosing pork and pet transit projects instead of prioritizing and adding much-needed highway capacity.

There are better ways of generating steady revenues to fund transportation and other needed infrastructure that don't involve giving Sacramento's politicians a ready excuse to dip into the pockets of future taxpayers. Among them, notes Donna Arduin, Mr. Schwarzenegger's former finance director, are things like privately built toll roads and congestion pricing. "These were things that were recommended to him back when he first took office," she says.

It is disheartening that the governor -- who claims to have been inspired to enter political life by the small-government ideas of Milton Friedman and Adam Smith -- has ignored these measures, especially now when government spending in California is touching the stratosphere. Indeed, despite the fact that California's economy has rebounded after the dot-com bust, pouring $7 billion more than expected into the state's coffers this year, the state's 2006-07 budget still shows a deficit of $7 billion. California has the dubious distinction of being one of only eight states showing deficits instead of surpluses right now.

"That would not have been the case had the state simply held its spending increases to the expected gains in revenues," laments Tom McClintock, a Republican state senator who is running for lieutenant governor this year and who has refused to endorse any of the bond measures except for the one pertaining to levees. "This would have covered inflation, population increases and then some."

The deficit is not all Mr. Schwarzenegger's fault, of course. He deserves much credit for killing Gray Davis's notorious car tax and reforming California's job-killing worker compensation laws, both of which have paved the way for California's economic recovery and generated revenues for the state.

But the bond proposal suggests that Mr. Schwarzenegger has given up on even trying to put California's fiscal house in order -- his core promise when he took office. Instead, he has flipped the script, deciding to buy off special-interest groups by throwing even more money at their pet causes.

Ms. Dalmia is a senior analyst at Reason Foundation.

Rumsfeld Sees Some Progress In Missile Plan (NYT)

By David S. Cloud

The New York Times, August 28, 2006

FORT GREELY, Alaska, Aug. 27 — Secretary of Defense Donald H. Rumsfeld said here Sunday that while the fledgling United States ballistic missile defense system was becoming more capable, he wanted to see a successful full-scale test before declaring it able to shoot down a ballistic missile.

“I have a lot of confidence in these folks, and I have a lot of confidence in the work that’s been done,” Mr. Rumsfeld said after touring one of the system’s two interceptor sites. But he added that he wanted to see a test “where we actually put all the pieces together; that just hasn’t happened.”

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Mr. Rumsfeld's assessment was more cautious than that of the Missile Defense Agency director, Lt. Gen. Henry A. Obering III of the Air Force. General Obering said recently that he was confident the system could have shot down a ballistic missile test-fired July 4 by North Korea, if it had been a live attack aimed at the United States. The two-stage rocket broke up shortly after launching and fell into the Sea of Japan.

The Bush administration has taken the unusual step of deploying the system, which is designed to shoot down a limited number of missiles, before testing is completed and before all the radars and sensors necessary to track incoming missiles are in place. Mr. Rumsfeld repeated Sunday that the system was aimed at protecting against attacks from North Korea and Iran, which he called "rogue states that are intent on developing long-range ballistic missiles."

The first flight test of the American system in more than a year, involving the firing of an interceptor at a target, is planned for this week, but it is not the sort of full-blown trial Mr. Rumsfeld meant.

The goal this week is to see if sensors in the so-called kill vehicle can recognize an incoming warhead, not to actually hit it, General Obering said. A test in which the kill vehicle is supposed to hit the target warhead is planned for later this year, he said.

But General Obering said that this week's test was "about as realistic as you can get" because it employed a target that in its size and speed was representative of missiles that might be fired at the United States.

In the last two flight tests, the system halted the firing sequence before the interceptor missile left its silo. General Obering said those setbacks were due to "minor glitches" in software and workmanship by contractors that had "nothing to do with the functionality of the system."

Even so, after the second failed test in February 2005, the system was taken down until December.

On his tour of Fort Greely, a remote base 100 miles from Fairbanks, Mr. Rumsfeld climbed down a ladder into an underground silo containing one of the 10 54-foot-long interceptor missiles already deployed. Another of the three-stage missiles is scheduled to be put in the ground on Monday, officials said, and as many as 40 are supposed to be installed by next year. The other interceptor site is at Vandenberg Air Force Base in California, where two interceptors are in silos.

Once the sensors detect an incoming missile and the interceptor is launched, it flies 18,635 miles an hour until the kill vehicle separates from its missile and, if it works correctly, flies into the incoming one, destroying it.

The Bush administration is also looking at locations for an interceptor site in Europe that would protect the United States and parts of Europe from missiles launched from the Middle East. The administration is seeking $126 million this year to build the site and the interceptors, which could be in place in four years if Congress provides the money, General Obering said.

Later in the day, Mr. Rumsfeld met in Fairbanks with Sergei Ivanov, the defense minister of Russia, which has long been wary of the American antimissile system, fearing it could be expanded into a more robust shield that would threaten the strategic balance between the United States and Russia.

Mr. Ivanov did not directly criticize the American system, but he called for "transparency" by the Bush administration, a term meant to convey Russia's concern about any modifications to the system that could take its capabilities beyond stopping a small number of missiles.

Rumsfeld Wants More Missile-shield Testing (USAT/AP)

By Robert Burns

USA Today, August 28, 2006

FORT GREELY, Alaska — Defense Secretary Donald Rumsfeld on Sunday sounded a note of caution about expectations that interceptors poised in underground silos here would work in the event of a missile attack by North Korea.

Rumsfeld climbed down a steel ladder into one of 10 silos here that house single 54-foot-long missile interceptors. If ordered by the president, one or more of the rockets would blast into the sky and race at more than 18,000 mph to launch a small "kill vehicle" at an enemy warhead as it soared through space.

An 11th interceptor is to be installed at Greely today.

Rumsfeld said he would not be fully convinced that the missile shield was ready until the multibillion-dollar defense system has undergone more complete and realistic testing.

"I want to see it happen," Rumsfeld said, "A full end-to-end" demonstration is needed "where we actually put all the pieces" of the highly complex and far-flung missile-defense system together and see whether it would succeed in destroying a warhead in flight.

"That just hasn't happened," he said, adding that some elements of the missile-defense system are yet to come on line, including some of the radars and other sensors used to track the target missile.

Rumsfeld said that North Korea's leaders show by their test-launch of multiple missiles on July 4 a determination to "continue to improve their capability and to threaten and attempt to blackmail other people."

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Rumsfeld declined to say when he thought the missile-defense system would reach the point of full reliability but stressed that his advisers, including Lt. Gen. Henry Obering, the Pentagon's missile-defense chief, have told him they believe it will work as designed.

"I have a lot of confidence in these folks, and I have a lot of confidence in the work that's been done," Rumsfeld said.

Brig. Gen. Patrick O'Reilly, program director for the ground-based interceptor system, told Rumsfeld that on Thursday an interceptor based at a launch site at Vandenberg Air Force Base, Calif., is to be tested against a target missile launched into the Pacific Ocean from Alaska's Kodiak Island.

That will be the first full test of the latest version of the interceptor and its kill vehicle, a device attached to the nose of the interceptor. Once it separates from the interceptor's three-stage booster, the kill vehicle is designed to use its own propulsion system and optical sensors to lock onto its target and, by ramming into it at high speed, obliterate the warhead and any payload.

Obering said the main objective of Thursday's test will be to see if the optical sensors on the kill vehicle aboard the interceptor work as designed.

Rumsfeld Unsure Of Ability To Intercept Korean Missiles (WP)

The Washington Post, August 28, 2006

FORT GREELY, Alaska, Aug. 27 -- After his first look inside the nerve center of the U.S. missile defense system, Defense Secretary Donald H. Rumsfeld on Sunday sounded a note of caution about expectations that interceptors poised in 10 underground silos here would work in the event of a missile attack by North Korea.

Asked at a news conference whether he believed the missile shield was ready for use against a North Korean missile like the one test-fired unsuccessfully on July 4, Rumsfeld said he would not be fully convinced until the multibillion-dollar defense system has undergone more complete and realistic testing.

"A full end-to-end" demonstration is needed, Rumsfeld said, "where we actually put all the pieces" of the highly complex and far-flung missile defense system together and see whether it would succeed in destroying a warhead in flight.

Rumsfeld also said North Korea does not pose a military threat to South Korea, calling Pyongyang more of a danger as a distributor of weapons to other countries and perhaps terrorists.

"I think the real threat that North Korea poses in the immediate future is more one of proliferation than a danger to South Korea," he said.

Rumsfeld said it is clear that the overall condition of the North Korean military has deteriorated.

Later Sunday, Rumsfeld met with his Russian counterpart, Sergei Ivanov. They discussed the Middle East and Afghanistan, as well as Russian concerns about an announced U.S. plan to remove nuclear warheads from some Trident long-range missiles aboard submarines and replace them with conventional warheads for potential use on short notice against terrorist targets.

U.S. Set For Biggest Missile Defense Test In 18 Months (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, August 28, 2006

At stake is the ability of an interceptor to spot -- not necessarily to hit -- its target.

FT. GREELY, Alaska — The U.S. military will test its missile defense system Thursday, the fullest demonstration since a pair of tests grounded the program 18 months ago.

Military officials are seeking to lower expectations. Although a target missile will be fired from Kodiak Island, Alaska, and an interceptor rocket topped with a "kill vehicle" will launch from California's Vandenberg Air Force Base, military and industry officials say the goal isn't to actually shoot down the missile.

"We are not going to try to hit the target," said Scott Fancher, head of Boeing Co.'s ground-based missile defense program. "It is not a primary or secondary test objective to hit the target."

After a tour of the missile interceptor silos here Sunday, Defense Secretary Donald H. Rumsfeld said that although he wanted to see a "full end-to-end test," he was patient. He rejected suggestions that the system should try to hit the target this time.

"Why not proceed in an orderly way with the kind of the test expert people [want to do]?" Rumsfeld told reporters. "They do not have to do it to demonstrate to you."

Air Force Lt. Gen. Henry "Trey" Obering III, director of the Missile Defense Agency, said it was "possible" the kill vehicle would take out the missile even though that was not a goal. But the military, he said, is focused on making sure a redesigned kill

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vehicle is able to spot the target missile, distinguish between its booster stage and warhead, and communicate with the control centers on the ground.

"This is about as good as it gets in terms of a system test," Obering said.

The general has said several times that he believes the missile defense system can shoot down a long-range North Korean missile aimed at the United States.

"We can protect L.A. — we can protect the entire United States from both California and Alaska — from a North Korea threat," he said Saturday.

The military is not going to try to knock out a target missile until December, a test that Obering called the "final stage."

"It will be the same scenario: target out of Alaska, interceptor out of California," the general said. But "the objective will be to intercept the target."

Critics have long raised doubts about the $43-billion system.

Although the interceptors have hit dummy missiles in five out of 10 tests, some outside experts have said the conditions were too controlled and the targets not realistic enough.

Obering rejected any suggestion that the previous tests were rigged. Thursday's test, he said, will use a target missile similar in size and speed to the single-warhead weapon that the military believes North Korea could fire.

"We believe it is very close," Obering said of the target missile. "As much as we know, we believe it is very representative."

The missile defense system was declared operational in 2004, meeting a goal that President Bush had set two years before. Military officials said then that testing and improvement of the system would continue.

After botched tests in December 2004 and February 2005, Obering ordered a halt to the program in order to examine and fix the problems that prevented successful launches and flights of the interceptors.

The testing resumed, in incremental steps, in December. In the first test, an interceptor was launched against a target dropped from an airplane. And in February, the military tested the ability of the ground-based radar in Beale, Calif., near Sacramento, to pick up and track targets.

Thursday's test is more important because it will involve all the main components of the defense system.

The military operates two interceptor sites. One site is at Vandenberg, which will be used for Thursday's test. The Alaska site at Ft. Greely will hold 11 missiles when the latest is placed in the ground today.

During his visit here, Rumsfeld examined the missile waiting to be installed, saw a mock-up of the kill vehicle and climbed into one of the silos.

The military is hoping to install another set of interceptors either in Poland or in the Czech Republic.

Obering said that if Congress appropriated the initial funding for the project this year — about $56 million for the site and $70 million for the interceptors — the interceptors could be operational by 2010.

At a meeting Sunday in Fairbanks, Alaska, with Russian Defense Minister Sergei B. Ivanov, Rumsfeld outlined the Pentagon's plans for the new interceptor site. At a news conference afterward, Ivanov called on the United States to be "transparent" in moving forward and hinted that an interceptor site might not be needed.

"We should proceed from reality," Ivanov said, speaking through a translator.

"How many countries can possess substantial ballistic missiles?"

The two men also discussed American plans to retrofit some nuclear intercontinental ballistic missiles with conventional warheads. During the news conference, Rumsfeld said he thought the Russian military should also retrofit some of its missiles.

"We think it would be a good thing five, 10 years from now if both of our countries had that additional weapon available," Rumsfeld said.

"We do not know how the world will evolve. But we do know that there are terrorist networks in the world, and they are already using missiles."

Ivanov said his government had concerns over the plan. But, he allowed, "we will keep in touch."

Lost In Space (WSJ)

By Henry F. Cooper And Robert L. Pfaltzgraff Jr.

The Wall Street Journal, August 28, 2006

Consider the implications of North Korea's July 4 missile tests. While the Taepondong-2 failed, Pyongyang has already demonstrated (in 1998) that it can launch long-range rockets. Meanwhile, the six short- and medium-range missiles it successfully tested can be sold to other rogue states and terrorists -- who could launch them at us from ships off our coasts.

When North Korea launched its missiles in July, what President Bush has properly termed our "modest" missile-defense system was activated -- but it included no protection against this short-range threat to the three-quarters of all Americans living

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within 200 miles of our coasts. Indeed, if a nuclear warhead on just one missile, launched from a ship off our coast, was detonated at an altitude of 100 kilometers, the electromagnetic pulse would have devastating consequences for critical infrastructures such as telecommunications, finance, fuel/energy, transportation, food and water supply, energy resources and space systems. * * *

The blunt truth is that, since withdrawing from the ABM Treaty in 2002, the U.S. has not done enough to protect the nation from the threat of missiles. The Pentagon is improving ground-based interceptor systems, but it is not fully exploiting other interceptor-basing modes. Sea-based defenses, for example, remain focused on defending our overseas troops, allies and friends against short- and medium-range ballistic missiles -- without using their inherent potential also to shoot down ballistic missiles aimed at the U.S. homeland.

Nevertheless, our continuing vulnerability to missile attack is the result of easily reversible past choices. Japan and the U.S., for example, are jointly developing sea-based missile defenses against short- and medium-range missiles; three U.S. ships equipped to shoot down these missiles will be operating in or near the Sea of Japan later this year. With a $25 million software improvement, these same ships can shoot down North Korean intercontinental-range missiles early in their ascent phase -- long before ground-based interceptors in Alaska or California. And if ships operating near our coasts are similarly equipped, they could shoot down short- and medium-range missiles launched by terrorists from ships off our coasts.

We have already made an $80 billion investment in over 80 Aegis ships now at sea around the world that have the ability to shoot down cruise missiles. A minimal additional investment can enable them to shoot down ballistic missiles: Outfitting a single ship costs $100 million ($20 million for support systems and $80 million for eight interceptors). There is no better investment in near-term missile-defense capability.

As the administration has acknowledged, current missile defenses represent only a "starting point" for building improved capabilities. But rather than just marginally improving systems that evolved from the ABM Treaty era, missile-defense designers should start from the basics.

The authors participated in an Independent Working Group that for the last five years considered these issues in depth. Our full report, "Missile Defense, the Space Relationship and the 21st Century," is available at www.ifpa.org/pdf/IWGreport.pdf1. Here, we emphasize several points:

• Missile-defense systems should protect us against more than just small rogue states. We should make it virtually impossible for any adversary -- rogue states, non-state actors and larger strategic competitors -- to influence U.S. decisions, or the course of regional conflicts, by threatening to launch missiles with nuclear weapons against the U.S., its deployed forces or its allies.

Since we cannot be certain where or when a missile will be launched against us, we need a continuously ready, global, multilayered system to provide multiple shots at attacking missiles and their warheads in all their phases of flight -- boost, midcourse and terminal. Such defenses make an attack more expensive, and therefore less attractive for enemies to buy the technologies to overcome them. The ABM Treaty era showed that it is the absence of defenses, rather than their presence, that encourages the development of offensive technologies.

• Ground-based defenses can protect specific territory; sea-based defenses can more flexibly defend larger areas for less money. Neither provides global protection. Only space-based systems can provide a truly global defense. The U.S. needs a streamlined development program to build space-based interceptors for boost-, midcourse- and terminal-phase interdiction -- and to begin deployment of these interceptors by 2010.

Political factors have dictated technical behavior, subordinating the development of the most technically sound and cost-effective defenses. The problem transcends administrations and political parties; it reflects the unprecedented political opposition that has been mounted against effective missile defenses over the past five decades. The most technologically feasible global defense -- space-based -- has not been politically acceptable, because of concerns about the "weaponization of space." This is a dubious argument that ignores history, and the current efforts of other states to weaponize space. But the result is to leave us with a ground-based defense that is politically the most acceptable but technologically the least effective.

Because of Ronald Reagan's interest in research on all ballistic missile-defense concepts, his Strategic Defense Initiative (SDI) explored all possible concepts and pursued major technology initiatives, in order to underwrite those most effective. By the end of his administration, it was clear that a space-based interceptor system, "Brilliant Pebbles," could meet even the strict so-called Nitze criteria (survivability under direct attack and cost-effectiveness at the margin as compared to investments in attacking missiles).

This interceptor system consisted of a constellation of very lightweight satellites (each about the size of a watermelon) that would continuously monitor the Earth below and detect any missile launch within its field of view. The satellite with the best intercept opportunity would release a Brilliant Pebble (weighing a few pounds) that maneuvers into the path of the oncoming

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missile or its payload and destroys it by impact. All key technologies were proven by the mid-1990s; today's technology is more advanced and could intercept even short-range Scuds in their boost phase.

Brilliant Pebbles was approved in 1990; the Pentagon's independent costing agency estimated acquisition and 20-year operations costs at $11 billion in 1990 dollars, or about $16 billion in inflation-adjusted dollars. It would have been far more capable than all other missile-defense concepts pursued since then -- at many times that cost -- but political considerations killed Brilliant Pebbles in 1993. Even the supporting technology programs were cancelled and the technologists dispersed -- so those most important products from the $30-billion SDI investment were lost. * * *

Today the U.S. should make deployment of a multilayered missile defense, including space-based systems, an urgent priority. We should complete the ground-based sites in Alaska and California -- but build no additional ground-based sites. Limited resources are better spent to meet emerging threats by building the more cost-effective (sea- and space-based) missile components.

Great advances in technology have resulted when visionary and persistent leaders, supported by competent scientists and engineers and set apart from the normal acquisition bureaucracy, are given the necessary resources to prove new ideas can and will work. This recipe should again be employed to revive cutting-edge technologies demonstrated over a decade ago -- and to build the defenses we need in the 21st century.

Mr. Cooper, former director of the SDI and chief U.S. negotiator to the Geneva Space and Defense Talks, is chairman of High Frontier, a missile defense advocacy group. Mr. Pfaltzgraff is president of the Institute for Foreign Policy Analysis and Shelby Cullom Davis Professor of International Security Studies at the Fletcher School at Tufts University.

Iran Tests Submarine-to-surface Missile (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, August 28, 2006

Iran tested a new anti-ship missile fired by a submarine during war games Sunday, raising worries it could disrupt vital oil tanker traffic in the Gulf amid its standoff with the West over its suspect nuclear activities.

Iranian President Mahmoud Ahmadinejad took a tough tone over the nuclear issue, saying his country's decision to pursue nuclear technology was irreversible.

His comments and the missile test came only days before a Thursday deadline imposed by the United Nations for Tehran to suspend the enrichment of uranium, a process the United States says the Iranians intend to use to build nuclear weapons. Enrichment can produce both reactor fuel and material for a warhead.

The Thaqeb, Farsi for Saturn is Iran's first missile that is fired from underwater and flies above the surface to hit its target, distinguishing it from a torpedo. A brief video showed the missile exiting the water and hitting a target less than a mile away.

While the missile showed some technological advances by Iran, its main importance seemed to be that it gives the country another means for targeting ships, along with the arsenal of torpedoes and other anti-ship missiles it already has.

Iran, which says its nuclear program is only aimed at generating electricity, has refused any immediate suspension and called the deadline illegal, though it says it is open to negotiations.

Ahmadinejad insisted Iran's nuclear program was peaceful and said he saw no reason to give it up.

"The great decision of the Iranian nation for progress and acquiring technology is a definite decision. There is no way back from this path," he said in a speech on national television after giving awards to 14 nuclear officials and scientists.

He said the United States should give up nuclear technology because it could not be trusted with it, having developed and used nuclear weapons.

Israel recently purchased two German-made Dolphin submarines capable of carrying nuclear warheads — clearly aiming to send a message to Tehran that it could strike back. The purchase beefs up Israel's deterrent power, since the subs can remain submerged for longer periods of time than the three nuclear arms-capable submarines already in Israel's fleet.

Israel is believed to have hundreds of warheads, the only nuclear arsenal in the Middle East, but it has kept the information secret and refuses to confirm or deny the reports.

The test-firing of the new missile underlines a card Iran can play in the nuclear standoff with the West — the ability to disrupt oil tanker shipments in the Gulf, through which about two-fifths of the world's oil supplies pass.

Iran has given mixed signals over how it would retaliate if the confrontation with the United States escalates. The oil minister and other government officials have said Iran would never attack Gulf tankers — but the interior minister warned in March that all options for retaliation are open and noted Iran's strategic position over Gulf traffic.

The test took place during large-scale military exercises that Iran has been holding since Aug. 19. It was the latest in a series of new naval weapons Iran has unveiled this year to tout what it calls its new technological prowess in arms production.

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The Iranian naval commander, Gen. Sajjad Kouchaki, said the Thaqeb could be fired from any vessel, not just submarines. He called it a "long-range" missile but did not specify how far it could fly, and it did not appear capable of carrying a nuclear warhead.

He also said the Thaqeb could escape enemy radar — a claim Iran made about a number of weapons it unveiled during military maneuvers in April. Some outside experts have questioned whether the weapons, tested against Iranian radar, would really be undetectable to more advanced U.S. radar.

During the April maneuvers, Iran test-fired a new torpedo — the "Hoot," Farsi for "whale" — which is capable of moving at some 223 mph, up to four times faster than a normal torpedo. It also unveiled a new land-to-sea missile, the Kowsar, and a high-speed missile boat that skims above the water and is undetectable by radar.

Iran is known to have several submarines. It bought at least two diesel subs from Russia in the 1990s and has produced an unknown number of locally made ones. Last year, it announced it was building a new class of sub called the Ghadir, which it said was a stealth craft and could fire missiles and torpedoes. Nothing more is known about the craft.

Iran says the weaponry is intended to defend itself against the possibility of a U.S. attack. It has also expressed worry about Israeli threats to destroy its nuclear facilities.

Iran already is equipped with the Shahab-3 missile, which means "shooting star" in Farsi, and is capable of carrying a nuclear warhead. An upgraded version of the ballistic missile has a range of more than 1,200 miles and can reach Israel and U.S. forces in the Middle East.

Iran Test-fires New Anti-ship Missile As U.N. Deadline Nears (USAT/AP)

USA Today, August 28, 2006

TEHRAN — Iran tested a new submarine-fired anti-ship missile during war games Sunday, days before a U.N.-imposed deadline for Tehran to suspend the enrichment of uranium.

Iran's president, Mahmoud Ahmadinejad, took a tough tone over the nuclear issue, saying that his country's decision to pursue nuclear technology was irreversible.

His comments and the missile test came five days before a Thursday deadline imposed by the United Nations for Tehran to suspend the enrichment of uranium, a process the United States says the Iranians intend to use to build nuclear weapons. Enrichment can produce both reactor fuel and material for a warhead.

Ahmadinejad insisted Iran's nuclear program was peaceful and there was no reason to give it up.

He said it was the United States that should give up nuclear technology because it could not be trusted with it, because it developed and used nuclear weapons.

Amid worries over Iran's program, Israel recently purchased two German-made Dolphin submarines capable of carrying nuclear warheads — clearly aiming to send a message to Tehran that it can strike back. Israel has never admitted having nuclear weapons, but is widely assumed to possess the only nuclear arsenal in the Middle East.

The Dolphin purchase beefs up Israel's deterrent power, since the subs can remain submerged for longer periods of time than the three nuclear arms-capable submarines already in Israel's fleet.

Iran says it has no intention to build nuclear weapons, insisting its program aims only to generate electricity. But the test-firing of the new missile — called the Thaqeb, the Farsi word for Saturn — underlines a card Iran can play in the nuclear standoff with the West: the ability to disrupt oil shipments in the Persian Gulf, route for about 40% of the world's oil supplies.

During April maneuvers, Iran test-fired a new torpedo — the Hoot, Farsi for “whale” — capable of moving at 223 mph, up to four times faster than a standard torpedo. It also unveiled a new land-to-sea missile, the Kowsar, and a high-speed missile boat that skims above the water and is undetectable by radar.

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Tehran Test-fires Long-range Missile (WT/AP)

By Ali Akbar Dareini

The Washington Times, August 28, 2006

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TEHRAN -- Iran test-fired a new submarine-to-surface missile during war games in the Persian Gulf yesterday, a show of military might amid a standoff with the West over its nuclear activities.

A brief video clip showed the long-range missile, called Thaqeb, or Saturn, exiting the water and hitting a target on the water's surface. The test came as part of large-scale military exercises that began Aug. 19.

"The army successfully test fired a top speed long-range sub-to-surface missile off the Persian Gulf," the navy commander, Gen. Sajjad Kouchaki, said on state-run television.

Iran routinely has held war games over the past two decades to improve its combat readiness and to test equipment including missiles, tanks and armored personnel carriers.

But yesterday's firing of the missile came as Iran remains defiant just five days before a deadline imposed by the U.N. Security Council for Tehran to suspend the enrichment of uranium, which can produce both reactor fuel and material usable in nuclear warheads.

Iran said last week it is open to negotiations but it refused any immediate suspension, calling the deadline illegal.

Tehran has expressed worry about Israeli threats to destroy its nuclear facilities, which the West contends could be used to make a bomb but which Iran insists are for the peaceful purpose of generating electricity.

The Islamic country also is concerned about the U.S. military presence in neighboring Iraq and Afghanistan.

In an advance for Iran's weapons industry, the Thaqeb is the country's first missile fired from underwater that flies above the surface to strike its target, adding to the country's repertoire of weapons that can hit ships in the Gulf.

Iran's current arsenal includes several types of torpedoes -- including the "Hoot," Farsi for "whale," which was tested for the first time in April and is capable of moving at some 223 mph, up to four times faster than a normal torpedo.

Gen. Kouchaki said the Thaqeb could be fired from any vessel and could escape enemy radar. He said it was built based on domestic know-how, although outside specialists say much of the country's missile technology originated from other countries such as Russia and China.

He did not give the weapon's range. It did not appear capable of carrying a nuclear warhead.

During the April war games, Iran also tested a new land-to-sea missile, the Kowsar, with remote control and searching systems that cannot be scrambled, as well as a high-speed missile boat that is undetectable by radar.

Iran Vows To Continue Making Nuclear Fuel (FT)

By Gareth Smyth

Financial Times, August 28, 2006

The day after president Mahmoud Ahmadi-Nejad opened a heavy-water nuclear plant, Iran said on Sunday it would continue making nuclear fuel, but it remained open to negotiations over its controversial atomic programme.

Tehran's double-edged diplomacy seems set to continue beyond Thursday's deadline from the United Nations security council to suspend uranium enrichment, the most sensitive of its nuclear activities.

"Producing nuclear fuel is our strategic aim," Ali Larijani, Tehran's top security official, said yesterday. "Any measure to deprive Iran of its right will not change our mind."

But on state television, Mr Larijani also said the passing of the UN deadline would not mean "the end of diplomacy".

Asked about Russia and China, members of the UN Security Council sceptical of the US drive for sanctions against Iran, Mr Larijani said: "If there are other countries that can fall into step with us in their diplomacy, we will use them. In situations where they don't, we will continue on our own."

Mr Ahmadi-Nejad on Saturday inaugurated a new heavy-water facility near Arak, 180km south of Tehran, to produce fuel for an adjacent heavy-water nuclear reactor due to open by 2009.

The president stressed Iran's programme was peaceful. "We are not a threat to anyone – even the Zionist regime [Israel], which is a definite enemy for the people of the region," he said.

Heavy water, which occurs naturally in minute quantities but has also been manufactured since the 1930s, has medical uses and allows a reactor to run on uranium with no need for enrichment, but the spent fuel is a potential source for plutonium that can be used in weapons.

With the UN deadline approaching, Iranian television has been giving fulsome coverage to military manoeuvres in the Gulf, including the testing of missiles and torpedoes.

Admiral Habib Sayyari said the exercises sent "a message of peace and friendship to the Middle East, especially Iran's neighbouring countries".

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¦Italian Foreign Minister Massimo D'Alema was on Sunday quoted as saying Italy should be included in any future talks with Iran over the nuclear issue. His comments came just days after Italy committed up to 3,000 troops to the UN peacekeeping mission to southern Lebanon.

Nuclear Program A Source Of Pride For Iranians (USAT)

By David J. Lynch

USA Today, August 28, 2006

TEHRAN, Iran — Four young salesmen met last week at a Tehran coffeehouse, only to find that city officials had inexplicably ordered the shop not to serve coffee that day. Things are seldom simple in Iran.

The four settled for sodas. Their talk turned to Iran's tense standoff with the United Nations, which has given the country until Thursday to halt its nuclear program or face economic and political sanctions.

"Of course, we are worried about it," said Morad Daneshvar, 26, a jewelry salesman. "Although in the end, I don't think our politicians are that stupid."

Iran has repeatedly defied the United States and the West on uranium enrichment. Saturday, hard-line Iranian President Mahmoud Ahmadinejad opened a heavy-water production plant that could be used to make nuclear weapons, a provocative gesture five days before the U.N. deadline.

Fathoming Iran's worldview is critical to understanding the roots of the crisis. Conversations with policy experts and ordinary Iranians alike suggest an Islamic republic that is simultaneously insecure about its standing in the world and emboldened by the drift of recent events.

Both impulses were evident in its response last week to a package of incentives by the United States, Russia, China, Britain, France and Germany: Iran expressed its desire for serious talks with the West but would not halt enrichment as a precondition. Iran's nuclear research program, underway in secret from 1988 until it was exposed by an opposition group in 2002, has become a source of national pride for many Iranians.

"Having nuclear technology is our legal right," said Ali Maghsoodi, 36, a jobless architect looking for work at a day-laborer site in Tehran's Vanak Square.

Ahmadinejad has cast the program as essential to national development. Inaugurating the new heavy-water plant, he insisted Iran is not pursuing weapons and is not "a threat to anybody, even the Zionist (Israeli) regime, which is a definite enemy for the people of the region."

By continuing nuclear development, he said, Iran might have to face sanctions by the United States and the West. "But will they be able to prevent the thoughts of a nation? Will they be able to prevent the progress and technology to a nation? They have to accept the reality of a powerful, peace-loving and developed Iran."

Despite U.S. attempts to isolate it, Iran possesses considerable leverage because it:

•Trains and equips Shiite militias in neighboring Iraq, a senior Pentagon official said last week. Brig. Gen. Michael Barbero, deputy director of operations for the Joint Chiefs of Staff, said the Iranian government is trying to destabilize Iraq.

•Sits atop 10% of the world's petroleum reserves at a time when oil prices are over $70 a barrel.

•Provides inspiration, arms and funds to Hezbollah, the Lebanese Shiite militant group that rained rockets on Israel and clashed with Israeli troops for 34 days in July and August.

"Iran is a player in this region and nobody can ignore it. … They can't dismiss Iran," says Mahmood Vaezi of the Center for Strategic Research, a government agency that advises top Iranian policymakers.

He and other Iranian officials argue that their country is the key to political stability in the Middle East. Like the coffeehouse without coffee, Iran poses a contradiction: Its leaders demand international — especially American — respect. At the same time, they pursue a policy of nuclear self-reliance that renders such recognition impossible — at least from a U.S. government that distrusts Iran and believes it capable of attacking its neighbors.

"An Iran in possession of nuclear weapons is unthinkable for all who value security and peace," Nicholas Burns, undersecretary for political affairs at the State Department, said last fall.

The Bush administration regards the cleric-led Iranian government as illegitimate and undemocratic. White House policy has been to isolate Tehran and use diplomacy and the threat of sanctions to end Iranian nuclear ambitions. The administration has condemned Iran's support of Hezbollah and called Tehran "the world's most active state sponsor of terrorism." Washington has encouraged pro-democracy groups — inside and outside Iran — to challenge the regime.

The United States broke off diplomatic relations with Iran in 1980 after militants seized the U.S. Embassy in Tehran and held 52 Americans hostage. U.S. policymakers have to decode Iran's conduct without the benefit of diplomatic exchanges and personal relationships.

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Iran “is the only country in the world today with which the United States has no sustained direct contact,” Burns said last year, noting the presence of U.S. diplomats in Cuba, Syria and Libya, and ongoing talks with North Korea.

“The main issue between the United States and Iran is a lack of trust. If this persists — even if we solve the nuclear issue — there'll be another issue. The only way to address the (nuclear) issue is to address the lack of trust between the two sides,” says Mohammad Adeli, who was Iran's ambassador to London until last year.

The 26-year estrangement between Tehran and Washington has only deepened since Ahmadinejad became president in August 2005.

His government is populated by veterans of Iran's 1980-1988 war with Iraq. In that conflict, the United States — fearing the spread of Iran's Islamic revolution — provided satellite intelligence to Iraqi leader Saddam Hussein and ignored his use of chemical weapons against Iranian troops.

Today, Supreme Leader Ayatollah Ali Khamenei and a handful of other top Shiite clerics control most of the power in Iran. They set foreign policy, vet candidates for parliament, quash reformist laws and sanction state action against dissidents, according to the State Department.

Ahmadinejad is subordinate to Khamenei and is supposed to take a back seat on foreign policy matters. Instead, he has staked out extreme positions — such as that Israel must be “wiped off the map” — that have boxed Iran in and given it little room to maneuver.

Many educated Iranians say they recognize their president is a controversial and polarizing figure in the West. But they say his statements questioning the Holocaust and threatening to destroy Israel are no more outrageous or fanciful than President Bush's talk of a “new Middle East” modeled in a democratic Iraq.

“Ahmadinejad and Bush — they have the same personality. You have the American version, and we have the Persian version,” said Mehrdad Salali, 26, as his coffeehouse friends nodded.

Others say it's clear Ahmadinejad's explosive rhetoric has damaged Iran's image.

“I follow the Internet a lot, and they judge the Iranian people by our government. … Our government has made some mistakes and said some bad things,” said Mohamed Reza Farzadi, 22, a network administrator interviewed outside the city of Shiraz.

Still, the Iranian president has supporters who admire his tough approach to foreign powers, his simple lifestyle and his devotion to the poor. The anti-Israel rhetoric that sounds extreme and anti-Semitic to Western ears reflects Muslim frustration with Israel's treatment of the Palestinians, they say.

Ahmadinejad “stands face to face with the Westerners and says, ‘We are not going to step back.' … He has good support in Iran, and people really respect him,” says Behrooz Norouzi, 36, a theology instructor in the city of Isfahan.

Ahmadinejad also has shown a deft political touch. He was elected on a platform of using Iranian oil wealth to benefit the poor. Since taking office, he has visited 154 cities, many in remote provinces long neglected by top officials. He has shelled out funds for new marriage allowances for young couples, debt relief for farmers and low-cost loans for small businessmen.

“He's clearly tapped into a reservoir of support among the lower classes who at least feel that he's listening to them,” says Kenneth Katzman, an expert on Iran at the Congressional Research Service in Washington.

Until recently, Ahmadinejad's hard-line ideology had little impact upon Iranians' daily existence. The tight social strictures imposed in the early days of Iran's Islamic revolution, when morals police roamed the streets chastising women for insufficiently modest clothing, have long since eased. Iranians, especially in cities, take for granted the ability to hear Western music, read foreign news on the Internet and dress with a little flair.

In recent weeks, though, officials began confiscating home satellite dishes, which Iranians use to watch the British Broadcasting Corp. and Western entertainment. The sudden enforcement of this long-ignored regulation has been coupled with a heavy hand on the media and intellectuals.

Some hope for the best. Government officials “are clever enough to understand they can't go back and reverse the process because there is strong public opinion against this,” says Saeed Kazemi, 25, another coffeehouse customer.

With global oil prices near record highs, Iran has doubled public spending from four years ago. Generous subsidies have helped dull public discontent by keeping staples cheap. A tasty three-person lunch of lamb kabobs, grilled tomatoes, fresh herbs, yogurt and drinks can be had for less than $7; a 70-minute flight from Tehran to Shiraz is $26; gasoline costs less than 40 cents a gallon.

Iran took in $45 billion in oil revenue last year, the Council on Foreign Relations in New York says. Subsidies are critical to the regime's ability to retain support at home: 90% of Iranians get income from the state, the council says.

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Some here oppose Iran's decision to use part of its oil windfall to support Hezbollah in Lebanon and Islamic militants in the Palestinian territories. “They are giving money to Lebanon and Palestine. They don't invest anything in factories in the countryside,” said Araf Torkashvand, 22, who traveled to Tehran from his home province of Lorestan seeking work.

The Bush administration has indicated it wants to move swiftly to bring the sanctions issue to the U.N. Security Council once Thursday's deadline has passed. Russia and China have signaled they might use their votes to veto sanctions.

“I know of no instances in world practice and previous experience in which sanctions have achieved their aim and proved effective,” Russian Defense Minister Sergei Ivanov said Friday. “Russia stands for further political and diplomatic efforts to settle the issue.”

Sanctions are likely to do little to hurt the regime and could cement the hard-liners' grip on power. Government opponents say U.S.-led efforts to punish Tehran would discredit pro-Western voices inside Iran and put them on the defensive in the face of an inevitable patriotic, popular response.

Pressure from the United States and other countries feeds Iranian nationalism, bolstering Ahmadinejad and others in the hard-line Islamic government, says Davoud Bavand, an international law professor at Alameh University in Tehran.

“They see that their power resides in the existence of crisis and the presence of the enemy lurking in our bush,” Bavand says. “They're very much interested in the continuation of this crisis.”

An Ex-Official Offers Glimpse Of Iranian Views Of U.S. (NYT)

By Michael Slackman

The New York Times, August 28, 2006

TEHRAN, Aug. 27 — A former high-ranking Iranian official wants Americans to see his cracked thumbnails. They were torn out, he said, after Washington’s friend, Shah Mohammed Reza Pahlavi, put him in prison in the 1970’s.

His point is instantly clear: look at what happened when we had close ties to the United States.

“I was a medical student,” said the man, Ali Muhammad Besharati, a former interior minister and deputy foreign minister. “But they put me in prison because I opposed American dominance in Iran.”

In the continuing conflict over Iran’s nuclear program, there are disputes over enrichment of uranium, discussions of heavy water reactors, and accusations over the government’s intentions. But to listen to Dr. Besharati is to hear the fight described as Tehran’s frontline effort to block American influence in the region and to never again allow Washington to have an upper hand in Iran.

That attitude is obvious among Iran’s current leaders, who see this not just as a battle over nuclear weapons but a fight for survival against a far more powerful enemy that has lumped them into an “axis of evil” and allocated millions of dollars to oust the government, political analysts and Western diplomats here said.

Dr. Besharati, too, echoed the idea that giving in on the nuclear front would not solve Iran’s problems with Washington, only aggravate them.

“I would like you to write this down,” he said, speaking through an interpreter. “If we backed down on the nuclear issue, the U.S. would have found fault with our medical doctors researching stem cells.”

He smiled, sat back and let his point settle. “What they would like to see us do is plant corn, make tomato paste and bottle mineral water,” he added. “They do not want to see us get high-tech.”

His comments, during a 90-minute interview in his office, seem to reflect both a calculated political posture and a sincere hostility, and fear, toward Washington.

Dr. Besharati, 57, works from an office in the Strategic Studies Center, a tower in the leafy northern section of Tehran that serves as an influential research organization for many of Iran’s policy makers. He is not a member of the inner circle of power now, though he has a personal relationship with Iran’s supreme leader, Ayatollah Ali Khamenei, and as interior minister he appointed the current president, Mahmoud Ahmadinejad, as a governor.

But his thinking reflects the spirit of a leadership that has given no indication that it is willing to halt enrichment or slow its nuclear march. In the imprecise language of Iran’s political divisions, Mr. Besharati would be considered a moderate-conservative.

Asked whether Iran is afraid that greater economic, political and social integration with the West might dilute the country’s Islamic identity, he turned the question around. “Can the West be more flexible and accept us as we are?” he asked.

He was born in Jahrem, near Shiraz, and as a young man was an Islamic political advocate. The shah imprisoned him for five years, and it was the feared Savak secret police that tore out his fingernails, he said.

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After the revolution, he won important positions in government. He served in Parliament, for a decade as the No. 2 official in the Foreign Ministry, and as interior minister from 1993 to 1997. He was in charge of the election process the years that Mohammad Khatami, the change-minded cleric, surprised the conservative leadership and won a landslide victory as president.

In many ways he is the model of an Iranian official, both in his bearing and in his stated positions. He wears sharp Western-style suits and a scruffy beard.

He travels with an armed guard and speaks the language of what might be called peaceful defiance: blaming the White House for American-Iranian problems while insisting Tehran wants nothing more than to live in peaceful harmony with the world. He does not answer when asked why for nearly two decades Iran kept its nuclear program a secret, in violation of the Nuclear Nonproliferation Treaty.

"Let me tell you a story," he said, adjusting the ring on his right hand. "In one of the story books, Iranians have a fairy tale. A hawk is talking to a chicken in the farmyard. The hawk says to the chicken, 'You are not very loyal. They feed you, but when they want to catch you, you run away.' "

He paused for effect. "The chicken said, 'If you saw what was going on in the kitchen and the frying pan, you would not just hop from branch to branch, but fly away.' "

He smiled, rose from his chair and pulled three hardcover books off a shelf. He said they were memoirs of relatives of the former shah. "The shah of Iran never drank water without the permission of America," he said he read in one of the books.

He opened one book, whose text was marked up, with important passages circled. "What was the result of all our confidence in the U.S.?" he asked forcefully. "Our agriculture was demolished. Our educational system was destroyed."

True or not, balanced or biased, he was rolling, passionate and animated as he stated his understanding of Iran's history and its relationship with the United States. He grabbed another book and said, paraphrasing, "All the interrogators in the secret police were trained in the United States and Israel." Pause. "Five of my fingernails were peeled out in interrogation."

Dr. Besharati recounted every modern American slight against Iran, from the shooting down of the Iranian airliner that killed more than 200 civilians, to officials of the Reagan administration calling for pulling the theocracy out by the roots. All this, he seemed to be saying, was why Iran would not give in to America's demands on something as consequential as the nuclear program.

"Although our economic system may not be strong," he said, "our minds and our memories are."

U.S. Plans For Sanctions On Iran (WT)

By Bill Gertz

The Washington Times, August 28, 2006

The Bush administration plans to move rapidly to organize and impose international economic sanctions on Iran, but not until after a Thursday U.N. deadline passes, according to Bush administration officials.

A senior official who has reviewed Iran's 21-page response said there is still hope Iran will agree before then to stop enriching uranium, although there are no indications Tehran is ready to do so. The Iranian response, sent privately last week to several nations, contains numerous references to how Iran is moving forward with its plans for uranium enrichment.

"Clearly, it falls short of meeting the condition that was set," the senior official said. "That condition was full suspension of enrichment activity."

International economic sanctions likely will be imposed after passage of a United Nations Security Council Chapter 7 resolution, and sanctions will be applied in stages.

The initial sanctions are expected to target Iran's weapons of mass destruction and missile programs and will be designed to make it more difficult for officials of the regime of President Mahmoud Ahmadinejad to travel abroad and conduct business abroad.

A coalition of nations in Europe and Asia also is being organized to impose sanctions on Iran should the U.N. Security Council fail to take action after Thursday. Tougher sanctions will be imposed later if Iran continues to reject controls on its nuclear program and halt uranium enrichment.

The goal of sanctions will be to persuade Iran's government to suspend its enrichment activities, not to punish the Iranian people, the senior official said,.

Meanwhile, the officials said the State Department, White House and Pentagon are at odds over whether to give Iran another chance to halt enrichment activities.

Nicholas Burns, the undersecretary of state for political affairs, is working to persuade Secretary of State Condoleezza Rice to agree to a plan by the governments of Britain, France and Germany to send Javier Solana, the European Union foreign policy chief, back to Tehran for talks before the Thursday deadline.

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The Europeans are arguing that if Iran is willing to discuss suspension of enrichment, then the three European governments will not pursue immediate sanctions. The planned concession is opposed by officials at the Pentagon and the office of Vice President Dick Cheney, who oppose making any further concessions to the Iranians because of Tehran's continued defiance.

The Iranian response was made after Europeans, the United States and China offered Iran a package of incentives, including trade offers and regional security arrangements, to give up uranium enrichment outside International Atomic Energy Agency (IAEA) controls. Russia and China, either of which could veto any Security Council moves against Iran, oppose sanctions.

The administration is encouraged by support from the governments of France, Germany and Britain for sanctions, although it is not clear whether tough action will be taken to punish Iran this week or next, the senior official said.

The U.S. intelligence community estimates that the enrichment activities will give Iran, under the guise of a civilian electricity-generating program, the ability to produce nuclear weapons within four years.

"Their nuclear program is continuing," a second official said. "They have set the goal of having 3,000 centrifuges in place by end of year, or early next year. They are having some technical difficulties, but they have also shown themselves to be very capable in terms of their own science and technology and in terms of solving problems."

...

"Iran will continue its uranium enrichment," he said. "We want to produce our own nuclear fuel. We will never stop it."

U.S. officials said the Iranian response to the United Nations has been to say that any preconditions on Iran are unfair and something they cannot accept.

"Two decades of denial, deception and concealment [on the nuclear program] has made a pretty convincing case for IAEA and others that they are pursuing nuclear weapons," the senior official said.

Much of Iran's secret nuclear arms program is located at an underground facility at Natanz, where IAEA inspectors were denied access last week. The facility is the site of a planned centrifuge cascade -- a large number of machines that spin uranium gas into small quantities of enriched uranium.

Meanwhile, a senior Iranian nuclear official stated in an interview published in Iran yesterday that a nuclear research facility in Natanz and the uranium conversion plant at Isfahan are operating uninterrupted.

Mohammad Saidi, deputy director of the Atomic Energy Agency of Iran, told the Tehran newspaper E'temad-e Melli that Tehran's response last week was "comprehensive and conducive to the resumption of talks for creating an ultimate agreement."

Iran's Hard Line Begins At Home (TIME)

By Azadeh Moaveni

Time, September 4, 2006

When Behnaz Mohsenian, 29, started English lessons at Tehran's Najdad Institute this spring, the 15 men and women in her class studied grammar sitting in mixed circles. Last month the language school split the group by gender, with men and women meeting on different days. Now plans are under way to move the women's classes to a separate building, to eliminate altogether the possibility of illicit mingling. "It feels," says Mohsenian, "as if we're all incapable of behaving like normal people and need to be regulated at all times."

When President Mahmoud Ahmadinejad took office last summer, everyone nervously watched to see whether Islamic dogma would shape domestic policy. To much delight, nothing changed: Western films were sold everywhere, women wore skimpy veils, and couples held hands in the street. But the long, libertine honeymoon is over. The hard line now seems to begin at home for the Ahmadinejad regime (which last week inaugurated a new reactor project, defying a U.N. demand to end its uranium-enrichment work by Aug. 31, and gave only a tepid response to the West's offer of incentives). Over the past few months, various branches of the government have stealthily rolled back freedoms with moves like the reinstatement of gender segregation in public institutions. Because the Iranian system comprises ministries with overlapping mandates and security apparatuses that operate independently, it's hard to say whether this is a government-wide crackdown or whether some officials are just feeling emboldened by Ahmadinejad's conservatism. Nonetheless, the tone is being set on high--and the impact is being felt throughout society.

The new hypermorality isn't exactly a return to the days of the Ayatullah Khomeini. Today the tactics are subtler than in the past, when morality police were dispatched onto the streets of Tehran to harass youth. Instead, regular Iranians are being cowed into the role of enforcer.

A month ago, I met a few girlfriends for coffee at a popular cafÃ©. One of my friends lit a cigarette and was informed by the embarrassed owner that smoking is now illegal for women in cafÃ©s. Such small but significant restrictions are a

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discouragement. Half the women I know don't go out for coffee anymore. So without a single police raid, the authorities have stifled Tehran's bustling cafÃ© scene.

The restrictions are multiplying daily, with dress codes imposed on women's-clothing retailers and limits on women performing music in public. Last week trucks laden with satellite dishes rolled through my Tehran neighborhood; police have been confiscating the illegal devices all around town.

It isn't clear how long these strict measures will last. So far, the government seems undaunted by the lack of public enthusiasm for its causes. For instance, on the eve of the Lebanon cease-fire, it celebrated Hizballah's non-defeat as if it were an Iranian victory. It cooked what was billed as the world's largest kebab--more than 21-ft. long. And Iranians were "asked" via the state-run media to go up to their rooftops at an appointed hour and shout "Allahu akbar" (God is great). The tradition, from the early days of the Islamic Revolution, used to draw people out en masse. The city reverberated with their cries. Last week, across most of Tehran, one heard only silence.

The War For Hearts And Minds (TIME)

By Nicholas Blanford And Scott MacLeod

Time, September 4, 2006

The new war in the Middle East is not being fought with bombs or bullets. Instead, it is being waged amid the rubble and wreckage of Lebanon's streets, and the prize is the support and gratitude of the hundreds of thousands of citizens attempting to piece together their shattered lives. At Mehdi High School in Beirut, now a temporary administrative center for refugees who lost homes in the war with Israel, Abdel Hussein Hodroj asks a bearded young official behind a desk for help. The young man doesn't work for the Lebanese government or a humanitarian group or a United Nations agency. He's a member of Hizballah, the militant Shi'ite Muslim group that fought Israeli forces to a draw during 34 days of conflict--and is emerging as the most powerful force in postwar Lebanon.

Hodroj, 72, describes how Israeli missiles turned his neighborhood in Beirut's southern suburbs into a Lebanese version of ground zero. The bearded man reaches into a lockbox and pulls out $12,000 in U.S. $100 bills. He presses the money into Hodroj's palm. It's meant to pay for a year's rent and furniture while Hizballah builds him a new home. Hodroj doesn't bother to count the inch-thick wad of cash, equal to more than twice the average Lebanese annual income. Score one for the militants. "We're with Hizballah all the way," Hodroj says, stuffing the cash into his pockets.

For Hizballah and its backers, of course, this isn't just about charity. The scramble to rebuild Lebanon's bombed-out landscape has become a central front in a wider contest for influence in the new Middle East. On one side are Hizballah's Shi'ite Muslim militants and their leader, Sheik Hassan Nasrallahwho boast of winning a "divine victory" over the Jewish state--and the group's patrons, Iran and Syria. On the other are the U.S. and its Arab allies, like Saudi Arabia, Jordan and Egypt, who have been blindsided by the surge in Hizballah's prestige across the Islamic world and are trying to bolster Lebanon's democratically elected but chronically beleaguered government. Judging from the activity on the ground in Lebanon, where Hizballah has already handed out grants--ranging from $10,000 to $12,000--to some 15,000 homeless families, it's clear who is gaining. "They pre-empted us," says a Lebanese official, who explains that his government is strapped for cash. "There's no doubt Hizballah is endearing itself further with its supporters."

The scale of Lebanon's destruction has provided opportunities as well as heartbreak. According to the Lebanese government, the war not only has killed 1,183 people, wounded 4,055 and displaced 974,184 but has also caused $3.6 billion in damage to residential buildings and civilian infrastructure like bridges, roads, power stations, telecommunications systems and airports. Hizballah has pledged to rebuild apartment buildings and entire villages within three years; it has sent civil-affairs teams wearing hats that read JIHAD FOR RECONSTRUCTION. The group's offensive is most evident in ruined towns like Srifa, south of the Litani River, where piles of rubble are all that mark where houses once stood. Broken guardrails, shattered glass and pulverized concrete make it difficult even to walk around. Thirty-two people, mostly Hizballah fighters, died in the town, but within a day of the cease-fire with Israel, the militants turned into recovery workers, bringing in bulldozers and earth-moving equipment to dig through the debris. Residents say Hizballah is the only group they trust to help. "It's our government," says Abdel-illah Haidar, 24, an electrician.

In addition to strengthening Hizballah, the race to rebuild Lebanon has exacerbated conflicts that are tearing the region apart--between the U.S. and the Arab street, between fundamentalists and the West, between Sunni and Shi'ite Muslims. Hizballah's principal sponsor, Iran, has moved quickly to take advantage of the respect the organization is now receiving. According to Lebanese officials, the Tehran regime sent some $150 million in cash for Hizballah's initial postwar handouts, and is expected to give hundreds of millions more to finance reconstruction projects. The consolidation of Hizballah's support in southern Lebanon may make it more difficult, meanwhile, for Lebanese and U.N. forces to oversee the disarming of the group's

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fighters. That's good news for Iran, which wants to preserve Hizballah's military capacity as a deterrent against any possible U.S. or Israeli attack on Tehran's nuclear facilities. Although Hizballah officials claim that most of their money comes from charitable donations, an official interviewed by TIME acknowledged the importance of Tehran's support. "Thank God that Iran exists in this world," he said.

That kind of talk is unnerving the region's Sunni Arab states, which have watched helplessly as Iran's Shi'ite rulers have accelerated their nuclear program and carved out areas of influence in Lebanon and Iraq. Not surprisingly, the Arabs are eager to be in the Lebanon game: between them, Saudi Arabia and Kuwait have pledged an $800 million aid package to the Lebanese government for rebuilding projects while handing an additional $1.5 billion in soft loans to the Bank of Lebanon to shore up the nation's currency. Saudi officials believe that the kingdom's support will far surpass the amount Iran provides Hizballah and will enable Lebanese Prime Minister Fouad Siniora to ride out the group's grab for influence. "You have to empower the Lebanese government so that it can reconstruct the country," says Nawaf Obaid, head of the Saudi National Security Assessment Project, which advises the Saudi government. "Iran and Hizballah will be the losers in the long run."

If the U.S. and its allies hope to see that prediction come true, they need to make some big moves. The war in Lebanon has driven Washington's influence to a new low. Even leaders of the country's 2005 Cedar Revolution protests, which at the time was hailed by the White House as a democratic milestone for the Middle East, are angry with the U.S. for not supporting an immediate cease-fire or using leverage with Israel to prevent the destruction in Lebanon. Washington didn't do itself any favors by initially pledging just $50 million for Lebanon's recovery; the Iranians have already spent up to three times that. The White House last week more than quadrupled the U.S. aid package for Lebanon to $230 million, including support for the Lebanese Army to strengthen the central government against Hizballah.

But the U.S. could still do more. Siniora wants Bush to pressure Israel to lift a continuing air and sea blockade. He also says the U.S.'s aid pledge won't be nearly enough to get Lebanon back on its feet. A Siniora aide points out that the government is nearly $3 billion short of what it would need just to get the country's infrastructure back to prewar levels. "I almost had tears in my eyes listening to Bush speak about how supportive he was of Lebanon," says Lebanese Economy and Trade Minister Sami Haddad, who accompanied Siniora to an Oval Office meeting four months ago. "But what the Bush Administration has been doing is not acceptable. People are very resentful."

The longer such feelings persist, the more Hizballah is likely to press its advantage. The danger for Hizballah is that when the level of destruction fully sinks in, Lebanese leaders and ordinary citizens may well hold the group accountable for triggering Israel's wrath. For the time being, however, even Hizballah's critics are mainly silent, no doubt in deference to the prowess that Hizballah guerrillas have shown against Israel's more powerful armed forces. In Beirut's southern suburbs, where the group's bulldozers have cleared massive piles of rubble from the streets, Hizballah has planted bright red banners declaring MADE IN USA at the sites of destroyed buildings. At Mehdi High School, Hizballah officials move around, carrying walkie-talkies. As they perform their functions with the discipline of Hizballah guerrillas, military music blares from the loudspeakers. "We put it on to keep up people's spirits," says a Hizballah official. And in the Middle East these days, that's the only tune they're hearing.

The End Of Invincibility (TIME)

By Tim McGirk

Time, September 4, 2006

Ehud Olmert has some new neighbors. In a rose garden across from the Israeli Prime Minister's Jerusalem office, a squad of angry army reservists and their families have pitched a cluster of igloo tents, and it looks as if they will be staying for a while. They've connected a refrigerator and a TV set to the electricity main, and, says an infantry reservist, they will camp out in Olmert's rose garden until "this loser, the Prime Minister, goes home."

In Israel nobody likes a loser. And however much Olmert's media advisers try to spin it, Israel's war in Lebanon was bungled: the Israelis failed to destroy Hizballah's leadership or even halt its barrage of rockets, and 159 Israelis died in the conflict. As a result, the presence of the reservists on Olmert's doorstep is more than an eyesore. Protests by army reservists--practically every Israeli home has one--tend to gather momentum. And this movement is being joined by families of soldiers killed in the brawl with Hizballah. All that has sent Olmert's political stock plummeting. At the start of the Lebanon campaign, he was seen as tough and decisive, a lanky Churchill puffing a cigar. Today 63% of Israelis want Olmert to resign, according to a poll reported last week in the Yedioth Ahronoth newspaper.

Israel is hardly the only country whose citizens blame their leaders for military failure. But this isn't just politics as usual. The war in Lebanon has induced a new sense of national vulnerability, heightening Israelis' anxiety about the dangerous neighborhood they live in. In the past, Israelis believed that their military was mighty enough to scare away Arab attackers. No longer. During the war, as many as a million Israelis were forced to flee the north or hide in bomb shelters from Hizballah's

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rockets. Not since Israel's war of independence in 1947 had so many civilians been put at risk. Says Galia Golan, a political science professor at the Interdisciplinary Center in Herzliya: "There's a loss of confidence in the ability of the Israel Defense Forces to deal a knockout punch to the enemy."

What's perhaps surprising is that so few of Olmert's detractors have criticized his decision to launch the war after Hizballah kidnapped two Israeli soldiers on July 12. Nor has the bloody draw with Hizballah occasioned any doubt over the long-standing doctrine that Israel must meet force from its enemies with an overwhelming force of its own. What riles Israelis is that Olmert and his generals didn't hit harder and with more deadly effect. Says Golan: "There's a sense that if the army had been allowed to pulverize Hizballah, we could've won."

Instead, Israelis are left with the uneasy feeling of unfinished business. A new poll by the Israeli Policy Center found that 73% of Israelis believe Olmert's foray into Lebanon increased the chances of another conflict. Sharon Reuven, one of the reservists camping out in front of the Prime Minister's office, believes that another war with Hizballah and its allies Syria and Iran is inevitable. "We want Olmert to resign immediately because tomorrow will be dangerous, and we'll need a strong leader to defend Israel," she says. But Israel's adversaries believe its leaders still haven't got the central point. The Lebanon war, says a Palestinian minister who prefers not to be identified, exposes "Israel's incapacity to absorb the fact that Arabs are no longer just donkey riders." He adds, "Arabs are changing, but Israelis aren't," meaning that Israel must recognize Arabs as equals and seek political solutions rather than military ones.

In fact, the Lebanon war will probably make Israel even less open to compromise. Olmert, according to his aides, confided to his Cabinet that he intends to shelve his promise to remove some Israeli settlers from the West Bank as part of a disengagement from the Palestinians. The reversal is a sign of a new reality: after the Lebanon fiasco, Olmert doesn't have enough popular support for any plan that would give back land without something in return. If Olmert decides to make a scapegoat of Defense Minister Amir Peretz, the Labor Party may leave the coalition government. To remain in power, Olmert would then have to bring a right-wing party into the government, but the right opposes any concession to the Palestinians. That's a dilemma for Olmert, who has promised the Bush Administration he would pull out some of the settlers.

Olmert may yet survive. Says Avi Dichter, Minister for Internal Security, who is sometimes mentioned as a replacement for Peretz: "Emotions are running high right now. In Israel we have one chief of staff and 1 million unofficial chiefs of staff. Everyone has an opinion." Once Israelis see that the United Nations peacekeeping force can halt the rocket fire from southern Lebanon, says Dichter, tempers will cool. In the rose garden, however, more reservists join the protests every day. They swear they won't leave until Olmert does.

Annan Will Travel Mideast To Bolster Lebanon Peace Plan (NYT)

By Warren Hoge

The New York Times, August 28, 2006

GENEVA, Aug. 27 — Secretary General Kofi Annan starts an 11-day tour of the Middle East on Monday to press for support of the Security Council resolution that ended the fighting between Israel and Hezbollah and set a path for securing Lebanon's independence. It is likely to be the last major diplomatic journey of his 10 years in office.

The trip will take Mr. Annan, whose second five-year term ends Dec. 31, to Lebanon, Israel, the West Bank and Gaza, Jordan, Syria, Iran, Saudi Arabia, Egypt, Turkey and Qatar, the Arab representative on the Security Council.

Mr. Annan has meetings scheduled with President Mahmoud Ahmadinejad of Iran and President Bashar al-Assad of Syria, each of whom is shunned by the United States because of his role in financing and equipping Hezbollah. While Mr. Annan has no plans to see the leaders of Hezbollah, he will attend a meeting Monday in Beirut of the Lebanese cabinet, which includes two ministers from Hezbollah.

Asked if the United States had raised any objections to those contacts, Ahmad Fawzi, a spokesman, said that Mr. Annan had spoken Sunday with Secretary of State Condoleezza Rice. "He hasn't told me of any objections," Mr. Fawzi said.

It is widely acknowledged that the Lebanese government and army will be unable to accomplish a major goal of the resolution, disarming Hezbollah, without the cooperation of Syria and Iran.

The United Nations, for security reasons, would not confirm the dates of Mr. Annan's arrival in each country, but the Iranian government has disclosed that he is due in Tehran on Sept. 2. That is two days after Iran must respond to a demand by the Security Council that it end uranium enrichment activities or face the possibility of sanctions.

Another contentious matter Mr. Annan will face in Lebanon is whether to station United Nations troops along the border with Syria to enforce the resolution's call for an embargo on illegal arms shipments. Mr. Assad has denounced the prospect, saying he will close the border entirely if foreign soldiers are posted there.

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Mr. Annan's position is that United Nations forces will go there if the government of Lebanon requests it. Asked if Mr. Annan would seek that outcome, Mr. Fawzi said, "The secretary general is going to be saying, tell me what you need and the U.N. will assist you in whatever way we can."

The resolution set up a buffer zone between the Israeli border and the Litani River, an area long controlled by Hezbollah, which a 15,000-man Lebanese Army force and an expanded United Nations peacekeeping force of similar size will be responsible for securing.

Mr. Annan came to Europe Friday to attend a European Union foreign ministers' meeting in Brussels that drew pledges of up to 6,900 troops for the expanded peacekeeping force. The United Nations is counting on commitments from nations outside of Europe, some of them Muslim, to provide the remaining peacekeepers.

"Above all, the secretary general is focused on establishing Lebanon's sovereignty and the ability of the government to exercise its authority throughout the country," Mr. Fawzi said. "That includes the lifting of the blockade of ports and assuring that southern Lebanon will not be used for renewed rocket attacks on Israel."

In Israel, he will have a working dinner with Prime Minister Ehud Olmert and plans to meet with the families of captured Israeli soldiers.

While in Lebanon, Mr. Annan will visit the headquarters of the United Nations peacekeeping force, at Naqura in southern Lebanon.

In Beirut, he will tour one of the districts badly damaged in Israeli air attacks and will visit the grave of Rafik Hariri, the former prime minister of Lebanon who struggled to free Lebanon of Syrian influence and was killed in a suicide car bomb attack in February 2005.

He has also scheduled a meeting with Serge Brammertz, the Belgian prosecutor leading the United Nations investigation of the killing, which has produced strong preliminary evidence of Syrian involvement.

Lebanon To Press UN For Withdrawal Help (FT)

By Roula Khalaf And Mark Turner

Financial Times, August 28, 2006

The Lebanese government will on Monday urge Kofi Annan, UN secretary-general, to press for a lifting of the Israeli air and sea blockade and appeal for international help to persuade Israel to withdraw from a disputed border area.

Mr Annan arrives in Beirut on the first leg of a high-stakes Middle East tour in which he will face a dizzying array of conflicting agendas and entrenched demands.

In a region of inter-connected conflicts, uniting all the parties with interests in Lebanon around a common goal will prove a struggle. His hope of also reinvigorating the broader Arab-Israeli peace process could prove one of the toughest challenges of his career.

The trip – which will take in Israel, leading Arab states and stops in Syria and Iran – comes ahead of Mr Annan's report to the Security Council on the implementation of the two-week-old UN ceasefire resolution that ended the fighting between Israel and Lebanon's Hizbollah guerrillas.

He and his staff are under no illusion as to how difficult the task is and officials in New York have been playing down expectations, forecasting no momentous breakthrough.

Mr Annan's task was made slightly easier by progress on the international force, with European governments on Friday pledging up to 7,000 troops for an expanded peacekeeping operation in southern Lebanon, which should allow for the withdrawal of Israeli troops.

But officials in Beirut said Israel's blockade of the airport and ports was reinforcing an atmosphere of instability and undercutting a government that had to negotiate every step of the ceasefire resolution with Hizbollah.

Mr Annan's talks in Beirut are likely to cover the government's compromise with Hizbollah over the southern demilitarised zone, where the militant group has agreed to conceal its weapons but not to disarm. But he may also have to broach sensitive subjects such as a settlement of the Shebaa Farms dispute and prisoner exchange. Hizbollah yesterday indicated Italy was also trying to play a part in talks on a prisoner exchange between Israel and the militant group.

Lebanese officials said a crucial Lebanese objective was an Israeli withdrawal from Shebaa, an occupied border strip that Israel says belongs to Syria and not Lebanon. Mr Annan will face stiff opposition from an Israeli government that insists leaving Shebaa would reward Hizbollah. But officials in Beirut argue that regaining control over Shebaa would remove a key justification for the existence of Hizbollah's military wing and bolster government efforts to absorb the group into the Lebanese army.

Mr Annan's stops in Damascus and Tehran, Hizbollah's two foreign backers, underline his recognition that stability in Lebanon requires their co-operation.

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In Syria he will hear appeals for a resumption of Syrian-Israeli peace talks amid hopes in Damascus that the Lebanon conflict will help it regain the Golan Heights.

The UN chief will be arriving in Tehran two days after a Security Council deadline for Iran to suspend uranium enrichment expires.

In comments that appeared designed to reassure Mr Annan, Sayyed Hassan Nasrallah, the Hizbollah leader, yesterday said it was now the job of the Lebanese army to defend the border with Israel.

Hizbollah, he said, would retain the right to fight for the liberation of Shebaa but, crucially, suggested that, at least for a limited period, the organisation would give Mr Annan and the Lebanese government a chance to regain it through diplomacy.

Once Israel secures the release of the two soldiers captured on July 12 – which sparked the conflict – its priority will be to ensure that Hizbollah's ability to import and launch rockets is crippled. It wants to see international troops help monitor the Syrian-Lebanese border – a move opposed by Damascus – as well as Lebanon's port and airport, before lifting its blockade.

Additional reporting by Gareth Smyth in Tehran

EU Clarifies Its Role In Lebanon (WSJ)

By Marc Champion

The Wall Street Journal, August 28, 2006

PARIS -- French Defense Minister Michèle Alliot-Marie said an expanded French peacekeeping force would be on the ground in Lebanon within 20 days, as European countries pledged as many as 7,000 troops to help maintain Israel's shaky cease-fire with the Hezbollah militia.

According to a United Nations Security Council resolution setting terms of the truce, the southern Lebanon contingent eventually should number 15,000. French troops will be among roughly 3,500 to deploy quickly, Ms. Alliot-Marie said in an interview Friday. The rest of the so-called U.N. blue helmets will follow over two to three months.

The European commitment ended a week of recriminations over the Continent's hesitation to provide troops for the peacekeeping force, though some contentious issues regarding the makeup of the force remain unresolved.

"We can now begin to put together a credible force," said U.N. Secretary-General Kofi Annan, after attending a troop-generating conference in Brussels among foreign ministers from the 25 European Union states. The Europeans pledged 7,000 troops, as well as naval, air and logistics units, meaning that together with the 2,000 already on the ground more than half of the hoped-for force is accounted for.

Mr. Annan's relief at the European contribution was evident. He said that component would provide the "backbone" of the U.N. force, which would be under French command until February, when Italy will take over. Italy and France together will be sending 5,000 of the troops, with Spain offering an additional 1,000 and Poland 500.

Controversy over the force continued Friday, however, as French President Jacques Chirac said 15,000 troops is more than is needed to do the job; his foreign minister, Philippe Douste-Blazy, called on the U.S., Britain, China and Russia to pony up troops, too; and Mr. Annan said he plans to accept troops from Malaysia, Bangladesh and Indonesia despite Israeli objections that these countries don't recognize Israel. Mr. Annan said he had to take trained troops where he could find them. The U.S. and Britain have said they won't put troops on the ground, because they are overcommitted in Iraq.

Mr. Annan confirmed that U.N. troops won't be used along Lebanon's long and porous border with Syria to stop any shipments of arms reaching Hezbollah -- a key Israeli concern. That is because the Aug. 11 Security Council resolution left it up to the Lebanese government to ask for such help. Mr. Annan said Beirut, which is encountering strong pressure from Syria over the border-guards issue, hadn't made such a request.

Israel was pressured by EU foreign-policy coordinator Javier Solana to end its blockade, designed to choke off arms shipments, of Lebanese ports and the Beirut airport. European governments have now offered ships to monitor the ports.

CONTINUING VIOLENCE

See continuing coverage1 of developments in the Middle East conflict, including a news tracker2 with the latest updates on the crisis.

Speaking in her Paris headquarters, Ms. Alliot-Marie lashed out at critics who had ridiculed France for its initial offer of 200 new troops a week ago. She said France had since secured important changes to the chain of command and clarifications on the freedom the U.N. blue helmets will have to use lethal force to carry out their mission. On Thursday, Mr. Chirac said France would increase its contribution to a U.N. peacekeeping force in southern Lebanon to a total of 2,000 troops.

France, which administered Lebanon under a League of Nations mandate from 1920 to the early 1940s, was wary of committing more troops until it had a better understanding of the rules of engagement in the event buffer troops encounter hostile action. Hezbollah -- which killed 58 French peacekeepers in 1983 -- remains a well-armed force and stiffly opposes the presence

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of foreigners in Lebanon. Asked if France has been talking directly to the Shiite Muslim group to get assurances it won't target U.N. troops, Ms. Alliot-Marie said, "We talk to the Lebanese government."

Besides its military activities, Hezbollah provides extensive social services to its Shiite Muslim constituency and secured two ministries in the Lebanese cabinet after its strong showing in parliamentary elections last year.

Ms. Alliot-Marie said that unlike other U.N. peacekeeping missions, there will be no civilian special representative of the U.N. secretary-general sharing command with the French military field commander. Instead, the U.N. will for the first time create at its New York headquarters a military strategic cell for the operation to advise him, run by an Italian general.

Ms. Alliot-Marie also said France had won an important clarification on the use of force. Under U.N. rules incorporated into the Aug. 11 cease-fire resolution, soldiers aren't normally able to use lethal force unless directly threatened. But France secured language that would allow the troops to react with force in other situations, she said, adding that issues as basic as whether to use real or rubber bullets had needed to be nailed down.

For example, she said, if a U.N. patrol was blocked on the road by the Hezbollah militia -- but not shot at -- the peacekeepers could do nothing under the normal U.N. rules of engagement. "What we got was that they can," Ms. Alliot-Marie said. "I don't want to send men so that they can be humiliated on the ground."

Ms. Alliot-Marie recalled that French troops have suffered in U.N. missions this way before, and she didn't want it repeated. More than 70 French peacekeepers died in the 1990s in Bosnia, where numerous disputes existed between the U.N. mission's military commander and the world body's special representative.

While the clock ticked away as France negotiated more-favorable terms to avoid a similar outcome in Lebanon, its initial French pledge of 200 engineers looked especially weak in light of an Italian offer of 3,000 soldiers and the fact that France had pushed for the truce resolution and authorized the U.N. force in the first place.

Ms. Alliot-Marie ridiculed critics -- including those in the U.S. -- who had accused France of weakness. She said the criticism was ironic as it "came from citizens of a country that had no one on the ground in Lebanon and which had announced its intention not to send any."

Turkey Torn On Joining U.N. Mission (AP)

By Louis Meixler

AP, August 28, 2006

The European Union and the United Nations are pushing for Muslim participation in the expanded U.N. peacekeeping force in Lebanon, but a growing public chorus in Turkey opposes sending troops who could be seen as supporting Israel against fellow Muslims.

Turkish legislators are expected to debate the U.N. peacekeeping mission at a Cabinet meeting Monday, though no decision is anticipated. Some officials say Turkey is likely to wait until U.N. Secretary-General Kofi Annan's visit Sept. 6 before committing to the force.

"There will be no rush," the Hurriyet newspaper quoted lawmaker Mehmet Elkatmis as saying. "It will be debated in all aspects."

Hurriyet reported Sunday that Turkey has slashed the number of troops that it would consider sending from 1,000 to 200 in light of the strong domestic opposition.

President Ahmet Necdet Sezer, who may hold a ceremonial post but wields considerable influence in the country, has come out strongly against sending troops.

"I am opposed to sending soldiers to Lebanon," he told journalists on Friday. "It is not our responsibility to protect the interests of other countries."

The EU and U.N. are pushing for Muslim participation so the peacekeeping force isn't overwhelmingly made up of troops from Christian countries. Israel, though, has balked at the participation of Muslim nations that do not recognize the Jewish state.

On Saturday, Israel said it had spoken to several countries about joining the force, particularly Turkey — the only Muslim member of NATO and a country with close ties to both Israel and Arab states.

"If Turkey decides to send a contingent, we would welcome that," Israeli Foreign Ministry spokesman Mark Regev said in Jerusalem.

Military officers and Turkish diplomats say they want details on exactly what the force's mandate will be, where Turkish peacekeepers could be deployed and under what circumstances soldiers could open fire.

Turkish officials also have said privately that they want other countries to make major contributions first so Turks aren't the only key contingent on the ground. And they want to make sure that the tenuous cease-fire in the area holds.

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But with the European Union pledging 6,900 troops — the core of the proposed 15,000-member force to monitor the cease-fire between Israel and Hezbollah guerrillas — the pressure is on EU aspirant Turkey to pledge soldiers as well.

"We're located in the most troublesome geography," said lawmaker Dengir Mir Mehmet Firat of the governing Justice and Development Party. "Can we have a luxury of saying: 'I am not participating?'"

Lebanon, though, has become an emotional issue in Turkey.

During the fighting, Turkish media was flooded with images of suffering Lebanese civilians. Thousands have rallied in Istanbul to show their support for Lebanese civilians under Israeli attack.

That pressure comes as the governing party — feeling slighted by an EU that is questioning whether it wants Turkey — is increasingly reaching out to its Muslim neighbors in the Middle East.

On the streets of Istanbul, activists from the governing party have been passing out leaflets showing a Lebanese soldier holding a dead child pulled from the rubble of a home bombed by Israeli jets, and urging them to donate to aid Lebanese.

"We have to mobilize all our energy and means to end the grief of the Palestinian and Lebanese people," the flyers quoted Prime Minister Recep Tayyip Erdogan as saying. It added that Turks could even send text messages from their cell phones to a hot line to donate $3.50.

Analysts note that Turkey rebuffed the United States just before the Iraq invasion and refused to allow U.S. troops to use Turkey as a base — souring relations with Washington and leaving Ankara with little influence in shaping events in neighboring Iraq.

"Turkey has an obligation as a regional power and the old guardian of the Middle East to exert its positive influence on developments," editor-in-chief Ilnur Cevik wrote in The New Anatolian.

Sezer, the Turkish president, remains strongly against sending troops.

"While other more powerful states don't send troops, they pat our backs and want troops," he said. "If Turkey is a major country, then that image won't depend on whether or not we send troops."

Hizbollah Hopes To Engineer A Quick Recovery (FT)

By Roula Khalaf

Financial Times, August 28, 2006

Deep in devastated south Beirut, the engineers of Hizbollah, the Shia movement that fought Israel's army, are rebuilding the fabric of their heartland in the city, and thereby reclaiming their constituency.

Construction Jihad, the civil engineering arm of Hizbollah, was bombed out of its headquarters in Beirut's southern suburbs during the recent 34-day conflict.

But within a day of the UN-brokered ceasefire, engineers from Jihad al-Bina'a, to give its Arabic name, were at work in the streets of the suburbs and south Lebanon assessing damage from Israel's bombardment.

Today, Construction Jihad's makeshift premises in a south Beirut branch of the Mahdi school, the organisation's education association, is a hive of activity. Between pictures of Hizbollah leaders holding children, and the party's yellow flags, a large map of the area is plastered on the wall, dividing neighbourhoods into small numbered zones. Engineers huddle along the length of a table strewn with forms detailing damage to individual properties from the conflict between Israel and Hizbollah.

Since the ceasefire two weeks ago, Construction Jihad has moved into high gear, dispatching agents to areas affected by the conflict to measure the damage – they estimate 15,000 properties were destroyed or damaged – and send the forms back to this central office. This information is entered into computers, before people are paid compensation from the party itself, or assisted with reconstruction.

Construction Jihad is part of a social network, including schools, hospitals and a banking institution, that was critical to Hizbollah's ability to fight Israeli troops during the occupation of Lebanon in the 1980s and 1990s.

"We help build a society of resistance," says Kassem Allaik, the 48-year-old head of Construction Jihad, an industrial engineer who was partly educated in the US. "Our aim is to create the conditions so people can stay on their land to confront the enemy."

Publicly, the Lebanese government says Hizbollah's ability to step in fast and provide services is complementing the work of the state. But privately, politicians complain that Hizbollah's vast independent network undermines the state and encourages criticism of the cash-strapped central government.

Hizbollah's rapid mobilisation has also raised concerns abroad. France on Friday called for international aid, especially from Arab states, to support Lebanon's reconstruction and compete with "radical forces".

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Despite the widespread belief that Iran is the main financial backer of the Shia group, which has paid as much as $12,000 in compensation to families whose houses were destroyed, Mr Allaik insists that each Hizbollah association is self-financed and relies on individual donations from sympathisers.

Mr Allaik says about 1,000 professionals are now working with his organisation, most of them volunteer engineers. Construction Jihad has appealed for more help through newspaper advertisements and on al-Manar, Hizbollah's television station.

The association emerged after Israel's 1996 offensive against Hizbollah in southern Lebanon, when it rushed to rehabilitate property – though it had been created many years before.

Hizbollah hopes the reconstruction of housing will take just a year. By then, the group apparently expects to have re-entrenched its displaced constituency and, along the way, reasserted its control.

Hezbollah Says Its War With Israel Was A Mistake (WT)

By Joshua Mitnick

The Washington Times, August 28, 2006

TEL AVIV -- Hezbollah leader Sheik Hassan Nasrallah said yesterday that he would not have ordered the July 12 seizure of two Israeli soldiers had he known it would provoke a war that leveled Shi'ite villages and neighborhoods throughout Lebanon.

"We did not think, even 1 percent, that the capture would lead to a war at this time and of this magnitude. You ask me, if I had known on July 11 ... that the operation would lead to such a war, would I do it? I say no, absolutely not," he told Lebanon's New TV station.

The sheik also said that officials from the United Nations and Italy were attempting to negotiate an exchange of the Israeli soldiers for Arabs held in Israeli jails. Israel denied involvement in any prisoner-exchange talks.

In addition, Sheik Nasrallah said Hezbollah would not oppose the deployment of thousands of U.N. peacekeeping troops in southern Lebanon.

His comments confirm weeks of speculation in Israel that Hezbollah was surprised by Israel's military response to the July 12 capture.

Since the Aug. 14 cease-fire, Sheik Nasrallah has declared a victory in the war, and he has become a hero throughout the Arab and Muslim world.

But yesterday's admission of a serious miscalculation reflects a need to shore up domestic support for Hezbollah and deflect criticism for starting the war, Israeli analysts said.

"It means that [Sheik Nasrallah] needs to settle the score in the Lebanese domestic arena," said Oded Granot, the Middle East affairs commentator on Israel's public-run Channel 1 news station. "[He] needs to provide welfare for the residents of the south, and he needs to rehabilitate his standing."

In recent days, European countries have pledged to send 7,000 troops as part of a U.N. peacekeeping force of up to 15,000.

The troops are to join a largely ineffective U.N. observer mission that has been in place for nearly three decades.

U.N. Security Council Resolution 1701, which ended the fighting earlier this month, calls for talks on the release of the two Israeli soldiers, Ehud Goldwasser and Eldad Regev.

Three Israeli soldiers were killed in the kidnapping, and five were killed in the ensuing rescue attempt.

Although Israel considers Hezbollah a terrorist group, the nation has reached prisoner-exchange deals with the militants through third-party mediators.

In 2004, Israel released hundreds of Lebanese and Palestinian prisoners in return for a reserve officer kidnapped by Hezbollah and the bodies of three soldiers killed in a raid on an Israeli border outpost.

A report in an Egyptian government-run newspaper said German mediators also had started work on a prisoner-swap deal.

But Israeli government sources told the Ha'aretz newspaper that there were no talks yet on a prisoner swap.

The kidnapped Israeli soldiers' families also voiced skepticism that negotiations were under way.

Sheik Nasrallah said Lebanese Parliament Speaker Nabih Berri would lead negotiations on Lebanon's side.

The subject is expected to be discussed during a visit to Beirut today by U.N. Secretary-General Kofi Annan.

Hezbollah Chief Revisits Raid (WP/AP)

The Washington Post, August 28, 2006

BEIRUT, Aug. 27 -- Hezbollah leader Hasan Nasrallah said in an interview televised Sunday that he would not have ordered the capture of two Israeli soldiers if he had known it would lead to such a war.

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Guerrillas from the Islamic militant group killed three Israeli soldiers and seized two others in a cross-border raid July 12, which sparked 33 days of fighting that ended with a cease-fire on Aug. 14.

"You ask me, if I had known on July 11 . . . that the operation would lead to such a war, would I do it? I say no, absolutely not," he said in an interview with Lebanon's New TV station.

He also said Italy and the United Nations had made contacts to help mediate a prisoner swap with Israel but did not specify whether they had contacted Hezbollah directly. He did not say in what capacity Italy had expressed interest -- on its own or on Israel's behalf.

A senior Israeli government official said Israel "does not negotiate with terrorists" and continues to demand the unconditional release of the two soldiers. Earlier Sunday, Israeli Deputy Prime Minister Shimon Peres said no negotiations were being held on a prisoner release.

Hezbollah Chief Indicates Regret For Kidnappings (LAT)

By Borzou Daragahi

The Los Angeles Times, August 28, 2006

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BEIRUT — The leader of the Hezbollah militia said Sunday that he never would have ordered the kidnapping of two Israeli soldiers that led Israel to declare war had he known the consequences for Lebanon.

"If I knew the process of capturing [these soldiers], even with a 1% probability, would lead to a war like this, and then if you asked me would you go and capture them, my answer would be, of course, no — for humanitarian, moral, social and security reasons," said Sheik Hassan Nasrallah, the secretary-general of the Shiite Muslim militant group.

His comments, the most extensive and candid since the cease-fire began two weeks ago, were aired nationwide in Lebanon and rebroadcast throughout the Arab world.

Nasrallah said he might meet today with U.N. Secretary-General Kofi Annan, who was scheduled to arrive in Beirut to check on the status of the cease-fire resolution, which calls for the deployment of tens of thousands of Lebanese and international troops to the area of southern Lebanon long controlled by Hezbollah.

The Israeli bombing campaign triggered by Hezbollah's seizure of the soldiers badly damaged Lebanon's transportation infrastructure, destroyed dozens of southern towns and villages and crushed what was to be a promising summer of tourism revenue, a pillar of the Lebanese economy. Nasrallah's remarks, in a two-hour television interview on the secular New TV network in Beirut, were clearly meant to assuage the anger and frustration of a country still shocked by a war that cost the lives of more than 800 of its people, many of them civilians.

The cleric said that Israel and the United States had been planning a strike on Hezbollah before the kidnapping of the soldiers, an operation apparently aimed at a prisoner swap. Nasrallah cited a recent article in the New Yorker magazine by Seymour Hersh, which alleged that Pentagon planners wanted Israel to attack Hezbollah as a precursor to an attack on Iran.

"The war was planned for the end of September or the end of October with or without an excuse," Nasrallah told the interviewer. "There was a U.S. decision. All the elements indicate it was not about the two prisoners."

Nasrallah also said his militiamen were well prepared. For example, he said, they had long established contingency plans that took into account Israeli destruction of key Lebanese bridges and roadways. He said that all of his commanders remained unharmed and that Hezbollah had more than 12,000 rockets left, about half of what it had before the war.

"What we used in this war is a small fraction of what we had prepared," he said.

He said the millions of dollars in cash that Hezbollah was doling out for reconstruction and to alleviate the suffering of homeless Lebanese was "clean" — that no political conditions have been imposed on Lebanon for taking the money. He declined to confirm or deny that Iran was financing the reconstruction, as has been widely speculated.

"No conditions have been imposed for this money that could jeopardize the national interests of this country," he said.

Nasrallah promised to abide by the terms of the cease-fire, which has been hampered by ambiguity over whether United Nations peacekeeping forces and Lebanese government soldiers would have the authority to disarm Hezbollah fighters.

"The policy of Hezbollah has always been not to make any armed demonstrations," he said. "It's now a commitment. South of the Litani River, we will now avoid any armed shows."

What Did You Do In The War, UNIFIL? (WKLYSTD)

By Lori Lowenthal Marcus

Weekly Standard, September 4, 2006

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During the recent month-long war between Hezbollah and Israel, U.N. "peacekeeping" forces made a startling contribution: They openly published daily real-time intelligence, of obvious usefulness to Hezbollah, on the location, equipment, and force structure of Israeli troops in Lebanon.

UNIFIL--the United Nations Interim Force in Lebanon, a nearly 2,000-man blue-helmet contingent that has been present on the Lebanon-Israel border since 1978--is officially neutral. Yet, throughout the recent war, it posted on its website for all to see precise information about the movements of Israeli Defense Forces soldiers and the nature of their weaponry and materiel, even specifying the placement of IDF safety structures within hours of their construction. New information was sometimes only 30 minutes old when it was posted, and never more than 24 hours old.

Meanwhile, UNIFIL posted not a single item of specific intelligence regarding Hezbollah forces. Statements on the order of Hezbollah "fired rockets in large numbers from various locations" and Hezbollah's rockets "were fired in significantly larger numbers from various locations" are as precise as its coverage of the other side ever got.

This war was fought on cable television and the Internet, and a lot of official information was available in real time. But the specific military intelligence UNIFIL posted could not be had from any non-U.N. source. The Israeli press--always eager to push the envelope--did not publish the details of troop movements and logistics. Neither the European press nor the rest of the world media, though hardly bastions of concern for the safety of Israeli troops,

provided the IDF intelligence details that UNIFIL did. A search of Israeli government websites failed to turn up the details published to the world each day by the U.N.

Inquiries made of various Israeli military and government representatives and analysts yielded near unanimous agreement that at least some of UNIFIL's postings, in the words of one retired senior military analyst, "could have exposed Israeli soldiers to grave danger." These analysts, including a current high ranking military official, noted that the same intelligence would not have been provided by the U.N. about Israel's enemies.

Sure enough, a review of every single UNIFIL web posting during the war shows that, while UNIFIL was daily revealing the towns where Israeli soldiers were located, the positions from which they were firing, and when and how they had entered Lebanese territory, it never described Hezbollah movements or locations with any specificity whatsoever.

Compare the vague "various locations" language with this UNIFIL posting from July 25:

Yesterday and during last night, the IDF moved significant reinforcements, including a number of tanks, armored personnel carriers, bulldozers and infantry, to the area of Marun Al Ras inside Lebanese territory. The IDF advanced from that area north toward Bint Jubayl, and south towards Yarun.

Or with the posting on July 24, in which UNIFIL revealed that the IDF stationed between Marun Al Ras and Bint Jubayl were "significantly reinforced during the night and this morning with a number of tanks and armored personnel carriers."

This partiality is inconsistent not only with UNIFIL's mission but also with its own stated policies. In a telling incident just a few years back, UNIFIL vigorously insisted on its "neutral ity"--at Israel's expense.

On October 7, 2000, three IDF soldiers were kidnapped by Hezbollah just yards from a UNIFIL shelter and dragged across the border into Lebanon, where they disappeared. The U.N. was thought to have videotaped the incident or its immediate aftermath. Rather than help Israel rescue its kidnapped soldiers by providing this evidence, however, the U.N. obstructed the Israeli investigation.

For months the Israeli government pleaded with the U.N. to turn over any videotape that might shed light on the location and condition of its missing men. And for nine months the U.N. stonewalled, insisting first that no such tape existed, then that just one tape existed, and eventually conceding that there were two more tapes. During those nine months, clips from the videotapes were shown on Syrian and Lebanese television.

Explaining their eventual about-face, U.N. officials said the decision had been made by the on-site commanders that it was not their responsibility to provide the material to Israel; indeed, that to do so would violate the peacekeeping mandate, which required "full impartiality and objectivity." The U.N. report on the incident was adamant that its force had "to ensure that military and other sensitive information remains in their domain and is not passed to parties to a conflict."

Stymied in its efforts to recover the men while they were still alive, Israel ultimately agreed to an exchange in January 2004: It released 429 Arab prisoners and detainees, among them convicted terrorists, and the bodies of 60 Lebanese decedents and members of Hezbollah, in exchange

for the bodies of the three soldiers. Blame for the deaths of those three Israelis can be laid, at least in part, at the feet of the U.N., which went to the wall defending its inviolable pledge never to share military intelligence about one party with another.

UNIFIL has just done what it then vowed it could never do. Once again, it has acted to shield one side in the conflict and to harm the other. Why is this permitted? For that matter, how did the U.N. obtain such detailed and timely military intelligence in the first place, before broadcasting it for Israel's enemies to see?

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Lori Lowenthal Marcus is president of the Zionist Organization of America, Greater Philadelphia District.

Hostage Crisis (WSJ)

By Judea Pearl And Ruth Pearl

The Wall Street Journal, August 28, 2006

As the parents of Daniel Pearl, The Wall Street Journal's reporter who was kidnapped and brutally murdered in Pakistan in 2002, we share the anguish of the families of the kidnapped Israeli soldiers, and their frustration with the international community for failing to secure the release of their loved ones. For more than six weeks now, these soldiers and their families live each day tortured by unimaginable fears and shattered hopes, praying desperately for the nightmare to end; we relive this nightmare each time an innocent person falls victim to the inhumanity of terrorist abduction.

Whatever success the U.N. Security Council would presume to claim, it cannot be said that Resolution 1701 has effectively addressed the direct cause of the fighting -- the kidnapping of Israeli soldiers, Ehud Goldwasser, 31, and Eldad Regev, 26, by Hezbollah, and the earlier abduction of Gilad Shalit, 19, by Hamas. Secretary-General Kofi Annan's call for the unconditional release of these soldiers has been ignored. Moreover, in flagrant violation of international humanitarian law, the terrorists have not only seized the soldiers as hostages for political blackmail, they have not allowed the Red Cross to visit them. Their families do not know their physical condition; they have no proof they are even alive.

And so now these families of Ehud, Eldad and Gilad are asking to meet with Kofi Annan. They wish to plead with the secretary-general to use the full weight of his moral authority to mobilize and intensify the efforts of the international community he leads -- an influential body that has managed to compel two fierce armies to cease hostilities -- to address this flagrant violation of humanitarian law.

On that score, these families are correct: The time has come for Mr. Annan to personally and aggressively intervene, and to insist publicly that, at the minimum, the Red Cross, or his personal humanitarian representatives, be given immediate access to these soldiers.

Will he? It seems unlikely. Sadly, this is not the first time that concerned parents have turned to Mr. Annan in much the same circumstances. Six years ago, another delegation of distressed families came to the U.N. with a similar tragedy, following the abduction of three Israeli soldiers by Hezbollah from under the noses of Unifil and, by some accounts, with their help. The investigation that was subsequently conducted found that the U.N. had made "serious errors in judgment" by hiding information that "would have been helpful in an assessment of the condition of the three abducted soldiers." At that time, the U.N.'s interest in appearing "neutral" overshadowed its commitment to the preservation of human lives. The world cannot afford a repeat of such inaction and poor judgment.

Undoubtedly, the secretary-general will tell the families of Ehud, Eldad and Gilad that he has dispatched a high-level team to Beirut that will urge the release of their loved ones. But that team negotiates behind closed doors. And by not publicly demanding the unfettered access of humanitarian representatives to the kidnapped soldiers, Mr. Annan has deprived his team of the force of credibility and seriousness they need in those negotiations.

When our son Daniel was in captivity, millions of people around the world prayed for his safe return. In that prayer, they made a solemn pledge never to allow abductions of innocent people to become the norm of civilized society, no matter the political purpose, regardless of grievance or goal.

Kofi Annan's resolve against these acts of terrorism will determine to a great extent what norms will govern our society in generations to come, and whether organizations such as Hezbollah and Hamas will gloat in unruly appetite or be reined in by moral principles. We urge Mr. Annan to make bold and brave efforts to ensure -- as a legacy and gift -- that we will not allow our children and our world be taken captive by terror. Mr. Secretary-General, this time, help bring the boys back home.

Mr. and Mrs. Pearl are co-founders of the Daniel Pearl Foundation (www.danielpearl.org1), a U.N.-affiliated NGO.

It's Not Easy Being Blue (NYT)

The New York Times, August 28, 2006

The Italians have decided to do the right thing and send enough troops to Lebanon to form the core of a United Nations peacekeeping force, thereby shaming the French into coming along. Italy's top generals are no more enthusiastic than France's. One has publicly warned that the mission could be hamstrung by the United Nations' "elephantine bureaucracy." Historically, he said, U.N.-commanded missions "have turned out to be failures."

Bashing the United Nations is fine sport and one that doesn't demand accuracy. But let's be clear about the real dangers. The No. 1 risk going into Lebanon — whether the peacekeepers wear blue helmets or green — is thinking that a military solution is even possible.

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For all of the tough talk still coming out of Washington and Jerusalem, 15,000 peacekeepers, assuming they ever make it to that number, cannot be expected to disarm Hezbollah. Israel's far larger army failed to do that in a month of bloody fighting.

What a U.N. force can do — with a credible show of weapons and a mandate to shoot — is make it harder for Hezbollah to attack Israel or restock its arsenal. That should give Israel less of a reason to hit back. But there's no chance this will work unless it is accompanied by an even more robust civilian effort to build up Beirut's central government to a point that it can co-opt or marginalize Hezbollah.

This is very high risk. But a study last year by the RAND Corporation (no patsies they) should soothe some of the generals' worries about trying it under the U.N. flag. The United Nations, RAND says, has learned a lot from past failures, including the dangers of being too passive and of overreaching. And when it has been given adequate resources, a core of well-trained troops and a clearly defined mission, it has had notable successes in places like Eastern Slavonia and most recently Liberia.

Certainly, U.N. peacekeeping has had an unacceptable share of financial and other scandals. And its bureaucracy is notoriously slow at rallying and deploying forces. But like everything about the United Nations, its peacekeeping operations are only as good as the Security Council requires them to be — and as good as the forces they can raise.

There are too few wealthy countries with advanced militaries willing to send their own. Of the 63,000 troops deployed in 15 U.N. peacekeeping missions, fewer than 2,000 are from NATO countries.

Last week, as some Bush administration officials were gleefully recounting the Italian general's insults, Britain and the United States were also calling on the Security Council to send 17,000 peacekeepers to Darfur.

Sudan's government is refusing to accept a U.N. force. If it buckles — and a lot more pressure needs to be applied — diplomats admit they'd be hard pressed to come up with those numbers. If the big powers want the United Nations to keep the peace, they're going to have to put more of their own troops on the line. They need to do it now in Lebanon, and they need to get ready for Darfur.

2 Abducted Journalists Are Freed In Gaza Strip (WP)

By Doug Struck

The Washington Post, August 28, 2006

JERUSALEM, Aug. 27 -- After being forced at gunpoint to say they embraced Islam, two Fox News journalists kidnapped 13 days ago were delivered unharmed to a Gaza hotel Sunday.

Palestinian officials said no demands were met in securing the release of American reporter Steve Centanni, 60, and New Zealand cameraman Olaf Wiig, 36.

"I'm so happy to be free," Centanni said shortly after his release.

There was little information made public about the kidnappers, and no arrests were made. Saed Siyam, the Palestinian interior minister, said they are "not al-Qaeda." The anti-American rhetoric in statements from the group, which called itself the Holy Jihad Brigades, had raised new concerns for the safety of Western aid workers and reporters working in the Palestinian territory.

In a brief and chaotic news conference in Gaza, both Centanni and Wiig said they hoped their abduction would not deter reporting on the Gaza Strip.

"My biggest concern really is that as a result of what happened to us, foreign journalists would be discouraged from coming here to tell the story," Wiig said. "That would be a big tragedy for the people of Palestine, and especially for the people of Gaza."

The press freedom group Reporters Without Borders called the journalists' release "very good news." But, noting the continued dangers of reporting in the Gaza Strip, the group protested an Israeli missile attack early Sunday on a truck clearly marked "TV," which seriously injured two Palestinian journalists with [a] news agency.

More than a dozen journalists have been briefly abducted in the Gaza Strip in the last year, but the kidnapping of the Fox News television crew was the longest any had been held. Centanni and Wiig were taken out of their car in Gaza on Aug. 14 by four masked gunmen.

Hoods were put over the journalists' heads, Centanni said in an interview broadcast by Fox News. The men were bound tightly with plastic handcuffs that were "very painful," driven to a garage and forced to lie facedown on the floor, he said.

Over the days, while other Palestinian groups disavowed and condemned the abduction, the men were told to "write the story of your life" and other statements and to make videotapes, which "we didn't want to do," Centanni said.

A videotape released Wednesday showed the two men, appearing casual and relaxed. But another tape, sent to al-Jazeera television just hours before their release Sunday, showed the two men somberly reading texts criticizing the American administration and saying they had become Muslims. A statement said they had taken the names Mohammed and Yusef.

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"We were forced to convert to Islam at gunpoint," Centanni said on Fox News. "Don't get me wrong here, I have the highest respect for Islam and learned a lot of very good things about it. It was something we felt we had to do because they had the guns and we didn't know what the hell was going on."

Seeing that tape "was not a pleasant sensation," John Moody, Fox News senior vice president for news editorial, said in an interview from New York. He credited Palestinian officials with working hard for the journalists' release. He said Dennis Ross, a former Middle East negotiator for the Clinton and Bush administrations and now a Fox News analyst, played "a crucial role" in dealing with the Palestinian Authority.

In Gaza, Centanni and Wiig met briefly with Palestinian Prime Minister Ismail Haniyeh. Fox News Chairman and CEO Roger Ailes issued a statement saying that "journalists should never be hostage or pawns in world events. Their job is to tell the story of the world as it unfolds."

Fox News Journalists Free After Declaring Conversion (NYT)

By Steven Erlanger

The New York Times, August 28, 2006

JERUSALEM, Aug. 27 — Two journalists kidnapped in Gaza were released unharmed on Sunday after being forced at gunpoint to say on a videotape that they had converted to Islam.

The two journalists for Fox News — Steve Centanni, 60, an American correspondent, and Olaf Wiig, 36, a freelance cameraman from New Zealand — were held for 13 days in an abandoned garage in the Gaza Strip as hostages of a previously unknown group calling itself the Holy Jihad Brigades.

“I’m really fine, healthy in good shape and so happy to be free,” Mr. Centanni told Fox News. He said the two had been forced at gunpoint to say that they were converting to Islam and had taken Muslim names. “I have the highest respect for Islam,” he said. “But it was something we felt we had to do because they had the guns, and we didn’t know what the hell was going on.”

Earlier on Sunday, their captors delivered a video showing the two men in Arab robes reading from the Koran to indicate their conversion.

After their release, the two men were brought to a hotel in Gaza to be greeted by colleagues. They then met with the prime minister of the Palestinian Authority, Ismail Haniya of Hamas, who had called for their captors to free them.

He dismissed suggestions that any Qaeda-associated group was in Gaza and said of the kidnappers, “These are young men who carried out the action out of private beliefs.”

But the identities of the group were a puzzle, and there were no immediate arrests. Nor was there any immediate indication of a ransom payment. The kidnappers demanded that the United States release all Muslim prisoners, but they threatened no particular consequences.

In Gaza, there was speculation that the group consisted of angry or disaffected members of various militant groups trying to embarrass Mr. Haniya and President Mahmoud Abbas of Fatah. Others suggested a private grievance.

In a brief news conference, Mr. Wiig said he hoped the kidnapping would not prevent foreign journalists from covering Gaza. “That would be a great tragedy for the people of Palestine and especially for the people of Gaza,” he said.

Mr. Wiig’s wife, Anita McNaught, a television journalist, thanked Palestinian officials and Fox News for their efforts. The men refused to take questions, then traveled to the Erez border crossing and entered Israel.

Mr. Centanni told his network that he and Mr. Wiig had been blindfolded, handcuffed and taken to the abandoned garage with a generator. “I was thinking, ‘Oh God, O.K., so a remote warehouse with a big noisy generator. I’m toast,’ ” Mr. Centanni said. “They could simply shoot me in the head, and no one would hear it.”

He said he and Mr. Wiig had been forced to make videotapes denouncing American policies as well as saying they had converted to Islam.

Also on Sunday, the leader of Hezbollah, Sheik Hassan Nasrallah, said in an interview with a private Lebanese television station, New TV, that the group “would ignore” what he called Israel’s provocations.

...

Sheik Nasrallah said Italy was trying to play a role in a prisoner exchange between Hezbollah and Israel, to be carried out under the auspices of the Lebanese parliamentary speaker, Nabih Berri. Hezbollah captured two Israeli soldiers on July 12; Israel has two prominent Lebanese prisoners from years before and an unknown number of captured Hezbollah fighters and bodies.

Israeli officials say they believe that Sheik Nasrallah does not want the fighting to begin again, that he was shocked by Israel’s response and that he is concentrating on the rebuilding to retain political leverage.

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Defense Minister Amir Peretz said at the Israeli cabinet meeting on Sunday that the world should move quickly to prevent Sheik Nasrallah from taking credit for Lebanese reconstruction and that Israel expected an expanded United Nations force in Lebanon to monitor its borders and ensure that Hezbollah is not resupplied.

The United Nations secretary general, Kofi Annan, has said the new force will not monitor the borders; the Security Council resolution that ended the war said the force should do so only if Lebanon requests it. Syria has threatened to close its border with Lebanon if "foreign forces" patrol it.

In Gaza early Sunday, Israeli forces rocketed an armored car belonging to [a news agency], wounding five people. The car was clearly marked on the sides and roof and was being used to cover an Israeli raid.

Capt. Noa Meir, an Army spokeswoman, said that the vehicle was in a combat area during a night raid and that the Army had not seen the markings.

The Foreign Press Association of Israel rejected the army's "excuses" and called for a full investigation.

Kidnapped Fox Journalists Freed After Two Weeks (FT)

By Harvey Morris

Financial Times, August 28, 2006

Two Fox News journalists released in Gaza City on Sunday after being missing for almost two weeks said their kidnappers had forced them at gunpoint to say in a video that they had converted to Islam.

Steve Centanni, a 60-year-old American reporter, and Olaf Wiig, 36, a cameraman from New Zealand, were freed the day after expiry of a deadline set by the kidnappers for the US to free all its Muslim prisoners.

The kidnapping, by the previously unknown Holy Jihad Brigades, was condemned by all Palestinian factions, including the ruling Hamas party.

Ismail Haniyeh, Hamas prime minister of the Palestinian Authority, met the two journalists shortly after their release. He said of the unidentified kidnappers: "These are young men who carried out the action out of private beliefs."

Mr Centanni said the videotape of him and Mr Wiig announcing their conversion to Islam was made under duress. The video was seen as a face-saving device by the kidnappers after they abandoned earlier demands.

The outcome appeared to confirm a local group was responsible after initial concern that similarities with abductions in Iraq pointed to foreign involvement. Hamas officials ruled out any connection between the kidnappers and al-Qaeda.

Most previous kidnappings were carried out by armed groups seeking to pressure the PA for concessions such as government jobs or the release of imprisoned relatives.

The Foreign Press Association in Israel on Sunday protested to Israel after two journalists and three others were wounded in an Israeli air strike on a news agency vehicle in Gaza. The Israeli military acknowledged it had targeted a vehicle moving suspiciously but had not seen any identifying marks. The FPA said the white car had been clearly identified as a press vehicle.

Fox News Journalists Describe Captivity (AP)

By Ibrahim Barzak, Associated Press Writer

AP, August 28, 2006

Two Fox News journalists freed by militants Sunday described a harrowing two weeks of captivity during which they were blindfolded, tied in painful positions and forced at gunpoint to say on a video that they converted to Islam.

After their release, the men met with Palestinian Prime Minister Ismail Haniyeh and left Gaza, but first appealed at a brief news conference for foreign journalists not to be deterred from covering the plight of the Palestinians in the volatile coastal strip.

"I hope that this never scares a single journalist away from coming to Gaza to cover the story because the Palestinian people are very beautiful and kindhearted," said Steve Centanni, a 60-year-old American reporter who was released along with cameraman Olaf Wiig, 36, of New Zealand. "The world needs to know more about them."

In a phone call with Fox News, Centanni said they were abducted Aug. 14 by four masked gunmen on a side street in Gaza City. He said the assailants covered his head with a black hood, and crammed him and Wiig into a small car.

Their possessions were taken, and their wrists were bound behind their backs. "I still have some sore wrists," he said. "It was digging into my wrists really badly."

In captivity, Centanni said, he was laid face down in a dark garage and tied up in painful positions.

"If we tried to get up and sit up, which I did do a few times, they would eventually just force us back down with something stuck to my head," he said. "I don't know if it was a stick, a flashlight or a gun or what. We couldn't see. We were forced to lay face down again in the dirt with blindfolds on."

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Before their release, a video was released showing Wiig and Centanni dressed in beige Arab-style robes. Wiig delivered an anti-Western speech, his face expressionless and his tone halting. The kidnappers claimed both men had converted to Islam.

"We were forced to convert to Islam at gunpoint," Centanni told Fox. "Don't get me wrong here. I have the highest respect for Islam, and I learned a lot of good things about it, but it was something we felt we had to do because they had the guns, and we didn't know what the hell was going on."

Wiig, who has covered some of the world's most dangerous conflicts, including Afghanistan and Iraq, said at the news conference that he also was worried the kidnapping might scare reporters away from Gaza.

"My biggest concern really is that as a result of what happened to us, foreign journalists will be discouraged from coming to tell the story and that would be a great tragedy for the people of Palestine," Wiig said. "You guys need us on the streets, and you need people to be aware of the story."

Israeli airstrikes in Gaza on Sunday killed three Palestinians and wounded two television cameramen, Palestinian officials and residents said. They said Israeli sniper fire killed a fourth Palestinian and critically wounded a 6-year-old boy.

The release of Centanni and Wiig ended Gaza's longest crisis involving foreign hostages, but left unclear who was behind the kidnapping and what led them to free their captives. Palestinian militants have seized more than two dozen foreigners the past two years, usually to settle personal scores, and generally released their captives unharmed within hours.

The journalists were seized by a previously unknown group calling itself the Holy Jihad Brigades. The group's call for the release of Muslim prisoners held by the U.S. had raised concerns that foreign extremists, perhaps al-Qaida, had infiltrated Gaza.

But Palestinian security officials said the name was a front for local militants. They said the kidnappers — whom they would not identify — were tracked down through third parties, but did not say whether a deal was struck with the militants for the journalists' release.

Interior Minister Said Siyam said he did not expect other foreign journalists in Gaza to face the same ordeal. "In principle, there is a promise that this will not be repeated," he said, declining to elaborate.

The two journalists headed to Israel and were spending the night at the U.S. consulate in Jerusalem.

Roger Ailes, Fox News' chairman and chief executive, thanked "governments and individuals throughout the world" who helped free the men, and the journalism community for offering support.

"The entire international community is beginning to realize that journalists should never be hostages or pawns in world events. Their job is to tell the story of the world as it unfolds," Ailes said.

White House spokeswoman Dana Perino said President Bush was "pleased the journalists were released and will soon be reunited with their entire families and loved ones."

In New Zealand, Wiig's father, Roger Wiig, said his son apologized for worrying everyone. "His first comment was that he was sorry he had put us through that."

Centanni's brother, Ken Centanni of San Jose, Calif., expressed joy about the release, describing his phone conversation with his brother as "the best phone call I've ever had."

He said his brother sounded tired and a bit shaky but also sounded excited to be released. "He was emotional and happy."

Associated Press writer Justin M. Norton in San Francisco contributed to this report.

Freed Fox Journalists Tell Of Painful Time In Captivity (USAT/AP)

USA Today, August 28, 2006

GAZA CITY — Two Fox News journalists were freed in good health Sunday after a two-week kidnapping ordeal in which they said they were blindfolded, tied in painful positions and forced to convert to Islam.

After their release, the men met with Palestinian Prime Minister Ismail Haniyeh and quickly left Gaza, but not before appealing to foreign reporters not to be scared away from covering the plight of Palestinians in the volatile coastal strip.

The release of correspondent Steve Centanni, 60, of Washington, D.C., and cameraman Olaf Wiig, 36, of New Zealand ended Gaza's longest crisis involving foreign hostages, but left unclear who exactly was behind the kidnapping and what led them to free their captives.

“I want to thank everybody. I am happy to be here. I hope that this never scares a single journalist away from coming to Gaza to cover the story because the Palestinian people are very beautiful and kindhearted,” Centanni said.

The journalists were seized in Gaza City on Aug. 14 by a previously unknown group calling itself the Holy Jihad Brigades. The group's demand for the release of Muslim prisoners held by the United States had raised concerns that foreign extremists had infiltrated Gaza. Haniyeh said the kidnappers were from Gaza. “The kidnappers have no link to al-Qaeda or any other organization or faction,” he said Sunday.

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Centanni and Wiig were dropped off shortly after noon Sunday at a hotel by Palestinian security officials. The pair met with Palestinian officials, held a brief news conference and then left for Israel. They were resting late Sunday at the U.S. Consulate in Jerusalem, a spokeswoman said.

In a phone call with Fox News, Centanni said he and Wiig were abducted by four masked gunmen on a side street in Gaza City. He said the assailants covered their heads with hoods.

In captivity, Centanni said that they were held at times face down in a dark garage and tied up in painful positions.

"If we tried to get up and sit up, which I did do a few times, they would eventually just force us back down with something stuck to my head," he said. "I don't know if it was a stick, a flashlight or a gun or what. We couldn't see."

Before their release, a new video aired showing Wiig and Centanni dressed in Arab-style robes. Wiig delivered an anti-Western speech, his face expressionless. The kidnappers claimed both men had converted to Islam.

"We were forced to convert to Islam at gunpoint," Centanni told Fox. "Don't get me wrong here. I have the highest respect for Islam, and I learned a lot of good things about it, but it was something we felt we had to do because they had the guns."

Throughout the hostage crisis, the Hamas-led Palestinian Authority insisted it did not know the identity of the kidnappers. Haniyeh was evasive Sunday when asked whether he would try to arrest them.

In the USA, Roger Ailes, Fox News' chairman and chief executive, thanked "governments and individuals around the world" who helped free the men.

Fox Journalists Freed After 2 Weeks In Gaza (LAT)

By Ken Ellingwood, Times Staff Writer

The Los Angeles Times, August 28, 2006

One of the two men says they were handled roughly and forced at gunpoint to declare on videotape that they had converted to Islam.

JERUSALEM — Two Fox News journalists were freed in good condition Sunday after being held by kidnappers in the Gaza Strip for nearly two weeks, the longest abduction of foreigners in the chaotic Palestinian enclave in recent years.

Correspondent Steve Centanni and cameraman Olaf Wiig were transferred to a hotel in Gaza City by Palestinian security officers after days of efforts by Palestinian leaders to get them released.

Palestinian officials did not say what assurances, if any, had been made to the captors to win the journalists' release. The pair had been held by a previously unknown group calling itself Holy Jihad Brigades.

Centanni, 60, appeared tearful but healthy upon arriving at the seafront Beach Hotel in Gaza City. He later told the Fox network that he and Wiig had been blindfolded, bound and handled roughly by the kidnappers after being seized Aug. 14 and later forced at gunpoint to declare on videotape that they had converted to Islam.

Less than two hours before the men were released, the kidnappers released a videotape of the two wearing tan caftans and making the statements about having become Muslims.

"I'm emotional because I'm so happy to be out," Centanni told his network on air by telephone shortly after being freed. "There were times when I thought that, you know, 'I'm dead.' And now I'm not. And so, thank God."

Centanni, an American correspondent based in Washington, and Wiig, 36, a freelance cameraman from New Zealand, were taken across the border to Israel a few hours later.

The two were seized in Gaza City by masked gunmen who blocked their car and forced them into another vehicle. There was no word about them for more than a week, until Centanni and Wiig appeared in a videotape released Wednesday along with a statement by the captors demanding the release of all Muslims held by the United States within 72 hours.

The U.S. government rejected the demand and the deadline passed Saturday without further word from the kidnappers.

On Sunday, Palestinian officials were tight-lipped about the steps that led to the journalists' release.

Whoever may have been behind the abduction was not publicly identified.

For the previous two days, Palestinian officials had signaled progress in efforts to broker the men's release through unspecified intermediaries. On Sunday, the Popular Resistance Committees, an armed group that has fired many of the Kassam rockets launched into southern Israel, said it had acted as a go-between.

Palestinian Authority Prime Minister Ismail Haniyeh, of the militant group Hamas, said the kidnappers had acted on their own, and not as part of any established Palestinian faction or outside network such as Al Qaeda. But he declined to offer more details.

Palestinian authorities sidestepped questions about whether they would seek to prosecute the kidnappers.

The Hamas-led Palestinian government, facing international aid cuts and renewed hostilities with Israel, appeared eager for an end to the hostage episode and had urged the release of the journalists.

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The abduction case stood out even amid the staggering disorder of the Gaza Strip, where a dozen or so foreigners, including journalists, have been kidnapped in the last year.

In most of those cases, the captives were released within a few hours. Most times, kidnappers have taken hostages to demand jobs in the Palestinian security forces or to settle a score on behalf of one clan or armed faction. But that was apparently not the case this time.

Centanni told Fox News that the kidnappers placed hoods over their heads and bound their wrists tightly with plastic ties before taking them to a garage, where they lay face down on a dirt-covered concrete floor. A generator rumbled noisily in the background, Centanni said, prompting him to worry that the captors could shoot the men without being heard.

But, he said, "my better nature led me to think that I'm no good to them dead. So I kept my hopes up."

The kidnapping created new uncertainties for foreigners who work in Gaza, such as journalists and aid workers. The U.S. Consulate in Jerusalem had telephoned American journalists after the abduction, urging them to stay away from Gaza for the time being.

Centanni and Wiig told a news conference in Gaza City later that they hoped the abduction would not deter journalists from going to the territory to report on conditions there. Officials and ordinary Palestinians are generally eager to tell the world their side of the story and for the most part have welcomed foreign journalists.

It would be a "great tragedy for the people of Gaza" if journalists stayed away, even though reporting there is difficult and at times dangerous, Wiig said. Earlier Sunday, an Israeli airstrike near Gaza City hit an armored vehicle owned by [a] news agency, injuring two Palestinian journalists.

Separate Israeli airstrikes Sunday killed three Hamas militants in a neighborhood at the edge of Gaza City, and sniper fire killed a fourth in the same area, Palestinian officials said.

Early today, Israel killed at least three members of the Hamas-led security forces.

Palestinian officials said four died in an Israeli airstrike. Israel's military said two Palestinian gunmen were killed in a shootout with the army and another in an airstrike after the group had approached Israeli soldiers.

Times special correspondent Rushdie abu Alouf in Gaza City contributed to this report.

Freed Journalists: Despair, Then Hope (CSM)

By Ilene R. Prusher

The Christian Science Monitor, August 28, 2006

JERUSALEM

Two journalists for the FOX News Channel, Steve Centanni and Olaf Wiig, were released Sunday in Gaza after being kidnapped and held for almost two weeks in circumstances that remain as murky as the heretofore unknown group responsible for the abduction, the Holy Jihad Brigades.

The two men, elated and emotional after their release, told reporters at a brief press conference at the Beach Hotel in Gaza, where they had just been dropped off, that they hoped that their kidnapping would not keep other foreign journalists from coming to Gaza to cover the Palestinian story.

But their kidnapping and the uncertain events that led to their freedom has already caused most news organizations to keep their international staff out of Gaza and brought calls to reassess how to cover the story safely.

Officials at the Hamas-led Palestinian Authority (PA) said they had exerted "huge efforts" in recent days to secure the journalists' release, but still did not know exactly who was responsible for kidnapping the men.

The Interior Minister said Hamas officials had not had any direct contact with the kidnappers, but that the Popular Resistance Committee (PRC), an amorphous group of Palestinian militants from different factions, played an intermediary role in negotiating with the abductors.

The kidnapping was unprecedented in that it was the longest period of time foreign reporters have ever been held in Gaza. Moreover, several videos made of the men, in the style of those made by the Iraqi insurgency, were released to local and international news channels - another first in Gaza.

A video Thursday made a sweeping demand for the release of all Muslims held in American jails. That bumped up the usually localized focus of Gaza militants - the conflict with Israel - to the more international arena.

In the last video, which appeared on a Palestinian TV station several hours before Messrs. Centanni and Wiig were set free, the militants dressed the journalists in local Arab robes and said they had converted to Islam.

"We were forced to convert to Islam at gunpoint," Centanni said just hours after the release of that video, in an interview with FOX immediately following his release. He added: "I have the highest respect for Islam and have learned many things about it. It was something we felt we had to do because they had the guns and we didn't know what ... was going on."

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Centanni described his captivity on a live FOX television program, still breathless in the first hour following their unexpectedly hasty release. He shed light on the nature of their ordeal and how significantly it differed from previous abductions of journalists in Gaza.

"We were driving down a narrow side street in Gaza City," Centanni recalled. "There was a car stopped in front of us, and before we realized what it was, four of them [gunmen] came over to our car, and stuffed us in the back seat of a tiny Toyota and flipped a black hood over our heads," he said. "We were crunched down toward the floor and they sped away."

Soon afterwards, he said, "they searched our pockets and took everything away ... they sat us down and tied our hands behind our backs really tight. That was just the beginning of our torment that night."

He said that later, they were moved in a different car "with our heads between our knees so we couldn't see where we were going." They drove for about 10 minutes, he said, and then heard a garage door rattling open. "Everything was pitch black for us anyway. We were roughly taken out of the car," he said, where they heard a generator roaring loudly.

"I was thinking, Oh God, OK, a remote warehouse with a loud generator. We're toast. They could easily shoot us and no one would hear us."

Then, said Centanni, his tendency toward positive thinking prevailed. "I'm no good to them dead," he recalled telling himself, "so I kept my hopes up."

That night, he said, the two men were forced to lie face down on a dirt floor with their arms tied behind them in a painful position for at least two hours. He called to Wiig, who had been lying nearby. "He said, 'Yeah, I'm here, and I hurt ... but I'm here.' " The militants then prevented them from speaking further.

Centanni said they were forced to make several videos, to describe what they had reported on in Gaza as well as in other countries, such as Iraq and Afghanistan, and were instructed to write down their life stories.

"I'm emotional; because I'm so happy to be out," Centanni said. "There were times that I thought: I'm dead. And I'm not, thank God."

After their release Sunday, the two men met with Palestinian president Ismail Haniyeh, who had also held several meetings in the last few days with Wiig's wife, Anita McNaught, a broadcast journalist. Mr. Haniyeh and other Hamas officials, who have been ostracized by most Western countries following their election in January, have been keen to put their best foot forward in the crisis.

"I want to confirm that huge efforts were exerted in the last few days by the president, by the government, by the ministry of the interior, and by some other Palestinian actors - particularly our brothers in the Popular Resistance Committee - to convince the kidnappers not to harm the abducted men and to renounce their demands," said Sayeed Siam, the PA's Interior Minister, after the journalists' release.

He said that the PRC was not responsible, but had "managed to reach them and to have contacts with them," then added: "The abductors are Palestinians, after all. They're not from another planet." The quip was intended to dispel theories that that kidnapping might have been perpetrators by "outsiders," or militants from other Arab countries with ties to Al Qaeda.

Mr. Siam said that this and all kidnappings are counter to Palestinian mores and interests.

"We want to confirm that foreigners are guests in our country, as long as they don't interfere in our internal affairs," he said. "We hope these actions won't be repeated, because these damage the image of the Palestinians.

Alaa Husni, Gaza's police chief, blamed Israel for the deterioration of security conditions in the coastal strip. "The Israelis have been raiding and destroying the security institutions, then these institutions became weak and this lead to the security deterioration and the chaos," he said. "We hope that the kidnappers will give up, will not repeat an episode like this again."

But Mohammed Dahlan, who had been the security chief in Gaza when the PA was headed by the late Yasser Arafat's Fatah party, said the current government must take responsibility and reign in the lawlessness enveloping Gaza.

"Even Israeli journalists used to live here in peace and safety, and used to sleep in the Jabalya Refugee Camp in Gaza, and what we see now is a strange phenomenon," said Mr. Dahlan, who is now a Fatah party member of parliament from Gaza.

"We urge the government to implement an urgent plan to put an end to this phenomena and to punish those who stand behind it. The duty of the government is to deploy the police to bring more security for the Palestinians, who also don't feel safe anymore. It is now almost six months since the new government started to carry out its duties, and Palestinians cannot feel any difference for the better," he said.

Before they left Gaza, both of the freed journalists implored other foreign reporters not to abandon coverage of the area. "I just hope this never scares a single journalist away from coming to Gaza to cover this story because the Palestinian people are very beautiful, kind-hearted, loving people who the world needs to know more about," Centanni said.

Wiig, a freelance cameraman who works often with FOX, also said he feared their experience would dissuade many journalists from telling Gaza's tale.

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"My biggest concern, really, is that as a result of happened to us, foreign journalists would be discouraged from coming here to tell the story and that would be a great tragedy to the people of Palestine and of Gaza in particular," Wiig said.

"Your story doesn't get very well told because it is difficult to work here," he told the hastily arranged press conference of primarily Palestinian reporters.

That difficulty and danger for journalists in Gaza was also apparent early Sunday when an Israeli airstrike injured two television cameramen working for [a news agency]. A missile struck their armored car, which the Israeli army said was acting suspiciously and had not been clearly identified as belonging to the media.

But the Foreign Press Association in Israel said in a statement Sunday the "assertion that the vehicle was acting suspiciously near Israeli forces is wholly unacceptable." They disputed the claim that the car was unmarked and called for an investigation into the incident.

Fox News Journalists Set Free Unharmed (WT/AP)

By Ibrahim Barzak

The Washington Times, August 28, 2006

GAZA CITY, Gaza Strip -- Militants freed two Fox News journalists yesterday in the Gaza Strip, ending a nearly two week hostage drama in which one of the former captives said they were forced at gunpoint to make statements, including that they had converted to Islam.

Reporter Steve Centanni, 60, of Washington, and cameraman Olaf Wiig, 36, of New Zealand, were dropped off at Gaza City's Beach Hotel by Palestinian security officials. A tearful Mr. Centanni briefly embraced a Palestinian journalist in the lobby, then rushed upstairs with Mr. Wiig behind him.

The pair, who appeared to be in good health, then met with Palestinian officials, including Prime Minister Ismail Haniyeh. The three men sat in a circle of chairs at the hotel, before the journalists held a press conference, then left and crossed into Israel.

"I want to thank everybody. I am happy to be here. I hope that this never scares a single journalist away from coming to Gaza to cover the story because the Palestinian people are very beautiful and kindhearted," Mr. Centanni told reporters. "The world needs to know more about them. Don't be discouraged."

Mr. Wiig also said he was worried that the kidnapping would scare off reporters.

"My biggest concern really is that as a result of what happened to us, foreign journalists will be discouraged from coming to tell the story, and that would be a great tragedy for the people of Palestine," Mr. Wiig said. "You guys need us on the streets, and you need people to be aware of the story."

Mr. Wiig's wife, Anita McNaught, thanked Palestinian officials and Fox News for their efforts in getting the men released. The men declined to take questions, then traveled to the Erez crossing and left Gaza.

In a phone call with Fox News, Mr. Centanni said that during his capture, he was held at times face down in a dark garage, tied up in painful positions, and that he and Mr. Wiig were forced at gunpoint to make statements, including that they had converted to Islam.

"We were forced to convert to Islam at gunpoint," Mr. Centanni told Fox. "Don't get me wrong here. I have the highest respect for Islam, and I learned a lot of good things about it, but it was something we felt we had to do because they had the guns, and we didn't know what ... was going on."

The journalists had been seized in Gaza City on Aug. 14 by a previously unknown group calling itself the Holy Jihad Brigades.

However, senior Palestinian security officials said yesterday the name was a front for local militants and that Palestinian authorities had known the identity of the kidnappers from the start.

In the past two years, Palestinian militants have seized more than two dozen foreigners, usually to settle personal scores, but released them unharmed within hours. The Fox journalists had been held longest.

Israeli Siege Leaves Gaza Isolated And Desperate (WP)

By Doug Struck

The Washington Post, August 28, 2006

GAZA CITY, Aug. 27 -- As the sun beat down on the city's central market, Khitam Shahleen, 37, glumly picked through a pile of cheap pencil sharpeners, searching for something -- anything -- she could afford to buy her two sons for the start of the new school year.

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"We don't have money," Shahleen said, eyes downcast beneath her head scarf. Her husband, who works as a laborer in Israel, has been trapped inside the Gaza Strip by a blockade. "We are imprisoned here," she said.

The war in southern Lebanon has overshadowed Israel's second front, a military and economic siege of the Gaza Strip that is deepening the poverty and desperation in this dense area of 1.4 million people.

More than 200 Palestinians, at least 44 of them children, have been killed in the past 8 1/2 weeks. Three Israeli soldiers have been killed. Huge Israeli bulldozers and "pinpoint" missiles have razed at least 40 houses and dozens of other buildings, according to the army, leaving many families homeless.

Daily skirmishes regularly result in new casualties. The Israelis attack with tanks, F-16 jets and artillery. The Palestinians launch an average of about six crude Qassam rockets a week into Israel, causing minimal damage, no fatalities and about a dozen injuries since June 28, an army spokesman said.

"Any Qassam fired toward Israel is one too many," said Maj. Tal Lev-Ram, a spokesman for the Israeli army's Southern Command. "Every act of terrorism against Israel will be dealt with severely from our side."

After Israel completed its unilateral withdrawal from Gaza last September, ending a 38-year presence, Palestinians expected an explosion of commerce and opportunity in this sandy strip, which is about twice the size of Washington with almost three times the population.

But after the election in January of a parliament dominated by Hamas, the radical Islamic movement that refuses to recognize Israel's right to exist, international donors led by the United States cut off aid to the Palestinian Authority. Israel stopped transferring the tax revenue it collects for the Palestinians, and the Palestinian Authority's monthly income dropped from $150 million to $20 million or less, according to the United Nations.

Since then, the Gaza Strip's economy has been strangled. The largest employer, the Palestinian Authority, has been unable to pay more than token salaries to its 160,000 employees -- teachers, clerks, health care workers, police officers -- in six months.

Israel has enforced a blockade, allowing almost no goods to leave Gaza and only limited food supplies to enter. Most industry has shut down. Electricity and water services have been intermittent since Israel bombed the main power station here.

"Gaza is heading down the tubes," said John Ging, director of operations for the United Nations Relief and Works Agency, or UNRWA. "We are now down to a subsistence existence. It's down to getting containers of food into here."

In the market in Gaza City, Mohammed Abu Aqleen, 37, held his head morosely Saturday, leaning on a pile of blue jeans. "Nobody has any money. Nobody buys," he said, adding that he is lucky to make $7 a day.

"Under this siege, I feel like I am in a big prison," he said. "No one can leave. The country is closed now. We are under the control of someone else. You can't even go to the edge of your country safely."

On June 25, Palestinian gunmen burrowed under a fence around the Gaza Strip and attacked an Israeli outpost, killing two soldiers and capturing Cpl. Gilad Shalit, 19. Israel responded with force. Seventeen days later, Hezbollah guerrillas from southern Lebanon seized two more Israeli soldiers, igniting warfare there. The fighting in Lebanon largely ended with a cease-fire on Aug. 14, but the Gaza conflict continues.

Israeli artillery units are poised outside the borders of the Gaza Strip. Fighter jets no longer make low-altitude sonic boom runs to keep Gazans unnerved at night but still overfly the strip and launch missiles toward it. Heavily armored patrols and tanks periodically pierce the warrens of Gaza City and the refugee camps, drawing gunfire and rocks in response.

"We are determined to continue the military operations against the terrorist organizations in order to create the conditions necessary for the safe homecoming" of Shalit, Lev-Ram said.

Rumors persist of negotiations to exchange Shalit for some of the estimated 10,000 Palestinians being held prisoner by Israel, but no deal has been struck.

"The siege is continuing for six months, and people are suffering, but no one talks of giving up," said Sami Abu Zohri, a Hamas representative in Gaza. "We have no other options but to wait until the siege is over. Gaza lives in the darkness like something in ancient times."

Zohri said the rocket attacks into Israeli territory were "efforts to protect ourselves with very limited armaments." Israel's response to the corporal's capture, he contended, was disproportionate.

"If one Israeli is wounded, it's a big deal," he said. "But they have eradicated whole families in Gaza."

Hamas and its chief rival, Fatah, have discussed forming a joint government in hopes of restarting the flow of aid from international donors. So far, Hamas has balked at giving up the leading role it won in the election.

"Hamas has led us into a dark tunnel. The way out is not clear," said Maher Megdad, a Fatah spokesman here. But he, too, expressed irritation with the international pressure to undercut the elected government.

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"The international community does not have the right to punish Palestinians for exercising democracy, even if the result is Hamas," he said. "While Israel pressures us, the whole world stands by."

The U.N. Office for the Coordination of Humanitarian Affairs said 202 Palestinians have been killed since Israel launched its "Operation Summer Rain" after Shalit's abduction. The Palestinian Health Ministry puts the figure at 246.

Capt. Noa Meir, an Israeli military spokeswoman, said: "It's a very complicated combat area. Just like in Lebanon, they are using civilians as human shields. We do everything possible to avoid civilian casualties."

The deteriorating situation has forced many foreigners to leave. UNRWA moved its headquarters from Gaza to Jerusalem in October, and most of its 78 international staff members left with it. Other aid agencies have done the same. A spate of kidnappings, including the 13-day captivity of two Fox News journalists released Sunday, has reduced the numbers of aid workers and foreign reporters here. An Israeli missile attack Sunday on a truck with "TV" marked in large black letters seriously wounded two...journalists.

"It's really depressing. I don't know how people are managing," said Tom Garofalo, the country director for Catholic Relief Services.

Gaza has been under pressure at least since the 1967 war, when the Israeli army seized the area from Egypt. But the siege is taking its toll, even on a populace accustomed to isolation, Garofalo said.

"There's more and more internal conflicts between families, more and more basic crime," he said. "The Palestinian Authority is trying to maintain order. But around the edges, things crumble. Desperation drives people to do things they wouldn't normally do. There is less respect for security."

Israeli fighter bombers made a pinpoint attack June 28 on Gaza's power plant, a modern 140-megawatt station built with international aid in 2001 that provided about half the power for the Gaza Strip. Now, power bought from Israel provides service for only about six to eight hours daily for most residents. Water service, dependent on electric pumps, is also sporadic.

UNRWA and the U.N. World Food Program are providing food to more than 1 million Palestinians. Aid agencies have created short make-work programs, but thousands of people apply for each job. The agencies have given out cash and fuel to needy families.

"People are not starving or emaciated. But that's not what it's about," said Ging, the UNWRA director of operations. "It's about having 1.4 million people who have no job, no money, no prospects and an acute sense of imprisonment. You have children growing up in a violent and uncivilized society, without the things most countries would take for granted as a normal existence."

At the Gaza market, Mohammed Abdul Rahman, 36, picked carefully through the stalls looking for school supplies for his four children. A government worker, he has not been paid since March, he said. He borrowed money from a bank, but now that is due.

"It's a very, very bad situation," he said. "As a father, it's hard to tell my kids that I can't get what they need. The pressure at home is rising. Everyone feels it. I think there will be a massive strike, and the whole thing will explode. We can't keep living like this."

US Centcom Chief Abizaid Arrives In Pakistan (AFP)

AFP, August 28, 2006

The US Central Command chief, General John Abizaid, has arrived in Pakistan for talks with military officials, the military said.

Abizaid, who flew to Islamabad on a three-day visit, will hold talks with senior military officials, a statement said.

General John Abizaid, head of the US Central Command that covers parts of Africa and the Middle East, was in Afghanistan on Saturday where he said that Pakistan was not colluding with the Taliban, although some rebels come from across the border to fight in Afghanistan.

"There is always this notion that there is collusion on the part of the Pakistani government that I see always talked about in the press in the region and I absolutely don't believe that," Abizaid told reporters.

The governments of the neighbouring nations have long accused each other of not doing enough to quell the Taliban uprising, which is felt on both sides of the border.

Tribal Leader's Killing Incites Riots In Pakistan (NYT)

By Carlotta Gall

The New York Times, August 28, 2006

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ISLAMABAD, Pakistan, Aug. 27 — Violent protests broke out in the southern Pakistani province of Baluchistan and in the city of Karachi on Sunday after the killing of a prominent rebel tribal leader in a fierce battle with the army.

Anticipating unrest, the government placed the army on alert on Saturday night after the death of the leader, Nawab Akbar Khan Bugti, 79, who had dominated the Baluch political scene for more than 50 years. The police closed the main highways from three provinces into the provincial capital, Quetta, and imposed a curfew at 1 a.m.

But protesters defied the curfew, burning tires, ransacking shops and government buildings and setting fire to buses in the city.

Gunfire broke out, and at least three people, including a police officer, were reported killed. A bomb exploded at a government registration office in Qalat, a town just south of Quetta, but no one was reported injured.

Violence broke out across the province during the day, and the police detained 450 people, news agencies reported.

Government officials moved quickly to try to ease tensions. President Pervez Musharraf called a meeting of senior cabinet ministers and law enforcement agencies, and his spokesman announced soon after that Mr. Bugti's body would be handed over to relatives for burial as soon as it could be retrieved from the rubble of the cave where he died.

The spokesman, Tariq Aziz, said that soldiers had not known that Mr. Bugti was in the cave when they advanced on it and that he had not been singled out.

Nevertheless, opposition politicians and Baluch nationalists warned that the death of the tribal leader would heighten nationalist feelings in the province and opposition to Mr. Musharraf, who has also held the post of chief of the army since seizing power in a coup seven years ago.

Mr. Bugti, a former provincial governor who led his own political party, took up arms against the government of Mr. Musharraf last year, demanding a larger share of the resources of the gas-rich province and more rights for the native Baluch people in government and development.

The government blamed him for leading a series of attacks against its forces and installations, and it mounted a determined military campaign against him and the neighboring Marri tribe.

Despite his age and failing health, Mr. Bugti had for the past seven months joined in the fighting alongside his tribesmen from the mountains of his home district, Dera Bugti.

He was killed along with seven tribesmen on Saturday morning when an army unit moved in on a cave where he had sought shelter, in a place called Tratani in the Kohlu district, Mr. Aziz said. Mr. Bugti's grandsons, who were also reported killed Saturday, had not been with him, and their fates were not confirmed, he said.

Fighting broke out in the area on Thursday when a pair of army helicopters came under fire and one was hit but landed safely, Mr. Aziz said. After another helicopter came under fire in the same area, the army moved in. In two and a half days of fighting the army took 26 casualties, six of them fatal, as it advanced on the well-defended rebel positions, he said.

A senior army officer leading the advance set off a mine at the cave entrance, which triggered secondary explosions in the cave, bringing down the entire structure, Mr. Aziz said.

Former Prime Minister Mir Zafarullah Khan Jamali, a Baluch, called Mr. Bugti's death a tragedy that would have serious repercussions for the province and the country.

...

Mushahid Hussein Sayed, secretary general of the ruling party and a senator who led a parliamentary committee looking into the problems of Baluchistan last year, called his death sad and unfortunate. "The need of the hour is a political solution to longstanding problems of neglect and injustice, which are at the heart of the people's grievances," he said.

Opposition politicians, who have demanded that Mr. Musharraf give up his military post and have scheduled a vote of no confidence against Prime Minister Shaukat Aziz for Tuesday, condemned what they described as the use of force to solve a political issue.

"It is the duty of the government to hold a dialogue instead of taking military action," Qazi Hussain Ahmed, leader of an alliance of six religious parties, told the Pakistani news agency Online.

A Rebel's Killing Roils Pakistan (CSM)

By David Montero

The Christian Science Monitor, August 28, 2006

QUETTA, PAKISTAN

For years, Nawab Mohammed Akbar Khan Bugti battled the Pakistan Army. The 80-year-old renegade hidden in the mountains of Balochistan became a legend in his fight for greater autonomy against what he saw as colonial brutality.

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Bugti was both hated and revered. But as a former federal minister and governor, he symbolized a political as well as a violent struggle. And his death this weekend, during a fierce three-day battle that left more than 30 dead, could prove a serious blow to Pakistan's stability.

It could also close a door to a group seen as a counterweight to extremism represented in the region by a resurgent Taliban, analysts say.

"This is not a good sign," says Samina Ahmed, South Asia director of the International Crisis Group. "Just a few years ago [Nawab Bugti] was talking to the government. Keeping that door open was the way to go. Now that door has been slammed shut."

Bugti's death could also reverberate in the region, some analysts say. The Balochis are spread across several countries, with millions living in parts of Iran and Afghanistan that border Pakistan.

"They will provide sanctuary to Baloch militants. There will be a lot of sympathy," says Lt. Gen. (ret.) Talat Masood, a defense analyst in Islamabad.

In recent weeks, the volley of attacks in Balochistan had increased, pitting thousands of Pakistani troops - the number is not disclosed - against a loosely organized but formidable federation of separatist militants.

On Friday, the day before Bugti was killed, two car bombs exploded in Quetta, wounding 13 people and shattering windows. Smoking ruins are a regular sight in Quetta and its environs as militants target military installations and government gas pipelines.

The Army has responded with aerial bombings and helicopter gun ships, Baloch leaders say, a claim Islamabad denies.

But Mohammed Anwar, a poor tribesman from Dera Bugti, Bugti's home, says he recently fled because of the Army's bombardment. Now he lives in a squalid refugee camp on the outskirts of Quetta.

"Why is the government saying we should leave our homes? It's our property," says Mr. Anwar. "The Pakistani constitution gives us that right."

Violence paralyzed parts of Balochistan Sunday, and Baloch leaders vowed to launch a nationwide strike.

The consequences of this escalation for the broader battle against terrorism could be serious, analysts say.

"This is disastrous," says General Masood. "It will divert attention from the war on terror ... by engaging the Pakistan forces in Balochistan in a much bigger way."

The Taliban are said to be growing in influence in Balochistan, allegedly using the province's capital, Quetta, as a base for directing operations in southern Afghanistan.

But the Baloch people are widely recognized as fiercely opposed to the Taliban. With the killing of their most respected leader by government forces, the prospects for peace are dim for the foreseeable future, many here say.

At the root of the longrunning insurgency is a sense of inequity over the distribution of natural resources. Balochistan, Pakistan's largest but most impoverished province, is as rich in mineral wealth and natural gas as it is in bloodshed.

Natural gas was first discovered in Balochistan in the 1950s, but it has mostly been shipped to Islamabad and parts of Punjab; some regions of Balochistan are still without it.

With demands for greater political autonomy and control of resources consistently rejected by the state, Nawab Bugti and other Baloch leaders have fought a succession of wars against Islamabad since the 1970s.

Balochistan, cut off by rough terrain and political differences from the central government, has pockets of extremism that the Taliban have long exploited. The province also shares hundreds of miles of unmanned border with Afghanistan, giving the Taliban a sprawling front for their operations.

The solution, such as it exists, masks a potent irony. The most effective counterbalance to the Taliban, observers say, are the very people the Army is targeting in its military operations.

Baloch nationals have acted as a countervailing force to extremists, espousing democratic and liberal political values, observers say. In the arena of the provincial assembly, Baloch leaders argue, they regularly battle against measures that create an amenable atmosphere to the Taliban.

Their struggle for autonomy and greater political rights, they add, dovetails with the broader agenda of the war on terror. "We are fighting in the same atmosphere as the United States," says Akbar Mengal, a member of the provincial assembly from the Balochistan Nationalist Party.

But instead of encouraging the Baloch parties, leaders and analysts charge, the government has actively undermined them, targeting them - and not the Taliban - with their weapons.

"All those weapons and aid that the US has given to Pakistan to fight Al Qaeda and the Taliban, [the Pakistan Army] is using against the nationalists in Balochistan," adds Mr. Mengal. US officials have conceded as much to the Western media in the recent past, saying it cannot always control how the Pakistani Army uses its weapons.

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These are troubling realities often overlooked by Washington and other Western powers, Ms. Ahmed and others say.

"If the menace of the Taliban are to be dealt with in Balochistan, the Baloch are a credible ally. It is in everyone's interest - Afghanistan, the United States - to see that there is peace in Balochistan," she cautions.

21 Wounded As Blasts Hit Turkish Resort (AP)

By Selcan Hacaoglu, Associated Press Writer

AP, August 28, 2006

A bomb blast blew apart a minibus in a Turkish tourist resort late Sunday injuring 21 people including 10 British tourists, the local police chief said.

The explosion was in the popular Mediterranean resort town of Marmaris. There were two other bomb blasts at the same time in garbage cans on the main boulevard in Marmaris, the state-owned Anatolia news agency reported. The area is lined with bars, clubs, cafes and restaurants. There were no reports of injuries in those blasts.

There was no immediate claim of responsibility for the blast. Kurdish guerrillas have in the past carried out such attacks against tourist resorts.

Britain's Foreign and Commonwealth Office said that 10 Britons were injured in the explosions, according to a report from the British news agency Press Association.

Police chief Emin Korpe of Mugla province, where Marmaris is located, said 21 people were injured in the blast, including 10 British tourists and 11 Turks, the private Dogan news agency reported. Korpe said one of the injured was in serious condition, but gave no further details.

None of the injured had life-threatening injuries, Anatolia reported. Gov. Temel Kocaklar of Mugla said nine of the injured were released from hospital following treatment, the state-run Anatolia news agency reported.

Dogan quoted local Governor Cemalettin Ozdemir as saying that the bomb was placed under a seat in the bus.

"We will capture the culprits and bring them before the public as soon as possible," Kocaklar said.

The Mediterranean coast is extremely popular with millions of European tourists who flock to Turkey during the summer months.

Police immediately boosted security in the area and set up roadblocks outside of the city.

Earlier Sunday, a bomb blast in a low-income neighborhood of Istanbul injured six people, police said.

The explosion in the Bagcilar district occurred near the local governor's office and police said they suspected that Kurdish militants were behind the explosion. One of the injured was reported to be in critical condition.

In 2005, Kurdish guerrillas bombed a minibus in the Aegean resort town of Kusadasi killing five people and injuring 13 others. The dead included a British woman and an Irish teenager.

Journalist Faces Charges Over Entering Darfur Region (NYT)

By Lydia Polgreen

The New York Times, August 28, 2006

EL FASHER, Sudan, Aug. 27 — The Sudanese government has charged Paul Salopek, a foreign correspondent for The Chicago Tribune and winner of two Pulitzer Prizes, with espionage and entering the country illegally. Mr. Salopek crossed the border from Chad into the troubled region of Darfur without a visa about three weeks ago.

Mr. Salopek, who was on leave from The Tribune and on assignment for National Geographic magazine, was captured Aug. 6 by a militant group allied with the government and handed over to the Sudanese Army, said one of his lawyers, Omar el Faroug Hassan.

He was held without outside contact until 10 days ago, when the United States Embassy in Khartoum was notified of his detention and he was allowed access to a lawyer.

He is the third Westerner detained and charged after crossing the border from Chad this month. An American college student was detained and deported this month after making a similar journey. Tomo Kriznar, a filmmaker and human rights advocate acting as the envoy of Janez Drnovsek, the Slovenian president, was sentenced to two years in prison after being convicted on charges similar to those Mr. Salopek faces.

The Tribune and the National Geographic Society strongly deny that Mr. Salopek, whose dispatches from across the world have won him acclaim, is a spy.

“Paul Salopek is one of the most accomplished and admired journalists of our time,” said Ann Marie Lipinski, editor of The Chicago Tribune, in a statement released after Mr. Salopek made a brief appearance at the state courthouse here on Saturday. “He is not a spy.”

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Chris Johns, the editor of National Geographic, called Mr. Salopek a “world-recognized journalist of the highest standing, with a deep knowledge and respect for the continent of Africa and its people.”

Mr. Salopek was traveling in Chad to report for an article about the culture, history and politics of the Sahel region, a vast, arid stretch of earth that spans the continent from east to west.

His trial was to begin on Saturday, but the judge granted his lawyers’ request for a delay of two weeks to prepare his defense. Two Chadian men traveling with him, Suleiman Abakar Moussa, an interpreter, and Idriss Abdulraham Anu, a driver, face the same charges.

Media Groups Urge Sudan To Release U.S. Reporter (WP/AP)

By Associated Press

The Washington Post, August 28, 2006

KHARTOUM, Sudan, Aug. 27 -- Journalism watchdog groups on Sunday urged Sudan's government to release a two-time Pulitzer Prize-winning American journalist who was arrested on charges of espionage and other crimes.

The New York-based Committee to Protect Journalists said it was "deeply troubled" by the arrest of Chicago Tribune reporter Paul Salopek this month and the charges brought against him Saturday.

"We view these charges as a grave threat to press freedom and call on the Sudanese authorities to see to it that they are dismissed and that our colleague is set free," said Joel Campagna, the group's Middle East and North Africa program coordinator.

Salopek, his driver and interpreter, both Chadian, were arrested Aug. 6 by pro-government forces in the war-torn region of Darfur in western Sudan. Salopek, who lives in New Mexico, was working on a freelance assignment for National Geographic magazine about the culture and history of the Sahel region at the time of his arrest, said Chris Johns, the magazine's editor in chief.

"We're doing everything we can, including appealing to the Sudanese government, to have Paul released immediately," Johns said.

More than 200,000 people have died in Darfur since the conflict began in 2003. The United Nations and aid organizations have warned of a deepening humanitarian crisis in Darfur, saying violence has mounted since a peace agreement was signed in May by the Sudanese government and one of the region's major rebel groups.

Salopek, 44, is charged with espionage, passing information illegally, writing "false news" and a noncriminal immigration charge of entering the country without a visa. His driver and interpreter face the same charges. A judge in El Fasher, the capital of North Darfur, has granted a defense motion to delay the trial until Sept. 10.

Sen. Barack Obama (D-Ill.), who is in Africa on a two-week tour of several countries, said Sunday the State Department had assured him that Salopek's case was a high priority.

"I expect the U.S. government to take this with the utmost seriousness," Obama said.

Sudanese officials were not available for comment Sunday. The U.S. Embassy in the capital, Khartoum, would not immediately comment.

Paris-based Reporters Without Borders called the charges "ridiculous" and said Salopek was just trying to cover the "tragic situation" in Sudan.

"An objective media coverage in Sudan is needed so that the local authorities and the international community can effectively assess the situation and take appropriate actions to solve this human drama," the group said in a statement.

Ann Marie Lipinski, Chicago Tribune editor and senior vice president, has said Salopek is not a spy and urged the government to let him return home.

US Senator Electrifies Kenya's Largest Slum (AFP-Y)

By Bogonko Bosire

AFP, August 28, 2006

US Senator Barack Obama waded through trash and leaking sewage on the outskirts of the Kenyan capital as thousands turned out to welcome him into the heart of sub-Saharan Africa's largest slum.

After two days of rapturous greetings by Nairobi officialdom and villagers in his father's birth and burial place in western Kenya, the rising American political star toured the sprawling, garbage-strewn Kibera shantytown.

"You are all my brothers and sisters," Obama told an excited crowd of several thousand in the massive slum, many of whom stood on rusted tin roofs, craning their necks for a glimpse of Kenya's new "favorite son."

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The only African-American in the US Senate and potential Democratic Party presidential nominee visited development projects in Kibera, home to at least 800,000 impoverished and mainly jobless residents.

Under a scorching sun, large crowds of admirers surged back and forth against lines of police who struggled to keep control of the situation in the slum, known for its poor sanitation, violent crime, prostitution and disease.

At the Mchanganyiko Women's Self Help Group, a micro-finance program aimed at boosting female-owned small businesses, Obama said women's empowerment was key to fostering human and social development.

"Any country can develop when women are given opportunities and any country can be underdeveloped when women are oppressed," he said, wearing a red Polo shirt. "When people have access to capital, they can be assured of growth."

"Women need to access and control capital," Obama said.

The dapper junior senator from Illinois also visited "Carolina for Kibera," a project run by the University of North Carolina to raise awareness about HIV/AIDS, an area Obama has shown particular interest in.

AIDS has ravaged large segments of Kenya's population, particularly in Obama's late US-educated father's home region in the west, where the senator and his wife, Michelle, took HIV tests to promote such testing.

Kenya has made progress in combatting the deadly disease but it has killed about 1.5 million people and infected another 1.2 million in the east African nation.

Like other Kenyans who have given Obama a rock-star welcome for his five-day visit, singing, dancing and waving homemade US flags to greet him, Kibera residents were equally fervent.

"Obama is our own, we expect nothing other than seeing him," Julius Odhiambo, a middle-aged slum inhabitant. "It is a sign of great respect that he has come to visit us. He knows the bond of brotherhood in Africa never dies."

Before visiting Kibera, Obama traveled to drought-hit northern Kenya, where millions of the mainly pastoralist herder population were threatened by starvation, malnutrition and mass livestock deaths earlier this year.

In the village of Wajir, the epicenter of northeastern Kenya's drought misery, Obama visited a hospital, aid projects and community centers, speaking to victims who are still recovering from the crisis.

Some 3.6 million Kenyans were among more than 15 million people in five east and Horn of Africa nations to be affected by the drought, the latest in a series of cyclical weather disasters that have hit the region.

Kenya is the second leg and highlight of Obama's tour of Africa, which began in South Africa and will continue in Chad and Djibouti.

He was forced to cancel stops in Rwanda and the Democratic Republic of Congo due to unrest, and in Sudan.

Kenyans Greet Obama With Open Arms (USAT/AP)

By Christopher Wills

USA Today, August 28, 2006

NAIROBI, Kenya — Sen. Barack Obama, making an emotional visit to his late father's homeland, found pockets of optimism even in one of the world's worst slums Sunday.

“All of you are my brothers. All of you are my sisters,” the Illinois Democrat said after his tour of Kibera, where 700,000 people are jammed into 1 square mile, with little access to water and other basic services.

The senator visited a program that helps residents pool their resources to start small businesses, buy insurance or improve their homes, and another that encourages children to abstain from sex to avoid AIDS.

Obama, 45, told the people of Kibera that he wants everyone in America to know about their troubles and promised that he will push for the United States and the Kenyan government to help.

He was cheered wherever he went, but no stop was as poignant as the one in the hamlet of Kogelo, where he had lunch with his father's stepmother, Sarah, and visited the elder Obama's grave.

Obama's 85-year-old “Granny,” as he calls her, met him at the foot of the small hill where her house sits and hugged him. Then they and Obama's family walked to the house amid a crush of relatives, friends and reporters. Someone carried a huge American flag. The family shared a meal of chicken, porridge, cabbage and more.

Obama's father was a goatherd who won a college scholarship in Hawaii. There he married Obama's mother, but the couple divorced when their son was 2. His father returned to Kenya, where he died in 1982.

“Anytime a child comes back to a parent's grave, it makes you reflect on your mortality and the next generation,” Obama said.

He spent much of his visit studying the toll AIDS is taking on African families. He and his wife, Michelle, took AIDS tests as thousands watched, and he visited a project that helps grandmothers who care for children orphaned by AIDS.

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In Kogelo, home to the Luo tribe, which includes Obama's family, one T-shirt had his picture and the words, “The senator, the diplomat, the politician … the Luo.”

US Seeks Support From China To Revive Global Trade Talks (WSJ/AP)

By AP

The Wall Street Journal, August 28, 2006

BEIJING -- U.S. Trade Representative Susan Schwab arrived yesterday to press China for help in restarting WTO talks on liberalizing global trade after warning they could be stalled for years without a breakthrough soon.

Ms. Schwab also planned to push Beijing for more action to cut its multibillion-dollar trade surplus with the U.S. and to fight product piracy.

The World Trade Organization suspended talks indefinitely last month after the U.S., the European Union and other major traders failed to agree on a deal to lower barriers to farm commerce.

Ms. Schwab was due to meet with Commerce Minister Bo Xilai and other Chinese trade officials.

"China is likely to be a major beneficiary of a successful Doha round and is certain to be a major loser if the Doha round fails. We have a shared interest in seeing a successful Doha round," Ms. Schwab said last week in Malaysia at a meeting of Southeast Asian trade ministers.

The process could become more complex in mid-2007, when President Bush's "fast track" authority to submit a trade deal to Congress for a yes-or-no vote without amendments runs out.

Ms. Schwab's trip also comes amid mounting U.S. frustration over China's trade surpluses and complaints that Beijing is failing to stop illegal copying of music, movies and other products.

The U.S. trade deficit with China hit $202 billion last year, adding to strains with Washington. It is expected to exceed that this year.

Ms. Schwab welcomed China's efforts to crack down on copyright and patent violations. She noted a commitment to require all personal computers sold in China to have factory-installed operating systems in order to discourage consumers from buying counterfeit systems.

Democracy In Cuba Unlikely As Raul Rules (WT)

By Rowan Scarborough

The Washington Times, August 28, 2006

The permanent successor to Fidel Castro will be his brother, Raul, Bush administration officials have concluded, and he will be enthusiastically assisted by the cadre of "young technocratic communist professionals" who have run Cuba's day-to-day government machine for decades.

The officials said in interviews that this layer of committed communists is a key reason that democracy is not likely to emerge in Havana soon after the dictator's death. The 80-year-old Mr. Castro is said to be recovering from intestinal surgery. He turned power over to his brother on July 31.

The Bush administration has debated making secret overtures to Cuba. One strategy toward democracy considered was an alliance with key military leaders in the Revolutionary Armed Forces (FAR), the officials said. Some officials in the Pentagon backed the idea, but the State Department and White House said "no," calling it unlikely to succeed.

Mr. Castro's military was considered as a contact point because it is regarded as the "least of three evils" within the security apparatus, which also includes the regular police constabulary and the secret police. The average Cuban is not thought to necessarily link the military to political repression.

"We said, 'We need to establish contact with the military,' " the official, who asked not to be named because the source is not authorized to discuss internal administration debates, says. "The military would play a major role in transition and maintaining order."

The military, while tainted, "is not directly involved in repression."

"The Cuban military is salvageable. Just like in Iraq, you should try to salvage the military."

What is probably not salvageable are the generations of young, handpicked dedicated Communists who run the party and the government, and appear to be firmly in control.

A secret Pentagon report from 2000 assessed national-security threats until 2020 and predicted that the Castro bureaucracy would be able to hold power for some time after his death.

"The Cuban Communist Party -- even without Castro at the helm -- likely will remain in power," the Defense Intelligence Agency (DIA) concluded. A copy of the report was obtained by The Washington Times. "However, a post-Castro government --

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particularly after Castro's death -- probably would liberalize the economy more rapidly, and any concomitant relaxation of U.S. foreign policy would be likely to spark debate over the extent of political liberalization inside and outside the Communist Party. Fundamental political change would probably result."

The DIA concluded that the military likely would remain loyal to the Communist Party. "The Revolutionary Armed Forces will remain loyal to Castro. The high command has demonstrated concern over the speed of economic reforms -- they favored more rapid change prior to 1994 -- but probably will continue to agree with Castro on the need to maintain the Communist Party's monopoly on political power."

The Cuban regime is helped by Venezuela President Hugo Chavez, a self-proclaimed socialist who has sought strong ties with foes of the United States, including the Castro regime and Iran's hard-line Islamic government. Mr. Chavez subsidizes the Cuban economy with oil and has invited hundreds of Cuban communist operatives into his country to tell his government how to wield power.

"You can't influence people without money, and that is what he has been doing," the defense official said.

Mr. Chavez's strategic vision is to organize groups of countries to oppose U.S. policies, a second official said. U.S. hopes of a democratic uprising in Cuba are a "fantasy" and "wishful thinking," the official says.

Cuba's Economic Fate Up In Air (USAT)

By Edward Iwata

USA Today, August 28, 2006

Millions of visitors to Havana have been entranced by the Cuban capital's resorts and restaurants, its centuries-old baroque and colonial architecture, its malecon seawall and promenade.

Behind the tourists' facade, though, the Castro regime and military and government officials control nearly all of Cuba's multibillion-dollar economy, including tourism, finance, retail, agriculture and energy.

Now, with 80-year-old Fidel Castro ailing after surgery, speculation is rising over the future of Cuba's economy and the anticipated rule of brother Raul Castro, the military strongman who lords over hundreds of state-run businesses.

Despite the hope of U.S. companies that Cuba might welcome capitalism and that the U.S. might lift its long-running embargo, dramatic change probably won't happen soon. Raul Castro is unlikely to anger Cuba's ruling elite by launching major economic reforms, economists and Cuba scholars predict.

“If Fidel dies, the grip of the military would be even greater than now,” says Antonio Jorge, an economist at Florida International University. “Raul would buy the loyalty of generals and high-ranking officials by showering them with more privileges and economic benefits.”

Talk of Cuba's economic fate comes amid reports of Fidel Castro's intestinal surgery earlier this month and the transfer of power to his brother. The news fueled speculation that Castro might die, setting off street celebrations among Miami's large Cuban population.

The stakes remain high: billions of dollars in future trade and investments and 11 million potential Cuban consumers only 90 miles from Florida. Economists say that U.S. failure to tap into the Cuban economy will benefit only leftist Venezuela and communist China, Cuba's biggest trade partners.

“Cuba is an evolving and dramatic new market,” says Ruben Bonilla, chairman of the Port of Corpus Christi in Texas. “We don't want to miss the party because of an embargo begun 10 U.S. presidents ago.”

Venezuela supplies Cuba with half of its oil, shipping 78,000 barrels of crude oil daily at subsidized prizes. China imports nickel from Cuba and has signed a spate of business deals with the Castros.

Both countries are likely to grow closer to Cuba. It has potential crude oil reserves of up to 9 billion barrels and vast natural gas reserves, reports the U.S. Geological Survey. Already, Cuba has signed lease agreements with China, India, Canada and Spain.

U.S.-Cuba relations have been rocky since the 1962 Cuban missile crisis. A 44-year U.S. trade embargo bans nearly all exports to Cuba except agricultural and medical goods. Anti-communists say the Castro regime must fall before the embargo is lifted, while pro-trade forces say impoverished Cuba needs capitalism.

In spite of the embargo, U.S. businesses — especially in agriculture, shipping, oil and energy, tourism, retail, finance and construction — hope a new ruler might lead to a new Cuban economy.

After the Soviet Union collapsed in 1991, U.S. companies wanted to rush into Cuba, thinking it would be the next Soviet bloc country to fall, says Jaime Suchlicki, director of the University of Miami's Institute for Cuban and Cuban-American Studies. That didn't happen.

“Now,” says Suchlicki, “it's beginning to pick up again because it looks like there might be change.”

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Kirby Jones, president of the U.S.-Cuba Trade Association, says Canada and European nations have more than 300 joint ventures with Cuba in telecommunications, oil and energy, mining, port management and other sectors. “This is not the Cuba of old, when everything was under Soviet Union domination,” he says. “This is a brand new version, a mixture of capitalism and socialism.”

Raul Castro could continue in that direction, some economists and scholars say. Initially, he might unveil small, cosmetic reforms to polish Cuba's image and win over his people. He might let Cubans start thousands of small businesses in trade, agriculture and tourism, as the Castros allowed in the mid-1990s.

One scenario: Cuba copies China, a blend of authoritarian state control, manufacturing, mass-market consumerism and high-tech development.

“At best, Raul will try the mini-China model,” says Antonio Gayoso of the Association for the Study of the Cuban Economy and a former economist in Cuba's finance ministry. “At worst, he and the military will continue the repressive control they have now.”

Cuba's economy was stronger in the 1950s, when it was one of Latin America's top trade powers. Havana was a hot tourist site, and the U.S. and Great Britain were Cuba's largest trading partners.

After Fidel Castro's guerrilla war ousted dictator Fulgencio Batista in 1959, much of the economy fell apart. Cuba became a kind of welfare nation, with the old Soviet Union pouring $65 billion in aid and loans into Cuba from 1960 to 1990.

Economists say much of Cuba remains frozen in the past and lacks the modern ports, airports, business facilities and power grid needed to grow global trade. More than half of Cubans live in poverty, and the United Nations runs an emergency food program for 700,000. The country also is saddled by heavy debt, owing Venezuela, Russia and European nations $40 billion, Suchlicki says.

Even joint ventures between Cuba and other countries have dwindled. The State Department says they are down to 300 from 540 in 1982, and majority ownership by foreign partners does not really exist.

Production of sugar, citrus fruits, fertilizer and other goods has fallen since the early 1990s, after Soviet aid stopped.

Only oil, gas and nickel have seen growth in that period because of Venezuelan and Chinese investments, says Carmelo Mesa-Lago, an economics professor at the University of Pittsburgh. Other bright lights in Cuba's $39 billion economy: tourism and nascent bioscience and pharmaceutical industries, economists say.

In recent years, Cuba has claimed nearly full employment for its workers and annual economic growth ranging from 5% to 12% — even with droughts, hurricanes, blackouts and disastrous sugar harvests.

Some economists say the figures are fabricated. “It is economic propaganda,” Mesa-Lago says. “Data is manipulated to show that Cuba's economic policies are paying off, when the standard of living for Cubans has declined.”

Other obstacles to more open markets in Cuba and trade with the U.S.:

•Hardcore Stalinism. Since the 1950s, Fidel and Raul Castro have ruled the economy with iron fists, say Cuba experts. Outspoken political and economic reformers have been shunned or imprisoned.

In the 2006 Index of Economic Freedom by the Heritage Foundation, Cuba ranks as one of the world's least-free nations, with Libya, Iran and North Korea.

“Fidel and Raul said many times, ‘No, we will never open the door to capitalists,' ” says Jesus Marzo Fernandez, a former Cuban finance official and defector who lives in Miami. “They will never change.”

Over the years, Fidel Castro allowed six major shifts in economic policy, according to Mesa-Lago. But as the economy improved, he pulled back, fearing the growing power of business leaders.

Mesa-Lago likens Fidel Castro to Mao Zedong, the late Chinese dictator. Mao also was a charismatic Communist revolutionary who forced turbulent economic changes on his nation. And he had a youthful cadre of government officials eager to embrace global trade.

“But not until Mao died,” says Mesa-Lago, “were reformers able to push through changes.”

•Fidel Castro Inc. For four decades, Fidel Castro has controlled nearly all of Cuba's financial resources, according to Maria Werlau, a Cuba expert and president of the Free Society Project in Summit, N.J., and congressional testimony by former Cuban finance and military officials.

Forbes has estimated Fidel Castro's wealth at $900 million, which Castro has vehemently denied.

Werlau and other Cuba experts say the figure is low. They say the Castros and loyalists control several billions of dollars in real estate, bank accounts, private estates, yachts and other assets — called “the Comandante's Reserves” — in Europe, Latin America and Asia.

“The best estimates appear to be well shy of the vast wealth under his command,” Werlau says.

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Jorge Sanguinetty, CEO of DevTech Systems, an economics consulting firm in Washington, D.C., writes in a report that Cuba's economy is "a gigantic privatization process with one and only one owner: Castro himself."

•Trade embargo. Given lingering anti-communist sentiment in Congress, the embargo probably won't vanish soon. Moreover, the 1996 Helms-Burton Act bars U.S. political and business ties with Cuba unless democracy arises there.

Pro-trade forces plan to raise the embargo issue with lawmakers this fall. Agribusiness persuaded Congress in 2000 to allow U.S. businesses to export some agricultural goods to Cuba. Since then, farmers have signed deals to ship $2 billion in cattle, poultry, grain, rice, beans, apples and cotton to Cuba, says the U.S.-Cuba Trade Association.

State Department officials recently said the U.S. might open political and economic ties to Cuba — if Cuba were to transition into a democracy.

With no embargo, agricultural officials say, U.S. food exports could grow tenfold. Jim Sumner, president of the USA Poultry & Egg Export Council, says ranchers last year shipped Cuba 78,000 metric tons of chicken. That's 3,500 truckloads of refrigerated containers.

"The opportunities in Cuba are tremendous, due to the proximity to the U.S.," says Sumner, who has dined with Fidel Castro in his Havana palace during agricultural trade missions.

Ralph Kaehler, a rancher in St. Charles, Minn., has been enthused about Cuba trade ever since he flew to Havana on a trade mission with former Minnesota governor Jesse Ventura three years ago. Since that trip, Kaehler has brokered several million dollars in deals for companies to sell agricultural goods to Cuba.

"Our government talks about free trade with China, Vietnam — every country except Cuba," says Kaehler, whose German ancestors started the family farm in 1881. "Whether you like or dislike the Castro government, if we had more trade with them, our influence and impact there would be much greater."

Agribusiness isn't alone in desiring more business with Cuba. At JetBlue, spokeswoman Jenny Dervin says there would be "great demand for non-stop travel between New York and Havana," and flights between Cuba and Florida, where JetBlue serves six cities.

Despite the Cold War politics between the U.S. and Cuban governments, pro-trade advocates say many of the Cuban people seem open to economic change.

Says Kaehler: "Cubans may not want wholehearted democracy like in the U.S., but they do want basic food and medicine and a few more freedoms."

U.S. Officials Say Venezuela Knew Military Equipment Was In Seized Cargo (NYT)

By Simon Romero

The New York Times, August 28, 2006

CARACAS, Venezuela, Aug. 27 — Venezuelan military and customs officials were notified of the military equipment contained in diplomatic baggage at the center of a dispute between Venezuela and the United States before its delivery here last week, officials at the American Embassy said Sunday.

Venezuelan authorities' seizure of the baggage, which included replacement fuses intended for ejector seats ordered by Venezuela's air force, set off accusations from Caracas and Washington that international law governing diplomatic baggage had been violated.

At the heart of the dispute are fears frequently expressed by Venezuelan officials that the United States is trying to foment opposition to the administration of President Hugo Chávez.

Interior Minister Jesse Chacón Escamillo said Friday that the diplomatic shipment had been stopped because it had been smuggled past customs officials, and that it contained military equipment including detonators and rocket motors.

Ministry officials did not respond to requests for comment on Sunday.

The shipment was brought here on a C-17 military transport plane, and not aboard a civilian aircraft, because it contained fuses and other material for ejector seats that had been ordered by Venezuela's military mission at Wright-Patterson Air Force Base near Dayton, Ohio, two American Embassy officials said. Each official asked not to be identified because of the heightened tension between the countries.

Although political relations between Venezuela and the United States are deteriorating and sales of military equipment to Venezuela by American companies have been banned since May, Venezuela still has a small mission at the base near Dayton and a larger mission, with about 20 military officials, in Miami. The United States has more than 20 military officials connected to its embassy here in Caracas.

The shipment of the ejector seat equipment was apparently allowed because the order had been placed before the ban on military-related sales. The American officials said a manifest listing the contents of the shipment was sent before its arrival last

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Wednesday to military and customs officials at Maiquetía airport near Caracas, and the baggage was cleared through customs and was en route to Caracas when it was intercepted by the Venezuelan military.

Venezuela's attorney general and National Assembly signaled that they intended to investigate the incident, though it was not clear what disciplinary action they could take, since the seizure involved diplomatic baggage.

Reports over the weekend in local news media aligned with Mr. Chávez's government called for close attention to the incident, asserting that the United States secretly brought military equipment into Chile in diplomatic baggage before the coup that toppled Salvador Allende in 1973.

U.S.-funded Programs Incite Chavez's Suspicion (WT/AP)

By Ian James

The Washington Times, August 28, 2006

CARACAS, Venezuela -- The U.S. government is spending millions of dollars in the name of democracy in Venezuela -- bankrolling human rights seminars, training emerging leaders, advising political parties and giving to charities.

But the money is raising deep suspicions among supporters of President Hugo Chavez, in part because the U.S. has refused to name many of the groups it's supporting.

Details of the spending emerge in 1,600 pages of grant contracts obtained by the Associated Press through a Freedom of Information Act request. The U.S. Agency for International Development (USAID) released copies of 132 contracts in all, but took out the names and other identifying details of nearly half the grantees.

U.S. officials insist the aid is politically neutral and say the Chavez government would harass or prosecute the grant recipients if they were identified.

Mr. Chavez, however, thinks the United States is campaigning -- overtly and covertly -- to undermine his leftist government, which has crusaded against U.S. influence in Latin America and elsewhere.

"The empire pays its lackeys, and it pays them well," he said recently, accusing some of his opponents of taking "gringo money."

While USAID oversees much of the public U.S. spending on Latin America, President Bush's government also has stepped up covert efforts in the region. This month, Washington named a career CIA agent as the mission manager to oversee U.S. intelligence on Cuba and Venezuela.

The Bush administration has an $80 million plan to hasten change in Cuba, where Mr. Chavez has sworn to help defend Fidel Castro's communist system. The U.S. also is spending millions on pro-democracy work in Bolivia, where Mr. Bush has warned of "an erosion of democracy" since a Chavez ally, socialist Evo Morales, was elected president in December.

Mr. Chavez makes no distinction between the programs supported by public U.S. funds and the secret effort he claims the CIA is pursuing to destabilize his government. And it appears a crackdown on the U.S. aid is looming as Mr. Chavez runs for re-election in December.

Venezuelan prosecutors have brought conspiracy charges against the leaders of Sumate, a U.S.-backed group that frequently points out perceived flaws in the voting system.

The pro-Chavez National Assembly is preparing to require nonprofit groups to reveal their funding sources.

And Mr. Chavez has threatened to expel U.S. Ambassador William Brownfield, whom he accuses of stirring up trouble with USAID donations to youth baseball teams and daycare centers.

Much of the spending is overseen by USAID's Office of Transition Initiatives (OTI), which also works in such "priority countries" as Iraq, Afghanistan, Bolivia and Haiti.

OTI says it has overseen more than $26 million for programs in Venezuela since 2002, when it began work here after a failed coup against Mr. Chavez. Much of it has gone toward more than 220 small grants as part of USAID's "Venezuela Confidence Building Initiative."

"It's a pro-democracy program to work with Venezuelans of any point of view," said Adolfo Franco, USAID's assistant administrator for Latin America and the Caribbean. "It's without political bias."

The USAID grants for 2004 and 2005 reviewed by the AP include some charity projects -- like $19,543 for baseball equipment that Mr. Brownfield delivered to a pro-Chavez neighborhood and $23,189 for chickens and coops at a poor school.

Others seem to promote good government, like $15,289 to publish a pocket guide on citizenship.

One recipient, the Development and Justice Consortium, held a workshop in a poor Caracas neighborhood on seeking accountability in local government. A neighborhood banner read "Chavez Forever," but teacher Antonio Quintin reminded students that "governments are only delegates."

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Most attendees had no idea U.S. money paid for the class, and even die-hard Chavez supporters saw nothing subversive in it. "As long as it brings benefits, it doesn't matter where the funding comes from," said Ingrid Sanchez, 40, a member of a local planning council.

But other projects remain so vague as to raise concern among Chavez supporters, such as a $47,459 grant for a "democratic leadership campaign," $37,614 for public meetings to discuss a "shared vision" for society, or $56,124 to analyze Venezuela's new constitution of 1999. All went to unidentified recipients.

USAID said revealing more of their identities would be an "unwarranted invasion of personal privacy" that could endanger the recipients, saying some have been questioned for 12 hours at a time by the Venezuelan secret police.

"It's simply for the security of the recipient," said Russell Porter, an OTI official for Latin America. "The only thing we've held back are the names of the groups."

New Blueprint Koizumi's Success Charts The Path To Japan's Future (WSJ)

By Sebastian Moffett

The Wall Street Journal, August 28, 2006

TOKYO -- Five years after he took over as prime minister of a moribund nation, Junichiro Koizumi is preparing to leave behind him a different Japan. An economic has-been that mourned its waning international influence has been transformed into a surprise revival story -- sprouting skyscrapers and shopping centers -- while becoming Washington's most reliable ally in Asia.

Mr. Koizumi turned into one of the most influential leaders in modern Japanese history -- and his impact is likely to endure, because he created a template for future leaders for how to centralize power and influence public opinion.

When Mr. Koizumi came to power in 2001, the financial system was swamped with bad loans, hobbling the economy. Successive prime ministers feared action might bankrupt weak firms. Mr. Koizumi ordered a cleanup. Though the national debt was spiraling upward, earlier prime ministers maintained public spending to try to boost the economy. He slashed away. To revive market forces, he privatized the state-owned bank and life-insurance company run by the post office, liberating more than $3 trillion in assets.

Mr. Koizumi's combination of guts, stubbornness and quirky unpredictability made him both loved and hated abroad -- a contrast to earlier Japanese leaders whose names were barely known. He and George W. Bush celebrated their close friendship in June with a visit to Elvis Presley's former home in Tennessee. (Mr. Koizumi is an Elvis fan and occasional impersonator.) Chinese leaders, however, shunned Mr. Koizumi, angered by his yearly visits to a Tokyo war shrine that honors, among others, Japan's military leaders during World War II.

Next month Mr. Koizumi steps down. The candidates to succeed him, including front-runner Shinzo Abe, lack his zeal. Some lawmakers in the ruling Liberal Democratic Party would love a return to the days of free spending and weak prime ministers, when politics was about delivering pork to districts in return for campaign donations.

But Japan likely will not return to its old ways. Changes in the 1990s paved the way for the strong chief executive that Mr. Koizumi became. New election rules promoted a two-party system and weakened the ruling-party factions that had hindered policy-making. The prime minister's office gained a powerful forum to set national priorities.

Mr. Koizumi exploited these tools to the hilt, and the public loved him for it. His victory in the September 2005 general elections was overwhelming. Future prime ministers, however much they may wish to emulate the passive and colorless leaders of the past, risk being booted from office by someone offering Koizumi-style dynamism. More than giving Japan an invigorating five years, Mr. Koizumi has provided a new blueprint for leadership.

Harukata Takenaka, a director of the National Graduate Institute for Policy Studies in Tokyo, calls this the "2001 system," after the year Mr. Koizumi took office, and says it won't alter fundamentally when he leaves. "The prime minister will likely be able to wield strong power," Mr. Takenaka says.

All this change is not welcome to some Japanese. The old consensus system, they believe, created a fairer society. Mr. Koizumi has been accused of promoting a system where a few big-city investors and entrepreneurs earn U.S.-style riches, while the poor, the elderly and rural dwellers suffer from budget cuts and neglect. Others say he grabbed too much credit for an economic upturn that was really the work of the private sector.

His foreign policy has its critics too. Under Mr. Koizumi, Japan has solidified its defense alliance with the U.S., but become more assertive toward neighbors like China and the Koreas. His likely successor, Mr. Abe, holds similar views. Some of Mr. Abe's opponents say Japan is unlikely to prosper if it is on frosty terms with China, its biggest trading partner.

Still, decisive leadership will give Japan a better shot at dealing with its huge challenges, such as an aging population that has already begun to shrink and a national debt that tops $7 trillion. Success would mean the world's second-largest economy,

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after the U.S., could provide more of an engine for global growth. Japan's recent revival has already led it to suck in more imports than ever before.

The unlikely rise to power of Mr. Koizumi, 64, shows how a different style of politics has taken hold in Japan. Known as a loner in his school days, Mr. Koizumi went after college to study in London, where he was photographed in his mid-20s in big sunglasses and a suit with a narrow tie, drinking Coca-Cola from a bottle.

His stay abroad was cut short by his father's death in 1969. Politics was the family business: Both his father and grandfather had been cabinet ministers. Mr. Koizumi decided it was his turn. He ran for his father's seat but lost.

To learn the trade, Mr. Koizumi apprenticed himself to Takeo Fukuda, then finance minister and a future prime minister. Mornings Mr. Koizumi greeted visitors to Mr. Fukuda's Tokyo home and poured tea. His afternoons were spent back in his hometown of Yokosuka, a city 25 miles southwest of Tokyo.

Though business and occupational groups were a key source of influence in politics, Mr. Koizumi found it hard to get their attention as a newcomer. He started seeking mass support, a preview of the strategy he used with such success as prime minister. He was elected to parliament in 1972 after visiting five or 10 people every day -- more than 10,000 over three years, says Kazuhiko Ozawa, who helped his early campaigns and is now chairman of the Yokosuka Chamber of Commerce. "He met individuals because the powerful people wouldn't give him the time of day," says Mr. Ozawa.

Most politicians need a conventional family life for the sake of image and to help with campaign work. Mr. Koizumi was divorced after four years of marriage. He took his two sons and brought them up with his extended family, not letting them see their mother. His wife was pregnant at the time of the divorce, and Mr. Koizumi long shunned his third son.

Japanese politics in Mr. Koizumi's emerging years centered on brokering power and money. By bringing public spending to their electoral districts, lawmakers raked in campaign donations. These financed networks of supporters, who helped them rise to prestigious ministerial posts. Mr. Koizumi shunned such relationships, saying he refused to represent interest groups.

After 25 years in Japan's parliament, lawmakers are entitled to receive nearly $10,000 to have two portraits painted -- one for home and one to hang in parliament. Mr. Koizumi was the first lawmaker in memory to decline this, calling it a waste of taxpayers' money. When a female lawmaker sent him a lighthearted Valentine's gift of chocolate, he returned it.

As a result of his attitudes, Mr. Koizumi had the air of a talented politician who would never reach the top of the greasy pole. When he stood in the 1995 Liberal Democratic Party leadership election, he lost badly to Ryutaro Hashimoto, head of the most powerful faction, which had a long history of supporting public spending projects for provincial areas.

But crisis proved to be opportunity. In the late 1990s, big Japanese banks began going under. The national debt and bad loans ballooned. The LDP's public support was shaky and its leaders at a loss in dealing with an unprecedented economic slowdown. Desperate, the party introduced a vote among its rank-and-file to help choose its next leader in 2001. Mr. Koizumi won in a landslide, pledging to "change the LDP, change Japan." On April 26, 2001, he became Japan's 11th prime minister in 13 years.

Changes thought up under Mr. Hashimoto gave Mr. Koizumi several new tools of power. A new ministry called the Cabinet Office centralized under the prime minister policy makers who had previously been scattered among the ministries. There was a new body called the Council on Economic and Fiscal Policy, chaired by the prime minister.

These tools were instituted under Mr. Koizumi's predecessor, who barely used them. Mr. Koizumi transformed the economic council into an executive committee for the nation, leading its discussions, banging on the table when he thought members were dragging their feet and producing regular declarations of what a former minister oddly dubbed "thick-boned policies." These set large goals for the nation, such as reducing the national debt and the number of public employees.

"Mr. Koizumi is aware that in the 21st century, Japan cannot carry on in the same way as before -- that it needs a more market-oriented economy," says Masaaki Honma, an Osaka University economics professor who served on the council. "He's the first Japanese prime minister to realize this."

Mr. Koizumi's consigliere was another economics professor, Heizo Takenaka, who took a top cabinet post even though he wasn't at first a member of parliament -- a break with Japanese tradition. In 2002, Mr. Takenaka told banks to halve their totals of bad loans by 2005. This provoked outrage in the traditionalist wing of the ruling party. One lawmaker, Shizuka Kamei, said Mr. Takenaka was "working on behalf of foreign business" and his policies could reduce Japan "to ashes." Later, the bank cleanup was seen as the key to the revival of Japan's financial system.

While previous prime ministers had done their work behind the scenes, Mr. Koizumi appeared before the television cameras to answer reporters' questions most days he was in Tokyo, speaking in simple sound bites that invariably made their way into the evening news.

"The public and the prime minister have become closer," says Isao Iijima, Mr. Koizumi's longtime aide.

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Mr. Koizumi's foreign policy combined populism and bullheadedness. He visited the Yasukuni war shrine because of a promise he made to the families of Japan's war dead while campaigning for the prime minister's job. But the shrine honors war criminals as well as conscripted soldiers, and contains a museum justifying Japan's war in Asia. Public opinion in Japan was divided over Mr. Koizumi's visits. In Korea and China, the outrage was nearly universal.

To provide a dramatic focus for his tasks, Mr. Koizumi branded his enemies -- lawmakers who wanted to stick to business as usual -- "the forces of resistance." As he neared his final year in office, the lover of Richard Wagner's operas fought what he portrayed as the climactic battle with these forces.

The issue at hand was the government-run post office, which also operated a bank and a life-insurance company. The post office's network of 25,000 branches, plus a government guarantee on its deposits, attracted household savings. About a quarter of Japan's $13 trillion of household assets were in post-office savings and life-insurance accounts. This money was then lent to public corporations and financed pork-barrel spending in what was known as the "second budget."

Mr. Koizumi had long advocated privatizing the post office. In 2005 he introduced bills in parliament to do so, threatening to dissolve parliament unless the bills passed. Many LDP lawmakers opposed the legislation, fearing privatization would cut the flow of money to their districts and force the post office to end unprofitable services in remote areas. They thought Mr. Koizumi wouldn't have the nerve to carry out his threat. Because of the LDP defectors, in August 2005 the bills failed to pass parliament.

Mr. Koizumi called a snap election, declaring the vote a referendum on privatization. He then won a landslide victory at the polls. The LDP captured 296 of the 480 seats in the lower house, compared to just 113 for the main opposition party. A month later, the bills to privatize the post office passed into law.

The biggest lesson from Mr. Koizumi's historic victory was that the Japanese public liked being asked to decide an issue. One opposition lawmaker, Yoshinori Suematsu, says he was surprised at how readily people accepted Mr. Koizumi's framing of the election. "I tried to bring up foreign policy, but the voters wouldn't listen," he says. "They started saying we needed to privatize the post office. Koizumi got us."

The 2005 election also highlighted the significance of electoral changes in the 1990s that were designed to centralize party power and reduce factionalism. A law passed in 1994 introduced American-style legislative districts in which each lower-house district elects a single representative to parliament rather than multiple representatives. At the same time, political parties were given public funds for the party leadership to distribute. The effect has been to make elections more into contests between parties and their policies.

Using his power to endorse and finance LDP candidates, Mr. Koizumi expelled lawmakers who opposed post-office privatization. When they stood as independents, he sent party-endorsed candidates dubbed "assassins" to challenge them. The assassins mostly won.

The change in Japan can already be seen as candidates to succeed Mr. Koizumi line up for the LDP's Sept. 20 leadership election. The winner will become prime minister because the LDP holds a parliamentary majority. Unlike in past contests, the candidates are announcing detailed policy plans. Mr. Abe, the favorite, who currently is the government's chief spokesman, wants to cut public spending but will accept a rise in Japan's 5% consumption tax if needed to rein in the debt.

At last year's election, "the public liked a prime minister who put forward a message," says Hiroko Ota, a professor at the National Graduate Institute for Policy Studies in Tokyo, and a former member of the Council on Economic and Fiscal Policy. In the future, she says, "if the LDP goes back to its old ways, it will lose."

Vietnam's Hostages (WSJ)

The Wall Street Journal, August 28, 2006

In the capitalist world, if you make a bad business decision you live with the consequences. But not, apparently, in Vietnam. Details have emerged from Hanoi about how staff working for a foreign bank are being held hostage by police until their employer agrees to "compensate" a state-owned bank for the $5.4 million it lost in speculative foreign-exchange trades.

Vietnam was supposed to be heading in the right direction. Its economy is booming amid rising foreign investment, and a bill granting permanent normal trade relations is before the Senate. A free-trade agreement with Washington may be next, and President Bush recently backed Hanoi's bid to join the World Trade Organization.

But now comes the appalling treatment of staff of the Dutch bank ABN-AMRO, caught up in what even Vietnamese regulators say were legitimate business transactions. The story highlights how, for all its strides toward a market economy, this Communist state is still not always a safe place to do business. In Hanoi, Tom O'Dore, chairman of the American Chamber of Commerce Vietnam, says "This particular case reeks of human-rights abuses."

We don't know all the details of the dispute between ABN-AMRO and the state-owned Industrial and Commercial Bank of Vietnam. But we do know that Incombank claims the employee who conducted the disputed trades with the Dutch bank wasn't

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authorized to carry out forex transactions, and that her boss approved them only because he couldn't read enough English to understand the contracts.

As a result, one ABN-AMRO staffer has now been held for more than four months in a top security prison for hardened criminals and refused permission to see his family or a lawyer. A second was detained last month. Two more escaped the same fate only because they have young children; they were placed under house arrest. A senior bank staffer in Hanoi, Vietnamese-American De Pham, has faced difficulties leaving Vietnam, even though she is six months pregnant and needs medical treatment overseas. A civil case between the two banks is due to begin in a Hanoi court soon, but meanwhile the staff is being treated like criminals.

All this over forex trades that were given a clean bill of health in a recent audit by the country's financial regulator, the State Bank of Vietnam. As Mr. O'Dore told us, all of this has left others doing business in Vietnam fearful that they could suffer the same fate. "They're criminalizing what appears to be a legitimate business transaction," he says. "This is very bewildering in a country that's trying to get into WTO and sends an inappropriate message to the U.S. Congress."

The ABN-AMRO saga will be familiar to foreigners who do business in China. Jerome Cohen, a New York University professor who specializes in China's legal system, says he continues to encounter numerous such cases in that country. In Vietnam, police are allowed to hold suspects without charges for more than a year. That doesn't necessarily mean the ABN-AMRO staff will remain in limbo for that long. Vietnam's reformist new Prime Minister Nguyen Tan Dung is reported to have ordered an urgent investigation into the case. He seems unlikely to risk Vietnam's trading status with the U.S. for the sake of one state-owned bank.

But even if this case is resolved through pressure from foreign governments, it stands as testament to how far Vietnam still has to travel before foreign companies can be confident of a fair and transparent business climate and a reliable rule of law. WTO entry is no panacea, with China's 2001 accession failing to halt its abuses.

In the free world, governments don't go around abducting a competitor's staff over a business dispute. Until state-owned companies are forced to live with the consequences of bad business deals -- or resolve disputes through the legal system -- Vietnam can never expect to become a full-fledged member of the world business community.

South America's Right Leftist (LAT)

The Los Angeles Times, August 28, 2006

FOUR YEARS AGO, BRAZILIAN President Luiz Inacio Lula da Silva looked like just another domino in Latin and South America's leftward tumble, an echo of Venezuela's Hugo Chavez in the continent's largest country. Wall Street and Washington watched his inauguration with trepidation, the sea of red Workers' Party flags in Brasilia echoing the likely returns on their investments and the spread of anti-Americanism.

How quickly power transforms a firebrand. The many degrees of separation between Lula and Chavez disprove the notion of a monolithic left. Brazil's president is respectful of democratic norms, and he has managed to walk the fine line between business interests and those of the working poor. That's why the prospect of his resounding reelection just over a month away (in the most recent poll Lula had about a 25-point lead) is greeted by policy wonks and fund managers in this country with a collective shrug.

Lula may have disappointed his more radical followers when he embraced orthodox macroeconomic policies, but the results have been strong job growth, a stable currency and low inflation coupled with dramatic increases in the minimum wage and a sweeping poverty reduction program. The program, Bolsa Familia, has been so successful that the World Bank has been trumpeting it as a model for the rest of the world. Although Lula has conducted his foreign policy quietly, letting Chavez's flamboyant fire-breathing steal headlines, he has become a voice for the world's poor, helping lead the charge to reduce agricultural subsidies in the United States and the European Union in the Doha round of trade talks.

The paradox is that, unlike Chavez — a military man who tried taking power in an unsuccessful coup before finding democracy — Lula was a longtime, bona fide leftist labor activist, persecuted by the military for his democratic activism as leader of one of Brazil's biggest unions and founder of the Workers' Party. The socialist president of Chile, Michelle Bachelet, is another former activist turned pragmatic president who defies the stereotype of the Latin American left.

That's not to say Lula has been perfect. His first term was mired by a corruption scandal that nearly doomed his presidency. And he may have been too deferential to the likes of Chavez at times, partly to placate his own base and partly because of Brazil's political culture of compromise. Brazil is home to half of South America's population and should have commensurate influence on the continent. If reelected, it would be nice to see Lula steal some of those headlines from his Venezuelan counterpart.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Dynamite On Plane Sets Off Alarms, But Only After The Flight (USAT/AP) ... 3
EU Seeks Uniform Screening Rules (WSJ) ... 4
Bin Laden, Most Wanted For Embassy Bombings? (WP) ... 4
Government's Case Against Terror Suspect Faces Obstacles (MH) ... 5
Judicial Chaos (TH) ... 7
London Plot: U.K. Suspect Released (NSWK) ... 7

Homeland Response:

Bush Returns Again To Gulf Coast For Katrina Anniversary (USAT) ... 8
Year After Katrina, Bush Still Fights For 9/11 Image (NYT) ... 9
Anniversary Brings Out The Politics Of Commemoration (NYT) ... 11
Katrina Plan Enacted On Some Fronts, Not On Others (USAT) ... 12
Feds Say New Orleans Is Storm-ready (AP) ... 13
Searching For The Face Of Katrina And A Sign Of Hope (opinion) (LAT) ... 14
Razing Hopes And Fears (WSJ) ... 16
Mississippi Town Becomes Steel's City (WSJ) ... 18
Gulf Coast Taking A Look At 'new Urbanism' (USAT) ... 19
'Katrina Cough' Sending Many To The Doctor (USAT) ... 20
When The Cameras Left (NSWK) ... 21
Washington Whispers (USNEWS) ... 21
Bush's Brownie (TIME) ... 23
New Orleans Blues (NSWK) ... 23
Freret Street Revisited (USNEWS) ... 25
Poll: U.S. Not Ready For Major Disaster (AP) ... 28
Broken Promises (NYT) ... 29
Promises Dim For The Nation's Poor (opinion) (USAT) ... 30
Piecemeal Federal Response Won't Protect New Orleans (opinion) (USAT) ... 30
Officials Differ On Gulf Preparedness (WT) ... 31
Erratic Ernesto Cause For Alarm From Florida To Louisiana (LAT) ... 32
Bush Declares State Of Emergency In Fla. (AP) ... 33
Evacuations Ordered As Ernesto Steams Toward Florida (USAT) ... 34
ID Program Trips Over Hardware (WT) ... 34
Unlocking Fingerprints (WP) ... 35
U.N. Tower Is Deadly Firetrap, Senator Says (USAT) ... 36
This Is Only A Drill: In California, Testing Technology In A Disaster Response (NYT) ... 37

War News:

Shootings, Bombings Kill At Least 51 (USAT/AP) ... 39
At Least 69 Killed In Attacks Across Iraq (WP) ... 39
Deaths Drop In Iraqi Capital (LAT) ... 40
Bomber Attacks Baghdad Paper On Day When 52 Are Killed (NYT) ... 42
Iraq Tries To Crack Down Carefully On Militias (USAT) ... 43
Joe Biden: A Plan For Iraq (NHUL) ... 44
The Battle For Baghdad (USNEWS) ... 45
Hunting Baghdad's Death Squads (USNEWS) ... 48
The Shadow Warriors (USNEWS) ... 49
The Great Wall Of Arabia (TIME) ... 51
Elections: Shays' Sudden Shift (NSWK) ... 51
Homicide Charges Rare In Iraq War (WP) ... 51
Precision Technology Helps Combat Troops Pinpoint Enemy (USAT) ... 54
Director Of Baghdad Museum Resigns, Citing Political Threat (NYT) ... 55
British Ambassador Explains Troop Movement Near Iraq-Iran Border (MCT) ... 56
Jimmy Carter: Blair Subservient To Bush (AP) ... 57
Hostage: The Jill Carroll Story - Epilogue: Family reunion (CSM) ... 57
Order In The Courts (NYT) ... 58

Corporate Scandals:

An Enron Twist: Convicted But Not Guilty? (CSM) ... 59
The One Who Got Away (TIME) ... 60
A Sighting, Perhaps, Of A Fugitive In High Tech (NYT) ... 61
Sighting Of Fugitive Exec Called Doubtful (NSDY) ... 63

Criminal Law:

Receptionist-turned-lobbyist Faces Probe (AP) ... 63
Vigil's Attorney Accuses Government Of Withholding Evidence (AP) ... 65
Fugitive Arrested In 1994 Slaying (CHIT) ... 65
4 Sentenced In $7.4M Airport Robbery (NSDY/AP) ... 65
Four Jailed, Millions Still Missing In Miami Airport Raid (FLSUNSEN) ... 66
The Man Who Said Too Much (NSWK) ... 66
Offshore Gaming Sites Not Sure USA's Worth The Risk (USAT) ... 67

Hacker Sentenced To 37 Months In Prison (SEAPI)..... 68
"Botnet" Hacker Sentenced To 3 Years (SEAT)..... 69
Man Enters Guilty Plea In Child Porn Case (ROT)..... 70
LaPlace Journalist Indicted In Porn Case (NOTP) 70
Newspaper Editor Indicted In Child Pornography Case (AP)..... 71

Civil Rights:

Voters Find Some Machines Harder To Use (NYT) 71
Watch Out For Voting Day Bugs (WP) 72
S. Dakota Becomes Abortion Focal Point (WP) 73
When Schools Silence God Talk (USAT) 75

Antitrust:

GE's Water Unit Remains Stagnant As It Struggles To Integrate Acquisitions (WSJ)..... 76
Italian Banks Intesa And Sanpaolo Agree To Merge (WSJ) 77
California Epiphany (WSJ)..... 78

Environment:

BP Chief Faces Court Appearance (FT)..... 79
Pollution In The Water, Lawsuits In The Air (WP) 79
'Tastes Just Like Vodka' (WT/AP) 81
Malaria Kills Millions -- We Have The Cure (WSJ) 82

FBI/DEA/ATF/USMS:

Celebrated FBI Agent Will Retire Haunted By Those Who Got Away (WP)..... 84
California Seeks To Clear Hemp Of A Bad Name (NYT)..... 85
Drug-trafficking Ring Broken Up (EVT)..... 87
Major Mexico-based Drug Trafficking Ring Disrupted (AP)..... 88
Florence Man Sentenced To Life In Prison For Drug Dealing (AP)..... 88
Ex-athlete Guilty In Drug Case (BSUN)..... 88
Feds: 5 Sacto-area Homes Turned Into Pot Farms (SFC)..... 89
Gatlin's Statement Leaves Questions (LAT)..... 89
Gatlin Will Appeal 8-Year Ban From Track (AP) 90
IOC Chief Praises U.S. Anti-Doping Work (AP) 90
Luck, Not Better Lab Tests, Helped Catch Athletes (USAT) 91
Nike Drops Track Coach And Star Amid Scandal (NYT) 92

Immigration:

Young Migrants Risk All To Reach U.S. (WP)..... 93

Congress-Administration:

Hunt On Hill Afoot For Pork-bill Blocker (WT)..... 95
Securing Future Fiscal Health (WP) 95
Did A Federal Judge Cross A Legal Line For His Clerk? (LAW) . 96
Federal Jobs Decline As Contractor Market Expands (WP) 98
An American Eagle In Autumn (WT)..... 98
A Fixation With Secrecy (NYT) 99
What Is The Latest Thing To Be Discouraged About? The Rise Of Pessimism (NYT)..... 100
A Way Past The Stem Cell Dilemma? (USNEWS) 101
Embryonic War (NSWK)..... 101
A Way Out? (WP) 102
Over (and Behind) The Counter (USNEWS)..... 102
New Plan For Plan B (NSWK) 103
"Anybody Knows Not To Mess With Me" (TIME)..... 103

Other News:

What Worries Economists? (WSJ) 105
Global Trends May Hinder Effort To Curb U.S. Inflation (NYT). 108
Real Wages Fail To Match A Rise In Productivity (NYT) 110
Bar Prep Co. Ordered To Pay $11.9M For Copying Multistate Exam Questions (LAW) 112
U.N. Treaty Trumps Parental Rights (WT)..... 113
Signs Of A Possible Power Shift In Congress Have Unions Going All Out To Reach Voters (WSJ) 114
Saved By VDOT (WP) 115
Steele Campaign Stresses Border Security (WT) 115
Major Black Candidates At Record High (CSM)..... 116
As TV Campaign Spending Soars, Cable Outlets Attract More Dollars (WSJ)..... 117
This Fall, New Push Against Big Tobacco (CSM) 118
The Safer Cigarette Delusion (NYT)..... 120
Alaska's Gray Davis? (LAT)..... 120
Shopping For Support Down The Wrong Aisle (WP) 120
Schwarzenegger Gives Up (WSJ)..... 121
Rumsfeld Sees Some Progress In Missile Plan (NYT)..... 123
Rumsfeld Wants More Missile-shield Testing (USAT/AP)..... 123
Rumsfeld Unsure Of Ability To Intercept Korean Missiles (WP) 124
U.S. Set For Biggest Missile Defense Test In 18 Months (LAT) 124
Lost In Space (WSJ) 126
Iran Tests Submarine-to-surface Missile (AP)..... 127
Iran Test-fires New Anti-ship Missile As U.N. Deadline Nears (USAT/AP) 128
Tehran Test-fires Long-range Missile (WT/AP) 129
Iran Vows To Continue Making Nuclear Fuel (FT) 129
Nuclear Program A Source Of Pride For Iranians (USAT)..... 130
An Ex-Official Offers Glimpse Of Iranian Views Of U.S. (NYT). 132
U.S. Plans For Sanctions On Iran (WT)..... 133
Iran's Hard Line Begins At Home (TIME) 134
The War For Hearts And Minds (TIME)..... 135
The End Of Invincibility (TIME) 136
Annan Will Travel Mideast To Bolster Lebanon Peace Plan (NYT) 137
Lebanon To Press UN For Withdrawal Help (FT)..... 138
EU Clarifies Its Role In Lebanon (WSJ)..... 139
Turkey Torn On Joining U.N. Mission (AP)..... 140
Hizbollah Hopes To Engineer A Quick Recovery (FT) 141
Hezbollah Says Its War With Israel Was A Mistake (WT) 142
Hezbollah Chief Revisits Raid (WP/AP) 142
Hezbollah Chief Indicates Regret For Kidnappings (LAT)..... 143
What Did You Do In The War, UNIFIL? (WKLYSTD)..... 143
Hostage Crisis (WSJ)..... 144
It's Not Easy Being Blue (NYT)..... 145
2 Abducted Journalists Are Freed In Gaza Strip (WP)..... 146
Fox News Journalists Free After Declaring Conversion (NYT) . 147
Kidnapped Fox Journalists Freed After Two Weeks (FT) 148
Fox News Journalists Describe Captivity (AP) 148
Freed Fox Journalists Tell Of Painful Time In Captivity (USAT/AP) 149

DOJ_NMG_0053783

Fox Journalists Freed After 2 Weeks In Gaza (LAT)..... 150
Freed Journalists: Despair, Then Hope (CSM)..... 151
Fox News Journalists Set Free Unharmed (WT/AP)..... 152
Israeli Siege Leaves Gaza Isolated And Desperate (WP)..... 153
US Centcom Chief Abizaid Arrives In Pakistan (AFP)..... 155
Tribal Leader's Killing Incites Riots In Pakistan (NYT) 155
A Rebel's Killing Roils Pakistan (CSM)..... 156
21 Wounded As Blasts Hit Turkish Resort (AP) 157
Journalist Faces Charges Over Entering Darfur Region (NYT) 158
Media Groups Urge Sudan To Release U.S. Reporter (WP/AP)158
US Senator Electrifies Kenya's Largest Slum (AFP-Y) 159
Kenyans Greet Obama With Open Arms (USAT/AP) 160
US Seeks Support From China To Revive Global Trade Talks (WSJ/AP) 160
Democracy In Cuba Unlikely As Raul Rules (WT) 161
Cuba's Economic Fate Up In Air (USAT)..... 161
U.S. Officials Say Venezuela Knew Military Equipment Was In Seized Cargo (NYT) 164
U.S.-funded Programs Incite Chavez's Suspicion (WT/AP)..... 164
New Blueprint Koizumi's Success Charts The Path To Japan's Future (WSJ)..... 165
Vietnam's Hostages (WSJ)..... 168
South America's Right Leftist (LAT)..... 168

TERRORISM NEWS:

Dynamite On Plane Sets Off Alarms, But Only After The Flight (USAT/AP)

By Leslie Miller

USA Today, August 28, 2006

WASHINGTON — A stick of dynamite that made it onto a flight from Argentina to Houston highlighted a weak link in aviation security: International airports are not always as secure as those in the USA.

U.S. and Argentine authorities were investigating how the explosive made it onto the airplane in a college student's checked bag. The dynamite was discovered during a baggage inspection at Bush Intercontinental Airport shortly after a Continental Airlines flight landed Friday.

U.S. Immigration and Customs Enforcement spokeswoman Luisa Deason said the incident had no connection to terrorism. Houston Assistant Fire Chief Omero Longoria said the student, Howard Fish, 21, told authorities that he works in mining and often handles explosives.

The head of the Transportation Security Administration said the government is aware of the problem of looser security at international airports and is taking steps to fix it. "We are focused on getting a base level of security around the world," Kip Hawley said in an interview taped to air Sunday on C-SPAN. "We'll put in additional measures where we think we need to."

Airline passengers traveling from U.S. and British airports were barred this month from bringing liquids and gels onto planes. The bans were instituted after British authorities said they had foiled a terrorist plot to use liquid explosives to blow up as many as 10 U.S.-bound airplanes.

There have been several attempts to destroy airplanes with bombs in checked luggage. In 1988, a bomb hidden in a checked bag exploded aboard Pan Am Flight 103 over Lockerbie, Scotland. All 259 people on the London-to-New York flight were killed, as were 11 on the ground.

Many countries use bomb-detection equipment for checked baggage that does not meet U.S. standards, according to a report last year by the Homeland Security Department.

"Checkpoint and checked baggage security measures have been radically improved in the U.S. since 9/11, and similar levels of improvements are essential in the rest of the world," the report said. "From the U.S. perspective, we are particularly concerned about security on flights inbound to our nation, but the worldwide fight against terrorism argues for making improvements universal."

It was not immediately clear what kind of bomb-screening procedures are used at Buenos Aires Airport in Argentina. Bob Hesselbein, national security committee chairman for the Air Line Pilots Association, said the equipment used in the USA would have detected a stick of dynamite.

"It will identify chemicals common to dynamite," Hesselbein said.

A United Nations group, the International Civil Aviation Organization, sets basic security standards for civil aviation worldwide. Those standards generally are lower than the standards for U.S. airports.

The organization plans to meet in Montreal in September to discuss raising the standards for international air security. Among issues to be discussed: the kinds of liquids that should be allowed on airliners.

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Hesselbein recently attended the group's security conference in the Dominican Republic. “Airports in South and Central America are complaining they have to comply with TSA standards,” Hesselbein said. “The greatest challenge they confront is not having the funds.”

Hawley said that in the past few weeks he has talked with many of his counterparts from other countries, including Britain and the European Union, about tighter security standards.

Hawley said TSA inspectors visit international airports that have U.S.-bound flights and audit their security systems and procedures against the U.N. aviation organization's benchmarks.

In the past year, TSA inspectors determined that an airport on the Indonesian island of Bali and one in Haiti fell short of the standards. Airlines and airports were required to tell passengers traveling between the USA and the Bali and Haiti airports that there were security lapses. The requirement was lifted for Haiti in July.

EU Seeks Uniform Screening Rules (WSJ)

By Daniel Michaels

The Wall Street Journal, August 28, 2006

As aviation-security officials world-wide heighten scrutiny of airline passengers following recent terrorist alerts, the European Union is scrambling to standardize rules on screening travelers and their hand luggage across the 25-country bloc.

EU regulators want to raise standards of airline security and increase uniformity of the rules among member states. For example, the United Kingdom recently imposed extraordinarily strict rules for passenger screening following disclosure that British police on Aug. 10 foiled what authorities called a terrorist attack on aircraft bound for the U.S. Most other EU countries have maintained less severe standards that officials felt were sufficient.

The push for greater uniformity comes as the EU and its members try to balance centralized and national responsibilities. Following the Sept. 11, 2001, terrorist attacks on the U.S., the EU in December 2002 took on a new role overseeing and enforcing aviation security across Europe. But compared with the U.S., where the federal government sets security standards and is primarily responsible for enforcing them, the task in Europe is more complicated because responsibilities remain divided between Brussels and national capitals.

The EU and its members are also struggling with the question of who should pay for increased aviation security: the EU, member states, or airlines and their passengers. The issue is clearer in the U.S. because the federal government passes part of the cost of handling security along to airlines and travelers.

In Europe, coordination is guided by the EU's Aviation Security Regulatory Committee, which was created in 2002 and is comprised of security officials and experts from the EU and member states.

The committee will meet in Brussels Wednesday to receive formal briefings from British officials on the recent security alert. British authorities have charged 12 people with involvement in what investigators say was a plot to smuggle liquid explosives aboard jetliners headed to the U.S. and blow up the planes while in flight.

The committee will also discuss coordinated response measures. A memo to committee members, seen by The Wall Street Journal, said the ad hoc meeting Wednesday will help "prepare the ground for swift decision making" on new steps by the group. A more formal meeting on the issue was already planned for Sept. 6 and 7.

"We want to sound out member states" on potential measures, said Stefaan de Rynck, spokesman for the European Commission's transport directorate. "We're not going to rush into measures" without proper consultation, he said.

Measures under consideration by the committee include increasing the percentage of passengers subject to hand searches, limiting the size and number of carry-on bags, and expanding the list of items permanently prohibited from cabin baggage, such as liquids and gels.

Airlines generally support the EU's greater role coordinating aviation security. "Harmonization is better for industry and for passengers because it's less confusing," said Nathalie Herbelles, manager of cargo, security and legal issues at the Association of European Airlines, a trade group in Brussels. But the response now should be "consistent and reasonable," Ms. Herbelles said. "We're concerned that politicians, to be seen to be doing something, will go too far," she said.

Following the Sept. 11 terrorist attacks, the EU handed overall responsibility for aviation security to the European Commission, the EU's executive body. The Regulatory Committee was then established to ensure that member states adopted and implemented the new EU rules.

Bin Laden, Most Wanted For Embassy Bombings? (WP)

By Dan Eggen

The Washington Post, August 28, 2006

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Al-Qaeda leader Osama bin Laden is a longtime and prominent member of the FBI's "Ten Most Wanted" list, which notes his role as the suspected mastermind of the deadly U.S. embassy bombings in East Africa on Aug. 7, 1998.

But another more infamous date -- Sept. 11, 2001 -- is nowhere to be found on the same FBI notice.

The curious omission underscores the Justice Department's decision, so far, to not seek formal criminal charges against bin Laden for approving al-Qaeda's most notorious and successful terrorist attack. The notice says bin Laden is "a suspect in other terrorist attacks throughout the world" but does not provide details.

The absence has also provided fodder for conspiracy theorists who think the U.S. government or another power was behind the Sept. 11 hijackings. From this point of view, the lack of a Sept. 11 reference suggests that the connection to al-Qaeda is uncertain.

Exhaustive government and independent investigations have concluded otherwise, of course, and bin Laden and other al-Qaeda leaders have proudly taken responsibility for the hijackings. FBI officials say the wanted poster merely reflects the government's long-standing practice of relying on actual criminal charges in the notices.

"There's no mystery here," said FBI spokesman Rex Tomb. "They could add 9/11 on there, but they have not because they don't need to at this point. . . . There is a logic to it."

David N. Kelley, the former U.S. attorney in New York who oversaw terrorism cases when bin Laden was indicted for the embassy bombings there in 1998, said he is not at all surprised by the lack of a reference to Sept. 11 on the official wanted poster. Kelley said the issue is a matter of legal restrictions and the need to be fair to any defendant.

"It might seem a little strange from the outside, but it makes sense from a legal point of view," said Kelley, now in private practice. "If I were in government, I'd be troubled if I were asked to put up a wanted picture where no formal charges had been filed, no matter who it was."

Bin Laden was placed on the Ten Most Wanted list in June 1999 after being indicted for murder, conspiracy and other charges in connection with the embassy bombings, and a $5 million reward was put on his head at that time. The listing was updated after Sept. 11, 2001, to include a higher reward of $25 million, but no mention of the attacks was added.

Others on the list include Colombian drug cartel leader Diego Leon Montoya Sanchez and fugitive Boston crime boss James "Whitey" Bulger, charged with a role in "numerous murders" in the 1970s and 1980s.

The FBI maintains a separate "Most Wanted Terrorists" list, which includes bin Laden and 25 others who have been indicted in U.S. federal courts in connection with terror plots. But this second bin Laden listing also makes no mention of Sept. 11.

"The indictments currently listed on the posters allow them to be arrested and brought to justice," the FBI says in a note accompanying the terrorist list on its Web site. "Future indictments may be handed down as various investigations proceed in connection to other terrorist incidents, for example, the terrorist attacks on September 11, 2001."

Government's Case Against Terror Suspect Faces Obstacles (MH)

By Jay Weaver

The Miami Herald, August 28, 2006

On a visit to Moscow in 2002, then-U.S. Attorney General John Ashcroft trumpeted on TV that "we have captured a known terrorist" who was plotting to blow up a radioactive "dirty bomb" in the United States.

The suspect: Jose Padilla, a U.S. citizen who became a Muslim while living in the Fort Lauderdale area.

Ashcroft branded Padilla an "al Qaeda operative," and the Bush administration held him for more than three years without charges as one of a select few U.S. citizens designated "enemy combatants" in the war on terror.

But faced with a risky legal showdown over his detention, the administration tossed Padilla into the federal court system -- confident that Miami prosecutors could convict him for being a recruit, not a dirty bomber, for an alleged South Florida terror cell.

Now the terror case against Padilla, 35, is shrinking under the scrutiny of U.S. District Judge Marcia Cooke.

Last week, she threw out the first count in the indictment -- that Padilla and two other Muslim men "conspired to murder, kidnap and maim persons in a foreign country . . . to advance violent jihad." She found it repeated the same charges in two other counts that alleged they agreed to support terrorists overseas -- a violation of the Constitution.

Cooke's ruling, which will be appealed by the U.S. Attorney's Office, effectively eliminates the possibility of life sentences for the three defendants. If Padilla, Adham Amin Hassoun and Kifah Wael Jayyousi are convicted on the remaining terror charges at trial in January, they could face up to a maximum 15 years in prison.

So what the Bush administration presented as an open-and-shut terror case is proving to be much harder to prosecute, legal experts say.

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Carl Tobias, a constitutional scholar at the University of Richmond School of Law in Virginia who has followed Padilla's legal odyssey, said his prosecution ``falls into the category of terror cases that are overstated and don't deliver on what they promised."

"If the measure is what Attorney General Ashcroft said at the outset, we're pretty far removed from that," Tobias said. ``The tougher question is whether the government can prove the lesser charges of what they have now. That's hard to predict."

Stephen Vladeck, a professor at the University of Miami School of Law, has carefully followed the government's treatment of Padilla -- from his arrest by the FBI at Chicago's O'Hare International Airport in May 2002 and his lengthy military detention as an "enemy combatant" without charges to his indictment in Miami federal court last November.

As a student at Yale Law School, Vladeck worked on an amicus brief that challenged Padilla's detention in a South Carolina Navy brig -- a highly controversial appeal that came close to being reviewed by the U.S. Supreme Court.

Like Tobias, Vladeck raised doubts about the strength of the government's evidence against Padilla -- not only in light of what Ashcroft first said about his terror ties to al Qaeda but also what his successor, Alberto Gonzales, said at a Washington press conference when the Miami indictment was unveiled.

`VIOLENT JIHAD'

'The indictment alleges that Padilla traveled overseas to train as a terrorist with the intention of fighting in `violent jihad' -- a shorthand term to describe a radical Islamic fundamentalist ideology that advocates using physical force and violence to oppose governments, institutions and individuals who do not share their view of Islam," Gonzales said in November 2005.

``These groups routinely engage in acts of physical violence such as murder, maiming, kidnapping and hostage-taking against innocent civilians."

Gonzales was referring to the first conspiracy count in the Padilla case -- the one that Cooke lopped off the indictment a week ago.

"This is not as clear-cut a case, certainly not as clear-cut as the attorney general made it out to be back in November," Vladeck said. ``You have to wonder how strong their case is if there is this much trouble at the outset."

But Vladeck also conceded this point: ``The charges we see in this case tend not to require the proverbial smoking gun."

Another legal scholar, Professor Robert Chesney at the Wake Forest University School of Law in Winston-Salem, N.C., said that despite dismissal of the first count in the indictment, the case is still fundamentally solid.

"On the one hand, it sounds bad -- the one charge that carried a life sentence is thrown out the window," said Chesney, a recognized expert on national security law, who analyzed the Padilla case and others in a forthcoming law review article.

"What [the judge] has really done is condensed the charge," he said. ``Since you can't charge the defendants for the same crime twice, one of the charges had to be dropped. But that doesn't mean the allegations against them, if proved, would not constitute a crime."

Chesney said that under the terror conspiracy law, prosecutors only have to show that the defendants agreed to provide money, recruits and other resources to further the violent activity of Islamic extremists engaged in jihad, or holy war, overseas -- not necessarily be involved themselves in actual terrorist actions.

"At the end of the day, if the defendants generally intended to provide material support, then the government has a good case," Chesney said.

Much of the government's case has been built upon thousands of wiretaps of phone conversations among members of an alleged North American terror cell with links to the Fort Lauderdale area. The time frame: October 1993 to November 2001.

In the indictment, Hassoun and Jayyousi are accused of recruiting Mujahadeen fighters and raising funds for radical Islamic causes in Bosnia, Kosovo, Chechnya, Somalia, Afghanistan and Egypt -- but it makes no mention of any specific attacks anywhere.

Hassoun, a Palestinian computer programmer who lived in Sunrise, became friends with Padilla when they attended the Masjid Al-Imam mosque in Fort Lauderdale during much of the 1990s. Padilla, a former Chicago gang member, left South Florida in 1998. He traveled to Egypt but remained in contact with Hassoun.

TERRORIST TRAINING

According to the indictment, Padilla traveled overseas to receive training for violent jihad. On July 24, 2000, Padilla is alleged to have filled out a "Mujahadeen Data Form" in preparation for training in Afghanistan.

It also claimed that on Sept. 3, 2000, Hassoun called another alleged co-conspirator in Egypt to provide financing for Padilla.

But the indictment does not explicitly say Padilla -- who was arrested in Chicago upon returning from Pakistan -- belonged to al Qaeda.

UM's Vladeck said the indictment, first filed in 2004, was just a "run-of-the-mill" terror case until the notorious Padilla was charged last fall.

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Said Vladeck: ``This would be a huge loss for the government if Padilla gets off."

Judicial Chaos (TH)

By Robert Novak

Town Hall, August 28, 2006

WASHINGTON -- The background of a federal district court declaring President Bush's national security eavesdropping unconstitutional was a conservative's fantasy. The judge, a former Democratic politician and civil rights activist, wrote what read more like a political manifesto than a judicial opinion. What's more, she was responsible for contributions to an organization that was a plaintiff in the case she decided.

District Judge Anna Diggs Taylor's decision has been stayed and probably will be reversed by the 6th Circuit Court of Appeals. Nevertheless, she was playing more than a cameo role on the stage of history. For this opinion ever to have been issued by an activist judge in Detroit, in the opinion of several legal scholars and distinguished lawyers whom I contacted, shows the judiciary in a state of chaos.

Taylor ended up with the case because of forum-shopping: filing multiple law suits in quest of a favorable venue. With the executive and legislative branches in Republican hands, liberals count on activists in the federal judiciary such as Judge Taylor. That explains why normally censorious legal scholars tend to excuse her shoddy judicial opinion and ethical trespassing.

Jimmy Carter as president never named a Supreme Court justice, but he filled plenty of district judgeships with Democratic loyalists. In 1979, he nominated Anna Diggs Taylor, a politician and civil rights worker well known in Michigan Democratic circles as the woman who until 1971 ran the congressional office of her then husband, Rep. Charles Diggs (who was censured by the House and went to prison for taking kickbacks from congressional employees).

Taylor as a judge and, after 1997, chief judge in the Detroit district has been predictably liberal, and recently was criticized for trying to switch an affirmative action case to a friendly judge. Her moment of fame came Aug. 17 at age 73 when she ordered an immediate halt to National Security Agency (NSA) monitoring of suspect international phone calls. Her decision was higher on emotion than logic, including this unfathomable peroration: "There are no hereditary kings in America."

This posed a dilemma for the liberal establishment. Could they excuse this ridiculous opinion to justify a desired outcome? Harvard's Laurence Tribe, the left's pre-eminent constitutional expert, reacted politically. With a presumably straight face, he praised Taylor for a "splendid job" of dealing with a "lawless" administration.

Other liberal scholars were more candid. Yale's Jack Balkin said Taylor's opinion "has so many holes in it" that "the plaintiffs will have to relitigate the entire matter" on appeal. Still, Balkin rejoiced over the decision, reducing the case to a political question where judicial reasoning was less important.

An additional embarrassment for liberal scholars was a discovery by Judicial Watch, the conservative watchdog organization, that Taylor was on ethical thin ice. She is listed as secretary and trustee of the Community Foundation for Southeastern Michigan, deciding its financial grants. They included $125,000 to the American Civil Liberties Union (ACLU), which was one of the plaintiffs in the NSA suit.

That might seem an obvious conflict of interest, but the canons of conduct for federal judges are unclear as to whether Taylor was in violation. Liberal scholars, quick to claim conflict of interest by Justice Antonin Scalia on far less evidence, gave Taylor the benefit of the doubt. Her ACLU ties, said New York University's Stephen Gillers, would not "raise reasonable questions about her partiality on the issue of warrantless wiretapping." Gillers conceded, however, that she should have disclosed the connection "because it avoids suspicion later."

Why did the Justice Department not try to disqualify Taylor? Administration sources told me the president's lawyers were unaware of her ACLU connection. But career lawyers at Justice may have just been avoiding trouble with the federal bench.

The overriding question is how Anna Diggs Taylor was able to seize a constitutional issue. In The Wall Street Journal this week, Circuit Judge Richard A. Posner noted delegating a national security issue "to a randomly selected member of the federal judiciary's corps of almost 700 district judges." The Detroit judgment contributed to Posner's conclusion that "we do not have a coherent political dimension to our efforts to combat terrorism." Judge Taylor's farce made that clear.

London Plot: U.K. Suspect Released (NSWK)

By Mark Hosenball And Emily Flynn Vencat

Newsweek, September 4, 2006

The British investigation into a plot to bomb flights from Britain to the United States using homemade explosives took a strange twist last week when authorities set free a supposedly key suspect arrested during Scotland Yard raids earlier in August. Two U.K. counterterrorism officials, who asked for anonymity because of the continuing investigation, confirmed to NEWSWEEK that police had released 22-year-old Tayib Rauf of Birmingham, England. Tayib is the younger brother of Rashid Rauf, an

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alleged mastermind of the airline plot whose arrest by authorities in Pakistan, according to some U.S. and U.K. officials, forced U.K. authorities to round up British-based suspects earlier than they had originally planned.

Initially, U.K. and U.S. officials suggested that both Rauf brothers were significant participants in the plot. Last week, however, officials said that Tayib was only a "van driver" who might have been ignorant of the plot. Tayib, the two U.K. counterterrorism officials said, was released because British prosecutors believed police had insufficient evidence to convict him on criminal charges.

The officials indicated, however, that Tayib was still likely to be closely monitored by British intelligence. Rauf family friend Mohammed Nazam told NEWSWEEK: "Tayib's here in Birmingham and he's OK ... But he needs a few days." Meanwhile, Pakistani authorities have detained the Rauf brothers' father, Abdul Rauf, and U.K. authorities have frozen the funds of Crescent Relief, a U.K. charity that Abdul Rauf helped to found. The family friend says Tayib and Abdul Rauf told him by phone that they were "totally innocent."

British authorities did charge 12 other suspects with offenses related to the alleged airline plot last week, and announced that bomb-making equipment and "martyrdom videos" had been found by police. But according to a U.S. counterterrorism official, who asked for anonymity due to the sensitive subject, investigators remain concerned not only that participants in the plot could still be at large, but also about the possible existence of a "parallel" plot carried out by a second, unidentified group of conspirators.

The release of Tayib Rauf has raised questions about whether U.K. authorities have stumbled in yet another high-profile terror investigation. Last year, in the wake of the fatal suicide bombings of three London subway trains and a double-decker bus, police shot dead a suicide bombing suspect only to discover he was an innocent Brazilian. Earlier this summer, police shot and injured another suspect during a raid while searching for an alleged homemade chemical weapon. No weapon, or any other evidence of terrorism, was found, though the suspect who police shot was later arrested for possession of child pornography.

HOMELAND RESPONSE:

Bush Returns Again To Gulf Coast For Katrina Anniversary (USAT)

By David Jackson

USA Today, August 28, 2006

WASHINGTON — When he arrives on the Gulf Coast today, President Bush will visit the scene of a storm that devastated the area and damaged his political standing.

Bush plans to tour the area ravaged by Hurricane Katrina today and Tuesday to discuss the ongoing recovery from the deadly storm. Bush will emphasize efforts since the initial response to the storm and subsequent flooding, widely criticized as inadequate by Louisiana and Mississippi officials.

Sen. Mary Landrieu, D-La., said the administration “was really slow to grasp the magnitude of this disaster,” and that sluggishness has shadowed efforts to rebuild. “That got everything started off in the wrong direction,” she said.

When the storm hit the Gulf Coast in the early hours of Aug. 29, Bush was at his Texas vacation home. He didn't visit the area until after he made a speech in San Diego on the 60th anniversary of V-J Day, including a defense of the Iraq war.

By the time of an Aug. 31 flight over New Orleans, most of which was under water, much of the public relations damage had been done.

In his weekend radio address, Bush said the floods “revealed that federal, state, and local governments were unprepared to respond to such an extraordinary disaster,” but all three have learned lessons and are working together to rebuild the region.

“We will stay until the job is done,” Bush said.

Tariq Abdul-Mu'Min, 42, who runs a kitchen-design business in Gulfport, Miss., said Bush's trip fulfills “his responsibility as the head of this country,” a job in which he faltered a year ago.

“Poor. Terrible,” Abdul-Mu'Min said. “He should have reacted much sooner.”

Angela Jackson-Moore, 42, an interviewer at a local jobs center, said Bush was one of many government officials at fault. She predicted the government's response to the next disaster would be better because of the bad publicity officials received over Katrina.

Making his 13th visit to the Gulf Coast since Katrina, Bush is expected to emphasize the $110 billion that Congress has approved to rebuild the Gulf Coast, including programs for housing, education and business redevelopment.

The White House has defended the Bush administration's post-Katrina record in the face of a new series of critical reports in the media and from various think tanks.

Last week, it issued lengthy fact sheets detailing steps to help hurricane victims and rebuild damaged areas.

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"There's been some promising progress, but there are many areas that have been left untouched," said Amy Liu, author of a new study by The Brookings Institution on Hurricane Katrina in New Orleans.

The Brookings report and others list a variety of post-Katrina shortcomings throughout the region: The federal government has decided not to rebuild the levees to withstand a worst-case Category 5 hurricane. Housing programs are geared more to help Gulf Coast residents who own their homes and not renters or public housing residents.

Bush said programs are being designed to make sure that money is spent effectively. He cited progress with debris removal, infrastructure repair and rental assistance, in partnership with state and local governments and businesses.

Bush asked for patience, saying he wants "the people down there to understand that it's going to take a while to recover. This was a huge storm."

New Orleans Mayor Ray Nagin said Sunday that the administration was doing a good job of getting money to the state, but it was not reaching cities such as New Orleans fast enough.

Bush may have hurt himself the most when he praised the work of Michael Brown, then director of the Federal Emergency Management Agency, said Douglas Brinkley, author of The Great Deluge: Hurricane Katrina, New Orleans, and the Mississippi Gulf Coast.

"We live in a sound-bite culture," he said. "And the 'Brownie, you're doing a heck of a job' is the sound bite that's going to live forever."

Americans take a dim view of Bush's handling of Katrina. Only 37% approved of it in a recent USA Today/Gallup Poll, compared with 43% who answered that way immediately after the storm.

The storm did not have much effect, however, on Bush's job approval rating. His approval rating, currently at 42%, was already heading down last summer because of Iraq and rising gas prices.

Lydia Saad, senior editor for The Gallup Poll, said there were declines in Bush's image as a strong and decisive leader that seemed tied to the Katrina response.

In the year since, the administration has offered periodic updates on its post-Katrina response and has stepped it up in recent weeks.

Don Powell, coordinator for the office of Gulf Coast Rebuilding, also has made a string of media appearances, touting such items as $16.7 billion in housing assistance, and the clearing of more than 100 million cubic tons of debris.

Year After Katrina, Bush Still Fights For 9/11 Image (NYT)

By Sheryl Gay Stolberg

The New York Times, August 28, 2006

WASHINGTON, Aug. 27 — When the nation records the legacy of George W. Bush, 43rd president and self-described compassionate conservative, two competing images will help tell the tale.

The first is of Mr. Bush after the Sept. 11 terrorist attacks, bullhorn in hand, feet planted firmly in the rubble of the twin towers. The second is of him aboard Air Force One, on his way from Crawford, Tex., to Washington, peering out the window at the wreckage of Hurricane Katrina thousands of feet below.

If the bungled federal response to Hurricane Katrina called into question the president's competence, that Air Force One snapshot, coupled with wrenching scenes on the ground of victims who were largely poor and black, called into question something equally important to Mr. Bush: his compassion.

A year later, he has yet to recover on either front.

Mr. Bush has prodded Congress to approve tens of billions of dollars for rebuilding and victim assistance, delivered a much-publicized fence-mending speech to the N.A.A.C.P. and made repeated trips to the Gulf Coast, where he plans to observe the anniversary of the storm Monday and Tuesday. Yet his public persona remains that of wartime president — the man standing in the Manhattan rubble — flying by as desperate and vulnerable Americans suffered.

His approval ratings have never rebounded from their post-hurricane plummet. A New York Times/CBS News poll conducted this month found that 51 percent of those surveyed disapproved of the way Mr. Bush had responded to the needs of hurricane victims, a figure statistically no different from last September, when 48 percent disapproved.

"This is a real black mark on his administration, and it's going to stay with him for a long time," said James A. Thurber, director of the Center for Congressional and Presidential Studies at American University. "It will be in every textbook."

The White House says it has allocated $110 billion toward rebuilding and victim assistance; of that, $44 billion has been spent. The Federal Emergency Management Agency has provided more than $6 billion directly to nearly 950,000 victims for temporary housing, the most money ever provided by the agency for a single natural disaster.

But Mr. Bush is not getting much credit. The poll found Americans critical about the pace of recovery and lacking full confidence in the government. Thirty-nine percent described themselves as dissatisfied with progress in the region, and an

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additional 11 percent said they were angry. Fifty-six percent had a great deal or a fair amount of confidence in the government's ability to respond to another natural disaster; 44 percent had little or no confidence at all.

The storm is generating a powerful undercurrent in this year's midterm elections as well, as Democrats invoke it as a catchphrase for what they regard as mismanagement on a number of issues, including the war in Iraq and the economy. Senator Charles E. Schumer of New York, who runs the Democratic Senatorial Campaign Committee, said his candidates mentioned the storm at every turn.

"I might argue that this was the worst thing that's happened to George Bush in the whole six years of his presidency," Mr. Schumer said. "It was a perception-altering event. People had questioned his ideology. People had even questioned his intelligence. But before this, average people rarely questioned his competence or his caring."

One year later, Democrats are not the only ones raising questions. In follow-up interviews to the Times/CBS News poll, Republicans and independents also expressed lingering doubts about Mr. Bush, using language suggesting that their memories of the storm and his handling of it remained fresh and deep.

"Bush did nothing for the people," said one Republican, Joseph Ippolito, 75, a retired highway superintendent from Bayville, N.J. "Bush didn't have the proper people in office to take care of Katrina. The whole administration is wacky — and I voted twice for him."

White House officials and leading Republicans, while defending the president's record, are not surprised by the anger.

Dan Bartlett, counselor to the president, said the White House was well aware that New Orleans residents "are skeptical about our commitment," and that many Americans blamed Mr. Bush for their fellow citizens' suffering. But Mr. Bartlett said the president would ultimately be judged on how the Gulf Coast was rebuilt and how the government handled the next crisis — a theme echoed by Senator Susan Collins, Republican of Maine, the chairwoman of the Senate committee charged with overseeing the recovery.

"If we have another devastating hurricane and the response is markedly more efficient, more compassionate," Ms. Collins said, "then I think people will say, 'Well, they learned.' "

But the senator said the damage to the president's image would be difficult to undo.

"Unfortunately, it may be hard to erase the regrettable photo of him on Air Force One looking down at the destruction and devastation below," she said. "That's a searing and very unfortunate image that doesn't reflect the president's compassion."

When Mr. Bush stood last September in Jackson Square, in the darkened city of New Orleans, and declared that Americans had "a duty to confront this poverty with bold action," religious and civil rights leaders saw it as a hopeful turning point. Suddenly, a president who had defined himself as the lead prosecutor in the war on terror was turning his attention to jobs, housing and education for the poor, in language that evoked memories of the 1960's.

Today, those same leaders are discouraged and critical.

"Here was an opportunity for a new conversation on race and class and poverty, and they blew it," said the Rev. Eugene F. Rivers III, a Bush supporter who runs a coalition that represents mainly black churches. "It's not even just President Bush. Here was an opportunity for Republicans and conservatives in general to make a moral and intellectual case for a positive policy agenda for the black poor, and they did not advance it."

Yet the mayor of New Orleans, C. Ray Nagin, who had been critical of the president, publicly praised him in his re-election victory speech in May, thanking Mr. Bush for "delivering for the citizens of New Orleans."

Others who have worked with the president on the recovery, including prominent Democrats like Senator Mary L. Landrieu of Louisiana and Donna Brazile, a political strategist who spent 2000 trying to defeat Mr. Bush as campaign manager for Vice President Al Gore, say they do not doubt his sincerity or commitment.

Ms. Brazile, a New Orleans native who serves on a state recovery task force, describes the president as "very much engaged" and praises him for prodding Congress to spend more money on levee rebuilding.

"I said to him, 'You'll be a hero if you commit to rebuilding those levees,' " she said, recounting their first meeting last December. "I have to give him credit. Two weeks later, we got the additional money."

But Ms. Landrieu calls the administration "slow and reluctant." She sees Mr. Bush as being distracted by the war in Iraq and says he has fallen short on the one task he cannot delegate: using the power of the presidency to grab the nation's attention.

"I understand that there have been many distractions and many important priorities for the nation — the war in Iraq, the unrest in the Mideast — but the president has not maintained the bully pulpit on Katrina," she said, adding, "He does it so intermittently, I wonder if we are on his mind."

Some members of the public wonder as well.

"I find that the concentration of the president is on the Middle East crisis and not on what's at home," said Carlton DeCosta, a 33-year-old Navy veteran from Patchogue, N.Y., who said he considered himself an independent, in a follow-up interview to the

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Times/CBS News poll. "When the president addresses the country it has nothing to do with Katrina, nothing to do with the rebuilding."

But Mary Lou Ackley, a 69-year-old homemaker from Elmira, N.Y., who said she voted Republican, said state and local agencies bore responsibility for the pace of rebuilding. "I don't think the president sits there and does the pencil work," Ms. Ackley said, adding, "He's got a lot more to do than just direct Louisiana and their hurricanes."

As the midterm elections approach, analysts say dissatisfaction with the administration's handling of the hurricane could prompt the Republican faithful to stay home.

Professor Thurber, the American University scholar, says the competence issue will be central to history's assessment of the president. Mr. Bartlett, the White House counselor, predicts historians will soften their criticism "if people see a better and more vibrant Gulf Coast emerge from this tragedy."

With the rebuilding expected to continue long after Mr. Bush leaves office, Senator Landrieu says he still has a chance.

"I think there's an opportunity for him to make this a real legacy of his presidency," she said. "There's still time to have people say he did a good job and he rose to the occasion. He's writing the story himself."

Anniversary Brings Out The Politics Of Commemoration (NYT)

By Adam Nossiter

The New York Times, August 28, 2006

NEW ORLEANS, Aug. 27 — On the eve of Hurricane Katrina's first anniversary Tuesday, this city has become a giant political talking point.

Finger-wagging Democratic congressmen are pouring down here, hoping to score points a year into the stuttering recovery, and President Bush's cabinet secretaries have been staking out hopeful counterpositions among the ruins. The president himself will spend two days in the region this week.

Weary citizens, meanwhile, await with apprehension the day and its revival of painful memories. In New Orleans the anniversary will be marked with a solemn bell-ringing ceremony on the steps of City Hall to commemorate the levee breaches, and with a host of prayer services, wreath layings, colloquia and discussion panels.

Democrats are seizing this moment of reckoning with something approaching glee, while Republicans are handling it gingerly. For Democrats there are the persistent scenes of destruction and the ongoing misery of lives upended, handy backdrops for criticism of the Bush administration.

"We know the storm was a tragedy, but a bigger tragedy is how the federal government responded," Senator Harry Reid, the minority leader, said Thursday to television cameras and a handful of onlookers in the parking lot of St. Bernard Parish's only functioning grocery store.

For Republicans there are more arcane indicators like the percentage of debris removed or the number of Small Business Administration loans approved. A lengthy report released last week by President Bush's Gulf Coast recovery chief detailed these and other initiatives, down to the number of passports being issued per week by the reopened New Orleans passport agency (25,000) and the number of air mattresses provided by the federal government (20,000).

Mr. Bush is set for visits to Mississippi on Monday and to New Orleans on Tuesday that are expected to include speeches, neighborhood stops and attendance at an ecumenical prayer service. He has designated Tuesday a National Day of Remembrance. Last week, he pre-emptively played down the importance of the event, cautioning that "a one-year anniversary is just that" and saying that "it's going to take a while to recover."

The White House, aware of the widespread skepticism about its commitment to rebuilding, will use this week's visit to reinforce the message that the president cares about the region and is intent on helping it recover. Instead of heralding the money that has been allocated and spent, said Dan Bartlett, counselor to the president, Mr. Bush will sound uplifting themes "to shine a light on the true grit and character of the citizens who are rebuilding."

Mr. Bartlett said Mr. Bush wanted to "send a message on behalf of all Americans" that the storm's victims would not be forgotten. "The president," he said, "as most Americans, will focus on the anniversary to reflect and remember and to recommit ourselves to seeing the job through."

Nonetheless, the White House sent five cabinet secretaries — from the Departments of Commerce, Education, Justice, Health and Human Services, and Housing and Urban Development — as well as the Gulf Coast reconstruction czar, Donald Powell, to announce mini-initiatives and emphasize that progress was occurring, despite visual evidence suggesting otherwise.

A housing project overhaul, more prosecutors for the local United States attorney, $235 million for displaced students, millions more to rebuild oyster beds: Mr. Bush's deputies have been working to counter persistent dissatisfaction from outside Louisiana with the quality of the federal response.

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In New Orleans, resentment remains deep, particularly among blacks. At the premiere of Spike Lee's HBO hurricane documentary on Aug. 16 at the New Orleans Arena, the crowd hooted vociferously when Mr. Bush appeared on the screen. Its most enthusiastic applause came when local residents interviewed for the film gave voice to the conspiracy theorists' hobbyhorse: that the levees had been blown up deliberately.

Elsewhere in Louisiana, Mr. Bush is not blamed and remains highly popular among whites, a leading Republican pollster said. "They're not going to hold Bush responsible for New Orleans because they didn't like it to start with," said the pollster, Bernie Pinsonat of Baton Rouge, adding, "How would we expect them to recover when they haven't been able to take care of themselves?"

Underscoring the point, Mr. Bush got a locally well-publicized lift last week from a St. Bernard Parish citizen who had traveled to Washington in a replica Federal Emergency Management Agency trailer to meet him, and who turned out to be an ardent supporter of the president.

Going up against the Bush officials are about 20 Democratic members of Congress, including Representative Nancy Pelosi, the House minority leader, as well as Mr. Reid. The representatives will go on the now-obligatory bus tour of New Orleans and participate in the ecumenical prayer service on Tuesday at the New Orleans Convention Center.

There is the politics of commemorating the storm's wreckage, and then there is the wreckage itself. By week's end the Washington visitors will have cleared out, and the ruined neighborhoods will remain. Fears here that the region's lingering woes will be forgotten, never far from the surface, will be as sharp as ever.

On Thursday, Mr. Reid's motorcade breezed through the ruins of Chalmette, a suburb just east of the Lower Ninth Ward that was completely inundated by Hurricane Katrina. Much of it looks as if the storm hit last week, with blocks of ghostly, vacant houses and empty shopping strips; less than a third of the surrounding parish's prestorm population of 75,000 has returned.

With brisk efficiency Mr. Reid, accompanied by Senator Mary L. Landrieu, Democrat of Louisiana, strode through Andrew Jackson Elementary School, one of only two schools open in the parish. Virtually all the students had lost their homes and spent the preceding school year somewhere else. The parking lot is crammed with narrow trailers that serve as living quarters for the teachers.

That unmistakable evidence notwithstanding, Mr. Reid called out to Christine Elliers's fifth-grade class, "Does anyone live in these little trailers?" The response was immediate and unanimous. "We all do!" the class shouted back.

A further initiation into the realities of present-day South Louisiana awaited. "Do we like them?" the teacher called out. "No!" the students shouted back. "Do we have to put up with them?" Ms. Elliers asked. "Yeah!" the students shouted.

Local officials were thin on the ground in this conservative parish to hear Mr. Reid say later, outside the grocery store: "What is needed in New Orleans is public works projects. For as much money as we spend in one week in Iraq, we could create 150,000 jobs."

Lynn Dean, the chairman of the St. Bernard Parish Council, a veteran local Republican, listened skeptically. "Typical partisan talk," Mr. Dean said. "The federal government has put billions of dollars down here already. A lot of the money has been wasted."

Katrina Plan Enacted On Some Fronts, Not On Others (USAT)

USA Today, August 28, 2006

President Bush went before the nation in prime time last Sept. 15, making a variety of pledges to help rebuild the Hurricane Katrina-ravaged Gulf Coast. What Bush said and what's been done nearly a year later:

1. "Our goal is to get people out of the shelters by the middle of October."

·The government moved 275,000 evacuees out of shelters by the end of October.

2. "The federal government will undertake a close partnership with the states of Louisiana and Mississippi, the city of New Orleans, and other Gulf Coast cities, so they can rebuild in a sensible, well-planned way."

·The Department of Housing and Urban Development approved a housing plan for Mississippi on April 4 and two for Louisiana on May 9 and 30. These and other plans for Alabama, Florida and Texas, which also suffered damage from Hurricane Rita, involve the distribution of up to $16.7 billion in block grants. Critics such as Derrick Johnson, president of the Mississippi NAACP, complained about the length of the approval process. "There is always a balance in attention between getting the money out fast and getting the money out responsibly fast," says Donald Powell, federal coordinator for the Office of Gulf Coast Rebuilding.

3. "Tonight I propose the creation of a Gulf Opportunity Zone."

·Bush signed the Gulf Opportunity Zone Act of 2005 into law on Dec. 21. The programs offers tax incentives for business development in the damaged region.

4. "I propose the creation of Worker Recovery Accounts to help those evacuees who need extra help finding work."

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·No action taken by Congress. The proposal called for up to $5,000 in special accounts for Hurricane Katrina evacuees seeking education and job training.

5. “To help lower-income citizens in the hurricane region build new and better lives, I also propose that Congress pass an Urban Homesteading Act.”

·No action taken by Congress. The proposal called for free building sites to low-income citizens via a lottery system.

6. “I've asked USA Freedom Corps to create an information clearinghouse, available at usafreedomcorps.gov, so that families anywhere in the country can find opportunities to help families in the region, or a school can support a school.”

·Went up immediately.

7. “I've ordered every Cabinet secretary to participate in a comprehensive review of the government response to the hurricane. This government will learn the lessons of Hurricane Katrina.”

Feds Say New Orleans Is Storm-ready (AP)

By John Heilprin, Associated Press Writer

The AP, August 27, 2006

Federal emergency officials claim the New Orleans levee system is ready for another major hurricane, despite the less-optimistic views of other political leaders and engineers.

"I think we're in good shape," Don Powell, the Bush administration's coordinator of Gulf Coast rebuilding, said Sunday. "There's no question in my mind, we're ready."

The levees failed after Hurricane Katrina, a Category 4 storm, roared ashore a year ago, flooding the city of New Orleans. The levees were built to withstand a Category 3 storm; the highest level is a Category 5.

The first storm of the Atlantic season was considered likely to have hurricane force as it moved across Cuba and aimed at Florida.

Visitors were ordered to leave the Florida Keys on Sunday.

"We are ready for a hurricane regardless of where it's going to hit," said David Paulison, director of the Federal Emergency Management Agency.

The U.S. Army Corps of Engineers, which says it repaired and reinforced 220 miles of levee walls, has been closely monitoring the storm, which could hit soon after Tuesday's anniversary of Katrina.

"I believe that the levees are ready for hurricane season," Powell said." "The levees are back to where they were pre-Katrina, and they're on their way to being the best, better and stronger then they have ever been."

But officials on the ground — including the head of the U.S. Army Corps — were more skeptical.

Sen. Mary Landrieu, D-La., said the levee repairs alone aren't enough. "They're back up to Category 3," she said. "We need to get them up to Category 5, and we are working to do that."

New Orleans Mayor Ray Nagin said the city was ready — but only to evacuate.

"You will never see a replay of last year, as long as I'm the mayor of the city," he said Sunday. "It's the storm surge that's really the major concern. ... We don't expect the catastrophic failures."

Contradicting other Bush administration officials, Lt. Gen. Carl Strock, the U.S. Army Corps' chief, conceded it isn't clear whether the levees could withstand a big hurricane this year.

"To pinpoint it to one thing and say 'yes' or 'no' is very difficult," he told reporters Saturday.

Gov. Kathleen Blanco, appearing at a news conference with Strock in New Orleans, said she's unhappy with the current strength of the levee system, but believes as much work as possible was done on it in the year since Katrina.

FEMA, which is part of the Department of Homeland Security, should not take all the heat for the problems after Katrina, said Michael Brown, who resigned under intense pressure last September as director of the agency.

"There was a complete breakdown of government" at all levels, Brown said Sunday. But, he also acknowledged, "Of course I failed."

But Brown, who criticized the White House for trying to put a rosy spin on its handling of Katrina and for making him the fall guy for its failings, said he's not sure if New Orleans is ready for another big storm.

Asked whether Brown was made a scapegoat, Powell said he didn't think it was productive to look back. He said money has been committed to rebuild the Gulf Coast.

Only $44 billion of the $110 billion designated for the massive rebuilding project has been spent so far to help get the battered region back on its feet.

Powell made these comments on "Fox News Sunday" and ABC's "This Week," while Brown appeared on ABC. Nagin, Paulison were on NBC's "Meet the Press," Landrieu on ABC's "This Week."

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On the Net:
FEMA: http://www.fema.gov/

Searching For The Face Of Katrina And A Sign Of Hope (opinion) (LAT)

By Scott Gold
The Los Angeles Times, August 28, 2006

NEW ORLEANS -- The first time I met Justice, she was in the Louisiana Superdome, sitting side-saddle on her mother's lap and swinging her legs as if she were on a shady porch, not trapped in a defeated city.

At the time, three days after Hurricane Katrina, she was 17 months old, the same age as my daughter. I wrote about her that night, how she was eating trail mix rescuers had handed out, how I had foolishly advised her mother -- when there was nothing else to eat -- that babies shouldn't eat raisins.

She became, to me, the face of the storm, the face I saw when I thought about everything the Gulf Coast had endured in those terrible months: the decimation of 93,000 square miles, the dead and the displaced, the unmasking of a forgotten American underclass. Did her family, like many survivors of the hurricane, still live with a quiet sadness? Where had they ended up? Wherever it was, did it feel like home? As the first anniversary of the storm approached, I decided to find out.

There are suggestions of progress and recovery here. Billions of dollars in federal aid are headed toward the region. Some have suggested that New Orleans, long one of the poorest cities in America, could become a boomtown. But it's easy to be pessimistic about its future.

Block after block remains abandoned. Crime is up. Suicides have tripled. City Hall -- where the facade is still missing some of the letters in "City Hall" -- announced recently that the anniversary of Katrina would be marked with comedy and fireworks. But there is a pervasive sense that the party is over, and amid public outcry, a more somber memorial has been planned.

Maybe, I thought, finding Justice would provide some hope.

The only concrete leads were on a list -- compiled from voting and property records -- of addresses where Justice's family may have lived before the storm. The first stop was at a house in the working-class Bywater district. One of Justice's relatives appeared to have lived in this "double," a fatter version of the city's narrow "shotgun" homes.

Azaleas had taken over and weeds had erupted through the concrete steps leading to the door. There was no one home, hardly unusual in a city where fewer than half the residents have returned.

Across the bridge that spanned the nearby Industrial Canal, a scrawny man was wrestling the radiator out of a green pickup truck along the roadside. The truck had been struck by a tidal surge that had ripped off its roof. But in New Orleans, where scavengers pick through the rubble every day, it was a find. His hands coated in rust, sweat dripping from his nose, Tyrone Smith said the radiator might fetch $15 or more at the scrap yard.

Smith put in 13 years at a shrimp plant before the storm, a job that vanished amid a crumbling economy. Now he gets $10 an hour rewiring flooded houses. He lives in a gutted house in the 9th Ward, a 42-year-old man sleeping in a bunk bed next to exposed studs pocked with rusty nails.

A pickup truck rumbled down the street. It was a noisy arrival; clamshells swept in from the Gulf still covered many of the streets. "The bossman!" Smith said. He raced off toward the truck.

House after house was vacant. No one remembered Justice or her family.

Next to one of the houses, in the Bywater, neighbor Dymous Henry said seven people are living in the block of 21 dwellings. Even those who have returned, he said, are not really home.

"People here can't take change," said Henry, 48. "There were people who lived in this part of town who had never been Uptown, never been across the river. This has done something to them. Everybody's changed."

In Gentilly, close to Lake Pontchartrain, was a house where Justice's mother, Tonisha, may have lived in 2002. Now, a meaty tree limb juts through the roof.

Across the street were the block's only residents. Renee Daw, 43, who works at a shipping warehouse, and her son, Raynau, 8, rode out the storm at home. When they were chased out of the attic because the water got so high, they kicked out a vent and climbed onto the roof. They were rescued after three days. They returned in April, and live in a Federal Emergency Management Agency trailer parked in front of their gutted house.

New Orleans is not an easy place to be a kid these days. There are two boys Raynau's age three blocks away. They came by to play, once. The local park is padlocked; the bleachers next to the baseball diamond are upside down. Asked what he was going to do with the rest of his day, Raynau just shrugged.

"We mostly just stay in the trailer," Daw said. "We're inside people now."

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In Pontchartrain Park, a neighborhood of postal workers and school teachers that was devastated by a breach in the London Avenue Canal, property records indicated that Tonisha's mother, Winifred Jones, owned a tiny home. Today, the door is missing. There is nothing inside but a toilet and a bathtub full of chunks of drywall.

Down the street, a man living in a FEMA trailer was mowing a neighbor's lawn, not because he has any neighbors, but because snakes and other critters have taken up in the overgrown lots.

"Tonisha?" he said. "That's my goddaughter!"

This was Winifred Jones' house, he confirmed. But when asked where they were living, he snapped: "Why are you asking me all these questions?"

He began to sweat profusely. He grabbed the sides of his baseball cap, pulled it low and retreated into the street, stumbling over a pile of empty bleach bottles, tree limbs and splintered boards.

"Do you know them?" he shouted. "Or don't you?"

It was a valid question; despite the connection that I felt with Justice and her mother, I didn't really know them at all. "I don't mean any harm. I'm just trying to see if they're OK."

"Don't you get it, boy?" he screamed. "Everybody's gone! Everybody's lost!"

Twenty-two houses, in Gentilly, in Pontchartrain Park, in the Bywater. Nothing. Fifty-three phone calls, to FEMA, to City Hall, to disconnected numbers, and to people in North Carolina and Oklahoma who appeared to be relatives or old neighbors, but none knew the family.

An Internet message board set up to reunite storm victims provided a clue I had missed: a note from Winifred Jones written from the Houston Astrodome, which after Katrina had served as a shelter. It included a cell phone number.

A recording said the phone network would not accept messages. Another dead end, it seemed. But a few minutes later, my phone rang. A woman was on the other end: "Who called this number?"

"I'm trying to find Tonisha Jones," I said.

"I'm her auntie," the woman said. She said they were living in Beaumont, Texas. "I'll have her call you in 15 minutes."

When the phone rang, I raced across the room to answer it. I said I was looking for a little girl named Justice.

"That's my baby," Tonisha said. "I remember you."

The next morning, Justice was on the second-floor balcony of a tidy apartment complex on the west side of Beaumont, swinging around her mother's leg, a smile on her face, her red gingham dress billowing behind her.

There were suggestions of home. A scooter was outside the apartment and, inside, a chicken was baking in the oven. Justice's father, Joshua Lonzo, was tying on an apron getting ready to go to work at a grocery store.

But like half a million evacuees who remain scattered across the U.S., Justice's family is still unsettled. Nothing feels familiar. They are still learning their way around the area. The stores don't carry the Cajun spices they used to cook with, or the white Bunny Bread they had used for sandwiches. Dinner is eaten on donated plates, in front of a donated TV.

Tonisha and Joshua Lonzo -- she has recently taken his last name -- were products of the New Orleans projects. Gangs ruled. Drugs were everywhere. Only God, he says, knows how he and Tonisha chose the straight path.

They met at a party when they were 15. They lived across the railroad tracks from each other and went to different high schools but saw each other every day. Their friends joked that they had turned into an old, married couple before their senior prom.

Four years ago, they had their first daughter, Taylor. They married a short time later. Tonisha worked as a cashier at a drug store. Josh was a cook on a riverboat and drove a truck for an upholstery company.

"We were poor," said Tonisha, 25. "But we were making it."

They rented a little clapboard house in the 7th Ward. They bought a bedroom set on layaway. They went into the French Quarter for an occasional daiquiri and stopped by her grandmother's house on weekends for a slice of coconut pie.

On the day the storm came, they gave no thought to leaving the city, like tens of thousands of others. Generations of their family had stayed and ridden out storms and, in any case, they had little money and nowhere to go.

They went to the Superdome better prepared than most of the others. They had crackers, sardines, smoked sausage. They had three changes of clothes for the girls and 25 diapers for Justice.

By the time they got out six days later, everything that had not been lost or stolen -- a couple of boxed meals, some medicine, the keys to a Dodge Intrepid they would never see again and a house that had been destroyed -- fit into a child's suitcase decorated with the Cat in the Hat. The girls were covered in mud and urine. They had lost their shoes, so Tonisha had made them new ones, first by tying plastic bags around their feet, then by tearing strips of fabric from a pair of pants someone gave her.

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After three weeks at a shelter, Tonisha got in touch with her aunt, Galintha Harden, who had also ended up in Texas. Her aunt told her about an apartment in Beaumont that a church had found for another relative, so Tonisha, Josh and the girls took a bus there.

Days after their arrival, Hurricane Rita slammed into the city. "The double whammy," Tonisha said. They fled again, 11 relatives in two cars. They stayed in a hotel in Lafayette, La., for two weeks.

Those were dark days. They were exhausted. Tonisha could not shake the putrid smell of the Superdome.

"I was crazy," she said. "I just kept smelling it, no matter how much we washed. I would sit and cry, cry, cry. Eventually, I realized that I had to stay strong for my kids. I realized that it could have been worse, because we were alive."

In October, Tonisha, Josh, the girls and three other relatives moved into the $550-a-month, two-bedroom apartment in Beaumont. By then, Tonisha had discovered that she was three months pregnant.

It was not an easy pregnancy; doctors hospitalized her for two months because her amniotic fluid was too low and her blood pressure too high. Josh had found work as an automotive technician. But juggling the girls' care and his job proved too much. After he was late to work a couple of times -- even after bringing a note from Tonisha's doctor explaining that she was in the hospital -- he was fired.

They were so strapped for money that at one point they borrowed a car and drove 260 miles to New Orleans to recover $240 in cash that Tonisha remembered she had left in the pocket of Josh's jeans. The money was with the electric bill that Josh was supposed to have dropped off that week.

Looters had already been inside their house, but they had missed the envelope. Tonisha washed the mold off each bill with soap and water.

They miss New Orleans -- the pickled meat and the gumbo, the raucous parades held by the Zulu Social Aid and Pleasure Club. "But it's peaceful here," Tonisha said one recent afternoon, as her girls ran through the courtyard of their apartment complex and pretended to make spaghetti with a pile of twigs.

Justice is a typical toddler, "always looking for trouble," Tonisha said. She gets mad when told she cannot store her toys in the microwave. She is scared of bugs and loud noises. She uses a broomstick to flip on the lights. She is too little to remember the storm, or New Orleans. Tonisha figures that's for the best.

Zoey, the baby, was born in April. She sleeps between Tonisha and Josh. Justice and Taylor sleep in a single bed on the other side of a nightstand crowded with sippie cups, toys and the Bible Tonisha and Josh recently bought to replace the one they lost in the flood.

On July 4, Tonisha's aunt was driving the car they all shared when she was rear-ended by a woman with no insurance. The girls' car seats had been stored in the trunk, which was so badly damaged they couldn't retrieve them.

Tonisha and Josh needed a car of their own. Josh found an ad asking $4,500 for a 1997 Chevrolet Suburban. It was big enough for all of them, but the purchase would sap about a third of their net worth -- and the car had nearly 200,000 miles on it.

"I just hope it lasts," Tonisha said.

Justice had been in the car for a while, and was getting antsy.

"Justice!" Tonisha yelled. "Get away from the door! You want to get hurt?" Justice slouched in the backseat and pouted. Tonisha fiddled with the radio, trying to distract her so she wouldn't cry. "Justice!" she called. "It's your song!"

It was a Mariah Carey song called "Fly Like a Bird." The song is a prayer for strength: "Don't let the world break me tonight. I pray you'll come and carry me home." Justice bobbed her head to the beat, her braids swaying back and forth. Then she put her head on my shoulder and her hand on my arm. Soon, she was asleep.

I stared out the window, thinking about the storm, about everything I'd seen in the past year, about how silly it had been to think that a 2-year-old would be able to provide me with a happy ending.

Gold covered Hurricanes Katrina and Rita and their aftermaths for the past year.

Razing Hopes And Fears (WSJ)

By Chad Terhune

The Wall Street Journal, August 28, 2006

NEW ORLEANS -- Mera Bercy -- fed up with the stench and the rats and the roaches from the abandoned house next door to her home in the flood-battered Gentilly neighborhood -- hopes the city of New Orleans keeps its word.

Officials have promised that beginning tomorrow, the one-year anniversary of Hurricane Katrina's landfall here, they would begin moving to demolish buildings whose owners haven't at least gutted them and cleaned up their lots.

"Their rats and roaches are coming into my home with three small children," complains the 33-year-old Ms. Bercy, who gutted her home in November and is living in a small travel trailer in her front yard as she slowly repairs her single-story brick house. "Obviously the owner next door has moved on. But don't punish me. If they say Aug. 29, make it stick."

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Demolitions won't begin for a few weeks or even months. But New Orleans and neighboring St. Bernard Parish -- two of the hardest-hit areas -- have set the deadline to force tens of thousands of property owners to deal with abandoned, blighted structures that still litter the landscape here and perhaps kick start the area's stagnant recovery. In a vote Friday, the New Orleans City Council stuck to the deadline but spelled out that homeowners will have several weeks to comply with or challenge warning letters or seek a "hardship exemption."

Katrina severely damaged more than 125,000 homes in New Orleans and St. Bernard parishes alone, and it is estimated only about 30% to 50% of residents have returned. Many homeowners don't have the money to rebuild as disputes over denied insurance claims drag on, and an acute shortage of workers and construction materials is crimping efforts and raising costs. Government red tape and property owners' concerns that another devastating storm might wreck any repairs have also bogged down work. Katrina survivors are watching Tropical Storm Ernesto closely as it churns toward the Gulf of Mexico.

The demolition plan has become a flashpoint, pitting neighbor against neighbor in many cases and signaling an important shift among local leaders to focus their efforts and priorities on those who have already returned versus those who may never come back. After the local government demolishes or guts a house, officials will place a lien on the property to force the owners to repay the cost of the work.

"People shouldn't have to live in disgusting neighborhoods with boarded-up homes, uncut grass and debris in the yard," says Joey DiFatta, a St. Bernard Parish Council member. Oliver Thomas, the New Orleans City Council president, agrees. He says the time has come to "focus on the people who've returned so they're not discouraged and leave."

Working in favor of the rebuilding effort is that $7.5 billion in federal aid has started flowing to Louisiana homeowners in the disaster zone. Last week, the Louisiana Recovery Authority started issuing grants for as much as $150,000 to help cover uninsured losses. A similar $3 billion program is under way in Mississippi.

Local officials expect that to trigger an unprecedented construction boom -- with thousands of renovations simultaneously under way across hundreds of miles of southern Louisiana and Mississippi. Of course, that will exacerbate the labor shortage even more. Some experts estimate more than 50,000 additional workers are needed in Louisiana and Mississippi. Already signs begging for laborers are interspersed among thousands of placards plastering the New Orleans area to advertise wallboard removal, mold fumigation and demolition.

To fill the gap, construction companies are offering pay incentives to retain employees, and business groups are pushing for training programs and improved housing options. The Business Roundtable, a Washington D.C.-based association of 160 CEOs at leading companies, has teamed up with state and federal labor officials to launch training efforts in Baton Rouge, La., and Jackson, Miss. The group has a goal of recruiting and training 2,500 entry-level construction workers this year and 20,000 by 2009. The Business Roundtable has put $5 million into the program and state and federal officials have invested more than $20 million toward this initiative and other worker training.

Stephanie Foster, 31, started the four-week training course at Baton Rouge Community College earlier this month. She hopes to earn more than $20 an hour in welding or carpentry -- up from the $8 an hour she made previously as a fast-food cook and cleaning houses. "We have to rebuild to get our people back. If we don't do it ourselves, no one will," she says. Billboards and radio ads promoting the program began airing this month, and nearly 200 participants have finished the program and taken jobs at local builders and bigger companies such as Shaw Group Inc. and Bechtel Group Inc.

The billions for rebuilding "mean nothing if we don't have the hands on the ground," says Tim Johnson, a Baton Rouge consultant organizing the training. "There will be no rebuilding without the craftspeople."

In St. Bernard Parish, the largely blue-collar community east of New Orleans inundated with Katrina floodwaters, Bill and Kathie Lind have invested roughly $150,000 to fix up their home and another rental property they own. Their neighbors have done very little.

Next door on Jupiter Street in Chalmette one home still hasn't been gutted and portions of the roof are collapsing. The Linds' neighbor on the other side recently tore out the interior of his house and a chest-high pile of debris fills the front yard. "Before they set the deadline no one was doing anything," says Mr. Lind, his T-shirt drenched in sweat after clearing weeds in his yard in 95-degree heat. "The deadline is the only thing that will save the parish."

Many homeowners, though, remain skeptical of any government rebuilding effort given the slow, bureaucratic response thus far to Katrina. They also fear the government will demolish structures that are salvageable -- or stick them with excessive liens on their property.

Others are openly hostile. The looming deadline brought out Ray Berger, a 47-year-old motel owner, to clean up his mother-in-law's house on Florida Avenue, not far from Ms. Bercy's Gentilly home. "It's a shame it's a year later, and you don't see any improvement," Mr. Berger said. "But how can we get anything done when we're still battling the insurance companies? If they tear down this house, they will catch a bullet."

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Civil-rights groups in New Orleans have threatened a legal effort to block the city demolition program. New Orleans already has exempted low-income areas such as the Lower Ninth Ward. Property owners in New Orleans can also comply with the deadline by getting on a waiting list for free gutting services offered by some nonprofit groups -- a wait currently running at four to six months as the groups struggle to recruit enough volunteers to meet the enormous demand. It often takes a team of 10 volunteers two to three days to gut one home.

St. Bernard will give property owners 30 days notice before starting demolition. Homes that are structurally sound will only be gutted, officials say.

Joseph and Helen Moore heard about the demolition deadline in St. Bernard Parish from their daughter-in-law and rushed back earlier this month from their new home in Broken Arrow, Okla., to install new doors and windows on their damaged Chalmette house -- one recommended way to get off the demolition list. They intend to sell the house and stay in Oklahoma because they don't consider Louisiana safe from future storms. "Why should we put windows and doors on to make it presentable? They will just be broken out later," said Ms. Moore, a 62-year-old Wal-Mart employee.

Last month, the parish posted a list online of more than 7,000 residential and commercial properties it considered "blighted" out of 27,000 pre-Katrina structures. That number has dwindled to about 4,100 as property owners documented work they'd undertaken.

"Every day we have our screamers and criers," said Gina Hayes, director of the Department of Community Development in St. Bernard Parish. But "our goal is to clean up this area."

Mississippi Town Becomes Steel's City (WSJ)

By Paul Glader

The Wall Street Journal, August 28, 2006

LONG BEACH, Miss. -- Roger Glennon spends his days in a trailer next to the mayor's office here working on plans to rebuild the town hall complex, library, police station and recreation center devastated a year ago by Hurricane Katrina.

The 65-year-old engineer doesn't work for the city, or a local contractor or architect. Instead, he and four other engineers are being paid by Mittal Steel Co., of the Netherlands, the world's largest steelmaker and his former employer. Out of the piles of debris stacked high with wood, Mittal and the rest of the steel industry see an opportunity.

They have adopted Long Beach, a small Gulf Coast city of graceful, mostly wooden homes, where about half of the 6,000 structures were damaged by Katrina.

"Here was a city that was small and not on anybody's radar screen early on," says Larry Williams, executive director for The Steel Framing Alliance, which is affiliated with the American Iron and Steel Institute.

Along with essentially donating the work of five engineers to help local contractors learn to work with steel, Mittal set up a $1 million grant for city rebuilding projects and has helped pay for the annual Christmas party, the yearbook at the local high school, and renovations at the Little League baseball field.

"I took my hard hat and mill shoes along and was ready to dig in," Mr. Glennon says, noting that after he arrived in January the work turned out to be managing contracts and working through bureaucracy of state and federal building rules and disaster funding.

In addition to Mittal's efforts, Mr. Williams's group announced in February that it was pooling $1.1 million from 12 steel companies to launch the Gulf Coast Steel Initiative, a marketing effort to gain more steel-framed buildings in the Gulf Coast region in general and Long Beach in particular, where it is heading up plans to rebuild the community recreation center and senior citizens home, mostly out of steel.

A smaller, but similar marketing effort was launched after Hurricane Andrew struck Florida in 1992 and was credited with boosting steel's market share of home frames to 7% from 1%, with even higher percentages in certain cities such as Orlando. That effort, and the current one, tout steel as stronger and more disaster-resistant than traditional wood framing, which has 78.5% of the market share nationwide.

Concrete makers are also trying to make inroads in the home-construction market at the expense of wood, whose industry trade group is vigorously protecting its market share. The Washington D.C.-based American Forest & Paper Association and its American Wood Council defends the durability of wood-framed buildings. "We are entirely confidant that wood-framed structures, properly constructed, are able to withstand the wind-loads prescribed by the building code," says Ken Bland, director of codes and standards for the organization.

But steelmakers believe natural disasters like Katrina help their cause. General Steel Corp., based in Lakewood, Colo., advertises its pre-engineered building kits on a local radio station, saying their steel-based garages and commercial structures can withstand high winds. "You have to have a catastrophic event to get people out of traditional building methods," said Steve

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Bezner, a partner in Light Gauge Solutions of Arlington, Texas, and president of the Texas branch of the steel-framing alliance, while driving along the beachfront of Long Beach. "We think we can take steel building up a few notches."

The gains won't come easily. Steel is expensive. It costs anywhere from 15% to 40% more to frame or roof a house in steel or concrete rather than in traditional wood framing or asphalt roofing. To help offset the higher costs, the steel coalition is lobbying insurance companies and commissions for preferential insurance rates for homeowners who have steel-framed houses.

But cost isn't the only issue. Most home builders were trained to use wood and don't know how to use other materials. Indeed, several wood framers in the region say they would try steel framing if they could get skilled workers. Wood frames require nails and hammers. Steel frames require screws and drills. "We've looked at steel or modular but we can't get the people for crews," said Ronnie Wirth, a home builder in New Orleans.

Planetta Custom Homes in Slidell, La., is finalizing an agreement with China's Zhongfu Group to build and distribute 600 prefabricated steel houses in Long Beach and other Gulf Coast towns. Vic Planetta says American builders aren't as experienced working with steel and so he wants to bring Chinese engineers and workers to the U.S. to work alongside his own subcontractors. He expects the first steel houses to be built in six months. The Chinese firm, partially government owned, says the homes will be able to withstand winds of 150 miles per hour and will have several different designs ranging in size from 1,250 to 3,000 square feet and priced between $130,000 and $500,000.

"We are open to whatever," said Long Beach Mayor Billy Skellie, who says as long as steel home designs meet building codes, he is willing to "tweak" city ordinances a bit to allow for more steel-intensive housing.

Gulf Coast Taking A Look At 'new Urbanism' (USAT)

By Larry Copeland

USA Today, August 28, 2006

Downtown's main street is lined with bright, welcoming shops, restaurants and small art galleries. The pastel storefronts have colorful awnings; some have apartments on the second floor. Sprawling oaks shade the sidewalks, which are dotted by benches where strollers can take a break to people-watch.

The heart of Ocean Springs largely escaped the fury of Hurricane Katrina a year ago Tuesday. Most businesses are open. Two Dogs Dancing, which boasts "delightful gifts for pets and people," displays some of its wares on the front porch. The Bayou Belle Ladies Apparel store sports a "Yard of the Month" sign on the front lawn.

No one knows how coastal Mississippi will look when it is finally rebuilt from a 28-foot storm surge that scoured the coast here a half-mile or more inland. The 11 Mississippi towns and cities blasted by Katrina each had a distinct style and character.

This city of 17,300 seems the most likely to emerge as the kind of welcoming, village-style community envisioned by Gov. Haley Barbour and the "new urbanists" who designed Mississippi's blueprint for rebuilding.

New urbanism uses zoning to try to recreate the best of the USA's pre-sprawl, small-town past. It promotes communities where people can walk from home to shops and offices. Houses have front porches to encourage neighborliness. Condominiums and apartments are built above shops.

Ocean Springs Mayor Connie Moran says she was quick to embrace new urbanism because her city already cherishes its principles. "It's the old urbanism to which we aspire," she says. "The new urbanism is recreating the old urbanism, and Ocean Springs is a prime example of that."

None of the Katrina-hit coastal communities has adopted the model zoning ordinance that guides new urbanist development.

Biloxi, a casino gambling mecca, has rejected such zoning for its hardest-hit areas. The 10 other cities — Ocean Springs, Bay St. Louis, D'Iberville, Gautier, Gulfport, Long Beach, Moss Point, Pascagoula, Pass Christian and Waveland — are either moving toward implementing the zoning or considering it, according to state officials.

The process has been slowed by a lack of funding, a shortage of staff planners and the cumbersome legal process of making zoning changes, says Ann Daigle, Gulf Coast new urbanism expert for the Mississippi Development Authority, which is supervising much of the rebuilding.

New urbanism isn't an easy sell to some local politicians and state transportation officials, Daigle says. "The people in general … are really listening and learning about this alternative for rebuilding," she says. "What I am discouraged about is that … in general, I think the elected officials are not interested."

Neither are some residents. In a part of the state where tens of thousands of people still live in government trailers and thousands are fighting their insurers over storm damage to their homes, esoteric concepts such as new urbanism are often very low on the priority list.

"It's something different," says Marty Wagoner, 45, a financial planner and 40-year resident. "A lot of people don't accept something they've never seen before."

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As residents get long-awaited checks from the federal government to rebuild their homes, they're doing so in traditional subdivisions. “I'm disappointed because the developers coming in are not as open to developing around these principles,” Daigle says.

New urbanism emphasizes development in “pods,” communities with a discernible center, often a square or a green. The center has a transit stop because public transportation is valued over the automobile. Homes are built in a variety of styles for young and old, families and singles, and people of various incomes. Neighborhoods are designed within a five-minute walk of the town center. Shops and offices are located at the edge of the neighborhood, and the streets are relatively narrow and tree-lined.

Coastal Mississippi, pre-Katrina, had developed in a far different fashion. It was a land of strip malls and distant suburbs, a place defined by the car culture. It has no regional transportation system.

Less than two months after Katrina, Barbour welcomed a rebuilding proposal from Andres Duany, a Miami architect and one of the founders of new urbanism. In October, architects from around the world met for six days in Biloxi. They worked with local architects, planners and community leaders on plans tailored to each city.

The development style doesn't address the stronger building codes or higher elevations that will be required for rebuilding in some areas vulnerable to flooding.

New urbanism got its start in Seaside, Fla., in 1981. The Florida Panhandle city showed that new developments could be built like traditional resort towns and succeed. Since then, several communities have been built. Among them: Legacy Town Center in Plano, Texas; Celebration and Avalon Park in Orlando; Kentlands in Gaithersburg, Md.; the Peninsula Neighborhood in Iowa City; and Harbor Town in Memphis.

Ocean Springs, founded in 1699 as a French colony and now popular with local artists, could be one of the first coastal cities to enact new urbanism zoning.

“We're considering adapting some version,” Mayor Moran, says. “That's going to take quite a lot of public input and tinkering.”

Perhaps the best-known example of new urbanist development in coastal Mississippi is Cottage Square, a planned village of 20 “Katrina cottages” about a mile from Ocean Springs' downtown. The project is being developed within a five-minute walk of an elementary school and a grocery store. There are two cottages on the site now.

A Katrina cottage is a small, permanent house designed as an alternative to the government trailers where many residents are still living. The cottage is homier than a trailer. It has hardwood floors, a spacious living-dining area at the entrance, an inviting front porch.

It's the handiwork of New York designer Marianne Cusato, who last week reached an agreement with Lowe's in which the home improvement giant will manufacture a “kit” so builders can assemble cottages on-site. The 308-square-foot prototype has siding designed to withstand winds up to 130 mph.

Cusato says she created it to incorporate Gulf Coast architectural features. “So much was lost that created such an identity of place,” she says. “If we turn our backs on that and just say ‘let's rebuild,' we've really lost something.”

Several other teams of architects and builders are scrambling to design, build and sell similar structures that can be used as alternatives to trailers. In July, Congress set aside $400 million for a pilot program that could move thousands from trailers to cottages.

Wagoner, the financial planner, and his wife, Lisa, also a financial planner, are building a 768-square-foot Katrina cottage on their beachfront property. It's going to take up to two years to rebuild their house, and they wanted a “home” in the meantime for themselves and twin sons Slay and Cole, 6.

“It wouldn't work for everybody,” Marty Wagoner says of the $80,000-$100,000 cottage. “But it's going to be a nice little house.”

‘Katrina Cough' Sending Many To The Doctor (USAT)

By Liz Szabo

USA Today, August 28, 2006

Nearly a year after the hurricane, some New Orleans residents say they have “Katrina cough” — they blame the storm and its aftermath for their respiratory problems.

Doctors are still debating whether the symptoms are related to the hurricane, and no one knows exactly how many patients have respiratory problems. The American Lung Association of Louisiana has screened about 1,600 people since the hurricane. About 25% had mild to moderate reduced lung function, says Tom Lotz, the association's executive director.

AmeriCares, a relief agency, awarded the lung association $100,000 this month to help people with hurricane-related respiratory problems.

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Nereida Parada, an allergist and pulmonologist at Tulane Health Sciences Center, says she sees many patients with coughs and other symptoms. Some patients developed a cough right after the hurricane. Others with asthma, emphysema or lung diseases noticed that their symptoms have worsened. Patients who live or work in flooded or moldy areas appear most at risk.

"Katrina left a long time ago, and people are still coughing," says Parada, a specialist who sees patients who don't get better after seeing their primary-care doctors.

Parada says patients' problems could have many different causes, including allergies, environmental irritants such as dust or mold, or even gastroesophageal reflux, which can be made worse by stress. Parada says she can't definitively connect these symptoms to the storm.

Paul Timmons, who works for the American Red Cross, says his asthma was under control until October, when he arrived in New Orleans. By December, Timmons, 38, was waking up with night sweats and coughing up sticky phlegm. His fevers went away with treatment. But he says he still wakes up at night unable to breathe.

Some aren't convinced that New Orleans is experiencing an increase in respiratory ills. Maureen Lichtveld, chairwoman of environmental health sciences at the Tulane University School of Public Health and Tropical Medicine, says some patients who blamed their winter coughs on Katrina may have simply had common cold and flu viruses.

Some patients with normal seasonal allergies or winter colds may have mistakenly blamed their symptoms on the hurricane instead of ordinary pollen or common viruses, she says.

And in a report in April, the Louisiana Department of Health and Hospitals found no increase in serious respiratory problems related to the storm. The report's authors note that they studied only patients whose symptoms sent them to the emergency room, so they could not rule out an increase in less-serious problems.

When The Cameras Left (NSWK)

By Holly Bailey

Newsweek, September 4, 2006

Bronwynne Bassier was desperate. Roaming the streets of her Biloxi, Miss., neighborhood four days after Katrina, scavenging for food and clothes for her 2-year-old son, Bassier stumbled upon the one man who presumably could help: President George W. Bush. Rushing toward him, the 22-year-old single mother pleaded and sobbed. "My son needs clothes," she cried. "I've lost everything." Momentarily stunned, Bush appeared on the verge of tears himself as he listened. Bush tried to direct her and her younger sister, Kim, toward a Salvation Army shelter down the road, but ultimately comforted them the only way he knew how: he hugged them. "Hang in there," he told Bassier, kissing her forehead. "We're going to take care of you." Press cameras captured the moment and beamed the image of compassion around the globe.

A year later, Bassier's life remains like that of countless other Katrina victims: she lives in a FEMA trailer with her son and new husband. Her story offers a window into the workaday reality of life post-Katrina. "Meeting [Bush] didn't really change anything for me," Bassier tells NEWSWEEK. "I've been just like everybody else, trying to move forward with my life one day at a time." In a new NEWSWEEK Poll, 51 percent of Americans say they don't think Bush has followed through on his promises to rebuild New Orleans and the Gulf Coast.

To complicate matters, Bassier—a native of South Africa—has had a hard time getting a work visa. She'd applied for one after graduating from a local college last summer, but in the chaos of Katrina, the Department of Homeland Security lost the paperwork. More than a year later, her application is still pending. In May, Bassier sent a letter to the man who'd been there for her last year. But as of last Thursday, the president still hadn't responded. A White House spokeswoman confirmed last week that the administration received it, but said it had been forwarded to DHS. "We don't intervene in individual cases," says Deputy Press Secretary Dana Perino.

This chapter of Bassier's story may yet have a happy ending: after NEWSWEEK's inquiries, Bassier received a call Friday from the White House inviting her to meet with President Bush this Monday when he visits Gulfport to mark the first anniversary of Katrina. (A White House aide tells NEWSWEEK that the invitation had long been in the works, but they hadn't been able to locate her until Friday.) She plans to make her case in person for a work visa. And she wants to thank President Bush for coming back. She's not angry, but she's looking for more than a hug.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, August 28, 2006

Ping-Pong Still Works in China

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He's not one to brag, but the fact is Minnesota Republican Sen. Norm Coleman was a mean Ping-Pong player back in college. "I spent a lot of hours in the game room," he chuckles. So trying to scare up a match during an official trip to China seemed like a neat thing to do. Nothing serious, mind you, but something still reminiscent of the famous 1971 Ping-Pong diplomacy that marked a thaw in U.S.-Chinese relations. "I thought they were going to just meet at like a Boys or Girls Club and play with a couple of kids," he says. "Instead, I walk into the National People's Congress building, and they've got this table set up and some former world champions to play! Clearly the Chinese thought ahead of us."

He actually held his own. "I got a few points," says Coleman, part of a just-returned Senate delegation that yearly meets with Chinese counterparts. Better yet, playing their sport on their turf opened up top Chinese officials including President Hu Jintao-who singled out Coleman's game-to the delegation's urgings on arming Iran and other issues. "It created a little bond, a little relationship there," says Coleman. And an Olympic spirit. "I told President Hu that I will be working on my game for our next interparliamentary visit to China in two years," he says. "Let's just say the Olympians won't be the only ones competing in Beijing in 2008."

Playing Soon in Congress: the NFL

NFL Network play-by-play man Bryant Gumbel is under fire for suggesting on his HBO show that retiring National Football League Commissioner Paul Tagliabue has NFL Players Association prez Gene Upshaw on a "leash." But he might soon get some powerful allies. We hear that members of the House Judiciary Committee are interested in just how cozy the NFLPA and NFL have become and are concerned about the players association's rules governing professional agents. "This whole look at sports started with the baseball steroids scandal," says a House insider. "Now we're looking wider." What sparked Congress's new interest was the two-year suspension of star agent Carl Poston before a planned arbitration hearing with the NFLPA. He went to his congresswoman, Rep. Sheila Jackson Lee, for help, and now several lawmakers and the Judiciary Committee are looking into his case. NFLPA officials say they handled the case by the book and don't think Congress should butt in. And, anyway, they add, Poston should be punished for somehow missing a $6.5 million bonus for client LaVar Arrington when he played for the Washington Redskins. Still, they have scheduled an arbitration hearing on his suspension. A meeting between lawmakers and the NFLPA is planned, and Hill insiders say hearings-and legislation-could follow.

A Hamas Copycat at Work in Iraq

Hamas, the terrorist group that now runs the Palestinian National Authority, appears to be a model for radical Shiite cleric Moqtada al-Sadr and his Mahdi Army's move to take control of Iraq, say senior military officials. Following the Hamas bid to run sewer, health, and other social services that could help win the hearts and minds of Palestinians, Sadr's efforts look like a copycat move. "Sadr's militia is doing the same kinds of things," says a senior defense official.

The Official Book on Dick Cheney

Vice President Dick Cheney is finally getting the book-length biography treatment-and he's playing along. We hear that the Weekly Standard's Stephen Hayes is hot on the case and plans to publish a bio titled, naturally enough, Cheney as early as next spring. "I'm not a historian," Hayes fesses up. "I approached it like a long magazine article." A very long article, considering Cheney's been in the public eye for some five decades. "It's a pretty unique perspective of American history over the last 50 years," Hayes says of Cheney, who worked in three administrations before being tagged by George W. Bush as veep. As is Bush with biographer Robert Draper, we hear Cheney, his staff, and friends are cooperating. So what's surprised Hayes so far? Cheney isn't just a hawk but a strong advocate for the "softer side of the Bush doctrine, advocacy of democracy." Also: "He's much more a normal person than his public persona." And maybe one reason that Cheney floundered at Yale: Pals told Hayes that he "pined" for his girlfriend Lynne, now Mrs. Cheney.

What, Me Worry? Not This President

A bloody war, bad polls, and his beloved Texas Rangers several games out of first, you'd think President Bush would be bummed out. But pals say he's as happy as ever. We checked in with those who attended last week's fundraiser for Virginia Sen. George Allen at the home of former Republican National Chairman Ed Gillespie. The prez gave an animated history of the Oval Office and told of how optimistic he is about the future. He spent time schmoozing and even beckoned neighborhood kids over for a picture. "He was cranked up," we're told, though he might have been euphoric because the following day he was flying to his parents' Maine home for a day of fishing.

'Tis the Season to Go With the Saints

Donald Powell has gone native. President Bush's man in charge of cleaning up the mess left by Hurricane Katrina says his nine months on the job has changed him forever. "This has been a defining moment in my life," says the likable Texan and former Federal Deposit Insurance Corp. head. "When I come up here [to Washington], I feel like I need to get back down there." Here's just a bit of proof that he's become NOLA's biggest fan: Powell plans to attend the reopening of the Superdome, home to so many terrible post-Katrina stories, for the Saints-Atlanta Falcons game on September 25. And he promises he'll be wearing a

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Saints jersey with QB Drew Brees's No. 9 on it. "You can write that on August 22 I predicted that the Saints will make the playoffs," says the federal coordinator of Gulf Coast rebuilding. "They'll be playing for more than just themselves."

Bush's Brownie (TIME)

By Carolyn Sayre

Time, September 4, 2006

No one has to tell MICHAEL BROWN he's doing a heckuva job anymore. He's his own boss now. Brown, 51, who was FEMA director when Katrina hit last August, was roundly pilloried for mishandling the relief effort after the hurricane. At first President Bush stood by him, but two weeks after the storm, Brown resigned. For six weeks, he continued to work for FEMA as a consultant. Then he set up his own shop--in disaster preparedness. His firm, Michael D. Brown LLC, draws on the lessons of Katrina to help corporate clients implement contingency plans ahead of natural disasters. He has taken his unapologetic message to Congress. Testifying in February, he blamed his bosses at the Department of Homeland Security for FEMA's response to Katrina and urged "corrective action" so that "disasters don't occur in the future." "If we don't learn from this, then shame on us," he said in an interview with NBC. "I will have been scapegoated for nothing."

New Orleans Blues (NSWK)

By Evan Thomas, Jonathan Darman And Sarah Childress, Newsweek

Newsweek, August 28, 2006

Charged with rebuilding his city and decisively re-elected six months ago, Mayor Ray Nagin remains an elusive character and a controversial leader—and miles of the Big Easy are still uninhabitable.

Ray Nagin, the mayor of New Orleans, had been avoiding a group of particularly determined—and strident—community activists who were after him to do more to rebuild the Lower Ninth Ward, a working-class, predominantly black area that was wiped out by Hurricane Katrina. A year after the storm, New Orleans water and sewer pipes are still badly damaged, and the city has been unable to certify that the water is drinkable in much of the blighted but once tightknit neighborhood known as Lower Nine. At a press conference on Aug. 1, the mayor tried to be good-humored when he was confronted by Vanessa Gueringer, a particularly vocal organizer for a community group called ACORN.

"Oh, Miss Acorn," said Nagin with a smile, "Are you still mad at me?"

"Hell yeah!" she shot back. "Is the water certified in Lower Nine?"

Nagin's smile faded.

"You can't see the good in anything," he said.

"No, I can't," said Gueringer, "because my community is still being locked out. And I'm still angry."

Nagin tried to reassure her about the water. "I'm working on it, I'm working on it, we have people down there every day."

"No, you don't," Gueringer snapped. "I know you're lying to me, Mr. Mayor."

Nagin walked away. (His staff later said he needed to get to an appointment.)

The blame game for New Orleans's sorry state is many-sided. The Bush administration, the governor's office in Baton Rouge and city hall all share some responsibility for the slow state of reconstruction. So does the culture of New Orleans itself. When San Francisco was destroyed by an earthquake in 1906, the raw, capitalist spirit of the place was regenerative. New Orleanians have traditionally been more fatalistic and classbound. (Though San Francisco, too, was plagued by racial division: the city fathers originally wanted to use the earthquake as an excuse to drive out Chinese immigrants, until the Empress Dowager of China personally protested and the California governor intervened to halt the forced relocation plan.) Even though Congress has appropriated more than $100 billion for the recovery effort along the Gulf Coast, New Orleans is only now just beginning to get serious money for rebuilding.

Nothing in Ray Nagin's career as a cable-TV executive or first-term mayor of a smallish (and shrinking) American city prepared him to cope with the rough equivalent of an atom bomb detonating off the coast. He can't be faulted for shoddily built levees, or a vacationing, clueless White House, or the Force of Nature. Even so, he is the theater commander in the battle to save New Orleans, and the war is still not going well.

It is very difficult to be in Nagin's shoes. He is intelligent and independent and not corrupt, qualities not always associated with Louisiana fat-cat politics. But he can be ineffectual, too eager to please and too easily distracted. He lacks the dominating personal force of a Rudy Giuliani pulling New York together on 9/11. Nagin can be touchy about invidious comparisons with New York: questioned about the slow pace of rebuilding in his own city, he gave NEWSWEEK his controversial anniversary talking point—"They still have a big hole in the ground after five years."

Tough words, but it should be noted the damage wreaked by Katrina to New Orleans far surpassed the lasting physical impact of the downed Twin Towers. A year after the storm flooded New Orleans and killed more than a thousand people, the city

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has lost more than half its population. Water and electrical service are still out in some low-lying areas, garbage collection is spotty, many schools and hospitals are still closed, and the city buses don't run regularly or on time. Whole blocks still look as though they were bombed. On a sultry afternoon in late August, along Florida Avenue near the now repaired Industrial Canal, gawkers stopped to photograph a house sitting on top of a car. The Gray Line bus company runs a Hurricane Katrina Tour, which charges tourists $35 a day to look at some of the worst-hit spots. (A NEWSWEEK Poll found that 58 percent of Americans are "dissatisfied" with the progress on rebuilding New Orleans and the Gulf Coast.)

There are, in some ways, two New Orleanses. The city's original crescent, "the sliver by the river" of high ground along the Mississippi, was not badly damaged by Katrina. Housing prices are booming and even Donald Trump is looking to invest. But the lower-lying areas stretching toward Lake Pontchartrain are still battered.

The sense of anger and suspicion among Lower Ninth residents, many of whom believe they are being conspired against by white uptown developers, has been a burden for Nagin. His attempts to deal with that sense of alienation bring into sharp relief the mayor's uncomfortable place in the Big Easy. He has always had a foot in both worlds of New Orleans, rich white as well as poor black. His almost unique position could have been a blessing, allowing him to bridge deep divides, something he has failed to accomplish.

Nagin has no deep roots in any one part of New Orleans. He was born in Treme, a middle-class neighborhood traditionally populated by Creoles, who sometimes "passed" for white in the Jim Crow days. The son of a janitor, Nagin himself grew up poor, and for much of his upbringing, he lived in Algiers, a blue-collar community across the Mississippi that is regarded by old New Orleanians as Over There. After getting a baseball scholarship at Tuskegee Institute and an M.B.A. at Tulane, he became a successful businessman. He was the candidate of the elite and the business community when he ran for mayor in 2002. He won 80 percent of the white vote and 20 percent of the black vote, good enough to carry a city that was roughly 70 percent black, 30 percent white.

Katrina seemed to catch Nagin, like the rest of his city, by surprise. He was slow to order an evacuation, and during the storm he had little communication with the Feds (or, for that matter, his own city council). He gained national attention by ranting on a local radio show that the state and federal authorities should "get off their a---s and do something." Normally, "I'm a pretty even-keeled guy," he told NEWSWEEK. "I don't get too high or low."

Nagin is not easy to read. At meetings, he'll frequently slouch to one side or lean his arms and torso way up on the table. The people involved with Nagin's latest plan to rebuild New Orleans, his "100 Days Initiative," won't describe the organization's structure, not because they're required to keep it confidential, but because, they say, the structure exists mainly in Nagin's head. Nagin acknowledges that he has been called a "lone wolf," though he rejects the caricature.

Nagin has a few longtime close advisers, but his administration has been a revolving door. He moves with grace, and is charming and easygoing, though cool and a little detached. He has been called "Mayor Hottie," according to the New Orleans Times-Picayune, but he is hardly a swinger. A family man who likes to play golf, Nagin has been married for 23 years and has three children. He prefers not to show his hand too quickly, and always reserves the right to change his mind.

About a month after Katrina, the city's movers and shakers met at a local restaurant, still serving on paper plates, to talk about New Orleans's future. "The mayor was there for three hours, table-hopping," recalls Douglas Ahlers, a local entrepreneur who became involved in city planning. "But instead of going around saying, 'What do you need? What are you going to do? How can we help?' it was as if it was just a regular Friday lunch in old New Orleans. I realized he wasn't working the issues, just glad-handing."

Nagin did create an ambitious-sounding Bring New Orleans Back Commission in late September and appointed a racially mixed (eight whites, eight blacks, one Hispanic) panel of local worthies to offer recommendations. The most forceful presence on the panel was a wealthy developer, 69-year-old Joe Canizaro, a "git-r-dun" type with close ties to the Bush White House. The commission brought in professional urban planners who suggested that a smaller, drier New Orleans might be healthier and safer. The planners suggested that parts of the lower-lying areas—which were disproportionately populated by African-Americans—be returned to cypress swampland. In an interview with NEWSWEEK, Canizaro said he believed that the mayor would act on the BNOB proposals. "I had no doubt," he said.

Nagin now says that he never wanted the BNOB to be "his" plan but rather a forum for ideas that he could use or discard. When the plan was unveiled at a public meeting in early January, the hotel ballroom erupted with angry protesters. Conspiracy theories were racing through the black community that white developers wanted to drive blacks from the city and seize their property. (The Lower Ninth Ward, in particular, has a higher homeownership—about 60 percent—than most of the city.) Nagin began publicly backing away from the BNOB plan, insisting the Lower Nine would be rebuilt, or making ambiguous or contradictory remarks to a variety of different audiences. Canizaro was desperately trying to get Nagin to go to Washington and present the BNOB plan to policymakers and members of Congress, to show that the city would make wise use of federal dollars.

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Each time he asked Nagin, Canizaro said, Nagin would reply, "We're going to do it." But nothing would happen. "That was the height of frustration," Canizaro recalled. "That's when I realized the Bring New Orleans Back plan was in serious jeopardy."

Nagin was already shifting into campaign mode—the election was scheduled for late March. A month after Katrina, Nagin had met quietly with his chief political adviser, Jim Carvin, a white man in a wheelchair who is a New Orleans institution (at 77, he has been the winning strategist in 10 straight mayoral races). In an interview with NEWSWEEK, Carvin recalled that Nagin was worried that he would be the fall guy for Katrina. Carvin says he told him that "we would get the black vote, and we would get enough of the black vote to win." Carvin says he coached Nagin to chase the post-Katrina diaspora and assure them that they would get their city back: "Get out of town," Carvin instructed the mayor. "Go to Houston, Atlanta, Birmingham. Talk to the displaced voters. Say, 'I'm going to rebuild it'."

On Martin Luther King Day, just a few days after the blowup over the BNOB plan, Nagin made a speech that drew national headlines and not a few political-obituary notices. Speaking to a mostly black audience, he vowed that the city of New Orleans would once again be "chocolate" because "it's the way God wants it to be. You can't have New Orleans no other way." Nagin says he knew what he was doing. "I wanted to be a little edgy because I knew that the national media ... would pick it up and spread the word to displaced voters in other states." ("Chocolate City" is the name of a Parliament album that Nagin listened to in college.)

Nagin's political instincts were spot-on. In a runoff election in May, he beat a white candidate, Mitch Landrieu, winning more than 80 percent of the black vote and about 20 percent of the white vote. Both candidates avoided the touchy issue of whether New Orleans needed to "shrink its footprint," and vaguely promised a plan to rebuild the city if elected. At Sunday mass after the election, Nagin told reporters, "I'm on my boogie board, I'm just going to keep on riding." He announced a "100 Day Plan" to rebuild the city, which immediately became the butt of jokes. Was it supposed to be a plan for rebuilding the city in 100 days, or was it going to take 100 days to release the plan? "The answer's still out there; which one was it?" said a former Nagin adviser, who requested anonymity because he did not want to offend the mayor. Actually, the 100 Day Plan envisions a bottom-up approach: each community will come up with its own plan, and these plans will be knitted together in a larger plan. With less than two weeks to go on Nagin's 100 Days, some communities, like middle-class Broadmoor, are far along, and some neighborhoods, like the Lower Ninth, are still basically nowhere.

Nagin himself has been out of town for much of the time, making speeches to various groups. His detachment vexes some local organizers. The Rev. Leonard Lucas Jr., the wealthy pastor of the Light City Church in Lower Nine, styles himself as Nagin's black conscience. Devoted to getting jobs and federal money into Lower Nine, Lucas seized on the reconstruction of the Jackson Barracks, the local home of a Louisiana National Guard unit, as a chance to get contracts for minority-owned companies. Lucas persuaded Nagin to go to a meeting on the project, and crowed afterward, "We got the mayor onboard and he liked it. He didn't like it—he loved it!" But then Lucas never heard back from Nagin. Now the reverend is bitter. "I've never seen a black man hate his people like that. All he did was sell his people out." Calling Nagin a "white Republican," he denounced the mayor for joining with the white business community in trying to drive blacks out of the city.

Nagin insists he's trying to restore black neighborhoods but accepts that he is going to be a target of frustration. "I'm the mayor, I take those hits at times," he says. Nagin worries about the effect of the rough publicity on his wife and kids, who only this past week were able to move back into their house, which was buffeted and flooded in the storm and is still not entirely repaired. ("My daughter went into her room, kissed the carpet, kissed her bed and kissed the wall," says Nagin.) He has been tending to his own soul, reading a book called "Inspiration: Your Ultimate Calling," a New Age spirituality book that asks readers to remember the "voice in the Universe entreating us to remember our purpose ... " Nagin says his calling is to "find broken stuff ... I do turnaround, I do fixes, I start up stuff."

Nagin cannot run for a third term, and he is vague about his ambitions for higher office. "Every time I go somewhere somebody wants to throw a fund-raiser for me," says Nagin. "So I don't know, man, I'm raising money the easiest I've ever done in my life. I'm serious. I mean big money." Asked if he'd like to be a national leader, he answers, "It depends, man, then I'd have to do the party thing. I don't like any of those parties. I'd rather throw my own party." Carvin, the mayor's political adviser, says that Nagin "doesn't like politics. He's not comfortable with it. He's not comfortable with the wheeling and dealing that goes on in politics." Carvin, who has not seen much of Nagin since the election, is disappointed in his pupil. "He had a marvelous opportunity, having won the election against all odds, to try to pull it together and exhibit all the qualities that a leader should have," says the old political hand. "And he just hasn't done that." Until he does, New Orleans will remain a smaller, sadder city.

Freret Street Revisited (USNEWS)

By Anna Mulrine

U.S. News and World Report, August 28, 2006

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When it comes to their people skills, New Orleanians have for centuries prided themselves on a couple of things: being generous in their acceptance of human frailty, and tolerant of the ghost stories told to them by others. One year since Hurricane Katrina made landfall, killing some 1,700 and uprooting thousands in a diaspora not seen since the Dust Bowl, these are a fraction of the survival skills that come in handy in a town filled with empty homes still scarred with traces of grimy floodlines-and haunted with the memories of loved ones no longer living in them.

Today the city is at under half of its pre-Katrina population of 455,000. Most residents have yet to return, and those who have managed to make their way back are greeted with the specter of levees that still cannot withstand another big storm, insurance payouts that may never come, and a city government whose push-me, pull-you planning initiatives have stalled time and again.

On Freret Street and in the city's 72 other neighborhoods, the absence of a master plan has forced residents to take matters into their own hands, to rebuild in the face of local leadership that the most charitable of Crescent City inhabitants have dubbed "nonchalant." On any weeknight, after their day jobs are done, folks get friends together to gut mold-infested homes in the Ninth Ward, recruit neighborhood kids to paint street names on salvaged two-by-fours in Broadmoor, and sell T-shirts to raise money for the likes of, say, fire stations in Lakeview. "The best things happening in this city are happening without and in spite of the government," says Lauren Anderson, director of the nonprofit Neighborhood Housing Services on Freret Street, where the office file cabinets are now up on cinderblocks and clients stop by with tales of skyrocketing utility bills and homeowners insurance rates that have doubled since the storm-even for houses that weren't touched by floodwaters.

In the meantime, residents disgusted with the pace of planning have begun to pull up stakes and leave, heartsick at spiraling murder rates and beaten down by the accumulation of daily indignities: monster potholes, weak water pressure, and dwindling access to day-care centers, 80 percent of which have disappeared since the storm. Some are simply getting priced out-rents have risen 40 percent, because so much of the housing stock is uninhabitable. For those who remain, the enormousness of the task can be overwhelming if you dwell on it, says Anderson. It's tough to take in the scope of cleanup necessary for a storm that created, for example, 50 million cubic yards of trash (with 8.2 million collected as of July, according to city estimates)-and that has left a quarter-million wrecked cars on the streets, which the city only recently began towing away, to much fanfare. "Sometimes," says Anderson, "the only way to be here is to live in denial."

Carnage. Sarah Parker faces the stark reality of the storm's aftermath every day at the eastern end of Freret Street, near what have long been a handful of "hot" drug corners. When U.S. News met her in December, she was lonely, missing her sister and niece who once lived next door. Today, she is growing increasingly concerned with violence that is shocking even in a city that has long vied for the dubious distinction of murder capital of the country: A quintuple homicide just a few blocks from where Parker lives forced the city to call in the National Guard earlier this summer. But not much has changed. "Oh, Lord, that crime is bad," she says, sitting on her stoop as she surveys two teens strolling down the sidewalk across the street. Notorious drug dealers, she explains as she waves congenially in their direction. "You can't let them know you're scared." While the homes across the street have recently been repainted in bright yellows and pinks, most remain empty and feel incongruous on this street where so many others remain abandoned. Next door, kids climb in and out of windows at all hours to stash drugs and light up "Lord knows what," says Parker. "They put their little stuff in the house, up under there,"she adds, pointing to the window screens.

The city recently launched a plan to reclaim abandoned property and set a deadline for gutting flood-damaged homes, but in the meantime Parker worries that her kids could be shot by a stray bullet in one of the myriad turf wars now being waged here. Every day she calls a city number to report the abandoned house next to hers, and every day she hears gunshots. She worries, too, that the house next door could go up in flames and take hers with it. For these reasons and more, Parker has struggled with anxiety and depression since the storm. But counseling is a luxury in a town where only 22 of 196 psychiatrists who were practicing pre-Katrina have returned. Parker got a boost a couple of months ago when her sister-in-law was able to leave San Antonio, her temporary home in the wake of the evacuation, to return to New Orleans. Now Parker has a confidant, and someone to help her watch her children and her daughter's new baby, her first grandchild. That baby is part of a boomlet of sorts that has hit New Orleans since the storm, where the birthrate has risen an estimated 25 percent this year.

But Parker remains terribly worried about the conditions in her neighborhood. Last month she begged her husband, Peter, to come back from his job upstate, where he was earning good money and commuting home on weekends, to live with her again. He is back now, but Sarah would feel safer if she saw more of the police-"and if they would get out of their little cars and walk some," she says.

Citywide, emergency responders are overwhelmed and understaffed. The police force now stands at 1,452, having lost 362 officers post-Katrina. The department is budgeted for 1,700 officers, but applications are down-only 12 recruits have been added in a year-while more cops leave every month, including 25 in July alone. Throughout the city, hospital beds are at a

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premium and patients report emergency room waits of upwards of eight hours on a good day. Firefighters, too, are underfunded and understaffed, operating on a budget that has been reduced by nearly a third since the storm.

Up in flames. Those cuts may have made the difference for the Original Brown Derby. Back in November, U.S. News met the owner of the corner grocery, Sam Ottallah, as he was struggling to scrape together enough money to rebuild his business after the storm. He did not have flood insurance, and he and his wife and children did without window shades, some furniture, and other items that Ottallah considered luxuries in the family's flooded home to save money to stock his store shelves. The store reopened and was doing brisk business. That is, until it burned down this May, felled in a four-alarm fire.

Firefighters said they would have been able to arrive sooner had they not needed to respond from a station nearly 10 minutes away-instead of one two blocks down the street that the city didn't have the funds to keep open. By the time cashier Vivian Richards-still in her pajamas-joined Ottallah at the Derby just after 5 a.m., it was consumed by flames caused by a gas leak. "He cried his little heart out," says Richards of her longtime friend and boss.But like most New Orleanians, they did not surrender to sorrow. At her local nail salon, Richards heard of some vacant property just a couple of blocks from the old shop, on Louisiana Avenue. Ottallah, Richards, and her son, Dennis, restocked the shelves and reopened for business just a month and a half later.

Throughout the city, three quarters of locally owned shops are now back in business, compared with less than half of the national chains. Celestine Dunbar is hoping to be among this number soon, praying for one of the small-business grants that she hopes will be more available once the city has a unified plan. In the meantime, during one recent meeting, Freret Street business owners agreed to help Celestine and her family plan some fundraising to get their restaurant, Dunbar's, running again; it was flooded out and closed following the storm. The New Orleans soul food institution had hosted local politicos and national celebrities. But without flood insurance, Dunbar and her daughter Peggy Radliff have struggled to reopen. Dunbar is now cooking out of her home to make some cash, and without the money to pay contractors, the family plans to gather on Freret in the months ahead and rehabilitate the place, slowly, week by week if they have to. But Dunbar remains concerned about whether she will be able to employ 15 full-time staffers, as she did before, in a city where salaries are rising in the face of worker shortages and a labor force that is 30 percent smaller post-Katrina.

Housing. Those without the means to get back to their hometown at all feel neglected, too. In June, the Department of Housing and Urban Development announced plans to demolish several public housing complexes throughout the city, including C.J. Peete on Freret Street, home to former New Orleans residents like Theresa Harness, now living in Houston, and her son, Malik, 15. U.S. News spoke with them in December , when Harness returned to clean out her old apartment in C.J. Peete, an apartment she'd lived in for 26 years. Theresa and Malik have been trying to get back home to New Orleans ever since. "We can't find a place to stay yet," says Malik. There have been protests surrounding the announced closures-local casino Harrah's, desperate for workers, weighed in to support more affordable housing-but Malik just has Mardi Gras on his mind, already wondering if he'll be able to play his alto sax in his old school, to parade next February in the one city where it is the cool kids who are in the marching band. "I really wanted to get back home," he says. "But we're just going to work harder to make sure we get back next year."

Residents in neighborhoods forced to prove their viability had to make sure they made it back even earlier, when the city's Bring New Orleans Back commission unveiled what became known throughout town as the "green dots" debacle. The plan set aside some of the hardest hit, most flood-prone neighborhoods for parklands, including predominantly African-American areas like the Lower Ninth Ward, a decision that enraged residents and sparked charges of racial discrimination. The city later backtracked, saying that if those neighborhoods could prove their viability and the intent of residents to return, they would survive. And so neighborhoods banded together, offering fellow communities advice on the fine points of navigating city council. Throughout the summer the Freret neighborhood, in which only a small section was green-dotted, received tips and borrowed volunteers from the Broadmoor community just to its north, a neighborhood that was badly flooded and had to fight for its life to prove its viability to the city.

Today, an agreement reached by the Greater New Orleans Foundation fully 10 months after the storm seeks to weave the plans of individual neighborhoods into a unified city effort, thanks to a $3.5 million grant from the Rockefeller Foundation that helped match up neighborhoods with urban planners of their choice. But while this master plan integrates the wishes of the residents, it also sidesteps key environmental concerns, say critics-and it isn't slated to be complete until the end of the year. "We hear, 'Why don't you just get in there and plan the damn thing?'" says Steven Bingler, the architect in charge of the revamped process. "But if there's anything that's come out of this whole enterprise that has major significance, it's this whole concept of democratic process and self-determination." The struggle to survive also created dynamics that many hope will be the key to a stronger city, particularly in Freret, says Anderson of Neighborhood Housing Services. "People are so much more civically engaged since the storm."

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As children returned to school last week, Jesse Murdoch was fixing up his new business, an ice cream shop that he plans to open on Freret Street next month as part of a new, blue block of storefronts that have been developed since the storm. In the meantime he is living with his wife and four daughters in a Federal Emergency Management Agency trailer-the kind of sacrifice countless residents across the city are making to save money. Murdoch is optimistic but also filled with anxiety as his hometown enters the peak of a hurricane season that could make or break it. Like so many residents here, he is rolling the dice, hoping for the best-and gambling, he says, everything he has.

SLOW GROWTH

Back in February, U.S. News charted the efforts of residents to rebuild on Freret Street, a 3.8-mile stretch of road running from the Pontchartrain Expressway in the east to the Mississippi River bend in the west. Katrina's flood line wove in and out of homes and businesses, uprooting many lives there. Since February, a lot has happened to the denizens of Freret Street; these are their updated stories.

Poll: U.S. Not Ready For Major Disaster (AP)

By Hope Yen

The AP, August 27, 2006

Their confidence shaken by Katrina, most Americans don't believe the nation is ready for another major disaster, a new AP-Ipsos poll finds.

Poor people are more likely to fear becoming victims of the next disaster.

The survey, conducted one year after the devastating hurricane and with much of New Orleans still in shambles, found diminishing faith in the government's ability to deal with emergencies. It also gave President Bush poor marks for his handling of the storm's aftermath.

The region could get an eerily timed test of preparedness with forecasters concerned that a storm system named Ernesto could be at hurricane strength as it crosses over Cuba and heads across the Florida Keys this week.

Fifty-seven percent in the poll said they felt at least somewhat strongly the country was ill-prepared — up from 44 percent in the days after the storm slammed ashore on Aug. 29, 2005. Just one in three Americans polled believe Bush did a good job with Katrina, down from 46 percent a year ago.

"Nobody actually realized soon enough what the scope of this thing was," said Frank Sheppard, a 63-year-old retiree in Valrico, Fla., who considers himself strongly Republican. "The day after, people were actually celebrating."

"They didn't realize that the levees were deteriorating and breaking at that time," he said.

One year after Katrina, large areas of New Orleans remain virtually uninhabitable with piles of debris and wrecked cars.

Only $117 million in at least $25 billion in federal aid has reached the city, while federal investigators determined that roughly $2 billion in taxpayer money was wasted in no-bid contracts and disaster aid to people who did not need the help.

Norma Guelker, 55, of Bay St. Louis, Miss., still lives in a FEMA trailer after Katrina flooded her home with seven feet of water. She says there's no way the government is ready.

Blaming Bush, she said: "There's no reason for him to be concerned about the people who live here. They're not the people who vote for him."

Bush, who visits the recovering storm zone Monday and Tuesday, has sought to deflect the torrent of criticism, saying that rebuilding takes time.

Democrats are hoping to capitalize for the November congressional elections, such as among black and poor people, many of whom were unable to escape Katrina and the flooding it caused.

On Monday, Democrats on the House Homeland Security Committee planned to release a fresh report that summarizes instances where small businesses in the Gulf Coast region were hurt as limited- or no-bid contracts were awarded to politically connected large firms in the weeks after the storm.

The AP-Ipsos poll surveyed 1,001 adults Aug. 7-9 and 1,000 adults Aug. 15-17 and has a margin of sampling error of plus or minus 3 percentage points. The poll found race and class differences sometimes did color people's perceptions.

For example:

_Those making $25,000 a year or less worry were more likely to be worried about becoming a victim of a natural disaster than those who make $75,000 or more.

_People with a high school education or less were among those with the strongest views that the country cannot handle another disaster.

_Fewer than one in five minorities approved of Bush's handling of Katrina, compared with almost two in five whites.

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Gina Montana, 45, of New Orleans, said she worries about another hurricane like Katrina "all day, every day" after the storm forced her family to flee their home. Montana is making her own disaster plans but insists she won't evacuate the city after sleeping in cars and on shelter floors the last time.

"I'm not going out like that," she said recently at the Superdome, which served as a trash-filled, sweltering temporary home for 30,000 people displaced by Katrina.

Others say some of the criticism of Bush has been unfair, noting there were missteps by Louisiana officials such as Democratic Gov. Kathleen Blanco and New Orleans Mayor Ray Nagin as well. Still, they acknowledge their sense of security may never be the same.

"We're definitely not mentally prepared," said Dawn Janosik, a 52-year-old resident of North Lauderdale, Fla.

Broken Promises (NYT)

By Paul Krugman

The New York Times, August 28, 2006

Last September President Bush stood in New Orleans, where the lights had just come on for the first time since Katrina struck, and promised "one of the largest reconstruction efforts the world has ever seen." Then he left, and the lights went out again.

What happened next was a replay of what happened after Mr. Bush asked Congress to allocate $18 billion for Iraqi reconstruction. In the months that followed, congressmen who visited Iraq returned with glowing accounts of all the wonderful things we were doing there, like repainting schools and, um, repainting schools.

But when the Coalition Provisional Authority, which was running Iraq, closed up shop nine months later, it turned out that only 2 percent of the $18 billion had been spent, and only a handful of the projects that were supposed to have been financed with that money had even been started. In the end, America failed to deliver even the most basic repair of Iraq's infrastructure; today, Baghdad gets less than seven hours of electricity a day.

And so it is along our own Gulf Coast. The Bush administration likes to talk about all the money it has allocated to the region, and it plans a public relations blitz to persuade America that it's doing a heck of a job aiding Katrina's victims. But as the Iraqis learned, allocating money and actually using it for reconstruction are two different things, and so far the administration has done almost nothing to make good on last year's promises.

It's true that tens of billions have been spent on emergency relief and cleanup. But even the cleanup remains incomplete: almost a third of the hurricane debris in New Orleans has yet to be removed. And the process of going beyond cleanup to actual reconstruction has barely begun.

For example, although Congress allocated $17 billion to the Department of Housing and Urban Development for Katrina relief, primarily to provide cash assistance to homeowners, as of last week the department had spent only $100 million. The first Louisiana homeowners finally received checks under a federally financed program just three days ago. Mississippi, which has a similar program, has sent out only about two dozen checks so far.

Local governments, which were promised aid in rebuilding facilities such as fire stations and sewer systems, have fared little better in actually getting that aid. A recent article in The National Journal describes a Kafkaesque situation in which devastated towns and parishes seeking federal funds have been told to jump through complex hoops, spending time and money they don't have on things like proving that felled trees were actually knocked down by Katrina, only to face demands for even more paperwork.

Apologists for the administration will doubtless claim that blame for the lack of progress rests not with Mr. Bush, but with the inherent inefficiency of government bureaucracies. That's the great thing about being an antigovernment conservative: even when you fail at the task of governing, you can claim vindication for your ideology.

But bureaucracies don't have to be this inefficient. The failure to get moving on reconstruction reflects lack of leadership at the top.

Mr. Bush could have moved quickly to turn his promises of reconstruction into reality. But he didn't. As months dragged by with little sign of White House action, all urgency about developing a plan for reconstruction ebbed away.

Mr. Bush could have appointed someone visible and energetic to oversee the Gulf Coast's recovery, someone who could act as an advocate for families and local governments in need of help. But he didn't. How many people can even name the supposed reconstruction "czar"?

Mr. Bush could have tried to fix FEMA, the agency whose effectiveness he destroyed through cronyism and privatization. But he didn't. FEMA remains a demoralized organization, unable to replenish its ranks: it currently has fewer than 84 percent of its authorized personnel.

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Maybe the aid promised to the gulf region will actually arrive some day. But by then it will probably be too late. Many former residents and small-business owners, tired of waiting for help that never comes, will have permanently relocated elsewhere; those businesses that stayed open, or reopened after the storm, will have gone under for lack of customers. In America as in Iraq, reconstruction delayed is reconstruction denied — and Mr. Bush has, once again, broken a promise.

Promises Dim For The Nation's Poor (opinion) (USAT)

USA Today, August 28, 2006

Illuminated by lights fit for a Hollywood movie set, President Bush stood in New Orleans' Jackson Square on Sept. 15 and tried to reassure Americans that the darkened and flood-ravaged city would be saved.

For that brief moment, domestic poverty shared the presidential spotlight. Bush acknowledged the dismal relief effort that Americans had witnessed on TV. Poor people who were unable or unwilling to evacuate the city were stranded on the roofs of their flooded homes or at the Louisiana Superdome and the city's convention center.

Bush said the region's deep, persistent poverty was rooted in the nation's "history of racial discrimination." He promised to confront this malady "with bold action."

But when the lights dimmed, so did the promise to make poverty and discrimination national priorities.

As Bush returns to the Gulf Coast states today, New Orleans is clawing its way back with help from tens of billions of dollars the administration and Congress have pumped into the region.

Bush, stung by his administration's inept initial response to the storm, has made a dozen trips to the region. His Justice Department announced last week that it would send lawyers and investigators to help local law enforcement stem a crime wave.

The president has supported funding for rebuilding levees and has pushed for more money for individual housing grants in Louisiana, approved this summer during rancorous budget debates. It is a substantial effort.

Even so, for all the grants and programs aimed at recovery, little has been done to improve the lives of those who were living in poverty when Katrina hit.

At that time, the city's poverty rate was nearly double the national rate. In last September's speech, Bush called for two programs to help lower-income Katrina evacuees train for jobs and become homeowners. Both measures were introduced in Congress but, lacking a presidential push, went nowhere.

Instead of promoting a new national conversation about race and class, Bush has largely stuck to Republican economic orthodoxy.

He showed little enthusiasm for an increase in the minimum wage, so critical to the working poor, but went out of his way when he spoke to the NAACP in July to tout the need to repeal the estate tax, which affects only the wealthiest Americans.

Though Katrina flooded New Orleans democratically, striking rich and poor alike, its aftermath has been harder on people in poverty. Many federal programs are aimed at homeowners, not renters.

Katrina offered the president an opportunity to make the plight of the underclass a new national priority. That's still worth trying to do. Perhaps the president can remember his call for "bold action" when he returns Tuesday to Jackson Square.

Piecemeal Federal Response Won't Protect New Orleans (opinion) (USAT)

USA Today, August 28, 2006

To understand why New Orleans drowned, it helps to fly 2,000 feet above Louisiana's coast.

Along the Mississippi River close to the city, rich marshlands, chartreuse to emerald green, still rise out of the delta, interrupted by thin squiggles of blue water. But as the plane heads toward the Gulf of Mexico, they quickly disappear.

For decades, the gulf has eaten away the land, its salt water killing oaks, cypress and grasses that were once buffers against storms.

When Hurricane Katrina crashed ashore last August, the few natural protections left were no match for its record surges. The city was left open and defenseless.

The vanishing wetlands are only part of what allowed New Orleans to drown, killing more than a thousand people and displacing more than 200,000.

Rebuilding the city without addressing the multiple causes of the disaster would be the height of folly. Yet a year after Katrina, it's astonishing how little the federal government has learned, how much remains the same and how easily it could happen again. The inescapable truth is that New Orleans will not be safe from a Katrina-scale storm for many years.

While the city's situation is in some ways unique, the mistakes made and risks ignored hold lessons for other parts of the nation reliant on levees and vulnerable to floods.

Among the lingering problems:

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· Unsafe walls. New Orleans' levees and floodwalls "failed catastrophically at more than 50 different locations" during the hurricane, according to a report released Friday by the American Society of Civil Engineers.

While some levees were overtopped, other parts of the system were overwhelmed by precisely the kind of a storm they were meant to withstand. A team study led by experts from the University of California at Berkeley found that the Army Corps of Engineers — the federal government's builder of canals, dams and levees — made errors in the basic design and structure of the levees.

Since Katrina, the federal government has spent $759 million to repair and upgrade 220 miles of the 350-mile system. But as a new storm nears the gulf this week, New Orleans remains at risk: Parts of the system begun in the 1960s are unfinished, parts are weak and the ability to pump water out of the 17th Street Canal, which breached, is inadequate.

The levees need to be repaired and upgraded to withstand another Katrina-like storm, but that only makes sense if there's a plan to deal with the wetlands, too.

·Eroding buffers. The marshes, swamps and barrier islands that might have protected New Orleans have been eroded by federally financed projects that tamed the Mississippi's flow and turned it into one of the world's most lucrative shipping channels. Every half hour or so, marshes the size of a football field turn into water. It would take two decades and more than $14 billion, according to a pre-Katrina estimate, to undo that damage. But even the hurricane has not blasted Congress into action. Although lawmakers approved spending about $6 billion to fix and improve the levees by 2010, they've allocated only $115 million to study and restore wetlands.

· Misplaced priorities. Since the 1980s, the driving force behind levee construction has been development, often in places that are flood-prone, rather than protecting people already living in danger. For years, Louisiana's congressional delegations fought for pork-barrel projects to build and deepen shipping channels — projects that often made the city more vulnerable. In the five years before Katrina, the state received $1.9 billion for water projects, but most went to projects that had nothing to do with safety.

A year after Katrina, the simple fact is that the nation still has no policy on how to use the billions spent each year on supposed flood control. Authority is divided among the Corps of Engineers, Congress, the states and in some cases local authorities. No one is in charge or setting priorities.

Changing this requires new thinking and a new structure. The independent Berkeley panel proposed creating a National Flood Defense Authority that would oversee construction and maintenance of flood control systems, in conjunction with equivalent state organizations.

The job is just too big for piecemeal planning. There is no time to waste. That next football field of marshes is eroding. And hurricane season is upon us.

Officials Differ On Gulf Preparedness (WT)

By Eric Pfeiffer

The Washington Times, August 28, 2006

The administration's head of Hurricane Katrina reconstruction and FEMA Director R. David Paulison say that the Gulf Coast is prepared for Tropical Storm Ernesto or other future storms, thanks to levee reconstruction and an improved evacuation plan.

"I don't know if -- whether they'd hold or not," Mr. Paulison told CBS's "Face the Nation" when asked if the repaired levees could sustain a hurricane. "It really doesn't matter because that whole area is in the evacuation zone. And people should evacuate if they're asked to evacuate. They should not be riding out a storm in that area inside those levees."

However, Mr. Paulison said the Federal Emergency Management Agency is better prepared to help evacuate those who are not able to do so on their own. "We've been working with the state of Louisiana to make sure we have a very robust evacuation plan in place, make sure there's shelters available, make sure the people have staffed those shelters, and making sure there's not only security but supplies in those shelters."

Federal Coordinator for the Office of Gulf Coast Rebuilding Donald E. Powell agreed with Mr. Paulison's assessment. "I think we're in good shape," Mr. Powell told "Fox News Sunday."

"I know that the local people, the local officials, the state officials, have been coordinating with the federal officials to anticipate this day," Mr. Powell said. "Hopefully, this will not come, but there is a widespread coordination, and I think we're ready. There's no question in my mind we're ready."

Mr. Powell pointed to Louisiana's refineries as a bright spot in the recovery effort.

"The port is back to pre-Katrina levels. Tonnage is back. Ship calls are more than they were pre-Katrina," he said. "The port is active. It touches 33 states in America, affects 62 percent of all of the consumers in America, and it's back. Energy, 25 percent of the domestic production, is supplied by the Gulf. It's all back."

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Mr. Powell said the levee reconstruction was at pre-Katrina levels but that the project would not be complete until 2010.

New Orleans Mayor C. Ray Nagin said his city's evacuation plan would be successful if Ernesto lands on the Gulf Coast.

"We are ready from an evacuation standpoint. All of our plans have been updated," Mr. Nagin said on NBC's "Meet the Press" yesterday. "We're not going to have a shelter of last resort in the Superdome or the Convention Center. We will be getting everyone out of the city."

Sen. Mary L. Landrieu, Louisiana Democrat, also said the levees are up to pre-Katrina levels but said that wasn't enough. "We need to get them up to Category 5, and we are working to do that," she said during an appearance on ABC's "This Week."

"But this work took so much time and effort and energy," she said. "And as you can see, you know, it's still basically being done."

Mrs. Landrieu said her state was not prepared for another major hurricane. "We have to do two things. We have to fix the levees and then build them stronger and better and higher. And we have to restore the coastline."

President Bush has traveled repeatedly to the region since Katrina, but Mrs. Landrieu said the response still needed improvement.

"He's come here often, but it's not the quantity of the visits, it's the quality of the visits, and it's the follow-through," she said. "This administration is still having a hard time, I think, understanding the magnitude of this disaster."

In contrast to the slow recovery in Louisiana, Mississippi Gov. Haley Barbour said hurricane recovery has been largely successful in his state.

"Most of our state is way past the recovery stage into rebuilding," Mr. Barbour told CBS. "Even if you go down to the three coast counties, largely recovery is over and we're into rebuilding."

Mr. Barbour rejected suggestions that Mississippi received favorable treatment because he is a Republican who supports Mr. Bush politically.

"Louisiana has received more than twice as much of that money as we have," Mr. Barbour said. "They're a larger state than we have. But it was our idea, our concept, and they got more than twice as much of that money. That doesn't sound to me like they've been treated unfairly."

Erratic Ernesto Cause For Alarm From Florida To Louisiana (LAT)

By Carol J. Williams

The Los Angeles Times, August 28, 2006

MIAMI -- Hurricane Ernesto lashed southern Haiti with 75-mph winds Sunday and despite slowing to tropical-storm speeds as it bore down on Cuba, the erratic tempest prompted officials from Florida to Louisiana to scramble emergency-response teams.

Florida Gov. Jeb Bush declared a state of emergency and visitors to the Florida Keys were ordered out, as well as all travel trailers, after the National Hurricane Center confirmed that Ernesto had become the season's first hurricane.

Although the storm lost force by afternoon, with winds easing to 60 mph, center director Max Mayfield warned that Ernesto could quickly pick up intensity again as it crossed the warm Caribbean waters overnight and that even as a tropical storm could inflict serious damage.

"We think it has a good chance to regain hurricane status," Mayfield told reporters at the bunker-like hurricane center west of Miami. Even if Ernesto remains a tropical storm, Mayfield warned that it appeared likely to drive through a broad swath of Florida and that "the entire state needs to pay close attention."

The governor's order and the hurricane center's forecast of possible Florida landfall as soon as Tuesday prompted officials in Tallahassee to "partially activate" their emergency-management plans, a move allowing county officials to mobilize first responders and prepare transportation, shelter and other supplies for potential evacuations, said Mike Stone, spokesman for the state Division of Emergency Management.

Monroe County authorities reported an orderly evacuation and steady traffic out of the Keys on the single road linking the island chain, U.S. Route 1. But overnight maintenance work closing one of the two causeways to the Florida mainland was expected to slow the exodus.

The evacuation order for the Keys included warnings to those with travel plans throughout this week not to come. Just days before the busy Labor Day weekend, hotel and restaurant owners still reeling from losses inflicted during the past two hurricane seasons looked with dread on the prospects of a holiday without tourists.

"We had four storms last year and that already made people double-guess their decisions to come down here this time of year," said Gregg McGrady, executive director of the Key West Business Guild.

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Cuba's Civil Defense agency moved more than 70,000 people from vulnerable settlements along the communist-ruled island's southern coast after Ernesto reached hurricane proportions in the morning and remained on track to inundate much of the country over the next few days, Cuban media reported.

The storm, expected to make Cuban landfall early Monday and travel as far west as Havana, would be the first test of the country's emergency response capabilities since President Fidel Castro fell ill in late July and handed power to his brother, Defense Minister Raul Castro. The ailing Cuban leader traditionally played a prominent role in marshaling orderly -- and mandatory -- evacuations and visiting shelters to show solidarity with the displaced.

Concerns about Ernesto were high all along the Gulf of Mexico coast ravaged by Hurricane Katrina a year ago, despite Ernesto's change of course late Saturday that caused forecasters to project the storm would likely hit Florida harder than Mississippi or Louisiana.

With 100,000 Mississippians living in trailers vulnerable to hurricane-force winds, those vehicles will have to be evacuated at least two days ahead of any storm landfall, Mississippi Gov. Haley Barbour told CBS "Face the Nation."

"We cannot wait as late as we would have waited a year or two ago because we've got all these people under these special circumstances," Barbour said, adding the evacuation order could go out as early as Tuesday if Ernesto is then on a path imperiling his state.

Federal Emergency Management Agency director David Paulison said the agency that came in for withering criticism for its response to Katrina had thoroughly evaluated the lessons learned from that disaster and corrected policies and planning.

"After every major event, you always go back and do after-action reports and look carefully at what worked and what did not work, and then very quickly get on top of those things to fix them for the next time," Paulison told NBC's "Meet the Press."

The veteran of Florida emergency response missions, including 1992's Hurricane Andrew, said major improvements had been made to communications, logistics, victim registration and relief operations since the Gulf Coast devastation a year ago.

Bush Declares State Of Emergency In Fla. (AP)

By Jessica Gresko

The AP, August 27, 2006

A hurricane watch was issued Sunday for the Florida Keys and Gov. Jeb Bush ordered a state of emergency in anticipation of Tropical Storm Ernesto.

Ernesto, which had strengthened into a hurricane for about 10 hours, weakened back into a tropical storm by late afternoon with top sustained winds of 60 mph, the National Hurricane Center said.

Still, the Miami-based hurricane center said the storm could reclaim its hurricane status before reaching the southeastern coast of Cuba on Monday morning.

"It certainly looks like it's going to impact a significant portion of Florida before it's all over," said Max Mayfield, director of the National Hurricane Center.

Florida has been hit by eight hurricanes in the past two years.

Officials in the Keys told tourists to postpone any immediate plans to travel there and ordered those already in the island chain to leave.

All travel trailers and recreational vehicles were ordered off the islands immediately. Residents were taking notice too: a Home Depot store in Key West was busy Sunday afternoon as customers shopped for generators and other storm-preparation equipment.

"We put up the storm shutters today and we're hitting the grocery store tomorrow," said Ben Cassis, who, along with his father-in-law, spent nearly $2,500 for a powerful generator Sunday.

The state of emergency directs counties to open their emergency management offices and activates the National Guard, among other things. Bush canceled a scheduled trip to New York on Monday, choosing to stay in Tallahassee and monitor storm developments.

Ernesto, the first hurricane of the Atlantic season, lashed Haiti and the Dominican Republic on Sunday. The storm was expected to arrive in southern Florida by early Tuesday, the National Hurricane Center said.

Tourists including Jim Rogers, of Lodi, N.J., made preparations Sunday to leave the low-lying Keys, which are connected to each other by just one highway, U.S. 1. Traffic leaving the Keys on the single evacuation route was steady but not heavy Sunday afternoon.

Rogers was part of a group of eight visiting Key Largo and had planned to stay in the Keys until Thursday or Friday. Rogers said the group now might go to Naples, but they were not going home.

"You don't know where to go. You don't know where it's going to blow," he said. "You don't want to be in Key West."

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Evacuations Ordered As Ernesto Steams Toward Florida (USAT)

By William M. Welch

USA Today, August 28, 2006

Tourists were ordered off the Florida Keys on Sunday as Tropical Storm Ernesto barreled across the Caribbean and threatened to regain hurricane strength before approaching Florida and the Gulf of Mexico.

Arriving just as the nation prepared to mark the anniversary of Katrina and its devastation of the Gulf Coast, Ernesto attained hurricane-force winds of 75 mph for 10 hours on Sunday and became the first hurricane of the Atlantic season.

Ernesto weakened as it brushed by Haiti and the Dominican Republic but lashed the island countries with 50 mph sustained winds and heavy rain.

Forecasters at the National Hurricane Center said the storm could regain hurricane status by the time it reaches Cuba early Monday. It was expected to arrive in southern Florida by Tuesday.

"It's on a track toward the Florida peninsula early this week and all of Florida is in the area that's being threatened, from the Keys all the way up to the Panhandle," said Michael Brennan, a meteorologist at the center in Miami.

Tourists were ordered to evacuate the Florida Keys to prevent roads and shelters in the exposed islands from becoming overburdened in case a storm emergency forces island residents to flee along the only highway, U.S. 1, linking the islands and the mainland. All travel trailers and recreational vehicles were ordered to depart the islands, and visitors planning travel to the Keys were told to stay away.

As of 11 p.m. ET Sunday, Ernesto was near the southwestern tip of Haiti and moving at 7 mph, the center said.

Forecasts had called for Ernesto to wallop New Orleans, still recovering from Katrina. Those concerns receded as the storm was predicted to veer east toward Tampa. The White House said President Bush has not changed his plans to visit the Gulf Coast today and Tuesday for the Aug. 29 anniversary of Katrina.

The revised forecast offered no comfort to Floridians, who've weathered eight hurricanes in the past two years. Gov. Jeb Bush ordered a state of emergency.

"A lot of people are coming in and getting gas cans, barbecues, hurricane clamps, batteries, flashlights," said Wanda Freyre, 47, at Ace of Town n' Country, a hardware store in Tampa. "After Katrina, people are taking it more serious."

ID Program Trips Over Hardware (WT)

By Shaun Waterman

The Washington Times, August 28, 2006

The Department of Homeland Security quietly announced last week that port facilities and merchant vessels will not be required to install readers for the biometric ID cards the department plans to issue to the nation's transportation workers.

The change, which critics says guts the security benefit of the proposal, is the latest stumble for the ID card project, called the Transportation Worker Identification Credential, or TWIC, program.

Officials "have concluded that facility and vessel owners and operators will not be required to purchase or install card readers during the first phase of the TWIC implementation," reads a notice in the Federal Register, published last Monday.

The notice also promises that "a requirement to purchase and install card readers will not be implemented until the public is afforded further opportunity to comment on that aspect of the ... program." It adds: "The details of this approach will be explained in the next rulemaking."

The TWIC program, mandated by Congress in the 2002 Maritime Transportation Security Act, is designed eventually to cover 725,000 airport workers, truck drivers, merchant seafarers and others needing unescorted access to transportation facilities such as ships, ports and runways. Workers requiring the card will have to submit their fingerprints and undergo checks against databases for criminals, terrorism and immigration status.

Now critics complain that the Department of Homeland Security has effectively gutted the program by removing a requirement that card readers be installed at ports and on vessels.

"At least for the initial phase, there is not going to be any way to automatically authenticate the identity of the cardholder at these maritime facilities," said Walter Hamilton, chairman of the International Biometric Industry Association.

"Is there going to be a way to make sure it's Tom and not Tom's cousin" holding the card? asked a senior congressional staffer familiar with the program. "No. There isn't."

Homeland Security officials did not respond to phone calls and e-mails requesting comment, but the congressional staffer said the rule was the result of concerns from industry about how the required technology would operate in a maritime environment.

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"These are not insurmountable problems," said the staffer, predicting a delay of six months or a year before a mandate for card readers could be imposed.

The staffer said the pilot project run by Homeland Security to test the program had employed contactless card readers "which worked well in a maritime environment," but had then selected a different kind of reader, requiring the card to be swiped, in the rule. In a maritime environment, said the staffer, where the swipe readers would be exposed to saltwater and sea air, corrosion and other types of damage could quickly render them useless.

Moreover, said the staffer, there was no testing aboard ships as part of the pilot. "Vessels at sea present unique environmental challenges," said the staffer, adding there were additional concerns about sealing off important areas on long voyages.

"There are legitimate safety issues associated with trying to isolate certain areas [on board a ship] for security purposes," said the staffer, asking what would happen during a fire or a hull breach if the reader malfunctioned or a crew member dropped his card and couldn't gain access.

The staffer also said that even without the readers initially installed, the TWIC program would have a security benefit, because of the background checks run on workers who apply for it.

But labor unions protested that using the credential as a "flash card" -- one that is simply shown to a guard, rather than confirming the holder's identity through biometrics or a personal identification number -- would give a false sense of security and increase the ease with which criminal or terrorist gangs could infiltrate transportation facilities by posing as credentialed workers.

"It makes no sense to impose onerous requirements on workers now and force them to pay almost $150 for a glorified flash pass that may never be used as intended," said Edward Wytkind, president of the Transportation Trades Department of the AFL-CIO.

Unlocking Fingerprints (WP)

By Griff Witte

The Washington Post, August 28, 2006

The technology has been the stuff of movies for years: A secret agent runs his fingertip and an encrypted ID card over a pair of sensors. There's a match, and the door swings open.

In the coming months, a wave of government initiatives could start making such high-tech methods of identification commonplace -- beginning with the replacement this fall of federal employee IDs. Similar cards are planned for transportation workers, first responders and visitors to the United States.

Packed with biometric data such as fingerprints and containing a computer chip with room to expand the amount of information stored, the new IDs represent a potential boon to technology companies eyeing an estimated $8 billion in identity-related contracts. Firms such as BearingPoint Inc. and Lockheed Martin Corp. have set up showcase identity labs, pulling technology from different companies into turnkey operations. Hundreds of smaller companies, down to manufacturers of plastic cards, are vying for part of the market.

The biggest business opportunity still looms: Driver's licenses, which are due for a retooling under new federal laws.

"When you're talking about credentialing the federal workforce and contractors, you're talking about maybe 10 million people. When you're talking first responders, you're at 20, 30 or 40 million people," said Thomas Greco, a vice president at Herndon-based Cybertrust Inc. "But when you're talking credentialing all registered drivers in the United States, you're up to hundreds of millions of people. Nobody is losing sight of that."

In an era of chronic concern over terrorism and anxiety over immigration, the business of determining who is who has become increasingly urgent. But it is not without controversy. Americans have long resisted the idea of a national ID card, for example. The growing sophistication of computer databases and networks has heightened privacy concerns -- as have data breaches, from the theft or loss of government computers to AOL's online posting of 36 million keyword searches conducted by hundreds of thousands of subscribers. If the pool of government programs using the new identity technology gets large enough and the amount of information collected gets detailed enough, "there will be a lot of pressure for these programs to converge," creating a de facto national identity system, said Barry Steinhardt, director of the technology and liberty project at the American Civil Liberties Union.

Use of a new government standard may prompt the private sector to follow. The banking, retailing and health-care industries are monitoring the federal initiatives, ready to apply stricter identity standards when dealing with their employees and customers. In an online world, the technology could also be used to establish that two people who never meet in person really are who they say they are.

Federal agencies are supposed to begin issuing their new ID cards in October, complying with a 2004 Bush administration directive requiring more stringent methods for tracking who gets access to federal facilities.

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The new cards must meet a rigorous federal standard that details -- down to the size of the typeface -- what the new cards look like and how they are used. At a minimum, the IDs will require fingerprints and possibly retinal scans or other forms of biometric identification, depending on the agency. The cards are also likely to incorporate magnetic strips, personal identification numbers and digital photos, as well as holograms and watermarks to deter forgery. Before employees and contractors can get their new credentials, they will have to submit to a thorough background check, if they have not already.

By employing multiple methods of checking identity, officials hope to make it as difficult as possible for someone other than a card's owner to use it. Ultimately, the cards will determine not just who gets into buildings but also who receives access to computer applications and files.

Because the information needed to verify an individual's identity won't take up much space on the computer chip in each card, plenty more can be added. An employee's skills, work hours, medical history and job evaluations, for example, could all be included -- much to the dismay of civil liberties advocates.

Already, other federal programs are borrowing from the new standard for government workers. A program to issue credentials to all transportation workers to monitor who has access to air and seaports, for instance, will subject those workers to much the same process as federal employees.

In addition, the Real ID Act, approved by Congress last year, aims to standardize security features on driver's licenses by mid-2008. The Department of Homeland Security has not yet set the standards that states will have to follow. It probably won't include the advanced biometrics the federal government is using for its employees, and states are pushing hard to avoid a complex reengineering of the ubiquitous, low-tech driver's license.

Nonetheless, the companies that make the cards, the scanning devices and the software needed to run identity systems are closely watching the driver's license requirements. They say they understand the privacy concerns but also expect that security will remain a top priority -- with ID standards likely to get stricter, the technology more sophisticated, and the business more profitable.

"No one's going to want technology that just exposes them to more risk," said Greco, whose company, Cybertrust, focuses on information security.

At BearingPoint's McLean offices, the company has set up a room to show off a range of identity systems, including machines for taking fingerprints, scanning irises, recognizing faces or even differentiating between individuals based on the shape of a hand.

"We think it's a terrific area of opportunity," said Gordon Hannah, who leads BearingPoint's efforts to win identity contracts.

Earlier this month, the General Services Administration awarded BearingPoint a five-year deal worth up to $105 million to supply new IDs to any agency that wants them. Agencies that do not buy their cards through the GSA contract are holding their own competitions.

That may be just the beginning. A recent study by the Stanford Washington Research Group and an expert in identity management put the value of the 10 biggest U.S. identity initiatives at $8 billion over the next five years, with an additional $14 billion coming from overseas.

From those programs, identity businesses expect other opportunities to emerge.

"One of the inhibitors has been the cost of the technology. But with the widespread adoption by the government, the cost of everything is going to come down," said Jon Rambeau, director of credentialing at Bethesda-based Lockheed Martin.

State and local governments are considered major potential buyers. Among their needs are credentials for first responders so that officials can verify the identity of people who show up to help in the event of an emergency.

On the commercial side, too, boosters of identity technology say the opportunities abound. Banks, for instance, may want secure cards that can guarantee that someone trying to cash a check really is the intended recipient. Hospitals are looking into using the identity systems for a more reliable way of accessing medical records. And retailers have been working on allowing consumers to make purchases with the swipe of a finger, instead of a card.

Nor do the opportunities stop at the U.S. border. California-based contractor Computer Sciences Corp. has enrolled 40 million people in identity programs worldwide. But on a planet of 6.5 billion, the company thinks it has only scratched the surface.

"Each country has exactly the same issues: How do you facilitate security, facilitate movement across borders and protect privacy all at the same time?" said Tim Ruggles, CSC's director of border and immigration solutions. "That's a tough one."

U.N. Tower Is Deadly Firetrap, Senator Says (USAT)

USA Today, August 28, 2006

The United Nations building is a disaster waiting to happen — a potential towering inferno that could be as devastating for workers, staff and visitors as the terrorist attacks on the World Trade Center's twin towers, Sen. Charles Schumer, D-N.Y., said Sunday.

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Schumer said the 39-story, glass-walled landmark on the East River is a "firetrap" that violates New York City's building code. It has no internal sprinkler system and is full of dangerous asbestos — and its driveway, above an underground garage, probably would collapse from the weight of firetrucks and other emergency equipment, he said.

He called on U.N. Secretary-General Kofi Annan and U.S. Ambassador to the U.N. John Bolton to "make it a priority" to force through a $1.6 billion renovation program. U.N. officials could not be reached for comment.

Study: Out-of-state funds boost Democrats

Democrats running for Congress in the most competitive races for open seats have raised more out-of-state money than Republicans, by a ratio of more than 4-to-1, according to data compiled by watchdog organizations and an Associated Press review of Federal Election Commission records. The races are in Arizona, Colorado, Illinois and Iowa.

In no race is the discrepancy as evident as in Illinois' 6th Congressional District, where Republican Rep. Henry Hyde is retiring after 32 years.

Tammy Duckworth, a National Guard major who lost both legs in a rocket-propelled-grenade attack on her helicopter outside Baghdad, raised $536,982 from individual contributors outside Illinois, according to Political Money Line, a non-partisan clearinghouse for fundraising and lobbying data. Peter Roskam, a Republican state senator and former congressional aide, raised $84,650 outside the state. Duckworth and Roskam each had raised nearly $1.9 million from all sources. The figures are based on campaign-finance reports through June 30, the latest available.

This Is Only A Drill: In California, Testing Technology In A Disaster Response (NYT)

By John Markoff

The New York Times, August 28, 2006

SAN DIEGO, Aug. 26 — It began with a worldwide virus outbreak that had cities under quarantine, emergency workers overwhelmed and government agencies unable to cope. It was compounded by a wave of cyberterror attacks that cut off power, phones and Internet access.

Such was the crisis that teams from the Pentagon, nongovernmental agencies and several dozen technology companies set out to resolve in a five-day simulation meant to showcase and test a new set of digital tools in responding to disaster.

The limitations of even the latest technology were in evidence when an effort to restore communications by setting up ad hoc wireless networks resulted in a three-day data traffic jam.

Yet the problems encountered in the training effort, named Strong Angel III, did little to dampen the enthusiasm of the participants, a diverse group of more than 800 "first responders," military officers and software and wireless network experts — some from rivals like Microsoft and Google, working side by side.

"My view is that the value of Strong Angel is 70 percent in the social networks that will be created," said the organizer, Eric Rasmussen, a Navy surgeon and veteran of relief efforts on several continents. "What we do is try to bring people with disparate backgrounds together and ensure that they are forced to enter into a conversation."

More than $35 million in equipment was assembled here as part of the event, aimed at preparing for natural disasters, epidemics, terrorist attacks or the aftermath of war.

Last Monday, the group began to assemble a makeshift command center at an abandoned building near the San Diego airport. But a state-of-the-art wireless network, intended to route video images, satellite map coordinates and other data — from an impressive array of mobile computers, software analysis tools and command programs — failed to come to life.

"Finally I said, 'Lights out! Everyone turn everything off and let's start over,' " said Brian D. Steckler, a computer scientist at the Naval Postgraduate School in Monterey, Calif., who was in charge of more than a dozen interlocking networks at the heart of the command center.

Hundreds of computers and even cellphones were shut down, and then the network was slowly turned back on, segment by segment. Too many high-bandwidth applications had clogged the network, including a powerful video camera and "rogue" transmitters set up by participants intent on creating their own mini-networks.

Computer researchers call wireless networks of this type "hastily formed networks." But Mr. Steckler said his experience in the training session and in real disasters had led him to refer to them as "fragilely formed networks" instead.

At the same time, the technology roadblocks were balanced by notable successes, like the work of Google, Microsoft, ESRI, Intergraph and other companies to allow sharing a single set of digital satellite maps seamlessly and to overlay event data relayed from emergency workers throughout the San Diego area.

The new software capability relies on a Microsoft-designed system called Simple Sharing Extensions. It has been built on industry standards, like the Web protocol known as Really Simple Syndication, or R.S.S., which was designed to enable one-way data streams.

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Such tools are valuable for disaster-response coordinators who require real-time data feeds from a variety of locations. The Microsoft extensions will make it possible for the feeds to display constantly changing or even conflicting data streams from multiple sources.

Moreover, the achievement demonstrated that industry rivals like Microsoft and Google could cooperatively generate useful technologies. Small teams of programmers from the two companies sat before laptops at adjacent tables to make sure that the Microsoft software connection system would transfer information to Google Earth, Google's visual mapping tool.

"I've been talking to Google all week," said Robert Kirkpatrick, lead architect of Microsoft's humanitarian systems group.

That is the kind of teamwork that Dr. Rasmussen had in mind in organizing the Strong Angel event, the third held since 2000. Dr. Rasmussen has become a leading figure in high-tech emergency preparedness in the United States and internationally. His expertise has been honed by experience in Bosnia and Baghdad, in African refugee camps, in Indonesia after the tsunami and in New Orleans after Hurricane Katrina.

Working a decade ago in the Defense Advanced Research Projects Agency at the Pentagon, he began exploring the use of high-tech systems to support the emergency missions that he would serve as a doctor.

"People are dying in really ugly ways, and it's avoidable," he said.

That led him to organize Strong Angel, which he said was not a formal disaster exercise, but rather a laboratory to experiment with technology that might prove useful in disaster settings. He likened the event to a group of musicians playing casual jazz rather than a rigorous symphony.

That unstructured approach led to some frustrations among participants, who complained at times that they were uncertain of their duties. But Dr. Rasmussen said the situation was meant to force them to organize themselves in a leadership vacuum.

Significantly, Dr. Rasmussen's effort has the support of Linton Wells II, principal deputy assistant secretary of defense for networks and information integration. Mr. Wells, a military strategist, was a driving force behind a Pentagon directive last November that put "stability operations" — defined as "military and civilian activities conducted across the spectrum from peace to conflict to establish or maintain order" — on an equal footing with waging war as a primary mission for the military.

Recognizing the shortcomings of reconstruction efforts after the invasion of Iraq, the directive acknowledges that much of this work is best performed by "indigenous, foreign or U.S. civilian professionals."

"We want to be able to create a space outside of the Pentagon's network firewalls to offer assistance," Mr. Wells said. Such a shift in mission will make it easier, for example, to provide Pentagon imagery from satellites and unmanned Predator aircraft to disaster relief organizations, he said.

It took 300 e-mail messages and ultimately the intervention of a high-ranking fleet admiral to get Dr. Rasmussen and two colleagues to Banda Aceh, Indonesia, in the days immediately after the tsunami in December 2004. Such missions need to be on the military's checklist, Mr. Wells said.

In addition to large technology firms like Cisco Systems, Mitre and Bell Canada, smaller companies demonstrated a range of initiatives last week, tucked amid a phalanx of big trucks that had brought communications equipment and other rescue gear to the command site.

VSee Lab, a Silicon Valley start-up, brought a videoconferencing software system made to transmit video over today's cellular telephone data networks at good quality.

GATR Technologies, a two-person company in Huntsville, Ala., brought a satellite communications antenna tucked inside a 10-foot inflatable beach ball made of ultralight racing sail cloth. The system, designed by Paul Gierow, a former aerospace engineer, weighs just over 70 pounds and makes it possible to deploy a two-megabit Internet connection — faster than many digital phone lines — virtually anywhere.

Looking around at the satellite dishes that had been trucked to the command site, Mr. Gierow said, "We were the only ones who walked here carrying our gear."

Also on display was a novel low-cost refugee shelter designed by Vinay Gupta, a software engineer in Chicago. Called Hexayurts, the buildings are fabricated from four-by-eight sheets of foam or hexacomb cardboard and duct tape and can be built for about $1,000 apiece. Mr. Gupta set up several of the buildings in a plaza and showed how they could be equipped with a high-efficiency wood stove for cooking, a composting toilet and a small fluorescent light.

Although there has been no mass production of the buildings, which are large enough to shelter a family, Mr. Gupta has put design instructions on the Internet and placed them in the public domain. He thinks they are sure to find users.

"A FEMA trailer costs $30,000," he said. "I'm waiting for the next hurricane season."

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WAR NEWS:

Shootings, Bombings Kill At Least 51 (USAT/AP)

USA Today, August 28, 2006

BAGHDAD — Bomb attacks and shootings killed at least 51 people as Iraq's prime minister said violence was lessening and hundreds of Shiite sheiks signed a pact to disarm militias and support the government.

Shiite Prime Minister Nouri al-Maliki insisted bloodshed in Iraq was decreasing and that his government was making progress in efforts to combat sectarian clashes between Shiites and Sunni Arabs, and attacks by insurgents.

"The violence is not increasing. We're not in a civil war. Iraq will never be in a civil war," he said through an interpreter on CNN's Late Edition. "The violence is in decrease, and our security ability is increasing."

On Sunday, gunmen in three cars raked an open-air night market with gunfire, killing at least 12 people. The gunmen fired at throngs of people at the main market of Khalis, a mostly Shiite town 50 miles north of Baghdad. Earlier in the day six people were killed when a bomb exploded on the outskirts of the town.

The U.S. military command said two U.S. soldiers were killed — one by small-arms fire in eastern Baghdad on Sunday and the other on Saturday night when the vehicle he was traveling in was hit by a roadside bomb.

In downtown Baghdad, a bomb in a minibus exploded outside the Palestine Hotel, killing nine people. A car bomb outside the offices of a government-run newspaper left three dead.

Two back-to-back suicide car bombings in the northern city of Kirkuk killed nine people hours after an earlier suicide car bomb killed one person.

Drive-by shootings also killed two people in Mosul, one in Numaniyah and three in Dujail.

Iraqi and coalition forces have been expanding security in Baghdad to crack down on violence neighborhood by neighborhood. Security forces were to conduct a cordon-and-search operation of all the buildings in the Sunni district of Azamiyah in north Baghdad, the U.S. military command said in a statement.

The security sweep has already "resulted in a 36% reduction of murders across the city of Baghdad," said Maj. Gen. James Thurman, commander of U.S. forces in Baghdad.

The prime minister appealed to Iraqis to support his national reconciliation plan to end the bloodshed. The plan was endorsed by hundreds of tribal chiefs at a conference on Saturday.

The reconciliation plan seeks to bridge religious, ethnic and political divisions, which are tearing the country with almost daily violence that has left about 10,000 people dead since May when al-Maliki's government took office.

The plan includes an offer of amnesty to members of the Sunni-led insurgency not involved in terrorist activities, calls for disarming primarily Shiite sectarian militias and promises compensation for families of Iraqis killed by U.S. and government forces. No major Sunni Arab insurgent groups agreed publicly to join the plan.

"Realizing the gravity of the situation our country is undergoing, we pledge in front of God and the Iraqi people to be sincere and serious in preserving the unity of our country," the agreement said. The chiefs also pledged to "work hard to stop the bloodletting and … sectarian killings that have nothing to do with our values."

At Least 69 Killed In Attacks Across Iraq (WP)

By Ellen Knickmeyer

The Washington Post, August 28, 2006

BAGHDAD, Aug. 27 -- Gunmen and bombers claimed at least 69 lives in Iraq on Sunday, even as Prime Minister Nouri al-Maliki repeated the assertions of Iraqi and U.S. leaders that violence was easing from a wartime high set earlier this summer.

While U.S. and Iraqi forces have deployed additional troops in Baghdad to deal with the surge of sectarian violence, the deadliest of the attacks Sunday occurred outside the capital, in cities to the north.

The attention of Iraqi and U.S. officials since this spring has been focused on the rivalry between Sunni Arabs and Shiite Muslims in Baghdad. Sunday's violence, however, highlighted the country's many other dangers since the war began: rising crime and growing tensions among Iraq's other faiths and peoples.

The most lethal attack came in the town of Khalis, near Baqubah, 35 miles northeast of Baghdad. Gunmen stormed the house of a local judge, Hamdi al-Ubaidi, shot one of his brothers and moved to abduct another, police said.

When men from a nearby cafe ran to the aid of the family, gunmen opened fire, killing 12 of the would-be rescuers and injuring 25, police Brig. Safa al Mandalawi said.

The kidnappers escaped, with the judge's brother as their captive, Mandalawi said.

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The mass killing came about 11 hours after a bomb planted in a marketplace in Khalis exploded at the height of morning shopping. Nine people died, and 15 were injured, police Lt. Ali Khayam said.

Gunmen killed five people in three other attacks in the nearby city of Baqubah, a community with a heavily nationalist Sunni Arab population that has seen nearly daily violence.

Farther to the north, in the tense oil city of Kirkuk, back-to-back bombings killed 10 people Sunday outside the house of a police colonel and outside a meeting hall of Sufis, a mystical Muslim religious sect.

A top Sufi leader in Fallujah last week declared that his previously nonviolent sect was joining the Sunni insurgency, saying that rising Shiite militancy left him no choice but to fight for survival. It was not known whether Sunday's attack was related to the Sufi leader's call to arms.

Attacks elsewhere in Kirkuk on Sunday targeted offices of the Patriotic Union of Kurdistan, the party of Iraqi President Jalal Talabani, a member of Iraq's northern-based Kurdish minority. A car bomb at one of the offices killed a guard, while security personnel at another office repelled an assault by gunmen, killing one of the assailants.

Sunni Arabs and Kurds are vying for Kirkuk, one of the country's two main oil centers. A referendum in the city is to determine whether Kirkuk is to come under Kurdish or Arab control. Each side is trying to build up its strength ahead of the vote.

In Iraq's other oil hub, the southern city of Basra, a bomb mounted on a motorcycle killed seven people, authorities said. Maliki, the prime minister, has imposed a state of emergency to deal with the deadly rivalry among the Shiite factions controlling the south.

Another of the day's major attacks was in Baghdad, where a bomb in a minibus killed nine people at a police checkpoint on Sadoun Street, in the center of the city near the Palestine Hotel, police said.

Lt. Col. Barry Johnson, a U.S. military spokesman, confirmed that seven Iraqi civilians were killed Sunday night in what Johnson said was a street battle between American forces and insurgents in Baghdad.

It began when a bomb exploded near American troops in a Stryker armored vehicle in the mostly Sunni west Baghdad neighborhood of Ghaziliyah, a district where U.S. forces have beefed up their presence in an effort to quell sectarian violence.

Insurgents opened fire with grenade launchers and guns after the bomb hit the Stryker, Johnson said. U.S. forces returned fire, wounding four attackers, whom Americans took into custody, Johnson said. He said it appeared the civilians had been caught in the cross-fire.

A resident at the scene gave a different account, saying all seven, including a family of five traveling together, were killed when U.S. forces opened fire on cars around their vehicle following the bombing.

Also in Baghdad, three American soldiers were killed, two by roadside bombs and one by insurgent gunfire, the U.S. military said. A car bomb outside a government-run newspaper killed three and wounded 29 Iraqis, the Associated Press reported.

In Baghdad in particular, the toll reflected the growing aggressiveness of the militias loyal to Iraq's governing Shiite religious parties as they try to crush the country's Sunni insurgency.

U.S. military leaders stepped up American deployments and patrols in Baghdad. U.S. commanders also abruptly extended the stay of one Alaska-based brigade that had been headed home and called in emergency reserves from Kuwait.

U.S. military leaders have credited their crackdown in Baghdad with what they say is a reduction in the number of deaths in Iraq in recent weeks.

"The violence is in decrease and our security ability is increasing," Maliki said on CNN's "Late Edition" program. Multinational forces have created an atmosphere of "reconciliation" in the country, Maliki said, and "Iraq will never be in a civil war."

Maliki's spokesman, Ali Debagh, confirmed Sunday that the prime minister was shuffling the cabinet in his three-month-old government of Shiite religious parties, Kurds and Sunnis.

Debagh said at least one and probably two of the ministers to be replaced belong to the movement of populist Shiite cleric Moqtada al-Sadr. Sadr commands a militia increasingly accused of taking a lead in killings of Sunnis.

Debagh played down the idea that the shuffle was largely a purge of Sadr supporters. Debagh said Sadr "is more and more coming to work as a political force" within the government while disavowing his militia.

Special correspondents Saad al-Izzi in Baghdad and other Washington Post staff in Iraq contributed to this report.

Deaths Drop In Iraqi Capital (LAT)

By Solomon Moore

The Los Angeles Times, August 28, 2006

DOJ_NMG_0053821

BAGHDAD — An ambitious military sweep appears to be dramatically reducing Baghdad's homicide rate, U.S. and Iraqi officials said Sunday — even as violence nationwide killed at least 80 people, including six U.S. soldiers in and around the capital.

Last month, the Baghdad morgue received more than 1,800 bodies, a record high. This month, the morgue is on track to receive less than a quarter of that.

Iraqi Prime Minister Nouri Maliki seized on the drop in slayings during a CNN interview.

"The violence is not increasing.... No, we're not in a civil war," Maliki said. "In Iraq, we'll never be in civil war. What you see is an atmosphere of reconciliation."

Although the smaller monthly tally offers encouragement to U.S. and Iraqi officials, it remains a triple-digit reminder that sectarian violence and insurgent activity vex Iraq's newly formed government.

"It is not possible to create a democracy at the barrel of a gun.... We cannot even work freely as politicians," said Salih Mutlaq, a Sunni Arab member of parliament. "It is not possible for us to even hold meetings. We cannot travel between one province and another."

U.S. Army Maj. Gen. James D. Thurman, commander of military forces in Baghdad, attributed the capital's declining violence to a military sweep involving 8,000 U.S. soldiers and 3,000 Iraqi troops aimed at stopping sectarian violence.

The troops, many redeployed from hotspots around Iraq, have patrolled the capital, searched houses and made arrests since Aug. 7. Similar sweeps in Baghdad and elsewhere since the U.S.-led invasion in 2003 have reduced violence. But the bloodshed would increase when U.S. forces moved on.

Though the U.S. military has not issued a timetable for ending the sweep, officials say that patrolling Baghdad indefinitely would create dependency among Iraq's nascent security forces and tax U.S. resources and manpower.

The U.S. military, with 138,000 troops, is stretched thin in Iraq, with many units on their third deployments. Last week, the Pentagon announced an involuntary recall of as much as 2,500 Marines reservists. The Army has issued recall orders to 10,000 soldiers.

U.S. military leaders say they hope Iraqi police units, paired with American training teams, will be able to maintain security once the troops leave.

Many Baghdad residents, however, think that Iraq's notoriously corrupt and sectarian police forces are part of the problem. U.S. and Iraqi officials acknowledge that Shiite militiamen, many of whom have infiltrated the police, commit most of Baghdad's slayings, but there is still no plan to disarm paramilitary groups.

U.S. and Iraqi officials describe the Baghdad security plan as a last-ditch effort to stave off civil war and to shore up Maliki's government, which has struggled to contain sectarian violence and deliver essentials such as electricity and gasoline.

Baghdad morgue statistician Muayed Matrood said Sunday that "the number of unidentified, identified bodies and those killed randomly in crossfire received by the morgue from Aug. 1 to Aug. 15 were between 240 and 250 bodies." Between the 15th and Sunday, the morgue received 80 to 85 bodies, Matrood said.

The morgue does not count victims of explosions, whose remains often are mutilated. But Iraqi Police Capt. Mohamed Hanoon said bomb attacks were down by one-third during the first two weeks of August.

But the news of progress in Baghdad was dampened by the flurry of weekend violence throughout Iraq.

Of the 80 deaths reported Sunday, 25 were in Baghdad.

Bombers targeted two media centers in the capital. Nine people were killed when a bomb planted on a commuter bus exploded near the pedestrian entrance of the Palestine Hotel, which houses several media organizations.

Two people died when a bomb exploded in the parking lot of the headquarters of Al Sabah, one of Iraq's largest daily newspapers.

"This is the second attack of its kind against us so far," Falah Mishal, an editor at the paper, told the Iraqiya television network. "This is the price that is being paid to the workers at Al Sabah due to their steadfastness and their patriotism."

Morgue workers at Yarmouk Hospital in Baghdad said they received at least a dozen bodies Sunday, among them torture victims, bystanders hit by gunfire, and a child killed by a mortar rocket.

Near Khalis, a village 15 miles north of Baghdad, gunmen killed 22 people at a cafe, an Iraqi Army official said. The assailants also raided a judge's home, killing his brother. In an attack in Khalis, a bomb detonated near a market, killing six people.

In nearby Baqubah, two truck drivers were slain in drive-by shootings and gunmen killed an Iraqi Army colonel. In addition, two brothers and their cousin were shot to death by unknown attackers. And Iraqi police found two bodies six miles north of Baqubah.

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In the northern oil hub of Kirkuk, a car bomber smashed into the home of an Iraqi police colonel, killing nine people. Another car bomb killed one person at the office of Iraqi President Jalal Talabani's political party, the Patriotic Union of Kurdistan. It was the second time this month that bombers targeted the party's office.

The bombings are "aimed at igniting sectarian divisions between Kirkuk's residents, especially between Arabs and Kurds," said Mohamed Khalel Nsayef, an Arab politician in Kirkuk, a Kurdish majority city with significant Arab and Turkomen populations.

In Duluiyah, 50 miles north of Baghdad, three bodyguards for parliament member Abid Jaboori were gunned down.

In the southern city of Basra, Iraqi police officers said gunmen killed a policeman and his sister. Basra authorities also arrested 18 people accused of kidnapping and selling women to foreigners.

U.S. military officials announced the deaths of six American soldiers. Two died in Baghdad, one by small arms fire and one by a roadside bomb, officials said.

Four more troops died in a roadside bombing north of Baghdad. No location was given, but eyewitnesses in Tarmiya, 35 miles north of the capital, said a bomb destroyed an American armored vehicle and that no one survived.

Deputy Prime Minister Barham Salih said in an interview that the leading Shiite coalition was planning to reshuffle the Cabinet only three months after the formation of the unity government.

"This is aimed at improving the performance of the government," said Salih, who declined to identify which ministries would be affected.

Two senior U.S. military leaders in Iraq recently expressed concern that Interior Minister Jawad Bolani, a former engineer and Iraqi Army officer with no police experience, had yet to rein in Shiite militias in the police forces. The paramilitary groups are accused of detaining and killing Sunni Arabs.

A conference of Sunni Arab tribal leaders from throughout Iraq ended Sunday with a declaration pledging support for Maliki, condemning killings and kidnappings of Iraqis, and calling for increased participation in Iraq's political process. The tribesmen also denounced "irresponsible actions by the multinational forces that are hurting innocent people."

"What has been reflected in this conference is that there aren't any real differences that should separate Iraqis from each other," the declaration said.

Bomber Attacks Baghdad Paper On Day When 52 Are Killed (NYT)

By Paul Von Zielbauer

The New York Times, August 28, 2006

BAGHDAD, Iraq, Aug. 27 — A suicide car bomber attacked Iraq's largest newspaper on Sunday, detonating his vehicle inside its fortified compound in downtown Baghdad and killing two people and wounding 20 others, the executive editor and government officials said.

The bombing was part of a violent day across Iraq in which explosions and gun battles killed at least 52 people, including an American soldier.

In Baghdad, a bomb planted on a commuter bus blew up near the pedestrian entrance of a downtown hotel, killing nine people and wounding 20 others, and a convoy ferrying a deputy defense minister came under heavy gunfire that wounded two bodyguards, two government officials said.

The bombing of Al-Sabah, a national newspaper financed by the Shiite-led Iraqi government, also destroyed more than a dozen vehicles and caused the collapse of a quarter of the building where journalists and printing-press operators work, said the executive editor, Falah al-Mishaal.

The attack occurred around 8:30 a.m., as guards carrying automatic assault rifles grew suspicious of the vehicle after it had been cleared to enter the newspaper's parking lot, Mr. Mishaal said in an interview. Before the bomber could be killed, he blew up his vehicle, sending at least two parked cars through the building's wall.

"Tomorrow we will return to work again," Mr. Mishaal said.

The attack was the second on Al-Sabah — which means "morning" in Arabic — in three months. On May 6, a suicide bomber in a car set off an explosion at the newspaper's main vehicle checkpoint, killing one person and wounding several others, Mr. Mishaal said.

He blamed the attacks on Iraqi insurgent and foreign terrorist groups in the mold of the one founded by Abu Musab al-Zarqawi, the Jordanian leader of Al Qaeda in Iraq who was killed in an American airstrike in June.

"We have received many threats from Zarqawi's assistant," Mr. Mishaal said. "We published them in the newspaper."

He said he believed that the bombing was also in retaliation for a meeting of Iraqi television and newspaper editors organized by his newspaper this month where the editors were to sign a "pledge of honor" to respect the government's reconciliation efforts and to avoid printing or broadcasting inflammatory statements or violent images.

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"This is an attack against all Iraqi media," Mr. Mishaal said in a telephone interview. "It is a kind of challenge and an attempt to get rid of all free Iraqi media."

At least 16 journalists working for Al-Sabah and a government-run Baghdad television station have been killed since 2003, news media executives here said.

In a statement, Prime Minister Nuri Kamal al-Maliki "strongly denounced" the attack on Al-Sabah, which he called "a pioneering media organization confronting terror, serving the truth and consolidating unity and national coherence." Furthermore, he vowed to capture the people behind it.

And yet, in remarks closely following similarly upbeat statements by American military officials in Baghdad, the prime minister also sought to lend optimism to his government's efforts to bring security to Baghdad and other parts of the country, and to rule out the possibility of civil war.

"We are not in a civil war; Iraq will never be in a civil war," he said, through an interpreter, in an interview with CNN on Sunday. "The violence is in decrease, and our security ability is increasing."

Mr. Maliki's statement stood in contrast to a far bleaker assessment he made in a speech to Parliament on July 12, when he said the country had one "last chance" to eliminate the sectarian and insurgent attacks destabilizing the country, and warned lawmakers that "if that fails — God forbid — I don't know what will be Iraq's fate."

Also on Sunday, an Iraqi government official said the prison run by the American military at Abu Ghraib, which became notorious for the abuse of Iraqi inmates by American soldiers, had been emptied of inmates and was now under the control of the Justice Ministry.

Saad Sultan, the supervisor of detention facilities in the Human Rights Ministry, said in an intervie that more than 3,000 prisoners in American custody had been transferred to a detention facility at Camp Cropper, an American military base near Baghdad International Airport, on Aug. 15.

Mr. Sultan said the transfer was done "for security reasons, because Abu Ghraib is an unsafe area."

The closing of the prison was reported earlier on Sunday by McClatchy Newspapers.

Elsewhere in Iraqn, 21 people died in continuing sectarian violence in and around Baquba, a restive city 30 miles northeast of Baghdad where Sunni and Shiite Arabs have engaged in a longstanding cycle of retributive attacks.

A roadside bomb in Khalis, a town north of Baquba, killed six people and wounded 15 others, a Baquba police spokesman said. Two truck drivers and three other people were also killed by gunfire in the city's western suburbs, he said. A second attack in Khalis killed at least 10 additional people and wounded 10, said the provincial governor, Raad Rashid.

Near Kirkuk, a northern oil city on the border of the autonomous Kurdish region, four traffic policemen were killed in a roadside ambush as they traveled south toward Tikrit, said Capt. Firas Mahmoud of the Kirkuk police.

Also in Kirkuk, a suicide bomber driving a truck full of explosives stormed into a building housing the offices of the main Kurdish political party, killing two security workers and wounding 16 others, Maj. Kamil Shakhwan of the Kirkuk police said. And a suicide bomb attack later Sunday killed nine others, the Kirkuk police said.

In a market in Basra, a bomb attached to a motorcycle killed four people and wounded 15.

An American soldier was killed in Baghdad by small-arms fire, the military said. Another American soldier was killed Saturday by a roadside bomb that detonated near his vehicle in the southeast section of Baghdad, the military said.

Iraq Tries To Crack Down Carefully On Militias (USAT)

By Jim Michaels

USA Today, August 28, 2006

BAGHDAD — U.S. and Iraqi military leaders are pressing Iraq's Shiite-dominated government to outlaw armed militias, some of which have close links to parties in the ruling coalition.

This month, the top U.S. commander in Iraq, Gen. George Casey, said Shiite death squads were responsible for most of the recent sectarian killing in Baghdad.

"The government should announce clearly to the public that all militias should be dissolved," said Maj. Gen. Bashar Mahmoud Ayoub, commander of the Iraqi army's 9th Mechanized Division.

A brigade from Ayoub's division arrived this month in Baghdad to join an ongoing crackdown on sectarian violence.

The frustration among some officers illustrates the difficulty Iraq's government has had in confronting militias, many of which have ties to political leaders in the National Assembly and the government.

Prime Minister Nouri al-Maliki, a Shiite, has said his government will disband militias as part of a national reconciliation process. Yet al-Maliki's fragile coalition government depends on many of the armed groups for political support and has avoided confronting them directly.

"The militias hold a lot of political power," said Army Col. Doug Heckman, a U.S. adviser.

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The government has said there should be no armed groups in Iraq other than legitimate security forces, such as soldiers and police. In practice, Iraq's government is walking a fine line by trying to draw a distinction between rogue militias and death squads, which it intends to confront, and organized militias tied to political groups. It is negotiating with those militias.

"Disarming militias is a political issue," government spokesman Ali al-Dabbagh said. Al-Maliki intends to confront any militias that remain armed after negotiations are over, he said.

That nuanced approach may prove difficult for American and Iraqi soldiers.

"Until the government comes out and says, 'Disarm the militias,' it's a very ambiguous situation," Heckman said. "If there was an announcement by the government, there would be no more ambiguity."

Brig. Gen. David Halverson, deputy commanding general of the U.S. 4th Infantry Division in Baghdad, said Iraq's security forces had hoped to have a new law on militias in time for the second phase of the Baghdad offensive. A militia law would need approval by Iraq's legislature, which has recessed until next month.

"We want to push this to the political people to clarify this, so it is black and white," Halverson said. However, he said, soldiers have clear orders to detain anyone operating "outside the rule of law," and said the lack of an anti-militia decree won't impede the Baghdad offensive.

American and Iraqi forces operating in Baghdad are authorized to detain anyone who is found carrying a weapon without a permit. They also will attempt to break up criminal enterprises tied to militias, such as black-market fuel sales, he said.

What's less clear is whether and when U.S. and Iraqi troops can target militia leaders. "There is this feeling (among Iraqi military forces) that if we're going to go after the militias, we've got to have the government support," said Maj. Bill Taylor, a U.S. adviser.

The only anti-militia law on the books is one issued by the U.S.-led Coalition Provisional Authority, which governed Iraq until it restored sovereignty to a handpicked interim government in June 2004. That order banned most militias but allowed some armed groups, which it said would eventually be absorbed into Iraq's security forces at an unspecified date.

One of the biggest militias is that of radical Shiite cleric Muqtada al-Sadr. His Mahdi Army, which has battled U.S. troops in the past, consists of about 6,000 to 10,000 fighters in Baghdad, the U.S. military has said. Al-Sadr has emerged as a key political figure in the new government. His party has about 30 seats in Iraq's parliament and controls several ministries. "He has influence over this government," said Brig. Gen. Dana Pittard, commander of the Iraq Assistance Group, which oversees coalition security advisers. "That may be a dilemma for the government to work out."

The coalition military is tracking more than 20 militias in Baghdad, including Sunni and Shiite groups, Pittard said.

Many of the militias have grown stronger because they offer security to residents at a time of rising religious violence. Many Iraqis have little confidence in security forces, some of whom have been tied to death squads. "People have got to be convinced the Iraqi security forces will be able to protect them," Pittard said.

The current phase of the Baghdad offensive is designed to clear neighborhoods, one by one, of criminals and death squads. The next phase will attempt to establish effective policing and begin a reconstruction effort.

The daily number of attacks in Baghdad during the past two weeks has dropped to an average of 21, from 25 per day in the seven weeks prior to that, the U.S. military says. Much of the violence was religious or sectarian.

Maj. Kotiyba Ahmed, who was commanding a contingent of 14 Iraqi soldiers at a checkpoint on the edge of Baghdad, said the offensive has already given people a feeling of security. Stores are staying open later and there is more traffic on the road, Ahmed said.

"Before, people were afraid to leave their homes," he said.

Joe Biden: A Plan For Iraq (NHUL)

By Joe Biden

New Hampshire Union Leader, August 28, 2006

THE NEW, central reality in Iraq is that violence between Shiites and Sunnis has surpassed the insurgency and foreign terrorists as the main security threat. Our leading civilian and military experts on Iraq -- Ambassador Zalmay Khalilzad and Gens. George Casey, Peter Pace and John Abizaid -- have all acknowledged that fact.

In December's elections, 90 percent of the votes went to sectarian lists. Ethnic militias increasingly are the law in Iraq. They have infiltrated the official security forces. Sectarian cleansing has begun in mixed areas, with 200,000 Iraqis fleeing their homes in recent months for fear of sectarian reprisals. Massive unemployment feeds the ranks of sectarian militias and criminal gangs.

No number of troops can solve this problem. The only way to hold Iraq together and create the conditions for our armed forces to responsibly withdraw is to give Shiites, Sunnis and Kurds incentives to pursue their interests peacefully and to forge a sustainable political settlement.

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Meanwhile, more and more Americans, understandably frustrated, support an immediate withdrawal, even at the risk of trading a dictator for chaos and a civil war that could become a regional war.

Both are bad alternatives. The five-point plan Les Gelb and I laid out offers a better way.

First, the plan calls for maintaining a unified Iraq by decentralizing it and giving Kurds, Shiites and Sunnis their own regions. The central government would be left in charge of common interests, such as border security and the distribution of oil revenue.

Second, it would bind the Sunnis to the deal by guaranteeing them a proportionate share of oil revenue. Each group would have an incentive to maximize oil production, making oil the glue that binds the country together.

Third, the plan would create a massive jobs program while increasing reconstruction aid -- especially from the oil-rich Gulf states -- but tying it to the protection of minority rights.

Fourth, it would convene an international conference that would produce a regional nonaggression pact and create a Contact Group to enforce regional commitments.

Fifth, it would begin the phased redeployment of U.S. forces this year and withdraw most of them by the end of 2007, while maintaining a small follow-on force to keep the neighbors honest and to strike any concentration of terrorists.

This plan is consistent with Iraq's constitution, which already provides for the country's 18 provinces to join together in regions, with their own security forces and control over most day-to-day issues. This plan is the only idea on the table for dealing with the militias, which are likely to retreat to their respective regions instead of engaging in acts of violence. This plan is consistent with a strong central government that has clearly defined responsibilities.

To be sure, this plan presents real challenges, especially with regard to large cities with mixed populations. We would maintain Baghdad as a federal city, belonging to no one region. And we would require international peacekeepers for other mixed cities to support local security forces and further protect minorities. The example of Bosnia is illustrative, if not totally analogous.

At best, the course we're on has no end in sight.

At worst, it leads to a terrible civil war and possibly a regional war. This plan offers a way to bring our troops home, protect our security interests and preserve Iraq as a unified country.

The Battle For Baghdad (USNEWS)

By Linda Robinson

U.S. News and World Report, August 27, 2006

BAGHDAD-With the number of violent deaths in Baghdad hovering around 2,000 a month, the U.S. and Iraqi security forces have launched a new effort to pacify the capital. But-as with everything else in Iraq-there are no guarantees that it will be any more successful than the previous attempt, which even senior U.S. commanders here concede was woefully ineffective. That initiative, by the newly formed government of Prime Minister Nouri al-Maliki, failed utterly in its attempt to secure the city from the Sunni insurgents and Shiite militias who are conducting much of the killing, kidnapping, and torture of their fellow Iraqis. Some 4,000 U.S. troops, and an even larger number of Iraqi soldiers, have been sent to the capital as reinforcements for the new effort. Among both Iraqi and American officials, there is a growing consensus that the entire war effort hangs in the balance.

The war has reached this grim crossroads, many here believe, because the mounting centrifugal forces and the failure to achieve the basic requirements of peace are threatening to doom the Maliki government, or at least render it irrelevant. If the level of violence can't be significantly reduced in the coming months, the strained patience of Americans may also reach the breaking point, a growing number of politicians and military officers say. John Warner, the Virginia Republican and longtime chairman of the Senate Armed Services Committee, recently warned that if Iraq plunges into all-out civil war, Congress will have to reconsider its 2002 authorization for the use of troops here. In a letter to President Bush, longtime House Armed Services ranking member Ike Skelton of Missouri compared the battle for Baghdad to Midway in World War II as the "decisive battle" at a "critical and dire phase" of the war.

The danger of the strategy contemplated in the new security effort, however, is that much of the energy of the Iraqi and American forces will be poured into one more series of house-to-house sweeps, as thousands of soldiers fan out in cordon-and-search operations, knocking on doors and confiscating weapons and ammunition. Such tactics, U.S. commanders said in a series of in-depth interviews over the past few weeks, address only the symptoms of the current conflict, not its causes, while they risk further alienating the very civilians whose allegiance the fledgling government desperately needs.

Maj. Gen. William Caldwell, spokesman for the U.S. four-star command, the Multi-National Forces-Iraq, says the new strategy must be seen in its proper context. "The Baghdad Security Plan is a complete package," he emphasized. "We've always said that the military cannot win the peace around this country. All it can do is set the conditions to allow the political process to work so that it can establish peace." There are two economic components to the new plan, Caldwell says. Short-term relief programs will be funded by the United States, after which the government of Iraq is supposed to step up with $200 million in

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infrastructure-development and jobs projects. Whether that will happen, however, is anyone's guess. Another senior general points out, acerbically, that previous campaigns in Fallujah and Tal Afar failed to provide sustained aid. The man in charge of daily military operations in Iraq, Lt. Gen. Peter Chiarelli, says failure now is not an option. "If we don't follow up with a build phase," he told U.S. News, "then I don't think Baghdad can be secure."

Power vacuum. Getting Baghdad right is just part of the challenge, and it may not be possible to bring lasting peace to the city without significant breakthroughs on the core issues of the conflict. The lack of political progress during the past year created a power vacuum that allowed sectarian violence to spiral out of control. Today, many seasoned American military officials grappling with the Iraq problem express frustration that there has not been more progress on implementing the official strategy's key political, economic, and security imperatives. There has been a failure to put sufficient resources and manpower toward achieving the fundamental requirements for peace, many U.S. commanders say. Among their principal complaints: A political reconciliation pact has not been achieved. Too little has been spent on reconstruction and services to win over ordinary Iraqis, and too few of the 138,000 U.S. troops are being used to mentor Iraqi security forces.

The lack of security is only the most obvious symptom of the lack of progress. Even armed U.S. soldiers cannot move around any more freely than they could a year or two ago. They travel from Baghdad's airport to downtown on high-speed choppers or on a hulking armored bus called the Rhino. Riders don helmets and bulletproof vests for the midnight rides. Drivers wearing night-vision goggles pilot the Rhinos with headlights off, in a convoy guarded by humvees bristling with heavy-caliber guns and escorted by attack aircraft.

Resupply convoys still roll mostly in the dead of night, snaking out of military bases in long lines. Military personnel hopscotch from base to base by plane or chopper. On a recent flight aboard a small Army cargo plane called a Sherpa, the pilot flew fast and low-no more than 200 feet off the ground-because the plane's slow climbing speed makes it vulnerable to antiaircraft missiles. Pilots jokingly call the main supply base at Balad the "duck pond" since Iraqis take frequent potshots at the many aircraft there. The most notable difference in the movement of people is the long lines of Iraqis at the airport with their belongings piled high. They are leaving, and few seem hopeful of coming back. Those who can't leave are rushing for whatever security they can find, many in the armed sectarian bands. "Everybody," says a senior U.S. officer in Iraq, "is just trying to survive."

One official puts the top political priority in blunt terms. "A viable government is needed to reduce the violence." By which he means a government that has explicitly gained the allegiance of all of Iraq's main groups. Since the fall of Baghdad, obviously, that hasn't happened. "We've wasted a lot of time here in the last three years," says another senior officer, ticking off the various interim governments, elections, even the writing of the Iraqi Constitution, which failed to address, much less resolve, the major points of conflict. The previous efforts, several U.S. military officials complain, were all about process when the focus should have been on the bargains that still need to be struck among the Shiite, Sunni, and Kurdish groups to hold Iraq together. Process, these officials say, will never be enough to win over skeptical, fearful, and warring Iraqis; what's needed instead is an actual deal, arrived at through hard-knuckled bargaining and with sufficient carrots and sticks to make it work. The U.S., with its military, must be ready to be the guarantor.

To do such a deal, a senior coalition official says, it is essential not to demonize the key players. Right now, one such "demon" is Moqtada al-Sadr, the young firebrand Shiite cleric who has built both a potent militia and a highly popular political movement over the past three years. His party now controls five ministries and has 32 legislators, and his militia, Jaish al-Mahdi, numbers in the thousands. This official argues that a multipronged approach must be taken to the militias' various components, which include unemployed youths who are the foot soldiers, the criminal opportunists who run the bomb factories, and the hard-core fundamentalists who are torturing and executing Iraqis for belonging to the wrong sect.

Disbanding. In fact, that very approach was advocated as part of a security plan written about six months ago. Under it, each militia would produce a one-time list of members, and some number would be allowed to join the Iraqi security forces as individuals and spread across different units. The Badr Brigades Shiite militia, for example, which has about 17,500 members, would be given 5,000 slots. Many of its members are aging, so an economic incentive might be sufficient to win their retirement. The key to making this plan work is to offer it simultaneously to both Sunni insurgents and Shiite militias. Some of the Shiite-led government's members, however, want to make the offer only to Shiites.

The lack of a political compact has direct bearing on the security mess. First, the length of time it took to form the government created a vacuum in which the militias' strength and influence grew. Maliki, named prime minister in April after months of haggling among the parties, espoused a 24-point national reconciliation plan, but lack of progress has it hanging by a thread today. One sign of gridlock occurred after Iraqi Army commanders asked that the government's Council of Representatives reaffirm Maliki's order that all illegal armed groups, Shiite and Sunni, be pursued equally. The council adjourned, instead, for summer break. The result? Still more violence. "There are forces in Baghdad," a senior coalition official says, "who feel they do not have the support of the government yet to confront some of the threats that are impacting them daily."

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The economic deficiencies in Washington's Iraq strategy are every bit as glaring as the political ones. Of more than $300 billion spent on the war here, one senior official calculates that only about $8 billion has gone for economic reconstruction, services, and infrastructure. The imperative to provide economic benefits to ordinary Iraqis is not born out of some vague humanitarian impulse, U.S. military officials here emphasize, but one that directly affects the security of the country and the viability of the government. "That is how you get people to help you police the environment and provide you with the intelligence you need," says a senior official. "With a little more investment, we could turn Baghdad around," he adds, suggesting a figure of $10 billion over three years. "How do we know this approach won't work? We haven't even tried it yet."

White elephants. The objective, obviously, is for ordinary Iraqis to experience the benefits of the economic programs. The special U.S. inspector general in Iraq recently testified to Congress that the most effective aid in this regard was not the large development projects undertaken by civilian government aid agencies and private contractors but the military commanders' emergency response program, or CERP fund. Large-scale civilian projects have produced some enormous white elephants, like the R3 water-treatment plant in Baghdad, on the northern edge of one of the most conflicted zones, Sadr City. Residents can go to the plant to get water, but homes aren't hooked up to it. "What we have built," one U.S. general said in frustration, "is the world's largest water fountain." Another example: In restive Diyala province, a water plant built to provide water to 36,000 homes today supplies fewer than 6,000.

The current U.S. budget request for economic aid to Iraq is only $355 million, and just $276 million for next year. The U.S. ambassador in Iraq, Zalmay Khalilzad, has pinned his hopes for more on an international donors conference sponsored by the United Nations, even though less than $4 billion of $13.5 billion originally pledged by other countries in 2003 has been forthcoming. Neighboring gulf countries have not even agreed to forgive Iraq's debt. "I really believe that reconstruction has to continue, be that with U.S. funds or foreign funds," says Chiarelli. Iraq's legislature must prioritize its huge agenda to tackle the most important issues first, and in the meantime, the general says, "we've got to make sure we continue the rebuilding as they go through the process of passing laws."

The U.S. strategy calls for "standing up" Iraqi forces so that U.S. troops can gradually hand off policing and patrolling tasks to them. But even though this is the primary security task, there are only 4,000 U.S. advisers serving on military transition teams, or MiTTs, supplemented by special operations forces and a "partnering" arrangement with U.S. conventional forces based in the area. The number of partnered units is beginning to drop, as they are being concentrated on fewer and fewer bases. Finally, the U.S. advisers are mostly at the battalion level or above, when this type of insurgent warfare is mostly fought at the company, platoon, and squad level.

Despite a great deal of lip service paid to "counterinsurgency," more U.S. manpower is still being employed in offensive combat operations than in classic counterinsurgency tasks of protecting the population and denying its use to the armed opposition. In practice, many U.S. troops have been used for large-scale sweeps, efforts to seal borders, and chasing insurgents around in lightly populated areas. Massive security operations, including, most notably, the Fallujah offensive, wreak indiscriminate damage, as opposed to the precision, intelligence-driven raids on specific buildings where insurgents have been found.

Even worse, in terms of wasted manpower, are the huge layers of military bureaucracy that have built up here. There is a four-star strategic command in downtown Baghdad, led by Gen. George Casey, the ranking general in Iraq. Under Casey, there's a three-star command led by Chiarelli. Yet another three-star general, Lt. Gen. Martin Dempsey, is in charge of training Iraqi forces. There are thousands of soldiers in command staffs who labor over daily briefings and endless PowerPoint presentations. Hundreds more are employed in force-protection operations and providing basic services to the bases scattered around the country. On the sprawling U.S. military base next to the Baghdad airport, there are 14 speed traps monitored by military police with radar detectors in their SUVs.

Police purge. The argument is that all efforts should be bent on improving Iraqis' ability to take charge of their own security. The Iraqi Army has been given the lead role in about half of the country (map, Page 53). There is a strong view within the U.S. officer corps here that Iraqis must be put in charge so that they will take ownership of the country's problems. But others lower down on the totem pole caution that the handover to Iraqis should not be accelerated much faster. And many commanders caution that U.S. advisers will be needed for years to reinforce the training and professionalization of the forces.

There is also a growing consensus that Iraqi forces will have to be bigger to do the job of securing Iraq. The military and police now number 298,000 and will reach 325,000 by year's end. The Maliki government plans to seek more. One yardstick calls for three Iraqi soldiers to replace every American one, which would mean 390,000. Some Vietnam comparisons suggest that as many as 500,000 are needed. In any case, just to meet the current goal, new recruits are needed to replace roughly 18,000 who have resigned or been wounded or killed.

The picture in the Iraqi police forces is far less positive. Overseen by the Interior Ministry, these forces outnumber the Army by about 40,000. Starting this month, the Iraqi National Police are being pulled from duty to undergo a much-needed overhaul. A

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senior coalition official says that five to six of the 26 police battalion commanders have been implicated in sectarian or criminal violence or both and should be purged and, perhaps, prosecuted. Unlike the Army, where efforts have been made to balance the ethnic mix to reflect the population, the National Police is still 75 percent Shiite, although that is down from 92 percent. In recognition of the need for greater mentoring, the police advisory teams are being increased to 200 from 158. Another very serious problem are 150,000 armed guards assigned to various ministries, who officials say are committing many of the crimes and killings. The Interior Ministry proposes taking control of them and having the United States purge and retrain them, but this will require Iraqi legislative approval.

Beefing up U.S. advisory teams could also make them less vulnerable. They will be increasingly exposed as U.S. forces consolidate onto 50 bases by year's end. That means that resupply lines for outlying advisory teams will be longer, quick-reaction forces will be farther away, and the medical evacuation may be more difficult.

President Bush has said on many occasions that he will heed Casey's advice on when and how fast to draw down U.S. troops. Backing away from earlier hints of a drawdown this year, Casey now wants to see "significant" improvement in the levels of violence by Ramadan, in late October. That also happens to be the eve of the U.S. congressional midterm elections.Despite adverse polls, the administration continues to argue for "staying the course" on Iraq, and Casey's spokesman argues against a rush to judgment. "Our presence has been there for three years, but this government has been in place for two months," says Caldwell. The new Baghdad security effort, he explains, will be a "rolling campaign," and the hope is that success in one area will have a positive effect on the other more difficult places like Sadr City.

The alternative, championed by opponents of the war, is to set a deadline for pulling out troops.

Between the two stark alternatives, however, another possibility exists. According to officials in the trenches of America's grinding war, there is still time to make significant changes in resources and manpower to achieve the key political, economic, and security goals of the strategy. But not much. Citing Ulysses Grant in the darkest days of the Civil War, one senior official said, "It's time for 2-o'-clock-in-the-morning courage on our part and the Iraqis' part."

Hunting Baghdad's Death Squads (USNEWS)

By Linda Robinson

U.S. News and World Report, August 27, 2006

BAGHDAD-A line of 13 humvees rolled into Baghdad's fetid Shula neighborhood well after midnight early this month, stopping briefly to navigate a makeshift barrier of concrete and concertina wire that a local militia had erected on a bridge leading into the warren of one- and two-story homes and market stalls. When they reached the high-walled house they were looking for, Iraqi and American special operations forces spilled out of the humvees, quickly breaching a metal garage door with an ear-shattering boom. Fire from AK-47 rifles erupted minutes later, and the commandos began shooting out streetlights that silhouetted them with a pop, pop, pop. Inside the house, a quick search revealed only women and children-and a photo of one of the men the team was after.

Almost every night in Baghdad, special operations forces wage an intense battle against the Iraqi groups conducting the massacres, kidnappings, and ghoulish disfigurements that are the city's latest scourge. Together, the Iraqis and Americans are conducting three, four, even five raids a night, with human and electronic intelligence tipping them off to the location of death squad leaders. Iraq's special-ops brigade, with its American combat advisers, has netted 1,320 detainees in 445 operations all over the country this year, including three senior militia leaders and 20 individuals most wanted by the U.S. conventional division commanders. Three years of intensive U.S. mentoring, generous funding, and constant operations have made the elite 1,433-man unit the most capable one in the Iraqi Army.

On this night, four raids were launched, and two death squad members were scooped up. Outside the house in Shula, two sharp-eyed U.S. Special Forces sergeants, one a trained sniper, simultaneously spotted two men sitting in a van in the shadows. The soldiers swung the barrels of their rifles and light machine guns toward the windshield, and the two Iraqis instantly raised their hands. The soldiers zip-tied the men's wrists and had them kneel by the road until an interpreter was free to question them. Their cellphones, thrown into the humvee, began ringing incessantly. Someone was anxious to find them.

Barrage. The Iraqis and Americans rendezvoused briefly in the courtyard, virtually indistinguishable in their U.S.-made night-vision goggles and M-4 rifles with laser sights. A new burst of AK-47 fire came from an alley into the courtyard, and two soldiers stole swiftly down the alley while others manning the big guns on the humvees let loose with a ferocious barrage of .50-caliber and 7.62 rounds. The Iraqi commander spoke a few words to his troops, and they dashed around a corner. A U.S. AC-130 gunship circling overhead had just spotted five men entering the mosque behind them. Past experience had taught the commandos how to handle such delicate targets. They had statements from informants attesting to the mosque's use as a meeting place for militia members and as a possible arms depot. Only Iraqis, not Americans, went in to search it.

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One of the men in the van turned out to be one of two brothers the Iraqis and Americans were seeking. He was a Jaish al-Mahdi battalion commander who led a "punishment cell" set up to detain, torture, and kill Iraqis for alleged infractions of Islamic law. Their armed band, led by the man in the photo they found, is accused of some of the most gruesome crimes in Baghdad, including the kidnapping of 14 Iraqi soldiers in May. When the soldiers' bodies were found, their skulls had been burned with a hot iron, then punctured repeatedly with a power drill. Residents say this group has killed over two dozen people, including a young, pregnant wife whose fetus was cut from her womb. The leader's dossier also included making roadside bombs that had killed two U.S. soldiers in February.

Lt. Col. Sean Swindell, the Special Forces battalion commander in charge of special operations forces in Baghdad and the south, described the extensive documentation compiled before any targets are nominated for raids. "We do not go after anyone until we have assembled an evidence packet with numerous sworn statements," he said. "We often add to those packets as we detain others." For one thing, the soldiers want to make sure there are ample grounds to hold those they capture, whether in Iraqi or U.S. custody. The other reason is to have all the details ready to divulge if politicians or the public begins questioning the motives for an operation. In the explosively charged climate of Iraq today, that has happened more than once.

Crying foul. In particular, when those detained are members of a Shiite militia, the Shiite-led government has sometimes cried foul. The powerful cleric Moqtada al-Sadr has denounced raids on his Jaish al-Mahdi militia, even though he has also criticized some of its excesses. In March, after special operations forces killed 16 armed Iraqis in a religious school, or hussainiya, the raids were virtually halted for three months while an investigation was conducted. Since he assumed the job of prime minister, Nouri al-Maliki has strongly supported the commandos and paid them a visit in August. He backed their detention of a sheik in Karbala who ran an armory and assassination cell, even when politicians there complained.

But Maliki is not immune to pressure. Just this month, he criticized the commandos for using aircraft to defend their raids. The AC-130 gunship has been a vital part of the raids' success. The small commando units defend themselves with overwhelming firepower. And in heavily armed neighborhoods like Sadr City, the militias fire antiaircraft guns from rooftops. In video footage of a July 23 raid viewed by U.S. News, heavy fire from a rooftop into the sky was clearly visible during the pitched battle. In that raid, the commandos rescued two Iraqis held in a mock sharia court who had been burned with acid and beaten with electric prods. On the night of the raid in the Shula neighborhood, the AC-130 swung into action to cover the commandos' departure. With AK-47 fire growing steadily, the gunship shot lethal 40-mm rounds to suppress it long enough for the convoy to turn around and wend its way out of the market area. Thirteen Iraqis were killed that night, 10 of them from the aircraft fire and three in the earlier gun battle.

Although U.S. officials take pains to avoid naming the particular groups they are going after, Sunni insurgents, al Qaeda in Iraq, and the Shiite militia commanders who are committing atrocities are all targets of the raids. The hope is to remove these hard-core leaders while the political leaders negotiate an amnesty and offer jobs to the foot soldiers.

The Shadow Warriors (USNEWS)

By Linda Robinson

U.S. News and World Report, August 28, 2006

BALAD, IRAQ-One little-known aspect of the U.S. military operation in Iraq is that it involves the largest ongoing deployment of special operations forces since Vietnam. A total of 3,768 Special Forces,Navy SEALs, and Air Force combat controllers are scattered across the critical Euphrates and Tigris river valleys, from the Syrian border to Hilla and Kut in the south. They are partnered with one third of the Iraqi Army battalions and 13 SWAT-type police units. Speaking to U.S. News at his headquarters in Balad, Kenneth Tovo, the colonel in charge of the Combined Joint Special Operations Task Force-Arabian Peninsula, said his troops are using their specialized skills to complement the U.S. conventional forces' training in two ways. "One, they are working with battalion staffs to integrate intelligence and operations and teach them how to target," he said. "Two, they are training scout platoons to find and fix the enemy." Once the platoons are trained, the Americans advise them in combat. Navy SEAL teams who are partnered with Iraqi forces in Anbar province have seen intensive combat, as have the Americans advising the Baghdad-based Iraqi special ops forces.

Colonel Tovo emphasizes that surgical force must be combined with other methods. In the restive west, his teams woo Sunni tribal chiefs and have persuaded some to send recruits to the police and army. "This task force understands that we cannot kill our way to victory," he told U.S. News. "That said, we live in the security side of the house. We are building Iraqi security force capacity and using that to attack insurgents." This year, Iraqi units with special ops advisers detained 2,065 selected targets, including 460 high- and mid-value ones, killed 222 enemy combatants, and wounded 92. Perhaps a more important measure of their success is that, thanks to their careful targeting and preparation of evidence packets, 70 percent of those captured remain in detention and 85 percent of those who made it to trial were convicted, compared with 40 and 50 percent for other units.

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The Opel gang. Even though Iraq's third-largest city, Mosul, is still plagued by some 14 attacks a week, it is seen as a successful model of the training effort. The lone 12-man U.S. Special Forces team forged a good relationship with the 172nd Stryker Brigade, which has now been sent to Baghdad to help quell the violence there. Lt. Col. Charles Webster, one of the Stryker battalion commanders who invited the special forces to join his planning meetings, recalled how they helped shut down a group he called the "Opel gang," which was plaguing the city with car bombs. "One of them said, 'Sir, they meet here, pick up the cars at this point, drop them off there,' and pointed out the locations on the map," Webster said.

Perhaps their most important breakthrough was getting Mosul's largely Sunni police force to work with the Kurdish Army brigade that secures the east half of the city. After a suicide bomber hit the Army unit one day in July, the police responded-before the U.S. soldiers even learned of the attack. "They were fighting each other just two years ago," says one of Webster's company commanders. The Special Forces master sergeant praised the young officer's diplomatic skill. "He played them like a fiddle," he said.

The Special Forces team in Mosul trained three Iraqi scout platoons in everything from surveillance techniques to marksmanship to special driving skills, using their collection of Toyota Hilux trucks and beat-up civilian cars. Last month, the team's medic patiently corrected a new class's ham-handed attempts at surveillance in a trial run outside a Saddam-era bunker. "You would've been killed if this had been for real," he told them gravely. The team has also worked with the civilian police advisers to improve the Iraqi police, who lag far behind. The Special Forces pick up Iraqi detectives on their way to raids so the latter can collect evidence. They are also helping to figure out why Mosul judges are reluctant to bring cases to trial or impose sentences. "If we can't get them convicted," the Special Forces captain in Mosul says, "we're just running a catch-and-release program."

One point virtually everyone agrees on is that the number of U.S. forces backing up the Iraqis in the Mosul area shouldn't be reduced anytime soon. The American force here has already been reduced from a division to two battalions in the past two years. The Stryker brigade that has arrived to replace the 172nd lived through an abrupt drawdown in 2004, when insurgents from Fallujah flowed into the city and began killing policemen by the dozens. Summing up his tour in Mosul, the Special Forces master sergeant said, "I think we made a difference here."

"Make me afraid!" Like Mosul, Kirkuk to the south is a volatile mix of Sunni and Kurd, with the additional prize of the northern oil fields and production facilities. A Special Forces team there trained scout platoons and started a leadership course for Iraqi lieutenants, platoon leaders, and sergeants in a kind of mini-Ranger school. The team's master sergeant drew a page from Vietnam to create a monthlong program built on the Military Assistance Command Vietnam Recondo model. Under the blazing sun at the K1 base, Iraqi officers and sergeants swapped roles, learned to plan missions, and honed basic soldier skills. Soldiers from the 101st Airborne Division became instructors. In addition, two Special Forces soldiers were farmed out as advisers to each Iraqi company. On the shooting range with his company one day, a cheery blond weapons sergeant shouted above the din as the Iraqis fired tentative bursts from their Soviet-made PKC machine guns: "Make me afraid! Make me s - - - my pants!"

A burly Iraqi scout platoon sergeant named Omran has plenty of reason to be afraid. He has personally suffered from the violence that still plagues Kirkuk. His brother was killed outside his house, in a neighborhood that has been named Kabul for its violence. Omran was also kidnapped during a harrowing visit to Baghdad last month. At a roadblock manned by armed members of the Jaish al-Mahdi militia, he was accused of being Sunni and thrown into the back of a van. Omran, who is Shiite, finally related enough details of his Shiite birthplace that they let him go. "If they had known I was a soldier," he said, finishing his sentence by drawing a finger across his neck.

Omran would like to have armored vehicles instead of the jury-rigged pickup they now use, but the Special Forces team itself has mostly old humvees. Once outside the gates of the K1 base, the humvee gunner flicks on the jammers and the driver hits the gas, heading straight at oncoming cars to determine who is a suicide bomber. The aggressive tactic forces regular drivers to pull off the road until the humvee passes. Back at the team house, named Hornbeck Hall for a Special Forces soldier killed in 2004, the team sergeant expresses concern that the next team may be spread too thin if asked to take on more police mentoring. "If our work is not sustained by those who come after us, it will all fall apart," says the 20-year Army veteran. "They will just go back to their old ways."

The team's final days were marked by a disappointment, when the local U.S. conventional commander did not incorporate the whole team into the planning and execution of a sweep through three insurgent-ridden towns west of Kirkuk. The massive cordon-and-search operation turned up over 300 weapons, 300 fuses for bombs, and hundreds of ammunition rounds, as well as 77 detainees. But they do take home one clear measure of their impact here, the gratitude of young Lieutenant Mohammed. Thanks to his own courage and the combat lifesaver course taught by the special forces, he was able to put tourniquets on both his legs when his vehicle was bombed. The medic helped save one leg, and the team is now trying to get him a U.S.-made prosthetic. "I want to get back to duty," the plucky Iraqi said from his hospital bed.

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Colonel Tovo, who led special ops forces here in the first phase of the war, believes Iraq is at a tipping point. "If you look over the long term," he says, "we've made tremendous progress on the ground. But this is long-duration work. We are trying to change a culture at every level."

The Great Wall Of Arabia (TIME)

By Timothy J. Burger

Time, September 4, 2006

No, you won't be able to see it from space, but Saudi Arabia, unnerved by the violence next door in Iraq, plans to spend up to $7 billion on a partly virtual fence along its 500-mile border with Iraq. The ultramodern barrier will combine fencing, electronic sensors and sand berms. Saudi and U.S. sources tell TIME the kingdom is seeking bids from contractors, including U.S. defense giant Raytheon. (A Raytheon spokesman says the Saudis asked the company not to comment.)

Saudi diplomats say the fence is intended to stop weapons and drug smuggling and illegal immigration. But they admit they fear that Iraq's sectarian fighting and jihadi militancy could spill south. "We're worried about the war in Iraq coming into Saudi Arabia and spreading into the whole region," says Nail al-Jubeir, a spokesman for the Saudi embassy in Washington. "Having some of these guys heading toward the Saudi border is something we want to make sure doesn't happen."

While good fences may make good neighbors, this one will not ensure Saudi Arabia's security. The kingdom has had at least five deadly terrorist attacks since 2003, and some of the perpetrators were homegrown.

Elections: Shays' Sudden Shift (NSWK)

By Eleanor Clift

Newsweek, September 4, 2006

Connecticut Republican Christopher Shays has long been an ardent backer of the war in Iraq. But after returning last week from his 14th trip to the country, the congressman reported that little progress had been made—and called for a "fixed timeline" for the withdrawal of U.S. troops. He plans to hold three hearings next month in the House subcommittee on government reform, which he chairs, to examine the consequences of a phased withdrawal. "We need to send a very powerful message to the Iraqis that there is not an open checkbook and our soldiers are not going to be in harm's way indefinitely," Shays told NEWSWEEK.

His new position is a significant break among Republicans in Bush's firewall on the war going into the November elections. When Shays called the Iraqi desk at the National Security Council to alert it of what he calls "an evolution in my thinking," he assured the staffer on duty that he remains "strongly supportive of what I see as a noble cause." But Shays has his re-election to think about. He's in a tight race with his Democratic opponent, who's casting the contest as a referendum on the war. Two thirds of the voters in Shays' Greenwich district think it was a mistake to go into Iraq. But, says Shays, even antiwar Democrats don't really want to get out right away: "Our positions are not that far apart." He'll find out in November whether his constituents agree.

Homicide Charges Rare In Iraq War (WP)

By Josh White, Charles Lane And Julie Tate

The Washington Post, August 28, 2006

The majority of U.S. service members charged in the unlawful deaths of Iraqi civilians have been acquitted, found guilty of relatively minor offenses or given administrative punishments without trials, according to a Washington Post review of concluded military cases. Charges against some of the troops were dropped completely.

Though experts estimate that thousands of Iraqi civilians have died at the hands of U.S. forces, only 39 service members were formally accused in connection with the deaths of 20 Iraqis from 2003 to early this year. Twenty-six of the 39 troops were initially charged with murder, negligent homicide or manslaughter; 12 of them ultimately served prison time for any offense.

Some military officials and analysts say the small numbers reflect the caution and professionalism exercised by U.S. forces on an urban battlefield where it is often difficult to distinguish combatants from civilians. Others argue the statistics illustrate commanders' reluctance to investigate and hold troops accountable when they take the lives of civilians.

"I think there are a number of cases that never make it to the reporting stage, and in some that do make it to the reporting stage, there has been a reluctance to pursue them vigorously," said Gary D. Solis, a law professor at Georgetown University and a former Marine prosecutor. "There have been fewer prosecutions in Iraq than one might expect."

"But we should not forget that so many of our soldiers and Marines are performing not only honorably, but heroically, in very difficult circumstances," he added. "Their contributions should not be tarnished by the acts of a very, very few."

Top military officers, military lawyers, experts and troops say the number of homicide cases prosecuted probably represents only a small portion of the incidents in which Iraqi citizens were killed under questionable circumstances. Officials also

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say privately that some cases have not been investigated thoroughly because there has been a tendency to consider Iraqi civilian deaths an unintended consequence of combat operations.

"I think there were many other engagements that should have been investigated, definitely," said an Army major who served in Iraq in 2004, speaking anonymously because he fears retribution. "But no one wanted to look at them or report them higher. . . . It was just the way things worked."

Others contend, however, that civilian deaths are inevitable in war and that the close combat environment in Iraq frequently puts civilians in the line of U.S. and insurgent fire.

The cases highlight the sometimes fine line between a criminal allegation and the bloodshed that is a part of war. Spec. Nathan Lynn, a Pennsylvania National Guardsman, shot and killed a man in the darkness of a Ramadi neighborhood in February. Lynn said he considered the man a threat and believes he did nothing wrong.

The man was not armed, and Lynn was charged with voluntary manslaughter. But a military investigator agreed that Lynn acted properly in a difficult situation, and the charges were dropped.

"I was extremely surprised when I was charged because it was clear the shooting fell within the guidelines of my rules of engagement," Lynn said. "This is a war. It's not a police action."A Look at the Numbers

The Post undertook the review after allegations surfaced in recent months that U.S. forces had killed significant numbers of civilians in places such as Haditha, Hamdaniya and Mahmudiyah, with many of the victims women and children. The review included the military justice system's disposition of incidents that occurred from June 2003 to February 2006. It did not include cases from Afghanistan.

Also excluded was the killing of 24 civilians by Marines in Haditha in November 2005, which is under investigation.

There is no accurate count of the number of Iraqi civilians killed by U.S. forces. Iraq Body Count, an independent group that advocates more extensive investigation of civilian deaths, estimates that 40,000 to 45,000 civilians have been killed by insurgents, terrorists and U.S. personnel.

Military officials say they do not track overall civilian casualties. But recently, the military said that an average of one Iraqi civilian was killed by U.S. troops each day in 2005 in "escalation of force" incidents alone. These include, for example, shootings of drivers who did not heed instructions at checkpoints and appeared to be threats.

The harshest penalty, meted out to two soldiers in separate murder cases in 2004, was 25 years in prison -- one of the convicted shot an Iraqi soldier, and the other shot an Iraqi man in his house. Two others convicted in what was called a mercy killing of an Iraqi each received one year in jail.

Solis, who has studied civilian homicides from the Vietnam War, said there were 27 Marines and 95 Army soldiers convicted of murder and manslaughter in that conflict, which lasted much longer and produced many more casualties than the Iraq war has so far.

According to The Post's review of publicly reported cases from Iraq, 39 U.S. service members were charged with crimes in connection with the deaths of Iraqi civilians or for allegedly covering them up, from the start of the war in March 2003 through early 2006.

Twenty-four Army personnel were charged in connection with civilian deaths. Twelve were convicted of crimes and received jail sentences that ranged from 45 days to 25 years. Four others were tried at courts-martial, resulting in one acquittal and three convictions with no confinement.

Charges against two others were dropped. Six received administrative punishments, including four who cooperated with government prosecutions of their superiors. In administrative cases, no trial is held and the charges and penalties are not made public.

"Each case was evaluated independently, and appropriate action was taken in each case," Paul Boyce, an Army spokesman, said Friday after officials examined The Post's data. "Conviction and confinement is not always the measure of a correct result."

Five Marines were involved in homicide cases. One officer was convicted of dereliction of duty and maltreatment for strangling an Iraqi prisoner in 2003 and was dismissed from the Corps; one was acquitted; and charges against three others were dropped.

One naval officer was charged and acquitted in a case related to the death of a detainee at Abu Ghraib prison, and eight Navy SEALS and one sailor received administrative punishments in the same case.

Army and Marine officials confirmed that The Post's compilation of criminal homicide cases is comprehensive. The Naval Criminal Investigative Service, which handles Navy and Marine cases, did not respond to requests for comments on the data.

Since March, an additional 17 U.S. troops have been charged with murder in three separate incidents. The increase in the rate of charges is in part because Lt. Gen. Peter W. Chiarelli, commander of Multinational Corps-Iraq, ordered officers in April to

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look at every escalation-of-force incident that led to civilian casualties. That effort began after the killings in Haditha came to light and it was alleged that officers in the chain of command ignored the case or covered it up.

"Part of our mission success depends on not creating additional enemies because of our actions," said Lt. Col. Michelle Martin-Hing, a spokeswoman for Chiarelli.

The number of civilians killed has declined from an average of seven per week last year and four per week in January to about one per week in August, she said.

No homicide prosecutions have arisen from shootings at U.S.-manned checkpoints, where troops sometimes kill approaching drivers if they appear to be suicide bombers or insurgents. But officials have been focusing on eliminating such deaths.

Standardized signs warning that U.S. troops can use deadly force are displayed, and Chiarelli is trying to buy green warning lasers to use to get drivers' attention without firing warning shots.Too Few Convictions?

The homicide data have caused concern among some human rights advocates and experts on military law, who say the low conviction rate and seemingly lenient punishments may be sending the wrong signal, both to U.S. troops and to the Iraqi people.

"We are indeed having trouble getting convictions and accountability, and so are other countries," said Eugene R. Fidell, president of the National Institute of Military Justice. "It has struck me that the sentences are kind of modest."

But several experts on military justice said that the convictions and penalties so far are a reasonable outcome for a system designed to give soldiers fair trials in which the special circumstances of the battlefield are taken into account.

"Military justice is a two-edged sword," said Michael A. Newton, a former Army lawyer who teaches at Vanderbilt University law school and advises the judges supervising Saddam Hussein's trial. "It is a tool for discipline and military efficiency, but it is also a tool for preserving fairness and the rights of soldiers."

Some incidents clearly took place outside of combat and without provocation.

Army Pvt. Federico Daniel Merida, for example, killed an Iraqi soldier in May 2004 by shooting him 11 times after the two had sex. He was later sentenced to 25 years in prison and given a dishonorable discharge. In October 2004, Army Sgt. 1st Class Jorge Diaz shot a detainee in the face after searching a suspected insurgent's house. He was sentenced to seven years and given a dishonorable discharge.

A series of incidents involving the 1st Battalion, 41st Infantry Regiment in August 2004 highlighted the stresses of battle in the heavily contested Sadr City section of Baghdad and led to four soldiers serving sentences in the deaths of three Iraqi civilians. One of the civilians was shot to death after soldiers attacked a trash truck they believed was dropping roadside bombs. Two soldiers told authorities that the man was in such bad shape, they shot him to put him out of his misery.

In the days that followed, two different soldiers from the same unit, Sgt. Michael P. Williams and Spec. Brent May of the 3rd Platoon, went into two houses in Sadr City during a routine security sweep and shot two unarmed men, later arguing that they felt threatened. Williams and May were investigated for murder only after Lt. Erick Anderson, their platoon leader, forced the battalion's officers to start a probe.

Shortly after filing a report, Anderson was charged with murder.

"In the very beginning, no one wanted to do anything about it," said Anderson, 27, who has left active duty and is living in Kansas. "I think the officers didn't want to have the possibility of having themselves brought into it. They didn't want to go through the whole process."

Charges against Anderson ultimately were dropped, and he was promoted.

He said that during his tour there were many cases of slain Iraqi civilians that never drew scrutiny. "I think once people started seeing the reality of what can happen, when something did happen, they wanted to bury it," he said.

Williams pleaded guilty and was initially sentenced to life in prison, a sentence later reduced to 25 years. May was sentenced to five years.

Retired Maj. Gen. John Batiste, who commanded the 1st Infantry Division in northern Iraq, said he always sought to address crimes as quickly as possible in order to maintain the trust of Iraqis.

"We created more enemies in Iraq than there were insurgents, and that's a geometric equation," Batiste said.How Military Courts Work

To win a murder conviction, military prosecutors must prove beyond a reasonable doubt that the accused killed "without justification or excuse." But that is not always easy in a war zone.

The Uniform Code of Military Justice was enacted by Congress in 1950 partly to help make military trials more like civilian trials, with more procedural protections for the accused.

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But there are key differences between a military criminal case and a civilian one. One of the most fundamental is that the initial decision to start a criminal investigation ultimately rests with the commander of the service member in question, who can order administrative or non-judicial punishments instead of courts-martial.

Critics of the military's processes in Iraq say the performance so far shows a need to change the decentralized decision-making structure. They argue that it creates the potential for improper "command influence" in favor of defendants by officers who don't want the embarrassment of criminal investigations of their subordinates.

Hina Shamsi, senior counsel at Human Rights First, a New York-based nonprofit organization that monitors the military justice system, is a supporter of such changes. Nevertheless, she said: "The system is adequate. When properly followed, it works extremely well."

When criminal proceedings are authorized, there is no grand jury to hear testimony from witnesses called by a prosecutor. Instead, a proceeding called an Article 32 hearing takes place before a single officer. The defense is allowed to present evidence and cross-examine prosecution witnesses. Charges sometimes fail at this stage.

That happened in the case of Marine 2nd Lt. Ilario Pantano, who was charged with murder in the deaths of two Iraqis he had detained at a roadblock in April 2004. He shot the men 60 times and left a sign on their bodies warning insurgents not to risk similar treatment. But he said he fired only after they made threatening moves in his direction.

The Article 32 hearing officer agreed and dropped the charges, partly because forensic evidence showed that the men were shot in the chest, supporting Pantano's story that they were moving toward him when he fired.

Court-martial juries are made up exclusively of fellow service members, all of whom must outrank the accused, though enlisted personnel are entitled to a jury composed of at least one-third enlisted troops. Service members now frequently face juries that include members with battlefield experience in Iraq and Afghanistan.

Frequently, soldiers say they fired because they perceived a threat, or because they believed that their actions were authorized by the rules of engagement or other orders.

"It's not an easy call to make. It requires getting into the head of a serviceman," said retired Rear Adm. John D. Hutson, a former Navy judge advocate general who is now dean of the Franklin Pierce Law Center in Concord, N.H. "Rape is pretty clear, but death of civilians can be a part of the fog of war, or it can be the result of inexperience or misjudgment."

When Abed Hamed Mowhoush, a captured former general in Hussein's army, died in November 2003 after interrogation by U.S. intelligence officers, Iraqi agents and U.S. soldiers, Chief Warrant Officer Lewis E. Welshofer Jr., a military interrogator, was found guilty of negligent homicide, not murder.

Welshofer had stuffed the general headfirst into a sleeping bag and straddled his chest while questioning him. The jury that convicted him rejected the prosecution's claims that Welshofer intended to kill. Welshofer had sought approval for the sleeping bag method at a time when U.S. policy on interrogations of resistant Iraqi insurgents was, at best, unclear.

The jury gave him a formal reprimand, fined him $6,000 and said he should be confined to his home, office and church for 60 days.

Welshofer defended his actions in a February 2004 letter to the commander of the 82nd Airborne Division, citing his "moral obligation to do everything I can to protect the lives of my fellow soldiers."

Precision Technology Helps Combat Troops Pinpoint Enemy (USAT)

By Tom Vanden Brook

USA Today, August 28, 2006

WASHINGTON — U.S. troops and pilots in Iraq and Afghanistan share live video feeds from the battlefield to call in precise airstrikes, technology that barely existed a few years ago but now directs nine of 10 bombs and missiles dropped.

It's possible, military officers say, for troops to call in strikes less than the length of a football field from their positions compared with 2,000 yards two years ago. That's needed more than ever as troops fight insurgents in tightly packed urban areas.

The technology also can limit injuries to civilians and damage to sensitive sites such as mosques. This helps the military avoid angering the people it's trying to win over.

Forward air controllers — troops who call in airstrikes — can direct a pilot to a target in less than a minute. It used to take them 45 minutes to verbally direct a pilot to an enemy position, said Air Force Lt. Col. Greg Harbin, a forward air controller and former pilot who's used the Remote Operated Video Enhanced Receiver (ROVER) in combat.

“It's the most fundamental revolution in warfare since radio,” Harbin said. “The pilot and controller see the same thing. A picture's worth a thousand words. In this case, it might be a million.”

Precise images captured by sensors aboard a fighter jet or an unmanned plane such as the Predator are instantly relayed to troops on the ground who receive them with an antenna and laptop that can be carried in a backpack. Troops can highlight a

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target on the laptop screen, allowing either the aircraft's crew or the unmanned plane to lock in on the target and hit it with either a bomb or a missile.

The system's use has proliferated. At the start of the Iraq war, there were only enough of the early versions of the system to be used by special operations forces. Now, virtually every jet in the sky over Iraq has the ability to share its video, and troops in all services have about 800 receivers, Harbin said. Australian, British and Canadian forces are buying the units, which cost about $32,000 apiece if bought 100 at a time.

"Historically, close air support has been the art of talking the pilot on to the target," said John Pike, a military analyst with GlobalSecurity. "That isn't easy."

ROVER also allows the use of smaller bombs. Pike said the Air Force's new GBU-39, a 250-pound precision bomb, can be used to destroy a building rather than a neighborhood. The bomb can hit within 6 feet of its intended target.

"Fragments from a 2,000-pound bomb will go many football fields," Pike said. "That's one of the reasons why they're hot on this 250-pound bomb. The safe distance is a lot less."

Coalition aircraft have been dropping bombs daily in Afghanistan over the past week, according to figures from U.S. Central Command. Warplanes patrol Iraq daily. Those planes also perform surveillance and reconnaissance for troops on the ground with ROVER technology, Harbin said.

Though ROVER offers advantages, it isn't perfect, Harbin said. Bad weather is a limiting factor. "This isn't a cure-all," he said. "It's a step in the right direction."

Here's how the new targeting technology has been used:

·April 2005: Sniper and mortar fire had pinned down Harbin and 25 Marines in the restive Anbar province in western Iraq. Harbin had been wounded by a rocket-propelled grenade when he called in an airstrike within 100 yards of his men. An unmanned Predator, piloted by an Air Force officer in Las Vegas, unleashed a Hellfire missile that killed the snipers but left the building they were in standing.

·March 2003: Kyle Stanbro, an Air Force special operations combat controller (now retired), used the technology to call in airstrikes that destroyed 35 Iraqi tanks in the early days of the war. Stanbro and his team, traveling in four unarmored vehicles, were able to stay out of the tanks' range and call in airstrikes for more than six hours.

·September 2005: ROVER technology was used to locate 182 survivors of Hurricane Katrina in New Orleans and direct helicopters and boats to rescue them. Air Force Tech. Sgt. Travis Crosby, who used the system to help direct Iraqi police to stop suicide bombers last year, said the Air Force is prepared to use ROVER again this year if a major hurricane hits the USA.

Director Of Baghdad Museum Resigns, Citing Political Threat (NYT)

By Edward Wong

The New York Times, August 28, 2006

BAGHDAD, Iraq, Aug. 27 — The director of the Baghdad Museum has resigned and moved to Syria because he felt under threat from fundamentalists with ties to the Shiite-led government, a Western diplomat said Sunday. The director, Donny George, is known as a prominent advocate for the preservation of antiquities in Iraq.

A spokesman for the Ministry of Tourism and Antiquities, which is in charge of the museum, confirmed that Mr. George resigned this month and left Iraq a few days ago. "We think he left Iraq to eventually try to go to the United States or a European country," said the spokesman, Abdul Zahra al-Talaqani.

The Western diplomat, who has some expertise in antiquities, said in a telephone interview on Sunday evening that Mr. George had recently told people close to him that he felt threatened. Mr. George was a midlevel official in the Baath Party under Saddam Hussein's government and may be the target of a revenge campaign by conservative Shiites, said the diplomat, who spoke on the condition of anonymity.

Since the fall of Mr. Hussein in 2003, hard-line Shiite politicians have pushed for a purging of Baath Party officials from the government, even though many Iraqis joined the party out of social pressure or to advance their careers and not out of ideological motivation. Many Shiites and Kurds feel great hostility toward Baathists, whose top officials, including Mr. Hussein, were from the Sunni Arab minority.

The Western diplomat said Mr. George was dedicated to saving antiquities. "I think any institution would revere somebody with his skills and abilities," the diplomat said.

Mr. George could not be reached by telephone in Damascus. He did not return e-mail messages asking for comment.

The flight of Mr. George was first reported by The Art Newspaper, a trade publication based in London. Mr. George told the newspaper that he had fled Iraq because the current government had appointed fundamentalist Shiites to oversee the ministry's antiquities board and no longer had money to pay for the guarding of ancient sites. Mr. George, a Christian, spoke to The Art Newspaper from Damascus, the Syrian capital. The interview was posted on the Internet on Saturday.

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Mr. George said his position had become untenable over the past year because the new officials in charge of antiquities preservation were followers of Moktada al-Sadr, the radical Shiite cleric who led two uprisings against the Americans in 2004. Mr. Sadr's allies hold at least 30 seats in Parliament, making him one of the most powerful political forces in Iraq. He also commands the Mahdi Army, a formidable militia. "I can no longer work with these people who have come in with the new ministry," Mr. George said. "They have no knowledge of archaeology, no knowledge of antiquities, nothing."

Mr. George added that the new appointees were focused exclusively on preserving art from the country's Islamic history and not from earlier periods. Long before Islam arrived here, Iraq was the site of flourishing civilizations, beginning with the ancient societies of Mesopotamia.

Mr. George said in the interview that he had come under increasing pressure from ministry officials to sever his contacts with international experts on antiquities.

In addition, he said, the work of preserving ancient sites and relics had come to a stop over the past two years. Though there exists on paper a government force of 1,400 guards assigned to protect various sites, the government will run out of money in September to continue paying the guards, he said. "The coalition has to do something about this," he said, referring to the American-led forces.

Mr. Talaqani, the ministry spokesman, said Mr. George's statements were wrong. He accused Mr. George of trying to make himself look besieged in order to apply for asylum in the United States or Europe. "He's using this story so some immigration officials will believe the Iraqi government is pressuring him," Mr. Talaqani said.

The new director of the museum is a woman named Amira Eidan, he said.

The halls of the Baghdad Museum are sealed with concrete, and its treasures are not open to the public. The hauling off of many of its relics in 2003, during the mass looting that swept Baghdad after the American invasion, became for many a potent symbol of the war's cost.

British Ambassador Explains Troop Movement Near Iraq-Iran Border (MCT)

By Mark Brunswick

McClatchy Newspapers, August 28, 2006

BAGHDAD, Iraq - The new British ambassador to Iraq said on Sunday that British troops taking up position near Iraq's border with Iran aren't preparing for military action against Iran, but were getting to crack down on weapons smuggling between the two countries.

Ambassador Dominic Asquith was responding to concerns raised by some Iraqi political and religious leaders, who've suggested that the British troops may be doing U.S. bidding as tensions rise over Iran's nuclear development program.

The concerns come as British forces have faced escalating violence in the once-quiet southern area around the port city of Basra, Iraq's second largest city. Last week, the British turned a base over to the Iraqi army and dispatched half the troops formerly stationed there to positions closer to the Iranian border. The base was subsequently overrun by Iraqi looters, who stripped it bare.

Asquith said the movement was designed to block the flow of arms, bomb-making materials and other "outside influences" into Iraq, particularly during a tenuous time as it pursues a program of national reconciliation.

"I would not draw any connection to the deployment of multinational forces and any deeper theory about what messages we are designing to give," he said during a news conference at the British Embassy in Baghdad.

Asquith, who's been in Iraq since 2004 as a lower-level diplomat, presented his credentials as ambassador last week.

U.S. officials worry that Shiite militias are receiving arms and explosives smuggled from Iran, a Shiite-dominated nation that could stand to gain by Iraq's continued instability.

Last month, a leaked memo by Britain's outgoing ambassador, William Patey, warned that "a low-intensity civil war and a de facto division of Iraq" was probably more likely than a transition to a stable democracy." The memo contributed to an on-going debate about whether Iraq, racked by sectarian violence pitting Shiite and Sunni militias against each other, was in the throes of civil war.

Iraq's prime minister said Sunday that violence was decreasing.

"We're not in a civil war. Iraq will never be in a civil war," Nouri al-Maliki said on CNN's "Late Edition."

Asquith said he does not yet see Iraq in a civil war, and said he thought progress was being made.

"There's no question there is sectarian violence inspired by people who are determined to fan the flames," he said. "We have made progress in attacking the security issue of Baghdad but the level of violence is deeply disturbing."

His comments came as a series of explosions killed at least 18 people and wounded dozens Sunday. A bomb planted in a minivan used as a public bus detonated near the pedestrian entry point to the Palestine Hotel in downtown Baghdad, killing at least nine people and wounding 18, police and witnesses said.

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Another car bomb exploded in the parking lot of the government-run al-Sabah newspaper in a Sunni-dominated area of the capital, killing at least three people and wounding 30.

Jimmy Carter: Blair Subservient To Bush (AP)

AP, August 28, 2006

Former President Jimmy Carter accused Tony Blair on Sunday of being "subservient" to the White House, saying the British prime minister failed to constrain America on Iraq.

"I have been surprised and extremely disappointed by Tony Blair's behavior," Carter said in an interview with The Sunday Telegraph newspaper.

"I think that more than any other person in the world, the prime minister could have had a moderating influence on Washington — and he has not," added Carter, who opposed the war in Iraq. "I really thought that Tony Blair ... would be a constraint on President Bush's policy toward Iraq."

Blair has been Bush's closest international ally on Iraq, and Britain has the second most troops there after America.

Carter said in many countries he has visited, people equate U.S. and British policy.

"It's a shameful and pitiful state of affairs, and I hold your British prime minister to be substantially responsible for being so compliant and subservient," Carter said.

Blair committed Britain to the war even though public opinion was strongly against it. He was re-elected last year — but with a sharply reduced Parliamentary majority, and the war has damaged his credibility among Britons.

Some speculated when the war began that Blair had decided to back Bush publicly in order to maintain his behind-the-scenes influence on Washington. But he has always denied suggestions that he committed to the invasion of Iraq for any reason other than that he believed it was the right thing to do.

Hostage: The Jill Carroll Story - Epilogue: Family reunion (CSM)

By Peter Grier

The Christian Science Monitor, August 28, 2006

On April 2, 2006, a white Lufthansa 747 with the designation "Hamburg" written on its side taxied up to a gate at Boston's Logan Airport. At 12:22 p.m., Jill Carroll stepped off the plane and onto US soil.

As she passed through customs, agents and other officials on duty crowded around for a chance to see her. Whisked into a waiting car, she was driven to the Monitor's headquarters in Boston's Back Bay, a police escort around her and news helicopters overhead.

Jill was traveling light. She'd left a big yellow bag of clothes and toiletries from her captivity in the Green Zone in Baghdad. She'd decompressed there for a day, talking to members of the US Embassy's Hostage Working Group, before traveling on an aircraft carrying American casualties to Ramstein Air Force Base in Landstuhl, Germany.

In Boston, her car went straight into the underground garage of the Christian Science church headquarters. In a preplanned bit of evasion, she was led through basement corridors under the complex to a loading dock on a nearby side street. She then jumped into a blue van - easily missing the media horde camped outside the Monitor building.

The van went only a few blocks, to a nearby church-owned townhouse. There, Jim, Mary Beth, and Katie crowded around an open window, yelling her nickname, "Zippy!"

Jill met them coming down the hallway in a whole-family embrace. She wept and said, "I'm sorry." She was home.

. . .

Nearly five months on, what's to be learned from Jill Carroll's kidnapping and release?

Monitor editors and correspondents were heartened by the global condemnation of the kidnapping, especially from Muslim religious leaders and even militant groups, such as Hamas. They remain proud of the media campaign they helped mount, from the solicitation of statements on Jill's behalf to the public service announcements that ran in the Iraqi media. They believe it was targeted to the right audience - the Middle East - and well placed. They know the kidnappers saw some of it.

It's presumptuous to say it led directly to her release, but "I do think that changed the mental climate," says Richard Bergenheim, editor of the Monitor.

Another obvious conclusion is that Iraq has become a very dangerous place for the news media. More than 100 journalists, including interpreters and assistants, have died there since March 2003.

Since Jill's kidnapping, the Monitor has upgraded its security measures in Baghdad - both because of what had happened to her and because of the worsening situation on the ground. Editors won't detail those measures, so as not to undermine their effectiveness. The paper has kept a British security firm on retainer for consultation.

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As for Jill herself, she says that her experience taught her about priorities. Throughout her 82-day ordeal, she missed her family and her friends. Work and success didn't seem so important anymore. "I never once wished I'd filed one more story," she says.

But she doesn't regret going to Iraq in the first place. She was doing what she had always wanted to do - foreign reporting. Since her release, she has returned to Egypt, and is glad of it. She experienced again the distinctive culture of the Islamic world in a peaceful context.

"What happened to me is not the whole Middle East," she says.

Jill is no longer a freelancer. To provide financial support in anticipation of her eventual release, the Monitor quietly made Jill a full-time employee a week after she was abducted. This fall, she's been accepted into a journalism fellowship program at a major university. After that, she plans to return to writing from overseas.

Why was she released? Probably no one really knows except for her kidnappers. Maybe the public pressure worked. Maybe private whispers via Western and Middle Eastern intelligence convinced influential Sunnis that harming Jill wasn't in their best interest.

Maybe as the political situation changed, so did the priorities of her kidnappers. Maybe the kidnappers just got what they wanted - publicity or the release of women from Abu Ghraib prison. Or maybe Jill herself - the smart, young American who spoke Arabic - helped alter her captors' plans.

"One of the most effective weapons against terrorism is the truth. The truth was that Jill Carroll was not the enemy of her captors. Her father spoke that truth, and the rest of the world repeated it," says Christopher Voss, special agent with the FBI's Crisis Negotiation Unit in Quantico, Va.

As far as the Monitor and Jill's family can determine, no ransom changed hands to win her release.

Earlier this month, the US military announced that it had captured four of Jill's suspected kidnappers, after raiding a total of four locations in Baghdad, Abu Ghraib, and a village west of Fallujah. US sources in Baghdad have told staff writer Scott Peterson that the man Jill knew as "Abu Ahmed" (aka Sheikh Sadoun, say US military sources) was arrested by US Marines on May 19. The others in custody are guards, not the top figures in the group.

Members of murdered translator Alan Enwiya's immediate family have left Iraq, where they felt endangered. They are applying for US government permission to join their extended family in the US.

Jill never met the man who shot Alan. She was told that Alan's killer died a few weeks later during an insurgent military operation.

Driver Adnan Abbas, having survived the abduction, was initially a suspect. He passed a polygraph test, and was cleared by Iraqi police. He, his wife, and four children (including a newborn) have also moved to another country. Their future remains uncertain, but their ambition is to live and work in the US.

The Monitor has established two funds to help these families start new lives. Among the donations received so far: The $800 cash the mujahideen gave Jill just prior to her release. She plans to sell the gold necklace and donate those funds, as well.

Order In The Courts (NYT)

By J Alexander Thier

The New York Times, August 28, 2006

Washington

IT'S been a bad year for Afghanistan. Insurgents are gaining ground and killing more coalition soldiers, Afghan officials and civilians than at any time since the fall of the Taliban government. Reconstruction is faltering. A disenchanted population appears to be pulling back the welcome mat for foreign forces.

But a recent turn of events could have a significant positive impact on Afghanistan's future. A few weeks ago the new Parliament approved a fresh slate of Supreme Court justices — a strong group of professionals and reformers that includes several of Afghanistan's pre-eminent legal minds.

This court represents a sea change from the judiciary that has been in place since the collapse of the Taliban. For the first time in its history, Afghanistan may have a real system of checks and balances. But the United States and its partners must seize this opportunity and act quickly to support the new court,and not squander another chance for meaningful reform.

It's the big bang moment of democracy, when the three branches of government all come into being, each with its own powers and limitations. We are witnessing in Afghanistan today what the American founders understood so well: alone, factions and institutions will abuse their power, but in combination they will constrain and balance one another, creating stability amid competition and turmoil.

Afghanistan's Parliament, still struggling to find its feet, has played a critical role in this constitutional drama. Last spring, the body rejected the previous chief justice, Fazel Hadi Shinwari, a fundamentalist firebrand whom President Hamid Karzai had

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appointed in deference to Islamist demands. Rising to the challenge, Mr. Karzai then nominated Abdul Salam Azimi, a moderate Islamic scholar and the primary drafter of Afghanistan's new democratic constitution. The Parliament approved Mr. Azimi as chief justice, along with a slate of other moderates.

Chief Justice Azimi and his associates have substantial experience and a demonstrated desire to build an effective system that promotes the rule of law. In his swearing-in speech this month, the new chief justice railed against the corruption for which the judicial system is famous.

Overall, the efforts of the Afghan government and the international community to rebuild the judicial system have been meager. Courthouses have been built, laws revised, judges and prosecutors trained. But there has been no grand strategic plan to turn the tattered judiciary into a unified and coherent institution.

What might such a plan consist of?

It should focus on bolstering the Supreme Court's three critical functions and making it a linchpin of stability for Afghanistan.

First, the court must be able to check the power of the other branches and make the government accountable for abuses. An honest arbiter in the contests of power between Parliament and president, citizen and state, and church and state is essential to Afghanistan's development. To play this role, the court needs deep resources and strong political support. And there must be a steep price to pay for defying the judiciary — something the United Nations and NATO countries have to impress upon their Afghan partners.

Second, the Supreme Court must be able to fulfill its central role in deciding questions concerning Islam. This is enormously important in an Islamic society. The new constitution vests authority in the court to determine whether laws are in accordance with the "beliefs and provisions of the sacred religion of Islam." So long as the resurgent Taliban claim that the government is the corrupt puppet of infidels, the Islamic legitimacy of the government and the court must be strong. Moderate Islamic countries like Egypt, Indonesia and Turkey have a special role to play here, providing resources and credibility to the court.

Third, the Supreme Court must be responsible for the entire judiciary, down to the village level. Most Afghans will never encounter the court directly, but rather will interact with the government and legal system at the local level over issues like marriage, property disputes and crime. Providing better access to justice in the provinces — which necessitates difficult decisions about where and how to concentrate support — must be a high priority. It is more important for the judicial system to do well in a few regions than to do poorly everywhere. Qualified legal professionals are also desperately lacking. Potential leaders within the legal community must be chosen for intensive training, mentoring and promotion, and those who are incompetent should be removed.

The new court's leadership has much in its favor. With an infusion of funds and experienced judges, as well as a good relationship with President Karzai, it stands a good chance of success. But it will not be easy.

I have spoken to Chief Justice Azimi and some of the associate justices in recent days. They are fully aware of the immensity of the task before them. And while they are committed to meaningful reform, they stress that the window of opportunity will close quickly.

For Afghanistan, this is a rare chance for redemption. After several years of frail efforts to promote the rule of law, the Afghan people must make sure they capitalize on it.

CORPORATE SCANDALS:

An Enron Twist: Convicted But Not Guilty? (CSM)

By Kris Axtman

The Christian Science Monitor, August 28, 2006

HOUSTON

If someone is convicted of a crime and dies before exhausting all his appeals, is he innocent?

That's the question now challenging federal prosecutors in the latest twist of the Enron case. A legal precedent could clear the record of Enron founder Kenneth Lay, even though he was found guilty of six counts of conspiracy and fraud, because of his sudden death last month. The move could also make tens of millions of dollars in his estate off-limits to creditors.

The Justice Department has said it will use all available legal means to reclaim the money related to the criminal charges Mr. Lay was convicted of in May. But those means may be few because of the legal precedent set by the US Fifth Circuit Court of Appeals, which found in 2004 that a person's criminal record is "abated," or wiped out, if he or she dies before having a chance to exhaust all appeals.

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The rationale is that someone convicted of a crime should not be denied the right to have the trial's fairness tested, says Brian Wice, a Houston attorney. In this case, it means Lay's conviction, trial, even his indictment will most likely be abated - making him an innocent man.

The lawyer handling Lay's estate has already filed a motion with US District Judge Sim Lake, asking him to erase Lay's criminal record, based on the ruling by the Fifth Circuit, which governors federal courts in Texas.

That may be hard for the public to take, says Ross Albert, an Atlanta lawyer formerly with the Securities and Exchange Commission.

"There is a presumption of innocence that comes before every conviction. But Ken Lay, at the time he died, was not presumed to be innocent," says Mr. Albert, who believes the Fifth Circuit is "zealously" protecting the prerogative of the appeals court even though well over 80 percent of all criminal appeals are denied.

Courts do not see eye to eye on the issue of abatement. Just last week, for instance, the Washington State Supreme Court held that convictions will no longer be vacated when a defendant dies during appeal.

The issue is ripe for US Supreme Court review, but it's unlikely that federal prosecutors, known as the Enron Task Force, will take it that far, experts agree. US to fight abatement but is unlikely to win

Prosecutors have indicated that they will file a motion opposing the request for abatement, but that would require Judge Lake going against legal precedent - something that most agree is highly unlikely.

In going after Lay's money, "it's back to square one for the government," says Mr. Wice. It can sue either Lay's estate in a civil asset-forfeiture case or his wife, Linda Lay, as the executor of the will. Experts agree that a civil-forfeiture suit is the most likely course of action, given the fact that Mrs. Lay was never charged with a crime and would be a very sympathetic witness.

"But a civil-forfeiture case is going to be very time-consuming and expensive," says David Smith, an Alexandria, Va., lawyer and expert in such cases. "You would essentially have to redo the entire criminal case. And because civil discovery is much broader, the case could drag on for years."

What's most likely to happen, these experts say, is that the government will settle with Lay's estate - something that occurs in the vast majority of civil suits.

But others are clamoring for a share as well.

"There is a long line of civil claimants on the Lay money. So there are all kinds of other ways beyond the criminal case to get that money," says Samuel Buell, a former federal prosecutor on the Enron Task Force who now teaches law at Washington University in St. Louis. "But the longer it takes to get, by virtue of inflation and legal fees, the less there is at the end." Lay's estate moves to settle suits

Late last week, it appeared that the Lay family was ready to put the litigation behind it. In a civil case brought by employees, lawyers said they were within days of coming to terms with the Lay estate on a settlement over the company's inadequacy in diversifying its retirement plan.

Depending on the sum, that could make the government's settlement plans moot - especially since Lay claimed at trial to have been financially wiped out when Enron's stock became worthless.

Indeed, the Enron Task Force indicated after Lay's death that it will try to hold Jeffrey Skilling, Enron's ex-CEO, accountable for the full amount of restitution. He was found guilty of 19 of the 28 counts he faced.

Prosecutors had initially asked for $139.3 million from Mr. Skilling and $43.5 million from Lay. Now, they are asking Skilling to pay the entire $182.8 million, based on the conspiracy charge, which says anyone involved can be held responsible for 100 percent of the restitution.

In any case, Lay was being asked to forfeit only a tiny fraction of all the money that was lost when Enron collapsed, says Professor Buell. He sees the government's actions as mostly symbolic at this point and says that even if the judge vacates Lay's conviction, it doesn't speak to the merits of the case against him.

No matter the outcome, says Wice, "he's guilty as sin in the public's eye. Try convincing the people in this town otherwise."

The One Who Got Away (TIME)

By Barbara Kiviat

Time, August 28, 2006

The decision to abandon a high-profile case against a dotcom poster boy marks the end of a sorry era

Frank Quattrone was always good at making deals. As a sizzling Silicon Valley investment banker during the tech boom of the 1990s, he orchestrated the initial public offerings (IPOs) of start-ups from Netscape to Amazon.com collecting as much as $120 million a year for himself in the process. Yet the deal he reached last week may well be the one he cherishes most. After 31/2 years of court dates, two criminal trials and the prospect of jail time, Quattrone struck a deal in which federal prosecutors

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agreed to all but drop charges that he obstructed justice during a 2000 investigation into how his employer handed out IPO shares of hot new companies.

The deal marks the end of a sorry chapter in American business history. While high-profile white-collar crime persists, the dramatic criminal cases that were launched just after the dotcom economy fizzled are now mostly completed. The icons of massive, turn-of-the-century corporate fraud--Ken Lay and Jeff Skilling of Enron, Bernie Ebbers of WorldCom, Dennis Kozlowski and Mark Swartz of Tyco--are convicted and, in Lay's case, dead. Even Martha Stewart has served time. And many, if not most, of the cases the feds brought against smaller fish--to help assuage a share-owning public that had been scammed by phony accounting and overhyped stock--are resolved. The government claims that since mid-2002 it has won more than 1,000 corporate-fraud convictions, including those of more than 100 CEOs and presidents.

That's not to say the system has been wholly reformed. Although Wall Streeters were genuinely terrified by the wrath of the prosecutors, they eventually flocked to other legal schemes--like hedge funds--with which to vastly overcompensate themselves. Prosecutors too are cutting their losses, and, as the public outrage subsides, moving on to new areas.

The Quattrone case symbolizes that shift. During the go-go bubble years, Quattrone was the go-to guy at Credit Suisse First Boston (now called Credit Suisse) for tech deals. After the government started looking into how bankers set aside shares of promising IPOs for favored clients and pressured analysts to issue rave reports about companies that often had no way of making money, Quattrone sent an e-mail reminding colleagues to "clean up" old files, per company policy. The Justice Department viewed that as obstruction of justice, since it had already started investigating IPOs involving Credit Suisse. One jury was divided on the issue. Another, in 2004, found Quattrone guilty, after which he was sentenced to 18 months in prison.

But that verdict was overturned last March by an appeals court that cited faulty jury instructions. (The trial judge didn't explain that Quattrone would have had to know what he was doing was wrong to be convicted.) With their case, and perhaps their will, weakened, prosecutors waved a white flag and agreed to let Quattrone off--no fine, no admission of guilt, no ban from the securities industry--as long as he stays out of trouble for one year.

The evidence against Quattrone--who has all along proclaimed his innocence--was thin from the start, says Columbia University law professor John Coffee. But the prosecutors thought there was enough circumstantial evidence surrounding the e-mail to win a case. In the end the decision to drop the case echoes a broader trend to allocate resources to more timely issues. "You can't focus on everything," says Andrew Weissmann, former head of the Justice Department's Enron task force, who is now in private practice. "There are a lot of other things to do." For example: the backdating of stock options. More than 100 companies, from Home Depot to Apple, are being investigated for the way they handed out stock options to executives with issue dates earlier than the actual ones. (See box.)

There are still a few loose ends from the wave of prosecutions kicked off after the 2000 stock-market slump and the Enron meltdown. And some aren't as easy to wrap up as Quattrone's. Several British bankers, known in England as the NatWest Three, were hauled to Texas in July, after loud protests back home and a drawn-out extradition process. They face charges that they worked with ex-Enron CFO Andrew Fastow to siphon millions of dollars from a deal between their former employer, National Westminster Bank, and Enron. And in August, most of the convictions of four former Merrill Lynch executives, who stood accused of helping Enron inflate earnings by charading a loan as the sale of energy-producing barges, were overturned. An ex-Enron manager who was also convicted decided not to contest the decision. The government is expected to appeal the ruling on the four, which hinges on the interpretation of a controversial legal phrase.

Reversals like these often mark the true end of a contentious business cycle, as the legal system shakes out how old laws will apply to new crimes. The Supreme Court's decision last year to overturn the conviction of accounting firm Arthur Andersen wasn't without precedent. (Nor was it helpful: after the initial trial, Andersen had collapsed and some 28,000 U.S. employees lost their jobs.) Similarly, Charles Keating, one of the biggest nabs in the 1980s savings and loan scandal, saw his conviction reversed nearly five years after going to prison. And after the late-'80s insider-trading Wall Street sweep that, among other things, sent Michael Milken and Ivan Boesky to prison, a number of convictions were overturned, including that of onetime Boesky associate John Mulheren. "When you're more aggressive, you're going to wind up with more losses," says Peter Henning, a law professor at Wayne State University.

And when it's all over, you often end up with new laws, like the Sarbanes-Oxley reforms, which have made illegal much of the unsavory behavior of the go-go years. New laws aren't retroactive, of course, and what was on the books didn't seem sufficient to convict Quattrone. "I am very pleased that the case will be concluded," he said, emerging from the courthouse last week. "I plan to resume my business career." Northern California's tech investors, many of whom wrote letters of support during Quattrone's two trials, seem poised to embrace him. It is the clearest sign yet that while the world may have changed, it has also moved on. With reporting by Kathleen Kingsbury, Jyoti Thottam

A Sighting, Perhaps, Of A Fugitive In High Tech (NYT)

By Julie Creswell And Wayne Arnold

The New York Times, August 28, 2006

Lots of people are looking for Jacob Alexander, the fugitive former head of Comverse Technology. But only one has publicly claimed to have seen him.

Moshe Buller, an Israeli private detective, whipped the world's media into a frenzy late last week after the Israeli newspaper Ma'ariv reported that Mr. Buller had located Mr. Alexander, known as Kobi, in a popular seaside resort town in Sri Lanka.

"I cannot be sure 100 percent, but I can be sure that the guy I see was Kobi Alexander," Mr. Buller said in an interview on Thursday from his office south of Tel Aviv.

It was 3 in the morning when Mr. Buller spied Mr. Alexander through the window of a house in Negombo, about 20 miles north of the country's capital, Colombo. "I saw the guy for 20 minutes or a half an hour in a house, playing on the Internet," said Mr. Buller.

But Mr. Buller's account of his cloak-and-dagger investigation has only deepened the mystery surrounding Mr. Alexander's whereabouts. The former chief executive of Comverse, Mr. Alexander has been the subject of an international manhunt and endless speculation, rumors and, like Elvis, unconfirmed sightings since he failed to appear in court earlier this month on federal criminal securities fraud charges.

He and two other former Comverse executives are accused of altering the dates on options granted at the company to make combined profits of about $8.4 million and of creating a secret account to dole options out to favored employees. While not widely known in the United States, Mr. Alexander garners a lot of attention in Israel, where he is a citizen and military veteran, and is viewed as a pioneer in that country's high-tech industry.

So far, Mr. Alexander, who is said to have wired $57 million in late July to an account in Israel, has eluded the Federal Bureau of Investigation and Interpol.

Yet Mr. Alexander apparently was not able to elude Mr. Buller, who popped onto the international radar two years ago when he investigated a supposed affair between the international soccer star David Beckham and his assistant Rebecca Loos.

Two weeks ago, Mr. Alexander failed to appear in a Brooklyn courtroom and a warrant was issued for his arrest. Mr. Buller said he was retained by a New York venture capital fund that he declined to name, but that he said he believed owned Comverse stock and might have other assets with Mr. Alexander. "The client wanted to know what kind of assets and money he has in Israel and what he did with those assets in Israel in the last year and especially in the last month. What sort of assets in offshore companies does he have? Investments in Europe?" said Mr. Buller.

While Mr. Alexander may have personal investments with venture capital funds, Comverse, a public company since 1986, does not currently have any venture capital financing, according to its public documents. A spokesman for Comverse would not comment.

Multiple hedge funds have invested in Comverse. Calls asking whether they have hired a private investigator to track down Mr. Alexander were met with silence, then laughter. Many said that even if Mr. Alexander were apprehended, it would probably have no effect on Comverse's stock, because he resigned as chief executive in late April.

Mr. Buller said he tracked down Mr. Alexander quite easily through a call Mr. Alexander made over the Internet to his family in Israel and a wire transfer to a bank in Sri Lanka. The phone call from Colombo was made using Skype's Internet telephony system, he said.

In an e-mail message, a spokesman for Skype said the company could not comment specifically on this case, but noted that calls made through Skype were encrypted and "almost impossible to intercept." Mr. Buller declined to provide details as to how he traced the call.

Mr. Alexander's second mistake, according to Mr. Buller, was having an individual transfer $10,000 from Bucharest to a Western Union branch located inside a bank in Colombo.

Mr. Buller said he went to the bank and showed a picture of Mr. Alexander to the employees there. One person identified Mr. Alexander and said he knew someone who, for a fee, could take Mr. Buller to a house in Negombo where Mr. Alexander was staying.

Mr. Buller said he arrived at the home at midnight and waited for three hours until the lights in the house suddenly came on and a man, who Mr. Buller claims was Mr. Alexander, sat down in front of a computer. Mr. Buller said he watched the man for 20 or 30 minutes and then left.

When asked if he called the authorities after seeing Mr. Alexander, Mr. Buller said he did not.

"I do not think I have to do that. I did the mission I was hired to do," said Mr. Buller, who said he would be traveling to New York to meet with his client over the weekend.

In fact, he said he had not spoken with anyone from the F.B.I. or any other authorities about his sighting of Mr. Alexander.

"If the F.B.I. wants my help, I would be the first guy to sit at a table in New York and give information in a good way," said Mr. Buller. "But I have not spoken with anyone from the F.B.I."

A spokeswoman for the F.B.I. said, "We do not disclose whom we speak with in terms of an investigation that is ongoing."

Sisira Mendis, director of the Criminal Investigation Department in Sri Lanka and the local representative for Interpol, said the bureau had received a notice by fax from the New York branch of Interpol asking them to search for Mr. Alexander.

He said the bureau had yet to ascertain from Sri Lanka's immigration authorities whether it had any record of Mr. Alexander entering Sri Lanka. He said the bureau had also been informed that Mr. Alexander might be in Negombo, but that it would not be easy to find him there. Negombo, described in press reports as a fishing village, is actually a beach town near Colombo's international airport, and is where most arriving foreign tourists head first.

According to Evan W. Owen, the press officer at the United States Embassy in Colombo, the embassy had not been alerted to the possibility that Mr. Alexander might have fled to Sri Lanka and was not aware of it until reporters began calling.

Told that Mr. Buller claimed to have spotted Mr. Alexander in Sri Lanka, Mr. Owen said, "Why didn't he grab him then?"

Mr. Owen suggested that Mr. Buller might have been able to apprehend Mr. Alexander himself and turn him over to Sri Lankan authorities despite the fact that he is not a police officer and has no jurisdiction in Sri Lanka.

"This is Sri Lanka," said Mr. Owen. "Things are fast and loose."

But according to Mr. Buller, authorities won't get another chance. He says he believes Mr. Alexander has already left Sri Lanka and is planning to appear in New York early this week to turn himself in.

"I believe his lawyer wants to find the best way for him to come back to a position of answering about the stuff he did at the company," said Mr. Buller.

Mr. Alexander's lawyer, Robert G. Morvillo, said Friday he had not spoken to his client in nearly a month and expressed doubts that Mr. Alexander was planning to turn himself in.

"I am going on vacation on Monday," said Mr. Morvillo. "If Kobi shows up here on Monday, he's going to be without an attorney."

Sighting Of Fugitive Exec Called Doubtful (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, August 28, 2006

Investigators are dubious about a report that Jacob Alexander, the fugitive former head of Comverse Technology, is hiding in a remote fishing village in Sri Lanka, according to several sources familiar with the hunt for him by the FBI and the U.S. Marshals Service.

The sources said federal agents have several leads to the whereabouts of Alexander, who also uses the first name of Kobi, and none of them involves Sri Lanka, which one source noted has an extradition treaty with the United States. But the sources added that investigators were still checking the report out.

The sources declined to identify where Alexander is believed to be. Other reports have placed him in his native Israel, in Germany, or in a country that does not have an extradition treaty with the United States.

Alexander and two other top Comverse executives were indicted on Aug. 9 on conspiracy to commit stock, mail and wire fraud by manipulating grants of stock options in order to illegally make millions of dollars.

Robert Nardoza, a spokesman for the U.S. attorney's office for the Eastern District, declined to comment Friday.

Comverse, a multibillion-dollar corporation that was headquartered in Woodbury until it moved to Manhattan last year, specializes in software for voice communications.

The report about Alexander's hiding out in Sri Lanka first appeared in the Israeli newspaper Ma'ariv earlier in the week. The paper quoted a private detective as saying he had tracked Alexander by monitoring Internet communications between Alexander and his daughter in Israel.

Alexander's attorney, Robert Morvillo of Manhattan, yesterday knocked holes in one part of the Israeli newspaper's account, in which the private detective was quoted as saying Alexander's lawyers were negotiating with federal prosecutors in Brooklyn for Alexander's surrender. Morvillo said there were no negotiations going on, and he had no idea where his client was. He last spoke with him several weeks ago.

CRIMINAL LAW:

Receptionist-turned-lobbyist Faces Probe (AP)

By Erica Werner, ASSOCIATED PRESS WRITER

DOJ_NMG_0053844

AP, August 28, 2006

WASHINGTON -- Depending on your perspective, Letitia White is either the epitome of a Capitol Hill success story or a prime example of an unsettling mix of money, politics and public policy.

White was a receptionist when she joined the staff of Rep. Jerry Lewis, R-Calif. More than two decades later, she is an influential lobbyist whose connections to Lewis - now chairman of the powerful Appropriations Committee - and others on the Hill have translated into millions of dollars for her and her firm.

They also have made her part of a federal investigation into Lewis' ties to the lobbying firm where she works alongside former California Republican Rep. Bill Lowery, another close Lewis friend.

It's one of a number of corruption investigations involving members of Congress that have prompted lawmakers to look again at tightening lobbying rules. Bills have passed the House and Senate, but little progress has been made in finding common ground on legislation that watchdog groups have criticized as toothless.

Meanwhile, prosecutors in the Lewis case have issued at least 10 subpoenas and are seeking details on why counties, towns and businesses in his Southern California district chose to hire Lowery's lobbying firm, how much they paid, and what kind of communications the firm and Lewis had.

Last spring, an FBI agent on the case visited the House Legislative Resource Center to review White's annual financial disclosure forms, according to records at the center.

A spokesman for the U.S. attorney's office in Los Angeles, which is leading the probe, declined comment. Through a spokesman, White declined an interview request and defended herself.

"Ms. White has a good relationship with chairman Lewis and other members of Congress because she has real substantive expertise on defense issues and is careful when it comes to the rules and regulations governing Capitol Hill lobbying," spokesman Patrick Dorton said. "She has a reputation for being a smart, hardworking consultant."

White, 48, joined Lewis' staff as a receptionist and rose to become his top aide on defense issues. She won friends and influence through hard work, a warm personality and detailed knowledge of defense spending bills.

She left that job in January 2003 and joined Copeland, Lowery, Jacquez, Denton & White, as her firm was known until it was broken into two parts in June. She quickly acquired a stable of defense contractors as clients and began to lobby Lewis, then chairman of the Appropriations defense subcommittee. She and her clients also donated tens of thousands of dollars to him.

During the year prior to her departure from Lewis' office, the Capitol Hill newspaper Roll Call reported, her income dropped by around $11,000, to just $80 below the $112,500 salary ceiling that would have triggered an automatic one-year ban on her lobbying of Lewis.

The top-secret Defense Department security clearance she'd gotten while on the Hill added to White's value for some potential clients, and her new firm mentioned it in solicitation materials.

"If I worked for a defense company, the first person I'd hire is Letitia White. She's very, very effective," said Keith Ashdown of Taxpayers for Common Sense. "No one is closer to Jerry Lewis."

But Ashdown said some of White's actions amount to "taking advantage of the gray areas of our ethics rules."

The day after leaving the Hill, on Jan. 9, 2003, White signed up a major client, General Atomics, along with one of its aeronautics subsidiaries. The companies received several multimillion-dollar earmarks that year in the defense spending bill for the 2004 fiscal year, according to Taxpayers for Common Sense, including $3 million for General Atomics to provide anti-terror systems at Liberty Island, home to the Statue of Liberty, and $15.3 million for the aeronautics division to develop unmanned aerial vehicles.

Earmarks are funding inserted into legislation that often get little or no review. Prosecutors are scrutinizing Lewis' earmarks as part of the federal probe.

By the end of 2003, White had signed up about 15 more clients, mostly defense contractors, and was bringing in hundreds of thousands of dollars in fees. Her clients were enjoying similar success to General Atomics in getting earmarks. White, her husband lobbyist Richard White, and her firm's clients were donating generously to Lewis' fundraising committees.

During the 2004 election cycle, officials with General Atomics were the second-highest donors to Lewis' campaign committee, giving $18,000; another White client, Isothermal System Research, was third-highest, giving $14,000; and officials with Copeland, Lowery were fourth-highest, giving $13,250, according to the Center for Responsive Politics. Tens of thousands more was donated to the political action committee Lewis used to spread campaign cash to other lawmakers as he gunned for the Appropriations Committee chairmanship.

Dorton said White consulted with the House Ethics Committee over the circumstances of her departure from the Hill, and that her salary cut in her final year was mostly because she didn't get a bonus.

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, said the pay cut "was completely intended to allow that woman to make a fortune the minute she walked off the job."

White co-owns a Capitol Hill townhouse with the head of one of her client companies, Trident Systems Inc. Trident's founder, Nick Karangelen, is chairman of a political action committee called Small Biz Tech PAC that has employed Lewis' stepdaughter, Julia Willis-Leon, for fundraising. White and her husband have both donated to the PAC.

White's defenders say they don't believe she would do anything illegal or unethical. While working for Lewis, she never expected a free meal, unlike many Hill staffers, they said.

"It's one of the reasons that all of us enjoyed working with Letitia. We just had high respect and regard for how she did her business," said Mike Matton, a defense consultant and former legislative affairs official at Boeing.

"And I'm kind of sad to see all of this in the press because there's been nothing illegal that I know of that's been reported, but just the perception in the eye of the beholder outside the Beltway, people who don't understand the lobbying business."

Vigil's Attorney Accuses Government Of Withholding Evidence (AP)

AP, August 27, 2006

ALBUQUERQUE (AP) - An attorney for former state Treasurer Robert Vigil has accused federal prosecutors of withholding evidence that could help his client.

Vigil faces a Sept. 5 retrial on racketeering and extortion charges. Vigil has pleaded not guilty.

His attorney, Sam Bregman, says that a January 1993 letter printed on an FBI and U.S. Department of Justice letterhead could help Vigil.

The letter shows that then-Assistant U.S. Attorney David Williams declined to authorize an investigation after hearing allegations of wrongdoing concerning Vigil. Vigil was state auditor at the time.

Bregman says the letter is exculpatory evidence that by law must be provided to defense attorneys.

A U.S. Attorney's Office spokesman didn't return telephone messages seeking comment left Sunday.

Fugitive Arrested In 1994 Slaying (CHIT)

By Liam Ford, Tribune Staff Reporter

Chicago Tribune, August 28, 2006

A man wanted in the 1994 killing of a northwest suburban boy in Hoffman Estates was arrested this week following his deportation from Mexico, authorities said Friday.

Hugo Luis Zarco, 32, was 19 when Michael Bruce, 16, was fatally stabbed.

A confidential informant recently contacted authorities in Hoffman Estates, telling them Zarco was living in Mexico and setting in motion his arrest by Mexican authorities, police said.

"We're very happy that an arrest was made and justice will be served," said Hoffman Estates Police Lt. Rich Russo.

Zarco, a U.S. citizen, was deported Thursday to Houston from Leon, Guanajuato, Mexico, where he had been living, according to the FBI. He was arrested by FBI agents and waived extradition, authorities said. Leon, the country's fifth largest city, is about 240 miles northwest of Mexico City.

Bruce, of Wood Dale, had gotten into an argument with his ex-girlfriend, Zarco's then-17-year-old sister. Zarco is accused of later tracking Bruce down and fatally stabbing him twice in the chest, police said.

Zarco, who last lived in the 200 block of West Grissom Lane in Hoffman Estates, has been charged with murder, but bail has not been set, police said.

Bruce, a former Conant High School student, had moved from Hoffman Estates but had returned to visit friends at a Memorial Day cookout in the 100 block of Berkeley Lane.

After the stabbing, Zarco fled in a red 1987 Chrysler, police said. The car later was found abandoned on Chicago's Southwest Side, and authorities soon issued a murder warrant for Zarco, saying they thought he had fled to Mexico.

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lford@tribune.com

4 Sentenced In $7.4M Airport Robbery (NSDY/AP)

By Curt Anderson, Associated Press Writer

Long Island Newsday, August 28, 2006

MIAMI -- Four people were sentenced to prison Friday for their roles in one of the biggest heists in Florida history -- a brazen daylight armed robbery of $7.4 million in cash from a warehouse near Miami International Airport.

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The cash was part of an $80 million deposit shipped by a bank in Frankfurt, Germany, to the Federal Reserve Bank branch in Miami on Nov. 6, 2005. The masked robbers, at least one armed with a gun, ordered warehouse and security personnel to lie on the floor while they loaded bags of currency into a pickup truck that had pulled into one of the cargo bays.

The ringleader, Karls Monzon, and getaway driver, Jeffrey Boatwright, were each sentenced to more than 17 years in prison. A former Brink's security guard who provided inside information for the robbery, Onelio Diaz, was sentenced to 16 years.

Monzon's wife, Cinnamon Monzon, was sentenced to nearly 3 years for being an accessory, including helping her husband conceal about $80,000 in vacuum-wrapped cash in the attic of their home.

Some has been recovered from various sites in Miami, including money that was buried outside at least one home. More than $6 million remains unaccounted for, according to the FBI.

"This is, if not the biggest, one of the biggest armed robberies in Florida history," said Anthony Lacosta, the chief federal prosecutor on the case.

Four Jailed, Millions Still Missing In Miami Airport Raid (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, August 28, 2006

Miami · A federal judge sentenced four people Friday for their roles in a brazen $7.4 million cash heist at Miami International Airport last year. The thieves drove up in broad daylight to an airport warehouse holding $80 million on Nov. 6 and snatched bundles of cash bound for the Federal Reserve Bank in Miami. Most of the stolen money remains missing.

U.S. District Judge Donald Graham sentenced Karls Monzon, the plot's leader, and Jeffrey Boatwright each to prison terms of 17 years and one month, and Onelio Diaz, a former Brinks Security guard who provided information about the time and date of the cash shipment, to 16 years. The three pleaded guilty to being involved in the crime.

Each sentence included seven years because a gun was used during the robbery.

Cinnamon Monzon--Karls Monzon's wife and Boatwright's sister-- admitted that she learned of the robbery after it was committed and helped to hide some of the stolen crash. She received two years and nine months in prison.

Prosecutor Anthony Lacosta called the heist "one of the biggest armed robberies in Florida history."

So far, investigators have recovered just $1.26 million, according to FBI statements.

At least some of the missing cash may have already been spent.

Boatwright, who acted as the getaway driver, spent $600,000 on strippers, "loose women," drugs, and worthless jewelry, his attorney Michael Walsh said at Friday's hearing.

Boatwright paid a $400,000 ransom after being kidnapped from a strip club and $200,000 was stolen from him by a prostitute after he fell asleep, Walsh said.

The last $200,000 of Boatwright's $1.4 million share was given to a Santeria priest, the attorney said. Santeria is a religion that blends African and Roman Catholic traditions.

"This money went through his fingers like water," Walsh said in an effort to explain why Boatwright was not able to lead investigators to his share of stolen cash.

Attorney Maria Elena Perez, who represents Karls Monzon, said brandishing a gun had not been part of her client's original plan, because Monzon knew from Diaz that the Brinks guards would not be armed.

"They all believed this was going to be a smash and grab--as easy as taking candy from a baby," Perez said.

The crime went unsolved for several months, until a $150,000 reward lured an individual connected to the group to come forward.

Vanessa Blum can be reached at vbblum@sun-sentinel.com or 954-356-4605.

The Man Who Said Too Much (NSWK)

By Michael Isikoff, Newsweek

Newsweek, August 27, 2006

A book coauthored by NEWSWEEK's Michael Isikoff details Richard Armitage's central role in the Valerie Plame leak.

In the early morning of Oct. 1, 2003, Secretary of State Colin Powell received an urgent phone call from his No. 2 at the State Department. Richard Armitage was clearly agitated. As recounted in a new book, "Hubris: The Inside Story of Spin, Scandal, and the Selling of the Iraq War," Armitage had been at home reading the newspaper and had come across a column by journalist Robert Novak. Months earlier, Novak had caused a huge stir when he revealed that Valerie Plame, wife of Iraq-war critic Joseph Wilson, was a CIA officer. Ever since, Washington had been trying to find out who leaked the information to Novak. The columnist himself had kept quiet. But now, in a second column, Novak provided a tantalizing clue: his primary source, he wrote, was a "senior administration official" who was "not a partisan gunslinger." Armitage was shaken. After reading the column,

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he knew immediately who the leaker was. On the phone with Powell that morning, Armitage was "in deep distress," says a source directly familiar with the conversation who asked not to be identified because of legal sensitivities. "I'm sure he's talking about me."

Armitage's admission led to a flurry of anxious phone calls and meetings that day at the State Department. (Days earlier, the Justice Department had launched a criminal investigation into the Plame leak after the CIA informed officials there that she was an undercover officer.) Within hours, William Howard Taft IV, the State Department's legal adviser, notified a senior Justice official that Armitage had information relevant to the case. The next day, a team of FBI agents and Justice prosecutors investigating the leak questioned the deputy secretary. Armitage acknowledged that he had passed along to Novak information contained in a classified State Department memo: that Wilson's wife worked on weapons-of-mass-destruction issues at the CIA. (The memo made no reference to her undercover status.) Armitage had met with Novak in his State Department office on July 8, 2003—just days before Novak published his first piece identifying Plame. Powell, Armitage and Taft, the only three officials at the State Department who knew the story, never breathed a word of it publicly and Armitage's role remained secret.

Armitage, a well-known gossip who loves to dish and receive juicy tidbits about Washington characters, apparently hadn't thought through the possible implications of telling Novak about Plame's identity. "I'm afraid I may be the guy that caused this whole thing," he later told Carl Ford Jr., State's intelligence chief. Ford says Armitage admitted to him that he had "slipped up" and told Novak more than he should have. "He was basically beside himself that he was the guy that f---ed up. My sense from Rich is that it was just chitchat," Ford recalls in "Hubris," to be published next week by Crown and co-written by the author of this article and David Corn, Washington editor of The Nation magazine.

As it turned out, Novak wasn't the only person Armitage talked to about Plame. Washington Post reporter Bob Woodward has also said he was told of Plame's identity in June 2003. Woodward did not respond to requests for comment for this article, but, as late as last week, he referred reporters to his comments in November 2005 that he learned of her identity in a "casual and offhand" conversation with an administration official he declined to identify. According to three government officials, a lawyer familiar with the case and an Armitage confidant, all of whom would not be named discussing these details, Armitage told Woodward about Plame three weeks before talking to Novak. Armitage has consistently refused to discuss the case; through an assistant last week he declined to comment for this story. Novak would say only: "I don't discuss my sources until they reveal themselves."

Armitage's central role as the primary source on Plame is detailed for the first time in "Hubris," which recounts the leak case and the inside battles at the CIA and White House in the run-up to the war. The disclosures about Armitage, gleaned from interviews with colleagues, friends and lawyers directly involved in the case, underscore one of the ironies of the Plame investigation: that the initial leak, seized on by administration critics as evidence of how far the White House was willing to go to smear an opponent, came from a man who had no apparent intention of harming anyone.

Indeed, Armitage was a member of the administration's small moderate wing. Along with his boss and good friend, Powell, he had deep misgivings about President George W. Bush's march to war. A barrel-chested Vietnam vet who had volunteered for combat, Armitage at times expressed disdain for Dick Cheney and other administration war hawks who had never served in the military. Armitage routinely returned from White House meetings shaking his head at the armchair warriors. "One day," says Powell's former chief of staff Larry Wilkerson, "we were walking into his office and Rich turned to me and said, 'Larry, these guys never heard a bullet go by their ears in anger ... None of them ever served. They're a bunch of jerks'."

But officials at the White House also told reporters about Wilson's wife in an effort to discredit Wilson for his public attacks on Bush's handling of Iraq intelligence. Karl Rove confirmed to Novak that Wilson's wife worked at the CIA, and days later offered the same information to Time reporter Matt Cooper. The inquiry into the case led to the indictment of Cheney's chief of staff, I. Lewis (Scooter) Libby, on charges of perjury and obstruction of justice. Armitage himself was aggressively investigated by special counsel Patrick Fitzgerald, but was never charged. Fitzgerald found no evidence that Armitage knew of Plame's covert CIA status when he talked to Novak and Woodward. The decision to go to the FBI that panicky October afternoon also may have helped Armitage. Powell, Armitage and Taft were aware of the perils of a cover-up—all three had lived through the Iran-contra scandal at the Defense Department in the late 1980s.

Taft, the State Department lawyer, also felt obligated to inform White House counsel Alberto Gonzales. But Powell and his aides feared the White House would then leak that Armitage had been Novak's source—possibly to embarrass State Department officials who had been unenthusiastic about Bush's Iraq policy. So Taft told Gonzales the bare minimum: that the State Department had passed some information about the case to Justice. He didn't mention Armitage. Taft asked if Gonzales wanted to know the details. The president's lawyer, playing the case by the book, said no, and Taft told him nothing more. Armitage's role thus remained that rarest of Washington phenomena: a hot secret that never leaked.

Offshore Gaming Sites Not Sure USA's Worth The Risk (USAT)

By Jon Swartz, Usa Today

USA Today, August 28, 2006

SAN FRANCISCO — Americans continue to gamble in record numbers online, but executives of the offshore operations that take those bets are exercising caution weeks after one of their peers was arrested in the USA.

The trepidation of online-betting executives underscores growing concern that the U.S. government could target more offshore firms after essentially giving the industry a free pass for several years, gambling experts say.

"(Operators) are playing a wait-and-see policy to see what the feds manage to pin on (indicted gaming site BetOnSports.com)," says Simon Holliday, a partner at Global Betting and Gaming Consultants in the UK. "Although the sports books give the impression they are not too concerned, I don't see them rushing to be in the U.S. now."

The actions by some gaming executives hardly constitute a self-imposed shutdown of some 2,300 gaming sites worldwide. But they reflect an undercurrent of concern, especially for sports-betting sites, gambling experts say.

London-based Ladbrokes, the world's biggest bookmaker, last week said it is reviewing plans to take bets from Americans on its gaming sites, something it currently does not do. It cited uncertainties in the U.S. market.

Online gamer Bodog.com canceled a marketing conference in Las Vegas this month, shortly after the arrest of David Carruthers, the former CEO of BetOnSports.com. Carruthers was charged with violating the 1961 Wire Act. BetOnSports has stopped taking U.S. bets, a majority of its business.

"Any executive that has anything to do with online gaming, no matter how minor, has got to be apprehensive about setting foot in the United States," Bodog.com CEO Calvin Ayre said in an e-mail. Bodog is based in Costa Rica.

Established offshore operators, such as PartyGaming, that have recently acquired sports-betting sites are emphatic in saying that they won't take U.S. bets.

"The Justice Department is waging a war of intimidation, and it is working in terms of scaring some operators," says Nelson Rose, a professor at Whittier Law School.

Before Carruthers, the last significant arrest of an offshore Internet gaming executive was Jay Cohen. In 2001, he was sentenced to 21 months in federal prison, and served more than a year.

Officials at poker sites aren't as nervous, because the Justice Department has not pursued actions against them as vigorously as sports operators, Rose and others say. PokerStars.com, among others, hosted events at the World Series Of Poker in Las Vegas in early August, shortly after Carruthers' arrest.

Still, 24hPoker in Sweden says it will exclude American players. Despite the case against BetOnSports, viewership for large sites such as PokerStars have increased. It drew 1.2 million unique visitors in the USA for the week ended Aug. 13, up 41% from a month earlier, according to Nielsen/NetRatings.

Hacker Sentenced To 37 Months In Prison (SEAPI)

By Paul Shukovsky, P-I REPORTER

Seattle Post-Intelligencer, August 26, 2006

Victims in global attack included U.S. military

Sending a message to malicious computer hackers "squirreled away in their basements," U.S. District Judge Marsha Pechman on Friday sentenced a 21-year-old man to 37 months in federal prison for a global robot virus attack in 2004 and 2005.

Christopher Maxwell launched the attack from the comfort of his Vacaville, Calif., home in order to collect commissions by installing adware onto the computers of unwitting victims.

To achieve his aim, he essentially took remote control of huge numbers of computers around the world, causing them to spread the infection and increase his profits. The Seattle FBI's cybersquad believes the scheme netted Maxwell and two unnamed teenage accomplices more than $100,000.

Among the countless victims, the virus wreaked havoc with the Defense Department, Seattle's Northwest Hospital and a school district in California. Disaster preparations by the military and the hospital prevented significant damage, but the Colton Unified School District was not so fortunate.

"It took the district to its knees," said Gary Stine, the district's former director of information technology.

"We don't plan for calamities like this. The real impact was to our teachers and our students" who lost crucial instructional time on PCs used to teach such topics as English as a second language. The repairs cost the district more than $50,000.

At Northwest Hospital, digital systems used for transmitting results from medical labs and the radiology department directly to physicians crashed, said Vice President Robert Steigmeyer.

The hospital switched to its well-drilled disaster plan, which involves the use of runners to move medical records and lab test results. Elective medical procedures, however, had to be rescheduled.

No patients were harmed as a result of the attack, and Maxwell made no attempt to steal confidential patient information.

Army Maj. Keithon Corpening, who runs the Defense Department's computer incident response team, told Pechman that a full-scale investigation was launched after the military saw 407 of its computers taken over by an unknown assailant they dubbed "Don't Trip." Eight investigators were assigned to the case.

"Planes still flew, tanks were still operating, soldiers were getting their supplies," Corpening said. But "the potential for damage to our systems" was significant.

No military information was stolen, he said.

Assistant U.S. Attorney Kathryn Warma, in arguing for a six-year sentence, told Pechman: "The importance of deterrence in this case is profound. There is a hacker community. They will know immediately what sentence you impose."

Maxwell, holding back tears, pleaded for probation in lieu of prison time.

"I am a 21-year-old boy with a good heart and I made a mistake," he told the judge. "I never realized how dangerous a computer could be. I thank God no one was hurt."

Pechman rejected attempts by Maxwell and his attorney to portray him as being shocked by the consequences of his actions. "It is obvious that anyone who would launch this kind of computer attack would know" that there would be a multitude of victims, she said.

And while Pechman took Maxwell's age and lack of criminal record into account, she said the prison term was necessary to provide a deterrent to other hackers.

The robot virus program, or "botnet" software, used by Maxwell was sent over the Web, where it sought out computers with exploitable security flaws. He pleaded guilty in May to a felony charge of conspiracy to intentionally cause damage to a protected computer.

P-I reporter Paul Shukovsky can be reached at 206-448-8072 or paulshukovsky@seattlepi.com.

"Botnet" Hacker Sentenced To 3 Years (SEAT)

By David Bowermaster, Seattle Times staff reporter

Seattle Times, August 26, 2006

A 21-year-old computer hacker has been sentenced to three years in prison for launching a "botnet" that attacked millions of computers worldwide and disrupted networks at hospitals, schools and the U.S. Department of Defense.

Judge Marsha Pechman delivered the sentence to Christopher Maxwell in federal court in Seattle Friday after a lengthy hearing that included five witnesses who testified about the damage caused by the botnet attack, which lasted at least 12 months.

Maxwell is from Vacaville, Calif., but was prosecuted in Washington state because Northwest Hospital & Medical Center in Seattle was a primary victim.

A botnet exploits software vulnerabilities to invade individual computers, then attacks other computers connected to the original targets via the Internet.

Maxwell's botnet installed adware on victims' computers that launched pop-up ads, even if the computers were not online. Often, the pop-up ads appeared in such abundance that they froze computers and disabled e-mail and other communications systems.

Maxwell received commissions for each installment of adware. The government estimated he earned at least $30,000 from the botnet.

Over a two-week period in February 2005, according to investigators, Maxwell's botnet attacked more than 441,000 computers.

Maxwell told the court he created the botnet with two co-conspirators he met online in an Internet chat room. The others have not been named because they are juveniles.

Maxwell said the attacks began as an informal competition to see how many computers each person could put adware on.

"I just kept getting better and better at what I was doing," said Maxwell, fighting off tears, "I never stopped to think about the consequences."

Northwest Hospital contacted the FBI soon after its computers were attacked in January 2005. A six-month investigation eventually led to Maxwell.

Maxwell pleaded guilty in May to one count of conspiracy to intentionally damage a protected computer and one count of intentional computer damage that interferes with medical treatment.

Assistant U.S. Attorney Kathryn Warma had sought a six-year prison term for Maxwell to send a message to others who might follow in his footsteps.

"The need for serious sentences as an effective deterrent to hacking offenses is compelling, and if such a sentence is imposed in this case, it will be quickly communicated with the botnet community," Warma wrote in court papers.

Pechman agreed. "Whatever I do, even before I get off this bench tonight, half the world will know about it," the judge said. "That leads me to the conclusion that there must indeed be deterrence."

However, Pechman cited Maxwell's age and lack of previous criminal history in imposing a prison sentence of 37 months plus three years of probation.

Maxwell must also pay restitution of $114,000 to Northwest Hospital and $138,000 to the Department of Defense.

Man Enters Guilty Plea In Child Porn Case (ROT)

By Lindsey Nair

Roanoke Times, August 28, 2006

Federal authorities first homed in on Freddie Lee Caldwell of Roanoke in 2003.

A Roanoke man who had collected more than 2,000 pictures of child pornography on his computer was convicted of four felony charges Friday.

Freddie Lee Caldwell, 43, pleaded guilty to transmitting, distributing and possessing child pornography. He also admitted to using a computer to transmit lewd images, a charge that carries up to five years in prison.

Federal authorities first homed in on Caldwell in October 2003, when an agent with the FBI's Innocent Images unit found an online advertisement for "100 percent pre-teen" material, said prosecutor Joe Mott.

The agent downloaded several images and confirmed that 11 of them were child pornography, Mott said. The agent then subpoenaed the Internet Protocol address and traced it to Caldwell.

An FBI investigator in Roanoke executed a search warrant on Caldwell's Tazewell Avenue home in July 2004, seizing computers, disks and other items, according to Mott.

A forensic analysis of the seized items uncovered more than 2,000 child pornography images saved on the computer, officials said.

The FBI was able to determine that hundreds of the pictures were of actual victims.

On Friday, Caldwell's attorney, Terry Grimes, said that if the case had gone to trial, his client would have argued that he knew his actions were immoral but was unaware it was a violation of federal law.

Grimes added that Caldwell has no history of molesting children or contacting juveniles over the Internet.

Because Caldwell has been out on bond and has not violated the conditions of his release, he will be allowed to remain free and work until he is sentenced in November.

LaPlace Journalist Indicted In Porn Case (NOTP)

By Matt Scallan, River Parishes Bureau

New Orleans Times-Picayune, August 28, 2006

Images of children found, authorities say

A federal grand jury on Friday indicted longtime River Parishes journalist Leonard Gray on charges of possessing child pornography, U.S. Attorney Jim Letten said.

Gray, 52, the managing editor of the twice-weekly L'Observateur newspaper in LaPlace and former managing editor of the weekly St. Charles Herald-Guide newspaper in Boutte, was indicted on charges of possession and receipt of child pornography.

He was arrested by FBI agents in Slidell on Aug. 17, and the agents later obtained a search warrant for Gray's home in Waggaman from U.S. Magistrate Louis Moore Jr., authorities said.

"During the execution of this warrant, FBI agents recovered computer equipment and digital media that contained images depicting the sexual victimization of children," the news release said.

Gray was arrested by a task force called Project Safe Childhood, Letten said.

"Our office and the FBI have a proud and productive history of policing our community and communication channels by effectively identifying, investigating and removing from society those individuals who exploit the innocence of children," Letten said in a statement.

If convicted, Gray faces a mandatory term of up to five years and a maximum of 20 years in prison, followed by a lifetime of supervised release. He could also face a fine of up to $250,000, a news release by the U.S. attorney's office said.

Gray remains in the custody of the U.S. marshal's office, and should be arraigned in the "next couple of weeks," the release said.

Gray has worked at L'Observateur for more than a decade. Publisher Kevin Chiri said the newspaper had no immediate comment on the indictment.

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Matt Scallan can be reached at mscallan@timespicayune.com or (985) 652-0953.

Newspaper Editor Indicted In Child Pornography Case (AP)

AP, August 28, 2006

NEW ORLEANS -- A federal grand jury Friday indicted the managing editor of a twice-weekly newspaper on charges of possession and receipt of child pornography, the U.S. Attorney's office said.

Leonard Gray, 52, of Waggaman, was arrested Aug. 17 in Slidell following an undercover investigation by the FBI, U.S. Attorney Jim Letten said.

FBI agents searched Gray's home and found computer equipment and digital media that contained images depicting the sexual victimization of children, Letten said.

"Our office and the FBI have a proud and productive history of policing our community and our communications channels by effectively identifying, investigating and removing from our society those individuals who exploit the innocence of our children," he said.

Gray, who will be formally arraigned in the next few weeks, has been suspended from L'Observateur newspaper in LaPlace. He has worked at weekly newspapers in St. John the Baptist and St. Charles parishes for at least two decades.

If convicted, Gray faces up to 20 years in jail followed by a life term of supervised release and a $250,000 fine.

CIVIL RIGHTS:

Voters Find Some Machines Harder To Use (NYT)

By Sewell Chan

The New York Times, August 28, 2006

With New York State facing a looming deadline to modernize its election technology, a new report offers evidence that one of the two major types of voting machines being considered has a higher rate of unrecorded votes, suggesting that it is too confusing for many people.

The report, which the Brennan Center for Justice at New York University School of Law intends to release today, examined election records from thousands of counties across the nation since 2000. It is likely to animate long-simmering debates in across the state's 62 counties, which face a December deadline for deciding how to replace antiquated voting equipment.

For the overwhelming majority of the state's 11.6 million registered voters, the changes will mean the end of the creaky lever machines that have been used for decades.

One of the two types of machines under consideration is the direct-recording electronic or D.R.E. systems, in which voters push a button or touch a screen to choose a candidate, and the ballot is automatically recorded and counted.

The other is the optical-scan system, in which voters mark an oval or arrow next to a candidate's name on a paper ballot, which is then scanned into a machine at the precinct, allowing the voter to find and fix any errors.

The choice, however, is further complicated because the State Board of Elections has ruled that state law requires the use of a "full face" ballot — a ballot that displays all candidates for all races on a single page or screen.

The Brennan Center disagrees with the state board's interpretation that a full-face ballot is required in New York.

In January, the Connecticut attorney general, Richard Blumenthal, concluded that contrary to a widely held belief there, Connecticut law did not require full-face ballots.

The direct-recording electronic system is not inherently flawed, the report found, but when it is combined with full-face ballots, there seems to be more difficulty, particularly in areas with more black, Hispanic and low-income voters.

Such voters, according to the report, would find it easier to use digital machines that allow voters to make one choice and then flip to the next page, which is similar to what customers do at A.T.M.'s and airport check-in kiosks that dispense boarding passes. But the full-face requirement precludes the use of such machines.

In the absence of that option, optical-scan machines would be the best choice for counties, said Lawrence D. Norden, an associate counsel at the Brennan Center and an author of the report.

To adopt electronic machines with the full-face requirement, he said yesterday, "virtually guarantees that thousands of votes are going to be lost at every election."

At stake in the decision between the two major types of machines is some $200 million in federal financing that the state will spend on new machines and other steps to modernize voting. To promote their products, a handful of manufacturers have hired lobbyists and aggressively courted county election commissioners.

John A. Ravitz, the executive director of the New York City Board of Elections, said yesterday that he had read a draft of the Brennan Center's report and that its findings would be carefully reviewed by the board's 10 members.

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"We're continuing to gather as much information as possible on both types of systems, both optical scan and D.R.E.," said Mr. Ravitz, a former assemblyman.

Bo Lipari, executive director of New Yorkers for Verified Voting, an organization that has been pressing for adoption of the optical-scan machines, said he hoped the report would have a major effect on the decision-making by counties.

"The implications of this report clearly show that the only viable voting system for New York State is precinct-based optical scans," said Mr. Lipari, who represents the League of Women Voters of New York State on a committee that advises the state elections board on voting modernization.

However, support for the optical-scan ballots is by no means assured. Although optical-scan advocates say their systems are more cost-effective, proponents of direct-recording electronic system say the electronic machines do not waste paper and are easier for disabled people to use.

In March, the Justice Department sued New York State for failing to overhaul its election system as required by the Help America Vote Act of 2002, which was intended to prevent a recurrence of the Florida election debacle of 2000 and to help disabled people to vote. Unable to agree on a unified response to the federal law, Albany passed the decision along to localities.

For the Sept. 12 primary and the Nov. 7 election, the state and federal governments have agreed on a stopgap plan involving temporary machines for use by the disabled. But the counties still must choose machines to adopt over the long term. The state has yet to identify which machines will be acceptable. Eleven devices, made by a total of six manufacturers, are under consideration.

Besides New York, only one other state — Delaware — uses full-face ballots statewide, although some counties in Arkansas, Indiana, Kentucky, Louisiana, New Jersey, Pennsylvania and Tennessee also use them, according to David C. Kimball, a political scientist at the University of Missouri at St. Louis and a co-author of the Brennan Center report.

For the report, Dr. Kimball reviewed election records for thousands of counties in 2000, 2002 and 2004. He compared the residual-vote rate — the difference between the number of ballots cast and the number of valid votes cast in a particular contest — across several voting systems. Residual votes occur because of "undervoting," when voters intentionally or unintentionally make no selection, or by "overvoting," when voters select too many candidates, invalidating the ballot for a particular contest.

Dr. Kimball found that elections involving both a touch-screen or push-button system and a full-face ballot generated a residual vote rate of 1.2 percent, compared with 0.7 percent for optical-scan ballots that are counted at the precinct.

For the study, he examined records for the 2004 presidential election from 2,402 counties. He found that the disparity between the two systems, in the percentage of unrecorded votes, was even higher in counties where the median income was less than $25,000 (2.8 percent versus 1.4 percent), where blacks made up more than 30 percent of the population (1.3 percent versus 0.9 percent) and where Hispanics made up more than 30 percent of the population (2.0 percent versus 1.2 percent).

(The report also examined two variants of the main new voting systems that are not applicable in New York State. These are optical-scan ballots that are counted centrally and do not allow voters to check their ballot for errors, and "scrolling" direct-recording electronic systems, which do not meet the "full face" requirement.)

"Any design feature that makes it more confusing or places more of a burden on the user increases the likelihood of errors, and that effect is more dramatic in low-income and minority communities," Dr. Kimball said.

Mr. Norden added: "The digital divide is real. Full-face touch screen will put low-income and minority voters at a particular disadvantage."

The report's other two authors were Jeremy M. Creelan of the law firm Jenner & Block and Whitney Quesenberry, a designer who helps companies makes their Web sites easier to use.

Watch Out For Voting Day Bugs (WP)

By Dick Thornburgh And Richard Celeste

The Washington Post, August 28, 2006

For many years election officials have kept the machinery of American democracy running in the face of sometimes overwhelming difficulties. But this November's elections will pose unprecedented challenges to them.

For many jurisdictions, the 2006 elections will see the first large-scale use of electronic voting systems. Many organizations have learned the hard way that deployment and use of new technologies on a large scale virtually guarantee big surprises and unintended consequences: sudden system crashes, corrupted data or painfully slow systems. The usual remedies are to develop, test and evaluate small-scale prototypes before committing to organization-wide upgrades in technology, and to keep both old and new systems running for a while so that failures in the new system do not paralyze operations.

Unfortunately, faced with the deadlines for deploying enhanced voting systems that were set by the Help America Vote Act of 2002, most electoral jurisdictions have been unable to follow this prudent path. That's why we believe it will be essential this

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year that jurisdictions have backup and contingency plans that anticipate a wide range of possible failures in their electronic voting systems, including those that occur in the middle of the voting process on Election Day (or days).

The outcome of the November elections seems likely to be very close. Depending on the results of a few races, control of the House or Senate -- or both -- may be at stake, which is likely to lead to close scrutiny of how those elections are carried out. If major problems arise with unproven technology and new election procedures, the political heat will be high indeed.

What problems might crop up on Election Day? Software or hardware problems could render a significant number of voting machines inoperable when they are first turned on. An unexpected sequence of voting inputs on touch screens might cause machines to lock up. Or the cards that voters use to activate voting machines to accept their votes might not work properly. Or voting machines might be inadvertently loaded with the ballot for a neighboring precinct.

Jurisdictions need to come up with contingency plans for such November problems, if they haven't done so already. One possible example: Make preparations to fall back to paper ballots if necessary.

Other problems might include machines that appear to work but then yield an erroneous electronic vote count. Systems could lose votes because they continue to accept them after their memories are full, or because they have incorrectly reset themselves in the middle of the day as voters are attempting to vote.

In such cases, applicable backup technologies such as paper trails, which provide an independent, permanent record of activity on a voting machine, might already be in place. But paper trails themselves have potential problems (such as jammed printers) and voters might be confused by the introduction of an unfamiliar element into the election whose purpose and role will not be clear to many voters.

For any given jurisdiction, the likelihood of a specific problem is low. But with 9,500 jurisdictions in the United States it's likely that problems will occur in some of them. Indeed, many of the problems described above have actually happened in one jurisdiction or another. We don't mean to suggest there will be widespread failures of electronic voting systems. But in this election year, the challenges facing election officials and the nation are formidable. Prudence and reasonable contingency planning should rule at this moment of truth for electronic voting, as election officials across the land work to retain public confidence in the face of new challenges.

Dick Thornburgh is a former Republican governor of Pennsylvania. Richard Celeste is a former Democratic governor of Ohio. They chaired a recent study by the National Academies' National Research Council on electronic voting.

S. Dakota Becomes Abortion Focal Point (WP)

By Peter Slevin

The Washington Post, August 28, 2006

SIOUX FALLS, S.D. -- Kayla Brandt had an abortion three years ago and instantly hated having done it. Now, hoping to stop other women from making the same choice, she is a public advocate for the most severe abortion ban in the nation.

"I don't want anyone to feel what I did," Brandt says.

Maria Bell is a Sioux Falls obstetrician-gynecologist who also joined the political fray for the first time, but on the opposite side. Appalled by the attempt to shut the state's only abortion clinic, she says she would not be able to live with herself unless she worked to overturn the law.

"To think passing a law will stop abortion is incredibly naive," Bell said.

South Dakota is the unlikely home of this year's most intense duel over abortion, a Nov. 7 referendum to decide the future of HB 1215, a measure that would institute a broad ban on the procedure. No exceptions would be allowed for pregnancies resulting from rape or incest -- abortion would be permitted only when the mother's life is in jeopardy.

Partisans across the nation are delivering money and tactical advice on an issue that has divided residents of the state. South Dakota's fight could be a harbinger of political battles across the country should the Supreme Court strike down Roe v. Wade , the 1973 decision that legalized abortion nationwide.

"This has become the focal point in the country for the choice debate," said Nancy Keenan, president of NARAL Pro-Choice America, which is channeling cash into the campaign. "The stakes are very high, especially for us to win in November and again say America is pro-choice, America doesn't think politicians should be involved in these private decisions, and enough is enough."

A fresh poll suggests voters are inclined to oppose the law as too severe. In a late-July sounding, opponents of the ban held an eight-point lead, with 14 percent undecided.

"There's going to be a lot of money spent," said state Rep. Roger W. Hunt (R), the ban's chief sponsor, urging voters to defend the unborn. Pointing to the vivid statewide conversation over HB 1215, formally known as the Women's Health and Human Life Protection Act, he said, "There are a lot of people who have gotten very political because of HB 1215."

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People such as Brandt, a 29-year-old financial auditor, who described a period of quiet misery after an abortion about three years ago. When the doctor finished, Brandt said, she felt an emptiness that led to a long year of grief.

Later, she decided to speak out, hoping to create what she called a "haven" for women and children in South Dakota by outlawing abortion. Her smiling face now appears on the letterhead of VoteYesForLife.com, the umbrella group mobilizing support for the ban.

"I was in a relationship and panicked and got scared and ashamed, and thought an abortion was the means to fix my mistake," said Brandt, who came to see herself as a "mother who was sadly stripped of her child."

"Where's the baby's choice?" Brandt asked. "What about the life of the baby?"

The bold South Dakota strategy has energized some proponents while highlighting strategic splits in the antiabortion movement. Many committed foes, focusing on incremental steps to make abortion less accessible, believe that Roe v. Wade cannot realistically be challenged until the composition of the Supreme Court shifts further.

The ban is not "something we would have chosen," said Daniel S. McConchie, chief of staff of Chicago-based Americans United for Life. "To overturn Roe v. Wade , which is the goal here, you have to be able to count to five members of the court. We count five in favor of keeping Roe."

McConchie considers it unlikely that any one case -- even a near-total ban on abortions -- would force the high court to reconsider the landmark decision before the justices are ready. Nor, he believes, is such a law necessary to get the Supreme Court's attention.

Performing an abortion in South Dakota would be a felony if the mother's life is not in danger, according to the law, which declares that mother and fetus "each possess a natural and inalienable right to life." There is no exception for rape, although rape victims would be permitted to take morning-after contraceptives "prior to the time when a pregnancy could be determined through conventional medical testing."

Gov. Mike Rounds (R) signed the bill into law in March, declaring that the unborn are "the most helpless persons in our society." Architects of the law never really expected it to be implemented. Instead, they figured that it would be the subject of a lawsuit that would eventually make its way to the Supreme Court, where they hoped it would be upheld by the overturning of Roe v. Wade .

But instead of suing to block the law, opponents are using a 19th-century provision that allows voters to overrule the legislature by referendum. Meanwhile, the law is on hold.

In a socially conservative state of 775,000 residents who twice gave George W. Bush 60 percent of the vote, abortion defenders gathered more than 38,000 signatures -- more than twice the number necessary -- to place the measure on the ballot. Supporters drew on traditional abortion rights advocates, as well as Republicans who feel the legislature is too intrusive.

Also on the Nov. 7 ballot is a constitutional amendment that would define a marriage as being between a man and a woman while prohibiting the recognition of "civil unions, domestic partnerships or other quasi-marital relationships between two or more persons regardless of sex."

Seated on a park bench, reading "When Life and Beliefs Collide," insurance company employee Laurie Harsch said the unborn must be protected. Questioning the abortion rights advocates' contention that giving a woman a right to choose is more tolerant and moral, she asked whether tolerance is always moral.

"There were people in Germany who were tolerant of what Hitler did to the Jews," said Harsch, a born-again Christian and mother of three. "I understand the people who say, 'It's my body. I can do what I want.' But I don't believe it's only their body."

Meanwhile, the abortion issue proved potent in the state's June primary. Conservative Republicans defeated four GOP state senators who had voted against the ban. One defeated incumbent later became a Democrat, and another endorsed a Democrat for the November elections.

Indeed, party labels offer only limited help in identifying opinions on abortion here. In the state House, where HB 1215 was approved 50 to 18, the primary sponsor was Hunt, a Republican. In the state Senate, where the vote was 23 to 12, the chief sponsor was Julie Bartling, a Democrat.

NARAL named Republican state Rep. Casey Murschel as its statewide executive director. Jan Nicolay, a leading spokeswoman for an abortion rights coalition called the South Dakota Campaign for Healthy Families, spent 14 years as a Republican state lawmaker before quitting the party.

"I have never had an experience like this. There's an intensity," said Nicolay. "It's an issue that most people weren't talking about, and are now doing so."

The state's lone clinic, run by Planned Parenthood in Sioux Falls, is open one day a week, when a doctor flies in from Minnesota -- the organization could not find a South Dakotan willing to do elective abortions. State figures show that 814 abortions were performed in South Dakota in 2004.

A sign on the outside of the secure one-story building proclaims in bold letters: "These Doors Will Stay Open!"

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A recent Mason-Dixon poll suggested that they just may. Forty-seven percent of 800 respondents said they opposed the ban, while 39 percent said they supported it. If the law had included an exception for rape and incest, the poll found, 59 percent would have favored it, with 29 percent opposed.

"If they put in an exception for rape and incest, the ban would pass, but leaving it out, they showed who they are," said Jean Beddow, a former state legislator who hosted a recent party to rally abortion rights forces. "If we lose it this fall, we're going to be in court."

When Schools Silence God Talk (USAT)

USA Today, August 28, 2006

Every year, the Frenchtown Elementary School in New Jersey presents an after-school talent show, open to kids from kindergarten through eighth grade. The performers can choose to play an instrument, dance, create a skit or select a song.

This past school year, a second-grader decided to sing Awesome God. But during rehearsal, the teacher in charge, on hearing the title and lyrics, told the child that principal Joyce Brennan would have to approve that song. Brennan contacted the attorney for the school district.

INDEX: Focus on faith

Brennan then explained in a letter to the child's mother that the song was "inappropriate for a school-run event with a captive audience of, in many cases, quite young children because of its religious content."

Accordingly, a lawsuit has been filed in the chronic civil war in our public schools between the First Amendment's Establishment Clause and its Free Exercise of Religion requirement. The case landed in U.S. District Court in New Jersey.

With schools opening around the country, it's unfortunate that many principals and school boards are not educated on the meaning of the Establishment Clause — which can be violated, for example, if a principal asks a priest, rabbi or minister to speak at commencement exercises, thereby officially favoring that form of religion, or any specific form of religion.

Such behavior would appropriately be regarded as a "state action." But under the Free Exercise Clause, a student can express his or her personal religious beliefs in an assignment or as a valedictorian.

A child's right, not a school's choice

In the Frenchtown Elementary School's case, the American Civil Liberties Union of New Jersey is supporting the child plaintiff. Attorney Jennifer Klear, who took the case on behalf of the ACLU, filed a brief to the court. In it, she made the essential — and to me, obvious — point that it was the child who chose the song, not the school.

So there was no violation of the Establishment Clause by removing the "wall" of separation between church and state. Ironically, the school's guidelines for the talent show mandated only that everything in the performances be G-rated. There were no other restrictions, nor was there a "captive audience" because students were not required to attend.

But the school district's lawyer recoiled at the song's religious content, and the principal explained that the song was the equivalent of a prayer. As this second-grader is discovering how embattled the First Amendment can be, the case is still in the courts.

In another lawsuit, an ACLU affiliate in Nevada has taken the side of school authorities, banishing certain religious speech. In June, during high school graduation exercises at Foothill High School in Henderson, Nev., valedictorian Brittany McComb was reading her address when, suddenly, school officials cut off the microphone.

The audience was spared her presumably infectious references to God, "the Lord," and a mention of Christ. According to Clark County school district officials, while school events may include religious references, proselytizing is forbidden.

Agreeing, Allen Lichtenstein, general counsel for the ACLU of Nevada, said in the Las Vegas Review-Journal: "There should be no controversy here. It's important for people to understand that a student was given a school-sponsored forum ... in essence, it was a school-sponsored speech," thereby violating the Establishment Clause because of "her proselytizing."

"People aren't stupid," the admirably clear-headed McComb told the Review-Journal, "and they know we have freedom of speech, and the district wasn't advocating my ideas. ... I went through four years of school at Foothill and they taught me logic and they taught me freedom of speech. God's the biggest part of my life. Just like other valedictorians thank their parents, I wanted to thank my lord and savior."

How did the school authorities know at what point the forbidden words would be spoken? At Foothill High, as at most high schools around the country, valedictorians are subject to what the courts call "prior restraint" of speeches. School officials preview the remarks, and McComb was ordered to strike those prohibited words.

Refusing, McComb explained why she rebelled against authority for the first time. Having graduated with a 4.7 GPA, McComb — who was planning at the time to study journalism at Biola University, a private Christian school in La Mirada, Calif. — emphasized that she was saying what she believes: "The district wasn't advocating my ideas."

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In her lawsuit against the district, McComb is represented by what I consider one of the premier civil liberties organizations in the country, the Rutherford Institute in Charlottesville, Va. Says founder John Whitehead of his client: "She has a constitutional right — like any other student — to freely speak about the factors that contributed to her success."

So why are two ACLU affiliates at odds on the kinds of religious speech protected by the First Amendment? Because the national ACLU puts forth an ambiguous and sometimes misinformed policy on such issues. For example, the ACLU has in numerous cases backed efforts to expunge crosses from city seals — even if the cross dated to the founding of a city, when religion played a vital role. Citing history is not a violation of the Establishment Clause, nor is it proselytizing.

In need of an education

What's unfortunate is that every school year, these unreasonable restrictions of free speech come to the fore in this country simply because educators — and, for that matter, some ACLU chapters — don't have a clear understanding of the First Amendment.

In 1994, I was reporting in Murfreesboro, Tenn., on another high school valedictorian, Kathryn Sinclair, who on principle defied another prior restraint gag rule: She told the principal of Riverdale High School that prior restraint violated the First Amendment. She gave her address without interruption but was reviled by many of her fellow students and some faculty because the resultant publicity "made the school look bad," as Sinclair put it.

When her ordeal — and it was an ordeal — was over, Sinclair asked me: "Why don't schools teach why we are Americans?" And then she stated an unfortunate truth: "So few people know."

Nat Hentoff is an authority on First Amendment issues, student rights and education.

ANTITRUST:

GE's Water Unit Remains Stagnant As It Struggles To Integrate Acquisitions (WSJ)

By Kathryn Kranhold

The Wall Street Journal, August 28, 2006

Shortly after taking over as chief executive of General Electric Co. in 2001, Jeffrey Immelt plunged the conglomerate into the water-treatment business. GE has since spent nearly $4 billion acquiring four companies, prompting executives to boast that the water unit could reach $10 billion in annual revenue within a decade.

But Mr. Immelt's initiative hasn't lived up to expectations. The unit's biggest business -- selling chemicals -- faces tough price competition, and multimillion-dollar projects to build water-desalination and reuse plants haven't materialized. The water unit has reduced financial projections; the current target of around $2 billion in sales this year roughly equals the combined revenue of the companies GE bought. Some employees have been laid off, and Mr. Immelt earlier this year replaced his handpicked head of the water unit.

The turbulence highlights GE's challenge in entering a new $400 billion market by building a business from scratch against global competitors such as Danaher Corp., ITT Corp., Siemens AG of Germany and, in Spain, both OHL Group's Inima and Abengoa Group's Befesa.

"Are we happy with all of the performance of the business so far? No," says Mr. Immelt. "Over the next five years and into the future, this is going to be a great part of the GE portfolio."

GE is struggling to meld thousands of employees from competing cultures with its own emphasis on strict processes and financial rigor. In one shift, more than 2,000 engineers who had made careers peddling chemicals for treating water at oil refineries and power plants were retrained to sell expensive equipment.

"We probably moved quicker than we should have in some areas," says Mr. Immelt, adding that training has taken longer than expected.

Creating a business through multiple large acquisitions is an unusual strategy for GE, says management consultant Ron Ashkenas, a managing partner with consulting firm Robert Schaffer & Associates. Dr. Ashkenas, who has written books about GE, says the company typically enters a new market by carving a smaller business from a larger one, then bolting on small companies. "In most cases, they know something about the market and the dynamics, and here they don't," he says.

Mr. Immelt acknowledges that GE is behind in integrating the acquisitions and reaching financial targets. In May, Mr. Immelt reduced the unit's estimated operating profit for the year to $200 million, from an initial $400 million. Some analysts doubt that GE will hit the lower number. In the first half of the year, they estimate the unit recorded $40 million in operating profit. For next year, GE has lowered its revenue target by 10% to $2.5 billion from $2.8 billion.

The difficulties at the water unit also show how tough it is for Mr. Immelt, who is now five years into his job, to move the needle on a 126-year-old company that expects $163 billion in revenue this year. Water is one of five new businesses that Mr.

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Immelt, who took over in September 2001, touts as platforms for long-term growth. The others are Hispanic television, security equipment, health-care information technology and oil-and-gas services.

Looking to turn the division around, Mr. Immelt moved aside GE veteran George Oliver, whom he had chosen to launch the water business in 2002. Colleagues were surprised by Mr. Oliver's departure, shortly after he led a sales-strategy session in Cancun in January. Mr. Oliver, now at Tyco International Ltd., declined to comment.

His replacement is Jeff Garwood, a 44-year-old chemical engineer who joined GE in 1992 and had been leading the factory-automation unit after stints in GE's plastics and aircraft-engine units. He also left briefly for two dot-com companies. Mr. Garwood started his career running a water plant in Victoria, Texas, for DuPont Co., and then worked for consulting firm McKinsey & Co.

Even before Mr. Garwood arrived, GE had tapped McKinsey to help the water unit refine its strategy. The unit has eliminated jobs, primarily in the U.S., reducing the number of district managers to 28, from 95, for example. Overall, Mr. Garwood says less than 5% of the unit's employees have been let go since 2000. Mr. Garwood describes his task as "a difficult evolution."

The market is attractive: GE is eyeing a $50 billion slice of the global water market, including treating water for power plants and building and running desalination and waste-water plants. Key to the reorganization, Mr. Garwood says, is a new sales and marketing structure introduced in the spring that primarily divides the sales team geographically. Within each region, one sales team now scouts new opportunities.

Most of the salespeople -- more than 1,500 engineers -- have been retrained to sell the unit's entire portfolio, from chemicals to equipment that removes salt and debris from water. Another group handles specific issues in industries including dairy products, electronics and health care.

As evidence the changes are paying off, GE says it recently won an $11 million contract to supply a Ukrainian fertilizer plant with a suite of products such as filtration systems and chemicals.

Mr. Garwood says GE is looking at more than $3 billion in opportunities to build, own and operate facilities around the globe. In some cases, GE will sell its equipment. In others, the water unit, working with GE's financial-services group, will secure an ownership stake in projects for GE, creating a revenue stream. "That's a big opportunity for us," Mr. Garwood says, noting that it is 10% of the water business now.

But those big projects are hard to come by and often mired in politics. Last year, GE said it planned to take a stake in at least two major projects a year. Since then, GE has announced only one such deal -- 70% ownership of a plant in Algiers.

A project GE inherited in the Caribbean nation of Trinidad and Tobago exemplifies the pitfalls. GE acquired a 40% stake in a desalination plant there in early 2005 by buying Ionics Inc. The Trinidadian government, which now opposes the plant, claims that Ionics's partner, a local contractor, committed fraud to win the contract for the plant. (A lawyer for the contractor denies the claim.) The government wants to renegotiate the 23-year deal to buy water from the plant, considered the largest of its kind in the Western Hemisphere,according to officials familiar with the matter.

Analysts expect GE to win its share of projects eventually. "They are the new kids on the block," says Debra Coy, a senior analyst with Stanford Washington Research Group, an investment and advisory firm. "GE is very sophisticated in terms of international energy projects. The water market is different. They've had to figure it out step by step."

And, like Mr. Immelt, analysts say GE has the finances to back big projects and has acquired top-notch water technology.

"There's nothing that I've seen that says this is not a good market for the company," Mr Immelt says. "We think we've got some of the best technologies in the industry."

Italian Banks Intesa And Sanpaolo Agree To Merge (WSJ)

By Edward Taylor In Frankfurt And Gabriel Kahn In Rome

The Wall Street Journal, August 28, 2006

By merging Italy's Banca Intesa SpA and Sanpaolo IMI SpA, the architects of the deal aim to create a player with enough heft to be a driver in European banking consolidation.

Saturday, the boards of the banks agreed to the terms of a merger, valued at about €29.43 billion ($37.54 billion). The deal would catapult the two midsize national players into a bank with a market capitalization of around €60 billion that would likely rank No. 4 in the euro zone. However, in cases of domestic megamergers like this one, success hinges on whether Intesa, of Milan, and Sanpaolo, of Turin, can achieve the promised savings and synergies, and in particular whether they can deliver on job reductions, which could be as high as 10% of total staff.

Under terms of the deal, which is to be put to shareholders for approval at extraordinary meetings in December, Intesa is offering 3.115 of its shares for every Sanpaolo share.

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The transaction comes at a time when cross-border banking deals throughout Europe have been on a sharp rise and shortly after foreign players such as ABN Amro Holding NV of the Netherlands and France's BNP Paribas SA took control of a pair of midsize Italian banks, adding to competitive pressure in one of Europe's most lucrative banking markets.

Foreign entrants are upping the ante in one of Europe's most fragmented and, until recently, sheltered banking markets. Pressure to become more competitive has risen since Mario Draghi took over as Bank of Italy governor from Antonio Fazio. Mr. Draghi is seen as someone who takes a more open-market view to cross-border deals than his predecessor, who had hindered foreign takeovers of Italian banks.

The architects of the Intesa-Sanpaolo merger, which would be the largest domestic banking merger in Europe in a decade, said they see the deal as a first step in creating a bank that is much better positioned to compete in further consolidation across the Continent. That wasn't possible when the two operated separately. They both lacked sufficient size and were hampered by shareholders who didn't want to see their influence diluted through an expensive acquisition.

The combined entity stands to control roughly 20% of Italy's retail-banking market. That would give it a strong position in the domestic market and enough free cash flow to focus attention abroad.

A person involved in the negotiations said the new bank could begin to look for acquisitions as early as a year from now. Advisers and executives who worked on the deal stressed that any foreign acquisition would only follow a successful integration of the two banks.

On its own terms, that integration could prove very lucrative. Domestic in-market acquisitions generate almost double the economic value added that cross-border transactions do, according to a study on European banking consolidation by Keefe, Bruyette & Woods. Joining two local players can help save 21% of the target's cost base.

However, the success of any domestic merger depends on the banks' being able to eke out those savings.

The executives of the two banks said they plan to find about €1.3 billion in cost savings by 2009, achieved by measures such as integrating information technology. They predicted that combining operations would result in annual net-profit growth of 13% and would achieve net profit of about €7 billion by 2009. The merger would result in a pretax charge of €1.5 billion, the banks said.

The savings targets are in line with those for other European domestic merger deals, said Marcello Zanardo, an analyst in London with Keefe Bruyette. Achieving those savings often requires significant work-force reductions, something difficult to carry out under Italy's strict labor laws.

Executives gave no details about potential layoffs following Saturday's meetings. An adviser who worked on the deal said there were no plans for layoffs in the banks' retail networks.

Mr. Zanardo said cost-savings targets imply that around 10,000 employees -- about 10% of the overall work force -- will leave. Forced layoffs are extremely difficult in Italy because of restrictive labor laws, but staff reductions are possible through the sale of bank branches to competitors and because of the agreed sale by law of the tax-collection activities, which employ more than 3,000.

Still, the lack of clarity about how these reductions could be achieved sparked some skepticism among industry analysts. "Achieving cost savings is ultimately a matter of layoffs, and flexibility on this is limited in Italy," Citigroup wrote in a research note last week.

Yesterday, unions representing bank workers demanded a meeting with the management of the two banks and declared that they were opposed to any plan that included forced layoffs.

Under the merger terms, the new, and as yet unnamed, bank will have Banca Intesa Chief Executive Officer Corrado Passera as its chief executive. Intesa Chairman Giovanni Bazoli will head a supervisory board, while Sanpaolo Chairman Enrico Salza will head a management board.

Shares in Sanpaolo closed Friday almost 3% higher at €16.05, while Intesa shares closed 0.5% higher at €5.05. Crédit Agricole SA, of France, which wields veto power over the deal as the largest player in Intesa's shareholder pact, has cautiously backed the terms of the plan. In a statement Saturday, the French bank said final approval was "subject to reaching an agreement which safeguards and enhances the value of Crédit Agricole's strategic interests in the Italian market."

A person close to Crédit Agricole said the French lender remains prepared to exercise its veto power as negotiations continue. Mr. Bazoli called Crédit Agricole's conditions "reasonable," adding that the deal would include "solutions to best protect their strategic interests."

California Epiphany (WSJ)

The Wall Street Journal, August 28, 2006

How much competition is there in U.S. telecommunications? So much that even California regulators have finally noticed. Last week the state's Public Utilities Commission voted 5-0 to lift decades-old price controls on land-line phone companies.

The move was instigated by Rachelle Chong, who was appointed to the Commission in January by Governor Arnold Schwarzenegger. According to a Los Angeles Times report, this is the first time in 18 years that California has altered its rate structure. Think about all that has happened in telecom in the past two decades, from the proliferation of wireless devices to Internet telephony, and you get some idea of how far past due these changes were.

Other states, including Texas, Florida, Indiana, Colorado and Massachusetts, have eased their anti-competitive price controls in recent years, but the decision to do so by the nation's largest state is still significant. "The California Public Utility Commission is used by Commissions in other states as a standard," says Barry Aarons, who follows telecom at the Institute for Policy Innovation. "They reason, 'If California is willing to do this, we shouldn't be scared to do it ourselves.'"

It's unfortunate that the Commission felt the need to delay matters by locking residential retail rates in place until 2009, thus dampening the incentive for AT&T, Verizon and others to continue building advanced networks. But the temporary rate freeze was probably the political price for passing broader structural reform in a state not exactly known for its deregulatory instincts.

The good news is that these state regulators have finally acknowledged that competition in telecom abounds, that free-markets work, and that holding residential phone bills below actual cost is silly in today's brave new telecom world. The other good news is that if even California regulators can come to this realization, anyone can.

ENVIRONMENT:

BP Chief Faces Court Appearance (FT)

By Sheila Mcnulty In Houston

Financial Times, August 28, 2006

A Texas judge is to decide on Monday whether to compel Lord Browne, BP's chief executive, to be formally questioned before a court to decide claims against the UK oil giant arising from last year's fatal refinery explosion.

BP has refused a request by the plaintiff's attorney, Brent Coon, to question Lord Browne, forcing the decision into the court's hands.

"We are opposing the request because Lord Browne has no unique knowledge of the incident that is not available from other people within BP,'' a spokesman for BP said. "The head of BP's worldwide refining operations has participated in the discovery process," referring to the questioning of potential witnesses ahead of a US trial.

That "discovery process'' led Michael Hoffman, BP's group vice-president for global refining, to reveal the company is conducting an internal investigation, reaching up into its executive level, to determine whether to take further disciplinary action for the accident, which killed 15 and injured an estimated 500 at BP's biggest refinery.

More than a year and a half after the blast, Mr Hoffman said in a videotaped deposition that he was also being scrutinised in the probe. A transcript of the deposition, taken this month by the plaintiff's attorney in the civil case against BP that arose from the blast, was seen by the Financial Times.

The US Department of Labor found more than 300 health and safety violations at the refinery and fined BP a maximum allowable $21m before referring the explosion to the Justice Department for possible "criminal action". A grand jury is debating whether to bring charges against BP and/or its executives.

In preparation, the plaintiffs pressed Mr Hoffman to reveal that John Manzoni, BP's chief executive for refining and marketing, had chosen Wilhelm Bonse-Geuking, group vice-president of BP to investigate "whether or not there should be further disciplinary action . . . in the chain of command".

He said Patrick Gower, refining vice-president for BP's US region, and he believed Kathleen Lucas, Texas City operations manager, had also been interviewed.

The transcript of a videotaped deposition by Mr Gower, a copy of which also was obtained by the FT, reveals him saying he had learned in the month or two before his May deposition that he was being investigated.

Mr Gower said Don Parus, the refinery manager who has been on leave since the explosion, Ms Lucas and Willie Willis, an employee at the Texas City plant, were also being probed.

A BP spokesman, declined to confirm the probe. "As a matter of policy, we don't comment on personnel matters,'' he said. While BP has settled most of the claims arising from the blast, Mr Coon has more than 100 cases he is to take to trial on September 16.

Pollution In The Water, Lawsuits In The Air (WP)

By Juliet Eilperin

The Washington Post, August 28, 2006

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TAHLEQUAH, Okla. -- Every time the rain comes down, muddy water laden with phosphorus, arsenic and other contaminants flows into the Illinois River from chicken farms nearby and just across the border in Arkansas.

The inflow of nutrients has begun to change the river and the reservoir it feeds, Tenkiller Ferry Lake. At times the water is clogged with fish-killing algae, occasionally emitting a foul odor that affects the drinking water and undercuts the area's attraction as a tourist destination.

"This river used to be crystal clear," recalled Ed Brocksmith, a member of the Oklahoma Scenic Rivers Commission. "Phosphorus is the problem here."

Frustrated that nearly four years of talks failed to produce a solution, Oklahoma is now suing eight firms -- including Arkansas giant Tyson Foods Inc. -- on the grounds that the chicken waste applied to crops near the river contains hazardous chemicals that are damaging the ecosystem and jeopardizing the region's tourist industry.

"They're not fertilizing, they're dumping," said Drew Edmondson, an Oklahoma lawyer who filed the suit last year. "My concern is for the environment. My concern is for the lake and the river, which I'm watching being degraded before my eyes, literally."

Across the country, states and localities are suing polluters outside their jurisdiction, and sometimes each other, in efforts to curb air and water contamination that respects no borders. They say they are forced to act because Congress and the Bush administration have failed to crack down on everything from storm water runoff to dumping of invasive aquatic species.

In some cases, there is little in the way of federal law or regulation. This is the case with the factory farms in Arkansas and Oklahoma. The administration is still sorting through which regulations apply to poultry, dairy and hog farmers, and existing rules don't apply to those who buy the waste for fertilizer. And some lawmakers, such as Rep. Ralph M. Hall (R-Tex.), are lobbying to permanently exempt these industries from even minimal federal oversight.

Other times the administration has blessed activities in one state that another state opposes: Virginia -- over Kentucky's objections -- plans to allow a strip mining company to discharge more than a billion gallons of briny water into a river just eight miles from where it flows into Kentucky.

In others instances, the Bush administration has declined to take action, such as the Environmental Protection Agency's decision not to regulate ballast water from freighters that release invasive species into waterways.

Joel A. Mintz, an environmental law professor at Nova Southeastern University in Miami, said he has noticed an increase in such cases. "The [state attorneys general] have gotten aggressive in the last couple of years," Mintz said. "It's a little hotter now."

EPA spokeswoman Jessica Emond said the agency works hard to monitor all pollution.

"EPA is committed to protecting public health and the environment by coordinating closely with its 10 regional offices to implement environmental laws at the state and regional levels," she said. "In addition, EPA solicits and takes into consideration comments submitted by state and local governments when developing national rules and regulations."

But New York Attorney General Eliot L. Spitzer, who has sued EPA over its aquatic species policy as well as air pollution rules, said the flurry of legal activity reflects "the lack of enforcement" by the administration.

"It's more than a trend, it's an ideological decision that's been made by the Bush administration," Spitzer said. "Into that void we have stepped in to enforce the law."

In many cases, state lawyers say out-of-state pollution jeopardizes their tourist industry. Kentucky Assistant Attorney General Scott Porter, for example, argues that Virginia's proposal to let Consolidation Coal Co. release water from its mining operations could damage Fishtrap Lake, a reservoir filled with bass and catfish that attracts tens of thousands of visitors a year.

Porter's office is weighing whether to sue Virginia. "We will take every available method we have to protect the waters of Kentucky."

Leslie Vincent, chief engineer of Virginia's Division of Mined Land Reclamation, said Virginia is aware of Kentucky's concerns but believes the plan's requirement for mixing the discharge with cleaner water should keep levels of harmful chloride to an acceptable level. "It should not be an adverse impact," Vincent said.

In Arkansas, poultry farmers see the Oklahoma lawsuit as a threat to their livelihoods. Keith Morgan, who raises 178,000 chickens at a time for Arkansas-based Peterson Farms, said he and other producers make a profit selling their waste as fertilizer and cannot afford to truck it out of the million-acre watershed.

No one questions that Tenkiller Ferry Lake and the Illinois River -- which travelers in 1870 described as "one of the prettiest rivers on the continent, sparkling with crystal waters" -- are being flooded with nutrients. The lake and river remain a popular tourist site that generates at least $42 million a year in revenue: Last week, Adam Visor and his friend Jordan Hebert drove three hours from Oklahoma City to fish for smallmouth bass along the river's banks.

Edmondson and allies such as Brocksmith say a significant amount of the pollution comes from the 200,000 tons of chicken litter -- waste and shavings that fill poultry houses stretching the length of nearly two football fields -- that more than 2,800 farmers in Arkansas and Oklahoma buy and apply to their crops.

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Poultry officials counter that western Arkansas towns such as Bentonville and Fayetteville are also to blame for the river's pollution, since they rank among the fastest-growing in the nation and generate their own runoff. John Elrod, a partner at the Arkansas firm of Conner and Winters, who represents Simmons Foods, said the industry is willing to help Oklahoma but will not fold under legal pressure.

"Our attitude all along has been if you need someone to help with this problem, we're going to be standing at the front of the line, but if you're going to file a lawsuit against us, it's going to be an all-day affair," Elrod said.

Oklahoma's lawsuit could drag on for years. The outside lawyers that Edmondson retained stand to get a third of any eventual settlement or court award, along with attorney's fees; the defendants have hired a phalanx of attorneys from the District, as well as Arkansas and Oklahoma.

The public relations fight is equally intense. An advocacy group called "Save The Illinois River" has printed baseball caps and tie-dyed T-shirts with the slogan, "Fed Up With All The Arkansas Chicken Poop!" and plans to release a CD of songs paying homage to the river. The poultry industry has responded in Oklahoma with a massive television and radio ad campaign touting the virtues of "organic" chicken litter, and it recently donated $1 million to the state's Scenic Rivers Commission to improve recreational facilities.

"Oklahoma should be saying thank you to Arkansas for providing this kind of income to one of the poorest areas in the nation," said Bev Saunders, who raises chickens on her 540-acre Oklahoma farm.

But Edmondson -- who does not blame the administration but faults Congress for failing to pass a broader law regulating poultry waste -- is pressing ahead.

Some have succeeded with such litigation. In Texas, Waco officials sued after city drinking water became polluted by more than a dozen out-of-town dairy farms dumping waste into the North Bosque River. Eventually, Waco reached a series of settlements, including an agreement to monitor the river's water quality for two years and a pledge by the dairies to make sure any new cows they acquire will not worsen the area's water pollution.

Spitzer has scored some legal victories over the Bush administration, but he acknowledged there are limits to pursuing environmental goals through litigation.

"Long term, states cannot supplant the role of the federal government in addressing these issues," he said.

'Tastes Just Like Vodka' (WT/AP)

By Amy Lorentzen

The Washington Times, August 28, 2006

AMES, Iowa -- Now that ethanol has become common in gas tanks, two Iowa State University professors are working to get it into martini glasses.

The professors are researching how to easily, and cheaply, turn fuel ethanol into food-grade alcohol for beverages, pharmaceuticals and personal care products.

"We will be taking relatively abundant and cheap fuel ethanol and, for a very small amount [of money], adding a lot of value to it," said Jacek Koziel, an assistant professor of agricultural and biosystems engineering.

He said the research is focused on perfecting technologies that purify fuel ethanol, a grain alcohol most often made from corn and used as a gasoline additive. Like beverage alcohol, fuel ethanol is yeast-fermented and then distilled. However, it has many more impurities that must be removed, Mr. Koziel said.

"We are trying to fine-tune, so to speak, the process of alcohol purification," he said.

Why find another use for ethanol at a time when demand for the fuel has skyrocketed?

Because although the demand for fuel ethanol could wane if the automotive industry embraces other technology, "the demand for liquor and mouthwashes and cough syrups will always be there," said Hans van Leeuwen, a civil, construction and environmental engineering professor who is working with Mr. Koziel on the project.

"We're really just looking at a process improvement here that will save a lot of money," said Mr. van Leeuwen, who also serves as vice president of Cedar Rapids-based MellO3z, a company that has created a process for purifying alcoholic beverages.

Monte Shaw, a spokesman for the Iowa Renewable Fuels Association, said the future of food-grade alcohol produced from fuel ethanol depends on its profitability. Right now, ethanol used in gasoline blends is in demand, but as more plants are built and production climbs, producers could take advantage of extra capacity and turn food-grade ethanol into a premium business, he said.

"So today that interest probably isn't as high, but we've got a lot of production coming on line," Mr. Shaw said Thursday as he drove to a groundbreaking of an ethanol plant in St. Ansgar, Iowa. "It's not unreasonable to assume some time in the future that something like this might be very attractive."

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Preliminary work on the effort began last year, and the 1½-year project -- which uses ozone gas and a carbon-filtration process -- recently began. Funding comes from a $79,900 grant from the state's Grow Iowa Values Fund, with matching dollars and materials from industry sponsors and specialists.

Iowa, the nation's top corn grower, has become a leader in the ethanol industry, with 25 plants producing about 1.6 billion gallons this year and eight plants under construction or expansion, according to the Iowa Renewable Fuels Association.

The key to the effort is price.

Mr. van Leeuwen said the multiple distillations needed to make food-grade alcohol raise production costs by about 50 cents per gallon more than it costs to make ethanol. The system the Iowa State team is working on aims to put purifying costs at less than a penny per gallon, he said, adding that retrofitting the purification process would cost little for ethanol plants.

"It's the type of thing that will pay for itself over and over within a year," Mr. van Leeuwen said.

Mr. Koziel said there are many potential applications for the product.

"It's not just necessarily the consumer of liquor-type alcohol" who benefits, he said. "It could be used for all sorts of other consumer products ... everywhere where food-grade alcohol could be put to use."

But for those who like their liquor, Mr. van Leeuwen said the food-grade ethanol "tastes just like vodka," although the 190-proof product must be diluted. He said he has hosted one tasting panel with positive results, and he plans another after further research.

The Iowa State scientists are using two purification technologies for their system. The first part involves bubbling ozone gas through the fuel ethanol to remove impurities and to form new compounds, which are then filtered through granular-activated carbon to absorb remaining impurities.

A patent for the process is pending.

Mr. van Leeuwen said he has used the process to treat wastewater with success, and he expects fine results for food-grade alcohol.

"I have little doubt that it will work," he said.

Malaria Kills Millions -- We Have The Cure (WSJ)

WSJ – Coburn letter, August 28, 2006

Impoverished Africans should be grateful to philanthropist Lance Laifer for his effective outreach to reduce the tragic, needless toll of malaria in sub-Saharan Africa ("Malaria's Toll" by Jason Riley, editorial page, Aug. 21). For his attempt to focus complacent Americans, Mr. Riley also deserves thanks -- such clarity is obviously desperately needed, as even with all the publicity accorded to the ravages of malaria, someone as educated and intelligent as Mr. Laifer remained blithely unaware of this scourge until last year.

Both Mr. Laifer and Mr. Riley note the lack of attention given by official organizations to the more widespread use of DDT as a malaria control method, despite its long and honorable history for this use. Even with his money and other resources, Mr. Laifer has been unable to persuade Africans to utilize DDT. African exporters legitimately fear economic repercussions from wealthy Western trading partners, who continue to demonize this lifesaving insecticide despite the lack of evidence of DDT's adverse health effects in humans.

And where is the Gates Foundation's massive resources in this ongoing struggle to save a half-billion from sickness and millions from death? This organization asserts its devotion to reducing the toll of TB, AIDS and malaria -- yet none of its funding is aimed toward the cheapest and most effective way to deal with malaria: increased indoor spraying with DDT. Maybe Warren Buffett can persuade his friends Bill and Melinda to target their contributions where they will do the most good, in the shortest time, for the most people. Malaria vaccines are many years away -- DDT works in weeks or months.

Gilbert Ross M.D.
Executive and Medical Director
American Council on Science and Health
New York

Jason Riley correctly highlights the human and economic catastrophe that is malaria. Privately funded endeavors described by Mr. Riley are critical to saving lives around the world and I welcome and encourage more private and innovative philanthropy. Americans are also supporting billions of dollars of publicly funded anti-malaria programs through both bilateral programs and multilateral programs. Those concerned about children and pregnant moms suffering and dying from malaria should expect that agencies spending U.S. dollars will achieve results, as measured by reductions in deaths and sickness.

Congress and President Bush have worked together to ensure improved measurement of malaria control programs and greater accountability and transparency in these programs. As a result of congressional demands for "sunshine," the U.S. Agency for International Development (USAID) malaria budget was exposed as diluted and ineffective. That transparency led to

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encouraging reforms. President Bush and USAID should now be commended for running a program that is both transparent and strategic, including the dramatic redirection of funds to effective malaria prevention programs, such as indoor spraying with insecticides and effective new malaria therapies.

However, challenges remain at other major development agencies, such as the World Bank, which receives $1 billion from U.S. taxpayers and has been criticized by malaria scientists for its failing malaria programs. Americans also contribute more than $5 billion annually to the U.N. system, including UNICEF and the World Health Organization (WHO). The WHO has new leadership on malaria, Dr. Arata Kochi, who is finally making key reforms to that troubled and failing program. But his encouraging start could be threatened by entrenched resistance to change in many quarters of the Geneva bureaucracy.

Tom Coburn, M.D. (R., Okla.)

Chairman

Subcommittee on Federal Financial Management, Government Information and International Security

Senate Committee on Homeland Security and Governmental Affairs

Washington

There Was a Time When Saddam Was 'Our' Thug

Your Aug. 23 editorial "Saddam's WMD," arguing that "the habit of American liberals is to deplore the thugs of the world from afar but then never doing anything about it," warrants the addition of a little history.

In 1979 President Jimmy Carter had severed diplomatic relations with Saddam Hussein's Iraq and put it on a list of "terrorist nations," which prohibited the sale to Iraq of many U.S. made goods that could strengthen Iraq militarily. Remarkably, in late 1983 none other than Donald Rumsfeld journeyed to Baghdad to pay court to Saddam Hussein on behalf of President Reagan, to re-establish diplomatic relations with the "thug." It happened after it had become widely known that Saddam had used poison gas on Iranian troops. Soon the thug of Iraq enjoyed once again a brisk business with American firms, some of which supplied him with high-tech equipment and other materials of potential dual civilian-military use.

As the Washington Times (Oct. 1, 2002) reported, the U.S. Centers of Disease Control even supplied Iraq with "strains of all the germs Iraq used to make weapons, including anthrax, the bacteria that make botulinum toxin and the germs that cause gas gangrene." Even after Saddam had used poison gas on his own people in the late 1980s, the U.S. kindly guaranteed a $4 billion "agricultural" loan extended to Iraq by Italy's Banco de Lavoro.

Finally, as neoconservatives Lawrence Kaplan and William Kristol lamented in a Jan. 20, 2003, Journal editorial-page commentary, after President George H.W. Bush had called Saddam Hussein "worse than Hitler" and shortly after he had encouraged the Shia to rise up against Saddam, the elder Bush and his advisers (then Secretary of Defense Dick Cheney among them) thought the better of it. They abandoned the hapless Shia to Saddam's murderous fury, because on second thought they preferred "stability" in Iraq under Saddam to what Secretary Cheney then presciently predicted, on an ABC This Week program in 1991, would happen in Iraq if U.S. troops ever entered Iraq: "civil war," with U.S. troops caught in a "quagmire."

The truth is that, over the years, administrations of both parties have been cozy with often ruthless and thuggish dictators that suited U.S. foreign policy. Indeed, chances are that Iraq eventually will become "stabilized," not under a truly democratic government, but under the government of a dictator of our choosing. Chances also are that this arrangement will have bipartisan support in Congress.

Uwe E. Reinhardt

James Madison Professor of Political Economy

Princeton University

Princeton, N.J.

Defined-Benefit Plans Reduce Risk of Poverty

We agree with your editorial "The Other Pension Crisis" (Aug. 18), stating that problems with public sector defined benefit pension plans, as in the case of San Diego, need to be addressed. Whether a defined-benefit or defined-contribution pension plan, in the public or private sectors, there is no excuse for mismanagement, corruption or inappropriate political influence.

However, stating that "the long-term solution is for government to follow the private sector and wean public workers from the defined-benefit pension model to a defined-contribution plan where an individual worker owns and controls his own retirement investments" is an unsupported conclusion.

Defined-benefit plans, whether in the public or private sector, face some challenges, but they cost-effectively manage the risks people face in retirement. Because defined-benefit plans provide a guaranteed lifetime income, they reduce the chance that there will be future generations of poor, elderly retirees who have outlived their savings and subsist only on Social Security supplemented by charity.

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Defined benefit plans are not the problem. Poorly written pension laws and regulations, combined with pension managers who have over-promised benefits or underfunded their pension obligations, have been the problem. Those responsible should be held accountable.

FBI/DEA/ATF/USMS:

Celebrated FBI Agent Will Retire Haunted By Those Who Got Away (WP)

By Allan Lengel

The Washington Post, August 28, 2006

Time is running out for FBI agent Brad Garrett, who helped solve the Starbucks slayings in the Georgetown area, helped persuade sniper Lee Boyd Malvo to confess and flew to Pakistan to help nab the man who gunned down two CIA workers outside the agency's headquarters in McLean.

One of the most renowned agents to work in the FBI's Washington field office, he will retire Thursday after 16 years in Washington and 21 years in all -- regretfully, he said, before he can solve some of his most famous cases. The mandatory retirement age is 57. He is 58, finishing up a one-year extension approved by the FBI director.

In recent weeks, Garrett has hardly acted like a guy winding things down. Even now, he holds out a measure of hope, conducting interviews, checking criminal records -- and hopping on a plane recently to track a possible lead in the slaying of Chandra Levy.

Besides the Levy killing, Garrett has his sights on solving the case of a Vietnamese woman and her 2 1/2 -year-old son slain in Fairfax County in 1995, possibly the victims of Asian organized crime. And the 1999 execution-style slaying in McLean of an Iraqi woman, her son and her husband, who was working on a food-for-oil deal with Iraq.

"It causes me a lot of anxiety," Garrett said. "Not that somebody else can't solve these cases. Of course they can. Cases become sort of part of you, and these kind of cases tend to do that more so because they are investigated for so many years."

Prone to dressing in black, Garrett looks more like a music mogul than an FBI agent. But beyond the hip, calm exterior is a former probation officer with a doctorate in criminology who has gained gushing admiration from co-workers and police detectives -- and even the grudging approval of some criminals he has caught.

"He's accomplished, confident, he's a very patient interviewer," said FBI agent Chuck Knowles. "He makes that connection with people, and they want to tell him their secrets."

Ronald H. Chavarro, Garrett's FBI supervisor, added: "He's empathetic, he's nonjudgmental, he's approachable. . . . They don't come any better than him.

"He had no interest in going into management; he's had no interest but investigating cases," Chavarro added. "That's been his passion."

Co-workers said that fervor has helped Garrett chalk up one confession after another, including that of Mir Aimal Kasi, a Pakistani who methodically fired an assault rifle into the car windows of CIA workers in 1993.

To coax that admission, Garrett and other agents first had to find Kasi, an odyssey that stretched across continents and 4 1/2 years.

On June 15, 1997, Garrett and three other FBI agents tracked Kasi to a seedy hotel in Pakistan, near the Afghanistan border. At 4 a.m., the FBI agents stood in the hall as an informant knocked on the door to wake Kasi for morning prayer. Words were exchanged in Urdu. Kasi unlocked the door, and the agents tackled him.

"He was screaming" so hard as the agents struggled to cuff him that they then gagged him, Garrett recalled. But he still wasn't sure they had the right guy. Kasi looked heavier than the shooter and had a beard. After the gag was removed, Kasi refused to give his name, instead hurling an expletive "in very clear, almost eloquent English."

"We laid him face down on the bed, and I had fingerprints with me in a bag and a fingerprint kit, so I took an ink pad and hit his thumb," Garrett said. Then Garrett took out a flashlight and a magnifying glass. The prints matched.

On the plane ride back to the United States, Kasi confessed to the slayings.

"He was sort of straightforward about it, saying, 'Look, it's not right what the U.S. is doing in Muslim countries, and they're using the CIA to manipulate governments,' " Garrett said.

The two developed a relationship. They exchanged letters, and Garrett visited Kasi occasionally. Garrett also watched Kasi die from a lethal injection at a prison in Jarratt, Va., in November 2002 and remembered walking away feeling "a sort of hollowness. It completely drains you of energy, emotions."

"He understood I was doing my job," Garrett said. "He respected me because I treated him with respect."

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Garrett got a confession from another infamous fugitive, Ramzi Yousef, the mastermind of the 1993 World Trade Center bombing, while in Pakistan during an earlier, unsuccessful hunt for Kasi.

In February 1995, Pakistani authorities were about to nab Yousef in an Islamabad guesthouse, and Garrett got a call to accompany them. After Garrett helped transport Yousef to a secure facility, the former fugitive confessed to the U.S. agent that he had directed the bombing.

Garrett, an ex-Marine who grew up in Indiana, joined the FBI in Nashville before moving to the Washington field office in 1990, where he became adept at criminal profiling and hostage negotiations and earned a reputation as a tireless investigator.

"He works on his cases 24-7," said retired FBI agent and friend Susan Lloyd. "If need be, there's no such thing as a weekend or a close of business."

In recent years, Garrett said, he has gotten better about not obsessing about his cases on his off time, and last year he married a federal prosecutor who worked on the Levy case.

Throughout his career, Garrett has navigated easily back and forth between international and local cases.

In 1997, a few weeks after capturing the CIA killer in Pakistan, Garrett was back home working the triple slaying at a Georgetown area Starbucks, which appeared to be a robbery that went bad.

He teamed up with Jim Trainum, a skilled D.C. police detective. They played good cop-bad cop with suspect Carl Cooper, with whom they had spoken but had not arrested. Cooper hated Trainum and talked of harming him.

But not Garrett.

"He ain't never disrespected me or my wife," Cooper said in a conversation that was taped secretly by investigators. "I kind of like" him, Cooper said, describing the agent as "cool."

In the end, after a cat-and-mouse game of more than a year, Cooper confessed. He was sentenced to life in prison without parole.

"We would have never solved the Starbucks case if it hadn't been for Brad Garrett's abilities and energy," Trainum said. "He taught me so much. He spoiled me. He's the person you want to have on every case."

In the summer of 2001, Garrett entered the Levy case, and shortly after the Washington area sniper suspects were arrested in October 2002, Garrett and a Fairfax County detective met with Lee Boyd Malvo.

"I couldn't get him to look at me," Garrett said. "He kept looking over the top of me."

So Garrett tried to engage the teenager. "We started talking about movies, the Mel Gibson movie 'We Were Soldiers,' " Garrett said. "And he eventually . . . said [that] as they were driving away from the shooting at Home Depot, they were watching 'We Were Soldiers' on a DVD in this car.

"The movie he latched [onto] the most was 'The Matrix,' and the only thing he would say about what had occurred was, 'It's all about 'The Matrix.' "

Then the teenager who had been taught how to shoot guns by John Allen Muhammad laid out the details of their deadly spree.

For all of Garrett's successes, other cases fill his brain, including the Levy case and the 1999 slayings of an Iraqi, Fuad K. Taima, his wife, Dorothy, and 16-year-old son, Leith.

But perhaps the one that haunts him most deeply is the killing of Kieuoanh Thi "Nina" Nguyen, 35, and her son Ryobi, 2. Mother and child were kidnapped from their Franconia home in November 1995. A ransom demand was made by phone from the home to the husband, who was in Vietnam on business, but no further contact was made.

About six months later, a fisherman found a trash can in a Springfield pond. Inside, the mother and son were bound and gagged, facing each other.

"It's an image you can't get out of your mind," Garrett said.

What does such a storied ex-FBI agent do for an encore? Garrett plans to start an investigative consulting business.

But he'll miss being an agent.

"There's a tremendous intensity working these cases," he said. "It becomes addictive to a certain extent. I'm sure for a period of time I'll feel a tremendous loss."

California Seeks To Clear Hemp Of A Bad Name (NYT)

By Patricia Leigh Brown

The New York Times, August 28, 2006

STRATFORD, Calif. — Charles Meyer's politics are as steady and unswerving as the rows of pima cotton on his Central Valley farm. With his work-shirt blue eyes and flinty Clint Eastwood demeanor, he is staunchly in favor of the war in Iraq, against gun control and believes people unwilling to recite the Pledge of Allegiance should be kicked out of America, and fast.

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But what gets him excited is the crop he sees as a potential windfall for California farmers: industrial hemp, or Cannabis sativa. The rapidly growing plant with a seemingly infinite variety of uses is against federal law to grow because of its association with its evil twin, marijuana.

"Industrial hemp is a wholesome product," said Mr. Meyer, 65, who says he has never worn tie-dye and professes a deep disdain for "dope."

"The fact we're not growing it is asinine," Mr. Meyer said.

Things could change if a measure passed by legislators in Sacramento and now on Gov. Arnold Schwarzenegger's desk becomes law. [The bill reached Mr. Schwarzenegger last week; he has 30 days to sign or veto it.]

Seven states have passed bills supporting the farming of industrial hemp; their strategy has been to try to get permission from the Drug Enforcement Administration to proceed.

But California is the first state that would directly challenge the federal ban, arguing that it does not need a D.E.A. permit, echoing the state's longstanding fight with the federal authorities over its legalization of medicinal marijuana. The hemp bill would require farmers who grow it to undergo crop testing to ensure their variety of cannabis is nonhallucinogenic; its authors say it has been carefully worded to avoid conflicting with the federal Controlled Substances Act.

But those efforts have not satisfied federal and state drug enforcement authorities, who argue that fields of industrial hemp would only serve as hiding places for illicit cannabis. The California Narcotic Officers Association opposes the bill, and a spokesman for the Office of National Drug Control Policy in Washington said the measure was unworkable.

Mr. Schwarzenegger, a Republican running for re-election, has been mum on his intentions, with the political calculus of hemp in California difficult to decipher. The bill was the handiwork of two very different lawmakers, Assemblyman Mark Leno, a San Francisco Democrat best known for attempting to legalize same-sex marriage, and Assemblyman Charles S. DeVore, an Orange County Republican who worked in the Pentagon as a Reagan-era political appointee.

Their bipartisan communion underscores a deeper shift in hemp culture that has evolved in recent years, from ragtag hempsters whose love of plants with seven leaves ran mostly to marijuana, to today's savvy coalition of organic farmers and health-food entrepreneurs working to distance themselves from the drug.

Hundreds of hemp products, including energy bars and cold-pressed hemp oil, are made in California, giving the banned plant a capitalist aura. But manufacturers must import the raw material, mostly from Canada, where hemp cultivation was legalized in 1998.

The new hemp entrepreneurs regard it as a sustainable crop, said John Roulac, 47, a former campaigner against clear-cutting and a backyard composter before founding Nutiva, a growing California hemp-foods company. "They want to lump together all things cannabis," said David Bronner, 33, whose family's squeeze-bottle Dr. Bronners Magic Soaps, based in Escondido, Calif., are made with hemp oil. "You don't associate a poppy seed bagel with opium."

The differences between hemp and its mind-altering cousin, however, can be horticulturally challenging to grasp. The main one is that the epidermal glands of marijuana secrete a resin of euphoria-inducing delta-9 tetrahydrocannabinol, or T.H.C., a substance all but lacking in industrial hemp.

Ernest Small, a Canadian researcher who co-wrote a major hemp study in 2002 for Purdue University, compared the genetic differences to those that separate racehorses from plow horses. Evolution, Mr. Small said, has almost completely bred T.H.C. out of industrial hemp, which by law must have a concentration of no more than three-tenths of 1 percent.

To its supporters, industrial hemp is utopia in a crop. Prized not only for its healthful seeds and oils, rich in omega-3 and -6 fatty acids, but also its fast, bamboo-like growth that shades out weeds, without pesticides.

"Simply put, you create a jungle in one year," said John LaBoyteaux, who testified in Sacramento on behalf of the California Certified Organic Farmers association. "There's a growing market out there, and we can't tap it."

The bill before Governor Schwarzenegger is the latest installment in a hemp debate that reached its height in 2004, when the Ninth Circuit Court of Appeals said that federal antidrug laws did not apply to the manufacturing or consumption of industrial hemp. The court ruled that decades earlier, Congress had exempted from marijuana-control laws the stalks, fibers, oils and seeds of industrial hemp, and that the government had no right to ban hemp products.

That opened the floodgates for Patagonia hemp jeans and the Merry Hempsters Zit Zapper (with hemp oil).

Patrick D. Goggin, a lawyer for the Hemp Industries Association and Vote Hemp, said there would probably be legal snarls to work out with the California legislation, assuming it is enacted, so that farmers would not be placing their property in jeopardy if they chose to grow industrial hemp. But if the federal government clamps down, Mr. Goggin said, "we're prepared to raise the issue in court."

"Were trying to get an arcane vision of the law contemporized," he added.

Rogene Waite, a spokeswoman for the Drug Enforcement Administration, said the agency would not speculate about pending legislation.

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The bill's adherents point to hemp's hallowed niche in American history. George Washington and Thomas Jefferson cultivated hemp (neither effort was profitable). Colonists' boats sailed the Atlantic with hempen sails. Old Ironsides carried 60 tons of hempen sail and rope. The word "canvas," in fact, is derived from cannabis, a high-tensile fiber naturally resistant to decay.

Hemp flourished as an American crop from the end of the Civil War until the 1937 Marihuana Tax Act ended production. During World War II, when Japan seized the Philippines and cut off supplies of Manila hemp, the crop got a brief reprieve in the United States, where farmers were encouraged to grow "Hemp for Victory," for boots, parachute cording and the like. But contrary to lore, most such hemp was never harvested.

Today, China controls about 40 percent of the world's hemp fiber, and its ability to flood the market "could result in price fluctuations the American farmer would have to weather," said Valerie Vantreese, an agricultural economist in Lexington, Ky. (Kentucky was once the leading hemp-producing state).

Hemp is grown legally in about 30 countries, including many in the European Union, where it is mixed with lime to make plaster and as a "biocomposite" in the interior panels of Mercedes-Benzes.

In the United States, the chief argument against hemp has been made by drug-control officials, who are concerned that vast acreages could be used to conceal clandestine marijuana, which they say would be impossible to detect.

"California is a great climate to grow pot in, and no one from law enforcement is going through the fields to do a chemical analysis of different plants," said Thomas A. Riley, a spokesman for the Office of National Drug Control Policy in Washington.

To some people intimate with the nuances of marijuana, however, the idea of hiding marijuana in a hemp field, where the plants would cross-pollinate, provokes amusement.

"It would be the end of outdoors marijuana," said Jack Heber, 67, a marijuana historian and author who runs a group called Help End Marijuana Prohibition, or HEMP. "If it gets mixed with that crop, it's a disaster."

In North Dakota, the state agricultural commissioner, Roger Johnson, has proposed allowing hemp farming, and has been working with federal drug regulators on stringent regulations that would include fingerprinting farmers and requiring G.P.S. coordinates of hemp fields.

"We've done our level best to convince them we're not a bunch of wackos," Mr. Johnson said.

Fifteen years ago, he noted, there was little market for canola, which is now a major crop produced for its cooking oil. He sees hemp in a similar vein and dismisses the fears that it would lead to criminality.

"It would take a joint the size of a telephone pole to have an impact," he said.

But up north in Garberville, the Central Valley of marijuana, the lines between hemp and marijuana are often a hazy blur, as they are at a store called the Hemp Connection, where hemp hats and yoga clothing are sold alongside manuals on pot botany and Stoneware baking pans ("makes six groovy brownies per pan").

The proprietor, Marie Mills, who said she once crafted paper from marijuana stalks, remains committed to cannabis in all its guises.

"We want to educate people and take away the stigma," Ms. Mills said. "We want hemp without harassment."

Drug-trafficking Ring Broken Up (EVT)

By Christian Richardson

East Valley Tribune, August 26, 2006

A seizure of cocaine and methamphetamine valued between $1.1 million and $1.4 million has led to the breakup of a drug organization based in Sinaloa, Mexico, the Arizona Attorney General's Office said Friday.

A three-month investigation has resulted in a 417-count indictment against 69 people — 10 of whom are in custody, officials said while standing near a cache of drugs, cash and weapons at the Phoenix Police Property Management Bureau.

Among those in custody, Phoenix Police Chief Jack Harris said, are key players Amando Gamboa-Molina, Adrian Barraza-Mendoza, Mario Velasco-Felix and Noel Velasco-Felix.

The evidence includes 49 kilograms of cocaine, 50 pounds of methamphetamine, 2 pounds of crack cocaine, 16 guns and 33 vehicles. Most of the drugs were in vehicles. Authorities said 25 pounds of meth were found under a car seat carrying a child.

Approximately $2.5 million also was seized. This amount includes $1 million of bail money posted by Gamboa-Molina. The money had been seized after an Aug. 1 hearing in which a judge ruled the money was not from legitimate sources.

Phoenix has served as what police are calling a transhipment site, where drugs come before being sent across the United States.

Mayor Phil Gordon warned drug dealers that Phoenix isn't a haven for their activity.

"This city is not a sanctuary city," Gordon said. "But this is a city for our families."

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Authorities remain tightlipped and are withholding many details of the investigation as they continue to look for those who are involved in the smuggling.

The partnership between the Phoenix Police Department, U.S. Drug Enforcement Administration and Arizona Attorney General's Office led to the arrests and indictments, Attorney General Terry Goddard said.

The attorney general's office and courts will eventually decide the disposition of the money, which could go to law enforcement agencies.

Major Mexico-based Drug Trafficking Ring Disrupted (AP)

AP, August 28, 2006

PHOENIX Word today that a Phoenix-based investigation has led to the break-up of a major drug trafficking ring based in Mexico.The Phoenix Police Department says a joint investigation by the department and the Drug Enforcement Administration has led to the indictment of 69 people involving in trafficking of methamphetamine and cocaine. It says the majority of the defendants were in the U-S illegally from Mexico.During the probe, police say they seized cocaine and meth with a combined street value of over one (m) million dollars.They say they also seized some two and a-half (m) million dollars in drug proceeds. Included, say police, was a (m) million dollars that one of the alleged major players in the ring tried to post for bond.

Florence Man Sentenced To Life In Prison For Drug Dealing (AP)

AP, August 26, 2006

BIRMINGHAM, Ala. (AP) — A federal judge sentenced a Lauderdale County man to life in prison for a large-scale drug-trafficking operation in northwest Alabama that sold cocaine and marijuana.

Darryl Dewayne Russell, 38, of Florence, was sentenced late Thursday by U.S. District Judge Sharon Blackburn, prosecutors said.

U.S. Attorney Alice Martin said evidence presented during the trial involved a drug conspiracy that lasted from January 1999 until June 2005.

Russell was convicted in January of conspiracy to commit drug trafficking and money laundering. He was part of an investigation that led to the guilty pleas of 21 individuals and the conviction of four more, authorities said.

All but two of those involved in the operation have either been convicted or entered guilty pleas. Reports indicate one defendant remains to be sentenced and one is a fugitive.

The case involved several agencies and linked drug trade in the Florence area to Atlanta, Nashville, Houston, El Paso, Texas, southern California and Mexico.

Agents seized more than $479,592 in cash, numerous vehicles, including 82 mini-motorcycles, and numerous pieces of property throughout north Alabama.

"This outcome, the long-term incarceration of a major-league drug dealer, shows the powerful benefits of law enforcement coordination," said Harold Willis, resident agent in charge of the Drug Enforcement Administration.

Ex-athlete Guilty In Drug Case (BSUN)

The Baltimore Sun, August 28, 2006

Dunbar basketball player Wells admits involvement in large cocaine operation

A former Dunbar High School basketball star pleaded guilty yesterday to drug charges in U.S. District Court in Baltimore, four days after his brother pleaded guilty to similar charges, according to federal law enforcement officials.

Federal prosecutors say that William "Billy" Wells -- as well as his brother, Leonardo Wells -- were involved in distributing large quantities of cocaine to wholesale customers.

Prosecutors said Leonardo Wells purchased kilograms of cocaine and sold them to customers in Hagerstown and elsewhere from December 2003 until February of this year.

They said that law enforcement officials followed Leonardo Wells on Sept. 7 as he sought to meet a customer in Hagerstown, but he spotted the surveillance and abandoned his car near Union Memorial Hospital in Baltimore.

In November, two Hagerstown men were arrested with 420 grams of cocaine after leaving the Parkville home of Billy Wells.

In 1994-1995, Billy Wells was named to the all-Baltimore City/Baltimore County first team, and he played from 1999 to 2001 at the University of Delaware.

He holds the college's record for most three-point shots made in a game.

"It is a shame that a star basketball player from Baltimore used his abilities to throw kilos of cocaine rather than a basketball on the court," said Carl J. Kotowski, assistant special agent in charge of the Drug Enforcement Administration's Baltimore district office, in a statement.

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Kotowski said Billy Wells also worked as a counselor for troubled youths in Baltimore.

Sentencing for both men is set for Nov. 15.

Both face prison sentences of at least five years, and as much as 40 years, prosecutors said.

Feds: 5 Sacto-area Homes Turned Into Pot Farms (SFC)

San Francisco Chronicle, August 25, 2006

(08-25) 14:25 PDT SACRAMENTO -- Five Bay Area residents are facing federal charges for their alleged roles in what authorities described today as a sophisticated indoor marijuana-growing operation in the Sacramento area.

The defendants had completely converted five homes in Elk Grove and North Natomas into marijuana farms, authorities said. No one lived at the homes. A search of the residences earlier this month yielded 1,975 marijuana plants, according to the federal Drug Enforcement Administration andElk Grove police.

A search of two additional homes on Wednesday yielded 2,200 more plants, authorities said.

Each house was configured to create a natural growing cycle of night and day as well as a uniform climate, investigators said. Each was equipped with a sophisticated lighting system that used 1,000-watt halogen bulbs and made use of an irrigation system with timers, authorities said.

Wei Lun Zhou, 35, of San Francisco; Christy Tan, 25, of San Francisco; Philip Yu, 29, of Oakland; and John Hin, 25, of Oakland each pleaded not guilty during arraignments this week in U.S. District Court in Sacramento, court records show.

A fifth defendant, Can Hui Zhen, a San Francisco resident whose age was unknown, has not yet appeared in court.

Each was named in a federal grand jury indictment handed down this month with conspiracy to manufacture at least 1,000 plants of marijuana and manufacturing at least 1,000 plants of marijuana.

Gatlin's Statement Leaves Questions (LAT)

By Diane Pucin, Times Staff Writer

The Los Angeles Times, August 26, 2006

A press release says he has 'not agreed to any penalties whatsoever' despite earlier report of an eight-year ban. Nike suspends his contract.

Justin Gatlin, who was suspended for eight years this week by the United States Anti-Doping Agency (USADA), said Friday that he had "never knowingly used any banned substance," protesting that "cheating in any form is completely contrary to who I am as an athlete and a person."

In a statement released through his New York public relations agency, Gatlin also seemed to suggest he was not ready to accept the eight-year suspension. "Contrary to what has been reported, I have not agreed to any penalties whatsoever," Gatlin said. "I expect when the process is concluded that this entire matter will be resolved favorably."

Gatlin, the national sprint champion, tested positive for testosterone and steroids last spring at the Kansas Relays.

Tuesday, USADA officials said Gatlin acknowledged the accuracy of the drug test results and would cooperate in any investigations. In return USADA would not give Gatlin, the defending Olympic and world 100-meter champion, a lifetime ban and left open the possibility the eight-year penalty might be reduced. USADA officials did not return calls for comment in response to Gatlin's statement.

"It's a real puzzling statement," Mark Wetmore, meet director of the Adidas Track Classic in Los Angeles, said of Gatlin's Friday proclamation.

"It sounds like he has a different idea than accepting an eight-year ban. But assuming everything about his test is as reported, this is all a necessary step. I actually feel much better about track in our country because two people, high-profile people, have been caught on U.S. soil in U.S.-sponsored meets. No hiding. If you cheat, we're going to catch you."

Sprinter Marion Jones, a three-time gold medalist at the Sydney Olympics, was revealed last week to have failed a drug test at the U.S. nationals in Indianapolis.

Jones also has denied knowing how it was possible that she tested positive for blood-boosting erythropoietin (EPO).

Also Friday, according to company spokesman Dean Stoyer, Nike suspended Gatlin's endorsement contract and terminated a contract it had with Trevor Graham, the coach of Gatlin and Jones.

Graham, who has recently been banned from working at any USA track facility, had suggested Gatlin had been sabotaged by a masseuse using a cream with banned substances.

Steve Ungerleider, an Oregon researcher who wrote the acclaimed book "Faust's Gold," about the former East German doping regime, said it would take more responses like Nike's before athletes and sports officials would begin to understand that doping has consequences.

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"When Nike comes out and says, 'Hey, this is bad stuff. We're not going to tolerate this whatever excuse the athlete makes,' if they come out and say, 'Hey, we're not going to play this game anymore, it's not what we're about,' I think you'd start to see a shift away from this stuff."

Said Gatlin: "As an athlete it is frustrating for me to be on the sidelines and have people drawing conclusions that I have cheated."

Gatlin Will Appeal 8-Year Ban From Track (AP)

By Eddie Pells, The Associated Press

AP, August 26, 2006

-- Justin Gatlin said Friday he has "no idea how any banned substance got into my body," and restated his plan to appeal the eight-year ban from track he received earlier this week after acknowledging he tested positive for doping.

In a statement released through his publicists, the Olympic and world champion in the 100-meters reiterated his disdain for cheating in a sport that has been wracked with doping issues.

"Cheating, in any form, is completely contrary to who I am as an athlete and a person," said Gatlin, who has long positioned himself as a champion of drug-free competition in track. "I will continue to cooperate with USADA and with their efforts to get to the bottom of this situation."

But, he said he still fully intended to file for arbitration, in hopes of reducing the eight-year ban he received from the U.S. Anti-Doping Agency.

"I expect when that process is concluded that this entire matter will be resolved favorably," he said.

Gatlin has six months to appeal to an American arbitration panel. After that, he can take his case to the Court of Arbitration for Sport.

On Tuesday, Gatlin and USADA reached an agreement that scaled back his penalty from a lifetime ban to a maximum of eight years in exchange for Gatlin's help in other doping investigations _ presumably one involving his coach, Trevor Graham.

The agreement also acknowledged that Gatlin's first positive test, five years ago, was an honest mistake _ the result of his taking medicine to treat attention-deficit disorder.

In exchange, Gatlin agreed not to argue the validity of the latest positive tests, which found testosterone or other steroids in his system after an April race. He retained his right _ as all athletes do _ to appeal the case to arbitrators in hopes of a reduced sentence.

Gatlin's attorney, Cameron Myler, would not confirm that she will argue Graham's claim _ that Gatlin was sabotaged by a vengeful massage therapist who rubbed steroid cream into his skin. On Tuesday, Myler said she wasn't prepared to offer her strategy for the arbitration. She did not return messages left by The Associated Press on Friday. USADA chief executive officer Terry Madden declined to comment.

With the Olympics less than two years away, the clock is ticking fast for Gatlin. Even if his suspension were reduced significantly _ say to two years _ he would miss Olympic trials in June 2008.

"We're shooting for something way less than two years," Myler said earlier in the week. "The goal is to have him back on the track as soon as possible."

Meanwhile, also on Friday, Nike terminated its contract with Graham and suspended its contract with Gatlin until further notice.

"He will not receive payment while the contract is suspended, and there is no specific date or speculation as to when we would re-up that," said Nike spokesman Dean Stoyer, who would not disclose details of the contracts.

Graham's attorney said Nike's move was made without just cause.

"The contract cannot be terminated based upon innuendo and suspicion," attorney Joe Zeszotarski said. "We have contacted Nike regarding this matter, and we are awaiting their response. We hope to avoid having to take legal action but will do so if necessary."

Gatlin remains convinced all this will blow over.

"As an athlete it is frustrating for me to be on the sidelines, and have people drawing conclusions that I have cheated," he said. "I have put my faith in a system that I believe will clear my name and that I believe will allow me to compete again."

IOC Chief Praises U.S. Anti-Doping Work (AP)

By Raf Casert, The Associated Press

AP, August 25, 2006

BRUSSELS, Belgium -- International Olympic Committee president Jacques Rogge praised U.S. doping authorities' recent work Friday, calling it "an extremely positive turn in the tide" of the worldwide fight against doping.

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"I take my hat off to them," Rogge said in an interview with The Associated Press.

The U.S. Anti-Doping Agency has been active in recent doping scandals involving Olympic sprint champions Justin Gatlin and Marion Jones.

Gatlin, the co-world record holder in the 100 meters, tested positive for testosterone and other steroids at the Kansas Relays on April 22. Two months later, Jones' "A" sample tested positive for the endurance-enhancer EPO after winning the 100 meters at the U.S. championships June 23. The result of the backup "B" sample is still pending. Both deny using performance-enhancing drugs.

But Rogge cautioned proof will be needed to strip athletes of their Olympic titles.

"That can only happen if there is proof that they took doping during the (Olympic Games) period. Otherwise, there is no possibility."

The IOC president stressed there was a positive side to the latest doping allegations.

"It proves that controls are working," Rogge said before Friday's Van Damme Memorial track meet. "It is not only Jones and Gatlin but also (Tour de France winner) Floyd Landis and many other cases. They allow us to eliminate the cheats."

On Tuesday, USADA issued an eight-year ban to Athens Olympic 100 champion Gatlin. He can reduce the ban substantially by cooperating with investigators and insists he did not cheat.

"As I have said from the very beginning of this situation, I have no idea how any banned substance got into my body," Gatlin said Friday in a statement released through a public relations firm. "I have never knowingly used any banned substance, nor have I allowed anyone to administer one to me. Cheating, in any form, is completely contrary to who I am as an athlete and a person.

Rogge refused to comment on the specifics of the Gatlin case, saying he did not know enough details.

"USADA has provided proof that it produces excellent work," Rogge said. "It is a very positive turn in the tide in the battle against doping," he said.

IOC disciplinary commissions are investigating cases linked to the BALCO steroid scandal and blood doping allegations involving Austrian athletes and banned coach Walter Mayer at the Turin Olympics.

Luck, Not Better Lab Tests, Helped Catch Athletes (USAT)

By Dick Patrick, Usa Today

USA Today, August 25, 2006

When cyclist Floyd Landis plus sprint stars Justin Gatlin and Marion Jones were busted for performance drugs in the last month, it made a hat trick for testers — three high-profile stars nabbed. But a drug expert cautions this is not necessarily a trend and probably not a sign the testers have gotten much smarter, though their techniques have improved.

"With all things that occur periodically and infrequently, there are sometimes conclusions that are really explainable by nothing more than randomness," said Paul Scott, director of client affairs for the Olympic testing lab at UCLA. "As to these people being high-profile, the reality is that it must have been luck. These people were caught using the same analytical techniques labs have been using for a number of years."

Neither do the busts mean that cheating athletes are getting dumber. "Unfortunately, to answer that question you're going to have to know the number of false negatives going through the lab every day," Scott said. "We don't have a way to determine that.

"I wouldn't try to draw too many conclusions about athlete behavior or improvement in anti-doping merely based on a small run of positive samples. Over the years the level of positive samples on a per-client basis doesn't fluctuate that much."

Chuck Yesalis, a Penn State professor, author of books on drugs in sports and persistent critic of the testing establishment for decades, thinks there are a lot of false negatives getting past labs: "You've got to be a moron not to connect the dots. Doping is everywhere. There are only a few good apples in the barrel, and they're not winning any medals."

Landis, whose Tour de France title is in jeopardy, and Gatlin, who has lost his share of the 100-meter world record and faces a maximum eight-year ban, are contesting positives for testosterone. Jones is awaiting the confirmation test on a positive for endurance-boosting EPO and faces a two-year ban if found guilty.

Even if the run of positive tests does not grow, track is going through its roughest PR crisis since Ben Johnson's positive steroid test at the 1988 Olympics nullified the Canadian's 100-meter gold.

"Back in 1988 there were many people who thought some athletes had get-out-of-jail-free cards and were immune to positive tests," said Brad Hunt, formerly a prominent agent in the sport.

"I believe that nobody thinks anybody carries those kind of cards now. That's the most positive spin we could put on how bad this situation is."

Sponsor relations:

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During the USA Track & Field Championships in June, Gatlin appeared at a news conference promoting the Hershey youth program in track and field. At the time, USATF knew Gatlin had an "A" positive sample for testosterone but allowed him to appear with a sponsor that prides itself on its wholesome image and states on its website it is against the glamorization of drugs and alcohol.

The Hershey Co. declined to provide an executive to comment on the situation. The company only issued a statement: "Our program's relationship is with USA Track & Field, not with individual athletes. We're very supportive of USATF and had a great experience with the members of Team USA who attended our recent North American finals meet."

Hunt criticized USATF's decision to use Gatlin in the appearance: "You've got to avoid these things. If you knew it was in the pipeline, you've got to sidestep it. That's totally insensitive to the sponsor."

Said USATF spokeswoman Jill Geer: "It was a difficult situation. We withdrew Justin from as many sponsor events as possible without breaching the confidentiality of the case."

Leaking:

Under U.S. Anti-Doping Agency rules, an athlete is not announced as positive until the "A" and the "B," or confirmation, samples have turned up positive and an athlete has a chance to present an explanation to a review board. National and international federations also get "A" reports. The news on Landis and Jones was leaked before the "B" sample was tested. Similarly, the Chicago Tribune and Associated Press on Thursday attributed a positive "A" test of U.S. sprinter LaTasha Jenkins to a person familiar with the results.

"It's getting worse and worse," said Howard Jacobs, the lawyer for Landis and Jones. "If these guys can't follow their own rules and keep things quiet, then maybe they shouldn't get the results of the 'A.' "

Nike Drops Track Coach And Star Amid Scandal (NYT)

By Lynn Zinser

The New York Times, August 26, 2006

Nike ended its contract with the track coach Trevor Graham yesterday and stepped into the debate over Graham's role in doping violations by many of his athletes.

The company also said it was suspending its contract with the sprinter Justin Gatlin, one of Graham's athletes who has tested positive for performance-enhancing drugs. Gatlin was barred from the sport for up to eight years this week by the United States Anti-Doping Agency.

A Nike spokesman, Dean Stoyer, did not explain why the company was severing the deal with Graham. "I can't divulge the details," Stoyer said. "All I can say is we're terminating the contract."

Nike has dropped athletes in the past but normally does so without a public announcement. Moving against a coach is even more unusual.

But the focus on Graham has intensified recently. Another of Graham's sprinters, LaTasha Jenkins, had her A sample from a meet in Europe come up positive for the anabolic steroid nandrolone this week, people with knowledge of the test reporting said.

Jenkins dropped out of the Golden League meet in Brussels, citing a knee injury. The people confirming the test result were granted anonymity because antidoping rules require the results not be revealed until the B sample has been tested.

Graham has had at least seven athletes serve doping suspensions. That prompted the United States Olympic Committee to bar him from its facilities, and several European meets have said they will not invite any athlete training with Graham. Nike added to that momentum with its move.

"There is absolutely no basis for Nike to terminate Trevor's contract," Graham's lawyer, Joseph Zeszotarski, said. "The contract cannot legally be terminated based upon innuendo and suspicion. We have contacted Nike regarding the matter and are awaiting their response. We hope to avoid having to take legal action but will do so if necessary."

Athletes' contracts typically have clauses giving sponsors an out if a client fails a doping test, but Stoyer said the move to suspend Gatlin's contract was "without precedent."

Gatlin reiterated yesterday that he did not knowingly use any performance-enhancing substance and would appeal his ban. "As an athlete it is frustrating for me to be on the sidelines, and have people drawing conclusions that I have cheated," he said in a statement. "I have put my faith in a system that I believe will clear my name and that I believe will allow me to compete again."

Until last year, Nike also sponsored Marion Jones, whose A sample from this year's national championships tested positive for the blood-boosting agent EPO. That contract was not renewed, and Jones had been competing without a sponsor.

After the cyclist Floyd Landis's positive test, which threatens his Tour de France title, his team sponsor immediately suspended him.

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"Brands do not want to be associated with controversy," said Jeff Chown, president of Davie-Brown Talent, which signs celebrity spokesmen for corporations. "Steroids are top-of-mind in the sports industry right now. Nobody wants to be associated with it right now. I think a company like Nike is trying to build good will with the public by saying, 'We're against this.' "

Chown said he had seen many companies steer clear of baseball players because of that sport's problem with performance-enhancing drugs.

"There's too much risk in signing an athlete who might end up in the middle of a steroids scandal," he said. "The risk is not worth the reward."

The rash of positive drug tests has done much to tarnish track and field's image, but the International Olympic Committee president, Jacques Rogge, said yesterday that he was not disturbed.

"It proves that controls are working," Rogge told The Associated Press at the meet in Brussels. "It is not only Jones and Gatlin but also Floyd Landis and many other cases. They allow us to eliminate the cheats."

Rogge said the United States Anti-Doping Agency should be praised. "It is a very positive turn in the tide in the battle against doping," he said.

IMMIGRATION:

Young Migrants Risk All To Reach U.S. (WP)

By N.C. Aizenman

The Washington Post, August 28, 2006

QUETZALTENANGO, Guatemala -- Across Central America, growing numbers of impoverished children appear to be setting out for the United States on their own, risking robbery, rape and death as they try to sneak illegally through Mexico and across the U.S. border.

Last year, 6,460 underage illegal immigrants from Central America were detained in the United States while traveling without their parents and sent to government shelters, a 35 percent increase over the previous year. Many others likely slipped in undetected.

The higher detention figures may reflect stepped-up enforcement by Mexican and U.S. authorities. But social workers who help such child migrants say the stricter enforcement might actually be causing more children to travel alone. They note that many have parents who are already in the United States illegally and are unwilling to fetch them now that the chances of getting caught have increased.

Many of the youths never make it to the border. Mexico reported deporting 3,772 unaccompanied Central American minors bound for the United States in 2005, compared with fewer than 700 in 2003.

Mexican immigration authorities were catching and deporting so many Guatemalan children trying to sneak through Mexico to the United States that the Guatemalan government opened a 50-bed shelter last year to receive them until they could be picked up by their parents. It was quickly overwhelmed.

"Many nights there were not enough beds for everyone," said Ivone Rivera, director of the shelter, which is in a large, cement-block house in this mountain city about 45 miles from the Mexican border. "We had to lay down extra mattresses across every bit of floor space."

Delia Barrientos, a soft-spoken 15-year-old deportee on a bus taking her from Mexico to the shelter on a recent afternoon, said she had been thrilled when her mother finally agreed to let her head for Atlanta.

"My mother left when I was 4 or 5. . . . I just want to get to know her. Every day I've been asking God for the chance," said Barrientos, who was caught with two older cousins while they waited to stow away on a freight train.

Shelter workers say parents often pay smugglers to take children as young as 4 to the United States. The vast majority of underage migrants, however, appear to be teenage boys like Luis Santos, a short, almond-eyed 16-year-old sitting a few rows behind Barrientos. He said he is the youngest of six siblings and has been working since he was 7 years old.

"My father was a policeman. He was shot to death when he was following a car that was smuggling cocaine," Santos said. "After that, my mother couldn't have supported me even if she'd wanted to. . . . She sells vegetables in the market. She has no money."

For the last five years, Santos had been living and working on a cattle ranch, barely covering expenses with his $66-a-week paycheck and finding it increasingly tough to find time for schoolwork. He was drawn to the United States by the same hopes of higher wages that attract adults.

"I just wanted to finally have something of my own," Santos said as tears began to roll down his cheeks. "To show everyone in my family that I can do this. That I can have things, too."

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For all their grown-up dreams and responsibilities, youngsters like Santos often lack the maturity and experience vital to surviving an overland journey fraught with danger -- including not just the risk of death from heat exhaustion on the final trek across the desert into the United States, but also robbery, rape, or murder by bandits and corrupt authorities all the way through Mexico, immigrant advocates say.

Santos said he was beaten and robbed of all his clothes by uniformed police just a few miles into Mexico. He turned himself in to immigration authorities the next day.

Betsy Wier of Catholic Relief Services in Honduras said it could have been worse.

"There are so many ways that migrating as a vulnerable kid can go wrong," said Wier, who is overseeing a year-long, multi-nation survey of child migrants for the aid group. "There are trafficking gangs that prey on people who've lost all their money -- especially kids who are too ashamed to go home. They may use them as forced labor or for prostitution."

Also of concern, Wier added, is the haphazard manner in which children are received by their home countries after being deported from Mexico.

Mexican buses carrying Honduran deportees frequently drop them off at the border town of Agua Caliente, 18 miles from the nearest shelter.

"There's nobody there to greet them, no Honduran official checking off any list, no security watching," Wier said. "And it's such a porous border that oftentimes the kids just scramble back over the mountain towards Mexico."

Workers in the Quetzaltenango shelter are so pressured by the need to free up bed space that they barely have time to check parents' identification, let alone assess why a child left home and whether it is safe to turn him back over to the parent.

Still, at least Guatemala has a structured system for receiving children deported from Mexico: Twice a week a large purple coach carrying the minors pulls into the hot, bustling border crossing of El Carmen. Two staff members from the Quetzaltenango shelter, Edgar Gutierrez and Enrique Lopez, are always there to greet it.

Upon boarding the bus carrying Santos and Barrientos on a recent afternoon, Gutierrez made a point of reassuring the 29 youngsters aboard.

"Don't worry. Because you are minors, we have to take you to the shelter to wait for your parents," Gutierrez said. "But you're in Guatemala now. You are welcome here."

"Woo-hoo! We're home. Here they can't do anything to us!" shouted Adan Mejia, a tall 17-year-old sitting next to Santos.

Santos gave a wry smile. "Yeah, but here there's no money."

The bus lurched forward and began winding through verdant mountains shrouded in misty clouds.

Santos stared out the window at a pickup truck packed with laborers heading toward Mexico. "I wish I could just jump into that pickup," he muttered. "As soon as I get home, I'm going to start saving up 3,000 quetzales [about $400] for another try."

Christian Villegas, a psychologist at a shelter for detained underage migrants in the Mexican border town of Tapachula, said almost all the minors he has encountered are determined to try again -- even when they've been caught multiple times. "It's this fixed idea that they have that you just can't get out of them," he said.

As the bus wended its way to the shelter, Gutierrez and Lopez asked for home phone numbers to call in to the shelter so staffers there could begin contacting parents.

The youngsters' responses offered a glimpse of how isolated some of the communities they had left behind were.

"But my mother doesn't speak Spanish," said an ebony-haired 17-year-old who belongs to one of the more than 20 indigenous Mayan groups in Guatemala that speak their own language.

"But my family doesn't have a phone," a boy sitting next to him interrupted.

Nonetheless, by the time the bus pulled in front of the shelter three hours later, several mothers and fathers were already waiting anxiously by the door.

Villegas, the psychologist in Mexico, said that even after handling dozens of cases, he finds it hard to fathom why parents who clearly love their children would permit them to make such a dangerous journey. "I ask them," he said. "But I've never really heard an answer that I can understand."

The parents waiting to pick up their youngsters from the Quetzaltenango shelter gave a variety of explanations.

"Yes, I know how dangerous it is for him. And I've felt such anguish since he left," Alfonsina Hernandez, a 39-year-old widow wearing a purple Mayan skirt, said of her 17-year-old son, Sergio Salalxot. "I can't keep him by force. If I had said no, he would have gone anyway without even telling me."

Perfecto Morales, 41, who spoke in halting Spanish, said that he had helped his 16-year-old son Miguel get across the border into Mexico to join a sister who is working in a poultry plant in Delaware.

"I have a sickness in my fingers," the elder Morales said, holding up hands that were bent like claws. "I can't work in the fields anymore. . . . When my son told me he wanted to help earn more money for us, I felt so proud, like I was being lifted up. . . . He is so young and he's already looking out for us."

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CONGRESS-ADMINISTRATION:

Hunt On Hill Afoot For Pork-bill Blocker (WT)

By Stephen Dinan

The Washington Times, August 28, 2006

It's a sign of just how hot an issue pork-barrel spending has become that the biggest game in political Washington this summer is trying to smoke out the senator who is blocking a bill to create a searchable database of federal contracts and grants.

The bill has the support of the Bush administration and activists on widely divergent sides of the political spectrum. It also passed a Senate committee without any objections, so the unknown senator is annoying many people.

Sponsored by Sens. Tom Coburn, Oklahoma Republican, and Barack Obama, Illinois Democrat, the bill would require the administration to create a searchable Web site that would list the name and amount of any federal grant, contract or other award of money amounting to $25,000 or more.

Senate Majority Leader Bill Frist, Tennessee Republican, tried to win speedy passage just before the Senate left for its summer break, but at least one senator objected anonymously.

Now Porkbusters.org, a Web site dedicated to exposing wasteful government spending, is conducting a public campaign to smoke out the obstructor or obstructors, while blogs on both sides of the political spectrum have weighed in, demanding action on the bill. Mr. Frist has also vowed to get into the act, promising to try to pass the bill again when Congress returns from its break next month.

"For reasons of policy and politics, many bloggers are rightly outraged that S. 2590 was shot down when I attempted to bring it up for a vote prior to the August recess," Mr. Frist wrote in an entry last week on the blog of Volpac, his political action committee (www.volpac.com).

The Federal Times reported that one senator has a "secret hold" on the bill. Holds are an unofficial part of Senate parliamentary tradition that allow a single senator to delay action anonymously.

A spokeswoman for Mr. Frist said it's not clear how hard and fast the hold is. Sometimes holds are simply a way for a senator to earn time to learn more about a bill, though other times the intent is to scuttle the bill.

The Bush administration is backing the bill as a way to improve accountability.

"We want to see the bill enacted, so whatever we can do to be supportive of Senators Coburn's and Obama's efforts, we'll be supportive," said Clay Johnson, deputy director for management at the Office of Management and Budget.

"What we like is transparency. We believe that the more public information that's available about how programs work, about where we're spending our money, who's getting grants, who's getting contracts, the more accountability there is," Mr. Johnson said.

So far, Porkbusters has cleared a little more than a quarter of the Senate of suspicion.

"It's all about focusing on an individual and uncovering secrets," said Glenn Reynolds of Instapundit.com, one of the forces behind Porkbusters. "Fortunately, a member of the Senate played into our hands."

He said enough people in Washington know who is obstructing the bill that if the hold continues, the senator's name will come out.

The effort is already producing some interesting results, including an e-mail from a Senate staffer who accused Porkbusters of a "guilty until proven innocent approach." Mr. Reynolds, who declined to release the name of the staffer or the office he works for, said it shows members of Congress are feeling the heat.

Understanding the power of wasteful spending as an issue, House Democrats this past week announced their own "truth squad" to target waste, fraud and abuse in Hurricane Katrina relief spending.

Mr. Frist could try to overcome the hold by forcing the issue onto the floor using the same procedure used to end a filibuster, which would require 60 votes.

The House passed a bill earlier this year that creates a database for grants only.

In his blog entry, Mr. Frist said the issue underscores the stakes in November's congressional elections.

"There is a real choice between Democrats and Republicans on matters of taxes and spending," he wrote. "Indeed, just this year, when we wrote our tight budget, Senate Republicans defeated constant Democrat attempts to bloat spending and hike your taxes by billions of dollars."

Securing Future Fiscal Health (WP)

By Bob Kerrey And Warren Rudman

The Washington Post, August 28, 2006

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The economic and moral case for long-term reform of fiscal policy is clear. Yet politicians refuse to act. If this stalemate persists, it could end in catastrophe.

Over the next 30 years, spending on federal programs is on track to go up by 50 percent as a share of the economy. If revenue remain at their historical level, the resulting deficits will approach 20 percent of gross domestic product by 2036 -- almost 10 times the current size. The debt will surge to 200 percent of GDP -- twice what it was at the end of World War II.

Political realities explain why nothing has been done about this. Changing course would require substantial spending cuts from projected levels or equivalent tax increases. Neither party wants to be the first to propose these tough choices out of fear that the other side would attack it. Similarly, neither side wants to discuss possible compromises of its own priorities, out of fear that the other side will take the concessions and run. Unfortunately, these fears are justified.

Since the regular legislative process seems incapable of dealing with the impending crisis, some alternative has to be found. President Bush has suggested a commission. Having served on many commissions, we understand their potential value. We also understand how they can go wrong. In our view, a new commission could be very useful, but only if it recognizes fiscal and political realities. It needs five elements to succeed.

First, it has to be truly bipartisan. Any perception that the commission's purpose is to facilitate swift enactment of a partisan agenda would doom it to failure. It must have bipartisan co-chairs and equal representation. Doing otherwise in the current partisan environment would be a waste of time and money.

Second, it must have a broad mandate. While it is critical to control the growth of entitlements, particularly Medicare and Social Security, the commission should examine all aspects of fiscal policy.

Third, all options must be on the table. If either side sets conditions, the other won't participate. Republicans cannot take tax increases off the table, and Democrats cannot take benefit reductions off the table.

Fourth, the commission needs to engage the public in a genuine dialogue about the trade-offs inherent in realistic solutions. When people are armed with the facts and given the opportunity for honest dialogue, they are willing to set priorities and make hard choices.

Fifth, the commission's recommendations should be given an up-or-down vote in Congress, allowing for amendments that would not reduce the total savings. Absent that, the report would likely join many others on a shelf.

Rep. Frank Wolf (R-Va.) and Sen. George Voinovich (R-Ohio) have put forward a proposal that satisfies most of these elements. They would create a bipartisan commission with a broad mandate to examine long-term fiscal challenges. All policy options would be on the table. The commission would solicit input from the public and develop legislation that Congress and the president would be required to act on. Its work would address four key concerns: the unsustainable gap between projected spending and revenue, the need to increase national savings, the implications of foreign ownership of U.S. government debt and the lack of emphasis on long-term planning in the budget process.

A commission with these attributes could give all parties the political cover they need to tackle the tough choices and develop a bipartisan consensus for solutions. This would be invaluable regardless of who controls Congress or the White House.

In the end, of course, elected representatives, not a commission, will have to make the hard decisions. But a commission that produced solutions with meaningful bipartisan support would provide a catalyst for action. If Congress were required to vote on the commission's recommendations, opponents would be challenged to produce solutions of their own.

Advocates of extending tax cuts would be challenged to say how they would restrain spending enough to avoid cascading debt once the baby boomers begin to retire in large numbers. Those who oppose reductions in current entitlement promises would be challenged to say how they would fund those promises without squeezing out other priorities or raising taxes to unacceptable levels that could damage the economy.

The Wolf-Voinovich proposal has been greeted with silence or outright hostility. It deserves better. This is a serious proposal by two leaders who regard the debt burden and draconian policy options we are leaving to future generations as a moral stain on our nation's character.

To be sure, their proposal has shortcomings that must be corrected. Two improvements that are critical to the success of a commission are providing for bipartisan co-chairs and dividing the membership more evenly between parties than the current 9-6 split in favor of Republican appointments. These problems are not minor technicalities, but they could be fixed in negotiations with potential Democratic co-sponsors.

Time is running out to enact reforms. Wolf and Voinovich have come up with a credible way to get the process started. Any takers?

Bob Kerrey, a former Democratic senator from Nebraska, and Warren B. Rudman, a former Republican senator from New Hampshire, are co-chairs of the Concord Coalition.

Did A Federal Judge Cross A Legal Line For His Clerk? (LAW)

By Julie Kay, Daily Business Review

Miami Daily Business Review, August 28, 2006

Southern District of Florida Judge Shelby Highsmith and a U.S. Marshals Service deputy are drawing criticism for intervening in a personal dispute involving the judge's clerk and her daughter at a downtown Miami store.

The incident is raising eyebrows in the legal community as well as questions about whether Highsmith may have violated judicial canons by misusing his judicial powers.

Both Highsmith and an unidentified deputy showed up at the store during the incident, flashed their government identifications, and began questioning store employees and asking for their addresses.

The incident occurred in December, but it only recently came to light when the city's Civilian Investigative Panel took up the issue Aug. 15, after Highsmith filed a complaint against a Miami police officer who responded to the scene.

The officer, Michael Ragusa, was cleared of charges of discourtesy.

According to a CIP report as well as Highsmith's clerk, Laura Sabbatino, the incident began when Sabbatino's daughter, Adriana Thorne, was shopping at Gifts & Luggage at 27 E. Flagler St. Thorne purchased a $7 item and paid by credit card.

Sabbatino, in an interview with the Daily Business Review, said that the clerk told her daughter the card could only be used for debit and then handed back the card wrapped in a receipt. About five minutes later, Thorne got a call from her bank, Wachovia Bank, asking whether she had just made a $300 purchase at Macy's. The card had been used in both the jewelry department and the baby department.

Thorne took out her credit card and discovered it was not hers but someone else's. She called her mother, who was standing in front of Highsmith in his chambers. According to Sabbatino's statement, the judge "instructed Mrs. Sabbatino to call the Deputy's Service and that they were on the way down to her daughter."

Both the judge and a deputy, whose name is not identified in the report, appeared at the store and asked to speak to the cashier. The judge then showed the owner his identification.

The owner replied that the clerk, who is pregnant, was not feeling well and had gone home. When the judge began asking more questions, the store owner responded, "This is not court! If you have a complaint, call the police!"

The deputy, who appeared on the scene a couple of minutes later, asked the store owner for the clerk's address, since she had left before the deputy's arrival. The owner, Joseph Yoo, reluctantly gave the deputy the address, according to Yoo's statement, and the deputy left the store. The report does not state whether the deputy took further action.

At this point Sabbatino called the police, and Highsmith departed.

Ragusa responded to the scene and the clerk showed up. The clerk said she was not feeling well and Ragusa asked whether she needed fire rescue. "OK, stop! Everyone step away," Ragusa said. 'We have a pregnant woman here. This investigation can't continue." He then said, according to Sabbatino, "For all I know you're the one who took the card. You can't point fingers; you need to take this up with the bank."

"The officer was a jerk," Sabbatino said. "He was very rude. Instantly, my daughter felt that we were no longer the victims."

Ragusa could not be reached for comment.

But in his statement for the CIP, he gave a slightly different version of events. He reported that Sabbatino yelled at him and put both hands about two to three feet from his face. When he told Thorne and her mother to stand at the opposite end of the store, the mother refused, saying, "I work for a judge." Ragusa threatened to jail Sabbatino if she would not move.

Highsmith, who is on leave until Oct. 30, did not return telephone calls seeking comment.

Albert Hidalgo, a deputy with the U.S. Marshals Service in Miami, said he was not familiar with the details of the incident and did not know the name of the deputy involved.

But he said the 80 deputies who work in the Southern District of Florida are supposed to provide protection to the federal judiciary and are not supposed to get involved in personal disputes outside the courthouse that don't involve a judge's safety.

Other duties, according to a Marshals Service Web site, are to apprehend fugitives, transport and manage prisoners, serve court documents and administer the Justice Department's asset forfeiture program.

Some legal observers called Highsmith's actions a serious breach of judicial conduct and likened the incident to the recent resignation of the attorney general of New Jersey, who was found to have violated her department's code of ethics by coming to the aid of a companion during a traffic stop.

"The judge should apologize and be reprimanded," said Robert Jarvis, who teaches ethics law at Nova Southeastern University. "This is outrageous conduct. He used the prestige of his office for a personal favor and using public resources to intervene in a private dispute. This showed extremely poor judgment on the judge's part."

Jarvis suggested that the judge write a check to the judiciary to reimburse it for the time the deputy spent on the personal errand.

Highsmith's action violates several judicial canons, Jarvis said. Not only does it compromise the integrity of the judiciary, said Jarvis, but it reflects a conflict of interest on the judges' part.

"It raises in the minds of the public that there are two systems of justice -- one for those who are connected and one for us poor schmucks," he said.

Jarvis also reserved some criticism for the deputy, who used his powers to wrongly "intimidate and harass" the store clerk, he said.

Several lawyers who did not want to be identified also said the judge erred by summoning a deputy to assist him with a personal dispute. "U.S. deputies have a serious duty and they're not the errand boys of the judges," said one Miami lawyer.

For her part, Sabbatino said she was disappointed that Ragusa was cleared of the charge of discourtesy. She said the judge did nothing wrong in calling a deputy to the store.

"He can have a deputy accompany him anywhere he wants to go," she said. "That's part of his job."

Federal Jobs Decline As Contractor Market Expands (WP)

By Cecilia Kang

The Washington Post, August 28, 2006

A closer look at July's employment data for the Washington area underscores a shift in the economy, with the number of jobs in the federal government shrinking and the number at companies that serve the government expanding.

The greatest increases in new jobs were in industries that most commonly hold contracts with the government, such as information technology and other professional services sectors, according to the Bureau of Labor Statistics.

In July, the number of professional and business services jobs rose 4.5 percent from last July. Jobs in the financial industry increased 1.7 percent. Computer systems design and related services jobs were up 4.5 percent.

The number of federal government jobs, meanwhile, fell 0.6 percent, to 341,900.

The total number of jobs in the Washington area increased 2.1 percent, to 3,007,100 jobs.

Others sectors were supported by the residential boom. Jobs in private services, which range from auto repair shops to nail salons, rose 3.2 percent. The overall retail sector saw a 3 percent increase.

Other industries were left out of the region's economic expansion.

Jobs in manufacturing fell 1.1 percent. Food and beverage retail store jobs declined 0.7 percent. Telecommunications jobs dropped 2.7 percent.

An American Eagle In Autumn (WT)

By Barry Casselman

The Washington Times, August 28, 2006

It is the final political season for President Bush. After November, he will begin the process leading to the day in January 2009 when he will become irreversibly a former president on the United States. But his season as president is not yet over. He has two and a half years to preside over the American government, regardless of the results this November.

Mr. Bush faces momentous difficulties. Many Americans still do not realize the extent to which the United States is locked into a protracted and dangerous war with Islamofascism.

After we were attacked on September 11, U.S. public opinion overwhelmingly favored the pursuit of our attackers in their base in Afghanistan. Mr. Bush and his advisers realized, however, that this would not solve the new long-term threat now posed by an enemy determined not only to remove our presence from the Middle East and destroy Israel, but also intent upon humiliating and overwhelming Western culture with an aggressive and feudal totalitarian culture of their own.

A war was initiated in Iraq to remove a bestial dictator and to change this totalitarian nature of the Middle East. Virtually everyone concedes Saddam Hussein's cruelty, but many in the United States and most in Europe resisted the boldness and risk the president took to alter the chemistry of persistent feudalism in the Middle Eastern Islamic world.

Unfortunately, Mr. Bush at the outset muddled his true purpose with dire warnings of so-called "weapons of mass destruction," which were not found after the war. What we did find was absolute evidence of a regime so venal and cruel that it is difficult to understand how it was able to persist for so many decades.

Opponents rightly contend that even destroying this unspeakable regime was not alone worth the risk we took, the lives we have lost, and the huge expense we have made. But the president and his advisors had a much larger strategic purpose. They saw the necessity, given the ominous aggression of the terrorists, to change the nature of the Middle Eastern political landscape which had been altered primarily by a vast and seemingly unending infusion of cash from the sale of its petroleum resources to the rest of the world. This infusion permitted Middle Eastern regimes to arm themselves with sophisticated weaponry and to pursue the acquisition of nuclear weapons. It is instructive to point out to Western apologists for these regimes that they did not

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use their new economic resources to provide civilian infrastructure, universal education and health care to their populations, including the long-suffering Palestinian refugees in their midst.

His opponents continue to demonize Mr. Bush. But I continue to think his strategic vision is the best one, and the risk he took was a valid one. The struggle is not over in the Middle East, contrary to the perennial naysayers, but it is a time when outcomes are uncertain and our purpose is not transparent. The president and his advisors, principally Defense Secretary Donald Rumsfeld, tried to follow up their successful military campaign with minimal military force. I think this was mainly due to their lack of personal military experience. Colin Powell's doctrine of "overwhelming force" in hindsight (and in the foresight of military history) was much more likely to succeed.

But given the chance to reverse our policy through the presidential election on 2004, American voters chose, intuitively, to continue the president's course. The fact is that wars are not easily and neatly fought. From Manassas to the Battle of the Bulge to Viet Nam, there are battles lost and grievous mistakes made. It has been this way as long as we have records of history.

Only 16 years after we unilaterally withdrew from Viet Nam, world communism collapsed. It did not collapse from war on a battlefield, but it did collapse from the determination of Western democratic capitalism to contain it until it fell apart from its own economic contradictions. In the case of the Middle East, the continued infusion of billions of dollars into the economies of hostile regimes from the sale of petroleum and the aggression of the terrorists offers no such simple prospect.

I have suggested that George W. Bush came to the right vision and the right strategy after September 11. In this he has served, and continues to serve, the greatest interests of the United States and its values of democracy and economic freedom. This gift, however, has not been matched with equal gifts of communication to the American people. In an environment of uncertainly, terrible images of war and destruction, and a lack of understanding of our foreign policy purposes, it is not surprising that most Americans are unhappy, anxious and unwilling to be optimistic about our military confrontations which seem to have no end.

During the campaign of 2006, Mr. Bush has been touring the country in support of his party's candidates for Congress. As a sitting, albeit unpopular, president, he raises large sums for their campaigns. But his remarks on these occasions, often given to private and sympathetic audiences, have been restatements of his resolve to carry on the global struggle against the contemporary threat of terrorism. He and his advisers are showing new flexibility in their determination to defeat this enemy even as some leaders of the opposition party are clamoring for immediate withdrawal from Iraq. The American voters are deeply troubled and weary of war, but I don't think they have any intention to appease the enemy and surrender the field. (Some Democrats, including Sen. Joe Biden, are searching for new ways to hold the field and reject appeasement, while realizing American goals and ideals. But for now they are being shouted down.)

This is why November may not be so dark for the president and his party after all. Mr. Bush has been telling personal stories to his audiences during the campaign of 2006, trying to enable them belatedly to understand what he is doing. Reverting to his native Texglish, and eschewing the more formal contemporary English of so many of his colleagues, Mr. Bush talks of his recent experiences as president. One of the most touching is when he talks about the books he has been reading about his predecessors, particularly the best of them, Washington, Lincoln and FDR. All of them were war presidents, too. His identity with Lincoln is the most revealing.

Lincoln struggled with an unpopular war, was demonized in the press and made many mistakes in his choice of generals and battles. Lincoln's original stated purpose to preserve the Union evolved into the abolition of slavery, and when he was on the verge of winning, he put it all into what author Ron White and others call, his greatest speech: the second inaugural. Mr. Bush has read Mr. White's remarkable book ("Lincoln's Greatest Speech"). He communicates his own anguish, realizing he has no less responsibility and purpose as our greatest president, but knowing he lacks Lincoln's extraordinary gift of speech. Unlike Lincoln, who wrote his own speeches, Mr. Bush has delivered his best ones with the aid of a superb speechwriter. Even so, he has so far failed to explain fully to the American people his grand strategy and purpose.

But he is an eagle in the autumn of his presidency, stubbornly holding to his vision and overwhelming responsibility, determined to finish his watch holding to his deepest values and ideals. Eventually, those who oppose him, and even those who may despise him now, are likely to recognize and honor his lonely and historic journey.

A Fixation With Secrecy (NYT)

The New York Times, August 28, 2006

In 1971, Defense Secretary Melvin Laird punctuated his plea to Congress for more cold war appropriations with a graphic display of information that revealed the nation on guard with 54 Titan and 1,000 Minuteman nuclear missiles, plus 30 strategic bomber squadrons. In making his case, Mr. Laird exemplified the idea that a little transparency is no drawback in a democracy.

Thirty-five years later, the Bush administration, which has consistently demonstrated an extraordinary mania for secrecy, is blacking that public information out of history. That's right: it has reclassified the number of missiles and bombers from the Nixon

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era as some fresh national security secret, even though historians and officials in the old Soviet Union long have had it available on their research shelves.

What strange compulsion drives such "silly secrecy," as it is aptly described by officials of the National Security Archive, a nonprofit research library at George Washington University? The archive published a report on how retroactive the administration has become in its obsession with creating secrets out of interesting information. The blacked-out missile and defense policy information dates to the 1960's. Soviet numbers are left untouched on the open record, while the old American armada is freshly cloaked. What's next? Classifying Civil War ironclads and cannons?

The missile blackout is the latest symptom of a deepening government illness. National security has become the excuse for efforts to crack down on whistle-blowers and journalists dealing in such vital disclosures as the illicit eavesdropping on Americans. Last spring the director of the National Archives objected to a reclassifying initiative undertaken by intelligence officials that caused 55,000 decades-old pages to vanish from the public record. The process itself was labeled an official secret.

Public recourse has become more difficult: enforcement of the Freedom of Information Act has become slower and more burdensome. The one thing the administration has made no secret is its antipathy to government transparency. The secrecy fixation is a threat to democracy and an insult to honest history.

What Is The Latest Thing To Be Discouraged About? The Rise Of Pessimism (NYT)

By Adam Cohen

The New York Times, August 28, 2006

The early stages of the Iraq war may have been a watershed in American optimism. The happy talk was so extreme it is now difficult to believe it was sincere: "we will be greeted as liberators"; "mission accomplished"; the insurgency is "in the last throes." Most wildly optimistic of all was the goal: a military action transforming the Middle East into pro-American democracies.

The gap between predictions and reality has left Americans deeply discouraged. So has much of what has happened, or not happened, at the same time. Those who believed New Orleans would rebound quickly after Hurricane Katrina have seen their hopes dashed. Those counting on solutions to health care, energy dependence or global warming have seen no progress. It is no wonder the nation is in a gloomy mood; 71 percent of respondents in a recent Associated Press-Ipsos poll said the country is on the wrong track.

These are ideal times for the release of "Pessimism: Philosophy, Ethic, Spirit," by Joshua Foa Dienstag, a U.C.L.A. political theorist. Mr. Dienstag aims to rescue pessimism from the philosophical sidelines, where it has been shunted by optimists of all ideologies. The book is seductive, because pessimists are generally more engaging and entertaining than optimists, and because, as the author notes, "the world keeps delivering bad news." It is almost tempting to throw up one's hands and sign on with Schopenhauer.

Pessimism, however, is the most un-American of philosophies. This nation was built on the values of reason and progress, not to mention the "pursuit of happiness." Pessimism as philosophy is skeptical of the idea of progress. Pursuing happiness is a fool's errand. Pessimism is not, as is commonly thought, about being depressed or misanthropic, and it does not hold that humanity is headed for disaster. It simply doubts the most basic liberal principle: that applying human reasoning to the world's problems will have a positive effect.

The biggest difference between optimists and pessimists, Mr. Dienstag argues, is in how they view time. Optimists see the passing of time as a canvas on which to paint a better world. Pessimists see it as a burden. Time ticks off the physical decline of one's body toward the inevitability of death, and it separates people from their loved ones. "All the tragedies which we can imagine," said Simone Weil, the French philosopher who starved herself to death at age 34, "return in the end to the one and only tragedy: the passage of time."

Optimists see history as the story of civilization's ascent. Pessimists believe, Mr. Dienstag notes, in the idea that any apparent progress has hidden costs, so that even when the world seems to be improving, "in fact it is getting worse (or, on the whole, no better)." Polio is cured, but AIDS arrives. Airplanes make travel easy, but they can drop bombs or be crashed into office towers. There is no point in seeking happiness. When joy "actually makes its appearance, it as a rule comes uninvited and unannounced," insisted Schopenhauer, the dour German who was pessimism's leading figure.

As politicians, pessimists do not believe in undertaking great initiatives to ameliorate unhappiness, since they are skeptical they will work. They are inclined to accept the world's evil and misery as inevitable. Mr. Dienstag tries to argue that pessimists can be politically engaged, and in modest ways they can be. Camus joined the French Resistance. But pessimism's overall spirit, as Camus noted, "is not to be cured, but to live with one's ailments."

President Clinton was often mocked for his declarations that he still believed "in a place called Hope." But he understood that instilling hope is a critical part of leadership. Other than a few special interest programs — like cutting taxes on the wealthy and giving various incentives to business — it is hard to think of areas in which the Bush administration has raised the nation's

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hopes and met them. This president has, instead, tried to focus the American people on the fear of terrorism, for which there is no cure, only bad choices or something worse.

Part of Mr. Bush's legacy may well be that he robbed America of its optimism — a force that Franklin Delano Roosevelt and other presidents, like Ronald Reagan, used to rally the country when it was deeply challenged. The next generation of leaders will have to resell discouraged Americans on the very idea of optimism, and convince them again that their goal should not be to live with their ailments, but to cure them.

A Way Past The Stem Cell Dilemma? (USNEWS)

By Helen Fields

U.S. News and World Report, August 28, 2006

Last week, scientists at Advanced Cell Technology in Massachusetts announced that they had found a way to make embryonic stem cells without destroying embryos-which could allow scientists to get federal funding for medical research using the cells. But the new technique may not live up to the hype.

As described in the journal Nature, the cells would come from a procedure sometimes used for in vitro fertilization, in which a single cell from a very early embryo is removed and tested for defects. The new method would let that cell divide overnight, then use one daughter cell for testing and one to create new embryonic stem cell lines. The experimental cells have survived in the lab for eight months.

Objections. Some stem cell opponents object to this procedure, because defective embryos are discarded. And scientists still haven't ruled out the possibility that the one cell removed from an embryo could be coaxed to develop into a new embryo on its own, making that one cell as "human" as the embryo. A U.S. Conference of Catholic Bishops spokesman criticized the research last week as "gravely unethical."

No one knows if research using the cells would be eligible for National Institutes of Health money, says James Battey, chair of the NIH's stem cell task force. But Robert Lanza, medical director of Advanced Cell Technology, is hopeful. "I think that we could easily quadruple the number of lines eligible for federal funding, if this were to fly."

Embryonic War (NSWK)

By Claudia Kalb And Debra Rosenberg

Newsweek, September 4, 2006

It was heralded as a scientific milestone. Published in an advance online version of the scientific journal Nature, it was touted on the front pages of newspapers across the country. For the first time, scientists said last week, they had derived human embryonic stem cells using a technique that does not harm the embryo—a biological feat intended to assuage religious conservatives and break the impasse over federal funding of new embryonic-stem-cell research. "Up until now, embryonic-stem-cell research has been synonymous with embryo destruction," said Dr. Robert Lanza, the study's lead author and vice president of research and scientific development at the biotech firm Advanced Cell Technology (ACT). "I think this changes that paradigm."

But within days of publication, that wasn't so clear. A more careful examination of Lanza's work showed he'd only proposed a new method, but hadn't in fact proved it worked from start to finish. And, by relying on human embryos, he still couldn't avoid the inevitable firestorm. Publicly, the White House took a measured approach, calling the reports "encouraging." Some social conservatives, particularly Roman Catholics, were far more critical. Though they claimed a moral victory, saying their hard-line position had forced scientists to consider the ethical status of the embryo, they dismissed Lanza's approach. "We're against manipulating, harming, assaulting embryos for their cells even if it doesn't always kill them," says Richard Doerflinger, of the U.S. Conference of Catholic Bishops, who accused Lanza of deceiving the public about the details of his work. By late last week, the scientific "breakthrough" had failed to bridge the political gap.

Normally, embryonic stem cells are grown from embryos at the blastocyst stage, when they're clusters of about 150 cells. In the process, the embryos are destroyed. Borrowing from a fertility-clinic technique called preimplantation genetic diagnosis (PGD), which is used to screen for genetic diseases in embryos before implantation, Lanza extracted single cells out of 16 embryos, then grew two of those cells into new embryonic-stem-cell lines. While the experiment showed that it is theoretically possible to grow embryonic-stem-cell lines and still preserve the embryos, Lanza failed to prove this. He needed so many individual cells (total: 91) to create his lines that multiple cells had to be pulled from each of the embryos; in the end, all 16 were destroyed. Lanza says that single-cell extraction has been proved effective through PGD (embryos subjected to the loss of a cell have developed into healthy babies); more important, he says, he has shown that single cells can develop into embryonic-stem-cell lines.

Other scientists say Lanza's work is impressive. It's "an interesting and important technical feat," says Dr. George Daley, a Harvard stem-cell researcher. But there are still a host of unanswered technical questions, say Daley and others. And it's unclear

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how many scientists will rush to replicate Lanza's work—the key to deeming it scientifically solid. Already, scientists can derive many more stem-cell lines through traditional methods. And many researchers want to study "disease-specific" embryonic stem cells for disorders like Alzheimer's and diabetes, which Lanza's approach wouldn't allow.

Underlying all of this, however, is a deep discomfort that scientific research is being designed to appease religious or political concerns. Glenn McGee, a bioethicist at Albany Medical College in New York, says ACT's research—done by a for-profit company—is a "pitiful attempt to look morally acceptable, rather than do valuable science." Politically, says McGee, who resigned from ACT's ethics board in 2000 because he says he wasn't consulted about critical research, "this will never sell."

George W. Bush has steadfastly refused to fund any research on stem-cell lines created since he established his policy in 2001 and, in July, when lawmakers in both parties passed a bill to fund new lines, he issued his first presidential veto. There's no indication that he'll change his position any time soon. But if Lanza's technique eventually works without destroying embryos, Bush might be able to embrace it. "I think it would satisfy the ethical concerns," says former Bush adviser Jay Lefkowitz, who helped formulate the 2001 policy.

Still, it's unlikely to satisfy many social conservatives. They oppose the PGD process, which weeds out defective embryos. And they worry that a single cell could itself grow into a viable embryo. "Then we'd be back in the same soup"—destroying potential life—says Princeton professor Robert George, a Catholic bioethics adviser to the White House.

Lanza is used to the criticism. In 2001, ACT was accused of hyping a report on cloning human embryos. Lanza, who wasn't running the lab at the time, defends the science but says he would have handled things differently. Now he's charting his own course. At 50, he lives on an island in a Massachusetts pond and claims a collection of natural curiosities, including a 3,500-pound amethyst and a six-foot Brachiosaurus femur. Of McGee and other critics, he says his goal is to advance science: "I've done what I thought was right." But in the murky waters of stem-cell science, what's "right" is never crystal clear.

A Way Out? (WP)

The Washington Post, August 28, 2006

WHEN PRESIDENT Bush restricted federal funding for stem cell research in 2001, he claimed he opposed "providing taxpayer funding that would sanction or encourage further destruction of human embryos that have at least the potential for life." Last week, the scientific community addressed Mr. Bush's expressed moral concern in a study reported in the journal Nature, revealing a new method for extracting embryonic stem cells that its backers say poses no additional risk to human embryos.

But instead of embracing the potential of the new procedure, which might be a way of advancing stem cell research without destroying potential humans, the president registered his concerns about using any new embryonic material for scientific research. "Any use of human embryos for research purposes raises serious ethical concerns. This technique does not resolve those concerns," the White House said. "The President is hopeful that with time scientists can find ways of deriving cells like those now derived from human embryos but without the need for using embryos."

Later, a White House spokeswoman tried to backpedal, insisting that Mr. Bush is waiting for expert reviews of the study's findings before making any final judgments. Yet the president's initial statement on the matter indicates that he will search for new -- and far less convincing -- reasons to keep federal coffers shut from stem cell researchers.

The new method of gathering stem cells involves taking a single cell from a young embryo of around eight cells, a procedure that does not kill the embryo as earlier methods of stem cell extraction did, said Robert Lanza, the lead researcher. According to Ronald M. Green, director of Dartmouth College's Ethics Institute, the new method allows researchers to create stem cells as byproducts of a standard procedure in fertility clinics. There doctors often take one cell from eight-cell embryos to test for genetic defects such as Down syndrome. The rest of the embryo can grow into a normal human child, according to all available scientific evidence. Instead of immediately conducting the genetic test on the extracted cell, doctors can allow it to multiply overnight, use one of the resulting cells for the genetic analysis and create brand-new stem cell lines from the others.

As with any scientific breakthrough, the country has to wait for other scientists to successfully repeat the experiment to verify that the procedure will work. Researchers should also be prepared to respond to critics of the landmark scientific report, such as Richard Doerflinger of the U.S. Conference of Bishops. But if this new process is demonstrated to be viable, Mr. Bush can easily articulate rules that would allow federal funding for research on stem cells gathered harmlessly when cells are to be taken for genetic testing anyway. Then stem cell research on a range of debilitating and deadly diseases could finally proceed faster in the United States. On the other hand, sticking to his disappointing rhetoric of last week would unfairly raise the ethical bar Mr. Bush set in 2001 for America's stem cell scientists and continue to stunt the growth of this valuable field of study.

Over (and Behind) The Counter (USNEWS)

By Josh Fischman

U.S. News and World Report, August 28, 2006

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A woman whose regular birth control method failed or who was raped will not be the first person to benefit from last week's decision to sell emergency contraceptive pills without a prescription. The immediate beneficiary will most likely be a man.

Andrew von Eschenbach, the acting head of the Food and Drug Administration, which approved the pill, should get the job for real in September, because key senators dropped their opposition to his nomination when he dropped his opposition to the "morning-after pill," called Plan B. "All he needs now is a simple majority vote for approval," says one of those senators, Democrat Patty Murray of Washington State. And that's good for the drug agency, which has been without a permanent leader for nearly a year.

Proof of age. Women will first see Plan B without a prescription near year's end-it has been prescription-only since 1999-after the manufacturer, Barr Laboratories, packs it in new boxes with more drug facts in easy-to-read language, like other nonprescription drugs. The estimated price is between $20 and $40 for a pack of two pills. And it won't be in gas stations or convenience stores but tucked behind the pharmacy counter, where buyers will have to show a valid ID to a pharmacist proving that they are at least 18 years of age. These restrictions are all part of the deal the FDA and the drug maker cut to market Plan B. The drug has been mired in controversy since the FDA refused to approve easier access two years ago, overruling the agency's own scientific advisers amid charges that it had caved in to conservatives who equate the pill with abortion. (Plan B contains hormones that prevent fertilization or stop a fertilized egg from implanting in the uterus.)

Conservative groups condemned the expanded access, charging that it cuts parents out of the loop. But keeping the pill behind the counter, along with the age restriction, didn't please women's health advocates either. "'Behind the counter' is another barrier," says Amy Middleman, a pediatrician and adolescent-health specialist at Texas Children's Hospital in Houston. "Adolescents make a mistake or they get raped, and they may not have the self-confidence to share personal information with a pharmacist." IDs, after all, show not just age but name and address. Canadian pharmacists were caught last year collecting this information. "Plan B has to be used within 72 hours to be effective. You don't want to create reluctance to use it," she says. Murray agrees but says "at least women don't have to find a doctor, get a prescription, find a pharmacy, and wait to get it filled now."

The drug agency says it insisted on the distribution limit to ensure that buyers could get health counseling from a pharmacist and on the age limit because there were doubts about the ability of younger teens to use the pill responsibly. "Ridiculous," says James Trussell, a reproductive-health researcher at Princeton and a member of the FDA's advisory committee on the drug. "We saw at least three studies showing that younger teens used the drug just as safely as older women did. Plan B is safer than aspirin." Medically, perhaps, but politically it clearly has a big warning label.

New Plan For Plan B (NSWK)

By Julie Scelfo

Newsweek, September 4, 2006

When the food and Drug Administration announced last week that Plan B emergency contraception would be available "over the counter," but would be kept behind the counter because of the drug's 18-and-over age restriction, the decision echoed an idea, long advocated by the American Pharmacists Association (APhA), that two classes of drugs aren't enough.

As it stands, the FDA can approve drugs in two categories: by prescription, which typically requires a doctor's visit, and over the counter, which means the medication is safe enough to sit on shelves next to diapers and batteries. What APhA is arguing for is a third official category, like Britain's "behind the counter" designation, for dozens of drugs that may require some oversight but are safe enough to take without a doctor's written consent. Certain flu medications fall into this category, pharmacists say, as do cholesterol-fighting drugs, some vaccinations and smoking-cessation inhalers. A third category would allow consumers quicker access to drugs and could help lower costs. It would also put more responsibility in pharmacists' hands.

Scott Gottlieb, FDA deputy commissioner, has said he is open to this third way (which would require congressional approval). But the Ameri-can Medical Association, which applauded the FDA's approval of Plan B as an OTC option, so far opposes it. "If pharmacists take on diagnosing, they take on liabil-ity, too," says the AMA's Dr. Edward Langston. >

"Anybody Knows Not To Mess With Me" (TIME)

By By Perry Bacon Jr.

Time, September 4, 2006

Nancy Pelosi, the leaderÂ of theÂ Democrats in the House, portrays herself as a polite, grandmotherly lady. She constantly discusses her five grandchildren, makes sure her office is stocked with Ghirardelli chocolates, perpetually smiles and never swears in a business in which almost everyone else does. She even has a few cute quirks she and her staff would love to tell you about: a diet consisting mostly of chocolate and chocolate ice cream, and so much energy, she rarely sleeps. Just the other night, she will tell you, she was up watching MTV after midnight.

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Don't believe it for a second. Would your grandmother ever say, "If people are ripping your face off, you have to rip their face off" (Pelosi's approach to handling attacks from Republicans)? How about "If you take the knife off the table, it's not very frightening anymore" (her explanation for why she won't let voters forget George W. Bush's unpopular Social Security proposal from last year)?

The 66-year-old San Francisco lawmaker is an aggressive, hyperpartisan liberal pol who is the Democrats' version of Tom DeLay, minus the ethical and legal problems of the former Republican House leader. To condition Democrats for this fall's midterm elections, she has employed tactics straight out of DeLay's playbook: insisting other House Democrats vote the party line on everything, avoiding compromise with Republicans at all cost and mandating that members spend much of their time raising money for colleagues in close races. And she has been effective. House Democrats have been more unified in their voting than at any other time in the past quarter-century, with members on average voting the party line 88% of the time in 2005, according to Congressional Quarterly. That cohesion enabled Democrats to hasten President Bush's slide in the polls when they blocked his plan to reform Social Security by allowing retirees to eschew guaranteed benefits in favor of private accounts. Bush's approval rating remains depressed--38% in a TIME poll last week--and the Democrats are in their best position to win the House since Republicans took control of it in 1994.

If Democrats are successful in November, it will be mostly the result of Americans' increasing frustration with the Iraq war and with the perception that Bush and congressional Republicans have bungled everything from Terri Schiavo to Hurricane Katrina. But Pelosi has made sure Democrats didn't break the Republicans' fall. And if Democrats win back the 15 seats they need to form a majority, Pelosi will be richly rewarded. She would almost certainly become the first woman to be House Speaker.

That would be sweet vindication for a leader many moderate Democrats castigated as an out-of-touch liberal who would take the party perilously to the left when she became the top House Democrat in 2002. It would also mark a rapid rise for a politician who didn't run for office until she was 47. Pelosi grew up in a prominent political family in Baltimore, Md. Her father was the mayor for almost her entire childhood. After college, Pelosi and her husband Paul moved to New York City and then to San Francisco, where she became a leading Democratic fund raiser, then chairwoman of the party in California. But she waited until the youngest of her five children was a high school senior before she ran for Congress in 1987.

Among Democrats in Washington, Pelosi became popular for her prodigious fund raising on behalf of colleagues and her gracious manners; she's often the first person to send flowers if a member's spouse is sick. Staffers also enjoy her largesse. After a lavish meal, she will sometimes say, "Thank God for Paul Pelosi," her investment-banker husband, whose real estate holdings make up much of the couple's $16 million in assets.

Once in Congress, she was embraced especially by liberal Democrats. She opposed the Gulf War and in a 1996 interview with the San Francisco Chronicle said, "I pride myself in being called a liberal" and "I don't consider myself a moderate." In 2001, on the strength of the votes of party progressives, Pelosi won an intense battle with Maryland's Steny Hoyer, who is more centrist, to be the No. 2 Democrat in the House. A year later she defeated another moderate, Martin Frost of Texas, to become the party's leader in the chamber.

In both contests her opponents argued that Pelosi was too liberal, and she hasn't forgotten. Her relationship with Hoyer is tense, and when Pennsylvania Representative John Murtha said he would run against Hoyer for House majority leader if Democrats won this fall, Pelosi did little to dissuade him. When Frost, who is now out of Congress, unsuccessfully ran for chair of the Democratic National Committee last year, Pelosi repeatedly rebuffed his attempts to get her support. While she declines to discuss those conflicts, Pelosi told TIME, "Anybody who's ever dealt with me knows not to mess with me." Pelosi carries a chip on her shoulder, believing that fellow Democrats and media Ã©lites have constantly underestimated her political ability, dating back to her unsuccessful effort to become head of the Democratic National Committee in 1985, when she was called an "airhead" by a labor-union official. She will talk about those political battles only vaguely but told me the Democratic establishment in Washington "couldn't control me, so they needed to take me down" and "They can't even believe the fact that I'm going to become Speaker, but they're getting used to it."

Like DeLay, who was also known for bruising rivalries within his party, Pelosi has embraced hard-knuckle partisanship, even if it means standing still. When Bush announced his Social Security plan last year, Pelosi told House Democrats they could never beat him in a straight-ahead, policy-against-policy debate because he had the megaphone of the presidency and was just coming off re-election. So the Democrats would thunderously attack Bush and argue there was no Social Security crisis and therefore no need for them to put out their own proposal. Some members were leery, concerned that Pelosi would make the Democrats look like the Party of No. As the spring of 2005 wore on, some pestered her every week, asking when they were going to release a rival plan. "Never. Is never good enough for you?" Pelosi defiantly said to one member. When Florida Democrat Robert Wexler publicly suggested raising Social Security taxes as the solution, Pelosi immediately chewed him out over the phone. Only one other Democrat signed on to his plan.

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The Democrats won the Social Security battle Pelosi's way. That earned her credit with her colleagues, who have embraced her overall strategy. Throughout the past year, Pelosi has demanded that Democrats unanimously oppose G.O.P. bills. By denying the G.O.P votes from across the aisle, Democrats have forced moderate Republicans to back bills like those cutting Medicaid and other social programs that fiscally conservative Republicans have insisted on, votes for which Democrats have then attacked moderate Republicans in television ads. Pelosi has also ordered Democrats not to work on bills or even hold press conferences with Republicans whom the party is trying to defeat in November.

Meanwhile, at the cost of infuriating parts of her own, progressive base, Pelosi has made a number of pragmatic, tactical moves to better position the Democrats for November. When Louisiana Congressman William Jefferson was found with $90,000 in his freezer from an apparent bribery scheme, Pelosi immediately had him tossed out of his seat on the House Ways and Means Committee. The strongly liberal Congressional Black Caucus was incensed that one of its members had been punished before he had even been indicted. But Pelosi's action helped rebut the G.O.P.'s contention that Democrats had as many corruption problems as Republicans, many of whom are caught up in the Jack Abramoff scandal.

No one among the Democrats has succeeded in solidifying the party around a single position on the Iraq war, but Pelosi has managed to tame the several dozen House members who call themselves the Out of Iraq caucus. They have wanted the Democratic Party to demand the prompt withdrawal of U.S. troops from Iraq. But Pelosi has so far convinced them that Murtha, the ex-Marine and veteran lawmaker whose call for a troop withdrawal in November created real debate, should be the party's face for that cause while the others should stay in the background.

Still, some Democrats think Pelosi's leftward tilt, combined with her strident attacks on Bush, undercuts her strength as a party leader. A number of Democratic candidates have distanced themselves from her. "We hope she campaigns in as many districts as possible," said Ron Bonjean, spokesman for Dennis Hastert, the Republican Speaker of the House. "She comes across as very liberal."

That's not the only issue with Pelosi. Even her supporters acknowledge she's not the ideal spokeswoman for the Democrats in public. When she's not making clumsy remarks, like bragging earlier this year that one of the biggest benefits of a Democratic takeover of Congress would be "subpoena power," she's mind-numbingly repeating whatever talking points the party has agreed on that week or indulging her love of alliteration: "People, politics, policy" and "Money, message, mobilization." The charitable view of her often disjointed speaking style is that she's someone who thinks faster than she talks. The uncharitable view is that "she's Teresa Heinz without the accent," as one Democratic activist said.

But Democrats aren't counting on Pelosi to be their poster girl for November. Her most important role is behind the scenes. If the Democrats take the House, that will change, since Speaker Pelosi would become the face of the Democrats and second in the line of succession to the presidency, after Vice President Dick Cheney. It would also be a test of Pelosi's skills: she has unified the Democrats in opposition, but it would be much more difficult to keep Democratic members in line if they took control. "They listen to no one," says Pelosi. "They don't listen to each other." But so far, the Democrats have listened to their leader, and if she keeps guiding them smartly, Nancy Pelosi could make President Bush's final two years even more vexing than the past two.

OTHER NEWS:

What Worries Economists? (WSJ)

WSJ Online's "Washington Wire", August 28, 2006

Terrorism and energy prices top the worry list, according to a biannual survey of nearly 200 economists released Monday by the National Association for Business Economics. With the foiled plot to bomb U.S.-bound airlines raising security concerns, 34% said terrorism posed the greatest short-term risk to economic growth, up from 26% in March. Nearly 30% cited energy prices, up from 23% in March, although they say it would take the unlikely scenario of prices rising to $100 a barrel to spark a recession. Inflation came in third among the most frequently cited threats to short-term economic health.

With Treasury coffers filling up with higher-than-expected tax revenue, only 2% of the economists cited government spending and the federal deficit as a short-term risk, down from 14% in March. The deficit, however, was cited as the biggest threat to the economy's long-term health. Three-quarters said the government should be spending less and have a narrower deficit at the end of the Bush presidency in two years, but only 17% think it will.

With early signs suggesting Federal Reserve Chairman Ben Bernanke and his policymaking colleagues may be able to tame inflation without causing inflation, 71% of economists surveyed said monetary policy was "about right." There's no consensus on where the Fed will take interest rates from here. According to 14% of those surveyed, rates are still too low, but 13% said they're too high. – Christopher Conkey

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August 28, 2006, 12:06 am Gone but Not Forgotten

Though he wasn't in attendance, the work of Princeton University economist and New York Times columnist Paul Krugman was a recurrent theme in the Federal Reserve's Jackson Hole symposium this year.

The event's title, "The New Economic Geography," was the name given to work Mr. Krugman pioneered in 1991 in his book, "Geography and Trade." Anthony Venables of the London School of Economics, the first academic presenter at the event, has been a co-author of Mr. Krugman. Another speaker, Doug Irwin of Dartmouth College, recommended participants read Mr. Krugman's essay, "Competitiveness: A Dangerous Obsession." Later, during a whimsical discussion on the potential for interplanetary trade, the Bank of England's Charlie Bean noted Mr. Krugman had written an article called "The pure theory of interstellar trade," which Mr. Krugman had called a "serious analysis of a silly problem," according to Mr. Bean.

Mr. Krugman is an accomplished economist who won the American Economic Association's prestigious John Bates Clark Medal in 1991. But in recent years he has become better known, even among many of his academic peers, for his popular writings, in particular his Times columns which are often harshly critical of the Bush administration, than for his academic research. He has presented papers at the Jackson Hole conference in previous years, but wasn't invited to this year's. Mr. Krugman, in an email, said he would have attended, had he been invited. "After all, a lot of people give me credit or blame for founding the new economic geography, and it would have been interesting to join a discussion on the state of the field, even though I haven't done a lot of new research in the area since the late 90s."

Officials of the Kansas City Fed, which hosts the event, declined to comment on why Mr. Krugman wasn't invited. That said, there are only a few slots for academics at the event and hundreds of logical candidates to fill them. Moreover, when the term "new economic geography" was coined in the early 1990s, it referred to how local agglomerations of skills, talent and other assets can given a country a comparative advantage in a particular industry. At this weekend's conference, the term referred more to how the rise of China, India and other developing nations is reshaping the world economy. – Greg Ip

Permalink | Trackbacks

August 27, 2006, 8:22 pm Gov. Schwarzenegger Is Standout as GOP Stumbles

Democrats lead in most of 19 hotly contested gubernatorial races, including seven now held by Republican incumbents, according to the most recent set of Battlegrounds polls from Zogby Interactive, conducted in cooperation with The Wall Street Journal Online. In Pennsylvania, incumbent Ed Rendell remained locked in a tight race with Republican Lynn Swann, a former Pittsburgh Steelers wide receiver and sports announcer. Rendell's lead was four percentage points in the latest poll, down from seven points in July. California Gov. Arnold Schwarzenegger climbed to a five percentage point lead over Democratic challenger Phil Angelides. It was the first time that Schwarzenegger led in that matchup since the polling project began, though he has generally gained ground throughout the year. Meanwhile, the race between Republican Rep. Jim Nussle and Democratic Iowa Secretary of State Chet Culver continues to be one of the hottest contests in the nation. While Culver edged into the lead in the latest poll, Zogby says the race is too close to call for either side. The polls were conducted Aug. 15-21. See the full results.

Permalink | Trackbacks

August 27, 2006, 8:20 pm Zogby Polls Show Dems Gaining in Senate

Democrats picked up ground in a new set of polls of hotly contested Senate races, now leading in 12 of the 18 races tracked, up from 10 of 17 last time. In Virginia, the "macaca" comment appear to have hurt incumbent George Allen, who went from a comfortable lead in previous Zogby polls to now trailing Democrat James Webb, a former secretary of the Navy under President Reagan. Among other races, Robert Menendez's lead over Republican Tom Kean Jr. narrowed to just two percentage points in New Jersey, while incumbent John Ensign's advantage over Democrat Jack Carter narrowed in Nevada.

Although Republicans are ahead in fewer of the battlegrounds than Democrats, the party would still maintain control of the 100-seat Senate if the election results match Zogby's results. Taking into account the 40 Republican seats not up for re-election and seven that weren't included in the polling because Republicans are expected to win handily, Republicans would retain a 52-46 majority in the Senate, though Mr. Lieberman and another independent, Jim Jeffords of Vermont, would be expected to vote frequently with the Democrats. See the full results.

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August 27, 2006, 2:41 pm Starr Goes From Cigars to Bongs

President Clinton's impeachment nemesis Kenneth Starr is staying busy. Monday, the former Independent Counsel is expected to file a petition asking the U.S. Supreme Court to uphold the suspension of a high school student disciplined for holding a banner across the street from campus reading, "BONG HITS 4 JESUS."

The incident occurred in January 2002, as the Olympic torch relay wound through Juneau, Alaska, en route to the winter games in Salt Lake City. As the torch passed by the school, student Joseph Frederick and friends unfurled the banner across the street from campus apparently to attract the attention of television cameras.

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A bong is a popular device used to smoke marijuana, inhalation from which is commonly known as a "bong hit." The school principal suspended Mr. Frederick — allegedly the only student who disobeyed her command to put down the banner — for 10 days. Mr. Frederick claimed the suspension violated his First Amendment right to freedom of speech. A federal district judge sided with the school, but a panel on the U.S. Court of Appeals for the Ninth Circuit unanimously reversed.

Mr. Starr and other attorneys in the Los Angeles office of Kirkland & Ellis have accepted the case pro bono. Should the court grant the petition, the outcome could hinge on whether the banner disrupted the educational process, whether watching the relay was a school-sponsored event, and whether Mr. Frederick — who had yet to enter school property that morning because his car had been stuck in the snow — was officially on campus. –Ben Winograd

Read the petition to be filed with the Supreme Court.

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August 27, 2006, 2:01 pm On Call, On the Spot

Does trouble follow National Safety Transportation Board member Debbie Hersman? She was the NTSB member on call when a Comair commuter jet fatally crashed at the Lexington , Ky., airport early Sunday morning. Board members take turns being on call and that person becomes the NTSB's spokesman on the accident scene.

When Ms. Hersman joined the NTSB, some aviation safety officials grumbled she was part of a new wave of NTSB officials who didn't have enough technical knowledge of aviation to be effective. But she's certainly had plenty of exposure to safety issues since then, because major accidents seem to have had a way of happening when she's on call.

Since joining the NTSB in June 2004 from her previous job as a Senate staffer, Ms. Hersman has been on scene at five transportation accidents, including the nonfatal November 2004 collision of two subway cars in Washington, the February 2005 crash of a private jet into an airport warehouse in Teterboro, N.J., and the July 2005 head-on collision of two freight trains in Anding, Miss.

The crash Sunday morning ended what government safety officials dubbed the "safest period in aviation history." The last major fatal airline accident in the U.S. happened in November 2001, when American Airlines Fight 587 crashed soon after take-off in Queens, N.Y., killing 265 people. –Amy Schatz

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August 26, 2006, 6:54 pm Anecdotes on Education From Jackson Hole

It's long been accepted that emerging Asian economies owe much of their success to an emphasis on education, but a few anecdotes aired at Jackson Hole underlined the point. Arminio Frago, a former governor of Brazil's central bank who now runs a hedge fund, noted that Brazil and South Korea once had the same per-capita gross domestic product. Now, South Korea's is over twice that of Brazil's. By way of explanation, he noted that the average Korean has 13 years of school, while in Brazil the figure is six years, and the education is not very high quality. Rakesh Mohan, deputy governor of the Reserve Bank of India, noted that Tokyo has 113 universities; Beijing has 59. – Greg Ip

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August 26, 2006, 6:51 pm Feldstein Speaks Up at Jackson Hole

Harvard University's Martin Feldstein is traditionally an active participant at the Fed's annual Jackson Hole conference. Last year, he was unusually quiet, a result of the fact he was under consideration to succeed Alan Greenspan as chairman of the Fed. Since then, the job went to Ben Bernanke and this year Mr. Feldstein seemed more willing to speak his mind. His views, had they come from a Fed chairman, would have sent the markets into a tizzy. First, Mr. Feldstein repeated his long-standing view that the U.S. dollar has to fall a lot to rein in the U.S.'s massive trade deficit. It's not clear when or how fast, "but I have no doubt it will be coming." A lower dollar, he said, will result in "higher inflation." Furthermore, U.S. interest rates will have to rise to entice foreigners to hold onto some of their dollar holdings. So "the most likely response [is] some combination of higher real interest rates and a falling value of the dollar, further complicating the problem for monetary policy." Alternatively, Americans could cut their consumption, leading to a narrower trade deficit and higher saving, perhaps because of lower house prices. Then the Fed has the delicate job of "balancing the decline in domestic demand and the process of international adjustment." – Greg Ip

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August 26, 2006, 6:50 pm Jackson Hole's Sleeper Hit

At a conference dominated by discussion of the rise of India and China and their impact on the U.S. and Europe, the sleeper hit of the Federal Reserve Bank of Kansas City's annual conference in Jackson Hole, Wyo., was a short presentation on why Africa has fallen so far behind the rest of the developed world, especially Asia, in recent decades.

Reflecting the conference theme — "The New Economic Geography" — Paul Collier of Oxford University made a persuasive case that nowhere more than in Africa has geography undermined economic progress. Statistically, a country's growth is more likely to lag if it is landlocked, resource-poor or small, and Africa, which is divided into over 40 countries, has an

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unusually large number of countries that are all three. Many African countries are resource rich but are unable to efficiently spend those resources because, while democratic, they lack effective checks and balances. By contrast, countries that must rely on taxes are more likely to face demands for accountability. African countries, despite being small, are also ethnically diverse. The more diverse a society, the smaller the share of the population represented by the ruling group, he notes. "A minority in power has an incentive to distribute to itself at the expense of the public good of national economic growth." Finally, he says, Africa has missed the globalization boat: at the time Asia was opening up to foreign investment, Africa was saddled with overvalued currencies, civil war, experiments with socialism, or apartheid. Almost all these problems have been solved, but in the meantime Asia has acquired a formidable critical mass of local skills and infrastructure that make it difficult for Africa to compete for foreign investment. Mr. Collier's presentation was perhaps the most eye-opening to the crowd of academics, Wall Streeters and central bankers at the Fed conference, perhaps because so much of it was new to them. (Only one central banker from Africa was on the list of attendees: South Africa's. There were six from Latin America.) But perhaps it was welcomed because it presented a persuasive, systematic explanation for the continent's troubles that didn't have to argue that Africa was somehow different. "African performance has been far worse than that of any other region," Mr. Collier has written. "The explanation for this is not that African economic behavior is fundamentally different from elsewhere, but rather that African geographic endowments are distinctive." He sharply disagreed with economist-celebrity Jeffrey Sachs's view that disease and climate are the principal reasons for Africa's underdevelopment. Sachs, he said, is "barking up the wrong tree." – Greg Ip

Anecdotes on Education From Jackson Hole

Aug.26, 2006

Feldstein Speaks Up at Jackson Hole

Aug.26, 2006

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Global Trends May Hinder Effort To Curb U.S. Inflation (NYT)

By Edmund L. Andrews

The New York Times, August 28, 2006

JACKSON HOLE, Wyo., Aug. 27 — As the Federal Reserve fiercely debates how to reduce inflation within the United States, economists are warning that trends outside the country may soon make the Fed's job much harder.

In recent years, global integration has made things easier for the Fed in two ways. An explosion in low-cost exports from China and other countries helped keep prices of many products low even as Americans spent heavily and loaded up on debt.

At the same time, China and other relatively poor nations reversed the normal patterns of global investment by becoming net lenders to the United States and Europe. Analysts estimate that this "uphill'' flow of money from poor nations to rich ones may have reduced long-term interest rates in the United States by 1.5 percentage points in recent years — a big difference when home mortgage rates are about 6 percent.

But as Fed officials held their annual retreat this weekend here in the Grand Tetons, a growing number of economists warned that those benign international trends could abate or even reverse.

For one thing, they said, China's explosive rise as a low-cost manufacturer does not mean that prices will fall year after year. Indeed, China's voracious appetite for oil and raw materials has aggravated inflation by driving up global prices for oil and many commodities.

Beyond that, new research presented this weekend suggested that the United States could not count on a continuation of cheap money from poor countries. Those flows could stop as soon as countries find ways to spend their excess savings at home.

"Medium- and long-term interest rates are set outside of the country,'' said Kenneth S. Rogoff, a professor of economics at Harvard University and a former director of research at the International Monetary Fund. "It's very important to think about what to do if the winds of globalization change.''

The warnings come as the Fed's new chairman, Ben S. Bernanke, faces widespread skepticism among economists about his forecast for a "soft landing" — a mild slowdown that will tame inflation without costing many jobs.

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Inflation is already running above Mr. Bernanke's unofficial target — 2 percent a year, excluding energy and food prices — and few analysts here say they believe the Fed will raise rates and slow growth enough to bring inflation down to its target anytime soon.

"They are in a box, and they know it," said John H. Makin, an economist at the American Enterprise Institute and a hedge fund manger. "It's an awkward position for them to be in."

Economists presenting papers at the Fed retreat said that the central bank may be hindered as global trends that have kept inflation and interest rates lower than they would otherwise be turn less favorable.

The biggest change could be an increased reluctance by foreign investors to finance the United States' huge trade gap, now more than $700 billion a year.

"What happens if foreign investors decide they don't want to accumulate American assets any more?" asked Martin S. Feldstein, economics professor at Harvard and president of the National Bureau of Economic Research.

"Something has to change to make the debt more attractive — an increase in interest rates in the U.S. or a decline in the exchange rate of the dollar,'' he continued. "In the short term, the Fed will face slowing output growth, possible with higher inflation."

For the moment, bond investors appear to accept the Fed's view that inflation will remain low. Long-term interest rates have actually edged down slightly since the Fed decided on Aug. 8 not to raise overnight rates.

But economists, including some leading bond investors, predict that inflation will creep higher even if oil prices stop climbing.

"The consensus among people here is that the Fed's real target is not 2 percent but about 2.5 percent,'' said David Hale, an economic forecaster in Chicago. Looking ahead 12 months, if Fed members do not make progress bringing inflation down, "it's going to call into question their credibility,'' he said.

Members of the Federal Open Market Committee, which sets monetary policy, appear torn. In a sign of uncertainty this weekend, Mr. Bernanke and all other senior Fed policymakers were unusually tight-lipped about any of the issues — wage trends, the ability of companies to pass higher costs on to customers, or the plunge in home sales — that are at top of their agenda.

Mr. Bernanke has been arguing that inflation will cool as annual economic growth slows to 2.5 percent, from about 3.5 percent.

But some Fed officials, worried that inflation pressures are becoming more entrenched, want to take tougher action. Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, voted against the pause in rate increases.

Michael H. Moskow, president of the Chicago Fed, strongly suggested last week that he favored higher rates and declared that the risks of higher inflation were greater than the risks of an unexpectedly sharp slowdown. Mr. Moskow is not currently a voting member of the policy committee, which rotates the regional bank presidents, but he participated in the debates.

Ethan S. Harris, chief United States economist at Lehman Brothers, said the Fed's focus on core inflation understated the challenges posed by international shifts. The focus, he said, includes the price-lowering impact of China's expansion but excludes the impact of higher oil prices. "They've included the part that makes things look better and thrown out the part that makes things look worse," he said.

Officially, the Federal Reserve does not set explicit targets for inflation. But Mr. Bernanke, a longtime champion of inflation targets, has said that his own definition of price stability is to keep core inflation between 1 percent and 2 percent a year.

The Fed's job is not made any easier by the upcoming midterm elections, in which Republicans are struggling to keep from losing control of both the House and Senate.

The Fed has two policy meetings, in late September and late October, before the November elections. The central bank often likes to avoid any interest rate changes immediately before an election, for fear that it will be accused of interfering on behalf of one party or another.

Regardless of what Mr. Bernanke does in the next few months, economists at the conference here said that globalization and the United States' growing foreign debt could make his job more difficult.

Raghuram G. Rajan, the International Monetary Fund's current head of research, presented new research to explain why many poorer countries are now net lenders to rich countries — and why they might change course. He argued that fast-growing poor countries relied less on foreign capital than many nations, and that they saved much more than they invested.

One example is Chile, the most prosperous country in Latin America. Thanks to soaring copper prices in recent years, Chile has paid off its government debt and is running a budget surplus equal to about 7 percent of its gross domestic product. Chilean leaders are putting the surplus into a long-term stability fund, part of which is invested in foreign securities, that will be used to maintain full government operations if copper prices plummet.

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Mr. Rajan said many countries might not have a way to channel their excess savings because their banking systems were too underdeveloped. If so, the savings rates of those countries may decline as people become more accustomed to rising incomes and as banks find ways to rechannel savings into consumer and business loans.

Even though capital is flowing uphill to rich countries like the United States right now, Mr. Rajan said, "it doesn't mean these flows are optimal, safe or permanent."

Real Wages Fail To Match A Rise In Productivity (NYT)

By Steven Greenhouse And David Leonhardt

The New York Times, August 28, 2006

With the economy beginning to slow, the current expansion has a chance to become the first sustained period of economic growth since World War II that fails to offer a prolonged increase in real wages for most workers.

That situation is adding to fears among Republicans that the economy will hurt vulnerable incumbents in this year's midterm elections even though overall growth has been healthy for much of the last five years.

The median hourly wage for American workers has declined 2 percent since 2003, after factoring in inflation. The drop has been especially notable, economists say, because productivity — the amount that an average worker produces in an hour and the basic wellspring of a nation's living standards — has risen steadily over the same period.

As a result, wages and salaries now make up the lowest share of the nation's gross domestic product since the government began recording the data in 1947, while corporate profits have climbed to their highest share since the 1960's. UBS, the investment bank, recently described the current period as "the golden era of profitability."

Until the last year, stagnating wages were somewhat offset by the rising value of benefits, especially health insurance, which caused overall compensation for most Americans to continue increasing. Since last summer, however, the value of workers' benefits has also failed to keep pace with inflation, according to government data.

At the very top of the income spectrum, many workers have continued to receive raises that outpace inflation, and the gains have been large enough to keep average income and consumer spending rising.

In a speech on Friday, Ben S. Bernanke, the Federal Reserve chairman, did not specifically discuss wages, but he warned that the unequal distribution of the economy's spoils could derail the trade liberalization of recent decades. Because recent economic changes "threaten the livelihoods of some workers and the profits of some firms," Mr. Bernanke said, policy makers must try "to ensure that the benefits of global economic integration are sufficiently widely shared."

Political analysts are divided over how much the wage trends will help Democrats this fall in their effort to take control of the House and, in a bigger stretch, the Senate. Some see parallels to watershed political years like 1980, 1992 and 1994, when wage growth fell behind inflation, party alignments shifted and dozens of incumbents were thrown out of office.

"It's a dangerous time for any party to have control of the federal government — the presidency, the Senate and the House," said Charles Cook, who publishes a nonpartisan political newsletter. "It all feeds into 'it's a time for a change' sentiment. It's a highly combustible mixture."

But others say that war in Iraq and terrorism, not the economy, will dominate the campaign and that Democrats have yet to offer an economic vision that appeals to voters.

"National economic policies are more clearly in focus in presidential campaigns," said Richard T. Curtin, director of the University of Michigan's consumer surveys. "When you're electing your local House members, you don't debate that on those issues as much."

Moreover, polls show that Americans are less dissatisfied with the economy than they were in the early 1980's or early 90's. Rising house and stock values have lifted the net worth of many families over the last few years, and interest rates remain fairly low.

But polls show that Americans disapprove of President Bush's handling of the economy by wide margins and that anxiety about the future is growing. Earlier this month, the University of Michigan reported that consumer confidence had fallen sharply in recent months, with people's expectations for the future now as downbeat as they were in 1992 and 1993, when the job market had not yet recovered from a recession.

"Some people who aren't partisans say, 'Yes, the economy's pretty good, so why are people so agitated and anxious?' " said Frank Luntz, a Republican campaign consultant. "The answer is they don't feel it in their weekly paychecks."

But Mr. Luntz predicted that the economic mood would not do significant damage to Republicans this fall because voters blamed corporate America, not the government, for their problems.

Economists offer various reasons for the stagnation of wages. Although the economy continues to add jobs, global trade, immigration, layoffs and technology — as well as the insecurity caused by them — appear to have eroded workers' bargaining power.

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Trade unions are much weaker than they once were, while the buying power of the minimum wage is at a 50-year low. And health care is far more expensive than it was a decade ago, causing companies to spend more on benefits at the expense of wages.

Together, these forces have caused a growing share of the economy to go to companies instead of workers' paychecks. In the first quarter of 2006, wages and salaries represented 45 percent of gross domestic product, down from almost 50 percent in the first quarter of 2001 and a record 53.6 percent in the first quarter of 1970, according to the Commerce Department. Each percentage point now equals about $132 billion.

Total employee compensation — wages plus benefits — has fared a little better. Its share was briefly lower than its current level of 56.1 percent in the mid-1990's and otherwise has not been so low since 1966.

Over the last year, the value of employee benefits has risen only 3.4 percent, while inflation has exceeded 4 percent, according to the Labor Department.

In Europe and Japan, the profit share of economic output is also at or near record levels, noted Larry Hatheway, chief economist for UBS Investment Bank, who said that this highlighted the pressures of globalization on wages. Many Americans, be they apparel workers or software programmers, are facing more comptition from China and India.

In another recent report on the boom in profits, economists at Goldman Sachs wrote, "The most important contributor to higher profit margins over the past five years has been a decline in labor's share of national income." Low interest rates and the moderate cost of capital goods, like computers, have also played a role, though economists note that an economic slowdown could hurt profits in coming months.

For most of the last century, wages and productivity — the key measure of the economy's efficiency — have risen together, increasing rapidly through the 1950's and 60's and far more slowly in the 1970's and 80's.

But in recent years, the productivity gains have continued while the pay increases have not kept up. Worker productivity rose 16.6 percent from 2000 to 2005, while total compensation for the median worker rose 7.2 percent, according to Labor Department statistics analyzed by the Economic Policy Institute, a liberal research group. Benefits accounted for most of the increase.

"If I had to sum it up," said Jared Bernstein, a senior economist at the institute, "it comes down to bargaining power and the lack of ability of many in the work force to claim their fair share of growth."

Nominal wages have accelerated in the last year, but the spike in oil costs has eaten up the gains. Now the job market appears to be weakening, after a protracted series of interest-rate increases by the Federal Reserve.

Unless these trends reverse, the current expansion may lack even an extended period of modest wage growth like one that occurred in the mid-1980's.

The most recent recession ended in late 2001. Hourly wages continued to rise in 2002 and peaked in early 2003, largely on the lingering strength of the 1990's boom.

Average family income, adjusted for inflation, has continued to advance at a good clip, a fact Mr. Bush has cited when speaking about the economy. But these gains are a result mainly of increases at the top of the income spectrum that pull up the overall numbers. Even for workers at the 90th percentile of earners — making about $80,000 a year — inflation has outpaced their pay increases over the last three years, according to the Labor Department.

"There are two economies out there," Mr. Cook, the political analyst, said. "One has been just white hot, going great guns. Those are the people who have benefited from globalization, technology, greater productivity and higher corporate earnings.

"And then there's the working stiffs,'' he added, "who just don't feel like they're getting ahead despite the fact that they're working very hard. And there are a lot more people in that group than the other group."

In 2004, the top 1 percent of earners — a group that includes many chief executives — received 11.2 percent of all wage income, up from 8.7 percent a decade earlier and less than 6 percent three decades ago, according to Emmanuel Saez and Thomas Piketty, economists who analyzed the tax data.

With the midterm campaign expected to heat up after Labor Day, Democrats are saying that they will help workers by making health care more affordable and lifting the minimum wage. Democrats have criticized Republicans for passing tax cuts mainly benefiting high-income families at a time when most families are failing to keep up.

Republicans counter that the tax cuts passed during Mr. Bush's first term helped lifted the economy out of recession. Unless the cuts are extended, a move many Democrats oppose, the economy will suffer, and so will wages, Republicans say.

But in a sign that Republicans may be growing concerned about the public's mood, the new Treasury secretary, Henry M. Paulson Jr., adopted a somewhat different tone from Mr. Bush in his first major speech, delivered early this month.

"Many aren't seeing significant increases in their take-home pay," Mr. Paulson said. "Their increases in wages are being eaten up by high energy prices and rising health care costs, among others."

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At the same time, he said that the Bush administration was not responsible for the situation, pointing out that inequality had been increasing for many years. “It is neither fair nor useful,” Mr. Paulson said, “to blame any political party.”

Bar Prep Co. Ordered To Pay $11.9M For Copying Multistate Exam Questions (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, August 28, 2006

In a ruling that promises to fundamentally alter the way many American law students prepare for the bar exam, a federal judge has concluded that a California company illegally copied questions from the Multistate Bar Examination for use in its bar exam preparation courses and ordered it to pay more than $11.9 million to the National Conference of Bar Examiners.

In the suit, NCBE claimed that employees of Multistate Legal Studies Inc. have attended bar exams in several states for the sole purpose of copying questions to be used in its prep courses.

MLSI is based in Santa Monica, Calif., and has offices in Philadelphia and New York. It operates bar-review programs under the trade name PMBR, which stands for "preliminary multistate bar review."

Lawyers for MLSI insisted that any similarities between the questions in their prep courses and those on the MBE stem from the fact that both are drawn from the same pool of material -- hornbooks, law treatises and case law -- and that such similarity is entirely permissible.

But Eastern Distsrict of Pennsylvania Judge John P. Fullam disagreed and said the evidence showed MLSI had copied both the detailed facts in the questions as well as the correct and incorrect answers.

"I conclude that nearly all of the 113 challenged questions are substantially similar to copyrighted MBE questions," Fullam wrote. "In many instances, evidence of copying practically leaps from the page."

The ruling is a victory for attorneys Barbara W. Mather and Christopher J. Huber of Pepper Hamilton in Philadelphia, and Robert A. Burgoyne and Caroline M. Mew of Fulbright & Jaworski in Washington, D.C.

Fullam noted that many advertisements for the PMBR course use "testimonials" from former students that emphasize the similarity between its practice questions and those on the MBE.

In one ad, a student is quoted as saying that "dozens of nearly identical questions appeared on the actual exam," and another says he "breezed through the exam because I recognized so many of the questions from PMBR."

Because the illegally copied questions were a "major selling-point" for MLSI, Fullam concluded that the company should pay damages equal to one-third of its $35.7 million in revenues from a five-year period ending in 2005 during which more than 125,000 students took its three-day course, paying fees ranging from $250 to $300.

"Because question similarity is a major draw, and because infringing questions made up close to 40 percent of the PMBR from 2003 through 2005 (though a substantially lower percentage in 2001 and 2002), I conclude that attributing one-third of defendants' revenues to the infringing questions is justified," Fullam wrote.

MLSI was also enjoined from future copying of MBE test questions and its employees are now prohibited from taking bar exam tests "for any purpose other than to obtain bar admission in the jurisdiction in which the examination is being given."

Fullam's 25-page opinion in National Conference of Bar Examiners v. Multistate Legal Studies Inc. announces his verdict from a four-day nonjury trial in February.

MLSI's lawyer, Manny D. Pokotilow of Caesar Rivise Bernstein Cohen & Pokotilow, said he was "very disappointed" in the decision and that MLSI intends to appeal. According to court papers, NCBE's Multistate Bar Exam is a 200-question multiple-choice test currently used by more than 50 jurisdictions.

The drafting of MBE questions is a lengthy process conducted by panels of professors, judges and practitioners, and NCBE says it goes to great lengths to maintain secrecy of the questions because it reuses many of them, adding only 50 new questions each year. MLSI was founded in 1977 by Robert Feinberg and Dona Zimmerman, and the company currently offers a variety of programs -- a three-day class, a six-day class, and a one-on-one tutorial.

The suit focused on the three-day course that is offered in 150 locations.

Fullam found that Feinberg generates almost all of the questions and explanatory answer keys used in the course, and that he admits that he uses the notes of MLSI employees who have taken the MBE.

Feinberg himself has taken the MBE more than 20 times, Fullam found, and Zimmerman has taken it more than a dozen times.

But to ensure that they will be allowed to take the test again, they often fail, Fullam found.

"Given that these individuals are highly paid to prepare students to take (and presumably to pass) the bar exam, their failure rate is strikingly high. Mr. Feinberg, for example, failed five consecutive bar examinations in Alaska before barely passing in February 2004," Fullam wrote.

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"Perhaps even more startling, Ms. Zimmerman twice failed the Kentucky bar examination despite passing the essay portion, because her scores on the MBE were so low," Fullam wrote.

Zimmerman testified that she failed because the MBE "is quite a difficult examination," but Fullam said her explanation "speaks poorly of either her professional qualifications or her credibility as a witness."

In 2003, Feinberg was taking the Alaska bar exam -- the only state that allows test takers to use scratch paper -- and was cited at the close of the test for violating the rule against leaving the test site with notes.

Fullam said a proctor confiscated Feinberg's notes and filed an "irregularity report" with NCBE.

NCBE then conducted an investigation and concluded that MLSI's course materials included more than 100 questions copied from the MBE.

Fullam concluded that NCBE had proven that nearly all of the challenged questions were copied.

"This is the rare case in which there is direct evidence that defendants copied plaintiff's work," Fullam wrote.

Many of MLSI's questions, Fullam said, "reproduce MBE questions nearly verbatim, and others contain trivial variations that suggest awareness of copying. … In all, defendants copied well over 100 … questions from the MBE, in many cases duplicating passages nearly verbatim or reproducing labyrinthine fact patterns turn by turn."

Fullam also rejected MLSI's argument that the questions are not entitled to copyright protection.

"MBE questions may reflect original expression in their wording, particularized facts, and answer choices," Fullam wrote.

Pokotilow argued that the questions should be afforded only limited protection because they test established legal rules within a relatively narrow set of formal constraints.

Fullam disagreed, saying "teaching the legal principles tested on the MBE is permissible. Doing so using the same fact patterns, prompts and answer-choice combinations found in MBE questions is not."

In his closing paragraph, Fullam concluded that MLSI had compromised the integrity of the bar exam and may have assisted unqualified lawyers in passing the bar.

"Defendants' willful and egregious copyright infringement harmed the public as well as plaintiffs. States have a compelling interest in regulating admission to the bar both to maintain the integrity of the legal system and to protect the safety of their citizens," Fullam wrote.

"By exposing its students to questions likely to appear on the MBE, [the defendants] undermined the integrity of the bar examination, possibly causing the admission of unqualified applicants. That the victims of this harm are impossible to identify and the injury impossible to quantify underscores the need to deter would-be copyright infringers," Fullam wrote.

U.N. Treaty Trumps Parental Rights (WT)

By Michael Smith

The Washington Times, August 28, 2006

Could a 10-person panel of foreign nationals dictate, with the full weight of U.S. law, how we raise our children? This idea seems far-fetched, even ridiculous, but, unfortunately, it is possible.

The problem stems from the United Nations Convention on the Rights of the Child, which has been adopted by 192 nations. The treaty creates civil, economic, social and cultural rights for every child. The Clinton administration sought ratification, but the treaty was not approved by the U.S. Senate because of opposition from senators who were concerned it would undermine parental rights.

For example, the convention gives children autonomy regarding the school they attend, the friends they have and the activities they choose. If there is a disagreement, the parent's decisions could be reviewed by a third party. Consequently, parents could be subject to "identification, reporting, referral, investigation, treatment and follow-up."

Many people are probably asking the question -- if the Senate didn't ratify it, why is the convention still a problem for the United States? Unfortunately, this is not the end of the story because the U.S. court system has been incorporating the treaty steadily through a doctrine called "customary international law." This is where U.S. courts look to foreign courts and other international treaties to derive its interpretation of the U.S Constitution.

In the 2004 case Roper v. Simmons, a majority on the U.S. Supreme Court noted that the execution of juvenile offenders violated several international treaties, including the U.N. Convention on the Rights of the Child, and stated that the overwhelming weight of international opinion against the juvenile death penalty provides confirmation for the court's own conclusion that the death penalty is disproportional punishment for offenders younger than 18.

Additionally, a change in the makeup of the Senate could result in the ratification of the treaty. The consequences of these actions could be devastating for the American family because it would mean that any state law relating to education, the family, adoption and dozens of other issues could be nullified by a judge.

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Decisions interpreting the treaty in other nations could be relied on by our courts. An example of how this could unfold is occurring in Belgium today. A couple in Brussels is being threatened with criminal neglect for educating their children at home, and the Belgian authorities are using non-compliance with the convention as a legal argument to force the family to stop home-schooling. As reported by WorldNetDaily, the only response from the Belgian minister of education, Frank Vandenbroucke, came through a spokesman who said in a local newspaper that in Belgium home-schoolers must sign a document that requires them to follow the protocols of the U.N. convention.

"These parents have not done this. This is why the ministry has started an inquiry," he said.

It remains to be seen whether the Belgian courts, and potentially the European courts, uphold the position of the Belgian government. A ruling against the home-schooling Belgium family could have negative ramifications in the United States.

If the treaty is ratified, because of the way the U.S. Constitution is written, the convention would become the supreme law of the land. The U.S. Constitution's supremacy clause requires that "all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land." The U.S. Congress and state legislatures could not override the provisions of the treaty.

This scenario should remind us that we need to remain vigilant in defense of our liberty. In the short-term, it means that the appointment of judges who will not look to foreign courts for guidance is one of the ways the scenario above can be avoided.

Signs Of A Possible Power Shift In Congress Have Unions Going All Out To Reach Voters (WSJ)

By Kris Maher

The Wall Street Journal, August 28, 2006

This Labor Day many union leaders will have their sights set squarely on Election Day.

Unions have ratcheted up their political spending and voter-turnout efforts as polls suggest the 12-year Republican control of both houses of Congress could be in jeopardy. Democrats are more likely to support labor's favorite issues, such as an increase in the minimum wage, and Democratic control of even one chamber of Congress would make it easier to block legislation the unions oppose, such as free-trade agreements.

Still, if the Democrats make gains this November, the U.S. labor movement will be pushing its agenda amid some of the biggest obstacles in its history. The ranks of union members in the private sector continue to decline -- the share was down to 7.8% last year from 15% 20 years ago. Labor also is badly split after some of its biggest unions and most dynamic leaders left the AFL-CIO to form their own labor federation. Those unions have agreed to work with the AFL-CIO in the current election.

And as demonstrated by one of labor's most recent legislative efforts -- one that would make organizing private-sector workers easier -- business groups are planning for a time when unions find a friendlier audience in Congress. That measure, called the Employee Free Choice Act, already has drawn business opposition. "If the House changed leadership and the Employee Free Choice Act came up for a vote, I can tell you the business community would be all over it. It would be adamantly opposed," says Randel Johnson, vice president of labor at the U.S. Chamber of Commerce.

The AFL-CIO is spending $40 million on voter outreach, up from $35 million in 2002 and the most it has spent on turnout efforts in a midterm election. It says it will focus primarily by mobilizing 12.4 million union-affiliated voters for key races in 21 states.

While some of labor's legislative efforts would benefit manufacturers, many focus on measures that would particularly affect the service sector, where unions see growth potential among workers with low wages and benefits. At the top of labor's legislative wish list is an increase in the minimum wage from the current $5.15 an hour.

Bill Samuels, legislative director for the AFL-CIO, says that in the short term labor also would push to increase funding to the Occupational Safety and Health Administration and the Department of Labor to beef up enforcement of safety and wage-and-hour laws, as well as work to expand Medicaid and state health-insurance programs for children, revamp bankruptcy laws to make it harder for companies to shed contract obligations and also work to prevent passage of coming trade-agreement proposals with Peru and Colombia.

Unions also hope Democratic victories will help them build momentum in Congress for the Employee Free Choice Act. A key element would make it easier for them to organize workers by getting them to sign cards over a period of time, whereas today employers can require secret-ballot elections. If Democrats were to win both houses of Congress and pass the bill, forcing a presidential veto, union leaders believe they could make the legislation an even bigger issue during the 2008 presidential race.

Some unions make support a prerequisite for their endorsement. Candidates "have to understand that we are adamantly going to draw a line in the sand with this," says Fred Frost, president of the South Florida AFL-CIO.

The U.S. Chamber of Commerce and others have thrown their support behind the Secret Ballot Protection Act, which would amend the National Labor Relations Act to require the use of secret-ballot elections.

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Earlier this year, the Center for Union Facts, a nonprofit funded primarily by business interests, was founded largely to wage a campaign against the Employee Free Choice Act, according to Rick Berman, its executive director. The group ran a newspaper advertisement attacking Bruce Raynor, president of Unite Here, a union representing mostly hotel and apparel workers. The ad juxtaposed a picture of Mr. Raynor, a strong advocate of organizing workers via card signatures, with photographs of Kim Jong Il and Fidel Castro.

Bill Adams, president of Adams, Nash, Haskell & Sheridan, a labor-consulting company based in Fort Wright, Ky., sent a newsletter to 400 employers last week, in which he says that "because of the changing political landscape in Washington, labor has now amassed ominously large numbers of sponsors and supporters in both houses of Congress" for the act.

The proposed law also would call for mediation after successful organizing drives if no first contract is reached within 90 days -- a change aimed at remedying protracted negotiations. It would also set financial penalties of as much as $20,000 for individual unfair labor-practice violations.

A report released in December, prepared by researchers at the University of Illinois at Chicago for the pro-labor group American Rights At Work, examined union-organizing campaigns in the Chicago metropolitan area in 2002. It found that 30% of employers faced with organizing campaigns fired workers who engaged in union activities and 49% threatened to close or relocate all or part of the business if workers chose to form a union.

Business groups say the data, which are based in large part on interviews with union organizers, are questionable. Michael Eastman, director of labor policy at the U.S. Chamber of Commerce, says current labor law "is a significant deterrent for an unscrupulous employer."

Ronald Meisburg, general counsel for the National Labor Relations Board, said that elections where unions are seeking to represent workers typically occur without significant delays and that unions win well over 50% of elections. Yet he said the board has found merit in union charges that employers don't bargain in good faith in more than a quarter of all cases when new unions are formed. The election process "is working very smoothly," he said. "We can do a better job enforcing the fruits of that."

Consultants who run antiunion campaigns for companies say that they do all that they can to thwart unions. "We're not going to make it easy on them," says Mr. Adams, the labor consultant for employers. One contract he helped negotiate with a newly certified union took seven years, he says. "Obviously, what we're doing is lawful."

Saved By VDOT (WP)

The Washington Post, August 28, 2006

SEN. GEORGE Allen (R-Va.) has had a rough political month, but he should be breathing a sign of relief that Virginia transportation officials nixed an ill-advised request to shut down high-occupancy-vehicle lanes for some presidential convenience.

As reported by The Post's Michael D. Shear, the Secret Service wanted to close all the HOV lanes on Interstate 395 for a good chunk of last Wednesday so that President Bush could travel to a fundraiser for Mr. Allen near Mount Vernon. Just think about it.

The gridlock (involving an estimated 22,000 people in cars, not to mention buses and displaced carpoolers) would have been nothing compared with the political uproar that would have resulted. The controversy over the senator's recent unkind use of the word "macaca" would have paled in comparison.

It's only fair to point out that Mr. Allen and his campaign had nothing to do with the request, which was properly rejected, leaving the president to travel to the event by helicopter.

However, it's only fitting that we applaud Virginia transportation officials. It's good to know that sometimes there is something they can do about traffic.

Steele Campaign Stresses Border Security (WT)

By S.A. Miller

The Washington Times, August 28, 2006

Lt. Gov. Michael S. Steele is bringing the national issue of border security home to Maryland in fundraising brochures for his U.S. Senate campaign and on the hustings.

"We have to focus on what the American people want us to focus on," Mr. Steele, a Republican, told The Washington Times. "In their hearts and their minds, they want to see the Senate and House come together on a strategy that incorporates personnel, technology and other resources to secure the border.

"I think that is an important first step before you move into anything else in the debate on immigration," he said. "You have to start with the fundamental point that we have a porous border. Until you can control that, you can never deal successfully with the human element that is such an important part of what we need to face."

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None of the top Democratic candidates -- Rep. Benjamin L. Cardin, former congressman and former National Association for the Advancement of Colored People leader Kweisi Mfume and Bethesda millionaire Josh Rales -- list on their campaign Web sites border security or immigration as a priority issue. Mr. Mfume's site is the only one to mention border protection, which he delineates as a facet of homeland security. The Cardin and Rales campaigns did not return calls seeking comment.

Mr. Steele devotes a page to the immigration topic on his campaign Web site, which advocates "immediate steps to secure our borders" before addressing illegal aliens or the businesses that employ them.

He also cites the border-security issue in his latest fundraising letter.

"I know what needs to be done in Washington," he says in the letter. "We need to make a commitment to strong family values, and we must secure our borders today so every American citizen is safe in their own community."

Mr. Steele told The Times on Thursday that he think it is "a message that resonates with every Marylander -- Democrat, Republican, independent, whatever."

Polls show Americans are divided on immigration reforms such as guest-worker programs and citizenship programs for illegal aliens, but most voters support measures to tighten border security.

In Maryland, 71 percent of voters say government policy should focus on securing the country's borders and enforcing existing immigration law before attending to further reforms, according to a recent poll by Rasmussen Reports.

President Bush is pressing Congress to pass immigration reforms that include the guest-worker program and a citizenship process for illegal aliens. But lawmakers hit an impasse with the House backing tighter border security and the Senate favoring more lenient immigration policies.

The president has tried to allay concerns by ordering National Guard troops to help the Border Patrol and promising to crack down on businesses that hire illegal aliens.

Mr. Cardin, a 10-term congressman, has voted 14 times against and two times for enhanced border security since 2000. Last year, he voted against the bill that called for a 700-mile fence on the southern border.

His campaign Web site presents position papers on 12 issues including health care, the war in Iraq, government ethics and human rights, but not immigration or border security. The position paper on homeland security stresses Maryland's proximity to the District and the need for improved security at ports.

Mr. Rales' campaign Web site also excludes the issue.

His statement on the "threats and realities of the 21st Century" does not mention border security but calls for bringing troops back from Iraq and "reallocating resources to fighting the war on terror and defending our homeland."

Major Black Candidates At Record High (CSM)

By Linda Feldmann

The Christian Science Monitor, August 28, 2006

WASHINGTON

From Maryland to Tennessee to Ohio, the 2006 elections already hold a place in the history books: More black candidates from both major parties are mounting serious campaigns for upper-tier office - senator or governor - than ever before.

Even more noteworthy, three of the six men are Republican, a party that has struggled to boost its black affiliation above 10 percent. In Maryland, after the Sept. 12 primary, the major-party choice for Senate could come down to two African-Americans.

Whether this year's numbers represent a trend is too early to say. Let's get through a few more election cycles first, political analysts say. But these numbers are not just a coincidence. As with the long-fought rise of women in elective office, African-Americans have toiled for decades to boost their numbers at the lower political levels, and are building the résumés usually required for candidates to upper-level office.

"It's a signal moment in American politics," says Lester Spence, a political scientist at Johns Hopkins University in Baltimore.

Historically, blacks have faced a steep climb running for statewide office. Only one African-American - L. Douglas Wilder (D) of Virginia - has ever won the governorship. In the Senate, only five blacks have served, including two in the 1870s. If Rep. Harold Ford Jr. (D) of Tennessee wins his race, he will be the first black senator from the South since Reconstruction.

But that's a big "if." The Republicans nominated a moderate, former Chattanooga Mayor Bob Corker, and so it will be a tougher race for the centrist Mr. Ford than if one of the more right-wing Republicans in the primary had won. And even though the Ford family is a brand name in Tennessee politics - Harold Jr.'s father preceded him in representing the Ninth District for 22 years - the legal problems of other family members could hurt him.

Polls show a tight race, but "Harold's not going to win without a strong Demo- cratic wave," says David Bositis, an expert on African-American politics at the Joint Center for Political and Economic Studies in Washington.

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Of course, the 2006 midterms are showing the telltale signs of a pro-Democratic "wave" election, with the Republican-controlled White House and Congress suffering from high negatives. That could help sink the black Republicans running for statewide office. In Pennsylvania, the GOP's gubernatorial nominee, retired Pittsburgh Steeler Lynn Swann, already faced the near-impossible task of unseating the incumbent Democrat, Ed Rendell.

But in Ohio and Maryland, a more favorable climate toward Republicans could have been a boon to Ken Blackwell, nominee for governor in the Buckeye State, and Lt. Gov. Michael Steele, the only viable Republican in the Maryland Senate race. Both of those men are considered underdogs in their general election races.

Mr. Blackwell, in particular, suffers from GOP scandals in his state. "State party scandals - that's the biggest enemy of Ken Blackwell," says Raynard Jackson, a black Republican activist.

In Massachusetts, Deval Patrick is one of three Democrats in the primary for governor. While he brings a major-league résumé - Harvard-educated, top Justice Department appointee, executive at Coca-Cola - this is his first foray into politics, and he is in a tight race.

Still, Mr. Patrick is representative of a new breed of black politician: Ivy League educated, at home in corridors of power.

Of the six African-Americans running for upper-tier office, only former Rep. Kweisi Mfume of Maryland - a Democratic contender for Senate - brings to his contest an inner-city street image reminiscent of the old-style civil rights struggle. But he, too, faces an uphill battle for his party's nomination, amid allegations of sexual impropriety during his tenure as head of the NAACP. If his main primary opponent, Rep. Ben Cardin, wins the nomination, polls show him beating Mr. Steele. Maryland, after all, is a Democratic state. If Mr. Mfume wins, the race tightens up, as some of the white vote shifts to Steele.

Ultimately, all six of the African-Americans running for Senate and state house could end up losing. When a white and a black with comparable qualifications go head to head, "then racial stereotypes come into play," says Ron Walters, director of the African American Leadership Institute at the University of Maryland, College Park. "People ask, 'Can he govern? Can I trust him to represent me?' Blacks have to go the extra mile to prove their fidelity and their competence."

Voters remain more comfortable with representatives who "look like them," Professor Walters says. But, he adds, it's better for black politicians to run and lose than not to try in the first place.

For black Republicans, the frustration is especially palpable. Despite efforts to reach out to black voters, the national GOP recruited an alternative candidate who happened to be white to run against a well-funded black pastor in the Michigan Senate primary. The white candidate won.

As TV Campaign Spending Soars, Cable Outlets Attract More Dollars (WSJ)

By Amy Schatz

The Wall Street Journal, August 28, 2006

As campaign season kicks into high gear, television-advertising spending is on track to possibly break the 2002 record. But unlike previous mid-term election years, candidates are devoting more money than ever to cable TV in an effort to target voters more precisely.

Though most political ad dollars traditionally are spent after Labor Day, tight primaries and early spending on House, Senate and gubernatorial races have pushed local TV-ad spending above $311 million as of mid-August, up 45% from the same point in 2004 and more than three times as much as in 2002, according to Campaign Media Analysis Group, a division of TNS Media Intelligence, which tracks political ad spending. All political ad buys by mid-year, including issue ads, ballot initiatives and other issues, have pushed spending above $700 million nationally, the firm says.

About 85% of that spending still is expected to go to local broadcast television stations, but cable operators say they're tracking well ahead of expectations and look forward to a particularly lucrative mid-term election this time, thanks to a growing acceptance of cable by political ad buyers and a desire of candidates to better target their messages.

The heavy spending in part reflects the view of both parties that the stakes are high this year. Control of Congress is in play, with Democrats hoping to pick up the House and at least a few Senate seats. Incumbents in both parties are fighting uneasiness, as reflected in many polls, that the country is heading in the wrong direction. There also are competitive gubernatorial races in big states with expensive media markets, including California, Michigan and Florida.

Meanwhile, candidates are unusually flush with cash, thanks to aggressive fund-raising efforts. By the end of July, the Republican National Committee had raised a total of $176 million this election cycle, compared to the Democrats' $95 million, according to PoliticalMoneyLine, which tracks political contributions. But Democrats are closer than usual to matching Republican fund-raising totals this year, and the Democratic Senatorial Campaign Committee has even surpassed its rival by $12 million, with $77 million total raised. Special-interest groups are also expected to spend heavily in certain races this fall.

When it comes to cable spending, industry executives credit President Bush's embrace of national cable ads in his 2004 re-election campaign for the burgeoning interest of other candidates now.

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"With cable and radio, you can more precisely target a segment than broadcast television. The audience is more fragmented in cable and radio. You can pick out the fragments you want," says Will Feltus, senior vice president for research and planning at National Media, a Washington firm that bought ads for President Bush's 2004 campaign.

National Cable Communications, a spot cable-ad firm jointly owned by Comcast Corp., Cox Communications and Time Warner Cable, estimates about $200 million will be spent on local and national cable spots this cycle.

Cable stations carried ads in practically every major statewide primary across the country this year, says Chuck Cowdrey, vice president of political strategy for the firm. "We never participated in primaries before," Mr. Cowdrey says. "I think we would have eventually gotten there, but it would have moved more slowly. (The Bush campaign ad buys) had that kind of impact."

As of last week, "we're tracking 70% ahead of where we were in 2004," says Ed Dunbar, vice president of corporate integration at Comcast's Spotlight national advertising-sales division. "The television audience is not as monolithic on the broadcast side as it once was and there's recognition of that."

The Bush team originally turned to cable largely for practical reasons: Its demographic data showed Republicans tend to watch more cable programming, while Democrats tend to watch more broadcast television. Spending about $20 million for national spots on networks including Outdoor Life Network and the Golf Channel allowed the Bush campaign to capture the attention of its base, even in states where it wasn't otherwise spending much money, like Hawaii and Texas.

Consequently, some statewide candidates, such as California Gov. Arnold Schwarzenegger, have been on the air for months -- on both broadcast TV and cable -- with ads aimed at redefining the race and getting a head start on the competition. Not coincidentally, Mr. Schwarzenegger's team includes several of the main architects behind Mr. Bush's re-election campaign, including ad guru Alex Castellanos, pollster and strategist Matthew Dowd and campaign manager Steve Schmidt, who did rapid response for Mr. Bush's campaign.

The governor spent more than $16 million during the first half of the year and more than $7 million of that total was spent on television ads, campaign finance records show. Democrat Phil Angelides has spent $21 million on television ads during the first half of the year, but much of that effort was spent in a nasty gubernatorial primary battle, which he won by just 4% in June.

The growing interest isn't based on more viewers watching cable at the expense of broadcast TV, but the ability of campaigns to better target demographic groups, says Mr. Dowd. "You figure out who your voters are in California and what they watch and what they listen to...You can get someone who watches certain sports, or A&E or Lifetime," he says. "It's a better way to be more efficient with each dollar spent. We're going to spend more on cable than anyone in California has ever spent before."

Pennsylvania Republican Sen. Rick Santorum also has been spending liberally on cable ads statewide to boost his support in his race against Democrat Bob Casey, Jr. Of late, Mr. Santorum appears to have made some inroads; Mr. Casey still continues to lead in various polls, but the margins have narrowed.

It's not just cable; broadcasters, too, are projecting robust political ad sales this fall to Wall Street. "We expect our local stations to have a great fall because of some extra heavy political spending," says Leslie Moonves, CBS Corp.'s chief executive officer.

In June, Media General Inc., owner of 25 daily newspapers, including the Tampa Tribune, and 30 broadcast stations, said its broadcast division expects to see $36 million in political advertising revenue this year, 12% more than 2002. Gannett Co. executives told investors it expects "very significant" broadcast advertising this fall driven by local stations in Florida, Colorado and California.

"You're going to have some potential inventory problems in some local markets," says Evan Tracey, chief operating officer of Campaign Media Analysis Group, the political ad tracking firm based in Arlington, Va. "In Ohio, those markets are going to be jam-packed with ads." He adds that some campaigns already are going negative. "The rhetoric is already very strong for this early in the election," he says. "Everyone is playing for keeps."

For instance, in Indiana's second congressional district, which has been targeted by Democrats as a potential pick-up, incumbent Republican Chris Chocola and his Democratic opponent Joe Donnelly have been jousting in a series of TV ads over late tax payments. In early August, Mr. Chocola released an ad accusing his opponent of paying his property taxes late 15 times. "Joe Donnelly wants to raise our taxes," it said. "Even worse, he's delinquent paying his own."

A few days later, Mr. Donnelly's campaign fired back with a TV ad suggesting Mr. Chocola also was guilty of late tax payment when he was chief executive of an agricultural company. The Democrat later said records showed the congressman also had once paid a late property tax bill -- of $66.26.

This Fall, New Push Against Big Tobacco (CSM)

By Ron Scherer
The Christian Science Monitor, August 28, 2006
NEW YORK

Smoking is back in the cross hairs.

This fall, voters in a record eight states will be voting on tobacco-control initiatives that range from sharply higher taxes to smoking bans in most workplaces.

Earlier this month, a federal judge ruled that the tobacco industry had conspired to mislead the American public about the health effects of smoking. She also ruled that one remedy is to end use of the terms "light" and "low tar."

And the industry may face yet more counteradvertising: New York Mayor Michael Bloomberg recently said he was donating $125 million for global antitobacco efforts.

The results of the state initiatives in particular will be a gauge of political will, antismoking groups believe. If the initiatives pass, they say, members of Congress will take notice and perhaps consider national regulation of tobacco. And as more states protect the rights of non-smokers, they point out, pressure mounts on more lenient states.

"By 2008 or 2009, we may have made every state smoke-free in restaurants and the workplace," says Paul Billings, vice president for national policy at the American Lung Association in Washington. "As people visit places like New York, California, Delaware, or Maine and have a smoke-free experience, they come to expect it in their own state."

As part of the tobacco-control efforts, states have been steadily raising per-pack taxes. The current average state cigarette tax, including Washington, D.C., is 93.7 cents per pack, up from 91.6 cents this January and up from 72 cents a pack in January 2004.

One of the latest such efforts is in California, where a coalition of health groups met last year to begin a citizen process to raise the state's cigarette taxes, which had not been hiked since the late 1990s. Using a recommended level suggested by the federal Centers for Disease Control and Prevention, the groups settled on a hike of $2.60 a pack, which would make California cigarette taxes among the highest in the nation.

"We said, what is the amount that actually has an impact?" says Kris Deutschman, communications director for Proposition 86, the name of the ballot initiative. According to the American Lung Association in California, 200 underage kids begin to smoke in the state a day, and there are currently 200,000 underage smokers. "We think between the size of the increase and the use of the funds, it will prevent 700,000 kids in California from starting to smoke," says Ms. Deutschman.

But those opposed to the new tax, a combination of tobacco interests and business groups, have already been hitting the airwaves. John Singleton, a spokesman for R.J. Reynolds Tobacco in Winston-Salem, N.C., says raising taxes would "create all kinds of problems for retailers." It would "exacerbate" the smuggling problem, he says, and perhaps give extra money to those raising money for terrorism.

Terrorism and smuggling are "red herrings," replies Paul Knepprath, a vice president at the American Lung Association of California in Sacramento. "We already have the infrastructure to combat smuggling, and 70 percent of people buy their cigarettes at the most expensive place - the convenience store."

Reynolds, which has said it will spend $40 million fighting the ballot initiatives, is bankrolling opposition to proposed smoking restrictions in Arizona and Ohio. The company's strategy includes a competing proposal that sounds like health measures but allows smoking in bars and other places. "One of the few places we can interact with adults who smoke is in bars and nightclubs where typically the owner can set the smoking policy," says Mr. Singleton.

But the health sponsors of Arizona's proposed ban on smoking respond that there "clear differences" between the two plans. If Reynolds's sponsored proposal were voted in, it would potentially allow smoking at 3,000 restaurants that have bars. In addition, the Reynolds proposal does not provide enforcement.

"Their proposal just protects the pocketbook of Big Tobacco," says Troy Corder, communications director for Smoke-Free Arizona.

Antitobacco activists had hoped to get an infusion of money as a result of the government's racketeering lawsuit against the tobacco companies. But Judge Gladys Kessler did not fine them massive amounts of money because an appeals court had already limited the potential penalty.

However, Judge Kessler did prohibit the companies from marketing cigarettes by using terms such as "low tar" as of Jan. 1, 2007. According to the Federal Trade Commission, in 2003 these brands represented 85 percent of all cigarettes sold in the US. However, antismoking groups expect the tobacco companies to adapt.

"The European Union and Brazil banned the use of light and low-tar cigarettes, but during the transition, the industry color-coded the products," says Matthew Myers, president of the Campaign for Tobacco-Free Kids in Washington. "By the time the ban went into effect, smokers didn't need the labels."

However, antismoking forces can expect an influx of fresh money sometime in the future once Mayor Bloomberg decides how to distribute his funds to combat global tobacco use. "It could be the start of one of the most important public-health campaigns in history," says Mr. Myers. "It could speed up the process of reducing tobacco use in developing nations and those with the highest smoking rates."

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The Safer Cigarette Delusion (NYT)

The New York Times, August 28, 2006

The decades-long campaign by the tobacco industry to dupe smokers into thinking that “low tar,” “light” and “ultra light” cigarettes are a safe haven has been astonishingly effective. Some 85 percent of all smokers today use the supposedly safer cigarettes. What most of them don’t realize is that these cigarettes are every bit as risky as the full-flavor versions that they have largely replaced.

The reason is a phenomenon known as compensation. Most smokers are hooked on nicotine and crave a certain daily dose. If a light cigarette gives them too small a dose in each puff, they will make up the difference, often unconsciously, by taking more puffs, inhaling more deeply, covering cigarette ventilation holes or simply smoking more cigarettes. More than 95 percent of all smokers compensate, with many replacing every bit of tar and nicotine they thought they were avoiding.

The tobacco industry has known about this phenomenon since at least the late 1960’s, as revealed by internal company documents cited in a recent decision by a federal judge in the District of Columbia. But it is distressing to learn how easily the companies fooled public health experts and federal regulators. The Federal Trade Commission adopted a method to test cigarettes on a smoking machine that would measure the amount of tar and nicotine, and a 1981 Surgeon General’s report even suggested that smokers unable to quit would be well advised to switch to cigarettes that scored better on the test. Unfortunately, a cigarette could look a lot safer when smoked by the machine than when smoked by nicotine-addicted humans.

No wonder there has been no decline in the risk of lung cancer or other smoking-related diseases even though smokers have moved in droves to supposedly safer cigarettes. Smokers of light or low-tar cigarettes need to realize that the industry is not so much concerned about their health as it is worried, in the words of an internal document, that their penchant to quit smoking entirely could pose “a special problem for the cigarette industry.”

Alaska's Gray Davis? (LAT)

The Los Angeles Times, August 28, 2006

POLITICAL FORECASTERS LOOKING for cutting-edge national trends shouldn't read too much into Alaska Gov. Frank H. Murkowski's decisive defeat in that state's Republican primary last week. The message voters delivered was as timeless as it was bipartisan. He made them mad, so they dumped him.

Murkowski had easily won reelection three times to the U.S. Senate. But once he left that job for the governorship, he angered constituents by naming his daughter to fill out his unexpired fourth Senate term. Politics is increasingly treated as a family business nationwide, but this was an especially outrageous dynastic power grab. Alaskans didn't hold that decision against the younger Murkowski, electing her to a full term in 2004. But that same year, they did register their objections with her father, mandating by initiative that future vacated seats be filled by special election, not gubernatorial appointment.

Nepotism was not the only manifestation of Murkowski's imperial manner. The $2.7 million he spent on an executive jet (while cutting benefits to seniors) managed to offend even the residents of a state with more pilots per capita than any other. And although most Alaskans pine for a natural gas pipeline to replace dwindling oil-field revenues, they weren't happy with the deal Murkowski offered oil companies to build the thing, or the secrecy under which he conducted the negotiations.

For his arrogance, Murkowski got fewer votes than either of his two Republican challengers, both of whom had been on the short list to fill the Senate seat that went to his daughter. (Their campaigns featured dueling dog-musher endorsements, but that's another story.)

If only it were a national trend for politicians to get so deserving a comeuppance.

Then again, if only it were an Alaskan trend to reject arrogance in Washington as well as at home. Murkowski's reelection to the Senate was all but guaranteed as long as he and the rest of the state's long-serving congressional delegation delivered more pork per capita than any other state, including boondoggles such as Sen. Ted Stevens' recent multimillion-dollar "bridge to nowhere."

Murkowski was the same person in Alaska that he'd been in Washington; he was just using state money to buy the pork. By electing him governor in the first place, Alaskans got their comeuppance too.

Shopping For Support Down The Wrong Aisle (WP)

By Sebastian Mallaby

The Washington Post, August 28, 2006

Once upon a time, smart Democrats defended globalization, open trade and the companies that thrive within this system. They were wary of tethering themselves to an anti-trade labor movement that represents a dwindling fraction of the electorate. They understood the danger in bashing corporations: Voters don't hate corporations, because many of them work for one.

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Then dot-bombs and Enron punctured corporate America's prestige, and Democrats bolted. Rather than hammer legitimately on real instances of corporate malfeasance -- accounting scandals, out-of-control executive compensation and the like -- Democrats swallowed the whole anti-corporate playbook.

To see the difference between then and now, just look at the Clintons. In the late 1980s and early 1990s, Hillary Clinton sat on Wal-Mart's board; and when Sam Walton died in 1992, Bill Clinton lauded him as "a wonderful family man and one of the greatest citizens in the history of the state of Arkansas." Campaigning in the New Hampshire primary that year, Bill Clinton came proudly to the rescue of a local company called American Brush Co. by helping it become a Wal-Mart supplier.

Times change. Last year Hillary Clinton returned a campaign contribution from Wal-Mart, even though she had no compunction in banking a check from Jerry Springer. The nation's most successful retailer, which has seized the opportunities created by globalization to boost the buying power of ordinary Americans, is now seen as too toxic to touch. But a trash-talking TV host is acceptable.

Clinton is not alone in this. The stiff-necked Joe Lieberman, who holds fast to his principles on the Iraq war, recently abandoned his centrist economic credentials by appearing at an anti-Wal-Mart rally. No matter that Lieberman once served as chairman of the business-friendly Democratic Leadership Council. Now he proclaims his determination "to wake up Wal-Mart and say, 'Treat your workers fairly.' "

After Lieberman, a senator from Connecticut, stepped down as chairman of the DLC, he was succeeded by Sen. Evan Bayh of Indiana. Well, Bayh recently showed up at an anti-Wal-Mart rally, too, as has Iowa Gov. Tom Vilsack, who is the current DLC chairman. The Wake Up Wal-Mart campaign bus, which is trundling across the country on a 35-day tour, ensnares prominent Democrats in almost every state it passes through. Harry Reid, the Democrats' Senate leader, appeared at an anti-Wal-Mart event on Saturday, and Sen. Joe Biden and Gov. Bill Richardson popped up at earlier stops. When the campaign bus reaches Washington state on Labor Day, both Washington's Democratic senators are expected to greet it.

How can supposedly centrist Democrats defend this betrayal of their principles? Some claim that their beliefs are consistent, but that the company has changed: The Wal-Mart of the early 1990s mainly bought American, whereas today's irresponsible monster buys cheap stuff from China. But this argument merely illustrates how far Democrats have come. Since when did the party's centrists believe that trading with China is evil? It was the Clinton administration that brought China into the World Trade Organization.

Other Democrats reaffirm their centrist credentials while calling upon Wal-Mart to pay workers more. "We are not here today because we are anti-business," Bayh asserted in Iowa recently as he demonstrated against Wal-Mart -- a contention that the retailer's shareholders, who have spent millions defending their brand against Wake-Up Wal-Mart, may have a hard time swallowing. But the idea that Wal-Mart pays below-market wages is false. Otherwise nobody would work there.

Hillary Clinton and Sen. John Kerry have attacked Wal-Mart for offering health coverage to too few workers. But Kerry's former economic adviser, Jason Furman of New York University, concluded in a paper last year that Wal-Mart's health benefits are about as generous as those of comparable employers. Moreover, Clinton and Kerry know perfectly well that market pressures limit the health coverage that companies can provide. After all, both senators have proposed expansions in government health provision precisely on the premise that the private sector can't pay for all of it.

The truth is that none of these Democrats can resist dumb economic populism. Even though we are not in a recession, and even though the presidential primaries are more than a year away, the DLC crowd is pandering shamelessly to the left of the party -- perhaps in the knowledge that the grocery workers union, which launched the anti-Wal-Mart campaign, is strong in the key state of Iowa.

For a party that needs the votes of Wal-Mart's customers, this is a questionable strategy. But there is more than politics at stake. According to a paper for the National Bureau of Economic Research by Jerry Hausman and Ephraim Leibtag, neither of whom received funding from Wal-Mart, big-box stores led by Wal-Mart reduce families' food bills by one-fourth. Because Wal-Mart's price-cutting also has a big impact on the non-food stuff it peddles, it saves U.S. consumers upward of $200 billion a year, making it a larger booster of family welfare than the federal government's $33 billion food-stamp program.

How can centrist Democrats respond to that? By beating up Wal-Mart and forcing it to focus on public relations rather than opening new stores, Democrats are harming the poor Americans they claim to speak for.

Schwarzenegger Gives Up (WSJ)

By Shikha Dalmia

The Wall Street Journal, August 28, 2006

Arnold Schwarzenegger is following the wrong script. After taking over as governor in 2003, he was expected to vanquish business-as-usual politicians in Sacramento -- and pull California from the brink of fiscal ruin. Instead, he has decided to put his

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own political future ahead of the economic survival of his beloved Golden State. How else to interpret his recent move to join ranks with his opponents in Sacramento to put a pork-heavy $37 billion bond infrastructure proposal on the November ballot?

Mr. Schwarzenegger's move officially marks the end of his grand plans to reform Sacramento, earning him kudos from many California Democrats. Sen. Don Perata, the most influential Democrat in the state legislature, and Senate Assembly Speaker Fabian Nunez have praised Mr. Schwarzenegger's leadership and pledged to campaign with him this fall to promote the initiative. Making joint appearances with prominent Democrats while he is campaigning for re-election will help cement Mr. Schwarzenegger's image as a political moderate, something he has been trying hard to cultivate in this bluest of blue states since last year. That's when the state's public unions accused him of right-wing partisanship, and defeated the bold reform initiatives he put on the ballot to curtail their influence on state government and politics.

The real issue, however, is what this bond measure will do to California. Few doubt the need for California to invest in its crumbling infrastructure. But this is an infrastructure bond in name only. The four big-ticket items in the bond -- which is two times bigger than the biggest bond in the state's history -- are $2.6 billion for housing, $10.4 billion for K-12 schools and universities, $3.1 billion for levee repairs and $19.2 billion for transportation.

The housing bond is simply welfare masquerading as a capital project. A bulk of its money won't fund general infrastructure -- an acceptable use of general-obligation bonds like these -- but such things as cheap multifamily dwellings for low-income families, and down-payment assistance for first-time home buyers.

The education bond is equally misguided, given that 40% of the state's $94 billion general-fund revenues are already constitutionally earmarked for education. Moreover, California voters approved a total of $25 billion for school-construction bonds in 2002 and 2004 to reduce overcrowding. If there is still not enough money for new schools, it is not because of lack of state spending, but abject waste by individual districts. If anything, this handout will encourage more waste by undercutting districts' need to explore the kind of public-private partnership responsible for Inderkum High School in Sacramento being completed a month early and $2.5 million under budget. In this case, a private developer built the school and district authorities used their public dollars to lease the facility from him.

In contrast to schools, California has genuinely underinvested in its levees and transportation. Yet it is unclear that general-obligation bonds that mortgage the wallets of all future taxpayers are the best remedy. To the extent that levee repair, for instance, would benefit mostly those living in the flood plains, at least part of the cost ought to be recovered through special assessments on them.

California has also been routinely raiding the transportation dollars it raises from gas taxes for other general fund needs -- a fact obvious to anyone who has ever battled traffic on the San Diego Freeway. Yet only about half of this bond's revenues are slated for actual road building. Instead, $4 billion is going to mass transit even though mass transit's share of commuters, never large, has dropped by 9% since 2000.

Even after the proposed $19 billion transportation bond and the $384 billion in planned transportation spending by the state's biggest three regions (Los Angeles, the Bay Area and San Diego), California's traffic congestion will actually be worse in 2030 than it is today because the state is choosing pork and pet transit projects instead of prioritizing and adding much-needed highway capacity.

There are better ways of generating steady revenues to fund transportation and other needed infrastructure that don't involve giving Sacramento's politicians a ready excuse to dip into the pockets of future taxpayers. Among them, notes Donna Arduin, Mr. Schwarzenegger's former finance director, are things like privately built toll roads and congestion pricing. "These were things that were recommended to him back when he first took office," she says.

It is disheartening that the governor -- who claims to have been inspired to enter political life by the small-government ideas of Milton Friedman and Adam Smith -- has ignored these measures, especially now when government spending in California is touching the stratosphere. Indeed, despite the fact that California's economy has rebounded after the dot-com bust, pouring $7 billion more than expected into the state's coffers this year, the state's 2006-07 budget still shows a deficit of $7 billion. California has the dubious distinction of being one of only eight states showing deficits instead of surpluses right now.

"That would not have been the case had the state simply held its spending increases to the expected gains in revenues," laments Tom McClintock, a Republican state senator who is running for lieutenant governor this year and who has refused to endorse any of the bond measures except for the one pertaining to levees. "This would have covered inflation, population increases and then some."

The deficit is not all Mr. Schwarzenegger's fault, of course. He deserves much credit for killing Gray Davis's notorious car tax and reforming California's job-killing worker compensation laws, both of which have paved the way for California's economic recovery and generated revenues for the state.

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But the bond proposal suggests that Mr. Schwarzenegger has given up on even trying to put California's fiscal house in order -- his core promise when he took office. Instead, he has flipped the script, deciding to buy off special-interest groups by throwing even more money at their pet causes.

Ms. Dalmia is a senior analyst at Reason Foundation.

Rumsfeld Sees Some Progress In Missile Plan (NYT)

By David S. Cloud

The New York Times, August 28, 2006

FORT GREELY, Alaska, Aug. 27 — Secretary of Defense Donald H. Rumsfeld said here Sunday that while the fledgling United States ballistic missile defense system was becoming more capable, he wanted to see a successful full-scale test before declaring it able to shoot down a ballistic missile.

"I have a lot of confidence in these folks, and I have a lot of confidence in the work that's been done," Mr. Rumsfeld said after touring one of the system's two interceptor sites. But he added that he wanted to see a test "where we actually put all the pieces together; that just hasn't happened."

Mr. Rumsfeld's assessment was more cautious than that of the Missile Defense Agency director, Lt. Gen. Henry A. Obering III of the Air Force. General Obering said recently that he was confident the system could have shot down a ballistic missile test-fired July 4 by North Korea, if it had been a live attack aimed at the United States. The two-stage rocket broke up shortly after launching and fell into the Sea of Japan.

The Bush administration has taken the unusual step of deploying the system, which is designed to shoot down a limited number of missiles, before testing is completed and before all the radars and sensors necessary to track incoming missiles are in place. Mr. Rumsfeld repeated Sunday that the system was aimed at protecting against attacks from North Korea and Iran, which he called "rogue states that are intent on developing long-range ballistic missiles."

The first flight test of the American system in more than a year, involving the firing of an interceptor at a target, is planned for this week, but it is not the sort of full-blown trial Mr. Rumsfeld meant.

The goal this week is to see if sensors in the so-called kill vehicle can recognize an incoming warhead, not to actually hit it, General Obering said. A test in which the kill vehicle is supposed to hit the target warhead is planned for later this year, he said.

But General Obering said that this week's test was "about as realistic as you can get" because it employed a target that in its size and speed was representative of missiles that might be fired at the United States.

In the last two flight tests, the system halted the firing sequence before the interceptor missile left its silo. General Obering said those setbacks were due to "minor glitches" in software and workmanship by contractors that had "nothing to do with the functionality of the system."

Even so, after the second failed test in February 2005, the system was taken down until December.

On his tour of Fort Greely, a remote base 100 miles from Fairbanks, Mr. Rumsfeld climbed down a ladder into an underground silo containing one of the 10 54-foot-long interceptor missiles already deployed. Another of the three-stage missiles is scheduled to be put in the ground on Monday, officials said, and as many as 40 are supposed to be installed by next year. The other interceptor site is at Vandenberg Air Force Base in California, where two interceptors are in silos.

Once the sensors detect an incoming missile and the interceptor is launched, it flies 18,635 miles an hour until the kill vehicle separates from its missile and, if it works correctly, flies into the incoming one, destroying it.

The Bush administration is also looking at locations for an interceptor site in Europe that would protect the United States and parts of Europe from missiles launched from the Middle East. The administration is seeking $126 million this year to build the site and the interceptors, which could be in place in four years if Congress provides the money, General Obering said.

Later in the day, Mr. Rumsfeld met in Fairbanks with Sergei Ivanov, the defense minister of Russia, which has long been wary of the American antimissile system, fearing it could be expanded into a more robust shield that would threaten the strategic balance between the United States and Russia.

Mr. Ivanov did not directly criticize the American system, but he called for "transparency" by the Bush administration, a term meant to convey Russia's concern about any modifications to the system that could take its capabilities beyond stopping a small number of missiles.

Rumsfeld Wants More Missile-shield Testing (USAT/AP)

By Robert Burns

USA Today, August 28, 2006

FORT GREELY, Alaska — Defense Secretary Donald Rumsfeld on Sunday sounded a note of caution about expectations that interceptors poised in underground silos here would work in the event of a missile attack by North Korea.

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Rumsfeld climbed down a steel ladder into one of 10 silos here that house single 54-foot-long missile interceptors. If ordered by the president, one or more of the rockets would blast into the sky and race at more than 18,000 mph to launch a small "kill vehicle" at an enemy warhead as it soared through space.

An 11th interceptor is to be installed at Greely today.

Rumsfeld said he would not be fully convinced that the missile shield was ready until the multibillion-dollar defense system has undergone more complete and realistic testing.

"I want to see it happen," Rumsfeld said, "A full end-to-end" demonstration is needed "where we actually put all the pieces" of the highly complex and far-flung missile-defense system together and see whether it would succeed in destroying a warhead in flight.

"That just hasn't happened," he said, adding that some elements of the missile-defense system are yet to come on line, including some of the radars and other sensors used to track the target missile.

Rumsfeld said that North Korea's leaders show by their test-launch of multiple missiles on July 4 a determination to "continue to improve their capability and to threaten and attempt to blackmail other people."

Rumsfeld declined to say when he thought the missile-defense system would reach the point of full reliability but stressed that his advisers, including Lt. Gen. Henry Obering, the Pentagon's missile-defense chief, have told him they believe it will work as designed.

"I have a lot of confidence in these folks, and I have a lot of confidence in the work that's been done," Rumsfeld said.

Brig. Gen. Patrick O'Reilly, program director for the ground-based interceptor system, told Rumsfeld that on Thursday an interceptor based at a launch site at Vandenberg Air Force Base, Calif., is to be tested against a target missile launched into the Pacific Ocean from Alaska's Kodiak Island.

That will be the first full test of the latest version of the interceptor and its kill vehicle, a device attached to the nose of the interceptor. Once it separates from the interceptor's three-stage booster, the kill vehicle is designed to use its own propulsion system and optical sensors to lock onto its target and, by ramming into it at high speed, obliterate the warhead and any payload.

Obering said the main objective of Thursday's test will be to see if the optical sensors on the kill vehicle aboard the interceptor work as designed.

Rumsfeld Unsure Of Ability To Intercept Korean Missiles (WP)

The Washington Post, August 28, 2006

FORT GREELY, Alaska, Aug. 27 -- After his first look inside the nerve center of the U.S. missile defense system, Defense Secretary Donald H. Rumsfeld on Sunday sounded a note of caution about expectations that interceptors poised in 10 underground silos here would work in the event of a missile attack by North Korea.

Asked at a news conference whether he believed the missile shield was ready for use against a North Korean missile like the one test-fired unsuccessfully on July 4, Rumsfeld said he would not be fully convinced until the multibillion-dollar defense system has undergone more complete and realistic testing.

"A full end-to-end" demonstration is needed, Rumsfeld said, "where we actually put all the pieces" of the highly complex and far-flung missile defense system together and see whether it would succeed in destroying a warhead in flight.

Rumsfeld also said North Korea does not pose a military threat to South Korea, calling Pyongyang more of a danger as a distributor of weapons to other countries and perhaps terrorists.

"I think the real threat that North Korea poses in the immediate future is more one of proliferation than a danger to South Korea," he said.

Rumsfeld said it is clear that the overall condition of the North Korean military has deteriorated.

Later Sunday, Rumsfeld met with his Russian counterpart, Sergei Ivanov. They discussed the Middle East and Afghanistan, as well as Russian concerns about an announced U.S. plan to remove nuclear warheads from some Trident long-range missiles aboard submarines and replace them with conventional warheads for potential use on short notice against terrorist targets.

U.S. Set For Biggest Missile Defense Test In 18 Months (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, August 28, 2006

At stake is the ability of an interceptor to spot -- not necessarily to hit -- its target.

FT. GREELY, Alaska — The U.S. military will test its missile defense system Thursday, the fullest demonstration since a pair of tests grounded the program 18 months ago.

Military officials are seeking to lower expectations. Although a target missile will be fired from Kodiak Island, Alaska, and an interceptor rocket topped with a "kill vehicle" will launch from California's Vandenberg Air Force Base, military and industry officials say the goal isn't to actually shoot down the missile.

"We are not going to try to hit the target," said Scott Fancher, head of Boeing Co.'s ground-based missile defense program. "It is not a primary or secondary test objective to hit the target."

After a tour of the missile interceptor silos here Sunday, Defense Secretary Donald H. Rumsfeld said that although he wanted to see a "full end-to-end test," he was patient. He rejected suggestions that the system should try to hit the target this time.

"Why not proceed in an orderly way with the kind of the test expert people [want to do]?" Rumsfeld told reporters. "They do not have to do it to demonstrate to you."

Air Force Lt. Gen. Henry "Trey" Obering III, director of the Missile Defense Agency, said it was "possible" the kill vehicle would take out the missile even though that was not a goal. But the military, he said, is focused on making sure a redesigned kill vehicle is able to spot the target missile, distinguish between its booster stage and warhead, and communicate with the control centers on the ground.

"This is about as good as it gets in terms of a system test," Obering said.

The general has said several times that he believes the missile defense system can shoot down a long-range North Korean missile aimed at the United States.

"We can protect L.A. — we can protect the entire United States from both California and Alaska — from a North Korea threat," he said Saturday.

The military is not going to try to knock out a target missile until December, a test that Obering called the "final stage."

"It will be the same scenario: target out of Alaska, interceptor out of California," the general said. But "the objective will be to intercept the target."

Critics have long raised doubts about the $43-billion system.

Although the interceptors have hit dummy missiles in five out of 10 tests, some outside experts have said the conditions were too controlled and the targets not realistic enough.

Obering rejected any suggestion that the previous tests were rigged. Thursday's test, he said, will use a target missile similar in size and speed to the single-warhead weapon that the military believes North Korea could fire.

"We believe it is very close," Obering said of the target missile. "As much as we know, we believe it is very representative."

The missile defense system was declared operational in 2004, meeting a goal that President Bush had set two years before. Military officials said then that testing and improvement of the system would continue.

After botched tests in December 2004 and February 2005, Obering ordered a halt to the program in order to examine and fix the problems that prevented successful launches and flights of the interceptors.

The testing resumed, in incremental steps, in December. In the first test, an interceptor was launched against a target dropped from an airplane. And in February, the military tested the ability of the ground-based radar in Beale, Calif., near Sacramento, to pick up and track targets.

Thursday's test is more important because it will involve all the main components of the defense system.

The military operates two interceptor sites. One site is at Vandenberg, which will be used for Thursday's test. The Alaska site at Ft. Greely will hold 11 missiles when the latest is placed in the ground today.

During his visit here, Rumsfeld examined the missile waiting to be installed, saw a mock-up of the kill vehicle and climbed into one of the silos.

The military is hoping to install another set of interceptors either in Poland or in the Czech Republic.

Obering said that if Congress appropriated the initial funding for the project this year — about $56 million for the site and $70 million for the interceptors — the interceptors could be operational by 2010.

At a meeting Sunday in Fairbanks, Alaska, with Russian Defense Minister Sergei B. Ivanov, Rumsfeld outlined the Pentagon's plans for the new interceptor site. At a news conference afterward, Ivanov called on the United States to be "transparent" in moving forward and hinted that an interceptor site might not be needed.

"We should proceed from reality," Ivanov said, speaking through a translator.

"How many countries can possess substantial ballistic missiles?"

The two men also discussed American plans to retrofit some nuclear intercontinental ballistic missiles with conventional warheads. During the news conference, Rumsfeld said he thought the Russian military should also retrofit some of its missiles.

"We think it would be a good thing five, 10 years from now if both of our countries had that additional weapon available," Rumsfeld said.

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"We do not know how the world will evolve. But we do know that there are terrorist networks in the world, and they are already using missiles."

Ivanov said his government had concerns over the plan. But, he allowed, "we will keep in touch."

Lost In Space (WSJ)

By Henry F. Cooper And Robert L. Pfaltzgraff Jr.

The Wall Street Journal, August 28, 2006

Consider the implications of North Korea's July 4 missile tests. While the Taepondong-2 failed, Pyongyang has already demonstrated (in 1998) that it can launch long-range rockets. Meanwhile, the six short- and medium-range missiles it successfully tested can be sold to other rogue states and terrorists -- who could launch them at us from ships off our coasts.

When North Korea launched its missiles in July, what President Bush has properly termed our "modest" missile-defense system was activated -- but it included no protection against this short-range threat to the three-quarters of all Americans living within 200 miles of our coasts. Indeed, if a nuclear warhead on just one missile, launched from a ship off our coast, was detonated at an altitude of 100 kilometers, the electromagnetic pulse would have devastating consequences for critical infrastructures such as telecommunications, finance, fuel/energy, transportation, food and water supply, energy resources and space systems. * * *

The blunt truth is that, since withdrawing from the ABM Treaty in 2002, the U.S. has not done enough to protect the nation from the threat of missiles. The Pentagon is improving ground-based interceptor systems, but it is not fully exploiting other interceptor-basing modes. Sea-based defenses, for example, remain focused on defending our overseas troops, allies and friends against short- and medium-range ballistic missiles -- without using their inherent potential also to shoot down ballistic missiles aimed at the U.S. homeland.

Nevertheless, our continuing vulnerability to missile attack is the result of easily reversible past choices. Japan and the U.S., for example, are jointly developing sea-based missile defenses against short- and medium-range missiles; three U.S. ships equipped to shoot down these missiles will be operating in or near the Sea of Japan later this year. With a $25 million software improvement, these same ships can shoot down North Korean intercontinental-range missiles early in their ascent phase -- long before ground-based interceptors in Alaska or California. And if ships operating near our coasts are similarly equipped, they could shoot down short- and medium-range missiles launched by terrorists from ships off our coasts.

We have already made an $80 billion investment in over 80 Aegis ships now at sea around the world that have the ability to shoot down cruise missiles. A minimal additional investment can enable them to shoot down ballistic missiles: Outfitting a single ship costs $100 million ($20 million for support systems and $80 million for eight interceptors). There is no better investment in near-term missile-defense capability.

As the administration has acknowledged, current missile defenses represent only a "starting point" for building improved capabilities. But rather than just marginally improving systems that evolved from the ABM Treaty era, missile-defense designers should start from the basics.

The authors participated in an Independent Working Group that for the last five years considered these issues in depth. Our full report, "Missile Defense, the Space Relationship and the 21st Century," is available at www.ifpa.org/pdf/IWGreport.pdf1. Here, we emphasize several points:

· Missile-defense systems should protect us against more than just small rogue states. We should make it virtually impossible for any adversary -- rogue states, non-state actors and larger strategic competitors -- to influence U.S. decisions, or the course of regional conflicts, by threatening to launch missiles with nuclear weapons against the U.S., its deployed forces or its allies.

Since we cannot be certain where or when a missile will be launched against us, we need a continuously ready, global, multilayered system to provide multiple shots at attacking missiles and their warheads in all their phases of flight -- boost, midcourse and terminal. Such defenses make an attack more expensive, and therefore less attractive for enemies to buy the technologies to overcome them. The ABM Treaty era showed that it is the absence of defenses, rather than their presence, that encourages the development of offensive technologies.

· Ground-based defenses can protect specific territory; sea-based defenses can more flexibly defend larger areas for less money. Neither provides global protection. Only space-based systems can provide a truly global defense. The U.S. needs a streamlined development program to build space-based interceptors for boost-, midcourse- and terminal-phase interdiction -- and to begin deployment of these interceptors by 2010.

Political factors have dictated technical behavior, subordinating the development of the most technically sound and cost-effective defenses. The problem transcends administrations and political parties; it reflects the unprecedented political opposition that has been mounted against effective missile defenses over the past five decades. The most technologically feasible global

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defense -- space-based -- has not been politically acceptable, because of concerns about the "weaponization of space." This is a dubious argument that ignores history, and the current efforts of other states to weaponize space. But the result is to leave us with a ground-based defense that is politically the most acceptable but technologically the least effective.

Because of Ronald Reagan's interest in research on all ballistic missile-defense concepts, his Strategic Defense Initiative (SDI) explored all possible concepts and pursued major technology initiatives, in order to underwrite those most effective. By the end of his administration, it was clear that a space-based interceptor system, "Brilliant Pebbles," could meet even the strict so-called Nitze criteria (survivability under direct attack and cost-effectiveness at the margin as compared to investments in attacking missiles).

This interceptor system consisted of a constellation of very lightweight satellites (each about the size of a watermelon) that would continuously monitor the Earth below and detect any missile launch within its field of view. The satellite with the best intercept opportunity would release a Brilliant Pebble (weighing a few pounds) that maneuvers into the path of the oncoming missile or its payload and destroys it by impact. All key technologies were proven by the mid-1990s; today's technology is more advanced and could intercept even short-range Scuds in their boost phase.

Brilliant Pebbles was approved in 1990; the Pentagon's independent costing agency estimated acquisition and 20-year operations costs at $11 billion in 1990 dollars, or about $16 billion in inflation-adjusted dollars. It would have been far more capable than all other missile-defense concepts pursued since then -- at many times that cost -- but political considerations killed Brilliant Pebbles in 1993. Even the supporting technology programs were cancelled and the technologists dispersed -- so those most important products from the $30-billion SDI investment were lost. * * *

Today the U.S. should make deployment of a multilayered missile defense, including space-based systems, an urgent priority. We should complete the ground-based sites in Alaska and California -- but build no additional ground-based sites. Limited resources are better spent to meet emerging threats by building the more cost-effective (sea- and space-based) missile components.

Great advances in technology have resulted when visionary and persistent leaders, supported by competent scientists and engineers and set apart from the normal acquisition bureaucracy, are given the necessary resources to prove new ideas can and will work. This recipe should again be employed to revive cutting-edge technologies demonstrated over a decade ago -- and to build the defenses we need in the 21st century.

Mr. Cooper, former director of the SDI and chief U.S. negotiator to the Geneva Space and Defense Talks, is chairman of High Frontier, a missile defense advocacy group. Mr. Pfaltzgraff is president of the Institute for Foreign Policy Analysis and Shelby Cullom Davis Professor of International Security Studies at the Fletcher School at Tufts University.

Iran Tests Submarine-to-surface Missile (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, August 28, 2006

Iran tested a new anti-ship missile fired by a submarine during war games Sunday, raising worries it could disrupt vital oil tanker traffic in the Gulf amid its standoff with the West over its suspect nuclear activities.

Iranian President Mahmoud Ahmadinejad took a tough tone over the nuclear issue, saying his country's decision to pursue nuclear technology was irreversible.

His comments and the missile test came only days before a Thursday deadline imposed by the United Nations for Tehran to suspend the enrichment of uranium, a process the United States says the Iranians intend to use to build nuclear weapons. Enrichment can produce both reactor fuel and material for a warhead.

The Thaqeb, Farsi for Saturn is Iran's first missile that is fired from underwater and flies above the surface to hit its target, distinguishing it from a torpedo. A brief video showed the missile exiting the water and hitting a target less than a mile away.

While the missile showed some technological advances by Iran, its main importance seemed to be that it gives the country another means for targeting ships, along with the arsenal of torpedoes and other anti-ship missiles it already has.

Iran, which says its nuclear program is only aimed at generating electricity, has refused any immediate suspension and called the deadline illegal, though it says it is open to negotiations.

Ahmadinejad insisted Iran's nuclear program was peaceful and said he saw no reason to give it up.

"The great decision of the Iranian nation for progress and acquiring technology is a definite decision. There is no way back from this path," he said in a speech on national television after giving awards to 14 nuclear officials and scientists.

He said the United States should give up nuclear technology because it could not be trusted with it, having developed and used nuclear weapons.

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Israel recently purchased two German-made Dolphin submarines capable of carrying nuclear warheads — clearly aiming to send a message to Tehran that it could strike back. The purchase beefs up Israel's deterrent power, since the subs can remain submerged for longer periods of time than the three nuclear arms-capable submarines already in Israel's fleet.

Israel is believed to have hundreds of warheads, the only nuclear arsenal in the Middle East, but it has kept the information secret and refuses to confirm or deny the reports.

The test-firing of the new missile underlines a card Iran can play in the nuclear standoff with the West — the ability to disrupt oil tanker shipments in the Gulf, through which about two-fifths of the world's oil supplies pass.

Iran has given mixed signals over how it would retaliate if the confrontation with the United States escalates. The oil minister and other government officials have said Iran would never attack Gulf tankers — but the interior minister warned in March that all options for retaliation are open and noted Iran's strategic position over Gulf traffic.

The test took place during large-scale military exercises that Iran has been holding since Aug. 19. It was the latest in a series of new naval weapons Iran has unveiled this year to tout what it calls its new technological prowess in arms production.

The Iranian naval commander, Gen. Sajjad Kouchaki, said the Thaqeb could be fired from any vessel, not just submarines. He called it a "long-range" missile but did not specify how far it could fly, and it did not appear capable of carrying a nuclear warhead.

He also said the Thaqeb could escape enemy radar — a claim Iran made about a number of weapons it unveiled during military maneuvers in April. Some outside experts have questioned whether the weapons, tested against Iranian radar, would really be undetectable to more advanced U.S. radar.

During the April maneuvers, Iran test-fired a new torpedo — the "Hoot," Farsi for "whale" — which is capable of moving at some 223 mph, up to four times faster than a normal torpedo. It also unveiled a new land-to-sea missile, the Kowsar, and a high-speed missile boat that skims above the water and is undetectable by radar.

Iran is known to have several submarines. It bought at least two diesel subs from Russia in the 1990s and has produced an unknown number of locally made ones. Last year, it announced it was building a new class of sub called the Ghadir, which it said was a stealth craft and could fire missiles and torpedoes. Nothing more is known about the craft.

Iran says the weaponry is intended to defend itself against the possibility of a U.S. attack. It has also expressed worry about Israeli threats to destroy its nuclear facilities.

Iran already is equipped with the Shahab-3 missile, which means "shooting star" in Farsi, and is capable of carrying a nuclear warhead. An upgraded version of the ballistic missile has a range of more than 1,200 miles and can reach Israel and U.S. forces in the Middle East.

Iran Test-fires New Anti-ship Missile As U.N. Deadline Nears (USAT/AP)

USA Today, August 28, 2006

TEHRAN — Iran tested a new submarine-fired anti-ship missile during war games Sunday, days before a U.N.-imposed deadline for Tehran to suspend the enrichment of uranium.

Iran's president, Mahmoud Ahmadinejad, took a tough tone over the nuclear issue, saying that his country's decision to pursue nuclear technology was irreversible.

His comments and the missile test came five days before a Thursday deadline imposed by the United Nations for Tehran to suspend the enrichment of uranium, a process the United States says the Iranians intend to use to build nuclear weapons. Enrichment can produce both reactor fuel and material for a warhead.

Ahmadinejad insisted Iran's nuclear program was peaceful and there was no reason to give it up.

He said it was the United States that should give up nuclear technology because it could not be trusted with it, because it developed and used nuclear weapons.

Amid worries over Iran's program, Israel recently purchased two German-made Dolphin submarines capable of carrying nuclear warheads — clearly aiming to send a message to Tehran that it can strike back. Israel has never admitted having nuclear weapons, but is widely assumed to possess the only nuclear arsenal in the Middle East.

The Dolphin purchase beefs up Israel's deterrent power, since the subs can remain submerged for longer periods of time than the three nuclear arms-capable submarines already in Israel's fleet.

Iran says it has no intention to build nuclear weapons, insisting its program aims only to generate electricity. But the test-firing of the new missile — called the Thaqeb, the Farsi word for Saturn — underlines a card Iran can play in the nuclear standoff with the West: the ability to disrupt oil shipments in the Persian Gulf, route for about 40% of the world's oil supplies.

During April maneuvers, Iran test-fired a new torpedo — the Hoot, Farsi for “whale” — capable of moving at 223 mph, up to four times faster than a standard torpedo. It also unveiled a new land-to-sea missile, the Kowsar, and a high-speed missile boat that skims above the water and is undetectable by radar.

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Tehran Test-fires Long-range Missile (WT/AP)

By Ali Akbar Dareini

The Washington Times, August 28, 2006

TEHRAN -- Iran test-fired a new submarine-to-surface missile during war games in the Persian Gulf yesterday, a show of military might amid a standoff with the West over its nuclear activities.

A brief video clip showed the long-range missile, called Thaqeb, or Saturn, exiting the water and hitting a target on the water's surface. The test came as part of large-scale military exercises that began Aug. 19.

"The army successfully test fired a top speed long-range sub-to-surface missile off the Persian Gulf," the navy commander, Gen. Sajjad Kouchaki, said on state-run television.

Iran routinely has held war games over the past two decades to improve its combat readiness and to test equipment including missiles, tanks and armored personnel carriers.

But yesterday's firing of the missile came as Iran remains defiant just five days before a deadline imposed by the U.N. Security Council for Tehran to suspend the enrichment of uranium, which can produce both reactor fuel and material usable in nuclear warheads.

Iran said last week it is open to negotiations but it refused any immediate suspension, calling the deadline illegal.

Tehran has expressed worry about Israeli threats to destroy its nuclear facilities, which the West contends could be used to make a bomb but which Iran insists are for the peaceful purpose of generating electricity.

The Islamic country also is concerned about the U.S. military presence in neighboring Iraq and Afghanistan.

In an advance for Iran's weapons industry, the Thaqeb is the country's first missile fired from underwater that flies above the surface to strike its target, adding to the country's repertoire of weapons that can hit ships in the Gulf.

Iran's current arsenal includes several types of torpedoes -- including the "Hoot," Farsi for "whale," which was tested for the first time in April and is capable of moving at some 223 mph, up to four times faster than a normal torpedo.

Gen. Kouchaki said the Thaqeb could be fired from any vessel and could escape enemy radar. He said it was built based on domestic know-how, although outside specialists say much of the country's missile technology originated from other countries such as Russia and China.

He did not give the weapon's range. It did not appear capable of carrying a nuclear warhead.

During the April war games, Iran also tested a new land-to-sea missile, the Kowsar, with remote control and searching systems that cannot be scrambled, as well as a high-speed missile boat that is undetectable by radar.

Iran Vows To Continue Making Nuclear Fuel (FT)

By Gareth Smyth

Financial Times, August 28, 2006

The day after president Mahmoud Ahmadi-Nejad opened a heavy-water nuclear plant, Iran said on Sunday it would continue making nuclear fuel, but it remained open to negotiations over its controversial atomic programme.

Tehran's double-edged diplomacy seems set to continue beyond Thursday's deadline from the United Nations security council to suspend uranium enrichment, the most sensitive of its nuclear activities.

"Producing nuclear fuel is our strategic aim," Ali Larijani, Tehran's top security official, said yesterday. "Any measure to deprive Iran of its right will not change our mind."

But on state television, Mr Larijani also said the passing of the UN deadline would not mean "the end of diplomacy".

Asked about Russia and China, members of the UN Security Council sceptical of the US drive for sanctions against Iran, Mr Larijani said: "If there are other countries that can fall into step with us in their diplomacy, we will use them. In situations where they don't, we will continue on our own."

Mr Ahmadi-Nejad on Saturday inaugurated a new heavy-water facility near Arak, 180km south of Tehran, to produce fuel for an adjacent heavy-water nuclear reactor due to open by 2009.

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The president stressed Iran's programme was peaceful. "We are not a threat to anyone – even the Zionist regime [Israel], which is a definite enemy for the people of the region," he said.

Heavy water, which occurs naturally in minute quantities but has also been manufactured since the 1930s, has medical uses and allows a reactor to run on uranium with no need for enrichment, but the spent fuel is a potential source for plutonium that can be used in weapons.

With the UN deadline approaching, Iranian television has been giving fulsome coverage to military manoeuvres in the Gulf, including the testing of missiles and torpedoes.

Admiral Habib Sayyari said the exercises sent "a message of peace and friendship to the Middle East, especially Iran's neighbouring countries".

¦Italian Foreign Minister Massimo D'Alema was on Sunday quoted as saying Italy should be included in any future talks with Iran over the nuclear issue. His comments came just days after Italy committed up to 3,000 troops to the UN peacekeeping mission to southern Lebanon.

Nuclear Program A Source Of Pride For Iranians (USAT)

By David J. Lynch

USA Today, August 28, 2006

TEHRAN, Iran — Four young salesmen met last week at a Tehran coffeehouse, only to find that city officials had inexplicably ordered the shop not to serve coffee that day. Things are seldom simple in Iran.

The four settled for sodas. Their talk turned to Iran's tense standoff with the United Nations, which has given the country until Thursday to halt its nuclear program or face economic and political sanctions.

"Of course, we are worried about it," said Morad Daneshvar, 26, a jewelry salesman. "Although in the end, I don't think our politicians are that stupid."

Iran has repeatedly defied the United States and the West on uranium enrichment. Saturday, hard-line Iranian President Mahmoud Ahmadinejad opened a heavy-water production plant that could be used to make nuclear weapons, a provocative gesture five days before the U.N. deadline.

Fathoming Iran's worldview is critical to understanding the roots of the crisis. Conversations with policy experts and ordinary Iranians alike suggest an Islamic republic that is simultaneously insecure about its standing in the world and emboldened by the drift of recent events.

Both impulses were evident in its response last week to a package of incentives by the United States, Russia, China, Britain, France and Germany: Iran expressed its desire for serious talks with the West but would not halt enrichment as a precondition. Iran's nuclear research program, underway in secret from 1988 until it was exposed by an opposition group in 2002, has become a source of national pride for many Iranians.

"Having nuclear technology is our legal right," said Ali Maghsoodi, 36, a jobless architect looking for work at a day-laborer site in Tehran's Vanak Square.

Ahmadinejad has cast the program as essential to national development. Inaugurating the new heavy-water plant, he insisted Iran is not pursuing weapons and is not "a threat to anybody, even the Zionist (Israeli) regime, which is a definite enemy for the people of the region."

By continuing nuclear development, he said, Iran might have to face sanctions by the United States and the West. "But will they be able to prevent the thoughts of a nation? Will they be able to prevent the progress and technology to a nation? They have to accept the reality of a powerful, peace-loving and developed Iran."

Despite U.S. attempts to isolate it, Iran possesses considerable leverage because it:

·Trains and equips Shiite militias in neighboring Iraq, a senior Pentagon official said last week. Brig. Gen. Michael Barbero, deputy director of operations for the Joint Chiefs of Staff, said the Iranian government is trying to destabilize Iraq.

·Sits atop 10% of the world's petroleum reserves at a time when oil prices are over $70 a barrel.

·Provides inspiration, arms and funds to Hezbollah, the Lebanese Shiite militant group that rained rockets on Israel and clashed with Israeli troops for 34 days in July and August.

"Iran is a player in this region and nobody can ignore it. … They can't dismiss Iran," says Mahmood Vaezi of the Center for Strategic Research, a government agency that advises top Iranian policymakers.

He and other Iranian officials argue that their country is the key to political stability in the Middle East. Like the coffeehouse without coffee, Iran poses a contradiction: Its leaders demand international — especially American — respect. At the same time, they pursue a policy of nuclear self-reliance that renders such recognition impossible — at least from a U.S. government that distrusts Iran and believes it capable of attacking its neighbors.

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“An Iran in possession of nuclear weapons is unthinkable for all who value security and peace,” Nicholas Burns, undersecretary for political affairs at the State Department, said last fall.

The Bush administration regards the cleric-led Iranian government as illegitimate and undemocratic. White House policy has been to isolate Tehran and use diplomacy and the threat of sanctions to end Iranian nuclear ambitions. The administration has condemned Iran's support of Hezbollah and called Tehran “the world's most active state sponsor of terrorism.” Washington has encouraged pro-democracy groups — inside and outside Iran — to challenge the regime.

The United States broke off diplomatic relations with Iran in 1980 after militants seized the U.S. Embassy in Tehran and held 52 Americans hostage. U.S. policymakers have to decode Iran's conduct without the benefit of diplomatic exchanges and personal relationships.

Iran “is the only country in the world today with which the United States has no sustained direct contact,” Burns said last year, noting the presence of U.S. diplomats in Cuba, Syria and Libya, and ongoing talks with North Korea.

“The main issue between the United States and Iran is a lack of trust. If this persists — even if we solve the nuclear issue — there'll be another issue. The only way to address the (nuclear) issue is to address the lack of trust between the two sides,” says Mohammad Adeli, who was Iran's ambassador to London until last year.

The 26-year estrangement between Tehran and Washington has only deepened since Ahmadinejad became president in August 2005.

His government is populated by veterans of Iran's 1980-1988 war with Iraq. In that conflict, the United States — fearing the spread of Iran's Islamic revolution — provided satellite intelligence to Iraqi leader Saddam Hussein and ignored his use of chemical weapons against Iranian troops.

Today, Supreme Leader Ayatollah Ali Khamenei and a handful of other top Shiite clerics control most of the power in Iran. They set foreign policy, vet candidates for parliament, quash reformist laws and sanction state action against dissidents, according to the State Department.

Ahmadinejad is subordinate to Khamenei and is supposed to take a back seat on foreign policy matters. Instead, he has staked out extreme positions — such as that Israel must be “wiped off the map” — that have boxed Iran in and given it little room to maneuver.

Many educated Iranians say they recognize their president is a controversial and polarizing figure in the West. But they say his statements questioning the Holocaust and threatening to destroy Israel are no more outrageous or fanciful than President Bush's talk of a “new Middle East” modeled in a democratic Iraq.

“Ahmadinejad and Bush — they have the same personality. You have the American version, and we have the Persian version,” said Mehrdad Salali, 26, as his coffeehouse friends nodded.

Others say it's clear Ahmadinejad's explosive rhetoric has damaged Iran's image.

“I follow the Internet a lot, and they judge the Iranian people by our government. … Our government has made some mistakes and said some bad things,” said Mohamed Reza Farzadi, 22, a network administrator interviewed outside the city of Shiraz.

Still, the Iranian president has supporters who admire his tough approach to foreign powers, his simple lifestyle and his devotion to the poor. The anti-Israel rhetoric that sounds extreme and anti-Semitic to Western ears reflects Muslim frustration with Israel's treatment of the Palestinians, they say.

Ahmadinejad “stands face to face with the Westerners and says, ‘We are not going to step back.' … He has good support in Iran, and people really respect him,” says Behrooz Norouzi, 36, a theology instructor in the city of Isfahan.

Ahmadinejad also has shown a deft political touch. He was elected on a platform of using Iranian oil wealth to benefit the poor. Since taking office, he has visited 154 cities, many in remote provinces long neglected by top officials. He has shelled out funds for new marriage allowances for young couples, debt relief for farmers and low-cost loans for small businessmen.

“He's clearly tapped into a reservoir of support among the lower classes who at least feel that he's listening to them,” says Kenneth Katzman, an expert on Iran at the Congressional Research Service in Washington.

Until recently, Ahmadinejad's hard-line ideology had little impact upon Iranians' daily existence. The tight social strictures imposed in the early days of Iran's Islamic revolution, when morals police roamed the streets chastising women for insufficiently modest clothing, have long since eased. Iranians, especially in cities, take for granted the ability to hear Western music, read foreign news on the Internet and dress with a little flair.

In recent weeks, though, officials began confiscating home satellite dishes, which Iranians use to watch the British Broadcasting Corp. and Western entertainment. The sudden enforcement of this long-ignored regulation has been coupled with a heavy hand on the media and intellectuals.

Some hope for the best. Government officials “are clever enough to understand they can't go back and reverse the process because there is strong public opinion against this,” says Saeed Kazemi, 25, another coffeehouse customer.

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With global oil prices near record highs, Iran has doubled public spending from four years ago. Generous subsidies have helped dull public discontent by keeping staples cheap. A tasty three-person lunch of lamb kabobs, grilled tomatoes, fresh herbs, yogurt and drinks can be had for less than $7; a 70-minute flight from Tehran to Shiraz is $26; gasoline costs less than 40 cents a gallon.

Iran took in $45 billion in oil revenue last year, the Council on Foreign Relations in New York says. Subsidies are critical to the regime's ability to retain support at home: 90% of Iranians get income from the state, the council says.

Some here oppose Iran's decision to use part of its oil windfall to support Hezbollah in Lebanon and Islamic militants in the Palestinian territories. “They are giving money to Lebanon and Palestine. They don't invest anything in factories in the countryside,” said Araf Torkashvand, 22, who traveled to Tehran from his home province of Lorestan seeking work.

The Bush administration has indicated it wants to move swiftly to bring the sanctions issue to the U.N. Security Council once Thursday's deadline has passed. Russia and China have signaled they might use their votes to veto sanctions.

“I know of no instances in world practice and previous experience in which sanctions have achieved their aim and proved effective,” Russian Defense Minister Sergei Ivanov said Friday. “Russia stands for further political and diplomatic efforts to settle the issue.”

Sanctions are likely to do little to hurt the regime and could cement the hard-liners' grip on power. Government opponents say U.S.-led efforts to punish Tehran would discredit pro-Western voices inside Iran and put them on the defensive in the face of an inevitable patriotic, popular response.

Pressure from the United States and other countries feeds Iranian nationalism, bolstering Ahmadinejad and others in the hard-line Islamic government, says Davoud Bavand, an international law professor at Alameh University in Tehran.

“They see that their power resides in the existence of crisis and the presence of the enemy lurking in our bush,” Bavand says. “They're very much interested in the continuation of this crisis.”

An Ex-Official Offers Glimpse Of Iranian Views Of U.S. (NYT)

By Michael Slackman

The New York Times, August 28, 2006

TEHRAN, Aug. 27 — A former high-ranking Iranian official wants Americans to see his cracked thumbnails. They were torn out, he said, after Washington’s friend, Shah Mohammed Reza Pahlavi, put him in prison in the 1970’s.

His point is instantly clear: look at what happened when we had close ties to the United States.

“I was a medical student,” said the man, Ali Muhammad Besharati, a former interior minister and deputy foreign minister. “But they put me in prison because I opposed American dominance in Iran.”

In the continuing conflict over Iran’s nuclear program, there are disputes over enrichment of uranium, discussions of heavy water reactors, and accusations over the government’s intentions. But to listen to Dr. Besharati is to hear the fight described as Tehran’s frontline effort to block American influence in the region and to never again allow Washington to have an upper hand in Iran.

That attitude is obvious among Iran’s current leaders, who see this not just as a battle over nuclear weapons but a fight for survival against a far more powerful enemy that has lumped them into an “axis of evil” and allocated millions of dollars to oust the government, political analysts and Western diplomats here said.

Dr. Besharati, too, echoed the idea that giving in on the nuclear front would not solve Iran’s problems with Washington, only aggravate them.

“I would like you to write this down,” he said, speaking through an interpreter. “If we backed down on the nuclear issue, the U.S. would have found fault with our medical doctors researching stem cells.”

He smiled, sat back and let his point settle. “What they would like to see us do is plant corn, make tomato paste and bottle mineral water,” he added. “They do not want to see us get high-tech.”

His comments, during a 90-minute interview in his office, seem to reflect both a calculated political posture and a sincere hostility, and fear, toward Washington.

Dr. Besharati, 57, works from an office in the Strategic Studies Center, a tower in the leafy northern section of Tehran that serves as an influential research organization for many of Iran’s policy makers. He is not a member of the inner circle of power now, though he has a personal relationship with Iran’s supreme leader, Ayatollah Ali Khamenei, and as interior minister he appointed the current president, Mahmoud Ahmadinejad, as a governor.

But his thinking reflects the spirit of a leadership that has given no indication that it is willing to halt enrichment or slow its nuclear march. In the imprecise language of Iran’s political divisions, Mr. Besharati would be considered a moderate-conservative.

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Asked whether Iran is afraid that greater economic, political and social integration with the West might dilute the country's Islamic identity, he turned the question around. "Can the West be more flexible and accept us as we are?" he asked.

He was born in Jahrem, near Shiraz, and as a young man was an Islamic political advocate. The shah imprisoned him for five years, and it was the feared Savak secret police that tore out his fingernails, he said.

After the revolution, he won important positions in government. He served in Parliament, for a decade as the No. 2 official in the Foreign Ministry, and as interior minister from 1993 to 1997. He was in charge of the election process the years that Mohammad Khatami, the change-minded cleric, surprised the conservative leadership and won a landslide victory as president.

In many ways he is the model of an Iranian official, both in his bearing and in his stated positions. He wears sharp Western-style suits and a scruffy beard.

He travels with an armed guard and speaks the language of what might be called peaceful defiance: blaming the White House for American-Iranian problems while insisting Tehran wants nothing more than to live in peaceful harmony with the world. He does not answer when asked why for nearly two decades Iran kept its nuclear program a secret, in violation of the Nuclear Nonproliferation Treaty.

"Let me tell you a story," he said, adjusting the ring on his right hand. "In one of the story books, Iranians have a fairy tale. A hawk is talking to a chicken in the farmyard. The hawk says to the chicken, 'You are not very loyal. They feed you, but when they want to catch you, you run away.' "

He paused for effect. "The chicken said, 'If you saw what was going on in the kitchen and the frying pan, you would not just hop from branch to branch, but fly away.' "

He smiled, rose from his chair and pulled three hardcover books off a shelf. He said they were memoirs of relatives of the former shah. "The shah of Iran never drank water without the permission of America," he said he read in one of the books.

He opened one book, whose text was marked up, with important passages circled. "What was the result of all our confidence in the U.S.?" he asked forcefully. "Our agriculture was demolished. Our educational system was destroyed."

True or not, balanced or biased, he was rolling, passionate and animated as he stated his understanding of Iran's history and its relationship with the United States. He grabbed another book and said, paraphrasing, "All the interrogators in the secret police were trained in the United States and Israel." Pause. "Five of my fingernails were peeled out in interrogation."

Dr. Besharati recounted every modern American slight against Iran, from the shooting down of the Iranian airliner that killed more than 200 civilians, to officials of the Reagan administration calling for pulling the theocracy out by the roots. All this, he seemed to be saying, was why Iran would not give in to America's demands on something as consequential as the nuclear program.

"Although our economic system may not be strong," he said, "our minds and our memories are."

U.S. Plans For Sanctions On Iran (WT)

By Bill Gertz

The Washington Times, August 28, 2006

The Bush administration plans to move rapidly to organize and impose international economic sanctions on Iran, but not until after a Thursday U.N. deadline passes, according to Bush administration officials.

A senior official who has reviewed Iran's 21-page response said there is still hope Iran will agree before then to stop enriching uranium, although there are no indications Tehran is ready to do so. The Iranian response, sent privately last week to several nations, contains numerous references to how Iran is moving forward with its plans for uranium enrichment.

"Clearly, it falls short of meeting the condition that was set," the senior official said. "That condition was full suspension of enrichment activity."

International economic sanctions likely will be imposed after passage of a United Nations Security Council Chapter 7 resolution, and sanctions will be applied in stages.

The initial sanctions are expected to target Iran's weapons of mass destruction and missile programs and will be designed to make it more difficult for officials of the regime of President Mahmoud Ahmadinejad to travel abroad and conduct business abroad.

A coalition of nations in Europe and Asia also is being organized to impose sanctions on Iran should the U.N. Security Council fail to take action after Thursday. Tougher sanctions will be imposed later if Iran continues to reject controls on its nuclear program and halt uranium enrichment.

The goal of sanctions will be to persuade Iran's government to suspend its enrichment activities, not to punish the Iranian people, the senior official said,.

Meanwhile, the officials said the State Department, White House and Pentagon are at odds over whether to give Iran another chance to halt enrichment activities.

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Nicholas Burns, the undersecretary of state for political affairs, is working to persuade Secretary of State Condoleezza Rice to agree to a plan by the governments of Britain, France and Germany to send Javier Solana, the European Union foreign policy chief, back to Tehran for talks before the Thursday deadline.

The Europeans are arguing that if Iran is willing to discuss suspension of enrichment, then the three European governments will not pursue immediate sanctions. The planned concession is opposed by officials at the Pentagon and the office of Vice President Dick Cheney, who oppose making any further concessions to the Iranians because of Tehran's continued defiance.

The Iranian response was made after Europeans, the United States and China offered Iran a package of incentives, including trade offers and regional security arrangements, to give up uranium enrichment outside International Atomic Energy Agency (IAEA) controls. Russia and China, either of which could veto any Security Council moves against Iran, oppose sanctions.

The administration is encouraged by support from the governments of France, Germany and Britain for sanctions, although it is not clear whether tough action will be taken to punish Iran this week or next, the senior official said.

The U.S. intelligence community estimates that the enrichment activities will give Iran, under the guise of a civilian electricity-generating program, the ability to produce nuclear weapons within four years.

"Their nuclear program is continuing," a second official said. "They have set the goal of having 3,000 centrifuges in place by end of year, or early next year. They are having some technical difficulties, but they have also shown themselves to be very capable in terms of their own science and technology and in terms of solving problems."

...

"Iran will continue its uranium enrichment," he said. "We want to produce our own nuclear fuel. We will never stop it."

U.S. officials said the Iranian response to the United Nations has been to say that any preconditions on Iran are unfair and something they cannot accept.

"Two decades of denial, deception and concealment [on the nuclear program] has made a pretty convincing case for IAEA and others that they are pursuing nuclear weapons," the senior official said.

Much of Iran's secret nuclear arms program is located at an underground facility at Natanz, where IAEA inspectors were denied access last week. The facility is the site of a planned centrifuge cascade -- a large number of machines that spin uranium gas into small quantities of enriched uranium.

Meanwhile, a senior Iranian nuclear official stated in an interview published in Iran yesterday that a nuclear research facility in Natanz and the uranium conversion plant at Isfahan are operating uninterrupted.

Mohammad Saidi, deputy director of the Atomic Energy Agency of Iran, told the Tehran newspaper E'temad-e Melli that Tehran's response last week was "comprehensive and conducive to the resumption of talks for creating an ultimate agreement."

Iran's Hard Line Begins At Home (TIME)

By Azadeh Moaveni

Time, September 4, 2006

When Behnaz Mohsenian, 29, started English lessons at Tehran's Najdad Institute this spring, the 15 men and women in her class studied grammar sitting in mixed circles. Last month the language school split the group by gender, with men and women meeting on different days. Now plans are under way to move the women's classes to a separate building, to eliminate altogether the possibility of illicit mingling. "It feels," says Mohsenian, "as if we're all incapable of behaving like normal people and need to be regulated at all times."

When President Mahmoud Ahmadinejad took office last summer, everyone nervously watched to see whether Islamic dogma would shape domestic policy. To much delight, nothing changed: Western films were sold everywhere, women wore skimpy veils, and couples held hands in the street. But the long, libertine honeymoon is over. The hard line now seems to begin at home for the Ahmadinejad regime (which last week inaugurated a new reactor project, defying a U.N. demand to end its uranium-enrichment work by Aug. 31, and gave only a tepid response to the West's offer of incentives). Over the past few months, various branches of the government have stealthily rolled back freedoms with moves like the reinstatement of gender segregation in public institutions. Because the Iranian system comprises ministries with overlapping mandates and security apparatuses that operate independently, it's hard to say whether this is a government-wide crackdown or whether some officials are just feeling emboldened by Ahmadinejad's conservatism. Nonetheless, the tone is being set on high--and the impact is being felt throughout society.

The new hypermorality isn't exactly a return to the days of the Ayatullah Khomeini. Today the tactics are subtler than in the past, when morality police were dispatched onto the streets of Tehran to harass youth. Instead, regular Iranians are being cowed into the role of enforcer.

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A month ago, I met a few girlfriends for coffee at a popular cafÃ©. One of my friends lit a cigarette and was informed by the embarrassed owner that smoking is now illegal for women in cafÃ©s. Such small but significant restrictions are a discouragement. Half the women I know don't go out for coffee anymore. So without a single police raid, the authorities have stifled Tehran's bustling cafÃ© scene.

The restrictions are multiplying daily, with dress codes imposed on women's-clothing retailers and limits on women performing music in public. Last week trucks laden with satellite dishes rolled through my Tehran neighborhood; police have been confiscating the illegal devices all around town.

It isn't clear how long these strict measures will last. So far, the government seems undaunted by the lack of public enthusiasm for its causes. For instance, on the eve of the Lebanon cease-fire, it celebrated Hizballah's non-defeat as if it were an Iranian victory. It cooked what was billed as the world's largest kebab--more than 21-ft. long. And Iranians were "asked" via the state-run media to go up to their rooftops at an appointed hour and shout "Allahu akbar" (God is great). The tradition, from the early days of the Islamic Revolution, used to draw people out en masse. The city reverberated with their cries. Last week, across most of Tehran, one heard only silence.

The War For Hearts And Minds (TIME)

By Nicholas Blanford And Scott MacLeod

Time, September 4, 2006

The new war in the Middle East is not being fought with bombs or bullets. Instead, it is being waged amid the rubble and wreckage of Lebanon's streets, and the prize is the support and gratitude of the hundreds of thousands of citizens attempting to piece together their shattered lives. At Mehdi High School in Beirut, now a temporary administrative center for refugees who lost homes in the war with Israel, Abdel Hussein Hodroj asks a bearded young official behind a desk for help. The young man doesn't work for the Lebanese government or a humanitarian group or a United Nations agency. He's a member of Hizballah, the militant Shi'ite Muslim group that fought Israeli forces to a draw during 34 days of conflict--and is emerging as the most powerful force in postwar Lebanon.

Hodroj, 72, describes how Israeli missiles turned his neighborhood in Beirut's southern suburbs into a Lebanese version of ground zero. The bearded man reaches into a lockbox and pulls out $12,000 in U.S. $100 bills. He presses the money into Hodroj's palm. It's meant to pay for a year's rent and furniture while Hizballah builds him a new home. Hodroj doesn't bother to count the inch-thick wad of cash, equal to more than twice the average Lebanese annual income. Score one for the militants. "We're with Hizballah all the way," Hodroj says, stuffing the cash into his pockets.

For Hizballah and its backers, of course, this isn't just about charity. The scramble to rebuild Lebanon's bombed-out landscape has become a central front in a wider contest for influence in the new Middle East. On one side are Hizballah's Shi'ite Muslim militants and their leader, Sheik Hassan Nasrallahwho boast of winning a "divine victory" over the Jewish state--and the group's patrons, Iran and Syria. On the other are the U.S. and its Arab allies, like Saudi Arabia, Jordan and Egypt, who have been blindsided by the surge in Hizballah's prestige across the Islamic world and are trying to bolster Lebanon's democratically elected but chronically beleaguered government. Judging from the activity on the ground in Lebanon, where Hizballah has already handed out grants--ranging from $10,000 to $12,000--to some 15,000 homeless families, it's clear who is gaining. "They pre-empted us," says a Lebanese official, who explains that his government is strapped for cash. "There's no doubt Hizballah is endearing itself further with its supporters."

The scale of Lebanon's destruction has provided opportunities as well as heartbreak. According to the Lebanese government, the war not only has killed 1,183 people, wounded 4,055 and displaced 974,184 but has also caused $3.6 billion in damage to residential buildings and civilian infrastructure like bridges, roads, power stations, telecommunications systems and airports. Hizballah has pledged to rebuild apartment buildings and entire villages within three years; it has sent civil-affairs teams wearing hats that read JIHAD FOR RECONSTRUCTION. The group's offensive is most evident in ruined towns like Srifa, south of the Litani River, where piles of rubble are all that mark where houses once stood. Broken guardrails, shattered glass and pulverized concrete make it difficult even to walk around. Thirty-two people, mostly Hizballah fighters, died in the town, but within a day of the cease-fire with Israel, the militants turned into recovery workers, bringing in bulldozers and earth-moving equipment to dig through the debris. Residents say Hizballah is the only group they trust to help. "It's our government," says Abdel-illah Haidar, 24, an electrician.

In addition to strengthening Hizballah, the race to rebuild Lebanon has exacerbated conflicts that are tearing the region apart--between the U.S. and the Arab street, between fundamentalists and the West, between Sunni and Shi'ite Muslims. Hizballah's principal sponsor, Iran, has moved quickly to take advantage of the respect the organization is now receiving. According to Lebanese officials, the Tehran regime sent some $150 million in cash for Hizballah's initial postwar handouts, and is expected to give hundreds of millions more to finance reconstruction projects. The consolidation of Hizballah's support in

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southern Lebanon may make it more difficult, meanwhile, for Lebanese and U.N. forces to oversee the disarming of the group's fighters. That's good news for Iran, which wants to preserve Hizballah's military capacity as a deterrent against any possible U.S. or Israeli attack on Tehran's nuclear facilities. Although Hizballah officials claim that most of their money comes from charitable donations, an official interviewed by TIME acknowledged the importance of Tehran's support. "Thank God that Iran exists in this world," he said.

That kind of talk is unnerving the region's Sunni Arab states, which have watched helplessly as Iran's Shi'ite rulers have accelerated their nuclear program and carved out areas of influence in Lebanon and Iraq. Not surprisingly, the Arabs are eager to be in the Lebanon game: between them, Saudi Arabia and Kuwait have pledged an $800 million aid package to the Lebanese government for rebuilding projects while handing an additional $1.5 billion in soft loans to the Bank of Lebanon to shore up the nation's currency. Saudi officials believe that the kingdom's support will far surpass the amount Iran provides Hizballah and will enable Lebanese Prime Minister Fouad Siniora to ride out the group's grab for influence. "You have to empower the Lebanese government so that it can reconstruct the country," says Nawaf Obaid, head of the Saudi National Security Assessment Project, which advises the Saudi government. "Iran and Hizballah will be the losers in the long run."

If the U.S. and its allies hope to see that prediction come true, they need to make some big moves. The war in Lebanon has driven Washington's influence to a new low. Even leaders of the country's 2005 Cedar Revolution protests, which at the time was hailed by the White House as a democratic milestone for the Middle East, are angry with the U.S. for not supporting an immediate cease-fire or using leverage with Israel to prevent the destruction in Lebanon. Washington didn't do itself any favors by initially pledging just $50 million for Lebanon's recovery; the Iranians have already spent up to three times that. The White House last week more than quadrupled the U.S. aid package for Lebanon to $230 million, including support for the Lebanese Army to strengthen the central government against Hizballah.

But the U.S. could still do more. Siniora wants Bush to pressure Israel to lift a continuing air and sea blockade. He also says the U.S.'s aid pledge won't be nearly enough to get Lebanon back on its feet. A Siniora aide points out that the government is nearly $3 billion short of what it would need just to get the country's infrastructure back to prewar levels. "I almost had tears in my eyes listening to Bush speak about how supportive he was of Lebanon," says Lebanese Economy and Trade Minister Sami Haddad, who accompanied Siniora to an Oval Office meeting four months ago. "But what the Bush Administration has been doing is not acceptable. People are very resentful."

The longer such feelings persist, the more Hizballah is likely to press its advantage. The danger for Hizballah is that when the level of destruction fully sinks in, Lebanese leaders and ordinary citizens may well hold the group accountable for triggering Israel's wrath. For the time being, however, even Hizballah's critics are mainly silent, no doubt in deference to the prowess that Hizballah guerrillas have shown against Israel's more powerful armed forces. In Beirut's southern suburbs, where the group's bulldozers have cleared massive piles of rubble from the streets, Hizballah has planted bright red banners declaring MADE IN USA at the sites of destroyed buildings. At Mehdi High School, Hizballah officials move around, carrying walkie-talkies. As they perform their functions with the discipline of Hizballah guerrillas, military music blares from the loudspeakers. "We put it on to keep up people's spirits," says a Hizballah official. And in the Middle East these days, that's the only tune they're hearing.

The End Of Invincibility (TIME)

By Tim McGirk

Time, September 4, 2006

Ehud Olmert has some new neighbors. In a rose garden across from the Israeli Prime Minister's Jerusalem office, a squad of angry army reservists and their families have pitched a cluster of igloo tents, and it looks as if they will be staying for a while. They've connected a refrigerator and a TV set to the electricity main, and, says an infantry reservist, they will camp out in Olmert's rose garden until "this loser, the Prime Minister, goes home."

In Israel nobody likes a loser. And however much Olmert's media advisers try to spin it, Israel's war in Lebanon was bungled: the Israelis failed to destroy Hizballah's leadership or even halt its barrage of rockets, and 159 Israelis died in the conflict. As a result, the presence of the reservists on Olmert's doorstep is more than an eyesore. Protests by army reservists--practically every Israeli home has one--tend to gather momentum. And this movement is being joined by families of soldiers killed in the brawl with Hizballah. All that has sent Olmert's political stock plummeting. At the start of the Lebanon campaign, he was seen as tough and decisive, a lanky Churchill puffing a cigar. Today 63% of Israelis want Olmert to resign, according to a poll reported last week in the Yedioth Ahronoth newspaper.

Israel is hardly the only country whose citizens blame their leaders for military failure. But this isn't just politics as usual. The war in Lebanon has induced a new sense of national vulnerability, heightening Israelis' anxiety about the dangerous neighborhood they live in. In the past, Israelis believed that their military was mighty enough to scare away Arab attackers. No longer. During the war, as many as a million Israelis were forced to flee the north or hide in bomb shelters from Hizballah's

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rockets. Not since Israel's war of independence in 1947 had so many civilians been put at risk. Says Galia Golan, a political science professor at the Interdisciplinary Center in Herzliya: "There's a loss of confidence in the ability of the Israel Defense Forces to deal a knockout punch to the enemy."

What's perhaps surprising is that so few of Olmert's detractors have criticized his decision to launch the war after Hizballah kidnapped two Israeli soldiers on July 12. Nor has the bloody draw with Hizballah occasioned any doubt over the long-standing doctrine that Israel must meet force from its enemies with an overwhelming force of its own. What riles Israelis is that Olmert and his generals didn't hit harder and with more deadly effect. Says Golan: "There's a sense that if the army had been allowed to pulverize Hizballah, we could've won."

Instead, Israelis are left with the uneasy feeling of unfinished business. A new poll by the Israeli Policy Center found that 73% of Israelis believe Olmert's foray into Lebanon increased the chances of another conflict. Sharon Reuven, one of the reservists camping out in front of the Prime Minister's office, believes that another war with Hizballah and its allies Syria and Iran is inevitable. "We want Olmert to resign immediately because tomorrow will be dangerous, and we'll need a strong leader to defend Israel," she says. But Israel's adversaries believe its leaders still haven't got the central point. The Lebanon war, says a Palestinian minister who prefers not to be identified, exposes "Israel's incapacity to absorb the fact that Arabs are no longer just donkey riders." He adds, "Arabs are changing, but Israelis aren't," meaning that Israel must recognize Arabs as equals and seek political solutions rather than military ones.

In fact, the Lebanon war will probably make Israel even less open to compromise. Olmert, according to his aides, confided to his Cabinet that he intends to shelve his promise to remove some Israeli settlers from the West Bank as part of a disengagement from the Palestinians. The reversal is a sign of a new reality: after the Lebanon fiasco, Olmert doesn't have enough popular support for any plan that would give back land without something in return. If Olmert decides to make a scapegoat of Defense Minister Amir Peretz, the Labor Party may leave the coalition government. To remain in power, Olmert would then have to bring a right-wing party into the government, but the right opposes any concession to the Palestinians. That's a dilemma for Olmert, who has promised the Bush Administration he would pull out some of the settlers.

Olmert may yet survive. Says Avi Dichter, Minister for Internal Security, who is sometimes mentioned as a replacement for Peretz: "Emotions are running high right now. In Israel we have one chief of staff and 1 million unofficial chiefs of staff. Everyone has an opinion." Once Israelis see that the United Nations peacekeeping force can halt the rocket fire from southern Lebanon, says Dichter, tempers will cool. In the rose garden, however, more reservists join the protests every day. They swear they won't leave until Olmert does.

Annan Will Travel Mideast To Bolster Lebanon Peace Plan (NYT)

By Warren Hoge

The New York Times, August 28, 2006

GENEVA, Aug. 27 — Secretary General Kofi Annan starts an 11-day tour of the Middle East on Monday to press for support of the Security Council resolution that ended the fighting between Israel and Hezbollah and set a path for securing Lebanon's independence. It is likely to be the last major diplomatic journey of his 10 years in office.

The trip will take Mr. Annan, whose second five-year term ends Dec. 31, to Lebanon, Israel, the West Bank and Gaza, Jordan, Syria, Iran, Saudi Arabia, Egypt, Turkey and Qatar, the Arab representative on the Security Council.

Mr. Annan has meetings scheduled with President Mahmoud Ahmadinejad of Iran and President Bashar al-Assad of Syria, each of whom is shunned by the United States because of his role in financing and equipping Hezbollah. While Mr. Annan has no plans to see the leaders of Hezbollah, he will attend a meeting Monday in Beirut of the Lebanese cabinet, which includes two ministers from Hezbollah.

Asked if the United States had raised any objections to those contacts, Ahmad Fawzi, a spokesman, said that Mr. Annan had spoken Sunday with Secretary of State Condoleezza Rice. "He hasn't told me of any objections," Mr. Fawzi said.

It is widely acknowledged that the Lebanese government and army will be unable to accomplish a major goal of the resolution, disarming Hezbollah, without the cooperation of Syria and Iran.

The United Nations, for security reasons, would not confirm the dates of Mr. Annan's arrival in each country, but the Iranian government has disclosed that he is due in Tehran on Sept. 2. That is two days after Iran must respond to a demand by the Security Council that it end uranium enrichment activities or face the possibility of sanctions.

Another contentious matter Mr. Annan will face in Lebanon is whether to station United Nations troops along the border with Syria to enforce the resolution's call for an embargo on illegal arms shipments. Mr. Assad has denounced the prospect, saying he will close the border entirely if foreign soldiers are posted there.

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Mr. Annan's position is that United Nations forces will go there if the government of Lebanon requests it. Asked if Mr. Annan would seek that outcome, Mr. Fawzi said, "The secretary general is going to be saying, tell me what you need and the U.N. will assist you in whatever way we can."

The resolution set up a buffer zone between the Israeli border and the Litani River, an area long controlled by Hezbollah, which a 15,000-man Lebanese Army force and an expanded United Nations peacekeeping force of similar size will be responsible for securing.

Mr. Annan came to Europe Friday to attend a European Union foreign ministers' meeting in Brussels that drew pledges of up to 6,900 troops for the expanded peacekeeping force. The United Nations is counting on commitments from nations outside of Europe, some of them Muslim, to provide the remaining peacekeepers.

"Above all, the secretary general is focused on establishing Lebanon's sovereignty and the ability of the government to exercise its authority throughout the country," Mr. Fawzi said. "That includes the lifting of the blockade of ports and assuring that southern Lebanon will not be used for renewed rocket attacks on Israel."

In Israel, he will have a working dinner with Prime Minister Ehud Olmert and plans to meet with the families of captured Israeli soldiers.

While in Lebanon, Mr. Annan will visit the headquarters of the United Nations peacekeeping force, at Naqura in southern Lebanon.

In Beirut, he will tour one of the districts badly damaged in Israeli air attacks and will visit the grave of Rafik Hariri, the former prime minister of Lebanon who struggled to free Lebanon of Syrian influence and was killed in a suicide car bomb attack in February 2005.

He has also scheduled a meeting with Serge Brammertz, the Belgian prosecutor leading the United Nations investigation of the killing, which has produced strong preliminary evidence of Syrian involvement.

Lebanon To Press UN For Withdrawal Help (FT)

By Roula Khalaf And Mark Turner

Financial Times, August 28, 2006

The Lebanese government will on Monday urge Kofi Annan, UN secretary-general, to press for a lifting of the Israeli air and sea blockade and appeal for international help to persuade Israel to withdraw from a disputed border area.

Mr Annan arrives in Beirut on the first leg of a high-stakes Middle East tour in which he will face a dizzying array of conflicting agendas and entrenched demands.

In a region of inter-connected conflicts, uniting all the parties with interests in Lebanon around a common goal will prove a struggle. His hope of also reinvigorating the broader Arab-Israeli peace process could prove one of the toughest challenges of his career.

The trip – which will take in Israel, leading Arab states and stops in Syria and Iran – comes ahead of Mr Annan's report to the Security Council on the implementation of the two-week-old UN ceasefire resolution that ended the fighting between Israel and Lebanon's Hizbollah guerrillas.

He and his staff are under no illusion as to how difficult the task is and officials in New York have been playing down expectations, forecasting no momentous breakthrough.

Mr Annan's task was made slightly easier by progress on the international force, with European governments on Friday pledging up to 7,000 troops for an expanded peacekeeping operation in southern Lebanon, which should allow for the withdrawal of Israeli troops.

But officials in Beirut said Israel's blockade of the airport and ports was reinforcing an atmosphere of instability and undercutting a government that had to negotiate every step of the ceasefire resolution with Hizbollah.

Mr Annan's talks in Beirut are likely to cover the government's compromise with Hizbollah over the southern demilitarised zone, where the militant group has agreed to conceal its weapons but not to disarm. But he may also have to broach sensitive subjects such as a settlement of the Shebaa Farms dispute and prisoner exchange. Hizbollah yesterday indicated Italy was also trying to play a part in talks on a prisoner exchange between Israel and the militant group.

Lebanese officials said a crucial Lebanese objective was an Israeli withdrawal from Shebaa, an occupied border strip that Israel says belongs to Syria and not Lebanon. Mr Annan will face stiff opposition from an Israeli government that insists leaving Shebaa would reward Hizbollah. But officials in Beirut argue that regaining control over Shebaa would remove a key justification for the existence of Hizbollah's military wing and bolster government efforts to absorb the group into the Lebanese army.

Mr Annan's stops in Damascus and Tehran, Hizbollah's two foreign backers, underline his recognition that stability in Lebanon requires their co-operation.

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In Syria he will hear appeals for a resumption of Syrian-Israeli peace talks amid hopes in Damascus that the Lebanon conflict will help it regain the Golan Heights.

The UN chief will be arriving in Tehran two days after a Security Council deadline for Iran to suspend uranium enrichment expires.

In comments that appeared designed to reassure Mr Annan, Sayyed Hassan Nasrallah, the Hizbollah leader, yesterday said it was now the job of the Lebanese army to defend the border with Israel.

Hizbollah, he said, would retain the right to fight for the liberation of Shebaa but, crucially, suggested that, at least for a limited period, the organisation would give Mr Annan and the Lebanese government a chance to regain it through diplomacy.

Once Israel secures the release of the two soldiers captured on July 12 – which sparked the conflict – its priority will be to ensure that Hizbollah's ability to import and launch rockets is crippled. It wants to see international troops help monitor the Syrian-Lebanese border – a move opposed by Damascus – as well as Lebanon's port and airport, before lifting its blockade.

Additional reporting by Gareth Smyth in Tehran

EU Clarifies Its Role In Lebanon (WSJ)

By Marc Champion

The Wall Street Journal, August 28, 2006

PARIS -- French Defense Minister Michèle Alliot-Marie said an expanded French peacekeeping force would be on the ground in Lebanon within 20 days, as European countries pledged as many as 7,000 troops to help maintain Israel's shaky cease-fire with the Hezbollah militia.

According to a United Nations Security Council resolution setting terms of the truce, the southern Lebanon contingent eventually should number 15,000. French troops will be among roughly 3,500 to deploy quickly, Ms. Alliot-Marie said in an interview Friday. The rest of the so-called U.N. blue helmets will follow over two to three months.

The European commitment ended a week of recriminations over the Continent's hesitation to provide troops for the peacekeeping force, though some contentious issues regarding the makeup of the force remain unresolved.

"We can now begin to put together a credible force," said U.N. Secretary-General Kofi Annan, after attending a troop-generating conference in Brussels among foreign ministers from the 25 European Union states. The Europeans pledged 7,000 troops, as well as naval, air and logistics units, meaning that together with the 2,000 already on the ground more than half of the hoped-for force is accounted for.

Mr. Annan's relief at the European contribution was evident. He said that component would provide the "backbone" of the U.N. force, which would be under French command until February, when Italy will take over. Italy and France together will be sending 5,000 of the troops, with Spain offering an additional 1,000 and Poland 500.

Controversy over the force continued Friday, however, as French President Jacques Chirac said 15,000 troops is more than is needed to do the job; his foreign minister, Philippe Douste-Blazy, called on the U.S., Britain, China and Russia to pony up troops, too; and Mr. Annan said he plans to accept troops from Malaysia, Bangladesh and Indonesia despite Israeli objections that these countries don't recognize Israel. Mr. Annan said he had to take trained troops where he could find them. The U.S. and Britain have said they won't put troops on the ground, because they are overcommitted in Iraq.

Mr. Annan confirmed that U.N. troops won't be used along Lebanon's long and porous border with Syria to stop any shipments of arms reaching Hezbollah -- a key Israeli concern. That is because the Aug. 11 Security Council resolution left it up to the Lebanese government to ask for such help. Mr. Annan said Beirut, which is encountering strong pressure from Syria over the border-guards issue, hadn't made such a request.

Israel was pressured by EU foreign-policy coordinator Javier Solana to end its blockade, designed to choke off arms shipments, of Lebanese ports and the Beirut airport. European governments have now offered ships to monitor the ports.

CONTINUING VIOLENCE

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Speaking in her Paris headquarters, Ms. Alliot-Marie lashed out at critics who had ridiculed France for its initial offer of 200 new troops a week ago. She said France had since secured important changes to the chain of command and clarifications on the freedom the U.N. blue helmets will have to use lethal force to carry out their mission. On Thursday, Mr. Chirac said France would increase its contribution to a U.N. peacekeeping force in southern Lebanon to a total of 2,000 troops.

France, which administered Lebanon under a League of Nations mandate from 1920 to the early 1940s, was wary of committing more troops until it had a better understanding of the rules of engagement in the event buffer troops encounter hostile action. Hezbollah -- which killed 58 French peacekeepers in 1983 -- remains a well-armed force and stiffly opposes the presence

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of foreigners in Lebanon. Asked if France has been talking directly to the Shiite Muslim group to get assurances it won't target U.N. troops, Ms. Alliot-Marie said, "We talk to the Lebanese government."

Besides its military activities, Hezbollah provides extensive social services to its Shiite Muslim constituency and secured two ministries in the Lebanese cabinet after its strong showing in parliamentary elections last year.

Ms. Alliot-Marie said that unlike other U.N. peacekeeping missions, there will be no civilian special representative of the U.N. secretary-general sharing command with the French military field commander. Instead, the U.N. will for the first time create at its New York headquarters a military strategic cell for the operation to advise him, run by an Italian general.

Ms. Alliot-Marie also said France had won an important clarification on the use of force. Under U.N. rules incorporated into the Aug. 11 cease-fire resolution, soldiers aren't normally able to use lethal force unless directly threatened. But France secured language that would allow the troops to react with force in other situations, she said, adding that issues as basic as whether to use real or rubber bullets had needed to be nailed down.

For example, she said, if a U.N. patrol was blocked on the road by the Hezbollah militia -- but not shot at -- the peacekeepers could do nothing under the normal U.N. rules of engagement. "What we got was that they can," Ms. Alliot-Marie said. "I don't want to send men so that they can be humiliated on the ground."

Ms. Alliot-Marie recalled that French troops have suffered in U.N. missions this way before, and she didn't want it repeated. More than 70 French peacekeepers died in the 1990s in Bosnia, where numerous disputes existed between the U.N. mission's military commander and the world body's special representative.

While the clock ticked away as France negotiated more-favorable terms to avoid a similar outcome in Lebanon, its initial French pledge of 200 engineers looked especially weak in light of an Italian offer of 3,000 soldiers and the fact that France had pushed for the truce resolution and authorized the U.N. force in the first place.

Ms. Alliot-Marie ridiculed critics -- including those in the U.S. -- who had accused France of weakness. She said the criticism was ironic as it "came from citizens of a country that had no one on the ground in Lebanon and which had announced its intention not to send any."

Turkey Torn On Joining U.N. Mission (AP)

By Louis Meixler

AP, August 28, 2006

The European Union and the United Nations are pushing for Muslim participation in the expanded U.N. peacekeeping force in Lebanon, but a growing public chorus in Turkey opposes sending troops who could be seen as supporting Israel against fellow Muslims.

Turkish legislators are expected to debate the U.N. peacekeeping mission at a Cabinet meeting Monday, though no decision is anticipated. Some officials say Turkey is likely to wait until U.N. Secretary-General Kofi Annan's visit Sept. 6 before committing to the force.

"There will be no rush," the Hurriyet newspaper quoted lawmaker Mehmet Elkatmis as saying. "It will be debated in all aspects."

Hurriyet reported Sunday that Turkey has slashed the number of troops that it would consider sending from 1,000 to 200 in light of the strong domestic opposition.

President Ahmet Necdet Sezer, who may hold a ceremonial post but wields considerable influence in the country, has come out strongly against sending troops.

"I am opposed to sending soldiers to Lebanon," he told journalists on Friday. "It is not our responsibility to protect the interests of other countries."

The EU and U.N. are pushing for Muslim participation so the peacekeeping force isn't overwhelmingly made up of troops from Christian countries. Israel, though, has balked at the participation of Muslim nations that do not recognize the Jewish state.

On Saturday, Israel said it had spoken to several countries about joining the force, particularly Turkey — the only Muslim member of NATO and a country with close ties to both Israel and Arab states.

"If Turkey decides to send a contingent, we would welcome that," Israeli Foreign Ministry spokesman Mark Regev said in Jerusalem.

Military officers and Turkish diplomats say they want details on exactly what the force's mandate will be, where Turkish peacekeepers could be deployed and under what circumstances soldiers could open fire.

Turkish officials also have said privately that they want other countries to make major contributions first so Turks aren't the only key contingent on the ground. And they want to make sure that the tenuous cease-fire in the area holds.

But with the European Union pledging 6,900 troops — the core of the proposed 15,000-member force to monitor the cease-fire between Israel and Hezbollah guerrillas — the pressure is on EU aspirant Turkey to pledge soldiers as well.

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"We're located in the most troublesome geography," said lawmaker Dengir Mir Mehmet Firat of the governing Justice and Development Party. "Can we have a luxury of saying: 'I am not participating?'"

Lebanon, though, has become an emotional issue in Turkey.

During the fighting, Turkish media was flooded with images of suffering Lebanese civilians. Thousands have rallied in Istanbul to show their support for Lebanese civilians under Israeli attack.

That pressure comes as the governing party — feeling slighted by an EU that is questioning whether it wants Turkey — is increasingly reaching out to its Muslim neighbors in the Middle East.

On the streets of Istanbul, activists from the governing party have been passing out leaflets showing a Lebanese soldier holding a dead child pulled from the rubble of a home bombed by Israeli jets, and urging them to donate to aid Lebanese.

"We have to mobilize all our energy and means to end the grief of the Palestinian and Lebanese people," the flyers quoted Prime Minister Recep Tayyip Erdogan as saying. It added that Turks could even send text messages from their cell phones to a hot line to donate $3.50.

Analysts note that Turkey rebuffed the United States just before the Iraq invasion and refused to allow U.S. troops to use Turkey as a base — souring relations with Washington and leaving Ankara with little influence in shaping events in neighboring Iraq.

"Turkey has an obligation as a regional power and the old guardian of the Middle East to exert its positive influence on developments," editor-in-chief Ilnur Cevik wrote in The New Anatolian.

Sezer, the Turkish president, remains strongly against sending troops.

"While other more powerful states don't send troops, they pat our backs and want troops," he said. "If Turkey is a major country, then that image won't depend on whether or not we send troops."

Hizbollah Hopes To Engineer A Quick Recovery (FT)

By Roula Khalaf

Financial Times, August 28, 2006

Deep in devastated south Beirut, the engineers of Hizbollah, the Shia movement that fought Israel's army, are rebuilding the fabric of their heartland in the city, and thereby reclaiming their constituency.

Construction Jihad, the civil engineering arm of Hizbollah, was bombed out of its headquarters in Beirut's southern suburbs during the recent 34-day conflict.

But within a day of the UN-brokered ceasefire, engineers from Jihad al-Bina'a, to give its Arabic name, were at work in the streets of the suburbs and south Lebanon assessing damage from Israel's bombardment.

Today, Construction Jihad's makeshift premises in a south Beirut branch of the Mahdi school, the organisation's education association, is a hive of activity. Between pictures of Hizbollah leaders holding children, and the party's yellow flags, a large map of the area is plastered on the wall, dividing neighbourhoods into small numbered zones. Engineers huddle along the length of a table strewn with forms detailing damage to individual properties from the conflict between Israel and Hizbollah.

Since the ceasefire two weeks ago, Construction Jihad has moved into high gear, dispatching agents to areas affected by the conflict to measure the damage – they estimate 15,000 properties were destroyed or damaged – and send the forms back to this central office. This information is entered into computers, before people are paid compensation from the party itself, or assisted with reconstruction.

Construction Jihad is part of a social network, including schools, hospitals and a banking institution, that was critical to Hizbollah's ability to fight Israeli troops during the occupation of Lebanon in the 1980s and 1990s.

"We help build a society of resistance," says Kassem Allaik, the 48-year-old head of Construction Jihad, an industrial engineer who was partly educated in the US. "Our aim is to create the conditions so people can stay on their land to confront the enemy."

Publicly, the Lebanese government says Hizbollah's ability to step in fast and provide services is complementing the work of the state. But privately, politicians complain that Hizbollah's vast independent network undermines the state and encourages criticism of the cash-strapped central government.

Hizbollah's rapid mobilisation has also raised concerns abroad. France on Friday called for international aid, especially from Arab states, to support Lebanon's reconstruction and compete with "radical forces".

Despite the widespread belief that Iran is the main financial backer of the Shia group, which has paid as much as $12,000 in compensation to families whose houses were destroyed, Mr Allaik insists that each Hizbollah association is self-financed and relies on individual donations from sympathisers.

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Mr Allaik says about 1,000 professionals are now working with his organisation, most of them volunteer engineers. Construction Jihad has appealed for more help through newspaper advertisements and on al-Manar, Hizbollah's television station.

The association emerged after Israel's 1996 offensive against Hizbollah in southern Lebanon, when it rushed to rehabilitate property – though it had been created many years before.

Hizbollah hopes the reconstruction of housing will take just a year. By then, the group apparently expects to have re-entrenched its displaced constituency and, along the way, reasserted its control.

Hezbollah Says Its War With Israel Was A Mistake (WT)

By Joshua Mitnick

The Washington Times, August 28, 2006

TEL AVIV -- Hezbollah leader Sheik Hassan Nasrallah said yesterday that he would not have ordered the July 12 seizure of two Israeli soldiers had he known it would provoke a war that leveled Shi'ite villages and neighborhoods throughout Lebanon.

"We did not think, even 1 percent, that the capture would lead to a war at this time and of this magnitude. You ask me, if I had known on July 11 ... that the operation would lead to such a war, would I do it? I say no, absolutely not," he told Lebanon's New TV station.

The sheik also said that officials from the United Nations and Italy were attempting to negotiate an exchange of the Israeli soldiers for Arabs held in Israeli jails. Israel denied involvement in any prisoner-exchange talks.

In addition, Sheik Nasrallah said Hezbollah would not oppose the deployment of thousands of U.N. peacekeeping troops in southern Lebanon.

His comments confirm weeks of speculation in Israel that Hezbollah was surprised by Israel's military response to the July 12 capture.

Since the Aug. 14 cease-fire, Sheik Nasrallah has declared a victory in the war, and he has become a hero throughout the Arab and Muslim world.

But yesterday's admission of a serious miscalculation reflects a need to shore up domestic support for Hezbollah and deflect criticism for starting the war, Israeli analysts said.

"It means that [Sheik Nasrallah] needs to settle the score in the Lebanese domestic arena," said Oded Granot, the Middle East affairs commentator on Israel's public-run Channel 1 news station. "[He] needs to provide welfare for the residents of the south, and he needs to rehabilitate his standing."

In recent days, European countries have pledged to send 7,000 troops as part of a U.N. peacekeeping force of up to 15,000.

The troops are to join a largely ineffective U.N. observer mission that has been in place for nearly three decades.

U.N. Security Council Resolution 1701, which ended the fighting earlier this month, calls for talks on the release of the two Israeli soldiers, Ehud Goldwasser and Eldad Regev.

Three Israeli soldiers were killed in the kidnapping, and five were killed in the ensuing rescue attempt.

Although Israel considers Hezbollah a terrorist group, the nation has reached prisoner-exchange deals with the militants through third-party mediators.

In 2004, Israel released hundreds of Lebanese and Palestinian prisoners in return for a reserve officer kidnapped by Hezbollah and the bodies of three soldiers killed in a raid on an Israeli border outpost.

A report in an Egyptian government-run newspaper said German mediators also had started work on a prisoner-swap deal.

But Israeli government sources told the Ha'aretz newspaper that there were no talks yet on a prisoner swap.

The kidnapped Israeli soldiers' families also voiced skepticism that negotiations were under way.

Sheik Nasrallah said Lebanese Parliament Speaker Nabih Berri would lead negotiations on Lebanon's side.

The subject is expected to be discussed during a visit to Beirut today by U.N. Secretary-General Kofi Annan.

Hezbollah Chief Revisits Raid (WP/AP)

The Washington Post, August 28, 2006

BEIRUT, Aug. 27 -- Hezbollah leader Hasan Nasrallah said in an interview televised Sunday that he would not have ordered the capture of two Israeli soldiers if he had known it would lead to such a war.

Guerrillas from the Islamic militant group killed three Israeli soldiers and seized two others in a cross-border raid July 12, which sparked 33 days of fighting that ended with a cease-fire on Aug. 14.

"You ask me, if I had known on July 11 . . . that the operation would lead to such a war, would I do it? I say no, absolutely not," he said in an interview with Lebanon's New TV station.

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He also said Italy and the United Nations had made contacts to help mediate a prisoner swap with Israel but did not specify whether they had contacted Hezbollah directly. He did not say in what capacity Italy had expressed interest -- on its own or on Israel's behalf.

A senior Israeli government official said Israel "does not negotiate with terrorists" and continues to demand the unconditional release of the two soldiers. Earlier Sunday, Israeli Deputy Prime Minister Shimon Peres said no negotiations were being held on a prisoner release.

Hezbollah Chief Indicates Regret For Kidnappings (LAT)

By Borzou Daragahi

The Los Angeles Times, August 28, 2006

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BEIRUT — The leader of the Hezbollah militia said Sunday that he never would have ordered the kidnapping of two Israeli soldiers that led Israel to declare war had he known the consequences for Lebanon.

"If I knew the process of capturing [these soldiers], even with a 1% probability, would lead to a war like this, and then if you asked me would you go and capture them, my answer would be, of course, no — for humanitarian, moral, social and security reasons," said Sheik Hassan Nasrallah, the secretary-general of the Shiite Muslim militant group.

His comments, the most extensive and candid since the cease-fire began two weeks ago, were aired nationwide in Lebanon and rebroadcast throughout the Arab world.

Nasrallah said he might meet today with U.N. Secretary-General Kofi Annan, who was scheduled to arrive in Beirut to check on the status of the cease-fire resolution, which calls for the deployment of tens of thousands of Lebanese and international troops to the area of southern Lebanon long controlled by Hezbollah.

The Israeli bombing campaign triggered by Hezbollah's seizure of the soldiers badly damaged Lebanon's transportation infrastructure, destroyed dozens of southern towns and villages and crushed what was to be a promising summer of tourism revenue, a pillar of the Lebanese economy. Nasrallah's remarks, in a two-hour television interview on the secular New TV network in Beirut, were clearly meant to assuage the anger and frustration of a country still shocked by a war that cost the lives of more than 800 of its people, many of them civilians.

The cleric said that Israel and the United States had been planning a strike on Hezbollah before the kidnapping of the soldiers, an operation apparently aimed at a prisoner swap. Nasrallah cited a recent article in the New Yorker magazine by Seymour Hersh, which alleged that Pentagon planners wanted Israel to attack Hezbollah as a precursor to an attack on Iran.

"The war was planned for the end of September or the end of October with or without an excuse," Nasrallah told the interviewer. "There was a U.S. decision. All the elements indicate it was not about the two prisoners."

Nasrallah also said his militiamen were well prepared. For example, he said, they had long established contingency plans that took into account Israeli destruction of key Lebanese bridges and roadways. He said that all of his commanders remained unharmed and that Hezbollah had more than 12,000 rockets left, about half of what it had before the war.

"What we used in this war is a small fraction of what we had prepared," he said.

He said the millions of dollars in cash that Hezbollah was doling out for reconstruction and to alleviate the suffering of homeless Lebanese was "clean" — that no political conditions have been imposed on Lebanon for taking the money. He declined to confirm or deny that Iran was financing the reconstruction, as has been widely speculated.

"No conditions have been imposed for this money that could jeopardize the national interests of this country," he said.

Nasrallah promised to abide by the terms of the cease-fire, which has been hampered by ambiguity over whether United Nations peacekeeping forces and Lebanese government soldiers would have the authority to disarm Hezbollah fighters.

"The policy of Hezbollah has always been not to make any armed demonstrations," he said. "It's now a commitment. South of the Litani River, we will now avoid any armed shows."

What Did You Do In The War, UNIFIL? (WKLYSTD)

By Lori Lowenthal Marcus

Weekly Standard, September 4, 2006

During the recent month-long war between Hezbollah and Israel, U.N. "peacekeeping" forces made a startling contribution: They openly published daily real-time intelligence, of obvious usefulness to Hezbollah, on the location, equipment, and force structure of Israeli troops in Lebanon.

UNIFIL--the United Nations Interim Force in Lebanon, a nearly 2,000-man blue-helmet contingent that has been present on the Lebanon-Israel border since 1978--is officially neutral. Yet, throughout the recent war, it posted on its website for all to see precise information about the movements of Israeli Defense Forces soldiers and the nature of their weaponry and materiel, even

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specifying the placement of IDF safety structures within hours of their construction. New information was sometimes only 30 minutes old when it was posted, and never more than 24 hours old.

Meanwhile, UNIFIL posted not a single item of specific intelligence regarding Hezbollah forces. Statements on the order of Hezbollah "fired rockets in large numbers from various locations" and Hezbollah's rockets "were fired in significantly larger numbers from various locations" are as precise as its coverage of the other side ever got.

This war was fought on cable television and the Internet, and a lot of official information was available in real time. But the specific military intelligence UNIFIL posted could not be had from any non-U.N. source. The Israeli press--always eager to push the envelope--did not publish the details of troop movements and logistics. Neither the European press nor the rest of the world media, though hardly bastions of concern for the safety of Israeli troops,

provided the IDF intelligence details that UNIFIL did. A search of Israeli government websites failed to turn up the details published to the world each day by the U.N.

Inquiries made of various Israeli military and government representatives and analysts yielded near unanimous agreement that at least some of UNIFIL's postings, in the words of one retired senior military analyst, "could have exposed Israeli soldiers to grave danger." These analysts, including a current high ranking military official, noted that the same intelligence would not have been provided by the U.N. about Israel's enemies.

Sure enough, a review of every single UNIFIL web posting during the war shows that, while UNIFIL was daily revealing the towns where Israeli soldiers were located, the positions from which they were firing, and when and how they had entered Lebanese territory, it never described Hezbollah movements or locations with any specificity whatsoever.

Compare the vague "various locations" language with this UNIFIL posting from July 25:

Yesterday and during last night, the IDF moved significant reinforcements, including a number of tanks, armored personnel carriers, bulldozers and infantry, to the area of Marun Al Ras inside Lebanese territory. The IDF advanced from that area north toward Bint Jubayl, and south towards Yarun.

Or with the posting on July 24, in which UNIFIL revealed that the IDF stationed between Marun Al Ras and Bint Jubayl were "significantly reinforced during the night and this morning with a number of tanks and armored personnel carriers."

This partiality is inconsistent not only with UNIFIL's mission but also with its own stated policies. In a telling incident just a few years back, UNIFIL vigorously insisted on its "neutral ity"--at Israel's expense.

On October 7, 2000, three IDF soldiers were kidnapped by Hezbollah just yards from a UNIFIL shelter and dragged across the border into Lebanon, where they disappeared. The U.N. was thought to have videotaped the incident or its immediate aftermath. Rather than help Israel rescue its kidnapped soldiers by providing this evidence, however, the U.N. obstructed the Israeli investigation.

For months the Israeli government pleaded with the U.N. to turn over any videotape that might shed light on the location and condition of its missing men. And for nine months the U.N. stonewalled, insisting first that no such tape existed, then that just one tape existed, and eventually conceding that there were two more tapes. During those nine months, clips from the videotapes were shown on Syrian and Lebanese television.

Explaining their eventual about-face, U.N. officials said the decision had been made by the on-site commanders that it was not their responsibility to provide the material to Israel; indeed, that to do so would violate the peacekeeping mandate, which required "full impartiality and objectivity." The U.N. report on the incident was adamant that its force had "to ensure that military and other sensitive information remains in their domain and is not passed to parties to a conflict."

Stymied in its efforts to recover the men while they were still alive, Israel ultimately agreed to an exchange in January 2004: It released 429 Arab prisoners and detainees, among them convicted terrorists, and the bodies of 60 Lebanese decedents and members of Hezbollah, in exchange

for the bodies of the three soldiers. Blame for the deaths of those three Israelis can be laid, at least in part, at the feet of the U.N., which went to the wall defending its inviolable pledge never to share military intelligence about one party with another.

UNIFIL has just done what it then vowed it could never do. Once again, it has acted to shield one side in the conflict and to harm the other. Why is this permitted? For that matter, how did the U.N. obtain such detailed and timely military intelligence in the first place, before broadcasting it for Israel's enemies to see?

Lori Lowenthal Marcus is president of the Zionist Organization of America, Greater Philadelphia District.

Hostage Crisis (WSJ)

By Judea Pearl And Ruth Pearl

The Wall Street Journal, August 28, 2006

As the parents of Daniel Pearl, The Wall Street Journal's reporter who was kidnapped and brutally murdered in Pakistan in 2002, we share the anguish of the families of the kidnapped Israeli soldiers, and their frustration with the international community

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for failing to secure the release of their loved ones. For more than six weeks now, these soldiers and their families live each day tortured by unimaginable fears and shattered hopes, praying desperately for the nightmare to end; we relive this nightmare each time an innocent person falls victim to the inhumanity of terrorist abduction.

Whatever success the U.N. Security Council would presume to claim, it cannot be said that Resolution 1701 has effectively addressed the direct cause of the fighting -- the kidnapping of Israeli soldiers, Ehud Goldwasser, 31, and Eldad Regev, 26, by Hezbollah, and the earlier abduction of Gilad Shalit, 19, by Hamas. Secretary-General Kofi Annan's call for the unconditional release of these soldiers has been ignored. Moreover, in flagrant violation of international humanitarian law, the terrorists have not only seized the soldiers as hostages for political blackmail, they have not allowed the Red Cross to visit them. Their families do not know their physical condition; they have no proof they are even alive.

And so now these families of Ehud, Eldad and Gilad are asking to meet with Kofi Annan. They wish to plead with the secretary-general to use the full weight of his moral authority to mobilize and intensify the efforts of the international community he leads -- an influential body that has managed to compel two fierce armies to cease hostilities -- to address this flagrant violation of humanitarian law.

On that score, these families are correct: The time has come for Mr. Annan to personally and aggressively intervene, and to insist publicly that, at the minimum, the Red Cross, or his personal humanitarian representatives, be given immediate access to these soldiers.

Will he? It seems unlikely. Sadly, this is not the first time that concerned parents have turned to Mr. Annan in much the same circumstances. Six years ago, another delegation of distressed families came to the U.N. with a similar tragedy, following the abduction of three Israeli soldiers by Hezbollah from under the noses of Unifil and, by some accounts, with their help. The investigation that was subsequently conducted found that the U.N. had made "serious errors in judgment" by hiding information that "would have been helpful in an assessment of the condition of the three abducted soldiers." At that time, the U.N.'s interest in appearing "neutral" overshadowed its commitment to the preservation of human lives. The world cannot afford a repeat of such inaction and poor judgment.

Undoubtedly, the secretary-general will tell the families of Ehud, Eldad and Gilad that he has dispatched a high-level team to Beirut that will urge the release of their loved ones. But that team negotiates behind closed doors. And by not publicly demanding the unfettered access of humanitarian representatives to the kidnapped soldiers, Mr. Annan has deprived his team of the force of credibility and seriousness they need in those negotiations.

When our son Daniel was in captivity, millions of people around the world prayed for his safe return. In that prayer, they made a solemn pledge never to allow abductions of innocent people to become the norm of civilized society, no matter the political purpose, regardless of grievance or goal.

Kofi Annan's resolve against these acts of terrorism will determine to a great extent what norms will govern our society in generations to come, and whether organizations such as Hezbollah and Hamas will gloat in unruly appetite or be reined in by moral principles. We urge Mr. Annan to make bold and brave efforts to ensure -- as a legacy and gift -- that we will not allow our children and our world be taken captive by terror. Mr. Secretary-General, this time, help bring the boys back home.

Mr. and Mrs. Pearl are co-founders of the Daniel Pearl Foundation (www.danielpearl.org1), a U.N.-affiliated NGO.

It's Not Easy Being Blue (NYT)

The New York Times, August 28, 2006

The Italians have decided to do the right thing and send enough troops to Lebanon to form the core of a United Nations peacekeeping force, thereby shaming the French into coming along. Italy's top generals are no more enthusiastic than France's. One has publicly warned that the mission could be hamstrung by the United Nations' "elephantine bureaucracy." Historically, he said, U.N.-commanded missions "have turned out to be failures."

Bashing the United Nations is fine sport and one that doesn't demand accuracy. But let's be clear about the real dangers. The No. 1 risk going into Lebanon — whether the peacekeepers wear blue helmets or green — is thinking that a military solution is even possible.

For all of the tough talk still coming out of Washington and Jerusalem, 15,000 peacekeepers, assuming they ever make it to that number, cannot be expected to disarm Hezbollah. Israel's far larger army failed to do that in a month of bloody fighting.

What a U.N. force can do — with a credible show of weapons and a mandate to shoot — is make it harder for Hezbollah to attack Israel or restock its arsenal. That should give Israel less of a reason to hit back. But there's no chance this will work unless it is accompanied by an even more robust civilian effort to build up Beirut's central government to a point that it can co-opt or marginalize Hezbollah.

This is very high risk. But a study last year by the RAND Corporation (no patsies they) should soothe some of the generals' worries about trying it under the U.N. flag. The United Nations, RAND says, has learned a lot from past failures, including the

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dangers of being too passive and of overreaching. And when it has been given adequate resources, a core of well-trained troops and a clearly defined mission, it has had notable successes in places like Eastern Slavonia and most recently Liberia.

Certainly, U.N. peacekeeping has had an unacceptable share of financial and other scandals. And its bureaucracy is notoriously slow at rallying and deploying forces. But like everything about the United Nations, its peacekeeping operations are only as good as the Security Council requires them to be — and as good as the forces they can raise.

There are too few wealthy countries with advanced militaries willing to send their own. Of the 63,000 troops deployed in 15 U.N. peacekeeping missions, fewer than 2,000 are from NATO countries.

Last week, as some Bush administration officials were gleefully recounting the Italian general's insults, Britain and the United States were also calling on the Security Council to send 17,000 peacekeepers to Darfur.

Sudan's government is refusing to accept a U.N. force. If it buckles — and a lot more pressure needs to be applied — diplomats admit they'd be hard pressed to come up with those numbers. If the big powers want the United Nations to keep the peace, they're going to have to put more of their own troops on the line. They need to do it now in Lebanon, and they need to get ready for Darfur.

2 Abducted Journalists Are Freed In Gaza Strip (WP)

By Doug Struck

The Washington Post, August 28, 2006

JERUSALEM, Aug. 27 -- After being forced at gunpoint to say they embraced Islam, two Fox News journalists kidnapped 13 days ago were delivered unharmed to a Gaza hotel Sunday.

Palestinian officials said no demands were met in securing the release of American reporter Steve Centanni, 60, and New Zealand cameraman Olaf Wiig, 36.

"I'm so happy to be free," Centanni said shortly after his release.

There was little information made public about the kidnappers, and no arrests were made. Saed Siyam, the Palestinian interior minister, said they are "not al-Qaeda." The anti-American rhetoric in statements from the group, which called itself the Holy Jihad Brigades, had raised new concerns for the safety of Western aid workers and reporters working in the Palestinian territory.

In a brief and chaotic news conference in Gaza, both Centanni and Wiig said they hoped their abduction would not deter reporting on the Gaza Strip.

"My biggest concern really is that as a result of what happened to us, foreign journalists would be discouraged from coming here to tell the story," Wiig said. "That would be a big tragedy for the people of Palestine, and especially for the people of Gaza."

The press freedom group Reporters Without Borders called the journalists' release "very good news." But, noting the continued dangers of reporting in the Gaza Strip, the group protested an Israeli missile attack early Sunday on a truck clearly marked "TV," which seriously injured two Palestinian journalists with [a] news agency.

More than a dozen journalists have been briefly abducted in the Gaza Strip in the last year, but the kidnapping of the Fox News television crew was the longest any had been held. Centanni and Wiig were taken out of their car in Gaza on Aug. 14 by four masked gunmen.

Hoods were put over the journalists' heads, Centanni said in an interview broadcast by Fox News. The men were bound tightly with plastic handcuffs that were "very painful," driven to a garage and forced to lie facedown on the floor, he said.

Over the days, while other Palestinian groups disavowed and condemned the abduction, the men were told to "write the story of your life" and other statements and to make videotapes, which "we didn't want to do," Centanni said.

A videotape released Wednesday showed the two men, appearing casual and relaxed. But another tape, sent to al-Jazeera television just hours before their release Sunday, showed the two men somberly reading texts criticizing the American administration and saying they had become Muslims. A statement said they had taken the names Mohammed and Yusef.

"We were forced to convert to Islam at gunpoint," Centanni said on Fox News. "Don't get me wrong here, I have the highest respect for Islam and learned a lot of very good things about it. It was something we felt we had to do because they had the guns and we didn't know what the hell was going on."

Seeing that tape "was not a pleasant sensation," John Moody, Fox News senior vice president for news editorial, said in an interview from New York. He credited Palestinian officials with working hard for the journalists' release. He said Dennis Ross, a former Middle East negotiator for the Clinton and Bush administrations and now a Fox News analyst, played "a crucial role" in dealing with the Palestinian Authority.

In Gaza, Centanni and Wiig met briefly with Palestinian Prime Minister Ismail Haniyeh. Fox News Chairman and CEO Roger Ailes issued a statement saying that "journalists should never be hostage or pawns in world events. Their job is to tell the story of the world as it unfolds."

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Fox News Journalists Free After Declaring Conversion (NYT)

By Steven Erlanger

The New York Times, August 28, 2006

JERUSALEM, Aug. 27 — Two journalists kidnapped in Gaza were released unharmed on Sunday after being forced at gunpoint to say on a videotape that they had converted to Islam.

The two journalists for Fox News — Steve Centanni, 60, an American correspondent, and Olaf Wiig, 36, a freelance cameraman from New Zealand — were held for 13 days in an abandoned garage in the Gaza Strip as hostages of a previously unknown group calling itself the Holy Jihad Brigades.

"I'm really fine, healthy in good shape and so happy to be free," Mr. Centanni told Fox News. He said the two had been forced at gunpoint to say that they were converting to Islam and had taken Muslim names. "I have the highest respect for Islam," he said. "But it was something we felt we had to do because they had the guns, and we didn't know what the hell was going on."

Earlier on Sunday, their captors delivered a video showing the two men in Arab robes reading from the Koran to indicate their conversion.

After their release, the two men were brought to a hotel in Gaza to be greeted by colleagues. They then met with the prime minister of the Palestinian Authority, Ismail Haniya of Hamas, who had called for their captors to free them.

He dismissed suggestions that any Qaeda-associated group was in Gaza and said of the kidnappers, "These are young men who carried out the action out of private beliefs."

But the identities of the group were a puzzle, and there were no immediate arrests. Nor was there any immediate indication of a ransom payment. The kidnappers demanded that the United States release all Muslim prisoners, but they threatened no particular consequences.

In Gaza, there was speculation that the group consisted of angry or disaffected members of various militant groups trying to embarrass Mr. Haniya and President Mahmoud Abbas of Fatah. Others suggested a private grievance.

In a brief news conference, Mr. Wiig said he hoped the kidnapping would not prevent foreign journalists from covering Gaza. "That would be a great tragedy for the people of Palestine and especially for the people of Gaza," he said.

Mr. Wiig's wife, Anita McNaught, a television journalist, thanked Palestinian officials and Fox News for their efforts. The men refused to take questions, then traveled to the Erez border crossing and entered Israel.

Mr. Centanni told his network that he and Mr. Wiig had been blindfolded, handcuffed and taken to the abandoned garage with a generator. "I was thinking, 'Oh God, O.K., so a remote warehouse with a big noisy generator. I'm toast,' " Mr. Centanni said. "They could simply shoot me in the head, and no one would hear it."

He said he and Mr. Wiig had been forced to make videotapes denouncing American policies as well as saying they had converted to Islam.

Also on Sunday, the leader of Hezbollah, Sheik Hassan Nasrallah, said in an interview with a private Lebanese television station, New TV, that the group "would ignore" what he called Israel's provocations.

...

Sheik Nasrallah said Italy was trying to play a role in a prisoner exchange between Hezbollah and Israel, to be carried out under the auspices of the Lebanese parliamentary speaker, Nabih Berri. Hezbollah captured two Israeli soldiers on July 12; Israel has two prominent Lebanese prisoners from years before and an unknown number of captured Hezbollah fighters and bodies.

Israeli officials say they believe that Sheik Nasrallah does not want the fighting to begin again, that he was shocked by Israel's response and that he is concentrating on the rebuilding to retain political leverage.

Defense Minister Amir Peretz said at the Israeli cabinet meeting on Sunday that the world should move quickly to prevent Sheik Nasrallah from taking credit for Lebanese reconstruction and that Israel expected an expanded United Nations force in Lebanon to monitor its borders and ensure that Hezbollah is not resupplied.

The United Nations secretary general, Kofi Annan, has said the new force will not monitor the borders; the Security Council resolution that ended the war said the force should do so only if Lebanon requests it. Syria has threatened to close its border with Lebanon if "foreign forces" patrol it.

In Gaza early Sunday, Israeli forces rocketed an armored car belonging to [a news agency], wounding five people. The car was clearly marked on the sides and roof and was being used to cover an Israeli raid.

Capt. Noa Meir, an Army spokeswoman, said that the vehicle was in a combat area during a night raid and that the Army had not seen the markings.

The Foreign Press Association of Israel rejected the army's "excuses" and called for a full investigation.

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Kidnapped Fox Journalists Freed After Two Weeks (FT)

By Harvey Morris

Financial Times, August 28, 2006

Two Fox News journalists released in Gaza City on Sunday after being missing for almost two weeks said their kidnappers had forced them at gunpoint to say in a video that they had converted to Islam.

Steve Centanni, a 60-year-old American reporter, and Olaf Wiig, 36, a cameraman from New Zealand, were freed the day after expiry of a deadline set by the kidnappers for the US to free all its Muslim prisoners.

The kidnapping, by the previously unknown Holy Jihad Brigades, was condemned by all Palestinian factions, including the ruling Hamas party.

Ismail Haniyeh, Hamas prime minister of the Palestinian Authority, met the two journalists shortly after their release. He said of the unidentified kidnappers: “These are young men who carried out the action out of private beliefs.”

Mr Centanni said the videotape of him and Mr Wiig announcing their conversion to Islam was made under duress. The video was seen as a face-saving device by the kidnappers after they abandoned earlier demands.

The outcome appeared to confirm a local group was responsible after initial concern that similarities with abductions in Iraq pointed to foreign involvement. Hamas officials ruled out any connection between the kidnappers and al-Qaeda.

Most previous kidnappings were carried out by armed groups seeking to pressure the PA for concessions such as government jobs or the release of imprisoned relatives.

The Foreign Press Association in Israel on Sunday protested to Israel after two journalists and three others were wounded in an Israeli air strike on a news agency vehicle in Gaza. The Israeli military acknowledged it had targeted a vehicle moving suspiciously but had not seen any identifying marks. The FPA said the white car had been clearly identified as a press vehicle.

Fox News Journalists Describe Captivity (AP)

By Ibrahim Barzak, Associated Press Writer

AP, August 28, 2006

Two Fox News journalists freed by militants Sunday described a harrowing two weeks of captivity during which they were blindfolded, tied in painful positions and forced at gunpoint to say on a video that they converted to Islam.

After their release, the men met with Palestinian Prime Minister Ismail Haniyeh and left Gaza, but first appealed at a brief news conference for foreign journalists not to be deterred from covering the plight of the Palestinians in the volatile coastal strip.

"I hope that this never scares a single journalist away from coming to Gaza to cover the story because the Palestinian people are very beautiful and kindhearted," said Steve Centanni, a 60-year-old American reporter who was released along with cameraman Olaf Wiig, 36, of New Zealand. "The world needs to know more about them."

In a phone call with Fox News, Centanni said they were abducted Aug. 14 by four masked gunmen on a side street in Gaza City. He said the assailants covered his head with a black hood, and crammed him and Wiig into a small car.

Their possessions were taken, and their wrists were bound behind their backs. "I still have some sore wrists," he said. "It was digging into my wrists really badly."

In captivity, Centanni said, he was laid face down in a dark garage and tied up in painful positions.

"If we tried to get up and sit up, which I did do a few times, they would eventually just force us back down with something stuck to my head," he said. "I don't know if it was a stick, a flashlight or a gun or what. We couldn't see. We were forced to lay face down again in the dirt with blindfolds on."

Before their release, a video was released showing Wiig and Centanni dressed in beige Arab-style robes. Wiig delivered an anti-Western speech, his face expressionless and his tone halting. The kidnappers claimed both men had converted to Islam.

"We were forced to convert to Islam at gunpoint," Centanni told Fox. "Don't get me wrong here. I have the highest respect for Islam, and I learned a lot of good things about it, but it was something we felt we had to do because they had the guns, and we didn't know what the hell was going on."

Wiig, who has covered some of the world's most dangerous conflicts, including Afghanistan and Iraq, said at the news conference that he also was worried the kidnapping might scare reporters away from Gaza.

"My biggest concern really is that as a result of what happened to us, foreign journalists will be discouraged from coming to tell the story and that would be a great tragedy for the people of Palestine," Wiig said. "You guys need us on the streets, and you need people to be aware of the story."

Israeli airstrikes in Gaza on Sunday killed three Palestinians and wounded two television cameramen, Palestinian officials and residents said. They said Israeli sniper fire killed a fourth Palestinian and critically wounded a 6-year-old boy.

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The release of Centanni and Wiig ended Gaza's longest crisis involving foreign hostages, but left unclear who was behind the kidnapping and what led them to free their captives. Palestinian militants have seized more than two dozen foreigners the past two years, usually to settle personal scores, and generally released their captives unharmed within hours.

The journalists were seized by a previously unknown group calling itself the Holy Jihad Brigades. The group's call for the release of Muslim prisoners held by the U.S. had raised concerns that foreign extremists, perhaps al-Qaida, had infiltrated Gaza.

But Palestinian security officials said the name was a front for local militants. They said the kidnappers — whom they would not identify — were tracked down through third parties, but did not say whether a deal was struck with the militants for the journalists' release.

Interior Minister Said Siyam said he did not expect other foreign journalists in Gaza to face the same ordeal. "In principle, there is a promise that this will not be repeated," he said, declining to elaborate.

The two journalists headed to Israel and were spending the night at the U.S. consulate in Jerusalem.

Roger Ailes, Fox News' chairman and chief executive, thanked "governments and individuals throughout the world" who helped free the men, and the journalism community for offering support.

"The entire international community is beginning to realize that journalists should never be hostages or pawns in world events. Their job is to tell the story of the world as it unfolds," Ailes said.

White House spokeswoman Dana Perino said President Bush was "pleased the journalists were released and will soon be reunited with their entire families and loved ones."

In New Zealand, Wiig's father, Roger Wiig, said his son apologized for worrying everyone. "His first comment was that he was sorry he had put us through that."

Centanni's brother, Ken Centanni of San Jose, Calif., expressed joy about the release, describing his phone conversation with his brother as "the best phone call I've ever had."

He said his brother sounded tired and a bit shaky but also sounded excited to be released. "He was emotional and happy."

Associated Press writer Justin M. Norton in San Francisco contributed to this report.

Freed Fox Journalists Tell Of Painful Time In Captivity (USAT/AP)

USA Today, August 28, 2006

GAZA CITY — Two Fox News journalists were freed in good health Sunday after a two-week kidnapping ordeal in which they said they were blindfolded, tied in painful positions and forced to convert to Islam.

After their release, the men met with Palestinian Prime Minister Ismail Haniyeh and quickly left Gaza, but not before appealing to foreign reporters not to be scared away from covering the plight of Palestinians in the volatile coastal strip.

The release of correspondent Steve Centanni, 60, of Washington, D.C., and cameraman Olaf Wiig, 36, of New Zealand ended Gaza's longest crisis involving foreign hostages, but left unclear who exactly was behind the kidnapping and what led them to free their captives.

“I want to thank everybody. I am happy to be here. I hope that this never scares a single journalist away from coming to Gaza to cover the story because the Palestinian people are very beautiful and kindhearted,” Centanni said.

The journalists were seized in Gaza City on Aug. 14 by a previously unknown group calling itself the Holy Jihad Brigades. The group's demand for the release of Muslim prisoners held by the United States had raised concerns that foreign extremists had infiltrated Gaza. Haniyeh said the kidnappers were from Gaza. “The kidnappers have no link to al-Qaeda or any other organization or faction,” he said Sunday.

Centanni and Wiig were dropped off shortly after noon Sunday at a hotel by Palestinian security officials. The pair met with Palestinian officials, held a brief news conference and then left for Israel. They were resting late Sunday at the U.S. Consulate in Jerusalem, a spokeswoman said.

In a phone call with Fox News, Centanni said he and Wiig were abducted by four masked gunmen on a side street in Gaza City. He said the assailants covered their heads with hoods.

In captivity, Centanni said that they were held at times face down in a dark garage and tied up in painful positions.

“If we tried to get up and sit up, which I did do a few times, they would eventually just force us back down with something stuck to my head,” he said. “I don't know if it was a stick, a flashlight or a gun or what. We couldn't see.”

Before their release, a new video aired showing Wiig and Centanni dressed in Arab-style robes. Wiig delivered an anti-Western speech, his face expressionless. The kidnappers claimed both men had converted to Islam.

“We were forced to convert to Islam at gunpoint,” Centanni told Fox. “Don't get me wrong here. I have the highest respect for Islam, and I learned a lot of good things about it, but it was something we felt we had to do because they had the guns.”

Throughout the hostage crisis, the Hamas-led Palestinian Authority insisted it did not know the identity of the kidnappers. Haniyeh was evasive Sunday when asked whether he would try to arrest them.

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In the USA, Roger Ailes, Fox News' chairman and chief executive, thanked “governments and individuals around the world” who helped free the men.

Fox Journalists Freed After 2 Weeks In Gaza (LAT)

By Ken Ellingwood, Times Staff Writer

The Los Angeles Times, August 28, 2006

One of the two men says they were handled roughly and forced at gunpoint to declare on videotape that they had converted to Islam.

JERUSALEM — Two Fox News journalists were freed in good condition Sunday after being held by kidnappers in the Gaza Strip for nearly two weeks, the longest abduction of foreigners in the chaotic Palestinian enclave in recent years.

Correspondent Steve Centanni and cameraman Olaf Wiig were transferred to a hotel in Gaza City by Palestinian security officers after days of efforts by Palestinian leaders to get them released.

Palestinian officials did not say what assurances, if any, had been made to the captors to win the journalists' release. The pair had been held by a previously unknown group calling itself Holy Jihad Brigades.

Centanni, 60, appeared tearful but healthy upon arriving at the seafront Beach Hotel in Gaza City. He later told the Fox network that he and Wiig had been blindfolded, bound and handled roughly by the kidnappers after being seized Aug. 14 and later forced at gunpoint to declare on videotape that they had converted to Islam.

Less than two hours before the men were released, the kidnappers released a videotape of the two wearing tan caftans and making the statements about having become Muslims.

"I'm emotional because I'm so happy to be out," Centanni told his network on air by telephone shortly after being freed. "There were times when I thought that, you know, 'I'm dead.' And now I'm not. And so, thank God."

Centanni, an American correspondent based in Washington, and Wiig, 36, a freelance cameraman from New Zealand, were taken across the border to Israel a few hours later.

The two were seized in Gaza City by masked gunmen who blocked their car and forced them into another vehicle. There was no word about them for more than a week, until Centanni and Wiig appeared in a videotape released Wednesday along with a statement by the captors demanding the release of all Muslims held by the United States within 72 hours.

The U.S. government rejected the demand and the deadline passed Saturday without further word from the kidnappers.

On Sunday, Palestinian officials were tight-lipped about the steps that led to the journalists' release.

Whoever may have been behind the abduction was not publicly identified.

For the previous two days, Palestinian officials had signaled progress in efforts to broker the men's release through unspecified intermediaries. On Sunday, the Popular Resistance Committees, an armed group that has fired many of the Kassam rockets launched into southern Israel, said it had acted as a go-between.

Palestinian Authority Prime Minister Ismail Haniyeh, of the militant group Hamas, said the kidnappers had acted on their own, and not as part of any established Palestinian faction or outside network such as Al Qaeda. But he declined to offer more details.

Palestinian authorities sidestepped questions about whether they would seek to prosecute the kidnappers.

The Hamas-led Palestinian government, facing international aid cuts and renewed hostilities with Israel, appeared eager for an end to the hostage episode and had urged the release of the journalists.

The abduction case stood out even amid the staggering disorder of the Gaza Strip, where a dozen or so foreigners, including journalists, have been kidnapped in the last year.

In most of those cases, the captives were released within a few hours. Most times, kidnappers have taken hostages to demand jobs in the Palestinian security forces or to settle a score on behalf of one clan or armed faction. But that was apparently not the case this time.

Centanni told Fox News that the kidnappers placed hoods over their heads and bound their wrists tightly with plastic ties before taking them to a garage, where they lay face down on a dirt-covered concrete floor. A generator rumbled noisily in the background, Centanni said, prompting him to worry that the captors could shoot the men without being heard.

But, he said, "my better nature led me to think that I'm no good to them dead. So I kept my hopes up."

The kidnapping created new uncertainties for foreigners who work in Gaza, such as journalists and aid workers. The U.S. Consulate in Jerusalem had telephoned American journalists after the abduction, urging them to stay away from Gaza for the time being.

Centanni and Wiig told a news conference in Gaza City later that they hoped the abduction would not deter journalists from going to the territory to report on conditions there. Officials and ordinary Palestinians are generally eager to tell the world their side of the story and for the most part have welcomed foreign journalists.

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It would be a "great tragedy for the people of Gaza" if journalists stayed away, even though reporting there is difficult and at times dangerous, Wiig said. Earlier Sunday, an Israeli airstrike near Gaza City hit an armored vehicle owned by [a] news agency, injuring two Palestinian journalists.

Separate Israeli airstrikes Sunday killed three Hamas militants in a neighborhood at the edge of Gaza City, and sniper fire killed a fourth in the same area, Palestinian officials said.

Early today, Israel killed at least three members of the Hamas-led security forces.

Palestinian officials said four died in an Israeli airstrike. Israel's military said two Palestinian gunmen were killed in a shootout with the army and another in an airstrike after the group had approached Israeli soldiers.

Times special correspondent Rushdie abu Alouf in Gaza City contributed to this report.

Freed Journalists: Despair, Then Hope (CSM)

By Ilene R. Prusher

The Christian Science Monitor, August 28, 2006

JERUSALEM

Two journalists for the FOX News Channel, Steve Centanni and Olaf Wiig, were released Sunday in Gaza after being kidnapped and held for almost two weeks in circumstances that remain as murky as the heretofore unknown group responsible for the abduction, the Holy Jihad Brigades.

The two men, elated and emotional after their release, told reporters at a brief press conference at the Beach Hotel in Gaza, where they had just been dropped off, that they hoped that their kidnapping would not keep other foreign journalists from coming to Gaza to cover the Palestinian story.

But their kidnapping and the uncertain events that led to their freedom has already caused most news organizations to keep their international staff out of Gaza and brought calls to reassess how to cover the story safely.

Officials at the Hamas-led Palestinian Authority (PA) said they had exerted "huge efforts" in recent days to secure the journalists' release, but still did not know exactly who was responsible for kidnapping the men.

The Interior Minister said Hamas officials had not had any direct contact with the kidnappers, but that the Popular Resistance Committee (PRC), an amorphous group of Palestinian militants from different factions, played an intermediary role in negotiating with the abductors.

The kidnapping was unprecedented in that it was the longest period of time foreign reporters have ever been held in Gaza. Moreover, several videos made of the men, in the style of those made by the Iraqi insurgency, were released to local and international news channels - another first in Gaza.

A video Thursday made a sweeping demand for the release of all Muslims held in American jails. That bumped up the usually localized focus of Gaza militants - the conflict with Israel - to the more international arena.

In the last video, which appeared on a Palestinian TV station several hours before Messrs. Centanni and Wiig were set free, the militants dressed the journalists in local Arab robes and said they had converted to Islam.

"We were forced to convert to Islam at gunpoint," Centanni said just hours after the release of that video, in an interview with FOX immediately following his release. He added: "I have the highest respect for Islam and have learned many things about it. It was something we felt we had to do because they had the guns and we didn't know what ... was going on."

Centanni described his captivity on a live FOX television program, still breathless in the first hour following their unexpectedly hasty release. He shed light on the nature of their ordeal and how significantly it differed from previous abductions of journalists in Gaza.

"We were driving down a narrow side street in Gaza City," Centanni recalled. "There was a car stopped in front of us, and before we realized what it was, four of them [gunmen] came over to our car, and stuffed us in the back seat of a tiny Toyota and flipped a black hood over our heads," he said. "We were crunched down toward the floor and they sped away."

Soon afterwards, he said, "they searched our pockets and took everything away ... they sat us down and tied our hands behind our backs really tight. That was just the beginning of our torment that night."

He said that later, they were moved in a different car "with our heads between our knees so we couldn't see where we were going." They drove for about 10 minutes, he said, and then heard a garage door rattling open. "Everything was pitch black for us anyway. We were roughly taken out of the car," he said, where they heard a generator roaring loudly.

"I was thinking, Oh God, OK, a remote warehouse with a loud generator. We're toast. They could easily shoot us and no one would hear us."

Then, said Centanni, his tendency toward positive thinking prevailed. "I'm no good to them dead," he recalled telling himself, "so I kept my hopes up."

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That night, he said, the two men were forced to lie face down on a dirt floor with their arms tied behind them in a painful position for at least two hours. He called to Wiig, who had been lying nearby. "He said, 'Yeah, I'm here, and I hurt ... but I'm here.' " The militants then prevented them from speaking further.

Centanni said they were forced to make several videos, to describe what they had reported on in Gaza as well as in other countries, such as Iraq and Afghanistan, and were instructed to write down their life stories.

"I'm emotional; because I'm so happy to be out," Centanni said. "There were times that I thought: I'm dead. And I'm not, thank God."

After their release Sunday, the two men met with Palestinian president Ismail Haniyeh, who had also held several meetings in the last few days with Wiig's wife, Anita McNaught, a broadcast journalist. Mr. Haniyeh and other Hamas officials, who have been ostracized by most Western countries following their election in January, have been keen to put their best foot forward in the crisis.

"I want to confirm that huge efforts were exerted in the last few days by the president, by the government, by the ministry of the interior, and by some other Palestinian actors - particularly our brothers in the Popular Resistance Committee - to convince the kidnappers not to harm the abducted men and to renounce their demands," said Sayeed Siam, the PA's Interior Minister, after the journalists' release.

He said that the PRC was not responsible, but had "managed to reach them and to have contacts with them," then added: "The abductors are Palestinians, after all. They're not from another planet." The quip was intended to dispel theories that that kidnapping might have been perpetrators by "outsiders," or militants from other Arab countries with ties to Al Qaeda.

Mr. Siam said that this and all kidnappings are counter to Palestinian mores and interests.

"We want to confirm that foreigners are guests in our country, as long as they don't interfere in our internal affairs," he said. "We hope these actions won't be repeated, because these damage the image of the Palestinians.

Alaa Husni, Gaza's police chief, blamed Israel for the deterioration of security conditions in the coastal strip. "The Israelis have been raiding and destroying the security institutions, then these institutions became weak and this lead to the security deterioration and the chaos," he said. "We hope that the kidnappers will give up, will not repeat an episode like this again."

But Mohammed Dahlan, who had been the security chief in Gaza when the PA was headed by the late Yasser Arafat's Fatah party, said the current government must take responsibility and reign in the lawlessness enveloping Gaza.

"Even Israeli journalists used to live here in peace and safety, and used to sleep in the Jabalya Refugee Camp in Gaza, and what we see now is a strange phenomenon," said Mr. Dahlan, who is now a Fatah party member of parliament from Gaza.

"We urge the government to implement an urgent plan to put an end to this phenomena and to punish those who stand behind it. The duty of the government is to deploy the police to bring more security for the Palestinians, who also don't feel safe anymore. It is now almost six months since the new government started to carry out its duties, and Palestinians cannot feel any difference for the better," he said.

Before they left Gaza, both of the freed journalists implored other foreign reporters not to abandon coverage of the area. "I just hope this never scares a single journalist away from coming to Gaza to cover this story because the Palestinian people are very beautiful, kind-hearted, loving people who the world needs to know more about," Centanni said.

Wiig, a freelance cameraman who works often with FOX, also said he feared their experience would dissuade many journalists from telling Gaza's tale.

"My biggest concern, really, is that as a result of happened to us, foreign journalists would be discouraged from coming here to tell the story and that would be a great tragedy to the people of Palestine and of Gaza in particular," Wiig said.

"Your story doesn't get very well told because it is difficult to work here," he told the hastily arranged press conference of primarily Palestinian reporters.

That difficulty and danger for journalists in Gaza was also apparent early Sunday when an Israeli airstrike injured two television cameramen working for [a news agency]. A missile struck their armored car, which the Israeli army said was acting suspiciously and had not been clearly identified as belonging to the media.

But the Foreign Press Association in Israel said in a statement Sunday the "assertion that the vehicle was acting suspiciously near Israeli forces is wholly unacceptable." They disputed the claim that the car was unmarked and called for an investigation into the incident.

Fox News Journalists Set Free Unharmed (WT/AP)

By Ibrahim Barzak

The Washington Times, August 28, 2006

DOJ_NMG_0053933

GAZA CITY, Gaza Strip -- Militants freed two Fox News journalists yesterday in the Gaza Strip, ending a nearly two week hostage drama in which one of the former captives said they were forced at gunpoint to make statements, including that they had converted to Islam.

Reporter Steve Centanni, 60, of Washington, and cameraman Olaf Wiig, 36, of New Zealand, were dropped off at Gaza City's Beach Hotel by Palestinian security officials. A tearful Mr. Centanni briefly embraced a Palestinian journalist in the lobby, then rushed upstairs with Mr. Wiig behind him.

The pair, who appeared to be in good health, then met with Palestinian officials, including Prime Minister Ismail Haniyeh. The three men sat in a circle of chairs at the hotel, before the journalists held a press conference, then left and crossed into Israel.

"I want to thank everybody. I am happy to be here. I hope that this never scares a single journalist away from coming to Gaza to cover the story because the Palestinian people are very beautiful and kindhearted," Mr. Centanni told reporters. "The world needs to know more about them. Don't be discouraged."

Mr. Wiig also said he was worried that the kidnapping would scare off reporters.

"My biggest concern really is that as a result of what happened to us, foreign journalists will be discouraged from coming to tell the story, and that would be a great tragedy for the people of Palestine," Mr. Wiig said. "You guys need us on the streets, and you need people to be aware of the story."

Mr. Wiig's wife, Anita McNaught, thanked Palestinian officials and Fox News for their efforts in getting the men released. The men declined to take questions, then traveled to the Erez crossing and left Gaza.

In a phone call with Fox News, Mr. Centanni said that during his capture, he was held at times face down in a dark garage, tied up in painful positions, and that he and Mr. Wiig were forced at gunpoint to make statements, including that they had converted to Islam.

"We were forced to convert to Islam at gunpoint," Mr. Centanni told Fox. "Don't get me wrong here. I have the highest respect for Islam, and I learned a lot of good things about it, but it was something we felt we had to do because they had the guns, and we didn't know what ... was going on."

The journalists had been seized in Gaza City on Aug. 14 by a previously unknown group calling itself the Holy Jihad Brigades.

However, senior Palestinian security officials said yesterday the name was a front for local militants and that Palestinian authorities had known the identity of the kidnappers from the start.

In the past two years, Palestinian militants have seized more than two dozen foreigners, usually to settle personal scores, but released them unharmed within hours. The Fox journalists had been held longest.

Israeli Siege Leaves Gaza Isolated And Desperate (WP)

By Doug Struck

The Washington Post, August 28, 2006

GAZA CITY, Aug. 27 -- As the sun beat down on the city's central market, Khitam Shahleen, 37, glumly picked through a pile of cheap pencil sharpeners, searching for something -- anything -- she could afford to buy her two sons for the start of the new school year.

"We don't have money," Shahleen said, eyes downcast beneath her head scarf. Her husband, who works as a laborer in Israel, has been trapped inside the Gaza Strip by a blockade. "We are imprisoned here," she said.

The war in southern Lebanon has overshadowed Israel's second front, a military and economic siege of the Gaza Strip that is deepening the poverty and desperation in this dense area of 1.4 million people.

More than 200 Palestinians, at least 44 of them children, have been killed in the past 8 1/2 weeks. Three Israeli soldiers have been killed. Huge Israeli bulldozers and "pinpoint" missiles have razed at least 40 houses and dozens of other buildings, according to the army, leaving many families homeless.

Daily skirmishes regularly result in new casualties. The Israelis attack with tanks, F-16 jets and artillery. The Palestinians launch an average of about six crude Qassam rockets a week into Israel, causing minimal damage, no fatalities and about a dozen injuries since June 28, an army spokesman said.

"Any Qassam fired toward Israel is one too many," said Maj. Tal Lev-Ram, a spokesman for the Israeli army's Southern Command. "Every act of terrorism against Israel will be dealt with severely from our side."

After Israel completed its unilateral withdrawal from Gaza last September, ending a 38-year presence, Palestinians expected an explosion of commerce and opportunity in this sandy strip, which is about twice the size of Washington with almost three times the population.

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But after the election in January of a parliament dominated by Hamas, the radical Islamic movement that refuses to recognize Israel's right to exist, international donors led by the United States cut off aid to the Palestinian Authority. Israel stopped transferring the tax revenue it collects for the Palestinians, and the Palestinian Authority's monthly income dropped from $150 million to $20 million or less, according to the United Nations.

Since then, the Gaza Strip's economy has been strangled. The largest employer, the Palestinian Authority, has been unable to pay more than token salaries to its 160,000 employees -- teachers, clerks, health care workers, police officers -- in six months.

Israel has enforced a blockade, allowing almost no goods to leave Gaza and only limited food supplies to enter. Most industry has shut down. Electricity and water services have been intermittent since Israel bombed the main power station here.

"Gaza is heading down the tubes," said John Ging, director of operations for the United Nations Relief and Works Agency, or UNRWA. "We are now down to a subsistence existence. It's down to getting containers of food into here."

In the market in Gaza City, Mohammed Abu Aqleen, 37, held his head morosely Saturday, leaning on a pile of blue jeans. "Nobody has any money. Nobody buys," he said, adding that he is lucky to make $7 a day.

"Under this siege, I feel like I am in a big prison," he said. "No one can leave. The country is closed now. We are under the control of someone else. You can't even go to the edge of your country safely."

On June 25, Palestinian gunmen burrowed under a fence around the Gaza Strip and attacked an Israeli outpost, killing two soldiers and capturing Cpl. Gilad Shalit, 19. Israel responded with force. Seventeen days later, Hezbollah guerrillas from southern Lebanon seized two more Israeli soldiers, igniting warfare there. The fighting in Lebanon largely ended with a cease-fire on Aug. 14, but the Gaza conflict continues.

Israeli artillery units are poised outside the borders of the Gaza Strip. Fighter jets no longer make low-altitude sonic boom runs to keep Gazans unnerved at night but still overfly the strip and launch missiles toward it. Heavily armored patrols and tanks periodically pierce the warrens of Gaza City and the refugee camps, drawing gunfire and rocks in response.

"We are determined to continue the military operations against the terrorist organizations in order to create the conditions necessary for the safe homecoming" of Shalit, Lev-Ram said.

Rumors persist of negotiations to exchange Shalit for some of the estimated 10,000 Palestinians being held prisoner by Israel, but no deal has been struck.

"The siege is continuing for six months, and people are suffering, but no one talks of giving up," said Sami Abu Zohri, a Hamas representative in Gaza. "We have no other options but to wait until the siege is over. Gaza lives in the darkness like something in ancient times."

Zohri said the rocket attacks into Israeli territory were "efforts to protect ourselves with very limited armaments." Israel's response to the corporal's capture, he contended, was disproportionate.

"If one Israeli is wounded, it's a big deal," he said. "But they have eradicated whole families in Gaza."

Hamas and its chief rival, Fatah, have discussed forming a joint government in hopes of restarting the flow of aid from international donors. So far, Hamas has balked at giving up the leading role it won in the election.

"Hamas has led us into a dark tunnel. The way out is not clear," said Maher Megdad, a Fatah spokesman here. But he, too, expressed irritation with the international pressure to undercut the elected government.

"The international community does not have the right to punish Palestinians for exercising democracy, even if the result is Hamas," he said. "While Israel pressures us, the whole world stands by."

The U.N. Office for the Coordination of Humanitarian Affairs said 202 Palestinians have been killed since Israel launched its "Operation Summer Rain" after Shalit's abduction. The Palestinian Health Ministry puts the figure at 246.

Capt. Noa Meir, an Israeli military spokeswoman, said: "It's a very complicated combat area. Just like in Lebanon, they are using civilians as human shields. We do everything possible to avoid civilian casualties."

The deteriorating situation has forced many foreigners to leave. UNRWA moved its headquarters from Gaza to Jerusalem in October, and most of its 78 international staff members left with it. Other aid agencies have done the same. A spate of kidnappings, including the 13-day captivity of two Fox News journalists released Sunday, has reduced the numbers of aid workers and foreign reporters here. An Israeli missile attack Sunday on a truck with "TV" marked in large black letters seriously wounded two...journalists.

"It's really depressing. I don't know how people are managing," said Tom Garofalo, the country director for Catholic Relief Services.

Gaza has been under pressure at least since the 1967 war, when the Israeli army seized the area from Egypt. But the siege is taking its toll, even on a populace accustomed to isolation, Garofalo said.

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"There's more and more internal conflicts between families, more and more basic crime," he said. "The Palestinian Authority is trying to maintain order. But around the edges, things crumble. Desperation drives people to do things they wouldn't normally do. There is less respect for security."

Israeli fighter bombers made a pinpoint attack June 28 on Gaza's power plant, a modern 140-megawatt station built with international aid in 2001 that provided about half the power for the Gaza Strip. Now, power bought from Israel provides service for only about six to eight hours daily for most residents. Water service, dependent on electric pumps, is also sporadic.

UNRWA and the U.N. World Food Program are providing food to more than 1 million Palestinians. Aid agencies have created short make-work programs, but thousands of people apply for each job. The agencies have given out cash and fuel to needy families.

"People are not starving or emaciated. But that's not what it's about," said Ging, the UNWRA director of operations. "It's about having 1.4 million people who have no job, no money, no prospects and an acute sense of imprisonment. You have children growing up in a violent and uncivilized society, without the things most countries would take for granted as a normal existence."

At the Gaza market, Mohammed Abdul Rahman, 36, picked carefully through the stalls looking for school supplies for his four children. A government worker, he has not been paid since March, he said. He borrowed money from a bank, but now that is due.

"It's a very, very bad situation," he said. "As a father, it's hard to tell my kids that I can't get what they need. The pressure at home is rising. Everyone feels it. I think there will be a massive strike, and the whole thing will explode. We can't keep living like this."

US Centcom Chief Abizaid Arrives In Pakistan (AFP)

AFP, August 28, 2006

The US Central Command chief, General John Abizaid, has arrived in Pakistan for talks with military officials, the military said.

Abizaid, who flew to Islamabad on a three-day visit, will hold talks with senior military officials, a statement said.

General John Abizaid, head of the US Central Command that covers parts of Africa and the Middle East, was in Afghanistan on Saturday where he said that Pakistan was not colluding with the Taliban, although some rebels come from across the border to fight in Afghanistan.

"There is always this notion that there is collusion on the part of the Pakistani government that I see always talked about in the press in the region and I absolutely don't believe that," Abizaid told reporters.

The governments of the neighbouring nations have long accused each other of not doing enough to quell the Taliban uprising, which is felt on both sides of the border.

Tribal Leader's Killing Incites Riots In Pakistan (NYT)

By Carlotta Gall

The New York Times, August 28, 2006

ISLAMABAD, Pakistan, Aug. 27 — Violent protests broke out in the southern Pakistani province of Baluchistan and in the city of Karachi on Sunday after the killing of a prominent rebel tribal leader in a fierce battle with the army.

Anticipating unrest, the government placed the army on alert on Saturday night after the death of the leader, Nawab Akbar Khan Bugti, 79, who had dominated the Baluch political scene for more than 50 years. The police closed the main highways from three provinces into the provincial capital, Quetta, and imposed a curfew at 1 a.m.

But protesters defied the curfew, burning tires, ransacking shops and government buildings and setting fire to buses in the city.

Gunfire broke out, and at least three people, including a police officer, were reported killed. A bomb exploded at a government registration office in Qalat, a town just south of Quetta, but no one was reported injured.

Violence broke out across the province during the day, and the police detained 450 people, news agencies reported.

Government officials moved quickly to try to ease tensions. President Pervez Musharraf called a meeting of senior cabinet ministers and law enforcement agencies, and his spokesman announced soon after that Mr. Bugti's body would be handed over to relatives for burial as soon as it could be retrieved from the rubble of the cave where he died.

The spokesman, Tariq Aziz, said that soldiers had not known that Mr. Bugti was in the cave when they advanced on it and that he had not been singled out.

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Nevertheless, opposition politicians and Baluch nationalists warned that the death of the tribal leader would heighten nationalist feelings in the province and opposition to Mr. Musharraf, who has also held the post of chief of the army since seizing power in a coup seven years ago.

Mr. Bugti, a former provincial governor who led his own political party, took up arms against the government of Mr. Musharraf last year, demanding a larger share of the resources of the gas-rich province and more rights for the native Baluch people in government and development.

The government blamed him for leading a series of attacks against its forces and installations, and it mounted a determined military campaign against him and the neighboring Marri tribe.

Despite his age and failing health, Mr. Bugti had for the past seven months joined in the fighting alongside his tribesmen from the mountains of his home district, Dera Bugti.

He was killed along with seven tribesmen on Saturday morning when an army unit moved in on a cave where he had sought shelter, in a place called Tratani in the Kohlu district, Mr. Aziz said. Mr. Bugti's grandsons, who were also reported killed Saturday, had not been with him, and their fates were not confirmed, he said.

Fighting broke out in the area on Thursday when a pair of army helicopters came under fire and one was hit but landed safely, Mr. Aziz said. After another helicopter came under fire in the same area, the army moved in. In two and a half days of fighting the army took 26 casualties, six of them fatal, as it advanced on the well-defended rebel positions, he said.

A senior army officer leading the advance set off a mine at the cave entrance, which triggered secondary explosions in the cave, bringing down the entire structure, Mr. Aziz said.

Former Prime Minister Mir Zafarullah Khan Jamali, a Baluch, called Mr. Bugti's death a tragedy that would have serious repercussions for the province and the country.

...

Mushahid Hussein Sayed, secretary general of the ruling party and a senator who led a parliamentary committee looking into the problems of Baluchistan last year, called his death sad and unfortunate. "The need of the hour is a political solution to longstanding problems of neglect and injustice, which are at the heart of the people's grievances," he said.

Opposition politicians, who have demanded that Mr. Musharraf give up his military post and have scheduled a vote of no confidence against Prime Minister Shaukat Aziz for Tuesday, condemned what they described as the use of force to solve a political issue.

"It is the duty of the government to hold a dialogue instead of taking military action," Qazi Hussain Ahmed, leader of an alliance of six religious parties, told the Pakistani news agency Online.

A Rebel's Killing Roils Pakistan (CSM)

By David Montero

The Christian Science Monitor, August 28, 2006

QUETTA, PAKISTAN

For years, Nawab Mohammed Akbar Khan Bugti battled the Pakistan Army. The 80-year-old renegade hidden in the mountains of Balochistan became a legend in his fight for greater autonomy against what he saw as colonial brutality.

Bugti was both hated and revered. But as a former federal minister and governor, he symbolized a political as well as a violent struggle. And his death this weekend, during a fierce three-day battle that left more than 30 dead, could prove a serious blow to Pakistan's stability.

It could also close a door to a group seen as a counterweight to extremism represented in the region by a resurgent Taliban, analysts say.

"This is not a good sign," says Samina Ahmed, South Asia director of the International Crisis Group. "Just a few years ago [Nawab Bugti] was talking to the government. Keeping that door open was the way to go. Now that door has been slammed shut."

Bugti's death could also reverberate in the region, some analysts say. The Balochis are spread across several countries, with millions living in parts of Iran and Afghanistan that border Pakistan.

"They will provide sanctuary to Baloch militants. There will be a lot of sympathy," says Lt. Gen. (ret.) Talat Masood, a defense analyst in Islamabad.

In recent weeks, the volley of attacks in Balochistan had increased, pitting thousands of Pakistani troops - the number is not disclosed - against a loosely organized but formidable federation of separatist militants.

On Friday, the day before Bugti was killed, two car bombs exploded in Quetta, wounding 13 people and shattering windows. Smoking ruins are a regular sight in Quetta and its environs as militants target military installations and government gas pipelines.

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The Army has responded with aerial bombings and helicopter gun ships, Baloch leaders say, a claim Islamabad denies.

But Mohammed Anwar, a poor tribesman from Dera Bugti, Bugti's home, says he recently fled because of the Army's bombardment. Now he lives in a squalid refugee camp on the outskirts of Quetta.

"Why is the government saying we should leave our homes? It's our property," says Mr. Anwar. "The Pakistani constitution gives us that right."

Violence paralyzed parts of Balochistan Sunday, and Baloch leaders vowed to launch a nationwide strike.

The consequences of this escalation for the broader battle against terrorism could be serious, analysts say.

"This is disastrous," says General Masood. "It will divert attention from the war on terror ... by engaging the Pakistan forces in Balochistan in a much bigger way."

The Taliban are said to be growing in influence in Balochistan, allegedly using the province's capital, Quetta, as a base for directing operations in southern Afghanistan.

But the Baloch people are widely recognized as fiercely opposed to the Taliban. With the killing of their most respected leader by government forces, the prospects for peace are dim for the foreseeable future, many here say.

At the root of the longrunning insurgency is a sense of inequity over the distribution of natural resources. Balochistan, Pakistan's largest but most impoverished province, is as rich in mineral wealth and natural gas as it is in bloodshed.

Natural gas was first discovered in Balochistan in the 1950s, but it has mostly been shipped to Islamabad and parts of Punjab; some regions of Balochistan are still without it.

With demands for greater political autonomy and control of resources consistently rejected by the state, Nawab Bugti and other Baloch leaders have fought a succession of wars against Islamabad since the 1970s.

Balochistan, cut off by rough terrain and political differences from the central government, has pockets of extremism that the Taliban have long exploited. The province also shares hundreds of miles of unmanned border with Afghanistan, giving the Taliban a sprawling front for their operations.

The solution, such as it exists, masks a potent irony. The most effective counterbalance to the Taliban, observers say, are the very people the Army is targeting in its military operations.

Baloch nationals have acted as a countervailing force to extremists, espousing democratic and liberal political values, observers say. In the arena of the provincial assembly, Baloch leaders argue, they regularly battle against measures that create an amenable atmosphere to the Taliban.

Their struggle for autonomy and greater political rights, they add, dovetails with the broader agenda of the war on terror. "We are fighting in the same atmosphere as the United States," says Akbar Mengal, a member of the provincial assembly from the Balochistan Nationalist Party.

But instead of encouraging the Baloch parties, leaders and analysts charge, the government has actively undermined them, targeting them - and not the Taliban - with their weapons.

"All those weapons and aid that the US has given to Pakistan to fight Al Qaeda and the Taliban, [the Pakistan Army] is using against the nationalists in Balochistan," adds Mr. Mengal. US officials have conceded as much to the Western media in the recent past, saying it cannot always control how the Pakistani Army uses its weapons.

These are troubling realities often overlooked by Washington and other Western powers, Ms. Ahmed and others say.

"If the menace of the Taliban are to be dealt with in Balochistan, the Baloch are a credible ally. It is in everyone's interest - Afghanistan, the United States - to see that there is peace in Balochistan," she cautions.

21 Wounded As Blasts Hit Turkish Resort (AP)

By Selcan Hacaoglu, Associated Press Writer

AP, August 28, 2006

A bomb blast blew apart a minibus in a Turkish tourist resort late Sunday injuring 21 people including 10 British tourists, the local police chief said.

The explosion was in the popular Mediterranean resort town of Marmaris. There were two other bomb blasts at the same time in garbage cans on the main boulevard in Marmaris, the state-owned Anatolia news agency reported. The area is lined with bars, clubs, cafes and restaurants. There were no reports of injuries in those blasts.

There was no immediate claim of responsibility for the blast. Kurdish guerrillas have in the past carried out such attacks against tourist resorts.

Britain's Foreign and Commonwealth Office said that 10 Britons were injured in the explosions, according to a report from the British news agency Press Association.

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Police chief Emin Korpe of Mugla province, where Marmaris is located, said 21 people were injured in the blast, including 10 British tourists and 11 Turks, the private Dogan news agency reported. Korpe said one of the injured was in serious condition, but gave no further details.

None of the injured had life-threatening injuries, Anatolia reported. Gov. Temel Kocaklar of Mugla said nine of the injured were released from hospital following treatment, the state-run Anatolia news agency reported.

Dogan quoted local Governor Cemalettin Ozdemir as saying that the bomb was placed under a seat in the bus.

"We will capture the culprits and bring them before the public as soon as possible," Kocaklar said.

The Mediterranean coast is extremely popular with millions of European tourists who flock to Turkey during the summer months.

Police immediately boosted security in the area and set up roadblocks outside of the city.

Earlier Sunday, a bomb blast in a low-income neighborhood of Istanbul injured six people, police said.

The explosion in the Bagcilar district occurred near the local governor's office and police said they suspected that Kurdish militants were behind the explosion. One of the injured was reported to be in critical condition.

In 2005, Kurdish guerrillas bombed a minibus in the Aegean resort town of Kusadasi killing five people and injuring 13 others. The dead included a British woman and an Irish teenager.

Journalist Faces Charges Over Entering Darfur Region (NYT)

By Lydia Polgreen

The New York Times, August 28, 2006

EL FASHER, Sudan, Aug. 27 — The Sudanese government has charged Paul Salopek, a foreign correspondent for The Chicago Tribune and winner of two Pulitzer Prizes, with espionage and entering the country illegally. Mr. Salopek crossed the border from Chad into the troubled region of Darfur without a visa about three weeks ago.

Mr. Salopek, who was on leave from The Tribune and on assignment for National Geographic magazine, was captured Aug. 6 by a militant group allied with the government and handed over to the Sudanese Army, said one of his lawyers, Omar el Faroug Hassan.

He was held without outside contact until 10 days ago, when the United States Embassy in Khartoum was notified of his detention and he was allowed access to a lawyer.

He is the third Westerner detained and charged after crossing the border from Chad this month. An American college student was detained and deported this month after making a similar journey. Tomo Kriznar, a filmmaker and human rights advocate acting as the envoy of Janez Drnovsek, the Slovenian president, was sentenced to two years in prison after being convicted on charges similar to those Mr. Salopek faces.

The Tribune and the National Geographic Society strongly deny that Mr. Salopek, whose dispatches from across the world have won him acclaim, is a spy.

“Paul Salopek is one of the most accomplished and admired journalists of our time,” said Ann Marie Lipinski, editor of The Chicago Tribune, in a statement released after Mr. Salopek made a brief appearance at the state courthouse here on Saturday. “He is not a spy.”

Chris Johns, the editor of National Geographic, called Mr. Salopek a “world-recognized journalist of the highest standing, with a deep knowledge and respect for the continent of Africa and its people.”

Mr. Salopek was traveling in Chad to report for an article about the culture, history and politics of the Sahel region, a vast, arid stretch of earth that spans the continent from east to west.

His trial was to begin on Saturday, but the judge granted his lawyers’ request for a delay of two weeks to prepare his defense. Two Chadian men traveling with him, Suleiman Abakar Moussa, an interpreter, and Idriss Abdulraham Anu, a driver, face the same charges.

Media Groups Urge Sudan To Release U.S. Reporter (WP/AP)

By Associated Press

The Washington Post, August 28, 2006

KHARTOUM, Sudan, Aug. 27 -- Journalism watchdog groups on Sunday urged Sudan's government to release a two-time Pulitzer Prize-winning American journalist who was arrested on charges of espionage and other crimes.

The New York-based Committee to Protect Journalists said it was "deeply troubled" by the arrest of Chicago Tribune reporter Paul Salopek this month and the charges brought against him Saturday.

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"We view these charges as a grave threat to press freedom and call on the Sudanese authorities to see to it that they are dismissed and that our colleague is set free," said Joel Campagna, the group's Middle East and North Africa program coordinator.

Salopek, his driver and interpreter, both Chadian, were arrested Aug. 6 by pro-government forces in the war-torn region of Darfur in western Sudan. Salopek, who lives in New Mexico, was working on a freelance assignment for National Geographic magazine about the culture and history of the Sahel region at the time of his arrest, said Chris Johns, the magazine's editor in chief.

"We're doing everything we can, including appealing to the Sudanese government, to have Paul released immediately," Johns said.

More than 200,000 people have died in Darfur since the conflict began in 2003. The United Nations and aid organizations have warned of a deepening humanitarian crisis in Darfur, saying violence has mounted since a peace agreement was signed in May by the Sudanese government and one of the region's major rebel groups.

Salopek, 44, is charged with espionage, passing information illegally, writing "false news" and a noncriminal immigration charge of entering the country without a visa. His driver and interpreter face the same charges. A judge in El Fasher, the capital of North Darfur, has granted a defense motion to delay the trial until Sept. 10.

Sen. Barack Obama (D-Ill.), who is in Africa on a two-week tour of several countries, said Sunday the State Department had assured him that Salopek's case was a high priority.

"I expect the U.S. government to take this with the utmost seriousness," Obama said.

Sudanese officials were not available for comment Sunday. The U.S. Embassy in the capital, Khartoum, would not immediately comment.

Paris-based Reporters Without Borders called the charges "ridiculous" and said Salopek was just trying to cover the "tragic situation" in Sudan.

"An objective media coverage in Sudan is needed so that the local authorities and the international community can effectively assess the situation and take appropriate actions to solve this human drama," the group said in a statement.

Ann Marie Lipinski, Chicago Tribune editor and senior vice president, has said Salopek is not a spy and urged the government to let him return home.

US Senator Electrifies Kenya's Largest Slum (AFP-Y)

By Bogonko Bosire

AFP, August 28, 2006

US Senator Barack Obama waded through trash and leaking sewage on the outskirts of the Kenyan capital as thousands turned out to welcome him into the heart of sub-Saharan Africa's largest slum.

After two days of rapturous greetings by Nairobi officialdom and villagers in his father's birth and burial place in western Kenya, the rising American political star toured the sprawling, garbage-strewn Kibera shantytown.

"You are all my brothers and sisters," Obama told an excited crowd of several thousand in the massive slum, many of whom stood on rusted tin roofs, craning their necks for a glimpse of Kenya's new "favorite son."

The only African-American in the US Senate and potential Democratic Party presidential nominee visited development projects in Kibera, home to at least 800,000 impoverished and mainly jobless residents.

Under a scorching sun, large crowds of admirers surged back and forth against lines of police who struggled to keep control of the situation in the slum, known for its poor sanitation, violent crime, prostitution and disease.

At the Mchanganyiko Women's Self Help Group, a micro-finance program aimed at boosting female-owned small businesses, Obama said women's empowerment was key to fostering human and social development.

"Any country can develop when women are given opportunities and any country can be underdeveloped when women are oppressed," he said, wearing a red Polo shirt. "When people have access to capital, they can be assured of growth."

"Women need to access and control capital," Obama said.

The dapper junior senator from Illinois also visited "Carolina for Kibera," a project run by the University of North Carolina to raise awareness about HIV/AIDS, an area Obama has shown particular interest in.

AIDS has ravaged large segments of Kenya's population, particularly in Obama's late US-educated father's home region in the west, where the senator and his wife, Michelle, took HIV tests to promote such testing.

Kenya has made progress in combatting the deadly disease but it has killed about 1.5 million people and infected another 1.2 million in the east African nation.

Like other Kenyans who have given Obama a rock-star welcome for his five-day visit, singing, dancing and waving homemade US flags to greet him, Kibera residents were equally fervent.

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"Obama is our own, we expect nothing other than seeing him," Julius Odhiambo, a middle-aged slum inhabitant. "It is a sign of great respect that he has come to visit us. He knows the bond of brotherhood in Africa never dies."

Before visiting Kibera, Obama traveled to drought-hit northern Kenya, where millions of the mainly pastoralist herder population were threatened by starvation, malnutrition and mass livestock deaths earlier this year.

In the village of Wajir, the epicenter of northeastern Kenya's drought misery, Obama visited a hospital, aid projects and community centers, speaking to victims who are still recovering from the crisis.

Some 3.6 million Kenyans were among more than 15 million people in five east and Horn of Africa nations to be affected by the drought, the latest in a series of cyclical weather disasters that have hit the region.

Kenya is the second leg and highlight of Obama's tour of Africa, which began in South Africa and will continue in Chad and Djibouti.

He was forced to cancel stops in Rwanda and the Democratic Republic of Congo due to unrest, and in Sudan.

Kenyans Greet Obama With Open Arms (USAT/AP)

By Christopher Wills

USA Today, August 28, 2006

NAIROBI, Kenya — Sen. Barack Obama, making an emotional visit to his late father's homeland, found pockets of optimism even in one of the world's worst slums Sunday.

“All of you are my brothers. All of you are my sisters,” the Illinois Democrat said after his tour of Kibera, where 700,000 people are jammed into 1 square mile, with little access to water and other basic services.

The senator visited a program that helps residents pool their resources to start small businesses, buy insurance or improve their homes, and another that encourages children to abstain from sex to avoid AIDS.

Obama, 45, told the people of Kibera that he wants everyone in America to know about their troubles and promised that he will push for the United States and the Kenyan government to help.

He was cheered wherever he went, but no stop was as poignant as the one in the hamlet of Kogelo, where he had lunch with his father's stepmother, Sarah, and visited the elder Obama's grave.

Obama's 85-year-old “Granny,” as he calls her, met him at the foot of the small hill where her house sits and hugged him. Then they and Obama's family walked to the house amid a crush of relatives, friends and reporters. Someone carried a huge American flag. The family shared a meal of chicken, porridge, cabbage and more.

Obama's father was a goatherd who won a college scholarship in Hawaii. There he married Obama's mother, but the couple divorced when their son was 2. His father returned to Kenya, where he died in 1982.

“Anytime a child comes back to a parent's grave, it makes you reflect on your mortality and the next generation,” Obama said.

He spent much of his visit studying the toll AIDS is taking on African families. He and his wife, Michelle, took AIDS tests as thousands watched, and he visited a project that helps grandmothers who care for children orphaned by AIDS.

In Kogelo, home to the Luo tribe, which includes Obama's family, one T-shirt had his picture and the words, “The senator, the diplomat, the politician … the Luo.”

US Seeks Support From China To Revive Global Trade Talks (WSJ/AP)

By AP

The Wall Street Journal, August 28, 2006

BEIJING -- U.S. Trade Representative Susan Schwab arrived yesterday to press China for help in restarting WTO talks on liberalizing global trade after warning they could be stalled for years without a breakthrough soon.

Ms. Schwab also planned to push Beijing for more action to cut its multibillion-dollar trade surplus with the U.S. and to fight product piracy.

The World Trade Organization suspended talks indefinitely last month after the U.S., the European Union and other major traders failed to agree on a deal to lower barriers to farm commerce.

Ms. Schwab was due to meet with Commerce Minister Bo Xilai and other Chinese trade officials.

"China is likely to be a major beneficiary of a successful Doha round and is certain to be a major loser if the Doha round fails. We have a shared interest in seeing a successful Doha round," Ms. Schwab said last week in Malaysia at a meeting of Southeast Asian trade ministers.

The process could become more complex in mid-2007, when President Bush's "fast track" authority to submit a trade deal to Congress for a yes-or-no vote without amendments runs out.

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Ms. Schwab's trip also comes amid mounting U.S. frustration over China's trade surpluses and complaints that Beijing is failing to stop illegal copying of music, movies and other products.

The U.S. trade deficit with China hit $202 billion last year, adding to strains with Washington. It is expected to exceed that this year.

Ms. Schwab welcomed China's efforts to crack down on copyright and patent violations. She noted a commitment to require all personal computers sold in China to have factory-installed operating systems in order to discourage consumers from buying counterfeit systems.

Democracy In Cuba Unlikely As Raul Rules (WT)

By Rowan Scarborough

The Washington Times, August 28, 2006

The permanent successor to Fidel Castro will be his brother, Raul, Bush administration officials have concluded, and he will be enthusiastically assisted by the cadre of "young technocratic communist professionals" who have run Cuba's day-to-day government machine for decades.

The officials said in interviews that this layer of committed communists is a key reason that democracy is not likely to emerge in Havana soon after the dictator's death. The 80-year-old Mr. Castro is said to be recovering from intestinal surgery. He turned power over to his brother on July 31.

The Bush administration has debated making secret overtures to Cuba. One strategy toward democracy considered was an alliance with key military leaders in the Revolutionary Armed Forces (FAR), the officials said. Some officials in the Pentagon backed the idea, but the State Department and White House said "no," calling it unlikely to succeed.

Mr. Castro's military was considered as a contact point because it is regarded as the "least of three evils" within the security apparatus, which also includes the regular police constabulary and the secret police. The average Cuban is not thought to necessarily link the military to political repression.

"We said, 'We need to establish contact with the military,' " the official, who asked not to be named because the source is not authorized to discuss internal administration debates, says. "The military would play a major role in transition and maintaining order."

The military, while tainted, "is not directly involved in repression."

"The Cuban military is salvageable. Just like in Iraq, you should try to salvage the military."

What is probably not salvageable are the generations of young, handpicked dedicated Communists who run the party and the government, and appear to be firmly in control.

A secret Pentagon report from 2000 assessed national-security threats until 2020 and predicted that the Castro bureaucracy would be able to hold power for some time after his death.

"The Cuban Communist Party -- even without Castro at the helm -- likely will remain in power," the Defense Intelligence Agency (DIA) concluded. A copy of the report was obtained by The Washington Times. "However, a post-Castro government -- particularly after Castro's death -- probably would liberalize the economy more rapidly, and any concomitant relaxation of U.S. foreign policy would be likely to spark debate over the extent of political liberalization inside and outside the Communist Party. Fundamental political change would probably result."

The DIA concluded that the military likely would remain loyal to the Communist Party. "The Revolutionary Armed Forces will remain loyal to Castro. The high command has demonstrated concern over the speed of economic reforms -- they favored more rapid change prior to 1994 -- but probably will continue to agree with Castro on the need to maintain the Communist Party's monopoly on political power."

The Cuban regime is helped by Venezuela President Hugo Chavez, a self-proclaimed socialist who has sought strong ties with foes of the United States, including the Castro regime and Iran's hard-line Islamic government. Mr. Chavez subsidizes the Cuban economy with oil and has invited hundreds of Cuban communist operatives into his country to tell his government how to wield power.

"You can't influence people without money, and that is what he has been doing," the defense official said.

Mr. Chavez's strategic vision is to organize groups of countries to oppose U.S. policies, a second official said. U.S. hopes of a democratic uprising in Cuba are a "fantasy" and "wishful thinking," the official says.

Cuba's Economic Fate Up In Air (USAT)

By Edward Iwata

USA Today, August 28, 2006

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Millions of visitors to Havana have been entranced by the Cuban capital's resorts and restaurants, its centuries-old baroque and colonial architecture, its malecon seawall and promenade.

Behind the tourists' facade, though, the Castro regime and military and government officials control nearly all of Cuba's multibillion-dollar economy, including tourism, finance, retail, agriculture and energy.

Now, with 80-year-old Fidel Castro ailing after surgery, speculation is rising over the future of Cuba's economy and the anticipated rule of brother Raul Castro, the military strongman who lords over hundreds of state-run businesses.

Despite the hope of U.S. companies that Cuba might welcome capitalism and that the U.S. might lift its long-running embargo, dramatic change probably won't happen soon. Raul Castro is unlikely to anger Cuba's ruling elite by launching major economic reforms, economists and Cuba scholars predict.

“If Fidel dies, the grip of the military would be even greater than now,” says Antonio Jorge, an economist at Florida International University. “Raul would buy the loyalty of generals and high-ranking officials by showering them with more privileges and economic benefits.”

Talk of Cuba's economic fate comes amid reports of Fidel Castro's intestinal surgery earlier this month and the transfer of power to his brother. The news fueled speculation that Castro might die, setting off street celebrations among Miami's large Cuban population.

The stakes remain high: billions of dollars in future trade and investments and 11 million potential Cuban consumers only 90 miles from Florida. Economists say that U.S. failure to tap into the Cuban economy will benefit only leftist Venezuela and communist China, Cuba's biggest trade partners.

“Cuba is an evolving and dramatic new market,” says Ruben Bonilla, chairman of the Port of Corpus Christi in Texas. “We don't want to miss the party because of an embargo begun 10 U.S. presidents ago.”

Venezuela supplies Cuba with half of its oil, shipping 78,000 barrels of crude oil daily at subsidized prizes. China imports nickel from Cuba and has signed a spate of business deals with the Castros.

Both countries are likely to grow closer to Cuba. It has potential crude oil reserves of up to 9 billion barrels and vast natural gas reserves, reports the U.S. Geological Survey. Already, Cuba has signed lease agreements with China, India, Canada and Spain.

U.S.-Cuba relations have been rocky since the 1962 Cuban missile crisis. A 44-year U.S. trade embargo bans nearly all exports to Cuba except agricultural and medical goods. Anti-communists say the Castro regime must fall before the embargo is lifted, while pro-trade forces say impoverished Cuba needs capitalism.

In spite of the embargo, U.S. businesses — especially in agriculture, shipping, oil and energy, tourism, retail, finance and construction — hope a new ruler might lead to a new Cuban economy.

After the Soviet Union collapsed in 1991, U.S. companies wanted to rush into Cuba, thinking it would be the next Soviet bloc country to fall, says Jaime Suchlicki, director of the University of Miami's Institute for Cuban and Cuban-American Studies. That didn't happen.

“Now,” says Suchlicki, “it's beginning to pick up again because it looks like there might be change.”

Kirby Jones, president of the U.S.-Cuba Trade Association, says Canada and European nations have more than 300 joint ventures with Cuba in telecommunications, oil and energy, mining, port management and other sectors. “This is not the Cuba of old, when everything was under Soviet Union domination,” he says. “This is a brand new version, a mixture of capitalism and socialism.”

Raul Castro could continue in that direction, some economists and scholars say. Initially, he might unveil small, cosmetic reforms to polish Cuba's image and win over his people. He might let Cubans start thousands of small businesses in trade, agriculture and tourism, as the Castros allowed in the mid-1990s.

One scenario: Cuba copies China, a blend of authoritarian state control, manufacturing, mass-market consumerism and high-tech development.

“At best, Raul will try the mini-China model,” says Antonio Gayoso of the Association for the Study of the Cuban Economy and a former economist in Cuba's finance ministry. “At worst, he and the military will continue the repressive control they have now.”

Cuba's economy was stronger in the 1950s, when it was one of Latin America's top trade powers. Havana was a hot tourist site, and the U.S. and Great Britain were Cuba's largest trading partners.

After Fidel Castro's guerrilla war ousted dictator Fulgencio Batista in 1959, much of the economy fell apart. Cuba became a kind of welfare nation, with the old Soviet Union pouring $65 billion in aid and loans into Cuba from 1960 to 1990.

Economists say much of Cuba remains frozen in the past and lacks the modern ports, airports, business facilities and power grid needed to grow global trade. More than half of Cubans live in poverty, and the United Nations runs an emergency

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food program for 700,000. The country also is saddled by heavy debt, owing Venezuela, Russia and European nations $40 billion, Suchlicki says.

Even joint ventures between Cuba and other countries have dwindled. The State Department says they are down to 300 from 540 in 1982, and majority ownership by foreign partners does not really exist.

Production of sugar, citrus fruits, fertilizer and other goods has fallen since the early 1990s, after Soviet aid stopped.

Only oil, gas and nickel have seen growth in that period because of Venezuelan and Chinese investments, says Carmelo Mesa-Lago, an economics professor at the University of Pittsburgh. Other bright lights in Cuba's $39 billion economy: tourism and nascent bioscience and pharmaceutical industries, economists say.

In recent years, Cuba has claimed nearly full employment for its workers and annual economic growth ranging from 5% to 12% — even with droughts, hurricanes, blackouts and disastrous sugar harvests.

Some economists say the figures are fabricated. “It is economic propaganda,” Mesa-Lago says. “Data is manipulated to show that Cuba's economic policies are paying off, when the standard of living for Cubans has declined.”

Other obstacles to more open markets in Cuba and trade with the U.S.:

·Hardcore Stalinism. Since the 1950s, Fidel and Raul Castro have ruled the economy with iron fists, say Cuba experts. Outspoken political and economic reformers have been shunned or imprisoned.

In the 2006 Index of Economic Freedom by the Heritage Foundation, Cuba ranks as one of the world's least-free nations, with Libya, Iran and North Korea.

“Fidel and Raul said many times, ‘No, we will never open the door to capitalists,' ” says Jesus Marzo Fernandez, a former Cuban finance official and defector who lives in Miami. “They will never change.”

Over the years, Fidel Castro allowed six major shifts in economic policy, according to Mesa-Lago. But as the economy improved, he pulled back, fearing the growing power of business leaders.

Mesa-Lago likens Fidel Castro to Mao Zedong, the late Chinese dictator. Mao also was a charismatic Communist revolutionary who forced turbulent economic changes on his nation. And he had a youthful cadre of government officials eager to embrace global trade.

“But not until Mao died,” says Mesa-Lago, “were reformers able to push through changes.”

·Fidel Castro Inc. For four decades, Fidel Castro has controlled nearly all of Cuba's financial resources, according to Maria Werlau, a Cuba expert and president of the Free Society Project in Summit, N.J., and congressional testimony by former Cuban finance and military officials.

Forbes has estimated Fidel Castro's wealth at $900 million, which Castro has vehemently denied.

Werlau and other Cuba experts say the figure is low. They say the Castros and loyalists control several billions of dollars in real estate, bank accounts, private estates, yachts and other assets — called “the Comandante's Reserves” — in Europe, Latin America and Asia.

“The best estimates appear to be well shy of the vast wealth under his command,” Werlau says.

Jorge Sanguinetty, CEO of DevTech Systems, an economics consulting firm in Washington, D.C., writes in a report that Cuba's economy is “a gigantic privatization process with one and only one owner: Castro himself.”

·Trade embargo. Given lingering anti-communist sentiment in Congress, the embargo probably won't vanish soon. Moreover, the 1996 Helms-Burton Act bars U.S. political and business ties with Cuba unless democracy arises there.

Pro-trade forces plan to raise the embargo issue with lawmakers this fall. Agribusiness persuaded Congress in 2000 to allow U.S. businesses to export some agricultural goods to Cuba. Since then, farmers have signed deals to ship $2 billion in cattle, poultry, grain, rice, beans, apples and cotton to Cuba, says the U.S.-Cuba Trade Association.

State Department officials recently said the U.S. might open political and economic ties to Cuba — if Cuba were to transition into a democracy.

With no embargo, agricultural officials say, U.S. food exports could grow tenfold. Jim Sumner, president of the USA Poultry & Egg Export Council, says ranchers last year shipped Cuba 78,000 metric tons of chicken. That's 3,500 truckloads of refrigerated containers.

“The opportunities in Cuba are tremendous, due to the proximity to the U.S.,” says Sumner, who has dined with Fidel Castro in his Havana palace during agricultural trade missions.

Ralph Kaehler, a rancher in St. Charles, Minn., has been enthused about Cuba trade ever since he flew to Havana on a trade mission with former Minnesota governor Jesse Ventura three years ago. Since that trip, Kaehler has brokered several million dollars in deals for companies to sell agricultural goods to Cuba.

“Our government talks about free trade with China, Vietnam — every country except Cuba,” says Kaehler, whose German ancestors started the family farm in 1881. “Whether you like or dislike the Castro government, if we had more trade with them, our influence and impact there would be much greater.”

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Agribusiness isn't alone in desiring more business with Cuba. At JetBlue, spokeswoman Jenny Dervin says there would be "great demand for non-stop travel between New York and Havana," and flights between Cuba and Florida, where JetBlue serves six cities.

Despite the Cold War politics between the U.S. and Cuban governments, pro-trade advocates say many of the Cuban people seem open to economic change.

Says Kaehler: "Cubans may not want wholehearted democracy like in the U.S., but they do want basic food and medicine and a few more freedoms."

U.S. Officials Say Venezuela Knew Military Equipment Was In Seized Cargo (NYT)

By Simon Romero

The New York Times, August 28, 2006

CARACAS, Venezuela, Aug. 27 — Venezuelan military and customs officials were notified of the military equipment contained in diplomatic baggage at the center of a dispute between Venezuela and the United States before its delivery here last week, officials at the American Embassy said Sunday.

Venezuelan authorities' seizure of the baggage, which included replacement fuses intended for ejector seats ordered by Venezuela's air force, set off accusations from Caracas and Washington that international law governing diplomatic baggage had been violated.

At the heart of the dispute are fears frequently expressed by Venezuelan officials that the United States is trying to foment opposition to the administration of President Hugo Chávez.

Interior Minister Jesse Chacón Escamillo said Friday that the diplomatic shipment had been stopped because it had been smuggled past customs officials, and that it contained military equipment including detonators and rocket motors.

Ministry officials did not respond to requests for comment on Sunday.

The shipment was brought here on a C-17 military transport plane, and not aboard a civilian aircraft, because it contained fuses and other material for ejector seats that had been ordered by Venezuela's military mission at Wright-Patterson Air Force Base near Dayton, Ohio, two American Embassy officials said. Each official asked not to be identified because of the heightened tension between the countries.

Although political relations between Venezuela and the United States are deteriorating and sales of military equipment to Venezuela by American companies have been banned since May, Venezuela still has a small mission at the base near Dayton and a larger mission, with about 20 military officials, in Miami. The United States has more than 20 military officials connected to its embassy here in Caracas.

The shipment of the ejector seat equipment was apparently allowed because the order had been placed before the ban on military-related sales. The American officials said a manifest listing the contents of the shipment was sent before its arrival last Wednesday to military and customs officials at Maiquetía airport near Caracas, and the baggage was cleared through customs and was en route to Caracas when it was intercepted by the Venezuelan military.

Venezuela's attorney general and National Assembly signaled that they intended to investigate the incident, though it was not clear what disciplinary action they could take, since the seizure involved diplomatic baggage.

Reports over the weekend in local news media aligned with Mr. Chávez's government called for close attention to the incident, asserting that the United States secretly brought military equipment into Chile in diplomatic baggage before the coup that toppled Salvador Allende in 1973.

U.S.-funded Programs Incite Chavez's Suspicion (WT/AP)

By Ian James

The Washington Times, August 28, 2006

CARACAS, Venezuela -- The U.S. government is spending millions of dollars in the name of democracy in Venezuela -- bankrolling human rights seminars, training emerging leaders, advising political parties and giving to charities.

But the money is raising deep suspicions among supporters of President Hugo Chavez, in part because the U.S. has refused to name many of the groups it's supporting.

Details of the spending emerge in 1,600 pages of grant contracts obtained by the Associated Press through a Freedom of Information Act request. The U.S. Agency for International Development (USAID) released copies of 132 contracts in all, but took out the names and other identifying details of nearly half the grantees.

U.S. officials insist the aid is politically neutral and say the Chavez government would harass or prosecute the grant recipients if they were identified.

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Mr. Chavez, however, thinks the United States is campaigning -- overtly and covertly -- to undermine his leftist government, which has crusaded against U.S. influence in Latin America and elsewhere.

"The empire pays its lackeys, and it pays them well," he said recently, accusing some of his opponents of taking "gringo money."

While USAID oversees much of the public U.S. spending on Latin America, President Bush's government also has stepped up covert efforts in the region. This month, Washington named a career CIA agent as the mission manager to oversee U.S. intelligence on Cuba and Venezuela.

The Bush administration has an $80 million plan to hasten change in Cuba, where Mr. Chavez has sworn to help defend Fidel Castro's communist system. The U.S. also is spending millions on pro-democracy work in Bolivia, where Mr. Bush has warned of "an erosion of democracy" since a Chavez ally, socialist Evo Morales, was elected president in December.

Mr. Chavez makes no distinction between the programs supported by public U.S. funds and the secret effort he claims the CIA is pursuing to destabilize his government. And it appears a crackdown on the U.S. aid is looming as Mr. Chavez runs for re-election in December.

Venezuelan prosecutors have brought conspiracy charges against the leaders of Sumate, a U.S.-backed group that frequently points out perceived flaws in the voting system.

The pro-Chavez National Assembly is preparing to require nonprofit groups to reveal their funding sources.

And Mr. Chavez has threatened to expel U.S. Ambassador William Brownfield, whom he accuses of stirring up trouble with USAID donations to youth baseball teams and daycare centers.

Much of the spending is overseen by USAID's Office of Transition Initiatives (OTI), which also works in such "priority countries" as Iraq, Afghanistan, Bolivia and Haiti.

OTI says it has overseen more than $26 million for programs in Venezuela since 2002, when it began work here after a failed coup against Mr. Chavez. Much of it has gone toward more than 220 small grants as part of USAID's "Venezuela Confidence Building Initiative."

"It's a pro-democracy program to work with Venezuelans of any point of view," said Adolfo Franco, USAID's assistant administrator for Latin America and the Caribbean. "It's without political bias."

The USAID grants for 2004 and 2005 reviewed by the AP include some charity projects -- like $19,543 for baseball equipment that Mr. Brownfield delivered to a pro-Chavez neighborhood and $23,189 for chickens and coops at a poor school.

Others seem to promote good government, like $15,289 to publish a pocket guide on citizenship.

One recipient, the Development and Justice Consortium, held a workshop in a poor Caracas neighborhood on seeking accountability in local government. A neighborhood banner read "Chavez Forever," but teacher Antonio Quintin reminded students that "governments are only delegates."

Most attendees had no idea U.S. money paid for the class, and even die-hard Chavez supporters saw nothing subversive in it. "As long as it brings benefits, it doesn't matter where the funding comes from," said Ingrid Sanchez, 40, a member of a local planning council.

But other projects remain so vague as to raise concern among Chavez supporters, such as a $47,459 grant for a "democratic leadership campaign," $37,614 for public meetings to discuss a "shared vision" for society, or $56,124 to analyze Venezuela's new constitution of 1999. All went to unidentified recipients.

USAID said revealing more of their identities would be an "unwarranted invasion of personal privacy" that could endanger the recipients, saying some have been questioned for 12 hours at a time by the Venezuelan secret police.

"It's simply for the security of the recipient," said Russell Porter, an OTI official for Latin America. "The only thing we've held back are the names of the groups."

New Blueprint Koizumi's Success Charts The Path To Japan's Future (WSJ)

By Sebastian Moffett

The Wall Street Journal, August 28, 2006

TOKYO -- Five years after he took over as prime minister of a moribund nation, Junichiro Koizumi is preparing to leave behind him a different Japan. An economic has-been that mourned its waning international influence has been transformed into a surprise revival story -- sprouting skyscrapers and shopping centers -- while becoming Washington's most reliable ally in Asia.

Mr. Koizumi turned into one of the most influential leaders in modern Japanese history -- and his impact is likely to endure, because he created a template for future leaders for how to centralize power and influence public opinion.

When Mr. Koizumi came to power in 2001, the financial system was swamped with bad loans, hobbling the economy. Successive prime ministers feared action might bankrupt weak firms. Mr. Koizumi ordered a cleanup. Though the national debt was spiraling upward, earlier prime ministers maintained public spending to try to boost the economy. He slashed away. To

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revive market forces, he privatized the state-owned bank and life-insurance company run by the post office, liberating more than $3 trillion in assets.

Mr. Koizumi's combination of guts, stubbornness and quirky unpredictability made him both loved and hated abroad -- a contrast to earlier Japanese leaders whose names were barely known. He and George W. Bush celebrated their close friendship in June with a visit to Elvis Presley's former home in Tennessee. (Mr. Koizumi is an Elvis fan and occasional impersonator.) Chinese leaders, however, shunned Mr. Koizumi, angered by his yearly visits to a Tokyo war shrine that honors, among others, Japan's military leaders during World War II.

Next month Mr. Koizumi steps down. The candidates to succeed him, including front-runner Shinzo Abe, lack his zeal. Some lawmakers in the ruling Liberal Democratic Party would love a return to the days of free spending and weak prime ministers, when politics was about delivering pork to districts in return for campaign donations.

But Japan likely will not return to its old ways. Changes in the 1990s paved the way for the strong chief executive that Mr. Koizumi became. New election rules promoted a two-party system and weakened the ruling-party factions that had hindered policy-making. The prime minister's office gained a powerful forum to set national priorities.

Mr. Koizumi exploited these tools to the hilt, and the public loved him for it. His victory in the September 2005 general elections was overwhelming. Future prime ministers, however much they may wish to emulate the passive and colorless leaders of the past, risk being booted from office by someone offering Koizumi-style dynamism. More than giving Japan an invigorating five years, Mr. Koizumi has provided a new blueprint for leadership.

Harukata Takenaka, a director of the National Graduate Institute for Policy Studies in Tokyo, calls this the "2001 system," after the year Mr. Koizumi took office, and says it won't alter fundamentally when he leaves. "The prime minister will likely be able to wield strong power," Mr. Takenaka says.

All this change is not welcome to some Japanese. The old consensus system, they believe, created a fairer society. Mr. Koizumi has been accused of promoting a system where a few big-city investors and entrepreneurs earn U.S.-style riches, while the poor, the elderly and rural dwellers suffer from budget cuts and neglect. Others say he grabbed too much credit for an economic upturn that was really the work of the private sector.

His foreign policy has its critics too. Under Mr. Koizumi, Japan has solidified its defense alliance with the U.S., but become more assertive toward neighbors like China and the Koreas. His likely successor, Mr. Abe, holds similar views. Some of Mr. Abe's opponents say Japan is unlikely to prosper if it is on frosty terms with China, its biggest trading partner.

Still, decisive leadership will give Japan a better shot at dealing with its huge challenges, such as an aging population that has already begun to shrink and a national debt that tops $7 trillion. Success would mean the world's second-largest economy, after the U.S., could provide more of an engine for global growth. Japan's recent revival has already led it to suck in more imports than ever before.

The unlikely rise to power of Mr. Koizumi, 64, shows how a different style of politics has taken hold in Japan. Known as a loner in his school days, Mr. Koizumi went after college to study in London, where he was photographed in his mid-20s in big sunglasses and a suit with a narrow tie, drinking Coca-Cola from a bottle.

His stay abroad was cut short by his father's death in 1969. Politics was the family business: Both his father and grandfather had been cabinet ministers. Mr. Koizumi decided it was his turn. He ran for his father's seat but lost.

To learn the trade, Mr. Koizumi apprenticed himself to Takeo Fukuda, then finance minister and a future prime minister. Mornings Mr. Koizumi greeted visitors to Mr. Fukuda's Tokyo home and poured tea. His afternoons were spent back in his hometown of Yokosuka, a city 25 miles southwest of Tokyo.

Though business and occupational groups were a key source of influence in politics, Mr. Koizumi found it hard to get their attention as a newcomer. He started seeking mass support, a preview of the strategy he used with such success as prime minister. He was elected to parliament in 1972 after visiting five or 10 people every day -- more than 10,000 over three years, says Kazuhiko Ozawa, who helped his early campaigns and is now chairman of the Yokosuka Chamber of Commerce. "He met individuals because the powerful people wouldn't give him the time of day," says Mr. Ozawa.

Most politicians need a conventional family life for the sake of image and to help with campaign work. Mr. Koizumi was divorced after four years of marriage. He took his two sons and brought them up with his extended family, not letting them see their mother. His wife was pregnant at the time of the divorce, and Mr. Koizumi long shunned his third son.

Japanese politics in Mr. Koizumi's emerging years centered on brokering power and money. By bringing public spending to their electoral districts, lawmakers raked in campaign donations. These financed networks of supporters, who helped them rise to prestigious ministerial posts. Mr. Koizumi shunned such relationships, saying he refused to represent interest groups.

After 25 years in Japan's parliament, lawmakers are entitled to receive nearly $10,000 to have two portraits painted -- one for home and one to hang in parliament. Mr. Koizumi was the first lawmaker in memory to decline this, calling it a waste of taxpayers' money. When a female lawmaker sent him a lighthearted Valentine's gift of chocolate, he returned it.

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As a result of his attitudes, Mr. Koizumi had the air of a talented politician who would never reach the top of the greasy pole. When he stood in the 1995 Liberal Democratic Party leadership election, he lost badly to Ryutaro Hashimoto, head of the most powerful faction, which had a long history of supporting public spending projects for provincial areas.

But crisis proved to be opportunity. In the late 1990s, big Japanese banks began going under. The national debt and bad loans ballooned. The LDP's public support was shaky and its leaders at a loss in dealing with an unprecedented economic slowdown. Desperate, the party introduced a vote among its rank-and-file to help choose its next leader in 2001. Mr. Koizumi won in a landslide, pledging to "change the LDP, change Japan." On April 26, 2001, he became Japan's 11th prime minister in 13 years.

Changes thought up under Mr. Hashimoto gave Mr. Koizumi several new tools of power. A new ministry called the Cabinet Office centralized under the prime minister policy makers who had previously been scattered among the ministries. There was a new body called the Council on Economic and Fiscal Policy, chaired by the prime minister.

These tools were instituted under Mr. Koizumi's predecessor, who barely used them. Mr. Koizumi transformed the economic council into an executive committee for the nation, leading its discussions, banging on the table when he thought members were dragging their feet and producing regular declarations of what a former minister oddly dubbed "thick-boned policies." These set large goals for the nation, such as reducing the national debt and the number of public employees.

"Mr. Koizumi is aware that in the 21st century, Japan cannot carry on in the same way as before -- that it needs a more market-oriented economy," says Masaaki Honma, an Osaka University economics professor who served on the council. "He's the first Japanese prime minister to realize this."

Mr. Koizumi's consigliere was another economics professor, Heizo Takenaka, who took a top cabinet post even though he wasn't at first a member of parliament -- a break with Japanese tradition. In 2002, Mr. Takenaka told banks to halve their totals of bad loans by 2005. This provoked outrage in the traditionalist wing of the ruling party. One lawmaker, Shizuka Kamei, said Mr. Takenaka was "working on behalf of foreign business" and his policies could reduce Japan "to ashes." Later, the bank cleanup was seen as the key to the revival of Japan's financial system.

While previous prime ministers had done their work behind the scenes, Mr. Koizumi appeared before the television cameras to answer reporters' questions most days he was in Tokyo, speaking in simple sound bites that invariably made their way into the evening news.

"The public and the prime minister have become closer," says Isao Iijima, Mr. Koizumi's longtime aide.

Mr. Koizumi's foreign policy combined populism and bullheadedness. He visited the Yasukuni war shrine because of a promise he made to the families of Japan's war dead while campaigning for the prime minister's job. But the shrine honors war criminals as well as conscripted soldiers, and contains a museum justifying Japan's war in Asia. Public opinion in Japan was divided over Mr. Koizumi's visits. In Korea and China, the outrage was nearly universal.

To provide a dramatic focus for his tasks, Mr. Koizumi branded his enemies -- lawmakers who wanted to stick to business as usual -- "the forces of resistance." As he neared his final year in office, the lover of Richard Wagner's operas fought what he portrayed as the climactic battle with these forces.

The issue at hand was the government-run post office, which also operated a bank and a life-insurance company. The post office's network of 25,000 branches, plus a government guarantee on its deposits, attracted household savings. About a quarter of Japan's $13 trillion of household assets were in post-office savings and life-insurance accounts. This money was then lent to public corporations and financed pork-barrel spending in what was known as the "second budget."

Mr. Koizumi had long advocated privatizing the post office. In 2005 he introduced bills in parliament to do so, threatening to dissolve parliament unless the bills passed. Many LDP lawmakers opposed the legislation, fearing privatization would cut the flow of money to their districts and force the post office to end unprofitable services in remote areas. They thought Mr. Koizumi wouldn't have the nerve to carry out his threat. Because of the LDP defectors, in August 2005 the bills failed to pass parliament.

Mr. Koizumi called a snap election, declaring the vote a referendum on privatization. He then won a landslide victory at the polls. The LDP captured 296 of the 480 seats in the lower house, compared to just 113 for the main opposition party. A month later, the bills to privatize the post office passed into law.

The biggest lesson from Mr. Koizumi's historic victory was that the Japanese public liked being asked to decide an issue. One opposition lawmaker, Yoshinori Suematsu, says he was surprised at how readily people accepted Mr. Koizumi's framing of the election. "I tried to bring up foreign policy, but the voters wouldn't listen," he says. "They started saying we needed to privatize the post office. Koizumi got us."

The 2005 election also highlighted the significance of electoral changes in the 1990s that were designed to centralize party power and reduce factionalism. A law passed in 1994 introduced American-style legislative districts in which each lower-house district elects a single representative to parliament rather than multiple representatives. At the same time, political parties were

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given public funds for the party leadership to distribute. The effect has been to make elections more into contests between parties and their policies.

Using his power to endorse and finance LDP candidates, Mr. Koizumi expelled lawmakers who opposed post-office privatization. When they stood as independents, he sent party-endorsed candidates dubbed "assassins" to challenge them. The assassins mostly won.

The change in Japan can already be seen as candidates to succeed Mr. Koizumi line up for the LDP's Sept. 20 leadership election. The winner will become prime minister because the LDP holds a parliamentary majority. Unlike in past contests, the candidates are announcing detailed policy plans. Mr. Abe, the favorite, who currently is the government's chief spokesman, wants to cut public spending but will accept a rise in Japan's 5% consumption tax if needed to rein in the debt.

At last year's election, "the public liked a prime minister who put forward a message," says Hiroko Ota, a professor at the National Graduate Institute for Policy Studies in Tokyo, and a former member of the Council on Economic and Fiscal Policy. In the future, she says, "if the LDP goes back to its old ways, it will lose."

Vietnam's Hostages (WSJ)

The Wall Street Journal, August 28, 2006

In the capitalist world, if you make a bad business decision you live with the consequences. But not, apparently, in Vietnam. Details have emerged from Hanoi about how staff working for a foreign bank are being held hostage by police until their employer agrees to "compensate" a state-owned bank for the $5.4 million it lost in speculative foreign-exchange trades.

Vietnam was supposed to be heading in the right direction. Its economy is booming amid rising foreign investment, and a bill granting permanent normal trade relations is before the Senate. A free-trade agreement with Washington may be next, and President Bush recently backed Hanoi's bid to join the World Trade Organization.

But now comes the appalling treatment of staff of the Dutch bank ABN-AMRO, caught up in what even Vietnamese regulators say were legitimate business transactions. The story highlights how, for all its strides toward a market economy, this Communist state is still not always a safe place to do business. In Hanoi, Tom O'Dore, chairman of the American Chamber of Commerce Vietnam, says "This particular case reeks of human-rights abuses."

We don't know all the details of the dispute between ABN-AMRO and the state-owned Industrial and Commercial Bank of Vietnam. But we do know that Incombank claims the employee who conducted the disputed trades with the Dutch bank wasn't authorized to carry out forex transactions, and that her boss approved them only because he couldn't read enough English to understand the contracts.

As a result, one ABN-AMRO staffer has now been held for more than four months in a top security prison for hardened criminals and refused permission to see his family or a lawyer. A second was detained last month. Two more escaped the same fate only because they have young children; they were placed under house arrest. A senior bank staffer in Hanoi, Vietnamese-American De Pham, has faced difficulties leaving Vietnam, even though she is six months pregnant and needs medical treatment overseas. A civil case between the two banks is due to begin in a Hanoi court soon, but meanwhile the staff is being treated like criminals.

All this over forex trades that were given a clean bill of health in a recent audit by the country's financial regulator, the State Bank of Vietnam. As Mr. O'Dore told us, all of this has left others doing business in Vietnam fearful that they could suffer the same fate. "They're criminalizing what appears to be a legitimate business transaction," he says. "This is very bewildering in a country that's trying to get into WTO and sends an inappropriate message to the U.S. Congress."

The ABN-AMRO saga will be familiar to foreigners who do business in China. Jerome Cohen, a New York University professor who specializes in China's legal system, says he continues to encounter numerous such cases in that country. In Vietnam, police are allowed to hold suspects without charges for more than a year. That doesn't necessarily mean the ABN-AMRO staff will remain in limbo for that long. Vietnam's reformist new Prime Minister Nguyen Tan Dung is reported to have ordered an urgent investigation into the case. He seems unlikely to risk Vietnam's trading status with the U.S. for the sake of one state-owned bank.

But even if this case is resolved through pressure from foreign governments, it stands as testament to how far Vietnam still has to travel before foreign companies can be confident of a fair and transparent business climate and a reliable rule of law. WTO entry is no panacea, with China's 2001 accession failing to halt its abuses.

In the free world, governments don't go around abducting a competitor's staff over a business dispute. Until state-owned companies are forced to live with the consequences of bad business deals -- or resolve disputes through the legal system -- Vietnam can never expect to become a full-fledged member of the world business community.

South America's Right Leftist (LAT)

DOJ_NMG_0053949

The Los Angeles Times, August 28, 2006

FOUR YEARS AGO, BRAZILIAN President Luiz Inacio Lula da Silva looked like just another domino in Latin and South America's leftward tumble, an echo of Venezuela's Hugo Chavez in the continent's largest country. Wall Street and Washington watched his inauguration with trepidation, the sea of red Workers' Party flags in Brasilia echoing the likely returns on their investments and the spread of anti-Americanism.

How quickly power transforms a firebrand. The many degrees of separation between Lula and Chavez disprove the notion of a monolithic left. Brazil's president is respectful of democratic norms, and he has managed to walk the fine line between business interests and those of the working poor. That's why the prospect of his resounding reelection just over a month away (in the most recent poll Lula had about a 25-point lead) is greeted by policy wonks and fund managers in this country with a collective shrug.

Lula may have disappointed his more radical followers when he embraced orthodox macroeconomic policies, but the results have been strong job growth, a stable currency and low inflation coupled with dramatic increases in the minimum wage and a sweeping poverty reduction program. The program, Bolsa Familia, has been so successful that the World Bank has been trumpeting it as a model for the rest of the world. Although Lula has conducted his foreign policy quietly, letting Chavez's flamboyant fire-breathing steal headlines, he has become a voice for the world's poor, helping lead the charge to reduce agricultural subsidies in the United States and the European Union in the Doha round of trade talks.

The paradox is that, unlike Chavez — a military man who tried taking power in an unsuccessful coup before finding democracy — Lula was a longtime, bona fide leftist labor activist, persecuted by the military for his democratic activism as leader of one of Brazil's biggest unions and founder of the Workers' Party. The socialist president of Chile, Michelle Bachelet, is another former activist turned pragmatic president who defies the stereotype of the Latin American left.

That's not to say Lula has been perfect. His first term was mired by a corruption scandal that nearly doomed his presidency. And he may have been too deferential to the likes of Chavez at times, partly to placate his own base and partly because of Brazil's political culture of compromise. Brazil is home to half of South America's population and should have commensurate influence on the continent. If reelected, it would be nice to see Lula steal some of those headlines from his Venezuelan counterpart.

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USDOJ- Office of Public Affairs

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, AUGUST 27, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Terrorism-Related Flight Diversions Plague Aviation Industry..3
Pakistan Said To Be Negotiating Deal To Let Taliban Freely Cross Into Afghanistan....3
JAGs' Influence In Designing Detainee Trials Limited....3
Pentagon Sends 5 Guantanamo Detainees To Afghanistan 3
Pakistan Extends Detention Of Airline Bombing Suspect....4
American Muslims Said To Be Rejecting Integration 4
After Incorrect Arabic News Story, Scholar Fears For His Life ..4
LATimes Criticizes Government's Attempt To Expand The Espionage Act....4

Patriot Act:

FBI Uses NSLs To Obtain Data On Las Vegas Resort Guests 5

Homeland Response:

Bush Renews Pledge To Rebuild Gulf Coast....5
UCLA Chancellor Announces New Eco-Terror Security Measures....10
FBI, DHS Work With Local Police To Monitor Potential Sleeper Cells....10
As Passengers' Hydration Falls To Airlines, Concerns Said To Arise....11

War News:

Public's Support For Wars In Afghanistan And Iraq Expected To Further Erode....11
Democrats Split On Troop Withdrawal Timetable....11
Rumsfeld Answers Questions From Families Of Soldiers With Extended Duty....12
Hundreds Of Tribal Chiefs Sign Pact To Support Reconciliation Plan 12
US Soldiers In Iraq Us Less Aggressive Tactics....13
To Increase Gun Safety, Army Begins Immersion Program...13
Army Finds Casualties Consistent With Reports To Families 13
Abu Ghraib Said To Be Empty....14
Sunni Arab Legislator Released After Two Months In Captivity 14
Iraqi Antiquities Director Seals Museum With Concrete, Quits Over Looting 14
Dancers Help Take Soldiers' Minds Off War....14
Internet Video Brings War To The World 14
Karzai Says Western Media Publishes "Propaganda" Against Him, His Government 15
Hoagland Says Occupation Of Iraq Approaches Immorality, Calls For Settling Moral Accounts....15

DOJ:

New Book Describes Gonzales's Relationship With Bush....15
Quadriplegic Federal Prosecutor Profiled 15

Corporate Scandals:

Mercury Interactive Stock Options Timing Comes Under Federal Scrutiny....16
Illicit Insider Trading Potential Result Of Mergers And Acquisitions Boom....16
Pension Accounting Practices Questioned 16

Criminal Law:

New York Man To Pay $55,000 To Stave Off Home Seizure After Child Porn Plea 17
Columnist Questions Las Vegas Corruption Prosecution....17
WPost Praises Maryland Governor's Record On Clemency ..17
Isikoff Book Details Armitage's Role In Leaking Plame's Identity....18

Environment:

Los Angeles In Dispute With Farm Area Over Waste Disposal 18
Environmental Activist Attracts FBI Attention....18
Heat Wave Led To Wildfires....18
National Parks Preservation Urged 19

Immigration:

White House And House GOP Portrayed As At Odds Over Border Security 19
Former Nazi Eludes Deportation 20

Tax:

IRS Layoffs Questioned 21

Congress-Administration:

Anti-War Activists Protest Outside Bush Family Gathering 21
Bush Prepares For Tough Questions 21
Bush's Analysis Of "The Psyche Of Our Country" Noted 21
Pelosi Given Credit For House Democrats' Unity 22
Reid Expected To Back Lieberman As Committee Chair 22
Hagel Still Undecided Concerning Bolton's Confirmation 22
Major Lightning Strike, Weather Concerns Delay Shuttle Launch 22

Other News:

Housing Slump Analyzed 23
New Fed Chairman Takes Cues From Economic Data 23
Expanding Student Population Causing Teacher Shortage Across The US 23
Several New York Politicians Considered Potential 2008 Presidential Candidates 24
Two First-Time Democratic Candidates' Campaigns Used To Illustrate National Trends 24
Democrats Concerned Lieberman's Candidacy Will Boost GOP House Candidates 24
Laffey Acknowledges Writing Anti-Gay Columns As A College Student 25
Poll Shows Brown Leading DeWine 45-42 25
Mfume Staying Competitive With Cardin Despite Fundraising Deficit 25
Harris Clarifies Comments On Politics And Religion 25
Angelides Invokes Truman's Populist Themes As He Tries To Gain Traction 26
NYTimes Endorses "National Hero" Spitzer In Democratic Gubernatorial Primary 26
Indian-American Academic Reflects On Allen's Controversial Comments 26
Hoffa Dodges Debate Against Union Leadership Challenger 26
Astrologers Not Bothered By Pluto's Loss Of Planet Status 26
Tattoos Less Taboo 27
Charter School Reforms Urged 27
Ahmadinejad Says Heavy Water Reactor "Not A Threat." 27
Pyongyang Said To Reserve Right To Test Nuclear Weapon 28
Israel Seeking Muslim Nations To Contribute To Border Force 28
Israelis Use Intricate System To Select, Approve Assassinations 30
Saudi Interior Ministry Arrests Suspected Militants 31
Turkish Boom-Town Shows "Challenges" Of Balancing Islam With Capitalism 31
Kidnapped Chechen Was Secret Bride Of Rebel Leader Basayev 31
Diplomatic Baggage Row Could Augur Declining Relations With Venezuela 32
Brazil's Lula Avoids Media, Builds Lead In Presidential Race 32
Sen. Obama Highlights AIDS Epidemic During Kenya Visit 32
Uganda Government, Insurgents Sign Truce Accord 33
Journalist Charged With Spying By Sudanese Government 33
South African Murder Rate Persistently High 33
China Releases Jailed Bishop 33
Pre-Election Tensions Could Weaken Bosnia's Cohesion 34
Will Argues For Repealing Japan's Constitutional Pacifism 34
WashPost Says UN's Unique Role Demands Support For Reform 34

The Big Picture:

Headlines From Today's Front Pages 34

Washington's Schedule:

Today's Events In Washington 35
Other. 35

DOJ_NMG_0053953

TERRORISM NEWS:

Terrorism-Related Flight Diversions Plague Aviation Industry. ABC Evening News (8/26, story 8, 2:05, Avila) reported on "the latest headache for air travelers suffering through a series of bomb threats and bizarre incidents in what are becoming quite the unfriendly skies." ABC continued, "At airports today, the calm after what one security expert called a perfect storm of airliner scares. … So far this month, no fewer than 11 flights have been diverted or delayed because of security concerns. Some of which looked frivolous in hindsight. Before a pilot could walk into the cabin to check what's going on. Now he's locked behind the cockpit door and has to rely on flight attendants. On Friday, four flights were disrupted from everything for a stick of dynamite in a checked bag to a belligerent passenger with nail polish." Aviation security analyst Douglas Laird: "If you do that scenario time and time again, actually, the terrorists are winning because they're causing chaos within the system."

The CBS Evening News (8/26, story 4, 2:40, Assuras, 7.66M) reported, "A number of air travel security incidents had law enforcement officials scrambling. One day after, security experts are still assessing what went wrong. The incident getting the most scrutiny was a partial stick of dynamite that was found in checked luggage after the flight was over. The Continental flight had landed in Houston when bomb-sniffing dogs picked up the scent of explosives. It was determined not to be terrorism but a college student packing a dangerous souvenir from Argentina." Homeland Security analyst Reed Larson: "Everyone is focusing on this will obviously stupid college student but the important thing is how did it get on the airplane in the first place? What does that say about the screening in Argentina."

Pakistan Said To Be Negotiating Deal To Let Taliban Freely Cross Into Afghanistan. The Long Island Newsday (8/27, Rupert, 428K) reports, "Pakistan's ruling army is forging a peace deal with Islamic militant guerrillas in the country's border region that will likely free the militants to increase attacks on U.S. forces in Afghanistan, sources close to the talks say. Pakistani newspapers say the army is close to a deal with locally based Taliban in the rugged border area of North Waziristan," and it "will leave them in significant control in the region." According to a tribal leader with knowledge of the talks, "the government has conceded real control, notably by agreeing that border posts will be manned not by the army, but by tribal paramilitaries" and "army checkpoints established in recent years to tighten the government's hold over the region are to be abandoned." The Taliban "demanded an unfettered right to cross into Afghanistan and pursue what they regard as a jihad against the presence of foreign troops in a Muslim land," and the final deal, "in reality…'is sure to leave the Taliban free to cross over [the border] to join the war in Afghanistan.'" For "the current talks, Pakistan's government has been looking for a formula to make the infiltrations less obvious, said the tribal leader. Government negotiators pressed the Taliban to make their forays into Afghanistan longer but less frequent." Meanwhile, "Gen. John Abizaid, who oversees U.S. forces in Afghanistan as commander of U.S. Central Command, stressed the importance yesterday of halting the infiltration of Taliban from their bases in Pakistan."

JAGs' Influence In Designing Detainee Trials Limited. The Boston Globe (8/27, Savage, 425K) reports, "Despite assuring Congress that career military lawyers are helping design new trials for accused terrorists, the Bush administration has limited their input on their key request, that any tribunals must give detainees the right to see the evidence against them, officials said." The "new guidelines are being drafted by Bush-appointed attorneys in the Justice Department's Office of Legal Counsel" that "met just once with a working group of military lawyers," and began the conference announcing "that there was no point in debating the secret evidence issue." However, "the limits placed on the discussion with the military lawyers, called the Judge Advocate General corps, have angered a group of retired military attorneys. They believe that the administration's dismissal of JAGs' views has been a prime factor in such setbacks as the Abu Ghraib torture scandal." Also, "many former JAGs trace the current disputes back to Vice President Dick Cheney's efforts to rein in the JAG corps in the first Bush administration."

Pentagon Sends 5 Guantanamo Detainees To Afghanistan. The AP (8/27) reports, "The Pentagon said Saturday it had transferred five detainees from the

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military prison at Guantanamo Bay, Cuba, to Afghanistan." While "a written statement did not say why the detainees were released and did not disclose their identity or home country," earlier releases "said detainees were freed because they no longer were considered enemy combatants."

Pakistan Extends Detention Of Airline Bombing Suspect. The New York Times (8/27, Gall, Khan, 1.21M) reports that according to a senior Pakistani government official, "the detention of Rashid Rauf, who authorities here say is a key figure in the London airliner bombing plot, has been extended for 14 days." Rauf "is being held on charges of possession of forged documents and an additional charge but none relating to terrorism." While on Wednesday "the British authorities said they had not asked that Mr. Rauf be extradited,…on Saturday, the government official said that the request had been made, and that the process could take four to five weeks." However, interior minister Aftab Ahmed Khan Sherpao "said his agency had not received an extradition request from the country's Foreign Ministry," and Foreign Ministry spokeswoman Tasneem Aslam said "she was unaware of the request for extradition." While "Pakistan does not have an extradition treaty with Britain,…Ms. Aslam said the mutual legal assistance accord between Pakistan and Britain might allow a handover."

American Muslims Said To Be Rejecting Integration. Geneive Abdo, the liaison for the Alliance of Civilizations at the United Nations and author of "Mecca and Main Street: Muslim Life in America After 9/11," writes in an op-ed in the Washington Post (8/27, B3, 748K), "the comforting media narrative" has "the approximately 6 million Muslims in the United States…often portrayed as well-assimilated and willing to leave their religion and culture behind in pursuit of American values and lifestyle." However, "I have encountered a different truth. I found few signs of London-style radicalism among Muslims in the United States. At the same time, the real story of American Muslims is one of accelerating alienation from the mainstream of U.S. life, with Muslims in this country choosing their Islamic identity over their American one." This is partly because "the Sept. 11 attacks also had the dual effect of making American Muslims feel isolated in their adopted country, while pushing them to rediscover their faith." They "are becoming a people apart," and while "it is too soon to say where the growing alienation of American Muslims will lead…it seems clear that the factors contributing to it will endure."

After Incorrect Arabic News Story, Scholar Fears For His Life. The Los Angeles Times (8/27, Watanabe, 918K) reports that Khaled Abou el Fadl, "one of the nation's most prominent critics of Saudi Arabia's puritanical practice of Islam known as Wahhabism," was shot at in "April, when he says a bullet whizzed past his ear and lodged in a book as he was standing near his living room bookshelf in front of his open front door." His fears for his life "intensified this month, after a news report in the Anaheim-based Al Watan newspaper and other Arabic-language media carried what Abou el Fadl calls a 'solicitation of murder' against him. The article reported that Iranian extremists had declared it permissible to spill his blood because the scholar purportedly advised President Bush to support Israel's strike against Lebanon, resist a cease-fire with the Hezbollah militia and block the Islamist movement." He "called the news report 'a total fabrication.'" The "members of the FBI's joint terrorism task force, which independently picked up the news report, were so concerned that they visited Abou el Fadl recently to warn him to take security precautions."

LATimes Criticizes Government's Attempt To Expand The Espionage Act. The Los Angeles Times (8/27, 918K) editorializes, "the Bush administration has persuaded a federal judge in Alexandria, Va., to abandon the interpretation of the Espionage Act that has shielded journalists all these years: that the law's purpose is to punish government employees who disseminate secret information." He "ruled that the Justice Department could put two former officials of the American Israel Public Affairs Committee on trial for violating the Espionage Act's prohibition on disclosing or receiving information 'related to the national defense,'" and "his ominous bottom line was that 'the government can punish those outside of the government for the unauthorized receipt and deliberate retransmission of information relating to the national defense.'" Should the defendants be "found guilty and higher courts uphold their convictions, the Espionage Act could mutate into a British-style Official Secrets Act that could be used against journalists. That outcome would fly in the face of the history of the Espionage Act, which scholars note was enacted after Congress rejected language that would have punished newspapers for

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articles that, in the president's view, 'might be useful to the enemy.'" It also "would be bad for present-day America."

PATRIOT ACT:

FBI Uses NSLs To Obtain Data On Las Vegas Resort Guests. The Las Vegas Review-Journal (8/27, Maimon) reports, "The local FBI office has used new and far-reaching powers to persuade Strip casinos to turn over personal information of certain visitors for use in terrorism investigations. … The FBI frequently has issued so-called national security letters, or NSLs, said Dave Staretz, chief division counsel for the bureau's Las Vegas office." The Review-Journal continues, "Through the use of NSLs, the FBI can get information including telephone, credit card and Internet records without search warrants or court approval. The information can be stored in federal databases for an unlimited time and shared with other government agencies, according to federal law. … The issuance of NSLs to casinos is a particularly sensitive issue because of the premium that resorts put on guest privacy. Resorts aren't obligated to turn over even hotel registration records to authorities without a court order, said former Clark County Sheriff Jerry Keller, who until May was vice president of security for Wynn Las Vegas. One of the few requirements of guests is that they show identification to hotels upon request." The Journal adds, "The detailed information sought through NSLs serves as a reminder that what happens here doesn't always stay here. The secret letters add to the misgivings of civil rights groups that contend the FBI has used anti-terrorism tools for matters unrelated to national security. .. .The ACLU bristled when the FBI used the Patriot Act to obtain financial records in the public corruption investigation of strip club owner Michael Galardi and four former Clark County commissioners. … Ellen Knowlton, who until February headed Las Vegas' FBI office, said NSLs are a 'bona fide technique' of gathering information from businesses, including resorts, for terrorism investigations. … But Lisa Graves, senior counsel for legislative strategy for the American Civil Liberties Union, said NSLs threaten privacy rights and lack safeguards to prevent abuse."

HOMELAND RESPONSE:

Bush Renews Pledge To Rebuild Gulf Coast. President Bush's upcoming tour of the Gulf Coast region continues to generate negative coverage in the major US media outlets. The extensive coverage focuses mainly on the lack of progress made in the recovery and describes the White House as approaching the subject cautiously.

The network news broadcasts devoted 11 stories totaling over 20 minutes to Katrina-related stories. ABC and NBC focused on the impact of Katrina on Bush's political image in full segments early in their broadcasts while CBS did not mention Bush at all. ABC Evening News (8/26, story 3, 2:00, Avila) says Bush "is still trying to repair the damage in New Orleans and to his political image." ABC's Morrell calls it a "a risky trip to the Gulf Coast" for Bush because "this image of Mr. Bush, the strong, decisive leader of 9/11 was superseded by this one, detached and helpless as he flew over flooded New Orleans." University of Virginia Professor Larry Sabato: "It was really the beginning of the end for his majority approval ratings in the country. And I don't think he's ever recovered from it." Morrell: "The president's anniversary visit which comes just two months before the midterm elections could either remind people of his administration's initial failures or as he tried to do today, highlight the progress made since." President George W. Bush during his radio address: "In Mississippi and Louisiana we can see many encouraging signs of recovery and renewal and many reminders that hard work still lies ahead." Morrell: "To illustrate that point, the president will visit the hard-hit Lower Ninth Ward of New Orleans Tuesday, his 13th trip to the region."

NBC Nightly News (8/26, story 3, 2:00, Seigenthaler, 9.87M) asked, "Is the President really going to make a trip this week with the storm headed to the coast?" NBC (Jordan): "So far there are no plans to cancel the President's trip to the Gulf Coast." His "Aides say the president has been getting updates throughout today about the storm's progress. There was a video conference between staff here in Maine and staff in Washington to talk about the path of the storm." And "Everyone is asking the question, has the recovery effort been successful?" Bush "used his weekly radio address to tell Americans that one year after Katrina his Administration has not abandoned the survivors." Yet, "the anniversary is a delicate dance for the Administration widely criticized for its

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response to the disaster." Political analyst Stuart Rothenberg: "Katrina coming right on top of daily bad news from Iraq has made it very difficult for this president to rally public support." Jordan: "Could the president further hurt his standing with the public by marking this anniversary? Stu Rothenberg says, 'no,' but what really matters is how the president and his staff perform in case of another disaster."

Similarly, the AP (8/27, Loven) in an article titled "Bush Faces Political Katrina Damage" reports, "Hurricane Katrina lashed President Bush's image as a take-charge commander in chief when it battered and deluged the Gulf Coast. Ever since, the president has sought to overcome the political damage done when he appeared initially aloof from the suffering and oversaw a balky federal response." He "has visited the region many times, made a raft of promises -- some kept, some deferred -- and sent down tens of billions in federal aid. The president returns to still-ailing Louisiana and Mississippi this week, intending to remind Americans the rebuilding is far from finished and to reassure victims that Washington will not bail out."

Bloomberg (8/27, Runningen) reports Bush "renewed his promise to help rebuild roads, schools, homes and business along the U.S. Gulf Coast, which isn't yet healed from the ravages by Hurricane Katrina almost a year ago." But "Thousands of people are still homeless or living in government trailers, debris remains piled high in some neighborhoods and services ranging from medical care to education aren't yet at pre-Katrina levels."

Democrats Seek To Portray Administration's Recovery Efforts As Tragedy. ABC Evening News (8/26, story 3, 2:00, Avila) says Bush "Louisiana U.S. Sen. Mary Landrieu (D): "He's come here often but this administration is still having a hard time, I think, understanding the magnitude." Morrell: "That's a theme Democratic lawmakers will try to hammer home next week." Footage of unidentified Katrina Evacuee: "We need help!" Morrell: "With events highlighting their belief that Katrina was, according to this strategy memo, a crisis brought on by a natural disaster, made a tragedy by incompetence." Sabato: "The Democrats are close to stepping on a terrific story for them because they insist on becoming a part of it." Morrell: "Now, if Democrats make the anniversary a partisan issue and if the coverage focuses as much on signs of progress as it does scenes of destruction, Republicans actually believe they can turn this political negative into a positive." Avila: "Big week for the President.."

Concerns Raised About Safety Of New Orleans Levees As Ernesto Approaches. The CBS Evening News (8/26, lead story, 2:25, Assuras, 7.66M) reported, "Today's admission by the head of the Army Corp of Engineers that the newly repaired levees around New Orleans may not withstand a sizeable hurricane came just as the National Hurricane Center said one may just be on the way." CBS (Bowers): "This eleventh hour relevation that is not sitting well here. Many families have already put their repairs on hold while they throw together an evacuation plan." Meanwhile, "Louisiana's Governor Kathleen Blanco stressed that emergency preparedness workers were already in place and on high alert and will order evacuations if that need arises. That's still a big if." Assuras: "The evacuation in fact was the major problem last year. What changes have been made to the evacuation system?" Bowers: "The evacuation order will be given much earlier in the hopes that people will obey and get out quickly."

NBC Nightly News (8/26, story 2, 2:20, Mott, 9.87M) reported, "Concern is building here tonight about Ernesto, and that might be magnified by what was said today about these levees. Despite hundreds of millions spent on repairs, the head of the U.S. Army Corps of Engineers admitted that no one knows whether the levees will withstand another major storm." Lt. General Carl Strock, US Army Corps of Engineers: "I'm not pleased with where we are but it's as good as it can possibly be right now." Mott: "There are new concerns about the pumps designed to ease pressure on the levees. They had to be shut down during recent tests because of vibrations."

ABC Evening News (8/26, lead story, 1:50, Avila) described Stroff's warning as "a blunt admission tonight about just how vulnerable New Orleans is one year after Katrina. In a cruel twist of nature, the levees could be put to a critical test on the very anniversary of the hurricane that nearly wiped out the city. From New Orleans tonight, ABC's Steve Osunsami." ABC (Osunsami): "The corps admits it has only completed about 20% of the repairs the government has budgeted for. They need more time. Today, the Louisiana governor told residents to cross their fingers and hope this season's storms pass them by." Unidentified reporter: "How secure should the citizens of New Orleans feel right now?" Louisiana Gov. Kathleen Blanco (D): "If indeed the hurricane aims for New Orleans, they need to get out of town." The AP (8/27, Roberts) and the Baton Rouge Advocate (8/27, Millhollon, Bonner) report similar details.

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But the New Orleans Times-Picayune (8/27, Moran) reports, "As Ernesto churned through the Caribbean on Saturday, Gov. Kathleen Blanco expressed restrained confidence in the New Orleans area's levee system and said she expects residents to heed evacuation orders if a storm approaches." Blanco said, "We here in Louisiana are having a hard time trusting what we once openly trusted. We take a look-and-see attitude."

New Orleans Plumbing Inadequate To Handle Flooding. The CBS Evening News (8/26, story 3, 3:00, Chen, 7.66M) reported, "For every load of dirt to shore up New Orleans levee and every effort to put gigantic gates in place they have gaping holes. It's central plumbing system is in trouble. Officials admit one out of five pumps don't work. So many low lying neighbors have no way to get rid of low laying water, much less hurricanes."

Bush Monitoring Threat From Ernesto. The New York Times (8/27, Kornblut, 1.21M) in an article describing Bush's trip to Maine as "subdued" says, "Bush was receiving his regular briefings, aides said, as well as updates on Tropical Storm Ernesto." His "more subdued approach this time is in keeping with his effort this August to avoid the criticism that followed his summer vacation last year, when he was accused of being slow to respond to Hurricane Katrina."

Ernesto Expected To Become Hurricane. NBC Nightly News (8/26, lead story, 1:00, Cornett, 9.87M) reported, "Despite wind shear on the west side of this storm it's continued to strengthen today. That wind shear is going to be relaxing over the next 12 to 24 hours and that is going to allow the storm to strengthen more readily."

The CBS Evening News (8/26, story 2, 0:30, Norcross, 7.66M) reported, "If you look at the satellite picture we see a pretty solid tropical system and a little jump to the north here today and with a it looks like that's going to mean is a higher likelihood of a threat on the eastern part of the Gulf and it may be a little bit less pressure on the New Orleans area. Folks on the west coast of Florida and the Panhandle have got to be looking very, very closely to the storm next week." The Washington Post/AP (8/27, A8, Campbell) reports similar details.

Second Storm Could Hit In Two Weeks. ABC Evening News (8/26, story 2, 1:10, Avila) reported, "Millions of Gulf Coast residents have been warned to pay attention. ABC (Kofman): "If it's not Ernesto that hits, there's another tropical wave coming off Africa now that could hit in ten days or two weeks. They've got to be ready and the time to prepare is not when a hurricane is bearing down."

Questions Raised About Availability Of Federal Recovery Funds. The Los Angeles Times (8/27, Simmons, Fausset, Braun, 918K) in an article titled "Katrina Aid Far From Flowing" reports that "the federal government has spent less than half the rebuilding funds that it amassed for Katrina recovery, which has raised sharp questions about the Bush administration's stewardship of the Gulf Coast's reconstruction and has provoked a chorus of complaints about excessive delays and government sluggishness." The Times continues, "Despite four emergency spending bills approved by Congress to provide more than $110 billion in aid, federal agencies have spent only $44 billion. Even as President Bush insisted last week and in his radio address Saturday that $110 billion was a strong commitment, he conceded that the recovery effort was plagued with bureaucratic hurdles." The Times notes, "The scale of the catastrophe continues to overwhelm the government's capacity to respond."

The Baton Rouge Advocate (8/27, Millhollon) reports, "The message is clear: Nearly a year after Hurricane Katrina made landfall and flooded southeastern Louisiana, homeowners still are waiting for government funds to rebuild." The Advocate notes, "There are points of progress" as "officials have been showing off the nearly refurbished Superdome like proud parents showing off their newborn." Yet "thousands of homeowners remain displaced."

Local New Orleans Officials Fault Federal Bureaucracy. The Baton Rouge Advocate (8/27, Gyan) reports, "New Orleans Mayor Ray Nagin and St. Bernard Parish President Henry "Junior" Rodriguez blame the snail-paced rebuilding of the Crescent City and St. Bernard on bureaucracy and a lack of federal funding." Nagin said, "The misperception out there is New Orleans is wallowing in dough and we have money coming out of our ears." Rodriguez said, "It's not stalled, but it's going so slow because of the bureaucratic red tape with FEMA and EPA and DEQ and whatever else damn initials you can put together."

Demand For Food Relief Remains High. The Washington Times (8/27, Debose, 88K) reports, "Many hurricane victims in the Gulf Coast waiting for funding to remove debris and rebuild their homes still need something even more fundamental than shelter: something to eat." For example, "America's Second Harvest-the Nation's Food Bank Network, the country's largest hunger-relief organization, says

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the demand for emergency food is as much as 50 percent higher today than before Hurricanes Katrina, Rita and Wilma made landfall last year."

Many Areas Of Gulf Coast Region Remain Devastated. The Washington Post (8/27, A1, Whoriskey, 748K) in a front page story reports, "When it was fresh, the epic wreckage of Hurricane Katrina inspired rallying cries of 'We will rebuild!' But a year after the costliest natural disaster in U.S. history, vast stretches of this city and the Gulf Coast are still largely abandoned, and many here wonder whether the destruction may be more permanent than anyone could at first conceive." Funding "is one problem. The billions in federal relief funds for homeowners began to flow just a few weeks ago. Some insurance settlements have been contentious and slow." The Post ads, "And as the economy has shriveled along with the population, jobs have disappeared." Federal officials are "planning to spend more than $107 billion on the region's recovery. But a year out from the storm, even the cleanup has not been finished."

In a more optimistic article the New York Times (8/27, Nossiter, 1.21M) in a front page article reports that as planners and demographers evaluate the recovery effort, "There are shadows and firmer outlines, a few promising, some of them menacing." The Times continues, "New Orleans will almost certainly be smaller than it was." The Times adds, "No area is officially off the table for redevelopment. But the silence and emptiness of outlying neighborhoods near Lake Pontchartrain and in east New Orleans appear to be harbingers of the future." The Times notes, "The one constant is the determination of people to rebuild. For good and ill, it has been demonstrated over and over since the earliest days after the catastrophe."

In addition to major US media outlets, large regional newspapers like the Baltimore Sun (8/27, Gibson, 262K) in an article titled "Residents Still Wait For Help In Mississippi," the Houston Chronicle (8/27, Freemantle, 535K) in an article titled "New Orleans struggles to its feet," the Pittsburgh Post-Gazette (8/27, Toland, 241K) in an article titled "Brave Face Hides Big Hurt In Big Easy," the Kansas City Star (8/27, Adams, Douglas, Schmickle, 278K) in an article titled "Katrina Leaves Lives On Hold" and The St. Louis Post-Dispatch (8/27, 300K) in an article titled "Quick to ruin, slow to repair" reported similar themes.

Some Areas Recovering Quicker Than Others. While most stories focus on New Orleans, the Washington Post (8/27, A7, Whoriskey, 748K) also covers the recovery effort in Biloxi Mississippi where "as elsewhere on the Mississippi coast, the hurricane recovery is proceeding on two tracks, and while the casinos and condo developers have gained momentum, many others feel stuck. A block away from the waterfront and its high-rise gambling resorts, in the neighborhoods where Katrina damaged about 6,000 homes and businesses, very little rebuilding has happened." The Post adds, "Scores of restaurants and shops remain closed, too, and along the beach road the only way to tell what used to be there is by the dozens of pole signs that withstood the storm's ravages: a Denny's, a beachwear shop, an Outback Steakhouse and so on down the beach strip."

Survivors Work To Overcome Impact Of Katrina. ABC and NBC both ended their broadcast with profiles of Katrina survivors. In a story that begins with a negative tone ABC Evening News (8/26, story 12, 2:30, Avila) profiled Sheila Dickson who "spent her savings, reinvested in her damaged real estate, about 40 properties around town and joined partners in buying new ones. The difficulty of Sheila Dickson's work here cannot be exaggerated." But Dickson said, "You bite your tongue, you grit your teeth, set your roots down and you nail a roof on." Avila: "Sheila believes there are many more determined New Orleans evacuees working to bring the city back. People rarely heard from in the finger-pointing FEMA-bashing, crime-laden atmosphere of the post-Katrina big easy."

NBC Nightly News (8/26, story 9, 2:00, Seigenthaler, 9.87M) reported, "Tonight, a closer look at one family we've been following since shortly after the storm. It's been a year of struggles and strong emotions over what they've lost, what they've found, and what they now see as a future with tremendous promise." After struggling to overcome hurdles for the Spears family "it's new clothes -- schools for all the kids and new jobs for each of them Suzette teaching again, Ed in business again after five months of being unemployed. A new life."

The Washington Post (8/27, D1, Haygood, 748K) also reports how Vincent's City Club "didn't remain dead." Yet, "this is more than a tale of rediscovered recipes for barbecue and shrimp, of a marquee's lights coming back on in a different city, of a nightclub finding its groove anew. It's about Henry, the maid's boy, and how he took strength from the strong women in his family. It's about Vincent, whose Uncle Billy taught him how to cook and how to dream. It's about how the drowned things stayed dry."

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Local Coverage Of Gulf Coast Recovery Efforts. The New Orleans Times-Picayune (8/27, Filosa) reports that Lower Ninth Ward resident Harold Butler "lives near ground zero of the deadly Aug. 29 levee breach at the Industrial Canal. He has a battered single shotgun house painted yellow, on a generous lot of green grass, an insufficient insurance settlement and not much help coming in from government or elsewhere." The report adds, "On a recent day, Butler showed off his unfinished house, a lonely symbol of progress in a neighborhood where most properties — including his — still lack basic utilities."

The New Orleans Times-Picayune (8/27, Russell) reports that rebuilding has progressed in New Orleans' Seventh Ward. In Alice Soublet's neighborhood, "Most of the doubles across the street are gutted and tidy. … Five trailers, three of them next to her house — which has been cleaned but not fully repaired, because of a dispute between Soublet and her insurer — offer further evidence of Republic Street's resurgence." The report adds that FEMA rebuilding elevation guidelines "disappointed homeowners and experts who though they might offer guidance on how and where to rebuild. The new FEMA rules did not bar development in any district of the city, and left intact the elevations set in 1984."

The New Orleans Times-Picayune (8/27, Russell) reports that New Orleans Mayor Ray Nagin's (D) "Bring New Orleans Back Commission unveiled a map that featured a big green dot over Broadmoor" hinting that city planners envisioned a park in the area. "The green dot galvanized Broadmoor. … The priority, quickly accomplished, was to wipe the green dot from the map." The report adds, "Nearly 60 percent of the neighborhood's homeowners have taken out some sort of building permit, and the evidence of rebuilding is everywhere."

The New Orleans Times-Picayune (8/27, Ritea) reports that in Pontchartrain Park, "diehards in the neighborhood, many of them older and deeply reverent of the history of Pontchartrain Park — the city's first suburban-style development designed for a rising black middle class — have reinvested, either out of deep-seated allegiance or a lack of better financial options." The report adds, 'The older people all want to come back, but the younger people don't want to come back and deal with the hassle,' said Jessie Perry, who at 74 is nearly ready to move back into the tan ranch-style house she and her husband bought around the corner on Mendez Street, paying $13,000 in 1962."

The New Orleans Times-Picayune (8/27, Williams) reports that in eastern New Orleans, "Despite a smattering of vacant houses and a few with for-sale signs on their lawns, the Millers — who moved back in March — and the many others who have resettled in the neighborhood ooze optimism and revel in the small-town culture of the place."

The New Orleans Times-Picayune (8/27, Meeks) reports that in the Lakeview section of New Orleans, "demolitions are as much a sign of progress as homes under repair. In the area bounded by Memphis, Lane, Vicksburg and Bragg streets, seven of 27 homes have either been knocked down or are on the demolition list. Several others, like the Ferry residence, are at various stages of renovation."

The New Orleans Times-Picayune (8/27, Hamilton) reports that a year after Hurricane Katrina, St. Tammany Parish "is a mix of devastation and development. Its already robust economy has been enriched by a rapid population boom, a surging real estate market, soaring sales-tax revenue and industry expansion." However, "its hardest-hit areas — especially in and around its largest municipality, Slidell — are still reeling from the hurricane's impact." The report adds that Slidell "still has about 1,800 Federal Emergency Management Agency trailers."

The Baton Rouge Advocate (8/27, Calder) reports, "The New Orleans metro area had 437,200 jobs in July, down about 173,000 — 28 percent — from the 610,200 jobs there 12 months earlier. The city had lost 215,000 jobs in the storm's aftermath, but has replaced just 42,000 since." According to the Advocate, "LSU economist Loren Scott said that a typical hurricane recovery, when plotted out on a graph, resembles a 'U', with a sharp drop immediately after the storm followed by a brief period of inactivity and then a dramatic up-tick as work rushes in to fill the void. 'But in the case of New Orleans, we hope it will be a U, but right now it's an 'L,'" Scott says. The report adds, "The main reason the 'L' could persist, analysts say, is the magnitude of the destruction and how completely it has broken life in New Orleans."

Most Victims Of Katrina Identified. The New York Times (8/27, Barry, 1.21M) reports that "Hurricane Katrina denied most of the 1,464 victims in Louisiana such final flourishes of dignity; no watch chains for them, no stylish hats." But in the face of "bureaucratic impediments, pathologists, investigators and counselors rose to the sorrowful challenge. Working like wartime MASH units, they reunited families with their missing loved ones and attached names to nearly 900 of the bodies they examined. Even so,

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some 50 victims remain unknown to the world still, a year later."

Paulison Examines Lessons Learned From Katrina. Federal Emergency Management Agency Director David Paulison in an op-ed in the Washington Post (8/27, B7, 748K) writes, "As we look back on Hurricane Katrina a year later, one thing is clear: We must employ the lessons learned so that when the next disaster strikes we are better prepared to protect lives, prevent suffering, reduce property loss and respond more effectively." After describing initiatives FEMA has implemented to improve its response capabilities Paulison says, "We have greatly improved our capacity to the point that we can register as many as 200,000 disaster victims per day -- more than double what we could handle in 2005 -- and reduced the potential for waste, fraud and abuse. We have tripled our home inspection capacity -- up to 20,000 homes each day after a disaster. We have stockpiled enough food, water and ice to care for as many as 1 million disaster victims for a week. We have enhanced our ability to track and manage the supply chain. In addition, FEMA recently announced significant enhancements to its Digital Emergency Alert System, which will notify citizens of potential public hazards and disasters that strike without notice."

New Orleans Paper Credits Efforts Of Local Residents, Not Federal Government, For Recovery. The New Orleans Times Picayune (8/27) editorializes, "More than 1,500 Louisianians died as a result of the storm. African-American and white residents, city dwellers and suburbanites, young people and old -- especially the old -- were victims of Katrina and the failure of the federal levee system." The Times Picayune concludes, "Despite the conventional wisdom elsewhere that South Louisianians have sat with their hands out waiting for government to rescue us, it is largely the sweat and currency of individuals that have brought us this far -- our own and that of countless generous Americans who have come to our aid."

UCLA Chancellor Announces New Eco-Terror Security Measures. The Los Angeles Times (8/26, Trounson, Mozingo) reported, "After an attempted firebombing near the home of one UCLA researcher and repeated harassment that pushed another professor to halt his primate research, UCLA's acting chancellor said Friday that he was taking steps to protect the university and its faculty from extremists in the animal rights movement." Chancellor Norman Abrams said, "These activities have risen to the level of domestic terrorism, and that's what we should call them." In addition to the tighter security for UCLA researchers, Abrams "announced that UCLA would double — to $60,000 — the size of the reward the FBI has offered for information leading to the arrest and conviction of those responsible for the attempted fire-bombing." The Times noted that ELF and ALF "have claimed responsibility for about 1,200 criminal incidents over about the last 10 years, resulting in millions of dollars in damage and monetary loss, said Laura Eimiller, spokeswoman for the FBI's Los Angeles office. In recent years, she said, 'we have seen an escalation in their rhetoric and the violence associated with their crimes.'"

The AP (8/27) reported, "A spokeswoman for the North American Animal Liberation Press Office took issue with Abrams' remarks. 'That's just sad commentary, when people killing animals are calling other people terrorists,' said Camille Hankins, adding that her group has no direct link to the ALF. Extremists in the animal rights and environmental movements have become increasingly aggressive over the past decade, the FBI said. 'We have seen an escalation in their rhetoric and the violence associated with their crimes,' bureau spokeswoman Laura Eimiller said."

FBI, DHS Work With Local Police To Monitor Potential Sleeper Cells. The CBS Evening News (8/26, story 5, 3:00, Assuras, 7.66M) reported, "The threat of terrorism has changed the way American law enforcement agencies work and how they think. For example, there is more attention on potential attacks by terrorists already in the U.S." CBS continued, "It's not the sort of place one would expect to find a budding home grown terrorist cell but Los Vegas under sheriff Doug Gillespie worries they may be here nonetheless. … No one is watching more events unfold in the London airplane terror plot more closely than American police chiefs like Mike Gillespie. That's because for years after 911 they believed, as the FBI did, that the next al-Qaeda attack would involve an undercover cell. … Which is why Washington is looking more and more at cops as the first line of defense." DHS Secretary Chertoff: "A lot of the threat in the future is home-grown. And the intelligence is going to come from the community-based private individuals and the responders who really get a feel for when there is something out of the ordinary that we need to worry about." CBS added, "To help the FBI recently went into partnership with local departments like here in Los Angeles to set up so-called fusion centers where everyone shares the same information.

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For the first time in the fight against terrorism, local and state authorities are at the same table under the same roof as federal law enforcement."

As Passengers' Hydration Falls To Airlines, Concerns Said To Arise. The New York Times (8/27, Higgins, 1.21M) reports, "Now that passengers must rely solely on what the airlines provide to quench their thirst, there's reason to be concerned that it may not be enough," as "dehydration can be a real concern for air travelers, especially those with health problems. An airplane cabin at cruising altitude can be drier than the Sahara Desert." However, "most airlines dismiss the question" of if they are "doing to ensure that fliers have enough to drink during their flights." While "airlines insist that running out of bottled water is a rare occurrence, but flight attendants say it isn't that uncommon," which means "they turn to the taps onboard the aircraft. Though the Air Transport Association, a trade group representing the major United States airlines, insists it is safe for passengers to drink," a 2004 study by the EPA found1"5 percent of aircraft water…tested positive for total coliform bacteria." Right now, "even water bottles that appear to have their original seals intact can't be carried on. Although that may be prudent if screeners can't determine the bottles' origin, it seems logical to ask whether airports and airlines could provide a secure supply of water for sale near the gates — or even to be given out free at the jetway."

WAR NEWS:

Public's Support For Wars In Afghanistan And Iraq Expected To Further Erode. The Houston Chronicle (8/27, Powell, 535K) reported, "American military losses in Iraq and Afghanistan are expected in coming weeks to surpass the toll of 2,972 victims killed in the Sept. 11 terrorist attacks. … Next month, the duration of combat operations in Iraq will exceed the length of time that U.S. forces fought in Europe during World War II. Operations in Afghanistan already have lasted longer than the American Civil War and World War II — with only the Revolutionary War and the Vietnam War lasting longer. Experts on wartime public opinion say the mounting casualty toll and the long duration of the conflicts may play a role in determining whether voters turn against President Bush and his Republican allies in the Nov. 7 midterm congressional elections. What is expected to play an even greater role in the struggle for political control of the House and Senate for the final two years of the Bush presidency is the apparent absence of progress on the ground — particularly in Iraq."

Democrats Split On Troop Withdrawal Timetable. In a front page article, the Washington Post (8/27, A1, Vandehei, Goldfarb, 748K) reports, "Most Democratic candidates in competitive congressional races are opposed to setting a timetable for pulling U.S. troops out of Iraq, rejecting pressure from liberal activists to demand a quick end to the three-year-old military conflict. Of the 59 Democrats in hotly contested House and Senate races, a majority agree with the Bush administration that it would be unwise to set a specific schedule for troop withdrawal, and only a few are calling for substantial troop reductions to begin this year, according to a Washington Post survey of the campaigns." This "runs contrary to the assertion by President Bush and top Republicans that Democrats want to 'cut and run' amid mounting casualties and signs of civil war," but it also "complicates their leaders' efforts to convince voters that they offer a clear new direction for the increasingly unpopular war." Still, "in many ways, Democratic candidates' reluctance to call for the withdrawal of troops reflects the public's uncertainty over how best to proceed, and "some Democrats say the wisest political course is to blame Bush and the GOP for problems in Iraq but avoid getting drawn into a debate with Republicans over how they would go about dealing with the war."

Ignatius Urges Withdrawal To Not Be Hasty. David Ignatius writes in his column in the Washington Post (8/27, B7, 748K), "When provinces meet the schedule," to transition to full sovereignty, "they should be rewarded with more economic assistance. When they miss their deadlines, they should get fewer resources." Certainly, "everyone should understand that America isn't prepared to keep writing a blank check." In the the judgment of Gen. John Abizaid, the head of Central Command, "to make this transition plan work, Americans need a little more patience and Iraqis a little less." Ignatious thinks "Abizaid is right in urging a sensible, deliberate policy to reduce the American presence -- as opposed to a pell-mell rush for the exit," as "Americans should be worried about Iraq but not so much that they take rash actions that would end up hurting American interests in the Middle East at a delicate time."

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Rumsfeld Answers Questions From Families Of Soldiers With Extended Duty. The Los Angeles Times (8/27, Barnes, 918K) reports, "Defense Secretary Donald H. Rumsfeld took polite but pointed questions Saturday from the wives of soldiers from an Alaska-based Army unit whose yearlong tour in Iraq has been extended by as much as four months, a decision that has angered and disappointed" and "stunned brigade members and their families." He "praised the Army unit and said the soldiers volunteered to serve," trying "to be reassuring, without being definitive." Previously, "Rumsfeld told reporters he could not promise a Christmas time return. 'I'd love to be Santa Claus, but I am not,' he said." What might have been "the most defiant question given to Rumsfeld Saturday was from a woman who asked if the military was training another unit to take the brigade's place, and ensure it did not have to be extended again. The question received strong applause and Rumsfeld quipped: 'You knocked it out of the park.'" Still, "After the meeting…Rumsfeld said that he felt the exchange was a good one."

The AP (8/27, Burns) leads that Rumsfeld, "said he saw no reason for the soldiers or their families to be angry at him." Sunday "Rumsfeld and Russian Defense Minister Sergei Ivanov planned to participate in a ceremony in Fairbanks for a memorial of the Alaska-Siberia Lend Lease program," and "Rumsfeld also was to tour the missile defense site at Fort Greely, near Fairbanks, where interceptor rockets in underground silos are being developed for potential use in the event of a long-range missile attack on U.S. soil. A test of portions of the system is scheduled to be held in a few days."

The AFP (8/27) leads, "The wives of soldiers whose duty in Iraq was extended to add troop strength to Baghdad peppered US Defence Secretary Donald Rumsfeld with tough questions - some he could not answer." It adds that the audience "offered more applause for the questions asked than the answers provided." After the meeting, he told reporters, "I'm enormously pleased that I came." The Washington Times/AP (8/27) ran a truncated version of the AP story.

Marine Involuntary Call Up Said To Be Needed, But Creating "Hard Feelings." The Los Angeles Times (8/27, 918K) in a Q&A story reports, "The Marine Corps announced plans last week for involuntary call-ups of Marine reservists to serve in Iraq and Afghanistan." This is needed because "the number of volunteers has been declining, and the commitment of troops in Iraq and Afghanistan has remained constant." Also, "persisting violence has prevented commanders from going ahead with withdrawals." However, "by adapting the rules to send people to Iraq who didn't expect to go, or to keep people there longer than they expected, commanders are stirring up some hard feelings among service members and their families."

Hundreds Of Tribal Chiefs Sign Pact To Support Reconciliation Plan. The CBS Evening News (8/26, story 7, 3:00, Assuras, 7.66M) reported, "In the battle for Iraq, the government won at least a symbolic victory today when tribal chiefs promised to stop killing each other. But other events are casting doubt about whether Iraqi security forces can keep the peace." Strassman: "General John Abizaid's area, he has to find a way to turn over control of Iraq to the Iraqis. We tagged along as the U.S. Commander for all of the Middle East took this country's pulse and the best news he heard, Baghdad's murder rate is down 41 percent as Iraqi forces backed by U.S. troops have swept through the city's worst neighborhoods. Abizaid was encouraged, but no one's suggesting yet that Iraqi forces can do it without help." Strassman added, "In another sign of improvement, Prime Minister Maliki today brokered a pact with 300 tribal chiefs, they promised to stop the killing and promote reconciliation. If they hold to it, that has to help in a country where violent bizarre images like this are so routine, many Iraqis barely give them a second glance."

The Washington Times (8/27, Joshi, 88K) adds, "Hundreds of Iraq's tribal chiefs yesterday signed a 'pact of honor,' pledging to support the prime minister's national reconciliation plan for wiping out sectarian strife and terrorism tearing the country." While "the pact is unlikely to bring peace to Iraq, it is an important step toward winning support in this divided nation for Mr. al-Maliki's 24-point reconciliation plan unveiled in June." The Los Angeles Times (8/27, Mcdonnell, 918K) also covers this story.

Sectarian Fighting Said To Eclipse Insurgency. The Los Angeles Times (8/27, Fleishman, 918K) reports, "The Iraqi insurgency remains a potent threat to U.S. forces, but in the months since the death of its flamboyant symbol, Abu Musab Zarqawi, the insurgency's aura has been eclipsed by the widening sectarian fighting between Shiites and Sunnis, American and Iraqi officials say." The insurgency's arms, many "emanating from the Sunni stronghold of Al Anbar province, [have] undermined the credibility of Prime Minister Nouri Maliki's government and its U.S.-trained armed forces."

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Also, "Some analysts suggest that the United States has focused too much on Al Qaeda in Iraq and not enough on the Iraqi nationalists who are the driving force against the U.S.-led military effort."

Kurdistan Said To Forebode A Divided Iraq. The New York Times (8/27, Wong, 1.21M) reports, "As Iraq writhes in the grip of Sunni-versus-Shiite violence, a de facto partitioning is taking place. Parts of the country are coming to look more and more like Iraqi Kurdistan, with homogenous armed regions becoming the norm." There is "a lack of will among many Iraqis to forge a unified nation," which "could herald the breakup of the country into three self-governing regions." However, "if Kurdistan increasingly portends the future shape of Iraq, it also signals the hazards inherent in a fracturing of the country. American and Iraqi officials agree that the greatest danger to a politically divided Iraq, or to an Iraq riven by civil war, is hostile intervention by the country's neighbors. The resulting regional conflagration could remake the Middle East through mass bloodshed."

Professor Argues Difficulties Of Partinitioning Makes It "A Last-Ditch Option." Gary Bass, an associate professor at the Woodrow Wilson School of Public and International Affairs at Princeton, writes in an op-ed in the Washington Post (8/27, B3, 748K), "Now that the dreaded words 'civil war' have been officially dropped into the Iraq debate, the next word the White House should brace itself for is 'partition.'" While "at first glance, the idea of separation seems appealing," but "the literature of past experiments in partition reveals that the closer one looks, the messier the outcome gets." A "core problem with partition is that it's excruciatingly hard to draw a neat line to divide groups." Also, "in a 2000 statistical study published in World Politics, 'Partition as a Solution to Ethnic War,' Yale political science professor Nicholas Sambanis found that partitions did not significantly reduce the risk of wars breaking out again." Also, "the creation of ethnic statelets gives an international seal of approval to the ethnic nationalists," as "if the world promises statehood as a reward for a particularly bloody ethnic war, that gives a perverse incentive to rebels…The worse the violence, the better the outcome." Throw in that "ethnic cooperation is common worldwide," and "it's no wonder that even partition's stoutest supporters see it as a last-ditch option. If Iraq is partitioned, it probably will be only after the United States experiences the same kind of panicky desperation that helped prompt Britain's mid-century partitions in its crumbling imperial possessions."

US Soldiers In Iraq Us Less Aggressive Tactics. The Atlanta Journal-Constitution (8/27, Kaplow, 399K) reports, "Soldiers of the Fort Hood, Texas-based 4th Infantry Division, many deep into their second tour in Iraq, are ordered to avoid the aggressive, controversial tactics used in the first year of the 2003 U.S.-led invasion." Now "Lt. Col. Mark A. Bertolini, a battalion commander who was not in Iraq in 2003, directs his troops to be adaptable while fighting an insurgency that blends into the general population." For example, "it is no longer standard practice to answer the blast of a roadside bomb with a wide spray of gunfire." Unlike in 2003, when "commanders characterized the insurgency as finite," today they "matter-of-factly note that the insurgency regenerates constantly, feeding off public dissatisfaction."

To Increase Gun Safety, Army Begins Immersion Program. The AP (8/27, Felberbaum) reports, "The Army has begun taking steps to reduce accidental discharges through a new weapons immersion program fully implemented this year throughout the Army's 16 training facilities." Now "soldiers receive their M-16 rifles — and blank ammunition — on the third day of training and keep it with them for the next six to 12 weeks, depending on the length of training. The only time they do not have their weapons is when they enter chapels or clinics, or when the rifles are checked in for the weekend. It's part of the 'train as you fight' mentality that the Army hopes will keep soldiers safe," as "part of the Army's new initiative to make training more relevant and apply lessons learned from troops coming back from deployment." According to Col. Kevin A. Shwedo, director of operations, plans and training for the Army Accessions Command, "the program is significantly reducing negligent discharges."

Army Finds Casualties Consistent With Reports To Families. The New York Times/AP (8/27), "A new review of" some 500 "reports on Army soldiers killed in combat" – "the first step in a new process ordered by Francis J. Harvey, the secretary of the Army, to ensure that families receive accurate information about how American soldiers died in Iraq and Afghanistan" – found that "none…significantly from the information initially given to family members." However, Col. Patrick Gawkins, chief of the Casualty and Memorial Affairs Operations Center, "acknowledged that the Army was taking a second look at a small number — fewer than 20 — of the cases already reviewed."

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Abu Ghraib Said To Be Empty. McClatchy Newspapers (8/27, Youssef) reports according to Iraqi government officials, "U.S. authorities finished moving about 3,600 prisoners from" Abu Ghraib, and "the infamous prison…scene of an abuse scandal that tarnished the United States' reputation worldwide and helped to fuel the growth of Iraq's insurgency, is now empty." Most of the prisoners "went to one of two U.S.-run detention centers - Camp Cropper…and Camp Bucca." However, while "Lt. Col. Keir-Kevin Curry, a U.S. military spokesman for Detainee Operations, acknowledged that the United States had been moving prisoners," he "wouldn't say if the task had been completed." The next step "is unclear. U.S. authorities are securing the compound, several Iraqi officials said, and will eventually transfer it to Iraqi forces. Iraqi officials said that could be months away."

Sunni Arab Legislator Released After Two Months In Captivity. In a 1,060-word report, the New York Times (8/27, Cave, Mizher, 1.21M) details the kidnapping, detention and release after two months of Iraqi Sunni Arab legislator Tayseer Najah al-Mashhadani. She "was released Saturday, delivered to the prime minister's office by men whom she described as religious Shiites who initially considered her an enemy because of her sect." She "was abducted along with at least seven bodyguards on July 1 in eastern Baghdad while driving to a session of Parliament." After her release, Mashhadani "described an abduction and release that raised questions about the government's connections to the kidnappers." Yesterday, a spokesman for Prime Minister Nuri Kamal al-Maliki "described the release as 'a gift' to the prime minister for his efforts to tamp down sectarian violence and bring the country together. He emphasized the timing — on a day when hundreds of sheiks gathered in Baghdad to hear Mr. Maliki discuss plans for a national reconciliation program." Maliki said publicly "that American troops would only leave Iraq if Sunnis and Shiites could prove that they were working together, seeking peace." The Times notes, "It is unclear what role Mr. Maliki or his office played in Ms. Mashhadani's release." The Los Angeles Times (8/27, Mcdonnell, 918K) calls the release "a significant boost" for Maliki.

Iraqi Antiquities Director Seals Museum With Concrete, Quits Over Looting. The Washington Post (8/27, A14, Knickmeyer, 748K) reports that the former head of Iraq's antiquities board, Donny George, "left the country and sent notice of his resignation in early August." Before he left, he "made a final desperate attempt this summer to safeguard the relics of 5,000 years of history: He ordered the doors of the National Museum plugged with concrete against the near-unbridled looting of ancient artifacts." George "told the Art Newspaper that he found 'intolerable' the ongoing failure of Iraqi leaders and U.S. military forces to protect the sites," and "cited what he said was growing pressure by officials of Iraq's ruling Shiite parties to emphasize Iraq's Islamic heritage and ignore the earlier civilizations that stretched back to Babylon and beyond." McGuire Gibson, an authority on Mesopotamian archaeology at the Oriental Institute at the University of Chicago, said, "We've lost whole sites. We've lost whole cities."

Dancers Help Take Soldiers' Minds Off War. The New York Times (8/27, A1, Gordon, 1.21M) reports that the Purrfect Angelz dancers performed for marines at Haditha Dam. Their tour, paid for by the military, is "part of a program to keep up morale in a war that is more dangerous than ever." In the US, much of their bookings, and "consists of events for motorcycle riders. By design, the routines at Haditha are a bit tamer than the biker fare." Still, "for marines who deploy for seven months at a stretch, are forbidden to consume alcohol, have no real opportunities for social interaction with the Iraqi population and routinely travel down roads seeded by roadside bombs, the performance was exciting." Some also "saw the show as a sign that the American public had not forgotten about the troops."

Internet Video Brings War To The World. The Newark Star-Ledger (8/27, Coughlin) reports, "This is the YouTube War, a battle for hearts and minds being fought on computer screens around the globe" as "combatants and victims in Iraq -- as well as Afghanistan, Lebanon and Israel -- are telling their grim stories in ways both profoundly disturbing and strangely mesmerizing." Now "this chaotic modern form of cinéma vérité already is posing public-relations headaches for the Pentagon and forcing traditional media to rethink how they cover conflicts" as "videos are posted by U.S. troops and Iraqi insurgents, Israelis and Hezbollah, and just about anyone else." While "U.S. troops in Iraq are barred from posting images of detainees and human casualties, including body parts," that is the only limit. Today, CNN now "airs clips from YouTube" and "started soliciting videos via its Web site." Also, "analysts credit the YouTube War with making warfare

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harder to glamorize -- but they warn that America's adversaries have been faster to exploit 21st-century propaganda tools." Defense Secretary Donald Rumsfeld told the Council on Foreign Relations in February , "For the most part, the U.S. government still functions as a five-and-dime store in an eBay world."

Karzai Says Western Media Publishes "Propaganda" Against Him, His Government. The New York Times (8/27, Munadi, 1.21M) reports that at a joint news conference with Prime Minister Jan Peter Balkenende of the Netherlands, Afghan "President Hamid Karzai said Saturday that recent criticism of his leadership and his administration stemmed from disagreements that he had had with some partners of the United States-led coalition in Afghanistan over the conduct of military operations," adding, "For some time, some circles of the Western media have started special propaganda against me and the Afghan government." He "has recently come under sharp criticism at home and abroad for failing to protect the country from violence and manage the economy, and for allowing widespread corruption in his government." Karzai "has repeatedly blamed the worsening insurgency in southern Afghanistan on infiltration from Pakistan," and He "said that for two years he had been warning members of the United States-led coalition that the Taliban was a growing danger but that his warnings were not taken seriously."

Hoagland Says Occupation Of Iraq Approaches Immorality, Calls For Settling Moral Accounts. Jim Hoagland writes in his column in the Washington Post (8/27, B7, 748K), "The important national moral obligation to Iraqis that such American actions have created must not be shoved aside in the debates over strategy and politics that proliferate as U.S. midterm elections approach." In this "Iraqi endgame, Washington has three overriding obligations: It must leave behind a central government that does not visit death and destruction on its own citizens as a matter of policy or whim. It must oppose Turkish intervention in Kurdistan. And American officials must not let their fears of Iran outweigh the legitimate political rights of Iraq's Shiite majority. These steps would help settle moral accounts that stretch back beyond the invasion ordered by President Bush and forward beyond his time in office." U.S. officials had been "directly involved two decades ago in covering up and minimizing the horrifying details" of Hussein's "genocidal assault on Kurdish tribesmen." Also, "since 1972 American officials have alternately encouraged Iraq's Kurds and Shiites to rise up in rebellion…then reversed course by conferring U.S. loyalty on the long-dominant Sunni minority at crucial moments." Although "military intervention can be justified when it changes things for the better," continuing "a military occupation that has lost the ability to change the situation for the better for those being occupied is unwise and ultimately untenable. It is also immoral. U.S. involvement in Iraq is again perilously close to being just that."

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New Book Describes Gonzales's Relationship With Bush. In a piece for the New York Times Sunday Book Review (8/27) Jacob Heilbrunn writes, "Already Attorney General Alberto R. Gonzales is making some liberals pine for John Ashcroft. Gonzales has stonewalled Congress on the extent of electronic surveillance, raided a congressional office and, for good measure, raised the possibility of prosecuting journalists, including some at The New York Times, for publishing classified information. Far from blunting his impulses for overreaching, his post at the Justice Department seems to have whetted them. In 'The President's Counselor,' Bill Minutaglio shows that Gonzales has taken an elastic view of the law ever since he began working for George W. Bush in Texas. Minutaglio, the author of a biography of Bush and a former reporter for The Dallas Morning News, has conducted hundreds of interviews and mined the state archives. … He has carefully amassed a wealth of information that suggests Gonzales is less a conservative ideologue than a diligent subordinate whose only principle is abject fealty to Bush."

Quadriplegic Federal Prosecutor Profiled. The Pittsburgh Tribune-Review (8/27, Reilly) reports, "Dennis Kissane remembers clearly the moment he became a quadriplegic. … On Sept. 10, 1965, Kissane was driving with his parents to Washington D.C., to start his freshman year at George Washington University. Inside the Allegheny Mountain Tunnel on the Pennsylvania Turnpike, about 60 miles east of Pittsburgh, a milk truck sideswiped their cark. … His parents escaped serious injury. But the collision hurled Kissane head-first into the rear seat, damaging his spine. The injuries consigned him to a wheelchair, with limited use of his arms. His hands were useless." The Tribune-Review continues,

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"The former Westinghouse Memorial High School sports editor and star athlete never made it to D.C. After a year of grueling physical therapy, Kissane learned to do things he once took for granted -- type, pick up the phone and turn pages. … He attended the University of Pittsburgh and earned a law degree. Forty-one years later, colleagues say, Kissane has emerged as the go-to guy for prosecuting the biggest white collar fraud cases and million-dollar scams in Western Pennsylvania, as an assistant U.S. Attorney. … 'He's always been unflappable,' said U.S. Attorney Mary Beth Buchanan, who has known him for 18 years. 'It's amazing to me he's able to perform as a lawyer at such a high level.'"

CORPORATE SCANDALS:

Mercury Interactive Stock Options Timing Comes Under Federal Scrutiny. The New York Times (8/27, Dash) reports, "As Silicon Valley companies competed for top talent during the heady days of the dot-com boom — luring stars with plump signing bonuses and the most highly prized manna of all, stock options — Mercury Interactive, a highflying software concern, joined the fray with gusto. … Setting its sights on a prized technology sales manager named Jay Larson, Mercury lured him to the company in 2000 and granted him 300,000 options over the next year. But by the spring of 2001, the company's plummeting stock price had made it unlikely that Mr. Larson could cash in any of his options. … So, after Mercury's stock started to rebound, the company made things right for Mr. Larson. In the summer of 2001, the company awarded him a fresh clutch of options and backdated the grant to the previous spring, when its stock was trading at its lowest price of the year — ensuring that he had a good chance of hauling in at least $1.45 million when he cashed in his new options, according to four people in possession of or briefed on internal Mercury memos and who requested anonymity because of their involvement in investigations or litigation related to the company." The Times continues, "Now, as federal investigations of possible regulatory and accounting violations related to options backdating have expanded to include more than 80 companies. Mercury's pay practices — and the actions of the three outside directors on its compensation and audit committees — have come under scrutiny. In late June, the Securities and Exchange Commission advised the three men that it was considering filing a civil complaint against them in connection with dozens of manipulated options grants. … Even if the S.E.C. decides against taking further action against the directors, the fact that it has put the company's compensation committee on notice is unusual. Corporate governance experts say that it appears to be the first time that members of an entire compensation or audit committee could face civil charges in the wake of a financial scandal. That never happened in highly publicized corporate frauds like those at Adelphia, WorldCom or even Enron. While options investigations so far have largely focused on executives who might have enriched themselves or employees by awarding options at rigged prices, regulatory actions against Mercury indicate that the net is being cast more broadly, to possibly include other corporate gatekeepers like compensation committees and outside auditors."

Illicit Insider Trading Potential Result Of Mergers And Acquisitions Boom. The New York Times (8/27, Morgenson, 1.21M) reports, "The boom in corporate mergers is creating concern that illicit trading ahead of deal announcements is becoming a systemic problem." According to The Times, "It is against the law to trade on inside information about an imminent merger, of course. But an analysis of the nation's biggest mergers over the last 12 months indicates that the securities of 41 percent of the companies receiving buyout bids exhibited abnormal and suspicious trading in the days and weeks before those deals became public." According to the Times, "For those who bought shares during these periods of unusual trading, quick gains of as much as 40 percent were possible."

Pension Accounting Practices Questioned. The New York Times (8/27, Walsh, Cooper, 1.21M) reports, "The disclosure that New York City uses two different methods to gauge its pension funds -- one showing they are fully funded, and another showing a $49 billion deficit -- has heaped fuel on a long-running debate over how to value pensions. The debate, being waged among actuaries, accountants and economists, is more than theoretical." The Times adds, "New York City's chief actuary, Robert C. North, is thought to be the only public pension official in the country to have done the second pension calculation -- which is more like the way a bank might account for its money. If actuaries for the many other towns and states with pension plans were to follow suit, big deficits would probably start popping up from coast to coast."

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CRIMINAL LAW:

New York Man To Pay $55,000 To Stave Off Home Seizure After Child Porn Plea. The Buffalo News (8/27, Herbeck) reports, "A former Sunday school teacher is feeling the sting of a new federal strategy to seize the homes or other property of child pornographers." The News continues, "David Perozzi pleaded guilty Friday to child pornography charges. He also agreed to pay the U.S. Justice Department $55,000 to keep prosecutors from taking his home. He also faces a mandatory term of at least five years when sentenced in December. … The case of Perozzi, described by police as a successful oil investor from Oakfield in Genesee County, is among the first in Western New York in which authorities seized property in a child pornography case. It will not be the last, prosecutors warned. … 'This action should serve as a strong message to all others in our community who are involved in child pornography or exploitation of our children,' said U.S. Attorney Terrance P. Flynn. 'My message is simple: The federal government will come after you and your assets swiftly and fervently if you choose to use your property to commit these crimes.'" The News adds, "Appearing before District Judge Richard J. Arcara, Perozzi pleaded guilty to a felony count of distributing child pornography over the Internet from a computer in his home. He was arrested at his home in February by Immigration and Customs Enforcement agents working on an international child porn case. .. . Authorities said Perozzi had served as a volunteer religious instruction teacher at St. Michael's Episcopal Church in Oakfield. Agents found no evidence that he molested students or any other children. … Perozzi admitted that he distributed images and videos of child porn by using WinMX file sharing software, Prosecutor Marie P. Grisanti said. When agents arrived at his house to execute a search warrant, Perozzi used a wiping program to destroy many of the illegal images on his computer, according to Grisanti. Despite these actions, an examination of the computer showed that he possessed approximately 1,000 images and 15 movies of child porn."

Columnist Questions Las Vegas Corruption Prosecution. In a column for the Las Vegas Review-Journal (8/27), Vin Suprynowicz writes, "Last week, former Clark County Commissioners Dario Herrera, 33, and Mary Kincaid-Chauncey, 68, were sentenced to 30 and 50 months in federal prison, respectively, for taking bribes from local strip club owner Michael Galardi. … Or were they?" Suprynovicz continues, "Federal prosecutors proved the two took money (and, in Herrera's case, sexual favors) to pass ordinances that benefited Galardi's topless clubs while hindering his would-be competitors. … I'm sure they did that. The problem is, that's not the crime for which they were charged and convicted." Suprynowicz adds, "Note that this curiously limited prosecution was handled by the federals, who claimed jurisdiction on the strained assertion that the phone calls arranging the bribes constituted 'interstate wire fraud,' even though both caller and listener were always in Nevada, and neither party was defrauded. .. . The cell phone calls 'went interstate,' the clever federal agents explained, because they bounced off a cell phone tower in California. … Federal jurisdiction is intended to be limited in scope to prevent our being governed by a distant, Bonapartist tyranny. Under the U.S. Constitution, which formerly limited Washington's reach, that jurisdiction could be exerted in the individual states only in limited cases when "interstate crooks" -- John Dillinger, Bonnie & Clyde -- were seen to outrun state and local authorities, who had to pull up at the state line, slamming their hats in the dust and watching the bad guys speed away."

WPost Praises Maryland Governor's Record On Clemency. The Washington Post (8/27, B6) editorializes, "We have our differences with Maryland Gov. Robert L. Ehrlich Jr. (R). But his record on clemency, the dispensing of mercy to those convicted of crimes, is truly exemplary. Where many governors, and President Bush, wield their power to forgive with great timidity -- seeing virtually any substantial use of it as a potential political liability with no upside -- Mr. Ehrlich has been bold. In less than one term in office, his 190 pardons and commutations eclipse by far the sum of those issued in two terms each by his immediate predecessors, William Donald Schaefer and Parris N. Glendening. Other chief executives should take note." The Post continues, "Many of Mr. Ehrlich's clemency actions have not individually required much political risk; they have been retroactive pardons of people who have long since paid their debts to society. Still, the sheer volume is impressive. And some have required real grit. Mr. Ehrlich reversed Mr. Glendening's refusal under any circumstances to consider commuting sentences of life in prison. He has since commuted five life sentences and three to inmates serving 25 years with no parole. He has commuted 12 other sentences

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as well. He clearly takes this duty very seriously -- as any governor should." The Post concludes, "With more than 2 million people behind bars in this country, the pardon power at both the state and federal level should be a significant instrument for correcting hiccups in a justice system that has to process huge numbers of people. Unfortunately, the explosive rise in the prison population has coincided with the decay of the executive power to correct errors. Mr. Ehrlich deserves credit for reversing that trend in Maryland."

Isikoff Book Details Armitage's Role In Leaking Plame's Identity. Newsweek's Michael Isikoff (8/27) writes, "In the early morning of Oct. 1, 2003, Secretary of State Colin Powell received an urgent phone call from his No. 2 at the State Department. Richard Armitage was clearly agitated. As recounted in a new book, 'Hubris: The Inside Story of Spin, Scandal, and the Selling of the Iraq War,' Armitage had been at home reading the newspaper and had come across a column by journalist Robert Novak. Months earlier, Novak had caused a huge stir when he revealed that Valerie Plame, wife of Iraq-war critic Joseph Wilson, was a CIA officer. Ever since, Washington had been trying to find out who leaked the information to Novak. The columnist himself had kept quiet. But now, in a second column, Novak provided a tantalizing clue: his primary source, he wrote, was a 'senior administration official' who was 'not a partisan gunslinger.' Armitage was shaken. After reading the column, he knew immediately who the leaker was. On the phone with Powell that morning, Armitage was 'in deep distress,' says a source directly familiar with the conversation who asked not to be identified because of legal sensitivities. 'I'm sure he's talking about me.'" Armitage "acknowledged that he had passed along to Novak information contained in a classified State Department memo: that Wilson's wife worked on weapons-of-mass-destruction issues at the CIA. (The memo made no reference to her undercover status.)"

ENVIRONMENT:

Los Angeles In Dispute With Farm Area Over Waste Disposal. The AP (8/27) reports, "Every year, Los Angeles sends 65 million gallons of sludgy processed human waste to a farm it owns in Kern County to be used as fertilizer. That is enough to fill an Olympic-size swimming pool every four days. .. . Kern County residents voted in June to stop accepting all but a small fraction of the waste, but Los Angeles responded this month with a federal lawsuit, arguing that the county's initiative should be thrown out because it discriminated against the city." The AP continues, "The lawsuit reflects a decades-old problem in Los Angeles and other large cities: what to do with all that waste. … For years, Los Angeles waste flowed from treatment plants into the ocean, leading to legal battles with conservationists who said it was choking marine life. … In 2000, Los Angeles leaders thought they had found an elegant solution: spread the treated waste over a 4,700-acre farm the city bought for nearly $10 million about 15 miles south of Bakersfield in Kern County. … The waste helps grow corn, wheat and alfalfa. Those crops are fed to cows, and the milk they produce is sold." The AP adds, "The farm, Green Acres, was hailed as a success story, winning awards from the Environmental Protection Agency and other organizations. The farm's Web site shows red trucks trundling across lush green fields. … 'We thought we found a responsible solution,' said Cynthia M. Ruiz, president of the Board of Public Works. … But many residents of Kern County, one of the nation's most productive farming regions, disagreed. … A group called Keep Kern Clean rallied around the slogan 'Send the sludge packing.' … 'We shouldn't allow L.A. to become the greenest and cleanest city in America at the expense of our own,' said State Senator Dean Florez, a Democrat who opposes the farm."

Environmental Activist Attracts FBI Attention. The AP (8/27, Suhr) reports that environmental activist Jim Bensman thought his suggestion during a public Army Corps of Engineers hearing "was harmless enough: Instead of building a channel so migratory fish could go around a dam on the Mississippi River, just get rid of the dam. Instead, the environmental activist found himself in hot water, drawing FBI scrutiny to see whether he had any terrorist intentions." The report adds that Bensman asked the FBI agent investigating him, "'Don't you have something more to worry about?' He said: 'We have to investigate everything.'"

Heat Wave Led To Wildfires. The New York Times (8/27, Johnson, 1.21M) reports, "The fires of 2006 have been just about everywhere, from the plains of Texas and Nebraska to the high northern Rockies of Montana to the Nevada desert. The damage has been incremental and dispersed," with "at least 7.1 million acres burned by late this week, more than in any comparable period in 10 years, federal figures indicate." According to the Times, "The explanation for the

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year's fires is complex and diffuse. The intense heat waves that have blasted much of the country have played a central role. A 3,000-acre fire near Valentine, Neb., last month, for instance, broke out when the thermometer hovered at 113 degrees."

National Parks Preservation Urged. In an editorial, The New York Times (8/27, 1.21M) opines, "Ninety years ago, Woodrow Wilson signed what has come to be called the National Park Service Organic Act, which established the park service within the Department of the Interior. … The fundamental purpose of the parks, the act says, 'is to conserve the scenery and the natural and historic objects and the wildlife therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations.'" The Times adds, "Since 1916, preserving the natural resources of the national parks has not become any easier. … The past few years have been among the hardest in the history of the National Park Service, whose first principle — preservation — has been attacked by the very people in the Interior Department who are supposed to uphold it." According to the Times, "That makes it even more clear that the authors of the Organic Act got it exactly right. Only a determined focus on preservation can keep the parks from being eroded until there is almost nothing left to preserve."

IMMIGRATION:

White House And House GOP Portrayed As At Odds Over Border Security. The Los Angeles Times (8/27, Reynolds, 918K), in an article titled, "GOP Sends Mixed Messages On Immigration: Candidates talk tough about enforcement, but the White House, in an effort to lure Latino voters, says it's time to discuss reform," reports, "The Bush administration's announcement last week that stepped-up enforcement appears to be slowing illegal immigration was designed to send a message: The nation's borders are becoming more secure and it's time to talk about broad immigration reform. That would appear to contradict the message coming from many Republicans on the campaign trail: The border is dangerously porous and talk of reform is premature. … While Republican candidates are trying to hang on to their congressional majority by trumpeting the need for border security, the White House is laying the groundwork for a longer battle over immigration with an eye on capturing the Latino vote." The Times goes on to report, "many if not most congressional Republicans are taking a hard-line approach. … But strategists at the Republican National Committee and in the White House are concerned that some of the tough rhetoric could give voters the impression that Republicans are anti-immigrant."

Texas Town's Proposal To Enforce Laws Against Illegals Draws Protestors. The Washington Times (8/27, Aynesworth, 88K) reports on a proposal by the deputy mayor of Farmers Branch, TX to "make it a crime for landlords to rent or sell property to illegal aliens, fine businesses that employ them and halt funding of education for children of illegals." Mayor Pro Tem Ben Robinson "further suggested that the city should ban assemblies of day laborers and should require that officers who stop suspected illegal aliens should verify all residency papers, copy them and submit them to immigration officials. The proposals follow similar regulations passed in Hazelton, Pa., where an Illegal Immigration Relief Act imposes a $1,000-a-day fine on landlords who rent to an illegal alien and revokes business licenses from those who hire illegal-alien workers."

The AP (8/27, Garay) reports, "Clutching American flags and signs that read 'America was formed by immigrants,' more than 300 protesters on Saturday denounced a city proposal that would prohibit landlords from leasing to illegal immigrants. About two dozen counter-protesters staged a demonstration nearby. … Protesters branded the proposal a racist initiative that would single out Hispanics, who make up about 37 percent of the city's population, according to U.S. Census Bureau figures from 2000."

Pennsylvania Mayor Getting National Support For His Crackdown On Illegals. The Pittsburgh Post-Gazette (8/27, Simonich, 241K) reports, "Each morning money from strangers pours into the office of Mayor Louis Barletta, architect of Hazleton's new law to kick illegal immigrants out of town. Most of the checks come from distant places and are for $50 or $100. Contributors also send Mr. Barletta handwritten notes of encouragement, telling him to use their money to fend off the American Civil Liberties Union and the big-city lawyers who have sued the northeastern Pennsylvania town over its immigration ordinance. The mayor, buoyed by his sudden celebrity and coast-to-coast interest in the law, promises to do just that." The Post-Gazette notes, "Hazleton's ordinance would require all prospective renters to obtain a residency permit at city hall. If the municipal crews doing

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background checks cannot confirm they are U.S. citizens or are in the country legally, they will be prohibited from living in Hazleton. Landlords who skirt the law and rent to illegal immigrants would be fined $1,000 a day. Companies that employ illegals would lose their business licenses for five years."

Pilots Assist Illegals Crossing US-Mexico Border. The Washington Post (8/27, A3, Moreno, 748K) reports on Paisanos al Rescate, or Countrymen to the Rescue, a "small group of volunteer pilots and spotters [who] take turns flying a 30-year-old refurbished aircraft in search of migrants who need to be rescued or who just need a few bottles of water parachuted their way. This is Paisanos' third summer up in the air, and this year has seen the tenor of the illegal immigration debate escalate. … It's not that the rhetoric or proposed changes to federal immigration law or the daily news coverage of 'broken borders' is lost on them. They're neither for illegal immigration nor against it, and they don't consider themselves political activists. They're simply humanitarians, they say."

Guatemalan Illegals Targeted By Criminals. The New York Times (8/27, Altman, Aguayo, 1.21M), in a front-page story, reports that in West palm beach, Florida "robberies of illegal immigrants have become a serious problem…and the victims, mostly from Guatemala, often avoid reporting the crimes, fearing deportation. … With such crimes on the rise — they are common enough to have a chilling street name, 'Guat-bashing' — the Guatemalan-Maya Center in Lake Worth, Fla., and the Guatemalan Consulate in Miami, along with local law enforcement agencies, religious groups and banks, are working to help illegal immigrants from Guatemala protect themselves. Predators know that Guatemalans often carry cash in their shoes or underwear because they do not trust banks, police officials said, and that if they are in the United States illegally, they often lack the documentation needed to open accounts. They are frequently attacked on Friday nights, the police said, after they have cashed their paychecks. 'They're being preyed upon because they're easy victims,' said Capt. Mary Olsen of the West Palm Beach Police Department. 'They don't fight back. They're very modest people, and they're afraid of the police.'"

More Immigrants Bypass Large Cities For The Suburbs. The New York Times (8/27, Fessenden, 1.21M) reports, "The number of immigrants has increased five times as fast in the suburbs as in New York City since 2000, reversing historical migration patterns as new immigrants increasingly bypass the city in search of jobs and affordable housing across the region, new census data show. According to figures released this month by the Census Bureau, the number of immigrants living in the region's suburbs grew by about 225,000 from 2000 to 2005, compared with an increase of about 44,000 in the city during the same period. … 'The inner city has shifted away from being the big center for job creation, and now jobs are being created in the suburbs,' said Douglas S. Massey, a Princeton University demographer. 'Immigrants have followed.' Job opportunities have also driven another striking trend that is apparent in the new census numbers: a sharp increase in the ranks of the college educated, among nonimmigrants and immigrants alike, a signal that the region continues to draw highly skilled and educated workers. Together, these developments are helping to stratify the metropolitan region. Scattered pockets swell with immigrants in unprecedented numbers. But areas that include hot housing markets and gentrifying neighborhoods inside and outside New York City have declined in foreign-born populations, the new numbers show."

Former Nazi Eludes Deportation. The New York Daily News (8/27, Marzulli) reports, "Three years after he was stripped of his U.S. citizenship, a former Nazi camp guard still lives in Queens because no country will take him, the Daily News has learned. .. . 'Listen, I'm 84 years old; I'm not going anywhere,' Jakiw Palij said outside his home in Jackson Heights. 'Except a funeral home.'" The News continues, "Palij - who is actually 83, according to court records - shambled out of his brick detached home wearing a bathrobe and appeared unsteady on his feet. … He said he has a date this week with Homeland Security officials who have been trying to boot him. … 'I have no country that will accept me,' he said." The News adds, "Sources inside and outside the government who are familiar with Palij's case said there have been negotiations with Ukraine, Poland and Germany, but those countries have balked at taking the retired draftsman. … 'It is our responsibility to administer that [deportation] order,' said Mark Thorn, a spokesman for U.S. Immigration and Customs Enforcement, but he refused to comment further. … The feds brought a deportation case against Palij in 2002, charging that he was a guard at the notorious Trawniki slave labor camp in Nazi-occupied Poland and was also a member of several units that committed atrocities against civilians. .. .Palij has claimed he was forced into the service at age 18

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and would have been killed if he refused. .. . A federal judge revoked his citizenship in August 2003, ruling that Palij had illegally obtained an immigrant visa in 1949 by falsely claiming he had worked on his father's farm during the time he was a Nazi guard. .. . Although Palij himself was never accused of committing atrocities, former Justice Department official Jonathan Drimmer said the mere act of guarding prisoners in the labor camp prevented them from escaping - and sealed their fate."

TAX:

IRS Layoffs Questioned. In an editorial, The New York Times (8/27, 1.21M) opines, "In coming weeks, the Internal Revenue Service plans to start siccing private debt collectors on people with up to $25,000 in unpaid income taxes — and laying off nearly half of the auditors who examine estate tax returns of the wealthiest taxpayers. Concern for appearances should, on its own, impel the agency to scuttle its plans." The Times adds, "Private tax collection costs more than it would cost to give the I.R.S. the resources to pursue the debts. Federal budgeting oddities only make it seem less costly." The opines that though IRS Commissioner Mark Everson said the agency would be better off concentrating on high-dollar income tax returns, "he did not supply the data that Congress and the public need to vet that assertion. … If Mr. Everson cares about public confidence in his decisions and in the tax system itself, he should provide the information without delay."

CONGRESS-ADMINISTRATION:

Anti-War Activists Protest Outside Bush Family Gathering. The Washington Post (8/27, A4, Baker, 748K) reports, "That is what happens when the president shows up for the ceremony in the midst of a polarizing war. About 700 demonstrators marched past the seaside church where President Bush's second cousin was to be married Saturday and then up to the checkpoint guarding the family summer compound to protest the war in Iraq." They "left a few hours before the service so as not to disrupt the event itself, but they took advantage of the president's visit to make their point and showcase their opposition to a war that polls show has lost most of the public's support. Just as Bush found himself trailed to Texas by war opponents last year, now he has been dogged to his parents' getaway on the rocky shores of the Maine coast." But "If Bush or the family was irked, they gave no public indication. 'As the president has said, Americans are free to protest,' spokeswoman Dana Perino said. 'Freedom of speech is a fundamental right in our country, which is fundamentally different to the terrorists' plans for the world.'"

The Houston Chronicle (8/27, Mason, 535K) notes, "The group had no single theme other than opposing the war. Some were calling for the troops to come home, others want Bush impeached."

The AP (8/27, Loven) reports, "What local police estimated were about 700 anti-war demonstrators marched Saturday to within half a mile of the Bush compound before being turned back at a security checkpoint." During his vacation "Bush did not entirely escape presidential duties. On Thursday, he met with the families of five fallen soldiers. He has engaged in telephone diplomacy on the crisis in Lebanon and the nuclear standoff with Iran. He also was keeping updated on the progress of Tropical Storm Ernesto."

Bush Prepares For Tough Questions. Julie Mason in her "White House Watch" column titled "Gulf Coast Trip Presents Challenge" in the Houston Chronicle (8/27, Mason, 535K) writes, "To prep Bush for news conferences like the one he had last week, White House aides try to anticipate every question and arm him with reasonably consistent answers. Reporters generally air their preoccupations in the daily news briefings in Washington, giving the White House a pretty clear idea of what questions Bush might get." Mason notes, "The drill apparently went fairly well last week. Administration officials afterward said they had predicted every question but one -- the query from Bill Sammon of the Washington Examiner about whether Bush supported acting Food and Drug Administration Commissioner Andrew von Eschenbach's decision to make the Plan B 'morning after' contraceptive drug available to adult women without a prescription."

Bush's Analysis Of "The Psyche Of Our Country" Noted. Time's Mike Allen (8/26) writes, "George W. Bush has always been suspicious, even contemptuous, of introspection. 'I don't spend a lot of time looking in the mirror,' he once bragged, 'except when I comb my hair.' Last week, though, he suddenly yielded to reporters' endless, and hitherto fruitless, efforts to plumb his moods.

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Days after aides had taken pains to tell reporters the President had not expressed frustration in a meeting about Iraq, Kelly O'Donnell of NBC pressed, 'But are you frustrated, sir?' 'Frustrated?' he replied. 'Sometimes I'm frustrated. Rarely surprised. Sometimes I'm happy ... But war is not a time of joy. These aren't joyous times. These are challenging times, and they're difficult times, and they're straining the psyche of our country.' He might as well have busted out some French or broken into song. George Bush was putting the country on the couch. Republicans and Democrats alike flashed back to Jimmy Carter's assertion in July 1979 that the country was suffering 'a crisis of confidence.'" According to Allen, "Some of Bush's friends were mystified by his remark last week and concluded that it must be a phrase he picked up in a briefing. 'It's pollster talk,' said one person who speaks often to the President. … But Bush's comment reflected the increased pessimism about Iraq that is seeping through the Administration. 'It's a little hard for us to keep saying there'll be good days and bad days when they're all bad days,' an aide said, moping."

Pelosi Given Credit For House Democrats' Unity. Time (8/27, Bacon, 4.03M) reports that House minority leader Nancy Pelosi "is an aggressive, hyperpartisan liberal pol who is the Democrats' version of Tom DeLay, minus the ethical and legal problems of the former Republican House leader. To condition Democrats for this fall's midterm elections, she has employed tactics straight out of DeLay's playbook: insisting other House Democrats vote the party line on everything, avoiding compromise with Republicans at all cost and mandating that members spend much of their time raising money for colleagues in close races. And she has been effective. House Democrats have been more unified in their voting than at any other time in the past quarter-century, with members on average voting the party line 88% of the time in 2005, according to Congressional Quarterly."

Reid Expected To Back Lieberman As Committee Chair. Syndicated columnist Robert Novak (8/27) writes, "Pressure is mounting within the Senate Democratic caucus to strip Sen. Joseph Lieberman of senior committee positions if he defeats Democratic nominee Ned Lamont in Connecticut, but Senate Minority Leader Harry Reid is expected to beat that back. … Reid says nothing publicly but is expected to save Lieberman. Disciplining fellow Democrats is not Reid's style, and Lieberman's vote could be crucial in taking Senate control from the Republicans. Reid and Lieberman also have a particularly close personal relationship."

Hagel Still Undecided Concerning Bolton's Confirmation. Syndicated columnist Robert Novak (8/27) writes, "The Senate Foreign Relations Committee will meet Sept. 7 for a second try at recommending confirmation of John Bolton as U.S. ambassador to the United Nations, but it may fail again for lack of Republican unanimity." Sen. George Voinovich, "who deprived Bolton of a favorable committee vote in 2005, has changed his mind because of Bolton's performance at the UN under President Bush's recess appointment. However, Sen. Chuck Hagel, the committee's second-ranking Republican, has been less impressed by Bolton. He will decide his course based on a meeting with the UN ambassador after Labor Day."

Major Lightning Strike, Weather Concerns Delay Shuttle Launch. ABC Evening News (8/26, story 4, 0:14, Avila) reported, "A frightening picture at the shuttle launch pad released today. Lightning struck the tower that supports the spacecraft yesterday. That combined with bad weather forced postponement of tomorrow's launch of Atlantis. NASA engineers are still looking for possible damage."

NBC Nightly News (8/26, story 4, :20, Seigenthaler, 9.87M) said, "Weather is already having an effect on NASA's plans. The launch of Atlantis has been postponed following a lightning strike on the pad last night. Officials want to assess any problems, so they pushed back liftoff at least 24 hours, to Monday afternoon."

The CBS Evening News (8/26, story 6, 3:00, Assuras, 7.66M) reported, "Tomorrow's scheduled launch has been delayed 24 hours. NASA wants more time to determine if a lightning strike they launch pad yesterday caused any damage."

The New York Times (8/27, Leary, 1.21M) reports, "National Aeronautics and Space Administration officials said a large lightning strike at the launching pad during a storm on Friday afternoon initially appeared to cause no damage. However, a couple of indications of potential problems required them to postpone the launching and examine the shuttle and pad more carefully."

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The Los Angeles Times (8/27, Johnson, 918K) notes, "During Friday's big thunderstorm, a bolt of lightning measured at 100,000 amps, believed to be the largest ever to hit the launch site, struck the lightning mast above the shuttle on Launch Pad 39B. Although the mast did its job in preventing the lightning from hitting the orbiter directly, National Aeronautics and Space Administration officials said Saturday they were concerned that electricity in the atmosphere around the pad just off the Atlantic seaboard could have damaged critical control systems."

The AP (8/27, Schneider) adds, "There was no indication that any system was damaged, but if repairs were needed they would likely take days, not weeks, said Leroy Cain, launch integration manager."

OTHER NEWS:

Housing Slump Analyzed. In a Week In Review Article in the New York Times (8/27, 1.21M), David Leonhardt and Vikas Bajaj write, "The number of building permits being issued is falling at a rate usually seen only in recessions. In July, 11 percent fewer existing homes were sold than were sold a year earlier; 22 percent fewer new houses were sold." According to Leonhardt and Bajaj, "The fate of the housing market will influence whether the economy will merely slow over the next year, as the Federal Reserve forecasts, or fall into a recession for the first time since early 2001." Leonhardt and Bajaj add, "There seem to be three major paths that housing could follow over the next year: a soft landing, the start of a long slump, or a crash. A soft landing is the one predicted -- and preferred -- by most economists on Wall Street and at the Fed."

Lack Of Attention Paid To Worsening Housing Crisis. In an opinion column in The Washington Post (8/27, B1, 748K), Michael Grunwald opines, "Seventy years after President Franklin D. Roosevelt declared that the Depression had left one-third of the American people "ill-housed, ill-clothed and ill-nourished," Americans are well-clothed and increasingly overnourished. But the scarcity of affordable housing is a deepening national crisis, and not just for inner-city families on welfare." Grunwald adds, "The problem has climbed the income ladder and moved to the suburbs, where service workers cram their families into overcrowded apartments, college graduates have to crash with their parents, and firefighters, police officers and teachers can't afford to live in the communities they serve. … Yet nobody in national politics is doing anything about it — or even talking about it."

New Fed Chairman Takes Cues From Economic Data. In a news analysis in the New York Times (8/27, 1.21M), Edmund L. Andrews writes, "As recently as two weeks ago, many analysts on Wall Street were warning that the Federal Reserve was overly confident that inflation would decline as soon as the economy began to slow. … But 10 days later, when the government reported unexpectedly small jumps in wholesale and consumer prices for July," many Wall street analysts "felt compelled to eat crow." Andrews adds, "A close look at what [Fed Chairman Ben] Bernanke and other Fed officials have been saying suggests that quickie evaluations reflect a mistaken assumption about how the Fed works. … Mr. Bernanke has indeed emphasized that the Fed, having mechanically raised the overnight federal funds rate for nearly two years, would increasingly take its cues from incoming economic data."

Economists React To Fed's Rate Hike Pause. The AP (8/27, Aversa) reports, "Borrowers finally got a reprieve this month when the Federal Reserve decided to halt a campaign that produced the longest stretch of rate increases in recent history." The report adds, "While the economy is slowing, inflation is outside the comfort zone of some economists and Fed policymakers. At its last meeting, on Aug. 8, the Fed held steady at 5.25 percent an important rate. As a result, commercial banks' prime interest rate -- for certain credit cards, home equity lines of credit and other loans -- stayed at 8.25 percent." According to the AP, some economists say "the Fed should keep to the sidelines in the months ahead. That would give policymakers time to assess how the most recent moves in a rate-raising campaign that started in June 2004 are affecting economic activity."

Expanding Student Population Causing Teacher Shortage Across The US. The New York Times (8/27, Dillon, 1.21M), in a front-page article, reports, "Some 55 million youngsters are enrolling for classes in the nation's schools this fall, making this the largest group of students in America's history and, in ethnic terms, the most dazzlingly diverse since waves of European immigrants washed through the public schools a century ago. Millions of baby boomers and foreign-born parents are enrolling their children, sending a demographic bulge through the schools that is driving a surge in classroom construction. It is also

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causing thousands of districts to hire additional qualified teachers at a time when the Bush administration is trying to increase teacher qualifications across the board. Many school systems have begun recruiting overseas for instructors in hard-to-staff subjects like special education and advanced math."

Several New York Politicians Considered Potential 2008 Presidential Candidates. The New York Times (8/27, Roberts, 1.21M) reports, "Imagine that it is two years from now, summer of 2008. The national party conventions are over. The nominees: Democrat Hillary Rodham Clinton, Republican Rudolph W. Giuliani and the Reform Party candidate, Michael R. Bloomberg. What's wrong with this picture? It's implausible, but the very fact that it is considered within the realm of possibility — to say nothing of another Republican in the mix, Gov. George E. Pataki — is remarkable."

Two First-Time Democratic Candidates' Campaigns Used To Illustrate National Trends. The Washington Post (8/27, A1, Barnes, 748K), in a front-page story, reports, "Donna Edwards and Judy Feder live on opposite sides of the Potomac, two first-time Democratic congressional candidates in districts that couldn't be much more different. But in their campaigns against two of the region's longest-serving incumbents, Edwards and Feder are the local representations of major national themes emerging in the 2006 midterm congressional elections. When Edwards looks at fellow Democrat Albert R. Wynn in Maryland's 4th Congressional District, she says she sees Joseph I. Lieberman. Like the Connecticut senator, Edwards said, Wynn voted for the war in Iraq, one of several signs that he has lost touch with the liberal attitudes of voters in one of the country's most reliably Democratic districts. And when Feder looks across Virginia's 10th, she sees a rapidly growing district…that voted for President Bush in 2004 but where most voters now disapprove of the job he is doing. If this is the year of the anti-incumbent, she says, no one better represents the status quo than Rep. Frank R. Wolf, a low-key Republican first elected 26 years ago who is a loyal Bush supporter." The Post notes, "in the lists of competitive races compiled by political experts…neither Edwards-Wynn nor Feder-Wolf ranks. But with three congressional incumbents rejected in other state primaries this month, it's hard for challengers not to think that lightning could strike in these races."

Democrats Concerned Lieberman's Candidacy Will Boost GOP House Candidates. The New York Times (8/27, Medina, 1.21M) reports that as Sen. Joseph Lieberman "begins to mount a vigorous and well-financed re-election campaign as an independent, many Connecticut Democrats say they are worried that his bid could jeopardize their party's ability to win in three hotly contested House races this fall. … Democratic strategists say, he may well attract voters to the polls who are likely to support the state's three Republicans in Congress: Nancy Johnson, Rob Simmons and Christopher Shays. 'He has a Republican vote, that's the fact,' said Tom Matzzie, the political director of Moveon.org, a liberal group that is backing Mr. Lamont and the Democratic challengers in the three House races. And those voters, he said, are 'likely to vote as Republicans in every race.' But the Democrats are also hoping that their candidates — Chris Murphy, Joe Courtney and Diane Farrell — will win in the same way as Mr. Lamont won in the primary: by riding what they consider a wave of anti-incumbent sentiment, widespread opposition to the war in Iraq and falling support for President Bush." Lieberman "acknowledges that his independent campaign has placed him and his former Democratic allies in a predicament. Indeed, all three of the Democratic Congressional candidates supported him in the primary but have now endorsed Mr. Lamont."

The New Haven Independent (8/26, Tuhus) reported, "Declaring himself a 'non-combatant,'" Lieberman, "in remarks at a New Haven press event Friday, raised anew the question of whether his 'independent' candidacy will help Republicans hold onto three Congressional seats in Connecticut -- and control of the U.S. House of Representatives." Lieberman "was asked whether he still endorses…three Democrats looking to unseat endangered Republican incumbents. … 'I'm a non-combatant,' Lieberman declared. 'I am not going to be involved in other campaigns. I think it's better if I just focus on my own race. … It's a little awkward for me now' to endorse the Democratic candidates in the general election, he said, 'since they all endorsed my opponent,' Democratic primary winner Ned Lamont."

Lamont In Demand Nationally At Democrats' Events. The AP (8/27, Haigh) reports, "Ned Lamont

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headlined a recent fundraiser for the liberal Democracy for America. Days later, the Democratic Senate candidate was rubbing elbows with celebrities at a charity event sponsored by the liberal MoveOn.org, and he's been a guest on Air America, the liberal talk radio network. … Lamont's campaign manager, Tom Swan, is quick to point out that even though his candidate has headlined a few out-of-state events, he is totally focused on Connecticut. And Lamont himself downplays all the attention. 'No, I don't think so,' he said, when asked if he's become celebrity in progressive Democratic circles. He said he's 'talking to everybody I can. I'm going to small businesses and business associations, I'm talking to elderly, MoveOn.org.'

Laffey Acknowledges Writing Anti-Gay Columns As A College Student. The AP (8/27) reports Sen. Lincoln Chafee's primary opponent Stephen Laffey "said he regrets that he wrote columns denigrating gays when he was a college student." Laffey "acknowledged writing the columns in a story published Saturday in the Providence Journal. The paper reported that it received copies of the columns anonymously in the mail earlier in the week. Laffey, 44, running a closely watched race against moderate Republican Sen. Lincoln Chafee, said whoever sent the articles wanted to smear him before the Sept. 12 primary. He called the writings 'sophomoric political satire' and said they do not represent his views. … In one column, Laffey said he has never seen a happy homosexual. 'This is not to say there aren't any; I simply haven't seen one in my lifetime. Maybe they are all in the closet,' he wrote. 'All the homosexuals I've seen are sickly and decrepit, their eyes devoid of life.' In another column he wrote that pop music was turning the children of America into sissies, and criticized the singer Boy George, referring to him as 'it.' 'It wears girl's clothes and puts on makeup,' he wrote. 'When I hear it sing, 'Do you really want to hurt me, do you really want to make me cry,' I say to myself, YES, I want to punch your lights out, pal, and break your ribs.'"

Poll Shows Brown Leading DeWine 45-42. A Rasmussen Reports (8/27) poll released yesterday shows Rep. Sherrod Brown leading Sen. Mike DeWine 45% to 42%. Rasmussen notes, "Early in the year, DeWine was consistently ahead. Even though the incumbent had a seven-point advantage in June, our three-poll rolling average confirms a long-term if very gradual movement in Brown's direction. … DeWine is regarded as conservative by 34%, moderate by 44%. Brown is considered moderate by 38%, liberal by 32%. Twenty-four percent (24%) still aren't sure where Brown stands ideologically, which could give the incumbent a chance to paint him as too liberal in the remaining weeks of the campaign." … The telephone survey of 500 Likely Voters was conducted by Rasmussen Reports August 22, 2006. The margin of sampling error for the survey is +/- 4.5 percentage points with a 95% level of confidence."

Mfume Staying Competitive With Cardin Despite Fundraising Deficit. The Baltimore Sun (8/27, Brown, 262K) reports, "Polls show" Kweisi Mfume "running even with U.S. Rep. Benjamin L. Cardin for the Democratic nomination to the U.S. Senate, but the challenges ahead are clear. He lacks the backing of what he calls the Democratic establishment - House Minority Whip Steny H. Hoyer and others have endorsed Cardin - and his fundraising, which stalled early last year after allegations of impropriety during his tenure at the NAACP, lags behind that of his chief rival. … Without television advertising or institutional party support, Mfume has relied on personal contact with potential voters. A compelling speaker in front of a crowd and an attentive listener one-on-one, he has spent nearly 18 months traveling the state, telling his life story and explaining his liberal views to the public. The approach is finding an audience."

The Baltimore Sun (8/27, Skalka, 262K) reports, "As he campaigns for Senate," Cardin, "faces the challenge of convincing a statewide audience that his even-keeled temperament and behind-the-scenes skills make him the best choice for higher office, even as other candidates" – Mfume and Lt. Gov. Michael S. Steele – "draw national attention to the prospect of a contest pairing two black nominees. The primary poses a stylistic challenge for Cardin. Short and stocky, a reader of mysteries and an avid poker player, he must overcome the appeal of Mfume, a smooth orator whose tale of personal redemption is the stuff of ready-made inspiration. Cardin is banking on his reputation as a thoughtful, solid lawmaker who understands the nuances of complicated legislation and how it affects people's lives."

Harris Clarifies Comments On Politics And Religion. The AP (8/27) reports Rep. Katherine Harris "told a religious journal that separation of church and state is

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'a lie' and God and the nation's founding fathers did not intend the country be 'a nation of secular laws.' The Republican candidate for U.S. Senate also said that if Christians are not elected, politicians will 'legislate sin,' including abortion and gay marriage. Harris made the comments — which she clarified Saturday — in the Florida Baptist Witness, the weekly journal of the Florida Baptist State Convention, which interviewed political candidates and asked them about religion and their positions on issues. … Her comments drew criticism, including some from fellow Republicans who called them offensive and not representative of the party. Rep. Debbie Wasserman Schultz, D-Fla., who is Jewish, told the Orlando Sentinel that she was 'disgusted' by the comments. Harris' campaign released a statement Saturday saying she had been 'speaking to a Christian audience, addressing a common misperception that people of faith should not be actively involved in government.'"

Angelides Invokes Truman's Populist Themes As He Tries To Gain Traction. The Los Angeles Times (8/27, Finnegan, 918K) reports, "In 1948, Harry S. Truman described the big-business titans backing his Republican presidential rival, Thomas Dewey, as 'gluttons of privilege.'" State Treasurer Phil Angelides "harked back to those remarks as he made a similar case last week against Gov. Arnold Schwarzenegger. Truman 'talked about the gluttons of privilege,' Angelides told supporters on folding chairs in the backyard of a small house in Burbank. 'He talked about corporate greed. He made it clear who he was for and who he was willing to go to bat for.' In his latest attempt to gain traction against Schwarzenegger, Angelides has adopted Truman's populist approach as his own."

NYTimes Endorses "National Hero" Spitzer In Democratic Gubernatorial Primary. The New York Times (8/27, 1.21M) reports, "Eliot Spitzer stands so tall this election season that some New Yorkers might be excused for thinking he is governor already. … Democratic voters are being asked to choose between Mr. Spitzer and the Nassau County executive, Thomas Suozzi, for a nominee for governor. With little money or statewide notice, Mr. Suozzi is running his hard-fought campaign against enormous odds, and this is a lopsided contest. Nevertheless, this is one of those rare races in which the electorate cannot lose. Both men have excellent records. Mr. Suozzi has made impressive strides turning around a troubled Nassau County government. Mr. Spitzer has so revitalized the attorney general's office in Albany that he has become a national hero." The Times concludes, "With regard for Mr. Suozzi, we nevertheless endorse Mr. Spitzer in the Democratic primary on Sept. 12."

Indian-American Academic Reflects On Allen's Controversial Comments. In an op-ed for the Washington Post (8/27, B7, 748K) John J. Thatamanil, assistant professor of theology at Vanderbilt Divinity School, writes, "From adolescence on, I heard a constant refrain from my Indian father: 'Don't ever believe that you're really American.' … This month -- after hearing Sen. George Allen call an Indian American, born in this country, 'macaca' -- I better appreciated my father's sober wisdom. What he meant to say is now apparent: 'You will never be accepted as truly American.'"

Hoffa Dodges Debate Against Union Leadership Challenger. The New York Times (8/27, Greenhouse, 1.21M) reports that Tom Leedham, head of a Teamsters local in Oregon, "is seeking to unseat James P. Hoffa, the president of the International Brotherhood of Teamsters and the son of the nation's most famous -- some would say infamous -- union leader, James R. Hoffa, who disappeared in 1975 outside a restaurant in Detroit. Even though Mr. Leedham faces an uphill battle, on Friday night he was able to claim a victory in one round at least -- Mr. Hoffa dodged the one debate that was scheduled between the two sides." The Times reports that Leedham said, 'Hoffa isn't just missing in action today. He's been missing in action for seven years.'" In explaining Hoffa absence, his campaign manager Richard Leebove said, 'Jim Hoffa feels from a campaign standpoint that his time would be better spent talking to the members than to subjecting the union to the ongoing attacks by Leedham, which antiunion companies end up using against our members during organizing drives.'"

Astrologers Not Bothered By Pluto's Loss Of Planet Status. The New York Times (8/27, Fountain, 1.21M) reports that a recent-discovery of what could be the solar system's tenth planet, an object nicknamed "Xena," caused excitement among astrologers. "They predicted great things for their astrological charts as Xena's orbit was plotted in ensuing years. But last week, when the

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International Astronomical Union announced at a meeting in Prague that Pluto had been demoted to dwarf status and that by the group's new calculations the solar system no longer contained even 9 planets, much less 10, astrologers said it wouldn't make any difference. Not that there is any reason to expect astrologers to be consistent, but what gives? Why would adding a planet change things, but subtracting one doesn't? 'It's at the point of discovery that the archetype of that planet, the energy, is released to the public consciousness,' said Richard Brown, an astrologer in Toronto. So he and his colleagues were excited about Xena, and other recent solar system discoveries like Quaoar and Sedna. Though they've been orbiting the Sun for billions of years, astrologically speaking they are babes in the woods."

Tattoos Less Taboo. David Brooks in his column in The New York Times (8/27, 1.21M) writes, "We now have to work under the assumption that every American has a tattoo. Whether we are at a formal dinner, at a professional luncheon, at a sales conference or arguing before the Supreme Court, we have to assume that everyone in the room is fully tatted up — that under each suit, dress or blouse, there is at least a set of angel wings, a barbed wire armband, a Chinese character or maybe even a fully inked body suit." Brooks adds, "Today, fashion trends may originate on Death Row, but it takes about a week and a half for baggy jeans, slut styles and tattoos to migrate from Death Row to Wal-Mart."

Charter School Reforms Urged. In an editorial The New York Times (8/27, 1.21M) opines, "A federal study showing that fourth graders in charter schools score worse in reading and math than their public school counterparts should cause some soul-searching in Congress." The Times adds that the study, "based on data from 2003 on students' performance on the National Assessment of Educational Progress, found charter school students significantly behind their non-charter-school counterparts. But it also showed that not all charter schools are created equal." The Times adds that charter schools affiliated with public school systems performed as well as non-charter schools. However, "the real stunner was the performance of free-standing charter schools, which have no affiliation with public school systems and are often school districts unto themselves. It was this grouping that showed the worst performance. … One advantage of the No Child Left Behind Act of 2002 was the wave of education studies it started." However, The Times says that NCLB should be reformed in favor of "a more nuanced federal policy that does not just advocate wholesale charter conversion but instead defines and supports successful models only."

Ahmadinejad Says Heavy Water Reactor "Not A Threat." The New York Times (8/27, Slackman, 1.21M) reports, "Just days before it is supposed to suspend enrichment of uranium or face the prospect of sanctions, Iran continues to project an image of defiance and confidence. Its position regarding the demand that it suspend enrichment remains a determined 'no.'" Yesterday, President Mahmoud Ahmadinejad "made a provocative, if symbolic, gesture by formally inaugurating a heavy-water reactor. The Iranians say the plant would be used for peaceful power generation. But nuclear experts note that heavy-water facilities are more useful for weapons because they produce lots of plutonium — the preferred ingredient for missile warheads." The Post calls the opening "the latest in a series of not-too-veiled threats against the West if Iran is saddled with sanctions." Tehran's "confidence is based on three primary factors" – "a strong belief that" Moscow and Beijing will "oppose moving toward sanctions; the conclusion that the United States is far too bogged down in Iraq and Afghanistan to be willing to engage in another conflict in the region; and the feeling that the perceived victory of Hezbollah in its war with Israel has strengthened Iran's political capital in the region." In further analysis, the Times says, "For Iran, the issue of its nuclear program is as much about domestic politics as it is about international relations."

Under the headline, "Iran Declares Another Nuclear Advance," the Los Angeles Times (8/27, Rubin, 918K) adds Tehran "announced Saturday it had reached another milestone in its nuclear program, appearing eager to create an air of inevitability to its acquisition of atomic technology in the face of a U.N. deadline this week to temporarily halt its uranium enrichment operations. In choosing to inaugurate a heavy-water production plant just days before the threat of censure from world powers," Ahmadinejad "signaled that the Islamic Republic would not be cowed. Yet he took pains to suggest that the plant's launch was a development that the world should regard as peaceful. And he emphasized that even Israel, which he has said should be wiped off the face of the Earth, should not be fearful of Iran." The Times notes that "an operational reactor would put Iran among fewer than a dozen countries with heavy water technology." This

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upcoming "week is one of intense nuclear politics for Tehran."

The AP (8/27, Dareini) adds Ahmadinejad "inaugurated a heavy-water production plant, a facility the West fears will be used to develop a nuclear bomb, as Tehran remained defiant ahead of a U.N. deadline that could lead to sanctions." The Washington Post/AP (8/27, A14, Dareini) and the Washington Times/AP (8/27, Dareini) run versions of the AP story this morning.

Israeli Two-Star General Coordinating Anti-Iran Efforts. The Washington Times (8/27, De Quetteville, 88K) reports Tel Aviv "has appointed a top general" – MG Elyezer Shkedy – "to oversee a war against Iran, prompting speculation that it is preparing for possible military action against Tehran's nuclear program." Shkedy, "who was appointed to the role two months ago, will coordinate intelligence gathered by Israel's foreign spy agency Mossad and military sources, in order to draw up battle plans. Then, during any war with Iran, he will command the campaign from a 'hot seat' in the Israeli army's headquarters in Tel Aviv." The Times says "the prospect of Israel 'living with' a nuclear Iran appears remote."

Pyongyang Said To Reserve Right To Test Nuclear Weapon. The Washington Times/AP (8/27, Lim) reports Pyongyang "will not rule out a nuclear test as long as Washington is hostile toward Pyongyang, a newspaper linked to the communist nation said yesterday." Noting "growing concerns" among analysts of a North Korean nuclear test, the AP quotes the Japan-based Choson Sinbo saying, "We can't say for sure that North Korea will not conduct a nuclear test as part of strengthening its self-defense. The full responsibility for this lies with the U.S., which regards any forces that don't agree with or submit to its logic or actions as evil. It is self-evident that we have to take strong countermeasures to protect our country from that threat." The North Korean Foreign Ministry is quoted saying, "It is foolish to think that the issue can be solved through sanctions and pressure."

Israel Seeking Muslim Nations To Contribute To Border Force. The AP (8/27, Nessman) reports Tel Aviv "said Saturday it is asking friendly Muslim countries to contribute troops to the" Lebanese border force. "The U.N. wants Muslim troops included to lend credibility in the region to what so far is a mostly European force, and the predominantly Islamic nations of Indonesia, Bangladesh and Malaysia have offered to participate." However, because those nations do not have diplomatic relations with Tel Aviv, Israel opposes their inclusion. "While Israel does not have any veto, its opposition to a country could influence which troops are included." The Israeli Foreign Ministry confirmed that it has been in contact with Istanbul, which "has not decided whether to join the mission." In related reporting, the AP says Lebanese Prime Minister Fuad Saniora "released a statement saying" Secretary Rice "called the premier Saturday and said she was exerting 'serious and prompt' efforts to get the Israeli blockade lifted as soon as possible. Rice also stressed the importance of Lebanese authorities controlling the country's border crossings, and Saniora said his government was going ahead with its plan to police the crossings on its own, the statement said."

Italy's D'Alema Says Border Force Will Strengthen Lebanese Government. On its website, Time (8/26, 4.03M) interviewed Italian Foreign Minister Massimo D'Alema "about democracy, Hizballah's future and a certain 'indispensable nation.'" On the Lebanese border force, D'Alema says Rome has "held a consistent position that the solution had to pass through the international community, involve the Arab world, and that Europe had to take the principal leadership role. We had strong support from the U.S., which was a precondition for succeeding. And with the support of other countries, like Germany and the U.K., it was difficult for [French President Jacques] Chirac to maintain his position [on troop numbers]." He says "the Arab world is at a crossroads, with democratic impulses facing off with a violent religious fundamentalism. We want the democratic forces to prevail. So this U.N. force is there to strengthen the Lebanese government." Speaking of Israeli skepticism of Western intentions, D'Alema says, "I fully comprehend the psychology of the Israelis, who feel under siege. They are surrounded by hostile countries, openly espousing Israel's destruction. Why are we sending our soldiers to Lebanon? It is because we want to help guarantee Israel's security. They must realize that Europe is their friend." He says the international community is "united in saying that Iran should not acquire nuclear weapons, and we have to exercise very strong pressure against them. But we must make sure the international community is united. If not, the risk is that you strengthen Iran."

The New York Times (8/27, Fisher, 1.21M) says D'Alema "seemed equal parts pleased and worried on Saturday morning — and there was good reason for both."

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His "pleasure in Italy's newly assertive role in Europe seemed dampened by the real dangers." In addition to the 1983 bombings, "this new deployment will come within the complicating context of war in Iraq and a far greater threat of terrorism." D'Alema "said he understood the hesitations of the French, who he said had a more complicated history in the region than Italy." He further "said he saw the peacekeeping effort not merely as a way to preserve a so-far-shaky truce between Israel and Hezbollah, the Shiite guerrilla group, but as part of a comprehensive plan to stabilize the region. That plan, he said, should move toward a solution in resolving territorial disputes between the neighbors there and, as the Italian prime minister, Romano Prodi, has stressed, in moving toward a solution between Israel and the Palestinians."

Some Lebanese Resent Hezbollah. In an analysis piece, the AP (8/27, Pitman) reports the resistance some Lebanese are displaying to Hezbollah's emergence in their communities. "Though everyone here blames Israel for the 23 deaths, many place equal blame on Hezbollah for bringing its militant Shiite fighters into the region and drawing Israeli fire. Such displays of anger illustrate the complexities in a nation where Shiite, Sunni, Christian and Druse beliefs exist in a tumultuous mix that boiled over during Lebanon's 1975-1990 civil war." While "open criticism of" the group "is rare in southern Lebanon," distaste for the "militants "is more common in a handful of Christian villages where residents blame" them "for setting off the destructive 34-day war." Also, "some Sunni Muslims are furious" at Hezbollah's attempts to use casualties and war damage to bolster their image

Israeli Presence Complicates Lebanese Attempts To Return To Homes. In an analysis piece, the Los Angeles Times (8/27, Daragahi, 918K) says southern Lebanon has begun to return to normal but remains changed by the conflict. While "drivers…have flooded roadways again," when "the sun goes down, the Israeli tanks come to Marwaheen, piercing through the border less than half a mile away." A degree "of calm has begun to return to southern Lebanon," and "even in towns reduced to rubble by Israeli airstrikes and shelling, streets have been cleared of debris and unexploded ordnance, allowing international and local relief workers to enter areas." However, "Residents along the border say the Israeli troop movements continue to throw them off balance. Along the zigzagging frontier, where the lush, suburban American-style housing developments of Israel are visible, they complain of Israeli drones flying above as well as the nightly tank incursions." There "were signs that the process of handing over areas to U.N. and Lebanese troops was working," and "the families are trickling back, at least for a look."

Lebanese-Americans Recount Escape From Embattled Town. NBC Nightly News (8/26, story 6, 2:30, Seigenthaler, 9.87M) reported, "Israel's attention is now back on Lebanon, where more international peacekeepers are arriving. So far only half of those promised 15,000 peacekeepers promised by European nations have arrived. As UN troops take up their posts, residents try to get back to normal lives and the towns they left behind." NBC (Maceda): "Heavy construction gear offloaded at Beirut's port today. Another sign that an international effort to protect a fragile cease-fire is building steam. Increasingly Lebanese refugees are coming home, often to towns in ruins. Yaroun is one of them, but this town is different." Yaroun resident Jimmy Saleh: "70% of this town, they are American citizens." Maceda: "Lebanese-Americans who brought their money and dreams back to their homeland, building their summer houses, today much of it flattened and empty. Ali Saleh says his parent's house in Yaroun became the scene of an escape from a nightmare."

Author Says Only Comprehensive Disarmament Scheme Will Work. In a lengthy op-ed in today's New York Times (8/27, 1.21M), author James Traub sees few options for achieving the disarmament of Hezbollah. "And yet if Hezbollah is not disarmed, all of the appalling destruction that Israel visited upon Lebanon and suffered in its own territory may have accomplished nothing, and the bloodshed just concluded may be only the prelude to something yet worse." Disarmament must be accompanied by demobilization, Traub says, "meaning not only that they have to be mustered out but also that the organization's command-and-control structure must be eliminated. And then, perhaps most crucially of all, as the Bush administration discovered to its pain in Iraq, those soldiers must be reintegrated into civilian society, or into the national army, so that the rewards, or at least potential rewards, of peace outweigh those of violence." Citing recent examples, Traub says, "Kosovo and Sierra Leone worked not because peacekeepers got disarmament right but because the politics were right, or because the balance of force was favorable to peacekeepers. Otherwise, disarmament fails," as it did Rwandan Hutu rebels in Congo in the mid-1990s. The Irish Republican Army's disarmament in 2005, Traub suggests, may offer a precedent for integrating Hezbollah into Lebanon's political mainstream. Even if a

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long-term solution is not attainable now, "the thousands of Lebanese and international troops who will be inserted between the combatants should provide at least an interval of calm. While the peacekeepers cannot disarm Hezbollah, their mandate requires them to prevent rearmament by blocking the militia's Syrian supply routes. This, in turn, could persuade Israel to stay its hand. And diplomacy could then have time to lay solid foundations before the whole rickety structure gives way."

Israelis Use Intricate System To Select, Approve Assassinations. A 4,883-word report on the front page of the Washington Post (8/27, A1, Blumenfeld, 748K) details "divisive" debates within Israel's military decision making apparatus about the conduct of targeted assassinations. "In Israel, targeted killing has become a select weapon," and has become, "arguably, the most morally complicated." The Post notes, "More than half of all targeted operations have been called off, a senior military source said, because of danger to noncombatants."

Post-Conflict Inquiry Said Unlikely To Affect Military Doctrine. The Los Angeles Times (8/27, King, 918K) reports, "Israel's much-vaunted military, which emerged bruised and bloodied from its 34-day conflict with the guerrillas of Hezbollah, is in the midst of an intensive reappraisal of the battlefield tactics, intelligence capability and weaponry it brought to bear in Lebanon." However, the conflict "is unlikely to result in fundamental changes in Israeli military doctrine," because Tel Aviv "regards Hezbollah, a disciplined and highly motivated Islamist militia equipped with state-of-the-art weapons, as unique among its many enemies in the region, and strongly believes that its army remains capable of inflicting decisive defeat on any conventional force it might confront." In addition, says the Times, "Israeli military strategists firmly believe they could have won the conflict with Hezbollah had they not been hobbled by the missteps of a domestic political leadership untested by battle — a view that is likely to be aired repeatedly during what may be months of public inquiries into how the conflict was conducted."

Israeli Reservists' Protests Fit Historical Mold. The Washington Post (8/27, A16, Struck, 748K) examines recent protests by Israeli reservists against Tel Aviv's planning for and execution of the Israel-Hezbollah conflict. There has been "a chorus of…Israeli soldiers, many of whom served their time in Lebanon before airing their complaints. … Most complain that the war was mismanaged and should have been prosecuted longer." The Post notes, "In most armies, refusal to serve in a war is met by harsh punishment, and criticism from the ranks is forbidden. But in Israel, where military service is mandatory and soldiering is an experience that almost all Israelis have in common, boisterous dissent from within the ranks is a long-standing staple of political change." Similar complaints "helped bring down" Prime Minister Golda Meir's government in 1973 and "toppled then-Defense Minister Ariel Sharon" in 1982. Today, "as in the past, the soldiers may provide the critical judgment that determines the fate of the country's top political leaders and military officers." The Post adds, "The soldiers' demands are likely to force Olmert to appoint a state commission of inquiry" that "would have the potential to bring down his government."

"Vitriol" Against Government "Spreads" Across Israeli Media. The New York Times (8/27, 1.21M)'s "Reading File" displays negative Israeli press reaction to Prime Minister Ehud Olmert's handling of the recent conflict. "The press in Israel continued to vent its anger at the government last week over the Lebanon war. Under the headline 'Storm the Bastille' in the newspaper Haaretz, Gideon Samet wrote of the darkening public mood," while "on Ynet, the Web site of the newspaper Yedioth Ahronoth, a writer, Mordechai Gilat, offered little hope for Prime Minister Ehud Olmert." Also "on Ynet, Zvi Mazel accused Foreign Minister Tzipi Livni of not being better at public relations during the war."

On Long Island, Israeli Children Escape Conflict. The New York Times (8/27, Vitello, 1.21M) profiles "23 children from the Israeli city Haifa who were given temporary refuge from the Israeli-Hezbollah war on Aug. 12 and resettled for two weeks in the homes of Long Island families." Long Islander "Roby Young, a Haifa native, raised about $40,000 from staff members and parents of current and former students and campers to help pay for the two-week respite. The 23 children attended camp daily, visited New York and Washington, went to a water park, and generally luxuriated in the rocket-free environment."

Cameramen Wounded In Israeli Missile Strike. The AP (8/27, Barzak) reports, "Israeli aircraft fired two missiles early Sunday at an armored car belonging to" a "news agency, wounding five people, including two cameramen." Tel Aviv military leaders "said [they] did not realize the car's passengers were journalists and only attacked because the vehicle was driving in a suspicious manner near Israeli troops in the middle of a combat zone." Cameramen Fadel

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Shama'a, 23, and Sabah Hamida, 25, "who worked for a local television company, had the doors open and were about to get out of the armored vehicle in the nearby Shajaiyeh neighborhood to film the raid when it was struck by the missiles… The cameramen, along with three bystanders, were injured with shrapnel wounds and all five were to undergo surgery, hospital officials said." The AP adds, "The airstrike on the journalists' car came as Israeli soldiers backed by two dozen tanks, two bulldozers, helicopters and drone planes moved into an area just inside the Gaza Strip near the Karni crossing," in order to search "for explosives planted by Palestinian militants alongside the border fence and for tunnels under the border."

ABC Evening News (8/26, story 6, 0:12, Avila) reported, "In a new incident late today in Gaza, the Israeli army reportedly fired two missiles into a car" and "injured two journalists."

NBC Nightly News (8/26, story 5, 2:00, Seigenthaler, 9.87M) reported, "Journalists are once again finding themselves directly in the line of fire in the Middle East." NBC (Fletcher): "Tonight in Gaza Israeli rockets wounded two cameramen. The rocket hit their armored car near an Israeli army operation. Fletcher later added, "The drama in Gaza and the war in Lebanon has for months overshadowed Israel's third front, the West Bank, where today an arrest raid that went wrong ended with one Palestinian dead and 20 wounded. At dawn Israeli troops tried to arrest two Palestinian gunmen. Instead a gunfight began. The gunmen were from the al Aqsa Martyr's Brigades. At first Israel tried to continue with troops on the ground, but fearing casualties, in went the armored bulldozer, smashing a room. But firing moved to another room. Israel poured gunfire into the building. Palestinians ran to the scene and more fighting. After 12 hours the Israelis pulled out of town and the gunmen got away."

Fox News Journalists Freed. The Houston Chronicle/AP (8/27) reports, "Two Fox News journalists were released Sunday, nearly two weeks after being seized by militants in Gaza. First footage showed the two, Olaf Wiig and Steve Centanni, being dropped off at Gaza City's Beach Hotel. Centanni, of the U.S., embraced someone in the lobby, before both men were rushed upstairs. Wiig, 36, of New Zealand, wore a white T-shirt, rather than the beige Islamic robe in which he appeared in a hostage video just hours earlier."

Lebanese Information Minister Decries Al-Maner Provider's Arrest. The AP (8/27) reports Lebanese Information Minister Ghazi Aridi "criticized the arrest of a businessman in New York," Javed Iqbal, "on charges of providing satellite broadcasts of Hezbollah's Al-Manar television to New York-area customers." Iqbal "was arrested Wednesday in New York on conspiracy charges of enabling broadcasts of Al-Manar — designated by the U.S. government as a global terrorist entity." Aridi "called Iqbal's arrest an 'attack against freedoms (that) robs a large section of people from watching a specific channel.'"

Saudi Interior Ministry Arrests Suspected Militants. The Los Angeles Times (8/27, 918K) reports, "Four Islamic militants arrested in the Red Sea port of Jidda were part of a group of 34 men rounded up last week in an effort to prevent a resurgence of Al Qaeda violence, the Saudi Interior Ministry said. Weapons and locally made explosives were found in their apartment, which was being used 'as a factory for instruments of death and destruction,' the official news agency SPA said.

Turkish Boom-Town Shows "Challenges" Of Balancing Islam With Capitalism. A 1,602-word piece in today's New York Times (8/27, Bilefsky, 1.21M) profiles the "poor, largely agricultural region" of central Anatolia. While many outsiders regard the "deeply religious" area "as the 'other' Turkey, a non-European backwater where women in head scarves are more prevalent than businessmen in pinstripes," the Times notes "the region's mix of Muslim values, hard work and raging capitalism has even prompted sociologists to coin a new term to describe the phenomenon: Calvinist Islam." Against the "growing skepticism in Europe about the prospect of integrating a large agrarian Muslim country into one of the world's biggest trading blocs," Anatolia "presents one of the strongest arguments that Islam, capitalism and globalization can be compatible." However, "the region also is experiencing tensions between Turkey's official secularism and its religious fervor, suggesting that reconciling Islam and business can create challenges."

Kidnapped Chechen Was Secret Bride Of Rebel Leader Basayev. The New York Times (8/27, Chivers, 1.21M) details the "two lives" led by Elina Ersenoyeva, a journalist and social worker in Chechnya who was also "a secret bride of Shamil Basayev, the one-footed Chechen terrorist leader and Russia's most wanted man,

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who died in an explosion on July 11." Ersenoyeva's mother says her daughter, who was kidnapped in Grozny on August 17, married Basayev "only because the separatists had threatened to kill her two brothers if she did not do as they said." The Times notes, "Whatever the circumstances of Ms. Ersenoyeva's marriage, whether she was Mr. Basayev's occasional hostage or willing wife, her disappearance has offered fresh glimpses into two Chechen netherworlds: the secretive life of Mr. Basayev and the murky circumstances of abductions in the Caucasus, which have persisted even as the pace of combat in Chechnya has slowed."

Diplomatic Baggage Row Could Augur Declining Relations With Venezuela. The New York Times (8/27, Romero, 1.21M) notes US and Venezuelan officials "are intensifying their verbal sparring after Venezuelan customs authorities this week seized diplomatic baggage from the United States that contained military hardware. In what analysts say may be a prelude to worsening relations, Venezuela's attorney general began an investigation on Friday into whether the American Embassy violated customs law when it brought 20 diplomatic bags into the country." Embassy Caracas spokesman Brian Penn "told local news media this week that the diplomatic bags seized Thursday contained replacement parts for ejector seats for the Venezuelan military." State Department spokesman Edgar Vasquez "told The Associated Press on Friday that the United States had requested an 'immediate explanation of the entire incident,' claiming the search violated international treaties on diplomatic baggage."

Chavez Claims "Broad Support" For Security Council Bid. The AP (8/27) reports Chavez "said his country is gaining broad support in its bid for a U.N. Security Council seat, even as the United States tries to persuade governments to vote against Venezuela." He told Venezuelan state television that Chinese President Hu Jintao "endorsed" the effort last week, and "said other countries in areas from the Caribbean to Africa have also pledged their backing." Chavez "rattled off a list of regional groups that he said were mostly backing Venezuela after two months of campaigning by diplomats," and said Washington, "in opposing Venezuela, 'has turned this into a sort of battle for the world.'"

AID's Refusal To Disclose Grant Recipients' Names Said To Raise Caracas' Suspicions. In a 1,300-word piece, the AP (8/27, James) examines "1,600 pages of grant contracts" related to Agency for International Development expenditures on democracy programs in Venezuela. Washington "is spending millions of dollars in the name of democracy in Venezuela — bankrolling human rights seminars, training emerging leaders, advising political parties and giving to charities. But the money is raising deep suspicions among supporters of President Hugo Chavez, in part because the U.S. has refused to name many of the groups it's supporting." On the released contracts, AID had "whited out the names and other identifying details of nearly half the grantees. U.S. officials insist the aid is aboveboard and politically neutral, and say the Chavez government would harass or prosecute the grant recipients if they were identified." Caracas "believes the United States is campaigning -- overtly and covertly -- to undermine [Chavez's] leftist government, which has crusaded against U.S. influence in Latin America and elsewhere."

Brazil's Lula Avoids Media, Builds Lead In Presidential Race. The Washington Post (8/27, A14, Reel, 748K) reports, "With little more than a month left in his reelection campaign, [Brazilian] President Luiz Inacio Lula da Silva is skipping televised presidential debates, ignoring the print media and distancing himself from his scandal-plagued political party. The more he shuns such conventional modes of electoral communication, the higher he soars in the polls." Lula's significant poll lead has made it easy for him "to stick to his script." Falling prices and a strengthening real have given his opponents "the tough task of convincing voters that the economy is not doing particularly well, despite what their wallets might be telling them. So far, [his main opponent] has struggled to make the case." The Times explains, "Lula's prospects weren't so rosy a year ago, when political analysts debated whether he would even run in the wake of vote-buying and campaign finance scandals that implicated the Workers' Party, which Lula helped build while he was a union leader. Several of his top aides were fired during the controversy, while Lula said he was unaware of any plan to bribe members of Congress in exchange for support of party policies."

Sen. Obama Highlights AIDS Epidemic During Kenya Visit. ABC Evening News (8/26, story 7, 0:16, Avila) reports, "In Africa today, Barack Obama, the only Black member of the Senate made the fight against the aids epidemic personal. Visiting Kenya, where his father was born, [Obama and his wife Michelle] publicly took aids tests in

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an effort to end the stigma in fear of being tested for the disease."

The AP (8/27, Wills) reports that Illinois U.S. Sen. Barack Obama (D) "pushed through surging crowds and hurtled down roads lined with screaming fans Saturday before settling into the calm of a quiet meal with his grandmother in the Kenyan hamlet where his father grew up and is buried. … Obama also spent much of the day studying the toll AIDS is taking on African families." The AP adds, "He and his wife took HIV tests as thousands of people watched and he visited a project that helps grandmothers find the money to care for children orphaned by AIDS." According to the AP, Obama is on his third trip to Kenya but his first since elected to the U.S. Senate. The AP adds, "With his Kenyan heritage, Obama is getting a warm reception everywhere, but the reaction has been even stronger in this part of the country — home to the Luo tribe, which includes Obama's family. Kenyans have claimed Obama as one of their own, even though he was mostly raised in Hawaii and did not know his Kenyan father well."

Uganda Government, Insurgents Sign Truce Accord. Agence France-Presse (8/27) reports, "Uganda and the rebel Lord's Resistance Army signed their first truce accord on Saturday, raising hopes for peace talks aimed at ending northern Uganda's brutal war of nearly two decades. The two sides signed a "cessation of hostilities" pact, after halting talks began here last month to end the conflict. According to the AFP, "The accord is to take effect on Tuesday and will require rebel fighters to gather at two camps supervised by the autonomous government of southern Sudan, which is mediating the talks."

Journalist Charged With Spying By Sudanese Government. The AP (8/27, Johnson) reports that Pulitzer Prize-winning Chicago Tribune foreign correspondent Paul Salopek "was charged in a Sudanese court Saturday "with espionage, passing information illegally and writing 'false news,' the Tribune reported on its Web site. His driver and interpreter, both Chadian nationals, faced the same charges." According to the AP, "The three men were arrested Aug. 6 by pro-government forces in the war-torn province of Darfur, the paper said. … 'He is not a spy,' said Ann Marie Lipinski, editor and senior vice president of the Tribune." According to the AP, Lipinski adds, 'Our fervent hope is that the authorities in Sudan will recognize his innocence and quickly allow Paul to return home to his wife, Linda, and to his colleagues.'"

South African Murder Rate Persistently High. The AP (8/27, Leonard) reports, "Plans for South Africa to host soccer's next World Cup, in 2010, has focused international attention on the crime rate, with organizers having to answer questions not just about whether they'll have enough stadiums and hotel rooms, but whether the 350,000 foreign visitors expected for the monthlong tournament will be safe. Statistically, a South African is 12 times as likely to be murdered than the average American and his chances of being killed are 50 times greater than if he lived in western Europe." The AP adds, "The government contends it has made progress, reducing some types of crime and leveling off others. Still, after recent highly publicized cases, including the deaths of 17 people in just two incidents in June and July, the government had to promise a much tougher stance, saying police will be much more aggressive."

China Releases Jailed Bishop. Agence France-Presse (8/27) reports, "China has released a bishop of the underground Roman Catholic Church after more than 10 years in prison, a rights group based in the United States has reported. The bishop, An Shuxin, 57, arrested in May 1996, was released Friday, and the government has given him permission to work as a priest, the Cardinal Kung Foundation said." According to the AFP, "The foundation said Bishop An, who had been the auxiliary bishop for the Baoding diocese in Hebei, a northern province, had not joined the official church under the authority of the Chinese Communist government."

NYT Faults China For Jailing Of Journalist. In an editorial, the New York Times (8/27, 1.21M) opines, "Someone in China's autocracy may have a sense of shame — or vulnerability. But only up to a point." According to the Times, "Last week a Chinese court dismissed a specious state secrets charge against a New York Times researcher and journalist, Zhao Yan. Unfortunately, the court then sentenced him to three years in prison on a lesser but still specious charge of fraud." The Times adds that dictators always need to save face, ergo the lesser conviction for fraud, though "Mr. Zhao — who has already been held for two years — could be released by September 2007. That is still unacceptable." The Times adds, "China needs to be told that it is not off the hook. China should be ashamed of this abuse of its legal system and of the mistreatment of Mr.

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Zhao." According to the Times, "There is no face to be saved so long as his conviction stands."

Pre-Election Tensions Could Weaken Bosnia's Cohesion. The New York Times (8/27, Wood, 1.21M) details recent episodes of sectarian disagreements in Bosnia ahead of October 1 elections. "Those incidents have been accompanied by a sharp increase in the expression of nationalist sentiments that is worrying international officials here as the country prepares for" the parliamentary and presidential votes. "After almost 11 years of efforts to rebuild and stabilize Bosnia, the diplomats and international officials involved say that the country runs little risk of" returning to open warfare. "But they say the tensions could prompt some violence, and worse, could threaten to unravel the long complex process aimed at making Bosnia a cohesive state that can operate without foreign intervention." The Times notes, "Progress on a new constitution has stalled," and "Bosnians on all sides concede that their current constitutional structure… is too complex and expensive to properly serve the needs of its people." Another lingering concern "is the viability of the Office of the High Representative, which over the last four years…has driven the efforts to make Bosnia a more cohesive state. European nations and the United States are proposing that the" OHR "be abolished by June 2007."

Will Argues For Repealing Japan's Constitutional Pacifism. George Will writes in his column in the Washington Post (8/27, B7, 748K) that Article 9 of the Japanese constitution, imposed by the US, "stipulates that Japan 'forever' renounces war and 'the threat or use of force' in settling international disputes. Therefore 'land, sea, and air forces' will 'never' be maintained." However, "they are maintained," and "although constitutional pacifism has long been embraced by the Japanese, the Self-Defense Forces may be taken off Article 9's leash before this decade ends," as since North Korea launched a Taepodong ICBM over Japan's main island, "revision of Article 9 has become probable." Will argues, "Surely it is time for Japan to end the dissonance between its necessary behavior and its constitution's text, a contradiction that can complicate policymaking and produce national paralysis. This matters to Americans because East Asia…matters. And because rising China and demented North Korea complicate regional security. And because the list of economically formidable nations that are without virulent anti-Americanism and are eager to collaborate with America is short. The list is: Japan."

WashPost Says UN's Unique Role Demands Support For Reform. In its lead editorial today, the Washington Post (8/27, 748K) says that, while the United Nations "has recently come in for a beating," the "world's tendency to turn to the United Nations has if anything grown stronger." That kind of "schizophrenia -- the tendency both to attack the United Nations and to demand its assistance -- is dangerous. If the United States and its allies want the United Nations to unscramble problems, they must do more to nurture it." Both the Lebanon and Darfur crises bear this point out, the Post says, and, instead of searching for alternative institutions, "critics must channel their energy into promoting the reforms that could make the United Nations more effective." Saying "there is blame to go round for the stagnation of existing reform efforts," the Post argues the Administration "has failed to build a coalition of reformers who could prevail over entrenched seat-warmers. The British and French have resisted change that could undermine their privileged positions as veto-wielding members of the Security Council." When Secretary-General Kofi Annan attempted reforms last year, "neither rich countries nor poor countries showed much interest in supporting him. Now Mr. Annan is nearing the end of his term. An insistent determination to modernize the United Nations will be a necessary quality for whoever succeeds him."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

What Drove the Preacher's Wife?
Katrina Aid Far From Flowing
Job Boom Makes Driving a Chore on the Westside
Rockies' Forests Fall to a Tiny Foe
A Threat That Tops Insurgency

New York Times:

Whispers of Mergers Set Off Suspicious Trading
Outlines Emerge for a Shaken New Orleans
Tracing the Path of a Corpse, From the Street to Dignity
Dancers Land in Iraq. Marines Offer No Resistance.
In Schools Across U.S., the Melting Pot Overflows
Missing Chechen Was Secret Bride of Terror Leader

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Here Illegally, Guatemalans Are Prime Targets of Crime
Fiery Campaign Imperils Bosnia's Progress
Man Arrested After Spree of Shootings Across Queens
Who Signed Off on Those Options?

Washington Post:

Silence After the Storm
A Divisive Struggle Over Targeted Killing in Israel
House Races In Md., Va. Echo Quest For Change
Telling of Life Story Enlivens Mfume's Campaign
Democrats Split Over Timetable For Troops
Kaine Backs Tunnel

Washington Times:

Iran building heavy-water nuclear plant
Diving into the gene pool
Texas city eyes alien crackdown
Israeli general plots war with Iran

Dallas Morning News:

2 killed, 1 injured in shooting at apartment
Can pastor find his way back to pulpit?
Firm has big plans for southern sector
Illegal migrant proposal stirs passions in FB
Ernesto gains strength over central Caribbean
Mexico's political crisis lets drug violence spread

Houston Chronicle:

New Orleans still struggling a year later
HISD program urges 653 dropouts to try again
Anti-war protestors greet Bush at vacation spot
Sekula-Gibbs seeks to prove her political chops
Payroll scandal hasn't sapped Alvarado's clout
Texas football coaches paid more than teachers

Story Lineup From Last Night's Network News:

ABC: New Orleans Levees, Gulf Coast Hurricane Threat, Bush Gulf Coast Trip, Shuttle Launch Postponed, Kidnapped Journalists, Journalists Targeted, Sen. Obama In Africa, Airline Security, Katrina Survivor Rebuilds.

CBS: New Orleans Hurricane Concerns, Hurricane Projection, New Orleans Flooding Fears, Air Travel Security Fears, Homegrown Terrorism Fears, Shuttle Launch Delayed, Iraq Security.

NBC: Hurricane Projection, New Orleans Prepares For Next Hurricane, Bush and Katrina Anniversary, Shuttle Launch, Gaza Kidnapping / Fighting In The West Bank, Americans In Lebanon, Katrina Survivors.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – President and Mrs. Bush arrive The White House via Marine One. South Lawn.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. No events scheduled.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, AUGUST 27, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Terrorism-Related Flight Diversions Plague Aviation Industry 3
Pakistan Said To Be Negotiating Deal To Let Taliban Freely Cross Into Afghanistan 3
JAGs' Influence In Designing Detainee Trials Limited 3
Pentagon Sends 5 Guantanamo Detainees To Afghanistan 3
Pakistan Extends Detention Of Airline Bombing Suspect 3
American Muslims Said To Be Rejecting Integration 4
After Incorrect Arabic News Story, Scholar Fears For His Life 4
LATimes Criticizes Government's Attempt To Expand The Espionage Act 4

Patriot Act:
FBI Uses NSLs To Obtain Data On Las Vegas Resort Guests 4

Homeland Response:
Bush Renews Pledge To Rebuild Gulf Coast 5
UCLA Chancellor Announces New Eco-Terror Security Measures 9
FBI, DHS Work With Local Police To Monitor Potential Sleeper Cells 9
As Passengers' Hydration Falls To Airlines, Concerns Said To Arise 9

War News:
Public's Support For Wars In Afghanistan And Iraq Expected To Further Erode 10
Democrats Split On Troop Withdrawal Timetable 10
Rumsfeld Answers Questions From Families Of Soldiers With Extended Duty 10
Hundreds Of Tribal Chiefs Sign Pact To Support Reconciliation Plan 11
US Soldiers In Iraq Us Less Aggressive Tactics 12
To Increase Gun Safety, Army Begins Immersion Program 12
Army Finds Casualties Consistent With Reports To Families 12
Abu Ghraib Said To Be Empty 12
Sunni Arab Legislator Released After Two Months In Captivity 12
Iraqi Antiquities Director Seals Museum With Concrete, Quits Over Looting 13
Dancers Help Take Soldiers' Minds Off War 13
Internet Video Brings War To The World 13
Karzai Says Western Media Publishes "Propaganda" Against Him, His Government 13
Hoagland Says Occupation Of Iraq Approaches Immorality, Calls For Settling Moral Accounts 13

DOJ:
New Book Describes Gonzales's Relationship With Bush 14
Quadriplegic Federal Prosecutor Profiled 14

Corporate Scandals:
Mercury Interactive Stock Options Timing Comes Under Federal Scrutiny 14
Illicit Insider Trading Potential Result Of Mergers And Acquisitions Boom 14
Pension Accounting Practices Questioned 15

Criminal Law:
New York Man To Pay $55,000 To Stave Off Home Seizure After Child Porn Plea 15
Columnist Questions Las Vegas Corruption Prosecution 15
WPost Praises Maryland Governor's Record On Clemency 15
Isikoff Book Details Armitage's Role In Leaking Plame's Identity 16

Environment:
Los Angeles In Dispute With Farm Area Over Waste Disposal 16
Environmental Activist Attracts FBI Attention 16
Heat Wave Led To Wildfires 17
National Parks Preservation Urged 17

Immigration:
White House And House GOP Portrayed As At Odds Over Border Security 17
Former Nazi Eludes Deportation 18

Tax:
IRS Layoffs Questioned 18

Congress-Administration:
Anti-War Activists Protest Outside Bush Family Gathering 19
Bush Prepares For Tough Questions 19
Bush's Analysis Of "The Psyche Of Our Country" Noted 19
Pelosi Given Credit For House Democrats' Unity 19
Reid Expected To Back Lieberman As Committee Chair 20
Hagel Still Undecided Concerning Bolton's Confirmation 20

Major Lightning Strike, Weather Concerns Delay Shuttle Launch20

Other News:

Housing Slump Analyzed 20
New Fed Chairman Takes Cues From Economic Data 21
Expanding Student Population Causing Teacher Shortage Across The US 21
Several New York Politicians Considered Potential 2008 Presidential Candidates 21
Two First-Time Democratic Candidates' Campaigns Used To Illustrate National Trends 21
Democrats Concerned Lieberman's Candidacy Will Boost GOP House Candidates 21
Laffey Acknowledges Writing Anti-Gay Columns As A College Student 22
Poll Shows Brown Leading DeWine 45-42 22
Mfume Staying Competitive With Cardin Despite Fundraising Deficit 22
Harris Clarifies Comments On Politics And Religion 23
Angelides Invokes Truman's Populist Themes As He Tries To Gain Traction 23
NYTimes Endorses "National Hero" Spitzer In Democratic Gubernatorial Primary 23
Indian-American Academic Reflects On Allen's Controversial Comments 23
Hoffa Dodges Debate Against Union Leadership Challenger 23
Astrologers Not Bothered By Pluto's Loss Of Planet Status 24
Tattoos Less Taboo 24
Charter School Reforms Urged 24
Ahmadinejad Says Heavy Water Reactor "Not A Threat." 24
Pyongyang Said To Reserve Right To Test Nuclear Weapon 25
Israel Seeking Muslim Nations To Contribute To Border Force 25
Israelis Use Intricate System To Select, Approve Assassinations26
Saudi Interior Ministry Arrests Suspected Militants 28
Turkish Boom-Town Shows "Challenges" Of Balancing Islam With Capitalism 28
Kidnapped Chechen Was Secret Bride Of Rebel Leader Basayev 28
Diplomatic Baggage Row Could Augur Declining Relations With Venezuela 28
Brazil's Lula Avoids Media, Builds Lead In Presidential Race 29
Sen. Obama Highlights AIDS Epidemic During Kenya Visit 29
Uganda Government, Insurgents Sign Truce Accord 29
Journalist Charged With Spying By Sudanese Government 29
South African Murder Rate Persistently High 29
China Releases Jailed Bishop 30
Pre-Election Tensions Could Weaken Bosnia's Cohesion 30
Will Argues For Repealing Japan's Constitutional Pacifism 30
WashPost Says UN's Unique Role Demands Support For Reform 30

The Big Picture:

Headlines From Today's Front Pages 31

Washington's Schedule:

Today's Events In Washington 31
Other. 31

DOJ_NMG_0053988

TERRORISM NEWS:

Terrorism-Related Flight Diversions Plague Aviation Industry. ABC Evening News (8/26, story 8, 2:05, Avila) reported on "the latest headache for air travelers suffering through a series of bomb threats and bizarre incidents in what are becoming quite the unfriendly skies." ABC continued, "At airports today, the calm after what one security expert called a perfect storm of airliner scares. … So far this month, no fewer than 11 flights have been diverted or delayed because of security concerns. Some of which looked frivolous in hindsight. Before a pilot could walk into the cabin to check what's going on. Now he's locked behind the cockpit door and has to rely on flight attendants. On Friday, four flights were disrupted from everything for a stick of dynamite in a checked bag to a belligerent passenger with nail polish." Aviation security analyst Douglas Laird: "If you do that scenario time and time again, actually, the terrorists are winning because they're causing chaos within the system."

The CBS Evening News (8/26, story 4, 2:40, Assuras, 7.66M) reported, "A number of air travel security incidents had law enforcement officials scrambling. One day after, security experts are still assessing what went wrong. The incident getting the most scrutiny was a partial stick of dynamite that was found in checked luggage after the flight was over. The Continental flight had landed in Houston when bomb-sniffing dogs picked up the scent of explosives. It was determined not to be terrorism but a college student packing a dangerous souvenir from Argentina." Homeland Security analyst Reed Larson: "Everyone is focusing on this will obviously stupid college student but the important thing is how did it get on the airplane in the first place? What does that say about the screening in Argentina."

Pakistan Said To Be Negotiating Deal To Let Taliban Freely Cross Into Afghanistan. The Long Island Newsday (8/27, Rupert, 428K) reports, "Pakistan's ruling army is forging a peace deal with Islamic militant guerrillas in the country's border region that will likely free the militants to increase attacks on U.S. forces in Afghanistan, sources close to the talks say. Pakistani newspapers say the army is close to a deal with locally based Taliban in the rugged border area of North Waziristan," and it "will leave them in significant control in the region." According to a tribal leader with knowledge of the talks, "the government has conceded real control, notably by agreeing that border posts will be manned not by the army, but by tribal paramilitaries" and "army checkpoints established in recent years to tighten the government's hold over the region are to be abandoned." The Taliban "demanded an unfettered right to cross into Afghanistan and pursue what they regard as a jihad against the presence of foreign troops in a Muslim land," and the final deal, "in reality…'is sure to leave the Taliban free to cross over [the border] to join the war in Afghanistan.'" For "the current talks, Pakistan's government has been looking for a formula to make the infiltrations less obvious, said the tribal leader. Government negotiators pressed the Taliban to make their forays into Afghanistan longer but less frequent." Meanwhile, "Gen. John Abizaid, who oversees U.S. forces in Afghanistan as commander of U.S. Central Command, stressed the importance yesterday of halting the infiltration of Taliban from their bases in Pakistan."

JAGs' Influence In Designing Detainee Trials Limited. The Boston Globe (8/27, Savage, 425K) reports, "Despite assuring Congress that career military lawyers are helping design new trials for accused terrorists, the Bush administration has limited their input on their key request, that any tribunals must give detainees the right to see the evidence against them, officials said." The "new guidelines are being drafted by Bush-appointed attorneys in the Justice Department's Office of Legal Counsel" that "met just once with a working group of military lawyers," and began the conference announcing "that there was no point in debating the secret evidence issue." However, "the limits placed on the discussion with the military lawyers, called the Judge Advocate General corps, have angered a group of retired military attorneys. They believe that the administration's dismissal of JAGs' views has been a prime factor in such setbacks as the Abu Ghraib torture scandal." Also, "many former JAGs trace the current disputes back to Vice President Dick Cheney's efforts to rein in the JAG corps in the first Bush administration."

Pentagon Sends 5 Guantanamo Detainees To Afghanistan. The AP (8/27) reports, "The Pentagon said Saturday it had transferred five detainees from the military prison at Guantanamo Bay, Cuba, to Afghanistan." While "a written statement did not say why the detainees were released and did not disclose their identity or home country," earlier releases "said detainees were freed because they no longer were considered enemy combatants."

Pakistan Extends Detention Of Airline Bombing Suspect. The New York Times (8/27, Gall, Khan, 1.21M) reports that according to a senior Pakistani government official, "the detention of Rashid Rauf, who authorities here say is a key figure in the London airliner bombing plot, has been extended for 14 days." Rauf "is being held on charges

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of possession of forged documents and an additional charge but none relating to terrorism." While on Wednesday "the British authorities said they had not asked that Mr. Rauf be extradited,…on Saturday, the government official said that the request had been made, and that the process could take four to five weeks." However, interior minister Aftab Ahmed Khan Sherpao "said his agency had not received an extradition request from the country's Foreign Ministry," and Foreign Ministry spokeswoman Tasneem Aslam said "she was unaware of the request for extradition." While "Pakistan does not have an extradition treaty with Britain,…Ms. Aslam said the mutual legal assistance accord between Pakistan and Britain might allow a handover."

American Muslims Said To Be Rejecting Integration. Geneive Abdo, the liaison for the Alliance of Civilizations at the United Nations and author of "Mecca and Main Street: Muslim Life in America After 9/11," writes in an op-ed in the Washington Post (8/27, B3, 748K), "the comforting media narrative" has "the approximately 6 million Muslims in the United States…often portrayed as well-assimilated and willing to leave their religion and culture behind in pursuit of American values and lifestyle." However, "I have encountered a different truth. I found few signs of London-style radicalism among Muslims in the United States. At the same time, the real story of American Muslims is one of accelerating alienation from the mainstream of U.S. life, with Muslims in this country choosing their Islamic identity over their American one." This is partly because "the Sept. 11 attacks also had the dual effect of making American Muslims feel isolated in their adopted country, while pushing them to rediscover their faith." They "are becoming a people apart," and while "it is too soon to say where the growing alienation of American Muslims will lead…it seems clear that the factors contributing to it will endure."

After Incorrect Arabic News Story, Scholar Fears For His Life. The Los Angeles Times (8/27, Watanabe, 918K) reports that Khaled Abou el Fadl, "one of the nation's most prominent critics of Saudi Arabia's puritanical practice of Islam known as Wahhabism," was shot at in "April, when he says a bullet whizzed past his ear and lodged in a book as he was standing near his living room bookshelf in front of his open front door." His fears for his life "intensified this month, after a news report in the Anaheim-based Al Watan newspaper and other Arabic-language media carried what Abou el Fadl calls a 'solicitation of murder' against him. The article reported that Iranian extremists had declared it permissible to spill his blood because the scholar purportedly advised President Bush to support Israel's strike against Lebanon, resist a cease-fire with the Hezbollah militia and block the Islamist movement." He "called the news report 'a total fabrication.'" The "members of the FBI's joint terrorism task force, which independently picked up the news report, were so concerned that they visited Abou el Fadl recently to warn him to take security precautions."

LATimes Criticizes Government's Attempt To Expand The Espionage Act. The Los Angeles Times (8/27, 918K) editorializes, "the Bush administration has persuaded a federal judge in Alexandria, Va., to abandon the interpretation of the Espionage Act that has shielded journalists all these years: that the law's purpose is to punish government employees who disseminate secret information." He "ruled that the Justice Department could put two former officials of the American Israel Public Affairs Committee on trial for violating the Espionage Act's prohibition on disclosing or receiving information 'related to the national defense,'" and "his ominous bottom line was that 'the government can punish those outside of the government for the unauthorized receipt and deliberate retransmission of information relating to the national defense.'" Should the defendants be "found guilty and higher courts uphold their convictions, the Espionage Act could mutate into a British-style Official Secrets Act that could be used against journalists. That outcome would fly in the face of the history of the Espionage Act, which scholars note was enacted after Congress rejected language that would have punished newspapers for articles that, in the president's view, 'might be useful to the enemy.'" It also "would be bad for present-day America."

PATRIOT ACT:

FBI Uses NSLs To Obtain Data On Las Vegas Resort Guests. The Las Vegas Review-Journal (8/27, Maimon) reports, "The local FBI office has used new and far-reaching powers to persuade Strip casinos to turn over personal information of certain visitors for use in terrorism investigations. … The FBI frequently has issued so-called national security letters, or NSLs, said Dave Staretz, chief division counsel for the bureau's Las Vegas office." The Review-Journal continues, "Through the use of NSLs, the FBI can get information including telephone, credit card and Internet records without search warrants or court approval. The information can be stored in federal databases for an unlimited time and shared with other government agencies, according to federal law. … The issuance of NSLs to casinos is a particularly sensitive issue because of the premium that resorts put on guest privacy. Resorts aren't obligated to turn over even hotel registration records to authorities without a court order, said former Clark County Sheriff Jerry Keller, who until May was vice president of security for Wynn Las Vegas. One of the few requirements of guests is that they show identification to hotels upon request." The Journal adds, "The

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detailed information sought through NSLs serves as a reminder that what happens here doesn't always stay here. The secret letters add to the misgivings of civil rights groups that contend the FBI has used anti-terrorism tools for matters unrelated to national security. .. .The ACLU bristled when the FBI used the Patriot Act to obtain financial records in the public corruption investigation of strip club owner Michael Galardi and four former Clark County commissioners. … Ellen Knowlton, who until February headed Las Vegas' FBI office, said NSLs are a 'bona fide technique' of gathering information from businesses, including resorts, for terrorism investigations. … But Lisa Graves, senior counsel for legislative strategy for the American Civil Liberties Union, said NSLs threaten privacy rights and lack safeguards to prevent abuse."

HOMELAND RESPONSE:

Bush Renews Pledge To Rebuild Gulf Coast. President Bush's upcoming tour of the Gulf Coast region continues to generate negative coverage in the major US media outlets. The extensive coverage focuses mainly on the lack of progress made in the recovery and describes the White House as approaching the subject cautiously.

The network news broadcasts devoted 11 stories totaling over 20 minutes to Katrina-related stories. ABC and NBC focused on the impact of Katrina on Bush's political image in full segments early in their broadcasts while CBS did not mention Bush at all. ABC Evening News (8/26, story 3, 2:00, Avila) says Bush "is still trying to repair the damage in New Orleans and to his political image." ABC's Morrell calls it a "a risky trip to the Gulf Coast" for Bush because "this image of Mr. Bush, the strong, decisive leader of 9/11 was superseded by this one, detached and helpless as he flew over flooded New Orleans." University of Virginia Professor Larry Sabato: "It was really the beginning of the end for his majority approval ratings in the country. And I don't think he's ever recovered from it." Morrell: "The president's anniversary visit which comes just two months before the midterm elections could either remind people of his administration's initial failures or as he tried to do today, highlight the progress made since." President George W. Bush during his radio address: "In Mississippi and Louisiana we can see many encouraging signs of recovery and renewal and many reminders that hard work still lies ahead." Morrell: "To illustrate that point, the president will visit the hard-hit Lower Ninth Ward of New Orleans Tuesday, his 13th trip to the region."

NBC Nightly News (8/26, story 3, 2:00, Seigenthaler, 9.87M) asked, "Is the President really going to make a trip this week with the storm headed to the coast?" NBC (Jordan): "So far there are no plans to cancel the President's trip to the Gulf Coast." His "Aides say the president has been getting updates throughout today about the storm's progress. There was a video conference between staff here in Maine and staff in Washington to talk about the path of the storm." And "Everyone is asking the question, has the recovery effort been successful?" Bush "used his weekly radio address to tell Americans that one year after Katrina his Administration has not abandoned the survivors." Yet, "the anniversary is a delicate dance for the Administration widely criticized for its response to the disaster." Political analyst Stuart Rothenberg: "Katrina coming right on top of daily bad news from Iraq has made it very difficult for this president to rally public support." Jordan: "Could the president further hurt his standing with the public by marking this anniversary? Stu Rothenberg says, 'no,' but what really matters is how the president and his staff perform in case of another disaster."

Similarly, the AP (8/27, Loven) in an article titled "Bush Faces Political Katrina Damage" reports, "Hurricane Katrina lashed President Bush's image as a take-charge commander in chief when it battered and deluged the Gulf Coast. Ever since, the president has sought to overcome the political damage done when he appeared initially aloof from the suffering and oversaw a balky federal response." He "has visited the region many times, made a raft of promises -- some kept, some deferred -- and sent down tens of billions in federal aid. The president returns to still-ailing Louisiana and Mississippi this week, intending to remind Americans the rebuilding is far from finished and to reassure victims that Washington will not bail out."

Bloomberg (8/27, Runningen) reports Bush "renewed his promise to help rebuild roads, schools, homes and business along the U.S. Gulf Coast, which isn't yet healed from the ravages by Hurricane Katrina almost a year ago." But "Thousands of people are still homeless or living in government trailers, debris remains piled high in some neighborhoods and services ranging from medical care to education aren't yet at pre-Katrina levels."

Democrats Seek To Portray Administration's Recovery Efforts As Tragedy. ABC Evening News (8/26, story 3, 2:00, Avila) says Bush "Louisiana U.S. Sen. Mary Landrieu (D): "He's come here often but this administration is still having a hard time, I think, understanding the magnitude." Morrell: "That's a theme Democratic lawmakers will try to hammer home next week." Footage of unidentified Katrina Evacuee: "We need help!" Morrell: "With events highlighting their belief that Katrina was, according to this strategy memo, a crisis brought on by a natural disaster, made a tragedy by incompetence." Sabato: "The Democrats are close to stepping on a terrific story for them because they insist on becoming a part of it." Morrell: "Now, if Democrats make the anniversary a partisan issue and if the coverage focuses as much on signs of progress as it does scenes of destruction,

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Republicans actually believe they can turn this political negative into a positive." Avila: "Big week for the President.."

Concerns Raised About Safety Of New Orleans Levees As Ernesto Approaches. The CBS Evening News (8/26, lead story, 2:25, Assuras, 7.66M) reported, "Today's admission by the head of the Army Corp of Engineers that the newly repaired levees around New Orleans may not withstand a sizeable hurricane came just as the National Hurricane Center said one may just be on the way." CBS (Bowers): "This eleventh hour relevation that is not sitting well here. Many families have already put their repairs on hold while they throw together an evacuation plan." Meanwhile, "Louisiana's Governor Kathleen Blanco stressed that emergency preparedness workers were already in place and on high alert and will order evacuations if that need arises. That's still a big if." Assuras: "The evacuation in fact was the major problem last year. What changes have been made to the evacuation system?" Bowers: "The evacuation order will be given much earlier in the hopes that people will obey and get out quickly."

NBC Nightly News (8/26, story 2, 2:20, Mott, 9.87M) reported, "Concern is building here tonight about Ernesto, and that might be magnified by what was said today about these levees. Despite hundreds of millions spent on repairs, the head of the U.S. Army Corps of Engineers admitted that no one knows whether the levees will withstand another major storm." Lt. General Carl Strock, US Army Corps of Engineers: "I'm not pleased with where we are but it's as good as it can possibly be right now." Mott: "There are new concerns about the pumps designed to ease pressure on the levees. They had to be shut down during recent tests because of vibrations."

ABC Evening News (8/26, lead story, 1:50, Avila) described Stroff's warning as "a blunt admission tonight about just how vulnerable New Orleans is one year after Katrina. In a cruel twist of nature, the levees could be put to a critical test on the very anniversary of the hurricane that nearly wiped out the city. From New Orleans tonight, ABC's Steve Osunsami." ABC (Osunsami): "The corps admits it has only completed about 20% of the repairs the government has budgeted for. They need more time. Today, the Louisiana governor told residents to cross their fingers and hope this season's storms pass them by." Unidentified reporter: "How secure should the citizens of New Orleans feel right now?" Louisiana Gov. Kathleen Blanco (D): "If indeed the hurricane aims for New Orleans, they need to get out of town." The AP (8/27, Roberts) and the Baton Rouge Advocate (8/27, Millhollon, Bonner) report similar details.

But the New Orleans Times-Picayune (8/27, Moran) reports, "As Ernesto churned through the Caribbean on Saturday, Gov. Kathleen Blanco expressed restrained confidence in the New Orleans area's levee system and said she expects residents to heed evacuation orders if a storm approaches." Blanco said, "We here in Louisiana are having a hard time trusting what we once openly trusted. We take a look-and-see attitude."

New Orleans Plumbing Inadequate To Handle Flooding. The CBS Evening News (8/26, story 3, 3:00, Chen, 7.66M) reported, "For every load of dirt to shore up New Orleans levee and every effort to put gigantic gates in place they have gaping holes. It's central plumbing system is in trouble. Officials admit one out of five pumps don't work. So many low lying neighbors have no way to get rid of low laying water, much less hurricanes."

Bush Monitoring Threat From Ernesto. The New York Times (8/27, Kornblut, 1.21M) in an article describing Bush's trip to Maine as "subdued" says, "Bush was receiving his regular briefings, aides said, as well as updates on Tropical Storm Ernesto." His "more subdued approach this time is in keeping with his effort this August to avoid the criticism that followed his summer vacation last year, when he was accused of being slow to respond to Hurricane Katrina."

Ernesto Expected To Become Hurricane. NBC Nightly News (8/26, lead story, 1:00, Cornett, 9.87M) reported, "Despite wind shear on the west side of this storm it's continued to strengthen today. That wind shear is going to be relaxing over the next 12 to 24 hours and that is going to allow the storm to strengthen more readily."

The CBS Evening News (8/26, story 2, 0:30, Norcross, 7.66M) reported, "If you look at the satellite picture we see a pretty solid tropical system and a little jump to the north here today and with a it looks like that's going to mean is a higher likelihood of a threat on the eastern part of the Gulf and it may be a little bit less pressure on the New Orleans area. Folks on the west coast of Florida and the Panhandle have got to be looking very, very closely to the storm next week." The Washington Post/AP (8/27, A8, Campbell) reports similar details.

Second Storm Could Hit In Two Weeks. ABC Evening News (8/26, story 2, 1:10, Avila) reported, "Millions of Gulf Coast residents have been warned to pay attention. ABC (Kofman): "If it's not Ernesto that hits, there's another tropical wave coming off Africa now that could hit in ten days or two weeks. They've got to be ready and the time to prepare is not when a hurricane is bearing down."

Questions Raised About Availability Of Federal Recovery Funds. The Los Angeles Times (8/27, Simmons, Fausset, Braun, 918K) in an article titled "Katrina Aid Far From Flowing" reports that "the federal government has spent less than half the rebuilding funds that it amassed for Katrina recovery, which has raised sharp questions about the Bush administration's stewardship of the Gulf Coast's reconstruction and has provoked a chorus of complaints about excessive delays and government sluggishness." The Times continues, "Despite four emergency spending bills approved by Congress to provide more than $110 billion in

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aid, federal agencies have spent only $44 billion. Even as President Bush insisted last week and in his radio address Saturday that $110 billion was a strong commitment, he conceded that the recovery effort was plagued with bureaucratic hurdles." The Times notes, "The scale of the catastrophe continues to overwhelm the government's capacity to respond."

The Baton Rouge Advocate (8/27, Millhollon) reports, "The message is clear: Nearly a year after Hurricane Katrina made landfall and flooded southeastern Louisiana, homeowners still are waiting for government funds to rebuild." The Advocate notes, "There are points of progress" as "officials have been showing off the nearly refurbished Superdome like proud parents showing off their newborn." Yet "thousands of homeowners remain displaced."

Local New Orleans Officials Fault Federal Bureaucracy. The Baton Rouge Advocate (8/27, Gyan) reports, "New Orleans Mayor Ray Nagin and St. Bernard Parish President Henry "Junior" Rodriguez blame the snail-paced rebuilding of the Crescent City and St. Bernard on bureaucracy and a lack of federal funding." Nagin said, "The misperception out there is New Orleans is wallowing in dough and we have money coming out of our ears." Rodriguez said, "It's not stalled, but it's going so slow because of the bureaucratic red tape with FEMA and EPA and DEQ and whatever else damn initials you can put together."

Demand For Food Relief Remains High. The Washington Times (8/27, Debose, 88K) reports, "Many hurricane victims in the Gulf Coast waiting for funding to remove debris and rebuild their homes still need something even more fundamental than shelter: something to eat." For example, "America's Second Harvest-the Nation's Food Bank Network, the country's largest hunger-relief organization, says the demand for emergency food is as much as 50 percent higher today than before Hurricanes Katrina, Rita and Wilma made landfall last year."

Many Areas Of Gulf Coast Region Remain Devastated. The Washington Post (8/27, A1, Whoriskey, 748K) in a front page story reports, "When it was fresh, the epic wreckage of Hurricane Katrina inspired rallying cries of 'We will rebuild!' But a year after the costliest natural disaster in U.S. history, vast stretches of this city and the Gulf Coast are still largely abandoned, and many here wonder whether the destruction may be more permanent than anyone could at first conceive." Funding "is one problem. The billions in federal relief funds for homeowners began to flow just a few weeks ago. Some insurance settlements have been contentious and slow." The Post ads, "And as the economy has shriveled along with the population, jobs have disappeared." Federal officials are "planning to spend more than $107 billion on the region's recovery. But a year out from the storm, even the cleanup has not been finished."

In a more optimistic article the New York Times (8/27, Nossiter, 1.21M) in a front page article reports that as planners and demographers evaluate the recovery effort, "There are shadows and firmer outlines, a few promising, some of them menacing." The Times continues, "New Orleans will almost certainly be smaller than it was." The Times adds, "No area is officially off the table for redevelopment. But the silence and emptiness of outlying neighborhoods near Lake Pontchartrain and in east New Orleans appear to be harbingers of the future." The Times notes, "The one constant is the determination of people to rebuild. For good and ill, it has been demonstrated over and over since the earliest days after the catastrophe."

In addition to major US media outlets, large regional newspapers like the Baltimore Sun (8/27, Gibson, 262K) in an article titled "Residents Still Wait For Help In Mississippi," the Houston Chronicle (8/27, Freemantle, 535K) in an article titled "New Orleans struggles to its feet," the Pittsburgh Post-Gazette (8/27, Toland, 241K) in an article titled "Brave Face Hides Big Hurt In Big Easy," the Kansas City Star (8/27, Adams, Douglas, Schmickle, 278K) in an article titled "Katrina Leaves Lives On Hold" and The St. Louis Post-Dispatch (8/27, 300K) in an article titled "Quick to ruin, slow to repair" reported similar themes.

Some Areas Recovering Quicker Than Others. While most stories focus on New Orleans, the Washington Post (8/27, A7, Whoriskey, 748K) also covers the recovery effort in Biloxi Mississippi where "as elsewhere on the Mississippi coast, the hurricane recovery is proceeding on two tracks, and while the casinos and condo developers have gained momentum, many others feel stuck. A block away from the waterfront and its high-rise gambling resorts, in the neighborhoods where Katrina damaged about 6,000 homes and businesses, very little rebuilding has happened." The Post adds, "Scores of restaurants and shops remain closed, too, and along the beach road the only way to tell what used to be there is by the dozens of pole signs that withstood the storm's ravages: a Denny's, a beachwear shop, an Outback Steakhouse and so on down the beach strip."

Survivors Work To Overcome Impact Of Katrina. ABC and NBC both ended their broadcast with profiles of Katrina survivors. In a story that begins with a negative tone ABC Evening News (8/26, story 12, 2:30, Avila) profiled Sheila Dickson who "spent her savings, reinvested in her damaged real estate, about 40 properties around town and joined partners in buying new ones. The difficulty of Sheila Dickson's work here cannot be exaggerated." But Dickson said, "You bite your tongue, you grit your teeth, set your roots down and you nail a roof on." Avila: "Sheila believes there are many more determined New Orleans evacuees working to bring the city back. People rarely heard from in the finger-pointing FEMA-bashing, crime-laden atmosphere of the post-Katrina big easy."

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NBC Nightly News (8/26, story 9, 2:00, Seigenthaler, 9.87M) reported, "Tonight, a closer look at one family we've been following since shortly after the storm. It's been a year of struggles and strong emotions over what they've lost, what they've found, and what they now see as a future with tremendous promise." After struggling to overcome hurdles for the Spears family "it's new clothes -- schools for all the kids and new jobs for each of them Suzette teaching again, Ed in business again after five months of being unemployed. A new life."

The Washington Post (8/27, D1, Haygood, 748K) also reports how Vincent's City Club "didn't remain dead." Yet, "this is more than a tale of rediscovered recipes for barbecue and shrimp, of a marquee's lights coming back on in a different city, of a nightclub finding its groove anew. It's about Henry, the maid's boy, and how he took strength from the strong women in his family. It's about Vincent, whose Uncle Billy taught him how to cook and how to dream. It's about how the drowned things stayed dry."

Local Coverage Of Gulf Coast Recovery Efforts. The New Orleans Times-Picayune (8/27, Filosa) reports that Lower Ninth Ward resident Harold Butler "lives near ground zero of the deadly Aug. 29 levee breach at the Industrial Canal. He has a battered single shotgun house painted yellow, on a generous lot of green grass, an insufficient insurance settlement and not much help coming in from government or elsewhere." The report adds, "On a recent day, Butler showed off his unfinished house, a lonely symbol of progress in a neighborhood where most properties — including his — still lack basic utilities."

The New Orleans Times-Picayune (8/27, Russell) reports that rebuilding has progressed in New Orleans' Seventh Ward. In Alice Soublet's neighborhood, "Most of the doubles across the street are gutted and tidy. … Five trailers, three of them next to her house — which has been cleaned but not fully repaired, because of a dispute between Soublet and her insurer — offer further evidence of Republic Street's resurgence." The report adds that FEMA rebuilding elevation guidelines "disappointed homeowners and experts who though they might offer guidance on how and where to rebuild. The new FEMA rules did not bar development in any district of the city, and left intact the elevations set in 1984."

The New Orleans Times-Picayune (8/27, Russell) reports that New Orleans Mayor Ray Nagin's (D) "Bring New Orleans Back Commission unveiled a map that featured a big green dot over Broadmoor" hinting that city planners envisioned a park in the area. "The green dot galvanized Broadmoor. … The priority, quickly accomplished, was to wipe the green dot from the map." The report adds, "Nearly 60 percent of the neighborhood's homeowners have taken out some sort of building permit, and the evidence of rebuilding is everywhere."

The New Orleans Times-Picayune (8/27, Ritea) reports that in Pontchartrain Park, "diehards in the neighborhood, many of them older and deeply reverent of the history of Pontchartrain Park — the city's first suburban-style development designed for a rising black middle class — have reinvested, either out of deep-seated allegiance or a lack of better financial options." The report adds, 'The older people all want to come back, but the younger people don't want to come back and deal with the hassle,' said Jessie Perry, who at 74 is nearly ready to move back into the tan ranch-style house she and her husband bought around the corner on Mendez Street, paying $13,000 in 1962."

The New Orleans Times-Picayune (8/27, Williams) reports that in eastern New Orleans, "Despite a smattering of vacant houses and a few with for-sale signs on their lawns, the Millers — who moved back in March — and the many others who have resettled in the neighborhood ooze optimism and revel in the small-town culture of the place."

The New Orleans Times-Picayune (8/27, Meeks) reports that in the Lakeview section of New Orleans, "demolitions are as much a sign of progress as homes under repair. In the area bounded by Memphis, Lane, Vicksburg and Bragg streets, seven of 27 homes have either been knocked down or are on the demolition list. Several others, like the Ferry residence, are at various stages of renovation."

The New Orleans Times-Picayune (8/27, Hamilton) reports that a year after Hurricane Katrina, St. Tammany Parish "is a mix of devastation and development. Its already robust economy has been enriched by a rapid population boom, a surging real estate market, soaring sales-tax revenue and industry expansion." However, "its hardest-hit areas — especially in and around its largest municipality, Slidell — are still reeling from the hurricane's impact." The report adds that Slidell "still has about 1,800 Federal Emergency Management Agency trailers."

The Baton Rouge Advocate (8/27, Calder) reports, "The New Orleans metro area had 437,200 jobs in July, down about 173,000 — 28 percent — from the 610,200 jobs there 12 months earlier. The city had lost 215,000 jobs in the storm's aftermath, but has replaced just 42,000 since." According to the Advocate, "LSU economist Loren Scott said that a typical hurricane recovery, when plotted out on a graph, resembles a 'U', with a sharp drop immediately after the storm followed by a brief period of inactivity and then a dramatic up-tick as work rushes in to fill the void. 'But in the case of New Orleans, we hope it will be a U, but right now it's an 'L,'" Scott says. The report adds, "The main reason the 'L' could persist, analysts say, is the magnitude of the destruction and how completely it has broken life in New Orleans."

Most Victims Of Katrina Identified. The New York Times (8/27, Barry, 1.21M) reports that "Hurricane Katrina denied most of the 1,464 victims in Louisiana such final

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flourishes of dignity; no watch chains for them, no stylish hats." But in the face of "bureaucratic impediments, pathologists, investigators and counselors rose to the sorrowful challenge. Working like wartime MASH units, they reunited families with their missing loved ones and attached names to nearly 900 of the bodies they examined. Even so, some 50 victims remain unknown to the world still, a year later."

Paulison Examines Lessons Learned From Katrina. Federal Emergency Management Agency Director David Paulison in an op-ed in the Washington Post (8/27, B7, 748K) writes, "As we look back on Hurricane Katrina a year later, one thing is clear: We must employ the lessons learned so that when the next disaster strikes we are better prepared to protect lives, prevent suffering, reduce property loss and respond more effectively." After describing initiatives FEMA has implemented to improve its response capabilities Paulison says, "We have greatly improved our capacity to the point that we can register as many as 200,000 disaster victims per day -- more than double what we could handle in 2005 -- and reduced the potential for waste, fraud and abuse. We have tripled our home inspection capacity -- up to 20,000 homes each day after a disaster. We have stockpiled enough food, water and ice to care for as many as 1 million disaster victims for a week. We have enhanced our ability to track and manage the supply chain. In addition, FEMA recently announced significant enhancements to its Digital Emergency Alert System, which will notify citizens of potential public hazards and disasters that strike without notice."

New Orleans Paper Credits Efforts Of Local Residents, Not Federal Government, For Recovery. The New Orleans Times Picayune (8/27) editorializes, "More than 1,500 Louisianians died as a result of the storm. African-American and white residents, city dwellers and suburbanites, young people and old -- especially the old -- were victims of Katrina and the failure of the federal levee system." The Times Picayune concludes, "Despite the conventional wisdom elsewhere that South Louisianians have sat with their hands out waiting for government to rescue us, it is largely the sweat and currency of individuals that have brought us this far -- our own and that of countless generous Americans who have come to our aid."

UCLA Chancellor Announces New Eco-Terror Security Measures. The Los Angeles Times (8/26, Trounson, Mozingo) reported, "After an attempted firebombing near the home of one UCLA researcher and repeated harassment that pushed another professor to halt his primate research, UCLA's acting chancellor said Friday that he was taking steps to protect the university and its faculty from extremists in the animal rights movement." Chancellor Norman Abrams said, "These activities have risen to the level of domestic terrorism, and that's what we should call them." In addition to the tighter security for UCLA researchers, Abrams "announced that UCLA would double — to $60,000 — the size of the reward the FBI has offered for information leading to the arrest and conviction of those responsible for the attempted fire-bombing." The Times noted that ELF and ALF "have claimed responsibility for about 1,200 criminal incidents over about the last 10 years, resulting in millions of dollars in damage and monetary loss, said Laura Eimiller, spokeswoman for the FBI's Los Angeles office. In recent years, she said, 'we have seen an escalation in their rhetoric and the violence associated with their crimes.'"

The AP (8/27) reported, "A spokeswoman for the North American Animal Liberation Press Office took issue with Abrams' remarks. 'That's just sad commentary, when people killing animals are calling other people terrorists,' said Camille Hankins, adding that her group has no direct link to the ALF. Extremists in the animal rights and environmental movements have become increasingly aggressive over the past decade, the FBI said. 'We have seen an escalation in their rhetoric and the violence associated with their crimes,' bureau spokeswoman Laura Eimiller said."

FBI, DHS Work With Local Police To Monitor Potential Sleeper Cells. The CBS Evening News (8/26, story 5, 3:00, Assuras, 7.66M) reported, "The threat of terrorism has changed the way American law enforcement agencies work and how they think. For example, there is more attention on potential attacks by terrorists already in the U.S." CBS continued, "It's not the sort of place one would expect to find a budding home grown terrorist cell but Los Vegas under sheriff Doug Gillespie worries they may be here nonetheless. … No one is watching more events unfold in the London airplane terror plot more closely than American police chiefs like Mike Gillespie. That's because for years after 911 they believed, as the FBI did, that the next al-Qaeda attack would involve an undercover cell. … Which is why Washington is looking more and more at cops as the first line of defense." DHS Secretary Chertoff: "A lot of the threat in the future is home-grown. And the intelligence is going to come from the community-based private individuals and the responders who really get a feel for when there is something out of the ordinary that we need to worry about." CBS added, "To help the FBI recently went into partnership with local departments like here in Los Angeles to set up so-called fusion centers where everyone shares the same information. For the first time in the fight against terrorism, local and state authorities are at the same table under the same roof as federal law enforcement."

As Passengers' Hydration Falls To Airlines, Concerns Said To Arise. The New York Times (8/27,

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Higgins, 1.21M) reports, "Now that passengers must rely solely on what the airlines provide to quench their thirst, there's reason to be concerned that it may not be enough," as "dehydration can be a real concern for air travelers, especially those with health problems. An airplane cabin at cruising altitude can be drier than the Sahara Desert." However, "most airlines dismiss the question" of if they are "doing to ensure that fliers have enough to drink during their flights." While "airlines insist that running out of bottled water is a rare occurrence, but flight attendants say it isn't that uncommon," which means "they turn to the taps onboard the aircraft. Though the Air Transport Association, a trade group representing the major United States airlines, insists it is safe for passengers to drink," a 2004 study by the EPA found1"5 percent of aircraft water…tested positive for total coliform bacteria." Right now, "even water bottles that appear to have their original seals intact can't be carried on. Although that may be prudent if screeners can't determine the bottles' origin, it seems logical to ask whether airports and airlines could provide a secure supply of water for sale near the gates — or even to be given out free at the jetway."

WAR NEWS:

Public's Support For Wars In Afghanistan And Iraq Expected To Further Erode. The Houston Chronicle (8/27, Powell, 535K) reported, "American military losses in Iraq and Afghanistan are expected in coming weeks to surpass the toll of 2,972 victims killed in the Sept. 11 terrorist attacks. … Next month, the duration of combat operations in Iraq will exceed the length of time that U.S. forces fought in Europe during World War II. Operations in Afghanistan already have lasted longer than the American Civil War and World War II — with only the Revolutionary War and the Vietnam War lasting longer. Experts on wartime public opinion say the mounting casualty toll and the long duration of the conflicts may play a role in determining whether voters turn against President Bush and his Republican allies in the Nov. 7 midterm congressional elections. What is expected to play an even greater role in the struggle for political control of the House and Senate for the final two years of the Bush presidency is the apparent absence of progress on the ground — particularly in Iraq."

Democrats Split On Troop Withdrawal Timetable. In a front page article, the Washington Post (8/27, A1, Vandehei, Goldfarb, 748K) reports, "Most Democratic candidates in competitive congressional races are opposed to setting a timetable for pulling U.S. troops out of Iraq, rejecting pressure from liberal activists to demand a quick end to the three-year-old military conflict. Of the 59 Democrats in hotly contested House and Senate races, a majority agree with the Bush administration that it would be unwise to set a specific schedule for troop withdrawal, and only a few are calling for substantial troop reductions to begin this year, according to a Washington Post survey of the campaigns." This "runs contrary to the assertion by President Bush and top Republicans that Democrats want to 'cut and run' amid mounting casualties and signs of civil war," but it also "complicates their leaders' efforts to convince voters that they offer a clear new direction for the increasingly unpopular war." Still, "in many ways, Democratic candidates' reluctance to call for the withdrawal of troops reflects the public's uncertainty over how best to proceed, and "some Democrats say the wisest political course is to blame Bush and the GOP for problems in Iraq but avoid getting drawn into a debate with Republicans over how they would go about dealing with the war."

Ignatius Urges Withdrawal To Not Be Hasty. David Ignatius writes in his column in the Washington Post (8/27, B7, 748K), "When provinces meet the schedule," to transition to full sovereignty, "they should be rewarded with more economic assistance. When they miss their deadlines, they should get fewer resources." Certainly, "everyone should understand that America isn't prepared to keep writing a blank check." In the the judgment of Gen. John Abizaid, the head of Central Command, "to make this transition plan work, Americans need a little more patience and Iraqis a little less." Ignatious thinks "Abizaid is right in urging a sensible, deliberate policy to reduce the American presence -- as opposed to a pell-mell rush for the exit," as "Americans should be worried about Iraq but not so much that they take rash actions that would end up hurting American interests in the Middle East at a delicate time."

Rumsfeld Answers Questions From Families Of Soldiers With Extended Duty. The Los Angeles Times (8/27, Barnes, 918K) reports, "Defense Secretary Donald H. Rumsfeld took polite but pointed questions Saturday from the wives of soldiers from an Alaska-based Army unit whose yearlong tour in Iraq has been extended by as much as four months, a decision that has angered and disappointed" and "stunned brigade members and their families." He "praised the Army unit and said the soldiers volunteered to serve," trying "to be reassuring, without being definitive." Previously, "Rumsfeld told reporters he could not promise a Christmas time return. 'I'd love to be Santa Claus, but I am not,' he said." What might have been "the most defiant question given to Rumsfeld Saturday was from a woman who asked if the military was training another unit to take the brigade's place, and ensure it did not have to be extended again. The question received strong applause and Rumsfeld quipped: 'You knocked it out of the park.'" Still,

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"After the meeting…Rumsfeld said that he felt the exchange was a good one."

The AP (8/27, Burns) leads that Rumsfeld, "said he saw no reason for the soldiers or their families to be angry at him." Sunday "Rumsfeld and Russian Defense Minister Sergei Ivanov planned to participate in a ceremony in Fairbanks for a memorial of the Alaska-Siberia Lend Lease program," and "Rumsfeld also was to tour the missile defense site at Fort Greely, near Fairbanks, where interceptor rockets in underground silos are being developed for potential use in the event of a long-range missile attack on U.S. soil. A test of portions of the system is scheduled to be held in a few days."

The AFP (8/27) leads, "The wives of soldiers whose duty in Iraq was extended to add troop strength to Baghdad peppered US Defence Secretary Donald Rumsfeld with tough questions - some he could not answer." It adds that the audience "offered more applause for the questions asked than the answers provided." After the meeting, he told reporters, "I'm enormously pleased that I came." The Washington Times/AP (8/27) ran a truncated version of the AP story.

Marine Involuntary Call Up Said To Be Needed, But Creating "Hard Feelings." The Los Angeles Times (8/27, 918K) in a Q&A story reports, "The Marine Corps announced plans last week for involuntary call-ups of Marine reservists to serve in Iraq and Afghanistan." This is needed because "the number of volunteers has been declining, and the commitment of troops in Iraq and Afghanistan has remained constant." Also, "persisting violence has prevented commanders from going ahead with withdrawals." However, "by adapting the rules to send people to Iraq who didn't expect to go, or to keep people there longer than they expected, commanders are stirring up some hard feelings among service members and their families."

Hundreds Of Tribal Chiefs Sign Pact To Support Reconciliation Plan. The CBS Evening News (8/26, story 7, 3:00, Assuras, 7.66M) reported, "In the battle for Iraq, the government won at least a symbolic victory today when tribal chiefs promised to stop killing each other. But other events are casting doubt about whether Iraqi security forces can keep the peace." Strassman: "General John Abizaid's area, he has to find a way to turn over control of Iraq to the Iraqis. We tagged along as the U.S. Commander for all of the Middle East took this country's pulse and the best news he heard, Baghdad's murder rate is down 41 percent as Iraqi forces backed by U.S. troops have swept through the city's worst neighborhoods. Abizaid was encouraged, but no one's suggesting yet that Iraqi forces can do it without help." Strassman added, "In another sign of improvement, Prime Minister Maliki today brokered a pact with 300 tribal chiefs, they promised to stop the killing and promote reconciliation. If they hold to it, that has to help in a country where violent bizarre images like this are so routine, many Iraqis barely give them a second glance."

The Washington Times (8/27, Joshi, 88K) adds, "Hundreds of Iraq's tribal chiefs yesterday signed a 'pact of honor,' pledging to support the prime minister's national reconciliation plan for wiping out sectarian strife and terrorism tearing the country." While "the pact is unlikely to bring peace to Iraq, it is an important step toward winning support in this divided nation for Mr. al-Maliki's 24-point reconciliation plan unveiled in June." The Los Angeles Times (8/27, Mcdonnell, 918K) also covers this story.

Sectarian Fighting Said To Eclipse Insurgency. The Los Angeles Times (8/27, Fleishman, 918K) reports, "The Iraqi insurgency remains a potent threat to U.S. forces, but in the months since the death of its flamboyant symbol, Abu Musab Zarqawi, the insurgency's aura has been eclipsed by the widening sectarian fighting between Shiites and Sunnis, American and Iraqi officials say." The insurgency's arms, many "emanating from the Sunni stronghold of Al Anbar province, [have] undermined the credibility of Prime Minister Nouri Maliki's government and its U.S.-trained armed forces." Also, "Some analysts suggest that the United States has focused too much on Al Qaeda in Iraq and not enough on the Iraqi nationalists who are the driving force against the U.S.-led military effort."

Kurdistan Said To Forebode A Divided Iraq. The New York Times (8/27, Wong, 1.21M) reports, "As Iraq writhes in the grip of Sunni-versus-Shiite violence, a de facto partitioning is taking place. Parts of the country are coming to look more and more like Iraqi Kurdistan, with homogenous armed regions becoming the norm." There is "a lack of will among many Iraqis to forge a unified nation," which "could herald the breakup of the country into three self-governing regions." However, "if Kurdistan increasingly portends the future shape of Iraq, it also signals the hazards inherent in a fracturing of the country. American and Iraqi officials agree that the greatest danger to a politically divided Iraq, or to an Iraq riven by civil war, is hostile intervention by the country's neighbors. The resulting regional conflagration could remake the Middle East through mass bloodshed."

Professor Argues Difficulties Of Partinitioning Makes It "A Last-Ditch Option." Gary Bass, an associate professor at the Woodrow Wilson School of Public and International Affairs at Princeton, writes in an op-ed in the Washington Post (8/27, B3, 748K), "Now that the dreaded words 'civil war' have been officially dropped into the Iraq debate, the next word the White House should brace itself for is 'partition.'" While "at first glance, the idea of separation seems appealing," but "the literature of past experiments in partition reveals that the closer one looks, the messier the outcome gets." A "core problem with partition is that it's excruciatingly hard to draw a neat line to divide groups."

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Also, "in a 2000 statistical study published in World Politics, 'Partition as a Solution to Ethnic War,' Yale political science professor Nicholas Sambanis found that partitions did not significantly reduce the risk of wars breaking out again." Also, "the creation of ethnic statelets gives an international seal of approval to the ethnic nationalists," as "if the world promises statehood as a reward for a particularly bloody ethnic war, that gives a perverse incentive to rebels…The worse the violence, the better the outcome." Throw in that "ethnic cooperation is common worldwide," and "it's no wonder that even partition's stoutest supporters see it as a last-ditch option. If Iraq is partitioned, it probably will be only after the United States experiences the same kind of panicky desperation that helped prompt Britain's mid-century partitions in its crumbling imperial possessions."

US Soldiers In Iraq Us Less Aggressive Tactics. The Atlanta Journal-Constitution (8/27, Kaplow, 399K) reports, "Soldiers of the Fort Hood, Texas-based 4th Infantry Division, many deep into their second tour in Iraq, are ordered to avoid the aggressive, controversial tactics used in the first year of the 2003 U.S.-led invasion." Now "Lt. Col. Mark A. Bertolini, a battalion commander who was not in Iraq in 2003, directs his troops to be adaptable while fighting an insurgency that blends into the general population." For example, "it is no longer standard practice to answer the blast of a roadside bomb with a wide spray of gunfire." Unlike in 2003, when "commanders characterized the insurgency as finite," today they "matter-of-factly note that the insurgency regenerates constantly, feeding off public dissatisfaction."

To Increase Gun Safety, Army Begins Immersion Program. The AP (8/27, Felberbaum) reports, "The Army has begun taking steps to reduce accidental discharges through a new weapons immersion program fully implemented this year throughout the Army's 16 training facilities." Now "soldiers receive their M-16 rifles — and blank ammunition — on the third day of training and keep it with them for the next six to 12 weeks, depending on the length of training. The only time they do not have their weapons is when they enter chapels or clinics, or when the rifles are checked in for the weekend. It's part of the 'train as you fight' mentality that the Army hopes will keep soldiers safe," as "part of the Army's new initiative to make training more relevant and apply lessons learned from troops coming back from deployment." According to Col. Kevin A. Shwedo, director of operations, plans and training for the Army Accessions Command, "the program is significantly reducing negligent discharges."

Army Finds Casualties Consistent With Reports To Families. The New York Times/AP (8/27), "A new review of" some 500 "reports on Army soldiers killed in combat" – "the first step in a new process ordered by Francis J. Harvey, the secretary of the Army, to ensure that families receive accurate information about how American soldiers died in Iraq and Afghanistan" – found that "none…significantly from the information initially given to family members." However, Col. Patrick Gawkins, chief of the Casualty and Memorial Affairs Operations Center, "acknowledged that the Army was taking a second look at a small number — fewer than 20 — of the cases already reviewed."

Abu Ghraib Said To Be Empty. McClatchy Newspapers (8/27, Youssef) reports according to Iraqi government officials, "U.S. authorities finished moving about 3,600 prisoners from" Abu Ghraib, and "the infamous prison…scene of an abuse scandal that tarnished the United States' reputation worldwide and helped to fuel the growth of Iraq's insurgency, is now empty." Most of the prisoners "went to one of two U.S.-run detention centers - Camp Cropper…and Camp Bucca." However, while "Lt. Col. Keir-Kevin Curry, a U.S. military spokesman for Detainee Operations, acknowledged that the United States had been moving prisoners," he "wouldn't say if the task had been completed." The next step "is unclear. U.S. authorities are securing the compound, several Iraqi officials said, and will eventually transfer it to Iraqi forces. Iraqi officials said that could be months away."

Sunni Arab Legislator Released After Two Months In Captivity. In a 1,060-word report, the New York Times (8/27, Cave, Mizher, 1.21M) details the kidnapping, detention and release after two months of Iraqi Sunni Arab legislator Tayseer Najah al-Mashhadani. She "was released Saturday, delivered to the prime minister's office by men whom she described as religious Shiites who initially considered her an enemy because of her sect." She "was abducted along with at least seven bodyguards on July 1 in eastern Baghdad while driving to a session of Parliament." After her release, Mashhadani "described an abduction and release that raised questions about the government's connections to the kidnappers." Yesterday, a spokesman for Prime Minister Nuri Kamal al-Maliki "described the release as 'a gift' to the prime minister for his efforts to tamp down sectarian violence and bring the country together. He emphasized the timing — on a day when hundreds of sheiks gathered in Baghdad to hear Mr. Maliki discuss plans for a national reconciliation program." Maliki said publicly "that American troops would only leave Iraq if Sunnis and Shiites could prove that they were working together, seeking peace." The Times notes, "It is unclear what role Mr. Maliki or his office played in Ms. Mashhadani's release." The Los Angeles Times (8/27, Mcdonnell, 918K) calls the release "a significant boost" for Maliki.

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Iraqi Antiquities Director Seals Museum With Concrete, Quits Over Looting. The Washington Post (8/27, A14, Knickmeyer, 748K) reports that the former head of Iraq's antiquities board, Donny George, "left the country and sent notice of his resignation in early August." Before he left, he "made a final desperate attempt this summer to safeguard the relics of 5,000 years of history: He ordered the doors of the National Museum plugged with concrete against the near-unbridled looting of ancient artifacts." George "told the Art Newspaper that he found 'intolerable' the ongoing failure of Iraqi leaders and U.S. military forces to protect the sites," and "cited what he said was growing pressure by officials of Iraq's ruling Shiite parties to emphasize Iraq's Islamic heritage and ignore the earlier civilizations that stretched back to Babylon and beyond." McGuire Gibson, an authority on Mesopotamian archaeology at the Oriental Institute at the University of Chicago, said, "We've lost whole sites. We've lost whole cities."

Dancers Help Take Soldiers' Minds Off War. The New York Times (8/27, A1, Gordon, 1.21M) reports that the Purrfect Angelz dancers performed for marines at Haditha Dam. Their tour, paid for by the military, is "part of a program to keep up morale in a war that is more dangerous than ever." In the US, much of their bookings, and "consists of events for motorcycle riders. By design, the routines at Haditha are a bit tamer than the biker fare." Still, "for marines who deploy for seven months at a stretch, are forbidden to consume alcohol, have no real opportunities for social interaction with the Iraqi population and routinely travel down roads seeded by roadside bombs, the performance was exciting." Some also "saw the show as a sign that the American public had not forgotten about the troops."

Internet Video Brings War To The World. The Newark Star-Ledger (8/27, Coughlin) reports, "This is the YouTube War, a battle for hearts and minds being fought on computer screens around the globe" as "combatants and victims in Iraq -- as well as Afghanistan, Lebanon and Israel -- are telling their grim stories in ways both profoundly disturbing and strangely mesmerizing." Now "this chaotic modern form of cinéma vérité already is posing public-relations headaches for the Pentagon and forcing traditional media to rethink how they cover conflicts" as "videos are posted by U.S. troops and Iraqi insurgents, Israelis and Hezbollah, and just about anyone else." While "U.S. troops in Iraq are barred from posting images of detainees and human casualties, including body parts," that is the only limit. Today, CNN now "airs clips from YouTube" and "started soliciting videos via its Web site." Also, "analysts credit the YouTube War with making warfare harder to glamorize -- but they warn that America's adversaries have been faster to exploit 21st-century propaganda tools." Defense Secretary Donald Rumsfeld told the Council on Foreign Relations in February , "For the most part, the U.S. government still functions as a five-and-dime store in an eBay world."

Karzai Says Western Media Publishes "Propaganda" Against Him, His Government. The New York Times (8/27, Munadi, 1.21M) reports that at a joint news conference with Prime Minister Jan Peter Balkenende of the Netherlands, Afghan "President Hamid Karzai said Saturday that recent criticism of his leadership and his administration stemmed from disagreements that he had had with some partners of the United States-led coalition in Afghanistan over the conduct of military operations," adding, "For some time, some circles of the Western media have started special propaganda against me and the Afghan government." He "has recently come under sharp criticism at home and abroad for failing to protect the country from violence and manage the economy, and for allowing widespread corruption in his government." Karzai "has repeatedly blamed the worsening insurgency in southern Afghanistan on infiltration from Pakistan," and He "said that for two years he had been warning members of the United States-led coalition that the Taliban was a growing danger but that his warnings were not taken seriously."

Hoagland Says Occupation Of Iraq Approaches Immorality, Calls For Settling Moral Accounts. Jim Hoagland writes in his column in the Washington Post (8/27, B7, 748K), "The important national moral obligation to Iraqis that such American actions have created must not be shoved aside in the debates over strategy and politics that proliferate as U.S. midterm elections approach." In this "Iraqi endgame, Washington has three overriding obligations: It must leave behind a central government that does not visit death and destruction on its own citizens as a matter of policy or whim. It must oppose Turkish intervention in Kurdistan. And American officials must not let their fears of Iran outweigh the legitimate political rights of Iraq's Shiite majority. These steps would help settle moral accounts that stretch back beyond the invasion ordered by President Bush and forward beyond his time in office." U.S. officials had been "directly involved two decades ago in covering up and minimizing the horrifying details" of Hussein's "genocidal assault on Kurdish tribesmen." Also, "since 1972 American officials have alternately encouraged Iraq's Kurds and Shiites to rise up in rebellion…then reversed course by conferring U.S. loyalty on the long-dominant Sunni minority at crucial moments." Although "military intervention can be justified when it changes things for the better," continuing "a military occupation that has lost the ability to change the situation for the better for those being occupied is unwise and ultimately

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untenable. It is also immoral. U.S. involvement in Iraq is again perilously close to being just that."

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New Book Describes Gonzales's Relationship With Bush. In a piece for the New York Times Sunday Book Review (8/27) Jacob Heilbrunn writes, "Already Attorney General Alberto R. Gonzales is making some liberals pine for John Ashcroft. Gonzales has stonewalled Congress on the extent of electronic surveillance, raided a congressional office and, for good measure, raised the possibility of prosecuting journalists, including some at The New York Times, for publishing classified information. Far from blunting his impulses for overreaching, his post at the Justice Department seems to have whetted them. In 'The President's Counselor,' Bill Minutaglio shows that Gonzales has taken an elastic view of the law ever since he began working for George W. Bush in Texas. Minutaglio, the author of a biography of Bush and a former reporter for The Dallas Morning News, has conducted hundreds of interviews and mined the state archives. … He has carefully amassed a wealth of information that suggests Gonzales is less a conservative ideologue than a diligent subordinate whose only principle is abject fealty to Bush."

Quadriplegic Federal Prosecutor Profiled. The Pittsburgh Tribune-Review (8/27, Reilly) reports, "Dennis Kissane remembers clearly the moment he became a quadriplegic. … On Sept. 10, 1965, Kissane was driving with his parents to Washington D.C., to start his freshman year at George Washington University. Inside the Allegheny Mountain Tunnel on the Pennsylvania Turnpike, about 60 miles east of Pittsburgh, a milk truck sideswiped their cark. … His parents escaped serious injury. But the collision hurled Kissane head-first into the rear seat, damaging his spine. The injuries consigned him to a wheelchair, with limited use of his arms. His hands were useless." The Tribune-Review continues, "The former Westinghouse Memorial High School sports editor and star athlete never made it to D.C. After a year of grueling physical therapy, Kissane learned to do things he once took for granted -- type, pick up the phone and turn pages. … He attended the University of Pittsburgh and earned a law degree. Forty-one years later, colleagues say, Kissane has emerged as the go-to guy for prosecuting the biggest white collar fraud cases and million-dollar scams in Western Pennsylvania, as an assistant U.S. Attorney. … 'He's always been unflappable,' said U.S. Attorney Mary Beth Buchanan, who has known him for 18 years. 'It's amazing to me he's able to perform as a lawyer at such a high level.'"

CORPORATE SCANDALS:

Mercury Interactive Stock Options Timing Comes Under Federal Scrutiny. The New York Times (8/27, Dash) reports, "As Silicon Valley companies competed for top talent during the heady days of the dot-com boom — luring stars with plump signing bonuses and the most highly prized manna of all, stock options — Mercury Interactive, a highflying software concern, joined the fray with gusto. … Setting its sights on a prized technology sales manager named Jay Larson, Mercury lured him to the company in 2000 and granted him 300,000 options over the next year. But by the spring of 2001, the company's plummeting stock price had made it unlikely that Mr. Larson could cash in any of his options. … So, after Mercury's stock started to rebound, the company made things right for Mr. Larson. In the summer of 2001, the company awarded him a fresh clutch of options and backdated the grant to the previous spring, when its stock was trading at its lowest price of the year — ensuring that he had a good chance of hauling in at least $1.45 million when he cashed in his new options, according to four people in possession of or briefed on internal Mercury memos and who requested anonymity because of their involvement in investigations or litigation related to the company." The Times continues, "Now, as federal investigations of possible regulatory and accounting violations related to options backdating have expanded to include more than 80 companies. Mercury's pay practices — and the actions of the three outside directors on its compensation and audit committees — have come under scrutiny. In late June, the Securities and Exchange Commission advised the three men that it was considering filing a civil complaint against them in connection with dozens of manipulated options grants. … Even if the S.E.C. decides against taking further action against the directors, the fact that it has put the company's compensation committee on notice is unusual. Corporate governance experts say that it appears to be the first time that members of an entire compensation or audit committee could face civil charges in the wake of a financial scandal. That never happened in highly publicized corporate frauds like those at Adelphia, WorldCom or even Enron. While options investigations so far have largely focused on executives who might have enriched themselves or employees by awarding options at rigged prices, regulatory actions against Mercury indicate that the net is being cast more broadly, to possibly include other corporate gatekeepers like compensation committees and outside auditors."

Illicit Insider Trading Potential Result Of Mergers And Acquisitions Boom. The New York

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Times (8/27, Morgenson, 1.21M) reports, "The boom in corporate mergers is creating concern that illicit trading ahead of deal announcements is becoming a systemic problem." According to The Times, "It is against the law to trade on inside information about an imminent merger, of course. But an analysis of the nation's biggest mergers over the last 12 months indicates that the securities of 41 percent of the companies receiving buyout bids exhibited abnormal and suspicious trading in the days and weeks before those deals became public." According to the Times, "For those who bought shares during these periods of unusual trading, quick gains of as much as 40 percent were possible."

Pension Accounting Practices Questioned. The New York Times (8/27, Walsh, Cooper, 1.21M) reports, "The disclosure that New York City uses two different methods to gauge its pension funds -- one showing they are fully funded, and another showing a $49 billion deficit -- has heaped fuel on a long-running debate over how to value pensions. The debate, being waged among actuaries, accountants and economists, is more than theoretical." The Times adds, "New York City's chief actuary, Robert C. North, is thought to be the only public pension official in the country to have done the second pension calculation -- which is more like the way a bank might account for its money. If actuaries for the many other towns and states with pension plans were to follow suit, big deficits would probably start popping up from coast to coast."

CRIMINAL LAW:

New York Man To Pay $55,000 To Stave Off Home Seizure After Child Porn Plea. The Buffalo News (8/27, Herbeck) reports, "A former Sunday school teacher is feeling the sting of a new federal strategy to seize the homes or other property of child pornographers." The News continues, "David Perozzi pleaded guilty Friday to child pornography charges. He also agreed to pay the U.S. Justice Department $55,000 to keep prosecutors from taking his home. He also faces a mandatory term of at least five years when sentenced in December. … The case of Perozzi, described by police as a successful oil investor from Oakfield in Genesee County, is among the first in Western New York in which authorities seized property in a child pornography case. It will not be the last, prosecutors warned. … 'This action should serve as a strong message to all others in our community who are involved in child pornography or exploitation of our children,' said U.S. Attorney Terrance P. Flynn. 'My message is simple: The federal government will come after you and your assets swiftly and fervently if you choose to use your property to commit these crimes.'" The News adds, "Appearing before District Judge Richard J. Arcara, Perozzi pleaded guilty to a felony count of distributing child pornography over the Internet from a computer in his home. He was arrested at his home in February by Immigration and Customs Enforcement agents working on an international child porn case. .. . Authorities said Perozzi had served as a volunteer religious instruction teacher at St. Michael's Episcopal Church in Oakfield. Agents found no evidence that he molested students or any other children. … Perozzi admitted that he distributed images and videos of child porn by using WinMX file sharing software, Prosecutor Marie P. Grisanti said. When agents arrived at his house to execute a search warrant, Perozzi used a wiping program to destroy many of the illegal images on his computer, according to Grisanti. Despite these actions, an examination of the computer showed that he possessed approximately 1,000 images and 15 movies of child porn."

Columnist Questions Las Vegas Corruption Prosecution. In a column for the Las Vegas Review-Journal (8/27), Vin Suprynowicz writes, "Last week, former Clark County Commissioners Dario Herrera, 33, and Mary Kincaid-Chauncey, 68, were sentenced to 30 and 50 months in federal prison, respectively, for taking bribes from local strip club owner Michael Galardi. … Or were they?" Suprynovicz continues, "Federal prosecutors proved the two took money (and, in Herrera's case, sexual favors) to pass ordinances that benefited Galardi's topless clubs while hindering his would-be competitors. … I'm sure they did that. The problem is, that's not the crime for which they were charged and convicted." Suprynowicz adds, "Note that this curiously limited prosecution was handled by the federals, who claimed jurisdiction on the strained assertion that the phone calls arranging the bribes constituted 'interstate wire fraud,' even though both caller and listener were always in Nevada, and neither party was defrauded. .. . The cell phone calls 'went interstate,' the clever federal agents explained, because they bounced off a cell phone tower in California. … Federal jurisdiction is intended to be limited in scope to prevent our being governed by a distant, Bonapartist tyranny. Under the U.S. Constitution, which formerly limited Washington's reach, that jurisdiction could be exerted in the individual states only in limited cases when "interstate crooks" -- John Dillinger, Bonnie & Clyde -- were seen to outrun state and local authorities, who had to pull up at the state line, slamming their hats in the dust and watching the bad guys speed away."

WPost Praises Maryland Governor's Record On Clemency. The Washington Post (8/27, B6) editorializes, "We have our differences with Maryland Gov. Robert L. Ehrlich Jr. (R). But his record on clemency, the dispensing of mercy to those convicted of crimes, is truly exemplary. Where

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many governors, and President Bush, wield their power to forgive with great timidity -- seeing virtually any substantial use of it as a potential political liability with no upside -- Mr. Ehrlich has been bold. In less than one term in office, his 190 pardons and commutations eclipse by far the sum of those issued in two terms each by his immediate predecessors, William Donald Schaefer and Parris N. Glendening. Other chief executives should take note." The Post continues, "Many of Mr. Ehrlich's clemency actions have not individually required much political risk; they have been retroactive pardons of people who have long since paid their debts to society. Still, the sheer volume is impressive. And some have required real grit. Mr. Ehrlich reversed Mr. Glendening's refusal under any circumstances to consider commuting sentences of life in prison. He has since commuted five life sentences and three to inmates serving 25 years with no parole. He has commuted 12 other sentences as well. He clearly takes this duty very seriously -- as any governor should." The Post concludes, "With more than 2 million people behind bars in this country, the pardon power at both the state and federal level should be a significant instrument for correcting hiccups in a justice system that has to process huge numbers of people. Unfortunately, the explosive rise in the prison population has coincided with the decay of the executive power to correct errors. Mr. Ehrlich deserves credit for reversing that trend in Maryland."

Isikoff Book Details Armitage's Role In Leaking Plame's Identity. Newsweek's Michael Isikoff (8/27) writes, "In the early morning of Oct. 1, 2003, Secretary of State Colin Powell received an urgent phone call from his No. 2 at the State Department. Richard Armitage was clearly agitated. As recounted in a new book, 'Hubris: The Inside Story of Spin, Scandal, and the Selling of the Iraq War,' Armitage had been at home reading the newspaper and had come across a column by journalist Robert Novak. Months earlier, Novak had caused a huge stir when he revealed that Valerie Plame, wife of Iraq-war critic Joseph Wilson, was a CIA officer. Ever since, Washington had been trying to find out who leaked the information to Novak. The columnist himself had kept quiet. But now, in a second column, Novak provided a tantalizing clue: his primary source, he wrote, was a 'senior administration official' who was 'not a partisan gunslinger.' Armitage was shaken. After reading the column, he knew immediately who the leaker was. On the phone with Powell that morning, Armitage was 'in deep distress,' says a source directly familiar with the conversation who asked not to be identified because of legal sensitivities. 'I'm sure he's talking about me.'" Armitage "acknowledged that he had passed along to Novak information contained in a classified State Department memo: that Wilson's wife worked on weapons-of-mass-destruction issues at the CIA. (The memo made no reference to her undercover status.)"

ENVIRONMENT:

Los Angeles In Dispute With Farm Area Over Waste Disposal. The AP (8/27) reports, "Every year, Los Angeles sends 65 million gallons of sludgy processed human waste to a farm it owns in Kern County to be used as fertilizer. That is enough to fill an Olympic-size swimming pool every four days. .. . Kern County residents voted in June to stop accepting all but a small fraction of the waste, but Los Angeles responded this month with a federal lawsuit, arguing that the county's initiative should be thrown out because it discriminated against the city." The AP continues, "The lawsuit reflects a decades-old problem in Los Angeles and other large cities: what to do with all that waste. … For years, Los Angeles waste flowed from treatment plants into the ocean, leading to legal battles with conservationists who said it was choking marine life. … In 2000, Los Angeles leaders thought they had found an elegant solution: spread the treated waste over a 4,700-acre farm the city bought for nearly $10 million about 15 miles south of Bakersfield in Kern County. … The waste helps grow corn, wheat and alfalfa. Those crops are fed to cows, and the milk they produce is sold." The AP adds, "The farm, Green Acres, was hailed as a success story, winning awards from the Environmental Protection Agency and other organizations. The farm's Web site shows red trucks trundling across lush green fields. … 'We thought we found a responsible solution,' said Cynthia M. Ruiz, president of the Board of Public Works. … But many residents of Kern County, one of the nation's most productive farming regions, disagreed. … A group called Keep Kern Clean rallied around the slogan 'Send the sludge packing.' … 'We shouldn't allow L.A. to become the greenest and cleanest city in America at the expense of our own,' said State Senator Dean Florez, a Democrat who opposes the farm."

Environmental Activist Attracts FBI Attention. The AP (8/27, Suhr) reports that environmental activist Jim Bensman thought his suggestion during a public Army Corps of Engineers hearing "was harmless enough: Instead of building a channel so migratory fish could go around a dam on the Mississippi River, just get rid of the dam. Instead, the environmental activist found himself in hot water, drawing FBI scrutiny to see whether he had any terrorist intentions." The report adds that Bensman asked the FBI agent investigating him, "'Don't you have something more to worry about?' He said: 'We have to investigate everything.'"

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Heat Wave Led To Wildfires. The New York Times (8/27, Johnson, 1.21M) reports, "The fires of 2006 have been just about everywhere, from the plains of Texas and Nebraska to the high northern Rockies of Montana to the Nevada desert. The damage has been incremental and dispersed," with "at least 7.1 million acres burned by late this week, more than in any comparable period in 10 years, federal figures indicate." According to the Times, "The explanation for the year's fires is complex and diffuse. The intense heat waves that have blasted much of the country have played a central role. A 3,000-acre fire near Valentine, Neb., last month, for instance, broke out when the thermometer hovered at 113 degrees."

National Parks Preservation Urged. In an editorial, The New York Times (8/27, 1.21M) opines, "Ninety years ago, Woodrow Wilson signed what has come to be called the National Park Service Organic Act, which established the park service within the Department of the Interior. … The fundamental purpose of the parks, the act says, 'is to conserve the scenery and the natural and historic objects and the wildlife therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations.'" The Times adds, "Since 1916, preserving the natural resources of the national parks has not become any easier. … The past few years have been among the hardest in the history of the National Park Service, whose first principle — preservation — has been attacked by the very people in the Interior Department who are supposed to uphold it." According to the Times, "That makes it even more clear that the authors of the Organic Act got it exactly right. Only a determined focus on preservation can keep the parks from being eroded until there is almost nothing left to preserve."

IMMIGRATION:

White House And House GOP Portrayed As At Odds Over Border Security. The Los Angeles Times (8/27, Reynolds, 918K), in an article titled, "GOP Sends Mixed Messages On Immigration: Candidates talk tough about enforcement, but the White House, in an effort to lure Latino voters, says it's time to discuss reform," reports, "The Bush administration's announcement last week that stepped-up enforcement appears to be slowing illegal immigration was designed to send a message: The nation's borders are becoming more secure and it's time to talk about broad immigration reform. That would appear to contradict the message coming from many Republicans on the campaign trail: The border is dangerously porous and talk of reform is premature. … While Republican candidates are trying to hang on to their congressional majority by trumpeting the need for border security, the White House is laying the groundwork for a longer battle over immigration with an eye on capturing the Latino vote." The Times goes on to report, "many if not most congressional Republicans are taking a hard-line approach. … But strategists at the Republican National Committee and in the White House are concerned that some of the tough rhetoric could give voters the impression that Republicans are anti-immigrant."

Texas Town's Proposal To Enforce Laws Against Illegals Draws Protestors. The Washington Times (8/27, Aynesworth, 88K) reports on a proposal by the deputy mayor of Farmers Branch, TX to "make it a crime for landlords to rent or sell property to illegal aliens, fine businesses that employ them and halt funding of education for children of illegals." Mayor Pro Tem Ben Robinson "further suggested that the city should ban assemblies of day laborers and should require that officers who stop suspected illegal aliens should verify all residency papers, copy them and submit them to immigration officials. The proposals follow similar regulations passed in Hazelton, Pa., where an Illegal Immigration Relief Act imposes a $1,000-a-day fine on landlords who rent to an illegal alien and revokes business licenses from those who hire illegal-alien workers."

The AP (8/27, Garay) reports, "Clutching American flags and signs that read 'America was formed by immigrants,' more than 300 protesters on Saturday denounced a city proposal that would prohibit landlords from leasing to illegal immigrants. About two dozen counter-protesters staged a demonstration nearby. … Protesters branded the proposal a racist initiative that would single out Hispanics, who make up about 37 percent of the city's population, according to U.S. Census Bureau figures from 2000."

Pennsylvania Mayor Getting National Support For His Crackdown On Illegals. The Pittsburgh Post-Gazette (8/27, Simonich, 241K) reports, "Each morning money from strangers pours into the office of Mayor Louis Barletta, architect of Hazleton's new law to kick illegal immigrants out of town. Most of the checks come from distant places and are for $50 or $100. Contributors also send Mr. Barletta handwritten notes of encouragement, telling him to use their money to fend off the American Civil Liberties Union and the big-city lawyers who have sued the northeastern Pennsylvania town over its immigration ordinance. The mayor, buoyed by his sudden celebrity and coast-to-coast interest in the law, promises to do just that." The Post-Gazette notes, "Hazleton's ordinance would require all prospective renters to obtain a residency permit at city hall. If the municipal crews doing background checks cannot confirm they are U.S. citizens or are in the country legally, they will be prohibited from living in Hazleton. Landlords who skirt the law and rent to illegal immigrants would be fined $1,000 a

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day. Companies that employ illegals would lose their business licenses for five years."

Pilots Assist Illegals Crossing US-Mexico Border. The Washington Post (8/27, A3, Moreno, 748K) reports on Paisanos al Rescate, or Countrymen to the Rescue, a "small group of volunteer pilots and spotters [who] take turns flying a 30-year-old refurbished aircraft in search of migrants who need to be rescued or who just need a few bottles of water parachuted their way. This is Paisanos' third summer up in the air, and this year has seen the tenor of the illegal immigration debate escalate. … It's not that the rhetoric or proposed changes to federal immigration law or the daily news coverage of 'broken borders' is lost on them. They're neither for illegal immigration nor against it, and they don't consider themselves political activists. They're simply humanitarians, they say."

Guatemalan Illegals Targeted By Criminals. The New York Times (8/27, Altman, Aguayo, 1.21M), in a front-page story, reports that in West palm beach, Florida "robberies of illegal immigrants have become a serious problem…and the victims, mostly from Guatemala, often avoid reporting the crimes, fearing deportation. … With such crimes on the rise — they are common enough to have a chilling street name, 'Guat-bashing' — the Guatemalan-Maya Center in Lake Worth, Fla., and the Guatemalan Consulate in Miami, along with local law enforcement agencies, religious groups and banks, are working to help illegal immigrants from Guatemala protect themselves. Predators know that Guatemalans often carry cash in their shoes or underwear because they do not trust banks, police officials said, and that if they are in the United States illegally, they often lack the documentation needed to open accounts. They are frequently attacked on Friday nights, the police said, after they have cashed their paychecks. 'They're being preyed upon because they're easy victims,' said Capt. Mary Olsen of the West Palm Beach Police Department. 'They don't fight back. They're very modest people, and they're afraid of the police.'"

More Immigrants Bypass Large Cities For The Suburbs. The New York Times (8/27, Fessenden, 1.21M) reports, "The number of immigrants has increased five times as fast in the suburbs as in New York City since 2000, reversing historical migration patterns as new immigrants increasingly bypass the city in search of jobs and affordable housing across the region, new census data show. According to figures released this month by the Census Bureau, the number of immigrants living in the region's suburbs grew by about 225,000 from 2000 to 2005, compared with an increase of about 44,000 in the city during the same period. … 'The inner city has shifted away from being the big center for job creation, and now jobs are being created in the suburbs,' said Douglas S. Massey, a Princeton University demographer. 'Immigrants have followed.' Job opportunities have also driven another striking trend that is apparent in the new census numbers: a sharp increase in the ranks of the college educated, among nonimmigrants and immigrants alike, a signal that the region continues to draw highly skilled and educated workers. Together, these developments are helping to stratify the metropolitan region. Scattered pockets swell with immigrants in unprecedented numbers. But areas that include hot housing markets and gentrifying neighborhoods inside and outside New York City have declined in foreign-born populations, the new numbers show."

Former Nazi Eludes Deportation. The New York Daily News (8/27, Marzulli) reports, "Three years after he was stripped of his U.S. citizenship, a former Nazi camp guard still lives in Queens because no country will take him, the Daily News has learned. .. . 'Listen, I'm 84 years old; I'm not going anywhere,' Jakiw Palij said outside his home in Jackson Heights. 'Except a funeral home.'" The News continues, "Palij - who is actually 83, according to court records - shambled out of his brick detached home wearing a bathrobe and appeared unsteady on his feet. … He said he has a date this week with Homeland Security officials who have been trying to boot him. … 'I have no country that will accept me,' he said." The News adds, "Sources inside and outside the government who are familiar with Palij's case said there have been negotiations with Ukraine, Poland and Germany, but those countries have balked at taking the retired draftsman. … 'It is our responsibility to administer that [deportation] order,' said Mark Thorn, a spokesman for U.S. Immigration and Customs Enforcement, but he refused to comment further. … The feds brought a deportation case against Palij in 2002, charging that he was a guard at the notorious Trawniki slave labor camp in Nazi-occupied Poland and was also a member of several units that committed atrocities against civilians. .. .Palij has claimed he was forced into the service at age 18 and would have been killed if he refused. .. . A federal judge revoked his citizenship in August 2003, ruling that Palij had illegally obtained an immigrant visa in 1949 by falsely claiming he had worked on his father's farm during the time he was a Nazi guard. .. . Although Palij himself was never accused of committing atrocities, former Justice Department official Jonathan Drimmer said the mere act of guarding prisoners in the labor camp prevented them from escaping - and sealed their fate."

TAX:

IRS Layoffs Questioned. In an editorial, The New York Times (8/27, 1.21M) opines, "In coming weeks, the Internal Revenue Service plans to start siccing private debt collectors on people with up to $25,000 in unpaid income

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taxes — and laying off nearly half of the auditors who examine estate tax returns of the wealthiest taxpayers. Concern for appearances should, on its own, impel the agency to scuttle its plans." The Times adds, "Private tax collection costs more than it would cost to give the I.R.S. the resources to pursue the debts. Federal budgeting oddities only make it seem less costly." The opines that though IRS Commissioner Mark Everson said the agency would be better off concentrating on high-dollar income tax returns, "he did not supply the data that Congress and the public need to vet that assertion. … If Mr. Everson cares about public confidence in his decisions and in the tax system itself, he should provide the information without delay."

CONGRESS-ADMINISTRATION:

Anti-War Activists Protest Outside Bush Family Gathering. The Washington Post (8/27, A4, Baker, 748K) reports, "That is what happens when the president shows up for the ceremony in the midst of a polarizing war. About 700 demonstrators marched past the seaside church where President Bush's second cousin was to be married Saturday and then up to the checkpoint guarding the family summer compound to protest the war in Iraq." They "left a few hours before the service so as not to disrupt the event itself, but they took advantage of the president's visit to make their point and showcase their opposition to a war that polls show has lost most of the public's support. Just as Bush found himself trailed to Texas by war opponents last year, now he has been dogged to his parents' getaway on the rocky shores of the Maine coast." But "If Bush or the family was irked, they gave no public indication. 'As the president has said, Americans are free to protest,' spokeswoman Dana Perino said. 'Freedom of speech is a fundamental right in our country, which is fundamentally different to the terrorists' plans for the world.'"

The Houston Chronicle (8/27, Mason, 535K) notes, "The group had no single theme other than opposing the war. Some were calling for the troops to come home, others want Bush impeached."

The AP (8/27, Loven) reports, "What local police estimated were about 700 anti-war demonstrators marched Saturday to within half a mile of the Bush compound before being turned back at a security checkpoint." During his vacation "Bush did not entirely escape presidential duties. On Thursday, he met with the families of five fallen soldiers. He has engaged in telephone diplomacy on the crisis in Lebanon and the nuclear standoff with Iran. He also was keeping updated on the progress of Tropical Storm Ernesto."

Bush Prepares For Tough Questions. Julie Mason in her "White House Watch" column titled "Gulf Coast Trip Presents Challenge" in the Houston Chronicle (8/27, Mason, 535K) writes, "To prep Bush for news conferences like the one he had last week, White House aides try to anticipate every question and arm him with reasonably consistent answers. Reporters generally air their preoccupations in the daily news briefings in Washington, giving the White House a pretty clear idea of what questions Bush might get." Mason notes, "The drill apparently went fairly well last week. Administration officials afterward said they had predicted every question but one -- the query from Bill Sammon of the Washington Examiner about whether Bush supported acting Food and Drug Administration Commissioner Andrew von Eschenbach's decision to make the Plan B 'morning after' contraceptive drug available to adult women without a prescription."

Bush's Analysis Of "The Psyche Of Our Country" Noted. Time's Mike Allen (8/26) writes, "George W. Bush has always been suspicious, even contemptuous, of introspection. 'I don't spend a lot of time looking in the mirror,' he once bragged, 'except when I comb my hair.' Last week, though, he suddenly yielded to reporters' endless, and hitherto fruitless, efforts to plumb his moods. Days after aides had taken pains to tell reporters the President had not expressed frustration in a meeting about Iraq, Kelly O'Donnell of NBC pressed, 'But are you frustrated, sir?' 'Frustrated?' he replied. 'Sometimes I'm frustrated. Rarely surprised. Sometimes I'm happy ... But war is not a time of joy. These aren't joyous times. These are challenging times, and they're difficult times, and they're straining the psyche of our country.' He might as well have busted out some French or broken into song. George Bush was putting the country on the couch. Republicans and Democrats alike flashed back to Jimmy Carter's assertion in July 1979 that the country was suffering 'a crisis of confidence.'" According to Allen, "Some of Bush's friends were mystified by his remark last week and concluded that it must be a phrase he picked up in a briefing. 'It's pollster talk,' said one person who speaks often to the President. … But Bush's comment reflected the increased pessimism about Iraq that is seeping through the Administration. 'It's a little hard for us to keep saying there'll be good days and bad days when they're all bad days,' an aide said, moping."

Pelosi Given Credit For House Democrats' Unity. Time (8/27, Bacon, 4.03M) reports that House minority leader Nancy Pelosi "is an aggressive, hyperpartisan liberal pol who is the Democrats' version of Tom DeLay, minus the ethical and legal problems of the former Republican House leader. To condition Democrats for this fall's midterm elections, she has employed tactics straight out of DeLay's playbook: insisting other House Democrats vote

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the party line on everything, avoiding compromise with Republicans at all cost and mandating that members spend much of their time raising money for colleagues in close races. And she has been effective. House Democrats have been more unified in their voting than at any other time in the past quarter-century, with members on average voting the party line 88% of the time in 2005, according to Congressional Quarterly."

Reid Expected To Back Lieberman As Committee Chair. Syndicated columnist Robert Novak (8/27) writes, "Pressure is mounting within the Senate Democratic caucus to strip Sen. Joseph Lieberman of senior committee positions if he defeats Democratic nominee Ned Lamont in Connecticut, but Senate Minority Leader Harry Reid is expected to beat that back. … Reid says nothing publicly but is expected to save Lieberman. Disciplining fellow Democrats is not Reid's style, and Lieberman's vote could be crucial in taking Senate control from the Republicans. Reid and Lieberman also have a particularly close personal relationship."

Hagel Still Undecided Concerning Bolton's Confirmation. Syndicated columnist Robert Novak (8/27) writes, "The Senate Foreign Relations Committee will meet Sept. 7 for a second try at recommending confirmation of John Bolton as U.S. ambassador to the United Nations, but it may fail again for lack of Republican unanimity." Sen. George Voinovich, "who deprived Bolton of a favorable committee vote in 2005, has changed his mind because of Bolton's performance at the UN under President Bush's recess appointment. However, Sen. Chuck Hagel, the committee's second-ranking Republican, has been less impressed by Bolton. He will decide his course based on a meeting with the UN ambassador after Labor Day."

Major Lightning Strike, Weather Concerns Delay Shuttle Launch. ABC Evening News (8/26, story 4, 0:14, Avila) reported, "A frightening picture at the shuttle launch pad released today. Lightning struck the tower that supports the spacecraft yesterday. That combined with bad weather forced postponement of tomorrow's launch of Atlantis. NASA engineers are still looking for possible damage."

NBC Nightly News (8/26, story 4, :20, Seigenthaler, 9.87M) said, "Weather is already having an effect on NASA's plans. The launch of Atlantis has been postponed following a lightning strike on the pad last night. Officials want to assess any problems, so they pushed back liftoff at least 24 hours, to Monday afternoon."

The CBS Evening News (8/26, story 6, 3:00, Assuras, 7.66M) reported, "Tomorrow's scheduled launch has been delayed 24 hours. NASA wants more time to determine if a lightning strike they launch pad yesterday caused any damage."

The New York Times (8/27, Leary, 1.21M) reports, "National Aeronautics and Space Administration officials said a large lightning strike at the launching pad during a storm on Friday afternoon initially appeared to cause no damage. However, a couple of indications of potential problems required them to postpone the launching and examine the shuttle and pad more carefully."

The Los Angeles Times (8/27, Johnson, 918K) notes, "During Friday's big thunderstorm, a bolt of lightning measured at 100,000 amps, believed to be the largest ever to hit the launch site, struck the lightning mast above the shuttle on Launch Pad 39B. Although the mast did its job in preventing the lightning from hitting the orbiter directly, National Aeronautics and Space Administration officials said Saturday they were concerned that electricity in the atmosphere around the pad just off the Atlantic seaboard could have damaged critical control systems."

The AP (8/27, Schneider) adds, "There was no indication that any system was damaged, but if repairs were needed they would likely take days, not weeks, said Leroy Cain, launch integration manager."

OTHER NEWS:

Housing Slump Analyzed. In a Week In Review Article in the New York Times (8/27, 1.21M), David Leonhardt and Vikas Bajaj write, "The number of building permits being issued is falling at a rate usually seen only in recessions. In July, 11 percent fewer existing homes were sold than were sold a year earlier; 22 percent fewer new houses were sold." According to Leonhardt and Bajaj, "The fate of the housing market will influence whether the economy will merely slow over the next year, as the Federal Reserve forecasts, or fall into a recession for the first time since early 2001." Leonhardt and Bajaj add, "There seem to be three major paths that housing could follow over the next year: a soft landing, the start of a long slump, or a crash. A soft landing is the one predicted -- and preferred -- by most economists on Wall Street and at the Fed."

Lack Of Attention Paid To Worsening Housing Crisis. In an opinion column in The Washington Post (8/27, B1, 748K), Michael Grunwald opines, "Seventy years after President Franklin D. Roosevelt declared that the Depression had left one-third of the American people "ill-housed, ill-clothed and ill-nourished," Americans are well-clothed and increasingly overnourished. But the scarcity of affordable housing is a deepening national crisis, and not just for inner-city families on welfare." Grunwald adds, "The problem has climbed the income ladder and moved to the suburbs, where

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service workers cram their families into overcrowded apartments, college graduates have to crash with their parents, and firefighters, police officers and teachers can't afford to live in the communities they serve. … Yet nobody in national politics is doing anything about it — or even talking about it."

New Fed Chairman Takes Cues From Economic Data. In a news analysis in the New York Times (8/27, 1.21M), Edmund L. Andrews writes, "As recently as two weeks ago, many analysts on Wall Street were warning that the Federal Reserve was overly confident that inflation would decline as soon as the economy began to slow. … But 10 days later, when the government reported unexpectedly small jumps in wholesale and consumer prices for July," many Wall street analysts "felt compelled to eat crow." Andrews adds, "A close look at what [Fed Chairman Ben] Bernanke and other Fed officials have been saying suggests that quickie evaluations reflect a mistaken assumption about how the Fed works. … Mr. Bernanke has indeed emphasized that the Fed, having mechanically raised the overnight federal funds rate for nearly two years, would increasingly take its cues from incoming economic data."

Economists React To Fed's Rate Hike Pause. The AP (8/27, Aversa) reports, "Borrowers finally got a reprieve this month when the Federal Reserve decided to halt a campaign that produced the longest stretch of rate increases in recent history." The report adds, "While the economy is slowing, inflation is outside the comfort zone of some economists and Fed policymakers. At its last meeting, on Aug. 8, the Fed held steady at 5.25 percent an important rate. As a result, commercial banks' prime interest rate -- for certain credit cards, home equity lines of credit and other loans -- stayed at 8.25 percent." According to the AP, some economists say "the Fed should keep to the sidelines in the months ahead. That would give policymakers time to assess how the most recent moves in a rate-raising campaign that started in June 2004 are affecting economic activity."

Expanding Student Population Causing Teacher Shortage Across The US. The New York Times (8/27, Dillon, 1.21M), in a front-page article, reports, "Some 55 million youngsters are enrolling for classes in the nation's schools this fall, making this the largest group of students in America's history and, in ethnic terms, the most dazzlingly diverse since waves of European immigrants washed through the public schools a century ago. Millions of baby boomers and foreign-born parents are enrolling their children, sending a demographic bulge through the schools that is driving a surge in classroom construction. It is also causing thousands of districts to hire additional qualified teachers at a time when the Bush administration is trying to increase teacher qualifications across the board. Many school systems have begun recruiting overseas for instructors in hard-to-staff subjects like special education and advanced math."

Several New York Politicians Considered Potential 2008 Presidential Candidates. The New York Times (8/27, Roberts, 1.21M) reports, "Imagine that it is two years from now, summer of 2008. The national party conventions are over. The nominees: Democrat Hillary Rodham Clinton, Republican Rudolph W. Giuliani and the Reform Party candidate, Michael R. Bloomberg. What's wrong with this picture? It's implausible, but the very fact that it is considered within the realm of possibility — to say nothing of another Republican in the mix, Gov. George E. Pataki — is remarkable."

Two First-Time Democratic Candidates' Campaigns Used To Illustrate National Trends. The Washington Post (8/27, A1, Barnes, 748K), in a front-page story, reports, "Donna Edwards and Judy Feder live on opposite sides of the Potomac, two first-time Democratic congressional candidates in districts that couldn't be much more different. But in their campaigns against two of the region's longest-serving incumbents, Edwards and Feder are the local representations of major national themes emerging in the 2006 midterm congressional elections. When Edwards looks at fellow Democrat Albert R. Wynn in Maryland's 4th Congressional District, she says she sees Joseph I. Lieberman. Like the Connecticut senator, Edwards said, Wynn voted for the war in Iraq, one of several signs that he has lost touch with the liberal attitudes of voters in one of the country's most reliably Democratic districts. And when Feder looks across Virginia's 10th, she sees a rapidly growing district…that voted for President Bush in 2004 but where most voters now disapprove of the job he is doing. If this is the year of the anti-incumbent, she says, no one better represents the status quo than Rep. Frank R. Wolf, a low-key Republican first elected 26 years ago who is a loyal Bush supporter." The Post notes, "in the lists of competitive races compiled by political experts…neither Edwards-Wynn nor Feder-Wolf ranks. But with three congressional incumbents rejected in other state primaries this month, it's hard for challengers not to think that lightning could strike in these races."

Democrats Concerned Lieberman's Candidacy Will Boost GOP House Candidates. The New York Times (8/27, Medina, 1.21M) reports that as Sen. Joseph Lieberman "begins to mount a vigorous and well-financed re-election campaign as an independent, many Connecticut Democrats say they are worried that his bid could jeopardize

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their party's ability to win in three hotly contested House races this fall. … Democratic strategists say, he may well attract voters to the polls who are likely to support the state's three Republicans in Congress: Nancy Johnson, Rob Simmons and Christopher Shays. 'He has a Republican vote, that's the fact,' said Tom Matzzie, the political director of Moveon.org, a liberal group that is backing Mr. Lamont and the Democratic challengers in the three House races. And those voters, he said, are 'likely to vote as Republicans in every race.' But the Democrats are also hoping that their candidates — Chris Murphy, Joe Courtney and Diane Farrell — will win in the same way as Mr. Lamont won in the primary: by riding what they consider a wave of anti-incumbent sentiment, widespread opposition to the war in Iraq and falling support for President Bush." Lieberman "acknowledges that his independent campaign has placed him and his former Democratic allies in a predicament. Indeed, all three of the Democratic Congressional candidates supported him in the primary but have now endorsed Mr. Lamont."

The New Haven Independent (8/26, Tuhus) reported, "Declaring himself a 'non-combatant,'" Lieberman, "in remarks at a New Haven press event Friday, raised anew the question of whether his 'independent' candidacy will help Republicans hold onto three Congressional seats in Connecticut -- and control of the U.S. House of Representatives." Lieberman "was asked whether he still endorses…three Democrats looking to unseat endangered Republican incumbents. … 'I'm a non-combatant,' Lieberman declared. 'I am not going to be involved in other campaigns. I think it's better if I just focus on my own race. … It's a little awkward for me now' to endorse the Democratic candidates in the general election, he said, 'since they all endorsed my opponent,' Democratic primary winner Ned Lamont."

Lamont In Demand Nationally At Democrats' Events. The AP (8/27, Haigh) reports, "Ned Lamont headlined a recent fundraiser for the liberal Democracy for America. Days later, the Democratic Senate candidate was rubbing elbows with celebrities at a charity event sponsored by the liberal MoveOn.org, and he's been a guest on Air America, the liberal talk radio network. … Lamont's campaign manager, Tom Swan, is quick to point out that even though his candidate has headlined a few out-of-state events, he is totally focused on Connecticut. And Lamont himself downplays all the attention. 'No, I don't think so,' he said, when asked if he's become celebrity in progressive Democratic circles. He said he's 'talking to everybody I can. I'm going to small businesses and business associations, I'm talking to elderly, MoveOn.org.'

Laffey Acknowledges Writing Anti-Gay Columns As A College Student. The AP (8/27) reports Sen. Lincoln Chafee's primary opponent Stephen Laffey "said he regrets that he wrote columns denigrating gays when he was a college student." Laffey "acknowledged writing the columns in a story published Saturday in the Providence Journal. The paper reported that it received copies of the columns anonymously in the mail earlier in the week. Laffey, 44, running a closely watched race against moderate Republican Sen. Lincoln Chafee, said whoever sent the articles wanted to smear him before the Sept. 12 primary. He called the writings 'sophomoric political satire' and said they do not represent his views. … In one column, Laffey said he has never seen a happy homosexual. 'This is not to say there aren't any; I simply haven't seen one in my lifetime. Maybe they are all in the closet,' he wrote. 'All the homosexuals I've seen are sickly and decrepit, their eyes devoid of life.' In another column he wrote that pop music was turning the children of America into sissies, and criticized the singer Boy George, referring to him as 'it.' 'It wears girl's clothes and puts on makeup,' he wrote. 'When I hear it sing, 'Do you really want to hurt me, do you really want to make me cry,' I say to myself, YES, I want to punch your lights out, pal, and break your ribs.'"

Poll Shows Brown Leading DeWine 45-42. A Rasmussen Reports (8/27) poll released yesterday shows Rep. Sherrod Brown leading Sen. Mike DeWine 45% to 42%. Rasmussen notes, "Early in the year, DeWine was consistently ahead. Even though the incumbent had a seven-point advantage in June, our three-poll rolling average confirms a long-term if very gradual movement in Brown's direction. … DeWine is regarded as conservative by 34%, moderate by 44%. Brown is considered moderate by 38%, liberal by 32%. Twenty-four percent (24%) still aren't sure where Brown stands ideologically, which could give the incumbent a chance to paint him as too liberal in the remaining weeks of the campaign." … The telephone survey of 500 Likely Voters was conducted by Rasmussen Reports August 22, 2006. The margin of sampling error for the survey is +/- 4.5 percentage points with a 95% level of confidence."

Mfume Staying Competitive With Cardin Despite Fundraising Deficit. The Baltimore Sun (8/27, Brown, 262K) reports, "Polls show" Kweisi Mfume "running even with U.S. Rep. Benjamin L. Cardin for the Democratic nomination to the U.S. Senate, but the challenges ahead are clear. He lacks the backing of what he calls the Democratic establishment - House Minority Whip Steny H. Hoyer and others have endorsed Cardin - and his fundraising, which stalled early last year after allegations of impropriety during his tenure at the NAACP, lags behind that

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of his chief rival. … Without television advertising or institutional party support, Mfume has relied on personal contact with potential voters. A compelling speaker in front of a crowd and an attentive listener one-on-one, he has spent nearly 18 months traveling the state, telling his life story and explaining his liberal views to the public. The approach is finding an audience."

The Baltimore Sun (8/27, Skalka, 262K) reports, "As he campaigns for Senate," Cardin, "faces the challenge of convincing a statewide audience that his even-keeled temperament and behind-the-scenes skills make him the best choice for higher office, even as other candidates" – Mfume and Lt. Gov. Michael S. Steele – "draw national attention to the prospect of a contest pairing two black nominees. The primary poses a stylistic challenge for Cardin. Short and stocky, a reader of mysteries and an avid poker player, he must overcome the appeal of Mfume, a smooth orator whose tale of personal redemption is the stuff of ready-made inspiration. Cardin is banking on his reputation as a thoughtful, solid lawmaker who understands the nuances of complicated legislation and how it affects people's lives."

Harris Clarifies Comments On Politics And Religion. The AP (8/27) reports Rep. Katherine Harris "told a religious journal that separation of church and state is 'a lie' and God and the nation's founding fathers did not intend the country be 'a nation of secular laws.' The Republican candidate for U.S. Senate also said that if Christians are not elected, politicians will 'legislate sin,' including abortion and gay marriage. Harris made the comments — which she clarified Saturday — in the Florida Baptist Witness, the weekly journal of the Florida Baptist State Convention, which interviewed political candidates and asked them about religion and their positions on issues. … Her comments drew criticism, including some from fellow Republicans who called them offensive and not representative of the party. Rep. Debbie Wasserman Schultz, D-Fla., who is Jewish, told the Orlando Sentinel that she was 'disgusted' by the comments. Harris' campaign released a statement Saturday saying she had been 'speaking to a Christian audience, addressing a common misperception that people of faith should not be actively involved in government.'"

Angelides Invokes Truman's Populist Themes As He Tries To Gain Traction. The Los Angeles Times (8/27, Finnegan, 918K) reports, "In 1948, Harry S. Truman described the big-business titans backing his Republican presidential rival, Thomas Dewey, as 'gluttons of privilege.'" State Treasurer Phil Angelides "harked back to those remarks as he made a similar case last week against Gov. Arnold Schwarzenegger. Truman 'talked about the gluttons of privilege,' Angelides told supporters on folding chairs in the backyard of a small house in Burbank. 'He talked about corporate greed. He made it clear who he was for and who he was willing to go to bat for.' In his latest attempt to gain traction against Schwarzenegger, Angelides has adopted Truman's populist approach as his own."

NYTimes Endorses "National Hero" Spitzer In Democratic Gubernatorial Primary. The New York Times (8/27, 1.21M) reports, "Eliot Spitzer stands so tall this election season that some New Yorkers might be excused for thinking he is governor already. … Democratic voters are being asked to choose between Mr. Spitzer and the Nassau County executive, Thomas Suozzi, for a nominee for governor. With little money or statewide notice, Mr. Suozzi is running his hard-fought campaign against enormous odds, and this is a lopsided contest. Nevertheless, this is one of those rare races in which the electorate cannot lose. Both men have excellent records. Mr. Suozzi has made impressive strides turning around a troubled Nassau County government. Mr. Spitzer has so revitalized the attorney general's office in Albany that he has become a national hero." The Times concludes, "With regard for Mr. Suozzi, we nevertheless endorse Mr. Spitzer in the Democratic primary on Sept. 12."

Indian-American Academic Reflects On Allen's Controversial Comments. In an op-ed for the Washington Post (8/27, B7, 748K) John J. Thatamanil, assistant professor of theology at Vanderbilt Divinity School, writes, "From adolescence on, I heard a constant refrain from my Indian father: 'Don't ever believe that you're really American.' … This month -- after hearing Sen. George Allen call an Indian American, born in this country, 'macaca' -- I better appreciated my father's sober wisdom. What he meant to say is now apparent: 'You will never be accepted as truly American.'"

Hoffa Dodges Debate Against Union Leadership Challenger. The New York Times (8/27, Greenhouse, 1.21M) reports that Tom Leedham, head of a Teamsters local in Oregon, "is seeking to unseat James P. Hoffa, the president of the International Brotherhood of Teamsters and the son of the nation's most famous -- some would say infamous -- union leader, James R. Hoffa, who disappeared in 1975 outside a restaurant in Detroit. Even though Mr. Leedham faces an uphill battle, on Friday night he was able to claim a victory in one round at least -- Mr. Hoffa dodged the one debate that was scheduled between the two sides." The Times reports that Leedham said, 'Hoffa isn't just missing in action today. He's been missing in action for seven years.'" In explaining Hoffa absence, his campaign

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manager Richard Leebove said, 'Jim Hoffa feels from a campaign standpoint that his time would be better spent talking to the members than to subjecting the union to the ongoing attacks by Leedham, which antiunion companies end up using against our members during organizing drives.'"

Astrologers Not Bothered By Pluto's Loss Of Planet Status. The New York Times (8/27, Fountain, 1.21M) reports that a recent-discovery of what could be the solar system's tenth planet, an object nicknamed "Xena," caused excitement among astrologers. "They predicted great things for their astrological charts as Xena's orbit was plotted in ensuing years. But last week, when the International Astronomical Union announced at a meeting in Prague that Pluto had been demoted to dwarf status and that by the group's new calculations the solar system no longer contained even 9 planets, much less 10, astrologers said it wouldn't make any difference. Not that there is any reason to expect astrologers to be consistent, but what gives? Why would adding a planet change things, but subtracting one doesn't? 'It's at the point of discovery that the archetype of that planet, the energy, is released to the public consciousness,' said Richard Brown, an astrologer in Toronto. So he and his colleagues were excited about Xena, and other recent solar system discoveries like Quaoar and Sedna. Though they've been orbiting the Sun for billions of years, astrologically speaking they are babes in the woods."

Tattoos Less Taboo. David Brooks in his column in The New York Times (8/27, 1.21M) writes, "We now have to work under the assumption that every American has a tattoo. Whether we are at a formal dinner, at a professional luncheon, at a sales conference or arguing before the Supreme Court, we have to assume that everyone in the room is fully tatted up — that under each suit, dress or blouse, there is at least a set of angel wings, a barbed wire armband, a Chinese character or maybe even a fully inked body suit." Brooks adds, "Today, fashion trends may originate on Death Row, but it takes about a week and a half for baggy jeans, slut styles and tattoos to migrate from Death Row to Wal-Mart."

Charter School Reforms Urged. In an editorial The New York Times (8/27, 1.21M) opines, "A federal study showing that fourth graders in charter schools score worse in reading and math than their public school counterparts should cause some soul-searching in Congress." The Times adds that the study, "based on data from 2003 on students' performance on the National Assessment of Educational Progress, found charter school students significantly behind their non-charter-school counterparts. But it also showed that not all charter schools are created equal." The Times adds that charter schools affiliated with public school systems performed as well as non-charter schools. However, "the real stunner was the performance of free-standing charter schools, which have no affiliation with public school systems and are often school districts unto themselves. It was this grouping that showed the worst performance. … One advantage of the No Child Left Behind Act of 2002 was the wave of education studies it started." However, The Times says that NCLB should be reformed in favor of "a more nuanced federal policy that does not just advocate wholesale charter conversion but instead defines and supports successful models only."

Ahmadinejad Says Heavy Water Reactor "Not A Threat." The New York Times (8/27, Slackman, 1.21M) reports, "Just days before it is supposed to suspend enrichment of uranium or face the prospect of sanctions, Iran continues to project an image of defiance and confidence. Its position regarding the demand that it suspend enrichment remains a determined 'no.'" Yesterday, President Mahmoud Ahmadinejad "made a provocative, if symbolic, gesture by formally inaugurating a heavy-water reactor. The Iranians say the plant would be used for peaceful power generation. But nuclear experts note that heavy-water facilities are more useful for weapons because they produce lots of plutonium — the preferred ingredient for missile warheads." The Post calls the opening "the latest in a series of not-too-veiled threats against the West if Iran is saddled with sanctions." Tehran's "confidence is based on three primary factors" – "a strong belief that" Moscow and Beijing will "oppose moving toward sanctions; the conclusion that the United States is far too bogged down in Iraq and Afghanistan to be willing to engage in another conflict in the region; and the feeling that the perceived victory of Hezbollah in its war with Israel has strengthened Iran's political capital in the region." In further analysis, the Times says, "For Iran, the issue of its nuclear program is as much about domestic politics as it is about international relations."

Under the headline, "Iran Declares Another Nuclear Advance," the Los Angeles Times (8/27, Rubin, 918K) adds Tehran "announced Saturday it had reached another milestone in its nuclear program, appearing eager to create an air of inevitability to its acquisition of atomic technology in the face of a U.N. deadline this week to temporarily halt its uranium enrichment operations. In choosing to inaugurate a heavy-water production plant just days before the threat of censure from world powers," Ahmadinejad "signaled that the Islamic Republic would not be cowed. Yet he took pains to suggest that the plant's launch was a development that the world should regard as peaceful. And he emphasized that even Israel, which he has said should be wiped off the face of the Earth, should not be fearful of Iran." The Times notes that "an operational reactor would put Iran among fewer than a

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dozen countries with heavy water technology." This upcoming "week is one of intense nuclear politics for Tehran."

The AP (8/27, Dareini) adds Ahmadinejad "inaugurated a heavy-water production plant, a facility the West fears will be used to develop a nuclear bomb, as Tehran remained defiant ahead of a U.N. deadline that could lead to sanctions." The Washington Post/AP (8/27, A14, Dareini) and the Washington Times/AP (8/27, Dareini) run versions of the AP story this morning.

Israeli Two-Star General Coordinating Anti-Iran Efforts. The Washington Times (8/27, De Quetteville, 88K) reports Tel Aviv "has appointed a top general" – MG Elyezer Shkedy – "to oversee a war against Iran, prompting speculation that it is preparing for possible military action against Tehran's nuclear program." Shkedy, "who was appointed to the role two months ago, will coordinate intelligence gathered by Israel's foreign spy agency Mossad and military sources, in order to draw up battle plans. Then, during any war with Iran, he will command the campaign from a 'hot seat' in the Israeli army's headquarters in Tel Aviv." The Times says "the prospect of Israel 'living with' a nuclear Iran appears remote."

Pyongyang Said To Reserve Right To Test Nuclear Weapon. The Washington Times/AP (8/27, Lim) reports Pyongyang "will not rule out a nuclear test as long as Washington is hostile toward Pyongyang, a newspaper linked to the communist nation said yesterday." Noting "growing concerns" among analysts of a North Korean nuclear test, the AP quotes the Japan-based Choson Sinbo saying, "We can't say for sure that North Korea will not conduct a nuclear test as part of strengthening its self-defense. The full responsibility for this lies with the U.S., which regards any forces that don't agree with or submit to its logic or actions as evil. It is self-evident that we have to take strong countermeasures to protect our country from that threat." The North Korean Foreign Ministry is quoted saying, "It is foolish to think that the issue can be solved through sanctions and pressure."

Israel Seeking Muslim Nations To Contribute To Border Force. The AP (8/27, Nessman) reports Tel Aviv "said Saturday it is asking friendly Muslim countries to contribute troops to the" Lebanese border force. "The U.N. wants Muslim troops included to lend credibility in the region to what so far is a mostly European force, and the predominantly Islamic nations of Indonesia, Bangladesh and Malaysia have offered to participate." However, because those nations do not have diplomatic relations with Tel Aviv, Israel opposes their inclusion. "While Israel does not have any veto, its opposition to a country could influence which troops are included." The Israeli Foreign Ministry confirmed that it has been in contact with Istanbul, which "has not decided whether to join the mission." In related reporting, the AP says Lebanese Prime Minister Fuad Saniora "released a statement saying" Secretary Rice "called the premier Saturday and said she was exerting 'serious and prompt' efforts to get the Israeli blockade lifted as soon as possible. Rice also stressed the importance of Lebanese authorities controlling the country's border crossings, and Saniora said his government was going ahead with its plan to police the crossings on its own, the statement said."

Italy's D'Alema Says Border Force Will Strengthen Lebanese Government. On its website, Time (8/26, 4.03M) interviewed Italian Foreign Minister Massimo D'Alema "about democracy, Hizballah's future and a certain 'indispensable nation.'" On the Lebanese border force, D'Alema says Rome has "held a consistent position that the solution had to pass through the international community, involve the Arab world, and that Europe had to take the principal leadership role. We had strong support from the U.S., which was a precondition for succeeding. And with the support of other countries, like Germany and the U.K., it was difficult for [French President Jacques] Chirac to maintain his position [on troop numbers]." He says "the Arab world is at a crossroads, with democratic impulses facing off with a violent religious fundamentalism. We want the democratic forces to prevail. So this U.N. force is there to strengthen the Lebanese government." Speaking of Israeli skepticism of Western intentions, D'Alema says, "I fully comprehend the psychology of the Israelis, who feel under siege. They are surrounded by hostile countries, openly espousing Israel's destruction. Why are we sending our soldiers to Lebanon? It is because we want to help guarantee Israel's security. They must realize that Europe is their friend." He says the international community is "united in saying that Iran should not acquire nuclear weapons, and we have to exercise very strong pressure against them. But we must make sure the international community is united. If not, the risk is that you strengthen Iran."

The New York Times (8/27, Fisher, 1.21M) says D'Alema "seemed equal parts pleased and worried on Saturday morning — and there was good reason for both." His "pleasure in Italy's newly assertive role in Europe seemed dampened by the real dangers." In addition to the 1983 bombings, "this new deployment will come within the complicating context of war in Iraq and a far greater threat of terrorism." D'Alema "said he understood the hesitations of the French, who he said had a more complicated history in the region than Italy." He further "said he saw the peacekeeping effort not merely as a way to preserve a so-far-shaky truce between Israel and Hezbollah, the Shiite guerrilla group, but as part of a comprehensive plan to stabilize the region. That plan, he said, should move toward a solution in resolving territorial disputes between the neighbors there and, as the Italian prime minister, Romano Prodi, has stressed, in

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moving toward a solution between Israel and the Palestinians."

Some Lebanese Resent Hezbollah. In an analysis piece, the AP (8/27, Pitman) reports the resistance some Lebanese are displaying to Hezbollah's emergence in their communities. "Though everyone here blames Israel for the 23 deaths, many place equal blame on Hezbollah for bringing its militant Shiite fighters into the region and drawing Israeli fire. Such displays of anger illustrate the complexities in a nation where Shiite, Sunni, Christian and Druse beliefs exist in a tumultuous mix that boiled over during Lebanon's 1975-1990 civil war." While "open criticism of" the group "is rare in southern Lebanon," distaste for the "militants "is more common in a handful of Christian villages where residents blame" them "for setting off the destructive 34-day war." Also, "some Sunni Muslims are furious" at Hezbollah's attempts to use casualties and war damage to bolster their image

Israeli Presence Complicates Lebanese Attempts To Return To Homes. In an analysis piece, the Los Angeles Times (8/27, Daragahi, 918K) says southern Lebanon has begun to return to normal but remains changed by the conflict. While "drivers…have flooded roadways again," when "the sun goes down, the Israeli tanks come to Marwaheen, piercing through the border less than half a mile away." A degree "of calm has begun to return to southern Lebanon," and "even in towns reduced to rubble by Israeli airstrikes and shelling, streets have been cleared of debris and unexploded ordnance, allowing international and local relief workers to enter areas." However, "Residents along the border say the Israeli troop movements continue to throw them off balance. Along the zigzagging frontier, where the lush, suburban American-style housing developments of Israel are visible, they complain of Israeli drones flying above as well as the nightly tank incursions." There "were signs that the process of handing over areas to U.N. and Lebanese troops was working," and "the families are trickling back, at least for a look."

Lebanese-Americans Recount Escape From Embattled Town. NBC Nightly News (8/26, story 6, 2:30, Seigenthaler, 9.87M) reported, "Israel's attention is now back on Lebanon, where more international peacekeepers are arriving. So far only half of those promised 15,000 peacekeepers promised by European nations have arrived. As UN troops take up their posts, residents try to get back to normal lives and the towns they left behind." NBC (Maceda): "Heavy construction gear offloaded at Beirut's port today. Another sign that an international effort to protect a fragile cease-fire is building steam. Increasingly Lebanese refugees are coming home, often to towns in ruins. Yaroun is one of them, but this town is different." Yaroun resident Jimmy Saleh: "70% of this town, they are American citizens." Maceda: "Lebanese-Americans who brought their money and dreams back to their homeland, building their summer houses, today much of it flattened and empty. Ali Saleh says his parent's house in Yaroun became the scene of an escape from a nightmare."

Author Says Only Comprehensive Disarmament Scheme Will Work. In a lengthy op-ed in today's New York Times (8/27, 1.21M), author James Traub sees few options for achieving the disarmament of Hezbollah. "And yet if Hezbollah is not disarmed, all of the appalling destruction that Israel visited upon Lebanon and suffered in its own territory may have accomplished nothing, and the bloodshed just concluded may be only the prelude to something yet worse." Disarmament must be accompanied by demobilization, Traub says, "meaning not only that they have to be mustered out but also that the organization's command-and-control structure must be eliminated. And then, perhaps most crucially of all, as the Bush administration discovered to its pain in Iraq, those soldiers must be reintegrated into civilian society, or into the national army, so that the rewards, or at least potential rewards, of peace outweigh those of violence." Citing recent examples, Traub says, "Kosovo and Sierra Leone worked not because peacekeepers got disarmament right but because the politics were right, or because the balance of force was favorable to peacekeepers. Otherwise, disarmament fails," as it did Rwandan Hutu rebels in Congo in the mid-1990s. The Irish Republican Army's disarmament in 2005, Traub suggests, may offer a precedent for integrating Hezbollah into Lebanon's political mainstream. Even if a long-term solution is not attainable now, "the thousands of Lebanese and international troops who will be inserted between the combatants should provide at least an interval of calm. While the peacekeepers cannot disarm Hezbollah, their mandate requires them to prevent rearmament by blocking the militia's Syrian supply routes. This, in turn, could persuade Israel to stay its hand. And diplomacy could then have time to lay solid foundations before the whole rickety structure gives way."

Israelis Use Intricate System To Select, Approve Assassinations. A 4,883-word report on the front page of the Washington Post (8/27, A1, Blumenfeld, 748K) details "divisive" debates within Israel's military decision making apparatus about the conduct of targeted assassinations. "In Israel, targeted killing has become a select weapon," and has become, "arguably, the most morally complicated." The Post notes, "More than half of all targeted operations have been called off, a senior military source said, because of danger to noncombatants."

Post-Conflict Inquiry Said Unlikely To Affect Military Doctrine. The Los Angeles Times (8/27, King, 918K) reports, "Israel's much-vaunted military, which emerged bruised and bloodied from its 34-day conflict with the guerrillas of Hezbollah, is in the midst of an intensive reappraisal of the battlefield tactics, intelligence capability and

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weaponry it brought to bear in Lebanon." However, the conflict "is unlikely to result in fundamental changes in Israeli military doctrine," because Tel Aviv "regards Hezbollah, a disciplined and highly motivated Islamist militia equipped with state-of-the-art weapons, as unique among its many enemies in the region, and strongly believes that its army remains capable of inflicting decisive defeat on any conventional force it might confront." In addition, says the Times, "Israeli military strategists firmly believe they could have won the conflict with Hezbollah had they not been hobbled by the missteps of a domestic political leadership untested by battle — a view that is likely to be aired repeatedly during what may be months of public inquiries into how the conflict was conducted."

Israeli Reservists' Protests Fit Historical Mold. The Washington Post (8/27, A16, Struck, 748K) examines recent protests by Israeli reservists against Tel Aviv's planning for and execution of the Israel-Hezbollah conflict. There has been "a chorus of…Israeli soldiers, many of whom served their time in Lebanon before airing their complaints. … Most complain that the war was mismanaged and should have been prosecuted longer." The Post notes, "In most armies, refusal to serve in a war is met by harsh punishment, and criticism from the ranks is forbidden. But in Israel, where military service is mandatory and soldiering is an experience that almost all Israelis have in common, boisterous dissent from within the ranks is a long-standing staple of political change." Similar complaints "helped bring down" Prime Minister Golda Meir's government in 1973 and "toppled then-Defense Minister Ariel Sharon" in 1982. Today, "as in the past, the soldiers may provide the critical judgment that determines the fate of the country's top political leaders and military officers." The Post adds, "The soldiers' demands are likely to force Olmert to appoint a state commission of inquiry" that "would have the potential to bring down his government."

"Vitriol" Against Government "Spreads" Across Israeli Media. The New York Times (8/27, 1.21M)'s "Reading File" displays negative Israeli press reaction to Prime Minister Ehud Olmert's handling of the recent conflict. "The press in Israel continued to vent its anger at the government last week over the Lebanon war. Under the headline 'Storm the Bastille' in the newspaper Haaretz, Gideon Samet wrote of the darkening public mood," while "on Ynet, the Web site of the newspaper Yedioth Ahronoth, a writer, Mordechai Gilat, offered little hope for Prime Minister Ehud Olmert." Also "on Ynet, Zvi Mazel accused Foreign Minister Tzipi Livni of not being better at public relations during the war."

On Long Island, Israeli Children Escape Conflict. The New York Times (8/27, Vitello, 1.21M) profiles "23 children from the Israeli city Haifa who were given temporary refuge from the Israeli-Hezbollah war on Aug. 12 and resettled for two weeks in the homes of Long Island families." Long Islander "Roby Young, a Haifa native, raised about $40,000 from staff members and parents of current and former students and campers to help pay for the two-week respite. The 23 children attended camp daily, visited New York and Washington, went to a water park, and generally luxuriated in the rocket-free environment."

Cameramen Wounded In Israeli Missile Strike. The AP (8/27, Barzak) reports, "Israeli aircraft fired two missiles early Sunday at an armored car belonging to" a "news agency, wounding five people, including two cameramen." Tel Aviv military leaders "said [they] did not realize the car's passengers were journalists and only attacked because the vehicle was driving in a suspicious manner near Israeli troops in the middle of a combat zone." Cameramen Fadel Shama'a, 23, and Sabah Hamida, 25, "who worked for a local television company, had the doors open and were about to get out of the armored vehicle in the nearby Shajaiyeh neighborhood to film the raid when it was struck by the missiles… The cameramen, along with three bystanders, were injured with shrapnel wounds and all five were to undergo surgery, hospital officials said." The AP adds, "The airstrike on the journalists' car came as Israeli soldiers backed by two dozen tanks, two bulldozers, helicopters and drone planes moved into an area just inside the Gaza Strip near the Karni crossing," in order to search "for explosives planted by Palestinian militants alongside the border fence and for tunnels under the border."

ABC Evening News (8/26, story 6, 0:12, Avila) reported, "In a new incident late today in Gaza, the Israeli army reportedly fired two missiles into a car" and "injured two journalists."

NBC Nightly News (8/26, story 5, 2:00, Seigenthaler, 9.87M) reported, "Journalists are once again finding themselves directly in the line of fire in the Middle East." NBC (Fletcher): "Tonight in Gaza Israeli rockets wounded two cameramen. The rocket hit their armored car near an Israeli army operation. Fletcher later added, "The drama in Gaza and the war in Lebanon has for months overshadowed Israel's third front, the West Bank, where today an arrest raid that went wrong ended with one Palestinian dead and 20 wounded. At dawn Israeli troops tried to arrest two Palestinian gunmen. Instead a gunfight began. The gunmen were from the al Aqsa Martyr's Brigades. At first Israel tried to continue with troops on the ground, but fearing casualties, in went the armored bulldozer, smashing a room. But firing moved to another room. Israel poured gunfire into the building. Palestinians ran to the scene and more fighting. After 12 hours the Israelis pulled out of town and the gunmen got away."

Fox News Journalists Freed. The Houston Chronicle/AP (8/27) reports, "Two Fox News journalists were released Sunday, nearly two weeks after being seized by militants in Gaza. First footage showed the two, Olaf Wiig and Steve Centanni, being dropped off at Gaza City's Beach

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Hotel. Centanni, of the U.S., embraced someone in the lobby, before both men were rushed upstairs. Wiig, 36, of New Zealand, wore a white T-shirt, rather than the beige Islamic robe in which he appeared in a hostage video just hours earlier."

Lebanese Information Minister Decries Al-Maner Provider's Arrest. The AP (8/27) reports Lebanese Information Minister Ghazi Aridi "criticized the arrest of a businessman in New York," Javed Iqbal, "on charges of providing satellite broadcasts of Hezbollah's Al-Manar television to New York-area customers." Iqbal "was arrested Wednesday in New York on conspiracy charges of enabling broadcasts of Al-Manar — designated by the U.S. government as a global terrorist entity." Aridi "called Iqbal's arrest an 'attack against freedoms (that) robs a large section of people from watching a specific channel.'"

Saudi Interior Ministry Arrests Suspected Militants. The Los Angeles Times (8/27, 918K) reports, "Four Islamic militants arrested in the Red Sea port of Jidda were part of a group of 34 men rounded up last week in an effort to prevent a resurgence of Al Qaeda violence, the Saudi Interior Ministry said. Weapons and locally made explosives were found in their apartment, which was being used 'as a factory for instruments of death and destruction,' the official news agency SPA said.

Turkish Boom-Town Shows "Challenges" Of Balancing Islam With Capitalism. A 1,602-word piece in today's New York Times (8/27, Bilefsky, 1.21M) profiles the "poor, largely agricultural region" of central Anatolia. While many outsiders regard the "deeply religious" area "as the 'other' Turkey, a non-European backwater where women in head scarves are more prevalent than businessmen in pinstripes," the Times notes "the region's mix of Muslim values, hard work and raging capitalism has even prompted sociologists to coin a new term to describe the phenomenon: Calvinist Islam." Against the "growing skepticism in Europe about the prospect of integrating a large agrarian Muslim country into one of the world's biggest trading blocs," Anatolia "presents one of the strongest arguments that Islam, capitalism and globalization can be compatible." However, "the region also is experiencing tensions between Turkey's official secularism and its religious fervor, suggesting that reconciling Islam and business can create challenges."

Kidnapped Chechen Was Secret Bride Of Rebel Leader Basayev. The New York Times (8/27, Chivers, 1.21M) details the "two lives" led by Elina Ersenoyeva, a journalist and social worker in Chechnya who was also "a secret bride of Shamil Basayev, the one-footed Chechen terrorist leader and Russia's most wanted man, who died in an explosion on July 11." Ersenoyeva's mother says her daughter, who was kidnapped in Grozny on August 17, married Basayev "only because the separatists had threatened to kill her two brothers if she did not do as they said." The Times notes, "Whatever the circumstances of Ms. Ersenoyeva's marriage, whether she was Mr. Basayev's occasional hostage or willing wife, her disappearance has offered fresh glimpses into two Chechen netherworlds: the secretive life of Mr. Basayev and the murky circumstances of abductions in the Caucasus, which have persisted even as the pace of combat in Chechnya has slowed."

Diplomatic Baggage Row Could Augur Declining Relations With Venezuela. The New York Times (8/27, Romero, 1.21M) notes US and Venezuelan officials "are intensifying their verbal sparring after Venezuelan customs authorities this week seized diplomatic baggage from the United States that contained military hardware. In what analysts say may be a prelude to worsening relations, Venezuela's attorney general began an investigation on Friday into whether the American Embassy violated customs law when it brought 20 diplomatic bags into the country." Embassy Caracas spokesman Brian Penn "told local news media this week that the diplomatic bags seized Thursday contained replacement parts for ejector seats for the Venezuelan military." State Department spokesman Edgar Vasquez "told The Associated Press on Friday that the United States had requested an 'immediate explanation of the entire incident,' claiming the search violated international treaties on diplomatic baggage."

Chavez Claims "Broad Support" For Security Council Bid. The AP (8/27) reports Chavez "said his country is gaining broad support in its bid for a U.N. Security Council seat, even as the United States tries to persuade governments to vote against Venezuela." He told Venezuelan state television that Chinese President Hu Jintao "endorsed" the effort last week, and "said other countries in areas from the Caribbean to Africa have also pledged their backing." Chavez "rattled off a list of regional groups that he said were mostly backing Venezuela after two months of campaigning by diplomats," and said Washington, "in opposing Venezuela, 'has turned this into a sort of battle for the world.'"

AID's Refusal To Disclose Grant Recipients' Names Said To Raise Caracas' Suspicions. In a 1,300-word piece, the AP (8/27, James) examines "1,600 pages of grant contracts" related to Agency for International Development expenditures on democracy programs in Venezuela. Washington "is spending millions of dollars in the name of democracy in Venezuela — bankrolling human rights seminars, training emerging leaders, advising political parties and giving to charities. But the money is raising deep

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suspicions among supporters of President Hugo Chavez, in part because the U.S. has refused to name many of the groups it's supporting." On the released contracts, AID had "whited out the names and other identifying details of nearly half the grantees. U.S. officials insist the aid is aboveboard and politically neutral, and say the Chavez government would harass or prosecute the grant recipients if they were identified." Caracas "believes the United States is campaigning -- overtly and covertly -- to undermine [Chavez's] leftist government, which has crusaded against U.S. influence in Latin America and elsewhere."

Brazil's Lula Avoids Media, Builds Lead In Presidential Race. The Washington Post (8/27, A14, Reel, 748K) reports, "With little more than a month left in his reelection campaign, [Brazilian] President Luiz Inacio Lula da Silva is skipping televised presidential debates, ignoring the print media and distancing himself from his scandal-plagued political party. The more he shuns such conventional modes of electoral communication, the higher he soars in the polls." Lula's significant poll lead has made it easy for him "to stick to his script." Falling prices and a strengthening real have given his opponents "the tough task of convincing voters that the economy is not doing particularly well, despite what their wallets might be telling them. So far, [his main opponent] has struggled to make the case." The Times explains, "Lula's prospects weren't so rosy a year ago, when political analysts debated whether he would even run in the wake of vote-buying and campaign finance scandals that implicated the Workers' Party, which Lula helped build while he was a union leader. Several of his top aides were fired during the controversy, while Lula said he was unaware of any plan to bribe members of Congress in exchange for support of party policies."

Sen. Obama Highlights AIDS Epidemic During Kenya Visit. ABC Evening News (8/26, story 7, 0:16, Avila) reports, "In Africa today, Barack Obama, the only Black member of the Senate made the fight against the aids epidemic personal. Visiting Kenya, where his father was born, [Obama and his wife Michelle] publicly took aids tests in an effort to end the stigma in fear of being tested for the disease."

The AP (8/27, Wills) reports that Illinois U.S. Sen. Barack Obama (D) "pushed through surging crowds and hurtled down roads lined with screaming fans Saturday before settling into the calm of a quiet meal with his grandmother in the Kenyan hamlet where his father grew up and is buried. … Obama also spent much of the day studying the toll AIDS is taking on African families." The AP adds, "He and his wife took HIV tests as thousands of people watched and he visited a project that helps grandmothers find the money to care for children orphaned by AIDS." According to the AP, Obama is on his third trip to Kenya but his first since elected to the U.S. Senate. The AP adds, "With his Kenyan heritage, Obama is getting a warm reception everywhere, but the reaction has been even stronger in this part of the country — home to the Luo tribe, which includes Obama's family. Kenyans have claimed Obama as one of their own, even though he was mostly raised in Hawaii and did not know his Kenyan father well."

Uganda Government, Insurgents Sign Truce Accord. Agence France-Presse (8/27) reports, "Uganda and the rebel Lord's Resistance Army signed their first truce accord on Saturday, raising hopes for peace talks aimed at ending northern Uganda's brutal war of nearly two decades. The two sides signed a "cessation of hostilities" pact, after halting talks began here last month to end the conflict. According to the AFP, "The accord is to take effect on Tuesday and will require rebel fighters to gather at two camps supervised by the autonomous government of southern Sudan, which is mediating the talks."

Journalist Charged With Spying By Sudanese Government. The AP (8/27, Johnson) reports that Pulitzer Prize-winning Chicago Tribune foreign correspondent Paul Salopek "was charged in a Sudanese court Saturday "with espionage, passing information illegally and writing 'false news,' the Tribune reported on its Web site. His driver and interpreter, both Chadian nationals, faced the same charges." According to the AP, "The three men were arrested Aug. 6 by pro-government forces in the war-torn province of Darfur, the paper said. … 'He is not a spy,' said Ann Marie Lipinski, editor and senior vice president of the Tribune." According to the AP, Lipinski adds, 'Our fervent hope is that the authorities in Sudan will recognize his innocence and quickly allow Paul to return home to his wife, Linda, and to his colleagues.'"

South African Murder Rate Persistently High. The AP (8/27, Leonard) reports, "Plans for South Africa to host soccer's next World Cup, in 2010, has focused international attention on the crime rate, with organizers having to answer questions not just about whether they'll have enough stadiums and hotel rooms, but whether the 350,000 foreign visitors expected for the monthlong tournament will be safe. Statistically, a South African is 12 times as likely to be murdered than the average American and his chances of being killed are 50 times greater than if he lived in western Europe." The AP adds, "The government contends it has made progress, reducing some types of crime and leveling off others. Still, after recent highly publicized cases, including the deaths of 17 people in just two incidents

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in June and July, the government had to promise a much tougher stance, saying police will be much more aggressive."

China Releases Jailed Bishop. Agence France-Presse (8/27) reports, "China has released a bishop of the underground Roman Catholic Church after more than 10 years in prison, a rights group based in the United States has reported. The bishop, An Shuxin, 57, arrested in May 1996, was released Friday, and the government has given him permission to work as a priest, the Cardinal Kung Foundation said." According to the AFP, "The foundation said Bishop An, who had been the auxiliary bishop for the Baoding diocese in Hebei, a northern province, had not joined the official church under the authority of the Chinese Communist government."

NYT Faults China For Jailing Of Journalist. In an editorial, the New York Times (8/27, 1.21M) opines, "Someone in China's autocracy may have a sense of shame — or vulnerability. But only up to a point." According to the Times, "Last week a Chinese court dismissed a specious state secrets charge against a New York Times researcher and journalist, Zhao Yan. Unfortunately, the court then sentenced him to three years in prison on a lesser but still specious charge of fraud." The Times adds that dictators always need to save face, ergo the lesser conviction for fraud, though "Mr. Zhao — who has already been held for two years — could be released by September 2007. That is still unacceptable." The Times adds, "China needs to be told that it is not off the hook. China should be ashamed of this abuse of its legal system and of the mistreatment of Mr. Zhao." According to the Times, "There is no face to be saved so long as his conviction stands."

Pre-Election Tensions Could Weaken Bosnia's Cohesion. The New York Times (8/27, Wood, 1.21M) details recent episodes of sectarian disagreements in Bosnia ahead of October 1 elections. "Those incidents have been accompanied by a sharp increase in the expression of nationalist sentiments that is worrying international officials here as the country prepares for" the parliamentary and presidential votes. "After almost 11 years of efforts to rebuild and stabilize Bosnia, the diplomats and international officials involved say that the country runs little risk of" returning to open warfare. "But they say the tensions could prompt some violence, and worse, could threaten to unravel the long complex process aimed at making Bosnia a cohesive state that can operate without foreign intervention." The Times notes, "Progress on a new constitution has stalled," and "Bosnians on all sides concede that their current constitutional structure… is too complex and expensive to properly serve the needs of its people." Another lingering concern "is the viability of the Office of the High Representative, which over the last four years…has driven the efforts to make Bosnia a more cohesive state. European nations and the United States are proposing that the" OHR "be abolished by June 2007."

Will Argues For Repealing Japan's Constitutional Pacifism. George Will writes in his column in the Washington Post (8/27, B7, 748K) that Article 9 of the Japanese constitution, imposed by the US, "stipulates that Japan 'forever' renounces war and 'the threat or use of force' in settling international disputes. Therefore 'land, sea, and air forces' will 'never' be maintained." However, "they are maintained," and "although constitutional pacifism has long been embraced by the Japanese, the Self-Defense Forces may be taken off Article 9's leash before this decade ends," as since North Korea launched a Taepodong ICBM over Japan's main island, "revision of Article 9 has become probable." Will argues, "Surely it is time for Japan to end the dissonance between its necessary behavior and its constitution's text, a contradiction that can complicate policymaking and produce national paralysis. This matters to Americans because East Asia…matters. And because rising China and demented North Korea complicate regional security. And because the list of economically formidable nations that are without virulent anti-Americanism and are eager to collaborate with America is short. The list is: Japan."

WashPost Says UN's Unique Role Demands Support For Reform. In its lead editorial today, the Washington Post (8/27, 748K) says that, while the United Nations "has recently come in for a beating," the "world's tendency to turn to the United Nations has if anything grown stronger." That kind of "schizophrenia -- the tendency both to attack the United Nations and to demand its assistance -- is dangerous. If the United States and its allies want the United Nations to unscramble problems, they must do more to nurture it." Both the Lebanon and Darfur crises bear this point out, the Post says, and, instead of searching for alternative institutions, "critics must channel their energy into promoting the reforms that could make the United Nations more effective." Saying "there is blame to go round for the stagnation of existing reform efforts," the Post argues the Administration "has failed to build a coalition of reformers who could prevail over entrenched seat-warmers. The British and French have resisted change that could undermine their privileged positions as veto-wielding members of the Security Council." When Secretary-General Kofi Annan attempted reforms last year, "neither rich countries nor poor countries showed much interest in supporting him. Now Mr. Annan is nearing the end of his term. An insistent determination to modernize the United Nations will be a necessary quality for whoever succeeds him."

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THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
What Drove the Preacher's Wife?
Katrina Aid Far From Flowing
Job Boom Makes Driving a Chore on the Westside
Rockies' Forests Fall to a Tiny Foe
A Threat That Tops Insurgency

New York Times:
Whispers of Mergers Set Off Suspicious Trading
Outlines Emerge for a Shaken New Orleans
Tracing the Path of a Corpse, From the Street to Dignity
Dancers Land in Iraq. Marines Offer No Resistance.
In Schools Across U.S., the Melting Pot Overflows
Missing Chechen Was Secret Bride of Terror Leader
Here Illegally, Guatemalans Are Prime Targets of Crime
Fiery Campaign Imperils Bosnia's Progress
Man Arrested After Spree of Shootings Across Queens
Who Signed Off on Those Options?

Washington Post:
Silence After the Storm
A Divisive Struggle Over Targeted Killing in Israel
House Races In Md., Va. Echo Quest For Change
Telling of Life Story Enlivens Mfume's Campaign
Democrats Split Over Timetable For Troops
Kaine Backs Tunnel

Washington Times:
Iran building heavy-water nuclear plant
Diving into the gene pool
Texas city eyes alien crackdown
Israeli general plots war with Iran

Dallas Morning News:
2 killed, 1 injured in shooting at apartment
Can pastor find his way back to pulpit?
Firm has big plans for southern sector
Illegal migrant proposal stirs passions in FB
Ernesto gains strength over central Caribbean
Mexico's political crisis lets drug violence spread

Houston Chronicle:
New Orleans still struggling a year later
HISD program urges 653 dropouts to try again
Anti-war protestors greet Bush at vacation spot
Sekula-Gibbs seeks to prove her political chops
Payroll scandal hasn't sapped Alvarado's clout
Texas football coaches paid more than teachers

Story Lineup From Last Night's Network News:
ABC: New Orleans Levees, Gulf Coast Hurricane Threat, Bush Gulf Coast Trip, Shuttle Launch Postponed, Kidnapped Journalists, Journalists Targeted, Sen. Obama In Africa, Airline Security, Katrina Survivor Rebuilds.
CBS: New Orleans Hurricane Concerns, Hurricane Projection, New Orleans Flooding Fears, Air Travel Security Fears, Homegrown Terrorism Fears, Shuttle Launch Delayed, Iraq Security.
NBC: Hurricane Projection, New Orleans Prepares For Next Hurricane, Bush and Katrina Anniversary, Shuttle Launch, Gaza Kidnapping / Fighting In The West Bank, Americans In Lebanon, Katrina Survivors.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – President and Mrs. Bush arrive The White House via Marine One. South Lawn.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. No events scheduled.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: **THE ATTORNEY GENERAL AND SENIOR STAFF**

DATE: **MONDAY, AUGUST 28, 2006 7:45 AM EDT**

TODAY'S EDITION

Terrorism News:

Dynamite On Plane Sets Off Alarms, But Only After The Flight (USAT/AP) ... 3
EU Seeks Uniform Screening Rules (WSJ) ... 4
Bin Laden, Most Wanted For Embassy Bombings? (WP) ... 4
Government's Case Against Terror Suspect Faces Obstacles (MH) ... 5
Judicial Chaos (TH) ... 7
London Plot: U.K. Suspect Released (NSWK) ... 7

Homeland Response:

Bush Returns Again To Gulf Coast For Katrina Anniversary (USAT) ... 8
Year After Katrina, Bush Still Fights For 9/11 Image (NYT) ... 9
Anniversary Brings Out The Politics Of Commemoration (NYT) 11
Katrina Plan Enacted On Some Fronts, Not On Others (USAT) 12
Feds Say New Orleans Is Storm-ready (AP) ... 13
Searching For The Face Of Katrina And A Sign Of Hope (opinion) (LAT) ... 14
Razing Hopes And Fears (WSJ) ... 17
Mississippi Town Becomes Steel's City (WSJ) ... 18
Gulf Coast Taking A Look At 'new Urbanism' (USAT) ... 19
'Katrina Cough' Sending Many To The Doctor (USAT) ... 21
When The Cameras Left (NSWK) ... 21
Washington Whispers (USNEWS) ... 22
Bush's Brownie (TIME) ... 23
New Orleans Blues (NSWK) ... 23
Freret Street Revisited (USNEWS) ... 26
Poll: U.S. Not Ready For Major Disaster (AP) ... 28
Broken Promises (NYT) ... 29
Promises Dim For The Nation's Poor (opinion) (USAT) ... 30
Piecemeal Federal Response Won't Protect New Orleans (opinion) (USAT) ... 31
Officials Differ On Gulf Preparedness (WT) ... 31
Erratic Ernesto Cause For Alarm From Florida To Louisiana (LAT) ... 32
Bush Declares State Of Emergency In Fla. (AP) ... 33
Evacuations Ordered As Ernesto Steams Toward Florida (USAT) ... 34
ID Program Trips Over Hardware (WT) ... 34
Unlocking Fingerprints (WP) ... 35
U.N. Tower Is Deadly Firetrap, Senator Says (USAT) ... 37
This Is Only A Drill: In California, Testing Technology In A Disaster Response (NYT) ... 37

War News:

Shootings, Bombings Kill At Least 51 (USAT/AP) ... 39
At Least 69 Killed In Attacks Across Iraq (WP) ... 40
Deaths Drop In Iraqi Capital (LAT) ... 41
Bomber Attacks Baghdad Paper On Day When 52 Are Killed (NYT) ... 42
Iraq Tries To Crack Down Carefully On Militias (USAT) ... 44
Joe Biden: A Plan For Iraq (NHUL) ... 45
The Battle For Baghdad (USNEWS) ... 45
Hunting Baghdad's Death Squads (USNEWS) ... 49
The Shadow Warriors (USNEWS) ... 50
The Great Wall Of Arabia (TIME) ... 51
Elections: Shays' Sudden Shift (NSWK) ... 51
Homicide Charges Rare In Iraq War (WP) ... 52
Precision Technology Helps Combat Troops Pinpoint Enemy (USAT) ... 55
Director Of Baghdad Museum Resigns, Citing Political Threat (NYT) ... 56
British Ambassador Explains Troop Movement Near Iraq-Iran Border (MCT) ... 57
Jimmy Carter: Blair Subservient To Bush (AP) ... 57
Hostage: The Jill Carroll Story - Epilogue: Family reunion (CSM) 58
Order In The Courts (NYT) ... 59

Corporate Scandals:

An Enron Twist: Convicted But Not Guilty? (CSM) ... 60
The One Who Got Away (TIME) ... 61
A Sighting, Perhaps, Of A Fugitive In High Tech (NYT) ... 62
Sighting Of Fugitive Exec Called Doubtful (NSDY) ... 64

Criminal Law:

Receptionist-turned-lobbyist Faces Probe (AP) ... 64
Vigil's Attorney Accuses Government Of Withholding Evidence (AP) ... 66
Fugitive Arrested In 1994 Slaying (CHIT) ... 66
4 Sentenced In $7.4M Airport Robbery (NSDY/AP) ... 66
Four Jailed, Millions Still Missing In Miami Airport Raid (FLSUNSEN) ... 67

The Man Who Said Too Much (NSWK) 67
Offshore Gaming Sites Not Sure USA's Worth The Risk (USAT)68
Hacker Sentenced To 37 Months In Prison (SEAPI) 69
"Botnet" Hacker Sentenced To 3 Years (SEAT) 70
Man Enters Guilty Plea In Child Porn Case (ROT) 71
LaPlace Journalist Indicted In Porn Case (NOTP)..... 71
Newspaper Editor Indicted In Child Pornography Case (AP) 71

Civil Rights:

Voters Find Some Machines Harder To Use (NYT)..... 72
Watch Out For Voting Day Bugs (WP)..... 73
S. Dakota Becomes Abortion Focal Point (WP)..... 74
When Schools Silence God Talk (USAT)..... 76

Antitrust:

GE's Water Unit Remains Stagnant As It Struggles To Integrate Acquisitions (WSJ) 77
Italian Banks Intesa And Sanpaolo Agree To Merge (WSJ)..... 78
California Epiphany (WSJ)..... 79

Environment:

BP Chief Faces Court Appearance (FT) 80
Pollution In The Water, Lawsuits In The Air (WP)..... 81
'Tastes Just Like Vodka' (WT/AP) 82
Malaria Kills Millions -- We Have The Cure (WSJ) 83

FBI/DEA/ATF/USMS:

Celebrated FBI Agent Will Retire Haunted By Those Who Got Away (WP)..... 85
California Seeks To Clear Hemp Of A Bad Name (NYT) 87
Drug-trafficking Ring Broken Up (EVT) 88
Major Mexico-based Drug Trafficking Ring Disrupted (AP)..... 89
Florence Man Sentenced To Life In Prison For Drug Dealing (AP)..... 89
Ex-athlete Guilty In Drug Case (BSUN) 89
Feds: 5 Sacto-area Homes Turned Into Pot Farms (SFC) 90
Gatlin's Statement Leaves Questions (LAT)..... 90
Gatlin Will Appeal 8-Year Ban From Track (AP)..... 91
IOC Chief Praises U.S. Anti-Doping Work (AP)..... 92
Luck, Not Better Lab Tests, Helped Catch Athletes (USAT) 92
Nike Drops Track Coach And Star Amid Scandal (NYT)..... 93

Immigration:

Young Migrants Risk All To Reach U.S. (WP) 94

Congress-Administration:

Hunt On Hill Afoot For Pork-bill Blocker (WT) 96
Securing Future Fiscal Health (WP)..... 97
Did A Federal Judge Cross A Legal Line For His Clerk? (LAW) 98
Federal Jobs Decline As Contractor Market Expands (WP)..... 99
An American Eagle In Autumn (WT) 99
A Fixation With Secrecy (NYT)..... 101
What Is The Latest Thing To Be Discouraged About? The Rise Of Pessimism (NYT)..... 101
A Way Past The Stem Cell Dilemma? (USNEWS)..... 102
Embryonic War (NSWK)..... 102
A Way Out? (WP) 103
Over (and Behind) The Counter (USNEWS)..... 104
New Plan For Plan B (NSWK) 105
"Anybody Knows Not To Mess With Me" (TIME)..... 105

Other News:

What Worries Economists? (WSJ) 107
Global Trends May Hinder Effort To Curb U.S. Inflation (NYT) 110
Real Wages Fail To Match A Rise In Productivity (NYT)..... 111
Bar Prep Co. Ordered To Pay $11.9M For Copying Multistate Exam Questions (LAW)..... 113
U.N. Treaty Trumps Parental Rights (WT) 115
Signs Of A Possible Power Shift In Congress Have Unions Going All Out To Reach Voters (WSJ)..... 115
Saved By VDOT (WP) 117
Steele Campaign Stresses Border Security (WT)..... 117
Major Black Candidates At Record High (CSM) 118
As TV Campaign Spending Soars, Cable Outlets Attract More Dollars (WSJ)..... 119
This Fall, New Push Against Big Tobacco (CSM)..... 120
The Safer Cigarette Delusion (NYT)..... 121
Alaska's Gray Davis? (LAT)..... 122
Shopping For Support Down The Wrong Aisle (WP)..... 122
Schwarzenegger Gives Up (WSJ)..... 123
Rumsfeld Sees Some Progress In Missile Plan (NYT)..... 124
Rumsfeld Wants More Missile-shield Testing (USAT/AP)..... 125
Rumsfeld Unsure Of Ability To Intercept Korean Missiles (WP)126
U.S. Set For Biggest Missile Defense Test In 18 Months (LAT)126
Lost In Space (WSJ)..... 127
Iran Tests Submarine-to-surface Missile (AP) 129
Iran Test-fires New Anti-ship Missile As U.N. Deadline Nears (USAT/AP) 130
Tehran Test-fires Long-range Missile (WT/AP)..... 130
Iran Vows To Continue Making Nuclear Fuel (FT)..... 131
Nuclear Program A Source Of Pride For Iranians (USAT) 132
An Ex-Official Offers Glimpse Of Iranian Views Of U.S. (NYT) 134
U.S. Plans For Sanctions On Iran (WT) 135
Iran's Hard Line Begins At Home (TIME)..... 136
The War For Hearts And Minds (TIME)..... 137
The End Of Invincibility (TIME)..... 138
Annan Will Travel Mideast To Bolster Lebanon Peace Plan (NYT) 139
Lebanon To Press UN For Withdrawal Help (FT) 140
EU Clarifies Its Role In Lebanon (WSJ) 141
Turkey Torn On Joining U.N. Mission (AP)..... 142
Hizbollah Hopes To Engineer A Quick Recovery (FT) 143
Hezbollah Says Its War With Israel Was A Mistake (WT) 144
Hezbollah Chief Revisits Raid (WP/AP)..... 144
Hezbollah Chief Indicates Regret For Kidnappings (LAT)..... 145
What Did You Do In The War, UNIFIL? (WKLYSTD) 145
Hostage Crisis (WSJ) 147
It's Not Easy Being Blue (NYT) 147
2 Abducted Journalists Are Freed In Gaza Strip (WP) 148
Fox News Journalists Free After Declaring Conversion (NYT). 149

DOJ_NMG_0054020

Kidnapped Fox Journalists Freed After Two Weeks (FT)..... 150
Fox News Journalists Describe Captivity (AP)..... 150
Freed Fox Journalists Tell Of Painful Time In Captivity (USAT/AP) 151
Fox Journalists Freed After 2 Weeks In Gaza (LAT) 152
Freed Journalists: Despair, Then Hope (CSM)..... 153
Fox News Journalists Set Free Unharmed (WT/AP) 155
Israeli Siege Leaves Gaza Isolated And Desperate (WP)..... 155
US Centcom Chief Abizaid Arrives In Pakistan (AFP)..... 157
Tribal Leader's Killing Incites Riots In Pakistan (NYT)..... 157
A Rebel's Killing Roils Pakistan (CSM) 158
21 Wounded As Blasts Hit Turkish Resort (AP)..... 160
Journalist Faces Charges Over Entering Darfur Region (NYT) 160
Media Groups Urge Sudan To Release U.S. Reporter (WP/AP)161
US Senator Electrifies Kenya's Largest Slum (AFP-Y)..... 161
Kenyans Greet Obama With Open Arms (USAT/AP)..... 162
US Seeks Support From China To Revive Global Trade Talks (WSJ/AP) 163
Democracy In Cuba Unlikely As Raul Rules (WT)..... 163
Cuba's Economic Fate Up In Air (USAT) 164
U.S. Officials Say Venezuela Knew Military Equipment Was In Seized Cargo (NYT) 166
U.S.-funded Programs Incite Chavez's Suspicion (WT/AP) 167
New Blueprint Koizumi's Success Charts The Path To Japan's Future (WSJ) 168
Vietnam's Hostages (WSJ)..... 170
South America's Right Leftist (LAT) 171

TERRORISM NEWS:

Dynamite On Plane Sets Off Alarms, But Only After The Flight (USAT/AP)

By Leslie Miller

USA Today, August 28, 2006

WASHINGTON — A stick of dynamite that made it onto a flight from Argentina to Houston highlighted a weak link in aviation security: International airports are not always as secure as those in the USA.

U.S. and Argentine authorities were investigating how the explosive made it onto the airplane in a college student's checked bag. The dynamite was discovered during a baggage inspection at Bush Intercontinental Airport shortly after a Continental Airlines flight landed Friday.

U.S. Immigration and Customs Enforcement spokeswoman Luisa Deason said the incident had no connection to terrorism. Houston Assistant Fire Chief Omero Longoria said the student, Howard Fish, 21, told authorities that he works in mining and often handles explosives.

The head of the Transportation Security Administration said the government is aware of the problem of looser security at international airports and is taking steps to fix it. "We are focused on getting a base level of security around the world," Kip Hawley said in an interview taped to air Sunday on C-SPAN. "We'll put in additional measures where we think we need to."

Airline passengers traveling from U.S. and British airports were barred this month from bringing liquids and gels onto planes. The bans were instituted after British authorities said they had foiled a terrorist plot to use liquid explosives to blow up as many as 10 U.S.-bound airplanes.

There have been several attempts to destroy airplanes with bombs in checked luggage. In 1988, a bomb hidden in a checked bag exploded aboard Pan Am Flight 103 over Lockerbie, Scotland. All 259 people on the London-to-New York flight were killed, as were 11 on the ground.

Many countries use bomb-detection equipment for checked baggage that does not meet U.S. standards, according to a report last year by the Homeland Security Department.

"Checkpoint and checked baggage security measures have been radically improved in the U.S. since 9/11, and similar levels of improvements are essential in the rest of the world," the report said. "From the U.S. perspective, we are particularly concerned about security on flights inbound to our nation, but the worldwide fight against terrorism argues for making improvements universal."

It was not immediately clear what kind of bomb-screening procedures are used at Buenos Aires Airport in Argentina. Bob Hesselbein, national security committee chairman for the Air Line Pilots Association, said the equipment used in the USA would have detected a stick of dynamite.

"It will identify chemicals common to dynamite," Hesselbein said.

A United Nations group, the International Civil Aviation Organization, sets basic security standards for civil aviation worldwide. Those standards generally are lower than the standards for U.S. airports.

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The organization plans to meet in Montreal in September to discuss raising the standards for international air security. Among issues to be discussed: the kinds of liquids that should be allowed on airliners.

Hesselbein recently attended the group's security conference in the Dominican Republic. “Airports in South and Central America are complaining they have to comply with TSA standards,” Hesselbein said. “The greatest challenge they confront is not having the funds.”

Hawley said that in the past few weeks he has talked with many of his counterparts from other countries, including Britain and the European Union, about tighter security standards.

Hawley said TSA inspectors visit international airports that have U.S.-bound flights and audit their security systems and procedures against the U.N. aviation organization's benchmarks.

In the past year, TSA inspectors determined that an airport on the Indonesian island of Bali and one in Haiti fell short of the standards. Airlines and airports were required to tell passengers traveling between the USA and the Bali and Haiti airports that there were security lapses. The requirement was lifted for Haiti in July.

EU Seeks Uniform Screening Rules (WSJ)

By Daniel Michaels

The Wall Street Journal, August 28, 2006

As aviation-security officials world-wide heighten scrutiny of airline passengers following recent terrorist alerts, the European Union is scrambling to standardize rules on screening travelers and their hand luggage across the 25-country bloc.

EU regulators want to raise standards of airline security and increase uniformity of the rules among member states. For example, the United Kingdom recently imposed extraordinarily strict rules for passenger screening following disclosure that British police on Aug. 10 foiled what authorities called a terrorist attack on aircraft bound for the U.S. Most other EU countries have maintained less severe standards that officials felt were sufficient.

The push for greater uniformity comes as the EU and its members try to balance centralized and national responsibilities. Following the Sept. 11, 2001, terrorist attacks on the U.S., the EU in December 2002 took on a new role overseeing and enforcing aviation security across Europe. But compared with the U.S., where the federal government sets security standards and is primarily responsible for enforcing them, the task in Europe is more complicated because responsibilities remain divided between Brussels and national capitals.

The EU and its members are also struggling with the question of who should pay for increased aviation security: the EU, member states, or airlines and their passengers. The issue is clearer in the U.S. because the federal government passes part of the cost of handling security along to airlines and travelers.

In Europe, coordination is guided by the EU's Aviation Security Regulatory Committee, which was created in 2002 and is comprised of security officials and experts from the EU and member states.

The committee will meet in Brussels Wednesday to receive formal briefings from British officials on the recent security alert. British authorities have charged 12 people with involvement in what investigators say was a plot to smuggle liquid explosives aboard jetliners headed to the U.S. and blow up the planes while in flight.

The committee will also discuss coordinated response measures. A memo to committee members, seen by The Wall Street Journal, said the ad hoc meeting Wednesday will help "prepare the ground for swift decision making" on new steps by the group. A more formal meeting on the issue was already planned for Sept. 6 and 7.

"We want to sound out member states" on potential measures, said Stefaan de Rynck, spokesman for the European Commission's transport directorate. "We're not going to rush into measures" without proper consultation, he said.

Measures under consideration by the committee include increasing the percentage of passengers subject to hand searches, limiting the size and number of carry-on bags, and expanding the list of items permanently prohibited from cabin baggage, such as liquids and gels.

Airlines generally support the EU's greater role coordinating aviation security. "Harmonization is better for industry and for passengers because it's less confusing," said Nathalie Herbelles, manager of cargo, security and legal issues at the Association of European Airlines, a trade group in Brussels. But the response now should be "consistent and reasonable," Ms. Herbelles said. "We're concerned that politicians, to be seen to be doing something, will go too far," she said.

Following the Sept. 11 terrorist attacks, the EU handed overall responsibility for aviation security to the European Commission, the EU's executive body. The Regulatory Committee was then established to ensure that member states adopted and implemented the new EU rules.

Bin Laden, Most Wanted For Embassy Bombings? (WP)

DOJ_NMG_0054022

By Dan Eggen

The Washington Post, August 28, 2006

Al-Qaeda leader Osama bin Laden is a longtime and prominent member of the FBI's "Ten Most Wanted" list, which notes his role as the suspected mastermind of the deadly U.S. embassy bombings in East Africa on Aug. 7, 1998.

But another more infamous date -- Sept. 11, 2001 -- is nowhere to be found on the same FBI notice.

The curious omission underscores the Justice Department's decision, so far, to not seek formal criminal charges against bin Laden for approving al-Qaeda's most notorious and successful terrorist attack. The notice says bin Laden is "a suspect in other terrorist attacks throughout the world" but does not provide details.

The absence has also provided fodder for conspiracy theorists who think the U.S. government or another power was behind the Sept. 11 hijackings. From this point of view, the lack of a Sept. 11 reference suggests that the connection to al-Qaeda is uncertain.

Exhaustive government and independent investigations have concluded otherwise, of course, and bin Laden and other al-Qaeda leaders have proudly taken responsibility for the hijackings. FBI officials say the wanted poster merely reflects the government's long-standing practice of relying on actual criminal charges in the notices.

"There's no mystery here," said FBI spokesman Rex Tomb. "They could add 9/11 on there, but they have not because they don't need to at this point. . . . There is a logic to it."

David N. Kelley, the former U.S. attorney in New York who oversaw terrorism cases when bin Laden was indicted for the embassy bombings there in 1998, said he is not at all surprised by the lack of a reference to Sept. 11 on the official wanted poster. Kelley said the issue is a matter of legal restrictions and the need to be fair to any defendant.

"It might seem a little strange from the outside, but it makes sense from a legal point of view," said Kelley, now in private practice. "If I were in government, I'd be troubled if I were asked to put up a wanted picture where no formal charges had been filed, no matter who it was."

Bin Laden was placed on the Ten Most Wanted list in June 1999 after being indicted for murder, conspiracy and other charges in connection with the embassy bombings, and a $5 million reward was put on his head at that time. The listing was updated after Sept. 11, 2001, to include a higher reward of $25 million, but no mention of the attacks was added.

Others on the list include Colombian drug cartel leader Diego Leon Montoya Sanchez and fugitive Boston crime boss James "Whitey" Bulger, charged with a role in "numerous murders" in the 1970s and 1980s.

The FBI maintains a separate "Most Wanted Terrorists" list, which includes bin Laden and 25 others who have been indicted in U.S. federal courts in connection with terror plots. But this second bin Laden listing also makes no mention of Sept. 11.

"The indictments currently listed on the posters allow them to be arrested and brought to justice," the FBI says in a note accompanying the terrorist list on its Web site. "Future indictments may be handed down as various investigations proceed in connection to other terrorist incidents, for example, the terrorist attacks on September 11, 2001."

Government's Case Against Terror Suspect Faces Obstacles (MH)

By Jay Weaver

The Miami Herald, August 28, 2006

On a visit to Moscow in 2002, then-U.S. Attorney General John Ashcroft trumpeted on TV that "we have captured a known terrorist" who was plotting to blow up a radioactive "dirty bomb" in the United States.

The suspect: Jose Padilla, a U.S. citizen who became a Muslim while living in the Fort Lauderdale area.

Ashcroft branded Padilla an "al Qaeda operative," and the Bush administration held him for more than three years without charges as one of a select few U.S. citizens designated "enemy combatants" in the war on terror.

But faced with a risky legal showdown over his detention, the administration tossed Padilla into the federal court system -- confident that Miami prosecutors could convict him for being a recruit, not a dirty bomber, for an alleged South Florida terror cell.

Now the terror case against Padilla, 35, is shrinking under the scrutiny of U.S. District Judge Marcia Cooke.

Last week, she threw out the first count in the indictment -- that Padilla and two other Muslim men "conspired to murder, kidnap and maim persons in a foreign country . . . to advance violent jihad." She found it repeated the same charges in two other counts that alleged they agreed to support terrorists overseas -- a violation of the Constitution.

Cooke's ruling, which will be appealed by the U.S. Attorney's Office, effectively eliminates the possibility of life sentences for the three defendants. If Padilla, Adham Amin Hassoun and Kifah Wael Jayyousi are convicted on the remaining terror charges at trial in January, they could face up to a maximum 15 years in prison.

So what the Bush administration presented as an open-and-shut terror case is proving to be much harder to prosecute, legal experts say.

Carl Tobias, a constitutional scholar at the University of Richmond School of Law in Virginia who has followed Padilla's legal odyssey, said his prosecution ``falls into the category of terror cases that are overstated and don't deliver on what they promised."

"If the measure is what Attorney General Ashcroft said at the outset, we're pretty far removed from that," Tobias said. ``The tougher question is whether the government can prove the lesser charges of what they have now. That's hard to predict."

Stephen Vladeck, a professor at the University of Miami School of Law, has carefully followed the government's treatment of Padilla -- from his arrest by the FBI at Chicago's O'Hare International Airport in May 2002 and his lengthy military detention as an "enemy combatant" without charges to his indictment in Miami federal court last November.

As a student at Yale Law School, Vladeck worked on an amicus brief that challenged Padilla's detention in a South Carolina Navy brig -- a highly controversial appeal that came close to being reviewed by the U.S. Supreme Court.

Like Tobias, Vladeck raised doubts about the strength of the government's evidence against Padilla -- not only in light of what Ashcroft first said about his terror ties to al Qaeda but also what his successor, Alberto Gonzales, said at a Washington press conference when the Miami indictment was unveiled.

`VIOLENT JIHAD'

'The indictment alleges that Padilla traveled overseas to train as a terrorist with the intention of fighting in `violent jihad' -- a shorthand term to describe a radical Islamic fundamentalist ideology that advocates using physical force and violence to oppose governments, institutions and individuals who do not share their view of Islam," Gonzales said in November 2005.

``These groups routinely engage in acts of physical violence such as murder, maiming, kidnapping and hostage-taking against innocent civilians."

Gonzales was referring to the first conspiracy count in the Padilla case -- the one that Cooke lopped off the indictment a week ago.

"This is not as clear-cut a case, certainly not as clear-cut as the attorney general made it out to be back in November," Vladeck said. ``You have to wonder how strong their case is if there is this much trouble at the outset."

But Vladeck also conceded this point: ``The charges we see in this case tend not to require the proverbial smoking gun."

Another legal scholar, Professor Robert Chesney at the Wake Forest University School of Law in Winston-Salem, N.C., said that despite dismissal of the first count in the indictment, the case is still fundamentally solid.

"On the one hand, it sounds bad -- the one charge that carried a life sentence is thrown out the window," said Chesney, a recognized expert on national security law, who analyzed the Padilla case and others in a forthcoming law review article.

"What [the judge] has really done is condensed the charge," he said. ``Since you can't charge the defendants for the same crime twice, one of the charges had to be dropped. But that doesn't mean the allegations against them, if proved, would not constitute a crime."

Chesney said that under the terror conspiracy law, prosecutors only have to show that the defendants agreed to provide money, recruits and other resources to further the violent activity of Islamic extremists engaged in jihad, or holy war, overseas -- not necessarily be involved themselves in actual terrorist actions.

"At the end of the day, if the defendants generally intended to provide material support, then the government has a good case," Chesney said.

Much of the government's case has been built upon thousands of wiretaps of phone conversations among members of an alleged North American terror cell with links to the Fort Lauderdale area. The time frame: October 1993 to November 2001.

In the indictment, Hassoun and Jayyousi are accused of recruiting Mujahadeen fighters and raising funds for radical Islamic causes in Bosnia, Kosovo, Chechnya, Somalia, Afghanistan and Egypt -- but it makes no mention of any specific attacks anywhere.

Hassoun, a Palestinian computer programmer who lived in Sunrise, became friends with Padilla when they attended the Masjid Al-Imam mosque in Fort Lauderdale during much of the 1990s. Padilla, a former Chicago gang member, left South Florida in 1998. He traveled to Egypt but remained in contact with Hassoun.

TERRORIST TRAINING

According to the indictment, Padilla traveled overseas to receive training for violent jihad. On July 24, 2000, Padilla is alleged to have filled out a "Mujahadeen Data Form" in preparation for training in Afghanistan.

It also claimed that on Sept. 3, 2000, Hassoun called another alleged co-conspirator in Egypt to provide financing for Padilla.

But the indictment does not explicitly say Padilla -- who was arrested in Chicago upon returning from Pakistan -- belonged to al Qaeda.

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UM's Vladeck said the indictment, first filed in 2004, was just a "run-of-the-mill" terror case until the notorious Padilla was charged last fall.

Said Vladeck: ``This would be a huge loss for the government if Padilla gets off."

Judicial Chaos (TH)

By Robert Novak

Town Hall, August 28, 2006

WASHINGTON -- The background of a federal district court declaring President Bush's national security eavesdropping unconstitutional was a conservative's fantasy. The judge, a former Democratic politician and civil rights activist, wrote what read more like a political manifesto than a judicial opinion. What's more, she was responsible for contributions to an organization that was a plaintiff in the case she decided.

District Judge Anna Diggs Taylor's decision has been stayed and probably will be reversed by the 6th Circuit Court of Appeals. Nevertheless, she was playing more than a cameo role on the stage of history. For this opinion ever to have been issued by an activist judge in Detroit, in the opinion of several legal scholars and distinguished lawyers whom I contacted, shows the judiciary in a state of chaos.

Taylor ended up with the case because of forum-shopping: filing multiple law suits in quest of a favorable venue. With the executive and legislative branches in Republican hands, liberals count on activists in the federal judiciary such as Judge Taylor. That explains why normally censorious legal scholars tend to excuse her shoddy judicial opinion and ethical trespassing.

Jimmy Carter as president never named a Supreme Court justice, but he filled plenty of district judgeships with Democratic loyalists. In 1979, he nominated Anna Diggs Taylor, a politician and civil rights worker well known in Michigan Democratic circles as the woman who until 1971 ran the congressional office of her then husband, Rep. Charles Diggs (who was censured by the House and went to prison for taking kickbacks from congressional employees).

Taylor as a judge and, after 1997, chief judge in the Detroit district has been predictably liberal, and recently was criticized for trying to switch an affirmative action case to a friendly judge. Her moment of fame came Aug. 17 at age 73 when she ordered an immediate halt to National Security Agency (NSA) monitoring of suspect international phone calls. Her decision was higher on emotion than logic, including this unfathomable peroration: "There are no hereditary kings in America."

This posed a dilemma for the liberal establishment. Could they excuse this ridiculous opinion to justify a desired outcome? Harvard's Laurence Tribe, the left's pre-eminent constitutional expert, reacted politically. With a presumably straight face, he praised Taylor for a "splendid job" of dealing with a "lawless" administration.

Other liberal scholars were more candid. Yale's Jack Balkin said Taylor's opinion "has so many holes in it" that "the plaintiffs will have to relitigate the entire matter" on appeal. Still, Balkin rejoiced over the decision, reducing the case to a political question where judicial reasoning was less important.

An additional embarrassment for liberal scholars was a discovery by Judicial Watch, the conservative watchdog organization, that Taylor was on ethical thin ice. She is listed as secretary and trustee of the Community Foundation for Southeastern Michigan, deciding its financial grants. They included $125,000 to the American Civil Liberties Union (ACLU), which was one of the plaintiffs in the NSA suit.

That might seem an obvious conflict of interest, but the canons of conduct for federal judges are unclear as to whether Taylor was in violation. Liberal scholars, quick to claim conflict of interest by Justice Antonin Scalia on far less evidence, gave Taylor the benefit of the doubt. Her ACLU ties, said New York University's Stephen Gillers, would not "raise reasonable questions about her partiality on the issue of warrantless wiretapping." Gillers conceded, however, that she should have disclosed the connection "because it avoids suspicion later."

Why did the Justice Department not try to disqualify Taylor? Administration sources told me the president's lawyers were unaware of her ACLU connection. But career lawyers at Justice may have just been avoiding trouble with the federal bench.

The overriding question is how Anna Diggs Taylor was able to seize a constitutional issue. In The Wall Street Journal this week, Circuit Judge Richard A. Posner noted delegating a national security issue "to a randomly selected member of the federal judiciary's corps of almost 700 district judges." The Detroit judgment contributed to Posner's conclusion that "we do not have a coherent political dimension to our efforts to combat terrorism." Judge Taylor's farce made that clear.

London Plot: U.K. Suspect Released (NSWK)

By Mark Hosenball And Emily Flynn Vencat

Newsweek, September 4, 2006

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The British investigation into a plot to bomb flights from Britain to the United States using homemade explosives took a strange twist last week when authorities set free a supposedly key suspect arrested during Scotland Yard raids earlier in August. Two U.K. counterterrorism officials, who asked for anonymity because of the continuing investigation, confirmed to NEWSWEEK that police had released 22-year-old Tayib Rauf of Birmingham, England. Tayib is the younger brother of Rashid Rauf, an alleged mastermind of the airline plot whose arrest by authorities in Pakistan, according to some U.S. and U.K. officials, forced U.K. authorities to round up British-based suspects earlier than they had originally planned.

Initially, U.K. and U.S. officials suggested that both Rauf brothers were significant participants in the plot. Last week, however, officials said that Tayib was only a "van driver" who might have been ignorant of the plot. Tayib, the two U.K. counterterrorism officials said, was released because British prosecutors believed police had insufficient evidence to convict him on criminal charges.

The officials indicated, however, that Tayib was still likely to be closely monitored by British intelligence. Rauf family friend Mohammed Nazam told NEWSWEEK: "Tayib's here in Birmingham and he's OK ... But he needs a few days." Meanwhile, Pakistani authorities have detained the Rauf brothers' father, Abdul Rauf, and U.K. authorities have frozen the funds of Crescent Relief, a U.K. charity that Abdul Rauf helped to found. The family friend says Tayib and Abdul Rauf told him by phone that they were "totally innocent."

British authorities did charge 12 other suspects with offenses related to the alleged airline plot last week, and announced that bomb-making equipment and "martyrdom videos" had been found by police. But according to a U.S. counterterrorism official, who asked for anonymity due to the sensitive subject, investigators remain concerned not only that participants in the plot could still be at large, but also about the possible existence of a "parallel" plot carried out by a second, unidentified group of conspirators.

The release of Tayib Rauf has raised questions about whether U.K. authorities have stumbled in yet another high-profile terror investigation. Last year, in the wake of the fatal suicide bombings of three London subway trains and a double-decker bus, police shot dead a suicide bombing suspect only to discover he was an innocent Brazilian. Earlier this summer, police shot and injured another suspect during a raid while searching for an alleged homemade chemical weapon. No weapon, or any other evidence of terrorism, was found, though the suspect who police shot was later arrested for possession of child pornography.

HOMELAND RESPONSE:

Bush Returns Again To Gulf Coast For Katrina Anniversary (USAT)

By David Jackson

USA Today, August 28, 2006

WASHINGTON — When he arrives on the Gulf Coast today, President Bush will visit the scene of a storm that devastated the area and damaged his political standing.

Bush plans to tour the area ravaged by Hurricane Katrina today and Tuesday to discuss the ongoing recovery from the deadly storm. Bush will emphasize efforts since the initial response to the storm and subsequent flooding, widely criticized as inadequate by Louisiana and Mississippi officials.

Sen. Mary Landrieu, D-La., said the administration “was really slow to grasp the magnitude of this disaster,” and that sluggishness has shadowed efforts to rebuild. “That got everything started off in the wrong direction,” she said.

When the storm hit the Gulf Coast in the early hours of Aug. 29, Bush was at his Texas vacation home. He didn't visit the area until after he made a speech in San Diego on the 60th anniversary of V-J Day, including a defense of the Iraq war.

By the time of an Aug. 31 flight over New Orleans, most of which was under water, much of the public relations damage had been done.

In his weekend radio address, Bush said the floods “revealed that federal, state, and local governments were unprepared to respond to such an extraordinary disaster,” but all three have learned lessons and are working together to rebuild the region.

“We will stay until the job is done,” Bush said.

Tariq Abdul-Mu'Min, 42, who runs a kitchen-design business in Gulfport, Miss., said Bush's trip fulfills “his responsibility as the head of this country,” a job in which he faltered a year ago.

“Poor. Terrible,” Abdul-Mu'Min said. “He should have reacted much sooner.”

Angela Jackson-Moore, 42, an interviewer at a local jobs center, said Bush was one of many government officials at fault. She predicted the government's response to the next disaster would be better because of the bad publicity officials received over Katrina.

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Making his 13th visit to the Gulf Coast since Katrina, Bush is expected to emphasize the $110 billion that Congress has approved to rebuild the Gulf Coast, including programs for housing, education and business redevelopment.

The White House has defended the Bush administration's post-Katrina record in the face of a new series of critical reports in the media and from various think tanks.

Last week, it issued lengthy fact sheets detailing steps to help hurricane victims and rebuild damaged areas.

"There's been some promising progress, but there are many areas that have been left untouched," said Amy Liu, author of a new study by The Brookings Institution on Hurricane Katrina in New Orleans.

The Brookings report and others list a variety of post-Katrina shortcomings throughout the region: The federal government has decided not to rebuild the levees to withstand a worst-case Category 5 hurricane. Housing programs are geared more to help Gulf Coast residents who own their homes and not renters or public housing residents.

Bush said programs are being designed to make sure that money is spent effectively. He cited progress with debris removal, infrastructure repair and rental assistance, in partnership with state and local governments and businesses.

Bush asked for patience, saying he wants "the people down there to understand that it's going to take a while to recover. This was a huge storm."

New Orleans Mayor Ray Nagin said Sunday that the administration was doing a good job of getting money to the state, but it was not reaching cities such as New Orleans fast enough.

Bush may have hurt himself the most when he praised the work of Michael Brown, then director of the Federal Emergency Management Agency, said Douglas Brinkley, author of The Great Deluge: Hurricane Katrina, New Orleans, and the Mississippi Gulf Coast.

"We live in a sound-bite culture," he said. "And the 'Brownie, you're doing a heck of a job' is the sound bite that's going to live forever."

Americans take a dim view of Bush's handling of Katrina. Only 37% approved of it in a recent USA Today/Gallup Poll, compared with 43% who answered that way immediately after the storm.

The storm did not have much effect, however, on Bush's job approval rating. His approval rating, currently at 42%, was already heading down last summer because of Iraq and rising gas prices.

Lydia Saad, senior editor for The Gallup Poll, said there were declines in Bush's image as a strong and decisive leader that seemed tied to the Katrina response.

In the year since, the administration has offered periodic updates on its post-Katrina response and has stepped it up in recent weeks.

Don Powell, coordinator for the office of Gulf Coast Rebuilding, also has made a string of media appearances, touting such items as $16.7 billion in housing assistance, and the clearing of more than 100 million cubic tons of debris.

Year After Katrina, Bush Still Fights For 9/11 Image (NYT)

By Sheryl Gay Stolberg

The New York Times, August 28, 2006

WASHINGTON, Aug. 27 — When the nation records the legacy of George W. Bush, 43rd president and self-described compassionate conservative, two competing images will help tell the tale.

The first is of Mr. Bush after the Sept. 11 terrorist attacks, bullhorn in hand, feet planted firmly in the rubble of the twin towers. The second is of him aboard Air Force One, on his way from Crawford, Tex., to Washington, peering out the window at the wreckage of Hurricane Katrina thousands of feet below.

If the bungled federal response to Hurricane Katrina called into question the president's competence, that Air Force One snapshot, coupled with wrenching scenes on the ground of victims who were largely poor and black, called into question something equally important to Mr. Bush: his compassion.

A year later, he has yet to recover on either front.

Mr. Bush has prodded Congress to approve tens of billions of dollars for rebuilding and victim assistance, delivered a much-publicized fence-mending speech to the N.A.A.C.P. and made repeated trips to the Gulf Coast, where he plans to observe the anniversary of the storm Monday and Tuesday. Yet his public persona remains that of wartime president — the man standing in the Manhattan rubble — flying by as desperate and vulnerable Americans suffered.

His approval ratings have never rebounded from their post-hurricane plummet. A New York Times/CBS News poll conducted this month found that 51 percent of those surveyed disapproved of the way Mr. Bush had responded to the needs of hurricane victims, a figure statistically no different from last September, when 48 percent disapproved.

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"This is a real black mark on his administration, and it's going to stay with him for a long time," said James A. Thurber, director of the Center for Congressional and Presidential Studies at American University. "It will be in every textbook."

The White House says it has allocated $110 billion toward rebuilding and victim assistance; of that, $44 billion has been spent. The Federal Emergency Management Agency has provided more than $6 billion directly to nearly 950,000 victims for temporary housing, the most money ever provided by the agency for a single natural disaster.

But Mr. Bush is not getting much credit. The poll found Americans critical about the pace of recovery and lacking full confidence in the government. Thirty-nine percent described themselves as dissatisfied with progress in the region, and an additional 11 percent said they were angry. Fifty-six percent had a great deal or a fair amount of confidence in the government's ability to respond to another natural disaster; 44 percent had little or no confidence at all.

The storm is generating a powerful undercurrent in this year's midterm elections as well, as Democrats invoke it as a catchphrase for what they regard as mismanagement on a number of issues, including the war in Iraq and the economy. Senator Charles E. Schumer of New York, who runs the Democratic Senatorial Campaign Committee, said his candidates mentioned the storm at every turn.

"I might argue that this was the worst thing that's happened to George Bush in the whole six years of his presidency," Mr. Schumer said. "It was a perception-altering event. People had questioned his ideology. People had even questioned his intelligence. But before this, average people rarely questioned his competence or his caring."

One year later, Democrats are not the only ones raising questions. In follow-up interviews to the Times/CBS News poll, Republicans and independents also expressed lingering doubts about Mr. Bush, using language suggesting that their memories of the storm and his handling of it remained fresh and deep.

"Bush did nothing for the people," said one Republican, Joseph Ippolito, 75, a retired highway superintendent from Bayville, N.J. "Bush didn't have the proper people in office to take care of Katrina. The whole administration is wacky — and I voted twice for him."

White House officials and leading Republicans, while defending the president's record, are not surprised by the anger.

Dan Bartlett, counselor to the president, said the White House was well aware that New Orleans residents "are skeptical about our commitment," and that many Americans blamed Mr. Bush for their fellow citizens' suffering. But Mr. Bartlett said the president would ultimately be judged on how the Gulf Coast was rebuilt and how the government handled the next crisis — a theme echoed by Senator Susan Collins, Republican of Maine, the chairwoman of the Senate committee charged with overseeing the recovery.

"If we have another devastating hurricane and the response is markedly more efficient, more compassionate," Ms. Collins said, "then I think people will say, 'Well, they learned.' "

But the senator said the damage to the president's image would be difficult to undo.

"Unfortunately, it may be hard to erase the regrettable photo of him on Air Force One looking down at the destruction and devastation below," she said. "That's a searing and very unfortunate image that doesn't reflect the president's compassion."

When Mr. Bush stood last September in Jackson Square, in the darkened city of New Orleans, and declared that Americans had "a duty to confront this poverty with bold action," religious and civil rights leaders saw it as a hopeful turning point. Suddenly, a president who had defined himself as the lead prosecutor in the war on terror was turning his attention to jobs, housing and education for the poor, in language that evoked memories of the 1960's.

Today, those same leaders are discouraged and critical.

"Here was an opportunity for a new conversation on race and class and poverty, and they blew it," said the Rev. Eugene F. Rivers III, a Bush supporter who runs a coalition that represents mainly black churches. "It's not even just President Bush. Here was an opportunity for Republicans and conservatives in general to make a moral and intellectual case for a positive policy agenda for the black poor, and they did not advance it."

Yet the mayor of New Orleans, C. Ray Nagin, who had been critical of the president, publicly praised him in his re-election victory speech in May, thanking Mr. Bush for "delivering for the citizens of New Orleans."

Others who have worked with the president on the recovery, including prominent Democrats like Senator Mary L. Landrieu of Louisiana and Donna Brazile, a political strategist who spent 2000 trying to defeat Mr. Bush as campaign manager for Vice President Al Gore, say they do not doubt his sincerity or commitment.

Ms. Brazile, a New Orleans native who serves on a state recovery task force, describes the president as "very much engaged" and praises him for prodding Congress to spend more money on levee rebuilding.

"I said to him, 'You'll be a hero if you commit to rebuilding those levees,' " she said, recounting their first meeting last December. "I have to give him credit. Two weeks later, we got the additional money."

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But Ms. Landrieu calls the administration "slow and reluctant." She sees Mr. Bush as being distracted by the war in Iraq and says he has fallen short on the one task he cannot delegate: using the power of the presidency to grab the nation's attention.

"I understand that there have been many distractions and many important priorities for the nation — the war in Iraq, the unrest in the Mideast — but the president has not maintained the bully pulpit on Katrina," she said, adding, "He does it so intermittently, I wonder if we are on his mind."

Some members of the public wonder as well.

"I find that the concentration of the president is on the Middle East crisis and not on what's at home," said Carlton DeCosta, a 33-year-old Navy veteran from Patchogue, N.Y., who said he considered himself an independent, in a follow-up interview to the Times/CBS News poll. "When the president addresses the country it has nothing to do with Katrina, nothing to do with the rebuilding."

But Mary Lou Ackley, a 69-year-old homemaker from Elmira, N.Y., who said she voted Republican, said state and local agencies bore responsibility for the pace of rebuilding. "I don't think the president sits there and does the pencil work," Ms. Ackley said, adding, "He's got a lot more to do than just direct Louisiana and their hurricanes."

As the midterm elections approach, analysts say dissatisfaction with the administration's handling of the hurricane could prompt the Republican faithful to stay home.

Professor Thurber, the American University scholar, says the competence issue will be central to history's assessment of the president. Mr. Bartlett, the White House counselor, predicts historians will soften their criticism "if people see a better and more vibrant Gulf Coast emerge from this tragedy."

With the rebuilding expected to continue long after Mr. Bush leaves office, Senator Landrieu says he still has a chance.

"I think there's an opportunity for him to make this a real legacy of his presidency," she said. "There's still time to have people say he did a good job and he rose to the occasion. He's writing the story himself."

Anniversary Brings Out The Politics Of Commemoration (NYT)

By Adam Nossiter

The New York Times, August 28, 2006

NEW ORLEANS, Aug. 27 — On the eve of Hurricane Katrina's first anniversary Tuesday, this city has become a giant political talking point.

Finger-wagging Democratic congressmen are pouring down here, hoping to score points a year into the stuttering recovery, and President Bush's cabinet secretaries have been staking out hopeful counterpositions among the ruins. The president himself will spend two days in the region this week.

Weary citizens, meanwhile, await with apprehension the day and its revival of painful memories. In New Orleans the anniversary will be marked with a solemn bell-ringing ceremony on the steps of City Hall to commemorate the levee breaches, and with a host of prayer services, wreath layings, colloquia and discussion panels.

Democrats are seizing this moment of reckoning with something approaching glee, while Republicans are handling it gingerly. For Democrats there are the persistent scenes of destruction and the ongoing misery of lives upended, handy backdrops for criticism of the Bush administration.

"We know the storm was a tragedy, but a bigger tragedy is how the federal government responded," Senator Harry Reid, the minority leader, said Thursday to television cameras and a handful of onlookers in the parking lot of St. Bernard Parish's only functioning grocery store.

For Republicans there are more arcane indicators like the percentage of debris removed or the number of Small Business Administration loans approved. A lengthy report released last week by President Bush's Gulf Coast recovery chief detailed these and other initiatives, down to the number of passports being issued per week by the reopened New Orleans passport agency (25,000) and the number of air mattresses provided by the federal government (20,000).

Mr. Bush is set for visits to Mississippi on Monday and to New Orleans on Tuesday that are expected to include speeches, neighborhood stops and attendance at an ecumenical prayer service. He has designated Tuesday a National Day of Remembrance. Last week, he pre-emptively played down the importance of the event, cautioning that "a one-year anniversary is just that" and saying that "it's going to take a while to recover."

The White House, aware of the widespread skepticism about its commitment to rebuilding, will use this week's visit to reinforce the message that the president cares about the region and is intent on helping it recover. Instead of heralding the money that has been allocated and spent, said Dan Bartlett, counselor to the president, Mr. Bush will sound uplifting themes "to shine a light on the true grit and character of the citizens who are rebuilding."

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Mr. Bartlett said Mr. Bush wanted to "send a message on behalf of all Americans" that the storm's victims would not be forgotten. "The president," he said, "as most Americans, will focus on the anniversary to reflect and remember and to recommit ourselves to seeing the job through."

Nonetheless, the White House sent five cabinet secretaries — from the Departments of Commerce, Education, Justice, Health and Human Services, and Housing and Urban Development — as well as the Gulf Coast reconstruction czar, Donald Powell, to announce mini-initiatives and emphasize that progress was occurring, despite visual evidence suggesting otherwise.

A housing project overhaul, more prosecutors for the local United States attorney, $235 million for displaced students, millions more to rebuild oyster beds: Mr. Bush's deputies have been working to counter persistent dissatisfaction from outside Louisiana with the quality of the federal response.

In New Orleans, resentment remains deep, particularly among blacks. At the premiere of Spike Lee's HBO hurricane documentary on Aug. 16 at the New Orleans Arena, the crowd hooted vociferously when Mr. Bush appeared on the screen. Its most enthusiastic applause came when local residents interviewed for the film gave voice to the conspiracy theorists' hobbyhorse: that the levees had been blown up deliberately.

Elsewhere in Louisiana, Mr. Bush is not blamed and remains highly popular among whites, a leading Republican pollster said. "They're not going to hold Bush responsible for New Orleans because they didn't like it to start with," said the pollster, Bernie Pinsonat of Baton Rouge, adding, "How would we expect them to recover when they haven't been able to take care of themselves?"

Underscoring the point, Mr. Bush got a locally well-publicized lift last week from a St. Bernard Parish citizen who had traveled to Washington in a replica Federal Emergency Management Agency trailer to meet him, and who turned out to be an ardent supporter of the president.

Going up against the Bush officials are about 20 Democratic members of Congress, including Representative Nancy Pelosi, the House minority leader, as well as Mr. Reid. The representatives will go on the now-obligatory bus tour of New Orleans and participate in the ecumenical prayer service on Tuesday at the New Orleans Convention Center.

There is the politics of commemorating the storm's wreckage, and then there is the wreckage itself. By week's end the Washington visitors will have cleared out, and the ruined neighborhoods will remain. Fears here that the region's lingering woes will be forgotten, never far from the surface, will be as sharp as ever.

On Thursday, Mr. Reid's motorcade breezed through the ruins of Chalmette, a suburb just east of the Lower Ninth Ward that was completely inundated by Hurricane Katrina. Much of it looks as if the storm hit last week, with blocks of ghostly, vacant houses and empty shopping strips; less than a third of the surrounding parish's prestorm population of 75,000 has returned.

With brisk efficiency Mr. Reid, accompanied by Senator Mary L. Landrieu, Democrat of Louisiana, strode through Andrew Jackson Elementary School, one of only two schools open in the parish. Virtually all the students had lost their homes and spent the preceding school year somewhere else. The parking lot is crammed with narrow trailers that serve as living quarters for the teachers.

That unmistakable evidence notwithstanding, Mr. Reid called out to Christine Elliers's fifth-grade class, "Does anyone live in these little trailers?" The response was immediate and unanimous. "We all do!" the class shouted back.

A further initiation into the realities of present-day South Louisiana awaited. "Do we like them?" the teacher called out. "No!" the students shouted back. "Do we have to put up with them?" Ms. Elliers asked. "Yeah!" the students shouted.

Local officials were thin on the ground in this conservative parish to hear Mr. Reid say later, outside the grocery store: "What is needed in New Orleans is public works projects. For as much money as we spend in one week in Iraq, we could create 150,000 jobs."

Lynn Dean, the chairman of the St. Bernard Parish Council, a veteran local Republican, listened skeptically. "Typical partisan talk," Mr. Dean said. "The federal government has put billions of dollars down here already. A lot of the money has been wasted."

Katrina Plan Enacted On Some Fronts, Not On Others (USAT)

USA Today, August 28, 2006

President Bush went before the nation in prime time last Sept. 15, making a variety of pledges to help rebuild the Hurricane Katrina-ravaged Gulf Coast. What Bush said and what's been done nearly a year later:

1. "Our goal is to get people out of the shelters by the middle of October."

•The government moved 275,000 evacuees out of shelters by the end of October.

2. "The federal government will undertake a close partnership with the states of Louisiana and Mississippi, the city of New Orleans, and other Gulf Coast cities, so they can rebuild in a sensible, well-planned way."

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•The Department of Housing and Urban Development approved a housing plan for Mississippi on April 4 and two for Louisiana on May 9 and 30. These and other plans for Alabama, Florida and Texas, which also suffered damage from Hurricane Rita, involve the distribution of up to $16.7 billion in block grants. Critics such as Derrick Johnson, president of the Mississippi NAACP, complained about the length of the approval process. “There is always a balance in attention between getting the money out fast and getting the money out responsibly fast,” says Donald Powell, federal coordinator for the Office of Gulf Coast Rebuilding.

3. “Tonight I propose the creation of a Gulf Opportunity Zone.”

•Bush signed the Gulf Opportunity Zone Act of 2005 into law on Dec. 21. The programs offers tax incentives for business development in the damaged region.

4. “I propose the creation of Worker Recovery Accounts to help those evacuees who need extra help finding work.”

•No action taken by Congress. The proposal called for up to $5,000 in special accounts for Hurricane Katrina evacuees seeking education and job training.

5. “To help lower-income citizens in the hurricane region build new and better lives, I also propose that Congress pass an Urban Homesteading Act.”

•No action taken by Congress. The proposal called for free building sites to low-income citizens via a lottery system.

6. “I've asked USA Freedom Corps to create an information clearinghouse, available at usafreedomcorps.gov, so that families anywhere in the country can find opportunities to help families in the region, or a school can support a school.”

•Went up immediately.

7. “I've ordered every Cabinet secretary to participate in a comprehensive review of the government response to the hurricane. This government will learn the lessons of Hurricane Katrina.”

Feds Say New Orleans Is Storm-ready (AP)

By John Heilprin, Associated Press Writer

The AP, August 27, 2006

Federal emergency officials claim the New Orleans levee system is ready for another major hurricane, despite the less-optimistic views of other political leaders and engineers.

"I think we're in good shape," Don Powell, the Bush administration's coordinator of Gulf Coast rebuilding, said Sunday. "There's no question in my mind, we're ready."

The levees failed after Hurricane Katrina, a Category 4 storm, roared ashore a year ago, flooding the city of New Orleans. The levees were built to withstand a Category 3 storm; the highest level is a Category 5.

The first storm of the Atlantic season was considered likely to have hurricane force as it moved across Cuba and aimed at Florida.

Visitors were ordered to leave the Florida Keys on Sunday.

"We are ready for a hurricane regardless of where it's going to hit," said David Paulison, director of the Federal Emergency Management Agency.

The U.S. Army Corps of Engineers, which says it repaired and reinforced 220 miles of levee walls, has been closely monitoring the storm, which could hit soon after Tuesday's anniversary of Katrina.

"I believe that the levees are ready for hurricane season," Powell said." "The levees are back to where they were pre-Katrina, and they're on their way to being the best, better and stronger then they have ever been."

But officials on the ground — including the head of the U.S. Army Corps — were more skeptical.

Sen. Mary Landrieu, D-La., said the levee repairs alone aren't enough. "They're back up to Category 3," she said. "We need to get them up to Category 5, and we are working to do that."

New Orleans Mayor Ray Nagin said the city was ready — but only to evacuate.

"You will never see a replay of last year, as long as I'm the mayor of the city," he said Sunday. "It's the storm surge that's really the major concern. ... We don't expect the catastrophic failures."

Contradicting other Bush administration officials, Lt. Gen. Carl Strock, the U.S. Army Corps' chief, conceded it isn't clear whether the levees could withstand a big hurricane this year.

"To pinpoint it to one thing and say 'yes' or 'no' is very difficult," he told reporters Saturday.

Gov. Kathleen Blanco, appearing at a news conference with Strock in New Orleans, said she's unhappy with the current strength of the levee system, but believes as much work as possible was done on it in the year since Katrina.

FEMA, which is part of the Department of Homeland Security, should not take all the heat for the problems after Katrina, said Michael Brown, who resigned under intense pressure last September as director of the agency.

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"There was a complete breakdown of government" at all levels, Brown said Sunday. But, he also acknowledged, "Of course I failed."

But Brown, who criticized the White House for trying to put a rosy spin on its handling of Katrina and for making him the fall guy for its failings, said he's not sure if New Orleans is ready for another big storm.

Asked whether Brown was made a scapegoat, Powell said he didn't think it was productive to look back. He said money has been committed to rebuild the Gulf Coast.

Only $44 billion of the $110 billion designated for the massive rebuilding project has been spent so far to help get the battered region back on its feet.

Powell made these comments on "Fox News Sunday" and ABC's "This Week," while Brown appeared on ABC. Nagin, Paulison were on NBC's "Meet the Press," Landrieu on ABC's "This Week."

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On the Net:

FEMA: http://www.fema.gov/

Searching For The Face Of Katrina And A Sign Of Hope (opinion) (LAT)

By Scott Gold

The Los Angeles Times, August 28, 2006

NEW ORLEANS -- The first time I met Justice, she was in the Louisiana Superdome, sitting side-saddle on her mother's lap and swinging her legs as if she were on a shady porch, not trapped in a defeated city.

At the time, three days after Hurricane Katrina, she was 17 months old, the same age as my daughter. I wrote about her that night, how she was eating trail mix rescuers had handed out, how I had foolishly advised her mother -- when there was nothing else to eat -- that babies shouldn't eat raisins.

She became, to me, the face of the storm, the face I saw when I thought about everything the Gulf Coast had endured in those terrible months: the decimation of 93,000 square miles, the dead and the displaced, the unmasking of a forgotten American underclass. Did her family, like many survivors of the hurricane, still live with a quiet sadness? Where had they ended up? Wherever it was, did it feel like home? As the first anniversary of the storm approached, I decided to find out.

There are suggestions of progress and recovery here. Billions of dollars in federal aid are headed toward the region. Some have suggested that New Orleans, long one of the poorest cities in America, could become a boomtown. But it's easy to be pessimistic about its future.

Block after block remains abandoned. Crime is up. Suicides have tripled. City Hall -- where the facade is still missing some of the letters in "City Hall" -- announced recently that the anniversary of Katrina would be marked with comedy and fireworks. But there is a pervasive sense that the party is over, and amid public outcry, a more somber memorial has been planned.

Maybe, I thought, finding Justice would provide some hope.

The only concrete leads were on a list -- compiled from voting and property records -- of addresses where Justice's family may have lived before the storm. The first stop was at a house in the working-class Bywater district. One of Justice's relatives appeared to have lived in this "double," a fatter version of the city's narrow "shotgun" homes.

Azaleas had taken over and weeds had erupted through the concrete steps leading to the door. There was no one home, hardly unusual in a city where fewer than half the residents have returned.

Across the bridge that spanned the nearby Industrial Canal, a scrawny man was wrestling the radiator out of a green pickup truck along the roadside. The truck had been struck by a tidal surge that had ripped off its roof. But in New Orleans, where scavengers pick through the rubble every day, it was a find. His hands coated in rust, sweat dripping from his nose, Tyrone Smith said the radiator might fetch $15 or more at the scrap yard.

Smith put in 13 years at a shrimp plant before the storm, a job that vanished amid a crumbling economy. Now he gets $10 an hour rewiring flooded houses. He lives in a gutted house in the 9th Ward, a 42-year-old man sleeping in a bunk bed next to exposed studs pocked with rusty nails.

A pickup truck rumbled down the street. It was a noisy arrival; clamshells swept in from the Gulf still covered many of the streets. "The bossman!" Smith said. He raced off toward the truck.

House after house was vacant. No one remembered Justice or her family.

Next to one of the houses, in the Bywater, neighbor Dymous Henry said seven people are living in the block of 21 dwellings. Even those who have returned, he said, are not really home.

"People here can't take change," said Henry, 48. "There were people who lived in this part of town who had never been Uptown, never been across the river. This has done something to them. Everybody's changed."

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In Gentilly, close to Lake Pontchartrain, was a house where Justice's mother, Tonisha, may have lived in 2002. Now, a meaty tree limb juts through the roof.

Across the street were the block's only residents. Renee Daw, 43, who works at a shipping warehouse, and her son, Raynau, 8, rode out the storm at home. When they were chased out of the attic because the water got so high, they kicked out a vent and climbed onto the roof. They were rescued after three days. They returned in April, and live in a Federal Emergency Management Agency trailer parked in front of their gutted house.

New Orleans is not an easy place to be a kid these days. There are two boys Raynau's age three blocks away. They came by to play, once. The local park is padlocked; the bleachers next to the baseball diamond are upside down. Asked what he was going to do with the rest of his day, Raynau just shrugged.

"We mostly just stay in the trailer," Daw said. "We're inside people now."

In Pontchartrain Park, a neighborhood of postal workers and school teachers that was devastated by a breach in the London Avenue Canal, property records indicated that Tonisha's mother, Winifred Jones, owned a tiny home. Today, the door is missing. There is nothing inside but a toilet and a bathtub full of chunks of drywall.

Down the street, a man living in a FEMA trailer was mowing a neighbor's lawn, not because he has any neighbors, but because snakes and other critters have taken up in the overgrown lots.

"Tonisha?" he said. "That's my goddaughter!"

This was Winifred Jones' house, he confirmed. But when asked where they were living, he snapped: "Why are you asking me all these questions?"

He began to sweat profusely. He grabbed the sides of his baseball cap, pulled it low and retreated into the street, stumbling over a pile of empty bleach bottles, tree limbs and splintered boards.

"Do you know them?" he shouted. "Or don't you?"

It was a valid question; despite the connection that I felt with Justice and her mother, I didn't really know them at all. "I don't mean any harm. I'm just trying to see if they're OK."

"Don't you get it, boy?" he screamed. "Everybody's gone! Everybody's lost!"

Twenty-two houses, in Gentilly, in Pontchartrain Park, in the Bywater. Nothing. Fifty-three phone calls, to FEMA, to City Hall, to disconnected numbers, and to people in North Carolina and Oklahoma who appeared to be relatives or old neighbors, but none knew the family.

An Internet message board set up to reunite storm victims provided a clue I had missed: a note from Winifred Jones written from the Houston Astrodome, which after Katrina had served as a shelter. It included a cell phone number.

A recording said the phone network would not accept messages. Another dead end, it seemed. But a few minutes later, my phone rang. A woman was on the other end: "Who called this number?"

"I'm trying to find Tonisha Jones," I said.

"I'm her auntie," the woman said. She said they were living in Beaumont, Texas. "I'll have her call you in 15 minutes."

When the phone rang, I raced across the room to answer it. I said I was looking for a little girl named Justice.

"That's my baby," Tonisha said. "I remember you."

The next morning, Justice was on the second-floor balcony of a tidy apartment complex on the west side of Beaumont, swinging around her mother's leg, a smile on her face, her red gingham dress billowing behind her.

There were suggestions of home. A scooter was outside the apartment and, inside, a chicken was baking in the oven. Justice's father, Joshua Lonzo, was tying on an apron getting ready to go to work at a grocery store.

But like half a million evacuees who remain scattered across the U.S., Justice's family is still unsettled. Nothing feels familiar. They are still learning their way around the area. The stores don't carry the Cajun spices they used to cook with, or the white Bunny Bread they had used for sandwiches. Dinner is eaten on donated plates, in front of a donated TV.

Tonisha and Joshua Lonzo -- she has recently taken his last name -- were products of the New Orleans projects. Gangs ruled. Drugs were everywhere. Only God, he says, knows how he and Tonisha chose the straight path.

They met at a party when they were 15. They lived across the railroad tracks from each other and went to different high schools but saw each other every day. Their friends joked that they had turned into an old, married couple before their senior prom.

Four years ago, they had their first daughter, Taylor. They married a short time later. Tonisha worked as a cashier at a drug store. Josh was a cook on a riverboat and drove a truck for an upholstery company.

"We were poor," said Tonisha, 25. "But we were making it."

They rented a little clapboard house in the 7th Ward. They bought a bedroom set on layaway. They went into the French Quarter for an occasional daiquiri and stopped by her grandmother's house on weekends for a slice of coconut pie.

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On the day the storm came, they gave no thought to leaving the city, like tens of thousands of others. Generations of their family had stayed and ridden out storms and, in any case, they had little money and nowhere to go.

They went to the Superdome better prepared than most of the others. They had crackers, sardines, smoked sausage. They had three changes of clothes for the girls and 25 diapers for Justice.

By the time they got out six days later, everything that had not been lost or stolen -- a couple of boxed meals, some medicine, the keys to a Dodge Intrepid they would never see again and a house that had been destroyed -- fit into a child's suitcase decorated with the Cat in the Hat. The girls were covered in mud and urine. They had lost their shoes, so Tonisha had made them new ones, first by tying plastic bags around their feet, then by tearing strips of fabric from a pair of pants someone gave her.

After three weeks at a shelter, Tonisha got in touch with her aunt, Galintha Harden, who had also ended up in Texas. Her aunt told her about an apartment in Beaumont that a church had found for another relative, so Tonisha, Josh and the girls took a bus there.

Days after their arrival, Hurricane Rita slammed into the city. "The double whammy," Tonisha said. They fled again, 11 relatives in two cars. They stayed in a hotel in Lafayette, La., for two weeks.

Those were dark days. They were exhausted. Tonisha could not shake the putrid smell of the Superdome.

"I was crazy," she said. "I just kept smelling it, no matter how much we washed. I would sit and cry, cry, cry. Eventually, I realized that I had to stay strong for my kids. I realized that it could have been worse, because we were alive."

In October, Tonisha, Josh, the girls and three other relatives moved into the $550-a-month, two-bedroom apartment in Beaumont. By then, Tonisha had discovered that she was three months pregnant.

It was not an easy pregnancy; doctors hospitalized her for two months because her amniotic fluid was too low and her blood pressure too high. Josh had found work as an automotive technician. But juggling the girls' care and his job proved too much. After he was late to work a couple of times -- even after bringing a note from Tonisha's doctor explaining that she was in the hospital -- he was fired.

They were so strapped for money that at one point they borrowed a car and drove 260 miles to New Orleans to recover $240 in cash that Tonisha remembered she had left in the pocket of Josh's jeans. The money was with the electric bill that Josh was supposed to have dropped off that week.

Looters had already been inside their house, but they had missed the envelope. Tonisha washed the mold off each bill with soap and water.

They miss New Orleans -- the pickled meat and the gumbo, the raucous parades held by the Zulu Social Aid and Pleasure Club. "But it's peaceful here," Tonisha said one recent afternoon, as her girls ran through the courtyard of their apartment complex and pretended to make spaghetti with a pile of twigs.

Justice is a typical toddler, "always looking for trouble," Tonisha said. She gets mad when told she cannot store her toys in the microwave. She is scared of bugs and loud noises. She uses a broomstick to flip on the lights. She is too little to remember the storm, or New Orleans. Tonisha figures that's for the best.

Zoey, the baby, was born in April. She sleeps between Tonisha and Josh. Justice and Taylor sleep in a single bed on the other side of a nightstand crowded with sippie cups, toys and the Bible Tonisha and Josh recently bought to replace the one they lost in the flood.

On July 4, Tonisha's aunt was driving the car they all shared when she was rear-ended by a woman with no insurance. The girls' car seats had been stored in the trunk, which was so badly damaged they couldn't retrieve them.

Tonisha and Josh needed a car of their own. Josh found an ad asking $4,500 for a 1997 Chevrolet Suburban. It was big enough for all of them, but the purchase would sap about a third of their net worth -- and the car had nearly 200,000 miles on it.

"I just hope it lasts," Tonisha said.

Justice had been in the car for a while, and was getting antsy.

"Justice!" Tonisha yelled. "Get away from the door! You want to get hurt?" Justice slouched in the backseat and pouted. Tonisha fiddled with the radio, trying to distract her so she wouldn't cry. "Justice!" she called. "It's your song!"

It was a Mariah Carey song called "Fly Like a Bird." The song is a prayer for strength: "Don't let the world break me tonight. I pray you'll come and carry me home." Justice bobbed her head to the beat, her braids swaying back and forth. Then she put her head on my shoulder and her hand on my arm. Soon, she was asleep.

I stared out the window, thinking about the storm, about everything I'd seen in the past year, about how silly it had been to think that a 2-year-old would be able to provide me with a happy ending.

Gold covered Hurricanes Katrina and Rita and their aftermaths for the past year.

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Razing Hopes And Fears (WSJ)

By Chad Terhune

The Wall Street Journal, August 28, 2006

NEW ORLEANS -- Mera Bercy -- fed up with the stench and the rats and the roaches from the abandoned house next door to her home in the flood-battered Gentilly neighborhood -- hopes the city of New Orleans keeps its word.

Officials have promised that beginning tomorrow, the one-year anniversary of Hurricane Katrina's landfall here, they would begin moving to demolish buildings whose owners haven't at least gutted them and cleaned up their lots.

"Their rats and roaches are coming into my home with three small children," complains the 33-year-old Ms. Bercy, who gutted her home in November and is living in a small travel trailer in her front yard as she slowly repairs her single-story brick house. "Obviously the owner next door has moved on. But don't punish me. If they say Aug. 29, make it stick."

Demolitions won't begin for a few weeks or even months. But New Orleans and neighboring St. Bernard Parish -- two of the hardest-hit areas -- have set the deadline to force tens of thousands of property owners to deal with abandoned, blighted structures that still litter the landscape here and perhaps kick start the area's stagnant recovery. In a vote Friday, the New Orleans City Council stuck to the deadline but spelled out that homeowners will have several weeks to comply with or challenge warning letters or seek a "hardship exemption."

Katrina severely damaged more than 125,000 homes in New Orleans and St. Bernard parishes alone, and it is estimated only about 30% to 50% of residents have returned. Many homeowners don't have the money to rebuild as disputes over denied insurance claims drag on, and an acute shortage of workers and construction materials is crimping efforts and raising costs. Government red tape and property owners' concerns that another devastating storm might wreck any repairs have also bogged down work. Katrina survivors are watching Tropical Storm Ernesto closely as it churns toward the Gulf of Mexico.

The demolition plan has become a flashpoint, pitting neighbor against neighbor in many cases and signaling an important shift among local leaders to focus their efforts and priorities on those who have already returned versus those who may never come back. After the local government demolishes or guts a house, officials will place a lien on the property to force the owners to repay the cost of the work.

"People shouldn't have to live in disgusting neighborhoods with boarded-up homes, uncut grass and debris in the yard," says Joey DiFatta, a St. Bernard Parish Council member. Oliver Thomas, the New Orleans City Council president, agrees. He says the time has come to "focus on the people who've returned so they're not discouraged and leave."

Working in favor of the rebuilding effort is that $7.5 billion in federal aid has started flowing to Louisiana homeowners in the disaster zone. Last week, the Louisiana Recovery Authority started issuing grants for as much as $150,000 to help cover uninsured losses. A similar $3 billion program is under way in Mississippi.

Local officials expect that to trigger an unprecedented construction boom -- with thousands of renovations simultaneously under way across hundreds of miles of southern Louisiana and Mississippi. Of course, that will exacerbate the labor shortage even more. Some experts estimate more than 50,000 additional workers are needed in Louisiana and Mississippi. Already signs begging for laborers are interspersed among thousands of placards plastering the New Orleans area to advertise wallboard removal, mold fumigation and demolition.

To fill the gap, construction companies are offering pay incentives to retain employees, and business groups are pushing for training programs and improved housing options. The Business Roundtable, a Washington D.C.-based association of 160 CEOs at leading companies, has teamed up with state and federal labor officials to launch training efforts in Baton Rouge, La., and Jackson, Miss. The group has a goal of recruiting and training 2,500 entry-level construction workers this year and 20,000 by 2009. The Business Roundtable has put $5 million into the program and state and federal officials have invested more than $20 million toward this initiative and other worker training.

Stephanie Foster, 31, started the four-week training course at Baton Rouge Community College earlier this month. She hopes to earn more than $20 an hour in welding or carpentry -- up from the $8 an hour she made previously as a fast-food cook and cleaning houses. "We have to rebuild to get our people back. If we don't do it ourselves, no one will," she says. Billboards and radio ads promoting the program began airing this month, and nearly 200 participants have finished the program and taken jobs at local builders and bigger companies such as Shaw Group Inc. and Bechtel Group Inc.

The billions for rebuilding "mean nothing if we don't have the hands on the ground," says Tim Johnson, a Baton Rouge consultant organizing the training. "There will be no rebuilding without the craftspeople."

In St. Bernard Parish, the largely blue-collar community east of New Orleans inundated with Katrina floodwaters, Bill and Kathie Lind have invested roughly $150,000 to fix up their home and another rental property they own. Their neighbors have done very little.

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Next door on Jupiter Street in Chalmette one home still hasn't been gutted and portions of the roof are collapsing. The Linds' neighbor on the other side recently tore out the interior of his house and a chest-high pile of debris fills the front yard. "Before they set the deadline no one was doing anything," says Mr. Lind, his T-shirt drenched in sweat after clearing weeds in his yard in 95-degree heat. "The deadline is the only thing that will save the parish."

Many homeowners, though, remain skeptical of any government rebuilding effort given the slow, bureaucratic response thus far to Katrina. They also fear the government will demolish structures that are salvageable -- or stick them with excessive liens on their property.

Others are openly hostile. The looming deadline brought out Ray Berger, a 47-year-old motel owner, to clean up his mother-in-law's house on Florida Avenue, not far from Ms. Bercy's Gentilly home. "It's a shame it's a year later, and you don't see any improvement," Mr. Berger said. "But how can we get anything done when we're still battling the insurance companies? If they tear down this house, they will catch a bullet."

Civil-rights groups in New Orleans have threatened a legal effort to block the city demolition program. New Orleans already has exempted low-income areas such as the Lower Ninth Ward. Property owners in New Orleans can also comply with the deadline by getting on a waiting list for free gutting services offered by some nonprofit groups -- a wait currently running at four to six months as the groups struggle to recruit enough volunteers to meet the enormous demand. It often takes a team of 10 volunteers two to three days to gut one home.

St. Bernard will give property owners 30 days notice before starting demolition. Homes that are structurally sound will only be gutted, officials say.

Joseph and Helen Moore heard about the demolition deadline in St. Bernard Parish from their daughter-in-law and rushed back earlier this month from their new home in Broken Arrow, Okla., to install new doors and windows on their damaged Chalmette house -- one recommended way to get off the demolition list. They intend to sell the house and stay in Oklahoma because they don't consider Louisiana safe from future storms. "Why should we put windows and doors on to make it presentable? They will just be broken out later," said Ms. Moore, a 62-year-old Wal-Mart employee.

Last month, the parish posted a list online of more than 7,000 residential and commercial properties it considered "blighted" out of 27,000 pre-Katrina structures. That number has dwindled to about 4,100 as property owners documented work they'd undertaken.

"Every day we have our screamers and criers," said Gina Hayes, director of the Department of Community Development in St. Bernard Parish. But "our goal is to clean up this area."

Mississippi Town Becomes Steel's City (WSJ)

By Paul Glader

The Wall Street Journal, August 28, 2006

LONG BEACH, Miss. -- Roger Glennon spends his days in a trailer next to the mayor's office here working on plans to rebuild the town hall complex, library, police station and recreation center devastated a year ago by Hurricane Katrina.

The 65-year-old engineer doesn't work for the city, or a local contractor or architect. Instead, he and four other engineers are being paid by Mittal Steel Co., of the Netherlands, the world's largest steelmaker and his former employer. Out of the piles of debris stacked high with wood, Mittal and the rest of the steel industry see an opportunity.

They have adopted Long Beach, a small Gulf Coast city of graceful, mostly wooden homes, where about half of the 6,000 structures were damaged by Katrina.

"Here was a city that was small and not on anybody's radar screen early on," says Larry Williams, executive director for The Steel Framing Alliance, which is affiliated with the American Iron and Steel Institute.

Along with essentially donating the work of five engineers to help local contractors learn to work with steel, Mittal set up a $1 million grant for city rebuilding projects and has helped pay for the annual Christmas party, the yearbook at the local high school, and renovations at the Little League baseball field.

"I took my hard hat and mill shoes along and was ready to dig in," Mr. Glennon says, noting that after he arrived in January the work turned out to be managing contracts and working through bureaucracy of state and federal building rules and disaster funding.

In addition to Mittal's efforts, Mr. Williams's group announced in February that it was pooling $1.1 million from 12 steel companies to launch the Gulf Coast Steel Initiative, a marketing effort to gain more steel-framed buildings in the Gulf Coast region in general and Long Beach in particular, where it is heading up plans to rebuild the community recreation center and senior citizens home, mostly out of steel.

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A smaller, but similar marketing effort was launched after Hurricane Andrew struck Florida in 1992 and was credited with boosting steel's market share of home frames to 7% from 1%, with even higher percentages in certain cities such as Orlando. That effort, and the current one, tout steel as stronger and more disaster-resistant than traditional wood framing, which has 78.5% of the market share nationwide.

Concrete makers are also trying to make inroads in the home-construction market at the expense of wood, whose industry trade group is vigorously protecting its market share. The Washington D.C.-based American Forest & Paper Association and its American Wood Council defends the durability of wood-framed buildings. "We are entirely confidant that wood-framed structures, properly constructed, are able to withstand the wind-loads prescribed by the building code," says Ken Bland, director of codes and standards for the organization.

But steelmakers believe natural disasters like Katrina help their cause. General Steel Corp., based in Lakewood, Colo., advertises its pre-engineered building kits on a local radio station, saying their steel-based garages and commercial structures can withstand high winds. "You have to have a catastrophic event to get people out of traditional building methods," said Steve Bezner, a partner in Light Gauge Solutions of Arlington, Texas, and president of the Texas branch of the steel-framing alliance, while driving along the beachfront of Long Beach. "We think we can take steel building up a few notches."

The gains won't come easily. Steel is expensive. It costs anywhere from 15% to 40% more to frame or roof a house in steel or concrete rather than in traditional wood framing or asphalt roofing. To help offset the higher costs, the steel coalition is lobbying insurance companies and commissions for preferential insurance rates for homeowners who have steel-framed houses.

But cost isn't the only issue. Most home builders were trained to use wood and don't know how to use other materials. Indeed, several wood framers in the region say they would try steel framing if they could get skilled workers. Wood frames require nails and hammers. Steel frames require screws and drills. "We've looked at steel or modular but we can't get the people for crews," said Ronnie Wirth, a home builder in New Orleans.

Planetta Custom Homes in Slidell, La., is finalizing an agreement with China's Zhongfu Group to build and distribute 600 prefabricated steel houses in Long Beach and other Gulf Coast towns. Vic Planetta says American builders aren't as experienced working with steel and so he wants to bring Chinese engineers and workers to the U.S. to work alongside his own subcontractors. He expects the first steel houses to be built in six months. The Chinese firm, partially government owned, says the homes will be able to withstand winds of 150 miles per hour and will have several different designs ranging in size from 1,250 to 3,000 square feet and priced between $130,000 and $500,000.

"We are open to whatever," said Long Beach Mayor Billy Skellie, who says as long as steel home designs meet building codes, he is willing to "tweak" city ordinances a bit to allow for more steel-intensive housing.

Gulf Coast Taking A Look At 'new Urbanism' (USAT)

By Larry Copeland

USA Today, August 28, 2006

Downtown's main street is lined with bright, welcoming shops, restaurants and small art galleries. The pastel storefronts have colorful awnings; some have apartments on the second floor. Sprawling oaks shade the sidewalks, which are dotted by benches where strollers can take a break to people-watch.

The heart of Ocean Springs largely escaped the fury of Hurricane Katrina a year ago Tuesday. Most businesses are open. Two Dogs Dancing, which boasts "delightful gifts for pets and people," displays some of its wares on the front porch. The Bayou Belle Ladies Apparel store sports a "Yard of the Month" sign on the front lawn.

No one knows how coastal Mississippi will look when it is finally rebuilt from a 28-foot storm surge that scoured the coast here a half-mile or more inland. The 11 Mississippi towns and cities blasted by Katrina each had a distinct style and character.

This city of 17,300 seems the most likely to emerge as the kind of welcoming, village-style community envisioned by Gov. Haley Barbour and the "new urbanists" who designed Mississippi's blueprint for rebuilding.

New urbanism uses zoning to try to recreate the best of the USA's pre-sprawl, small-town past. It promotes communities where people can walk from home to shops and offices. Houses have front porches to encourage neighborliness. Condominiums and apartments are built above shops.

Ocean Springs Mayor Connie Moran says she was quick to embrace new urbanism because her city already cherishes its principles. "It's the old urbanism to which we aspire," she says. "The new urbanism is recreating the old urbanism, and Ocean Springs is a prime example of that."

None of the Katrina-hit coastal communities has adopted the model zoning ordinance that guides new urbanist development.

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Biloxi, a casino gambling mecca, has rejected such zoning for its hardest-hit areas. The 10 other cities — Ocean Springs, Bay St. Louis, D'Iberville, Gautier, Gulfport, Long Beach, Moss Point, Pascagoula, Pass Christian and Waveland — are either moving toward implementing the zoning or considering it, according to state officials.

The process has been slowed by a lack of funding, a shortage of staff planners and the cumbersome legal process of making zoning changes, says Ann Daigle, Gulf Coast new urbanism expert for the Mississippi Development Authority, which is supervising much of the rebuilding.

New urbanism isn't an easy sell to some local politicians and state transportation officials, Daigle says. “The people in general … are really listening and learning about this alternative for rebuilding,” she says. “What I am discouraged about is that … in general, I think the elected officials are not interested.”

Neither are some residents. In a part of the state where tens of thousands of people still live in government trailers and thousands are fighting their insurers over storm damage to their homes, esoteric concepts such as new urbanism are often very low on the priority list.

“It's something different,” says Marty Wagoner, 45, a financial planner and 40-year resident. “A lot of people don't accept something they've never seen before.”

As residents get long-awaited checks from the federal government to rebuild their homes, they're doing so in traditional subdivisions. “I'm disappointed because the developers coming in are not as open to developing around these principles,” Daigle says.

New urbanism emphasizes development in “pods,” communities with a discernible center, often a square or a green. The center has a transit stop because public transportation is valued over the automobile. Homes are built in a variety of styles for young and old, families and singles, and people of various incomes. Neighborhoods are designed within a five-minute walk of the town center. Shops and offices are located at the edge of the neighborhood, and the streets are relatively narrow and tree-lined.

Coastal Mississippi, pre-Katrina, had developed in a far different fashion. It was a land of strip malls and distant suburbs, a place defined by the car culture. It has no regional transportation system.

Less than two months after Katrina, Barbour welcomed a rebuilding proposal from Andres Duany, a Miami architect and one of the founders of new urbanism. In October, architects from around the world met for six days in Biloxi. They worked with local architects, planners and community leaders on plans tailored to each city.

The development style doesn't address the stronger building codes or higher elevations that will be required for rebuilding in some areas vulnerable to flooding.

New urbanism got its start in Seaside, Fla., in 1981. The Florida Panhandle city showed that new developments could be built like traditional resort towns and succeed. Since then, several communities have been built. Among them: Legacy Town Center in Plano, Texas; Celebration and Avalon Park in Orlando; Kentlands in Gaithersburg, Md.; the Peninsula Neighborhood in Iowa City; and Harbor Town in Memphis.

Ocean Springs, founded in 1699 as a French colony and now popular with local artists, could be one of the first coastal cities to enact new urbanism zoning.

“We're considering adapting some version,” Mayor Moran, says. “That's going to take quite a lot of public input and tinkering.”

Perhaps the best-known example of new urbanist development in coastal Mississippi is Cottage Square, a planned village of 20 “Katrina cottages” about a mile from Ocean Springs' downtown. The project is being developed within a five-minute walk of an elementary school and a grocery store. There are two cottages on the site now.

A Katrina cottage is a small, permanent house designed as an alternative to the government trailers where many residents are still living. The cottage is homier than a trailer. It has hardwood floors, a spacious living-dining area at the entrance, an inviting front porch.

It's the handiwork of New York designer Marianne Cusato, who last week reached an agreement with Lowe's in which the home improvement giant will manufacture a “kit” so builders can assemble cottages on-site. The 308-square-foot prototype has siding designed to withstand winds up to 130 mph.

Cusato says she created it to incorporate Gulf Coast architectural features. “So much was lost that created such an identity of place,” she says. “If we turn our backs on that and just say ‘let's rebuild,' we've really lost something.”

Several other teams of architects and builders are scrambling to design, build and sell similar structures that can be used as alternatives to trailers. In July, Congress set aside $400 million for a pilot program that could move thousands from trailers to cottages.

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Wagoner, the financial planner, and his wife, Lisa, also a financial planner, are building a 768-square-foot Katrina cottage on their beachfront property. It's going to take up to two years to rebuild their house, and they wanted a "home" in the meantime for themselves and twin sons Slay and Cole, 6.

"It wouldn't work for everybody," Marty Wagoner says of the $80,000-$100,000 cottage. "But it's going to be a nice little house."

'Katrina Cough' Sending Many To The Doctor (USAT)

By Liz Szabo

USA Today, August 28, 2006

Nearly a year after the hurricane, some New Orleans residents say they have "Katrina cough" — they blame the storm and its aftermath for their respiratory problems.

Doctors are still debating whether the symptoms are related to the hurricane, and no one knows exactly how many patients have respiratory problems. The American Lung Association of Louisiana has screened about 1,600 people since the hurricane. About 25% had mild to moderate reduced lung function, says Tom Lotz, the association's executive director.

AmeriCares, a relief agency, awarded the lung association $100,000 this month to help people with hurricane-related respiratory problems.

Nereida Parada, an allergist and pulmonologist at Tulane Health Sciences Center, says she sees many patients with coughs and other symptoms. Some patients developed a cough right after the hurricane. Others with asthma, emphysema or lung diseases noticed that their symptoms have worsened. Patients who live or work in flooded or moldy areas appear most at risk.

"Katrina left a long time ago, and people are still coughing," says Parada, a specialist who sees patients who don't get better after seeing their primary-care doctors.

Parada says patients' problems could have many different causes, including allergies, environmental irritants such as dust or mold, or even gastroesophageal reflux, which can be made worse by stress. Parada says she can't definitively connect these symptoms to the storm.

Paul Timmons, who works for the American Red Cross, says his asthma was under control until October, when he arrived in New Orleans. By December, Timmons, 38, was waking up with night sweats and coughing up sticky phlegm. His fevers went away with treatment. But he says he still wakes up at night unable to breathe.

Some aren't convinced that New Orleans is experiencing an increase in respiratory ills. Maureen Lichtveld, chairwoman of environmental health sciences at the Tulane University School of Public Health and Tropical Medicine, says some patients who blamed their winter coughs on Katrina may have simply had common cold and flu viruses.

Some patients with normal seasonal allergies or winter colds may have mistakenly blamed their symptoms on the hurricane instead of ordinary pollen or common viruses, she says.

And in a report in April, the Louisiana Department of Health and Hospitals found no increase in serious respiratory problems related to the storm. The report's authors note that they studied only patients whose symptoms sent them to the emergency room, so they could not rule out an increase in less-serious problems.

When The Cameras Left (NSWK)

By Holly Bailey

Newsweek, September 4, 2006

Bronwynne Bassier was desperate. Roaming the streets of her Biloxi, Miss., neighborhood four days after Katrina, scavenging for food and clothes for her 2-year-old son, Bassier stumbled upon the one man who presumably could help: President George W. Bush. Rushing toward him, the 22-year-old single mother pleaded and sobbed. "My son needs clothes," she cried. "I've lost everything." Momentarily stunned, Bush appeared on the verge of tears himself as he listened. Bush tried to direct her and her younger sister, Kim, toward a Salvation Army shelter down the road, but ultimately comforted them the only way he knew how: he hugged them. "Hang in there," he told Bassier, kissing her forehead. "We're going to take care of you." Press cameras captured the moment and beamed the image of compassion around the globe.

A year later, Bassier's life remains like that of countless other Katrina victims: she lives in a FEMA trailer with her son and new husband. Her story offers a window into the workaday reality of life post-Katrina. "Meeting [Bush] didn't really change anything for me," Bassier tells NEWSWEEK. "I've been just like everybody else, trying to move forward with my life one day at a time." In a new NEWSWEEK Poll, 51 percent of Americans say they don't think Bush has followed through on his promises to rebuild New Orleans and the Gulf Coast.

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To complicate matters, Bassier—a native of South Africa—has had a hard time getting a work visa. She'd applied for one after graduating from a local college last summer, but in the chaos of Katrina, the Department of Homeland Security lost the paperwork. More than a year later, her application is still pending. In May, Bassier sent a letter to the man who'd been there for her last year. But as of last Thursday, the president still hadn't responded. A White House spokeswoman confirmed last week that the administration received it, but said it had been forwarded to DHS. "We don't intervene in individual cases," says Deputy Press Secretary Dana Perino.

This chapter of Bassier's story may yet have a happy ending: after NEWSWEEK's inquiries, Bassier received a call Friday from the White House inviting her to meet with President Bush this Monday when he visits Gulfport to mark the first anniversary of Katrina. (A White House aide tells NEWSWEEK that the invitation had long been in the works, but they hadn't been able to locate her until Friday.) She plans to make her case in person for a work visa. And she wants to thank President Bush for coming back. She's not angry, but she's looking for more than a hug.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, August 28, 2006

Ping-Pong Still Works in China

He's not one to brag, but the fact is Minnesota Republican Sen. Norm Coleman was a mean Ping-Pong player back in college. "I spent a lot of hours in the game room," he chuckles. So trying to scare up a match during an official trip to China seemed like a neat thing to do. Nothing serious, mind you, but something still reminiscent of the famous 1971 Ping-Pong diplomacy that marked a thaw in U.S.-Chinese relations. "I thought they were going to just meet at like a Boys or Girls Club and play with a couple of kids," he says. "Instead, I walk into the National People's Congress building, and they've got this table set up and some former world champions to play! Clearly the Chinese thought ahead of us."

He actually held his own. "I got a few points," says Coleman, part of a just-returned Senate delegation that yearly meets with Chinese counterparts. Better yet, playing their sport on their turf opened up top Chinese officials including President Hu Jintao-who singled out Coleman's game-to the delegation's urgings on arming Iran and other issues. "It created a little bond, a little relationship there," says Coleman. And an Olympic spirit. "I told President Hu that I will be working on my game for our next interparliamentary visit to China in two years," he says. "Let's just say the Olympians won't be the only ones competing in Beijing in 2008."

Playing Soon in Congress: the NFL

NFL Network play-by-play man Bryant Gumbel is under fire for suggesting on his HBO show that retiring National Football League Commissioner Paul Tagliabue has NFL Players Association prez Gene Upshaw on a "leash." But he might soon get some powerful allies. We hear that members of the House Judiciary Committee are interested in just how cozy the NFLPA and NFL have become and are concerned about the players association's rules governing professional agents. "This whole look at sports started with the baseball steroids scandal," says a House insider. "Now we're looking wider." What sparked Congress's new interest was the two-year suspension of star agent Carl Poston before a planned arbitration hearing with the NFLPA. He went to his congresswoman, Rep. Sheila Jackson Lee, for help, and now several lawmakers and the Judiciary Committee are looking into his case. NFLPA officials say they handled the case by the book and don't think Congress should butt in. And, anyway, they add, Poston should be punished for somehow missing a $6.5 million bonus for client LaVar Arrington when he played for the Washington Redskins. Still, they have scheduled an arbitration hearing on his suspension. A meeting between lawmakers and the NFLPA is planned, and Hill insiders say hearings-and legislation-could follow.

A Hamas Copycat at Work in Iraq

Hamas, the terrorist group that now runs the Palestinian National Authority, appears to be a model for radical Shiite cleric Moqtada al-Sadr and his Mahdi Army's move to take control of Iraq, say senior military officials. Following the Hamas bid to run sewer, health, and other social services that could help win the hearts and minds of Palestinians, Sadr's efforts look like a copycat move. "Sadr's militia is doing the same kinds of things," says a senior defense official.

The Official Book on Dick Cheney

Vice President Dick Cheney is finally getting the book-length biography treatment-and he's playing along. We hear that the Weekly Standard's Stephen Hayes is hot on the case and plans to publish a bio titled, naturally enough, Cheney as early as next spring. "I'm not a historian," Hayes fesses up. "I approached it like a long magazine article." A very long article, considering Cheney's been in the public eye for some five decades. "It's a pretty unique perspective of American history over the last 50 years," Hayes says of Cheney, who worked in three administrations before being tagged by George W. Bush as veep. As is Bush with biographer Robert Draper, we hear Cheney, his staff, and friends are cooperating. So what's surprised Hayes so far?

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Cheney isn't just a hawk but a strong advocate for the "softer side of the Bush doctrine, advocacy of democracy." Also: "He's much more a normal person than his public persona." And maybe one reason that Cheney floundered at Yale: Pals told Hayes that he "pined" for his girlfriend Lynne, now Mrs. Cheney.

What, Me Worry? Not This President

A bloody war, bad polls, and his beloved Texas Rangers several games out of first, you'd think President Bush would be bummed out. But pals say he's as happy as ever. We checked in with those who attended last week's fundraiser for Virginia Sen. George Allen at the home of former Republican National Chairman Ed Gillespie. The prez gave an animated history of the Oval Office and told of how optimistic he is about the future. He spent time schmoozing and even beckoned neighborhood kids over for a picture. "He was cranked up," we're told, though he might have been euphoric because the following day he was flying to his parents' Maine home for a day of fishing.

'Tis the Season to Go With the Saints

Donald Powell has gone native. President Bush's man in charge of cleaning up the mess left by Hurricane Katrina says his nine months on the job has changed him forever. "This has been a defining moment in my life," says the likable Texan and former Federal Deposit Insurance Corp. head. "When I come up here [to Washington], I feel like I need to get back down there." Here's just a bit of proof that he's become NOLA's biggest fan: Powell plans to attend the reopening of the Superdome, home to so many terrible post-Katrina stories, for the Saints-Atlanta Falcons game on September 25. And he promises he'll be wearing a Saints jersey with QB Drew Brees's No. 9 on it. "You can write that on August 22 I predicted that the Saints will make the playoffs," says the federal coordinator of Gulf Coast rebuilding. "They'll be playing for more than just themselves."

Bush's Brownie (TIME)

By Carolyn Sayre

Time, September 4, 2006

No one has to tell MICHAEL BROWN he's doing a heckuva job anymore. He's his own boss now. Brown, 51, who was FEMA director when Katrina hit last August, was roundly pilloried for mishandling the relief effort after the hurricane. At first President Bush stood by him, but two weeks after the storm, Brown resigned. For six weeks, he continued to work for FEMA as a consultant. Then he set up his own shop--in disaster preparedness. His firm, Michael D. Brown LLC, draws on the lessons of Katrina to help corporate clients implement contingency plans ahead of natural disasters. He has taken his unapologetic message to Congress. Testifying in February, he blamed his bosses at the Department of Homeland Security for FEMA's response to Katrina and urged "corrective action" so that "disasters don't occur in the future." "If we don't learn from this, then shame on us," he said in an interview with NBC. "I will have been scapegoated for nothing."

New Orleans Blues (NSWK)

By Evan Thomas, Jonathan Darman And Sarah Childress, Newsweek

Newsweek, August 28, 2006

Charged with rebuilding his city and decisively re-elected six months ago, Mayor Ray Nagin remains an elusive character and a controversial leader—and miles of the Big Easy are still uninhabitable.

Ray Nagin, the mayor of New Orleans, had been avoiding a group of particularly determined—and strident—community activists who were after him to do more to rebuild the Lower Ninth Ward, a working-class, predominantly black area that was wiped out by Hurricane Katrina. A year after the storm, New Orleans water and sewer pipes are still badly damaged, and the city has been unable to certify that the water is drinkable in much of the blighted but once tightknit neighborhood known as Lower Nine. At a press conference on Aug. 1, the mayor tried to be good-humored when he was confronted by Vanessa Gueringer, a particularly vocal organizer for a community group called ACORN.

"Oh, Miss Acorn," said Nagin with a smile, "Are you still mad at me?"

"Hell yeah!" she shot back. "Is the water certified in Lower Nine?"

Nagin's smile faded.

"You can't see the good in anything," he said.

"No, I can't," said Gueringer, "because my community is still being locked out. And I'm still angry."

Nagin tried to reassure her about the water. "I'm working on it, I'm working on it, we have people down there every day."

"No, you don't," Gueringer snapped. "I know you're lying to me, Mr. Mayor."

Nagin walked away. (His staff later said he needed to get to an appointment.)

The blame game for New Orleans's sorry state is many-sided. The Bush administration, the governor's office in Baton Rouge and city hall all share some responsibility for the slow state of reconstruction. So does the culture of New Orleans itself.

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When San Francisco was destroyed by an earthquake in 1906, the raw, capitalist spirit of the place was regenerative. New Orleanians have traditionally been more fatalistic and classbound. (Though San Francisco, too, was plagued by racial division: the city fathers originally wanted to use the earthquake as an excuse to drive out Chinese immigrants, until the Empress Dowager of China personally protested and the California governor intervened to halt the forced relocation plan.) Even though Congress has appropriated more than $100 billion for the recovery effort along the Gulf Coast, New Orleans is only now just beginning to get serious money for rebuilding.

Nothing in Ray Nagin's career as a cable-TV executive or first-term mayor of a smallish (and shrinking) American city prepared him to cope with the rough equivalent of an atom bomb detonating off the coast. He can't be faulted for shoddily built levees, or a vacationing, clueless White House, or the Force of Nature. Even so, he is the theater commander in the battle to save New Orleans, and the war is still not going well.

It is very difficult to be in Nagin's shoes. He is intelligent and independent and not corrupt, qualities not always associated with Louisiana fat-cat politics. But he can be ineffectual, too eager to please and too easily distracted. He lacks the dominating personal force of a Rudy Giuliani pulling New York together on 9/11. Nagin can be touchy about invidious comparisons with New York: questioned about the slow pace of rebuilding in his own city, he gave NEWSWEEK his controversial anniversary talking point—"They still have a big hole in the ground after five years."

Tough words, but it should be noted the damage wreaked by Katrina to New Orleans far surpassed the lasting physical impact of the downed Twin Towers. A year after the storm flooded New Orleans and killed more than a thousand people, the city has lost more than half its population. Water and electrical service are still out in some low-lying areas, garbage collection is spotty, many schools and hospitals are still closed, and the city buses don't run regularly or on time. Whole blocks still look as though they were bombed. On a sultry afternoon in late August, along Florida Avenue near the now repaired Industrial Canal, gawkers stopped to photograph a house sitting on top of a car. The Gray Line bus company runs a Hurricane Katrina Tour, which charges tourists $35 a day to look at some of the worst-hit spots. (A NEWSWEEK Poll found that 58 percent of Americans are "dissatisfied" with the progress on rebuilding New Orleans and the Gulf Coast.)

There are, in some ways, two New Orleanses. The city's original crescent, "the sliver by the river" of high ground along the Mississippi, was not badly damaged by Katrina. Housing prices are booming and even Donald Trump is looking to invest. But the lower-lying areas stretching toward Lake Pontchartrain are still battered.

The sense of anger and suspicion among Lower Ninth residents, many of whom believe they are being conspired against by white uptown developers, has been a burden for Nagin. His attempts to deal with that sense of alienation bring into sharp relief the mayor's uncomfortable place in the Big Easy. He has always had a foot in both worlds of New Orleans, rich white as well as poor black. His almost unique position could have been a blessing, allowing him to bridge deep divides, something he has failed to accomplish.

Nagin has no deep roots in any one part of New Orleans. He was born in Treme, a middle-class neighborhood traditionally populated by Creoles, who sometimes "passed" for white in the Jim Crow days. The son of a janitor, Nagin himself grew up poor, and for much of his upbringing, he lived in Algiers, a blue-collar community across the Mississippi that is regarded by old New Orleanians as Over There. After getting a baseball scholarship at Tuskegee Institute and an M.B.A. at Tulane, he became a successful businessman. He was the candidate of the elite and the business community when he ran for mayor in 2002. He won 80 percent of the white vote and 20 percent of the black vote, good enough to carry a city that was roughly 70 percent black, 30 percent white.

Katrina seemed to catch Nagin, like the rest of his city, by surprise. He was slow to order an evacuation, and during the storm he had little communication with the Feds (or, for that matter, his own city council). He gained national attention by ranting on a local radio show that the state and federal authorities should "get off their a---s and do something." Normally, "I'm a pretty even-keeled guy," he told NEWSWEEK. "I don't get too high or low."

Nagin is not easy to read. At meetings, he'll frequently slouch to one side or lean his arms and torso way up on the table. The people involved with Nagin's latest plan to rebuild New Orleans, his "100 Days Initiative," won't describe the organization's structure, not because they're required to keep it confidential, but because, they say, the structure exists mainly in Nagin's head. Nagin acknowledges that he has been called a "lone wolf," though he rejects the caricature.

Nagin has a few longtime close advisers, but his administration has been a revolving door. He moves with grace, and is charming and easygoing, though cool and a little detached. He has been called "Mayor Hottie," according to the New Orleans Times-Picayune, but he is hardly a swinger. A family man who likes to play golf, Nagin has been married for 23 years and has three children. He prefers not to show his hand too quickly, and always reserves the right to change his mind.

About a month after Katrina, the city's movers and shakers met at a local restaurant, still serving on paper plates, to talk about New Orleans's future. "The mayor was there for three hours, table-hopping," recalls Douglas Ahlers, a local entrepreneur

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who became involved in city planning. "But instead of going around saying, 'What do you need? What are you going to do? How can we help?' it was as if it was just a regular Friday lunch in old New Orleans. I realized he wasn't working the issues, just glad-handing."

Nagin did create an ambitious-sounding Bring New Orleans Back Commission in late September and appointed a racially mixed (eight whites, eight blacks, one Hispanic) panel of local worthies to offer recommendations. The most forceful presence on the panel was a wealthy developer, 69-year-old Joe Canizaro, a "git-r-dun" type with close ties to the Bush White House. The commission brought in professional urban planners who suggested that a smaller, drier New Orleans might be healthier and safer. The planners suggested that parts of the lower-lying areas—which were disproportionately populated by African-Americans—be returned to cypress swampland. In an interview with NEWSWEEK, Canizaro said he believed that the mayor would act on the BNOB proposals. "I had no doubt," he said.

Nagin now says that he never wanted the BNOB to be "his" plan but rather a forum for ideas that he could use or discard. When the plan was unveiled at a public meeting in early January, the hotel ballroom erupted with angry protesters. Conspiracy theories were racing through the black community that white developers wanted to drive blacks from the city and seize their property. (The Lower Ninth Ward, in particular, has a higher homeownership—about 60 percent—than most of the city.) Nagin began publicly backing away from the BNOB plan, insisting the Lower Nine would be rebuilt, or making ambiguous or contradictory remarks to a variety of different audiences. Canizaro was desperately trying to get Nagin to go to Washington and present the BNOB plan to policymakers and members of Congress, to show that the city would make wise use of federal dollars. Each time he asked Nagin, Canizaro said, Nagin would reply, "We're going to do it." But nothing would happen. "That was the height of frustration," Canizaro recalled. "That's when I realized the Bring New Orleans Back plan was in serious jeopardy."

Nagin was already shifting into campaign mode—the election was scheduled for late March. A month after Katrina, Nagin had met quietly with his chief political adviser, Jim Carvin, a white man in a wheelchair who is a New Orleans institution (at 77, he has been the winning strategist in 10 straight mayoral races). In an interview with NEWSWEEK, Carvin recalled that Nagin was worried that he would be the fall guy for Katrina. Carvin says he told him that "we would get the black vote, and we would get enough of the black vote to win." Carvin says he coached Nagin to chase the post-Katrina diaspora and assure them that they would get their city back: "Get out of town," Carvin instructed the mayor. "Go to Houston, Atlanta, Birmingham. Talk to the displaced voters. Say, 'I'm going to rebuild it'."

On Martin Luther King Day, just a few days after the blowup over the BNOB plan, Nagin made a speech that drew national headlines and not a few political-obituary notices. Speaking to a mostly black audience, he vowed that the city of New Orleans would once again be "chocolate" because "it's the way God wants it to be. You can't have New Orleans no other way." Nagin says he knew what he was doing. "I wanted to be a little edgy because I knew that the national media ... would pick it up and spread the word to displaced voters in other states." ("Chocolate City" is the name of a Parliament album that Nagin listened to in college.)

Nagin's political instincts were spot-on. In a runoff election in May, he beat a white candidate, Mitch Landrieu, winning more than 80 percent of the black vote and about 20 percent of the white vote. Both candidates avoided the touchy issue of whether New Orleans needed to "shrink its footprint," and vaguely promised a plan to rebuild the city if elected. At Sunday mass after the election, Nagin told reporters, "I'm on my boogie board, I'm just going to keep on riding." He announced a "100 Day Plan" to rebuild the city, which immediately became the butt of jokes. Was it supposed to be a plan for rebuilding the city in 100 days, or was it going to take 100 days to release the plan? "The answer's still out there; which one was it?" said a former Nagin adviser, who requested anonymity because he did not want to offend the mayor. Actually, the 100 Day Plan envisions a bottom-up approach: each community will come up with its own plan, and these plans will be knitted together in a larger plan. With less than two weeks to go on Nagin's 100 Days, some communities, like middle-class Broadmoor, are far along, and some neighborhoods, like the Lower Ninth, are still basically nowhere.

Nagin himself has been out of town for much of the time, making speeches to various groups. His detachment vexes some local organizers. The Rev. Leonard Lucas Jr., the wealthy pastor of the Light City Church in Lower Nine, styles himself as Nagin's black conscience. Devoted to getting jobs and federal money into Lower Nine, Lucas seized on the reconstruction of the Jackson Barracks, the local home of a Louisiana National Guard unit, as a chance to get contracts for minority-owned companies. Lucas persuaded Nagin to go to a meeting on the project, and crowed afterward, "We got the mayor onboard and he liked it. He didn't like it—he loved it!" But then Lucas never heard back from Nagin. Now the reverend is bitter. "I've never seen a black man hate his people like that. All he did was sell his people out." Calling Nagin a "white Republican," he denounced the mayor for joining with the white business community in trying to drive blacks out of the city.

Nagin insists he's trying to restore black neighborhoods but accepts that he is going to be a target of frustration. "I'm the mayor, I take those hits at times," he says. Nagin worries about the effect of the rough publicity on his wife and kids, who only this

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past week were able to move back into their house, which was buffeted and flooded in the storm and is still not entirely repaired. ("My daughter went into her room, kissed the carpet, kissed her bed and kissed the wall," says Nagin.) He has been tending to his own soul, reading a book called "Inspiration: Your Ultimate Calling," a New Age spirituality book that asks readers to remember the "voice in the Universe entreating us to remember our purpose ... " Nagin says his calling is to "find broken stuff ... I do turnaround, I do fixes, I start up stuff."

Nagin cannot run for a third term, and he is vague about his ambitions for higher office. "Every time I go somewhere somebody wants to throw a fund-raiser for me," says Nagin. "So I don't know, man, I'm raising money the easiest I've ever done in my life. I'm serious. I mean big money." Asked if he'd like to be a national leader, he answers, "It depends, man, then I'd have to do the party thing. I don't like any of those parties. I'd rather throw my own party." Carvin, the mayor's political adviser, says that Nagin "doesn't like politics. He's not comfortable with it. He's not comfortable with the wheeling and dealing that goes on in politics." Carvin, who has not seen much of Nagin since the election, is disappointed in his pupil. "He had a marvelous opportunity, having won the election against all odds, to try to pull it together and exhibit all the qualities that a leader should have," says the old political hand. "And he just hasn't done that." Until he does, New Orleans will remain a smaller, sadder city.

Freret Street Revisited (USNEWS)

By Anna Mulrine

U.S. News and World Report, August 28, 2006

When it comes to their people skills, New Orleanians have for centuries prided themselves on a couple of things: being generous in their acceptance of human frailty, and tolerant of the ghost stories told to them by others. One year since Hurricane Katrina made landfall, killing some 1,700 and uprooting thousands in a diaspora not seen since the Dust Bowl, these are a fraction of the survival skills that come in handy in a town filled with empty homes still scarred with traces of grimy floodlines-and haunted with the memories of loved ones no longer living in them.

Today the city is at under half of its pre-Katrina population of 455,000. Most residents have yet to return, and those who have managed to make their way back are greeted with the specter of levees that still cannot withstand another big storm, insurance payouts that may never come, and a city government whose push-me, pull-you planning initiatives have stalled time and again.

On Freret Street and in the city's 72 other neighborhoods, the absence of a master plan has forced residents to take matters into their own hands, to rebuild in the face of local leadership that the most charitable of Crescent City inhabitants have dubbed "nonchalant." On any weeknight, after their day jobs are done, folks get friends together to gut mold-infested homes in the Ninth Ward, recruit neighborhood kids to paint street names on salvaged two-by-fours in Broadmoor, and sell T-shirts to raise money for the likes of, say, fire stations in Lakeview. "The best things happening in this city are happening without and in spite of the government," says Lauren Anderson, director of the nonprofit Neighborhood Housing Services on Freret Street, where the office file cabinets are now up on cinderblocks and clients stop by with tales of skyrocketing utility bills and homeowners insurance rates that have doubled since the storm-even for houses that weren't touched by floodwaters.

In the meantime, residents disgusted with the pace of planning have begun to pull up stakes and leave, heartsick at spiraling murder rates and beaten down by the accumulation of daily indignities: monster potholes, weak water pressure, and dwindling access to day-care centers, 80 percent of which have disappeared since the storm. Some are simply getting priced out-rents have risen 40 percent, because so much of the housing stock is uninhabitable. For those who remain, the enormousness of the task can be overwhelming if you dwell on it, says Anderson. It's tough to take in the scope of cleanup necessary for a storm that created, for example, 50 million cubic yards of trash (with 8.2 million collected as of July, according to city estimates)-and that has left a quarter-million wrecked cars on the streets, which the city only recently began towing away, to much fanfare. "Sometimes," says Anderson, "the only way to be here is to live in denial."

Carnage. Sarah Parker faces the stark reality of the storm's aftermath every day at the eastern end of Freret Street, near what have long been a handful of "hot" drug corners. When U.S. News met her in December, she was lonely, missing her sister and niece who once lived next door. Today, she is growing increasingly concerned with violence that is shocking even in a city that has long vied for the dubious distinction of murder capital of the country: A quintuple homicide just a few blocks from where Parker lives forced the city to call in the National Guard earlier this summer. But not much has changed. "Oh, Lord, that crime is bad," she says, sitting on her stoop as she surveys two teens strolling down the sidewalk across the street. Notorious drug dealers, she explains as she waves congenially in their direction. "You can't let them know you're scared." While the homes across the street have recently been repainted in bright yellows and pinks, most remain empty and feel incongruous on this street where so many others remain abandoned. Next door, kids climb in and out of windows at all hours to stash drugs and light up

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"Lord knows what," says Parker. "They put their little stuff in the house, up under there,"she adds, pointing to the window screens.

The city recently launched a plan to reclaim abandoned property and set a deadline for gutting flood-damaged homes, but in the meantime Parker worries that her kids could be shot by a stray bullet in one of the myriad turf wars now being waged here. Every day she calls a city number to report the abandoned house next to hers, and every day she hears gunshots. She worries, too, that the house next door could go up in flames and take hers with it. For these reasons and more, Parker has struggled with anxiety and depression since the storm. But counseling is a luxury in a town where only 22 of 196 psychiatrists who were practicing pre-Katrina have returned. Parker got a boost a couple of months ago when her sister-in-law was able to leave San Antonio, her temporary home in the wake of the evacuation, to return to New Orleans. Now Parker has a confidant, and someone to help her watch her children and her daughter's new baby, her first grandchild. That baby is part of a boomlet of sorts that has hit New Orleans since the storm, where the birthrate has risen an estimated 25 percent this year.

But Parker remains terribly worried about the conditions in her neighborhood. Last month she begged her husband, Peter, to come back from his job upstate, where he was earning good money and commuting home on weekends, to live with her again. He is back now, but Sarah would feel safer if she saw more of the police-"and if they would get out of their little cars and walk some," she says.

Citywide, emergency responders are overwhelmed and understaffed. The police force now stands at 1,452, having lost 362 officers post-Katrina. The department is budgeted for 1,700 officers, but applications are down-only 12 recruits have been added in a year-while more cops leave every month, including 25 in July alone. Throughout the city, hospital beds are at a premium and patients report emergency room waits of upwards of eight hours on a good day. Firefighters, too, are underfunded and understaffed, operating on a budget that has been reduced by nearly a third since the storm.

Up in flames. Those cuts may have made the difference for the Original Brown Derby. Back in November, U.S. News met the owner of the corner grocery, Sam Ottallah, as he was struggling to scrape together enough money to rebuild his business after the storm. He did not have flood insurance, and he and his wife and children did without window shades, some furniture, and other items that Ottallah considered luxuries in the family's flooded home to save money to stock his store shelves. The store reopened and was doing brisk business. That is, until it burned down this May, felled in a four-alarm fire.

Firefighters said they would have been able to arrive sooner had they not needed to respond from a station nearly 10 minutes away-instead of one two blocks down the street that the city didn't have the funds to keep open. By the time cashier Vivian Richards-still in her pajamas-joined Ottallah at the Derby just after 5 a.m., it was consumed by flames caused by a gas leak. "He cried his little heart out," says Richards of her longtime friend and boss.But like most New Orleanians, they did not surrender to sorrow. At her local nail salon, Richards heard of some vacant property just a couple of blocks from the old shop, on Louisiana Avenue. Ottallah, Richards, and her son, Dennis, restocked the shelves and reopened for business just a month and a half later.

Throughout the city, three quarters of locally owned shops are now back in business, compared with less than half of the national chains. Celestine Dunbar is hoping to be among this number soon, praying for one of the small-business grants that she hopes will be more available once the city has a unified plan. In the meantime, during one recent meeting, Freret Street business owners agreed to help Celestine and her family plan some fundraising to get their restaurant, Dunbar's, running again; it was flooded out and closed following the storm. The New Orleans soul food institution had hosted local politicos and national celebrities. But without flood insurance, Dunbar and her daughter Peggy Radliff have struggled to reopen. Dunbar is now cooking out of her home to make some cash, and without the money to pay contractors, the family plans to gather on Freret in the months ahead and rehabilitate the place, slowly, week by week if they have to. But Dunbar remains concerned about whether she will be able to employ 15 full-time staffers, as she did before, in a city where salaries are rising in the face of worker shortages and a labor force that is 30 percent smaller post-Katrina.

Housing. Those without the means to get back to their hometown at all feel neglected, too. In June, the Department of Housing and Urban Development announced plans to demolish several public housing complexes throughout the city, including C.J. Peete on Freret Street, home to former New Orleans residents like Theresa Harness, now living in Houston, and her son, Malik, 15. U.S. News spoke with them in December , when Harness returned to clean out her old apartment in C.J. Peete, an apartment she'd lived in for 26 years. Theresa and Malik have been trying to get back home to New Orleans ever since. "We can't find a place to stay yet," says Malik. There have been protests surrounding the announced closures-local casino Harrah's, desperate for workers, weighed in to support more affordable housing-but Malik just has Mardi Gras on his mind, already wondering if he'll be able to play his alto sax in his old school, to parade next February in the one city where it is the cool kids who are in the marching band. "I really wanted to get back home," he says. "But we're just going to work harder to make sure we get back next year."

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Residents in neighborhoods forced to prove their viability had to make sure they made it back even earlier, when the city's Bring New Orleans Back commission unveiled what became known throughout town as the "green dots" debacle. The plan set aside some of the hardest hit, most flood-prone neighborhoods for parklands, including predominantly African-American areas like the Lower Ninth Ward, a decision that enraged residents and sparked charges of racial discrimination. The city later backtracked, saying that if those neighborhoods could prove their viability and the intent of residents to return, they would survive. And so neighborhoods banded together, offering fellow communities advice on the fine points of navigating city council. Throughout the summer the Freret neighborhood, in which only a small section was green-dotted, received tips and borrowed volunteers from the Broadmoor community just to its north, a neighborhood that was badly flooded and had to fight for its life to prove its viability to the city.

Today, an agreement reached by the Greater New Orleans Foundation fully 10 months after the storm seeks to weave the plans of individual neighborhoods into a unified city effort, thanks to a $3.5 million grant from the Rockefeller Foundation that helped match up neighborhoods with urban planners of their choice. But while this master plan integrates the wishes of the residents, it also sidesteps key environmental concerns, say critics-and it isn't slated to be complete until the end of the year. "We hear, 'Why don't you just get in there and plan the damn thing?'" says Steven Bingler, the architect in charge of the revamped process. "But if there's anything that's come out of this whole enterprise that has major significance, it's this whole concept of democratic process and self-determination." The struggle to survive also created dynamics that many hope will be the key to a stronger city, particularly in Freret, says Anderson of Neighborhood Housing Services. "People are so much more civically engaged since the storm."

As children returned to school last week, Jesse Murdoch was fixing up his new business, an ice cream shop that he plans to open on Freret Street next month as part of a new, blue block of storefronts that have been developed since the storm. In the meantime he is living with his wife and four daughters in a Federal Emergency Management Agency trailer-the kind of sacrifice countless residents across the city are making to save money. Murdoch is optimistic but also filled with anxiety as his hometown enters the peak of a hurricane season that could make or break it. Like so many residents here, he is rolling the dice, hoping for the best-and gambling, he says, everything he has.

SLOW GROWTH

Back in February, U.S. News charted the efforts of residents to rebuild on Freret Street, a 3.8-mile stretch of road running from the Pontchartrain Expressway in the east to the Mississippi River bend in the west. Katrina's flood line wove in and out of homes and businesses, uprooting many lives there. Since February, a lot has happened to the denizens of Freret Street; these are their updated stories.

Poll: U.S. Not Ready For Major Disaster (AP)

By Hope Yen

The AP, August 27, 2006

Their confidence shaken by Katrina, most Americans don't believe the nation is ready for another major disaster, a new AP-Ipsos poll finds.

Poor people are more likely to fear becoming victims of the next disaster.

The survey, conducted one year after the devastating hurricane and with much of New Orleans still in shambles, found diminishing faith in the government's ability to deal with emergencies. It also gave President Bush poor marks for his handling of the storm's aftermath.

The region could get an eerily timed test of preparedness with forecasters concerned that a storm system named Ernesto could be at hurricane strength as it crosses over Cuba and heads across the Florida Keys this week.

Fifty-seven percent in the poll said they felt at least somewhat strongly the country was ill-prepared — up from 44 percent in the days after the storm slammed ashore on Aug. 29, 2005. Just one in three Americans polled believe Bush did a good job with Katrina, down from 46 percent a year ago.

"Nobody actually realized soon enough what the scope of this thing was," said Frank Sheppard, a 63-year-old retiree in Valrico, Fla., who considers himself strongly Republican. "The day after, people were actually celebrating."

"They didn't realize that the levees were deteriorating and breaking at that time," he said.

One year after Katrina, large areas of New Orleans remain virtually uninhabitable with piles of debris and wrecked cars.

Only $117 million in at least $25 billion in federal aid has reached the city, while federal investigators determined that roughly $2 billion in taxpayer money was wasted in no-bid contracts and disaster aid to people who did not need the help.

Norma Guelker, 55, of Bay St. Louis, Miss., still lives in a FEMA trailer after Katrina flooded her home with seven feet of water. She says there's no way the government is ready.

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Blaming Bush, she said: "There's no reason for him to be concerned about the people who live here. They're not the people who vote for him."

Bush, who visits the recovering storm zone Monday and Tuesday, has sought to deflect the torrent of criticism, saying that rebuilding takes time.

Democrats are hoping to capitalize for the November congressional elections, such as among black and poor people, many of whom were unable to escape Katrina and the flooding it caused.

On Monday, Democrats on the House Homeland Security Committee planned to release a fresh report that summarizes instances where small businesses in the Gulf Coast region were hurt as limited- or no-bid contracts were awarded to politically connected large firms in the weeks after the storm.

The AP-Ipsos poll surveyed 1,001 adults Aug. 7-9 and 1,000 adults Aug. 15-17 and has a margin of sampling error of plus or minus 3 percentage points. The poll found race and class differences sometimes did color people's perceptions.

For example:

_Those making $25,000 a year or less worry were more likely to be worried about becoming a victim of a natural disaster than those who make $75,000 or more.

_People with a high school education or less were among those with the strongest views that the country cannot handle another disaster.

_Fewer than one in five minorities approved of Bush's handling of Katrina, compared with almost two in five whites.

Gina Montana, 45, of New Orleans, said she worries about another hurricane like Katrina "all day, every day" after the storm forced her family to flee their home. Montana is making her own disaster plans but insists she won't evacuate the city after sleeping in cars and on shelter floors the last time.

"I'm not going out like that," she said recently at the Superdome, which served as a trash-filled, sweltering temporary home for 30,000 people displaced by Katrina.

Others say some of the criticism of Bush has been unfair, noting there were missteps by Louisiana officials such as Democratic Gov. Kathleen Blanco and New Orleans Mayor Ray Nagin as well. Still, they acknowledge their sense of security may never be the same.

"We're definitely not mentally prepared," said Dawn Janosik, a 52-year-old resident of North Lauderdale, Fla.

Broken Promises (NYT)

By Paul Krugman

The New York Times, August 28, 2006

Last September President Bush stood in New Orleans, where the lights had just come on for the first time since Katrina struck, and promised “one of the largest reconstruction efforts the world has ever seen.” Then he left, and the lights went out again.

What happened next was a replay of what happened after Mr. Bush asked Congress to allocate $18 billion for Iraqi reconstruction. In the months that followed, congressmen who visited Iraq returned with glowing accounts of all the wonderful things we were doing there, like repainting schools and, um, repainting schools.

But when the Coalition Provisional Authority, which was running Iraq, closed up shop nine months later, it turned out that only 2 percent of the $18 billion had been spent, and only a handful of the projects that were supposed to have been financed with that money had even been started. In the end, America failed to deliver even the most basic repair of Iraq’s infrastructure; today, Baghdad gets less than seven hours of electricity a day.

And so it is along our own Gulf Coast. The Bush administration likes to talk about all the money it has allocated to the region, and it plans a public relations blitz to persuade America that it’s doing a heck of a job aiding Katrina’s victims. But as the Iraqis learned, allocating money and actually using it for reconstruction are two different things, and so far the administration has done almost nothing to make good on last year’s promises.

It’s true that tens of billions have been spent on emergency relief and cleanup. But even the cleanup remains incomplete: almost a third of the hurricane debris in New Orleans has yet to be removed. And the process of going beyond cleanup to actual reconstruction has barely begun.

For example, although Congress allocated $17 billion to the Department of Housing and Urban Development for Katrina relief, primarily to provide cash assistance to homeowners, as of last week the department had spent only $100 million. The first Louisiana homeowners finally received checks under a federally financed program just three days ago. Mississippi, which has a similar program, has sent out only about two dozen checks so far.

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Local governments, which were promised aid in rebuilding facilities such as fire stations and sewer systems, have fared little better in actually getting that aid. A recent article in The National Journal describes a Kafkaesque situation in which devastated towns and parishes seeking federal funds have been told to jump through complex hoops, spending time and money they don't have on things like proving that felled trees were actually knocked down by Katrina, only to face demands for even more paperwork.

Apologists for the administration will doubtless claim that blame for the lack of progress rests not with Mr. Bush, but with the inherent inefficiency of government bureaucracies. That's the great thing about being an antigovernment conservative: even when you fail at the task of governing, you can claim vindication for your ideology.

But bureaucracies don't have to be this inefficient. The failure to get moving on reconstruction reflects lack of leadership at the top.

Mr. Bush could have moved quickly to turn his promises of reconstruction into reality. But he didn't. As months dragged by with little sign of White House action, all urgency about developing a plan for reconstruction ebbed away.

Mr. Bush could have appointed someone visible and energetic to oversee the Gulf Coast's recovery, someone who could act as an advocate for families and local governments in need of help. But he didn't. How many people can even name the supposed reconstruction "czar"?

Mr. Bush could have tried to fix FEMA, the agency whose effectiveness he destroyed through cronyism and privatization. But he didn't. FEMA remains a demoralized organization, unable to replenish its ranks: it currently has fewer than 84 percent of its authorized personnel.

Maybe the aid promised to the gulf region will actually arrive some day. But by then it will probably be too late. Many former residents and small-business owners, tired of waiting for help that never comes, will have permanently relocated elsewhere; those businesses that stayed open, or reopened after the storm, will have gone under for lack of customers. In America as in Iraq, reconstruction delayed is reconstruction denied — and Mr. Bush has, once again, broken a promise.

Promises Dim For The Nation's Poor (opinion) (USAT)

USA Today, August 28, 2006

Illuminated by lights fit for a Hollywood movie set, President Bush stood in New Orleans' Jackson Square on Sept. 15 and tried to reassure Americans that the darkened and flood-ravaged city would be saved.

For that brief moment, domestic poverty shared the presidential spotlight. Bush acknowledged the dismal relief effort that Americans had witnessed on TV. Poor people who were unable or unwilling to evacuate the city were stranded on the roofs of their flooded homes or at the Louisiana Superdome and the city's convention center.

Bush said the region's deep, persistent poverty was rooted in the nation's "history of racial discrimination." He promised to confront this malady "with bold action."

But when the lights dimmed, so did the promise to make poverty and discrimination national priorities.

As Bush returns to the Gulf Coast states today, New Orleans is clawing its way back with help from tens of billions of dollars the administration and Congress have pumped into the region.

Bush, stung by his administration's inept initial response to the storm, has made a dozen trips to the region. His Justice Department announced last week that it would send lawyers and investigators to help local law enforcement stem a crime wave.

The president has supported funding for rebuilding levees and has pushed for more money for individual housing grants in Louisiana, approved this summer during rancorous budget debates. It is a substantial effort.

Even so, for all the grants and programs aimed at recovery, little has been done to improve the lives of those who were living in poverty when Katrina hit.

At that time, the city's poverty rate was nearly double the national rate. In last September's speech, Bush called for two programs to help lower-income Katrina evacuees train for jobs and become homeowners. Both measures were introduced in Congress but, lacking a presidential push, went nowhere.

Instead of promoting a new national conversation about race and class, Bush has largely stuck to Republican economic orthodoxy.

He showed little enthusiasm for an increase in the minimum wage, so critical to the working poor, but went out of his way when he spoke to the NAACP in July to tout the need to repeal the estate tax, which affects only the wealthiest Americans.

Though Katrina flooded New Orleans democratically, striking rich and poor alike, its aftermath has been harder on people in poverty. Many federal programs are aimed at homeowners, not renters.

Katrina offered the president an opportunity to make the plight of the underclass a new national priority. That's still worth trying to do. Perhaps the president can remember his call for "bold action" when he returns Tuesday to Jackson Square.

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Piecemeal Federal Response Won't Protect New Orleans (opinion) (USAT)

USA Today, August 28, 2006

To understand why New Orleans drowned, it helps to fly 2,000 feet above Louisiana's coast.

Along the Mississippi River close to the city, rich marshlands, chartreuse to emerald green, still rise out of the delta, interrupted by thin squiggles of blue water. But as the plane heads toward the Gulf of Mexico, they quickly disappear.

For decades, the gulf has eaten away the land, its salt water killing oaks, cypress and grasses that were once buffers against storms.

When Hurricane Katrina crashed ashore last August, the few natural protections left were no match for its record surges. The city was left open and defenseless.

The vanishing wetlands are only part of what allowed New Orleans to drown, killing more than a thousand people and displacing more than 200,000.

Rebuilding the city without addressing the multiple causes of the disaster would be the height of folly. Yet a year after Katrina, it's astonishing how little the federal government has learned, how much remains the same and how easily it could happen again. The inescapable truth is that New Orleans will not be safe from a Katrina-scale storm for many years.

While the city's situation is in some ways unique, the mistakes made and risks ignored hold lessons for other parts of the nation reliant on levees and vulnerable to floods.

Among the lingering problems:

• Unsafe walls. New Orleans' levees and floodwalls "failed catastrophically at more than 50 different locations" during the hurricane, according to a report released Friday by the American Society of Civil Engineers.

While some levees were overtopped, other parts of the system were overwhelmed by precisely the kind of a storm they were meant to withstand. A team study led by experts from the University of California at Berkeley found that the Army Corps of Engineers — the federal government's builder of canals, dams and levees — made errors in the basic design and structure of the levees.

Since Katrina, the federal government has spent $759 million to repair and upgrade 220 miles of the 350-mile system. But as a new storm nears the gulf this week, New Orleans remains at risk: Parts of the system begun in the 1960s are unfinished, parts are weak and the ability to pump water out of the 17th Street Canal, which breached, is inadequate.

The levees need to be repaired and upgraded to withstand another Katrina-like storm, but that only makes sense if there's a plan to deal with the wetlands, too.

•Eroding buffers. The marshes, swamps and barrier islands that might have protected New Orleans have been eroded by federally financed projects that tamed the Mississippi's flow and turned it into one of the world's most lucrative shipping channels. Every half hour or so, marshes the size of a football field turn into water. It would take two decades and more than $14 billion, according to a pre-Katrina estimate, to undo that damage. But even the hurricane has not blasted Congress into action. Although lawmakers approved spending about $6 billion to fix and improve the levees by 2010, they've allocated only $115 million to study and restore wetlands.

• Misplaced priorities. Since the 1980s, the driving force behind levee construction has been development, often in places that are flood-prone, rather than protecting people already living in danger. For years, Louisiana's congressional delegations fought for pork-barrel projects to build and deepen shipping channels — projects that often made the city more vulnerable. In the five years before Katrina, the state received $1.9 billion for water projects, but most went to projects that had nothing to do with safety.

A year after Katrina, the simple fact is that the nation still has no policy on how to use the billions spent each year on supposed flood control. Authority is divided among the Corps of Engineers, Congress, the states and in some cases local authorities. No one is in charge or setting priorities.

Changing this requires new thinking and a new structure. The independent Berkeley panel proposed creating a National Flood Defense Authority that would oversee construction and maintenance of flood control systems, in conjunction with equivalent state organizations.

The job is just too big for piecemeal planning. There is no time to waste. That next football field of marshes is eroding. And hurricane season is upon us.

Officials Differ On Gulf Preparedness (WT)

By Eric Pfeiffer

The Washington Times, August 28, 2006

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The administration's head of Hurricane Katrina reconstruction and FEMA Director R. David Paulison say that the Gulf Coast is prepared for Tropical Storm Ernesto or other future storms, thanks to levee reconstruction and an improved evacuation plan.

"I don't know if -- whether they'd hold or not," Mr. Paulison told CBS's "Face the Nation" when asked if the repaired levees could sustain a hurricane. "It really doesn't matter because that whole area is in the evacuation zone. And people should evacuate if they're asked to evacuate. They should not be riding out a storm in that area inside those levees."

However, Mr. Paulison said the Federal Emergency Management Agency is better prepared to help evacuate those who are not able to do so on their own. "We've been working with the state of Louisiana to make sure we have a very robust evacuation plan in place, make sure there's shelters available, make sure the people have staffed those shelters, and making sure there's not only security but supplies in those shelters."

Federal Coordinator for the Office of Gulf Coast Rebuilding Donald E. Powell agreed with Mr. Paulison's assessment. "I think we're in good shape," Mr. Powell told "Fox News Sunday."

"I know that the local people, the local officials, the state officials, have been coordinating with the federal officials to anticipate this day," Mr. Powell said. "Hopefully, this will not come, but there is a widespread coordination, and I think we're ready. There's no question in my mind we're ready."

Mr. Powell pointed to Louisiana's refineries as a bright spot in the recovery effort.

"The port is back to pre-Katrina levels. Tonnage is back. Ship calls are more than they were pre-Katrina," he said. "The port is active. It touches 33 states in America, affects 62 percent of all of the consumers in America, and it's back. Energy, 25 percent of the domestic production, is supplied by the Gulf. It's all back."

Mr. Powell said the levee reconstruction was at pre-Katrina levels but that the project would not be complete until 2010.

New Orleans Mayor C. Ray Nagin said his city's evacuation plan would be successful if Ernesto lands on the Gulf Coast.

"We are ready from an evacuation standpoint. All of our plans have been updated," Mr. Nagin said on NBC's "Meet the Press" yesterday. "We're not going to have a shelter of last resort in the Superdome or the Convention Center. We will be getting everyone out of the city."

Sen. Mary L. Landrieu, Louisiana Democrat, also said the levees are up to pre-Katrina levels but said that wasn't enough. "We need to get them up to Category 5, and we are working to do that," she said during an appearance on ABC's "This Week."

"But this work took so much time and effort and energy," she said. "And as you can see, you know, it's still basically being done."

Mrs. Landrieu said her state was not prepared for another major hurricane. "We have to do two things. We have to fix the levees and then build them stronger and better and higher. And we have to restore the coastline."

President Bush has traveled repeatedly to the region since Katrina, but Mrs. Landrieu said the response still needed improvement.

"He's come here often, but it's not the quantity of the visits, it's the quality of the visits, and it's the follow-through," she said. "This administration is still having a hard time, I think, understanding the magnitude of this disaster."

In contrast to the slow recovery in Louisiana, Mississippi Gov. Haley Barbour said hurricane recovery has been largely successful in his state.

"Most of our state is way past the recovery stage into rebuilding," Mr. Barbour told CBS. "Even if you go down to the three coast counties, largely recovery is over and we're into rebuilding."

Mr. Barbour rejected suggestions that Mississippi received favorable treatment because he is a Republican who supports Mr. Bush politically.

"Louisiana has received more than twice as much of that money as we have," Mr. Barbour said. "They're a larger state than we have. But it was our idea, our concept, and they got more than twice as much of that money. That doesn't sound to me like they've been treated unfairly."

Erratic Ernesto Cause For Alarm From Florida To Louisiana (LAT)

By Carol J. Williams

The Los Angeles Times, August 28, 2006

MIAMI -- Hurricane Ernesto lashed southern Haiti with 75-mph winds Sunday and despite slowing to tropical-storm speeds as it bore down on Cuba, the erratic tempest prompted officials from Florida to Louisiana to scramble emergency-response teams.

Florida Gov. Jeb Bush declared a state of emergency and visitors to the Florida Keys were ordered out, as well as all travel trailers, after the National Hurricane Center confirmed that Ernesto had become the season's first hurricane.

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Although the storm lost force by afternoon, with winds easing to 60 mph, center director Max Mayfield warned that Ernesto could quickly pick up intensity again as it crossed the warm Caribbean waters overnight and that even as a tropical storm could inflict serious damage.

"We think it has a good chance to regain hurricane status," Mayfield told reporters at the bunker-like hurricane center west of Miami. Even if Ernesto remains a tropical storm, Mayfield warned that it appeared likely to drive through a broad swath of Florida and that "the entire state needs to pay close attention."

The governor's order and the hurricane center's forecast of possible Florida landfall as soon as Tuesday prompted officials in Tallahassee to "partially activate" their emergency-management plans, a move allowing county officials to mobilize first responders and prepare transportation, shelter and other supplies for potential evacuations, said Mike Stone, spokesman for the state Division of Emergency Management.

Monroe County authorities reported an orderly evacuation and steady traffic out of the Keys on the single road linking the island chain, U.S. Route 1. But overnight maintenance work closing one of the two causeways to the Florida mainland was expected to slow the exodus.

The evacuation order for the Keys included warnings to those with travel plans throughout this week not to come. Just days before the busy Labor Day weekend, hotel and restaurant owners still reeling from losses inflicted during the past two hurricane seasons looked with dread on the prospects of a holiday without tourists.

"We had four storms last year and that already made people double-guess their decisions to come down here this time of year," said Gregg McGrady, executive director of the Key West Business Guild.

Cuba's Civil Defense agency moved more than 70,000 people from vulnerable settlements along the communist-ruled island's southern coast after Ernesto reached hurricane proportions in the morning and remained on track to inundate much of the country over the next few days, Cuban media reported.

The storm, expected to make Cuban landfall early Monday and travel as far west as Havana, would be the first test of the country's emergency response capabilities since President Fidel Castro fell ill in late July and handed power to his brother, Defense Minister Raul Castro. The ailing Cuban leader traditionally played a prominent role in marshaling orderly -- and mandatory -- evacuations and visiting shelters to show solidarity with the displaced.

Concerns about Ernesto were high all along the Gulf of Mexico coast ravaged by Hurricane Katrina a year ago, despite Ernesto's change of course late Saturday that caused forecasters to project the storm would likely hit Florida harder than Mississippi or Louisiana.

With 100,000 Mississippians living in trailers vulnerable to hurricane-force winds, those vehicles will have to be evacuated at least two days ahead of any storm landfall, Mississippi Gov. Haley Barbour told CBS "Face the Nation."

"We cannot wait as late as we would have waited a year or two ago because we've got all these people under these special circumstances," Barbour said, adding the evacuation order could go out as early as Tuesday if Ernesto is then on a path imperiling his state.

Federal Emergency Management Agency director David Paulison said the agency that came in for withering criticism for its response to Katrina had thoroughly evaluated the lessons learned from that disaster and corrected policies and planning.

"After every major event, you always go back and do after-action reports and look carefully at what worked and what did not work, and then very quickly get on top of those things to fix them for the next time," Paulison told NBC's "Meet the Press."

The veteran of Florida emergency response missions, including 1992's Hurricane Andrew, said major improvements had been made to communications, logistics, victim registration and relief operations since the Gulf Coast devastation a year ago.

Bush Declares State Of Emergency In Fla. (AP)

By Jessica Gresko

The AP, August 27, 2006

A hurricane watch was issued Sunday for the Florida Keys and Gov. Jeb Bush ordered a state of emergency in anticipation of Tropical Storm Ernesto.

Ernesto, which had strengthened into a hurricane for about 10 hours, weakened back into a tropical storm by late afternoon with top sustained winds of 60 mph, the National Hurricane Center said.

Still, the Miami-based hurricane center said the storm could reclaim its hurricane status before reaching the southeastern coast of Cuba on Monday morning.

"It certainly looks like it's going to impact a significant portion of Florida before it's all over," said Max Mayfield, director of the National Hurricane Center.

Florida has been hit by eight hurricanes in the past two years.

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Officials in the Keys told tourists to postpone any immediate plans to travel there and ordered those already in the island chain to leave.

All travel trailers and recreational vehicles were ordered off the islands immediately. Residents were taking notice too: a Home Depot store in Key West was busy Sunday afternoon as customers shopped for generators and other storm-preparation equipment.

"We put up the storm shutters today and we're hitting the grocery store tomorrow," said Ben Cassis, who, along with his father-in-law, spent nearly $2,500 for a powerful generator Sunday.

The state of emergency directs counties to open their emergency management offices and activates the National Guard, among other things. Bush canceled a scheduled trip to New York on Monday, choosing to stay in Tallahassee and monitor storm developments.

Ernesto, the first hurricane of the Atlantic season, lashed Haiti and the Dominican Republic on Sunday. The storm was expected to arrive in southern Florida by early Tuesday, the National Hurricane Center said.

Tourists including Jim Rogers, of Lodi, N.J., made preparations Sunday to leave the low-lying Keys, which are connected to each other by just one highway, U.S. 1. Traffic leaving the Keys on the single evacuation route was steady but not heavy Sunday afternoon.

Rogers was part of a group of eight visiting Key Largo and had planned to stay in the Keys until Thursday or Friday. Rogers said the group now might go to Naples, but they were not going home.

"You don't know where to go. You don't know where it's going to blow," he said. "You don't want to be in Key West."

Evacuations Ordered As Ernesto Steams Toward Florida (USAT)

By William M. Welch

USA Today, August 28, 2006

Tourists were ordered off the Florida Keys on Sunday as Tropical Storm Ernesto barreled across the Caribbean and threatened to regain hurricane strength before approaching Florida and the Gulf of Mexico.

Arriving just as the nation prepared to mark the anniversary of Katrina and its devastation of the Gulf Coast, Ernesto attained hurricane-force winds of 75 mph for 10 hours on Sunday and became the first hurricane of the Atlantic season.

Ernesto weakened as it brushed by Haiti and the Dominican Republic but lashed the island countries with 50 mph sustained winds and heavy rain.

Forecasters at the National Hurricane Center said the storm could regain hurricane status by the time it reaches Cuba early Monday. It was expected to arrive in southern Florida by Tuesday.

“It's on a track toward the Florida peninsula early this week and all of Florida is in the area that's being threatened, from the Keys all the way up to the Panhandle,” said Michael Brennan, a meteorologist at the center in Miami.

Tourists were ordered to evacuate the Florida Keys to prevent roads and shelters in the exposed islands from becoming overburdened in case a storm emergency forces island residents to flee along the only highway, U.S. 1, linking the islands and the mainland. All travel trailers and recreational vehicles were ordered to depart the islands, and visitors planning travel to the Keys were told to stay away.

As of 11 p.m. ET Sunday, Ernesto was near the southwestern tip of Haiti and moving at 7 mph, the center said.

Forecasts had called for Ernesto to wallop New Orleans, still recovering from Katrina. Those concerns receded as the storm was predicted to veer east toward Tampa. The White House said President Bush has not changed his plans to visit the Gulf Coast today and Tuesday for the Aug. 29 anniversary of Katrina.

The revised forecast offered no comfort to Floridians, who've weathered eight hurricanes in the past two years. Gov. Jeb Bush ordered a state of emergency.

“A lot of people are coming in and getting gas cans, barbecues, hurricane clamps, batteries, flashlights,” said Wanda Freyre, 47, at Ace of Town n' Country, a hardware store in Tampa. “After Katrina, people are taking it more serious.”

ID Program Trips Over Hardware (WT)

By Shaun Waterman

The Washington Times, August 28, 2006

The Department of Homeland Security quietly announced last week that port facilities and merchant vessels will not be required to install readers for the biometric ID cards the department plans to issue to the nation's transportation workers.

The change, which critics says guts the security benefit of the proposal, is the latest stumble for the ID card project, called the Transportation Worker Identification Credential, or TWIC, program.

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Officials "have concluded that facility and vessel owners and operators will not be required to purchase or install card readers during the first phase of the TWIC implementation," reads a notice in the Federal Register, published last Monday.

The notice also promises that "a requirement to purchase and install card readers will not be implemented until the public is afforded further opportunity to comment on that aspect of the ... program." It adds: "The details of this approach will be explained in the next rulemaking."

The TWIC program, mandated by Congress in the 2002 Maritime Transportation Security Act, is designed eventually to cover 725,000 airport workers, truck drivers, merchant seafarers and others needing unescorted access to transportation facilities such as ships, ports and runways. Workers requiring the card will have to submit their fingerprints and undergo checks against databases for criminals, terrorism and immigration status.

Now critics complain that the Department of Homeland Security has effectively gutted the program by removing a requirement that card readers be installed at ports and on vessels.

"At least for the initial phase, there is not going to be any way to automatically authenticate the identity of the cardholder at these maritime facilities," said Walter Hamilton, chairman of the International Biometric Industry Association.

"Is there going to be a way to make sure it's Tom and not Tom's cousin" holding the card? asked a senior congressional staffer familiar with the program. "No. There isn't."

Homeland Security officials did not respond to phone calls and e-mails requesting comment, but the congressional staffer said the rule was the result of concerns from industry about how the required technology would operate in a maritime environment.

"These are not insurmountable problems," said the staffer, predicting a delay of six months or a year before a mandate for card readers could be imposed.

The staffer said the pilot project run by Homeland Security to test the program had employed contactless card readers "which worked well in a maritime environment," but had then selected a different kind of reader, requiring the card to be swiped, in the rule. In a maritime environment, said the staffer, where the swipe readers would be exposed to saltwater and sea air, corrosion and other types of damage could quickly render them useless.

Moreover, said the staffer, there was no testing aboard ships as part of the pilot. "Vessels at sea present unique environmental challenges," said the staffer, adding there were additional concerns about sealing off important areas on long voyages.

"There are legitimate safety issues associated with trying to isolate certain areas [on board a ship] for security purposes," said the staffer, asking what would happen during a fire or a hull breach if the reader malfunctioned or a crew member dropped his card and couldn't gain access.

The staffer also said that even without the readers initially installed, the TWIC program would have a security benefit, because of the background checks run on workers who apply for it.

But labor unions protested that using the credential as a "flash card" -- one that is simply shown to a guard, rather than confirming the holder's identity through biometrics or a personal identification number -- would give a false sense of security and increase the ease with which criminal or terrorist gangs could infiltrate transportation facilities by posing as credentialed workers.

"It makes no sense to impose onerous requirements on workers now and force them to pay almost $150 for a glorified flash pass that may never be used as intended," said Edward Wytkind, president of the Transportation Trades Department of the AFL-CIO.

Unlocking Fingerprints (WP)

By Griff Witte

The Washington Post, August 28, 2006

The technology has been the stuff of movies for years: A secret agent runs his fingertip and an encrypted ID card over a pair of sensors. There's a match, and the door swings open.

In the coming months, a wave of government initiatives could start making such high-tech methods of identification commonplace -- beginning with the replacement this fall of federal employee IDs. Similar cards are planned for transportation workers, first responders and visitors to the United States.

Packed with biometric data such as fingerprints and containing a computer chip with room to expand the amount of information stored, the new IDs represent a potential boon to technology companies eyeing an estimated $8 billion in identity-related contracts. Firms such as BearingPoint Inc. and Lockheed Martin Corp. have set up showcase identity labs, pulling technology from different companies into turnkey operations. Hundreds of smaller companies, down to manufacturers of plastic cards, are vying for part of the market.

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The biggest business opportunity still looms: Driver's licenses, which are due for a retooling under new federal laws.

"When you're talking about credentialing the federal workforce and contractors, you're talking about maybe 10 million people. When you're talking first responders, you're at 20, 30 or 40 million people," said Thomas Greco, a vice president at Herndon-based Cybertrust Inc. "But when you're talking credentialing all registered drivers in the United States, you're up to hundreds of millions of people. Nobody is losing sight of that."

In an era of chronic concern over terrorism and anxiety over immigration, the business of determining who is who has become increasingly urgent. But it is not without controversy. Americans have long resisted the idea of a national ID card, for example. The growing sophistication of computer databases and networks has heightened privacy concerns -- as have data breaches, from the theft or loss of government computers to AOL's online posting of 36 million keyword searches conducted by hundreds of thousands of subscribers. If the pool of government programs using the new identity technology gets large enough and the amount of information collected gets detailed enough, "there will be a lot of pressure for these programs to converge," creating a de facto national identity system, said Barry Steinhardt, director of the technology and liberty project at the American Civil Liberties Union.

Use of a new government standard may prompt the private sector to follow. The banking, retailing and health-care industries are monitoring the federal initiatives, ready to apply stricter identity standards when dealing with their employees and customers. In an online world, the technology could also be used to establish that two people who never meet in person really are who they say they are.

Federal agencies are supposed to begin issuing their new ID cards in October, complying with a 2004 Bush administration directive requiring more stringent methods for tracking who gets access to federal facilities.

The new cards must meet a rigorous federal standard that details -- down to the size of the typeface -- what the new cards look like and how they are used. At a minimum, the IDs will require fingerprints and possibly retinal scans or other forms of biometric identification, depending on the agency. The cards are also likely to incorporate magnetic strips, personal identification numbers and digital photos, as well as holograms and watermarks to deter forgery. Before employees and contractors can get their new credentials, they will have to submit to a thorough background check, if they have not already.

By employing multiple methods of checking identity, officials hope to make it as difficult as possible for someone other than a card's owner to use it. Ultimately, the cards will determine not just who gets into buildings but also who receives access to computer applications and files.

Because the information needed to verify an individual's identity won't take up much space on the computer chip in each card, plenty more can be added. An employee's skills, work hours, medical history and job evaluations, for example, could all be included -- much to the dismay of civil liberties advocates.

Already, other federal programs are borrowing from the new standard for government workers. A program to issue credentials to all transportation workers to monitor who has access to air and seaports, for instance, will subject those workers to much the same process as federal employees.

In addition, the Real ID Act, approved by Congress last year, aims to standardize security features on driver's licenses by mid-2008. The Department of Homeland Security has not yet set the standards that states will have to follow. It probably won't include the advanced biometrics the federal government is using for its employees, and states are pushing hard to avoid a complex reengineering of the ubiquitous, low-tech driver's license.

Nonetheless, the companies that make the cards, the scanning devices and the software needed to run identity systems are closely watching the driver's license requirements. They say they understand the privacy concerns but also expect that security will remain a top priority -- with ID standards likely to get stricter, the technology more sophisticated, and the business more profitable.

"No one's going to want technology that just exposes them to more risk," said Greco, whose company, Cybertrust, focuses on information security.

At BearingPoint's McLean offices, the company has set up a room to show off a range of identity systems, including machines for taking fingerprints, scanning irises, recognizing faces or even differentiating between individuals based on the shape of a hand.

"We think it's a terrific area of opportunity," said Gordon Hannah, who leads BearingPoint's efforts to win identity contracts.

Earlier this month, the General Services Administration awarded BearingPoint a five-year deal worth up to $105 million to supply new IDs to any agency that wants them. Agencies that do not buy their cards through the GSA contract are holding their own competitions.

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That may be just the beginning. A recent study by the Stanford Washington Research Group and an expert in identity management put the value of the 10 biggest U.S. identity initiatives at $8 billion over the next five years, with an additional $14 billion coming from overseas.

From those programs, identity businesses expect other opportunities to emerge.

"One of the inhibitors has been the cost of the technology. But with the widespread adoption by the government, the cost of everything is going to come down," said Jon Rambeau, director of credentialing at Bethesda-based Lockheed Martin.

State and local governments are considered major potential buyers. Among their needs are credentials for first responders so that officials can verify the identity of people who show up to help in the event of an emergency.

On the commercial side, too, boosters of identity technology say the opportunities abound. Banks, for instance, may want secure cards that can guarantee that someone trying to cash a check really is the intended recipient. Hospitals are looking into using the identity systems for a more reliable way of accessing medical records. And retailers have been working on allowing consumers to make purchases with the swipe of a finger, instead of a card.

Nor do the opportunities stop at the U.S. border. California-based contractor Computer Sciences Corp. has enrolled 40 million people in identity programs worldwide. But on a planet of 6.5 billion, the company thinks it has only scratched the surface.

"Each country has exactly the same issues: How do you facilitate security, facilitate movement across borders and protect privacy all at the same time?" said Tim Ruggles, CSC's director of border and immigration solutions. "That's a tough one."

U.N. Tower Is Deadly Firetrap, Senator Says (USAT)

USA Today, August 28, 2006

The United Nations building is a disaster waiting to happen — a potential towering inferno that could be as devastating for workers, staff and visitors as the terrorist attacks on the World Trade Center's twin towers, Sen. Charles Schumer, D-N.Y., said Sunday.

Schumer said the 39-story, glass-walled landmark on the East River is a “firetrap” that violates New York City's building code. It has no internal sprinkler system and is full of dangerous asbestos — and its driveway, above an underground garage, probably would collapse from the weight of firetrucks and other emergency equipment, he said.

He called on U.N. Secretary-General Kofi Annan and U.S. Ambassador to the U.N. John Bolton to “make it a priority” to force through a $1.6 billion renovation program. U.N. officials could not be reached for comment.

Study: Out-of-state funds boost Democrats

Democrats running for Congress in the most competitive races for open seats have raised more out-of-state money than Republicans, by a ratio of more than 4-to-1, according to data compiled by watchdog organizations and an Associated Press review of Federal Election Commission records. The races are in Arizona, Colorado, Illinois and Iowa.

In no race is the discrepancy as evident as in Illinois' 6th Congressional District, where Republican Rep. Henry Hyde is retiring after 32 years.

Tammy Duckworth, a National Guard major who lost both legs in a rocket-propelled-grenade attack on her helicopter outside Baghdad, raised $536,982 from individual contributors outside Illinois, according to Political Money Line, a non-partisan clearinghouse for fundraising and lobbying data. Peter Roskam, a Republican state senator and former congressional aide, raised $84,650 outside the state. Duckworth and Roskam each had raised nearly $1.9 million from all sources. The figures are based on campaign-finance reports through June 30, the latest available.

This Is Only A Drill: In California, Testing Technology In A Disaster Response (NYT)

By John Markoff

The New York Times, August 28, 2006

SAN DIEGO, Aug. 26 — It began with a worldwide virus outbreak that had cities under quarantine, emergency workers overwhelmed and government agencies unable to cope. It was compounded by a wave of cyberterror attacks that cut off power, phones and Internet access.

Such was the crisis that teams from the Pentagon, nongovernmental agencies and several dozen technology companies set out to resolve in a five-day simulation meant to showcase and test a new set of digital tools in responding to disaster.

The limitations of even the latest technology were in evidence when an effort to restore communications by setting up ad hoc wireless networks resulted in a three-day data traffic jam.

Yet the problems encountered in the training effort, named Strong Angel III, did little to dampen the enthusiasm of the participants, a diverse group of more than 800 “first responders,” military officers and software and wireless network experts — some from rivals like Microsoft and Google, working side by side.

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"My view is that the value of Strong Angel is 70 percent in the social networks that will be created," said the organizer, Eric Rasmussen, a Navy surgeon and veteran of relief efforts on several continents. "What we do is try to bring people with disparate backgrounds together and ensure that they are forced to enter into a conversation."

More than $35 million in equipment was assembled here as part of the event, aimed at preparing for natural disasters, epidemics, terrorist attacks or the aftermath of war.

Last Monday, the group began to assemble a makeshift command center at an abandoned building near the San Diego airport. But a state-of-the-art wireless network, intended to route video images, satellite map coordinates and other data — from an impressive array of mobile computers, software analysis tools and command programs — failed to come to life.

"Finally I said, 'Lights out! Everyone turn everything off and let's start over,' " said Brian D. Steckler, a computer scientist at the Naval Postgraduate School in Monterey, Calif., who was in charge of more than a dozen interlocking networks at the heart of the command center.

Hundreds of computers and even cellphones were shut down, and then the network was slowly turned back on, segment by segment. Too many high-bandwidth applications had clogged the network, including a powerful video camera and "rogue" transmitters set up by participants intent on creating their own mini-networks.

Computer researchers call wireless networks of this type "hastily formed networks." But Mr. Steckler said his experience in the training session and in real disasters had led him to refer to them as "fragilely formed networks" instead.

At the same time, the technology roadblocks were balanced by notable successes, like the work of Google, Microsoft, ESRI, Intergraph and other companies to allow sharing a single set of digital satellite maps seamlessly and to overlay event data relayed from emergency workers throughout the San Diego area.

The new software capability relies on a Microsoft-designed system called Simple Sharing Extensions. It has been built on industry standards, like the Web protocol known as Really Simple Syndication, or R.S.S., which was designed to enable one-way data streams.

Such tools are valuable for disaster-response coordinators who require real-time data feeds from a variety of locations. The Microsoft extensions will make it possible for the feeds to display constantly changing or even conflicting data streams from multiple sources.

Moreover, the achievement demonstrated that industry rivals like Microsoft and Google could cooperatively generate useful technologies. Small teams of programmers from the two companies sat before laptops at adjacent tables to make sure that the Microsoft software connection system would transfer information to Google Earth, Google's visual mapping tool.

"I've been talking to Google all week," said Robert Kirkpatrick, lead architect of Microsoft's humanitarian systems group.

That is the kind of teamwork that Dr. Rasmussen had in mind in organizing the Strong Angel event, the third held since 2000. Dr. Rasmussen has become a leading figure in high-tech emergency preparedness in the United States and internationally. His expertise has been honed by experience in Bosnia and Baghdad, in African refugee camps, in Indonesia after the tsunami and in New Orleans after Hurricane Katrina.

Working a decade ago in the Defense Advanced Research Projects Agency at the Pentagon, he began exploring the use of high-tech systems to support the emergency missions that he would serve as a doctor.

"People are dying in really ugly ways, and it's avoidable," he said.

That led him to organize Strong Angel, which he said was not a formal disaster exercise, but rather a laboratory to experiment with technology that might prove useful in disaster settings. He likened the event to a group of musicians playing casual jazz rather than a rigorous symphony.

That unstructured approach led to some frustrations among participants, who complained at times that they were uncertain of their duties. But Dr. Rasmussen said the situation was meant to force them to organize themselves in a leadership vacuum.

Significantly, Dr. Rasmussen's effort has the support of Linton Wells II, principal deputy assistant secretary of defense for networks and information integration. Mr. Wells, a military strategist, was a driving force behind a Pentagon directive last November that put "stability operations" — defined as "military and civilian activities conducted across the spectrum from peace to conflict to establish or maintain order" — on an equal footing with waging war as a primary mission for the military.

Recognizing the shortcomings of reconstruction efforts after the invasion of Iraq, the directive acknowledges that much of this work is best performed by "indigenous, foreign or U.S. civilian professionals."

"We want to be able to create a space outside of the Pentagon's network firewalls to offer assistance," Mr. Wells said. Such a shift in mission will make it easier, for example, to provide Pentagon imagery from satellites and unmanned Predator aircraft to disaster relief organizations, he said.

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It took 300 e-mail messages and ultimately the intervention of a high-ranking fleet admiral to get Dr. Rasmussen and two colleagues to Banda Aceh, Indonesia, in the days immediately after the tsunami in December 2004. Such missions need to be on the military's checklist, Mr. Wells said.

In addition to large technology firms like Cisco Systems, Mitre and Bell Canada, smaller companies demonstrated a range of initiatives last week, tucked amid a phalanx of big trucks that had brought communications equipment and other rescue gear to the command site.

VSee Lab, a Silicon Valley start-up, brought a videoconferencing software system made to transmit video over today's cellular telephone data networks at good quality.

GATR Technologies, a two-person company in Huntsville, Ala., brought a satellite communications antenna tucked inside a 10-foot inflatable beach ball made of ultralight racing sail cloth. The system, designed by Paul Gierow, a former aerospace engineer, weighs just over 70 pounds and makes it possible to deploy a two-megabit Internet connection — faster than many digital phone lines — virtually anywhere.

Looking around at the satellite dishes that had been trucked to the command site, Mr. Gierow said, "We were the only ones who walked here carrying our gear."

Also on display was a novel low-cost refugee shelter designed by Vinay Gupta, a software engineer in Chicago. Called Hexayurts, the buildings are fabricated from four-by-eight sheets of foam or hexacomb cardboard and duct tape and can be built for about $1,000 apiece. Mr. Gupta set up several of the buildings in a plaza and showed how they could be equipped with a high-efficiency wood stove for cooking, a composting toilet and a small fluorescent light.

Although there has been no mass production of the buildings, which are large enough to shelter a family, Mr. Gupta has put design instructions on the Internet and placed them in the public domain. He thinks they are sure to find users.

"A FEMA trailer costs $30,000," he said. "I'm waiting for the next hurricane season."

WAR NEWS:

Shootings, Bombings Kill At Least 51 (USAT/AP)

USA Today, August 28, 2006

BAGHDAD — Bomb attacks and shootings killed at least 51 people as Iraq's prime minister said violence was lessening and hundreds of Shiite sheiks signed a pact to disarm militias and support the government.

Shiite Prime Minister Nouri al-Maliki insisted bloodshed in Iraq was decreasing and that his government was making progress in efforts to combat sectarian clashes between Shiites and Sunni Arabs, and attacks by insurgents.

"The violence is not increasing. We're not in a civil war. Iraq will never be in a civil war," he said through an interpreter on CNN's Late Edition. "The violence is in decrease, and our security ability is increasing."

On Sunday, gunmen in three cars raked an open-air night market with gunfire, killing at least 12 people. The gunmen fired at throngs of people at the main market of Khalis, a mostly Shiite town 50 miles north of Baghdad. Earlier in the day six people were killed when a bomb exploded on the outskirts of the town.

The U.S. military command said two U.S. soldiers were killed — one by small-arms fire in eastern Baghdad on Sunday and the other on Saturday night when the vehicle he was traveling in was hit by a roadside bomb.

In downtown Baghdad, a bomb in a minibus exploded outside the Palestine Hotel, killing nine people. A car bomb outside the offices of a government-run newspaper left three dead.

Two back-to-back suicide car bombings in the northern city of Kirkuk killed nine people hours after an earlier suicide car bomb killed one person.

Drive-by shootings also killed two people in Mosul, one in Numaniyah and three in Dujail.

Iraqi and coalition forces have been expanding security in Baghdad to crack down on violence neighborhood by neighborhood. Security forces were to conduct a cordon-and-search operation of all the buildings in the Sunni district of Azamiyah in north Baghdad, the U.S. military command said in a statement.

The security sweep has already "resulted in a 36% reduction of murders across the city of Baghdad," said Maj. Gen. James Thurman, commander of U.S. forces in Baghdad.

The prime minister appealed to Iraqis to support his national reconciliation plan to end the bloodshed. The plan was endorsed by hundreds of tribal chiefs at a conference on Saturday.

The reconciliation plan seeks to bridge religious, ethnic and political divisions, which are tearing the country with almost daily violence that has left about 10,000 people dead since May when al-Maliki's government took office.

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The plan includes an offer of amnesty to members of the Sunni-led insurgency not involved in terrorist activities, calls for disarming primarily Shiite sectarian militias and promises compensation for families of Iraqis killed by U.S. and government forces. No major Sunni Arab insurgent groups agreed publicly to join the plan.

"Realizing the gravity of the situation our country is undergoing, we pledge in front of God and the Iraqi people to be sincere and serious in preserving the unity of our country," the agreement said. The chiefs also pledged to "work hard to stop the bloodletting and … sectarian killings that have nothing to do with our values."

At Least 69 Killed In Attacks Across Iraq (WP)

By Ellen Knickmeyer

The Washington Post, August 28, 2006

BAGHDAD, Aug. 27 -- Gunmen and bombers claimed at least 69 lives in Iraq on Sunday, even as Prime Minister Nouri al-Maliki repeated the assertions of Iraqi and U.S. leaders that violence was easing from a wartime high set earlier this summer.

While U.S. and Iraqi forces have deployed additional troops in Baghdad to deal with the surge of sectarian violence, the deadliest of the attacks Sunday occurred outside the capital, in cities to the north.

The attention of Iraqi and U.S. officials since this spring has been focused on the rivalry between Sunni Arabs and Shiite Muslims in Baghdad. Sunday's violence, however, highlighted the country's many other dangers since the war began: rising crime and growing tensions among Iraq's other faiths and peoples.

The most lethal attack came in the town of Khalis, near Baqubah, 35 miles northeast of Baghdad. Gunmen stormed the house of a local judge, Hamdi al-Ubaidi, shot one of his brothers and moved to abduct another, police said.

When men from a nearby cafe ran to the aid of the family, gunmen opened fire, killing 12 of the would-be rescuers and injuring 25, police Brig. Safa al Mandalawi said.

The kidnappers escaped, with the judge's brother as their captive, Mandalawi said.

The mass killing came about 11 hours after a bomb planted in a marketplace in Khalis exploded at the height of morning shopping. Nine people died, and 15 were injured, police Lt. Ali Khayam said.

Gunmen killed five people in three other attacks in the nearby city of Baqubah, a community with a heavily nationalist Sunni Arab population that has seen nearly daily violence.

Farther to the north, in the tense oil city of Kirkuk, back-to-back bombings killed 10 people Sunday outside the house of a police colonel and outside a meeting hall of Sufis, a mystical Muslim religious sect.

A top Sufi leader in Fallujah last week declared that his previously nonviolent sect was joining the Sunni insurgency, saying that rising Shiite militancy left him no choice but to fight for survival. It was not known whether Sunday's attack was related to the Sufi leader's call to arms.

Attacks elsewhere in Kirkuk on Sunday targeted offices of the Patriotic Union of Kurdistan, the party of Iraqi President Jalal Talabani, a member of Iraq's northern-based Kurdish minority. A car bomb at one of the offices killed a guard, while security personnel at another office repelled an assault by gunmen, killing one of the assailants.

Sunni Arabs and Kurds are vying for Kirkuk, one of the country's two main oil centers. A referendum in the city is to determine whether Kirkuk is to come under Kurdish or Arab control. Each side is trying to build up its strength ahead of the vote.

In Iraq's other oil hub, the southern city of Basra, a bomb mounted on a motorcycle killed seven people, authorities said. Maliki, the prime minister, has imposed a state of emergency to deal with the deadly rivalry among the Shiite factions controlling the south.

Another of the day's major attacks was in Baghdad, where a bomb in a minibus killed nine people at a police checkpoint on Sadoun Street, in the center of the city near the Palestine Hotel, police said.

Lt. Col. Barry Johnson, a U.S. military spokesman, confirmed that seven Iraqi civilians were killed Sunday night in what Johnson said was a street battle between American forces and insurgents in Baghdad.

It began when a bomb exploded near American troops in a Stryker armored vehicle in the mostly Sunni west Baghdad neighborhood of Ghaziliyah, a district where U.S. forces have beefed up their presence in an effort to quell sectarian violence.

Insurgents opened fire with grenade launchers and guns after the bomb hit the Stryker, Johnson said. U.S. forces returned fire, wounding four attackers, whom Americans took into custody, Johnson said. He said it appeared the civilians had been caught in the cross-fire.

A resident at the scene gave a different account, saying all seven, including a family of five traveling together, were killed when U.S. forces opened fire on cars around their vehicle following the bombing.

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Also in Baghdad, three American soldiers were killed, two by roadside bombs and one by insurgent gunfire, the U.S. military said. A car bomb outside a government-run newspaper killed three and wounded 29 Iraqis, the Associated Press reported.

In Baghdad in particular, the toll reflected the growing aggressiveness of the militias loyal to Iraq's governing Shiite religious parties as they try to crush the country's Sunni insurgency.

U.S. military leaders stepped up American deployments and patrols in Baghdad. U.S. commanders also abruptly extended the stay of one Alaska-based brigade that had been headed home and called in emergency reserves from Kuwait.

U.S. military leaders have credited their crackdown in Baghdad with what they say is a reduction in the number of deaths in Iraq in recent weeks.

"The violence is in decrease and our security ability is increasing," Maliki said on CNN's "Late Edition" program. Multinational forces have created an atmosphere of "reconciliation" in the country, Maliki said, and "Iraq will never be in a civil war."

Maliki's spokesman, Ali Debagh, confirmed Sunday that the prime minister was shuffling the cabinet in his three-month-old government of Shiite religious parties, Kurds and Sunnis.

Debagh said at least one and probably two of the ministers to be replaced belong to the movement of populist Shiite cleric Moqtada al-Sadr. Sadr commands a militia increasingly accused of taking a lead in killings of Sunnis.

Debagh played down the idea that the shuffle was largely a purge of Sadr supporters. Debagh said Sadr "is more and more coming to work as a political force" within the government while disavowing his militia.

Special correspondents Saad al-Izzi in Baghdad and other Washington Post staff in Iraq contributed to this report.

Deaths Drop In Iraqi Capital (LAT)

By Solomon Moore

The Los Angeles Times, August 28, 2006

BAGHDAD — An ambitious military sweep appears to be dramatically reducing Baghdad's homicide rate, U.S. and Iraqi officials said Sunday — even as violence nationwide killed at least 80 people, including six U.S. soldiers in and around the capital.

Last month, the Baghdad morgue received more than 1,800 bodies, a record high. This month, the morgue is on track to receive less than a quarter of that.

Iraqi Prime Minister Nouri Maliki seized on the drop in slayings during a CNN interview.

"The violence is not increasing.... No, we're not in a civil war," Maliki said. "In Iraq, we'll never be in civil war. What you see is an atmosphere of reconciliation."

Although the smaller monthly tally offers encouragement to U.S. and Iraqi officials, it remains a triple-digit reminder that sectarian violence and insurgent activity vex Iraq's newly formed government.

"It is not possible to create a democracy at the barrel of a gun.... We cannot even work freely as politicians," said Salih Mutlaq, a Sunni Arab member of parliament. "It is not possible for us to even hold meetings. We cannot travel between one province and another."

U.S. Army Maj. Gen. James D. Thurman, commander of military forces in Baghdad, attributed the capital's declining violence to a military sweep involving 8,000 U.S. soldiers and 3,000 Iraqi troops aimed at stopping sectarian violence.

The troops, many redeployed from hotspots around Iraq, have patrolled the capital, searched houses and made arrests since Aug. 7. Similar sweeps in Baghdad and elsewhere since the U.S.-led invasion in 2003 have reduced violence. But the bloodshed would increase when U.S. forces moved on.

Though the U.S. military has not issued a timetable for ending the sweep, officials say that patrolling Baghdad indefinitely would create dependency among Iraq's nascent security forces and tax U.S. resources and manpower.

The U.S. military, with 138,000 troops, is stretched thin in Iraq, with many units on their third deployments. Last week, the Pentagon announced an involuntary recall of as much as 2,500 Marines reservists. The Army has issued recall orders to 10,000 soldiers.

U.S. military leaders say they hope Iraqi police units, paired with American training teams, will be able to maintain security once the troops leave.

Many Baghdad residents, however, think that Iraq's notoriously corrupt and sectarian police forces are part of the problem. U.S. and Iraqi officials acknowledge that Shiite militiamen, many of whom have infiltrated the police, commit most of Baghdad's slayings, but there is still no plan to disarm paramilitary groups.

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U.S. and Iraqi officials describe the Baghdad security plan as a last-ditch effort to stave off civil war and to shore up Maliki's government, which has struggled to contain sectarian violence and deliver essentials such as electricity and gasoline.

Baghdad morgue statistician Muayed Matrood said Sunday that "the number of unidentified, identified bodies and those killed randomly in crossfire received by the morgue from Aug. 1 to Aug. 15 were between 240 and 250 bodies." Between the 15th and Sunday, the morgue received 80 to 85 bodies, Matrood said.

The morgue does not count victims of explosions, whose remains often are mutilated. But Iraqi Police Capt. Mohamed Hanoon said bomb attacks were down by one-third during the first two weeks of August.

But the news of progress in Baghdad was dampened by the flurry of weekend violence throughout Iraq.

Of the 80 deaths reported Sunday, 25 were in Baghdad.

Bombers targeted two media centers in the capital. Nine people were killed when a bomb planted on a commuter bus exploded near the pedestrian entrance of the Palestine Hotel, which houses several media organizations.

Two people died when a bomb exploded in the parking lot of the headquarters of Al Sabah, one of Iraq's largest daily newspapers.

"This is the second attack of its kind against us so far," Falah Mishal, an editor at the paper, told the Iraqiya television network. "This is the price that is being paid to the workers at Al Sabah due to their steadfastness and their patriotism."

Morgue workers at Yarmouk Hospital in Baghdad said they received at least a dozen bodies Sunday, among them torture victims, bystanders hit by gunfire, and a child killed by a mortar rocket.

Near Khalis, a village 15 miles north of Baghdad, gunmen killed 22 people at a cafe, an Iraqi Army official said. The assailants also raided a judge's home, killing his brother. In an attack in Khalis, a bomb detonated near a market, killing six people.

In nearby Baqubah, two truck drivers were slain in drive-by shootings and gunmen killed an Iraqi Army colonel. In addition, two brothers and their cousin were shot to death by unknown attackers. And Iraqi police found two bodies six miles north of Baqubah.

In the northern oil hub of Kirkuk, a car bomber smashed into the home of an Iraqi police colonel, killing nine people. Another car bomb killed one person at the office of Iraqi President Jalal Talabani's political party, the Patriotic Union of Kurdistan. It was the second time this month that bombers targeted the party's office.

The bombings are "aimed at igniting sectarian divisions between Kirkuk's residents, especially between Arabs and Kurds," said Mohamed Khalel Nsayef, an Arab politician in Kirkuk, a Kurdish majority city with significant Arab and Turkomen populations.

In Duluiyah, 50 miles north of Baghdad, three bodyguards for parliament member Abid Jaboori were gunned down.

In the southern city of Basra, Iraqi police officers said gunmen killed a policeman and his sister. Basra authorities also arrested 18 people accused of kidnapping and selling women to foreigners.

U.S. military officials announced the deaths of six American soldiers. Two died in Baghdad, one by small arms fire and one by a roadside bomb, officials said.

Four more troops died in a roadside bombing north of Baghdad. No location was given, but eyewitnesses in Tarmiya, 35 miles north of the capital, said a bomb destroyed an American armored vehicle and that no one survived.

Deputy Prime Minister Barham Salih said in an interview that the leading Shiite coalition was planning to reshuffle the Cabinet only three months after the formation of the unity government.

"This is aimed at improving the performance of the government," said Salih, who declined to identify which ministries would be affected.

Two senior U.S. military leaders in Iraq recently expressed concern that Interior Minister Jawad Bolani, a former engineer and Iraqi Army officer with no police experience, had yet to rein in Shiite militias in the police forces. The paramilitary groups are accused of detaining and killing Sunni Arabs.

A conference of Sunni Arab tribal leaders from throughout Iraq ended Sunday with a declaration pledging support for Maliki, condemning killings and kidnappings of Iraqis, and calling for increased participation in Iraq's political process. The tribesmen also denounced "irresponsible actions by the multinational forces that are hurting innocent people."

"What has been reflected in this conference is that there aren't any real differences that should separate Iraqis from each other," the declaration said.

Bomber Attacks Baghdad Paper On Day When 52 Are Killed (NYT)

By Paul Von Zielbauer

The New York Times, August 28, 2006

DOJ_NMG_0054060

BAGHDAD, Iraq, Aug. 27 — A suicide car bomber attacked Iraq's largest newspaper on Sunday, detonating his vehicle inside its fortified compound in downtown Baghdad and killing two people and wounding 20 others, the executive editor and government officials said.

The bombing was part of a violent day across Iraq in which explosions and gun battles killed at least 52 people, including an American soldier.

In Baghdad, a bomb planted on a commuter bus blew up near the pedestrian entrance of a downtown hotel, killing nine people and wounding 20 others, and a convoy ferrying a deputy defense minister came under heavy gunfire that wounded two bodyguards, two government officials said.

The bombing of Al-Sabah, a national newspaper financed by the Shiite-led Iraqi government, also destroyed more than a dozen vehicles and caused the collapse of a quarter of the building where journalists and printing-press operators work, said the executive editor, Falah al-Mishaal.

The attack occurred around 8:30 a.m., as guards carrying automatic assault rifles grew suspicious of the vehicle after it had been cleared to enter the newspaper's parking lot, Mr. Mishaal said in an interview. Before the bomber could be killed, he blew up his vehicle, sending at least two parked cars through the building's wall.

"Tomorrow we will return to work again," Mr. Mishaal said.

The attack was the second on Al-Sabah — which means "morning'' in Arabic — in three months. On May 6, a suicide bomber in a car set off an explosion at the newspaper's main vehicle checkpoint, killing one person and wounding several others, Mr. Mishaal said.

He blamed the attacks on Iraqi insurgent and foreign terrorist groups in the mold of the one founded by Abu Musab al-Zarqawi, the Jordanian leader of Al Qaeda in Iraq who was killed in an American airstrike in June.

"We have received many threats from Zarqawi's assistant," Mr. Mishaal said. "We published them in the newspaper."

He said he believed that the bombing was also in retaliation for a meeting of Iraqi television and newspaper editors organized by his newspaper this month where the editors were to sign a "pledge of honor" to respect the government's reconciliation efforts and to avoid printing or broadcasting inflammatory statements or violent images.

"This is an attack against all Iraqi media," Mr. Mishaal said in a telephone interview. "It is a kind of challenge and an attempt to get rid of all free Iraqi media."

At least 16 journalists working for Al-Sabah and a government-run Baghdad television station have been killed since 2003, news media executives here said.

In a statement, Prime Minister Nuri Kamal al-Maliki "strongly denounced" the attack on Al-Sabah, which he called "a pioneering media organization confronting terror, serving the truth and consolidating unity and national coherence." Furthermore, he vowed to capture the people behind it.

And yet, in remarks closely following similarly upbeat statements by American military officials in Baghdad, the prime minister also sought to lend optimism to his government's efforts to bring security to Baghdad and other parts of the country, and to rule out the possibility of civil war.

"We are not in a civil war; Iraq will never be in a civil war," he said, through an interpreter, in an interview with CNN on Sunday. "The violence is in decrease, and our security ability is increasing."

Mr. Maliki's statement stood in contrast to a far bleaker assessment he made in a speech to Parliament on July 12, when he said the country had one "last chance" to eliminate the sectarian and insurgent attacks destabilizing the country, and warned lawmakers that "if that fails — God forbid — I don't know what will be Iraq's fate."

Also on Sunday, an Iraqi government official said the prison run by the American military at Abu Ghraib, which became notorious for the abuse of Iraqi inmates by American soldiers, had been emptied of inmates and was now under the control of the Justice Ministry.

Saad Sultan, the supervisor of detention facilities in the Human Rights Ministry, said in an intervie that more than 3,000 prisoners in American custody had been transferred to a detention facility at Camp Cropper, an American military base near Baghdad International Airport, on Aug. 15.

Mr. Sultan said the transfer was done "for security reasons, because Abu Ghraib is an unsafe area."

The closing of the prison was reported earlier on Sunday by McClatchy Newspapers.

Elsewhere in Iraqn, 21 people died in continuing sectarian violence in and around Baquba, a restive city 30 miles northeast of Baghdad where Sunni and Shiite Arabs have engaged in a longstanding cycle of retributive attacks.

A roadside bomb in Khalis, a town north of Baquba, killed six people and wounded 15 others, a Baquba police spokesman said. Two truck drivers and three other people were also killed by gunfire in the city's western suburbs, he said. A second attack in Khalis killed at least 10 additional people and wounded 10, said the provincial governor, Raad Rashid.

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Near Kirkuk, a northern oil city on the border of the autonomous Kurdish region, four traffic policemen were killed in a roadside ambush as they traveled south toward Tikrit, said Capt. Firas Mahmoud of the Kirkuk police.

Also in Kirkuk, a suicide bomber driving a truck full of explosives stormed into a building housing the offices of the main Kurdish political party, killing two security workers and wounding 16 others, Maj. Kamil Shakhwan of the Kirkuk police said. And a suicide bomb attack later Sunday killed nine others, the Kirkuk police said.

In a market in Basra, a bomb attached to a motorcycle killed four people and wounded 15.

An American soldier was killed in Baghdad by small-arms fire, the military said. Another American soldier was killed Saturday by a roadside bomb that detonated near his vehicle in the southeast section of Baghdad, the military said.

Iraq Tries To Crack Down Carefully On Militias (USAT)

By Jim Michaels

USA Today, August 28, 2006

BAGHDAD — U.S. and Iraqi military leaders are pressing Iraq's Shiite-dominated government to outlaw armed militias, some of which have close links to parties in the ruling coalition.

This month, the top U.S. commander in Iraq, Gen. George Casey, said Shiite death squads were responsible for most of the recent sectarian killing in Baghdad.

"The government should announce clearly to the public that all militias should be dissolved," said Maj. Gen. Bashar Mahmoud Ayoub, commander of the Iraqi army's 9th Mechanized Division.

A brigade from Ayoub's division arrived this month in Baghdad to join an ongoing crackdown on sectarian violence.

The frustration among some officers illustrates the difficulty Iraq's government has had in confronting militias, many of which have ties to political leaders in the National Assembly and the government.

Prime Minister Nouri al-Maliki, a Shiite, has said his government will disband militias as part of a national reconciliation process. Yet al-Maliki's fragile coalition government depends on many of the armed groups for political support and has avoided confronting them directly.

"The militias hold a lot of political power," said Army Col. Doug Heckman, a U.S. adviser.

The government has said there should be no armed groups in Iraq other than legitimate security forces, such as soldiers and police. In practice, Iraq's government is walking a fine line by trying to draw a distinction between rogue militias and death squads, which it intends to confront, and organized militias tied to political groups. It is negotiating with those militias.

"Disarming militias is a political issue," government spokesman Ali al-Dabbagh said. Al-Maliki intends to confront any militias that remain armed after negotiations are over, he said.

That nuanced approach may prove difficult for American and Iraqi soldiers.

"Until the government comes out and says, 'Disarm the militias,' it's a very ambiguous situation," Heckman said. "If there was an announcement by the government, there would be no more ambiguity."

Brig. Gen. David Halverson, deputy commanding general of the U.S. 4th Infantry Division in Baghdad, said Iraq's security forces had hoped to have a new law on militias in time for the second phase of the Baghdad offensive. A militia law would need approval by Iraq's legislature, which has recessed until next month.

"We want to push this to the political people to clarify this, so it is black and white," Halverson said. However, he said, soldiers have clear orders to detain anyone operating "outside the rule of law," and said the lack of an anti-militia decree won't impede the Baghdad offensive.

American and Iraqi forces operating in Baghdad are authorized to detain anyone who is found carrying a weapon without a permit. They also will attempt to break up criminal enterprises tied to militias, such as black-market fuel sales, he said.

What's less clear is whether and when U.S. and Iraqi troops can target militia leaders. "There is this feeling (among Iraqi military forces) that if we're going to go after the militias, we've got to have the government support," said Maj. Bill Taylor, a U.S. adviser.

The only anti-militia law on the books is one issued by the U.S.-led Coalition Provisional Authority, which governed Iraq until it restored sovereignty to a handpicked interim government in June 2004. That order banned most militias but allowed some armed groups, which it said would eventually be absorbed into Iraq's security forces at an unspecified date.

One of the biggest militias is that of radical Shiite cleric Muqtada al-Sadr. His Mahdi Army, which has battled U.S. troops in the past, consists of about 6,000 to 10,000 fighters in Baghdad, the U.S. military has said. Al-Sadr has emerged as a key political figure in the new government. His party has about 30 seats in Iraq's parliament and controls several ministries. "He has influence over this government," said Brig. Gen. Dana Pittard, commander of the Iraq Assistance Group, which oversees coalition security advisers. "That may be a dilemma for the government to work out."

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The coalition military is tracking more than 20 militias in Baghdad, including Sunni and Shiite groups, Pittard said.

Many of the militias have grown stronger because they offer security to residents at a time of rising religious violence. Many Iraqis have little confidence in security forces, some of whom have been tied to death squads. “People have got to be convinced the Iraqi security forces will be able to protect them,” Pittard said.

The current phase of the Baghdad offensive is designed to clear neighborhoods, one by one, of criminals and death squads. The next phase will attempt to establish effective policing and begin a reconstruction effort.

The daily number of attacks in Baghdad during the past two weeks has dropped to an average of 21, from 25 per day in the seven weeks prior to that, the U.S. military says. Much of the violence was religious or sectarian.

Maj. Kotiyba Ahmed, who was commanding a contingent of 14 Iraqi soldiers at a checkpoint on the edge of Baghdad, said the offensive has already given people a feeling of security. Stores are staying open later and there is more traffic on the road, Ahmed said.

“Before, people were afraid to leave their homes,” he said.

Joe Biden: A Plan For Iraq (NHUL)

By Joe Biden

New Hampshire Union Leader, August 28, 2006

THE NEW, central reality in Iraq is that violence between Shiites and Sunnis has surpassed the insurgency and foreign terrorists as the main security threat. Our leading civilian and military experts on Iraq -- Ambassador Zalmay Khalilzad and Gens. George Casey, Peter Pace and John Abizaid -- have all acknowledged that fact.

In December's elections, 90 percent of the votes went to sectarian lists. Ethnic militias increasingly are the law in Iraq. They have infiltrated the official security forces. Sectarian cleansing has begun in mixed areas, with 200,000 Iraqis fleeing their homes in recent months for fear of sectarian reprisals. Massive unemployment feeds the ranks of sectarian militias and criminal gangs.

No number of troops can solve this problem. The only way to hold Iraq together and create the conditions for our armed forces to responsibly withdraw is to give Shiites, Sunnis and Kurds incentives to pursue their interests peacefully and to forge a sustainable political settlement.

Meanwhile, more and more Americans, understandably frustrated, support an immediate withdrawal, even at the risk of trading a dictator for chaos and a civil war that could become a regional war.

Both are bad alternatives. The five-point plan Les Gelb and I laid out offers a better way.

First, the plan calls for maintaining a unified Iraq by decentralizing it and giving Kurds, Shiites and Sunnis their own regions. The central government would be left in charge of common interests, such as border security and the distribution of oil revenue.

Second, it would bind the Sunnis to the deal by guaranteeing them a proportionate share of oil revenue. Each group would have an incentive to maximize oil production, making oil the glue that binds the country together.

Third, the plan would create a massive jobs program while increasing reconstruction aid -- especially from the oil-rich Gulf states -- but tying it to the protection of minority rights.

Fourth, it would convene an international conference that would produce a regional nonaggression pact and create a Contact Group to enforce regional commitments.

Fifth, it would begin the phased redeployment of U.S. forces this year and withdraw most of them by the end of 2007, while maintaining a small follow-on force to keep the neighbors honest and to strike any concentration of terrorists.

This plan is consistent with Iraq's constitution, which already provides for the country's 18 provinces to join together in regions, with their own security forces and control over most day-to-day issues. This plan is the only idea on the table for dealing with the militias, which are likely to retreat to their respective regions instead of engaging in acts of violence. This plan is consistent with a strong central government that has clearly defined responsibilities.

To be sure, this plan presents real challenges, especially with regard to large cities with mixed populations. We would maintain Baghdad as a federal city, belonging to no one region. And we would require international peacekeepers for other mixed cities to support local security forces and further protect minorities. The example of Bosnia is illustrative, if not totally analogous.

At best, the course we're on has no end in sight.

At worst, it leads to a terrible civil war and possibly a regional war. This plan offers a way to bring our troops home, protect our security interests and preserve Iraq as a unified country.

The Battle For Baghdad (USNEWS)

By Linda Robinson

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U.S. News and World Report, August 27, 2006

BAGHDAD-With the number of violent deaths in Baghdad hovering around 2,000 a month, the U.S. and Iraqi security forces have launched a new effort to pacify the capital. But-as with everything else in Iraq-there are no guarantees that it will be any more successful than the previous attempt, which even senior U.S. commanders here concede was woefully ineffective. That initiative, by the newly formed government of Prime Minister Nouri al-Maliki, failed utterly in its attempt to secure the city from the Sunni insurgents and Shiite militias who are conducting much of the killing, kidnapping, and torture of their fellow Iraqis. Some 4,000 U.S. troops, and an even larger number of Iraqi soldiers, have been sent to the capital as reinforcements for the new effort. Among both Iraqi and American officials, there is a growing consensus that the entire war effort hangs in the balance.

The war has reached this grim crossroads, many here believe, because the mounting centrifugal forces and the failure to achieve the basic requirements of peace are threatening to doom the Maliki government, or at least render it irrelevant. If the level of violence can't be significantly reduced in the coming months, the strained patience of Americans may also reach the breaking point, a growing number of politicians and military officers say. John Warner, the Virginia Republican and longtime chairman of the Senate Armed Services Committee, recently warned that if Iraq plunges into all-out civil war, Congress will have to reconsider its 2002 authorization for the use of troops here. In a letter to President Bush, longtime House Armed Services ranking member Ike Skelton of Missouri compared the battle for Baghdad to Midway in World War II as the "decisive battle" at a "critical and dire phase" of the war.

The danger of the strategy contemplated in the new security effort, however, is that much of the energy of the Iraqi and American forces will be poured into one more series of house-to-house sweeps, as thousands of soldiers fan out in cordon-and-search operations, knocking on doors and confiscating weapons and ammunition. Such tactics, U.S. commanders said in a series of in-depth interviews over the past few weeks, address only the symptoms of the current conflict, not its causes, while they risk further alienating the very civilians whose allegiance the fledgling government desperately needs.

Maj. Gen. William Caldwell, spokesman for the U.S. four-star command, the Multi-National Forces-Iraq, says the new strategy must be seen in its proper context. "The Baghdad Security Plan is a complete package," he emphasized. "We've always said that the military cannot win the peace around this country. All it can do is set the conditions to allow the political process to work so that it can establish peace." There are two economic components to the new plan, Caldwell says. Short-term relief programs will be funded by the United States, after which the government of Iraq is supposed to step up with $200 million in infrastructure-development and jobs projects. Whether that will happen, however, is anyone's guess. Another senior general points out, acerbically, that previous campaigns in Fallujah and Tal Afar failed to provide sustained aid. The man in charge of daily military operations in Iraq, Lt. Gen. Peter Chiarelli, says failure now is not an option. "If we don't follow up with a build phase," he told U.S. News, "then I don't think Baghdad can be secure."

Power vacuum. Getting Baghdad right is just part of the challenge, and it may not be possible to bring lasting peace to the city without significant breakthroughs on the core issues of the conflict. The lack of political progress during the past year created a power vacuum that allowed sectarian violence to spiral out of control. Today, many seasoned American military officials grappling with the Iraq problem express frustration that there has not been more progress on implementing the official strategy's key political, economic, and security imperatives. There has been a failure to put sufficient resources and manpower toward achieving the fundamental requirements for peace, many U.S. commanders say. Among their principal complaints: A political reconciliation pact has not been achieved. Too little has been spent on reconstruction and services to win over ordinary Iraqis, and too few of the 138,000 U.S. troops are being used to mentor Iraqi security forces.

The lack of security is only the most obvious symptom of the lack of progress. Even armed U.S. soldiers cannot move around any more freely than they could a year or two ago. They travel from Baghdad's airport to downtown on high-speed choppers or on a hulking armored bus called the Rhino. Riders don helmets and bulletproof vests for the midnight rides. Drivers wearing night-vision goggles pilot the Rhinos with headlights off, in a convoy guarded by humvees bristling with heavy-caliber guns and escorted by attack aircraft.

Resupply convoys still roll mostly in the dead of night, snaking out of military bases in long lines. Military personnel hopscotch from base to base by plane or chopper. On a recent flight aboard a small Army cargo plane called a Sherpa, the pilot flew fast and low-no more than 200 feet off the ground-because the plane's slow climbing speed makes it vulnerable to antiaircraft missiles. Pilots jokingly call the main supply base at Balad the "duck pond" since Iraqis take frequent potshots at the many aircraft there. The most notable difference in the movement of people is the long lines of Iraqis at the airport with their belongings piled high. They are leaving, and few seem hopeful of coming back. Those who can't leave are rushing for whatever security they can find, many in the armed sectarian bands. "Everybody," says a senior U.S. officer in Iraq, "is just trying to survive."

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One official puts the top political priority in blunt terms. "A viable government is needed to reduce the violence." By which he means a government that has explicitly gained the allegiance of all of Iraq's main groups. Since the fall of Baghdad, obviously, that hasn't happened. "We've wasted a lot of time here in the last three years," says another senior officer, ticking off the various interim governments, elections, even the writing of the Iraqi Constitution, which failed to address, much less resolve, the major points of conflict. The previous efforts, several U.S. military officials complain, were all about process when the focus should have been on the bargains that still need to be struck among the Shiite, Sunni, and Kurdish groups to hold Iraq together. Process, these officials say, will never be enough to win over skeptical, fearful, and warring Iraqis; what's needed instead is an actual deal, arrived at through hard-knuckled bargaining and with sufficient carrots and sticks to make it work. The U.S., with its military, must be ready to be the guarantor.

To do such a deal, a senior coalition official says, it is essential not to demonize the key players. Right now, one such "demon" is Moqtada al-Sadr, the young firebrand Shiite cleric who has built both a potent militia and a highly popular political movement over the past three years. His party now controls five ministries and has 32 legislators, and his militia, Jaish al-Mahdi, numbers in the thousands. This official argues that a multipronged approach must be taken to the militias' various components, which include unemployed youths who are the foot soldiers, the criminal opportunists who run the bomb factories, and the hard-core fundamentalists who are torturing and executing Iraqis for belonging to the wrong sect.

Disbanding. In fact, that very approach was advocated as part of a security plan written about six months ago. Under it, each militia would produce a one-time list of members, and some number would be allowed to join the Iraqi security forces as individuals and spread across different units. The Badr Brigades Shiite militia, for example, which has about 17,500 members, would be given 5,000 slots. Many of its members are aging, so an economic incentive might be sufficient to win their retirement. The key to making this plan work is to offer it simultaneously to both Sunni insurgents and Shiite militias. Some of the Shiite-led government's members, however, want to make the offer only to Shiites.

The lack of a political compact has direct bearing on the security mess. First, the length of time it took to form the government created a vacuum in which the militias' strength and influence grew. Maliki, named prime minister in April after months of haggling among the parties, espoused a 24-point national reconciliation plan, but lack of progress has it hanging by a thread today. One sign of gridlock occurred after Iraqi Army commanders asked that the government's Council of Representatives reaffirm Maliki's order that all illegal armed groups, Shiite and Sunni, be pursued equally. The council adjourned, instead, for summer break. The result? Still more violence. "There are forces in Baghdad," a senior coalition official says, "who feel they do not have the support of the government yet to confront some of the threats that are impacting them daily."

The economic deficiencies in Washington's Iraq strategy are every bit as glaring as the political ones. Of more than $300 billion spent on the war here, one senior official calculates that only about $8 billion has gone for economic reconstruction, services, and infrastructure. The imperative to provide economic benefits to ordinary Iraqis is not born out of some vague humanitarian impulse, U.S. military officials here emphasize, but one that directly affects the security of the country and the viability of the government. "That is how you get people to help you police the environment and provide you with the intelligence you need," says a senior official. "With a little more investment, we could turn Baghdad around," he adds, suggesting a figure of $10 billion over three years. "How do we know this approach won't work? We haven't even tried it yet."

White elephants. The objective, obviously, is for ordinary Iraqis to experience the benefits of the economic programs. The special U.S. inspector general in Iraq recently testified to Congress that the most effective aid in this regard was not the large development projects undertaken by civilian government aid agencies and private contractors but the military commanders' emergency response program, or CERP fund. Large-scale civilian projects have produced some enormous white elephants, like the R3 water-treatment plant in Baghdad, on the northern edge of one of the most conflicted zones, Sadr City. Residents can go to the plant to get water, but homes aren't hooked up to it. "What we have built," one U.S. general said in frustration, "is the world's largest water fountain." Another example: In restive Diyala province, a water plant built to provide water to 36,000 homes today supplies fewer than 6,000.

The current U.S. budget request for economic aid to Iraq is only $355 million, and just $276 million for next year. The U.S. ambassador in Iraq, Zalmay Khalilzad, has pinned his hopes for more on an international donors conference sponsored by the United Nations, even though less than $4 billion of $13.5 billion originally pledged by other countries in 2003 has been forthcoming. Neighboring gulf countries have not even agreed to forgive Iraq's debt. "I really believe that reconstruction has to continue, be that with U.S. funds or foreign funds," says Chiarelli. Iraq's legislature must prioritize its huge agenda to tackle the most important issues first, and in the meantime, the general says, "we've got to make sure we continue the rebuilding as they go through the process of passing laws."

The U.S. strategy calls for "standing up" Iraqi forces so that U.S. troops can gradually hand off policing and patrolling tasks to them. But even though this is the primary security task, there are only 4,000 U.S. advisers serving on military transition teams,

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or MiTTs, supplemented by special operations forces and a "partnering" arrangement with U.S. conventional forces based in the area. The number of partnered units is beginning to drop, as they are being concentrated on fewer and fewer bases. Finally, the U.S. advisers are mostly at the battalion level or above, when this type of insurgent warfare is mostly fought at the company, platoon, and squad level.

Despite a great deal of lip service paid to "counterinsurgency," more U.S. manpower is still being employed in offensive combat operations than in classic counterinsurgency tasks of protecting the population and denying its use to the armed opposition. In practice, many U.S. troops have been used for large-scale sweeps, efforts to seal borders, and chasing insurgents around in lightly populated areas. Massive security operations, including, most notably, the Fallujah offensive, wreak indiscriminate damage, as opposed to the precision, intelligence-driven raids on specific buildings where insurgents have been found.

Even worse, in terms of wasted manpower, are the huge layers of military bureaucracy that have built up here. There is a four-star strategic command in downtown Baghdad, led by Gen. George Casey, the ranking general in Iraq. Under Casey, there's a three-star command led by Chiarelli. Yet another three-star general, Lt. Gen. Martin Dempsey, is in charge of training Iraqi forces. There are thousands of soldiers in command staffs who labor over daily briefings and endless PowerPoint presentations. Hundreds more are employed in force-protection operations and providing basic services to the bases scattered around the country. On the sprawling U.S. military base next to the Baghdad airport, there are 14 speed traps monitored by military police with radar detectors in their SUVs.

Police purge. The argument is that all efforts should be bent on improving Iraqis' ability to take charge of their own security. The Iraqi Army has been given the lead role in about half of the country (map, Page 53). There is a strong view within the U.S. officer corps here that Iraqis must be put in charge so that they will take ownership of the country's problems. But others lower down on the totem pole caution that the handover to Iraqis should not be accelerated much faster. And many commanders caution that U.S. advisers will be needed for years to reinforce the training and professionalization of the forces.

There is also a growing consensus that Iraqi forces will have to be bigger to do the job of securing Iraq. The military and police now number 298,000 and will reach 325,000 by year's end. The Maliki government plans to seek more. One yardstick calls for three Iraqi soldiers to replace every American one, which would mean 390,000. Some Vietnam comparisons suggest that as many as 500,000 are needed. In any case, just to meet the current goal, new recruits are needed to replace roughly 18,000 who have resigned or been wounded or killed.

The picture in the Iraqi police forces is far less positive. Overseen by the Interior Ministry, these forces outnumber the Army by about 40,000. Starting this month, the Iraqi National Police are being pulled from duty to undergo a much-needed overhaul. A senior coalition official says that five to six of the 26 police battalion commanders have been implicated in sectarian or criminal violence or both and should be purged and, perhaps, prosecuted. Unlike the Army, where efforts have been made to balance the ethnic mix to reflect the population, the National Police is still 75 percent Shiite, although that is down from 92 percent. In recognition of the need for greater mentoring, the police advisory teams are being increased to 200 from 158. Another very serious problem are 150,000 armed guards assigned to various ministries, who officials say are committing many of the crimes and killings. The Interior Ministry proposes taking control of them and having the United States purge and retrain them, but this will require Iraqi legislative approval.

Beefing up U.S. advisory teams could also make them less vulnerable. They will be increasingly exposed as U.S. forces consolidate onto 50 bases by year's end. That means that resupply lines for outlying advisory teams will be longer, quick-reaction forces will be farther away, and the medical evacuation may be more difficult.

President Bush has said on many occasions that he will heed Casey's advice on when and how fast to draw down U.S. troops. Backing away from earlier hints of a drawdown this year, Casey now wants to see "significant" improvement in the levels of violence by Ramadan, in late October. That also happens to be the eve of the U.S. congressional midterm elections.Despite adverse polls, the administration continues to argue for "staying the course" on Iraq, and Casey's spokesman argues against a rush to judgment. "Our presence has been there for three years, but this government has been in place for two months," says Caldwell. The new Baghdad security effort, he explains, will be a "rolling campaign," and the hope is that success in one area will have a positive effect on the other more difficult places like Sadr City.

The alternative, championed by opponents of the war, is to set a deadline for pulling out troops.

Between the two stark alternatives, however, another possibility exists. According to officials in the trenches of America's grinding war, there is still time to make significant changes in resources and manpower to achieve the key political, economic, and security goals of the strategy. But not much. Citing Ulysses Grant in the darkest days of the Civil War, one senior official said, "It's time for 2-o'-clock-in-the-morning courage on our part and the Iraqis' part."

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Hunting Baghdad's Death Squads (USNEWS)

By Linda Robinson

U.S. News and World Report, August 27, 2006

BAGHDAD-A line of 13 humvees rolled into Baghdad's fetid Shula neighborhood well after midnight early this month, stopping briefly to navigate a makeshift barrier of concrete and concertina wire that a local militia had erected on a bridge leading into the warren of one- and two-story homes and market stalls. When they reached the high-walled house they were looking for, Iraqi and American special operations forces spilled out of the humvees, quickly breaching a metal garage door with an ear-shattering boom. Fire from AK-47 rifles erupted minutes later, and the commandos began shooting out streetlights that silhouetted them with a pop, pop, pop. Inside the house, a quick search revealed only women and children-and a photo of one of the men the team was after.

Almost every night in Baghdad, special operations forces wage an intense battle against the Iraqi groups conducting the massacres, kidnappings, and ghoulish disfigurements that are the city's latest scourge. Together, the Iraqis and Americans are conducting three, four, even five raids a night, with human and electronic intelligence tipping them off to the location of death squad leaders. Iraq's special-ops brigade, with its American combat advisers, has netted 1,320 detainees in 445 operations all over the country this year, including three senior militia leaders and 20 individuals most wanted by the U.S. conventional division commanders. Three years of intensive U.S. mentoring, generous funding, and constant operations have made the elite 1,433-man unit the most capable one in the Iraqi Army.

On this night, four raids were launched, and two death squad members were scooped up. Outside the house in Shula, two sharp-eyed U.S. Special Forces sergeants, one a trained sniper, simultaneously spotted two men sitting in a van in the shadows. The soldiers swung the barrels of their rifles and light machine guns toward the windshield, and the two Iraqis instantly raised their hands. The soldiers zip-tied the men's wrists and had them kneel by the road until an interpreter was free to question them. Their cellphones, thrown into the humvee, began ringing incessantly. Someone was anxious to find them.

Barrage. The Iraqis and Americans rendezvoused briefly in the courtyard, virtually indistinguishable in their U.S.-made night-vision goggles and M-4 rifles with laser sights. A new burst of AK-47 fire came from an alley into the courtyard, and two soldiers stole swiftly down the alley while others manning the big guns on the humvees let loose with a ferocious barrage of .50-caliber and 7.62 rounds. The Iraqi commander spoke a few words to his troops, and they dashed around a corner. A U.S. AC-130 gunship circling overhead had just spotted five men entering the mosque behind them. Past experience had taught the commandos how to handle such delicate targets. They had statements from informants attesting to the mosque's use as a meeting place for militia members and as a possible arms depot. Only Iraqis, not Americans, went in to search it.

One of the men in the van turned out to be one of two brothers the Iraqis and Americans were seeking. He was a Jaish al-Mahdi battalion commander who led a "punishment cell" set up to detain, torture, and kill Iraqis for alleged infractions of Islamic law. Their armed band, led by the man in the photo they found, is accused of some of the most gruesome crimes in Baghdad, including the kidnapping of 14 Iraqi soldiers in May. When the soldiers' bodies were found, their skulls had been burned with a hot iron, then punctured repeatedly with a power drill. Residents say this group has killed over two dozen people, including a young, pregnant wife whose fetus was cut from her womb. The leader's dossier also included making roadside bombs that had killed two U.S. soldiers in February.

Lt. Col. Sean Swindell, the Special Forces battalion commander in charge of special operations forces in Baghdad and the south, described the extensive documentation compiled before any targets are nominated for raids. "We do not go after anyone until we have assembled an evidence packet with numerous sworn statements," he said. "We often add to those packets as we detain others." For one thing, the soldiers want to make sure there are ample grounds to hold those they capture, whether in Iraqi or U.S. custody. The other reason is to have all the details ready to divulge if politicians or the public begins questioning the motives for an operation. In the explosively charged climate of Iraq today, that has happened more than once.

Crying foul. In particular, when those detained are members of a Shiite militia, the Shiite-led government has sometimes cried foul. The powerful cleric Moqtada al-Sadr has denounced raids on his Jaish al-Mahdi militia, even though he has also criticized some of its excesses. In March, after special operations forces killed 16 armed Iraqis in a religious school, or hussainiya, the raids were virtually halted for three months while an investigation was conducted. Since he assumed the job of prime minister, Nouri al-Maliki has strongly supported the commandos and paid them a visit in August. He backed their detention of a sheik in Karbala who ran an armory and assassination cell, even when politicians there complained.

But Maliki is not immune to pressure. Just this month, he criticized the commandos for using aircraft to defend their raids. The AC-130 gunship has been a vital part of the raids' success. The small commando units defend themselves with overwhelming firepower. And in heavily armed neighborhoods like Sadr City, the militias fire antiaircraft guns from rooftops. In video footage of a July 23 raid viewed by U.S. News, heavy fire from a rooftop into the sky was clearly visible during the pitched

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battle. In that raid, the commandos rescued two Iraqis held in a mock sharia court who had been burned with acid and beaten with electric prods. On the night of the raid in the Shula neighborhood, the AC-130 swung into action to cover the commandos' departure. With AK-47 fire growing steadily, the gunship shot lethal 40-mm rounds to suppress it long enough for the convoy to turn around and wend its way out of the market area. Thirteen Iraqis were killed that night, 10 of them from the aircraft fire and three in the earlier gun battle.

Although U.S. officials take pains to avoid naming the particular groups they are going after, Sunni insurgents, al Qaeda in Iraq, and the Shiite militia commanders who are committing atrocities are all targets of the raids. The hope is to remove these hard-core leaders while the political leaders negotiate an amnesty and offer jobs to the foot soldiers.

The Shadow Warriors (USNEWS)

By Linda Robinson

U.S. News and World Report, August 28, 2006

BALAD, IRAQ-One little-known aspect of the U.S. military operation in Iraq is that it involves the largest ongoing deployment of special operations forces since Vietnam. A total of 3,768 Special Forces,Navy SEALs, and Air Force combat controllers are scattered across the critical Euphrates and Tigris river valleys, from the Syrian border to Hilla and Kut in the south. They are partnered with one third of the Iraqi Army battalions and 13 SWAT-type police units. Speaking to U.S. News at his headquarters in Balad, Kenneth Tovo, the colonel in charge of the Combined Joint Special Operations Task Force-Arabian Peninsula, said his troops are using their specialized skills to complement the U.S. conventional forces' training in two ways. "One, they are working with battalion staffs to integrate intelligence and operations and teach them how to target," he said. "Two, they are training scout platoons to find and fix the enemy." Once the platoons are trained, the Americans advise them in combat. Navy SEAL teams who are partnered with Iraqi forces in Anbar province have seen intensive combat, as have the Americans advising the Baghdad-based Iraqi special ops forces.

Colonel Tovo emphasizes that surgical force must be combined with other methods. In the restive west, his teams woo Sunni tribal chiefs and have persuaded some to send recruits to the police and army. "This task force understands that we cannot kill our way to victory," he told U.S. News. "That said, we live in the security side of the house. We are building Iraqi security force capacity and using that to attack insurgents." This year, Iraqi units with special ops advisers detained 2,065 selected targets, including 460 high- and mid-value ones, killed 222 enemy combatants, and wounded 92. Perhaps a more important measure of their success is that, thanks to their careful targeting and preparation of evidence packets, 70 percent of those captured remain in detention and 85 percent of those who made it to trial were convicted, compared with 40 and 50 percent for other units.

The Opel gang. Even though Iraq's third-largest city, Mosul, is still plagued by some 14 attacks a week, it is seen as a successful model of the training effort. The lone 12-man U.S. Special Forces team forged a good relationship with the 172nd Stryker Brigade, which has now been sent to Baghdad to help quell the violence there. Lt. Col. Charles Webster, one of the Stryker battalion commanders who invited the special forces to join his planning meetings, recalled how they helped shut down a group he called the "Opel gang," which was plaguing the city with car bombs. "One of them said, 'Sir, they meet here, pick up the cars at this point, drop them off there,' and pointed out the locations on the map," Webster said.

Perhaps their most important breakthrough was getting Mosul's largely Sunni police force to work with the Kurdish Army brigade that secures the east half of the city. After a suicide bomber hit the Army unit one day in July, the police responded-before the U.S. soldiers even learned of the attack. "They were fighting each other just two years ago," says one of Webster's company commanders. The Special Forces master sergeant praised the young officer's diplomatic skill. "He played them like a fiddle," he said.

The Special Forces team in Mosul trained three Iraqi scout platoons in everything from surveillance techniques to marksmanship to special driving skills, using their collection of Toyota Hilux trucks and beat-up civilian cars. Last month, the team's medic patiently corrected a new class's ham-handed attempts at surveillance in a trial run outside a Saddam-era bunker. "You would've been killed if this had been for real," he told them gravely. The team has also worked with the civilian police advisers to improve the Iraqi police, who lag far behind. The Special Forces pick up Iraqi detectives on their way to raids so the latter can collect evidence. They are also helping to figure out why Mosul judges are reluctant to bring cases to trial or impose sentences. "If we can't get them convicted," the Special Forces captain in Mosul says, "we're just running a catch-and-release program."

One point virtually everyone agrees on is that the number of U.S. forces backing up the Iraqis in the Mosul area shouldn't be reduced anytime soon. The American force here has already been reduced from a division to two battalions in the past two years. The Stryker brigade that has arrived to replace the 172nd lived through an abrupt drawdown in 2004, when insurgents

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from Fallujah flowed into the city and began killing policemen by the dozens. Summing up his tour in Mosul, the Special Forces master sergeant said, "I think we made a difference here."

"Make me afraid!" Like Mosul, Kirkuk to the south is a volatile mix of Sunni and Kurd, with the additional prize of the northern oil fields and production facilities. A Special Forces team there trained scout platoons and started a leadership course for Iraqi lieutenants, platoon leaders, and sergeants in a kind of mini-Ranger school. The team's master sergeant drew a page from Vietnam to create a monthlong program built on the Military Assistance Command Vietnam Recondo model. Under the blazing sun at the K1 base, Iraqi officers and sergeants swapped roles, learned to plan missions, and honed basic soldier skills. Soldiers from the 101st Airborne Division became instructors. In addition, two Special Forces soldiers were farmed out as advisers to each Iraqi company. On the shooting range with his company one day, a cheery blond weapons sergeant shouted above the din as the Iraqis fired tentative bursts from their Soviet-made PKC machine guns: "Make me afraid! Make me s - - - my pants!"

A burly Iraqi scout platoon sergeant named Omran has plenty of reason to be afraid. He has personally suffered from the violence that still plagues Kirkuk. His brother was killed outside his house, in a neighborhood that has been named Kabul for its violence. Omran was also kidnapped during a harrowing visit to Baghdad last month. At a roadblock manned by armed members of the Jaish al-Mahdi militia, he was accused of being Sunni and thrown into the back of a van. Omran, who is Shiite, finally related enough details of his Shiite birthplace that they let him go. "If they had known I was a soldier," he said, finishing his sentence by drawing a finger across his neck.

Omran would like to have armored vehicles instead of the jury-rigged pickup they now use, but the Special Forces team itself has mostly old humvees. Once outside the gates of the K1 base, the humvee gunner flicks on the jammers and the driver hits the gas, heading straight at oncoming cars to determine who is a suicide bomber. The aggressive tactic forces regular drivers to pull off the road until the humvee passes. Back at the team house, named Hornbeck Hall for a Special Forces soldier killed in 2004, the team sergeant expresses concern that the next team may be spread too thin if asked to take on more police mentoring. "If our work is not sustained by those who come after us, it will all fall apart," says the 20-year Army veteran. "They will just go back to their old ways."

The team's final days were marked by a disappointment, when the local U.S. conventional commander did not incorporate the whole team into the planning and execution of a sweep through three insurgent-ridden towns west of Kirkuk. The massive cordon-and-search operation turned up over 300 weapons, 300 fuses for bombs, and hundreds of ammunition rounds, as well as 77 detainees. But they do take home one clear measure of their impact here, the gratitude of young Lieutenant Mohammed. Thanks to his own courage and the combat lifesaver course taught by the special forces, he was able to put tourniquets on both his legs when his vehicle was bombed. The medic helped save one leg, and the team is now trying to get him a U.S.-made prosthetic. "I want to get back to duty," the plucky Iraqi said from his hospital bed.

Colonel Tovo, who led special ops forces here in the first phase of the war, believes Iraq is at a tipping point. "If you look over the long term," he says, "we've made tremendous progress on the ground. But this is long-duration work. We are trying to change a culture at every level."

The Great Wall Of Arabia (TIME)

By Timothy J. Burger

Time, September 4, 2006

No, you won't be able to see it from space, but Saudi Arabia, unnerved by the violence next door in Iraq, plans to spend up to $7 billion on a partly virtual fence along its 500-mile border with Iraq. The ultramodern barrier will combine fencing, electronic sensors and sand berms. Saudi and U.S. sources tell TIME the kingdom is seeking bids from contractors, including U.S. defense giant Raytheon. (A Raytheon spokesman says the Saudis asked the company not to comment.)

Saudi diplomats say the fence is intended to stop weapons and drug smuggling and illegal immigration. But they admit they fear that Iraq's sectarian fighting and jihadi militancy could spill south. "We're worried about the war in Iraq coming into Saudi Arabia and spreading into the whole region," says Nail al-Jubeir, a spokesman for the Saudi embassy in Washington. "Having some of these guys heading toward the Saudi border is something we want to make sure doesn't happen."

While good fences may make good neighbors, this one will not ensure Saudi Arabia's security. The kingdom has had at least five deadly terrorist attacks since 2003, and some of the perpetrators were homegrown.

Elections: Shays' Sudden Shift (NSWK)

By Eleanor Clift

Newsweek, September 4, 2006

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Connecticut Republican Christopher Shays has long been an ardent backer of the war in Iraq. But after returning last week from his 14th trip to the country, the congressman reported that little progress had been made—and called for a "fixed timeline" for the withdrawal of U.S. troops. He plans to hold three hearings next month in the House subcommittee on government reform, which he chairs, to examine the consequences of a phased withdrawal. "We need to send a very powerful message to the Iraqis that there is not an open checkbook and our soldiers are not going to be in harm's way indefinitely," Shays told NEWSWEEK.

His new position is a significant break among Republicans in Bush's firewall on the war going into the November elections. When Shays called the Iraqi desk at the National Security Council to alert it of what he calls "an evolution in my thinking," he assured the staffer on duty that he remains "strongly supportive of what I see as a noble cause." But Shays has his re-election to think about. He's in a tight race with his Democratic opponent, who's casting the contest as a referendum on the war. Two thirds of the voters in Shays' Greenwich district think it was a mistake to go into Iraq. But, says Shays, even antiwar Democrats don't really want to get out right away: "Our positions are not that far apart." He'll find out in November whether his constituents agree.

Homicide Charges Rare In Iraq War (WP)

By Josh White, Charles Lane And Julie Tate

The Washington Post, August 28, 2006

The majority of U.S. service members charged in the unlawful deaths of Iraqi civilians have been acquitted, found guilty of relatively minor offenses or given administrative punishments without trials, according to a Washington Post review of concluded military cases. Charges against some of the troops were dropped completely.

Though experts estimate that thousands of Iraqi civilians have died at the hands of U.S. forces, only 39 service members were formally accused in connection with the deaths of 20 Iraqis from 2003 to early this year. Twenty-six of the 39 troops were initially charged with murder, negligent homicide or manslaughter; 12 of them ultimately served prison time for any offense.

Some military officials and analysts say the small numbers reflect the caution and professionalism exercised by U.S. forces on an urban battlefield where it is often difficult to distinguish combatants from civilians. Others argue the statistics illustrate commanders' reluctance to investigate and hold troops accountable when they take the lives of civilians.

"I think there are a number of cases that never make it to the reporting stage, and in some that do make it to the reporting stage, there has been a reluctance to pursue them vigorously," said Gary D. Solis, a law professor at Georgetown University and a former Marine prosecutor. "There have been fewer prosecutions in Iraq than one might expect."

"But we should not forget that so many of our soldiers and Marines are performing not only honorably, but heroically, in very difficult circumstances," he added. "Their contributions should not be tarnished by the acts of a very, very few."

Top military officers, military lawyers, experts and troops say the number of homicide cases prosecuted probably represents only a small portion of the incidents in which Iraqi citizens were killed under questionable circumstances. Officials also say privately that some cases have not been investigated thoroughly because there has been a tendency to consider Iraqi civilian deaths an unintended consequence of combat operations.

"I think there were many other engagements that should have been investigated, definitely," said an Army major who served in Iraq in 2004, speaking anonymously because he fears retribution. "But no one wanted to look at them or report them higher. . . . It was just the way things worked."

Others contend, however, that civilian deaths are inevitable in war and that the close combat environment in Iraq frequently puts civilians in the line of U.S. and insurgent fire.

The cases highlight the sometimes fine line between a criminal allegation and the bloodshed that is a part of war. Spec. Nathan Lynn, a Pennsylvania National Guardsman, shot and killed a man in the darkness of a Ramadi neighborhood in February. Lynn said he considered the man a threat and believes he did nothing wrong.

The man was not armed, and Lynn was charged with voluntary manslaughter. But a military investigator agreed that Lynn acted properly in a difficult situation, and the charges were dropped.

"I was extremely surprised when I was charged because it was clear the shooting fell within the guidelines of my rules of engagement," Lynn said. "This is a war. It's not a police action."A Look at the Numbers

The Post undertook the review after allegations surfaced in recent months that U.S. forces had killed significant numbers of civilians in places such as Haditha, Hamdaniya and Mahmudiyah, with many of the victims women and children. The review included the military justice system's disposition of incidents that occurred from June 2003 to February 2006. It did not include cases from Afghanistan.

Also excluded was the killing of 24 civilians by Marines in Haditha in November 2005, which is under investigation.

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There is no accurate count of the number of Iraqi civilians killed by U.S. forces. Iraq Body Count, an independent group that advocates more extensive investigation of civilian deaths, estimates that 40,000 to 45,000 civilians have been killed by insurgents, terrorists and U.S. personnel.

Military officials say they do not track overall civilian casualties. But recently, the military said that an average of one Iraqi civilian was killed by U.S. troops each day in 2005 in "escalation of force" incidents alone. These include, for example, shootings of drivers who did not heed instructions at checkpoints and appeared to be threats.

The harshest penalty, meted out to two soldiers in separate murder cases in 2004, was 25 years in prison -- one of the convicted shot an Iraqi soldier, and the other shot an Iraqi man in his house. Two others convicted in what was called a mercy killing of an Iraqi each received one year in jail.

Solis, who has studied civilian homicides from the Vietnam War, said there were 27 Marines and 95 Army soldiers convicted of murder and manslaughter in that conflict, which lasted much longer and produced many more casualties than the Iraq war has so far.

According to The Post's review of publicly reported cases from Iraq, 39 U.S. service members were charged with crimes in connection with the deaths of Iraqi civilians or for allegedly covering them up, from the start of the war in March 2003 through early 2006.

Twenty-four Army personnel were charged in connection with civilian deaths. Twelve were convicted of crimes and received jail sentences that ranged from 45 days to 25 years. Four others were tried at courts-martial, resulting in one acquittal and three convictions with no confinement.

Charges against two others were dropped. Six received administrative punishments, including four who cooperated with government prosecutions of their superiors. In administrative cases, no trial is held and the charges and penalties are not made public.

"Each case was evaluated independently, and appropriate action was taken in each case," Paul Boyce, an Army spokesman, said Friday after officials examined The Post's data. "Conviction and confinement is not always the measure of a correct result."

Five Marines were involved in homicide cases. One officer was convicted of dereliction of duty and maltreatment for strangling an Iraqi prisoner in 2003 and was dismissed from the Corps; one was acquitted; and charges against three others were dropped.

One naval officer was charged and acquitted in a case related to the death of a detainee at Abu Ghraib prison, and eight Navy SEALS and one sailor received administrative punishments in the same case.

Army and Marine officials confirmed that The Post's compilation of criminal homicide cases is comprehensive. The Naval Criminal Investigative Service, which handles Navy and Marine cases, did not respond to requests for comments on the data.

Since March, an additional 17 U.S. troops have been charged with murder in three separate incidents. The increase in the rate of charges is in part because Lt. Gen. Peter W. Chiarelli, commander of Multinational Corps-Iraq, ordered officers in April to look at every escalation-of-force incident that led to civilian casualties. That effort began after the killings in Haditha came to light and it was alleged that officers in the chain of command ignored the case or covered it up.

"Part of our mission success depends on not creating additional enemies because of our actions," said Lt. Col. Michelle Martin-Hing, a spokeswoman for Chiarelli.

The number of civilians killed has declined from an average of seven per week last year and four per week in January to about one per week in August, she said.

No homicide prosecutions have arisen from shootings at U.S.-manned checkpoints, where troops sometimes kill approaching drivers if they appear to be suicide bombers or insurgents. But officials have been focusing on eliminating such deaths.

Standardized signs warning that U.S. troops can use deadly force are displayed, and Chiarelli is trying to buy green warning lasers to use to get drivers' attention without firing warning shots.Too Few Convictions?

The homicide data have caused concern among some human rights advocates and experts on military law, who say the low conviction rate and seemingly lenient punishments may be sending the wrong signal, both to U.S. troops and to the Iraqi people.

"We are indeed having trouble getting convictions and accountability, and so are other countries," said Eugene R. Fidell, president of the National Institute of Military Justice. "It has struck me that the sentences are kind of modest."

But several experts on military justice said that the convictions and penalties so far are a reasonable outcome for a system designed to give soldiers fair trials in which the special circumstances of the battlefield are taken into account.

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"Military justice is a two-edged sword," said Michael A. Newton, a former Army lawyer who teaches at Vanderbilt University law school and advises the judges supervising Saddam Hussein's trial. "It is a tool for discipline and military efficiency, but it is also a tool for preserving fairness and the rights of soldiers."

Some incidents clearly took place outside of combat and without provocation.

Army Pvt. Federico Daniel Merida, for example, killed an Iraqi soldier in May 2004 by shooting him 11 times after the two had sex. He was later sentenced to 25 years in prison and given a dishonorable discharge. In October 2004, Army Sgt. 1st Class Jorge Diaz shot a detainee in the face after searching a suspected insurgent's house. He was sentenced to seven years and given a dishonorable discharge.

A series of incidents involving the 1st Battalion, 41st Infantry Regiment in August 2004 highlighted the stresses of battle in the heavily contested Sadr City section of Baghdad and led to four soldiers serving sentences in the deaths of three Iraqi civilians. One of the civilians was shot to death after soldiers attacked a trash truck they believed was dropping roadside bombs. Two soldiers told authorities that the man was in such bad shape, they shot him to put him out of his misery.

In the days that followed, two different soldiers from the same unit, Sgt. Michael P. Williams and Spec. Brent May of the 3rd Platoon, went into two houses in Sadr City during a routine security sweep and shot two unarmed men, later arguing that they felt threatened. Williams and May were investigated for murder only after Lt. Erick Anderson, their platoon leader, forced the battalion's officers to start a probe.

Shortly after filing a report, Anderson was charged with murder.

"In the very beginning, no one wanted to do anything about it," said Anderson, 27, who has left active duty and is living in Kansas. "I think the officers didn't want to have the possibility of having themselves brought into it. They didn't want to go through the whole process."

Charges against Anderson ultimately were dropped, and he was promoted.

He said that during his tour there were many cases of slain Iraqi civilians that never drew scrutiny. "I think once people started seeing the reality of what can happen, when something did happen, they wanted to bury it," he said.

Williams pleaded guilty and was initially sentenced to life in prison, a sentence later reduced to 25 years. May was sentenced to five years.

Retired Maj. Gen. John Batiste, who commanded the 1st Infantry Division in northern Iraq, said he always sought to address crimes as quickly as possible in order to maintain the trust of Iraqis.

"We created more enemies in Iraq than there were insurgents, and that's a geometric equation," Batiste said.How Military Courts Work

To win a murder conviction, military prosecutors must prove beyond a reasonable doubt that the accused killed "without justification or excuse." But that is not always easy in a war zone.

The Uniform Code of Military Justice was enacted by Congress in 1950 partly to help make military trials more like civilian trials, with more procedural protections for the accused.

But there are key differences between a military criminal case and a civilian one. One of the most fundamental is that the initial decision to start a criminal investigation ultimately rests with the commander of the service member in question, who can order administrative or non-judicial punishments instead of courts-martial.

Critics of the military's processes in Iraq say the performance so far shows a need to change the decentralized decision-making structure. They argue that it creates the potential for improper "command influence" in favor of defendants by officers who don't want the embarrassment of criminal investigations of their subordinates.

Hina Shamsi, senior counsel at Human Rights First, a New York-based nonprofit organization that monitors the military justice system, is a supporter of such changes. Nevertheless, she said: "The system is adequate. When properly followed, it works extremely well."

When criminal proceedings are authorized, there is no grand jury to hear testimony from witnesses called by a prosecutor. Instead, a proceeding called an Article 32 hearing takes place before a single officer. The defense is allowed to present evidence and cross-examine prosecution witnesses. Charges sometimes fail at this stage.

That happened in the case of Marine 2nd Lt. Ilario Pantano, who was charged with murder in the deaths of two Iraqis he had detained at a roadblock in April 2004. He shot the men 60 times and left a sign on their bodies warning insurgents not to risk similar treatment. But he said he fired only after they made threatening moves in his direction.

The Article 32 hearing officer agreed and dropped the charges, partly because forensic evidence showed that the men were shot in the chest, supporting Pantano's story that they were moving toward him when he fired.

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Court-martial juries are made up exclusively of fellow service members, all of whom must outrank the accused, though enlisted personnel are entitled to a jury composed of at least one-third enlisted troops. Service members now frequently face juries that include members with battlefield experience in Iraq and Afghanistan.

Frequently, soldiers say they fired because they perceived a threat, or because they believed that their actions were authorized by the rules of engagement or other orders.

"It's not an easy call to make. It requires getting into the head of a serviceman," said retired Rear Adm. John D. Hutson, a former Navy judge advocate general who is now dean of the Franklin Pierce Law Center in Concord, N.H. "Rape is pretty clear, but death of civilians can be a part of the fog of war, or it can be the result of inexperience or misjudgment."

When Abed Hamed Mowhoush, a captured former general in Hussein's army, died in November 2003 after interrogation by U.S. intelligence officers, Iraqi agents and U.S. soldiers, Chief Warrant Officer Lewis E. Welshofer Jr., a military interrogator, was found guilty of negligent homicide, not murder.

Welshofer had stuffed the general headfirst into a sleeping bag and straddled his chest while questioning him. The jury that convicted him rejected the prosecution's claims that Welshofer intended to kill. Welshofer had sought approval for the sleeping bag method at a time when U.S. policy on interrogations of resistant Iraqi insurgents was, at best, unclear.

The jury gave him a formal reprimand, fined him $6,000 and said he should be confined to his home, office and church for 60 days.

Welshofer defended his actions in a February 2004 letter to the commander of the 82nd Airborne Division, citing his "moral obligation to do everything I can to protect the lives of my fellow soldiers."

Precision Technology Helps Combat Troops Pinpoint Enemy (USAT)

By Tom Vanden Brook

USA Today, August 28, 2006

WASHINGTON — U.S. troops and pilots in Iraq and Afghanistan share live video feeds from the battlefield to call in precise airstrikes, technology that barely existed a few years ago but now directs nine of 10 bombs and missiles dropped.

It's possible, military officers say, for troops to call in strikes less than the length of a football field from their positions compared with 2,000 yards two years ago. That's needed more than ever as troops fight insurgents in tightly packed urban areas.

The technology also can limit injuries to civilians and damage to sensitive sites such as mosques. This helps the military avoid angering the people it's trying to win over.

Forward air controllers — troops who call in airstrikes — can direct a pilot to a target in less than a minute. It used to take them 45 minutes to verbally direct a pilot to an enemy position, said Air Force Lt. Col. Greg Harbin, a forward air controller and former pilot who's used the Remote Operated Video Enhanced Receiver (ROVER) in combat.

“It's the most fundamental revolution in warfare since radio,” Harbin said. “The pilot and controller see the same thing. A picture's worth a thousand words. In this case, it might be a million.”

Precise images captured by sensors aboard a fighter jet or an unmanned plane such as the Predator are instantly relayed to troops on the ground who receive them with an antenna and laptop that can be carried in a backpack. Troops can highlight a target on the laptop screen, allowing either the aircraft's crew or the unmanned plane to lock in on the target and hit it with either a bomb or a missile.

The system's use has proliferated. At the start of the Iraq war, there were only enough of the early versions of the system to be used by special operations forces. Now, virtually every jet in the sky over Iraq has the ability to share its video, and troops in all services have about 800 receivers, Harbin said. Australian, British and Canadian forces are buying the units, which cost about $32,000 apiece if bought 100 at a time.

“Historically, close air support has been the art of talking the pilot on to the target,” said John Pike, a military analyst with GlobalSecurity. “That isn't easy.”

ROVER also allows the use of smaller bombs. Pike said the Air Force's new GBU-39, a 250-pound precision bomb, can be used to destroy a building rather than a neighborhood. The bomb can hit within 6 feet of its intended target.

“Fragments from a 2,000-pound bomb will go many football fields,” Pike said. “That's one of the reasons why they're hot on this 250-pound bomb. The safe distance is a lot less.”

Coalition aircraft have been dropping bombs daily in Afghanistan over the past week, according to figures from U.S. Central Command. Warplanes patrol Iraq daily. Those planes also perform surveillance and reconnaissance for troops on the ground with ROVER technology, Harbin said.

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Though ROVER offers advantages, it isn't perfect, Harbin said. Bad weather is a limiting factor. “This isn't a cure-all,” he said. “It's a step in the right direction.”

Here's how the new targeting technology has been used:

•April 2005: Sniper and mortar fire had pinned down Harbin and 25 Marines in the restive Anbar province in western Iraq. Harbin had been wounded by a rocket-propelled grenade when he called in an airstrike within 100 yards of his men. An unmanned Predator, piloted by an Air Force officer in Las Vegas, unleashed a Hellfire missile that killed the snipers but left the building they were in standing.

•March 2003: Kyle Stanbro, an Air Force special operations combat controller (now retired), used the technology to call in airstrikes that destroyed 35 Iraqi tanks in the early days of the war. Stanbro and his team, traveling in four unarmored vehicles, were able to stay out of the tanks' range and call in airstrikes for more than six hours.

•September 2005: ROVER technology was used to locate 182 survivors of Hurricane Katrina in New Orleans and direct helicopters and boats to rescue them. Air Force Tech. Sgt. Travis Crosby, who used the system to help direct Iraqi police to stop suicide bombers last year, said the Air Force is prepared to use ROVER again this year if a major hurricane hits the USA.

Director Of Baghdad Museum Resigns, Citing Political Threat (NYT)

By Edward Wong

The New York Times, August 28, 2006

BAGHDAD, Iraq, Aug. 27 — The director of the Baghdad Museum has resigned and moved to Syria because he felt under threat from fundamentalists with ties to the Shiite-led government, a Western diplomat said Sunday. The director, Donny George, is known as a prominent advocate for the preservation of antiquities in Iraq.

A spokesman for the Ministry of Tourism and Antiquities, which is in charge of the museum, confirmed that Mr. George resigned this month and left Iraq a few days ago. “We think he left Iraq to eventually try to go to the United States or a European country,” said the spokesman, Abdul Zahra al-Talaqani.

The Western diplomat, who has some expertise in antiquities, said in a telephone interview on Sunday evening that Mr. George had recently told people close to him that he felt threatened. Mr. George was a midlevel official in the Baath Party under Saddam Hussein’s government and may be the target of a revenge campaign by conservative Shiites, said the diplomat, who spoke on the condition of anonymity.

Since the fall of Mr. Hussein in 2003, hard-line Shiite politicians have pushed for a purging of Baath Party officials from the government, even though many Iraqis joined the party out of social pressure or to advance their careers and not out of ideological motivation. Many Shiites and Kurds feel great hostility toward Baathists, whose top officials, including Mr. Hussein, were from the Sunni Arab minority.

The Western diplomat said Mr. George was dedicated to saving antiquities. “I think any institution would revere somebody with his skills and abilities,” the diplomat said.

Mr. George could not be reached by telephone in Damascus. He did not return e-mail messages asking for comment.

The flight of Mr. George was first reported by The Art Newspaper, a trade publication based in London. Mr. George told the newspaper that he had fled Iraq because the current government had appointed fundamentalist Shiites to oversee the ministry’s antiquities board and no longer had money to pay for the guarding of ancient sites. Mr. George, a Christian, spoke to The Art Newspaper from Damascus, the Syrian capital. The interview was posted on the Internet on Saturday.

Mr. George said his position had become untenable over the past year because the new officials in charge of antiquities preservation were followers of Moktada al-Sadr, the radical Shiite cleric who led two uprisings against the Americans in 2004. Mr. Sadr’s allies hold at least 30 seats in Parliament, making him one of the most powerful political forces in Iraq. He also commands the Mahdi Army, a formidable militia. “I can no longer work with these people who have come in with the new ministry,” Mr. George said. “They have no knowledge of archaeology, no knowledge of antiquities, nothing.”

Mr. George added that the new appointees were focused exclusively on preserving art from the country’s Islamic history and not from earlier periods. Long before Islam arrived here, Iraq was the site of flourishing civilizations, beginning with the ancient societies of Mesopotamia.

Mr. George said in the interview that he had come under increasing pressure from ministry officials to sever his contacts with international experts on antiquities.

In addition, he said, the work of preserving ancient sites and relics had come to a stop over the past two years. Though there exists on paper a government force of 1,400 guards assigned to protect various sites, the government will run out of money in September to continue paying the guards, he said. “The coalition has to do something about this,” he said, referring to the American-led forces.

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Mr. Talaqani, the ministry spokesman, said Mr. George's statements were wrong. He accused Mr. George of trying to make himself look besieged in order to apply for asylum in the United States or Europe. "He's using this story so some immigration officials will believe the Iraqi government is pressuring him," Mr. Talaqani said.

The new director of the museum is a woman named Amira Eidan, he said.

The halls of the Baghdad Museum are sealed with concrete, and its treasures are not open to the public. The hauling off of many of its relics in 2003, during the mass looting that swept Baghdad after the American invasion, became for many a potent symbol of the war's cost.

British Ambassador Explains Troop Movement Near Iraq-Iran Border (MCT)

By Mark Brunswick

McClatchy Newspapers, August 28, 2006

BAGHDAD, Iraq - The new British ambassador to Iraq said on Sunday that British troops taking up position near Iraq's border with Iran aren't preparing for military action against Iran, but were getting to crack down on weapons smuggling between the two countries.

Ambassador Dominic Asquith was responding to concerns raised by some Iraqi political and religious leaders, who've suggested that the British troops may be doing U.S. bidding as tensions rise over Iran's nuclear development program.

The concerns come as British forces have faced escalating violence in the once-quiet southern area around the port city of Basra, Iraq's second largest city. Last week, the British turned a base over to the Iraqi army and dispatched half the troops formerly stationed there to positions closer to the Iranian border. The base was subsequently overrun by Iraqi looters, who stripped it bare.

Asquith said the movement was designed to block the flow of arms, bomb-making materials and other "outside influences" into Iraq, particularly during a tenuous time as it pursues a program of national reconciliation.

"I would not draw any connection to the deployment of multinational forces and any deeper theory about what messages we are designing to give," he said during a news conference at the British Embassy in Baghdad.

Asquith, who's been in Iraq since 2004 as a lower-level diplomat, presented his credentials as ambassador last week.

U.S. officials worry that Shiite militias are receiving arms and explosives smuggled from Iran, a Shiite-dominated nation that could stand to gain by Iraq's continued instability.

Last month, a leaked memo by Britain's outgoing ambassador, William Patey, warned that "a low-intensity civil war and a de facto division of Iraq" was probably more likely than a transition to a stable democracy." The memo contributed to an on-going debate about whether Iraq, racked by sectarian violence pitting Shiite and Sunni militias against each other, was in the throes of civil war.

Iraq's prime minister said Sunday that violence was decreasing.

"We're not in a civil war. Iraq will never be in a civil war," Nouri al-Maliki said on CNN's "Late Edition."

Asquith said he does not yet see Iraq in a civil war, and said he thought progress was being made.

"There's no question there is sectarian violence inspired by people who are determined to fan the flames," he said. "We have made progress in attacking the security issue of Baghdad but the level of violence is deeply disturbing."

His comments came as a series of explosions killed at least 18 people and wounded dozens Sunday. A bomb planted in a minivan used as a public bus detonated near the pedestrian entry point to the Palestine Hotel in downtown Baghdad, killing at least nine people and wounding 18, police and witnesses said.

Another car bomb exploded in the parking lot of the government-run al-Sabah newspaper in a Sunni-dominated area of the capital, killing at least three people and wounding 30.

Jimmy Carter: Blair Subservient To Bush (AP)

AP, August 28, 2006

Former President Jimmy Carter accused Tony Blair on Sunday of being "subservient" to the White House, saying the British prime minister failed to constrain America on Iraq.

"I have been surprised and extremely disappointed by Tony Blair's behavior," Carter said in an interview with The Sunday Telegraph newspaper.

"I think that more than any other person in the world, the prime minister could have had a moderating influence on Washington — and he has not," added Carter, who opposed the war in Iraq. "I really thought that Tony Blair ... would be a constraint on President Bush's policy toward Iraq."

Blair has been Bush's closest international ally on Iraq, and Britain has the second most troops there after America.

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Carter said in many countries he has visited, people equate U.S. and British policy.

"It's a shameful and pitiful state of affairs, and I hold your British prime minister to be substantially responsible for being so compliant and subservient," Carter said.

Blair committed Britain to the war even though public opinion was strongly against it. He was re-elected last year — but with a sharply reduced Parliamentary majority, and the war has damaged his credibility among Britons.

Some speculated when the war began that Blair had decided to back Bush publicly in order to maintain his behind-the-scenes influence on Washington. But he has always denied suggestions that he committed to the invasion of Iraq for any reason other than that he believed it was the right thing to do.

Hostage: The Jill Carroll Story - Epilogue: Family reunion (CSM)

By Peter Grier

The Christian Science Monitor, August 28, 2006

On April 2, 2006, a white Lufthansa 747 with the designation "Hamburg" written on its side taxied up to a gate at Boston's Logan Airport. At 12:22 p.m., Jill Carroll stepped off the plane and onto US soil.

As she passed through customs, agents and other officials on duty crowded around for a chance to see her. Whisked into a waiting car, she was driven to the Monitor's headquarters in Boston's Back Bay, a police escort around her and news helicopters overhead.

Jill was traveling light. She'd left a big yellow bag of clothes and toiletries from her captivity in the Green Zone in Baghdad. She'd decompressed there for a day, talking to members of the US Embassy's Hostage Working Group, before traveling on an aircraft carrying American casualties to Ramstein Air Force Base in Landstuhl, Germany.

In Boston, her car went straight into the underground garage of the Christian Science church headquarters. In a preplanned bit of evasion, she was led through basement corridors under the complex to a loading dock on a nearby side street. She then jumped into a blue van - easily missing the media horde camped outside the Monitor building.

The van went only a few blocks, to a nearby church-owned townhouse. There, Jim, Mary Beth, and Katie crowded around an open window, yelling her nickname, "Zippy!"

Jill met them coming down the hallway in a whole-family embrace. She wept and said, "I'm sorry." She was home.

• • •

Nearly five months on, what's to be learned from Jill Carroll's kidnapping and release?

Monitor editors and correspondents were heartened by the global condemnation of the kidnapping, especially from Muslim religious leaders and even militant groups, such as Hamas. They remain proud of the media campaign they helped mount, from the solicitation of statements on Jill's behalf to the public service announcements that ran in the Iraqi media. They believe it was targeted to the right audience - the Middle East - and well placed. They know the kidnappers saw some of it.

It's presumptuous to say it led directly to her release, but "I do think that changed the mental climate," says Richard Bergenheim, editor of the Monitor.

Another obvious conclusion is that Iraq has become a very dangerous place for the news media. More than 100 journalists, including interpreters and assistants, have died there since March 2003.

Since Jill's kidnapping, the Monitor has upgraded its security measures in Baghdad - both because of what had happened to her and because of the worsening situation on the ground. Editors won't detail those measures, so as not to undermine their effectiveness. The paper has kept a British security firm on retainer for consultation.

As for Jill herself, she says that her experience taught her about priorities. Throughout her 82-day ordeal, she missed her family and her friends. Work and success didn't seem so important anymore. "I never once wished I'd filed one more story," she says.

But she doesn't regret going to Iraq in the first place. She was doing what she had always wanted to do - foreign reporting. Since her release, she has returned to Egypt, and is glad of it. She experienced again the distinctive culture of the Islamic world in a peaceful context.

"What happened to me is not the whole Middle East," she says.

Jill is no longer a freelancer. To provide financial support in anticipation of her eventual release, the Monitor quietly made Jill a full-time employee a week after she was abducted. This fall, she's been accepted into a journalism fellowship program at a major university. After that, she plans to return to writing from overseas.

Why was she released? Probably no one really knows except for her kidnappers. Maybe the public pressure worked. Maybe private whispers via Western and Middle Eastern intelligence convinced influential Sunnis that harming Jill wasn't in their best interest.

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Maybe as the political situation changed, so did the priorities of her kidnappers. Maybe the kidnappers just got what they wanted - publicity or the release of women from Abu Ghraib prison. Or maybe Jill herself - the smart, young American who spoke Arabic - helped alter her captors' plans.

"One of the most effective weapons against terrorism is the truth. The truth was that Jill Carroll was not the enemy of her captors. Her father spoke that truth, and the rest of the world repeated it," says Christopher Voss, special agent with the FBI's Crisis Negotiation Unit in Quantico, Va.

As far as the Monitor and Jill's family can determine, no ransom changed hands to win her release.

Earlier this month, the US military announced that it had captured four of Jill's suspected kidnappers, after raiding a total of four locations in Baghdad, Abu Ghraib, and a village west of Fallujah. US sources in Baghdad have told staff writer Scott Peterson that the man Jill knew as "Abu Ahmed" (aka Sheikh Sadoun, say US military sources) was arrested by US Marines on May 19. The others in custody are guards, not the top figures in the group.

Members of murdered translator Alan Enwiya's immediate family have left Iraq, where they felt endangered. They are applying for US government permission to join their extended family in the US.

Jill never met the man who shot Alan. She was told that Alan's killer died a few weeks later during an insurgent military operation.

Driver Adnan Abbas, having survived the abduction, was initially a suspect. He passed a polygraph test, and was cleared by Iraqi police. He, his wife, and four children (including a newborn) have also moved to another country. Their future remains uncertain, but their ambition is to live and work in the US.

The Monitor has established two funds to help these families start new lives. Among the donations received so far: The $800 cash the mujahideen gave Jill just prior to her release. She plans to sell the gold necklace and donate those funds, as well.

Order In The Courts (NYT)

By J Alexander Thier

The New York Times, August 28, 2006

Washington

IT'S been a bad year for Afghanistan. Insurgents are gaining ground and killing more coalition soldiers, Afghan officials and civilians than at any time since the fall of the Taliban government. Reconstruction is faltering. A disenchanted population appears to be pulling back the welcome mat for foreign forces.

But a recent turn of events could have a significant positive impact on Afghanistan's future. A few weeks ago the new Parliament approved a fresh slate of Supreme Court justices — a strong group of professionals and reformers that includes several of Afghanistan's pre-eminent legal minds.

This court represents a sea change from the judiciary that has been in place since the collapse of the Taliban. For the first time in its history, Afghanistan may have a real system of checks and balances. But the United States and its partners must seize this opportunity and act quickly to support the new court,and not squander another chance for meaningful reform.

It's the big bang moment of democracy, when the three branches of government all come into being, each with its own powers and limitations. We are witnessing in Afghanistan today what the American founders understood so well: alone, factions and institutions will abuse their power, but in combination they will constrain and balance one another, creating stability amid competition and turmoil.

Afghanistan's Parliament, still struggling to find its feet, has played a critical role in this constitutional drama. Last spring, the body rejected the previous chief justice, Fazel Hadi Shinwari, a fundamentalist firebrand whom President Hamid Karzai had appointed in deference to Islamist demands. Rising to the challenge, Mr. Karzai then nominated Abdul Salam Azimi, a moderate Islamic scholar and the primary drafter of Afghanistan's new democratic constitution. The Parliament approved Mr. Azimi as chief justice, along with a slate of other moderates.

Chief Justice Azimi and his associates have substantial experience and a demonstrated desire to build an effective system that promotes the rule of law. In his swearing-in speech this month, the new chief justice railed against the corruption for which the judicial system is famous.

Overall, the efforts of the Afghan government and the international community to rebuild the judicial system have been meager. Courthouses have been built, laws revised, judges and prosecutors trained. But there has been no grand strategic plan to turn the tattered judiciary into a unified and coherent institution.

What might such a plan consist of?

It should focus on bolstering the Supreme Court's three critical functions and making it a linchpin of stability for Afghanistan.

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First, the court must be able to check the power of the other branches and make the government accountable for abuses. An honest arbiter in the contests of power between Parliament and president, citizen and state, and church and state is essential to Afghanistan's development. To play this role, the court needs deep resources and strong political support. And there must be a steep price to pay for defying the judiciary — something the United Nations and NATO countries have to impress upon their Afghan partners.

Second, the Supreme Court must be able to fulfill its central role in deciding questions concerning Islam. This is enormously important in an Islamic society. The new constitution vests authority in the court to determine whether laws are in accordance with the "beliefs and provisions of the sacred religion of Islam." So long as the resurgent Taliban claim that the government is the corrupt puppet of infidels, the Islamic legitimacy of the government and the court must be strong. Moderate Islamic countries like Egypt, Indonesia and Turkey have a special role to play here, providing resources and credibility to the court.

Third, the Supreme Court must be responsible for the entire judiciary, down to the village level. Most Afghans will never encounter the court directly, but rather will interact with the government and legal system at the local level over issues like marriage, property disputes and crime. Providing better access to justice in the provinces — which necessitates difficult decisions about where and how to concentrate support — must be a high priority. It is more important for the judicial system to do well in a few regions than to do poorly everywhere. Qualified legal professionals are also desperately lacking. Potential leaders within the legal community must be chosen for intensive training, mentoring and promotion, and those who are incompetent should be removed.

The new court's leadership has much in its favor. With an infusion of funds and experienced judges, as well as a good relationship with President Karzai, it stands a good chance of success. But it will not be easy.

I have spoken to Chief Justice Azimi and some of the associate justices in recent days. They are fully aware of the immensity of the task before them. And while they are committed to meaningful reform, they stress that the window of opportunity will close quickly.

For Afghanistan, this is a rare chance for redemption. After several years of frail efforts to promote the rule of law, the Afghan people must make sure they capitalize on it.

CORPORATE SCANDALS:

An Enron Twist: Convicted But Not Guilty? (CSM)

By Kris Axtman

The Christian Science Monitor, August 28, 2006

HOUSTON

If someone is convicted of a crime and dies before exhausting all his appeals, is he innocent?

That's the question now challenging federal prosecutors in the latest twist of the Enron case. A legal precedent could clear the record of Enron founder Kenneth Lay, even though he was found guilty of six counts of conspiracy and fraud, because of his sudden death last month. The move could also make tens of millions of dollars in his estate off-limits to creditors.

The Justice Department has said it will use all available legal means to reclaim the money related to the criminal charges Mr. Lay was convicted of in May. But those means may be few because of the legal precedent set by the US Fifth Circuit Court of Appeals, which found in 2004 that a person's criminal record is "abated," or wiped out, if he or she dies before having a chance to exhaust all appeals.

The rationale is that someone convicted of a crime should not be denied the right to have the trial's fairness tested, says Brian Wice, a Houston attorney. In this case, it means Lay's conviction, trial, even his indictment will most likely be abated - making him an innocent man.

The lawyer handling Lay's estate has already filed a motion with US District Judge Sim Lake, asking him to erase Lay's criminal record, based on the ruling by the Fifth Circuit, which governors federal courts in Texas.

That may be hard for the public to take, says Ross Albert, an Atlanta lawyer formerly with the Securities and Exchange Commission.

"There is a presumption of innocence that comes before every conviction. But Ken Lay, at the time he died, was not presumed to be innocent," says Mr. Albert, who believes the Fifth Circuit is "zealously" protecting the prerogative of the appeals court even though well over 80 percent of all criminal appeals are denied.

Courts do not see eye to eye on the issue of abatement. Just last week, for instance, the Washington State Supreme Court held that convictions will no longer be vacated when a defendant dies during appeal.

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The issue is ripe for US Supreme Court review, but it's unlikely that federal prosecutors, known as the Enron Task Force, will take it that far, experts agree. US to fight abatement but is unlikely to win

Prosecutors have indicated that they will file a motion opposing the request for abatement, but that would require Judge Lake going against legal precedent - something that most agree is highly unlikely.

In going after Lay's money, "it's back to square one for the government," says Mr. Wice. It can sue either Lay's estate in a civil asset-forfeiture case or his wife, Linda Lay, as the executor of the will. Experts agree that a civil-forfeiture suit is the most likely course of action, given the fact that Mrs. Lay was never charged with a crime and would be a very sympathetic witness.

"But a civil-forfeiture case is going to be very time-consuming and expensive," says David Smith, an Alexandria, Va., lawyer and expert in such cases. "You would essentially have to redo the entire criminal case. And because civil discovery is much broader, the case could drag on for years."

What's most likely to happen, these experts say, is that the government will settle with Lay's estate - something that occurs in the vast majority of civil suits.

But others are clamoring for a share as well.

"There is a long line of civil claimants on the Lay money. So there are all kinds of other ways beyond the criminal case to get that money," says Samuel Buell, a former federal prosecutor on the Enron Task Force who now teaches law at Washington University in St. Louis. "But the longer it takes to get, by virtue of inflation and legal fees, the less there is at the end." Lay's estate moves to settle suits

Late last week, it appeared that the Lay family was ready to put the litigation behind it. In a civil case brought by employees, lawyers said they were within days of coming to terms with the Lay estate on a settlement over the company's inadequacy in diversifying its retirement plan.

Depending on the sum, that could make the government's settlement plans moot - especially since Lay claimed at trial to have been financially wiped out when Enron's stock became worthless.

Indeed, the Enron Task Force indicated after Lay's death that it will try to hold Jeffrey Skilling, Enron's ex-CEO, accountable for the full amount of restitution. He was found guilty of 19 of the 28 counts he faced.

Prosecutors had initially asked for $139.3 million from Mr. Skilling and $43.5 million from Lay. Now, they are asking Skilling to pay the entire $182.8 million, based on the conspiracy charge, which says anyone involved can be held responsible for 100 percent of the restitution.

In any case, Lay was being asked to forfeit only a tiny fraction of all the money that was lost when Enron collapsed, says Professor Buell. He sees the government's actions as mostly symbolic at this point and says that even if the judge vacates Lay's conviction, it doesn't speak to the merits of the case against him.

No matter the outcome, says Wice, "he's guilty as sin in the public's eye. Try convincing the people in this town otherwise."

The One Who Got Away (TIME)

By Barbara Kiviat

Time, August 28, 2006

The decision to abandon a high-profile case against a dotcom poster boy marks the end of a sorry era

Frank Quattrone was always good at making deals. As a sizzling Silicon Valley investment banker during the tech boom of the 1990s, he orchestrated the initial public offerings (IPOs) of start-ups from Netscape to Amazon.com collecting as much as $120 million a year for himself in the process. Yet the deal he reached last week may well be the one he cherishes most. After 31/2 years of court dates, two criminal trials and the prospect of jail time, Quattrone struck a deal in which federal prosecutors agreed to all but drop charges that he obstructed justice during a 2000 investigation into how his employer handed out IPO shares of hot new companies.

The deal marks the end of a sorry chapter in American business history. While high-profile white-collar crime persists, the dramatic criminal cases that were launched just after the dotcom economy fizzled are now mostly completed. The icons of massive, turn-of-the-century corporate fraud--Ken Lay and Jeff Skilling of Enron, Bernie Ebbers of WorldCom, Dennis Kozlowski and Mark Swartz of Tyco--are convicted and, in Lay's case, dead. Even Martha Stewart has served time. And many, if not most, of the cases the feds brought against smaller fish--to help assuage a share-owning public that had been scammed by phony accounting and overhyped stock--are resolved. The government claims that since mid-2002 it has won more than 1,000 corporate-fraud convictions, including those of more than 100 CEOs and presidents.

That's not to say the system has been wholly reformed. Although Wall Streeters were genuinely terrified by the wrath of the prosecutors, they eventually flocked to other legal schemes--like hedge funds--with which to vastly overcompensate themselves. Prosecutors too are cutting their losses, and, as the public outrage subsides, moving on to new areas.

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The Quattrone case symbolizes that shift. During the go-go bubble years, Quattrone was the go-to guy at Credit Suisse First Boston (now called Credit Suisse) for tech deals. After the government started looking into how bankers set aside shares of promising IPOs for favored clients and pressured analysts to issue rave reports about companies that often had no way of making money, Quattrone sent an e-mail reminding colleagues to "clean up" old files, per company policy. The Justice Department viewed that as obstruction of justice, since it had already started investigating IPOs involving Credit Suisse. One jury was divided on the issue. Another, in 2004, found Quattrone guilty, after which he was sentenced to 18 months in prison.

But that verdict was overturned last March by an appeals court that cited faulty jury instructions. (The trial judge didn't explain that Quattrone would have had to know what he was doing was wrong to be convicted.) With their case, and perhaps their will, weakened, prosecutors waved a white flag and agreed to let Quattrone off--no fine, no admission of guilt, no ban from the securities industry--as long as he stays out of trouble for one year.

The evidence against Quattrone--who has all along proclaimed his innocence--was thin from the start, says Columbia University law professor John Coffee. But the prosecutors thought there was enough circumstantial evidence surrounding the e-mail to win a case. In the end the decision to drop the case echoes a broader trend to allocate resources to more timely issues. "You can't focus on everything," says Andrew Weissmann, former head of the Justice Department's Enron task force, who is now in private practice. "There are a lot of other things to do." For example: the backdating of stock options. More than 100 companies, from Home Depot to Apple, are being investigated for the way they handed out stock options to executives with issue dates earlier than the actual ones. (See box.)

There are still a few loose ends from the wave of prosecutions kicked off after the 2000 stock-market slump and the Enron meltdown. And some aren't as easy to wrap up as Quattrone's. Several British bankers, known in England as the NatWest Three, were hauled to Texas in July, after loud protests back home and a drawn-out extradition process. They face charges that they worked with ex-Enron CFO Andrew Fastow to siphon millions of dollars from a deal between their former employer, National Westminster Bank, and Enron. And in August, most of the convictions of four former Merrill Lynch executives, who stood accused of helping Enron inflate earnings by charading a loan as the sale of energy-producing barges, were overturned. An ex-Enron manager who was also convicted decided not to contest the decision. The government is expected to appeal the ruling on the four, which hinges on the interpretation of a controversial legal phrase.

Reversals like these often mark the true end of a contentious business cycle, as the legal system shakes out how old laws will apply to new crimes. The Supreme Court's decision last year to overturn the conviction of accounting firm Arthur Andersen wasn't without precedent. (Nor was it helpful: after the initial trial, Andersen had collapsed and some 28,000 U.S. employees lost their jobs.) Similarly, Charles Keating, one of the biggest nabs in the 1980s savings and loan scandal, saw his conviction reversed nearly five years after going to prison. And after the late-'80s insider-trading Wall Street sweep that, among other things, sent Michael Milken and Ivan Boesky to prison, a number of convictions were overturned, including that of onetime Boesky associate John Mulheren. "When you're more aggressive, you're going to wind up with more losses," says Peter Henning, a law professor at Wayne State University.

And when it's all over, you often end up with new laws, like the Sarbanes-Oxley reforms, which have made illegal much of the unsavory behavior of the go-go years. New laws aren't retroactive, of course, and what was on the books didn't seem sufficient to convict Quattrone. "I am very pleased that the case will be concluded," he said, emerging from the courthouse last week. "I plan to resume my business career." Northern California's tech investors, many of whom wrote letters of support during Quattrone's two trials, seem poised to embrace him. It is the clearest sign yet that while the world may have changed, it has also moved on. With reporting by Kathleen Kingsbury, Jyoti Thottam

A Sighting, Perhaps, Of A Fugitive In High Tech (NYT)

By Julie Creswell And Wayne Arnold

The New York Times, August 28, 2006

Lots of people are looking for Jacob Alexander, the fugitive former head of Comverse Technology. But only one has publicly claimed to have seen him.

Moshe Buller, an Israeli private detective, whipped the world's media into a frenzy late last week after the Israeli newspaper Ma'ariv reported that Mr. Buller had located Mr. Alexander, known as Kobi, in a popular seaside resort town in Sri Lanka.

"I cannot be sure 100 percent, but I can be sure that the guy I see was Kobi Alexander," Mr. Buller said in an interview on Thursday from his office south of Tel Aviv.

It was 3 in the morning when Mr. Buller spied Mr. Alexander through the window of a house in Negombo, about 20 miles north of the country's capital, Colombo. "I saw the guy for 20 minutes or a half an hour in a house, playing on the Internet," said Mr. Buller.

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But Mr. Buller's account of his cloak-and-dagger investigation has only deepened the mystery surrounding Mr. Alexander's whereabouts. The former chief executive of Comverse, Mr. Alexander has been the subject of an international manhunt and endless speculation, rumors and, like Elvis, unconfirmed sightings since he failed to appear in court earlier this month on federal criminal securities fraud charges.

He and two other former Comverse executives are accused of altering the dates on options granted at the company to make combined profits of about $8.4 million and of creating a secret account to dole options out to favored employees. While not widely known in the United States, Mr. Alexander garners a lot of attention in Israel, where he is a citizen and military veteran, and is viewed as a pioneer in that country's high-tech industry.

So far, Mr. Alexander, who is said to have wired $57 million in late July to an account in Israel, has eluded the Federal Bureau of Investigation and Interpol.

Yet Mr. Alexander apparently was not able to elude Mr. Buller, who popped onto the international radar two years ago when he investigated a supposed affair between the international soccer star David Beckham and his assistant Rebecca Loos.

Two weeks ago, Mr. Alexander failed to appear in a Brooklyn courtroom and a warrant was issued for his arrest. Mr. Buller said he was retained by a New York venture capital fund that he declined to name, but that he said he believed owned Comverse stock and might have other assets with Mr. Alexander. "The client wanted to know what kind of assets and money he has in Israel and what he did with those assets in Israel in the last year and especially in the last month. What sort of assets in offshore companies does he have? Investments in Europe?" said Mr. Buller.

While Mr. Alexander may have personal investments with venture capital funds, Comverse, a public company since 1986, does not currently have any venture capital financing, according to its public documents. A spokesman for Comverse would not comment.

Multiple hedge funds have invested in Comverse. Calls asking whether they have hired a private investigator to track down Mr. Alexander were met with silence, then laughter. Many said that even if Mr. Alexander were apprehended, it would probably have no effect on Comverse's stock, because he resigned as chief executive in late April.

Mr. Buller said he tracked down Mr. Alexander quite easily through a call Mr. Alexander made over the Internet to his family in Israel and a wire transfer to a bank in Sri Lanka. The phone call from Colombo was made using Skype's Internet telephony system, he said.

In an e-mail message, a spokesman for Skype said the company could not comment specifically on this case, but noted that calls made through Skype were encrypted and "almost impossible to intercept." Mr. Buller declined to provide details as to how he traced the call.

Mr. Alexander's second mistake, according to Mr. Buller, was having an individual transfer $10,000 from Bucharest to a Western Union branch located inside a bank in Colombo.

Mr. Buller said he went to the bank and showed a picture of Mr. Alexander to the employees there. One person identified Mr. Alexander and said he knew someone who, for a fee, could take Mr. Buller to a house in Negombo where Mr. Alexander was staying.

Mr. Buller said he arrived at the home at midnight and waited for three hours until the lights in the house suddenly came on and a man, who Mr. Buller claims was Mr. Alexander, sat down in front of a computer. Mr. Buller said he watched the man for 20 or 30 minutes and then left.

When asked if he called the authorities after seeing Mr. Alexander, Mr. Buller said he did not.

"I do not think I have to do that. I did the mission I was hired to do," said Mr. Buller, who said he would be traveling to New York to meet with his client over the weekend.

In fact, he said he had not spoken with anyone from the F.B.I. or any other authorities about his sighting of Mr. Alexander.

"If the F.B.I. wants my help, I would be the first guy to sit at a table in New York and give information in a good way," said Mr. Buller. "But I have not spoken with anyone from the F.B.I."

A spokeswoman for the F.B.I. said, "We do not disclose whom we speak with in terms of an investigation that is ongoing."

Sisira Mendis, director of the Criminal Investigation Department in Sri Lanka and the local representative for Interpol, said the bureau had received a notice by fax from the New York branch of Interpol asking them to search for Mr. Alexander.

He said the bureau had yet to ascertain from Sri Lanka's immigration authorities whether it had any record of Mr. Alexander entering Sri Lanka. He said the bureau had also been informed that Mr. Alexander might be in Negombo, but that it would not be easy to find him there. Negombo, described in press reports as a fishing village, is actually a beach town near Colombo's international airport, and is where most arriving foreign tourists head first.

According to Evan W. Owen, the press officer at the United States Embassy in Colombo, the embassy had not been alerted to the possibility that Mr. Alexander might have fled to Sri Lanka and was not aware of it until reporters began calling.

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Told that Mr. Buller claimed to have spotted Mr. Alexander in Sri Lanka, Mr. Owen said, "Why didn't he grab him then?"

Mr. Owen suggested that Mr. Buller might have been able to apprehend Mr. Alexander himself and turn him over to Sri Lankan authorities despite the fact that he is not a police officer and has no jurisdiction in Sri Lanka.

"This is Sri Lanka," said Mr. Owen. "Things are fast and loose."

But according to Mr. Buller, authorities won't get another chance. He says he believes Mr. Alexander has already left Sri Lanka and is planning to appear in New York early this week to turn himself in.

"I believe his lawyer wants to find the best way for him to come back to a position of answering about the stuff he did at the company," said Mr. Buller.

Mr. Alexander's lawyer, Robert G. Morvillo, said Friday he had not spoken to his client in nearly a month and expressed doubts that Mr. Alexander was planning to turn himself in.

"I am going on vacation on Monday," said Mr. Morvillo. "If Kobi shows up here on Monday, he's going to be without an attorney."

Sighting Of Fugitive Exec Called Doubtful (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, August 28, 2006

Investigators are dubious about a report that Jacob Alexander, the fugitive former head of Comverse Technology, is hiding in a remote fishing village in Sri Lanka, according to several sources familiar with the hunt for him by the FBI and the U.S. Marshals Service.

The sources said federal agents have several leads to the whereabouts of Alexander, who also uses the first name of Kobi, and none of them involves Sri Lanka, which one source noted has an extradition treaty with the United States. But the sources added that investigators were still checking the report out.

The sources declined to identify where Alexander is believed to be. Other reports have placed him in his native Israel, in Germany, or in a country that does not have an extradition treaty with the United States.

Alexander and two other top Comverse executives were indicted on Aug. 9 on conspiracy to commit stock, mail and wire fraud by manipulating grants of stock options in order to illegally make millions of dollars.

Robert Nardoza, a spokesman for the U.S. attorney's office for the Eastern District, declined to comment Friday.

Comverse, a multibillion-dollar corporation that was headquartered in Woodbury until it moved to Manhattan last year, specializes in software for voice communications.

The report about Alexander's hiding out in Sri Lanka first appeared in the Israeli newspaper Ma'ariv earlier in the week. The paper quoted a private detective as saying he had tracked Alexander by monitoring Internet communications between Alexander and his daughter in Israel.

Alexander's attorney, Robert Morvillo of Manhattan, yesterday knocked holes in one part of the Israeli newspaper's account, in which the private detective was quoted as saying Alexander's lawyers were negotiating with federal prosecutors in Brooklyn for Alexander's surrender. Morvillo said there were no negotiations going on, and he had no idea where his client was. He last spoke with him several weeks ago.

CRIMINAL LAW:

Receptionist-turned-lobbyist Faces Probe (AP)

By Erica Werner, ASSOCIATED PRESS WRITER

AP, August 28, 2006

WASHINGTON -- Depending on your perspective, Letitia White is either the epitome of a Capitol Hill success story or a prime example of an unsettling mix of money, politics and public policy.

White was a receptionist when she joined the staff of Rep. Jerry Lewis, R-Calif. More than two decades later, she is an influential lobbyist whose connections to Lewis - now chairman of the powerful Appropriations Committee - and others on the Hill have translated into millions of dollars for her and her firm.

They also have made her part of a federal investigation into Lewis' ties to the lobbying firm where she works alongside former California Republican Rep. Bill Lowery, another close Lewis friend.

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It's one of a number of corruption investigations involving members of Congress that have prompted lawmakers to look again at tightening lobbying rules. Bills have passed the House and Senate, but little progress has been made in finding common ground on legislation that watchdog groups have criticized as toothless.

Meanwhile, prosecutors in the Lewis case have issued at least 10 subpoenas and are seeking details on why counties, towns and businesses in his Southern California district chose to hire Lowery's lobbying firm, how much they paid, and what kind of communications the firm and Lewis had.

Last spring, an FBI agent on the case visited the House Legislative Resource Center to review White's annual financial disclosure forms, according to records at the center.

A spokesman for the U.S. attorney's office in Los Angeles, which is leading the probe, declined comment. Through a spokesman, White declined an interview request and defended herself.

"Ms. White has a good relationship with chairman Lewis and other members of Congress because she has real substantive expertise on defense issues and is careful when it comes to the rules and regulations governing Capitol Hill lobbying," spokesman Patrick Dorton said. "She has a reputation for being a smart, hardworking consultant."

White, 48, joined Lewis' staff as a receptionist and rose to become his top aide on defense issues. She won friends and influence through hard work, a warm personality and detailed knowledge of defense spending bills.

She left that job in January 2003 and joined Copeland, Lowery, Jacquez, Denton & White, as her firm was known until it was broken into two parts in June. She quickly acquired a stable of defense contractors as clients and began to lobby Lewis, then chairman of the Appropriations defense subcommittee. She and her clients also donated tens of thousands of dollars to him.

During the year prior to her departure from Lewis' office, the Capitol Hill newspaper Roll Call reported, her income dropped by around $11,000, to just $80 below the $112,500 salary ceiling that would have triggered an automatic one-year ban on her lobbying of Lewis.

The top-secret Defense Department security clearance she'd gotten while on the Hill added to White's value for some potential clients, and her new firm mentioned it in solicitation materials.

"If I worked for a defense company, the first person I'd hire is Letitia White. She's very, very effective," said Keith Ashdown of Taxpayers for Common Sense. "No one is closer to Jerry Lewis."

But Ashdown said some of White's actions amount to "taking advantage of the gray areas of our ethics rules."

The day after leaving the Hill, on Jan. 9, 2003, White signed up a major client, General Atomics, along with one of its aeronautics subsidiaries. The companies received several multimillion-dollar earmarks that year in the defense spending bill for the 2004 fiscal year, according to Taxpayers for Common Sense, including $3 million for General Atomics to provide anti-terror systems at Liberty Island, home to the Statue of Liberty, and $15.3 million for the aeronautics division to develop unmanned aerial vehicles.

Earmarks are funding inserted into legislation that often get little or no review. Prosecutors are scrutinizing Lewis' earmarks as part of the federal probe.

By the end of 2003, White had signed up about 15 more clients, mostly defense contractors, and was bringing in hundreds of thousands of dollars in fees. Her clients were enjoying similar success to General Atomics in getting earmarks. White, her husband lobbyist Richard White, and her firm's clients were donating generously to Lewis' fundraising committees.

During the 2004 election cycle, officials with General Atomics were the second-highest donors to Lewis' campaign committee, giving $18,000; another White client, Isothermal System Research, was third-highest, giving $14,000; and officials with Copeland, Lowery were fourth-highest, giving $13,250, according to the Center for Responsive Politics. Tens of thousands more was donated to the political action committee Lewis used to spread campaign cash to other lawmakers as he gunned for the Appropriations Committee chairmanship.

Dorton said White consulted with the House Ethics Committee over the circumstances of her departure from the Hill, and that her salary cut in her final year was mostly because she didn't get a bonus.

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, said the pay cut "was completely intended to allow that woman to make a fortune the minute she walked off the job."

White co-owns a Capitol Hill townhouse with the head of one of her client companies, Trident Systems Inc. Trident's founder, Nick Karangelen, is chairman of a political action committee called Small Biz Tech PAC that has employed Lewis' stepdaughter, Julia Willis-Leon, for fundraising. White and her husband have both donated to the PAC.

White's defenders say they don't believe she would do anything illegal or unethical. While working for Lewis, she never expected a free meal, unlike many Hill staffers, they said.

"It's one of the reasons that all of us enjoyed working with Letitia. We just had high respect and regard for how she did her business," said Mike Matton, a defense consultant and former legislative affairs official at Boeing.

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"And I'm kind of sad to see all of this in the press because there's been nothing illegal that I know of that's been reported, but just the perception in the eye of the beholder outside the Beltway, people who don't understand the lobbying business."

Vigil's Attorney Accuses Government Of Withholding Evidence (AP)

AP, August 27, 2006

ALBUQUERQUE (AP) - An attorney for former state Treasurer Robert Vigil has accused federal prosecutors of withholding evidence that could help his client.

Vigil faces a Sept. 5 retrial on racketeering and extortion charges. Vigil has pleaded not guilty.

His attorney, Sam Bregman, says that a January 1993 letter printed on an FBI and U.S. Department of Justice letterhead could help Vigil.

The letter shows that then-Assistant U.S. Attorney David Williams declined to authorize an investigation after hearing allegations of wrongdoing concerning Vigil. Vigil was state auditor at the time.

Bregman says the letter is exculpatory evidence that by law must be provided to defense attorneys.

A U.S. Attorney's Office spokesman didn't return telephone messages seeking comment left Sunday.

Fugitive Arrested In 1994 Slaying (CHIT)

By Liam Ford, Tribune Staff Reporter

Chicago Tribune, August 28, 2006

A man wanted in the 1994 killing of a northwest suburban boy in Hoffman Estates was arrested this week following his deportation from Mexico, authorities said Friday.

Hugo Luis Zarco, 32, was 19 when Michael Bruce, 16, was fatally stabbed.

A confidential informant recently contacted authorities in Hoffman Estates, telling them Zarco was living in Mexico and setting in motion his arrest by Mexican authorities, police said.

"We're very happy that an arrest was made and justice will be served," said Hoffman Estates Police Lt. Rich Russo.

Zarco, a U.S. citizen, was deported Thursday to Houston from Leon, Guanajuato, Mexico, where he had been living, according to the FBI. He was arrested by FBI agents and waived extradition, authorities said. Leon, the country's fifth largest city, is about 240 miles northwest of Mexico City.

Bruce, of Wood Dale, had gotten into an argument with his ex-girlfriend, Zarco's then-17-year-old sister. Zarco is accused of later tracking Bruce down and fatally stabbing him twice in the chest, police said.

Zarco, who last lived in the 200 block of West Grissom Lane in Hoffman Estates, has been charged with murder, but bail has not been set, police said.

Bruce, a former Conant High School student, had moved from Hoffman Estates but had returned to visit friends at a Memorial Day cookout in the 100 block of Berkeley Lane.

After the stabbing, Zarco fled in a red 1987 Chrysler, police said. The car later was found abandoned on Chicago's Southwest Side, and authorities soon issued a murder warrant for Zarco, saying they thought he had fled to Mexico.

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lford@tribune.com

4 Sentenced In $7.4M Airport Robbery (NSDY/AP)

By Curt Anderson, Associated Press Writer

Long Island Newsday, August 28, 2006

MIAMI -- Four people were sentenced to prison Friday for their roles in one of the biggest heists in Florida history -- a brazen daylight armed robbery of $7.4 million in cash from a warehouse near Miami International Airport.

The cash was part of an $80 million deposit shipped by a bank in Frankfurt, Germany, to the Federal Reserve Bank branch in Miami on Nov. 6, 2005. The masked robbers, at least one armed with a gun, ordered warehouse and security personnel to lie on the floor while they loaded bags of currency into a pickup truck that had pulled into one of the cargo bays.

The ringleader, Karls Monzon, and getaway driver, Jeffrey Boatwright, were each sentenced to more than 17 years in prison. A former Brink's security guard who provided inside information for the robbery, Onelio Diaz, was sentenced to 16 years.

Monzon's wife, Cinnamon Monzon, was sentenced to nearly 3 years for being an accessory, including helping her husband conceal about $80,000 in vacuum-wrapped cash in the attic of their home.

Some has been recovered from various sites in Miami, including money that was buried outside at least one home. More than $6 million remains unaccounted for, according to the FBI.

"This is, if not the biggest, one of the biggest armed robberies in Florida history," said Anthony Lacosta, the chief federal prosecutor on the case.

Four Jailed, Millions Still Missing In Miami Airport Raid (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, August 28, 2006

Miami · A federal judge sentenced four people Friday for their roles in a brazen $7.4 million cash heist at Miami International Airport last year. The thieves drove up in broad daylight to an airport warehouse holding $80 million on Nov. 6 and snatched bundles of cash bound for the Federal Reserve Bank in Miami. Most of the stolen money remains missing.

U.S. District Judge Donald Graham sentenced Karls Monzon, the plot's leader, and Jeffrey Boatwright each to prison terms of 17 years and one month, and Onelio Diaz, a former Brinks Security guard who provided information about the time and date of the cash shipment, to 16 years. The three pleaded guilty to being involved in the crime.

Each sentence included seven years because a gun was used during the robbery.

Cinnamon Monzon--Karls Monzon's wife and Boatwright's sister-- admitted that she learned of the robbery after it was committed and helped to hide some of the stolen crash. She received two years and nine months in prison.

Prosecutor Anthony Lacosta called the heist "one of the biggest armed robberies in Florida history."

So far, investigators have recovered just $1.26 million, according to FBI statements.

At least some of the missing cash may have already been spent.

Boatwright, who acted as the getaway driver, spent $600,000 on strippers, "loose women," drugs, and worthless jewelry, his attorney Michael Walsh said at Friday's hearing.

Boatwright paid a $400,000 ransom after being kidnapped from a strip club and $200,000 was stolen from him by a prostitute after he fell asleep, Walsh said.

The last $200,000 of Boatwright's $1.4 million share was given to a Santeria priest, the attorney said. Santeria is a religion that blends African and Roman Catholic traditions.

"This money went through his fingers like water," Walsh said in an effort to explain why Boatwright was not able to lead investigators to his share of stolen cash.

Attorney Maria Elena Perez, who represents Karls Monzon, said brandishing a gun had not been part of her client's original plan, because Monzon knew from Diaz that the Brinks guards would not be armed.

"They all believed this was going to be a smash and grab--as easy as taking candy from a baby," Perez said.

The crime went unsolved for several months, until a $150,000 reward lured an individual connected to the group to come forward.

Vanessa Blum can be reached at vbblum@sun-sentinel.com or 954-356-4605.

The Man Who Said Too Much (NSWK)

By Michael Isikoff, Newsweek

Newsweek, August 27, 2006

A book coauthored by NEWSWEEK's Michael Isikoff details Richard Armitage's central role in the Valerie Plame leak.

In the early morning of Oct. 1, 2003, Secretary of State Colin Powell received an urgent phone call from his No. 2 at the State Department. Richard Armitage was clearly agitated. As recounted in a new book, "Hubris: The Inside Story of Spin, Scandal, and the Selling of the Iraq War," Armitage had been at home reading the newspaper and had come across a column by journalist Robert Novak. Months earlier, Novak had caused a huge stir when he revealed that Valerie Plame, wife of Iraq-war critic Joseph Wilson, was a CIA officer. Ever since, Washington had been trying to find out who leaked the information to Novak. The columnist himself had kept quiet. But now, in a second column, Novak provided a tantalizing clue: his primary source, he wrote, was a "senior administration official" who was "not a partisan gunslinger." Armitage was shaken. After reading the column, he knew immediately who the leaker was. On the phone with Powell that morning, Armitage was "in deep distress," says a source directly familiar with the conversation who asked not to be identified because of legal sensitivities. "I'm sure he's talking about me."

Armitage's admission led to a flurry of anxious phone calls and meetings that day at the State Department. (Days earlier, the Justice Department had launched a criminal investigation into the Plame leak after the CIA informed officials there that she was an undercover officer.) Within hours, William Howard Taft IV, the State Department's legal adviser, notified a senior Justice official that Armitage had information relevant to the case. The next day, a team of FBI agents and Justice prosecutors investigating the leak questioned the deputy secretary. Armitage acknowledged that he had passed along to Novak information

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contained in a classified State Department memo: that Wilson's wife worked on weapons-of-mass-destruction issues at the CIA. (The memo made no reference to her undercover status.) Armitage had met with Novak in his State Department office on July 8, 2003—just days before Novak published his first piece identifying Plame. Powell, Armitage and Taft, the only three officials at the State Department who knew the story, never breathed a word of it publicly and Armitage's role remained secret.

Armitage, a well-known gossip who loves to dish and receive juicy tidbits about Washington characters, apparently hadn't thought through the possible implications of telling Novak about Plame's identity. "I'm afraid I may be the guy that caused this whole thing," he later told Carl Ford Jr., State's intelligence chief. Ford says Armitage admitted to him that he had "slipped up" and told Novak more than he should have. "He was basically beside himself that he was the guy that f---ed up. My sense from Rich is that it was just chitchat," Ford recalls in "Hubris," to be published next week by Crown and co-written by the author of this article and David Corn, Washington editor of The Nation magazine.

As it turned out, Novak wasn't the only person Armitage talked to about Plame. Washington Post reporter Bob Woodward has also said he was told of Plame's identity in June 2003. Woodward did not respond to requests for comment for this article, but, as late as last week, he referred reporters to his comments in November 2005 that he learned of her identity in a "casual and offhand" conversation with an administration official he declined to identify. According to three government officials, a lawyer familiar with the case and an Armitage confidant, all of whom would not be named discussing these details, Armitage told Woodward about Plame three weeks before talking to Novak. Armitage has consistently refused to discuss the case; through an assistant last week he declined to comment for this story. Novak would say only: "I don't discuss my sources until they reveal themselves."

Armitage's central role as the primary source on Plame is detailed for the first time in "Hubris," which recounts the leak case and the inside battles at the CIA and White House in the run-up to the war. The disclosures about Armitage, gleaned from interviews with colleagues, friends and lawyers directly involved in the case, underscore one of the ironies of the Plame investigation: that the initial leak, seized on by administration critics as evidence of how far the White House was willing to go to smear an opponent, came from a man who had no apparent intention of harming anyone.

Indeed, Armitage was a member of the administration's small moderate wing. Along with his boss and good friend, Powell, he had deep misgivings about President George W. Bush's march to war. A barrel-chested Vietnam vet who had volunteered for combat, Armitage at times expressed disdain for Dick Cheney and other administration war hawks who had never served in the military. Armitage routinely returned from White House meetings shaking his head at the armchair warriors. "One day," says Powell's former chief of staff Larry Wilkerson, "we were walking into his office and Rich turned to me and said, 'Larry, these guys never heard a bullet go by their ears in anger ... None of them ever served. They're a bunch of jerks'."

But officials at the White House also told reporters about Wilson's wife in an effort to discredit Wilson for his public attacks on Bush's handling of Iraq intelligence. Karl Rove confirmed to Novak that Wilson's wife worked at the CIA, and days later offered the same information to Time reporter Matt Cooper. The inquiry into the case led to the indictment of Cheney's chief of staff, I. Lewis (Scooter) Libby, on charges of perjury and obstruction of justice. Armitage himself was aggressively investigated by special counsel Patrick Fitzgerald, but was never charged. Fitzgerald found no evidence that Armitage knew of Plame's covert CIA status when he talked to Novak and Woodward. The decision to go to the FBI that panicky October afternoon also may have helped Armitage. Powell, Armitage and Taft were aware of the perils of a cover-up—all three had lived through the Iran-contra scandal at the Defense Department in the late 1980s.

Taft, the State Department lawyer, also felt obligated to inform White House counsel Alberto Gonzales. But Powell and his aides feared the White House would then leak that Armitage had been Novak's source—possibly to embarrass State Department officials who had been unenthusiastic about Bush's Iraq policy. So Taft told Gonzales the bare minimum: that the State Department had passed some information about the case to Justice. He didn't mention Armitage. Taft asked if Gonzales wanted to know the details. The president's lawyer, playing the case by the book, said no, and Taft told him nothing more. Armitage's role thus remained that rarest of Washington phenomena: a hot secret that never leaked.

Offshore Gaming Sites Not Sure USA's Worth The Risk (USAT)

By Jon Swartz, Usa Today

USA Today, August 28, 2006

SAN FRANCISCO — Americans continue to gamble in record numbers online, but executives of the offshore operations that take those bets are exercising caution weeks after one of their peers was arrested in the USA.

The trepidation of online-betting executives underscores growing concern that the U.S. government could target more offshore firms after essentially giving the industry a free pass for several years, gambling experts say.

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"(Operators) are playing a wait-and-see policy to see what the feds manage to pin on (indicted gaming site BetOnSports.com)," says Simon Holliday, a partner at Global Betting and Gaming Consultants in the UK. "Although the sports books give the impression they are not too concerned, I don't see them rushing to be in the U.S. now."

The actions by some gaming executives hardly constitute a self-imposed shutdown of some 2,300 gaming sites worldwide. But they reflect an undercurrent of concern, especially for sports-betting sites, gambling experts say.

London-based Ladbrokes, the world's biggest bookmaker, last week said it is reviewing plans to take bets from Americans on its gaming sites, something it currently does not do. It cited uncertainties in the U.S. market.

Online gamer Bodog.com canceled a marketing conference in Las Vegas this month, shortly after the arrest of David Carruthers, the former CEO of BetOnSports.com. Carruthers was charged with violating the 1961 Wire Act. BetOnSports has stopped taking U.S. bets, a majority of its business.

"Any executive that has anything to do with online gaming, no matter how minor, has got to be apprehensive about setting foot in the United States," Bodog.com CEO Calvin Ayre said in an e-mail. Bodog is based in Costa Rica.

Established offshore operators, such as PartyGaming, that have recently acquired sports-betting sites are emphatic in saying that they won't take U.S. bets.

"The Justice Department is waging a war of intimidation, and it is working in terms of scaring some operators," says Nelson Rose, a professor at Whittier Law School.

Before Carruthers, the last significant arrest of an offshore Internet gaming executive was Jay Cohen. In 2001, he was sentenced to 21 months in federal prison, and served more than a year.

Officials at poker sites aren't as nervous, because the Justice Department has not pursued actions against them as vigorously as sports operators, Rose and others say. PokerStars.com, among others, hosted events at the World Series Of Poker in Las Vegas in early August, shortly after Carruthers' arrest.

Still, 24hPoker in Sweden says it will exclude American players. Despite the case against BetOnSports, viewership for large sites such as PokerStars have increased. It drew 1.2 million unique visitors in the USA for the week ended Aug. 13, up 41% from a month earlier, according to Nielsen/NetRatings.

Hacker Sentenced To 37 Months In Prison (SEAPI)

By Paul Shukovsky, P-I REPORTER

Seattle Post-Intelligencer, August 26, 2006

Victims in global attack included U.S. military

Sending a message to malicious computer hackers "squirreled away in their basements," U.S. District Judge Marsha Pechman on Friday sentenced a 21-year-old man to 37 months in federal prison for a global robot virus attack in 2004 and 2005.

Christopher Maxwell launched the attack from the comfort of his Vacaville, Calif., home in order to collect commissions by installing adware onto the computers of unwitting victims.

To achieve his aim, he essentially took remote control of huge numbers of computers around the world, causing them to spread the infection and increase his profits. The Seattle FBI's cybersquad believes the scheme netted Maxwell and two unnamed teenage accomplices more than $100,000.

Among the countless victims, the virus wreaked havoc with the Defense Department, Seattle's Northwest Hospital and a school district in California. Disaster preparations by the military and the hospital prevented significant damage, but the Colton Unified School District was not so fortunate.

"It took the district to its knees," said Gary Stine, the district's former director of information technology.

"We don't plan for calamities like this. The real impact was to our teachers and our students" who lost crucial instructional time on PCs used to teach such topics as English as a second language. The repairs cost the district more than $50,000.

At Northwest Hospital, digital systems used for transmitting results from medical labs and the radiology department directly to physicians crashed, said Vice President Robert Steigmeyer.

The hospital switched to its well-drilled disaster plan, which involves the use of runners to move medical records and lab test results. Elective medical procedures, however, had to be rescheduled.

No patients were harmed as a result of the attack, and Maxwell made no attempt to steal confidential patient information.

Army Maj. Keithon Corpening, who runs the Defense Department's computer incident response team, told Pechman that a full-scale investigation was launched after the military saw 407 of its computers taken over by an unknown assailant they dubbed "Don't Trip." Eight investigators were assigned to the case.

"Planes still flew, tanks were still operating, soldiers were getting their supplies," Corpening said. But "the potential for damage to our systems" was significant.

No military information was stolen, he said.

Assistant U.S. Attorney Kathryn Warma, in arguing for a six-year sentence, told Pechman: "The importance of deterrence in this case is profound. There is a hacker community. They will know immediately what sentence you impose."

Maxwell, holding back tears, pleaded for probation in lieu of prison time.

"I am a 21-year-old boy with a good heart and I made a mistake," he told the judge. "I never realized how dangerous a computer could be. I thank God no one was hurt."

Pechman rejected attempts by Maxwell and his attorney to portray him as being shocked by the consequences of his actions. "It is obvious that anyone who would launch this kind of computer attack would know" that there would be a multitude of victims, she said.

And while Pechman took Maxwell's age and lack of criminal record into account, she said the prison term was necessary to provide a deterrent to other hackers.

The robot virus program, or "botnet" software, used by Maxwell was sent over the Web, where it sought out computers with exploitable security flaws. He pleaded guilty in May to a felony charge of conspiracy to intentionally cause damage to a protected computer.

P-I reporter Paul Shukovsky can be reached at 206-448-8072 or paulshukovsky@seattlepi.com.

"Botnet" Hacker Sentenced To 3 Years (SEAT)

By David Bowermaster, Seattle Times staff reporter

Seattle Times, August 26, 2006

A 21-year-old computer hacker has been sentenced to three years in prison for launching a "botnet" that attacked millions of computers worldwide and disrupted networks at hospitals, schools and the U.S. Department of Defense.

Judge Marsha Pechman delivered the sentence to Christopher Maxwell in federal court in Seattle Friday after a lengthy hearing that included five witnesses who testified about the damage caused by the botnet attack, which lasted at least 12 months.

Maxwell is from Vacaville, Calif., but was prosecuted in Washington state because Northwest Hospital & Medical Center in Seattle was a primary victim.

A botnet exploits software vulnerabilities to invade individual computers, then attacks other computers connected to the original targets via the Internet.

Maxwell's botnet installed adware on victims' computers that launched pop-up ads, even if the computers were not online. Often, the pop-up ads appeared in such abundance that they froze computers and disabled e-mail and other communications systems.

Maxwell received commissions for each installment of adware. The government estimated he earned at least $30,000 from the botnet.

Over a two-week period in February 2005, according to investigators, Maxwell's botnet attacked more than 441,000 computers.

Maxwell told the court he created the botnet with two co-conspirators he met online in an Internet chat room. The others have not been named because they are juveniles.

Maxwell said the attacks began as an informal competition to see how many computers each person could put adware on.

"I just kept getting better and better at what I was doing," said Maxwell, fighting off tears, "I never stopped to think about the consequences."

Northwest Hospital contacted the FBI soon after its computers were attacked in January 2005. A six-month investigation eventually led to Maxwell.

Maxwell pleaded guilty in May to one count of conspiracy to intentionally damage a protected computer and one count of intentional computer damage that interferes with medical treatment.

Assistant U.S. Attorney Kathryn Warma had sought a six-year prison term for Maxwell to send a message to others who might follow in his footsteps.

"The need for serious sentences as an effective deterrent to hacking offenses is compelling, and if such a sentence is imposed in this case, it will be quickly communicated with the botnet community," Warma wrote in court papers.

Pechman agreed. "Whatever I do, even before I get off this bench tonight, half the world will know about it," the judge said. "That leads me to the conclusion that there must indeed be deterrence."

However, Pechman cited Maxwell's age and lack of previous criminal history in imposing a prison sentence of 37 months plus three years of probation.

Maxwell must also pay restitution of $114,000 to Northwest Hospital and $138,000 to the Department of Defense.

Man Enters Guilty Plea In Child Porn Case (ROT)

By Lindsey Nair

Roanoke Times, August 28, 2006

Federal authorities first homed in on Freddie Lee Caldwell of Roanoke in 2003.

A Roanoke man who had collected more than 2,000 pictures of child pornography on his computer was convicted of four felony charges Friday.

Freddie Lee Caldwell, 43, pleaded guilty to transmitting, distributing and possessing child pornography. He also admitted to using a computer to transmit lewd images, a charge that carries up to five years in prison.

Federal authorities first homed in on Caldwell in October 2003, when an agent with the FBI's Innocent Images unit found an online advertisement for "100 percent pre-teen" material, said prosecutor Joe Mott.

The agent downloaded several images and confirmed that 11 of them were child pornography, Mott said. The agent then subpoenaed the Internet Protocol address and traced it to Caldwell.

An FBI investigator in Roanoke executed a search warrant on Caldwell's Tazewell Avenue home in July 2004, seizing computers, disks and other items, according to Mott.

A forensic analysis of the seized items uncovered more than 2,000 child pornography images saved on the computer, officials said.

The FBI was able to determine that hundreds of the pictures were of actual victims.

On Friday, Caldwell's attorney, Terry Grimes, said that if the case had gone to trial, his client would have argued that he knew his actions were immoral but was unaware it was a violation of federal law.

Grimes added that Caldwell has no history of molesting children or contacting juveniles over the Internet.

Because Caldwell has been out on bond and has not violated the conditions of his release, he will be allowed to remain free and work until he is sentenced in November.

LaPlace Journalist Indicted In Porn Case (NOTP)

By Matt Scallan, River Parishes Bureau

New Orleans Times-Picayune, August 28, 2006

Images of children found, authorities say

A federal grand jury on Friday indicted longtime River Parishes journalist Leonard Gray on charges of possessing child pornography, U.S. Attorney Jim Letten said.

Gray, 52, the managing editor of the twice-weekly L'Observateur newspaper in LaPlace and former managing editor of the weekly St. Charles Herald-Guide newspaper in Boutte, was indicted on charges of possession and receipt of child pornography.

He was arrested by FBI agents in Slidell on Aug. 17, and the agents later obtained a search warrant for Gray's home in Waggaman from U.S. Magistrate Louis Moore Jr., authorities said.

"During the execution of this warrant, FBI agents recovered computer equipment and digital media that contained images depicting the sexual victimization of children," the news release said.

Gray was arrested by a task force called Project Safe Childhood, Letten said.

"Our office and the FBI have a proud and productive history of policing our community and communication channels by effectively identifying, investigating and removing from society those individuals who exploit the innocence of children," Letten said in a statement.

If convicted, Gray faces a mandatory term of up to five years and a maximum of 20 years in prison, followed by a lifetime of supervised release. He could also face a fine of up to $250,000, a news release by the U.S. attorney's office said.

Gray remains in the custody of the U.S. marshal's office, and should be arraigned in the "next couple of weeks," the release said.

Gray has worked at L'Observateur for more than a decade. Publisher Kevin Chiri said the newspaper had no immediate comment on the indictment.

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Matt Scallan can be reached at mscallan@timespicayune.com or (985) 652-0953.

Newspaper Editor Indicted In Child Pornography Case (AP)

AP, August 28, 2006

NEW ORLEANS -- A federal grand jury Friday indicted the managing editor of a twice-weekly newspaper on charges of possession and receipt of child pornography, the U.S. Attorney's office said.

Leonard Gray, 52, of Waggaman, was arrested Aug. 17 in Slidell following an undercover investigation by the FBI, U.S. Attorney Jim Letten said.

FBI agents searched Gray's home and found computer equipment and digital media that contained images depicting the sexual victimization of children, Letten said.

"Our office and the FBI have a proud and productive history of policing our community and our communications channels by effectively identifying, investigating and removing from our society those individuals who exploit the innocence of our children," he said.

Gray, who will be formally arraigned in the next few weeks, has been suspended from L'Observateur newspaper in LaPlace. He has worked at weekly newspapers in St. John the Baptist and St. Charles parishes for at least two decades.

If convicted, Gray faces up to 20 years in jail followed by a life term of supervised release and a $250,000 fine.

CIVIL RIGHTS:

Voters Find Some Machines Harder To Use (NYT)

By Sewell Chan

The New York Times, August 28, 2006

With New York State facing a looming deadline to modernize its election technology, a new report offers evidence that one of the two major types of voting machines being considered has a higher rate of unrecorded votes, suggesting that it is too confusing for many people.

The report, which the Brennan Center for Justice at New York University School of Law intends to release today, examined election records from thousands of counties across the nation since 2000. It is likely to animate long-simmering debates in across the state's 62 counties, which face a December deadline for deciding how to replace antiquated voting equipment.

For the overwhelming majority of the state's 11.6 million registered voters, the changes will mean the end of the creaky lever machines that have been used for decades.

One of the two types of machines under consideration is the direct-recording electronic or D.R.E. systems, in which voters push a button or touch a screen to choose a candidate, and the ballot is automatically recorded and counted.

The other is the optical-scan system, in which voters mark an oval or arrow next to a candidate's name on a paper ballot, which is then scanned into a machine at the precinct, allowing the voter to find and fix any errors.

The choice, however, is further complicated because the State Board of Elections has ruled that state law requires the use of a "full face" ballot — a ballot that displays all candidates for all races on a single page or screen.

The Brennan Center disagrees with the state board's interpretation that a full-face ballot is required in New York.

In January, the Connecticut attorney general, Richard Blumenthal, concluded that contrary to a widely held belief there, Connecticut law did not require full-face ballots.

The direct-recording electronic system is not inherently flawed, the report found, but when it is combined with full-face ballots, there seems to be more difficulty, particularly in areas with more black, Hispanic and low-income voters.

Such voters, according to the report, would find it easier to use digital machines that allow voters to make one choice and then flip to the next page, which is similar to what customers do at A.T.M.'s and airport check-in kiosks that dispense boarding passes. But the full-face requirement precludes the use of such machines.

In the absence of that option, optical-scan machines would be the best choice for counties, said Lawrence D. Norden, an associate counsel at the Brennan Center and an author of the report.

To adopt electronic machines with the full-face requirement, he said yesterday, "virtually guarantees that thousands of votes are going to be lost at every election."

At stake in the decision between the two major types of machines is some $200 million in federal financing that the state will spend on new machines and other steps to modernize voting. To promote their products, a handful of manufacturers have hired lobbyists and aggressively courted county election commissioners.

John A. Ravitz, the executive director of the New York City Board of Elections, said yesterday that he had read a draft of the Brennan Center's report and that its findings would be carefully reviewed by the board's 10 members.

"We're continuing to gather as much information as possible on both types of systems, both optical scan and D.R.E.," said Mr. Ravitz, a former assemblyman.

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Bo Lipari, executive director of New Yorkers for Verified Voting, an organization that has been pressing for adoption of the optical-scan machines, said he hoped the report would have a major effect on the decision-making by counties.

"The implications of this report clearly show that the only viable voting system for New York State is precinct-based optical scans," said Mr. Lipari, who represents the League of Women Voters of New York State on a committee that advises the state elections board on voting modernization.

However, support for the optical-scan ballots is by no means assured. Although optical-scan advocates say their systems are more cost-effective, proponents of direct-recording electronic system say the electronic machines do not waste paper and are easier for disabled people to use.

In March, the Justice Department sued New York State for failing to overhaul its election system as required by the Help America Vote Act of 2002, which was intended to prevent a recurrence of the Florida election debacle of 2000 and to help disabled people to vote. Unable to agree on a unified response to the federal law, Albany passed the decision along to localities.

For the Sept. 12 primary and the Nov. 7 election, the state and federal governments have agreed on a stopgap plan involving temporary machines for use by the disabled. But the counties still must choose machines to adopt over the long term. The state has yet to identify which machines will be acceptable. Eleven devices, made by a total of six manufacturers, are under consideration.

Besides New York, only one other state — Delaware — uses full-face ballots statewide, although some counties in Arkansas, Indiana, Kentucky, Louisiana, New Jersey, Pennsylvania and Tennessee also use them, according to David C. Kimball, a political scientist at the University of Missouri at St. Louis and a co-author of the Brennan Center report.

For the report, Dr. Kimball reviewed election records for thousands of counties in 2000, 2002 and 2004. He compared the residual-vote rate — the difference between the number of ballots cast and the number of valid votes cast in a particular contest — across several voting systems. Residual votes occur because of "undervoting," when voters intentionally or unintentionally make no selection, or by "overvoting," when voters select too many candidates, invalidating the ballot for a particular contest.

Dr. Kimball found that elections involving both a touch-screen or push-button system and a full-face ballot generated a residual vote rate of 1.2 percent, compared with 0.7 percent for optical-scan ballots that are counted at the precinct.

For the study, he examined records for the 2004 presidential election from 2,402 counties. He found that the disparity between the two systems, in the percentage of unrecorded votes, was even higher in counties where the median income was less than $25,000 (2.8 percent versus 1.4 percent), where blacks made up more than 30 percent of the population (1.3 percent versus 0.9 percent) and where Hispanics made up more than 30 percent of the population (2.0 percent versus 1.2 percent).

(The report also examined two variants of the main new voting systems that are not applicable in New York State. These are optical-scan ballots that are counted centrally and do not allow voters to check their ballot for errors, and "scrolling" direct-recording electronic systems, which do not meet the "full face" requirement.)

"Any design feature that makes it more confusing or places more of a burden on the user increases the likelihood of errors, and that effect is more dramatic in low-income and minority communities," Dr. Kimball said.

Mr. Norden added: "The digital divide is real. Full-face touch screen will put low-income and minority voters at a particular disadvantage."

The report's other two authors were Jeremy M. Creelan of the law firm Jenner & Block and Whitney Quesenberry, a designer who helps companies makes their Web sites easier to use.

Watch Out For Voting Day Bugs (WP)

By Dick Thornburgh And Richard Celeste

The Washington Post, August 28, 2006

For many years election officials have kept the machinery of American democracy running in the face of sometimes overwhelming difficulties. But this November's elections will pose unprecedented challenges to them.

For many jurisdictions, the 2006 elections will see the first large-scale use of electronic voting systems. Many organizations have learned the hard way that deployment and use of new technologies on a large scale virtually guarantee big surprises and unintended consequences: sudden system crashes, corrupted data or painfully slow systems. The usual remedies are to develop, test and evaluate small-scale prototypes before committing to organization-wide upgrades in technology, and to keep both old and new systems running for a while so that failures in the new system do not paralyze operations.

Unfortunately, faced with the deadlines for deploying enhanced voting systems that were set by the Help America Vote Act of 2002, most electoral jurisdictions have been unable to follow this prudent path. That's why we believe it will be essential this year that jurisdictions have backup and contingency plans that anticipate a wide range of possible failures in their electronic voting systems, including those that occur in the middle of the voting process on Election Day (or days).

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The outcome of the November elections seems likely to be very close. Depending on the results of a few races, control of the House or Senate -- or both -- may be at stake, which is likely to lead to close scrutiny of how those elections are carried out. If major problems arise with unproven technology and new election procedures, the political heat will be high indeed.

What problems might crop up on Election Day? Software or hardware problems could render a significant number of voting machines inoperable when they are first turned on. An unexpected sequence of voting inputs on touch screens might cause machines to lock up. Or the cards that voters use to activate voting machines to accept their votes might not work properly. Or voting machines might be inadvertently loaded with the ballot for a neighboring precinct.

Jurisdictions need to come up with contingency plans for such November problems, if they haven't done so already. One possible example: Make preparations to fall back to paper ballots if necessary.

Other problems might include machines that appear to work but then yield an erroneous electronic vote count. Systems could lose votes because they continue to accept them after their memories are full, or because they have incorrectly reset themselves in the middle of the day as voters are attempting to vote.

In such cases, applicable backup technologies such as paper trails, which provide an independent, permanent record of activity on a voting machine, might already be in place. But paper trails themselves have potential problems (such as jammed printers) and voters might be confused by the introduction of an unfamiliar element into the election whose purpose and role will not be clear to many voters.

For any given jurisdiction, the likelihood of a specific problem is low. But with 9,500 jurisdictions in the United States it's likely that problems will occur in some of them. Indeed, many of the problems described above have actually happened in one jurisdiction or another. We don't mean to suggest there will be widespread failures of electronic voting systems. But in this election year, the challenges facing election officials and the nation are formidable. Prudence and reasonable contingency planning should rule at this moment of truth for electronic voting, as election officials across the land work to retain public confidence in the face of new challenges.

Dick Thornburgh is a former Republican governor of Pennsylvania. Richard Celeste is a former Democratic governor of Ohio. They chaired a recent study by the National Academies' National Research Council on electronic voting.

S. Dakota Becomes Abortion Focal Point (WP)

By Peter Slevin

The Washington Post, August 28, 2006

SIOUX FALLS, S.D. -- Kayla Brandt had an abortion three years ago and instantly hated having done it. Now, hoping to stop other women from making the same choice, she is a public advocate for the most severe abortion ban in the nation.

"I don't want anyone to feel what I did," Brandt says.

Maria Bell is a Sioux Falls obstetrician-gynecologist who also joined the political fray for the first time, but on the opposite side. Appalled by the attempt to shut the state's only abortion clinic, she says she would not be able to live with herself unless she worked to overturn the law.

"To think passing a law will stop abortion is incredibly naive," Bell said.

South Dakota is the unlikely home of this year's most intense duel over abortion, a Nov. 7 referendum to decide the future of HB 1215, a measure that would institute a broad ban on the procedure. No exceptions would be allowed for pregnancies resulting from rape or incest -- abortion would be permitted only when the mother's life is in jeopardy.

Partisans across the nation are delivering money and tactical advice on an issue that has divided residents of the state. South Dakota's fight could be a harbinger of political battles across the country should the Supreme Court strike down Roe v. Wade , the 1973 decision that legalized abortion nationwide.

"This has become the focal point in the country for the choice debate," said Nancy Keenan, president of NARAL Pro-Choice America, which is channeling cash into the campaign. "The stakes are very high, especially for us to win in November and again say America is pro-choice, America doesn't think politicians should be involved in these private decisions, and enough is enough."

A fresh poll suggests voters are inclined to oppose the law as too severe. In a late-July sounding, opponents of the ban held an eight-point lead, with 14 percent undecided.

"There's going to be a lot of money spent," said state Rep. Roger W. Hunt (R), the ban's chief sponsor, urging voters to defend the unborn. Pointing to the vivid statewide conversation over HB 1215, formally known as the Women's Health and Human Life Protection Act, he said, "There are a lot of people who have gotten very political because of HB 1215."

People such as Brandt, a 29-year-old financial auditor, who described a period of quiet misery after an abortion about three years ago. When the doctor finished, Brandt said, she felt an emptiness that led to a long year of grief.

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Later, she decided to speak out, hoping to create what she called a "haven" for women and children in South Dakota by outlawing abortion. Her smiling face now appears on the letterhead of VoteYesForLife.com, the umbrella group mobilizing support for the ban.

"I was in a relationship and panicked and got scared and ashamed, and thought an abortion was the means to fix my mistake," said Brandt, who came to see herself as a "mother who was sadly stripped of her child."

"Where's the baby's choice?" Brandt asked. "What about the life of the baby?"

The bold South Dakota strategy has energized some proponents while highlighting strategic splits in the antiabortion movement. Many committed foes, focusing on incremental steps to make abortion less accessible, believe that Roe v. Wade cannot realistically be challenged until the composition of the Supreme Court shifts further.

The ban is not "something we would have chosen," said Daniel S. McConchie, chief of staff of Chicago-based Americans United for Life. "To overturn Roe v. Wade , which is the goal here, you have to be able to count to five members of the court. We count five in favor of keeping Roe."

McConchie considers it unlikely that any one case -- even a near-total ban on abortions -- would force the high court to reconsider the landmark decision before the justices are ready. Nor, he believes, is such a law necessary to get the Supreme Court's attention.

Performing an abortion in South Dakota would be a felony if the mother's life is not in danger, according to the law, which declares that mother and fetus "each possess a natural and inalienable right to life." There is no exception for rape, although rape victims would be permitted to take morning-after contraceptives "prior to the time when a pregnancy could be determined through conventional medical testing."

Gov. Mike Rounds (R) signed the bill into law in March, declaring that the unborn are "the most helpless persons in our society." Architects of the law never really expected it to be implemented. Instead, they figured that it would be the subject of a lawsuit that would eventually make its way to the Supreme Court, where they hoped it would be upheld by the overturning of Roe v. Wade .

But instead of suing to block the law, opponents are using a 19th-century provision that allows voters to overrule the legislature by referendum. Meanwhile, the law is on hold.

In a socially conservative state of 775,000 residents who twice gave George W. Bush 60 percent of the vote, abortion defenders gathered more than 38,000 signatures -- more than twice the number necessary -- to place the measure on the ballot. Supporters drew on traditional abortion rights advocates, as well as Republicans who feel the legislature is too intrusive.

Also on the Nov. 7 ballot is a constitutional amendment that would define a marriage as being between a man and a woman while prohibiting the recognition of "civil unions, domestic partnerships or other quasi-marital relationships between two or more persons regardless of sex."

Seated on a park bench, reading "When Life and Beliefs Collide," insurance company employee Laurie Harsch said the unborn must be protected. Questioning the abortion rights advocates' contention that giving a woman a right to choose is more tolerant and moral, she asked whether tolerance is always moral.

"There were people in Germany who were tolerant of what Hitler did to the Jews," said Harsch, a born-again Christian and mother of three. "I understand the people who say, 'It's my body. I can do what I want.' But I don't believe it's only their body."

Meanwhile, the abortion issue proved potent in the state's June primary. Conservative Republicans defeated four GOP state senators who had voted against the ban. One defeated incumbent later became a Democrat, and another endorsed a Democrat for the November elections.

Indeed, party labels offer only limited help in identifying opinions on abortion here. In the state House, where HB 1215 was approved 50 to 18, the primary sponsor was Hunt, a Republican. In the state Senate, where the vote was 23 to 12, the chief sponsor was Julie Bartling, a Democrat.

NARAL named Republican state Rep. Casey Murschel as its statewide executive director. Jan Nicolay, a leading spokeswoman for an abortion rights coalition called the South Dakota Campaign for Healthy Families, spent 14 years as a Republican state lawmaker before quitting the party.

"I have never had an experience like this. There's an intensity," said Nicolay. "It's an issue that most people weren't talking about, and are now doing so."

The state's lone clinic, run by Planned Parenthood in Sioux Falls, is open one day a week, when a doctor flies in from Minnesota -- the organization could not find a South Dakotan willing to do elective abortions. State figures show that 814 abortions were performed in South Dakota in 2004.

A sign on the outside of the secure one-story building proclaims in bold letters: "These Doors Will Stay Open!"

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A recent Mason-Dixon poll suggested that they just may. Forty-seven percent of 800 respondents said they opposed the ban, while 39 percent said they supported it. If the law had included an exception for rape and incest, the poll found, 59 percent would have favored it, with 29 percent opposed.

"If they put in an exception for rape and incest, the ban would pass, but leaving it out, they showed who they are," said Jean Beddow, a former state legislator who hosted a recent party to rally abortion rights forces. "If we lose it this fall, we're going to be in court."

When Schools Silence God Talk (USAT)

USA Today, August 28, 2006

Every year, the Frenchtown Elementary School in New Jersey presents an after-school talent show, open to kids from kindergarten through eighth grade. The performers can choose to play an instrument, dance, create a skit or select a song.

This past school year, a second-grader decided to sing Awesome God. But during rehearsal, the teacher in charge, on hearing the title and lyrics, told the child that principal Joyce Brennan would have to approve that song. Brennan contacted the attorney for the school district.

INDEX: Focus on faith

Brennan then explained in a letter to the child's mother that the song was "inappropriate for a school-run event with a captive audience of, in many cases, quite young children because of its religious content."

Accordingly, a lawsuit has been filed in the chronic civil war in our public schools between the First Amendment's Establishment Clause and its Free Exercise of Religion requirement. The case landed in U.S. District Court in New Jersey.

With schools opening around the country, it's unfortunate that many principals and school boards are not educated on the meaning of the Establishment Clause — which can be violated, for example, if a principal asks a priest, rabbi or minister to speak at commencement exercises, thereby officially favoring that form of religion, or any specific form of religion.

Such behavior would appropriately be regarded as a "state action." But under the Free Exercise Clause, a student can express his or her personal religious beliefs in an assignment or as a valedictorian.

A child's right, not a school's choice

In the Frenchtown Elementary School's case, the American Civil Liberties Union of New Jersey is supporting the child plaintiff. Attorney Jennifer Klear, who took the case on behalf of the ACLU, filed a brief to the court. In it, she made the essential — and to me, obvious — point that it was the child who chose the song, not the school.

So there was no violation of the Establishment Clause by removing the "wall" of separation between church and state. Ironically, the school's guidelines for the talent show mandated only that everything in the performances be G-rated. There were no other restrictions, nor was there a "captive audience" because students were not required to attend.

But the school district's lawyer recoiled at the song's religious content, and the principal explained that the song was the equivalent of a prayer. As this second-grader is discovering how embattled the First Amendment can be, the case is still in the courts.

In another lawsuit, an ACLU affiliate in Nevada has taken the side of school authorities, banishing certain religious speech. In June, during high school graduation exercises at Foothill High School in Henderson, Nev., valedictorian Brittany McComb was reading her address when, suddenly, school officials cut off the microphone.

The audience was spared her presumably infectious references to God, "the Lord," and a mention of Christ. According to Clark County school district officials, while school events may include religious references, proselytizing is forbidden.

Agreeing, Allen Lichtenstein, general counsel for the ACLU of Nevada, said in the Las Vegas Review-Journal: "There should be no controversy here. It's important for people to understand that a student was given a school-sponsored forum ... in essence, it was a school-sponsored speech," thereby violating the Establishment Clause because of "her proselytizing."

"People aren't stupid," the admirably clear-headed McComb told the Review-Journal, "and they know we have freedom of speech, and the district wasn't advocating my ideas. ... I went through four years of school at Foothill and they taught me logic and they taught me freedom of speech. God's the biggest part of my life. Just like other valedictorians thank their parents, I wanted to thank my lord and savior."

How did the school authorities know at what point the forbidden words would be spoken? At Foothill High, as at most high schools around the country, valedictorians are subject to what the courts call "prior restraint" of speeches. School officials preview the remarks, and McComb was ordered to strike those prohibited words.

Refusing, McComb explained why she rebelled against authority for the first time. Having graduated with a 4.7 GPA, McComb — who was planning at the time to study journalism at Biola University, a private Christian school in La Mirada, Calif. — emphasized that she was saying what she believes: "The district wasn't advocating my ideas."

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In her lawsuit against the district, McComb is represented by what I consider one of the premier civil liberties organizations in the country, the Rutherford Institute in Charlottesville, Va. Says founder John Whitehead of his client: "She has a constitutional right — like any other student — to freely speak about the factors that contributed to her success."

So why are two ACLU affiliates at odds on the kinds of religious speech protected by the First Amendment? Because the national ACLU puts forth an ambiguous and sometimes misinformed policy on such issues. For example, the ACLU has in numerous cases backed efforts to expunge crosses from city seals — even if the cross dated to the founding of a city, when religion played a vital role. Citing history is not a violation of the Establishment Clause, nor is it proselytizing.

In need of an education

What's unfortunate is that every school year, these unreasonable restrictions of free speech come to the fore in this country simply because educators — and, for that matter, some ACLU chapters — don't have a clear understanding of the First Amendment.

In 1994, I was reporting in Murfreesboro, Tenn., on another high school valedictorian, Kathryn Sinclair, who on principle defied another prior restraint gag rule: She told the principal of Riverdale High School that prior restraint violated the First Amendment. She gave her address without interruption but was reviled by many of her fellow students and some faculty because the resultant publicity "made the school look bad," as Sinclair put it.

When her ordeal — and it was an ordeal — was over, Sinclair asked me: "Why don't schools teach why we are Americans?" And then she stated an unfortunate truth: "So few people know."

Nat Hentoff is an authority on First Amendment issues, student rights and education.

ANTITRUST:

GE's Water Unit Remains Stagnant As It Struggles To Integrate Acquisitions (WSJ)

By Kathryn Kranhold

The Wall Street Journal, August 28, 2006

Shortly after taking over as chief executive of General Electric Co. in 2001, Jeffrey Immelt plunged the conglomerate into the water-treatment business. GE has since spent nearly $4 billion acquiring four companies, prompting executives to boast that the water unit could reach $10 billion in annual revenue within a decade.

But Mr. Immelt's initiative hasn't lived up to expectations. The unit's biggest business -- selling chemicals -- faces tough price competition, and multimillion-dollar projects to build water-desalination and reuse plants haven't materialized. The water unit has reduced financial projections; the current target of around $2 billion in sales this year roughly equals the combined revenue of the companies GE bought. Some employees have been laid off, and Mr. Immelt earlier this year replaced his handpicked head of the water unit.

The turbulence highlights GE's challenge in entering a new $400 billion market by building a business from scratch against global competitors such as Danaher Corp., ITT Corp., Siemens AG of Germany and, in Spain, both OHL Group's Inima and Abengoa Group's Befesa.

"Are we happy with all of the performance of the business so far? No," says Mr. Immelt. "Over the next five years and into the future, this is going to be a great part of the GE portfolio."

GE is struggling to meld thousands of employees from competing cultures with its own emphasis on strict processes and financial rigor. In one shift, more than 2,000 engineers who had made careers peddling chemicals for treating water at oil refineries and power plants were retrained to sell expensive equipment.

"We probably moved quicker than we should have in some areas," says Mr. Immelt, adding that training has taken longer than expected.

Creating a business through multiple large acquisitions is an unusual strategy for GE, says management consultant Ron Ashkenas, a managing partner with consulting firm Robert Schaffer & Associates. Dr. Ashkenas, who has written books about GE, says the company typically enters a new market by carving a smaller business from a larger one, then bolting on small companies. "In most cases, they know something about the market and the dynamics, and here they don't," he says.

Mr. Immelt acknowledges that GE is behind in integrating the acquisitions and reaching financial targets. In May, Mr. Immelt reduced the unit's estimated operating profit for the year to $200 million, from an initial $400 million. Some analysts doubt that GE will hit the lower number. In the first half of the year, they estimate the unit recorded $40 million in operating profit. For next year, GE has lowered its revenue target by 10% to $2.5 billion from $2.8 billion.

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The difficulties at the water unit also show how tough it is for Mr. Immelt, who is now five years into his job, to move the needle on a 126-year-old company that expects $163 billion in revenue this year. Water is one of five new businesses that Mr. Immelt, who took over in September 2001, touts as platforms for long-term growth. The others are Hispanic television, security equipment, health-care information technology and oil-and-gas services.

Looking to turn the division around, Mr. Immelt moved aside GE veteran George Oliver, whom he had chosen to launch the water business in 2002. Colleagues were surprised by Mr. Oliver's departure, shortly after he led a sales-strategy session in Cancun in January. Mr. Oliver, now at Tyco International Ltd., declined to comment.

His replacement is Jeff Garwood, a 44-year-old chemical engineer who joined GE in 1992 and had been leading the factory-automation unit after stints in GE's plastics and aircraft-engine units. He also left briefly for two dot-com companies. Mr. Garwood started his career running a water plant in Victoria, Texas, for DuPont Co., and then worked for consulting firm McKinsey & Co.

Even before Mr. Garwood arrived, GE had tapped McKinsey to help the water unit refine its strategy. The unit has eliminated jobs, primarily in the U.S., reducing the number of district managers to 28, from 95, for example. Overall, Mr. Garwood says less than 5% of the unit's employees have been let go since 2000. Mr. Garwood describes his task as "a difficult evolution."

The market is attractive: GE is eyeing a $50 billion slice of the global water market, including treating water for power plants and building and running desalination and waste-water plants. Key to the reorganization, Mr. Garwood says, is a new sales and marketing structure introduced in the spring that primarily divides the sales team geographically. Within each region, one sales team now scouts new opportunities.

Most of the salespeople -- more than 1,500 engineers -- have been retrained to sell the unit's entire portfolio, from chemicals to equipment that removes salt and debris from water. Another group handles specific issues in industries including dairy products, electronics and health care.

As evidence the changes are paying off, GE says it recently won an $11 million contract to supply a Ukrainian fertilizer plant with a suite of products such as filtration systems and chemicals.

Mr. Garwood says GE is looking at more than $3 billion in opportunities to build, own and operate facilities around the globe. In some cases, GE will sell its equipment. In others, the water unit, working with GE's financial-services group, will secure an ownership stake in projects for GE, creating a revenue stream. "That's a big opportunity for us," Mr. Garwood says, noting that it is 10% of the water business now.

But those big projects are hard to come by and often mired in politics. Last year, GE said it planned to take a stake in at least two major projects a year. Since then, GE has announced only one such deal -- 70% ownership of a plant in Algiers.

A project GE inherited in the Caribbean nation of Trinidad and Tobago exemplifies the pitfalls. GE acquired a 40% stake in a desalination plant there in early 2005 by buying Ionics Inc. The Trinidadian government, which now opposes the plant, claims that Ionics's partner, a local contractor, committed fraud to win the contract for the plant. (A lawyer for the contractor denies the claim.) The government wants to renegotiate the 23-year deal to buy water from the plant, considered the largest of its kind in the Western Hemisphere,according to officials familiar with the matter.

Analysts expect GE to win its share of projects eventually. "They are the new kids on the block," says Debra Coy, a senior analyst with Stanford Washington Research Group, an investment and advisory firm. "GE is very sophisticated in terms of international energy projects. The water market is different. They've had to figure it out step by step."

And, like Mr. Immelt, analysts say GE has the finances to back big projects and has acquired top-notch water technology.

"There's nothing that I've seen that says this is not a good market for the company," Mr Immelt says. "We think we've got some of the best technologies in the industry."

Italian Banks Intesa And Sanpaolo Agree To Merge (WSJ)

By Edward Taylor In Frankfurt And Gabriel Kahn In Rome

The Wall Street Journal, August 28, 2006

By merging Italy's Banca Intesa SpA and Sanpaolo IMI SpA, the architects of the deal aim to create a player with enough heft to be a driver in European banking consolidation.

Saturday, the boards of the banks agreed to the terms of a merger, valued at about €29.43 billion ($37.54 billion). The deal would catapult the two midsize national players into a bank with a market capitalization of around €60 billion that would likely rank No. 4 in the euro zone. However, in cases of domestic megamergers like this one, success hinges on whether Intesa, of Milan, and Sanpaolo, of Turin, can achieve the promised savings and synergies, and in particular whether they can deliver on job reductions, which could be as high as 10% of total staff.

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Under terms of the deal, which is to be put to shareholders for approval at extraordinary meetings in December, Intesa is offering 3.115 of its shares for every Sanpaolo share.

The transaction comes at a time when cross-border banking deals throughout Europe have been on a sharp rise and shortly after foreign players such as ABN Amro Holding NV of the Netherlands and France's BNP Paribas SA took control of a pair of midsize Italian banks, adding to competitive pressure in one of Europe's most lucrative banking markets.

Foreign entrants are upping the ante in one of Europe's most fragmented and, until recently, sheltered banking markets. Pressure to become more competitive has risen since Mario Draghi took over as Bank of Italy governor from Antonio Fazio. Mr. Draghi is seen as someone who takes a more open-market view to cross-border deals than his predecessor, who had hindered foreign takeovers of Italian banks.

The architects of the Intesa-Sanpaolo merger, which would be the largest domestic banking merger in Europe in a decade, said they see the deal as a first step in creating a bank that is much better positioned to compete in further consolidation across the Continent. That wasn't possible when the two operated separately. They both lacked sufficient size and were hampered by shareholders who didn't want to see their influence diluted through an expensive acquisition.

The combined entity stands to control roughly 20% of Italy's retail-banking market. That would give it a strong position in the domestic market and enough free cash flow to focus attention abroad.

A person involved in the negotiations said the new bank could begin to look for acquisitions as early as a year from now. Advisers and executives who worked on the deal stressed that any foreign acquisition would only follow a successful integration of the two banks.

On its own terms, that integration could prove very lucrative. Domestic in-market acquisitions generate almost double the economic value added that cross-border transactions do, according to a study on European banking consolidation by Keefe, Bruyette & Woods. Joining two local players can help save 21% of the target's cost base.

However, the success of any domestic merger depends on the banks' being able to eke out those savings.

The executives of the two banks said they plan to find about €1.3 billion in cost savings by 2009, achieved by measures such as integrating information technology. They predicted that combining operations would result in annual net-profit growth of 13% and would achieve net profit of about €7 billion by 2009. The merger would result in a pretax charge of €1.5 billion, the banks said.

The savings targets are in line with those for other European domestic merger deals, said Marcello Zanardo, an analyst in London with Keefe Bruyette. Achieving those savings often requires significant work-force reductions, something difficult to carry out under Italy's strict labor laws.

Executives gave no details about potential layoffs following Saturday's meetings. An adviser who worked on the deal said there were no plans for layoffs in the banks' retail networks.

Mr. Zanardo said cost-savings targets imply that around 10,000 employees -- about 10% of the overall work force -- will leave. Forced layoffs are extremely difficult in Italy because of restrictive labor laws, but staff reductions are possible through the sale of bank branches to competitors and because of the agreed sale by law of the tax-collection activities, which employ more than 3,000.

Still, the lack of clarity about how these reductions could be achieved sparked some skepticism among industry analysts. "Achieving cost savings is ultimately a matter of layoffs, and flexibility on this is limited in Italy," Citigroup wrote in a research note last week.

Yesterday, unions representing bank workers demanded a meeting with the management of the two banks and declared that they were opposed to any plan that included forced layoffs.

Under the merger terms, the new, and as yet unnamed, bank will have Banca Intesa Chief Executive Officer Corrado Passera as its chief executive. Intesa Chairman Giovanni Bazoli will head a supervisory board, while Sanpaolo Chairman Enrico Salza will head a management board.

Shares in Sanpaolo closed Friday almost 3% higher at €16.05, while Intesa shares closed 0.5% higher at €5.05. Crédit Agricole SA, of France, which wields veto power over the deal as the largest player in Intesa's shareholder pact, has cautiously backed the terms of the plan. In a statement Saturday, the French bank said final approval was "subject to reaching an agreement which safeguards and enhances the value of Crédit Agricole's strategic interests in the Italian market."

A person close to Crédit Agricole said the French lender remains prepared to exercise its veto power as negotiations continue. Mr. Bazoli called Crédit Agricole's conditions "reasonable," adding that the deal would include "solutions to best protect their strategic interests."

California Epiphany (WSJ)

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The Wall Street Journal, August 28, 2006

How much competition is there in U.S. telecommunications? So much that even California regulators have finally noticed. Last week the state's Public Utilities Commission voted 5-0 to lift decades-old price controls on land-line phone companies.

The move was instigated by Rachelle Chong, who was appointed to the Commission in January by Governor Arnold Schwarzenegger. According to a Los Angeles Times report, this is the first time in 18 years that California has altered its rate structure. Think about all that has happened in telecom in the past two decades, from the proliferation of wireless devices to Internet telephony, and you get some idea of how far past due these changes were.

Other states, including Texas, Florida, Indiana, Colorado and Massachusetts, have eased their anti-competitive price controls in recent years, but the decision to do so by the nation's largest state is still significant. "The California Public Utility Commission is used by Commissions in other states as a standard," says Barry Aarons, who follows telecom at the Institute for Policy Innovation. "They reason, 'If California is willing to do this, we shouldn't be scared to do it ourselves.'"

It's unfortunate that the Commission felt the need to delay matters by locking residential retail rates in place until 2009, thus dampening the incentive for AT&T, Verizon and others to continue building advanced networks. But the temporary rate freeze was probably the political price for passing broader structural reform in a state not exactly known for its deregulatory instincts.

The good news is that these state regulators have finally acknowledged that competition in telecom abounds, that free-markets work, and that holding residential phone bills below actual cost is silly in today's brave new telecom world. The other good news is that if even California regulators can come to this realization, anyone can.

ENVIRONMENT:

BP Chief Faces Court Appearance (FT)

By Sheila Mcnulty In Houston

Financial Times, August 28, 2006

A Texas judge is to decide on Monday whether to compel Lord Browne, BP's chief executive, to be formally questioned before a court to decide claims against the UK oil giant arising from last year's fatal refinery explosion.

BP has refused a request by the plaintiff's attorney, Brent Coon, to question Lord Browne, forcing the decision into the court's hands.

"We are opposing the request because Lord Browne has no unique knowledge of the incident that is not available from other people within BP,'' a spokesman for BP said. "The head of BP's worldwide refining operations has participated in the discovery process," referring to the questioning of potential witnesses ahead of a US trial.

That "discovery process'' led Michael Hoffman, BP's group vice-president for global refining, to reveal the company is conducting an internal investigation, reaching up into its executive level, to determine whether to take further disciplinary action for the accident, which killed 15 and injured an estimated 500 at BP's biggest refinery.

More than a year and a half after the blast, Mr Hoffman said in a videotaped deposition that he was also being scrutinised in the probe. A transcript of the deposition, taken this month by the plaintiff's attorney in the civil case against BP that arose from the blast, was seen by the Financial Times.

The US Department of Labor found more than 300 health and safety violations at the refinery and fined BP a maximum allowable $21m before referring the explosion to the Justice Department for possible "criminal action". A grand jury is debating whether to bring charges against BP and/or its executives.

In preparation, the plaintiffs pressed Mr Hoffman to reveal that John Manzoni, BP's chief executive for refining and marketing, had chosen Wilhelm Bonse-Geuking, group vice-president of BP to investigate "whether or not there should be further disciplinary action . . . in the chain of command".

He said Patrick Gower, refining vice-president for BP's US region, and he believed Kathleen Lucas, Texas City operations manager, had also been interviewed.

The transcript of a videotaped deposition by Mr Gower, a copy of which also was obtained by the FT, reveals him saying he had learned in the month or two before his May deposition that he was being investigated.

Mr Gower said Don Parus, the refinery manager who has been on leave since the explosion, Ms Lucas and Willie Willis, an employee at the Texas City plant, were also being probed.

A BP spokesman, declined to confirm the probe. "As a matter of policy, we don't comment on personnel matters,'' he said. While BP has settled most of the claims arising from the blast, Mr Coon has more than 100 cases he is to take to trial on September 16.

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Pollution In The Water, Lawsuits In The Air (WP)

By Juliet Eilperin

The Washington Post, August 28, 2006

TAHLEQUAH, Okla. -- Every time the rain comes down, muddy water laden with phosphorus, arsenic and other contaminants flows into the Illinois River from chicken farms nearby and just across the border in Arkansas.

The inflow of nutrients has begun to change the river and the reservoir it feeds, Tenkiller Ferry Lake. At times the water is clogged with fish-killing algae, occasionally emitting a foul odor that affects the drinking water and undercuts the area's attraction as a tourist destination.

"This river used to be crystal clear," recalled Ed Brocksmith, a member of the Oklahoma Scenic Rivers Commission. "Phosphorus is the problem here."

Frustrated that nearly four years of talks failed to produce a solution, Oklahoma is now suing eight firms -- including Arkansas giant Tyson Foods Inc. -- on the grounds that the chicken waste applied to crops near the river contains hazardous chemicals that are damaging the ecosystem and jeopardizing the region's tourist industry.

"They're not fertilizing, they're dumping," said Drew Edmondson, an Oklahoma lawyer who filed the suit last year. "My concern is for the environment. My concern is for the lake and the river, which I'm watching being degraded before my eyes, literally."

Across the country, states and localities are suing polluters outside their jurisdiction, and sometimes each other, in efforts to curb air and water contamination that respects no borders. They say they are forced to act because Congress and the Bush administration have failed to crack down on everything from storm water runoff to dumping of invasive aquatic species.

In some cases, there is little in the way of federal law or regulation. This is the case with the factory farms in Arkansas and Oklahoma. The administration is still sorting through which regulations apply to poultry, dairy and hog farmers, and existing rules don't apply to those who buy the waste for fertilizer. And some lawmakers, such as Rep. Ralph M. Hall (R-Tex.), are lobbying to permanently exempt these industries from even minimal federal oversight.

Other times the administration has blessed activities in one state that another state opposes: Virginia -- over Kentucky's objections -- plans to allow a strip mining company to discharge more than a billion gallons of briny water into a river just eight miles from where it flows into Kentucky.

In others instances, the Bush administration has declined to take action, such as the Environmental Protection Agency's decision not to regulate ballast water from freighters that release invasive species into waterways.

Joel A. Mintz, an environmental law professor at Nova Southeastern University in Miami, said he has noticed an increase in such cases. "The [state attorneys general] have gotten aggressive in the last couple of years," Mintz said. "It's a little hotter now."

EPA spokeswoman Jessica Emond said the agency works hard to monitor all pollution.

"EPA is committed to protecting public health and the environment by coordinating closely with its 10 regional offices to implement environmental laws at the state and regional levels," she said. "In addition, EPA solicits and takes into consideration comments submitted by state and local governments when developing national rules and regulations."

But New York Attorney General Eliot L. Spitzer, who has sued EPA over its aquatic species policy as well as air pollution rules, said the flurry of legal activity reflects "the lack of enforcement" by the administration.

"It's more than a trend, it's an ideological decision that's been made by the Bush administration," Spitzer said. "Into that void we have stepped in to enforce the law."

In many cases, state lawyers say out-of-state pollution jeopardizes their tourist industry. Kentucky Assistant Attorney General Scott Porter, for example, argues that Virginia's proposal to let Consolidation Coal Co. release water from its mining operations could damage Fishtrap Lake, a reservoir filled with bass and catfish that attracts tens of thousands of visitors a year.

Porter's office is weighing whether to sue Virginia. "We will take every available method we have to protect the waters of Kentucky."

Leslie Vincent, chief engineer of Virginia's Division of Mined Land Reclamation, said Virginia is aware of Kentucky's concerns but believes the plan's requirement for mixing the discharge with cleaner water should keep levels of harmful chloride to an acceptable level. "It should not be an adverse impact," Vincent said.

In Arkansas, poultry farmers see the Oklahoma lawsuit as a threat to their livelihoods. Keith Morgan, who raises 178,000 chickens at a time for Arkansas-based Peterson Farms, said he and other producers make a profit selling their waste as fertilizer and cannot afford to truck it out of the million-acre watershed.

No one questions that Tenkiller Ferry Lake and the Illinois River -- which travelers in 1870 described as "one of the prettiest rivers on the continent, sparkling with crystal waters" -- are being flooded with nutrients. The lake and river remain a popular

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tourist site that generates at least $42 million a year in revenue: Last week, Adam Visor and his friend Jordan Hebert drove three hours from Oklahoma City to fish for smallmouth bass along the river's banks.

Edmondson and allies such as Brocksmith say a significant amount of the pollution comes from the 200,000 tons of chicken litter -- waste and shavings that fill poultry houses stretching the length of nearly two football fields -- that more than 2,800 farmers in Arkansas and Oklahoma buy and apply to their crops.

Poultry officials counter that western Arkansas towns such as Bentonville and Fayetteville are also to blame for the river's pollution, since they rank among the fastest-growing in the nation and generate their own runoff. John Elrod, a partner at the Arkansas firm of Conner and Winters, who represents Simmons Foods, said the industry is willing to help Oklahoma but will not fold under legal pressure.

"Our attitude all along has been if you need someone to help with this problem, we're going to be standing at the front of the line, but if you're going to file a lawsuit against us, it's going to be an all-day affair," Elrod said.

Oklahoma's lawsuit could drag on for years. The outside lawyers that Edmondson retained stand to get a third of any eventual settlement or court award, along with attorney's fees; the defendants have hired a phalanx of attorneys from the District, as well as Arkansas and Oklahoma.

The public relations fight is equally intense. An advocacy group called "Save The Illinois River" has printed baseball caps and tie-dyed T-shirts with the slogan, "Fed Up With All The Arkansas Chicken Poop!" and plans to release a CD of songs paying homage to the river. The poultry industry has responded in Oklahoma with a massive television and radio ad campaign touting the virtues of "organic" chicken litter, and it recently donated $1 million to the state's Scenic Rivers Commission to improve recreational facilities.

"Oklahoma should be saying thank you to Arkansas for providing this kind of income to one of the poorest areas in the nation," said Bev Saunders, who raises chickens on her 540-acre Oklahoma farm.

But Edmondson -- who does not blame the administration but faults Congress for failing to pass a broader law regulating poultry waste -- is pressing ahead.

Some have succeeded with such litigation. In Texas, Waco officials sued after city drinking water became polluted by more than a dozen out-of-town dairy farms dumping waste into the North Bosque River. Eventually, Waco reached a series of settlements, including an agreement to monitor the river's water quality for two years and a pledge by the dairies to make sure any new cows they acquire will not worsen the area's water pollution.

Spitzer has scored some legal victories over the Bush administration, but he acknowledged there are limits to pursuing environmental goals through litigation.

"Long term, states cannot supplant the role of the federal government in addressing these issues," he said.

'Tastes Just Like Vodka' (WT/AP)

By Amy Lorentzen

The Washington Times, August 28, 2006

AMES, Iowa -- Now that ethanol has become common in gas tanks, two Iowa State University professors are working to get it into martini glasses.

The professors are researching how to easily, and cheaply, turn fuel ethanol into food-grade alcohol for beverages, pharmaceuticals and personal care products.

"We will be taking relatively abundant and cheap fuel ethanol and, for a very small amount [of money], adding a lot of value to it," said Jacek Koziel, an assistant professor of agricultural and biosystems engineering.

He said the research is focused on perfecting technologies that purify fuel ethanol, a grain alcohol most often made from corn and used as a gasoline additive. Like beverage alcohol, fuel ethanol is yeast-fermented and then distilled. However, it has many more impurities that must be removed, Mr. Koziel said.

"We are trying to fine-tune, so to speak, the process of alcohol purification," he said.

Why find another use for ethanol at a time when demand for the fuel has skyrocketed?

Because although the demand for fuel ethanol could wane if the automotive industry embraces other technology, "the demand for liquor and mouthwashes and cough syrups will always be there," said Hans van Leeuwen, a civil, construction and environmental engineering professor who is working with Mr. Koziel on the project.

"We're really just looking at a process improvement here that will save a lot of money," said Mr. van Leeuwen, who also serves as vice president of Cedar Rapids-based MellO3z, a company that has created a process for purifying alcoholic beverages.

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Monte Shaw, a spokesman for the Iowa Renewable Fuels Association, said the future of food-grade alcohol produced from fuel ethanol depends on its profitability. Right now, ethanol used in gasoline blends is in demand, but as more plants are built and production climbs, producers could take advantage of extra capacity and turn food-grade ethanol into a premium business, he said.

"So today that interest probably isn't as high, but we've got a lot of production coming on line," Mr. Shaw said Thursday as he drove to a groundbreaking of an ethanol plant in St. Ansgar, Iowa. "It's not unreasonable to assume some time in the future that something like this might be very attractive."

Preliminary work on the effort began last year, and the 1½-year project -- which uses ozone gas and a carbon-filtration process -- recently began. Funding comes from a $79,900 grant from the state's Grow Iowa Values Fund, with matching dollars and materials from industry sponsors and specialists.

Iowa, the nation's top corn grower, has become a leader in the ethanol industry, with 25 plants producing about 1.6 billion gallons this year and eight plants under construction or expansion, according to the Iowa Renewable Fuels Association.

The key to the effort is price.

Mr. van Leeuwen said the multiple distillations needed to make food-grade alcohol raise production costs by about 50 cents per gallon more than it costs to make ethanol. The system the Iowa State team is working on aims to put purifying costs at less than a penny per gallon, he said, adding that retrofitting the purification process would cost little for ethanol plants.

"It's the type of thing that will pay for itself over and over within a year," Mr. van Leeuwen said.

Mr. Koziel said there are many potential applications for the product.

"It's not just necessarily the consumer of liquor-type alcohol" who benefits, he said. "It could be used for all sorts of other consumer products ... everywhere where food-grade alcohol could be put to use."

But for those who like their liquor, Mr. van Leeuwen said the food-grade ethanol "tastes just like vodka," although the 190-proof product must be diluted. He said he has hosted one tasting panel with positive results, and he plans another after further research.

The Iowa State scientists are using two purification technologies for their system. The first part involves bubbling ozone gas through the fuel ethanol to remove impurities and to form new compounds, which are then filtered through granular-activated carbon to absorb remaining impurities.

A patent for the process is pending.

Mr. van Leeuwen said he has used the process to treat wastewater with success, and he expects fine results for food-grade alcohol.

"I have little doubt that it will work," he said.

Malaria Kills Millions -- We Have The Cure (WSJ)

WSJ – Coburn letter, August 28, 2006

Impoverished Africans should be grateful to philanthropist Lance Laifer for his effective outreach to reduce the tragic, needless toll of malaria in sub-Saharan Africa ("Malaria's Toll" by Jason Riley, editorial page, Aug. 21). For his attempt to focus complacent Americans, Mr. Riley also deserves thanks -- such clarity is obviously desperately needed, as even with all the publicity accorded to the ravages of malaria, someone as educated and intelligent as Mr. Laifer remained blithely unaware of this scourge until last year.

Both Mr. Laifer and Mr. Riley note the lack of attention given by official organizations to the more widespread use of DDT as a malaria control method, despite its long and honorable history for this use. Even with his money and other resources, Mr. Laifer has been unable to persuade Africans to utilize DDT. African exporters legitimately fear economic repercussions from wealthy Western trading partners, who continue to demonize this lifesaving insecticide despite the lack of evidence of DDT's adverse health effects in humans.

And where is the Gates Foundation's massive resources in this ongoing struggle to save a half-billion from sickness and millions from death? This organization asserts its devotion to reducing the toll of TB, AIDS and malaria -- yet none of its funding is aimed toward the cheapest and most effective way to deal with malaria: increased indoor spraying with DDT. Maybe Warren Buffett can persuade his friends Bill and Melinda to target their contributions where they will do the most good, in the shortest time, for the most people. Malaria vaccines are many years away -- DDT works in weeks or months.

Gilbert Ross M.D.
Executive and Medical Director
American Council on Science and Health
New York

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Jason Riley correctly highlights the human and economic catastrophe that is malaria. Privately funded endeavors described by Mr. Riley are critical to saving lives around the world and I welcome and encourage more private and innovative philanthropy. Americans are also supporting billions of dollars of publicly funded anti-malaria programs through both bilateral programs and multilateral programs. Those concerned about children and pregnant moms suffering and dying from malaria should expect that agencies spending U.S. dollars will achieve results, as measured by reductions in deaths and sickness.

Congress and President Bush have worked together to ensure improved measurement of malaria control programs and greater accountability and transparency in these programs. As a result of congressional demands for "sunshine," the U.S. Agency for International Development (USAID) malaria budget was exposed as diluted and ineffective. That transparency led to encouraging reforms. President Bush and USAID should now be commended for running a program that is both transparent and strategic, including the dramatic redirection of funds to effective malaria prevention programs, such as indoor spraying with insecticides and effective new malaria therapies.

However, challenges remain at other major development agencies, such as the World Bank, which receives $1 billion from U.S. taxpayers and has been criticized by malaria scientists for its failing malaria programs. Americans also contribute more than $5 billion annually to the U.N. system, including UNICEF and the World Health Organization (WHO). The WHO has new leadership on malaria, Dr. Arata Kochi, who is finally making key reforms to that troubled and failing program. But his encouraging start could be threatened by entrenched resistance to change in many quarters of the Geneva bureaucracy.

Tom Coburn, M.D. (R., Okla.)

Chairman

Subcommittee on Federal Financial Management, Government Information and International Security

Senate Committee on Homeland Security and Governmental Affairs

Washington

There Was a Time When Saddam Was 'Our' Thug

Your Aug. 23 editorial "Saddam's WMD," arguing that "the habit of American liberals is to deplore the thugs of the world from afar but then never doing anything about it," warrants the addition of a little history.

In 1979 President Jimmy Carter had severed diplomatic relations with Saddam Hussein's Iraq and put it on a list of "terrorist nations," which prohibited the sale to Iraq of many U.S. made goods that could strengthen Iraq militarily. Remarkably, in late 1983 none other than Donald Rumsfeld journeyed to Baghdad to pay court to Saddam Hussein on behalf of President Reagan, to re-establish diplomatic relations with the "thug." It happened after it had become widely known that Saddam had used poison gas on Iranian troops. Soon the thug of Iraq enjoyed once again a brisk business with American firms, some of which supplied him with high-tech equipment and other materials of potential dual civilian-military use.

As the Washington Times (Oct. 1, 2002) reported, the U.S. Centers of Disease Control even supplied Iraq with "strains of all the germs Iraq used to make weapons, including anthrax, the bacteria that make botulinum toxin and the germs that cause gas gangrene." Even after Saddam had used poison gas on his own people in the late 1980s, the U.S. kindly guaranteed a $4 billion "agricultural" loan extended to Iraq by Italy's Banco de Lavoro.

Finally, as neoconservatives Lawrence Kaplan and William Kristol lamented in a Jan. 20, 2003, Journal editorial-page commentary, after President George H.W. Bush had called Saddam Hussein "worse than Hitler" and shortly after he had encouraged the Shia to rise up against Saddam, the elder Bush and his advisers (then Secretary of Defense Dick Cheney among them) thought the better of it. They abandoned the hapless Shia to Saddam's murderous fury, because on second thought they preferred "stability" in Iraq under Saddam to what Secretary Cheney then presciently predicted, on an ABC This Week program in 1991, would happen in Iraq if U.S. troops ever entered Iraq: "civil war," with U.S. troops caught in a "quagmire."

The truth is that, over the years, administrations of both parties have been cozy with often ruthless and thuggish dictators that suited U.S. foreign policy. Indeed, chances are that Iraq eventually will become "stabilized," not under a truly democratic government, but under the government of a dictator of our choosing. Chances also are that this arrangement will have bipartisan support in Congress.

Uwe E. Reinhardt

James Madison Professor of Political Economy

Princeton University

Princeton, N.J.

Defined-Benefit Plans Reduce Risk of Poverty

We agree with your editorial "The Other Pension Crisis" (Aug. 18), stating that problems with public sector defined benefit pension plans, as in the case of San Diego, need to be addressed. Whether a defined-benefit or defined-contribution pension plan, in the public or private sectors, there is no excuse for mismanagement, corruption or inappropriate political influence.

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However, stating that "the long-term solution is for government to follow the private sector and wean public workers from the defined-benefit pension model to a defined-contribution plan where an individual worker owns and controls his own retirement investments" is an unsupported conclusion.

Defined-benefit plans, whether in the public or private sector, face some challenges, but they cost-effectively manage the risks people face in retirement. Because defined-benefit plans provide a guaranteed lifetime income, they reduce the chance that there will be future generations of poor, elderly retirees who have outlived their savings and subsist only on Social Security supplemented by charity.

Defined benefit plans are not the problem. Poorly written pension laws and regulations, combined with pension managers who have over-promised benefits or underfunded their pension obligations, have been the problem. Those responsible should be held accountable.

FBI/DEA/ATF/USMS:

Celebrated FBI Agent Will Retire Haunted By Those Who Got Away (WP)

By Allan Lengel

The Washington Post, August 28, 2006

Time is running out for FBI agent Brad Garrett, who helped solve the Starbucks slayings in the Georgetown area, helped persuade sniper Lee Boyd Malvo to confess and flew to Pakistan to help nab the man who gunned down two CIA workers outside the agency's headquarters in McLean.

One of the most renowned agents to work in the FBI's Washington field office, he will retire Thursday after 16 years in Washington and 21 years in all -- regretfully, he said, before he can solve some of his most famous cases. The mandatory retirement age is 57. He is 58, finishing up a one-year extension approved by the FBI director.

In recent weeks, Garrett has hardly acted like a guy winding things down. Even now, he holds out a measure of hope, conducting interviews, checking criminal records -- and hopping on a plane recently to track a possible lead in the slaying of Chandra Levy.

Besides the Levy killing, Garrett has his sights on solving the case of a Vietnamese woman and her 2 1/2 -year-old son slain in Fairfax County in 1995, possibly the victims of Asian organized crime. And the 1999 execution-style slaying in McLean of an Iraqi woman, her son and her husband, who was working on a food-for-oil deal with Iraq.

"It causes me a lot of anxiety," Garrett said. "Not that somebody else can't solve these cases. Of course they can. Cases become sort of part of you, and these kind of cases tend to do that more so because they are investigated for so many years."

Prone to dressing in black, Garrett looks more like a music mogul than an FBI agent. But beyond the hip, calm exterior is a former probation officer with a doctorate in criminology who has gained gushing admiration from co-workers and police detectives -- and even the grudging approval of some criminals he has caught.

"He's accomplished, confident, he's a very patient interviewer," said FBI agent Chuck Knowles. "He makes that connection with people, and they want to tell him their secrets."

Ronald H. Chavarro, Garrett's FBI supervisor, added: "He's empathetic, he's nonjudgmental, he's approachable. . . . They don't come any better than him.

"He had no interest in going into management; he's had no interest but investigating cases," Chavarro added. "That's been his passion."

Co-workers said that fervor has helped Garrett chalk up one confession after another, including that of Mir Aimal Kasi, a Pakistani who methodically fired an assault rifle into the car windows of CIA workers in 1993.

To coax that admission, Garrett and other agents first had to find Kasi, an odyssey that stretched across continents and 4 1/2 years.

On June 15, 1997, Garrett and three other FBI agents tracked Kasi to a seedy hotel in Pakistan, near the Afghanistan border. At 4 a.m., the FBI agents stood in the hall as an informant knocked on the door to wake Kasi for morning prayer. Words were exchanged in Urdu. Kasi unlocked the door, and the agents tackled him.

"He was screaming" so hard as the agents struggled to cuff him that they then gagged him, Garrett recalled. But he still wasn't sure they had the right guy. Kasi looked heavier than the shooter and had a beard. After the gag was removed, Kasi refused to give his name, instead hurling an expletive "in very clear, almost eloquent English."

"We laid him face down on the bed, and I had fingerprints with me in a bag and a fingerprint kit, so I took an ink pad and hit his thumb," Garrett said. Then Garrett took out a flashlight and a magnifying glass. The prints matched.

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On the plane ride back to the United States, Kasi confessed to the slayings.

"He was sort of straightforward about it, saying, 'Look, it's not right what the U.S. is doing in Muslim countries, and they're using the CIA to manipulate governments,' " Garrett said.

The two developed a relationship. They exchanged letters, and Garrett visited Kasi occasionally. Garrett also watched Kasi die from a lethal injection at a prison in Jarratt, Va., in November 2002 and remembered walking away feeling "a sort of hollowness. It completely drains you of energy, emotions."

"He understood I was doing my job," Garrett said. "He respected me because I treated him with respect."

Garrett got a confession from another infamous fugitive, Ramzi Yousef, the mastermind of the 1993 World Trade Center bombing, while in Pakistan during an earlier, unsuccessful hunt for Kasi.

In February 1995, Pakistani authorities were about to nab Yousef in an Islamabad guesthouse, and Garrett got a call to accompany them. After Garrett helped transport Yousef to a secure facility, the former fugitive confessed to the U.S. agent that he had directed the bombing.

Garrett, an ex-Marine who grew up in Indiana, joined the FBI in Nashville before moving to the Washington field office in 1990, where he became adept at criminal profiling and hostage negotiations and earned a reputation as a tireless investigator.

"He works on his cases 24-7," said retired FBI agent and friend Susan Lloyd. "If need be, there's no such thing as a weekend or a close of business."

In recent years, Garrett said, he has gotten better about not obsessing about his cases on his off time, and last year he married a federal prosecutor who worked on the Levy case.

Throughout his career, Garrett has navigated easily back and forth between international and local cases.

In 1997, a few weeks after capturing the CIA killer in Pakistan, Garrett was back home working the triple slaying at a Georgetown area Starbucks, which appeared to be a robbery that went bad.

He teamed up with Jim Trainum, a skilled D.C. police detective. They played good cop-bad cop with suspect Carl Cooper, with whom they had spoken but had not arrested. Cooper hated Trainum and talked of harming him.

But not Garrett.

"He ain't never disrespected me or my wife," Cooper said in a conversation that was taped secretly by investigators. "I kind of like" him, Cooper said, describing the agent as "cool."

In the end, after a cat-and-mouse game of more than a year, Cooper confessed. He was sentenced to life in prison without parole.

"We would have never solved the Starbucks case if it hadn't been for Brad Garrett's abilities and energy," Trainum said. "He taught me so much. He spoiled me. He's the person you want to have on every case."

In the summer of 2001, Garrett entered the Levy case, and shortly after the Washington area sniper suspects were arrested in October 2002, Garrett and a Fairfax County detective met with Lee Boyd Malvo.

"I couldn't get him to look at me," Garrett said. "He kept looking over the top of me."

So Garrett tried to engage the teenager. "We started talking about movies, the Mel Gibson movie 'We Were Soldiers,' " Garrett said. "And he eventually . . . said [that] as they were driving away from the shooting at Home Depot, they were watching 'We Were Soldiers' on a DVD in this car.

"The movie he latched [onto] the most was 'The Matrix,' and the only thing he would say about what had occurred was, 'It's all about 'The Matrix.' "

Then the teenager who had been taught how to shoot guns by John Allen Muhammad laid out the details of their deadly spree.

For all of Garrett's successes, other cases fill his brain, including the Levy case and the 1999 slayings of an Iraqi, Fuad K. Taima, his wife, Dorothy, and 16-year-old son, Leith.

But perhaps the one that haunts him most deeply is the killing of Kieuoanh Thi "Nina" Nguyen, 35, and her son Ryobi, 2. Mother and child were kidnapped from their Franconia home in November 1995. A ransom demand was made by phone from the home to the husband, who was in Vietnam on business, but no further contact was made.

About six months later, a fisherman found a trash can in a Springfield pond. Inside, the mother and son were bound and gagged, facing each other.

"It's an image you can't get out of your mind," Garrett said.

What does such a storied ex-FBI agent do for an encore? Garrett plans to start an investigative consulting business.

But he'll miss being an agent.

"There's a tremendous intensity working these cases," he said. "It becomes addictive to a certain extent. I'm sure for a period of time I'll feel a tremendous loss."

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California Seeks To Clear Hemp Of A Bad Name (NYT)

By Patricia Leigh Brown

The New York Times, August 28, 2006

STRATFORD, Calif. — Charles Meyer's politics are as steady and unswerving as the rows of pima cotton on his Central Valley farm. With his work-shirt blue eyes and flinty Clint Eastwood demeanor, he is staunchly in favor of the war in Iraq, against gun control and believes people unwilling to recite the Pledge of Allegiance should be kicked out of America, and fast.

But what gets him excited is the crop he sees as a potential windfall for California farmers: industrial hemp, or Cannabis sativa. The rapidly growing plant with a seemingly infinite variety of uses is against federal law to grow because of its association with its evil twin, marijuana.

"Industrial hemp is a wholesome product," said Mr. Meyer, 65, who says he has never worn tie-dye and professes a deep disdain for "dope."

"The fact we're not growing it is asinine," Mr. Meyer said.

Things could change if a measure passed by legislators in Sacramento and now on Gov. Arnold Schwarzenegger's desk becomes law. [The bill reached Mr. Schwarzenegger last week; he has 30 days to sign or veto it.]

Seven states have passed bills supporting the farming of industrial hemp; their strategy has been to try to get permission from the Drug Enforcement Administration to proceed.

But California is the first state that would directly challenge the federal ban, arguing that it does not need a D.E.A. permit, echoing the state's longstanding fight with the federal authorities over its legalization of medicinal marijuana. The hemp bill would require farmers who grow it to undergo crop testing to ensure their variety of cannabis is nonhallucinogenic; its authors say it has been carefully worded to avoid conflicting with the federal Controlled Substances Act.

But those efforts have not satisfied federal and state drug enforcement authorities, who argue that fields of industrial hemp would only serve as hiding places for illicit cannabis. The California Narcotic Officers Association opposes the bill, and a spokesman for the Office of National Drug Control Policy in Washington said the measure was unworkable.

Mr. Schwarzenegger, a Republican running for re-election, has been mum on his intentions, with the political calculus of hemp in California difficult to decipher. The bill was the handiwork of two very different lawmakers, Assemblyman Mark Leno, a San Francisco Democrat best known for attempting to legalize same-sex marriage, and Assemblyman Charles S. DeVore, an Orange County Republican who worked in the Pentagon as a Reagan-era political appointee.

Their bipartisan communion underscores a deeper shift in hemp culture that has evolved in recent years, from ragtag hempsters whose love of plants with seven leaves ran mostly to marijuana, to today's savvy coalition of organic farmers and health-food entrepreneurs working to distance themselves from the drug.

Hundreds of hemp products, including energy bars and cold-pressed hemp oil, are made in California, giving the banned plant a capitalist aura. But manufacturers must import the raw material, mostly from Canada, where hemp cultivation was legalized in 1998.

The new hemp entrepreneurs regard it as a sustainable crop, said John Roulac, 47, a former campaigner against clear-cutting and a backyard composter before founding Nutiva, a growing California hemp-foods company. "They want to lump together all things cannabis," said David Bronner, 33, whose family's squeeze-bottle Dr. Bronners Magic Soaps, based in Escondido, Calif., are made with hemp oil. "You don't associate a poppy seed bagel with opium."

The differences between hemp and its mind-altering cousin, however, can be horticulturally challenging to grasp. The main one is that the epidermal glands of marijuana secrete a resin of euphoria-inducing delta-9 tetrahydrocannabinol, or T.H.C., a substance all but lacking in industrial hemp.

Ernest Small, a Canadian researcher who co-wrote a major hemp study in 2002 for Purdue University, compared the genetic differences to those that separate racehorses from plow horses. Evolution, Mr. Small said, has almost completely bred T.H.C. out of industrial hemp, which by law must have a concentration of no more than three-tenths of 1 percent.

To its supporters, industrial hemp is utopia in a crop. Prized not only for its healthful seeds and oils, rich in omega-3 and -6 fatty acids, but also its fast, bamboo-like growth that shades out weeds, without pesticides.

"Simply put, you create a jungle in one year," said John LaBoyteaux, who testified in Sacramento on behalf of the California Certified Organic Farmers association. "There's a growing market out there, and we can't tap it."

The bill before Governor Schwarzenegger is the latest installment in a hemp debate that reached its height in 2004, when the Ninth Circuit Court of Appeals said that federal antidrug laws did not apply to the manufacturing or consumption of industrial hemp. The court ruled that decades earlier, Congress had exempted from marijuana-control laws the stalks, fibers, oils and seeds of industrial hemp, and that the government had no right to ban hemp products.

That opened the floodgates for Patagonia hemp jeans and the Merry Hempsters Zit Zapper (with hemp oil).

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Patrick D. Goggin, a lawyer for the Hemp Industries Association and Vote Hemp, said there would probably be legal snarls to work out with the California legislation, assuming it is enacted, so that farmers would not be placing their property in jeopardy if they chose to grow industrial hemp. But if the federal government clamps down, Mr. Goggin said, "we're prepared to raise the issue in court."

"Were trying to get an arcane vision of the law contemporized," he added.

Rogene Waite, a spokeswoman for the Drug Enforcement Administration, said the agency would not speculate about pending legislation.

The bill's adherents point to hemp's hallowed niche in American history. George Washington and Thomas Jefferson cultivated hemp (neither effort was profitable). Colonists' boats sailed the Atlantic with hempen sails. Old Ironsides carried 60 tons of hempen sail and rope. The word "canvas," in fact, is derived from cannabis, a high-tensile fiber naturally resistant to decay.

Hemp flourished as an American crop from the end of the Civil War until the 1937 Marihuana Tax Act ended production. During World War II, when Japan seized the Philippines and cut off supplies of Manila hemp, the crop got a brief reprieve in the United States, where farmers were encouraged to grow "Hemp for Victory," for boots, parachute cording and the like. But contrary to lore, most such hemp was never harvested.

Today, China controls about 40 percent of the world's hemp fiber, and its ability to flood the market "could result in price fluctuations the American farmer would have to weather," said Valerie Vantreese, an agricultural economist in Lexington, Ky. (Kentucky was once the leading hemp-producing state).

Hemp is grown legally in about 30 countries, including many in the European Union, where it is mixed with lime to make plaster and as a "biocomposite" in the interior panels of Mercedes-Benzes.

In the United States, the chief argument against hemp has been made by drug-control officials, who are concerned that vast acreages could be used to conceal clandestine marijuana, which they say would be impossible to detect.

"California is a great climate to grow pot in, and no one from law enforcement is going through the fields to do a chemical analysis of different plants," said Thomas A. Riley, a spokesman for the Office of National Drug Control Policy in Washington.

To some people intimate with the nuances of marijuana, however, the idea of hiding marijuana in a hemp field, where the plants would cross-pollinate, provokes amusement.

"It would be the end of outdoors marijuana," said Jack Heber, 67, a marijuana historian and author who runs a group called Help End Marijuana Prohibition, or HEMP. "If it gets mixed with that crop, it's a disaster."

In North Dakota, the state agricultural commissioner, Roger Johnson, has proposed allowing hemp farming, and has been working with federal drug regulators on stringent regulations that would include fingerprinting farmers and requiring G.P.S. coordinates of hemp fields.

"We've done our level best to convince them we're not a bunch of wackos," Mr. Johnson said.

Fifteen years ago, he noted, there was little market for canola, which is now a major crop produced for its cooking oil. He sees hemp in a similar vein and dismisses the fears that it would lead to criminality.

"It would take a joint the size of a telephone pole to have an impact," he said.

But up north in Garberville, the Central Valley of marijuana, the lines between hemp and marijuana are often a hazy blur, as they are at a store called the Hemp Connection, where hemp hats and yoga clothing are sold alongside manuals on pot botany and Stoneware baking pans ("makes six groovy brownies per pan").

The proprietor, Marie Mills, who said she once crafted paper from marijuana stalks, remains committed to cannabis in all its guises.

"We want to educate people and take away the stigma," Ms. Mills said. "We want hemp without harassment."

Drug-trafficking Ring Broken Up (EVT)

By Christian Richardson

East Valley Tribune, August 26, 2006

A seizure of cocaine and methamphetamine valued between $1.1 million and $1.4 million has led to the breakup of a drug organization based in Sinaloa, Mexico, the Arizona Attorney General's Office said Friday.

A three-month investigation has resulted in a 417-count indictment against 69 people — 10 of whom are in custody, officials said while standing near a cache of drugs, cash and weapons at the Phoenix Police Property Management Bureau.

Among those in custody, Phoenix Police Chief Jack Harris said, are key players Amando Gamboa-Molina, Adrian Barraza-Mendoza, Mario Velasco-Felix and Noel Velasco-Felix.

The evidence includes 49 kilograms of cocaine, 50 pounds of methamphetamine, 2 pounds of crack cocaine, 16 guns and 33 vehicles. Most of the drugs were in vehicles. Authorities said 25 pounds of meth were found under a car seat carrying a child.

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Approximately $2.5 million also was seized. This amount includes $1 million of bail money posted by Gamboa-Molina. The money had been seized after an Aug. 1 hearing in which a judge ruled the money was not from legitimate sources.

Phoenix has served as what police are calling a transhipment site, where drugs come before being sent across the United States.

Mayor Phil Gordon warned drug dealers that Phoenix isn't a haven for their activity.

"This city is not a sanctuary city," Gordon said. "But this is a city for our families."

Authorities remain tightlipped and are withholding many details of the investigation as they continue to look for those who are involved in the smuggling.

The partnership between the Phoenix Police Department, U.S. Drug Enforcement Administration and Arizona Attorney General's Office led to the arrests and indictments, Attorney General Terry Goddard said.

The attorney general's office and courts will eventually decide the disposition of the money, which could go to law enforcement agencies.

Major Mexico-based Drug Trafficking Ring Disrupted (AP)

AP, August 28, 2006

PHOENIX Word today that a Phoenix-based investigation has led to the break-up of a major drug trafficking ring based in Mexico.The Phoenix Police Department says a joint investigation by the department and the Drug Enforcement Administration has led to the indictment of 69 people involving in trafficking of methamphetamine and cocaine. It says the majority of the defendants were in the U-S illegally from Mexico.During the probe, police say they seized cocaine and meth with a combined street value of over one (m) million dollars.They say they also seized some two and a-half (m) million dollars in drug proceeds. Included, say police, was a (m) million dollars that one of the alleged major players in the ring tried to post for bond.

Florence Man Sentenced To Life In Prison For Drug Dealing (AP)

AP, August 26, 2006

BIRMINGHAM, Ala. (AP) — A federal judge sentenced a Lauderdale County man to life in prison for a large-scale drug-trafficking operation in northwest Alabama that sold cocaine and marijuana.

Darryl Dewayne Russell, 38, of Florence, was sentenced late Thursday by U.S. District Judge Sharon Blackburn, prosecutors said.

U.S. Attorney Alice Martin said evidence presented during the trial involved a drug conspiracy that lasted from January 1999 until June 2005.

Russell was convicted in January of conspiracy to commit drug trafficking and money laundering. He was part of an investigation that led to the guilty pleas of 21 individuals and the conviction of four more, authorities said.

All but two of those involved in the operation have either been convicted or entered guilty pleas. Reports indicate one defendant remains to be sentenced and one is a fugitive.

The case involved several agencies and linked drug trade in the Florence area to Atlanta, Nashville, Houston, El Paso, Texas, southern California and Mexico.

Agents seized more than $479,592 in cash, numerous vehicles, including 82 mini-motorcycles, and numerous pieces of property throughout north Alabama.

"This outcome, the long-term incarceration of a major-league drug dealer, shows the powerful benefits of law enforcement coordination," said Harold Willis, resident agent in charge of the Drug Enforcement Administration.

Ex-athlete Guilty In Drug Case (BSUN)

The Baltimore Sun, August 28, 2006

Dunbar basketball player Wells admits involvement in large cocaine operation

A former Dunbar High School basketball star pleaded guilty yesterday to drug charges in U.S. District Court in Baltimore, four days after his brother pleaded guilty to similar charges, according to federal law enforcement officials.

Federal prosecutors say that William "Billy" Wells -- as well as his brother, Leonardo Wells -- were involved in distributing large quantities of cocaine to wholesale customers.

Prosecutors said Leonardo Wells purchased kilograms of cocaine and sold them to customers in Hagerstown and elsewhere from December 2003 until February of this year.

They said that law enforcement officials followed Leonardo Wells on Sept. 7 as he sought to meet a customer in Hagerstown, but he spotted the surveillance and abandoned his car near Union Memorial Hospital in Baltimore.

In November, two Hagerstown men were arrested with 420 grams of cocaine after leaving the Parkville home of Billy Wells.

In 1994-1995, Billy Wells was named to the all-Baltimore City/Baltimore County first team, and he played from 1999 to 2001 at the University of Delaware.

He holds the college's record for most three-point shots made in a game.

"It is a shame that a star basketball player from Baltimore used his abilities to throw kilos of cocaine rather than a basketball on the court," said Carl J. Kotowski, assistant special agent in charge of the Drug Enforcement Administration's Baltimore district office, in a statement.

Kotowski said Billy Wells also worked as a counselor for troubled youths in Baltimore.

Sentencing for both men is set for Nov. 15.

Both face prison sentences of at least five years, and as much as 40 years, prosecutors said.

Feds: 5 Sacto-area Homes Turned Into Pot Farms (SFC)

San Francisco Chronicle, August 25, 2006

(08-25) 14:25 PDT SACRAMENTO -- Five Bay Area residents are facing federal charges for their alleged roles in what authorities described today as a sophisticated indoor marijuana-growing operation in the Sacramento area.

The defendants had completely converted five homes in Elk Grove and North Natomas into marijuana farms, authorities said. No one lived at the homes. A search of the residences earlier this month yielded 1,975 marijuana plants, according to the federal Drug Enforcement Administration andElk Grove police.

A search of two additional homes on Wednesday yielded 2,200 more plants, authorities said.

Each house was configured to create a natural growing cycle of night and day as well as a uniform climate, investigators said. Each was equipped with a sophisticated lighting system that used 1,000-watt halogen bulbs and made use of an irrigation system with timers, authorities said.

Wei Lun Zhou, 35, of San Francisco; Christy Tan, 25, of San Francisco; Philip Yu, 29, of Oakland; and John Hin, 25, of Oakland each pleaded not guilty during arraignments this week in U.S. District Court in Sacramento, court records show.

A fifth defendant, Can Hui Zhen, a San Francisco resident whose age was unknown, has not yet appeared in court.

Each was named in a federal grand jury indictment handed down this month with conspiracy to manufacture at least 1,000 plants of marijuana and manufacturing at least 1,000 plants of marijuana.

Gatlin's Statement Leaves Questions (LAT)

By Diane Pucin, Times Staff Writer

The Los Angeles Times, August 26, 2006

A press release says he has 'not agreed to any penalties whatsoever' despite earlier report of an eight-year ban. Nike suspends his contract.

Justin Gatlin, who was suspended for eight years this week by the United States Anti-Doping Agency (USADA), said Friday that he had "never knowingly used any banned substance," protesting that "cheating in any form is completely contrary to who I am as an athlete and a person."

In a statement released through his New York public relations agency, Gatlin also seemed to suggest he was not ready to accept the eight-year suspension. "Contrary to what has been reported, I have not agreed to any penalties whatsoever," Gatlin said. "I expect when the process is concluded that this entire matter will be resolved favorably."

Gatlin, the national sprint champion, tested positive for testosterone and steroids last spring at the Kansas Relays.

Tuesday, USADA officials said Gatlin acknowledged the accuracy of the drug test results and would cooperate in any investigations. In return USADA would not give Gatlin, the defending Olympic and world 100-meter champion, a lifetime ban and left open the possibility the eight-year penalty might be reduced. USADA officials did not return calls for comment in response to Gatlin's statement.

"It's a real puzzling statement," Mark Wetmore, meet director of the Adidas Track Classic in Los Angeles, said of Gatlin's Friday proclamation.

"It sounds like he has a different idea than accepting an eight-year ban. But assuming everything about his test is as reported, this is all a necessary step. I actually feel much better about track in our country because two people, high-profile people, have been caught on U.S. soil in U.S.-sponsored meets. No hiding. If you cheat, we're going to catch you."

Sprinter Marion Jones, a three-time gold medalist at the Sydney Olympics, was revealed last week to have failed a drug test at the U.S. nationals in Indianapolis.

Jones also has denied knowing how it was possible that she tested positive for blood-boosting erythropoietin (EPO).

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Also Friday, according to company spokesman Dean Stoyer, Nike suspended Gatlin's endorsement contract and terminated a contract it had with Trevor Graham, the coach of Gatlin and Jones.

Graham, who has recently been banned from working at any USA track facility, had suggested Gatlin had been sabotaged by a masseuse using a cream with banned substances.

Steve Ungerleider, an Oregon researcher who wrote the acclaimed book "Faust's Gold," about the former East German doping regime, said it would take more responses like Nike's before athletes and sports officials would begin to understand that doping has consequences.

"When Nike comes out and says, 'Hey, this is bad stuff. We're not going to tolerate this whatever excuse the athlete makes,' if they come out and say, 'Hey, we're not going to play this game anymore, it's not what we're about,' I think you'd start to see a shift away from this stuff."

Said Gatlin: "As an athlete it is frustrating for me to be on the sidelines and have people drawing conclusions that I have cheated."

Gatlin Will Appeal 8-Year Ban From Track (AP)

By Eddie Pells, The Associated Press

AP, August 26, 2006

-- Justin Gatlin said Friday he has "no idea how any banned substance got into my body," and restated his plan to appeal the eight-year ban from track he received earlier this week after acknowledging he tested positive for doping.

In a statement released through his publicists, the Olympic and world champion in the 100-meters reiterated his disdain for cheating in a sport that has been wracked with doping issues.

"Cheating, in any form, is completely contrary to who I am as an athlete and a person," said Gatlin, who has long positioned himself as a champion of drug-free competition in track. "I will continue to cooperate with USADA and with their efforts to get to the bottom of this situation."

But, he said he still fully intended to file for arbitration, in hopes of reducing the eight-year ban he received from the U.S. Anti-Doping Agency.

"I expect when that process is concluded that this entire matter will be resolved favorably," he said.

Gatlin has six months to appeal to an American arbitration panel. After that, he can take his case to the Court of Arbitration for Sport.

On Tuesday, Gatlin and USADA reached an agreement that scaled back his penalty from a lifetime ban to a maximum of eight years in exchange for Gatlin's help in other doping investigations _ presumably one involving his coach, Trevor Graham.

The agreement also acknowledged that Gatlin's first positive test, five years ago, was an honest mistake _ the result of his taking medicine to treat attention-deficit disorder.

In exchange, Gatlin agreed not to argue the validity of the latest positive tests, which found testosterone or other steroids in his system after an April race. He retained his right _ as all athletes do _ to appeal the case to arbitrators in hopes of a reduced sentence.

Gatlin's attorney, Cameron Myler, would not confirm that she will argue Graham's claim _ that Gatlin was sabotaged by a vengeful massage therapist who rubbed steroid cream into his skin. On Tuesday, Myler said she wasn't prepared to offer her strategy for the arbitration. She did not return messages left by The Associated Press on Friday. USADA chief executive officer Terry Madden declined to comment.

With the Olympics less than two years away, the clock is ticking fast for Gatlin. Even if his suspension were reduced significantly _ say to two years _ he would miss Olympic trials in June 2008.

"We're shooting for something way less than two years," Myler said earlier in the week. "The goal is to have him back on the track as soon as possible."

Meanwhile, also on Friday, Nike terminated its contract with Graham and suspended its contract with Gatlin until further notice.

"He will not receive payment while the contract is suspended, and there is no specific date or speculation as to when we would re-up that," said Nike spokesman Dean Stoyer, who would not disclose details of the contracts.

Graham's attorney said Nike's move was made without just cause.

"The contract cannot be terminated based upon innuendo and suspicion," attorney Joe Zeszotarski said. "We have contacted Nike regarding this matter, and we are awaiting their response. We hope to avoid having to take legal action but will do so if necessary."

Gatlin remains convinced all this will blow over.

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"As an athlete it is frustrating for me to be on the sidelines, and have people drawing conclusions that I have cheated," he said. "I have put my faith in a system that I believe will clear my name and that I believe will allow me to compete again."

IOC Chief Praises U.S. Anti-Doping Work (AP)

By Raf Casert, The Associated Press

AP, August 25, 2006

BRUSSELS, Belgium -- International Olympic Committee president Jacques Rogge praised U.S. doping authorities' recent work Friday, calling it "an extremely positive turn in the tide" of the worldwide fight against doping.

"I take my hat off to them," Rogge said in an interview with The Associated Press.

The U.S. Anti-Doping Agency has been active in recent doping scandals involving Olympic sprint champions Justin Gatlin and Marion Jones.

Gatlin, the co-world record holder in the 100 meters, tested positive for testosterone and other steroids at the Kansas Relays on April 22. Two months later, Jones' "A" sample tested positive for the endurance-enhancer EPO after winning the 100 meters at the U.S. championships June 23. The result of the backup "B" sample is still pending. Both deny using performance-enhancing drugs.

But Rogge cautioned proof will be needed to strip athletes of their Olympic titles.

"That can only happen if there is proof that they took doping during the (Olympic Games) period. Otherwise, there is no possibility."

The IOC president stressed there was a positive side to the latest doping allegations.

"It proves that controls are working," Rogge said before Friday's Van Damme Memorial track meet. "It is not only Jones and Gatlin but also (Tour de France winner) Floyd Landis and many other cases. They allow us to eliminate the cheats."

On Tuesday, USADA issued an eight-year ban to Athens Olympic 100 champion Gatlin. He can reduce the ban substantially by cooperating with investigators and insists he did not cheat.

"As I have said from the very beginning of this situation, I have no idea how any banned substance got into my body," Gatlin said Friday in a statement released through a public relations firm. "I have never knowingly used any banned substance, nor have I allowed anyone to administer one to me. Cheating, in any form, is completely contrary to who I am as an athlete and a person.

Rogge refused to comment on the specifics of the Gatlin case, saying he did not know enough details.

"USADA has provided proof that it produces excellent work," Rogge said. "It is a very positive turn in the tide in the battle against doping," he said.

IOC disciplinary commissions are investigating cases linked to the BALCO steroid scandal and blood doping allegations involving Austrian athletes and banned coach Walter Mayer at the Turin Olympics.

Luck, Not Better Lab Tests, Helped Catch Athletes (USAT)

By Dick Patrick, Usa Today

USA Today, August 25, 2006

When cyclist Floyd Landis plus sprint stars Justin Gatlin and Marion Jones were busted for performance drugs in the last month, it made a hat trick for testers — three high-profile stars nabbed. But a drug expert cautions this is not necessarily a trend and probably not a sign the testers have gotten much smarter, though their techniques have improved.

"With all things that occur periodically and infrequently, there are sometimes conclusions that are really explainable by nothing more than randomness," said Paul Scott, director of client affairs for the Olympic testing lab at UCLA. "As to these people being high-profile, the reality is that it must have been luck. These people were caught using the same analytical techniques labs have been using for a number of years."

Neither do the busts mean that cheating athletes are getting dumber. "Unfortunately, to answer that question you're going to have to know the number of false negatives going through the lab every day," Scott said. "We don't have a way to determine that.

"I wouldn't try to draw too many conclusions about athlete behavior or improvement in anti-doping merely based on a small run of positive samples. Over the years the level of positive samples on a per-client basis doesn't fluctuate that much."

Chuck Yesalis, a Penn State professor, author of books on drugs in sports and persistent critic of the testing establishment for decades, thinks there are a lot of false negatives getting past labs: "You've got to be a moron not to connect the dots. Doping is everywhere. There are only a few good apples in the barrel, and they're not winning any medals."

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Landis, whose Tour de France title is in jeopardy, and Gatlin, who has lost his share of the 100-meter world record and faces a maximum eight-year ban, are contesting positives for testosterone. Jones is awaiting the confirmation test on a positive for endurance-boosting EPO and faces a two-year ban if found guilty.

Even if the run of positive tests does not grow, track is going through its roughest PR crisis since Ben Johnson's positive steroid test at the 1988 Olympics nullified the Canadian's 100-meter gold.

"Back in 1988 there were many people who thought some athletes had get-out-of-jail-free cards and were immune to positive tests," said Brad Hunt, formerly a prominent agent in the sport.

"I believe that nobody thinks anybody carries those kind of cards now. That's the most positive spin we could put on how bad this situation is."

Sponsor relations:

During the USA Track & Field Championships in June, Gatlin appeared at a news conference promoting the Hershey youth program in track and field. At the time, USATF knew Gatlin had an "A" positive sample for testosterone but allowed him to appear with a sponsor that prides itself on its wholesome image and states on its website it is against the glamorization of drugs and alcohol.

The Hershey Co. declined to provide an executive to comment on the situation. The company only issued a statement: "Our program's relationship is with USA Track & Field, not with individual athletes. We're very supportive of USATF and had a great experience with the members of Team USA who attended our recent North American finals meet."

Hunt criticized USATF's decision to use Gatlin in the appearance: "You've got to avoid these things. If you knew it was in the pipeline, you've got to sidestep it. That's totally insensitive to the sponsor."

Said USATF spokeswoman Jill Geer: "It was a difficult situation. We withdrew Justin from as many sponsor events as possible without breaching the confidentiality of the case."

Leaking:

Under U.S. Anti-Doping Agency rules, an athlete is not announced as positive until the "A" and the "B," or confirmation, samples have turned up positive and an athlete has a chance to present an explanation to a review board. National and international federations also get "A" reports. The news on Landis and Jones was leaked before the "B" sample was tested. Similarly, the Chicago Tribune and Associated Press on Thursday attributed a positive "A" test of U.S. sprinter LaTasha Jenkins to a person familiar with the results.

"It's getting worse and worse," said Howard Jacobs, the lawyer for Landis and Jones. "If these guys can't follow their own rules and keep things quiet, then maybe they shouldn't get the results of the 'A.' "

Nike Drops Track Coach And Star Amid Scandal (NYT)

By Lynn Zinser

The New York Times, August 26, 2006

Nike ended its contract with the track coach Trevor Graham yesterday and stepped into the debate over Graham's role in doping violations by many of his athletes.

The company also said it was suspending its contract with the sprinter Justin Gatlin, one of Graham's athletes who has tested positive for performance-enhancing drugs. Gatlin was barred from the sport for up to eight years this week by the United States Anti-Doping Agency.

A Nike spokesman, Dean Stoyer, did not explain why the company was severing the deal with Graham. "I can't divulge the details," Stoyer said. "All I can say is we're terminating the contract."

Nike has dropped athletes in the past but normally does so without a public announcement. Moving against a coach is even more unusual.

But the focus on Graham has intensified recently. Another of Graham's sprinters, LaTasha Jenkins, had her A sample from a meet in Europe come up positive for the anabolic steroid nandrolone this week, people with knowledge of the test reporting said.

Jenkins dropped out of the Golden League meet in Brussels, citing a knee injury. The people confirming the test result were granted anonymity because antidoping rules require the results not be revealed until the B sample has been tested.

Graham has had at least seven athletes serve doping suspensions. That prompted the United States Olympic Committee to bar him from its facilities, and several European meets have said they will not invite any athlete training with Graham. Nike added to that momentum with its move.

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"There is absolutely no basis for Nike to terminate Trevor's contract," Graham's lawyer, Joseph Zeszotarski, said. "The contract cannot legally be terminated based upon innuendo and suspicion. We have contacted Nike regarding the matter and are awaiting their response. We hope to avoid having to take legal action but will do so if necessary."

Athletes' contracts typically have clauses giving sponsors an out if a client fails a doping test, but Stoyer said the move to suspend Gatlin's contract was "without precedent."

Gatlin reiterated yesterday that he did not knowingly use any performance-enhancing substance and would appeal his ban. "As an athlete it is frustrating for me to be on the sidelines, and have people drawing conclusions that I have cheated," he said in a statement. "I have put my faith in a system that I believe will clear my name and that I believe will allow me to compete again."

Until last year, Nike also sponsored Marion Jones, whose A sample from this year's national championships tested positive for the blood-boosting agent EPO. That contract was not renewed, and Jones had been competing without a sponsor.

After the cyclist Floyd Landis's positive test, which threatens his Tour de France title, his team sponsor immediately suspended him.

"Brands do not want to be associated with controversy," said Jeff Chown, president of Davie-Brown Talent, which signs celebrity spokesmen for corporations. "Steroids are top-of-mind in the sports industry right now. Nobody wants to be associated with it right now. I think a company like Nike is trying to build good will with the public by saying, 'We're against this.' "

Chown said he had seen many companies steer clear of baseball players because of that sport's problem with performance-enhancing drugs.

"There's too much risk in signing an athlete who might end up in the middle of a steroids scandal," he said. "The risk is not worth the reward."

The rash of positive drug tests has done much to tarnish track and field's image, but the International Olympic Committee president, Jacques Rogge, said yesterday that he was not disturbed.

"It proves that controls are working," Rogge told The Associated Press at the meet in Brussels. "It is not only Jones and Gatlin but also Floyd Landis and many other cases. They allow us to eliminate the cheats."

Rogge said the United States Anti-Doping Agency should be praised. "It is a very positive turn in the tide in the battle against doping," he said.

IMMIGRATION:

Young Migrants Risk All To Reach U.S. (WP)

By N.C. Aizenman

The Washington Post, August 28, 2006

QUETZALTENANGO, Guatemala -- Across Central America, growing numbers of impoverished children appear to be setting out for the United States on their own, risking robbery, rape and death as they try to sneak illegally through Mexico and across the U.S. border.

Last year, 6,460 underage illegal immigrants from Central America were detained in the United States while traveling without their parents and sent to government shelters, a 35 percent increase over the previous year. Many others likely slipped in undetected.

The higher detention figures may reflect stepped-up enforcement by Mexican and U.S. authorities. But social workers who help such child migrants say the stricter enforcement might actually be causing more children to travel alone. They note that many have parents who are already in the United States illegally and are unwilling to fetch them now that the chances of getting caught have increased.

Many of the youths never make it to the border. Mexico reported deporting 3,772 unaccompanied Central American minors bound for the United States in 2005, compared with fewer than 700 in 2003.

Mexican immigration authorities were catching and deporting so many Guatemalan children trying to sneak through Mexico to the United States that the Guatemalan government opened a 50-bed shelter last year to receive them until they could be picked up by their parents. It was quickly overwhelmed.

"Many nights there were not enough beds for everyone," said Ivone Rivera, director of the shelter, which is in a large, cement-block house in this mountain city about 45 miles from the Mexican border. "We had to lay down extra mattresses across every bit of floor space."

Delia Barrientos, a soft-spoken 15-year-old deportee on a bus taking her from Mexico to the shelter on a recent afternoon, said she had been thrilled when her mother finally agreed to let her head for Atlanta.

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"My mother left when I was 4 or 5. . . . I just want to get to know her. Every day I've been asking God for the chance," said Barrientos, who was caught with two older cousins while they waited to stow away on a freight train.

Shelter workers say parents often pay smugglers to take children as young as 4 to the United States. The vast majority of underage migrants, however, appear to be teenage boys like Luis Santos, a short, almond-eyed 16-year-old sitting a few rows behind Barrientos. He said he is the youngest of six siblings and has been working since he was 7 years old.

"My father was a policeman. He was shot to death when he was following a car that was smuggling cocaine," Santos said. "After that, my mother couldn't have supported me even if she'd wanted to. . . . She sells vegetables in the market. She has no money."

For the last five years, Santos had been living and working on a cattle ranch, barely covering expenses with his $66-a-week paycheck and finding it increasingly tough to find time for schoolwork. He was drawn to the United States by the same hopes of higher wages that attract adults.

"I just wanted to finally have something of my own," Santos said as tears began to roll down his cheeks. "To show everyone in my family that I can do this. That I can have things, too."

For all their grown-up dreams and responsibilities, youngsters like Santos often lack the maturity and experience vital to surviving an overland journey fraught with danger -- including not just the risk of death from heat exhaustion on the final trek across the desert into the United States, but also robbery, rape, or murder by bandits and corrupt authorities all the way through Mexico, immigrant advocates say.

Santos said he was beaten and robbed of all his clothes by uniformed police just a few miles into Mexico. He turned himself in to immigration authorities the next day.

Betsy Wier of Catholic Relief Services in Honduras said it could have been worse.

"There are so many ways that migrating as a vulnerable kid can go wrong," said Wier, who is overseeing a year-long, multi-nation survey of child migrants for the aid group. "There are trafficking gangs that prey on people who've lost all their money -- especially kids who are too ashamed to go home. They may use them as forced labor or for prostitution."

Also of concern, Wier added, is the haphazard manner in which children are received by their home countries after being deported from Mexico.

Mexican buses carrying Honduran deportees frequently drop them off at the border town of Agua Caliente, 18 miles from the nearest shelter.

"There's nobody there to greet them, no Honduran official checking off any list, no security watching," Wier said. "And it's such a porous border that oftentimes the kids just scramble back over the mountain towards Mexico."

Workers in the Quetzaltenango shelter are so pressured by the need to free up bed space that they barely have time to check parents' identification, let alone assess why a child left home and whether it is safe to turn him back over to the parent.

Still, at least Guatemala has a structured system for receiving children deported from Mexico: Twice a week a large purple coach carrying the minors pulls into the hot, bustling border crossing of El Carmen. Two staff members from the Quetzaltenango shelter, Edgar Gutierrez and Enrique Lopez, are always there to greet it.

Upon boarding the bus carrying Santos and Barrientos on a recent afternoon, Gutierrez made a point of reassuring the 29 youngsters aboard.

"Don't worry. Because you are minors, we have to take you to the shelter to wait for your parents," Gutierrez said. "But you're in Guatemala now. You are welcome here."

"Woo-hoo! We're home. Here they can't do anything to us!" shouted Adan Mejia, a tall 17-year-old sitting next to Santos.

Santos gave a wry smile. "Yeah, but here there's no money."

The bus lurched forward and began winding through verdant mountains shrouded in misty clouds.

Santos stared out the window at a pickup truck packed with laborers heading toward Mexico. "I wish I could just jump into that pickup," he muttered. "As soon as I get home, I'm going to start saving up 3,000 quetzales [about $400] for another try."

Christian Villegas, a psychologist at a shelter for detained underage migrants in the Mexican border town of Tapachula, said almost all the minors he has encountered are determined to try again -- even when they've been caught multiple times. "It's this fixed idea that they have that you just can't get out of them," he said.

As the bus wended its way to the shelter, Gutierrez and Lopez asked for home phone numbers to call in to the shelter so staffers there could begin contacting parents.

The youngsters' responses offered a glimpse of how isolated some of the communities they had left behind were.

"But my mother doesn't speak Spanish," said an ebony-haired 17-year-old who belongs to one of the more than 20 indigenous Mayan groups in Guatemala that speak their own language.

"But my family doesn't have a phone," a boy sitting next to him interrupted.

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Nonetheless, by the time the bus pulled in front of the shelter three hours later, several mothers and fathers were already waiting anxiously by the door.

Villegas, the psychologist in Mexico, said that even after handling dozens of cases, he finds it hard to fathom why parents who clearly love their children would permit them to make such a dangerous journey. "I ask them," he said. "But I've never really heard an answer that I can understand."

The parents waiting to pick up their youngsters from the Quetzaltenango shelter gave a variety of explanations.

"Yes, I know how dangerous it is for him. And I've felt such anguish since he left," Alfonsina Hernandez, a 39-year-old widow wearing a purple Mayan skirt, said of her 17-year-old son, Sergio Salalxot. "I can't keep him by force. If I had said no, he would have gone anyway without even telling me."

Perfecto Morales, 41, who spoke in halting Spanish, said that he had helped his 16-year-old son Miguel get across the border into Mexico to join a sister who is working in a poultry plant in Delaware.

"I have a sickness in my fingers," the elder Morales said, holding up hands that were bent like claws. "I can't work in the fields anymore. . . . When my son told me he wanted to help earn more money for us, I felt so proud, like I was being lifted up. . . . He is so young and he's already looking out for us."

CONGRESS-ADMINISTRATION:

Hunt On Hill Afoot For Pork-bill Blocker (WT)

By Stephen Dinan

The Washington Times, August 28, 2006

It's a sign of just how hot an issue pork-barrel spending has become that the biggest game in political Washington this summer is trying to smoke out the senator who is blocking a bill to create a searchable database of federal contracts and grants.

The bill has the support of the Bush administration and activists on widely divergent sides of the political spectrum. It also passed a Senate committee without any objections, so the unknown senator is annoying many people.

Sponsored by Sens. Tom Coburn, Oklahoma Republican, and Barack Obama, Illinois Democrat, the bill would require the administration to create a searchable Web site that would list the name and amount of any federal grant, contract or other award of money amounting to $25,000 or more.

Senate Majority Leader Bill Frist, Tennessee Republican, tried to win speedy passage just before the Senate left for its summer break, but at least one senator objected anonymously.

Now Porkbusters.org, a Web site dedicated to exposing wasteful government spending, is conducting a public campaign to smoke out the obstructor or obstructors, while blogs on both sides of the political spectrum have weighed in, demanding action on the bill. Mr. Frist has also vowed to get into the act, promising to try to pass the bill again when Congress returns from its break next month.

"For reasons of policy and politics, many bloggers are rightly outraged that S. 2590 was shot down when I attempted to bring it up for a vote prior to the August recess," Mr. Frist wrote in an entry last week on the blog of Volpac, his political action committee (www.volpac.com).

The Federal Times reported that one senator has a "secret hold" on the bill. Holds are an unofficial part of Senate parliamentary tradition that allow a single senator to delay action anonymously.

A spokeswoman for Mr. Frist said it's not clear how hard and fast the hold is. Sometimes holds are simply a way for a senator to earn time to learn more about a bill, though other times the intent is to scuttle the bill.

The Bush administration is backing the bill as a way to improve accountability.

"We want to see the bill enacted, so whatever we can do to be supportive of Senators Coburn's and Obama's efforts, we'll be supportive," said Clay Johnson, deputy director for management at the Office of Management and Budget.

"What we like is transparency. We believe that the more public information that's available about how programs work, about where we're spending our money, who's getting grants, who's getting contracts, the more accountability there is," Mr. Johnson said.

So far, Porkbusters has cleared a little more than a quarter of the Senate of suspicion.

"It's all about focusing on an individual and uncovering secrets," said Glenn Reynolds of Instapundit.com, one of the forces behind Porkbusters. "Fortunately, a member of the Senate played into our hands."

He said enough people in Washington know who is obstructing the bill that if the hold continues, the senator's name will come out.

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The effort is already producing some interesting results, including an e-mail from a Senate staffer who accused Porkbusters of a "guilty until proven innocent approach." Mr. Reynolds, who declined to release the name of the staffer or the office he works for, said it shows members of Congress are feeling the heat.

Understanding the power of wasteful spending as an issue, House Democrats this past week announced their own "truth squad" to target waste, fraud and abuse in Hurricane Katrina relief spending.

Mr. Frist could try to overcome the hold by forcing the issue onto the floor using the same procedure used to end a filibuster, which would require 60 votes.

The House passed a bill earlier this year that creates a database for grants only.

In his blog entry, Mr. Frist said the issue underscores the stakes in November's congressional elections.

"There is a real choice between Democrats and Republicans on matters of taxes and spending," he wrote. "Indeed, just this year, when we wrote our tight budget, Senate Republicans defeated constant Democrat attempts to bloat spending and hike your taxes by billions of dollars."

Securing Future Fiscal Health (WP)

By Bob Kerrey And Warren Rudman

The Washington Post, August 28, 2006

The economic and moral case for long-term reform of fiscal policy is clear. Yet politicians refuse to act. If this stalemate persists, it could end in catastrophe.

Over the next 30 years, spending on federal programs is on track to go up by 50 percent as a share of the economy. If revenue remain at their historical level, the resulting deficits will approach 20 percent of gross domestic product by 2036 -- almost 10 times the current size. The debt will surge to 200 percent of GDP -- twice what it was at the end of World War II.

Political realities explain why nothing has been done about this. Changing course would require substantial spending cuts from projected levels or equivalent tax increases. Neither party wants to be the first to propose these tough choices out of fear that the other side would attack it. Similarly, neither side wants to discuss possible compromises of its own priorities, out of fear that the other side will take the concessions and run. Unfortunately, these fears are justified.

Since the regular legislative process seems incapable of dealing with the impending crisis, some alternative has to be found. President Bush has suggested a commission. Having served on many commissions, we understand their potential value. We also understand how they can go wrong. In our view, a new commission could be very useful, but only if it recognizes fiscal and political realities. It needs five elements to succeed.

First, it has to be truly bipartisan. Any perception that the commission's purpose is to facilitate swift enactment of a partisan agenda would doom it to failure. It must have bipartisan co-chairs and equal representation. Doing otherwise in the current partisan environment would be a waste of time and money.

Second, it must have a broad mandate. While it is critical to control the growth of entitlements, particularly Medicare and Social Security, the commission should examine all aspects of fiscal policy.

Third, all options must be on the table. If either side sets conditions, the other won't participate. Republicans cannot take tax increases off the table, and Democrats cannot take benefit reductions off the table.

Fourth, the commission needs to engage the public in a genuine dialogue about the trade-offs inherent in realistic solutions. When people are armed with the facts and given the opportunity for honest dialogue, they are willing to set priorities and make hard choices.

Fifth, the commission's recommendations should be given an up-or-down vote in Congress, allowing for amendments that would not reduce the total savings. Absent that, the report would likely join many others on a shelf.

Rep. Frank Wolf (R-Va.) and Sen. George Voinovich (R-Ohio) have put forward a proposal that satisfies most of these elements. They would create a bipartisan commission with a broad mandate to examine long-term fiscal challenges. All policy options would be on the table. The commission would solicit input from the public and develop legislation that Congress and the president would be required to act on. Its work would address four key concerns: the unsustainable gap between projected spending and revenue, the need to increase national savings, the implications of foreign ownership of U.S. government debt and the lack of emphasis on long-term planning in the budget process.

A commission with these attributes could give all parties the political cover they need to tackle the tough choices and develop a bipartisan consensus for solutions. This would be invaluable regardless of who controls Congress or the White House.

In the end, of course, elected representatives, not a commission, will have to make the hard decisions. But a commission that produced solutions with meaningful bipartisan support would provide a catalyst for action. If Congress were required to vote on the commission's recommendations, opponents would be challenged to produce solutions of their own.

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Advocates of extending tax cuts would be challenged to say how they would restrain spending enough to avoid cascading debt once the baby boomers begin to retire in large numbers. Those who oppose reductions in current entitlement promises would be challenged to say how they would fund those promises without squeezing out other priorities or raising taxes to unacceptable levels that could damage the economy.

The Wolf-Voinovich proposal has been greeted with silence or outright hostility. It deserves better. This is a serious proposal by two leaders who regard the debt burden and draconian policy options we are leaving to future generations as a moral stain on our nation's character.

To be sure, their proposal has shortcomings that must be corrected. Two improvements that are critical to the success of a commission are providing for bipartisan co-chairs and dividing the membership more evenly between parties than the current 9-6 split in favor of Republican appointments. These problems are not minor technicalities, but they could be fixed in negotiations with potential Democratic co-sponsors.

Time is running out to enact reforms. Wolf and Voinovich have come up with a credible way to get the process started. Any takers?

Bob Kerrey, a former Democratic senator from Nebraska, and Warren B. Rudman, a former Republican senator from New Hampshire, are co-chairs of the Concord Coalition.

Did A Federal Judge Cross A Legal Line For His Clerk? (LAW)

By Julie Kay, Daily Business Review

Miami Daily Business Review, August 28, 2006

Southern District of Florida Judge Shelby Highsmith and a U.S. Marshals Service deputy are drawing criticism for intervening in a personal dispute involving the judge's clerk and her daughter at a downtown Miami store.

The incident is raising eyebrows in the legal community as well as questions about whether Highsmith may have violated judicial canons by misusing his judicial powers.

Both Highsmith and an unidentified deputy showed up at the store during the incident, flashed their government identifications, and began questioning store employees and asking for their addresses.

The incident occurred in December, but it only recently came to light when the city's Civilian Investigative Panel took up the issue Aug. 15, after Highsmith filed a complaint against a Miami police officer who responded to the scene.

The officer, Michael Ragusa, was cleared of charges of discourtesy.

According to a CIP report as well as Highsmith's clerk, Laura Sabbatino, the incident began when Sabbatino's daughter, Adriana Thorne, was shopping at Gifts & Luggage at 27 E. Flagler St. Thorne purchased a $7 item and paid by credit card.

Sabbatino, in an interview with the Daily Business Review, said that the clerk told her daughter the card could only be used for debit and then handed back the card wrapped in a receipt. About five minutes later, Thorne got a call from her bank, Wachovia Bank, asking whether she had just made a $300 purchase at Macy's. The card had been used in both the jewelry department and the baby department.

Thorne took out her credit card and discovered it was not hers but someone else's. She called her mother, who was standing in front of Highsmith in his chambers. According to Sabbatino's statement, the judge "instructed Mrs. Sabbatino to call the Deputy's Service and that they were on the way down to her daughter."

Both the judge and a deputy, whose name is not identified in the report, appeared at the store and asked to speak to the cashier. The judge then showed the owner his identification.

The owner replied that the clerk, who is pregnant, was not feeling well and had gone home. When the judge began asking more questions, the store owner responded, "This is not court! If you have a complaint, call the police!"

The deputy, who appeared on the scene a couple of minutes later, asked the store owner for the clerk's address, since she had left before the deputy's arrival. The owner, Joseph Yoo, reluctantly gave the deputy the address, according to Yoo's statement, and the deputy left the store. The report does not state whether the deputy took further action.

At this point Sabbatino called the police, and Highsmith departed.

Ragusa responded to the scene and the clerk showed up. The clerk said she was not feeling well and Ragusa asked whether she needed fire rescue. "OK, stop! Everyone step away," Ragusa said. 'We have a pregnant woman here. This investigation can't continue." He then said, according to Sabbatino, "For all I know you're the one who took the card. You can't point fingers; you need to take this up with the bank."

"The officer was a jerk," Sabbatino said. "He was very rude. Instantly, my daughter felt that we were no longer the victims."

Ragusa could not be reached for comment.

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But in his statement for the CIP, he gave a slightly different version of events. He reported that Sabbatino yelled at him and put both hands about two to three feet from his face. When he told Thorne and her mother to stand at the opposite end of the store, the mother refused, saying, "I work for a judge." Ragusa threatened to jail Sabbatino if she would not move.

Highsmith, who is on leave until Oct. 30, did not return telephone calls seeking comment.

Albert Hidalgo, a deputy with the U.S. Marshals Service in Miami, said he was not familiar with the details of the incident and did not know the name of the deputy involved.

But he said the 80 deputies who work in the Southern District of Florida are supposed to provide protection to the federal judiciary and are not supposed to get involved in personal disputes outside the courthouse that don't involve a judge's safety.

Other duties, according to a Marshals Service Web site, are to apprehend fugitives, transport and manage prisoners, serve court documents and administer the Justice Department's asset forfeiture program.

Some legal observers called Highsmith's actions a serious breach of judicial conduct and likened the incident to the recent resignation of the attorney general of New Jersey, who was found to have violated her department's code of ethics by coming to the aid of a companion during a traffic stop.

"The judge should apologize and be reprimanded," said Robert Jarvis, who teaches ethics law at Nova Southeastern University. "This is outrageous conduct. He used the prestige of his office for a personal favor and using public resources to intervene in a private dispute. This showed extremely poor judgment on the judge's part."

Jarvis suggested that the judge write a check to the judiciary to reimburse it for the time the deputy spent on the personal errand.

Highsmith's action violates several judicial canons, Jarvis said. Not only does it compromise the integrity of the judiciary, said Jarvis, but it reflects a conflict of interest on the judges' part.

"It raises in the minds of the public that there are two systems of justice -- one for those who are connected and one for us poor schmucks," he said.

Jarvis also reserved some criticism for the deputy, who used his powers to wrongly "intimidate and harass" the store clerk, he said.

Several lawyers who did not want to be identified also said the judge erred by summoning a deputy to assist him with a personal dispute. "U.S. deputies have a serious duty and they're not the errand boys of the judges," said one Miami lawyer.

For her part, Sabbatino said she was disappointed that Ragusa was cleared of the charge of discourtesy. She said the judge did nothing wrong in calling a deputy to the store.

"He can have a deputy accompany him anywhere he wants to go," she said. "That's part of his job."

Federal Jobs Decline As Contractor Market Expands (WP)

By Cecilia Kang

The Washington Post, August 28, 2006

A closer look at July's employment data for the Washington area underscores a shift in the economy, with the number of jobs in the federal government shrinking and the number at companies that serve the government expanding.

The greatest increases in new jobs were in industries that most commonly hold contracts with the government, such as information technology and other professional services sectors, according to the Bureau of Labor Statistics.

In July, the number of professional and business services jobs rose 4.5 percent from last July. Jobs in the financial industry increased 1.7 percent. Computer systems design and related services jobs were up 4.5 percent.

The number of federal government jobs, meanwhile, fell 0.6 percent, to 341,900.

The total number of jobs in the Washington area increased 2.1 percent, to 3,007,100 jobs.

Others sectors were supported by the residential boom. Jobs in private services, which range from auto repair shops to nail salons, rose 3.2 percent. The overall retail sector saw a 3 percent increase.

Other industries were left out of the region's economic expansion.

Jobs in manufacturing fell 1.1 percent. Food and beverage retail store jobs declined 0.7 percent. Telecommunications jobs dropped 2.7 percent.

An American Eagle In Autumn (WT)

By Barry Casselman

The Washington Times, August 28, 2006

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It is the final political season for President Bush. After November, he will begin the process leading to the day in January 2009 when he will become irreversibly a former president on the United States. But his season as president is not yet over. He has two and a half years to preside over the American government, regardless of the results this November.

Mr. Bush faces momentous difficulties. Many Americans still do not realize the extent to which the United States is locked into a protracted and dangerous war with Islamofascism.

After we were attacked on September 11, U.S. public opinion overwhelmingly favored the pursuit of our attackers in their base in Afghanistan. Mr. Bush and his advisers realized, however, that this would not solve the new long-term threat now posed by an enemy determined not only to remove our presence from the Middle East and destroy Israel, but also intent upon humiliating and overwhelming Western culture with an aggressive and feudal totalitarian culture of their own.

A war was initiated in Iraq to remove a bestial dictator and to change this totalitarian nature of the Middle East. Virtually everyone concedes Saddam Hussein's cruelty, but many in the United States and most in Europe resisted the boldness and risk the president took to alter the chemistry of persistent feudalism in the Middle Eastern Islamic world.

Unfortunately, Mr. Bush at the outset muddled his true purpose with dire warnings of so-called "weapons of mass destruction," which were not found after the war. What we did find was absolute evidence of a regime so venal and cruel that it is difficult to understand how it was able to persist for so many decades.

Opponents rightly contend that even destroying this unspeakable regime was not alone worth the risk we took, the lives we have lost, and the huge expense we have made. But the president and his advisors had a much larger strategic purpose. They saw the necessity, given the ominous aggression of the terrorists, to change the nature of the Middle Eastern political landscape which had been altered primarily by a vast and seemingly unending infusion of cash from the sale of its petroleum resources to the rest of the world. This infusion permitted Middle Eastern regimes to arm themselves with sophisticated weaponry and to pursue the acquisition of nuclear weapons. It is instructive to point out to Western apologists for these regimes that they did not use their new economic resources to provide civilian infrastructure, universal education and health care to their populations, including the long-suffering Palestinian refugees in their midst.

His opponents continue to demonize Mr. Bush. But I continue to think his strategic vision is the best one, and the risk he took was a valid one. The struggle is not over in the Middle East, contrary to the perennial naysayers, but it is a time when outcomes are uncertain and our purpose is not transparent. The president and his advisors, principally Defense Secretary Donald Rumsfeld, tried to follow up their successful military campaign with minimal military force. I think this was mainly due to their lack of personal military experience. Colin Powell's doctrine of "overwhelming force" in hindsight (and in the foresight of military history) was much more likely to succeed.

But given the chance to reverse our policy through the presidential election on 2004, American voters chose, intuitively, to continue the president's course. The fact is that wars are not easily and neatly fought. From Manassas to the Battle of the Bulge to Viet Nam, there are battles lost and grievous mistakes made. It has been this way as long as we have records of history.

Only 16 years after we unilaterally withdrew from Viet Nam, world communism collapsed. It did not collapse from war on a battlefield, but it did collapse from the determination of Western democratic capitalism to contain it until it fell apart from its own economic contradictions. In the case of the Middle East, the continued infusion of billions of dollars into the economies of hostile regimes from the sale of petroleum and the aggression of the terrorists offers no such simple prospect.

I have suggested that George W. Bush came to the right vision and the right strategy after September 11. In this he has served, and continues to serve, the greatest interests of the United States and its values of democracy and economic freedom. This gift, however, has not been matched with equal gifts of communication to the American people. In an environment of uncertainly, terrible images of war and destruction, and a lack of understanding of our foreign policy purposes, it is not surprising that most Americans are unhappy, anxious and unwilling to be optimistic about our military confrontations which seem to have no end.

During the campaign of 2006, Mr. Bush has been touring the country in support of his party's candidates for Congress. As a sitting, albeit unpopular, president, he raises large sums for their campaigns. But his remarks on these occasions, often given to private and sympathetic audiences, have been restatements of his resolve to carry on the global struggle against the contemporary threat of terrorism. He and his advisers are showing new flexibility in their determination to defeat this enemy even as some leaders of the opposition party are clamoring for immediate withdrawal from Iraq. The American voters are deeply troubled and weary of war, but I don't think they have any intention to appease the enemy and surrender the field. (Some Democrats, including Sen. Joe Biden, are searching for new ways to hold the field and reject appeasement, while realizing American goals and ideals. But for now they are being shouted down.)

This is why November may not be so dark for the president and his party after all. Mr. Bush has been telling personal stories to his audiences during the campaign of 2006, trying to enable them belatedly to understand what he is doing. Reverting

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to his native Texglish, and eschewing the more formal contemporary English of so many of his colleagues, Mr. Bush talks of his recent experiences as president. One of the most touching is when he talks about the books he has been reading about his predecessors, particularly the best of them, Washington, Lincoln and FDR. All of them were war presidents, too. His identity with Lincoln is the most revealing.

Lincoln struggled with an unpopular war, was demonized in the press and made many mistakes in his choice of generals and battles. Lincoln's original stated purpose to preserve the Union evolved into the abolition of slavery, and when he was on the verge of winning, he put it all into what author Ron White and others call, his greatest speech: the second inaugural. Mr. Bush has read Mr. White's remarkable book ("Lincoln's Greatest Speech"). He communicates his own anguish, realizing he has no less responsibility and purpose as our greatest president, but knowing he lacks Lincoln's extraordinary gift of speech. Unlike Lincoln, who wrote his own speeches, Mr. Bush has delivered his best ones with the aid of a superb speechwriter. Even so, he has so far failed to explain fully to the American people his grand strategy and purpose.

But he is an eagle in the autumn of his presidency, stubbornly holding to his vision and overwhelming responsibility, determined to finish his watch holding to his deepest values and ideals. Eventually, those who oppose him, and even those who may despise him now, are likely to recognize and honor his lonely and historic journey.

A Fixation With Secrecy (NYT)

The New York Times, August 28, 2006

In 1971, Defense Secretary Melvin Laird punctuated his plea to Congress for more cold war appropriations with a graphic display of information that revealed the nation on guard with 54 Titan and 1,000 Minuteman nuclear missiles, plus 30 strategic bomber squadrons. In making his case, Mr. Laird exemplified the idea that a little transparency is no drawback in a democracy.

Thirty-five years later, the Bush administration, which has consistently demonstrated an extraordinary mania for secrecy, is blacking that public information out of history. That's right: it has reclassified the number of missiles and bombers from the Nixon era as some fresh national security secret, even though historians and officials in the old Soviet Union long have had it available on their research shelves.

What strange compulsion drives such "silly secrecy," as it is aptly described by officials of the National Security Archive, a nonprofit research library at George Washington University? The archive published a report on how retroactive the administration has become in its obsession with creating secrets out of interesting information. The blacked-out missile and defense policy information dates to the 1960's. Soviet numbers are left untouched on the open record, while the old American armada is freshly cloaked. What's next? Classifying Civil War ironclads and cannons?

The missile blackout is the latest symptom of a deepening government illness. National security has become the excuse for efforts to crack down on whistle-blowers and journalists dealing in such vital disclosures as the illicit eavesdropping on Americans. Last spring the director of the National Archives objected to a reclassifying initiative undertaken by intelligence officials that caused 55,000 decades-old pages to vanish from the public record. The process itself was labeled an official secret.

Public recourse has become more difficult: enforcement of the Freedom of Information Act has become slower and more burdensome. The one thing the administration has made no secret is its antipathy to government transparency. The secrecy fixation is a threat to democracy and an insult to honest history.

What Is The Latest Thing To Be Discouraged About? The Rise Of Pessimism (NYT)

By Adam Cohen

The New York Times, August 28, 2006

The early stages of the Iraq war may have been a watershed in American optimism. The happy talk was so extreme it is now difficult to believe it was sincere: "we will be greeted as liberators"; "mission accomplished"; the insurgency is "in the last throes." Most wildly optimistic of all was the goal: a military action transforming the Middle East into pro-American democracies.

The gap between predictions and reality has left Americans deeply discouraged. So has much of what has happened, or not happened, at the same time. Those who believed New Orleans would rebound quickly after Hurricane Katrina have seen their hopes dashed. Those counting on solutions to health care, energy dependence or global warming have seen no progress. It is no wonder the nation is in a gloomy mood; 71 percent of respondents in a recent Associated Press-Ipsos poll said the country is on the wrong track.

These are ideal times for the release of "Pessimism: Philosophy, Ethic, Spirit," by Joshua Foa Dienstag, a U.C.L.A. political theorist. Mr. Dienstag aims to rescue pessimism from the philosophical sidelines, where it has been shunted by optimists of all ideologies. The book is seductive, because pessimists are generally more engaging and entertaining than optimists, and

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because, as the author notes, “the world keeps delivering bad news.” It is almost tempting to throw up one’s hands and sign on with Schopenhauer.

Pessimism, however, is the most un-American of philosophies. This nation was built on the values of reason and progress, not to mention the “pursuit of happiness.” Pessimism as philosophy is skeptical of the idea of progress. Pursuing happiness is a fool’s errand. Pessimism is not, as is commonly thought, about being depressed or misanthropic, and it does not hold that humanity is headed for disaster. It simply doubts the most basic liberal principle: that applying human reasoning to the world’s problems will have a positive effect.

The biggest difference between optimists and pessimists, Mr. Dienstag argues, is in how they view time. Optimists see the passing of time as a canvas on which to paint a better world. Pessimists see it as a burden. Time ticks off the physical decline of one’s body toward the inevitability of death, and it separates people from their loved ones. “All the tragedies which we can imagine,” said Simone Weil, the French philosopher who starved herself to death at age 34, “return in the end to the one and only tragedy: the passage of time.”

Optimists see history as the story of civilization’s ascent. Pessimists believe, Mr. Dienstag notes, in the idea that any apparent progress has hidden costs, so that even when the world seems to be improving, “in fact it is getting worse (or, on the whole, no better).” Polio is cured, but AIDS arrives. Airplanes make travel easy, but they can drop bombs or be crashed into office towers. There is no point in seeking happiness. When joy “actually makes its appearance, it as a rule comes uninvited and unannounced,” insisted Schopenhauer, the dour German who was pessimism’s leading figure.

As politicians, pessimists do not believe in undertaking great initiatives to ameliorate unhappiness, since they are skeptical they will work. They are inclined to accept the world’s evil and misery as inevitable. Mr. Dienstag tries to argue that pessimists can be politically engaged, and in modest ways they can be. Camus joined the French Resistance. But pessimism’s overall spirit, as Camus noted, “is not to be cured, but to live with one’s ailments.”

President Clinton was often mocked for his declarations that he still believed “in a place called Hope.” But he understood that instilling hope is a critical part of leadership. Other than a few special interest programs — like cutting taxes on the wealthy and giving various incentives to business — it is hard to think of areas in which the Bush administration has raised the nation’s hopes and met them. This president has, instead, tried to focus the American people on the fear of terrorism, for which there is no cure, only bad choices or something worse.

Part of Mr. Bush’s legacy may well be that he robbed America of its optimism — a force that Franklin Delano Roosevelt and other presidents, like Ronald Reagan, used to rally the country when it was deeply challenged. The next generation of leaders will have to resell discouraged Americans on the very idea of optimism, and convince them again that their goal should not be to live with their ailments, but to cure them.

A Way Past The Stem Cell Dilemma? (USNEWS)

By Helen Fields

U.S. News and World Report, August 28, 2006

Last week, scientists at Advanced Cell Technology in Massachusetts announced that they had found a way to make embryonic stem cells without destroying embryos-which could allow scientists to get federal funding for medical research using the cells. But the new technique may not live up to the hype.

As described in the journal Nature, the cells would come from a procedure sometimes used for in vitro fertilization, in which a single cell from a very early embryo is removed and tested for defects. The new method would let that cell divide overnight, then use one daughter cell for testing and one to create new embryonic stem cell lines. The experimental cells have survived in the lab for eight months.

Objections. Some stem cell opponents object to this procedure, because defective embryos are discarded. And scientists still haven't ruled out the possibility that the one cell removed from an embryo could be coaxed to develop into a new embryo on its own, making that one cell as "human" as the embryo. A U.S. Conference of Catholic Bishops spokesman criticized the research last week as "gravely unethical."

No one knows if research using the cells would be eligible for National Institutes of Health money, says James Battey, chair of the NIH's stem cell task force. But Robert Lanza, medical director of Advanced Cell Technology, is hopeful. "I think that we could easily quadruple the number of lines eligible for federal funding, if this were to fly."

Embryonic War (NSWK)

By Claudia Kalb And Debra Rosenberg

Newsweek, September 4, 2006

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It was heralded as a scientific milestone. Published in an advance online version of the scientific journal Nature, it was touted on the front pages of newspapers across the country. For the first time, scientists said last week, they had derived human embryonic stem cells using a technique that does not harm the embryo—a biological feat intended to assuage religious conservatives and break the impasse over federal funding of new embryonic-stem-cell research. "Up until now, embryonic-stem-cell research has been synonymous with embryo destruction," said Dr. Robert Lanza, the study's lead author and vice president of research and scientific development at the biotech firm Advanced Cell Technology (ACT). "I think this changes that paradigm."

But within days of publication, that wasn't so clear. A more careful examination of Lanza's work showed he'd only proposed a new method, but hadn't in fact proved it worked from start to finish. And, by relying on human embryos, he still couldn't avoid the inevitable firestorm. Publicly, the White House took a measured approach, calling the reports "encouraging." Some social conservatives, particularly Roman Catholics, were far more critical. Though they claimed a moral victory, saying their hard-line position had forced scientists to consider the ethical status of the embryo, they dismissed Lanza's approach. "We're against manipulating, harming, assaulting embryos for their cells even if it doesn't always kill them," says Richard Doerflinger, of the U.S. Conference of Catholic Bishops, who accused Lanza of deceiving the public about the details of his work. By late last week, the scientific "breakthrough" had failed to bridge the political gap.

Normally, embryonic stem cells are grown from embryos at the blastocyst stage, when they're clusters of about 150 cells. In the process, the embryos are destroyed. Borrowing from a fertility-clinic technique called preimplantation genetic diagnosis (PGD), which is used to screen for genetic diseases in embryos before implantation, Lanza extracted single cells out of 16 embryos, then grew two of those cells into new embryonic-stem-cell lines. While the experiment showed that it is theoretically possible to grow embryonic-stem-cell lines and still preserve the embryos, Lanza failed to prove this. He needed so many individual cells (total: 91) to create his lines that multiple cells had to be pulled from each of the embryos; in the end, all 16 were destroyed. Lanza says that single-cell extraction has been proved effective through PGD (embryos subjected to the loss of a cell have developed into healthy babies); more important, he says, he has shown that single cells can develop into embryonic-stem-cell lines.

Other scientists say Lanza's work is impressive. It's "an interesting and important technical feat," says Dr. George Daley, a Harvard stem-cell researcher. But there are still a host of unanswered technical questions, say Daley and others. And it's unclear how many scientists will rush to replicate Lanza's work—the key to deeming it scientifically solid. Already, scientists can derive many more stem-cell lines through traditional methods. And many researchers want to study "disease-specific" embryonic stem cells for disorders like Alzheimer's and diabetes, which Lanza's approach wouldn't allow.

Underlying all of this, however, is a deep discomfort that scientific research is being designed to appease religious or political concerns. Glenn McGee, a bioethicist at Albany Medical College in New York, says ACT's research—done by a for-profit company—is a "pitiful attempt to look morally acceptable, rather than do valuable science." Politically, says McGee, who resigned from ACT's ethics board in 2000 because he says he wasn't consulted about critical research, "this will never sell."

George W. Bush has steadfastly refused to fund any research on stem-cell lines created since he established his policy in 2001 and, in July, when lawmakers in both parties passed a bill to fund new lines, he issued his first presidential veto. There's no indication that he'll change his position any time soon. But if Lanza's technique eventually works without destroying embryos, Bush might be able to embrace it. "I think it would satisfy the ethical concerns," says former Bush adviser Jay Lefkowitz, who helped formulate the 2001 policy.

Still, it's unlikely to satisfy many social conservatives. They oppose the PGD process, which weeds out defective embryos. And they worry that a single cell could itself grow into a viable embryo. "Then we'd be back in the same soup"—destroying potential life—says Princeton professor Robert George, a Catholic bioethics adviser to the White House.

Lanza is used to the criticism. In 2001, ACT was accused of hyping a report on cloning human embryos. Lanza, who wasn't running the lab at the time, defends the science but says he would have handled things differently. Now he's charting his own course. At 50, he lives on an island in a Massachusetts pond and claims a collection of natural curiosities, including a 3,500-pound amethyst and a six-foot Brachiosaurus femur. Of McGee and other critics, he says his goal is to advance science: "I've done what I thought was right." But in the murky waters of stem-cell science, what's "right" is never crystal clear.

A Way Out? (WP)

The Washington Post, August 28, 2006

WHEN PRESIDENT Bush restricted federal funding for stem cell research in 2001, he claimed he opposed "providing taxpayer funding that would sanction or encourage further destruction of human embryos that have at least the potential for life." Last week, the scientific community addressed Mr. Bush's expressed moral concern in a study reported in the journal Nature, revealing a new method for extracting embryonic stem cells that its backers say poses no additional risk to human embryos.

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But instead of embracing the potential of the new procedure, which might be a way of advancing stem cell research without destroying potential humans, the president registered his concerns about using any new embryonic material for scientific research. "Any use of human embryos for research purposes raises serious ethical concerns. This technique does not resolve those concerns," the White House said. "The President is hopeful that with time scientists can find ways of deriving cells like those now derived from human embryos but without the need for using embryos."

Later, a White House spokeswoman tried to backpedal, insisting that Mr. Bush is waiting for expert reviews of the study's findings before making any final judgments. Yet the president's initial statement on the matter indicates that he will search for new -- and far less convincing -- reasons to keep federal coffers shut from stem cell researchers.

The new method of gathering stem cells involves taking a single cell from a young embryo of around eight cells, a procedure that does not kill the embryo as earlier methods of stem cell extraction did, said Robert Lanza, the lead researcher. According to Ronald M. Green, director of Dartmouth College's Ethics Institute, the new method allows researchers to create stem cells as byproducts of a standard procedure in fertility clinics. There doctors often take one cell from eight-cell embryos to test for genetic defects such as Down syndrome. The rest of the embryo can grow into a normal human child, according to all available scientific evidence. Instead of immediately conducting the genetic test on the extracted cell, doctors can allow it to multiply overnight, use one of the resulting cells for the genetic analysis and create brand-new stem cell lines from the others.

As with any scientific breakthrough, the country has to wait for other scientists to successfully repeat the experiment to verify that the procedure will work. Researchers should also be prepared to respond to critics of the landmark scientific report, such as Richard Doerflinger of the U.S. Conference of Bishops. But if this new process is demonstrated to be viable, Mr. Bush can easily articulate rules that would allow federal funding for research on stem cells gathered harmlessly when cells are to be taken for genetic testing anyway. Then stem cell research on a range of debilitating and deadly diseases could finally proceed faster in the United States. On the other hand, sticking to his disappointing rhetoric of last week would unfairly raise the ethical bar Mr. Bush set in 2001 for America's stem cell scientists and continue to stunt the growth of this valuable field of study.

Over (and Behind) The Counter (USNEWS)

By Josh Fischman

U.S. News and World Report, August 28, 2006

A woman whose regular birth control method failed or who was raped will not be the first person to benefit from last week's decision to sell emergency contraceptive pills without a prescription. The immediate beneficiary will most likely be a man.

Andrew von Eschenbach, the acting head of the Food and Drug Administration, which approved the pill, should get the job for real in September, because key senators dropped their opposition to his nomination when he dropped his opposition to the "morning-after pill," called Plan B. "All he needs now is a simple majority vote for approval," says one of those senators, Democrat Patty Murray of Washington State. And that's good for the drug agency, which has been without a permanent leader for nearly a year.

Proof of age. Women will first see Plan B without a prescription near year's end-it has been prescription-only since 1999-after the manufacturer, Barr Laboratories, packs it in new boxes with more drug facts in easy-to-read language, like other nonprescription drugs. The estimated price is between $20 and $40 for a pack of two pills. And it won't be in gas stations or convenience stores but tucked behind the pharmacy counter, where buyers will have to show a valid ID to a pharmacist proving that they are at least 18 years of age. These restrictions are all part of the deal the FDA and the drug maker cut to market Plan B. The drug has been mired in controversy since the FDA refused to approve easier access two years ago, overruling the agency's own scientific advisers amid charges that it had caved in to conservatives who equate the pill with abortion. (Plan B contains hormones that prevent fertilization or stop a fertilized egg from implanting in the uterus.)

Conservative groups condemned the expanded access, charging that it cuts parents out of the loop. But keeping the pill behind the counter, along with the age restriction, didn't please women's health advocates either. "'Behind the counter' is another barrier," says Amy Middleman, a pediatrician and adolescent-health specialist at Texas Children's Hospital in Houston. "Adolescents make a mistake or they get raped, and they may not have the self-confidence to share personal information with a pharmacist." IDs, after all, show not just age but name and address. Canadian pharmacists were caught last year collecting this information. "Plan B has to be used within 72 hours to be effective. You don't want to create reluctance to use it," she says. Murray agrees but says "at least women don't have to find a doctor, get a prescription, find a pharmacy, and wait to get it filled now."

The drug agency says it insisted on the distribution limit to ensure that buyers could get health counseling from a pharmacist and on the age limit because there were doubts about the ability of younger teens to use the pill responsibly. "Ridiculous," says James Trussell, a reproductive-health researcher at Princeton and a member of the FDA's advisory committee

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on the drug. "We saw at least three studies showing that younger teens used the drug just as safely as older women did. Plan B is safer than aspirin." Medically, perhaps, but politically it clearly has a big warning label.

New Plan For Plan B (NSWK)

By Julie Scelfo

Newsweek, September 4, 2006

When the food and Drug Administration announced last week that Plan B emergency contraception would be available "over the counter," but would be kept behind the counter because of the drug's 18-and-over age restriction, the decision echoed an idea, long advocated by the American Pharmacists Association (APhA), that two classes of drugs aren't enough.

As it stands, the FDA can approve drugs in two categories: by prescription, which typically requires a doctor's visit, and over the counter, which means the medication is safe enough to sit on shelves next to diapers and batteries. What APhA is arguing for is a third official category, like Britain's "behind the counter" designation, for dozens of drugs that may require some oversight but are safe enough to take without a doctor's written consent. Certain flu medications fall into this category, pharmacists say, as do cholesterol-fighting drugs, some vaccinations and smoking-cessation inhalers. A third category would allow consumers quicker access to drugs and could help lower costs. It would also put more responsibility in pharmacists' hands.

Scott Gottlieb, FDA deputy commissioner, has said he is open to this third way (which would require congressional approval). But the Ameri-can Medical Association, which applauded the FDA's approval of Plan B as an OTC option, so far opposes it. "If pharmacists take on diagnosing, they take on liabil-ity, too," says the AMA's Dr. Edward Langston. >

"Anybody Knows Not To Mess With Me" (TIME)

By By Perry Bacon Jr.

Time, September 4, 2006

Nancy Pelosi, the leaderÂ of theÂ Democrats in the House, portrays herself as a polite, grandmotherly lady. She constantly discusses her five grandchildren, makes sure her office is stocked with Ghirardelli chocolates, perpetually smiles and never swears in a business in which almost everyone else does. She even has a few cute quirks she and her staff would love to tell you about: a diet consisting mostly of chocolate and chocolate ice cream, and so much energy, she rarely sleeps. Just the other night, she will tell you, she was up watching MTV after midnight.

Don't believe it for a second. Would your grandmother ever say, "If people are ripping your face off, you have to rip their face off" (Pelosi's approach to handling attacks from Republicans)? How about "If you take the knife off the table, it's not very frightening anymore" (her explanation for why she won't let voters forget George W. Bush's unpopular Social Security proposal from last year)?

The 66-year-old San Francisco lawmaker is an aggressive, hyperpartisan liberal pol who is the Democrats' version of Tom DeLay, minus the ethical and legal problems of the former Republican House leader. To condition Democrats for this fall's midterm elections, she has employed tactics straight out of DeLay's playbook: insisting other House Democrats vote the party line on everything, avoiding compromise with Republicans at all cost and mandating that members spend much of their time raising money for colleagues in close races. And she has been effective. House Democrats have been more unified in their voting than at any other time in the past quarter-century, with members on average voting the party line 88% of the time in 2005, according to Congressional Quarterly. That cohesion enabled Democrats to hasten President Bush's slide in the polls when they blocked his plan to reform Social Security by allowing retirees to eschew guaranteed benefits in favor of private accounts. Bush's approval rating remains depressed--38% in a TIME poll last week--and the Democrats are in their best position to win the House since Republicans took control of it in 1994.

If Democrats are successful in November, it will be mostly the result of Americans' increasing frustration with the Iraq war and with the perception that Bush and congressional Republicans have bungled everything from Terri Schiavo to Hurricane Katrina. But Pelosi has made sure Democrats didn't break the Republicans' fall. And if Democrats win back the 15 seats they need to form a majority, Pelosi will be richly rewarded. She would almost certainly become the first woman to be House Speaker.

That would be sweet vindication for a leader many moderate Democrats castigated as an out-of-touch liberal who would take the party perilously to the left when she became the top House Democrat in 2002. It would also mark a rapid rise for a politician who didn't run for office until she was 47. Pelosi grew up in a prominent political family in Baltimore, Md. Her father was the mayor for almost her entire childhood. After college, Pelosi and her husband Paul moved to New York City and then to San Francisco, where she became a leading Democratic fund raiser, then chairwoman of the party in California. But she waited until the youngest of her five children was a high school senior before she ran for Congress in 1987.

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Among Democrats in Washington, Pelosi became popular for her prodigious fund raising on behalf of colleagues and her gracious manners; she's often the first person to send flowers if a member's spouse is sick. Staffers also enjoy her largesse. After a lavish meal, she will sometimes say, "Thank God for Paul Pelosi," her investment-banker husband, whose real estate holdings make up much of the couple's $16 million in assets.

Once in Congress, she was embraced especially by liberal Democrats. She opposed the Gulf War and in a 1996 interview with the San Francisco Chronicle said, "I pride myself in being called a liberal" and "I don't consider myself a moderate." In 2001, on the strength of the votes of party progressives, Pelosi won an intense battle with Maryland's Steny Hoyer, who is more centrist, to be the No. 2 Democrat in the House. A year later she defeated another moderate, Martin Frost of Texas, to become the party's leader in the chamber.

In both contests her opponents argued that Pelosi was too liberal, and she hasn't forgotten. Her relationship with Hoyer is tense, and when Pennsylvania Representative John Murtha said he would run against Hoyer for House majority leader if Democrats won this fall, Pelosi did little to dissuade him. When Frost, who is now out of Congress, unsuccessfully ran for chair of the Democratic National Committee last year, Pelosi repeatedly rebuffed his attempts to get her support. While she declines to discuss those conflicts, Pelosi told TIME, "Anybody who's ever dealt with me knows not to mess with me." Pelosi carries a chip on her shoulder, believing that fellow Democrats and media Ã©lites have constantly underestimated her political ability, dating back to her unsuccessful effort to become head of the Democratic National Committee in 1985, when she was called an "airhead" by a labor-union official. She will talk about those political battles only vaguely but told me the Democratic establishment in Washington "couldn't control me, so they needed to take me down" and "They can't even believe the fact that I'm going to become Speaker, but they're getting used to it."

Like DeLay, who was also known for bruising rivalries within his party, Pelosi has embraced hard-knuckle partisanship, even if it means standing still. When Bush announced his Social Security plan last year, Pelosi told House Democrats they could never beat him in a straight-ahead, policy-against-policy debate because he had the megaphone of the presidency and was just coming off re-election. So the Democrats would thunderously attack Bush and argue there was no Social Security crisis and therefore no need for them to put out their own proposal. Some members were leery, concerned that Pelosi would make the Democrats look like the Party of No. As the spring of 2005 wore on, some pestered her every week, asking when they were going to release a rival plan. "Never. Is never good enough for you?" Pelosi defiantly said to one member. When Florida Democrat Robert Wexler publicly suggested raising Social Security taxes as the solution, Pelosi immediately chewed him out over the phone. Only one other Democrat signed on to his plan.

The Democrats won the Social Security battle Pelosi's way. That earned her credit with her colleagues, who have embraced her overall strategy. Throughout the past year, Pelosi has demanded that Democrats unanimously oppose G.O.P. bills. By denying the G.O.P votes from across the aisle, Democrats have forced moderate Republicans to back bills like those cutting Medicaid and other social programs that fiscally conservative Republicans have insisted on, votes for which Democrats have then attacked moderate Republicans in television ads. Pelosi has also ordered Democrats not to work on bills or even hold press conferences with Republicans whom the party is trying to defeat in November.

Meanwhile, at the cost of infuriating parts of her own, progressive base, Pelosi has made a number of pragmatic, tactical moves to better position the Democrats for November. When Louisiana Congressman William Jefferson was found with $90,000 in his freezer from an apparent bribery scheme, Pelosi immediately had him tossed out of his seat on the House Ways and Means Committee. The strongly liberal Congressional Black Caucus was incensed that one of its members had been punished before he had even been indicted. But Pelosi's action helped rebut the G.O.P.'s contention that Democrats had as many corruption problems as Republicans, many of whom are caught up in the Jack Abramoff scandal.

No one among the Democrats has succeeded in solidifying the party around a single position on the Iraq war, but Pelosi has managed to tame the several dozen House members who call themselves the Out of Iraq caucus. They have wanted the Democratic Party to demand the prompt withdrawal of U.S. troops from Iraq. But Pelosi has so far convinced them that Murtha, the ex-Marine and veteran lawmaker whose call for a troop withdrawal in November created real debate, should be the party's face for that cause while the others should stay in the background.

Still, some Democrats think Pelosi's leftward tilt, combined with her strident attacks on Bush, undercuts her strength as a party leader. A number of Democratic candidates have distanced themselves from her. "We hope she campaigns in as many districts as possible," said Ron Bonjean, spokesman for Dennis Hastert, the Republican Speaker of the House. "She comes across as very liberal."

That's not the only issue with Pelosi. Even her supporters acknowledge she's not the ideal spokeswoman for the Democrats in public. When she's not making clumsy remarks, like bragging earlier this year that one of the biggest benefits of a Democratic takeover of Congress would be "subpoena power," she's mind-numbingly repeating whatever talking points the party

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has agreed on that week or indulging her love of alliteration: "People, politics, policy" and "Money, message, mobilization." The charitable view of her often disjointed speaking style is that she's someone who thinks faster than she talks. The uncharitable view is that "she's Teresa Heinz without the accent," as one Democratic activist said.

But Democrats aren't counting on Pelosi to be their poster girl for November. Her most important role is behind the scenes. If the Democrats take the House, that will change, since Speaker Pelosi would become the face of the Democrats and second in the line of succession to the presidency, after Vice President Dick Cheney. It would also be a test of Pelosi's skills: she has unified the Democrats in opposition, but it would be much more difficult to keep Democratic members in line if they took control. "They listen to no one," says Pelosi. "They don't listen to each other." But so far, the Democrats have listened to their leader, and if she keeps guiding them smartly, Nancy Pelosi could make President Bush's final two years even more vexing than the past two.

OTHER NEWS:

What Worries Economists? (WSJ)

WSJ Online's "Washington Wire", August 28, 2006

Terrorism and energy prices top the worry list, according to a biannual survey of nearly 200 economists released Monday by the National Association for Business Economics. With the foiled plot to bomb U.S.-bound airlines raising security concerns, 34% said terrorism posed the greatest short-term risk to economic growth, up from 26% in March. Nearly 30% cited energy prices, up from 23% in March, although they say it would take the unlikely scenario of prices rising to $100 a barrel to spark a recession. Inflation came in third among the most frequently cited threats to short-term economic health.

With Treasury coffers filling up with higher-than-expected tax revenue, only 2% of the economists cited government spending and the federal deficit as a short-term risk, down from 14% in March. The deficit, however, was cited as the biggest threat to the economy's long-term health. Three-quarters said the government should be spending less and have a narrower deficit at the end of the Bush presidency in two years, but only 17% think it will.

With early signs suggesting Federal Reserve Chairman Ben Bernanke and his policymaking colleagues may be able to tame inflation without causing inflation, 71% of economists surveyed said monetary policy was "about right." There's no consensus on where the Fed will take interest rates from here. According to 14% of those surveyed, rates are still too low, but 13% said they're too high. – Christopher Conkey

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August 28, 2006, 12:06 am Gone but Not Forgotten

Though he wasn't in attendance, the work of Princeton University economist and New York Times columnist Paul Krugman was a recurrent theme in the Federal Reserve's Jackson Hole symposium this year.

The event's title, "The New Economic Geography," was the name given to work Mr. Krugman pioneered in 1991 in his book, "Geography and Trade." Anthony Venables of the London School of Economics, the first academic presenter at the event, has been a co-author of Mr. Krugman. Another speaker, Doug Irwin of Dartmouth College, recommended participants read Mr. Krugman's essay, "Competitiveness: A Dangerous Obsession." Later, during a whimsical discussion on the potential for interplanetary trade, the Bank of England's Charlie Bean noted Mr. Krugman had written an article called "The pure theory of interstellar trade," which Mr. Krugman had called a "serious analysis of a silly problem," according to Mr. Bean.

Mr. Krugman is an accomplished economist who won the American Economic Association's prestigious John Bates Clark Medal in 1991. But in recent years he has become better known, even among many of his academic peers, for his popular writings, in particular his Times columns which are often harshly critical of the Bush administration, than for his academic research. He has presented papers at the Jackson Hole conference in previous years, but wasn't invited to this year's. Mr. Krugman, in an email, said he would have attended, had he been invited. "After all, a lot of people give me credit or blame for founding the new economic geography, and it would have been interesting to join a discussion on the state of the field, even though I haven't done a lot of new research in the area since the late 90s."

Officials of the Kansas City Fed, which hosts the event, declined to comment on why Mr. Krugman wasn't invited. That said, there are only a few slots for academics at the event and hundreds of logical candidates to fill them. Moreover, when the term "new economic geography" was coined in the early 1990s, it referred to how local agglomerations of skills, talent and other assets can given a country a comparative advantage in a particular industry. At this weekend's conference, the term referred more to how the rise of China, India and other developing nations is reshaping the world economy. – Greg Ip

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August 27, 2006, 8:22 pm Gov. Schwarzenegger Is Standout as GOP Stumbles

Democrats lead in most of 19 hotly contested gubernatorial races, including seven now held by Republican incumbents, according to the most recent set of Battlegrounds polls from Zogby Interactive, conducted in cooperation with The Wall Street Journal Online. In Pennsylvania, incumbent Ed Rendell remained locked in a tight race with Republican Lynn Swann, a former Pittsburgh Steelers wide receiver and sports announcer. Rendell's lead was four percentage points in the latest poll, down from seven points in July. California Gov. Arnold Schwarzenegger climbed to a five percentage point lead over Democratic challenger Phil Angelides. It was the first time that Schwarzenegger led in that matchup since the polling project began, though he has generally gained ground throughout the year. Meanwhile, the race between Republican Rep. Jim Nussle and Democratic Iowa Secretary of State Chet Culver continues to be one of the hottest contests in the nation. While Culver edged into the lead in the latest poll, Zogby says the race is too close to call for either side. The polls were conducted Aug. 15-21. See the full results.

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August 27, 2006, 8:20 pm Zogby Polls Show Dems Gaining in Senate

Democrats picked up ground in a new set of polls of hotly contested Senate races, now leading in 12 of the 18 races tracked, up from 10 of 17 last time. In Virginia, the "macaca" comment appear to have hurt incumbent George Allen, who went from a comfortable lead in previous Zogby polls to now trailing Democrat James Webb, a former secretary of the Navy under President Reagan. Among other races, Robert Menendez's lead over Republican Tom Kean Jr. narrowed to just two percentage points in New Jersey, while incumbent John Ensign's advantage over Democrat Jack Carter narrowed in Nevada.

Although Republicans are ahead in fewer of the battlegrounds than Democrats, the party would still maintain control of the 100-seat Senate if the election results match Zogby's results. Taking into account the 40 Republican seats not up for re-election and seven that weren't included in the polling because Republicans are expected to win handily, Republicans would retain a 52-46 majority in the Senate, though Mr. Lieberman and another independent, Jim Jeffords of Vermont, would be expected to vote frequently with the Democrats. See the full results.

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August 27, 2006, 2:41 pm Starr Goes From Cigars to Bongs

President Clinton's impeachment nemesis Kenneth Starr is staying busy. Monday, the former Independent Counsel is expected to file a petition asking the U.S. Supreme Court to uphold the suspension of a high school student disciplined for holding a banner across the street from campus reading, "BONG HITS 4 JESUS."

The incident occurred in January 2002, as the Olympic torch relay wound through Juneau, Alaska, en route to the winter games in Salt Lake City. As the torch passed by the school, student Joseph Frederick and friends unfurled the banner across the street from campus apparently to attract the attention of television cameras.

A bong is a popular device used to smoke marijuana, inhalation from which is commonly known as a "bong hit." The school principal suspended Mr. Frederick — allegedly the only student who disobeyed her command to put down the banner — for 10 days. Mr. Frederick claimed the suspension violated his First Amendment right to freedom of speech. A federal district judge sided with the school, but a panel on the U.S. Court of Appeals for the Ninth Circuit unanimously reversed.

Mr. Starr and other attorneys in the Los Angeles office of Kirkland & Ellis have accepted the case pro bono. Should the court grant the petition, the outcome could hinge on whether the banner disrupted the educational process, whether watching the relay was a school-sponsored event, and whether Mr. Frederick — who had yet to enter school property that morning because his car had been stuck in the snow — was officially on campus. –Ben Winograd

Read the petition to be filed with the Supreme Court.

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August 27, 2006, 2:01 pm On Call, On the Spot

Does trouble follow National Safety Transportation Board member Debbie Hersman? She was the NTSB member on call when a Comair commuter jet fatally crashed at the Lexington , Ky., airport early Sunday morning. Board members take turns being on call and that person becomes the NTSB's spokesman on the accident scene.

When Ms. Hersman joined the NTSB, some aviation safety officials grumbled she was part of a new wave of NTSB officials who didn't have enough technical knowledge of aviation to be effective. But she's certainly had plenty of exposure to safety issues since then, because major accidents seem to have had a way of happening when she's on call.

Since joining the NTSB in June 2004 from her previous job as a Senate staffer, Ms. Hersman has been on scene at five transportation accidents, including the nonfatal November 2004 collision of two subway cars in Washington, the February 2005 crash of a private jet into an airport warehouse in Teterboro, N.J., and the July 2005 head-on collision of two freight trains in Anding, Miss.

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The crash Sunday morning ended what government safety officials dubbed the "safest period in aviation history." The last major fatal airline accident in the U.S. happened in November 2001, when American Airlines Fight 587 crashed soon after take-off in Queens, N.Y., killing 265 people. –Amy Schatz

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August 26, 2006, 6:54 pm Anecdotes on Education From Jackson Hole

It's long been accepted that emerging Asian economies owe much of their success to an emphasis on education, but a few anecdotes aired at Jackson Hole underlined the point. Arminio Frago, a former governor of Brazil's central bank who now runs a hedge fund, noted that Brazil and South Korea once had the same per-capita gross domestic product. Now, South Korea's is over twice that of Brazil's. By way of explanation, he noted that the average Korean has 13 years of school, while in Brazil the figure is six years, and the education is not very high quality. Rakesh Mohan, deputy governor of the Reserve Bank of India, noted that Tokyo has 113 universities; Beijing has 59. – Greg Ip

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August 26, 2006, 6:51 pm Feldstein Speaks Up at Jackson Hole

Harvard University's Martin Feldstein is traditionally an active participant at the Fed's annual Jackson Hole conference. Last year, he was unusually quiet, a result of the fact he was under consideration to succeed Alan Greenspan as chairman of the Fed. Since then, the job went to Ben Bernanke and this year Mr. Feldstein seemed more willing to speak his mind. His views, had they come from a Fed chairman, would have sent the markets into a tizzy. First, Mr. Feldstein repeated his long-standing view that the U.S. dollar has to fall a lot to rein in the U.S.'s massive trade deficit. It's not clear when or how fast, "but I have no doubt it will be coming." A lower dollar, he said, will result in "higher inflation." Furthermore, U.S. interest rates will have to rise to entice foreigners to hold onto some of their dollar holdings. So "the most likely response [is] some combination of higher real interest rates and a falling value of the dollar, further complicating the problem for monetary policy." Alternatively, Americans could cut their consumption, leading to a narrower trade deficit and higher saving, perhaps because of lower house prices. Then the Fed has the delicate job of "balancing the decline in domestic demand and the process of international adjustment." – Greg Ip

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August 26, 2006, 6:50 pm Jackson Hole's Sleeper Hit

At a conference dominated by discussion of the rise of India and China and their impact on the U.S. and Europe, the sleeper hit of the Federal Reserve Bank of Kansas City's annual conference in Jackson Hole, Wyo., was a short presentation on why Africa has fallen so far behind the rest of the developed world, especially Asia, in recent decades.

Reflecting the conference theme — "The New Economic Geography" — Paul Collier of Oxford University made a persuasive case that nowhere more than in Africa has geography undermined economic progress. Statistically, a country's growth is more likely to lag if it is landlocked, resource-poor or small, and Africa, which is divided into over 40 countries, has an unusually large number of countries that are all three. Many African countries are resource rich but are unable to efficiently spend those resources because, while democratic, they lack effective checks and balances. By contrast, countries that must rely on taxes are more likely to face demands for accountability. African countries, despite being small, are also ethnically diverse. The more diverse a society, the smaller the share of the population represented by the ruling group, he notes. "A minority in power has an incentive to distribute to itself at the expense of the public good of national economic growth." Finally, he says, Africa has missed the globalization boat: at the time Asia was opening up to foreign investment, Africa was saddled with overvalued currencies, civil war, experiments with socialism, or apartheid. Almost all these problems have been solved, but in the meantime Asia has acquired a formidable critical mass of local skills and infrastructure that make it difficult for Africa to compete for foreign investment. Mr. Collier's presentation was perhaps the most eye-opening to the crowd of academics, Wall Streeters and central bankers at the Fed conference, perhaps because so much of it was new to them. (Only one central banker from Africa was on the list of attendees: South Africa's. There were six from Latin America.) But perhaps it was welcomed because it presented a persuasive, systematic explanation for the continent's troubles that didn't have to argue that Africa was somehow different. "African performance has been far worse than that of any other region," Mr. Collier has written. "The explanation for this is not that African economic behavior is fundamentally different from elsewhere, but rather that African geographic endowments are distinctive." He sharply disagreed with economist-celebrity Jeffrey Sachs's view that disease and climate are the principal reasons for Africa's underdevelopment. Sachs, he said, is "barking up the wrong tree." – Greg Ip

Anecdotes on Education From Jackson Hole

Aug.26, 2006

Feldstein Speaks Up at Jackson Hole

Aug.26, 2006

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Global Trends May Hinder Effort To Curb U.S. Inflation (NYT)

By Edmund L. Andrews

The New York Times, August 28, 2006

JACKSON HOLE, Wyo., Aug. 27 — As the Federal Reserve fiercely debates how to reduce inflation within the United States, economists are warning that trends outside the country may soon make the Fed's job much harder.

In recent years, global integration has made things easier for the Fed in two ways. An explosion in low-cost exports from China and other countries helped keep prices of many products low even as Americans spent heavily and loaded up on debt.

At the same time, China and other relatively poor nations reversed the normal patterns of global investment by becoming net lenders to the United States and Europe. Analysts estimate that this "uphill" flow of money from poor nations to rich ones may have reduced long-term interest rates in the United States by 1.5 percentage points in recent years — a big difference when home mortgage rates are about 6 percent.

But as Fed officials held their annual retreat this weekend here in the Grand Tetons, a growing number of economists warned that those benign international trends could abate or even reverse.

For one thing, they said, China's explosive rise as a low-cost manufacturer does not mean that prices will fall year after year. Indeed, China's voracious appetite for oil and raw materials has aggravated inflation by driving up global prices for oil and many commodities.

Beyond that, new research presented this weekend suggested that the United States could not count on a continuation of cheap money from poor countries. Those flows could stop as soon as countries find ways to spend their excess savings at home.

"Medium- and long-term interest rates are set outside of the country," said Kenneth S. Rogoff, a professor of economics at Harvard University and a former director of research at the International Monetary Fund. "It's very important to think about what to do if the winds of globalization change."

The warnings come as the Fed's new chairman, Ben S. Bernanke, faces widespread skepticism among economists about his forecast for a "soft landing" — a mild slowdown that will tame inflation without costing many jobs.

Inflation is already running above Mr. Bernanke's unofficial target — 2 percent a year, excluding energy and food prices — and few analysts here say they believe the Fed will raise rates and slow growth enough to bring inflation down to its target anytime soon.

"They are in a box, and they know it," said John H. Makin, an economist at the American Enterprise Institute and a hedge fund manger. "It's an awkward position for them to be in."

Economists presenting papers at the Fed retreat said that the central bank may be hindered as global trends that have kept inflation and interest rates lower than they would otherwise be turn less favorable.

The biggest change could be an increased reluctance by foreign investors to finance the United States' huge trade gap, now more than $700 billion a year.

"What happens if foreign investors decide they don't want to accumulate American assets any more?" asked Martin S. Feldstein, economics professor at Harvard and president of the National Bureau of Economic Research.

"Something has to change to make the debt more attractive — an increase in interest rates in the U.S. or a decline in the exchange rate of the dollar," he continued. "In the short term, the Fed will face slowing output growth, possible with higher inflation."

For the moment, bond investors appear to accept the Fed's view that inflation will remain low. Long-term interest rates have actually edged down slightly since the Fed decided on Aug. 8 not to raise overnight rates.

But economists, including some leading bond investors, predict that inflation will creep higher even if oil prices stop climbing.

"The consensus among people here is that the Fed's real target is not 2 percent but about 2.5 percent," said David Hale, an economic forecaster in Chicago. Looking ahead 12 months, if Fed members do not make progress bringing inflation down, "it's going to call into question their credibility," he said.

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Members of the Federal Open Market Committee, which sets monetary policy, appear torn. In a sign of uncertainty this weekend, Mr. Bernanke and all other senior Fed policymakers were unusually tight-lipped about any of the issues — wage trends, the ability of companies to pass higher costs on to customers, or the plunge in home sales — that are at top of their agenda.

Mr. Bernanke has been arguing that inflation will cool as annual economic growth slows to 2.5 percent, from about 3.5 percent.

But some Fed officials, worried that inflation pressures are becoming more entrenched, want to take tougher action. Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, voted against the pause in rate increases.

Michael H. Moskow, president of the Chicago Fed, strongly suggested last week that he favored higher rates and declared that the risks of higher inflation were greater than the risks of an unexpectedly sharp slowdown. Mr. Moskow is not currently a voting member of the policy committee, which rotates the regional bank presidents, but he participated in the debates.

Ethan S. Harris, chief United States economist at Lehman Brothers, said the Fed's focus on core inflation understated the challenges posed by international shifts. The focus, he said, includes the price-lowering impact of China's expansion but excludes the impact of higher oil prices. "They've included the part that makes things look better and thrown out the part that makes things look worse," he said.

Officially, the Federal Reserve does not set explicit targets for inflation. But Mr. Bernanke, a longtime champion of inflation targets, has said that his own definition of price stability is to keep core inflation between 1 percent and 2 percent a year.

The Fed's job is not made any easier by the upcoming midterm elections, in which Republicans are struggling to keep from losing control of both the House and Senate.

The Fed has two policy meetings, in late September and late October, before the November elections. The central bank often likes to avoid any interest rate changes immediately before an election, for fear that it will be accused of interfering on behalf of one party or another.

Regardless of what Mr. Bernanke does in the next few months, economists at the conference here said that globalization and the United States' growing foreign debt could make his job more difficult.

Raghuram G. Rajan, the International Monetary Fund's current head of research, presented new research to explain why many poorer countries are now net lenders to rich countries — and why they might change course. He argued that fast-growing poor countries relied less on foreign capital than many nations, and that they saved much more than they invested.

One example is Chile, the most prosperous country in Latin America. Thanks to soaring copper prices in recent years, Chile has paid off its government debt and is running a budget surplus equal to about 7 percent of its gross domestic product. Chilean leaders are putting the surplus into a long-term stability fund, part of which is invested in foreign securities, that will be used to maintain full government operations if copper prices plummet.

Mr. Rajan said many countries might not have a way to channel their excess savings because their banking systems were too underdeveloped. If so, the savings rates of those countries may decline as people become more accustomed to rising incomes and as banks find ways to rechannel savings into consumer and business loans.

Even though capital is flowing uphill to rich countries like the United States right now, Mr. Rajan said, "it doesn't mean these flows are optimal, safe or permanent."

Real Wages Fail To Match A Rise In Productivity (NYT)

By Steven Greenhouse And David Leonhardt

The New York Times, August 28, 2006

With the economy beginning to slow, the current expansion has a chance to become the first sustained period of economic growth since World War II that fails to offer a prolonged increase in real wages for most workers.

That situation is adding to fears among Republicans that the economy will hurt vulnerable incumbents in this year's midterm elections even though overall growth has been healthy for much of the last five years.

The median hourly wage for American workers has declined 2 percent since 2003, after factoring in inflation. The drop has been especially notable, economists say, because productivity — the amount that an average worker produces in an hour and the basic wellspring of a nation's living standards — has risen steadily over the same period.

As a result, wages and salaries now make up the lowest share of the nation's gross domestic product since the government began recording the data in 1947, while corporate profits have climbed to their highest share since the 1960's. UBS, the investment bank, recently described the current period as "the golden era of profitability."

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Until the last year, stagnating wages were somewhat offset by the rising value of benefits, especially health insurance, which caused overall compensation for most Americans to continue increasing. Since last summer, however, the value of workers' benefits has also failed to keep pace with inflation, according to government data.

At the very top of the income spectrum, many workers have continued to receive raises that outpace inflation, and the gains have been large enough to keep average income and consumer spending rising.

In a speech on Friday, Ben S. Bernanke, the Federal Reserve chairman, did not specifically discuss wages, but he warned that the unequal distribution of the economy's spoils could derail the trade liberalization of recent decades. Because recent economic changes "threaten the livelihoods of some workers and the profits of some firms," Mr. Bernanke said, policy makers must try "to ensure that the benefits of global economic integration are sufficiently widely shared."

Political analysts are divided over how much the wage trends will help Democrats this fall in their effort to take control of the House and, in a bigger stretch, the Senate. Some see parallels to watershed political years like 1980, 1992 and 1994, when wage growth fell behind inflation, party alignments shifted and dozens of incumbents were thrown out of office.

"It's a dangerous time for any party to have control of the federal government — the presidency, the Senate and the House," said Charles Cook, who publishes a nonpartisan political newsletter. "It all feeds into 'it's a time for a change' sentiment. It's a highly combustible mixture."

But others say that war in Iraq and terrorism, not the economy, will dominate the campaign and that Democrats have yet to offer an economic vision that appeals to voters.

"National economic policies are more clearly in focus in presidential campaigns," said Richard T. Curtin, director of the University of Michigan's consumer surveys. "When you're electing your local House members, you don't debate that on those issues as much."

Moreover, polls show that Americans are less dissatisfied with the economy than they were in the early 1980's or early 90's. Rising house and stock values have lifted the net worth of many families over the last few years, and interest rates remain fairly low.

But polls show that Americans disapprove of President Bush's handling of the economy by wide margins and that anxiety about the future is growing. Earlier this month, the University of Michigan reported that consumer confidence had fallen sharply in recent months, with people's expectations for the future now as downbeat as they were in 1992 and 1993, when the job market had not yet recovered from a recession.

"Some people who aren't partisans say, 'Yes, the economy's pretty good, so why are people so agitated and anxious?' " said Frank Luntz, a Republican campaign consultant. "The answer is they don't feel it in their weekly paychecks."

But Mr. Luntz predicted that the economic mood would not do significant damage to Republicans this fall because voters blamed corporate America, not the government, for their problems.

Economists offer various reasons for the stagnation of wages. Although the economy continues to add jobs, global trade, immigration, layoffs and technology — as well as the insecurity caused by them — appear to have eroded workers' bargaining power.

Trade unions are much weaker than they once were, while the buying power of the minimum wage is at a 50-year low. And health care is far more expensive than it was a decade ago, causing companies to spend more on benefits at the expense of wages.

Together, these forces have caused a growing share of the economy to go to companies instead of workers' paychecks. In the first quarter of 2006, wages and salaries represented 45 percent of gross domestic product, down from almost 50 percent in the first quarter of 2001 and a record 53.6 percent in the first quarter of 1970, according to the Commerce Department. Each percentage point now equals about $132 billion.

Total employee compensation — wages plus benefits — has fared a little better. Its share was briefly lower than its current level of 56.1 percent in the mid-1990's and otherwise has not been so low since 1966.

Over the last year, the value of employee benefits has risen only 3.4 percent, while inflation has exceeded 4 percent, according to the Labor Department.

In Europe and Japan, the profit share of economic output is also at or near record levels, noted Larry Hatheway, chief economist for UBS Investment Bank, who said that this highlighted the pressures of globalization on wages. Many Americans, be they apparel workers or software programmers, are facing more comptition from China and India.

In another recent report on the boom in profits, economists at Goldman Sachs wrote, "The most important contributor to higher profit margins over the past five years has been a decline in labor's share of national income." Low interest rates and the moderate cost of capital goods, like computers, have also played a role, though economists note that an economic slowdown could hurt profits in coming months.

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For most of the last century, wages and productivity — the key measure of the economy's efficiency — have risen together, increasing rapidly through the 1950's and 60's and far more slowly in the 1970's and 80's.

But in recent years, the productivity gains have continued while the pay increases have not kept up. Worker productivity rose 16.6 percent from 2000 to 2005, while total compensation for the median worker rose 7.2 percent, according to Labor Department statistics analyzed by the Economic Policy Institute, a liberal research group. Benefits accounted for most of the increase.

"If I had to sum it up," said Jared Bernstein, a senior economist at the institute, "it comes down to bargaining power and the lack of ability of many in the work force to claim their fair share of growth."

Nominal wages have accelerated in the last year, but the spike in oil costs has eaten up the gains. Now the job market appears to be weakening, after a protracted series of interest-rate increases by the Federal Reserve.

Unless these trends reverse, the current expansion may lack even an extended period of modest wage growth like one that occurred in the mid-1980's.

The most recent recession ended in late 2001. Hourly wages continued to rise in 2002 and peaked in early 2003, largely on the lingering strength of the 1990's boom.

Average family income, adjusted for inflation, has continued to advance at a good clip, a fact Mr. Bush has cited when speaking about the economy. But these gains are a result mainly of increases at the top of the income spectrum that pull up the overall numbers. Even for workers at the 90th percentile of earners — making about $80,000 a year — inflation has outpaced their pay increases over the last three years, according to the Labor Department.

"There are two economies out there," Mr. Cook, the political analyst, said. "One has been just white hot, going great guns. Those are the people who have benefited from globalization, technology, greater productivity and higher corporate earnings.

"And then there's the working stiffs," he added, "who just don't feel like they're getting ahead despite the fact that they're working very hard. And there are a lot more people in that group than the other group."

In 2004, the top 1 percent of earners — a group that includes many chief executives — received 11.2 percent of all wage income, up from 8.7 percent a decade earlier and less than 6 percent three decades ago, according to Emmanuel Saez and Thomas Piketty, economists who analyzed the tax data.

With the midterm campaign expected to heat up after Labor Day, Democrats are saying that they will help workers by making health care more affordable and lifting the minimum wage. Democrats have criticized Republicans for passing tax cuts mainly benefiting high-income families at a time when most families are failing to keep up.

Republicans counter that the tax cuts passed during Mr. Bush's first term helped lifted the economy out of recession. Unless the cuts are extended, a move many Democrats oppose, the economy will suffer, and so will wages, Republicans say.

But in a sign that Republicans may be growing concerned about the public's mood, the new Treasury secretary, Henry M. Paulson Jr., adopted a somewhat different tone from Mr. Bush in his first major speech, delivered early this month.

"Many aren't seeing significant increases in their take-home pay," Mr. Paulson said. "Their increases in wages are being eaten up by high energy prices and rising health care costs, among others."

At the same time, he said that the Bush administration was not responsible for the situation, pointing out that inequality had been increasing for many years. "It is neither fair nor useful," Mr. Paulson said, "to blame any political party."

Bar Prep Co. Ordered To Pay $11.9M For Copying Multistate Exam Questions (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, August 28, 2006

In a ruling that promises to fundamentally alter the way many American law students prepare for the bar exam, a federal judge has concluded that a California company illegally copied questions from the Multistate Bar Examination for use in its bar exam preparation courses and ordered it to pay more than $11.9 million to the National Conference of Bar Examiners.

In the suit, NCBE claimed that employees of Multistate Legal Studies Inc. have attended bar exams in several states for the sole purpose of copying questions to be used in its prep courses.

MLSI is based in Santa Monica, Calif., and has offices in Philadelphia and New York. It operates bar-review programs under the trade name PMBR, which stands for "preliminary multistate bar review."

Lawyers for MLSI insisted that any similarities between the questions in their prep courses and those on the MBE stem from the fact that both are drawn from the same pool of material -- hornbooks, law treatises and case law -- and that such similarity is entirely permissible.

But Eastern Distsrict of Pennsylvania Judge John P. Fullam disagreed and said the evidence showed MLSI had copied both the detailed facts in the questions as well as the correct and incorrect answers.

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"I conclude that nearly all of the 113 challenged questions are substantially similar to copyrighted MBE questions," Fullam wrote. "In many instances, evidence of copying practically leaps from the page."

The ruling is a victory for attorneys Barbara W. Mather and Christopher J. Huber of Pepper Hamilton in Philadelphia, and Robert A. Burgoyne and Caroline M. Mew of Fulbright & Jaworski in Washington, D.C.

Fullam noted that many advertisements for the PMBR course use "testimonials" from former students that emphasize the similarity between its practice questions and those on the MBE.

In one ad, a student is quoted as saying that "dozens of nearly identical questions appeared on the actual exam," and another says he "breezed through the exam because I recognized so many of the questions from PMBR."

Because the illegally copied questions were a "major selling-point" for MLSI, Fullam concluded that the company should pay damages equal to one-third of its $35.7 million in revenues from a five-year period ending in 2005 during which more than 125,000 students took its three-day course, paying fees ranging from $250 to $300.

"Because question similarity is a major draw, and because infringing questions made up close to 40 percent of the PMBR from 2003 through 2005 (though a substantially lower percentage in 2001 and 2002), I conclude that attributing one-third of defendants' revenues to the infringing questions is justified," Fullam wrote.

MLSI was also enjoined from future copying of MBE test questions and its employees are now prohibited from taking bar exam tests "for any purpose other than to obtain bar admission in the jurisdiction in which the examination is being given."

Fullam's 25-page opinion in National Conference of Bar Examiners v. Multistate Legal Studies Inc. announces his verdict from a four-day nonjury trial in February.

MLSI's lawyer, Manny D. Pokotilow of Caesar Rivise Bernstein Cohen & Pokotilow, said he was "very disappointed" in the decision and that MLSI intends to appeal. According to court papers, NCBE's Multistate Bar Exam is a 200-question multiple-choice test currently used by more than 50 jurisdictions.

The drafting of MBE questions is a lengthy process conducted by panels of professors, judges and practitioners, and NCBE says it goes to great lengths to maintain secrecy of the questions because it reuses many of them, adding only 50 new questions each year. MLSI was founded in 1977 by Robert Feinberg and Dona Zimmerman, and the company currently offers a variety of programs -- a three-day class, a six-day class, and a one-on-one tutorial.

The suit focused on the three-day course that is offered in 150 locations.

Fullam found that Feinberg generates almost all of the questions and explanatory answer keys used in the course, and that he admits that he uses the notes of MLSI employees who have taken the MBE.

Feinberg himself has taken the MBE more than 20 times, Fullam found, and Zimmerman has taken it more than a dozen times.

But to ensure that they will be allowed to take the test again, they often fail, Fullam found.

"Given that these individuals are highly paid to prepare students to take (and presumably to pass) the bar exam, their failure rate is strikingly high. Mr. Feinberg, for example, failed five consecutive bar examinations in Alaska before barely passing in February 2004," Fullam wrote.

"Perhaps even more startling, Ms. Zimmerman twice failed the Kentucky bar examination despite passing the essay portion, because her scores on the MBE were so low," Fullam wrote.

Zimmerman testified that she failed because the MBE "is quite a difficult examination," but Fullam said her explanation "speaks poorly of either her professional qualifications or her credibility as a witness."

In 2003, Feinberg was taking the Alaska bar exam -- the only state that allows test takers to use scratch paper -- and was cited at the close of the test for violating the rule against leaving the test site with notes.

Fullam said a proctor confiscated Feinberg's notes and filed an "irregularity report" with NCBE.

NCBE then conducted an investigation and concluded that MLSI's course materials included more than 100 questions copied from the MBE.

Fullam concluded that NCBE had proven that nearly all of the challenged questions were copied.

"This is the rare case in which there is direct evidence that defendants copied plaintiff's work," Fullam wrote.

Many of MLSI's questions, Fullam said, "reproduce MBE questions nearly verbatim, and others contain trivial variations that suggest awareness of copying. … In all, defendants copied well over 100 … questions from the MBE, in many cases duplicating passages nearly verbatim or reproducing labyrinthine fact patterns turn by turn."

Fullam also rejected MLSI's argument that the questions are not entitled to copyright protection.

"MBE questions may reflect original expression in their wording, particularized facts, and answer choices," Fullam wrote.

Pokotilow argued that the questions should be afforded only limited protection because they test established legal rules within a relatively narrow set of formal constraints.

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Fullam disagreed, saying "teaching the legal principles tested on the MBE is permissible. Doing so using the same fact patterns, prompts and answer-choice combinations found in MBE questions is not."

In his closing paragraph, Fullam concluded that MLSI had compromised the integrity of the bar exam and may have assisted unqualified lawyers in passing the bar.

"Defendants' willful and egregious copyright infringement harmed the public as well as plaintiffs. States have a compelling interest in regulating admission to the bar both to maintain the integrity of the legal system and to protect the safety of their citizens," Fullam wrote.

"By exposing its students to questions likely to appear on the MBE, [the defendants] undermined the integrity of the bar examination, possibly causing the admission of unqualified applicants. That the victims of this harm are impossible to identify and the injury impossible to quantify underscores the need to deter would-be copyright infringers," Fullam wrote.

U.N. Treaty Trumps Parental Rights (WT)

By Michael Smith

The Washington Times, August 28, 2006

Could a 10-person panel of foreign nationals dictate, with the full weight of U.S. law, how we raise our children? This idea seems far-fetched, even ridiculous, but, unfortunately, it is possible.

The problem stems from the United Nations Convention on the Rights of the Child, which has been adopted by 192 nations. The treaty creates civil, economic, social and cultural rights for every child. The Clinton administration sought ratification, but the treaty was not approved by the U.S. Senate because of opposition from senators who were concerned it would undermine parental rights.

For example, the convention gives children autonomy regarding the school they attend, the friends they have and the activities they choose. If there is a disagreement, the parent's decisions could be reviewed by a third party. Consequently, parents could be subject to "identification, reporting, referral, investigation, treatment and follow-up."

Many people are probably asking the question -- if the Senate didn't ratify it, why is the convention still a problem for the United States? Unfortunately, this is not the end of the story because the U.S. court system has been incorporating the treaty steadily through a doctrine called "customary international law." This is where U.S. courts look to foreign courts and other international treaties to derive its interpretation of the U.S Constitution.

In the 2004 case Roper v. Simmons, a majority on the U.S. Supreme Court noted that the execution of juvenile offenders violated several international treaties, including the U.N. Convention on the Rights of the Child, and stated that the overwhelming weight of international opinion against the juvenile death penalty provides confirmation for the court's own conclusion that the death penalty is disproportional punishment for offenders younger than 18.

Additionally, a change in the makeup of the Senate could result in the ratification of the treaty. The consequences of these actions could be devastating for the American family because it would mean that any state law relating to education, the family, adoption and dozens of other issues could be nullified by a judge.

Decisions interpreting the treaty in other nations could be relied on by our courts. An example of how this could unfold is occurring in Belgium today. A couple in Brussels is being threatened with criminal neglect for educating their children at home, and the Belgian authorities are using non-compliance with the convention as a legal argument to force the family to stop home-schooling. As reported by WorldNetDaily, the only response from the Belgian minister of education, Frank Vandenbroucke, came through a spokesman who said in a local newspaper that in Belgium home-schoolers must sign a document that requires them to follow the protocols of the U.N. convention.

"These parents have not done this. This is why the ministry has started an inquiry," he said.

It remains to be seen whether the Belgian courts, and potentially the European courts, uphold the position of the Belgian government. A ruling against the home-schooling Belgium family could have negative ramifications in the United States.

If the treaty is ratified, because of the way the U.S. Constitution is written, the convention would become the supreme law of the land. The U.S. Constitution's supremacy clause requires that "all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land." The U.S. Congress and state legislatures could not override the provisions of the treaty.

This scenario should remind us that we need to remain vigilant in defense of our liberty. In the short-term, it means that the appointment of judges who will not look to foreign courts for guidance is one of the ways the scenario above can be avoided.

Signs Of A Possible Power Shift In Congress Have Unions Going All Out To Reach Voters (WSJ)

By Kris Maher

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The Wall Street Journal, August 28, 2006

This Labor Day many union leaders will have their sights set squarely on Election Day.

Unions have ratcheted up their political spending and voter-turnout efforts as polls suggest the 12-year Republican control of both houses of Congress could be in jeopardy. Democrats are more likely to support labor's favorite issues, such as an increase in the minimum wage, and Democratic control of even one chamber of Congress would make it easier to block legislation the unions oppose, such as free-trade agreements.

Still, if the Democrats make gains this November, the U.S. labor movement will be pushing its agenda amid some of the biggest obstacles in its history. The ranks of union members in the private sector continue to decline -- the share was down to 7.8% last year from 15% 20 years ago. Labor also is badly split after some of its biggest unions and most dynamic leaders left the AFL-CIO to form their own labor federation. Those unions have agreed to work with the AFL-CIO in the current election.

And as demonstrated by one of labor's most recent legislative efforts -- one that would make organizing private-sector workers easier -- business groups are planning for a time when unions find a friendlier audience in Congress. That measure, called the Employee Free Choice Act, already has drawn business opposition. "If the House changed leadership and the Employee Free Choice Act came up for a vote, I can tell you the business community would be all over it. It would be adamantly opposed," says Randel Johnson, vice president of labor at the U.S. Chamber of Commerce.

The AFL-CIO is spending $40 million on voter outreach, up from $35 million in 2002 and the most it has spent on turnout efforts in a midterm election. It says it will focus primarily by mobilizing 12.4 million union-affiliated voters for key races in 21 states.

While some of labor's legislative efforts would benefit manufacturers, many focus on measures that would particularly affect the service sector, where unions see growth potential among workers with low wages and benefits. At the top of labor's legislative wish list is an increase in the minimum wage from the current $5.15 an hour.

Bill Samuels, legislative director for the AFL-CIO, says that in the short term labor also would push to increase funding to the Occupational Safety and Health Administration and the Department of Labor to beef up enforcement of safety and wage-and-hour laws, as well as work to expand Medicaid and state health-insurance programs for children, revamp bankruptcy laws to make it harder for companies to shed contract obligations and also work to prevent passage of coming trade-agreement proposals with Peru and Colombia.

Unions also hope Democratic victories will help them build momentum in Congress for the Employee Free Choice Act. A key element would make it easier for them to organize workers by getting them to sign cards over a period of time, whereas today employers can require secret-ballot elections. If Democrats were to win both houses of Congress and pass the bill, forcing a presidential veto, union leaders believe they could make the legislation an even bigger issue during the 2008 presidential race.

Some unions make support a prerequisite for their endorsement. Candidates "have to understand that we are adamantly going to draw a line in the sand with this," says Fred Frost, president of the South Florida AFL-CIO.

The U.S. Chamber of Commerce and others have thrown their support behind the Secret Ballot Protection Act, which would amend the National Labor Relations Act to require the use of secret-ballot elections.

Earlier this year, the Center for Union Facts, a nonprofit funded primarily by business interests, was founded largely to wage a campaign against the Employee Free Choice Act, according to Rick Berman, its executive director. The group ran a newspaper advertisement attacking Bruce Raynor, president of Unite Here, a union representing mostly hotel and apparel workers. The ad juxtaposed a picture of Mr. Raynor, a strong advocate of organizing workers via card signatures, with photographs of Kim Jong Il and Fidel Castro.

Bill Adams, president of Adams, Nash, Haskell & Sheridan, a labor-consulting company based in Fort Wright, Ky., sent a newsletter to 400 employers last week, in which he says that "because of the changing political landscape in Washington, labor has now amassed ominously large numbers of sponsors and supporters in both houses of Congress" for the act.

The proposed law also would call for mediation after successful organizing drives if no first contract is reached within 90 days -- a change aimed at remedying protracted negotiations. It would also set financial penalties of as much as $20,000 for individual unfair labor-practice violations.

A report released in December, prepared by researchers at the University of Illinois at Chicago for the pro-labor group American Rights At Work, examined union-organizing campaigns in the Chicago metropolitan area in 2002. It found that 30% of employers faced with organizing campaigns fired workers who engaged in union activities and 49% threatened to close or relocate all or part of the business if workers chose to form a union.

Business groups say the data, which are based in large part on interviews with union organizers, are questionable. Michael Eastman, director of labor policy at the U.S. Chamber of Commerce, says current labor law "is a significant deterrent for an unscrupulous employer."

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Ronald Meisburg, general counsel for the National Labor Relations Board, said that elections where unions are seeking to represent workers typically occur without significant delays and that unions win well over 50% of elections. Yet he said the board has found merit in union charges that employers don't bargain in good faith in more than a quarter of all cases when new unions are formed. The election process "is working very smoothly," he said. "We can do a better job enforcing the fruits of that."

Consultants who run antiunion campaigns for companies say that they do all that they can to thwart unions. "We're not going to make it easy on them," says Mr. Adams, the labor consultant for employers. One contract he helped negotiate with a newly certified union took seven years, he says. "Obviously, what we're doing is lawful."

Saved By VDOT (WP)

The Washington Post, August 28, 2006

SEN. GEORGE Allen (R-Va.) has had a rough political month, but he should be breathing a sign of relief that Virginia transportation officials nixed an ill-advised request to shut down high-occupancy-vehicle lanes for some presidential convenience.

As reported by The Post's Michael D. Shear, the Secret Service wanted to close all the HOV lanes on Interstate 395 for a good chunk of last Wednesday so that President Bush could travel to a fundraiser for Mr. Allen near Mount Vernon. Just think about it.

The gridlock (involving an estimated 22,000 people in cars, not to mention buses and displaced carpoolers) would have been nothing compared with the political uproar that would have resulted. The controversy over the senator's recent unkind use of the word "macaca" would have paled in comparison.

It's only fair to point out that Mr. Allen and his campaign had nothing to do with the request, which was properly rejected, leaving the president to travel to the event by helicopter.

However, it's only fitting that we applaud Virginia transportation officials. It's good to know that sometimes there is something they can do about traffic.

Steele Campaign Stresses Border Security (WT)

By S.A. Miller

The Washington Times, August 28, 2006

Lt. Gov. Michael S. Steele is bringing the national issue of border security home to Maryland in fundraising brochures for his U.S. Senate campaign and on the hustings.

"We have to focus on what the American people want us to focus on," Mr. Steele, a Republican, told The Washington Times. "In their hearts and their minds, they want to see the Senate and House come together on a strategy that incorporates personnel, technology and other resources to secure the border.

"I think that is an important first step before you move into anything else in the debate on immigration," he said. "You have to start with the fundamental point that we have a porous border. Until you can control that, you can never deal successfully with the human element that is such an important part of what we need to face."

None of the top Democratic candidates -- Rep. Benjamin L. Cardin, former congressman and former National Association for the Advancement of Colored People leader Kweisi Mfume and Bethesda millionaire Josh Rales -- list on their campaign Web sites border security or immigration as a priority issue. Mr. Mfume's site is the only one to mention border protection, which he delineates as a facet of homeland security. The Cardin and Rales campaigns did not return calls seeking comment.

Mr. Steele devotes a page to the immigration topic on his campaign Web site, which advocates "immediate steps to secure our borders" before addressing illegal aliens or the businesses that employ them.

He also cites the border-security issue in his latest fundraising letter.

"I know what needs to be done in Washington," he says in the letter. "We need to make a commitment to strong family values, and we must secure our borders today so every American citizen is safe in their own community."

Mr. Steele told The Times on Thursday that he think it is "a message that resonates with every Marylander -- Democrat, Republican, independent, whatever."

Polls show Americans are divided on immigration reforms such as guest-worker programs and citizenship programs for illegal aliens, but most voters support measures to tighten border security.

In Maryland, 71 percent of voters say government policy should focus on securing the country's borders and enforcing existing immigration law before attending to further reforms, according to a recent poll by Rasmussen Reports.

President Bush is pressing Congress to pass immigration reforms that include the guest-worker program and a citizenship process for illegal aliens. But lawmakers hit an impasse with the House backing tighter border security and the Senate favoring more lenient immigration policies.

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The president has tried to allay concerns by ordering National Guard troops to help the Border Patrol and promising to crack down on businesses that hire illegal aliens.

Mr. Cardin, a 10-term congressman, has voted 14 times against and two times for enhanced border security since 2000. Last year, he voted against the bill that called for a 700-mile fence on the southern border.

His campaign Web site presents position papers on 12 issues including health care, the war in Iraq, government ethics and human rights, but not immigration or border security. The position paper on homeland security stresses Maryland's proximity to the District and the need for improved security at ports.

Mr. Rales' campaign Web site also excludes the issue.

His statement on the "threats and realities of the 21st Century" does not mention border security but calls for bringing troops back from Iraq and "reallocating resources to fighting the war on terror and defending our homeland."

Major Black Candidates At Record High (CSM)

By Linda Feldmann

The Christian Science Monitor, August 28, 2006

WASHINGTON

From Maryland to Tennessee to Ohio, the 2006 elections already hold a place in the history books: More black candidates from both major parties are mounting serious campaigns for upper-tier office - senator or governor - than ever before.

Even more noteworthy, three of the six men are Republican, a party that has struggled to boost its black affiliation above 10 percent. In Maryland, after the Sept. 12 primary, the major-party choice for Senate could come down to two African-Americans.

Whether this year's numbers represent a trend is too early to say. Let's get through a few more election cycles first, political analysts say. But these numbers are not just a coincidence. As with the long-fought rise of women in elective office, African-Americans have toiled for decades to boost their numbers at the lower political levels, and are building the résumés usually required for candidates to upper-level office.

"It's a signal moment in American politics," says Lester Spence, a political scientist at Johns Hopkins University in Baltimore.

Historically, blacks have faced a steep climb running for statewide office. Only one African-American - L. Douglas Wilder (D) of Virginia - has ever won the governorship. In the Senate, only five blacks have served, including two in the 1870s. If Rep. Harold Ford Jr. (D) of Tennessee wins his race, he will be the first black senator from the South since Reconstruction.

But that's a big "if." The Republicans nominated a moderate, former Chattanooga Mayor Bob Corker, and so it will be a tougher race for the centrist Mr. Ford than if one of the more right-wing Republicans in the primary had won. And even though the Ford family is a brand name in Tennessee politics - Harold Jr.'s father preceded him in representing the Ninth District for 22 years - the legal problems of other family members could hurt him.

Polls show a tight race, but "Harold's not going to win without a strong Demo- cratic wave," says David Bositis, an expert on African-American politics at the Joint Center for Political and Economic Studies in Washington.

Of course, the 2006 midterms are showing the telltale signs of a pro-Democratic "wave" election, with the Republican-controlled White House and Congress suffering from high negatives. That could help sink the black Republicans running for statewide office. In Pennsylvania, the GOP's gubernatorial nominee, retired Pittsburgh Steeler Lynn Swann, already faced the near-impossible task of unseating the incumbent Democrat, Ed Rendell.

But in Ohio and Maryland, a more favorable climate toward Republicans could have been a boon to Ken Blackwell, nominee for governor in the Buckeye State, and Lt. Gov. Michael Steele, the only viable Republican in the Maryland Senate race. Both of those men are considered underdogs in their general election races.

Mr. Blackwell, in particular, suffers from GOP scandals in his state. "State party scandals - that's the biggest enemy of Ken Blackwell," says Raynard Jackson, a black Republican activist.

In Massachusetts, Deval Patrick is one of three Democrats in the primary for governor. While he brings a major-league résumé - Harvard-educated, top Justice Department appointee, executive at Coca-Cola - this is his first foray into politics, and he is in a tight race.

Still, Mr. Patrick is representative of a new breed of black politician: Ivy League educated, at home in corridors of power.

Of the six African-Americans running for upper-tier office, only former Rep. Kweisi Mfume of Maryland - a Democratic contender for Senate - brings to his contest an inner-city street image reminiscent of the old-style civil rights struggle. But he, too, faces an uphill battle for his party's nomination, amid allegations of sexual impropriety during his tenure as head of the NAACP. If his main primary opponent, Rep. Ben Cardin, wins the nomination, polls show him beating Mr. Steele. Maryland, after all, is a Democratic state. If Mr. Mfume wins, the race tightens up, as some of the white vote shifts to Steele.

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Ultimately, all six of the African-Americans running for Senate and state house could end up losing. When a white and a black with comparable qualifications go head to head, "then racial stereotypes come into play," says Ron Walters, director of the African American Leadership Institute at the University of Maryland, College Park. "People ask, 'Can he govern? Can I trust him to represent me?' Blacks have to go the extra mile to prove their fidelity and their competence."

Voters remain more comfortable with representatives who "look like them," Professor Walters says. But, he adds, it's better for black politicians to run and lose than not to try in the first place.

For black Republicans, the frustration is especially palpable. Despite efforts to reach out to black voters, the national GOP recruited an alternative candidate who happened to be white to run against a well-funded black pastor in the Michigan Senate primary. The white candidate won.

As TV Campaign Spending Soars, Cable Outlets Attract More Dollars (WSJ)

By Amy Schatz

The Wall Street Journal, August 28, 2006

As campaign season kicks into high gear, television-advertising spending is on track to possibly break the 2002 record. But unlike previous mid-term election years, candidates are devoting more money than ever to cable TV in an effort to target voters more precisely.

Though most political ad dollars traditionally are spent after Labor Day, tight primaries and early spending on House, Senate and gubernatorial races have pushed local TV-ad spending above $311 million as of mid-August, up 45% from the same point in 2004 and more than three times as much as in 2002, according to Campaign Media Analysis Group, a division of TNS Media Intelligence, which tracks political ad spending. All political ad buys by mid-year, including issue ads, ballot initiatives and other issues, have pushed spending above $700 million nationally, the firm says.

About 85% of that spending still is expected to go to local broadcast television stations, but cable operators say they're tracking well ahead of expectations and look forward to a particularly lucrative mid-term election this time, thanks to a growing acceptance of cable by political ad buyers and a desire of candidates to better target their messages.

The heavy spending in part reflects the view of both parties that the stakes are high this year. Control of Congress is in play, with Democrats hoping to pick up the House and at least a few Senate seats. Incumbents in both parties are fighting uneasiness, as reflected in many polls, that the country is heading in the wrong direction. There also are competitive gubernatorial races in big states with expensive media markets, including California, Michigan and Florida.

Meanwhile, candidates are unusually flush with cash, thanks to aggressive fund-raising efforts. By the end of July, the Republican National Committee had raised a total of $176 million this election cycle, compared to the Democrats' $95 million, according to PoliticalMoneyLine, which tracks political contributions. But Democrats are closer than usual to matching Republican fund-raising totals this year, and the Democratic Senatorial Campaign Committee has even surpassed its rival by $12 million, with $77 million total raised. Special-interest groups are also expected to spend heavily in certain races this fall.

When it comes to cable spending, industry executives credit President Bush's embrace of national cable ads in his 2004 re-election campaign for the burgeoning interest of other candidates now.

"With cable and radio, you can more precisely target a segment than broadcast television. The audience is more fragmented in cable and radio. You can pick out the fragments you want," says Will Feltus, senior vice president for research and planning at National Media, a Washington firm that bought ads for President Bush's 2004 campaign.

National Cable Communications, a spot cable-ad firm jointly owned by Comcast Corp., Cox Communications and Time Warner Cable, estimates about $200 million will be spent on local and national cable spots this cycle.

Cable stations carried ads in practically every major statewide primary across the country this year, says Chuck Cowdrey, vice president of political strategy for the firm. "We never participated in primaries before," Mr. Cowdrey says. "I think we would have eventually gotten there, but it would have moved more slowly. (The Bush campaign ad buys) had that kind of impact."

As of last week, "we're tracking 70% ahead of where we were in 2004," says Ed Dunbar, vice president of corporate integration at Comcast's Spotlight national advertising-sales division. "The television audience is not as monolithic on the broadcast side as it once was and there's recognition of that."

The Bush team originally turned to cable largely for practical reasons: Its demographic data showed Republicans tend to watch more cable programming, while Democrats tend to watch more broadcast television. Spending about $20 million for national spots on networks including Outdoor Life Network and the Golf Channel allowed the Bush campaign to capture the attention of its base, even in states where it wasn't otherwise spending much money, like Hawaii and Texas.

Consequently, some statewide candidates, such as California Gov. Arnold Schwarzenegger, have been on the air for months -- on both broadcast TV and cable -- with ads aimed at redefining the race and getting a head start on the competition.

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Not coincidentally, Mr. Schwarzenegger's team includes several of the main architects behind Mr. Bush's re-election campaign, including ad guru Alex Castellanos, pollster and strategist Matthew Dowd and campaign manager Steve Schmidt, who did rapid response for Mr. Bush's campaign.

The governor spent more than $16 million during the first half of the year and more than $7 million of that total was spent on television ads, campaign finance records show. Democrat Phil Angelides has spent $21 million on television ads during the first half of the year, but much of that effort was spent in a nasty gubernatorial primary battle, which he won by just 4% in June.

The growing interest isn't based on more viewers watching cable at the expense of broadcast TV, but the ability of campaigns to better target demographic groups, says Mr. Dowd. "You figure out who your voters are in California and what they watch and what they listen to...You can get someone who watches certain sports, or A&E or Lifetime," he says. "It's a better way to be more efficient with each dollar spent. We're going to spend more on cable than anyone in California has ever spent before."

Pennsylvania Republican Sen. Rick Santorum also has been spending liberally on cable ads statewide to boost his support in his race against Democrat Bob Casey, Jr. Of late, Mr. Santorum appears to have made some inroads; Mr. Casey still continues to lead in various polls, but the margins have narrowed.

It's not just cable; broadcasters, too, are projecting robust political ad sales this fall to Wall Street. "We expect our local stations to have a great fall because of some extra heavy political spending," says Leslie Moonves, CBS Corp.'s chief executive officer.

In June, Media General Inc., owner of 25 daily newspapers, including the Tampa Tribune, and 30 broadcast stations, said its broadcast division expects to see $36 million in political advertising revenue this year, 12% more than 2002. Gannett Co. executives told investors it expects "very significant" broadcast advertising this fall driven by local stations in Florida, Colorado and California.

"You're going to have some potential inventory problems in some local markets," says Evan Tracey, chief operating officer of Campaign Media Analysis Group, the political ad tracking firm based in Arlington, Va. "In Ohio, those markets are going to be jam-packed with ads." He adds that some campaigns already are going negative. "The rhetoric is already very strong for this early in the election," he says. "Everyone is playing for keeps."

For instance, in Indiana's second congressional district, which has been targeted by Democrats as a potential pick-up, incumbent Republican Chris Chocola and his Democratic opponent Joe Donnelly have been jousting in a series of TV ads over late tax payments. In early August, Mr. Chocola released an ad accusing his opponent of paying his property taxes late 15 times. "Joe Donnelly wants to raise our taxes," it said. "Even worse, he's delinquent paying his own."

A few days later, Mr. Donnelly's campaign fired back with a TV ad suggesting Mr. Chocola also was guilty of late tax payment when he was chief executive of an agricultural company. The Democrat later said records showed the congressman also had once paid a late property tax bill -- of $66.26.

This Fall, New Push Against Big Tobacco (CSM)

By Ron Scherer

The Christian Science Monitor, August 28, 2006

NEW YORK

Smoking is back in the cross hairs.

This fall, voters in a record eight states will be voting on tobacco-control initiatives that range from sharply higher taxes to smoking bans in most workplaces.

Earlier this month, a federal judge ruled that the tobacco industry had conspired to mislead the American public about the health effects of smoking. She also ruled that one remedy is to end use of the terms "light" and "low tar."

And the industry may face yet more counteradvertising: New York Mayor Michael Bloomberg recently said he was donating $125 million for global antitobacco efforts.

The results of the state initiatives in particular will be a gauge of political will, antismoking groups believe. If the initiatives pass, they say, members of Congress will take notice and perhaps consider national regulation of tobacco. And as more states protect the rights of non-smokers, they point out, pressure mounts on more lenient states.

"By 2008 or 2009, we may have made every state smoke-free in restaurants and the workplace," says Paul Billings, vice president for national policy at the American Lung Association in Washington. "As people visit places like New York, California, Delaware, or Maine and have a smoke-free experience, they come to expect it in their own state."

As part of the tobacco-control efforts, states have been steadily raising per-pack taxes. The current average state cigarette tax, including Washington, D.C., is 93.7 cents per pack, up from 91.6 cents this January and up from 72 cents a pack in January 2004.

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One of the latest such efforts is in California, where a coalition of health groups met last year to begin a citizen process to raise the state's cigarette taxes, which had not been hiked since the late 1990s. Using a recommended level suggested by the federal Centers for Disease Control and Prevention, the groups settled on a hike of $2.60 a pack, which would make California cigarette taxes among the highest in the nation.

"We said, what is the amount that actually has an impact?" says Kris Deutschman, communications director for Proposition 86, the name of the ballot initiative. According to the American Lung Association in California, 200 underage kids begin to smoke in the state a day, and there are currently 200,000 underage smokers. "We think between the size of the increase and the use of the funds, it will prevent 700,000 kids in California from starting to smoke," says Ms. Deutschman.

But those opposed to the new tax, a combination of tobacco interests and business groups, have already been hitting the airwaves. John Singleton, a spokesman for R.J. Reynolds Tobacco in Winston-Salem, N.C., says raising taxes would "create all kinds of problems for retailers." It would "exacerbate" the smuggling problem, he says, and perhaps give extra money to those raising money for terrorism.

Terrorism and smuggling are "red herrings," replies Paul Knepprath, a vice president at the American Lung Association of California in Sacramento. "We already have the infrastructure to combat smuggling, and 70 percent of people buy their cigarettes at the most expensive place - the convenience store."

Reynolds, which has said it will spend $40 million fighting the ballot initiatives, is bankrolling opposition to proposed smoking restrictions in Arizona and Ohio. The company's strategy includes a competing proposal that sounds like health measures but allows smoking in bars and other places. "One of the few places we can interact with adults who smoke is in bars and nightclubs where typically the owner can set the smoking policy," says Mr. Singleton.

But the health sponsors of Arizona's proposed ban on smoking respond that there "clear differences" between the two plans. If Reynolds's sponsored proposal were voted in, it would potentially allow smoking at 3,000 restaurants that have bars. In addition, the Reynolds proposal does not provide enforcement.

"Their proposal just protects the pocketbook of Big Tobacco," says Troy Corder, communications director for Smoke-Free Arizona.

Antitobacco activists had hoped to get an infusion of money as a result of the government's racketeering lawsuit against the tobacco companies. But Judge Gladys Kessler did not fine them massive amounts of money because an appeals court had already limited the potential penalty.

However, Judge Kessler did prohibit the companies from marketing cigarettes by using terms such as "low tar" as of Jan. 1, 2007. According to the Federal Trade Commission, in 2003 these brands represented 85 percent of all cigarettes sold in the US. However, antismoking groups expect the tobacco companies to adapt.

"The European Union and Brazil banned the use of light and low-tar cigarettes, but during the transition, the industry color-coded the products," says Matthew Myers, president of the Campaign for Tobacco-Free Kids in Washington. "By the time the ban went into effect, smokers didn't need the labels."

However, antismoking forces can expect an influx of fresh money sometime in the future once Mayor Bloomberg decides how to distribute his funds to combat global tobacco use. "It could be the start of one of the most important public-health campaigns in history," says Mr. Myers. "It could speed up the process of reducing tobacco use in developing nations and those with the highest smoking rates."

The Safer Cigarette Delusion (NYT)

The New York Times, August 28, 2006

The decades-long campaign by the tobacco industry to dupe smokers into thinking that “low tar,” “light” and “ultra light” cigarettes are a safe haven has been astonishingly effective. Some 85 percent of all smokers today use the supposedly safer cigarettes. What most of them don’t realize is that these cigarettes are every bit as risky as the full-flavor versions that they have largely replaced.

The reason is a phenomenon known as compensation. Most smokers are hooked on nicotine and crave a certain daily dose. If a light cigarette gives them too small a dose in each puff, they will make up the difference, often unconsciously, by taking more puffs, inhaling more deeply, covering cigarette ventilation holes or simply smoking more cigarettes. More than 95 percent of all smokers compensate, with many replacing every bit of tar and nicotine they thought they were avoiding.

The tobacco industry has known about this phenomenon since at least the late 1960’s, as revealed by internal company documents cited in a recent decision by a federal judge in the District of Columbia. But it is distressing to learn how easily the companies fooled public health experts and federal regulators. The Federal Trade Commission adopted a method to test cigarettes on a smoking machine that would measure the amount of tar and nicotine, and a 1981 Surgeon General’s report even

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suggested that smokers unable to quit would be well advised to switch to cigarettes that scored better on the test. Unfortunately, a cigarette could look a lot safer when smoked by the machine than when smoked by nicotine-addicted humans.

No wonder there has been no decline in the risk of lung cancer or other smoking-related diseases even though smokers have moved in droves to supposedly safer cigarettes. Smokers of light or low-tar cigarettes need to realize that the industry is not so much concerned about their health as it is worried, in the words of an internal document, that their penchant to quit smoking entirely could pose "a special problem for the cigarette industry."

Alaska's Gray Davis? (LAT)

The Los Angeles Times, August 28, 2006

POLITICAL FORECASTERS LOOKING for cutting-edge national trends shouldn't read too much into Alaska Gov. Frank H. Murkowski's decisive defeat in that state's Republican primary last week. The message voters delivered was as timeless as it was bipartisan. He made them mad, so they dumped him.

Murkowski had easily won reelection three times to the U.S. Senate. But once he left that job for the governorship, he angered constituents by naming his daughter to fill out his unexpired fourth Senate term. Politics is increasingly treated as a family business nationwide, but this was an especially outrageous dynastic power grab. Alaskans didn't hold that decision against the younger Murkowski, electing her to a full term in 2004. But that same year, they did register their objections with her father, mandating by initiative that future vacated seats be filled by special election, not gubernatorial appointment.

Nepotism was not the only manifestation of Murkowski's imperial manner. The $2.7 million he spent on an executive jet (while cutting benefits to seniors) managed to offend even the residents of a state with more pilots per capita than any other. And although most Alaskans pine for a natural gas pipeline to replace dwindling oil-field revenues, they weren't happy with the deal Murkowski offered oil companies to build the thing, or the secrecy under which he conducted the negotiations.

For his arrogance, Murkowski got fewer votes than either of his two Republican challengers, both of whom had been on the short list to fill the Senate seat that went to his daughter. (Their campaigns featured dueling dog-musher endorsements, but that's another story.)

If only it were a national trend for politicians to get so deserving a comeuppance.

Then again, if only it were an Alaskan trend to reject arrogance in Washington as well as at home. Murkowski's reelection to the Senate was all but guaranteed as long as he and the rest of the state's long-serving congressional delegation delivered more pork per capita than any other state, including boondoggles such as Sen. Ted Stevens' recent multimillion-dollar "bridge to nowhere."

Murkowski was the same person in Alaska that he'd been in Washington; he was just using state money to buy the pork. By electing him governor in the first place, Alaskans got their comeuppance too.

Shopping For Support Down The Wrong Aisle (WP)

By Sebastian Mallaby

The Washington Post, August 28, 2006

Once upon a time, smart Democrats defended globalization, open trade and the companies that thrive within this system. They were wary of tethering themselves to an anti-trade labor movement that represents a dwindling fraction of the electorate. They understood the danger in bashing corporations: Voters don't hate corporations, because many of them work for one.

Then dot-bombs and Enron punctured corporate America's prestige, and Democrats bolted. Rather than hammer legitimately on real instances of corporate malfeasance -- accounting scandals, out-of-control executive compensation and the like -- Democrats swallowed the whole anti-corporate playbook.

To see the difference between then and now, just look at the Clintons. In the late 1980s and early 1990s, Hillary Clinton sat on Wal-Mart's board; and when Sam Walton died in 1992, Bill Clinton lauded him as "a wonderful family man and one of the greatest citizens in the history of the state of Arkansas." Campaigning in the New Hampshire primary that year, Bill Clinton came proudly to the rescue of a local company called American Brush Co. by helping it become a Wal-Mart supplier.

Times change. Last year Hillary Clinton returned a campaign contribution from Wal-Mart, even though she had no compunction in banking a check from Jerry Springer. The nation's most successful retailer, which has seized the opportunities created by globalization to boost the buying power of ordinary Americans, is now seen as too toxic to touch. But a trash-talking TV host is acceptable.

Clinton is not alone in this. The stiff-necked Joe Lieberman, who holds fast to his principles on the Iraq war, recently abandoned his centrist economic credentials by appearing at an anti-Wal-Mart rally. No matter that Lieberman once served as

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chairman of the business-friendly Democratic Leadership Council. Now he proclaims his determination "to wake up Wal-Mart and say, 'Treat your workers fairly.' "

After Lieberman, a senator from Connecticut, stepped down as chairman of the DLC, he was succeeded by Sen. Evan Bayh of Indiana. Well, Bayh recently showed up at an anti-Wal-Mart rally, too, as has Iowa Gov. Tom Vilsack, who is the current DLC chairman. The Wake Up Wal-Mart campaign bus, which is trundling across the country on a 35-day tour, ensnares prominent Democrats in almost every state it passes through. Harry Reid, the Democrats' Senate leader, appeared at an anti-Wal-Mart event on Saturday, and Sen. Joe Biden and Gov. Bill Richardson popped up at earlier stops. When the campaign bus reaches Washington state on Labor Day, both Washington's Democratic senators are expected to greet it.

How can supposedly centrist Democrats defend this betrayal of their principles? Some claim that their beliefs are consistent, but that the company has changed: The Wal-Mart of the early 1990s mainly bought American, whereas today's irresponsible monster buys cheap stuff from China. But this argument merely illustrates how far Democrats have come. Since when did the party's centrists believe that trading with China is evil? It was the Clinton administration that brought China into the World Trade Organization.

Other Democrats reaffirm their centrist credentials while calling upon Wal-Mart to pay workers more. "We are not here today because we are anti-business," Bayh asserted in Iowa recently as he demonstrated against Wal-Mart -- a contention that the retailer's shareholders, who have spent millions defending their brand against Wake-Up Wal-Mart, may have a hard time swallowing. But the idea that Wal-Mart pays below-market wages is false. Otherwise nobody would work there.

Hillary Clinton and Sen. John Kerry have attacked Wal-Mart for offering health coverage to too few workers. But Kerry's former economic adviser, Jason Furman of New York University, concluded in a paper last year that Wal-Mart's health benefits are about as generous as those of comparable employers. Moreover, Clinton and Kerry know perfectly well that market pressures limit the health coverage that companies can provide. After all, both senators have proposed expansions in government health provision precisely on the premise that the private sector can't pay for all of it.

The truth is that none of these Democrats can resist dumb economic populism. Even though we are not in a recession, and even though the presidential primaries are more than a year away, the DLC crowd is pandering shamelessly to the left of the party -- perhaps in the knowledge that the grocery workers union, which launched the anti-Wal-Mart campaign, is strong in the key state of Iowa.

For a party that needs the votes of Wal-Mart's customers, this is a questionable strategy. But there is more than politics at stake. According to a paper for the National Bureau of Economic Research by Jerry Hausman and Ephraim Leibtag, neither of whom received funding from Wal-Mart, big-box stores led by Wal-Mart reduce families' food bills by one-fourth. Because Wal-Mart's price-cutting also has a big impact on the non-food stuff it peddles, it saves U.S. consumers upward of $200 billion a year, making it a larger booster of family welfare than the federal government's $33 billion food-stamp program.

How can centrist Democrats respond to that? By beating up Wal-Mart and forcing it to focus on public relations rather than opening new stores, Democrats are harming the poor Americans they claim to speak for.

Schwarzenegger Gives Up (WSJ)

By Shikha Dalmia

The Wall Street Journal, August 28, 2006

Arnold Schwarzenegger is following the wrong script. After taking over as governor in 2003, he was expected to vanquish business-as-usual politicians in Sacramento -- and pull California from the brink of fiscal ruin. Instead, he has decided to put his own political future ahead of the economic survival of his beloved Golden State. How else to interpret his recent move to join ranks with his opponents in Sacramento to put a pork-heavy $37 billion bond infrastructure proposal on the November ballot?

Mr. Schwarzenegger's move officially marks the end of his grand plans to reform Sacramento, earning him kudos from many California Democrats. Sen. Don Perata, the most influential Democrat in the state legislature, and Senate Assembly Speaker Fabian Nunez have praised Mr. Schwarzenegger's leadership and pledged to campaign with him this fall to promote the initiative. Making joint appearances with prominent Democrats while he is campaigning for re-election will help cement Mr. Schwarzenegger's image as a political moderate, something he has been trying hard to cultivate in this bluest of blue states since last year. That's when the state's public unions accused him of right-wing partisanship, and defeated the bold reform initiatives he put on the ballot to curtail their influence on state government and politics.

The real issue, however, is what this bond measure will do to California. Few doubt the need for California to invest in its crumbling infrastructure. But this is an infrastructure bond in name only. The four big-ticket items in the bond -- which is two times bigger than the biggest bond in the state's history -- are $2.6 billion for housing, $10.4 billion for K-12 schools and universities, $3.1 billion for levee repairs and $19.2 billion for transportation.

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The housing bond is simply welfare masquerading as a capital project. A bulk of its money won't fund general infrastructure -- an acceptable use of general-obligation bonds like these -- but such things as cheap multifamily dwellings for low-income families, and down-payment assistance for first-time home buyers.

The education bond is equally misguided, given that 40% of the state's $94 billion general-fund revenues are already constitutionally earmarked for education. Moreover, California voters approved a total of $25 billion for school-construction bonds in 2002 and 2004 to reduce overcrowding. If there is still not enough money for new schools, it is not because of lack of state spending, but abject waste by individual districts. If anything, this handout will encourage more waste by undercutting districts' need to explore the kind of public-private partnership responsible for Inderkum High School in Sacramento being completed a month early and $2.5 million under budget. In this case, a private developer built the school and district authorities used their public dollars to lease the facility from him.

In contrast to schools, California has genuinely underinvested in its levees and transportation. Yet it is unclear that general-obligation bonds that mortgage the wallets of all future taxpayers are the best remedy. To the extent that levee repair, for instance, would benefit mostly those living in the flood plains, at least part of the cost ought to be recovered through special assessments on them.

California has also been routinely raiding the transportation dollars it raises from gas taxes for other general fund needs -- a fact obvious to anyone who has ever battled traffic on the San Diego Freeway. Yet only about half of this bond's revenues are slated for actual road building. Instead, $4 billion is going to mass transit even though mass transit's share of commuters, never large, has dropped by 9% since 2000.

Even after the proposed $19 billion transportation bond and the $384 billion in planned transportation spending by the state's biggest three regions (Los Angeles, the Bay Area and San Diego), California's traffic congestion will actually be worse in 2030 than it is today because the state is choosing pork and pet transit projects instead of prioritizing and adding much-needed highway capacity.

There are better ways of generating steady revenues to fund transportation and other needed infrastructure that don't involve giving Sacramento's politicians a ready excuse to dip into the pockets of future taxpayers. Among them, notes Donna Arduin, Mr. Schwarzenegger's former finance director, are things like privately built toll roads and congestion pricing. "These were things that were recommended to him back when he first took office," she says.

It is disheartening that the governor -- who claims to have been inspired to enter political life by the small-government ideas of Milton Friedman and Adam Smith -- has ignored these measures, especially now when government spending in California is touching the stratosphere. Indeed, despite the fact that California's economy has rebounded after the dot-com bust, pouring $7 billion more than expected into the state's coffers this year, the state's 2006-07 budget still shows a deficit of $7 billion. California has the dubious distinction of being one of only eight states showing deficits instead of surpluses right now.

"That would not have been the case had the state simply held its spending increases to the expected gains in revenues," laments Tom McClintock, a Republican state senator who is running for lieutenant governor this year and who has refused to endorse any of the bond measures except for the one pertaining to levees. "This would have covered inflation, population increases and then some."

The deficit is not all Mr. Schwarzenegger's fault, of course. He deserves much credit for killing Gray Davis's notorious car tax and reforming California's job-killing worker compensation laws, both of which have paved the way for California's economic recovery and generated revenues for the state.

But the bond proposal suggests that Mr. Schwarzenegger has given up on even trying to put California's fiscal house in order -- his core promise when he took office. Instead, he has flipped the script, deciding to buy off special-interest groups by throwing even more money at their pet causes.

Ms. Dalmia is a senior analyst at Reason Foundation.

Rumsfeld Sees Some Progress In Missile Plan (NYT)

By David S. Cloud

The New York Times, August 28, 2006

FORT GREELY, Alaska, Aug. 27 — Secretary of Defense Donald H. Rumsfeld said here Sunday that while the fledgling United States ballistic missile defense system was becoming more capable, he wanted to see a successful full-scale test before declaring it able to shoot down a ballistic missile.

“I have a lot of confidence in these folks, and I have a lot of confidence in the work that’s been done,” Mr. Rumsfeld said after touring one of the system’s two interceptor sites. But he added that he wanted to see a test “where we actually put all the pieces together; that just hasn’t happened.”

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Mr. Rumsfeld's assessment was more cautious than that of the Missile Defense Agency director, Lt. Gen. Henry A. Obering III of the Air Force. General Obering said recently that he was confident the system could have shot down a ballistic missile test-fired July 4 by North Korea, if it had been a live attack aimed at the United States. The two-stage rocket broke up shortly after launching and fell into the Sea of Japan.

The Bush administration has taken the unusual step of deploying the system, which is designed to shoot down a limited number of missiles, before testing is completed and before all the radars and sensors necessary to track incoming missiles are in place. Mr. Rumsfeld repeated Sunday that the system was aimed at protecting against attacks from North Korea and Iran, which he called "rogue states that are intent on developing long-range ballistic missiles."

The first flight test of the American system in more than a year, involving the firing of an interceptor at a target, is planned for this week, but it is not the sort of full-blown trial Mr. Rumsfeld meant.

The goal this week is to see if sensors in the so-called kill vehicle can recognize an incoming warhead, not to actually hit it, General Obering said. A test in which the kill vehicle is supposed to hit the target warhead is planned for later this year, he said.

But General Obering said that this week's test was "about as realistic as you can get" because it employed a target that in its size and speed was representative of missiles that might be fired at the United States.

In the last two flight tests, the system halted the firing sequence before the interceptor missile left its silo. General Obering said those setbacks were due to "minor glitches" in software and workmanship by contractors that had "nothing to do with the functionality of the system."

Even so, after the second failed test in February 2005, the system was taken down until December.

On his tour of Fort Greely, a remote base 100 miles from Fairbanks, Mr. Rumsfeld climbed down a ladder into an underground silo containing one of the 10 54-foot-long interceptor missiles already deployed. Another of the three-stage missiles is scheduled to be put in the ground on Monday, officials said, and as many as 40 are supposed to be installed by next year. The other interceptor site is at Vandenberg Air Force Base in California, where two interceptors are in silos.

Once the sensors detect an incoming missile and the interceptor is launched, it flies 18,635 miles an hour until the kill vehicle separates from its missile and, if it works correctly, flies into the incoming one, destroying it.

The Bush administration is also looking at locations for an interceptor site in Europe that would protect the United States and parts of Europe from missiles launched from the Middle East. The administration is seeking $126 million this year to build the site and the interceptors, which could be in place in four years if Congress provides the money, General Obering said.

Later in the day, Mr. Rumsfeld met in Fairbanks with Sergei Ivanov, the defense minister of Russia, which has long been wary of the American antimissile system, fearing it could be expanded into a more robust shield that would threaten the strategic balance between the United States and Russia.

Mr. Ivanov did not directly criticize the American system, but he called for "transparency" by the Bush administration, a term meant to convey Russia's concern about any modifications to the system that could take its capabilities beyond stopping a small number of missiles.

Rumsfeld Wants More Missile-shield Testing (USAT/AP)

By Robert Burns

USA Today, August 28, 2006

FORT GREELY, Alaska — Defense Secretary Donald Rumsfeld on Sunday sounded a note of caution about expectations that interceptors poised in underground silos here would work in the event of a missile attack by North Korea.

Rumsfeld climbed down a steel ladder into one of 10 silos here that house single 54-foot-long missile interceptors. If ordered by the president, one or more of the rockets would blast into the sky and race at more than 18,000 mph to launch a small "kill vehicle" at an enemy warhead as it soared through space.

An 11th interceptor is to be installed at Greely today.

Rumsfeld said he would not be fully convinced that the missile shield was ready until the multibillion-dollar defense system has undergone more complete and realistic testing.

"I want to see it happen," Rumsfeld said, "A full end-to-end" demonstration is needed "where we actually put all the pieces" of the highly complex and far-flung missile-defense system together and see whether it would succeed in destroying a warhead in flight.

"That just hasn't happened," he said, adding that some elements of the missile-defense system are yet to come on line, including some of the radars and other sensors used to track the target missile.

Rumsfeld said that North Korea's leaders show by their test-launch of multiple missiles on July 4 a determination to "continue to improve their capability and to threaten and attempt to blackmail other people."

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Rumsfeld declined to say when he thought the missile-defense system would reach the point of full reliability but stressed that his advisers, including Lt. Gen. Henry Obering, the Pentagon's missile-defense chief, have told him they believe it will work as designed.

"I have a lot of confidence in these folks, and I have a lot of confidence in the work that's been done," Rumsfeld said.

Brig. Gen. Patrick O'Reilly, program director for the ground-based interceptor system, told Rumsfeld that on Thursday an interceptor based at a launch site at Vandenberg Air Force Base, Calif., is to be tested against a target missile launched into the Pacific Ocean from Alaska's Kodiak Island.

That will be the first full test of the latest version of the interceptor and its kill vehicle, a device attached to the nose of the interceptor. Once it separates from the interceptor's three-stage booster, the kill vehicle is designed to use its own propulsion system and optical sensors to lock onto its target and, by ramming into it at high speed, obliterate the warhead and any payload.

Obering said the main objective of Thursday's test will be to see if the optical sensors on the kill vehicle aboard the interceptor work as designed.

Rumsfeld Unsure Of Ability To Intercept Korean Missiles (WP)

The Washington Post, August 28, 2006

FORT GREELY, Alaska, Aug. 27 -- After his first look inside the nerve center of the U.S. missile defense system, Defense Secretary Donald H. Rumsfeld on Sunday sounded a note of caution about expectations that interceptors poised in 10 underground silos here would work in the event of a missile attack by North Korea.

Asked at a news conference whether he believed the missile shield was ready for use against a North Korean missile like the one test-fired unsuccessfully on July 4, Rumsfeld said he would not be fully convinced until the multibillion-dollar defense system has undergone more complete and realistic testing.

"A full end-to-end" demonstration is needed, Rumsfeld said, "where we actually put all the pieces" of the highly complex and far-flung missile defense system together and see whether it would succeed in destroying a warhead in flight.

Rumsfeld also said North Korea does not pose a military threat to South Korea, calling Pyongyang more of a danger as a distributor of weapons to other countries and perhaps terrorists.

"I think the real threat that North Korea poses in the immediate future is more one of proliferation than a danger to South Korea," he said.

Rumsfeld said it is clear that the overall condition of the North Korean military has deteriorated.

Later Sunday, Rumsfeld met with his Russian counterpart, Sergei Ivanov. They discussed the Middle East and Afghanistan, as well as Russian concerns about an announced U.S. plan to remove nuclear warheads from some Trident long-range missiles aboard submarines and replace them with conventional warheads for potential use on short notice against terrorist targets.

U.S. Set For Biggest Missile Defense Test In 18 Months (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, August 28, 2006

At stake is the ability of an interceptor to spot -- not necessarily to hit -- its target.

FT. GREELY, Alaska — The U.S. military will test its missile defense system Thursday, the fullest demonstration since a pair of tests grounded the program 18 months ago.

Military officials are seeking to lower expectations. Although a target missile will be fired from Kodiak Island, Alaska, and an interceptor rocket topped with a "kill vehicle" will launch from California's Vandenberg Air Force Base, military and industry officials say the goal isn't to actually shoot down the missile.

"We are not going to try to hit the target," said Scott Fancher, head of Boeing Co.'s ground-based missile defense program. "It is not a primary or secondary test objective to hit the target."

After a tour of the missile interceptor silos here Sunday, Defense Secretary Donald H. Rumsfeld said that although he wanted to see a "full end-to-end test," he was patient. He rejected suggestions that the system should try to hit the target this time.

"Why not proceed in an orderly way with the kind of the test expert people [want to do]?" Rumsfeld told reporters. "They do not have to do it to demonstrate to you."

Air Force Lt. Gen. Henry "Trey" Obering III, director of the Missile Defense Agency, said it was "possible" the kill vehicle would take out the missile even though that was not a goal. But the military, he said, is focused on making sure a redesigned kill

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vehicle is able to spot the target missile, distinguish between its booster stage and warhead, and communicate with the control centers on the ground.

"This is about as good as it gets in terms of a system test," Obering said.

The general has said several times that he believes the missile defense system can shoot down a long-range North Korean missile aimed at the United States.

"We can protect L.A. — we can protect the entire United States from both California and Alaska — from a North Korea threat," he said Saturday.

The military is not going to try to knock out a target missile until December, a test that Obering called the "final stage."

"It will be the same scenario: target out of Alaska, interceptor out of California," the general said. But "the objective will be to intercept the target."

Critics have long raised doubts about the $43-billion system.

Although the interceptors have hit dummy missiles in five out of 10 tests, some outside experts have said the conditions were too controlled and the targets not realistic enough.

Obering rejected any suggestion that the previous tests were rigged. Thursday's test, he said, will use a target missile similar in size and speed to the single-warhead weapon that the military believes North Korea could fire.

"We believe it is very close," Obering said of the target missile. "As much as we know, we believe it is very representative."

The missile defense system was declared operational in 2004, meeting a goal that President Bush had set two years before. Military officials said then that testing and improvement of the system would continue.

After botched tests in December 2004 and February 2005, Obering ordered a halt to the program in order to examine and fix the problems that prevented successful launches and flights of the interceptors.

The testing resumed, in incremental steps, in December. In the first test, an interceptor was launched against a target dropped from an airplane. And in February, the military tested the ability of the ground-based radar in Beale, Calif., near Sacramento, to pick up and track targets.

Thursday's test is more important because it will involve all the main components of the defense system.

The military operates two interceptor sites. One site is at Vandenberg, which will be used for Thursday's test. The Alaska site at Ft. Greely will hold 11 missiles when the latest is placed in the ground today.

During his visit here, Rumsfeld examined the missile waiting to be installed, saw a mock-up of the kill vehicle and climbed into one of the silos.

The military is hoping to install another set of interceptors either in Poland or in the Czech Republic.

Obering said that if Congress appropriated the initial funding for the project this year — about $56 million for the site and $70 million for the interceptors — the interceptors could be operational by 2010.

At a meeting Sunday in Fairbanks, Alaska, with Russian Defense Minister Sergei B. Ivanov, Rumsfeld outlined the Pentagon's plans for the new interceptor site. At a news conference afterward, Ivanov called on the United States to be "transparent" in moving forward and hinted that an interceptor site might not be needed.

"We should proceed from reality," Ivanov said, speaking through a translator.

"How many countries can possess substantial ballistic missiles?"

The two men also discussed American plans to retrofit some nuclear intercontinental ballistic missiles with conventional warheads. During the news conference, Rumsfeld said he thought the Russian military should also retrofit some of its missiles.

"We think it would be a good thing five, 10 years from now if both of our countries had that additional weapon available," Rumsfeld said.

"We do not know how the world will evolve. But we do know that there are terrorist networks in the world, and they are already using missiles."

Ivanov said his government had concerns over the plan. But, he allowed, "we will keep in touch."

Lost In Space (WSJ)

By Henry F. Cooper And Robert L. Pfaltzgraff Jr.

The Wall Street Journal, August 28, 2006

Consider the implications of North Korea's July 4 missile tests. While the Taepondong-2 failed, Pyongyang has already demonstrated (in 1998) that it can launch long-range rockets. Meanwhile, the six short- and medium-range missiles it successfully tested can be sold to other rogue states and terrorists -- who could launch them at us from ships off our coasts.

When North Korea launched its missiles in July, what President Bush has properly termed our "modest" missile-defense system was activated -- but it included no protection against this short-range threat to the three-quarters of all Americans living

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within 200 miles of our coasts. Indeed, if a nuclear warhead on just one missile, launched from a ship off our coast, was detonated at an altitude of 100 kilometers, the electromagnetic pulse would have devastating consequences for critical infrastructures such as telecommunications, finance, fuel/energy, transportation, food and water supply, energy resources and space systems. * * *

The blunt truth is that, since withdrawing from the ABM Treaty in 2002, the U.S. has not done enough to protect the nation from the threat of missiles. The Pentagon is improving ground-based interceptor systems, but it is not fully exploiting other interceptor-basing modes. Sea-based defenses, for example, remain focused on defending our overseas troops, allies and friends against short- and medium-range ballistic missiles -- without using their inherent potential also to shoot down ballistic missiles aimed at the U.S. homeland.

Nevertheless, our continuing vulnerability to missile attack is the result of easily reversible past choices. Japan and the U.S., for example, are jointly developing sea-based missile defenses against short- and medium-range missiles; three U.S. ships equipped to shoot down these missiles will be operating in or near the Sea of Japan later this year. With a $25 million software improvement, these same ships can shoot down North Korean intercontinental-range missiles early in their ascent phase -- long before ground-based interceptors in Alaska or California. And if ships operating near our coasts are similarly equipped, they could shoot down short- and medium-range missiles launched by terrorists from ships off our coasts.

We have already made an $80 billion investment in over 80 Aegis ships now at sea around the world that have the ability to shoot down cruise missiles. A minimal additional investment can enable them to shoot down ballistic missiles: Outfitting a single ship costs $100 million ($20 million for support systems and $80 million for eight interceptors). There is no better investment in near-term missile-defense capability.

As the administration has acknowledged, current missile defenses represent only a "starting point" for building improved capabilities. But rather than just marginally improving systems that evolved from the ABM Treaty era, missile-defense designers should start from the basics.

The authors participated in an Independent Working Group that for the last five years considered these issues in depth. Our full report, "Missile Defense, the Space Relationship and the 21st Century," is available at www.ifpa.org/pdf/IWGreport.pdf1. Here, we emphasize several points:

• Missile-defense systems should protect us against more than just small rogue states. We should make it virtually impossible for any adversary -- rogue states, non-state actors and larger strategic competitors -- to influence U.S. decisions, or the course of regional conflicts, by threatening to launch missiles with nuclear weapons against the U.S., its deployed forces or its allies.

Since we cannot be certain where or when a missile will be launched against us, we need a continuously ready, global, multilayered system to provide multiple shots at attacking missiles and their warheads in all their phases of flight -- boost, midcourse and terminal. Such defenses make an attack more expensive, and therefore less attractive for enemies to buy the technologies to overcome them. The ABM Treaty era showed that it is the absence of defenses, rather than their presence, that encourages the development of offensive technologies.

• Ground-based defenses can protect specific territory; sea-based defenses can more flexibly defend larger areas for less money. Neither provides global protection. Only space-based systems can provide a truly global defense. The U.S. needs a streamlined development program to build space-based interceptors for boost-, midcourse- and terminal-phase interdiction -- and to begin deployment of these interceptors by 2010.

Political factors have dictated technical behavior, subordinating the development of the most technically sound and cost-effective defenses. The problem transcends administrations and political parties; it reflects the unprecedented political opposition that has been mounted against effective missile defenses over the past five decades. The most technologically feasible global defense -- space-based -- has not been politically acceptable, because of concerns about the "weaponization of space." This is a dubious argument that ignores history, and the current efforts of other states to weaponize space. But the result is to leave us with a ground-based defense that is politically the most acceptable but technologically the least effective.

Because of Ronald Reagan's interest in research on all ballistic missile-defense concepts, his Strategic Defense Initiative (SDI) explored all possible concepts and pursued major technology initiatives, in order to underwrite those most effective. By the end of his administration, it was clear that a space-based interceptor system, "Brilliant Pebbles," could meet even the strict so-called Nitze criteria (survivability under direct attack and cost-effectiveness at the margin as compared to investments in attacking missiles).

This interceptor system consisted of a constellation of very lightweight satellites (each about the size of a watermelon) that would continuously monitor the Earth below and detect any missile launch within its field of view. The satellite with the best intercept opportunity would release a Brilliant Pebble (weighing a few pounds) that maneuvers into the path of the oncoming

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missile or its payload and destroys it by impact. All key technologies were proven by the mid-1990s; today's technology is more advanced and could intercept even short-range Scuds in their boost phase.

Brilliant Pebbles was approved in 1990; the Pentagon's independent costing agency estimated acquisition and 20-year operations costs at $11 billion in 1990 dollars, or about $16 billion in inflation-adjusted dollars. It would have been far more capable than all other missile-defense concepts pursued since then -- at many times that cost -- but political considerations killed Brilliant Pebbles in 1993. Even the supporting technology programs were cancelled and the technologists dispersed -- so those most important products from the $30-billion SDI investment were lost. * * *

Today the U.S. should make deployment of a multilayered missile defense, including space-based systems, an urgent priority. We should complete the ground-based sites in Alaska and California -- but build no additional ground-based sites. Limited resources are better spent to meet emerging threats by building the more cost-effective (sea- and space-based) missile components.

Great advances in technology have resulted when visionary and persistent leaders, supported by competent scientists and engineers and set apart from the normal acquisition bureaucracy, are given the necessary resources to prove new ideas can and will work. This recipe should again be employed to revive cutting-edge technologies demonstrated over a decade ago -- and to build the defenses we need in the 21st century.

Mr. Cooper, former director of the SDI and chief U.S. negotiator to the Geneva Space and Defense Talks, is chairman of High Frontier, a missile defense advocacy group. Mr. Pfaltzgraff is president of the Institute for Foreign Policy Analysis and Shelby Cullom Davis Professor of International Security Studies at the Fletcher School at Tufts University.

Iran Tests Submarine-to-surface Missile (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, August 28, 2006

Iran tested a new anti-ship missile fired by a submarine during war games Sunday, raising worries it could disrupt vital oil tanker traffic in the Gulf amid its standoff with the West over its suspect nuclear activities.

Iranian President Mahmoud Ahmadinejad took a tough tone over the nuclear issue, saying his country's decision to pursue nuclear technology was irreversible.

His comments and the missile test came only days before a Thursday deadline imposed by the United Nations for Tehran to suspend the enrichment of uranium, a process the United States says the Iranians intend to use to build nuclear weapons. Enrichment can produce both reactor fuel and material for a warhead.

The Thaqeb, Farsi for Saturn is Iran's first missile that is fired from underwater and flies above the surface to hit its target, distinguishing it from a torpedo. A brief video showed the missile exiting the water and hitting a target less than a mile away.

While the missile showed some technological advances by Iran, its main importance seemed to be that it gives the country another means for targeting ships, along with the arsenal of torpedoes and other anti-ship missiles it already has.

Iran, which says its nuclear program is only aimed at generating electricity, has refused any immediate suspension and called the deadline illegal, though it says it is open to negotiations.

Ahmadinejad insisted Iran's nuclear program was peaceful and said he saw no reason to give it up.

"The great decision of the Iranian nation for progress and acquiring technology is a definite decision. There is no way back from this path," he said in a speech on national television after giving awards to 14 nuclear officials and scientists.

He said the United States should give up nuclear technology because it could not be trusted with it, having developed and used nuclear weapons.

Israel recently purchased two German-made Dolphin submarines capable of carrying nuclear warheads — clearly aiming to send a message to Tehran that it could strike back. The purchase beefs up Israel's deterrent power, since the subs can remain submerged for longer periods of time than the three nuclear arms-capable submarines already in Israel's fleet.

Israel is believed to have hundreds of warheads, the only nuclear arsenal in the Middle East, but it has kept the information secret and refuses to confirm or deny the reports.

The test-firing of the new missile underlines a card Iran can play in the nuclear standoff with the West — the ability to disrupt oil tanker shipments in the Gulf, through which about two-fifths of the world's oil supplies pass.

Iran has given mixed signals over how it would retaliate if the confrontation with the United States escalates. The oil minister and other government officials have said Iran would never attack Gulf tankers — but the interior minister warned in March that all options for retaliation are open and noted Iran's strategic position over Gulf traffic.

The test took place during large-scale military exercises that Iran has been holding since Aug. 19. It was the latest in a series of new naval weapons Iran has unveiled this year to tout what it calls its new technological prowess in arms production.

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The Iranian naval commander, Gen. Sajjad Kouchaki, said the Thaqeb could be fired from any vessel, not just submarines. He called it a "long-range" missile but did not specify how far it could fly, and it did not appear capable of carrying a nuclear warhead.

He also said the Thaqeb could escape enemy radar — a claim Iran made about a number of weapons it unveiled during military maneuvers in April. Some outside experts have questioned whether the weapons, tested against Iranian radar, would really be undetectable to more advanced U.S. radar.

During the April maneuvers, Iran test-fired a new torpedo — the "Hoot," Farsi for "whale" — which is capable of moving at some 223 mph, up to four times faster than a normal torpedo. It also unveiled a new land-to-sea missile, the Kowsar, and a high-speed missile boat that skims above the water and is undetectable by radar.

Iran is known to have several submarines. It bought at least two diesel subs from Russia in the 1990s and has produced an unknown number of locally made ones. Last year, it announced it was building a new class of sub called the Ghadir, which it said was a stealth craft and could fire missiles and torpedoes. Nothing more is known about the craft.

Iran says the weaponry is intended to defend itself against the possibility of a U.S. attack. It has also expressed worry about Israeli threats to destroy its nuclear facilities.

Iran already is equipped with the Shahab-3 missile, which means "shooting star" in Farsi, and is capable of carrying a nuclear warhead. An upgraded version of the ballistic missile has a range of more than 1,200 miles and can reach Israel and U.S. forces in the Middle East.

Iran Test-fires New Anti-ship Missile As U.N. Deadline Nears (USAT/AP)

USA Today, August 28, 2006

TEHRAN — Iran tested a new submarine-fired anti-ship missile during war games Sunday, days before a U.N.-imposed deadline for Tehran to suspend the enrichment of uranium.

Iran's president, Mahmoud Ahmadinejad, took a tough tone over the nuclear issue, saying that his country's decision to pursue nuclear technology was irreversible.

His comments and the missile test came five days before a Thursday deadline imposed by the United Nations for Tehran to suspend the enrichment of uranium, a process the United States says the Iranians intend to use to build nuclear weapons. Enrichment can produce both reactor fuel and material for a warhead.

Ahmadinejad insisted Iran's nuclear program was peaceful and there was no reason to give it up.

He said it was the United States that should give up nuclear technology because it could not be trusted with it, because it developed and used nuclear weapons.

Amid worries over Iran's program, Israel recently purchased two German-made Dolphin submarines capable of carrying nuclear warheads — clearly aiming to send a message to Tehran that it can strike back. Israel has never admitted having nuclear weapons, but is widely assumed to possess the only nuclear arsenal in the Middle East.

The Dolphin purchase beefs up Israel's deterrent power, since the subs can remain submerged for longer periods of time than the three nuclear arms-capable submarines already in Israel's fleet.

Iran says it has no intention to build nuclear weapons, insisting its program aims only to generate electricity. But the test-firing of the new missile — called the Thaqeb, the Farsi word for Saturn — underlines a card Iran can play in the nuclear standoff with the West: the ability to disrupt oil shipments in the Persian Gulf, route for about 40% of the world's oil supplies.

During April maneuvers, Iran test-fired a new torpedo — the Hoot, Farsi for “whale” — capable of moving at 223 mph, up to four times faster than a standard torpedo. It also unveiled a new land-to-sea missile, the Kowsar, and a high-speed missile boat that skims above the water and is undetectable by radar.

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Tehran Test-fires Long-range Missile (WT/AP)

By Ali Akbar Dareini

The Washington Times, August 28, 2006

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TEHRAN -- Iran test-fired a new submarine-to-surface missile during war games in the Persian Gulf yesterday, a show of military might amid a standoff with the West over its nuclear activities.

A brief video clip showed the long-range missile, called Thaqeb, or Saturn, exiting the water and hitting a target on the water's surface. The test came as part of large-scale military exercises that began Aug. 19.

"The army successfully test fired a top speed long-range sub-to-surface missile off the Persian Gulf," the navy commander, Gen. Sajjad Kouchaki, said on state-run television.

Iran routinely has held war games over the past two decades to improve its combat readiness and to test equipment including missiles, tanks and armored personnel carriers.

But yesterday's firing of the missile came as Iran remains defiant just five days before a deadline imposed by the U.N. Security Council for Tehran to suspend the enrichment of uranium, which can produce both reactor fuel and material usable in nuclear warheads.

Iran said last week it is open to negotiations but it refused any immediate suspension, calling the deadline illegal.

Tehran has expressed worry about Israeli threats to destroy its nuclear facilities, which the West contends could be used to make a bomb but which Iran insists are for the peaceful purpose of generating electricity.

The Islamic country also is concerned about the U.S. military presence in neighboring Iraq and Afghanistan.

In an advance for Iran's weapons industry, the Thaqeb is the country's first missile fired from underwater that flies above the surface to strike its target, adding to the country's repertoire of weapons that can hit ships in the Gulf.

Iran's current arsenal includes several types of torpedoes -- including the "Hoot," Farsi for "whale," which was tested for the first time in April and is capable of moving at some 223 mph, up to four times faster than a normal torpedo.

Gen. Kouchaki said the Thaqeb could be fired from any vessel and could escape enemy radar. He said it was built based on domestic know-how, although outside specialists say much of the country's missile technology originated from other countries such as Russia and China.

He did not give the weapon's range. It did not appear capable of carrying a nuclear warhead.

During the April war games, Iran also tested a new land-to-sea missile, the Kowsar, with remote control and searching systems that cannot be scrambled, as well as a high-speed missile boat that is undetectable by radar.

Iran Vows To Continue Making Nuclear Fuel (FT)

By Gareth Smyth

Financial Times, August 28, 2006

The day after president Mahmoud Ahmadi-Nejad opened a heavy-water nuclear plant, Iran said on Sunday it would continue making nuclear fuel, but it remained open to negotiations over its controversial atomic programme.

Tehran's double-edged diplomacy seems set to continue beyond Thursday's deadline from the United Nations security council to suspend uranium enrichment, the most sensitive of its nuclear activities.

"Producing nuclear fuel is our strategic aim," Ali Larijani, Tehran's top security official, said yesterday. "Any measure to deprive Iran of its right will not change our mind."

But on state television, Mr Larijani also said the passing of the UN deadline would not mean "the end of diplomacy".

Asked about Russia and China, members of the UN Security Council sceptical of the US drive for sanctions against Iran, Mr Larijani said: "If there are other countries that can fall into step with us in their diplomacy, we will use them. In situations where they don't, we will continue on our own."

Mr Ahmadi-Nejad on Saturday inaugurated a new heavy-water facility near Arak, 180km south of Tehran, to produce fuel for an adjacent heavy-water nuclear reactor due to open by 2009.

The president stressed Iran's programme was peaceful. "We are not a threat to anyone – even the Zionist regime [Israel], which is a definite enemy for the people of the region," he said.

Heavy water, which occurs naturally in minute quantities but has also been manufactured since the 1930s, has medical uses and allows a reactor to run on uranium with no need for enrichment, but the spent fuel is a potential source for plutonium that can be used in weapons.

With the UN deadline approaching, Iranian television has been giving fulsome coverage to military manoeuvres in the Gulf, including the testing of missiles and torpedoes.

Admiral Habib Sayyari said the exercises sent "a message of peace and friendship to the Middle East, especially Iran's neighbouring countries".

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¦Italian Foreign Minister Massimo D'Alema was on Sunday quoted as saying Italy should be included in any future talks with Iran over the nuclear issue. His comments came just days after Italy committed up to 3,000 troops to the UN peacekeeping mission to southern Lebanon.

Nuclear Program A Source Of Pride For Iranians (USAT)

By David J. Lynch

USA Today, August 28, 2006

TEHRAN, Iran — Four young salesmen met last week at a Tehran coffeehouse, only to find that city officials had inexplicably ordered the shop not to serve coffee that day. Things are seldom simple in Iran.

The four settled for sodas. Their talk turned to Iran's tense standoff with the United Nations, which has given the country until Thursday to halt its nuclear program or face economic and political sanctions.

"Of course, we are worried about it," said Morad Daneshvar, 26, a jewelry salesman. "Although in the end, I don't think our politicians are that stupid."

Iran has repeatedly defied the United States and the West on uranium enrichment. Saturday, hard-line Iranian President Mahmoud Ahmadinejad opened a heavy-water production plant that could be used to make nuclear weapons, a provocative gesture five days before the U.N. deadline.

Fathoming Iran's worldview is critical to understanding the roots of the crisis. Conversations with policy experts and ordinary Iranians alike suggest an Islamic republic that is simultaneously insecure about its standing in the world and emboldened by the drift of recent events.

Both impulses were evident in its response last week to a package of incentives by the United States, Russia, China, Britain, France and Germany: Iran expressed its desire for serious talks with the West but would not halt enrichment as a precondition. Iran's nuclear research program, underway in secret from 1988 until it was exposed by an opposition group in 2002, has become a source of national pride for many Iranians.

"Having nuclear technology is our legal right," said Ali Maghsoodi, 36, a jobless architect looking for work at a day-laborer site in Tehran's Vanak Square.

Ahmadinejad has cast the program as essential to national development. Inaugurating the new heavy-water plant, he insisted Iran is not pursuing weapons and is not "a threat to anybody, even the Zionist (Israeli) regime, which is a definite enemy for the people of the region."

By continuing nuclear development, he said, Iran might have to face sanctions by the United States and the West. "But will they be able to prevent the thoughts of a nation? Will they be able to prevent the progress and technology to a nation? They have to accept the reality of a powerful, peace-loving and developed Iran."

Despite U.S. attempts to isolate it, Iran possesses considerable leverage because it:

•Trains and equips Shiite militias in neighboring Iraq, a senior Pentagon official said last week. Brig. Gen. Michael Barbero, deputy director of operations for the Joint Chiefs of Staff, said the Iranian government is trying to destabilize Iraq.

•Sits atop 10% of the world's petroleum reserves at a time when oil prices are over $70 a barrel.

•Provides inspiration, arms and funds to Hezbollah, the Lebanese Shiite militant group that rained rockets on Israel and clashed with Israeli troops for 34 days in July and August.

"Iran is a player in this region and nobody can ignore it. … They can't dismiss Iran," says Mahmood Vaezi of the Center for Strategic Research, a government agency that advises top Iranian policymakers.

He and other Iranian officials argue that their country is the key to political stability in the Middle East. Like the coffeehouse without coffee, Iran poses a contradiction: Its leaders demand international — especially American — respect. At the same time, they pursue a policy of nuclear self-reliance that renders such recognition impossible — at least from a U.S. government that distrusts Iran and believes it capable of attacking its neighbors.

"An Iran in possession of nuclear weapons is unthinkable for all who value security and peace," Nicholas Burns, undersecretary for political affairs at the State Department, said last fall.

The Bush administration regards the cleric-led Iranian government as illegitimate and undemocratic. White House policy has been to isolate Tehran and use diplomacy and the threat of sanctions to end Iranian nuclear ambitions. The administration has condemned Iran's support of Hezbollah and called Tehran "the world's most active state sponsor of terrorism." Washington has encouraged pro-democracy groups — inside and outside Iran — to challenge the regime.

The United States broke off diplomatic relations with Iran in 1980 after militants seized the U.S. Embassy in Tehran and held 52 Americans hostage. U.S. policymakers have to decode Iran's conduct without the benefit of diplomatic exchanges and personal relationships.

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Iran “is the only country in the world today with which the United States has no sustained direct contact,” Burns said last year, noting the presence of U.S. diplomats in Cuba, Syria and Libya, and ongoing talks with North Korea.

“The main issue between the United States and Iran is a lack of trust. If this persists — even if we solve the nuclear issue — there'll be another issue. The only way to address the (nuclear) issue is to address the lack of trust between the two sides,” says Mohammad Adeli, who was Iran's ambassador to London until last year.

The 26-year estrangement between Tehran and Washington has only deepened since Ahmadinejad became president in August 2005.

His government is populated by veterans of Iran's 1980-1988 war with Iraq. In that conflict, the United States — fearing the spread of Iran's Islamic revolution — provided satellite intelligence to Iraqi leader Saddam Hussein and ignored his use of chemical weapons against Iranian troops.

Today, Supreme Leader Ayatollah Ali Khamenei and a handful of other top Shiite clerics control most of the power in Iran. They set foreign policy, vet candidates for parliament, quash reformist laws and sanction state action against dissidents, according to the State Department.

Ahmadinejad is subordinate to Khamenei and is supposed to take a back seat on foreign policy matters. Instead, he has staked out extreme positions — such as that Israel must be “wiped off the map” — that have boxed Iran in and given it little room to maneuver.

Many educated Iranians say they recognize their president is a controversial and polarizing figure in the West. But they say his statements questioning the Holocaust and threatening to destroy Israel are no more outrageous or fanciful than President Bush's talk of a “new Middle East” modeled in a democratic Iraq.

“Ahmadinejad and Bush — they have the same personality. You have the American version, and we have the Persian version,” said Mehrdad Salali, 26, as his coffeehouse friends nodded.

Others say it's clear Ahmadinejad's explosive rhetoric has damaged Iran's image.

“I follow the Internet a lot, and they judge the Iranian people by our government. … Our government has made some mistakes and said some bad things,” said Mohamed Reza Farzadi, 22, a network administrator interviewed outside the city of Shiraz.

Still, the Iranian president has supporters who admire his tough approach to foreign powers, his simple lifestyle and his devotion to the poor. The anti-Israel rhetoric that sounds extreme and anti-Semitic to Western ears reflects Muslim frustration with Israel's treatment of the Palestinians, they say.

Ahmadinejad “stands face to face with the Westerners and says, ‘We are not going to step back.' … He has good support in Iran, and people really respect him,” says Behrooz Norouzi, 36, a theology instructor in the city of Isfahan.

Ahmadinejad also has shown a deft political touch. He was elected on a platform of using Iranian oil wealth to benefit the poor. Since taking office, he has visited 154 cities, many in remote provinces long neglected by top officials. He has shelled out funds for new marriage allowances for young couples, debt relief for farmers and low-cost loans for small businessmen.

“He's clearly tapped into a reservoir of support among the lower classes who at least feel that he's listening to them,” says Kenneth Katzman, an expert on Iran at the Congressional Research Service in Washington.

Until recently, Ahmadinejad's hard-line ideology had little impact upon Iranians' daily existence. The tight social strictures imposed in the early days of Iran's Islamic revolution, when morals police roamed the streets chastising women for insufficiently modest clothing, have long since eased. Iranians, especially in cities, take for granted the ability to hear Western music, read foreign news on the Internet and dress with a little flair.

In recent weeks, though, officials began confiscating home satellite dishes, which Iranians use to watch the British Broadcasting Corp. and Western entertainment. The sudden enforcement of this long-ignored regulation has been coupled with a heavy hand on the media and intellectuals.

Some hope for the best. Government officials “are clever enough to understand they can't go back and reverse the process because there is strong public opinion against this,” says Saeed Kazemi, 25, another coffeehouse customer.

With global oil prices near record highs, Iran has doubled public spending from four years ago. Generous subsidies have helped dull public discontent by keeping staples cheap. A tasty three-person lunch of lamb kabobs, grilled tomatoes, fresh herbs, yogurt and drinks can be had for less than $7; a 70-minute flight from Tehran to Shiraz is $26; gasoline costs less than 40 cents a gallon.

Iran took in $45 billion in oil revenue last year, the Council on Foreign Relations in New York says. Subsidies are critical to the regime's ability to retain support at home: 90% of Iranians get income from the state, the council says.

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Some here oppose Iran's decision to use part of its oil windfall to support Hezbollah in Lebanon and Islamic militants in the Palestinian territories. “They are giving money to Lebanon and Palestine. They don't invest anything in factories in the countryside,” said Araf Torkashvand, 22, who traveled to Tehran from his home province of Lorestan seeking work.

The Bush administration has indicated it wants to move swiftly to bring the sanctions issue to the U.N. Security Council once Thursday's deadline has passed. Russia and China have signaled they might use their votes to veto sanctions.

“I know of no instances in world practice and previous experience in which sanctions have achieved their aim and proved effective,” Russian Defense Minister Sergei Ivanov said Friday. “Russia stands for further political and diplomatic efforts to settle the issue.”

Sanctions are likely to do little to hurt the regime and could cement the hard-liners' grip on power. Government opponents say U.S.-led efforts to punish Tehran would discredit pro-Western voices inside Iran and put them on the defensive in the face of an inevitable patriotic, popular response.

Pressure from the United States and other countries feeds Iranian nationalism, bolstering Ahmadinejad and others in the hard-line Islamic government, says Davoud Bavand, an international law professor at Alameh University in Tehran.

“They see that their power resides in the existence of crisis and the presence of the enemy lurking in our bush,” Bavand says. “They're very much interested in the continuation of this crisis.”

An Ex-Official Offers Glimpse Of Iranian Views Of U.S. (NYT)

By Michael Slackman

The New York Times, August 28, 2006

TEHRAN, Aug. 27 — A former high-ranking Iranian official wants Americans to see his cracked thumbnails. They were torn out, he said, after Washington’s friend, Shah Mohammed Reza Pahlavi, put him in prison in the 1970’s.

His point is instantly clear: look at what happened when we had close ties to the United States.

“I was a medical student,” said the man, Ali Muhammad Besharati, a former interior minister and deputy foreign minister. “But they put me in prison because I opposed American dominance in Iran.”

In the continuing conflict over Iran’s nuclear program, there are disputes over enrichment of uranium, discussions of heavy water reactors, and accusations over the government’s intentions. But to listen to Dr. Besharati is to hear the fight described as Tehran’s frontline effort to block American influence in the region and to never again allow Washington to have an upper hand in Iran.

That attitude is obvious among Iran’s current leaders, who see this not just as a battle over nuclear weapons but a fight for survival against a far more powerful enemy that has lumped them into an “axis of evil” and allocated millions of dollars to oust the government, political analysts and Western diplomats here said.

Dr. Besharati, too, echoed the idea that giving in on the nuclear front would not solve Iran’s problems with Washington, only aggravate them.

“I would like you to write this down,” he said, speaking through an interpreter. “If we backed down on the nuclear issue, the U.S. would have found fault with our medical doctors researching stem cells.”

He smiled, sat back and let his point settle. “What they would like to see us do is plant corn, make tomato paste and bottle mineral water,” he added. “They do not want to see us get high-tech.”

His comments, during a 90-minute interview in his office, seem to reflect both a calculated political posture and a sincere hostility, and fear, toward Washington.

Dr. Besharati, 57, works from an office in the Strategic Studies Center, a tower in the leafy northern section of Tehran that serves as an influential research organization for many of Iran’s policy makers. He is not a member of the inner circle of power now, though he has a personal relationship with Iran’s supreme leader, Ayatollah Ali Khamenei, and as interior minister he appointed the current president, Mahmoud Ahmadinejad, as a governor.

But his thinking reflects the spirit of a leadership that has given no indication that it is willing to halt enrichment or slow its nuclear march. In the imprecise language of Iran’s political divisions, Mr. Besharati would be considered a moderate-conservative.

Asked whether Iran is afraid that greater economic, political and social integration with the West might dilute the country’s Islamic identity, he turned the question around. “Can the West be more flexible and accept us as we are?” he asked.

He was born in Jahrem, near Shiraz, and as a young man was an Islamic political advocate. The shah imprisoned him for five years, and it was the feared Savak secret police that tore out his fingernails, he said.

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After the revolution, he won important positions in government. He served in Parliament, for a decade as the No. 2 official in the Foreign Ministry, and as interior minister from 1993 to 1997. He was in charge of the election process the years that Mohammad Khatami, the change-minded cleric, surprised the conservative leadership and won a landslide victory as president.

In many ways he is the model of an Iranian official, both in his bearing and in his stated positions. He wears sharp Western-style suits and a scruffy beard.

He travels with an armed guard and speaks the language of what might be called peaceful defiance: blaming the White House for American-Iranian problems while insisting Tehran wants nothing more than to live in peaceful harmony with the world. He does not answer when asked why for nearly two decades Iran kept its nuclear program a secret, in violation of the Nuclear Nonproliferation Treaty.

"Let me tell you a story," he said, adjusting the ring on his right hand. "In one of the story books, Iranians have a fairy tale. A hawk is talking to a chicken in the farmyard. The hawk says to the chicken, 'You are not very loyal. They feed you, but when they want to catch you, you run away.' "

He paused for effect. "The chicken said, 'If you saw what was going on in the kitchen and the frying pan, you would not just hop from branch to branch, but fly away.' "

He smiled, rose from his chair and pulled three hardcover books off a shelf. He said they were memoirs of relatives of the former shah. "The shah of Iran never drank water without the permission of America," he said he read in one of the books.

He opened one book, whose text was marked up, with important passages circled. "What was the result of all our confidence in the U.S.?" he asked forcefully. "Our agriculture was demolished. Our educational system was destroyed."

True or not, balanced or biased, he was rolling, passionate and animated as he stated his understanding of Iran's history and its relationship with the United States. He grabbed another book and said, paraphrasing, "All the interrogators in the secret police were trained in the United States and Israel." Pause. "Five of my fingernails were peeled out in interrogation."

Dr. Besharati recounted every modern American slight against Iran, from the shooting down of the Iranian airliner that killed more than 200 civilians, to officials of the Reagan administration calling for pulling the theocracy out by the roots. All this, he seemed to be saying, was why Iran would not give in to America's demands on something as consequential as the nuclear program.

"Although our economic system may not be strong," he said, "our minds and our memories are."

U.S. Plans For Sanctions On Iran (WT)

By Bill Gertz

The Washington Times, August 28, 2006

The Bush administration plans to move rapidly to organize and impose international economic sanctions on Iran, but not until after a Thursday U.N. deadline passes, according to Bush administration officials.

A senior official who has reviewed Iran's 21-page response said there is still hope Iran will agree before then to stop enriching uranium, although there are no indications Tehran is ready to do so. The Iranian response, sent privately last week to several nations, contains numerous references to how Iran is moving forward with its plans for uranium enrichment.

"Clearly, it falls short of meeting the condition that was set," the senior official said. "That condition was full suspension of enrichment activity."

International economic sanctions likely will be imposed after passage of a United Nations Security Council Chapter 7 resolution, and sanctions will be applied in stages.

The initial sanctions are expected to target Iran's weapons of mass destruction and missile programs and will be designed to make it more difficult for officials of the regime of President Mahmoud Ahmadinejad to travel abroad and conduct business abroad.

A coalition of nations in Europe and Asia also is being organized to impose sanctions on Iran should the U.N. Security Council fail to take action after Thursday. Tougher sanctions will be imposed later if Iran continues to reject controls on its nuclear program and halt uranium enrichment.

The goal of sanctions will be to persuade Iran's government to suspend its enrichment activities, not to punish the Iranian people, the senior official said,.

Meanwhile, the officials said the State Department, White House and Pentagon are at odds over whether to give Iran another chance to halt enrichment activities.

Nicholas Burns, the undersecretary of state for political affairs, is working to persuade Secretary of State Condoleezza Rice to agree to a plan by the governments of Britain, France and Germany to send Javier Solana, the European Union foreign policy chief, back to Tehran for talks before the Thursday deadline.

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The Europeans are arguing that if Iran is willing to discuss suspension of enrichment, then the three European governments will not pursue immediate sanctions. The planned concession is opposed by officials at the Pentagon and the office of Vice President Dick Cheney, who oppose making any further concessions to the Iranians because of Tehran's continued defiance.

The Iranian response was made after Europeans, the United States and China offered Iran a package of incentives, including trade offers and regional security arrangements, to give up uranium enrichment outside International Atomic Energy Agency (IAEA) controls. Russia and China, either of which could veto any Security Council moves against Iran, oppose sanctions.

The administration is encouraged by support from the governments of France, Germany and Britain for sanctions, although it is not clear whether tough action will be taken to punish Iran this week or next, the senior official said.

The U.S. intelligence community estimates that the enrichment activities will give Iran, under the guise of a civilian electricity-generating program, the ability to produce nuclear weapons within four years.

"Their nuclear program is continuing," a second official said. "They have set the goal of having 3,000 centrifuges in place by end of year, or early next year. They are having some technical difficulties, but they have also shown themselves to be very capable in terms of their own science and technology and in terms of solving problems."

...

"Iran will continue its uranium enrichment," he said. "We want to produce our own nuclear fuel. We will never stop it."

U.S. officials said the Iranian response to the United Nations has been to say that any preconditions on Iran are unfair and something they cannot accept.

"Two decades of denial, deception and concealment [on the nuclear program] has made a pretty convincing case for IAEA and others that they are pursuing nuclear weapons," the senior official said.

Much of Iran's secret nuclear arms program is located at an underground facility at Natanz, where IAEA inspectors were denied access last week. The facility is the site of a planned centrifuge cascade -- a large number of machines that spin uranium gas into small quantities of enriched uranium.

Meanwhile, a senior Iranian nuclear official stated in an interview published in Iran yesterday that a nuclear research facility in Natanz and the uranium conversion plant at Isfahan are operating uninterrupted.

Mohammad Saidi, deputy director of the Atomic Energy Agency of Iran, told the Tehran newspaper E'temad-e Melli that Tehran's response last week was "comprehensive and conducive to the resumption of talks for creating an ultimate agreement."

Iran's Hard Line Begins At Home (TIME)

By Azadeh Moaveni

Time, September 4, 2006

When Behnaz Mohsenian, 29, started English lessons at Tehran's Najdad Institute this spring, the 15 men and women in her class studied grammar sitting in mixed circles. Last month the language school split the group by gender, with men and women meeting on different days. Now plans are under way to move the women's classes to a separate building, to eliminate altogether the possibility of illicit mingling. "It feels," says Mohsenian, "as if we're all incapable of behaving like normal people and need to be regulated at all times."

When President Mahmoud Ahmadinejad took office last summer, everyone nervously watched to see whether Islamic dogma would shape domestic policy. To much delight, nothing changed: Western films were sold everywhere, women wore skimpy veils, and couples held hands in the street. But the long, libertine honeymoon is over. The hard line now seems to begin at home for the Ahmadinejad regime (which last week inaugurated a new reactor project, defying a U.N. demand to end its uranium-enrichment work by Aug. 31, and gave only a tepid response to the West's offer of incentives). Over the past few months, various branches of the government have stealthily rolled back freedoms with moves like the reinstatement of gender segregation in public institutions. Because the Iranian system comprises ministries with overlapping mandates and security apparatuses that operate independently, it's hard to say whether this is a government-wide crackdown or whether some officials are just feeling emboldened by Ahmadinejad's conservatism. Nonetheless, the tone is being set on high--and the impact is being felt throughout society.

The new hypermorality isn't exactly a return to the days of the Ayatullah Khomeini. Today the tactics are subtler than in the past, when morality police were dispatched onto the streets of Tehran to harass youth. Instead, regular Iranians are being cowed into the role of enforcer.

A month ago, I met a few girlfriends for coffee at a popular cafÃ©. One of my friends lit a cigarette and was informed by the embarrassed owner that smoking is now illegal for women in cafÃ©s. Such small but significant restrictions are a

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discouragement. Half the women I know don't go out for coffee anymore. So without a single police raid, the authorities have stifled Tehran's bustling cafÃ© scene.

The restrictions are multiplying daily, with dress codes imposed on women's-clothing retailers and limits on women performing music in public. Last week trucks laden with satellite dishes rolled through my Tehran neighborhood; police have been confiscating the illegal devices all around town.

It isn't clear how long these strict measures will last. So far, the government seems undaunted by the lack of public enthusiasm for its causes. For instance, on the eve of the Lebanon cease-fire, it celebrated Hizballah's non-defeat as if it were an Iranian victory. It cooked what was billed as the world's largest kebab--more than 21-ft. long. And Iranians were "asked" via the state-run media to go up to their rooftops at an appointed hour and shout "Allahu akbar" (God is great). The tradition, from the early days of the Islamic Revolution, used to draw people out en masse. The city reverberated with their cries. Last week, across most of Tehran, one heard only silence.

The War For Hearts And Minds (TIME)

By Nicholas Blanford And Scott MacLeod

Time, September 4, 2006

The new war in the Middle East is not being fought with bombs or bullets. Instead, it is being waged amid the rubble and wreckage of Lebanon's streets, and the prize is the support and gratitude of the hundreds of thousands of citizens attempting to piece together their shattered lives. At Mehdi High School in Beirut, now a temporary administrative center for refugees who lost homes in the war with Israel, Abdel Hussein Hodroj asks a bearded young official behind a desk for help. The young man doesn't work for the Lebanese government or a humanitarian group or a United Nations agency. He's a member of Hizballah, the militant Shi'ite Muslim group that fought Israeli forces to a draw during 34 days of conflict--and is emerging as the most powerful force in postwar Lebanon.

Hodroj, 72, describes how Israeli missiles turned his neighborhood in Beirut's southern suburbs into a Lebanese version of ground zero. The bearded man reaches into a lockbox and pulls out $12,000 in U.S. $100 bills. He presses the money into Hodroj's palm. It's meant to pay for a year's rent and furniture while Hizballah builds him a new home. Hodroj doesn't bother to count the inch-thick wad of cash, equal to more than twice the average Lebanese annual income. Score one for the militants. "We're with Hizballah all the way," Hodroj says, stuffing the cash into his pockets.

For Hizballah and its backers, of course, this isn't just about charity. The scramble to rebuild Lebanon's bombed-out landscape has become a central front in a wider contest for influence in the new Middle East. On one side are Hizballah's Shi'ite Muslim militants and their leader, Sheik Hassan Nasrallahwho boast of winning a "divine victory" over the Jewish state--and the group's patrons, Iran and Syria. On the other are the U.S. and its Arab allies, like Saudi Arabia, Jordan and Egypt, who have been blindsided by the surge in Hizballah's prestige across the Islamic world and are trying to bolster Lebanon's democratically elected but chronically beleaguered government. Judging from the activity on the ground in Lebanon, where Hizballah has already handed out grants--ranging from $10,000 to $12,000--to some 15,000 homeless families, it's clear who is gaining. "They pre-empted us," says a Lebanese official, who explains that his government is strapped for cash. "There's no doubt Hizballah is endearing itself further with its supporters."

The scale of Lebanon's destruction has provided opportunities as well as heartbreak. According to the Lebanese government, the war not only has killed 1,183 people, wounded 4,055 and displaced 974,184 but has also caused $3.6 billion in damage to residential buildings and civilian infrastructure like bridges, roads, power stations, telecommunications systems and airports. Hizballah has pledged to rebuild apartment buildings and entire villages within three years; it has sent civil-affairs teams wearing hats that read JIHAD FOR RECONSTRUCTION. The group's offensive is most evident in ruined towns like Srifa, south of the Litani River, where piles of rubble are all that mark where houses once stood. Broken guardrails, shattered glass and pulverized concrete make it difficult even to walk around. Thirty-two people, mostly Hizballah fighters, died in the town, but within a day of the cease-fire with Israel, the militants turned into recovery workers, bringing in bulldozers and earth-moving equipment to dig through the debris. Residents say Hizballah is the only group they trust to help. "It's our government," says Abdel-illah Haidar, 24, an electrician.

In addition to strengthening Hizballah, the race to rebuild Lebanon has exacerbated conflicts that are tearing the region apart--between the U.S. and the Arab street, between fundamentalists and the West, between Sunni and Shi'ite Muslims. Hizballah's principal sponsor, Iran, has moved quickly to take advantage of the respect the organization is now receiving. According to Lebanese officials, the Tehran regime sent some $150 million in cash for Hizballah's initial postwar handouts, and is expected to give hundreds of millions more to finance reconstruction projects. The consolidation of Hizballah's support in southern Lebanon may make it more difficult, meanwhile, for Lebanese and U.N. forces to oversee the disarming of the group's

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fighters. That's good news for Iran, which wants to preserve Hizballah's military capacity as a deterrent against any possible U.S. or Israeli attack on Tehran's nuclear facilities. Although Hizballah officials claim that most of their money comes from charitable donations, an official interviewed by TIME acknowledged the importance of Tehran's support. "Thank God that Iran exists in this world," he said.

That kind of talk is unnerving the region's Sunni Arab states, which have watched helplessly as Iran's Shi'ite rulers have accelerated their nuclear program and carved out areas of influence in Lebanon and Iraq. Not surprisingly, the Arabs are eager to be in the Lebanon game: between them, Saudi Arabia and Kuwait have pledged an $800 million aid package to the Lebanese government for rebuilding projects while handing an additional $1.5 billion in soft loans to the Bank of Lebanon to shore up the nation's currency. Saudi officials believe that the kingdom's support will far surpass the amount Iran provides Hizballah and will enable Lebanese Prime Minister Fouad Siniora to ride out the group's grab for influence. "You have to empower the Lebanese government so that it can reconstruct the country," says Nawaf Obaid, head of the Saudi National Security Assessment Project, which advises the Saudi government. "Iran and Hizballah will be the losers in the long run."

If the U.S. and its allies hope to see that prediction come true, they need to make some big moves. The war in Lebanon has driven Washington's influence to a new low. Even leaders of the country's 2005 Cedar Revolution protests, which at the time was hailed by the White House as a democratic milestone for the Middle East, are angry with the U.S. for not supporting an immediate cease-fire or using leverage with Israel to prevent the destruction in Lebanon. Washington didn't do itself any favors by initially pledging just $50 million for Lebanon's recovery; the Iranians have already spent up to three times that. The White House last week more than quadrupled the U.S. aid package for Lebanon to $230 million, including support for the Lebanese Army to strengthen the central government against Hizballah.

But the U.S. could still do more. Siniora wants Bush to pressure Israel to lift a continuing air and sea blockade. He also says the U.S.'s aid pledge won't be nearly enough to get Lebanon back on its feet. A Siniora aide points out that the government is nearly $3 billion short of what it would need just to get the country's infrastructure back to prewar levels. "I almost had tears in my eyes listening to Bush speak about how supportive he was of Lebanon," says Lebanese Economy and Trade Minister Sami Haddad, who accompanied Siniora to an Oval Office meeting four months ago. "But what the Bush Administration has been doing is not acceptable. People are very resentful."

The longer such feelings persist, the more Hizballah is likely to press its advantage. The danger for Hizballah is that when the level of destruction fully sinks in, Lebanese leaders and ordinary citizens may well hold the group accountable for triggering Israel's wrath. For the time being, however, even Hizballah's critics are mainly silent, no doubt in deference to the prowess that Hizballah guerrillas have shown against Israel's more powerful armed forces. In Beirut's southern suburbs, where the group's bulldozers have cleared massive piles of rubble from the streets, Hizballah has planted bright red banners declaring MADE IN USA at the sites of destroyed buildings. At Mehdi High School, Hizballah officials move around, carrying walkie-talkies. As they perform their functions with the discipline of Hizballah guerrillas, military music blares from the loudspeakers. "We put it on to keep up people's spirits," says a Hizballah official. And in the Middle East these days, that's the only tune they're hearing.

The End Of Invincibility (TIME)

By Tim McGirk

Time, September 4, 2006

Ehud Olmert has some new neighbors. In a rose garden across from the Israeli Prime Minister's Jerusalem office, a squad of angry army reservists and their families have pitched a cluster of igloo tents, and it looks as if they will be staying for a while. They've connected a refrigerator and a TV set to the electricity main, and, says an infantry reservist, they will camp out in Olmert's rose garden until "this loser, the Prime Minister, goes home."

In Israel nobody likes a loser. And however much Olmert's media advisers try to spin it, Israel's war in Lebanon was bungled: the Israelis failed to destroy Hizballah's leadership or even halt its barrage of rockets, and 159 Israelis died in the conflict. As a result, the presence of the reservists on Olmert's doorstep is more than an eyesore. Protests by army reservists--practically every Israeli home has one--tend to gather momentum. And this movement is being joined by families of soldiers killed in the brawl with Hizballah. All that has sent Olmert's political stock plummeting. At the start of the Lebanon campaign, he was seen as tough and decisive, a lanky Churchill puffing a cigar. Today 63% of Israelis want Olmert to resign, according to a poll reported last week in the Yedioth Ahronoth newspaper.

Israel is hardly the only country whose citizens blame their leaders for military failure. But this isn't just politics as usual. The war in Lebanon has induced a new sense of national vulnerability, heightening Israelis' anxiety about the dangerous neighborhood they live in. In the past, Israelis believed that their military was mighty enough to scare away Arab attackers. No longer. During the war, as many as a million Israelis were forced to flee the north or hide in bomb shelters from Hizballah's

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rockets. Not since Israel's war of independence in 1947 had so many civilians been put at risk. Says Galia Golan, a political science professor at the Interdisciplinary Center in Herzliya: "There's a loss of confidence in the ability of the Israel Defense Forces to deal a knockout punch to the enemy."

What's perhaps surprising is that so few of Olmert's detractors have criticized his decision to launch the war after Hizballah kidnapped two Israeli soldiers on July 12. Nor has the bloody draw with Hizballah occasioned any doubt over the long-standing doctrine that Israel must meet force from its enemies with an overwhelming force of its own. What riles Israelis is that Olmert and his generals didn't hit harder and with more deadly effect. Says Golan: "There's a sense that if the army had been allowed to pulverize Hizballah, we could've won."

Instead, Israelis are left with the uneasy feeling of unfinished business. A new poll by the Israeli Policy Center found that 73% of Israelis believe Olmert's foray into Lebanon increased the chances of another conflict. Sharon Reuven, one of the reservists camping out in front of the Prime Minister's office, believes that another war with Hizballah and its allies Syria and Iran is inevitable. "We want Olmert to resign immediately because tomorrow will be dangerous, and we'll need a strong leader to defend Israel," she says. But Israel's adversaries believe its leaders still haven't got the central point. The Lebanon war, says a Palestinian minister who prefers not to be identified, exposes "Israel's incapacity to absorb the fact that Arabs are no longer just donkey riders." He adds, "Arabs are changing, but Israelis aren't," meaning that Israel must recognize Arabs as equals and seek political solutions rather than military ones.

In fact, the Lebanon war will probably make Israel even less open to compromise. Olmert, according to his aides, confided to his Cabinet that he intends to shelve his promise to remove some Israeli settlers from the West Bank as part of a disengagement from the Palestinians. The reversal is a sign of a new reality: after the Lebanon fiasco, Olmert doesn't have enough popular support for any plan that would give back land without something in return. If Olmert decides to make a scapegoat of Defense Minister Amir Peretz, the Labor Party may leave the coalition government. To remain in power, Olmert would then have to bring a right-wing party into the government, but the right opposes any concession to the Palestinians. That's a dilemma for Olmert, who has promised the Bush Administration he would pull out some of the settlers.

Olmert may yet survive. Says Avi Dichter, Minister for Internal Security, who is sometimes mentioned as a replacement for Peretz: "Emotions are running high right now. In Israel we have one chief of staff and 1 million unofficial chiefs of staff. Everyone has an opinion." Once Israelis see that the United Nations peacekeeping force can halt the rocket fire from southern Lebanon, says Dichter, tempers will cool. In the rose garden, however, more reservists join the protests every day. They swear they won't leave until Olmert does.

Annan Will Travel Mideast To Bolster Lebanon Peace Plan (NYT)

By Warren Hoge

The New York Times, August 28, 2006

GENEVA, Aug. 27 — Secretary General Kofi Annan starts an 11-day tour of the Middle East on Monday to press for support of the Security Council resolution that ended the fighting between Israel and Hezbollah and set a path for securing Lebanon's independence. It is likely to be the last major diplomatic journey of his 10 years in office.

The trip will take Mr. Annan, whose second five-year term ends Dec. 31, to Lebanon, Israel, the West Bank and Gaza, Jordan, Syria, Iran, Saudi Arabia, Egypt, Turkey and Qatar, the Arab representative on the Security Council.

Mr. Annan has meetings scheduled with President Mahmoud Ahmadinejad of Iran and President Bashar al-Assad of Syria, each of whom is shunned by the United States because of his role in financing and equipping Hezbollah. While Mr. Annan has no plans to see the leaders of Hezbollah, he will attend a meeting Monday in Beirut of the Lebanese cabinet, which includes two ministers from Hezbollah.

Asked if the United States had raised any objections to those contacts, Ahmad Fawzi, a spokesman, said that Mr. Annan had spoken Sunday with Secretary of State Condoleezza Rice. "He hasn't told me of any objections," Mr. Fawzi said.

It is widely acknowledged that the Lebanese government and army will be unable to accomplish a major goal of the resolution, disarming Hezbollah, without the cooperation of Syria and Iran.

The United Nations, for security reasons, would not confirm the dates of Mr. Annan's arrival in each country, but the Iranian government has disclosed that he is due in Tehran on Sept. 2. That is two days after Iran must respond to a demand by the Security Council that it end uranium enrichment activities or face the possibility of sanctions.

Another contentious matter Mr. Annan will face in Lebanon is whether to station United Nations troops along the border with Syria to enforce the resolution's call for an embargo on illegal arms shipments. Mr. Assad has denounced the prospect, saying he will close the border entirely if foreign soldiers are posted there.

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Mr. Annan's position is that United Nations forces will go there if the government of Lebanon requests it. Asked if Mr. Annan would seek that outcome, Mr. Fawzi said, "The secretary general is going to be saying, tell me what you need and the U.N. will assist you in whatever way we can."

The resolution set up a buffer zone between the Israeli border and the Litani River, an area long controlled by Hezbollah, which a 15,000-man Lebanese Army force and an expanded United Nations peacekeeping force of similar size will be responsible for securing.

Mr. Annan came to Europe Friday to attend a European Union foreign ministers' meeting in Brussels that drew pledges of up to 6,900 troops for the expanded peacekeeping force. The United Nations is counting on commitments from nations outside of Europe, some of them Muslim, to provide the remaining peacekeepers.

"Above all, the secretary general is focused on establishing Lebanon's sovereignty and the ability of the government to exercise its authority throughout the country," Mr. Fawzi said. "That includes the lifting of the blockade of ports and assuring that southern Lebanon will not be used for renewed rocket attacks on Israel."

In Israel, he will have a working dinner with Prime Minister Ehud Olmert and plans to meet with the families of captured Israeli soldiers.

While in Lebanon, Mr. Annan will visit the headquarters of the United Nations peacekeeping force, at Naqura in southern Lebanon.

In Beirut, he will tour one of the districts badly damaged in Israeli air attacks and will visit the grave of Rafik Hariri, the former prime minister of Lebanon who struggled to free Lebanon of Syrian influence and was killed in a suicide car bomb attack in February 2005.

He has also scheduled a meeting with Serge Brammertz, the Belgian prosecutor leading the United Nations investigation of the killing, which has produced strong preliminary evidence of Syrian involvement.

Lebanon To Press UN For Withdrawal Help (FT)

By Roula Khalaf And Mark Turner

Financial Times, August 28, 2006

The Lebanese government will on Monday urge Kofi Annan, UN secretary-general, to press for a lifting of the Israeli air and sea blockade and appeal for international help to persuade Israel to withdraw from a disputed border area.

Mr Annan arrives in Beirut on the first leg of a high-stakes Middle East tour in which he will face a dizzying array of conflicting agendas and entrenched demands.

In a region of inter-connected conflicts, uniting all the parties with interests in Lebanon around a common goal will prove a struggle. His hope of also reinvigorating the broader Arab-Israeli peace process could prove one of the toughest challenges of his career.

The trip – which will take in Israel, leading Arab states and stops in Syria and Iran – comes ahead of Mr Annan's report to the Security Council on the implementation of the two-week-old UN ceasefire resolution that ended the fighting between Israel and Lebanon's Hizbollah guerrillas.

He and his staff are under no illusion as to how difficult the task is and officials in New York have been playing down expectations, forecasting no momentous breakthrough.

Mr Annan's task was made slightly easier by progress on the international force, with European governments on Friday pledging up to 7,000 troops for an expanded peacekeeping operation in southern Lebanon, which should allow for the withdrawal of Israeli troops.

But officials in Beirut said Israel's blockade of the airport and ports was reinforcing an atmosphere of instability and undercutting a government that had to negotiate every step of the ceasefire resolution with Hizbollah.

Mr Annan's talks in Beirut are likely to cover the government's compromise with Hizbollah over the southern demilitarised zone, where the militant group has agreed to conceal its weapons but not to disarm. But he may also have to broach sensitive subjects such as a settlement of the Shebaa Farms dispute and prisoner exchange. Hizbollah yesterday indicated Italy was also trying to play a part in talks on a prisoner exchange between Israel and the militant group.

Lebanese officials said a crucial Lebanese objective was an Israeli withdrawal from Shebaa, an occupied border strip that Israel says belongs to Syria and not Lebanon. Mr Annan will face stiff opposition from an Israeli government that insists leaving Shebaa would reward Hizbollah. But officials in Beirut argue that regaining control over Shebaa would remove a key justification for the existence of Hizbollah's military wing and bolster government efforts to absorb the group into the Lebanese army.

Mr Annan's stops in Damascus and Tehran, Hizbollah's two foreign backers, underline his recognition that stability in Lebanon requires their co-operation.

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In Syria he will hear appeals for a resumption of Syrian-Israeli peace talks amid hopes in Damascus that the Lebanon conflict will help it regain the Golan Heights.

The UN chief will be arriving in Tehran two days after a Security Council deadline for Iran to suspend uranium enrichment expires.

In comments that appeared designed to reassure Mr Annan, Sayyed Hassan Nasrallah, the Hizbollah leader, yesterday said it was now the job of the Lebanese army to defend the border with Israel.

Hizbollah, he said, would retain the right to fight for the liberation of Shebaa but, crucially, suggested that, at least for a limited period, the organisation would give Mr Annan and the Lebanese government a chance to regain it through diplomacy.

Once Israel secures the release of the two soldiers captured on July 12 – which sparked the conflict – its priority will be to ensure that Hizbollah's ability to import and launch rockets is crippled. It wants to see international troops help monitor the Syrian-Lebanese border – a move opposed by Damascus – as well as Lebanon's port and airport, before lifting its blockade.

Additional reporting by Gareth Smyth in Tehran

EU Clarifies Its Role In Lebanon (WSJ)

By Marc Champion

The Wall Street Journal, August 28, 2006

PARIS -- French Defense Minister Michèle Alliot-Marie said an expanded French peacekeeping force would be on the ground in Lebanon within 20 days, as European countries pledged as many as 7,000 troops to help maintain Israel's shaky cease-fire with the Hezbollah militia.

According to a United Nations Security Council resolution setting terms of the truce, the southern Lebanon contingent eventually should number 15,000. French troops will be among roughly 3,500 to deploy quickly, Ms. Alliot-Marie said in an interview Friday. The rest of the so-called U.N. blue helmets will follow over two to three months.

The European commitment ended a week of recriminations over the Continent's hesitation to provide troops for the peacekeeping force, though some contentious issues regarding the makeup of the force remain unresolved.

"We can now begin to put together a credible force," said U.N. Secretary-General Kofi Annan, after attending a troop-generating conference in Brussels among foreign ministers from the 25 European Union states. The Europeans pledged 7,000 troops, as well as naval, air and logistics units, meaning that together with the 2,000 already on the ground more than half of the hoped-for force is accounted for.

Mr. Annan's relief at the European contribution was evident. He said that component would provide the "backbone" of the U.N. force, which would be under French command until February, when Italy will take over. Italy and France together will be sending 5,000 of the troops, with Spain offering an additional 1,000 and Poland 500.

Controversy over the force continued Friday, however, as French President Jacques Chirac said 15,000 troops is more than is needed to do the job; his foreign minister, Philippe Douste-Blazy, called on the U.S., Britain, China and Russia to pony up troops, too; and Mr. Annan said he plans to accept troops from Malaysia, Bangladesh and Indonesia despite Israeli objections that these countries don't recognize Israel. Mr. Annan said he had to take trained troops where he could find them. The U.S. and Britain have said they won't put troops on the ground, because they are overcommitted in Iraq.

Mr. Annan confirmed that U.N. troops won't be used along Lebanon's long and porous border with Syria to stop any shipments of arms reaching Hezbollah -- a key Israeli concern. That is because the Aug. 11 Security Council resolution left it up to the Lebanese government to ask for such help. Mr. Annan said Beirut, which is encountering strong pressure from Syria over the border-guards issue, hadn't made such a request.

Israel was pressured by EU foreign-policy coordinator Javier Solana to end its blockade, designed to choke off arms shipments, of Lebanese ports and the Beirut airport. European governments have now offered ships to monitor the ports.

CONTINUING VIOLENCE

See continuing coverage1 of developments in the Middle East conflict, including a news tracker2 with the latest updates on the crisis.

Speaking in her Paris headquarters, Ms. Alliot-Marie lashed out at critics who had ridiculed France for its initial offer of 200 new troops a week ago. She said France had since secured important changes to the chain of command and clarifications on the freedom the U.N. blue helmets will have to use lethal force to carry out their mission. On Thursday, Mr. Chirac said France would increase its contribution to a U.N. peacekeeping force in southern Lebanon to a total of 2,000 troops.

France, which administered Lebanon under a League of Nations mandate from 1920 to the early 1940s, was wary of committing more troops until it had a better understanding of the rules of engagement in the event buffer troops encounter hostile action. Hezbollah -- which killed 58 French peacekeepers in 1983 -- remains a well-armed force and stiffly opposes the presence

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of foreigners in Lebanon. Asked if France has been talking directly to the Shiite Muslim group to get assurances it won't target U.N. troops, Ms. Alliot-Marie said, "We talk to the Lebanese government."

Besides its military activities, Hezbollah provides extensive social services to its Shiite Muslim constituency and secured two ministries in the Lebanese cabinet after its strong showing in parliamentary elections last year.

Ms. Alliot-Marie said that unlike other U.N. peacekeeping missions, there will be no civilian special representative of the U.N. secretary-general sharing command with the French military field commander. Instead, the U.N. will for the first time create at its New York headquarters a military strategic cell for the operation to advise him, run by an Italian general.

Ms. Alliot-Marie also said France had won an important clarification on the use of force. Under U.N. rules incorporated into the Aug. 11 cease-fire resolution, soldiers aren't normally able to use lethal force unless directly threatened. But France secured language that would allow the troops to react with force in other situations, she said, adding that issues as basic as whether to use real or rubber bullets had needed to be nailed down.

For example, she said, if a U.N. patrol was blocked on the road by the Hezbollah militia -- but not shot at -- the peacekeepers could do nothing under the normal U.N. rules of engagement. "What we got was that they can," Ms. Alliot-Marie said. "I don't want to send men so that they can be humiliated on the ground."

Ms. Alliot-Marie recalled that French troops have suffered in U.N. missions this way before, and she didn't want it repeated. More than 70 French peacekeepers died in the 1990s in Bosnia, where numerous disputes existed between the U.N. mission's military commander and the world body's special representative.

While the clock ticked away as France negotiated more-favorable terms to avoid a similar outcome in Lebanon, its initial French pledge of 200 engineers looked especially weak in light of an Italian offer of 3,000 soldiers and the fact that France had pushed for the truce resolution and authorized the U.N. force in the first place.

Ms. Alliot-Marie ridiculed critics -- including those in the U.S. -- who had accused France of weakness. She said the criticism was ironic as it "came from citizens of a country that had no one on the ground in Lebanon and which had announced its intention not to send any."

Turkey Torn On Joining U.N. Mission (AP)

By Louis Meixler

AP, August 28, 2006

The European Union and the United Nations are pushing for Muslim participation in the expanded U.N. peacekeeping force in Lebanon, but a growing public chorus in Turkey opposes sending troops who could be seen as supporting Israel against fellow Muslims.

Turkish legislators are expected to debate the U.N. peacekeeping mission at a Cabinet meeting Monday, though no decision is anticipated. Some officials say Turkey is likely to wait until U.N. Secretary-General Kofi Annan's visit Sept. 6 before committing to the force.

"There will be no rush," the Hurriyet newspaper quoted lawmaker Mehmet Elkatmis as saying. "It will be debated in all aspects."

Hurriyet reported Sunday that Turkey has slashed the number of troops that it would consider sending from 1,000 to 200 in light of the strong domestic opposition.

President Ahmet Necdet Sezer, who may hold a ceremonial post but wields considerable influence in the country, has come out strongly against sending troops.

"I am opposed to sending soldiers to Lebanon," he told journalists on Friday. "It is not our responsibility to protect the interests of other countries."

The EU and U.N. are pushing for Muslim participation so the peacekeeping force isn't overwhelmingly made up of troops from Christian countries. Israel, though, has balked at the participation of Muslim nations that do not recognize the Jewish state.

On Saturday, Israel said it had spoken to several countries about joining the force, particularly Turkey — the only Muslim member of NATO and a country with close ties to both Israel and Arab states.

"If Turkey decides to send a contingent, we would welcome that," Israeli Foreign Ministry spokesman Mark Regev said in Jerusalem.

Military officers and Turkish diplomats say they want details on exactly what the force's mandate will be, where Turkish peacekeepers could be deployed and under what circumstances soldiers could open fire.

Turkish officials also have said privately that they want other countries to make major contributions first so Turks aren't the only key contingent on the ground. And they want to make sure that the tenuous cease-fire in the area holds.

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But with the European Union pledging 6,900 troops — the core of the proposed 15,000-member force to monitor the cease-fire between Israel and Hezbollah guerrillas — the pressure is on EU aspirant Turkey to pledge soldiers as well.

"We're located in the most troublesome geography," said lawmaker Dengir Mir Mehmet Firat of the governing Justice and Development Party. "Can we have a luxury of saying: 'I am not participating?'"

Lebanon, though, has become an emotional issue in Turkey.

During the fighting, Turkish media was flooded with images of suffering Lebanese civilians. Thousands have rallied in Istanbul to show their support for Lebanese civilians under Israeli attack.

That pressure comes as the governing party — feeling slighted by an EU that is questioning whether it wants Turkey — is increasingly reaching out to its Muslim neighbors in the Middle East.

On the streets of Istanbul, activists from the governing party have been passing out leaflets showing a Lebanese soldier holding a dead child pulled from the rubble of a home bombed by Israeli jets, and urging them to donate to aid Lebanese.

"We have to mobilize all our energy and means to end the grief of the Palestinian and Lebanese people," the flyers quoted Prime Minister Recep Tayyip Erdogan as saying. It added that Turks could even send text messages from their cell phones to a hot line to donate $3.50.

Analysts note that Turkey rebuffed the United States just before the Iraq invasion and refused to allow U.S. troops to use Turkey as a base — souring relations with Washington and leaving Ankara with little influence in shaping events in neighboring Iraq.

"Turkey has an obligation as a regional power and the old guardian of the Middle East to exert its positive influence on developments," editor-in-chief Ilnur Cevik wrote in The New Anatolian.

Sezer, the Turkish president, remains strongly against sending troops.

"While other more powerful states don't send troops, they pat our backs and want troops," he said. "If Turkey is a major country, then that image won't depend on whether or not we send troops."

Hizbollah Hopes To Engineer A Quick Recovery (FT)

By Roula Khalaf

Financial Times, August 28, 2006

Deep in devastated south Beirut, the engineers of Hizbollah, the Shia movement that fought Israel's army, are rebuilding the fabric of their heartland in the city, and thereby reclaiming their constituency.

Construction Jihad, the civil engineering arm of Hizbollah, was bombed out of its headquarters in Beirut's southern suburbs during the recent 34-day conflict.

But within a day of the UN-brokered ceasefire, engineers from Jihad al-Bina'a, to give its Arabic name, were at work in the streets of the suburbs and south Lebanon assessing damage from Israel's bombardment.

Today, Construction Jihad's makeshift premises in a south Beirut branch of the Mahdi school, the organisation's education association, is a hive of activity. Between pictures of Hizbollah leaders holding children, and the party's yellow flags, a large map of the area is plastered on the wall, dividing neighbourhoods into small numbered zones. Engineers huddle along the length of a table strewn with forms detailing damage to individual properties from the conflict between Israel and Hizbollah.

Since the ceasefire two weeks ago, Construction Jihad has moved into high gear, dispatching agents to areas affected by the conflict to measure the damage – they estimate 15,000 properties were destroyed or damaged – and send the forms back to this central office. This information is entered into computers, before people are paid compensation from the party itself, or assisted with reconstruction.

Construction Jihad is part of a social network, including schools, hospitals and a banking institution, that was critical to Hizbollah's ability to fight Israeli troops during the occupation of Lebanon in the 1980s and 1990s.

"We help build a society of resistance," says Kassem Allaik, the 48-year-old head of Construction Jihad, an industrial engineer who was partly educated in the US. "Our aim is to create the conditions so people can stay on their land to confront the enemy."

Publicly, the Lebanese government says Hizbollah's ability to step in fast and provide services is complementing the work of the state. But privately, politicians complain that Hizbollah's vast independent network undermines the state and encourages criticism of the cash-strapped central government.

Hizbollah's rapid mobilisation has also raised concerns abroad. France on Friday called for international aid, especially from Arab states, to support Lebanon's reconstruction and compete with "radical forces".

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Despite the widespread belief that Iran is the main financial backer of the Shia group, which has paid as much as $12,000 in compensation to families whose houses were destroyed, Mr Allaik insists that each Hizbollah association is self-financed and relies on individual donations from sympathisers.

Mr Allaik says about 1,000 professionals are now working with his organisation, most of them volunteer engineers. Construction Jihad has appealed for more help through newspaper advertisements and on al-Manar, Hizbollah's television station.

The association emerged after Israel's 1996 offensive against Hizbollah in southern Lebanon, when it rushed to rehabilitate property – though it had been created many years before.

Hizbollah hopes the reconstruction of housing will take just a year. By then, the group apparently expects to have re-entrenched its displaced constituency and, along the way, reasserted its control.

Hezbollah Says Its War With Israel Was A Mistake (WT)

By Joshua Mitnick

The Washington Times, August 28, 2006

TEL AVIV -- Hezbollah leader Sheik Hassan Nasrallah said yesterday that he would not have ordered the July 12 seizure of two Israeli soldiers had he known it would provoke a war that leveled Shi'ite villages and neighborhoods throughout Lebanon.

"We did not think, even 1 percent, that the capture would lead to a war at this time and of this magnitude. You ask me, if I had known on July 11 ... that the operation would lead to such a war, would I do it? I say no, absolutely not," he told Lebanon's New TV station.

The sheik also said that officials from the United Nations and Italy were attempting to negotiate an exchange of the Israeli soldiers for Arabs held in Israeli jails. Israel denied involvement in any prisoner-exchange talks.

In addition, Sheik Nasrallah said Hezbollah would not oppose the deployment of thousands of U.N. peacekeeping troops in southern Lebanon.

His comments confirm weeks of speculation in Israel that Hezbollah was surprised by Israel's military response to the July 12 capture.

Since the Aug. 14 cease-fire, Sheik Nasrallah has declared a victory in the war, and he has become a hero throughout the Arab and Muslim world.

But yesterday's admission of a serious miscalculation reflects a need to shore up domestic support for Hezbollah and deflect criticism for starting the war, Israeli analysts said.

"It means that [Sheik Nasrallah] needs to settle the score in the Lebanese domestic arena," said Oded Granot, the Middle East affairs commentator on Israel's public-run Channel 1 news station. "[He] needs to provide welfare for the residents of the south, and he needs to rehabilitate his standing."

In recent days, European countries have pledged to send 7,000 troops as part of a U.N. peacekeeping force of up to 15,000.

The troops are to join a largely ineffective U.N. observer mission that has been in place for nearly three decades.

U.N. Security Council Resolution 1701, which ended the fighting earlier this month, calls for talks on the release of the two Israeli soldiers, Ehud Goldwasser and Eldad Regev.

Three Israeli soldiers were killed in the kidnapping, and five were killed in the ensuing rescue attempt.

Although Israel considers Hezbollah a terrorist group, the nation has reached prisoner-exchange deals with the militants through third-party mediators.

In 2004, Israel released hundreds of Lebanese and Palestinian prisoners in return for a reserve officer kidnapped by Hezbollah and the bodies of three soldiers killed in a raid on an Israeli border outpost.

A report in an Egyptian government-run newspaper said German mediators also had started work on a prisoner-swap deal.

But Israeli government sources told the Ha'aretz newspaper that there were no talks yet on a prisoner swap.

The kidnapped Israeli soldiers' families also voiced skepticism that negotiations were under way.

Sheik Nasrallah said Lebanese Parliament Speaker Nabih Berri would lead negotiations on Lebanon's side.

The subject is expected to be discussed during a visit to Beirut today by U.N. Secretary-General Kofi Annan.

Hezbollah Chief Revisits Raid (WP/AP)

The Washington Post, August 28, 2006

BEIRUT, Aug. 27 -- Hezbollah leader Hasan Nasrallah said in an interview televised Sunday that he would not have ordered the capture of two Israeli soldiers if he had known it would lead to such a war.

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Guerrillas from the Islamic militant group killed three Israeli soldiers and seized two others in a cross-border raid July 12, which sparked 33 days of fighting that ended with a cease-fire on Aug. 14.

"You ask me, if I had known on July 11 . . . that the operation would lead to such a war, would I do it? I say no, absolutely not," he said in an interview with Lebanon's New TV station.

He also said Italy and the United Nations had made contacts to help mediate a prisoner swap with Israel but did not specify whether they had contacted Hezbollah directly. He did not say in what capacity Italy had expressed interest -- on its own or on Israel's behalf.

A senior Israeli government official said Israel "does not negotiate with terrorists" and continues to demand the unconditional release of the two soldiers. Earlier Sunday, Israeli Deputy Prime Minister Shimon Peres said no negotiations were being held on a prisoner release.

Hezbollah Chief Indicates Regret For Kidnappings (LAT)

By Borzou Daragahi

The Los Angeles Times, August 28, 2006

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BEIRUT — The leader of the Hezbollah militia said Sunday that he never would have ordered the kidnapping of two Israeli soldiers that led Israel to declare war had he known the consequences for Lebanon.

"If I knew the process of capturing [these soldiers], even with a 1% probability, would lead to a war like this, and then if you asked me would you go and capture them, my answer would be, of course, no — for humanitarian, moral, social and security reasons," said Sheik Hassan Nasrallah, the secretary-general of the Shiite Muslim militant group.

His comments, the most extensive and candid since the cease-fire began two weeks ago, were aired nationwide in Lebanon and rebroadcast throughout the Arab world.

Nasrallah said he might meet today with U.N. Secretary-General Kofi Annan, who was scheduled to arrive in Beirut to check on the status of the cease-fire resolution, which calls for the deployment of tens of thousands of Lebanese and international troops to the area of southern Lebanon long controlled by Hezbollah.

The Israeli bombing campaign triggered by Hezbollah's seizure of the soldiers badly damaged Lebanon's transportation infrastructure, destroyed dozens of southern towns and villages and crushed what was to be a promising summer of tourism revenue, a pillar of the Lebanese economy. Nasrallah's remarks, in a two-hour television interview on the secular New TV network in Beirut, were clearly meant to assuage the anger and frustration of a country still shocked by a war that cost the lives of more than 800 of its people, many of them civilians.

The cleric said that Israel and the United States had been planning a strike on Hezbollah before the kidnapping of the soldiers, an operation apparently aimed at a prisoner swap. Nasrallah cited a recent article in the New Yorker magazine by Seymour Hersh, which alleged that Pentagon planners wanted Israel to attack Hezbollah as a precursor to an attack on Iran.

"The war was planned for the end of September or the end of October with or without an excuse," Nasrallah told the interviewer. "There was a U.S. decision. All the elements indicate it was not about the two prisoners."

Nasrallah also said his militiamen were well prepared. For example, he said, they had long established contingency plans that took into account Israeli destruction of key Lebanese bridges and roadways. He said that all of his commanders remained unharmed and that Hezbollah had more than 12,000 rockets left, about half of what it had before the war.

"What we used in this war is a small fraction of what we had prepared," he said.

He said the millions of dollars in cash that Hezbollah was doling out for reconstruction and to alleviate the suffering of homeless Lebanese was "clean" — that no political conditions have been imposed on Lebanon for taking the money. He declined to confirm or deny that Iran was financing the reconstruction, as has been widely speculated.

"No conditions have been imposed for this money that could jeopardize the national interests of this country," he said.

Nasrallah promised to abide by the terms of the cease-fire, which has been hampered by ambiguity over whether United Nations peacekeeping forces and Lebanese government soldiers would have the authority to disarm Hezbollah fighters.

"The policy of Hezbollah has always been not to make any armed demonstrations," he said. "It's now a commitment. South of the Litani River, we will now avoid any armed shows."

What Did You Do In The War, UNIFIL? (WKLYSTD)

By Lori Lowenthal Marcus

Weekly Standard, September 4, 2006

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During the recent month-long war between Hezbollah and Israel, U.N. "peacekeeping" forces made a startling contribution: They openly published daily real-time intelligence, of obvious usefulness to Hezbollah, on the location, equipment, and force structure of Israeli troops in Lebanon.

UNIFIL--the United Nations Interim Force in Lebanon, a nearly 2,000-man blue-helmet contingent that has been present on the Lebanon-Israel border since 1978--is officially neutral. Yet, throughout the recent war, it posted on its website for all to see precise information about the movements of Israeli Defense Forces soldiers and the nature of their weaponry and materiel, even specifying the placement of IDF safety structures within hours of their construction. New information was sometimes only 30 minutes old when it was posted, and never more than 24 hours old.

Meanwhile, UNIFIL posted not a single item of specific intelligence regarding Hezbollah forces. Statements on the order of Hezbollah "fired rockets in large numbers from various locations" and Hezbollah's rockets "were fired in significantly larger numbers from various locations" are as precise as its coverage of the other side ever got.

This war was fought on cable television and the Internet, and a lot of official information was available in real time. But the specific military intelligence UNIFIL posted could not be had from any non-U.N. source. The Israeli press--always eager to push the envelope--did not publish the details of troop movements and logistics. Neither the European press nor the rest of the world media, though hardly bastions of concern for the safety of Israeli troops,

provided the IDF intelligence details that UNIFIL did. A search of Israeli government websites failed to turn up the details published to the world each day by the U.N.

Inquiries made of various Israeli military and government representatives and analysts yielded near unanimous agreement that at least some of UNIFIL's postings, in the words of one retired senior military analyst, "could have exposed Israeli soldiers to grave danger." These analysts, including a current high ranking military official, noted that the same intelligence would not have been provided by the U.N. about Israel's enemies.

Sure enough, a review of every single UNIFIL web posting during the war shows that, while UNIFIL was daily revealing the towns where Israeli soldiers were located, the positions from which they were firing, and when and how they had entered Lebanese territory, it never described Hezbollah movements or locations with any specificity whatsoever.

Compare the vague "various locations" language with this UNIFIL posting from July 25:

Yesterday and during last night, the IDF moved significant reinforcements, including a number of tanks, armored personnel carriers, bulldozers and infantry, to the area of Marun Al Ras inside Lebanese territory. The IDF advanced from that area north toward Bint Jubayl, and south towards Yarun.

Or with the posting on July 24, in which UNIFIL revealed that the IDF stationed between Marun Al Ras and Bint Jubayl were "significantly reinforced during the night and this morning with a number of tanks and armored personnel carriers."

This partiality is inconsistent not only with UNIFIL's mission but also with its own stated policies. In a telling incident just a few years back, UNIFIL vigorously insisted on its "neutral ity"--at Israel's expense.

On October 7, 2000, three IDF soldiers were kidnapped by Hezbollah just yards from a UNIFIL shelter and dragged across the border into Lebanon, where they disappeared. The U.N. was thought to have videotaped the incident or its immediate aftermath. Rather than help Israel rescue its kidnapped soldiers by providing this evidence, however, the U.N. obstructed the Israeli investigation.

For months the Israeli government pleaded with the U.N. to turn over any videotape that might shed light on the location and condition of its missing men. And for nine months the U.N. stonewalled, insisting first that no such tape existed, then that just one tape existed, and eventually conceding that there were two more tapes. During those nine months, clips from the videotapes were shown on Syrian and Lebanese television.

Explaining their eventual about-face, U.N. officials said the decision had been made by the on-site commanders that it was not their responsibility to provide the material to Israel; indeed, that to do so would violate the peacekeeping mandate, which required "full impartiality and objectivity." The U.N. report on the incident was adamant that its force had "to ensure that military and other sensitive information remains in their domain and is not passed to parties to a conflict."

Stymied in its efforts to recover the men while they were still alive, Israel ultimately agreed to an exchange in January 2004: It released 429 Arab prisoners and detainees, among them convicted terrorists, and the bodies of 60 Lebanese decedents and members of Hezbollah, in exchange

for the bodies of the three soldiers. Blame for the deaths of those three Israelis can be laid, at least in part, at the feet of the U.N., which went to the wall defending its inviolable pledge never to share military intelligence about one party with another.

UNIFIL has just done what it then vowed it could never do. Once again, it has acted to shield one side in the conflict and to harm the other. Why is this permitted? For that matter, how did the U.N. obtain such detailed and timely military intelligence in the first place, before broadcasting it for Israel's enemies to see?

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Lori Lowenthal Marcus is president of the Zionist Organization of America, Greater Philadelphia District.

Hostage Crisis (WSJ)

By Judea Pearl And Ruth Pearl

The Wall Street Journal, August 28, 2006

As the parents of Daniel Pearl, The Wall Street Journal's reporter who was kidnapped and brutally murdered in Pakistan in 2002, we share the anguish of the families of the kidnapped Israeli soldiers, and their frustration with the international community for failing to secure the release of their loved ones. For more than six weeks now, these soldiers and their families live each day tortured by unimaginable fears and shattered hopes, praying desperately for the nightmare to end; we relive this nightmare each time an innocent person falls victim to the inhumanity of terrorist abduction.

Whatever success the U.N. Security Council would presume to claim, it cannot be said that Resolution 1701 has effectively addressed the direct cause of the fighting -- the kidnapping of Israeli soldiers, Ehud Goldwasser, 31, and Eldad Regev, 26, by Hezbollah, and the earlier abduction of Gilad Shalit, 19, by Hamas. Secretary-General Kofi Annan's call for the unconditional release of these soldiers has been ignored. Moreover, in flagrant violation of international humanitarian law, the terrorists have not only seized the soldiers as hostages for political blackmail, they have not allowed the Red Cross to visit them. Their families do not know their physical condition; they have no proof they are even alive.

And so now these families of Ehud, Eldad and Gilad are asking to meet with Kofi Annan. They wish to plead with the secretary-general to use the full weight of his moral authority to mobilize and intensify the efforts of the international community he leads -- an influential body that has managed to compel two fierce armies to cease hostilities -- to address this flagrant violation of humanitarian law.

On that score, these families are correct: The time has come for Mr. Annan to personally and aggressively intervene, and to insist publicly that, at the minimum, the Red Cross, or his personal humanitarian representatives, be given immediate access to these soldiers.

Will he? It seems unlikely. Sadly, this is not the first time that concerned parents have turned to Mr. Annan in much the same circumstances. Six years ago, another delegation of distressed families came to the U.N. with a similar tragedy, following the abduction of three Israeli soldiers by Hezbollah from under the noses of Unifil and, by some accounts, with their help. The investigation that was subsequently conducted found that the U.N. had made "serious errors in judgment" by hiding information that "would have been helpful in an assessment of the condition of the three abducted soldiers." At that time, the U.N.'s interest in appearing "neutral" overshadowed its commitment to the preservation of human lives. The world cannot afford a repeat of such inaction and poor judgment.

Undoubtedly, the secretary-general will tell the families of Ehud, Eldad and Gilad that he has dispatched a high-level team to Beirut that will urge the release of their loved ones. But that team negotiates behind closed doors. And by not publicly demanding the unfettered access of humanitarian representatives to the kidnapped soldiers, Mr. Annan has deprived his team of the force of credibility and seriousness they need in those negotiations.

When our son Daniel was in captivity, millions of people around the world prayed for his safe return. In that prayer, they made a solemn pledge never to allow abductions of innocent people to become the norm of civilized society, no matter the political purpose, regardless of grievance or goal.

Kofi Annan's resolve against these acts of terrorism will determine to a great extent what norms will govern our society in generations to come, and whether organizations such as Hezbollah and Hamas will gloat in unruly appetite or be reined in by moral principles. We urge Mr. Annan to make bold and brave efforts to ensure -- as a legacy and gift -- that we will not allow our children and our world be taken captive by terror. Mr. Secretary-General, this time, help bring the boys back home.

Mr. and Mrs. Pearl are co-founders of the Daniel Pearl Foundation (www.danielpearl.org1), a U.N.-affiliated NGO.

It's Not Easy Being Blue (NYT)

The New York Times, August 28, 2006

The Italians have decided to do the right thing and send enough troops to Lebanon to form the core of a United Nations peacekeeping force, thereby shaming the French into coming along. Italy's top generals are no more enthusiastic than France's. One has publicly warned that the mission could be hamstrung by the United Nations' "elephantine bureaucracy." Historically, he said, U.N.-commanded missions "have turned out to be failures."

Bashing the United Nations is fine sport and one that doesn't demand accuracy. But let's be clear about the real dangers. The No. 1 risk going into Lebanon — whether the peacekeepers wear blue helmets or green — is thinking that a military solution is even possible.

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For all of the tough talk still coming out of Washington and Jerusalem, 15,000 peacekeepers, assuming they ever make it to that number, cannot be expected to disarm Hezbollah. Israel's far larger army failed to do that in a month of bloody fighting.

What a U.N. force can do — with a credible show of weapons and a mandate to shoot — is make it harder for Hezbollah to attack Israel or restock its arsenal. That should give Israel less of a reason to hit back. But there's no chance this will work unless it is accompanied by an even more robust civilian effort to build up Beirut's central government to a point that it can co-opt or marginalize Hezbollah.

This is very high risk. But a study last year by the RAND Corporation (no patsies they) should soothe some of the generals' worries about trying it under the U.N. flag. The United Nations, RAND says, has learned a lot from past failures, including the dangers of being too passive and of overreaching. And when it has been given adequate resources, a core of well-trained troops and a clearly defined mission, it has had notable successes in places like Eastern Slavonia and most recently Liberia.

Certainly, U.N. peacekeeping has had an unacceptable share of financial and other scandals. And its bureaucracy is notoriously slow at rallying and deploying forces. But like everything about the United Nations, its peacekeeping operations are only as good as the Security Council requires them to be — and as good as the forces they can raise.

There are too few wealthy countries with advanced militaries willing to send their own. Of the 63,000 troops deployed in 15 U.N. peacekeeping missions, fewer than 2,000 are from NATO countries.

Last week, as some Bush administration officials were gleefully recounting the Italian general's insults, Britain and the United States were also calling on the Security Council to send 17,000 peacekeepers to Darfur.

Sudan's government is refusing to accept a U.N. force. If it buckles — and a lot more pressure needs to be applied — diplomats admit they'd be hard pressed to come up with those numbers. If the big powers want the United Nations to keep the peace, they're going to have to put more of their own troops on the line. They need to do it now in Lebanon, and they need to get ready for Darfur.

2 Abducted Journalists Are Freed In Gaza Strip (WP)

By Doug Struck

The Washington Post, August 28, 2006

JERUSALEM, Aug. 27 -- After being forced at gunpoint to say they embraced Islam, two Fox News journalists kidnapped 13 days ago were delivered unharmed to a Gaza hotel Sunday.

Palestinian officials said no demands were met in securing the release of American reporter Steve Centanni, 60, and New Zealand cameraman Olaf Wiig, 36.

"I'm so happy to be free," Centanni said shortly after his release.

There was little information made public about the kidnappers, and no arrests were made. Saed Siyam, the Palestinian interior minister, said they are "not al-Qaeda." The anti-American rhetoric in statements from the group, which called itself the Holy Jihad Brigades, had raised new concerns for the safety of Western aid workers and reporters working in the Palestinian territory.

In a brief and chaotic news conference in Gaza, both Centanni and Wiig said they hoped their abduction would not deter reporting on the Gaza Strip.

"My biggest concern really is that as a result of what happened to us, foreign journalists would be discouraged from coming here to tell the story," Wiig said. "That would be a big tragedy for the people of Palestine, and especially for the people of Gaza."

The press freedom group Reporters Without Borders called the journalists' release "very good news." But, noting the continued dangers of reporting in the Gaza Strip, the group protested an Israeli missile attack early Sunday on a truck clearly marked "TV," which seriously injured two Palestinian journalists with [a] news agency.

More than a dozen journalists have been briefly abducted in the Gaza Strip in the last year, but the kidnapping of the Fox News television crew was the longest any had been held. Centanni and Wiig were taken out of their car in Gaza on Aug. 14 by four masked gunmen.

Hoods were put over the journalists' heads, Centanni said in an interview broadcast by Fox News. The men were bound tightly with plastic handcuffs that were "very painful," driven to a garage and forced to lie facedown on the floor, he said.

Over the days, while other Palestinian groups disavowed and condemned the abduction, the men were told to "write the story of your life" and other statements and to make videotapes, which "we didn't want to do," Centanni said.

A videotape released Wednesday showed the two men, appearing casual and relaxed. But another tape, sent to al-Jazeera television just hours before their release Sunday, showed the two men somberly reading texts criticizing the American administration and saying they had become Muslims. A statement said they had taken the names Mohammed and Yusef.

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"We were forced to convert to Islam at gunpoint," Centanni said on Fox News. "Don't get me wrong here, I have the highest respect for Islam and learned a lot of very good things about it. It was something we felt we had to do because they had the guns and we didn't know what the hell was going on."

Seeing that tape "was not a pleasant sensation," John Moody, Fox News senior vice president for news editorial, said in an interview from New York. He credited Palestinian officials with working hard for the journalists' release. He said Dennis Ross, a former Middle East negotiator for the Clinton and Bush administrations and now a Fox News analyst, played "a crucial role" in dealing with the Palestinian Authority.

In Gaza, Centanni and Wiig met briefly with Palestinian Prime Minister Ismail Haniyeh. Fox News Chairman and CEO Roger Ailes issued a statement saying that "journalists should never be hostage or pawns in world events. Their job is to tell the story of the world as it unfolds."

Fox News Journalists Free After Declaring Conversion (NYT)

By Steven Erlanger

The New York Times, August 28, 2006

JERUSALEM, Aug. 27 — Two journalists kidnapped in Gaza were released unharmed on Sunday after being forced at gunpoint to say on a videotape that they had converted to Islam.

The two journalists for Fox News — Steve Centanni, 60, an American correspondent, and Olaf Wiig, 36, a freelance cameraman from New Zealand — were held for 13 days in an abandoned garage in the Gaza Strip as hostages of a previously unknown group calling itself the Holy Jihad Brigades.

“I’m really fine, healthy in good shape and so happy to be free,” Mr. Centanni told Fox News. He said the two had been forced at gunpoint to say that they were converting to Islam and had taken Muslim names. “I have the highest respect for Islam,” he said. “But it was something we felt we had to do because they had the guns, and we didn’t know what the hell was going on.”

Earlier on Sunday, their captors delivered a video showing the two men in Arab robes reading from the Koran to indicate their conversion.

After their release, the two men were brought to a hotel in Gaza to be greeted by colleagues. They then met with the prime minister of the Palestinian Authority, Ismail Haniya of Hamas, who had called for their captors to free them.

He dismissed suggestions that any Qaeda-associated group was in Gaza and said of the kidnappers, “These are young men who carried out the action out of private beliefs.”

But the identities of the group were a puzzle, and there were no immediate arrests. Nor was there any immediate indication of a ransom payment. The kidnappers demanded that the United States release all Muslim prisoners, but they threatened no particular consequences.

In Gaza, there was speculation that the group consisted of angry or disaffected members of various militant groups trying to embarrass Mr. Haniya and President Mahmoud Abbas of Fatah. Others suggested a private grievance.

In a brief news conference, Mr. Wiig said he hoped the kidnapping would not prevent foreign journalists from covering Gaza. “That would be a great tragedy for the people of Palestine and especially for the people of Gaza,” he said.

Mr. Wiig’s wife, Anita McNaught, a television journalist, thanked Palestinian officials and Fox News for their efforts. The men refused to take questions, then traveled to the Erez border crossing and entered Israel.

Mr. Centanni told his network that he and Mr. Wiig had been blindfolded, handcuffed and taken to the abandoned garage with a generator. “I was thinking, ‘Oh God, O.K., so a remote warehouse with a big noisy generator. I’m toast,’ ” Mr. Centanni said. “They could simply shoot me in the head, and no one would hear it.”

He said he and Mr. Wiig had been forced to make videotapes denouncing American policies as well as saying they had converted to Islam.

Also on Sunday, the leader of Hezbollah, Sheik Hassan Nasrallah, said in an interview with a private Lebanese television station, New TV, that the group “would ignore” what he called Israel’s provocations.

...

Sheik Nasrallah said Italy was trying to play a role in a prisoner exchange between Hezbollah and Israel, to be carried out under the auspices of the Lebanese parliamentary speaker, Nabih Berri. Hezbollah captured two Israeli soldiers on July 12; Israel has two prominent Lebanese prisoners from years before and an unknown number of captured Hezbollah fighters and bodies.

Israeli officials say they believe that Sheik Nasrallah does not want the fighting to begin again, that he was shocked by Israel’s response and that he is concentrating on the rebuilding to retain political leverage.

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Defense Minister Amir Peretz said at the Israeli cabinet meeting on Sunday that the world should move quickly to prevent Sheik Nasrallah from taking credit for Lebanese reconstruction and that Israel expected an expanded United Nations force in Lebanon to monitor its borders and ensure that Hezbollah is not resupplied.

The United Nations secretary general, Kofi Annan, has said the new force will not monitor the borders; the Security Council resolution that ended the war said the force should do so only if Lebanon requests it. Syria has threatened to close its border with Lebanon if "foreign forces" patrol it.

In Gaza early Sunday, Israeli forces rocketed an armored car belonging to [a news agency], wounding five people. The car was clearly marked on the sides and roof and was being used to cover an Israeli raid.

Capt. Noa Meir, an Army spokeswoman, said that the vehicle was in a combat area during a night raid and that the Army had not seen the markings.

The Foreign Press Association of Israel rejected the army's "excuses" and called for a full investigation.

Kidnapped Fox Journalists Freed After Two Weeks (FT)

By Harvey Morris

Financial Times, August 28, 2006

Two Fox News journalists released in Gaza City on Sunday after being missing for almost two weeks said their kidnappers had forced them at gunpoint to say in a video that they had converted to Islam.

Steve Centanni, a 60-year-old American reporter, and Olaf Wiig, 36, a cameraman from New Zealand, were freed the day after expiry of a deadline set by the kidnappers for the US to free all its Muslim prisoners.

The kidnapping, by the previously unknown Holy Jihad Brigades, was condemned by all Palestinian factions, including the ruling Hamas party.

Ismail Haniyeh, Hamas prime minister of the Palestinian Authority, met the two journalists shortly after their release. He said of the unidentified kidnappers: "These are young men who carried out the action out of private beliefs."

Mr Centanni said the videotape of him and Mr Wiig announcing their conversion to Islam was made under duress. The video was seen as a face-saving device by the kidnappers after they abandoned earlier demands.

The outcome appeared to confirm a local group was responsible after initial concern that similarities with abductions in Iraq pointed to foreign involvement. Hamas officials ruled out any connection between the kidnappers and al-Qaeda.

Most previous kidnappings were carried out by armed groups seeking to pressure the PA for concessions such as government jobs or the release of imprisoned relatives.

The Foreign Press Association in Israel on Sunday protested to Israel after two journalists and three others were wounded in an Israeli air strike on a news agency vehicle in Gaza. The Israeli military acknowledged it had targeted a vehicle moving suspiciously but had not seen any identifying marks. The FPA said the white car had been clearly identified as a press vehicle.

Fox News Journalists Describe Captivity (AP)

By Ibrahim Barzak, Associated Press Writer

AP, August 28, 2006

Two Fox News journalists freed by militants Sunday described a harrowing two weeks of captivity during which they were blindfolded, tied in painful positions and forced at gunpoint to say on a video that they converted to Islam.

After their release, the men met with Palestinian Prime Minister Ismail Haniyeh and left Gaza, but first appealed at a brief news conference for foreign journalists not to be deterred from covering the plight of the Palestinians in the volatile coastal strip.

"I hope that this never scares a single journalist away from coming to Gaza to cover the story because the Palestinian people are very beautiful and kindhearted," said Steve Centanni, a 60-year-old American reporter who was released along with cameraman Olaf Wiig, 36, of New Zealand. "The world needs to know more about them."

In a phone call with Fox News, Centanni said they were abducted Aug. 14 by four masked gunmen on a side street in Gaza City. He said the assailants covered his head with a black hood, and crammed him and Wiig into a small car.

Their possessions were taken, and their wrists were bound behind their backs. "I still have some sore wrists," he said. "It was digging into my wrists really badly."

In captivity, Centanni said, he was laid face down in a dark garage and tied up in painful positions.

"If we tried to get up and sit up, which I did do a few times, they would eventually just force us back down with something stuck to my head," he said. "I don't know if it was a stick, a flashlight or a gun or what. We couldn't see. We were forced to lay face down again in the dirt with blindfolds on."

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Before their release, a video was released showing Wiig and Centanni dressed in beige Arab-style robes. Wiig delivered an anti-Western speech, his face expressionless and his tone halting. The kidnappers claimed both men had converted to Islam.

"We were forced to convert to Islam at gunpoint," Centanni told Fox. "Don't get me wrong here. I have the highest respect for Islam, and I learned a lot of good things about it, but it was something we felt we had to do because they had the guns, and we didn't know what the hell was going on."

Wiig, who has covered some of the world's most dangerous conflicts, including Afghanistan and Iraq, said at the news conference that he also was worried the kidnapping might scare reporters away from Gaza.

"My biggest concern really is that as a result of what happened to us, foreign journalists will be discouraged from coming to tell the story and that would be a great tragedy for the people of Palestine," Wiig said. "You guys need us on the streets, and you need people to be aware of the story."

Israeli airstrikes in Gaza on Sunday killed three Palestinians and wounded two television cameramen, Palestinian officials and residents said. They said Israeli sniper fire killed a fourth Palestinian and critically wounded a 6-year-old boy.

The release of Centanni and Wiig ended Gaza's longest crisis involving foreign hostages, but left unclear who was behind the kidnapping and what led them to free their captives. Palestinian militants have seized more than two dozen foreigners the past two years, usually to settle personal scores, and generally released their captives unharmed within hours.

The journalists were seized by a previously unknown group calling itself the Holy Jihad Brigades. The group's call for the release of Muslim prisoners held by the U.S. had raised concerns that foreign extremists, perhaps al-Qaida, had infiltrated Gaza.

But Palestinian security officials said the name was a front for local militants. They said the kidnappers — whom they would not identify — were tracked down through third parties, but did not say whether a deal was struck with the militants for the journalists' release.

Interior Minister Said Siyam said he did not expect other foreign journalists in Gaza to face the same ordeal. "In principle, there is a promise that this will not be repeated," he said, declining to elaborate.

The two journalists headed to Israel and were spending the night at the U.S. consulate in Jerusalem.

Roger Ailes, Fox News' chairman and chief executive, thanked "governments and individuals throughout the world" who helped free the men, and the journalism community for offering support.

"The entire international community is beginning to realize that journalists should never be hostages or pawns in world events. Their job is to tell the story of the world as it unfolds," Ailes said.

White House spokeswoman Dana Perino said President Bush was "pleased the journalists were released and will soon be reunited with their entire families and loved ones."

In New Zealand, Wiig's father, Roger Wiig, said his son apologized for worrying everyone. "His first comment was that he was sorry he had put us through that."

Centanni's brother, Ken Centanni of San Jose, Calif., expressed joy about the release, describing his phone conversation with his brother as "the best phone call I've ever had."

He said his brother sounded tired and a bit shaky but also sounded excited to be released. "He was emotional and happy."

Associated Press writer Justin M. Norton in San Francisco contributed to this report.

Freed Fox Journalists Tell Of Painful Time In Captivity (USAT/AP)

USA Today, August 28, 2006

GAZA CITY — Two Fox News journalists were freed in good health Sunday after a two-week kidnapping ordeal in which they said they were blindfolded, tied in painful positions and forced to convert to Islam.

After their release, the men met with Palestinian Prime Minister Ismail Haniyeh and quickly left Gaza, but not before appealing to foreign reporters not to be scared away from covering the plight of Palestinians in the volatile coastal strip.

The release of correspondent Steve Centanni, 60, of Washington, D.C., and cameraman Olaf Wiig, 36, of New Zealand ended Gaza's longest crisis involving foreign hostages, but left unclear who exactly was behind the kidnapping and what led them to free their captives.

“I want to thank everybody. I am happy to be here. I hope that this never scares a single journalist away from coming to Gaza to cover the story because the Palestinian people are very beautiful and kindhearted,” Centanni said.

The journalists were seized in Gaza City on Aug. 14 by a previously unknown group calling itself the Holy Jihad Brigades. The group's demand for the release of Muslim prisoners held by the United States had raised concerns that foreign extremists had infiltrated Gaza. Haniyeh said the kidnappers were from Gaza. “The kidnappers have no link to al-Qaeda or any other organization or faction,” he said Sunday.

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Centanni and Wiig were dropped off shortly after noon Sunday at a hotel by Palestinian security officials. The pair met with Palestinian officials, held a brief news conference and then left for Israel. They were resting late Sunday at the U.S. Consulate in Jerusalem, a spokeswoman said.

In a phone call with Fox News, Centanni said he and Wiig were abducted by four masked gunmen on a side street in Gaza City. He said the assailants covered their heads with hoods.

In captivity, Centanni said that they were held at times face down in a dark garage and tied up in painful positions.

"If we tried to get up and sit up, which I did do a few times, they would eventually just force us back down with something stuck to my head," he said. "I don't know if it was a stick, a flashlight or a gun or what. We couldn't see."

Before their release, a new video aired showing Wiig and Centanni dressed in Arab-style robes. Wiig delivered an anti-Western speech, his face expressionless. The kidnappers claimed both men had converted to Islam.

"We were forced to convert to Islam at gunpoint," Centanni told Fox. "Don't get me wrong here. I have the highest respect for Islam, and I learned a lot of good things about it, but it was something we felt we had to do because they had the guns."

Throughout the hostage crisis, the Hamas-led Palestinian Authority insisted it did not know the identity of the kidnappers. Haniyeh was evasive Sunday when asked whether he would try to arrest them.

In the USA, Roger Ailes, Fox News' chairman and chief executive, thanked "governments and individuals around the world" who helped free the men.

Fox Journalists Freed After 2 Weeks In Gaza (LAT)

By Ken Ellingwood, Times Staff Writer

The Los Angeles Times, August 28, 2006

One of the two men says they were handled roughly and forced at gunpoint to declare on videotape that they had converted to Islam.

JERUSALEM — Two Fox News journalists were freed in good condition Sunday after being held by kidnappers in the Gaza Strip for nearly two weeks, the longest abduction of foreigners in the chaotic Palestinian enclave in recent years.

Correspondent Steve Centanni and cameraman Olaf Wiig were transferred to a hotel in Gaza City by Palestinian security officers after days of efforts by Palestinian leaders to get them released.

Palestinian officials did not say what assurances, if any, had been made to the captors to win the journalists' release. The pair had been held by a previously unknown group calling itself Holy Jihad Brigades.

Centanni, 60, appeared tearful but healthy upon arriving at the seafront Beach Hotel in Gaza City. He later told the Fox network that he and Wiig had been blindfolded, bound and handled roughly by the kidnappers after being seized Aug. 14 and later forced at gunpoint to declare on videotape that they had converted to Islam.

Less than two hours before the men were released, the kidnappers released a videotape of the two wearing tan caftans and making the statements about having become Muslims.

"I'm emotional because I'm so happy to be out," Centanni told his network on air by telephone shortly after being freed. "There were times when I thought that, you know, 'I'm dead.' And now I'm not. And so, thank God."

Centanni, an American correspondent based in Washington, and Wiig, 36, a freelance cameraman from New Zealand, were taken across the border to Israel a few hours later.

The two were seized in Gaza City by masked gunmen who blocked their car and forced them into another vehicle. There was no word about them for more than a week, until Centanni and Wiig appeared in a videotape released Wednesday along with a statement by the captors demanding the release of all Muslims held by the United States within 72 hours.

The U.S. government rejected the demand and the deadline passed Saturday without further word from the kidnappers.

On Sunday, Palestinian officials were tight-lipped about the steps that led to the journalists' release.

Whoever may have been behind the abduction was not publicly identified.

For the previous two days, Palestinian officials had signaled progress in efforts to broker the men's release through unspecified intermediaries. On Sunday, the Popular Resistance Committees, an armed group that has fired many of the Kassam rockets launched into southern Israel, said it had acted as a go-between.

Palestinian Authority Prime Minister Ismail Haniyeh, of the militant group Hamas, said the kidnappers had acted on their own, and not as part of any established Palestinian faction or outside network such as Al Qaeda. But he declined to offer more details.

Palestinian authorities sidestepped questions about whether they would seek to prosecute the kidnappers.

The Hamas-led Palestinian government, facing international aid cuts and renewed hostilities with Israel, appeared eager for an end to the hostage episode and had urged the release of the journalists.

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The abduction case stood out even amid the staggering disorder of the Gaza Strip, where a dozen or so foreigners, including journalists, have been kidnapped in the last year.

In most of those cases, the captives were released within a few hours. Most times, kidnappers have taken hostages to demand jobs in the Palestinian security forces or to settle a score on behalf of one clan or armed faction. But that was apparently not the case this time.

Centanni told Fox News that the kidnappers placed hoods over their heads and bound their wrists tightly with plastic ties before taking them to a garage, where they lay face down on a dirt-covered concrete floor. A generator rumbled noisily in the background, Centanni said, prompting him to worry that the captors could shoot the men without being heard.

But, he said, "my better nature led me to think that I'm no good to them dead. So I kept my hopes up."

The kidnapping created new uncertainties for foreigners who work in Gaza, such as journalists and aid workers. The U.S. Consulate in Jerusalem had telephoned American journalists after the abduction, urging them to stay away from Gaza for the time being.

Centanni and Wiig told a news conference in Gaza City later that they hoped the abduction would not deter journalists from going to the territory to report on conditions there. Officials and ordinary Palestinians are generally eager to tell the world their side of the story and for the most part have welcomed foreign journalists.

It would be a "great tragedy for the people of Gaza" if journalists stayed away, even though reporting there is difficult and at times dangerous, Wiig said. Earlier Sunday, an Israeli airstrike near Gaza City hit an armored vehicle owned by [a] news agency, injuring two Palestinian journalists.

Separate Israeli airstrikes Sunday killed three Hamas militants in a neighborhood at the edge of Gaza City, and sniper fire killed a fourth in the same area, Palestinian officials said.

Early today, Israel killed at least three members of the Hamas-led security forces.

Palestinian officials said four died in an Israeli airstrike. Israel's military said two Palestinian gunmen were killed in a shootout with the army and another in an airstrike after the group had approached Israeli soldiers.

Times special correspondent Rushdie abu Alouf in Gaza City contributed to this report.

Freed Journalists: Despair, Then Hope (CSM)

By Ilene R. Prusher

The Christian Science Monitor, August 28, 2006

JERUSALEM

Two journalists for the FOX News Channel, Steve Centanni and Olaf Wiig, were released Sunday in Gaza after being kidnapped and held for almost two weeks in circumstances that remain as murky as the heretofore unknown group responsible for the abduction, the Holy Jihad Brigades.

The two men, elated and emotional after their release, told reporters at a brief press conference at the Beach Hotel in Gaza, where they had just been dropped off, that they hoped that their kidnapping would not keep other foreign journalists from coming to Gaza to cover the Palestinian story.

But their kidnapping and the uncertain events that led to their freedom has already caused most news organizations to keep their international staff out of Gaza and brought calls to reassess how to cover the story safely.

Officials at the Hamas-led Palestinian Authority (PA) said they had exerted "huge efforts" in recent days to secure the journalists' release, but still did not know exactly who was responsible for kidnapping the men.

The Interior Minister said Hamas officials had not had any direct contact with the kidnappers, but that the Popular Resistance Committee (PRC), an amorphous group of Palestinian militants from different factions, played an intermediary role in negotiating with the abductors.

The kidnapping was unprecedented in that it was the longest period of time foreign reporters have ever been held in Gaza. Moreover, several videos made of the men, in the style of those made by the Iraqi insurgency, were released to local and international news channels - another first in Gaza.

A video Thursday made a sweeping demand for the release of all Muslims held in American jails. That bumped up the usually localized focus of Gaza militants - the conflict with Israel - to the more international arena.

In the last video, which appeared on a Palestinian TV station several hours before Messrs. Centanni and Wiig were set free, the militants dressed the journalists in local Arab robes and said they had converted to Islam.

"We were forced to convert to Islam at gunpoint," Centanni said just hours after the release of that video, in an interview with FOX immediately following his release. He added: "I have the highest respect for Islam and have learned many things about it. It was something we felt we had to do because they had the guns and we didn't know what ... was going on."

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Centanni described his captivity on a live FOX television program, still breathless in the first hour following their unexpectedly hasty release. He shed light on the nature of their ordeal and how significantly it differed from previous abductions of journalists in Gaza.

"We were driving down a narrow side street in Gaza City," Centanni recalled. "There was a car stopped in front of us, and before we realized what it was, four of them [gunmen] came over to our car, and stuffed us in the back seat of a tiny Toyota and flipped a black hood over our heads," he said. "We were crunched down toward the floor and they sped away."

Soon afterwards, he said, "they searched our pockets and took everything away ... they sat us down and tied our hands behind our backs really tight. That was just the beginning of our torment that night."

He said that later, they were moved in a different car "with our heads between our knees so we couldn't see where we were going." They drove for about 10 minutes, he said, and then heard a garage door rattling open. "Everything was pitch black for us anyway. We were roughly taken out of the car," he said, where they heard a generator roaring loudly.

"I was thinking, Oh God, OK, a remote warehouse with a loud generator. We're toast. They could easily shoot us and no one would hear us."

Then, said Centanni, his tendency toward positive thinking prevailed. "I'm no good to them dead," he recalled telling himself, "so I kept my hopes up."

That night, he said, the two men were forced to lie face down on a dirt floor with their arms tied behind them in a painful position for at least two hours. He called to Wiig, who had been lying nearby. "He said, 'Yeah, I'm here, and I hurt ... but I'm here.' " The militants then prevented them from speaking further.

Centanni said they were forced to make several videos, to describe what they had reported on in Gaza as well as in other countries, such as Iraq and Afghanistan, and were instructed to write down their life stories.

"I'm emotional; because I'm so happy to be out," Centanni said. "There were times that I thought: I'm dead. And I'm not, thank God."

After their release Sunday, the two men met with Palestinian president Ismail Haniyeh, who had also held several meetings in the last few days with Wiig's wife, Anita McNaught, a broadcast journalist. Mr. Haniyeh and other Hamas officials, who have been ostracized by most Western countries following their election in January, have been keen to put their best foot forward in the crisis.

"I want to confirm that huge efforts were exerted in the last few days by the president, by the government, by the ministry of the interior, and by some other Palestinian actors - particularly our brothers in the Popular Resistance Committee - to convince the kidnappers not to harm the abducted men and to renounce their demands," said Sayeed Siam, the PA's Interior Minister, after the journalists' release.

He said that the PRC was not responsible, but had "managed to reach them and to have contacts with them," then added: "The abductors are Palestinians, after all. They're not from another planet." The quip was intended to dispel theories that that kidnapping might have been perpetrators by "outsiders," or militants from other Arab countries with ties to Al Qaeda.

Mr. Siam said that this and all kidnappings are counter to Palestinian mores and interests.

"We want to confirm that foreigners are guests in our country, as long as they don't interfere in our internal affairs," he said. "We hope these actions won't be repeated, because these damage the image of the Palestinians.

Alaa Husni, Gaza's police chief, blamed Israel for the deterioration of security conditions in the coastal strip. "The Israelis have been raiding and destroying the security institutions, then these institutions became weak and this lead to the security deterioration and the chaos," he said. "We hope that the kidnappers will give up, will not repeat an episode like this again."

But Mohammed Dahlan, who had been the security chief in Gaza when the PA was headed by the late Yasser Arafat's Fatah party, said the current government must take responsibility and reign in the lawlessness enveloping Gaza.

"Even Israeli journalists used to live here in peace and safety, and used to sleep in the Jabalya Refugee Camp in Gaza, and what we see now is a strange phenomenon," said Mr. Dahlan, who is now a Fatah party member of parliament from Gaza.

"We urge the government to implement an urgent plan to put an end to this phenomena and to punish those who stand behind it. The duty of the government is to deploy the police to bring more security for the Palestinians, who also don't feel safe anymore. It is now almost six months since the new government started to carry out its duties, and Palestinians cannot feel any difference for the better," he said.

Before they left Gaza, both of the freed journalists implored other foreign reporters not to abandon coverage of the area. "I just hope this never scares a single journalist away from coming to Gaza to cover this story because the Palestinian people are very beautiful, kind-hearted, loving people who the world needs to know more about," Centanni said.

Wiig, a freelance cameraman who works often with FOX, also said he feared their experience would dissuade many journalists from telling Gaza's tale.

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"My biggest concern, really, is that as a result of happened to us, foreign journalists would be discouraged from coming here to tell the story and that would be a great tragedy to the people of Palestine and of Gaza in particular," Wiig said.

"Your story doesn't get very well told because it is difficult to work here," he told the hastily arranged press conference of primarily Palestinian reporters.

That difficulty and danger for journalists in Gaza was also apparent early Sunday when an Israeli airstrike injured two television cameramen working for [a news agency]. A missile struck their armored car, which the Israeli army said was acting suspiciously and had not been clearly identified as belonging to the media.

But the Foreign Press Association in Israel said in a statement Sunday the "assertion that the vehicle was acting suspiciously near Israeli forces is wholly unacceptable." They disputed the claim that the car was unmarked and called for an investigation into the incident.

Fox News Journalists Set Free Unharmed (WT/AP)

By Ibrahim Barzak

The Washington Times, August 28, 2006

GAZA CITY, Gaza Strip -- Militants freed two Fox News journalists yesterday in the Gaza Strip, ending a nearly two week hostage drama in which one of the former captives said they were forced at gunpoint to make statements, including that they had converted to Islam.

Reporter Steve Centanni, 60, of Washington, and cameraman Olaf Wiig, 36, of New Zealand, were dropped off at Gaza City's Beach Hotel by Palestinian security officials. A tearful Mr. Centanni briefly embraced a Palestinian journalist in the lobby, then rushed upstairs with Mr. Wiig behind him.

The pair, who appeared to be in good health, then met with Palestinian officials, including Prime Minister Ismail Haniyeh. The three men sat in a circle of chairs at the hotel, before the journalists held a press conference, then left and crossed into Israel.

"I want to thank everybody. I am happy to be here. I hope that this never scares a single journalist away from coming to Gaza to cover the story because the Palestinian people are very beautiful and kindhearted," Mr. Centanni told reporters. "The world needs to know more about them. Don't be discouraged."

Mr. Wiig also said he was worried that the kidnapping would scare off reporters.

"My biggest concern really is that as a result of what happened to us, foreign journalists will be discouraged from coming to tell the story, and that would be a great tragedy for the people of Palestine," Mr. Wiig said. "You guys need us on the streets, and you need people to be aware of the story."

Mr. Wiig's wife, Anita McNaught, thanked Palestinian officials and Fox News for their efforts in getting the men released. The men declined to take questions, then traveled to the Erez crossing and left Gaza.

In a phone call with Fox News, Mr. Centanni said that during his capture, he was held at times face down in a dark garage, tied up in painful positions, and that he and Mr. Wiig were forced at gunpoint to make statements, including that they had converted to Islam.

"We were forced to convert to Islam at gunpoint," Mr. Centanni told Fox. "Don't get me wrong here. I have the highest respect for Islam, and I learned a lot of good things about it, but it was something we felt we had to do because they had the guns, and we didn't know what ... was going on."

The journalists had been seized in Gaza City on Aug. 14 by a previously unknown group calling itself the Holy Jihad Brigades.

However, senior Palestinian security officials said yesterday the name was a front for local militants and that Palestinian authorities had known the identity of the kidnappers from the start.

In the past two years, Palestinian militants have seized more than two dozen foreigners, usually to settle personal scores, but released them unharmed within hours. The Fox journalists had been held longest.

Israeli Siege Leaves Gaza Isolated And Desperate (WP)

By Doug Struck

The Washington Post, August 28, 2006

GAZA CITY, Aug. 27 -- As the sun beat down on the city's central market, Khitam Shahleen, 37, glumly picked through a pile of cheap pencil sharpeners, searching for something -- anything -- she could afford to buy her two sons for the start of the new school year.

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"We don't have money," Shahleen said, eyes downcast beneath her head scarf. Her husband, who works as a laborer in Israel, has been trapped inside the Gaza Strip by a blockade. "We are imprisoned here," she said.

The war in southern Lebanon has overshadowed Israel's second front, a military and economic siege of the Gaza Strip that is deepening the poverty and desperation in this dense area of 1.4 million people.

More than 200 Palestinians, at least 44 of them children, have been killed in the past 8 1/2 weeks. Three Israeli soldiers have been killed. Huge Israeli bulldozers and "pinpoint" missiles have razed at least 40 houses and dozens of other buildings, according to the army, leaving many families homeless.

Daily skirmishes regularly result in new casualties. The Israelis attack with tanks, F-16 jets and artillery. The Palestinians launch an average of about six crude Qassam rockets a week into Israel, causing minimal damage, no fatalities and about a dozen injuries since June 28, an army spokesman said.

"Any Qassam fired toward Israel is one too many," said Maj. Tal Lev-Ram, a spokesman for the Israeli army's Southern Command. "Every act of terrorism against Israel will be dealt with severely from our side."

After Israel completed its unilateral withdrawal from Gaza last September, ending a 38-year presence, Palestinians expected an explosion of commerce and opportunity in this sandy strip, which is about twice the size of Washington with almost three times the population.

But after the election in January of a parliament dominated by Hamas, the radical Islamic movement that refuses to recognize Israel's right to exist, international donors led by the United States cut off aid to the Palestinian Authority. Israel stopped transferring the tax revenue it collects for the Palestinians, and the Palestinian Authority's monthly income dropped from $150 million to $20 million or less, according to the United Nations.

Since then, the Gaza Strip's economy has been strangled. The largest employer, the Palestinian Authority, has been unable to pay more than token salaries to its 160,000 employees -- teachers, clerks, health care workers, police officers -- in six months.

Israel has enforced a blockade, allowing almost no goods to leave Gaza and only limited food supplies to enter. Most industry has shut down. Electricity and water services have been intermittent since Israel bombed the main power station here.

"Gaza is heading down the tubes," said John Ging, director of operations for the United Nations Relief and Works Agency, or UNRWA. "We are now down to a subsistence existence. It's down to getting containers of food into here."

In the market in Gaza City, Mohammed Abu Aqleen, 37, held his head morosely Saturday, leaning on a pile of blue jeans. "Nobody has any money. Nobody buys," he said, adding that he is lucky to make $7 a day.

"Under this siege, I feel like I am in a big prison," he said. "No one can leave. The country is closed now. We are under the control of someone else. You can't even go to the edge of your country safely."

On June 25, Palestinian gunmen burrowed under a fence around the Gaza Strip and attacked an Israeli outpost, killing two soldiers and capturing Cpl. Gilad Shalit, 19. Israel responded with force. Seventeen days later, Hezbollah guerrillas from southern Lebanon seized two more Israeli soldiers, igniting warfare there. The fighting in Lebanon largely ended with a cease-fire on Aug. 14, but the Gaza conflict continues.

Israeli artillery units are poised outside the borders of the Gaza Strip. Fighter jets no longer make low-altitude sonic boom runs to keep Gazans unnerved at night but still overfly the strip and launch missiles toward it. Heavily armored patrols and tanks periodically pierce the warrens of Gaza City and the refugee camps, drawing gunfire and rocks in response.

"We are determined to continue the military operations against the terrorist organizations in order to create the conditions necessary for the safe homecoming" of Shalit, Lev-Ram said.

Rumors persist of negotiations to exchange Shalit for some of the estimated 10,000 Palestinians being held prisoner by Israel, but no deal has been struck.

"The siege is continuing for six months, and people are suffering, but no one talks of giving up," said Sami Abu Zohri, a Hamas representative in Gaza. "We have no other options but to wait until the siege is over. Gaza lives in the darkness like something in ancient times."

Zohri said the rocket attacks into Israeli territory were "efforts to protect ourselves with very limited armaments." Israel's response to the corporal's capture, he contended, was disproportionate.

"If one Israeli is wounded, it's a big deal," he said. "But they have eradicated whole families in Gaza."

Hamas and its chief rival, Fatah, have discussed forming a joint government in hopes of restarting the flow of aid from international donors. So far, Hamas has balked at giving up the leading role it won in the election.

"Hamas has led us into a dark tunnel. The way out is not clear," said Maher Megdad, a Fatah spokesman here. But he, too, expressed irritation with the international pressure to undercut the elected government.

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"The international community does not have the right to punish Palestinians for exercising democracy, even if the result is Hamas," he said. "While Israel pressures us, the whole world stands by."

The U.N. Office for the Coordination of Humanitarian Affairs said 202 Palestinians have been killed since Israel launched its "Operation Summer Rain" after Shalit's abduction. The Palestinian Health Ministry puts the figure at 246.

Capt. Noa Meir, an Israeli military spokeswoman, said: "It's a very complicated combat area. Just like in Lebanon, they are using civilians as human shields. We do everything possible to avoid civilian casualties."

The deteriorating situation has forced many foreigners to leave. UNRWA moved its headquarters from Gaza to Jerusalem in October, and most of its 78 international staff members left with it. Other aid agencies have done the same. A spate of kidnappings, including the 13-day captivity of two Fox News journalists released Sunday, has reduced the numbers of aid workers and foreign reporters here. An Israeli missile attack Sunday on a truck with "TV" marked in large black letters seriously wounded two...journalists.

"It's really depressing. I don't know how people are managing," said Tom Garofalo, the country director for Catholic Relief Services.

Gaza has been under pressure at least since the 1967 war, when the Israeli army seized the area from Egypt. But the siege is taking its toll, even on a populace accustomed to isolation, Garofalo said.

"There's more and more internal conflicts between families, more and more basic crime," he said. "The Palestinian Authority is trying to maintain order. But around the edges, things crumble. Desperation drives people to do things they wouldn't normally do. There is less respect for security."

Israeli fighter bombers made a pinpoint attack June 28 on Gaza's power plant, a modern 140-megawatt station built with international aid in 2001 that provided about half the power for the Gaza Strip. Now, power bought from Israel provides service for only about six to eight hours daily for most residents. Water service, dependent on electric pumps, is also sporadic.

UNRWA and the U.N. World Food Program are providing food to more than 1 million Palestinians. Aid agencies have created short make-work programs, but thousands of people apply for each job. The agencies have given out cash and fuel to needy families.

"People are not starving or emaciated. But that's not what it's about," said Ging, the UNWRA director of operations. "It's about having 1.4 million people who have no job, no money, no prospects and an acute sense of imprisonment. You have children growing up in a violent and uncivilized society, without the things most countries would take for granted as a normal existence."

At the Gaza market, Mohammed Abdul Rahman, 36, picked carefully through the stalls looking for school supplies for his four children. A government worker, he has not been paid since March, he said. He borrowed money from a bank, but now that is due.

"It's a very, very bad situation," he said. "As a father, it's hard to tell my kids that I can't get what they need. The pressure at home is rising. Everyone feels it. I think there will be a massive strike, and the whole thing will explode. We can't keep living like this."

US Centcom Chief Abizaid Arrives In Pakistan (AFP)

AFP, August 28, 2006

The US Central Command chief, General John Abizaid, has arrived in Pakistan for talks with military officials, the military said.

Abizaid, who flew to Islamabad on a three-day visit, will hold talks with senior military officials, a statement said.

General John Abizaid, head of the US Central Command that covers parts of Africa and the Middle East, was in Afghanistan on Saturday where he said that Pakistan was not colluding with the Taliban, although some rebels come from across the border to fight in Afghanistan.

"There is always this notion that there is collusion on the part of the Pakistani government that I see always talked about in the press in the region and I absolutely don't believe that," Abizaid told reporters.

The governments of the neighbouring nations have long accused each other of not doing enough to quell the Taliban uprising, which is felt on both sides of the border.

Tribal Leader's Killing Incites Riots In Pakistan (NYT)

By Carlotta Gall

The New York Times, August 28, 2006

DOJ_NMG_0054175

ISLAMABAD, Pakistan, Aug. 27 — Violent protests broke out in the southern Pakistani province of Baluchistan and in the city of Karachi on Sunday after the killing of a prominent rebel tribal leader in a fierce battle with the army.

Anticipating unrest, the government placed the army on alert on Saturday night after the death of the leader, Nawab Akbar Khan Bugti, 79, who had dominated the Baluch political scene for more than 50 years. The police closed the main highways from three provinces into the provincial capital, Quetta, and imposed a curfew at 1 a.m.

But protesters defied the curfew, burning tires, ransacking shops and government buildings and setting fire to buses in the city.

Gunfire broke out, and at least three people, including a police officer, were reported killed. A bomb exploded at a government registration office in Qalat, a town just south of Quetta, but no one was reported injured.

Violence broke out across the province during the day, and the police detained 450 people, news agencies reported.

Government officials moved quickly to try to ease tensions. President Pervez Musharraf called a meeting of senior cabinet ministers and law enforcement agencies, and his spokesman announced soon after that Mr. Bugti's body would be handed over to relatives for burial as soon as it could be retrieved from the rubble of the cave where he died.

The spokesman, Tariq Aziz, said that soldiers had not known that Mr. Bugti was in the cave when they advanced on it and that he had not been singled out.

Nevertheless, opposition politicians and Baluch nationalists warned that the death of the tribal leader would heighten nationalist feelings in the province and opposition to Mr. Musharraf, who has also held the post of chief of the army since seizing power in a coup seven years ago.

Mr. Bugti, a former provincial governor who led his own political party, took up arms against the government of Mr. Musharraf last year, demanding a larger share of the resources of the gas-rich province and more rights for the native Baluch people in government and development.

The government blamed him for leading a series of attacks against its forces and installations, and it mounted a determined military campaign against him and the neighboring Marri tribe.

Despite his age and failing health, Mr. Bugti had for the past seven months joined in the fighting alongside his tribesmen from the mountains of his home district, Dera Bugti.

He was killed along with seven tribesmen on Saturday morning when an army unit moved in on a cave where he had sought shelter, in a place called Tratani in the Kohlu district, Mr. Aziz said. Mr. Bugti's grandsons, who were also reported killed Saturday, had not been with him, and their fates were not confirmed, he said.

Fighting broke out in the area on Thursday when a pair of army helicopters came under fire and one was hit but landed safely, Mr. Aziz said. After another helicopter came under fire in the same area, the army moved in. In two and a half days of fighting the army took 26 casualties, six of them fatal, as it advanced on the well-defended rebel positions, he said.

A senior army officer leading the advance set off a mine at the cave entrance, which triggered secondary explosions in the cave, bringing down the entire structure, Mr. Aziz said.

Former Prime Minister Mir Zafarullah Khan Jamali, a Baluch, called Mr. Bugti's death a tragedy that would have serious repercussions for the province and the country.

...

Mushahid Hussein Sayed, secretary general of the ruling party and a senator who led a parliamentary committee looking into the problems of Baluchistan last year, called his death sad and unfortunate. "The need of the hour is a political solution to longstanding problems of neglect and injustice, which are at the heart of the people's grievances," he said.

Opposition politicians, who have demanded that Mr. Musharraf give up his military post and have scheduled a vote of no confidence against Prime Minister Shaukat Aziz for Tuesday, condemned what they described as the use of force to solve a political issue.

"It is the duty of the government to hold a dialogue instead of taking military action," Qazi Hussain Ahmed, leader of an alliance of six religious parties, told the Pakistani news agency Online.

A Rebel's Killing Roils Pakistan (CSM)

By David Montero

The Christian Science Monitor, August 28, 2006

QUETTA, PAKISTAN

For years, Nawab Mohammed Akbar Khan Bugti battled the Pakistan Army. The 80-year-old renegade hidden in the mountains of Balochistan became a legend in his fight for greater autonomy against what he saw as colonial brutality.

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Bugti was both hated and revered. But as a former federal minister and governor, he symbolized a political as well as a violent struggle. And his death this weekend, during a fierce three-day battle that left more than 30 dead, could prove a serious blow to Pakistan's stability.

It could also close a door to a group seen as a counterweight to extremism represented in the region by a resurgent Taliban, analysts say.

"This is not a good sign," says Samina Ahmed, South Asia director of the International Crisis Group. "Just a few years ago [Nawab Bugti] was talking to the government. Keeping that door open was the way to go. Now that door has been slammed shut."

Bugti's death could also reverberate in the region, some analysts say. The Balochis are spread across several countries, with millions living in parts of Iran and Afghanistan that border Pakistan.

"They will provide sanctuary to Baloch militants. There will be a lot of sympathy," says Lt. Gen. (ret.) Talat Masood, a defense analyst in Islamabad.

In recent weeks, the volley of attacks in Balochistan had increased, pitting thousands of Pakistani troops - the number is not disclosed - against a loosely organized but formidable federation of separatist militants.

On Friday, the day before Bugti was killed, two car bombs exploded in Quetta, wounding 13 people and shattering windows. Smoking ruins are a regular sight in Quetta and its environs as militants target military installations and government gas pipelines.

The Army has responded with aerial bombings and helicopter gun ships, Baloch leaders say, a claim Islamabad denies.

But Mohammed Anwar, a poor tribesman from Dera Bugti, Bugti's home, says he recently fled because of the Army's bombardment. Now he lives in a squalid refugee camp on the outskirts of Quetta.

"Why is the government saying we should leave our homes? It's our property," says Mr. Anwar. "The Pakistani constitution gives us that right."

Violence paralyzed parts of Balochistan Sunday, and Baloch leaders vowed to launch a nationwide strike.

The consequences of this escalation for the broader battle against terrorism could be serious, analysts say.

"This is disastrous," says General Masood. "It will divert attention from the war on terror ... by engaging the Pakistan forces in Balochistan in a much bigger way."

The Taliban are said to be growing in influence in Balochistan, allegedly using the province's capital, Quetta, as a base for directing operations in southern Afghanistan.

But the Baloch people are widely recognized as fiercely opposed to the Taliban. With the killing of their most respected leader by government forces, the prospects for peace are dim for the foreseeable future, many here say.

At the root of the longrunning insurgency is a sense of inequity over the distribution of natural resources. Balochistan, Pakistan's largest but most impoverished province, is as rich in mineral wealth and natural gas as it is in bloodshed.

Natural gas was first discovered in Balochistan in the 1950s, but it has mostly been shipped to Islamabad and parts of Punjab; some regions of Balochistan are still without it.

With demands for greater political autonomy and control of resources consistently rejected by the state, Nawab Bugti and other Baloch leaders have fought a succession of wars against Islamabad since the 1970s.

Balochistan, cut off by rough terrain and political differences from the central government, has pockets of extremism that the Taliban have long exploited. The province also shares hundreds of miles of unmanned border with Afghanistan, giving the Taliban a sprawling front for their operations.

The solution, such as it exists, masks a potent irony. The most effective counterbalance to the Taliban, observers say, are the very people the Army is targeting in its military operations.

Baloch nationals have acted as a countervailing force to extremists, espousing democratic and liberal political values, observers say. In the arena of the provincial assembly, Baloch leaders argue, they regularly battle against measures that create an amenable atmosphere to the Taliban.

Their struggle for autonomy and greater political rights, they add, dovetails with the broader agenda of the war on terror. "We are fighting in the same atmosphere as the United States," says Akbar Mengal, a member of the provincial assembly from the Balochistan Nationalist Party.

But instead of encouraging the Baloch parties, leaders and analysts charge, the government has actively undermined them, targeting them - and not the Taliban - with their weapons.

"All those weapons and aid that the US has given to Pakistan to fight Al Qaeda and the Taliban, [the Pakistan Army] is using against the nationalists in Balochistan," adds Mr. Mengal. US officials have conceded as much to the Western media in the recent past, saying it cannot always control how the Pakistani Army uses its weapons.

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These are troubling realities often overlooked by Washington and other Western powers, Ms. Ahmed and others say.

"If the menace of the Taliban are to be dealt with in Balochistan, the Baloch are a credible ally. It is in everyone's interest - Afghanistan, the United States - to see that there is peace in Balochistan," she cautions.

21 Wounded As Blasts Hit Turkish Resort (AP)

By Selcan Hacaoglu, Associated Press Writer

AP, August 28, 2006

A bomb blast blew apart a minibus in a Turkish tourist resort late Sunday injuring 21 people including 10 British tourists, the local police chief said.

The explosion was in the popular Mediterranean resort town of Marmaris. There were two other bomb blasts at the same time in garbage cans on the main boulevard in Marmaris, the state-owned Anatolia news agency reported. The area is lined with bars, clubs, cafes and restaurants. There were no reports of injuries in those blasts.

There was no immediate claim of responsibility for the blast. Kurdish guerrillas have in the past carried out such attacks against tourist resorts.

Britain's Foreign and Commonwealth Office said that 10 Britons were injured in the explosions, according to a report from the British news agency Press Association.

Police chief Emin Korpe of Mugla province, where Marmaris is located, said 21 people were injured in the blast, including 10 British tourists and 11 Turks, the private Dogan news agency reported. Korpe said one of the injured was in serious condition, but gave no further details.

None of the injured had life-threatening injuries, Anatolia reported. Gov. Temel Kocaklar of Mugla said nine of the injured were released from hospital following treatment, the state-run Anatolia news agency reported.

Dogan quoted local Governor Cemalettin Ozdemir as saying that the bomb was placed under a seat in the bus.

"We will capture the culprits and bring them before the public as soon as possible," Kocaklar said.

The Mediterranean coast is extremely popular with millions of European tourists who flock to Turkey during the summer months.

Police immediately boosted security in the area and set up roadblocks outside of the city.

Earlier Sunday, a bomb blast in a low-income neighborhood of Istanbul injured six people, police said.

The explosion in the Bagcilar district occurred near the local governor's office and police said they suspected that Kurdish militants were behind the explosion. One of the injured was reported to be in critical condition.

In 2005, Kurdish guerrillas bombed a minibus in the Aegean resort town of Kusadasi killing five people and injuring 13 others. The dead included a British woman and an Irish teenager.

Journalist Faces Charges Over Entering Darfur Region (NYT)

By Lydia Polgreen

The New York Times, August 28, 2006

EL FASHER, Sudan, Aug. 27 — The Sudanese government has charged Paul Salopek, a foreign correspondent for The Chicago Tribune and winner of two Pulitzer Prizes, with espionage and entering the country illegally. Mr. Salopek crossed the border from Chad into the troubled region of Darfur without a visa about three weeks ago.

Mr. Salopek, who was on leave from The Tribune and on assignment for National Geographic magazine, was captured Aug. 6 by a militant group allied with the government and handed over to the Sudanese Army, said one of his lawyers, Omar el Faroug Hassan.

He was held without outside contact until 10 days ago, when the United States Embassy in Khartoum was notified of his detention and he was allowed access to a lawyer.

He is the third Westerner detained and charged after crossing the border from Chad this month. An American college student was detained and deported this month after making a similar journey. Tomo Kriznar, a filmmaker and human rights advocate acting as the envoy of Janez Drnovsek, the Slovenian president, was sentenced to two years in prison after being convicted on charges similar to those Mr. Salopek faces.

The Tribune and the National Geographic Society strongly deny that Mr. Salopek, whose dispatches from across the world have won him acclaim, is a spy.

“Paul Salopek is one of the most accomplished and admired journalists of our time,” said Ann Marie Lipinski, editor of The Chicago Tribune, in a statement released after Mr. Salopek made a brief appearance at the state courthouse here on Saturday. “He is not a spy.”

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Chris Johns, the editor of National Geographic, called Mr. Salopek a “world-recognized journalist of the highest standing, with a deep knowledge and respect for the continent of Africa and its people.”

Mr. Salopek was traveling in Chad to report for an article about the culture, history and politics of the Sahel region, a vast, arid stretch of earth that spans the continent from east to west.

His trial was to begin on Saturday, but the judge granted his lawyers’ request for a delay of two weeks to prepare his defense. Two Chadian men traveling with him, Suleiman Abakar Moussa, an interpreter, and Idriss Abdulraham Anu, a driver, face the same charges.

Media Groups Urge Sudan To Release U.S. Reporter (WP/AP)

By Associated Press

The Washington Post, August 28, 2006

KHARTOUM, Sudan, Aug. 27 -- Journalism watchdog groups on Sunday urged Sudan's government to release a two-time Pulitzer Prize-winning American journalist who was arrested on charges of espionage and other crimes.

The New York-based Committee to Protect Journalists said it was "deeply troubled" by the arrest of Chicago Tribune reporter Paul Salopek this month and the charges brought against him Saturday.

"We view these charges as a grave threat to press freedom and call on the Sudanese authorities to see to it that they are dismissed and that our colleague is set free," said Joel Campagna, the group's Middle East and North Africa program coordinator.

Salopek, his driver and interpreter, both Chadian, were arrested Aug. 6 by pro-government forces in the war-torn region of Darfur in western Sudan. Salopek, who lives in New Mexico, was working on a freelance assignment for National Geographic magazine about the culture and history of the Sahel region at the time of his arrest, said Chris Johns, the magazine's editor in chief.

"We're doing everything we can, including appealing to the Sudanese government, to have Paul released immediately," Johns said.

More than 200,000 people have died in Darfur since the conflict began in 2003. The United Nations and aid organizations have warned of a deepening humanitarian crisis in Darfur, saying violence has mounted since a peace agreement was signed in May by the Sudanese government and one of the region's major rebel groups.

Salopek, 44, is charged with espionage, passing information illegally, writing "false news" and a noncriminal immigration charge of entering the country without a visa. His driver and interpreter face the same charges. A judge in El Fasher, the capital of North Darfur, has granted a defense motion to delay the trial until Sept. 10.

Sen. Barack Obama (D-Ill.), who is in Africa on a two-week tour of several countries, said Sunday the State Department had assured him that Salopek's case was a high priority.

"I expect the U.S. government to take this with the utmost seriousness," Obama said.

Sudanese officials were not available for comment Sunday. The U.S. Embassy in the capital, Khartoum, would not immediately comment.

Paris-based Reporters Without Borders called the charges "ridiculous" and said Salopek was just trying to cover the "tragic situation" in Sudan.

"An objective media coverage in Sudan is needed so that the local authorities and the international community can effectively assess the situation and take appropriate actions to solve this human drama," the group said in a statement.

Ann Marie Lipinski, Chicago Tribune editor and senior vice president, has said Salopek is not a spy and urged the government to let him return home.

US Senator Electrifies Kenya's Largest Slum (AFP-Y)

By Bogonko Bosire

AFP, August 28, 2006

US Senator Barack Obama waded through trash and leaking sewage on the outskirts of the Kenyan capital as thousands turned out to welcome him into the heart of sub-Saharan Africa's largest slum.

After two days of rapturous greetings by Nairobi officialdom and villagers in his father's birth and burial place in western Kenya, the rising American political star toured the sprawling, garbage-strewn Kibera shantytown.

"You are all my brothers and sisters," Obama told an excited crowd of several thousand in the massive slum, many of whom stood on rusted tin roofs, craning their necks for a glimpse of Kenya's new "favorite son."

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The only African-American in the US Senate and potential Democratic Party presidential nominee visited development projects in Kibera, home to at least 800,000 impoverished and mainly jobless residents.

Under a scorching sun, large crowds of admirers surged back and forth against lines of police who struggled to keep control of the situation in the slum, known for its poor sanitation, violent crime, prostitution and disease.

At the Mchanganyiko Women's Self Help Group, a micro-finance program aimed at boosting female-owned small businesses, Obama said women's empowerment was key to fostering human and social development.

"Any country can develop when women are given opportunities and any country can be underdeveloped when women are oppressed," he said, wearing a red Polo shirt. "When people have access to capital, they can be assured of growth."

"Women need to access and control capital," Obama said.

The dapper junior senator from Illinois also visited "Carolina for Kibera," a project run by the University of North Carolina to raise awareness about HIV/AIDS, an area Obama has shown particular interest in.

AIDS has ravaged large segments of Kenya's population, particularly in Obama's late US-educated father's home region in the west, where the senator and his wife, Michelle, took HIV tests to promote such testing.

Kenya has made progress in combatting the deadly disease but it has killed about 1.5 million people and infected another 1.2 million in the east African nation.

Like other Kenyans who have given Obama a rock-star welcome for his five-day visit, singing, dancing and waving homemade US flags to greet him, Kibera residents were equally fervent.

"Obama is our own, we expect nothing other than seeing him," Julius Odhiambo, a middle-aged slum inhabitant. "It is a sign of great respect that he has come to visit us. He knows the bond of brotherhood in Africa never dies."

Before visiting Kibera, Obama traveled to drought-hit northern Kenya, where millions of the mainly pastoralist herder population were threatened by starvation, malnutrition and mass livestock deaths earlier this year.

In the village of Wajir, the epicenter of northeastern Kenya's drought misery, Obama visited a hospital, aid projects and community centers, speaking to victims who are still recovering from the crisis.

Some 3.6 million Kenyans were among more than 15 million people in five east and Horn of Africa nations to be affected by the drought, the latest in a series of cyclical weather disasters that have hit the region.

Kenya is the second leg and highlight of Obama's tour of Africa, which began in South Africa and will continue in Chad and Djibouti.

He was forced to cancel stops in Rwanda and the Democratic Republic of Congo due to unrest, and in Sudan.

Kenyans Greet Obama With Open Arms (USAT/AP)

By Christopher Wills

USA Today, August 28, 2006

NAIROBI, Kenya — Sen. Barack Obama, making an emotional visit to his late father's homeland, found pockets of optimism even in one of the world's worst slums Sunday.

“All of you are my brothers. All of you are my sisters,” the Illinois Democrat said after his tour of Kibera, where 700,000 people are jammed into 1 square mile, with little access to water and other basic services.

The senator visited a program that helps residents pool their resources to start small businesses, buy insurance or improve their homes, and another that encourages children to abstain from sex to avoid AIDS.

Obama, 45, told the people of Kibera that he wants everyone in America to know about their troubles and promised that he will push for the United States and the Kenyan government to help.

He was cheered wherever he went, but no stop was as poignant as the one in the hamlet of Kogelo, where he had lunch with his father's stepmother, Sarah, and visited the elder Obama's grave.

Obama's 85-year-old “Granny,” as he calls her, met him at the foot of the small hill where her house sits and hugged him. Then they and Obama's family walked to the house amid a crush of relatives, friends and reporters. Someone carried a huge American flag. The family shared a meal of chicken, porridge, cabbage and more.

Obama's father was a goatherd who won a college scholarship in Hawaii. There he married Obama's mother, but the couple divorced when their son was 2. His father returned to Kenya, where he died in 1982.

“Anytime a child comes back to a parent's grave, it makes you reflect on your mortality and the next generation,” Obama said.

He spent much of his visit studying the toll AIDS is taking on African families. He and his wife, Michelle, took AIDS tests as thousands watched, and he visited a project that helps grandmothers who care for children orphaned by AIDS.

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In Kogelo, home to the Luo tribe, which includes Obama's family, one T-shirt had his picture and the words, “The senator, the diplomat, the politician … the Luo.”

US Seeks Support From China To Revive Global Trade Talks (WSJ/AP)

By AP

The Wall Street Journal, August 28, 2006

BEIJING -- U.S. Trade Representative Susan Schwab arrived yesterday to press China for help in restarting WTO talks on liberalizing global trade after warning they could be stalled for years without a breakthrough soon.

Ms. Schwab also planned to push Beijing for more action to cut its multibillion-dollar trade surplus with the U.S. and to fight product piracy.

The World Trade Organization suspended talks indefinitely last month after the U.S., the European Union and other major traders failed to agree on a deal to lower barriers to farm commerce.

Ms. Schwab was due to meet with Commerce Minister Bo Xilai and other Chinese trade officials.

"China is likely to be a major beneficiary of a successful Doha round and is certain to be a major loser if the Doha round fails. We have a shared interest in seeing a successful Doha round," Ms. Schwab said last week in Malaysia at a meeting of Southeast Asian trade ministers.

The process could become more complex in mid-2007, when President Bush's "fast track" authority to submit a trade deal to Congress for a yes-or-no vote without amendments runs out.

Ms. Schwab's trip also comes amid mounting U.S. frustration over China's trade surpluses and complaints that Beijing is failing to stop illegal copying of music, movies and other products.

The U.S. trade deficit with China hit $202 billion last year, adding to strains with Washington. It is expected to exceed that this year.

Ms. Schwab welcomed China's efforts to crack down on copyright and patent violations. She noted a commitment to require all personal computers sold in China to have factory-installed operating systems in order to discourage consumers from buying counterfeit systems.

Democracy In Cuba Unlikely As Raul Rules (WT)

By Rowan Scarborough

The Washington Times, August 28, 2006

The permanent successor to Fidel Castro will be his brother, Raul, Bush administration officials have concluded, and he will be enthusiastically assisted by the cadre of "young technocratic communist professionals" who have run Cuba's day-to-day government machine for decades.

The officials said in interviews that this layer of committed communists is a key reason that democracy is not likely to emerge in Havana soon after the dictator's death. The 80-year-old Mr. Castro is said to be recovering from intestinal surgery. He turned power over to his brother on July 31.

The Bush administration has debated making secret overtures to Cuba. One strategy toward democracy considered was an alliance with key military leaders in the Revolutionary Armed Forces (FAR), the officials said. Some officials in the Pentagon backed the idea, but the State Department and White House said "no," calling it unlikely to succeed.

Mr. Castro's military was considered as a contact point because it is regarded as the "least of three evils" within the security apparatus, which also includes the regular police constabulary and the secret police. The average Cuban is not thought to necessarily link the military to political repression.

"We said, 'We need to establish contact with the military,' " the official, who asked not to be named because the source is not authorized to discuss internal administration debates, says. "The military would play a major role in transition and maintaining order."

The military, while tainted, "is not directly involved in repression."

"The Cuban military is salvageable. Just like in Iraq, you should try to salvage the military."

What is probably not salvageable are the generations of young, handpicked dedicated Communists who run the party and the government, and appear to be firmly in control.

A secret Pentagon report from 2000 assessed national-security threats until 2020 and predicted that the Castro bureaucracy would be able to hold power for some time after his death.

"The Cuban Communist Party -- even without Castro at the helm -- likely will remain in power," the Defense Intelligence Agency (DIA) concluded. A copy of the report was obtained by The Washington Times. "However, a post-Castro government --

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particularly after Castro's death -- probably would liberalize the economy more rapidly, and any concomitant relaxation of U.S. foreign policy would be likely to spark debate over the extent of political liberalization inside and outside the Communist Party. Fundamental political change would probably result."

The DIA concluded that the military likely would remain loyal to the Communist Party. "The Revolutionary Armed Forces will remain loyal to Castro. The high command has demonstrated concern over the speed of economic reforms -- they favored more rapid change prior to 1994 -- but probably will continue to agree with Castro on the need to maintain the Communist Party's monopoly on political power."

The Cuban regime is helped by Venezuela President Hugo Chavez, a self-proclaimed socialist who has sought strong ties with foes of the United States, including the Castro regime and Iran's hard-line Islamic government. Mr. Chavez subsidizes the Cuban economy with oil and has invited hundreds of Cuban communist operatives into his country to tell his government how to wield power.

"You can't influence people without money, and that is what he has been doing," the defense official said.

Mr. Chavez's strategic vision is to organize groups of countries to oppose U.S. policies, a second official said. U.S. hopes of a democratic uprising in Cuba are a "fantasy" and "wishful thinking," the official says.

Cuba's Economic Fate Up In Air (USAT)

By Edward Iwata

USA Today, August 28, 2006

Millions of visitors to Havana have been entranced by the Cuban capital's resorts and restaurants, its centuries-old baroque and colonial architecture, its malecon seawall and promenade.

Behind the tourists' facade, though, the Castro regime and military and government officials control nearly all of Cuba's multibillion-dollar economy, including tourism, finance, retail, agriculture and energy.

Now, with 80-year-old Fidel Castro ailing after surgery, speculation is rising over the future of Cuba's economy and the anticipated rule of brother Raul Castro, the military strongman who lords over hundreds of state-run businesses.

Despite the hope of U.S. companies that Cuba might welcome capitalism and that the U.S. might lift its long-running embargo, dramatic change probably won't happen soon. Raul Castro is unlikely to anger Cuba's ruling elite by launching major economic reforms, economists and Cuba scholars predict.

“If Fidel dies, the grip of the military would be even greater than now,” says Antonio Jorge, an economist at Florida International University. “Raul would buy the loyalty of generals and high-ranking officials by showering them with more privileges and economic benefits.”

Talk of Cuba's economic fate comes amid reports of Fidel Castro's intestinal surgery earlier this month and the transfer of power to his brother. The news fueled speculation that Castro might die, setting off street celebrations among Miami's large Cuban population.

The stakes remain high: billions of dollars in future trade and investments and 11 million potential Cuban consumers only 90 miles from Florida. Economists say that U.S. failure to tap into the Cuban economy will benefit only leftist Venezuela and communist China, Cuba's biggest trade partners.

“Cuba is an evolving and dramatic new market,” says Ruben Bonilla, chairman of the Port of Corpus Christi in Texas. “We don't want to miss the party because of an embargo begun 10 U.S. presidents ago.”

Venezuela supplies Cuba with half of its oil, shipping 78,000 barrels of crude oil daily at subsidized prizes. China imports nickel from Cuba and has signed a spate of business deals with the Castros.

Both countries are likely to grow closer to Cuba. It has potential crude oil reserves of up to 9 billion barrels and vast natural gas reserves, reports the U.S. Geological Survey. Already, Cuba has signed lease agreements with China, India, Canada and Spain.

U.S.-Cuba relations have been rocky since the 1962 Cuban missile crisis. A 44-year U.S. trade embargo bans nearly all exports to Cuba except agricultural and medical goods. Anti-communists say the Castro regime must fall before the embargo is lifted, while pro-trade forces say impoverished Cuba needs capitalism.

In spite of the embargo, U.S. businesses — especially in agriculture, shipping, oil and energy, tourism, retail, finance and construction — hope a new ruler might lead to a new Cuban economy.

After the Soviet Union collapsed in 1991, U.S. companies wanted to rush into Cuba, thinking it would be the next Soviet bloc country to fall, says Jaime Suchlicki, director of the University of Miami's Institute for Cuban and Cuban-American Studies. That didn't happen.

“Now,” says Suchlicki, “it's beginning to pick up again because it looks like there might be change.”

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Kirby Jones, president of the U.S.-Cuba Trade Association, says Canada and European nations have more than 300 joint ventures with Cuba in telecommunications, oil and energy, mining, port management and other sectors. “This is not the Cuba of old, when everything was under Soviet Union domination,” he says. “This is a brand new version, a mixture of capitalism and socialism.”

Raul Castro could continue in that direction, some economists and scholars say. Initially, he might unveil small, cosmetic reforms to polish Cuba's image and win over his people. He might let Cubans start thousands of small businesses in trade, agriculture and tourism, as the Castros allowed in the mid-1990s.

One scenario: Cuba copies China, a blend of authoritarian state control, manufacturing, mass-market consumerism and high-tech development.

“At best, Raul will try the mini-China model,” says Antonio Gayoso of the Association for the Study of the Cuban Economy and a former economist in Cuba's finance ministry. “At worst, he and the military will continue the repressive control they have now.”

Cuba's economy was stronger in the 1950s, when it was one of Latin America's top trade powers. Havana was a hot tourist site, and the U.S. and Great Britain were Cuba's largest trading partners.

After Fidel Castro's guerrilla war ousted dictator Fulgencio Batista in 1959, much of the economy fell apart. Cuba became a kind of welfare nation, with the old Soviet Union pouring $65 billion in aid and loans into Cuba from 1960 to 1990.

Economists say much of Cuba remains frozen in the past and lacks the modern ports, airports, business facilities and power grid needed to grow global trade. More than half of Cubans live in poverty, and the United Nations runs an emergency food program for 700,000. The country also is saddled by heavy debt, owing Venezuela, Russia and European nations $40 billion, Suchlicki says.

Even joint ventures between Cuba and other countries have dwindled. The State Department says they are down to 300 from 540 in 1982, and majority ownership by foreign partners does not really exist.

Production of sugar, citrus fruits, fertilizer and other goods has fallen since the early 1990s, after Soviet aid stopped.

Only oil, gas and nickel have seen growth in that period because of Venezuelan and Chinese investments, says Carmelo Mesa-Lago, an economics professor at the University of Pittsburgh. Other bright lights in Cuba's $39 billion economy: tourism and nascent bioscience and pharmaceutical industries, economists say.

In recent years, Cuba has claimed nearly full employment for its workers and annual economic growth ranging from 5% to 12% — even with droughts, hurricanes, blackouts and disastrous sugar harvests.

Some economists say the figures are fabricated. “It is economic propaganda,” Mesa-Lago says. “Data is manipulated to show that Cuba's economic policies are paying off, when the standard of living for Cubans has declined.”

Other obstacles to more open markets in Cuba and trade with the U.S.:

•Hardcore Stalinism. Since the 1950s, Fidel and Raul Castro have ruled the economy with iron fists, say Cuba experts. Outspoken political and economic reformers have been shunned or imprisoned.

In the 2006 Index of Economic Freedom by the Heritage Foundation, Cuba ranks as one of the world's least-free nations, with Libya, Iran and North Korea.

“Fidel and Raul said many times, ‘No, we will never open the door to capitalists,' ” says Jesus Marzo Fernandez, a former Cuban finance official and defector who lives in Miami. “They will never change.”

Over the years, Fidel Castro allowed six major shifts in economic policy, according to Mesa-Lago. But as the economy improved, he pulled back, fearing the growing power of business leaders.

Mesa-Lago likens Fidel Castro to Mao Zedong, the late Chinese dictator. Mao also was a charismatic Communist revolutionary who forced turbulent economic changes on his nation. And he had a youthful cadre of government officials eager to embrace global trade.

“But not until Mao died,” says Mesa-Lago, “were reformers able to push through changes.”

•Fidel Castro Inc. For four decades, Fidel Castro has controlled nearly all of Cuba's financial resources, according to Maria Werlau, a Cuba expert and president of the Free Society Project in Summit, N.J., and congressional testimony by former Cuban finance and military officials.

Forbes has estimated Fidel Castro's wealth at $900 million, which Castro has vehemently denied.

Werlau and other Cuba experts say the figure is low. They say the Castros and loyalists control several billions of dollars in real estate, bank accounts, private estates, yachts and other assets — called “the Comandante's Reserves” — in Europe, Latin America and Asia.

“The best estimates appear to be well shy of the vast wealth under his command,” Werlau says.

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Jorge Sanguinetty, CEO of DevTech Systems, an economics consulting firm in Washington, D.C., writes in a report that Cuba's economy is "a gigantic privatization process with one and only one owner: Castro himself."

•Trade embargo. Given lingering anti-communist sentiment in Congress, the embargo probably won't vanish soon. Moreover, the 1996 Helms-Burton Act bars U.S. political and business ties with Cuba unless democracy arises there.

Pro-trade forces plan to raise the embargo issue with lawmakers this fall. Agribusiness persuaded Congress in 2000 to allow U.S. businesses to export some agricultural goods to Cuba. Since then, farmers have signed deals to ship $2 billion in cattle, poultry, grain, rice, beans, apples and cotton to Cuba, says the U.S.-Cuba Trade Association.

State Department officials recently said the U.S. might open political and economic ties to Cuba — if Cuba were to transition into a democracy.

With no embargo, agricultural officials say, U.S. food exports could grow tenfold. Jim Sumner, president of the USA Poultry & Egg Export Council, says ranchers last year shipped Cuba 78,000 metric tons of chicken. That's 3,500 truckloads of refrigerated containers.

"The opportunities in Cuba are tremendous, due to the proximity to the U.S.," says Sumner, who has dined with Fidel Castro in his Havana palace during agricultural trade missions.

Ralph Kaehler, a rancher in St. Charles, Minn., has been enthused about Cuba trade ever since he flew to Havana on a trade mission with former Minnesota governor Jesse Ventura three years ago. Since that trip, Kaehler has brokered several million dollars in deals for companies to sell agricultural goods to Cuba.

"Our government talks about free trade with China, Vietnam — every country except Cuba," says Kaehler, whose German ancestors started the family farm in 1881. "Whether you like or dislike the Castro government, if we had more trade with them, our influence and impact there would be much greater."

Agribusiness isn't alone in desiring more business with Cuba. At JetBlue, spokeswoman Jenny Dervin says there would be "great demand for non-stop travel between New York and Havana," and flights between Cuba and Florida, where JetBlue serves six cities.

Despite the Cold War politics between the U.S. and Cuban governments, pro-trade advocates say many of the Cuban people seem open to economic change.

Says Kaehler: "Cubans may not want wholehearted democracy like in the U.S., but they do want basic food and medicine and a few more freedoms."

U.S. Officials Say Venezuela Knew Military Equipment Was In Seized Cargo (NYT)

By Simon Romero

The New York Times, August 28, 2006

CARACAS, Venezuela, Aug. 27 — Venezuelan military and customs officials were notified of the military equipment contained in diplomatic baggage at the center of a dispute between Venezuela and the United States before its delivery here last week, officials at the American Embassy said Sunday.

Venezuelan authorities' seizure of the baggage, which included replacement fuses intended for ejector seats ordered by Venezuela's air force, set off accusations from Caracas and Washington that international law governing diplomatic baggage had been violated.

At the heart of the dispute are fears frequently expressed by Venezuelan officials that the United States is trying to foment opposition to the administration of President Hugo Chávez.

Interior Minister Jesse Chacón Escamillo said Friday that the diplomatic shipment had been stopped because it had been smuggled past customs officials, and that it contained military equipment including detonators and rocket motors.

Ministry officials did not respond to requests for comment on Sunday.

The shipment was brought here on a C-17 military transport plane, and not aboard a civilian aircraft, because it contained fuses and other material for ejector seats that had been ordered by Venezuela's military mission at Wright-Patterson Air Force Base near Dayton, Ohio, two American Embassy officials said. Each official asked not to be identified because of the heightened tension between the countries.

Although political relations between Venezuela and the United States are deteriorating and sales of military equipment to Venezuela by American companies have been banned since May, Venezuela still has a small mission at the base near Dayton and a larger mission, with about 20 military officials, in Miami. The United States has more than 20 military officials connected to its embassy here in Caracas.

The shipment of the ejector seat equipment was apparently allowed because the order had been placed before the ban on military-related sales. The American officials said a manifest listing the contents of the shipment was sent before its arrival last

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Wednesday to military and customs officials at Maiquetía airport near Caracas, and the baggage was cleared through customs and was en route to Caracas when it was intercepted by the Venezuelan military.

Venezuela's attorney general and National Assembly signaled that they intended to investigate the incident, though it was not clear what disciplinary action they could take, since the seizure involved diplomatic baggage.

Reports over the weekend in local news media aligned with Mr. Chávez's government called for close attention to the incident, asserting that the United States secretly brought military equipment into Chile in diplomatic baggage before the coup that toppled Salvador Allende in 1973.

U.S.-funded Programs Incite Chavez's Suspicion (WT/AP)

By Ian James

The Washington Times, August 28, 2006

CARACAS, Venezuela -- The U.S. government is spending millions of dollars in the name of democracy in Venezuela -- bankrolling human rights seminars, training emerging leaders, advising political parties and giving to charities.

But the money is raising deep suspicions among supporters of President Hugo Chavez, in part because the U.S. has refused to name many of the groups it's supporting.

Details of the spending emerge in 1,600 pages of grant contracts obtained by the Associated Press through a Freedom of Information Act request. The U.S. Agency for International Development (USAID) released copies of 132 contracts in all, but took out the names and other identifying details of nearly half the grantees.

U.S. officials insist the aid is politically neutral and say the Chavez government would harass or prosecute the grant recipients if they were identified.

Mr. Chavez, however, thinks the United States is campaigning -- overtly and covertly -- to undermine his leftist government, which has crusaded against U.S. influence in Latin America and elsewhere.

"The empire pays its lackeys, and it pays them well," he said recently, accusing some of his opponents of taking "gringo money."

While USAID oversees much of the public U.S. spending on Latin America, President Bush's government also has stepped up covert efforts in the region. This month, Washington named a career CIA agent as the mission manager to oversee U.S. intelligence on Cuba and Venezuela.

The Bush administration has an $80 million plan to hasten change in Cuba, where Mr. Chavez has sworn to help defend Fidel Castro's communist system. The U.S. also is spending millions on pro-democracy work in Bolivia, where Mr. Bush has warned of "an erosion of democracy" since a Chavez ally, socialist Evo Morales, was elected president in December.

Mr. Chavez makes no distinction between the programs supported by public U.S. funds and the secret effort he claims the CIA is pursuing to destabilize his government. And it appears a crackdown on the U.S. aid is looming as Mr. Chavez runs for re-election in December.

Venezuelan prosecutors have brought conspiracy charges against the leaders of Sumate, a U.S.-backed group that frequently points out perceived flaws in the voting system.

The pro-Chavez National Assembly is preparing to require nonprofit groups to reveal their funding sources.

And Mr. Chavez has threatened to expel U.S. Ambassador William Brownfield, whom he accuses of stirring up trouble with USAID donations to youth baseball teams and daycare centers.

Much of the spending is overseen by USAID's Office of Transition Initiatives (OTI), which also works in such "priority countries" as Iraq, Afghanistan, Bolivia and Haiti.

OTI says it has overseen more than $26 million for programs in Venezuela since 2002, when it began work here after a failed coup against Mr. Chavez. Much of it has gone toward more than 220 small grants as part of USAID's "Venezuela Confidence Building Initiative."

"It's a pro-democracy program to work with Venezuelans of any point of view," said Adolfo Franco, USAID's assistant administrator for Latin America and the Caribbean. "It's without political bias."

The USAID grants for 2004 and 2005 reviewed by the AP include some charity projects -- like $19,543 for baseball equipment that Mr. Brownfield delivered to a pro-Chavez neighborhood and $23,189 for chickens and coops at a poor school.

Others seem to promote good government, like $15,289 to publish a pocket guide on citizenship.

One recipient, the Development and Justice Consortium, held a workshop in a poor Caracas neighborhood on seeking accountability in local government. A neighborhood banner read "Chavez Forever," but teacher Antonio Quintin reminded students that "governments are only delegates."

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Most attendees had no idea U.S. money paid for the class, and even die-hard Chavez supporters saw nothing subversive in it. "As long as it brings benefits, it doesn't matter where the funding comes from," said Ingrid Sanchez, 40, a member of a local planning council.

But other projects remain so vague as to raise concern among Chavez supporters, such as a $47,459 grant for a "democratic leadership campaign," $37,614 for public meetings to discuss a "shared vision" for society, or $56,124 to analyze Venezuela's new constitution of 1999. All went to unidentified recipients.

USAID said revealing more of their identities would be an "unwarranted invasion of personal privacy" that could endanger the recipients, saying some have been questioned for 12 hours at a time by the Venezuelan secret police.

"It's simply for the security of the recipient," said Russell Porter, an OTI official for Latin America. "The only thing we've held back are the names of the groups."

New Blueprint Koizumi's Success Charts The Path To Japan's Future (WSJ)

By Sebastian Moffett

The Wall Street Journal, August 28, 2006

TOKYO -- Five years after he took over as prime minister of a moribund nation, Junichiro Koizumi is preparing to leave behind him a different Japan. An economic has-been that mourned its waning international influence has been transformed into a surprise revival story -- sprouting skyscrapers and shopping centers -- while becoming Washington's most reliable ally in Asia.

Mr. Koizumi turned into one of the most influential leaders in modern Japanese history -- and his impact is likely to endure, because he created a template for future leaders for how to centralize power and influence public opinion.

When Mr. Koizumi came to power in 2001, the financial system was swamped with bad loans, hobbling the economy. Successive prime ministers feared action might bankrupt weak firms. Mr. Koizumi ordered a cleanup. Though the national debt was spiraling upward, earlier prime ministers maintained public spending to try to boost the economy. He slashed away. To revive market forces, he privatized the state-owned bank and life-insurance company run by the post office, liberating more than $3 trillion in assets.

Mr. Koizumi's combination of guts, stubbornness and quirky unpredictability made him both loved and hated abroad -- a contrast to earlier Japanese leaders whose names were barely known. He and George W. Bush celebrated their close friendship in June with a visit to Elvis Presley's former home in Tennessee. (Mr. Koizumi is an Elvis fan and occasional impersonator.) Chinese leaders, however, shunned Mr. Koizumi, angered by his yearly visits to a Tokyo war shrine that honors, among others, Japan's military leaders during World War II.

Next month Mr. Koizumi steps down. The candidates to succeed him, including front-runner Shinzo Abe, lack his zeal. Some lawmakers in the ruling Liberal Democratic Party would love a return to the days of free spending and weak prime ministers, when politics was about delivering pork to districts in return for campaign donations.

But Japan likely will not return to its old ways. Changes in the 1990s paved the way for the strong chief executive that Mr. Koizumi became. New election rules promoted a two-party system and weakened the ruling-party factions that had hindered policy-making. The prime minister's office gained a powerful forum to set national priorities.

Mr. Koizumi exploited these tools to the hilt, and the public loved him for it. His victory in the September 2005 general elections was overwhelming. Future prime ministers, however much they may wish to emulate the passive and colorless leaders of the past, risk being booted from office by someone offering Koizumi-style dynamism. More than giving Japan an invigorating five years, Mr. Koizumi has provided a new blueprint for leadership.

Harukata Takenaka, a director of the National Graduate Institute for Policy Studies in Tokyo, calls this the "2001 system," after the year Mr. Koizumi took office, and says it won't alter fundamentally when he leaves. "The prime minister will likely be able to wield strong power," Mr. Takenaka says.

All this change is not welcome to some Japanese. The old consensus system, they believe, created a fairer society. Mr. Koizumi has been accused of promoting a system where a few big-city investors and entrepreneurs earn U.S.-style riches, while the poor, the elderly and rural dwellers suffer from budget cuts and neglect. Others say he grabbed too much credit for an economic upturn that was really the work of the private sector.

His foreign policy has its critics too. Under Mr. Koizumi, Japan has solidified its defense alliance with the U.S., but become more assertive toward neighbors like China and the Koreas. His likely successor, Mr. Abe, holds similar views. Some of Mr. Abe's opponents say Japan is unlikely to prosper if it is on frosty terms with China, its biggest trading partner.

Still, decisive leadership will give Japan a better shot at dealing with its huge challenges, such as an aging population that has already begun to shrink and a national debt that tops $7 trillion. Success would mean the world's second-largest economy,

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after the U.S., could provide more of an engine for global growth. Japan's recent revival has already led it to suck in more imports than ever before.

The unlikely rise to power of Mr. Koizumi, 64, shows how a different style of politics has taken hold in Japan. Known as a loner in his school days, Mr. Koizumi went after college to study in London, where he was photographed in his mid-20s in big sunglasses and a suit with a narrow tie, drinking Coca-Cola from a bottle.

His stay abroad was cut short by his father's death in 1969. Politics was the family business: Both his father and grandfather had been cabinet ministers. Mr. Koizumi decided it was his turn. He ran for his father's seat but lost.

To learn the trade, Mr. Koizumi apprenticed himself to Takeo Fukuda, then finance minister and a future prime minister. Mornings Mr. Koizumi greeted visitors to Mr. Fukuda's Tokyo home and poured tea. His afternoons were spent back in his hometown of Yokosuka, a city 25 miles southwest of Tokyo.

Though business and occupational groups were a key source of influence in politics, Mr. Koizumi found it hard to get their attention as a newcomer. He started seeking mass support, a preview of the strategy he used with such success as prime minister. He was elected to parliament in 1972 after visiting five or 10 people every day -- more than 10,000 over three years, says Kazuhiko Ozawa, who helped his early campaigns and is now chairman of the Yokosuka Chamber of Commerce. "He met individuals because the powerful people wouldn't give him the time of day," says Mr. Ozawa.

Most politicians need a conventional family life for the sake of image and to help with campaign work. Mr. Koizumi was divorced after four years of marriage. He took his two sons and brought them up with his extended family, not letting them see their mother. His wife was pregnant at the time of the divorce, and Mr. Koizumi long shunned his third son.

Japanese politics in Mr. Koizumi's emerging years centered on brokering power and money. By bringing public spending to their electoral districts, lawmakers raked in campaign donations. These financed networks of supporters, who helped them rise to prestigious ministerial posts. Mr. Koizumi shunned such relationships, saying he refused to represent interest groups.

After 25 years in Japan's parliament, lawmakers are entitled to receive nearly $10,000 to have two portraits painted -- one for home and one to hang in parliament. Mr. Koizumi was the first lawmaker in memory to decline this, calling it a waste of taxpayers' money. When a female lawmaker sent him a lighthearted Valentine's gift of chocolate, he returned it.

As a result of his attitudes, Mr. Koizumi had the air of a talented politician who would never reach the top of the greasy pole. When he stood in the 1995 Liberal Democratic Party leadership election, he lost badly to Ryutaro Hashimoto, head of the most powerful faction, which had a long history of supporting public spending projects for provincial areas.

But crisis proved to be opportunity. In the late 1990s, big Japanese banks began going under. The national debt and bad loans ballooned. The LDP's public support was shaky and its leaders at a loss in dealing with an unprecedented economic slowdown. Desperate, the party introduced a vote among its rank-and-file to help choose its next leader in 2001. Mr. Koizumi won in a landslide, pledging to "change the LDP, change Japan." On April 26, 2001, he became Japan's 11th prime minister in 13 years.

Changes thought up under Mr. Hashimoto gave Mr. Koizumi several new tools of power. A new ministry called the Cabinet Office centralized under the prime minister policy makers who had previously been scattered among the ministries. There was a new body called the Council on Economic and Fiscal Policy, chaired by the prime minister.

These tools were instituted under Mr. Koizumi's predecessor, who barely used them. Mr. Koizumi transformed the economic council into an executive committee for the nation, leading its discussions, banging on the table when he thought members were dragging their feet and producing regular declarations of what a former minister oddly dubbed "thick-boned policies." These set large goals for the nation, such as reducing the national debt and the number of public employees.

"Mr. Koizumi is aware that in the 21st century, Japan cannot carry on in the same way as before -- that it needs a more market-oriented economy," says Masaaki Honma, an Osaka University economics professor who served on the council. "He's the first Japanese prime minister to realize this."

Mr. Koizumi's consigliere was another economics professor, Heizo Takenaka, who took a top cabinet post even though he wasn't at first a member of parliament -- a break with Japanese tradition. In 2002, Mr. Takenaka told banks to halve their totals of bad loans by 2005. This provoked outrage in the traditionalist wing of the ruling party. One lawmaker, Shizuka Kamei, said Mr. Takenaka was "working on behalf of foreign business" and his policies could reduce Japan "to ashes." Later, the bank cleanup was seen as the key to the revival of Japan's financial system.

While previous prime ministers had done their work behind the scenes, Mr. Koizumi appeared before the television cameras to answer reporters' questions most days he was in Tokyo, speaking in simple sound bites that invariably made their way into the evening news.

"The public and the prime minister have become closer," says Isao Iijima, Mr. Koizumi's longtime aide.

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Mr. Koizumi's foreign policy combined populism and bullheadedness. He visited the Yasukuni war shrine because of a promise he made to the families of Japan's war dead while campaigning for the prime minister's job. But the shrine honors war criminals as well as conscripted soldiers, and contains a museum justifying Japan's war in Asia. Public opinion in Japan was divided over Mr. Koizumi's visits. In Korea and China, the outrage was nearly universal.

To provide a dramatic focus for his tasks, Mr. Koizumi branded his enemies -- lawmakers who wanted to stick to business as usual -- "the forces of resistance." As he neared his final year in office, the lover of Richard Wagner's operas fought what he portrayed as the climactic battle with these forces.

The issue at hand was the government-run post office, which also operated a bank and a life-insurance company. The post office's network of 25,000 branches, plus a government guarantee on its deposits, attracted household savings. About a quarter of Japan's $13 trillion of household assets were in post-office savings and life-insurance accounts. This money was then lent to public corporations and financed pork-barrel spending in what was known as the "second budget."

Mr. Koizumi had long advocated privatizing the post office. In 2005 he introduced bills in parliament to do so, threatening to dissolve parliament unless the bills passed. Many LDP lawmakers opposed the legislation, fearing privatization would cut the flow of money to their districts and force the post office to end unprofitable services in remote areas. They thought Mr. Koizumi wouldn't have the nerve to carry out his threat. Because of the LDP defectors, in August 2005 the bills failed to pass parliament.

Mr. Koizumi called a snap election, declaring the vote a referendum on privatization. He then won a landslide victory at the polls. The LDP captured 296 of the 480 seats in the lower house, compared to just 113 for the main opposition party. A month later, the bills to privatize the post office passed into law.

The biggest lesson from Mr. Koizumi's historic victory was that the Japanese public liked being asked to decide an issue. One opposition lawmaker, Yoshinori Suematsu, says he was surprised at how readily people accepted Mr. Koizumi's framing of the election. "I tried to bring up foreign policy, but the voters wouldn't listen," he says. "They started saying we needed to privatize the post office. Koizumi got us."

The 2005 election also highlighted the significance of electoral changes in the 1990s that were designed to centralize party power and reduce factionalism. A law passed in 1994 introduced American-style legislative districts in which each lower-house district elects a single representative to parliament rather than multiple representatives. At the same time, political parties were given public funds for the party leadership to distribute. The effect has been to make elections more into contests between parties and their policies.

Using his power to endorse and finance LDP candidates, Mr. Koizumi expelled lawmakers who opposed post-office privatization. When they stood as independents, he sent party-endorsed candidates dubbed "assassins" to challenge them. The assassins mostly won.

The change in Japan can already be seen as candidates to succeed Mr. Koizumi line up for the LDP's Sept. 20 leadership election. The winner will become prime minister because the LDP holds a parliamentary majority. Unlike in past contests, the candidates are announcing detailed policy plans. Mr. Abe, the favorite, who currently is the government's chief spokesman, wants to cut public spending but will accept a rise in Japan's 5% consumption tax if needed to rein in the debt.

At last year's election, "the public liked a prime minister who put forward a message," says Hiroko Ota, a professor at the National Graduate Institute for Policy Studies in Tokyo, and a former member of the Council on Economic and Fiscal Policy. In the future, she says, "if the LDP goes back to its old ways, it will lose."

Vietnam's Hostages (WSJ)

The Wall Street Journal, August 28, 2006

In the capitalist world, if you make a bad business decision you live with the consequences. But not, apparently, in Vietnam. Details have emerged from Hanoi about how staff working for a foreign bank are being held hostage by police until their employer agrees to "compensate" a state-owned bank for the $5.4 million it lost in speculative foreign-exchange trades.

Vietnam was supposed to be heading in the right direction. Its economy is booming amid rising foreign investment, and a bill granting permanent normal trade relations is before the Senate. A free-trade agreement with Washington may be next, and President Bush recently backed Hanoi's bid to join the World Trade Organization.

But now comes the appalling treatment of staff of the Dutch bank ABN-AMRO, caught up in what even Vietnamese regulators say were legitimate business transactions. The story highlights how, for all its strides toward a market economy, this Communist state is still not always a safe place to do business. In Hanoi, Tom O'Dore, chairman of the American Chamber of Commerce Vietnam, says "This particular case reeks of human-rights abuses."

We don't know all the details of the dispute between ABN-AMRO and the state-owned Industrial and Commercial Bank of Vietnam. But we do know that Incombank claims the employee who conducted the disputed trades with the Dutch bank wasn't

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authorized to carry out forex transactions, and that her boss approved them only because he couldn't read enough English to understand the contracts.

As a result, one ABN-AMRO staffer has now been held for more than four months in a top security prison for hardened criminals and refused permission to see his family or a lawyer. A second was detained last month. Two more escaped the same fate only because they have young children; they were placed under house arrest. A senior bank staffer in Hanoi, Vietnamese-American De Pham, has faced difficulties leaving Vietnam, even though she is six months pregnant and needs medical treatment overseas. A civil case between the two banks is due to begin in a Hanoi court soon, but meanwhile the staff is being treated like criminals.

All this over forex trades that were given a clean bill of health in a recent audit by the country's financial regulator, the State Bank of Vietnam. As Mr. O'Dore told us, all of this has left others doing business in Vietnam fearful that they could suffer the same fate. "They're criminalizing what appears to be a legitimate business transaction," he says. "This is very bewildering in a country that's trying to get into WTO and sends an inappropriate message to the U.S. Congress."

The ABN-AMRO saga will be familiar to foreigners who do business in China. Jerome Cohen, a New York University professor who specializes in China's legal system, says he continues to encounter numerous such cases in that country. In Vietnam, police are allowed to hold suspects without charges for more than a year. That doesn't necessarily mean the ABN-AMRO staff will remain in limbo for that long. Vietnam's reformist new Prime Minister Nguyen Tan Dung is reported to have ordered an urgent investigation into the case. He seems unlikely to risk Vietnam's trading status with the U.S. for the sake of one state-owned bank.

But even if this case is resolved through pressure from foreign governments, it stands as testament to how far Vietnam still has to travel before foreign companies can be confident of a fair and transparent business climate and a reliable rule of law. WTO entry is no panacea, with China's 2001 accession failing to halt its abuses.

In the free world, governments don't go around abducting a competitor's staff over a business dispute. Until state-owned companies are forced to live with the consequences of bad business deals -- or resolve disputes through the legal system -- Vietnam can never expect to become a full-fledged member of the world business community.

South America's Right Leftist (LAT)

The Los Angeles Times, August 28, 2006

FOUR YEARS AGO, BRAZILIAN President Luiz Inacio Lula da Silva looked like just another domino in Latin and South America's leftward tumble, an echo of Venezuela's Hugo Chavez in the continent's largest country. Wall Street and Washington watched his inauguration with trepidation, the sea of red Workers' Party flags in Brasilia echoing the likely returns on their investments and the spread of anti-Americanism.

How quickly power transforms a firebrand. The many degrees of separation between Lula and Chavez disprove the notion of a monolithic left. Brazil's president is respectful of democratic norms, and he has managed to walk the fine line between business interests and those of the working poor. That's why the prospect of his resounding reelection just over a month away (in the most recent poll Lula had about a 25-point lead) is greeted by policy wonks and fund managers in this country with a collective shrug.

Lula may have disappointed his more radical followers when he embraced orthodox macroeconomic policies, but the results have been strong job growth, a stable currency and low inflation coupled with dramatic increases in the minimum wage and a sweeping poverty reduction program. The program, Bolsa Familia, has been so successful that the World Bank has been trumpeting it as a model for the rest of the world. Although Lula has conducted his foreign policy quietly, letting Chavez's flamboyant fire-breathing steal headlines, he has become a voice for the world's poor, helping lead the charge to reduce agricultural subsidies in the United States and the European Union in the Doha round of trade talks.

The paradox is that, unlike Chavez — a military man who tried taking power in an unsuccessful coup before finding democracy — Lula was a longtime, bona fide leftist labor activist, persecuted by the military for his democratic activism as leader of one of Brazil's biggest unions and founder of the Workers' Party. The socialist president of Chile, Michelle Bachelet, is another former activist turned pragmatic president who defies the stereotype of the Latin American left.

That's not to say Lula has been perfect. His first term was mired by a corruption scandal that nearly doomed his presidency. And he may have been too deferential to the likes of Chavez at times, partly to placate his own base and partly because of Brazil's political culture of compromise. Brazil is home to half of South America's population and should have commensurate influence on the continent. If reelected, it would be nice to see Lula steal some of those headlines from his Venezuelan counterpart.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Dynamite On Plane Sets Off Alarms, But Only After The Flight (USAT/AP) ... 3
EU Seeks Uniform Screening Rules (WSJ) ... 4
Bin Laden, Most Wanted For Embassy Bombings? (WP) ... 4
Government's Case Against Terror Suspect Faces Obstacles (MH) ... 5
Judicial Chaos (TH) ... 7
London Plot: U.K. Suspect Released (NSWK) ... 7

Homeland Response:

Bush Returns Again To Gulf Coast For Katrina Anniversary (USAT) ... 8
Year After Katrina, Bush Still Fights For 9/11 Image (NYT) ... 9
Anniversary Brings Out The Politics Of Commemoration (NYT) ... 11
Katrina Plan Enacted On Some Fronts, Not On Others (USAT) ... 12
Feds Say New Orleans Is Storm-ready (AP) ... 13
Searching For The Face Of Katrina And A Sign Of Hope (opinion) (LAT) ... 14
Razing Hopes And Fears (WSJ) ... 16
Mississippi Town Becomes Steel's City (WSJ) ... 18
Gulf Coast Taking A Look At 'new Urbanism' (USAT) ... 19
'Katrina Cough' Sending Many To The Doctor (USAT) ... 20
When The Cameras Left (NSWK) ... 21
Washington Whispers (USNEWS) ... 21
Bush's Brownie (TIME) ... 23
New Orleans Blues (NSWK) ... 23
Freret Street Revisited (USNEWS) ... 25
Poll: U.S. Not Ready For Major Disaster (AP) ... 28
Broken Promises (NYT) ... 29
Promises Dim For The Nation's Poor (opinion) (USAT) ... 30
Piecemeal Federal Response Won't Protect New Orleans (opinion) (USAT) ... 30
Officials Differ On Gulf Preparedness (WT) ... 31
Erratic Ernesto Cause For Alarm From Florida To Louisiana (LAT) ... 32
Bush Declares State Of Emergency In Fla. (AP) ... 33
Evacuations Ordered As Ernesto Steams Toward Florida (USAT) ... 34
ID Program Trips Over Hardware (WT) ... 34
Unlocking Fingerprints (WP) ... 35
U.N. Tower Is Deadly Firetrap, Senator Says (USAT) ... 36
This Is Only A Drill: In California, Testing Technology In A Disaster Response (NYT) ... 37

War News:

Shootings, Bombings Kill At Least 51 (USAT/AP) ... 39
At Least 69 Killed In Attacks Across Iraq (WP) ... 39
Deaths Drop In Iraqi Capital (LAT) ... 40
Bomber Attacks Baghdad Paper On Day When 52 Are Killed (NYT) ... 42
Iraq Tries To Crack Down Carefully On Militias (USAT) ... 43
Joe Biden: A Plan For Iraq (NHUL) ... 44
The Battle For Baghdad (USNEWS) ... 45
Hunting Baghdad's Death Squads (USNEWS) ... 48
The Shadow Warriors (USNEWS) ... 49
The Great Wall Of Arabia (TIME) ... 51
Elections: Shays' Sudden Shift (NSWK) ... 51
Homicide Charges Rare In Iraq War (WP) ... 51
Precision Technology Helps Combat Troops Pinpoint Enemy (USAT) ... 54
Director Of Baghdad Museum Resigns, Citing Political Threat (NYT) ... 55
British Ambassador Explains Troop Movement Near Iraq-Iran Border (MCT) ... 56
Jimmy Carter: Blair Subservient To Bush (AP) ... 57
Hostage: The Jill Carroll Story - Epilogue: Family reunion (CSM) ... 57
Order In The Courts (NYT) ... 58

Corporate Scandals:

An Enron Twist: Convicted But Not Guilty? (CSM) ... 59
The One Who Got Away (TIME) ... 60
A Sighting, Perhaps, Of A Fugitive In High Tech (NYT) ... 61
Sighting Of Fugitive Exec Called Doubtful (NSDY) ... 63

Criminal Law:

Receptionist-turned-lobbyist Faces Probe (AP) ... 63
Vigil's Attorney Accuses Government Of Withholding Evidence (AP) ... 65
Fugitive Arrested In 1994 Slaying (CHIT) ... 65
4 Sentenced In $7.4M Airport Robbery (NSDY/AP) ... 65
Four Jailed, Millions Still Missing In Miami Airport Raid (FLSUNSEN) ... 66
The Man Who Said Too Much (NSWK) ... 66
Offshore Gaming Sites Not Sure USA's Worth The Risk (USAT) ... 67

Hacker Sentenced To 37 Months In Prison (SEAPI)..... 68
"Botnet" Hacker Sentenced To 3 Years (SEAT)..... 69
Man Enters Guilty Plea In Child Porn Case (ROT)..... 70
LaPlace Journalist Indicted In Porn Case (NOTP) 70
Newspaper Editor Indicted In Child Pornography Case (AP)..... 71

Civil Rights:

Voters Find Some Machines Harder To Use (NYT) 71
Watch Out For Voting Day Bugs (WP) 72
S. Dakota Becomes Abortion Focal Point (WP) 73
When Schools Silence God Talk (USAT) 75

Antitrust:

GE's Water Unit Remains Stagnant As It Struggles To Integrate Acquisitions (WSJ)..... 76
Italian Banks Intesa And Sanpaolo Agree To Merge (WSJ) 77
California Epiphany (WSJ)..... 78

Environment:

BP Chief Faces Court Appearance (FT)..... 79
Pollution In The Water, Lawsuits In The Air (WP) 79
'Tastes Just Like Vodka' (WT/AP) 81
Malaria Kills Millions -- We Have The Cure (WSJ) 82

FBI/DEA/ATF/USMS:

Celebrated FBI Agent Will Retire Haunted By Those Who Got Away (WP)..... 84
California Seeks To Clear Hemp Of A Bad Name (NYT)..... 85
Drug-trafficking Ring Broken Up (EVT)..... 87
Major Mexico-based Drug Trafficking Ring Disrupted (AP)..... 88
Florence Man Sentenced To Life In Prison For Drug Dealing (AP)..... 88
Ex-athlete Guilty In Drug Case (BSUN)..... 88
Feds: 5 Sacto-area Homes Turned Into Pot Farms (SFC)..... 89
Gatlin's Statement Leaves Questions (LAT)..... 89
Gatlin Will Appeal 8-Year Ban From Track (AP) 90
IOC Chief Praises U.S. Anti-Doping Work (AP) 90
Luck, Not Better Lab Tests, Helped Catch Athletes (USAT) 91
Nike Drops Track Coach And Star Amid Scandal (NYT) 92

Immigration:

Young Migrants Risk All To Reach U.S. (WP)..... 93

Congress-Administration:

Hunt On Hill Afoot For Pork-bill Blocker (WT)..... 95
Securing Future Fiscal Health (WP) 95
Did A Federal Judge Cross A Legal Line For His Clerk? (LAW) . 96
Federal Jobs Decline As Contractor Market Expands (WP) 98
An American Eagle In Autumn (WT)..... 98
A Fixation With Secrecy (NYT) 99
What Is The Latest Thing To Be Discouraged About? The Rise Of Pessimism (NYT)..... 100
A Way Past The Stem Cell Dilemma? (USNEWS) 101
Embryonic War (NSWK)..... 101
A Way Out? (WP) 102
Over (and Behind) The Counter (USNEWS)..... 102
New Plan For Plan B (NSWK) 103
"Anybody Knows Not To Mess With Me" (TIME)..... 103

Other News:

What Worries Economists? (WSJ) 105
Global Trends May Hinder Effort To Curb U.S. Inflation (NYT). 108
Real Wages Fail To Match A Rise In Productivity (NYT) 110
Bar Prep Co. Ordered To Pay $11.9M For Copying Multistate Exam Questions (LAW) 112
U.N. Treaty Trumps Parental Rights (WT)..... 113
Signs Of A Possible Power Shift In Congress Have Unions Going All Out To Reach Voters (WSJ) 114
Saved By VDOT (WP) 115
Steele Campaign Stresses Border Security (WT) 115
Major Black Candidates At Record High (CSM)..... 116
As TV Campaign Spending Soars, Cable Outlets Attract More Dollars (WSJ)..... 117
This Fall, New Push Against Big Tobacco (CSM) 118
The Safer Cigarette Delusion (NYT)..... 120
Alaska's Gray Davis? (LAT)..... 120
Shopping For Support Down The Wrong Aisle (WP) 120
Schwarzenegger Gives Up (WSJ)..... 121
Rumsfeld Sees Some Progress In Missile Plan (NYT)..... 123
Rumsfeld Wants More Missile-shield Testing (USAT/AP)..... 123
Rumsfeld Unsure Of Ability To Intercept Korean Missiles (WP) 124
U.S. Set For Biggest Missile Defense Test In 18 Months (LAT) 124
Lost In Space (WSJ) 126
Iran Tests Submarine-to-surface Missile (AP)..... 127
Iran Test-fires New Anti-ship Missile As U.N. Deadline Nears (USAT/AP) 128
Tehran Test-fires Long-range Missile (WT/AP) 129
Iran Vows To Continue Making Nuclear Fuel (FT) 129
Nuclear Program A Source Of Pride For Iranians (USAT)..... 130
An Ex-Official Offers Glimpse Of Iranian Views Of U.S. (NYT). 132
U.S. Plans For Sanctions On Iran (WT)..... 133
Iran's Hard Line Begins At Home (TIME) 134
The War For Hearts And Minds (TIME)..... 135
The End Of Invincibility (TIME) 136
Annan Will Travel Mideast To Bolster Lebanon Peace Plan (NYT) 137
Lebanon To Press UN For Withdrawal Help (FT)..... 138
EU Clarifies Its Role In Lebanon (WSJ)..... 139
Turkey Torn On Joining U.N. Mission (AP)..... 140
Hizbollah Hopes To Engineer A Quick Recovery (FT) 141
Hezbollah Says Its War With Israel Was A Mistake (WT) 142
Hezbollah Chief Revisits Raid (WP/AP) 142
Hezbollah Chief Indicates Regret For Kidnappings (LAT)..... 143
What Did You Do In The War, UNIFIL? (WKLYSTD)..... 143
Hostage Crisis (WSJ)..... 144
It's Not Easy Being Blue (NYT)..... 145
2 Abducted Journalists Are Freed In Gaza Strip (WP)..... 146
Fox News Journalists Free After Declaring Conversion (NYT) . 147
Kidnapped Fox Journalists Freed After Two Weeks (FT) 148
Fox News Journalists Describe Captivity (AP) 148
Freed Fox Journalists Tell Of Painful Time In Captivity (USAT/AP) 149

DOJ_NMG_0054192

Fox Journalists Freed After 2 Weeks In Gaza (LAT)..... 150
Freed Journalists: Despair, Then Hope (CSM)..... 151
Fox News Journalists Set Free Unharmed (WT/AP)..... 152
Israeli Siege Leaves Gaza Isolated And Desperate (WP)..... 153
US Centcom Chief Abizaid Arrives In Pakistan (AFP)..... 155
Tribal Leader's Killing Incites Riots In Pakistan (NYT) 155
A Rebel's Killing Roils Pakistan (CSM)..... 156
21 Wounded As Blasts Hit Turkish Resort (AP) 157
Journalist Faces Charges Over Entering Darfur Region (NYT) 158
Media Groups Urge Sudan To Release U.S. Reporter (WP/AP)158
US Senator Electrifies Kenya's Largest Slum (AFP-Y) 159
Kenyans Greet Obama With Open Arms (USAT/AP) 160
US Seeks Support From China To Revive Global Trade Talks (WSJ/AP) 160
Democracy In Cuba Unlikely As Raul Rules (WT) 161
Cuba's Economic Fate Up In Air (USAT)..... 161
U.S. Officials Say Venezuela Knew Military Equipment Was In Seized Cargo (NYT) 164
U.S.-funded Programs Incite Chavez's Suspicion (WT/AP)..... 164
New Blueprint Koizumi's Success Charts The Path To Japan's Future (WSJ)..... 165
Vietnam's Hostages (WSJ)..... 168
South America's Right Leftist (LAT)..... 168

TERRORISM NEWS:

Dynamite On Plane Sets Off Alarms, But Only After The Flight (USAT/AP)

By Leslie Miller

USA Today, August 28, 2006

WASHINGTON — A stick of dynamite that made it onto a flight from Argentina to Houston highlighted a weak link in aviation security: International airports are not always as secure as those in the USA.

U.S. and Argentine authorities were investigating how the explosive made it onto the airplane in a college student's checked bag. The dynamite was discovered during a baggage inspection at Bush Intercontinental Airport shortly after a Continental Airlines flight landed Friday.

U.S. Immigration and Customs Enforcement spokeswoman Luisa Deason said the incident had no connection to terrorism. Houston Assistant Fire Chief Omero Longoria said the student, Howard Fish, 21, told authorities that he works in mining and often handles explosives.

The head of the Transportation Security Administration said the government is aware of the problem of looser security at international airports and is taking steps to fix it. "We are focused on getting a base level of security around the world," Kip Hawley said in an interview taped to air Sunday on C-SPAN. "We'll put in additional measures where we think we need to."

Airline passengers traveling from U.S. and British airports were barred this month from bringing liquids and gels onto planes. The bans were instituted after British authorities said they had foiled a terrorist plot to use liquid explosives to blow up as many as 10 U.S.-bound airplanes.

There have been several attempts to destroy airplanes with bombs in checked luggage. In 1988, a bomb hidden in a checked bag exploded aboard Pan Am Flight 103 over Lockerbie, Scotland. All 259 people on the London-to-New York flight were killed, as were 11 on the ground.

Many countries use bomb-detection equipment for checked baggage that does not meet U.S. standards, according to a report last year by the Homeland Security Department.

"Checkpoint and checked baggage security measures have been radically improved in the U.S. since 9/11, and similar levels of improvements are essential in the rest of the world," the report said. "From the U.S. perspective, we are particularly concerned about security on flights inbound to our nation, but the worldwide fight against terrorism argues for making improvements universal."

It was not immediately clear what kind of bomb-screening procedures are used at Buenos Aires Airport in Argentina. Bob Hesselbein, national security committee chairman for the Air Line Pilots Association, said the equipment used in the USA would have detected a stick of dynamite.

"It will identify chemicals common to dynamite," Hesselbein said.

A United Nations group, the International Civil Aviation Organization, sets basic security standards for civil aviation worldwide. Those standards generally are lower than the standards for U.S. airports.

The organization plans to meet in Montreal in September to discuss raising the standards for international air security. Among issues to be discussed: the kinds of liquids that should be allowed on airliners.

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Hesselbein recently attended the group's security conference in the Dominican Republic. “Airports in South and Central America are complaining they have to comply with TSA standards,” Hesselbein said. “The greatest challenge they confront is not having the funds.”

Hawley said that in the past few weeks he has talked with many of his counterparts from other countries, including Britain and the European Union, about tighter security standards.

Hawley said TSA inspectors visit international airports that have U.S.-bound flights and audit their security systems and procedures against the U.N. aviation organization's benchmarks.

In the past year, TSA inspectors determined that an airport on the Indonesian island of Bali and one in Haiti fell short of the standards. Airlines and airports were required to tell passengers traveling between the USA and the Bali and Haiti airports that there were security lapses. The requirement was lifted for Haiti in July.

EU Seeks Uniform Screening Rules (WSJ)

By Daniel Michaels

The Wall Street Journal, August 28, 2006

As aviation-security officials world-wide heighten scrutiny of airline passengers following recent terrorist alerts, the European Union is scrambling to standardize rules on screening travelers and their hand luggage across the 25-country bloc.

EU regulators want to raise standards of airline security and increase uniformity of the rules among member states. For example, the United Kingdom recently imposed extraordinarily strict rules for passenger screening following disclosure that British police on Aug. 10 foiled what authorities called a terrorist attack on aircraft bound for the U.S. Most other EU countries have maintained less severe standards that officials felt were sufficient.

The push for greater uniformity comes as the EU and its members try to balance centralized and national responsibilities. Following the Sept. 11, 2001, terrorist attacks on the U.S., the EU in December 2002 took on a new role overseeing and enforcing aviation security across Europe. But compared with the U.S., where the federal government sets security standards and is primarily responsible for enforcing them, the task in Europe is more complicated because responsibilities remain divided between Brussels and national capitals.

The EU and its members are also struggling with the question of who should pay for increased aviation security: the EU, member states, or airlines and their passengers. The issue is clearer in the U.S. because the federal government passes part of the cost of handling security along to airlines and travelers.

In Europe, coordination is guided by the EU's Aviation Security Regulatory Committee, which was created in 2002 and is comprised of security officials and experts from the EU and member states.

The committee will meet in Brussels Wednesday to receive formal briefings from British officials on the recent security alert. British authorities have charged 12 people with involvement in what investigators say was a plot to smuggle liquid explosives aboard jetliners headed to the U.S. and blow up the planes while in flight.

The committee will also discuss coordinated response measures. A memo to committee members, seen by The Wall Street Journal, said the ad hoc meeting Wednesday will help "prepare the ground for swift decision making" on new steps by the group. A more formal meeting on the issue was already planned for Sept. 6 and 7.

"We want to sound out member states" on potential measures, said Stefaan de Rynck, spokesman for the European Commission's transport directorate. "We're not going to rush into measures" without proper consultation, he said.

Measures under consideration by the committee include increasing the percentage of passengers subject to hand searches, limiting the size and number of carry-on bags, and expanding the list of items permanently prohibited from cabin baggage, such as liquids and gels.

Airlines generally support the EU's greater role coordinating aviation security. "Harmonization is better for industry and for passengers because it's less confusing," said Nathalie Herbelles, manager of cargo, security and legal issues at the Association of European Airlines, a trade group in Brussels. But the response now should be "consistent and reasonable," Ms. Herbelles said. "We're concerned that politicians, to be seen to be doing something, will go too far," she said.

Following the Sept. 11 terrorist attacks, the EU handed overall responsibility for aviation security to the European Commission, the EU's executive body. The Regulatory Committee was then established to ensure that member states adopted and implemented the new EU rules.

Bin Laden, Most Wanted For Embassy Bombings? (WP)

By Dan Eggen

The Washington Post, August 28, 2006

DOJ_NMG_0054194

Al-Qaeda leader Osama bin Laden is a longtime and prominent member of the FBI's "Ten Most Wanted" list, which notes his role as the suspected mastermind of the deadly U.S. embassy bombings in East Africa on Aug. 7, 1998.

But another more infamous date -- Sept. 11, 2001 -- is nowhere to be found on the same FBI notice.

The curious omission underscores the Justice Department's decision, so far, to not seek formal criminal charges against bin Laden for approving al-Qaeda's most notorious and successful terrorist attack. The notice says bin Laden is "a suspect in other terrorist attacks throughout the world" but does not provide details.

The absence has also provided fodder for conspiracy theorists who think the U.S. government or another power was behind the Sept. 11 hijackings. From this point of view, the lack of a Sept. 11 reference suggests that the connection to al-Qaeda is uncertain.

Exhaustive government and independent investigations have concluded otherwise, of course, and bin Laden and other al-Qaeda leaders have proudly taken responsibility for the hijackings. FBI officials say the wanted poster merely reflects the government's long-standing practice of relying on actual criminal charges in the notices.

"There's no mystery here," said FBI spokesman Rex Tomb. "They could add 9/11 on there, but they have not because they don't need to at this point. . . . There is a logic to it."

David N. Kelley, the former U.S. attorney in New York who oversaw terrorism cases when bin Laden was indicted for the embassy bombings there in 1998, said he is not at all surprised by the lack of a reference to Sept. 11 on the official wanted poster. Kelley said the issue is a matter of legal restrictions and the need to be fair to any defendant.

"It might seem a little strange from the outside, but it makes sense from a legal point of view," said Kelley, now in private practice. "If I were in government, I'd be troubled if I were asked to put up a wanted picture where no formal charges had been filed, no matter who it was."

Bin Laden was placed on the Ten Most Wanted list in June 1999 after being indicted for murder, conspiracy and other charges in connection with the embassy bombings, and a $5 million reward was put on his head at that time. The listing was updated after Sept. 11, 2001, to include a higher reward of $25 million, but no mention of the attacks was added.

Others on the list include Colombian drug cartel leader Diego Leon Montoya Sanchez and fugitive Boston crime boss James "Whitey" Bulger, charged with a role in "numerous murders" in the 1970s and 1980s.

The FBI maintains a separate "Most Wanted Terrorists" list, which includes bin Laden and 25 others who have been indicted in U.S. federal courts in connection with terror plots. But this second bin Laden listing also makes no mention of Sept. 11.

"The indictments currently listed on the posters allow them to be arrested and brought to justice," the FBI says in a note accompanying the terrorist list on its Web site. "Future indictments may be handed down as various investigations proceed in connection to other terrorist incidents, for example, the terrorist attacks on September 11, 2001."

Government's Case Against Terror Suspect Faces Obstacles (MH)

By Jay Weaver

The Miami Herald, August 28, 2006

On a visit to Moscow in 2002, then-U.S. Attorney General John Ashcroft trumpeted on TV that "we have captured a known terrorist" who was plotting to blow up a radioactive "dirty bomb" in the United States.

The suspect: Jose Padilla, a U.S. citizen who became a Muslim while living in the Fort Lauderdale area.

Ashcroft branded Padilla an "al Qaeda operative," and the Bush administration held him for more than three years without charges as one of a select few U.S. citizens designated "enemy combatants" in the war on terror.

But faced with a risky legal showdown over his detention, the administration tossed Padilla into the federal court system -- confident that Miami prosecutors could convict him for being a recruit, not a dirty bomber, for an alleged South Florida terror cell.

Now the terror case against Padilla, 35, is shrinking under the scrutiny of U.S. District Judge Marcia Cooke.

Last week, she threw out the first count in the indictment -- that Padilla and two other Muslim men "conspired to murder, kidnap and maim persons in a foreign country . . . to advance violent jihad." She found it repeated the same charges in two other counts that alleged they agreed to support terrorists overseas -- a violation of the Constitution.

Cooke's ruling, which will be appealed by the U.S. Attorney's Office, effectively eliminates the possibility of life sentences for the three defendants. If Padilla, Adham Amin Hassoun and Kifah Wael Jayyousi are convicted on the remaining terror charges at trial in January, they could face up to a maximum 15 years in prison.

So what the Bush administration presented as an open-and-shut terror case is proving to be much harder to prosecute, legal experts say.

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Carl Tobias, a constitutional scholar at the University of Richmond School of Law in Virginia who has followed Padilla's legal odyssey, said his prosecution ``falls into the category of terror cases that are overstated and don't deliver on what they promised."

"If the measure is what Attorney General Ashcroft said at the outset, we're pretty far removed from that," Tobias said. ``The tougher question is whether the government can prove the lesser charges of what they have now. That's hard to predict."

Stephen Vladeck, a professor at the University of Miami School of Law, has carefully followed the government's treatment of Padilla -- from his arrest by the FBI at Chicago's O'Hare International Airport in May 2002 and his lengthy military detention as an "enemy combatant" without charges to his indictment in Miami federal court last November.

As a student at Yale Law School, Vladeck worked on an amicus brief that challenged Padilla's detention in a South Carolina Navy brig -- a highly controversial appeal that came close to being reviewed by the U.S. Supreme Court.

Like Tobias, Vladeck raised doubts about the strength of the government's evidence against Padilla -- not only in light of what Ashcroft first said about his terror ties to al Qaeda but also what his successor, Alberto Gonzales, said at a Washington press conference when the Miami indictment was unveiled.

`VIOLENT JIHAD'

'The indictment alleges that Padilla traveled overseas to train as a terrorist with the intention of fighting in `violent jihad' -- a shorthand term to describe a radical Islamic fundamentalist ideology that advocates using physical force and violence to oppose governments, institutions and individuals who do not share their view of Islam," Gonzales said in November 2005.

``These groups routinely engage in acts of physical violence such as murder, maiming, kidnapping and hostage-taking against innocent civilians."

Gonzales was referring to the first conspiracy count in the Padilla case -- the one that Cooke lopped off the indictment a week ago.

"This is not as clear-cut a case, certainly not as clear-cut as the attorney general made it out to be back in November," Vladeck said. ``You have to wonder how strong their case is if there is this much trouble at the outset."

But Vladeck also conceded this point: ``The charges we see in this case tend not to require the proverbial smoking gun."

Another legal scholar, Professor Robert Chesney at the Wake Forest University School of Law in Winston-Salem, N.C., said that despite dismissal of the first count in the indictment, the case is still fundamentally solid.

"On the one hand, it sounds bad -- the one charge that carried a life sentence is thrown out the window," said Chesney, a recognized expert on national security law, who analyzed the Padilla case and others in a forthcoming law review article.

"What [the judge] has really done is condensed the charge," he said. ``Since you can't charge the defendants for the same crime twice, one of the charges had to be dropped. But that doesn't mean the allegations against them, if proved, would not constitute a crime."

Chesney said that under the terror conspiracy law, prosecutors only have to show that the defendants agreed to provide money, recruits and other resources to further the violent activity of Islamic extremists engaged in jihad, or holy war, overseas -- not necessarily be involved themselves in actual terrorist actions.

"At the end of the day, if the defendants generally intended to provide material support, then the government has a good case," Chesney said.

Much of the government's case has been built upon thousands of wiretaps of phone conversations among members of an alleged North American terror cell with links to the Fort Lauderdale area. The time frame: October 1993 to November 2001.

In the indictment, Hassoun and Jayyousi are accused of recruiting Mujahadeen fighters and raising funds for radical Islamic causes in Bosnia, Kosovo, Chechnya, Somalia, Afghanistan and Egypt -- but it makes no mention of any specific attacks anywhere.

Hassoun, a Palestinian computer programmer who lived in Sunrise, became friends with Padilla when they attended the Masjid Al-Imam mosque in Fort Lauderdale during much of the 1990s. Padilla, a former Chicago gang member, left South Florida in 1998. He traveled to Egypt but remained in contact with Hassoun.

TERRORIST TRAINING

According to the indictment, Padilla traveled overseas to receive training for violent jihad. On July 24, 2000, Padilla is alleged to have filled out a "Mujahadeen Data Form" in preparation for training in Afghanistan.

It also claimed that on Sept. 3, 2000, Hassoun called another alleged co-conspirator in Egypt to provide financing for Padilla.

But the indictment does not explicitly say Padilla -- who was arrested in Chicago upon returning from Pakistan -- belonged to al Qaeda.

UM's Vladeck said the indictment, first filed in 2004, was just a "run-of-the-mill" terror case until the notorious Padilla was charged last fall.

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Said Vladeck: ``This would be a huge loss for the government if Padilla gets off."

Judicial Chaos (TH)

By Robert Novak

Town Hall, August 28, 2006

WASHINGTON -- The background of a federal district court declaring President Bush's national security eavesdropping unconstitutional was a conservative's fantasy. The judge, a former Democratic politician and civil rights activist, wrote what read more like a political manifesto than a judicial opinion. What's more, she was responsible for contributions to an organization that was a plaintiff in the case she decided.

District Judge Anna Diggs Taylor's decision has been stayed and probably will be reversed by the 6th Circuit Court of Appeals. Nevertheless, she was playing more than a cameo role on the stage of history. For this opinion ever to have been issued by an activist judge in Detroit, in the opinion of several legal scholars and distinguished lawyers whom I contacted, shows the judiciary in a state of chaos.

Taylor ended up with the case because of forum-shopping: filing multiple law suits in quest of a favorable venue. With the executive and legislative branches in Republican hands, liberals count on activists in the federal judiciary such as Judge Taylor. That explains why normally censorious legal scholars tend to excuse her shoddy judicial opinion and ethical trespassing.

Jimmy Carter as president never named a Supreme Court justice, but he filled plenty of district judgeships with Democratic loyalists. In 1979, he nominated Anna Diggs Taylor, a politician and civil rights worker well known in Michigan Democratic circles as the woman who until 1971 ran the congressional office of her then husband, Rep. Charles Diggs (who was censured by the House and went to prison for taking kickbacks from congressional employees).

Taylor as a judge and, after 1997, chief judge in the Detroit district has been predictably liberal, and recently was criticized for trying to switch an affirmative action case to a friendly judge. Her moment of fame came Aug. 17 at age 73 when she ordered an immediate halt to National Security Agency (NSA) monitoring of suspect international phone calls. Her decision was higher on emotion than logic, including this unfathomable peroration: "There are no hereditary kings in America."

This posed a dilemma for the liberal establishment. Could they excuse this ridiculous opinion to justify a desired outcome? Harvard's Laurence Tribe, the left's pre-eminent constitutional expert, reacted politically. With a presumably straight face, he praised Taylor for a "splendid job" of dealing with a "lawless" administration.

Other liberal scholars were more candid. Yale's Jack Balkin said Taylor's opinion "has so many holes in it" that "the plaintiffs will have to relitigate the entire matter" on appeal. Still, Balkin rejoiced over the decision, reducing the case to a political question where judicial reasoning was less important.

An additional embarrassment for liberal scholars was a discovery by Judicial Watch, the conservative watchdog organization, that Taylor was on ethical thin ice. She is listed as secretary and trustee of the Community Foundation for Southeastern Michigan, deciding its financial grants. They included $125,000 to the American Civil Liberties Union (ACLU), which was one of the plaintiffs in the NSA suit.

That might seem an obvious conflict of interest, but the canons of conduct for federal judges are unclear as to whether Taylor was in violation. Liberal scholars, quick to claim conflict of interest by Justice Antonin Scalia on far less evidence, gave Taylor the benefit of the doubt. Her ACLU ties, said New York University's Stephen Gillers, would not "raise reasonable questions about her partiality on the issue of warrantless wiretapping." Gillers conceded, however, that she should have disclosed the connection "because it avoids suspicion later."

Why did the Justice Department not try to disqualify Taylor? Administration sources told me the president's lawyers were unaware of her ACLU connection. But career lawyers at Justice may have just been avoiding trouble with the federal bench.

The overriding question is how Anna Diggs Taylor was able to seize a constitutional issue. In The Wall Street Journal this week, Circuit Judge Richard A. Posner noted delegating a national security issue "to a randomly selected member of the federal judiciary's corps of almost 700 district judges." The Detroit judgment contributed to Posner's conclusion that "we do not have a coherent political dimension to our efforts to combat terrorism." Judge Taylor's farce made that clear.

London Plot: U.K. Suspect Released (NSWK)

By Mark Hosenball And Emily Flynn Vencat

Newsweek, September 4, 2006

The British investigation into a plot to bomb flights from Britain to the United States using homemade explosives took a strange twist last week when authorities set free a supposedly key suspect arrested during Scotland Yard raids earlier in August. Two U.K. counterterrorism officials, who asked for anonymity because of the continuing investigation, confirmed to NEWSWEEK that police had released 22-year-old Tayib Rauf of Birmingham, England. Tayib is the younger brother of Rashid Rauf, an

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alleged mastermind of the airline plot whose arrest by authorities in Pakistan, according to some U.S. and U.K. officials, forced U.K. authorities to round up British-based suspects earlier than they had originally planned.

Initially, U.K. and U.S. officials suggested that both Rauf brothers were significant participants in the plot. Last week, however, officials said that Tayib was only a "van driver" who might have been ignorant of the plot. Tayib, the two U.K. counterterrorism officials said, was released because British prosecutors believed police had insufficient evidence to convict him on criminal charges.

The officials indicated, however, that Tayib was still likely to be closely monitored by British intelligence. Rauf family friend Mohammed Nazam told NEWSWEEK: "Tayib's here in Birmingham and he's OK ... But he needs a few days." Meanwhile, Pakistani authorities have detained the Rauf brothers' father, Abdul Rauf, and U.K. authorities have frozen the funds of Crescent Relief, a U.K. charity that Abdul Rauf helped to found. The family friend says Tayib and Abdul Rauf told him by phone that they were "totally innocent."

British authorities did charge 12 other suspects with offenses related to the alleged airline plot last week, and announced that bomb-making equipment and "martyrdom videos" had been found by police. But according to a U.S. counterterrorism official, who asked for anonymity due to the sensitive subject, investigators remain concerned not only that participants in the plot could still be at large, but also about the possible existence of a "parallel" plot carried out by a second, unidentified group of conspirators.

The release of Tayib Rauf has raised questions about whether U.K. authorities have stumbled in yet another high-profile terror investigation. Last year, in the wake of the fatal suicide bombings of three London subway trains and a double-decker bus, police shot dead a suicide bombing suspect only to discover he was an innocent Brazilian. Earlier this summer, police shot and injured another suspect during a raid while searching for an alleged homemade chemical weapon. No weapon, or any other evidence of terrorism, was found, though the suspect who police shot was later arrested for possession of child pornography.

HOMELAND RESPONSE:

Bush Returns Again To Gulf Coast For Katrina Anniversary (USAT)

By David Jackson

USA Today, August 28, 2006

WASHINGTON — When he arrives on the Gulf Coast today, President Bush will visit the scene of a storm that devastated the area and damaged his political standing.

Bush plans to tour the area ravaged by Hurricane Katrina today and Tuesday to discuss the ongoing recovery from the deadly storm. Bush will emphasize efforts since the initial response to the storm and subsequent flooding, widely criticized as inadequate by Louisiana and Mississippi officials.

Sen. Mary Landrieu, D-La., said the administration “was really slow to grasp the magnitude of this disaster,” and that sluggishness has shadowed efforts to rebuild. “That got everything started off in the wrong direction,” she said.

When the storm hit the Gulf Coast in the early hours of Aug. 29, Bush was at his Texas vacation home. He didn't visit the area until after he made a speech in San Diego on the 60th anniversary of V-J Day, including a defense of the Iraq war.

By the time of an Aug. 31 flight over New Orleans, most of which was under water, much of the public relations damage had been done.

In his weekend radio address, Bush said the floods “revealed that federal, state, and local governments were unprepared to respond to such an extraordinary disaster,” but all three have learned lessons and are working together to rebuild the region.

“We will stay until the job is done,” Bush said.

Tariq Abdul-Mu'Min, 42, who runs a kitchen-design business in Gulfport, Miss., said Bush's trip fulfills “his responsibility as the head of this country,” a job in which he faltered a year ago.

“Poor. Terrible,” Abdul-Mu'Min said. “He should have reacted much sooner.”

Angela Jackson-Moore, 42, an interviewer at a local jobs center, said Bush was one of many government officials at fault. She predicted the government's response to the next disaster would be better because of the bad publicity officials received over Katrina.

Making his 13th visit to the Gulf Coast since Katrina, Bush is expected to emphasize the $110 billion that Congress has approved to rebuild the Gulf Coast, including programs for housing, education and business redevelopment.

The White House has defended the Bush administration's post-Katrina record in the face of a new series of critical reports in the media and from various think tanks.

Last week, it issued lengthy fact sheets detailing steps to help hurricane victims and rebuild damaged areas.

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"There's been some promising progress, but there are many areas that have been left untouched," said Amy Liu, author of a new study by The Brookings Institution on Hurricane Katrina in New Orleans.

The Brookings report and others list a variety of post-Katrina shortcomings throughout the region: The federal government has decided not to rebuild the levees to withstand a worst-case Category 5 hurricane. Housing programs are geared more to help Gulf Coast residents who own their homes and not renters or public housing residents.

Bush said programs are being designed to make sure that money is spent effectively. He cited progress with debris removal, infrastructure repair and rental assistance, in partnership with state and local governments and businesses.

Bush asked for patience, saying he wants "the people down there to understand that it's going to take a while to recover. This was a huge storm."

New Orleans Mayor Ray Nagin said Sunday that the administration was doing a good job of getting money to the state, but it was not reaching cities such as New Orleans fast enough.

Bush may have hurt himself the most when he praised the work of Michael Brown, then director of the Federal Emergency Management Agency, said Douglas Brinkley, author of The Great Deluge: Hurricane Katrina, New Orleans, and the Mississippi Gulf Coast.

"We live in a sound-bite culture," he said. "And the 'Brownie, you're doing a heck of a job' is the sound bite that's going to live forever."

Americans take a dim view of Bush's handling of Katrina. Only 37% approved of it in a recent USA Today/Gallup Poll, compared with 43% who answered that way immediately after the storm.

The storm did not have much effect, however, on Bush's job approval rating. His approval rating, currently at 42%, was already heading down last summer because of Iraq and rising gas prices.

Lydia Saad, senior editor for The Gallup Poll, said there were declines in Bush's image as a strong and decisive leader that seemed tied to the Katrina response.

In the year since, the administration has offered periodic updates on its post-Katrina response and has stepped it up in recent weeks.

Don Powell, coordinator for the office of Gulf Coast Rebuilding, also has made a string of media appearances, touting such items as $16.7 billion in housing assistance, and the clearing of more than 100 million cubic tons of debris.

Year After Katrina, Bush Still Fights For 9/11 Image (NYT)

By Sheryl Gay Stolberg

The New York Times, August 28, 2006

WASHINGTON, Aug. 27 — When the nation records the legacy of George W. Bush, 43rd president and self-described compassionate conservative, two competing images will help tell the tale.

The first is of Mr. Bush after the Sept. 11 terrorist attacks, bullhorn in hand, feet planted firmly in the rubble of the twin towers. The second is of him aboard Air Force One, on his way from Crawford, Tex., to Washington, peering out the window at the wreckage of Hurricane Katrina thousands of feet below.

If the bungled federal response to Hurricane Katrina called into question the president's competence, that Air Force One snapshot, coupled with wrenching scenes on the ground of victims who were largely poor and black, called into question something equally important to Mr. Bush: his compassion.

A year later, he has yet to recover on either front.

Mr. Bush has prodded Congress to approve tens of billions of dollars for rebuilding and victim assistance, delivered a much-publicized fence-mending speech to the N.A.A.C.P. and made repeated trips to the Gulf Coast, where he plans to observe the anniversary of the storm Monday and Tuesday. Yet his public persona remains that of wartime president — the man standing in the Manhattan rubble — flying by as desperate and vulnerable Americans suffered.

His approval ratings have never rebounded from their post-hurricane plummet. A New York Times/CBS News poll conducted this month found that 51 percent of those surveyed disapproved of the way Mr. Bush had responded to the needs of hurricane victims, a figure statistically no different from last September, when 48 percent disapproved.

"This is a real black mark on his administration, and it's going to stay with him for a long time," said James A. Thurber, director of the Center for Congressional and Presidential Studies at American University. "It will be in every textbook."

The White House says it has allocated $110 billion toward rebuilding and victim assistance; of that, $44 billion has been spent. The Federal Emergency Management Agency has provided more than $6 billion directly to nearly 950,000 victims for temporary housing, the most money ever provided by the agency for a single natural disaster.

But Mr. Bush is not getting much credit. The poll found Americans critical about the pace of recovery and lacking full confidence in the government. Thirty-nine percent described themselves as dissatisfied with progress in the region, and an

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additional 11 percent said they were angry. Fifty-six percent had a great deal or a fair amount of confidence in the government's ability to respond to another natural disaster; 44 percent had little or no confidence at all.

The storm is generating a powerful undercurrent in this year's midterm elections as well, as Democrats invoke it as a catchphrase for what they regard as mismanagement on a number of issues, including the war in Iraq and the economy. Senator Charles E. Schumer of New York, who runs the Democratic Senatorial Campaign Committee, said his candidates mentioned the storm at every turn.

"I might argue that this was the worst thing that's happened to George Bush in the whole six years of his presidency," Mr. Schumer said. "It was a perception-altering event. People had questioned his ideology. People had even questioned his intelligence. But before this, average people rarely questioned his competence or his caring."

One year later, Democrats are not the only ones raising questions. In follow-up interviews to the Times/CBS News poll, Republicans and independents also expressed lingering doubts about Mr. Bush, using language suggesting that their memories of the storm and his handling of it remained fresh and deep.

"Bush did nothing for the people," said one Republican, Joseph Ippolito, 75, a retired highway superintendent from Bayville, N.J. "Bush didn't have the proper people in office to take care of Katrina. The whole administration is wacky — and I voted twice for him."

White House officials and leading Republicans, while defending the president's record, are not surprised by the anger.

Dan Bartlett, counselor to the president, said the White House was well aware that New Orleans residents "are skeptical about our commitment," and that many Americans blamed Mr. Bush for their fellow citizens' suffering. But Mr. Bartlett said the president would ultimately be judged on how the Gulf Coast was rebuilt and how the government handled the next crisis — a theme echoed by Senator Susan Collins, Republican of Maine, the chairwoman of the Senate committee charged with overseeing the recovery.

"If we have another devastating hurricane and the response is markedly more efficient, more compassionate," Ms. Collins said, "then I think people will say, 'Well, they learned.' "

But the senator said the damage to the president's image would be difficult to undo.

"Unfortunately, it may be hard to erase the regrettable photo of him on Air Force One looking down at the destruction and devastation below," she said. "That's a searing and very unfortunate image that doesn't reflect the president's compassion."

When Mr. Bush stood last September in Jackson Square, in the darkened city of New Orleans, and declared that Americans had "a duty to confront this poverty with bold action," religious and civil rights leaders saw it as a hopeful turning point. Suddenly, a president who had defined himself as the lead prosecutor in the war on terror was turning his attention to jobs, housing and education for the poor, in language that evoked memories of the 1960's.

Today, those same leaders are discouraged and critical.

"Here was an opportunity for a new conversation on race and class and poverty, and they blew it," said the Rev. Eugene F. Rivers III, a Bush supporter who runs a coalition that represents mainly black churches. "It's not even just President Bush. Here was an opportunity for Republicans and conservatives in general to make a moral and intellectual case for a positive policy agenda for the black poor, and they did not advance it."

Yet the mayor of New Orleans, C. Ray Nagin, who had been critical of the president, publicly praised him in his re-election victory speech in May, thanking Mr. Bush for "delivering for the citizens of New Orleans."

Others who have worked with the president on the recovery, including prominent Democrats like Senator Mary L. Landrieu of Louisiana and Donna Brazile, a political strategist who spent 2000 trying to defeat Mr. Bush as campaign manager for Vice President Al Gore, say they do not doubt his sincerity or commitment.

Ms. Brazile, a New Orleans native who serves on a state recovery task force, describes the president as "very much engaged" and praises him for prodding Congress to spend more money on levee rebuilding.

"I said to him, 'You'll be a hero if you commit to rebuilding those levees,' " she said, recounting their first meeting last December. "I have to give him credit. Two weeks later, we got the additional money."

But Ms. Landrieu calls the administration "slow and reluctant." She sees Mr. Bush as being distracted by the war in Iraq and says he has fallen short on the one task he cannot delegate: using the power of the presidency to grab the nation's attention.

"I understand that there have been many distractions and many important priorities for the nation — the war in Iraq, the unrest in the Mideast — but the president has not maintained the bully pulpit on Katrina," she said, adding, "He does it so intermittently, I wonder if we are on his mind."

Some members of the public wonder as well.

"I find that the concentration of the president is on the Middle East crisis and not on what's at home," said Carlton DeCosta, a 33-year-old Navy veteran from Patchogue, N.Y., who said he considered himself an independent, in a follow-up interview to the

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Times/CBS News poll. "When the president addresses the country it has nothing to do with Katrina, nothing to do with the rebuilding."

But Mary Lou Ackley, a 69-year-old homemaker from Elmira, N.Y., who said she voted Republican, said state and local agencies bore responsibility for the pace of rebuilding. "I don't think the president sits there and does the pencil work," Ms. Ackley said, adding, "He's got a lot more to do than just direct Louisiana and their hurricanes."

As the midterm elections approach, analysts say dissatisfaction with the administration's handling of the hurricane could prompt the Republican faithful to stay home.

Professor Thurber, the American University scholar, says the competence issue will be central to history's assessment of the president. Mr. Bartlett, the White House counselor, predicts historians will soften their criticism "if people see a better and more vibrant Gulf Coast emerge from this tragedy."

With the rebuilding expected to continue long after Mr. Bush leaves office, Senator Landrieu says he still has a chance.

"I think there's an opportunity for him to make this a real legacy of his presidency," she said. "There's still time to have people say he did a good job and he rose to the occasion. He's writing the story himself."

Anniversary Brings Out The Politics Of Commemoration (NYT)

By Adam Nossiter

The New York Times, August 28, 2006

NEW ORLEANS, Aug. 27 — On the eve of Hurricane Katrina's first anniversary Tuesday, this city has become a giant political talking point.

Finger-wagging Democratic congressmen are pouring down here, hoping to score points a year into the stuttering recovery, and President Bush's cabinet secretaries have been staking out hopeful counterpositions among the ruins. The president himself will spend two days in the region this week.

Weary citizens, meanwhile, await with apprehension the day and its revival of painful memories. In New Orleans the anniversary will be marked with a solemn bell-ringing ceremony on the steps of City Hall to commemorate the levee breaches, and with a host of prayer services, wreath layings, colloquia and discussion panels.

Democrats are seizing this moment of reckoning with something approaching glee, while Republicans are handling it gingerly. For Democrats there are the persistent scenes of destruction and the ongoing misery of lives upended, handy backdrops for criticism of the Bush administration.

"We know the storm was a tragedy, but a bigger tragedy is how the federal government responded," Senator Harry Reid, the minority leader, said Thursday to television cameras and a handful of onlookers in the parking lot of St. Bernard Parish's only functioning grocery store.

For Republicans there are more arcane indicators like the percentage of debris removed or the number of Small Business Administration loans approved. A lengthy report released last week by President Bush's Gulf Coast recovery chief detailed these and other initiatives, down to the number of passports being issued per week by the reopened New Orleans passport agency (25,000) and the number of air mattresses provided by the federal government (20,000).

Mr. Bush is set for visits to Mississippi on Monday and to New Orleans on Tuesday that are expected to include speeches, neighborhood stops and attendance at an ecumenical prayer service. He has designated Tuesday a National Day of Remembrance. Last week, he pre-emptively played down the importance of the event, cautioning that "a one-year anniversary is just that" and saying that "it's going to take a while to recover."

The White House, aware of the widespread skepticism about its commitment to rebuilding, will use this week's visit to reinforce the message that the president cares about the region and is intent on helping it recover. Instead of heralding the money that has been allocated and spent, said Dan Bartlett, counselor to the president, Mr. Bush will sound uplifting themes "to shine a light on the true grit and character of the citizens who are rebuilding."

Mr. Bartlett said Mr. Bush wanted to "send a message on behalf of all Americans" that the storm's victims would not be forgotten. "The president," he said, "as most Americans, will focus on the anniversary to reflect and remember and to recommit ourselves to seeing the job through."

Nonetheless, the White House sent five cabinet secretaries — from the Departments of Commerce, Education, Justice, Health and Human Services, and Housing and Urban Development — as well as the Gulf Coast reconstruction czar, Donald Powell, to announce mini-initiatives and emphasize that progress was occurring, despite visual evidence suggesting otherwise.

A housing project overhaul, more prosecutors for the local United States attorney, $235 million for displaced students, millions more to rebuild oyster beds: Mr. Bush's deputies have been working to counter persistent dissatisfaction from outside Louisiana with the quality of the federal response.

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In New Orleans, resentment remains deep, particularly among blacks. At the premiere of Spike Lee's HBO hurricane documentary on Aug. 16 at the New Orleans Arena, the crowd hooted vociferously when Mr. Bush appeared on the screen. Its most enthusiastic applause came when local residents interviewed for the film gave voice to the conspiracy theorists' hobbyhorse: that the levees had been blown up deliberately.

Elsewhere in Louisiana, Mr. Bush is not blamed and remains highly popular among whites, a leading Republican pollster said. "They're not going to hold Bush responsible for New Orleans because they didn't like it to start with," said the pollster, Bernie Pinsonat of Baton Rouge, adding, "How would we expect them to recover when they haven't been able to take care of themselves?"

Underscoring the point, Mr. Bush got a locally well-publicized lift last week from a St. Bernard Parish citizen who had traveled to Washington in a replica Federal Emergency Management Agency trailer to meet him, and who turned out to be an ardent supporter of the president.

Going up against the Bush officials are about 20 Democratic members of Congress, including Representative Nancy Pelosi, the House minority leader, as well as Mr. Reid. The representatives will go on the now-obligatory bus tour of New Orleans and participate in the ecumenical prayer service on Tuesday at the New Orleans Convention Center.

There is the politics of commemorating the storm's wreckage, and then there is the wreckage itself. By week's end the Washington visitors will have cleared out, and the ruined neighborhoods will remain. Fears here that the region's lingering woes will be forgotten, never far from the surface, will be as sharp as ever.

On Thursday, Mr. Reid's motorcade breezed through the ruins of Chalmette, a suburb just east of the Lower Ninth Ward that was completely inundated by Hurricane Katrina. Much of it looks as if the storm hit last week, with blocks of ghostly, vacant houses and empty shopping strips; less than a third of the surrounding parish's prestorm population of 75,000 has returned.

With brisk efficiency Mr. Reid, accompanied by Senator Mary L. Landrieu, Democrat of Louisiana, strode through Andrew Jackson Elementary School, one of only two schools open in the parish. Virtually all the students had lost their homes and spent the preceding school year somewhere else. The parking lot is crammed with narrow trailers that serve as living quarters for the teachers.

That unmistakable evidence notwithstanding, Mr. Reid called out to Christine Elliers's fifth-grade class, "Does anyone live in these little trailers?" The response was immediate and unanimous. "We all do!" the class shouted back.

A further initiation into the realities of present-day South Louisiana awaited. "Do we like them?" the teacher called out. "No!" the students shouted back. "Do we have to put up with them?" Ms. Elliers asked. "Yeah!" the students shouted.

Local officials were thin on the ground in this conservative parish to hear Mr. Reid say later, outside the grocery store: "What is needed in New Orleans is public works projects. For as much money as we spend in one week in Iraq, we could create 150,000 jobs."

Lynn Dean, the chairman of the St. Bernard Parish Council, a veteran local Republican, listened skeptically. "Typical partisan talk," Mr. Dean said. "The federal government has put billions of dollars down here already. A lot of the money has been wasted."

Katrina Plan Enacted On Some Fronts, Not On Others (USAT)

USA Today, August 28, 2006

President Bush went before the nation in prime time last Sept. 15, making a variety of pledges to help rebuild the Hurricane Katrina-ravaged Gulf Coast. What Bush said and what's been done nearly a year later:

1. "Our goal is to get people out of the shelters by the middle of October."

·The government moved 275,000 evacuees out of shelters by the end of October.

2. "The federal government will undertake a close partnership with the states of Louisiana and Mississippi, the city of New Orleans, and other Gulf Coast cities, so they can rebuild in a sensible, well-planned way."

·The Department of Housing and Urban Development approved a housing plan for Mississippi on April 4 and two for Louisiana on May 9 and 30. These and other plans for Alabama, Florida and Texas, which also suffered damage from Hurricane Rita, involve the distribution of up to $16.7 billion in block grants. Critics such as Derrick Johnson, president of the Mississippi NAACP, complained about the length of the approval process. "There is always a balance in attention between getting the money out fast and getting the money out responsibly fast," says Donald Powell, federal coordinator for the Office of Gulf Coast Rebuilding.

3. "Tonight I propose the creation of a Gulf Opportunity Zone."

·Bush signed the Gulf Opportunity Zone Act of 2005 into law on Dec. 21. The programs offers tax incentives for business development in the damaged region.

4. "I propose the creation of Worker Recovery Accounts to help those evacuees who need extra help finding work."

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·No action taken by Congress. The proposal called for up to $5,000 in special accounts for Hurricane Katrina evacuees seeking education and job training.

5. “To help lower-income citizens in the hurricane region build new and better lives, I also propose that Congress pass an Urban Homesteading Act.”

·No action taken by Congress. The proposal called for free building sites to low-income citizens via a lottery system.

6. “I've asked USA Freedom Corps to create an information clearinghouse, available at usafreedomcorps.gov, so that families anywhere in the country can find opportunities to help families in the region, or a school can support a school.”

·Went up immediately.

7. “I've ordered every Cabinet secretary to participate in a comprehensive review of the government response to the hurricane. This government will learn the lessons of Hurricane Katrina.”

Feds Say New Orleans Is Storm-ready (AP)

By John Heilprin, Associated Press Writer

The AP, August 27, 2006

Federal emergency officials claim the New Orleans levee system is ready for another major hurricane, despite the less-optimistic views of other political leaders and engineers.

"I think we're in good shape," Don Powell, the Bush administration's coordinator of Gulf Coast rebuilding, said Sunday. "There's no question in my mind, we're ready."

The levees failed after Hurricane Katrina, a Category 4 storm, roared ashore a year ago, flooding the city of New Orleans. The levees were built to withstand a Category 3 storm; the highest level is a Category 5.

The first storm of the Atlantic season was considered likely to have hurricane force as it moved across Cuba and aimed at Florida.

Visitors were ordered to leave the Florida Keys on Sunday.

"We are ready for a hurricane regardless of where it's going to hit," said David Paulison, director of the Federal Emergency Management Agency.

The U.S. Army Corps of Engineers, which says it repaired and reinforced 220 miles of levee walls, has been closely monitoring the storm, which could hit soon after Tuesday's anniversary of Katrina.

"I believe that the levees are ready for hurricane season," Powell said." "The levees are back to where they were pre-Katrina, and they're on their way to being the best, better and stronger then they have ever been."

But officials on the ground — including the head of the U.S. Army Corps — were more skeptical.

Sen. Mary Landrieu, D-La., said the levee repairs alone aren't enough. "They're back up to Category 3," she said. "We need to get them up to Category 5, and we are working to do that."

New Orleans Mayor Ray Nagin said the city was ready — but only to evacuate.

"You will never see a replay of last year, as long as I'm the mayor of the city," he said Sunday. "It's the storm surge that's really the major concern. ... We don't expect the catastrophic failures."

Contradicting other Bush administration officials, Lt. Gen. Carl Strock, the U.S. Army Corps' chief, conceded it isn't clear whether the levees could withstand a big hurricane this year.

"To pinpoint it to one thing and say 'yes' or 'no' is very difficult," he told reporters Saturday.

Gov. Kathleen Blanco, appearing at a news conference with Strock in New Orleans, said she's unhappy with the current strength of the levee system, but believes as much work as possible was done on it in the year since Katrina.

FEMA, which is part of the Department of Homeland Security, should not take all the heat for the problems after Katrina, said Michael Brown, who resigned under intense pressure last September as director of the agency.

"There was a complete breakdown of government" at all levels, Brown said Sunday. But, he also acknowledged, "Of course I failed."

But Brown, who criticized the White House for trying to put a rosy spin on its handling of Katrina and for making him the fall guy for its failings, said he's not sure if New Orleans is ready for another big storm.

Asked whether Brown was made a scapegoat, Powell said he didn't think it was productive to look back. He said money has been committed to rebuild the Gulf Coast.

Only $44 billion of the $110 billion designated for the massive rebuilding project has been spent so far to help get the battered region back on its feet.

Powell made these comments on "Fox News Sunday" and ABC's "This Week," while Brown appeared on ABC. Nagin, Paulison were on NBC's "Meet the Press," Landrieu on ABC's "This Week."

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On the Net:
FEMA: http://www.fema.gov/

Searching For The Face Of Katrina And A Sign Of Hope (opinion) (LAT)

By Scott Gold
The Los Angeles Times, August 28, 2006

NEW ORLEANS -- The first time I met Justice, she was in the Louisiana Superdome, sitting side-saddle on her mother's lap and swinging her legs as if she were on a shady porch, not trapped in a defeated city.

At the time, three days after Hurricane Katrina, she was 17 months old, the same age as my daughter. I wrote about her that night, how she was eating trail mix rescuers had handed out, how I had foolishly advised her mother -- when there was nothing else to eat -- that babies shouldn't eat raisins.

She became, to me, the face of the storm, the face I saw when I thought about everything the Gulf Coast had endured in those terrible months: the decimation of 93,000 square miles, the dead and the displaced, the unmasking of a forgotten American underclass. Did her family, like many survivors of the hurricane, still live with a quiet sadness? Where had they ended up? Wherever it was, did it feel like home? As the first anniversary of the storm approached, I decided to find out.

There are suggestions of progress and recovery here. Billions of dollars in federal aid are headed toward the region. Some have suggested that New Orleans, long one of the poorest cities in America, could become a boomtown. But it's easy to be pessimistic about its future.

Block after block remains abandoned. Crime is up. Suicides have tripled. City Hall -- where the facade is still missing some of the letters in "City Hall" -- announced recently that the anniversary of Katrina would be marked with comedy and fireworks. But there is a pervasive sense that the party is over, and amid public outcry, a more somber memorial has been planned.

Maybe, I thought, finding Justice would provide some hope.

The only concrete leads were on a list -- compiled from voting and property records -- of addresses where Justice's family may have lived before the storm. The first stop was at a house in the working-class Bywater district. One of Justice's relatives appeared to have lived in this "double," a fatter version of the city's narrow "shotgun" homes.

Azaleas had taken over and weeds had erupted through the concrete steps leading to the door. There was no one home, hardly unusual in a city where fewer than half the residents have returned.

Across the bridge that spanned the nearby Industrial Canal, a scrawny man was wrestling the radiator out of a green pickup truck along the roadside. The truck had been struck by a tidal surge that had ripped off its roof. But in New Orleans, where scavengers pick through the rubble every day, it was a find. His hands coated in rust, sweat dripping from his nose, Tyrone Smith said the radiator might fetch $15 or more at the scrap yard.

Smith put in 13 years at a shrimp plant before the storm, a job that vanished amid a crumbling economy. Now he gets $10 an hour rewiring flooded houses. He lives in a gutted house in the 9th Ward, a 42-year-old man sleeping in a bunk bed next to exposed studs pocked with rusty nails.

A pickup truck rumbled down the street. It was a noisy arrival; clamshells swept in from the Gulf still covered many of the streets. "The bossman!" Smith said. He raced off toward the truck.

House after house was vacant. No one remembered Justice or her family.

Next to one of the houses, in the Bywater, neighbor Dymous Henry said seven people are living in the block of 21 dwellings. Even those who have returned, he said, are not really home.

"People here can't take change," said Henry, 48. "There were people who lived in this part of town who had never been Uptown, never been across the river. This has done something to them. Everybody's changed."

In Gentilly, close to Lake Pontchartrain, was a house where Justice's mother, Tonisha, may have lived in 2002. Now, a meaty tree limb juts through the roof.

Across the street were the block's only residents. Renee Daw, 43, who works at a shipping warehouse, and her son, Raynau, 8, rode out the storm at home. When they were chased out of the attic because the water got so high, they kicked out a vent and climbed onto the roof. They were rescued after three days. They returned in April, and live in a Federal Emergency Management Agency trailer parked in front of their gutted house.

New Orleans is not an easy place to be a kid these days. There are two boys Raynau's age three blocks away. They came by to play, once. The local park is padlocked; the bleachers next to the baseball diamond are upside down. Asked what he was going to do with the rest of his day, Raynau just shrugged.

"We mostly just stay in the trailer," Daw said. "We're inside people now."

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In Pontchartrain Park, a neighborhood of postal workers and school teachers that was devastated by a breach in the London Avenue Canal, property records indicated that Tonisha's mother, Winifred Jones, owned a tiny home. Today, the door is missing. There is nothing inside but a toilet and a bathtub full of chunks of drywall.

Down the street, a man living in a FEMA trailer was mowing a neighbor's lawn, not because he has any neighbors, but because snakes and other critters have taken up in the overgrown lots.

"Tonisha?" he said. "That's my goddaughter!"

This was Winifred Jones' house, he confirmed. But when asked where they were living, he snapped: "Why are you asking me all these questions?"

He began to sweat profusely. He grabbed the sides of his baseball cap, pulled it low and retreated into the street, stumbling over a pile of empty bleach bottles, tree limbs and splintered boards.

"Do you know them?" he shouted. "Or don't you?"

It was a valid question; despite the connection that I felt with Justice and her mother, I didn't really know them at all. "I don't mean any harm. I'm just trying to see if they're OK."

"Don't you get it, boy?" he screamed. "Everybody's gone! Everybody's lost!"

Twenty-two houses, in Gentilly, in Pontchartrain Park, in the Bywater. Nothing. Fifty-three phone calls, to FEMA, to City Hall, to disconnected numbers, and to people in North Carolina and Oklahoma who appeared to be relatives or old neighbors, but none knew the family.

An Internet message board set up to reunite storm victims provided a clue I had missed: a note from Winifred Jones written from the Houston Astrodome, which after Katrina had served as a shelter. It included a cell phone number.

A recording said the phone network would not accept messages. Another dead end, it seemed. But a few minutes later, my phone rang. A woman was on the other end: "Who called this number?"

"I'm trying to find Tonisha Jones," I said.

"I'm her auntie," the woman said. She said they were living in Beaumont, Texas. "I'll have her call you in 15 minutes."

When the phone rang, I raced across the room to answer it. I said I was looking for a little girl named Justice.

"That's my baby," Tonisha said. "I remember you."

The next morning, Justice was on the second-floor balcony of a tidy apartment complex on the west side of Beaumont, swinging around her mother's leg, a smile on her face, her red gingham dress billowing behind her.

There were suggestions of home. A scooter was outside the apartment and, inside, a chicken was baking in the oven. Justice's father, Joshua Lonzo, was tying on an apron getting ready to go to work at a grocery store.

But like half a million evacuees who remain scattered across the U.S., Justice's family is still unsettled. Nothing feels familiar. They are still learning their way around the area. The stores don't carry the Cajun spices they used to cook with, or the white Bunny Bread they had used for sandwiches. Dinner is eaten on donated plates, in front of a donated TV.

Tonisha and Joshua Lonzo -- she has recently taken his last name -- were products of the New Orleans projects. Gangs ruled. Drugs were everywhere. Only God, he says, knows how he and Tonisha chose the straight path.

They met at a party when they were 15. They lived across the railroad tracks from each other and went to different high schools but saw each other every day. Their friends joked that they had turned into an old, married couple before their senior prom.

Four years ago, they had their first daughter, Taylor. They married a short time later. Tonisha worked as a cashier at a drug store. Josh was a cook on a riverboat and drove a truck for an upholstery company.

"We were poor," said Tonisha, 25. "But we were making it."

They rented a little clapboard house in the 7th Ward. They bought a bedroom set on layaway. They went into the French Quarter for an occasional daiquiri and stopped by her grandmother's house on weekends for a slice of coconut pie.

On the day the storm came, they gave no thought to leaving the city, like tens of thousands of others. Generations of their family had stayed and ridden out storms and, in any case, they had little money and nowhere to go.

They went to the Superdome better prepared than most of the others. They had crackers, sardines, smoked sausage. They had three changes of clothes for the girls and 25 diapers for Justice.

By the time they got out six days later, everything that had not been lost or stolen -- a couple of boxed meals, some medicine, the keys to a Dodge Intrepid they would never see again and a house that had been destroyed -- fit into a child's suitcase decorated with the Cat in the Hat. The girls were covered in mud and urine. They had lost their shoes, so Tonisha had made them new ones, first by tying plastic bags around their feet, then by tearing strips of fabric from a pair of pants someone gave her.

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After three weeks at a shelter, Tonisha got in touch with her aunt, Galintha Harden, who had also ended up in Texas. Her aunt told her about an apartment in Beaumont that a church had found for another relative, so Tonisha, Josh and the girls took a bus there.

Days after their arrival, Hurricane Rita slammed into the city. "The double whammy," Tonisha said. They fled again, 11 relatives in two cars. They stayed in a hotel in Lafayette, La., for two weeks.

Those were dark days. They were exhausted. Tonisha could not shake the putrid smell of the Superdome.

"I was crazy," she said. "I just kept smelling it, no matter how much we washed. I would sit and cry, cry, cry. Eventually, I realized that I had to stay strong for my kids. I realized that it could have been worse, because we were alive."

In October, Tonisha, Josh, the girls and three other relatives moved into the $550-a-month, two-bedroom apartment in Beaumont. By then, Tonisha had discovered that she was three months pregnant.

It was not an easy pregnancy; doctors hospitalized her for two months because her amniotic fluid was too low and her blood pressure too high. Josh had found work as an automotive technician. But juggling the girls' care and his job proved too much. After he was late to work a couple of times -- even after bringing a note from Tonisha's doctor explaining that she was in the hospital -- he was fired.

They were so strapped for money that at one point they borrowed a car and drove 260 miles to New Orleans to recover $240 in cash that Tonisha remembered she had left in the pocket of Josh's jeans. The money was with the electric bill that Josh was supposed to have dropped off that week.

Looters had already been inside their house, but they had missed the envelope. Tonisha washed the mold off each bill with soap and water.

They miss New Orleans -- the pickled meat and the gumbo, the raucous parades held by the Zulu Social Aid and Pleasure Club. "But it's peaceful here," Tonisha said one recent afternoon, as her girls ran through the courtyard of their apartment complex and pretended to make spaghetti with a pile of twigs.

Justice is a typical toddler, "always looking for trouble," Tonisha said. She gets mad when told she cannot store her toys in the microwave. She is scared of bugs and loud noises. She uses a broomstick to flip on the lights. She is too little to remember the storm, or New Orleans. Tonisha figures that's for the best.

Zoey, the baby, was born in April. She sleeps between Tonisha and Josh. Justice and Taylor sleep in a single bed on the other side of a nightstand crowded with sippie cups, toys and the Bible Tonisha and Josh recently bought to replace the one they lost in the flood.

On July 4, Tonisha's aunt was driving the car they all shared when she was rear-ended by a woman with no insurance. The girls' car seats had been stored in the trunk, which was so badly damaged they couldn't retrieve them.

Tonisha and Josh needed a car of their own. Josh found an ad asking $4,500 for a 1997 Chevrolet Suburban. It was big enough for all of them, but the purchase would sap about a third of their net worth -- and the car had nearly 200,000 miles on it.

"I just hope it lasts," Tonisha said.

Justice had been in the car for a while, and was getting antsy.

"Justice!" Tonisha yelled. "Get away from the door! You want to get hurt?" Justice slouched in the backseat and pouted. Tonisha fiddled with the radio, trying to distract her so she wouldn't cry. "Justice!" she called. "It's your song!"

It was a Mariah Carey song called "Fly Like a Bird." The song is a prayer for strength: "Don't let the world break me tonight. I pray you'll come and carry me home." Justice bobbed her head to the beat, her braids swaying back and forth. Then she put her head on my shoulder and her hand on my arm. Soon, she was asleep.

I stared out the window, thinking about the storm, about everything I'd seen in the past year, about how silly it had been to think that a 2-year-old would be able to provide me with a happy ending.

Gold covered Hurricanes Katrina and Rita and their aftermaths for the past year.

Razing Hopes And Fears (WSJ)

By Chad Terhune

The Wall Street Journal, August 28, 2006

NEW ORLEANS -- Mera Bercy -- fed up with the stench and the rats and the roaches from the abandoned house next door to her home in the flood-battered Gentilly neighborhood -- hopes the city of New Orleans keeps its word.

Officials have promised that beginning tomorrow, the one-year anniversary of Hurricane Katrina's landfall here, they would begin moving to demolish buildings whose owners haven't at least gutted them and cleaned up their lots.

"Their rats and roaches are coming into my home with three small children," complains the 33-year-old Ms. Bercy, who gutted her home in November and is living in a small travel trailer in her front yard as she slowly repairs her single-story brick house. "Obviously the owner next door has moved on. But don't punish me. If they say Aug. 29, make it stick."

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Demolitions won't begin for a few weeks or even months. But New Orleans and neighboring St. Bernard Parish -- two of the hardest-hit areas -- have set the deadline to force tens of thousands of property owners to deal with abandoned, blighted structures that still litter the landscape here and perhaps kick start the area's stagnant recovery. In a vote Friday, the New Orleans City Council stuck to the deadline but spelled out that homeowners will have several weeks to comply with or challenge warning letters or seek a "hardship exemption."

Katrina severely damaged more than 125,000 homes in New Orleans and St. Bernard parishes alone, and it is estimated only about 30% to 50% of residents have returned. Many homeowners don't have the money to rebuild as disputes over denied insurance claims drag on, and an acute shortage of workers and construction materials is crimping efforts and raising costs. Government red tape and property owners' concerns that another devastating storm might wreck any repairs have also bogged down work. Katrina survivors are watching Tropical Storm Ernesto closely as it churns toward the Gulf of Mexico.

The demolition plan has become a flashpoint, pitting neighbor against neighbor in many cases and signaling an important shift among local leaders to focus their efforts and priorities on those who have already returned versus those who may never come back. After the local government demolishes or guts a house, officials will place a lien on the property to force the owners to repay the cost of the work.

"People shouldn't have to live in disgusting neighborhoods with boarded-up homes, uncut grass and debris in the yard," says Joey DiFatta, a St. Bernard Parish Council member. Oliver Thomas, the New Orleans City Council president, agrees. He says the time has come to "focus on the people who've returned so they're not discouraged and leave."

Working in favor of the rebuilding effort is that $7.5 billion in federal aid has started flowing to Louisiana homeowners in the disaster zone. Last week, the Louisiana Recovery Authority started issuing grants for as much as $150,000 to help cover uninsured losses. A similar $3 billion program is under way in Mississippi.

Local officials expect that to trigger an unprecedented construction boom -- with thousands of renovations simultaneously under way across hundreds of miles of southern Louisiana and Mississippi. Of course, that will exacerbate the labor shortage even more. Some experts estimate more than 50,000 additional workers are needed in Louisiana and Mississippi. Already signs begging for laborers are interspersed among thousands of placards plastering the New Orleans area to advertise wallboard removal, mold fumigation and demolition.

To fill the gap, construction companies are offering pay incentives to retain employees, and business groups are pushing for training programs and improved housing options. The Business Roundtable, a Washington D.C.-based association of 160 CEOs at leading companies, has teamed up with state and federal labor officials to launch training efforts in Baton Rouge, La., and Jackson, Miss. The group has a goal of recruiting and training 2,500 entry-level construction workers this year and 20,000 by 2009. The Business Roundtable has put $5 million into the program and state and federal officials have invested more than $20 million toward this initiative and other worker training.

Stephanie Foster, 31, started the four-week training course at Baton Rouge Community College earlier this month. She hopes to earn more than $20 an hour in welding or carpentry -- up from the $8 an hour she made previously as a fast-food cook and cleaning houses. "We have to rebuild to get our people back. If we don't do it ourselves, no one will," she says. Billboards and radio ads promoting the program began airing this month, and nearly 200 participants have finished the program and taken jobs at local builders and bigger companies such as Shaw Group Inc. and Bechtel Group Inc.

The billions for rebuilding "mean nothing if we don't have the hands on the ground," says Tim Johnson, a Baton Rouge consultant organizing the training. "There will be no rebuilding without the craftspeople."

In St. Bernard Parish, the largely blue-collar community east of New Orleans inundated with Katrina floodwaters, Bill and Kathie Lind have invested roughly $150,000 to fix up their home and another rental property they own. Their neighbors have done very little.

Next door on Jupiter Street in Chalmette one home still hasn't been gutted and portions of the roof are collapsing. The Linds' neighbor on the other side recently tore out the interior of his house and a chest-high pile of debris fills the front yard. "Before they set the deadline no one was doing anything," says Mr. Lind, his T-shirt drenched in sweat after clearing weeds in his yard in 95-degree heat. "The deadline is the only thing that will save the parish."

Many homeowners, though, remain skeptical of any government rebuilding effort given the slow, bureaucratic response thus far to Katrina. They also fear the government will demolish structures that are salvageable -- or stick them with excessive liens on their property.

Others are openly hostile. The looming deadline brought out Ray Berger, a 47-year-old motel owner, to clean up his mother-in-law's house on Florida Avenue, not far from Ms. Bercy's Gentilly home. "It's a shame it's a year later, and you don't see any improvement," Mr. Berger said. "But how can we get anything done when we're still battling the insurance companies? If they tear down this house, they will catch a bullet."

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Civil-rights groups in New Orleans have threatened a legal effort to block the city demolition program. New Orleans already has exempted low-income areas such as the Lower Ninth Ward. Property owners in New Orleans can also comply with the deadline by getting on a waiting list for free gutting services offered by some nonprofit groups -- a wait currently running at four to six months as the groups struggle to recruit enough volunteers to meet the enormous demand. It often takes a team of 10 volunteers two to three days to gut one home.

St. Bernard will give property owners 30 days notice before starting demolition. Homes that are structurally sound will only be gutted, officials say.

Joseph and Helen Moore heard about the demolition deadline in St. Bernard Parish from their daughter-in-law and rushed back earlier this month from their new home in Broken Arrow, Okla., to install new doors and windows on their damaged Chalmette house -- one recommended way to get off the demolition list. They intend to sell the house and stay in Oklahoma because they don't consider Louisiana safe from future storms. "Why should we put windows and doors on to make it presentable? They will just be broken out later," said Ms. Moore, a 62-year-old Wal-Mart employee.

Last month, the parish posted a list online of more than 7,000 residential and commercial properties it considered "blighted" out of 27,000 pre-Katrina structures. That number has dwindled to about 4,100 as property owners documented work they'd undertaken.

"Every day we have our screamers and criers," said Gina Hayes, director of the Department of Community Development in St. Bernard Parish. But "our goal is to clean up this area."

Mississippi Town Becomes Steel's City (WSJ)

By Paul Glader

The Wall Street Journal, August 28, 2006

LONG BEACH, Miss. -- Roger Glennon spends his days in a trailer next to the mayor's office here working on plans to rebuild the town hall complex, library, police station and recreation center devastated a year ago by Hurricane Katrina.

The 65-year-old engineer doesn't work for the city, or a local contractor or architect. Instead, he and four other engineers are being paid by Mittal Steel Co., of the Netherlands, the world's largest steelmaker and his former employer. Out of the piles of debris stacked high with wood, Mittal and the rest of the steel industry see an opportunity.

They have adopted Long Beach, a small Gulf Coast city of graceful, mostly wooden homes, where about half of the 6,000 structures were damaged by Katrina.

"Here was a city that was small and not on anybody's radar screen early on," says Larry Williams, executive director for The Steel Framing Alliance, which is affiliated with the American Iron and Steel Institute.

Along with essentially donating the work of five engineers to help local contractors learn to work with steel, Mittal set up a $1 million grant for city rebuilding projects and has helped pay for the annual Christmas party, the yearbook at the local high school, and renovations at the Little League baseball field.

"I took my hard hat and mill shoes along and was ready to dig in," Mr. Glennon says, noting that after he arrived in January the work turned out to be managing contracts and working through bureaucracy of state and federal building rules and disaster funding.

In addition to Mittal's efforts, Mr. Williams's group announced in February that it was pooling $1.1 million from 12 steel companies to launch the Gulf Coast Steel Initiative, a marketing effort to gain more steel-framed buildings in the Gulf Coast region in general and Long Beach in particular, where it is heading up plans to rebuild the community recreation center and senior citizens home, mostly out of steel.

A smaller, but similar marketing effort was launched after Hurricane Andrew struck Florida in 1992 and was credited with boosting steel's market share of home frames to 7% from 1%, with even higher percentages in certain cities such as Orlando. That effort, and the current one, tout steel as stronger and more disaster-resistant than traditional wood framing, which has 78.5% of the market share nationwide.

Concrete makers are also trying to make inroads in the home-construction market at the expense of wood, whose industry trade group is vigorously protecting its market share. The Washington D.C.-based American Forest & Paper Association and its American Wood Council defends the durability of wood-framed buildings. "We are entirely confidant that wood-framed structures, properly constructed, are able to withstand the wind-loads prescribed by the building code," says Ken Bland, director of codes and standards for the organization.

But steelmakers believe natural disasters like Katrina help their cause. General Steel Corp., based in Lakewood, Colo., advertises its pre-engineered building kits on a local radio station, saying their steel-based garages and commercial structures can withstand high winds. "You have to have a catastrophic event to get people out of traditional building methods," said Steve

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Bezner, a partner in Light Gauge Solutions of Arlington, Texas, and president of the Texas branch of the steel-framing alliance, while driving along the beachfront of Long Beach. "We think we can take steel building up a few notches."

The gains won't come easily. Steel is expensive. It costs anywhere from 15% to 40% more to frame or roof a house in steel or concrete rather than in traditional wood framing or asphalt roofing. To help offset the higher costs, the steel coalition is lobbying insurance companies and commissions for preferential insurance rates for homeowners who have steel-framed houses.

But cost isn't the only issue. Most home builders were trained to use wood and don't know how to use other materials. Indeed, several wood framers in the region say they would try steel framing if they could get skilled workers. Wood frames require nails and hammers. Steel frames require screws and drills. "We've looked at steel or modular but we can't get the people for crews," said Ronnie Wirth, a home builder in New Orleans.

Planetta Custom Homes in Slidell, La., is finalizing an agreement with China's Zhongfu Group to build and distribute 600 prefabricated steel houses in Long Beach and other Gulf Coast towns. Vic Planetta says American builders aren't as experienced working with steel and so he wants to bring Chinese engineers and workers to the U.S. to work alongside his own subcontractors. He expects the first steel houses to be built in six months. The Chinese firm, partially government owned, says the homes will be able to withstand winds of 150 miles per hour and will have several different designs ranging in size from 1,250 to 3,000 square feet and priced between $130,000 and $500,000.

"We are open to whatever," said Long Beach Mayor Billy Skellie, who says as long as steel home designs meet building codes, he is willing to "tweak" city ordinances a bit to allow for more steel-intensive housing.

Gulf Coast Taking A Look At 'new Urbanism' (USAT)

By Larry Copeland

USA Today, August 28, 2006

Downtown's main street is lined with bright, welcoming shops, restaurants and small art galleries. The pastel storefronts have colorful awnings; some have apartments on the second floor. Sprawling oaks shade the sidewalks, which are dotted by benches where strollers can take a break to people-watch.

The heart of Ocean Springs largely escaped the fury of Hurricane Katrina a year ago Tuesday. Most businesses are open. Two Dogs Dancing, which boasts "delightful gifts for pets and people," displays some of its wares on the front porch. The Bayou Belle Ladies Apparel store sports a "Yard of the Month" sign on the front lawn.

No one knows how coastal Mississippi will look when it is finally rebuilt from a 28-foot storm surge that scoured the coast here a half-mile or more inland. The 11 Mississippi towns and cities blasted by Katrina each had a distinct style and character.

This city of 17,300 seems the most likely to emerge as the kind of welcoming, village-style community envisioned by Gov. Haley Barbour and the "new urbanists" who designed Mississippi's blueprint for rebuilding.

New urbanism uses zoning to try to recreate the best of the USA's pre-sprawl, small-town past. It promotes communities where people can walk from home to shops and offices. Houses have front porches to encourage neighborliness. Condominiums and apartments are built above shops.

Ocean Springs Mayor Connie Moran says she was quick to embrace new urbanism because her city already cherishes its principles. "It's the old urbanism to which we aspire," she says. "The new urbanism is recreating the old urbanism, and Ocean Springs is a prime example of that."

None of the Katrina-hit coastal communities has adopted the model zoning ordinance that guides new urbanist development.

Biloxi, a casino gambling mecca, has rejected such zoning for its hardest-hit areas. The 10 other cities — Ocean Springs, Bay St. Louis, D'Iberville, Gautier, Gulfport, Long Beach, Moss Point, Pascagoula, Pass Christian and Waveland — are either moving toward implementing the zoning or considering it, according to state officials.

The process has been slowed by a lack of funding, a shortage of staff planners and the cumbersome legal process of making zoning changes, says Ann Daigle, Gulf Coast new urbanism expert for the Mississippi Development Authority, which is supervising much of the rebuilding.

New urbanism isn't an easy sell to some local politicians and state transportation officials, Daigle says. "The people in general … are really listening and learning about this alternative for rebuilding," she says. "What I am discouraged about is that … in general, I think the elected officials are not interested."

Neither are some residents. In a part of the state where tens of thousands of people still live in government trailers and thousands are fighting their insurers over storm damage to their homes, esoteric concepts such as new urbanism are often very low on the priority list.

"It's something different," says Marty Wagoner, 45, a financial planner and 40-year resident. "A lot of people don't accept something they've never seen before."

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As residents get long-awaited checks from the federal government to rebuild their homes, they're doing so in traditional subdivisions. “I'm disappointed because the developers coming in are not as open to developing around these principles,” Daigle says.

New urbanism emphasizes development in “pods,” communities with a discernible center, often a square or a green. The center has a transit stop because public transportation is valued over the automobile. Homes are built in a variety of styles for young and old, families and singles, and people of various incomes. Neighborhoods are designed within a five-minute walk of the town center. Shops and offices are located at the edge of the neighborhood, and the streets are relatively narrow and tree-lined.

Coastal Mississippi, pre-Katrina, had developed in a far different fashion. It was a land of strip malls and distant suburbs, a place defined by the car culture. It has no regional transportation system.

Less than two months after Katrina, Barbour welcomed a rebuilding proposal from Andres Duany, a Miami architect and one of the founders of new urbanism. In October, architects from around the world met for six days in Biloxi. They worked with local architects, planners and community leaders on plans tailored to each city.

The development style doesn't address the stronger building codes or higher elevations that will be required for rebuilding in some areas vulnerable to flooding.

New urbanism got its start in Seaside, Fla., in 1981. The Florida Panhandle city showed that new developments could be built like traditional resort towns and succeed. Since then, several communities have been built. Among them: Legacy Town Center in Plano, Texas; Celebration and Avalon Park in Orlando; Kentlands in Gaithersburg, Md.; the Peninsula Neighborhood in Iowa City; and Harbor Town in Memphis.

Ocean Springs, founded in 1699 as a French colony and now popular with local artists, could be one of the first coastal cities to enact new urbanism zoning.

“We're considering adapting some version,” Mayor Moran, says. “That's going to take quite a lot of public input and tinkering.”

Perhaps the best-known example of new urbanist development in coastal Mississippi is Cottage Square, a planned village of 20 “Katrina cottages” about a mile from Ocean Springs' downtown. The project is being developed within a five-minute walk of an elementary school and a grocery store. There are two cottages on the site now.

A Katrina cottage is a small, permanent house designed as an alternative to the government trailers where many residents are still living. The cottage is homier than a trailer. It has hardwood floors, a spacious living-dining area at the entrance, an inviting front porch.

It's the handiwork of New York designer Marianne Cusato, who last week reached an agreement with Lowe's in which the home improvement giant will manufacture a “kit” so builders can assemble cottages on-site. The 308-square-foot prototype has siding designed to withstand winds up to 130 mph.

Cusato says she created it to incorporate Gulf Coast architectural features. “So much was lost that created such an identity of place,” she says. “If we turn our backs on that and just say ‘let's rebuild,' we've really lost something.”

Several other teams of architects and builders are scrambling to design, build and sell similar structures that can be used as alternatives to trailers. In July, Congress set aside $400 million for a pilot program that could move thousands from trailers to cottages.

Wagoner, the financial planner, and his wife, Lisa, also a financial planner, are building a 768-square-foot Katrina cottage on their beachfront property. It's going to take up to two years to rebuild their house, and they wanted a “home” in the meantime for themselves and twin sons Slay and Cole, 6.

“It wouldn't work for everybody,” Marty Wagoner says of the $80,000-$100,000 cottage. “But it's going to be a nice little house.”

‘Katrina Cough' Sending Many To The Doctor (USAT)

By Liz Szabo

USA Today, August 28, 2006

Nearly a year after the hurricane, some New Orleans residents say they have “Katrina cough” — they blame the storm and its aftermath for their respiratory problems.

Doctors are still debating whether the symptoms are related to the hurricane, and no one knows exactly how many patients have respiratory problems. The American Lung Association of Louisiana has screened about 1,600 people since the hurricane. About 25% had mild to moderate reduced lung function, says Tom Lotz, the association's executive director.

AmeriCares, a relief agency, awarded the lung association $100,000 this month to help people with hurricane-related respiratory problems.

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Nereida Parada, an allergist and pulmonologist at Tulane Health Sciences Center, says she sees many patients with coughs and other symptoms. Some patients developed a cough right after the hurricane. Others with asthma, emphysema or lung diseases noticed that their symptoms have worsened. Patients who live or work in flooded or moldy areas appear most at risk.

"Katrina left a long time ago, and people are still coughing," says Parada, a specialist who sees patients who don't get better after seeing their primary-care doctors.

Parada says patients' problems could have many different causes, including allergies, environmental irritants such as dust or mold, or even gastroesophageal reflux, which can be made worse by stress. Parada says she can't definitively connect these symptoms to the storm.

Paul Timmons, who works for the American Red Cross, says his asthma was under control until October, when he arrived in New Orleans. By December, Timmons, 38, was waking up with night sweats and coughing up sticky phlegm. His fevers went away with treatment. But he says he still wakes up at night unable to breathe.

Some aren't convinced that New Orleans is experiencing an increase in respiratory ills. Maureen Lichtveld, chairwoman of environmental health sciences at the Tulane University School of Public Health and Tropical Medicine, says some patients who blamed their winter coughs on Katrina may have simply had common cold and flu viruses.

Some patients with normal seasonal allergies or winter colds may have mistakenly blamed their symptoms on the hurricane instead of ordinary pollen or common viruses, she says.

And in a report in April, the Louisiana Department of Health and Hospitals found no increase in serious respiratory problems related to the storm. The report's authors note that they studied only patients whose symptoms sent them to the emergency room, so they could not rule out an increase in less-serious problems.

When The Cameras Left (NSWK)

By Holly Bailey

Newsweek, September 4, 2006

Bronwynne Bassier was desperate. Roaming the streets of her Biloxi, Miss., neighborhood four days after Katrina, scavenging for food and clothes for her 2-year-old son, Bassier stumbled upon the one man who presumably could help: President George W. Bush. Rushing toward him, the 22-year-old single mother pleaded and sobbed. "My son needs clothes," she cried. "I've lost everything." Momentarily stunned, Bush appeared on the verge of tears himself as he listened. Bush tried to direct her and her younger sister, Kim, toward a Salvation Army shelter down the road, but ultimately comforted them the only way he knew how: he hugged them. "Hang in there," he told Bassier, kissing her forehead. "We're going to take care of you." Press cameras captured the moment and beamed the image of compassion around the globe.

A year later, Bassier's life remains like that of countless other Katrina victims: she lives in a FEMA trailer with her son and new husband. Her story offers a window into the workaday reality of life post-Katrina. "Meeting [Bush] didn't really change anything for me," Bassier tells NEWSWEEK. "I've been just like everybody else, trying to move forward with my life one day at a time." In a new NEWSWEEK Poll, 51 percent of Americans say they don't think Bush has followed through on his promises to rebuild New Orleans and the Gulf Coast.

To complicate matters, Bassier—a native of South Africa—has had a hard time getting a work visa. She'd applied for one after graduating from a local college last summer, but in the chaos of Katrina, the Department of Homeland Security lost the paperwork. More than a year later, her application is still pending. In May, Bassier sent a letter to the man who'd been there for her last year. But as of last Thursday, the president still hadn't responded. A White House spokeswoman confirmed last week that the administration received it, but said it had been forwarded to DHS. "We don't intervene in individual cases," says Deputy Press Secretary Dana Perino.

This chapter of Bassier's story may yet have a happy ending: after NEWSWEEK's inquiries, Bassier received a call Friday from the White House inviting her to meet with President Bush this Monday when he visits Gulfport to mark the first anniversary of Katrina. (A White House aide tells NEWSWEEK that the invitation had long been in the works, but they hadn't been able to locate her until Friday.) She plans to make her case in person for a work visa. And she wants to thank President Bush for coming back. She's not angry, but she's looking for more than a hug.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, August 28, 2006

Ping-Pong Still Works in China

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He's not one to brag, but the fact is Minnesota Republican Sen. Norm Coleman was a mean Ping-Pong player back in college. "I spent a lot of hours in the game room," he chuckles. So trying to scare up a match during an official trip to China seemed like a neat thing to do. Nothing serious, mind you, but something still reminiscent of the famous 1971 Ping-Pong diplomacy that marked a thaw in U.S.-Chinese relations. "I thought they were going to just meet at like a Boys or Girls Club and play with a couple of kids," he says. "Instead, I walk into the National People's Congress building, and they've got this table set up and some former world champions to play! Clearly the Chinese thought ahead of us."

He actually held his own. "I got a few points," says Coleman, part of a just-returned Senate delegation that yearly meets with Chinese counterparts. Better yet, playing their sport on their turf opened up top Chinese officials including President Hu Jintao-who singled out Coleman's game-to the delegation's urgings on arming Iran and other issues. "It created a little bond, a little relationship there," says Coleman. And an Olympic spirit. "I told President Hu that I will be working on my game for our next interparliamentary visit to China in two years," he says. "Let's just say the Olympians won't be the only ones competing in Beijing in 2008."

Playing Soon in Congress: the NFL

NFL Network play-by-play man Bryant Gumbel is under fire for suggesting on his HBO show that retiring National Football League Commissioner Paul Tagliabue has NFL Players Association prez Gene Upshaw on a "leash." But he might soon get some powerful allies. We hear that members of the House Judiciary Committee are interested in just how cozy the NFLPA and NFL have become and are concerned about the players association's rules governing professional agents. "This whole look at sports started with the baseball steroids scandal," says a House insider. "Now we're looking wider." What sparked Congress's new interest was the two-year suspension of star agent Carl Poston before a planned arbitration hearing with the NFLPA. He went to his congresswoman, Rep. Sheila Jackson Lee, for help, and now several lawmakers and the Judiciary Committee are looking into his case. NFLPA officials say they handled the case by the book and don't think Congress should butt in. And, anyway, they add, Poston should be punished for somehow missing a $6.5 million bonus for client LaVar Arrington when he played for the Washington Redskins. Still, they have scheduled an arbitration hearing on his suspension. A meeting between lawmakers and the NFLPA is planned, and Hill insiders say hearings-and legislation-could follow.

A Hamas Copycat at Work in Iraq

Hamas, the terrorist group that now runs the Palestinian National Authority, appears to be a model for radical Shiite cleric Moqtada al-Sadr and his Mahdi Army's move to take control of Iraq, say senior military officials. Following the Hamas bid to run sewer, health, and other social services that could help win the hearts and minds of Palestinians, Sadr's efforts look like a copycat move. "Sadr's militia is doing the same kinds of things," says a senior defense official.

The Official Book on Dick Cheney

Vice President Dick Cheney is finally getting the book-length biography treatment-and he's playing along. We hear that the Weekly Standard's Stephen Hayes is hot on the case and plans to publish a bio titled, naturally enough, Cheney as early as next spring. "I'm not a historian," Hayes fesses up. "I approached it like a long magazine article." A very long article, considering Cheney's been in the public eye for some five decades. "It's a pretty unique perspective of American history over the last 50 years," Hayes says of Cheney, who worked in three administrations before being tagged by George W. Bush as veep. As is Bush with biographer Robert Draper, we hear Cheney, his staff, and friends are cooperating. So what's surprised Hayes so far? Cheney isn't just a hawk but a strong advocate for the "softer side of the Bush doctrine, advocacy of democracy." Also: "He's much more a normal person than his public persona." And maybe one reason that Cheney floundered at Yale: Pals told Hayes that he "pined" for his girlfriend Lynne, now Mrs. Cheney.

What, Me Worry? Not This President

A bloody war, bad polls, and his beloved Texas Rangers several games out of first, you'd think President Bush would be bummed out. But pals say he's as happy as ever. We checked in with those who attended last week's fundraiser for Virginia Sen. George Allen at the home of former Republican National Chairman Ed Gillespie. The prez gave an animated history of the Oval Office and told of how optimistic he is about the future. He spent time schmoozing and even beckoned neighborhood kids over for a picture. "He was cranked up," we're told, though he might have been euphoric because the following day he was flying to his parents' Maine home for a day of fishing.

'Tis the Season to Go With the Saints

Donald Powell has gone native. President Bush's man in charge of cleaning up the mess left by Hurricane Katrina says his nine months on the job has changed him forever. "This has been a defining moment in my life," says the likable Texan and former Federal Deposit Insurance Corp. head. "When I come up here [to Washington], I feel like I need to get back down there." Here's just a bit of proof that he's become NOLA's biggest fan: Powell plans to attend the reopening of the Superdome, home to so many terrible post-Katrina stories, for the Saints-Atlanta Falcons game on September 25. And he promises he'll be wearing a

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Saints jersey with QB Drew Brees's No. 9 on it. "You can write that on August 22 I predicted that the Saints will make the playoffs," says the federal coordinator of Gulf Coast rebuilding. "They'll be playing for more than just themselves."

Bush's Brownie (TIME)

By Carolyn Sayre

Time, September 4, 2006

No one has to tell MICHAEL BROWN he's doing a heckuva job anymore. He's his own boss now. Brown, 51, who was FEMA director when Katrina hit last August, was roundly pilloried for mishandling the relief effort after the hurricane. At first President Bush stood by him, but two weeks after the storm, Brown resigned. For six weeks, he continued to work for FEMA as a consultant. Then he set up his own shop--in disaster preparedness. His firm, Michael D. Brown LLC, draws on the lessons of Katrina to help corporate clients implement contingency plans ahead of natural disasters. He has taken his unapologetic message to Congress. Testifying in February, he blamed his bosses at the Department of Homeland Security for FEMA's response to Katrina and urged "corrective action" so that "disasters don't occur in the future." "If we don't learn from this, then shame on us," he said in an interview with NBC. "I will have been scapegoated for nothing."

New Orleans Blues (NSWK)

By Evan Thomas, Jonathan Darman And Sarah Childress, Newsweek

Newsweek, August 28, 2006

Charged with rebuilding his city and decisively re-elected six months ago, Mayor Ray Nagin remains an elusive character and a controversial leader—and miles of the Big Easy are still uninhabitable.

Ray Nagin, the mayor of New Orleans, had been avoiding a group of particularly determined—and strident—community activists who were after him to do more to rebuild the Lower Ninth Ward, a working-class, predominantly black area that was wiped out by Hurricane Katrina. A year after the storm, New Orleans water and sewer pipes are still badly damaged, and the city has been unable to certify that the water is drinkable in much of the blighted but once tightknit neighborhood known as Lower Nine. At a press conference on Aug. 1, the mayor tried to be good-humored when he was confronted by Vanessa Gueringer, a particularly vocal organizer for a community group called ACORN.

"Oh, Miss Acorn," said Nagin with a smile, "Are you still mad at me?"

"Hell yeah!" she shot back. "Is the water certified in Lower Nine?"

Nagin's smile faded.

"You can't see the good in anything," he said.

"No, I can't," said Gueringer, "because my community is still being locked out. And I'm still angry."

Nagin tried to reassure her about the water. "I'm working on it, I'm working on it, we have people down there every day."

"No, you don't," Gueringer snapped. "I know you're lying to me, Mr. Mayor."

Nagin walked away. (His staff later said he needed to get to an appointment.)

The blame game for New Orleans's sorry state is many-sided. The Bush administration, the governor's office in Baton Rouge and city hall all share some responsibility for the slow state of reconstruction. So does the culture of New Orleans itself. When San Francisco was destroyed by an earthquake in 1906, the raw, capitalist spirit of the place was regenerative. New Orleanians have traditionally been more fatalistic and classbound. (Though San Francisco, too, was plagued by racial division: the city fathers originally wanted to use the earthquake as an excuse to drive out Chinese immigrants, until the Empress Dowager of China personally protested and the California governor intervened to halt the forced relocation plan.) Even though Congress has appropriated more than $100 billion for the recovery effort along the Gulf Coast, New Orleans is only now just beginning to get serious money for rebuilding.

Nothing in Ray Nagin's career as a cable-TV executive or first-term mayor of a smallish (and shrinking) American city prepared him to cope with the rough equivalent of an atom bomb detonating off the coast. He can't be faulted for shoddily built levees, or a vacationing, clueless White House, or the Force of Nature. Even so, he is the theater commander in the battle to save New Orleans, and the war is still not going well.

It is very difficult to be in Nagin's shoes. He is intelligent and independent and not corrupt, qualities not always associated with Louisiana fat-cat politics. But he can be ineffectual, too eager to please and too easily distracted. He lacks the dominating personal force of a Rudy Giuliani pulling New York together on 9/11. Nagin can be touchy about invidious comparisons with New York: questioned about the slow pace of rebuilding in his own city, he gave NEWSWEEK his controversial anniversary talking point—"They still have a big hole in the ground after five years."

Tough words, but it should be noted the damage wreaked by Katrina to New Orleans far surpassed the lasting physical impact of the downed Twin Towers. A year after the storm flooded New Orleans and killed more than a thousand people, the city

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has lost more than half its population. Water and electrical service are still out in some low-lying areas, garbage collection is spotty, many schools and hospitals are still closed, and the city buses don't run regularly or on time. Whole blocks still look as though they were bombed. On a sultry afternoon in late August, along Florida Avenue near the now repaired Industrial Canal, gawkers stopped to photograph a house sitting on top of a car. The Gray Line bus company runs a Hurricane Katrina Tour, which charges tourists $35 a day to look at some of the worst-hit spots. (A NEWSWEEK Poll found that 58 percent of Americans are "dissatisfied" with the progress on rebuilding New Orleans and the Gulf Coast.)

There are, in some ways, two New Orleanses. The city's original crescent, "the sliver by the river" of high ground along the Mississippi, was not badly damaged by Katrina. Housing prices are booming and even Donald Trump is looking to invest. But the lower-lying areas stretching toward Lake Pontchartrain are still battered.

The sense of anger and suspicion among Lower Ninth residents, many of whom believe they are being conspired against by white uptown developers, has been a burden for Nagin. His attempts to deal with that sense of alienation bring into sharp relief the mayor's uncomfortable place in the Big Easy. He has always had a foot in both worlds of New Orleans, rich white as well as poor black. His almost unique position could have been a blessing, allowing him to bridge deep divides, something he has failed to accomplish.

Nagin has no deep roots in any one part of New Orleans. He was born in Treme, a middle-class neighborhood traditionally populated by Creoles, who sometimes "passed" for white in the Jim Crow days. The son of a janitor, Nagin himself grew up poor, and for much of his upbringing, he lived in Algiers, a blue-collar community across the Mississippi that is regarded by old New Orleanians as Over There. After getting a baseball scholarship at Tuskegee Institute and an M.B.A. at Tulane, he became a successful businessman. He was the candidate of the elite and the business community when he ran for mayor in 2002. He won 80 percent of the white vote and 20 percent of the black vote, good enough to carry a city that was roughly 70 percent black, 30 percent white.

Katrina seemed to catch Nagin, like the rest of his city, by surprise. He was slow to order an evacuation, and during the storm he had little communication with the Feds (or, for that matter, his own city council). He gained national attention by ranting on a local radio show that the state and federal authorities should "get off their a---s and do something." Normally, "I'm a pretty even-keeled guy," he told NEWSWEEK. "I don't get too high or low."

Nagin is not easy to read. At meetings, he'll frequently slouch to one side or lean his arms and torso way up on the table. The people involved with Nagin's latest plan to rebuild New Orleans, his "100 Days Initiative," won't describe the organization's structure, not because they're required to keep it confidential, but because, they say, the structure exists mainly in Nagin's head. Nagin acknowledges that he has been called a "lone wolf," though he rejects the caricature.

Nagin has a few longtime close advisers, but his administration has been a revolving door. He moves with grace, and is charming and easygoing, though cool and a little detached. He has been called "Mayor Hottie," according to the New Orleans Times-Picayune, but he is hardly a swinger. A family man who likes to play golf, Nagin has been married for 23 years and has three children. He prefers not to show his hand too quickly, and always reserves the right to change his mind.

About a month after Katrina, the city's movers and shakers met at a local restaurant, still serving on paper plates, to talk about New Orleans's future. "The mayor was there for three hours, table-hopping," recalls Douglas Ahlers, a local entrepreneur who became involved in city planning. "But instead of going around saying, 'What do you need? What are you going to do? How can we help?' it was as if it was just a regular Friday lunch in old New Orleans. I realized he wasn't working the issues, just glad-handing."

Nagin did create an ambitious-sounding Bring New Orleans Back Commission in late September and appointed a racially mixed (eight whites, eight blacks, one Hispanic) panel of local worthies to offer recommendations. The most forceful presence on the panel was a wealthy developer, 69-year-old Joe Canizaro, a "git-r-dun" type with close ties to the Bush White House. The commission brought in professional urban planners who suggested that a smaller, drier New Orleans might be healthier and safer. The planners suggested that parts of the lower-lying areas—which were disproportionately populated by African-Americans—be returned to cypress swampland. In an interview with NEWSWEEK, Canizaro said he believed that the mayor would act on the BNOB proposals. "I had no doubt," he said.

Nagin now says that he never wanted the BNOB to be "his" plan but rather a forum for ideas that he could use or discard. When the plan was unveiled at a public meeting in early January, the hotel ballroom erupted with angry protesters. Conspiracy theories were racing through the black community that white developers wanted to drive blacks from the city and seize their property. (The Lower Ninth Ward, in particular, has a higher homeownership—about 60 percent—than most of the city.) Nagin began publicly backing away from the BNOB plan, insisting the Lower Nine would be rebuilt, or making ambiguous or contradictory remarks to a variety of different audiences. Canizaro was desperately trying to get Nagin to go to Washington and present the BNOB plan to policymakers and members of Congress, to show that the city would make wise use of federal dollars.

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Each time he asked Nagin, Canizaro said, Nagin would reply, "We're going to do it." But nothing would happen. "That was the height of frustration," Canizaro recalled. "That's when I realized the Bring New Orleans Back plan was in serious jeopardy."

Nagin was already shifting into campaign mode—the election was scheduled for late March. A month after Katrina, Nagin had met quietly with his chief political adviser, Jim Carvin, a white man in a wheelchair who is a New Orleans institution (at 77, he has been the winning strategist in 10 straight mayoral races). In an interview with NEWSWEEK, Carvin recalled that Nagin was worried that he would be the fall guy for Katrina. Carvin says he told him that "we would get the black vote, and we would get enough of the black vote to win." Carvin says he coached Nagin to chase the post-Katrina diaspora and assure them that they would get their city back: "Get out of town," Carvin instructed the mayor. "Go to Houston, Atlanta, Birmingham. Talk to the displaced voters. Say, 'I'm going to rebuild it'."

On Martin Luther King Day, just a few days after the blowup over the BNOB plan, Nagin made a speech that drew national headlines and not a few political-obituary notices. Speaking to a mostly black audience, he vowed that the city of New Orleans would once again be "chocolate" because "it's the way God wants it to be. You can't have New Orleans no other way." Nagin says he knew what he was doing. "I wanted to be a little edgy because I knew that the national media ... would pick it up and spread the word to displaced voters in other states." ("Chocolate City" is the name of a Parliament album that Nagin listened to in college.)

Nagin's political instincts were spot-on. In a runoff election in May, he beat a white candidate, Mitch Landrieu, winning more than 80 percent of the black vote and about 20 percent of the white vote. Both candidates avoided the touchy issue of whether New Orleans needed to "shrink its footprint," and vaguely promised a plan to rebuild the city if elected. At Sunday mass after the election, Nagin told reporters, "I'm on my boogie board, I'm just going to keep on riding." He announced a "100 Day Plan" to rebuild the city, which immediately became the butt of jokes. Was it supposed to be a plan for rebuilding the city in 100 days, or was it going to take 100 days to release the plan? "The answer's still out there; which one was it?" said a former Nagin adviser, who requested anonymity because he did not want to offend the mayor. Actually, the 100 Day Plan envisions a bottom-up approach: each community will come up with its own plan, and these plans will be knitted together in a larger plan. With less than two weeks to go on Nagin's 100 Days, some communities, like middle-class Broadmoor, are far along, and some neighborhoods, like the Lower Ninth, are still basically nowhere.

Nagin himself has been out of town for much of the time, making speeches to various groups. His detachment vexes some local organizers. The Rev. Leonard Lucas Jr., the wealthy pastor of the Light City Church in Lower Nine, styles himself as Nagin's black conscience. Devoted to getting jobs and federal money into Lower Nine, Lucas seized on the reconstruction of the Jackson Barracks, the local home of a Louisiana National Guard unit, as a chance to get contracts for minority-owned companies. Lucas persuaded Nagin to go to a meeting on the project, and crowed afterward, "We got the mayor onboard and he liked it. He didn't like it—he loved it!" But then Lucas never heard back from Nagin. Now the reverend is bitter. "I've never seen a black man hate his people like that. All he did was sell his people out." Calling Nagin a "white Republican," he denounced the mayor for joining with the white business community in trying to drive blacks out of the city.

Nagin insists he's trying to restore black neighborhoods but accepts that he is going to be a target of frustration. "I'm the mayor, I take those hits at times," he says. Nagin worries about the effect of the rough publicity on his wife and kids, who only this past week were able to move back into their house, which was buffeted and flooded in the storm and is still not entirely repaired. ("My daughter went into her room, kissed the carpet, kissed her bed and kissed the wall," says Nagin.) He has been tending to his own soul, reading a book called "Inspiration: Your Ultimate Calling," a New Age spirituality book that asks readers to remember the "voice in the Universe entreating us to remember our purpose ... " Nagin says his calling is to "find broken stuff ... I do turnaround, I do fixes, I start up stuff."

Nagin cannot run for a third term, and he is vague about his ambitions for higher office. "Every time I go somewhere somebody wants to throw a fund-raiser for me," says Nagin. "So I don't know, man, I'm raising money the easiest I've ever done in my life. I'm serious. I mean big money." Asked if he'd like to be a national leader, he answers, "It depends, man, then I'd have to do the party thing. I don't like any of those parties. I'd rather throw my own party." Carvin, the mayor's political adviser, says that Nagin "doesn't like politics. He's not comfortable with it. He's not comfortable with the wheeling and dealing that goes on in politics." Carvin, who has not seen much of Nagin since the election, is disappointed in his pupil. "He had a marvelous opportunity, having won the election against all odds, to try to pull it together and exhibit all the qualities that a leader should have," says the old political hand. "And he just hasn't done that." Until he does, New Orleans will remain a smaller, sadder city.

Freret Street Revisited (USNEWS)

By Anna Mulrine

U.S. News and World Report, August 28, 2006

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When it comes to their people skills, New Orleanians have for centuries prided themselves on a couple of things: being generous in their acceptance of human frailty, and tolerant of the ghost stories told to them by others. One year since Hurricane Katrina made landfall, killing some 1,700 and uprooting thousands in a diaspora not seen since the Dust Bowl, these are a fraction of the survival skills that come in handy in a town filled with empty homes still scarred with traces of grimy floodlines-and haunted with the memories of loved ones no longer living in them.

Today the city is at under half of its pre-Katrina population of 455,000. Most residents have yet to return, and those who have managed to make their way back are greeted with the specter of levees that still cannot withstand another big storm, insurance payouts that may never come, and a city government whose push-me, pull-you planning initiatives have stalled time and again.

On Freret Street and in the city's 72 other neighborhoods, the absence of a master plan has forced residents to take matters into their own hands, to rebuild in the face of local leadership that the most charitable of Crescent City inhabitants have dubbed "nonchalant." On any weeknight, after their day jobs are done, folks get friends together to gut mold-infested homes in the Ninth Ward, recruit neighborhood kids to paint street names on salvaged two-by-fours in Broadmoor, and sell T-shirts to raise money for the likes of, say, fire stations in Lakeview. "The best things happening in this city are happening without and in spite of the government," says Lauren Anderson, director of the nonprofit Neighborhood Housing Services on Freret Street, where the office file cabinets are now up on cinderblocks and clients stop by with tales of skyrocketing utility bills and homeowners insurance rates that have doubled since the storm-even for houses that weren't touched by floodwaters.

In the meantime, residents disgusted with the pace of planning have begun to pull up stakes and leave, heartsick at spiraling murder rates and beaten down by the accumulation of daily indignities: monster potholes, weak water pressure, and dwindling access to day-care centers, 80 percent of which have disappeared since the storm. Some are simply getting priced out-rents have risen 40 percent, because so much of the housing stock is uninhabitable. For those who remain, the enormousness of the task can be overwhelming if you dwell on it, says Anderson. It's tough to take in the scope of cleanup necessary for a storm that created, for example, 50 million cubic yards of trash (with 8.2 million collected as of July, according to city estimates)-and that has left a quarter-million wrecked cars on the streets, which the city only recently began towing away, to much fanfare. "Sometimes," says Anderson, "the only way to be here is to live in denial."

Carnage. Sarah Parker faces the stark reality of the storm's aftermath every day at the eastern end of Freret Street, near what have long been a handful of "hot" drug corners. When U.S. News met her in December, she was lonely, missing her sister and niece who once lived next door. Today, she is growing increasingly concerned with violence that is shocking even in a city that has long vied for the dubious distinction of murder capital of the country: A quintuple homicide just a few blocks from where Parker lives forced the city to call in the National Guard earlier this summer. But not much has changed. "Oh, Lord, that crime is bad," she says, sitting on her stoop as she surveys two teens strolling down the sidewalk across the street. Notorious drug dealers, she explains as she waves congenially in their direction. "You can't let them know you're scared." While the homes across the street have recently been repainted in bright yellows and pinks, most remain empty and feel incongruous on this street where so many others remain abandoned. Next door, kids climb in and out of windows at all hours to stash drugs and light up "Lord knows what," says Parker. "They put their little stuff in the house, up under there,"she adds, pointing to the window screens.

The city recently launched a plan to reclaim abandoned property and set a deadline for gutting flood-damaged homes, but in the meantime Parker worries that her kids could be shot by a stray bullet in one of the myriad turf wars now being waged here. Every day she calls a city number to report the abandoned house next to hers, and every day she hears gunshots. She worries, too, that the house next door could go up in flames and take hers with it. For these reasons and more, Parker has struggled with anxiety and depression since the storm. But counseling is a luxury in a town where only 22 of 196 psychiatrists who were practicing pre-Katrina have returned. Parker got a boost a couple of months ago when her sister-in-law was able to leave San Antonio, her temporary home in the wake of the evacuation, to return to New Orleans. Now Parker has a confidant, and someone to help her watch her children and her daughter's new baby, her first grandchild. That baby is part of a boomlet of sorts that has hit New Orleans since the storm, where the birthrate has risen an estimated 25 percent this year.

But Parker remains terribly worried about the conditions in her neighborhood. Last month she begged her husband, Peter, to come back from his job upstate, where he was earning good money and commuting home on weekends, to live with her again. He is back now, but Sarah would feel safer if she saw more of the police-"and if they would get out of their little cars and walk some," she says.

Citywide, emergency responders are overwhelmed and understaffed. The police force now stands at 1,452, having lost 362 officers post-Katrina. The department is budgeted for 1,700 officers, but applications are down-only 12 recruits have been added in a year-while more cops leave every month, including 25 in July alone. Throughout the city, hospital beds are at a

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premium and patients report emergency room waits of upwards of eight hours on a good day. Firefighters, too, are underfunded and understaffed, operating on a budget that has been reduced by nearly a third since the storm.

Up in flames. Those cuts may have made the difference for the Original Brown Derby. Back in November, U.S. News met the owner of the corner grocery, Sam Ottallah, as he was struggling to scrape together enough money to rebuild his business after the storm. He did not have flood insurance, and he and his wife and children did without window shades, some furniture, and other items that Ottallah considered luxuries in the family's flooded home to save money to stock his store shelves. The store reopened and was doing brisk business. That is, until it burned down this May, felled in a four-alarm fire.

Firefighters said they would have been able to arrive sooner had they not needed to respond from a station nearly 10 minutes away-instead of one two blocks down the street that the city didn't have the funds to keep open. By the time cashier Vivian Richards-still in her pajamas-joined Ottallah at the Derby just after 5 a.m., it was consumed by flames caused by a gas leak. "He cried his little heart out," says Richards of her longtime friend and boss.But like most New Orleanians, they did not surrender to sorrow. At her local nail salon, Richards heard of some vacant property just a couple of blocks from the old shop, on Louisiana Avenue. Ottallah, Richards, and her son, Dennis, restocked the shelves and reopened for business just a month and a half later.

Throughout the city, three quarters of locally owned shops are now back in business, compared with less than half of the national chains. Celestine Dunbar is hoping to be among this number soon, praying for one of the small-business grants that she hopes will be more available once the city has a unified plan. In the meantime, during one recent meeting, Freret Street business owners agreed to help Celestine and her family plan some fundraising to get their restaurant, Dunbar's, running again; it was flooded out and closed following the storm. The New Orleans soul food institution had hosted local politicos and national celebrities. But without flood insurance, Dunbar and her daughter Peggy Radliff have struggled to reopen. Dunbar is now cooking out of her home to make some cash, and without the money to pay contractors, the family plans to gather on Freret in the months ahead and rehabilitate the place, slowly, week by week if they have to. But Dunbar remains concerned about whether she will be able to employ 15 full-time staffers, as she did before, in a city where salaries are rising in the face of worker shortages and a labor force that is 30 percent smaller post-Katrina.

Housing. Those without the means to get back to their hometown at all feel neglected, too. In June, the Department of Housing and Urban Development announced plans to demolish several public housing complexes throughout the city, including C.J. Peete on Freret Street, home to former New Orleans residents like Theresa Harness, now living in Houston, and her son, Malik, 15. U.S. News spoke with them in December , when Harness returned to clean out her old apartment in C.J. Peete, an apartment she'd lived in for 26 years. Theresa and Malik have been trying to get back home to New Orleans ever since. "We can't find a place to stay yet," says Malik. There have been protests surrounding the announced closures-local casino Harrah's, desperate for workers, weighed in to support more affordable housing-but Malik just has Mardi Gras on his mind, already wondering if he'll be able to play his alto sax in his old school, to parade next February in the one city where it is the cool kids who are in the marching band. "I really wanted to get back home," he says. "But we're just going to work harder to make sure we get back next year."

Residents in neighborhoods forced to prove their viability had to make sure they made it back even earlier, when the city's Bring New Orleans Back commission unveiled what became known throughout town as the "green dots" debacle. The plan set aside some of the hardest hit, most flood-prone neighborhoods for parklands, including predominantly African-American areas like the Lower Ninth Ward, a decision that enraged residents and sparked charges of racial discrimination. The city later backtracked, saying that if those neighborhoods could prove their viability and the intent of residents to return, they would survive. And so neighborhoods banded together, offering fellow communities advice on the fine points of navigating city council. Throughout the summer the Freret neighborhood, in which only a small section was green-dotted, received tips and borrowed volunteers from the Broadmoor community just to its north, a neighborhood that was badly flooded and had to fight for its life to prove its viability to the city.

Today, an agreement reached by the Greater New Orleans Foundation fully 10 months after the storm seeks to weave the plans of individual neighborhoods into a unified city effort, thanks to a $3.5 million grant from the Rockefeller Foundation that helped match up neighborhoods with urban planners of their choice. But while this master plan integrates the wishes of the residents, it also sidesteps key environmental concerns, say critics-and it isn't slated to be complete until the end of the year. "We hear, 'Why don't you just get in there and plan the damn thing?'" says Steven Bingler, the architect in charge of the revamped process. "But if there's anything that's come out of this whole enterprise that has major significance, it's this whole concept of democratic process and self-determination." The struggle to survive also created dynamics that many hope will be the key to a stronger city, particularly in Freret, says Anderson of Neighborhood Housing Services. "People are so much more civically engaged since the storm."

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As children returned to school last week, Jesse Murdoch was fixing up his new business, an ice cream shop that he plans to open on Freret Street next month as part of a new, blue block of storefronts that have been developed since the storm. In the meantime he is living with his wife and four daughters in a Federal Emergency Management Agency trailer-the kind of sacrifice countless residents across the city are making to save money. Murdoch is optimistic but also filled with anxiety as his hometown enters the peak of a hurricane season that could make or break it. Like so many residents here, he is rolling the dice, hoping for the best-and gambling, he says, everything he has.

SLOW GROWTH

Back in February, U.S. News charted the efforts of residents to rebuild on Freret Street, a 3.8-mile stretch of road running from the Pontchartrain Expressway in the east to the Mississippi River bend in the west. Katrina's flood line wove in and out of homes and businesses, uprooting many lives there. Since February, a lot has happened to the denizens of Freret Street; these are their updated stories.

Poll: U.S. Not Ready For Major Disaster (AP)

By Hope Yen

The AP, August 27, 2006

Their confidence shaken by Katrina, most Americans don't believe the nation is ready for another major disaster, a new AP-Ipsos poll finds.

Poor people are more likely to fear becoming victims of the next disaster.

The survey, conducted one year after the devastating hurricane and with much of New Orleans still in shambles, found diminishing faith in the government's ability to deal with emergencies. It also gave President Bush poor marks for his handling of the storm's aftermath.

The region could get an eerily timed test of preparedness with forecasters concerned that a storm system named Ernesto could be at hurricane strength as it crosses over Cuba and heads across the Florida Keys this week.

Fifty-seven percent in the poll said they felt at least somewhat strongly the country was ill-prepared — up from 44 percent in the days after the storm slammed ashore on Aug. 29, 2005. Just one in three Americans polled believe Bush did a good job with Katrina, down from 46 percent a year ago.

"Nobody actually realized soon enough what the scope of this thing was," said Frank Sheppard, a 63-year-old retiree in Valrico, Fla., who considers himself strongly Republican. "The day after, people were actually celebrating."

"They didn't realize that the levees were deteriorating and breaking at that time," he said.

One year after Katrina, large areas of New Orleans remain virtually uninhabitable with piles of debris and wrecked cars.

Only $117 million in at least $25 billion in federal aid has reached the city, while federal investigators determined that roughly $2 billion in taxpayer money was wasted in no-bid contracts and disaster aid to people who did not need the help.

Norma Guelker, 55, of Bay St. Louis, Miss., still lives in a FEMA trailer after Katrina flooded her home with seven feet of water. She says there's no way the government is ready.

Blaming Bush, she said: "There's no reason for him to be concerned about the people who live here. They're not the people who vote for him."

Bush, who visits the recovering storm zone Monday and Tuesday, has sought to deflect the torrent of criticism, saying that rebuilding takes time.

Democrats are hoping to capitalize for the November congressional elections, such as among black and poor people, many of whom were unable to escape Katrina and the flooding it caused.

On Monday, Democrats on the House Homeland Security Committee planned to release a fresh report that summarizes instances where small businesses in the Gulf Coast region were hurt as limited- or no-bid contracts were awarded to politically connected large firms in the weeks after the storm.

The AP-Ipsos poll surveyed 1,001 adults Aug. 7-9 and 1,000 adults Aug. 15-17 and has a margin of sampling error of plus or minus 3 percentage points. The poll found race and class differences sometimes did color people's perceptions.

For example:

_Those making $25,000 a year or less worry were more likely to be worried about becoming a victim of a natural disaster than those who make $75,000 or more.

_People with a high school education or less were among those with the strongest views that the country cannot handle another disaster.

_Fewer than one in five minorities approved of Bush's handling of Katrina, compared with almost two in five whites.

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Gina Montana, 45, of New Orleans, said she worries about another hurricane like Katrina "all day, every day" after the storm forced her family to flee their home. Montana is making her own disaster plans but insists she won't evacuate the city after sleeping in cars and on shelter floors the last time.

"I'm not going out like that," she said recently at the Superdome, which served as a trash-filled, sweltering temporary home for 30,000 people displaced by Katrina.

Others say some of the criticism of Bush has been unfair, noting there were missteps by Louisiana officials such as Democratic Gov. Kathleen Blanco and New Orleans Mayor Ray Nagin as well. Still, they acknowledge their sense of security may never be the same.

"We're definitely not mentally prepared," said Dawn Janosik, a 52-year-old resident of North Lauderdale, Fla.

Broken Promises (NYT)

By Paul Krugman

The New York Times, August 28, 2006

Last September President Bush stood in New Orleans, where the lights had just come on for the first time since Katrina struck, and promised "one of the largest reconstruction efforts the world has ever seen." Then he left, and the lights went out again.

What happened next was a replay of what happened after Mr. Bush asked Congress to allocate $18 billion for Iraqi reconstruction. In the months that followed, congressmen who visited Iraq returned with glowing accounts of all the wonderful things we were doing there, like repainting schools and, um, repainting schools.

But when the Coalition Provisional Authority, which was running Iraq, closed up shop nine months later, it turned out that only 2 percent of the $18 billion had been spent, and only a handful of the projects that were supposed to have been financed with that money had even been started. In the end, America failed to deliver even the most basic repair of Iraq's infrastructure; today, Baghdad gets less than seven hours of electricity a day.

And so it is along our own Gulf Coast. The Bush administration likes to talk about all the money it has allocated to the region, and it plans a public relations blitz to persuade America that it's doing a heck of a job aiding Katrina's victims. But as the Iraqis learned, allocating money and actually using it for reconstruction are two different things, and so far the administration has done almost nothing to make good on last year's promises.

It's true that tens of billions have been spent on emergency relief and cleanup. But even the cleanup remains incomplete: almost a third of the hurricane debris in New Orleans has yet to be removed. And the process of going beyond cleanup to actual reconstruction has barely begun.

For example, although Congress allocated $17 billion to the Department of Housing and Urban Development for Katrina relief, primarily to provide cash assistance to homeowners, as of last week the department had spent only $100 million. The first Louisiana homeowners finally received checks under a federally financed program just three days ago. Mississippi, which has a similar program, has sent out only about two dozen checks so far.

Local governments, which were promised aid in rebuilding facilities such as fire stations and sewer systems, have fared little better in actually getting that aid. A recent article in The National Journal describes a Kafkaesque situation in which devastated towns and parishes seeking federal funds have been told to jump through complex hoops, spending time and money they don't have on things like proving that felled trees were actually knocked down by Katrina, only to face demands for even more paperwork.

Apologists for the administration will doubtless claim that blame for the lack of progress rests not with Mr. Bush, but with the inherent inefficiency of government bureaucracies. That's the great thing about being an antigovernment conservative: even when you fail at the task of governing, you can claim vindication for your ideology.

But bureaucracies don't have to be this inefficient. The failure to get moving on reconstruction reflects lack of leadership at the top.

Mr. Bush could have moved quickly to turn his promises of reconstruction into reality. But he didn't. As months dragged by with little sign of White House action, all urgency about developing a plan for reconstruction ebbed away.

Mr. Bush could have appointed someone visible and energetic to oversee the Gulf Coast's recovery, someone who could act as an advocate for families and local governments in need of help. But he didn't. How many people can even name the supposed reconstruction "czar"?

Mr. Bush could have tried to fix FEMA, the agency whose effectiveness he destroyed through cronyism and privatization. But he didn't. FEMA remains a demoralized organization, unable to replenish its ranks: it currently has fewer than 84 percent of its authorized personnel.

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Maybe the aid promised to the gulf region will actually arrive some day. But by then it will probably be too late. Many former residents and small-business owners, tired of waiting for help that never comes, will have permanently relocated elsewhere; those businesses that stayed open, or reopened after the storm, will have gone under for lack of customers. In America as in Iraq, reconstruction delayed is reconstruction denied — and Mr. Bush has, once again, broken a promise.

Promises Dim For The Nation's Poor (opinion) (USAT)

USA Today, August 28, 2006

Illuminated by lights fit for a Hollywood movie set, President Bush stood in New Orleans' Jackson Square on Sept. 15 and tried to reassure Americans that the darkened and flood-ravaged city would be saved.

For that brief moment, domestic poverty shared the presidential spotlight. Bush acknowledged the dismal relief effort that Americans had witnessed on TV. Poor people who were unable or unwilling to evacuate the city were stranded on the roofs of their flooded homes or at the Louisiana Superdome and the city's convention center.

Bush said the region's deep, persistent poverty was rooted in the nation's "history of racial discrimination." He promised to confront this malady "with bold action."

But when the lights dimmed, so did the promise to make poverty and discrimination national priorities.

As Bush returns to the Gulf Coast states today, New Orleans is clawing its way back with help from tens of billions of dollars the administration and Congress have pumped into the region.

Bush, stung by his administration's inept initial response to the storm, has made a dozen trips to the region. His Justice Department announced last week that it would send lawyers and investigators to help local law enforcement stem a crime wave.

The president has supported funding for rebuilding levees and has pushed for more money for individual housing grants in Louisiana, approved this summer during rancorous budget debates. It is a substantial effort.

Even so, for all the grants and programs aimed at recovery, little has been done to improve the lives of those who were living in poverty when Katrina hit.

At that time, the city's poverty rate was nearly double the national rate. In last September's speech, Bush called for two programs to help lower-income Katrina evacuees train for jobs and become homeowners. Both measures were introduced in Congress but, lacking a presidential push, went nowhere.

Instead of promoting a new national conversation about race and class, Bush has largely stuck to Republican economic orthodoxy.

He showed little enthusiasm for an increase in the minimum wage, so critical to the working poor, but went out of his way when he spoke to the NAACP in July to tout the need to repeal the estate tax, which affects only the wealthiest Americans.

Though Katrina flooded New Orleans democratically, striking rich and poor alike, its aftermath has been harder on people in poverty. Many federal programs are aimed at homeowners, not renters.

Katrina offered the president an opportunity to make the plight of the underclass a new national priority. That's still worth trying to do. Perhaps the president can remember his call for "bold action" when he returns Tuesday to Jackson Square.

Piecemeal Federal Response Won't Protect New Orleans (opinion) (USAT)

USA Today, August 28, 2006

To understand why New Orleans drowned, it helps to fly 2,000 feet above Louisiana's coast.

Along the Mississippi River close to the city, rich marshlands, chartreuse to emerald green, still rise out of the delta, interrupted by thin squiggles of blue water. But as the plane heads toward the Gulf of Mexico, they quickly disappear.

For decades, the gulf has eaten away the land, its salt water killing oaks, cypress and grasses that were once buffers against storms.

When Hurricane Katrina crashed ashore last August, the few natural protections left were no match for its record surges. The city was left open and defenseless.

The vanishing wetlands are only part of what allowed New Orleans to drown, killing more than a thousand people and displacing more than 200,000.

Rebuilding the city without addressing the multiple causes of the disaster would be the height of folly. Yet a year after Katrina, it's astonishing how little the federal government has learned, how much remains the same and how easily it could happen again. The inescapable truth is that New Orleans will not be safe from a Katrina-scale storm for many years.

While the city's situation is in some ways unique, the mistakes made and risks ignored hold lessons for other parts of the nation reliant on levees and vulnerable to floods.

Among the lingering problems:

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· Unsafe walls. New Orleans' levees and floodwalls "failed catastrophically at more than 50 different locations" during the hurricane, according to a report released Friday by the American Society of Civil Engineers.

While some levees were overtopped, other parts of the system were overwhelmed by precisely the kind of a storm they were meant to withstand. A team study led by experts from the University of California at Berkeley found that the Army Corps of Engineers — the federal government's builder of canals, dams and levees — made errors in the basic design and structure of the levees.

Since Katrina, the federal government has spent $759 million to repair and upgrade 220 miles of the 350-mile system. But as a new storm nears the gulf this week, New Orleans remains at risk: Parts of the system begun in the 1960s are unfinished, parts are weak and the ability to pump water out of the 17th Street Canal, which breached, is inadequate.

The levees need to be repaired and upgraded to withstand another Katrina-like storm, but that only makes sense if there's a plan to deal with the wetlands, too.

·Eroding buffers. The marshes, swamps and barrier islands that might have protected New Orleans have been eroded by federally financed projects that tamed the Mississippi's flow and turned it into one of the world's most lucrative shipping channels. Every half hour or so, marshes the size of a football field turn into water. It would take two decades and more than $14 billion, according to a pre-Katrina estimate, to undo that damage. But even the hurricane has not blasted Congress into action. Although lawmakers approved spending about $6 billion to fix and improve the levees by 2010, they've allocated only $115 million to study and restore wetlands.

· Misplaced priorities. Since the 1980s, the driving force behind levee construction has been development, often in places that are flood-prone, rather than protecting people already living in danger. For years, Louisiana's congressional delegations fought for pork-barrel projects to build and deepen shipping channels — projects that often made the city more vulnerable. In the five years before Katrina, the state received $1.9 billion for water projects, but most went to projects that had nothing to do with safety.

A year after Katrina, the simple fact is that the nation still has no policy on how to use the billions spent each year on supposed flood control. Authority is divided among the Corps of Engineers, Congress, the states and in some cases local authorities. No one is in charge or setting priorities.

Changing this requires new thinking and a new structure. The independent Berkeley panel proposed creating a National Flood Defense Authority that would oversee construction and maintenance of flood control systems, in conjunction with equivalent state organizations.

The job is just too big for piecemeal planning. There is no time to waste. That next football field of marshes is eroding. And hurricane season is upon us.

Officials Differ On Gulf Preparedness (WT)

By Eric Pfeiffer

The Washington Times, August 28, 2006

The administration's head of Hurricane Katrina reconstruction and FEMA Director R. David Paulison say that the Gulf Coast is prepared for Tropical Storm Ernesto or other future storms, thanks to levee reconstruction and an improved evacuation plan.

"I don't know if -- whether they'd hold or not," Mr. Paulison told CBS's "Face the Nation" when asked if the repaired levees could sustain a hurricane. "It really doesn't matter because that whole area is in the evacuation zone. And people should evacuate if they're asked to evacuate. They should not be riding out a storm in that area inside those levees."

However, Mr. Paulison said the Federal Emergency Management Agency is better prepared to help evacuate those who are not able to do so on their own. "We've been working with the state of Louisiana to make sure we have a very robust evacuation plan in place, make sure there's shelters available, make sure the people have staffed those shelters, and making sure there's not only security but supplies in those shelters."

Federal Coordinator for the Office of Gulf Coast Rebuilding Donald E. Powell agreed with Mr. Paulison's assessment. "I think we're in good shape," Mr. Powell told "Fox News Sunday."

"I know that the local people, the local officials, the state officials, have been coordinating with the federal officials to anticipate this day," Mr. Powell said. "Hopefully, this will not come, but there is a widespread coordination, and I think we're ready. There's no question in my mind we're ready."

Mr. Powell pointed to Louisiana's refineries as a bright spot in the recovery effort.

"The port is back to pre-Katrina levels. Tonnage is back. Ship calls are more than they were pre-Katrina," he said. "The port is active. It touches 33 states in America, affects 62 percent of all of the consumers in America, and it's back. Energy, 25 percent of the domestic production, is supplied by the Gulf. It's all back."

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Mr. Powell said the levee reconstruction was at pre-Katrina levels but that the project would not be complete until 2010.

New Orleans Mayor C. Ray Nagin said his city's evacuation plan would be successful if Ernesto lands on the Gulf Coast.

"We are ready from an evacuation standpoint. All of our plans have been updated," Mr. Nagin said on NBC's "Meet the Press" yesterday. "We're not going to have a shelter of last resort in the Superdome or the Convention Center. We will be getting everyone out of the city."

Sen. Mary L. Landrieu, Louisiana Democrat, also said the levees are up to pre-Katrina levels but said that wasn't enough. "We need to get them up to Category 5, and we are working to do that," she said during an appearance on ABC's "This Week."

"But this work took so much time and effort and energy," she said. "And as you can see, you know, it's still basically being done."

Mrs. Landrieu said her state was not prepared for another major hurricane. "We have to do two things. We have to fix the levees and then build them stronger and better and higher. And we have to restore the coastline."

President Bush has traveled repeatedly to the region since Katrina, but Mrs. Landrieu said the response still needed improvement.

"He's come here often, but it's not the quantity of the visits, it's the quality of the visits, and it's the follow-through," she said. "This administration is still having a hard time, I think, understanding the magnitude of this disaster."

In contrast to the slow recovery in Louisiana, Mississippi Gov. Haley Barbour said hurricane recovery has been largely successful in his state.

"Most of our state is way past the recovery stage into rebuilding," Mr. Barbour told CBS. "Even if you go down to the three coast counties, largely recovery is over and we're into rebuilding."

Mr. Barbour rejected suggestions that Mississippi received favorable treatment because he is a Republican who supports Mr. Bush politically.

"Louisiana has received more than twice as much of that money as we have," Mr. Barbour said. "They're a larger state than we have. But it was our idea, our concept, and they got more than twice as much of that money. That doesn't sound to me like they've been treated unfairly."

Erratic Ernesto Cause For Alarm From Florida To Louisiana (LAT)

By Carol J. Williams

The Los Angeles Times, August 28, 2006

MIAMI -- Hurricane Ernesto lashed southern Haiti with 75-mph winds Sunday and despite slowing to tropical-storm speeds as it bore down on Cuba, the erratic tempest prompted officials from Florida to Louisiana to scramble emergency-response teams.

Florida Gov. Jeb Bush declared a state of emergency and visitors to the Florida Keys were ordered out, as well as all travel trailers, after the National Hurricane Center confirmed that Ernesto had become the season's first hurricane.

Although the storm lost force by afternoon, with winds easing to 60 mph, center director Max Mayfield warned that Ernesto could quickly pick up intensity again as it crossed the warm Caribbean waters overnight and that even as a tropical storm could inflict serious damage.

"We think it has a good chance to regain hurricane status," Mayfield told reporters at the bunker-like hurricane center west of Miami. Even if Ernesto remains a tropical storm, Mayfield warned that it appeared likely to drive through a broad swath of Florida and that "the entire state needs to pay close attention."

The governor's order and the hurricane center's forecast of possible Florida landfall as soon as Tuesday prompted officials in Tallahassee to "partially activate" their emergency-management plans, a move allowing county officials to mobilize first responders and prepare transportation, shelter and other supplies for potential evacuations, said Mike Stone, spokesman for the state Division of Emergency Management.

Monroe County authorities reported an orderly evacuation and steady traffic out of the Keys on the single road linking the island chain, U.S. Route 1. But overnight maintenance work closing one of the two causeways to the Florida mainland was expected to slow the exodus.

The evacuation order for the Keys included warnings to those with travel plans throughout this week not to come. Just days before the busy Labor Day weekend, hotel and restaurant owners still reeling from losses inflicted during the past two hurricane seasons looked with dread on the prospects of a holiday without tourists.

"We had four storms last year and that already made people double-guess their decisions to come down here this time of year," said Gregg McGrady, executive director of the Key West Business Guild.

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Cuba's Civil Defense agency moved more than 70,000 people from vulnerable settlements along the communist-ruled island's southern coast after Ernesto reached hurricane proportions in the morning and remained on track to inundate much of the country over the next few days, Cuban media reported.

The storm, expected to make Cuban landfall early Monday and travel as far west as Havana, would be the first test of the country's emergency response capabilities since President Fidel Castro fell ill in late July and handed power to his brother, Defense Minister Raul Castro. The ailing Cuban leader traditionally played a prominent role in marshaling orderly -- and mandatory -- evacuations and visiting shelters to show solidarity with the displaced.

Concerns about Ernesto were high all along the Gulf of Mexico coast ravaged by Hurricane Katrina a year ago, despite Ernesto's change of course late Saturday that caused forecasters to project the storm would likely hit Florida harder than Mississippi or Louisiana.

With 100,000 Mississippians living in trailers vulnerable to hurricane-force winds, those vehicles will have to be evacuated at least two days ahead of any storm landfall, Mississippi Gov. Haley Barbour told CBS "Face the Nation."

"We cannot wait as late as we would have waited a year or two ago because we've got all these people under these special circumstances," Barbour said, adding the evacuation order could go out as early as Tuesday if Ernesto is then on a path imperiling his state.

Federal Emergency Management Agency director David Paulison said the agency that came in for withering criticism for its response to Katrina had thoroughly evaluated the lessons learned from that disaster and corrected policies and planning.

"After every major event, you always go back and do after-action reports and look carefully at what worked and what did not work, and then very quickly get on top of those things to fix them for the next time," Paulison told NBC's "Meet the Press."

The veteran of Florida emergency response missions, including 1992's Hurricane Andrew, said major improvements had been made to communications, logistics, victim registration and relief operations since the Gulf Coast devastation a year ago.

Bush Declares State Of Emergency In Fla. (AP)

By Jessica Gresko

The AP, August 27, 2006

A hurricane watch was issued Sunday for the Florida Keys and Gov. Jeb Bush ordered a state of emergency in anticipation of Tropical Storm Ernesto.

Ernesto, which had strengthened into a hurricane for about 10 hours, weakened back into a tropical storm by late afternoon with top sustained winds of 60 mph, the National Hurricane Center said.

Still, the Miami-based hurricane center said the storm could reclaim its hurricane status before reaching the southeastern coast of Cuba on Monday morning.

"It certainly looks like it's going to impact a significant portion of Florida before it's all over," said Max Mayfield, director of the National Hurricane Center.

Florida has been hit by eight hurricanes in the past two years.

Officials in the Keys told tourists to postpone any immediate plans to travel there and ordered those already in the island chain to leave.

All travel trailers and recreational vehicles were ordered off the islands immediately. Residents were taking notice too: a Home Depot store in Key West was busy Sunday afternoon as customers shopped for generators and other storm-preparation equipment.

"We put up the storm shutters today and we're hitting the grocery store tomorrow," said Ben Cassis, who, along with his father-in-law, spent nearly $2,500 for a powerful generator Sunday.

The state of emergency directs counties to open their emergency management offices and activates the National Guard, among other things. Bush canceled a scheduled trip to New York on Monday, choosing to stay in Tallahassee and monitor storm developments.

Ernesto, the first hurricane of the Atlantic season, lashed Haiti and the Dominican Republic on Sunday. The storm was expected to arrive in southern Florida by early Tuesday, the National Hurricane Center said.

Tourists including Jim Rogers, of Lodi, N.J., made preparations Sunday to leave the low-lying Keys, which are connected to each other by just one highway, U.S. 1. Traffic leaving the Keys on the single evacuation route was steady but not heavy Sunday afternoon.

Rogers was part of a group of eight visiting Key Largo and had planned to stay in the Keys until Thursday or Friday. Rogers said the group now might go to Naples, but they were not going home.

"You don't know where to go. You don't know where it's going to blow," he said. "You don't want to be in Key West."

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Evacuations Ordered As Ernesto Steams Toward Florida (USAT)

By William M. Welch

USA Today, August 28, 2006

Tourists were ordered off the Florida Keys on Sunday as Tropical Storm Ernesto barreled across the Caribbean and threatened to regain hurricane strength before approaching Florida and the Gulf of Mexico.

Arriving just as the nation prepared to mark the anniversary of Katrina and its devastation of the Gulf Coast, Ernesto attained hurricane-force winds of 75 mph for 10 hours on Sunday and became the first hurricane of the Atlantic season.

Ernesto weakened as it brushed by Haiti and the Dominican Republic but lashed the island countries with 50 mph sustained winds and heavy rain.

Forecasters at the National Hurricane Center said the storm could regain hurricane status by the time it reaches Cuba early Monday. It was expected to arrive in southern Florida by Tuesday.

"It's on a track toward the Florida peninsula early this week and all of Florida is in the area that's being threatened, from the Keys all the way up to the Panhandle," said Michael Brennan, a meteorologist at the center in Miami.

Tourists were ordered to evacuate the Florida Keys to prevent roads and shelters in the exposed islands from becoming overburdened in case a storm emergency forces island residents to flee along the only highway, U.S. 1, linking the islands and the mainland. All travel trailers and recreational vehicles were ordered to depart the islands, and visitors planning travel to the Keys were told to stay away.

As of 11 p.m. ET Sunday, Ernesto was near the southwestern tip of Haiti and moving at 7 mph, the center said.

Forecasts had called for Ernesto to wallop New Orleans, still recovering from Katrina. Those concerns receded as the storm was predicted to veer east toward Tampa. The White House said President Bush has not changed his plans to visit the Gulf Coast today and Tuesday for the Aug. 29 anniversary of Katrina.

The revised forecast offered no comfort to Floridians, who've weathered eight hurricanes in the past two years. Gov. Jeb Bush ordered a state of emergency.

"A lot of people are coming in and getting gas cans, barbecues, hurricane clamps, batteries, flashlights," said Wanda Freyre, 47, at Ace of Town n' Country, a hardware store in Tampa. "After Katrina, people are taking it more serious."

ID Program Trips Over Hardware (WT)

By Shaun Waterman

The Washington Times, August 28, 2006

The Department of Homeland Security quietly announced last week that port facilities and merchant vessels will not be required to install readers for the biometric ID cards the department plans to issue to the nation's transportation workers.

The change, which critics says guts the security benefit of the proposal, is the latest stumble for the ID card project, called the Transportation Worker Identification Credential, or TWIC, program.

Officials "have concluded that facility and vessel owners and operators will not be required to purchase or install card readers during the first phase of the TWIC implementation," reads a notice in the Federal Register, published last Monday.

The notice also promises that "a requirement to purchase and install card readers will not be implemented until the public is afforded further opportunity to comment on that aspect of the ... program." It adds: "The details of this approach will be explained in the next rulemaking."

The TWIC program, mandated by Congress in the 2002 Maritime Transportation Security Act, is designed eventually to cover 725,000 airport workers, truck drivers, merchant seafarers and others needing unescorted access to transportation facilities such as ships, ports and runways. Workers requiring the card will have to submit their fingerprints and undergo checks against databases for criminals, terrorism and immigration status.

Now critics complain that the Department of Homeland Security has effectively gutted the program by removing a requirement that card readers be installed at ports and on vessels.

"At least for the initial phase, there is not going to be any way to automatically authenticate the identity of the cardholder at these maritime facilities," said Walter Hamilton, chairman of the International Biometric Industry Association.

"Is there going to be a way to make sure it's Tom and not Tom's cousin" holding the card? asked a senior congressional staffer familiar with the program. "No. There isn't."

Homeland Security officials did not respond to phone calls and e-mails requesting comment, but the congressional staffer said the rule was the result of concerns from industry about how the required technology would operate in a maritime environment.

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"These are not insurmountable problems," said the staffer, predicting a delay of six months or a year before a mandate for card readers could be imposed.

The staffer said the pilot project run by Homeland Security to test the program had employed contactless card readers "which worked well in a maritime environment," but had then selected a different kind of reader, requiring the card to be swiped, in the rule. In a maritime environment, said the staffer, where the swipe readers would be exposed to saltwater and sea air, corrosion and other types of damage could quickly render them useless.

Moreover, said the staffer, there was no testing aboard ships as part of the pilot. "Vessels at sea present unique environmental challenges," said the staffer, adding there were additional concerns about sealing off important areas on long voyages.

"There are legitimate safety issues associated with trying to isolate certain areas [on board a ship] for security purposes," said the staffer, asking what would happen during a fire or a hull breach if the reader malfunctioned or a crew member dropped his card and couldn't gain access.

The staffer also said that even without the readers initially installed, the TWIC program would have a security benefit, because of the background checks run on workers who apply for it.

But labor unions protested that using the credential as a "flash card" -- one that is simply shown to a guard, rather than confirming the holder's identity through biometrics or a personal identification number -- would give a false sense of security and increase the ease with which criminal or terrorist gangs could infiltrate transportation facilities by posing as credentialed workers.

"It makes no sense to impose onerous requirements on workers now and force them to pay almost $150 for a glorified flash pass that may never be used as intended," said Edward Wytkind, president of the Transportation Trades Department of the AFL-CIO.

Unlocking Fingerprints (WP)

By Griff Witte

The Washington Post, August 28, 2006

The technology has been the stuff of movies for years: A secret agent runs his fingertip and an encrypted ID card over a pair of sensors. There's a match, and the door swings open.

In the coming months, a wave of government initiatives could start making such high-tech methods of identification commonplace -- beginning with the replacement this fall of federal employee IDs. Similar cards are planned for transportation workers, first responders and visitors to the United States.

Packed with biometric data such as fingerprints and containing a computer chip with room to expand the amount of information stored, the new IDs represent a potential boon to technology companies eyeing an estimated $8 billion in identity-related contracts. Firms such as BearingPoint Inc. and Lockheed Martin Corp. have set up showcase identity labs, pulling technology from different companies into turnkey operations. Hundreds of smaller companies, down to manufacturers of plastic cards, are vying for part of the market.

The biggest business opportunity still looms: Driver's licenses, which are due for a retooling under new federal laws.

"When you're talking about credentialing the federal workforce and contractors, you're talking about maybe 10 million people. When you're talking first responders, you're at 20, 30 or 40 million people," said Thomas Greco, a vice president at Herndon-based Cybertrust Inc. "But when you're talking credentialing all registered drivers in the United States, you're up to hundreds of millions of people. Nobody is losing sight of that."

In an era of chronic concern over terrorism and anxiety over immigration, the business of determining who is who has become increasingly urgent. But it is not without controversy. Americans have long resisted the idea of a national ID card, for example. The growing sophistication of computer databases and networks has heightened privacy concerns -- as have data breaches, from the theft or loss of government computers to AOL's online posting of 36 million keyword searches conducted by hundreds of thousands of subscribers. If the pool of government programs using the new identity technology gets large enough and the amount of information collected gets detailed enough, "there will be a lot of pressure for these programs to converge," creating a de facto national identity system, said Barry Steinhardt, director of the technology and liberty project at the American Civil Liberties Union.

Use of a new government standard may prompt the private sector to follow. The banking, retailing and health-care industries are monitoring the federal initiatives, ready to apply stricter identity standards when dealing with their employees and customers. In an online world, the technology could also be used to establish that two people who never meet in person really are who they say they are.

Federal agencies are supposed to begin issuing their new ID cards in October, complying with a 2004 Bush administration directive requiring more stringent methods for tracking who gets access to federal facilities.

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The new cards must meet a rigorous federal standard that details -- down to the size of the typeface -- what the new cards look like and how they are used. At a minimum, the IDs will require fingerprints and possibly retinal scans or other forms of biometric identification, depending on the agency. The cards are also likely to incorporate magnetic strips, personal identification numbers and digital photos, as well as holograms and watermarks to deter forgery. Before employees and contractors can get their new credentials, they will have to submit to a thorough background check, if they have not already.

By employing multiple methods of checking identity, officials hope to make it as difficult as possible for someone other than a card's owner to use it. Ultimately, the cards will determine not just who gets into buildings but also who receives access to computer applications and files.

Because the information needed to verify an individual's identity won't take up much space on the computer chip in each card, plenty more can be added. An employee's skills, work hours, medical history and job evaluations, for example, could all be included -- much to the dismay of civil liberties advocates.

Already, other federal programs are borrowing from the new standard for government workers. A program to issue credentials to all transportation workers to monitor who has access to air and seaports, for instance, will subject those workers to much the same process as federal employees.

In addition, the Real ID Act, approved by Congress last year, aims to standardize security features on driver's licenses by mid-2008. The Department of Homeland Security has not yet set the standards that states will have to follow. It probably won't include the advanced biometrics the federal government is using for its employees, and states are pushing hard to avoid a complex reengineering of the ubiquitous, low-tech driver's license.

Nonetheless, the companies that make the cards, the scanning devices and the software needed to run identity systems are closely watching the driver's license requirements. They say they understand the privacy concerns but also expect that security will remain a top priority -- with ID standards likely to get stricter, the technology more sophisticated, and the business more profitable.

"No one's going to want technology that just exposes them to more risk," said Greco, whose company, Cybertrust, focuses on information security.

At BearingPoint's McLean offices, the company has set up a room to show off a range of identity systems, including machines for taking fingerprints, scanning irises, recognizing faces or even differentiating between individuals based on the shape of a hand.

"We think it's a terrific area of opportunity," said Gordon Hannah, who leads BearingPoint's efforts to win identity contracts.

Earlier this month, the General Services Administration awarded BearingPoint a five-year deal worth up to $105 million to supply new IDs to any agency that wants them. Agencies that do not buy their cards through the GSA contract are holding their own competitions.

That may be just the beginning. A recent study by the Stanford Washington Research Group and an expert in identity management put the value of the 10 biggest U.S. identity initiatives at $8 billion over the next five years, with an additional $14 billion coming from overseas.

From those programs, identity businesses expect other opportunities to emerge.

"One of the inhibitors has been the cost of the technology. But with the widespread adoption by the government, the cost of everything is going to come down," said Jon Rambeau, director of credentialing at Bethesda-based Lockheed Martin.

State and local governments are considered major potential buyers. Among their needs are credentials for first responders so that officials can verify the identity of people who show up to help in the event of an emergency.

On the commercial side, too, boosters of identity technology say the opportunities abound. Banks, for instance, may want secure cards that can guarantee that someone trying to cash a check really is the intended recipient. Hospitals are looking into using the identity systems for a more reliable way of accessing medical records. And retailers have been working on allowing consumers to make purchases with the swipe of a finger, instead of a card.

Nor do the opportunities stop at the U.S. border. California-based contractor Computer Sciences Corp. has enrolled 40 million people in identity programs worldwide. But on a planet of 6.5 billion, the company thinks it has only scratched the surface.

"Each country has exactly the same issues: How do you facilitate security, facilitate movement across borders and protect privacy all at the same time?" said Tim Ruggles, CSC's director of border and immigration solutions. "That's a tough one."

U.N. Tower Is Deadly Firetrap, Senator Says (USAT)

USA Today, August 28, 2006

The United Nations building is a disaster waiting to happen — a potential towering inferno that could be as devastating for workers, staff and visitors as the terrorist attacks on the World Trade Center's twin towers, Sen. Charles Schumer, D-N.Y., said Sunday.

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Schumer said the 39-story, glass-walled landmark on the East River is a "firetrap" that violates New York City's building code. It has no internal sprinkler system and is full of dangerous asbestos — and its driveway, above an underground garage, probably would collapse from the weight of firetrucks and other emergency equipment, he said.

He called on U.N. Secretary-General Kofi Annan and U.S. Ambassador to the U.N. John Bolton to "make it a priority" to force through a $1.6 billion renovation program. U.N. officials could not be reached for comment.

Study: Out-of-state funds boost Democrats

Democrats running for Congress in the most competitive races for open seats have raised more out-of-state money than Republicans, by a ratio of more than 4-to-1, according to data compiled by watchdog organizations and an Associated Press review of Federal Election Commission records. The races are in Arizona, Colorado, Illinois and Iowa.

In no race is the discrepancy as evident as in Illinois' 6th Congressional District, where Republican Rep. Henry Hyde is retiring after 32 years.

Tammy Duckworth, a National Guard major who lost both legs in a rocket-propelled-grenade attack on her helicopter outside Baghdad, raised $536,982 from individual contributors outside Illinois, according to Political Money Line, a non-partisan clearinghouse for fundraising and lobbying data. Peter Roskam, a Republican state senator and former congressional aide, raised $84,650 outside the state. Duckworth and Roskam each had raised nearly $1.9 million from all sources. The figures are based on campaign-finance reports through June 30, the latest available.

This Is Only A Drill: In California, Testing Technology In A Disaster Response (NYT)

By John Markoff

The New York Times, August 28, 2006

SAN DIEGO, Aug. 26 — It began with a worldwide virus outbreak that had cities under quarantine, emergency workers overwhelmed and government agencies unable to cope. It was compounded by a wave of cyberterror attacks that cut off power, phones and Internet access.

Such was the crisis that teams from the Pentagon, nongovernmental agencies and several dozen technology companies set out to resolve in a five-day simulation meant to showcase and test a new set of digital tools in responding to disaster.

The limitations of even the latest technology were in evidence when an effort to restore communications by setting up ad hoc wireless networks resulted in a three-day data traffic jam.

Yet the problems encountered in the training effort, named Strong Angel III, did little to dampen the enthusiasm of the participants, a diverse group of more than 800 "first responders," military officers and software and wireless network experts — some from rivals like Microsoft and Google, working side by side.

"My view is that the value of Strong Angel is 70 percent in the social networks that will be created," said the organizer, Eric Rasmussen, a Navy surgeon and veteran of relief efforts on several continents. "What we do is try to bring people with disparate backgrounds together and ensure that they are forced to enter into a conversation."

More than $35 million in equipment was assembled here as part of the event, aimed at preparing for natural disasters, epidemics, terrorist attacks or the aftermath of war.

Last Monday, the group began to assemble a makeshift command center at an abandoned building near the San Diego airport. But a state-of-the-art wireless network, intended to route video images, satellite map coordinates and other data — from an impressive array of mobile computers, software analysis tools and command programs — failed to come to life.

"Finally I said, 'Lights out! Everyone turn everything off and let's start over,' " said Brian D. Steckler, a computer scientist at the Naval Postgraduate School in Monterey, Calif., who was in charge of more than a dozen interlocking networks at the heart of the command center.

Hundreds of computers and even cellphones were shut down, and then the network was slowly turned back on, segment by segment. Too many high-bandwidth applications had clogged the network, including a powerful video camera and "rogue" transmitters set up by participants intent on creating their own mini-networks.

Computer researchers call wireless networks of this type "hastily formed networks." But Mr. Steckler said his experience in the training session and in real disasters had led him to refer to them as "fragilely formed networks" instead.

At the same time, the technology roadblocks were balanced by notable successes, like the work of Google, Microsoft, ESRI, Intergraph and other companies to allow sharing a single set of digital satellite maps seamlessly and to overlay event data relayed from emergency workers throughout the San Diego area.

The new software capability relies on a Microsoft-designed system called Simple Sharing Extensions. It has been built on industry standards, like the Web protocol known as Really Simple Syndication, or R.S.S., which was designed to enable one-way data streams.

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Such tools are valuable for disaster-response coordinators who require real-time data feeds from a variety of locations. The Microsoft extensions will make it possible for the feeds to display constantly changing or even conflicting data streams from multiple sources.

Moreover, the achievement demonstrated that industry rivals like Microsoft and Google could cooperatively generate useful technologies. Small teams of programmers from the two companies sat before laptops at adjacent tables to make sure that the Microsoft software connection system would transfer information to Google Earth, Google's visual mapping tool.

"I've been talking to Google all week," said Robert Kirkpatrick, lead architect of Microsoft's humanitarian systems group.

That is the kind of teamwork that Dr. Rasmussen had in mind in organizing the Strong Angel event, the third held since 2000. Dr. Rasmussen has become a leading figure in high-tech emergency preparedness in the United States and internationally. His expertise has been honed by experience in Bosnia and Baghdad, in African refugee camps, in Indonesia after the tsunami and in New Orleans after Hurricane Katrina.

Working a decade ago in the Defense Advanced Research Projects Agency at the Pentagon, he began exploring the use of high-tech systems to support the emergency missions that he would serve as a doctor.

"People are dying in really ugly ways, and it's avoidable," he said.

That led him to organize Strong Angel, which he said was not a formal disaster exercise, but rather a laboratory to experiment with technology that might prove useful in disaster settings. He likened the event to a group of musicians playing casual jazz rather than a rigorous symphony.

That unstructured approach led to some frustrations among participants, who complained at times that they were uncertain of their duties. But Dr. Rasmussen said the situation was meant to force them to organize themselves in a leadership vacuum.

Significantly, Dr. Rasmussen's effort has the support of Linton Wells II, principal deputy assistant secretary of defense for networks and information integration. Mr. Wells, a military strategist, was a driving force behind a Pentagon directive last November that put "stability operations" — defined as "military and civilian activities conducted across the spectrum from peace to conflict to establish or maintain order" — on an equal footing with waging war as a primary mission for the military.

Recognizing the shortcomings of reconstruction efforts after the invasion of Iraq, the directive acknowledges that much of this work is best performed by "indigenous, foreign or U.S. civilian professionals."

"We want to be able to create a space outside of the Pentagon's network firewalls to offer assistance," Mr. Wells said. Such a shift in mission will make it easier, for example, to provide Pentagon imagery from satellites and unmanned Predator aircraft to disaster relief organizations, he said.

It took 300 e-mail messages and ultimately the intervention of a high-ranking fleet admiral to get Dr. Rasmussen and two colleagues to Banda Aceh, Indonesia, in the days immediately after the tsunami in December 2004. Such missions need to be on the military's checklist, Mr. Wells said.

In addition to large technology firms like Cisco Systems, Mitre and Bell Canada, smaller companies demonstrated a range of initiatives last week, tucked amid a phalanx of big trucks that had brought communications equipment and other rescue gear to the command site.

VSee Lab, a Silicon Valley start-up, brought a videoconferencing software system made to transmit video over today's cellular telephone data networks at good quality.

GATR Technologies, a two-person company in Huntsville, Ala., brought a satellite communications antenna tucked inside a 10-foot inflatable beach ball made of ultralight racing sail cloth. The system, designed by Paul Gierow, a former aerospace engineer, weighs just over 70 pounds and makes it possible to deploy a two-megabit Internet connection — faster than many digital phone lines — virtually anywhere.

Looking around at the satellite dishes that had been trucked to the command site, Mr. Gierow said, "We were the only ones who walked here carrying our gear."

Also on display was a novel low-cost refugee shelter designed by Vinay Gupta, a software engineer in Chicago. Called Hexayurts, the buildings are fabricated from four-by-eight sheets of foam or hexacomb cardboard and duct tape and can be built for about $1,000 apiece. Mr. Gupta set up several of the buildings in a plaza and showed how they could be equipped with a high-efficiency wood stove for cooking, a composting toilet and a small fluorescent light.

Although there has been no mass production of the buildings, which are large enough to shelter a family, Mr. Gupta has put design instructions on the Internet and placed them in the public domain. He thinks they are sure to find users.

"A FEMA trailer costs $30,000," he said. "I'm waiting for the next hurricane season."

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WAR NEWS:

Shootings, Bombings Kill At Least 51 (USAT/AP)

USA Today, August 28, 2006

BAGHDAD — Bomb attacks and shootings killed at least 51 people as Iraq's prime minister said violence was lessening and hundreds of Shiite sheiks signed a pact to disarm militias and support the government.

Shiite Prime Minister Nouri al-Maliki insisted bloodshed in Iraq was decreasing and that his government was making progress in efforts to combat sectarian clashes between Shiites and Sunni Arabs, and attacks by insurgents.

"The violence is not increasing. We're not in a civil war. Iraq will never be in a civil war," he said through an interpreter on CNN's Late Edition. "The violence is in decrease, and our security ability is increasing."

On Sunday, gunmen in three cars raked an open-air night market with gunfire, killing at least 12 people. The gunmen fired at throngs of people at the main market of Khalis, a mostly Shiite town 50 miles north of Baghdad. Earlier in the day six people were killed when a bomb exploded on the outskirts of the town.

The U.S. military command said two U.S. soldiers were killed — one by small-arms fire in eastern Baghdad on Sunday and the other on Saturday night when the vehicle he was traveling in was hit by a roadside bomb.

In downtown Baghdad, a bomb in a minibus exploded outside the Palestine Hotel, killing nine people. A car bomb outside the offices of a government-run newspaper left three dead.

Two back-to-back suicide car bombings in the northern city of Kirkuk killed nine people hours after an earlier suicide car bomb killed one person.

Drive-by shootings also killed two people in Mosul, one in Numaniyah and three in Dujail.

Iraqi and coalition forces have been expanding security in Baghdad to crack down on violence neighborhood by neighborhood. Security forces were to conduct a cordon-and-search operation of all the buildings in the Sunni district of Azamiyah in north Baghdad, the U.S. military command said in a statement.

The security sweep has already "resulted in a 36% reduction of murders across the city of Baghdad," said Maj. Gen. James Thurman, commander of U.S. forces in Baghdad.

The prime minister appealed to Iraqis to support his national reconciliation plan to end the bloodshed. The plan was endorsed by hundreds of tribal chiefs at a conference on Saturday.

The reconciliation plan seeks to bridge religious, ethnic and political divisions, which are tearing the country with almost daily violence that has left about 10,000 people dead since May when al-Maliki's government took office.

The plan includes an offer of amnesty to members of the Sunni-led insurgency not involved in terrorist activities, calls for disarming primarily Shiite sectarian militias and promises compensation for families of Iraqis killed by U.S. and government forces. No major Sunni Arab insurgent groups agreed publicly to join the plan.

"Realizing the gravity of the situation our country is undergoing, we pledge in front of God and the Iraqi people to be sincere and serious in preserving the unity of our country," the agreement said. The chiefs also pledged to "work hard to stop the bloodletting and … sectarian killings that have nothing to do with our values."

At Least 69 Killed In Attacks Across Iraq (WP)

By Ellen Knickmeyer

The Washington Post, August 28, 2006

BAGHDAD, Aug. 27 -- Gunmen and bombers claimed at least 69 lives in Iraq on Sunday, even as Prime Minister Nouri al-Maliki repeated the assertions of Iraqi and U.S. leaders that violence was easing from a wartime high set earlier this summer.

While U.S. and Iraqi forces have deployed additional troops in Baghdad to deal with the surge of sectarian violence, the deadliest of the attacks Sunday occurred outside the capital, in cities to the north.

The attention of Iraqi and U.S. officials since this spring has been focused on the rivalry between Sunni Arabs and Shiite Muslims in Baghdad. Sunday's violence, however, highlighted the country's many other dangers since the war began: rising crime and growing tensions among Iraq's other faiths and peoples.

The most lethal attack came in the town of Khalis, near Baqubah, 35 miles northeast of Baghdad. Gunmen stormed the house of a local judge, Hamdi al-Ubaidi, shot one of his brothers and moved to abduct another, police said.

When men from a nearby cafe ran to the aid of the family, gunmen opened fire, killing 12 of the would-be rescuers and injuring 25, police Brig. Safa al Mandalawi said.

The kidnappers escaped, with the judge's brother as their captive, Mandalawi said.

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The mass killing came about 11 hours after a bomb planted in a marketplace in Khalis exploded at the height of morning shopping. Nine people died, and 15 were injured, police Lt. Ali Khayam said.

Gunmen killed five people in three other attacks in the nearby city of Baqubah, a community with a heavily nationalist Sunni Arab population that has seen nearly daily violence.

Farther to the north, in the tense oil city of Kirkuk, back-to-back bombings killed 10 people Sunday outside the house of a police colonel and outside a meeting hall of Sufis, a mystical Muslim religious sect.

A top Sufi leader in Fallujah last week declared that his previously nonviolent sect was joining the Sunni insurgency, saying that rising Shiite militancy left him no choice but to fight for survival. It was not known whether Sunday's attack was related to the Sufi leader's call to arms.

Attacks elsewhere in Kirkuk on Sunday targeted offices of the Patriotic Union of Kurdistan, the party of Iraqi President Jalal Talabani, a member of Iraq's northern-based Kurdish minority. A car bomb at one of the offices killed a guard, while security personnel at another office repelled an assault by gunmen, killing one of the assailants.

Sunni Arabs and Kurds are vying for Kirkuk, one of the country's two main oil centers. A referendum in the city is to determine whether Kirkuk is to come under Kurdish or Arab control. Each side is trying to build up its strength ahead of the vote.

In Iraq's other oil hub, the southern city of Basra, a bomb mounted on a motorcycle killed seven people, authorities said. Maliki, the prime minister, has imposed a state of emergency to deal with the deadly rivalry among the Shiite factions controlling the south.

Another of the day's major attacks was in Baghdad, where a bomb in a minibus killed nine people at a police checkpoint on Sadoun Street, in the center of the city near the Palestine Hotel, police said.

Lt. Col. Barry Johnson, a U.S. military spokesman, confirmed that seven Iraqi civilians were killed Sunday night in what Johnson said was a street battle between American forces and insurgents in Baghdad.

It began when a bomb exploded near American troops in a Stryker armored vehicle in the mostly Sunni west Baghdad neighborhood of Ghaziliyah, a district where U.S. forces have beefed up their presence in an effort to quell sectarian violence.

Insurgents opened fire with grenade launchers and guns after the bomb hit the Stryker, Johnson said. U.S. forces returned fire, wounding four attackers, whom Americans took into custody, Johnson said. He said it appeared the civilians had been caught in the cross-fire.

A resident at the scene gave a different account, saying all seven, including a family of five traveling together, were killed when U.S. forces opened fire on cars around their vehicle following the bombing.

Also in Baghdad, three American soldiers were killed, two by roadside bombs and one by insurgent gunfire, the U.S. military said. A car bomb outside a government-run newspaper killed three and wounded 29 Iraqis, the Associated Press reported.

In Baghdad in particular, the toll reflected the growing aggressiveness of the militias loyal to Iraq's governing Shiite religious parties as they try to crush the country's Sunni insurgency.

U.S. military leaders stepped up American deployments and patrols in Baghdad. U.S. commanders also abruptly extended the stay of one Alaska-based brigade that had been headed home and called in emergency reserves from Kuwait.

U.S. military leaders have credited their crackdown in Baghdad with what they say is a reduction in the number of deaths in Iraq in recent weeks.

"The violence is in decrease and our security ability is increasing," Maliki said on CNN's "Late Edition" program. Multinational forces have created an atmosphere of "reconciliation" in the country, Maliki said, and "Iraq will never be in a civil war."

Maliki's spokesman, Ali Debagh, confirmed Sunday that the prime minister was shuffling the cabinet in his three-month-old government of Shiite religious parties, Kurds and Sunnis.

Debagh said at least one and probably two of the ministers to be replaced belong to the movement of populist Shiite cleric Moqtada al-Sadr. Sadr commands a militia increasingly accused of taking a lead in killings of Sunnis.

Debagh played down the idea that the shuffle was largely a purge of Sadr supporters. Debagh said Sadr "is more and more coming to work as a political force" within the government while disavowing his militia.

Special correspondents Saad al-Izzi in Baghdad and other Washington Post staff in Iraq contributed to this report.

Deaths Drop In Iraqi Capital (LAT)

By Solomon Moore

The Los Angeles Times, August 28, 2006

DOJ_NMG_0054230

BAGHDAD — An ambitious military sweep appears to be dramatically reducing Baghdad's homicide rate, U.S. and Iraqi officials said Sunday — even as violence nationwide killed at least 80 people, including six U.S. soldiers in and around the capital.

Last month, the Baghdad morgue received more than 1,800 bodies, a record high. This month, the morgue is on track to receive less than a quarter of that.

Iraqi Prime Minister Nouri Maliki seized on the drop in slayings during a CNN interview.

"The violence is not increasing.... No, we're not in a civil war," Maliki said. "In Iraq, we'll never be in civil war. What you see is an atmosphere of reconciliation."

Although the smaller monthly tally offers encouragement to U.S. and Iraqi officials, it remains a triple-digit reminder that sectarian violence and insurgent activity vex Iraq's newly formed government.

"It is not possible to create a democracy at the barrel of a gun.... We cannot even work freely as politicians," said Salih Mutlaq, a Sunni Arab member of parliament. "It is not possible for us to even hold meetings. We cannot travel between one province and another."

U.S. Army Maj. Gen. James D. Thurman, commander of military forces in Baghdad, attributed the capital's declining violence to a military sweep involving 8,000 U.S. soldiers and 3,000 Iraqi troops aimed at stopping sectarian violence.

The troops, many redeployed from hotspots around Iraq, have patrolled the capital, searched houses and made arrests since Aug. 7. Similar sweeps in Baghdad and elsewhere since the U.S.-led invasion in 2003 have reduced violence. But the bloodshed would increase when U.S. forces moved on.

Though the U.S. military has not issued a timetable for ending the sweep, officials say that patrolling Baghdad indefinitely would create dependency among Iraq's nascent security forces and tax U.S. resources and manpower.

The U.S. military, with 138,000 troops, is stretched thin in Iraq, with many units on their third deployments. Last week, the Pentagon announced an involuntary recall of as much as 2,500 Marines reservists. The Army has issued recall orders to 10,000 soldiers.

U.S. military leaders say they hope Iraqi police units, paired with American training teams, will be able to maintain security once the troops leave.

Many Baghdad residents, however, think that Iraq's notoriously corrupt and sectarian police forces are part of the problem. U.S. and Iraqi officials acknowledge that Shiite militiamen, many of whom have infiltrated the police, commit most of Baghdad's slayings, but there is still no plan to disarm paramilitary groups.

U.S. and Iraqi officials describe the Baghdad security plan as a last-ditch effort to stave off civil war and to shore up Maliki's government, which has struggled to contain sectarian violence and deliver essentials such as electricity and gasoline.

Baghdad morgue statistician Muayed Matrood said Sunday that "the number of unidentified, identified bodies and those killed randomly in crossfire received by the morgue from Aug. 1 to Aug. 15 were between 240 and 250 bodies." Between the 15th and Sunday, the morgue received 80 to 85 bodies, Matrood said.

The morgue does not count victims of explosions, whose remains often are mutilated. But Iraqi Police Capt. Mohamed Hanoon said bomb attacks were down by one-third during the first two weeks of August.

But the news of progress in Baghdad was dampened by the flurry of weekend violence throughout Iraq.

Of the 80 deaths reported Sunday, 25 were in Baghdad.

Bombers targeted two media centers in the capital. Nine people were killed when a bomb planted on a commuter bus exploded near the pedestrian entrance of the Palestine Hotel, which houses several media organizations.

Two people died when a bomb exploded in the parking lot of the headquarters of Al Sabah, one of Iraq's largest daily newspapers.

"This is the second attack of its kind against us so far," Falah Mishal, an editor at the paper, told the Iraqiya television network. "This is the price that is being paid to the workers at Al Sabah due to their steadfastness and their patriotism."

Morgue workers at Yarmouk Hospital in Baghdad said they received at least a dozen bodies Sunday, among them torture victims, bystanders hit by gunfire, and a child killed by a mortar rocket.

Near Khalis, a village 15 miles north of Baghdad, gunmen killed 22 people at a cafe, an Iraqi Army official said. The assailants also raided a judge's home, killing his brother. In an attack in Khalis, a bomb detonated near a market, killing six people.

In nearby Baqubah, two truck drivers were slain in drive-by shootings and gunmen killed an Iraqi Army colonel. In addition, two brothers and their cousin were shot to death by unknown attackers. And Iraqi police found two bodies six miles north of Baqubah.

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In the northern oil hub of Kirkuk, a car bomber smashed into the home of an Iraqi police colonel, killing nine people. Another car bomb killed one person at the office of Iraqi President Jalal Talabani's political party, the Patriotic Union of Kurdistan. It was the second time this month that bombers targeted the party's office.

The bombings are "aimed at igniting sectarian divisions between Kirkuk's residents, especially between Arabs and Kurds," said Mohamed Khalel Nsayef, an Arab politician in Kirkuk, a Kurdish majority city with significant Arab and Turkomen populations.

In Duluiyah, 50 miles north of Baghdad, three bodyguards for parliament member Abid Jaboori were gunned down.

In the southern city of Basra, Iraqi police officers said gunmen killed a policeman and his sister. Basra authorities also arrested 18 people accused of kidnapping and selling women to foreigners.

U.S. military officials announced the deaths of six American soldiers. Two died in Baghdad, one by small arms fire and one by a roadside bomb, officials said.

Four more troops died in a roadside bombing north of Baghdad. No location was given, but eyewitnesses in Tarmiya, 35 miles north of the capital, said a bomb destroyed an American armored vehicle and that no one survived.

Deputy Prime Minister Barham Salih said in an interview that the leading Shiite coalition was planning to reshuffle the Cabinet only three months after the formation of the unity government.

"This is aimed at improving the performance of the government," said Salih, who declined to identify which ministries would be affected.

Two senior U.S. military leaders in Iraq recently expressed concern that Interior Minister Jawad Bolani, a former engineer and Iraqi Army officer with no police experience, had yet to rein in Shiite militias in the police forces. The paramilitary groups are accused of detaining and killing Sunni Arabs.

A conference of Sunni Arab tribal leaders from throughout Iraq ended Sunday with a declaration pledging support for Maliki, condemning killings and kidnappings of Iraqis, and calling for increased participation in Iraq's political process. The tribesmen also denounced "irresponsible actions by the multinational forces that are hurting innocent people."

"What has been reflected in this conference is that there aren't any real differences that should separate Iraqis from each other," the declaration said.

Bomber Attacks Baghdad Paper On Day When 52 Are Killed (NYT)

By Paul Von Zielbauer

The New York Times, August 28, 2006

BAGHDAD, Iraq, Aug. 27 — A suicide car bomber attacked Iraq's largest newspaper on Sunday, detonating his vehicle inside its fortified compound in downtown Baghdad and killing two people and wounding 20 others, the executive editor and government officials said.

The bombing was part of a violent day across Iraq in which explosions and gun battles killed at least 52 people, including an American soldier.

In Baghdad, a bomb planted on a commuter bus blew up near the pedestrian entrance of a downtown hotel, killing nine people and wounding 20 others, and a convoy ferrying a deputy defense minister came under heavy gunfire that wounded two bodyguards, two government officials said.

The bombing of Al-Sabah, a national newspaper financed by the Shiite-led Iraqi government, also destroyed more than a dozen vehicles and caused the collapse of a quarter of the building where journalists and printing-press operators work, said the executive editor, Falah al-Mishaal.

The attack occurred around 8:30 a.m., as guards carrying automatic assault rifles grew suspicious of the vehicle after it had been cleared to enter the newspaper's parking lot, Mr. Mishaal said in an interview. Before the bomber could be killed, he blew up his vehicle, sending at least two parked cars through the building's wall.

"Tomorrow we will return to work again," Mr. Mishaal said.

The attack was the second on Al-Sabah — which means "morning" in Arabic — in three months. On May 6, a suicide bomber in a car set off an explosion at the newspaper's main vehicle checkpoint, killing one person and wounding several others, Mr. Mishaal said.

He blamed the attacks on Iraqi insurgent and foreign terrorist groups in the mold of the one founded by Abu Musab al-Zarqawi, the Jordanian leader of Al Qaeda in Iraq who was killed in an American airstrike in June.

"We have received many threats from Zarqawi's assistant," Mr. Mishaal said. "We published them in the newspaper."

He said he believed that the bombing was also in retaliation for a meeting of Iraqi television and newspaper editors organized by his newspaper this month where the editors were to sign a "pledge of honor" to respect the government's reconciliation efforts and to avoid printing or broadcasting inflammatory statements or violent images.

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"This is an attack against all Iraqi media," Mr. Mishaal said in a telephone interview. "It is a kind of challenge and an attempt to get rid of all free Iraqi media."

At least 16 journalists working for Al-Sabah and a government-run Baghdad television station have been killed since 2003, news media executives here said.

In a statement, Prime Minister Nuri Kamal al-Maliki "strongly denounced" the attack on Al-Sabah, which he called "a pioneering media organization confronting terror, serving the truth and consolidating unity and national coherence." Furthermore, he vowed to capture the people behind it.

And yet, in remarks closely following similarly upbeat statements by American military officials in Baghdad, the prime minister also sought to lend optimism to his government's efforts to bring security to Baghdad and other parts of the country, and to rule out the possibility of civil war.

"We are not in a civil war; Iraq will never be in a civil war," he said, through an interpreter, in an interview with CNN on Sunday. "The violence is in decrease, and our security ability is increasing."

Mr. Maliki's statement stood in contrast to a far bleaker assessment he made in a speech to Parliament on July 12, when he said the country had one "last chance" to eliminate the sectarian and insurgent attacks destabilizing the country, and warned lawmakers that "if that fails — God forbid — I don't know what will be Iraq's fate."

Also on Sunday, an Iraqi government official said the prison run by the American military at Abu Ghraib, which became notorious for the abuse of Iraqi inmates by American soldiers, had been emptied of inmates and was now under the control of the Justice Ministry.

Saad Sultan, the supervisor of detention facilities in the Human Rights Ministry, said in an intervie that more than 3,000 prisoners in American custody had been transferred to a detention facility at Camp Cropper, an American military base near Baghdad International Airport, on Aug. 15.

Mr. Sultan said the transfer was done "for security reasons, because Abu Ghraib is an unsafe area."

The closing of the prison was reported earlier on Sunday by McClatchy Newspapers.

Elsewhere in Iraqn, 21 people died in continuing sectarian violence in and around Baquba, a restive city 30 miles northeast of Baghdad where Sunni and Shiite Arabs have engaged in a longstanding cycle of retributive attacks.

A roadside bomb in Khalis, a town north of Baquba, killed six people and wounded 15 others, a Baquba police spokesman said. Two truck drivers and three other people were also killed by gunfire in the city's western suburbs, he said. A second attack in Khalis killed at least 10 additional people and wounded 10, said the provincial governor, Raad Rashid.

Near Kirkuk, a northern oil city on the border of the autonomous Kurdish region, four traffic policemen were killed in a roadside ambush as they traveled south toward Tikrit, said Capt. Firas Mahmoud of the Kirkuk police.

Also in Kirkuk, a suicide bomber driving a truck full of explosives stormed into a building housing the offices of the main Kurdish political party, killing two security workers and wounding 16 others, Maj. Kamil Shakhwan of the Kirkuk police said. And a suicide bomb attack later Sunday killed nine others, the Kirkuk police said.

In a market in Basra, a bomb attached to a motorcycle killed four people and wounded 15.

An American soldier was killed in Baghdad by small-arms fire, the military said. Another American soldier was killed Saturday by a roadside bomb that detonated near his vehicle in the southeast section of Baghdad, the military said.

Iraq Tries To Crack Down Carefully On Militias (USAT)

By Jim Michaels

USA Today, August 28, 2006

BAGHDAD — U.S. and Iraqi military leaders are pressing Iraq's Shiite-dominated government to outlaw armed militias, some of which have close links to parties in the ruling coalition.

This month, the top U.S. commander in Iraq, Gen. George Casey, said Shiite death squads were responsible for most of the recent sectarian killing in Baghdad.

"The government should announce clearly to the public that all militias should be dissolved," said Maj. Gen. Bashar Mahmoud Ayoub, commander of the Iraqi army's 9th Mechanized Division.

A brigade from Ayoub's division arrived this month in Baghdad to join an ongoing crackdown on sectarian violence.

The frustration among some officers illustrates the difficulty Iraq's government has had in confronting militias, many of which have ties to political leaders in the National Assembly and the government.

Prime Minister Nouri al-Maliki, a Shiite, has said his government will disband militias as part of a national reconciliation process. Yet al-Maliki's fragile coalition government depends on many of the armed groups for political support and has avoided confronting them directly.

"The militias hold a lot of political power," said Army Col. Doug Heckman, a U.S. adviser.

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The government has said there should be no armed groups in Iraq other than legitimate security forces, such as soldiers and police. In practice, Iraq's government is walking a fine line by trying to draw a distinction between rogue militias and death squads, which it intends to confront, and organized militias tied to political groups. It is negotiating with those militias.

"Disarming militias is a political issue," government spokesman Ali al-Dabbagh said. Al-Maliki intends to confront any militias that remain armed after negotiations are over, he said.

That nuanced approach may prove difficult for American and Iraqi soldiers.

"Until the government comes out and says, 'Disarm the militias,' it's a very ambiguous situation," Heckman said. "If there was an announcement by the government, there would be no more ambiguity."

Brig. Gen. David Halverson, deputy commanding general of the U.S. 4th Infantry Division in Baghdad, said Iraq's security forces had hoped to have a new law on militias in time for the second phase of the Baghdad offensive. A militia law would need approval by Iraq's legislature, which has recessed until next month.

"We want to push this to the political people to clarify this, so it is black and white," Halverson said. However, he said, soldiers have clear orders to detain anyone operating "outside the rule of law," and said the lack of an anti-militia decree won't impede the Baghdad offensive.

American and Iraqi forces operating in Baghdad are authorized to detain anyone who is found carrying a weapon without a permit. They also will attempt to break up criminal enterprises tied to militias, such as black-market fuel sales, he said.

What's less clear is whether and when U.S. and Iraqi troops can target militia leaders. "There is this feeling (among Iraqi military forces) that if we're going to go after the militias, we've got to have the government support," said Maj. Bill Taylor, a U.S. adviser.

The only anti-militia law on the books is one issued by the U.S.-led Coalition Provisional Authority, which governed Iraq until it restored sovereignty to a handpicked interim government in June 2004. That order banned most militias but allowed some armed groups, which it said would eventually be absorbed into Iraq's security forces at an unspecified date.

One of the biggest militias is that of radical Shiite cleric Muqtada al-Sadr. His Mahdi Army, which has battled U.S. troops in the past, consists of about 6,000 to 10,000 fighters in Baghdad, the U.S. military has said. Al-Sadr has emerged as a key political figure in the new government. His party has about 30 seats in Iraq's parliament and controls several ministries. "He has influence over this government," said Brig. Gen. Dana Pittard, commander of the Iraq Assistance Group, which oversees coalition security advisers. "That may be a dilemma for the government to work out."

The coalition military is tracking more than 20 militias in Baghdad, including Sunni and Shiite groups, Pittard said.

Many of the militias have grown stronger because they offer security to residents at a time of rising religious violence. Many Iraqis have little confidence in security forces, some of whom have been tied to death squads. "People have got to be convinced the Iraqi security forces will be able to protect them," Pittard said.

The current phase of the Baghdad offensive is designed to clear neighborhoods, one by one, of criminals and death squads. The next phase will attempt to establish effective policing and begin a reconstruction effort.

The daily number of attacks in Baghdad during the past two weeks has dropped to an average of 21, from 25 per day in the seven weeks prior to that, the U.S. military says. Much of the violence was religious or sectarian.

Maj. Kotiyba Ahmed, who was commanding a contingent of 14 Iraqi soldiers at a checkpoint on the edge of Baghdad, said the offensive has already given people a feeling of security. Stores are staying open later and there is more traffic on the road, Ahmed said.

"Before, people were afraid to leave their homes," he said.

Joe Biden: A Plan For Iraq (NHUL)

By Joe Biden

New Hampshire Union Leader, August 28, 2006

THE NEW, central reality in Iraq is that violence between Shiites and Sunnis has surpassed the insurgency and foreign terrorists as the main security threat. Our leading civilian and military experts on Iraq -- Ambassador Zalmay Khalilzad and Gens. George Casey, Peter Pace and John Abizaid -- have all acknowledged that fact.

In December's elections, 90 percent of the votes went to sectarian lists. Ethnic militias increasingly are the law in Iraq. They have infiltrated the official security forces. Sectarian cleansing has begun in mixed areas, with 200,000 Iraqis fleeing their homes in recent months for fear of sectarian reprisals. Massive unemployment feeds the ranks of sectarian militias and criminal gangs.

No number of troops can solve this problem. The only way to hold Iraq together and create the conditions for our armed forces to responsibly withdraw is to give Shiites, Sunnis and Kurds incentives to pursue their interests peacefully and to forge a sustainable political settlement.

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Meanwhile, more and more Americans, understandably frustrated, support an immediate withdrawal, even at the risk of trading a dictator for chaos and a civil war that could become a regional war.

Both are bad alternatives. The five-point plan Les Gelb and I laid out offers a better way.

First, the plan calls for maintaining a unified Iraq by decentralizing it and giving Kurds, Shiites and Sunnis their own regions. The central government would be left in charge of common interests, such as border security and the distribution of oil revenue.

Second, it would bind the Sunnis to the deal by guaranteeing them a proportionate share of oil revenue. Each group would have an incentive to maximize oil production, making oil the glue that binds the country together.

Third, the plan would create a massive jobs program while increasing reconstruction aid -- especially from the oil-rich Gulf states -- but tying it to the protection of minority rights.

Fourth, it would convene an international conference that would produce a regional nonaggression pact and create a Contact Group to enforce regional commitments.

Fifth, it would begin the phased redeployment of U.S. forces this year and withdraw most of them by the end of 2007, while maintaining a small follow-on force to keep the neighbors honest and to strike any concentration of terrorists.

This plan is consistent with Iraq's constitution, which already provides for the country's 18 provinces to join together in regions, with their own security forces and control over most day-to-day issues. This plan is the only idea on the table for dealing with the militias, which are likely to retreat to their respective regions instead of engaging in acts of violence. This plan is consistent with a strong central government that has clearly defined responsibilities.

To be sure, this plan presents real challenges, especially with regard to large cities with mixed populations. We would maintain Baghdad as a federal city, belonging to no one region. And we would require international peacekeepers for other mixed cities to support local security forces and further protect minorities. The example of Bosnia is illustrative, if not totally analogous.

At best, the course we're on has no end in sight.

At worst, it leads to a terrible civil war and possibly a regional war. This plan offers a way to bring our troops home, protect our security interests and preserve Iraq as a unified country.

The Battle For Baghdad (USNEWS)

By Linda Robinson

U.S. News and World Report, August 27, 2006

BAGHDAD-With the number of violent deaths in Baghdad hovering around 2,000 a month, the U.S. and Iraqi security forces have launched a new effort to pacify the capital. But-as with everything else in Iraq-there are no guarantees that it will be any more successful than the previous attempt, which even senior U.S. commanders here concede was woefully ineffective. That initiative, by the newly formed government of Prime Minister Nouri al-Maliki, failed utterly in its attempt to secure the city from the Sunni insurgents and Shiite militias who are conducting much of the killing, kidnapping, and torture of their fellow Iraqis. Some 4,000 U.S. troops, and an even larger number of Iraqi soldiers, have been sent to the capital as reinforcements for the new effort. Among both Iraqi and American officials, there is a growing consensus that the entire war effort hangs in the balance.

The war has reached this grim crossroads, many here believe, because the mounting centrifugal forces and the failure to achieve the basic requirements of peace are threatening to doom the Maliki government, or at least render it irrelevant. If the level of violence can't be significantly reduced in the coming months, the strained patience of Americans may also reach the breaking point, a growing number of politicians and military officers say. John Warner, the Virginia Republican and longtime chairman of the Senate Armed Services Committee, recently warned that if Iraq plunges into all-out civil war, Congress will have to reconsider its 2002 authorization for the use of troops here. In a letter to President Bush, longtime House Armed Services ranking member Ike Skelton of Missouri compared the battle for Baghdad to Midway in World War II as the "decisive battle" at a "critical and dire phase" of the war.

The danger of the strategy contemplated in the new security effort, however, is that much of the energy of the Iraqi and American forces will be poured into one more series of house-to-house sweeps, as thousands of soldiers fan out in cordon-and-search operations, knocking on doors and confiscating weapons and ammunition. Such tactics, U.S. commanders said in a series of in-depth interviews over the past few weeks, address only the symptoms of the current conflict, not its causes, while they risk further alienating the very civilians whose allegiance the fledgling government desperately needs.

Maj. Gen. William Caldwell, spokesman for the U.S. four-star command, the Multi-National Forces-Iraq, says the new strategy must be seen in its proper context. "The Baghdad Security Plan is a complete package," he emphasized. "We've always said that the military cannot win the peace around this country. All it can do is set the conditions to allow the political process to work so that it can establish peace." There are two economic components to the new plan, Caldwell says. Short-term relief programs will be funded by the United States, after which the government of Iraq is supposed to step up with $200 million in

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infrastructure-development and jobs projects. Whether that will happen, however, is anyone's guess. Another senior general points out, acerbically, that previous campaigns in Fallujah and Tal Afar failed to provide sustained aid. The man in charge of daily military operations in Iraq, Lt. Gen. Peter Chiarelli, says failure now is not an option. "If we don't follow up with a build phase," he told U.S. News, "then I don't think Baghdad can be secure."

Power vacuum. Getting Baghdad right is just part of the challenge, and it may not be possible to bring lasting peace to the city without significant breakthroughs on the core issues of the conflict. The lack of political progress during the past year created a power vacuum that allowed sectarian violence to spiral out of control. Today, many seasoned American military officials grappling with the Iraq problem express frustration that there has not been more progress on implementing the official strategy's key political, economic, and security imperatives. There has been a failure to put sufficient resources and manpower toward achieving the fundamental requirements for peace, many U.S. commanders say. Among their principal complaints: A political reconciliation pact has not been achieved. Too little has been spent on reconstruction and services to win over ordinary Iraqis, and too few of the 138,000 U.S. troops are being used to mentor Iraqi security forces.

The lack of security is only the most obvious symptom of the lack of progress. Even armed U.S. soldiers cannot move around any more freely than they could a year or two ago. They travel from Baghdad's airport to downtown on high-speed choppers or on a hulking armored bus called the Rhino. Riders don helmets and bulletproof vests for the midnight rides. Drivers wearing night-vision goggles pilot the Rhinos with headlights off, in a convoy guarded by humvees bristling with heavy-caliber guns and escorted by attack aircraft.

Resupply convoys still roll mostly in the dead of night, snaking out of military bases in long lines. Military personnel hopscotch from base to base by plane or chopper. On a recent flight aboard a small Army cargo plane called a Sherpa, the pilot flew fast and low-no more than 200 feet off the ground-because the plane's slow climbing speed makes it vulnerable to antiaircraft missiles. Pilots jokingly call the main supply base at Balad the "duck pond" since Iraqis take frequent potshots at the many aircraft there. The most notable difference in the movement of people is the long lines of Iraqis at the airport with their belongings piled high. They are leaving, and few seem hopeful of coming back. Those who can't leave are rushing for whatever security they can find, many in the armed sectarian bands. "Everybody," says a senior U.S. officer in Iraq, "is just trying to survive."

One official puts the top political priority in blunt terms. "A viable government is needed to reduce the violence." By which he means a government that has explicitly gained the allegiance of all of Iraq's main groups. Since the fall of Baghdad, obviously, that hasn't happened. "We've wasted a lot of time here in the last three years," says another senior officer, ticking off the various interim governments, elections, even the writing of the Iraqi Constitution, which failed to address, much less resolve, the major points of conflict. The previous efforts, several U.S. military officials complain, were all about process when the focus should have been on the bargains that still need to be struck among the Shiite, Sunni, and Kurdish groups to hold Iraq together. Process, these officials say, will never be enough to win over skeptical, fearful, and warring Iraqis; what's needed instead is an actual deal, arrived at through hard-knuckled bargaining and with sufficient carrots and sticks to make it work. The U.S., with its military, must be ready to be the guarantor.

To do such a deal, a senior coalition official says, it is essential not to demonize the key players. Right now, one such "demon" is Moqtada al-Sadr, the young firebrand Shiite cleric who has built both a potent militia and a highly popular political movement over the past three years. His party now controls five ministries and has 32 legislators, and his militia, Jaish al-Mahdi, numbers in the thousands. This official argues that a multipronged approach must be taken to the militias' various components, which include unemployed youths who are the foot soldiers, the criminal opportunists who run the bomb factories, and the hard-core fundamentalists who are torturing and executing Iraqis for belonging to the wrong sect.

Disbanding. In fact, that very approach was advocated as part of a security plan written about six months ago. Under it, each militia would produce a one-time list of members, and some number would be allowed to join the Iraqi security forces as individuals and spread across different units. The Badr Brigades Shiite militia, for example, which has about 17,500 members, would be given 5,000 slots. Many of its members are aging, so an economic incentive might be sufficient to win their retirement. The key to making this plan work is to offer it simultaneously to both Sunni insurgents and Shiite militias. Some of the Shiite-led government's members, however, want to make the offer only to Shiites.

The lack of a political compact has direct bearing on the security mess. First, the length of time it took to form the government created a vacuum in which the militias' strength and influence grew. Maliki, named prime minister in April after months of haggling among the parties, espoused a 24-point national reconciliation plan, but lack of progress has it hanging by a thread today. One sign of gridlock occurred after Iraqi Army commanders asked that the government's Council of Representatives reaffirm Maliki's order that all illegal armed groups, Shiite and Sunni, be pursued equally. The council adjourned, instead, for summer break. The result? Still more violence. "There are forces in Baghdad," a senior coalition official says, "who feel they do not have the support of the government yet to confront some of the threats that are impacting them daily."

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The economic deficiencies in Washington's Iraq strategy are every bit as glaring as the political ones. Of more than $300 billion spent on the war here, one senior official calculates that only about $8 billion has gone for economic reconstruction, services, and infrastructure. The imperative to provide economic benefits to ordinary Iraqis is not born out of some vague humanitarian impulse, U.S. military officials here emphasize, but one that directly affects the security of the country and the viability of the government. "That is how you get people to help you police the environment and provide you with the intelligence you need," says a senior official. "With a little more investment, we could turn Baghdad around," he adds, suggesting a figure of $10 billion over three years. "How do we know this approach won't work? We haven't even tried it yet."

White elephants. The objective, obviously, is for ordinary Iraqis to experience the benefits of the economic programs. The special U.S. inspector general in Iraq recently testified to Congress that the most effective aid in this regard was not the large development projects undertaken by civilian government aid agencies and private contractors but the military commanders' emergency response program, or CERP fund. Large-scale civilian projects have produced some enormous white elephants, like the R3 water-treatment plant in Baghdad, on the northern edge of one of the most conflicted zones, Sadr City. Residents can go to the plant to get water, but homes aren't hooked up to it. "What we have built," one U.S. general said in frustration, "is the world's largest water fountain." Another example: In restive Diyala province, a water plant built to provide water to 36,000 homes today supplies fewer than 6,000.

The current U.S. budget request for economic aid to Iraq is only $355 million, and just $276 million for next year. The U.S. ambassador in Iraq, Zalmay Khalilzad, has pinned his hopes for more on an international donors conference sponsored by the United Nations, even though less than $4 billion of $13.5 billion originally pledged by other countries in 2003 has been forthcoming. Neighboring gulf countries have not even agreed to forgive Iraq's debt. "I really believe that reconstruction has to continue, be that with U.S. funds or foreign funds," says Chiarelli. Iraq's legislature must prioritize its huge agenda to tackle the most important issues first, and in the meantime, the general says, "we've got to make sure we continue the rebuilding as they go through the process of passing laws."

The U.S. strategy calls for "standing up" Iraqi forces so that U.S. troops can gradually hand off policing and patrolling tasks to them. But even though this is the primary security task, there are only 4,000 U.S. advisers serving on military transition teams, or MiTTs, supplemented by special operations forces and a "partnering" arrangement with U.S. conventional forces based in the area. The number of partnered units is beginning to drop, as they are being concentrated on fewer and fewer bases. Finally, the U.S. advisers are mostly at the battalion level or above, when this type of insurgent warfare is mostly fought at the company, platoon, and squad level.

Despite a great deal of lip service paid to "counterinsurgency," more U.S. manpower is still being employed in offensive combat operations than in classic counterinsurgency tasks of protecting the population and denying its use to the armed opposition. In practice, many U.S. troops have been used for large-scale sweeps, efforts to seal borders, and chasing insurgents around in lightly populated areas. Massive security operations, including, most notably, the Fallujah offensive, wreak indiscriminate damage, as opposed to the precision, intelligence-driven raids on specific buildings where insurgents have been found.

Even worse, in terms of wasted manpower, are the huge layers of military bureaucracy that have built up here. There is a four-star strategic command in downtown Baghdad, led by Gen. George Casey, the ranking general in Iraq. Under Casey, there's a three-star command led by Chiarelli. Yet another three-star general, Lt. Gen. Martin Dempsey, is in charge of training Iraqi forces. There are thousands of soldiers in command staffs who labor over daily briefings and endless PowerPoint presentations. Hundreds more are employed in force-protection operations and providing basic services to the bases scattered around the country. On the sprawling U.S. military base next to the Baghdad airport, there are 14 speed traps monitored by military police with radar detectors in their SUVs.

Police purge. The argument is that all efforts should be bent on improving Iraqis' ability to take charge of their own security. The Iraqi Army has been given the lead role in about half of the country (map, Page 53). There is a strong view within the U.S. officer corps here that Iraqis must be put in charge so that they will take ownership of the country's problems. But others lower down on the totem pole caution that the handover to Iraqis should not be accelerated much faster. And many commanders caution that U.S. advisers will be needed for years to reinforce the training and professionalization of the forces.

There is also a growing consensus that Iraqi forces will have to be bigger to do the job of securing Iraq. The military and police now number 298,000 and will reach 325,000 by year's end. The Maliki government plans to seek more. One yardstick calls for three Iraqi soldiers to replace every American one, which would mean 390,000. Some Vietnam comparisons suggest that as many as 500,000 are needed. In any case, just to meet the current goal, new recruits are needed to replace roughly 18,000 who have resigned or been wounded or killed.

The picture in the Iraqi police forces is far less positive. Overseen by the Interior Ministry, these forces outnumber the Army by about 40,000. Starting this month, the Iraqi National Police are being pulled from duty to undergo a much-needed overhaul. A

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senior coalition official says that five to six of the 26 police battalion commanders have been implicated in sectarian or criminal violence or both and should be purged and, perhaps, prosecuted. Unlike the Army, where efforts have been made to balance the ethnic mix to reflect the population, the National Police is still 75 percent Shiite, although that is down from 92 percent. In recognition of the need for greater mentoring, the police advisory teams are being increased to 200 from 158. Another very serious problem are 150,000 armed guards assigned to various ministries, who officials say are committing many of the crimes and killings. The Interior Ministry proposes taking control of them and having the United States purge and retrain them, but this will require Iraqi legislative approval.

Beefing up U.S. advisory teams could also make them less vulnerable. They will be increasingly exposed as U.S. forces consolidate onto 50 bases by year's end. That means that resupply lines for outlying advisory teams will be longer, quick-reaction forces will be farther away, and the medical evacuation may be more difficult.

President Bush has said on many occasions that he will heed Casey's advice on when and how fast to draw down U.S. troops. Backing away from earlier hints of a drawdown this year, Casey now wants to see "significant" improvement in the levels of violence by Ramadan, in late October. That also happens to be the eve of the U.S. congressional midterm elections.Despite adverse polls, the administration continues to argue for "staying the course" on Iraq, and Casey's spokesman argues against a rush to judgment. "Our presence has been there for three years, but this government has been in place for two months," says Caldwell. The new Baghdad security effort, he explains, will be a "rolling campaign," and the hope is that success in one area will have a positive effect on the other more difficult places like Sadr City.

The alternative, championed by opponents of the war, is to set a deadline for pulling out troops.

Between the two stark alternatives, however, another possibility exists. According to officials in the trenches of America's grinding war, there is still time to make significant changes in resources and manpower to achieve the key political, economic, and security goals of the strategy. But not much. Citing Ulysses Grant in the darkest days of the Civil War, one senior official said, "It's time for 2-o'-clock-in-the-morning courage on our part and the Iraqis' part."

Hunting Baghdad's Death Squads (USNEWS)

By Linda Robinson

U.S. News and World Report, August 27, 2006

BAGHDAD-A line of 13 humvees rolled into Baghdad's fetid Shula neighborhood well after midnight early this month, stopping briefly to navigate a makeshift barrier of concrete and concertina wire that a local militia had erected on a bridge leading into the warren of one- and two-story homes and market stalls. When they reached the high-walled house they were looking for, Iraqi and American special operations forces spilled out of the humvees, quickly breaching a metal garage door with an ear-shattering boom. Fire from AK-47 rifles erupted minutes later, and the commandos began shooting out streetlights that silhouetted them with a pop, pop, pop. Inside the house, a quick search revealed only women and children-and a photo of one of the men the team was after.

Almost every night in Baghdad, special operations forces wage an intense battle against the Iraqi groups conducting the massacres, kidnappings, and ghoulish disfigurements that are the city's latest scourge. Together, the Iraqis and Americans are conducting three, four, even five raids a night, with human and electronic intelligence tipping them off to the location of death squad leaders. Iraq's special-ops brigade, with its American combat advisers, has netted 1,320 detainees in 445 operations all over the country this year, including three senior militia leaders and 20 individuals most wanted by the U.S. conventional division commanders. Three years of intensive U.S. mentoring, generous funding, and constant operations have made the elite 1,433-man unit the most capable one in the Iraqi Army.

On this night, four raids were launched, and two death squad members were scooped up. Outside the house in Shula, two sharp-eyed U.S. Special Forces sergeants, one a trained sniper, simultaneously spotted two men sitting in a van in the shadows. The soldiers swung the barrels of their rifles and light machine guns toward the windshield, and the two Iraqis instantly raised their hands. The soldiers zip-tied the men's wrists and had them kneel by the road until an interpreter was free to question them. Their cellphones, thrown into the humvee, began ringing incessantly. Someone was anxious to find them.

Barrage. The Iraqis and Americans rendezvoused briefly in the courtyard, virtually indistinguishable in their U.S.-made night-vision goggles and M-4 rifles with laser sights. A new burst of AK-47 fire came from an alley into the courtyard, and two soldiers stole swiftly down the alley while others manning the big guns on the humvees let loose with a ferocious barrage of .50-caliber and 7.62 rounds. The Iraqi commander spoke a few words to his troops, and they dashed around a corner. A U.S. AC-130 gunship circling overhead had just spotted five men entering the mosque behind them. Past experience had taught the commandos how to handle such delicate targets. They had statements from informants attesting to the mosque's use as a meeting place for militia members and as a possible arms depot. Only Iraqis, not Americans, went in to search it.

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One of the men in the van turned out to be one of two brothers the Iraqis and Americans were seeking. He was a Jaish al-Mahdi battalion commander who led a "punishment cell" set up to detain, torture, and kill Iraqis for alleged infractions of Islamic law. Their armed band, led by the man in the photo they found, is accused of some of the most gruesome crimes in Baghdad, including the kidnapping of 14 Iraqi soldiers in May. When the soldiers' bodies were found, their skulls had been burned with a hot iron, then punctured repeatedly with a power drill. Residents say this group has killed over two dozen people, including a young, pregnant wife whose fetus was cut from her womb. The leader's dossier also included making roadside bombs that had killed two U.S. soldiers in February.

Lt. Col. Sean Swindell, the Special Forces battalion commander in charge of special operations forces in Baghdad and the south, described the extensive documentation compiled before any targets are nominated for raids. "We do not go after anyone until we have assembled an evidence packet with numerous sworn statements," he said. "We often add to those packets as we detain others." For one thing, the soldiers want to make sure there are ample grounds to hold those they capture, whether in Iraqi or U.S. custody. The other reason is to have all the details ready to divulge if politicians or the public begins questioning the motives for an operation. In the explosively charged climate of Iraq today, that has happened more than once.

Crying foul. In particular, when those detained are members of a Shiite militia, the Shiite-led government has sometimes cried foul. The powerful cleric Moqtada al-Sadr has denounced raids on his Jaish al-Mahdi militia, even though he has also criticized some of its excesses. In March, after special operations forces killed 16 armed Iraqis in a religious school, or hussainiya, the raids were virtually halted for three months while an investigation was conducted. Since he assumed the job of prime minister, Nouri al-Maliki has strongly supported the commandos and paid them a visit in August. He backed their detention of a sheik in Karbala who ran an armory and assassination cell, even when politicians there complained.

But Maliki is not immune to pressure. Just this month, he criticized the commandos for using aircraft to defend their raids. The AC-130 gunship has been a vital part of the raids' success. The small commando units defend themselves with overwhelming firepower. And in heavily armed neighborhoods like Sadr City, the militias fire antiaircraft guns from rooftops. In video footage of a July 23 raid viewed by U.S. News, heavy fire from a rooftop into the sky was clearly visible during the pitched battle. In that raid, the commandos rescued two Iraqis held in a mock sharia court who had been burned with acid and beaten with electric prods. On the night of the raid in the Shula neighborhood, the AC-130 swung into action to cover the commandos' departure. With AK-47 fire growing steadily, the gunship shot lethal 40-mm rounds to suppress it long enough for the convoy to turn around and wend its way out of the market area. Thirteen Iraqis were killed that night, 10 of them from the aircraft fire and three in the earlier gun battle.

Although U.S. officials take pains to avoid naming the particular groups they are going after, Sunni insurgents, al Qaeda in Iraq, and the Shiite militia commanders who are committing atrocities are all targets of the raids. The hope is to remove these hard-core leaders while the political leaders negotiate an amnesty and offer jobs to the foot soldiers.

The Shadow Warriors (USNEWS)

By Linda Robinson

U.S. News and World Report, August 28, 2006

BALAD, IRAQ-One little-known aspect of the U.S. military operation in Iraq is that it involves the largest ongoing deployment of special operations forces since Vietnam. A total of 3,768 Special Forces,Navy SEALs, and Air Force combat controllers are scattered across the critical Euphrates and Tigris river valleys, from the Syrian border to Hilla and Kut in the south. They are partnered with one third of the Iraqi Army battalions and 13 SWAT-type police units. Speaking to U.S. News at his headquarters in Balad, Kenneth Tovo, the colonel in charge of the Combined Joint Special Operations Task Force-Arabian Peninsula, said his troops are using their specialized skills to complement the U.S. conventional forces' training in two ways. "One, they are working with battalion staffs to integrate intelligence and operations and teach them how to target," he said. "Two, they are training scout platoons to find and fix the enemy." Once the platoons are trained, the Americans advise them in combat. Navy SEAL teams who are partnered with Iraqi forces in Anbar province have seen intensive combat, as have the Americans advising the Baghdad-based Iraqi special ops forces.

Colonel Tovo emphasizes that surgical force must be combined with other methods. In the restive west, his teams woo Sunni tribal chiefs and have persuaded some to send recruits to the police and army. "This task force understands that we cannot kill our way to victory," he told U.S. News. "That said, we live in the security side of the house. We are building Iraqi security force capacity and using that to attack insurgents." This year, Iraqi units with special ops advisers detained 2,065 selected targets, including 460 high- and mid-value ones, killed 222 enemy combatants, and wounded 92. Perhaps a more important measure of their success is that, thanks to their careful targeting and preparation of evidence packets, 70 percent of those captured remain in detention and 85 percent of those who made it to trial were convicted, compared with 40 and 50 percent for other units.

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The Opel gang. Even though Iraq's third-largest city, Mosul, is still plagued by some 14 attacks a week, it is seen as a successful model of the training effort. The lone 12-man U.S. Special Forces team forged a good relationship with the 172nd Stryker Brigade, which has now been sent to Baghdad to help quell the violence there. Lt. Col. Charles Webster, one of the Stryker battalion commanders who invited the special forces to join his planning meetings, recalled how they helped shut down a group he called the "Opel gang," which was plaguing the city with car bombs. "One of them said, 'Sir, they meet here, pick up the cars at this point, drop them off there,' and pointed out the locations on the map," Webster said.

Perhaps their most important breakthrough was getting Mosul's largely Sunni police force to work with the Kurdish Army brigade that secures the east half of the city. After a suicide bomber hit the Army unit one day in July, the police responded-before the U.S. soldiers even learned of the attack. "They were fighting each other just two years ago," says one of Webster's company commanders. The Special Forces master sergeant praised the young officer's diplomatic skill. "He played them like a fiddle," he said.

The Special Forces team in Mosul trained three Iraqi scout platoons in everything from surveillance techniques to marksmanship to special driving skills, using their collection of Toyota Hilux trucks and beat-up civilian cars. Last month, the team's medic patiently corrected a new class's ham-handed attempts at surveillance in a trial run outside a Saddam-era bunker. "You would've been killed if this had been for real," he told them gravely. The team has also worked with the civilian police advisers to improve the Iraqi police, who lag far behind. The Special Forces pick up Iraqi detectives on their way to raids so the latter can collect evidence. They are also helping to figure out why Mosul judges are reluctant to bring cases to trial or impose sentences. "If we can't get them convicted," the Special Forces captain in Mosul says, "we're just running a catch-and-release program."

One point virtually everyone agrees on is that the number of U.S. forces backing up the Iraqis in the Mosul area shouldn't be reduced anytime soon. The American force here has already been reduced from a division to two battalions in the past two years. The Stryker brigade that has arrived to replace the 172nd lived through an abrupt drawdown in 2004, when insurgents from Fallujah flowed into the city and began killing policemen by the dozens. Summing up his tour in Mosul, the Special Forces master sergeant said, "I think we made a difference here."

"Make me afraid!" Like Mosul, Kirkuk to the south is a volatile mix of Sunni and Kurd, with the additional prize of the northern oil fields and production facilities. A Special Forces team there trained scout platoons and started a leadership course for Iraqi lieutenants, platoon leaders, and sergeants in a kind of mini-Ranger school. The team's master sergeant drew a page from Vietnam to create a monthlong program built on the Military Assistance Command Vietnam Recondo model. Under the blazing sun at the K1 base, Iraqi officers and sergeants swapped roles, learned to plan missions, and honed basic soldier skills. Soldiers from the 101st Airborne Division became instructors. In addition, two Special Forces soldiers were farmed out as advisers to each Iraqi company. On the shooting range with his company one day, a cheery blond weapons sergeant shouted above the din as the Iraqis fired tentative bursts from their Soviet-made PKC machine guns: "Make me afraid! Make me s - - - my pants!"

A burly Iraqi scout platoon sergeant named Omran has plenty of reason to be afraid. He has personally suffered from the violence that still plagues Kirkuk. His brother was killed outside his house, in a neighborhood that has been named Kabul for its violence. Omran was also kidnapped during a harrowing visit to Baghdad last month. At a roadblock manned by armed members of the Jaish al-Mahdi militia, he was accused of being Sunni and thrown into the back of a van. Omran, who is Shiite, finally related enough details of his Shiite birthplace that they let him go. "If they had known I was a soldier," he said, finishing his sentence by drawing a finger across his neck.

Omran would like to have armored vehicles instead of the jury-rigged pickup they now use, but the Special Forces team itself has mostly old humvees. Once outside the gates of the K1 base, the humvee gunner flicks on the jammers and the driver hits the gas, heading straight at oncoming cars to determine who is a suicide bomber. The aggressive tactic forces regular drivers to pull off the road until the humvee passes. Back at the team house, named Hornbeck Hall for a Special Forces soldier killed in 2004, the team sergeant expresses concern that the next team may be spread too thin if asked to take on more police mentoring. "If our work is not sustained by those who come after us, it will all fall apart," says the 20-year Army veteran. "They will just go back to their old ways."

The team's final days were marked by a disappointment, when the local U.S. conventional commander did not incorporate the whole team into the planning and execution of a sweep through three insurgent-ridden towns west of Kirkuk. The massive cordon-and-search operation turned up over 300 weapons, 300 fuses for bombs, and hundreds of ammunition rounds, as well as 77 detainees. But they do take home one clear measure of their impact here, the gratitude of young Lieutenant Mohammed. Thanks to his own courage and the combat lifesaver course taught by the special forces, he was able to put tourniquets on both his legs when his vehicle was bombed. The medic helped save one leg, and the team is now trying to get him a U.S.-made prosthetic. "I want to get back to duty," the plucky Iraqi said from his hospital bed.

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Colonel Tovo, who led special ops forces here in the first phase of the war, believes Iraq is at a tipping point. "If you look over the long term," he says, "we've made tremendous progress on the ground. But this is long-duration work. We are trying to change a culture at every level."

The Great Wall Of Arabia (TIME)

By Timothy J. Burger

Time, September 4, 2006

No, you won't be able to see it from space, but Saudi Arabia, unnerved by the violence next door in Iraq, plans to spend up to $7 billion on a partly virtual fence along its 500-mile border with Iraq. The ultramodern barrier will combine fencing, electronic sensors and sand berms. Saudi and U.S. sources tell TIME the kingdom is seeking bids from contractors, including U.S. defense giant Raytheon. (A Raytheon spokesman says the Saudis asked the company not to comment.)

Saudi diplomats say the fence is intended to stop weapons and drug smuggling and illegal immigration. But they admit they fear that Iraq's sectarian fighting and jihadi militancy could spill south. "We're worried about the war in Iraq coming into Saudi Arabia and spreading into the whole region," says Nail al-Jubeir, a spokesman for the Saudi embassy in Washington. "Having some of these guys heading toward the Saudi border is something we want to make sure doesn't happen."

While good fences may make good neighbors, this one will not ensure Saudi Arabia's security. The kingdom has had at least five deadly terrorist attacks since 2003, and some of the perpetrators were homegrown.

Elections: Shays' Sudden Shift (NSWK)

By Eleanor Clift

Newsweek, September 4, 2006

Connecticut Republican Christopher Shays has long been an ardent backer of the war in Iraq. But after returning last week from his 14th trip to the country, the congressman reported that little progress had been made—and called for a "fixed timeline" for the withdrawal of U.S. troops. He plans to hold three hearings next month in the House subcommittee on government reform, which he chairs, to examine the consequences of a phased withdrawal. "We need to send a very powerful message to the Iraqis that there is not an open checkbook and our soldiers are not going to be in harm's way indefinitely," Shays told NEWSWEEK.

His new position is a significant break among Republicans in Bush's firewall on the war going into the November elections. When Shays called the Iraqi desk at the National Security Council to alert it of what he calls "an evolution in my thinking," he assured the staffer on duty that he remains "strongly supportive of what I see as a noble cause." But Shays has his re-election to think about. He's in a tight race with his Democratic opponent, who's casting the contest as a referendum on the war. Two thirds of the voters in Shays' Greenwich district think it was a mistake to go into Iraq. But, says Shays, even antiwar Democrats don't really want to get out right away: "Our positions are not that far apart." He'll find out in November whether his constituents agree.

Homicide Charges Rare In Iraq War (WP)

By Josh White, Charles Lane And Julie Tate

The Washington Post, August 28, 2006

The majority of U.S. service members charged in the unlawful deaths of Iraqi civilians have been acquitted, found guilty of relatively minor offenses or given administrative punishments without trials, according to a Washington Post review of concluded military cases. Charges against some of the troops were dropped completely.

Though experts estimate that thousands of Iraqi civilians have died at the hands of U.S. forces, only 39 service members were formally accused in connection with the deaths of 20 Iraqis from 2003 to early this year. Twenty-six of the 39 troops were initially charged with murder, negligent homicide or manslaughter; 12 of them ultimately served prison time for any offense.

Some military officials and analysts say the small numbers reflect the caution and professionalism exercised by U.S. forces on an urban battlefield where it is often difficult to distinguish combatants from civilians. Others argue the statistics illustrate commanders' reluctance to investigate and hold troops accountable when they take the lives of civilians.

"I think there are a number of cases that never make it to the reporting stage, and in some that do make it to the reporting stage, there has been a reluctance to pursue them vigorously," said Gary D. Solis, a law professor at Georgetown University and a former Marine prosecutor. "There have been fewer prosecutions in Iraq than one might expect."

"But we should not forget that so many of our soldiers and Marines are performing not only honorably, but heroically, in very difficult circumstances," he added. "Their contributions should not be tarnished by the acts of a very, very few."

Top military officers, military lawyers, experts and troops say the number of homicide cases prosecuted probably represents only a small portion of the incidents in which Iraqi citizens were killed under questionable circumstances. Officials also

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say privately that some cases have not been investigated thoroughly because there has been a tendency to consider Iraqi civilian deaths an unintended consequence of combat operations.

"I think there were many other engagements that should have been investigated, definitely," said an Army major who served in Iraq in 2004, speaking anonymously because he fears retribution. "But no one wanted to look at them or report them higher. . . . It was just the way things worked."

Others contend, however, that civilian deaths are inevitable in war and that the close combat environment in Iraq frequently puts civilians in the line of U.S. and insurgent fire.

The cases highlight the sometimes fine line between a criminal allegation and the bloodshed that is a part of war. Spec. Nathan Lynn, a Pennsylvania National Guardsman, shot and killed a man in the darkness of a Ramadi neighborhood in February. Lynn said he considered the man a threat and believes he did nothing wrong.

The man was not armed, and Lynn was charged with voluntary manslaughter. But a military investigator agreed that Lynn acted properly in a difficult situation, and the charges were dropped.

"I was extremely surprised when I was charged because it was clear the shooting fell within the guidelines of my rules of engagement," Lynn said. "This is a war. It's not a police action."A Look at the Numbers

The Post undertook the review after allegations surfaced in recent months that U.S. forces had killed significant numbers of civilians in places such as Haditha, Hamdaniya and Mahmudiyah, with many of the victims women and children. The review included the military justice system's disposition of incidents that occurred from June 2003 to February 2006. It did not include cases from Afghanistan.

Also excluded was the killing of 24 civilians by Marines in Haditha in November 2005, which is under investigation.

There is no accurate count of the number of Iraqi civilians killed by U.S. forces. Iraq Body Count, an independent group that advocates more extensive investigation of civilian deaths, estimates that 40,000 to 45,000 civilians have been killed by insurgents, terrorists and U.S. personnel.

Military officials say they do not track overall civilian casualties. But recently, the military said that an average of one Iraqi civilian was killed by U.S. troops each day in 2005 in "escalation of force" incidents alone. These include, for example, shootings of drivers who did not heed instructions at checkpoints and appeared to be threats.

The harshest penalty, meted out to two soldiers in separate murder cases in 2004, was 25 years in prison -- one of the convicted shot an Iraqi soldier, and the other shot an Iraqi man in his house. Two others convicted in what was called a mercy killing of an Iraqi each received one year in jail.

Solis, who has studied civilian homicides from the Vietnam War, said there were 27 Marines and 95 Army soldiers convicted of murder and manslaughter in that conflict, which lasted much longer and produced many more casualties than the Iraq war has so far.

According to The Post's review of publicly reported cases from Iraq, 39 U.S. service members were charged with crimes in connection with the deaths of Iraqi civilians or for allegedly covering them up, from the start of the war in March 2003 through early 2006.

Twenty-four Army personnel were charged in connection with civilian deaths. Twelve were convicted of crimes and received jail sentences that ranged from 45 days to 25 years. Four others were tried at courts-martial, resulting in one acquittal and three convictions with no confinement.

Charges against two others were dropped. Six received administrative punishments, including four who cooperated with government prosecutions of their superiors. In administrative cases, no trial is held and the charges and penalties are not made public.

"Each case was evaluated independently, and appropriate action was taken in each case," Paul Boyce, an Army spokesman, said Friday after officials examined The Post's data. "Conviction and confinement is not always the measure of a correct result."

Five Marines were involved in homicide cases. One officer was convicted of dereliction of duty and maltreatment for strangling an Iraqi prisoner in 2003 and was dismissed from the Corps; one was acquitted; and charges against three others were dropped.

One naval officer was charged and acquitted in a case related to the death of a detainee at Abu Ghraib prison, and eight Navy SEALS and one sailor received administrative punishments in the same case.

Army and Marine officials confirmed that The Post's compilation of criminal homicide cases is comprehensive. The Naval Criminal Investigative Service, which handles Navy and Marine cases, did not respond to requests for comments on the data.

Since March, an additional 17 U.S. troops have been charged with murder in three separate incidents. The increase in the rate of charges is in part because Lt. Gen. Peter W. Chiarelli, commander of Multinational Corps-Iraq, ordered officers in April to

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look at every escalation-of-force incident that led to civilian casualties. That effort began after the killings in Haditha came to light and it was alleged that officers in the chain of command ignored the case or covered it up.

"Part of our mission success depends on not creating additional enemies because of our actions," said Lt. Col. Michelle Martin-Hing, a spokeswoman for Chiarelli.

The number of civilians killed has declined from an average of seven per week last year and four per week in January to about one per week in August, she said.

No homicide prosecutions have arisen from shootings at U.S.-manned checkpoints, where troops sometimes kill approaching drivers if they appear to be suicide bombers or insurgents. But officials have been focusing on eliminating such deaths.

Standardized signs warning that U.S. troops can use deadly force are displayed, and Chiarelli is trying to buy green warning lasers to use to get drivers' attention without firing warning shots.Too Few Convictions?

The homicide data have caused concern among some human rights advocates and experts on military law, who say the low conviction rate and seemingly lenient punishments may be sending the wrong signal, both to U.S. troops and to the Iraqi people.

"We are indeed having trouble getting convictions and accountability, and so are other countries," said Eugene R. Fidell, president of the National Institute of Military Justice. "It has struck me that the sentences are kind of modest."

But several experts on military justice said that the convictions and penalties so far are a reasonable outcome for a system designed to give soldiers fair trials in which the special circumstances of the battlefield are taken into account.

"Military justice is a two-edged sword," said Michael A. Newton, a former Army lawyer who teaches at Vanderbilt University law school and advises the judges supervising Saddam Hussein's trial. "It is a tool for discipline and military efficiency, but it is also a tool for preserving fairness and the rights of soldiers."

Some incidents clearly took place outside of combat and without provocation.

Army Pvt. Federico Daniel Merida, for example, killed an Iraqi soldier in May 2004 by shooting him 11 times after the two had sex. He was later sentenced to 25 years in prison and given a dishonorable discharge. In October 2004, Army Sgt. 1st Class Jorge Diaz shot a detainee in the face after searching a suspected insurgent's house. He was sentenced to seven years and given a dishonorable discharge.

A series of incidents involving the 1st Battalion, 41st Infantry Regiment in August 2004 highlighted the stresses of battle in the heavily contested Sadr City section of Baghdad and led to four soldiers serving sentences in the deaths of three Iraqi civilians. One of the civilians was shot to death after soldiers attacked a trash truck they believed was dropping roadside bombs. Two soldiers told authorities that the man was in such bad shape, they shot him to put him out of his misery.

In the days that followed, two different soldiers from the same unit, Sgt. Michael P. Williams and Spec. Brent May of the 3rd Platoon, went into two houses in Sadr City during a routine security sweep and shot two unarmed men, later arguing that they felt threatened. Williams and May were investigated for murder only after Lt. Erick Anderson, their platoon leader, forced the battalion's officers to start a probe.

Shortly after filing a report, Anderson was charged with murder.

"In the very beginning, no one wanted to do anything about it," said Anderson, 27, who has left active duty and is living in Kansas. "I think the officers didn't want to have the possibility of having themselves brought into it. They didn't want to go through the whole process."

Charges against Anderson ultimately were dropped, and he was promoted.

He said that during his tour there were many cases of slain Iraqi civilians that never drew scrutiny. "I think once people started seeing the reality of what can happen, when something did happen, they wanted to bury it," he said.

Williams pleaded guilty and was initially sentenced to life in prison, a sentence later reduced to 25 years. May was sentenced to five years.

Retired Maj. Gen. John Batiste, who commanded the 1st Infantry Division in northern Iraq, said he always sought to address crimes as quickly as possible in order to maintain the trust of Iraqis.

"We created more enemies in Iraq than there were insurgents, and that's a geometric equation," Batiste said.How Military Courts Work

To win a murder conviction, military prosecutors must prove beyond a reasonable doubt that the accused killed "without justification or excuse." But that is not always easy in a war zone.

The Uniform Code of Military Justice was enacted by Congress in 1950 partly to help make military trials more like civilian trials, with more procedural protections for the accused.

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But there are key differences between a military criminal case and a civilian one. One of the most fundamental is that the initial decision to start a criminal investigation ultimately rests with the commander of the service member in question, who can order administrative or non-judicial punishments instead of courts-martial.

Critics of the military's processes in Iraq say the performance so far shows a need to change the decentralized decision-making structure. They argue that it creates the potential for improper "command influence" in favor of defendants by officers who don't want the embarrassment of criminal investigations of their subordinates.

Hina Shamsi, senior counsel at Human Rights First, a New York-based nonprofit organization that monitors the military justice system, is a supporter of such changes. Nevertheless, she said: "The system is adequate. When properly followed, it works extremely well."

When criminal proceedings are authorized, there is no grand jury to hear testimony from witnesses called by a prosecutor. Instead, a proceeding called an Article 32 hearing takes place before a single officer. The defense is allowed to present evidence and cross-examine prosecution witnesses. Charges sometimes fail at this stage.

That happened in the case of Marine 2nd Lt. Ilario Pantano, who was charged with murder in the deaths of two Iraqis he had detained at a roadblock in April 2004. He shot the men 60 times and left a sign on their bodies warning insurgents not to risk similar treatment. But he said he fired only after they made threatening moves in his direction.

The Article 32 hearing officer agreed and dropped the charges, partly because forensic evidence showed that the men were shot in the chest, supporting Pantano's story that they were moving toward him when he fired.

Court-martial juries are made up exclusively of fellow service members, all of whom must outrank the accused, though enlisted personnel are entitled to a jury composed of at least one-third enlisted troops. Service members now frequently face juries that include members with battlefield experience in Iraq and Afghanistan.

Frequently, soldiers say they fired because they perceived a threat, or because they believed that their actions were authorized by the rules of engagement or other orders.

"It's not an easy call to make. It requires getting into the head of a serviceman," said retired Rear Adm. John D. Hutson, a former Navy judge advocate general who is now dean of the Franklin Pierce Law Center in Concord, N.H. "Rape is pretty clear, but death of civilians can be a part of the fog of war, or it can be the result of inexperience or misjudgment."

When Abed Hamed Mowhoush, a captured former general in Hussein's army, died in November 2003 after interrogation by U.S. intelligence officers, Iraqi agents and U.S. soldiers, Chief Warrant Officer Lewis E. Welshofer Jr., a military interrogator, was found guilty of negligent homicide, not murder.

Welshofer had stuffed the general headfirst into a sleeping bag and straddled his chest while questioning him. The jury that convicted him rejected the prosecution's claims that Welshofer intended to kill. Welshofer had sought approval for the sleeping bag method at a time when U.S. policy on interrogations of resistant Iraqi insurgents was, at best, unclear.

The jury gave him a formal reprimand, fined him $6,000 and said he should be confined to his home, office and church for 60 days.

Welshofer defended his actions in a February 2004 letter to the commander of the 82nd Airborne Division, citing his "moral obligation to do everything I can to protect the lives of my fellow soldiers."

Precision Technology Helps Combat Troops Pinpoint Enemy (USAT)

By Tom Vanden Brook

USA Today, August 28, 2006

WASHINGTON — U.S. troops and pilots in Iraq and Afghanistan share live video feeds from the battlefield to call in precise airstrikes, technology that barely existed a few years ago but now directs nine of 10 bombs and missiles dropped.

It's possible, military officers say, for troops to call in strikes less than the length of a football field from their positions compared with 2,000 yards two years ago. That's needed more than ever as troops fight insurgents in tightly packed urban areas.

The technology also can limit injuries to civilians and damage to sensitive sites such as mosques. This helps the military avoid angering the people it's trying to win over.

Forward air controllers — troops who call in airstrikes — can direct a pilot to a target in less than a minute. It used to take them 45 minutes to verbally direct a pilot to an enemy position, said Air Force Lt. Col. Greg Harbin, a forward air controller and former pilot who's used the Remote Operated Video Enhanced Receiver (ROVER) in combat.

“It's the most fundamental revolution in warfare since radio,” Harbin said. “The pilot and controller see the same thing. A picture's worth a thousand words. In this case, it might be a million.”

Precise images captured by sensors aboard a fighter jet or an unmanned plane such as the Predator are instantly relayed to troops on the ground who receive them with an antenna and laptop that can be carried in a backpack. Troops can highlight a

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target on the laptop screen, allowing either the aircraft's crew or the unmanned plane to lock in on the target and hit it with either a bomb or a missile.

The system's use has proliferated. At the start of the Iraq war, there were only enough of the early versions of the system to be used by special operations forces. Now, virtually every jet in the sky over Iraq has the ability to share its video, and troops in all services have about 800 receivers, Harbin said. Australian, British and Canadian forces are buying the units, which cost about $32,000 apiece if bought 100 at a time.

"Historically, close air support has been the art of talking the pilot on to the target," said John Pike, a military analyst with GlobalSecurity. "That isn't easy."

ROVER also allows the use of smaller bombs. Pike said the Air Force's new GBU-39, a 250-pound precision bomb, can be used to destroy a building rather than a neighborhood. The bomb can hit within 6 feet of its intended target.

"Fragments from a 2,000-pound bomb will go many football fields," Pike said. "That's one of the reasons why they're hot on this 250-pound bomb. The safe distance is a lot less."

Coalition aircraft have been dropping bombs daily in Afghanistan over the past week, according to figures from U.S. Central Command. Warplanes patrol Iraq daily. Those planes also perform surveillance and reconnaissance for troops on the ground with ROVER technology, Harbin said.

Though ROVER offers advantages, it isn't perfect, Harbin said. Bad weather is a limiting factor. "This isn't a cure-all," he said. "It's a step in the right direction."

Here's how the new targeting technology has been used:

·April 2005: Sniper and mortar fire had pinned down Harbin and 25 Marines in the restive Anbar province in western Iraq. Harbin had been wounded by a rocket-propelled grenade when he called in an airstrike within 100 yards of his men. An unmanned Predator, piloted by an Air Force officer in Las Vegas, unleashed a Hellfire missile that killed the snipers but left the building they were in standing.

·March 2003: Kyle Stanbro, an Air Force special operations combat controller (now retired), used the technology to call in airstrikes that destroyed 35 Iraqi tanks in the early days of the war. Stanbro and his team, traveling in four unarmored vehicles, were able to stay out of the tanks' range and call in airstrikes for more than six hours.

·September 2005: ROVER technology was used to locate 182 survivors of Hurricane Katrina in New Orleans and direct helicopters and boats to rescue them. Air Force Tech. Sgt. Travis Crosby, who used the system to help direct Iraqi police to stop suicide bombers last year, said the Air Force is prepared to use ROVER again this year if a major hurricane hits the USA.

Director Of Baghdad Museum Resigns, Citing Political Threat (NYT)

By Edward Wong

The New York Times, August 28, 2006

BAGHDAD, Iraq, Aug. 27 — The director of the Baghdad Museum has resigned and moved to Syria because he felt under threat from fundamentalists with ties to the Shiite-led government, a Western diplomat said Sunday. The director, Donny George, is known as a prominent advocate for the preservation of antiquities in Iraq.

A spokesman for the Ministry of Tourism and Antiquities, which is in charge of the museum, confirmed that Mr. George resigned this month and left Iraq a few days ago. "We think he left Iraq to eventually try to go to the United States or a European country," said the spokesman, Abdul Zahra al-Talaqani.

The Western diplomat, who has some expertise in antiquities, said in a telephone interview on Sunday evening that Mr. George had recently told people close to him that he felt threatened. Mr. George was a midlevel official in the Baath Party under Saddam Hussein's government and may be the target of a revenge campaign by conservative Shiites, said the diplomat, who spoke on the condition of anonymity.

Since the fall of Mr. Hussein in 2003, hard-line Shiite politicians have pushed for a purging of Baath Party officials from the government, even though many Iraqis joined the party out of social pressure or to advance their careers and not out of ideological motivation. Many Shiites and Kurds feel great hostility toward Baathists, whose top officials, including Mr. Hussein, were from the Sunni Arab minority.

The Western diplomat said Mr. George was dedicated to saving antiquities. "I think any institution would revere somebody with his skills and abilities," the diplomat said.

Mr. George could not be reached by telephone in Damascus. He did not return e-mail messages asking for comment.

The flight of Mr. George was first reported by The Art Newspaper, a trade publication based in London. Mr. George told the newspaper that he had fled Iraq because the current government had appointed fundamentalist Shiites to oversee the ministry's antiquities board and no longer had money to pay for the guarding of ancient sites. Mr. George, a Christian, spoke to The Art Newspaper from Damascus, the Syrian capital. The interview was posted on the Internet on Saturday.

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Mr. George said his position had become untenable over the past year because the new officials in charge of antiquities preservation were followers of Moktada al-Sadr, the radical Shiite cleric who led two uprisings against the Americans in 2004. Mr. Sadr's allies hold at least 30 seats in Parliament, making him one of the most powerful political forces in Iraq. He also commands the Mahdi Army, a formidable militia. "I can no longer work with these people who have come in with the new ministry," Mr. George said. "They have no knowledge of archaeology, no knowledge of antiquities, nothing."

Mr. George added that the new appointees were focused exclusively on preserving art from the country's Islamic history and not from earlier periods. Long before Islam arrived here, Iraq was the site of flourishing civilizations, beginning with the ancient societies of Mesopotamia.

Mr. George said in the interview that he had come under increasing pressure from ministry officials to sever his contacts with international experts on antiquities.

In addition, he said, the work of preserving ancient sites and relics had come to a stop over the past two years. Though there exists on paper a government force of 1,400 guards assigned to protect various sites, the government will run out of money in September to continue paying the guards, he said. "The coalition has to do something about this," he said, referring to the American-led forces.

Mr. Talaqani, the ministry spokesman, said Mr. George's statements were wrong. He accused Mr. George of trying to make himself look besieged in order to apply for asylum in the United States or Europe. "He's using this story so some immigration officials will believe the Iraqi government is pressuring him," Mr. Talaqani said.

The new director of the museum is a woman named Amira Eidan, he said.

The halls of the Baghdad Museum are sealed with concrete, and its treasures are not open to the public. The hauling off of many of its relics in 2003, during the mass looting that swept Baghdad after the American invasion, became for many a potent symbol of the war's cost.

British Ambassador Explains Troop Movement Near Iraq-Iran Border (MCT)

By Mark Brunswick

McClatchy Newspapers, August 28, 2006

BAGHDAD, Iraq - The new British ambassador to Iraq said on Sunday that British troops taking up position near Iraq's border with Iran aren't preparing for military action against Iran, but were getting to crack down on weapons smuggling between the two countries.

Ambassador Dominic Asquith was responding to concerns raised by some Iraqi political and religious leaders, who've suggested that the British troops may be doing U.S. bidding as tensions rise over Iran's nuclear development program.

The concerns come as British forces have faced escalating violence in the once-quiet southern area around the port city of Basra, Iraq's second largest city. Last week, the British turned a base over to the Iraqi army and dispatched half the troops formerly stationed there to positions closer to the Iranian border. The base was subsequently overrun by Iraqi looters, who stripped it bare.

Asquith said the movement was designed to block the flow of arms, bomb-making materials and other "outside influences" into Iraq, particularly during a tenuous time as it pursues a program of national reconciliation.

"I would not draw any connection to the deployment of multinational forces and any deeper theory about what messages we are designing to give," he said during a news conference at the British Embassy in Baghdad.

Asquith, who's been in Iraq since 2004 as a lower-level diplomat, presented his credentials as ambassador last week.

U.S. officials worry that Shiite militias are receiving arms and explosives smuggled from Iran, a Shiite-dominated nation that could stand to gain by Iraq's continued instability.

Last month, a leaked memo by Britain's outgoing ambassador, William Patey, warned that "a low-intensity civil war and a de facto division of Iraq" was probably more likely than a transition to a stable democracy." The memo contributed to an on-going debate about whether Iraq, racked by sectarian violence pitting Shiite and Sunni militias against each other, was in the throes of civil war.

Iraq's prime minister said Sunday that violence was decreasing.

"We're not in a civil war. Iraq will never be in a civil war," Nouri al-Maliki said on CNN's "Late Edition."

Asquith said he does not yet see Iraq in a civil war, and said he thought progress was being made.

"There's no question there is sectarian violence inspired by people who are determined to fan the flames," he said. "We have made progress in attacking the security issue of Baghdad but the level of violence is deeply disturbing."

His comments came as a series of explosions killed at least 18 people and wounded dozens Sunday. A bomb planted in a minivan used as a public bus detonated near the pedestrian entry point to the Palestine Hotel in downtown Baghdad, killing at least nine people and wounding 18, police and witnesses said.

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Another car bomb exploded in the parking lot of the government-run al-Sabah newspaper in a Sunni-dominated area of the capital, killing at least three people and wounding 30.

Jimmy Carter: Blair Subservient To Bush (AP)

AP, August 28, 2006

Former President Jimmy Carter accused Tony Blair on Sunday of being "subservient" to the White House, saying the British prime minister failed to constrain America on Iraq.

"I have been surprised and extremely disappointed by Tony Blair's behavior," Carter said in an interview with The Sunday Telegraph newspaper.

"I think that more than any other person in the world, the prime minister could have had a moderating influence on Washington — and he has not," added Carter, who opposed the war in Iraq. "I really thought that Tony Blair ... would be a constraint on President Bush's policy toward Iraq."

Blair has been Bush's closest international ally on Iraq, and Britain has the second most troops there after America.

Carter said in many countries he has visited, people equate U.S. and British policy.

"It's a shameful and pitiful state of affairs, and I hold your British prime minister to be substantially responsible for being so compliant and subservient," Carter said.

Blair committed Britain to the war even though public opinion was strongly against it. He was re-elected last year — but with a sharply reduced Parliamentary majority, and the war has damaged his credibility among Britons.

Some speculated when the war began that Blair had decided to back Bush publicly in order to maintain his behind-the-scenes influence on Washington. But he has always denied suggestions that he committed to the invasion of Iraq for any reason other than that he believed it was the right thing to do.

Hostage: The Jill Carroll Story - Epilogue: Family reunion (CSM)

By Peter Grier

The Christian Science Monitor, August 28, 2006

On April 2, 2006, a white Lufthansa 747 with the designation "Hamburg" written on its side taxied up to a gate at Boston's Logan Airport. At 12:22 p.m., Jill Carroll stepped off the plane and onto US soil.

As she passed through customs, agents and other officials on duty crowded around for a chance to see her. Whisked into a waiting car, she was driven to the Monitor's headquarters in Boston's Back Bay, a police escort around her and news helicopters overhead.

Jill was traveling light. She'd left a big yellow bag of clothes and toiletries from her captivity in the Green Zone in Baghdad. She'd decompressed there for a day, talking to members of the US Embassy's Hostage Working Group, before traveling on an aircraft carrying American casualties to Ramstein Air Force Base in Landstuhl, Germany.

In Boston, her car went straight into the underground garage of the Christian Science church headquarters. In a preplanned bit of evasion, she was led through basement corridors under the complex to a loading dock on a nearby side street. She then jumped into a blue van - easily missing the media horde camped outside the Monitor building.

The van went only a few blocks, to a nearby church-owned townhouse. There, Jim, Mary Beth, and Katie crowded around an open window, yelling her nickname, "Zippy!"

Jill met them coming down the hallway in a whole-family embrace. She wept and said, "I'm sorry." She was home.

. . .

Nearly five months on, what's to be learned from Jill Carroll's kidnapping and release?

Monitor editors and correspondents were heartened by the global condemnation of the kidnapping, especially from Muslim religious leaders and even militant groups, such as Hamas. They remain proud of the media campaign they helped mount, from the solicitation of statements on Jill's behalf to the public service announcements that ran in the Iraqi media. They believe it was targeted to the right audience - the Middle East - and well placed. They know the kidnappers saw some of it.

It's presumptuous to say it led directly to her release, but "I do think that changed the mental climate," says Richard Bergenheim, editor of the Monitor.

Another obvious conclusion is that Iraq has become a very dangerous place for the news media. More than 100 journalists, including interpreters and assistants, have died there since March 2003.

Since Jill's kidnapping, the Monitor has upgraded its security measures in Baghdad - both because of what had happened to her and because of the worsening situation on the ground. Editors won't detail those measures, so as not to undermine their effectiveness. The paper has kept a British security firm on retainer for consultation.

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As for Jill herself, she says that her experience taught her about priorities. Throughout her 82-day ordeal, she missed her family and her friends. Work and success didn't seem so important anymore. "I never once wished I'd filed one more story," she says.

But she doesn't regret going to Iraq in the first place. She was doing what she had always wanted to do - foreign reporting. Since her release, she has returned to Egypt, and is glad of it. She experienced again the distinctive culture of the Islamic world in a peaceful context.

"What happened to me is not the whole Middle East," she says.

Jill is no longer a freelancer. To provide financial support in anticipation of her eventual release, the Monitor quietly made Jill a full-time employee a week after she was abducted. This fall, she's been accepted into a journalism fellowship program at a major university. After that, she plans to return to writing from overseas.

Why was she released? Probably no one really knows except for her kidnappers. Maybe the public pressure worked. Maybe private whispers via Western and Middle Eastern intelligence convinced influential Sunnis that harming Jill wasn't in their best interest.

Maybe as the political situation changed, so did the priorities of her kidnappers. Maybe the kidnappers just got what they wanted - publicity or the release of women from Abu Ghraib prison. Or maybe Jill herself - the smart, young American who spoke Arabic - helped alter her captors' plans.

"One of the most effective weapons against terrorism is the truth. The truth was that Jill Carroll was not the enemy of her captors. Her father spoke that truth, and the rest of the world repeated it," says Christopher Voss, special agent with the FBI's Crisis Negotiation Unit in Quantico, Va.

As far as the Monitor and Jill's family can determine, no ransom changed hands to win her release.

Earlier this month, the US military announced that it had captured four of Jill's suspected kidnappers, after raiding a total of four locations in Baghdad, Abu Ghraib, and a village west of Fallujah. US sources in Baghdad have told staff writer Scott Peterson that the man Jill knew as "Abu Ahmed" (aka Sheikh Sadoun, say US military sources) was arrested by US Marines on May 19. The others in custody are guards, not the top figures in the group.

Members of murdered translator Alan Enwiya's immediate family have left Iraq, where they felt endangered. They are applying for US government permission to join their extended family in the US.

Jill never met the man who shot Alan. She was told that Alan's killer died a few weeks later during an insurgent military operation.

Driver Adnan Abbas, having survived the abduction, was initially a suspect. He passed a polygraph test, and was cleared by Iraqi police. He, his wife, and four children (including a newborn) have also moved to another country. Their future remains uncertain, but their ambition is to live and work in the US.

The Monitor has established two funds to help these families start new lives. Among the donations received so far: The $800 cash the mujahideen gave Jill just prior to her release. She plans to sell the gold necklace and donate those funds, as well.

Order In The Courts (NYT)

By J Alexander Thier

The New York Times, August 28, 2006

Washington

IT'S been a bad year for Afghanistan. Insurgents are gaining ground and killing more coalition soldiers, Afghan officials and civilians than at any time since the fall of the Taliban government. Reconstruction is faltering. A disenchanted population appears to be pulling back the welcome mat for foreign forces.

But a recent turn of events could have a significant positive impact on Afghanistan's future. A few weeks ago the new Parliament approved a fresh slate of Supreme Court justices — a strong group of professionals and reformers that includes several of Afghanistan's pre-eminent legal minds.

This court represents a sea change from the judiciary that has been in place since the collapse of the Taliban. For the first time in its history, Afghanistan may have a real system of checks and balances. But the United States and its partners must seize this opportunity and act quickly to support the new court,and not squander another chance for meaningful reform.

It's the big bang moment of democracy, when the three branches of government all come into being, each with its own powers and limitations. We are witnessing in Afghanistan today what the American founders understood so well: alone, factions and institutions will abuse their power, but in combination they will constrain and balance one another, creating stability amid competition and turmoil.

Afghanistan's Parliament, still struggling to find its feet, has played a critical role in this constitutional drama. Last spring, the body rejected the previous chief justice, Fazel Hadi Shinwari, a fundamentalist firebrand whom President Hamid Karzai had

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appointed in deference to Islamist demands. Rising to the challenge, Mr. Karzai then nominated Abdul Salam Azimi, a moderate Islamic scholar and the primary drafter of Afghanistan's new democratic constitution. The Parliament approved Mr. Azimi as chief justice, along with a slate of other moderates.

Chief Justice Azimi and his associates have substantial experience and a demonstrated desire to build an effective system that promotes the rule of law. In his swearing-in speech this month, the new chief justice railed against the corruption for which the judicial system is famous.

Overall, the efforts of the Afghan government and the international community to rebuild the judicial system have been meager. Courthouses have been built, laws revised, judges and prosecutors trained. But there has been no grand strategic plan to turn the tattered judiciary into a unified and coherent institution.

What might such a plan consist of?

It should focus on bolstering the Supreme Court's three critical functions and making it a linchpin of stability for Afghanistan.

First, the court must be able to check the power of the other branches and make the government accountable for abuses. An honest arbiter in the contests of power between Parliament and president, citizen and state, and church and state is essential to Afghanistan's development. To play this role, the court needs deep resources and strong political support. And there must be a steep price to pay for defying the judiciary — something the United Nations and NATO countries have to impress upon their Afghan partners.

Second, the Supreme Court must be able to fulfill its central role in deciding questions concerning Islam. This is enormously important in an Islamic society. The new constitution vests authority in the court to determine whether laws are in accordance with the "beliefs and provisions of the sacred religion of Islam." So long as the resurgent Taliban claim that the government is the corrupt puppet of infidels, the Islamic legitimacy of the government and the court must be strong. Moderate Islamic countries like Egypt, Indonesia and Turkey have a special role to play here, providing resources and credibility to the court.

Third, the Supreme Court must be responsible for the entire judiciary, down to the village level. Most Afghans will never encounter the court directly, but rather will interact with the government and legal system at the local level over issues like marriage, property disputes and crime. Providing better access to justice in the provinces — which necessitates difficult decisions about where and how to concentrate support — must be a high priority. It is more important for the judicial system to do well in a few regions than to do poorly everywhere. Qualified legal professionals are also desperately lacking. Potential leaders within the legal community must be chosen for intensive training, mentoring and promotion, and those who are incompetent should be removed.

The new court's leadership has much in its favor. With an infusion of funds and experienced judges, as well as a good relationship with President Karzai, it stands a good chance of success. But it will not be easy.

I have spoken to Chief Justice Azimi and some of the associate justices in recent days. They are fully aware of the immensity of the task before them. And while they are committed to meaningful reform, they stress that the window of opportunity will close quickly.

For Afghanistan, this is a rare chance for redemption. After several years of frail efforts to promote the rule of law, the Afghan people must make sure they capitalize on it.

CORPORATE SCANDALS:

An Enron Twist: Convicted But Not Guilty? (CSM)

By Kris Axtman

The Christian Science Monitor, August 28, 2006

HOUSTON

If someone is convicted of a crime and dies before exhausting all his appeals, is he innocent?

That's the question now challenging federal prosecutors in the latest twist of the Enron case. A legal precedent could clear the record of Enron founder Kenneth Lay, even though he was found guilty of six counts of conspiracy and fraud, because of his sudden death last month. The move could also make tens of millions of dollars in his estate off-limits to creditors.

The Justice Department has said it will use all available legal means to reclaim the money related to the criminal charges Mr. Lay was convicted of in May. But those means may be few because of the legal precedent set by the US Fifth Circuit Court of Appeals, which found in 2004 that a person's criminal record is "abated," or wiped out, if he or she dies before having a chance to exhaust all appeals.

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The rationale is that someone convicted of a crime should not be denied the right to have the trial's fairness tested, says Brian Wice, a Houston attorney. In this case, it means Lay's conviction, trial, even his indictment will most likely be abated - making him an innocent man.

The lawyer handling Lay's estate has already filed a motion with US District Judge Sim Lake, asking him to erase Lay's criminal record, based on the ruling by the Fifth Circuit, which governors federal courts in Texas.

That may be hard for the public to take, says Ross Albert, an Atlanta lawyer formerly with the Securities and Exchange Commission.

"There is a presumption of innocence that comes before every conviction. But Ken Lay, at the time he died, was not presumed to be innocent," says Mr. Albert, who believes the Fifth Circuit is "zealously" protecting the prerogative of the appeals court even though well over 80 percent of all criminal appeals are denied.

Courts do not see eye to eye on the issue of abatement. Just last week, for instance, the Washington State Supreme Court held that convictions will no longer be vacated when a defendant dies during appeal.

The issue is ripe for US Supreme Court review, but it's unlikely that federal prosecutors, known as the Enron Task Force, will take it that far, experts agree. US to fight abatement but is unlikely to win

Prosecutors have indicated that they will file a motion opposing the request for abatement, but that would require Judge Lake going against legal precedent - something that most agree is highly unlikely.

In going after Lay's money, "it's back to square one for the government," says Mr. Wice. It can sue either Lay's estate in a civil asset-forfeiture case or his wife, Linda Lay, as the executor of the will. Experts agree that a civil-forfeiture suit is the most likely course of action, given the fact that Mrs. Lay was never charged with a crime and would be a very sympathetic witness.

"But a civil-forfeiture case is going to be very time-consuming and expensive," says David Smith, an Alexandria, Va., lawyer and expert in such cases. "You would essentially have to redo the entire criminal case. And because civil discovery is much broader, the case could drag on for years."

What's most likely to happen, these experts say, is that the government will settle with Lay's estate - something that occurs in the vast majority of civil suits.

But others are clamoring for a share as well.

"There is a long line of civil claimants on the Lay money. So there are all kinds of other ways beyond the criminal case to get that money," says Samuel Buell, a former federal prosecutor on the Enron Task Force who now teaches law at Washington University in St. Louis. "But the longer it takes to get, by virtue of inflation and legal fees, the less there is at the end." Lay's estate moves to settle suits

Late last week, it appeared that the Lay family was ready to put the litigation behind it. In a civil case brought by employees, lawyers said they were within days of coming to terms with the Lay estate on a settlement over the company's inadequacy in diversifying its retirement plan.

Depending on the sum, that could make the government's settlement plans moot - especially since Lay claimed at trial to have been financially wiped out when Enron's stock became worthless.

Indeed, the Enron Task Force indicated after Lay's death that it will try to hold Jeffrey Skilling, Enron's ex-CEO, accountable for the full amount of restitution. He was found guilty of 19 of the 28 counts he faced.

Prosecutors had initially asked for $139.3 million from Mr. Skilling and $43.5 million from Lay. Now, they are asking Skilling to pay the entire $182.8 million, based on the conspiracy charge, which says anyone involved can be held responsible for 100 percent of the restitution.

In any case, Lay was being asked to forfeit only a tiny fraction of all the money that was lost when Enron collapsed, says Professor Buell. He sees the government's actions as mostly symbolic at this point and says that even if the judge vacates Lay's conviction, it doesn't speak to the merits of the case against him.

No matter the outcome, says Wice, "he's guilty as sin in the public's eye. Try convincing the people in this town otherwise."

The One Who Got Away (TIME)

By Barbara Kiviat

Time, August 28, 2006

The decision to abandon a high-profile case against a dotcom poster boy marks the end of a sorry era

Frank Quattrone was always good at making deals. As a sizzling Silicon Valley investment banker during the tech boom of the 1990s, he orchestrated the initial public offerings (IPOs) of start-ups from Netscape to Amazon.com collecting as much as $120 million a year for himself in the process. Yet the deal he reached last week may well be the one he cherishes most. After 31/2 years of court dates, two criminal trials and the prospect of jail time, Quattrone struck a deal in which federal prosecutors

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agreed to all but drop charges that he obstructed justice during a 2000 investigation into how his employer handed out IPO shares of hot new companies.

The deal marks the end of a sorry chapter in American business history. While high-profile white-collar crime persists, the dramatic criminal cases that were launched just after the dotcom economy fizzled are now mostly completed. The icons of massive, turn-of-the-century corporate fraud--Ken Lay and Jeff Skilling of Enron, Bernie Ebbers of WorldCom, Dennis Kozlowski and Mark Swartz of Tyco--are convicted and, in Lay's case, dead. Even Martha Stewart has served time. And many, if not most, of the cases the feds brought against smaller fish--to help assuage a share-owning public that had been scammed by phony accounting and overhyped stock--are resolved. The government claims that since mid-2002 it has won more than 1,000 corporate-fraud convictions, including those of more than 100 CEOs and presidents.

That's not to say the system has been wholly reformed. Although Wall Streeters were genuinely terrified by the wrath of the prosecutors, they eventually flocked to other legal schemes--like hedge funds--with which to vastly overcompensate themselves. Prosecutors too are cutting their losses, and, as the public outrage subsides, moving on to new areas.

The Quattrone case symbolizes that shift. During the go-go bubble years, Quattrone was the go-to guy at Credit Suisse First Boston (now called Credit Suisse) for tech deals. After the government started looking into how bankers set aside shares of promising IPOs for favored clients and pressured analysts to issue rave reports about companies that often had no way of making money, Quattrone sent an e-mail reminding colleagues to "clean up" old files, per company policy. The Justice Department viewed that as obstruction of justice, since it had already started investigating IPOs involving Credit Suisse. One jury was divided on the issue. Another, in 2004, found Quattrone guilty, after which he was sentenced to 18 months in prison.

But that verdict was overturned last March by an appeals court that cited faulty jury instructions. (The trial judge didn't explain that Quattrone would have had to know what he was doing was wrong to be convicted.) With their case, and perhaps their will, weakened, prosecutors waved a white flag and agreed to let Quattrone off--no fine, no admission of guilt, no ban from the securities industry--as long as he stays out of trouble for one year.

The evidence against Quattrone--who has all along proclaimed his innocence--was thin from the start, says Columbia University law professor John Coffee. But the prosecutors thought there was enough circumstantial evidence surrounding the e-mail to win a case. In the end the decision to drop the case echoes a broader trend to allocate resources to more timely issues. "You can't focus on everything," says Andrew Weissmann, former head of the Justice Department's Enron task force, who is now in private practice. "There are a lot of other things to do." For example: the backdating of stock options. More than 100 companies, from Home Depot to Apple, are being investigated for the way they handed out stock options to executives with issue dates earlier than the actual ones. (See box.)

There are still a few loose ends from the wave of prosecutions kicked off after the 2000 stock-market slump and the Enron meltdown. And some aren't as easy to wrap up as Quattrone's. Several British bankers, known in England as the NatWest Three, were hauled to Texas in July, after loud protests back home and a drawn-out extradition process. They face charges that they worked with ex-Enron CFO Andrew Fastow to siphon millions of dollars from a deal between their former employer, National Westminster Bank, and Enron. And in August, most of the convictions of four former Merrill Lynch executives, who stood accused of helping Enron inflate earnings by charading a loan as the sale of energy-producing barges, were overturned. An ex-Enron manager who was also convicted decided not to contest the decision. The government is expected to appeal the ruling on the four, which hinges on the interpretation of a controversial legal phrase.

Reversals like these often mark the true end of a contentious business cycle, as the legal system shakes out how old laws will apply to new crimes. The Supreme Court's decision last year to overturn the conviction of accounting firm Arthur Andersen wasn't without precedent. (Nor was it helpful: after the initial trial, Andersen had collapsed and some 28,000 U.S. employees lost their jobs.) Similarly, Charles Keating, one of the biggest nabs in the 1980s savings and loan scandal, saw his conviction reversed nearly five years after going to prison. And after the late-'80s insider-trading Wall Street sweep that, among other things, sent Michael Milken and Ivan Boesky to prison, a number of convictions were overturned, including that of onetime Boesky associate John Mulheren. "When you're more aggressive, you're going to wind up with more losses," says Peter Henning, a law professor at Wayne State University.

And when it's all over, you often end up with new laws, like the Sarbanes-Oxley reforms, which have made illegal much of the unsavory behavior of the go-go years. New laws aren't retroactive, of course, and what was on the books didn't seem sufficient to convict Quattrone. "I am very pleased that the case will be concluded," he said, emerging from the courthouse last week. "I plan to resume my business career." Northern California's tech investors, many of whom wrote letters of support during Quattrone's two trials, seem poised to embrace him. It is the clearest sign yet that while the world may have changed, it has also moved on. With reporting by Kathleen Kingsbury, Jyoti Thottam

A Sighting, Perhaps, Of A Fugitive In High Tech (NYT)

By Julie Creswell And Wayne Arnold

The New York Times, August 28, 2006

Lots of people are looking for Jacob Alexander, the fugitive former head of Comverse Technology. But only one has publicly claimed to have seen him.

Moshe Buller, an Israeli private detective, whipped the world's media into a frenzy late last week after the Israeli newspaper Ma'ariv reported that Mr. Buller had located Mr. Alexander, known as Kobi, in a popular seaside resort town in Sri Lanka.

"I cannot be sure 100 percent, but I can be sure that the guy I see was Kobi Alexander," Mr. Buller said in an interview on Thursday from his office south of Tel Aviv.

It was 3 in the morning when Mr. Buller spied Mr. Alexander through the window of a house in Negombo, about 20 miles north of the country's capital, Colombo. "I saw the guy for 20 minutes or a half an hour in a house, playing on the Internet," said Mr. Buller.

But Mr. Buller's account of his cloak-and-dagger investigation has only deepened the mystery surrounding Mr. Alexander's whereabouts. The former chief executive of Comverse, Mr. Alexander has been the subject of an international manhunt and endless speculation, rumors and, like Elvis, unconfirmed sightings since he failed to appear in court earlier this month on federal criminal securities fraud charges.

He and two other former Comverse executives are accused of altering the dates on options granted at the company to make combined profits of about $8.4 million and of creating a secret account to dole options out to favored employees. While not widely known in the United States, Mr. Alexander garners a lot of attention in Israel, where he is a citizen and military veteran, and is viewed as a pioneer in that country's high-tech industry.

So far, Mr. Alexander, who is said to have wired $57 million in late July to an account in Israel, has eluded the Federal Bureau of Investigation and Interpol.

Yet Mr. Alexander apparently was not able to elude Mr. Buller, who popped onto the international radar two years ago when he investigated a supposed affair between the international soccer star David Beckham and his assistant Rebecca Loos.

Two weeks ago, Mr. Alexander failed to appear in a Brooklyn courtroom and a warrant was issued for his arrest. Mr. Buller said he was retained by a New York venture capital fund that he declined to name, but that he said he believed owned Comverse stock and might have other assets with Mr. Alexander. "The client wanted to know what kind of assets and money he has in Israel and what he did with those assets in Israel in the last year and especially in the last month. What sort of assets in offshore companies does he have? Investments in Europe?" said Mr. Buller.

While Mr. Alexander may have personal investments with venture capital funds, Comverse, a public company since 1986, does not currently have any venture capital financing, according to its public documents. A spokesman for Comverse would not comment.

Multiple hedge funds have invested in Comverse. Calls asking whether they have hired a private investigator to track down Mr. Alexander were met with silence, then laughter. Many said that even if Mr. Alexander were apprehended, it would probably have no effect on Comverse's stock, because he resigned as chief executive in late April.

Mr. Buller said he tracked down Mr. Alexander quite easily through a call Mr. Alexander made over the Internet to his family in Israel and a wire transfer to a bank in Sri Lanka. The phone call from Colombo was made using Skype's Internet telephony system, he said.

In an e-mail message, a spokesman for Skype said the company could not comment specifically on this case, but noted that calls made through Skype were encrypted and "almost impossible to intercept." Mr. Buller declined to provide details as to how he traced the call.

Mr. Alexander's second mistake, according to Mr. Buller, was having an individual transfer $10,000 from Bucharest to a Western Union branch located inside a bank in Colombo.

Mr. Buller said he went to the bank and showed a picture of Mr. Alexander to the employees there. One person identified Mr. Alexander and said he knew someone who, for a fee, could take Mr. Buller to a house in Negombo where Mr. Alexander was staying.

Mr. Buller said he arrived at the home at midnight and waited for three hours until the lights in the house suddenly came on and a man, who Mr. Buller claims was Mr. Alexander, sat down in front of a computer. Mr. Buller said he watched the man for 20 or 30 minutes and then left.

When asked if he called the authorities after seeing Mr. Alexander, Mr. Buller said he did not.

"I do not think I have to do that. I did the mission I was hired to do," said Mr. Buller, who said he would be traveling to New York to meet with his client over the weekend.

In fact, he said he had not spoken with anyone from the F.B.I. or any other authorities about his sighting of Mr. Alexander.

"If the F.B.I. wants my help, I would be the first guy to sit at a table in New York and give information in a good way," said Mr. Buller. "But I have not spoken with anyone from the F.B.I."

A spokeswoman for the F.B.I. said, "We do not disclose whom we speak with in terms of an investigation that is ongoing."

Sisira Mendis, director of the Criminal Investigation Department in Sri Lanka and the local representative for Interpol, said the bureau had received a notice by fax from the New York branch of Interpol asking them to search for Mr. Alexander.

He said the bureau had yet to ascertain from Sri Lanka's immigration authorities whether it had any record of Mr. Alexander entering Sri Lanka. He said the bureau had also been informed that Mr. Alexander might be in Negombo, but that it would not be easy to find him there. Negombo, described in press reports as a fishing village, is actually a beach town near Colombo's international airport, and is where most arriving foreign tourists head first.

According to Evan W. Owen, the press officer at the United States Embassy in Colombo, the embassy had not been alerted to the possibility that Mr. Alexander might have fled to Sri Lanka and was not aware of it until reporters began calling.

Told that Mr. Buller claimed to have spotted Mr. Alexander in Sri Lanka, Mr. Owen said, "Why didn't he grab him then?"

Mr. Owen suggested that Mr. Buller might have been able to apprehend Mr. Alexander himself and turn him over to Sri Lankan authorities despite the fact that he is not a police officer and has no jurisdiction in Sri Lanka.

"This is Sri Lanka," said Mr. Owen. "Things are fast and loose."

But according to Mr. Buller, authorities won't get another chance. He says he believes Mr. Alexander has already left Sri Lanka and is planning to appear in New York early this week to turn himself in.

"I believe his lawyer wants to find the best way for him to come back to a position of answering about the stuff he did at the company," said Mr. Buller.

Mr. Alexander's lawyer, Robert G. Morvillo, said Friday he had not spoken to his client in nearly a month and expressed doubts that Mr. Alexander was planning to turn himself in.

"I am going on vacation on Monday," said Mr. Morvillo. "If Kobi shows up here on Monday, he's going to be without an attorney."

Sighting Of Fugitive Exec Called Doubtful (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, August 28, 2006

Investigators are dubious about a report that Jacob Alexander, the fugitive former head of Comverse Technology, is hiding in a remote fishing village in Sri Lanka, according to several sources familiar with the hunt for him by the FBI and the U.S. Marshals Service.

The sources said federal agents have several leads to the whereabouts of Alexander, who also uses the first name of Kobi, and none of them involves Sri Lanka, which one source noted has an extradition treaty with the United States. But the sources added that investigators were still checking the report out.

The sources declined to identify where Alexander is believed to be. Other reports have placed him in his native Israel, in Germany, or in a country that does not have an extradition treaty with the United States.

Alexander and two other top Comverse executives were indicted on Aug. 9 on conspiracy to commit stock, mail and wire fraud by manipulating grants of stock options in order to illegally make millions of dollars.

Robert Nardoza, a spokesman for the U.S. attorney's office for the Eastern District, declined to comment Friday.

Comverse, a multibillion-dollar corporation that was headquartered in Woodbury until it moved to Manhattan last year, specializes in software for voice communications.

The report about Alexander's hiding out in Sri Lanka first appeared in the Israeli newspaper Ma'ariv earlier in the week. The paper quoted a private detective as saying he had tracked Alexander by monitoring Internet communications between Alexander and his daughter in Israel.

Alexander's attorney, Robert Morvillo of Manhattan, yesterday knocked holes in one part of the Israeli newspaper's account, in which the private detective was quoted as saying Alexander's lawyers were negotiating with federal prosecutors in Brooklyn for Alexander's surrender. Morvillo said there were no negotiations going on, and he had no idea where his client was. He last spoke with him several weeks ago.

CRIMINAL LAW:

Receptionist-turned-lobbyist Faces Probe (AP)

By Erica Werner, ASSOCIATED PRESS WRITER

AP, August 28, 2006

WASHINGTON -- Depending on your perspective, Letitia White is either the epitome of a Capitol Hill success story or a prime example of an unsettling mix of money, politics and public policy.

White was a receptionist when she joined the staff of Rep. Jerry Lewis, R-Calif. More than two decades later, she is an influential lobbyist whose connections to Lewis - now chairman of the powerful Appropriations Committee - and others on the Hill have translated into millions of dollars for her and her firm.

They also have made her part of a federal investigation into Lewis' ties to the lobbying firm where she works alongside former California Republican Rep. Bill Lowery, another close Lewis friend.

It's one of a number of corruption investigations involving members of Congress that have prompted lawmakers to look again at tightening lobbying rules. Bills have passed the House and Senate, but little progress has been made in finding common ground on legislation that watchdog groups have criticized as toothless.

Meanwhile, prosecutors in the Lewis case have issued at least 10 subpoenas and are seeking details on why counties, towns and businesses in his Southern California district chose to hire Lowery's lobbying firm, how much they paid, and what kind of communications the firm and Lewis had.

Last spring, an FBI agent on the case visited the House Legislative Resource Center to review White's annual financial disclosure forms, according to records at the center.

A spokesman for the U.S. attorney's office in Los Angeles, which is leading the probe, declined comment. Through a spokesman, White declined an interview request and defended herself.

"Ms. White has a good relationship with chairman Lewis and other members of Congress because she has real substantive expertise on defense issues and is careful when it comes to the rules and regulations governing Capitol Hill lobbying," spokesman Patrick Dorton said. "She has a reputation for being a smart, hardworking consultant."

White, 48, joined Lewis' staff as a receptionist and rose to become his top aide on defense issues. She won friends and influence through hard work, a warm personality and detailed knowledge of defense spending bills.

She left that job in January 2003 and joined Copeland, Lowery, Jacquez, Denton & White, as her firm was known until it was broken into two parts in June. She quickly acquired a stable of defense contractors as clients and began to lobby Lewis, then chairman of the Appropriations defense subcommittee. She and her clients also donated tens of thousands of dollars to him.

During the year prior to her departure from Lewis' office, the Capitol Hill newspaper Roll Call reported, her income dropped by around $11,000, to just $80 below the $112,500 salary ceiling that would have triggered an automatic one-year ban on her lobbying of Lewis.

The top-secret Defense Department security clearance she'd gotten while on the Hill added to White's value for some potential clients, and her new firm mentioned it in solicitation materials.

"If I worked for a defense company, the first person I'd hire is Letitia White. She's very, very effective," said Keith Ashdown of Taxpayers for Common Sense. "No one is closer to Jerry Lewis."

But Ashdown said some of White's actions amount to "taking advantage of the gray areas of our ethics rules."

The day after leaving the Hill, on Jan. 9, 2003, White signed up a major client, General Atomics, along with one of its aeronautics subsidiaries. The companies received several multimillion-dollar earmarks that year in the defense spending bill for the 2004 fiscal year, according to Taxpayers for Common Sense, including $3 million for General Atomics to provide anti-terror systems at Liberty Island, home to the Statue of Liberty, and $15.3 million for the aeronautics division to develop unmanned aerial vehicles.

Earmarks are funding inserted into legislation that often get little or no review. Prosecutors are scrutinizing Lewis' earmarks as part of the federal probe.

By the end of 2003, White had signed up about 15 more clients, mostly defense contractors, and was bringing in hundreds of thousands of dollars in fees. Her clients were enjoying similar success to General Atomics in getting earmarks. White, her husband lobbyist Richard White, and her firm's clients were donating generously to Lewis' fundraising committees.

During the 2004 election cycle, officials with General Atomics were the second-highest donors to Lewis' campaign committee, giving $18,000; another White client, Isothermal System Research, was third-highest, giving $14,000; and officials with Copeland, Lowery were fourth-highest, giving $13,250, according to the Center for Responsive Politics. Tens of thousands more was donated to the political action committee Lewis used to spread campaign cash to other lawmakers as he gunned for the Appropriations Committee chairmanship.

Dorton said White consulted with the House Ethics Committee over the circumstances of her departure from the Hill, and that her salary cut in her final year was mostly because she didn't get a bonus.

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, said the pay cut "was completely intended to allow that woman to make a fortune the minute she walked off the job."

White co-owns a Capitol Hill townhouse with the head of one of her client companies, Trident Systems Inc. Trident's founder, Nick Karangelen, is chairman of a political action committee called Small Biz Tech PAC that has employed Lewis' stepdaughter, Julia Willis-Leon, for fundraising. White and her husband have both donated to the PAC.

White's defenders say they don't believe she would do anything illegal or unethical. While working for Lewis, she never expected a free meal, unlike many Hill staffers, they said.

"It's one of the reasons that all of us enjoyed working with Letitia. We just had high respect and regard for how she did her business," said Mike Matton, a defense consultant and former legislative affairs official at Boeing.

"And I'm kind of sad to see all of this in the press because there's been nothing illegal that I know of that's been reported, but just the perception in the eye of the beholder outside the Beltway, people who don't understand the lobbying business."

Vigil's Attorney Accuses Government Of Withholding Evidence (AP)

AP, August 27, 2006

ALBUQUERQUE (AP) - An attorney for former state Treasurer Robert Vigil has accused federal prosecutors of withholding evidence that could help his client.

Vigil faces a Sept. 5 retrial on racketeering and extortion charges. Vigil has pleaded not guilty.

His attorney, Sam Bregman, says that a January 1993 letter printed on an FBI and U.S. Department of Justice letterhead could help Vigil.

The letter shows that then-Assistant U.S. Attorney David Williams declined to authorize an investigation after hearing allegations of wrongdoing concerning Vigil. Vigil was state auditor at the time.

Bregman says the letter is exculpatory evidence that by law must be provided to defense attorneys.

A U.S. Attorney's Office spokesman didn't return telephone messages seeking comment left Sunday.

Fugitive Arrested In 1994 Slaying (CHIT)

By Liam Ford, Tribune Staff Reporter

Chicago Tribune, August 28, 2006

A man wanted in the 1994 killing of a northwest suburban boy in Hoffman Estates was arrested this week following his deportation from Mexico, authorities said Friday.

Hugo Luis Zarco, 32, was 19 when Michael Bruce, 16, was fatally stabbed.

A confidential informant recently contacted authorities in Hoffman Estates, telling them Zarco was living in Mexico and setting in motion his arrest by Mexican authorities, police said.

"We're very happy that an arrest was made and justice will be served," said Hoffman Estates Police Lt. Rich Russo.

Zarco, a U.S. citizen, was deported Thursday to Houston from Leon, Guanajuato, Mexico, where he had been living, according to the FBI. He was arrested by FBI agents and waived extradition, authorities said. Leon, the country's fifth largest city, is about 240 miles northwest of Mexico City.

Bruce, of Wood Dale, had gotten into an argument with his ex-girlfriend, Zarco's then-17-year-old sister. Zarco is accused of later tracking Bruce down and fatally stabbing him twice in the chest, police said.

Zarco, who last lived in the 200 block of West Grissom Lane in Hoffman Estates, has been charged with murder, but bail has not been set, police said.

Bruce, a former Conant High School student, had moved from Hoffman Estates but had returned to visit friends at a Memorial Day cookout in the 100 block of Berkeley Lane.

After the stabbing, Zarco fled in a red 1987 Chrysler, police said. The car later was found abandoned on Chicago's Southwest Side, and authorities soon issued a murder warrant for Zarco, saying they thought he had fled to Mexico.

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lford@tribune.com

4 Sentenced In $7.4M Airport Robbery (NSDY/AP)

By Curt Anderson, Associated Press Writer

Long Island Newsday, August 28, 2006

MIAMI -- Four people were sentenced to prison Friday for their roles in one of the biggest heists in Florida history -- a brazen daylight armed robbery of $7.4 million in cash from a warehouse near Miami International Airport.

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The cash was part of an $80 million deposit shipped by a bank in Frankfurt, Germany, to the Federal Reserve Bank branch in Miami on Nov. 6, 2005. The masked robbers, at least one armed with a gun, ordered warehouse and security personnel to lie on the floor while they loaded bags of currency into a pickup truck that had pulled into one of the cargo bays.

The ringleader, Karls Monzon, and getaway driver, Jeffrey Boatwright, were each sentenced to more than 17 years in prison. A former Brink's security guard who provided inside information for the robbery, Onelio Diaz, was sentenced to 16 years.

Monzon's wife, Cinnamon Monzon, was sentenced to nearly 3 years for being an accessory, including helping her husband conceal about $80,000 in vacuum-wrapped cash in the attic of their home.

Some has been recovered from various sites in Miami, including money that was buried outside at least one home. More than $6 million remains unaccounted for, according to the FBI.

"This is, if not the biggest, one of the biggest armed robberies in Florida history," said Anthony Lacosta, the chief federal prosecutor on the case.

Four Jailed, Millions Still Missing In Miami Airport Raid (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, August 28, 2006

Miami · A federal judge sentenced four people Friday for their roles in a brazen $7.4 million cash heist at Miami International Airport last year. The thieves drove up in broad daylight to an airport warehouse holding $80 million on Nov. 6 and snatched bundles of cash bound for the Federal Reserve Bank in Miami. Most of the stolen money remains missing.

U.S. District Judge Donald Graham sentenced Karls Monzon, the plot's leader, and Jeffrey Boatwright each to prison terms of 17 years and one month, and Onelio Diaz, a former Brinks Security guard who provided information about the time and date of the cash shipment, to 16 years. The three pleaded guilty to being involved in the crime.

Each sentence included seven years because a gun was used during the robbery.

Cinnamon Monzon--Karls Monzon's wife and Boatwright's sister-- admitted that she learned of the robbery after it was committed and helped to hide some of the stolen crash. She received two years and nine months in prison.

Prosecutor Anthony Lacosta called the heist "one of the biggest armed robberies in Florida history."

So far, investigators have recovered just $1.26 million, according to FBI statements.

At least some of the missing cash may have already been spent.

Boatwright, who acted as the getaway driver, spent $600,000 on strippers, "loose women," drugs, and worthless jewelry, his attorney Michael Walsh said at Friday's hearing.

Boatwright paid a $400,000 ransom after being kidnapped from a strip club and $200,000 was stolen from him by a prostitute after he fell asleep, Walsh said.

The last $200,000 of Boatwright's $1.4 million share was given to a Santeria priest, the attorney said. Santeria is a religion that blends African and Roman Catholic traditions.

"This money went through his fingers like water," Walsh said in an effort to explain why Boatwright was not able to lead investigators to his share of stolen cash.

Attorney Maria Elena Perez, who represents Karls Monzon, said brandishing a gun had not been part of her client's original plan, because Monzon knew from Diaz that the Brinks guards would not be armed.

"They all believed this was going to be a smash and grab--as easy as taking candy from a baby," Perez said.

The crime went unsolved for several months, until a $150,000 reward lured an individual connected to the group to come forward.

Vanessa Blum can be reached at vbblum@sun-sentinel.com or 954-356-4605.

The Man Who Said Too Much (NSWK)

By Michael Isikoff, Newsweek

Newsweek, August 27, 2006

A book coauthored by NEWSWEEK's Michael Isikoff details Richard Armitage's central role in the Valerie Plame leak.

In the early morning of Oct. 1, 2003, Secretary of State Colin Powell received an urgent phone call from his No. 2 at the State Department. Richard Armitage was clearly agitated. As recounted in a new book, "Hubris: The Inside Story of Spin, Scandal, and the Selling of the Iraq War," Armitage had been at home reading the newspaper and had come across a column by journalist Robert Novak. Months earlier, Novak had caused a huge stir when he revealed that Valerie Plame, wife of Iraq-war critic Joseph Wilson, was a CIA officer. Ever since, Washington had been trying to find out who leaked the information to Novak. The columnist himself had kept quiet. But now, in a second column, Novak provided a tantalizing clue: his primary source, he wrote, was a "senior administration official" who was "not a partisan gunslinger." Armitage was shaken. After reading the column,

he knew immediately who the leaker was. On the phone with Powell that morning, Armitage was "in deep distress," says a source directly familiar with the conversation who asked not to be identified because of legal sensitivities. "I'm sure he's talking about me."

Armitage's admission led to a flurry of anxious phone calls and meetings that day at the State Department. (Days earlier, the Justice Department had launched a criminal investigation into the Plame leak after the CIA informed officials there that she was an undercover officer.) Within hours, William Howard Taft IV, the State Department's legal adviser, notified a senior Justice official that Armitage had information relevant to the case. The next day, a team of FBI agents and Justice prosecutors investigating the leak questioned the deputy secretary. Armitage acknowledged that he had passed along to Novak information contained in a classified State Department memo: that Wilson's wife worked on weapons-of-mass-destruction issues at the CIA. (The memo made no reference to her undercover status.) Armitage had met with Novak in his State Department office on July 8, 2003—just days before Novak published his first piece identifying Plame. Powell, Armitage and Taft, the only three officials at the State Department who knew the story, never breathed a word of it publicly and Armitage's role remained secret.

Armitage, a well-known gossip who loves to dish and receive juicy tidbits about Washington characters, apparently hadn't thought through the possible implications of telling Novak about Plame's identity. "I'm afraid I may be the guy that caused this whole thing," he later told Carl Ford Jr., State's intelligence chief. Ford says Armitage admitted to him that he had "slipped up" and told Novak more than he should have. "He was basically beside himself that he was the guy that f---ed up. My sense from Rich is that it was just chitchat," Ford recalls in "Hubris," to be published next week by Crown and co-written by the author of this article and David Corn, Washington editor of The Nation magazine.

As it turned out, Novak wasn't the only person Armitage talked to about Plame. Washington Post reporter Bob Woodward has also said he was told of Plame's identity in June 2003. Woodward did not respond to requests for comment for this article, but, as late as last week, he referred reporters to his comments in November 2005 that he learned of her identity in a "casual and offhand" conversation with an administration official he declined to identify. According to three government officials, a lawyer familiar with the case and an Armitage confidant, all of whom would not be named discussing these details, Armitage told Woodward about Plame three weeks before talking to Novak. Armitage has consistently refused to discuss the case; through an assistant last week he declined to comment for this story. Novak would say only: "I don't discuss my sources until they reveal themselves."

Armitage's central role as the primary source on Plame is detailed for the first time in "Hubris," which recounts the leak case and the inside battles at the CIA and White House in the run-up to the war. The disclosures about Armitage, gleaned from interviews with colleagues, friends and lawyers directly involved in the case, underscore one of the ironies of the Plame investigation: that the initial leak, seized on by administration critics as evidence of how far the White House was willing to go to smear an opponent, came from a man who had no apparent intention of harming anyone.

Indeed, Armitage was a member of the administration's small moderate wing. Along with his boss and good friend, Powell, he had deep misgivings about President George W. Bush's march to war. A barrel-chested Vietnam vet who had volunteered for combat, Armitage at times expressed disdain for Dick Cheney and other administration war hawks who had never served in the military. Armitage routinely returned from White House meetings shaking his head at the armchair warriors. "One day," says Powell's former chief of staff Larry Wilkerson, "we were walking into his office and Rich turned to me and said, 'Larry, these guys never heard a bullet go by their ears in anger ... None of them ever served. They're a bunch of jerks'."

But officials at the White House also told reporters about Wilson's wife in an effort to discredit Wilson for his public attacks on Bush's handling of Iraq intelligence. Karl Rove confirmed to Novak that Wilson's wife worked at the CIA, and days later offered the same information to Time reporter Matt Cooper. The inquiry into the case led to the indictment of Cheney's chief of staff, I. Lewis (Scooter) Libby, on charges of perjury and obstruction of justice. Armitage himself was aggressively investigated by special counsel Patrick Fitzgerald, but was never charged. Fitzgerald found no evidence that Armitage knew of Plame's covert CIA status when he talked to Novak and Woodward. The decision to go to the FBI that panicky October afternoon also may have helped Armitage. Powell, Armitage and Taft were aware of the perils of a cover-up—all three had lived through the Iran-contra scandal at the Defense Department in the late 1980s.

Taft, the State Department lawyer, also felt obligated to inform White House counsel Alberto Gonzales. But Powell and his aides feared the White House would then leak that Armitage had been Novak's source—possibly to embarrass State Department officials who had been unenthusiastic about Bush's Iraq policy. So Taft told Gonzales the bare minimum: that the State Department had passed some information about the case to Justice. He didn't mention Armitage. Taft asked if Gonzales wanted to know the details. The president's lawyer, playing the case by the book, said no, and Taft told him nothing more. Armitage's role thus remained that rarest of Washington phenomena: a hot secret that never leaked.

Offshore Gaming Sites Not Sure USA's Worth The Risk (USAT)

By Jon Swartz, Usa Today

USA Today, August 28, 2006

SAN FRANCISCO — Americans continue to gamble in record numbers online, but executives of the offshore operations that take those bets are exercising caution weeks after one of their peers was arrested in the USA.

The trepidation of online-betting executives underscores growing concern that the U.S. government could target more offshore firms after essentially giving the industry a free pass for several years, gambling experts say.

"(Operators) are playing a wait-and-see policy to see what the feds manage to pin on (indicted gaming site BetOnSports.com)," says Simon Holliday, a partner at Global Betting and Gaming Consultants in the UK. "Although the sports books give the impression they are not too concerned, I don't see them rushing to be in the U.S. now."

The actions by some gaming executives hardly constitute a self-imposed shutdown of some 2,300 gaming sites worldwide. But they reflect an undercurrent of concern, especially for sports-betting sites, gambling experts say.

London-based Ladbrokes, the world's biggest bookmaker, last week said it is reviewing plans to take bets from Americans on its gaming sites, something it currently does not do. It cited uncertainties in the U.S. market.

Online gamer Bodog.com canceled a marketing conference in Las Vegas this month, shortly after the arrest of David Carruthers, the former CEO of BetOnSports.com. Carruthers was charged with violating the 1961 Wire Act. BetOnSports has stopped taking U.S. bets, a majority of its business.

"Any executive that has anything to do with online gaming, no matter how minor, has got to be apprehensive about setting foot in the United States," Bodog.com CEO Calvin Ayre said in an e-mail. Bodog is based in Costa Rica.

Established offshore operators, such as PartyGaming, that have recently acquired sports-betting sites are emphatic in saying that they won't take U.S. bets.

"The Justice Department is waging a war of intimidation, and it is working in terms of scaring some operators," says Nelson Rose, a professor at Whittier Law School.

Before Carruthers, the last significant arrest of an offshore Internet gaming executive was Jay Cohen. In 2001, he was sentenced to 21 months in federal prison, and served more than a year.

Officials at poker sites aren't as nervous, because the Justice Department has not pursued actions against them as vigorously as sports operators, Rose and others say. PokerStars.com, among others, hosted events at the World Series Of Poker in Las Vegas in early August, shortly after Carruthers' arrest.

Still, 24hPoker in Sweden says it will exclude American players. Despite the case against BetOnSports, viewership for large sites such as PokerStars have increased. It drew 1.2 million unique visitors in the USA for the week ended Aug. 13, up 41% from a month earlier, according to Nielsen/NetRatings.

Hacker Sentenced To 37 Months In Prison (SEAPI)

By Paul Shukovsky, P-I REPORTER

Seattle Post-Intelligencer, August 26, 2006

Victims in global attack included U.S. military

Sending a message to malicious computer hackers "squirreled away in their basements," U.S. District Judge Marsha Pechman on Friday sentenced a 21-year-old man to 37 months in federal prison for a global robot virus attack in 2004 and 2005.

Christopher Maxwell launched the attack from the comfort of his Vacaville, Calif., home in order to collect commissions by installing adware onto the computers of unwitting victims.

To achieve his aim, he essentially took remote control of huge numbers of computers around the world, causing them to spread the infection and increase his profits. The Seattle FBI's cybersquad believes the scheme netted Maxwell and two unnamed teenage accomplices more than $100,000.

Among the countless victims, the virus wreaked havoc with the Defense Department, Seattle's Northwest Hospital and a school district in California. Disaster preparations by the military and the hospital prevented significant damage, but the Colton Unified School District was not so fortunate.

"It took the district to its knees," said Gary Stine, the district's former director of information technology.

"We don't plan for calamities like this. The real impact was to our teachers and our students" who lost crucial instructional time on PCs used to teach such topics as English as a second language. The repairs cost the district more than $50,000.

At Northwest Hospital, digital systems used for transmitting results from medical labs and the radiology department directly to physicians crashed, said Vice President Robert Steigmeyer.

The hospital switched to its well-drilled disaster plan, which involves the use of runners to move medical records and lab test results. Elective medical procedures, however, had to be rescheduled.

No patients were harmed as a result of the attack, and Maxwell made no attempt to steal confidential patient information.

Army Maj. Keithon Corpening, who runs the Defense Department's computer incident response team, told Pechman that a full-scale investigation was launched after the military saw 407 of its computers taken over by an unknown assailant they dubbed "Don't Trip." Eight investigators were assigned to the case.

"Planes still flew, tanks were still operating, soldiers were getting their supplies," Corpening said. But "the potential for damage to our systems" was significant.

No military information was stolen, he said.

Assistant U.S. Attorney Kathryn Warma, in arguing for a six-year sentence, told Pechman: "The importance of deterrence in this case is profound. There is a hacker community. They will know immediately what sentence you impose."

Maxwell, holding back tears, pleaded for probation in lieu of prison time.

"I am a 21-year-old boy with a good heart and I made a mistake," he told the judge. "I never realized how dangerous a computer could be. I thank God no one was hurt."

Pechman rejected attempts by Maxwell and his attorney to portray him as being shocked by the consequences of his actions. "It is obvious that anyone who would launch this kind of computer attack would know" that there would be a multitude of victims, she said.

And while Pechman took Maxwell's age and lack of criminal record into account, she said the prison term was necessary to provide a deterrent to other hackers.

The robot virus program, or "botnet" software, used by Maxwell was sent over the Web, where it sought out computers with exploitable security flaws. He pleaded guilty in May to a felony charge of conspiracy to intentionally cause damage to a protected computer.

P-I reporter Paul Shukovsky can be reached at 206-448-8072 or paulshukovsky@seattlepi.com.

"Botnet" Hacker Sentenced To 3 Years (SEAT)

By David Bowermaster, Seattle Times staff reporter

Seattle Times, August 26, 2006

A 21-year-old computer hacker has been sentenced to three years in prison for launching a "botnet" that attacked millions of computers worldwide and disrupted networks at hospitals, schools and the U.S. Department of Defense.

Judge Marsha Pechman delivered the sentence to Christopher Maxwell in federal court in Seattle Friday after a lengthy hearing that included five witnesses who testified about the damage caused by the botnet attack, which lasted at least 12 months.

Maxwell is from Vacaville, Calif., but was prosecuted in Washington state because Northwest Hospital & Medical Center in Seattle was a primary victim.

A botnet exploits software vulnerabilities to invade individual computers, then attacks other computers connected to the original targets via the Internet.

Maxwell's botnet installed adware on victims' computers that launched pop-up ads, even if the computers were not online. Often, the pop-up ads appeared in such abundance that they froze computers and disabled e-mail and other communications systems.

Maxwell received commissions for each installment of adware. The government estimated he earned at least $30,000 from the botnet.

Over a two-week period in February 2005, according to investigators, Maxwell's botnet attacked more than 441,000 computers.

Maxwell told the court he created the botnet with two co-conspirators he met online in an Internet chat room. The others have not been named because they are juveniles.

Maxwell said the attacks began as an informal competition to see how many computers each person could put adware on.

"I just kept getting better and better at what I was doing," said Maxwell, fighting off tears, "I never stopped to think about the consequences."

Northwest Hospital contacted the FBI soon after its computers were attacked in January 2005. A six-month investigation eventually led to Maxwell.

Maxwell pleaded guilty in May to one count of conspiracy to intentionally damage a protected computer and one count of intentional computer damage that interferes with medical treatment.

Assistant U.S. Attorney Kathryn Warma had sought a six-year prison term for Maxwell to send a message to others who might follow in his footsteps.

"The need for serious sentences as an effective deterrent to hacking offenses is compelling, and if such a sentence is imposed in this case, it will be quickly communicated with the botnet community," Warma wrote in court papers.

Pechman agreed. "Whatever I do, even before I get off this bench tonight, half the world will know about it," the judge said. "That leads me to the conclusion that there must indeed be deterrence."

However, Pechman cited Maxwell's age and lack of previous criminal history in imposing a prison sentence of 37 months plus three years of probation.

Maxwell must also pay restitution of $114,000 to Northwest Hospital and $138,000 to the Department of Defense.

Man Enters Guilty Plea In Child Porn Case (ROT)

By Lindsey Nair

Roanoke Times, August 28, 2006

Federal authorities first homed in on Freddie Lee Caldwell of Roanoke in 2003.

A Roanoke man who had collected more than 2,000 pictures of child pornography on his computer was convicted of four felony charges Friday.

Freddie Lee Caldwell, 43, pleaded guilty to transmitting, distributing and possessing child pornography. He also admitted to using a computer to transmit lewd images, a charge that carries up to five years in prison.

Federal authorities first homed in on Caldwell in October 2003, when an agent with the FBI's Innocent Images unit found an online advertisement for "100 percent pre-teen" material, said prosecutor Joe Mott.

The agent downloaded several images and confirmed that 11 of them were child pornography, Mott said. The agent then subpoenaed the Internet Protocol address and traced it to Caldwell.

An FBI investigator in Roanoke executed a search warrant on Caldwell's Tazewell Avenue home in July 2004, seizing computers, disks and other items, according to Mott.

A forensic analysis of the seized items uncovered more than 2,000 child pornography images saved on the computer, officials said.

The FBI was able to determine that hundreds of the pictures were of actual victims.

On Friday, Caldwell's attorney, Terry Grimes, said that if the case had gone to trial, his client would have argued that he knew his actions were immoral but was unaware it was a violation of federal law.

Grimes added that Caldwell has no history of molesting children or contacting juveniles over the Internet.

Because Caldwell has been out on bond and has not violated the conditions of his release, he will be allowed to remain free and work until he is sentenced in November.

LaPlace Journalist Indicted In Porn Case (NOTP)

By Matt Scallan, River Parishes Bureau

New Orleans Times-Picayune, August 28, 2006

Images of children found, authorities say

A federal grand jury on Friday indicted longtime River Parishes journalist Leonard Gray on charges of possessing child pornography, U.S. Attorney Jim Letten said.

Gray, 52, the managing editor of the twice-weekly L'Observateur newspaper in LaPlace and former managing editor of the weekly St. Charles Herald-Guide newspaper in Boutte, was indicted on charges of possession and receipt of child pornography.

He was arrested by FBI agents in Slidell on Aug. 17, and the agents later obtained a search warrant for Gray's home in Waggaman from U.S. Magistrate Louis Moore Jr., authorities said.

"During the execution of this warrant, FBI agents recovered computer equipment and digital media that contained images depicting the sexual victimization of children," the news release said.

Gray was arrested by a task force called Project Safe Childhood, Letten said.

"Our office and the FBI have a proud and productive history of policing our community and communication channels by effectively identifying, investigating and removing from society those individuals who exploit the innocence of children," Letten said in a statement.

If convicted, Gray faces a mandatory term of up to five years and a maximum of 20 years in prison, followed by a lifetime of supervised release. He could also face a fine of up to $250,000, a news release by the U.S. attorney's office said.

Gray remains in the custody of the U.S. marshal's office, and should be arraigned in the "next couple of weeks," the release said.

Gray has worked at L'Observateur for more than a decade. Publisher Kevin Chiri said the newspaper had no immediate comment on the indictment.

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Matt Scallan can be reached at mscallan@timespicayune.com or (985) 652-0953.

Newspaper Editor Indicted In Child Pornography Case (AP)

AP, August 28, 2006

NEW ORLEANS -- A federal grand jury Friday indicted the managing editor of a twice-weekly newspaper on charges of possession and receipt of child pornography, the U.S. Attorney's office said.

Leonard Gray, 52, of Waggaman, was arrested Aug. 17 in Slidell following an undercover investigation by the FBI, U.S. Attorney Jim Letten said.

FBI agents searched Gray's home and found computer equipment and digital media that contained images depicting the sexual victimization of children, Letten said.

"Our office and the FBI have a proud and productive history of policing our community and our communications channels by effectively identifying, investigating and removing from our society those individuals who exploit the innocence of our children," he said.

Gray, who will be formally arraigned in the next few weeks, has been suspended from L'Observateur newspaper in LaPlace. He has worked at weekly newspapers in St. John the Baptist and St. Charles parishes for at least two decades.

If convicted, Gray faces up to 20 years in jail followed by a life term of supervised release and a $250,000 fine.

CIVIL RIGHTS:

Voters Find Some Machines Harder To Use (NYT)

By Sewell Chan

The New York Times, August 28, 2006

With New York State facing a looming deadline to modernize its election technology, a new report offers evidence that one of the two major types of voting machines being considered has a higher rate of unrecorded votes, suggesting that it is too confusing for many people.

The report, which the Brennan Center for Justice at New York University School of Law intends to release today, examined election records from thousands of counties across the nation since 2000. It is likely to animate long-simmering debates in across the state's 62 counties, which face a December deadline for deciding how to replace antiquated voting equipment.

For the overwhelming majority of the state's 11.6 million registered voters, the changes will mean the end of the creaky lever machines that have been used for decades.

One of the two types of machines under consideration is the direct-recording electronic or D.R.E. systems, in which voters push a button or touch a screen to choose a candidate, and the ballot is automatically recorded and counted.

The other is the optical-scan system, in which voters mark an oval or arrow next to a candidate's name on a paper ballot, which is then scanned into a machine at the precinct, allowing the voter to find and fix any errors.

The choice, however, is further complicated because the State Board of Elections has ruled that state law requires the use of a "full face" ballot — a ballot that displays all candidates for all races on a single page or screen.

The Brennan Center disagrees with the state board's interpretation that a full-face ballot is required in New York.

In January, the Connecticut attorney general, Richard Blumenthal, concluded that contrary to a widely held belief there, Connecticut law did not require full-face ballots.

The direct-recording electronic system is not inherently flawed, the report found, but when it is combined with full-face ballots, there seems to be more difficulty, particularly in areas with more black, Hispanic and low-income voters.

Such voters, according to the report, would find it easier to use digital machines that allow voters to make one choice and then flip to the next page, which is similar to what customers do at A.T.M.'s and airport check-in kiosks that dispense boarding passes. But the full-face requirement precludes the use of such machines.

In the absence of that option, optical-scan machines would be the best choice for counties, said Lawrence D. Norden, an associate counsel at the Brennan Center and an author of the report.

To adopt electronic machines with the full-face requirement, he said yesterday, "virtually guarantees that thousands of votes are going to be lost at every election."

At stake in the decision between the two major types of machines is some $200 million in federal financing that the state will spend on new machines and other steps to modernize voting. To promote their products, a handful of manufacturers have hired lobbyists and aggressively courted county election commissioners.

John A. Ravitz, the executive director of the New York City Board of Elections, said yesterday that he had read a draft of the Brennan Center's report and that its findings would be carefully reviewed by the board's 10 members.

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"We're continuing to gather as much information as possible on both types of systems, both optical scan and D.R.E.," said Mr. Ravitz, a former assemblyman.

Bo Lipari, executive director of New Yorkers for Verified Voting, an organization that has been pressing for adoption of the optical-scan machines, said he hoped the report would have a major effect on the decision-making by counties.

"The implications of this report clearly show that the only viable voting system for New York State is precinct-based optical scans," said Mr. Lipari, who represents the League of Women Voters of New York State on a committee that advises the state elections board on voting modernization.

However, support for the optical-scan ballots is by no means assured. Although optical-scan advocates say their systems are more cost-effective, proponents of direct-recording electronic system say the electronic machines do not waste paper and are easier for disabled people to use.

In March, the Justice Department sued New York State for failing to overhaul its election system as required by the Help America Vote Act of 2002, which was intended to prevent a recurrence of the Florida election debacle of 2000 and to help disabled people to vote. Unable to agree on a unified response to the federal law, Albany passed the decision along to localities.

For the Sept. 12 primary and the Nov. 7 election, the state and federal governments have agreed on a stopgap plan involving temporary machines for use by the disabled. But the counties still must choose machines to adopt over the long term. The state has yet to identify which machines will be acceptable. Eleven devices, made by a total of six manufacturers, are under consideration.

Besides New York, only one other state — Delaware — uses full-face ballots statewide, although some counties in Arkansas, Indiana, Kentucky, Louisiana, New Jersey, Pennsylvania and Tennessee also use them, according to David C. Kimball, a political scientist at the University of Missouri at St. Louis and a co-author of the Brennan Center report.

For the report, Dr. Kimball reviewed election records for thousands of counties in 2000, 2002 and 2004. He compared the residual-vote rate — the difference between the number of ballots cast and the number of valid votes cast in a particular contest — across several voting systems. Residual votes occur because of "undervoting," when voters intentionally or unintentionally make no selection, or by "overvoting," when voters select too many candidates, invalidating the ballot for a particular contest.

Dr. Kimball found that elections involving both a touch-screen or push-button system and a full-face ballot generated a residual vote rate of 1.2 percent, compared with 0.7 percent for optical-scan ballots that are counted at the precinct.

For the study, he examined records for the 2004 presidential election from 2,402 counties. He found that the disparity between the two systems, in the percentage of unrecorded votes, was even higher in counties where the median income was less than $25,000 (2.8 percent versus 1.4 percent), where blacks made up more than 30 percent of the population (1.3 percent versus 0.9 percent) and where Hispanics made up more than 30 percent of the population (2.0 percent versus 1.2 percent).

(The report also examined two variants of the main new voting systems that are not applicable in New York State. These are optical-scan ballots that are counted centrally and do not allow voters to check their ballot for errors, and "scrolling" direct-recording electronic systems, which do not meet the "full face" requirement.)

"Any design feature that makes it more confusing or places more of a burden on the user increases the likelihood of errors, and that effect is more dramatic in low-income and minority communities," Dr. Kimball said.

Mr. Norden added: "The digital divide is real. Full-face touch screen will put low-income and minority voters at a particular disadvantage."

The report's other two authors were Jeremy M. Creelan of the law firm Jenner & Block and Whitney Quesenberry, a designer who helps companies makes their Web sites easier to use.

Watch Out For Voting Day Bugs (WP)

By Dick Thornburgh And Richard Celeste

The Washington Post, August 28, 2006

For many years election officials have kept the machinery of American democracy running in the face of sometimes overwhelming difficulties. But this November's elections will pose unprecedented challenges to them.

For many jurisdictions, the 2006 elections will see the first large-scale use of electronic voting systems. Many organizations have learned the hard way that deployment and use of new technologies on a large scale virtually guarantee big surprises and unintended consequences: sudden system crashes, corrupted data or painfully slow systems. The usual remedies are to develop, test and evaluate small-scale prototypes before committing to organization-wide upgrades in technology, and to keep both old and new systems running for a while so that failures in the new system do not paralyze operations.

Unfortunately, faced with the deadlines for deploying enhanced voting systems that were set by the Help America Vote Act of 2002, most electoral jurisdictions have been unable to follow this prudent path. That's why we believe it will be essential this

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year that jurisdictions have backup and contingency plans that anticipate a wide range of possible failures in their electronic voting systems, including those that occur in the middle of the voting process on Election Day (or days).

The outcome of the November elections seems likely to be very close. Depending on the results of a few races, control of the House or Senate -- or both -- may be at stake, which is likely to lead to close scrutiny of how those elections are carried out. If major problems arise with unproven technology and new election procedures, the political heat will be high indeed.

What problems might crop up on Election Day? Software or hardware problems could render a significant number of voting machines inoperable when they are first turned on. An unexpected sequence of voting inputs on touch screens might cause machines to lock up. Or the cards that voters use to activate voting machines to accept their votes might not work properly. Or voting machines might be inadvertently loaded with the ballot for a neighboring precinct.

Jurisdictions need to come up with contingency plans for such November problems, if they haven't done so already. One possible example: Make preparations to fall back to paper ballots if necessary.

Other problems might include machines that appear to work but then yield an erroneous electronic vote count. Systems could lose votes because they continue to accept them after their memories are full, or because they have incorrectly reset themselves in the middle of the day as voters are attempting to vote.

In such cases, applicable backup technologies such as paper trails, which provide an independent, permanent record of activity on a voting machine, might already be in place. But paper trails themselves have potential problems (such as jammed printers) and voters might be confused by the introduction of an unfamiliar element into the election whose purpose and role will not be clear to many voters.

For any given jurisdiction, the likelihood of a specific problem is low. But with 9,500 jurisdictions in the United States it's likely that problems will occur in some of them. Indeed, many of the problems described above have actually happened in one jurisdiction or another. We don't mean to suggest there will be widespread failures of electronic voting systems. But in this election year, the challenges facing election officials and the nation are formidable. Prudence and reasonable contingency planning should rule at this moment of truth for electronic voting, as election officials across the land work to retain public confidence in the face of new challenges.

Dick Thornburgh is a former Republican governor of Pennsylvania. Richard Celeste is a former Democratic governor of Ohio. They chaired a recent study by the National Academies' National Research Council on electronic voting.

S. Dakota Becomes Abortion Focal Point (WP)

By Peter Slevin

The Washington Post, August 28, 2006

SIOUX FALLS, S.D. -- Kayla Brandt had an abortion three years ago and instantly hated having done it. Now, hoping to stop other women from making the same choice, she is a public advocate for the most severe abortion ban in the nation.

"I don't want anyone to feel what I did," Brandt says.

Maria Bell is a Sioux Falls obstetrician-gynecologist who also joined the political fray for the first time, but on the opposite side. Appalled by the attempt to shut the state's only abortion clinic, she says she would not be able to live with herself unless she worked to overturn the law.

"To think passing a law will stop abortion is incredibly naive," Bell said.

South Dakota is the unlikely home of this year's most intense duel over abortion, a Nov. 7 referendum to decide the future of HB 1215, a measure that would institute a broad ban on the procedure. No exceptions would be allowed for pregnancies resulting from rape or incest -- abortion would be permitted only when the mother's life is in jeopardy.

Partisans across the nation are delivering money and tactical advice on an issue that has divided residents of the state. South Dakota's fight could be a harbinger of political battles across the country should the Supreme Court strike down Roe v. Wade , the 1973 decision that legalized abortion nationwide.

"This has become the focal point in the country for the choice debate," said Nancy Keenan, president of NARAL Pro-Choice America, which is channeling cash into the campaign. "The stakes are very high, especially for us to win in November and again say America is pro-choice, America doesn't think politicians should be involved in these private decisions, and enough is enough."

A fresh poll suggests voters are inclined to oppose the law as too severe. In a late-July sounding, opponents of the ban held an eight-point lead, with 14 percent undecided.

"There's going to be a lot of money spent," said state Rep. Roger W. Hunt (R), the ban's chief sponsor, urging voters to defend the unborn. Pointing to the vivid statewide conversation over HB 1215, formally known as the Women's Health and Human Life Protection Act, he said, "There are a lot of people who have gotten very political because of HB 1215."

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People such as Brandt, a 29-year-old financial auditor, who described a period of quiet misery after an abortion about three years ago. When the doctor finished, Brandt said, she felt an emptiness that led to a long year of grief.

Later, she decided to speak out, hoping to create what she called a "haven" for women and children in South Dakota by outlawing abortion. Her smiling face now appears on the letterhead of VoteYesForLife.com, the umbrella group mobilizing support for the ban.

"I was in a relationship and panicked and got scared and ashamed, and thought an abortion was the means to fix my mistake," said Brandt, who came to see herself as a "mother who was sadly stripped of her child."

"Where's the baby's choice?" Brandt asked. "What about the life of the baby?"

The bold South Dakota strategy has energized some proponents while highlighting strategic splits in the antiabortion movement. Many committed foes, focusing on incremental steps to make abortion less accessible, believe that Roe v. Wade cannot realistically be challenged until the composition of the Supreme Court shifts further.

The ban is not "something we would have chosen," said Daniel S. McConchie, chief of staff of Chicago-based Americans United for Life. "To overturn Roe v. Wade , which is the goal here, you have to be able to count to five members of the court. We count five in favor of keeping Roe."

McConchie considers it unlikely that any one case -- even a near-total ban on abortions -- would force the high court to reconsider the landmark decision before the justices are ready. Nor, he believes, is such a law necessary to get the Supreme Court's attention.

Performing an abortion in South Dakota would be a felony if the mother's life is not in danger, according to the law, which declares that mother and fetus "each possess a natural and inalienable right to life." There is no exception for rape, although rape victims would be permitted to take morning-after contraceptives "prior to the time when a pregnancy could be determined through conventional medical testing."

Gov. Mike Rounds (R) signed the bill into law in March, declaring that the unborn are "the most helpless persons in our society." Architects of the law never really expected it to be implemented. Instead, they figured that it would be the subject of a lawsuit that would eventually make its way to the Supreme Court, where they hoped it would be upheld by the overturning of Roe v. Wade .

But instead of suing to block the law, opponents are using a 19th-century provision that allows voters to overrule the legislature by referendum. Meanwhile, the law is on hold.

In a socially conservative state of 775,000 residents who twice gave George W. Bush 60 percent of the vote, abortion defenders gathered more than 38,000 signatures -- more than twice the number necessary -- to place the measure on the ballot. Supporters drew on traditional abortion rights advocates, as well as Republicans who feel the legislature is too intrusive.

Also on the Nov. 7 ballot is a constitutional amendment that would define a marriage as being between a man and a woman while prohibiting the recognition of "civil unions, domestic partnerships or other quasi-marital relationships between two or more persons regardless of sex."

Seated on a park bench, reading "When Life and Beliefs Collide," insurance company employee Laurie Harsch said the unborn must be protected. Questioning the abortion rights advocates' contention that giving a woman a right to choose is more tolerant and moral, she asked whether tolerance is always moral.

"There were people in Germany who were tolerant of what Hitler did to the Jews," said Harsch, a born-again Christian and mother of three. "I understand the people who say, 'It's my body. I can do what I want.' But I don't believe it's only their body."

Meanwhile, the abortion issue proved potent in the state's June primary. Conservative Republicans defeated four GOP state senators who had voted against the ban. One defeated incumbent later became a Democrat, and another endorsed a Democrat for the November elections.

Indeed, party labels offer only limited help in identifying opinions on abortion here. In the state House, where HB 1215 was approved 50 to 18, the primary sponsor was Hunt, a Republican. In the state Senate, where the vote was 23 to 12, the chief sponsor was Julie Bartling, a Democrat.

NARAL named Republican state Rep. Casey Murschel as its statewide executive director. Jan Nicolay, a leading spokeswoman for an abortion rights coalition called the South Dakota Campaign for Healthy Families, spent 14 years as a Republican state lawmaker before quitting the party.

"I have never had an experience like this. There's an intensity," said Nicolay. "It's an issue that most people weren't talking about, and are now doing so."

The state's lone clinic, run by Planned Parenthood in Sioux Falls, is open one day a week, when a doctor flies in from Minnesota -- the organization could not find a South Dakotan willing to do elective abortions. State figures show that 814 abortions were performed in South Dakota in 2004.

A sign on the outside of the secure one-story building proclaims in bold letters: "These Doors Will Stay Open!"

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A recent Mason-Dixon poll suggested that they just may. Forty-seven percent of 800 respondents said they opposed the ban, while 39 percent said they supported it. If the law had included an exception for rape and incest, the poll found, 59 percent would have favored it, with 29 percent opposed.

"If they put in an exception for rape and incest, the ban would pass, but leaving it out, they showed who they are," said Jean Beddow, a former state legislator who hosted a recent party to rally abortion rights forces. "If we lose it this fall, we're going to be in court."

When Schools Silence God Talk (USAT)

USA Today, August 28, 2006

Every year, the Frenchtown Elementary School in New Jersey presents an after-school talent show, open to kids from kindergarten through eighth grade. The performers can choose to play an instrument, dance, create a skit or select a song.

This past school year, a second-grader decided to sing Awesome God. But during rehearsal, the teacher in charge, on hearing the title and lyrics, told the child that principal Joyce Brennan would have to approve that song. Brennan contacted the attorney for the school district.

INDEX: Focus on faith

Brennan then explained in a letter to the child's mother that the song was "inappropriate for a school-run event with a captive audience of, in many cases, quite young children because of its religious content."

Accordingly, a lawsuit has been filed in the chronic civil war in our public schools between the First Amendment's Establishment Clause and its Free Exercise of Religion requirement. The case landed in U.S. District Court in New Jersey.

With schools opening around the country, it's unfortunate that many principals and school boards are not educated on the meaning of the Establishment Clause — which can be violated, for example, if a principal asks a priest, rabbi or minister to speak at commencement exercises, thereby officially favoring that form of religion, or any specific form of religion.

Such behavior would appropriately be regarded as a "state action." But under the Free Exercise Clause, a student can express his or her personal religious beliefs in an assignment or as a valedictorian.

A child's right, not a school's choice

In the Frenchtown Elementary School's case, the American Civil Liberties Union of New Jersey is supporting the child plaintiff. Attorney Jennifer Klear, who took the case on behalf of the ACLU, filed a brief to the court. In it, she made the essential — and to me, obvious — point that it was the child who chose the song, not the school.

So there was no violation of the Establishment Clause by removing the "wall" of separation between church and state. Ironically, the school's guidelines for the talent show mandated only that everything in the performances be G-rated. There were no other restrictions, nor was there a "captive audience" because students were not required to attend.

But the school district's lawyer recoiled at the song's religious content, and the principal explained that the song was the equivalent of a prayer. As this second-grader is discovering how embattled the First Amendment can be, the case is still in the courts.

In another lawsuit, an ACLU affiliate in Nevada has taken the side of school authorities, banishing certain religious speech. In June, during high school graduation exercises at Foothill High School in Henderson, Nev., valedictorian Brittany McComb was reading her address when, suddenly, school officials cut off the microphone.

The audience was spared her presumably infectious references to God, "the Lord," and a mention of Christ. According to Clark County school district officials, while school events may include religious references, proselytizing is forbidden.

Agreeing, Allen Lichtenstein, general counsel for the ACLU of Nevada, said in the Las Vegas Review-Journal: "There should be no controversy here. It's important for people to understand that a student was given a school-sponsored forum ... in essence, it was a school-sponsored speech," thereby violating the Establishment Clause because of "her proselytizing."

"People aren't stupid," the admirably clear-headed McComb told the Review-Journal, "and they know we have freedom of speech, and the district wasn't advocating my ideas. ... I went through four years of school at Foothill and they taught me logic and they taught me freedom of speech. God's the biggest part of my life. Just like other valedictorians thank their parents, I wanted to thank my lord and savior."

How did the school authorities know at what point the forbidden words would be spoken? At Foothill High, as at most high schools around the country, valedictorians are subject to what the courts call "prior restraint" of speeches. School officials preview the remarks, and McComb was ordered to strike those prohibited words.

Refusing, McComb explained why she rebelled against authority for the first time. Having graduated with a 4.7 GPA, McComb — who was planning at the time to study journalism at Biola University, a private Christian school in La Mirada, Calif. — emphasized that she was saying what she believes: "The district wasn't advocating my ideas."

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In her lawsuit against the district, McComb is represented by what I consider one of the premier civil liberties organizations in the country, the Rutherford Institute in Charlottesville, Va. Says founder John Whitehead of his client: "She has a constitutional right — like any other student — to freely speak about the factors that contributed to her success."

So why are two ACLU affiliates at odds on the kinds of religious speech protected by the First Amendment? Because the national ACLU puts forth an ambiguous and sometimes misinformed policy on such issues. For example, the ACLU has in numerous cases backed efforts to expunge crosses from city seals — even if the cross dated to the founding of a city, when religion played a vital role. Citing history is not a violation of the Establishment Clause, nor is it proselytizing.

In need of an education

What's unfortunate is that every school year, these unreasonable restrictions of free speech come to the fore in this country simply because educators — and, for that matter, some ACLU chapters — don't have a clear understanding of the First Amendment.

In 1994, I was reporting in Murfreesboro, Tenn., on another high school valedictorian, Kathryn Sinclair, who on principle defied another prior restraint gag rule: She told the principal of Riverdale High School that prior restraint violated the First Amendment. She gave her address without interruption but was reviled by many of her fellow students and some faculty because the resultant publicity "made the school look bad," as Sinclair put it.

When her ordeal — and it was an ordeal — was over, Sinclair asked me: "Why don't schools teach why we are Americans?" And then she stated an unfortunate truth: "So few people know."

Nat Hentoff is an authority on First Amendment issues, student rights and education.

ANTITRUST:

GE's Water Unit Remains Stagnant As It Struggles To Integrate Acquisitions (WSJ)

By Kathryn Kranhold

The Wall Street Journal, August 28, 2006

Shortly after taking over as chief executive of General Electric Co. in 2001, Jeffrey Immelt plunged the conglomerate into the water-treatment business. GE has since spent nearly $4 billion acquiring four companies, prompting executives to boast that the water unit could reach $10 billion in annual revenue within a decade.

But Mr. Immelt's initiative hasn't lived up to expectations. The unit's biggest business -- selling chemicals -- faces tough price competition, and multimillion-dollar projects to build water-desalination and reuse plants haven't materialized. The water unit has reduced financial projections; the current target of around $2 billion in sales this year roughly equals the combined revenue of the companies GE bought. Some employees have been laid off, and Mr. Immelt earlier this year replaced his handpicked head of the water unit.

The turbulence highlights GE's challenge in entering a new $400 billion market by building a business from scratch against global competitors such as Danaher Corp., ITT Corp., Siemens AG of Germany and, in Spain, both OHL Group's Inima and Abengoa Group's Befesa.

"Are we happy with all of the performance of the business so far? No," says Mr. Immelt. "Over the next five years and into the future, this is going to be a great part of the GE portfolio."

GE is struggling to meld thousands of employees from competing cultures with its own emphasis on strict processes and financial rigor. In one shift, more than 2,000 engineers who had made careers peddling chemicals for treating water at oil refineries and power plants were retrained to sell expensive equipment.

"We probably moved quicker than we should have in some areas," says Mr. Immelt, adding that training has taken longer than expected.

Creating a business through multiple large acquisitions is an unusual strategy for GE, says management consultant Ron Ashkenas, a managing partner with consulting firm Robert Schaffer & Associates. Dr. Ashkenas, who has written books about GE, says the company typically enters a new market by carving a smaller business from a larger one, then bolting on small companies. "In most cases, they know something about the market and the dynamics, and here they don't," he says.

Mr. Immelt acknowledges that GE is behind in integrating the acquisitions and reaching financial targets. In May, Mr. Immelt reduced the unit's estimated operating profit for the year to $200 million, from an initial $400 million. Some analysts doubt that GE will hit the lower number. In the first half of the year, they estimate the unit recorded $40 million in operating profit. For next year, GE has lowered its revenue target by 10% to $2.5 billion from $2.8 billion.

The difficulties at the water unit also show how tough it is for Mr. Immelt, who is now five years into his job, to move the needle on a 126-year-old company that expects $163 billion in revenue this year. Water is one of five new businesses that Mr.

Immelt, who took over in September 2001, touts as platforms for long-term growth. The others are Hispanic television, security equipment, health-care information technology and oil-and-gas services.

Looking to turn the division around, Mr. Immelt moved aside GE veteran George Oliver, whom he had chosen to launch the water business in 2002. Colleagues were surprised by Mr. Oliver's departure, shortly after he led a sales-strategy session in Cancun in January. Mr. Oliver, now at Tyco International Ltd., declined to comment.

His replacement is Jeff Garwood, a 44-year-old chemical engineer who joined GE in 1992 and had been leading the factory-automation unit after stints in GE's plastics and aircraft-engine units. He also left briefly for two dot-com companies. Mr. Garwood started his career running a water plant in Victoria, Texas, for DuPont Co., and then worked for consulting firm McKinsey & Co.

Even before Mr. Garwood arrived, GE had tapped McKinsey to help the water unit refine its strategy. The unit has eliminated jobs, primarily in the U.S., reducing the number of district managers to 28, from 95, for example. Overall, Mr. Garwood says less than 5% of the unit's employees have been let go since 2000. Mr. Garwood describes his task as "a difficult evolution."

The market is attractive: GE is eyeing a $50 billion slice of the global water market, including treating water for power plants and building and running desalination and waste-water plants. Key to the reorganization, Mr. Garwood says, is a new sales and marketing structure introduced in the spring that primarily divides the sales team geographically. Within each region, one sales team now scouts new opportunities.

Most of the salespeople -- more than 1,500 engineers -- have been retrained to sell the unit's entire portfolio, from chemicals to equipment that removes salt and debris from water. Another group handles specific issues in industries including dairy products, electronics and health care.

As evidence the changes are paying off, GE says it recently won an $11 million contract to supply a Ukrainian fertilizer plant with a suite of products such as filtration systems and chemicals.

Mr. Garwood says GE is looking at more than $3 billion in opportunities to build, own and operate facilities around the globe. In some cases, GE will sell its equipment. In others, the water unit, working with GE's financial-services group, will secure an ownership stake in projects for GE, creating a revenue stream. "That's a big opportunity for us," Mr. Garwood says, noting that it is 10% of the water business now.

But those big projects are hard to come by and often mired in politics. Last year, GE said it planned to take a stake in at least two major projects a year. Since then, GE has announced only one such deal -- 70% ownership of a plant in Algiers.

A project GE inherited in the Caribbean nation of Trinidad and Tobago exemplifies the pitfalls. GE acquired a 40% stake in a desalination plant there in early 2005 by buying Ionics Inc. The Trinidadian government, which now opposes the plant, claims that Ionics's partner, a local contractor, committed fraud to win the contract for the plant. (A lawyer for the contractor denies the claim.) The government wants to renegotiate the 23-year deal to buy water from the plant, considered the largest of its kind in the Western Hemisphere,according to officials familiar with the matter.

Analysts expect GE to win its share of projects eventually. "They are the new kids on the block," says Debra Coy, a senior analyst with Stanford Washington Research Group, an investment and advisory firm. "GE is very sophisticated in terms of international energy projects. The water market is different. They've had to figure it out step by step."

And, like Mr. Immelt, analysts say GE has the finances to back big projects and has acquired top-notch water technology.

"There's nothing that I've seen that says this is not a good market for the company," Mr Immelt says. "We think we've got some of the best technologies in the industry."

Italian Banks Intesa And Sanpaolo Agree To Merge (WSJ)

By Edward Taylor In Frankfurt And Gabriel Kahn In Rome

The Wall Street Journal, August 28, 2006

By merging Italy's Banca Intesa SpA and Sanpaolo IMI SpA, the architects of the deal aim to create a player with enough heft to be a driver in European banking consolidation.

Saturday, the boards of the banks agreed to the terms of a merger, valued at about €29.43 billion ($37.54 billion). The deal would catapult the two midsize national players into a bank with a market capitalization of around €60 billion that would likely rank No. 4 in the euro zone. However, in cases of domestic megamergers like this one, success hinges on whether Intesa, of Milan, and Sanpaolo, of Turin, can achieve the promised savings and synergies, and in particular whether they can deliver on job reductions, which could be as high as 10% of total staff.

Under terms of the deal, which is to be put to shareholders for approval at extraordinary meetings in December, Intesa is offering 3.115 of its shares for every Sanpaolo share.

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The transaction comes at a time when cross-border banking deals throughout Europe have been on a sharp rise and shortly after foreign players such as ABN Amro Holding NV of the Netherlands and France's BNP Paribas SA took control of a pair of midsize Italian banks, adding to competitive pressure in one of Europe's most lucrative banking markets.

Foreign entrants are upping the ante in one of Europe's most fragmented and, until recently, sheltered banking markets. Pressure to become more competitive has risen since Mario Draghi took over as Bank of Italy governor from Antonio Fazio. Mr. Draghi is seen as someone who takes a more open-market view to cross-border deals than his predecessor, who had hindered foreign takeovers of Italian banks.

The architects of the Intesa-Sanpaolo merger, which would be the largest domestic banking merger in Europe in a decade, said they see the deal as a first step in creating a bank that is much better positioned to compete in further consolidation across the Continent. That wasn't possible when the two operated separately. They both lacked sufficient size and were hampered by shareholders who didn't want to see their influence diluted through an expensive acquisition.

The combined entity stands to control roughly 20% of Italy's retail-banking market. That would give it a strong position in the domestic market and enough free cash flow to focus attention abroad.

A person involved in the negotiations said the new bank could begin to look for acquisitions as early as a year from now. Advisers and executives who worked on the deal stressed that any foreign acquisition would only follow a successful integration of the two banks.

On its own terms, that integration could prove very lucrative. Domestic in-market acquisitions generate almost double the economic value added that cross-border transactions do, according to a study on European banking consolidation by Keefe, Bruyette & Woods. Joining two local players can help save 21% of the target's cost base.

However, the success of any domestic merger depends on the banks' being able to eke out those savings.

The executives of the two banks said they plan to find about €1.3 billion in cost savings by 2009, achieved by measures such as integrating information technology. They predicted that combining operations would result in annual net-profit growth of 13% and would achieve net profit of about €7 billion by 2009. The merger would result in a pretax charge of €1.5 billion, the banks said.

The savings targets are in line with those for other European domestic merger deals, said Marcello Zanardo, an analyst in London with Keefe Bruyette. Achieving those savings often requires significant work-force reductions, something difficult to carry out under Italy's strict labor laws.

Executives gave no details about potential layoffs following Saturday's meetings. An adviser who worked on the deal said there were no plans for layoffs in the banks' retail networks.

Mr. Zanardo said cost-savings targets imply that around 10,000 employees -- about 10% of the overall work force -- will leave. Forced layoffs are extremely difficult in Italy because of restrictive labor laws, but staff reductions are possible through the sale of bank branches to competitors and because of the agreed sale by law of the tax-collection activities, which employ more than 3,000.

Still, the lack of clarity about how these reductions could be achieved sparked some skepticism among industry analysts. "Achieving cost savings is ultimately a matter of layoffs, and flexibility on this is limited in Italy," Citigroup wrote in a research note last week.

Yesterday, unions representing bank workers demanded a meeting with the management of the two banks and declared that they were opposed to any plan that included forced layoffs.

Under the merger terms, the new, and as yet unnamed, bank will have Banca Intesa Chief Executive Officer Corrado Passera as its chief executive. Intesa Chairman Giovanni Bazoli will head a supervisory board, while Sanpaolo Chairman Enrico Salza will head a management board.

Shares in Sanpaolo closed Friday almost 3% higher at €16.05, while Intesa shares closed 0.5% higher at €5.05. Crédit Agricole SA, of France, which wields veto power over the deal as the largest player in Intesa's shareholder pact, has cautiously backed the terms of the plan. In a statement Saturday, the French bank said final approval was "subject to reaching an agreement which safeguards and enhances the value of Crédit Agricole's strategic interests in the Italian market."

A person close to Crédit Agricole said the French lender remains prepared to exercise its veto power as negotiations continue. Mr. Bazoli called Crédit Agricole's conditions "reasonable," adding that the deal would include "solutions to best protect their strategic interests."

California Epiphany (WSJ)

The Wall Street Journal, August 28, 2006

How much competition is there in U.S. telecommunications? So much that even California regulators have finally noticed. Last week the state's Public Utilities Commission voted 5-0 to lift decades-old price controls on land-line phone companies.

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The move was instigated by Rachelle Chong, who was appointed to the Commission in January by Governor Arnold Schwarzenegger. According to a Los Angeles Times report, this is the first time in 18 years that California has altered its rate structure. Think about all that has happened in telecom in the past two decades, from the proliferation of wireless devices to Internet telephony, and you get some idea of how far past due these changes were.

Other states, including Texas, Florida, Indiana, Colorado and Massachusetts, have eased their anti-competitive price controls in recent years, but the decision to do so by the nation's largest state is still significant. "The California Public Utility Commission is used by Commissions in other states as a standard," says Barry Aarons, who follows telecom at the Institute for Policy Innovation. "They reason, 'If California is willing to do this, we shouldn't be scared to do it ourselves.'"

It's unfortunate that the Commission felt the need to delay matters by locking residential retail rates in place until 2009, thus dampening the incentive for AT&T, Verizon and others to continue building advanced networks. But the temporary rate freeze was probably the political price for passing broader structural reform in a state not exactly known for its deregulatory instincts.

The good news is that these state regulators have finally acknowledged that competition in telecom abounds, that free-markets work, and that holding residential phone bills below actual cost is silly in today's brave new telecom world. The other good news is that if even California regulators can come to this realization, anyone can.

ENVIRONMENT:

BP Chief Faces Court Appearance (FT)

By Sheila Mcnulty In Houston

Financial Times, August 28, 2006

A Texas judge is to decide on Monday whether to compel Lord Browne, BP's chief executive, to be formally questioned before a court to decide claims against the UK oil giant arising from last year's fatal refinery explosion.

BP has refused a request by the plaintiff's attorney, Brent Coon, to question Lord Browne, forcing the decision into the court's hands.

"We are opposing the request because Lord Browne has no unique knowledge of the incident that is not available from other people within BP,'' a spokesman for BP said. "The head of BP's worldwide refining operations has participated in the discovery process," referring to the questioning of potential witnesses ahead of a US trial.

That "discovery process'' led Michael Hoffman, BP's group vice-president for global refining, to reveal the company is conducting an internal investigation, reaching up into its executive level, to determine whether to take further disciplinary action for the accident, which killed 15 and injured an estimated 500 at BP's biggest refinery.

More than a year and a half after the blast, Mr Hoffman said in a videotaped deposition that he was also being scrutinised in the probe. A transcript of the deposition, taken this month by the plaintiff's attorney in the civil case against BP that arose from the blast, was seen by the Financial Times.

The US Department of Labor found more than 300 health and safety violations at the refinery and fined BP a maximum allowable $21m before referring the explosion to the Justice Department for possible "criminal action". A grand jury is debating whether to bring charges against BP and/or its executives.

In preparation, the plaintiffs pressed Mr Hoffman to reveal that John Manzoni, BP's chief executive for refining and marketing, had chosen Wilhelm Bonse-Geuking, group vice-president of BP to investigate "whether or not there should be further disciplinary action . . . in the chain of command".

He said Patrick Gower, refining vice-president for BP's US region, and he believed Kathleen Lucas, Texas City operations manager, had also been interviewed.

The transcript of a videotaped deposition by Mr Gower, a copy of which also was obtained by the FT, reveals him saying he had learned in the month or two before his May deposition that he was being investigated.

Mr Gower said Don Parus, the refinery manager who has been on leave since the explosion, Ms Lucas and Willie Willis, an employee at the Texas City plant, were also being probed.

A BP spokesman, declined to confirm the probe. "As a matter of policy, we don't comment on personnel matters,'' he said. While BP has settled most of the claims arising from the blast, Mr Coon has more than 100 cases he is to take to trial on September 16.

Pollution In The Water, Lawsuits In The Air (WP)

By Juliet Eilperin

The Washington Post, August 28, 2006

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TAHLEQUAH, Okla. -- Every time the rain comes down, muddy water laden with phosphorus, arsenic and other contaminants flows into the Illinois River from chicken farms nearby and just across the border in Arkansas.

The inflow of nutrients has begun to change the river and the reservoir it feeds, Tenkiller Ferry Lake. At times the water is clogged with fish-killing algae, occasionally emitting a foul odor that affects the drinking water and undercuts the area's attraction as a tourist destination.

"This river used to be crystal clear," recalled Ed Brocksmith, a member of the Oklahoma Scenic Rivers Commission. "Phosphorus is the problem here."

Frustrated that nearly four years of talks failed to produce a solution, Oklahoma is now suing eight firms -- including Arkansas giant Tyson Foods Inc. -- on the grounds that the chicken waste applied to crops near the river contains hazardous chemicals that are damaging the ecosystem and jeopardizing the region's tourist industry.

"They're not fertilizing, they're dumping," said Drew Edmondson, an Oklahoma lawyer who filed the suit last year. "My concern is for the environment. My concern is for the lake and the river, which I'm watching being degraded before my eyes, literally."

Across the country, states and localities are suing polluters outside their jurisdiction, and sometimes each other, in efforts to curb air and water contamination that respects no borders. They say they are forced to act because Congress and the Bush administration have failed to crack down on everything from storm water runoff to dumping of invasive aquatic species.

In some cases, there is little in the way of federal law or regulation. This is the case with the factory farms in Arkansas and Oklahoma. The administration is still sorting through which regulations apply to poultry, dairy and hog farmers, and existing rules don't apply to those who buy the waste for fertilizer. And some lawmakers, such as Rep. Ralph M. Hall (R-Tex.), are lobbying to permanently exempt these industries from even minimal federal oversight.

Other times the administration has blessed activities in one state that another state opposes: Virginia -- over Kentucky's objections -- plans to allow a strip mining company to discharge more than a billion gallons of briny water into a river just eight miles from where it flows into Kentucky.

In others instances, the Bush administration has declined to take action, such as the Environmental Protection Agency's decision not to regulate ballast water from freighters that release invasive species into waterways.

Joel A. Mintz, an environmental law professor at Nova Southeastern University in Miami, said he has noticed an increase in such cases. "The [state attorneys general] have gotten aggressive in the last couple of years," Mintz said. "It's a little hotter now."

EPA spokeswoman Jessica Emond said the agency works hard to monitor all pollution.

"EPA is committed to protecting public health and the environment by coordinating closely with its 10 regional offices to implement environmental laws at the state and regional levels," she said. "In addition, EPA solicits and takes into consideration comments submitted by state and local governments when developing national rules and regulations."

But New York Attorney General Eliot L. Spitzer, who has sued EPA over its aquatic species policy as well as air pollution rules, said the flurry of legal activity reflects "the lack of enforcement" by the administration.

"It's more than a trend, it's an ideological decision that's been made by the Bush administration," Spitzer said. "Into that void we have stepped in to enforce the law."

In many cases, state lawyers say out-of-state pollution jeopardizes their tourist industry. Kentucky Assistant Attorney General Scott Porter, for example, argues that Virginia's proposal to let Consolidation Coal Co. release water from its mining operations could damage Fishtrap Lake, a reservoir filled with bass and catfish that attracts tens of thousands of visitors a year.

Porter's office is weighing whether to sue Virginia. "We will take every available method we have to protect the waters of Kentucky."

Leslie Vincent, chief engineer of Virginia's Division of Mined Land Reclamation, said Virginia is aware of Kentucky's concerns but believes the plan's requirement for mixing the discharge with cleaner water should keep levels of harmful chloride to an acceptable level. "It should not be an adverse impact," Vincent said.

In Arkansas, poultry farmers see the Oklahoma lawsuit as a threat to their livelihoods. Keith Morgan, who raises 178,000 chickens at a time for Arkansas-based Peterson Farms, said he and other producers make a profit selling their waste as fertilizer and cannot afford to truck it out of the million-acre watershed.

No one questions that Tenkiller Ferry Lake and the Illinois River -- which travelers in 1870 described as "one of the prettiest rivers on the continent, sparkling with crystal waters" -- are being flooded with nutrients. The lake and river remain a popular tourist site that generates at least $42 million a year in revenue: Last week, Adam Visor and his friend Jordan Hebert drove three hours from Oklahoma City to fish for smallmouth bass along the river's banks.

Edmondson and allies such as Brocksmith say a significant amount of the pollution comes from the 200,000 tons of chicken litter -- waste and shavings that fill poultry houses stretching the length of nearly two football fields -- that more than 2,800 farmers in Arkansas and Oklahoma buy and apply to their crops.

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Poultry officials counter that western Arkansas towns such as Bentonville and Fayetteville are also to blame for the river's pollution, since they rank among the fastest-growing in the nation and generate their own runoff. John Elrod, a partner at the Arkansas firm of Conner and Winters, who represents Simmons Foods, said the industry is willing to help Oklahoma but will not fold under legal pressure.

"Our attitude all along has been if you need someone to help with this problem, we're going to be standing at the front of the line, but if you're going to file a lawsuit against us, it's going to be an all-day affair," Elrod said.

Oklahoma's lawsuit could drag on for years. The outside lawyers that Edmondson retained stand to get a third of any eventual settlement or court award, along with attorney's fees; the defendants have hired a phalanx of attorneys from the District, as well as Arkansas and Oklahoma.

The public relations fight is equally intense. An advocacy group called "Save The Illinois River" has printed baseball caps and tie-dyed T-shirts with the slogan, "Fed Up With All The Arkansas Chicken Poop!" and plans to release a CD of songs paying homage to the river. The poultry industry has responded in Oklahoma with a massive television and radio ad campaign touting the virtues of "organic" chicken litter, and it recently donated $1 million to the state's Scenic Rivers Commission to improve recreational facilities.

"Oklahoma should be saying thank you to Arkansas for providing this kind of income to one of the poorest areas in the nation," said Bev Saunders, who raises chickens on her 540-acre Oklahoma farm.

But Edmondson -- who does not blame the administration but faults Congress for failing to pass a broader law regulating poultry waste -- is pressing ahead.

Some have succeeded with such litigation. In Texas, Waco officials sued after city drinking water became polluted by more than a dozen out-of-town dairy farms dumping waste into the North Bosque River. Eventually, Waco reached a series of settlements, including an agreement to monitor the river's water quality for two years and a pledge by the dairies to make sure any new cows they acquire will not worsen the area's water pollution.

Spitzer has scored some legal victories over the Bush administration, but he acknowledged there are limits to pursuing environmental goals through litigation.

"Long term, states cannot supplant the role of the federal government in addressing these issues," he said.

'Tastes Just Like Vodka' (WT/AP)

By Amy Lorentzen

The Washington Times, August 28, 2006

AMES, Iowa -- Now that ethanol has become common in gas tanks, two Iowa State University professors are working to get it into martini glasses.

The professors are researching how to easily, and cheaply, turn fuel ethanol into food-grade alcohol for beverages, pharmaceuticals and personal care products.

"We will be taking relatively abundant and cheap fuel ethanol and, for a very small amount [of money], adding a lot of value to it," said Jacek Koziel, an assistant professor of agricultural and biosystems engineering.

He said the research is focused on perfecting technologies that purify fuel ethanol, a grain alcohol most often made from corn and used as a gasoline additive. Like beverage alcohol, fuel ethanol is yeast-fermented and then distilled. However, it has many more impurities that must be removed, Mr. Koziel said.

"We are trying to fine-tune, so to speak, the process of alcohol purification," he said.

Why find another use for ethanol at a time when demand for the fuel has skyrocketed?

Because although the demand for fuel ethanol could wane if the automotive industry embraces other technology, "the demand for liquor and mouthwashes and cough syrups will always be there," said Hans van Leeuwen, a civil, construction and environmental engineering professor who is working with Mr. Koziel on the project.

"We're really just looking at a process improvement here that will save a lot of money," said Mr. van Leeuwen, who also serves as vice president of Cedar Rapids-based MellO3z, a company that has created a process for purifying alcoholic beverages.

Monte Shaw, a spokesman for the Iowa Renewable Fuels Association, said the future of food-grade alcohol produced from fuel ethanol depends on its profitability. Right now, ethanol used in gasoline blends is in demand, but as more plants are built and production climbs, producers could take advantage of extra capacity and turn food-grade ethanol into a premium business, he said.

"So today that interest probably isn't as high, but we've got a lot of production coming on line," Mr. Shaw said Thursday as he drove to a groundbreaking of an ethanol plant in St. Ansgar, Iowa. "It's not unreasonable to assume some time in the future that something like this might be very attractive."

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Preliminary work on the effort began last year, and the 1½-year project -- which uses ozone gas and a carbon-filtration process -- recently began. Funding comes from a $79,900 grant from the state's Grow Iowa Values Fund, with matching dollars and materials from industry sponsors and specialists.

Iowa, the nation's top corn grower, has become a leader in the ethanol industry, with 25 plants producing about 1.6 billion gallons this year and eight plants under construction or expansion, according to the Iowa Renewable Fuels Association.

The key to the effort is price.

Mr. van Leeuwen said the multiple distillations needed to make food-grade alcohol raise production costs by about 50 cents per gallon more than it costs to make ethanol. The system the Iowa State team is working on aims to put purifying costs at less than a penny per gallon, he said, adding that retrofitting the purification process would cost little for ethanol plants.

"It's the type of thing that will pay for itself over and over within a year," Mr. van Leeuwen said.

Mr. Koziel said there are many potential applications for the product.

"It's not just necessarily the consumer of liquor-type alcohol" who benefits, he said. "It could be used for all sorts of other consumer products ... everywhere where food-grade alcohol could be put to use."

But for those who like their liquor, Mr. van Leeuwen said the food-grade ethanol "tastes just like vodka," although the 190-proof product must be diluted. He said he has hosted one tasting panel with positive results, and he plans another after further research.

The Iowa State scientists are using two purification technologies for their system. The first part involves bubbling ozone gas through the fuel ethanol to remove impurities and to form new compounds, which are then filtered through granular-activated carbon to absorb remaining impurities.

A patent for the process is pending.

Mr. van Leeuwen said he has used the process to treat wastewater with success, and he expects fine results for food-grade alcohol.

"I have little doubt that it will work," he said.

Malaria Kills Millions -- We Have The Cure (WSJ)

WSJ – Coburn letter, August 28, 2006

Impoverished Africans should be grateful to philanthropist Lance Laifer for his effective outreach to reduce the tragic, needless toll of malaria in sub-Saharan Africa ("Malaria's Toll" by Jason Riley, editorial page, Aug. 21). For his attempt to focus complacent Americans, Mr. Riley also deserves thanks -- such clarity is obviously desperately needed, as even with all the publicity accorded to the ravages of malaria, someone as educated and intelligent as Mr. Laifer remained blithely unaware of this scourge until last year.

Both Mr. Laifer and Mr. Riley note the lack of attention given by official organizations to the more widespread use of DDT as a malaria control method, despite its long and honorable history for this use. Even with his money and other resources, Mr. Laifer has been unable to persuade Africans to utilize DDT. African exporters legitimately fear economic repercussions from wealthy Western trading partners, who continue to demonize this lifesaving insecticide despite the lack of evidence of DDT's adverse health effects in humans.

And where is the Gates Foundation's massive resources in this ongoing struggle to save a half-billion from sickness and millions from death? This organization asserts its devotion to reducing the toll of TB, AIDS and malaria -- yet none of its funding is aimed toward the cheapest and most effective way to deal with malaria: increased indoor spraying with DDT. Maybe Warren Buffett can persuade his friends Bill and Melinda to target their contributions where they will do the most good, in the shortest time, for the most people. Malaria vaccines are many years away -- DDT works in weeks or months.

Gilbert Ross M.D.
Executive and Medical Director
American Council on Science and Health
New York

Jason Riley correctly highlights the human and economic catastrophe that is malaria. Privately funded endeavors described by Mr. Riley are critical to saving lives around the world and I welcome and encourage more private and innovative philanthropy. Americans are also supporting billions of dollars of publicly funded anti-malaria programs through both bilateral programs and multilateral programs. Those concerned about children and pregnant moms suffering and dying from malaria should expect that agencies spending U.S. dollars will achieve results, as measured by reductions in deaths and sickness.

Congress and President Bush have worked together to ensure improved measurement of malaria control programs and greater accountability and transparency in these programs. As a result of congressional demands for "sunshine," the U.S. Agency for International Development (USAID) malaria budget was exposed as diluted and ineffective. That transparency led to

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encouraging reforms. President Bush and USAID should now be commended for running a program that is both transparent and strategic, including the dramatic redirection of funds to effective malaria prevention programs, such as indoor spraying with insecticides and effective new malaria therapies.

However, challenges remain at other major development agencies, such as the World Bank, which receives $1 billion from U.S. taxpayers and has been criticized by malaria scientists for its failing malaria programs. Americans also contribute more than $5 billion annually to the U.N. system, including UNICEF and the World Health Organization (WHO). The WHO has new leadership on malaria, Dr. Arata Kochi, who is finally making key reforms to that troubled and failing program. But his encouraging start could be threatened by entrenched resistance to change in many quarters of the Geneva bureaucracy.

Tom Coburn, M.D. (R., Okla.)

Chairman

Subcommittee on Federal Financial Management, Government Information and International Security

Senate Committee on Homeland Security and Governmental Affairs

Washington

There Was a Time When Saddam Was 'Our' Thug

Your Aug. 23 editorial "Saddam's WMD," arguing that "the habit of American liberals is to deplore the thugs of the world from afar but then never doing anything about it," warrants the addition of a little history.

In 1979 President Jimmy Carter had severed diplomatic relations with Saddam Hussein's Iraq and put it on a list of "terrorist nations," which prohibited the sale to Iraq of many U.S. made goods that could strengthen Iraq militarily. Remarkably, in late 1983 none other than Donald Rumsfeld journeyed to Baghdad to pay court to Saddam Hussein on behalf of President Reagan, to re-establish diplomatic relations with the "thug." It happened after it had become widely known that Saddam had used poison gas on Iranian troops. Soon the thug of Iraq enjoyed once again a brisk business with American firms, some of which supplied him with high-tech equipment and other materials of potential dual civilian-military use.

As the Washington Times (Oct. 1, 2002) reported, the U.S. Centers of Disease Control even supplied Iraq with "strains of all the germs Iraq used to make weapons, including anthrax, the bacteria that make botulinum toxin and the germs that cause gas gangrene." Even after Saddam had used poison gas on his own people in the late 1980s, the U.S. kindly guaranteed a $4 billion "agricultural" loan extended to Iraq by Italy's Banco de Lavoro.

Finally, as neoconservatives Lawrence Kaplan and William Kristol lamented in a Jan. 20, 2003, Journal editorial-page commentary, after President George H.W. Bush had called Saddam Hussein "worse than Hitler" and shortly after he had encouraged the Shia to rise up against Saddam, the elder Bush and his advisers (then Secretary of Defense Dick Cheney among them) thought the better of it. They abandoned the hapless Shia to Saddam's murderous fury, because on second thought they preferred "stability" in Iraq under Saddam to what Secretary Cheney then presciently predicted, on an ABC This Week program in 1991, would happen in Iraq if U.S. troops ever entered Iraq: "civil war," with U.S. troops caught in a "quagmire."

The truth is that, over the years, administrations of both parties have been cozy with often ruthless and thuggish dictators that suited U.S. foreign policy. Indeed, chances are that Iraq eventually will become "stabilized," not under a truly democratic government, but under the government of a dictator of our choosing. Chances also are that this arrangement will have bipartisan support in Congress.

Uwe E. Reinhardt

James Madison Professor of Political Economy

Princeton University

Princeton, N.J.

Defined-Benefit Plans Reduce Risk of Poverty

We agree with your editorial "The Other Pension Crisis" (Aug. 18), stating that problems with public sector defined benefit pension plans, as in the case of San Diego, need to be addressed. Whether a defined-benefit or defined-contribution pension plan, in the public or private sectors, there is no excuse for mismanagement, corruption or inappropriate political influence.

However, stating that "the long-term solution is for government to follow the private sector and wean public workers from the defined-benefit pension model to a defined-contribution plan where an individual worker owns and controls his own retirement investments" is an unsupported conclusion.

Defined-benefit plans, whether in the public or private sector, face some challenges, but they cost-effectively manage the risks people face in retirement. Because defined-benefit plans provide a guaranteed lifetime income, they reduce the chance that there will be future generations of poor, elderly retirees who have outlived their savings and subsist only on Social Security supplemented by charity.

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Defined benefit plans are not the problem. Poorly written pension laws and regulations, combined with pension managers who have over-promised benefits or underfunded their pension obligations, have been the problem. Those responsible should be held accountable.

FBI/DEA/ATF/USMS:

Celebrated FBI Agent Will Retire Haunted By Those Who Got Away (WP)

By Allan Lengel

The Washington Post, August 28, 2006

Time is running out for FBI agent Brad Garrett, who helped solve the Starbucks slayings in the Georgetown area, helped persuade sniper Lee Boyd Malvo to confess and flew to Pakistan to help nab the man who gunned down two CIA workers outside the agency's headquarters in McLean.

One of the most renowned agents to work in the FBI's Washington field office, he will retire Thursday after 16 years in Washington and 21 years in all -- regretfully, he said, before he can solve some of his most famous cases. The mandatory retirement age is 57. He is 58, finishing up a one-year extension approved by the FBI director.

In recent weeks, Garrett has hardly acted like a guy winding things down. Even now, he holds out a measure of hope, conducting interviews, checking criminal records -- and hopping on a plane recently to track a possible lead in the slaying of Chandra Levy.

Besides the Levy killing, Garrett has his sights on solving the case of a Vietnamese woman and her 2 1/2 -year-old son slain in Fairfax County in 1995, possibly the victims of Asian organized crime. And the 1999 execution-style slaying in McLean of an Iraqi woman, her son and her husband, who was working on a food-for-oil deal with Iraq.

"It causes me a lot of anxiety," Garrett said. "Not that somebody else can't solve these cases. Of course they can. Cases become sort of part of you, and these kind of cases tend to do that more so because they are investigated for so many years."

Prone to dressing in black, Garrett looks more like a music mogul than an FBI agent. But beyond the hip, calm exterior is a former probation officer with a doctorate in criminology who has gained gushing admiration from co-workers and police detectives -- and even the grudging approval of some criminals he has caught.

"He's accomplished, confident, he's a very patient interviewer," said FBI agent Chuck Knowles. "He makes that connection with people, and they want to tell him their secrets."

Ronald H. Chavarro, Garrett's FBI supervisor, added: "He's empathetic, he's nonjudgmental, he's approachable. . . . They don't come any better than him.

"He had no interest in going into management; he's had no interest but investigating cases," Chavarro added. "That's been his passion."

Co-workers said that fervor has helped Garrett chalk up one confession after another, including that of Mir Aimal Kasi, a Pakistani who methodically fired an assault rifle into the car windows of CIA workers in 1993.

To coax that admission, Garrett and other agents first had to find Kasi, an odyssey that stretched across continents and 4 1/2 years.

On June 15, 1997, Garrett and three other FBI agents tracked Kasi to a seedy hotel in Pakistan, near the Afghanistan border. At 4 a.m., the FBI agents stood in the hall as an informant knocked on the door to wake Kasi for morning prayer. Words were exchanged in Urdu. Kasi unlocked the door, and the agents tackled him.

"He was screaming" so hard as the agents struggled to cuff him that they then gagged him, Garrett recalled. But he still wasn't sure they had the right guy. Kasi looked heavier than the shooter and had a beard. After the gag was removed, Kasi refused to give his name, instead hurling an expletive "in very clear, almost eloquent English."

"We laid him face down on the bed, and I had fingerprints with me in a bag and a fingerprint kit, so I took an ink pad and hit his thumb," Garrett said. Then Garrett took out a flashlight and a magnifying glass. The prints matched.

On the plane ride back to the United States, Kasi confessed to the slayings.

"He was sort of straightforward about it, saying, 'Look, it's not right what the U.S. is doing in Muslim countries, and they're using the CIA to manipulate governments,' " Garrett said.

The two developed a relationship. They exchanged letters, and Garrett visited Kasi occasionally. Garrett also watched Kasi die from a lethal injection at a prison in Jarratt, Va., in November 2002 and remembered walking away feeling "a sort of hollowness. It completely drains you of energy, emotions."

"He understood I was doing my job," Garrett said. "He respected me because I treated him with respect."

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Garrett got a confession from another infamous fugitive, Ramzi Yousef, the mastermind of the 1993 World Trade Center bombing, while in Pakistan during an earlier, unsuccessful hunt for Kasi.

In February 1995, Pakistani authorities were about to nab Yousef in an Islamabad guesthouse, and Garrett got a call to accompany them. After Garrett helped transport Yousef to a secure facility, the former fugitive confessed to the U.S. agent that he had directed the bombing.

Garrett, an ex-Marine who grew up in Indiana, joined the FBI in Nashville before moving to the Washington field office in 1990, where he became adept at criminal profiling and hostage negotiations and earned a reputation as a tireless investigator.

"He works on his cases 24-7," said retired FBI agent and friend Susan Lloyd. "If need be, there's no such thing as a weekend or a close of business."

In recent years, Garrett said, he has gotten better about not obsessing about his cases on his off time, and last year he married a federal prosecutor who worked on the Levy case.

Throughout his career, Garrett has navigated easily back and forth between international and local cases.

In 1997, a few weeks after capturing the CIA killer in Pakistan, Garrett was back home working the triple slaying at a Georgetown area Starbucks, which appeared to be a robbery that went bad.

He teamed up with Jim Trainum, a skilled D.C. police detective. They played good cop-bad cop with suspect Carl Cooper, with whom they had spoken but had not arrested. Cooper hated Trainum and talked of harming him.

But not Garrett.

"He ain't never disrespected me or my wife," Cooper said in a conversation that was taped secretly by investigators. "I kind of like" him, Cooper said, describing the agent as "cool."

In the end, after a cat-and-mouse game of more than a year, Cooper confessed. He was sentenced to life in prison without parole.

"We would have never solved the Starbucks case if it hadn't been for Brad Garrett's abilities and energy," Trainum said. "He taught me so much. He spoiled me. He's the person you want to have on every case."

In the summer of 2001, Garrett entered the Levy case, and shortly after the Washington area sniper suspects were arrested in October 2002, Garrett and a Fairfax County detective met with Lee Boyd Malvo.

"I couldn't get him to look at me," Garrett said. "He kept looking over the top of me."

So Garrett tried to engage the teenager. "We started talking about movies, the Mel Gibson movie 'We Were Soldiers,' " Garrett said. "And he eventually . . . said [that] as they were driving away from the shooting at Home Depot, they were watching 'We Were Soldiers' on a DVD in this car.

"The movie he latched [onto] the most was 'The Matrix,' and the only thing he would say about what had occurred was, 'It's all about 'The Matrix.' "

Then the teenager who had been taught how to shoot guns by John Allen Muhammad laid out the details of their deadly spree.

For all of Garrett's successes, other cases fill his brain, including the Levy case and the 1999 slayings of an Iraqi, Fuad K. Taima, his wife, Dorothy, and 16-year-old son, Leith.

But perhaps the one that haunts him most deeply is the killing of Kieuoanh Thi "Nina" Nguyen, 35, and her son Ryobi, 2. Mother and child were kidnapped from their Franconia home in November 1995. A ransom demand was made by phone from the home to the husband, who was in Vietnam on business, but no further contact was made.

About six months later, a fisherman found a trash can in a Springfield pond. Inside, the mother and son were bound and gagged, facing each other.

"It's an image you can't get out of your mind," Garrett said.

What does such a storied ex-FBI agent do for an encore? Garrett plans to start an investigative consulting business.

But he'll miss being an agent.

"There's a tremendous intensity working these cases," he said. "It becomes addictive to a certain extent. I'm sure for a period of time I'll feel a tremendous loss."

California Seeks To Clear Hemp Of A Bad Name (NYT)

By Patricia Leigh Brown

The New York Times, August 28, 2006

STRATFORD, Calif. — Charles Meyer's politics are as steady and unswerving as the rows of pima cotton on his Central Valley farm. With his work-shirt blue eyes and flinty Clint Eastwood demeanor, he is staunchly in favor of the war in Iraq, against gun control and believes people unwilling to recite the Pledge of Allegiance should be kicked out of America, and fast.

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But what gets him excited is the crop he sees as a potential windfall for California farmers: industrial hemp, or Cannabis sativa. The rapidly growing plant with a seemingly infinite variety of uses is against federal law to grow because of its association with its evil twin, marijuana.

"Industrial hemp is a wholesome product," said Mr. Meyer, 65, who says he has never worn tie-dye and professes a deep disdain for "dope."

"The fact we're not growing it is asinine," Mr. Meyer said.

Things could change if a measure passed by legislators in Sacramento and now on Gov. Arnold Schwarzenegger's desk becomes law. [The bill reached Mr. Schwarzenegger last week; he has 30 days to sign or veto it.]

Seven states have passed bills supporting the farming of industrial hemp; their strategy has been to try to get permission from the Drug Enforcement Administration to proceed.

But California is the first state that would directly challenge the federal ban, arguing that it does not need a D.E.A. permit, echoing the state's longstanding fight with the federal authorities over its legalization of medicinal marijuana. The hemp bill would require farmers who grow it to undergo crop testing to ensure their variety of cannabis is nonhallucinogenic; its authors say it has been carefully worded to avoid conflicting with the federal Controlled Substances Act.

But those efforts have not satisfied federal and state drug enforcement authorities, who argue that fields of industrial hemp would only serve as hiding places for illicit cannabis. The California Narcotic Officers Association opposes the bill, and a spokesman for the Office of National Drug Control Policy in Washington said the measure was unworkable.

Mr. Schwarzenegger, a Republican running for re-election, has been mum on his intentions, with the political calculus of hemp in California difficult to decipher. The bill was the handiwork of two very different lawmakers, Assemblyman Mark Leno, a San Francisco Democrat best known for attempting to legalize same-sex marriage, and Assemblyman Charles S. DeVore, an Orange County Republican who worked in the Pentagon as a Reagan-era political appointee.

Their bipartisan communion underscores a deeper shift in hemp culture that has evolved in recent years, from ragtag hempsters whose love of plants with seven leaves ran mostly to marijuana, to today's savvy coalition of organic farmers and health-food entrepreneurs working to distance themselves from the drug.

Hundreds of hemp products, including energy bars and cold-pressed hemp oil, are made in California, giving the banned plant a capitalist aura. But manufacturers must import the raw material, mostly from Canada, where hemp cultivation was legalized in 1998.

The new hemp entrepreneurs regard it as a sustainable crop, said John Roulac, 47, a former campaigner against clear-cutting and a backyard composter before founding Nutiva, a growing California hemp-foods company. "They want to lump together all things cannabis," said David Bronner, 33, whose family's squeeze-bottle Dr. Bronners Magic Soaps, based in Escondido, Calif., are made with hemp oil. "You don't associate a poppy seed bagel with opium."

The differences between hemp and its mind-altering cousin, however, can be horticulturally challenging to grasp. The main one is that the epidermal glands of marijuana secrete a resin of euphoria-inducing delta-9 tetrahydrocannabinol, or T.H.C., a substance all but lacking in industrial hemp.

Ernest Small, a Canadian researcher who co-wrote a major hemp study in 2002 for Purdue University, compared the genetic differences to those that separate racehorses from plow horses. Evolution, Mr. Small said, has almost completely bred T.H.C. out of industrial hemp, which by law must have a concentration of no more than three-tenths of 1 percent.

To its supporters, industrial hemp is utopia in a crop. Prized not only for its healthful seeds and oils, rich in omega-3 and -6 fatty acids, but also its fast, bamboo-like growth that shades out weeds, without pesticides.

"Simply put, you create a jungle in one year," said John LaBoyteaux, who testified in Sacramento on behalf of the California Certified Organic Farmers association. "There's a growing market out there, and we can't tap it."

The bill before Governor Schwarzenegger is the latest installment in a hemp debate that reached its height in 2004, when the Ninth Circuit Court of Appeals said that federal antidrug laws did not apply to the manufacturing or consumption of industrial hemp. The court ruled that decades earlier, Congress had exempted from marijuana-control laws the stalks, fibers, oils and seeds of industrial hemp, and that the government had no right to ban hemp products.

That opened the floodgates for Patagonia hemp jeans and the Merry Hempsters Zit Zapper (with hemp oil).

Patrick D. Goggin, a lawyer for the Hemp Industries Association and Vote Hemp, said there would probably be legal snarls to work out with the California legislation, assuming it is enacted, so that farmers would not be placing their property in jeopardy if they chose to grow industrial hemp. But if the federal government clamps down, Mr. Goggin said, "we're prepared to raise the issue in court."

"Were trying to get an arcane vision of the law contemporized," he added.

Rogene Waite, a spokeswoman for the Drug Enforcement Administration, said the agency would not speculate about pending legislation.

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The bill's adherents point to hemp's hallowed niche in American history. George Washington and Thomas Jefferson cultivated hemp (neither effort was profitable). Colonists' boats sailed the Atlantic with hempen sails. Old Ironsides carried 60 tons of hempen sail and rope. The word "canvas," in fact, is derived from cannabis, a high-tensile fiber naturally resistant to decay.

Hemp flourished as an American crop from the end of the Civil War until the 1937 Marihuana Tax Act ended production. During World War II, when Japan seized the Philippines and cut off supplies of Manila hemp, the crop got a brief reprieve in the United States, where farmers were encouraged to grow "Hemp for Victory," for boots, parachute cording and the like. But contrary to lore, most such hemp was never harvested.

Today, China controls about 40 percent of the world's hemp fiber, and its ability to flood the market "could result in price fluctuations the American farmer would have to weather," said Valerie Vantreese, an agricultural economist in Lexington, Ky. (Kentucky was once the leading hemp-producing state).

Hemp is grown legally in about 30 countries, including many in the European Union, where it is mixed with lime to make plaster and as a "biocomposite" in the interior panels of Mercedes-Benzes.

In the United States, the chief argument against hemp has been made by drug-control officials, who are concerned that vast acreages could be used to conceal clandestine marijuana, which they say would be impossible to detect.

"California is a great climate to grow pot in, and no one from law enforcement is going through the fields to do a chemical analysis of different plants," said Thomas A. Riley, a spokesman for the Office of National Drug Control Policy in Washington.

To some people intimate with the nuances of marijuana, however, the idea of hiding marijuana in a hemp field, where the plants would cross-pollinate, provokes amusement.

"It would be the end of outdoors marijuana," said Jack Heber, 67, a marijuana historian and author who runs a group called Help End Marijuana Prohibition, or HEMP. "If it gets mixed with that crop, it's a disaster."

In North Dakota, the state agricultural commissioner, Roger Johnson, has proposed allowing hemp farming, and has been working with federal drug regulators on stringent regulations that would include fingerprinting farmers and requiring G.P.S. coordinates of hemp fields.

"We've done our level best to convince them we're not a bunch of wackos," Mr. Johnson said.

Fifteen years ago, he noted, there was little market for canola, which is now a major crop produced for its cooking oil. He sees hemp in a similar vein and dismisses the fears that it would lead to criminality.

"It would take a joint the size of a telephone pole to have an impact," he said.

But up north in Garberville, the Central Valley of marijuana, the lines between hemp and marijuana are often a hazy blur, as they are at a store called the Hemp Connection, where hemp hats and yoga clothing are sold alongside manuals on pot botany and Stoneware baking pans ("makes six groovy brownies per pan").

The proprietor, Marie Mills, who said she once crafted paper from marijuana stalks, remains committed to cannabis in all its guises.

"We want to educate people and take away the stigma," Ms. Mills said. "We want hemp without harassment."

Drug-trafficking Ring Broken Up (EVT)

By Christian Richardson

East Valley Tribune, August 26, 2006

A seizure of cocaine and methamphetamine valued between $1.1 million and $1.4 million has led to the breakup of a drug organization based in Sinaloa, Mexico, the Arizona Attorney General's Office said Friday.

A three-month investigation has resulted in a 417-count indictment against 69 people — 10 of whom are in custody, officials said while standing near a cache of drugs, cash and weapons at the Phoenix Police Property Management Bureau.

Among those in custody, Phoenix Police Chief Jack Harris said, are key players Amando Gamboa-Molina, Adrian Barraza-Mendoza, Mario Velasco-Felix and Noel Velasco-Felix.

The evidence includes 49 kilograms of cocaine, 50 pounds of methamphetamine, 2 pounds of crack cocaine, 16 guns and 33 vehicles. Most of the drugs were in vehicles. Authorities said 25 pounds of meth were found under a car seat carrying a child.

Approximately $2.5 million also was seized. This amount includes $1 million of bail money posted by Gamboa-Molina. The money had been seized after an Aug. 1 hearing in which a judge ruled the money was not from legitimate sources.

Phoenix has served as what police are calling a transhipment site, where drugs come before being sent across the United States.

Mayor Phil Gordon warned drug dealers that Phoenix isn't a haven for their activity.

"This city is not a sanctuary city," Gordon said. "But this is a city for our families."

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Authorities remain tightlipped and are withholding many details of the investigation as they continue to look for those who are involved in the smuggling.

The partnership between the Phoenix Police Department, U.S. Drug Enforcement Administration and Arizona Attorney General's Office led to the arrests and indictments, Attorney General Terry Goddard said.

The attorney general's office and courts will eventually decide the disposition of the money, which could go to law enforcement agencies.

Major Mexico-based Drug Trafficking Ring Disrupted (AP)

AP, August 28, 2006

PHOENIX Word today that a Phoenix-based investigation has led to the break-up of a major drug trafficking ring based in Mexico.The Phoenix Police Department says a joint investigation by the department and the Drug Enforcement Administration has led to the indictment of 69 people involving in trafficking of methamphetamine and cocaine. It says the majority of the defendants were in the U-S illegally from Mexico.During the probe, police say they seized cocaine and meth with a combined street value of over one (m) million dollars.They say they also seized some two and a-half (m) million dollars in drug proceeds. Included, say police, was a (m) million dollars that one of the alleged major players in the ring tried to post for bond.

Florence Man Sentenced To Life In Prison For Drug Dealing (AP)

AP, August 26, 2006

BIRMINGHAM, Ala. (AP) — A federal judge sentenced a Lauderdale County man to life in prison for a large-scale drug-trafficking operation in northwest Alabama that sold cocaine and marijuana.

Darryl Dewayne Russell, 38, of Florence, was sentenced late Thursday by U.S. District Judge Sharon Blackburn, prosecutors said.

U.S. Attorney Alice Martin said evidence presented during the trial involved a drug conspiracy that lasted from January 1999 until June 2005.

Russell was convicted in January of conspiracy to commit drug trafficking and money laundering. He was part of an investigation that led to the guilty pleas of 21 individuals and the conviction of four more, authorities said.

All but two of those involved in the operation have either been convicted or entered guilty pleas. Reports indicate one defendant remains to be sentenced and one is a fugitive.

The case involved several agencies and linked drug trade in the Florence area to Atlanta, Nashville, Houston, El Paso, Texas, southern California and Mexico.

Agents seized more than $479,592 in cash, numerous vehicles, including 82 mini-motorcycles, and numerous pieces of property throughout north Alabama.

"This outcome, the long-term incarceration of a major-league drug dealer, shows the powerful benefits of law enforcement coordination," said Harold Willis, resident agent in charge of the Drug Enforcement Administration.

Ex-athlete Guilty In Drug Case (BSUN)

The Baltimore Sun, August 28, 2006

Dunbar basketball player Wells admits involvement in large cocaine operation

A former Dunbar High School basketball star pleaded guilty yesterday to drug charges in U.S. District Court in Baltimore, four days after his brother pleaded guilty to similar charges, according to federal law enforcement officials.

Federal prosecutors say that William "Billy" Wells -- as well as his brother, Leonardo Wells -- were involved in distributing large quantities of cocaine to wholesale customers.

Prosecutors said Leonardo Wells purchased kilograms of cocaine and sold them to customers in Hagerstown and elsewhere from December 2003 until February of this year.

They said that law enforcement officials followed Leonardo Wells on Sept. 7 as he sought to meet a customer in Hagerstown, but he spotted the surveillance and abandoned his car near Union Memorial Hospital in Baltimore.

In November, two Hagerstown men were arrested with 420 grams of cocaine after leaving the Parkville home of Billy Wells.

In 1994-1995, Billy Wells was named to the all-Baltimore City/Baltimore County first team, and he played from 1999 to 2001 at the University of Delaware.

He holds the college's record for most three-point shots made in a game.

"It is a shame that a star basketball player from Baltimore used his abilities to throw kilos of cocaine rather than a basketball on the court," said Carl J. Kotowski, assistant special agent in charge of the Drug Enforcement Administration's Baltimore district office, in a statement.

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Kotowski said Billy Wells also worked as a counselor for troubled youths in Baltimore.

Sentencing for both men is set for Nov. 15.

Both face prison sentences of at least five years, and as much as 40 years, prosecutors said.

Feds: 5 Sacto-area Homes Turned Into Pot Farms (SFC)

San Francisco Chronicle, August 25, 2006

(08-25) 14:25 PDT SACRAMENTO -- Five Bay Area residents are facing federal charges for their alleged roles in what authorities described today as a sophisticated indoor marijuana-growing operation in the Sacramento area.

The defendants had completely converted five homes in Elk Grove and North Natomas into marijuana farms, authorities said. No one lived at the homes. A search of the residences earlier this month yielded 1,975 marijuana plants, according to the federal Drug Enforcement Administration andElk Grove police.

A search of two additional homes on Wednesday yielded 2,200 more plants, authorities said.

Each house was configured to create a natural growing cycle of night and day as well as a uniform climate, investigators said. Each was equipped with a sophisticated lighting system that used 1,000-watt halogen bulbs and made use of an irrigation system with timers, authorities said.

Wei Lun Zhou, 35, of San Francisco; Christy Tan, 25, of San Francisco; Philip Yu, 29, of Oakland; and John Hin, 25, of Oakland each pleaded not guilty during arraignments this week in U.S. District Court in Sacramento, court records show.

A fifth defendant, Can Hui Zhen, a San Francisco resident whose age was unknown, has not yet appeared in court.

Each was named in a federal grand jury indictment handed down this month with conspiracy to manufacture at least 1,000 plants of marijuana and manufacturing at least 1,000 plants of marijuana.

Gatlin's Statement Leaves Questions (LAT)

By Diane Pucin, Times Staff Writer

The Los Angeles Times, August 26, 2006

A press release says he has 'not agreed to any penalties whatsoever' despite earlier report of an eight-year ban. Nike suspends his contract.

Justin Gatlin, who was suspended for eight years this week by the United States Anti-Doping Agency (USADA), said Friday that he had "never knowingly used any banned substance," protesting that "cheating in any form is completely contrary to who I am as an athlete and a person."

In a statement released through his New York public relations agency, Gatlin also seemed to suggest he was not ready to accept the eight-year suspension. "Contrary to what has been reported, I have not agreed to any penalties whatsoever," Gatlin said. "I expect when the process is concluded that this entire matter will be resolved favorably."

Gatlin, the national sprint champion, tested positive for testosterone and steroids last spring at the Kansas Relays.

Tuesday, USADA officials said Gatlin acknowledged the accuracy of the drug test results and would cooperate in any investigations. In return USADA would not give Gatlin, the defending Olympic and world 100-meter champion, a lifetime ban and left open the possibility the eight-year penalty might be reduced. USADA officials did not return calls for comment in response to Gatlin's statement.

"It's a real puzzling statement," Mark Wetmore, meet director of the Adidas Track Classic in Los Angeles, said of Gatlin's Friday proclamation.

"It sounds like he has a different idea than accepting an eight-year ban. But assuming everything about his test is as reported, this is all a necessary step. I actually feel much better about track in our country because two people, high-profile people, have been caught on U.S. soil in U.S.-sponsored meets. No hiding. If you cheat, we're going to catch you."

Sprinter Marion Jones, a three-time gold medalist at the Sydney Olympics, was revealed last week to have failed a drug test at the U.S. nationals in Indianapolis.

Jones also has denied knowing how it was possible that she tested positive for blood-boosting erythropoietin (EPO).

Also Friday, according to company spokesman Dean Stoyer, Nike suspended Gatlin's endorsement contract and terminated a contract it had with Trevor Graham, the coach of Gatlin and Jones.

Graham, who has recently been banned from working at any USA track facility, had suggested Gatlin had been sabotaged by a masseuse using a cream with banned substances.

Steve Ungerleider, an Oregon researcher who wrote the acclaimed book "Faust's Gold," about the former East German doping regime, said it would take more responses like Nike's before athletes and sports officials would begin to understand that doping has consequences.

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"When Nike comes out and says, 'Hey, this is bad stuff. We're not going to tolerate this whatever excuse the athlete makes,' if they come out and say, 'Hey, we're not going to play this game anymore, it's not what we're about,' I think you'd start to see a shift away from this stuff."

Said Gatlin: "As an athlete it is frustrating for me to be on the sidelines and have people drawing conclusions that I have cheated."

Gatlin Will Appeal 8-Year Ban From Track (AP)

By Eddie Pells, The Associated Press

AP, August 26, 2006

-- Justin Gatlin said Friday he has "no idea how any banned substance got into my body," and restated his plan to appeal the eight-year ban from track he received earlier this week after acknowledging he tested positive for doping.

In a statement released through his publicists, the Olympic and world champion in the 100-meters reiterated his disdain for cheating in a sport that has been wracked with doping issues.

"Cheating, in any form, is completely contrary to who I am as an athlete and a person," said Gatlin, who has long positioned himself as a champion of drug-free competition in track. "I will continue to cooperate with USADA and with their efforts to get to the bottom of this situation."

But, he said he still fully intended to file for arbitration, in hopes of reducing the eight-year ban he received from the U.S. Anti-Doping Agency.

"I expect when that process is concluded that this entire matter will be resolved favorably," he said.

Gatlin has six months to appeal to an American arbitration panel. After that, he can take his case to the Court of Arbitration for Sport.

On Tuesday, Gatlin and USADA reached an agreement that scaled back his penalty from a lifetime ban to a maximum of eight years in exchange for Gatlin's help in other doping investigations _ presumably one involving his coach, Trevor Graham.

The agreement also acknowledged that Gatlin's first positive test, five years ago, was an honest mistake _ the result of his taking medicine to treat attention-deficit disorder.

In exchange, Gatlin agreed not to argue the validity of the latest positive tests, which found testosterone or other steroids in his system after an April race. He retained his right _ as all athletes do _ to appeal the case to arbitrators in hopes of a reduced sentence.

Gatlin's attorney, Cameron Myler, would not confirm that she will argue Graham's claim _ that Gatlin was sabotaged by a vengeful massage therapist who rubbed steroid cream into his skin. On Tuesday, Myler said she wasn't prepared to offer her strategy for the arbitration. She did not return messages left by The Associated Press on Friday. USADA chief executive officer Terry Madden declined to comment.

With the Olympics less than two years away, the clock is ticking fast for Gatlin. Even if his suspension were reduced significantly _ say to two years _ he would miss Olympic trials in June 2008.

"We're shooting for something way less than two years," Myler said earlier in the week. "The goal is to have him back on the track as soon as possible."

Meanwhile, also on Friday, Nike terminated its contract with Graham and suspended its contract with Gatlin until further notice.

"He will not receive payment while the contract is suspended, and there is no specific date or speculation as to when we would re-up that," said Nike spokesman Dean Stoyer, who would not disclose details of the contracts.

Graham's attorney said Nike's move was made without just cause.

"The contract cannot be terminated based upon innuendo and suspicion," attorney Joe Zeszotarski said. "We have contacted Nike regarding this matter, and we are awaiting their response. We hope to avoid having to take legal action but will do so if necessary."

Gatlin remains convinced all this will blow over.

"As an athlete it is frustrating for me to be on the sidelines, and have people drawing conclusions that I have cheated," he said. "I have put my faith in a system that I believe will clear my name and that I believe will allow me to compete again."

IOC Chief Praises U.S. Anti-Doping Work (AP)

By Raf Casert, The Associated Press

AP, August 25, 2006

BRUSSELS, Belgium -- International Olympic Committee president Jacques Rogge praised U.S. doping authorities' recent work Friday, calling it "an extremely positive turn in the tide" of the worldwide fight against doping.

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"I take my hat off to them," Rogge said in an interview with The Associated Press.

The U.S. Anti-Doping Agency has been active in recent doping scandals involving Olympic sprint champions Justin Gatlin and Marion Jones.

Gatlin, the co-world record holder in the 100 meters, tested positive for testosterone and other steroids at the Kansas Relays on April 22. Two months later, Jones' "A" sample tested positive for the endurance-enhancer EPO after winning the 100 meters at the U.S. championships June 23. The result of the backup "B" sample is still pending. Both deny using performance-enhancing drugs.

But Rogge cautioned proof will be needed to strip athletes of their Olympic titles.

"That can only happen if there is proof that they took doping during the (Olympic Games) period. Otherwise, there is no possibility."

The IOC president stressed there was a positive side to the latest doping allegations.

"It proves that controls are working," Rogge said before Friday's Van Damme Memorial track meet. "It is not only Jones and Gatlin but also (Tour de France winner) Floyd Landis and many other cases. They allow us to eliminate the cheats."

On Tuesday, USADA issued an eight-year ban to Athens Olympic 100 champion Gatlin. He can reduce the ban substantially by cooperating with investigators and insists he did not cheat.

"As I have said from the very beginning of this situation, I have no idea how any banned substance got into my body," Gatlin said Friday in a statement released through a public relations firm. "I have never knowingly used any banned substance, nor have I allowed anyone to administer one to me. Cheating, in any form, is completely contrary to who I am as an athlete and a person.

Rogge refused to comment on the specifics of the Gatlin case, saying he did not know enough details.

"USADA has provided proof that it produces excellent work," Rogge said. "It is a very positive turn in the tide in the battle against doping," he said.

IOC disciplinary commissions are investigating cases linked to the BALCO steroid scandal and blood doping allegations involving Austrian athletes and banned coach Walter Mayer at the Turin Olympics.

Luck, Not Better Lab Tests, Helped Catch Athletes (USAT)

By Dick Patrick, Usa Today

USA Today, August 25, 2006

When cyclist Floyd Landis plus sprint stars Justin Gatlin and Marion Jones were busted for performance drugs in the last month, it made a hat trick for testers — three high-profile stars nabbed. But a drug expert cautions this is not necessarily a trend and probably not a sign the testers have gotten much smarter, though their techniques have improved.

"With all things that occur periodically and infrequently, there are sometimes conclusions that are really explainable by nothing more than randomness," said Paul Scott, director of client affairs for the Olympic testing lab at UCLA. "As to these people being high-profile, the reality is that it must have been luck. These people were caught using the same analytical techniques labs have been using for a number of years."

Neither do the busts mean that cheating athletes are getting dumber. "Unfortunately, to answer that question you're going to have to know the number of false negatives going through the lab every day," Scott said. "We don't have a way to determine that.

"I wouldn't try to draw too many conclusions about athlete behavior or improvement in anti-doping merely based on a small run of positive samples. Over the years the level of positive samples on a per-client basis doesn't fluctuate that much."

Chuck Yesalis, a Penn State professor, author of books on drugs in sports and persistent critic of the testing establishment for decades, thinks there are a lot of false negatives getting past labs: "You've got to be a moron not to connect the dots. Doping is everywhere. There are only a few good apples in the barrel, and they're not winning any medals."

Landis, whose Tour de France title is in jeopardy, and Gatlin, who has lost his share of the 100-meter world record and faces a maximum eight-year ban, are contesting positives for testosterone. Jones is awaiting the confirmation test on a positive for endurance-boosting EPO and faces a two-year ban if found guilty.

Even if the run of positive tests does not grow, track is going through its roughest PR crisis since Ben Johnson's positive steroid test at the 1988 Olympics nullified the Canadian's 100-meter gold.

"Back in 1988 there were many people who thought some athletes had get-out-of-jail-free cards and were immune to positive tests," said Brad Hunt, formerly a prominent agent in the sport.

"I believe that nobody thinks anybody carries those kind of cards now. That's the most positive spin we could put on how bad this situation is."

Sponsor relations:

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During the USA Track & Field Championships in June, Gatlin appeared at a news conference promoting the Hershey youth program in track and field. At the time, USATF knew Gatlin had an "A" positive sample for testosterone but allowed him to appear with a sponsor that prides itself on its wholesome image and states on its website it is against the glamorization of drugs and alcohol.

The Hershey Co. declined to provide an executive to comment on the situation. The company only issued a statement: "Our program's relationship is with USA Track & Field, not with individual athletes. We're very supportive of USATF and had a great experience with the members of Team USA who attended our recent North American finals meet."

Hunt criticized USATF's decision to use Gatlin in the appearance: "You've got to avoid these things. If you knew it was in the pipeline, you've got to sidestep it. That's totally insensitive to the sponsor."

Said USATF spokeswoman Jill Geer: "It was a difficult situation. We withdrew Justin from as many sponsor events as possible without breaching the confidentiality of the case."

Leaking:

Under U.S. Anti-Doping Agency rules, an athlete is not announced as positive until the "A" and the "B," or confirmation, samples have turned up positive and an athlete has a chance to present an explanation to a review board. National and international federations also get "A" reports. The news on Landis and Jones was leaked before the "B" sample was tested. Similarly, the Chicago Tribune and Associated Press on Thursday attributed a positive "A" test of U.S. sprinter LaTasha Jenkins to a person familiar with the results.

"It's getting worse and worse," said Howard Jacobs, the lawyer for Landis and Jones. "If these guys can't follow their own rules and keep things quiet, then maybe they shouldn't get the results of the 'A.' "

Nike Drops Track Coach And Star Amid Scandal (NYT)

By Lynn Zinser

The New York Times, August 26, 2006

Nike ended its contract with the track coach Trevor Graham yesterday and stepped into the debate over Graham's role in doping violations by many of his athletes.

The company also said it was suspending its contract with the sprinter Justin Gatlin, one of Graham's athletes who has tested positive for performance-enhancing drugs. Gatlin was barred from the sport for up to eight years this week by the United States Anti-Doping Agency.

A Nike spokesman, Dean Stoyer, did not explain why the company was severing the deal with Graham. "I can't divulge the details," Stoyer said. "All I can say is we're terminating the contract."

Nike has dropped athletes in the past but normally does so without a public announcement. Moving against a coach is even more unusual.

But the focus on Graham has intensified recently. Another of Graham's sprinters, LaTasha Jenkins, had her A sample from a meet in Europe come up positive for the anabolic steroid nandrolone this week, people with knowledge of the test reporting said.

Jenkins dropped out of the Golden League meet in Brussels, citing a knee injury. The people confirming the test result were granted anonymity because antidoping rules require the results not be revealed until the B sample has been tested.

Graham has had at least seven athletes serve doping suspensions. That prompted the United States Olympic Committee to bar him from its facilities, and several European meets have said they will not invite any athlete training with Graham. Nike added to that momentum with its move.

"There is absolutely no basis for Nike to terminate Trevor's contract," Graham's lawyer, Joseph Zeszotarski, said. "The contract cannot legally be terminated based upon innuendo and suspicion. We have contacted Nike regarding the matter and are awaiting their response. We hope to avoid having to take legal action but will do so if necessary."

Athletes' contracts typically have clauses giving sponsors an out if a client fails a doping test, but Stoyer said the move to suspend Gatlin's contract was "without precedent."

Gatlin reiterated yesterday that he did not knowingly use any performance-enhancing substance and would appeal his ban. "As an athlete it is frustrating for me to be on the sidelines, and have people drawing conclusions that I have cheated," he said in a statement. "I have put my faith in a system that I believe will clear my name and that I believe will allow me to compete again."

Until last year, Nike also sponsored Marion Jones, whose A sample from this year's national championships tested positive for the blood-boosting agent EPO. That contract was not renewed, and Jones had been competing without a sponsor.

After the cyclist Floyd Landis's positive test, which threatens his Tour de France title, his team sponsor immediately suspended him.

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"Brands do not want to be associated with controversy," said Jeff Chown, president of Davie-Brown Talent, which signs celebrity spokesmen for corporations. "Steroids are top-of-mind in the sports industry right now. Nobody wants to be associated with it right now. I think a company like Nike is trying to build good will with the public by saying, 'We're against this.' "

Chown said he had seen many companies steer clear of baseball players because of that sport's problem with performance-enhancing drugs.

"There's too much risk in signing an athlete who might end up in the middle of a steroids scandal," he said. "The risk is not worth the reward."

The rash of positive drug tests has done much to tarnish track and field's image, but the International Olympic Committee president, Jacques Rogge, said yesterday that he was not disturbed.

"It proves that controls are working," Rogge told The Associated Press at the meet in Brussels. "It is not only Jones and Gatlin but also Floyd Landis and many other cases. They allow us to eliminate the cheats."

Rogge said the United States Anti-Doping Agency should be praised. "It is a very positive turn in the tide in the battle against doping," he said.

IMMIGRATION:

Young Migrants Risk All To Reach U.S. (WP)

By N.C. Aizenman

The Washington Post, August 28, 2006

QUETZALTENANGO, Guatemala -- Across Central America, growing numbers of impoverished children appear to be setting out for the United States on their own, risking robbery, rape and death as they try to sneak illegally through Mexico and across the U.S. border.

Last year, 6,460 underage illegal immigrants from Central America were detained in the United States while traveling without their parents and sent to government shelters, a 35 percent increase over the previous year. Many others likely slipped in undetected.

The higher detention figures may reflect stepped-up enforcement by Mexican and U.S. authorities. But social workers who help such child migrants say the stricter enforcement might actually be causing more children to travel alone. They note that many have parents who are already in the United States illegally and are unwilling to fetch them now that the chances of getting caught have increased.

Many of the youths never make it to the border. Mexico reported deporting 3,772 unaccompanied Central American minors bound for the United States in 2005, compared with fewer than 700 in 2003.

Mexican immigration authorities were catching and deporting so many Guatemalan children trying to sneak through Mexico to the United States that the Guatemalan government opened a 50-bed shelter last year to receive them until they could be picked up by their parents. It was quickly overwhelmed.

"Many nights there were not enough beds for everyone," said Ivone Rivera, director of the shelter, which is in a large, cement-block house in this mountain city about 45 miles from the Mexican border. "We had to lay down extra mattresses across every bit of floor space."

Delia Barrientos, a soft-spoken 15-year-old deportee on a bus taking her from Mexico to the shelter on a recent afternoon, said she had been thrilled when her mother finally agreed to let her head for Atlanta.

"My mother left when I was 4 or 5. . . . I just want to get to know her. Every day I've been asking God for the chance," said Barrientos, who was caught with two older cousins while they waited to stow away on a freight train.

Shelter workers say parents often pay smugglers to take children as young as 4 to the United States. The vast majority of underage migrants, however, appear to be teenage boys like Luis Santos, a short, almond-eyed 16-year-old sitting a few rows behind Barrientos. He said he is the youngest of six siblings and has been working since he was 7 years old.

"My father was a policeman. He was shot to death when he was following a car that was smuggling cocaine," Santos said. "After that, my mother couldn't have supported me even if she'd wanted to. . . . She sells vegetables in the market. She has no money."

For the last five years, Santos had been living and working on a cattle ranch, barely covering expenses with his $66-a-week paycheck and finding it increasingly tough to find time for schoolwork. He was drawn to the United States by the same hopes of higher wages that attract adults.

"I just wanted to finally have something of my own," Santos said as tears began to roll down his cheeks. "To show everyone in my family that I can do this. That I can have things, too."

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For all their grown-up dreams and responsibilities, youngsters like Santos often lack the maturity and experience vital to surviving an overland journey fraught with danger -- including not just the risk of death from heat exhaustion on the final trek across the desert into the United States, but also robbery, rape, or murder by bandits and corrupt authorities all the way through Mexico, immigrant advocates say.

Santos said he was beaten and robbed of all his clothes by uniformed police just a few miles into Mexico. He turned himself in to immigration authorities the next day.

Betsy Wier of Catholic Relief Services in Honduras said it could have been worse.

"There are so many ways that migrating as a vulnerable kid can go wrong," said Wier, who is overseeing a year-long, multi-nation survey of child migrants for the aid group. "There are trafficking gangs that prey on people who've lost all their money -- especially kids who are too ashamed to go home. They may use them as forced labor or for prostitution."

Also of concern, Wier added, is the haphazard manner in which children are received by their home countries after being deported from Mexico.

Mexican buses carrying Honduran deportees frequently drop them off at the border town of Agua Caliente, 18 miles from the nearest shelter.

"There's nobody there to greet them, no Honduran official checking off any list, no security watching," Wier said. "And it's such a porous border that oftentimes the kids just scramble back over the mountain towards Mexico."

Workers in the Quetzaltenango shelter are so pressured by the need to free up bed space that they barely have time to check parents' identification, let alone assess why a child left home and whether it is safe to turn him back over to the parent.

Still, at least Guatemala has a structured system for receiving children deported from Mexico: Twice a week a large purple coach carrying the minors pulls into the hot, bustling border crossing of El Carmen. Two staff members from the Quetzaltenango shelter, Edgar Gutierrez and Enrique Lopez, are always there to greet it.

Upon boarding the bus carrying Santos and Barrientos on a recent afternoon, Gutierrez made a point of reassuring the 29 youngsters aboard.

"Don't worry. Because you are minors, we have to take you to the shelter to wait for your parents," Gutierrez said. "But you're in Guatemala now. You are welcome here."

"Woo-hoo! We're home. Here they can't do anything to us!" shouted Adan Mejia, a tall 17-year-old sitting next to Santos.

Santos gave a wry smile. "Yeah, but here there's no money."

The bus lurched forward and began winding through verdant mountains shrouded in misty clouds.

Santos stared out the window at a pickup truck packed with laborers heading toward Mexico. "I wish I could just jump into that pickup," he muttered. "As soon as I get home, I'm going to start saving up 3,000 quetzales [about $400] for another try."

Christian Villegas, a psychologist at a shelter for detained underage migrants in the Mexican border town of Tapachula, said almost all the minors he has encountered are determined to try again -- even when they've been caught multiple times. "It's this fixed idea that they have that you just can't get out of them," he said.

As the bus wended its way to the shelter, Gutierrez and Lopez asked for home phone numbers to call in to the shelter so staffers there could begin contacting parents.

The youngsters' responses offered a glimpse of how isolated some of the communities they had left behind were.

"But my mother doesn't speak Spanish," said an ebony-haired 17-year-old who belongs to one of the more than 20 indigenous Mayan groups in Guatemala that speak their own language.

"But my family doesn't have a phone," a boy sitting next to him interrupted.

Nonetheless, by the time the bus pulled in front of the shelter three hours later, several mothers and fathers were already waiting anxiously by the door.

Villegas, the psychologist in Mexico, said that even after handling dozens of cases, he finds it hard to fathom why parents who clearly love their children would permit them to make such a dangerous journey. "I ask them," he said. "But I've never really heard an answer that I can understand."

The parents waiting to pick up their youngsters from the Quetzaltenango shelter gave a variety of explanations.

"Yes, I know how dangerous it is for him. And I've felt such anguish since he left," Alfonsina Hernandez, a 39-year-old widow wearing a purple Mayan skirt, said of her 17-year-old son, Sergio Salalxot. "I can't keep him by force. If I had said no, he would have gone anyway without even telling me."

Perfecto Morales, 41, who spoke in halting Spanish, said that he had helped his 16-year-old son Miguel get across the border into Mexico to join a sister who is working in a poultry plant in Delaware.

"I have a sickness in my fingers," the elder Morales said, holding up hands that were bent like claws. "I can't work in the fields anymore. . . . When my son told me he wanted to help earn more money for us, I felt so proud, like I was being lifted up. . . . He is so young and he's already looking out for us."

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CONGRESS-ADMINISTRATION:

Hunt On Hill Afoot For Pork-bill Blocker (WT)

By Stephen Dinan

The Washington Times, August 28, 2006

It's a sign of just how hot an issue pork-barrel spending has become that the biggest game in political Washington this summer is trying to smoke out the senator who is blocking a bill to create a searchable database of federal contracts and grants.

The bill has the support of the Bush administration and activists on widely divergent sides of the political spectrum. It also passed a Senate committee without any objections, so the unknown senator is annoying many people.

Sponsored by Sens. Tom Coburn, Oklahoma Republican, and Barack Obama, Illinois Democrat, the bill would require the administration to create a searchable Web site that would list the name and amount of any federal grant, contract or other award of money amounting to $25,000 or more.

Senate Majority Leader Bill Frist, Tennessee Republican, tried to win speedy passage just before the Senate left for its summer break, but at least one senator objected anonymously.

Now Porkbusters.org, a Web site dedicated to exposing wasteful government spending, is conducting a public campaign to smoke out the obstructor or obstructors, while blogs on both sides of the political spectrum have weighed in, demanding action on the bill. Mr. Frist has also vowed to get into the act, promising to try to pass the bill again when Congress returns from its break next month.

"For reasons of policy and politics, many bloggers are rightly outraged that S. 2590 was shot down when I attempted to bring it up for a vote prior to the August recess," Mr. Frist wrote in an entry last week on the blog of Volpac, his political action committee (www.volpac.com).

The Federal Times reported that one senator has a "secret hold" on the bill. Holds are an unofficial part of Senate parliamentary tradition that allow a single senator to delay action anonymously.

A spokeswoman for Mr. Frist said it's not clear how hard and fast the hold is. Sometimes holds are simply a way for a senator to earn time to learn more about a bill, though other times the intent is to scuttle the bill.

The Bush administration is backing the bill as a way to improve accountability.

"We want to see the bill enacted, so whatever we can do to be supportive of Senators Coburn's and Obama's efforts, we'll be supportive," said Clay Johnson, deputy director for management at the Office of Management and Budget.

"What we like is transparency. We believe that the more public information that's available about how programs work, about where we're spending our money, who's getting grants, who's getting contracts, the more accountability there is," Mr. Johnson said.

So far, Porkbusters has cleared a little more than a quarter of the Senate of suspicion.

"It's all about focusing on an individual and uncovering secrets," said Glenn Reynolds of Instapundit.com, one of the forces behind Porkbusters. "Fortunately, a member of the Senate played into our hands."

He said enough people in Washington know who is obstructing the bill that if the hold continues, the senator's name will come out.

The effort is already producing some interesting results, including an e-mail from a Senate staffer who accused Porkbusters of a "guilty until proven innocent approach." Mr. Reynolds, who declined to release the name of the staffer or the office he works for, said it shows members of Congress are feeling the heat.

Understanding the power of wasteful spending as an issue, House Democrats this past week announced their own "truth squad" to target waste, fraud and abuse in Hurricane Katrina relief spending.

Mr. Frist could try to overcome the hold by forcing the issue onto the floor using the same procedure used to end a filibuster, which would require 60 votes.

The House passed a bill earlier this year that creates a database for grants only.

In his blog entry, Mr. Frist said the issue underscores the stakes in November's congressional elections.

"There is a real choice between Democrats and Republicans on matters of taxes and spending," he wrote. "Indeed, just this year, when we wrote our tight budget, Senate Republicans defeated constant Democrat attempts to bloat spending and hike your taxes by billions of dollars."

Securing Future Fiscal Health (WP)

By Bob Kerrey And Warren Rudman

The Washington Post, August 28, 2006

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The economic and moral case for long-term reform of fiscal policy is clear. Yet politicians refuse to act. If this stalemate persists, it could end in catastrophe.

Over the next 30 years, spending on federal programs is on track to go up by 50 percent as a share of the economy. If revenue remain at their historical level, the resulting deficits will approach 20 percent of gross domestic product by 2036 -- almost 10 times the current size. The debt will surge to 200 percent of GDP -- twice what it was at the end of World War II.

Political realities explain why nothing has been done about this. Changing course would require substantial spending cuts from projected levels or equivalent tax increases. Neither party wants to be the first to propose these tough choices out of fear that the other side would attack it. Similarly, neither side wants to discuss possible compromises of its own priorities, out of fear that the other side will take the concessions and run. Unfortunately, these fears are justified.

Since the regular legislative process seems incapable of dealing with the impending crisis, some alternative has to be found. President Bush has suggested a commission. Having served on many commissions, we understand their potential value. We also understand how they can go wrong. In our view, a new commission could be very useful, but only if it recognizes fiscal and political realities. It needs five elements to succeed.

First, it has to be truly bipartisan. Any perception that the commission's purpose is to facilitate swift enactment of a partisan agenda would doom it to failure. It must have bipartisan co-chairs and equal representation. Doing otherwise in the current partisan environment would be a waste of time and money.

Second, it must have a broad mandate. While it is critical to control the growth of entitlements, particularly Medicare and Social Security, the commission should examine all aspects of fiscal policy.

Third, all options must be on the table. If either side sets conditions, the other won't participate. Republicans cannot take tax increases off the table, and Democrats cannot take benefit reductions off the table.

Fourth, the commission needs to engage the public in a genuine dialogue about the trade-offs inherent in realistic solutions. When people are armed with the facts and given the opportunity for honest dialogue, they are willing to set priorities and make hard choices.

Fifth, the commission's recommendations should be given an up-or-down vote in Congress, allowing for amendments that would not reduce the total savings. Absent that, the report would likely join many others on a shelf.

Rep. Frank Wolf (R-Va.) and Sen. George Voinovich (R-Ohio) have put forward a proposal that satisfies most of these elements. They would create a bipartisan commission with a broad mandate to examine long-term fiscal challenges. All policy options would be on the table. The commission would solicit input from the public and develop legislation that Congress and the president would be required to act on. Its work would address four key concerns: the unsustainable gap between projected spending and revenue, the need to increase national savings, the implications of foreign ownership of U.S. government debt and the lack of emphasis on long-term planning in the budget process.

A commission with these attributes could give all parties the political cover they need to tackle the tough choices and develop a bipartisan consensus for solutions. This would be invaluable regardless of who controls Congress or the White House.

In the end, of course, elected representatives, not a commission, will have to make the hard decisions. But a commission that produced solutions with meaningful bipartisan support would provide a catalyst for action. If Congress were required to vote on the commission's recommendations, opponents would be challenged to produce solutions of their own.

Advocates of extending tax cuts would be challenged to say how they would restrain spending enough to avoid cascading debt once the baby boomers begin to retire in large numbers. Those who oppose reductions in current entitlement promises would be challenged to say how they would fund those promises without squeezing out other priorities or raising taxes to unacceptable levels that could damage the economy.

The Wolf-Voinovich proposal has been greeted with silence or outright hostility. It deserves better. This is a serious proposal by two leaders who regard the debt burden and draconian policy options we are leaving to future generations as a moral stain on our nation's character.

To be sure, their proposal has shortcomings that must be corrected. Two improvements that are critical to the success of a commission are providing for bipartisan co-chairs and dividing the membership more evenly between parties than the current 9-6 split in favor of Republican appointments. These problems are not minor technicalities, but they could be fixed in negotiations with potential Democratic co-sponsors.

Time is running out to enact reforms. Wolf and Voinovich have come up with a credible way to get the process started. Any takers?

Bob Kerrey, a former Democratic senator from Nebraska, and Warren B. Rudman, a former Republican senator from New Hampshire, are co-chairs of the Concord Coalition.

Did A Federal Judge Cross A Legal Line For His Clerk? (LAW)

By Julie Kay, Daily Business Review

Miami Daily Business Review, August 28, 2006

Southern District of Florida Judge Shelby Highsmith and a U.S. Marshals Service deputy are drawing criticism for intervening in a personal dispute involving the judge's clerk and her daughter at a downtown Miami store.

The incident is raising eyebrows in the legal community as well as questions about whether Highsmith may have violated judicial canons by misusing his judicial powers.

Both Highsmith and an unidentified deputy showed up at the store during the incident, flashed their government identifications, and began questioning store employees and asking for their addresses.

The incident occurred in December, but it only recently came to light when the city's Civilian Investigative Panel took up the issue Aug. 15, after Highsmith filed a complaint against a Miami police officer who responded to the scene.

The officer, Michael Ragusa, was cleared of charges of discourtesy.

According to a CIP report as well as Highsmith's clerk, Laura Sabbatino, the incident began when Sabbatino's daughter, Adriana Thorne, was shopping at Gifts & Luggage at 27 E. Flagler St. Thorne purchased a $7 item and paid by credit card.

Sabbatino, in an interview with the Daily Business Review, said that the clerk told her daughter the card could only be used for debit and then handed back the card wrapped in a receipt. About five minutes later, Thorne got a call from her bank, Wachovia Bank, asking whether she had just made a $300 purchase at Macy's. The card had been used in both the jewelry department and the baby department.

Thorne took out her credit card and discovered it was not hers but someone else's. She called her mother, who was standing in front of Highsmith in his chambers. According to Sabbatino's statement, the judge "instructed Mrs. Sabbatino to call the Deputy's Service and that they were on the way down to her daughter."

Both the judge and a deputy, whose name is not identified in the report, appeared at the store and asked to speak to the cashier. The judge then showed the owner his identification.

The owner replied that the clerk, who is pregnant, was not feeling well and had gone home. When the judge began asking more questions, the store owner responded, "This is not court! If you have a complaint, call the police!"

The deputy, who appeared on the scene a couple of minutes later, asked the store owner for the clerk's address, since she had left before the deputy's arrival. The owner, Joseph Yoo, reluctantly gave the deputy the address, according to Yoo's statement, and the deputy left the store. The report does not state whether the deputy took further action.

At this point Sabbatino called the police, and Highsmith departed.

Ragusa responded to the scene and the clerk showed up. The clerk said she was not feeling well and Ragusa asked whether she needed fire rescue. "OK, stop! Everyone step away," Ragusa said. 'We have a pregnant woman here. This investigation can't continue." He then said, according to Sabbatino, "For all I know you're the one who took the card. You can't point fingers; you need to take this up with the bank."

"The officer was a jerk," Sabbatino said. "He was very rude. Instantly, my daughter felt that we were no longer the victims."

Ragusa could not be reached for comment.

But in his statement for the CIP, he gave a slightly different version of events. He reported that Sabbatino yelled at him and put both hands about two to three feet from his face. When he told Thorne and her mother to stand at the opposite end of the store, the mother refused, saying, "I work for a judge." Ragusa threatened to jail Sabbatino if she would not move.

Highsmith, who is on leave until Oct. 30, did not return telephone calls seeking comment.

Albert Hidalgo, a deputy with the U.S. Marshals Service in Miami, said he was not familiar with the details of the incident and did not know the name of the deputy involved.

But he said the 80 deputies who work in the Southern District of Florida are supposed to provide protection to the federal judiciary and are not supposed to get involved in personal disputes outside the courthouse that don't involve a judge's safety.

Other duties, according to a Marshals Service Web site, are to apprehend fugitives, transport and manage prisoners, serve court documents and administer the Justice Department's asset forfeiture program.

Some legal observers called Highsmith's actions a serious breach of judicial conduct and likened the incident to the recent resignation of the attorney general of New Jersey, who was found to have violated her department's code of ethics by coming to the aid of a companion during a traffic stop.

"The judge should apologize and be reprimanded," said Robert Jarvis, who teaches ethics law at Nova Southeastern University. "This is outrageous conduct. He used the prestige of his office for a personal favor and using public resources to intervene in a private dispute. This showed extremely poor judgment on the judge's part."

Jarvis suggested that the judge write a check to the judiciary to reimburse it for the time the deputy spent on the personal errand.

Highsmith's action violates several judicial canons, Jarvis said. Not only does it compromise the integrity of the judiciary, said Jarvis, but it reflects a conflict of interest on the judges' part.

"It raises in the minds of the public that there are two systems of justice -- one for those who are connected and one for us poor schmucks," he said.

Jarvis also reserved some criticism for the deputy, who used his powers to wrongly "intimidate and harass" the store clerk, he said.

Several lawyers who did not want to be identified also said the judge erred by summoning a deputy to assist him with a personal dispute. "U.S. deputies have a serious duty and they're not the errand boys of the judges," said one Miami lawyer.

For her part, Sabbatino said she was disappointed that Ragusa was cleared of the charge of discourtesy. She said the judge did nothing wrong in calling a deputy to the store.

"He can have a deputy accompany him anywhere he wants to go," she said. "That's part of his job."

Federal Jobs Decline As Contractor Market Expands (WP)

By Cecilia Kang

The Washington Post, August 28, 2006

A closer look at July's employment data for the Washington area underscores a shift in the economy, with the number of jobs in the federal government shrinking and the number at companies that serve the government expanding.

The greatest increases in new jobs were in industries that most commonly hold contracts with the government, such as information technology and other professional services sectors, according to the Bureau of Labor Statistics.

In July, the number of professional and business services jobs rose 4.5 percent from last July. Jobs in the financial industry increased 1.7 percent. Computer systems design and related services jobs were up 4.5 percent.

The number of federal government jobs, meanwhile, fell 0.6 percent, to 341,900.

The total number of jobs in the Washington area increased 2.1 percent, to 3,007,100 jobs.

Others sectors were supported by the residential boom. Jobs in private services, which range from auto repair shops to nail salons, rose 3.2 percent. The overall retail sector saw a 3 percent increase.

Other industries were left out of the region's economic expansion.

Jobs in manufacturing fell 1.1 percent. Food and beverage retail store jobs declined 0.7 percent. Telecommunications jobs dropped 2.7 percent.

An American Eagle In Autumn (WT)

By Barry Casselman

The Washington Times, August 28, 2006

It is the final political season for President Bush. After November, he will begin the process leading to the day in January 2009 when he will become irreversibly a former president on the United States. But his season as president is not yet over. He has two and a half years to preside over the American government, regardless of the results this November.

Mr. Bush faces momentous difficulties. Many Americans still do not realize the extent to which the United States is locked into a protracted and dangerous war with Islamofascism.

After we were attacked on September 11, U.S. public opinion overwhelmingly favored the pursuit of our attackers in their base in Afghanistan. Mr. Bush and his advisers realized, however, that this would not solve the new long-term threat now posed by an enemy determined not only to remove our presence from the Middle East and destroy Israel, but also intent upon humiliating and overwhelming Western culture with an aggressive and feudal totalitarian culture of their own.

A war was initiated in Iraq to remove a bestial dictator and to change this totalitarian nature of the Middle East. Virtually everyone concedes Saddam Hussein's cruelty, but many in the United States and most in Europe resisted the boldness and risk the president took to alter the chemistry of persistent feudalism in the Middle Eastern Islamic world.

Unfortunately, Mr. Bush at the outset muddled his true purpose with dire warnings of so-called "weapons of mass destruction," which were not found after the war. What we did find was absolute evidence of a regime so venal and cruel that it is difficult to understand how it was able to persist for so many decades.

Opponents rightly contend that even destroying this unspeakable regime was not alone worth the risk we took, the lives we have lost, and the huge expense we have made. But the president and his advisors had a much larger strategic purpose. They saw the necessity, given the ominous aggression of the terrorists, to change the nature of the Middle Eastern political landscape which had been altered primarily by a vast and seemingly unending infusion of cash from the sale of its petroleum resources to the rest of the world. This infusion permitted Middle Eastern regimes to arm themselves with sophisticated weaponry and to pursue the acquisition of nuclear weapons. It is instructive to point out to Western apologists for these regimes that they did not

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use their new economic resources to provide civilian infrastructure, universal education and health care to their populations, including the long-suffering Palestinian refugees in their midst.

His opponents continue to demonize Mr. Bush. But I continue to think his strategic vision is the best one, and the risk he took was a valid one. The struggle is not over in the Middle East, contrary to the perennial naysayers, but it is a time when outcomes are uncertain and our purpose is not transparent. The president and his advisors, principally Defense Secretary Donald Rumsfeld, tried to follow up their successful military campaign with minimal military force. I think this was mainly due to their lack of personal military experience. Colin Powell's doctrine of "overwhelming force" in hindsight (and in the foresight of military history) was much more likely to succeed.

But given the chance to reverse our policy through the presidential election on 2004, American voters chose, intuitively, to continue the president's course. The fact is that wars are not easily and neatly fought. From Manassas to the Battle of the Bulge to Viet Nam, there are battles lost and grievous mistakes made. It has been this way as long as we have records of history.

Only 16 years after we unilaterally withdrew from Viet Nam, world communism collapsed. It did not collapse from war on a battlefield, but it did collapse from the determination of Western democratic capitalism to contain it until it fell apart from its own economic contradictions. In the case of the Middle East, the continued infusion of billions of dollars into the economies of hostile regimes from the sale of petroleum and the aggression of the terrorists offers no such simple prospect.

I have suggested that George W. Bush came to the right vision and the right strategy after September 11. In this he has served, and continues to serve, the greatest interests of the United States and its values of democracy and economic freedom. This gift, however, has not been matched with equal gifts of communication to the American people. In an environment of uncertainly, terrible images of war and destruction, and a lack of understanding of our foreign policy purposes, it is not surprising that most Americans are unhappy, anxious and unwilling to be optimistic about our military confrontations which seem to have no end.

During the campaign of 2006, Mr. Bush has been touring the country in support of his party's candidates for Congress. As a sitting, albeit unpopular, president, he raises large sums for their campaigns. But his remarks on these occasions, often given to private and sympathetic audiences, have been restatements of his resolve to carry on the global struggle against the contemporary threat of terrorism. He and his advisers are showing new flexibility in their determination to defeat this enemy even as some leaders of the opposition party are clamoring for immediate withdrawal from Iraq. The American voters are deeply troubled and weary of war, but I don't think they have any intention to appease the enemy and surrender the field. (Some Democrats, including Sen. Joe Biden, are searching for new ways to hold the field and reject appeasement, while realizing American goals and ideals. But for now they are being shouted down.)

This is why November may not be so dark for the president and his party after all. Mr. Bush has been telling personal stories to his audiences during the campaign of 2006, trying to enable them belatedly to understand what he is doing. Reverting to his native Texglish, and eschewing the more formal contemporary English of so many of his colleagues, Mr. Bush talks of his recent experiences as president. One of the most touching is when he talks about the books he has been reading about his predecessors, particularly the best of them, Washington, Lincoln and FDR. All of them were war presidents, too. His identity with Lincoln is the most revealing.

Lincoln struggled with an unpopular war, was demonized in the press and made many mistakes in his choice of generals and battles. Lincoln's original stated purpose to preserve the Union evolved into the abolition of slavery, and when he was on the verge of winning, he put it all into what author Ron White and others call, his greatest speech: the second inaugural. Mr. Bush has read Mr. White's remarkable book ("Lincoln's Greatest Speech"). He communicates his own anguish, realizing he has no less responsibility and purpose as our greatest president, but knowing he lacks Lincoln's extraordinary gift of speech. Unlike Lincoln, who wrote his own speeches, Mr. Bush has delivered his best ones with the aid of a superb speechwriter. Even so, he has so far failed to explain fully to the American people his grand strategy and purpose.

But he is an eagle in the autumn of his presidency, stubbornly holding to his vision and overwhelming responsibility, determined to finish his watch holding to his deepest values and ideals. Eventually, those who oppose him, and even those who may despise him now, are likely to recognize and honor his lonely and historic journey.

A Fixation With Secrecy (NYT)

The New York Times, August 28, 2006

In 1971, Defense Secretary Melvin Laird punctuated his plea to Congress for more cold war appropriations with a graphic display of information that revealed the nation on guard with 54 Titan and 1,000 Minuteman nuclear missiles, plus 30 strategic bomber squadrons. In making his case, Mr. Laird exemplified the idea that a little transparency is no drawback in a democracy.

Thirty-five years later, the Bush administration, which has consistently demonstrated an extraordinary mania for secrecy, is blacking that public information out of history. That's right: it has reclassified the number of missiles and bombers from the Nixon

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era as some fresh national security secret, even though historians and officials in the old Soviet Union long have had it available on their research shelves.

What strange compulsion drives such "silly secrecy," as it is aptly described by officials of the National Security Archive, a nonprofit research library at George Washington University? The archive published a report on how retroactive the administration has become in its obsession with creating secrets out of interesting information. The blacked-out missile and defense policy information dates to the 1960's. Soviet numbers are left untouched on the open record, while the old American armada is freshly cloaked. What's next? Classifying Civil War ironclads and cannons?

The missile blackout is the latest symptom of a deepening government illness. National security has become the excuse for efforts to crack down on whistle-blowers and journalists dealing in such vital disclosures as the illicit eavesdropping on Americans. Last spring the director of the National Archives objected to a reclassifying initiative undertaken by intelligence officials that caused 55,000 decades-old pages to vanish from the public record. The process itself was labeled an official secret.

Public recourse has become more difficult: enforcement of the Freedom of Information Act has become slower and more burdensome. The one thing the administration has made no secret is its antipathy to government transparency. The secrecy fixation is a threat to democracy and an insult to honest history.

What Is The Latest Thing To Be Discouraged About? The Rise Of Pessimism (NYT)

By Adam Cohen

The New York Times, August 28, 2006

The early stages of the Iraq war may have been a watershed in American optimism. The happy talk was so extreme it is now difficult to believe it was sincere: "we will be greeted as liberators"; "mission accomplished"; the insurgency is "in the last throes." Most wildly optimistic of all was the goal: a military action transforming the Middle East into pro-American democracies.

The gap between predictions and reality has left Americans deeply discouraged. So has much of what has happened, or not happened, at the same time. Those who believed New Orleans would rebound quickly after Hurricane Katrina have seen their hopes dashed. Those counting on solutions to health care, energy dependence or global warming have seen no progress. It is no wonder the nation is in a gloomy mood; 71 percent of respondents in a recent Associated Press-Ipsos poll said the country is on the wrong track.

These are ideal times for the release of "Pessimism: Philosophy, Ethic, Spirit," by Joshua Foa Dienstag, a U.C.L.A. political theorist. Mr. Dienstag aims to rescue pessimism from the philosophical sidelines, where it has been shunted by optimists of all ideologies. The book is seductive, because pessimists are generally more engaging and entertaining than optimists, and because, as the author notes, "the world keeps delivering bad news." It is almost tempting to throw up one's hands and sign on with Schopenhauer.

Pessimism, however, is the most un-American of philosophies. This nation was built on the values of reason and progress, not to mention the "pursuit of happiness." Pessimism as philosophy is skeptical of the idea of progress. Pursuing happiness is a fool's errand. Pessimism is not, as is commonly thought, about being depressed or misanthropic, and it does not hold that humanity is headed for disaster. It simply doubts the most basic liberal principle: that applying human reasoning to the world's problems will have a positive effect.

The biggest difference between optimists and pessimists, Mr. Dienstag argues, is in how they view time. Optimists see the passing of time as a canvas on which to paint a better world. Pessimists see it as a burden. Time ticks off the physical decline of one's body toward the inevitability of death, and it separates people from their loved ones. "All the tragedies which we can imagine," said Simone Weil, the French philosopher who starved herself to death at age 34, "return in the end to the one and only tragedy: the passage of time."

Optimists see history as the story of civilization's ascent. Pessimists believe, Mr. Dienstag notes, in the idea that any apparent progress has hidden costs, so that even when the world seems to be improving, "in fact it is getting worse (or, on the whole, no better)." Polio is cured, but AIDS arrives. Airplanes make travel easy, but they can drop bombs or be crashed into office towers. There is no point in seeking happiness. When joy "actually makes its appearance, it as a rule comes uninvited and unannounced," insisted Schopenhauer, the dour German who was pessimism's leading figure.

As politicians, pessimists do not believe in undertaking great initiatives to ameliorate unhappiness, since they are skeptical they will work. They are inclined to accept the world's evil and misery as inevitable. Mr. Dienstag tries to argue that pessimists can be politically engaged, and in modest ways they can be. Camus joined the French Resistance. But pessimism's overall spirit, as Camus noted, "is not to be cured, but to live with one's ailments."

President Clinton was often mocked for his declarations that he still believed "in a place called Hope." But he understood that instilling hope is a critical part of leadership. Other than a few special interest programs — like cutting taxes on the wealthy and giving various incentives to business — it is hard to think of areas in which the Bush administration has raised the nation's

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hopes and met them. This president has, instead, tried to focus the American people on the fear of terrorism, for which there is no cure, only bad choices or something worse.

Part of Mr. Bush's legacy may well be that he robbed America of its optimism — a force that Franklin Delano Roosevelt and other presidents, like Ronald Reagan, used to rally the country when it was deeply challenged. The next generation of leaders will have to resell discouraged Americans on the very idea of optimism, and convince them again that their goal should not be to live with their ailments, but to cure them.

A Way Past The Stem Cell Dilemma? (USNEWS)

By Helen Fields

U.S. News and World Report, August 28, 2006

Last week, scientists at Advanced Cell Technology in Massachusetts announced that they had found a way to make embryonic stem cells without destroying embryos-which could allow scientists to get federal funding for medical research using the cells. But the new technique may not live up to the hype.

As described in the journal Nature, the cells would come from a procedure sometimes used for in vitro fertilization, in which a single cell from a very early embryo is removed and tested for defects. The new method would let that cell divide overnight, then use one daughter cell for testing and one to create new embryonic stem cell lines. The experimental cells have survived in the lab for eight months.

Objections. Some stem cell opponents object to this procedure, because defective embryos are discarded. And scientists still haven't ruled out the possibility that the one cell removed from an embryo could be coaxed to develop into a new embryo on its own, making that one cell as "human" as the embryo. A U.S. Conference of Catholic Bishops spokesman criticized the research last week as "gravely unethical."

No one knows if research using the cells would be eligible for National Institutes of Health money, says James Battey, chair of the NIH's stem cell task force. But Robert Lanza, medical director of Advanced Cell Technology, is hopeful. "I think that we could easily quadruple the number of lines eligible for federal funding, if this were to fly."

Embryonic War (NSWK)

By Claudia Kalb And Debra Rosenberg

Newsweek, September 4, 2006

It was heralded as a scientific milestone. Published in an advance online version of the scientific journal Nature, it was touted on the front pages of newspapers across the country. For the first time, scientists said last week, they had derived human embryonic stem cells using a technique that does not harm the embryo—a biological feat intended to assuage religious conservatives and break the impasse over federal funding of new embryonic-stem-cell research. "Up until now, embryonic-stem-cell research has been synonymous with embryo destruction," said Dr. Robert Lanza, the study's lead author and vice president of research and scientific development at the biotech firm Advanced Cell Technology (ACT). "I think this changes that paradigm."

But within days of publication, that wasn't so clear. A more careful examination of Lanza's work showed he'd only proposed a new method, but hadn't in fact proved it worked from start to finish. And, by relying on human embryos, he still couldn't avoid the inevitable firestorm. Publicly, the White House took a measured approach, calling the reports "encouraging." Some social conservatives, particularly Roman Catholics, were far more critical. Though they claimed a moral victory, saying their hard-line position had forced scientists to consider the ethical status of the embryo, they dismissed Lanza's approach. "We're against manipulating, harming, assaulting embryos for their cells even if it doesn't always kill them," says Richard Doerflinger, of the U.S. Conference of Catholic Bishops, who accused Lanza of deceiving the public about the details of his work. By late last week, the scientific "breakthrough" had failed to bridge the political gap.

Normally, embryonic stem cells are grown from embryos at the blastocyst stage, when they're clusters of about 150 cells. In the process, the embryos are destroyed. Borrowing from a fertility-clinic technique called preimplantation genetic diagnosis (PGD), which is used to screen for genetic diseases in embryos before implantation, Lanza extracted single cells out of 16 embryos, then grew two of those cells into new embryonic-stem-cell lines. While the experiment showed that it is theoretically possible to grow embryonic-stem-cell lines and still preserve the embryos, Lanza failed to prove this. He needed so many individual cells (total: 91) to create his lines that multiple cells had to be pulled from each of the embryos; in the end, all 16 were destroyed. Lanza says that single-cell extraction has been proved effective through PGD (embryos subjected to the loss of a cell have developed into healthy babies); more important, he says, he has shown that single cells can develop into embryonic-stem-cell lines.

Other scientists say Lanza's work is impressive. It's "an interesting and important technical feat," says Dr. George Daley, a Harvard stem-cell researcher. But there are still a host of unanswered technical questions, say Daley and others. And it's unclear

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how many scientists will rush to replicate Lanza's work—the key to deeming it scientifically solid. Already, scientists can derive many more stem-cell lines through traditional methods. And many researchers want to study "disease-specific" embryonic stem cells for disorders like Alzheimer's and diabetes, which Lanza's approach wouldn't allow.

Underlying all of this, however, is a deep discomfort that scientific research is being designed to appease religious or political concerns. Glenn McGee, a bioethicist at Albany Medical College in New York, says ACT's research—done by a for-profit company—is a "pitiful attempt to look morally acceptable, rather than do valuable science." Politically, says McGee, who resigned from ACT's ethics board in 2000 because he says he wasn't consulted about critical research, "this will never sell."

George W. Bush has steadfastly refused to fund any research on stem-cell lines created since he established his policy in 2001 and, in July, when lawmakers in both parties passed a bill to fund new lines, he issued his first presidential veto. There's no indication that he'll change his position any time soon. But if Lanza's technique eventually works without destroying embryos, Bush might be able to embrace it. "I think it would satisfy the ethical concerns," says former Bush adviser Jay Lefkowitz, who helped formulate the 2001 policy.

Still, it's unlikely to satisfy many social conservatives. They oppose the PGD process, which weeds out defective embryos. And they worry that a single cell could itself grow into a viable embryo. "Then we'd be back in the same soup"—destroying potential life—says Princeton professor Robert George, a Catholic bioethics adviser to the White House.

Lanza is used to the criticism. In 2001, ACT was accused of hyping a report on cloning human embryos. Lanza, who wasn't running the lab at the time, defends the science but says he would have handled things differently. Now he's charting his own course. At 50, he lives on an island in a Massachusetts pond and claims a collection of natural curiosities, including a 3,500-pound amethyst and a six-foot Brachiosaurus femur. Of McGee and other critics, he says his goal is to advance science: "I've done what I thought was right." But in the murky waters of stem-cell science, what's "right" is never crystal clear.

A Way Out? (WP)

The Washington Post, August 28, 2006

WHEN PRESIDENT Bush restricted federal funding for stem cell research in 2001, he claimed he opposed "providing taxpayer funding that would sanction or encourage further destruction of human embryos that have at least the potential for life." Last week, the scientific community addressed Mr. Bush's expressed moral concern in a study reported in the journal Nature, revealing a new method for extracting embryonic stem cells that its backers say poses no additional risk to human embryos.

But instead of embracing the potential of the new procedure, which might be a way of advancing stem cell research without destroying potential humans, the president registered his concerns about using any new embryonic material for scientific research. "Any use of human embryos for research purposes raises serious ethical concerns. This technique does not resolve those concerns," the White House said. "The President is hopeful that with time scientists can find ways of deriving cells like those now derived from human embryos but without the need for using embryos."

Later, a White House spokeswoman tried to backpedal, insisting that Mr. Bush is waiting for expert reviews of the study's findings before making any final judgments. Yet the president's initial statement on the matter indicates that he will search for new -- and far less convincing -- reasons to keep federal coffers shut from stem cell researchers.

The new method of gathering stem cells involves taking a single cell from a young embryo of around eight cells, a procedure that does not kill the embryo as earlier methods of stem cell extraction did, said Robert Lanza, the lead researcher. According to Ronald M. Green, director of Dartmouth College's Ethics Institute, the new method allows researchers to create stem cells as byproducts of a standard procedure in fertility clinics. There doctors often take one cell from eight-cell embryos to test for genetic defects such as Down syndrome. The rest of the embryo can grow into a normal human child, according to all available scientific evidence. Instead of immediately conducting the genetic test on the extracted cell, doctors can allow it to multiply overnight, use one of the resulting cells for the genetic analysis and create brand-new stem cell lines from the others.

As with any scientific breakthrough, the country has to wait for other scientists to successfully repeat the experiment to verify that the procedure will work. Researchers should also be prepared to respond to critics of the landmark scientific report, such as Richard Doerflinger of the U.S. Conference of Bishops. But if this new process is demonstrated to be viable, Mr. Bush can easily articulate rules that would allow federal funding for research on stem cells gathered harmlessly when cells are to be taken for genetic testing anyway. Then stem cell research on a range of debilitating and deadly diseases could finally proceed faster in the United States. On the other hand, sticking to his disappointing rhetoric of last week would unfairly raise the ethical bar Mr. Bush set in 2001 for America's stem cell scientists and continue to stunt the growth of this valuable field of study.

Over (and Behind) The Counter (USNEWS)

By Josh Fischman

U.S. News and World Report, August 28, 2006

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A woman whose regular birth control method failed or who was raped will not be the first person to benefit from last week's decision to sell emergency contraceptive pills without a prescription. The immediate beneficiary will most likely be a man.

Andrew von Eschenbach, the acting head of the Food and Drug Administration, which approved the pill, should get the job for real in September, because key senators dropped their opposition to his nomination when he dropped his opposition to the "morning-after pill," called Plan B. "All he needs now is a simple majority vote for approval," says one of those senators, Democrat Patty Murray of Washington State. And that's good for the drug agency, which has been without a permanent leader for nearly a year.

Proof of age. Women will first see Plan B without a prescription near year's end-it has been prescription-only since 1999-after the manufacturer, Barr Laboratories, packs it in new boxes with more drug facts in easy-to-read language, like other nonprescription drugs. The estimated price is between $20 and $40 for a pack of two pills. And it won't be in gas stations or convenience stores but tucked behind the pharmacy counter, where buyers will have to show a valid ID to a pharmacist proving that they are at least 18 years of age. These restrictions are all part of the deal the FDA and the drug maker cut to market Plan B. The drug has been mired in controversy since the FDA refused to approve easier access two years ago, overruling the agency's own scientific advisers amid charges that it had caved in to conservatives who equate the pill with abortion. (Plan B contains hormones that prevent fertilization or stop a fertilized egg from implanting in the uterus.)

Conservative groups condemned the expanded access, charging that it cuts parents out of the loop. But keeping the pill behind the counter, along with the age restriction, didn't please women's health advocates either. "'Behind the counter' is another barrier," says Amy Middleman, a pediatrician and adolescent-health specialist at Texas Children's Hospital in Houston. "Adolescents make a mistake or they get raped, and they may not have the self-confidence to share personal information with a pharmacist." IDs, after all, show not just age but name and address. Canadian pharmacists were caught last year collecting this information. "Plan B has to be used within 72 hours to be effective. You don't want to create reluctance to use it," she says. Murray agrees but says "at least women don't have to find a doctor, get a prescription, find a pharmacy, and wait to get it filled now."

The drug agency says it insisted on the distribution limit to ensure that buyers could get health counseling from a pharmacist and on the age limit because there were doubts about the ability of younger teens to use the pill responsibly. "Ridiculous," says James Trussell, a reproductive-health researcher at Princeton and a member of the FDA's advisory committee on the drug. "We saw at least three studies showing that younger teens used the drug just as safely as older women did. Plan B is safer than aspirin." Medically, perhaps, but politically it clearly has a big warning label.

New Plan For Plan B (NSWK)

By Julie Scelfo

Newsweek, September 4, 2006

When the food and Drug Administration announced last week that Plan B emergency contraception would be available "over the counter," but would be kept behind the counter because of the drug's 18-and-over age restriction, the decision echoed an idea, long advocated by the American Pharmacists Association (APhA), that two classes of drugs aren't enough.

As it stands, the FDA can approve drugs in two categories: by prescription, which typically requires a doctor's visit, and over the counter, which means the medication is safe enough to sit on shelves next to diapers and batteries. What APhA is arguing for is a third official category, like Britain's "behind the counter" designation, for dozens of drugs that may require some oversight but are safe enough to take without a doctor's written consent. Certain flu medications fall into this category, pharmacists say, as do cholesterol-fighting drugs, some vaccinations and smoking-cessation inhalers. A third category would allow consumers quicker access to drugs and could help lower costs. It would also put more responsibility in pharmacists' hands.

Scott Gottlieb, FDA deputy commissioner, has said he is open to this third way (which would require congressional approval). But the Ameri-can Medical Association, which applauded the FDA's approval of Plan B as an OTC option, so far opposes it. "If pharmacists take on diagnosing, they take on liabil-ity, too," says the AMA's Dr. Edward Langston. >

"Anybody Knows Not To Mess With Me" (TIME)

By By Perry Bacon Jr.

Time, September 4, 2006

Nancy Pelosi, the leaderÂ of theÂ Democrats in the House, portrays herself as a polite, grandmotherly lady. She constantly discusses her five grandchildren, makes sure her office is stocked with Ghirardelli chocolates, perpetually smiles and never swears in a business in which almost everyone else does. She even has a few cute quirks she and her staff would love to tell you about: a diet consisting mostly of chocolate and chocolate ice cream, and so much energy, she rarely sleeps. Just the other night, she will tell you, she was up watching MTV after midnight.

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Don't believe it for a second. Would your grandmother ever say, "If people are ripping your face off, you have to rip their face off" (Pelosi's approach to handling attacks from Republicans)? How about "If you take the knife off the table, it's not very frightening anymore" (her explanation for why she won't let voters forget George W. Bush's unpopular Social Security proposal from last year)?

The 66-year-old San Francisco lawmaker is an aggressive, hyperpartisan liberal pol who is the Democrats' version of Tom DeLay, minus the ethical and legal problems of the former Republican House leader. To condition Democrats for this fall's midterm elections, she has employed tactics straight out of DeLay's playbook: insisting other House Democrats vote the party line on everything, avoiding compromise with Republicans at all cost and mandating that members spend much of their time raising money for colleagues in close races. And she has been effective. House Democrats have been more unified in their voting than at any other time in the past quarter-century, with members on average voting the party line 88% of the time in 2005, according to Congressional Quarterly. That cohesion enabled Democrats to hasten President Bush's slide in the polls when they blocked his plan to reform Social Security by allowing retirees to eschew guaranteed benefits in favor of private accounts. Bush's approval rating remains depressed--38% in a TIME poll last week--and the Democrats are in their best position to win the House since Republicans took control of it in 1994.

If Democrats are successful in November, it will be mostly the result of Americans' increasing frustration with the Iraq war and with the perception that Bush and congressional Republicans have bungled everything from Terri Schiavo to Hurricane Katrina. But Pelosi has made sure Democrats didn't break the Republicans' fall. And if Democrats win back the 15 seats they need to form a majority, Pelosi will be richly rewarded. She would almost certainly become the first woman to be House Speaker.

That would be sweet vindication for a leader many moderate Democrats castigated as an out-of-touch liberal who would take the party perilously to the left when she became the top House Democrat in 2002. It would also mark a rapid rise for a politician who didn't run for office until she was 47. Pelosi grew up in a prominent political family in Baltimore, Md. Her father was the mayor for almost her entire childhood. After college, Pelosi and her husband Paul moved to New York City and then to San Francisco, where she became a leading Democratic fund raiser, then chairwoman of the party in California. But she waited until the youngest of her five children was a high school senior before she ran for Congress in 1987.

Among Democrats in Washington, Pelosi became popular for her prodigious fund raising on behalf of colleagues and her gracious manners; she's often the first person to send flowers if a member's spouse is sick. Staffers also enjoy her largesse. After a lavish meal, she will sometimes say, "Thank God for Paul Pelosi," her investment-banker husband, whose real estate holdings make up much of the couple's $16 million in assets.

Once in Congress, she was embraced especially by liberal Democrats. She opposed the Gulf War and in a 1996 interview with the San Francisco Chronicle said, "I pride myself in being called a liberal" and "I don't consider myself a moderate." In 2001, on the strength of the votes of party progressives, Pelosi won an intense battle with Maryland's Steny Hoyer, who is more centrist, to be the No. 2 Democrat in the House. A year later she defeated another moderate, Martin Frost of Texas, to become the party's leader in the chamber.

In both contests her opponents argued that Pelosi was too liberal, and she hasn't forgotten. Her relationship with Hoyer is tense, and when Pennsylvania Representative John Murtha said he would run against Hoyer for House majority leader if Democrats won this fall, Pelosi did little to dissuade him. When Frost, who is now out of Congress, unsuccessfully ran for chair of the Democratic National Committee last year, Pelosi repeatedly rebuffed his attempts to get her support. While she declines to discuss those conflicts, Pelosi told TIME, "Anybody who's ever dealt with me knows not to mess with me." Pelosi carries a chip on her shoulder, believing that fellow Democrats and media Ã©lites have constantly underestimated her political ability, dating back to her unsuccessful effort to become head of the Democratic National Committee in 1985, when she was called an "airhead" by a labor-union official. She will talk about those political battles only vaguely but told me the Democratic establishment in Washington "couldn't control me, so they needed to take me down" and "They can't even believe the fact that I'm going to become Speaker, but they're getting used to it."

Like DeLay, who was also known for bruising rivalries within his party, Pelosi has embraced hard-knuckle partisanship, even if it means standing still. When Bush announced his Social Security plan last year, Pelosi told House Democrats they could never beat him in a straight-ahead, policy-against-policy debate because he had the megaphone of the presidency and was just coming off re-election. So the Democrats would thunderously attack Bush and argue there was no Social Security crisis and therefore no need for them to put out their own proposal. Some members were leery, concerned that Pelosi would make the Democrats look like the Party of No. As the spring of 2005 wore on, some pestered her every week, asking when they were going to release a rival plan. "Never. Is never good enough for you?" Pelosi defiantly said to one member. When Florida Democrat Robert Wexler publicly suggested raising Social Security taxes as the solution, Pelosi immediately chewed him out over the phone. Only one other Democrat signed on to his plan.

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The Democrats won the Social Security battle Pelosi's way. That earned her credit with her colleagues, who have embraced her overall strategy. Throughout the past year, Pelosi has demanded that Democrats unanimously oppose G.O.P. bills. By denying the G.O.P votes from across the aisle, Democrats have forced moderate Republicans to back bills like those cutting Medicaid and other social programs that fiscally conservative Republicans have insisted on, votes for which Democrats have then attacked moderate Republicans in television ads. Pelosi has also ordered Democrats not to work on bills or even hold press conferences with Republicans whom the party is trying to defeat in November.

Meanwhile, at the cost of infuriating parts of her own, progressive base, Pelosi has made a number of pragmatic, tactical moves to better position the Democrats for November. When Louisiana Congressman William Jefferson was found with $90,000 in his freezer from an apparent bribery scheme, Pelosi immediately had him tossed out of his seat on the House Ways and Means Committee. The strongly liberal Congressional Black Caucus was incensed that one of its members had been punished before he had even been indicted. But Pelosi's action helped rebut the G.O.P.'s contention that Democrats had as many corruption problems as Republicans, many of whom are caught up in the Jack Abramoff scandal.

No one among the Democrats has succeeded in solidifying the party around a single position on the Iraq war, but Pelosi has managed to tame the several dozen House members who call themselves the Out of Iraq caucus. They have wanted the Democratic Party to demand the prompt withdrawal of U.S. troops from Iraq. But Pelosi has so far convinced them that Murtha, the ex-Marine and veteran lawmaker whose call for a troop withdrawal in November created real debate, should be the party's face for that cause while the others should stay in the background.

Still, some Democrats think Pelosi's leftward tilt, combined with her strident attacks on Bush, undercuts her strength as a party leader. A number of Democratic candidates have distanced themselves from her. "We hope she campaigns in as many districts as possible," said Ron Bonjean, spokesman for Dennis Hastert, the Republican Speaker of the House. "She comes across as very liberal."

That's not the only issue with Pelosi. Even her supporters acknowledge she's not the ideal spokeswoman for the Democrats in public. When she's not making clumsy remarks, like bragging earlier this year that one of the biggest benefits of a Democratic takeover of Congress would be "subpoena power," she's mind-numbingly repeating whatever talking points the party has agreed on that week or indulging her love of alliteration: "People, politics, policy" and "Money, message, mobilization." The charitable view of her often disjointed speaking style is that she's someone who thinks faster than she talks. The uncharitable view is that "she's Teresa Heinz without the accent," as one Democratic activist said.

But Democrats aren't counting on Pelosi to be their poster girl for November. Her most important role is behind the scenes. If the Democrats take the House, that will change, since Speaker Pelosi would become the face of the Democrats and second in the line of succession to the presidency, after Vice President Dick Cheney. It would also be a test of Pelosi's skills: she has unified the Democrats in opposition, but it would be much more difficult to keep Democratic members in line if they took control. "They listen to no one," says Pelosi. "They don't listen to each other." But so far, the Democrats have listened to their leader, and if she keeps guiding them smartly, Nancy Pelosi could make President Bush's final two years even more vexing than the past two.

OTHER NEWS:

What Worries Economists? (WSJ)

WSJ Online's "Washington Wire", August 28, 2006

Terrorism and energy prices top the worry list, according to a biannual survey of nearly 200 economists released Monday by the National Association for Business Economics. With the foiled plot to bomb U.S.-bound airlines raising security concerns, 34% said terrorism posed the greatest short-term risk to economic growth, up from 26% in March. Nearly 30% cited energy prices, up from 23% in March, although they say it would take the unlikely scenario of prices rising to $100 a barrel to spark a recession. Inflation came in third among the most frequently cited threats to short-term economic health.

With Treasury coffers filling up with higher-than-expected tax revenue, only 2% of the economists cited government spending and the federal deficit as a short-term risk, down from 14% in March. The deficit, however, was cited as the biggest threat to the economy's long-term health. Three-quarters said the government should be spending less and have a narrower deficit at the end of the Bush presidency in two years, but only 17% think it will.

With early signs suggesting Federal Reserve Chairman Ben Bernanke and his policymaking colleagues may be able to tame inflation without causing inflation, 71% of economists surveyed said monetary policy was "about right." There's no consensus on where the Fed will take interest rates from here. According to 14% of those surveyed, rates are still too low, but 13% said they're too high. – Christopher Conkey

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August 28, 2006, 12:06 am Gone but Not Forgotten

Though he wasn't in attendance, the work of Princeton University economist and New York Times columnist Paul Krugman was a recurrent theme in the Federal Reserve's Jackson Hole symposium this year.

The event's title, "The New Economic Geography," was the name given to work Mr. Krugman pioneered in 1991 in his book, "Geography and Trade." Anthony Venables of the London School of Economics, the first academic presenter at the event, has been a co-author of Mr. Krugman. Another speaker, Doug Irwin of Dartmouth College, recommended participants read Mr. Krugman's essay, "Competitiveness: A Dangerous Obsession." Later, during a whimsical discussion on the potential for interplanetary trade, the Bank of England's Charlie Bean noted Mr. Krugman had written an article called "The pure theory of interstellar trade," which Mr. Krugman had called a "serious analysis of a silly problem," according to Mr. Bean.

Mr. Krugman is an accomplished economist who won the American Economic Association's prestigious John Bates Clark Medal in 1991. But in recent years he has become better known, even among many of his academic peers, for his popular writings, in particular his Times columns which are often harshly critical of the Bush administration, than for his academic research. He has presented papers at the Jackson Hole conference in previous years, but wasn't invited to this year's. Mr. Krugman, in an email, said he would have attended, had he been invited. "After all, a lot of people give me credit or blame for founding the new economic geography, and it would have been interesting to join a discussion on the state of the field, even though I haven't done a lot of new research in the area since the late 90s."

Officials of the Kansas City Fed, which hosts the event, declined to comment on why Mr. Krugman wasn't invited. That said, there are only a few slots for academics at the event and hundreds of logical candidates to fill them. Moreover, when the term "new economic geography" was coined in the early 1990s, it referred to how local agglomerations of skills, talent and other assets can given a country a comparative advantage in a particular industry. At this weekend's conference, the term referred more to how the rise of China, India and other developing nations is reshaping the world economy. – Greg Ip

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August 27, 2006, 8:22 pm Gov. Schwarzenegger Is Standout as GOP Stumbles

Democrats lead in most of 19 hotly contested gubernatorial races, including seven now held by Republican incumbents, according to the most recent set of Battlegrounds polls from Zogby Interactive, conducted in cooperation with The Wall Street Journal Online. In Pennsylvania, incumbent Ed Rendell remained locked in a tight race with Republican Lynn Swann, a former Pittsburgh Steelers wide receiver and sports announcer. Rendell's lead was four percentage points in the latest poll, down from seven points in July. California Gov. Arnold Schwarzenegger climbed to a five percentage point lead over Democratic challenger Phil Angelides. It was the first time that Schwarzenegger led in that matchup since the polling project began, though he has generally gained ground throughout the year. Meanwhile, the race between Republican Rep. Jim Nussle and Democratic Iowa Secretary of State Chet Culver continues to be one of the hottest contests in the nation. While Culver edged into the lead in the latest poll, Zogby says the race is too close to call for either side. The polls were conducted Aug. 15-21. See the full results.

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August 27, 2006, 8:20 pm Zogby Polls Show Dems Gaining in Senate

Democrats picked up ground in a new set of polls of hotly contested Senate races, now leading in 12 of the 18 races tracked, up from 10 of 17 last time. In Virginia, the "macaca" comment appear to have hurt incumbent George Allen, who went from a comfortable lead in previous Zogby polls to now trailing Democrat James Webb, a former secretary of the Navy under President Reagan. Among other races, Robert Menendez's lead over Republican Tom Kean Jr. narrowed to just two percentage points in New Jersey, while incumbent John Ensign's advantage over Democrat Jack Carter narrowed in Nevada.

Although Republicans are ahead in fewer of the battlegrounds than Democrats, the party would still maintain control of the 100-seat Senate if the election results match Zogby's results. Taking into account the 40 Republican seats not up for re-election and seven that weren't included in the polling because Republicans are expected to win handily, Republicans would retain a 52-46 majority in the Senate, though Mr. Lieberman and another independent, Jim Jeffords of Vermont, would be expected to vote frequently with the Democrats. See the full results.

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August 27, 2006, 2:41 pm Starr Goes From Cigars to Bongs

President Clinton's impeachment nemesis Kenneth Starr is staying busy. Monday, the former Independent Counsel is expected to file a petition asking the U.S. Supreme Court to uphold the suspension of a high school student disciplined for holding a banner across the street from campus reading, "BONG HITS 4 JESUS."

The incident occurred in January 2002, as the Olympic torch relay wound through Juneau, Alaska, en route to the winter games in Salt Lake City. As the torch passed by the school, student Joseph Frederick and friends unfurled the banner across the street from campus apparently to attract the attention of television cameras.

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A bong is a popular device used to smoke marijuana, inhalation from which is commonly known as a "bong hit." The school principal suspended Mr. Frederick — allegedly the only student who disobeyed her command to put down the banner — for 10 days. Mr. Frederick claimed the suspension violated his First Amendment right to freedom of speech. A federal district judge sided with the school, but a panel on the U.S. Court of Appeals for the Ninth Circuit unanimously reversed.

Mr. Starr and other attorneys in the Los Angeles office of Kirkland & Ellis have accepted the case pro bono. Should the court grant the petition, the outcome could hinge on whether the banner disrupted the educational process, whether watching the relay was a school-sponsored event, and whether Mr. Frederick — who had yet to enter school property that morning because his car had been stuck in the snow — was officially on campus. –Ben Winograd

Read the petition to be filed with the Supreme Court.

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August 27, 2006, 2:01 pm On Call, On the Spot

Does trouble follow National Safety Transportation Board member Debbie Hersman? She was the NTSB member on call when a Comair commuter jet fatally crashed at the Lexington , Ky., airport early Sunday morning. Board members take turns being on call and that person becomes the NTSB's spokesman on the accident scene.

When Ms. Hersman joined the NTSB, some aviation safety officials grumbled she was part of a new wave of NTSB officials who didn't have enough technical knowledge of aviation to be effective. But she's certainly had plenty of exposure to safety issues since then, because major accidents seem to have had a way of happening when she's on call.

Since joining the NTSB in June 2004 from her previous job as a Senate staffer, Ms. Hersman has been on scene at five transportation accidents, including the nonfatal November 2004 collision of two subway cars in Washington, the February 2005 crash of a private jet into an airport warehouse in Teterboro, N.J., and the July 2005 head-on collision of two freight trains in Anding, Miss.

The crash Sunday morning ended what government safety officials dubbed the "safest period in aviation history." The last major fatal airline accident in the U.S. happened in November 2001, when American Airlines Fight 587 crashed soon after take-off in Queens, N.Y., killing 265 people. –Amy Schatz

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August 26, 2006, 6:54 pm Anecdotes on Education From Jackson Hole

It's long been accepted that emerging Asian economies owe much of their success to an emphasis on education, but a few anecdotes aired at Jackson Hole underlined the point. Arminio Frago, a former governor of Brazil's central bank who now runs a hedge fund, noted that Brazil and South Korea once had the same per-capita gross domestic product. Now, South Korea's is over twice that of Brazil's. By way of explanation, he noted that the average Korean has 13 years of school, while in Brazil the figure is six years, and the education is not very high quality. Rakesh Mohan, deputy governor of the Reserve Bank of India, noted that Tokyo has 113 universities; Beijing has 59. – Greg Ip

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August 26, 2006, 6:51 pm Feldstein Speaks Up at Jackson Hole

Harvard University's Martin Feldstein is traditionally an active participant at the Fed's annual Jackson Hole conference. Last year, he was unusually quiet, a result of the fact he was under consideration to succeed Alan Greenspan as chairman of the Fed. Since then, the job went to Ben Bernanke and this year Mr. Feldstein seemed more willing to speak his mind. His views, had they come from a Fed chairman, would have sent the markets into a tizzy. First, Mr. Feldstein repeated his long-standing view that the U.S. dollar has to fall a lot to rein in the U.S.'s massive trade deficit. It's not clear when or how fast, "but I have no doubt it will be coming." A lower dollar, he said, will result in "higher inflation." Furthermore, U.S. interest rates will have to rise to entice foreigners to hold onto some of their dollar holdings. So "the most likely response [is] some combination of higher real interest rates and a falling value of the dollar, further complicating the problem for monetary policy." Alternatively, Americans could cut their consumption, leading to a narrower trade deficit and higher saving, perhaps because of lower house prices. Then the Fed has the delicate job of "balancing the decline in domestic demand and the process of international adjustment." – Greg Ip

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August 26, 2006, 6:50 pm Jackson Hole's Sleeper Hit

At a conference dominated by discussion of the rise of India and China and their impact on the U.S. and Europe, the sleeper hit of the Federal Reserve Bank of Kansas City's annual conference in Jackson Hole, Wyo., was a short presentation on why Africa has fallen so far behind the rest of the developed world, especially Asia, in recent decades.

Reflecting the conference theme — "The New Economic Geography" — Paul Collier of Oxford University made a persuasive case that nowhere more than in Africa has geography undermined economic progress. Statistically, a country's growth is more likely to lag if it is landlocked, resource-poor or small, and Africa, which is divided into over 40 countries, has an

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unusually large number of countries that are all three. Many African countries are resource rich but are unable to efficiently spend those resources because, while democratic, they lack effective checks and balances. By contrast, countries that must rely on taxes are more likely to face demands for accountability. African countries, despite being small, are also ethnically diverse. The more diverse a society, the smaller the share of the population represented by the ruling group, he notes. "A minority in power has an incentive to distribute to itself at the expense of the public good of national economic growth." Finally, he says, Africa has missed the globalization boat: at the time Asia was opening up to foreign investment, Africa was saddled with overvalued currencies, civil war, experiments with socialism, or apartheid. Almost all these problems have been solved, but in the meantime Asia has acquired a formidable critical mass of local skills and infrastructure that make it difficult for Africa to compete for foreign investment. Mr. Collier's presentation was perhaps the most eye-opening to the crowd of academics, Wall Streeters and central bankers at the Fed conference, perhaps because so much of it was new to them. (Only one central banker from Africa was on the list of attendees: South Africa's. There were six from Latin America.) But perhaps it was welcomed because it presented a persuasive, systematic explanation for the continent's troubles that didn't have to argue that Africa was somehow different. "African performance has been far worse than that of any other region," Mr. Collier has written. "The explanation for this is not that African economic behavior is fundamentally different from elsewhere, but rather that African geographic endowments are distinctive." He sharply disagreed with economist-celebrity Jeffrey Sachs's view that disease and climate are the principal reasons for Africa's underdevelopment. Sachs, he said, is "barking up the wrong tree." – Greg Ip

Anecdotes on Education From Jackson Hole

Aug.26, 2006

Feldstein Speaks Up at Jackson Hole

Aug.26, 2006

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Global Trends May Hinder Effort To Curb U.S. Inflation (NYT)

By Edmund L. Andrews

The New York Times, August 28, 2006

JACKSON HOLE, Wyo., Aug. 27 — As the Federal Reserve fiercely debates how to reduce inflation within the United States, economists are warning that trends outside the country may soon make the Fed's job much harder.

In recent years, global integration has made things easier for the Fed in two ways. An explosion in low-cost exports from China and other countries helped keep prices of many products low even as Americans spent heavily and loaded up on debt.

At the same time, China and other relatively poor nations reversed the normal patterns of global investment by becoming net lenders to the United States and Europe. Analysts estimate that this "uphill'' flow of money from poor nations to rich ones may have reduced long-term interest rates in the United States by 1.5 percentage points in recent years — a big difference when home mortgage rates are about 6 percent.

But as Fed officials held their annual retreat this weekend here in the Grand Tetons, a growing number of economists warned that those benign international trends could abate or even reverse.

For one thing, they said, China's explosive rise as a low-cost manufacturer does not mean that prices will fall year after year. Indeed, China's voracious appetite for oil and raw materials has aggravated inflation by driving up global prices for oil and many commodities.

Beyond that, new research presented this weekend suggested that the United States could not count on a continuation of cheap money from poor countries. Those flows could stop as soon as countries find ways to spend their excess savings at home.

"Medium- and long-term interest rates are set outside of the country,'' said Kenneth S. Rogoff, a professor of economics at Harvard University and a former director of research at the International Monetary Fund. "It's very important to think about what to do if the winds of globalization change.''

The warnings come as the Fed's new chairman, Ben S. Bernanke, faces widespread skepticism among economists about his forecast for a "soft landing" — a mild slowdown that will tame inflation without costing many jobs.

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Inflation is already running above Mr. Bernanke's unofficial target — 2 percent a year, excluding energy and food prices — and few analysts here say they believe the Fed will raise rates and slow growth enough to bring inflation down to its target anytime soon.

"They are in a box, and they know it," said John H. Makin, an economist at the American Enterprise Institute and a hedge fund manger. "It's an awkward position for them to be in."

Economists presenting papers at the Fed retreat said that the central bank may be hindered as global trends that have kept inflation and interest rates lower than they would otherwise be turn less favorable.

The biggest change could be an increased reluctance by foreign investors to finance the United States' huge trade gap, now more than $700 billion a year.

"What happens if foreign investors decide they don't want to accumulate American assets any more?" asked Martin S. Feldstein, economics professor at Harvard and president of the National Bureau of Economic Research.

"Something has to change to make the debt more attractive — an increase in interest rates in the U.S. or a decline in the exchange rate of the dollar,'' he continued. "In the short term, the Fed will face slowing output growth, possible with higher inflation."

For the moment, bond investors appear to accept the Fed's view that inflation will remain low. Long-term interest rates have actually edged down slightly since the Fed decided on Aug. 8 not to raise overnight rates.

But economists, including some leading bond investors, predict that inflation will creep higher even if oil prices stop climbing.

"The consensus among people here is that the Fed's real target is not 2 percent but about 2.5 percent,'' said David Hale, an economic forecaster in Chicago. Looking ahead 12 months, if Fed members do not make progress bringing inflation down, "it's going to call into question their credibility,'' he said.

Members of the Federal Open Market Committee, which sets monetary policy, appear torn. In a sign of uncertainty this weekend, Mr. Bernanke and all other senior Fed policymakers were unusually tight-lipped about any of the issues — wage trends, the ability of companies to pass higher costs on to customers, or the plunge in home sales — that are at top of their agenda.

Mr. Bernanke has been arguing that inflation will cool as annual economic growth slows to 2.5 percent, from about 3.5 percent.

But some Fed officials, worried that inflation pressures are becoming more entrenched, want to take tougher action. Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, voted against the pause in rate increases.

Michael H. Moskow, president of the Chicago Fed, strongly suggested last week that he favored higher rates and declared that the risks of higher inflation were greater than the risks of an unexpectedly sharp slowdown. Mr. Moskow is not currently a voting member of the policy committee, which rotates the regional bank presidents, but he participated in the debates.

Ethan S. Harris, chief United States economist at Lehman Brothers, said the Fed's focus on core inflation understated the challenges posed by international shifts. The focus, he said, includes the price-lowering impact of China's expansion but excludes the impact of higher oil prices. "They've included the part that makes things look better and thrown out the part that makes things look worse," he said.

Officially, the Federal Reserve does not set explicit targets for inflation. But Mr. Bernanke, a longtime champion of inflation targets, has said that his own definition of price stability is to keep core inflation between 1 percent and 2 percent a year.

The Fed's job is not made any easier by the upcoming midterm elections, in which Republicans are struggling to keep from losing control of both the House and Senate.

The Fed has two policy meetings, in late September and late October, before the November elections. The central bank often likes to avoid any interest rate changes immediately before an election, for fear that it will be accused of interfering on behalf of one party or another.

Regardless of what Mr. Bernanke does in the next few months, economists at the conference here said that globalization and the United States' growing foreign debt could make his job more difficult.

Raghuram G. Rajan, the International Monetary Fund's current head of research, presented new research to explain why many poorer countries are now net lenders to rich countries — and why they might change course. He argued that fast-growing poor countries relied less on foreign capital than many nations, and that they saved much more than they invested.

One example is Chile, the most prosperous country in Latin America. Thanks to soaring copper prices in recent years, Chile has paid off its government debt and is running a budget surplus equal to about 7 percent of its gross domestic product. Chilean leaders are putting the surplus into a long-term stability fund, part of which is invested in foreign securities, that will be used to maintain full government operations if copper prices plummet.

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Mr. Rajan said many countries might not have a way to channel their excess savings because their banking systems were too underdeveloped. If so, the savings rates of those countries may decline as people become more accustomed to rising incomes and as banks find ways to rechannel savings into consumer and business loans.

Even though capital is flowing uphill to rich countries like the United States right now, Mr. Rajan said, "it doesn't mean these flows are optimal, safe or permanent."

Real Wages Fail To Match A Rise In Productivity (NYT)

By Steven Greenhouse And David Leonhardt

The New York Times, August 28, 2006

With the economy beginning to slow, the current expansion has a chance to become the first sustained period of economic growth since World War II that fails to offer a prolonged increase in real wages for most workers.

That situation is adding to fears among Republicans that the economy will hurt vulnerable incumbents in this year's midterm elections even though overall growth has been healthy for much of the last five years.

The median hourly wage for American workers has declined 2 percent since 2003, after factoring in inflation. The drop has been especially notable, economists say, because productivity — the amount that an average worker produces in an hour and the basic wellspring of a nation's living standards — has risen steadily over the same period.

As a result, wages and salaries now make up the lowest share of the nation's gross domestic product since the government began recording the data in 1947, while corporate profits have climbed to their highest share since the 1960's. UBS, the investment bank, recently described the current period as "the golden era of profitability."

Until the last year, stagnating wages were somewhat offset by the rising value of benefits, especially health insurance, which caused overall compensation for most Americans to continue increasing. Since last summer, however, the value of workers' benefits has also failed to keep pace with inflation, according to government data.

At the very top of the income spectrum, many workers have continued to receive raises that outpace inflation, and the gains have been large enough to keep average income and consumer spending rising.

In a speech on Friday, Ben S. Bernanke, the Federal Reserve chairman, did not specifically discuss wages, but he warned that the unequal distribution of the economy's spoils could derail the trade liberalization of recent decades. Because recent economic changes "threaten the livelihoods of some workers and the profits of some firms," Mr. Bernanke said, policy makers must try "to ensure that the benefits of global economic integration are sufficiently widely shared."

Political analysts are divided over how much the wage trends will help Democrats this fall in their effort to take control of the House and, in a bigger stretch, the Senate. Some see parallels to watershed political years like 1980, 1992 and 1994, when wage growth fell behind inflation, party alignments shifted and dozens of incumbents were thrown out of office.

"It's a dangerous time for any party to have control of the federal government — the presidency, the Senate and the House," said Charles Cook, who publishes a nonpartisan political newsletter. "It all feeds into 'it's a time for a change' sentiment. It's a highly combustible mixture."

But others say that war in Iraq and terrorism, not the economy, will dominate the campaign and that Democrats have yet to offer an economic vision that appeals to voters.

"National economic policies are more clearly in focus in presidential campaigns," said Richard T. Curtin, director of the University of Michigan's consumer surveys. "When you're electing your local House members, you don't debate that on those issues as much."

Moreover, polls show that Americans are less dissatisfied with the economy than they were in the early 1980's or early 90's. Rising house and stock values have lifted the net worth of many families over the last few years, and interest rates remain fairly low.

But polls show that Americans disapprove of President Bush's handling of the economy by wide margins and that anxiety about the future is growing. Earlier this month, the University of Michigan reported that consumer confidence had fallen sharply in recent months, with people's expectations for the future now as downbeat as they were in 1992 and 1993, when the job market had not yet recovered from a recession.

"Some people who aren't partisans say, 'Yes, the economy's pretty good, so why are people so agitated and anxious?' " said Frank Luntz, a Republican campaign consultant. "The answer is they don't feel it in their weekly paychecks."

But Mr. Luntz predicted that the economic mood would not do significant damage to Republicans this fall because voters blamed corporate America, not the government, for their problems.

Economists offer various reasons for the stagnation of wages. Although the economy continues to add jobs, global trade, immigration, layoffs and technology — as well as the insecurity caused by them — appear to have eroded workers' bargaining power.

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Trade unions are much weaker than they once were, while the buying power of the minimum wage is at a 50-year low. And health care is far more expensive than it was a decade ago, causing companies to spend more on benefits at the expense of wages.

Together, these forces have caused a growing share of the economy to go to companies instead of workers' paychecks. In the first quarter of 2006, wages and salaries represented 45 percent of gross domestic product, down from almost 50 percent in the first quarter of 2001 and a record 53.6 percent in the first quarter of 1970, according to the Commerce Department. Each percentage point now equals about $132 billion.

Total employee compensation — wages plus benefits — has fared a little better. Its share was briefly lower than its current level of 56.1 percent in the mid-1990's and otherwise has not been so low since 1966.

Over the last year, the value of employee benefits has risen only 3.4 percent, while inflation has exceeded 4 percent, according to the Labor Department.

In Europe and Japan, the profit share of economic output is also at or near record levels, noted Larry Hatheway, chief economist for UBS Investment Bank, who said that this highlighted the pressures of globalization on wages. Many Americans, be they apparel workers or software programmers, are facing more comptition from China and India.

In another recent report on the boom in profits, economists at Goldman Sachs wrote, "The most important contributor to higher profit margins over the past five years has been a decline in labor's share of national income." Low interest rates and the moderate cost of capital goods, like computers, have also played a role, though economists note that an economic slowdown could hurt profits in coming months.

For most of the last century, wages and productivity — the key measure of the economy's efficiency — have risen together, increasing rapidly through the 1950's and 60's and far more slowly in the 1970's and 80's.

But in recent years, the productivity gains have continued while the pay increases have not kept up. Worker productivity rose 16.6 percent from 2000 to 2005, while total compensation for the median worker rose 7.2 percent, according to Labor Department statistics analyzed by the Economic Policy Institute, a liberal research group. Benefits accounted for most of the increase.

"If I had to sum it up," said Jared Bernstein, a senior economist at the institute, "it comes down to bargaining power and the lack of ability of many in the work force to claim their fair share of growth."

Nominal wages have accelerated in the last year, but the spike in oil costs has eaten up the gains. Now the job market appears to be weakening, after a protracted series of interest-rate increases by the Federal Reserve.

Unless these trends reverse, the current expansion may lack even an extended period of modest wage growth like one that occurred in the mid-1980's.

The most recent recession ended in late 2001. Hourly wages continued to rise in 2002 and peaked in early 2003, largely on the lingering strength of the 1990's boom.

Average family income, adjusted for inflation, has continued to advance at a good clip, a fact Mr. Bush has cited when speaking about the economy. But these gains are a result mainly of increases at the top of the income spectrum that pull up the overall numbers. Even for workers at the 90th percentile of earners — making about $80,000 a year — inflation has outpaced their pay increases over the last three years, according to the Labor Department.

"There are two economies out there," Mr. Cook, the political analyst, said. "One has been just white hot, going great guns. Those are the people who have benefited from globalization, technology, greater productivity and higher corporate earnings.

"And then there's the working stiffs,'' he added, "who just don't feel like they're getting ahead despite the fact that they're working very hard. And there are a lot more people in that group than the other group."

In 2004, the top 1 percent of earners — a group that includes many chief executives — received 11.2 percent of all wage income, up from 8.7 percent a decade earlier and less than 6 percent three decades ago, according to Emmanuel Saez and Thomas Piketty, economists who analyzed the tax data.

With the midterm campaign expected to heat up after Labor Day, Democrats are saying that they will help workers by making health care more affordable and lifting the minimum wage. Democrats have criticized Republicans for passing tax cuts mainly benefiting high-income families at a time when most families are failing to keep up.

Republicans counter that the tax cuts passed during Mr. Bush's first term helped lifted the economy out of recession. Unless the cuts are extended, a move many Democrats oppose, the economy will suffer, and so will wages, Republicans say.

But in a sign that Republicans may be growing concerned about the public's mood, the new Treasury secretary, Henry M. Paulson Jr., adopted a somewhat different tone from Mr. Bush in his first major speech, delivered early this month.

"Many aren't seeing significant increases in their take-home pay," Mr. Paulson said. "Their increases in wages are being eaten up by high energy prices and rising health care costs, among others."

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At the same time, he said that the Bush administration was not responsible for the situation, pointing out that inequality had been increasing for many years. “It is neither fair nor useful,” Mr. Paulson said, “to blame any political party.”

Bar Prep Co. Ordered To Pay $11.9M For Copying Multistate Exam Questions (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, August 28, 2006

In a ruling that promises to fundamentally alter the way many American law students prepare for the bar exam, a federal judge has concluded that a California company illegally copied questions from the Multistate Bar Examination for use in its bar exam preparation courses and ordered it to pay more than $11.9 million to the National Conference of Bar Examiners.

In the suit, NCBE claimed that employees of Multistate Legal Studies Inc. have attended bar exams in several states for the sole purpose of copying questions to be used in its prep courses.

MLSI is based in Santa Monica, Calif., and has offices in Philadelphia and New York. It operates bar-review programs under the trade name PMBR, which stands for "preliminary multistate bar review."

Lawyers for MLSI insisted that any similarities between the questions in their prep courses and those on the MBE stem from the fact that both are drawn from the same pool of material -- hornbooks, law treatises and case law -- and that such similarity is entirely permissible.

But Eastern Distsrict of Pennsylvania Judge John P. Fullam disagreed and said the evidence showed MLSI had copied both the detailed facts in the questions as well as the correct and incorrect answers.

"I conclude that nearly all of the 113 challenged questions are substantially similar to copyrighted MBE questions," Fullam wrote. "In many instances, evidence of copying practically leaps from the page."

The ruling is a victory for attorneys Barbara W. Mather and Christopher J. Huber of Pepper Hamilton in Philadelphia, and Robert A. Burgoyne and Caroline M. Mew of Fulbright & Jaworski in Washington, D.C.

Fullam noted that many advertisements for the PMBR course use "testimonials" from former students that emphasize the similarity between its practice questions and those on the MBE.

In one ad, a student is quoted as saying that "dozens of nearly identical questions appeared on the actual exam," and another says he "breezed through the exam because I recognized so many of the questions from PMBR."

Because the illegally copied questions were a "major selling-point" for MLSI, Fullam concluded that the company should pay damages equal to one-third of its $35.7 million in revenues from a five-year period ending in 2005 during which more than 125,000 students took its three-day course, paying fees ranging from $250 to $300.

"Because question similarity is a major draw, and because infringing questions made up close to 40 percent of the PMBR from 2003 through 2005 (though a substantially lower percentage in 2001 and 2002), I conclude that attributing one-third of defendants' revenues to the infringing questions is justified," Fullam wrote.

MLSI was also enjoined from future copying of MBE test questions and its employees are now prohibited from taking bar exam tests "for any purpose other than to obtain bar admission in the jurisdiction in which the examination is being given."

Fullam's 25-page opinion in National Conference of Bar Examiners v. Multistate Legal Studies Inc. announces his verdict from a four-day nonjury trial in February.

MLSI's lawyer, Manny D. Pokotilow of Caesar Rivise Bernstein Cohen & Pokotilow, said he was "very disappointed" in the decision and that MLSI intends to appeal. According to court papers, NCBE's Multistate Bar Exam is a 200-question multiple-choice test currently used by more than 50 jurisdictions.

The drafting of MBE questions is a lengthy process conducted by panels of professors, judges and practitioners, and NCBE says it goes to great lengths to maintain secrecy of the questions because it reuses many of them, adding only 50 new questions each year. MLSI was founded in 1977 by Robert Feinberg and Dona Zimmerman, and the company currently offers a variety of programs -- a three-day class, a six-day class, and a one-on-one tutorial.

The suit focused on the three-day course that is offered in 150 locations.

Fullam found that Feinberg generates almost all of the questions and explanatory answer keys used in the course, and that he admits that he uses the notes of MLSI employees who have taken the MBE.

Feinberg himself has taken the MBE more than 20 times, Fullam found, and Zimmerman has taken it more than a dozen times.

But to ensure that they will be allowed to take the test again, they often fail, Fullam found.

"Given that these individuals are highly paid to prepare students to take (and presumably to pass) the bar exam, their failure rate is strikingly high. Mr. Feinberg, for example, failed five consecutive bar examinations in Alaska before barely passing in February 2004," Fullam wrote.

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"Perhaps even more startling, Ms. Zimmerman twice failed the Kentucky bar examination despite passing the essay portion, because her scores on the MBE were so low," Fullam wrote.

Zimmerman testified that she failed because the MBE "is quite a difficult examination," but Fullam said her explanation "speaks poorly of either her professional qualifications or her credibility as a witness."

In 2003, Feinberg was taking the Alaska bar exam -- the only state that allows test takers to use scratch paper -- and was cited at the close of the test for violating the rule against leaving the test site with notes.

Fullam said a proctor confiscated Feinberg's notes and filed an "irregularity report" with NCBE.

NCBE then conducted an investigation and concluded that MLSI's course materials included more than 100 questions copied from the MBE.

Fullam concluded that NCBE had proven that nearly all of the challenged questions were copied.

"This is the rare case in which there is direct evidence that defendants copied plaintiff's work," Fullam wrote.

Many of MLSI's questions, Fullam said, "reproduce MBE questions nearly verbatim, and others contain trivial variations that suggest awareness of copying. … In all, defendants copied well over 100 … questions from the MBE, in many cases duplicating passages nearly verbatim or reproducing labyrinthine fact patterns turn by turn."

Fullam also rejected MLSI's argument that the questions are not entitled to copyright protection.

"MBE questions may reflect original expression in their wording, particularized facts, and answer choices," Fullam wrote.

Pokotilow argued that the questions should be afforded only limited protection because they test established legal rules within a relatively narrow set of formal constraints.

Fullam disagreed, saying "teaching the legal principles tested on the MBE is permissible. Doing so using the same fact patterns, prompts and answer-choice combinations found in MBE questions is not."

In his closing paragraph, Fullam concluded that MLSI had compromised the integrity of the bar exam and may have assisted unqualified lawyers in passing the bar.

"Defendants' willful and egregious copyright infringement harmed the public as well as plaintiffs. States have a compelling interest in regulating admission to the bar both to maintain the integrity of the legal system and to protect the safety of their citizens," Fullam wrote.

"By exposing its students to questions likely to appear on the MBE, [the defendants] undermined the integrity of the bar examination, possibly causing the admission of unqualified applicants. That the victims of this harm are impossible to identify and the injury impossible to quantify underscores the need to deter would-be copyright infringers," Fullam wrote.

U.N. Treaty Trumps Parental Rights (WT)

By Michael Smith

The Washington Times, August 28, 2006

Could a 10-person panel of foreign nationals dictate, with the full weight of U.S. law, how we raise our children? This idea seems far-fetched, even ridiculous, but, unfortunately, it is possible.

The problem stems from the United Nations Convention on the Rights of the Child, which has been adopted by 192 nations. The treaty creates civil, economic, social and cultural rights for every child. The Clinton administration sought ratification, but the treaty was not approved by the U.S. Senate because of opposition from senators who were concerned it would undermine parental rights.

For example, the convention gives children autonomy regarding the school they attend, the friends they have and the activities they choose. If there is a disagreement, the parent's decisions could be reviewed by a third party. Consequently, parents could be subject to "identification, reporting, referral, investigation, treatment and follow-up."

Many people are probably asking the question -- if the Senate didn't ratify it, why is the convention still a problem for the United States? Unfortunately, this is not the end of the story because the U.S. court system has been incorporating the treaty steadily through a doctrine called "customary international law." This is where U.S. courts look to foreign courts and other international treaties to derive its interpretation of the U.S Constitution.

In the 2004 case Roper v. Simmons, a majority on the U.S. Supreme Court noted that the execution of juvenile offenders violated several international treaties, including the U.N. Convention on the Rights of the Child, and stated that the overwhelming weight of international opinion against the juvenile death penalty provides confirmation for the court's own conclusion that the death penalty is disproportional punishment for offenders younger than 18.

Additionally, a change in the makeup of the Senate could result in the ratification of the treaty. The consequences of these actions could be devastating for the American family because it would mean that any state law relating to education, the family, adoption and dozens of other issues could be nullified by a judge.

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Decisions interpreting the treaty in other nations could be relied on by our courts. An example of how this could unfold is occurring in Belgium today. A couple in Brussels is being threatened with criminal neglect for educating their children at home, and the Belgian authorities are using non-compliance with the convention as a legal argument to force the family to stop home-schooling. As reported by WorldNetDaily, the only response from the Belgian minister of education, Frank Vandenbroucke, came through a spokesman who said in a local newspaper that in Belgium home-schoolers must sign a document that requires them to follow the protocols of the U.N. convention.

"These parents have not done this. This is why the ministry has started an inquiry," he said.

It remains to be seen whether the Belgian courts, and potentially the European courts, uphold the position of the Belgian government. A ruling against the home-schooling Belgium family could have negative ramifications in the United States.

If the treaty is ratified, because of the way the U.S. Constitution is written, the convention would become the supreme law of the land. The U.S. Constitution's supremacy clause requires that "all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land." The U.S. Congress and state legislatures could not override the provisions of the treaty.

This scenario should remind us that we need to remain vigilant in defense of our liberty. In the short-term, it means that the appointment of judges who will not look to foreign courts for guidance is one of the ways the scenario above can be avoided.

Signs Of A Possible Power Shift In Congress Have Unions Going All Out To Reach Voters (WSJ)

By Kris Maher

The Wall Street Journal, August 28, 2006

This Labor Day many union leaders will have their sights set squarely on Election Day.

Unions have ratcheted up their political spending and voter-turnout efforts as polls suggest the 12-year Republican control of both houses of Congress could be in jeopardy. Democrats are more likely to support labor's favorite issues, such as an increase in the minimum wage, and Democratic control of even one chamber of Congress would make it easier to block legislation the unions oppose, such as free-trade agreements.

Still, if the Democrats make gains this November, the U.S. labor movement will be pushing its agenda amid some of the biggest obstacles in its history. The ranks of union members in the private sector continue to decline -- the share was down to 7.8% last year from 15% 20 years ago. Labor also is badly split after some of its biggest unions and most dynamic leaders left the AFL-CIO to form their own labor federation. Those unions have agreed to work with the AFL-CIO in the current election.

And as demonstrated by one of labor's most recent legislative efforts -- one that would make organizing private-sector workers easier -- business groups are planning for a time when unions find a friendlier audience in Congress. That measure, called the Employee Free Choice Act, already has drawn business opposition. "If the House changed leadership and the Employee Free Choice Act came up for a vote, I can tell you the business community would be all over it. It would be adamantly opposed," says Randel Johnson, vice president of labor at the U.S. Chamber of Commerce.

The AFL-CIO is spending $40 million on voter outreach, up from $35 million in 2002 and the most it has spent on turnout efforts in a midterm election. It says it will focus primarily by mobilizing 12.4 million union-affiliated voters for key races in 21 states.

While some of labor's legislative efforts would benefit manufacturers, many focus on measures that would particularly affect the service sector, where unions see growth potential among workers with low wages and benefits. At the top of labor's legislative wish list is an increase in the minimum wage from the current $5.15 an hour.

Bill Samuels, legislative director for the AFL-CIO, says that in the short term labor also would push to increase funding to the Occupational Safety and Health Administration and the Department of Labor to beef up enforcement of safety and wage-and-hour laws, as well as work to expand Medicaid and state health-insurance programs for children, revamp bankruptcy laws to make it harder for companies to shed contract obligations and also work to prevent passage of coming trade-agreement proposals with Peru and Colombia.

Unions also hope Democratic victories will help them build momentum in Congress for the Employee Free Choice Act. A key element would make it easier for them to organize workers by getting them to sign cards over a period of time, whereas today employers can require secret-ballot elections. If Democrats were to win both houses of Congress and pass the bill, forcing a presidential veto, union leaders believe they could make the legislation an even bigger issue during the 2008 presidential race.

Some unions make support a prerequisite for their endorsement. Candidates "have to understand that we are adamantly going to draw a line in the sand with this," says Fred Frost, president of the South Florida AFL-CIO.

The U.S. Chamber of Commerce and others have thrown their support behind the Secret Ballot Protection Act, which would amend the National Labor Relations Act to require the use of secret-ballot elections.

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Earlier this year, the Center for Union Facts, a nonprofit funded primarily by business interests, was founded largely to wage a campaign against the Employee Free Choice Act, according to Rick Berman, its executive director. The group ran a newspaper advertisement attacking Bruce Raynor, president of Unite Here, a union representing mostly hotel and apparel workers. The ad juxtaposed a picture of Mr. Raynor, a strong advocate of organizing workers via card signatures, with photographs of Kim Jong Il and Fidel Castro.

Bill Adams, president of Adams, Nash, Haskell & Sheridan, a labor-consulting company based in Fort Wright, Ky., sent a newsletter to 400 employers last week, in which he says that "because of the changing political landscape in Washington, labor has now amassed ominously large numbers of sponsors and supporters in both houses of Congress" for the act.

The proposed law also would call for mediation after successful organizing drives if no first contract is reached within 90 days -- a change aimed at remedying protracted negotiations. It would also set financial penalties of as much as $20,000 for individual unfair labor-practice violations.

A report released in December, prepared by researchers at the University of Illinois at Chicago for the pro-labor group American Rights At Work, examined union-organizing campaigns in the Chicago metropolitan area in 2002. It found that 30% of employers faced with organizing campaigns fired workers who engaged in union activities and 49% threatened to close or relocate all or part of the business if workers chose to form a union.

Business groups say the data, which are based in large part on interviews with union organizers, are questionable. Michael Eastman, director of labor policy at the U.S. Chamber of Commerce, says current labor law "is a significant deterrent for an unscrupulous employer."

Ronald Meisburg, general counsel for the National Labor Relations Board, said that elections where unions are seeking to represent workers typically occur without significant delays and that unions win well over 50% of elections. Yet he said the board has found merit in union charges that employers don't bargain in good faith in more than a quarter of all cases when new unions are formed. The election process "is working very smoothly," he said. "We can do a better job enforcing the fruits of that."

Consultants who run antiunion campaigns for companies say that they do all that they can to thwart unions. "We're not going to make it easy on them," says Mr. Adams, the labor consultant for employers. One contract he helped negotiate with a newly certified union took seven years, he says. "Obviously, what we're doing is lawful."

Saved By VDOT (WP)

The Washington Post, August 28, 2006

SEN. GEORGE Allen (R-Va.) has had a rough political month, but he should be breathing a sign of relief that Virginia transportation officials nixed an ill-advised request to shut down high-occupancy-vehicle lanes for some presidential convenience.

As reported by The Post's Michael D. Shear, the Secret Service wanted to close all the HOV lanes on Interstate 395 for a good chunk of last Wednesday so that President Bush could travel to a fundraiser for Mr. Allen near Mount Vernon. Just think about it.

The gridlock (involving an estimated 22,000 people in cars, not to mention buses and displaced carpoolers) would have been nothing compared with the political uproar that would have resulted. The controversy over the senator's recent unkind use of the word "macaca" would have paled in comparison.

It's only fair to point out that Mr. Allen and his campaign had nothing to do with the request, which was properly rejected, leaving the president to travel to the event by helicopter.

However, it's only fitting that we applaud Virginia transportation officials. It's good to know that sometimes there is something they can do about traffic.

Steele Campaign Stresses Border Security (WT)

By S.A. Miller

The Washington Times, August 28, 2006

Lt. Gov. Michael S. Steele is bringing the national issue of border security home to Maryland in fundraising brochures for his U.S. Senate campaign and on the hustings.

"We have to focus on what the American people want us to focus on," Mr. Steele, a Republican, told The Washington Times. "In their hearts and their minds, they want to see the Senate and House come together on a strategy that incorporates personnel, technology and other resources to secure the border.

"I think that is an important first step before you move into anything else in the debate on immigration," he said. "You have to start with the fundamental point that we have a porous border. Until you can control that, you can never deal successfully with the human element that is such an important part of what we need to face."

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None of the top Democratic candidates -- Rep. Benjamin L. Cardin, former congressman and former National Association for the Advancement of Colored People leader Kweisi Mfume and Bethesda millionaire Josh Rales -- list on their campaign Web sites border security or immigration as a priority issue. Mr. Mfume's site is the only one to mention border protection, which he delineates as a facet of homeland security. The Cardin and Rales campaigns did not return calls seeking comment.

Mr. Steele devotes a page to the immigration topic on his campaign Web site, which advocates "immediate steps to secure our borders" before addressing illegal aliens or the businesses that employ them.

He also cites the border-security issue in his latest fundraising letter.

"I know what needs to be done in Washington," he says in the letter. "We need to make a commitment to strong family values, and we must secure our borders today so every American citizen is safe in their own community."

Mr. Steele told The Times on Thursday that he think it is "a message that resonates with every Marylander -- Democrat, Republican, independent, whatever."

Polls show Americans are divided on immigration reforms such as guest-worker programs and citizenship programs for illegal aliens, but most voters support measures to tighten border security.

In Maryland, 71 percent of voters say government policy should focus on securing the country's borders and enforcing existing immigration law before attending to further reforms, according to a recent poll by Rasmussen Reports.

President Bush is pressing Congress to pass immigration reforms that include the guest-worker program and a citizenship process for illegal aliens. But lawmakers hit an impasse with the House backing tighter border security and the Senate favoring more lenient immigration policies.

The president has tried to allay concerns by ordering National Guard troops to help the Border Patrol and promising to crack down on businesses that hire illegal aliens.

Mr. Cardin, a 10-term congressman, has voted 14 times against and two times for enhanced border security since 2000. Last year, he voted against the bill that called for a 700-mile fence on the southern border.

His campaign Web site presents position papers on 12 issues including health care, the war in Iraq, government ethics and human rights, but not immigration or border security. The position paper on homeland security stresses Maryland's proximity to the District and the need for improved security at ports.

Mr. Rales' campaign Web site also excludes the issue.

His statement on the "threats and realities of the 21st Century" does not mention border security but calls for bringing troops back from Iraq and "reallocating resources to fighting the war on terror and defending our homeland."

Major Black Candidates At Record High (CSM)

By Linda Feldmann

The Christian Science Monitor, August 28, 2006

WASHINGTON

From Maryland to Tennessee to Ohio, the 2006 elections already hold a place in the history books: More black candidates from both major parties are mounting serious campaigns for upper-tier office - senator or governor - than ever before.

Even more noteworthy, three of the six men are Republican, a party that has struggled to boost its black affiliation above 10 percent. In Maryland, after the Sept. 12 primary, the major-party choice for Senate could come down to two African-Americans.

Whether this year's numbers represent a trend is too early to say. Let's get through a few more election cycles first, political analysts say. But these numbers are not just a coincidence. As with the long-fought rise of women in elective office, African-Americans have toiled for decades to boost their numbers at the lower political levels, and are building the résumés usually required for candidates to upper-level office.

"It's a signal moment in American politics," says Lester Spence, a political scientist at Johns Hopkins University in Baltimore.

Historically, blacks have faced a steep climb running for statewide office. Only one African-American - L. Douglas Wilder (D) of Virginia - has ever won the governorship. In the Senate, only five blacks have served, including two in the 1870s. If Rep. Harold Ford Jr. (D) of Tennessee wins his race, he will be the first black senator from the South since Reconstruction.

But that's a big "if." The Republicans nominated a moderate, former Chattanooga Mayor Bob Corker, and so it will be a tougher race for the centrist Mr. Ford than if one of the more right-wing Republicans in the primary had won. And even though the Ford family is a brand name in Tennessee politics - Harold Jr.'s father preceded him in representing the Ninth District for 22 years - the legal problems of other family members could hurt him.

Polls show a tight race, but "Harold's not going to win without a strong Demo- cratic wave," says David Bositis, an expert on African-American politics at the Joint Center for Political and Economic Studies in Washington.

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Of course, the 2006 midterms are showing the telltale signs of a pro-Democratic "wave" election, with the Republican-controlled White House and Congress suffering from high negatives. That could help sink the black Republicans running for statewide office. In Pennsylvania, the GOP's gubernatorial nominee, retired Pittsburgh Steeler Lynn Swann, already faced the near-impossible task of unseating the incumbent Democrat, Ed Rendell.

But in Ohio and Maryland, a more favorable climate toward Republicans could have been a boon to Ken Blackwell, nominee for governor in the Buckeye State, and Lt. Gov. Michael Steele, the only viable Republican in the Maryland Senate race. Both of those men are considered underdogs in their general election races.

Mr. Blackwell, in particular, suffers from GOP scandals in his state. "State party scandals - that's the biggest enemy of Ken Blackwell," says Raynard Jackson, a black Republican activist.

In Massachusetts, Deval Patrick is one of three Democrats in the primary for governor. While he brings a major-league résumé - Harvard-educated, top Justice Department appointee, executive at Coca-Cola - this is his first foray into politics, and he is in a tight race.

Still, Mr. Patrick is representative of a new breed of black politician: Ivy League educated, at home in corridors of power.

Of the six African-Americans running for upper-tier office, only former Rep. Kweisi Mfume of Maryland - a Democratic contender for Senate - brings to his contest an inner-city street image reminiscent of the old-style civil rights struggle. But he, too, faces an uphill battle for his party's nomination, amid allegations of sexual impropriety during his tenure as head of the NAACP. If his main primary opponent, Rep. Ben Cardin, wins the nomination, polls show him beating Mr. Steele. Maryland, after all, is a Democratic state. If Mr. Mfume wins, the race tightens up, as some of the white vote shifts to Steele.

Ultimately, all six of the African-Americans running for Senate and state house could end up losing. When a white and a black with comparable qualifications go head to head, "then racial stereotypes come into play," says Ron Walters, director of the African American Leadership Institute at the University of Maryland, College Park. "People ask, 'Can he govern? Can I trust him to represent me?' Blacks have to go the extra mile to prove their fidelity and their competence."

Voters remain more comfortable with representatives who "look like them," Professor Walters says. But, he adds, it's better for black politicians to run and lose than not to try in the first place.

For black Republicans, the frustration is especially palpable. Despite efforts to reach out to black voters, the national GOP recruited an alternative candidate who happened to be white to run against a well-funded black pastor in the Michigan Senate primary. The white candidate won.

As TV Campaign Spending Soars, Cable Outlets Attract More Dollars (WSJ)

By Amy Schatz

The Wall Street Journal, August 28, 2006

As campaign season kicks into high gear, television-advertising spending is on track to possibly break the 2002 record. But unlike previous mid-term election years, candidates are devoting more money than ever to cable TV in an effort to target voters more precisely.

Though most political ad dollars traditionally are spent after Labor Day, tight primaries and early spending on House, Senate and gubernatorial races have pushed local TV-ad spending above $311 million as of mid-August, up 45% from the same point in 2004 and more than three times as much as in 2002, according to Campaign Media Analysis Group, a division of TNS Media Intelligence, which tracks political ad spending. All political ad buys by mid-year, including issue ads, ballot initiatives and other issues, have pushed spending above $700 million nationally, the firm says.

About 85% of that spending still is expected to go to local broadcast television stations, but cable operators say they're tracking well ahead of expectations and look forward to a particularly lucrative mid-term election this time, thanks to a growing acceptance of cable by political ad buyers and a desire of candidates to better target their messages.

The heavy spending in part reflects the view of both parties that the stakes are high this year. Control of Congress is in play, with Democrats hoping to pick up the House and at least a few Senate seats. Incumbents in both parties are fighting uneasiness, as reflected in many polls, that the country is heading in the wrong direction. There also are competitive gubernatorial races in big states with expensive media markets, including California, Michigan and Florida.

Meanwhile, candidates are unusually flush with cash, thanks to aggressive fund-raising efforts. By the end of July, the Republican National Committee had raised a total of $176 million this election cycle, compared to the Democrats' $95 million, according to PoliticalMoneyLine, which tracks political contributions. But Democrats are closer than usual to matching Republican fund-raising totals this year, and the Democratic Senatorial Campaign Committee has even surpassed its rival by $12 million, with $77 million total raised. Special-interest groups are also expected to spend heavily in certain races this fall.

When it comes to cable spending, industry executives credit President Bush's embrace of national cable ads in his 2004 re-election campaign for the burgeoning interest of other candidates now.

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"With cable and radio, you can more precisely target a segment than broadcast television. The audience is more fragmented in cable and radio. You can pick out the fragments you want," says Will Feltus, senior vice president for research and planning at National Media, a Washington firm that bought ads for President Bush's 2004 campaign.

National Cable Communications, a spot cable-ad firm jointly owned by Comcast Corp., Cox Communications and Time Warner Cable, estimates about $200 million will be spent on local and national cable spots this cycle.

Cable stations carried ads in practically every major statewide primary across the country this year, says Chuck Cowdrey, vice president of political strategy for the firm. "We never participated in primaries before," Mr. Cowdrey says. "I think we would have eventually gotten there, but it would have moved more slowly. (The Bush campaign ad buys) had that kind of impact."

As of last week, "we're tracking 70% ahead of where we were in 2004," says Ed Dunbar, vice president of corporate integration at Comcast's Spotlight national advertising-sales division. "The television audience is not as monolithic on the broadcast side as it once was and there's recognition of that."

The Bush team originally turned to cable largely for practical reasons: Its demographic data showed Republicans tend to watch more cable programming, while Democrats tend to watch more broadcast television. Spending about $20 million for national spots on networks including Outdoor Life Network and the Golf Channel allowed the Bush campaign to capture the attention of its base, even in states where it wasn't otherwise spending much money, like Hawaii and Texas.

Consequently, some statewide candidates, such as California Gov. Arnold Schwarzenegger, have been on the air for months -- on both broadcast TV and cable -- with ads aimed at redefining the race and getting a head start on the competition. Not coincidentally, Mr. Schwarzenegger's team includes several of the main architects behind Mr. Bush's re-election campaign, including ad guru Alex Castellanos, pollster and strategist Matthew Dowd and campaign manager Steve Schmidt, who did rapid response for Mr. Bush's campaign.

The governor spent more than $16 million during the first half of the year and more than $7 million of that total was spent on television ads, campaign finance records show. Democrat Phil Angelides has spent $21 million on television ads during the first half of the year, but much of that effort was spent in a nasty gubernatorial primary battle, which he won by just 4% in June.

The growing interest isn't based on more viewers watching cable at the expense of broadcast TV, but the ability of campaigns to better target demographic groups, says Mr. Dowd. "You figure out who your voters are in California and what they watch and what they listen to...You can get someone who watches certain sports, or A&E or Lifetime," he says. "It's a better way to be more efficient with each dollar spent. We're going to spend more on cable than anyone in California has ever spent before."

Pennsylvania Republican Sen. Rick Santorum also has been spending liberally on cable ads statewide to boost his support in his race against Democrat Bob Casey, Jr. Of late, Mr. Santorum appears to have made some inroads; Mr. Casey still continues to lead in various polls, but the margins have narrowed.

It's not just cable; broadcasters, too, are projecting robust political ad sales this fall to Wall Street. "We expect our local stations to have a great fall because of some extra heavy political spending," says Leslie Moonves, CBS Corp.'s chief executive officer.

In June, Media General Inc., owner of 25 daily newspapers, including the Tampa Tribune, and 30 broadcast stations, said its broadcast division expects to see $36 million in political advertising revenue this year, 12% more than 2002. Gannett Co. executives told investors it expects "very significant" broadcast advertising this fall driven by local stations in Florida, Colorado and California.

"You're going to have some potential inventory problems in some local markets," says Evan Tracey, chief operating officer of Campaign Media Analysis Group, the political ad tracking firm based in Arlington, Va. "In Ohio, those markets are going to be jam-packed with ads." He adds that some campaigns already are going negative. "The rhetoric is already very strong for this early in the election," he says. "Everyone is playing for keeps."

For instance, in Indiana's second congressional district, which has been targeted by Democrats as a potential pick-up, incumbent Republican Chris Chocola and his Democratic opponent Joe Donnelly have been jousting in a series of TV ads over late tax payments. In early August, Mr. Chocola released an ad accusing his opponent of paying his property taxes late 15 times. "Joe Donnelly wants to raise our taxes," it said. "Even worse, he's delinquent paying his own."

A few days later, Mr. Donnelly's campaign fired back with a TV ad suggesting Mr. Chocola also was guilty of late tax payment when he was chief executive of an agricultural company. The Democrat later said records showed the congressman also had once paid a late property tax bill -- of $66.26.

This Fall, New Push Against Big Tobacco (CSM)

By Ron Scherer
The Christian Science Monitor, August 28, 2006
NEW YORK

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Smoking is back in the cross hairs.

This fall, voters in a record eight states will be voting on tobacco-control initiatives that range from sharply higher taxes to smoking bans in most workplaces.

Earlier this month, a federal judge ruled that the tobacco industry had conspired to mislead the American public about the health effects of smoking. She also ruled that one remedy is to end use of the terms "light" and "low tar."

And the industry may face yet more counteradvertising: New York Mayor Michael Bloomberg recently said he was donating $125 million for global antitobacco efforts.

The results of the state initiatives in particular will be a gauge of political will, antismoking groups believe. If the initiatives pass, they say, members of Congress will take notice and perhaps consider national regulation of tobacco. And as more states protect the rights of non-smokers, they point out, pressure mounts on more lenient states.

"By 2008 or 2009, we may have made every state smoke-free in restaurants and the workplace," says Paul Billings, vice president for national policy at the American Lung Association in Washington. "As people visit places like New York, California, Delaware, or Maine and have a smoke-free experience, they come to expect it in their own state."

As part of the tobacco-control efforts, states have been steadily raising per-pack taxes. The current average state cigarette tax, including Washington, D.C., is 93.7 cents per pack, up from 91.6 cents this January and up from 72 cents a pack in January 2004.

One of the latest such efforts is in California, where a coalition of health groups met last year to begin a citizen process to raise the state's cigarette taxes, which had not been hiked since the late 1990s. Using a recommended level suggested by the federal Centers for Disease Control and Prevention, the groups settled on a hike of $2.60 a pack, which would make California cigarette taxes among the highest in the nation.

"We said, what is the amount that actually has an impact?" says Kris Deutschman, communications director for Proposition 86, the name of the ballot initiative. According to the American Lung Association in California, 200 underage kids begin to smoke in the state a day, and there are currently 200,000 underage smokers. "We think between the size of the increase and the use of the funds, it will prevent 700,000 kids in California from starting to smoke," says Ms. Deutschman.

But those opposed to the new tax, a combination of tobacco interests and business groups, have already been hitting the airwaves. John Singleton, a spokesman for R.J. Reynolds Tobacco in Winston-Salem, N.C., says raising taxes would "create all kinds of problems for retailers." It would "exacerbate" the smuggling problem, he says, and perhaps give extra money to those raising money for terrorism.

Terrorism and smuggling are "red herrings," replies Paul Knepprath, a vice president at the American Lung Association of California in Sacramento. "We already have the infrastructure to combat smuggling, and 70 percent of people buy their cigarettes at the most expensive place - the convenience store."

Reynolds, which has said it will spend $40 million fighting the ballot initiatives, is bankrolling opposition to proposed smoking restrictions in Arizona and Ohio. The company's strategy includes a competing proposal that sounds like health measures but allows smoking in bars and other places. "One of the few places we can interact with adults who smoke is in bars and nightclubs where typically the owner can set the smoking policy," says Mr. Singleton.

But the health sponsors of Arizona's proposed ban on smoking respond that there "clear differences" between the two plans. If Reynolds's sponsored proposal were voted in, it would potentially allow smoking at 3,000 restaurants that have bars. In addition, the Reynolds proposal does not provide enforcement.

"Their proposal just protects the pocketbook of Big Tobacco," says Troy Corder, communications director for Smoke-Free Arizona.

Antitobacco activists had hoped to get an infusion of money as a result of the government's racketeering lawsuit against the tobacco companies. But Judge Gladys Kessler did not fine them massive amounts of money because an appeals court had already limited the potential penalty.

However, Judge Kessler did prohibit the companies from marketing cigarettes by using terms such as "low tar" as of Jan. 1, 2007. According to the Federal Trade Commission, in 2003 these brands represented 85 percent of all cigarettes sold in the US. However, antismoking groups expect the tobacco companies to adapt.

"The European Union and Brazil banned the use of light and low-tar cigarettes, but during the transition, the industry color-coded the products," says Matthew Myers, president of the Campaign for Tobacco-Free Kids in Washington. "By the time the ban went into effect, smokers didn't need the labels."

However, antismoking forces can expect an influx of fresh money sometime in the future once Mayor Bloomberg decides how to distribute his funds to combat global tobacco use. "It could be the start of one of the most important public-health campaigns in history," says Mr. Myers. "It could speed up the process of reducing tobacco use in developing nations and those with the highest smoking rates."

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The Safer Cigarette Delusion (NYT)

The New York Times, August 28, 2006

The decades-long campaign by the tobacco industry to dupe smokers into thinking that “low tar,” “light” and “ultra light” cigarettes are a safe haven has been astonishingly effective. Some 85 percent of all smokers today use the supposedly safer cigarettes. What most of them don’t realize is that these cigarettes are every bit as risky as the full-flavor versions that they have largely replaced.

The reason is a phenomenon known as compensation. Most smokers are hooked on nicotine and crave a certain daily dose. If a light cigarette gives them too small a dose in each puff, they will make up the difference, often unconsciously, by taking more puffs, inhaling more deeply, covering cigarette ventilation holes or simply smoking more cigarettes. More than 95 percent of all smokers compensate, with many replacing every bit of tar and nicotine they thought they were avoiding.

The tobacco industry has known about this phenomenon since at least the late 1960’s, as revealed by internal company documents cited in a recent decision by a federal judge in the District of Columbia. But it is distressing to learn how easily the companies fooled public health experts and federal regulators. The Federal Trade Commission adopted a method to test cigarettes on a smoking machine that would measure the amount of tar and nicotine, and a 1981 Surgeon General’s report even suggested that smokers unable to quit would be well advised to switch to cigarettes that scored better on the test. Unfortunately, a cigarette could look a lot safer when smoked by the machine than when smoked by nicotine-addicted humans.

No wonder there has been no decline in the risk of lung cancer or other smoking-related diseases even though smokers have moved in droves to supposedly safer cigarettes. Smokers of light or low-tar cigarettes need to realize that the industry is not so much concerned about their health as it is worried, in the words of an internal document, that their penchant to quit smoking entirely could pose “a special problem for the cigarette industry.”

Alaska's Gray Davis? (LAT)

The Los Angeles Times, August 28, 2006

POLITICAL FORECASTERS LOOKING for cutting-edge national trends shouldn't read too much into Alaska Gov. Frank H. Murkowski's decisive defeat in that state's Republican primary last week. The message voters delivered was as timeless as it was bipartisan. He made them mad, so they dumped him.

Murkowski had easily won reelection three times to the U.S. Senate. But once he left that job for the governorship, he angered constituents by naming his daughter to fill out his unexpired fourth Senate term. Politics is increasingly treated as a family business nationwide, but this was an especially outrageous dynastic power grab. Alaskans didn't hold that decision against the younger Murkowski, electing her to a full term in 2004. But that same year, they did register their objections with her father, mandating by initiative that future vacated seats be filled by special election, not gubernatorial appointment.

Nepotism was not the only manifestation of Murkowski's imperial manner. The $2.7 million he spent on an executive jet (while cutting benefits to seniors) managed to offend even the residents of a state with more pilots per capita than any other. And although most Alaskans pine for a natural gas pipeline to replace dwindling oil-field revenues, they weren't happy with the deal Murkowski offered oil companies to build the thing, or the secrecy under which he conducted the negotiations.

For his arrogance, Murkowski got fewer votes than either of his two Republican challengers, both of whom had been on the short list to fill the Senate seat that went to his daughter. (Their campaigns featured dueling dog-musher endorsements, but that's another story.)

If only it were a national trend for politicians to get so deserving a comeuppance.

Then again, if only it were an Alaskan trend to reject arrogance in Washington as well as at home. Murkowski's reelection to the Senate was all but guaranteed as long as he and the rest of the state's long-serving congressional delegation delivered more pork per capita than any other state, including boondoggles such as Sen. Ted Stevens' recent multimillion-dollar "bridge to nowhere."

Murkowski was the same person in Alaska that he'd been in Washington; he was just using state money to buy the pork. By electing him governor in the first place, Alaskans got their comeuppance too.

Shopping For Support Down The Wrong Aisle (WP)

By Sebastian Mallaby

The Washington Post, August 28, 2006

Once upon a time, smart Democrats defended globalization, open trade and the companies that thrive within this system. They were wary of tethering themselves to an anti-trade labor movement that represents a dwindling fraction of the electorate. They understood the danger in bashing corporations: Voters don't hate corporations, because many of them work for one.

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Then dot-bombs and Enron punctured corporate America's prestige, and Democrats bolted. Rather than hammer legitimately on real instances of corporate malfeasance -- accounting scandals, out-of-control executive compensation and the like -- Democrats swallowed the whole anti-corporate playbook.

To see the difference between then and now, just look at the Clintons. In the late 1980s and early 1990s, Hillary Clinton sat on Wal-Mart's board; and when Sam Walton died in 1992, Bill Clinton lauded him as "a wonderful family man and one of the greatest citizens in the history of the state of Arkansas." Campaigning in the New Hampshire primary that year, Bill Clinton came proudly to the rescue of a local company called American Brush Co. by helping it become a Wal-Mart supplier.

Times change. Last year Hillary Clinton returned a campaign contribution from Wal-Mart, even though she had no compunction in banking a check from Jerry Springer. The nation's most successful retailer, which has seized the opportunities created by globalization to boost the buying power of ordinary Americans, is now seen as too toxic to touch. But a trash-talking TV host is acceptable.

Clinton is not alone in this. The stiff-necked Joe Lieberman, who holds fast to his principles on the Iraq war, recently abandoned his centrist economic credentials by appearing at an anti-Wal-Mart rally. No matter that Lieberman once served as chairman of the business-friendly Democratic Leadership Council. Now he proclaims his determination "to wake up Wal-Mart and say, 'Treat your workers fairly.' "

After Lieberman, a senator from Connecticut, stepped down as chairman of the DLC, he was succeeded by Sen. Evan Bayh of Indiana. Well, Bayh recently showed up at an anti-Wal-Mart rally, too, as has Iowa Gov. Tom Vilsack, who is the current DLC chairman. The Wake Up Wal-Mart campaign bus, which is trundling across the country on a 35-day tour, ensnares prominent Democrats in almost every state it passes through. Harry Reid, the Democrats' Senate leader, appeared at an anti-Wal-Mart event on Saturday, and Sen. Joe Biden and Gov. Bill Richardson popped up at earlier stops. When the campaign bus reaches Washington state on Labor Day, both Washington's Democratic senators are expected to greet it.

How can supposedly centrist Democrats defend this betrayal of their principles? Some claim that their beliefs are consistent, but that the company has changed: The Wal-Mart of the early 1990s mainly bought American, whereas today's irresponsible monster buys cheap stuff from China. But this argument merely illustrates how far Democrats have come. Since when did the party's centrists believe that trading with China is evil? It was the Clinton administration that brought China into the World Trade Organization.

Other Democrats reaffirm their centrist credentials while calling upon Wal-Mart to pay workers more. "We are not here today because we are anti-business," Bayh asserted in Iowa recently as he demonstrated against Wal-Mart -- a contention that the retailer's shareholders, who have spent millions defending their brand against Wake-Up Wal-Mart, may have a hard time swallowing. But the idea that Wal-Mart pays below-market wages is false. Otherwise nobody would work there.

Hillary Clinton and Sen. John Kerry have attacked Wal-Mart for offering health coverage to too few workers. But Kerry's former economic adviser, Jason Furman of New York University, concluded in a paper last year that Wal-Mart's health benefits are about as generous as those of comparable employers. Moreover, Clinton and Kerry know perfectly well that market pressures limit the health coverage that companies can provide. After all, both senators have proposed expansions in government health provision precisely on the premise that the private sector can't pay for all of it.

The truth is that none of these Democrats can resist dumb economic populism. Even though we are not in a recession, and even though the presidential primaries are more than a year away, the DLC crowd is pandering shamelessly to the left of the party -- perhaps in the knowledge that the grocery workers union, which launched the anti-Wal-Mart campaign, is strong in the key state of Iowa.

For a party that needs the votes of Wal-Mart's customers, this is a questionable strategy. But there is more than politics at stake. According to a paper for the National Bureau of Economic Research by Jerry Hausman and Ephraim Leibtag, neither of whom received funding from Wal-Mart, big-box stores led by Wal-Mart reduce families' food bills by one-fourth. Because Wal-Mart's price-cutting also has a big impact on the non-food stuff it peddles, it saves U.S. consumers upward of $200 billion a year, making it a larger booster of family welfare than the federal government's $33 billion food-stamp program.

How can centrist Democrats respond to that? By beating up Wal-Mart and forcing it to focus on public relations rather than opening new stores, Democrats are harming the poor Americans they claim to speak for.

Schwarzenegger Gives Up (WSJ)

By Shikha Dalmia

The Wall Street Journal, August 28, 2006

Arnold Schwarzenegger is following the wrong script. After taking over as governor in 2003, he was expected to vanquish business-as-usual politicians in Sacramento -- and pull California from the brink of fiscal ruin. Instead, he has decided to put his

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own political future ahead of the economic survival of his beloved Golden State. How else to interpret his recent move to join ranks with his opponents in Sacramento to put a pork-heavy $37 billion bond infrastructure proposal on the November ballot?

Mr. Schwarzenegger's move officially marks the end of his grand plans to reform Sacramento, earning him kudos from many California Democrats. Sen. Don Perata, the most influential Democrat in the state legislature, and Senate Assembly Speaker Fabian Nunez have praised Mr. Schwarzenegger's leadership and pledged to campaign with him this fall to promote the initiative. Making joint appearances with prominent Democrats while he is campaigning for re-election will help cement Mr. Schwarzenegger's image as a political moderate, something he has been trying hard to cultivate in this bluest of blue states since last year. That's when the state's public unions accused him of right-wing partisanship, and defeated the bold reform initiatives he put on the ballot to curtail their influence on state government and politics.

The real issue, however, is what this bond measure will do to California. Few doubt the need for California to invest in its crumbling infrastructure. But this is an infrastructure bond in name only. The four big-ticket items in the bond -- which is two times bigger than the biggest bond in the state's history -- are $2.6 billion for housing, $10.4 billion for K-12 schools and universities, $3.1 billion for levee repairs and $19.2 billion for transportation.

The housing bond is simply welfare masquerading as a capital project. A bulk of its money won't fund general infrastructure -- an acceptable use of general-obligation bonds like these -- but such things as cheap multifamily dwellings for low-income families, and down-payment assistance for first-time home buyers.

The education bond is equally misguided, given that 40% of the state's $94 billion general-fund revenues are already constitutionally earmarked for education. Moreover, California voters approved a total of $25 billion for school-construction bonds in 2002 and 2004 to reduce overcrowding. If there is still not enough money for new schools, it is not because of lack of state spending, but abject waste by individual districts. If anything, this handout will encourage more waste by undercutting districts' need to explore the kind of public-private partnership responsible for Inderkum High School in Sacramento being completed a month early and $2.5 million under budget. In this case, a private developer built the school and district authorities used their public dollars to lease the facility from him.

In contrast to schools, California has genuinely underinvested in its levees and transportation. Yet it is unclear that general-obligation bonds that mortgage the wallets of all future taxpayers are the best remedy. To the extent that levee repair, for instance, would benefit mostly those living in the flood plains, at least part of the cost ought to be recovered through special assessments on them.

California has also been routinely raiding the transportation dollars it raises from gas taxes for other general fund needs -- a fact obvious to anyone who has ever battled traffic on the San Diego Freeway. Yet only about half of this bond's revenues are slated for actual road building. Instead, $4 billion is going to mass transit even though mass transit's share of commuters, never large, has dropped by 9% since 2000.

Even after the proposed $19 billion transportation bond and the $384 billion in planned transportation spending by the state's biggest three regions (Los Angeles, the Bay Area and San Diego), California's traffic congestion will actually be worse in 2030 than it is today because the state is choosing pork and pet transit projects instead of prioritizing and adding much-needed highway capacity.

There are better ways of generating steady revenues to fund transportation and other needed infrastructure that don't involve giving Sacramento's politicians a ready excuse to dip into the pockets of future taxpayers. Among them, notes Donna Arduin, Mr. Schwarzenegger's former finance director, are things like privately built toll roads and congestion pricing. "These were things that were recommended to him back when he first took office," she says.

It is disheartening that the governor -- who claims to have been inspired to enter political life by the small-government ideas of Milton Friedman and Adam Smith -- has ignored these measures, especially now when government spending in California is touching the stratosphere. Indeed, despite the fact that California's economy has rebounded after the dot-com bust, pouring $7 billion more than expected into the state's coffers this year, the state's 2006-07 budget still shows a deficit of $7 billion. California has the dubious distinction of being one of only eight states showing deficits instead of surpluses right now.

"That would not have been the case had the state simply held its spending increases to the expected gains in revenues," laments Tom McClintock, a Republican state senator who is running for lieutenant governor this year and who has refused to endorse any of the bond measures except for the one pertaining to levees. "This would have covered inflation, population increases and then some."

The deficit is not all Mr. Schwarzenegger's fault, of course. He deserves much credit for killing Gray Davis's notorious car tax and reforming California's job-killing worker compensation laws, both of which have paved the way for California's economic recovery and generated revenues for the state.

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But the bond proposal suggests that Mr. Schwarzenegger has given up on even trying to put California's fiscal house in order -- his core promise when he took office. Instead, he has flipped the script, deciding to buy off special-interest groups by throwing even more money at their pet causes.

Ms. Dalmia is a senior analyst at Reason Foundation.

Rumsfeld Sees Some Progress In Missile Plan (NYT)

By David S. Cloud

The New York Times, August 28, 2006

FORT GREELY, Alaska, Aug. 27 — Secretary of Defense Donald H. Rumsfeld said here Sunday that while the fledgling United States ballistic missile defense system was becoming more capable, he wanted to see a successful full-scale test before declaring it able to shoot down a ballistic missile.

"I have a lot of confidence in these folks, and I have a lot of confidence in the work that's been done," Mr. Rumsfeld said after touring one of the system's two interceptor sites. But he added that he wanted to see a test "where we actually put all the pieces together; that just hasn't happened."

Mr. Rumsfeld's assessment was more cautious than that of the Missile Defense Agency director, Lt. Gen. Henry A. Obering III of the Air Force. General Obering said recently that he was confident the system could have shot down a ballistic missile test-fired July 4 by North Korea, if it had been a live attack aimed at the United States. The two-stage rocket broke up shortly after launching and fell into the Sea of Japan.

The Bush administration has taken the unusual step of deploying the system, which is designed to shoot down a limited number of missiles, before testing is completed and before all the radars and sensors necessary to track incoming missiles are in place. Mr. Rumsfeld repeated Sunday that the system was aimed at protecting against attacks from North Korea and Iran, which he called "rogue states that are intent on developing long-range ballistic missiles."

The first flight test of the American system in more than a year, involving the firing of an interceptor at a target, is planned for this week, but it is not the sort of full-blown trial Mr. Rumsfeld meant.

The goal this week is to see if sensors in the so-called kill vehicle can recognize an incoming warhead, not to actually hit it, General Obering said. A test in which the kill vehicle is supposed to hit the target warhead is planned for later this year, he said.

But General Obering said that this week's test was "about as realistic as you can get" because it employed a target that in its size and speed was representative of missiles that might be fired at the United States.

In the last two flight tests, the system halted the firing sequence before the interceptor missile left its silo. General Obering said those setbacks were due to "minor glitches" in software and workmanship by contractors that had "nothing to do with the functionality of the system."

Even so, after the second failed test in February 2005, the system was taken down until December.

On his tour of Fort Greely, a remote base 100 miles from Fairbanks, Mr. Rumsfeld climbed down a ladder into an underground silo containing one of the 10 54-foot-long interceptor missiles already deployed. Another of the three-stage missiles is scheduled to be put in the ground on Monday, officials said, and as many as 40 are supposed to be installed by next year. The other interceptor site is at Vandenberg Air Force Base in California, where two interceptors are in silos.

Once the sensors detect an incoming missile and the interceptor is launched, it flies 18,635 miles an hour until the kill vehicle separates from its missile and, if it works correctly, flies into the incoming one, destroying it.

The Bush administration is also looking at locations for an interceptor site in Europe that would protect the United States and parts of Europe from missiles launched from the Middle East. The administration is seeking $126 million this year to build the site and the interceptors, which could be in place in four years if Congress provides the money, General Obering said.

Later in the day, Mr. Rumsfeld met in Fairbanks with Sergei Ivanov, the defense minister of Russia, which has long been wary of the American antimissile system, fearing it could be expanded into a more robust shield that would threaten the strategic balance between the United States and Russia.

Mr. Ivanov did not directly criticize the American system, but he called for "transparency" by the Bush administration, a term meant to convey Russia's concern about any modifications to the system that could take its capabilities beyond stopping a small number of missiles.

Rumsfeld Wants More Missile-shield Testing (USAT/AP)

By Robert Burns

USA Today, August 28, 2006

FORT GREELY, Alaska — Defense Secretary Donald Rumsfeld on Sunday sounded a note of caution about expectations that interceptors poised in underground silos here would work in the event of a missile attack by North Korea.

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Rumsfeld climbed down a steel ladder into one of 10 silos here that house single 54-foot-long missile interceptors. If ordered by the president, one or more of the rockets would blast into the sky and race at more than 18,000 mph to launch a small "kill vehicle" at an enemy warhead as it soared through space.

An 11th interceptor is to be installed at Greely today.

Rumsfeld said he would not be fully convinced that the missile shield was ready until the multibillion-dollar defense system has undergone more complete and realistic testing.

"I want to see it happen," Rumsfeld said, "A full end-to-end" demonstration is needed "where we actually put all the pieces" of the highly complex and far-flung missile-defense system together and see whether it would succeed in destroying a warhead in flight.

"That just hasn't happened," he said, adding that some elements of the missile-defense system are yet to come on line, including some of the radars and other sensors used to track the target missile.

Rumsfeld said that North Korea's leaders show by their test-launch of multiple missiles on July 4 a determination to "continue to improve their capability and to threaten and attempt to blackmail other people."

Rumsfeld declined to say when he thought the missile-defense system would reach the point of full reliability but stressed that his advisers, including Lt. Gen. Henry Obering, the Pentagon's missile-defense chief, have told him they believe it will work as designed.

"I have a lot of confidence in these folks, and I have a lot of confidence in the work that's been done," Rumsfeld said.

Brig. Gen. Patrick O'Reilly, program director for the ground-based interceptor system, told Rumsfeld that on Thursday an interceptor based at a launch site at Vandenberg Air Force Base, Calif., is to be tested against a target missile launched into the Pacific Ocean from Alaska's Kodiak Island.

That will be the first full test of the latest version of the interceptor and its kill vehicle, a device attached to the nose of the interceptor. Once it separates from the interceptor's three-stage booster, the kill vehicle is designed to use its own propulsion system and optical sensors to lock onto its target and, by ramming into it at high speed, obliterate the warhead and any payload.

Obering said the main objective of Thursday's test will be to see if the optical sensors on the kill vehicle aboard the interceptor work as designed.

Rumsfeld Unsure Of Ability To Intercept Korean Missiles (WP)

The Washington Post, August 28, 2006

FORT GREELY, Alaska, Aug. 27 -- After his first look inside the nerve center of the U.S. missile defense system, Defense Secretary Donald H. Rumsfeld on Sunday sounded a note of caution about expectations that interceptors poised in 10 underground silos here would work in the event of a missile attack by North Korea.

Asked at a news conference whether he believed the missile shield was ready for use against a North Korean missile like the one test-fired unsuccessfully on July 4, Rumsfeld said he would not be fully convinced until the multibillion-dollar defense system has undergone more complete and realistic testing.

"A full end-to-end" demonstration is needed, Rumsfeld said, "where we actually put all the pieces" of the highly complex and far-flung missile defense system together and see whether it would succeed in destroying a warhead in flight.

Rumsfeld also said North Korea does not pose a military threat to South Korea, calling Pyongyang more of a danger as a distributor of weapons to other countries and perhaps terrorists.

"I think the real threat that North Korea poses in the immediate future is more one of proliferation than a danger to South Korea," he said.

Rumsfeld said it is clear that the overall condition of the North Korean military has deteriorated.

Later Sunday, Rumsfeld met with his Russian counterpart, Sergei Ivanov. They discussed the Middle East and Afghanistan, as well as Russian concerns about an announced U.S. plan to remove nuclear warheads from some Trident long-range missiles aboard submarines and replace them with conventional warheads for potential use on short notice against terrorist targets.

U.S. Set For Biggest Missile Defense Test In 18 Months (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, August 28, 2006

At stake is the ability of an interceptor to spot -- not necessarily to hit -- its target.

FT. GREELY, Alaska — The U.S. military will test its missile defense system Thursday, the fullest demonstration since a pair of tests grounded the program 18 months ago.

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Military officials are seeking to lower expectations. Although a target missile will be fired from Kodiak Island, Alaska, and an interceptor rocket topped with a "kill vehicle" will launch from California's Vandenberg Air Force Base, military and industry officials say the goal isn't to actually shoot down the missile.

"We are not going to try to hit the target," said Scott Fancher, head of Boeing Co.'s ground-based missile defense program. "It is not a primary or secondary test objective to hit the target."

After a tour of the missile interceptor silos here Sunday, Defense Secretary Donald H. Rumsfeld said that although he wanted to see a "full end-to-end test," he was patient. He rejected suggestions that the system should try to hit the target this time.

"Why not proceed in an orderly way with the kind of the test expert people [want to do]?" Rumsfeld told reporters. "They do not have to do it to demonstrate to you."

Air Force Lt. Gen. Henry "Trey" Obering III, director of the Missile Defense Agency, said it was "possible" the kill vehicle would take out the missile even though that was not a goal. But the military, he said, is focused on making sure a redesigned kill vehicle is able to spot the target missile, distinguish between its booster stage and warhead, and communicate with the control centers on the ground.

"This is about as good as it gets in terms of a system test," Obering said.

The general has said several times that he believes the missile defense system can shoot down a long-range North Korean missile aimed at the United States.

"We can protect L.A. — we can protect the entire United States from both California and Alaska — from a North Korea threat," he said Saturday.

The military is not going to try to knock out a target missile until December, a test that Obering called the "final stage."

"It will be the same scenario: target out of Alaska, interceptor out of California," the general said. But "the objective will be to intercept the target."

Critics have long raised doubts about the $43-billion system.

Although the interceptors have hit dummy missiles in five out of 10 tests, some outside experts have said the conditions were too controlled and the targets not realistic enough.

Obering rejected any suggestion that the previous tests were rigged. Thursday's test, he said, will use a target missile similar in size and speed to the single-warhead weapon that the military believes North Korea could fire.

"We believe it is very close," Obering said of the target missile. "As much as we know, we believe it is very representative."

The missile defense system was declared operational in 2004, meeting a goal that President Bush had set two years before. Military officials said then that testing and improvement of the system would continue.

After botched tests in December 2004 and February 2005, Obering ordered a halt to the program in order to examine and fix the problems that prevented successful launches and flights of the interceptors.

The testing resumed, in incremental steps, in December. In the first test, an interceptor was launched against a target dropped from an airplane. And in February, the military tested the ability of the ground-based radar in Beale, Calif., near Sacramento, to pick up and track targets.

Thursday's test is more important because it will involve all the main components of the defense system.

The military operates two interceptor sites. One site is at Vandenberg, which will be used for Thursday's test. The Alaska site at Ft. Greely will hold 11 missiles when the latest is placed in the ground today.

During his visit here, Rumsfeld examined the missile waiting to be installed, saw a mock-up of the kill vehicle and climbed into one of the silos.

The military is hoping to install another set of interceptors either in Poland or in the Czech Republic.

Obering said that if Congress appropriated the initial funding for the project this year — about $56 million for the site and $70 million for the interceptors — the interceptors could be operational by 2010.

At a meeting Sunday in Fairbanks, Alaska, with Russian Defense Minister Sergei B. Ivanov, Rumsfeld outlined the Pentagon's plans for the new interceptor site. At a news conference afterward, Ivanov called on the United States to be "transparent" in moving forward and hinted that an interceptor site might not be needed.

"We should proceed from reality," Ivanov said, speaking through a translator.

"How many countries can possess substantial ballistic missiles?"

The two men also discussed American plans to retrofit some nuclear intercontinental ballistic missiles with conventional warheads. During the news conference, Rumsfeld said he thought the Russian military should also retrofit some of its missiles.

"We think it would be a good thing five, 10 years from now if both of our countries had that additional weapon available," Rumsfeld said.

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"We do not know how the world will evolve. But we do know that there are terrorist networks in the world, and they are already using missiles."

Ivanov said his government had concerns over the plan. But, he allowed, "we will keep in touch."

Lost In Space (WSJ)

By Henry F. Cooper And Robert L. Pfaltzgraff Jr.

The Wall Street Journal, August 28, 2006

Consider the implications of North Korea's July 4 missile tests. While the Taepondong-2 failed, Pyongyang has already demonstrated (in 1998) that it can launch long-range rockets. Meanwhile, the six short- and medium-range missiles it successfully tested can be sold to other rogue states and terrorists -- who could launch them at us from ships off our coasts.

When North Korea launched its missiles in July, what President Bush has properly termed our "modest" missile-defense system was activated -- but it included no protection against this short-range threat to the three-quarters of all Americans living within 200 miles of our coasts. Indeed, if a nuclear warhead on just one missile, launched from a ship off our coast, was detonated at an altitude of 100 kilometers, the electromagnetic pulse would have devastating consequences for critical infrastructures such as telecommunications, finance, fuel/energy, transportation, food and water supply, energy resources and space systems. * * *

The blunt truth is that, since withdrawing from the ABM Treaty in 2002, the U.S. has not done enough to protect the nation from the threat of missiles. The Pentagon is improving ground-based interceptor systems, but it is not fully exploiting other interceptor-basing modes. Sea-based defenses, for example, remain focused on defending our overseas troops, allies and friends against short- and medium-range ballistic missiles -- without using their inherent potential also to shoot down ballistic missiles aimed at the U.S. homeland.

Nevertheless, our continuing vulnerability to missile attack is the result of easily reversible past choices. Japan and the U.S., for example, are jointly developing sea-based missile defenses against short- and medium-range missiles; three U.S. ships equipped to shoot down these missiles will be operating in or near the Sea of Japan later this year. With a $25 million software improvement, these same ships can shoot down North Korean intercontinental-range missiles early in their ascent phase -- long before ground-based interceptors in Alaska or California. And if ships operating near our coasts are similarly equipped, they could shoot down short- and medium-range missiles launched by terrorists from ships off our coasts.

We have already made an $80 billion investment in over 80 Aegis ships now at sea around the world that have the ability to shoot down cruise missiles. A minimal additional investment can enable them to shoot down ballistic missiles: Outfitting a single ship costs $100 million ($20 million for support systems and $80 million for eight interceptors). There is no better investment in near-term missile-defense capability.

As the administration has acknowledged, current missile defenses represent only a "starting point" for building improved capabilities. But rather than just marginally improving systems that evolved from the ABM Treaty era, missile-defense designers should start from the basics.

The authors participated in an Independent Working Group that for the last five years considered these issues in depth. Our full report, "Missile Defense, the Space Relationship and the 21st Century," is available at www.ifpa.org/pdf/IWGreport.pdf1. Here, we emphasize several points:

· Missile-defense systems should protect us against more than just small rogue states. We should make it virtually impossible for any adversary -- rogue states, non-state actors and larger strategic competitors -- to influence U.S. decisions, or the course of regional conflicts, by threatening to launch missiles with nuclear weapons against the U.S., its deployed forces or its allies.

Since we cannot be certain where or when a missile will be launched against us, we need a continuously ready, global, multilayered system to provide multiple shots at attacking missiles and their warheads in all their phases of flight -- boost, midcourse and terminal. Such defenses make an attack more expensive, and therefore less attractive for enemies to buy the technologies to overcome them. The ABM Treaty era showed that it is the absence of defenses, rather than their presence, that encourages the development of offensive technologies.

· Ground-based defenses can protect specific territory; sea-based defenses can more flexibly defend larger areas for less money. Neither provides global protection. Only space-based systems can provide a truly global defense. The U.S. needs a streamlined development program to build space-based interceptors for boost-, midcourse- and terminal-phase interdiction -- and to begin deployment of these interceptors by 2010.

Political factors have dictated technical behavior, subordinating the development of the most technically sound and cost-effective defenses. The problem transcends administrations and political parties; it reflects the unprecedented political opposition that has been mounted against effective missile defenses over the past five decades. The most technologically feasible global

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defense -- space-based -- has not been politically acceptable, because of concerns about the "weaponization of space." This is a dubious argument that ignores history, and the current efforts of other states to weaponize space. But the result is to leave us with a ground-based defense that is politically the most acceptable but technologically the least effective.

Because of Ronald Reagan's interest in research on all ballistic missile-defense concepts, his Strategic Defense Initiative (SDI) explored all possible concepts and pursued major technology initiatives, in order to underwrite those most effective. By the end of his administration, it was clear that a space-based interceptor system, "Brilliant Pebbles," could meet even the strict so-called Nitze criteria (survivability under direct attack and cost-effectiveness at the margin as compared to investments in attacking missiles).

This interceptor system consisted of a constellation of very lightweight satellites (each about the size of a watermelon) that would continuously monitor the Earth below and detect any missile launch within its field of view. The satellite with the best intercept opportunity would release a Brilliant Pebble (weighing a few pounds) that maneuvers into the path of the oncoming missile or its payload and destroys it by impact. All key technologies were proven by the mid-1990s; today's technology is more advanced and could intercept even short-range Scuds in their boost phase.

Brilliant Pebbles was approved in 1990; the Pentagon's independent costing agency estimated acquisition and 20-year operations costs at $11 billion in 1990 dollars, or about $16 billion in inflation-adjusted dollars. It would have been far more capable than all other missile-defense concepts pursued since then -- at many times that cost -- but political considerations killed Brilliant Pebbles in 1993. Even the supporting technology programs were cancelled and the technologists dispersed -- so those most important products from the $30-billion SDI investment were lost. * * *

Today the U.S. should make deployment of a multilayered missile defense, including space-based systems, an urgent priority. We should complete the ground-based sites in Alaska and California -- but build no additional ground-based sites. Limited resources are better spent to meet emerging threats by building the more cost-effective (sea- and space-based) missile components.

Great advances in technology have resulted when visionary and persistent leaders, supported by competent scientists and engineers and set apart from the normal acquisition bureaucracy, are given the necessary resources to prove new ideas can and will work. This recipe should again be employed to revive cutting-edge technologies demonstrated over a decade ago -- and to build the defenses we need in the 21st century.

Mr. Cooper, former director of the SDI and chief U.S. negotiator to the Geneva Space and Defense Talks, is chairman of High Frontier, a missile defense advocacy group. Mr. Pfaltzgraff is president of the Institute for Foreign Policy Analysis and Shelby Cullom Davis Professor of International Security Studies at the Fletcher School at Tufts University.

Iran Tests Submarine-to-surface Missile (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, August 28, 2006

Iran tested a new anti-ship missile fired by a submarine during war games Sunday, raising worries it could disrupt vital oil tanker traffic in the Gulf amid its standoff with the West over its suspect nuclear activities.

Iranian President Mahmoud Ahmadinejad took a tough tone over the nuclear issue, saying his country's decision to pursue nuclear technology was irreversible.

His comments and the missile test came only days before a Thursday deadline imposed by the United Nations for Tehran to suspend the enrichment of uranium, a process the United States says the Iranians intend to use to build nuclear weapons. Enrichment can produce both reactor fuel and material for a warhead.

The Thaqeb, Farsi for Saturn is Iran's first missile that is fired from underwater and flies above the surface to hit its target, distinguishing it from a torpedo. A brief video showed the missile exiting the water and hitting a target less than a mile away.

While the missile showed some technological advances by Iran, its main importance seemed to be that it gives the country another means for targeting ships, along with the arsenal of torpedoes and other anti-ship missiles it already has.

Iran, which says its nuclear program is only aimed at generating electricity, has refused any immediate suspension and called the deadline illegal, though it says it is open to negotiations.

Ahmadinejad insisted Iran's nuclear program was peaceful and said he saw no reason to give it up.

"The great decision of the Iranian nation for progress and acquiring technology is a definite decision. There is no way back from this path," he said in a speech on national television after giving awards to 14 nuclear officials and scientists.

He said the United States should give up nuclear technology because it could not be trusted with it, having developed and used nuclear weapons.

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Israel recently purchased two German-made Dolphin submarines capable of carrying nuclear warheads — clearly aiming to send a message to Tehran that it could strike back. The purchase beefs up Israel's deterrent power, since the subs can remain submerged for longer periods of time than the three nuclear arms-capable submarines already in Israel's fleet.

Israel is believed to have hundreds of warheads, the only nuclear arsenal in the Middle East, but it has kept the information secret and refuses to confirm or deny the reports.

The test-firing of the new missile underlines a card Iran can play in the nuclear standoff with the West — the ability to disrupt oil tanker shipments in the Gulf, through which about two-fifths of the world's oil supplies pass.

Iran has given mixed signals over how it would retaliate if the confrontation with the United States escalates. The oil minister and other government officials have said Iran would never attack Gulf tankers — but the interior minister warned in March that all options for retaliation are open and noted Iran's strategic position over Gulf traffic.

The test took place during large-scale military exercises that Iran has been holding since Aug. 19. It was the latest in a series of new naval weapons Iran has unveiled this year to tout what it calls its new technological prowess in arms production.

The Iranian naval commander, Gen. Sajjad Kouchaki, said the Thaqeb could be fired from any vessel, not just submarines. He called it a "long-range" missile but did not specify how far it could fly, and it did not appear capable of carrying a nuclear warhead.

He also said the Thaqeb could escape enemy radar — a claim Iran made about a number of weapons it unveiled during military maneuvers in April. Some outside experts have questioned whether the weapons, tested against Iranian radar, would really be undetectable to more advanced U.S. radar.

During the April maneuvers, Iran test-fired a new torpedo — the "Hoot," Farsi for "whale" — which is capable of moving at some 223 mph, up to four times faster than a normal torpedo. It also unveiled a new land-to-sea missile, the Kowsar, and a high-speed missile boat that skims above the water and is undetectable by radar.

Iran is known to have several submarines. It bought at least two diesel subs from Russia in the 1990s and has produced an unknown number of locally made ones. Last year, it announced it was building a new class of sub called the Ghadir, which it said was a stealth craft and could fire missiles and torpedoes. Nothing more is known about the craft.

Iran says the weaponry is intended to defend itself against the possibility of a U.S. attack. It has also expressed worry about Israeli threats to destroy its nuclear facilities.

Iran already is equipped with the Shahab-3 missile, which means "shooting star" in Farsi, and is capable of carrying a nuclear warhead. An upgraded version of the ballistic missile has a range of more than 1,200 miles and can reach Israel and U.S. forces in the Middle East.

Iran Test-fires New Anti-ship Missile As U.N. Deadline Nears (USAT/AP)

USA Today, August 28, 2006

TEHRAN — Iran tested a new submarine-fired anti-ship missile during war games Sunday, days before a U.N.-imposed deadline for Tehran to suspend the enrichment of uranium.

Iran's president, Mahmoud Ahmadinejad, took a tough tone over the nuclear issue, saying that his country's decision to pursue nuclear technology was irreversible.

His comments and the missile test came five days before a Thursday deadline imposed by the United Nations for Tehran to suspend the enrichment of uranium, a process the United States says the Iranians intend to use to build nuclear weapons. Enrichment can produce both reactor fuel and material for a warhead.

Ahmadinejad insisted Iran's nuclear program was peaceful and there was no reason to give it up.

He said it was the United States that should give up nuclear technology because it could not be trusted with it, because it developed and used nuclear weapons.

Amid worries over Iran's program, Israel recently purchased two German-made Dolphin submarines capable of carrying nuclear warheads — clearly aiming to send a message to Tehran that it can strike back. Israel has never admitted having nuclear weapons, but is widely assumed to possess the only nuclear arsenal in the Middle East.

The Dolphin purchase beefs up Israel's deterrent power, since the subs can remain submerged for longer periods of time than the three nuclear arms-capable submarines already in Israel's fleet.

Iran says it has no intention to build nuclear weapons, insisting its program aims only to generate electricity. But the test-firing of the new missile — called the Thaqeb, the Farsi word for Saturn — underlines a card Iran can play in the nuclear standoff with the West: the ability to disrupt oil shipments in the Persian Gulf, route for about 40% of the world's oil supplies.

During April maneuvers, Iran test-fired a new torpedo — the Hoot, Farsi for “whale” — capable of moving at 223 mph, up to four times faster than a standard torpedo. It also unveiled a new land-to-sea missile, the Kowsar, and a high-speed missile boat that skims above the water and is undetectable by radar.

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Tehran Test-fires Long-range Missile (WT/AP)

By Ali Akbar Dareini

The Washington Times, August 28, 2006

TEHRAN -- Iran test-fired a new submarine-to-surface missile during war games in the Persian Gulf yesterday, a show of military might amid a standoff with the West over its nuclear activities.

A brief video clip showed the long-range missile, called Thaqeb, or Saturn, exiting the water and hitting a target on the water's surface. The test came as part of large-scale military exercises that began Aug. 19.

"The army successfully test fired a top speed long-range sub-to-surface missile off the Persian Gulf," the navy commander, Gen. Sajjad Kouchaki, said on state-run television.

Iran routinely has held war games over the past two decades to improve its combat readiness and to test equipment including missiles, tanks and armored personnel carriers.

But yesterday's firing of the missile came as Iran remains defiant just five days before a deadline imposed by the U.N. Security Council for Tehran to suspend the enrichment of uranium, which can produce both reactor fuel and material usable in nuclear warheads.

Iran said last week it is open to negotiations but it refused any immediate suspension, calling the deadline illegal.

Tehran has expressed worry about Israeli threats to destroy its nuclear facilities, which the West contends could be used to make a bomb but which Iran insists are for the peaceful purpose of generating electricity.

The Islamic country also is concerned about the U.S. military presence in neighboring Iraq and Afghanistan.

In an advance for Iran's weapons industry, the Thaqeb is the country's first missile fired from underwater that flies above the surface to strike its target, adding to the country's repertoire of weapons that can hit ships in the Gulf.

Iran's current arsenal includes several types of torpedoes -- including the "Hoot," Farsi for "whale," which was tested for the first time in April and is capable of moving at some 223 mph, up to four times faster than a normal torpedo.

Gen. Kouchaki said the Thaqeb could be fired from any vessel and could escape enemy radar. He said it was built based on domestic know-how, although outside specialists say much of the country's missile technology originated from other countries such as Russia and China.

He did not give the weapon's range. It did not appear capable of carrying a nuclear warhead.

During the April war games, Iran also tested a new land-to-sea missile, the Kowsar, with remote control and searching systems that cannot be scrambled, as well as a high-speed missile boat that is undetectable by radar.

Iran Vows To Continue Making Nuclear Fuel (FT)

By Gareth Smyth

Financial Times, August 28, 2006

The day after president Mahmoud Ahmadi-Nejad opened a heavy-water nuclear plant, Iran said on Sunday it would continue making nuclear fuel, but it remained open to negotiations over its controversial atomic programme.

Tehran's double-edged diplomacy seems set to continue beyond Thursday's deadline from the United Nations security council to suspend uranium enrichment, the most sensitive of its nuclear activities.

"Producing nuclear fuel is our strategic aim," Ali Larijani, Tehran's top security official, said yesterday. "Any measure to deprive Iran of its right will not change our mind."

But on state television, Mr Larijani also said the passing of the UN deadline would not mean "the end of diplomacy".

Asked about Russia and China, members of the UN Security Council sceptical of the US drive for sanctions against Iran, Mr Larijani said: "If there are other countries that can fall into step with us in their diplomacy, we will use them. In situations where they don't, we will continue on our own."

Mr Ahmadi-Nejad on Saturday inaugurated a new heavy-water facility near Arak, 180km south of Tehran, to produce fuel for an adjacent heavy-water nuclear reactor due to open by 2009.

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The president stressed Iran's programme was peaceful. "We are not a threat to anyone – even the Zionist regime [Israel], which is a definite enemy for the people of the region," he said.

Heavy water, which occurs naturally in minute quantities but has also been manufactured since the 1930s, has medical uses and allows a reactor to run on uranium with no need for enrichment, but the spent fuel is a potential source for plutonium that can be used in weapons.

With the UN deadline approaching, Iranian television has been giving fulsome coverage to military manoeuvres in the Gulf, including the testing of missiles and torpedoes.

Admiral Habib Sayyari said the exercises sent "a message of peace and friendship to the Middle East, especially Iran's neighbouring countries".

¦Italian Foreign Minister Massimo D'Alema was on Sunday quoted as saying Italy should be included in any future talks with Iran over the nuclear issue. His comments came just days after Italy committed up to 3,000 troops to the UN peacekeeping mission to southern Lebanon.

Nuclear Program A Source Of Pride For Iranians (USAT)

By David J. Lynch

USA Today, August 28, 2006

TEHRAN, Iran — Four young salesmen met last week at a Tehran coffeehouse, only to find that city officials had inexplicably ordered the shop not to serve coffee that day. Things are seldom simple in Iran.

The four settled for sodas. Their talk turned to Iran's tense standoff with the United Nations, which has given the country until Thursday to halt its nuclear program or face economic and political sanctions.

"Of course, we are worried about it," said Morad Daneshvar, 26, a jewelry salesman. "Although in the end, I don't think our politicians are that stupid."

Iran has repeatedly defied the United States and the West on uranium enrichment. Saturday, hard-line Iranian President Mahmoud Ahmadinejad opened a heavy-water production plant that could be used to make nuclear weapons, a provocative gesture five days before the U.N. deadline.

Fathoming Iran's worldview is critical to understanding the roots of the crisis. Conversations with policy experts and ordinary Iranians alike suggest an Islamic republic that is simultaneously insecure about its standing in the world and emboldened by the drift of recent events.

Both impulses were evident in its response last week to a package of incentives by the United States, Russia, China, Britain, France and Germany: Iran expressed its desire for serious talks with the West but would not halt enrichment as a precondition. Iran's nuclear research program, underway in secret from 1988 until it was exposed by an opposition group in 2002, has become a source of national pride for many Iranians.

"Having nuclear technology is our legal right," said Ali Maghsoodi, 36, a jobless architect looking for work at a day-laborer site in Tehran's Vanak Square.

Ahmadinejad has cast the program as essential to national development. Inaugurating the new heavy-water plant, he insisted Iran is not pursuing weapons and is not "a threat to anybody, even the Zionist (Israeli) regime, which is a definite enemy for the people of the region."

By continuing nuclear development, he said, Iran might have to face sanctions by the United States and the West. "But will they be able to prevent the thoughts of a nation? Will they be able to prevent the progress and technology to a nation? They have to accept the reality of a powerful, peace-loving and developed Iran."

Despite U.S. attempts to isolate it, Iran possesses considerable leverage because it:

·Trains and equips Shiite militias in neighboring Iraq, a senior Pentagon official said last week. Brig. Gen. Michael Barbero, deputy director of operations for the Joint Chiefs of Staff, said the Iranian government is trying to destabilize Iraq.

·Sits atop 10% of the world's petroleum reserves at a time when oil prices are over $70 a barrel.

·Provides inspiration, arms and funds to Hezbollah, the Lebanese Shiite militant group that rained rockets on Israel and clashed with Israeli troops for 34 days in July and August.

"Iran is a player in this region and nobody can ignore it. … They can't dismiss Iran," says Mahmood Vaezi of the Center for Strategic Research, a government agency that advises top Iranian policymakers.

He and other Iranian officials argue that their country is the key to political stability in the Middle East. Like the coffeehouse without coffee, Iran poses a contradiction: Its leaders demand international — especially American — respect. At the same time, they pursue a policy of nuclear self-reliance that renders such recognition impossible — at least from a U.S. government that distrusts Iran and believes it capable of attacking its neighbors.

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“An Iran in possession of nuclear weapons is unthinkable for all who value security and peace,” Nicholas Burns, undersecretary for political affairs at the State Department, said last fall.

The Bush administration regards the cleric-led Iranian government as illegitimate and undemocratic. White House policy has been to isolate Tehran and use diplomacy and the threat of sanctions to end Iranian nuclear ambitions. The administration has condemned Iran's support of Hezbollah and called Tehran “the world's most active state sponsor of terrorism.” Washington has encouraged pro-democracy groups — inside and outside Iran — to challenge the regime.

The United States broke off diplomatic relations with Iran in 1980 after militants seized the U.S. Embassy in Tehran and held 52 Americans hostage. U.S. policymakers have to decode Iran's conduct without the benefit of diplomatic exchanges and personal relationships.

Iran “is the only country in the world today with which the United States has no sustained direct contact,” Burns said last year, noting the presence of U.S. diplomats in Cuba, Syria and Libya, and ongoing talks with North Korea.

“The main issue between the United States and Iran is a lack of trust. If this persists — even if we solve the nuclear issue — there'll be another issue. The only way to address the (nuclear) issue is to address the lack of trust between the two sides,” says Mohammad Adeli, who was Iran's ambassador to London until last year.

The 26-year estrangement between Tehran and Washington has only deepened since Ahmadinejad became president in August 2005.

His government is populated by veterans of Iran's 1980-1988 war with Iraq. In that conflict, the United States — fearing the spread of Iran's Islamic revolution — provided satellite intelligence to Iraqi leader Saddam Hussein and ignored his use of chemical weapons against Iranian troops.

Today, Supreme Leader Ayatollah Ali Khamenei and a handful of other top Shiite clerics control most of the power in Iran. They set foreign policy, vet candidates for parliament, quash reformist laws and sanction state action against dissidents, according to the State Department.

Ahmadinejad is subordinate to Khamenei and is supposed to take a back seat on foreign policy matters. Instead, he has staked out extreme positions — such as that Israel must be “wiped off the map” — that have boxed Iran in and given it little room to maneuver.

Many educated Iranians say they recognize their president is a controversial and polarizing figure in the West. But they say his statements questioning the Holocaust and threatening to destroy Israel are no more outrageous or fanciful than President Bush's talk of a “new Middle East” modeled in a democratic Iraq.

“Ahmadinejad and Bush — they have the same personality. You have the American version, and we have the Persian version,” said Mehrdad Salali, 26, as his coffeehouse friends nodded.

Others say it's clear Ahmadinejad's explosive rhetoric has damaged Iran's image.

“I follow the Internet a lot, and they judge the Iranian people by our government. … Our government has made some mistakes and said some bad things,” said Mohamed Reza Farzadi, 22, a network administrator interviewed outside the city of Shiraz.

Still, the Iranian president has supporters who admire his tough approach to foreign powers, his simple lifestyle and his devotion to the poor. The anti-Israel rhetoric that sounds extreme and anti-Semitic to Western ears reflects Muslim frustration with Israel's treatment of the Palestinians, they say.

Ahmadinejad “stands face to face with the Westerners and says, ‘We are not going to step back.' … He has good support in Iran, and people really respect him,” says Behrooz Norouzi, 36, a theology instructor in the city of Isfahan.

Ahmadinejad also has shown a deft political touch. He was elected on a platform of using Iranian oil wealth to benefit the poor. Since taking office, he has visited 154 cities, many in remote provinces long neglected by top officials. He has shelled out funds for new marriage allowances for young couples, debt relief for farmers and low-cost loans for small businessmen.

“He's clearly tapped into a reservoir of support among the lower classes who at least feel that he's listening to them,” says Kenneth Katzman, an expert on Iran at the Congressional Research Service in Washington.

Until recently, Ahmadinejad's hard-line ideology had little impact upon Iranians' daily existence. The tight social strictures imposed in the early days of Iran's Islamic revolution, when morals police roamed the streets chastising women for insufficiently modest clothing, have long since eased. Iranians, especially in cities, take for granted the ability to hear Western music, read foreign news on the Internet and dress with a little flair.

In recent weeks, though, officials began confiscating home satellite dishes, which Iranians use to watch the British Broadcasting Corp. and Western entertainment. The sudden enforcement of this long-ignored regulation has been coupled with a heavy hand on the media and intellectuals.

Some hope for the best. Government officials “are clever enough to understand they can't go back and reverse the process because there is strong public opinion against this,” says Saeed Kazemi, 25, another coffeehouse customer.

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With global oil prices near record highs, Iran has doubled public spending from four years ago. Generous subsidies have helped dull public discontent by keeping staples cheap. A tasty three-person lunch of lamb kabobs, grilled tomatoes, fresh herbs, yogurt and drinks can be had for less than $7; a 70-minute flight from Tehran to Shiraz is $26; gasoline costs less than 40 cents a gallon.

Iran took in $45 billion in oil revenue last year, the Council on Foreign Relations in New York says. Subsidies are critical to the regime's ability to retain support at home: 90% of Iranians get income from the state, the council says.

Some here oppose Iran's decision to use part of its oil windfall to support Hezbollah in Lebanon and Islamic militants in the Palestinian territories. “They are giving money to Lebanon and Palestine. They don't invest anything in factories in the countryside,” said Araf Torkashvand, 22, who traveled to Tehran from his home province of Lorestan seeking work.

The Bush administration has indicated it wants to move swiftly to bring the sanctions issue to the U.N. Security Council once Thursday's deadline has passed. Russia and China have signaled they might use their votes to veto sanctions.

“I know of no instances in world practice and previous experience in which sanctions have achieved their aim and proved effective,” Russian Defense Minister Sergei Ivanov said Friday. “Russia stands for further political and diplomatic efforts to settle the issue.”

Sanctions are likely to do little to hurt the regime and could cement the hard-liners' grip on power. Government opponents say U.S.-led efforts to punish Tehran would discredit pro-Western voices inside Iran and put them on the defensive in the face of an inevitable patriotic, popular response.

Pressure from the United States and other countries feeds Iranian nationalism, bolstering Ahmadinejad and others in the hard-line Islamic government, says Davoud Bavand, an international law professor at Alameh University in Tehran.

“They see that their power resides in the existence of crisis and the presence of the enemy lurking in our bush,” Bavand says. “They're very much interested in the continuation of this crisis.”

An Ex-Official Offers Glimpse Of Iranian Views Of U.S. (NYT)

By Michael Slackman

The New York Times, August 28, 2006

TEHRAN, Aug. 27 — A former high-ranking Iranian official wants Americans to see his cracked thumbnails. They were torn out, he said, after Washington’s friend, Shah Mohammed Reza Pahlavi, put him in prison in the 1970’s.

His point is instantly clear: look at what happened when we had close ties to the United States.

“I was a medical student,” said the man, Ali Muhammad Besharati, a former interior minister and deputy foreign minister. “But they put me in prison because I opposed American dominance in Iran.”

In the continuing conflict over Iran’s nuclear program, there are disputes over enrichment of uranium, discussions of heavy water reactors, and accusations over the government’s intentions. But to listen to Dr. Besharati is to hear the fight described as Tehran’s frontline effort to block American influence in the region and to never again allow Washington to have an upper hand in Iran.

That attitude is obvious among Iran’s current leaders, who see this not just as a battle over nuclear weapons but a fight for survival against a far more powerful enemy that has lumped them into an “axis of evil” and allocated millions of dollars to oust the government, political analysts and Western diplomats here said.

Dr. Besharati, too, echoed the idea that giving in on the nuclear front would not solve Iran’s problems with Washington, only aggravate them.

“I would like you to write this down,” he said, speaking through an interpreter. “If we backed down on the nuclear issue, the U.S. would have found fault with our medical doctors researching stem cells.”

He smiled, sat back and let his point settle. “What they would like to see us do is plant corn, make tomato paste and bottle mineral water,” he added. “They do not want to see us get high-tech.”

His comments, during a 90-minute interview in his office, seem to reflect both a calculated political posture and a sincere hostility, and fear, toward Washington.

Dr. Besharati, 57, works from an office in the Strategic Studies Center, a tower in the leafy northern section of Tehran that serves as an influential research organization for many of Iran’s policy makers. He is not a member of the inner circle of power now, though he has a personal relationship with Iran’s supreme leader, Ayatollah Ali Khamenei, and as interior minister he appointed the current president, Mahmoud Ahmadinejad, as a governor.

But his thinking reflects the spirit of a leadership that has given no indication that it is willing to halt enrichment or slow its nuclear march. In the imprecise language of Iran’s political divisions, Mr. Besharati would be considered a moderate-conservative.

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Asked whether Iran is afraid that greater economic, political and social integration with the West might dilute the country's Islamic identity, he turned the question around. "Can the West be more flexible and accept us as we are?" he asked.

He was born in Jahrem, near Shiraz, and as a young man was an Islamic political advocate. The shah imprisoned him for five years, and it was the feared Savak secret police that tore out his fingernails, he said.

After the revolution, he won important positions in government. He served in Parliament, for a decade as the No. 2 official in the Foreign Ministry, and as interior minister from 1993 to 1997. He was in charge of the election process the years that Mohammad Khatami, the change-minded cleric, surprised the conservative leadership and won a landslide victory as president.

In many ways he is the model of an Iranian official, both in his bearing and in his stated positions. He wears sharp Western-style suits and a scruffy beard.

He travels with an armed guard and speaks the language of what might be called peaceful defiance: blaming the White House for American-Iranian problems while insisting Tehran wants nothing more than to live in peaceful harmony with the world. He does not answer when asked why for nearly two decades Iran kept its nuclear program a secret, in violation of the Nuclear Nonproliferation Treaty.

"Let me tell you a story," he said, adjusting the ring on his right hand. "In one of the story books, Iranians have a fairy tale. A hawk is talking to a chicken in the farmyard. The hawk says to the chicken, 'You are not very loyal. They feed you, but when they want to catch you, you run away.' "

He paused for effect. "The chicken said, 'If you saw what was going on in the kitchen and the frying pan, you would not just hop from branch to branch, but fly away.' "

He smiled, rose from his chair and pulled three hardcover books off a shelf. He said they were memoirs of relatives of the former shah. "The shah of Iran never drank water without the permission of America," he said he read in one of the books.

He opened one book, whose text was marked up, with important passages circled. "What was the result of all our confidence in the U.S.?" he asked forcefully. "Our agriculture was demolished. Our educational system was destroyed."

True or not, balanced or biased, he was rolling, passionate and animated as he stated his understanding of Iran's history and its relationship with the United States. He grabbed another book and said, paraphrasing, "All the interrogators in the secret police were trained in the United States and Israel." Pause. "Five of my fingernails were peeled out in interrogation."

Dr. Besharati recounted every modern American slight against Iran, from the shooting down of the Iranian airliner that killed more than 200 civilians, to officials of the Reagan administration calling for pulling the theocracy out by the roots. All this, he seemed to be saying, was why Iran would not give in to America's demands on something as consequential as the nuclear program.

"Although our economic system may not be strong," he said, "our minds and our memories are."

U.S. Plans For Sanctions On Iran (WT)

By Bill Gertz

The Washington Times, August 28, 2006

The Bush administration plans to move rapidly to organize and impose international economic sanctions on Iran, but not until after a Thursday U.N. deadline passes, according to Bush administration officials.

A senior official who has reviewed Iran's 21-page response said there is still hope Iran will agree before then to stop enriching uranium, although there are no indications Tehran is ready to do so. The Iranian response, sent privately last week to several nations, contains numerous references to how Iran is moving forward with its plans for uranium enrichment.

"Clearly, it falls short of meeting the condition that was set," the senior official said. "That condition was full suspension of enrichment activity."

International economic sanctions likely will be imposed after passage of a United Nations Security Council Chapter 7 resolution, and sanctions will be applied in stages.

The initial sanctions are expected to target Iran's weapons of mass destruction and missile programs and will be designed to make it more difficult for officials of the regime of President Mahmoud Ahmadinejad to travel abroad and conduct business abroad.

A coalition of nations in Europe and Asia also is being organized to impose sanctions on Iran should the U.N. Security Council fail to take action after Thursday. Tougher sanctions will be imposed later if Iran continues to reject controls on its nuclear program and halt uranium enrichment.

The goal of sanctions will be to persuade Iran's government to suspend its enrichment activities, not to punish the Iranian people, the senior official said,.

Meanwhile, the officials said the State Department, White House and Pentagon are at odds over whether to give Iran another chance to halt enrichment activities.

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Nicholas Burns, the undersecretary of state for political affairs, is working to persuade Secretary of State Condoleezza Rice to agree to a plan by the governments of Britain, France and Germany to send Javier Solana, the European Union foreign policy chief, back to Tehran for talks before the Thursday deadline.

The Europeans are arguing that if Iran is willing to discuss suspension of enrichment, then the three European governments will not pursue immediate sanctions. The planned concession is opposed by officials at the Pentagon and the office of Vice President Dick Cheney, who oppose making any further concessions to the Iranians because of Tehran's continued defiance.

The Iranian response was made after Europeans, the United States and China offered Iran a package of incentives, including trade offers and regional security arrangements, to give up uranium enrichment outside International Atomic Energy Agency (IAEA) controls. Russia and China, either of which could veto any Security Council moves against Iran, oppose sanctions.

The administration is encouraged by support from the governments of France, Germany and Britain for sanctions, although it is not clear whether tough action will be taken to punish Iran this week or next, the senior official said.

The U.S. intelligence community estimates that the enrichment activities will give Iran, under the guise of a civilian electricity-generating program, the ability to produce nuclear weapons within four years.

"Their nuclear program is continuing," a second official said. "They have set the goal of having 3,000 centrifuges in place by end of year, or early next year. They are having some technical difficulties, but they have also shown themselves to be very capable in terms of their own science and technology and in terms of solving problems."

...

"Iran will continue its uranium enrichment," he said. "We want to produce our own nuclear fuel. We will never stop it."

U.S. officials said the Iranian response to the United Nations has been to say that any preconditions on Iran are unfair and something they cannot accept.

"Two decades of denial, deception and concealment [on the nuclear program] has made a pretty convincing case for IAEA and others that they are pursuing nuclear weapons," the senior official said.

Much of Iran's secret nuclear arms program is located at an underground facility at Natanz, where IAEA inspectors were denied access last week. The facility is the site of a planned centrifuge cascade -- a large number of machines that spin uranium gas into small quantities of enriched uranium.

Meanwhile, a senior Iranian nuclear official stated in an interview published in Iran yesterday that a nuclear research facility in Natanz and the uranium conversion plant at Isfahan are operating uninterrupted.

Mohammad Saidi, deputy director of the Atomic Energy Agency of Iran, told the Tehran newspaper E'temad-e Melli that Tehran's response last week was "comprehensive and conducive to the resumption of talks for creating an ultimate agreement."

Iran's Hard Line Begins At Home (TIME)

By Azadeh Moaveni

Time, September 4, 2006

When Behnaz Mohsenian, 29, started English lessons at Tehran's Najdad Institute this spring, the 15 men and women in her class studied grammar sitting in mixed circles. Last month the language school split the group by gender, with men and women meeting on different days. Now plans are under way to move the women's classes to a separate building, to eliminate altogether the possibility of illicit mingling. "It feels," says Mohsenian, "as if we're all incapable of behaving like normal people and need to be regulated at all times."

When President Mahmoud Ahmadinejad took office last summer, everyone nervously watched to see whether Islamic dogma would shape domestic policy. To much delight, nothing changed: Western films were sold everywhere, women wore skimpy veils, and couples held hands in the street. But the long, libertine honeymoon is over. The hard line now seems to begin at home for the Ahmadinejad regime (which last week inaugurated a new reactor project, defying a U.N. demand to end its uranium-enrichment work by Aug. 31, and gave only a tepid response to the West's offer of incentives). Over the past few months, various branches of the government have stealthily rolled back freedoms with moves like the reinstatement of gender segregation in public institutions. Because the Iranian system comprises ministries with overlapping mandates and security apparatuses that operate independently, it's hard to say whether this is a government-wide crackdown or whether some officials are just feeling emboldened by Ahmadinejad's conservatism. Nonetheless, the tone is being set on high--and the impact is being felt throughout society.

The new hypermorality isn't exactly a return to the days of the Ayatullah Khomeini. Today the tactics are subtler than in the past, when morality police were dispatched onto the streets of Tehran to harass youth. Instead, regular Iranians are being cowed into the role of enforcer.

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A month ago, I met a few girlfriends for coffee at a popular cafÃ©. One of my friends lit a cigarette and was informed by the embarrassed owner that smoking is now illegal for women in cafÃ©s. Such small but significant restrictions are a discouragement. Half the women I know don't go out for coffee anymore. So without a single police raid, the authorities have stifled Tehran's bustling cafÃ© scene.

The restrictions are multiplying daily, with dress codes imposed on women's-clothing retailers and limits on women performing music in public. Last week trucks laden with satellite dishes rolled through my Tehran neighborhood; police have been confiscating the illegal devices all around town.

It isn't clear how long these strict measures will last. So far, the government seems undaunted by the lack of public enthusiasm for its causes. For instance, on the eve of the Lebanon cease-fire, it celebrated Hizballah's non-defeat as if it were an Iranian victory. It cooked what was billed as the world's largest kebab--more than 21-ft. long. And Iranians were "asked" via the state-run media to go up to their rooftops at an appointed hour and shout "Allahu akbar" (God is great). The tradition, from the early days of the Islamic Revolution, used to draw people out en masse. The city reverberated with their cries. Last week, across most of Tehran, one heard only silence.

The War For Hearts And Minds (TIME)

By Nicholas Blanford And Scott MacLeod

Time, September 4, 2006

The new war in the Middle East is not being fought with bombs or bullets. Instead, it is being waged amid the rubble and wreckage of Lebanon's streets, and the prize is the support and gratitude of the hundreds of thousands of citizens attempting to piece together their shattered lives. At Mehdi High School in Beirut, now a temporary administrative center for refugees who lost homes in the war with Israel, Abdel Hussein Hodroj asks a bearded young official behind a desk for help. The young man doesn't work for the Lebanese government or a humanitarian group or a United Nations agency. He's a member of Hizballah, the militant Shi'ite Muslim group that fought Israeli forces to a draw during 34 days of conflict--and is emerging as the most powerful force in postwar Lebanon.

Hodroj, 72, describes how Israeli missiles turned his neighborhood in Beirut's southern suburbs into a Lebanese version of ground zero. The bearded man reaches into a lockbox and pulls out $12,000 in U.S. $100 bills. He presses the money into Hodroj's palm. It's meant to pay for a year's rent and furniture while Hizballah builds him a new home. Hodroj doesn't bother to count the inch-thick wad of cash, equal to more than twice the average Lebanese annual income. Score one for the militants. "We're with Hizballah all the way," Hodroj says, stuffing the cash into his pockets.

For Hizballah and its backers, of course, this isn't just about charity. The scramble to rebuild Lebanon's bombed-out landscape has become a central front in a wider contest for influence in the new Middle East. On one side are Hizballah's Shi'ite Muslim militants and their leader, Sheik Hassan Nasrallahwho boast of winning a "divine victory" over the Jewish state--and the group's patrons, Iran and Syria. On the other are the U.S. and its Arab allies, like Saudi Arabia, Jordan and Egypt, who have been blindsided by the surge in Hizballah's prestige across the Islamic world and are trying to bolster Lebanon's democratically elected but chronically beleaguered government. Judging from the activity on the ground in Lebanon, where Hizballah has already handed out grants--ranging from $10,000 to $12,000--to some 15,000 homeless families, it's clear who is gaining. "They pre-empted us," says a Lebanese official, who explains that his government is strapped for cash. "There's no doubt Hizballah is endearing itself further with its supporters."

The scale of Lebanon's destruction has provided opportunities as well as heartbreak. According to the Lebanese government, the war not only has killed 1,183 people, wounded 4,055 and displaced 974,184 but has also caused $3.6 billion in damage to residential buildings and civilian infrastructure like bridges, roads, power stations, telecommunications systems and airports. Hizballah has pledged to rebuild apartment buildings and entire villages within three years; it has sent civil-affairs teams wearing hats that read JIHAD FOR RECONSTRUCTION. The group's offensive is most evident in ruined towns like Srifa, south of the Litani River, where piles of rubble are all that mark where houses once stood. Broken guardrails, shattered glass and pulverized concrete make it difficult even to walk around. Thirty-two people, mostly Hizballah fighters, died in the town, but within a day of the cease-fire with Israel, the militants turned into recovery workers, bringing in bulldozers and earth-moving equipment to dig through the debris. Residents say Hizballah is the only group they trust to help. "It's our government," says Abdel-illah Haidar, 24, an electrician.

In addition to strengthening Hizballah, the race to rebuild Lebanon has exacerbated conflicts that are tearing the region apart--between the U.S. and the Arab street, between fundamentalists and the West, between Sunni and Shi'ite Muslims. Hizballah's principal sponsor, Iran, has moved quickly to take advantage of the respect the organization is now receiving. According to Lebanese officials, the Tehran regime sent some $150 million in cash for Hizballah's initial postwar handouts, and is expected to give hundreds of millions more to finance reconstruction projects. The consolidation of Hizballah's support in

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southern Lebanon may make it more difficult, meanwhile, for Lebanese and U.N. forces to oversee the disarming of the group's fighters. That's good news for Iran, which wants to preserve Hizballah's military capacity as a deterrent against any possible U.S. or Israeli attack on Tehran's nuclear facilities. Although Hizballah officials claim that most of their money comes from charitable donations, an official interviewed by TIME acknowledged the importance of Tehran's support. "Thank God that Iran exists in this world," he said.

That kind of talk is unnerving the region's Sunni Arab states, which have watched helplessly as Iran's Shi'ite rulers have accelerated their nuclear program and carved out areas of influence in Lebanon and Iraq. Not surprisingly, the Arabs are eager to be in the Lebanon game: between them, Saudi Arabia and Kuwait have pledged an $800 million aid package to the Lebanese government for rebuilding projects while handing an additional $1.5 billion in soft loans to the Bank of Lebanon to shore up the nation's currency. Saudi officials believe that the kingdom's support will far surpass the amount Iran provides Hizballah and will enable Lebanese Prime Minister Fouad Siniora to ride out the group's grab for influence. "You have to empower the Lebanese government so that it can reconstruct the country," says Nawaf Obaid, head of the Saudi National Security Assessment Project, which advises the Saudi government. "Iran and Hizballah will be the losers in the long run."

If the U.S. and its allies hope to see that prediction come true, they need to make some big moves. The war in Lebanon has driven Washington's influence to a new low. Even leaders of the country's 2005 Cedar Revolution protests, which at the time was hailed by the White House as a democratic milestone for the Middle East, are angry with the U.S. for not supporting an immediate cease-fire or using leverage with Israel to prevent the destruction in Lebanon. Washington didn't do itself any favors by initially pledging just $50 million for Lebanon's recovery; the Iranians have already spent up to three times that. The White House last week more than quadrupled the U.S. aid package for Lebanon to $230 million, including support for the Lebanese Army to strengthen the central government against Hizballah.

But the U.S. could still do more. Siniora wants Bush to pressure Israel to lift a continuing air and sea blockade. He also says the U.S.'s aid pledge won't be nearly enough to get Lebanon back on its feet. A Siniora aide points out that the government is nearly $3 billion short of what it would need just to get the country's infrastructure back to prewar levels. "I almost had tears in my eyes listening to Bush speak about how supportive he was of Lebanon," says Lebanese Economy and Trade Minister Sami Haddad, who accompanied Siniora to an Oval Office meeting four months ago. "But what the Bush Administration has been doing is not acceptable. People are very resentful."

The longer such feelings persist, the more Hizballah is likely to press its advantage. The danger for Hizballah is that when the level of destruction fully sinks in, Lebanese leaders and ordinary citizens may well hold the group accountable for triggering Israel's wrath. For the time being, however, even Hizballah's critics are mainly silent, no doubt in deference to the prowess that Hizballah guerrillas have shown against Israel's more powerful armed forces. In Beirut's southern suburbs, where the group's bulldozers have cleared massive piles of rubble from the streets, Hizballah has planted bright red banners declaring MADE IN USA at the sites of destroyed buildings. At Mehdi High School, Hizballah officials move around, carrying walkie-talkies. As they perform their functions with the discipline of Hizballah guerrillas, military music blares from the loudspeakers. "We put it on to keep up people's spirits," says a Hizballah official. And in the Middle East these days, that's the only tune they're hearing.

The End Of Invincibility (TIME)

By Tim McGirk

Time, September 4, 2006

Ehud Olmert has some new neighbors. In a rose garden across from the Israeli Prime Minister's Jerusalem office, a squad of angry army reservists and their families have pitched a cluster of igloo tents, and it looks as if they will be staying for a while. They've connected a refrigerator and a TV set to the electricity main, and, says an infantry reservist, they will camp out in Olmert's rose garden until "this loser, the Prime Minister, goes home."

In Israel nobody likes a loser. And however much Olmert's media advisers try to spin it, Israel's war in Lebanon was bungled: the Israelis failed to destroy Hizballah's leadership or even halt its barrage of rockets, and 159 Israelis died in the conflict. As a result, the presence of the reservists on Olmert's doorstep is more than an eyesore. Protests by army reservists--practically every Israeli home has one--tend to gather momentum. And this movement is being joined by families of soldiers killed in the brawl with Hizballah. All that has sent Olmert's political stock plummeting. At the start of the Lebanon campaign, he was seen as tough and decisive, a lanky Churchill puffing a cigar. Today 63% of Israelis want Olmert to resign, according to a poll reported last week in the Yedioth Ahronoth newspaper.

Israel is hardly the only country whose citizens blame their leaders for military failure. But this isn't just politics as usual. The war in Lebanon has induced a new sense of national vulnerability, heightening Israelis' anxiety about the dangerous neighborhood they live in. In the past, Israelis believed that their military was mighty enough to scare away Arab attackers. No longer. During the war, as many as a million Israelis were forced to flee the north or hide in bomb shelters from Hizballah's

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rockets. Not since Israel's war of independence in 1947 had so many civilians been put at risk. Says Galia Golan, a political science professor at the Interdisciplinary Center in Herzliya: "There's a loss of confidence in the ability of the Israel Defense Forces to deal a knockout punch to the enemy."

What's perhaps surprising is that so few of Olmert's detractors have criticized his decision to launch the war after Hizballah kidnapped two Israeli soldiers on July 12. Nor has the bloody draw with Hizballah occasioned any doubt over the long-standing doctrine that Israel must meet force from its enemies with an overwhelming force of its own. What riles Israelis is that Olmert and his generals didn't hit harder and with more deadly effect. Says Golan: "There's a sense that if the army had been allowed to pulverize Hizballah, we could've won."

Instead, Israelis are left with the uneasy feeling of unfinished business. A new poll by the Israeli Policy Center found that 73% of Israelis believe Olmert's foray into Lebanon increased the chances of another conflict. Sharon Reuven, one of the reservists camping out in front of the Prime Minister's office, believes that another war with Hizballah and its allies Syria and Iran is inevitable. "We want Olmert to resign immediately because tomorrow will be dangerous, and we'll need a strong leader to defend Israel," she says. But Israel's adversaries believe its leaders still haven't got the central point. The Lebanon war, says a Palestinian minister who prefers not to be identified, exposes "Israel's incapacity to absorb the fact that Arabs are no longer just donkey riders." He adds, "Arabs are changing, but Israelis aren't," meaning that Israel must recognize Arabs as equals and seek political solutions rather than military ones.

In fact, the Lebanon war will probably make Israel even less open to compromise. Olmert, according to his aides, confided to his Cabinet that he intends to shelve his promise to remove some Israeli settlers from the West Bank as part of a disengagement from the Palestinians. The reversal is a sign of a new reality: after the Lebanon fiasco, Olmert doesn't have enough popular support for any plan that would give back land without something in return. If Olmert decides to make a scapegoat of Defense Minister Amir Peretz, the Labor Party may leave the coalition government. To remain in power, Olmert would then have to bring a right-wing party into the government, but the right opposes any concession to the Palestinians. That's a dilemma for Olmert, who has promised the Bush Administration he would pull out some of the settlers.

Olmert may yet survive. Says Avi Dichter, Minister for Internal Security, who is sometimes mentioned as a replacement for Peretz: "Emotions are running high right now. In Israel we have one chief of staff and 1 million unofficial chiefs of staff. Everyone has an opinion." Once Israelis see that the United Nations peacekeeping force can halt the rocket fire from southern Lebanon, says Dichter, tempers will cool. In the rose garden, however, more reservists join the protests every day. They swear they won't leave until Olmert does.

Annan Will Travel Mideast To Bolster Lebanon Peace Plan (NYT)

By Warren Hoge

The New York Times, August 28, 2006

GENEVA, Aug. 27 — Secretary General Kofi Annan starts an 11-day tour of the Middle East on Monday to press for support of the Security Council resolution that ended the fighting between Israel and Hezbollah and set a path for securing Lebanon's independence. It is likely to be the last major diplomatic journey of his 10 years in office.

The trip will take Mr. Annan, whose second five-year term ends Dec. 31, to Lebanon, Israel, the West Bank and Gaza, Jordan, Syria, Iran, Saudi Arabia, Egypt, Turkey and Qatar, the Arab representative on the Security Council.

Mr. Annan has meetings scheduled with President Mahmoud Ahmadinejad of Iran and President Bashar al-Assad of Syria, each of whom is shunned by the United States because of his role in financing and equipping Hezbollah. While Mr. Annan has no plans to see the leaders of Hezbollah, he will attend a meeting Monday in Beirut of the Lebanese cabinet, which includes two ministers from Hezbollah.

Asked if the United States had raised any objections to those contacts, Ahmad Fawzi, a spokesman, said that Mr. Annan had spoken Sunday with Secretary of State Condoleezza Rice. "He hasn't told me of any objections," Mr. Fawzi said.

It is widely acknowledged that the Lebanese government and army will be unable to accomplish a major goal of the resolution, disarming Hezbollah, without the cooperation of Syria and Iran.

The United Nations, for security reasons, would not confirm the dates of Mr. Annan's arrival in each country, but the Iranian government has disclosed that he is due in Tehran on Sept. 2. That is two days after Iran must respond to a demand by the Security Council that it end uranium enrichment activities or face the possibility of sanctions.

Another contentious matter Mr. Annan will face in Lebanon is whether to station United Nations troops along the border with Syria to enforce the resolution's call for an embargo on illegal arms shipments. Mr. Assad has denounced the prospect, saying he will close the border entirely if foreign soldiers are posted there.

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Mr. Annan's position is that United Nations forces will go there if the government of Lebanon requests it. Asked if Mr. Annan would seek that outcome, Mr. Fawzi said, "The secretary general is going to be saying, tell me what you need and the U.N. will assist you in whatever way we can."

The resolution set up a buffer zone between the Israeli border and the Litani River, an area long controlled by Hezbollah, which a 15,000-man Lebanese Army force and an expanded United Nations peacekeeping force of similar size will be responsible for securing.

Mr. Annan came to Europe Friday to attend a European Union foreign ministers' meeting in Brussels that drew pledges of up to 6,900 troops for the expanded peacekeeping force. The United Nations is counting on commitments from nations outside of Europe, some of them Muslim, to provide the remaining peacekeepers.

"Above all, the secretary general is focused on establishing Lebanon's sovereignty and the ability of the government to exercise its authority throughout the country," Mr. Fawzi said. "That includes the lifting of the blockade of ports and assuring that southern Lebanon will not be used for renewed rocket attacks on Israel."

In Israel, he will have a working dinner with Prime Minister Ehud Olmert and plans to meet with the families of captured Israeli soldiers.

While in Lebanon, Mr. Annan will visit the headquarters of the United Nations peacekeeping force, at Naqura in southern Lebanon.

In Beirut, he will tour one of the districts badly damaged in Israeli air attacks and will visit the grave of Rafik Hariri, the former prime minister of Lebanon who struggled to free Lebanon of Syrian influence and was killed in a suicide car bomb attack in February 2005.

He has also scheduled a meeting with Serge Brammertz, the Belgian prosecutor leading the United Nations investigation of the killing, which has produced strong preliminary evidence of Syrian involvement.

Lebanon To Press UN For Withdrawal Help (FT)

By Roula Khalaf And Mark Turner

Financial Times, August 28, 2006

The Lebanese government will on Monday urge Kofi Annan, UN secretary-general, to press for a lifting of the Israeli air and sea blockade and appeal for international help to persuade Israel to withdraw from a disputed border area.

Mr Annan arrives in Beirut on the first leg of a high-stakes Middle East tour in which he will face a dizzying array of conflicting agendas and entrenched demands.

In a region of inter-connected conflicts, uniting all the parties with interests in Lebanon around a common goal will prove a struggle. His hope of also reinvigorating the broader Arab-Israeli peace process could prove one of the toughest challenges of his career.

The trip – which will take in Israel, leading Arab states and stops in Syria and Iran – comes ahead of Mr Annan's report to the Security Council on the implementation of the two-week-old UN ceasefire resolution that ended the fighting between Israel and Lebanon's Hizbollah guerrillas.

He and his staff are under no illusion as to how difficult the task is and officials in New York have been playing down expectations, forecasting no momentous breakthrough.

Mr Annan's task was made slightly easier by progress on the international force, with European governments on Friday pledging up to 7,000 troops for an expanded peacekeeping operation in southern Lebanon, which should allow for the withdrawal of Israeli troops.

But officials in Beirut said Israel's blockade of the airport and ports was reinforcing an atmosphere of instability and undercutting a government that had to negotiate every step of the ceasefire resolution with Hizbollah.

Mr Annan's talks in Beirut are likely to cover the government's compromise with Hizbollah over the southern demilitarised zone, where the militant group has agreed to conceal its weapons but not to disarm. But he may also have to broach sensitive subjects such as a settlement of the Shebaa Farms dispute and prisoner exchange. Hizbollah yesterday indicated Italy was also trying to play a part in talks on a prisoner exchange between Israel and the militant group.

Lebanese officials said a crucial Lebanese objective was an Israeli withdrawal from Shebaa, an occupied border strip that Israel says belongs to Syria and not Lebanon. Mr Annan will face stiff opposition from an Israeli government that insists leaving Shebaa would reward Hizbollah. But officials in Beirut argue that regaining control over Shebaa would remove a key justification for the existence of Hizbollah's military wing and bolster government efforts to absorb the group into the Lebanese army.

Mr Annan's stops in Damascus and Tehran, Hizbollah's two foreign backers, underline his recognition that stability in Lebanon requires their co-operation.

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In Syria he will hear appeals for a resumption of Syrian-Israeli peace talks amid hopes in Damascus that the Lebanon conflict will help it regain the Golan Heights.

The UN chief will be arriving in Tehran two days after a Security Council deadline for Iran to suspend uranium enrichment expires.

In comments that appeared designed to reassure Mr Annan, Sayyed Hassan Nasrallah, the Hizbollah leader, yesterday said it was now the job of the Lebanese army to defend the border with Israel.

Hizbollah, he said, would retain the right to fight for the liberation of Shebaa but, crucially, suggested that, at least for a limited period, the organisation would give Mr Annan and the Lebanese government a chance to regain it through diplomacy.

Once Israel secures the release of the two soldiers captured on July 12 – which sparked the conflict – its priority will be to ensure that Hizbollah's ability to import and launch rockets is crippled. It wants to see international troops help monitor the Syrian-Lebanese border – a move opposed by Damascus – as well as Lebanon's port and airport, before lifting its blockade.

Additional reporting by Gareth Smyth in Tehran

EU Clarifies Its Role In Lebanon (WSJ)

By Marc Champion

The Wall Street Journal, August 28, 2006

PARIS -- French Defense Minister Michèle Alliot-Marie said an expanded French peacekeeping force would be on the ground in Lebanon within 20 days, as European countries pledged as many as 7,000 troops to help maintain Israel's shaky cease-fire with the Hezbollah militia.

According to a United Nations Security Council resolution setting terms of the truce, the southern Lebanon contingent eventually should number 15,000. French troops will be among roughly 3,500 to deploy quickly, Ms. Alliot-Marie said in an interview Friday. The rest of the so-called U.N. blue helmets will follow over two to three months.

The European commitment ended a week of recriminations over the Continent's hesitation to provide troops for the peacekeeping force, though some contentious issues regarding the makeup of the force remain unresolved.

"We can now begin to put together a credible force," said U.N. Secretary-General Kofi Annan, after attending a troop-generating conference in Brussels among foreign ministers from the 25 European Union states. The Europeans pledged 7,000 troops, as well as naval, air and logistics units, meaning that together with the 2,000 already on the ground more than half of the hoped-for force is accounted for.

Mr. Annan's relief at the European contribution was evident. He said that component would provide the "backbone" of the U.N. force, which would be under French command until February, when Italy will take over. Italy and France together will be sending 5,000 of the troops, with Spain offering an additional 1,000 and Poland 500.

Controversy over the force continued Friday, however, as French President Jacques Chirac said 15,000 troops is more than is needed to do the job; his foreign minister, Philippe Douste-Blazy, called on the U.S., Britain, China and Russia to pony up troops, too; and Mr. Annan said he plans to accept troops from Malaysia, Bangladesh and Indonesia despite Israeli objections that these countries don't recognize Israel. Mr. Annan said he had to take trained troops where he could find them. The U.S. and Britain have said they won't put troops on the ground, because they are overcommitted in Iraq.

Mr. Annan confirmed that U.N. troops won't be used along Lebanon's long and porous border with Syria to stop any shipments of arms reaching Hezbollah -- a key Israeli concern. That is because the Aug. 11 Security Council resolution left it up to the Lebanese government to ask for such help. Mr. Annan said Beirut, which is encountering strong pressure from Syria over the border-guards issue, hadn't made such a request.

Israel was pressured by EU foreign-policy coordinator Javier Solana to end its blockade, designed to choke off arms shipments, of Lebanese ports and the Beirut airport. European governments have now offered ships to monitor the ports.

CONTINUING VIOLENCE

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Speaking in her Paris headquarters, Ms. Alliot-Marie lashed out at critics who had ridiculed France for its initial offer of 200 new troops a week ago. She said France had since secured important changes to the chain of command and clarifications on the freedom the U.N. blue helmets will have to use lethal force to carry out their mission. On Thursday, Mr. Chirac said France would increase its contribution to a U.N. peacekeeping force in southern Lebanon to a total of 2,000 troops.

France, which administered Lebanon under a League of Nations mandate from 1920 to the early 1940s, was wary of committing more troops until it had a better understanding of the rules of engagement in the event buffer troops encounter hostile action. Hezbollah -- which killed 58 French peacekeepers in 1983 -- remains a well-armed force and stiffly opposes the presence

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of foreigners in Lebanon. Asked if France has been talking directly to the Shiite Muslim group to get assurances it won't target U.N. troops, Ms. Alliot-Marie said, "We talk to the Lebanese government."

Besides its military activities, Hezbollah provides extensive social services to its Shiite Muslim constituency and secured two ministries in the Lebanese cabinet after its strong showing in parliamentary elections last year.

Ms. Alliot-Marie said that unlike other U.N. peacekeeping missions, there will be no civilian special representative of the U.N. secretary-general sharing command with the French military field commander. Instead, the U.N. will for the first time create at its New York headquarters a military strategic cell for the operation to advise him, run by an Italian general.

Ms. Alliot-Marie also said France had won an important clarification on the use of force. Under U.N. rules incorporated into the Aug. 11 cease-fire resolution, soldiers aren't normally able to use lethal force unless directly threatened. But France secured language that would allow the troops to react with force in other situations, she said, adding that issues as basic as whether to use real or rubber bullets had needed to be nailed down.

For example, she said, if a U.N. patrol was blocked on the road by the Hezbollah militia -- but not shot at -- the peacekeepers could do nothing under the normal U.N. rules of engagement. "What we got was that they can," Ms. Alliot-Marie said. "I don't want to send men so that they can be humiliated on the ground."

Ms. Alliot-Marie recalled that French troops have suffered in U.N. missions this way before, and she didn't want it repeated. More than 70 French peacekeepers died in the 1990s in Bosnia, where numerous disputes existed between the U.N. mission's military commander and the world body's special representative.

While the clock ticked away as France negotiated more-favorable terms to avoid a similar outcome in Lebanon, its initial French pledge of 200 engineers looked especially weak in light of an Italian offer of 3,000 soldiers and the fact that France had pushed for the truce resolution and authorized the U.N. force in the first place.

Ms. Alliot-Marie ridiculed critics -- including those in the U.S. -- who had accused France of weakness. She said the criticism was ironic as it "came from citizens of a country that had no one on the ground in Lebanon and which had announced its intention not to send any."

Turkey Torn On Joining U.N. Mission (AP)

By Louis Meixler

AP, August 28, 2006

The European Union and the United Nations are pushing for Muslim participation in the expanded U.N. peacekeeping force in Lebanon, but a growing public chorus in Turkey opposes sending troops who could be seen as supporting Israel against fellow Muslims.

Turkish legislators are expected to debate the U.N. peacekeeping mission at a Cabinet meeting Monday, though no decision is anticipated. Some officials say Turkey is likely to wait until U.N. Secretary-General Kofi Annan's visit Sept. 6 before committing to the force.

"There will be no rush," the Hurriyet newspaper quoted lawmaker Mehmet Elkatmis as saying. "It will be debated in all aspects."

Hurriyet reported Sunday that Turkey has slashed the number of troops that it would consider sending from 1,000 to 200 in light of the strong domestic opposition.

President Ahmet Necdet Sezer, who may hold a ceremonial post but wields considerable influence in the country, has come out strongly against sending troops.

"I am opposed to sending soldiers to Lebanon," he told journalists on Friday. "It is not our responsibility to protect the interests of other countries."

The EU and U.N. are pushing for Muslim participation so the peacekeeping force isn't overwhelmingly made up of troops from Christian countries. Israel, though, has balked at the participation of Muslim nations that do not recognize the Jewish state.

On Saturday, Israel said it had spoken to several countries about joining the force, particularly Turkey — the only Muslim member of NATO and a country with close ties to both Israel and Arab states.

"If Turkey decides to send a contingent, we would welcome that," Israeli Foreign Ministry spokesman Mark Regev said in Jerusalem.

Military officers and Turkish diplomats say they want details on exactly what the force's mandate will be, where Turkish peacekeepers could be deployed and under what circumstances soldiers could open fire.

Turkish officials also have said privately that they want other countries to make major contributions first so Turks aren't the only key contingent on the ground. And they want to make sure that the tenuous cease-fire in the area holds.

But with the European Union pledging 6,900 troops — the core of the proposed 15,000-member force to monitor the cease-fire between Israel and Hezbollah guerrillas — the pressure is on EU aspirant Turkey to pledge soldiers as well.

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"We're located in the most troublesome geography," said lawmaker Dengir Mir Mehmet Firat of the governing Justice and Development Party. "Can we have a luxury of saying: 'I am not participating?'"

Lebanon, though, has become an emotional issue in Turkey.

During the fighting, Turkish media was flooded with images of suffering Lebanese civilians. Thousands have rallied in Istanbul to show their support for Lebanese civilians under Israeli attack.

That pressure comes as the governing party — feeling slighted by an EU that is questioning whether it wants Turkey — is increasingly reaching out to its Muslim neighbors in the Middle East.

On the streets of Istanbul, activists from the governing party have been passing out leaflets showing a Lebanese soldier holding a dead child pulled from the rubble of a home bombed by Israeli jets, and urging them to donate to aid Lebanese.

"We have to mobilize all our energy and means to end the grief of the Palestinian and Lebanese people," the flyers quoted Prime Minister Recep Tayyip Erdogan as saying. It added that Turks could even send text messages from their cell phones to a hot line to donate $3.50.

Analysts note that Turkey rebuffed the United States just before the Iraq invasion and refused to allow U.S. troops to use Turkey as a base — souring relations with Washington and leaving Ankara with little influence in shaping events in neighboring Iraq.

"Turkey has an obligation as a regional power and the old guardian of the Middle East to exert its positive influence on developments," editor-in-chief Ilnur Cevik wrote in The New Anatolian.

Sezer, the Turkish president, remains strongly against sending troops.

"While other more powerful states don't send troops, they pat our backs and want troops," he said. "If Turkey is a major country, then that image won't depend on whether or not we send troops."

Hizbollah Hopes To Engineer A Quick Recovery (FT)

By Roula Khalaf

Financial Times, August 28, 2006

Deep in devastated south Beirut, the engineers of Hizbollah, the Shia movement that fought Israel's army, are rebuilding the fabric of their heartland in the city, and thereby reclaiming their constituency.

Construction Jihad, the civil engineering arm of Hizbollah, was bombed out of its headquarters in Beirut's southern suburbs during the recent 34-day conflict.

But within a day of the UN-brokered ceasefire, engineers from Jihad al-Bina'a, to give its Arabic name, were at work in the streets of the suburbs and south Lebanon assessing damage from Israel's bombardment.

Today, Construction Jihad's makeshift premises in a south Beirut branch of the Mahdi school, the organisation's education association, is a hive of activity. Between pictures of Hizbollah leaders holding children, and the party's yellow flags, a large map of the area is plastered on the wall, dividing neighbourhoods into small numbered zones. Engineers huddle along the length of a table strewn with forms detailing damage to individual properties from the conflict between Israel and Hizbollah.

Since the ceasefire two weeks ago, Construction Jihad has moved into high gear, dispatching agents to areas affected by the conflict to measure the damage – they estimate 15,000 properties were destroyed or damaged – and send the forms back to this central office. This information is entered into computers, before people are paid compensation from the party itself, or assisted with reconstruction.

Construction Jihad is part of a social network, including schools, hospitals and a banking institution, that was critical to Hizbollah's ability to fight Israeli troops during the occupation of Lebanon in the 1980s and 1990s.

"We help build a society of resistance," says Kassem Allaik, the 48-year-old head of Construction Jihad, an industrial engineer who was partly educated in the US. "Our aim is to create the conditions so people can stay on their land to confront the enemy."

Publicly, the Lebanese government says Hizbollah's ability to step in fast and provide services is complementing the work of the state. But privately, politicians complain that Hizbollah's vast independent network undermines the state and encourages criticism of the cash-strapped central government.

Hizbollah's rapid mobilisation has also raised concerns abroad. France on Friday called for international aid, especially from Arab states, to support Lebanon's reconstruction and compete with "radical forces".

Despite the widespread belief that Iran is the main financial backer of the Shia group, which has paid as much as $12,000 in compensation to families whose houses were destroyed, Mr Allaik insists that each Hizbollah association is self-financed and relies on individual donations from sympathisers.

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Mr Allaik says about 1,000 professionals are now working with his organisation, most of them volunteer engineers. Construction Jihad has appealed for more help through newspaper advertisements and on al-Manar, Hizbollah's television station.

The association emerged after Israel's 1996 offensive against Hizbollah in southern Lebanon, when it rushed to rehabilitate property – though it had been created many years before.

Hizbollah hopes the reconstruction of housing will take just a year. By then, the group apparently expects to have re-entrenched its displaced constituency and, along the way, reasserted its control.

Hezbollah Says Its War With Israel Was A Mistake (WT)

By Joshua Mitnick

The Washington Times, August 28, 2006

TEL AVIV -- Hezbollah leader Sheik Hassan Nasrallah said yesterday that he would not have ordered the July 12 seizure of two Israeli soldiers had he known it would provoke a war that leveled Shi'ite villages and neighborhoods throughout Lebanon.

"We did not think, even 1 percent, that the capture would lead to a war at this time and of this magnitude. You ask me, if I had known on July 11 ... that the operation would lead to such a war, would I do it? I say no, absolutely not," he told Lebanon's New TV station.

The sheik also said that officials from the United Nations and Italy were attempting to negotiate an exchange of the Israeli soldiers for Arabs held in Israeli jails. Israel denied involvement in any prisoner-exchange talks.

In addition, Sheik Nasrallah said Hezbollah would not oppose the deployment of thousands of U.N. peacekeeping troops in southern Lebanon.

His comments confirm weeks of speculation in Israel that Hezbollah was surprised by Israel's military response to the July 12 capture.

Since the Aug. 14 cease-fire, Sheik Nasrallah has declared a victory in the war, and he has become a hero throughout the Arab and Muslim world.

But yesterday's admission of a serious miscalculation reflects a need to shore up domestic support for Hezbollah and deflect criticism for starting the war, Israeli analysts said.

"It means that [Sheik Nasrallah] needs to settle the score in the Lebanese domestic arena," said Oded Granot, the Middle East affairs commentator on Israel's public-run Channel 1 news station. "[He] needs to provide welfare for the residents of the south, and he needs to rehabilitate his standing."

In recent days, European countries have pledged to send 7,000 troops as part of a U.N. peacekeeping force of up to 15,000.

The troops are to join a largely ineffective U.N. observer mission that has been in place for nearly three decades.

U.N. Security Council Resolution 1701, which ended the fighting earlier this month, calls for talks on the release of the two Israeli soldiers, Ehud Goldwasser and Eldad Regev.

Three Israeli soldiers were killed in the kidnapping, and five were killed in the ensuing rescue attempt.

Although Israel considers Hezbollah a terrorist group, the nation has reached prisoner-exchange deals with the militants through third-party mediators.

In 2004, Israel released hundreds of Lebanese and Palestinian prisoners in return for a reserve officer kidnapped by Hezbollah and the bodies of three soldiers killed in a raid on an Israeli border outpost.

A report in an Egyptian government-run newspaper said German mediators also had started work on a prisoner-swap deal.

But Israeli government sources told the Ha'aretz newspaper that there were no talks yet on a prisoner swap.

The kidnapped Israeli soldiers' families also voiced skepticism that negotiations were under way.

Sheik Nasrallah said Lebanese Parliament Speaker Nabih Berri would lead negotiations on Lebanon's side.

The subject is expected to be discussed during a visit to Beirut today by U.N. Secretary-General Kofi Annan.

Hezbollah Chief Revisits Raid (WP/AP)

The Washington Post, August 28, 2006

BEIRUT, Aug. 27 -- Hezbollah leader Hasan Nasrallah said in an interview televised Sunday that he would not have ordered the capture of two Israeli soldiers if he had known it would lead to such a war.

Guerrillas from the Islamic militant group killed three Israeli soldiers and seized two others in a cross-border raid July 12, which sparked 33 days of fighting that ended with a cease-fire on Aug. 14.

"You ask me, if I had known on July 11 . . . that the operation would lead to such a war, would I do it? I say no, absolutely not," he said in an interview with Lebanon's New TV station.

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He also said Italy and the United Nations had made contacts to help mediate a prisoner swap with Israel but did not specify whether they had contacted Hezbollah directly. He did not say in what capacity Italy had expressed interest -- on its own or on Israel's behalf.

A senior Israeli government official said Israel "does not negotiate with terrorists" and continues to demand the unconditional release of the two soldiers. Earlier Sunday, Israeli Deputy Prime Minister Shimon Peres said no negotiations were being held on a prisoner release.

Hezbollah Chief Indicates Regret For Kidnappings (LAT)

By Borzou Daragahi

The Los Angeles Times, August 28, 2006

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BEIRUT — The leader of the Hezbollah militia said Sunday that he never would have ordered the kidnapping of two Israeli soldiers that led Israel to declare war had he known the consequences for Lebanon.

"If I knew the process of capturing [these soldiers], even with a 1% probability, would lead to a war like this, and then if you asked me would you go and capture them, my answer would be, of course, no — for humanitarian, moral, social and security reasons," said Sheik Hassan Nasrallah, the secretary-general of the Shiite Muslim militant group.

His comments, the most extensive and candid since the cease-fire began two weeks ago, were aired nationwide in Lebanon and rebroadcast throughout the Arab world.

Nasrallah said he might meet today with U.N. Secretary-General Kofi Annan, who was scheduled to arrive in Beirut to check on the status of the cease-fire resolution, which calls for the deployment of tens of thousands of Lebanese and international troops to the area of southern Lebanon long controlled by Hezbollah.

The Israeli bombing campaign triggered by Hezbollah's seizure of the soldiers badly damaged Lebanon's transportation infrastructure, destroyed dozens of southern towns and villages and crushed what was to be a promising summer of tourism revenue, a pillar of the Lebanese economy. Nasrallah's remarks, in a two-hour television interview on the secular New TV network in Beirut, were clearly meant to assuage the anger and frustration of a country still shocked by a war that cost the lives of more than 800 of its people, many of them civilians.

The cleric said that Israel and the United States had been planning a strike on Hezbollah before the kidnapping of the soldiers, an operation apparently aimed at a prisoner swap. Nasrallah cited a recent article in the New Yorker magazine by Seymour Hersh, which alleged that Pentagon planners wanted Israel to attack Hezbollah as a precursor to an attack on Iran.

"The war was planned for the end of September or the end of October with or without an excuse," Nasrallah told the interviewer. "There was a U.S. decision. All the elements indicate it was not about the two prisoners."

Nasrallah also said his militiamen were well prepared. For example, he said, they had long established contingency plans that took into account Israeli destruction of key Lebanese bridges and roadways. He said that all of his commanders remained unharmed and that Hezbollah had more than 12,000 rockets left, about half of what it had before the war.

"What we used in this war is a small fraction of what we had prepared," he said.

He said the millions of dollars in cash that Hezbollah was doling out for reconstruction and to alleviate the suffering of homeless Lebanese was "clean" — that no political conditions have been imposed on Lebanon for taking the money. He declined to confirm or deny that Iran was financing the reconstruction, as has been widely speculated.

"No conditions have been imposed for this money that could jeopardize the national interests of this country," he said.

Nasrallah promised to abide by the terms of the cease-fire, which has been hampered by ambiguity over whether United Nations peacekeeping forces and Lebanese government soldiers would have the authority to disarm Hezbollah fighters.

"The policy of Hezbollah has always been not to make any armed demonstrations," he said. "It's now a commitment. South of the Litani River, we will now avoid any armed shows."

What Did You Do In The War, UNIFIL? (WKLYSTD)

By Lori Lowenthal Marcus

Weekly Standard, September 4, 2006

During the recent month-long war between Hezbollah and Israel, U.N. "peacekeeping" forces made a startling contribution: They openly published daily real-time intelligence, of obvious usefulness to Hezbollah, on the location, equipment, and force structure of Israeli troops in Lebanon.

UNIFIL--the United Nations Interim Force in Lebanon, a nearly 2,000-man blue-helmet contingent that has been present on the Lebanon-Israel border since 1978--is officially neutral. Yet, throughout the recent war, it posted on its website for all to see precise information about the movements of Israeli Defense Forces soldiers and the nature of their weaponry and materiel, even

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specifying the placement of IDF safety structures within hours of their construction. New information was sometimes only 30 minutes old when it was posted, and never more than 24 hours old.

Meanwhile, UNIFIL posted not a single item of specific intelligence regarding Hezbollah forces. Statements on the order of Hezbollah "fired rockets in large numbers from various locations" and Hezbollah's rockets "were fired in significantly larger numbers from various locations" are as precise as its coverage of the other side ever got.

This war was fought on cable television and the Internet, and a lot of official information was available in real time. But the specific military intelligence UNIFIL posted could not be had from any non-U.N. source. The Israeli press--always eager to push the envelope--did not publish the details of troop movements and logistics. Neither the European press nor the rest of the world media, though hardly bastions of concern for the safety of Israeli troops,

provided the IDF intelligence details that UNIFIL did. A search of Israeli government websites failed to turn up the details published to the world each day by the U.N.

Inquiries made of various Israeli military and government representatives and analysts yielded near unanimous agreement that at least some of UNIFIL's postings, in the words of one retired senior military analyst, "could have exposed Israeli soldiers to grave danger." These analysts, including a current high ranking military official, noted that the same intelligence would not have been provided by the U.N. about Israel's enemies.

Sure enough, a review of every single UNIFIL web posting during the war shows that, while UNIFIL was daily revealing the towns where Israeli soldiers were located, the positions from which they were firing, and when and how they had entered Lebanese territory, it never described Hezbollah movements or locations with any specificity whatsoever.

Compare the vague "various locations" language with this UNIFIL posting from July 25:

Yesterday and during last night, the IDF moved significant reinforcements, including a number of tanks, armored personnel carriers, bulldozers and infantry, to the area of Marun Al Ras inside Lebanese territory. The IDF advanced from that area north toward Bint Jubayl, and south towards Yarun.

Or with the posting on July 24, in which UNIFIL revealed that the IDF stationed between Marun Al Ras and Bint Jubayl were "significantly reinforced during the night and this morning with a number of tanks and armored personnel carriers."

This partiality is inconsistent not only with UNIFIL's mission but also with its own stated policies. In a telling incident just a few years back, UNIFIL vigorously insisted on its "neutral ity"--at Israel's expense.

On October 7, 2000, three IDF soldiers were kidnapped by Hezbollah just yards from a UNIFIL shelter and dragged across the border into Lebanon, where they disappeared. The U.N. was thought to have videotaped the incident or its immediate aftermath. Rather than help Israel rescue its kidnapped soldiers by providing this evidence, however, the U.N. obstructed the Israeli investigation.

For months the Israeli government pleaded with the U.N. to turn over any videotape that might shed light on the location and condition of its missing men. And for nine months the U.N. stonewalled, insisting first that no such tape existed, then that just one tape existed, and eventually conceding that there were two more tapes. During those nine months, clips from the videotapes were shown on Syrian and Lebanese television.

Explaining their eventual about-face, U.N. officials said the decision had been made by the on-site commanders that it was not their responsibility to provide the material to Israel; indeed, that to do so would violate the peacekeeping mandate, which required "full impartiality and objectivity." The U.N. report on the incident was adamant that its force had "to ensure that military and other sensitive information remains in their domain and is not passed to parties to a conflict."

Stymied in its efforts to recover the men while they were still alive, Israel ultimately agreed to an exchange in January 2004: It released 429 Arab prisoners and detainees, among them convicted terrorists, and the bodies of 60 Lebanese decedents and members of Hezbollah, in exchange

for the bodies of the three soldiers. Blame for the deaths of those three Israelis can be laid, at least in part, at the feet of the U.N., which went to the wall defending its inviolable pledge never to share military intelligence about one party with another.

UNIFIL has just done what it then vowed it could never do. Once again, it has acted to shield one side in the conflict and to harm the other. Why is this permitted? For that matter, how did the U.N. obtain such detailed and timely military intelligence in the first place, before broadcasting it for Israel's enemies to see?

Lori Lowenthal Marcus is president of the Zionist Organization of America, Greater Philadelphia District.

Hostage Crisis (WSJ)

By Judea Pearl And Ruth Pearl

The Wall Street Journal, August 28, 2006

As the parents of Daniel Pearl, The Wall Street Journal's reporter who was kidnapped and brutally murdered in Pakistan in 2002, we share the anguish of the families of the kidnapped Israeli soldiers, and their frustration with the international community

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for failing to secure the release of their loved ones. For more than six weeks now, these soldiers and their families live each day tortured by unimaginable fears and shattered hopes, praying desperately for the nightmare to end; we relive this nightmare each time an innocent person falls victim to the inhumanity of terrorist abduction.

Whatever success the U.N. Security Council would presume to claim, it cannot be said that Resolution 1701 has effectively addressed the direct cause of the fighting -- the kidnapping of Israeli soldiers, Ehud Goldwasser, 31, and Eldad Regev, 26, by Hezbollah, and the earlier abduction of Gilad Shalit, 19, by Hamas. Secretary-General Kofi Annan's call for the unconditional release of these soldiers has been ignored. Moreover, in flagrant violation of international humanitarian law, the terrorists have not only seized the soldiers as hostages for political blackmail, they have not allowed the Red Cross to visit them. Their families do not know their physical condition; they have no proof they are even alive.

And so now these families of Ehud, Eldad and Gilad are asking to meet with Kofi Annan. They wish to plead with the secretary-general to use the full weight of his moral authority to mobilize and intensify the efforts of the international community he leads -- an influential body that has managed to compel two fierce armies to cease hostilities -- to address this flagrant violation of humanitarian law.

On that score, these families are correct: The time has come for Mr. Annan to personally and aggressively intervene, and to insist publicly that, at the minimum, the Red Cross, or his personal humanitarian representatives, be given immediate access to these soldiers.

Will he? It seems unlikely. Sadly, this is not the first time that concerned parents have turned to Mr. Annan in much the same circumstances. Six years ago, another delegation of distressed families came to the U.N. with a similar tragedy, following the abduction of three Israeli soldiers by Hezbollah from under the noses of Unifil and, by some accounts, with their help. The investigation that was subsequently conducted found that the U.N. had made "serious errors in judgment" by hiding information that "would have been helpful in an assessment of the condition of the three abducted soldiers." At that time, the U.N.'s interest in appearing "neutral" overshadowed its commitment to the preservation of human lives. The world cannot afford a repeat of such inaction and poor judgment.

Undoubtedly, the secretary-general will tell the families of Ehud, Eldad and Gilad that he has dispatched a high-level team to Beirut that will urge the release of their loved ones. But that team negotiates behind closed doors. And by not publicly demanding the unfettered access of humanitarian representatives to the kidnapped soldiers, Mr. Annan has deprived his team of the force of credibility and seriousness they need in those negotiations.

When our son Daniel was in captivity, millions of people around the world prayed for his safe return. In that prayer, they made a solemn pledge never to allow abductions of innocent people to become the norm of civilized society, no matter the political purpose, regardless of grievance or goal.

Kofi Annan's resolve against these acts of terrorism will determine to a great extent what norms will govern our society in generations to come, and whether organizations such as Hezbollah and Hamas will gloat in unruly appetite or be reined in by moral principles. We urge Mr. Annan to make bold and brave efforts to ensure -- as a legacy and gift -- that we will not allow our children and our world be taken captive by terror. Mr. Secretary-General, this time, help bring the boys back home.

Mr. and Mrs. Pearl are co-founders of the Daniel Pearl Foundation (www.danielpearl.org1), a U.N.-affiliated NGO.

It's Not Easy Being Blue (NYT)

The New York Times, August 28, 2006

The Italians have decided to do the right thing and send enough troops to Lebanon to form the core of a United Nations peacekeeping force, thereby shaming the French into coming along. Italy's top generals are no more enthusiastic than France's. One has publicly warned that the mission could be hamstrung by the United Nations' "elephantine bureaucracy." Historically, he said, U.N.-commanded missions "have turned out to be failures."

Bashing the United Nations is fine sport and one that doesn't demand accuracy. But let's be clear about the real dangers. The No. 1 risk going into Lebanon — whether the peacekeepers wear blue helmets or green — is thinking that a military solution is even possible.

For all of the tough talk still coming out of Washington and Jerusalem, 15,000 peacekeepers, assuming they ever make it to that number, cannot be expected to disarm Hezbollah. Israel's far larger army failed to do that in a month of bloody fighting.

What a U.N. force can do — with a credible show of weapons and a mandate to shoot — is make it harder for Hezbollah to attack Israel or restock its arsenal. That should give Israel less of a reason to hit back. But there's no chance this will work unless it is accompanied by an even more robust civilian effort to build up Beirut's central government to a point that it can co-opt or marginalize Hezbollah.

This is very high risk. But a study last year by the RAND Corporation (no patsies they) should soothe some of the generals' worries about trying it under the U.N. flag. The United Nations, RAND says, has learned a lot from past failures, including the

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dangers of being too passive and of overreaching. And when it has been given adequate resources, a core of well-trained troops and a clearly defined mission, it has had notable successes in places like Eastern Slavonia and most recently Liberia.

Certainly, U.N. peacekeeping has had an unacceptable share of financial and other scandals. And its bureaucracy is notoriously slow at rallying and deploying forces. But like everything about the United Nations, its peacekeeping operations are only as good as the Security Council requires them to be — and as good as the forces they can raise.

There are too few wealthy countries with advanced militaries willing to send their own. Of the 63,000 troops deployed in 15 U.N. peacekeeping missions, fewer than 2,000 are from NATO countries.

Last week, as some Bush administration officials were gleefully recounting the Italian general's insults, Britain and the United States were also calling on the Security Council to send 17,000 peacekeepers to Darfur.

Sudan's government is refusing to accept a U.N. force. If it buckles — and a lot more pressure needs to be applied — diplomats admit they'd be hard pressed to come up with those numbers. If the big powers want the United Nations to keep the peace, they're going to have to put more of their own troops on the line. They need to do it now in Lebanon, and they need to get ready for Darfur.

2 Abducted Journalists Are Freed In Gaza Strip (WP)

By Doug Struck

The Washington Post, August 28, 2006

JERUSALEM, Aug. 27 -- After being forced at gunpoint to say they embraced Islam, two Fox News journalists kidnapped 13 days ago were delivered unharmed to a Gaza hotel Sunday.

Palestinian officials said no demands were met in securing the release of American reporter Steve Centanni, 60, and New Zealand cameraman Olaf Wiig, 36.

"I'm so happy to be free," Centanni said shortly after his release.

There was little information made public about the kidnappers, and no arrests were made. Saed Siyam, the Palestinian interior minister, said they are "not al-Qaeda." The anti-American rhetoric in statements from the group, which called itself the Holy Jihad Brigades, had raised new concerns for the safety of Western aid workers and reporters working in the Palestinian territory.

In a brief and chaotic news conference in Gaza, both Centanni and Wiig said they hoped their abduction would not deter reporting on the Gaza Strip.

"My biggest concern really is that as a result of what happened to us, foreign journalists would be discouraged from coming here to tell the story," Wiig said. "That would be a big tragedy for the people of Palestine, and especially for the people of Gaza."

The press freedom group Reporters Without Borders called the journalists' release "very good news." But, noting the continued dangers of reporting in the Gaza Strip, the group protested an Israeli missile attack early Sunday on a truck clearly marked "TV," which seriously injured two Palestinian journalists with [a] news agency.

More than a dozen journalists have been briefly abducted in the Gaza Strip in the last year, but the kidnapping of the Fox News television crew was the longest any had been held. Centanni and Wiig were taken out of their car in Gaza on Aug. 14 by four masked gunmen.

Hoods were put over the journalists' heads, Centanni said in an interview broadcast by Fox News. The men were bound tightly with plastic handcuffs that were "very painful," driven to a garage and forced to lie facedown on the floor, he said.

Over the days, while other Palestinian groups disavowed and condemned the abduction, the men were told to "write the story of your life" and other statements and to make videotapes, which "we didn't want to do," Centanni said.

A videotape released Wednesday showed the two men, appearing casual and relaxed. But another tape, sent to al-Jazeera television just hours before their release Sunday, showed the two men somberly reading texts criticizing the American administration and saying they had become Muslims. A statement said they had taken the names Mohammed and Yusef.

"We were forced to convert to Islam at gunpoint," Centanni said on Fox News. "Don't get me wrong here, I have the highest respect for Islam and learned a lot of very good things about it. It was something we felt we had to do because they had the guns and we didn't know what the hell was going on."

Seeing that tape "was not a pleasant sensation," John Moody, Fox News senior vice president for news editorial, said in an interview from New York. He credited Palestinian officials with working hard for the journalists' release. He said Dennis Ross, a former Middle East negotiator for the Clinton and Bush administrations and now a Fox News analyst, played "a crucial role" in dealing with the Palestinian Authority.

In Gaza, Centanni and Wiig met briefly with Palestinian Prime Minister Ismail Haniyeh. Fox News Chairman and CEO Roger Ailes issued a statement saying that "journalists should never be hostage or pawns in world events. Their job is to tell the story of the world as it unfolds."

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Fox News Journalists Free After Declaring Conversion (NYT)

By Steven Erlanger

The New York Times, August 28, 2006

JERUSALEM, Aug. 27 — Two journalists kidnapped in Gaza were released unharmed on Sunday after being forced at gunpoint to say on a videotape that they had converted to Islam.

The two journalists for Fox News — Steve Centanni, 60, an American correspondent, and Olaf Wiig, 36, a freelance cameraman from New Zealand — were held for 13 days in an abandoned garage in the Gaza Strip as hostages of a previously unknown group calling itself the Holy Jihad Brigades.

"I'm really fine, healthy in good shape and so happy to be free," Mr. Centanni told Fox News. He said the two had been forced at gunpoint to say that they were converting to Islam and had taken Muslim names. "I have the highest respect for Islam," he said. "But it was something we felt we had to do because they had the guns, and we didn't know what the hell was going on."

Earlier on Sunday, their captors delivered a video showing the two men in Arab robes reading from the Koran to indicate their conversion.

After their release, the two men were brought to a hotel in Gaza to be greeted by colleagues. They then met with the prime minister of the Palestinian Authority, Ismail Haniya of Hamas, who had called for their captors to free them.

He dismissed suggestions that any Qaeda-associated group was in Gaza and said of the kidnappers, "These are young men who carried out the action out of private beliefs."

But the identities of the group were a puzzle, and there were no immediate arrests. Nor was there any immediate indication of a ransom payment. The kidnappers demanded that the United States release all Muslim prisoners, but they threatened no particular consequences.

In Gaza, there was speculation that the group consisted of angry or disaffected members of various militant groups trying to embarrass Mr. Haniya and President Mahmoud Abbas of Fatah. Others suggested a private grievance.

In a brief news conference, Mr. Wiig said he hoped the kidnapping would not prevent foreign journalists from covering Gaza. "That would be a great tragedy for the people of Palestine and especially for the people of Gaza," he said.

Mr. Wiig's wife, Anita McNaught, a television journalist, thanked Palestinian officials and Fox News for their efforts. The men refused to take questions, then traveled to the Erez border crossing and entered Israel.

Mr. Centanni told his network that he and Mr. Wiig had been blindfolded, handcuffed and taken to the abandoned garage with a generator. "I was thinking, 'Oh God, O.K., so a remote warehouse with a big noisy generator. I'm toast,' " Mr. Centanni said. "They could simply shoot me in the head, and no one would hear it."

He said he and Mr. Wiig had been forced to make videotapes denouncing American policies as well as saying they had converted to Islam.

Also on Sunday, the leader of Hezbollah, Sheik Hassan Nasrallah, said in an interview with a private Lebanese television station, New TV, that the group "would ignore" what he called Israel's provocations.

...

Sheik Nasrallah said Italy was trying to play a role in a prisoner exchange between Hezbollah and Israel, to be carried out under the auspices of the Lebanese parliamentary speaker, Nabih Berri. Hezbollah captured two Israeli soldiers on July 12; Israel has two prominent Lebanese prisoners from years before and an unknown number of captured Hezbollah fighters and bodies.

Israeli officials say they believe that Sheik Nasrallah does not want the fighting to begin again, that he was shocked by Israel's response and that he is concentrating on the rebuilding to retain political leverage.

Defense Minister Amir Peretz said at the Israeli cabinet meeting on Sunday that the world should move quickly to prevent Sheik Nasrallah from taking credit for Lebanese reconstruction and that Israel expected an expanded United Nations force in Lebanon to monitor its borders and ensure that Hezbollah is not resupplied.

The United Nations secretary general, Kofi Annan, has said the new force will not monitor the borders; the Security Council resolution that ended the war said the force should do so only if Lebanon requests it. Syria has threatened to close its border with Lebanon if "foreign forces" patrol it.

In Gaza early Sunday, Israeli forces rocketed an armored car belonging to [a news agency], wounding five people. The car was clearly marked on the sides and roof and was being used to cover an Israeli raid.

Capt. Noa Meir, an Army spokeswoman, said that the vehicle was in a combat area during a night raid and that the Army had not seen the markings.

The Foreign Press Association of Israel rejected the army's "excuses" and called for a full investigation.

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Kidnapped Fox Journalists Freed After Two Weeks (FT)

By Harvey Morris

Financial Times, August 28, 2006

Two Fox News journalists released in Gaza City on Sunday after being missing for almost two weeks said their kidnappers had forced them at gunpoint to say in a video that they had converted to Islam.

Steve Centanni, a 60-year-old American reporter, and Olaf Wiig, 36, a cameraman from New Zealand, were freed the day after expiry of a deadline set by the kidnappers for the US to free all its Muslim prisoners.

The kidnapping, by the previously unknown Holy Jihad Brigades, was condemned by all Palestinian factions, including the ruling Hamas party.

Ismail Haniyeh, Hamas prime minister of the Palestinian Authority, met the two journalists shortly after their release. He said of the unidentified kidnappers: “These are young men who carried out the action out of private beliefs.”

Mr Centanni said the videotape of him and Mr Wiig announcing their conversion to Islam was made under duress. The video was seen as a face-saving device by the kidnappers after they abandoned earlier demands.

The outcome appeared to confirm a local group was responsible after initial concern that similarities with abductions in Iraq pointed to foreign involvement. Hamas officials ruled out any connection between the kidnappers and al-Qaeda.

Most previous kidnappings were carried out by armed groups seeking to pressure the PA for concessions such as government jobs or the release of imprisoned relatives.

The Foreign Press Association in Israel on Sunday protested to Israel after two journalists and three others were wounded in an Israeli air strike on a news agency vehicle in Gaza. The Israeli military acknowledged it had targeted a vehicle moving suspiciously but had not seen any identifying marks. The FPA said the white car had been clearly identified as a press vehicle.

Fox News Journalists Describe Captivity (AP)

By Ibrahim Barzak, Associated Press Writer

AP, August 28, 2006

Two Fox News journalists freed by militants Sunday described a harrowing two weeks of captivity during which they were blindfolded, tied in painful positions and forced at gunpoint to say on a video that they converted to Islam.

After their release, the men met with Palestinian Prime Minister Ismail Haniyeh and left Gaza, but first appealed at a brief news conference for foreign journalists not to be deterred from covering the plight of the Palestinians in the volatile coastal strip.

"I hope that this never scares a single journalist away from coming to Gaza to cover the story because the Palestinian people are very beautiful and kindhearted," said Steve Centanni, a 60-year-old American reporter who was released along with cameraman Olaf Wiig, 36, of New Zealand. "The world needs to know more about them."

In a phone call with Fox News, Centanni said they were abducted Aug. 14 by four masked gunmen on a side street in Gaza City. He said the assailants covered his head with a black hood, and crammed him and Wiig into a small car.

Their possessions were taken, and their wrists were bound behind their backs. "I still have some sore wrists," he said. "It was digging into my wrists really badly."

In captivity, Centanni said, he was laid face down in a dark garage and tied up in painful positions.

"If we tried to get up and sit up, which I did do a few times, they would eventually just force us back down with something stuck to my head," he said. "I don't know if it was a stick, a flashlight or a gun or what. We couldn't see. We were forced to lay face down again in the dirt with blindfolds on."

Before their release, a video was released showing Wiig and Centanni dressed in beige Arab-style robes. Wiig delivered an anti-Western speech, his face expressionless and his tone halting. The kidnappers claimed both men had converted to Islam.

"We were forced to convert to Islam at gunpoint," Centanni told Fox. "Don't get me wrong here. I have the highest respect for Islam, and I learned a lot of good things about it, but it was something we felt we had to do because they had the guns, and we didn't know what the hell was going on."

Wiig, who has covered some of the world's most dangerous conflicts, including Afghanistan and Iraq, said at the news conference that he also was worried the kidnapping might scare reporters away from Gaza.

"My biggest concern really is that as a result of what happened to us, foreign journalists will be discouraged from coming to tell the story and that would be a great tragedy for the people of Palestine," Wiig said. "You guys need us on the streets, and you need people to be aware of the story."

Israeli airstrikes in Gaza on Sunday killed three Palestinians and wounded two television cameramen, Palestinian officials and residents said. They said Israeli sniper fire killed a fourth Palestinian and critically wounded a 6-year-old boy.

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The release of Centanni and Wiig ended Gaza's longest crisis involving foreign hostages, but left unclear who was behind the kidnapping and what led them to free their captives. Palestinian militants have seized more than two dozen foreigners the past two years, usually to settle personal scores, and generally released their captives unharmed within hours.

The journalists were seized by a previously unknown group calling itself the Holy Jihad Brigades. The group's call for the release of Muslim prisoners held by the U.S. had raised concerns that foreign extremists, perhaps al-Qaida, had infiltrated Gaza.

But Palestinian security officials said the name was a front for local militants. They said the kidnappers — whom they would not identify — were tracked down through third parties, but did not say whether a deal was struck with the militants for the journalists' release.

Interior Minister Said Siyam said he did not expect other foreign journalists in Gaza to face the same ordeal. "In principle, there is a promise that this will not be repeated," he said, declining to elaborate.

The two journalists headed to Israel and were spending the night at the U.S. consulate in Jerusalem.

Roger Ailes, Fox News' chairman and chief executive, thanked "governments and individuals throughout the world" who helped free the men, and the journalism community for offering support.

"The entire international community is beginning to realize that journalists should never be hostages or pawns in world events. Their job is to tell the story of the world as it unfolds," Ailes said.

White House spokeswoman Dana Perino said President Bush was "pleased the journalists were released and will soon be reunited with their entire families and loved ones."

In New Zealand, Wiig's father, Roger Wiig, said his son apologized for worrying everyone. "His first comment was that he was sorry he had put us through that."

Centanni's brother, Ken Centanni of San Jose, Calif., expressed joy about the release, describing his phone conversation with his brother as "the best phone call I've ever had."

He said his brother sounded tired and a bit shaky but also sounded excited to be released. "He was emotional and happy."

Associated Press writer Justin M. Norton in San Francisco contributed to this report.

Freed Fox Journalists Tell Of Painful Time In Captivity (USAT/AP)

USA Today, August 28, 2006

GAZA CITY — Two Fox News journalists were freed in good health Sunday after a two-week kidnapping ordeal in which they said they were blindfolded, tied in painful positions and forced to convert to Islam.

After their release, the men met with Palestinian Prime Minister Ismail Haniyeh and quickly left Gaza, but not before appealing to foreign reporters not to be scared away from covering the plight of Palestinians in the volatile coastal strip.

The release of correspondent Steve Centanni, 60, of Washington, D.C., and cameraman Olaf Wiig, 36, of New Zealand ended Gaza's longest crisis involving foreign hostages, but left unclear who exactly was behind the kidnapping and what led them to free their captives.

“I want to thank everybody. I am happy to be here. I hope that this never scares a single journalist away from coming to Gaza to cover the story because the Palestinian people are very beautiful and kindhearted,” Centanni said.

The journalists were seized in Gaza City on Aug. 14 by a previously unknown group calling itself the Holy Jihad Brigades. The group's demand for the release of Muslim prisoners held by the United States had raised concerns that foreign extremists had infiltrated Gaza. Haniyeh said the kidnappers were from Gaza. “The kidnappers have no link to al-Qaeda or any other organization or faction,” he said Sunday.

Centanni and Wiig were dropped off shortly after noon Sunday at a hotel by Palestinian security officials. The pair met with Palestinian officials, held a brief news conference and then left for Israel. They were resting late Sunday at the U.S. Consulate in Jerusalem, a spokeswoman said.

In a phone call with Fox News, Centanni said he and Wiig were abducted by four masked gunmen on a side street in Gaza City. He said the assailants covered their heads with hoods.

In captivity, Centanni said that they were held at times face down in a dark garage and tied up in painful positions.

“If we tried to get up and sit up, which I did do a few times, they would eventually just force us back down with something stuck to my head,” he said. “I don't know if it was a stick, a flashlight or a gun or what. We couldn't see.”

Before their release, a new video aired showing Wiig and Centanni dressed in Arab-style robes. Wiig delivered an anti-Western speech, his face expressionless. The kidnappers claimed both men had converted to Islam.

“We were forced to convert to Islam at gunpoint,” Centanni told Fox. “Don't get me wrong here. I have the highest respect for Islam, and I learned a lot of good things about it, but it was something we felt we had to do because they had the guns.”

Throughout the hostage crisis, the Hamas-led Palestinian Authority insisted it did not know the identity of the kidnappers. Haniyeh was evasive Sunday when asked whether he would try to arrest them.

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In the USA, Roger Ailes, Fox News' chairman and chief executive, thanked “governments and individuals around the world” who helped free the men.

Fox Journalists Freed After 2 Weeks In Gaza (LAT)

By Ken Ellingwood, Times Staff Writer

The Los Angeles Times, August 28, 2006

One of the two men says they were handled roughly and forced at gunpoint to declare on videotape that they had converted to Islam.

JERUSALEM — Two Fox News journalists were freed in good condition Sunday after being held by kidnappers in the Gaza Strip for nearly two weeks, the longest abduction of foreigners in the chaotic Palestinian enclave in recent years.

Correspondent Steve Centanni and cameraman Olaf Wiig were transferred to a hotel in Gaza City by Palestinian security officers after days of efforts by Palestinian leaders to get them released.

Palestinian officials did not say what assurances, if any, had been made to the captors to win the journalists' release. The pair had been held by a previously unknown group calling itself Holy Jihad Brigades.

Centanni, 60, appeared tearful but healthy upon arriving at the seafront Beach Hotel in Gaza City. He later told the Fox network that he and Wiig had been blindfolded, bound and handled roughly by the kidnappers after being seized Aug. 14 and later forced at gunpoint to declare on videotape that they had converted to Islam.

Less than two hours before the men were released, the kidnappers released a videotape of the two wearing tan caftans and making the statements about having become Muslims.

"I'm emotional because I'm so happy to be out," Centanni told his network on air by telephone shortly after being freed. "There were times when I thought that, you know, 'I'm dead.' And now I'm not. And so, thank God."

Centanni, an American correspondent based in Washington, and Wiig, 36, a freelance cameraman from New Zealand, were taken across the border to Israel a few hours later.

The two were seized in Gaza City by masked gunmen who blocked their car and forced them into another vehicle. There was no word about them for more than a week, until Centanni and Wiig appeared in a videotape released Wednesday along with a statement by the captors demanding the release of all Muslims held by the United States within 72 hours.

The U.S. government rejected the demand and the deadline passed Saturday without further word from the kidnappers.

On Sunday, Palestinian officials were tight-lipped about the steps that led to the journalists' release.

Whoever may have been behind the abduction was not publicly identified.

For the previous two days, Palestinian officials had signaled progress in efforts to broker the men's release through unspecified intermediaries. On Sunday, the Popular Resistance Committees, an armed group that has fired many of the Kassam rockets launched into southern Israel, said it had acted as a go-between.

Palestinian Authority Prime Minister Ismail Haniyeh, of the militant group Hamas, said the kidnappers had acted on their own, and not as part of any established Palestinian faction or outside network such as Al Qaeda. But he declined to offer more details.

Palestinian authorities sidestepped questions about whether they would seek to prosecute the kidnappers.

The Hamas-led Palestinian government, facing international aid cuts and renewed hostilities with Israel, appeared eager for an end to the hostage episode and had urged the release of the journalists.

The abduction case stood out even amid the staggering disorder of the Gaza Strip, where a dozen or so foreigners, including journalists, have been kidnapped in the last year.

In most of those cases, the captives were released within a few hours. Most times, kidnappers have taken hostages to demand jobs in the Palestinian security forces or to settle a score on behalf of one clan or armed faction. But that was apparently not the case this time.

Centanni told Fox News that the kidnappers placed hoods over their heads and bound their wrists tightly with plastic ties before taking them to a garage, where they lay face down on a dirt-covered concrete floor. A generator rumbled noisily in the background, Centanni said, prompting him to worry that the captors could shoot the men without being heard.

But, he said, "my better nature led me to think that I'm no good to them dead. So I kept my hopes up."

The kidnapping created new uncertainties for foreigners who work in Gaza, such as journalists and aid workers. The U.S. Consulate in Jerusalem had telephoned American journalists after the abduction, urging them to stay away from Gaza for the time being.

Centanni and Wiig told a news conference in Gaza City later that they hoped the abduction would not deter journalists from going to the territory to report on conditions there. Officials and ordinary Palestinians are generally eager to tell the world their side of the story and for the most part have welcomed foreign journalists.

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It would be a "great tragedy for the people of Gaza" if journalists stayed away, even though reporting there is difficult and at times dangerous, Wiig said. Earlier Sunday, an Israeli airstrike near Gaza City hit an armored vehicle owned by [a] news agency, injuring two Palestinian journalists.

Separate Israeli airstrikes Sunday killed three Hamas militants in a neighborhood at the edge of Gaza City, and sniper fire killed a fourth in the same area, Palestinian officials said.

Early today, Israel killed at least three members of the Hamas-led security forces.

Palestinian officials said four died in an Israeli airstrike. Israel's military said two Palestinian gunmen were killed in a shootout with the army and another in an airstrike after the group had approached Israeli soldiers.

Times special correspondent Rushdie abu Alouf in Gaza City contributed to this report.

Freed Journalists: Despair, Then Hope (CSM)

By Ilene R. Prusher

The Christian Science Monitor, August 28, 2006

JERUSALEM

Two journalists for the FOX News Channel, Steve Centanni and Olaf Wiig, were released Sunday in Gaza after being kidnapped and held for almost two weeks in circumstances that remain as murky as the heretofore unknown group responsible for the abduction, the Holy Jihad Brigades.

The two men, elated and emotional after their release, told reporters at a brief press conference at the Beach Hotel in Gaza, where they had just been dropped off, that they hoped that their kidnapping would not keep other foreign journalists from coming to Gaza to cover the Palestinian story.

But their kidnapping and the uncertain events that led to their freedom has already caused most news organizations to keep their international staff out of Gaza and brought calls to reassess how to cover the story safely.

Officials at the Hamas-led Palestinian Authority (PA) said they had exerted "huge efforts" in recent days to secure the journalists' release, but still did not know exactly who was responsible for kidnapping the men.

The Interior Minister said Hamas officials had not had any direct contact with the kidnappers, but that the Popular Resistance Committee (PRC), an amorphous group of Palestinian militants from different factions, played an intermediary role in negotiating with the abductors.

The kidnapping was unprecedented in that it was the longest period of time foreign reporters have ever been held in Gaza. Moreover, several videos made of the men, in the style of those made by the Iraqi insurgency, were released to local and international news channels - another first in Gaza.

A video Thursday made a sweeping demand for the release of all Muslims held in American jails. That bumped up the usually localized focus of Gaza militants - the conflict with Israel - to the more international arena.

In the last video, which appeared on a Palestinian TV station several hours before Messrs. Centanni and Wiig were set free, the militants dressed the journalists in local Arab robes and said they had converted to Islam.

"We were forced to convert to Islam at gunpoint," Centanni said just hours after the release of that video, in an interview with FOX immediately following his release. He added: "I have the highest respect for Islam and have learned many things about it. It was something we felt we had to do because they had the guns and we didn't know what ... was going on."

Centanni described his captivity on a live FOX television program, still breathless in the first hour following their unexpectedly hasty release. He shed light on the nature of their ordeal and how significantly it differed from previous abductions of journalists in Gaza.

"We were driving down a narrow side street in Gaza City," Centanni recalled. "There was a car stopped in front of us, and before we realized what it was, four of them [gunmen] came over to our car, and stuffed us in the back seat of a tiny Toyota and flipped a black hood over our heads," he said. "We were crunched down toward the floor and they sped away."

Soon afterwards, he said, "they searched our pockets and took everything away ... they sat us down and tied our hands behind our backs really tight. That was just the beginning of our torment that night."

He said that later, they were moved in a different car "with our heads between our knees so we couldn't see where we were going." They drove for about 10 minutes, he said, and then heard a garage door rattling open. "Everything was pitch black for us anyway. We were roughly taken out of the car," he said, where they heard a generator roaring loudly.

"I was thinking, Oh God, OK, a remote warehouse with a loud generator. We're toast. They could easily shoot us and no one would hear us."

Then, said Centanni, his tendency toward positive thinking prevailed. "I'm no good to them dead," he recalled telling himself, "so I kept my hopes up."

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That night, he said, the two men were forced to lie face down on a dirt floor with their arms tied behind them in a painful position for at least two hours. He called to Wiig, who had been lying nearby. "He said, 'Yeah, I'm here, and I hurt ... but I'm here.' " The militants then prevented them from speaking further.

Centanni said they were forced to make several videos, to describe what they had reported on in Gaza as well as in other countries, such as Iraq and Afghanistan, and were instructed to write down their life stories.

"I'm emotional; because I'm so happy to be out," Centanni said. "There were times that I thought: I'm dead. And I'm not, thank God."

After their release Sunday, the two men met with Palestinian president Ismail Haniyeh, who had also held several meetings in the last few days with Wiig's wife, Anita McNaught, a broadcast journalist. Mr. Haniyeh and other Hamas officials, who have been ostracized by most Western countries following their election in January, have been keen to put their best foot forward in the crisis.

"I want to confirm that huge efforts were exerted in the last few days by the president, by the government, by the ministry of the interior, and by some other Palestinian actors - particularly our brothers in the Popular Resistance Committee - to convince the kidnappers not to harm the abducted men and to renounce their demands," said Sayeed Siam, the PA's Interior Minister, after the journalists' release.

He said that the PRC was not responsible, but had "managed to reach them and to have contacts with them," then added: "The abductors are Palestinians, after all. They're not from another planet." The quip was intended to dispel theories that that kidnapping might have been perpetrators by "outsiders," or militants from other Arab countries with ties to Al Qaeda.

Mr. Siam said that this and all kidnappings are counter to Palestinian mores and interests.

"We want to confirm that foreigners are guests in our country, as long as they don't interfere in our internal affairs," he said. "We hope these actions won't be repeated, because these damage the image of the Palestinians.

Alaa Husni, Gaza's police chief, blamed Israel for the deterioration of security conditions in the coastal strip. "The Israelis have been raiding and destroying the security institutions, then these institutions became weak and this lead to the security deterioration and the chaos," he said. "We hope that the kidnappers will give up, will not repeat an episode like this again."

But Mohammed Dahlan, who had been the security chief in Gaza when the PA was headed by the late Yasser Arafat's Fatah party, said the current government must take responsibility and reign in the lawlessness enveloping Gaza.

"Even Israeli journalists used to live here in peace and safety, and used to sleep in the Jabalya Refugee Camp in Gaza, and what we see now is a strange phenomenon," said Mr. Dahlan, who is now a Fatah party member of parliament from Gaza.

"We urge the government to implement an urgent plan to put an end to this phenomena and to punish those who stand behind it. The duty of the government is to deploy the police to bring more security for the Palestinians, who also don't feel safe anymore. It is now almost six months since the new government started to carry out its duties, and Palestinians cannot feel any difference for the better," he said.

Before they left Gaza, both of the freed journalists implored other foreign reporters not to abandon coverage of the area. "I just hope this never scares a single journalist away from coming to Gaza to cover this story because the Palestinian people are very beautiful, kind-hearted, loving people who the world needs to know more about," Centanni said.

Wiig, a freelance cameraman who works often with FOX, also said he feared their experience would dissuade many journalists from telling Gaza's tale.

"My biggest concern, really, is that as a result of happened to us, foreign journalists would be discouraged from coming here to tell the story and that would be a great tragedy to the people of Palestine and of Gaza in particular," Wiig said.

"Your story doesn't get very well told because it is difficult to work here," he told the hastily arranged press conference of primarily Palestinian reporters.

That difficulty and danger for journalists in Gaza was also apparent early Sunday when an Israeli airstrike injured two television cameramen working for [a news agency]. A missile struck their armored car, which the Israeli army said was acting suspiciously and had not been clearly identified as belonging to the media.

But the Foreign Press Association in Israel said in a statement Sunday the "assertion that the vehicle was acting suspiciously near Israeli forces is wholly unacceptable." They disputed the claim that the car was unmarked and called for an investigation into the incident.

Fox News Journalists Set Free Unharmed (WT/AP)

By Ibrahim Barzak

The Washington Times, August 28, 2006

DOJ_NMG_0054342

GAZA CITY, Gaza Strip -- Militants freed two Fox News journalists yesterday in the Gaza Strip, ending a nearly two week hostage drama in which one of the former captives said they were forced at gunpoint to make statements, including that they had converted to Islam.

Reporter Steve Centanni, 60, of Washington, and cameraman Olaf Wiig, 36, of New Zealand, were dropped off at Gaza City's Beach Hotel by Palestinian security officials. A tearful Mr. Centanni briefly embraced a Palestinian journalist in the lobby, then rushed upstairs with Mr. Wiig behind him.

The pair, who appeared to be in good health, then met with Palestinian officials, including Prime Minister Ismail Haniyeh. The three men sat in a circle of chairs at the hotel, before the journalists held a press conference, then left and crossed into Israel.

"I want to thank everybody. I am happy to be here. I hope that this never scares a single journalist away from coming to Gaza to cover the story because the Palestinian people are very beautiful and kindhearted," Mr. Centanni told reporters. "The world needs to know more about them. Don't be discouraged."

Mr. Wiig also said he was worried that the kidnapping would scare off reporters.

"My biggest concern really is that as a result of what happened to us, foreign journalists will be discouraged from coming to tell the story, and that would be a great tragedy for the people of Palestine," Mr. Wiig said. "You guys need us on the streets, and you need people to be aware of the story."

Mr. Wiig's wife, Anita McNaught, thanked Palestinian officials and Fox News for their efforts in getting the men released. The men declined to take questions, then traveled to the Erez crossing and left Gaza.

In a phone call with Fox News, Mr. Centanni said that during his capture, he was held at times face down in a dark garage, tied up in painful positions, and that he and Mr. Wiig were forced at gunpoint to make statements, including that they had converted to Islam.

"We were forced to convert to Islam at gunpoint," Mr. Centanni told Fox. "Don't get me wrong here. I have the highest respect for Islam, and I learned a lot of good things about it, but it was something we felt we had to do because they had the guns, and we didn't know what ... was going on."

The journalists had been seized in Gaza City on Aug. 14 by a previously unknown group calling itself the Holy Jihad Brigades.

However, senior Palestinian security officials said yesterday the name was a front for local militants and that Palestinian authorities had known the identity of the kidnappers from the start.

In the past two years, Palestinian militants have seized more than two dozen foreigners, usually to settle personal scores, but released them unharmed within hours. The Fox journalists had been held longest.

Israeli Siege Leaves Gaza Isolated And Desperate (WP)

By Doug Struck

The Washington Post, August 28, 2006

GAZA CITY, Aug. 27 -- As the sun beat down on the city's central market, Khitam Shahleen, 37, glumly picked through a pile of cheap pencil sharpeners, searching for something -- anything -- she could afford to buy her two sons for the start of the new school year.

"We don't have money," Shahleen said, eyes downcast beneath her head scarf. Her husband, who works as a laborer in Israel, has been trapped inside the Gaza Strip by a blockade. "We are imprisoned here," she said.

The war in southern Lebanon has overshadowed Israel's second front, a military and economic siege of the Gaza Strip that is deepening the poverty and desperation in this dense area of 1.4 million people.

More than 200 Palestinians, at least 44 of them children, have been killed in the past 8 1/2 weeks. Three Israeli soldiers have been killed. Huge Israeli bulldozers and "pinpoint" missiles have razed at least 40 houses and dozens of other buildings, according to the army, leaving many families homeless.

Daily skirmishes regularly result in new casualties. The Israelis attack with tanks, F-16 jets and artillery. The Palestinians launch an average of about six crude Qassam rockets a week into Israel, causing minimal damage, no fatalities and about a dozen injuries since June 28, an army spokesman said.

"Any Qassam fired toward Israel is one too many," said Maj. Tal Lev-Ram, a spokesman for the Israeli army's Southern Command. "Every act of terrorism against Israel will be dealt with severely from our side."

After Israel completed its unilateral withdrawal from Gaza last September, ending a 38-year presence, Palestinians expected an explosion of commerce and opportunity in this sandy strip, which is about twice the size of Washington with almost three times the population.

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But after the election in January of a parliament dominated by Hamas, the radical Islamic movement that refuses to recognize Israel's right to exist, international donors led by the United States cut off aid to the Palestinian Authority. Israel stopped transferring the tax revenue it collects for the Palestinians, and the Palestinian Authority's monthly income dropped from $150 million to $20 million or less, according to the United Nations.

Since then, the Gaza Strip's economy has been strangled. The largest employer, the Palestinian Authority, has been unable to pay more than token salaries to its 160,000 employees -- teachers, clerks, health care workers, police officers -- in six months.

Israel has enforced a blockade, allowing almost no goods to leave Gaza and only limited food supplies to enter. Most industry has shut down. Electricity and water services have been intermittent since Israel bombed the main power station here.

"Gaza is heading down the tubes," said John Ging, director of operations for the United Nations Relief and Works Agency, or UNRWA. "We are now down to a subsistence existence. It's down to getting containers of food into here."

In the market in Gaza City, Mohammed Abu Aqleen, 37, held his head morosely Saturday, leaning on a pile of blue jeans. "Nobody has any money. Nobody buys," he said, adding that he is lucky to make $7 a day.

"Under this siege, I feel like I am in a big prison," he said. "No one can leave. The country is closed now. We are under the control of someone else. You can't even go to the edge of your country safely."

On June 25, Palestinian gunmen burrowed under a fence around the Gaza Strip and attacked an Israeli outpost, killing two soldiers and capturing Cpl. Gilad Shalit, 19. Israel responded with force. Seventeen days later, Hezbollah guerrillas from southern Lebanon seized two more Israeli soldiers, igniting warfare there. The fighting in Lebanon largely ended with a cease-fire on Aug. 14, but the Gaza conflict continues.

Israeli artillery units are poised outside the borders of the Gaza Strip. Fighter jets no longer make low-altitude sonic boom runs to keep Gazans unnerved at night but still overfly the strip and launch missiles toward it. Heavily armored patrols and tanks periodically pierce the warrens of Gaza City and the refugee camps, drawing gunfire and rocks in response.

"We are determined to continue the military operations against the terrorist organizations in order to create the conditions necessary for the safe homecoming" of Shalit, Lev-Ram said.

Rumors persist of negotiations to exchange Shalit for some of the estimated 10,000 Palestinians being held prisoner by Israel, but no deal has been struck.

"The siege is continuing for six months, and people are suffering, but no one talks of giving up," said Sami Abu Zohri, a Hamas representative in Gaza. "We have no other options but to wait until the siege is over. Gaza lives in the darkness like something in ancient times."

Zohri said the rocket attacks into Israeli territory were "efforts to protect ourselves with very limited armaments." Israel's response to the corporal's capture, he contended, was disproportionate.

"If one Israeli is wounded, it's a big deal," he said. "But they have eradicated whole families in Gaza."

Hamas and its chief rival, Fatah, have discussed forming a joint government in hopes of restarting the flow of aid from international donors. So far, Hamas has balked at giving up the leading role it won in the election.

"Hamas has led us into a dark tunnel. The way out is not clear," said Maher Megdad, a Fatah spokesman here. But he, too, expressed irritation with the international pressure to undercut the elected government.

"The international community does not have the right to punish Palestinians for exercising democracy, even if the result is Hamas," he said. "While Israel pressures us, the whole world stands by."

The U.N. Office for the Coordination of Humanitarian Affairs said 202 Palestinians have been killed since Israel launched its "Operation Summer Rain" after Shalit's abduction. The Palestinian Health Ministry puts the figure at 246.

Capt. Noa Meir, an Israeli military spokeswoman, said: "It's a very complicated combat area. Just like in Lebanon, they are using civilians as human shields. We do everything possible to avoid civilian casualties."

The deteriorating situation has forced many foreigners to leave. UNRWA moved its headquarters from Gaza to Jerusalem in October, and most of its 78 international staff members left with it. Other aid agencies have done the same. A spate of kidnappings, including the 13-day captivity of two Fox News journalists released Sunday, has reduced the numbers of aid workers and foreign reporters here. An Israeli missile attack Sunday on a truck with "TV" marked in large black letters seriously wounded two...journalists.

"It's really depressing. I don't know how people are managing," said Tom Garofalo, the country director for Catholic Relief Services.

Gaza has been under pressure at least since the 1967 war, when the Israeli army seized the area from Egypt. But the siege is taking its toll, even on a populace accustomed to isolation, Garofalo said.

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"There's more and more internal conflicts between families, more and more basic crime," he said. "The Palestinian Authority is trying to maintain order. But around the edges, things crumble. Desperation drives people to do things they wouldn't normally do. There is less respect for security."

Israeli fighter bombers made a pinpoint attack June 28 on Gaza's power plant, a modern 140-megawatt station built with international aid in 2001 that provided about half the power for the Gaza Strip. Now, power bought from Israel provides service for only about six to eight hours daily for most residents. Water service, dependent on electric pumps, is also sporadic.

UNRWA and the U.N. World Food Program are providing food to more than 1 million Palestinians. Aid agencies have created short make-work programs, but thousands of people apply for each job. The agencies have given out cash and fuel to needy families.

"People are not starving or emaciated. But that's not what it's about," said Ging, the UNWRA director of operations. "It's about having 1.4 million people who have no job, no money, no prospects and an acute sense of imprisonment. You have children growing up in a violent and uncivilized society, without the things most countries would take for granted as a normal existence."

At the Gaza market, Mohammed Abdul Rahman, 36, picked carefully through the stalls looking for school supplies for his four children. A government worker, he has not been paid since March, he said. He borrowed money from a bank, but now that is due.

"It's a very, very bad situation," he said. "As a father, it's hard to tell my kids that I can't get what they need. The pressure at home is rising. Everyone feels it. I think there will be a massive strike, and the whole thing will explode. We can't keep living like this."

US Centcom Chief Abizaid Arrives In Pakistan (AFP)

AFP, August 28, 2006

The US Central Command chief, General John Abizaid, has arrived in Pakistan for talks with military officials, the military said.

Abizaid, who flew to Islamabad on a three-day visit, will hold talks with senior military officials, a statement said.

General John Abizaid, head of the US Central Command that covers parts of Africa and the Middle East, was in Afghanistan on Saturday where he said that Pakistan was not colluding with the Taliban, although some rebels come from across the border to fight in Afghanistan.

"There is always this notion that there is collusion on the part of the Pakistani government that I see always talked about in the press in the region and I absolutely don't believe that," Abizaid told reporters.

The governments of the neighbouring nations have long accused each other of not doing enough to quell the Taliban uprising, which is felt on both sides of the border.

Tribal Leader's Killing Incites Riots In Pakistan (NYT)

By Carlotta Gall

The New York Times, August 28, 2006

ISLAMABAD, Pakistan, Aug. 27 — Violent protests broke out in the southern Pakistani province of Baluchistan and in the city of Karachi on Sunday after the killing of a prominent rebel tribal leader in a fierce battle with the army.

Anticipating unrest, the government placed the army on alert on Saturday night after the death of the leader, Nawab Akbar Khan Bugti, 79, who had dominated the Baluch political scene for more than 50 years. The police closed the main highways from three provinces into the provincial capital, Quetta, and imposed a curfew at 1 a.m.

But protesters defied the curfew, burning tires, ransacking shops and government buildings and setting fire to buses in the city.

Gunfire broke out, and at least three people, including a police officer, were reported killed. A bomb exploded at a government registration office in Qalat, a town just south of Quetta, but no one was reported injured.

Violence broke out across the province during the day, and the police detained 450 people, news agencies reported.

Government officials moved quickly to try to ease tensions. President Pervez Musharraf called a meeting of senior cabinet ministers and law enforcement agencies, and his spokesman announced soon after that Mr. Bugti's body would be handed over to relatives for burial as soon as it could be retrieved from the rubble of the cave where he died.

The spokesman, Tariq Aziz, said that soldiers had not known that Mr. Bugti was in the cave when they advanced on it and that he had not been singled out.

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Nevertheless, opposition politicians and Baluch nationalists warned that the death of the tribal leader would heighten nationalist feelings in the province and opposition to Mr. Musharraf, who has also held the post of chief of the army since seizing power in a coup seven years ago.

Mr. Bugti, a former provincial governor who led his own political party, took up arms against the government of Mr. Musharraf last year, demanding a larger share of the resources of the gas-rich province and more rights for the native Baluch people in government and development.

The government blamed him for leading a series of attacks against its forces and installations, and it mounted a determined military campaign against him and the neighboring Marri tribe.

Despite his age and failing health, Mr. Bugti had for the past seven months joined in the fighting alongside his tribesmen from the mountains of his home district, Dera Bugti.

He was killed along with seven tribesmen on Saturday morning when an army unit moved in on a cave where he had sought shelter, in a place called Tratani in the Kohlu district, Mr. Aziz said. Mr. Bugti's grandsons, who were also reported killed Saturday, had not been with him, and their fates were not confirmed, he said.

Fighting broke out in the area on Thursday when a pair of army helicopters came under fire and one was hit but landed safely, Mr. Aziz said. After another helicopter came under fire in the same area, the army moved in. In two and a half days of fighting the army took 26 casualties, six of them fatal, as it advanced on the well-defended rebel positions, he said.

A senior army officer leading the advance set off a mine at the cave entrance, which triggered secondary explosions in the cave, bringing down the entire structure, Mr. Aziz said.

Former Prime Minister Mir Zafarullah Khan Jamali, a Baluch, called Mr. Bugti's death a tragedy that would have serious repercussions for the province and the country.

...

Mushahid Hussein Sayed, secretary general of the ruling party and a senator who led a parliamentary committee looking into the problems of Baluchistan last year, called his death sad and unfortunate. "The need of the hour is a political solution to longstanding problems of neglect and injustice, which are at the heart of the people's grievances," he said.

Opposition politicians, who have demanded that Mr. Musharraf give up his military post and have scheduled a vote of no confidence against Prime Minister Shaukat Aziz for Tuesday, condemned what they described as the use of force to solve a political issue.

"It is the duty of the government to hold a dialogue instead of taking military action," Qazi Hussain Ahmed, leader of an alliance of six religious parties, told the Pakistani news agency Online.

A Rebel's Killing Roils Pakistan (CSM)

By David Montero

The Christian Science Monitor, August 28, 2006

QUETTA, PAKISTAN

For years, Nawab Mohammed Akbar Khan Bugti battled the Pakistan Army. The 80-year-old renegade hidden in the mountains of Balochistan became a legend in his fight for greater autonomy against what he saw as colonial brutality.

Bugti was both hated and revered. But as a former federal minister and governor, he symbolized a political as well as a violent struggle. And his death this weekend, during a fierce three-day battle that left more than 30 dead, could prove a serious blow to Pakistan's stability.

It could also close a door to a group seen as a counterweight to extremism represented in the region by a resurgent Taliban, analysts say.

"This is not a good sign," says Samina Ahmed, South Asia director of the International Crisis Group. "Just a few years ago [Nawab Bugti] was talking to the government. Keeping that door open was the way to go. Now that door has been slammed shut."

Bugti's death could also reverberate in the region, some analysts say. The Balochis are spread across several countries, with millions living in parts of Iran and Afghanistan that border Pakistan.

"They will provide sanctuary to Baloch militants. There will be a lot of sympathy," says Lt. Gen. (ret.) Talat Masood, a defense analyst in Islamabad.

In recent weeks, the volley of attacks in Balochistan had increased, pitting thousands of Pakistani troops - the number is not disclosed - against a loosely organized but formidable federation of separatist militants.

On Friday, the day before Bugti was killed, two car bombs exploded in Quetta, wounding 13 people and shattering windows. Smoking ruins are a regular sight in Quetta and its environs as militants target military installations and government gas pipelines.

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The Army has responded with aerial bombings and helicopter gun ships, Baloch leaders say, a claim Islamabad denies.

But Mohammed Anwar, a poor tribesman from Dera Bugti, Bugti's home, says he recently fled because of the Army's bombardment. Now he lives in a squalid refugee camp on the outskirts of Quetta.

"Why is the government saying we should leave our homes? It's our property," says Mr. Anwar. "The Pakistani constitution gives us that right."

Violence paralyzed parts of Balochistan Sunday, and Baloch leaders vowed to launch a nationwide strike.

The consequences of this escalation for the broader battle against terrorism could be serious, analysts say.

"This is disastrous," says General Masood. "It will divert attention from the war on terror ... by engaging the Pakistan forces in Balochistan in a much bigger way."

The Taliban are said to be growing in influence in Balochistan, allegedly using the province's capital, Quetta, as a base for directing operations in southern Afghanistan.

But the Baloch people are widely recognized as fiercely opposed to the Taliban. With the killing of their most respected leader by government forces, the prospects for peace are dim for the foreseeable future, many here say.

At the root of the longrunning insurgency is a sense of inequity over the distribution of natural resources. Balochistan, Pakistan's largest but most impoverished province, is as rich in mineral wealth and natural gas as it is in bloodshed.

Natural gas was first discovered in Balochistan in the 1950s, but it has mostly been shipped to Islamabad and parts of Punjab; some regions of Balochistan are still without it.

With demands for greater political autonomy and control of resources consistently rejected by the state, Nawab Bugti and other Baloch leaders have fought a succession of wars against Islamabad since the 1970s.

Balochistan, cut off by rough terrain and political differences from the central government, has pockets of extremism that the Taliban have long exploited. The province also shares hundreds of miles of unmanned border with Afghanistan, giving the Taliban a sprawling front for their operations.

The solution, such as it exists, masks a potent irony. The most effective counterbalance to the Taliban, observers say, are the very people the Army is targeting in its military operations.

Baloch nationals have acted as a countervailing force to extremists, espousing democratic and liberal political values, observers say. In the arena of the provincial assembly, Baloch leaders argue, they regularly battle against measures that create an amenable atmosphere to the Taliban.

Their struggle for autonomy and greater political rights, they add, dovetails with the broader agenda of the war on terror. "We are fighting in the same atmosphere as the United States," says Akbar Mengal, a member of the provincial assembly from the Balochistan Nationalist Party.

But instead of encouraging the Baloch parties, leaders and analysts charge, the government has actively undermined them, targeting them - and not the Taliban - with their weapons.

"All those weapons and aid that the US has given to Pakistan to fight Al Qaeda and the Taliban, [the Pakistan Army] is using against the nationalists in Balochistan," adds Mr. Mengal. US officials have conceded as much to the Western media in the recent past, saying it cannot always control how the Pakistani Army uses its weapons.

These are troubling realities often overlooked by Washington and other Western powers, Ms. Ahmed and others say.

"If the menace of the Taliban are to be dealt with in Balochistan, the Baloch are a credible ally. It is in everyone's interest - Afghanistan, the United States - to see that there is peace in Balochistan," she cautions.

21 Wounded As Blasts Hit Turkish Resort (AP)

By Selcan Hacaoglu, Associated Press Writer

AP, August 28, 2006

A bomb blast blew apart a minibus in a Turkish tourist resort late Sunday injuring 21 people including 10 British tourists, the local police chief said.

The explosion was in the popular Mediterranean resort town of Marmaris. There were two other bomb blasts at the same time in garbage cans on the main boulevard in Marmaris, the state-owned Anatolia news agency reported. The area is lined with bars, clubs, cafes and restaurants. There were no reports of injuries in those blasts.

There was no immediate claim of responsibility for the blast. Kurdish guerrillas have in the past carried out such attacks against tourist resorts.

Britain's Foreign and Commonwealth Office said that 10 Britons were injured in the explosions, according to a report from the British news agency Press Association.

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Police chief Emin Korpe of Mugla province, where Marmaris is located, said 21 people were injured in the blast, including 10 British tourists and 11 Turks, the private Dogan news agency reported. Korpe said one of the injured was in serious condition, but gave no further details.

None of the injured had life-threatening injuries, Anatolia reported. Gov. Temel Kocaklar of Mugla said nine of the injured were released from hospital following treatment, the state-run Anatolia news agency reported.

Dogan quoted local Governor Cemalettin Ozdemir as saying that the bomb was placed under a seat in the bus.

"We will capture the culprits and bring them before the public as soon as possible," Kocaklar said.

The Mediterranean coast is extremely popular with millions of European tourists who flock to Turkey during the summer months.

Police immediately boosted security in the area and set up roadblocks outside of the city.

Earlier Sunday, a bomb blast in a low-income neighborhood of Istanbul injured six people, police said.

The explosion in the Bagcilar district occurred near the local governor's office and police said they suspected that Kurdish militants were behind the explosion. One of the injured was reported to be in critical condition.

In 2005, Kurdish guerrillas bombed a minibus in the Aegean resort town of Kusadasi killing five people and injuring 13 others. The dead included a British woman and an Irish teenager.

Journalist Faces Charges Over Entering Darfur Region (NYT)

By Lydia Polgreen

The New York Times, August 28, 2006

EL FASHER, Sudan, Aug. 27 — The Sudanese government has charged Paul Salopek, a foreign correspondent for The Chicago Tribune and winner of two Pulitzer Prizes, with espionage and entering the country illegally. Mr. Salopek crossed the border from Chad into the troubled region of Darfur without a visa about three weeks ago.

Mr. Salopek, who was on leave from The Tribune and on assignment for National Geographic magazine, was captured Aug. 6 by a militant group allied with the government and handed over to the Sudanese Army, said one of his lawyers, Omar el Faroug Hassan.

He was held without outside contact until 10 days ago, when the United States Embassy in Khartoum was notified of his detention and he was allowed access to a lawyer.

He is the third Westerner detained and charged after crossing the border from Chad this month. An American college student was detained and deported this month after making a similar journey. Tomo Kriznar, a filmmaker and human rights advocate acting as the envoy of Janez Drnovsek, the Slovenian president, was sentenced to two years in prison after being convicted on charges similar to those Mr. Salopek faces.

The Tribune and the National Geographic Society strongly deny that Mr. Salopek, whose dispatches from across the world have won him acclaim, is a spy.

“Paul Salopek is one of the most accomplished and admired journalists of our time,” said Ann Marie Lipinski, editor of The Chicago Tribune, in a statement released after Mr. Salopek made a brief appearance at the state courthouse here on Saturday. “He is not a spy.”

Chris Johns, the editor of National Geographic, called Mr. Salopek a “world-recognized journalist of the highest standing, with a deep knowledge and respect for the continent of Africa and its people.”

Mr. Salopek was traveling in Chad to report for an article about the culture, history and politics of the Sahel region, a vast, arid stretch of earth that spans the continent from east to west.

His trial was to begin on Saturday, but the judge granted his lawyers’ request for a delay of two weeks to prepare his defense. Two Chadian men traveling with him, Suleiman Abakar Moussa, an interpreter, and Idriss Abdulraham Anu, a driver, face the same charges.

Media Groups Urge Sudan To Release U.S. Reporter (WP/AP)

By Associated Press

The Washington Post, August 28, 2006

KHARTOUM, Sudan, Aug. 27 -- Journalism watchdog groups on Sunday urged Sudan's government to release a two-time Pulitzer Prize-winning American journalist who was arrested on charges of espionage and other crimes.

The New York-based Committee to Protect Journalists said it was "deeply troubled" by the arrest of Chicago Tribune reporter Paul Salopek this month and the charges brought against him Saturday.

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"We view these charges as a grave threat to press freedom and call on the Sudanese authorities to see to it that they are dismissed and that our colleague is set free," said Joel Campagna, the group's Middle East and North Africa program coordinator.

Salopek, his driver and interpreter, both Chadian, were arrested Aug. 6 by pro-government forces in the war-torn region of Darfur in western Sudan. Salopek, who lives in New Mexico, was working on a freelance assignment for National Geographic magazine about the culture and history of the Sahel region at the time of his arrest, said Chris Johns, the magazine's editor in chief.

"We're doing everything we can, including appealing to the Sudanese government, to have Paul released immediately," Johns said.

More than 200,000 people have died in Darfur since the conflict began in 2003. The United Nations and aid organizations have warned of a deepening humanitarian crisis in Darfur, saying violence has mounted since a peace agreement was signed in May by the Sudanese government and one of the region's major rebel groups.

Salopek, 44, is charged with espionage, passing information illegally, writing "false news" and a noncriminal immigration charge of entering the country without a visa. His driver and interpreter face the same charges. A judge in El Fasher, the capital of North Darfur, has granted a defense motion to delay the trial until Sept. 10.

Sen. Barack Obama (D-Ill.), who is in Africa on a two-week tour of several countries, said Sunday the State Department had assured him that Salopek's case was a high priority.

"I expect the U.S. government to take this with the utmost seriousness," Obama said.

Sudanese officials were not available for comment Sunday. The U.S. Embassy in the capital, Khartoum, would not immediately comment.

Paris-based Reporters Without Borders called the charges "ridiculous" and said Salopek was just trying to cover the "tragic situation" in Sudan.

"An objective media coverage in Sudan is needed so that the local authorities and the international community can effectively assess the situation and take appropriate actions to solve this human drama," the group said in a statement.

Ann Marie Lipinski, Chicago Tribune editor and senior vice president, has said Salopek is not a spy and urged the government to let him return home.

US Senator Electrifies Kenya's Largest Slum (AFP-Y)

By Bogonko Bosire

AFP, August 28, 2006

US Senator Barack Obama waded through trash and leaking sewage on the outskirts of the Kenyan capital as thousands turned out to welcome him into the heart of sub-Saharan Africa's largest slum.

After two days of rapturous greetings by Nairobi officialdom and villagers in his father's birth and burial place in western Kenya, the rising American political star toured the sprawling, garbage-strewn Kibera shantytown.

"You are all my brothers and sisters," Obama told an excited crowd of several thousand in the massive slum, many of whom stood on rusted tin roofs, craning their necks for a glimpse of Kenya's new "favorite son."

The only African-American in the US Senate and potential Democratic Party presidential nominee visited development projects in Kibera, home to at least 800,000 impoverished and mainly jobless residents.

Under a scorching sun, large crowds of admirers surged back and forth against lines of police who struggled to keep control of the situation in the slum, known for its poor sanitation, violent crime, prostitution and disease.

At the Mchanganyiko Women's Self Help Group, a micro-finance program aimed at boosting female-owned small businesses, Obama said women's empowerment was key to fostering human and social development.

"Any country can develop when women are given opportunities and any country can be underdeveloped when women are oppressed," he said, wearing a red Polo shirt. "When people have access to capital, they can be assured of growth."

"Women need to access and control capital," Obama said.

The dapper junior senator from Illinois also visited "Carolina for Kibera," a project run by the University of North Carolina to raise awareness about HIV/AIDS, an area Obama has shown particular interest in.

AIDS has ravaged large segments of Kenya's population, particularly in Obama's late US-educated father's home region in the west, where the senator and his wife, Michelle, took HIV tests to promote such testing.

Kenya has made progress in combatting the deadly disease but it has killed about 1.5 million people and infected another 1.2 million in the east African nation.

Like other Kenyans who have given Obama a rock-star welcome for his five-day visit, singing, dancing and waving homemade US flags to greet him, Kibera residents were equally fervent.

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"Obama is our own, we expect nothing other than seeing him," Julius Odhiambo, a middle-aged slum inhabitant. "It is a sign of great respect that he has come to visit us. He knows the bond of brotherhood in Africa never dies."

Before visiting Kibera, Obama traveled to drought-hit northern Kenya, where millions of the mainly pastoralist herder population were threatened by starvation, malnutrition and mass livestock deaths earlier this year.

In the village of Wajir, the epicenter of northeastern Kenya's drought misery, Obama visited a hospital, aid projects and community centers, speaking to victims who are still recovering from the crisis.

Some 3.6 million Kenyans were among more than 15 million people in five east and Horn of Africa nations to be affected by the drought, the latest in a series of cyclical weather disasters that have hit the region.

Kenya is the second leg and highlight of Obama's tour of Africa, which began in South Africa and will continue in Chad and Djibouti.

He was forced to cancel stops in Rwanda and the Democratic Republic of Congo due to unrest, and in Sudan.

Kenyans Greet Obama With Open Arms (USAT/AP)

By Christopher Wills

USA Today, August 28, 2006

NAIROBI, Kenya — Sen. Barack Obama, making an emotional visit to his late father's homeland, found pockets of optimism even in one of the world's worst slums Sunday.

“All of you are my brothers. All of you are my sisters,” the Illinois Democrat said after his tour of Kibera, where 700,000 people are jammed into 1 square mile, with little access to water and other basic services.

The senator visited a program that helps residents pool their resources to start small businesses, buy insurance or improve their homes, and another that encourages children to abstain from sex to avoid AIDS.

Obama, 45, told the people of Kibera that he wants everyone in America to know about their troubles and promised that he will push for the United States and the Kenyan government to help.

He was cheered wherever he went, but no stop was as poignant as the one in the hamlet of Kogelo, where he had lunch with his father's stepmother, Sarah, and visited the elder Obama's grave.

Obama's 85-year-old “Granny,” as he calls her, met him at the foot of the small hill where her house sits and hugged him. Then they and Obama's family walked to the house amid a crush of relatives, friends and reporters. Someone carried a huge American flag. The family shared a meal of chicken, porridge, cabbage and more.

Obama's father was a goatherd who won a college scholarship in Hawaii. There he married Obama's mother, but the couple divorced when their son was 2. His father returned to Kenya, where he died in 1982.

“Anytime a child comes back to a parent's grave, it makes you reflect on your mortality and the next generation,” Obama said.

He spent much of his visit studying the toll AIDS is taking on African families. He and his wife, Michelle, took AIDS tests as thousands watched, and he visited a project that helps grandmothers who care for children orphaned by AIDS.

In Kogelo, home to the Luo tribe, which includes Obama's family, one T-shirt had his picture and the words, “The senator, the diplomat, the politician … the Luo.”

US Seeks Support From China To Revive Global Trade Talks (WSJ/AP)

By AP

The Wall Street Journal, August 28, 2006

BEIJING -- U.S. Trade Representative Susan Schwab arrived yesterday to press China for help in restarting WTO talks on liberalizing global trade after warning they could be stalled for years without a breakthrough soon.

Ms. Schwab also planned to push Beijing for more action to cut its multibillion-dollar trade surplus with the U.S. and to fight product piracy.

The World Trade Organization suspended talks indefinitely last month after the U.S., the European Union and other major traders failed to agree on a deal to lower barriers to farm commerce.

Ms. Schwab was due to meet with Commerce Minister Bo Xilai and other Chinese trade officials.

"China is likely to be a major beneficiary of a successful Doha round and is certain to be a major loser if the Doha round fails. We have a shared interest in seeing a successful Doha round," Ms. Schwab said last week in Malaysia at a meeting of Southeast Asian trade ministers.

The process could become more complex in mid-2007, when President Bush's "fast track" authority to submit a trade deal to Congress for a yes-or-no vote without amendments runs out.

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Ms. Schwab's trip also comes amid mounting U.S. frustration over China's trade surpluses and complaints that Beijing is failing to stop illegal copying of music, movies and other products.

The U.S. trade deficit with China hit $202 billion last year, adding to strains with Washington. It is expected to exceed that this year.

Ms. Schwab welcomed China's efforts to crack down on copyright and patent violations. She noted a commitment to require all personal computers sold in China to have factory-installed operating systems in order to discourage consumers from buying counterfeit systems.

Democracy In Cuba Unlikely As Raul Rules (WT)

By Rowan Scarborough

The Washington Times, August 28, 2006

The permanent successor to Fidel Castro will be his brother, Raul, Bush administration officials have concluded, and he will be enthusiastically assisted by the cadre of "young technocratic communist professionals" who have run Cuba's day-to-day government machine for decades.

The officials said in interviews that this layer of committed communists is a key reason that democracy is not likely to emerge in Havana soon after the dictator's death. The 80-year-old Mr. Castro is said to be recovering from intestinal surgery. He turned power over to his brother on July 31.

The Bush administration has debated making secret overtures to Cuba. One strategy toward democracy considered was an alliance with key military leaders in the Revolutionary Armed Forces (FAR), the officials said. Some officials in the Pentagon backed the idea, but the State Department and White House said "no," calling it unlikely to succeed.

Mr. Castro's military was considered as a contact point because it is regarded as the "least of three evils" within the security apparatus, which also includes the regular police constabulary and the secret police. The average Cuban is not thought to necessarily link the military to political repression.

"We said, 'We need to establish contact with the military,' " the official, who asked not to be named because the source is not authorized to discuss internal administration debates, says. "The military would play a major role in transition and maintaining order."

The military, while tainted, "is not directly involved in repression."

"The Cuban military is salvageable. Just like in Iraq, you should try to salvage the military."

What is probably not salvageable are the generations of young, handpicked dedicated Communists who run the party and the government, and appear to be firmly in control.

A secret Pentagon report from 2000 assessed national-security threats until 2020 and predicted that the Castro bureaucracy would be able to hold power for some time after his death.

"The Cuban Communist Party -- even without Castro at the helm -- likely will remain in power," the Defense Intelligence Agency (DIA) concluded. A copy of the report was obtained by The Washington Times. "However, a post-Castro government -- particularly after Castro's death -- probably would liberalize the economy more rapidly, and any concomitant relaxation of U.S. foreign policy would be likely to spark debate over the extent of political liberalization inside and outside the Communist Party. Fundamental political change would probably result."

The DIA concluded that the military likely would remain loyal to the Communist Party. "The Revolutionary Armed Forces will remain loyal to Castro. The high command has demonstrated concern over the speed of economic reforms -- they favored more rapid change prior to 1994 -- but probably will continue to agree with Castro on the need to maintain the Communist Party's monopoly on political power."

The Cuban regime is helped by Venezuela President Hugo Chavez, a self-proclaimed socialist who has sought strong ties with foes of the United States, including the Castro regime and Iran's hard-line Islamic government. Mr. Chavez subsidizes the Cuban economy with oil and has invited hundreds of Cuban communist operatives into his country to tell his government how to wield power.

"You can't influence people without money, and that is what he has been doing," the defense official said.

Mr. Chavez's strategic vision is to organize groups of countries to oppose U.S. policies, a second official said. U.S. hopes of a democratic uprising in Cuba are a "fantasy" and "wishful thinking," the official says.

Cuba's Economic Fate Up In Air (USAT)

By Edward Iwata

USA Today, August 28, 2006

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Millions of visitors to Havana have been entranced by the Cuban capital's resorts and restaurants, its centuries-old baroque and colonial architecture, its malecon seawall and promenade.

Behind the tourists' facade, though, the Castro regime and military and government officials control nearly all of Cuba's multibillion-dollar economy, including tourism, finance, retail, agriculture and energy.

Now, with 80-year-old Fidel Castro ailing after surgery, speculation is rising over the future of Cuba's economy and the anticipated rule of brother Raul Castro, the military strongman who lords over hundreds of state-run businesses.

Despite the hope of U.S. companies that Cuba might welcome capitalism and that the U.S. might lift its long-running embargo, dramatic change probably won't happen soon. Raul Castro is unlikely to anger Cuba's ruling elite by launching major economic reforms, economists and Cuba scholars predict.

“If Fidel dies, the grip of the military would be even greater than now,” says Antonio Jorge, an economist at Florida International University. “Raul would buy the loyalty of generals and high-ranking officials by showering them with more privileges and economic benefits.”

Talk of Cuba's economic fate comes amid reports of Fidel Castro's intestinal surgery earlier this month and the transfer of power to his brother. The news fueled speculation that Castro might die, setting off street celebrations among Miami's large Cuban population.

The stakes remain high: billions of dollars in future trade and investments and 11 million potential Cuban consumers only 90 miles from Florida. Economists say that U.S. failure to tap into the Cuban economy will benefit only leftist Venezuela and communist China, Cuba's biggest trade partners.

“Cuba is an evolving and dramatic new market,” says Ruben Bonilla, chairman of the Port of Corpus Christi in Texas. “We don't want to miss the party because of an embargo begun 10 U.S. presidents ago.”

Venezuela supplies Cuba with half of its oil, shipping 78,000 barrels of crude oil daily at subsidized prizes. China imports nickel from Cuba and has signed a spate of business deals with the Castros.

Both countries are likely to grow closer to Cuba. It has potential crude oil reserves of up to 9 billion barrels and vast natural gas reserves, reports the U.S. Geological Survey. Already, Cuba has signed lease agreements with China, India, Canada and Spain.

U.S.-Cuba relations have been rocky since the 1962 Cuban missile crisis. A 44-year U.S. trade embargo bans nearly all exports to Cuba except agricultural and medical goods. Anti-communists say the Castro regime must fall before the embargo is lifted, while pro-trade forces say impoverished Cuba needs capitalism.

In spite of the embargo, U.S. businesses — especially in agriculture, shipping, oil and energy, tourism, retail, finance and construction — hope a new ruler might lead to a new Cuban economy.

After the Soviet Union collapsed in 1991, U.S. companies wanted to rush into Cuba, thinking it would be the next Soviet bloc country to fall, says Jaime Suchlicki, director of the University of Miami's Institute for Cuban and Cuban-American Studies. That didn't happen.

“Now,” says Suchlicki, “it's beginning to pick up again because it looks like there might be change.”

Kirby Jones, president of the U.S.-Cuba Trade Association, says Canada and European nations have more than 300 joint ventures with Cuba in telecommunications, oil and energy, mining, port management and other sectors. “This is not the Cuba of old, when everything was under Soviet Union domination,” he says. “This is a brand new version, a mixture of capitalism and socialism.”

Raul Castro could continue in that direction, some economists and scholars say. Initially, he might unveil small, cosmetic reforms to polish Cuba's image and win over his people. He might let Cubans start thousands of small businesses in trade, agriculture and tourism, as the Castros allowed in the mid-1990s.

One scenario: Cuba copies China, a blend of authoritarian state control, manufacturing, mass-market consumerism and high-tech development.

“At best, Raul will try the mini-China model,” says Antonio Gayoso of the Association for the Study of the Cuban Economy and a former economist in Cuba's finance ministry. “At worst, he and the military will continue the repressive control they have now.”

Cuba's economy was stronger in the 1950s, when it was one of Latin America's top trade powers. Havana was a hot tourist site, and the U.S. and Great Britain were Cuba's largest trading partners.

After Fidel Castro's guerrilla war ousted dictator Fulgencio Batista in 1959, much of the economy fell apart. Cuba became a kind of welfare nation, with the old Soviet Union pouring $65 billion in aid and loans into Cuba from 1960 to 1990.

Economists say much of Cuba remains frozen in the past and lacks the modern ports, airports, business facilities and power grid needed to grow global trade. More than half of Cubans live in poverty, and the United Nations runs an emergency

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food program for 700,000. The country also is saddled by heavy debt, owing Venezuela, Russia and European nations $40 billion, Suchlicki says.

Even joint ventures between Cuba and other countries have dwindled. The State Department says they are down to 300 from 540 in 1982, and majority ownership by foreign partners does not really exist.

Production of sugar, citrus fruits, fertilizer and other goods has fallen since the early 1990s, after Soviet aid stopped.

Only oil, gas and nickel have seen growth in that period because of Venezuelan and Chinese investments, says Carmelo Mesa-Lago, an economics professor at the University of Pittsburgh. Other bright lights in Cuba's $39 billion economy: tourism and nascent bioscience and pharmaceutical industries, economists say.

In recent years, Cuba has claimed nearly full employment for its workers and annual economic growth ranging from 5% to 12% — even with droughts, hurricanes, blackouts and disastrous sugar harvests.

Some economists say the figures are fabricated. “It is economic propaganda,” Mesa-Lago says. “Data is manipulated to show that Cuba's economic policies are paying off, when the standard of living for Cubans has declined.”

Other obstacles to more open markets in Cuba and trade with the U.S.:

·Hardcore Stalinism. Since the 1950s, Fidel and Raul Castro have ruled the economy with iron fists, say Cuba experts. Outspoken political and economic reformers have been shunned or imprisoned.

In the 2006 Index of Economic Freedom by the Heritage Foundation, Cuba ranks as one of the world's least-free nations, with Libya, Iran and North Korea.

“Fidel and Raul said many times, ‘No, we will never open the door to capitalists,' ” says Jesus Marzo Fernandez, a former Cuban finance official and defector who lives in Miami. “They will never change.”

Over the years, Fidel Castro allowed six major shifts in economic policy, according to Mesa-Lago. But as the economy improved, he pulled back, fearing the growing power of business leaders.

Mesa-Lago likens Fidel Castro to Mao Zedong, the late Chinese dictator. Mao also was a charismatic Communist revolutionary who forced turbulent economic changes on his nation. And he had a youthful cadre of government officials eager to embrace global trade.

“But not until Mao died,” says Mesa-Lago, “were reformers able to push through changes.”

·Fidel Castro Inc. For four decades, Fidel Castro has controlled nearly all of Cuba's financial resources, according to Maria Werlau, a Cuba expert and president of the Free Society Project in Summit, N.J., and congressional testimony by former Cuban finance and military officials.

Forbes has estimated Fidel Castro's wealth at $900 million, which Castro has vehemently denied.

Werlau and other Cuba experts say the figure is low. They say the Castros and loyalists control several billions of dollars in real estate, bank accounts, private estates, yachts and other assets — called “the Comandante's Reserves” — in Europe, Latin America and Asia.

“The best estimates appear to be well shy of the vast wealth under his command,” Werlau says.

Jorge Sanguinetty, CEO of DevTech Systems, an economics consulting firm in Washington, D.C., writes in a report that Cuba's economy is “a gigantic privatization process with one and only one owner: Castro himself.”

·Trade embargo. Given lingering anti-communist sentiment in Congress, the embargo probably won't vanish soon. Moreover, the 1996 Helms-Burton Act bars U.S. political and business ties with Cuba unless democracy arises there.

Pro-trade forces plan to raise the embargo issue with lawmakers this fall. Agribusiness persuaded Congress in 2000 to allow U.S. businesses to export some agricultural goods to Cuba. Since then, farmers have signed deals to ship $2 billion in cattle, poultry, grain, rice, beans, apples and cotton to Cuba, says the U.S.-Cuba Trade Association.

State Department officials recently said the U.S. might open political and economic ties to Cuba — if Cuba were to transition into a democracy.

With no embargo, agricultural officials say, U.S. food exports could grow tenfold. Jim Sumner, president of the USA Poultry & Egg Export Council, says ranchers last year shipped Cuba 78,000 metric tons of chicken. That's 3,500 truckloads of refrigerated containers.

“The opportunities in Cuba are tremendous, due to the proximity to the U.S.,” says Sumner, who has dined with Fidel Castro in his Havana palace during agricultural trade missions.

Ralph Kaehler, a rancher in St. Charles, Minn., has been enthused about Cuba trade ever since he flew to Havana on a trade mission with former Minnesota governor Jesse Ventura three years ago. Since that trip, Kaehler has brokered several million dollars in deals for companies to sell agricultural goods to Cuba.

“Our government talks about free trade with China, Vietnam — every country except Cuba,” says Kaehler, whose German ancestors started the family farm in 1881. “Whether you like or dislike the Castro government, if we had more trade with them, our influence and impact there would be much greater.”

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Agribusiness isn't alone in desiring more business with Cuba. At JetBlue, spokeswoman Jenny Dervin says there would be "great demand for non-stop travel between New York and Havana," and flights between Cuba and Florida, where JetBlue serves six cities.

Despite the Cold War politics between the U.S. and Cuban governments, pro-trade advocates say many of the Cuban people seem open to economic change.

Says Kaehler: "Cubans may not want wholehearted democracy like in the U.S., but they do want basic food and medicine and a few more freedoms."

U.S. Officials Say Venezuela Knew Military Equipment Was In Seized Cargo (NYT)

By Simon Romero

The New York Times, August 28, 2006

CARACAS, Venezuela, Aug. 27 — Venezuelan military and customs officials were notified of the military equipment contained in diplomatic baggage at the center of a dispute between Venezuela and the United States before its delivery here last week, officials at the American Embassy said Sunday.

Venezuelan authorities' seizure of the baggage, which included replacement fuses intended for ejector seats ordered by Venezuela's air force, set off accusations from Caracas and Washington that international law governing diplomatic baggage had been violated.

At the heart of the dispute are fears frequently expressed by Venezuelan officials that the United States is trying to foment opposition to the administration of President Hugo Chávez.

Interior Minister Jesse Chacón Escamillo said Friday that the diplomatic shipment had been stopped because it had been smuggled past customs officials, and that it contained military equipment including detonators and rocket motors.

Ministry officials did not respond to requests for comment on Sunday.

The shipment was brought here on a C-17 military transport plane, and not aboard a civilian aircraft, because it contained fuses and other material for ejector seats that had been ordered by Venezuela's military mission at Wright-Patterson Air Force Base near Dayton, Ohio, two American Embassy officials said. Each official asked not to be identified because of the heightened tension between the countries.

Although political relations between Venezuela and the United States are deteriorating and sales of military equipment to Venezuela by American companies have been banned since May, Venezuela still has a small mission at the base near Dayton and a larger mission, with about 20 military officials, in Miami. The United States has more than 20 military officials connected to its embassy here in Caracas.

The shipment of the ejector seat equipment was apparently allowed because the order had been placed before the ban on military-related sales. The American officials said a manifest listing the contents of the shipment was sent before its arrival last Wednesday to military and customs officials at Maiquetía airport near Caracas, and the baggage was cleared through customs and was en route to Caracas when it was intercepted by the Venezuelan military.

Venezuela's attorney general and National Assembly signaled that they intended to investigate the incident, though it was not clear what disciplinary action they could take, since the seizure involved diplomatic baggage.

Reports over the weekend in local news media aligned with Mr. Chávez's government called for close attention to the incident, asserting that the United States secretly brought military equipment into Chile in diplomatic baggage before the coup that toppled Salvador Allende in 1973.

U.S.-funded Programs Incite Chavez's Suspicion (WT/AP)

By Ian James

The Washington Times, August 28, 2006

CARACAS, Venezuela -- The U.S. government is spending millions of dollars in the name of democracy in Venezuela -- bankrolling human rights seminars, training emerging leaders, advising political parties and giving to charities.

But the money is raising deep suspicions among supporters of President Hugo Chavez, in part because the U.S. has refused to name many of the groups it's supporting.

Details of the spending emerge in 1,600 pages of grant contracts obtained by the Associated Press through a Freedom of Information Act request. The U.S. Agency for International Development (USAID) released copies of 132 contracts in all, but took out the names and other identifying details of nearly half the grantees.

U.S. officials insist the aid is politically neutral and say the Chavez government would harass or prosecute the grant recipients if they were identified.

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Mr. Chavez, however, thinks the United States is campaigning -- overtly and covertly -- to undermine his leftist government, which has crusaded against U.S. influence in Latin America and elsewhere.

"The empire pays its lackeys, and it pays them well," he said recently, accusing some of his opponents of taking "gringo money."

While USAID oversees much of the public U.S. spending on Latin America, President Bush's government also has stepped up covert efforts in the region. This month, Washington named a career CIA agent as the mission manager to oversee U.S. intelligence on Cuba and Venezuela.

The Bush administration has an $80 million plan to hasten change in Cuba, where Mr. Chavez has sworn to help defend Fidel Castro's communist system. The U.S. also is spending millions on pro-democracy work in Bolivia, where Mr. Bush has warned of "an erosion of democracy" since a Chavez ally, socialist Evo Morales, was elected president in December.

Mr. Chavez makes no distinction between the programs supported by public U.S. funds and the secret effort he claims the CIA is pursuing to destabilize his government. And it appears a crackdown on the U.S. aid is looming as Mr. Chavez runs for re-election in December.

Venezuelan prosecutors have brought conspiracy charges against the leaders of Sumate, a U.S.-backed group that frequently points out perceived flaws in the voting system.

The pro-Chavez National Assembly is preparing to require nonprofit groups to reveal their funding sources.

And Mr. Chavez has threatened to expel U.S. Ambassador William Brownfield, whom he accuses of stirring up trouble with USAID donations to youth baseball teams and daycare centers.

Much of the spending is overseen by USAID's Office of Transition Initiatives (OTI), which also works in such "priority countries" as Iraq, Afghanistan, Bolivia and Haiti.

OTI says it has overseen more than $26 million for programs in Venezuela since 2002, when it began work here after a failed coup against Mr. Chavez. Much of it has gone toward more than 220 small grants as part of USAID's "Venezuela Confidence Building Initiative."

"It's a pro-democracy program to work with Venezuelans of any point of view," said Adolfo Franco, USAID's assistant administrator for Latin America and the Caribbean. "It's without political bias."

The USAID grants for 2004 and 2005 reviewed by the AP include some charity projects -- like $19,543 for baseball equipment that Mr. Brownfield delivered to a pro-Chavez neighborhood and $23,189 for chickens and coops at a poor school.

Others seem to promote good government, like $15,289 to publish a pocket guide on citizenship.

One recipient, the Development and Justice Consortium, held a workshop in a poor Caracas neighborhood on seeking accountability in local government. A neighborhood banner read "Chavez Forever," but teacher Antonio Quintin reminded students that "governments are only delegates."

Most attendees had no idea U.S. money paid for the class, and even die-hard Chavez supporters saw nothing subversive in it. "As long as it brings benefits, it doesn't matter where the funding comes from," said Ingrid Sanchez, 40, a member of a local planning council.

But other projects remain so vague as to raise concern among Chavez supporters, such as a $47,459 grant for a "democratic leadership campaign," $37,614 for public meetings to discuss a "shared vision" for society, or $56,124 to analyze Venezuela's new constitution of 1999. All went to unidentified recipients.

USAID said revealing more of their identities would be an "unwarranted invasion of personal privacy" that could endanger the recipients, saying some have been questioned for 12 hours at a time by the Venezuelan secret police.

"It's simply for the security of the recipient," said Russell Porter, an OTI official for Latin America. "The only thing we've held back are the names of the groups."

New Blueprint Koizumi's Success Charts The Path To Japan's Future (WSJ)

By Sebastian Moffett

The Wall Street Journal, August 28, 2006

TOKYO -- Five years after he took over as prime minister of a moribund nation, Junichiro Koizumi is preparing to leave behind him a different Japan. An economic has-been that mourned its waning international influence has been transformed into a surprise revival story -- sprouting skyscrapers and shopping centers -- while becoming Washington's most reliable ally in Asia.

Mr. Koizumi turned into one of the most influential leaders in modern Japanese history -- and his impact is likely to endure, because he created a template for future leaders for how to centralize power and influence public opinion.

When Mr. Koizumi came to power in 2001, the financial system was swamped with bad loans, hobbling the economy. Successive prime ministers feared action might bankrupt weak firms. Mr. Koizumi ordered a cleanup. Though the national debt was spiraling upward, earlier prime ministers maintained public spending to try to boost the economy. He slashed away. To

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revive market forces, he privatized the state-owned bank and life-insurance company run by the post office, liberating more than $3 trillion in assets.

Mr. Koizumi's combination of guts, stubbornness and quirky unpredictability made him both loved and hated abroad -- a contrast to earlier Japanese leaders whose names were barely known. He and George W. Bush celebrated their close friendship in June with a visit to Elvis Presley's former home in Tennessee. (Mr. Koizumi is an Elvis fan and occasional impersonator.) Chinese leaders, however, shunned Mr. Koizumi, angered by his yearly visits to a Tokyo war shrine that honors, among others, Japan's military leaders during World War II.

Next month Mr. Koizumi steps down. The candidates to succeed him, including front-runner Shinzo Abe, lack his zeal. Some lawmakers in the ruling Liberal Democratic Party would love a return to the days of free spending and weak prime ministers, when politics was about delivering pork to districts in return for campaign donations.

But Japan likely will not return to its old ways. Changes in the 1990s paved the way for the strong chief executive that Mr. Koizumi became. New election rules promoted a two-party system and weakened the ruling-party factions that had hindered policy-making. The prime minister's office gained a powerful forum to set national priorities.

Mr. Koizumi exploited these tools to the hilt, and the public loved him for it. His victory in the September 2005 general elections was overwhelming. Future prime ministers, however much they may wish to emulate the passive and colorless leaders of the past, risk being booted from office by someone offering Koizumi-style dynamism. More than giving Japan an invigorating five years, Mr. Koizumi has provided a new blueprint for leadership.

Harukata Takenaka, a director of the National Graduate Institute for Policy Studies in Tokyo, calls this the "2001 system," after the year Mr. Koizumi took office, and says it won't alter fundamentally when he leaves. "The prime minister will likely be able to wield strong power," Mr. Takenaka says.

All this change is not welcome to some Japanese. The old consensus system, they believe, created a fairer society. Mr. Koizumi has been accused of promoting a system where a few big-city investors and entrepreneurs earn U.S.-style riches, while the poor, the elderly and rural dwellers suffer from budget cuts and neglect. Others say he grabbed too much credit for an economic upturn that was really the work of the private sector.

His foreign policy has its critics too. Under Mr. Koizumi, Japan has solidified its defense alliance with the U.S., but become more assertive toward neighbors like China and the Koreas. His likely successor, Mr. Abe, holds similar views. Some of Mr. Abe's opponents say Japan is unlikely to prosper if it is on frosty terms with China, its biggest trading partner.

Still, decisive leadership will give Japan a better shot at dealing with its huge challenges, such as an aging population that has already begun to shrink and a national debt that tops $7 trillion. Success would mean the world's second-largest economy, after the U.S., could provide more of an engine for global growth. Japan's recent revival has already led it to suck in more imports than ever before.

The unlikely rise to power of Mr. Koizumi, 64, shows how a different style of politics has taken hold in Japan. Known as a loner in his school days, Mr. Koizumi went after college to study in London, where he was photographed in his mid-20s in big sunglasses and a suit with a narrow tie, drinking Coca-Cola from a bottle.

His stay abroad was cut short by his father's death in 1969. Politics was the family business: Both his father and grandfather had been cabinet ministers. Mr. Koizumi decided it was his turn. He ran for his father's seat but lost.

To learn the trade, Mr. Koizumi apprenticed himself to Takeo Fukuda, then finance minister and a future prime minister. Mornings Mr. Koizumi greeted visitors to Mr. Fukuda's Tokyo home and poured tea. His afternoons were spent back in his hometown of Yokosuka, a city 25 miles southwest of Tokyo.

Though business and occupational groups were a key source of influence in politics, Mr. Koizumi found it hard to get their attention as a newcomer. He started seeking mass support, a preview of the strategy he used with such success as prime minister. He was elected to parliament in 1972 after visiting five or 10 people every day -- more than 10,000 over three years, says Kazuhiko Ozawa, who helped his early campaigns and is now chairman of the Yokosuka Chamber of Commerce. "He met individuals because the powerful people wouldn't give him the time of day," says Mr. Ozawa.

Most politicians need a conventional family life for the sake of image and to help with campaign work. Mr. Koizumi was divorced after four years of marriage. He took his two sons and brought them up with his extended family, not letting them see their mother. His wife was pregnant at the time of the divorce, and Mr. Koizumi long shunned his third son.

Japanese politics in Mr. Koizumi's emerging years centered on brokering power and money. By bringing public spending to their electoral districts, lawmakers raked in campaign donations. These financed networks of supporters, who helped them rise to prestigious ministerial posts. Mr. Koizumi shunned such relationships, saying he refused to represent interest groups.

After 25 years in Japan's parliament, lawmakers are entitled to receive nearly $10,000 to have two portraits painted -- one for home and one to hang in parliament. Mr. Koizumi was the first lawmaker in memory to decline this, calling it a waste of taxpayers' money. When a female lawmaker sent him a lighthearted Valentine's gift of chocolate, he returned it.

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As a result of his attitudes, Mr. Koizumi had the air of a talented politician who would never reach the top of the greasy pole. When he stood in the 1995 Liberal Democratic Party leadership election, he lost badly to Ryutaro Hashimoto, head of the most powerful faction, which had a long history of supporting public spending projects for provincial areas.

But crisis proved to be opportunity. In the late 1990s, big Japanese banks began going under. The national debt and bad loans ballooned. The LDP's public support was shaky and its leaders at a loss in dealing with an unprecedented economic slowdown. Desperate, the party introduced a vote among its rank-and-file to help choose its next leader in 2001. Mr. Koizumi won in a landslide, pledging to "change the LDP, change Japan." On April 26, 2001, he became Japan's 11th prime minister in 13 years.

Changes thought up under Mr. Hashimoto gave Mr. Koizumi several new tools of power. A new ministry called the Cabinet Office centralized under the prime minister policy makers who had previously been scattered among the ministries. There was a new body called the Council on Economic and Fiscal Policy, chaired by the prime minister.

These tools were instituted under Mr. Koizumi's predecessor, who barely used them. Mr. Koizumi transformed the economic council into an executive committee for the nation, leading its discussions, banging on the table when he thought members were dragging their feet and producing regular declarations of what a former minister oddly dubbed "thick-boned policies." These set large goals for the nation, such as reducing the national debt and the number of public employees.

"Mr. Koizumi is aware that in the 21st century, Japan cannot carry on in the same way as before -- that it needs a more market-oriented economy," says Masaaki Honma, an Osaka University economics professor who served on the council. "He's the first Japanese prime minister to realize this."

Mr. Koizumi's consigliere was another economics professor, Heizo Takenaka, who took a top cabinet post even though he wasn't at first a member of parliament -- a break with Japanese tradition. In 2002, Mr. Takenaka told banks to halve their totals of bad loans by 2005. This provoked outrage in the traditionalist wing of the ruling party. One lawmaker, Shizuka Kamei, said Mr. Takenaka was "working on behalf of foreign business" and his policies could reduce Japan "to ashes." Later, the bank cleanup was seen as the key to the revival of Japan's financial system.

While previous prime ministers had done their work behind the scenes, Mr. Koizumi appeared before the television cameras to answer reporters' questions most days he was in Tokyo, speaking in simple sound bites that invariably made their way into the evening news.

"The public and the prime minister have become closer," says Isao Iijima, Mr. Koizumi's longtime aide.

Mr. Koizumi's foreign policy combined populism and bullheadedness. He visited the Yasukuni war shrine because of a promise he made to the families of Japan's war dead while campaigning for the prime minister's job. But the shrine honors war criminals as well as conscripted soldiers, and contains a museum justifying Japan's war in Asia. Public opinion in Japan was divided over Mr. Koizumi's visits. In Korea and China, the outrage was nearly universal.

To provide a dramatic focus for his tasks, Mr. Koizumi branded his enemies -- lawmakers who wanted to stick to business as usual -- "the forces of resistance." As he neared his final year in office, the lover of Richard Wagner's operas fought what he portrayed as the climactic battle with these forces.

The issue at hand was the government-run post office, which also operated a bank and a life-insurance company. The post office's network of 25,000 branches, plus a government guarantee on its deposits, attracted household savings. About a quarter of Japan's $13 trillion of household assets were in post-office savings and life-insurance accounts. This money was then lent to public corporations and financed pork-barrel spending in what was known as the "second budget."

Mr. Koizumi had long advocated privatizing the post office. In 2005 he introduced bills in parliament to do so, threatening to dissolve parliament unless the bills passed. Many LDP lawmakers opposed the legislation, fearing privatization would cut the flow of money to their districts and force the post office to end unprofitable services in remote areas. They thought Mr. Koizumi wouldn't have the nerve to carry out his threat. Because of the LDP defectors, in August 2005 the bills failed to pass parliament.

Mr. Koizumi called a snap election, declaring the vote a referendum on privatization. He then won a landslide victory at the polls. The LDP captured 296 of the 480 seats in the lower house, compared to just 113 for the main opposition party. A month later, the bills to privatize the post office passed into law.

The biggest lesson from Mr. Koizumi's historic victory was that the Japanese public liked being asked to decide an issue. One opposition lawmaker, Yoshinori Suematsu, says he was surprised at how readily people accepted Mr. Koizumi's framing of the election. "I tried to bring up foreign policy, but the voters wouldn't listen," he says. "They started saying we needed to privatize the post office. Koizumi got us."

The 2005 election also highlighted the significance of electoral changes in the 1990s that were designed to centralize party power and reduce factionalism. A law passed in 1994 introduced American-style legislative districts in which each lower-house district elects a single representative to parliament rather than multiple representatives. At the same time, political parties were

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given public funds for the party leadership to distribute. The effect has been to make elections more into contests between parties and their policies.

Using his power to endorse and finance LDP candidates, Mr. Koizumi expelled lawmakers who opposed post-office privatization. When they stood as independents, he sent party-endorsed candidates dubbed "assassins" to challenge them. The assassins mostly won.

The change in Japan can already be seen as candidates to succeed Mr. Koizumi line up for the LDP's Sept. 20 leadership election. The winner will become prime minister because the LDP holds a parliamentary majority. Unlike in past contests, the candidates are announcing detailed policy plans. Mr. Abe, the favorite, who currently is the government's chief spokesman, wants to cut public spending but will accept a rise in Japan's 5% consumption tax if needed to rein in the debt.

At last year's election, "the public liked a prime minister who put forward a message," says Hiroko Ota, a professor at the National Graduate Institute for Policy Studies in Tokyo, and a former member of the Council on Economic and Fiscal Policy. In the future, she says, "if the LDP goes back to its old ways, it will lose."

Vietnam's Hostages (WSJ)

The Wall Street Journal, August 28, 2006

In the capitalist world, if you make a bad business decision you live with the consequences. But not, apparently, in Vietnam. Details have emerged from Hanoi about how staff working for a foreign bank are being held hostage by police until their employer agrees to "compensate" a state-owned bank for the $5.4 million it lost in speculative foreign-exchange trades.

Vietnam was supposed to be heading in the right direction. Its economy is booming amid rising foreign investment, and a bill granting permanent normal trade relations is before the Senate. A free-trade agreement with Washington may be next, and President Bush recently backed Hanoi's bid to join the World Trade Organization.

But now comes the appalling treatment of staff of the Dutch bank ABN-AMRO, caught up in what even Vietnamese regulators say were legitimate business transactions. The story highlights how, for all its strides toward a market economy, this Communist state is still not always a safe place to do business. In Hanoi, Tom O'Dore, chairman of the American Chamber of Commerce Vietnam, says "This particular case reeks of human-rights abuses."

We don't know all the details of the dispute between ABN-AMRO and the state-owned Industrial and Commercial Bank of Vietnam. But we do know that Incombank claims the employee who conducted the disputed trades with the Dutch bank wasn't authorized to carry out forex transactions, and that her boss approved them only because he couldn't read enough English to understand the contracts.

As a result, one ABN-AMRO staffer has now been held for more than four months in a top security prison for hardened criminals and refused permission to see his family or a lawyer. A second was detained last month. Two more escaped the same fate only because they have young children; they were placed under house arrest. A senior bank staffer in Hanoi, Vietnamese-American De Pham, has faced difficulties leaving Vietnam, even though she is six months pregnant and needs medical treatment overseas. A civil case between the two banks is due to begin in a Hanoi court soon, but meanwhile the staff is being treated like criminals.

All this over forex trades that were given a clean bill of health in a recent audit by the country's financial regulator, the State Bank of Vietnam. As Mr. O'Dore told us, all of this has left others doing business in Vietnam fearful that they could suffer the same fate. "They're criminalizing what appears to be a legitimate business transaction," he says. "This is very bewildering in a country that's trying to get into WTO and sends an inappropriate message to the U.S. Congress."

The ABN-AMRO saga will be familiar to foreigners who do business in China. Jerome Cohen, a New York University professor who specializes in China's legal system, says he continues to encounter numerous such cases in that country. In Vietnam, police are allowed to hold suspects without charges for more than a year. That doesn't necessarily mean the ABN-AMRO staff will remain in limbo for that long. Vietnam's reformist new Prime Minister Nguyen Tan Dung is reported to have ordered an urgent investigation into the case. He seems unlikely to risk Vietnam's trading status with the U.S. for the sake of one state-owned bank.

But even if this case is resolved through pressure from foreign governments, it stands as testament to how far Vietnam still has to travel before foreign companies can be confident of a fair and transparent business climate and a reliable rule of law. WTO entry is no panacea, with China's 2001 accession failing to halt its abuses.

In the free world, governments don't go around abducting a competitor's staff over a business dispute. Until state-owned companies are forced to live with the consequences of bad business deals -- or resolve disputes through the legal system -- Vietnam can never expect to become a full-fledged member of the world business community.

South America's Right Leftist (LAT)

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The Los Angeles Times, August 28, 2006

FOUR YEARS AGO, BRAZILIAN President Luiz Inacio Lula da Silva looked like just another domino in Latin and South America's leftward tumble, an echo of Venezuela's Hugo Chavez in the continent's largest country. Wall Street and Washington watched his inauguration with trepidation, the sea of red Workers' Party flags in Brasilia echoing the likely returns on their investments and the spread of anti-Americanism.

How quickly power transforms a firebrand. The many degrees of separation between Lula and Chavez disprove the notion of a monolithic left. Brazil's president is respectful of democratic norms, and he has managed to walk the fine line between business interests and those of the working poor. That's why the prospect of his resounding reelection just over a month away (in the most recent poll Lula had about a 25-point lead) is greeted by policy wonks and fund managers in this country with a collective shrug.

Lula may have disappointed his more radical followers when he embraced orthodox macroeconomic policies, but the results have been strong job growth, a stable currency and low inflation coupled with dramatic increases in the minimum wage and a sweeping poverty reduction program. The program, Bolsa Familia, has been so successful that the World Bank has been trumpeting it as a model for the rest of the world. Although Lula has conducted his foreign policy quietly, letting Chavez's flamboyant fire-breathing steal headlines, he has become a voice for the world's poor, helping lead the charge to reduce agricultural subsidies in the United States and the European Union in the Doha round of trade talks.

The paradox is that, unlike Chavez — a military man who tried taking power in an unsuccessful coup before finding democracy — Lula was a longtime, bona fide leftist labor activist, persecuted by the military for his democratic activism as leader of one of Brazil's biggest unions and founder of the Workers' Party. The socialist president of Chile, Michelle Bachelet, is another former activist turned pragmatic president who defies the stereotype of the Latin American left.

That's not to say Lula has been perfect. His first term was mired by a corruption scandal that nearly doomed his presidency. And he may have been too deferential to the likes of Chavez at times, partly to placate his own base and partly because of Brazil's political culture of compromise. Brazil is home to half of South America's population and should have commensurate influence on the continent. If reelected, it would be nice to see Lula steal some of those headlines from his Venezuelan counterpart.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, August 28, 2006 8:14 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Saturday, August 26, 2006
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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, AUGUST 26, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Video Shows Sears Tower Bomb Plot Suspects Swearing Allegiance To Al Qaeda ... 3
Teacher At Maryland Muslim School Sentenced On Terrorism Charges ... 3
Umer Hayat Released From Custody ... 3
Released Detainee's Lawyers Say He Was Mistreated At Guantanamo ... 3
Law's Application In Hezbollah Television Case Seen As Unusual ... 4

Homeland Response:

Planes Diverted, Dynamite Found In Day Of Air Security Threats ... 4
Federal Efforts To Assist In Katrina Recovery Seen As Lagging . 5
Search For Human Remains At 9/11 Attack Site Deemed Thorough ... 7

War News:

NBC Contrasts Current, Former Presidents Bush On Iraq ... 8
Rumsfeld Touts US Troops Role In Reducing Violence In Baghdad ... 8
Death Toll For US Troops In Iraq Plunges ... 8
Iraqis "Dismiss" US Claims Of Iranian Support For Militias ... 8
Rep Shays Calls For Troop Withdrawal Timetable ... 8
Washington Based Marines Unit Deployed To Iraq For Third Time ... 9
Rising Prices Add To Iraqi's Troubles ... 9
US Army Officer Pleads Guilty To Taking Iraq Reconstruction Contracting Bribes ... 9
Abandoned British Base Looted While Iraq Army Watches ... 9
Army Orders Review Of Reporting Soldiers' Deaths ... 9
Families Sue Syria For Deaths Of Iraq Hostages ... 10
Karzai Orders Probe Of Killings By US Soldiers In Konar Province ... 10
Teacher Sues For Alleged Retaliation Over Iraq War Teachings10
Military Mortality Better Than African American Men Ages 20 To 34 In Philadelphia ... 10
Photographs Said To Have Become Part Of Military Strategy ... 10

Corporate Scandals:

Grassley To Address "Backdating" And Other Stock-Option Abuses By Executives ... 11
Prudential To Settle Fund Trade Disputes ... 11
Judge Sets March Trial Date For Former Qwest Chief In Denver11
US Oversight Of Fannie Mae Questioned ... 12

Criminal Law:

Florida Professor Admits Contact With Cuban Intelligence Service ... 12
Florida Man Sentenced To Six Years For Software Piracy ... 12
FBI Warns Of Paving Scam Artists ... 12
Lawyers Vie To Represent Ramsey Murder Suspect ... 13
WPost Warns About Faulty Prosecutions ... 13

Civil Law:

Judge Stalls Strike By Northwest Airlines Attendants ... 13
Court Turns Aside "Atomic Veterans" Suit ... 14
NYTimes Accuses FEC Of Trying To "Kill" McCain-Feingold Provision ... 14

Civil Rights:

Alabama AG Challenges Ruling On Felons' Voting Rights ... 14
Springfield, MA, Mayor Pledges To Protect Hispanic Voters' Rights ... 14

Antitrust:

Constellation Venture With Grupo Modelo Gets Antitrust Nod ... 15
Fort Worth Seeks Legal Costs In Airfield Dispute ... 15
Hewlett-Packard Receives Go-Ahead For Mercury Acquisition . 15
EU Threatens To Overturn Spanish Restrictions On Endesa Bid15

Environment:

Bush Directs Park Service To Set Performance Goals ... 16
US Seeks Postponement Of Grace Asbestos Trial ... 16
Fatal Tornados Plague The Midwest ... 16
Scientists Warn Warming Trends Could Lead To Global Catastrophe ... 16

FBI/DEA/ATF/USMS:

Slotter Says WPost Story On FBI Training Lacked Context ... 16

GAO Says Government Anti-Drug Campaign Not Proven Effective ... 16
Liberal Dutch Drug Policies Said To Have Proven Successful... 17
Three-Fourths Of Meth Consumed In US Reportedly Smuggled From Mexico ... 17
ATF Helps Local Police Curb Sacramento Crime ... 17

Immigration:

State Department Official Charged With Taking Bribes ... 17
DOJ Has Not Yet Responded To Washington's Bill For Immigrant Jailing ... 18
Border State Governors Urge Comprehensive Immigration Reform ... 18

Congress-Administration:

Poll Shows Slight Improvement For Bush, But Dissatisfaction Over Iraq And Lebanon ... 19
Census Bureau To Release Key Annual Economic "Snapshot" Tuesday ... 19
"Plan B" Supporters Unsatisfied With FDA Ruling, Seek OTC Access For Teens ... 19
Congress To Hold Hearing On Public Sector Pension Reform Next Week ... 19
Weather Forecast For Shuttle Launch Worsens ... 20
WSJournal Notes Silence Of Welfare Reform's Opponents On Its Tenth Anniversary ... 20

Other News:

Bernanke Praises Globalization But Says Benefits Must Be Shared ... 20
Stocks Mostly Unchanged In Friday Training ... 20
New Home Sales Plunged 4.3% In July ... 20
Rubin Resigns From Ford Board ... 21
Former President Ford Undergoes Heart Surgery ... 21
Large-Scale Class-Action Suits Reportedly On The Decline ... 21
US Importing Teachers To Bolster Chinese Language Offerings21
Journal Corrects Wording Of Statement On Stem Cell Experiments ... 21
Pharmaceutical Industry Funded US Chamber Medicare Ad Campaign ... 22
Wal-Mart Seeks To Deflect Criticism By Reaching Out To Democrats ... 22
Democrats' Potential Committee Chairs Become Campaign Issue ... 22
Democratic House Candidates Use Gas Stations To Stage Campaign Events ... 22
Shays' "Defection" Over Iraq May Spark Trend Among GOP Reps ... 22
Michigan Republicans Call On Bush To Meet With US Automakers ... 23
Senator Clinton Loans Lamont Top Aide, Pledges To Campaign With Him ... 23
Obama Draws Huge Crowds During Visit To Kenya ... 23
National GOP Running Negative Ads On Behalf Of Chafee ... 23
DeWine Touts His Bipartisanship In New Ad ... 24
Electorate's Disquiet Seen As Chief Threat To Talent's Reelection ... 24
Bass Facing Democratic Challenger For The Second Time ... 24
Rise Of Internet Video Sites Regarded As "An Earthquake In American Politics." ... 24
WPost Defends Pluto's Status As Planet ... 24
European Troops Will Constitute Half Of Lebanon Border Force25
Fatah OKs Abbas' Efforts To Form Unity Government ... 27
Pakistan's Musharraf Said To Balance Opposing Domestic, International Pressures ... 27
EU Seeks Talks With Iran As Moscow Slows Push For Sanctions ... 28
Seoul, Beijing Work Together To Counter Possible Pyongyang Nuclear Test ... 28
Japanese Executives Arrested For Illegal Nuclear Technology Transfers ... 29
White House To Host Summit Focused On Reducing Malaria In Africa ... 29
Administration Could Face Difficulty Imposing Darfur Force On Emboldened Sudanese Regime ... 29
Kidnappings, Killing Spark Nigerian Military Attack On Town ... 30
Chavez's China Trip Bolstered Bilateral Relations ... 30
Former Serb Policemen Charged With Executing Albanian-Americans ... 30
Argentine Economist May Challenge Kirchner For Presidency ... 30

The Big Picture:

Headlines From Today's Front Pages ... 30

Washington's Schedule:

Today's Events In Washington ... 31
Other. ... 31

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TERRORISM NEWS:

Video Shows Sears Tower Bomb Plot Suspects Swearing Allegiance To Al Qaeda. In addition to the heavy coverage of Friday's air security threats, the CBS Evening News (8/25, story 2, 1:50, Schieffer, 7.66M) also reported on "what the FBI says was a real and a very serious terrorist plot to blow up several buildings, including the Sears Tower in Chicago." CBS (Stewart) reported on FBI surveillance camera video obtained by CBS that shows the plotters "swearing loyalty to al Qaeda and Osama bin Laden." The seven men were allegedly plotting to blow up the Sears Tower and federal buildings in Miami, which was just part of the plan. Suspect Narseal Batiste on videotape: "Once the explosives take place, we're going to launch a full ground war. We're going to have a full ground war. That means that we're going to kill all the devils we can."

Teacher At Maryland Muslim School Sentenced On Terrorism Charges. On the front page of its Metro section, the Washington Post (8/26, Markon, 748K) reports Ali Asad Chandia, a third-grade teacher at a Maryland Muslim school "who was the last man charged as a member of the 'Virginia jihad network,'" was sentenced to 15 years in prison "after proclaiming his innocence in a tearful and angry statement to the court." Chandia, a Pakistani citizen, "was convicted of aiding a terrorist group that is fighting the government of India." The Washington Times (8/26, Seper, 88K) puts its report on the front page, adding that the "41-count federal grand jury indictment" against the network issued in 2003 "accused Chandia and the others of conspiracy to 'prepare for and engage in violent jihad' against foreign targets in Kashmir, the Philippines and Chechnya."

Umer Hayat Released From Custody. The AP (8/26, Thompson) reported Umer Hayat was released from custody on Friday, after being "jailed for a year, branded a liar by federal prosecutors and forced to sell his house to his brother to pay his legal bills. Still, the naturalized U.S. citizen said he loves his adopted country and harbors no grudge against a justice system he claims was coercive in its pursuit of a terrorism case that could send his oldest son to prison for three decades." The AP noted, "The key to the investigation was an informant the FBI recruited from Oregon, where he was working a variety of fast food and convenience store jobs. … Umer Hayat said he felt betrayed by the informant and said he misled the FBI. Khan was paid an estimated $300,000 by the government for his undercover work in the case." The Lodi News Sentinel (8/26, Bohm) notes that "when asked…what he wanted to tell his fellow Lodi residents, his immediate response was to give advice, rather than to speak of himself. 'We have rights. We have the freedom of speech, of religion — but if you talk to the FBI, first get a lawyer,' he said in his first personal interview after being sentenced."

The Sacramento Bee (8/26, B1, Walsh) reported that "Hayat, the Lodi ice cream street vendor who fought off terrorist-related charges and then pleaded guilty in an unrelated matter, was sentenced Friday in Sacramento federal court to the 11 months he spent in jail awaiting trial. … 'We think it is a wholly appropriate outcome given the false statements Umer Hayat made to government authorities in 2003 and 2005,' prosecutor S. Robert Tice-Raskin said as he left the courtroom. 'We think justice has been served.'" The Bee noted, "After hours of being grilled at the FBI field office in Sacramento, Hayat said, he wanted to go home and 'just made up stories' he thought the agents wanted to hear." The Stockton Record (8/26, Hood) " added, "'My son is not a terrorist, and they were not believing the truth,' Hayat said, referring to FBI agents. 'They keep questioning over, like, five, six hours. Every question 10 times, 11 times. I was very tired, because it was 2 a.m. in the morning. I wanted to go home, and I just made a story.'"

Hayat Relatives Barred From Returning To US From Pakistan. The San Francisco Chronicle (8/26, A1, Bulwa) reported, "The federal government has barred two relatives of a Lodi man convicted of supporting terrorists from returning to the country after a lengthy stay in Pakistan, placing the U.S. citizens in an extraordinary legal limbo. Muhammad Ismail, a 45-year-old naturalized citizen born in Pakistan, and his 18-year-old son, Jaber Ismail, who was born in the United States, have not been charged with a crime. However, they are the uncle and cousin of Hamid Hayat," and "Federal authorities said Friday that the men, both Lodi residents, would not be allowed back into the country unless they agreed to FBI interrogations in Pakistan." US Attorney McGregor Scott "confirmed Friday that the men were on the no-fly list and were being kept out of the country until they agreed to talk to federal authorities. 'They've been given the opportunity to meet with the FBI over there and answer a few questions, and they've declined to do that,' Scott said."

Released Detainee's Lawyers Say He Was Mistreated At Guantanamo. The Washington Post (8/26, A11, Smiley, Whitlock, 748K) reports attorneys for German-born Turkish citizen Murat Kurnaz, who was released Thursday after more than four years in detention at

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Guantanamo Bay, "said he was mistreated to the end by U.S. military personnel, who kept him shackled and blindfolded until his flight home landed." One lawyer said Kurnaz "was kept in a 'cage' and under bright neon lights 24 hours a day during his captivity." The Pentagon "agreed to free Kurnaz on the condition that Germany treat him humanely and that it ensure he would no longer pose a security threat. The U.S. government still considers Kurnaz an enemy combatant, said U.S. Navy Lt. Cmdr. Chito Peppler, a Pentagon spokesman."

Law's Application In Hezbollah Television Case Seen As Unusual. The New York Times (8/26, Rashbaum, 1.21M) reports, "Federal prosecutors who charged a man on Thursday with providing Hezbollah television access in New York made unusual use" of the 1977 International Emergency Economic Powers Act, which is "more often employed to bar financial contributions to terrorist groups, legal experts said yesterday." The law "was meant to put legal teeth in international trade embargoes with other nations, but once it was amended by the Patriot Act after 9/11, the government began to use it far more frequently against particular groups and individuals. The use of the law, however, to focus on television broadcasts seemed to fall under an exemption laid out in a 1988 amendment to the act, several experts said."

HOMELAND RESPONSE:

Planes Diverted, Dynamite Found In Day Of Air Security Threats. A series of airline security threats, most notably the discovery of dynamite in a passenger's checked luggage in Houston, led all three network news broadcasts Friday night. ABC World News Tonight (8/25, lead story, 2:40, Gibson, 8.78M) reported, "Almost seemed today as if every time the phone rang in our news room it was word of another airliner diverted because of a security threat. Some diverted because of threats, misunderstandings and down right inexplicable behavior. Flights went through the uncertainty. In some cases the fear that just seems to be a part of flying today." ABC (Von Fremd) added that a US Airways flight from Phoenix to Charlotte "was diverted to Oklahoma City because a passenger refused to stop doing her nails." Aviation security consultant Douglas Laird: "If a woman working on her fingernails causes her flight to be diverted, something there is not operating as it should." Von Fremd: "Far more ominous, in Houston, a bomb sniffing dog detected dynamite in a passengers checkered luggage. Authorities found a blasting cap, a fuse and ammonium nitrate. An American Airlines flight from England to Chicago was diverted to Bangor, Maine, because the bomb squad was called to the tarmac. And in Shannon, Ireland, today, police received a suspicious telephone call causing them to question all 239 passengers arriving on a flight from New York. No one was harmed in any of today's incidents, but just hearing about it was stressful for travelers."

The CBS Evening News (8/25, lead story, 2:50, Schieffer, 7.66M) reported, "It has been one security incident after another aboard airliners today. So far, none of them has come to anything, but it's been a hectic, tension-filled day for air travelers. We have become a nation on a hair-trigger, and it was havoc in the skies as civilian airliners across the country today were diverted, evacuated or in some cases searched. The good news is, after the initial scares, none of the threats panned out, but it made for a difficult day for airlines, security officials, and especially passengers." CBS (Orr) recounted the list of threats, and added more detail to the dynamite story, reporting that after a Continental flight from Buenos Aires arrived in Houston, "bomb-sniffing dogs picked up the scent of explosives on the bags of a 21-year-old student from Lafayette College in Pennsylvania. Inside his checked bag, Customs agents found a partial stick of dynamite, and ammonium nitrate. In his carryon bag they found a detonating fuse. The student told the FBI he was on a tour of mining operations in South America and was simply bringing back the explosives as souvenirs. One agent called it stupid, but officials say no terrorism was involved." CBS also said "another Continental plane made an emergency landing in Texas after flight attendants noticed a missing panel in a bathroom, and then a utility knife was found on the seat of a US Airways plane flying between Philadelphia and Hartford. Bob, quite a day."

NBC Nightly News (8/25, lead story, 3:00, Williams, 9.87M) reported, "If you saw any cable news today you already know the airwaves were full of live reports about jetliners diverted to cities other than their planned destination because of security concerns. Since those London terrorist bombing threats there's been nine commercial aircraft diverted -- some of them escorted by fighter jets. All airline passengers are now getting used to longer airport delays, the ban on liquids and jells and now new random bag searches. Could this be what air travel will look like?" ABC World News Tonight (8/25, story 2, 1:10, Gibson, 8.78M) had a slightly higher count than NBC, saying, "By our count, in the last two weeks since the London plot was disclosed, there have been major disruptions on 11 flights around the world."

The Washington Post/AP (8/26, A6, Hays) says seven incidents were reported on Friday alone, a fact also highlighted by the Los Angeles Times (8/26, Mehren, 918K), which quotes a TSA spokeswoman saying, "I think the elevated threat level over the last few weeks has reminded travelers that the threat to aviation is still very real."

The New York Times (8/26, Cowell, 1.21M) leads its report on the day of dangers with the evacuation of an Aer

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Lingus flight from New York to Ireland "after an anonymous caller told the police that a liquid explosive had been planted on board." The Times also identifies the Houston-bound traveler as McFarland Fish. An Immigration and Customs Enforcement spokeswoman said "authorities have determined that his actions were not acts of terrorism."

Federal Efforts To Assist In Katrina Recovery Seen As Lagging. As President Bush prepares to tour the region damaged by Hurricane Katrina, news reports of the Administration's efforts to assist in the recovery were decidedly negative, with many casting the Administration in a bad light in comparison to efforts by local officials and volunteers. CBS News even contrasted the Administration's efforts in an unflattering piece with Hezbollah's efforts in Lebanon. The network news programs devoted 7 stories totaling about 15 minutes to Katrina-related stories, but did not directly mention President Bush. In contrast, newspaper stories Saturday morning focused on the impact Katrina has had on Bush's agenda.

The CBS Evening News (8/25, story 3, 2:25, Schieffer, 7.66M) reported, "Next week marks the first anniversary of hurricane Katrina, but along parts of the Gulf Coast and in New Orleans, recovery work has gone so slowly it looks as if the hurricane might have happened last week. For sure the people of New Orleans are not happy about it, and a CBS News/'New York Times' poll shows Americans share that feeling nationwide. Half those questioned said they are dissatisfied or angry with rebuilding efforts. Only 38% are pleased or satisfied. Asked if the government has done all that it can to improve its response to disasters, nearly 60% said no, and only 35% said yes."

The Washington Post (8/26, A1, Weisman, Abramowitz, 748K) in a front page article titled "Katrina's Damage Lingers For Bush" says the image of President Bush after Hurricane Katrina "as aloof, out of touch, even befuddled -- all but erased the memory of" more positive images of Bush after the 9/11 attacks "according to pollsters, pundits and Republican politicians who say they have suffered in the wake of the president's decline." The Post continues, "From the demise of his Social Security overhaul to the war in Iraq, many factors have contributed to Bush's slide in popularity in the past year. But the winds of Katrina may have been the force that finally wrenched the Bush presidency off its moorings, these observers said." Bush will tour the region and according to White House aides Bush "has a strong story to tell: approval of more than $110 billion in resources for the Gulf region, 12 previous visits to the region by Bush and 82 by members of his Cabinet, the restoration of more than 220 miles of New Orleans's flood walls and levees, the floodproofing of pumping stations, and the addition of floodgates to protect against storm surges." They "said the president will accept responsibility for the botched federal response while stressing that the government has learned from the Katrina mistakes and promising to see through the reconstruction of the Gulf Coast." And "White House counselor Dan Bartlett said it is difficult to separate the impact of Katrina from the Iraq war and the other problems that have pulled down Bush's approval rating. 'It was a setback at the time, but it was recoverable and has been,' Bartlett said."

McClatchy Newspapers (8/26, Douglas) in an article titled "Bush Has Fallen Short In Steering Recovery, Experts Say" reports, "Bush will tout the progress his administration has made in a year toward getting the region back on its feet, and he'll emphasize that the road to total recovery is a marathon -- not a sprint -- that will take years to complete." Yet, "a look back at the Jackson Square speech shows that Bush stumbled from the starting blocks in trying to make good on the ambitious recovery goals he set, according to academics, authors, hurricane experts, civil rights leaders and others monitoring post-Katrina rebuilding efforts." McClatchy notes, "White House officials disagree. They say that Bush successfully marshaled the financial and physical resources of the federal government after the administration admittedly failed to provide enough assistance in the early days after the storm." But critics "note that even some of the positives are problematic. Of $110 billion appropriated for Gulf Coast recovery, only $77 billion has been released, and only $44 billion has been spent. Funds from a $17 billion program to rebuild an estimated 204,000 homes in Louisiana and Mississippi has yet to produce one rebuilt property, according to a new report by Oxfam America, an international humanitarian organization."

Similarly Bloomberg (8/25, Murray) in an article titled "Katrina's Damage To Bush's Standing Still Haunts His Presidency" reports, "As the president and still-reeling Gulf Coast residents prepared to mark Katrina's anniversary, political experts say that dismay over Bush's response to the disaster continues to undermine public confidence in his managerial abilities." Former Speaker Newt Gingrich said, "It was Katrina that broke the sense that the Republicans could govern well."

The AP (8/26, Roberts) in an article titled "New Orleans Awaits Billions In Fed Aid" reports, "First came the floodwaters, then the paperwork. Billions of promised federal dollars to fix New Orleans' crumbling infrastructure have gone largely untapped a year after Hurricane Katrina. City officials complain that a snarl of red tape, restrictions and unexpectedly high costs have kept hundreds of public buildings in disrepair, streets pocked with potholes and most parks too dirty for children to play." The AP notes, "President Bush has acknowledged the problems posed by excessive bureaucracy." On Wednesday Bush said, "To the extent that there still are bureaucratic hurdles and the need for the

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federal government to help eradicate those hurdles, we want to do that." Yet "he cautioned that rebuilding will take time."

And University of Pennsylvania professor Michael Eric Dyson in a web exclusive commentary on Newsweek (8/26, Dyson, 3.12M) sub-titled "President Bush made some bold promises to help the Gulf Coast's poor after Katrina. Too bad he hasn't kept them" writes, "A year after one of the worst disasters in the nation's history, New Orleans remains a shameful symbol of the Bush administration's neglect and its antigovernment philosophy. The condition of the black poor has barely changed since Katrina struck." Dyson states, "The problem is that an anti-government administration cannot develop policy that actually improves poor people's lives. Armed with a political philosophy that has no faith in government, these leaders prove that their beliefs undercut effective governance." And "if the administration turned its back on the poor when the world was watching, what will it do now that the country has turned its eyes away?"

White House Team Takes Cautious Approach To Katrina Anniversary. The Los Angeles Times (8/26, Gerstenzang, 918K) reports that "in the view of administration officials, their advisors and others, the question of how Bush should approach the anniversary is a difficult one. Speechwriters must craft presidential remarks that recognize devastation and recovery, but that also show an awareness of government failures in responding. Staffers must find locations for his visit that demonstrate progress but do not minimize problems and mistakes." Aides have "begun sounding the themes of Bush's Gulf visit, emphasizing that progress has been made, but that perseverance is necessary because rebuilding will take years to complete. The president delivered such a message last week when he met in the Oval Office" and "Bush's weekly radio address this morning is likely to echo those themes." Yet "a danger for Bush is that the more he focuses publicly on the storm and its aftermath, the more he risks reminding voters that the delay in the federal response began to solidify the negative impressions of his presidency that had been forming earlier in 2005."

Critics Say FEMA Has Not Enacted Enough Reforms. The New York Times (8/26, Lipton, 1.21M) in a front page article reports, "In the last year, FEMA, the federal government's primary disaster response agency and overseer of state and local efforts, has adopted policies to help prevent fraud and wasteful spending, strengthened its ties with other federal agencies for help with evacuations and emergency medical aid and installed high-tech equipment, like the supply-tracking system. After a prolonged search, it hired a new director, R. David Paulison, a former chief of the Miami-Dade Fire Department, and significantly built up its executive ranks with more seasoned emergency managers." But "little has fundamentally changed about the agency itself, which still has less autonomy and power than it did in the Clinton years and a budget for its core mission that has not significantly increased."

Louisiana High Court Upholds Two Insurance Laws. The AP (8/26, Foster) reports, "The Louisiana Supreme Court on Friday upheld two new state laws giving policyholders more time to sue their insurers or file claims over damage from hurricanes Katrina and Rita." The AP continues, "The Louisiana attorney general's office had asked the high court to review the laws after a state judge said they were constitutional. Although it is unusual for the party that wins a ruling to seek a review from a higher court, Attorney General Charles Foti said he wanted the matter solidly settled. … The one-year extension is 'both appropriate and reasonable in order to protect the rights of the citizens of Louisiana and their general welfare,' Justice Chet Traylor wrote in the ruling." The AP adds, The ruling means that homeowners, renters, condo owners, drivers with auto insurance and other nonfederal flood insurance policyholders have up to Sept. 1, 2007, to file lawsuits resulting from Katrina damages and up to Oct. 1, 2007, for Rita damages. … 'These acts simply give victims of Katrina and Rita additional time to access the courts if they need to,' Megan Terrell, an attorney for the state, told the high court. … An attorney for Allstate Insurance Co., the second largest homeowner insurer in Louisiana, said the laws could hinder the recovery by sending a message to the business community that the Legislature can change existing contracts."

Superintendent Takes Initiative To Revitalize Louisiana Schools In Face Of Federal Bureaucracy. ABC Evening News (8/25, story 11, 3:00, Gibson) profiles the efforts of St. Bernard Parish superintendent of schools Doris Voitier to help revitalize her school system, reporting, "Two weeks after Katrina destroyed her home, her Parish and her schools, Doris Voitier began to put those schools back together." Voitier: "As I went to the buildings that I could get to what I found was complete and total destruction." Gibson: "Her first call was to FEMA. But they couldn't help, not as fast as Doris wanted." Voitier: "We quickly found that it was not going to happen. There was too much bureaucracy, too much red tape. And I looked at them and said, Thank you very much, but we'll do it ourselves and we'll send you the bill.'" Gibson: "She said she billed the government and so far she been reimbursed for half of the trailer she bought."

Volunteers Rebuild In Aftermath Of Katrina. The CBS Evening News (8/25, story 8, 3:00, Schieffer, 7.66M) reported, "As we reported earlier in this broadcast, recovery efforts after hurricane Katrina have been inexplicably slow, but the other of the story is that the response of individual volunteers and donors has been remarkably that's good. Private donations for Katrina victims total well over $5 billion, and more than a half million Americans have actually gone to the disaster zone to pitch in."

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NBC Nightly News (8/25, story 10, 2:00, Williams, 9.87M) profiles New Orleans mom Becky Zaheri who took the initiative to create the Katrina crew, a group dedicated to cleaning up debris in the aftermath of Katrina. CBS (Moot): "Today the Katrina crew numbers into the thousands, volunteers from coast-to-coast who come here to help an overwhelmed town." New Orleans Sanitation Director Veronica White: "The city would be in limbo without Becky." Moot: "The city says Becky and company have bagged up about 250,000 tons of trash, weeds and rubble."

Hezbollah Lebanon Recovery Efficient. The CBS Evening News (8/25, story 4, 2:10, Schieffer, 7.66M) reported, "The slow pace of the recovery in New Orleans is in sharp contrast to what is going on in Lebanon of all places, where Hezbollah has found a way to cut red tape in handing out emergency aid." CBS (Pizzey): "Barely ten days after Hezbollah's leader promised rebuilding would begin immediately, Ali Sbeiti is fixing his balcony, courtesy of a sophisticated money distribution system. Dubbed 'jihad reconstruction' it's a disaster insurance scheme the people in New Orleans would envy."

FBI Investigates Allegations State Farm Has Defrauded Katrina Victims. ABC Evening News (8/25, story 7, 0:10, Gibson) reported, "We have an exclusive report tonight on an insurance company that's accused of cheating Katrina victims out of money they needed and deserved to rebuild their homes. State Farm a subject of investigation by the FBI and the Mississippi attorney general's office. And is the target in a new round of lawsuits." ABC (Ross): "The criminal investigation and the lawsuits are based in large part on the accounts and documents provided by two State Farm insiders." They "have told the FBI that supervisors at State Farm offices in Mississippi systematically demanded that damage reports be buried or replaced or changed, so that State Farm would not have to pay insurance claims."

Louisiana In Better Fiscal Shape Than Expected. The Wall Street Journal (8/26, Covel, 2.03M) reports, "Soaring oil prices and the widespread construction that have followed since Hurricane Katrina's destruction have helped Louisiana turn around its finances." The Journal adds, "A year after Katrina ravaged New Orleans, higher-than-expected tax collections -- partly because of elevated natural resource prices -- and fiscal discipline have left the state in better-than-expected financial shape, say credit-ratings agencies and state officials."

Tropical Storm In Caribbean Could Threaten Oil Facilities In Gulf. NBC Nightly News (8/25, story 6, 1:00, Williams, 9.87M) reported, "We go offshore now. The fifth named storm of the season, Ernesto is churning in the eastern Caribbean. Forecasters say it is on track to reach the gulf of Mexico by the middle of next week and could pose a threat to oil and gas facilities that have not yet fully recovered from last year's hurricanes."

The CBS Evening News (8/25, story 7, 0:10, Schieffer, 7.66M) reported, "A new tropical storm Ernesto formed over the Caribbean today. Forecasters say it could become the first hurricane of the season and head toward the Gulf of Mexico by midweek."

The New York Times (8/26, Treaster, 1.21M) adds, "The storm could be approaching the entrance to the Gulf by as soon as Monday with winds of 75 to 80 miles an hour, the forecasters said. They said it was not yet clear where along the Gulf coast Ernesto might make landfall."

Former FEMA Chief Brown Seeks To Rehabilitate Image. The New York Times (8/26, Leibovich, 1.21M) reports, "Brownie is doing a heckuva job trying to rehabilitate himself." Former FEMA director Micahel Brown "is in the midst of a Category 5 visibility blitz. It is tied to the first anniversary of Hurricane Katrina, the calamity to which he will always be linked and for which he has largely been blamed. In what would become the signature soundbite of the botched federal response, President Bush implausibly praised 'Brownie' for 'doing a heckuva job.'" But Brown "is happily defying anyone who might have expected him to evacuate the scene as quietly as possible, maybe say something on the way out about wanting to spend more time with his family, or not wanting to become 'a distraction.' And then go away, stay away, not to be heard from."

National Hurricane Director To Resign. NBC Nightly News (8/25, story 6, 1:00, Williams, 9.87M) noted, "While we are on the subject of weather we learned this is the last hurricane season that will be presided over by a man named Max Mayfield. Americans know his name because he played such a prominent role during Katrina as head of the National Hurricane Center. He gave government officials their last warning Katrina was approaching and was a disaster in the making. He announced he is retiring in January and today by the way it was as if mother nature tipped her hat to Max."

The Washington Post/AP (8/26, A6) notes, "Mayfield is well known to residents in hurricane-prone areas in the United States from his countless hours of television interviews. He and his staff were praised for the dead-on forecasts of last year's Hurricane Katrina, the costliest natural disaster in U.S. history in a season that shattered many records."

Search For Human Remains At 9/11 Attack Site Deemed Thorough. The New York Times (8/26, Dunlap, 1.21M) reports Brown University forensic anthropologist Richard Gould "has determined that the search for human remains at the former Deutsche Bank building" destroyed in the 9/11 attacks, "which has faced criticism, is currently being conducted as thoroughly as possible." Some family members have called the search inadequate, "but the

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report, prepared at the request of 9/11 victims' relatives and delivered yesterday to the chief medical examiner, seems to exonerate city and state officials, at least for this phase of the recovery."

WAR NEWS:

NBC Contrasts Current, Former Presidents Bush On Iraq. NBC Nightly News (8/25, story 5, 2:00, Williams, 9.87M) reported that "former President Bush is hosting the current President Bush in Maine this weekend." NBC (Mitchell): "Both went to war with Iraq. … But even family friends acknowledge with very different results. … The father, with roots in Connecticut, reached out to allies, the son, more Texas than Yankee, likes to go it alone. … The elder Bush feared going to Baghdad would lead to civil war. His friend's cringed after his son's White House recently criticized that decision. … At least publicly the father won't talk about his son's Iraq policy. But he is known to be agonized by it."

Rumsfeld Touts US Troops Role In Reducing Violence In Baghdad. The Washington Times/AFP (8/26) reports, "Defense Secretary Donald H. Rumsfeld yesterday said U.S. and Iraqi troops have succeeded in reducing the levels of violence in Baghdad. Mr. Rumsfeld discussed the situation with visiting Iraqi Deputy President Adil Abd al-Mahdi who said a 'good dialogue' was under way aimed at reconciling the country's bitterly divided religious communities." Rumsfeld told reports, "Iraqi forces have been doing a very good job." On this trip, "al-Mahdi also met with President Bush and National Security Adviser Stephen J. Hadley during what he described as a private visit to Washington."

Death Toll For US Troops In Iraq Plunges. The AP (8/26, Burns) reports, "The death toll among National Guard and Reserve troops in Iraq has plunged this year as citizen soldiers play a smaller combat role against an insurgency that increasingly targets Iraqis. Thus far in August, five members of the Guard and Reserve have died in Iraq, compared with 44 at this point in August 2005." While the resistance has started to target Iraqis more than US forces, "the main reason for the decline in reservist deaths is that fewer are being sent to Iraq. They comprise a little under 20 percent of the 138,000 U.S. troops now there, compared with about 40 percent last year. Also, the number of National Guard combat brigades in Iraq has dropped from five to one. What's more, U.S. commanders about a year ago adjusted the mission of the Guard combat forces in Iraq from focusing mainly on fighting the insurgency to providing 'theater security' — securing major highways and bases."

Iraqis "Dismiss" US Claims Of Iranian Support For Militias. Time (8/26, Ghosh, 4.03M) reports, "Many Shi'ite politicians dismiss as scape-goating the statements by Ambassador Zalmay Khalilzad and generals at the Pentagon that Iran is actively arming and training Sh'ite militias in Iraq," and "even political observers not affiliated to the Shi'ite parties are likely to be surprised by Brig. Gen. Michael Barbero's claim, at a press conference Wednesday, that there was 'irrefutable' evidence of Iranian collusion with Iraqi militias. That is the exact opposite of what U.S. military officials in Baghdad have been saying." Also, "renewed Tehran-bashing in Washington is unlikely to sit well with Iraqi Shi'ite politicians, who make up the dominant block of parliament," and "antagonizing the Shi'ite block could complicate U.S. efforts to end the civil war and draw down American troops in Iraq."

Rep Shays Calls For Troop Withdrawal Timetable. The Financial Times (8/26, Sevastopulo) reports, "George W. Bush lost another key ally on Iraq this week when" Rep. Christopher Shays "distanced himself from the administration's policy on Iraq." He "still portrays himself as a strong supporter of the war. But by agreeing with many Democrats who want a timeline for pulling troops out, he has joined growing ranks of Republicans facing tough re-election races in November who are trying to distance themselves from the administration's handling of the war without appearing weak on national security" even as "public support for the war has crumbled." Shays's "move comes on the heels of Connecticut Democrats who last month punished Senator Joe Lieberman for his strong support of the war." Now Lieberman "has called for the resignation of Donald Rumsfeld,…a tactic that Mr Shays adopted this week." The AP (8/26, Haigh) adds that Sen. Lieberman "said Friday he would consider taking a look at" Shay's "proposal for a timeline for troop withdrawals."

McCain Says Despite His Criticism, He Still Supports The War. The Financial Times (8/26, Sevastopulo) reports that "after White House officials suffered persistent questioning about his remarks" accusing "the administration of 'underestimating' the task in Iraq," Sen. John McCain "yesterday released a statement saying he fully supported Mr Bush," saying, "I have never intended my concern that the American public be fully informed about the conduct and consequences of the war to indicate any lessening of my support for our mission there." The AP (8/26, Talhelm) adds that McCain's comments "prompted criticism from the right and left that McCain was flip-flopping," while "Democrats criticized McCain on Friday, calling him a 'Monday-morning quarterback' and arguing that he should try

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to change Iraq policy if he disagreed with Bush's handling of the war."

Washington Based Marines Unit Deployed To Iraq For Third Time. In a front page article, the Washington Post (8/26, A1, Montes, 748K) reports that the Marines' 4th Civil Affairs Group, "a reserve unit based in Washington, is leaving for Iraq – again," on what "will be the third deployment to Iraq for the unit, which is pulling out in a few days, but for most of its 200 or so members, it will be their first or second deployment." However, "with each deployment of the 4th CAG, the dangers in Iraq have increased." Still, "even as many here at home are wondering if the sacrifice has been worthwhile, these Marines speak earnestly of their patriotism and duty as they prepare to say goodbye to everything they love." The Post goes on to profile the views, backgrounds, and families of some of the marines.

Rising Prices Add To Iraqi's Troubles. In an article titled, "Weary Iraqis Face New Foe: Rising Prices," the New York Times (8/26, Cave, 1.21M) reports that in Iraq "life's most basic needs are becoming drastically more expensive," as "three months into the administration of Prime Minister Nuri Kamal al-Maliki, the inflation rate has reached 70 percent a year, up from 32 percent last year. Wages are flat, banks are barely functioning and the consensus among many American and Iraqi officials is that inflation is most likely to accelerate. Violence, corruption and the fallout from decades of government control are kicking up the price of nearly everything, especially fuel, which in turn multiplies the production cost for goods." Now, "three years after fuel shortages led to riots in Basra, tension is often palpable at the pumps" and "in Iraq's once-bustling markets, frustration is equally acute." Prime Minister "Maliki's office has responded with proposals to spur foreign investment and calls for public patience, even forgiveness. But billions in American aid has already been spent on Iraq with limited impact," and "stanching inflation will not be easy. Experts here say they struggle just to collect the data necessary to diagnose the problem, while Iraq largely lacks the usual mechanisms for controlling prices."

US Army Officer Pleads Guilty To Taking Iraq Reconstruction Contracting Bribes. The New York Times/AP (8/26, AP) reports former US Army Reserve Lieut. Col. Bruce Hopfengardner "admitted Friday that he had awarded millions of dollars in Iraq reconstruction contracts in exchange for jewelry, computers, cigars and sexual favors." Hopfengardner "pleaded guilty to conspiracy to commit money laundering and wire fraud. He served as a special adviser to the American-led occupation forces, recommending funds for projects in Iraq. He admitted conspiring with Philip H. Bloom, an American citizen with businesses in Romania; Robert J. Stein Jr., a former Defense Department contract official; and others to create a corrupt bidding process that included the theft of $2 million in reconstruction money." Bloom and Stein have already pled guilty to related charges. The Washington Post (8/26, D1, Witte, 748K) adds Hopfengardner "became the first military officer to plead guilty in a wide-ranging bribery scheme involving funds intended for Iraq's reconstruction."

Abandoned British Base Looted While Iraq Army Watches. The Washington Post (8/26, A18, Paley, 748K) reports, "Armed looters ransacked an abandoned British base in southern Iraq on Friday as" the "450-member Iraqi army brigade meant to guard" Camp Abu Naji "stood by and watched." British military spokesman Maj. Charlie Burbridge, "said the Iraqi army maintained full control of the camp, even during the looting, and had managed to eject the thieves by early evening." However, "the inability of the Iraqi soldiers to prevent widespread looting in one of the country's calmest provinces, as well as the reported mutiny of a local army brigade, left doubts about whether U.S.-led forces will be able to hand over security to the Iraqi government anytime soon."

The Washington Times/AP (8/26, Hani) agrees in its first paragraph that the looting is "an indication of possible future trouble for U.S.-led coalition forces hoping to hand over security gradually to the Iraqi government." The looting is "likely to embarrass the government of Prime Minister Nouri al-Maliki." While "Iraqi authorities had complained the British withdrawal had caught them unaware," the British military "rejected the assertion." In contrast, McClatchy Newspapers (8/26, Brunswick) reports, "Iraqi soldiers put up resistance and later fired on the crowds who had gathered." The Los Angeles Times (8/26, McDonnell, 918K) also covers this story.

Army Orders Review Of Reporting Soldiers' Deaths. All three major network newscasts ran full stories on the Army's decision to re-examine every soldier's death and comparing it to what their family was told, running a combined time of six and a half minutes. ABC Evening News (8/25, story 3, 2:00, Gibson) reported, "Developments tonight in the wars involving Iraq and Afghanistan. The Army says it will re-examine the circumstances surrounding the deaths of every soldier in those two theaters. 3,047 American men and women have died so far, more than 2,000 soldiers. And the Army now wants to make sure that the families of the fallen know exactly what happened in each case." ABC (Raddatz): "The announcement means that the death of every soldier killed by roadside bombs, gunfire or in accidents will be reexamined -- incidents stretching back through 3 1/2 years of

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war in Iraq and 5 years in Afghanistan. … And it is the families who made this happen after a series of high-profile mistakes."

The CBS Evening News (8/25, story 6, 2:00, Schieffer, 7.66M) reported, "American military families have complained for years that in some cases, they weren't told the truth about how loved ones died in Iraq or Afghanistan. Well, now the Pentagon is promising to do something about that." CBS (Andrews): "For the Army, it's an unprecedented review of hundreds of deaths from the field of battle to make sure the families of the soldiers kill have the true story of what happened." Andrews added, "The Army says that wrong information goes out to these families only a tiny fraction of the time but says it also recognizes for these families, the error rate has to be zero. That's the reason for this sweeping review."

NBC Nightly News (8/25, story 2, 2:30, Williams, 9.87M) reported, "If it is possible to imagine anything worse for this nation's military families than losing a loved one, it may be getting the wrong information about how it happened. Tonight there is an investigation underway to see whether hundreds of military families got the right information about casualties of war. Many did not." NBC (Miklaszewski): "A recent review of some 600 army deaths found serious discrepancies in what was reported to families and what actually happened in 11 cases." Miklaszewski continued, "So today the Army is ordering all combat units to review casualty reports for any discrepancies. It is the military's most sacred obligation to each and every soldier killed in war and to those they leave behind."

Families Sue Syria For Deaths Of Iraq Hostages. The AP (8/26, Dell'orto) reports, "Survivors of two civilian contractors taken hostage and beheaded in Iraq filed a federal lawsuit Friday against Syria, which they claim supported the group who murdered him." Jack Hensley's widow, Pati Hensley, and their teenage daughter, Sara, as well as Francis Gates of Michigan and Holly Pettis, "the mother and sister, respectively, of Eugene 'Jack' Armstrong, who was taken hostage and slain along with Hensley and a British co-worker," are "seeking hundreds of millions of dollars in damages" based on their :attorneys' investigations that show Syria was responsible for supporting and harboring the group that killed the men in September 2004."

Karzai Orders Probe Of Killings By US Soldiers In Konar Province. The Washington Post (8/26, A10, Faiez, 748K) reports Afghan President Hamid Karzai "on Friday ordered an investigation into the deaths of eight people in a raid that the U.S. military said targeted al-Qaeda members but police said killed civilians. It was the second time in a week his government has questioned the military's tactics." The announcement "was Karzai's latest show of displeasure with the foreign forces that he depends on to protect his weak government from resurgent Taliban and al-Qaeda fighters."

Teacher Sues For Alleged Retaliation Over Iraq War Teachings. The Los Angeles Times (8/26, Garrison, 918K) reports, "a lawsuit against the Los Angeles Unified School District by a San Fernando High teacher…says the principal retaliated against him because he urged students to think critically about the military and the war in Iraq. Alberto Gutierrez, a 33-year-old social studies teacher who is known on campus as a passionate educator with a left-wing tilt, says in a suit filed this week that after he 'offered objective discussion … regarding the United States' involvement in the war in Iraq to his students,' then-Principal Jose Luis Rodriguez began filling Gutierrez's personnel file with negative reviews and surreptitiously encouraging parents to complain about him."

Military Mortality Better Than African American Men Ages 20 To 34 In Philadelphia. Samuel H. Preston, the Frederick J. Warren professor of demography at the University of Pennsylvania, and Emily Buzzell, a student in the Health and Societies Program at Penn, write in an op-ed in the Washington Post (8/26, A21, 748K), "The consequences of Operation Iraqi Freedom for U.S. forces are being documented by the Defense Department with an exceptional degree of openness and transparency," and as "the Defense Department has supplied us with appropriate data on exposure…we take advantage of it to provide the first profile of military mortality in Iraq." They note, "The ratio of deaths to person-years, .00392, or 3.92 deaths per 1,000 person-years, is the death rate of military personnel in Iraq," while the civilian population of the United States's "rate was 8.42 per 1,000 in 2003, more than twice that for military personnel in Iraq. The comparison is imperfect, of course, because a much higher fraction of the American population is elderly and subject to higher death rates from degenerative diseases." However, taking "something equivalent to combat conditions on home soil," African American men ages 20 to 34 in Philadelphia had a death rate of "4.37 per 1,000 in 2002, 11 percent higher than among troops in Iraq." Also, "the death rate of American troops in Vietnam was 5.6 times that observed in Iraq," a difference partially attributable to "improvements in military medicine and such things as the use of body armor."

Photographs Said To Have Become Part Of Military Strategy. Susan D. Moeller, director of the International Center for Media and the Public Agenda at the University of Maryland at College Park and the author of

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"Shooting War: Photography and the American Experience of Combat," writes in an op-ed in the Washington Post (8/26, A21, 748K) writes, "One of the greatest weapons in the World War II arsenal turned out to be a photograph -- the image taken by Associated Press photographer Joe Rosenthal of five Marines and one Navy corpsman raising the flag over Iwo Jima." It "not only gave Americans back home an image of what was happening on the front lines, it persuasively argued that Americans were winning." Today, "President George H.W. Bush's method for controlling and retaining public support during the Persian Gulf War was to put a moratorium on journalists filing from the front lines and to filter the theater's information through official news conferences. … Since then the spinning of images has continued to accelerate." Unlike before, "images are no longer appropriated only after they are taken; they have become an intrinsic part of military strategy."

CORPORATE SCANDALS:

Grassley To Address "Backdating" And Other Stock-Option Abuses By Executives. The Wall Street Journal (8/26, Burns, 2.03M) reports, "Executive stock-option abuses are at the top of the Senate Finance Committee chairman's agenda when lawmakers return after Labor Day." Sen. Charles Grassley "said Friday that top officials from the Internal Revenue Service, the Securities and Exchange Commission and the U.S. Justice Department will testify at a Sept. 6 hearing on the federal government's response to stock-options backdating. Federal officials, he said, need to take 'a hard look' at stock-option abuses, and he added that he is mulling 'possible legislation' to address questionable tax deductions for executive compensation."

Prudential To Settle Fund Trade Disputes. The Wall Street Journal (8/26, Mcdonald) reports, "On Monday, state and federal authorities are expected to announce a civil settlement with Prudential Financial Inc.'s securities unit. The pact will settle allegations former Prudential brokers helped investors rapidly trade mutual-fund shares, according to two people familiar with the situation." The Journal continues, "The settlement is expected to be one of the largest resulting from a broad probe of so-called market timing that has rocked the fund industry for the past three years. In 2004, Bank of America agreed to a $675 million deal. … Prudential Securities is expected to settle charges with the Department of Justice, the Securities and Exchange Commission, the National Association of Securities Dealers and the New York Stock Exchange, as well as state officials in New York, New Jersey and Massachusetts, according to these people. Prudential will be paying about $600 million in the deal, which will allow the company to avoid criminal prosecution. The agreement is expected to be announced at a news conference in Washington." The Journal adds, "The settlement stems from civil charges filed about three years ago. The suit alleged that five former Prudential Securities brokers and their branch manager in Boston helped sophisticated investors make more than $1.3 billion of market-timing trades in mutual-fund shares. The suit alleges that this rapid trading raised expenses and lowered returns to shareholders of more than 50 fund families. … Authorities have alleged that the Boston-based Prudential brokers created fake accounts to help mask the rapid trading by lucrative hedge-fund clients. Two of that office's former brokers pleaded guilty to criminal fraud charges last year."

Judge Sets March Trial Date For Former Qwest Chief In Denver. The Wall Street Journal/AP (8/26) reports, "A federal judge set a March date for Joseph Nacchio's insider-trading trial (in Denver), rejecting the former Qwest Communications International Inc. chief's claim that he can't get a fair trial in the phone company's hometown because of negative publicity." The AP continues, "U.S. District Judge Edward Nottingham also ruled on a handful of evidence-related motions and heard arguments behind closed doors about classified information involving Qwest's business contracts with the government. He ruled the material needed to remain top secret to protect national security. … The judge set a March 19 trial date and estimated it would take about 30 days."

The Denver Post (8/26, Vuong) reports, "Nacchio's attorneys have said the case should be moved because 'intensive negative media coverage repeatedly and continually showered on Mr. Nacchio and Qwest' make it impossible for him to get a fair jury trial in Denver. … 'The obsession with Mr. Nacchio and Qwest in this district is something you don't see elsewhere,' Jeff Speiser, an attorney for Nacchio, said during Friday's court hearing." The Post adds, "Pretrial publicity has been extensive and 'some of the publicity has not been favorable to Mr. Nacchio,' Nottingham said. But the publicity has not 'infected' the court's proceedings, he said."

Bloomberg (8/26) reports, "Nacchio is charged with selling $101 million in Qwest shares in 2001 while knowing revenue targets were overstated. The U.S. Securities and Exchange Commission claims in a civil suit that he oversaw an accounting fraud that led the No. 4 U.S. local telephone company to erase $2.5 billion in revenue. Nacchio denies wrongdoing. … Prosecutors said they would say at trial that 'trading on the basis of material inside information means that the defendant was aware of the information at the time of the sale.' … In his defense, Nacchio claims prosecutors failed to account for his secret knowledge of projected Qwest revenue

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from classified federal projects. The judge closed the hearing to deal with this aspect of the case."

US Oversight Of Fannie Mae Questioned. The Los Angeles Times (8/26) editorializes, "It seems that mortgage powerhouse Fannie Mae — which in May paid a $400-million fine to settle charges of shoddy accounting with its chief regulator, the Office of Federal Housing Enterprise Oversight, and with the Securities and Exchange Commission — may finally be winding its way back into the good graces of Wall Street and the federal government. The company is on track to restate past earnings (to the tune of $11 billion) by the beginning of the year. On Thursday, it announced that the Justice Department was dropping a criminal investigation of its practices. … Pity that the federal government has done little to make sure that Fannie Mae doesn't have a relapse." The Times adds, 'The Bush administration is backing efforts in Congress to grant Fannie Mae's regulator the same powers that most bank regulators have, but the effort is inexcusably stalled in the Senate. Powerful real estate lobbyists and Democrats who think Republicans are ganging up on the 'affordable housing' champion apparently feel that the health of the housing industry is somehow tied to Fannie Mae's ability to get away with financial shenanigans."

CRIMINAL LAW:

Florida Professor Admits Contact With Cuban Intelligence Service. The South Florida Sun-Sentinel (8/26, Blum) reported, "In a dramatic courtroom admission, a Florida college professor accused of being a Cuban agent testified Friday that he collaborated with Cuba's intelligence service for more than a decade. Answering questions from a federal prosecutor, Carlos Alvarez said he used a short-wave radio to send coded messages to Cuban intelligence contacts and sometimes met with them in person from 1986 to 1998. 'I wouldn't do it again,' Alvarez said during his second day on the stand at a hearing in Miami federal court." The Sun-Sentinel noted, "Carlos Alvarez' testimony ended three days of hearings before U.S. Magistrate Barry Garber on whether incriminating statements and items Alvarez gave FBI agents can be used against him. … Alvarez said his contacts with Cuban intelligence began as he tried to 'relate somehow with Cuban reality' as part of his academic work studying Cuban-American identity."

The AP (8/26, Anderson) added that Alverez "insisted…he had distanced himself from the communist government by the time he confessed details of his work last year. He also denied being a Cuban agent and said he was never employed by that government. 'I was not an agent of the Cuban government. I was a collaborator, which is very different,'" he said. The AP noted, "In videotaped transcripts of his FBI interviews, Alvarez repeatedly agreed with the FBI agents when they said his confession was voluntary and that he was free to go anytime. Alvarez testified Friday that he feared that contradicting the agents would subject him to criminal prosecution and result in a scandal for his family."

Florida Man Sentenced To Six Years For Software Piracy. The AP (8/26, Zongker) reports, "A man who made millions of dollars selling illegal copies of computer programs was sentenced (ini Alexandria, VA) Friday to six years in prison in one of the nation's largest software piracy cases." The AP continues, "Danny Ferrer, of Lakeland, Fla., pleaded guilty in June to conspiracy and copyright infringement charges after an FBI investigation of his Web site, BuysUSA.com. Ferrer also was ordered to pay more than $4.1 million in restitution to software makers Adobe Systems Inc., Autodesk, and Macromedia Inc." The AP adds, "Ferrer bought airplanes, a fighter-jet simulator, a helicopter, a Lamborghini, a Hummer and other luxury vehicles with his profits. U.S. District Court Judge T.S. Ellis III ordered the items be sold to pay restitution in the case. … 'You extended your hand into the pockets of these people,' Ellis said before sentencing Ferrer. 'If severe penalties were not attached, people would line up from here to Los Angeles to do what you've done.'" The AP notes, "Ferrer said he started selling the pirated software to pay for a feeding tube for his sick wife, but apologized and told the judge 'there was probably a certain amount of greed.'"

FBI Warns Of Paving Scam Artists. The Pittsburgh Post-Gazette (8/26, Ove) reports, "Today's culturally sensitive Justice Department can't use the name officially, but FBI agents in Washington are hunting for Irish Traveler scam artists at work in Pittsburgh and other eastern cities. … These itinerant rip-off artists, described in an official bulletin only as 'caucasians known to speak with an Irish accent,' are operating a driveway paving scam." The Post-Gazette continues, "It's simple: They post fliers in your neighborhood saying they're bonded and experienced, then do lousy or incomplete work and disappear with your money. … When you try to get your money back, you find their phone number disconnected and their business address doesn't exist. … 'Homeowners have lost hundreds of thousands of dollars as a result of these paving scams,' said the FBI." The Post-Gazette adds, "Jeff Killeen, local FBI spokesman, said he didn't know any specifics about victims in the Pittsburgh area, but the FBI in Washington believes the scammers are here or have been here recently. … 'There are indications that they have been in this area,' he said. … Debbie Weierman, spokesman for the Washington office, said the FBI has also issued bulletins for Washington,

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Chicago, Boston, Newark, Philadelphia, Baltimore and Richmond."

Lawyers Vie To Represent Ramsey Murder Suspect. The AP (8/26, Weber) reports, "Three dozen lawyers have offered to represent John Mark Karr - for free in many cases - against allegations he killed 6-year-old beauty queen JonBenet Ramsey." The AP continues, "The tug-of-war among defense attorneys over one of the biggest criminal cases in recent years, one that has stoked interest because of perceived flaws in the prosecution's case, raises questions about ethics and who has Karr's best interests in mind. … 'There's something inherently wrong in hiring a lawyer who is volunteering to do it for publicity,' said Connecticut attorney Mickey Sherman, whose high-profile clients include Kennedy cousin Michael Skakel." The AP adds, "Two California attorneys say they have been retained to represent Karr, but another who was with him at his only court hearing in the case said previously that Karr wanted a Colorado public defender. … Larry Garrison, a producer Karr's family hired to ferret out book and movie deals, says they want a big-time lawyer for the job. Some three dozen lawyers from around the country have already offered their services, many at no cost, he said Thursday."

WPost Warns About Faulty Prosecutions. The Washington Post (8/26, A20) editorializes, "Virginia prosecutors this week brought belated charges against a man named Kenneth Maurice Tinsley in the 1982 rape and murder of a Culpeper woman named Rebecca Williams. Mr. Tinsley, a serial rapist already serving life in prison, was connected to the Williams killing by DNA testing. And his prosecution would be simply a happy resolution of a long-cold case, except for one thing: A man named Earl Washington Jr. served more than 17 years in prison and came within nine days of being executed for this crime." The Post continues, "Mr. Washington's case is a tragedy in a criminal justice system that at every stage refused to admit the magnitude of its error. Mildly retarded, Mr. Washington was convicted almost entirely on the basis of a disturbingly weak confession -- one that a civil jury later found had been fed to him by investigators. He sat on death row until DNA tests in 1993 cast serious doubt on his conviction by showing that someone other than he or the victim's husband had had intercourse with Williams before she was killed. Then-Gov. L. Douglas Wilder responded by commuting his sentence to life in prison, but did not pardon him, arguing that the evidence of his innocence remained inconclusive. Only in 2000, after a second round of DNA testing, did then-Gov. James S. Gilmore III finally pardon him. Yet even then, he acknowledged merely that a jury would have acted differently had it seen these test results, not that Mr. Washington was innocent." The Post concludes, "The lessons of the Washington case will be familiar to anyone who has watched the flood of wrongful convictions come to light in recent years. Not all confessions are real; DNA testing should be liberally and swiftly available whenever doubts arise. Most important, there is no place for arrogance in a state's criminal justice system. In any number of cases pending now, including some that seem all too weak, Virginia authorities are certain they have the right man locked up. They were once that certain about Earl Washington, too."

CIVIL LAW:

Judge Stalls Strike By Northwest Airlines Attendants. The Washington Post (8/26, D1, Tse) reports, "A federal judge temporarily barred Northwest Airlines flight attendants from going on strike last night, averting potential delays during the last days of the summer travel season." The Post continues, "The decision yesterday by U.S. District Judge Victor Marrero in New York came hours before sporadic work stoppages planned by the flight attendants were to begin, at about 10:01 p.m. The judge issued the temporary injunction while he considered the nation's fifth-largest carrier's request to block the strike." The Post adds, "Marrero did not say when he would make a decision on blocking the strike. But the preliminary injunction was welcomed by the airline, which is reorganizing under Chapter 11 bankruptcy protection. Northwest had appealed a U.S. Bankruptcy Court judge's ruling last week that he did not have jurisdiction to stop the strike. … The Association of Flight Attendants, which represents the airline's approximately 9,300 flight attendants, said it would abide by the judge's ruling."

The Detroit News (8/26, Smith) reports, "The Association of Flight Attendants, which represents 9,300 Northwest attendants, was prepared to stage unannounced walkouts and other measures after 10:01 p.m. to protest Northwest imposing a contract with $195 million in wage and benefit concessions. … 'Management and the courts can stall us, but they cannot defeat us,' said Mollie Reiley, interim president of the AFA's Northwest unit. … 'Our crusade to protect our careers has only begun. … This is not over.'" The News adds, "In issuing the temporary injunction, U.S. District Judge Victor Marrero said a strike delay would cause the AFA minimal harm, but 'far greater injuries exist to Northwest and the public by permitting the strike to commence at this point.' … He said he needed more time to study the legal issues in the case, but urged both parties to negotiate and report back to him Wednesday. If fruitful talks are not possible, the judge said he didn't know when he would make a final ruling … Northwest had argued a work stoppage would violate the federal Railway Labor Act." The News notes, "The U.S.

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Justice Department and the Air Transport Association, which represents 20 domestic airlines, filed briefs supporting Northwest, saying a strike would be illegal and cause a disruption to the U.S. air transportation system."

Court Turns Aside "Atomic Veterans" Suit. McClatchy Newspapers (8/25, Doyle) reports that the DC Circuit court of Appeals "rejected efforts" individuals "seeking claims on behalf of 'atomic veterans.' The same court simultaneously rejected bids by other veterans exposed to biological and chemical agents. Taken together, the dual rulings by the D.C. Circuit Court of Appeals will likely impede many veterans hoping for compensation. At the very least, it will complicate future claims." McClatchy notes, "All told, an estimated 220,000 U.S. soldiers were allegedly exposed to radiation in the 1940s and 1950s. … The three-member appellate panel wasn't ruling on whether the atomic veterans deserve compensation. A 1988 law provides that. To succeed, though, veterans must prove they were present at a radioactive site and that they contracted a radiation-related illness or were exposed to a cancer-causing radiation level. Required military test records can be elusive."

NYTimes Accuses FEC Of Trying To "Kill" McCain-Feingold Provision. The New York Times (8/26, 1.21M) editorializes, "The Federal Election Commission, that great enabler of campaign loopholes, is now creating loopholes for itself. The panel is bypassing its own requirements for adequate public notice in a rush to consider a proposal that would allow a flood of special-interest money into the fall campaign, in the guise of protecting 'grass-roots' ads that are supposedly devoted to issues, not candidates. The proposal, hurried forth as an emergency need, is a blatant attempt to bureaucratically kill a vital anticorruption provision of the McCain-Feingold law that has already been upheld by the courts."

CIVIL RIGHTS:

Alabama AG Challenges Ruling On Felons' Voting Rights. The Birmingham News (AL) (8/26, Walton) reports, "Alabama's attorney general says a Jefferson County judge's ruling that would allow all felons to vote is 'legally unsound.' Friday, he notified the Alabama Supreme Court he plans to appeal." The News continues, "Separately, Attorney General Troy King asked Circuit Judge Robert Vance Jr. to withhold his order that the ruling be immediately submitted to the U.S. Justice Department for a civil rights review. Vance set a Sept. 1 hearing on the request." The News adds, "Vance ruled Tuesday that all felons must be allowed to register to vote until the state Legislature passes a law that defines crimes of moral turpitude. But Vance's order is not in force until it is approved by the Justice Department under the federal Voting Rights Act. … Vance said felons who have been convicted of crimes already determined to not involve moral turpitude must be allowed to vote immediately. Attorney general opinions and other legal precedents have determined a handful of crimes such as drunken driving do not involve moral turpitude." The News notes, "The vote issue centers on a constitutional amendment in 1996 that provides that only people convicted of felonies involving moral turpitude lose their right to vote. The phrase, however, is not defined in the state's constitution nor in the state criminal code. … Vance's ruling arises out of a 2005 lawsuit filed by the NAACP Legal Defense and Educational Fund in Jefferson County. The suit contends that Secretary of State Nancy Worley violates Alabama's constitution by giving voter registrars instructions to require all felons to apply to the Board of Pardons and Paroles to have their voting rights restored. The state has a long practice of removing from voting rolls anyone convicted of a felony, whether it be a petty theft or murder."

Democrats Seen As Promoting Enfranchisement Of Felons. In an op-ed for the Wall Street Journal (8/26, 2.03M) Roger Clegg, president and general counsel of the Center for Equal Opportunity, writes, "With the exception of Maine and Vermont, every state disenfranchises criminals -- some while they're in prison, others while they're on parole or probation, and still others after they've served their full terms. But that's beginning to change in some states. Governors in Iowa and Virginia have unilaterally restored voting rights to many felons, while legislatures in Maryland and Nebraska have liberalized their laws. At the federal level, a bill supported by Sens. Hillary Clinton and John Kerry, among others, would force states to allow felons no longer under sentence to vote. That bill is on hold, at least while the Democrats are out of power. But lawsuits in federal courts in Florida, Washington and New York have claimed that depriving felons of the franchise violates the Voting Rights Act. This movement is in the wrong direction. We should have fewer felons voting, not more."

Springfield, MA, Mayor Pledges To Protect Hispanic Voters' Rights. The AP (8/26) reports, "Springfield (MA) Mayor Charles Ryan, responding to a federal lawsuit accusing the city of violating rights of Hispanic voters, detailed steps the city is taking to uphold those rights." The AP continues, "In a declaration filed in federal court Thursday, Ryan said the city is actively recruiting more bilingual poll workers, expanding training of all poll workers to help Spanish-speaking voters and translating all election-related materials into Spanish. … He said the city also has appointed Gladys Oyola as its new Spanish language election

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program coordinator and set up an advisory committee headed by Jose Claudio to review the program and advise Oyola." The AP adds, "Ryan's statement was part of a formal response to the Justice Department's request for a temporary restraining order requiring the city to make immediate changes before the Sept. 19 state primary. Judge Michael Ponsor is to hold a hearing on the matter on Monday. … Ryan said in his filing that voter and witness complaints cited by the Justice Department 'are serious and I am committed to ensuring that we will do all that is reasonable and necessary so that those voters do not experience any of the problems that they have claimed to have experienced in past elections.'"

ANTITRUST:

Constellation Venture With Grupo Modelo Gets Antitrust Nod. The AP (8/26) reports, "Wine and spirits maker Constellation Brands Inc. said Friday its proposed joint venture with Mexican brewer Grupo Modelo SA de CV has passed federal antitrust scrutiny." The AP continues, "The waiting period for review under the federal Hart-Scott-Rodino regulation has expired, and the companies say they expect their joint venture to become operational Jan. 2. … The joint venture will import and market Grupo Modelo beer brands, which include Corona Extra and Victoria, in the United States and Guam through 2016. The joint venture will be called Crown Imports LLC."

Fort Worth Seeks Legal Costs In Airfield Dispute. The Fort Worth Star-Telegram (8/26, Wethe) reports, "As the battle to change the Wright Amendment drags on, the city of Fort Worth now needs to pay for some of its reinforcements. … The City Council is expected at Tuesday's weekly meeting to approve paying the Fort Worth law firm of Kelly, Hart & Hallman up to $100,000 for future work related to the amendment." The Star-Telegram continues, "The money would pay for the job being done by two of its attorneys: Marshall Searcy, who's defending the city against a lawsuit filed by the terminal owners at Dallas Love Field, and Dan Settle, the city's outside bond counsel. … Love Terminal Partners, which owns a vacant six-gate terminal that is slated to be condemned by the city of Dallas, filed a lawsuit last month in federal court in Dallas against the two cities, American and Southwest airlines, and Dallas/Fort Worth Airport. The terminal owners say the local Wright Amendment agreement hashed out by the five parties violates federal antitrust laws by shrinking the airport's capacity to 20 gates from 32." The Star-Telegram adds, "Although Searcy has been working all along on the case, the city needs to make sure that it sets aside money to pay his firm, said David Yett, the Fort Worth city attorney. … 'We needed to act quickly once we got served with the lawsuit,' Yett said. … The defendants jointly answered the filing with a request for more time to respond. Since then, they've all filed to stay the case and are awaiting the judge's response. That's expected sometime in September, Yett said."

Hewlett-Packard Receives Go-Ahead For Mercury Acquisition. The Sacramento Business Journal (8/26) reports, "Hewlett-Packard Co. has won an OK from U.S. government regulators for its planned $5 billion acquisition of Mercury Interactive Corp., the company said in regulatory filings. Mercury stock rose a hair Friday after the announcement." The Journal continues, "In a filling with the Securities and Exchange Commission Thursday, Palo Alto-based H-P said the 30-day waiting period for the merger, during which it was scrutinized by regulators, had expired. H-P said in July it agreed to offer $52 a share for Mountain View-based Mercury."

EU Threatens To Overturn Spanish Restrictions On Endesa Bid. Bloomberg (8/26, Rega, Newman) reports, "European regulators threatened to overturn Spanish restrictions on a 26.9 billion-euro ($34 billion) bid by E.ON AG of Germany for Endesa SA, Spain's largest power company, a step toward helping E.ON prevail in the takeover battle." Bloomberg continues, "The European Commission, the European Union's antitrust regulator in Brussels, said Spain may have acted illegally by forcing E.ON to sell some of Endesa's assets. The move is a prelude to a ruling that would annul the Spanish decision." Bloomberg adds, "The fight with Spain is part of an EU campaign to open energy markets to competition and knock down barriers to takeovers. Rejecting the limits would help E.ON, Germany's largest utility, defeat a Spanish government-backed bid by Gas Natural SGDS SA for Endesa. … Spain's conditions 'are neither necessary nor proportionate for the protection of public security,' the commission said in a statement. … Spain has until Sept. 4 to respond to the EU regulator. The agency will make a final decision 'as soon as possible,' Jonathan Todd, a commission spokesman, told journalists."

The AP (8/26) reports, "The commission said it would hear Spain's response — due by Sept. 4 — before making a final ruling on whether Spain has broken antitrust laws, a decision that would force Madrid to withdraw conditions imposed by the Spanish energy authority, CNE. The commission says the conditions are incompatible with European Union law. … Spain's National Energy Commission attached 19 conditions to its approval of E.On's bid, including the divestment of about a third of Endesa's generation assets in its core Spanish market." The AP notes, "The commission said it had the exclusive right to judge if

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takeovers or mergers affect the European market. Governments cannot apply national law to such deals, it said, and cannot place conditions that could block or deter such deals. .. . Endesa is the subject of competing takeover offers but favors E.On's 26.9 billion euro bid over a hostile takeover bid of about 20.87 billion ($26.82 billion) in cash and shares from Gas Natural, Spain's biggest gas distributor."

ENVIRONMENT:

Bush Directs Park Service To Set Performance Goals. The AP (8/26, Heilprin) reports, "There's nothing like a big birthday bash on the horizon — even if it's a decade away — to make you want to look your best. So, President Bush on Friday directed the National Park Service on Friday to set 'performance' goals for itself for the next 10 years. The idea is to have as many bragging rights as possible when the park service turns a century old in 2016." He "asked the Park Service to give him a list of 'signature projects and programs' by the end of next May."

US Seeks Postponement Of Grace Asbestos Trial. The Washington Post (8/25, D2, Johnson) reports, "Federal prosecutors plan to appeal a series of rulings that they say will undermine their upcoming conspiracy case against Columbia chemical maker W.R. Grace & Co, according to court papers." The Post continues, "William W. Mercer, the U.S. attorney in Montana, is seeking a delay in the Sept. 11 trial, citing a government appeal of three rulings by U.S. District Judge Donald W. Molloy that significantly hamper the prosecutors' criminal case. The Grace dispute is one of the biggest environmental health cases ever prosecuted by the Justice Department. … Grace is accused of violating the Clean Air Act and knowingly poisoning former workers and other residents of a Montana mining town with deadly asbestos fibers. Grace purchased the Libby, Mont., mine in the 1960s and closed it three decades later." The Post adds, "Activists maintain that the asbestos fibers scattered across the town from the mine site to playgrounds and the high school running track. In recent years, hundreds of residents have complained of lung abnormalities and other health problems, including fast-growing cancers. … Last month, the judge dismissed part of the conspiracy count against Grace, ruling that the statute of limitations had expired on one of the key issues. He allowed other parts of the case to move ahead. .. Two other rulings this month essentially barred the government from using what prosecutors called "critical evidence," including asbestos samples and scientific analysis they had gathered."

Fatal Tornados Plague The Midwest. ABC Evening News (8/25, story 8, 0:10, Gibson) reported, "A swath of powerful storms and tornados raced through the upper Midwest, killing an elderly man, destroying homes and downing power lines. The most destructive twister cut a path more than 20 miles long and nearly 2 dozen people ended up in an emergency rooms."

Scientists Warn Warming Trends Could Lead To Global Catastrophe. McClatchy (8/26, Boyd) reports, "It was one of the greatest calamities of all time: Something turned up the Earth's thermostat, touching off a monstrous heat wave that killed many animals and drove others far from their homes to seek cooler climes. This catastrophe occurred 55 million years ago, after the age of the dinosaurs and long before humans appeared. But scientists warn that today's global warming means that it could be happening again. The ancient hot spell, which lasted 50,000 to 100,000 years, goes by the unwieldy name of Paleocene-Eocene Thermal Maximum. It was caused by a sudden - in geological terms - doubling or tripling of carbon dioxide and other greenhouse gases in the atmosphere. Climate scientists say the result was a massive increase of 10 to 12 degrees Fahrenheit - even higher near the poles - above the prevailing temperature."

FBI/DEA/ATF/USMS:

Slotter Says WPost Story On FBI Training Lacked Context. In a Washington Post (8/26) letter to the editor, FBI Acting Assistant Director Keith Slotter wrote, "As the head of training for the FBI, I am concerned that 'Old-School Academy in Post-9/11 World' [front page, Aug. 17] presents our program for new agents without the proper context. Training for new special agents is basic by design." Slotter added, "Throughout its history the FBI has adapted its training practices to ensure that our personnel have the knowledge and skills to meet emerging threats. Classified courses the reporter could not attend cover an array of terrorism investigative techniques, terrorist financing, undercover operations and the Foreign Intelligence Surveillance Act, among other topics. We recognize that there are areas where we need to improve. … Work continues on advanced training for our national security programs, and we are enhancing curriculum for new agents and analysts that will help drive intelligence-led, rather than reactive, investigation across all of our programs."

GAO Says Government Anti-Drug Campaign Not Proven Effective. The AP (8/25, Freking) reports the GAO said Friday that "the government's anti-drug ad

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campaign has not been proven to deter children from using drugs, and lawmakers should consider reducing funding" for the program, which since 1998 has spent about $1.2 billion on "scores of television, print and radio ads designed to discourage drug use among youth. The ads also describe parents as the anti-drug. President Bush requested another $120 million for next year."

Liberal Dutch Drug Policies Said To Have Proven Successful. The New York Times' John Tierney (8/26) writes that White House "drug czars" have "called Dutch drug policy 'an unmitigated disaster,' bemoaning Amsterdam's 'stoned zombies' and its streets cluttered with 'junkies.' … But if America's drug warriors came here [Amsterdam], they would learn something. … They could see that the patrons puffing on joints generally don't look any more zombielike than the crowd at an American bar — or, for that matter, a Congressional subcommittee listening to a lecture on the evils of marijuana. And if they talked to Peter Cohen, a Dutch researcher who has been studying drug use for a quarter-century, they would discover something even more disorienting. Even though marijuana has been widely available since the 1970's, enough to corrupt a couple of generations, the Netherlands has not succumbed to reefer madness. The Dutch generally use drugs less than Americans do, according to national surveys in both countries (and these surveys might understate Americans' drug usage, since respondents are less likely to admit illegal behavior). More Americans than Dutch reported having tried marijuana, cocaine and heroin. Among teenagers who'd tried marijuana, Americans were more likely to be regular users."

Three-Fourths Of Meth Consumed In US Reportedly Smuggled From Mexico. NBC Nightly News (8/25, story 7, 2:30, Williams, 9.87M) reported, "Federal drug agents in Atlanta this week unveiled one of the biggest stashes of meth ever found worth more than $25 million. Unearthed behind a rural home used by suspected Mexican drug dealers. It is a sign of a shift in what police consider their worst drug menace. … The number of home meth labs in U.S. is down by one third. A result of new laws limiting access to cold and allergy medicines. Mexican drug lords rush to replace what is no longer made in the U.S. Hauling in big loads like the one near Atlanta. Federal drug agents say they believe three-quarters of the meth consumed in America comes across this border from Mexico."

ATF Helps Local Police Curb Sacramento Crime. The Sacramento Bee (8/26, Lillis) reports, "The recent spike in violent crime in Sacramento has led to a level of cooperation among local and federal law enforcement agencies not seen in years, officials said." The Bee continues, "Federal agencies such as the Bureau of Alcohol, Tobacco, Firearms and Explosives insist their assignment is not to bail out local police departments or tell them how to do their jobs. At the same time, local officials say they have asked for the help, which is coming in the form of money, training and personnel." The Bee adds, "The burgeoning coalition was on display Friday, when more than 200 officers from the Sacramento Police and Sheriff's departments took part in a day of training -- conducted by ATF agents -- on how to track firearms used in multiple crimes, how to spot someone carrying a gun and how to identify different models of guns. … 'The basic goal is to recover firearms carried by criminals on the street before they are used in another crime,' said Mark Kraft, a senior special agent with the ATF, based in Washington, D.C. On Friday he led some of the training sessions at the Sacramento Convention Center. … There have been 45 homicides in the city of Sacramento so far this year, but none since police began a gang crackdown last week that involves, among other things, more than doubling the number of cops devoted to gang enforcement."

IMMIGRATION:

State Department Official Charged With Taking Bribes. The AP (8/26, Apuzzo) reports, "A State Department official accepted free flights with exotic dancers to Las Vegas, Nevada, expensive meals, hotel rooms in New York and other bribes to speed up the visa process for a jewelry company, federal prosecutors said Friday." The AP continues, "Michael John O'Keefe, deputy nonimmigrant visa chief at the U.S. Consulate in Toronto, was indicted on bribery and conspiracy charges Friday. Sunil Agrawal, the chief executive of New York-based STS Jewels, also was charged." The AP adds, "Agrawal, an Indian national with legal residency in the United States, sent O'Keefe the names of employees who needed visas to work for her company, prosecutors said. O'Keefe scheduled them outside the normal visa process, they said. … O'Keefe did his best to make sure he conducted the interviews and awarded 21 visas to STS employees, according to an indictment unsealed Friday."

Bloomberg (8/26) reports, "O'Keefe, a department employee for more than 20 years, was accused of taking bribes for agreeing to help Agrawal get faster approvals of travel visas, saving him and his gems business time and money, according to an Aug. 18 indictment unsealed today. … 'U.S. consular officials are on the front line of our border protection,' U.S. Attorney Kenneth Wainstein said in a statement. 'A consular official who violates the rules for personal gain not only erodes public trust in our visa system, but seriously jeopardizes our national security.'" Bloomberg

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notes, "If convicted on all charges, O'Keefe and Agrawal face five to 15 years in prison and a fine of as much as $250,000. O'Keefe has been taken into custody and Agrawal is reportedly out of the country, prosecutors said in court papers."

DOJ Has Not Yet Responded To Washington's Bill For Immigrant Jailing. The Olympia (WA) Olympian (8/26, Shannon) reports, "More than a month after Gov. Chris Gregoire sent the federal government a $50 million bill for housing illegal immigrants in state or county jails, the feds have failed to say a word. Not even 'no.' … 'The governor is disappointed,' her press secretary, Lars Erickson, said this week. 'Gov. Gregoire raised serious concerns about a serious issue, and the administration has failed to respond. So now, she is looking at the next steps.'" The Olympian continues, "The letter was addressed to Attorney General Alberto Gonzales and the Department of Justice and is similar to a letter sent by Arizona Gov. Janet Napolitano. … The agency intends to respond, said Evan Peterson, spokesman for the Department of Justice. But he was unable to say what kind of response might be forthcoming. … 'What I will say is the Department of Justice and attorney general always respond to these letters as expeditiously as possible, and it is important to the department to respond,' Peterson said." The Olympian adds, "Gregoire's letter was dated July 17, and it asked the Republican-led administration to respond by Aug. 1. The governor said she might ask the state's congressional delegation for help."

Border State Governors Urge Comprehensive Immigration Reform. The AP (8/26, Peterson) reports, "The governors of four border states signed a letter Friday urging Congress to pass comprehensive immigration reform before the end of the year. Democrats Janet Napolitano of Arizona and Bill Richardson of New Mexico and Republicans Rick Perry of Texas and Arnold Schwarzenegger of California signed the letter at the close of the two-day Border Governors Conference. They also joined the governors of six Mexican states in signing a joint declaration on issues ranging from tourism and trade to education and border security. Among other things, they pledged to share information about human, drug and arms trafficking and to work together to prevent agricultural terrorism." The AP notes, "House GOP leaders convened a series of hearings this summer after the Senate approved a guest worker program and a possible path to citizenship for millions of illegal immigrants. … In their letter to House Speaker Dennis Hastert and Senate Majority Leader Bill Frist, the governors said such hearings 'do little but stir the pot of discontent.'"

Immigration Hearings Reportedly Attracting Very Few Participants. The AP (8/26, Hoffman) reports, "With immigration reform legislation stalled indefinitely, the congressional hearings on the issue that attracted overflow crowds around the Fourth of July have now fizzled with disinterest leading into Labor Day. Most Americans paid little attention to the two dozen House hearings held around the country during the last two months. … Democrats and immigrant groups have questioned the need for the hearings because such meetings are typically held before legislation is passed — not after. Critics call the hearings an election-year tactic to delay negotiations on the competing immigration bills passed by the House and Senate." According to the AP, "A hearing in San Diego drew just two congressmen, even though it is a border city often described as a crucible of immigration politics. Another gathering in Dalton, Ga., attracted just three representatives. A sparsely attended hearing in El Paso, Texas, was held in the dark and rebroadcast on C-SPAN with a note reading: 'This hearing was held in a theater with lighting problems.' Another gathering scheduled for Friday in upstate New York was canceled with one week's notice."

Texas Border Sector Non Longer Employing "Catch-And-Release" Tactics. The Washington Times/AP (8/26, Caldwell) reports that in Del Rio, TX , "Instead of merely getting sent back home, aliens here are arrested, prosecuted and sometimes sentenced to prison before they are formally kicked out of the country. The effort began late last year along a border area that includes the Rio Grande border towns of Del Rio and Eagle Pass. It has been hailed by federal officials as a creative use of local and federal resources to tighten the border. While other border sectors avoided strict enforcement because they did not have enough jail space or prosecutors, authorities in the Del Rio area found bed space elsewhere in the region, assigned federal agents to help prosecute cases and began running illegal aliens through a courtroom at a rate of one case per minute. … The Del Rio sector also ended the widespread practice of 'catch-and-release' that freed most non-Mexican immigrants with a piece of paper ordering them to show up in federal immigration court a month later -- and almost no one did."

Defense Contractors Seek To Construct US-Mexico Border "Security Shield." McClatchy (8/26, Montgomery) reports, "The Bush administration is expected next month to choose an industry consortium to erect a high-tech security shield along the U.S. borders, launching one of the federal government's most ambitious public-works projects in years. The Department of Homeland Security calls the proposed Secure Border Initiative Net the 'most comprehensive effort in the nation's history' to gain control of more than 6,000 miles of border with Mexico and Canada as well as 2,000 miles of coastline. SBInet is a centerpiece of President Bush's efforts

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to fortify the porous U.S.-Mexico border at a time when Congress is locked in a struggle to overhaul the nation's immigration laws. Administration officials say they intend to proceed with the security net regardless of the outcome of the debate over immigration legislation. The multibillion-dollar undertaking has ignited an intensely fought contract battle among industry teams headed by four leading defense companies - Boeing, Lockheed Martin, Northrop Grumman and Raytheon - and Ericsson, the Swedish-based telecommunications giant with U.S. headquarters in Plano, Texas." McClatchy (8/26) also includes "Profiles of the teams that are competing to win the contract for the multibillion-dollar Secure Border Initiative Net."

Wealthy California County Also Home To Huge Immigrant Community. The Wall Street Journal (8/26, Jordan, 2.03M) reports, "Monterey County is marked by dramatic craggy cliffs that drop to the Pacific Ocean. Along the coast sit the manicured, affluent enclaves of Carmel, Pebble Beach and Monterey, which attract wealthy homeowners and tourists from around the world. About 20 miles inland, in the same county, is the fertile valley of Salinas, America's vegetable garden. … Virtually beside the fields, in the city of Salinas, neighborhoods rival high-rise-jammed cities in population density. Multiple families occupy small houses; others live in converted garages. Gang graffiti mars the façades of apartment complexes. A school's walls are riddled with bullet holes. Fueling Salinas's troubles, many say, is a housing market that offers few affordable dwellings for the thousands of Hispanic immigrants who pick the area's crops."

CONGRESS-ADMINISTRATION:

Poll Shows Slight Improvement For Bush, But Dissatisfaction Over Iraq And Lebanon. Time (8/26, Kher, 4.03M) in a web exclusive reports, "While President Bush may be getting a slight uptick in his job-approval numbers, the situation in Iraq and Lebanon has been a setback in the war on terrorism, Americans say. According to a new TIME poll, 54% of those surveyed said the U.S. involvement in the war in Iraq has hurt America's standing in the war on terrorism, vst. 40% who feel it has helped. U.S. handling of the conflict between Hizbollah and Israel has caused harm as well, said 51%, vs. 29% who said it has had a positive effect." But "Bush's job-approval ratings lifted a bit. In the TIME poll of 1,002 adult Americans, conducted August 22- 24, put Bush's rating at 38%, up three percentage points from a TIME poll Aug. 9-10. His handling of the economy rated approval by 38% as well, up five points, and his handling of Iraq edged up to 34%, a four-point improvement. Congress fared worse, with only 30% approving of its performance. Asked how they would vote if elections for Congress were held today, 51% of the registered voters among the respondents said they'd pick a Democrat, while 40% would vote Republican. The numbers include voters who say they lean toward those parties."

Census Bureau To Release Key Annual Economic "Snapshot" Tuesday. The Wall Street Journal (8/26, Wessel, 2.03M) writes that while the federal government "offers weekly tallies of the number of Americans filing for unemployment benefits, monthly counts of employment and quarterly measures on economic growth," only once each year "does it report how well the typical American family is doing, how their incomes compare with those at the top, how many live below the poverty line and how many are without health insurance. On Tuesday, the Census Bureau will issue its annual snapshot of those measures," offering a "mother lode of data, both for analysts tracking changes in the U.S. economy and for politicians eager to celebrate successes or condemn disappointments in recent economic developments."

"Plan B" Supporters Unsatisfied With FDA Ruling, Seek OTC Access For Teens. The Washington Times (8/26, Price, 88K) reports, "The manufacturer of the 'morning-after' pill, along with some women's groups, Democratic lawmakers and medical organizations say the government's decision to allow over-the-counter sales of the drug to those 18 and older is only a partial victory and that they will push for unrestricted access for younger girls as well. The 60,000-member American Academy of Pediatrics (AAP) called the Food and Drug Administration's (FDA) ruling Thursday allowing adults to buy the pill, called Plan B, without a prescription 'an important first step' that 'only goes halfway.' … And Bruce L. Downey, chairman and chief executive officer of pill manufacturer Barr Pharmaceuticals Inc. said the company 'still feels that Plan B should be available to a broader age group without a prescription.'"

Congress To Hold Hearing On Public Sector Pension Reform Next Week. The Wall Street Journal's "Washington Wire" column (8/26, Solomon) reports, "Now that lawmakers have finished legislation to shore up private, employer-sponsored pensions plans, Congress is turning its attention to the public sector. Members of the House subcommittee on employer-employee relations will hold a hearing in Springfield, Ill., next week to 'examine the financial outlook of state and local pension plans and consider how the uncertain health of these plans could impact state and local government workers, retirees, and taxpayers in general.' While corporate plans are underfunded to the tune

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of about $313 billion, state and local plans are also facing shortfalls of $300 billion or more, and unlike private plans, there is no insurer to take over the obligations if states and localities can't pay."

Weather Forecast For Shuttle Launch Worsens. The Washington Post/AP (8/26, A02, Schneider) reports that the weather forecast for the time of the launch of space shuttle Atlantis "worsened." According to the AP, "There was a 40 percent chance that weather at Kennedy Space Center would prohibit a liftoff at 4:30 p.m. Sunday, NASA's first launch opportunity, said Kathy Winters, shuttle weather officer. Area storms are likely to push westward before liftoff, Winters said. But NASA will not launch if there are storms within 23 miles of the shuttle landing runway, in case astronauts need to make an emergency landing." Storms and a lightning strike at the launch pad delayed "fueling the system that will power the space shuttle during the mission. The interruption was not expected to affect the countdown since the fueling had started earlier than planned."

WSJournal Notes Silence Of Welfare Reform's Opponents On Its Tenth Anniversary. The Wall Street Journal (8/26, 2.03M), in an editorial, writes, "Welfare reform turned 10 this week, and more remarkable than its near-total success is the near-total amnesia that seems to have gripped its one-time opponents. … The real story has been apocalypse not. Welfare reform has worked so well that its success runs the risk of going almost unnoticed. Welfare rolls are down to about two million today from a peak of five million in 1995. The last time welfare caseloads were this low was 1970, when America had 100 million fewer citizens. But what about the children? The rate of black children living in poverty in America was more than 40% in 1996 and stands at 32% today, according to the U.S. Census Bureau. In the 25 years prior to welfare reform, that number had only briefly ever dipped below 40% and stood as high as 47% in 1980."

OTHER NEWS:

Bernanke Praises Globalization But Says Benefits Must Be Shared. The New York Times (8/26, Andrews, 1.21M) reports Federal Reserve Chairman Ben Bernanke, addressing the "Fed's elite annual retreat" in Jackson Hole, Wyoming, said the "pace of globalization is faster and more sweeping now than at any other time in world history. While he generally lauded the expansion of global trade and finance, he warned that governments need to help people cope with the disruptions of new competition and 'ensure that the benefits of global economic integration are sufficiently shared.'" The Washington Post (8/26, D1, Henderson, 748K) adds that Bernanke said the expansion "creates the potential to elevate living standards and lower poverty, but also the likelihood of resistance by groups or nations that feel threatened by change."

The Wall Street Journal (8/26, Blackstone, 2.03M) reports Bernanke "urged policy makers to make sure the benefits of globalization are widely shared in order to stem protectionist sentiment, and said global tensions and terrorism risks threaten to constrain globalization." He "didn't address the economic and interest-rate outlook." The Financial Times (8/26, Guha) also reports on the Fed Chairman's remarks.

Stocks Mostly Unchanged In Friday Training. The Wall Street Journal (8/26, Patterson, 2.03M) reports, "A lazy summer week on Wall Street -- disturbed only by some gloomy news on the housing market -- finished with a slow, quiet swoon that left stocks little changed." The Dow Jones Industrial Average "slid 20.41 points to 11284.05, falling four out of five days this week after running higher five straight days last week." The Nasdaq was up 3.18 to 2140.29, and the S&P 500 down 0.97 point to 1295.09. Bloomberg (8/25, Johnson) also summarizes Friday's action.

New Home Sales Plunged 4.3% In July. The Financial Times (8/26, Beales, Pimlott) reports HUD and the Census Bureau reported sales of new homes in the US "fell by an unexpectedly large 4.3 per cent in July, the third consecutive monthly decline, and the supply of unsold homes rose to its highest in more than a decade." The New York Times (8/25, Bajaj, Leonhardt, 1.21M) reports home sales "are falling rapidly, and the number of houses on the market is surging. Yet each new economic report offering evidence of a housing slowdown also shows that the national median home price has continued to rise over the last year."

Many Homes Underinsured In Wake Of Boom. The Wall Street Journal (8/26, McQueen, 2.03M) reports on the "Housing Boom's Dark Side": the fact that "many homeowners are now significantly underinsured. Americans have been pouring money into their homes in recent years, adding everything from marble bathrooms to fancy backyard barbecues," even as "the global boom in commodities prices -- lumber, copper piping and other necessities -- as well as rising labor costs has pushed up replacement costs by 7% a year since 2001. As a result, people who haven't updated their insurance policies in a few years may now be underestimating what it would cost to rebuild their homes."

LATimes Says Long-Term Investment Homebuyers Have Little To Fear. The Los Angeles Times (8/26, 918K) runs three editorials dealing with the housing market and related issues. In the first, the Times says, "It's too early to say whether the slowdown will turn into a crash presaging a

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recession, as happened in the late 1970s and '80s, although the economy's other fundamentals remain healthier now than then. But it's worth bearing in mind which homeowners are most likely to be affected by a possible downturn and which ones can lay off the antacids." Those whose homes "are a long-term investment" can "shrug off anything short of a calamitous drop in prices, even if they sell their homes during the slump."

LATimes Pleased By Changes To California Housing Affordability Index. The Los Angeles Times (8/26, 918K) editorializes, "On paper, thanks to long-anticipated adjustments to the California Assn. of Realtors' housing affordability index, homeownership now appears to be more attainable for first-time buyers." Before Thursday, "the index applied 20-year-old assumptions to today's housing market. To compute affordability, the association assumed that purchasers were making 20% down payments, getting fixed-rate mortgages and spending no more than 30% of their incomes to finance their houses. These days, few buyers are that conservative," so the group "now assumes that first-time buyers make 10% down payments, secure adjustable-rate mortgages and devote 40% of their incomes to housing costs."

LATimes Backs Bill Expanding Federal Housing Oversight Office's Power. The Los Angeles Times (8/26, 918K) editorializes that while it seems Fannie Mae "may finally be winding its way back into the good graces of Wall Street and the federal government," the "federal government has done little to make sure that Fannie Mae doesn't have a relapse." The Bush Administration "is backing efforts in Congress to grant Fannie Mae's regulator," the Office of Federal Housing Enterprise Oversight, the "same powers that most bank regulators have, but the effort is inexcusably stalled in the Senate."

Rubin Resigns From Ford Board. The New York Times (8/26, Maynard, 1.21M) reports former Treasury Secretary Robert Rubin, now an executive at Citigroup, "has stepped down as a director of Ford Motor, clearing the way for his investment bank to play a more significant role as Ford makes major decisions about its restructuring." The Wall Street Journal (8/26, Langley, McCracken, White, 2.03M) says Rubin wrote that "Citigroup's 'multi-faceted relationship with Ford could raise a question whether my relationship with Ford and Citigroup creates an appearance of conflict.'" The Washington Post (8/26, D1, Freeman, 748K) also reports on Rubin's exit.

Former President Ford Undergoes Heart Surgery. ABC Evening News (8/25, story 5, 0:10, Gibson) reported, "We learn today that former President Gerald Ford has undergone a second heart procedure this week. At the Mayo Clinic Doctors performed angioplasty on Mr. Ford yesterday, placing stents in two arteries to help increase blood flow. On Monday, surgeons implanted a pacemaker to regulate the heartbeat of the 93-year-old President." The CBS Evening News (8/25, story 5, 0:10, Schieffer, 7.66M) and NBC Nightly News (8/25, story 4, 0:30, Williams, 9.87M) also briefly reported on Ford's health.

Large-Scale Class-Action Suits Reportedly On The Decline. The Wall Street Journal (8/26, A1, Davies, 2.03M) reports, "Companies involved in many of the largest and most controversial legal clashes of recent decades are seeing a sharp decline in the number of lawsuits filed against them. In recent months, judges have dismissed or challenged tens of thousands of individual cases, in matters ranging from claims of lung damage from asbestos and silica dust to allegations that the diet drug fen-phen caused heart problems. Moreover, fewer new claims like these are being launched, as state and federal courts and legislators attack the methods used by some attorneys to round up plaintiffs for large-scale litigation. There is no comprehensive count of claims, but a look at several key areas -- particularly asbestos and silica claims -- shows large-scale litigation against single products, known as 'mass torts' and 'class actions,' is on the wane."

US Importing Teachers To Bolster Chinese Language Offerings. The Washington Post (8/26, A1, Aratani, 748K) in a front-page story, reports, "The U.S. government flew 10 teachers to Washington from China this month and gave them a five-day crash course in Dupont Circle on how to teach -- American-style -- before dispatching them to schools across the country. Although the number may seem small, the scramble to recruit and train these teachers for the start of this school year underscores the urgency the Bush administration is placing on establishing Chinese programs in U.S. classrooms. … More than 1.3 billion people worldwide speak Chinese, and about 885 million of those people speak Mandarin, China's official language and dominant dialect. In the United States, only about 24,000 students in grades seven through 12 study the language, according to a report from the Asia Society."

Journal Corrects Wording Of Statement On Stem Cell Experiments. The Washington Post (8/26, A2, Weiss, 748K) reports, "A landmark scientific report that was supposed to bridge the gap between proponents and opponents of human embryonic stem cell research has become the focus of an escalating feud, with a prominent critic of the research alleging that scientists were deceptive in presenting their results. At issue is a series of experiments described in Thursday's issue of the journal Nature, in which

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scientists at Advanced Cell Technology (ACT) in Worcester, Mass., described a method for making stem cells without harming a human embryo. The basic facts of the report remain unchallenged. But in an unusual move yesterday, Nature corrected wording in a lay-language news release it had distributed in advance and posted clarifying data it had asked the scientists to provide. At the core of the battle is a widely distributed e-mail from Richard Doerflinger of the U.S. Conference of Catholic Bishops, who raised three issues. First, he said the scientists did not make it clear that no embryos survived their experiments."

NYTimes Notes President's Council's Opposition To Stem Cell Production Method. The New York Times (8/26, 1.21M) editorializes, "A small biotech company says it has found a way to produce human embryonic stem cells without destroying an embryo. That the prospect does not satisfy many religious conservatives who have opposed stem cell research demonstrates once again why the government should avoid making decisions on theological grounds. … The President's Council on Bioethics, in a white paper evaluating alternative ways to produce stem cells, declared this approach 'ethically unacceptable.'"

Pharmaceutical Industry Funded US Chamber Medicare Ad Campaign. The AP (8/25, Espo) reports, "The pharmaceutical industry quietly footed the bill for at least part of a recent multimillion-dollar ad campaign praising lawmakers who support the new Medicare prescription drug benefit, according to political officials." The US Chamber of Commerce "claims credit for the ads, although a spokesman refused repeatedly to say whether it had received any funds from the Pharmaceutical Research and Manufacturers of America. Several campaign strategists not involved in the ad campaign said no legal issues were raised by the pharmaceutical industry's involvement." But Democrats "seized on the disclosure."

Wal-Mart Seeks To Deflect Criticism By Reaching Out To Democrats. The Wall Street Journal (8/26, A1, Cummings, Hudson, 2.03M) in a front page story reports, "Wal-Mart Stores Inc. is wooing some core Democratic constituencies as part of a strategy to fend off another round of election-season attacks from labor unions and politicians." The Journal notes, "In particular, the retail giant is giving to African-American and Hispanic lawmakers on the theory that many of their constituents are satisfied Wal-Mart shoppers and workers. More than 10% of the company's 1.4 million U.S. workforce is Latino and more than 16% is African-American." Wal-Mart "has rounded out its once insular and heavily Republican political operation by hiring Democratic lobbying and public-relations firms. It is also sweetening health-care benefits for workers just as the issue is poised to become a hot topic in the fall elections, ranking at the top of voter concerns -- and those of Wal-Mart's own employees." Yet it "faces a tough road as it tries to woo black lawmakers and create fissures in the Democratic party."

Democrats' Potential Committee Chairs Become Campaign Issue. The New York Times (8/26, Hulse, 1.21M) reports, "As the start of the fall campaign looms and House Democrats remain within realistic reach of reclaiming the majority, party leaders are beginning to explore the delicate question of what happens if they win. … Democrats are rethinking how they should parcel out coveted committee chairmanships and the other plums that would come with House control at a time when the party's potential chairmen are increasingly being portrayed by Republicans as liberal extremists. In fund-raising appeals, on the Internet and in stump speeches, Republicans raise the specter of a Judiciary Committee headed by Representative John Conyers Jr. of Michigan, a banking committee steered by Barney Frank of Massachusetts, a tax-writing committee led by Charles B. Rangel of New York, and an energy panel under the leadership of John D. Dingell of Michigan. Democrats and others call it a tired scare tactic with more than a whiff of bigotry because Republicans often point to gay and black Democrats who would lead committees. But faced with the attacks and pent-up ambitions of rank-and-file lawmakers, Democratic leaders are hinting they might abandon party tradition and award sought-after slots not solely on the basis of seniority, but instead follow the Republican lead of also weighing such factors as legislative record, diversity and work for the good of the party."

Democratic House Candidates Use Gas Stations To Stage Campaign Events. McClatchy (8/26, Talev) reports, "With $3-a-gallon gas near the top of the list of voters' frustrations with the status quo, some challengers seeking to unseat the Republican majority in Congress this November have found a gimmick that they think will resonate with voters - and they're pumping it for all it's worth. In Washington state, Gas Pump Man, a campaign volunteer disguised by a leotard and mask, has been making appearances at filling stations on behalf of Democratic challenger Darcy Burner to accuse the local congressman, Republican Dave Reichert, of being too cozy with the oil industry. In parts of North Carolina, Kentucky and Ohio, the Democratic candidates themselves are rolling up their sleeves and filling up cars and minivans for half-price or less, as low as $1.20 a gallon. Their campaigns are picking up the difference in price."

Shays' "Defection" Over Iraq May Spark Trend Among GOP Reps. The Los Angeles Times (8/26,

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Neuman, 918K) reports, "Since U.S. forces attacked in 2003, Rep. Christopher Shays, a moderate Republican from Connecticut's liberal 4th District, has been a stalwart defender of the Iraq war. … But facing an antiwar Democratic opponent in a tough midterm election race, Shays is starting to express reservations. In a telephone interview Friday after he returned from his 14th trip to Iraq, Shays said that he believed the U.S. should consider setting a timetable for the withdrawal of its troops, and that he planned to hold congressional hearings on the question next month." The Times notes, "Shays becomes the third Republican lawmaker from a Democratic or swing state to distance himself from the Bush administration's war policy. With public support for the war sagging and many Democratic candidates vocally opposing it, Republicans in tight races in blue states are under particular pressure. … Although he is not the first Republican to part company with Bush on the conduct of the war, Shays is the most prominent pro-war voice so far to call for a timetable for withdrawal. And experts think there will be many Republican defections before the November election."

Michigan Republicans Call On Bush To Meet With US Automakers. The Los Angeles Times (8/26, Simon, Hamburger, 918K) reports, "Michigan has been shaping up as one of the few bright spots for Republicans in the coming elections, with the GOP hoping to strip Democrats of the governor's office and a U.S. Senate seat. But in an unusual development, prominent Republicans there are complaining that President Bush needs to become more engaged in a top issue driving the election: the declining fortunes of the state's auto industry. Republican gubernatorial candidate Dick DeVos lashed out at the White House this week for not having set up a long-promised meeting with executives of the Big Three automakers, which are being squeezed by high healthcare costs and shrinking market share. 'We're being ignored here in Michigan by the White House, and it has got to stop,' DeVos, who is challenging Democratic Gov. Jennifer Granholm, told reporters. … An aide to Rep. Joseph Knollenberg (R-Mich.) said her boss 'strongly suggested' to Bush's chief political strategist, Karl Rove, that the White House meet with Detroit automakers as soon as possible. State GOP Chairman Saul Anuzis said Friday that he delivered a similar message to Rove."

Senator Clinton Loans Lamont Top Aide, Pledges To Campaign With Him. The New York Times (8/26, Medina, 1.21M) reports, "In a private meeting at her Chappaqua, N.Y., home on Friday, Senator Hillary Rodham Clinton offered to help Ned Lamont in his battle to unseat Senator Joseph I. Lieberman by sponsoring a fund-raiser, campaigning by his side and lending him one of her top political strategists. That strategist, Howard Wolfson, said Mrs. Clinton wanted to throw her considerable political weight behind Mr. Lamont because the national Republican Party 'is clearly invested in Ned Lamont's defeat.'" Clinton, "who has known Mr. Lieberman for several years and endorsed him in the primary, has already contributed $5,000 from her political action committee to Mr. Lamont. Former President Bill Clinton campaigned for Mr. Lieberman in the primary, but has been critical of the senator's views on the war in Iraq in recent days. 'I think on nearly every issue we are closely aligned,' Mrs. Clinton said of Mr. Lamont later in the day." Lamont's campaign manager, Tom Swan "said that Mrs. Clinton did not make firm plans to campaign with Mr. Lamont, but said he was 'extremely encouraged by the commitment' from the Clinton team. … Dan Gerstein, a spokesman for Mr. Lieberman, said that he was skeptical of the level of support that Mrs. Clinton was offering, calling it typical of the 'partisan playbook.'"

Obama Draws Huge Crowds During Visit To Kenya. The New York Times (8/26, Gettleman, 1.21M) reports, "If Senator Barack Obama is ever thinking of running for president — or changing careers to rock star — he got excellent practice in Nairobi on Friday. Thousands of people lined the streets, waiting hours in the intense sunshine just for a glimpse of him. Local newspapers overflowed with breathless coverage, including the headline, 'Village beats the drums for returning son.' Everywhere he went he had to part seas of shutter-snapping journalists and mobs of ecstatic fans. A riot nearly broke out when he slipped past his bodyguards at a downtown event and simply smiled at the crowd." Obama "was in Kenya's capital on Friday as part of a tightly scripted four-country tour in Africa to raise awareness for AIDS and to reconnect with his roots. His father was a goat herder-turned-economist from western Kenya."

National GOP Running Negative Ads On Behalf Of Chafee. ABC Evening News (8/25, story 4, 2:30, Gibson) reported, "We're going to turn next to politics and the increasing danger to both Republicans and Democrats of being moderates in their parties. Connecticut Senator Joe Lieberman, considered a moderate, recently loss his Democratic Senate primary to a more liberal candidate. And now Republican Senator Lincoln Chafee, another moderate, is in danger of losing his primary to a more conservative candidate. It calls into question whether candidates in the center are an endangered species." ABC's Jake Tapper continued, "Stephen Laffey, the scrappy, conservative Mayor of Cranston, Rhode Island, is working tirelessly to defeat incumbent Senator Lincoln Chafee. … Chafee is swimming against two tides -- an anti-incumbent mood sweeping the nation and a longer term trend against

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moderates in both parties. Chafee is being hammered by conservative groups for opposing the war in Iraq and President Bush's fiscal policies." ABC notes, "Chafee is supported by the National Republican Party, which has launched negative ads against Laffey. … They worry Laffey is too conservative to defeat the Democratic nominee this November. But that may not be enough to put Lincoln Chafee over the top."

Two Candidates' Personal Styles Contrasted. The Washington Post (8/26, A5, Murray, 748K) reports, "During his seven-year tenure," Chaffee "has distinguished himself as one of the Senate's least partisan members. Modest and soft-spoken, he has broken with his party on tax cuts, judicial nominations and environmental issues, and he was the only Republican senator to vote against the Iraq war. In terms of temperament and political style, Laffey is Chafee's opposite -- confrontational and impatient, a working-class kid who scoffs at his opponent's patrician pedigree. Laffey dismisses the senator's careful approach to legislating as a big reason Congress cannot get anything done."

DeWine Touts His Bipartisanship In New Ad. The AP (8/26, Hammer) reports Sen. Mike DeWine "highlights bipartisanship in his latest campaign ad and challenges a Democrat who has voted no — rival Rep. Sherrod Brown. 'Working together is the only way to solve our problems,' the Ohio senator says in his latest ad. The spot began airing Friday in seven of the state's 11 largest media markets at a cost of about $600,000. The 30-second ad features DeWine on a porch, talking about his bipartisan credentials. He mentions the pension overhaul bill, President Bush's tax cuts and expanded federal powers for fighting terrorism. 'Incredibly, Congressman Brown voted 'no' each and every time,' DeWine says, dropping his smile and taking a grave tone."

Electorate's Disquiet Seen As Chief Threat To Talent's Reelection. The Washington Times (8/26, Bellantoni, 88K) reports Sen. Jim Talent "is not responsible for $3-a-gallon gas or the Iraq war, but many voters here are linking him to an unpopular commander in chief and say they will punish him at the polls because he is a Republican. … Mr. Talent faces a significant re-election challenge in November, with Democratic state Auditor Claire McCaskill essentially running even with him in the polls. Voters in the increasingly frustrated electorate here, especially in economically challenged rural Missouri, say they likely will seek a change, even though they may disagree with the Democrats. Most voters interviewed said life 'could be better, could be worse,' in the words of one, but all said they were mostly unhappy with the direction of the nation. They also described themselves as skeptical or cynics, saying once Missouri politicians leave the state, they lose touch with real folks."

Bass Facing Democratic Challenger For The Second Time. CQ Politics (8/26, Rehmann) reports Rep. Charles Bass "is among the Republicans who were first elected in the 1994 elections that swept the GOP into the House majority. State Democrats who are optimistic of winning back control of the House this year also hope that Bass will be among the vanquished. It will not be easy. Bass has won his recent re-election contests comfortably, if not overwhelmingly, and he took a career high 58 percent of the vote in 2004 against Democratic lawyer Paul Hodes. They are assured of meeting again in November: Hodes is unopposed the Sept. 12 Democratic primary and Bass is expected to easily beat Berlin mayor Bob Danderson in the GOP contest. Rematch campaigns rarely are successful, but Hodes told CQPolitics.com that he is running a better campaign operation in his rematch bid — and in a national political environment that is much more favorable to Democrats than in 2004, when President Bush was re-elected."

Rise Of Internet Video Sites Regarded As "An Earthquake In American Politics." The Financial Times' Christopher Caldwell (8/26) writes, in regard to the current controversy over Sen. George Allen's use of the term "macaca," that "there is consensus about what YouTube means – an earthquake in American politics. … YouTube has been up and running only since last year, yet already users view 100m videos a day there and post 65,000 of their own." YouTube "and similar sites (such as MySpace) are starting to play a role in political campaigns. Joe Lieberman, Connecticut's Democratic senator, lost a primary election to Ned Lamont, his anti-war challenger, after the latter's supporters used the internet to spread clips of Mr Lieberman's gaffes, along with satirical pastiches implying Mr Lieberman was not just in agreement but in love with president George W. Bush."

WPost Defends Pluto's Status As Planet. The Washington Post (8/26, A20, 748K) editorializes, "To all the astronomers who voted in Prague this week to demote our solar system's smallest planet to the status of 'dwarf planet' we ask: What do you know? Ask any third-grader how many planets there are. Nine. Ask whether Pluto is one of them. Of course it is. Ask them whether they care how a bunch of telescope jockeys voted. Of course they don't. So there. And we're with them -- standing firmly behind Pluto's status as a planet."

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European Troops Will Constitute Half Of Lebanon Border Force. On its front page today, the Washington Post (8/26, A1, Moore, 748K) reports EU nations "agreed Friday to provide about half the troops for a new 15,000-member U.N. peacekeeping force in southern Lebanon, with a significant contingent expected to arrive within a week, officials announced after an emergency meeting [in Brussels]." Rome and Paris will provide "the majority" of European forces – nearly 3,000 and 2,000 soldiers respectively. The Post adds, "Even with the total European commitment of between 5,600 and 6,900 troops, [UN Secretary-General Kofi] Annan conceded that major obstacles remain for deploying the international force alongside Lebanese army units in southern Lebanon and Israeli units on the border." The deal "followed nearly two weeks of intense prodding and pleading by Annan. There have been concerns that the tenuous cease-fire…could unravel without the rapid intervention of an international peacekeeping force."

The Financial Times (8/26, Dombey, Strauss) says "Europe on Friday finally agreed to send thousands of troops to Lebanon, so resolving an impasse over who would lead and staff the new United Nations monitoring force." Spain, Poland, Belgium and Finland will also contribute troops to the force, which "will be led on the ground by France until February, after which Italy will take charge." The Times notes the force "is still not fully manned – and prospects for its mission in the war-torn south of [Lebanon] are far from clear."

The New York Times (8/26, Smith, 1.21M) notes, "After a week of confusion and missteps, Europe pledged to add up to 6,900 troops to the" border force. Yet, "officials cautioned that the force would not be used to disarm Hezbollah. That job, if it is done at all, will be left to the Lebanese government and army." The Times says the Israel-Hezbollah conflict is "a result of Hezbollah's refusal to recognize Israel's legitimacy, and it is widely viewed as a proxy conflict between the United States and Iran."

The AP (8/26, Max) says the EU "swept away a major hurdle to keeping the peace" in southern Lebanon "by agreeing Friday to provide the 'backbone' of" the border force. The Europeans' agreement "relieved concerns that the peacekeeping force might be stillborn because of reluctance by many countries to send troops into the Middle East cauldron without clear instructions or authorization to use their weapons." The force "is meant to give teeth to the Lebanese army, which has begun moving 15,000 soldiers of its own into the south to assert the central government's authority in the region along the Israeli border for the first time in decades." The Washington Times (8/26, 88K) publishes the AP story this morning.

The Wall Street Journal (8/26, Champion, 2.03M) reports Paris "said an expanded French peacekeeping force will be on the ground in Lebanon within 20 days, as European countries pledged as many as 7,000 troops to help maintain Israel's shaky cease-fire with" Hezbollah. The deal "ended a week of recriminations over the Continent's hesitation to provide troops for the peacekeeping force, though some contentious issues regarding the makeup of the force remain unresolved." The Journal says Annan's "relief at the European contribution was evident. He said that component would provide the 'backbone' of the U.N. force." However, "controversy over the force continued Friday" when French President Jacques Chirac "said 15,000 troops is more than is needed to do the job" and French Foreign Minister Philippe Douste-Blazy "called on the U.S., Britain, China and Russia to pony up troops, too." Annan "said he plans to accept troops from Malaysia, Bangladesh and Indonesia despite Israeli objections that these countries don't recognize Israel," adding "he had to take trained troops where he could find them."

Border Force Said Likely To Meet Difficulties. McClatchy Newspapers (8/26, Allam) profiles India's 4th Battalion, Sikh Regiment, currently serving as part of the UN Interim Force In Lebanon (UNIFIL), as a way to highlight the "explosive situation" awaiting the border force. International troops "will enter a highly ambiguous and volatile landscape," and the Europeans' commitment to "putting more boots on the ground isn't insurance against another explosion in a place teeming with land mines, both literal and figurative." McClatchy says it is "still unclear what precisely the mandate will be for the new U.N. troops," and southern Lebanon "remains tense and the cease-fire delicate. Unexploded ordnance dots the terrain, and the villagers who once welcomed the blue-turbaned peacekeepers now look upon them warily, even as they distribute 50,000 liters of drinking water every day."

State Department To Investigate Israeli Use Of Cluster Bombs. NBC Nightly News (8/25, story 3, 2:00, Williams, 9.87M) briefly reported, "The U.S. State Department is looking into whether Israel violated secret agreements with the United States by dropping American-made cluster bombs in southern Lebanon against civilians." NBC (Maceda) used the rest of its story to describe the lethal effects of the bombs and concerns over human rights noting, "Since last week's truce at least a dozen Lebanese have been killed and more than seventy wounded, often children, by explosives."

The Washington Post (8/26, A14, Kessler, 748K) reports the State Department "said yesterday that it has begun a preliminary investigation into allegations that Israel violated U.S. rules prohibiting the use of American-made cluster bombs in civilian areas during the recent war in Lebanon." A spokesman "said the investigation began after human rights groups complained that cluster weapons had been found across Lebanon and were responsible for many civilian deaths." The State Department's Office of Defense

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Trade Controls "will verify whether U.S.-made cluster bombs were used during the conflict with Hezbollah and will examine whether the weapons…were used 'inappropriately.'" The AP notes, "Three types of U.S.-made cluster bombs are said to have been used by Israel. Israel also makes its own cluster munitions." The State Department "routinely investigates allegations that Israel misused U.S.-supplied weapons, and often no action is taken."

The AP (8/25, Gearan) reported the State Department "is investigating whether Israel misused American-made cluster bombs in civilian areas of Lebanon." The inquiry "will look at whether Israel's use of U.S.-made cluster bombs violated long-standing secret agreements about how U.S.-supplied weaponry will be used. The investigation could lead to sanctions if Israel violated those agreements." The Los Angeles Times (8/26, Spiegel, 918K) also reports on the inquiry. Separate AP (8/26, Frayer) reporting touches on the cluster bomb investigation and also notes UN complaints that "unexploded cluster bomb litter homes, gardens and highways in south Lebanon." A UN Mine Action Coordination Center spokeswoman "said cluster bombs have been found in 285 locations in south Lebanon."

In a 1,000-word piece entitled, "In Lebanon's Rubble, Aftershocks Of War," the Washington Post (8/26, A15, Boustany, 748K) profiles Lebanese cluster bomb victims. "Since the guns fell silent on Aug. 14, unexploded cluster bombs dropped by Israeli warplanes or duds fired by artillery have killed 12 people and wounded 39, according to" UN figures. "Of those, two of the dead and 11 of the wounded were children."

NYT Wants Cluster Bomb Use Strictly Limited. In an editorial today, the New York Times (8/26, 1.21M) calls cluster bombs "especially insidious," and says of the State Department probe, "Whatever the specific findings of this investigation, the rules governing cluster bomb exports and their use by American troops need to be tightened and more strictly enforced." These weapons "should never be used in populated areas. By nature they kill indiscriminately." US rules governing the use of US-made cluster bombs "are not always followed. Nor are United States forces as careful as they should be. America has used cluster munitions in Iraq, Afghanistan and Kosovo. Israel used them in past campaigns in Lebanon. Russia used them in Chechnya." The Times says "today's dangers are different, and require different responses. Attacking guerrilla or terrorist sanctuaries in populated areas is not a mission that calls for cluster weapons, and the United States should not be supplying them."

Columnist Says World Leaders Should Seek Palestinian Solution. In his column in today's Wall Street Journal (8/26, A2, 2.03M), Gerald Seib says there "might be" a "silver lining" to the recent conflict. While US diplomacy has sought "to contain the rising influence of Iran by reining in Hezbollah…and by shutting down Iran's nuclear ambition," it "is starting to occur to some people in Washington that there is an opportunity -- and maybe a need -- to do something much bolder, that would go a lot further toward recasting power in the region." Seib suggests leaders begin "to look anew for a comprehensive solution to the ever-festering dispute over Palestine." If leaders "start making progress on the Palestinian problem," Seib says, they could "remove the underlying dispute that spawned Hamas -- while robbing Hezbollah of its main calling card among the Arab masses. And if Hezbollah's relevance is diminished, Iran loses its chief tool in the region." Also, Seib notes, "perceptions of America might improve in the region," and "the odds of an Iranian-led Shiite alliance spanning southern Lebanon, Iraq and Iran diminish." Seib also notes that former national security adviser Brent Scowcroft laid out a similar argument recently "and it has gotten some quiet high-level attention within the Bush administration and in the region."

Israel Pursuing Weapons Interdiction As Key Tactic Against Hezbollah. McClatchy Newspapers (8/26, Rosenberg) reports Tel Aviv "is bent on thwarting any efforts to resupply Hezbollah with weapons while pressing the international community to create a U.N. force strong enough to weaken its Shiite Muslim foe even more in southern Lebanon. To accomplish that, Israel has left thousands of troops in Lebanon and shown a willingness to engage in strategic military raids against Hezbollah." One former Israeli military leader "predicted that Israel will press for international inspections of Syrian cargo bound for Lebanon, something Syrian President Bashar Assad has said he'd resent." While Beirut has said its army will patrol the border with Syria, leaders in Tel Aviv "think the weak Lebanese army is powerless to police the Syrian-Lebanese border and stop any weapons smuggling."

Terrain, Damascus' Opposition Make Border Policing Difficult. In an analysis piece, the AP (8/26, Hurst) reports, "Israel is demanding that U.N. troops patrol the Syria-Lebanon border to prevent Hezbollah from receiving arms shipments. But even if Israel overcomes Syrian objections to the idea, policing the mostly mountainous frontier could prove nearly impossible." Securing the border is "a tall order. Syria borders Lebanon both to its east and north, with four official crossings, including one on the road between Beirut and Damascus. But there are dozens of dirt tracks running between the countries through a mountain range, routes that have been used for centuries by smugglers and many of them able to carry modern-day vehicles." Also, Syrian President President Bashar Assad "on Thursday called Israel's demand a 'hostile' move aimed at damaging relations between the neighbors. He said it was unprecedented for

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international forces to police a border between two countries that have not been at war."

Olmert, Other Leaders Face Increasing Political Resistance. The Financial Times (8/26, Morris) reports, "There were further signs on Friday of a deepening public malaise in Israel over the outcome of the war in Lebanon, with the latest opinion polls indicating a majority of voters wanted to change both the political and military leaderships." Prime Minister Ehud Olmert "appeared to be losing a political battle to stave off a state inquiry into the conduct of the war," and "reservists recently demobilised from south Lebanon joined families of the Israeli war dead to demand his resignation." The 1,000-person protest "encampment" near Olmert's office remains "a relatively small demonstration in Israeli terms but one that appeared to capture the public mood." Dissatisfaction with their leaders "has been accompanied by a marked shift to the right, according to Friday's polls, with voters challenging the view that unilateral withdrawals from Arab territory – whether Lebanese or Palestinian – had enhanced the prospects of peace." The AP (8/26, Heller) adds Olmert's popularity has plunged sharply" since the conflict "and he would likely be crushed by the right-wing opposition if elections were held now, according to a poll published Friday." The government "could be forced out" ahead of 2010 elections "amid growing public anger over his performance during the war," and he "has faced increasing pressure in recent days, including calls by army reservists and bereaved parents that he step down or at least submit to a sweeping investigation of his wartime performance."

Argentine Arabs Accused Of Raising Money For Hezbollah. The Financial Times (8/26, Webber) reports, "Allegations that Argentina's Arab community is sending money to Hizbollah have incensed Jewish groups, in a country where memories are still raw of two deadly bomb attacks on Jewish targets in the 1990s blamed on the Lebanese militia." Lebanese Ambassador to Argentina Hicham Hamdan "denied that any of the money would go to Hizbollah. 'The money will go to the central bank and the Lebanese government,' he said. He declined to comment on how much had been raised so far, but said it was a 'very humble' amount and no transfer had yet been made." The Simon Wiesenthal Center "has urged clarification from the Argentine government about the destination of any cash raised. It said Buenos Aires was bound by international conventions to prevent funding of terror groups." Muafak Jammal was quoted in La Nacion newspaper last week saying, "Money is arriving from Argentina for Hizbollah . . . Money is coming not just from Argentina's Muslim community but also from Christians who are Lebanese and are committed to the reconstruction effort." The Times notes, "Such activity would be an affront to the memory of the victims of the 1992 attack on the Israeli embassy and the 1994 attack on the AMIA Jewish centre, which killed 107 people and were blamed on Hizbollah."

Fatah OKs Abbas' Efforts To Form Unity Government. The AP (8/26, Mattar) reports Fatah Party leaders "gave their leader," Palestinian President Mahmoud Abbas, "the go-ahead Friday to begin forming a unity government with the militant Hamas in an effort to end internal feuding and international isolation." One leader "said the problems within the Palestinian community were not due to differences between Fatah and Hamas. 'The problem is the Israeli occupation,' he said." The meeting of Fatah's Central Committee was "the first gathering of its kind since the party's stunning defeat by Hamas in parliamentary elections held in January." Abbas "hopes a coalition will force Hamas to moderate its anti-Israel stance and help open the way for the renewal of broader peace talks."

Communication With Fox News Reporters' Kidnappers Still In Doubt. The New York Times (8/26, Erlanger, 1.21M) reports comments from the Palestinian Authority "that some progress was being made to secure the release of two kidnapped Western journalists a day before a deadline of midday Saturday." Interior Minister Siad Siam "said that 'contacts are under way with Palestinian groups who are trying to secure the release of the two journalists.' He said only that 'things are at an early stage, but they are encouraging.'" The Times says it "was not clear that anyone was in communication with the mysterious new group, the Holy Jihad Brigades." The "group demanded that the United States release all its Muslim prisoners by midday Saturday, but it made no specific threats." The Times calls the kidnapping of Steve Centanni and Olaf Wiig "a severe embarrassment to the Hamas government of Prime Minister Ismail Haniya and to President Mahmoud Abbas, of Fatah. Both have called for the speedy release of the journalists and say that they have no knowledge of the kidnappers." Analysts believe "that the kidnapping of the journalists was an effort by angry Palestinian militants to weaken both Mr. Haniya and Mr. Abbas and to short-circuit any accommodation between Fatah and Hamas."

Pakistan's Musharraf Said To Balance Opposing Domestic, International Pressures. In a lengthy analysis piece, the Washington Post (8/26, A10, Constable, 748K) reports, "For the past five years, Pakistan has pursued a risky, two-sided policy toward Islamic militancy, positioning itself as a major ally in the Western-led war against global terrorism while reportedly allowing homegrown Muslim insurgent groups to meddle in neighboring India and Afghanistan." Recent events "have cast a new spotlight on Pakistan's ambiguous, often starkly contradictory roles as both a source and suppressor of Islamic violence." There is

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"increasing evidence of links between international attacks and groups long tolerated or nurtured in Pakistan, including the Taliban and Kashmiri separatists," the Post notes, and those linkages "are making it difficult for the military-led government here to reconcile its policy of courting religious groups at home while touting its anti-terrorist credentials abroad." President Pervez Musharraf faces a "basic problem" – he "is trying to please two irreconcilable groups. Abroad, the leader of this impoverished Muslim country is frantically competing with arch-rival India…for American political approval and economic ties," while "at home, [he] needs to appease Pakistan's Islamic parties to counter strong opposition from its secular ones." The Post says he "had handled this balancing act with some success," but the "drumbeat of terrorism" this year has "begun to blur the distinction between regional and international Islamic violence."

EU Seeks Talks With Iran As Moscow Slows Push For Sanctions. The Financial Times (8/26, Dombey, Strauss) reports EU leaders "on Friday sought to tone down the looming confrontation over Iran's nuclear programme after Russia made clear it did not favour sanctions against Tehran. Politicians and diplomats from several EU countries held out the prospect of further talks with Iran, despite their disappointment with Tehran's response to" the incentives package. EU foreign policy chief Javier Solana and others "evoked the possibility of further talks, while" French President Jacques Chirac "carefully described the Iranian response as 'ambiguous.'" The Europeans' gestures came "despite the fact that Iran's response this week failed to give the commitment most sought by the Europeans – that it would suspend uranium enrichment." The Times says the Europeans are "fearful of dismissing Iran's response out of hand, particularly because of Tehran's indications that it could eventually suspend enrichment as a result of negotiations. Some regime insiders have also intimated that they could eventually limit such activities to laboratory work rather than carrying it out on an industrial scale."

The AP (8/26, Wielaard) adds the EU "said Friday it will prod Iran to clarify questions about its lukewarm response to a package of economic incentives designed to get the country to suspend uranium enrichment." Russian Vice Premier Sergei Ivanov "said Friday that his government continued to pursue a political resolution of the dispute, saying that 'talk about sanctions is premature.'"

The New York Times (8/26, Myers, 1.21M) focuses its coverage on Ivanov's stance, noting he "said Friday that it was premature to consider punitive actions against Iran despite its refusal so far to" suspend enrichment activities. Ivanov's comments "made it clear that Russia would not support taking the next step that the United States and Britain have called for: imposing sanctions against Iran or its leaders over its nuclear programs." Moscow "has repeatedly expressed opposition to punitive steps," and yesterday's remarks "left in doubt the Bush administration's delicate diplomacy to increase pressure on Iran over its nuclear energy programs, which American officials fear disguise an effort to build nuclear weapons."

Bolton Says US May Pursue Iran Sanctions Outside UNSC. The Los Angeles Times (8/26, Farley, 918K) reports, "With increasing signs that several fellow Security Council members may stall a United States push to penalize Iran for its nuclear enrichment program, Bush administration officials have indicated that they are prepared to form an independent coalition to freeze Iranian assets and restrict trade." Such a move "reflects not only long-standing U.S. frustration with the Security Council's inaction on Iran, but also the current weakness of Washington's position because of its controversial role in a series of conflicts in the Middle East, most recently in Lebanon." Ambassador John Bolton "said in an interview late this week that the United States planned to introduce a resolution imposing penalties" after the August 31 deadline. "But in case Russia and China do not accept it, the U.S. is working a parallel diplomatic track outside the U.N., Bolton said." The Times notes, "Though U.S. officials said pursuing parallel paths is 'common sense' and highlights what they consider to be the inefficiency of the Security Council, some analysts said the move would underline Washington's inability to win over the council and the lack of options against a newly emboldened Iran. "

Iranian Nuclear Official Says Ahmadinejad Will Commission Heavy Water Reactor Today. In an early morning report, the AP (8/26, Dareini) carries remarks by Atomic Energy Organization of Iran (AEOI) deputy head Mohammed Saeedi that President Mahmoud Ahmadinejad "will inaugurate a heavy-water nuclear reactor" today. Saeedi "did not provide more details about the ceremony but called the facility, located in central Iran, 'one of the biggest nuclear projects' in the country." The AP notes, "Iran has been building the heavy-water reactor for two years, and it is not scheduled for completion until 2009."

Seoul, Beijing Work Together To Counter Possible Pyongyang Nuclear Test. The AP (8/26, Herman) reports Seoul and Beijing "have agreed to cooperate to prevent a possible nuclear test by North Korea amid increasing reports citing suspicious activity in the communist nation." National Security Advisor Song Min-soon is quoted saying, "South Korea and China have agreed to continue cooperation not to let that situation occur." Song "did not elaborate on how the two countries would cooperate." Foreign Minister Ban Ki-moon "said Seoul was 'closely

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monitoring North Korea's movements' in cooperation with the U.S. and other countries. Ban warned other countries against backing North Korea into a corner while seeking to stop its nuclear weapons aspirations."

In its "Week Ahead" preview column, the Wall Street Journal (8/26, Ramstad, 2.03M) asks, "Is China calling North Korean leader Kim Jong Il onto the carpet? The eccentric dictator with the bouffant hairdo is heading to Beijing in the coming week to meet with senior Chinese leaders, several news outlets in China and South Korea say. If past behavior is a guide, he will take the scenic route -- a trip of at least 10 hours by train, as he prefers." Beijing has given "no confirmation" of the visit. The Journal notes, "A useful chat between Mr. Kim and his Chinese backers would be welcome in Washington. President Bush, in a phone call to Chinese President Hu Jintao earlier this past week, urged him to push harder to get North Korea back to six-nation negotiations over the weapons issue."

Missile Defense Head Says North Korean Missile Could Be Stopped. The Wall Street Journal (8/26, A10, Kirkpatrick, 2.03M) reports that Lt. Gen. Henry Obering III, director of the Missile Defense Agency, says that if North Korea's test missile "had proceeded to threaten Hawaii or the continental United States, then we would have had the ability to shoot it down. I'm confident the system would have worked." However, "Until 2004…the U.S. was wholly undefended against attack by ICBMs." Today, "in keeping with the Missile Defense Agency's unorthodox practice of fielding new systems concurrently with testing…the unfinished ground-based system is already in use." Obering also "mentions other systems that are in the works: the airborne laser, designed to shoot down missiles while they are still in the boost phase…and Thaad -- an acronym for Terminal High Altitude Area Defense, which had a successful test last month." He adds that "space-based interceptors [are] very attractive," as well as "putting more sophisticated sensors in space."

WSJ Urges Tightening Of Financial Strictures On Pyongyang. The Wall Street Journal (8/26, 2.03M) editorializes, "It's getting tough to be a North Korean banker these days. First Washington shuts down your Macau accounts; then China, an old friend, follows suit. Now even Vietnam and Mongolia are cooperating." The Treasury Department "may have hit upon the most effective form of sanctions against Pyongyang, short of cutting off the food and energy supplied by China and South Korea." Kim "needs ways to move his money around" to fund his regime and his nuclear activities. "Aware that the pinch has Pyongyang's attention, U.S. officials would like to expand the program," and, the Journal says, "there's more to be done." The Journal cites former State Department official David Asher's recommendation that Washington pressure "foreign governments to crack down on North Korea's long-standing abuse of diplomatic privileges. Its envoys in several countries have been caught smuggling everything from dollars to drugs. For now, however, Treasury's banking crackdown looks like a rare success in dealing with a regime that has all too often defied the world with impunity."

Japanese Executives Arrested For Illegal Nuclear Technology Transfers. The New York Times (8/26, Fackler, 1.21M) reports Mitutoyo Corporation head Kazusaku Tezuka and four top lieutenants "were arrested Friday on suspicion of illegally exporting equipment to Malaysia that could be used in making nuclear weapons." They "were accused of exporting advanced measuring devices without government permission in late 2001 to an unspecified recipient in Malaysia," and "Japanese television broadcast pictures of police officers raiding Mitutoyo's headquarters in Kawasaki, Japan, and the homes of the arrested executives." Japanese media reports claimed "the devices had been sold to Scomi Precision Engineering, a company that was later linked to Abdul Qadeer Khan, the Pakistani nuclear scientist who sold nuclear technology to Libya." Police were said to also be "investigating whether additional measuring devices had been sent to Iran via an unidentified Iranian trading company based in Tokyo."

White House To Host Summit Focused On Reducing Malaria In Africa. The AP (8/26) reports President Bush "will call on the private sector, foundations and volunteer groups to match the U.S. government's financial commitment to educate the public about malaria during a White House summit on the disease in December. The White House announced Friday that Bush and first lady Laura Bush have invited international experts, non-governmental groups and religious and service organizations to discuss ways to control the preventable disease that kills one child in Africa every 30 seconds. In June 2005, Bush announced a $1.2 billion, five-year initiative aimed at halving malaria-related deaths in as many as 15 countries in Africa. … Bush's malaria initiative aims to provide tens of millions of dollars to Tanzania, Uganda and Angola this year."

Administration Could Face Difficulty Imposing Darfur Force On Emboldened Sudanese Regime. In a 1,087-word analysis piece, the New York Times (8/26, Polgreen, 1.21M) details significant changes in Sudanese foreign policy and specifically relations with the US. While Sudanese President Omar al-Bashir "called the [9/11] attack on the World Trade Center 'a crime against humanity' and promised to join the fight against terrorism," this weekend "it is [President] Bush's turn to send a message to Mr. Bashir, via the top American diplomat for Africa on Saturday." Bush

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and Assistant Secretary of State Jendayi Frazer "are unlikely to find Sudan to be such a receptive audience," because they are "pressing Mr. Bashir to accept a United Nations peacekeeping force to salvage the dying peace agreement in Darfur that the United States worked so hard to get." Frazer said her "message will be blunt" -- that "despite Sudanese objections to the peacekeeping force, she expected that a Security Council resolution authorizing it would pass and that the troops would be at least partly in place by Oct. 1."

Kidnappings, Killing Spark Nigerian Military Attack On Town. In a short piece, the New York Times (8/26, 1.21M) reports, "Rampaging troops burned hundreds of homes and shops after gunmen kidnapped at least two foreigners and killed a soldier who was guarding them in" Port Harcourt in "Nigeria's oil-rich southern delta region." Local "residents said troops flew into a rage after the death of their comrade and injury of another, setting fire to hundreds of homes and stores in a poor neighborhood." The military, "which has carried out reprisals against civilians in the past, denied responsibility."

Chavez's China Trip Bolstered Bilateral Relations. The Wall Street Journal (8/26, Oster, 2.03M) reports Venezuelan President Hugo Chávez "leaves China Saturday having signed several energy deals and having deepened his nation's relationship with China." His mission "underscored Venezuela's eagerness to move away from dependency on the U.S. and China's own growing willingness to wield its diplomatic clout." The two nations agreed "to strengthen their energy ties, including having the Chinese jointly explore for oil in Venezuela," and signed telecommunications, agriculture and mining deals. Caracas "wants to reduce its dependence on sales of oil to the U.S.," and "wants to diversify its reliance on Middle Eastern oil as it seeks to power its surging economy." Chavez claims he obtained Beijing's backing for his bid for a UN Security Council seat. Moscow "has already agreed to back Caracas; the U.S. opposes the bid."

McClatchy Newspapers (8/26, Johnson) adds Chavez "on Friday pledged a major increase in oil shipments to China and said China had agreed to back his country's bid for a seat on the U.N. Security Council, something the Bush administration opposes." Beijing "didn't publicly confirm its support for Venezuela's U.N. efforts," and McClatchy says "there was skepticism that China had the refining capabilities to handle more heavy Venezuelan crude oil." However, Chavez's "spirited assertion during a news conference here that his country intended to bolster China as a counterweight to the United States was in keeping with his consistently anti-American foreign policy pronouncements."

Former Serb Policemen Charged With Executing Albanian-Americans. The New York Times (8/26, Wood, 1.21M) notes Serbia' domestic war crimes prosecutors have "charged two former Serbian police officers in connection with the killings of three Albanian-American brothers from Long Island who went missing in Serbia in 1999 and whose bodies were later found in a mass grave." Sreten Popovic and Milos Stojanovic "are accused of having had the three taken from a prison to a police training camp, where they were later executed. The indictments, brought Thursday, say the two former policemen violated the Geneva Conventions on the treatment of prisoners of war in their handling of the brothers," who visited Kosovo in 1999 "to join ethnic Albanian guerrillas who were fighting Serbian forces there." US Embassy Belgrade "welcomed the announcement, but it also urged the Serbian authorities to try other police officers suspected of crimes."

Argentine Economist May Challenge Kirchner For Presidency. The New York Times (8/26, Rohter, 1.21M) details the possible presidential candidacy of former Argentine Finance Minister Roberto Lavagna. "If any one person can claim to be the architect of Argentina's remarkable economic recovery, it is" Lavagna, but "now the government he once served has made him one of its main antagonists — and has transformed him into an opposition rallying point and a likely presidential candidate." The Times says President Néstor Kirchner's high approval ratings are "a result of policies that Mr. Lavagna largely devised but which are now being derided as 'neo-liberal,' almost an insult here." Lavagna believes Kirchner is "squandering the opportunity by imposing 'a rigid system of price controls' and resuming ownership of some formerly state-run companies privatized in the 1990's, like water utilities and airlines." He also attacks the president's "budding alliance" with Venezuelan President Hugo Chávez.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

U.S. May Curb Iran
One Man's Tough Love Helps Watts Youths Find Work
The White Elephant Fleet
7 Incidents in a Day Show Air Travel Anxiety Is Up
UCLA to Protect Animal Research
First, Lost at Sea -- Now the Squall
PBS to Sell Banner Ads on Website for Children

DOJ_NMG_0054390

New York Times:
Europe Pledges a Larger Force Inside Lebanon
Clergywomen Find Hard Path to Bigger Pulpit
Weary Iraqis Face New Foe: Rising Prices
The Katrina Year: Despite Steps, Disaster Planning Still Shows Gaps
After Smooth Sales Talk, Stores Take Macy's Name
Director at Ford Steps Down
News Analysis: Sudan Balks at Taking Peacekeepers
Issues Await if Democrats Retake House

Washington Post:
Europe Offering Bulk of U.N. Peacekeeping Force
Iraq-Bound, No Reservations
Storm's Damage Plagues Bush
Perez's Name to Come Off Ballot
Chinese Spreading Across U.S.
Dynamite Found in Luggage, Flights Disrupted
Northwest Attendants' Strike Put on Hold
Firm Sued Fenty, Wife Over 2003 Home Loan
Md. Teacher Sentenced for Aiding Terrorists

Washington Times:
EU pledges 6,900 troops for Lebanon
Ex-teacher gets 15 years for aiding terror group
Vague disquiet roils voters in Missouri race
Georgetown bars ministries from campus
Court rejects early voting
Plan B backers continue push for access by teens

Atlanta Journal-Constitution:
Political promises could be costly
Security incidents on airlines
Blood, prints links in trail death
Ernesto now a tropical storm
Underground Atlanta evacuated

Dallas Morning News:
Tropical Storm Ernesto forms over southern Caribbean
City, apartment complex in showdown
Wildfire destroys home in Grayson County
FBI: Dynamite found in checked luggage
Arrested pair: 172 pounds of pot is part of our religion
La. Supreme Court upholds two new insurance laws

Houston Chronicle:
Caribbean islands keep eye on Ernesto
Storm-wary NASA prepares for Atlantis launch
Latest terror scares show airport threat lingers
HPD adding FBI's muscle to fight gangs
Deal ends man's death row stay in Houston killing
Katrina didn't displace evacuees' faith

Story Lineup From Last Night's Network News:
ABC: Airline Terrorism Concerns; Pilots Information Problems; Army Re-Examines Casualty Circumstances; Moderate Senators Challenged; Former President Ford Surgery; European Mideast Peacekeepers; Katrina Insurance Probe; Midwest Storms; Advice Against Marrying Career Women Kerfuffle; Egyptian Statue Moved; Superintendent Revitalizes Louisiana Schools.
CBS: Airline Terrorism Concerns; New Details Of Florida Terror Plot; Katrina Recovery Slow; Hezbollah Lebanon Recovery Efficient; Former President Ford Surgery; Army Re-Examines Casualty Circumstances; Tropical Storm In Caribbean; Volunteers Rebuild In Aftermath Of Katrina; Ice Cream Dispute.
NBC: Tightened Airline Security Causing Delays, Incorrect Information On Soldiers Killed In Combat, State Department To Investigate Israeli Use Of Cluster Bombs, Ford surgery, Bush 41 And 43 On Iraq, Hurricane Season, Meth Smuggled From Mexico, NBC viewer mail, Nagin On Ground Zero, New Orleans volunteers

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – In Kennebunkport, Maine. No public schedule.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

12 p.m. - 3 p.m. KATRINA ANNIVERSARY PROTESTS _ One year after Hurricane Katrina, there will be a gathering of hundreds to call for housing and jobs for Katrina survivors and call for and end of what they call ``Bush's cover-up of global warming's role in stronger, more destructive hurricanes." National leaders and activists will read aloud the names of of people still missing from Katrina. The event will include speeches, dramatic props and music. Speakers include: Speakers include: Chris Chandler, former Ninth Ward New Orleans resident; Melody Drnach, National Organization for Women Action vice president; Jared Duval, director, Sierra Student Coalition; George Friday, national co-chair, United for Peace and Justice; and Mike Tidwell, director, U.S. Climate Emergency Council. Location: In front of the headquarters of the National Oceanic and Atmospheric Administration, 1305 East-West Highway, Silver Spring, Md. Contacts: Mike Tidwell, 240-460-5838

12 p.m. - 6 p.m. ANTI-FUR _ The Anti-Fur Society holds its first celebration with entertainment including a live music, a yodel lady, a banjo player, folk singers and dancers, and a bongo player. Location: Washington Monument grounds. No Scheduled Events.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, AUGUST 26, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Video Shows Sears Tower Bomb Plot Suspects Swearing Allegiance To Al Qaeda ... 3
Teacher At Maryland Muslim School Sentenced On Terrorism Charges ... 3
Umer Hayat Released From Custody ... 3
Released Detainee's Lawyers Say He Was Mistreated At Guantanamo ... 3
Law's Application In Hezbollah Television Case Seen As Unusual ... 4

Homeland Response:

Planes Diverted, Dynamite Found In Day Of Air Security Threats 4
Federal Efforts To Assist In Katrina Recovery Seen As Lagging .. 5
Search For Human Remains At 9/11 Attack Site Deemed Thorough ... 7

War News:

NBC Contrasts Current, Former Presidents Bush On Iraq ... 8
Rumsfeld Touts US Troops Role In Reducing Violence In Baghdad ... 8
Death Toll For US Troops In Iraq Plunges ... 8
Iraqis "Dismiss" US Claims Of Iranian Support For Militias ... 8
Rep Shays Calls For Troop Withdrawal Timetable ... 8
Washington Based Marines Unit Deployed To Iraq For Third Time ... 8
Rising Prices Add To Iraqi's Troubles ... 9
US Army Officer Pleads Guilty To Taking Iraq Reconstruction Contracting Bribes ... 9
Abandoned British Base Looted While Iraq Army Watches ... 9
Army Orders Review Of Reporting Soldiers' Deaths ... 9
Families Sue Syria For Deaths Of Iraq Hostages ... 10
Karzai Orders Probe Of Killings By US Soldiers In Konar Province ... 10
Teacher Sues For Alleged Retaliation Over Iraq War Teachings 10
Military Mortality Better Than African American Men Ages 20 To 34 In Philadelphia ... 10
Photographs Said To Have Become Part Of Military Strategy ... 10

Corporate Scandals:

Grassley To Address "Backdating" And Other Stock-Option Abuses By Executives ... 11
Prudential To Settle Fund Trade Disputes ... 11
Judge Sets March Trial Date For Former Qwest Chief In Denver11
US Oversight Of Fannie Mae Questioned ... 11

Criminal Law:

Florida Professor Admits Contact With Cuban Intelligence Service ... 12
Florida Man Sentenced To Six Years For Software Piracy ... 12
FBI Warns Of Paving Scam Artists ... 12
Lawyers Vie To Represent Ramsey Murder Suspect ... 12
WPost Warns About Faulty Prosecutions ... 13

Civil Law:

Judge Stalls Strike By Northwest Airlines Attendants ... 13
Court Turns Aside "Atomic Veterans" Suit ... 13
NYTimes Accuses FEC Of Trying To "Kill" McCain-Feingold Provision ... 14

Civil Rights:

Alabama AG Challenges Ruling On Felons' Voting Rights ... 14
Springfield, MA, Mayor Pledges To Protect Hispanic Voters' Rights ... 14

Antitrust:

Constellation Venture With Grupo Modelo Gets Antitrust Nod ... 15
Fort Worth Seeks Legal Costs In Airfield Dispute ... 15
Hewlett-Packard Receives Go-Ahead For Mercury Acquisition .. 15
EU Threatens To Overturn Spanish Restrictions On Endesa Bid15

Environment:

Bush Directs Park Service To Set Performance Goals ... 16
US Seeks Postponement Of Grace Asbestos Trial ... 16
Fatal Tornados Plague The Midwest ... 16
Scientists Warn Warming Trends Could Lead To Global Catastrophe ... 16

FBI/DEA/ATF/USMS:

Slotter Says WPost Story On FBI Training Lacked Context ... 16
GAO Says Government Anti-Drug Campaign Not Proven Effective ... 16
Liberal Dutch Drug Policies Said To Have Proven Successful ... 17
Three-Fourths Of Meth Consumed In US Reportedly Smuggled From Mexico ... 17
ATF Helps Local Police Curb Sacramento Crime ... 17

Immigration:

State Department Official Charged With Taking Bribes 17
DOJ Has Not Yet Responded To Washington's Bill For Immigrant Jailing 17
Border State Governors Urge Comprehensive Immigration Reform 18

Congress-Administration:

Poll Shows Slight Improvement For Bush, But Dissatisfaction Over Iraq And Lebanon 19
Census Bureau To Release Key Annual Economic "Snapshot" Tuesday 19
"Plan B" Supporters Unsatisfied With FDA Ruling, Seek OTC Access For Teens 19
Congress To Hold Hearing On Public Sector Pension Reform Next Week 19
Weather Forecast For Shuttle Launch Worsens 19
WSJournal Notes Silence Of Welfare Reform's Opponents On Its Tenth Anniversary 20

Other News:

Bernanke Praises Globalization But Says Benefits Must Be Shared 20
Stocks Mostly Unchanged In Friday Training 20
New Home Sales Plunged 4.3% In July 20
Rubin Resigns From Ford Board 21
Former President Ford Undergoes Heart Surgery 21
Large-Scale Class-Action Suits Reportedly On The Decline..... 21
US Importing Teachers To Bolster Chinese Language Offerings 21
Journal Corrects Wording Of Statement On Stem Cell Experiments 21
Pharmaceutical Industry Funded US Chamber Medicare Ad Campaign 22
Wal-Mart Seeks To Deflect Criticism By Reaching Out To Democrats 22
Democrats' Potential Committee Chairs Become Campaign Issue 22
Democratic House Candidates Use Gas Stations To Stage Campaign Events 22
Shays' "Defection" Over Iraq May Spark Trend Among GOP Reps 22
Michigan Republicans Call On Bush To Meet With US Automakers 23
Senator Clinton Loans Lamont Top Aide, Pledges To Campaign With Him 23
Obama Draws Huge Crowds During Visit To Kenya 23
National GOP Running Negative Ads On Behalf Of Chafee 23
DeWine Touts His Bipartisanship In New Ad..... 24
Electorate's Disquiet Seen As Chief Threat To Talent's Reelection 24
Bass Facing Democratic Challenger For The Second Time 24
Rise Of Internet Video Sites Regarded As "An Earthquake In American Politics." 24
WPost Defends Pluto's Status As Planet 24
European Troops Will Constitute Half Of Lebanon Border Force 24
Fatah OKs Abbas' Efforts To Form Unity Government 27
Pakistan's Musharraf Said To Balance Opposing Domestic, International Pressures 27
EU Seeks Talks With Iran As Moscow Slows Push For Sanctions 27
Seoul, Beijing Work Together To Counter Possible Pyongyang Nuclear Test..... 28
Japanese Executives Arrested For Illegal Nuclear Technology Transfers 29
White House To Host Summit Focused On Reducing Malaria In Africa 29
Administration Could Face Difficulty Imposing Darfur Force On Emboldened Sudanese Regime 29
Kidnappings, Killing Spark Nigerian Military Attack On Town 29
Chavez's China Trip Bolstered Bilateral Relations 29
Former Serb Policemen Charged With Executing Albanian-Americans 30
Argentine Economist May Challenge Kirchner For Presidency... 30

The Big Picture:

Headlines From Today's Front Pages 30

Washington's Schedule:

Today's Events In Washington 31
Other. 31

DOJ_NMG_0054394

TERRORISM NEWS:

Video Shows Sears Tower Bomb Plot Suspects Swearing Allegiance To Al Qaeda. In addition to the heavy coverage of Friday's air security threats, the CBS Evening News (8/25, story 2, 1:50, Schieffer, 7.66M) also reported on "what the FBI says was a real and a very serious terrorist plot to blow up several buildings, including the Sears Tower in Chicago." CBS (Stewart) reported on FBI surveillance camera video obtained by CBS that shows the plotters "swearing loyalty to al Qaeda and Osama bin Laden." The seven men were allegedly plotting to blow up the Sears Tower and federal buildings in Miami, which was just part of the plan. Suspect Narseal Batiste on videotape: "Once the explosives take place, we're going to launch a full ground war. We're going to have a full ground war. That means that we're going to kill all the devils we can."

Teacher At Maryland Muslim School Sentenced On Terrorism Charges. On the front page of its Metro section, the Washington Post (8/26, Markon, 748K) reports Ali Asad Chandia, a third-grade teacher at a Maryland Muslim school "who was the last man charged as a member of the 'Virginia jihad network,'" was sentenced to 15 years in prison "after proclaiming his innocence in a tearful and angry statement to the court." Chandia, a Pakistani citizen, "was convicted of aiding a terrorist group that is fighting the government of India." The Washington Times (8/26, Seper, 88K) puts its report on the front page, adding that the "41-count federal grand jury indictment" against the network issued in 2003 "accused Chandia and the others of conspiracy to 'prepare for and engage in violent jihad' against foreign targets in Kashmir, the Philippines and Chechnya."

Umer Hayat Released From Custody. The AP (8/26, Thompson) reported Umer Hayat was released from custody on Friday, after being "jailed for a year, branded a liar by federal prosecutors and forced to sell his house to his brother to pay his legal bills. Still, the naturalized U.S. citizen said he loves his adopted country and harbors no grudge against a justice system he claims was coercive in its pursuit of a terrorism case that could send his oldest son to prison for three decades." The AP noted, "The key to the investigation was an informant the FBI recruited from Oregon, where he was working a variety of fast food and convenience store jobs. … Umer Hayat said he felt betrayed by the informant and said he misled the FBI. Khan was paid an estimated $300,000 by the government for his undercover work in the case." The Lodi News Sentinel (8/26, Bohm) notes that "when asked…what he wanted to tell his fellow Lodi residents, his immediate response was to give advice, rather than to speak of himself. 'We have rights. We have the freedom of speech, of religion — but if you talk to the FBI, first get a lawyer,' he said in his first personal interview after being sentenced."

The Sacramento Bee (8/26, B1, Walsh) reported that "Hayat, the Lodi ice cream street vendor who fought off terrorist-related charges and then pleaded guilty in an unrelated matter, was sentenced Friday in Sacramento federal court to the 11 months he spent in jail awaiting trial. … 'We think it is a wholly appropriate outcome given the false statements Umer Hayat made to government authorities in 2003 and 2005,' prosecutor S. Robert Tice-Raskin said as he left the courtroom. 'We think justice has been served.'" The Bee noted, "After hours of being grilled at the FBI field office in Sacramento, Hayat said, he wanted to go home and 'just made up stories' he thought the agents wanted to hear." The Stockton Record (8/26, Hood) " added, "'My son is not a terrorist, and they were not believing the truth,' Hayat said, referring to FBI agents. 'They keep questioning over, like, five, six hours. Every question 10 times, 11 times. I was very tired, because it was 2 a.m. in the morning. I wanted to go home, and I just made a story.'"

Hayat Relatives Barred From Returning To US From Pakistan. The San Francisco Chronicle (8/26, A1, Bulwa) reported, "The federal government has barred two relatives of a Lodi man convicted of supporting terrorists from returning to the country after a lengthy stay in Pakistan, placing the U.S. citizens in an extraordinary legal limbo. Muhammad Ismail, a 45-year-old naturalized citizen born in Pakistan, and his 18-year-old son, Jaber Ismail, who was born in the United States, have not been charged with a crime. However, they are the uncle and cousin of Hamid Hayat," and "Federal authorities said Friday that the men, both Lodi residents, would not be allowed back into the country unless they agreed to FBI interrogations in Pakistan." US Attorney McGregor Scott "confirmed Friday that the men were on the no-fly list and were being kept out of the country until they agreed to talk to federal authorities. 'They've been given the opportunity to meet with the FBI over there and answer a few questions, and they've declined to do that,' Scott said."

Released Detainee's Lawyers Say He Was Mistreated At Guantanamo. The Washington Post (8/26, A11, Smiley, Whitlock, 748K) reports attorneys for German-born Turkish citizen Murat Kurnaz, who was released Thursday after more than four years in detention at Guantanamo Bay, "said he was mistreated to the end by U.S. military personnel, who kept him shackled and blindfolded until his flight home landed." One lawyer said Kurnaz "was

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kept in a 'cage' and under bright neon lights 24 hours a day during his captivity." The Pentagon "agreed to free Kurnaz on the condition that Germany treat him humanely and that it ensure he would no longer pose a security threat. The U.S. government still considers Kurnaz an enemy combatant, said U.S. Navy Lt. Cmdr. Chito Peppler, a Pentagon spokesman."

Law's Application In Hezbollah Television Case Seen As Unusual. The New York Times (8/26, Rashbaum, 1.21M) reports, "Federal prosecutors who charged a man on Thursday with providing Hezbollah television access in New York made unusual use" of the 1977 International Emergency Economic Powers Act, which is "more often employed to bar financial contributions to terrorist groups, legal experts said yesterday." The law "was meant to put legal teeth in international trade embargoes with other nations, but once it was amended by the Patriot Act after 9/11, the government began to use it far more frequently against particular groups and individuals. The use of the law, however, to focus on television broadcasts seemed to fall under an exemption laid out in a 1988 amendment to the act, several experts said."

HOMELAND RESPONSE:

Planes Diverted, Dynamite Found In Day Of Air Security Threats. A series of airline security threats, most notably the discovery of dynamite in a passenger's checked luggage in Houston, led all three network news broadcasts Friday night. ABC World News Tonight (8/25, lead story, 2:40, Gibson, 8.78M) reported, "Almost seemed today as if every time the phone rang in our news room it was word of another airliner diverted because of a security threat. Some diverted because of threats, misunderstandings and down right inexplicable behavior. Flights went through the uncertainty. In some cases the fear that just seems to be a part of flying today." ABC (Von Fremd) added that a US Airways flight from Phoenix to Charlotte "was diverted to Oklahoma City because a passenger refused to stop doing her nails." Aviation security consultant Douglas Laird: "If a woman working on her fingernails causes her flight to be diverted, something there is not operating as it should." Von Fremd: "Far more ominous, in Houston, a bomb sniffing dog detected dynamite in a passengers checkered luggage. Authorities found a blasting cap, a fuse and ammonium nitrate. An American Airlines flight from England to Chicago was diverted to Bangor, Maine, because the bomb squad was called to the tarmac. And in Shannon, Ireland, today, police received a suspicious telephone call causing them to question all 239 passengers arriving on a flight from New York. No one was harmed in any of today's incidents, but just hearing about it was stressful for travelers."

The CBS Evening News (8/25, lead story, 2:50, Schieffer, 7.66M) reported, "It has been one security incident after another aboard airliners today. So far, none of them has come to anything, but it's been a hectic, tension-filled day for air travelers. We have become a nation on a hair-trigger, and it was havoc in the skies as civilian airliners across the country today were diverted, evacuated or in some cases searched. The good news is, after the initial scares, none of the threats panned out, but it made for a difficult day for airlines, security officials, and especially passengers." CBS (Orr) recounted the list of threats, and added more detail to the dynamite story, reporting that after a Continental flight from Buenos Aires arrived in Houston, "bomb-sniffing dogs picked up the scent of explosives on the bags of a 21-year-old student from Lafayette College in Pennsylvania. Inside his checked bag, Customs agents found a partial stick of dynamite, and ammonium nitrate. In his carryon bag they found a detonating fuse. The student told the FBI he was on a tour of mining operations in South America and was simply bringing back the explosives as souvenirs. One agent called it stupid, but officials say no terrorism was involved." CBS also said "another Continental plane made an emergency landing in Texas after flight attendants noticed a missing panel in a bathroom, and then a utility knife was found on the seat of a US Airways plane flying between Philadelphia and Hartford. Bob, quite a day."

NBC Nightly News (8/25, lead story, 3:00, Williams, 9.87M) reported, "If you saw any cable news today you already know the airwaves were full of live reports about jetliners diverted to cities other than their planned destination because of security concerns. Since those London terrorist bombing threats there's been nine commercial aircraft diverted -- some of them escorted by fighter jets. All airline passengers are now getting used to longer airport delays, the ban on liquids and jells and now new random bag searches. Could this be what air travel will look like?" ABC World News Tonight (8/25, story 2, 1:10, Gibson, 8.78M) had a slightly higher count than NBC, saying, "By our count, in the last two weeks since the London plot was disclosed, there have been major disruptions on 11 flights around the world."

The Washington Post/AP (8/26, A6, Hays) says seven incidents were reported on Friday alone, a fact also highlighted by the Los Angeles Times (8/26, Mehren, 918K), which quotes a TSA spokeswoman saying, "I think the elevated threat level over the last few weeks has reminded travelers that the threat to aviation is still very real."

The New York Times (8/26, Cowell, 1.21M) leads its report on the day of dangers with the evacuation of an Aer Lingus flight from New York to Ireland "after an anonymous caller told the police that a liquid explosive had been planted on board." The Times also identifies the Houston-bound traveler as McFarland Fish. An Immigration and Customs

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Enforcement spokeswoman said "authorities have determined that his actions were not acts of terrorism."

Federal Efforts To Assist In Katrina Recovery Seen As Lagging. As President Bush prepares to tour the region damaged by Hurricane Katrina, news reports of the Administration's efforts to assist in the recovery were decidedly negative, with many casting the Administration in a bad light in comparison to efforts by local officials and volunteers. CBS News even contrasted the Administration's efforts in an unflattering piece with Hezbollah's efforts in Lebanon. The network news programs devoted 7 stories totaling about 15 minutes to Katrina-related stories, but did not directly mention President Bush. In contrast, newspaper stories Saturday morning focused on the impact Katrina has had on Bush's agenda.

The CBS Evening News (8/25, story 3, 2:25, Schieffer, 7.66M) reported, "Next week marks the first anniversary of hurricane Katrina, but along parts of the Gulf Coast and in New Orleans, recovery work has gone so slowly it looks as if the hurricane might have happened last week. For sure the people of New Orleans are not happy about it, and a CBS News/'New York Times' poll shows Americans share that feeling nationwide. Half those questioned said they are dissatisfied or angry with rebuilding efforts. Only 38% are pleased or satisfied. Asked if the government has done all that it can to improve its response to disasters, nearly 60% said no, and only 35% said yes."

The Washington Post (8/26, A1, Weisman, Abramowitz, 748K) in a front page article titled "Katrina's Damage Lingers For Bush" says the image of President Bush after Hurricane Katrina "as aloof, out of touch, even befuddled -- all but erased the memory of" more positive images of Bush after the 9/11 attacks "according to pollsters, pundits and Republican politicians who say they have suffered in the wake of the president's decline." The Post continues, "From the demise of his Social Security overhaul to the war in Iraq, many factors have contributed to Bush's slide in popularity in the past year. But the winds of Katrina may have been the force that finally wrenched the Bush presidency off its moorings, these observers said." Bush will tour the region and according to White House aides Bush "has a strong story to tell: approval of more than $110 billion in resources for the Gulf region, 12 previous visits to the region by Bush and 82 by members of his Cabinet, the restoration of more than 220 miles of New Orleans's flood walls and levees, the floodproofing of pumping stations, and the addition of floodgates to protect against storm surges." They "said the president will accept responsibility for the botched federal response while stressing that the government has learned from the Katrina mistakes and promising to see through the reconstruction of the Gulf Coast." And "White House counselor Dan Bartlett said it is difficult to separate the impact of Katrina from the Iraq war and the other problems that have pulled down Bush's approval rating. 'It was a setback at the time, but it was recoverable and has been,' Bartlett said."

McClatchy Newspapers (8/26, Douglas) in an article titled "Bush Has Fallen Short In Steering Recovery, Experts Say" reports, "Bush will tout the progress his administration has made in a year toward getting the region back on its feet, and he'll emphasize that the road to total recovery is a marathon -- not a sprint -- that will take years to complete." Yet, "a look back at the Jackson Square speech shows that Bush stumbled from the starting blocks in trying to make good on the ambitious recovery goals he set, according to academics, authors, hurricane experts, civil rights leaders and others monitoring post-Katrina rebuilding efforts." McClatchy notes, "White House officials disagree. They say that Bush successfully marshaled the financial and physical resources of the federal government after the administration admittedly failed to provide enough assistance in the early days after the storm." But critics "note that even some of the positives are problematic. Of $110 billion appropriated for Gulf Coast recovery, only $77 billion has been released, and only $44 billion has been spent. Funds from a $17 billion program to rebuild an estimated 204,000 homes in Louisiana and Mississippi has yet to produce one rebuilt property, according to a new report by Oxfam America, an international humanitarian organization."

Similarly Bloomberg (8/25, Murray) in an article titled "Katrina's Damage To Bush's Standing Still Haunts His Presidency" reports, "As the president and still-reeling Gulf Coast residents prepared to mark Katrina's anniversary, political experts say that dismay over Bush's response to the disaster continues to undermine public confidence in his managerial abilities." Former Speaker Newt Gingrich said, "It was Katrina that broke the sense that the Republicans could govern well."

The AP (8/26, Roberts) in an article titled "New Orleans Awaits Billions In Fed Aid" reports, "First came the floodwaters, then the paperwork. Billions of promised federal dollars to fix New Orleans' crumbling infrastructure have gone largely untapped a year after Hurricane Katrina. City officials complain that a snarl of red tape, restrictions and unexpectedly high costs have kept hundreds of public buildings in disrepair, streets pocked with potholes and most parks too dirty for children to play." The AP notes, "President Bush has acknowledged the problems posed by excessive bureaucracy." On Wednesday Bush said, "To the extent that there still are bureaucratic hurdles and the need for the federal government to help eradicate those hurdles, we want to do that." Yet "he cautioned that rebuilding will take time."

And University of Pennsylvania professor Michael Eric Dyson in a web exclusive commentary on Newsweek (8/26, Dyson, 3.12M) sub-titled "President Bush made some bold

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promises to help the Gulf Coast's poor after Katrina. Too bad he hasn't kept them" writes, "A year after one of the worst disasters in the nation's history, New Orleans remains a shameful symbol of the Bush administration's neglect and its antigovernment philosophy. The condition of the black poor has barely changed since Katrina struck." Dyson states, "The problem is that an anti-government administration cannot develop policy that actually improves poor people's lives. Armed with a political philosophy that has no faith in government, these leaders prove that their beliefs undercut effective governance." And "if the administration turned its back on the poor when the world was watching, what will it do now that the country has turned its eyes away?"

White House Team Takes Cautious Approach To Katrina Anniversary. The Los Angeles Times (8/26, Gerstenzang, 918K) reports that "in the view of administration officials, their advisors and others, the question of how Bush should approach the anniversary is a difficult one. Speechwriters must craft presidential remarks that recognize devastation and recovery, but that also show an awareness of government failures in responding. Staffers must find locations for his visit that demonstrate progress but do not minimize problems and mistakes." Aides have "begun sounding the themes of Bush's Gulf visit, emphasizing that progress has been made, but that perseverance is necessary because rebuilding will take years to complete. The president delivered such a message last week when he met in the Oval Office" and "Bush's weekly radio address this morning is likely to echo those themes." Yet "a danger for Bush is that the more he focuses publicly on the storm and its aftermath, the more he risks reminding voters that the delay in the federal response began to solidify the negative impressions of his presidency that had been forming earlier in 2005."

Critics Say FEMA Has Not Enacted Enough Reforms. The New York Times (8/26, Lipton, 1.21M) in a front page article reports, "In the last year, FEMA, the federal government's primary disaster response agency and overseer of state and local efforts, has adopted policies to help prevent fraud and wasteful spending, strengthened its ties with other federal agencies for help with evacuations and emergency medical aid and installed high-tech equipment, like the supply-tracking system. After a prolonged search, it hired a new director, R. David Paulison, a former chief of the Miami-Dade Fire Department, and significantly built up its executive ranks with more seasoned emergency managers." But "little has fundamentally changed about the agency itself, which still has less autonomy and power than it did in the Clinton years and a budget for its core mission that has not significantly increased."

Louisiana High Court Upholds Two Insurance Laws. The AP (8/26, Foster) reports, "The Louisiana Supreme Court on Friday upheld two new state laws giving policyholders more time to sue their insurers or file claims over damage from hurricanes Katrina and Rita." The AP continues, "The Louisiana attorney general's office had asked the high court to review the laws after a state judge said they were constitutional. Although it is unusual for the party that wins a ruling to seek a review from a higher court, Attorney General Charles Foti said he wanted the matter solidly settled. … The one-year extension is 'both appropriate and reasonable in order to protect the rights of the citizens of Louisiana and their general welfare,' Justice Chet Traylor wrote in the ruling." The AP adds, The ruling means that homeowners, renters, condo owners, drivers with auto insurance and other nonfederal flood insurance policyholders have up to Sept. 1, 2007, to file lawsuits resulting from Katrina damages and up to Oct. 1, 2007, for Rita damages. … 'These acts simply give victims of Katrina and Rita additional time to access the courts if they need to,' Megan Terrell, an attorney for the state, told the high court. … An attorney for Allstate Insurance Co., the second largest homeowner insurer in Louisiana, said the laws could hinder the recovery by sending a message to the business community that the Legislature can change existing contracts."

Superintendent Takes Initiative To Revitalize Louisiana Schools In Face Of Federal Bureaucracy. ABC Evening News (8/25, story 11, 3:00, Gibson) profiles the efforts of St. Bernard Parish superintendent of schools Doris Voitier to help revitalize her school system, reporting, "Two weeks after Katrina destroyed her home, her Parish and her schools, Doris Voitier began to put those schools back together." Voitier: "As I went to the buildings that I could get to what I found was complete and total destruction." Gibson: "Her first call was to FEMA. But they couldn't help, not as fast as Doris wanted." Voitier: "We quickly found that it was not going to happen. There was too much bureaucracy, too much red tape. And I looked at them and said, Thank you very much, but we'll do it ourselves and we'll send you the bill.'" Gibson: "She said she billed the government and so far she been reimbursed for half of the trailer she bought."

Volunteers Rebuild In Aftermath Of Katrina. The CBS Evening News (8/25, story 8, 3:00, Schieffer, 7.66M) reported, "As we reported earlier in this broadcast, recovery efforts after hurricane Katrina have been inexplicably slow, but the other of the story is that the response of individual volunteers and donors has been remarkably that's good. Private donations for Katrina victims total well over $5 billion, and more than a half million Americans have actually gone to the disaster zone to pitch in."

NBC Nightly News (8/25, story 10, 2:00, Williams, 9.87M) profiles New Orleans mom Becky Zaheri who took the initiative to create the Katrina crew, a group dedicated to cleaning up debris in the aftermath of Katrina. CBS (Moot): "Today the Katrina crew numbers into the thousands, volunteers from coast-to-coast who come here to help an overwhelmed town." New Orleans Sanitation Director

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Veronica White: "The city would be in limbo without Becky." Moot: "The city says Becky and company have bagged up about 250,000 tons of trash, weeds and rubble."

Hezbollah Lebanon Recovery Efficient. The CBS Evening News (8/25, story 4, 2:10, Schieffer, 7.66M) reported, "The slow pace of the recovery in New Orleans is in sharp contrast to what is going on in Lebanon of all places, where Hezbollah has found a way to cut red tape in handing out emergency aid." CBS (Pizzey): "Barely ten days after Hezbollah's leader promised rebuilding would begin immediately, Ali Sbeiti is fixing his balcony, courtesy of a sophisticated money distribution system. Dubbed 'jihad reconstruction' it's a disaster insurance scheme the people in New Orleans would envy."

FBI Investigates Allegations State Farm Has Defrauded Katrina Victims. ABC Evening News (8/25, story 7, 0:10, Gibson) reported, "We have an exclusive report tonight on an insurance company that's accused of cheating Katrina victims out of money they needed and deserved to rebuild their homes. State Farm a subject of investigation by the FBI and the Mississippi attorney general's office. And is the target in a new round of lawsuits." ABC (Ross): "The criminal investigation and the lawsuits are based in large part on the accounts and documents provided by two State Farm insiders." They "have told the FBI that supervisors at State Farm offices in Mississippi systematically demanded that damage reports be buried or replaced or changed, so that State Farm would not have to pay insurance claims."

Louisiana In Better Fiscal Shape Than Expected. The Wall Street Journal (8/26, Covel, 2.03M) reports, "Soaring oil prices and the widespread construction that have followed since Hurricane Katrina's destruction have helped Louisiana turn around its finances." The Journal adds, "A year after Katrina ravaged New Orleans, higher-than-expected tax collections -- partly because of elevated natural resource prices -- and fiscal discipline have left the state in better-than-expected financial shape, say credit-ratings agencies and state officials."

Tropical Storm In Caribbean Could Threaten Oil Facilities In Gulf. NBC Nightly News (8/25, story 6, 1:00, Williams, 9.87M) reported, "We go offshore now. The fifth named storm of the season, Ernesto is churning in the eastern Caribbean. Forecasters say it is on track to reach the gulf of Mexico by the middle of next week and could pose a threat to oil and gas facilities that have not yet fully recovered from last year's hurricanes."

The CBS Evening News (8/25, story 7, 0:10, Schieffer, 7.66M) reported, "A new tropical storm Ernesto formed over the Caribbean today. Forecasters say it could become the first hurricane of the season and head toward the Gulf of Mexico by midweek."

The New York Times (8/26, Treaster, 1.21M) adds, "The storm could be approaching the entrance to the Gulf by as soon as Monday with winds of 75 to 80 miles an hour, the forecasters said. They said it was not yet clear where along the Gulf coast Ernesto might make landfall."

Former FEMA Chief Brown Seeks To Rehabilitate Image. The New York Times (8/26, Leibovich, 1.21M) reports, "Brownie is doing a heckuva job trying to rehabilitate himself." Former FEMA director Micahel Brown "is in the midst of a Category 5 visibility blitz. It is tied to the first anniversary of Hurricane Katrina, the calamity to which he will always be linked and for which he has largely been blamed. In what would become the signature soundbite of the botched federal response, President Bush implausibly praised 'Brownie' for 'doing a heckuva job.'" But Brown "is happily defying anyone who might have expected him to evacuate the scene as quietly as possible, maybe say something on the way out about wanting to spend more time with his family, or not wanting to become 'a distraction.' And then go away, stay away, not to be heard from."

National Hurricane Director To Resign. NBC Nightly News (8/25, story 6, 1:00, Williams, 9.87M) noted, "While we are on the subject of weather we learned this is the last hurricane season that will be presided over by a man named Max Mayfield. Americans know his name because he played such a prominent role during Katrina as head of the National Hurricane Center. He gave government officials their last warning Katrina was approaching and was a disaster in the making. He announced he is retiring in January and today by the way it was as if mother nature tipped her hat to Max."

The Washington Post/AP (8/26, A6) notes, "Mayfield is well known to residents in hurricane-prone areas in the United States from his countless hours of television interviews. He and his staff were praised for the dead-on forecasts of last year's Hurricane Katrina, the costliest natural disaster in U.S. history in a season that shattered many records."

Search For Human Remains At 9/11 Attack Site Deemed Thorough. The New York Times (8/26, Dunlap, 1.21M) reports Brown University forensic anthropologist Richard Gould "has determined that the search for human remains at the former Deutsche Bank building" destroyed in the 9/11 attacks, "which has faced criticism, is currently being conducted as thoroughly as possible." Some family members have called the search inadequate, "but the report, prepared at the request of 9/11 victims' relatives and delivered yesterday to the chief medical examiner, seems to exonerate city and state officials, at least for this phase of the recovery."

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WAR NEWS:

NBC Contrasts Current, Former Presidents Bush On Iraq. NBC Nightly News (8/25, story 5, 2:00, Williams, 9.87M) reported that "former President Bush is hosting the current President Bush in Maine this weekend." NBC (Mitchell): "Both went to war with Iraq. … But even family friends acknowledge with very different results. … The father, with roots in Connecticut, reached out to allies, the son, more Texas than Yankee, likes to go it alone. … The elder Bush feared going to Baghdad would lead to civil war. His friend's cringed after his son's White House recently criticized that decision. … At least publicly the father won't talk about his son's Iraq policy. But he is known to be agonized by it."

Rumsfeld Touts US Troops Role In Reducing Violence In Baghdad. The Washington Times/AFP (8/26) reports, "Defense Secretary Donald H. Rumsfeld yesterday said U.S. and Iraqi troops have succeeded in reducing the levels of violence in Baghdad. Mr. Rumsfeld discussed the situation with visiting Iraqi Deputy President Adil Abd al-Mahdi who said a 'good dialogue' was under way aimed at reconciling the country's bitterly divided religious communities." Rumsfeld told reports, "Iraqi forces have been doing a very good job." On this trip, "al-Mahdi also met with President Bush and National Security Adviser Stephen J. Hadley during what he described as a private visit to Washington."

Death Toll For US Troops In Iraq Plunges. The AP (8/26, Burns) reports, "The death toll among National Guard and Reserve troops in Iraq has plunged this year as citizen soldiers play a smaller combat role against an insurgency that increasingly targets Iraqis. Thus far in August, five members of the Guard and Reserve have died in Iraq, compared with 44 at this point in August 2005." While the resistance has started to target Iraqis more than US forces, "the main reason for the decline in reservist deaths is that fewer are being sent to Iraq. They comprise a little under 20 percent of the 138,000 U.S. troops now there, compared with about 40 percent last year. Also, the number of National Guard combat brigades in Iraq has dropped from five to one. What's more, U.S. commanders about a year ago adjusted the mission of the Guard combat forces in Iraq from focusing mainly on fighting the insurgency to providing 'theater security' — securing major highways and bases."

Iraqis "Dismiss" US Claims Of Iranian Support For Militias. Time (8/26, Ghosh, 4.03M) reports, "Many Shi'ite politicians dismiss as scape-goating the statements by Ambassador Zalmay Khalilzad and generals at the Pentagon that Iran is actively arming and training Sh'ite militias in Iraq," and "even political observers not affiliated to the Shi'ite parties are likely to be surprised by Brig. Gen. Michael Barbero's claim, at a press conference Wednesday, that there was 'irrefutable' evidence of Iranian collusion with Iraqi militias. That is the exact opposite of what U.S. military officials in Baghdad have been saying." Also, "renewed Tehran-bashing in Washington is unlikely to sit well with Iraqi Shi'ite politicians, who make up the dominant block of parliament," and "antagonizing the Shi'ite block could complicate U.S. efforts to end the civil war and draw down American troops in Iraq."

Rep Shays Calls For Troop Withdrawal Timetable. The Financial Times (8/26, Sevastopulo) reports, "George W. Bush lost another key ally on Iraq this week when" Rep. Christopher Shays "distanced himself from the administration's policy on Iraq." He "still portrays himself as a strong supporter of the war. But by agreeing with many Democrats who want a timeline for pulling troops out, he has joined growing ranks of Republicans facing tough re-election races in November who are trying to distance themselves from the administration's handling of the war without appearing weak on national security" even as "public support for the war has crumbled." Shays's "move comes on the heels of Connecticut Democrats who last month punished Senator Joe Lieberman for his strong support of the war." Now Lieberman "has called for the resignation of Donald Rumsfeld,…a tactic that Mr Shays adopted this week." The AP (8/26, Haigh) adds that Sen. Lieberman "said Friday he would consider taking a look at" Shay's "proposal for a timeline for troop withdrawals."

McCain Says Despite His Criticism, He Still Supports The War. The Financial Times (8/26, Sevastopulo) reports that "after White House officials suffered persistent questioning about his remarks" accusing "the administration of 'underestimating' the task in Iraq," Sen. John McCain "yesterday released a statement saying he fully supported Mr Bush," saying, "I have never intended my concern that the American public be fully informed about the conduct and consequences of the war to indicate any lessening of my support for our mission there." The AP (8/26, Talhelm) adds that McCain's comments "prompted criticism from the right and left that McCain was flip-flopping," while "Democrats criticized McCain on Friday, calling him a 'Monday-morning quarterback' and arguing that he should try to change Iraq policy if he disagreed with Bush's handling of the war."

Washington Based Marines Unit Deployed To Iraq For Third Time. In a front page article, the

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Washington Post (8/26, A1, Montes, 748K) reports that the Marines' 4th Civil Affairs Group, "a reserve unit based in Washington, is leaving for Iraq – again," on what "will be the third deployment to Iraq for the unit, which is pulling out in a few days, but for most of its 200 or so members, it will be their first or second deployment." However, "with each deployment of the 4th CAG, the dangers in Iraq have increased." Still, "even as many here at home are wondering if the sacrifice has been worthwhile, these Marines speak earnestly of their patriotism and duty as they prepare to say goodbye to everything they love." The Post goes on to profile the views, backgrounds, and families of some of the marines.

Rising Prices Add To Iraqi's Troubles. In an article titled, "Weary Iraqis Face New Foe: Rising Prices," the New York Times (8/26, Cave, 1.21M) reports that in Iraq "life's most basic needs are becoming drastically more expensive," as "three months into the administration of Prime Minister Nuri Kamal al-Maliki, the inflation rate has reached 70 percent a year, up from 32 percent last year. Wages are flat, banks are barely functioning and the consensus among many American and Iraqi officials is that inflation is most likely to accelerate. Violence, corruption and the fallout from decades of government control are kicking up the price of nearly everything, especially fuel, which in turn multiplies the production cost for goods." Now, "three years after fuel shortages led to riots in Basra, tension is often palpable at the pumps" and "in Iraq's once-bustling markets, frustration is equally acute." Prime Minister "Maliki's office has responded with proposals to spur foreign investment and calls for public patience, even forgiveness. But billions in American aid has already been spent on Iraq with limited impact," and "stanching inflation will not be easy. Experts here say they struggle just to collect the data necessary to diagnose the problem, while Iraq largely lacks the usual mechanisms for controlling prices."

US Army Officer Pleads Guilty To Taking Iraq Reconstruction Contracting Bribes. The New York Times/AP (8/26, AP) reports former US Army Reserve Lieut. Col. Bruce Hopfengardner "admitted Friday that he had awarded millions of dollars in Iraq reconstruction contracts in exchange for jewelry, computers, cigars and sexual favors." Hopfengardner "pleaded guilty to conspiracy to commit money laundering and wire fraud. He served as a special adviser to the American-led occupation forces, recommending funds for projects in Iraq. He admitted conspiring with Philip H. Bloom, an American citizen with businesses in Romania; Robert J. Stein Jr., a former Defense Department contract official; and others to create a corrupt bidding process that included the theft of $2 million in reconstruction money." Bloom and Stein have already pled guilty to related charges. The Washington Post (8/26, D1, Witte, 748K) adds Hopfengardner "became the first military officer to plead guilty in a wide-ranging bribery scheme involving funds intended for Iraq's reconstruction."

Abandoned British Base Looted While Iraq Army Watches. The Washington Post (8/26, A18, Paley, 748K) reports, "Armed looters ransacked an abandoned British base in southern Iraq on Friday as" the "450-member Iraqi army brigade meant to guard" Camp Abu Naji "stood by and watched." British military spokesman Maj. Charlie Burbridge, "said the Iraqi army maintained full control of the camp, even during the looting, and had managed to eject the thieves by early evening." However, "the inability of the Iraqi soldiers to prevent widespread looting in one of the country's calmest provinces, as well as the reported mutiny of a local army brigade, left doubts about whether U.S.-led forces will be able to hand over security to the Iraqi government anytime soon."

The Washington Times/AP (8/26, Hani) agrees in its first paragraph that the looting is "an indication of possible future trouble for U.S.-led coalition forces hoping to hand over security gradually to the Iraqi government." The looting is "likely to embarrass the government of Prime Minister Nouri al-Maliki." While "Iraqi authorities had complained the British withdrawal had caught them unaware," the British military "rejected the assertion." In contrast, McClatchy Newspapers (8/26, Brunswick) reports, "Iraqi soldiers put up resistance and later fired on the crowds who had gathered." The Los Angeles Times (8/26, McDonnell, 918K) also covers this story.

Army Orders Review Of Reporting Soldiers' Deaths. All three major network newscasts ran full stories on the Army's decision to re-examine every soldier's death and comparing it to what their family was told, running a combined time of six and a half minutes. ABC Evening News (8/25, story 3, 2:00, Gibson) reported, "Developments tonight in the wars involving Iraq and Afghanistan. The Army says it will re-examine the circumstances surrounding the deaths of every soldier in those two theaters. 3,047 American men and women have died so far, more than 2,000 soldiers. And the Army now wants to make sure that the families of the fallen know exactly what happened in each case." ABC (Raddatz): "The announcement means that the death of every soldier killed by roadside bombs, gunfire or in accidents will be reexamined -- incidents stretching back through 3 1/2 years of war in Iraq and 5 years in Afghanistan. … And it is the families who made this happen after a series of high-profile mistakes."

The CBS Evening News (8/25, story 6, 2:00, Schieffer, 7.66M) reported, "American military families have complained for years that in some cases, they weren't told the truth about

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how loved ones died in Iraq or Afghanistan. Well, now the Pentagon is promising to do something about that." CBS (Andrews): "For the Army, it's an unprecedented review of hundreds of deaths from the field of battle to make sure the families of the soldiers kill have the true story of what happened." Andrews added, "The Army says that wrong information goes out to these families only a tiny fraction of the time but says it also recognizes for these families, the error rate has to be zero. That's the reason for this sweeping review."

NBC Nightly News (8/25, story 2, 2:30, Williams, 9.87M) reported, "If it is possible to imagine anything worse for this nation's military families than losing a loved one, it may be getting the wrong information about how it happened. Tonight there is an investigation underway to see whether hundreds of military families got the right information about casualties of war. Many did not." NBC (Miklaszewski): "A recent review of some 600 army deaths found serious discrepancies in what was reported to families and what actually happened in 11 cases." Miklaszewski continued, "So today the Army is ordering all combat units to review casualty reports for any discrepancies. It is the military's most sacred obligation to each and every soldier killed in war and to those they leave behind."

Families Sue Syria For Deaths Of Iraq Hostages. The AP (8/26, Dell'orto) reports, "Survivors of two civilian contractors taken hostage and beheaded in Iraq filed a federal lawsuit Friday against Syria, which they claim supported the group who murdered him." Jack Hensley's widow, Pati Hensley, and their teenage daughter, Sara, as well as Francis Gates of Michigan and Holly Pettis, "the mother and sister, respectively, of Eugene 'Jack' Armstrong, who was taken hostage and slain along with Hensley and a British co-worker," are "seeking hundreds of millions of dollars in damages" based on their :attorneys' investigations that show Syria was responsible for supporting and harboring the group that killed the men in September 2004."

Karzai Orders Probe Of Killings By US Soldiers In Konar Province. The Washington Post (8/26, A10, Faiez, 748K) reports Afghan President Hamid Karzai "on Friday ordered an investigation into the deaths of eight people in a raid that the U.S. military said targeted al-Qaeda members but police said killed civilians. It was the second time in a week his government has questioned the military's tactics." The announcement "was Karzai's latest show of displeasure with the foreign forces that he depends on to protect his weak government from resurgent Taliban and al-Qaeda fighters."

Teacher Sues For Alleged Retaliation Over Iraq War Teachings. The Los Angeles Times (8/26, Garrison, 918K) reports, "a lawsuit against the Los Angeles Unified School District by a San Fernando High teacher…says the principal retaliated against him because he urged students to think critically about the military and the war in Iraq. Alberto Gutierrez, a 33-year-old social studies teacher who is known on campus as a passionate educator with a left-wing tilt, says in a suit filed this week that after he 'offered objective discussion … regarding the United States' involvement in the war in Iraq to his students,' then-Principal Jose Luis Rodriguez began filling Gutierrez's personnel file with negative reviews and surreptitiously encouraging parents to complain about him."

Military Mortality Better Than African American Men Ages 20 To 34 In Philadelphia. Samuel H. Preston, the Frederick J. Warren professor of demography at the University of Pennsylvania, and Emily Buzzell, a student in the Health and Societies Program at Penn, write in an op-ed in the Washington Post (8/26, A21, 748K), "The consequences of Operation Iraqi Freedom for U.S. forces are being documented by the Defense Department with an exceptional degree of openness and transparency," and as "the Defense Department has supplied us with appropriate data on exposure…we take advantage of it to provide the first profile of military mortality in Iraq." They note, "The ratio of deaths to person-years, .00392, or 3.92 deaths per 1,000 person-years, is the death rate of military personnel in Iraq," while the civilian population of the United States's "rate was 8.42 per 1,000 in 2003, more than twice that for military personnel in Iraq. The comparison is imperfect, of course, because a much higher fraction of the American population is elderly and subject to higher death rates from degenerative diseases." However, taking "something equivalent to combat conditions on home soil," African American men ages 20 to 34 in Philadelphia had a death rate of "4.37 per 1,000 in 2002, 11 percent higher than among troops in Iraq." Also, "the death rate of American troops in Vietnam was 5.6 times that observed in Iraq," a difference partially attributable to "improvements in military medicine and such things as the use of body armor."

Photographs Said To Have Become Part Of Military Strategy. Susan D. Moeller, director of the International Center for Media and the Public Agenda at the University of Maryland at College Park and the author of "Shooting War: Photography and the American Experience of Combat," writes in an op-ed in the Washington Post (8/26, A21, 748K) writes, "One of the greatest weapons in the World War II arsenal turned out to be a photograph -- the image taken by Associated Press photographer Joe Rosenthal of

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five Marines and one Navy corpsman raising the flag over Iwo Jima." It "not only gave Americans back home an image of what was happening on the front lines, it persuasively argued that Americans were winning." Today, "President George H.W. Bush's method for controlling and retaining public support during the Persian Gulf War was to put a moratorium on journalists filing from the front lines and to filter the theater's information through official news conferences. … Since then the spinning of images has continued to accelerate." Unlike before, "images are no longer appropriated only after they are taken; they have become an intrinsic part of military strategy."

CORPORATE SCANDALS:

Grassley To Address "Backdating" And Other Stock-Option Abuses By Executives. The Wall Street Journal (8/26, Burns, 2.03M) reports, "Executive stock-option abuses are at the top of the Senate Finance Committee chairman's agenda when lawmakers return after Labor Day." Sen. Charles Grassley "said Friday that top officials from the Internal Revenue Service, the Securities and Exchange Commission and the U.S. Justice Department will testify at a Sept. 6 hearing on the federal government's response to stock-options backdating. Federal officials, he said, need to take 'a hard look' at stock-option abuses, and he added that he is mulling 'possible legislation' to address questionable tax deductions for executive compensation."

Prudential To Settle Fund Trade Disputes. The Wall Street Journal (8/26, Mcdonald) reports, "On Monday, state and federal authorities are expected to announce a civil settlement with Prudential Financial Inc.'s securities unit. The pact will settle allegations former Prudential brokers helped investors rapidly trade mutual-fund shares, according to two people familiar with the situation." The Journal continues, "The settlement is expected to be one of the largest resulting from a broad probe of so-called market timing that has rocked the fund industry for the past three years. In 2004, Bank of America agreed to a $675 million deal. … Prudential Securities is expected to settle charges with the Department of Justice, the Securities and Exchange Commission, the National Association of Securities Dealers and the New York Stock Exchange, as well as state officials in New York, New Jersey and Massachusetts, according to these people. Prudential will be paying about $600 million in the deal, which will allow the company to avoid criminal prosecution. The agreement is expected to be announced at a news conference in Washington." The Journal adds, "The settlement stems from civil charges filed about three years ago. The suit alleged that five former Prudential Securities brokers and their branch manager in Boston helped sophisticated investors make more than $1.3 billion of market-timing trades in mutual-fund shares. The suit alleges that this rapid trading raised expenses and lowered returns to shareholders of more than 50 fund families. … Authorities have alleged that the Boston-based Prudential brokers created fake accounts to help mask the rapid trading by lucrative hedge-fund clients. Two of that office's former brokers pleaded guilty to criminal fraud charges last year."

Judge Sets March Trial Date For Former Qwest Chief In Denver. The Wall Street Journal/AP (8/26) reports, "A federal judge set a March date for Joseph Nacchio's insider-trading trial (in Denver), rejecting the former Qwest Communications International Inc. chief's claim that he can't get a fair trial in the phone company's hometown because of negative publicity." The AP continues, "U.S. District Judge Edward Nottingham also ruled on a handful of evidence-related motions and heard arguments behind closed doors about classified information involving Qwest's business contracts with the government. He ruled the material needed to remain top secret to protect national security. … The judge set a March 19 trial date and estimated it would take about 30 days."

The Denver Post (8/26, Vuong) reports, "Nacchio's attorneys have said the case should be moved because 'intensive negative media coverage repeatedly and continually showered on Mr. Nacchio and Qwest' make it impossible for him to get a fair jury trial in Denver. … 'The obsession with Mr. Nacchio and Qwest in this district is something you don't see elsewhere,' Jeff Speiser, an attorney for Nacchio, said during Friday's court hearing." The Post adds, "Pretrial publicity has been extensive and 'some of the publicity has not been favorable to Mr. Nacchio,' Nottingham said. But the publicity has not 'infected' the court's proceedings, he said."

Bloomberg (8/26) reports, "Nacchio is charged with selling $101 million in Qwest shares in 2001 while knowing revenue targets were overstated. The U.S. Securities and Exchange Commission claims in a civil suit that he oversaw an accounting fraud that led the No. 4 U.S. local telephone company to erase $2.5 billion in revenue. Nacchio denies wrongdoing. … Prosecutors said they would say at trial that 'trading on the basis of material inside information means that the defendant was aware of the information at the time of the sale.' … In his defense, Nacchio claims prosecutors failed to account for his secret knowledge of projected Qwest revenue from classified federal projects. The judge closed the hearing to deal with this aspect of the case."

US Oversight Of Fannie Mae Questioned. The Los Angeles Times (8/26) editorializes, "It seems that mortgage powerhouse Fannie Mae — which in May paid a $400-million fine to settle charges of shoddy accounting with

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its chief regulator, the Office of Federal Housing Enterprise Oversight, and with the Securities and Exchange Commission — may finally be winding its way back into the good graces of Wall Street and the federal government. The company is on track to restate past earnings (to the tune of $11 billion) by the beginning of the year. On Thursday, it announced that the Justice Department was dropping a criminal investigation of its practices. … Pity that the federal government has done little to make sure that Fannie Mae doesn't have a relapse." The Times adds, 'The Bush administration is backing efforts in Congress to grant Fannie Mae's regulator the same powers that most bank regulators have, but the effort is inexcusably stalled in the Senate. Powerful real estate lobbyists and Democrats who think Republicans are ganging up on the 'affordable housing' champion apparently feel that the health of the housing industry is somehow tied to Fannie Mae's ability to get away with financial shenanigans."

CRIMINAL LAW:

Florida Professor Admits Contact With Cuban Intelligence Service. The South Florida Sun-Sentinel (8/26, Blum) reported, "In a dramatic courtroom admission, a Florida college professor accused of being a Cuban agent testified Friday that he collaborated with Cuba's intelligence service for more than a decade. Answering questions from a federal prosecutor, Carlos Alvarez said he used a short-wave radio to send coded messages to Cuban intelligence contacts and sometimes met with them in person from 1986 to 1998. 'I wouldn't do it again,' Alvarez said during his second day on the stand at a hearing in Miami federal court." The Sun-Sentinel noted, "Carlos Alvarez' testimony ended three days of hearings before U.S. Magistrate Barry Garber on whether incriminating statements and items Alvarez gave FBI agents can be used against him. … Alvarez said his contacts with Cuban intelligence began as he tried to 'relate somehow with Cuban reality' as part of his academic work studying Cuban-American identity."

The AP (8/26, Anderson) added that Alverez "insisted…he had distanced himself from the communist government by the time he confessed details of his work last year. He also denied being a Cuban agent and said he was never employed by that government. 'I was not an agent of the Cuban government. I was a collaborator, which is very different,'" he said. The AP noted, "In videotaped transcripts of his FBI interviews, Alvarez repeatedly agreed with the FBI agents when they said his confession was voluntary and that he was free to go anytime. Alvarez testified Friday that he feared that contradicting the agents would subject him to criminal prosecution and result in a scandal for his family."

Florida Man Sentenced To Six Years For Software Piracy. The AP (8/26, Zongker) reports, "A man who made millions of dollars selling illegal copies of computer programs was sentenced (ini Alexandria, VA) Friday to six years in prison in one of the nation's largest software piracy cases." The AP continues, "Danny Ferrer, of Lakeland, Fla., pleaded guilty in June to conspiracy and copyright infringement charges after an FBI investigation of his Web site, BuysUSA.com. Ferrer also was ordered to pay more than $4.1 million in restitution to software makers Adobe Systems Inc., Autodesk, and Macromedia Inc." The AP adds, "Ferrer bought airplanes, a fighter-jet simulator, a helicopter, a Lamborghini, a Hummer and other luxury vehicles with his profits. U.S. District Court Judge T.S. Ellis III ordered the items be sold to pay restitution in the case. … 'You extended your hand into the pockets of these people,' Ellis said before sentencing Ferrer. 'If severe penalties were not attached, people would line up from here to Los Angeles to do what you've done.'" The AP notes, "Ferrer said he started selling the pirated software to pay for a feeding tube for his sick wife, but apologized and told the judge 'there was probably a certain amount of greed.'"

FBI Warns Of Paving Scam Artists. The Pittsburgh Post-Gazette (8/26, Ove) reports, "Today's culturally sensitive Justice Department can't use the name officially, but FBI agents in Washington are hunting for Irish Traveler scam artists at work in Pittsburgh and other eastern cities. … These itinerant rip-off artists, described in an official bulletin only as 'caucasians known to speak with an Irish accent,' are operating a driveway paving scam." The Post-Gazette continues, "It's simple: They post fliers in your neighborhood saying they're bonded and experienced, then do lousy or incomplete work and disappear with your money. … When you try to get your money back, you find their phone number disconnected and their business address doesn't exist. … 'Homeowners have lost hundreds of thousands of dollars as a result of these paving scams,' said the FBI." The Post-Gazette adds, "Jeff Killeen, local FBI spokesman, said he didn't know any specifics about victims in the Pittsburgh area, but the FBI in Washington believes the scammers are here or have been here recently. … 'There are indications that they have been in this area,' he said. … Debbie Weierman, spokesman for the Washington office, said the FBI has also issued bulletins for Washington, Chicago, Boston, Newark, Philadelphia, Baltimore and Richmond."

Lawyers Vie To Represent Ramsey Murder Suspect. The AP (8/26, Weber) reports, "Three dozen lawyers have offered to represent John Mark Karr - for free in many cases - against allegations he killed 6-year-old beauty queen JonBenet Ramsey." The AP continues, "The tug-of-

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war among defense attorneys over one of the biggest criminal cases in recent years, one that has stoked interest because of perceived flaws in the prosecution's case, raises questions about ethics and who has Karr's best interests in mind. … 'There's something inherently wrong in hiring a lawyer who is volunteering to do it for publicity,' said Connecticut attorney Mickey Sherman, whose high-profile clients include Kennedy cousin Michael Skakel." The AP adds, "Two California attorneys say they have been retained to represent Karr, but another who was with him at his only court hearing in the case said previously that Karr wanted a Colorado public defender. … Larry Garrison, a producer Karr's family hired to ferret out book and movie deals, says they want a big-time lawyer for the job. Some three dozen lawyers from around the country have already offered their services, many at no cost, he said Thursday."

WPost Warns About Faulty Prosecutions. The Washington Post (8/26, A20) editorializes, "Virginia prosecutors this week brought belated charges against a man named Kenneth Maurice Tinsley in the 1982 rape and murder of a Culpeper woman named Rebecca Williams. Mr. Tinsley, a serial rapist already serving life in prison, was connected to the Williams killing by DNA testing. And his prosecution would be simply a happy resolution of a long-cold case, except for one thing: A man named Earl Washington Jr. served more than 17 years in prison and came within nine days of being executed for this crime." The Post continues, "Mr. Washington's case is a tragedy in a criminal justice system that at every stage refused to admit the magnitude of its error. Mildly retarded, Mr. Washington was convicted almost entirely on the basis of a disturbingly weak confession -- one that a civil jury later found had been fed to him by investigators. He sat on death row until DNA tests in 1993 cast serious doubt on his conviction by showing that someone other than he or the victim's husband had had intercourse with Williams before she was killed. Then-Gov. L. Douglas Wilder responded by commuting his sentence to life in prison, but did not pardon him, arguing that the evidence of his innocence remained inconclusive. Only in 2000, after a second round of DNA testing, did then-Gov. James S. Gilmore III finally pardon him. Yet even then, he acknowledged merely that a jury would have acted differently had it seen these test results, not that Mr. Washington was innocent." The Post concludes, "The lessons of the Washington case will be familiar to anyone who has watched the flood of wrongful convictions come to light in recent years. Not all confessions are real; DNA testing should be liberally and swiftly available whenever doubts arise. Most important, there is no place for arrogance in a state's criminal justice system. In any number of cases pending now, including some that seem all too weak, Virginia authorities are certain they have the right man locked up. They were once that certain about Earl Washington, too."

CIVIL LAW:

Judge Stalls Strike By Northwest Airlines Attendants. The Washington Post (8/26, D1, Tse) reports, "A federal judge temporarily barred Northwest Airlines flight attendants from going on strike last night, averting potential delays during the last days of the summer travel season." The Post continues, "The decision yesterday by U.S. District Judge Victor Marrero in New York came hours before sporadic work stoppages planned by the flight attendants were to begin, at about 10:01 p.m. The judge issued the temporary injunction while he considered the nation's fifth-largest carrier's request to block the strike." The Post adds, "Marrero did not say when he would make a decision on blocking the strike. But the preliminary injunction was welcomed by the airline, which is reorganizing under Chapter 11 bankruptcy protection. Northwest had appealed a U.S. Bankruptcy Court judge's ruling last week that he did not have jurisdiction to stop the strike. … The Association of Flight Attendants, which represents the airline's approximately 9,300 flight attendants, said it would abide by the judge's ruling."

The Detroit News (8/26, Smith) reports, "The Association of Flight Attendants, which represents 9,300 Northwest attendants, was prepared to stage unannounced walkouts and other measures after 10:01 p.m. to protest Northwest imposing a contract with $195 million in wage and benefit concessions. … 'Management and the courts can stall us, but they cannot defeat us,' said Mollie Reiley, interim president of the AFA's Northwest unit. … 'Our crusade to protect our careers has only begun. … This is not over.'" The News adds, "In issuing the temporary injunction, U.S. District Judge Victor Marrero said a strike delay would cause the AFA minimal harm, but 'far greater injuries exist to Northwest and the public by permitting the strike to commence at this point.' … He said he needed more time to study the legal issues in the case, but urged both parties to negotiate and report back to him Wednesday. If fruitful talks are not possible, the judge said he didn't know when he would make a final ruling … Northwest had argued a work stoppage would violate the federal Railway Labor Act." The News notes, "The U.S. Justice Department and the Air Transport Association, which represents 20 domestic airlines, filed briefs supporting Northwest, saying a strike would be illegal and cause a disruption to the U.S. air transportation system."

Court Turns Aside "Atomic Veterans" Suit. McClatchy Newspapers (8/25, Doyle) reports that the DC Circuit court of Appeals "rejected efforts" individuals "seeking

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claims on behalf of 'atomic veterans.' The same court simultaneously rejected bids by other veterans exposed to biological and chemical agents. Taken together, the dual rulings by the D.C. Circuit Court of Appeals will likely impede many veterans hoping for compensation. At the very least, it will complicate future claims." McClatchy notes, "All told, an estimated 220,000 U.S. soldiers were allegedly exposed to radiation in the 1940s and 1950s. … The three-member appellate panel wasn't ruling on whether the atomic veterans deserve compensation. A 1988 law provides that. To succeed, though, veterans must prove they were present at a radioactive site and that they contracted a radiation-related illness or were exposed to a cancer-causing radiation level. Required military test records can be elusive."

NYTimes Accuses FEC Of Trying To "Kill" McCain-Feingold Provision. The New York Times (8/26, 1.21M) editorializes, "The Federal Election Commission, that great enabler of campaign loopholes, is now creating loopholes for itself. The panel is bypassing its own requirements for adequate public notice in a rush to consider a proposal that would allow a flood of special-interest money into the fall campaign, in the guise of protecting 'grass-roots' ads that are supposedly devoted to issues, not candidates. The proposal, hurried forth as an emergency need, is a blatant attempt to bureaucratically kill a vital anticorruption provision of the McCain-Feingold law that has already been upheld by the courts."

CIVIL RIGHTS:

Alabama AG Challenges Ruling On Felons' Voting Rights. The Birmingham News (AL) (8/26, Walton) reports, "Alabama's attorney general says a Jefferson County judge's ruling that would allow all felons to vote is 'legally unsound.' Friday, he notified the Alabama Supreme Court he plans to appeal." The News continues, "Separately, Attorney General Troy King asked Circuit Judge Robert Vance Jr. to withhold his order that the ruling be immediately submitted to the U.S. Justice Department for a civil rights review. Vance set a Sept. 1 hearing on the request." The News adds, "Vance ruled Tuesday that all felons must be allowed to register to vote until the state Legislature passes a law that defines crimes of moral turpitude. But Vance's order is not in force until it is approved by the Justice Department under the federal Voting Rights Act. … Vance said felons who have been convicted of crimes already determined to not involve moral turpitude must be allowed to vote immediately. Attorney general opinions and other legal precedents have determined a handful of crimes such as drunken driving do not involve moral turpitude." The News notes, "The vote issue centers on a constitutional amendment in 1996 that provides that only people convicted of felonies involving moral turpitude lose their right to vote. The phrase, however, is not defined in the state's constitution nor in the state criminal code. … Vance's ruling arises out of a 2005 lawsuit filed by the NAACP Legal Defense and Educational Fund in Jefferson County. The suit contends that Secretary of State Nancy Worley violates Alabama's constitution by giving voter registrars instructions to require all felons to apply to the Board of Pardons and Paroles to have their voting rights restored. The state has a long practice of removing from voting rolls anyone convicted of a felony, whether it be a petty theft or murder."

Democrats Seen As Promoting Enfranchisement Of Felons. In an op-ed for the Wall Street Journal (8/26, 2.03M) Roger Clegg, president and general counsel of the Center for Equal Opportunity, writes, "With the exception of Maine and Vermont, every state disenfranchises criminals -- some while they're in prison, others while they're on parole or probation, and still others after they've served their full terms. But that's beginning to change in some states. Governors in Iowa and Virginia have unilaterally restored voting rights to many felons, while legislatures in Maryland and Nebraska have liberalized their laws. At the federal level, a bill supported by Sens. Hillary Clinton and John Kerry, among others, would force states to allow felons no longer under sentence to vote. That bill is on hold, at least while the Democrats are out of power. But lawsuits in federal courts in Florida, Washington and New York have claimed that depriving felons of the franchise violates the Voting Rights Act. This movement is in the wrong direction. We should have fewer felons voting, not more."

Springfield, MA, Mayor Pledges To Protect Hispanic Voters' Rights. The AP (8/26) reports, "Springfield (MA) Mayor Charles Ryan, responding to a federal lawsuit accusing the city of violating rights of Hispanic voters, detailed steps the city is taking to uphold those rights." The AP continues, "In a declaration filed in federal court Thursday, Ryan said the city is actively recruiting more bilingual poll workers, expanding training of all poll workers to help Spanish-speaking voters and translating all election-related materials into Spanish. … He said the city also has appointed Gladys Oyola as its new Spanish language election program coordinator and set up an advisory committee headed by Jose Claudio to review the program and advise Oyola." The AP adds, "Ryan's statement was part of a formal response to the Justice Department's request for a temporary restraining order requiring the city to make immediate changes before the Sept. 19 state primary. Judge Michael Ponsor is to hold a hearing on the matter on Monday. … Ryan said in his filing that voter and witness complaints cited by the Justice Department 'are serious and I am

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committed to ensuring that we will do all that is reasonable and necessary so that those voters do not experience any of the problems that they have claimed to have experienced in past elections.'"

ANTITRUST:

Constellation Venture With Grupo Modelo Gets Antitrust Nod. The AP (8/26) reports, "Wine and spirits maker Constellation Brands Inc. said Friday its proposed joint venture with Mexican brewer Grupo Modelo SA de CV has passed federal antitrust scrutiny." The AP continues, "The waiting period for review under the federal Hart-Scott-Rodino regulation has expired, and the companies say they expect their joint venture to become operational Jan. 2. … The joint venture will import and market Grupo Modelo beer brands, which include Corona Extra and Victoria, in the United States and Guam through 2016. The joint venture will be called Crown Imports LLC."

Fort Worth Seeks Legal Costs In Airfield Dispute. The Fort Worth Star-Telegram (8/26, Wethe) reports, "As the battle to change the Wright Amendment drags on, the city of Fort Worth now needs to pay for some of its reinforcements. … The City Council is expected at Tuesday's weekly meeting to approve paying the Fort Worth law firm of Kelly, Hart & Hallman up to $100,000 for future work related to the amendment." The Star-Telegram continues, "The money would pay for the job being done by two of its attorneys: Marshall Searcy, who's defending the city against a lawsuit filed by the terminal owners at Dallas Love Field, and Dan Settle, the city's outside bond counsel. … Love Terminal Partners, which owns a vacant six-gate terminal that is slated to be condemned by the city of Dallas, filed a lawsuit last month in federal court in Dallas against the two cities, American and Southwest airlines, and Dallas/Fort Worth Airport. The terminal owners say the local Wright Amendment agreement hashed out by the five parties violates federal antitrust laws by shrinking the airport's capacity to 20 gates from 32." The Star-Telegram adds, "Although Searcy has been working all along on the case, the city needs to make sure that it sets aside money to pay his firm, said David Yett, the Fort Worth city attorney. … 'We needed to act quickly once we got served with the lawsuit,' Yett said. … The defendants jointly answered the filing with a request for more time to respond. Since then, they've all filed to stay the case and are awaiting the judge's response. That's expected sometime in September, Yett said."

Hewlett-Packard Receives Go-Ahead For Mercury Acquisition. The Sacramento Business Journal (8/26) reports, "Hewlett-Packard Co. has won an OK from U.S. government regulators for its planned $5 billion acquisition of Mercury Interactive Corp., the company said in regulatory filings. Mercury stock rose a hair Friday after the announcement." The Journal continues, "In a filling with the Securities and Exchange Commission Thursday, Palo Alto-based H-P said the 30-day waiting period for the merger, during which it was scrutinized by regulators, had expired. H-P said in July it agreed to offer $52 a share for Mountain View-based Mercury."

EU Threatens To Overturn Spanish Restrictions On Endesa Bid. Bloomberg (8/26, Rega, Newman) reports, "European regulators threatened to overturn Spanish restrictions on a 26.9 billion-euro ($34 billion) bid by E.ON AG of Germany for Endesa SA, Spain's largest power company, a step toward helping E.ON prevail in the takeover battle." Bloomberg continues, "The European Commission, the European Union's antitrust regulator in Brussels, said Spain may have acted illegally by forcing E.ON to sell some of Endesa's assets. The move is a prelude to a ruling that would annul the Spanish decision." Bloomberg adds, "The fight with Spain is part of an EU campaign to open energy markets to competition and knock down barriers to takeovers. Rejecting the limits would help E.ON, Germany's largest utility, defeat a Spanish government-backed bid by Gas Natural SGDS SA for Endesa. … Spain's conditions 'are neither necessary nor proportionate for the protection of public security,' the commission said in a statement. … Spain has until Sept. 4 to respond to the EU regulator. The agency will make a final decision 'as soon as possible,' Jonathan Todd, a commission spokesman, told journalists."

The AP (8/26) reports, "The commission said it would hear Spain's response — due by Sept. 4 — before making a final ruling on whether Spain has broken antitrust laws, a decision that would force Madrid to withdraw conditions imposed by the Spanish energy authority, CNE. The commission says the conditions are incompatible with European Union law. … Spain's National Energy Commission attached 19 conditions to its approval of E.On's bid, including the divestment of about a third of Endesa's generation assets in its core Spanish market." The AP notes, "The commission said it had the exclusive right to judge if takeovers or mergers affect the European market. Governments cannot apply national law to such deals, it said, and cannot place conditions that could block or deter such deals. .. . Endesa is the subject of competing takeover offers but favors E.On's 26.9 billion euro bid over a hostile takeover bid of about 20.87 billion ($26.82 billion) in cash and shares from Gas Natural, Spain's biggest gas distributor."

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ENVIRONMENT:

Bush Directs Park Service To Set Performance Goals. The AP (8/26, Heilprin) reports, "There's nothing like a big birthday bash on the horizon — even if it's a decade away — to make you want to look your best. So, President Bush on Friday directed the National Park Service on Friday to set 'performance' goals for itself for the next 10 years. The idea is to have as many bragging rights as possible when the park service turns a century old in 2016." He "asked the Park Service to give him a list of 'signature projects and programs' by the end of next May."

US Seeks Postponement Of Grace Asbestos Trial. The Washington Post (8/25, D2, Johnson) reports, "Federal prosecutors plan to appeal a series of rulings that they say will undermine their upcoming conspiracy case against Columbia chemical maker W.R. Grace & Co, according to court papers." The Post continues, "William W. Mercer, the U.S. attorney in Montana, is seeking a delay in the Sept. 11 trial, citing a government appeal of three rulings by U.S. District Judge Donald W. Molloy that significantly hamper the prosecutors' criminal case. The Grace dispute is one of the biggest environmental health cases ever prosecuted by the Justice Department. … Grace is accused of violating the Clean Air Act and knowingly poisoning former workers and other residents of a Montana mining town with deadly asbestos fibers. Grace purchased the Libby, Mont., mine in the 1960s and closed it three decades later." The Post adds, "Activists maintain that the asbestos fibers scattered across the town from the mine site to playgrounds and the high school running track. In recent years, hundreds of residents have complained of lung abnormalities and other health problems, including fast-growing cancers. … Last month, the judge dismissed part of the conspiracy count against Grace, ruling that the statute of limitations had expired on one of the key issues. He allowed other parts of the case to move ahead. .. Two other rulings this month essentially barred the government from using what prosecutors called "critical evidence," including asbestos samples and scientific analysis they had gathered."

Fatal Tornados Plague The Midwest. ABC Evening News (8/25, story 8, 0:10, Gibson) reported, "A swath of powerful storms and tornados raced through the upper Midwest, killing an elderly man, destroying homes and downing power lines. The most destructive twister cut a path more than 20 miles long and nearly 2 dozen people ended up in an emergency rooms."

Scientists Warn Warming Trends Could Lead To Global Catastrophe. McClatchy (8/26, Boyd) reports, "It was one of the greatest calamities of all time: Something turned up the Earth's thermostat, touching off a monstrous heat wave that killed many animals and drove others far from their homes to seek cooler climes. This catastrophe occurred 55 million years ago, after the age of the dinosaurs and long before humans appeared. But scientists warn that today's global warming means that it could be happening again. The ancient hot spell, which lasted 50,000 to 100,000 years, goes by the unwieldy name of Paleocene-Eocene Thermal Maximum. It was caused by a sudden - in geological terms - doubling or tripling of carbon dioxide and other greenhouse gases in the atmosphere. Climate scientists say the result was a massive increase of 10 to 12 degrees Fahrenheit - even higher near the poles - above the prevailing temperature."

FBI/DEA/ATF/USMS:

Slotter Says WPost Story On FBI Training Lacked Context. In a Washington Post (8/26) letter to the editor, FBI Acting Assistant Director Keith Slotter wrote, "As the head of training for the FBI, I am concerned that 'Old-School Academy in Post-9/11 World' [front page, Aug. 17] presents our program for new agents without the proper context. Training for new special agents is basic by design." Slotter added, "Throughout its history the FBI has adapted its training practices to ensure that our personnel have the knowledge and skills to meet emerging threats. Classified courses the reporter could not attend cover an array of terrorism investigative techniques, terrorist financing, undercover operations and the Foreign Intelligence Surveillance Act, among other topics. We recognize that there are areas where we need to improve. … Work continues on advanced training for our national security programs, and we are enhancing curriculum for new agents and analysts that will help drive intelligence-led, rather than reactive, investigation across all of our programs."

GAO Says Government Anti-Drug Campaign Not Proven Effective. The AP (8/25, Freking) reports the GAO said Friday that "the government's anti-drug ad campaign has not been proven to deter children from using drugs, and lawmakers should consider reducing funding" for the program, which since 1998 has spent about $1.2 billion on "scores of television, print and radio ads designed to discourage drug use among youth. The ads also describe parents as the anti-drug. President Bush requested another $120 million for next year."

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Liberal Dutch Drug Policies Said To Have Proven Successful. The New York Times' John Tierney (8/26) writes that White House "drug czars" have "called Dutch drug policy 'an unmitigated disaster,' bemoaning Amsterdam's 'stoned zombies' and its streets cluttered with 'junkies.' … But if America's drug warriors came here [Amsterdam], they would learn something. … They could see that the patrons puffing on joints generally don't look any more zombielike than the crowd at an American bar — or, for that matter, a Congressional subcommittee listening to a lecture on the evils of marijuana. And if they talked to Peter Cohen, a Dutch researcher who has been studying drug use for a quarter-century, they would discover something even more disorienting. Even though marijuana has been widely available since the 1970's, enough to corrupt a couple of generations, the Netherlands has not succumbed to reefer madness. The Dutch generally use drugs less than Americans do, according to national surveys in both countries (and these surveys might understate Americans' drug usage, since respondents are less likely to admit illegal behavior). More Americans than Dutch reported having tried marijuana, cocaine and heroin. Among teenagers who'd tried marijuana, Americans were more likely to be regular users."

Three-Fourths Of Meth Consumed In US Reportedly Smuggled From Mexico. NBC Nightly News (8/25, story 7, 2:30, Williams, 9.87M) reported, "Federal drug agents in Atlanta this week unveiled one of the biggest stashes of meth ever found worth more than $25 million. Unearthed behind a rural home used by suspected Mexican drug dealers. It is a sign of a shift in what police consider their worst drug menace. … The number of home meth labs in U.S. is down by one third. A result of new laws limiting access to cold and allergy medicines. Mexican drug lords rush to replace what is no longer made in the U.S. Hauling in big loads like the one near Atlanta. Federal drug agents say they believe three-quarters of the meth consumed in America comes across this border from Mexico."

ATF Helps Local Police Curb Sacramento Crime. The Sacramento Bee (8/26, Lillis) reports, "The recent spike in violent crime in Sacramento has led to a level of cooperation among local and federal law enforcement agencies not seen in years, officials said." The Bee continues, "Federal agencies such as the Bureau of Alcohol, Tobacco, Firearms and Explosives insist their assignment is not to bail out local police departments or tell them how to do their jobs. At the same time, local officials say they have asked for the help, which is coming in the form of money, training and personnel." The Bee adds, "The burgeoning coalition was on display Friday, when more than 200 officers from the Sacramento Police and Sheriff's departments took part in a day of training -- conducted by ATF agents -- on how to track firearms used in multiple crimes, how to spot someone carrying a gun and how to identify different models of guns. … 'The basic goal is to recover firearms carried by criminals on the street before they are used in another crime,' said Mark Kraft, a senior special agent with the ATF, based in Washington, D.C. On Friday he led some of the training sessions at the Sacramento Convention Center. … There have been 45 homicides in the city of Sacramento so far this year, but none since police began a gang crackdown last week that involves, among other things, more than doubling the number of cops devoted to gang enforcement."

IMMIGRATION:

State Department Official Charged With Taking Bribes. The AP (8/26, Apuzzo) reports, "A State Department official accepted free flights with exotic dancers to Las Vegas, Nevada, expensive meals, hotel rooms in New York and other bribes to speed up the visa process for a jewelry company, federal prosecutors said Friday." The AP continues, "Michael John O'Keefe, deputy nonimmigrant visa chief at the U.S. Consulate in Toronto, was indicted on bribery and conspiracy charges Friday. Sunil Agrawal, the chief executive of New York-based STS Jewels, also was charged." The AP adds, "Agrawal, an Indian national with legal residency in the United States, sent O'Keefe the names of employees who needed visas to work for her company, prosecutors said. O'Keefe scheduled them outside the normal visa process, they said. … O'Keefe did his best to make sure he conducted the interviews and awarded 21 visas to STS employees, according to an indictment unsealed Friday."

Bloomberg (8/26) reports, "O'Keefe, a department employee for more than 20 years, was accused of taking bribes for agreeing to help Agrawal get faster approvals of travel visas, saving him and his gems business time and money, according to an Aug. 18 indictment unsealed today. … 'U.S. consular officials are on the front line of our border protection,' U.S. Attorney Kenneth Wainstein said in a statement. 'A consular official who violates the rules for personal gain not only erodes public trust in our visa system, but seriously jeopardizes our national security.'" Bloomberg notes, "If convicted on all charges, O'Keefe and Agrawal face five to 15 years in prison and a fine of as much as $250,000. O'Keefe has been taken into custody and Agrawal is reportedly out of the country, prosecutors said in court papers."

DOJ Has Not Yet Responded To Washington's Bill For Immigrant Jailing. The Olympia (WA) Olympian (8/26, Shannon) reports, "More than a month after

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Gov. Chris Gregoire sent the federal government a $50 million bill for housing illegal immigrants in state or county jails, the feds have failed to say a word. Not even 'no.' … 'The governor is disappointed,' her press secretary, Lars Erickson, said this week. 'Gov. Gregoire raised serious concerns about a serious issue, and the administration has failed to respond. So now, she is looking at the next steps.'" The Olympian continues, "The letter was addressed to Attorney General Alberto Gonzales and the Department of Justice and is similar to a letter sent by Arizona Gov. Janet Napolitano. … The agency intends to respond, said Evan Peterson, spokesman for the Department of Justice. But he was unable to say what kind of response might be forthcoming. … 'What I will say is the Department of Justice and attorney general always respond to these letters as expeditiously as possible, and it is important to the department to respond,' Peterson said." The Olympian adds, "Gregoire's letter was dated July 17, and it asked the Republican-led administration to respond by Aug. 1. The governor said she might ask the state's congressional delegation for help."

Border State Governors Urge Comprehensive Immigration Reform. The AP (8/26, Peterson) reports, "The governors of four border states signed a letter Friday urging Congress to pass comprehensive immigration reform before the end of the year. Democrats Janet Napolitano of Arizona and Bill Richardson of New Mexico and Republicans Rick Perry of Texas and Arnold Schwarzenegger of California signed the letter at the close of the two-day Border Governors Conference. They also joined the governors of six Mexican states in signing a joint declaration on issues ranging from tourism and trade to education and border security. Among other things, they pledged to share information about human, drug and arms trafficking and to work together to prevent agricultural terrorism." The AP notes, "House GOP leaders convened a series of hearings this summer after the Senate approved a guest worker program and a possible path to citizenship for millions of illegal immigrants. … In their letter to House Speaker Dennis Hastert and Senate Majority Leader Bill Frist, the governors said such hearings 'do little but stir the pot of discontent.'"

Immigration Hearings Reportedly Attracting Very Few Participants. The AP (8/26, Hoffman) reports, "With immigration reform legislation stalled indefinitely, the congressional hearings on the issue that attracted overflow crowds around the Fourth of July have now fizzled with disinterest leading into Labor Day. Most Americans paid little attention to the two dozen House hearings held around the country during the last two months. … Democrats and immigrant groups have questioned the need for the hearings because such meetings are typically held before legislation is passed — not after. Critics call the hearings an election-year tactic to delay negotiations on the competing immigration bills passed by the House and Senate." According to the AP, "A hearing in San Diego drew just two congressmen, even though it is a border city often described as a crucible of immigration politics. Another gathering in Dalton, Ga., attracted just three representatives. A sparsely attended hearing in El Paso, Texas, was held in the dark and rebroadcast on C-SPAN with a note reading: 'This hearing was held in a theater with lighting problems.' Another gathering scheduled for Friday in upstate New York was canceled with one week's notice."

Texas Border Sector Non Longer Employing "Catch-And-Release" Tactics. The Washington Times/AP (8/26, Caldwell) reports that in Del Rio, TX , "Instead of merely getting sent back home, aliens here are arrested, prosecuted and sometimes sentenced to prison before they are formally kicked out of the country. The effort began late last year along a border area that includes the Rio Grande border towns of Del Rio and Eagle Pass. It has been hailed by federal officials as a creative use of local and federal resources to tighten the border. While other border sectors avoided strict enforcement because they did not have enough jail space or prosecutors, authorities in the Del Rio area found bed space elsewhere in the region, assigned federal agents to help prosecute cases and began running illegal aliens through a courtroom at a rate of one case per minute. … The Del Rio sector also ended the widespread practice of 'catch-and-release' that freed most non-Mexican immigrants with a piece of paper ordering them to show up in federal immigration court a month later -- and almost no one did."

Defense Contractors Seek To Construct US-Mexico Border "Security Shield." McClatchy (8/26, Montgomery) reports, "The Bush administration is expected next month to choose an industry consortium to erect a high-tech security shield along the U.S. borders, launching one of the federal government's most ambitious public-works projects in years. The Department of Homeland Security calls the proposed Secure Border Initiative Net the 'most comprehensive effort in the nation's history' to gain control of more than 6,000 miles of border with Mexico and Canada as well as 2,000 miles of coastline. SBInet is a centerpiece of President Bush's efforts to fortify the porous U.S.-Mexico border at a time when Congress is locked in a struggle to overhaul the nation's immigration laws. Administration officials say they intend to proceed with the security net regardless of the outcome of the debate over immigration legislation. The multibillion-dollar undertaking has ignited an intensely fought contract battle among industry teams headed by four leading defense companies - Boeing, Lockheed Martin, Northrop Grumman and Raytheon - and Ericsson, the Swedish-based telecommunications giant with U.S. headquarters in Plano, Texas." McClatchy (8/26) also includes "Profiles of the teams

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that are competing to win the contract for the multibillion-dollar Secure Border Initiative Net."

Wealthy California County Also Home To Huge Immigrant Community. The Wall Street Journal (8/26, Jordan, 2.03M) reports, "Monterey County is marked by dramatic craggy cliffs that drop to the Pacific Ocean. Along the coast sit the manicured, affluent enclaves of Carmel, Pebble Beach and Monterey, which attract wealthy homeowners and tourists from around the world. About 20 miles inland, in the same county, is the fertile valley of Salinas, America's vegetable garden. … Virtually beside the fields, in the city of Salinas, neighborhoods rival high-rise-jammed cities in population density. Multiple families occupy small houses; others live in converted garages. Gang graffiti mars the façades of apartment complexes. A school's walls are riddled with bullet holes. Fueling Salinas's troubles, many say, is a housing market that offers few affordable dwellings for the thousands of Hispanic immigrants who pick the area's crops."

CONGRESS-ADMINISTRATION:

Poll Shows Slight Improvement For Bush, But Dissatisfaction Over Iraq And Lebanon. Time (8/26, Kher, 4.03M) in a web exclusive reports, "While President Bush may be getting a slight uptick in his job-approval numbers, the situation in Iraq and Lebanon has been a setback in the war on terrorism, Americans say. According to a new TIME poll, 54% of those surveyed said the U.S. involvement in the war in Iraq has hurt America's standing in the war on terrorism, vst. 40% who feel it has helped. U.S. handling of the conflict between Hizbollah and Israel has caused harm as well, said 51%, vs. 29% who said it has had a positive effect." But "Bush's job-approval ratings lifted a bit. In the TIME poll of 1,002 adult Americans, conducted August 22- 24, put Bush's rating at 38%, up three percentage points from a TIME poll Aug. 9-10. His handling of the economy rated approval by 38% as well, up five points, and his handling of Iraq edged up to 34%, a four-point improvement. Congress fared worse, with only 30% approving of its performance. Asked how they would vote if elections for Congress were held today, 51% of the registered voters among the respondents said they'd pick a Democrat, while 40% would vote Republican. The numbers include voters who say they lean toward those parties."

Census Bureau To Release Key Annual Economic "Snapshot" Tuesday. The Wall Street Journal (8/26, Wessel, 2.03M) writes that while the federal government "offers weekly tallies of the number of Americans filing for unemployment benefits, monthly counts of employment and quarterly measures on economic growth," only once each year "does it report how well the typical American family is doing, how their incomes compare with those at the top, how many live below the poverty line and how many are without health insurance. On Tuesday, the Census Bureau will issue its annual snapshot of those measures," offering a "mother lode of data, both for analysts tracking changes in the U.S. economy and for politicians eager to celebrate successes or condemn disappointments in recent economic developments."

"Plan B" Supporters Unsatisfied With FDA Ruling, Seek OTC Access For Teens. The Washington Times (8/26, Price, 88K) reports, "The manufacturer of the 'morning-after' pill, along with some women's groups, Democratic lawmakers and medical organizations say the government's decision to allow over-the-counter sales of the drug to those 18 and older is only a partial victory and that they will push for unrestricted access for younger girls as well. The 60,000-member American Academy of Pediatrics (AAP) called the Food and Drug Administration's (FDA) ruling Thursday allowing adults to buy the pill, called Plan B, without a prescription 'an important first step' that 'only goes halfway.' … And Bruce L. Downey, chairman and chief executive officer of pill manufacturer Barr Pharmaceuticals Inc. said the company 'still feels that Plan B should be available to a broader age group without a prescription.'"

Congress To Hold Hearing On Public Sector Pension Reform Next Week. The Wall Street Journal's "Washington Wire" column (8/26, Solomon) reports, "Now that lawmakers have finished legislation to shore up private, employer-sponsored pensions plans, Congress is turning its attention to the public sector. Members of the House subcommittee on employer-employee relations will hold a hearing in Springfield, Ill., next week to 'examine the financial outlook of state and local pension plans and consider how the uncertain health of these plans could impact state and local government workers, retirees, and taxpayers in general.' While corporate plans are underfunded to the tune of about $313 billion, state and local plans are also facing shortfalls of $300 billion or more, and unlike private plans, there is no insurer to take over the obligations if states and localities can't pay."

Weather Forecast For Shuttle Launch Worsens. The Washington Post/AP (8/26, A02, Schneider) reports that the weather forecast for the time of the launch of space shuttle Atlantis "worsened." According to the AP, "There was a 40 percent chance that weather at Kennedy Space Center would prohibit a liftoff at 4:30 p.m. Sunday, NASA's first launch opportunity, said Kathy Winters, shuttle weather officer. Area storms are likely to push westward before liftoff,

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Winters said. But NASA will not launch if there are storms within 23 miles of the shuttle landing runway, in case astronauts need to make an emergency landing." Storms and a lightning strike at the launch pad delayed "fueling the system that will power the space shuttle during the mission. The interruption was not expected to affect the countdown since the fueling had started earlier than planned."

WSJournal Notes Silence Of Welfare Reform's Opponents On Its Tenth Anniversary. The Wall Street Journal (8/26, 2.03M), in an editorial, writes, "Welfare reform turned 10 this week, and more remarkable than its near-total success is the near-total amnesia that seems to have gripped its one-time opponents. … The real story has been apocalypse not. Welfare reform has worked so well that its success runs the risk of going almost unnoticed. Welfare rolls are down to about two million today from a peak of five million in 1995. The last time welfare caseloads were this low was 1970, when America had 100 million fewer citizens. But what about the children? The rate of black children living in poverty in America was more than 40% in 1996 and stands at 32% today, according to the U.S. Census Bureau. In the 25 years prior to welfare reform, that number had only briefly ever dipped below 40% and stood as high as 47% in 1980."

OTHER NEWS:

Bernanke Praises Globalization But Says Benefits Must Be Shared. The New York Times (8/26, Andrews, 1.21M) reports Federal Reserve Chairman Ben Bernanke, addressing the "Fed's elite annual retreat" in Jackson Hole, Wyoming, said the "pace of globalization is faster and more sweeping now than at any other time in world history. While he generally lauded the expansion of global trade and finance, he warned that governments need to help people cope with the disruptions of new competition and 'ensure that the benefits of global economic integration are sufficiently shared.'" The Washington Post (8/26, D1, Henderson, 748K) adds that Bernanke said the expansion "creates the potential to elevate living standards and lower poverty, but also the likelihood of resistance by groups or nations that feel threatened by change."

The Wall Street Journal (8/26, Blackstone, 2.03M) reports Bernanke "urged policy makers to make sure the benefits of globalization are widely shared in order to stem protectionist sentiment, and said global tensions and terrorism risks threaten to constrain globalization." He "didn't address the economic and interest-rate outlook." The Financial Times (8/26, Guha) also reports on the Fed Chairman's remarks.

Stocks Mostly Unchanged In Friday Training. The Wall Street Journal (8/26, Patterson, 2.03M) reports, "A lazy summer week on Wall Street -- disturbed only by some gloomy news on the housing market -- finished with a slow, quiet swoon that left stocks little changed." The Dow Jones Industrial Average "slid 20.41 points to 11284.05, falling four out of five days this week after running higher five straight days last week." The Nasdaq was up 3.18 to 2140.29, and the S&P 500 down 0.97 point to 1295.09. Bloomberg (8/25, Johnson) also summarizes Friday's action.

New Home Sales Plunged 4.3% In July. The Financial Times (8/26, Beales, Pimlott) reports HUD and the Census Bureau reported sales of new homes in the US "fell by an unexpectedly large 4.3 per cent in July, the third consecutive monthly decline, and the supply of unsold homes rose to its highest in more than a decade." The New York Times (8/25, Bajaj, Leonhardt, 1.21M) reports home sales "are falling rapidly, and the number of houses on the market is surging. Yet each new economic report offering evidence of a housing slowdown also shows that the national median home price has continued to rise over the last year."

Many Homes Underinsured In Wake Of Boom. The Wall Street Journal (8/26, McQueen, 2.03M) reports on the "Housing Boom's Dark Side": the fact that "many homeowners are now significantly underinsured. Americans have been pouring money into their homes in recent years, adding everything from marble bathrooms to fancy backyard barbecues," even as "the global boom in commodities prices -- lumber, copper piping and other necessities -- as well as rising labor costs has pushed up replacement costs by 7% a year since 2001. As a result, people who haven't updated their insurance policies in a few years may now be underestimating what it would cost to rebuild their homes."

LATimes Says Long-Term Investment Homebuyers Have Little To Fear. The Los Angeles Times (8/26, 918K) runs three editorials dealing with the housing market and related issues. In the first, the Times says, "It's too early to say whether the slowdown will turn into a crash presaging a recession, as happened in the late 1970s and '80s, although the economy's other fundamentals remain healthier now than then. But it's worth bearing in mind which homeowners are most likely to be affected by a possible downturn and which ones can lay off the antacids." Those whose homes "are a long-term investment" can "shrug off anything short of a calamitous drop in prices, even if they sell their homes during the slump."

LATimes Pleased By Changes To California Housing Affordability Index. The Los Angeles Times (8/26, 918K) editorializes, "On paper, thanks to long-anticipated adjustments to the California Assn. of Realtors' housing affordability index, homeownership now appears to be more attainable for first-time buyers." Before Thursday, "the index

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applied 20-year-old assumptions to today's housing market. To compute affordability, the association assumed that purchasers were making 20% down payments, getting fixed-rate mortgages and spending no more than 30% of their incomes to finance their houses. These days, few buyers are that conservative," so the group "now assumes that first-time buyers make 10% down payments, secure adjustable-rate mortgages and devote 40% of their incomes to housing costs."

LATimes Backs Bill Expanding Federal Housing Oversight Office's Power. The Los Angeles Times (8/26, 918K) editorializes that while it seems Fannie Mae "may finally be winding its way back into the good graces of Wall Street and the federal government," the "federal government has done little to make sure that Fannie Mae doesn't have a relapse." The Bush Administration "is backing efforts in Congress to grant Fannie Mae's regulator," the Office of Federal Housing Enterprise Oversight, the "same powers that most bank regulators have, but the effort is inexcusably stalled in the Senate."

Rubin Resigns From Ford Board. The New York Times (8/26, Maynard, 1.21M) reports former Treasury Secretary Robert Rubin, now an executive at Citigroup, "has stepped down as a director of Ford Motor, clearing the way for his investment bank to play a more significant role as Ford makes major decisions about its restructuring." The Wall Street Journal (8/26, Langley, McCracken, White, 2.03M) says Rubin wrote that "Citigroup's 'multi-faceted relationship with Ford could raise a question whether my relationship with Ford and Citigroup creates an appearance of conflict.'" The Washington Post (8/26, D1, Freeman, 748K) also reports on Rubin's exit.

Former President Ford Undergoes Heart Surgery. ABC Evening News (8/25, story 5, 0:10, Gibson) reported, "We learn today that former President Gerald Ford has undergone a second heart procedure this week. At the Mayo Clinic Doctors performed angioplasty on Mr. Ford yesterday, placing stents in two arteries to help increase blood flow. On Monday, surgeons implanted a pacemaker to regulate the heartbeat of the 93-year-old President." The CBS Evening News (8/25, story 5, 0:10, Schieffer, 7.66M) and NBC Nightly News (8/25, story 4, 0:30, Williams, 9.87M) also briefly reported on Ford's health.

Large-Scale Class-Action Suits Reportedly On The Decline. The Wall Street Journal (8/26, A1, Davies, 2.03M) reports, "Companies involved in many of the largest and most controversial legal clashes of recent decades are seeing a sharp decline in the number of lawsuits filed against them. In recent months, judges have dismissed or challenged tens of thousands of individual cases, in matters ranging from claims of lung damage from asbestos and silica dust to allegations that the diet drug fen-phen caused heart problems. Moreover, fewer new claims like these are being launched, as state and federal courts and legislators attack the methods used by some attorneys to round up plaintiffs for large-scale litigation. There is no comprehensive count of claims, but a look at several key areas -- particularly asbestos and silica claims -- shows large-scale litigation against single products, known as 'mass torts' and 'class actions,' is on the wane."

US Importing Teachers To Bolster Chinese Language Offerings. The Washington Post (8/26, A1, Aratani, 748K) in a front-page story, reports, "The U.S. government flew 10 teachers to Washington from China this month and gave them a five-day crash course in Dupont Circle on how to teach -- American-style -- before dispatching them to schools across the country. Although the number may seem small, the scramble to recruit and train these teachers for the start of this school year underscores the urgency the Bush administration is placing on establishing Chinese programs in U.S. classrooms. … More than 1.3 billion people worldwide speak Chinese, and about 885 million of those people speak Mandarin, China's official language and dominant dialect. In the United States, only about 24,000 students in grades seven through 12 study the language, according to a report from the Asia Society."

Journal Corrects Wording Of Statement On Stem Cell Experiments. The Washington Post (8/26, A2, Weiss, 748K) reports, "A landmark scientific report that was supposed to bridge the gap between proponents and opponents of human embryonic stem cell research has become the focus of an escalating feud, with a prominent critic of the research alleging that scientists were deceptive in presenting their results. At issue is a series of experiments described in Thursday's issue of the journal Nature, in which scientists at Advanced Cell Technology (ACT) in Worcester, Mass., described a method for making stem cells without harming a human embryo. The basic facts of the report remain unchallenged. But in an unusual move yesterday, Nature corrected wording in a lay-language news release it had distributed in advance and posted clarifying data it had asked the scientists to provide. At the core of the battle is a widely distributed e-mail from Richard Doerflinger of the U.S. Conference of Catholic Bishops, who raised three issues. First, he said the scientists did not make it clear that no embryos survived their experiments."

NYTimes Notes President's Council's Opposition To Stem Cell Production Method. The New York Times (8/26, 1.21M) editorializes, "A small biotech company says it has found a way to produce human embryonic stem cells

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without destroying an embryo. That the prospect does not satisfy many religious conservatives who have opposed stem cell research demonstrates once again why the government should avoid making decisions on theological grounds. … The President's Council on Bioethics, in a white paper evaluating alternative ways to produce stem cells, declared this approach 'ethically unacceptable.'"

Pharmaceutical Industry Funded US Chamber Medicare Ad Campaign. The AP (8/25, Espo) reports, "The pharmaceutical industry quietly footed the bill for at least part of a recent multimillion-dollar ad campaign praising lawmakers who support the new Medicare prescription drug benefit, according to political officials." The US Chamber of Commerce "claims credit for the ads, although a spokesman refused repeatedly to say whether it had received any funds from the Pharmaceutical Research and Manufacturers of America. Several campaign strategists not involved in the ad campaign said no legal issues were raised by the pharmaceutical industry's involvement." But Democrats "seized on the disclosure."

Wal-Mart Seeks To Deflect Criticism By Reaching Out To Democrats. The Wall Street Journal (8/26, A1, Cummings, Hudson, 2.03M) in a front page story reports, "Wal-Mart Stores Inc. is wooing some core Democratic constituencies as part of a strategy to fend off another round of election-season attacks from labor unions and politicians." The Journal notes, "In particular, the retail giant is giving to African-American and Hispanic lawmakers on the theory that many of their constituents are satisfied Wal-Mart shoppers and workers. More than 10% of the company's 1.4 million U.S. workforce is Latino and more than 16% is African-American." Wal-Mart "has rounded out its once insular and heavily Republican political operation by hiring Democratic lobbying and public-relations firms. It is also sweetening health-care benefits for workers just as the issue is poised to become a hot topic in the fall elections, ranking at the top of voter concerns -- and those of Wal-Mart's own employees." Yet it "faces a tough road as it tries to woo black lawmakers and create fissures in the Democratic party."

Democrats' Potential Committee Chairs Become Campaign Issue. The New York Times (8/26, Hulse, 1.21M) reports, "As the start of the fall campaign looms and House Democrats remain within realistic reach of reclaiming the majority, party leaders are beginning to explore the delicate question of what happens if they win. … Democrats are rethinking how they should parcel out coveted committee chairmanships and the other plums that would come with House control at a time when the party's potential chairmen are increasingly being portrayed by Republicans as liberal extremists. In fund-raising appeals, on the Internet and in stump speeches, Republicans raise the specter of a Judiciary Committee headed by Representative John Conyers Jr. of Michigan, a banking committee steered by Barney Frank of Massachusetts, a tax-writing committee led by Charles B. Rangel of New York, and an energy panel under the leadership of John D. Dingell of Michigan. Democrats and others call it a tired scare tactic with more than a whiff of bigotry because Republicans often point to gay and black Democrats who would lead committees. But faced with the attacks and pent-up ambitions of rank-and-file lawmakers, Democratic leaders are hinting they might abandon party tradition and award sought-after slots not solely on the basis of seniority, but instead follow the Republican lead of also weighing such factors as legislative record, diversity and work for the good of the party."

Democratic House Candidates Use Gas Stations To Stage Campaign Events. McClatchy (8/26, Talev) reports, "With $3-a-gallon gas near the top of the list of voters' frustrations with the status quo, some challengers seeking to unseat the Republican majority in Congress this November have found a gimmick that they think will resonate with voters - and they're pumping it for all it's worth. In Washington state, Gas Pump Man, a campaign volunteer disguised by a leotard and mask, has been making appearances at filling stations on behalf of Democratic challenger Darcy Burner to accuse the local congressman, Republican Dave Reichert, of being too cozy with the oil industry. In parts of North Carolina, Kentucky and Ohio, the Democratic candidates themselves are rolling up their sleeves and filling up cars and minivans for half-price or less, as low as $1.20 a gallon. Their campaigns are picking up the difference in price."

Shays' "Defection" Over Iraq May Spark Trend Among GOP Reps. The Los Angeles Times (8/26, Neuman, 918K) reports, "Since U.S. forces attacked in 2003, Rep. Christopher Shays, a moderate Republican from Connecticut's liberal 4th District, has been a stalwart defender of the Iraq war. … But facing an antiwar Democratic opponent in a tough midterm election race, Shays is starting to express reservations. In a telephone interview Friday after he returned from his 14th trip to Iraq, Shays said that he believed the U.S. should consider setting a timetable for the withdrawal of its troops, and that he planned to hold congressional hearings on the question next month." The Times notes, "Shays becomes the third Republican lawmaker from a Democratic or swing state to distance himself from the Bush administration's war policy. With public support for the war sagging and many Democratic candidates vocally opposing it, Republicans in tight races in blue states are

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under particular pressure. … Although he is not the first Republican to part company with Bush on the conduct of the war, Shays is the most prominent pro-war voice so far to call for a timetable for withdrawal. And experts think there will be many Republican defections before the November election."

Michigan Republicans Call On Bush To Meet With US Automakers. The Los Angeles Times (8/26, Simon, Hamburger, 918K) reports, "Michigan has been shaping up as one of the few bright spots for Republicans in the coming elections, with the GOP hoping to strip Democrats of the governor's office and a U.S. Senate seat. But in an unusual development, prominent Republicans there are complaining that President Bush needs to become more engaged in a top issue driving the election: the declining fortunes of the state's auto industry. Republican gubernatorial candidate Dick DeVos lashed out at the White House this week for not having set up a long-promised meeting with executives of the Big Three automakers, which are being squeezed by high healthcare costs and shrinking market share. 'We're being ignored here in Michigan by the White House, and it has got to stop,' DeVos, who is challenging Democratic Gov. Jennifer Granholm, told reporters. … An aide to Rep. Joseph Knollenberg (R-Mich.) said her boss 'strongly suggested' to Bush's chief political strategist, Karl Rove, that the White House meet with Detroit automakers as soon as possible. State GOP Chairman Saul Anuzis said Friday that he delivered a similar message to Rove."

Senator Clinton Loans Lamont Top Aide, Pledges To Campaign With Him. The New York Times (8/26, Medina, 1.21M) reports, "In a private meeting at her Chappaqua, N.Y., home on Friday, Senator Hillary Rodham Clinton offered to help Ned Lamont in his battle to unseat Senator Joseph I. Lieberman by sponsoring a fund-raiser, campaigning by his side and lending him one of her top political strategists. That strategist, Howard Wolfson, said Mrs. Clinton wanted to throw her considerable political weight behind Mr. Lamont because the national Republican Party 'is clearly invested in Ned Lamont's defeat.'" Clinton, "who has known Mr. Lieberman for several years and endorsed him in the primary, has already contributed $5,000 from her political action committee to Mr. Lamont. Former President Bill Clinton campaigned for Mr. Lieberman in the primary, but has been critical of the senator's views on the war in Iraq in recent days. 'I think on nearly every issue we are closely aligned,' Mrs. Clinton said of Mr. Lamont later in the day." Lamont's campaign manager, Tom Swan "said that Mrs. Clinton did not make firm plans to campaign with Mr. Lamont, but said he was 'extremely encouraged by the commitment' from the Clinton team. … Dan Gerstein, a spokesman for Mr. Lieberman, said that he was skeptical of the level of support that Mrs. Clinton was offering, calling it typical of the 'partisan playbook.'"

Obama Draws Huge Crowds During Visit To Kenya. The New York Times (8/26, Gettleman, 1.21M) reports, "If Senator Barack Obama is ever thinking of running for president — or changing careers to rock star — he got excellent practice in Nairobi on Friday. Thousands of people lined the streets, waiting hours in the intense sunshine just for a glimpse of him. Local newspapers overflowed with breathless coverage, including the headline, 'Village beats the drums for returning son.' Everywhere he went he had to part seas of shutter-snapping journalists and mobs of ecstatic fans. A riot nearly broke out when he slipped past his bodyguards at a downtown event and simply smiled at the crowd." Obama "was in Kenya's capital on Friday as part of a tightly scripted four-country tour in Africa to raise awareness for AIDS and to reconnect with his roots. His father was a goat herder-turned-economist from western Kenya."

National GOP Running Negative Ads On Behalf Of Chafee. ABC Evening News (8/25, story 4, 2:30, Gibson) reported, "We're going to turn next to politics and the increasing danger to both Republicans and Democrats of being moderates in their parties. Connecticut Senator Joe Lieberman, considered a moderate, recently loss his Democratic Senate primary to a more liberal candidate. And now Republican Senator Lincoln Chafee, another moderate, is in danger of losing his primary to a more conservative candidate. It calls into question whether candidates in the center are an endangered species." ABC's Jake Tapper continued, "Stephen Laffey, the scrappy, conservative Mayor of Cranston, Rhode Island, is working tirelessly to defeat incumbent Senator Lincoln Chafee. … Chafee is swimming against two tides -- an anti-incumbent mood sweeping the nation and a longer term trend against moderates in both parties. Chafee is being hammered by conservative groups for opposing the war in Iraq and President Bush's fiscal policies." ABC notes, "Chafee is supported by the National Republican Party, which has launched negative ads against Laffey. … They worry Laffey is too conservative to defeat the Democratic nominee this November. But that may not be enough to put Lincoln Chafee over the top."

Two Candidates' Personal Styles Contrasted. The Washington Post (8/26, A5, Murray, 748K) reports, "During his seven-year tenure," Chaffee "has distinguished himself as one of the Senate's least partisan members. Modest and soft-spoken, he has broken with his party on tax cuts, judicial nominations and environmental issues, and he was the only Republican senator to vote against the Iraq war. In terms of temperament and political style, Laffey is Chafee's opposite --

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confrontational and impatient, a working-class kid who scoffs at his opponent's patrician pedigree. Laffey dismisses the senator's careful approach to legislating as a big reason Congress cannot get anything done."

DeWine Touts His Bipartisanship In New Ad. The AP (8/26, Hammer) reports Sen. Mike DeWine "highlights bipartisanship in his latest campaign ad and challenges a Democrat who has voted no — rival Rep. Sherrod Brown. 'Working together is the only way to solve our problems,' the Ohio senator says in his latest ad. The spot began airing Friday in seven of the state's 11 largest media markets at a cost of about $600,000. The 30-second ad features DeWine on a porch, talking about his bipartisan credentials. He mentions the pension overhaul bill, President Bush's tax cuts and expanded federal powers for fighting terrorism. 'Incredibly, Congressman Brown voted 'no' each and every time,' DeWine says, dropping his smile and taking a grave tone."

Electorate's Disquiet Seen As Chief Threat To Talent's Reelection. The Washington Times (8/26, Bellantoni, 88K) reports Sen. Jim Talent "is not responsible for $3-a-gallon gas or the Iraq war, but many voters here are linking him to an unpopular commander in chief and say they will punish him at the polls because he is a Republican. … Mr. Talent faces a significant re-election challenge in November, with Democratic state Auditor Claire McCaskill essentially running even with him in the polls. Voters in the increasingly frustrated electorate here, especially in economically challenged rural Missouri, say they likely will seek a change, even though they may disagree with the Democrats. Most voters interviewed said life 'could be better, could be worse,' in the words of one, but all said they were mostly unhappy with the direction of the nation. They also described themselves as skeptical or cynics, saying once Missouri politicians leave the state, they lose touch with real folks."

Bass Facing Democratic Challenger For The Second Time. CQ Politics (8/26, Rehmann) reports Rep. Charles Bass "is among the Republicans who were first elected in the 1994 elections that swept the GOP into the House majority. State Democrats who are optimistic of winning back control of the House this year also hope that Bass will be among the vanquished. It will not be easy. Bass has won his recent re-election contests comfortably, if not overwhelmingly, and he took a career high 58 percent of the vote in 2004 against Democratic lawyer Paul Hodes. They are assured of meeting again in November: Hodes is unopposed the Sept. 12 Democratic primary and Bass is expected to easily beat Berlin mayor Bob Danderson in the GOP contest. Rematch campaigns rarely are successful, but Hodes told CQPolitics.com that he is running a better campaign operation in his rematch bid — and in a national political environment that is much more favorable to Democrats than in 2004, when President Bush was re-elected."

Rise Of Internet Video Sites Regarded As "An Earthquake In American Politics." The Financial Times' Christopher Caldwell (8/26) writes, in regard to the current controversy over Sen. George Allen's use of the term "macaca," that "there is consensus about what YouTube means – an earthquake in American politics. … YouTube has been up and running only since last year, yet already users view 100m videos a day there and post 65,000 of their own." YouTube "and similar sites (such as MySpace) are starting to play a role in political campaigns. Joe Lieberman, Connecticut's Democratic senator, lost a primary election to Ned Lamont, his anti-war challenger, after the latter's supporters used the internet to spread clips of Mr Lieberman's gaffes, along with satirical pastiches implying Mr Lieberman was not just in agreement but in love with president George W. Bush."

WPost Defends Pluto's Status As Planet. The Washington Post (8/26, A20, 748K) editorializes, "To all the astronomers who voted in Prague this week to demote our solar system's smallest planet to the status of 'dwarf planet' we ask: What do you know? Ask any third-grader how many planets there are. Nine. Ask whether Pluto is one of them. Of course it is. Ask them whether they care how a bunch of telescope jockeys voted. Of course they don't. So there. And we're with them -- standing firmly behind Pluto's status as a planet."

European Troops Will Constitute Half Of Lebanon Border Force. On its front page today, the Washington Post (8/26, A1, Moore, 748K) reports EU nations "agreed Friday to provide about half the troops for a new 15,000-member U.N. peacekeeping force in southern Lebanon, with a significant contingent expected to arrive within a week, officials announced after an emergency meeting [in Brussels]." Rome and Paris will provide "the majority" of European forces – nearly 3,000 and 2,000 soldiers respectively. The Post adds, "Even with the total European commitment of between 5,600 and 6,900 troops, [UN Secretary-General Kofi] Annan conceded that major obstacles remain for deploying the international force alongside Lebanese army units in southern Lebanon and Israeli units on the border." The deal "followed nearly two weeks of intense prodding and pleading by Annan. There have been concerns that the tenuous cease-fire…could unravel without the rapid intervention of an international peacekeeping force."

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The Financial Times (8/26, Dombey, Strauss) says "Europe on Friday finally agreed to send thousands of troops to Lebanon, so resolving an impasse over who would lead and staff the new United Nations monitoring force." Spain, Poland, Belgium and Finland will also contribute troops to the force, which "will be led on the ground by France until February, after which Italy will take charge." The Times notes the force "is still not fully manned – and prospects for its mission in the war-torn south of [Lebanon] are far from clear."

The New York Times (8/26, Smith, 1.21M) notes, "After a week of confusion and missteps, Europe pledged to add up to 6,900 troops to the" border force. Yet, "officials cautioned that the force would not be used to disarm Hezbollah. That job, if it is done at all, will be left to the Lebanese government and army." The Times says the Israel-Hezbollah conflict is "a result of Hezbollah's refusal to recognize Israel's legitimacy, and it is widely viewed as a proxy conflict between the United States and Iran."

The AP (8/26, Max) says the EU "swept away a major hurdle to keeping the peace" in southern Lebanon "by agreeing Friday to provide the 'backbone' of" the border force. The Europeans' agreement "relieved concerns that the peacekeeping force might be stillborn because of reluctance by many countries to send troops into the Middle East cauldron without clear instructions or authorization to use their weapons." The force "is meant to give teeth to the Lebanese army, which has begun moving 15,000 soldiers of its own into the south to assert the central government's authority in the region along the Israeli border for the first time in decades." The Washington Times (8/26, 88K) publishes the AP story this morning.

The Wall Street Journal (8/26, Champion, 2.03M) reports Paris "said an expanded French peacekeeping force will be on the ground in Lebanon within 20 days, as European countries pledged as many as 7,000 troops to help maintain Israel's shaky cease-fire with" Hezbollah. The deal "ended a week of recriminations over the Continent's hesitation to provide troops for the peacekeeping force, though some contentious issues regarding the makeup of the force remain unresolved." The Journal says Annan's "relief at the European contribution was evident. He said that component would provide the 'backbone' of the U.N. force." However, "controversy over the force continued Friday" when French President Jacques Chirac "said 15,000 troops is more than is needed to do the job" and French Foreign Minister Philippe Douste-Blazy "called on the U.S., Britain, China and Russia to pony up troops, too." Annan "said he plans to accept troops from Malaysia, Bangladesh and Indonesia despite Israeli objections that these countries don't recognize Israel," adding "he had to take trained troops where he could find them."

Border Force Said Likely To Meet Difficulties. McClatchy Newspapers (8/26, Allam) profiles India's 4th Battalion, Sikh Regiment, currently serving as part of the UN Interim Force In Lebanon (UNIFIL), as a way to highlight the "explosive situation" awaiting the border force. International troops "will enter a highly ambiguous and volatile landscape," and the Europeans' commitment to "putting more boots on the ground isn't insurance against another explosion in a place teeming with land mines, both literal and figurative." McClatchy says it is "still unclear what precisely the mandate will be for the new U.N. troops," and southern Lebanon "remains tense and the cease-fire delicate. Unexploded ordnance dots the terrain, and the villagers who once welcomed the blue-turbaned peacekeepers now look upon them warily, even as they distribute 50,000 liters of drinking water every day."

State Department To Investigate Israeli Use Of Cluster Bombs. NBC Nightly News (8/25, story 3, 2:00, Williams, 9.87M) briefly reported, "The U.S. State Department is looking into whether Israel violated secret agreements with the United States by dropping American-made cluster bombs in southern Lebanon against civilians." NBC (Maceda) used the rest of its story to describe the lethal effects of the bombs and concerns over human rights noting, "Since last week's truce at least a dozen Lebanese have been killed and more than seventy wounded, often children, by explosives."

The Washington Post (8/26, A14, Kessler, 748K) reports the State Department "said yesterday that it has begun a preliminary investigation into allegations that Israel violated U.S. rules prohibiting the use of American-made cluster bombs in civilian areas during the recent war in Lebanon." A spokesman "said the investigation began after human rights groups complained that cluster weapons had been found across Lebanon and were responsible for many civilian deaths." The State Department's Office of Defense Trade Controls "will verify whether U.S.-made cluster bombs were used during the conflict with Hezbollah and will examine whether the weapons…were used 'inappropriately.'" The AP notes, "Three types of U.S.-made cluster bombs are said to have been used by Israel. Israel also makes its own cluster munitions." The State Department "routinely investigates allegations that Israel misused U.S.-supplied weapons, and often no action is taken."

The AP (8/25, Gearan) reported the State Department "is investigating whether Israel misused American-made cluster bombs in civilian areas of Lebanon." The inquiry "will look at whether Israel's use of U.S.-made cluster bombs violated long-standing secret agreements about how U.S.-supplied weaponry will be used. The investigation could lead to sanctions if Israel violated those agreements." The Los Angeles Times (8/26, Spiegel, 918K) also reports on the inquiry. Separate AP (8/26, Frayer) reporting touches on the cluster bomb investigation and also notes UN complaints that "unexploded cluster bomb litter homes, gardens and highways in south Lebanon." A UN Mine Action Coordination

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Center spokeswoman "said cluster bombs have been found in 285 locations in south Lebanon."

In a 1,000-word piece entitled, "In Lebanon's Rubble, Aftershocks Of War," the Washington Post (8/26, A15, Boustany, 748K) profiles Lebanese cluster bomb victims. "Since the guns fell silent on Aug. 14, unexploded cluster bombs dropped by Israeli warplanes or duds fired by artillery have killed 12 people and wounded 39, according to" UN figures. "Of those, two of the dead and 11 of the wounded were children."

NYT Wants Cluster Bomb Use Strictly Limited. In an editorial today, the New York Times (8/26, 1.21M) calls cluster bombs "especially insidious," and says of the State Department probe, "Whatever the specific findings of this investigation, the rules governing cluster bomb exports and their use by American troops need to be tightened and more strictly enforced." These weapons "should never be used in populated areas. By nature they kill indiscriminately." US rules governing the use of US-made cluster bombs "are not always followed. Nor are United States forces as careful as they should be. America has used cluster munitions in Iraq, Afghanistan and Kosovo. Israel used them in past campaigns in Lebanon. Russia used them in Chechnya." The Times says "today's dangers are different, and require different responses. Attacking guerrilla or terrorist sanctuaries in populated areas is not a mission that calls for cluster weapons, and the United States should not be supplying them."

Columnist Says World Leaders Should Seek Palestinian Solution. In his column in today's Wall Street Journal (8/26, A2, 2.03M), Gerald Seib says there "might be" a "silver lining" to the recent conflict. While US diplomacy has sought "to contain the rising influence of Iran by reining in Hezbollah…and by shutting down Iran's nuclear ambition," it "is starting to occur to some people in Washington that there is an opportunity -- and maybe a need -- to do something much bolder, that would go a lot further toward recasting power in the region." Seib suggests leaders begin "to look anew for a comprehensive solution to the ever-festering dispute over Palestine." If leaders "start making progress on the Palestinian problem," Seib says, they could "remove the underlying dispute that spawned Hamas -- while robbing Hezbollah of its main calling card among the Arab masses. And if Hezbollah's relevance is diminished, Iran loses its chief tool in the region." Also, Seib notes, "perceptions of America might improve in the region," and "the odds of an Iranian-led Shiite alliance spanning southern Lebanon, Iraq and Iran diminish." Seib also notes that former national security adviser Brent Scowcroft laid out a similar argument recently "and it has gotten some quiet high-level attention within the Bush administration and in the region."

Israel Pursuing Weapons Interdiction As Key Tactic Against Hezbollah. McClatchy Newspapers (8/26, Rosenberg) reports Tel Aviv "is bent on thwarting any efforts to resupply Hezbollah with weapons while pressing the international community to create a U.N. force strong enough to weaken its Shiite Muslim foe even more in southern Lebanon. To accomplish that, Israel has left thousands of troops in Lebanon and shown a willingness to engage in strategic military raids against Hezbollah." One former Israeli military leader "predicted that Israel will press for international inspections of Syrian cargo bound for Lebanon, something Syrian President Bashar Assad has said he'd resent." While Beirut has said its army will patrol the border with Syria, leaders in Tel Aviv "think the weak Lebanese army is powerless to police the Syrian-Lebanese border and stop any weapons smuggling."

Terrain, Damascus' Opposition Make Border Policing Difficult. In an analysis piece, the AP (8/26, Hurst) reports, "Israel is demanding that U.N. troops patrol the Syria-Lebanon border to prevent Hezbollah from receiving arms shipments. But even if Israel overcomes Syrian objections to the idea, policing the mostly mountainous frontier could prove nearly impossible." Securing the border is "a tall order. Syria borders Lebanon both to its east and north, with four official crossings, including one on the road between Beirut and Damascus. But there are dozens of dirt tracks running between the countries through a mountain range, routes that have been used for centuries by smugglers and many of them able to carry modern-day vehicles." Also, Syrian President President Bashar Assad "on Thursday called Israel's demand a 'hostile' move aimed at damaging relations between the neighbors. He said it was unprecedented for international forces to police a border between two countries that have not been at war."

Olmert, Other Leaders Face Increasing Political Resistance. The Financial Times (8/26, Morris) reports, "There were further signs on Friday of a deepening public malaise in Israel over the outcome of the war in Lebanon, with the latest opinion polls indicating a majority of voters wanted to change both the political and military leaderships." Prime Minister Ehud Olmert "appeared to be losing a political battle to stave off a state inquiry into the conduct of the war," and "reservists recently demobilised from south Lebanon joined families of the Israeli war dead to demand his resignation." The 1,000-person protest "encampment" near Olmert's office remains "a relatively small demonstration in Israeli terms but one that appeared to capture the public mood." Dissatisfaction with their leaders "has been accompanied by a marked shift to the right, according to Friday's polls, with voters challenging the view that unilateral withdrawals from Arab territory – whether Lebanese or Palestinian – had enhanced the prospects of peace." The AP (8/26, Heller) adds Olmert's popularity has plunged sharply" since the conflict "and he would likely be crushed by the right-wing opposition if elections were held now, according to a poll

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published Friday." The government "could be forced out" ahead of 2010 elections "amid growing public anger over his performance during the war," and he "has faced increasing pressure in recent days, including calls by army reservists and bereaved parents that he step down or at least submit to a sweeping investigation of his wartime performance."

Argentine Arabs Accused Of Raising Money For Hezbollah. The Financial Times (8/26, Webber) reports, "Allegations that Argentina's Arab community is sending money to Hizbollah have incensed Jewish groups, in a country where memories are still raw of two deadly bomb attacks on Jewish targets in the 1990s blamed on the Lebanese militia." Lebanese Ambassador to Argentina Hicham Hamdan "denied that any of the money would go to Hizbollah. 'The money will go to the central bank and the Lebanese government,' he said. He declined to comment on how much had been raised so far, but said it was a 'very humble' amount and no transfer had yet been made." The Simon Wiesenthal Center "has urged clarification from the Argentine government about the destination of any cash raised. It said Buenos Aires was bound by international conventions to prevent funding of terror groups." Muafak Jammal was quoted in La Nacion newspaper last week saying, "Money is arriving from Argentina for Hizbollah . . . Money is coming not just from Argentina's Muslim community but also from Christians who are Lebanese and are committed to the reconstruction effort." The Times notes, "Such activity would be an affront to the memory of the victims of the 1992 attack on the Israeli embassy and the 1994 attack on the AMIA Jewish centre, which killed 107 people and were blamed on Hizbollah."

Fatah OKs Abbas' Efforts To Form Unity Government. The AP (8/26, Mattar) reports Fatah Party leaders "gave their leader," Palestinian President Mahmoud Abbas, "the go-ahead Friday to begin forming a unity government with the militant Hamas in an effort to end internal feuding and international isolation." One leader "said the problems within the Palestinian community were not due to differences between Fatah and Hamas. 'The problem is the Israeli occupation,' he said." The meeting of Fatah's Central Committee was "the first gathering of its kind since the party's stunning defeat by Hamas in parliamentary elections held in January." Abbas "hopes a coalition will force Hamas to moderate its anti-Israel stance and help open the way for the renewal of broader peace talks."

Communication With Fox News Reporters' Kidnappers Still In Doubt. The New York Times (8/26, Erlanger, 1.21M) reports comments from the Palestinian Authority "that some progress was being made to secure the release of two kidnapped Western journalists a day before a deadline of midday Saturday." Interior Minister Siad Siam "said that 'contacts are under way with Palestinian groups who are trying to secure the release of the two journalists.' He said only that 'things are at an early stage, but they are encouraging.'" The Times says it "was not clear that anyone was in communication with the mysterious new group, the Holy Jihad Brigades." The "group demanded that the United States release all its Muslim prisoners by midday Saturday, but it made no specific threats." The Times calls the kidnapping of Steve Centanni and Olaf Wiig "a severe embarrassment to the Hamas government of Prime Minister Ismail Haniya and to President Mahmoud Abbas, of Fatah. Both have called for the speedy release of the journalists and say that they have no knowledge of the kidnappers." Analysts believe "that the kidnapping of the journalists was an effort by angry Palestinian militants to weaken both Mr. Haniya and Mr. Abbas and to short-circuit any accommodation between Fatah and Hamas."

Pakistan's Musharraf Said To Balance Opposing Domestic, International Pressures. In a lengthy analysis piece, the Washington Post (8/26, A10, Constable, 748K) reports, "For the past five years, Pakistan has pursued a risky, two-sided policy toward Islamic militancy, positioning itself as a major ally in the Western-led war against global terrorism while reportedly allowing homegrown Muslim insurgent groups to meddle in neighboring India and Afghanistan." Recent events "have cast a new spotlight on Pakistan's ambiguous, often starkly contradictory roles as both a source and suppressor of Islamic violence." There is "increasing evidence of links between international attacks and groups long tolerated or nurtured in Pakistan, including the Taliban and Kashmiri separatists," the Post notes, and those linkages "are making it difficult for the military-led government here to reconcile its policy of courting religious groups at home while touting its anti-terrorist credentials abroad." President Pervez Musharraf faces a "basic problem" – he "is trying to please two irreconcilable groups. Abroad, the leader of this impoverished Muslim country is frantically competing with arch-rival India…for American political approval and economic ties," while "at home, [he] needs to appease Pakistan's Islamic parties to counter strong opposition from its secular ones." The Post says he "had handled this balancing act with some success," but the "drumbeat of terrorism" this year has "begun to blur the distinction between regional and international Islamic violence."

EU Seeks Talks With Iran As Moscow Slows Push For Sanctions. The Financial Times (8/26, Dombey, Strauss) reports EU leaders "on Friday sought to tone down the looming confrontation over Iran's nuclear programme after Russia made clear it did not favour sanctions against Tehran. Politicians and diplomats from

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several EU countries held out the prospect of further talks with Iran, despite their disappointment with Tehran's response to" the incentives package. EU foreign policy chief Javier Solana and others "evoked the possibility of further talks, while" French President Jacques Chirac "carefully described the Iranian response as 'ambiguous.'" The Europeans' gestures came "despite the fact that Iran's response this week failed to give the commitment most sought by the Europeans – that it would suspend uranium enrichment." The Times says the Europeans are "fearful of dismissing Iran's response out of hand, particularly because of Tehran's indications that it could eventually suspend enrichment as a result of negotiations. Some regime insiders have also intimated that they could eventually limit such activities to laboratory work rather than carrying it out on an industrial scale."

The AP (8/26, Wielaard) adds the EU "said Friday it will prod Iran to clarify questions about its lukewarm response to a package of economic incentives designed to get the country to suspend uranium enrichment." Russian Vice Premier Sergei Ivanov "said Friday that his government continued to pursue a political resolution of the dispute, saying that 'talk about sanctions is premature.'"

The New York Times (8/26, Myers, 1.21M) focuses its coverage on Ivanov's stance, noting he "said Friday that it was premature to consider punitive actions against Iran despite its refusal so far to" suspend enrichment activities. Ivanov's comments "made it clear that Russia would not support taking the next step that the United States and Britain have called for: imposing sanctions against Iran or its leaders over its nuclear programs." Moscow "has repeatedly expressed opposition to punitive steps," and yesterday's remarks "left in doubt the Bush administration's delicate diplomacy to increase pressure on Iran over its nuclear energy programs, which American officials fear disguise an effort to build nuclear weapons."

Bolton Says US May Pursue Iran Sanctions Outside UNSC. The Los Angeles Times (8/26, Farley, 918K) reports, "With increasing signs that several fellow Security Council members may stall a United States push to penalize Iran for its nuclear enrichment program, Bush administration officials have indicated that they are prepared to form an independent coalition to freeze Iranian assets and restrict trade." Such a move "reflects not only long-standing U.S. frustration with the Security Council's inaction on Iran, but also the current weakness of Washington's position because of its controversial role in a series of conflicts in the Middle East, most recently in Lebanon." Ambassador John Bolton "said in an interview late this week that the United States planned to introduce a resolution imposing penalties" after the August 31 deadline. "But in case Russia and China do not accept it, the U.S. is working a parallel diplomatic track outside the U.N., Bolton said." The Times notes, "Though U.S. officials said pursuing parallel paths is 'common sense' and highlights what they consider to be the inefficiency of the Security Council, some analysts said the move would underline Washington's inability to win over the council and the lack of options against a newly emboldened Iran. "

Iranian Nuclear Official Says Ahmadinejad Will Commission Heavy Water Reactor Today. In an early morning report, the AP (8/26, Dareini) carries remarks by Atomic Energy Organization of Iran (AEOI) deputy head Mohammed Saeedi that President Mahmoud Ahmadinejad "will inaugurate a heavy-water nuclear reactor" today. Saeedi "did not provide more details about the ceremony but called the facility, located in central Iran, 'one of the biggest nuclear projects' in the country." The AP notes, "Iran has been building the heavy-water reactor for two years, and it is not scheduled for completion until 2009."

Seoul, Beijing Work Together To Counter Possible Pyongyang Nuclear Test. The AP (8/26, Herman) reports Seoul and Beijing "have agreed to cooperate to prevent a possible nuclear test by North Korea amid increasing reports citing suspicious activity in the communist nation." National Security Advisor Song Min-soon is quoted saying, "South Korea and China have agreed to continue cooperation not to let that situation occur." Song "did not elaborate on how the two countries would cooperate." Foreign Minister Ban Ki-moon "said Seoul was 'closely monitoring North Korea's movements' in cooperation with the U.S. and other countries. Ban warned other countries against backing North Korea into a corner while seeking to stop its nuclear weapons aspirations."

In its "Week Ahead" preview column, the Wall Street Journal (8/26, Ramstad, 2.03M) asks, "Is China calling North Korean leader Kim Jong Il onto the carpet? The eccentric dictator with the bouffant hairdo is heading to Beijing in the coming week to meet with senior Chinese leaders, several news outlets in China and South Korea say. If past behavior is a guide, he will take the scenic route -- a trip of at least 10 hours by train, as he prefers." Beijing has given "no confirmation" of the visit. The Journal notes, "A useful chat between Mr. Kim and his Chinese backers would be welcome in Washington. President Bush, in a phone call to Chinese President Hu Jintao earlier this past week, urged him to push harder to get North Korea back to six-nation negotiations over the weapons issue."

Missile Defense Head Says North Korean Missile Could Be Stopped. The Wall Street Journal (8/26, A10, Kirkpatrick, 2.03M) reports that Lt. Gen. Henry Obering III, director of the Missile Defense Agency, says that if North Korea's test missile "had proceeded to threaten Hawaii or the continental United States, then we would have had the ability to shoot it down. I'm confident the system would have worked." However, "Until 2004…the U.S. was wholly

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undefended against attack by ICBMs." Today, "in keeping with the Missile Defense Agency's unorthodox practice of fielding new systems concurrently with testing…the unfinished ground-based system is already in use." Obering also "mentions other systems that are in the works: the airborne laser, designed to shoot down missiles while they are still in the boost phase…and Thaad -- an acronym for Terminal High Altitude Area Defense, which had a successful test last month." He adds that "space-based interceptors [are] very attractive," as well as "putting more sophisticated sensors in space."

WSJ Urges Tightening Of Financial Strictures On Pyongyang. The Wall Street Journal (8/26, 2.03M) editorializes, "It's getting tough to be a North Korean banker these days. First Washington shuts down your Macau accounts; then China, an old friend, follows suit. Now even Vietnam and Mongolia are cooperating." The Treasury Department "may have hit upon the most effective form of sanctions against Pyongyang, short of cutting off the food and energy supplied by China and South Korea." Kim "needs ways to move his money around" to fund his regime and his nuclear activities. "Aware that the pinch has Pyongyang's attention, U.S. officials would like to expand the program," and, the Journal says, "there's more to be done." The Journal cites former State Department official David Asher's recommendation that Washington pressure "foreign governments to crack down on North Korea's long-standing abuse of diplomatic privileges. Its envoys in several countries have been caught smuggling everything from dollars to drugs. For now, however, Treasury's banking crackdown looks like a rare success in dealing with a regime that has all too often defied the world with impunity."

Japanese Executives Arrested For Illegal Nuclear Technology Transfers. The New York Times (8/26, Fackler, 1.21M) reports Mitutoyo Corporation head Kazusaku Tezuka and four top lieutenants "were arrested Friday on suspicion of illegally exporting equipment to Malaysia that could be used in making nuclear weapons." They "were accused of exporting advanced measuring devices without government permission in late 2001 to an unspecified recipient in Malaysia," and "Japanese television broadcast pictures of police officers raiding Mitutoyo's headquarters in Kawasaki, Japan, and the homes of the arrested executives." Japanese media reports claimed "the devices had been sold to Scomi Precision Engineering, a company that was later linked to Abdul Qadeer Khan, the Pakistani nuclear scientist who sold nuclear technology to Libya." Police were said to also be "investigating whether additional measuring devices had been sent to Iran via an unidentified Iranian trading company based in Tokyo."

White House To Host Summit Focused On Reducing Malaria In Africa. The AP (8/26) reports President Bush "will call on the private sector, foundations and volunteer groups to match the U.S. government's financial commitment to educate the public about malaria during a White House summit on the disease in December. The White House announced Friday that Bush and first lady Laura Bush have invited international experts, non-governmental groups and religious and service organizations to discuss ways to control the preventable disease that kills one child in Africa every 30 seconds. In June 2005, Bush announced a $1.2 billion, five-year initiative aimed at halving malaria-related deaths in as many as 15 countries in Africa. … Bush's malaria initiative aims to provide tens of millions of dollars to Tanzania, Uganda and Angola this year."

Administration Could Face Difficulty Imposing Darfur Force On Emboldened Sudanese Regime. In a 1,087-word analysis piece, the New York Times (8/26, Polgreen, 1.21M) details significant changes in Sudanese foreign policy and specifically relations with the US. While Sudanese President Omar al-Bashir "called the [9/11] attack on the World Trade Center 'a crime against humanity' and promised to join the fight against terrorism," this weekend "it is [President] Bush's turn to send a message to Mr. Bashir, via the top American diplomat for Africa on Saturday." Bush and Assistant Secretary of State Jendayi Frazer "are unlikely to find Sudan to be such a receptive audience," because they are "pressing Mr. Bashir to accept a United Nations peacekeeping force to salvage the dying peace agreement in Darfur that the United States worked so hard to get." Frazer said her "message will be blunt" -- that "despite Sudanese objections to the peacekeeping force, she expected that a Security Council resolution authorizing it would pass and that the troops would be at least partly in place by Oct. 1."

Kidnappings, Killing Spark Nigerian Military Attack On Town. In a short piece, the New York Times (8/26, 1.21M) reports, "Rampaging troops burned hundreds of homes and shops after gunmen kidnapped at least two foreigners and killed a soldier who was guarding them in" Port Harcourt in "Nigeria's oil-rich southern delta region." Local "residents said troops flew into a rage after the death of their comrade and injury of another, setting fire to hundreds of homes and stores in a poor neighborhood." The military, "which has carried out reprisals against civilians in the past, denied responsibility."

Chavez's China Trip Bolstered Bilateral Relations. The Wall Street Journal (8/26, Oster, 2.03M) reports Venezuelan President Hugo Chávez "leaves China

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Saturday having signed several energy deals and having deepened his nation's relationship with China." His mission "underscored Venezuela's eagerness to move away from dependency on the U.S. and China's own growing willingness to wield its diplomatic clout." The two nations agreed "to strengthen their energy ties, including having the Chinese jointly explore for oil in Venezuela," and signed telecommunications, agriculture and mining deals. Caracas "wants to reduce its dependence on sales of oil to the U.S.," and "wants to diversify its reliance on Middle Eastern oil as it seeks to power its surging economy." Chavez claims he obtained Beijing's backing for his bid for a UN Security Council seat. Moscow "has already agreed to back Caracas; the U.S. opposes the bid."

McClatchy Newspapers (8/26, Johnson) adds Chavez "on Friday pledged a major increase in oil shipments to China and said China had agreed to back his country's bid for a seat on the U.N. Security Council, something the Bush administration opposes." Beijing "didn't publicly confirm its support for Venezuela's U.N. efforts," and McClatchy says "there was skepticism that China had the refining capabilities to handle more heavy Venezuelan crude oil." However, Chavez's "spirited assertion during a news conference here that his country intended to bolster China as a counterweight to the United States was in keeping with his consistently anti-American foreign policy pronouncements."

Former Serb Policemen Charged With Executing Albanian-Americans. The New York Times (8/26, Wood, 1.21M) notes Serbia' domestic war crimes prosecutors have "charged two former Serbian police officers in connection with the killings of three Albanian-American brothers from Long Island who went missing in Serbia in 1999 and whose bodies were later found in a mass grave." Sreten Popovic and Milos Stojanovic "are accused of having had the three taken from a prison to a police training camp, where they were later executed. The indictments, brought Thursday, say the two former policemen violated the Geneva Conventions on the treatment of prisoners of war in their handling of the brothers," who visited Kosovo in 1999 "to join ethnic Albanian guerrillas who were fighting Serbian forces there." US Embassy Belgrade "welcomed the announcement, but it also urged the Serbian authorities to try other police officers suspected of crimes."

Argentine Economist May Challenge Kirchner For Presidency. The New York Times (8/26, Rohter, 1.21M) details the possible presidential candidacy of former Argentine Finance Minister Roberto Lavagna. "If any one person can claim to be the architect of Argentina's remarkable economic recovery, it is" Lavagna, but "now the government he once served has made him one of its main antagonists — and has transformed him into an opposition rallying point and a likely presidential candidate." The Times says President Néstor Kirchner's high approval ratings are "a result of policies that Mr. Lavagna largely devised but which are now being derided as 'neo-liberal,' almost an insult here." Lavagna believes Kirchner is "squandering the opportunity by imposing 'a rigid system of price controls' and resuming ownership of some formerly state-run companies privatized in the 1990's, like water utilities and airlines." He also attacks the president's "budding alliance" with Venezuelan President Hugo Chávez.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

U.S. May Curb Iran
One Man's Tough Love Helps Watts Youths Find Work
The White Elephant Fleet
7 Incidents in a Day Show Air Travel Anxiety Is Up
UCLA to Protect Animal Research
First, Lost at Sea -- Now the Squall
PBS to Sell Banner Ads on Website for Children

New York Times:

Europe Pledges a Larger Force Inside Lebanon
Clergywomen Find Hard Path to Bigger Pulpit
Weary Iraqis Face New Foe: Rising Prices
The Katrina Year: Despite Steps, Disaster Planning Still Shows Gaps
After Smooth Sales Talk, Stores Take Macy's Name
Director at Ford Steps Down
News Analysis: Sudan Balks at Taking Peacekeepers
Issues Await if Democrats Retake House

Washington Post:

Europe Offering Bulk of U.N. Peacekeeping Force
Iraq-Bound, No Reservations
Storm's Damage Plagues Bush
Perez's Name to Come Off Ballot
Chinese Spreading Across U.S.
Dynamite Found in Luggage, Flights Disrupted
Northwest Attendants' Strike Put on Hold
Firm Sued Fenty, Wife Over 2003 Home Loan
Md. Teacher Sentenced for Aiding Terrorists

Washington Times:

EU pledges 6,900 troops for Lebanon
Ex-teacher gets 15 years for aiding terror group
Vague disquiet roils voters in Missouri race
Georgetown bars ministries from campus
Court rejects early voting

DOJ_NMG_0054422

Plan B backers continue push for access by teens

Atlanta Journal-Constitution:
Political promises could be costly
Security incidents on airlines
Blood, prints links in trail death
Ernesto now a tropical storm
Underground Atlanta evacuated

Dallas Morning News:
Tropical Storm Ernesto forms over southern Caribbean
City, apartment complex in showdown
Wildfire destroys home in Grayson County
FBI: Dynamite found in checked luggage
Arrested pair: 172 pounds of pot is part of our religion
La. Supreme Court upholds two new insurance laws

Houston Chronicle:
Caribbean islands keep eye on Ernesto
Storm-wary NASA prepares for Atlantis launch
Latest terror scares show airport threat lingers
HPD adding FBI's muscle to fight gangs
Deal ends man's death row stay in Houston killing
Katrina didn't displace evacuees' faith

Story Lineup From Last Night's Network News:
ABC: Airline Terrorism Concerns; Pilots Information Problems; Army Re-Examines Casualty Circumstances; Moderate Senators Challenged; Former President Ford Surgery; European Mideast Peacekeepers; Katrina Insurance Probe; Midwest Storms; Advice Against Marrying Career Women Kerfuffle; Egyptian Statue Moved; Superintendent Revitalizes Louisiana Schools.
CBS: Airline Terrorism Concerns; New Details Of Florida Terror Plot; Katrina Recovery Slow; Hezbollah Lebanon Recovery Efficient; Former President Ford Surgery; Army Re-Examines Casualty Circumstances; Tropical Storm In Caribbean; Volunteers Rebuild In Aftermath Of Katrina; Ice Cream Dispute.
NBC: Tightened Airline Security Causing Delays, Incorrect Information On Soldiers Killed In Combat, State Department To Investigate Israeli Use Of Cluster Bombs, Ford surgery, Bush 41 And 43 On Iraq, Hurricane Season, Meth Smuggled From Mexico, NBC viewer mail, Nagin On Ground Zero, New Orleans volunteers

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH – In Kennebunkport, Maine. No public schedule.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

12 p.m. - 3 p.m. KATRINA ANNIVERSARY PROTESTS _ One year after Hurricane Katrina, there will be a gathering of hundreds to call for housing and jobs for Katrina survivors and call for and end of what they call ``Bush's cover-up of global warming's role in stronger, more destructive hurricanes." National leaders and activists will read aloud the names of of people still missing from Katrina. The event will include speeches, dramatic props and music. Speakers include: Speakers include: Chris Chandler, former Ninth Ward New Orleans resident; Melody Drnach, National Organization for Women Action vice president; Jared Duval, director, Sierra Student Coalition; George Friday, national co-chair, United for Peace and Justice; and Mike Tidwell, director, U.S. Climate Emergency Council. Location: In front of the headquarters of the National Oceanic and Atmospheric Administration, 1305 East-West Highway, Silver Spring, Md. Contacts: Mike Tidwell, 240-460-5838

12 p.m. - 6 p.m. ANTI-FUR _ The Anti-Fur Society holds its first celebration with entertainment including a live music, a yodel lady, a banjo player, folk singers and dancers, and a bongo player. Location: Washington Monument grounds. No Scheduled Events.

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DEPARTMENT OF JUSTICE NEWS CLIPS

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, AUGUST 26, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Teacher Sentenced For Aiding Terrorists (WP) 3
Ex-teacher Gets 15 Years For Aiding Terror Group (WT) 4
Lodi Man Caught In California Terror Probe Released From Custody (AP) 5
Lodi Man Caught In Terror Probe Freed From Custody (LODINS) 7
Hayat Released From Custody (SACBEE) 9
Hayat: Story Faked (STOCKREC) 10
2 Lodi Residents Refused Entry Back Into U.S. (SFC) 12
Turk Was Abused At Guantanamo, Lawyers Say (WP) 14
Law Put To Unusual Use In Hezbollah TV Case, Some Legal Experts Say (NYT) 14

Homeland Response:

Dynamite Found In Luggage (WP/AP) 15
7 Incidents In A Day Show Air Travel Anxiety Is Up (LAT) 17
Jets Grounded In U.S. And Ireland; Alert Raised At Houston Airport (NYT) 18
Katrina's Damage Lingers For Bush (WP) 19
Bush Has Fallen Short In Steering Recovery, Experts Say (MCT) 21
Katrina's Damage To Bush's Standing Still Haunts His Presidency (BLOOM) 23
New Orleans Awaits Billions In Fed Aid (AP) 25
Not Much Has Changed (NSWK) 26
Bush Team Approaches Katrina Trip With Care (LAT) 28
Despite Steps, Disaster Planning Still Shows Gaps (NYT) 29
La. High Court Upholds 2 Insurance Laws (AP) 32
Louisiana Coffers Swell Since Katrina (WSJ) 33
Ernesto Picks Up Speed In The Caribbean (NYT) 33
A Punch Line Who Refuses To Fade Away (NYT) 34
Hurricane Center's Director To Retire (WP/AP) 36
Expert Supports Search Methods For 9/11 Remains At Bank Building (NYT) 36

War News:

Rumsfeld Says Baghdad Terror Down Due To U.S., Iraqi Troops (WT/AFP) 37
Guard, Reserve Iraq Death Toll Declines (AP) 38
Is Iran Running Militias In Iraq? (TIME) 39
Bush Loses House Ally Over Policy On Iraq Withdrawal (FT) 40
Lieberman To Consider Iraq Pullout Plan (AP) 41
McCain Stresses Support For Iraq Mission (AP) 42
Iraq-Bound, Without Reservations (WP) 43
Weary Iraqis Face New Foe: Rising Prices (NYT) 45
Ex-Officer Admits Role In Iraq Deals (NYT/AP) 47
Reservist Pleads Guilty In Iraq Bribery Scheme (WP) 47
Looters Ransack Base After British Depart (WP) 48
Iraqis Plunder Vacated Base (WT/AP) 49
Military Base Turned Over To Iraqi Forces Is Looted The Next Day (MCT) 50
Looters Descend On Iraqi Camp After British Soldiers Pull Out (LAT) 50
Slain Iraq Hostages' Families Sue Syria (AP) 52
Afghan President Sets Probe Of Killings (WP/AP) 52
Retaliation Alleged For Teaching On Iraq War (LAT) 52
Service In Iraq: Just How Risky? (WP) 54
The Power Joe Rosenthal Knew (WP) 55

Corporate Scandals:

Options Abuse Tops Senate Finance Panel Agenda (WSJ) ..56
Prudential Financial To Settle Dispute On Rapid Fund Trades (WSJ) 57
Qwest Ex-Chief's Trial Will Remain In Denver (WSJ/AP) 57
Nacchio Gets March Trial In Denver (DENP) 58
Judge Denies Nacchio Motion To Move Trial (BLOOM) 59
Is Fannie Mae's House In Order? (LAT) 59

Criminal Law:

Professor Accused In Spying Case Admits He Collaborated With Cuban Agents (FLSUNSEN) 60
Professor Says He Collaborated With Cuba (AP) 61
Man Who Made Millions Selling Pirated Software Gets 6 Years (AP) 61
Scam Artists May Be Working Area, FBI Says (PPG) 62
Attorneys Battle Over Representing Karr (FINDLAW/AP) 63
Editorial: A Prosecution In Virginia (WP) 64

Civil Law:

Northwest Attendants' Strike Put On Hold (WP) 65
Judge Stalls Strike At NWA (DEN) 65
Veterans Exposed To Atomic Radiation Lose Court Ruling (MCT) 66
Greening Up The Grass Roots (NYT) 67

Civil Rights:

AG Challenges Felons' Voting Rights (BN) 68
Franchise Protection (WSJ) 69
Springfield Mayor Pledges To Uphold Rights Of Hispanic Voters (AP) 70

Antitrust:

Constellation Venture Gets Antitrust OK (BOS) 70
Funds Sought For Wright Legal Costs (FWST) 71
H-P Gets Antitrust OK For Mercury Acquisition (SACBIZ) 71
EU May Overturn Spanish Limits On E.ON's Endesa Bid (Update3) (BLOOM) 71
EU Faults Spain In Endesa Bidding War (AP-Y) 72

Environment:

Bush Calls For National Parks Makeover (AP) 73
U.S. Seeks To Delay Grace Asbestos Trial (WP) 73
Global Warming May Be An Accelerated Version Of Ancient Heat Wave (MCT) 74

FBI/DEA/ATF/USMS:

FBI Agents, Ready For Work (WP) 75
Auditors Fault Anti-drug Ad Spending (AP) 76
The Czars' Reefer Madness (NYT) 76
As Violence Surges, Feds Lend A Hand (SACBEE) 77

Immigration:

U.S. State Department Official Indicted On Bribery Charge For Expediting Visas (FINDLAW/AP) 79
U.S. Official Accused Of Taking Bribes To Speed Visas (Update1) (BLOOM) 79
No Word From Feds On State's Big Bill (OLYMP) 80
U.S. Border Governors Urge Reform (AP) 80
Immigration Hearings Poorly Attended (AP) 81
Illegal Aliens Clog Border Docket (WT/AP) 82
Defense Companies Competing To Build High-tech Shield At U.S. Borders (MCT) 83
Profiles Of Competing Teams (MCT) 85
In Tony Monterey County, Slums And A Land War (WSJ) 87

Congress-Administration:

Poll: Iraq, Lebanon Hurt The U.S. War On Terror (TIME) 90
The Economy (WSJ) 90
Plan B Backers Continue Push For Access By Teens (WT) 91
Pension Reform – Round 2 (WSJ) 92
Storms Threaten Space Shuttle Launch (WP/AP) 93
Apocalypse Not (WSJ) 93

Other News:

Fed Chief Sees Faster Pace For Globalization (NYT) 94
Fed Chief Backs Global-Wealth Sharing (WP) 95
Fed Chairman Expects Globalization To Enhance Living Standards (WSJ) 96
Bernanke Calls For Fairer Globalisation (FT) 98
Stocks Mixed In Slow Trading Bernanke Speech, Oil Gain Sparks Small Move In Stocks; 'Very Directionless' (WSJ) 99
Bonds Gain, U.S. Stocks Slip On Economic Concern; Oil Advances (BLOOM) 100
Markets Shrug Off US Housing Slowdown (FT) 101
Home For Sale, By Anxious Owner (NYT) 102
Housing Boom's Dark Side (WSJ) 104
When The Bubble Bursts (LAT) 105
What Is "Affordable" Housing? (LAT) 106
Is Fannie Mae's House In Order? (LAT) 106
Director At Ford Steps Down (NYT) 107
Rubin Quits Ford's Board To Allay Conflict Concern (WSJ) 108
Farewell Portends Changes At Ford (WP) 110
Class Inaction Plaintiffs' Lawsuits Against Companies Sharply Decline (WSJ) 111
With A Changing World Comes An Urgency To Learn Chinese (WP) 114
Critic Alleges Deceit In Study On Stem Cells (WP) 116
Stem Cells Without Embryo Loss (NYT) 117
Medicare Ads Paid By Drug Industry (AP) 117
To Repel Critics, Wal-Mart Courts Democrats (WSJ) 118
Issues Await If Democrats Retake House (NYT) 120
Democrats Offer Cheap Gas As A Way To Get Voters' Attention (MCT) 122
Republicans In Blue States Rethink Iraq (LAT) 123

DOJ_NMG_0054426

GOP's Engine Sputters In Michigan (LAT) 124
Mrs. Clinton Offers To Raise Money For Lamont Campaign (NYT) 126
Obama Gets A Warm Welcome In Kenya (NYT) 127
In R.I., A Feisty Conservative Challenges Sen. Chafee (WP) 128
Ohio Senator Campaigns On Bipartisanship (AP) 130
Vague Disquiet Roils Voters In Missouri Race (WT) 130
GOP's Bass No Easy Catch For New Hampshire Democrats (CQPOL) 131
The Camera Doesn't Quite Lie (FT) 132
A Planet Always (WP) 134
Europe Offering Bulk Of U.N. Force (WP) 134
EU Ends Impasse On Lebanon Force (FT) 135
Europe Pledges A Larger Force Inside Lebanon (NYT) 136
Europe Offers 'Backbone' Of Peacekeepers (AP) 138
EU Pledges 6,900 Troops For Lebanon (WT/AP) 140
France Adds To European Troop Levels For Lebanon (WSJ)141
U.N. Peacekeepers Enter An Explosive Situation In Lebanon (MCT) 142
State Dept. Probes Use Of Bombs (WP) 144
U.S. Probes Israeli Use Of Cluster Bombs (AP) 144
U.S. Investigates Israel's Use Of Cluster Bombs (LAT) 145
U.N. Says Bombs Litter Areas Of Lebanon (AP) 146
In Lebanon's Rubble, Aftershocks Of War (WP) 147
No Place For Cluster Bombs (NYT) 149
The Middle East (WSJ) 149
Israel's Postwar Strategy Seeks To Stop Hezbollah Resupply Missions (MCT) 150
Syria Objects To U.N. Troops On Border (AP) 151
Demoralised Israelis Blame Political And Military Leaders (FT) 152
In Postwar Israel, Olmert Loses Support (AP) 153
'Hizbollah Fund' Charge Enrages Argentine Jews (FT) 154
Abbas' Party OKs Hamas Unity Government (AP) 154
Palestinian Leaders Tell Of Efforts To Free Captive Journalists (NYT) 155
Pakistan's Awkward Balancing Act On Islamic Militant Groups (WP) 156
EU Hopes For Further Iran Dialogue (FT) 158
EU To Query Iran On Lukewarm Response (AP) 158
Russia Says It Opposes U.N. Sanctions On Iran (NYT) 159
U.S. May Curb Iran (LAT) 160
Iranian President To Inaugurate Reactor (AP) 162
S.Korea, China Aim To Block N.Korea Test (AP) 162
Travel Watch For Kim Jong Il (WSJ) 163
Lt. Gen. Henry Obering III Star Warrior (WSJ) 163
Kim's Cash Squeeze (WSJ) 165
Japan Accuses 5 Of Exporting Equipment With Nuclear Uses (NYT) 166
White House Summit On Malaria Scheduled (AP) 167
Sudan Balks At Taking Peacekeepers (NYT) 167
Troops Burn Houses In Nigerian Oil Port (NYT/AP) 169
Chávez Wraps Up Trip To China After Cementing Closer Relations (WSJ) 169
Venezuela Pledges More Oil For China (MCT) 169
2 Serbs Charged With Killing 3 Albanian-American Brothers In 1999 (NYT) 170
Argentina's Former Economy Czar Weighs Run For President (NYT) 171

TERRORISM NEWS:

Teacher Sentenced For Aiding Terrorists (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, August 26, 2006

A third-grade teacher at a Muslim school who was the last man charged as a member of the "Virginia jihad network" was sentenced to 15 years in prison yesterday after proclaiming his innocence in a tearful and angry statement to the court.

Prosecutors had sought a sentence of 30 years to life in prison for Ali Asad Chandia, who was convicted of aiding a terrorist group that is fighting the government of India. Defense attorneys said the Pakistani citizen deserved no more than 6 1/2 years in jail.

U.S. District Judge Claude M. Hilton in Alexandria did not explain his reasoning as he imposed the sentence. At the request of prosecutors, he then ordered Chandia, who had been free on bond, into custody.

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Chandia, 29, called out in Arabic, " Salaam aleikum ," or "Peace be with you," as he was led out of the courtroom by deputy U.S. marshals. Some of the more than 50 supporters who attended the hearing repeated the greeting and blinked away tears.

Earlier, Chandia, who teaches at a Muslim school in Maryland, had told the judge that he did not "deserve to spend a single day in prison." With his voice shaking and rising in anger, Chandia said: "With Allah as my witness, I tell everyone that I am innocent. . . . God knows that I did not support and would not support any terrorists."

As for the prosecutors who pursued the case, Chandia said, "their judgment is on its way."

The sentencing wrapped up an investigation that has produced more guilty verdicts than any domestic terrorism case since the attacks of Sept. 11, 2001, but it has also symbolized a national debate over how to keep Americans safe.

The case began in June 2003, when 11 Muslim men were charged in U.S. District Court in Alexandria with training with and fighting for Lashkar-i-Taiba, a group fighting the Indian government that the U.S. government considers a terrorist organization.

Six of the men pleaded guilty, three were convicted at trial and two were acquitted. The group's spiritual leader, Ali al-Timimi, was convicted last year on charges that included soliciting others to levy war against the United States and contributing services to Afghanistan's former Taliban rulers. He was sentenced to life in prison.

Civil libertarians and some Washington area Muslims have derisively called the probe the "paintball case," saying that it targeted Muslim men who never intended to attack the United States. Some members of the group played paintball in the Virginia countryside as part of what prosecutors called their preparation for holy war against U.S. troops.

But the Justice Department has hailed the case as key to the domestic campaign against terrorism, saying that its post-Sept. 11 mandate is to prevent attacks.

A federal jury convicted Chandia in June of three counts of providing material support to Lashkar-i-Taiba or conspiring to do so and acquitted him on a fourth count of supporting terrorists. Prosecutors said Chandia trained at a Lashkar camp in Pakistan and helped the group acquire paintballs and other equipment with potential military applications when he returned to the United States. The equipment included unmanned aerial vehicles, night-vision equipment and wireless video cameras, prosecutors said.

Federal investigators also found a CD-ROM in Chandia's car containing videos that glorified Osama bin Laden and the 19 hijackers who carried out the Sept. 11 attacks, prosecutors said.

The divergent views of the case were evident in the reaction to Chandia's sentencing.

"Terrorist organizations like Lashkar-i-Taiba rely on a network of individuals to carry out their deadly operations," U.S. Attorney Chuck Rosenberg said after the sentencing.

"Ali Asad Chandia was a member of that network for Lashkar-i-Taiba, and he will now spend a very long period of time in prison for providing material support in furtherance of its violent agenda," Rosenberg added.

Marvin D. Miller, an attorney for Chandia, called the sentence "excessive. It's way beyond what is necessary."

He said the 30-years-to-life term sought by the government was "irrational and almost bordering on cultural bias."

The Ali Asad Support Committee, which raised money for Chandia's defense, said in a statement that Chandia "never posed a danger to any American citizen."

"The American government has engaged in policies and practices which are targeting, harassing and persecuting Muslims whose crime seems primarily to be that they are God-fearing people," the statement said. "Ali Asad Chandia has joined those ranks."

But some of Chandia's supporters expressed relief. "Fifteen years is a lot better than life in prison," said Jafar Meredith, a local Muslim who attended the hearing. "We're grateful that it wasn't life."

Staff writer Mary Beth Sheridan contributed to this report.

Ex-teacher Gets 15 Years For Aiding Terror Group (WT)

By Jerry Seper, The Washington Times

The Washington Times, August 26, 2006

DOJ_NMG_0054428

A federal judge yesterday sentenced a former third-grade teacher at a Muslim school in Maryland to 15 years in prison for providing support to a terrorist organization known as the "Virginia jihad network," which used paintball games to train for a holy war.

At the sentencing hearing before U.S. District Judge Claude Hilton, Ali Asad Chandia maintained his innocence and pledged to exact revenge against prosecutors in the afterlife, saying that "those who participated in making my children orphans ... should just remember that the day of judgment is on the way."

Chandia, 29, who taught at the Al-Huda School in College Park, was convicted in June on three counts of providing material support in what prosecutors called a scheme by Islamic extremists to use force to drive India out of the disputed Kashmir territory in South Asia. A federal jury acquitted him of a fourth count of supporting terrorists.

Chandia was the last of 11 convicted "Virginia jihadists" to be sentenced to terms ranging from 46 months to life.

He was found guilty of serving as a driver for Mohammed Ajmal Khan, a senior military leader of the Lashkar-e-Taiba, which the U.S. government designated as a terrorist organization in December 2001. He also was convicted for assisting Khan in procuring military equipment for Lashkar and giving safe harbor to Khan during Khan's visits to the United States in 2002 and 2003.

"Terrorist organizations like Lashkar-e-Taiba rely on a network of individuals to carry out their deadly operations," said U.S. Attorney Chuck Rosenberg in Alexandria.

"Ali Asad Chandia was a member of that network for Lashkar-e-Taiba, and he will now spend a very long period of time in prison for providing material support in furtherance of its violent agenda."

The original indictment three years ago stated Chandia was among a dozen men who conspired and trained at shooting ranges and elsewhere in Maryland and Virginia with AK-47 assault rifles, other military weapons and equipment, and paintball guns beginning in 2000. Some training, including military tactics, also took place at the Quantico Marine Corps base in Princ e William County.

Other Virginia jihad members convicted in the probe were Ali al-Timimi, 40, of Fairfax; Randall Todd Royer, 30, of Falls Church; Ibrahim Ahmed al-Hamdi of Alexandria; Masoud Ahmad Khan, 31, of Gaithersburg; Yong Ki Kwon, 27, of Fairfax; Mohammed Aatique, 30, of Norristown, Pa.; Hammad Abdur-Raheem, 35, of Falls Church; Donald Thomas Surratt, 30, of Suitland; Khwaja Mahmood Hasan, 27, of Alexandria; and Seifullah Chapman, 30, of Alexandria.

Two others, Caliph Basha Ibn Abdur-Raheem, 29, of Arlington, and Sabri Benkhala, 28, of Falls Church, were acquitted at trial.

The 41-count federal grand jury indictment handed up in U.S. District Court in Alexandria in June 2003 accused Chandia and the others of conspiracy to "prepare for and engage in violent jihad" against foreign targets in Kashmir, the Philippines and Chechnya. Nine were identified as U.S. citizens.

Then-U.S. Attorney Paul J. McNulty, whose Alexandria office prosecuted the case, said the men had met, plotted and recruited for violent jihad "right here in this community, 10 miles from Capitol Hill, in the streets of Northern Virginia."

Mr. McNulty, now deputy attorney general, called the indictments a "stark reminder" that terrorists are active in the United States and seek to exploit America's freedom to recruit and position themselves for new attacks. He said the Virginia jihadists "secretly plotted in this community and perversely planned and traveled to camps in Pakistan" to carry out the scheme.

Authorities said there was no specific information the men planned any attacks in the United States, although the indictment noted they had "an intent to serve in armed hostility against the United States" and had an Internet photo of the FBI headquarters building in Washington.

Prosecutors said the men, who also trained in St. Louis, attended classes hosted by Al-Timimi, an Islamic lecturer in Fairfax and the son of Iraqi immigrants. He reportedly advised them to go overseas after the September 11 attacks.

Lodi Man Caught In California Terror Probe Released From Custody (AP)

By Don Thompson, Associated Press Writer

AP, August 26, 2006

DOJ_NMG_0054429

SACRAMENTO, (AP) -- Umer Hayat was jailed for a year, branded a liar by federal prosecutors and forced to sell his house to his brother to pay his legal bills.

Still, the naturalized U.S. citizen said he loves his adopted country and harbors no grudge against a justice system he claims was coercive in its pursuit of a terrorism case that could send his oldest son to prison for three decades.

The Lodi ice cream vendor was released from federal custody Friday and spoke to reporters about the federal terrorism case that has left him broke and his family life in turmoil.

"I lost my house and I lost my job, and right now we're living in the garage with my family, which is difficult for us," Hayat, 48, said outside the federal courthouse. "We lost everything for nothing."

Hayat and his 23-year-old son, Hamid Hayat, were arrested in June 2005 and charged with lying to federal agents about whether the younger man attended an al-Qaida training camp in Pakistan in 2003.

Hamid Hayat also was charged with providing support to terrorists for attending the camp. He was convicted in April and is awaiting sentencing.

The same jury deadlocked on the charges against his father. Umer Hayat later pleaded guilty to lying to a customs agent about trying to bring $28,000 into Pakistan three years ago. He variously claimed the cash was for wedding gifts or to buy a house for his family.

Now, he said, collection agencies are after him for unpaid credit card bills and his younger children have trouble sleeping.

Still, he said he wants to start rebuilding his life even as he continues to fight for his oldest son's freedom.

"I still love this country," Umer Hayat said. "We are Muslims and we are peaceful people. ... I hate terrorism."

During Hayat's sentencing hearing Friday, U.S. District Court Judge Garland E. Burrell Jr. gave him credit for time served, fined him $3,600 and ordered him to spend the next three years on supervised release. A tracking device was removed from his ankle,

"We think the sentence imposed by the court is wholly appropriate, given the false statements Umer Hayat made in 2003 and 2005," Assistant U.S. Attorney S. Robert Tice-Raskin said outside the courtroom. "We believe justice has been served."

The Hayats were ensnared as part of a larger, post-Sept. 11 inquiry into the Muslim community in Lodi, a farming and wine-growing region about 35 miles south of the state capital. Agents also detained and eventually deported two Muslim imams and one of the cleric's sons for immigration violations.

The key to the investigation was an informant the FBI recruited from Oregon, where he was working a variety of fast food and convenience store jobs.

The informant, Naseem Khan, was a Pakistani native who befriended the younger Hayat and grew so close to his family that they often allowed him to sleep over.

Khan eventually provided federal prosecutors with hundreds of hours of audiotape that included talk of jihad from the younger Hayat. That became key evidence during the trial, along with videotaped confessions the Hayats gave separately to FBI agents last year.

Umer Hayat said he felt betrayed by the informant and said he misled the FBI. Khan was paid an estimated $300,000 by the government for his undercover work in the case.

"He's a big liar," Umer Hayat told reporters. "Somebody else is going to pay him money, and he's going to do the same to somebody else."

The videotaped confessions were the most compelling evidence presented to jurors. But the Hayats' attorneys said the men were worn down by hours of questioning and were merely telling the agents what they thought they wanted to hear.

Hamid Hayat discussed general plots to attack supermarkets, banks and government buildings in the U.S., while Umer Hayat described hundreds of would-be terrorists wearing ninja-like masks pole-vaulting in a basement training center in Pakistan.

Speaking to reporters Friday, Umer Hayat said he borrowed images from the "Teenage Mutant Ninja Turtles" movies and from news reports to create tales about the terrorist camps. He said he was simply trying to help his son when he told FBI interrogators that he himself had toured training camps.

"I was very tired, I just made a story because I wanted to go home," he said.

Although Umer Hayat said he believes the FBI treated him unfairly, he said agents were just doing their jobs.

The terrorism-related charges were dismissed as part his plea agreement, and Hayat said he remains hopeful his son will get a new trial. The U.S. attorneys office said it remains pleased with its prosecution of the Hayats.

"It continues to be our firm belief that we are a safer region today than we were almost a year-and-a-half ago when the events in Lodi first broke," said Chief Assistant U.S. Attorney Larry Brown.

Umer Hayat said he is looking forward to again selling ice cream from his battered van in a community where he said he is still loved despite the arrest and prosecutions.

"I'm glad it's over," he said softly as he left the courtroom.

Lodi Man Caught In Terror Probe Freed From Custody (LODINS)

By Layla Bohm, News-Sentinel Staff Writer

Lodi News Sentinel, August 26, 2006

Umer Hayat sentenced to time served, fined $3,600 and placed on probation for 3 years

Moments after a judge sentenced him to the 11 months he already served in prison, Umer Hayat walked out of a federal courtroom and told a crowd of reporters that he's happy to be free.

The 48-year-old Lodi man said he has lost his home and ruined his good credit as a result of being dragged into a terrorism investigation, but he's looking forward to working once more. And, when asked later what he wanted to tell his fellow Lodi residents, his immediate response was to give advice, rather than to speak of himself.

Umer Hayat talks about the way life used to be in the neighborhood where he and his family live after his sentencing Friday. Also pictured is his neighbor, Karina Murillo. (Jennifer M. Howell/News-Sentinel)

"We have rights. We have the freedom of speech, of religion — but if you talk to the FBI, first get a lawyer," he said in his first personal interview after being sentenced.

It was his hours of videotaped FBI interviews that caused agents to arrest him in June 2005, and which ultimately led to his trial on charges of lying to the FBI about terrorism. After a two-month trial, jurors deadlocked in April and Judge Garland E. Burrell Jr. declared a mistrial.

The case had been headed for another trial until attorneys made a deal in which Hayat pleaded guilty to lying by not telling government officials at a Washington, D.C., airport that he and his family were carrying a total of $28,000 to relatives in Pakistan. The money was ultimately returned to him, minus a fine of about $2,000.

In exchange for his plea, prosecutors permanently dismissed charges of lying to the FBI about terrorism last year.

Assistant U.S. Attorney Robert Tice-Raskin, however, alluded to the original terror charges outside court.

"We think that the sentence imposed by the court is wholly appropriate give the false statements Umer Hayat made in 2003 and 2005," he said. "We believe justice has been served."

The sentence

Hayat's conviction could have carried a penalty of up to five years in prison, but Burrell said at Friday's brief court appearance that federal sentencing guidelines called for zero to six months behind bars. Following the suggestion of prosecutors, which the defense had not objected, Burrell sentenced Hayat to 11 months, the time he already served in the Sacramento County Jail following his June 2005 arrest.

Burrell also imposed a $3,600 fine and a standard $100 assessment fee. Hayat will be placed on three years of supervised release — similar to the state probation system — with general requirements that include owning no firearms, not consuming illegal drugs and not committing any crimes.

Then, moments after the sentencing began, it ended just as quickly. Hayat walked out of the 13th-floor courtroom, accompanied by attorney Johnny L. Griffin III and went to another office to have his ankle bracelet cut off.

Quotes

“

We have rights. We have the freedom of speech, of religion — but if you talk to the FBI, first get a lawyer.

I love the United States. This is my country. My kids were born here. I'm going to die here. My father is buried here.

”

Umer Hayat

Burrell had released him from custody after the trial's conclusion, but on the condition that he wear the electronic monitoring bracelet.

Except for attending prayer, seeing the doctor and going to a job placement service, Hayat said the bracelet had limited him to his home. He could tend tomato plants in his yard but could not visit friends and family in other parts of the city.

Though his name was linked to terrorism and his 23-year-old son was convicted of terror-related charges, Hayat said he has seen no backlash from the community. Instead, he said, people have hugged him.

His immediate neighbor, Karina Murillo, remembers buying ice cream from him more than a decade ago when she was 13. She and other children called him "Barba," meaning beard in Spanish.

Hayat, who moved to the United States from Pakistan 30 years ago in his grandfather's and uncle's footsteps and is a naturalized citizen, worked in Lodi fruit orchards and fields and learned to speak English and Spanish.

Umer Hayat, right, smiles as he and his attorney, Johnny Griffin III, talk to reporters after his sentencing in federal court in Sacramento today. (AP Photo/Rich Pedroncelli)

Hayat hopes to get his ice cream business running again, he told a crowd of reporters outside the federal courthouse in Sacramento.

"I'm going to drive my ice cream truck. I'm going to work very hard. That's it," he said with a grin when asked what he would do with his freedom.

He later said that a San Joaquin County job program is helping him look for work, and that he's not picky about the job. His diabetes got worse while he was in jail, but Hayat said he's taking medicine for the condition and wants to work.

As for his 11 months in jail — during which time he missed the birth of his first grandson and the death of his father — Hayat said, "Jail is jail."

He said didn't like being behind bars, but he remembered the jailers he knew as officers Brian, Camacho, Moore and Brass. They treated him well, he said, and he had told them he'd mention their names when he was released from custody. Some told him they did not believe he was a terrorist, Hayat said.

Case history

Until early June 2005, the Hayat family had lived a quiet existence on Acacia Street in eastern Lodi. As is often custom, the family took a trip to Pakistan in 2003, where they planned to marry off Hamid Hayat, then 20.

Umer Hayat's daughter Raheena, 11, holds her cousin, Jial Usman, while nephew Asad Hayat, 15, listens to an interview today. (Jennifer M. Howell/News-Sentinel)

Unknown to the Hayats, a paid FBI informant named Naseem Khan had been working in Lodi since late 2001. Khan initially focused on two religious leaders in the Muslim community, who have since been deported on administrative immigration violations, and then befriended Hamid Hayat.

The two kept in touch when the Hayats went to Pakistan, and tapes played in court later revealed that they talked about "training," which Khan testified referred to as training for violent jihad, or war. The defense maintains that Hamid Hayat meant it as religious training.

Khan was a key witness during the trial and Umer Hayat called him "very corrupt" and "a big liar."

As a result of the investigation, Hamid Hayat's name was placed on a no-fly list, and he triggered an alert when he headed back to the U.S. in late May 2005. His plane was redirected, an FBI agent interviewed him and then he was allowed back into the country.

Hayat case historyJune 5, 2005: Umer Hayat, now 48, and his son, Hamid Hayat, now 23, are arrested and jailed.

June 16: Federal grand jury indicts the Hayats on charges of making false statements to the FBI about alleged terrorist ties. Three months later they later add a count of providing material support to terrorism to Hamid Hayat's charge.

Feb. 14, 2006: Jury selection got underway.

April 25: After eight days of deliberations, jurors cannot reach a verdict in Umer Hayat's case. Hours later, a separate jury in its ninth day of deliberations convicted Hamid Hayat of all charges, including providing material support to terrorists.

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May 1: Umer Hayat is released from jail to home detention, with the Hayat house serving as bond.

May 31: Umer Hayat pleads guilty to lying about the amount of money he and his family members were taking to Pakistan in 2003. In exchange, prosecutors dismiss all terror-related charges against him.

Friday: U.S. District Judge Garland E. Burrell Jr. sentences Umer Hayat to 11 months in prison, the time he has already spent in custody. His electronic monitoring ankle bracelet is removed and he goes home.

— News-Sentinel staff

Agents wanted to speak with Hamid Hayat further, though, and they arrived at the Lodi house within days. Then they asked the younger Hayat to go talk with them at their Sacramento office. The next day, his father accompanied him to the interviews that would stretch for hours and culminate with two arrests.

"If we had done something wrong, we wouldn't have gone to the FBI center," Umer Hayat said Friday.

For hours, he said, he told the FBI that he had no knowledge of terror training camps in Pakistan, or if his son was involved.

"I was telling them the truth. I was saying, 'I am not a terrorist, my son is not a terrorist.' And they didn't believe me," he said.

He said he added details and changed things because he thought it would appease the agents and allow him to go home. Among his descriptions was one of an underground basement where men pole-vaulted and wore masks — "like Ninja Turtles," he told agents.

His children had a Teenage Mutant Ninja Turtles video game, Umer Hayat said Friday, and when a reporter mentioned an ice cream bar called a Ninja Turtle, he nodded.

"Yes, it costs $1.25. Do you want to buy one?" he asked with a grin, drawing laughter.

Looking back, and ahead

Umer Hayat is generally soft-spoken, but he raised his voice and spoke with passion when asked if he plans to remain in Lodi, or even in the country.

"I love the United States. This is my country. My kids were born here. I'm going to die here. My father is buried here," he said.

As for the FBI, he said, "They're OK, but they treated us unfair."

He said he believes they have a job to do, and he's against terrorism because the Koran teaches peace.

At the advice of his attorney, Umer Hayat spoke little of his eldest son, who remains behind bars after a separate jury convicted him of providing material support to terrorists and lying about terrorism. He faces as much as 39 years in federal prison and will return to court in November, where a judge will hear arguments on his attorney's quest for a new trial.

He did say that the family misses Hamid Hayat, and he maintains that his son is not a terrorist.

For now, Umer Hayat is focusing on trying to find work so he can support his wife and children, the youngest of whom are 11 and 17.

Contact reporter Layla Bohm at layla@lodinews.com.

Hayat Released From Custody (SACBEE)

By Denny Walsh, Bee Staff Writer

The Sacramento Bee, August 26, 2006

Ice cream vendor sentenced to jail time already served

Umer Hayat, the Lodi ice cream street vendor who fought off terrorist-related charges and then pleaded guilty in an unrelated matter, was sentenced Friday in Sacramento federal court to the 11 months he spent in jail awaiting trial.

Asked as he left the courtroom if he was relieved, the 48-year-old Hayat smiled and nodded yes.

"I'm glad it's over," he said.

With his attorney, Johnny Griffin III, Hayat stopped by the court's pretrial services office to remove an ankle bracelet he had worn since being placed on house arrest in late April, after a jury was unable to reach a verdict in his trial.

From there Hayat walked out of the courthouse a free man. He will be under supervision of federal probation authorities for three years.

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"We think it is a wholly appropriate outcome given the false statements Umer Hayat made to government authorities in 2003 and 2005," prosecutor S. Robert Tice-Raskin said as he left the courtroom. "We think justice has been served."

Hayat pleaded guilty May 31 to lying to customs officials in 2003 about the amount of money he and his family were taking with them on a trip to Pakistan. He admitted that he falsely told a customs inspector in April 2003 at Washington-Dulles International Airport that he and his family were carrying $10,000 -- the legal limit -- when they were carrying more than $28,000.

Hayat had previously gone to trial on charges that he initially lied to the FBI in 2005 about his son's support of terrorism and his own firsthand knowledge of terrorist training camps in Pakistan. The jury split 7-5 for conviction on one count and 6-6 on a second count, and U.S. District Judge Garland E. Burrell Jr. declared a mistrial.

On April 25 -- the same day Hayat's trial ended with a hung jury -- another jury found his son, Hamid Hayat, guilty of undergoing terrorist training in Pakistan, returning to Lodi prepared to wage violent jihad -- or holy war -- against fellow Americans, and lying to the FBI when initially questioned.

Hamid Hayat, who is in custody, faces a maximum of 39 years in prison. His sentencing has been postponed while Burrell considers defense motions attacking his conviction. A hearing on those motions is set for Nov. 17.

While Umer Hayat was happy to have his own prosecution behind him, he told reporters as he emerged Friday from the courthouse, "My family's still hurting about my son's situation."

When he was asked if he planned to stay in this country or return to his native Pakistan, Hayat became animated and his voice rose.

"I am a United States citizen," he said. "I've lived here 30 years. I love this country. It is my country. I will die here and be buried here."

Asked for his thoughts on terrorism, Hayat pointed out that he is a Muslim and said, "It is against my religion. The Quran teaches me to be peaceful."

He said the Muslim community in Lodi knows him to be a man of peace and has been very supportive, welcoming him warmly when he was released from jail four months ago.

Hayat said he made a series of damaging admissions to the FBI in a videotaped interview only after the agents refused to believe the truth -- that he knew nothing about terrorist training camps in Pakistan and his son was not a trainee at one of them.

After hours of being grilled at the FBI field office in Sacramento, Hayat said, he wanted to go home and "just made up stories" he thought the agents wanted to hear.

On the same weekend in June 2005 that Hayat was questioned, son Hamid Hayat gave the agents a videotaped interview in which he admitted undergoing terrorist training designed to prepare him for jihad against the enemies of Islam in the United States.

A key witness at both of the Hayats' trials was Naseem Khan, a Pakistani immigrant originally recruited by the FBI and placed in Lodi to spy on two Muslim clerics at the mosque. Khan later befriended Hamid Hayat and supplied the bureau with information about the Hayat family.

Umer Hayat reserved his harshest language Friday for Khan, calling him "a lowlife" and "a big liar."

IN SUMMARYCharges: Umer Hayat pleaded guilty to lying to customs officials about the amount of money he and his family were taking on a trip to Pakistan.

Sentence: He was given the 11 months he spent in jail awaiting trial; on probation for three years.

Original charges: Hayat went on trial on charges that he lied to the FBI about his son's support of terrorism and his firsthand knowledge of terrorist training camps.

Related case: Hayat"s son, Hamid, awaits sentencing after being convicted on terrorist-related charges.

About the writer:

The Bee's Denny Walsh can be reached at (916) 321-1189 or dwalsh@sacbee.com.

Hayat: Story Faked (STOCKREC)

By Jeff Hood, Lodi Bureau Chief

Stockton Record, August 26, 2006

Out on time served, Lodi man says his tales of terror camps were pulled from TV, newspapers and 'Mutant Ninja Turtles'

SACRAMENTO - Umer Hayat made it all up, he said.

There was no underground terrorist training camp. There were no masked warriors from Chechnya, Afghanistan, Malaysia and other countries learning to pole vault over water obstacles. Lodi's Muslim leaders weren't part of al-Qaida.

The 48-year-old Lodi man said Friday that he concocted the story because FBI agents failed to believe him in June 2005 when he denied that either he or his son had any connection with terrorist camps in Pakistan.

His vivid images were nothing more than his recollection of what he had seen on television and in newspapers, along with "Teenage Mutant Ninja Turtles" videos his family watched, Hayat said.

"My son is not a terrorist, and they were not believing the truth," Hayat said, referring to FBI agents. "They keep questioning over, like, five, six hours. Every question 10 times, 11 times. I was very tired, because it was 2 a.m. in the morning. I wanted to go home, and I just made a story."

It cost him more than a year of his life.

Hayat spoke freely for the first time in nearly 15 months Friday, after U.S. District Judge Garland E. Burrell Jr. sentenced him to time already served in custody and three years' probation. Hayat, originally charged with lying to the FBI for denying he and his son had visited terrorist camps, pleaded guilty May 31 to lying about the amount of cash he was taking to Pakistan for a 2003 visit.

Hayat, who owes the government $3,700 in fines and court costs, said he hopes eventually to get a job working with computers and might resume selling ice cream on Lodi's streets from his beige van as soon as today. He repeatedly stressed that he loves the country in which he has lived for 30 years.

"This is my country. I'm a U.S. citizen. My children are born here," said Hayat, naturalized in 1993. "I'm going to die here and bury here, my friend."

Hayat's eldest son, 23-year-old Hamid Hayat, was found guilty in April of supporting terrorists by attending a training camp in 2003 and 2004, and of lying to the FBI. He faces up to 39 years in federal prison, but his sentencing has been postponed as defense attorneys seek a new trial.

With lawyers Johnny Griffin and Silky Sahnana by his side, Umer Hayat speaks to the media Friday in front of the federal courthouse in SacramentoCredit: Victor J Blue/ The Record "I'm still missing my son in the jail," Umer Hayat said. "He is innocent, and I hope they give him a fair trial."

Umer Hayat served 11 months in jail and was released May 1 under house arrest after his trial ended with the jury deadlocked on both lying charges. Those charges were dismissed in return for Hayat's guilty plea related to the $28,053 he and his family had in their possession when they were questioned at Virginia's Dulles International Airport in 2003.

"We think the sentence imposed by the court is wholly appropriate, given the false statements Umer Hayat made in 2003 and 2005," Assistant U.S. Attorney Robert Tice-Raskin said, still convinced Hayat lied last year to the FBI. "We think justice has been served."

Hayat, however, isn't so sure. He said he was trying to help the FBI with its investigation by agreeing to wear a hidden microphone during conversations with Lodi's Muslim spiritual leaders and had no idea he might be arrested for his statements until his attorney, Johnny L. Griffin III, arrived at the FBI office and ended the interview.

"For everybody - all American people or Muslim people - any questions from the FBI, I would advise them to don't talk to them without a lawyer," said Hayat, adding he was unaware at the time of his right not to speak to investigators.

"They were doing their job, but they got the wrong people."

Hayat said it was unfair that he and his son were swept up in an investigation that initially focused on Lodi's Muslim spiritual leaders, imams Shabbir Ahmed and Mohammed Adil Khan. Although he said the U.S. justice system worked, calling jurors "responsible people," he lashed out at paid FBI informant Naseem Khan, who infiltrated Lodi's Muslim community and earned the Hayats' trust.

Khan, who was paid more than $200,000 in wages and expenses by the FBI for his work in Lodi over three years, later testified against the Hayats.

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"He's a big liar," Hayat said, reminding that Khan once told the FBI he saw Ayman al-Zawahiri, Osama bin Laden's right-hand man, in Lodi in the 1990s. Prosecutors later acknowledged that was highly unlikely. "Somebody else is going to pay him money, and he's going to do something against somebody else."

Hayat said he rejected a deal prosecutors offered: In return for his testimony against his son, the government would drop the charges against the elder Hayat.

"They wanted me to say (Hamid Hayat) is a terrorist," Hayat said. "I said no way. I love my kids, and I knew my son's case."

The charges cost Umer Hayat all his financial assets, he said, including his home, which was mortgaged by his brother to pay attorneys' fees. Now Hayat, his wife and children live in a converted garage on the Acacia Street property.

He said he isn't worried that some Lodi residents may fear he does have connections with terrorist groups in Pakistan, because he has been embraced warmly by the community since he returned to Lodi on May 1 with a monitoring device locked on his ankle. The device was cut off at the U.S. District Courthouse before he left Friday.

"Even the kids passing by say, 'Hey, Umer, what's going on? Why did they put you in the jail?'" Hayat said. "The people here have known me for so many years."

Hayat said he has been taking classes since Aug. 2 through CalWORKs' Stockton office to learn job-seeking skills. He said he hopes he can apply those skills a finding a full-time job and make ice-cream sales a part-time occupation.

"I'm a hard worker," Hayat said. "I worked in the fields. I pruned grapes and picked peaches."

His immediate plans, however, were to attend Friday's Muslim prayer services.

"I'm going to pray today and thank Allah for giving me freedom," Hayat said, adding he supports President Bush and does not sympathize with any terrorist organization. "I'm glad it's over now."

Contact Lodi Bureau Chief Jeff Hood at (209) 367-7427 or jhood@recordnet.com

2 Lodi Residents Refused Entry Back Into U.S. (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, August 26, 2006

Sacramento -- The federal government has barred two relatives of a Lodi man convicted of supporting terrorists from returning to the country after a lengthy stay in Pakistan, placing the U.S. citizens in an extraordinary legal limbo.

Muhammad Ismail, a 45-year-old naturalized citizen born in Pakistan, and his 18-year-old son, Jaber Ismail, who was born in the United States, have not been charged with a crime. However, they are the uncle and cousin of Hamid Hayat, a 23-year-old Lodi cherry packer who was convicted in April of supporting terrorists by attending a Pakistani training camp.

Federal authorities said Friday that the men, both Lodi residents, would not be allowed back into the country unless they agreed to FBI interrogations in Pakistan. An attorney representing the family said agents have asked whether the younger Ismail trained in terrorist camps in Pakistan.

The men and three relatives had been in Pakistan for more than four years and tried to return to the United States on April 21 as a federal jury in Sacramento deliberated Hayat's fate. But they were pulled aside during a layover in Hong Kong and told there was a problem with their passports, said Julia Harumi Mass, their attorney.

The father and son were forced to pay for a flight back to Islamabad because they were on the government's "no-fly" list, Mass said. Muhammad Ismail's wife, teenage daughter and younger son, who were not on the list, continued on to the United States.

Neither Muhammad nor Jaber Ismail holds dual Pakistani citizenship, Mass said.

"We haven't heard about this happening -- U.S. citizens being refused the right to return from abroad without any charges or any basis," said Mass, a lawyer for the American Civil Liberties Union.

McGregor Scott, the U.S. attorney for California's eastern district, confirmed Friday that the men were on the no-fly list and were being kept out of the country until they agreed to talk to federal authorities.

"They've been given the opportunity to meet with the FBI over there and answer a few questions, and they've declined to do that," Scott said.

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Mass said Jaber Ismail had answered questions during an FBI interrogation at the U.S. Embassy in Islamabad soon after he was forced back to Pakistan. She said the teenager had run afoul of the FBI when he declined to be interviewed again without a lawyer and refused to take a lie-detector test.

The Ismails had been in Pakistan partly so Jaber could study the Quran, Mass said. She said that neither he nor his father had anything to do with terrorism.

"They want to come home and have an absolute right to come home," said Mass, who has filed a complaint with the Department of Homeland Security and a petition with the Transportation Security Administration.

"They can't be compelled to waive their constitutional rights under threat of banishment," Mass said. "The government is conditioning the return to their home on cooperation with law enforcement."

Aviation watch lists were created in 1990 to keep terrorists off planes and track drug smugglers and other fugitives. But since al Qaeda's attacks on Sept. 11, 2001, the government has expanded the lists significantly. Members of the public cannot find out if, or why, they are on a no-fly list.

Michael Barr, director of the aviation safety and security program at USC, said the Ismail case appears to be unusual in the realm of federal terrorism investigations.

"You become what is called a stateless person, and that would be very unprecedented," Barr said.

He said U.S. law enforcement agents have understandably been "overly cautious" in recent years. "If they're going to err, they're going to err on the side of caution," Barr said. "What's happened in a lot of these things is that you're guilty until proven innocent."

Jaber Ismail was one of several people mentioned by his cousin, Hayat, during a videotaped interview with the FBI in Sacramento in June 2005 that prompted Hayat's arrest.

Hayat himself had just returned from a two-year trip to Pakistan. His flight, too, had been diverted because Hayat was on the no-fly list as a result of conversations he had with an informant who had infiltrated the mosque in Lodi that Hayat attended.

Prosecutors said Hayat told FBI interrogators that he had trained at a terrorist camp in Pakistan, although defense attorneys argued that the videotaped confession was contradictory and suggested that agents had manipulated the interview.

When agents asked him who else had gone to training camps, Hayat said, "I can't say 100 percent, but I have a lot of, you know, names in my head," according to a transcript of the interview.

Hayat said Jaber Ismail "went, like, two years ago." Asked if his cousin had gone to the same camp he had attended, Hayat said, "I'm not sure, but I'll say he went to a camp."

Hayat later said that Ismail and another relative "didn't talk to me about going to camps or anything. But you know I'm sure they went to the camp ... 'cause they memorize the Holy Quran."

Hayat faces up to 39 years in prison when he is sentenced. A hearing is scheduled for Nov. 17 to discuss his lawyers' motion for a new trial on a number of grounds, including juror misconduct.

On Friday, Hayat's father, ice cream truck driver Umer Hayat, 48, was formally sentenced at U.S. District Court in Sacramento.

In a deal with prosecutors, the elder Hayat pleaded guilty in June to charges of lying to customs agents about $28,000 he was carrying during a trip to his native Pakistan. He avoided a retrial on more serious charges of lying to the FBI about his son's training in Pakistan. He was sentenced to the 330 days in jail that he already served.

Speaking publicly for the first time, Umer Hayat said outside the courthouse that he "got screwed" and "hates terrorists." He said he had fabricated his own videotaped FBI confession -- in which he described visiting a militant camp in Pakistan where his son had allegedly trained -- because agents refused to believe the truth and because he was tired.

He said he had borrowed his description of masked terrorists firing guns, swinging swords and pole vaulting in a basement from "the newspaper and the TV," as well as from a Teenage Mutant Ninja Turtles video game belonging to his children. He said his ice cream truck bears a photo of one of the turtles, advertising a $1.25 ice cream bar.

"I make a story, that's all," Hayat said.

Scott, the U.S. attorney, said he would "take anything Umer Hayat says with a grain of salt. He seems capable of saying whatever needs to be said at any particular time, whether it's the truth or not."

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Turk Was Abused At Guantanamo, Lawyers Say (WP)

By Shannon Smiley And Craig Whitlock, Washington Post Foreign Service

The Washington Post, August 26, 2006

BREMEN, Germany, Aug. 25 -- Lawyers for Murat Kurnaz, a German native released Thursday after spending more than four years locked up at Guantanamo Bay, Cuba, said he was mistreated to the end by U.S. military personnel, who kept him shackled and blindfolded until his flight home landed.

Bernhard Docke, an attorney representing Kurnaz, a 24-year-old Turkish citizen who was born and raised in Germany, said his client was kept in a "cage" and under bright neon lights 24 hours a day during his captivity at Guantanamo. "The Americans are incorrigible, they have not learned a thing," Docke said at a news conference in Bremen, Kurnaz's home town. "He was returned home in chains, humiliated and dishonored to the very end."

Defense Department officials said they agreed to free Kurnaz on the condition that Germany treat him humanely and that it ensure he would no longer pose a security threat. The U.S. government still considers Kurnaz an enemy combatant, said U.S. Navy Lt. Cmdr. Chito Peppler, a Pentagon spokesman.

"It was only after lengthy discussions that the U.S. government decided that conditions were appropriate to return Mr. Kurnaz to Germany," Peppler said in a telephone interview. "We do not consider Mr. Kurnaz or any other detainee we transfer as zero risk. To a certain extent, they still do pose a threat."

Peppler declined to comment on the lawyer's statement that Kurnaz was blindfolded and shackled on the flight.

Docke said Kurnaz, who has not appeared in public since his release, faced a long struggle to readjust to society and has "now entered a cultural, social jet lag of a new dimension. He has been in a parallel universe."

Kurnaz was detained in Pakistan in October 2001 and taken to Cuba a few months later, among the first arrivals at the military prison at Guantanamo Bay.

Declassified records in his case made public last year show that he was kept behind bars and designated an enemy combatant even though U.S. military intelligence and German law enforcement officials had largely concluded that there was no information tying him to al-Qaeda or terrorist activities.

Kurnaz has said he was on a missionary trip to Pakistan and was arrested while riding a bus because he was a foreigner. "The U.S. government has repeatedly said Guantanamo houses only terrorists and people from the battlefields -- the worst of the worst. We know that this claim is not only an exaggeration, but a lie, and Murat Kurnaz's case proves this," said Baher Azmy, a Seton Hall University law professor who also represents Kurnaz.

Kurnaz's lawyers blamed the German government for not taking up his cause sooner. They said the government of former chancellor Gerhard Schroeder had declined to intercede on Kurnaz's behalf because he did not have German citizenship.

In January, Schroeder's successor, Angela Merkel, raised Kurnaz's case with President Bush, prompting diplomatic talks that ultimately led to his release, according to his lawyers and German officials.

Whitlock reported from Berlin.

Law Put To Unusual Use In Hezbollah TV Case, Some Legal Experts Say (NYT)

By William K. Rashbaum

The New York Times, August 26, 2006

Federal prosecutors who charged a man on Thursday with providing Hezbollah television access in New York made unusual use of a law more often employed to bar financial contributions to terrorist groups, legal experts said yesterday.

The broadly defined statute, the International Emergency Economic Powers Act, is also used frequently to block the importation of goods and services that would directly support terrorist operations.

The law, which went into effect in 1977, was meant to put legal teeth in international trade embargoes with other nations, but once it was amended by the Patriot Act after 9/11, the government began to use it far more frequently against particular groups and individuals.

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The use of the law, however, to focus on television broadcasts seemed to fall under an exemption laid out in a 1988 amendment to the act, several experts said, and it raised concerns among civil libertarians and some constitutional scholars about limiting the free marketplace of ideas.

The exemption covers publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact discs, CD-ROM's, art works and newswire feeds.

"One person's news is another's propaganda," said Rod Smolla, the dean of the University of Richmond Law School and a First Amendment expert. "It runs counter to all of our First Amendment traditions to ban the free flow of news and information across borders, yet at the same time all nations have historically reserved the right to ban the importation of propaganda from a hostile nation."

Professor Smolla also said that so far as he knew, this was the first use of the law to block information, as such.

The defendant, Javed Iqbal, a Pakistani who, according to his lawyer, has been in this country for more than 20 years, was charged with conspiring to violate the International Emergency Economic Powers Act, by offering to provide the Hezbollah station, Al Manar, to a confidential informant.

Al Manar — the Beacon, in Arabic — was designated a global terrorist entity by the Treasury Department in March; Hezbollah itself was designated a foreign terrorist organization by the State Department in 1997.

Bail for Mr. Iqbal was set at $250,000 on Thursday by Gabriel W. Gorenstein, a federal magistrate judge, and Mr. Iqbal's lawyer, Mustapha Ndanusa, said he hoped to post a bond on Monday.

A spokeswoman for Michael J. Garcia, the United States attorney in Manhattan whose office filed the case, declined to comment yesterday.

A Justice Department official in Washington could not provide figures for the number of cases brought under the law nor say whether any others had focused on the dissemination of satellite broadcasts or information. The official did not disagree with a characterization of the use of the law in this case as unusual.

Critics took a far harsher view. David D. Cole, a Georgetown University law professor who frequently criticizes the Justice Department and is challenging several aspects of the act in federal court in California, said the case against Mr. Iqbal combined what he called tactics of the McCarthy era — punishment of speech, and guilt by association.

"Mr. Iqbal is being penalized for doing nothing more than facilitating speech, and is being punished not because the speech itself is harmful, but because it is associated with Hezbollah," he said.

Prosecutors have suggested that they may file more serious charges of material support for terrorism; it is not known whether they have more damaging evidence against Mr. Iqbal that they have not disclosed.

Mr. Iqbal's lawyer seemed dismissive of the charges, nonetheless. "I'm not even sure really how to characterize the case," he said. "I was a little bit dumbfounded just reading the complaint itself."

The investigation into the case began in February when a confidential informant told the authorities that Mr. Iqbal was selling access to Al Manar, before the station was designated as a terrorist entity, according to court papers.

Yesterday, the Staten Island home where Mr. Iqbal lives with his wife and four children — with eight satellite dishes in the backyard — was quiet, and neighbors had little to say about the entrepreneur.

But a lawyer for a former business associate of Mr. Iqbal was less taciturn.

That lawyer, Cary Sternback, represents E2V Technology, which he said is suing Mr. Iqbal and his firm charging that they failed to pay for $30,000 worth of satellite equipment, which "mysteriously ended up attached to his satellite transmitter," an accusation Mr. Iqbal's lawyer denied.

Mr. Sternback said, "My take on him is he's not a terrorist, he's an opportunist."

HOMELAND RESPONSE:

Dynamite Found In Luggage (WP/AP)

By Kristen Hays, Associated Press

The Washington Post, August 26, 2006

DOJ_NMG_0054439

No Link to Terrorism Seen in Incident, One of 7 Reported

HOUSTON, Aug. 25 -- A stick of dynamite was found in a college student's checked luggage on a Continental Airlines flight from Argentina, one of seven security incidents Friday that caused U.S. flights to be diverted, evacuated, searched or delayed.

Howard McFarland Fish, 21, was charged with carrying an explosive aboard an aircraft and was in the custody of U.S. Immigration and Customs Enforcement. Federal authorities have determined that his actions were not acts of terrorism, ICE spokeswoman Luisa Deason said in a statement.

Fish told authorities he worked in mining and often handled explosives, Houston Fire Department Assistant Chief Omero Longoria said. Longoria said federal officials were investigating whether the explanation was true.

William D. Waldock, aviation safety professor at Embry-Riddle Aeronautical University in Arizona, said the incident could have been disastrous and raises questions about security in overseas airports.

Dynamite can be unstable if it's old, he added. "You're in a pressurized airplane, you get a detonation in the cargo hold, it could blow a hole in the airplane big enough to bring it down," he said.

The dynamite was found during a luggage search in a federal inspection station at Bush Intercontinental Airport shortly after Flight 52 landed at about 6 a.m. Marlene McClinton, spokeswoman for the Houston Airport System, said a bomb-sniffing dog "had a hit" on explosive residue during a further search. She said Customs and Border Protection and the FBI shut down the customs area and began questioning the passenger who had the luggage.

The U.S. Attorney's Office in Houston said Fish, of Connecticut, would appear before a federal magistrate Monday. Anyone found guilty of carrying an explosive aboard an aircraft faces 10 years in prison and a $250,000 fine.

Fish is a psychology student at Lafayette College in Easton, Pa., said Roger Clow, the college's director of communications. He declined to answer other questions about Fish, citing privacy concerns.

In other incidents:

Â· An American Airlines flight from Manchester, England, to Chicago was forced to land in Bangor, Maine, in response to an unspecified threat, authorities said. Passengers deplaned and were led to a holding area, said airport manager Rebecca Hupp. The jetliner was on the tarmac with its engines off.

Andrea McCauley, a TSA spokeswoman, said FBI agents were interviewing passengers and crew members. She added that officers with dogs trained to detect explosives were also checking the plane.

Â· A U.S. Airways jet was diverted to Oklahoma City after a federal air marshal subdued a disruptive passenger who had pushed a flight attendant, the FBI said.

The passenger was taken into custody after the plane landed at Will Rogers World Airport, said Gary Johnson, an FBI spokesman. The passenger was undergoing a mental evaluation, and authorities had yet to determine what charges he might face. The jet returned to flight three hours later on its trip from Phoenix to Charlotte.

Â· A Continental Airlines flight from Corpus Christi, Tex., to Bakersfield, Calif., was held in El Paso, one of its scheduled stops, after the crew discovered a missing panel in the lavatory, authorities said.

The crew of Flight 2258 discovered the missing panel, and passengers were being screened and interviewed upon landing in El Paso, the TSA's Amy von Walter said.

Â· A utility knife was found on a vacant passenger seat of a U.S. Airways flight traveling from Philadelphia to Bradley International Airport in Connecticut, police said.

Authorities said they received an emergency call at about 8:25 a.m. reporting that a passenger on U.S. Airways Flight 554 had found the knife and reported it to a flight attendant. When the plane arrived at Bradley, state troopers boarded the aircraft, seized the knife as evidence and interviewed passengers.

No arrests were made and there were no threats involved, said Master Sgt. J. Paul Vance, state police spokesman. Authorities did not know whether a worker inadvertently left the knife on the plane or a passenger brought it on, Vance said.

Â· An Aer Lingus flight from New York to Dublin was evacuated Friday morning during a scheduled stopover in western Ireland following a bomb threat that turned out to be unfounded, officials said.

Â· A United Airlines flight out of Chicago's O'Hare International Airport was delayed because a boy said something inappropriate, according to a government official speaking on condition of anonymity because of the sensitivity of the information.

7 Incidents In A Day Show Air Travel Anxiety Is Up (LAT)

By Elizabeth Mehren, Times Staff Writer

The Los Angeles Times, August 26, 2006

The flight disruptions reflect elevated security and concerns. In one case, dynamite is found.

BOSTON — Amid renewed anxiety about air travel and tough new regulations about what passengers may bring on planes, at least seven U.S. flights were involved in security incidents Friday. In one case, a stick of dynamite was found to have been aboard a flight.

The series of events, safety consultants and others said, reflected heightened emotions and appropriately tightened security in the wake of an alleged plot to blow up transatlantic airliners that was thwarted this month by British authorities.

"I think it's a combination of both," said Douglas Laird, a Reno-based consultant to the airline industry and former longtime security director for Northwest Airlines. "I think there is a heightened awareness of what happened in London, and that causes some people to overreact."

In what may have been Friday's most serious incident, authorities said a college student's checked luggage on a Continental Airlines flight from Argentina was found to contain a stick of dynamite after it landed in Houston en route to Newark, N.J.

A bomb-sniffing dog at the international-arrivals area at George Bush Intercontinental Airport detected an explosive substance in a suitcase. It belonged to a man who told Houston authorities that he worked in mining and often handled explosives.

Howard McFarland Fish, 21, was in federal custody. His actions were determined not to be terrorism-related, according to Immigration and Customs Enforcement.

The flight continued to Newark without Fish or his baggage and was swept again for explosives upon landing, officials said.

Three U.S. aircraft — from American Airlines, U.S. Airways and Continental Airlines — made emergency landings Friday.

A Transportation Security Administration spokesman said American Airlines Flight 55, bound for Chicago from Manchester, England, was diverted to Bangor, Maine, because of "a reported threat to the aircraft while it was en route."

FBI spokeswoman Gail Marcinkiewicz in Boston said she was unable to specify the nature of the alleged threat but confirmed that the FBI was participating in an investigation in Bangor. "We aren't going to give out any of the details," she said. "Until all of it is taken care of, we can't comment."

Marcinkiewicz said the plane was diverted to Bangor because it is the northernmost major airport in the U.S. She said the plane carrying 188 passengers landed at about 12:45 p.m. Friday.

A TSA spokesman said that "given the current threat level, the agency, in conjunction with other federal authorities, took prudent action to ensure the security of passengers and crew." The spokesman said TSA dogs searched the plane.

Also Friday, a U.S. Airways jet bound for Charlotte, N.C., from Phoenix made a forced landing in Oklahoma City after a federal air marshal reportedly subdued an unruly passenger. Authorities declined to give details.

And after the crew of Continental Flight 2258 discovered a missing panel in a lavatory, the plane bound for Bakersfield from Corpus Christi, Texas, was diverted to El Paso, according to the TSA.

The plane carrying 50 passengers was held for about four hours before officials determined there was no danger. "The passengers were interviewed, and the aircraft was thoroughly inspected with all the tools at our disposal, including canine teams," said Pat Abeln, director of aviation at El Paso International Airport. "At the end of the day, this was a precautionary event that turned out to be a nonevent."

In three other incidents, a utility knife was found aboard a parked U.S. Airways plane in Connecticut, takeoff of a United Airlines flight in Chicago was delayed after concern about a possible bomb, and in Ireland, an Aer Lingus plane from the U.S. was evacuated after it landed.

Authorities in Hartford, Conn., boarded U.S. Airways Flight 554 from Philadelphia after a passenger found a utility knife on a vacant seat. No arrests were made, and no threats issued, state police said. Police and the FBI were investigating whether the knife had been left by a worker or by a passenger.

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At Chicago's O'Hare Airport, a flight attendant aboard United Flight 686 overheard a minor say he had a bomb and alerted the pilot, who taxied to a secure part of the airport. The minor's mother and the minor were removed from the plane, and it was searched, an FBI official said. After bomb-sniffing dogs found no explosives, the flight, which was on a layover between Portland, Ore., and New York's LaGuardia Airport, was allowed to continue.

And in Ireland, an Aer Lingus plane from New York was evacuated at Shannon Airport after police received a call early Friday claiming that "some sort of device" was on board. Police found nothing suspicious, Aer Lingus officials said, and the plane returned to service.

Aviation security has increased dramatically since British intelligence services announced Aug. 10 that they had broken up a plan to destroy transatlantic airliners with liquid explosives. Two dozen people were arrested, four of whom have been released.

The disclosure caused chaos at airports in Britain, where more than 2,380 flights were canceled in the week after the alleged plot was revealed. Many passengers on flights from Britain were allowed no hand luggage beyond clear plastic bags containing vital documents and occasionally, small amounts of money.

U.S. transportation officials responded by introducing strict restrictions on carry-on objects. Water bottles were banned, as were deodorant, lip gloss, mascara and other cosmetics. Products containing gel, such as shoe inserts and some brassieres, also were prohibited.

Corey Caldwell, a spokeswoman for the Assn. of Flight Attendants-CWA, said Friday that the ramped-up precautions were "long overdue," and that there was nothing excessive about the new mood in the skies.

"The U.S. aviation system depends on layered security," she said. "The more that we can put in place to ensure the safety inside the aircraft cabin, the safer our aviation system will be."

Caldwell conceded that passenger disturbances were nothing new. She said rowdy or boisterous behavior that in the past might have been overlooked now is viewed in a new light.

"We are in a new day and age," she said. "And we have seen the deadly effect that normal household objects can create in the hands of the wrong people.

"The U.S. aviation system is not something that can be jeopardized."

Ann Davis, a TSA spokeswoman in Boston, acknowledged that tighter security has inconvenienced travelers and made them more anxious.

"I think the elevated threat level over the last few weeks has reminded travelers that the threat to aviation is still very real," Davis said.

"We continue to emphasize the importance of coming to the airport prepared for screening and educating oneself on the restrictions to ensure that the inconveniences are minimal," she said. "But any time we have actionable information, we need to take every precaution to ensure the safety of the travelers."

But security consultant Laird said aviation officials often overreact after real or perceived threats.

"This is common following an event. This reoccurs again and again," he said. "And every time it turns out to be a nonthreat, so to speak, I think that in a sense the terrorists can sit back and sort of chuckle, and say, 'We've really put them into a spin.' "

Laird said Friday's incidents underscored the need for improved security training for all flight personnel. "We need to give them enough training — more training."

Times staff writers Steve Chawkins in Los Angeles and P.J. Huffstutter in Chicago contributed to this report. Associated Press also contributed.

Jets Grounded In U.S. And Ireland; Alert Raised At Houston Airport (NYT)

By Alan Cowell

The New York Times, August 26, 2006

LONDON, Aug. 25 — In a sign of continued jitters after the London bombing alert, an Aer Lingus passenger jet flying from New York to Ireland was evacuated and searched at Shannon Airport on Friday after an anonymous caller told the police that a liquid explosive had been planted on board.

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The alarm was one of several on Friday, two weeks after British authorities scooped up two dozen suspects accused of planning to bomb trans-Atlantic flights.

Among the other cases, federal authorities temporarily shut down the customs area of Bush Intercontinental Airport in Houston after finding a stick of dynamite in a passenger's luggage, The Associated Press reported. The passenger, Howard McFarland Fish, 21, a Connecticut college student on a Continental Airlines flight from Argentina, was charged with carrying an explosive aboard an aircraft and was in the custody of Immigration and Customs Enforcement.

Federal authorities have determined that his actions were not acts of terrorism, Luisa Deason, an agency spokeswoman, said in a statement. Mr. Fish said he worked in the mining industry. The authorities were checking his explanation.

An American Airlines flight from Manchester, England, to Chicago was diverted to Bangor, Maine, after a security threat to the aircraft was reported, according to a spokeswoman for the Transportation Security Administration, Andrea McCauley. She said that F.B.I. agents were questioning the passengers and crew members and that the plane was being searched.

The Associated Press reported that three other flights were diverted, held or delayed for various reasons, including a disruptive passenger on one flight who was subdued by a federal air marshal. It said that a utility knife had been found on the vacant passenger seat of another plane that had landed.

The police in Ireland said the Aer Lingus flight, with 239 passengers, landed at Shannon around 8 a.m., about four hours after the anonymous call. The passengers and their luggage were checked by security officials before passengers left the airport or flew on to Dublin on another aircraft, the police said. The airplane that had flown from New York remained on the ground at Shannon, and the police did not say whether suspicious articles had been found.

Airport operators in Britain and the United States have tightened security since the bombing plot was uncovered in London, including placing restrictions on cabin baggage and banning most liquids onboard flights.

The British police on Monday charged eight suspects in the plot with conspiracy to murder and planning to detonate explosives onboard airliners. Four other people have appeared in court charged with failing to tell the police what they knew about the plan. The latest person to appear, on Friday, was Umair Hussain, who was accused of failing to disclose information about his brother, Nabeel Hussain. Another brother, Mehran Hussain, was accused of the same offense last Monday.

Additionally, eight suspects — reportedly including Nabeel Hussain — are still being held under counterterrorism laws permitting detention without charge for 28 days.

In a court hearing not related to the bombing plot, a closed-door immigration tribunal on Thursday approved the deportation to Algeria of an Algerian terrorism suspect, despite the fact that the man, who has not been identified, had been cleared by a court of terrorism charges. In public he is known only as "Y." He had been charged last year with conspiring to use the chemical ricin in terrorist attacks. But a court acquitted him and seven other North African men, finding only one man, Kamel Bourgass, guilty.

Thursday's ruling was significant because it endorsed the government's contention that it can send suspects to home countries with poor human rights records without offending European human rights laws forbidding deportation to lands where they might face abuse.

The British government has sought assurances from several Middle East and North African countries that they will shield deportees from abuse. But civil rights groups say the assurances are flawed. Amnesty International said on Thursday, moreover, that the hearings against "Y" were "profoundly unfair" since the immigration tribunal, which meets in secret, may consider evidence to which defendants have no access.

The tribunal's decision represented a rare legal victory for the authorities in their handling of terrorism cases.

Katrina's Damage Lingers For Bush (WP)

By Jonathan Weisman And Michael Abramowitz, Washington Post Staff Writers

The Washington Post, August 26, 2006

Many See Storm as President's Undoing

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For Rep. Patrick T. McHenry (R-N.C.), three images define George W. Bush's presidency: Bush throwing out the first pitch of the 2001 World Series at Yankee Stadium, Bush with a megaphone atop the rubble of the World Trade Center -- and Bush staring out the window as Air Force One traversed the Gulf Coast thousands of feet above the devastation of Hurricane Katrina.

The first two images epitomize strength and resolution, the image the Bush White House likes to cultivate. But in one year's time, the last one -- of the president as aloof, out of touch, even befuddled -- all but erased the memory of the others, according to pollsters, pundits and Republican politicians who say they have suffered in the wake of the president's decline.

From the demise of his Social Security overhaul to the war in Iraq, many factors have contributed to Bush's slide in popularity in the past year. But the winds of Katrina may have been the force that finally wrenched the Bush presidency off its moorings, these observers said.

"That has always been the driving [attribute] of Bush -- his ability to lead -- and Katrina undermined it badly," McHenry said. "He has rebounded in one year's time from what he lost in one week's time." But, he added, "it was a long and arduous climb" -- and it is not complete.

The president will appear Monday and Tuesday on the Gulf Coast to mark the first anniversary of the hurricane. To the White House, the president has a strong story to tell: approval of more than $110 billion in resources for the Gulf region, 12 previous visits to the region by Bush and 82 by members of his Cabinet, the restoration of more than 220 miles of New Orleans's flood walls and levees, the floodproofing of pumping stations, and the addition of floodgates to protect against storm surges.

Bush aides said the president will accept responsibility for the botched federal response while stressing that the government has learned from the Katrina mistakes and promising to see through the reconstruction of the Gulf Coast.

White House counselor Dan Bartlett said it is difficult to separate the impact of Katrina from the Iraq war and the other problems that have pulled down Bush's approval rating. "It was a setback at the time, but it was recoverable and has been," Bartlett said.

In Louisiana and other Gulf Coast states, Bush's efforts have made a difference, both in rebuilding the region and in restoring his credibility, said Rep. Jim McCrery (R-La.).

But McCrery and several other Republicans said the year-old images of Bush's overflight aboard Air Force One, his good-natured joshing amid the devastation about college party days on Bourbon Street, and his "heck of a job" commendation of Michael D. Brown, then the director of the Federal Emergency Management Agency, still linger.

"Outside the real storm, it was a political storm that we all suffered a little damage from," said Rep. Jack Kingston (Ga.), a member of the House Republican leadership. "Katrina was not just a break in the levee of the great Crescent City, but it was a break in the levee of political goodwill and the Teflon coating that the administration had been enjoying up to then."

In the weeks after Katrina, Bush's disapproval rating rose from 48 percent to 52 percent, while the proportion of those who approved of the job he was doing as president fell from 44 percent to 40 percent, according to the Pew Research Center for the People and the Press.

The proportion of people who saw Bush as a strong and decisive leader stood at 60 percent in late August 2005, according to a Gallup poll. One week and a hurricane later, it was down to 52 percent. By mid-September, it had fallen to 49 percent.

About 63 percent of Americans disapproved of Bush's handling of Katrina, according to a Washington Post-ABC News poll conducted this March.

"This is an event that calcified the criticisms people were having about Bush, made it more personal and had a big impact on how people look at him," said Andrew Kohut, the Pew Center's director.

Frank Newport, the editor in chief of the Gallup Poll, is more skeptical that there was much of an enduring "Katrina effect" on the president, saying Bush's ratings recovered by the end of 2005 before sliding again in 2006.

Katrina was clearly not the only problem facing Bush in 2005. Bush's full-throated push to add private investment accounts to a slimmed-down Social Security system had been rebuffed by his own party. That August, as Bush vacationed in Texas, the administration appeared to cede the debate on Iraq to antiwar activist Cindy Sheehan as she camped outside the president's ranch.

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But those events only made Katrina's impact that much more powerful, historians and Republican lawmakers say. "The sort of limited commitment that this president has to using federal power to ameliorate domestic problems registered powerfully in this Katrina episode," said presidential historian Robert Dallek. "It triggered Bush's downturn."

It was not only the slow, ineffectual response to the initial devastation that was responsible for the decline, critics and supporters say, but also the policy initiatives that came later. Urban Democrats and minorities, already prone to dislike Bush, focused on FEMA's botched relief efforts in the early days. But as the White House moved to placate those critics with a shower of financial support, the administration began alienating many Republicans, who wanted to use the disaster to turn the Gulf Coast into a showcase for conservative ideas.

Bush did push through legislation creating tax-favored Gulf Opportunity Zones that offered lucrative tax incentives for businesses to invest and rebuild. But more ambitious tax plans never got off the ground. The most far-reaching school-choice plans were scaled back. The most visible housing program came in the form of hundreds of thousands of government-bought trailers and mobile homes, which former House speaker Newt Gingrich (R-Ga.) predicted would create "ghettos of despair."

And the highest-profile attack on a government regulation -- Bush's suspension of the Davis-Bacon Act's rules on wage rates for federal contractors -- was quickly scrapped in the face of union and Democratic protests.

"Crises create opportunities," said Rep. Tom Feeney (R-Fla.). "This could have been an opportunity to redo the school systems with free-market principles. It was an opportunity to not just hand over contracts to unions at whatever cost. Now, that's spilt water over the levees."

White House aides suggest that this criticism is unfair, noting that millions of dollars have been spent on school vouchers and on helping homeowners rebuild their property. "The city of New Orleans will see their schools come back stronger, and in fact there will be an explosion of charter schools that can help the region come back quickly," said White House spokeswoman Dana Perino. "Of course we would have liked to do more in many areas, but the president believes the American taxpayer has been generous."

In the political realm, the White House showed an uncharacteristic reluctance to strike back at Democrats and liberal groups that were attacking the administration for its handling of Katrina. Kingston said many conservatives were ready to attack New Orleans Mayor C. Ray Nagin and Louisiana Gov. Kathleen Babineaux Blanco, both Democrats, whom they saw as the embodiment of years of incompetence, corruption and cronyism. But the signal from the White House was to hold their fire.

Kingston said all Republicans continue to pay the price for the approach Bush took in the weeks after the hurricane.

"What you ended up with was a lot of people who did not like the administration from the beginning now with the tangible reason they had been looking for for five years," Kingston said. "And on the other side you had his friends, who wanted to circle the wagon, defend the president and take a stand, and instead they were asked just to keep passing the bills."

Bush Has Fallen Short In Steering Recovery, Experts Say (MCT)

By William Douglas

McClatchy Newspapers, August 26, 2006

WASHINGTON - President Bush stood in the illuminated darkness of Jackson Square in New Orleans last year and made a solemn vow to Americans who were horrified by the devastation from Hurricane Katrina and the federal government's fumbling response to it.

"Throughout the area hit by the hurricane, we will do what it takes, we will stay as long as it takes, to help citizens rebuild their communities and their lives," Bush said during a Sept. 15, 2005, nationally televised speech. "When communities are rebuilt, they must be even better and stronger than before the storm."

The president returns to the Gulf Coast on Monday to mark the first anniversary of the Category 3 storm, which killed 1,695 people, displaced 770,000 others and caused at least $96 billion in damage to homes, businesses and government property there.

In Gulfport and Biloxi, Miss., and in New Orleans, Bush will tout the progress his administration has made in a year toward getting the region back on its feet, and he'll emphasize that the road to total recovery is a marathon - not a sprint - that will take years to complete.

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But a look back at the Jackson Square speech shows that Bush stumbled from the starting blocks in trying to make good on the ambitious recovery goals he set, according to academics, authors, hurricane experts, civil rights leaders and others monitoring post-Katrina rebuilding efforts.

From his commitment to make New Orleans' damaged levee system "stronger than it has ever been" to his vow to address the "deep, persistent poverty" with "roots in a history of racial discrimination" that Katrina exposed, Bush has come up short, they say.

"It sounded like the Bush administration was going to engage in a grand historical moment, a Marshall Plan for the deep South," said Douglas Brinkley, a Tulane University history professor and author of "The Great Deluge: Hurricane Katrina, New Orleans and the Mississippi Gulf Coast."

"Instead, they're doing just enough to be credible," Brinkley said. "It hasn't been written off by the administration - federal money has come in. It's just been de-prioritized behind the war on terror and the trillion-dollar debt."

White House officials disagree. They say that Bush successfully marshaled the financial and physical resources of the federal government after the administration admittedly failed to provide enough assistance in the early days after the storm.

"President Bush has directed the federal government to be fully engaged in the Gulf Coast region, while empowering state and local officials to have the primary role in planning for their own future," said Emily Lawrimore, a White House spokeswoman.

But many post-Katrina analysts say that Bush's stewardship of rebuilding efforts has been uneven at best. They credit his administration for helping to secure $110 billion in federal funds for recovery efforts, for fixing New Orleans' damaged levees and for getting nearly 100 million cubic tons of hurricane- and flood-related debris removed from the region.

But they note that even some of the positives are problematic. Of $110 billion appropriated for Gulf Coast recovery, only $77 billion has been released, and only $44 billion has been spent. Funds from a $17 billion program to rebuild an estimated 204,000 homes in Louisiana and Mississippi has yet to produce one rebuilt property, according to a new report by Oxfam America, an international humanitarian organization.

Don Powell, the federal coordinator for the Office of Gulf Coast Rebuilding, blames states for being slow to submit their plans for the money to the federal government. He said he struggles with a balancing act between "getting the money out fast and getting the money out responsibly fast."

Bush, following a meeting Wednesday at the White House with Rockey Vaccarella, a New Orleans resident who lost his home to the storm, acknowledged that "there's still bureaucratic hurdles" hampering recovery efforts and that the federal government must do more to "eradicate those hurdles."

Most of the damage to Vaccarella's hometown didn't result from Katrina's powerful winds, but from flooding that occurred when the levees designed to protect the below-sea-level city gave way.

The Army Corps of Engineers has repaired and restored more than 220 miles of floodwalls and levees since September 2005, and floodgates have been added to guard against storm surge, White House officials said.

That will help the levees survive a Category 2 hurricane, but Katrina was a Category 3, and the worst storms are Category 5. The administration has secured nearly $6 billion for the corps to further strengthen the system by 2010, to make the odds of the city flooding again only once in 100 years.

The Army Corps says it doesn't measure the levees' strength or survivability in terms of hurricane categories, but Ivor L. van Heerden, deputy director of Louisiana State University's Hurricane Center, said the enhancements would enable the levees to withstand up to a Category 4 hurricane.

"The federal government is committed to building the best levee system in the world," Powell said last December. The Netherlands' dike system is considered the world's finest; it's built to ensure a projected flood rate of only once in 10,000 years.

The Bush administration's short-term repairs and even the enhancement plan are a long way from that, according to van Heerden.

It would cost $30 billion to build a system in New Orleans with once-in-500 years flood protection, van Heerden said.

"Right now, New Orleans has a once-in-20 years (flood) protection," said van Heerden. "While the corps repairs have been robust, nothing has changed in terms of the level of protection. If there is a slow-moving Category 3 storm, it will fill up everything. Why won't this White House step up to the plate?"

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Lt. Gen. Carl Strock, commander and chief engineer of the Army of Engineers, will present to Congress by December 2007 a proposal on what it would take to provide Category 5 hurricane protection to the Louisiana coast. That's two hurricane seasons from now.

Beyond fixing New Orleans' levees, Bush said he would work to repair the racism and inequality in America that were exposed in Katrina's aftermath.

For days, TV images flashed worldwide showed poor, mostly African-American victims clinging to rooftops and crowding into the stench-filled Superdome and Convention Center waiting for federal help that was slow to come.

The scenes that made the wealthy United States look like a third-world nation weren't lost on Bush. In his Jackson Square talk, he acknowledged "deep, persistent poverty in this region" with "roots in a history of racial discrimination, which cut off generations from the opportunity of America."

"We have a duty to confront this poverty with bold action," Bush said.

Nearly a year later, Roland V. Anglin is still waiting for action.

"When the president came to the Gulf Coast and made those remarks, a lot of us thought that this was an opportunity to revisit the question of race and equity," said Anglin, director of the Institute on Regional and Community Transformation at Rutgers University in New Jersey. "Unfortunately, that conversation has not really progressed to the point a lot of us thought, or hoped, that it would."

Administration officials insist that Bush has been tackling race and inequality issues, noting that he spoke at the NAACP convention this year for the first time in his presidency.

He's shown leadership on the issues through general programs such as his No Child Left Behind, welfare reform and housing plans, administration officials say.

"By sponsoring long-term programs and initiatives that provide minorities with better access to better housing, jobs and education, he is continuing to help more people achieve the American dream," Lawrimore said.

Anglin disagrees. The administration's inattention to race and inequality are hindering recovery efforts, according to a post-Katrina NAACP report that Anglin helped write.

The report contends that state and federal governments have focused too heavily on compensating homeowners, while paying little attention to the needs of those who lived in rental housing, low-to-moderate-income housing and public housing, where many of the state's poor and African-Americans lived before the storm.

The scarcity of apartments and rising rents are becoming problems in Mississippi towns such as Biloxi, where 70 percent of household renters were African-American, according to 2000 statistics compiled by the Brookings Institution, a center-left think tank, for the NAACP report.

The federal government has allocated Mississippi $5.1 billion in Community Development Block Grants to help homeowners and apartment owners. Another $1 billion has been set aside recently to rebuild affordable housing, including public housing along the Gulf Coast.

Powell last week said that "there is adequate money" in the Mississippi and Louisiana CDBG plans to help low- and moderate-income housing dwellers and those who rent.

"Well, it hasn't gotten there, just like the homeowners' money hasn't gotten there yet," Powell said. "But there is a provision. ... It will get there."

Katrina's Damage To Bush's Standing Still Haunts His Presidency (BLOOM)

By Brendan Murray

Bloomberg, August 25, 2006

Aug. 25 (Bloomberg) -- Hurricane Katrina's flood waters have long since receded. The human toll and political wreckage wrought by the killer storm continue to haunt George W. Bush almost a year later.

As the president and still-reeling Gulf Coast residents prepared to mark Katrina's anniversary, political experts say that dismay over Bush's response to the disaster continues to undermine public confidence in his managerial abilities.

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``It was Katrina that broke the sense that the Republicans could govern well," former House Speaker Newt Gingrich said in an interview. Bush ``was still seen before Katrina as a relatively strong leader, and somewhere in this process there was a substantial erosion because Americans were shocked" by the government's failure to perform.

Bush has never appeared comfortable talking about the catastrophe, and the storm's continuing ability to bedevil him makes it a domestic counterpart to the Iraq war -- a setback that fundamentally altered perceptions of a presidency.

The White House's Katrina relief effort seemed off-kilter from the start, said Gingrich, a Republican. Citing Bush's initial praise for then-Federal Emergency Management Agency Director Michael Brown, Gingrich said that ``from that point on, people just look at us and see `Brownie, you're doing a great job,' and they just think we're not in touch with reality."

Swooping Over New Orleans

Bush waited for two days -- days filled with television images of anarchy and desperation -- before inspecting the storm area as Air Force One, returning from Waco, Texas, swooped low over New Orleans. He saw a surreal scene of burning buildings and submerged neighborhoods.

``President Bush seemed to be far above the fray and didn't really understand the scope of the damage," said Daniel Aldrich, a Tulane University professor who is researching the government's reaction to the disaster.

A year later, Democrats as well as many Republicans view the administration's Katrina response as a case study in bureaucratic failure. Among the causes cited: a detached White House high command, a FEMA team hobbled by political cronyism, and a president who oscillated between an emotional desire to aid storm victims and a conservative ideology that is leery of federal bailouts.

In ways large and small, Bush is still paying for the inadequate storm response.

``Sadly, George Bush has forgotten us," says a radio advertisement running this week in New Orleans. The narrator is Joe Lavigne, a Republican candidate who is seeking a House seat in November. Bush is ``spending too much time and money on Iraq and not enough living up to his promise to rebuild New Orleans," the ad asserts.

`Cronyism'

Bush's approval ratings were slipping even before the hurricane hit, said Charles Franklin, a professor at the University of Wisconsin in Madison who analyzes perceptions of the presidency. Backlash over the Iraq war and a polarizing debate with Democrats over Bush's call for partial privatization of Social Security were taking a toll.

``Katrina made the issue for the fall incompetence and cronyism," Franklin said. ``Some of the incompetence may still haunt the administration."

Bush's handling of the emergency also hurt his already shaky ties to the black community, as TV viewers saw pictures of poor, largely black New Orleans residents abandoned to face the harsh aftermath of the storm.

``Republicans very much hoped to reach out to African- Americans and bring them into the Republican tent," said David Gergen, a government professor at Harvard University in Cambridge, Massachusetts, and an adviser to Presidents Richard Nixon, Ronald Reagan and Bill Clinton. ``Katrina really turned that around."

Eight Trips

Scrambling to recover from initial missteps, Bush entered a frenetic Katrina-centric phase after the floodwaters receded. He traveled to the region eight times in the six weeks after the Aug. 29 hurricane hit and spoke of the disaster almost every day in September.

Then he fell largely silent on the topic and hardly mentioned the storm for the rest of the year. In his State of the Union speech in February, he didn't utter the word ``Katrina," and devoted only 160 words of a 5,400-word address to the costliest disaster in modern U.S. history.

This year, he traveled to Louisiana and Mississippi four times between January and April. On Aug. 29, he plans to spend the anniversary of Katrina by making his 13th post-Katrina stop to the storm zone with a visit to New Orleans and Mississippi. One point the president is sure to make: Washington has already promised $110 billion for victims.

More Attention

Still, the president hasn't paid enough attention, residents and local officials say.

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``We don't have transportation, we don't have health care, there are a lot of places that still don't have electricity," said Roger Villere, a New Orleans florist and chairman of the state Republican Party. ``Things don't look much different than they did a year ago."

Some of the unhappiness stems from an address Bush made in New Orleans on Sept. 15. Designed to regain the political initiative, the speech seemed to promise an expansive federal relief effort. In language that evoked President Franklin D. Roosevelt's New Deal, he pledged: ``We will do what it takes, we will stay as long as it takes, to help citizens rebuild their communities and their lives."

Blank Check

Although much of Bush's relief plan was based on conservative principles -- local control, regulatory easements, tax-advantaged opportunity zones, aid vouchers -- Republican fiscal conservatives cringed at what they deemed was a blank check. They saw it as an open-ended commitment that ran counter to the free-market principles of a president who took office in 2001 pledging to play a ``limited" role in people's lives because ``too much government crowds out initiative and hard work, private charity and the private economy."

In trying to appeal to Katrina victims calling for a massive aid package and conservatives urging a limited bailout, Bush managed to disappoint both camps.

As a believer in self-reliance, ``Bush's first inkling is always to let people do their job," said James Carafano, an analyst with the Heritage Foundation, a Washington-based think- tank that favors limited government. The result was that ``Bush took it on the chin."

As criticism mounted, the president tried to reach out to friendly locals. In March, he stopped by the freshly painted sandwich shop of Calvin Stewart Jr. in New Orleans' Ninth Ward.

``Everybody's hollering about the president," Stewart said in an interview six months after Bush posed for pictures in his restaurant. ``I'm not going to put it on the president, because right here in this state they're not doing nearly enough them selves to help."

Bigger and Better

Bush's prediction that citizens would flock back to a bigger, better, New Orleans hasn't panned out so far. The reasons range from a lack of skilled workers to bureaucratic delays in obtaining temporary trailers to fears that the repaired levees aren't safe.

More federal relief funds are on the way, said Donald Powell, Bush's Gulf Coast coordinator. About $77 billion in aid for the region has been allotted, $44 billion of which has been spent. The balance, about $30 billion, will be distributed in coming months.

As the anniversary of the storm approaches, Bush is reaching out to some of the victims. Rockey Vaccarella, 41, who lost his home in Saint Bernard Parish, spent time with Bush at the White House two days ago to ``remind the president that the job's not done."

It isn't as if Bush needs much reminding on that score.

``Katrina is one piece of a larger theme that the president is struggling with: that he's out of touch with what's going on,'' said Michael Dimock, associate director of research at the Pew Center for the People and the Press, a Washington-based polling outfit. ``That totally knocked the administration off its feet. And in some ways, they have never recovered."

New Orleans Awaits Billions In Fed Aid (AP)

By Michelle Roberts, Associated Press Writer

AP, August 26, 2006

First came the floodwaters, then the paperwork. Billions of promised federal dollars to fix New Orleans' crumbling infrastructure have gone largely untapped a year after Hurricane Katrina. City officials complain that a snarl of red tape, restrictions and unexpectedly high costs have kept hundreds of public buildings in disrepair, streets pocked with potholes and most parks too dirty for children to play.

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"It's an incredible bureaucracy. It's unbelievable," Mayor Ray Nagin said in an interview with The Associated Press this week.

So far, the city has collected only $117 million to start the repair work in what has been billed as the largest urban restoration in U.S. history.

For every repair project, city officials must follow a lengthy application process — and spend their own money — before getting a dime of federal aid to fix at least 833 projects such as police stations, courtrooms, baseball fields or auditoriums.

Residents don't care much what the cause is. They're just tired of crater-like potholes, sudden drops in water pressure and debris-clogged storm drains.

"We're not asking for a lot. At this point, we're just looking for basic services: power, gas, water. Sewer that doesn't back up into your house would be nice too," said Jeb Bruneau, president of the neighborhood association in the Lakeview area. "Whatever the snafu was, the result is Joe Blow Citizen isn't seeing the effect of that federal money."

Louisiana eventually expects to get at least $25 billion in federal money for rebuilding projects, including everything from levee repairs to homeowner assistance. Of that money, $6 billion to $8 billion will be doled out statewide to repair broken roads, schools, water pipes and countless other problems.

But to get the money, the city — and other agencies such as the Sewerage and Water Board, the Regional Transit Authority and Orleans Parish School Board — must fill out worksheets for every construction project.

The worksheets are submitted to FEMA, which determines whether the project is eligible for federal aid. If approved, the federal government releases the approved money to the state, but the local government fronts the money to have the work done. After that, the local government can submit receipts for reimbursement.

The process takes months and can be further complicated if costs surpass the original request — a particular concern in New Orleans because of shortages of materials and construction workers.

It also requires the city have cash to pay upfront, forcing money to be diverted from other parts of the budget.

President Bush has acknowledged the problems posed by excessive bureaucracy.

"To the extent that there still are bureaucratic hurdles and the need for the federal government to help eradicate those hurdles, we want to do that," Bush said Wednesday at the White House. But he cautioned that rebuilding will take time.

FEMA has signed off on $4.8 billion worth of rebuilding in Louisiana and $1.7 billion in Mississippi so far, said Darryl Madden, a spokesman for FEMA's Gulf Coast recovery office. Louisiana's larger amount reflects a broader scale of destruction caused by two hurricanes, Katrina and Rita, and the concentration of damage in heavily populated areas.

The procedural requirements for local governments to collect federal aid are designed to ensure the money is spent properly, Madden said.

"We are dealing with very, very large dollars. There has to be accountability," he said.

In the meantime, some federal aid has started to arrive.

About $6 billion has been allocated to the Army Corps of Engineers for repairs to the New Orleans flood-control system, and the first bit of the $8.1 billion to help homeowners repair or move from flooded-out homes was given out this week.

The money for the homeowner program was slower to arrive in Louisiana than in Mississippi because Mississippi was quicker to submit a plan that demonstrated checks and balances on the funding.

The process for seeking federal infrastructure aid is the same for governments across the Gulf Coast. For instance, Bay St. Louis, Miss., needs at least $70 million in repairs, and it's still waiting for federal and state help.

"There's just so much red tape on it," Mayor Eddie Favre said. "It's slowing some things down. It's a lot of headaches and heartaches if nothing else."

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Associated Press writers Rukmini Callimachi in New Orleans and Michael Kunzelman in Gulfport, Miss., contributed to this report.

Not Much Has Changed (NSWK)

By Michael Eric Dyson, Special To Newsweek

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Newsweek, August 26, 2006

President Bush made some bold promises to help the Gulf Coast's poor after Katrina. Too bad he hasn't kept them. WEB-EXCLUSIVE COMMENTARY

A year after one of the worst disasters in the nation's history, New Orleans remains a shameful symbol of the Bush administration's neglect and its antigovernment philosophy. The condition of the black poor has barely changed since Katrina struck.

In the aftermath of the tragedy, Katrina's violent winds and killing waters swept into the mainstream a stark realization: the nation's poor had been abandoned by society and its institutions long before the storm. Since then, we have failed to acknowledge that grinding poverty is fueled by social choices and public-policy decisions that directly impact how many people are poor and how long they remain that way. There were 37 million people living in poverty in the United States in 2004, the last year for which U.S. Census Bureau figures are available, and 1.1 million of those fell below the poverty line entirely. Some of the poorest folk in the nation have been largely ignored, rendered invisible, officially forgotten. FEMA and other parts of government left them dangling precipitously on rooftops and in attics because of bureaucratic bumbling. Homeland Security failed miserably in mobilizing resources to rescue Katrina survivors without food, water or shelter.

The hardest-hit regions in the Gulf States had already been drowning in extreme poverty. More than 90,000 people in each of the areas stormed by Katrina in Louisiana, Mississippi and Alabama made less than $10,000 a year. Black folk in these areas were strapped by incomes that were 40 percent less than those earned by whites. Before the storm, New Orleans, with a 67.9 percent black population, had more than 103,000 poor people. That means the Crescent City had a poverty rate of 23 percent, nearly double the national average of 13.1 percent.

It's apparent that Katrina's survivors lived in concentrated poverty—they lived in poor neighborhoods, attended poor schools and had poor-paying jobs that reflected and reinforced a distressing pattern of rigid segregation. To be sure, concentrated poverty is the product of decades of public policies and political measures that isolate black households in neighborhoods plagued by severe segregation and economic hardship. But the policies of the Bush administration have only made things worse. Ironically, Bush's first nationally televised speech after the disaster offered hope that his administration might finally get the gist of the problem. Bush stated that the "deep, persistent poverty" of the Gulf Coast "has roots in a history of racial discrimination, which has cut off generations from the opportunity of America," and that we must "rise above the legacy of inequality."

Since then the president has completely backed off such bold analysis. He has failed to foster public policy and legislation that helps the poor to escape their plight. Instead, he remains intent on slashing tens of billions from social programs that help the poor combat such a vicious legacy. Neither has the president offered creative solutions to a prime source of poverty: the nation's failing public schools. Bush's No Child Left Behind act promised to bolster the nation's crumbling educational infrastructure, but instead has only exacerbated the problems: underperforming schools, low reading levels, and wide racial and class disparities. Bush has even failed to sufficiently fund his own mandate, reinforcing class and educational inequality.

The health crisis of black America, which Bush has largely ignored, is made worse by extreme poverty. When Katrina swept waves of mostly poor and black folk into global view, it also graphically uncovered their poor health. Before the storm hit, more than 83,000 citizens, or 18.8 percent of the population in New Orleans, lacked health insurance (the national average is 15.5 percent); the numbers for black women doubled those of white women. Nationally, there are nearly 40 million people without health insurance, many of them black and poor. They resort to the emergency ward for health maintenance. Their survival is compromised because serious diseases are spotted later than need be. If President Bush is the compassionate conservative he says he is, then he must help fix a healthcare system that favors the wealthy and the solidly employed.

The sad truth is that under Bush's presidency black poverty has increased, black unemployment has risen, and affirmative action has been viciously assaulted. The Bush administration has disseminated what the Government Accountability Office called "covert propaganda" by paying conservative black commentator Armstrong Williams to say good things about educational policies that hurt black folk. By giving tax breaks to the wealthy, and by keeping the minimum wage at $5.15 an hour, Bush has undermined the fragile prospects of the working poor and the black working class. By seeking to cut the Food Stamp budget by $1.1 million over the next decade, Bush will douse even further the fortunes of the black poor.

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The problem is that an anti-government administration cannot develop policy that actually improves poor people's lives. Armed with a political philosophy that has no faith in government, these leaders prove that their beliefs undercut effective governance. As the ideological children of Ronald Reagan, Bush and his administration have thrived on tax cuts, downsizing, the neglect of civic infrastructure, the shredding of the safety net, the will to privatization, the degrading of the public sector, and advocating Reagan's idea that government is the enemy of the people. The Bush administration's incompetence in Katrina was the most devastating indictment of such a philosophy. If it continues down that path, the plight of the poor will only get worse. But if the administration turned its back on the poor when the world was watching, what will it do now that the country has turned its eyes away? We must be even more vigilant about pressing the case for the vulnerable to an attention-deficient nation more interested in charity than justice—and to an administration more interested in covering its tracks than in relieving the suffering of the poor.

Bush Team Approaches Katrina Trip With Care (LAT)

By James Gerstenzang, Times Staff Writer

The Los Angeles Times, August 26, 2006

KENNEBUNKPORT, Maine — As Hurricane Katrina approached the Gulf Coast a year ago this weekend, President Bush already was beset by growing negative impressions of his presidency. Now, as the first anniversary of the storm arrives, he faces a new challenge: how to mark that moment without reinvigorating the questions it raised about his competency.

Bush is planning to spend much of Monday and Tuesday in Mississippi and Louisiana, visiting regions that were devastated by the winds and floods that accompanied the storm.

His goal, said White House Deputy Press Secretary Dana Perino, is to "reflect on the many people who died," as well as on those who rescued others. He will examine "how America opened up its arms and wallets" to care for the survivors.

But in the view of administration officials, their advisors and others, the question of how Bush should approach the anniversary is a difficult one. Speechwriters must craft presidential remarks that recognize devastation and recovery, but that also show an awareness of government failures in responding. Staffers must find locations for his visit that demonstrate progress but do not minimize problems and mistakes.

The White House has begun sounding the themes of Bush's Gulf visit, emphasizing that progress has been made, but that perseverance is necessary because rebuilding will take years to complete. The president delivered such a message last week when he met in the Oval Office with Rockey Vacarella, whose home in Louisiana's St. Bernard Parish was destroyed by the storm. Bush's weekly radio address this morning is likely to echo those themes.

Through multiple events, Bush plans to raise the lessons learned in the aftermath of the storm and the federal response, and the continuing challenges, Perino said. She said he would express appreciation for the resolve demonstrated by local residents and a commitment to continue the federal effort as long as required.

But a danger for Bush is that the more he focuses publicly on the storm and its aftermath, the more he risks reminding voters that the delay in the federal response began to solidify the negative impressions of his presidency that had been forming earlier in 2005.

In the storm's wake, two-thirds of those surveyed by the Washington-based Pew Research Center said Bush could have acted more quickly. A month later, his personal favorability rating — a measurement separate from his job approval — dropped below 50% for the first time.

"What Katrina did was shed a very negative light on him at a time when people had developed a lot of doubt about his competence, and he still carries the negative legacy of that," said the center's director, Andrew Kohut.

Now, Kohut said in a telephone interview, the administration faces "a public relations moment."

"But I wouldn't expect it will change attitudes about Bush, no matter what they do," Kohut said. "It revives a low point for him, not a strong point for him."

Drawing on findings such as those highlighted by the Pew surveys, the Democratic National Committee said Friday that the White House was embarking on "a public relations offensive designed to paper over" its Katrina shortcomings.

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But Donna Brazile, who grew up in New Orleans and ran Al Gore's presidential campaign against Bush in 2000, has consulted with the White House over the past year about the recovery in New Orleans. She said the president "has chosen the most respectful way to communicate this anniversary," turning it into "a moment of reflection, a moment of remembrance."

Preliminary White House plans have Bush delivering a speech Monday in Mississippi and Tuesday in New Orleans.

In addition, he will take part in an ecumenical worship service Tuesday morning, when bells are to peal across the city to mark the breaching of the levees. Bush will speak at a roundtable on recovery later Tuesday and is likely to make a number of stops without announcement, much as he did on earlier visits, to speak informally with those who lived through the storm.

The trip opens four days of travel on Bush's schedule next week. He also is scheduled to visit Arkansas, Tennessee and Utah, and spend a night at his ranch in Crawford, Texas. This weekend, he is in the midst of a four-day holiday at his parents' summer home, making up a visit that he canceled after Katrina.

Bush has made 11 trips to the stricken Gulf Coast in the last year.

"He'll see signs of progress and signs of despair," Brazile said. "They're not just focusing on the positive or trying to toot their horn and focus on the money they have committed."

She said the White House was considering at least three sites for Bush to visit, including at least one in New Orleans' devastated Lower 9th Ward.

Despite Steps, Disaster Planning Still Shows Gaps (NYT)

By Eric Lipton

The New York Times, August 26, 2006

WASHINGTON, Aug. 25 — As Tropical Storm Beryl whipped up the seas along the mid-Atlantic coast this summer, officials monitoring the storm inside the Federal Emergency Management Agency headquarters could watch both sides of the action.

On one computer monitor was the National Weather Service image of the storm, spinning slowly toward New England. Nearby was FEMA's high-tech counterpunch: a digital map of the United States with a swarm of Pac-Man-like dots representing FEMA trucks moving disaster relief supplies toward the expected impact zone.

The tracking system is a concrete sign of progress for an agency that, in the aftermath of Hurricane Katrina, became an international symbol of dysfunction and incompetence. But the system is set up for only a sliver of the country and includes just a fraction of the aid sent to the field. It is emblematic of how inconsistent progress has been in preparing the nation for disasters, one year after the hurricane and five years after the 2001 terrorist attacks.

In the last year, FEMA, the federal government's primary disaster response agency and overseer of state and local efforts, has adopted policies to help prevent fraud and wasteful spending, strengthened its ties with other federal agencies for help with evacuations and emergency medical aid and installed high-tech equipment, like the supply-tracking system. After a prolonged search, it hired a new director, R. David Paulison, a former chief of the Miami-Dade Fire Department, and significantly built up its executive ranks with more seasoned emergency managers.

Despite calls by many FEMA critics, though, little has fundamentally changed about the agency itself, which still has less autonomy and power than it did in the Clinton years and a budget for its core mission that has not significantly increased.

The inconsistencies are apparent elsewhere. Along the Gulf Coast and in other locations struck by disaster, like New York City, important advances have been made to prepare for the next catastrophe. In New Orleans, extraordinary steps have been taken to care for the disabled, the elderly and tens of thousands of others without cars if another major hurricane arrives. In New York, city officials say, up to three million people could be evacuated from coastal areas and 600,000 accommodated in shelters stocked with food and supplies.

But in large chunks of the country, far more limited progress has been made to prepare for catastrophe, a recent federal assessment concluded. The Department of Homeland Security, FEMA's parent agency, rated only 27 percent of the states and 10 percent of the cities evaluated as adequately prepared "to cope with a catastrophic event." Dallas, Milwaukee, Oklahoma City and Philadelphia were among the low scorers.

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In Philadelphia, for example, emergency radio systems are not reliable throughout city, plans to care for the elderly and the disabled are not complete, shelter space is insufficient and contracts for emergency supplies mostly do not exist — all lapses that contributed to the debacle in New Orleans last year.

The uneven preparation has left many emergency-response experts, including senior Bush administration officials, uneasy.

"There is not a governor nor major-city mayor in America who does not know that all eyes will be watching them when the next major disaster occurs," said George W. Foresman, under secretary for preparedness at the Department of Homeland Security. "But generally speaking, if you ask the question 'Are they ready?' it is not where it needs to be. And that is the understatement of the day."

Mr. Paulison, the FEMA director, acknowledged in a briefing this month that while progress had been made, his agency had not finished the task of retooling itself.

"We cannot let the deaths and the suffering of those Katrina victims go in vain," he said. "We have to take those lessons learned and make sure that this organization, primarily FEMA, but the entire federal government, is capable of responding in a much more nimble and much more effective way."

Ready to Roll

At Camp Beauregard, a Louisiana National Guard training ground far from the vulnerable Gulf Coast, FEMA has set up a sprawling disaster depot. Load after load of bottled water, ready-to-eat meals, cots, tarps, blankets and sheets of plastic have been assembled this year, each movement of goods tracked by FEMA's new satellite system.

But instead of holding the supplies at the centrally located camp as FEMA mostly did last year, the agency distributed them across the state, to sites including New Orleans and surrounding parishes hit hard by Hurricane Katrina. With these and other stockpiles — at least twice the inventory dispersed before the hurricane last August — FEMA officials say they have enough supplies to care for one million people for a week.

"We have moved the trailers by the hundreds," said Garrison Martin, the FEMA manager of the Camp Beauregard complex, watching as forklifts brought in more goods. "We can meet the need if a disaster was to happen again."

Mr. Martin and other federal, state and local officials in Louisiana have a palpable sense of urgency in preparing for another hurricane or other disaster. They have pieced together a regional response plan that has few precedents in American history.

Federal officials say that if a major hurricane threatens the Louisiana coast this year, they will be ready before the storm to help move up to 80,000 people by bus and 61,000 by plane or train — almost everyone in the region without cars, including tourists. Federal and state officials have also found shelters safely away from the coast for as many as 250,000 people. The Defense Department, at FEMA's request, has contracted with suppliers to deliver diesel fuel and gasoline in hurricane-prone states for generators and vehicles along escape routes.

The Pentagon is also prepared to step in and help with rescues, medical evacuations, delivery of heavy equipment and road clearing, as well as to provide 15,000 to 20,000 active duty troops to maintain order and offer other assistance. The Department of Transportation is even paying for 200 buses simply to sit in the Gulf region this summer, just in case they are needed for evacuations.

The most detailed planning involves caring for the sick, the elderly and the disabled, for whom the government and institutional failures last year proved most deadly.

After the hurricane, residents of Maison Hospitalière, a nursing home off Bourbon Street in the French Quarter of New Orleans, had to wait four days in the stifling heat until they were evacuated. Without air-conditioning, the temperatures climbed so high that two residents died while waiting for rescuers.

"Things will be different this year," said Andrew B. Sandler, the nursing home administrator.

Now Mr. Sandler has a contract with a bus company that vows it will honor an agreement to move his residents if necessary, as well as a contract with a company that manages three nursing homes inland to accept his residents. And if his plans fall through, state and federal officials say they will step in to take care of them.

Federal officials know that some havoc would be inevitable in an evacuation of New Orleans. But they are using every moment of this hurricane season to prepare to deal with another storm.

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"Every day we have where we don't have a hurricane, we will be able to take it a little bit further," said Gil H. Jamieson, who is coordinating FEMA's efforts along the Gulf Coast.

Untested in the Northeast

Dr. Harvey Rubin's expertise is in infectious diseases, not disaster management. But from the top floor of a hospital at the University of Pennsylvania, Dr. Rubin had no trouble pointing out where catastrophes could unfold in Philadelphia.

To the south, sandwiched among a residential neighborhood, the airport and three sports complexes, is a giant Sunoco oil refinery. It processes a highly flammable product and stores hundreds of thousands of pounds of hydrogen fluoride, an extremely toxic chemical used to make high-octane fuels. If the chemical was released into the air by an accident or a terrorist act, a poisonous, ground-hugging cloud could threaten hundreds of thousands of residents for miles away.

To the east, behind office towers, are the city's historic icons, the Liberty Bell and Independence Hall; beyond them is the container-ship port. All are considered possible terrorist targets.

Philadelphia is not at high risk for a natural disaster, but like many other major metropolitan areas, it is vulnerable to industrial accidents and terrorist strikes. Yet when Mayor John F. Street ordered a review of how prepared the city was for a major catastrophe, the results were far from reassuring.

"We have done well, luckily, with the typical disaster," said Dr. Rubin, director of the University of Pennsylvania Institute for Strategic Threat Analysis and Response and co-chairman of the study. "But the big catastrophe — we have not been tested. It would not be smooth."

Evacuation plans for the city, even if only part of it had to be cleared, are so unspecific that even some agencies expected to play a critical role do not know what to do, the report said.

The city, which has 1.5 million residents, has few plans to evacuate the elderly or people without cars. Stockpiles of food and supplies would be sufficient for only about 15,000 residents, with few contracts arranged to quickly bring in large amounts of additional supplies.

The police and fire emergency radio communication systems are unreliable on the underground sections of the city subway. The ambulance dispatching system does not allow city rescue crews to communicate directly with hospitals.

So little thought, in fact, had gone into disaster planning that city officials had not even set up antiterrorist traffic barriers around the police headquarters, which also houses the 911 dispatch center. (Barriers have recently been installed.)

Left to Fend for Itself

The findings, issued in June, reflected conclusions reached the same month by the Department of Homeland Security and last month by the United States Conference of Mayors.

"Significant weaknesses in evacuation planning are an area of profound concern," the department's report said. The mayors' conference report noted that communications systems in 80 percent of the cities were not sophisticated enough to allow all public safety and rescue workers to talk to one another, a goal the study's authors said would take on average four years to achieve.

Some states, including Florida, North Carolina and Texas, received decent grades in the Homeland Security Department survey, largely because of the frequent tests they face from hurricanes. Certain high-risk targets like Washington and New York also did relatively well, thanks to steps taken since 2001.

Some measures FEMA has taken in the last year — like establishing federal reconnaissance teams that can fly in and report back on conditions even if local communications networks are knocked out — could compensate for some of the preparedness lapses. FEMA has also doubled, to 200,000 a day, its capacity to field telephone calls from victims who want to register for financial aid.

Yet many aspects of the enhanced federal response effort are limited to particularly vulnerable areas, like southeastern Louisiana. Much of the rest of the country would have to fend largely for itself after a disaster until federal help could be mobilized, perhaps as much as 48 to 72 hours later. With most areas inadequately prepared, that could be precarious, federal officials and emergency managers acknowledge.

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"Time and again, these factors exact a severe penalty in the midst of a crisis: Precious time is consumed in the race to correct the misperceptions of federal, state and local responders about roles, responsibilities and actions," the federal survey of states and cities warned. "The result is uneven performance and repeated and costly operational miscues."

Philadelphia officials have been commended for producing such a blunt report that identifies gaps in their preparedness. But for area residents like Theresa Jones, who lives near the oil refinery, and Charlie Tomlinson, who rides the subway, the city's vulnerabilities are worrisome.

"If something happens here, we are just cooked," Ms. Jones said. "We will be fried chicken."

Pedro A. Ramos, Philadelphia's top administrative official, said residents should rest assured that Philadelphia was moving energetically to fill the gaps in its disaster plan.

"You never know what you don't know until you go looking for it," Mr. Ramos said.

But as a subway car pulled into an underground station near City Hall, Mr. Tomlinson said he could not help but wonder why it had taken the city so long to get serious about preparedness.

"You would have thought that now that we are five years past Sept. 11 that someone would have addressed this," Mr. Tomlinson said. "It is a little scary."

La. High Court Upholds 2 Insurance Laws (AP)

By Mary Foster, The Associated Press

AP, August 26, 2006

NEW ORLEANS -- The Louisiana Supreme Court on Friday upheld two new state laws giving policyholders more time to sue their insurers or file claims over damage from hurricanes Katrina and Rita.

The Louisiana attorney general's office had asked the high court to review the laws after a state judge said they were constitutional. Although it is unusual for the party that wins a ruling to seek a review from a higher court, Attorney General Charles Foti said he wanted the matter solidly settled.

The one-year extension is "both appropriate and reasonable in order to protect the rights of the citizens of Louisiana and their general welfare," Justice Chet Traylor wrote in the ruling.

The ruling means that homeowners, renters, condo owners, drivers with auto insurance and other nonfederal flood insurance policyholders have up to Sept. 1, 2007, to file lawsuits resulting from Katrina damages and up to Oct. 1, 2007, for Rita damages.

"These acts simply give victims of Katrina and Rita additional time to access the courts if they need to," Megan Terrell, an attorney for the state, told the high court.

An attorney for Allstate Insurance Co., the second largest homeowner insurer in Louisiana, said the laws could hinder the recovery by sending a message to the business community that the Legislature can change existing contracts.

"The problem is the Legislature is saying, `We are going to change the agreement in a hurricane-prone state,'" said Philip Franco. "That doesn't encourage rebuilding."

Ten of the state's major insurers were listed as defendants in the suit.

Lawmakers had approved the new laws in the latest legislative session, extending the claims deadlines for Katrina and Rita victims until two years after the 2005 storms struck on Aug. 29 and Sept. 24.

The laws apply to homeowners, personal property, tenant, condominium owners and commercial property insurance _ and certain automobile, crop and livestock insurance policies. Terrell said the laws don't apply to the National Flood Insurance Program, which is governed by federal law.

On Friday, the justices questioned attorneys about what flood damage might be covered and the length of time allowed by Louisiana to sue over settlements.

Justice Bernette Johnson said Texas has a four-year period, Mississippi and Florida _ both states where hurricane damage is frequent _ had three-year periods.

The justices made it clear they wanted to move quickly when they ordered a lower court judge to listen to arguments and decide the case on Wednesday.

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Louisiana Coffers Swell Since Katrina (WSJ)

By Simona Covel

The Wall Street Journal, August 26, 2006

Soaring oil prices and the widespread construction that have followed since Hurricane Katrina's destruction have helped Louisiana turn around its finances.

A year after Katrina ravaged New Orleans, higher-than-expected tax collections -- partly because of elevated natural resource prices -- and fiscal discipline have left the state in better-than-expected financial shape, say credit-ratings agencies and state officials.

The analysis comes as Louisiana readies a half-billion dollar general-obligation bond sale, expected Sept. 21. Despite continuing uncertainty in the recovery of Louisiana's economy -- especially in New Orleans, once the state's economic engine -- the sale is expected to proceed smoothly. It follows a July issue of $400 million in bonds that was directly linked to the rebuilding effort and met with surprisingly strong demand.

While the state's relatively strong condition has been helped by steep budget cuts, "the real big surprises have been personal income taxes," said Whit Kling, director of Louisiana's state bond commission. "We expected a dramatic drop-off and it didn't occur." Sales tax collections, too, he said, "went through the roof."

Mr. Kling points to the continual construction around New Orleans. As for higher-than-expected income-tax revenue, "while we've lost a lot of population, a lot [of people] relocated to the I-10 corridor," he noted, referring to the chunk of Interstate 10 that links New Orleans and Baton Rouge with Mississippi and Texas.

While the recovery hasn't been as marked outside the city limits, the rebuilding effort and the resettling of New Orleans residents has led to "unbelievable construction and expansion," Mr. Kling said.

Sales-tax revenue climbed 18.5% in the fiscal year ended June 30, while income-tax revenue rose 3%, even though the state's personal income per capita dropped to 50th in the U.S. last year, from 42nd.

"You have all these people who lost everything, it's repair and replacement spending," said Laura Porter, a director in the state-ratings group of Fitch Ratings, a unit of Fimalac SA.

The resource-rich state also collects revenue from oil and gas production through a severance tax. The tax is linked to market rates, and that revenue has soared as prices have lingered near record highs.

The state's general-fund revenue collections through the second half exceeded midyear estimates by $1 billion, according to Standard & Poor's Ratings Service, a unit of Standard & Poor's Corp. The most recent projections for the state for the past fiscal year predict revenue of just less than $7.5 billion, slightly more than pre-Katrina estimates.

The surge in tax revenue prompted all three credit-ratings agencies to stabilize their outlooks on Louisiana's credit quality in recent weeks. S&P was the latest to take action; it revised Louisiana's general obligation outlook to "stable" from "negative" on Thursday.

Treasurys Prices Strengthen

Treasurys prices rose modestly, leaving yields, which move inversely to prices, near their lowest levels since late March. The market drew support from relief that Federal Reserve Chairman Ben Bernanke didn't directly address U.S. monetary policy in a speech before the Kansas City Fed.

At 4 p.m., the benchmark 10-year note was up 5/32 point, or $1.56 per $1,000 face value, to 100 22/32. Its yield fell to 4.789% from 4.807% Thursday. The 30-year bond added 7/32 point to 93 13/32, to yield 4.927%.

--Emily Barrett contributed to this article.

Write to Simona Covel at simona.covel@dowjones.com1

Ernesto Picks Up Speed In The Caribbean (NYT)

By Joseph B. Treaster

The New York Times, August 26, 2006

Tropical Storm Ernesto, picking up speed in the Caribbean, was on its way to becoming the first hurricane of the season, forecasters said late Friday, and appeared to be headed for the Gulf of Mexico.

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The storm could be approaching the entrance to the Gulf by as soon as Monday with winds of 75 to 80 miles an hour, the forecasters said. They said it was not yet clear where along the Gulf coast Ernesto might make landfall.

"It's highly likely that it will get into the Gulf of Mexico," said Richard Knabb, a hurricane specialist at the National Hurricane Center near Miami. "But how strong and what part of the coastal area, it's too early to tell."

Residents along the coasts of Texas, Louisiana, Mississippi and Alabama and Florida are still recovering from Hurricanes Katrina, Rita and Wilma last summer. Hundreds of thousands of homes were damaged and destroyed, hundreds of people died and the economic loss has been estimated at nearly $200 billion in the heaviest year of hurricanes on record.

Federal weather officials predicted that this would be another year horrendous year of hurricanes. But, until now, the season, which began on June 1 and ends on Nov. 30, has been relatively quiet.

There were four tropical storms before Ernesto. One of them, Tropical Storm Debby has been churning through the Atlantic since Monday and is now predicted to turn out to sea over the weekend and fade away.

By this time last year, there had been 5 hurricanes and 6 other tropical storms. Altogether, there were 15 hurricanes in 2005.

Ernesto was first discovered in the Caribbean as a tropical depression with winds of about 30 miles an hour on Thursday. It grew into a tropical storm with winds of more than 40 miles an hour on Friday and was given its name. Late Friday it was 285 miles south southeast of Santo Domingo in the Dominican Republic and 600 miles east southeast of Jamaica. It was traveling west northwest at 15 miles an hour.

Gales of 40 to 60 miles an hour are expected to be felt on the southern shores of the Dominican Republic and Haiti on Saturday. High winds are also expected in Jamaica and perhaps the Cayman Islands later in the weekend.

Forecasters said the storm could pass over either western Cuba or the Yucatan Peninsula as it moved toward Gulf of Mexico. But they said they were unable to closely fix the path of a storm four or five days in the future.

Frank Lepore, the spokesman for the National Hurricane Center, said forecasters stood by their earlier predictions of an above average season this year. "Relative to last year, this year would seem like a slow starter," he said. But he said about half of the season remained and that September has historically been the busy month for hurricanes.

A Punch Line Who Refuses To Fade Away (NYT)

By Mark Leibovich

The New York Times, August 26, 2006

WASHINGTON, Aug. 25 — Brownie is doing a heckuva job trying to rehabilitate himself.

Michael D. Brown, the disgraced former director of the Federal Emergency Management Agency, is in the midst of a Category 5 visibility blitz. It is tied to the first anniversary of Hurricane Katrina, the calamity to which he will always be linked and for which he has largely been blamed. In what would become the signature soundbite of the botched federal response, President Bush implausibly praised “Brownie” for “doing a heckuva job.”

Mr. Brown says his reputation was unfairly battered over Hurricane Katrina, so he is speaking up in his own defense. He is also trying to build a consulting firm advising clients on issues relating to disaster preparedness — a notion some critics find curious, if not absurd.

In the process, Mr. Brown is happily defying anyone who might have expected him to evacuate the scene as quietly as possible, maybe say something on the way out about wanting to spend more time with his family, or not wanting to become “a distraction.” And then go away, stay away, not to be heard from.

“People say, ‘We’re just surprised you didn’t go crawl under a rock somewhere and disappear,’ ” he said.

In fact, he has been giving speeches, posing for photos (in Vanity Fair), going on television, giving interviews, hacking away at his critics.

“I keep coming back,” Mr. Brown, 51, told Playboy magazine (the September “Return of the Girls Next Door” issue). “I’m their worst nightmare.” By “their,” he means the Bush administration.

“You were the scapegoat there for a while,” Stephen Colbert told Mr. Brown during an appearance last spring on “The Colbert Report” on Comedy Central. “But it’s no good if the goat wanders back into town and starts pointing fingers at people.”

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Mr. Brown has demeaned Mr. Bush as "a cheerleader," declared that Homeland Security Secretary Michael Chertoff did not know "the first thing about running a disaster," and called critics like Representative Gene Taylor, Democrat of Mississippi, "a little twerp" and Senator Norm Coleman, Republican of Minnesota, an unprintable vulgarity (both in Playboy).

Predictably, this does not always play well in Washington.

"It's really extraordinary," said Senator Susan Collins, Republican of Maine. "Most people, when they have failed miserably in their jobs and are held up to public scorn, seek to avoid the spotlight. But he seems to have embraced the spotlight."

Ms. Collins, who heads the Senate Committee on Homeland Security and Governmental Affairs, said Mr. Brown had joined "an odd culture of people who trade on their notoriety rather than their accomplishments."

She says Mr. Brown has no credibility left on disaster preparedness, and she wonders why anyone would hire him. As do others.

"After you hire Brownie, you might want to hire Typhoid Mary to help you avoid infectious diseases," The St. Louis Post-Dispatch said in an editorial.

Even so, Mr. Brown has attracted about a half-dozen clients, he said. Charlie Baker, chief executive of On-Screen Technologies, an Oregon firm that markets mobile signs for use during emergencies, cited Mr. Brown's "total experience" in working with first responders.

He is also doing unpaid work helping St. Bernard Parish, La., devise strategies to secure federal money for its cleanup effort. "He's been very nice and very knowledgeable and knows the inner workings of government," said Charlie Reppel, the chief of staff to the parish president. He said the parish drew criticism for working with Mr. Brown, in light of his "reputation problems."

Mr. Brown was interviewed here in an office he rents on K Street, where he spends about a week every month. (He travels the rest of the time or works at his Boulder, Colo., office.) He has something of a full-time job in trying to salvage a reputation that plunged well below sea level during Hurricane Katrina.

He was portrayed as an unqualified crony, who was commissioner of the International Arabian Horse Association before joining the Bush administration. He got his FEMA job through his friendship with a longtime Bush adviser, Joe Allbaugh.

After the storm, Mr. Brown bumbled through a series of TV appearances, telling interviewers he had been unaware of the deteriorating circumstances at the New Orleans convention center — a situation that had been obvious to television viewers. And he became a recurring joke.

"Some good news today," Jay Leno said on "The Tonight Show" last September. "The most important evacuation was made today in New Orleans. They got the head of FEMA, Mike Brown, out of there."

And that would have been the last public impression of Mr. Brown, a model of disrepute to calcify forever — if he had just gone away.

"The ethic or mentality that says you should disappear applies to people who have done something wrong," Mr. Brown said. "It applies to people who have somehow been immoral or corrupt or whatever, none of which applies to me."

Mr. Brown says he felt vindicated this year when The Associated Press obtained videotape that showed him warning President Bush and Mr. Chertoff that the storm could be catastrophic. The video, he says, contradicted a pervasive belief that he had been caught off-guard.

The release of the videotape propelled a new wave of media coverage for Mr. Brown, this time more flattering. Bill Maher, the host of "Real Time" on HBO, apologized for ridiculing him during the disaster. And he picked up a few more clients.

In April, Mr. Brown scored an invitation to the exclusive Bloomberg party after the White House Correspondents' Association dinner, where he was a guest of The Wall Street Journal. There, he encountered Mr. Chertoff, to whom he had not spoken since his former boss ordered him back to Washington from the Gulf Coast. They did not speak at the party, either. "Clearly he was trying to avoid me," Mr. Brown said.

People recognize him in airports and restaurants with some frequency, he says. They squint at him in that Don't-I-Know-You-From-Somewhere way. He gets occasional autograph requests. Some wise guys yell out "Brownie" (which no one ever called him before Mr. Bush tagged him with the nickname). They tell him he's doing a heckuva job.

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Mr. Brown says he plans to write a book about his experiences. He says he has turned down about half the news media requests that he gets. The interviews are painful, he says, because they make him "relive Katrina, which is not fun." Yet there is a note of giddiness in his voice. He laughs, the deep rollicking kind.

James Carville, the Democratic strategist, said, "People talk all the time about how Washington destroyed them, but then they don't leave Washington." He added: "I would guess that Brownie would rather be giving interviews. It beats practicing law somewhere."

Mr. Brown gets several calls during the interview: a prospective client, another media request and Mr. Allbaugh, with whom he remains close. "I'm still a crony of a crony," he joked.

He operates under no illusions about how much rehabilitation is possible. "My wife is always telling me, 'You're not famous, you're infamous,' " Mr. Brown said. He imagines the first line of his obituary.

"I'm always going to be the guy during Katrina," he said, not characterizing what kind of guy that is. "I'm always going to be that guy, Brownie."

Hurricane Center's Director To Retire (WP/AP)

Associated Press

The Washington Post, August 26, 2006

MIAMI, Aug. 25 -- Max Mayfield said Friday that he will retire as director of the National Hurricane Center in January, after overseeing the nation's tropical storm forecasters and guiding millions of Americans through the busiest, most destructive Atlantic hurricane season on record last year.

Mayfield, who was named director of the hurricane center in May 2000, told his staff he will retire in January but had no single reason for leaving the center.

"I'm going to take a few months off and do very little," said Mayfield, 57, who did not rule out a possible return to the private sector in the future. "And after that I may end up back in the hurricane program somehow."

Mayfield is well known to residents in hurricane-prone areas in the United States from his countless hours of television interviews. He and his staff were praised for the dead-on forecasts of last year's Hurricane Katrina, the costliest natural disaster in U.S. history in a season that shattered many records.

Besides monitoring the storms themselves, Mayfield also oversees hurricane awareness programs in nearly every coastal state. He tirelessly tells anyone who listens of the danger of hurricanes and how important it is to be prepared.

Maxfield became well known after 1992's Hurricane Andrew, when as a hurricane specialist at the center he informed South Florida residents of what to expect from the killer storm.

Expert Supports Search Methods For 9/11 Remains At Bank Building (NYT)

By David W. Dunlap

The New York Times, August 26, 2006

A forensic archaeologist from Brown University has determined that the search for human remains at the former Deutsche Bank building, which has faced criticism, is currently being conducted as thoroughly as possible.

Some family members — many of whom never received even the smallest physical trace of their relatives — have said the search is inadequate, citing the use earlier this year of shovels and rakes that could not possibly find the smaller remains.

But the report, prepared at the request of 9/11 victims' relatives and delivered yesterday to the chief medical examiner, seems to exonerate city and state officials, at least for this phase of the recovery, which includes the use of fine-mesh screens.

It also offered the first independent, eyewitness account of the search. It described a scene on the 38th and 39th floors in which workers in hazardous-material suits and boots and gloves and respirators were finding bone fragments, parts of an airliner's fuselage and a piece of a CD.

The report did not, however, lessen family members' concerns about how remains were treated earlier this year. In June, the Lower Manhattan Development Corporation, which owns the 41-story bank building at 130 Liberty Street, adopted a new search procedure involving oversight by the medical examiner.

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In the past year, as crews have prepared the damaged, contaminated building for demolition, 760 body parts have been found, mostly small bone fragments. An avalanche of wreckage from 2 World Trade Center — including an entire section of its facade — fell into the bank building on Sept. 11, 2001.

The author of the report, Prof. Richard A. Gould of the Brown University anthropology department, acknowledged that he witnessed only a one-day "snapshot" of the operation, saying in his report:

"Based on archaeological work I have done earlier at disaster scenes, I think the work being performed here is the best possible under the circumstances. Realistically, it may be less than 100 percent, but I do not see much, if any, room for improvement."

Professor Gould estimated the effectiveness of the search at 90 to 95 percent — "excellent results for this kind of archaeological recovery at any disaster scene."

Dr. Charles S. Hirsch, the city's chief medical examiner, had no comment on the report yesterday, said his spokeswoman, Ellen Borakove. "The quality of our work speaks for itself," she said.

Professor Gould is the director of Forensic Archaeology Recovery, a group that assists authorities in recovering human remains after disasters. It worked on the scene of the Station nightclub fire of 2003 in West Warwick, R.I., where 100 people died.

He was urged to inspect the recovery effort at 130 Liberty Street by relatives' advocacy groups including the Skyscraper Safety Campaign. The medical examiner invited Professor Gould to visit on Aug. 8.

"I saw numerous small pieces of aluminum aircraft skin (recognizable from the paint and zinc chromate coating still adhering to many of them), three bone fragments that could possibly be human and were decontaminated and saved for further laboratory analysis (two were tiny, and one was about an inch in length — all appeared to be unweathered and unburned), and a small piece of a CD recovered from the screens," Professor Gould wrote.

Professor Gould said that he had been told that sieves were not used earlier this year but that workers sorted the rooftop ballast with shovels and rakes, picking through it on their hands and knees. "Hand-clearing and/or the use of rakes as a primary means of searching for remains — as indeed happened in all of the work prior to April 25 at the Deutsche Bank building — should be discouraged," he wrote.

The Lower Manhattan Construction Command Center will assume responsibility for the demolition of 130 Liberty Street as the development corporation goes out of business. Preparation for demolition has stopped and started several times over environmental concerns.

Sally Regenhard of the Skyscraper Safety Campaign said about the report, "I'm glad he was impressed by what he saw and what the medical examiner's office was capable of doing." But she said that did not change the fact that "procedures that were absolutely anathema to archaeological forensic recovery were being employed" earlier.

No remains have been found yet of her son, Christian, a probationary firefighter who died on Sept. 11.

Ms. Regenhard said she was concerned that there was no commitment from officials to use refined techniques to search for remains on other buildings around ground zero, including Fiterman Hall of the Borough of Manhattan Community College, which is to be demolished.

She also said she hoped a permanent liaison could be established between the medical examiner's office and victims' relatives.

Professor Gould, too, spoke of the need for better communication.

"The 9/11 families, in particular, would have been reassured to know more about the fine work being done on their behalf," he said, "and I am sorry that they are only finding out about this now."

WAR NEWS:

Rumsfeld Says Baghdad Terror Down Due To U.S., Iraqi Troops (WT/AFP)

Washington Times, August 26, 2006

Defense Secretary Donald H. Rumsfeld yesterday said U.S. and Iraqi troops have succeeded in reducing the levels of violence in Baghdad.

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Mr. Rumsfeld discussed the situation with visiting Iraqi Deputy President Adil Abd al-Mahdi who said a "good dialogue" was under way aimed at reconciling the country's bitterly divided religious communities.

Efforts to quell sectarian violence in Baghdad "have been successful in the sense that we are seeing a reduction in the levels of violence, and in the numbers of attacks, in the areas particularly that the forces have been able to clear," Mr. Rumsfeld said.

"Iraqi forces have been doing a very good job," he told reporters after the meeting.

Violence in Baghdad has dropped by 40 percent since U.S. and Iraqi troops entered select neighborhoods to clear out cells of Shi'ite and Sunni extremists, a U.S. brigade commander said yesterday.

U.S. Army Col. Robert Scurlock said 29 murders had been committed in the Amiriya area of western Baghdad in the month leading up to the operation, making it one of the city's most violent.

But since his troops went in on Aug. 13, only three murders have been reported, he said.

"In the month of July in Baghdad, there were 52 violent actions a day," he said. "And the two weeks since we began the operations, the attacks have dropped down 41 percent."

Col. Scurlock commands the 2nd Brigade of the 1st Armored Division, which is responsible for western Baghdad, a 116-square-mile area with a population of nearly 1.3 million people.

He said about 3,500 U.S. troops were operating in western Baghdad alongside 5,000 Iraqi troops, roughly double the number of troops there before the operation began early this month.

Surging sectarian violence sparked fears of an all-out civil war, prompting U.S. commanders to bring more troops in from around the country and extend the tour of about 3,700 troops.

Col. Scurlock said his forces, elements of the 172nd Stryker Brigade and Iraqi police and army have sealed off and gone into Amiriya, Shula, Noor and Ghazaliya.

He said they are confiscating illegal weapons, registering legal weapons and vehicles and taking a census of the neighborhoods.

The troops also are organizing trash-clearing operations to put people to work, and meeting with neighborhood councils.

Col. Scurlock was vague about the role of the militias in the violence.

"It may be radical elements of certain organizations. But there is no evidence that they're being really directed from anywhere at a higher level," he said.

He said there were anecdotal reports of Iranian involvement but he had seen no evidence of it.

Mr. al-Mahdi also met with President Bush and National Security Adviser Stephen J. Hadley during what he described as a private visit to Washington.

The Iraqi said the improved security situation in Baghdad was "the answer to all those talking about civil war in Iraq. We don't think we are leading to one."

Guard, Reserve Iraq Death Toll Declines (AP)

By Robert Burns, AP Military Writer

AP, August 26, 2006

The death toll among National Guard and Reserve troops in Iraq has plunged this year as citizen soldiers play a smaller combat role against an insurgency that increasingly targets Iraqis.

Thus far in August, five members of the Guard and Reserve have died in Iraq, compared with 44 at this point in August 2005, the deadliest month of the war for the Guard and Reserve.

The number of Guard and Reserve deaths for the year totals 54 — less than one-third of the 189 recorded at this point last year. In the comparable period in 2004, the death toll was 92, according to Defense Department casualty records.

The death count for all U.S. forces in Iraq — both active and reserve — has slid from an average of a little over two per day last year to a little under two per day so far this year. The insurgents continue to target U.S. troops, but the worst violence this year has been aimed at Iraqis in what some say amounts to civil war.

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The main reason for the decline in reservist deaths is that fewer are being sent to Iraq. They comprise a little under 20 percent of the 138,000 U.S. troops now there, compared with about 40 percent last year.

Also, the number of National Guard combat brigades in Iraq has dropped from five to one. What's more, U.S. commanders about a year ago adjusted the mission of the Guard combat forces in Iraq from focusing mainly on fighting the insurgency to providing "theater security" — securing major highways and bases.

Today that is the main role of the only Guard combat brigade in Iraq, the Minnesota Army National Guard's 34th Infantry, whose soldiers also are working in south-central Iraq to help develop water resources.

Although troop rotation plans are a bit unsettled due to the continuing high level of sectarian violence in Baghdad, the Army may stop using brigade-sized Guard units in Iraq next year.

Col. David Elicerio, 48, commander of the Minnesota Guard brigade in Iraq, said he was told when his unit left the United States several months ago that his would be the last Guard brigade to be mobilized for Iraq duty "for the foreseeable future." That plan could change, he noted, as the security situation changes.

Since the start of the war on March 19, 2003, a total of 595 Guard and Reserve troops have died, according to Defense Department figures. That is about 23 percent of the total U.S. death toll in Iraq of 2,618.

Dan Goure, a defense analyst at the Lexington Institute, a private research group, said that although the Guard and Reserve are shouldering less of the combat burden now, they are likely to maintain a large support force in Iraq for as long as the U.S. has a combat mission there. Such forces often take casualties because they travel roadways and encounter the threat of improvised explosive devices, or IEDs.

Goure said support forces perform a variety of functions like road security, intelligence and military police.

"You wouldn't see that force, for example, in the battle for Fallujah," he said, referring to the city west of Baghdad that saw one of the fiercest and most deadly battles of the entire war in November 2004. "But you would see it doing just about everything else that has caused all the casualties to date in Iraq."

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, told troops during a visit to Iraq earlier this month that Guardsmen carried a bigger share of the combat load last year so that active-duty units — like the 101st Airborne Division and 4th Infantry Division currently serving in Iraq — had time at their home bases to undergo a top-to-bottom reorganization increasing the size of each division from three to four brigades.

Now that most active-duty divisions have completed those reorganizations, there is less need for Guard combat forces in Iraq, Pace said, although some Guard units will still pull Iraq duty.

The Marines, on the other hand, have found themselves with a shortfall of reservists willing to volunteer for Iraq duty. This week they announced plans to involuntarily recall up to 2,500 members of the Individual Ready Reserve in coming months. Those are Marines who completed an enlistment term on active duty and returned to civilian life with a number of years remaining on their eight-year service obligation.

The Marine Corps Reserves have seen a sharp decline in their death toll in Iraq. Their worst month was August 2005, when 22 were killed — all in Anbar province, a hotbed of insurgent activity west of Baghdad. Since the start of 2006 they have had only five deaths — one in June, one in July and three so far this month.

More broadly, members of the National Guard and Reserve are being called to active duty in Iraq and Afghanistan less often. This week there are 111,964 on active duty, which is 83 fewer than last week, according to Defense Department figures. At this time last year, the number was 145,097 and two years ago it was 161,646.

Is Iran Running Militias In Iraq? (TIME)

By Aparisim Ghosh, Baghdad

Time, August 26, 2006

Iraqi politicians say the growing U.S. claims of a clear link between Shi'ite militias and Tehran is pure scapegoating. And renewed Tehran-bashing in Washington could further complicate its efforts to end the civil war

Iraq's most powerful politician has dismissed claims by U.S. officials and generals that Iran is interfering in Baghdad's affairs. Abdul-Azziz al-Hakim has told TIME that despite repeated requests from him and other Iraqi politicians, American officials

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have failed to show any reliable evidence of Tehran's interference. " [The U.S.] has been making such claims for a long time," he said, "and for three years we've told them, 'Show us proof.' But they never have."

Hakim heads the Supreme Council for the Islamic Revolution in Iraq, or SCIRI, the largest of Iraq's political parties. SCIRI has close ties to Tehran, and many of its leaders — including Hakim — spent many years in exile in Iraq during the Saddam Hussein era.

Many Shi'ite politicians dismiss as scape-goating the statements by Ambassador Zalmay Khalilzad and generals at the Pentagon that Iran is actively arming and training Sh'ite militias in Iraq. "They are looking for somebody to blame for the failure [of the U.S. military to halt the sectarian killings in Iraq] and it is easy to blame Iran," said Hadi al-Amiri, who heads the Iraqi parliament's security and defense committee, while also running the Badr Organization, a Shi'ite militia.

Even political observers not affiliated to the Shi'ite parties are likely to be surprised by Brig. Gen. Michael Barbero's claim, at a press conference Wednesday, that there was "irrefutable" evidence of Iranian collusion with Iraqi militias. That is the exact opposite of what U.S. military officials in Baghdad have been saying. Less than two weeks ago, the top U.S. military spokesman in Iraq, Maj. Gen. William Caldwell, told journalists that there "is nothing that we definitively have found to say that there are any Iranians operating within the country of Iraq." He added that although "some Shi'ite elements have been in Iran receiving training... the degree to which this is known and endorsed by the government of Iran is uncertain."

There is an ironic echo in Barbero's claim that Iran was helping the militias with technology to make improvised explosive devices, or IEDs; last year, U.S. officials said Tehran was supplying IED know-how to Iraq's Sunni insurgents. Several Sunni insurgent leaders — whose hatred of Iran compares with their animosity toward the U.S. — have told TIME they have no need of such outside help since their ranks include many explosives experts from Saddam's military.

With the spiraling of sectarian violence in Iraq, each side has taken to accusing the other of getting outside help. Sunni leaders claim Shi'ite militias are trained by Iran, and Shi'ite leaders say Sunni terrorists are funded by Saudi Arabia and Syria. Although U.S. officials shy clear of fingering Riyadh, they have frequently accused Damascus of aiding and abetting the Sunni insurgency.

Renewed Tehran-bashing in Washington is unlikely to sit well with Iraqi Shi'ite politicians, who make up the dominant block of parliament. Like Hakim and al-Amiri, many leading figures in the Iraqi government are beholden to Iran for its support of the anti-Saddam movement. The Dawa party of Prime Minister Nouri al-Maliki (and former Prime Minister Ibrahim al-Jaafari) also owes its survival during the Saddam years to Tehran. Antagonizing the Shi'ite block could complicate U.S. efforts to end the civil war and draw down American troops in Iraq.

Even Shi'ite leaders who didn't live in Iran have close ties to their co-sectarians and have condemned U.S. efforts to pressure Tehran into abandoning its nuclear program. The radical cleric Moqtada al-Sadr has warned that if the U.S. launches a military campaign against Iran, his militia, the Mahdi Army, will fight shoulder-to-shoulder with the Iranians.

Leaders like Hakim say that rather than blame Iran or the Shi'ite militias, the U.S. military — and Iraqi security forces — should be focusing its energies on defeating the mainly Sunni insurgent and terrorist groups. "The main cause of the violence in Iraq are the Saddamists and [jihadi terrorists]," Hakim said. "We should not be distracted from our main task, which is to destroy these forces. "

Bush Loses House Ally Over Policy On Iraq Withdrawal (FT)

By Demetri Sevastopulo

Financial Times, August 26, 2006

George W. Bush lost another key ally on Iraq this week when an influential Republican congressman from Connecticut distanced himself from the administration's policy on Iraq.

The White House is having difficulty convincing the public that progress is being made in Iraq, but the president has rejected calls to set a timetable for withdrawal, saying that would be a "huge mistake".

Public support for the war has crumbled as the number of US military casualties climbs – more than 2,900 in Iraq and Afghanistan – and daily images of violence in Iraq flash across US television screens.

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Until recently, Christopher Shays, a Connecticut Republican who chairs the House subcommittee on national security, agreed with his commander-in-chief about not setting a timetable for withdrawal.

He said last month: "Neither Congress or the administration should set definitive timelines for withdrawal."

But this week he changed his tune. Speaking to Fox News yesterday following his 14th trip to Iraq, he said: "I'm not seeing the political will on the part of the Iraqis . . . We need to incentivise the Iraqis. They need to know there is a limit to our presence there."

Mr Shays still portrays himself as a strong supporter of the war. But by agreeing with many Democrats who want a timeline for pulling troops out, he has joined growing ranks of Republicans facing tough re-election races in November who are trying to distance themselves from the administration's handling of the war without appearing weak on national security.

Mr Shays denied his U-turn was political. But his move comes on the heels of Connecticut Democrats who last month punished Senator Joe Lieberman for his strong support of the war by selecting Ned Lamont, an anti-war candidate, to replace him as the Democratic choice for the November ballot.

Since his loss, Mr Lieberman, now running as an independent, has called for the resignation of Donald Rumsfeld, US defence secretary, a tactic that Mr Shays adopted this week. Senator Hillary Clinton, the perceived frontrunner for the 2008 Democrat presidential nomination, recently berated Mr Rumsfeld at a congressional hearing on Iraq and called for his resignation for the first time.

John McCain, the Arizona senator who is considering running for president in 2008, also this week found himself caught between the administration and Republicans fighting for re-election when he accused the administration of "underestimating" the task in Iraq.

Mr McCain said comments made last year by Mr Rumsfeld (that the insurgents were a "few dead-enders") and Vice-President Dick Cheney (that the insurgency was in its "last throes") contributed to the sense of frustration of Americans about the war. But after White House officials suffered persistent questioning about his remarks, Mr McCain yesterday released a statement saying he fully supported Mr Bush.

"I have never intended my concern that the American public be fully informed about the conduct and consequences of the war to indicate any lessening of my support for our mission there," he said. "On the contrary, I view a candid, informed public discussion of the war as critical to sustaining popular support for the war."

General John Abizaid, the top US commander in the Middle East, this week said the recently increased US force presence in Baghdad was having success in curbing the violence.

Last month, he told Congress that controlling the situation in Baghdad was the key to averting a possible civil war.

Lieberman To Consider Iraq Pullout Plan (AP)

By Susan Haigh, Associated Press Writer

AP, August 26, 2006

Sen. Joe Lieberman, the three-term Democrat whose independent campaign for re-election is being seen as a referendum on the Iraq war, said Friday he would consider taking a look at a fellow lawmaker's proposal for a timeline for troop withdrawals.

The proposal was floated by Republican Rep. Chris Shays, another Connecticut politician facing a tough re-election battle with an anti-war candidate. Shays has long been a supporter of the war and previously opposed withdrawal timetables.

"It seems to me that Chris is saying, maybe we ought to set some goals for when we want to get out, and I'd like to see what he has in mind before I comment on it," Lieberman said while campaigning in New Haven.

"As I've said to you over and over again, the sooner we get out of Iraq, the better it's going to be for the Iraqis and us, but if we leave too soon for reasons of American politics, it's going to be disaster for the Iraqis and for us," he said.

Shays proposed a timeline Thursday on a telephone conference call from London with reporters following his 14th visit to Iraq since the U.S.-led invasion in 2003.

"We should be able to tell the American people what kind of timeline we can have to begin to draw down our troops," he said. "It may be a timeline the American people don't want to hear. It may not be something that brings them out quickly."

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Lieberman, the Democratic nominee for vice president in 2000, lost in this month's Democratic primary to millionaire businessman Ned Lamont. He had campaigned against Lieberman's support of the war and called the senator too close to Republicans and President Bush.

A centrist who is popular with Connecticut's Republican and unaffiliated voters, Lieberman has filed petitions to run for re-election as an independent.

Lamont's campaign chairman, George Jepsen, suggested Lieberman might turn against Shays for supporting a timeline for troop withdrawal.

"If he decides that Chris Shays is wrong ... we'll see what kind of rhetoric he uses and if he lumps him in with Ned," Jepsen said.

Shays is under fire for his support of the Iraq war in his race against Democratic challenger Diane Farrell. Shays narrowly held off Farrell's challenge in the 2004 election.

"I don't think Chris needed to go to Iraq 14 times to know it's a mess," she said. "To have a timeline, there needs to be an exit plan. There's no exit strategy."

McCain Stresses Support For Iraq Mission (AP)

By Jennifer Talhelm, Associated Press Writer

AP, August 26, 2006

Republican Sen. John McCain said Friday he supports the U.S. mission in Iraq days after faulting the Bush administration for misleading Americans into believing it would be "some kind of day at the beach."

The potential 2008 presidential candidate and staunch war supporter issued a statement explaining his position after his headline-grabbing comments criticizing the Bush administration.

"I have never intended my concern that the American people be fully informed about the conduct and consequences of the war to indicate any lessening of my support for our mission there," McCain said in the statement.

He complained in an appearance Tuesday about major mistakes by the administration, such as underestimating the size of the task and the sacrifices necessary. The comment prompted criticism from the right and left that McCain was flip-flopping, contradicting his backing for Bush's policy.

"Stuff happens, mission accomplished, last throes, a few dead-enders. I'm just more familiar with those statements than anyone else because it grieves me so much that we had not told the American people how tough and difficult this task would be," the Arizona senator said.

He made the comments while campaigning for Republican Sen. Mike DeWine of Ohio.

Those phrases are closely associated with top members of the Bush administration, including the president.

Bush stood below a banner proclaiming "Mission Accomplished" on May 1, 2003 after the collapse of Saddam Hussein's regime. The war has continued since then, with the death of more than 2,600 members of the U.S. military. Vice President Dick Cheney said last year that the Iraqi insurgency was "in its final throes."

In a March 2003 interview on MSNBC's "Hardball With Chris Matthews," McCain was asked whether he believed the people of Iraq would treat U.S. forces as liberators.

"Absolutely. Absolutely," the senator replied.

Democrats criticized McCain on Friday, calling him a "Monday-morning quarterback" and arguing that he should try to change Iraq policy if he disagreed with Bush's handling of the war.

"McCain's latest criticism is simply more talk without action from a presidential wannabe," said Christy Setzer, spokeswoman for the Democratic group, Senate Majority Project.

Republican consultant Rich Galen, who worked in Iraq for the Defense Department, defended McCain, saying he was giving an "accurate description of where Americans are on this war" while also making the case it is necessary in the fight against terrorism.

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All the potential 2008 presidential candidates are trying to make strategic decisions about how close they need to be to Bush, said Stephen Hess, a politics expert at the Brookings Institution think tank. McCain needs Bush's support to appear presidential, but he also needs to maintain his maverick image.

"He's making adjustments," Hess said. "He's trying to adjust his position to be the most advantageous."

Prior to this week, McCain has criticized Bush's public assessments of the war.

In a November speech at the American Enterprise Institute, he cautioned that the administration must accurately portray even negative events on the ground and tell the country that it will take a long time to win.

"If we can't retain the support of the American people, we will have lost this war as soundly as if our forces were defeated on the battlefield," he said in November.

Iraq-Bound, Without Reservations (WP)

By Sue Anne Pressley Montes, Washington Post Staff Writer

The Washington Post, August 26, 2006

D.C. Marine Unit, Called for Third Time, Confronts Higher Risks With Resolve

The Marines already are saying their goodbyes. The 4th Civil Affairs Group, a reserve unit based in Washington, is leaving for Iraq -- again.

Lance Cpl. Norman Tompkins Jr., 26, knows the drill by now. This will be his third trip to Iraq in four years. He has taken leave from his jobs as a fire alarm inspector and volunteer firefighter and loaded his iPod with 4,500 songs.

Cpl. Jennifer McNamara, 30, is double-checking her "Gucci gear" -- the upgraded boots and other equipment her husband urged her to buy. Todd McNamara was in Iraq last year as a member of the Navy Reserve. This time, he will be the one waiting for a military spouse to come home.

Staff Sgt. Paul Abila, 39, is trying to spend time with his eight children, ages 2 to 12. They will grow a lot in the months he is gone. The older girls already seem so serious and mature.

"They have asked me everything from am I going to shoot anybody to is somebody going to shoot me," Abila said. "And I tell them, 'Now if I have to kill somebody just so that I can stay alive, you understand that's part of what I have to do, as being a Marine?' "

There is no easy way to do this, to leave behind family and friends and careers, the comfort of soft beds and nonperilous routines, to enter a conflicted land where peace seems elusive. This will be the third deployment to Iraq for the unit, which is pulling out in a few days, but for most of its 200 or so members, it will be their first or second deployment.

Although trained for combat, the 4th CAG is charged with helping the civilian population. About a third of its members are residents of the D.C. area -- police officers, computer technicians, federal employees. The unit's operations officer, Lt. Col. David Bunn, is a lawyer; its executive officer, Col. Erik Grabowsky, is Arlington County's chief of solid waste. They are leaving from the Anacostia Naval Station, where they are based, expecting to be gone a year.

With each deployment of the 4th CAG, the dangers in Iraq have increased. Even as this unit and others are being asked to shoulder a mission that carries a soaring amount of risk, top U.S. military leaders are telling Congress that they fear Iraq is sliding into civil war. Even as many here at home are wondering if the sacrifice has been worthwhile, these Marines speak earnestly of their patriotism and duty as they prepare to say goodbye to everything they love.

"More than anything else, if there's anything I'd like people to know, we would certainly love their support," said Col. Mario LaPaix, the unit's commanding officer. "We would want people to know that Marines have always gone in harm's way to do what has to be done for America. We would like their prayers and, hopefully, their well wishes.

"If I can offer a political statement, that would be it."The War-Toughened Veteran

It was a rainy day in Combat Town, and that meant mud.

In a clearing deep in a forested area at Quantico, the Marine training grounds, members of the 4th CAG were staging their last field exercise before leaving for Iraq. The Marines were good-natured about the downpour: "If it ain't rainin', we ain't trainin.' " Several repeated the old military saw during breaks, laughing as mist and smoke from grenades swirled around them.

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Lance Cpl. Norm Tompkins, who has a calm air and an economy with words, is a field radio operator. On this morning, the half-dozen concrete-block buildings of Combat Town were standing in for an Iraqi village. Some of the Marines played the part of Iraqis, even speaking in Arabic as they watched from open doorways and strolled the "marketplace."

When three Humvees of Marines rolled into the village to check the safety of the market, a band of insurgents attacked and a brief, fierce fight was waged on the puddled streets. Tompkins's job was to call in "the sit reps" -- or situation reports -- and arrange for medics as needed, amid the sounds of gunfire and the cries of "the Iraqi women."

"That was pretty true to life," Tompkins said after the hour-long exercise, a pile of hand-held radios at his feet.

A volunteer firefighter and horror-movie fan who lives in Landover with his mother, Tompkins finds himself, in his mid-twenties, the war-toughened veteran in the group, one of only two returning to Iraq for a third time. Other Marines have asked him what to expect: What are the living conditions? Are people friendly or hostile? How dangerous is it?

When his superiors asked him whether he would go back, Tompkins hesitated "a little bit," he said. He could have declined.

"But I wanted to go back for myself," he said. "I felt like I wasn't done over there. We're not done building that country back up, so we've got to go back there and help them out."

Tompkins, a graduate of Parkdale High School in Riverdale, studied forensic science at Prince George's Community College. When he was first deployed to Iraq, in 2003, things were relatively quiet. "It was hot -- I definitely remember that," he said. "But it wasn't dangerous at all."

On his second tour, in 2004-05, "it was a little more intense," he said, singling out the roadside bombs, or improvised explosive devices. "They had the IEDs and things of that nature. But it worked out well -- we got the job done."

It was during that tour that the 4th CAG suffered its only serious injury: A bomb hit the Humvee that Sgt. Luke Cassidy was driving, and he lost part of his leg.

Tompkins does not dwell on the incident. He describes himself as "laid-back." As long as he has his music, from the rock band Stone Sour to country legend Johnny Cash, he will be all right, he said. "It calms your nerves and takes you away."

His friends and co-workers wonder at his cool.

" I think about him all the time and how he's going out there, voluntarily," said Steve Stuber, Tompkins's boss at Siemens Building Technologies in Beltsville. "For the third time. When he doesn't have to do it."The Daughter in a War Zone

Cpl. Jen McNamara's mother, Mary Crawford, already has a specific list of treats her Daughter the Marine wants included in her care packages to Iraq: Baby Ruths. Gummi Bears. HoHos. Devil Dogs. Little Debbie Zebra Cakes.

Reading that list makes Crawford, a retired teacher from Lorton, think of McNamara as a little girl again. And that is a painful thought as she watches her daughter prepare to go to a war zone.

McNamara had never imagined herself a Marine. But what happened on Sept. 11, 2001, left her questioning her purpose in life.

Although she was employed at the Pentagon as a civilian budget analyst, she did not know anyone killed or wounded that day. And she is embarrassed, she said, to admit that her only personal hardship was the result of leaving behind her keys and identification when she fled her office. But she was deeply affected. "She told me she didn't feel like she was doing anything important," Crawford recalled.

Growing up in suburban Virginia, McNamara felt that her "whole life was kind of sheltered and boring," she said. She went to work full time at the Pentagon after graduating from James Madison University and, three years ago, married Todd McNamara, a longtime family friend. A Navy Reservist, he understood his wife's need to do something concrete, "to give something back."

"I'll just work more hours while she's gone," said McNamara, 30, a project manager for a general contractor.

Todd McNamara was in Iraq for seven months in 2004-05, helping repair airfields and reconstruct damaged buildings. He called the experience "meaningful" and "rewarding." The time passed quickly for the couple.

"I think a lot of people expected me to be the pining wife at home who was so worried, but actually, it was pretty okay," Jennifer said. Now, she said, she uses her husband "as the perfect resource -- he knows everything." He advised her, for example, that she need not pack foot powder, because she can find it at the PX.

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The couple, who live in Alexandria, often keep the conversation on that level. Both are trying to be "stoic," and what good does it do to fall apart now?

"When you go through the training, like we have, when you have prepared this much, you want to put your training to use," she said. "I guess it's a good thing, because if we were both really emotional, it would be too much to bear."Their Father the Hero

At the Abila home in Dumfries, Saturday mornings will not be the same without "Dad's special pancakes." Neither will Thanksgiving, when Dad won't be there to dance the turkey around the house before settling it into the roasting pan. Or Christmas, when Dad won't be there to hog the pecan pie -- although, to be fair, the only presents he ever wants for himself are socks.

The oldest of the eight Abila children -- Lara, 12, Juliana, 11, and Ciara, 9 -- are trying to imagine life, temporarily, without their father. They hate the prospect of him leaving them, having to go somewhere so far away and full of danger. But they have responsibilities and little brothers and sisters to attend to, and they do not want to worry anybody, certainly not their dad.

Juliana, a sixth-grader, knows what she will miss most about her father: "His kind and loving heart," she said, frowning hard to control her feelings.

Staff Sgt. Paul Abila is the administrative chief for the 4th CAG, responsible for personnel processing and payroll. Originally from Oklahoma, he met his wife, Scarlett, when both were active-duty Marines in the D.C. area. "We got married at the Arlington County Courthouse on our lunch hour and went back to work," Scarlett Abila said of their 1993 wedding. "We were good Marines."

Their children arrived at steady intervals -- three girls, three boys, then the twins, now 2. On a recent morning, Natalie, the twin with the curly hair, and Martina, the one with the straight hair, took turns hurling themselves at their father as he sat on the living-room floor of their impossibly neat townhouse.

As a former Marine, Scarlett Abila understands what her husband is about to do. She certainly does not think that he should be spared from deployment, his first to Iraq, because so many young children are depending on him.

"Our children were a choice and a gift from God, and we would never use them as an excuse not to serve," she said. "I would not want my children to think, 'My dad was a Marine, but in wartime, because there were eight of us, he was allowed to stay behind.' What about the two children of deployed Marines or deployed soldiers? What about the families with three or four children?"

And so the Abilas prepare to say goodbye. They will pray every day for his safe return. They will send him the best care packages any Marine has ever received. They will miss him terribly, but they know he has a job to do.

"I think he's not just some big, bad Marine," said Lara, a seventh-grader. "I think he's kind of a hero."

Weary Iraqis Face New Foe: Rising Prices (NYT)

By Damien Cave

The New York Times, August 26, 2006

BAGHDAD, Iraq, Aug. 25 — For Mehdi Dawood, Iraq's failures have leached into the cucumbers, a staple of every meal that now devours a fifth of his monthly pension.

And it is not just the vegetables. Fuel and electricity prices are up more than 270 percent from last year's, according to Iraqi government figures. Tea in some markets has quadrupled, egg prices have doubled, and all over the country the daily routine now includes a new question: What can be done without?

"Meat, I just don't buy it anymore," said Mr. Dawood, 66, holding half-filled bags at a market in Baghdad. "It's too expensive."

"We are all suffering," he said. "It's the government's fault. There is no security. There is no stability."

As if Iraqis did not have enough to worry about. Going to the market already requires courage — after repeated bombings there — and now life's most basic needs are becoming drastically more expensive.

Three months into the administration of Prime Minister Nuri Kamal al-Maliki, the inflation rate has reached 70 percent a year, up from 32 percent last year. Wages are flat, banks are barely functioning and the consensus among many American and Iraqi officials is that inflation is most likely to accelerate.

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Violence, corruption and the fallout from decades of government control are kicking up the price of nearly everything, especially fuel, which in turn multiplies the production cost for goods.

"It's a very serious problem," said Anthony H. Cordesman, a Middle East analyst at the Center for Strategic and International Studies in Washington. "You don't have stable trucking; you don't have stable distribution. You have a constant protection racket, with security forces who are involved in sectarian fighting often taking bribes to have things operate. All of that builds up pressure on prices."

Mr. Maliki's office has responded with proposals to spur foreign investment and calls for public patience, even forgiveness. But billions in American aid has already been spent on Iraq with limited impact.

Compared with security problems, which can be addressed to some extent by deploying more troops to the streets, the economy is harder to control, especially since most Iraqi commerce occurs beyond the reach of government policy.

Fuel remains the country's most visible example of economic dysfunction. A gallon of gasoline cost as little as 4 cents in November. Now, after the International Monetary Fund pushed the Oil Ministry to cut its subsidies, the official price is about 67 cents.

The spike has come as a shock to Iraqis, who make only about $150 a month on average — if they have jobs. Estimates of unemployment range from 40 to 60 percent. And with black-market sellers commanding $3.19 a gallon because of shortages, up from about $1.25 a few months ago, the actual price most Iraqis pay is far higher than what is officially sanctioned.

Filling up now requires several days' pay, monastic patience or both.

Three years after fuel shortages led to riots in Basra, tension is often palpable at the pumps. Lines stretch as far as the eye can see, and at least two shootings have been reported in Baghdad this month alone. Near a station downtown this week, bribes and line cutting appeared to be the norm. At one point a Mercedes and several police vehicles cut ahead of at least 50 cars while a policeman watched.

"Why are you letting people come from outside?" shouted a man who was just a few cars from the station after seven hours of waiting.

The station's manager said the drivers given special treatment must have had a note showing that they were doctors, or attending a funeral. A few hundred yards back, by a beat-up station wagon, Abdul Rehman Qasim had a different theory: the drivers avoiding the wait possessed either money or power. He had neither.

"I'm a poor guy," he said. "So I leave some of my children here. They spend the night in the car."

"Under the government of Maliki, things are getting worse and worse," he added. "Only God can save us."

In Iraq's once-bustling markets, frustration is equally acute. Car bombers have regularly attacked commercial districts, and prices seem to be up at every stall. At markets in a middle-class Shiite area near downtown, chickpeas have doubled in price. Lamb now runs as high as $2.75 a pound, up from $1.50.

Cucumbers, tomatoes and eggplant have all jumped too, while the price of the propane gas cylinders most families use for cooking has quintupled to more than $15.

"We live hand to mouth," said Mr. Dawood, a retired clerk for Pepsi.

Veiled women shopping nearby agreed. "We're tired, and the situation is horrible," said Zakiya Abid Salman, 55, a widow carrying eggplants. "There are no jobs, and the prices are always rising."

Merchants said they had no choice but to increase prices because of the increased costs of doing business. And still, they said, their incomes have declined.

Ali Fouad, 27, pushing live fish around a shallow tub of water, said the price of transporting his product from farms south of Baghdad has nearly tripled since last year. A few months ago he sold about 110 pounds of fish a day, earning roughly $50 after expenses. Since he had to raise prices about 60 percent, he said, he sells less and earns only $20 a day.

"What's our life today?" he asked. "We are working only for gas, ice and electricity. There is no savings."

Stanching inflation will not be easy. Experts here say they struggle just to collect the data necessary to diagnose the problem, while Iraq largely lacks the usual mechanisms for controlling prices.

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The Central Bank of Iraq is only three years old. Though the International Monetary Fund reports that officials have raised interest rates — and accelerated efforts to create a functioning market economy — its most recent study in July also concluded that "the banking system is largely inert." As a result, the report said, the effectiveness of such measures would be "very limited."

"Increasing the interest rate for business loans and mortgages — if people aren't taking out those loans, how much of an effect can you have?" said Edward W. Kloth, an economic adviser at the American Embassy here. "The tools that are available are very limited in this kind of a situation."

Ali al-Dabagh, a spokesman for Prime Minister Maliki, said in an interview that "the government is working hard to find solutions." He blamed terrorists for undermining Iraq's elected leaders, but he acknowledged that the country "needs an administrative revolution."

For the families trying to survive, time sometimes seems to be running out. Fathi Khalid, 43, a vegetable seller with a mostly empty stall, said obstacles seemed to multiply by the day. Sometimes roads are blocked so harvests never arrive. Sometimes he cannot afford to pay the right bribes. And week after week, his customers purchase less and less.

"Most people buy half what they used to," he said. "The vegetables sit here and rot."

Ex-Officer Admits Role In Iraq Deals (NYT/AP)

By AP

The New York Times, August 26, 2006

WASHINGTON, Aug. 25 — A former United States Army Reserve officer admitted Friday that he had awarded millions of dollars in Iraq reconstruction contracts in exchange for jewelry, computers, cigars and sexual favors.

Lt. Col. Bruce D. Hopfengardner, 46, pleaded guilty to conspiracy to commit money laundering and wire fraud. He served as a special adviser to the American-led occupation forces, recommending funds for projects in Iraq.

He admitted conspiring with Philip H. Bloom, an American citizen with businesses in Romania; Robert J. Stein Jr., a former Defense Department contract official; and others to create a corrupt bidding process that included the theft of $2 million in reconstruction money.

Colonel Hopfengardner is the first military officer to plead guilty in the conspiracy. Mr. Bloom and Mr. Stein had already pleaded guilty to charges stemming from the scheme.

Colonel Hopfengardner's role was to recommend that the Coalition Provisional Authority, which governed Iraq during the first year of the occupation, provide funds for projects to demolish the Baath Party headquarters, rebuild a police academy and construct other buildings.

Mr. Bloom, who controlled companies in Iraq and Romania, bid on projects using dummy corporations, and Mr. Stein ensured that the Defense Department awarded contracts to one of those companies, according to court documents.

He is accused of showering Colonel Hopfengardner and Mr. Stein with cash, cars, tickets for premium airline seats, jewelry, alcohol, even sexual favors from women at his Baghdad villa.

"A lieutenant colonel in the U.S. Army today admits to a disturbing abuse of his position, in scheming with others to defraud the government for their own personal and financial gain," Assistant Attorney General Alice S. Fisher said in a prepared statement.

As part of his plea agreement, Colonel Hopfengardner surrendered a car, a Harley-Davidson motorcycle, camera equipment, a Breitling watch valued at approximately $5,700 and a computer. He also agreed to pay $144,500, prosecutors said.

Reservist Pleads Guilty In Iraq Bribery Scheme (WP)

By Griff Witte, Washington Post Staff Writer

The Washington Post, August 26, 2006

A lieutenant colonel in the Army Reserve yesterday became the first military officer to plead guilty in a wide-ranging bribery scheme involving funds intended for Iraq's reconstruction, the Justice Department said.

Bruce D. Hopfengardner -- who admitted to steering contracts to an American businessman in exchange for money and property such as a Harley-Davidson motorcycle -- pleaded guilty to two conspiracy charges related to wire fraud and money

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laundering in a hearing in U.S. District Court in the District. Hopfengardner also admitted to smuggling $120,000 worth of stolen reconstruction funds back into the United States. He faces up to 20 years in prison and a $500,000 fine.

Hopfengardner's plea was preceded by those of two others involved in the scheme. Philip H. Bloom, a businessman, pleaded guilty to charges of conspiracy, bribery and money laundering in April. Robert J. Stein Jr., an official with the American-led authority that controlled Iraq during the first year after the U.S. invasion, pleaded guilty to five related charges in February. All three await sentencing. Two other Army Reserve officers have been arrested.

Prosecutors have said that Bloom stood at the center of a conspiracy in which he paid more than $2 million in bribes to officials who managed Iraq reconstruction in exchange for contracts for his companies. Hopfengardner, 46, of Fredericksburg, was responsible for managing various reconstruction projects in south-central Iraq starting in November 2003.

In return for contracts related to the building of a police academy and training center, Bloom sent Hopfengardner about $175,000 in laundered money and bought him a GMC Yukon Denali sport-utility vehicle, prosecutors say. Hopfengardner also received the motorcycle, a $5,700 watch and a computer as part of the deal.

The plot was first uncovered by investigators with the office of the special inspector general for Iraq reconstruction.

Looters Ransack Base After British Depart (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, August 26, 2006

Failure of Iraqi Soldiers to Prevent Assault Raises Worries About Security Transfers

BAGHDAD, Aug. 25 -- Armed looters ransacked an abandoned British base in southern Iraq on Friday as Iraqi soldiers guarding the camp stood by and watched, heightening concerns that Iraqi troops are still ill-equipped to take control of security from U.S.-led coalition forces.

A crowd of as many as 5,000 people, including hundreds armed with AK-47 assault rifles, attacked Camp Abu Naji and hauled away window and door frames, corrugated roofing and metal pipes, despite the presence of a 450-member Iraqi army brigade meant to guard the base.

"The looters stole everything -- even the bricks," said Ahmed Mohammed Abdul Latief, 20, a student at Maysan University. "They almost leveled the whole base to the ground."

The last of 12,000 British troops left the camp in Amarah, the capital of southern Maysan province, on Thursday after continued mortar attacks by a local Shiite Muslim militia that residents said was controlled by anti-American cleric Moqtada al-Sadr. Adopting guerrilla tactics used in North Africa during World War II, 600 of the soldiers will soon slip into the marshlands and deserts near the Iranian border to prevent weapons smuggling.

Maj. Charlie Burbridge, a British military spokesman, said the Iraqi army maintained full control of the camp, even during the looting, and had managed to eject the thieves by early evening. "Our confidence in the Iraqi security forces to maintain day-to-day order in Amarah remains unaffected," he said.

But the inability of the Iraqi soldiers to prevent widespread looting in one of the country's calmest provinces, as well as the reported mutiny of a local army brigade, left doubts about whether U.S.-led forces will be able to hand over security to the Iraqi government anytime soon.

"Obviously this raises questions about the effectiveness of the Iraqi security forces," Christopher A. Preble, director of foreign policy studies at the Cato Institute, said in a telephone interview from Washington. "What progress has been made in the past three years in terms of standing up an Iraqi security force for taking over the country when the United States leaves?"

The looting, which lasted from about 10 a.m. to early evening, turned violent at about noon when individuals in the mob shot at the base, Burbridge said. The Iraqi troops asked the province's governor for permission to return fire, a decision the British military highlighted as evidence of the security force's training.

"It demonstrated that they understand the importance of civilian primacy, that the government -- and not the military -- is in charge," Burbridge said in a phone interview from Basra.

Injuries were reported on both sides, but no one was killed, Burbridge said. Given the extreme poverty in Amarah, a town of 300, Burbridge said that it was understandable that residents would loot the base. He also said many were motivated by curiosity

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to see the inside of a long-forbidden camp, which had been controlled by former Iraqi president Saddam Hussein for years before the British took control of it.

"The issue here is not really malice. It's economics," Burbridge said. "The people of Amarah -- many of whom are extremely poor -- saw what they believed to be a bit of an Aladdin's cave inside."

Residents said, however, that antipathy toward the British was strong. After Sadr declared Amarah the first city in Iraq to drive out U.S.-led coalition forces, jubilant residents congratulated one another and planned to take to the streets in celebration.

"We have already stopped our relations with British forces," said Abduljabbar Waheed, head of the provincial council of Maysan. "We always deal with them as occupiers. They have committed many crimes against our people during the last months, they don't care for the people, and they have their own agenda goes against our people's interests."

Iraqi army Lt. Ali Kareem of the 4th Brigade, 10th Division, said some members of his unit began to mutiny Thursday after learning that they were being deployed to Baghdad the next day to support a security plan in the capital. He said troops in the brigade's 2nd Battalion -- mainly members of Shiite militias such as Sadr's Mahdi Army and the Badr Brigade -- started to fire guns and mortars in protest because they thought the American military was "trying to get rid of them." The situation was resolved only after the brigade commander said the protesters did not have to deploy to Baghdad.

In other developments, the head of a major Iraqi sect of Sufism, a mystical branch of Islam that had previously rejected violence against U.S.-led coalition forces, declared holy war on American troops. The leader, Sheik Mohammed al-Qadiri, said his sect would form a new group, the Battalions of Shikh Abdul Qadir al-Gaillani, and join the insurgency.

"We will not wait for the Mahdi Army and the Badr Brigade to enter our houses and kill us," said Ahmed al-Soffi, a Sufi leader in the western city of Fallujah, referring to the country's major Shiite militias. "We will fight the Americans and the Shiites who are against us."

Special correspondents Saad al-Izzi, K.I. Ibrahim and Naseer Nouri contributed to this report.

Iraqis Plunder Vacated Base (WT/AP)

By Haidar Hani

The Washington Times/AP, August 26, 2006

AMARAH, Iraq -- Iraqis looted a military base vacated by British troops and stripped it of virtually everything removable yesterday, an indication of possible future trouble for U.S.-led coalition forces hoping to hand over security gradually to the Iraqi government.

Men, some with their faces covered, ripped corrugated metal from roofs, carried off metal pipes and backed trucks into building entrances to load them with wooden planks. Many also took away doors and window frames from Camp Abu Naji.

"The British forces left Abu Naji and the locals started looting everything," 1st Lt. Rifaat Taha Yaseen of the Iraqi army's 10th Division told Associated Press Television News. "They took everything from the buildings."

The plundering was likely to embarrass the government of Prime Minister Nouri al-Maliki, who has said that the Iraqi army and police plan to take over security for all of Iraq's provinces within the next 18 months.

America's overall strategy calls for the U.S.-led coalition forces to redeploy to larger bases and let Iraqis become responsible for their security in specific regions. The larger bases can act in a support or reserve role. A final stage would involve the drawdown of troops from Iraq.

Camp Abu Naji, 200 miles southeast of Baghdad, had come under almost daily attack when the Britons were in control, an indication of the hostility for foreign troops.

It was first invaded by a handful of Iraqis on Thursday, hours after 1,200 British troops pulled out to redeploy along the border with Iran to crack down on weapons smuggling.

Iraqi police dispersed looters by firing shots into the air, said Dhaffar Jabbar, spokesman for the governor of the southern Maysan province where Amarah is located. But scores of looters returned yesterday when the camp was under the control of a small contingent of Iraqi troops.

"There are only a few soldiers at Abu Naji camp. Some of the residents were carrying weapons so [the soldiers] did not want bloodshed and with such a big number, they could not stop them," Mr. Jabbar said yesterday.

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On Thursday, Iraqi authorities had complained the British withdrawal had caught them unaware.

"British forces evacuated the military headquarters without coordination with the Iraqi forces," Mr. Jabbar said Thursday.

But the British military rejected the assertion, with Maj. Charlie Burbridge saying the hand over was coordinated with Amarah authorities 24 hours in advance.

"It was understood that the governor was likely to use the camp as a police training camp," he said in an e-mail Thursday, adding that Iraqi forces had secured the base after the British soldiers left.

In the midst of the looting, one man who refused to give his name, said: "This is war loot and we are allowed to take it."

In other violence yesterday, five persons were killed across the country and U.S. forces fired tank rounds at a mosque in the restive city of Ramadi during a gunbattle with militants inside, damaging the dome and the minaret.

Military Base Turned Over To Iraqi Forces Is Looted The Next Day (MCT)

By Mark Brunswick

McClatchy Newspapers, August 26, 2006

BAGHDAD, Iraq - Hours after the British turned over a military base to Iraqi control, looters picked it clean, driving up in trucks and making off with roofing, windows, and plumbing after clashing with outnumbered Iraqi soldiers.

About 1,200 British forces withdrew on Thursday from Abu Naji, a camp near Amarah in southern Maysan province. The base had been targeted repeatedly with mortar fire, and shortly after the British left, members of the Shiite-controlled Mahdi Army passed out pamphlets claiming credit for the British retreat. The camp had been targeted for mortar and rocket fire almost daily.

Looters arrived at the camp within hours after the final British soldiers left at noon on Thursday. Iraqi soldiers put up resistance and later fired on the crowds who had gathered. There were reports of some injuries for both Iraqi forces and civilians but no fatalities.

The looting was an indication of the tenuous hold Iraqi authorities have on the countryside, though a police spokesman for the region denied any looting occurred. An Iraq Army source said that as many as 2,000 people surrounded the camp at one point.

Spokesmen for the Iraqi Defense Ministry and the British military said the departure was part of what was a planned relinquishing of control to local Iraqi forces.

Major Charlie Burbridge, a spokesman for the British military, said the camp had become an easy target but denied militia activity had precipitated the move. British forces already had removed most significant equipment and had anticipated that leaving would attract looting in a region that suffers dramatically from poverty.

The looting that resulted, he said, "was more of an attempt to improve one's quality of life by making off with an air conditioner. The crux of the issue is economic, its not malice. Call it a peace dividend."

Burbridge said the mortar and rocket attacks had no impact on the decision to re-deploy the troops. In three years, the base had been under frequent mortar attack but there were no fatalities. "They were more of a nuisance than anything else," he said in a telephone interview from Basra.

Defense Ministry spokesman, Mohammed al Askari, would not comment on claims that militia forced the British to leave.

"All I can say is that the British forces left the place to the Iraqi army according to a deal with the Ministry of Defense," Askari said. "The deal dictated to deliver the camps to the Iraqi forces whenever these forces reach the needed level of readiness and ability to handle the security responsibilities. More locations and camps will be delivered in the coming two months."

About half the British forces that withdrew have been directed southeast to the border with Iran to combat weapons smuggling and to provide a buffer zone to deter militia activity before it reaches urban areas, Burbridge said.

McClatchy Newspapers special correspondent Laith Hammoudi contributed to this story.

Looters Descend On Iraqi Camp After British Soldiers Pull Out (LAT)

By Patrick J. Mcdonnell, Times Staff Writer

The Los Angeles Times, August 26, 2006

Everything movable is taken and the rest is burned before security forces can secure it. Some taunt the guards, saying, 'Shoot me!'

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BAGHDAD — Looters ravaged a former British base near the southern Iraqi city of Amarah on Friday, a day after the remaining troops abruptly pulled out in what followers of radical Shiite cleric Muqtada Sadr hailed a victory over the "occupiers."

The scene at Camp Abu Naji was one of devastation, witnesses said, as the pillagers, some hoisting photos of Sadr, roamed the base that once hosted the Royal Scots Dragoon Guards, and, more recently, the Queen's Royal Hussars. The base had been home to about 1,200 British troops who patrolled southeastern Iraq.

"Everything that could be carried was taken," said an Iraqi army major in Amarah, who asked not to be named because of the security situation in the city of 300,000 nearly 200 miles southeast of Baghdad.

Items taken included furniture, generators, wooden doors, corrugated metal roofs and just about anything else that could be resold, the major said.

The British plan had been to turn the camp over to Iraqi authorities, but several Iraqi officials told reporters that the sudden withdrawal Thursday took them by surprise. Iraqi forces didn't have enough time to secure the facility before the looters swooped in, Iraqi officials said.

Confronted by Iraqi troops, the Iraqi major said, some looters continued to ransack the base, taunting the security men by saying, "Shoot me!" They then burned what remained of the facility, which had been an Iraqi army camp before the British moved in after the fall of Saddam Hussein in April 2003.

There was no immediate word on casualties.

Cmdr. Jane Allen, a British military spokeswoman in Baghdad, attributed the pillaging to poor residents seeking items for resale, and not to political motivations.

"The prospect of gaining access to equipment … is likely to have been too much to resist," Allen's statement said.

In a statement this month, the camp commander, Lt. Col. David Labouchere, said the move would be completed "by mid-September."

It was unclear Friday why the British apparently had advanced their departure date, but supporters of Sadr, whose militia forces have frequently clashed with the British, said the troops had been chased out.

The camp had suffered numerous mortar strikes in recent days, attacks widely believed linked to Sadr's Al Mahdi militia. His allies are a powerful political force in Amarah, long a strategic gateway to neighboring Iran, and other parts of southern Iraq, where most residents are Shiites.

Wild celebrations broke out among Sadr supporters as word of the British pullout spread.

"The Sadr movement rejects the occupation and its presence," said Sheik Aba Dar, a Sadr advocate in Amarah.

British authorities have described the pullout as having two aims: turning over regional security to British-trained Iraqi forces and repositioning troops to counter the weapons-smuggling threat from Iran. British border patrols once based at the camp will spread out to the deserts and marshes of Maysan province, of which Amarah is the capital, authorities said.

"I have been asked to assist … in clamping down on smugglers," Labouchere said in the statement announcing the camp shutdown. "The very best way I can help is to concentrate my efforts on the border."

U.S. officials have expressed increasing concern that anti-U.S. Shiite militias have been receiving arms and bomb-making material from Iran, a Shiite-dominated nation that has close links to the major Shiite political parties holding political power in Iraq. Shiite militias are prime suspects in the epidemic of death-squad killings that have ravaged Iraq.

For a short period after the British forces arrived, southern Iraq was considered a haven, even as the Sunni Arab-led insurgency raged in the central, western and northern stretches of the county. In the south, British troops patrolled in shorts, set aside their flak jackets and sipped tea with the residents.

But the sense of stability soon crumbled as British forces ran into increasing resentment from Shiite tribes, militias and assorted other power brokers. In one of the most stunning incidents, six British soldiers were killed during an attack in June 2003 in the town of Majar Kabir, near Amarah.

Today, the once-calm southern port of Basra, Iraq's second most populous city, has become a hot bed of violence and intrigue featuring rival political factions, oil-smuggling gangs and religious militias. British forces have struggled to help restore order in Basra and elsewhere in the south.

Raheem Salman of The Times' Baghdad Bureau and a special correspondent in Basra contributed to this report.

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Slain Iraq Hostages' Families Sue Syria (AP)

By Giovanna Dell'orto, Associated Press Writer

AP, August 26, 2006

Survivors of two civilian contractors taken hostage and beheaded in Iraq filed a federal lawsuit Friday against Syria, which they claim supported the group who murdered him.

"This is a step they can take to deter states who sponsor terrorists," said John Salter, an attorney for Jack Hensley's widow, Pati Hensley, and their teenage daughter, Sara.

The plaintiffs also include Francis Gates of Michigan and Holly Pettis, now living in Canada. They are the mother and sister, respectively, of Eugene "Jack" Armstrong, who was taken hostage and slain along with Hensley and a British co-worker.

The families are also seeking hundreds of millions of dollars in damages. "The trick is collecting," Salter said.

Salter said the lawsuit is based on the attorneys' investigations that show Syria was responsible for supporting and harboring the group that killed the men in September 2004.

Hensley, a 48-year-old engineer from Marietta, and Armstrong, 52, formerly of Hillsdale, Mich., are believed to have been beheaded by Abu Musab al-Zarqawi or his followers. Al-Zarqawi, the leader of al-Qaida in Iraq, was killed by a U.S. airstrike in June.

The lawsuit, filed in U.S. District Court in Washington, D.C., also names Syria's president and a general in its air force, Salter said. Syria is on the State Department's list of sponsors of terrorism, which gives Americans the legal right to sue them.

Afghan President Sets Probe Of Killings (WP/AP)

By Rahim Faiez

The Washington Post, August 26, 2006

Child Among Dead In U.S.-Led Raid

KABUL, Afghanistan, Aug. 25 -- President Hamid Karzai on Friday ordered an investigation into the deaths of eight people in a raid that the U.S. military said targeted al-Qaeda members but police said killed civilians. It was the second time in a week his government has questioned the military's tactics.

The inquiry into Thursday's deaths in eastern Konar province was Karzai's latest show of displeasure with the foreign forces that he depends on to protect his weak government from resurgent Taliban and al-Qaeda fighters.

A statement released by Karzai's office said he had ordered a "thorough investigation" into the killings, including the death of a 10-year-old. Konar's governor and local lawmakers have gone on a fact-finding trip to the area.

The U.S. military said a joint American-Afghan force descended on a compound in Shigal district to nab an al-Qaeda "facilitator" wanted for attacks on foreign and Afghan forces in the region.

Gunmen inside the compound shot at the troops, who returned fire and killed seven suspected al-Qaeda members, including the facilitator, the military said. A child also was killed in the clash and a woman was wounded.

But police said the U.S.-led forces attacked a building where two families were trying to resolve a dispute with the help of tribal elders.

"According to our district chief, the people who have been killed in the incident this morning are civilians from Shigal district," Abdul Sabur Alluhyar, the deputy provincial police chief, said Thursday. He added that someone had given the foreign troops incorrect information that an al-Qaeda meeting was taking place at the compound.

The raid came a week after foreign aircraft destroyed two trucks used in an insurgent attack that killed an Afghan soldier in southeastern Paktika province.

Afghan officials said 10 border police officers were killed in the strike. Karzai quickly condemned coalition forces for that strike. But U.S. officials said they were confident that they had targeted fighters, not police.

Retaliation Alleged For Teaching On Iraq War (LAT)

By Jessica Garrison, Times Staff Writer

The Los Angeles Times, August 26, 2006

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Among the students at San Fernando High School, a sun-baked campus in a poor, mostly Latino area on the northern fringe of the San Fernando Valley, the issue of military recruiting looms large.

The school sends hundreds more students to college than it does into the military, but still, according to senior Erika Preciado, "more recruiters are here for the military than for colleges."

The 17-year-old is co-editor of the school newspaper, El Tigre. In her journalism class this week, almost all of the students said they had been contacted by a military recruiter, and several said recruiters had been guest speakers in their classes or had talked to them at school events, such as one where recruiters brought a chin-up bar onto campus.

Seven of the 28 students said they knew someone who had died in Iraq while serving in the U.S. military.

The issue concerns the school librarian, Kitty Kroger, so much that she banned recruiters from placing their literature in the library and has waged a campaign to "make kids fully aware of what it would mean to be in the military."

Now the issue figures in a lawsuit against the Los Angeles Unified School District by a San Fernando High teacher who says the principal retaliated against him because he urged students to think critically about the military and the war in Iraq.

Alberto Gutierrez, a 33-year-old social studies teacher who is known on campus as a passionate educator with a left-wing tilt, says in a suit filed this week that after he "offered objective discussion … regarding the United States' involvement in the war in Iraq to his students," then-Principal Jose Luis Rodriguez began filling Gutierrez's personnel file with negative reviews and surreptitiously encouraging parents to complain about him.

The teacher says he received only glowing performance reviews until two years ago, after he began teaching about the war.

At the same time, according to the suit, Rodriguez didn't object when another teacher required students to take the Armed Services Vocational Aptitude Battery test, designed by the Department of Defense to measure aptitude for military service.

The suit contends that Rodriguez "strongly supports the United States' involvement in the war and adamantly opposes any other opinions."

Rodriguez, who has since been promoted to director of secondary services for one of Los Angeles Unified's local district headquarters in the Valley, denied those claims. He said he limited military recruiters' presence on campus to Wednesdays at lunch.

And he said his concerns about the teacher "weren't specific to the war in Iraq." Rather, he said, he spoke to Gutierrez because of complaints from parents that the teacher had required students to visit a cafe in Sylmar to watch movies including "Fahrenheit 9/11," Michael Moore's 2004 antiwar film, and "Crash," which won the Academy Award this year for best picture.

District policy requires that students have their parents' permission to see such adult-oriented movies, Rodriguez said. He added that Gutierrez is a committed teacher and called it unfortunate that he had chosen to sue.

Gutierrez responded that he did not require students to visit Tia Chucha's Cafe; he only offered them an extra-credit opportunity.

As for "Fahrenheit 9/11," Gutierrez said, he showed it to students in his classroom in response to unannounced and uninvited visits from military recruiters.

"I had military recruiters walk into my class two times in one week," he said. After those visits, he said, he decided to show the movie, which includes scenes of recruiters — one of whom was later killed by a roadside bomb in Iraq — before allowing recruiters to address his class. He also said Rodriguez placed limits on the recruiters only after Gutierrez and other teachers exerted pressure.

Gutierrez, who grew up in North Hills, said he was once affiliated with a gang but has dedicated himself to improving conditions in his community and at San Fernando High.

"As a teacher, my goal is to bring awareness and make the connection between the textbook and the real world," he said.

Military recruiters' visits to high schools have led to disputes around the country in the last few years, with some teachers and parents complaining that they use overly aggressive tactics and target schools with low-income and minority students.

The federal No Child Left Behind Act allows the Pentagon to gather the home addresses and telephone numbers of public school students.

An opt-out clause lets parents sign a form preventing information about their child from being released.

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In addition, the law says any school that allows college recruiters must also allow military recruiters if it wants to keep its federal funding.

At San Fernando High, Kroger, the librarian and sponsor of the now-defunct Peace Club, said she was taken aback when some of her students talked of joining the military and bombing Middle Eastern countries.

"I think we should have separation of the school and the military," she said. "It's become much too enmeshed in the school."

But Kroger said she blames the federal law that allows recruiters on campus — not the former principal.

"I personally haven't seen any crackdown on dissent," she said.

Service In Iraq: Just How Risky? (WP)

By Samuel H. Preston And Emily Buzzell

The Washington Post, August 26, 2006

The consequences of Operation Iraqi Freedom for U.S. forces are being documented by the Defense Department with an exceptional degree of openness and transparency. Its daily and cumulative counts of deaths receive a great deal of publicity. But deaths alone don't indicate the risk for an individual. For this purpose, the number of deaths must be compared with the number of individuals exposed to the risk of death. The Defense Department has supplied us with appropriate data on exposure, and we take advantage of it to provide the first profile of military mortality in Iraq.

Between March 21, 2003, when the first military death was recorded in Iraq, and March 31, 2006, there were 2,321 deaths among American troops in Iraq. Seventy-nine percent were a result of action by hostile forces. Troops spent a total of 592,002 "person-years" in Iraq during this period. The ratio of deaths to person-years, .00392, or 3.92 deaths per 1,000 person-years, is the death rate of military personnel in Iraq.

How does this rate compare with that in other groups? One meaningful comparison is to the civilian population of the United States. That rate was 8.42 per 1,000 in 2003, more than twice that for military personnel in Iraq.

The comparison is imperfect, of course, because a much higher fraction of the American population is elderly and subject to higher death rates from degenerative diseases. The death rate for U.S. men ages 18 to 39 in 2003 was 1.53 per 1,000 -- 39 percent of that of troops in Iraq. But one can also find something equivalent to combat conditions on home soil. The death rate for African American men ages 20 to 34 in Philadelphia was 4.37 per 1,000 in 2002, 11 percent higher than among troops in Iraq. Slightly more than half the Philadelphia deaths were homicides.

The death rate of American troops in Vietnam was 5.6 times that observed in Iraq. Part of the reduction in the death rate is attributable to improvements in military medicine and such things as the use of body armor. These have reduced the ratio of deaths to wounds from 24 percent in Vietnam to 13 percent in Iraq. Some other factors to be considered:

Branch of service: Marines are paying the highest toll in Iraq. Their death rate is more than double that of the Army, 10 times higher than that of the Navy and 20 times higher than for the Air Force. In fact, those in the Navy and Air Force have substantially lower death rates than civilian men ages 20 to 34.

Among the Marines, there is in effect no difference in the mortality risks for members on active duty and those in the reserve. In the Army, on the other hand, reservists have 33 percent of the death rate of those in active service because they are not assigned to combat positions. Members of the Army National Guard are intermediate in assignments and in mortality.

Rank: In both the Army and the Marines, enlisted personnel have 40 percent higher mortality than officers. The excess mortality of enlisted soldiers is diminished by the high mortality of the lowest-ranking officers, lieutenants, who are typically the leaders of combat patrols. Lieutenants have the highest mortality of any rank in the Army, 19 percent higher than all Army troops combined. Marine Corps lieutenants have 11 percent higher mortality than all Marines. But the single highest-mortality group in any service consists of lance corporals in the Marines, whose death risk is 3.3 times that of all troops in Iraq.

Age, sex , race and ethnicity: In contrast to the civilian population, mortality rates decline precipitously with age. Troops ages 17 to 19 have a death risk 4.6 times that of those 50 and older. Differences in rank by age undoubtedly contribute to this pattern, and so do differences in branch of service. Sixty-five percent of Marine deployments to Iraq were of those age 24 or

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younger, compared with only 39 percent of Army deployments. Women are not assigned to combat specialties in Iraq, although they do see enemy fire; their death rate is 18 percent that of men.

Identifying racial and ethnic differences in mortality is not straightforward because the Defense Department uses a different classification system for deaths than for deployments. Nevertheless, all attempts we have made to reconcile the two systems reach the same conclusion: Hispanics have a death risk about 20 percent higher than non-Hispanics, and blacks have a death risk about 30 to 40 percent lower than that of non-blacks. That low death rate appears to result from an overrepresentation of blacks in low-risk categories: For example, 19 percent of blacks in Iraq are women, compared with 9 percent of non-blacks, while 7 percent of blacks in Iraq are Marines, compared with 13 percent of non-blacks.

Other casualties: The number of wounded in Iraq through March 31, 2006, was 7.5 times the number of dead; the rate at which wounds are incurred was one per 33 troops per year. We do not have the same information about the characteristics of those wounded as we have about those killed. But given the overwhelming importance of hostile encounters in both wounds and deaths, it is likely that variations in the risk of being wounded are quite similar to those presented here.

Samuel H. Preston is the Frederick J. Warren professor of demography at the University of Pennsylvania. Emily Buzzell is a student in the Health and Societies Program at Penn.

The Power Joe Rosenthal Knew (WP)

By Susan D. Moeller

The Washington Post, August 26, 2006

"Correspondents have a job in war as essential as the military personnel," wrote Gen. Dwight D. Eisenhower in a memorandum drafted in the worrisome days before the Normandy invasion. "Fundamentally, public opinion wins wars." One of the greatest weapons in the World War II arsenal turned out to be a photograph -- the image taken by Associated Press photographer Joe Rosenthal of five Marines and one Navy corpsman raising the flag over Iwo Jima.

That image told of men, in the midst of cataclysm, together planting a symbol of America on contested ground. At a time when images of dead and wounded Americans were being published with regularity in the U.S. press, the photograph from Mount Suribachi celebrated a heroic moment on the front lines. It became the signature icon of the war, a photograph fortuitously taken, as Joe Rosenthal has often described it, and immediately seized upon by those leading the war effort back in the United States.

Countless publications duplicated the image. It was reproduced on a postage stamp, made into a statue, copied on untold numbers of commemorative items and turned into a Hollywood movie plot. Joe Rosenthal's photograph not only gave Americans back home an image of what was happening on the front lines, it persuasively argued that Americans were winning.

Rosenthal died last Sunday at the age of 94. When I interviewed him in the mid-1980s for a book I wrote on American war photography, he argued that he had no problem with his photograph being adopted as the icon of the war. What mattered, he said, is that the essential truth that his image captured had not been altered. World War II was the "good war." And Americans were the liberators.

Managing images to elicit a supportive public opinion in wartime was understood as essential long before the World War II -- it's simply the method of management that has changed. Napoleon III, during his mid-19th century reign in France, censored caricature more harshly than the written word -- in a time of low literacy, political cartoons were intelligible to all. Famed World War I photographer Jimmy Hare, who took pictures of the dead on the Italian front, wrote about being more stymied by the censors than were his reporter colleagues, and noted that "to so much as make a snapshot without official permission in writing means arrest."

In 1965 CBS correspondent Morley Safer enraged the military and the Johnson administration by showing footage of Marines burning thatched roofs of the village of Cam Ne with Zippo cigarette lighters. Although similar reports had been routinely documented in the print media, the visual effect of the television coverage so irritated President Lyndon Johnson that he is said to have awakened Frank Stanton, president of CBS News, with the demand "Are you trying to [expletive] me?"

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In June 1986 the South African government tightened existing press restrictions with new guidelines cannily calculated to frustrate photographic coverage of disturbances throughout the country. Although reporters could still write about the violence in the townships and elsewhere, the apartheid story disappeared from the air when the only images available became file footage.

President George H.W. Bush's method for controlling and retaining public support during the Persian Gulf War was to put a moratorium on journalists filing from the front lines and to filter the theater's information through official news conferences. Only a handful of "combat" images ever made it past the censors. Since then the spinning of images has continued to accelerate. The climactic event of the taking of Baghdad in April 2003, the bringing down of the Saddam Hussein statue, turned out to be an elaborate photo op. So too did the rescue of Pfc. Jessica Lynch.

Images are powerful indicators of victory and defeat. The war on terrorism and the shooting wars in Iraq and Lebanon are increasingly being played out through images in print, on television and online. Blogs post photos of an angry President Bush and juxtapose them with those of a smiling Hasan Nasrallah, Hezbollah's leader. Cable news programs show pictures of bleeding civilians in the streets of Iraq, which reverberate ominously after video images of British police patrolling Heathrow airport.

It's tempting to think that it's only in our brave new age of digital cameras and video phones, of 24-hour news channels and satellite uplinks, that images have mattered as much as they do -- that because we can see more images from literally anywhere in real time, images somehow have gained in power relative to the humble word. It's not true.

What is true is that images are no longer appropriated only after they are taken; they have become an intrinsic part of military strategy. One indication? In last month's fight with Israel, Nasrallah coordinated the timing of Hezbollah's missile attack on an Israeli warship with his on-air speech to the Lebanese public announcing the attack. Maybe it is a brave new world after all.

The writer is director of the International Center for Media and the Public Agenda at the University of Maryland at College Park and the author of "Shooting War: Photography and the American Experience of Combat."

CORPORATE SCANDALS:

Options Abuse Tops Senate Finance Panel Agenda (WSJ)

By Judith Burns

The Wall Street Journal, August 26, 2006

WASHINGTON -- Executive stock-option abuses are at the top of the Senate Finance Committee chairman's agenda when lawmakers return after Labor Day.

Sen. Charles Grassley (R., Iowa) said Friday that top officials from the Internal Revenue Service, the Securities and Exchange Commission and the U.S. Justice Department will testify at a Sept. 6 hearing on the federal government's response to stock-options backdating. Federal officials, he said, need to take "a hard look" at stock-option abuses, and he added that he is mulling "possible legislation" to address questionable tax deductions for executive compensation.

"If the tax laws are inadequate on stock options backdating, I want to beef them up," Mr. Grassley said in a statement announcing the hearing. IRS Commissioner Mark Everson and officials from the SEC and Justice Department are scheduled to testify, along with a second panel of academic experts and representatives from interest groups.

MORE ON OPTIONS

• Options Scorecard: Companies under scrutiny1

• Perfect Payday: Complete coverage2

Stock options give holders the right to buy shares at a preset price at a future date. Authorities are probing dozens of U.S. companies that may have "backdated" options issues to executives. Backdating occurs when corporate executives pick the grant date for the options after the fact, selecting a date when the stock price was low in hopes of maximizing future profits when the options are exercised. Companies that didn't disclose backdating could be in hot water with the SEC and the IRS, since U.S. tax laws permit firms to deduct the cost of performance-based stock options only.

"It's one thing for an executive to make big profits because he's improved his company, but it's a whole different thing to make big profits because he's playing fast and loose with the books," Mr. Grassley said.

Write to Judith Burns at judith.burns@dowjones.com3

DOJ_NMG_0054480

Prudential Financial To Settle Dispute On Rapid Fund Trades (WSJ)

By Ian Mcdonald

The Wall Street Journal, August 26, 2006

On Monday, state and federal authorities are expected to announce a civil settlement with Prudential Financial Inc.'s securities unit. The pact will settle allegations former Prudential brokers helped investors rapidly trade mutual-fund shares, according to two people familiar with the situation.

The settlement is expected to be one of the largest resulting from a broad probe of so-called market timing that has rocked the fund industry for the past three years. In 2004, Bank of America agreed to a $675 million deal.

Prudential Securities is expected to settle charges with the Department of Justice, the Securities and Exchange Commission, the National Association of Securities Dealers and the New York Stock Exchange, as well as state officials in New York, New Jersey and Massachusetts, according to these people. Prudential will be paying about $600 million in the deal, which will allow the company to avoid criminal prosecution. The agreement is expected to be announced at a news conference in Washington.

Prudential spokesman Bob DeFillippo declined to comment.

The settlement stems from civil charges filed about three years ago. The suit alleged that five former Prudential Securities brokers and their branch manager in Boston helped sophisticated investors make more than $1.3 billion of market-timing trades in mutual-fund shares. The suit alleges that this rapid trading raised expenses and lowered returns to shareholders of more than 50 fund families.

Market-timers shift money in and out of funds quickly, aiming to exploit inefficiencies in the pricing of the fund. The practice isn't necessarily illegal, but most funds have policies forbidding it because heavy fund-share trading typically dilutes the profits of longer-term shareholders in the fund.

Authorities have alleged that the Boston-based Prudential brokers created fake accounts to help mask the rapid trading by lucrative hedge-fund clients. Two of that office's former brokers pleaded guilty to criminal fraud charges last year.

The discovery of widespread market-timing triggered a scandal as state and federal regulators started filing a wave of suits against practitioners in late 2003. Prior to Prudential's settlement, 15 firms had reached settlements totaling more than $3.5 billion.

--- Deborah Solomon contributed to this article.

Write to Ian McDonald at ian.mcdonald@wsj.com1

Qwest Ex-Chief's Trial Will Remain In Denver (WSJ/AP)

Associated Press

The Wall Street Journal, August 26, 2006

DENVER -- A federal judge set a March date for Joseph Nacchio's insider-trading trial here, rejecting the former Qwest Communications International Inc. chief's claim that he can't get a fair trial in the phone company's hometown because of negative publicity.

U.S. District Judge Edward Nottingham also ruled on a handful of evidence-related motions and heard arguments behind closed doors about classified information involving Qwest's business contracts with the government. He ruled the material needed to remain top secret to protect national security.

The judge set a March 19 trial date and estimated it would take about 30 days.

Mr. Nacchio's lawyers had argued that the trial should be moved from Denver, citing what they called pervasive negative publicity that linked Mr. Nacchio to Qwest's multibillion-dollar accounting scandal. Nacchio attorney Jeffrey Speiser told Judge Nottingham, "He's charged simply with insider trading. He's not charged with doing harm to Qwest."

While acknowledging that there has been negative publicity, Judge Nottingham said it was premature to consider moving the trial because they haven't tried yet to seat an impartial jury.

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Mr. Nacchio is charged with 42 counts of insider trading for allegedly selling $101 million in stock in 2001 based on inside knowledge that Qwest would be unable to meet revenue targets because it had improperly used nonrecurring revenue for those goals.

If convicted, Mr. Nacchio could face as many as 10 years in prison on each count and a financial penalty of $101 million. Mr. Nacchio has pleaded not guilty and remains free on bail.

One of the defense's central claims is that Mr. Nacchio didn't see the company as faltering because he was privy to information about secret national-security-related contracts that he thought Qwest would win.

Nacchio Gets March Trial In Denver (DENP)

By Andy Vuong, Denver Post Staff Writer

Denver Post, August 26, 2006

The trial of former Qwest chief executive Joe Nacchio's criminal insider-trading case is scheduled to start March 19 and could last up to eight weeks.

U.S. District Judge Edward Nottingham set the trial date Friday after denying Nacchio's motion to move the case from Colorado to his home state of New Jersey.

Nacchio's attorneys have said the case should be moved because "intensive negative media coverage repeatedly and continually showered on Mr. Nacchio and Qwest" make it impossible for him to get a fair jury trial in Denver.

"The obsession with Mr. Nacchio and Qwest in this district is something you don't see elsewhere," Jeff Speiser, an attorney for Nacchio, said during Friday's court hearing.

Pretrial publicity has been extensive and "some of the publicity has not been favorable to Mr. Nacchio," Nottingham said. But the publicity has not "infected" the court's proceedings, he said.

Nottingham closed a portion of Friday's day-long hearing so the parties could discuss the handling of classified information that may be presented in the case.

In December, Nacchio was indicted on 42 counts of illegal insider trading connected to his sale of $100.8 million in Qwest stock in early 2001. Nacchio faces up to 10 years in prison and a $1 million fine for each count. Prosecutors allege he knew that the company's finances were faltering. He left the company in mid-2002.

Nacchio has pleaded not guilty and has said he may incorporate classified information into his defense.

Nottingham said he'll give both sides 15 trial days to present their cases - for a total of 30 trial days. The trial could last up to eight weeks because Nottingham plans to hold four trial days per week.

"Thirty days to try this case ought to be plenty," Nottingham said, adding that he could extend the trial if needed.

Earlier Friday, he had set the trial for February. But Cliff Stricklin, lead attorney for the Justice Department, asked for a mid-March start date because two government attorneys had other cases to wrap up.

Herbert Stern, Nacchio's

Advertisement

lead attorney, concurred with the request.

"We all need some time," said Stern, who previously had asked that the trial not start before June. "I'm certainly not going to push for an earlier date."

Nottingham denied several motions by Nacchio to dismiss the case. Nacchio cited several reasons for dismissal, including "prosecutorial misconduct."

After the hearing, Stern declined to comment.

"I just do all of the talking in the courtroom," Stern said.

Nottingham overruled an objection by The Denver Post to the government's motion to close a portion of Friday's hearing.

He said there was a strong likelihood that classified information would be discussed that could put the "public interest at risk" and be "damaging" to national security.

Nacchio's attorneys have said they want to use classified information to argue that Nacchio had a rosy outlook for Qwest in early 2001 because he knew the company was in line to receive large government contracts.

Before departing Qwest, Nacchio served on two federal advisory panels dealing with national-security issues: the Network Reliability and Interoperability Council and the National Security Telecommunications Advisory Committee. He wasn't nominated to serve on the latter panel until July 2001 - which is after the period when he allegedly made illegal insider trades.

Staff writer Andy Vuong can be reached at 303-954-1209 or avuong@denverpost.com.

Judge Denies Nacchio Motion To Move Trial (BLOOM)

Bloomberg, August 26, 2006

A judge in Denver denied a motion by Joseph Nacchio, former chief executive of Qwest Communications International Inc., to move his insider-trading case and closed part of the hearing to protect classified evidence.

U.S. District Judge Edward Nottingham today rejected Nacchio's claim that prejudicial news coverage in Qwest's headquarters city has made Nacchio a hated figure. Denver newspapers have wrongly accused the ex-CEO of destroying Qwest's pension fund and costing residents their jobs, said Jeff Speiser, Nacchio's lawyer.

The publicity "has not been such that the court proceedings will be infected" by juror bias, Nottingham said.

Nottingham also denied Nacchio's bid to dismiss the case for prosecutorial misconduct, and set the trial for March 19.

Nacchio is charged with selling $101 million in Qwest shares in 2001 while knowing revenue targets were overstated. The U.S. Securities and Exchange Commission claims in a civil suit that he oversaw an accounting fraud that led the No. 4 U.S. local telephone company to erase $2.5 billion in revenue. Nacchio denies wrongdoing.

Prosecutors said they would say at trial that "trading on the basis of material inside information means that the defendant was aware of the information at the time of the sale."

In his defense, Nacchio claims prosecutors failed to account for his secret knowledge of projected Qwest revenue from classified federal projects. The judge closed the hearing to deal with this aspect of the case.

The hearing was closed because of concern about "inadvertent disclosure" of classified information "that might damage national security," Nottingham said.

Nacchio's lead lawyer, Herbert Stern, declined to comment on the judge's ruling.

Nottingham suggested he might widen the jury pool to include most of Colorado instead of limiting it to the Denver metropolitan area. He told Speiser it was an exaggeration to say Denver residents have prematurely concluded Nacchio is guilty.

"That last part is where I think you're over-playing your hand," Nottingham told Speiser. "I don't see anything saying, 'Let's get on with this trial and convict him,'" he said, referring to Nacchio.

Leo Wise, a Justice Department trial lawyer, told the judge that jurors in New Jersey would be more prejudiced than a Denver jury due to their acquaintance with financial scandals involving companies and individuals including former WorldCom Inc. chief executive Bernard Ebbers and Adelphia Communications Corp. founder John Rigas.

"New Jersey suffers from the same problem this venue suffers from," Wise said. "The court should presume that jurors can be honest" about their biases, he added. "This is not the kind of case that produces an innate prejudice."

Prosecutors argue in court papers that people biased against Nacchio can be kept off the jury.

The case should be tried where most of the alleged crimes took place, and taxpayers shouldn't bear the cost of flying Denver-based paralegals and agents to a different city, the government says.

Qwest shares rose 1 cent to $8.66 today in New York Stock Exchange composite trading.

Is Fannie Mae's House In Order? (LAT)

The Los Angeles Times, August 26, 2006

The federal government hasn't done enough to prevent the mortgage powerhouse from messing up again.

IT SEEMS THAT MORTGAGE powerhouse Fannie Mae — which in May paid a $400-million fine to settle charges of shoddy accounting with its chief regulator, the Office of Federal Housing Enterprise Oversight, and with the Securities and Exchange Commission — may finally be winding its way back into the good graces of Wall Street and the federal government. The company is on track to restate past earnings (to the tune of $11 billion) by the beginning of the year. On Thursday, it announced that the Justice Department was dropping a criminal investigation of its practices.

Pity that the federal government has done little to make sure that Fannie Mae doesn't have a relapse.

Fannie Mae, along with its sister company, Freddie Mac, were chartered by Congress to keep mortgage markets liquid by buying loans from banks and reselling the debt to investors. Even though it was turned over to private investors in 1968, Fannie Mae still enjoyed tax breaks, loose capital restrictions and low borrowing costs that were unavailable to other publicly traded companies. Its special status as a politically powerful "government-sponsored enterprise" meant that it also got preferential treatment from investors, who assumed that taxpayers would bail it out if it ever got into serious trouble.

Fannie Mae and Freddie Mac also face lighter regulation than do other financial institutions. Their regulator, the housing oversight agency, doesn't oversee all aspects of Fannie Mae's business; it doesn't have the authority to litigate against bad actors in the company; and it can't limit risky (but profitable) investments that could endanger Fannie Mae's ability to maintain liquidity in the mortgage market.

The Bush administration is backing efforts in Congress to grant Fannie Mae's regulator the same powers that most bank regulators have, but the effort is inexcusably stalled in the Senate. Powerful real estate lobbyists and Democrats who think Republicans are ganging up on the "affordable housing" champion apparently feel that the health of the housing industry is somehow tied to Fannie Mae's ability to get away with financial shenanigans.

CRIMINAL LAW:

Professor Accused In Spying Case Admits He Collaborated With Cuban Agents (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, August 26, 2006

Miami ·In a dramatic courtroom admission, a Florida college professor accused of being a Cuban agent testified Friday that he collaborated with Cuba's intelligence service for more than a decade.

Answering questions from a federal prosecutor, Carlos Alvarez said he used a short-wave radio to send coded messages to Cuban intelligence contacts and sometimes met with them in person from 1986 to 1998.

"I wouldn't do it again," Alvarez said during his second day on the stand at a hearing in Miami federal court.

The longtime psychology professor at Florida International University was arrested in January along with his wife on charges they acted as Cuban intelligence agents. Both pleaded not guilty.

According to prosecutors, the couple had been providing information to Havana for decades about prominent Cuban exiles, including colleagues at FIU, where Elsa Alvarez, 56, worked as a counselor.

They are not charged with sharing any classified or government information.

Carlos Alvarez' testimony ended three days of hearings before U.S. Magistrate Barry Garber on whether incriminating statements and items Alvarez gave FBI agents can be used against him.

Defense attorneys contend the evidence should be thrown out because the agents promised Alvarez he would not be prosecuted if he cooperated.

FBI special agents Alberto Alonso and Rosa Schureck said they made no such promises and that their suspect confessed willingly.

Most of Alvarez's testimony focused on his three interviews with the agents on June 22, June 23, and July 1, 2005. Some details of his work for the Cuban government emerged during an aggressive cross-examination by prosecutor Brian Frazier.

"You came to [the interview] with the heavy heart of a guilty man, isn't that right?" Frazier asked.

"Not really," Alvarez responded. "At that point sir, I was completely removed from that past."

Alvarez said his contacts with Cuban intelligence began as he tried to "relate somehow with Cuban reality" as part of his academic work studying Cuban-American identity.

He said it was 1986 when he began communicating regularly with Cuban intelligence, nine years after prosecutors say he started working as a Cuban agent.

Alvarez said he stopped providing information in 1998. He did not give a reason.

But Frazier said Alvarez continued meeting with known Cuban intelligence officers, including his handler Amado Soto, a communist party official, through 2004.

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Alvarez said Cuban intelligence agents continued to visit him when he was in Cuba on academic trips, even after he ceased providing them with information.

Despite his admissions, Alvarez denied working as a Cuban intelligence agent, referring to himself instead as a "collaborator."

Elsa Alvarez, who was released in June on $400,000 bond, did not attend the hearings. Carlos Alvarez's four adult sons, two from a previous marriage, were in the courtroom.

Under federal law, Alvarez's statements Friday cannot be presented as evidence at trial.

Professor Says He Collaborated With Cuba (AP)

By Curt Anderson

AP, August 26, 2006

MIAMI - A psychology professor accused of being a Cuban agent admitted Friday that he was a "collaborator" with Cuba's intelligence service, communicating with officials using a short-wave radio, sophisticated encryption techniques and a code name, "David."

Carlos Alvarez insisted, however, that he had distanced himself from the communist government by the time he confessed details of his work last year. He also denied being a Cuban agent and said he was never employed by that government.

"I was not an agent of the Cuban government. I was a collaborator, which is very different," the Florida International University professor testified.

"I was collaborating, basically, sharing insights and information with the Cuban government for some years," Alvarez said. "Information that I felt was pertinent."

Alvarez's surprise admission came during a hearing on a defense motion contending that the FBI promised him immunity if he fully confessed his involvement with Cuba. The motion also contends that the confession was coerced, even though the FBI agents repeatedly told Alvarez he was not under arrest and was free to leave the interviews on June 22-23 and July 1, 2005.

If Alvarez prevails on the motion, his confession to the FBI won't be admissible at trial.

Prosecutors, however, have other evidence in the case, including material from telephone wiretaps and a listening device in the home of Alvarez, 61, and his 56-year-old wife, Elsa, who is also charged.

The couple have pleaded not guilty to charges of being unregistered Cuban intelligence operatives for more than two decades, reporting mainly on activities of Cuban-American exile groups in Miami and on U.S. political developments.

Carlos Alvarez said he quit providing information to Cuba by 1998, well before he was approached by two FBI agents in June 2005 at a Miami supermarket about his involvement.

The government contends Carlos Alvarez continued his work until at least 2004. Prosecutor Brian Frazier cited recent meetings between two Cubans, including one he described as an intelligence officer.

In videotaped transcripts of his FBI interviews, Alvarez repeatedly agreed with the FBI agents when they said his confession was voluntary and that he was free to go anytime. Alvarez testified Friday that he feared that contradicting the agents would subject him to criminal prosecution and result in a scandal for his family.

The FBI agents Alvarez confessed to, Albert Alonso and Rosa Schureck, testified earlier this week that they never promised him immunity.

The agents also testified that their ultimate goal was to turn Alvarez into a "double agent" who would spy for the U.S. against Cuba. Alvarez, however, said Friday that he hadn't heard that before.

It was unclear when a ruling on the defense motion would be issued.

The Alvarezes are scheduled to stand trial in early 2007. Prosecutors cannot use Carlos Alvarez's admission in Friday's hearing against him in trial, according to previous U.S. Supreme Court rulings.

Man Who Made Millions Selling Pirated Software Gets 6 Years (AP)

By Brett Zongker, Associated Press Writer

AP, August 26, 2006

DOJ_NMG_0054485

ALEXANDRIA, Va. - A man who made millions of dollars selling illegal copies of computer programs was sentenced Friday to six years in prison in one of the nation's largest software piracy cases.

Danny Ferrer, of Lakeland, Fla., pleaded guilty in June to conspiracy and copyright infringement charges after an FBI investigation of his Web site, BuysUSA.com. Ferrer also was ordered to pay more than $4.1 million in restitution to software makers Adobe Systems Inc., Autodesk, and Macromedia Inc.

Ferrer bought airplanes, a fighter-jet simulator, a helicopter, a Lamborghini, a Hummer and other luxury vehicles with his profits. U.S. District Court Judge T.S. Ellis III ordered the items be sold to pay restitution in the case.

"You extended your hand into the pockets of these people," Ellis said before sentencing Ferrer. "If severe penalties were not attached, people would line up from here to Los Angeles to do what you've done."

Ferrer said he started selling the pirated software to pay for a feeding tube for his sick wife, but apologized and told the judge "there was probably a certain amount of greed."

Ferrer's wife sat behind him in the courtroom and cried during the sentencing.

Doctors in Florida are treating Ferrer for possible cancer symptoms, and the judge agreed to delay Ferrer's prison sentence until after his diagnosis in September. He will be required to enter the federal prison system by Oct. 1.

Once released, Ferrer will be subject to three years of court supervision and must complete 50 hours of community service _ likely helping federal investigators track software piracy.

"I want the government to make use of your skills," Ellis said.

Defense attorney Nina Ginsberg said Ferrer could be eligible for early release for his cooperation.

Prosecutors said they are working with the FBI to investigate the providers of fake software serial numbers on the Internet, which allowed Ferrer to sell the programs.

The software looked legitimate to consumers, but was deeply discounted, said John Wolfe, of Business Software Alliance, an industry group. Some of the software programs usually sell for nearly $4,000 on the retail market, but Ferrer's Web site sold the software for $50 to $100, Wolfe said.

"Just in terms of the volume of sales and the sophistication, this may be the biggest case I've seen," said Wolfe, who investigates piracy and tips off authorities.

Ferrer also is scheduled to appear in a public service announcement for the Business Software Alliance.

Ferrer's Web site began selling software in 2002 and was shut down by the FBI in October 2005, authorities said.

Attorney General Alberto R. Gonzales mentioned Ferrer's case by name in a June speech to the U.S. Chamber of Commerce and said the Justice Department is aggressively pursuing intellectual property crimes.

Prosecutors said Ferrer's illegal sales cost the software companies as much as $20 million, but industry officials say the amount could be higher.

"This is the ultimate case," prosecutor Jay V. Prabhu said, noting Ferrer's behavior was far more egregious than that of students and others who trade software as a hobby. "This is a case where someone made a lot of money."

Scam Artists May Be Working Area, FBI Says (PPG)

By Torsten Ove

Pittsburgh Post-Gazette, August 26, 2006

Today's culturally sensitive Justice Department can't use the name officially, but FBI agents in Washington are hunting for Irish Traveler scam artists at work in Pittsburgh and other eastern cities.

These itinerant rip-off artists, described in an official bulletin only as "caucasians known to speak with an Irish accent," are operating a driveway paving scam.

It's simple: They post fliers in your neighborhood saying they're bonded and experienced, then do lousy or incomplete work and disappear with your money.

When you try to get your money back, you find their phone number disconnected and their business address doesn't exist.

"Homeowners have lost hundreds of thousands of dollars as a result of these paving scams," said the FBI.

Victims of the scam or anyone with information about it are asked to call the FBI's toll-free number, 1-888-324-9800.

Jeff Killeen, local FBI spokesman, said he didn't know any specifics about victims in the Pittsburgh area, but the FBI in Washington believes the scammers are here or have been here recently.

"There are indications that they have been in this area," he said.

Debbie Weierman, spokesman for the Washington office, said the FBI has also issued bulletins for Washington, Chicago, Boston, Newark, Philadelphia, Baltimore and Richmond.

The agency issued a similar warning last year for Virginia and Maryland.

Typically, the pavers perform work that looks OK at first. But usually, they've applied such a thin layer of asphalt that it starts to crumble in a few months, and by that time the contractors are long gone. Sometimes they get paid up front and disappear after starting work.

Either way, it's a high-volume business, since most homeowners lose a few hundred dollars.

Irish Travelers, also known as Tinkers, are a close-knit society similar to, but unrelated to, gypsies. They are known throughout the world for moving from city to city pulling home-improvement scams, often targeting the elderly.

They trace their roots in America to the Irish potato famine of the 1840s, when many Irish came to the U.S. with few prospects and settled mostly in South Carolina and Georgia.

Since then, they've branched out across the country, usually living in mobile homes. Some estimates put their number at 30,000.

Traveler rings have been known to pull shoplifting scams or low-level fraud, but they seem to focus mainly on barn-painting, roofing and paving schemes.

In California and other western states, they have been known to offer roof coatings with special compounds to stop leaks or sunlight-reflecting substances for mobile homes to keep them cooler. In reality, Travelers don't do much labor beyond tramping around on the roof.

(Torsten Ove can be reached at tove@post-gazette.com or 412-263-1652.)

Attorneys Battle Over Representing Karr (FINDLAW/AP)

By Harry R. Weber, Associated Press Writer

AP, August 26, 2006

(AP) - ATLANTA-Three dozen lawyers have offered to represent John Mark Karr - for free in many cases - against allegations he killed 6-year-old beauty queen JonBenet Ramsey.

The tug-of-war among defense attorneys over one of the biggest criminal cases in recent years, one that has stoked interest because of perceived flaws in the prosecution's case, raises questions about ethics and who has Karr's best interests in mind.

"There's something inherently wrong in hiring a lawyer who is volunteering to do it for publicity," said Connecticut attorney Mickey Sherman, whose high-profile clients include Kennedy cousin Michael Skakel.

Two California attorneys say they have been retained to represent Karr, but another who was with him at his only court hearing in the case said previously that Karr wanted a Colorado public defender.

Larry Garrison, a producer Karr's family hired to ferret out book and movie deals, says they want a big-time lawyer for the job. Some three dozen lawyers from around the country have already offered their services, many at no cost, he said Thursday.

"There are some people that are ambulance chasers, there are other people that legitimately want to help," Garrison said.

Garrison, sounding exhausted, said he hasn't returned any of the calls or e-mails from lawyers.

"To be honest, it's a blur right now," he said.

Defense lawyers say there is no rush for Karr to make up his mind on who will defend him, since the early hearings in the case are mostly perfunctory, and it would probably be better for a public defender in Boulder, Colo., who is familiar with the legal system there to handle matters for now.

"It would probably be helpful for him to have an adviser on that who is not the one who will eventually take the case, someone who has his best interests at heart who doesn't have an economic motive," said Los Angeles attorney Gloria Allred. "The truth is, a lot of people don't have that luxury."

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Allred also noted that even if Karr chooses an attorney now, he can always change his mind later.

"It's obvious that John Mark Karr is not going to have the resources to pay an attorney," Allred said. "Either he's going to have a public defender or a private attorney who will do it at no cost to him, that would probably do it for the challenge and the visibility."

Sherman and Allred said they have not sought out Karr to defend him.

On Wednesday, lawyers Patience Van Zandt and Jamie Harmon, whose office is in San Jose, Calif., said they had been retained by Karr. Van Zandt had represented Karr in a prior child pornography case.

But Haydeh Takasugi, a public defender who represented Karr at a hearing Tuesday, said earlier that Karr told her he planned to have the Boulder County public defender's office represent him in Colorado and had turned away Van Zandt and Harmon. On Thursday, Takasugi said that now that Van Zandt and Harmon say they have been retained she must give them professional courtesy and does not question what they say. Takasugi had planned to visit Karr on Thursday but did not because of Van Zandt's and Harmon's statement.

Van Zandt and Harmon were both in court for unrelated cases Thursday and could not immediately be reached for comment.

The head of the Colorado state public defender's office, David Kaplan, said that as of early Thursday afternoon, Van Zandt and Harmon had not contacted his office to say that they would be representing Karr in Colorado.

Boulder County Sheriff Joe Pelle said late Thursday that he expected that the county public defender's office will represent Karr at his initial court appearance in Colorado, which will probably be announced Friday.

AP Special Correspondent Linda Deutsch in Los Angeles and Associated Press Writer Jordan Robertson in San Jose, Calif., contributed to this report.

Editorial: A Prosecution In Virginia (WP)

The Washington Post, August 26, 2006

After two decades and one giant miscarriage of justice, Virginia prosecutors start over.

VIRGINIA prosecutors this week brought belated charges against a man named Kenneth Maurice Tinsley in the 1982 rape and murder of a Culpeper woman named Rebecca Williams. Mr. Tinsley, a serial rapist already serving life in prison, was connected to the Williams killing by DNA testing. And his prosecution would be simply a happy resolution of a long-cold case, except for one thing: A man named Earl Washington Jr. served more than 17 years in prison and came within nine days of being executed for this crime.

Mr. Washington's case is a tragedy in a criminal justice system that at every stage refused to admit the magnitude of its error. Mildly retarded, Mr. Washington was convicted almost entirely on the basis of a disturbingly weak confession -- one that a civil jury later found had been fed to him by investigators. He sat on death row until DNA tests in 1993 cast serious doubt on his conviction by showing that someone other than he or the victim's husband had had intercourse with Williams before she was killed. Then-Gov. L. Douglas Wilder responded by commuting his sentence to life in prison, but did not pardon him, arguing that the evidence of his innocence remained inconclusive. Only in 2000, after a second round of DNA testing, did then-Gov. James S. Gilmore III finally pardon him. Yet even then, he acknowledged merely that a jury would have acted differently had it seen these test results, not that Mr. Washington was innocent.

What's more, while some of the state crime lab's tests that year identified DNA from Mr. Tinsley on the victim's blanket, the lab erroneously excluded him as a DNA contributor in the samples taken from her body. Not until still another round of testing, this one in connection with Mr. Washington's civil lawsuit, was Mr. Tinsley's DNA found in samples taken from the victim's body.

The lessons of the Washington case will be familiar to anyone who has watched the flood of wrongful convictions come to light in recent years. Not all confessions are real; DNA testing should be liberally and swiftly available whenever doubts arise. Most important, there is no place for arrogance in a state's criminal justice system. In any number of cases pending now, including some that seem all too weak, Virginia authorities are certain they have the right man locked up. They were once that certain about Earl Washington, too.

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CIVIL LAW:

Northwest Attendants' Strike Put On Hold (WP)

By Tomoeh Murakami Tse, Washington Post Staff Writer

The Washington Post, August 26, 2006

A federal judge temporarily barred Northwest Airlines flight attendants from going on strike last night, averting potential delays during the last days of the summer travel season.

The decision yesterday by U.S. District Judge Victor Marrero in New York came hours before sporadic work stoppages planned by the flight attendants were to begin, at about 10:01 p.m. The judge issued the temporary injunction while he considered the nation's fifth-largest carrier's request to block the strike.

Northwest has a limited presence at all three major airports in the Washington area.

Marrero did not say when he would make a decision on blocking the strike. But the preliminary injunction was welcomed by the airline, which is reorganizing under Chapter 11 bankruptcy protection. Northwest had appealed a U.S. Bankruptcy Court judge's ruling last week that he did not have jurisdiction to stop the strike.

"Our customers can continue to book Northwest with confidence," said Kurt Ebenhoch, a spokesman for the airline.

The Association of Flight Attendants, which represents the airline's approximately 9,300 flight attendants, said it would abide by the judge's ruling.

"It was just a temporary decision. It is not a win for the company," said Corey Caldwell, a spokeswoman for association. "We're quite confident that when the decision is made, it will uphold the Northwest flight attendants' right to strike."

In the meantime, she said, workers were planning to picket and distribute fliers at airports across the country last night.

The flight attendants are protesting wage and benefit cuts the airline imposed July 31.

Both sides suggested that they were open to further negotiations, but as of yesterday evening, none were scheduled.

"We're by the phone and waiting for Northwest to call," said Joshua Zivick, the flight attendants' interim local council president in New York who attended yesterday's hearing. "Our group is disappointed, but they know it's only a temporary setback. The battle is not over."

In a statement, Douglas M. Steenland, Northwest's president and chief executive, said: "We remain committed to negotiating a consensual agreement with our flight attendants and hope to accomplish that goal in the near future."

Northwest said in its bankruptcy filing last fall that it needed $1.4 billion in wage concessions from its various unions. Flight attendants on July 31 rejected a proposed contract, approved by the union negotiator, that would have cut their pay and benefits by more than 20 percent, or about $195 million a year.

Willis J. Goldsmith, a labor and employment lawyer at the firm Jones Day in New York, said it was likely that the two sides could reach an agreement before the judge makes a final decision.

"The stakes are very high for all concerned, and those are the kinds of circumstances that tend to cause parties to return to the table at some point," he said.

The Justice Department, along with others, had asked Marrero to block the strike, saying it would cripple air travel.

In August 2005, Northwest's 4,400 mechanics and maintenance workers walked off their jobs. It was the first major airline strike in seven years, but Northwest experienced only minor disruptions.

Judge Stalls Strike At NWA (DEN)

By Joel J. Smith

Detroit News, August 26, 2006

Northwest Airlines planes flew on schedule Friday night after a federal judge issued a preliminary injunction earlier in the day preventing the airline's flight attendants from striking.

The Association of Flight Attendants, which represents 9,300 Northwest attendants, was prepared to stage unannounced walkouts and other measures after 10:01 p.m. to protest Northwest imposing a contract with $195 million in wage and benefit concessions.

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"Management and the courts can stall us, but they cannot defeat us," said Mollie Reiley, interim president of the AFA's Northwest unit.

"Our crusade to protect our careers has only begun. … This is not over."

In issuing the temporary injunction, U.S. District Judge Victor Marrero said a strike delay would cause the AFA minimal harm, but "far greater injuries exist to Northwest and the public by permitting the strike to commence at this point."

He said he needed more time to study the legal issues in the case, but urged both parties to negotiate and report back to him Wednesday. If fruitful talks are not possible, the judge said he didn't know when he would make a final ruling

Northwest had argued a work stoppage would violate the federal Railway Labor Act.

The U.S. Justice Department and the Air Transport Association, which represents 20 domestic airlines, filed briefs supporting Northwest, saying a strike would be illegal and cause a disruption to the U.S. air transportation system.

"We are pleased with Judge Marrero's decision to grant the preliminary injunction," said Doug Steenland, Northwest president and CEO. "We are committed to negotiating a consensual agreement with our flight attendants and hope to accomplish that goal in the near future. Customers can continue to book the airline with confidence."

Northwest had assured travel agents and the public that the airline had contingency plans to keep Detroit Metropolitan Airport's largest passenger carrier -- with 507 daily departures -- flying during any work stoppage.

Northwest and the flight attendants union have been at odds for months.

The bankrupt company imposed the wage and benefits cuts with the permission of a federal bankruptcy judge July 30, after the flight attendants had rejected two tentative agreements. The AFA was the last holdout among the company's unions.

Northwest has said it needed the cuts as part of a reorganization package to emerge from bankruptcy in 2007.

The forced contract prompted the flight attendants union to give the company notice it would begin sporadic strikes Friday. Northwest went back to bankruptcy court seeking a restraining order against the union. That judge turned down the airline's request, saying he lacked the authority to issue one.

Northwest appealed to the U.S. District Court in New York City.

The company and the union have not bargained in nearly a month.

The AFA was prepared to implement CHAOS -- Create Havoc Against Our System -- against Northwest Friday night.

The strategy is to strike just a few flights at a time and not identify those aircraft until minutes before takeoff.

By not revealing when and where those flights will be, the union said Northwest would not be able to have replacement flight attendants ready to take over.

Union officials said the purpose of CHAOS was to force Northwest back to the bargaining table.

The Associated Press contributed to this report. You can reach Joel J. Smith at (313) 222-2556 or jsmith@detnews.com.

Veterans Exposed To Atomic Radiation Lose Court Ruling (MCT)

By Michael Doyle

McClatchy Newspapers, August 26, 2006

WASHINGTON - Radiation exposure took Alice Broudy's husband a generation ago.

This week, a court ruling sliced away at her bid for redress.

In a quiet ruling that nonetheless resonates nationwide, a federal appellate court rejected efforts by Broudy and others seeking claims on behalf of "atomic veterans." The same court simultaneously rejected bids by other veterans exposed to biological and chemical agents.

Taken together, the dual rulings by the D.C. Circuit Court of Appeals will likely impede many veterans hoping for compensation. At the very least, it will complicate future claims.

"It's a significant ruling," Washington-based attorney David Cynamon, who represented veterans in both cases, said Friday. "Unfortunately, it's a significantly bad ruling."

A Department of Veterans Affairs spokesman couldn't be reached to comment.

Broudy, a resident of California's Orange County, has long been seeking full compensation for the death of her husband, a Marine major who was repeatedly exposed to radiation. She has company.

George Woodward, who lives north of Wichita, Kan., in the town of Miltonvale, was exposed to radiation during a 1955 test blast. Kathy Jacobovitch, a resident of Vashon Island, Wash., lost her father through exposure to contaminated ships in Puget Sound. Ernest Kirchmann, a 62-year-old Navy veteran who lives south of Minneapolis in tiny West Concord, who's filed a separate lawsuit, was exposed during a 1964 nuclear submarine accident.

"It isn't just my personal case," Broudy said Friday. "It's the entire veterans community. It makes me so angry."

Broudy married her husband, Charles, in 1948. Three years earlier, he'd walked the war-poisoned streets of Nagasaki. Within a decade, he was facing radiation in the Nevada desert. He died of lymphatic cancer in 1977. Though she has since received partial compensation, Broudy has been confronting the federal government for more. She has now lost three separate lawsuits.

"This closes the door," Cynamon said of the latest appellate court ruling, which was issued Wednesday. "It will make it very difficult, if not impossible, for individuals who are victimized by government cover-ups."

All told, an estimated 220,000 U.S. soldiers were allegedly exposed to radiation in the 1940s and 1950s. Some, such as William Yurdyga of Sacramento, Calif., claimed in an earlier lawsuit that they were exposed following the Hiroshima or Nagasaki atomic blast. Others claimed exposure during Cold War testing.

The three-member appellate panel wasn't ruling on whether the atomic veterans deserve compensation. A 1988 law provides that. To succeed, though, veterans must prove they were present at a radioactive site and that they contracted a radiation-related illness or were exposed to a cancer-causing radiation level.

Required military test records can be elusive. A 1973 fire destroyed many veterans' records, and veterans consider alternative "dose reconstruction" estimates inaccurate.

"You send a Freedom of Information Act request," Broudy said, "and you wait and you wait and you wait, and then maybe you get a piece of it, or you get nothing at all because they say it's classified."

The latest lawsuit sought to force Pentagon officials to release all relevant records. In the opinion written by Appellate Judge Thomas Griffith, appointed by President Bush last year, the court panel agreed unanimously that atomic veterans couldn't compel a massive release of all the Pentagon's relevant documents.

Instead, individual veterans must file individual claims.

If the Pentagon is "covering up records of medical tests that describe the amount of radiation to which these veterans were exposed, FOIA (the Freedom of Information Act) provides a potential remedy," Griffith wrote.

A new study by Melinda Podgor for the Elder Law Journal found that 18,275 atomic veterans had filed for compensation as of October 2004. Only 1,875 claims were granted.

On a separate but related legal track, veterans such as Columbia, S.C., resident John Goricki and Homestead, Fla., resident Richard B. Holmes were pursuing claims following exposure during the Shipboard Hazard and Defense project of the 1950s and 1960s.

Project SHAD allegedly exposed up to 10,000 soldiers and sailors to biological and chemical agents. Like the atomic veterans, SHAD survivors claim that the Pentagon clings to secret information. Like the atomic veterans, they couldn't persuade the appellate court to order the release of all relevant documents.

The veterans "can still seek, through FOIA, the documents they believe they need to pursue their benefits claims," the appellate panel ruled.

Greening Up The Grass Roots (NYT)

The New York Times, August 26, 2006

The Federal Election Commission, that great enabler of campaign loopholes, is now creating loopholes for itself. The panel is bypassing its own requirements for adequate public notice in a rush to consider a proposal that would allow a flood of special-interest money into the fall campaign, in the guise of protecting “grass-roots” ads that are supposedly devoted to issues, not candidates.

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The proposal, hurried forth as an emergency need, is a blatant attempt to bureaucratically kill a vital anticorruption provision of the McCain-Feingold law that has already been upheld by the courts. The commission, an appointed panel of major party loyalists, is charged with defending the law, not subverting it.

The law bars the pre-vote broadcast of issue ads transparently designed to attack or bolster specific candidates. The proposal would allow the mention of incumbent candidates, supposedly to avoid stifling "true issue ads." But just watch what the Washington legion of campaign law scholars and fixers make of this fresh run to pay dirt. Your local representative will be not-so-subliminally morphed to saint or sinner.

Powerhouses from the Chamber of Commerce to the A.F.L.-C.I.O. have long sought to crack the law's disclosure rules and contribution limits and spend more freely. They say they want to air issues, not bet on candidates — an argument that failed with the courts. But they succeeded in prodding the ever-proddable election commission to drum up its "emergency" session on Tuesday.

Congressional coffers already groan from more than half a billion dollars in campaign donations. The last thing voters need is another slathering of special-interest money.

CIVIL RIGHTS:

AG Challenges Felons' Voting Rights (BN)

By Val Walton, News Staff Writer

The Birmingham News (AL), August 26, 2006

King plans to take issue to high court

Alabama's attorney general says a Jefferson County judge's ruling that would allow all felons to vote is "legally unsound." Friday, he notified the Alabama Supreme Court he plans to appeal.

Separately, Attorney General Troy King asked Circuit Judge Robert Vance Jr. to withhold his order that the ruling be immediately submitted to the U.S. Justice Department for a civil rights review. Vance set a Sept. 1 hearing on the request.

Vance ruled Tuesday that all felons must be allowed to register to vote until the state Legislature passes a law that defines crimes of moral turpitude. But Vance's order is not in force until it is approved by the Justice Department under the federal Voting Rights Act.

Vance said felons who have been convicted of crimes already determined to not involve moral turpitude must be allowed to vote immediately. Attorney general opinions and other legal precedents have determined a handful of crimes such as drunken driving do not involve moral turpitude.

The vote issue centers on a constitutional amendment in 1996 that provides that only people convicted of felonies involving moral turpitude lose their right to vote. The phrase, however, is not defined in the state's constitution nor in the state criminal code.

The Alabama Supreme Court has defined moral turpitude as an "act of baseness, vileness or depravity in the private and social duties which a man owes to his fellowmen or to society in general."

Vance's ruling arises out of a 2005 lawsuit filed by the NAACP Legal Defense and Educational Fund in Jefferson County. The suit contends that Secretary of State Nancy Worley violates Alabama's constitution by giving voter registrars instructions to require all felons to apply to the Board of Pardons and Paroles to have their voting rights restored. The state has a long practice of removing from voting rolls anyone convicted of a felony, whether it be a petty theft or murder.

The suit, handled by lawyer Ed Still, argued the constitution is clear that people convicted of certain felonies including DUI and drug possession - deemed not to be crimes of moral turpitude - do not lose their voting rights and do not need to apply for an eligibility certificate from the board.

The suit revived the issue of what felonies involve moral turpitude and should bar convicts from voting. King responded to queries from voter registrars with examples of potential crimes of moral turpitude.

Vance then issued his ruling Tuesday, saying the power to designate which crimes are acts of moral turpitude rests with the Legislature.

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Vance's order prompted Worley to write to King, asking for guidance on complying with the ruling. King responded with a letter that described the judge's order as "legally unsound."

"Such a conclusion is wholly unsupported by the Alabama Constitution or the Code of Alabama," King wrote.

King urged election officials to make no changes to the voting rights of all felons until the issue is resolved by the courts.

E-mail: vwalton@bhamnews.com

Franchise Protection (WSJ)

By Roger Clegg

The Wall Street Journal, August 26, 2006

With the exception of Maine and Vermont, every state disenfranchises criminals -- some while they're in prison, others while they're on parole or probation, and still others after they've served their full terms. But that's beginning to change in some states.

Governors in Iowa and Virginia have unilaterally restored voting rights to many felons, while legislatures in Maryland and Nebraska have liberalized their laws. At the federal level, a bill supported by Sens. Hillary Clinton and John Kerry, among others, would force states to allow felons no longer under sentence to vote. That bill is on hold, at least while the Democrats are out of power. But lawsuits in federal courts in Florida, Washington and New York have claimed that depriving felons of the franchise violates the Voting Rights Act.

This movement is in the wrong direction. We should have fewer felons voting, not more.

When you vote, you are making the law -- either directly through ballot initiatives or referenda, or indirectly by choosing lawmakers. This participation in self-government requires some commitment to and respect for the rule of law, which not everyone has. We don't let everyone vote -- not children, not noncitizens and not the mentally incompetent, because these classes of individuals do not meet minimum standards of trustworthiness, loyalty and responsibility. Felons? If they aren't willing to follow the law, they don't deserve the right to make law for everyone else.

So why is there an effort to give criminals the right to vote? Partly there's a sincere if mistaken belief that can be summed up as: "When a person has paid his debt to society, it is unfair and counterproductive to treat him as a second-class citizen." But much of the momentum comes from a feeling that, because a disproportionate number of felons are black, the laws are racist.

Finally, this issue has a partisan tinge. Most politicians' instincts tell them that these potential voters are likely Democrats, and they're probably right. Profs. Christopher Uggen of Northwestern and Jeff Manza of the University of Minnesota have concluded that, had felons been enfranchised, Al Gore would have been elected in 2000, and the Democrats would have controlled the Senate from the mid-1980s down to the present decade.

In any event, the arguments favoring voting rights for felons don't wash. Serving time may pay a debt to society in some sense, but it's not the end of the story: Felons can't possess firearms or serve on juries, and we don't let them hold certain jobs. The "debt to society" argument is something of a red herring, moreover, as leaders of the movement to enfranchise felons believe that they should have the vote while they're still paying the debt. Marc Mauer of the ACLU's Sentencing Project, for example, has acknowledged that "people in prison should have the right to vote."

The racial issue is also a red herring. Certainly the disenfranchisement laws do have a disproportionate impact on some racial groups, because there are always going to be more individuals in some groups that commit crimes than in others. That doesn't make the laws racist -- just as they are not sexist simply because more men than women commit crimes.

Today's laws restricting or prohibiting felons from voting have their roots in ancient Greece and Rome, came to the American colonies from Britain, were adopted without any racist intent, and are not applied discriminatorily. As far as the Constitution is concerned, section two of the great, post-Civil War 14th Amendment explicitly recognizes that states may deprive criminals of the right to vote.

To be sure, someone who wrote a bad check decades earlier and has led an exemplary life since then should have his right to vote restored -- but that doesn't mean that those with recent, more serious or multiple convictions vote as well. States should make these decisions on a case-by-case basis; and if the administrative process is not working well, by all means improve it. We want to reintegrate felons into society, but it's up to them to show that they've turned over a new leaf.

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And recidivism should make us cautious. According to research by Harvard University's Richard Freeman, "Two-thirds of released prisoners are rearrested and one-half are re-incarcerated within three years of release from prison. Rates of recidivism necessarily rise thereafter, so that upwards of 75%-80% of released prisoners are likely to be rearrested within a decade of release."

While those who want to enfranchise criminals are pushing very hard, the good news is that there is a strong pushback at the state level. Utah and Kansas have increased the restrictions on felons voting. Even that bluest of blue states, Massachusetts, amended its constitution in 2000 so that incarcerated felons are no longer allowed to vote.

Still an open question, however, is whether federal courts will force states to allow felons to vote. In New York, two cases were brought claiming that a state law disenfranchising prison inmates and parolees deprives them of the right to vote on "account of race," and is contrary to the federal Voting Rights Act. The inmate and lead plaintiff in one of the cases, Jalil Abdul Muntaqim, is serving a life sentence for having ambushed and shot to death two New York City police officers.

This past May, the Second Circuit rejected his claim. Nevertheless, the notoriously liberal Ninth Circuit has gone the other way on this issue, ruling that the Voting Rights Act does apply to the disenfranchisement of felons. At some point the Supreme Court may have to take on this issue.

In the meantime, it's worth remembering that the people whose votes are most diluted if criminals are allowed to vote will be their law-abiding neighbors in high-crime areas -- themselves disproportionately poor people of color. That's not too far from a description of Muntaqim v. Coombe: One of the New York police officers whom Muntaqim deprived of his right to vote -- along with his life -- was black.

Mr. Clegg is president and general counsel of the Center for Equal Opportunity. He helped write an amicus brief in Muntaqim v. Coombe.

Springfield Mayor Pledges To Uphold Rights Of Hispanic Voters (AP)

AP, August 26, 2006

SPRINGFIELD - Springfield Mayor Charles Ryan, responding to a federal lawsuit accusing the city of violating rights of Hispanic voters, detailed steps the city is taking to uphold those rights.

In a declaration filed in federal court Thursday, Ryan said the city is actively recruiting more bilingual poll workers, expanding training of all poll workers to help Spanish-speaking voters and translating all election-related materials into Spanish.

He said the city also has appointed Gladys Oyola as its new Spanish language election program coordinator and set up an advisory committee headed by Jose Claudio to review the program and advise Oyola.

Ryan's statement was part of a formal response to the Justice Department's request for a temporary restraining order requiring the city to make immediate changes before the Sept. 19 state primary. Judge Michael Ponsor is to hold a hearing on the matter on Monday.

Ryan said in his filing that voter and witness complaints cited by the Justice Department "are serious and I am committed to ensuring that we will do all that is reasonable and necessary so that those voters do not experience any of the problems that they have claimed to have experienced in past elections."

ANTITRUST:

Constellation Venture Gets Antitrust OK (BOS)

The Boston Globe, August 26, 2006

FAIRPORT, N.Y. --Wine and spirits maker Constellation Brands Inc. said Friday its proposed joint venture with Mexican brewer Grupo Modelo SA de CV has passed federal antitrust scrutiny.

The waiting period for review under the federal Hart-Scott-Rodino regulation has expired, and the companies say they expect their joint venture to become operational Jan. 2.

The joint venture will import and market Grupo Modelo beer brands, which include Corona Extra and Victoria, in the United States and Guam through 2016. The joint venture will be called Crown Imports LLC.

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Constellation Brands shares closed up 21 cents at $26.26 on the New York Stock Exchange.

Funds Sought For Wright Legal Costs (FWST)

By David Wethe

The Fort Worth Star-Telegram, August 26, 2006

As the battle to change the Wright Amendment drags on, the city of Fort Worth now needs to pay for some of its reinforcements.

The City Council is expected at Tuesday's weekly meeting to approve paying the Fort Worth law firm of Kelly, Hart & Hallman up to $100,000 for future work related to the amendment.

The money would pay for the job being done by two of its attorneys: Marshall Searcy, who's defending the city against a lawsuit filed by the terminal owners at Dallas Love Field, and Dan Settle, the city's outside bond counsel.

Love Terminal Partners, which owns a vacant six-gate terminal that is slated to be condemned by the city of Dallas, filed a lawsuit last month in federal court in Dallas against the two cities, American and Southwest airlines, and Dallas/Fort Worth Airport. The terminal owners say the local Wright Amendment agreement hashed out by the five parties violates federal antitrust laws by shrinking the airport's capacity to 20 gates from 32.

Although Searcy has been working all along on the case, the city needs to make sure that it sets aside money to pay his firm, said David Yett, the Fort Worth city attorney.

"We needed to act quickly once we got served with the lawsuit," Yett said.

The defendants jointly answered the filing with a request for more time to respond. Since then, they've all filed to stay the case and are awaiting the judge's response. That's expected sometime in September, Yett said.

Settle is advising the city on how the proposed change in the Wright Amendment would affect Fort Worth's airport bond covenants, which are tied to the money used several decades ago to build D/FW Airport.

Fort Worth also recently hired the international law firm of O'Melveny & Myers to advise the city on changes to the Wright Amendment.

"Every party to the agreement that's been working on the legislation has got their various outside consultants and experts," Yett said. "We're no different."

H-P Gets Antitrust OK For Mercury Acquisition (SACBIZ)

Sacramento Business Journal, August 26, 2006

Hewlett-Packard Co. has won an OK from U.S. government regulators for its planned $5 billion acquisition of Mercury Interactive Corp., the company said in regulatory filings. Mercury stock rose a hair Friday after the announcement.

In a filling with the Securities and Exchange Commission Thursday, Palo Alto-based H-P (NYSE: HPQ - News) said the 30-day waiting period for the merger, during which it was scrutinized by regulators, had expired. H-P said in July it agreed to offer $52 a share for Mountain View-based Mercury (Pink Sheets: MERQ - News).

Mercury's stock closed at $50.49 Friday, up a penny. Its 52-week range has been from $22.62 to $50.80. H-P's stock closed off 15 cents at $35.23.

H-P is one of Greater Sacramento's largest private employers, with about 4,000 workers at its Roseville campus.

Published August 25, 2006 by the Sacramento Business Journal

EU May Overturn Spanish Limits On E.ON's Endesa Bid (Update3) (BLOOM)

Bloomberg, August 26, 2006

By John Rega and Matthew Newman

Aug. 25 (Bloomberg) -- European regulators threatened to overturn Spanish restrictions on a 26.9 billion-euro ($34 billion) bid by E.ON AG of Germany for Endesa SA, Spain's largest power company, a step toward helping E.ON prevail in the takeover battle.

The European Commission, the European Union's antitrust regulator in Brussels, said Spain may have acted illegally by forcing E.ON to sell some of Endesa's assets. The move is a prelude to a ruling that would annul the Spanish decision.

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``This puts pressure on Spain to negotiate with E.ON and find a way out," Josep Prats, who helps manage the equivalent of $15 billion at Ahorro Corporacion in Madrid, including Endesa shares, said today.

The fight with Spain is part of an EU campaign to open energy markets to competition and knock down barriers to takeovers. Rejecting the limits would help E.ON, Germany's largest utility, defeat a Spanish government-backed bid by Gas Natural SGDS SA for Endesa.

Spain's conditions ``are neither necessary nor proportionate for the protection of public security," the commission said in a statement.

Spain has until Sept. 4 to respond to the EU regulator. The agency will make a final decision ``as soon as possible," Jonathan Todd, a commission spokesman, told journalists.

Urgent Situation

Under EU rules, the commission has sole antitrust authority to review large cross-border mergers. The agency approved E.ON's takeover in April, saying the combined company wouldn't dominate European power markets.

In July, Spain's National Energy Commission ordered E.ON to sell nuclear and coal plants of Endesa to proceed with its bid. The terms would force E.ON to sell a third of Endesa's generation capacity in the country.

A spokesman for Endesa, which has already complained to the EU and Spain's Industry Ministry about the measures, had no further comment. A spokesman for the Spanish government wasn't immediately available to comment. A spokeswoman for E.ON had no comment.

European regulators warned Spain that they could suspend the restrictions placed on E.ON.

``In a situation where you have competing bids the commission has to be prepared to act urgently in order to prevent the facts on the ground changing," Todd said.

Gas Natural made a takeover offer for Endesa in September. The cash-and-stock bid, which is now worth about 22 billion euros, is currently suspended by two Spanish courts after Endesa filed lawsuits against the offer.

Commission Power

The commission, which enforces rules that allow businesses to make takeovers across the 25-nation EU, has recently clashed with governments over what the regulator has called protectionist measures.

Earlier this year, the agency warned Poland against trying to halt Milan-based UniCredit SpA's purchase of a Polish bank and told France not to protect Suez SA from a foreign takeover attempt by Italy's Enel SpA.

In 1999, the commission successfully forced Portugal to back down from shielding its financial-services industry from cross- border investment.

Portugal had vetoed a $1 billion foreign takeover of a local bank and insurance group. The EU threatened to sue Portugal at the European Court of Justice, the region's highest court. The move allowed Spain's Santander Central Hispano SA to buy two banks in Portugal's Champalimaud Group.

To contact the reporters on this story: John Rega in Brussels at jrega@bloomberg.net ; Matthew Newman in Brussels at mnewman6@bloomberg.net .

EU Faults Spain In Endesa Bidding War (AP-Y)

AP, August 26, 2006

BRUSSELS, Belgium — The European Commission said Friday that Spain may have violated antitrust laws by attaching conditions to its approval of a $34.6 billion bid by Germany's E.On AG to take over Spanish utility Endesa SA.

The commission said it would hear Spain's response — due by Sept. 4 — before making a final ruling on whether Spain has broken antitrust laws, a decision that would force Madrid to withdraw conditions imposed by the Spanish energy authority, CNE. The commission says the conditions are incompatible with European Union law.

Spain's National Energy Commission attached 19 conditions to its approval of E.On's bid, including the divestment of about a third of Endesa's generation assets in its core Spanish market.

E.On said the conditions were unjustified.

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"The commission considers in its preliminary assessment that these conditions violate (EU) rules," the European Commission said Friday in a statement.

The statement said the conditions "are not justified on public security grounds and that in any event they are neither necessary nor proportionate for the protection of public security."

The commission said it had the exclusive right to judge if takeovers or mergers affect the European market. Governments cannot apply national law to such deals, it said, and cannot place conditions that could block or deter such deals.

Endesa is the subject of competing takeover offers but favors E.On's 26.9 billion euro bid over a hostile takeover bid of about 20.87 billion ($26.82 billion) in cash and shares from Gas Natural, Spain's biggest gas distributor.

Spain's Socialist government strongly backs the Gas Natural bid, arguing that it is in the national interest to have a strong global energy company owned by Spaniards.

ENVIRONMENT:

Bush Calls For National Parks Makeover (AP)

By John Heilprin, Associated Press Writer

AP, August 26, 2006

There's nothing like a big birthday bash on the horizon — even if it's a decade away — to make you want to look your best.

So, President Bush on Friday directed the National Park Service on Friday to set "performance" goals for itself for the next 10 years. The idea is to have as many bragging rights as possible when the park service turns a century old in 2016.

"As havens of enjoyment, recreation, learning and personal renewal, national parks must endure," said Interior Secretary Dirk Kempthorne, while opening a new visitor education center Friday at Yellowstone National Park in Wyoming, Idaho and Montana.

To the Park Service, the presidential nudge is tantamount to President Kennedy's call to put a man on the moon.

"This is for us what that was to NASA," Park Service spokesman David Barna said. "At the end of this 100 years, we want things that people will enjoy into the next century. And if you want a good reason to do something, a birthday's a good reason. Everybody wants a birthday party."

Bush asked the Park Service to give him a list of "signature projects and programs" by the end of next May. Those likely would include the agency's efforts to:

_Restore about 30 old, decaying buildings in Ellis Island's South Side Hospital Complex, where nearly 12 million immigrants entered the United States from 1882 until 1954.

_Construct a $100 million light rail system to cut traffic around the heavily visited South Rim of Grand Canyon National Park, plus "greenways" with biking and walking trails.

Al Nash, spokesman for Yellowstone, said Friday he wasn't aware of any specific funding promises accompanying Bush's message. "Budgets are tight. Everybody would tell you that, whether it's Yellowstone, or any other national park or government entity," Nash said.

Jeff Ruch, executive director of Public Employees for Environmental Responsibility, a Washington interest group that lobbies for environmental causes, criticized the absence of additional funding. "These programs, including parks, are on a flight path to get even slimmer, and the idea that they're going to throw a fiesta, rather than provide funding, isn't all that meaningful," Ruch said.

Bush said the projects would build on 6,000 park improvements made over the past five years. He requested, and Congress agreed to spend $5 billion-plus for those projects. But his pledge to eliminate a $5 billion annual maintenance backlog remains unfulfilled.

U.S. Seeks To Delay Grace Asbestos Trial (WP)

By Carrie Johnson, Washington Post Staff Writer

The Washington Post, August 25, 2006

DOJ_NMG_0054497

Federal prosecutors plan to appeal a series of rulings that they say will undermine their upcoming conspiracy case against Columbia chemical maker W.R. Grace & Co, according to court papers.

William W. Mercer, the U.S. attorney in Montana, is seeking a delay in the Sept. 11 trial, citing a government appeal of three rulings by U.S. District Judge Donald W. Molloy that significantly hamper the prosecutors' criminal case. The Grace dispute is one of the biggest environmental health cases ever prosecuted by the Justice Department.

Grace is accused of violating the Clean Air Act and knowingly poisoning former workers and other residents of a Montana mining town with deadly asbestos fibers. Grace purchased the Libby, Mont., mine in the 1960s and closed it three decades later.

Activists maintain that the asbestos fibers scattered across the town from the mine site to playgrounds and the high school running track. In recent years, hundreds of residents have complained of lung abnormalities and other health problems, including fast-growing cancers.

Last month, the judge dismissed part of the conspiracy count against Grace, ruling that the statute of limitations had expired on one of the key issues. He allowed other parts of the case to move ahead.

Two other rulings this month essentially barred the government from using what prosecutors called "critical evidence," including asbestos samples and scientific analysis they had gathered.

The decisions have "the practical effect" of excluding what prosecutors view as proof that Grace and seven former officials released asbestos, engaged in a conspiracy to defraud the government and obstructed a probe by the Environmental Protection Agency, government lawyers wrote in a motion filed late Wednesday.

Prosecutors called their request for a trial delay "a last resort," born of court decisions that "permeate all aspects of the case." They are seeking intermediate review by the U.S. Court of Appeals for the 9th Circuit before the trial can proceed.

Grace, which filed for bankruptcy protection five years ago in part because of asbestos liabilities unrelated to the Libby mine, continues to grapple with "significant unpredictable costs to resolve litigation and legacy issues," chief executive Fred E. Festa told investors in a news release last month. Grace has denied wrongdoing in the Montana case.

Prosecutors and a Grace spokesman did not return calls for comment yesterday. The judge has cautioned both sides not to make public comments in advance of the trial, which has stirred strong emotions and media interest in Montana and throughout the nation.

Global Warming May Be An Accelerated Version Of Ancient Heat Wave (MCT)

By Robert S. Boyd

McClatchy Newspapers, August 26, 2006

WASHINGTON - It was one of the greatest calamities of all time: Something turned up the Earth's thermostat, touching off a monstrous heat wave that killed many animals and drove others far from their homes to seek cooler climes.

This catastrophe occurred 55 million years ago, after the age of the dinosaurs and long before humans appeared. But scientists warn that today's global warming means that it could be happening again.

The ancient hot spell, which lasted 50,000 to 100,000 years, goes by the unwieldy name of Paleocene-Eocene Thermal Maximum. It was caused by a sudden - in geological terms - doubling or tripling of carbon dioxide and other greenhouse gases in the atmosphere. Climate scientists say the result was a massive increase of 10 to 12 degrees Fahrenheit - even higher near the poles - above the prevailing temperature.

"In certain regards, the PETM is very similar to what is happening right now," said Gerald Dickens, an earth scientist at Rice University in Houston. "Just like now, a huge amount of carbon rapidly entered the ocean or atmosphere. The most notable difference is the rate. Things are happening much faster now than during the PETM."

Most scientists attribute much of today's global warming to the burning of carbon-rich fossil fuels in factories, cars and trucks. If the present trend continues, Dickens said, the world will add as much carbon to the atmosphere in 500 years - from 1800 to 2300 - as the PETM did over 10,000 years.

The long-ago heat wave "shows without a doubt that if you pump a bunch of greenhouse gases into the atmosphere, the planet warms," Matthew Huber, an earth scientist at Purdue University in West Lafayette, Ind., wrote in the June 1 edition of the journal Nature.

DOJ_NMG_0054498

Scientists realized the speed and extent of the prehistoric carbon explosion only recently.

A blizzard of scientific papers "reflects the community's excitement at discovering an extraordinary perturbation in biogeochemical systems that was unimaginable 10 years ago," James Zachos, an earth scientist at the University of California, Santa Cruz, declared on his Web site.

"The evidence for dramatic warming during the event is overwhelming," Dickens said. "It is witnessed in all the oceans and continents."

For example:

-Digging in Wyoming's Bighorn Basin, Scott Wing, a paleontologist at the Smithsonian's National Museum of Natural History in Washington, found fossilized leaves from ancient bean plants that he said had migrated 1,000 miles north from the latitude of Louisiana to escape the heat.

-Zachos led a team of scientists that drilled into the South Atlantic ocean floor and found thick stripes of red clay that had lost their carbon to the atmosphere at the time of the PETM.

-Fossils of tropical algae buried under the Arctic Ocean showed that waters there reached a balmy 75 degrees, according to Huber.

"Subtropical conditions arrived in the Arctic during this time," Huber reported in Nature.

Many new species of mammals arose during the PETM and spread to new areas of the world, altering the course of evolution.

But the unusual warmth also caused the loss of many deep-sea species. "It was the most severe extinction in the last 90 million years," according to Gabriel Bowen, another Purdue geologist.

"This state may in some ways represent our global environmental future, and it is therefore critical that we begin to characterize it," Bowen wrote in a paper that the American Geophysical Union published in April.

Scientists are still debating the cause of the 55-million-year-old greenhouse explosion. At least seven possible triggers have been reported, but none of them alone seems enough to explain the event. Wing said it may have required several of the triggers to force such huge changes in the ocean and the atmosphere.

Andrew Kurtz, an earth scientist at Boston University, suggested that falling sea levels may have exposed vast plains of peat - an early form of coal - which caught fire and burned for thousands of years, releasing billions of tons of stored carbon.

Another idea, by Henrik Svensen, a Norwegian geologist, is that volcanoes under the North Atlantic belched enough carbon-rich lava to alter the atmosphere.

Dickens suggested that frozen methane, a powerful greenhouse gas made of carbon and hydrogen, escaped from below the seafloor and caused the warming.

The PETM "isn't a crystal ball that tells us what's going to happen," Wing said. "But at least it gives us a clue as to what might happen."

FBI/DEA/ATF/USMS:

FBI Agents, Ready For Work (WP)

The Washington Post, August 26, 2006

As the head of training for the FBI, I am concerned that "Old-School Academy in Post-9/11 World" [front page, Aug. 17] presents our program for new agents without the proper context.

Training for new special agents is basic by design. It emphasizes core skills that all FBI special agents must master, regardless of their eventual specialization. In addition to national security, criminal investigative and intelligence collection responsibilities, intrinsic skills of law enforcement training include forging a strong foundation in the constitutional framework of civil liberties and privacy rights, as well as ensuring proficiency in defensive tactics and firearms use. Many additional basic skills provide an essential foundation for our criminal and counterterrorism work, including interview techniques, source development, legal applications and surveillance operations.

DOJ_NMG_0054499

Throughout its history the FBI has adapted its training practices to ensure that our personnel have the knowledge and skills to meet emerging threats. Classified courses the reporter could not attend cover an array of terrorism investigative techniques, terrorist financing, undercover operations and the Foreign Intelligence Surveillance Act, among other topics.

We recognize that there are areas where we need to improve. We recently established a human resources branch to help us more strategically manage human capital, including hiring, training and professional development for every employee.

Work continues on advanced training for our national security programs, and we are enhancing curriculum for new agents and analysts that will help drive intelligence-led, rather than reactive, investigation across all of our programs.

KEITH SLOTTER
Acting Assistant Director
Training and Development Division
Federal Bureau of Investigation
Washington

Auditors Fault Anti-drug Ad Spending (AP)

By Kevin Freking, Associated Press Writer
AP, August 26, 2006

The government's anti-drug ad campaign has not been proven to deter children from using drugs, and lawmakers should consider reducing funding for the $1.2 billion program, congressional auditors said Friday.

The Government Accountability Office based its recommendation on its review of an independent evaluation of the media campaign by Westat Inc.

The government has spent about $1.2 billion since 1998 on scores of television, print and radio ads designed to discourage drug use among youth. The ads also describe parents as the anti-drug. President Bush requested another $120 million for next year.

Westat found the ads had no "significant favorable effects" in deterring children from trying marijuana or in getting them to stop. Rather, it found that more 12 1/2- to 13-year-olds and girls were trying the drug after seeing the ads, the GAO said.

Congress first authorized funding for the media campaign with the expectation that changes in youth behavior would be evident within three years. But early analysis was inconclusive, and the government contracted with Westat Inc., a research company, to evaluate the program.

A draft of the report was submitted last year. The GAO sought to verify whether Westat's analysis was credible, and confirmed that it was.

The ads are quite common. A recent television ad, for example, shows a nurse standing over a boy who appears to have his fist stuck in his mouth. The boy mumbles something, and the nurse translates: "Yesterday my friends told me to smoke some pot and I did. Then today they said I should try and fit my fist into my mouth. It fits but I can't get it out."

The agency that oversees the media campaign, the White House Office of National Drug Control Policy, took issue with several aspects of Westat's evaluation.

John Walters, director of the office, said the study was ill-suited to judge the effect of an ad campaign. The findings also have limited relevance because they are more than two years old, he said in a written response to the GAO's findings.

Walters said establishing a direct relationship between advertising exposure and outcomes is virtually impossible.

"We have dealt with criticism of the campaign from adversaries, including those who advocate the legalization of drugs," he said. "And we have periodically needed to place these findings in context, especially because all major youth surveys report declining teen drug use."

The Czars' Reefer Madness (NYT)

By John Tierney
The New York Times, August 26, 2006
AMSTERDAM

DOJ_NMG_0054500

Arjan Roskam, the creator of the award-winning marijuana blend named "Arjan's Haze," has dozens of pictures of celebrity visitors on the wall of his coffee shop in Amsterdam. He's got Eminem, Lenny Kravitz, Alicia Keys, Mike Tyson — but so far, unfortunately, not a single White House drug czar.

The czars have preferred to criticize from afar. In the past, they've called Dutch drug policy "an unmitigated disaster," bemoaning Amsterdam's "stoned zombies" and its streets cluttered with "junkies." Anti-pot passion has only increased in the Bush administration, which has made it a priority to combat marijuana.

More than half a million Americans are arrested annually for possessing it. The Bush administration can't even abide it being used for medical purposes by the terminally ill. Why risk having any of it fall into the hands of young people who could turn into potheads, crack addicts and junkies?

But if America's drug warriors came here, they would learn something even if they didn't sample any of the dozens of varieties of marijuana sold legally in specially licensed coffee shops. They could see that the patrons puffing on joints generally don't look any more zombielike than the crowd at an American bar — or, for that matter, a Congressional subcommittee listening to a lecture on the evils of marijuana.

And if they talked to Peter Cohen, a Dutch researcher who has been studying drug use for a quarter-century, they would discover something even more disorienting. Even though marijuana has been widely available since the 1970's, enough to corrupt a couple of generations, the Netherlands has not succumbed to reefer madness.

The Dutch generally use drugs less than Americans do, according to national surveys in both countries (and these surveys might understate Americans' drug usage, since respondents are less likely to admit illegal behavior). More Americans than Dutch reported having tried marijuana, cocaine and heroin. Among teenagers who'd tried marijuana, Americans were more likely to be regular users.

In a comparison of Amsterdam with another liberal port city, San Francisco, Cohen and other researchers found that people in San Francisco were nearly twice as likely to have tried marijuana. Cohen isn't sure exactly what cultural and economic factors account for the different usage patterns in America and the Netherlands, but he's confident he can rule out one explanation.

"Drug policy is irrelevant," says Cohen, the former director of the Center for Drug Research at the University of Amsterdam. It's quite logical, he says, to theorize that outlawing drugs would have an impact, but experience shows otherwise, both in America and in some European countries with stricter laws than the Netherlands but no less drug use.

The good news about drugs, Cohen says, is that the differences among countries aren't all that important — levels of addiction are generally low in America as well as in Europe. The bad news is that the occasional drug fad get hyped into a crisis that leads to bad laws.

"Prohibition does not reduce drug use, but it does have other impacts," he says. "It takes up an enormous amount of police time and generates large possibilities for criminal income."

In the Netherlands, that income goes instead to coffee-shop owners and to the government, which exacts heavy taxes. It also imposes strict regulations on what goes on in the coffee shop, including who can be served (no minors) and how much can be sold (five grams to a customer). Any unruly behavior or public disturbances can quickly close down a shop.

To avoid problems at the Green House, Roskam has closed-circuit cameras and a staff that urges novices to stick with small doses, and to protect their lungs by taking hits from a vaporizer. Unlike street buyers in America, customers know exactly what strength they're getting, which is especially useful for the hundreds of people with multiple sclerosis and other ailments who use his marijuana medicinally.

Roskam sneers at the street products in the United States, which he considers overpriced and badly blended. But he acknowledges there's one feature in the American market he can't compete with.

"Drugs are just less interesting here," he said. "One of my best friends here never smoked cannabis, never wanted to even try my products. Then when she was 32 she went to America on holiday and smoked for the first time. I asked her why, and she said: 'It was more fun over there. It was illegal.' "

As Violence Surges, Feds Lend A Hand (SACBEE)

DOJ_NMG_0054501

By Ryan Lillis, Bee Staff Writer

The Sacramento Bee, August 26, 2006

The recent spike in violent crime in Sacramento has led to a level of cooperation among local and federal law enforcement agencies not seen in years, officials said.

Federal agencies such as the Bureau of Alcohol, Tobacco, Firearms and Explosives insist their assignment is not to bail out local police departments or tell them how to do their jobs. At the same time, local officials say they have asked for the help, which is coming in the form of money, training and personnel.

The burgeoning coalition was on display Friday, when more than 200 officers from the Sacramento Police and Sheriff's departments took part in a day of training -- conducted by ATF agents -- on how to track firearms used in multiple crimes, how to spot someone carrying a gun and how to identify different models of guns.

"The basic goal is to recover firearms carried by criminals on the street before they are used in another crime," said Mark Kraft, a senior special agent with the ATF, based in Washington, D.C. On Friday he led some of the training sessions at the Sacramento Convention Center.

"In over a quarter century of law enforcement services in this community, I have never seen the relationship between individual players better," Sacramento Sheriff John McGinness said. "The beauty is that those relationships form to make a very formidable force to combat violence in this region."

There have been 45 homicides in the city of Sacramento so far this year, but none since police began a gang crackdown last week that involves, among other things, more than doubling the number of cops devoted to gang enforcement.

Sacramento sheriff's deputies have investigated 36 homicides this year. The Sheriff's Department has launched its own gang crackdown. The hammer is a new mobile unit that tackles crime wherever it is on the rise, McGinness said. He said the unit, deployed over the past few weeks, took four guns and several stolen cars off the streets during its first night.

McGinness said the strategy will last "as long as it has to."

Homicide numbers gained more attention in recent weeks, especially after a 30-hour string two weeks ago in which three people were shot and killed in Meadowview.

Earlier this summer, Sacramento Police Chief Albert Nájera contacted the U.S. attorney's office "to get the ball rolling" on a federal and local coalition, said U.S. Attorney McGregor Scott. The feds, Scott said, didn't hesitate.

"The bottom line is we live in these communities also," he said. "I think it's a very natural process."

Scott told reporters that the feds are "here to support and help our local and state law enforcement partners. We're not here to tell them what to do, we're not here to tell them how to do their business."

Federal prosecutors will help the Sacramento County District Attorney's Office design blueprints for prosecuting gang members, Scott said. Funds from Scott's office have already helped pay for lab technicians and firearm examiners who analyze guns and shell casings found at crime scenes, said Robert Jarzen, director of the district attorney's crime lab.

Local law enforcement agencies will also receive federal funds to help with overtime and undercover work, officials said.

Although officials would not allow a Bee reporter to view Friday's training, R. Graham Barlowe, the ATF's resident agent in charge for the Sacramento field office, said "its value has never been more evident than it is today in Sacramento in our current situation."

It is that situation, officials said, that sparked the interagency cooperation.

"It is our hope and our objective," Scott said, "that with this concentrated effort, this redoubled effort … we can make a very real dent in the violent crime rate that is happening in Sacramento County so that our residents can be safer in their communities, can raise their families with a level of safety and go about their daily activities without having to be concerned about random violent crime in general and random violent gang crime in particular."

WHERE IT STANDS NOW • There have been 45 homicides in the city of Sacramento so far this year.

• No homicides have occurred since police began a gang crackdown last week.

• In Sacramento County, sheriff's deputies have investigated 36 homicides this year. The Sheriff's Department has its own gang crackdown.

About the writer:

The Bee's Ryan Lillis can be reached at (916) 321-1085 or rlillis@sacbee.com.

IMMIGRATION:

U.S. State Department Official Indicted On Bribery Charge For Expediting Visas (FINDLAW/AP)

By Matt Apuzzo, Associated Press Writer

AP, August 26, 2006

(AP) - WASHINGTON-A State Department official accepted free flights with exotic dancers to Las Vegas, Nevada, expensive meals, hotel rooms in New York and other bribes to speed up the visa process for a jewelry company, federal prosecutors said Friday.

Michael John O'Keefe, deputy nonimmigrant visa chief at the U.S. Consulate in Toronto, was indicted on bribery and conspiracy charges Friday. Sunil Agrawal, the chief executive of New York-based STS Jewels, also was charged.

Agrawal, an Indian national with legal residency in the United States, sent O'Keefe the names of employees who needed visas to work for her company, prosecutors said. O'Keefe scheduled them outside the normal visa process, they said.

O'Keefe did his best to make sure he conducted the interviews and awarded 21 visas to STS employees, according to an indictment unsealed Friday.

On Jan. 4, 2004, in the weeks leading up to one visa application, Agrawal allegedly wrote O'Keefe an e-mail that said, "Your hotel booking is confirmed in Hilton Millennium in Midtown Manhattan. Two rooms are booked in your name. The car service will be there at the airport to take you to the hotel."

The next day, prosecutors said, O'Keefe received a $3,000 ring from Agrawal.

In return, prosecutors said O'Keefe worked hard for STS employees. At one point he allegedly resurrected a rejected file and scheduled it for expedited review. In another e-mail, he described overruling a colleague who had rejected an STS application because he said terrorists used jewelry to raise money.

O'Keefe was scheduled to be presented in federal court Friday afternoon.

U.S. Official Accused Of Taking Bribes To Speed Visas (Update1) (BLOOM)

Bloomberg, August 26, 2006

By Cary O'Reilly

Aug. 25 (Bloomberg) -- A U.S. State Department official was charged with accepting jewelry, trips to Las Vegas and New York with exotic dancers and other gifts in exchange for speeding the approval of visas.

The official, Michael John O'Keefe, 59, deputy non-immigrant visa chief at the U.S. consulate in Toronto, was indicted in Washington for conspiracy and accepting bribes. Sunil Agrawal, 47, chief executive officer of STS Jewels Inc., was also charged.

O'Keefe, a department employee for more than 20 years, was accused of taking bribes for agreeing to help Agrawal get faster approvals of travel visas, saving him and his gems business time and money, according to an Aug. 18 indictment unsealed today.

``U.S. consular officials are on the front line of our border protection," U.S. Attorney Kenneth Wainstein said in a statement. ``A consular official who violates the rules for personal gain not only erodes public trust in our visa system, but seriously jeopardizes our national security."

If convicted on all charges, O'Keefe and Agrawal face five to 15 years in prison and a fine of as much as $250,000. O'Keefe has been taken into custody and Agrawal is reportedly out of the country, prosecutors said in court papers.

A telephone message left at the only number in Toronto for a Michael John O'Keefe wasn't returned. State Department spokesman Kurtis Cooper referred questions to the Justice Department.

The indictment included what the government said were e-mail messages between the two men. One from January 2005 referred to a Manhattan Hotel stay and a ring valued at more than $3,000.

`Received the Ring'

``I received the ring this afternoon and I am very grateful for your kindness," O'Keefe is quoted as messaging Agrawal, an Indian national with permanent resident status in the U.S. O'Keefe promised to speed up the visa application of a company employee and eventually issued 21 visas to people ``sponsored by" STS, the indictment said.

Later that month, Agrawal hosted O'Keefe and two exotic dancers, identified as ``A.M." and ``M.S.," in New York, accompanying them to dinner and a Broadway show and paying their hotel bills, the indictment said.

The case is U.S. v. O'Keefe, 1:06-cr-00249, U.S. District Court, District of Columbia (Washington).

To contact the reporter on this story: Cary O'Reilly in U.S. District Court in Washington at caryoreilly@bloomberg.net .

No Word From Feds On State's Big Bill (OLYMP)

By Brad Shannon, THE OLYMPIAN

Olympia (WA) Olympian, August 26, 2006

$50 million sought for jail costs of illegal immigrants

More than a month after Gov. Chris Gregoire sent the federal government a $50 million bill for housing illegal immigrants in state or county jails, the feds have failed to say a word. Not even "no."

"The governor is disappointed," her press secretary, Lars Erickson, said this week. "Gov. Gregoire raised serious concerns about a serious issue, and the administration has failed to respond. So now, she is looking at the next steps."

The letter was addressed to Attorney General Alberto Gonzales and the Department of Justice and is similar to a letter sent by Arizona Gov. Janet Napolitano.

The agency intends to respond, said Evan Peterson, spokesman for the Department of Justice. But he was unable to say what kind of response might be forthcoming.

"What I will say is the Department of Justice and attorney general always respond to these letters as expeditiously as possible, and it is important to the department to respond," Peterson said.

July 17 letter

Gregoire's letter was dated July 17, and it asked the Republican-led administration to respond by Aug. 1. The governor said she might ask the state's congressional delegation for help.

At the time Gregoire announced she was sending the bill to the federal government, she said the state spent $49.7 million more in the two fiscal years ending in June than the federal government's $1.7 million payment covered. That was for 995 inmates held on charges of violating state laws.

Reimbursements run about $4.75 per day per inmate, far below the real cost of $74.44 per day in 2005, which rose to $76.75 this year, Gregoire said. The situation costs Washington state money and takes up valuable state prison space that also jeopardizes public safety, she said.

The low reimbursements come on top of cutbacks in federal money for homeland security and medical costs shared with states, Gregoire said at the time.

Brad Shannon is political editor for The Olympian. He can be reached at 360-753-1688 or bshannon@theolympian.com.

U.S. Border Governors Urge Reform (AP)

By Liz Austin Peterson, Associated Press Writer

AP, August 26, 2006

The governors of four border states signed a letter Friday urging Congress to pass comprehensive immigration reform before the end of the year.

Democrats Janet Napolitano of Arizona and Bill Richardson of New Mexico and Republicans Rick Perry of Texas and Arnold Schwarzenegger of California signed the letter at the close of the two-day Border Governors Conference.

They also joined the governors of six Mexican states in signing a joint declaration on issues ranging from tourism and trade to education and border security. Among other things, they pledged to share information about human, drug and arms trafficking and to work together to prevent agricultural terrorism.

The U.S. House and Senate have yet to begin working out the differences between immigration reform legislation passed earlier this year.

House GOP leaders convened a series of hearings this summer after the Senate approved a guest worker program and a possible path to citizenship for millions of illegal immigrants. The House-approved bill focuses on enforcement and has no provision for illegal immigrants or future guest workers.

The hearings have been criticized as a political maneuver to delay immigration legislation and to help Republican candidates in an election year.

In their letter to House Speaker Dennis Hastert and Senate Majority Leader Bill Frist, the governors said such hearings "do little but stir the pot of discontent."

"We urge you to get back to work and pass legislation that puts the interest of taxpayers first and solves this crisis once and for all," they added.

While the Mexican governors did not sign the letter to Hastert and Frist, several of them urged Congress to act in their closing remarks. Baja California Gov. Eugenio Elorduy Walther said political leaders must recognize that people will always migrate across borders, like the first North American settlers did thousands of years ago.

"It is not with armies or with walls that this immigration problem will be solved, but with a vision of shared responsibility," added Gov. Natividad Gonzalez Paras of Nuevo Leon.

Throughout the conference, the governors emphasized the importance of balancing border security with economic development. In their joint statement, they committed to establishing more efficient checkpoints and to ensure a reasonable implementation of new passport requirements.

New requirements being phased in over the next few years include fingerprinting and computer checks for foreigners entering the country and passports for U.S. citizens crossing to Mexico, even for day trips. Currently, only a driver's license is needed, and business officials worry the cost of passports could deter some from crossing the border.

Richardson said cooperation will be key to implementing the agreements the governors reached.

"As border states, we have found we share more in common than in conflict," he said. "Working together we can accomplish more than if we allow the border to keep us apart."

Immigration Hearings Poorly Attended (AP)

By Allison Hoffman, Associated Press Writer

AP, August 26, 2006

With immigration reform legislation stalled indefinitely, the congressional hearings on the issue that attracted overflow crowds around the Fourth of July have now fizzled with disinterest leading into Labor Day.

Most Americans paid little attention to the two dozen House hearings held around the country during the last two months. Many families have been on vacation, and the news has been dominated by war in the Middle East, the foiled terror plot in London and an arrest in the JonBenet Ramsey murder investigation.

"People don't pay attention to these things, except the C-SPAN junkies," said Gary Jacobson, an expert in congressional politics at the University of California, San Diego. "It's not surprising that it's fizzled."

Democrats and immigrant groups have questioned the need for the hearings because such meetings are typically held before legislation is passed — not after. Critics call the hearings an election-year tactic to delay negotiations on the competing immigration bills passed by the House and Senate.

Many House members have shown waning interest in the meetings, preferring to campaign during the August recess or go on vacation, Jacobson said.

A hearing in San Diego drew just two congressmen, even though it is a border city often described as a crucible of immigration politics. Another gathering in Dalton, Ga., attracted just three representatives.

A sparsely attended hearing in El Paso, Texas, was held in the dark and rebroadcast on C-SPAN with a note reading: "This hearing was held in a theater with lighting problems."

Another gathering scheduled for Friday in upstate New York was canceled with one week's notice. A spokesman for the Judiciary Committee blamed logistical difficulties getting members to the meeting from a panel in Concord, N.H., that took place the previous day.

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Some Republicans consider the hearings a success.

Rep. James Sensenbrenner, R-Wis., said the meetings allowed lawmakers "to hear testimony from local people, as well as to talk with them informally."

But even some who agree with the House GOP's hardline stance against illegal immigration gave mixed reviews to the hearings, which generally involved Homeland Security officials, academics and activists discussing the issue.

Ron De Jong, spokesman for the activist group Grassfire.org, said he would have liked more accessible venues and an opportunity for audience members to speak.

"I would have provided a forum for citizens to speak," De Jong said. "Give them 90 seconds."

House GOP leaders called the hearings to highlight differences between the enforcement-only bill that the House passed in December and a Senate bill approved in May, which would establish a guest worker program and a path to citizenship for many who are in the country illegally.

The first hearing outside Washington, held at a Border Patrol station in San Diego, attracted a host of lawmakers and an overflow crowd of more than 200 people. At the time, many lawmakers hoped for hearings in their home districts.

Hearings were scheduled as far afield as Yuma, Ariz., Evansville, Ind., Hamilton, Mont., and Selfridge Air National Guard base, near Detroit.

The final House panel is Sept. 1 in Dubuque, Iowa. The Senate has also held some hearings.

As lawmakers prepare to reconvene after Labor Day, prospects for a compromise are cloudy.

Two conservative Republicans, Sen. Kay Bailey Hutchison, R-Texas, and Rep. Mike Pence, R-Ind., proposed a bill in late July that they hoped would start negotiations between the House and Senate.

The bill would set up privately run "Ellis Island" centers outside the United States. Illegal immigrants would have to leave the country and apply at the centers to return on work visas. But those would not operate until after the president has certified to Congress that the border is secure.

Associated Press writer Beverley Wang in Concord, N.H., contributed to this report.

Illegal Aliens Clog Border Docket (WT/AP)

By Alicia A. Caldwell, Associated Press

The Washington Times, August 26, 2006

DEL RIO, Texas -- Standing in a cramped federal courtroom last month, illegal alien Walter Oscar Portillo-Machado pleaded with a judge for mercy. But he came to the wrong place for that.

The Salvadoran man was caught along a 210-mile stretch of the Texas-Mexico border that has been set up as zero-tolerance zone for illegal immigration. Instead of merely getting sent back home, aliens here are arrested, prosecuted and sometimes sentenced to prison before they are formally kicked out of the country.

The effort began late last year along a border area that includes the Rio Grande border towns of Del Rio and Eagle Pass. It has been hailed by federal officials as a creative use of local and federal resources to tighten the border.

While other border sectors avoided strict enforcement because they did not have enough jail space or prosecutors, authorities in the Del Rio area found bed space elsewhere in the region, assigned federal agents to help prosecute cases and began running illegal aliens through a courtroom at a rate of one case per minute.

Immigration advocates have criticized the practice, saying it only moves the problem elsewhere along the border and may sacrifice civil liberties for the sake of efficiency.

"There's nothing we're doing that wasn't already on the books," said Hilario Leal Jr., a supervisory Border Patrol agent in the Del Rio sector. "It's nothing new. We just started enforcing the law."

The Del Rio sector also ended the widespread practice of "catch-and-release" that freed most non-Mexican immigrants with a piece of paper ordering them to show up in federal immigration court a month later -- and almost no one did.

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Most Mexican citizens with no criminal record who cross outside the Del Rio sector are still escorted back shortly after their arrest. Those from other countries are held in a detention center -- not as criminals serving time -- while the paperwork is being completed to return them to their home countries.

But in the Del Rio sector, every adult illegal alien, regardless of their home country, is criminally prosecuted and removed from the country after they have served their sentence.

"They know if they come (to Del Rio) they are going home, they are going to jail," Mr. Leal said.

Before the effort began, illegal aliens came across the river near Del Rio in droves, with Central and South American citizens often surrendering to agents because they knew they would be let go -- after receiving food, water, medical care and sometimes a ride to a bus station, along with their notice to appear in court.

In recent years, the situation had become so hectic that Del Rio sector agents were lucky if they patrolled the border for two hours during an eight- or 10-hour shift, Agent Cynthia Bilyk said. The rest of their time was spent processing the aliens.

Agents in the sector were averaging about 500 arrests a day, Mr. Leal said. Now there are fewer than 100 daily arrests, and the reforms are credited with reducing arrests by about 29 percent so far this fiscal year.

While the changes have curbed arrests, freed up agents and other resources, they have not slowed the traffic at the federal courthouse.

The day Portillo-Machado stood shackled and handcuffed in the courtroom, he was surrounded by more than 30 defendants facing the same charge. The judge handled about one guilty plea a minute.

When his name was called, Portillo-Machado pleaded guilty in Spanish. He then asked the judge for forgiveness and was later sentenced to 120 days in jail.

Magistrate Judge Dennis Green said the cases are heard quickly, but each defendant meets with a court-appointed attorney before going to court.

The federal court's two Del Rio magistrate judges are hearing about 2,100 cases a month. Their counterparts farther from the border in West Texas are averaging about 140.

Opponents say the process just pushes the problem to other sectors.

"The border is like a balloon," said El Paso immigration lawyer Felipe D.J. Millan. "If it expands in one area, guess what? It still comes in from another area."

Defense Companies Competing To Build High-tech Shield At U.S. Borders (MCT)

By Dave Montgomery

McClatchy Newspapers, August 26, 2006

WASHINGTON - The Bush administration is expected next month to choose an industry consortium to erect a high-tech security shield along the U.S. borders, launching one of the federal government's most ambitious public-works projects in years.

The Department of Homeland Security calls the proposed Secure Border Initiative Net the "most comprehensive effort in the nation's history" to gain control of more than 6,000 miles of border with Mexico and Canada as well as 2,000 miles of coastline.

SBInet is a centerpiece of President Bush's efforts to fortify the porous U.S.-Mexico border at a time when Congress is locked in a struggle to overhaul the nation's immigration laws. Administration officials say they intend to proceed with the security net regardless of the outcome of the debate over immigration legislation.

The multibillion-dollar undertaking has ignited an intensely fought contract battle among industry teams headed by four leading defense companies - Boeing, Lockheed Martin, Northrop Grumman and Raytheon - and Ericsson, the Swedish-based telecommunications giant with U.S. headquarters in Plano, Texas.

Collectively, the teams are composed of nearly 40 companies in more than 15 states, a broad and diverse lineup that includes global engineering firms, niche industries adept at biometric identification or surveillance, and blue-ribbon aerospace corporations that are better known for churning out warplanes, tanks and missiles.

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Among the states vying for a piece of the action are California, Missouri, Florida, Minnesota and Pennsylvania. Los Angeles-based Northrop Grumman's teammates include HNTB Corp., a nationwide engineering and architectural firm headquartered in Kansas City, Mo., and Identix, a top-tier biometric company in Minnetonka, a suburb of Minneapolis.

The U.S. Customs and Border Protection, a branch of the DHS, is expected to announce a winner by Sept. 30.

As envisioned by Homeland Security Secretary Michael Chertoff, SBInet would marry industry expertise with the 42,000-employee Customs and Border Protection to create a wall of technology, manpower and infrastructure over the next six years. The initial cost is projected at $2.5 billion, but the price ultimately could be much higher.

Although Deputy Homeland Security Secretary Michael P. Jackson told industry officials that the project is "not about simply buying gizmos," much of the attention has focused on the potential mix of technology. Most of the proposals include state-of-the-art sensors, mounted cameras, unmanned aerial vehicles, radar and other surveillance hardware.

Calls for toughening the border have intensified with the approach of the fifth anniversary of the Sept. 11 terrorist attacks and the recent alleged terrorist bomb plot in Britain. But the project has come under heightened scrutiny on Capitol Hill after a congressional report last month blasted DHS procurement polices.

The bipartisan report, released by Republican and Democratic leaders of the House Government Reform Committee, identified $34.3 billion worth of DHS contracts marred by significant overcharges, wasteful spending or mismanagement. The troubled projects included a largely ineffective camera-surveillance system along the Mexican and Canadian borders.

Rep. Henry Waxman, D-Calif., complained that SBInet could be exposed to the same problems, contending that the DHS is giving industry too much latitude in determining how the system should be tailored. "That's not governing," he said. "It's utter incompetence, and it's going to cost the taxpayers billions."

From the bidders' vantage point, SBInet could create thousands of jobs and underscore the defense industry's expanding transition into homeland security. Tools of war - such as radar and satellite surveillance - easily can be redirected into the campaign to guard the home front.

"We see it as an increasing market," said John W. Douglass, the president and chief executive officer of the Aerospace Industries Association. "Many of the technologies that make you a successful aerospace contractor would also make you a successful homeland-security contractor."

Several of the team members started preparing for the project more than two years ago, when the DHS was considering a since-abandoned border initiative called America's Shield. Team representatives have spent months on the border, and several of the bidders have set up remote border-area test sites to evaluate their equipment.

Nearly 60 potential bidders expressed interest in the project before the DHS winnowed the field to the five rival teams. Universities in Texas, New Mexico and Arizona are aligned with several of the teams, reflecting academia's growing expertise in homeland security and border demographics.

Bidders made oral presentations over the past two weeks and have until Monday to update their proposals. One major defense contractor, L-3 Communications, headquartered in New York, is effectively competing against itself, with units positioned on three teams.

While SBInet bristles with opportunity, the winning team will face immense obstacles in trying to create a leak-proof "virtual wall" traversing rugged desert terrain in the south and mountainous, wooded landscape in the north. The challenges probably will include property-rights disputes and environmental issues.

Sensors and cameras have been operating along the borders for years; the SBInet team will be charged with building an integrated and modernized system tying all the pieces together. In addition to technology, the industry team will provide contract personnel for non-law enforcement jobs and train government agents to adapt to the new system.

In a January briefing, Jackson urged industry officials to be innovative without straying "onto the wacky edge of creativity." Most proposals call for a network of thousands of sensors that would detect movement, sound and in some cases smell.

The sensor then would flash an alarm on a computerized map in a command-and-control center, where an operator would train a long-range mounted camera on the site to determine whether an animal or a human intruder tripped the alarm. If necessary, agents would be dispatched. Several, if not all, of the teams would augment the protection with unmanned surveillance aircraft and, in some cases, high-altitude surveillance balloons.

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The project could unleash a construction boom along the Mexican and Canadian borders as the winning consortium erects buildings, roads and an as-yet-unspecified stretch of barriers and fences to complement the high-tech shield.

Accordingly, most of the teams bristle with engineering and architectural talent, such as HNTB and Fluor Corp., a 35,000-employee international construction company that moved its headquarters from California to Irving, Texas, this summer. Fluor is a member of Ericsson's team.

DHS officials expect the work to encompass thousands of suppliers and subcontractors. Lockheed Martin, for example, held community meetings in seven cities along both borders, meeting with more than 350 subcontractors. More than 650 companies have registered on its Web site.

For all the players, SBInet offers a chance for a giant leap into an already burgeoning government market. Since the DHS was created in 2003 from the consolidation of 22 agencies and departments, procurement spending at the department rose from $3.5 billion to $10 billion in 2005, according to the House Government Reform Committee.

Perot Systems of Plano, Texas, founded by Dallas billionaire H. Ross Perot Sr., already has 700 employees working with the DHS under its four-year-old government services division; it would supply support personnel to command-and-control centers if its Boeing-led team wins the contract. Many other companies also have at least a toehold in DHS business.

The shield is a dominant component of the Secure Border Initiative to stem the flow of illegal immigrants, which Chertoff announced last November. More than 1.2 million illegal immigrants were arrested in 2005, nearly all on the southern border.

Mark Reed, the president of Border Management Strategies in Tucson, Ariz., and a member of the Raytheon team under BAE Systems, said the proposed security shield marked an unprecedented commitment to construct high-tech "eyes and ears" on the border.

"At the end," he said, "what's important is that the taxpayers end up with a product that works."

Profiles Of Competing Teams (MCT)

McClatchy Newspapers, August 26, 2006

Profiles of the teams that are competing to win the contract for the multibillion-dollar Secure Border Initiative Net:

BOEING INTEGRATED DEFENSE SYSTEMS INC.

Headquarters: St. Louis

Employees: 75,000

Expertise: Installed explosives-detection systems at 438 airports in less than seven months after Sept 11, 2001.

Bid highlights: Radar and infrared camera on towers. Possible hand-launched unmanned aerial vehicles. Portable devices to check fingerprints and facial biometrics.

Team members:

Elbit Systems of America, Fort Worth, Texas

DRS Surveillance and Reconnaissance Group, Palm Bay, Fla.

L-3 Government Services Inc., Washington

Perot Systems, Plano, Texas

Unisys Global Public Sector, Reston, Va.

Lucent Technologies, Murray Hill, N.J.

ERICSSON INC.

Based in Sweden.

U.S. headquarters: Plano, Texas

Employees: 4,500 in the United States

Expertise: Built a border-surveillance system on the Norway-Russia border and won contracts for border security in Hungary and Slovakia.

Bid highlights: Thousands of ground-based sensors, high-resolution cameras, radar. Limited use of unmanned aerial vehicles to track immigrants in desolate area.

Team members:
Computer Sciences Corp., El Segundo, Calif.
Fluor Corp., Irving, Texas
SYColeman Corp., Arlington, Va., a division of L-3 Communications
MTC Technologies Inc., Dayton, Ohio
Camber Corp., Huntsville, Ala.
AEP Networks Inc., Somerset, N.J.
Texas A&M University, College Station
University of Texas at Austin

LOCKHEED MARTIN
Headquarters: Bethesda, Md.
Employees: 135,000
Expertise: High-altitude surveillance balloons. Underwater detection systems.
Proposal: Unmanned aerial vehicles, sensors, cameras, possibly surveillance balloons.
Team members: About half-a-dozen major teammates, but names haven't been disclosed.

NORTHROP GRUMMAN INFORMATION TECHNOLOGY
Headquarters: Los Angeles
Employees: 125,000
Expertise: Broad background in information technology. Works with law enforcement agencies.
Bid highlights: "Persistent surveillance" from ground and air sensors. One major component: Northrop Grumman's unmanned Global Hawks.
Team members:
Anteon International Corp., Fairfax, Va.
SRA International, Fairfax, Va.
BearingPoint Inc., McLean, Va.
L. Robert Kimball & Associates, Ebensburg, Pa.
HNTB Corp., Kansas City, Mo.
L-3 Communications Titan Group, San Diego
General Dynamics, Falls Church, Va.
Identix, Minnetonka, Minn.
EMC Corp., Hopkinton, Mass.
ESRI, Redlands, Calif.
Hughes Network Systems LLC, Germantown, Md.
Motorola Inc., Schaumberg, Ill.
Sprint/Nextel, Reston, Va.
Oracle Corp., Redwood Shores, Calif.
Nortel, Brampton, Ontario

RAYTHEON NETWORK CENTRIC SYSTEMS
Headquarters: McKinney, Texas
Employees: 11,500
Expertise: Sensor-based security at airports. Erected $1.4 billion surveillance shield over the Amazon rain forest.
Bid highlights: "Tool kit" of solutions that could include communication satellites, aircraft, cameras, sensors
Team members:

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IBM Corp., Armonk, N.Y.
BAE Systems branch in Austin, Texas
Bechtel National Inc., Frederick, Md.
Apogen Technologies Inc., McLean, Va.
Deloitte Consulting LLP, New York

In Tony Monterey County, Slums And A Land War (WSJ)

By Miriam Jordan

The Wall Street Journal, August 26, 2006

Environmentalists fight to preserve scenic beauty while immigrants cram into houses and garages Who will pick the vegetables?

SALINAS, Calif. -- Monterey County is marked by dramatic craggy cliffs that drop to the Pacific Ocean. Along the coast sit the manicured, affluent enclaves of Carmel, Pebble Beach and Monterey, which attract wealthy homeowners and tourists from around the world.

About 20 miles inland, in the same county, is the fertile valley of Salinas, America's vegetable garden. Some 80% of the nation's lettuce and much of its broccoli, cauliflower and spinach grow in Salinas's fog-cooled fields, which produce $3.5 billion worth of crops annually. "We have the climate and soils that make us one of the most bountiful areas in the world," says Bob Roach, the county's assistant agricultural commissioner.

THE POLITICS OF LAND USE

See a map of how Monterey County's land is used, and a chart of the median resale price of homes.

Yet amid this land of plenty, there is squalor. Virtually beside the fields, in the city of Salinas, neighborhoods rival high-rise-jammed cities in population density. Multiple families occupy small houses; others live in converted garages. Gang graffiti mars the façades of apartment complexes. A school's walls are riddled with bullet holes. Fueling Salinas's troubles, many say, is a housing market that offers few affordable dwellings for the thousands of Hispanic immigrants who pick the area's crops.

The five-member family of Gabriela Alvarado, for example, has shared a tiny two-bedroom rented house with two fieldworkers. "It's the only way we can afford to live here," says Mrs. Alvarado, whose husband came to Salinas 18 years ago to work in the lettuce fields. The Alvarados charged two fieldworkers $150 a month each to board with them.

In a study of agriculture workers published in December, researchers from the University of California, Berkeley reported that 39% of homes in the Salinas area had more than 1.5 people per room, compared with 0.5% of all U.S. homes.

Monterey County is torn by competing priorities. On one side are farmers, developers and immigrant advocates, who want to see more housing built. On the other are environmentalists and residents, including those in the upscale coastal towns, who want to preserve open space and their quality of life. As the two camps fail to reach a middle ground, low-income immigrants have borne most of the fallout: limited housing, with sky-high prices.

The stalemate has helped create housing prices in Salinas, a city of 150,000, that are out of sight, even by California standards. Last year, Salinas was the least-affordable place in the country to live, based on the percentage of median income required to make the mortgage on a median-priced house, according to Moody's Economy.com. The median resale price of a single-family home in Salinas was $620,000 in June 2006, compared with $175,750 the same month in 1996, according to DataQuick Information Systems. City manager Dave Mora says that Salinas's 19 square miles are "99% built out."

Monterey County's unusual combination of prime agricultural land and stunning coastal property, of great wealth abutting great poverty, make it an extreme example of how land-use questions can turn political. The clash here provides a glimpse of what may be faced by other areas and industries that increasingly rely on low-wage immigrant laborers, without enough places to house them.

The fight is also emblematic of "slow-growth" movements across the country. From California to Vermont, residents are rebelling against plans they worry will trigger sprawl, rejecting the notion that what's good for the economy is good for them. Many want to maintain the small-town character of their communities, or preserve historic sites or the environment.

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Some of the agriculture workers in Monterey are undocumented immigrants, and many move with the harvests, traveling from Arizona to California to the Northwest. But increasingly, there is work year-round in Salinas. Technology has allowed more crop rotations throughout the year, fresh-vegetable processing plants have opened and wineries have sprung up.

John Steinbeck, who grew up in Salinas, rhapsodized about the beauty of the Salinas Valley in his book "East of Eden," published in 1952, describing its "light gay mountains full of sun and loveliness" and streams that "slipped out of the hill canyons and fell into the bed of the Salinas River." He wrote about the valley's fertile soil and foothills carpeted with flowers.

In the 1950s and 1960s, farmers brought thousands of Mexican laborers to the U.S. as part of the government's bracero program. Farmers housed the mostly male workforce in dormitories on the edge of their land. By the 1970s, few farm owners offered housing because in most cases, they weren't obligated by law to provide it.

As the agricultural industry in Salinas flourished, the number of immigrants surged. At the same time, the area's beauty was becoming a draw to the wealthy and to tourists. Environmental groups increasingly kept a watchful eye over Monterey's land and its marine life.

The pristine look of the area is key to the county's $1.6 billion tourism industry. In Carmel-by-the-Sea, where Clint Eastwood was once mayor, neon signs, billboards and food stands are banned. A round of golf at the famed Pebble Beach Golf Links is $450 per person.

In the 1980s, more developers started to arrive. Grassroots groups began forming to oppose new housing projects, citing concerns about sprawl, water supplies and road congestion. In the 1990s, the groups began filing lawsuits, which stalled several developments. Still, amid the dot-com boom, Silicon Valley workers began buying homes in the area, even though it meant a long commute. "The mantra of big-money interests is 'we need affordable housing,' "says Jan Mitchell, who formed two groups to fight developers. "But they never provide affordable housing; they will build estates."

By 1998, slow-growth advocates joined forces to form a group called LandWatch Monterey County. The group has been funded by individuals and foundations, including the David and Lucile Packard Foundation. "What we are trying to do is prevent the Salinas Valley from turning into another Los Angeles County or Silicon Valley," says Chris Fitz, executive director of LandWatch.

Janice O'Brien, a LandWatch supporter, lives in a fan-shell-shaped house in Pebble Beach, designed by a student of Frank Lloyd Wright. Her solar-powered home sits atop dunes on a well-known scenic route. Mrs. O'Brien moved here in 1973 from southern California, when many people, especially from Los Angeles, began to seek greener, calmer pastures in the Central Coast. She describes herself as a "liberal Democrat and ardent environmentalist."

"Why don't we live within the resources that make the peninsula beautiful?" she says. "That is our battle cry. Stay within the resources."

Mrs. O'Brien says that because of the influx of people working in the tourist trade in her area, traffic "has begun to look like Los Angeles at 5 p.m.," when many workers drive home.

Critics say that slow-growth advocates often live in coastal towns or ranch areas, surrounded by nature and isolated from the problems of overcrowding. "There are people who came here 20 years ago, found Utopia and don't want anything to change," says Jerry Smith, chairman of the Monterey County Board of Supervisors and a fourth-generation native of Monterey. "I'm passionate about my ocean sanctuary, rolling hills and farmland, but I really believe we need to build housing."

Other longtime residents, most of whom have seen their property values rise, want to fend off developers who they fear will suburbanize the area. "Nobody wants to give up this way of life," says Carol Harrington, who has lived in the Salinas area since her youth. Wild turkeys, wild pigs and deer roam on her 16 acres. She thinks housing for immigrant workers "should be provided by the farmers."

In 1999, another nonprofit group, called Common Ground, was formed to oppose LandWatch; its supporters included agriculture interests, the tourism industry and immigrant advocates.

Farmers in Salinas say they have been stewards of the land long before environmentalists arrived, and should have the flexibility to develop it as they see fit. "The threat to agriculture is not that we'll sell land," says Rod Braga, whose grandfather started farming here 80 years ago and who employs about 1,200 immigrants during peak season. "It's that our laborers won't be able to afford to live here."

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While environmentalists and farmers battled and little new housing was built, immigrants suffered, with more and more workers living in difficult conditions.

For several years, the Alvarados shared a rented two-bedroom apartment with another family. "It is impossible to make ends meet on one salary" in Salinas, says Mrs. Alvarado, who worked at a local preschool part-time. Her husband earned $10.50 an hour. She earned $7.50 an hour. She says she would have preferred to stay at home, to shield her kids from gangs.

Crowded conditions contribute to the proliferation of gangs in Salinas, says Police Chief Dan Ortega. "Migrant kids are lured into gangs for protection," he says. In 2004, the most recent year for which national comparisons are available, the murder rate in Salinas was 11.4 per 100,000 people, compared to 5.5 nationally. Aggravated assaults in Salinas were 453 per 100,000, compared with 291 nationally. Robberies were 302 per 100,000, against 136.7 nationally. The city's homicide rate fell last year, Mr. Ortega says, in part because of the creation of a countywide Gang Task Force.

He notes the contrast for immigrants who serve the tourist trade in the upscale communities. "To make all that tourism work, you need busboys, maids and cooks," says Mr. Ortega. "After work, they come home to Salinas" where living conditions are deplorable, he says.

The housing crush has caused workers to make risky plays for the few ownership opportunities that come up. In March, real-estate agent Frank Bellafiore says he sold a house to a Mexican immigrant field-worker who had been renting a room for his family for seven years in another family's home. The home -- a 1,013-square-foot house built in 1954 -- cost $490,000. The monthly mortgage payment of $3,000 represented about 70% of the fieldworker's income.

Despite that, "he was so thrilled that he cried when he signed the loan," recalls Mr. Bellafiore, who declined to give his client's name. He says the new homeowner is considering becoming a landlord himself, by renting out one of his bedrooms to a pair of field-workers.

The housing crunch is even driving higher-income workers away, employers say. Don Nucci, co-chairman of Mann Packing Co., a vegetable packer and shipper, says his company recently lost five supervisors, discouraged by the area's home prices and gang problems. John D'Arrigo, whose grandfather started farming here in 1923, says his agribusiness lost two high-tech experts in three months. "It's happening all over town," he says. "People are leaving this area, from low-skilled workers all the way up to people making $100,000 a year."

If more land is allowed to be developed for housing, the big question is whether that would help the immigrant population. The pro-growth camp says it will, because every new project is required to include a certain number of "workforce" housing units, which are intended for lower- to moderate-income workers.

The slow-growth camp contends most development will be for expensive homes -- and even the units designated for lower-income workers will be out of reach for most immigrant laborers, who earn as little as $14,000 a year.

Construction of 853 houses -- in the only single-family development now going up in Salinas -- was delayed three years by challenges from another slow-growth group called Citizens for Responsible Growth, which raised concerns about the impact on traffic, schools and open space. Most of those houses cost between $500,000 and $800,00. Under current city rules, 12% must be set aside for moderate- to low-income families; those houses cost more than $200,000.

"Families will do whatever they can to get into a house," says Mr. Mora, the Salinas city manager. "You need to have two or three families in a house." Some low-income home buyers take out interest-only mortgages, or benefit from special financing from nonprofit or government groups.

The latest battle over competing visions for Monterey County is evident in the struggle to revise a 20-year growth plan. The plan has been a work-in-progress for six years and has already cost taxpayers more than $6 million.

The first draft of the plan satisfied the slow-growth camp, but infuriated farmers, housing advocates and the tourism industry. Development of 75% of county land was blocked, either because it was deemed ecologically sensitive or too far from infrastructure. Latino community leaders accused slow-growth groups of being "environmental racists," who wanted to deprive Hispanics of achieving home ownership.

Last October, LandWatch, the slow-growth group, unveiled its own plan. Under that plan, many decisions -- including approval for certain housing projects -- would be decided by voters rather than elected or appointed officials. Development would

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be restricted to five already-urbanized areas. The plan calls for new projects to set aside at least 30% of units for low-income families.

Immigrant advocates say the LandWatch initiative would allow the heavily white populations of Carmel, Pebble Beach and Monterey, which often have higher voter turnout, to veto growth plans in Salinas Valley communities, which are home to mainly working-class Hispanics.

"Their plan basically says [to immigrants] that you can work in our restaurants, hotels and golf courses," says Alfred Diaz-Infante, president of a nonprofit home developer called Chispa. "But go home to your crowded conditions in Salinas at the end of the day."

LandWatch hoped to put its plan on the ballot in November, but the plan is tied up in San Francisco federal court. The court will decide whether a petition to qualify an initiative for the ballot complies with the Voting Rights Act if it was circulated only in English despite the fact that the area has many Spanish speakers.

Monterey County is advancing with its fourth draft of the general plan, which it hopes to adopt within months.

Meanwhile, the Alvarados, who came to Salinas in 1989 to pick lettuce, have had enough. They recently moved to Pasco, Wash., where they hope to seek work in the fields and be able to buy a home. "It got too expensive in Salinas," Mrs. Alvarado says.

Write to Miriam Jordan at miriam.jordan@wsj.com1

CONGRESS-ADMINISTRATION:

Poll: Iraq, Lebanon Hurt The U.S. War On Terror (TIME)

By Unmesh Kher

Time, August 26, 2006

In survey, 59% say Bush has no clear policy to deal with terrorism, but job-approval ratings improve slightly

While President Bush may be getting a slight uptick in his job-approval numbers, the situation in Iraq and Lebanon has been a setback in the war on terrorism, Americans say. According to a new TIME poll, 54% of those surveyed said the U.S. involvement in the war in Iraq has hurt America's standing in the war on terrorism, vst. 40% who feel it has helped. U.S. handling of the conflict between Hizbollah and Israel has caused harm as well, said 51%, vs. 29% who said it has had a positive effect. The Bush Administration does not have "a clear and well thought-out policy to deal with terrorism," said 59%, vs. 36% who disagreed with that statement. Forty-nine percent said the Bush Administration is using the threat of terrorism for political reasons; 45% didn't feel that way.

Despite those concerns, Bush's job-approval ratings lifted a bit. In the TIME poll of 1,002 adult Americans, conducted August 22- 24, put Bush's rating at 38%, up three percentage points from a TIME poll Aug. 9-10. His handling of the economy rated approval by 38% as well, up five points, and his handling of Iraq edged up to 34%, a four-point improvement. Congress fared worse, with only 30% approving of its performance. Asked how they would vote if elections for Congress were held today, 51% of the registered voters among the respondents said they'd pick a Democrat, while 40% would vote Republican. The numbers include voters who say they lean toward those parties.

In spite of the seeming Democratic edge, the poll suggests a shift in perceptions about which party can better tackle the terrorist threat-41% of Americans say they feel the Republicans would do a better job of handling that, while 33% feel the Democrats could do better. That's a reversal from five months ago, when 44% picked the Democratic Party and 33% chose the GOP.

Americans seemed to be in a pessimistic mood, at least relatively so: 66% said the country is in "deep and serious trouble today," vs. 30% who said the problems we face are "no worse than at any other time in recent years." Only 5% said things are going "very well" in the country, vs. 47% who said "fairly well," 30% "fairly badly" and 17% "very badly." The No. 1 concern was the economy and jobs (20%) followed by terrorism (13%) the war in Iraq (11%) and high energy prices (8%).

The Economy (WSJ)

By David Wessel

DOJ_NMG_0054514

The Wall Street Journal, August 26, 2006

A Look at How We're Doing

The government offers weekly tallies of the number of Americans filing for unemployment benefits, monthly counts of employment and quarterly measures on economic growth. But only once a year does it report how well the typical American family is doing, how their incomes compare with those at the top, how many live below the poverty line and how many are without health insurance.

On Tuesday, the Census Bureau will issue its annual snapshot of those measures from its concrete fortress in Suitland, Md. It is the official national report on what's happening to the American standard of living, based on phone or face-to-face interviews with 100,000 households conducted earlier this year.

Like any survey, this one has flaws. Parts of it are controversial, particularly a widely criticized official measure of poverty that doesn't reflect much of the money that government spends on health care, housing and tax breaks for the poor.

But it also is a mother lode of data, both for analysts tracking changes in the U.S. economy and for politicians eager to celebrate successes or condemn disappointments in recent economic developments. While most government data describe broad averages, the Census report distinguishes between those at the bottom, the middle and the top. "The challenge is in the interpretation," says Jared Bernstein of the Economic Policy Institute, a left-leaning think tank. "If the...release reveals that incomes rose for middle- and low-income families, we will applaud even meager gains. Our applause should be tempered, however, by the knowledge that we are behind what we ought to be."

Though the economy has been expanding since the last recession ended in late 2001, inflation-adjusted income for the median household -- the one smack at the middle -- has fallen for five years. After adjusting for inflation, the median household income in 2004, $44,389, was nearly 4% below the 1999 level -- even though the U.S. economy grew by 13% in that period.

At the Heritage Foundation, at the right end of the political spectrum, analyst Robert Rector has argued the Census Bureau overstates the number of Americans living in what most people consider poverty and undercounts the amount of income for people at the very bottom and very top. Still, he says he will be looking to see which way the poverty rate goes. Trends in that rate are, he says, "an interesting barometer." He expects the fraction of Americans living below the official poverty line fell in 2005 after rising for four years. One sure thing: The White House and Republican congressional campaigns are certain to find some nugget of good news to celebrate.

Plan B Backers Continue Push For Access By Teens (WT)

By Joyce Howard Price, The Washington Times

The Washington Times, August 26, 2006

The manufacturer of the "morning-after" pill, along with some women's groups, Democratic lawmakers and medical organizations say the government's decision to allow over-the-counter sales of the drug to those 18 and older is only a partial victory and that they will push for unrestricted access for younger girls as well.

The 60,000-member American Academy of Pediatrics (AAP) called the Food and Drug Administration's (FDA) ruling Thursday allowing adults to buy the pill, called Plan B, without a prescription "an important first step" that "only goes halfway."

"Emergency contraception will remain out of reach for sexually active teens 17 and younger because they will still be required to obtain a prescription for the medication," AAP said.

Plan B lowers the risk of pregnancy by 89 percent if taken within 72 hours of unprotected sexual intercourse.

And Bruce L. Downey, chairman and chief executive officer of pill manufacturer Barr Pharmaceuticals Inc. said the company "still feels that Plan B should be available to a broader age group without a prescription."

"We will continue our efforts with the FDA to reduce the age restriction on the [over-the-counter] use of Plan B," Mr. Downey said.

The FDA's decision came after a three-year fight between advocates of the drug, who say its wider availability is necessary to reduce unwanted pregnancies among teenagers, and social conservatives, who contend that easier access to Plan B will increase sexual promiscuity, especially among teens, who will have a false sense of security if they have unprotected sex.

Some pro-life groups, including the Traditional Values Coalition, insist that Plan B is an abortifacient.

DOJ_NMG_0054515

"Privatizing abortions, as this decision does, thwarts all the good work that has been done to require parental consent" for teen abortions, said Andrea Lafferty, the group's executive director. She called the FDA decision "medically unsound and politically schizophrenic."

Opponents also say the decision is a "dream come true" for sexual predators. They foresee adult males, who can show a pharmacist proof of their age, buying the drug and giving it to young girls with whom they are having sex in order to cover up their criminal activity.

Those on both sides of the Plan B debate are planning legal or legislative action in a bid to either expand the pill's availability without a prescription or to strike down the FDA's so-called "dual-status sales" policy.

One of the harshest statements about the FDA ruling from Plan B supporters came from the New York-based Center for Reproductive Rights.

"The FDA essentially denied true [over-the-counter] access by limiting its availability to women 18 and over and placing it behind the pharmacy counters," said Nancy Northrup, the organization's president.

Last year, the center filed a lawsuit to do away with all age restrictions for over-the-counter purchases of Plan B, and Ms. Northrup said the lawsuit will continue.

Cecile Richards, president of the Planned Parenthood Federation of America, said her group also is "troubled by the scientifically baseless restriction imposed on teenagers," given the country's high teen-pregnancy rate. "Making it harder for teenagers to avoid unintended pregnancy is bad medicine and bad public policy," she said.

The FDA said Barr Pharmaceuticals showed that Plan B is safe and effective when used by women 18 and older, but data on whether the pill is safe in 17-year-olds who are not under doctor's supervision is not definitive. FDA officials said their decision to restrict over-the-counter sales to those 18 and older was largely a "practical" one based on the fact that 18 is commonly associated with maturity.

A number of Democratic women in Congress, including Sens. Hillary Rodham Clinton of New York and Patty Murray of Washington and Reps. Carolyn B. Maloney and Louise M. Slaughter of New York, have said the FDA needs to re-examine the age restrictions.

"Politics is driving this issue," said Mrs. Maloney, who added that she plans to further her legislative efforts "to reduce the arbitrary age restrictions on the [over-the-counter] use of Plan B."

Tony Perkins, president of the Family Research Council (FRC), said his group could battle the FDA either in court or in Congress.

FRC hopes to convince Republican leaders on Capitol Hill that the FDA "overstepped its powers and encroached on the authority of Congress" by approving this "dual-status" sales system for Plan B without hearings or "normal rule-making procedures," Mr. Perkins said.

Both legal and moral concerns about the new Plan B policy are likely to be raised during the upcoming Senate confirmation vote for Dr. Andrew von Eschenbach as FDA commissioner. Mrs. Clinton and Mrs. Murray said after Thursday's decision that they will drop their months-old block on his nomination.

Pension Reform – Round 2 (WSJ)

Wall Street Journal/Washington Wire, August 26, 2006

Now that lawmakers have finished legislation to shore up private, employer-sponsored pensions plans, Congress is turning its attention to the public sector.

Members of the House subcommittee on employer-employee relations will hold a hearing in Springfield, Ill., next week to "examine the financial outlook of state and local pension plans and consider how the uncertain health of these plans could impact state and local government workers, retirees, and taxpayers in general." While corporate plans are underfunded to the tune of about $313 billion, state and local plans are also facing shortfalls of $300 billion or more, and unlike private plans, there is no insurer to take over the obligations if states and localities can't pay.

The choice of Illinois for the hearing was no accident. Illinois "has the most underfunded pension system in the nation" and is facing a shortfall of more than $27 billion, according to Standard & Poor's. –Deborah Solomon

DOJ_NMG_0054516

Storms Threaten Space Shuttle Launch (WP/AP)

By Mike Schneider, Associated Press

Associated Press, August 26, 2006

Atlantis Scheduled to Liftoff Sunday to Deliver Addition for Space Station

CAPE CANAVERAL, Aug. 25 -- The weather forecast for the launch of the space shuttle Atlantis worsened Friday, with storms expected in the area hours before Sunday's launch.

There was a 40 percent chance that weather at Kennedy Space Center would prohibit a liftoff at 4:30 p.m. Sunday, NASA's first launch opportunity, said Kathy Winters, shuttle weather officer.

Area storms are likely to push westward before liftoff, Winters said. But NASA will not launch if there are storms within 23 miles of the shuttle landing runway, in case astronauts need to make an emergency landing.

"We're probably go red through the countdown," said Winters, referring to a violation.

Stormy weather and a lightning strike at the launch pad forced technicians Friday to delay fueling the system that will power the space shuttle during the mission. The interruption was not expected to affect the countdown since the fueling had started earlier than planned. The lightning struck a wire on a tower used as lightning protection and did not appear to cause damage, launch director Mike Leinbach said.

Forecasters were also watching Tropical Storm Ernesto, although it was not expected to affect Sunday's launch. Ernesto was projected to enter the Gulf of Mexico on Tuesday or Wednesday.

During their 11-day mission, Atlantis's six astronauts will restart construction of the international space station.

Atlantis will carry a 17 1/2 -ton addition for the space station, costing $372 million, from which two solar wings will be opened up. The solar arrays will provide a quarter of the space station's power when it is finished.

Apocalypse Not (WSJ)

The Wall Street Journal, August 26, 2006

Welfare reform turned 10 this week, and more remarkable than its near-total success is the near-total amnesia that seems to have gripped its one-time opponents. The results and the history are both worth revisiting today because they offer some useful political and policy lessons for the future.

When Bill Clinton signed the bill ending a federal entitlement to welfare, a leading liberal newspaper called it "nasty," "atrocious" and "odious" -- adding with typical nuance that "the children will suffer the most." Three Clinton Administration officials resigned over the bill. Georgia Congressman John Lewis not too subtly raised the specter of fascism as he literally screamed on the House floor, "They're coming for the children. They're coming for the poor. They're coming for the sick, the elderly and the disabled." Even as sensible a social scientist as Senator Daniel Patrick Moynihan lost his head and called it "something approaching an apocalypse."

HOT TOPIC

Welfare Reform: Ten Years Later1

The real story has been apocalypse not. Welfare reform has worked so well that its success runs the risk of going almost unnoticed. Welfare rolls are down to about two million today from a peak of five million in 1995. The last time welfare caseloads were this low was 1970, when America had 100 million fewer citizens. But what about the children? The rate of black children living in poverty in America was more than 40% in 1996 and stands at 32% today, according to the U.S. Census Bureau. In the 25 years prior to welfare reform, that number had only briefly ever dipped below 40% and stood as high as 47% in 1980.

That leaves an excuse often heard that the secret to reform's success has been the booming economy. Didn't welfare reform benefit from being passed during the longest economic expansion in modern times? Well, no doubt growth has helped, but consider that the welfare rolls actually shrank during the severe recession of the early 1980s, then stayed fairly constant through the boom of the latter years of that decade. The rolls also continued to soar well after the 1990s' expansion was under way. The recession that began at the end of the Clinton Administration did no more than slow the downward trend in welfare caseloads that began in 1995. * * *

DOJ_NMG_0054517

One reason for this success is that welfare reform never was the giant leap of faith that its opponents claimed. By the time it finally passed in Washington, the concept had been percolating in the states going back at least 30 years to Ronald Reagan's tenure as California Governor. The Gipper took his ideas to Washington, proposing a work requirement, among others things. His 1986 proposal, "Up From Dependency," was offered too late in his term to pass a Democratic Senate, but it advanced the debate.

Reform really took off in the early 1990s as Governors, led by Wisconsin's Tommy Thompson, took the initiative. They battled for waivers from the feds, and then one of their own, Mr. Clinton, decided to run for the White House in 1992 using welfare reform as a way of proving his New Democrat bona fides.

He quickly shelved the idea in his first two years, bowing to a Democratic Congress. But when Republicans won the House in 1994, they made it one of their priorities. Mr. Clinton declared this week that the bill he signed was a "bipartisan" triumph, and in a narrow sense it was. But 98 Democrats opposed him on the House floor, including many of the Democrats who would chair committees in the House if they re-take Congress in November. Mr. Clinton also vetoed reform twice before finally signing it in 1996 after his political guru Dick Morris told him it was the one issue that could cost him re-election. Make no mistake: This was a conservative reform opposed every step of the way by the political left and its media allies.

One lesson here is the familiar American one that states can play a useful role as policy laboratories. Liberals tried to replay welfare reform as the civil-rights movement, with an end to the federal entitlement meaning that every state would "rush to the bottom." But that was always a canard against state politicians, who have been only too happy to spend money on child care, transportation and other things to help welfare recipients get and keep jobs.

That precedent ought to apply now to Medicaid, another federal entitlement urgently in need of reform and on which Governors are taking the lead. Mr. Clinton vetoed a Medicaid reform in 1995 that might well have been as successful as welfare reform in allowing states to reform health care for the poor and force fewer of them into emergency rooms. Florida Governor Jeb Bush and others have in recent years received waivers that may well pave the way for a national reform.

Another lesson is that reform takes time and persistence in the American system. Too many Republicans think the lesson of last year's Social Security failure is that reform is impossible. But rare in American history has been the major policy change that passed the first time it was proposed. Big ideas take time for a wary public to understand. Personal retirement accounts will eventually become law in some form, if Republicans have the tenacity to keep promoting them and don't flinch at the first round of opposition demagoguery. * * *

The late Senator Moynihan is famous for having said that culture, not politics, is the key to changing most human behavior, and that the job of politics is to help nudge the culture in the right direction. Welfare reform worked because it was rooted in that wisdom, and in a basic understanding of human incentives. Support life on the dole, or reward having multiple children without a husband, and any society will develop a culture of dependency. That is where the U.S. was headed under the liberal ethos that compassion means sparing Americans of their individual responsibility to work and provide for their families.

Welfare reform was not a utopian project that promised to radically change human nature. It sought to make Americans more responsible by altering the incentives to remain dependent on the state. If only government were always so modest.

OTHER NEWS:

Fed Chief Sees Faster Pace For Globalization (NYT)

By Edmund L. Andrews

The New York Times, August 26, 2006

JACKSON HOLE, Wyo., Aug. 25 — Ben S. Bernanke, chairman of the Federal Reserve, said today that the pace of globalization is faster and more sweeping now than at any other time in world history.

While he generally lauded the expansion of global trade and finance, he warned that governments need to help people cope with the disruptions of new competition and “ensure that the benefits of global economic integration are sufficiently shared.”

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Delivering the keynote speech at the Fed's elite annual retreat here in the Grand Tetons, Mr. Bernanke stayed away from the battles at the top of the Fed's agenda — rising inflation, soaring energy prices, a slowing housing market and worries about a possible recession.

Instead, he focused on how today's wave of rising global integration is forcing the Fed and other central banks to change the way they think about monetary policy.

"The emergence of China, India and the former communist-bloc countries implies that the greater part of the earth's population is now engaged, at least potentially, in the global economy," Mr. Bernanke said. "There are no historical antecedents for this development."

Speaking like the Princeton professor he once was, the Fed chairman surveyed previous expansions of global activity in history, from the Roman Empire to the opening of the Suez Canal and European colonization.

Those expansions shared many themes in common with what is happening today, he said, citing the role of new technologies in opening trade opportunities as well as the social and political resistance from those whose lives were disrupted by new competition.

Mr. Bernanke said the process today was faster, broader and deeper than earlier waves of globalization. And though he did not touch on the practical implications for monetary policy and central banking in his own remarks, other experts here are presenting papers that scrutinize major changes in global capital movements between rich and poor countries.

One of the most startling changes, which has helped fuel American growth and keep interest rates low, is that the United States and other wealthy industrialized countries are attracting huge volumes of capital from poorer counties in Asia, Latin America and the Middle East.

"Today, the world's largest economy, that of the United States, runs a current-account deficit, financed to a substantial extend by capital exports from emerging-market nations," Mr. Bernanke noted.

Mr. Bernanke has previously argued that the United States' huge indebtedness is merely the flip side of a "global savings glut," caused by a shortage of investment opportunities in other countries.

Other analysts take a much darker view. Kenneth Rogoff, an economist at Harvard University, warned in a paper here that the United States is becoming dependent on developing countries' excess savings — capital that they may soon start to use for themselves instead.

"Even if these favorable trends continue, there are massive budget problems that most of the developed world is going to face as its populations age," Mr. Rogoff cautioned. The Fed and other central banks, he said, need to prepare for the "risk of an eventual slowing down or reversal" of the flow of savings.

Mr. Bernanke steered clear of that issue. But he was blunt in declaring that though the broad trend toward globalization is thousands of years old, the world is transforming itself faster now than ever before.

"The scale and pace of the current episode is unprecedented," he said. The changes wrought by Columbus's voyage to North America were hugely important, he noted, but they took centuries to occur. By contrast, he said, the emergence of China as an export powerhouse has altered the world in less than 30 years.

The patterns of global trade and finance have changed as well, he said. The old distinction between rich "core" countries that exported manufactured goods and poorer "periphery" countries that exported natural resources has broken down. Production is becoming more geographically fragmented, he said, citing chipmakers like Advanced Micro Devices that manufacture components in Texas and Germany and perform final processing in Thailand, Singapore, Malaysia and China.

If Mr. Bernanke had a message to political leaders, it was that they needed to acknowledge the costs of globalization, in terms of lost jobs, disrupted livehoods and wrenching change and help their constituents come to terms with them.

"The challenge for policymakers is to ensure that the benefits of global economic integration are sufficiently wide-shared — for example, by helping displaced workers get the necessary training to take advantage of new opportunities — that a consensus for welfare-enhancing change can be obtained," he said.

Fed Chief Backs Global-Wealth Sharing (WP)

By Nell Henderson, Washington Post Staff Writer

DOJ_NMG_0054519

The Washington Post, August 26, 2006

Bernanke Says Policies, Technology Can Help Reduce Poverty Rate

JACKSON HOLE, Wyo., Aug. 25 -- Government policymakers should work to make sure the benefits of economic globalization are widely enjoyed to maintain political support for free trade, Federal Reserve Chairman Ben S. Bernanke said today.

Political and technological changes are likely to keep spurring global economic integration -- the growing exchange of goods, capital, workers and ideas around the world, he said in a speech here.

That trend creates the potential to elevate living standards and lower poverty, but also the likelihood of resistance by groups or nations that feel threatened by change, Bernanke told an international gathering of central bankers, analysts and academics.

"The challenge for policymakers is to ensure that the benefits of global economic integration are sufficiently widely shared," Bernanke said. "The effort is well worth making, as the potential benefits of increased global economic integration are large indeed."

He did not propose specific policies to counter efforts to restrict trade, but suggested as one general example the need to retrain people who have lost jobs because of globalization.

Bernanke's remarks, his first as Fed chairman to an annual meeting in Jackson Hole that draws elite economic thinkers, came at a time of trade tensions between the United States and China, and of growing worries about the nation's trade deficit. Some members of Congress have proposed tariffs on imports from China, blaming what they see as an overvalued Chinese currency for the loss of American jobs. Bernanke's comments also come after the recent collapse of international negotiations aimed at lowering global trade restraints.

The Fed chairman said global economic integration is also threatened by the risk of terrorism and other international tensions. Bernanke made his remarks at a conference on "The New Economic Geography," which dealt with the ongoing shifts in the location of economic activity and growth around the world.

"One of the defining characteristics of the world in which we now live is that, by most economically relevant measures, distances are shrinking rapidly," Bernanke told the conference, sponsored by the Federal Reserve Bank of Kansas City.

"The process of global economic integration has been going on for thousands of years," he said, citing technologies and political systems that fostered increased trade during the Roman Empire, through the voyages of discovery in the 15th century, through the rise of railroads and steam power in the 19th century, and through the advance of telecommunications and global trade agreements in recent years.

"The scale and pace of the current episode is unprecedented," Bernanke said. For example, he said, global exports of goods account for more than 20 percent of world economic output, compared with about 8 percent in 1913 and less than 15 percent in 1990.

Moreover, recent political changes have led China, India and former Soviet bloc countries to become more fully integrated into the world economy, meaning most of the world's population is now participating in a globalized marketplace, he added. "There are no historical antecedents for this development," Bernanke said.

But, he said, such change has also caused political backlash by hurting some workers and business owners, by triggering social and cultural change, by appearing to benefit some groups more than others or by raising concerns about the environment.

"The natural reaction of those so affected is to resist change," Bernanke said.

Bernanke did not comment on the U.S. economy or Fed interest-rate policy. He and his Fed colleagues left interest rates unchanged at their last meeting Aug. 8, the first since June 2004 without a rate increase. They indicated they expect the slowing economy to dampen inflation pressures over the next year, but have not agreed yet on whether they might have to move their benchmark short-term rate any higher to ensure that outcome.

"As much as financial markets want insight into their next move, the reality is they don't know what it is," said Diane Swonk, chief economist of Mesirow Financial Holdings Inc., a privately held investment management firm.

Fed Chairman Expects Globalization To Enhance Living Standards (WSJ)

By Brian Blackstone

DOJ_NMG_0054520

The Wall Street Journal, August 26, 2006

JACKSON HOLE, Wyo. -- Global economic integration is moving at an unprecedented pace, forging the basis for productivity growth and a reduction in global poverty, Federal Reserve Chairman Ben Bernanke said.

"Economic and technological changes are likely to shrink effective distances still further in coming years, creating the potential for continued improvements in productivity and living standards and for a reduction in global poverty," Mr. Bernanke said in remarks to global monetary officials and private-sector economists gathered at the Federal Reserve Bank of Kansas City's annual conference here. (See the full text of Bernanke's prepared remarks.1)

The Fed chairman urged policy makers to make sure the benefits of globalization are widely shared in order to stem protectionist sentiment, and said global tensions and terrorism risks threaten to constrain globalization.

Mr. Bernanke's speech didn't address the economic and interest-rate outlook. The Fed earlier this month paused in its two-year tightening campaign with the fed-funds rate -- charged on overnight loans between banks -- at 5.25%. Economists increasingly expect the rate to remain there, though coming inflation and employment reports will be critical in determining the outcome of the September Fed meeting.

While not on the official program, Fed policy was very much in the air here, as introductory remarks by the conference host, Kansas City Fed President Thomas Hoenig, indicated. Mr. Hoenig jokingly referred to Mr. Bernanke's first months as chairman: "Early on, he was too soft and later he was too tough and now he's both." Mr. Bernanke then took the podium and said thanks for the introduction -- "I think."

Mr. Bernanke said globalization, for all its benefits, leads to some dislocation among certain workers and firms, and "the natural reaction of those so affected is to resist change, for example, by seeking the passage of protectionist measures."

WASHINGTON WIRE (IN WYOMING)

2 • Notes from Jackson Hole3

• Bernanke's Economic History Lesson4

• From Wausau to Wuhan via Jackson Hole5

• Tidbits From Bernanke's Dinner6

See the expanded online Washington Wire7. The Journal's Washington bureau updates the Wire each weekday with political news, analysis and buzz from inside and outside the Beltway. WALL STREET JOURNAL VIDEO

CNBC's Steve Liesman reports8 on the text of Fed Chairman Ben Bernanke's speech in Jackson Hole, Wyo., which doesn't address monetary policy. In the speech, Mr. Bernanke warns against protectionism and discusses the benefits of globalization.

"The challenge for policy makers is to ensure that the benefits of global economic integration are sufficiently widely shared...that a consensus for a welfare-enhancing change can be obtained," Mr. Bernanke said, citing the benefit of robust training programs.

Though difficult, efforts to build a broad consensus on further globalization are "worth making, as the potential benefits of increased global economic integration are large indeed," Mr. Bernanke said.

In separate comments, Federal Reserve Vice Chairman Donald Kohn said Friday that amid signs of higher global demand, it will be "interesting" to see how exchange rates and current-account surpluses in developing countries adjust. Mr. Kohn said that in the 2002-04 period when global demand was weak, developing countries kept their currencies undervalued because monetary policy in those countries wasn't effective. "With weak financial sectors, monetary policy can't be very effective," Mr. Kohn said.

Mr. Kohn made his remarks during a question-and-answer session after a presentation by International Monetary Fund economists. In their paper, the IMF economists, led by chief economist Raghuram Rajan, said despite concerns by many economists that the U.S. current-account deficit and China's surplus pose risks to the global economy, those balances "may be extreme observations in the groups of developing and industrial countries respectively," but "reflect a more general and historic pattern within their respective groups," Mr. Rajan wrote in a paper.

The IMF has long urged the U.S. to rein in its current-account gap, which is running at about 7% of gross domestic product. And Mr. Rajan and his IMF colleagues said in their paper that "even if imbalances are equilibrium responses to a particular set of circumstances, this does not mean that they can be sustained at this level into the medium term."

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"When a large country runs a trade deficit of 6% of (GDP) for a long time, it will eventually find financing harder to come by," the IMF economists added.

Still, Mr. Rajan's view on the U.S. current account seems to put him in the camp of Mr. Bernanke, who has also said the U.S. current account can't be sustained indefinitely but has suggested adjustments can take place over time.

--Greg Ip contributed to this article.

Write to Brian Blackstone at brian.blackstone@dowjones.com9

Bernanke Calls For Fairer Globalisation (FT)

By Krishna Guha

Financial Times, August 26, 2006

Ben Bernanke, the chairman of the Federal Reserve, on Friday called on global policymakers to do more to ensure the benefits of globalisation are widely spread within their countries.

The Fed chairman said it was essential to build a "consensus for welfare-enhancing change" in order to avoid a resurgence of protectionism.

He urged governments directly to address the plight of workers whose livelihoods are threatened by changing patterns of international production and trade, for instance by helping them retrain for new jobs.

"Further progress in global economic integration should not be taken for granted," Mr Bernanke told the Fed's annual symposium at the mountain resort of Jackson Hole in Wyoming.

"Geopolitical concerns, including international tensions and the risks of terrorism already constrain the pace of worldwide economic integration and may do so even more in the future."

The Fed chairman said that in this episode of globalisation, as in previous episodes, "the social and political opposition to openness can be strong."

He said much of this arises "because changes in the patterns of production are likely to threaten the livelihoods of some workers and the profits of some firms, even when these changes lead to greater productivity and output overall."

Mr Bernanke said the challenge for policymakers "is to ensure that the benefits of global economic integration are sufficiently widely shared" to provide the political underpinnings for integration to continue.

His comments come at a time when there is widespread public angst in the US at the apparent stagnation of median wages, which many attribute in part to greater global competition and offshoring of production.

The mainstream US political consensus in favour of free trade has come under increasing strain, with a growing swathe of the Democratic party turning hostile to further liberalisation.

Mr Bernanke said the effort to build a consensus in favour of further integration is "well worth making, as the potential benefits of increased global economic integration are large indeed."

The Fed chairman said the current episode of globalisation had many similarities with past phases of international integration. As in the past, "technological advances continue to play an important role in facilitating global integration."

This results in a "continued broadening of the range of products that are viewed as tradable" – which now extends to services as well as goods.

Government policy also plays a "critical role."

However, Mr Bernanke said the latest phase of globalisation is unique in several respects.

The Fed chairman said there are "no historical antecedents" for the rapid integration of China, India and the former Communist bloc into the world economy in the space of just a couple of decades.

Moreover, he said "the traditional distinction between the core and the periphery is becoming increasingly less relevent."

Wheras in the 19th century the core countries of western Europe exported manufactured goods and surplus savings to the colonial periphery, today emerging markets export manufactured goods to the developed world in general, and surplus savings to the US.

In addition, Mr Bernanke said, global capital flows are increasingly sophisticated, while "production processes are becoming geographically fragmented to an unprecedented degree."

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Mr Bernanke's comments were echoed by Stan Fischer, governor of the Bank of Israel, who said: "Part of the anxiety in the west must derive from the discomforts of the adjustment process forced by the dynamism of Asia, and part from the fact that the wages of unskilled workers in the west may be adversely affected by such competition.

"Policy can deal with these consequences through adjustment aid and through education, but unless this is done then negative fallout from . . . competition will likely continue."

Stocks Mixed In Slow Trading Bernanke Speech, Oil Gain Sparks Small Move In Stocks; 'Very Directionless' (WSJ)

By Scott Patterson

The Wall Street Journal, August 26, 2006

A lazy summer week on Wall Street -- disturbed only by some gloomy news on the housing market -- finished with a slow, quiet swoon that left stocks little changed.

Even the threat of a tropic storm developing in the Atlantic, higher oil prices and a highly anticipated speech by Federal Reserve Chairman Ben Bernanke failed to get listless traders busy Friday. The Dow Jones Industrial Average slid 20.41 points to 11284.05, falling four out of five days this week after running higher five straight days last week as investors celebrated benign inflation reports from the government.

The Standard & Poor's 500-stock index slid 0.97 point to 1295.09, and the Nasdaq Composite Index added 3.18 to 2140.29.

The quiet action -- volume on the Big Board was the lightest of the year this week -- seemed to unnerve investors used to seeing more volatile stock swings recently. Some thought it could be the calm before a storm.

"I don't think the stock market is giving a true indication of where it should be right now," said Robert Pavlik, chief investment officer of Oaktree Asset Management. "Investors are very concerned about the slowdown in the economy," but due to a lack of catalysts, and many traders on vacation, such concerns aren't getting priced into the market, he said.

The pace is likely to remain subdued next week, at least until the release of the August nonfarm-payroll report by the Labor Department on Friday. Investors who have rooted for soft job-growth numbers in recent months, in hopes the Fed would stop raising interest rates, may begin hoping the employment picture perks up -- Wall Street's concerns have shifted from rates to the question of whether the economy is coasting into a nice, smooth landing, or whether things might get a little bumpy.

"Everyone is hoping for this elusive soft landing," said Todd Clark, director of trading at Nollenberger Capital Partners. "So if the jobs number is stronger than expected, we might see some people in the hard-landing camp move over into the soft-landing camp."

Even oil prices couldn't keep up their momentum Friday, despite the formation of a storm in the Caribbean that forecasters said could turn into a hurricane early next week and threaten key energy facilities in the Gulf of Mexico. Light, sweet crude, up more than $1 earlier, closed just 15 cents higher at $72.51 a barrel on the New York Mercantile Exchange.

A Friday-morning speech by Mr. Bernanke in Jackson Hole, Wyo., at the central bank's annual confab, had little impact on stocks. Not surprisingly, Mr. Bernanke didn't comment on monetary policy, instead addressing issues concerning the "unprecedented" pace of global economic integration, giving traders who delayed their end-of-summer vacations for the speech -- just in case the Fed chief dropped any bombshells -- the all-clear to abandon ship.

"The market didn't get any sense of direction from Bernanke," said Hugh Johnson, chief investment officer at Johnson Illington Advisors. A lack of major economic or corporate news has left "the markets very directionless," he said.

The speech by Mr. Bernanke came amid rising concerns that a cooling housing market could lead to a sharp economic downturn in coming quarters. Earlier this week, reports showed used- and new-home sales fell more than expected in July. Those reports also showed a surge in inventories, meaning the slowdown could accelerate in coming months.

The shaky housing situation, along with reports last week showing core inflation readings were a tad lighter than economists expected, are causing investors to discount the odds of another rate increase by the Fed this year. Federal-funds futures contracts on the Chicago Board of Trade show the likelihood of another increase at the Fed's next meeting in September are 12%. The fed-funds target rate currently stands at 5.25%.

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MARKET WRAP

• European Stocks Trade Flat1

• Asian Regional Indexes Finish Mixed2

• Stocks Manage Narrow Gain3

Analysts also point out that policy makers rarely boost rates ahead of elections, meaning Mr. Bernanke may choose to pause again in October before the midterm Congressional election. The next Fed meeting is in December, and by then, if the housing market continues to decelerate and consumers start tightening the purse strings, the case for more rate increases could be moot.

Investors got further evidence about the shaky edifice under the housing market from H&R Block. Late Thursday, the company said it expected to post losses for sub-prime home loans amid a deterioration of risky mortgages. The tax preparer said it is setting aside $102.1 million for mortgage-loan losses, and its stock fell 8.7%.

In major market action:

Stocks were mixed.4On the New York Stock Exchange, 1,699 stocks advanced and 1,512 declined on volume of 1.7 billion shares.

Bonds gained.5The 10-year note gained 5/32, or $1.56 per $1,000 invested, to yield 4.789% Friday, and the 30-year note rose 7/32 to yield 4.927%.

The dollar advanced.6The euro was at $1.2756 from $1.2758 late Thursday, while the dollar was at 117.30 yen from 116.52 yen.

Bonds Gain, U.S. Stocks Slip On Economic Concern; Oil Advances (BLOOM)

By Hilary Johnson

Bloomberg, August 26, 2006

Aug. 25 (Bloomberg) -- Treasuries rose for a second straight week, with yields dropping to their lowest since March, as a slowing U.S. housing market bolstered speculation the Federal Reserve may be done raising interest rates.

U.S. stocks fell as concern increased that a slump in housing may foreshadow economic weakness. Crude oil prices were little changed to end the day and rose for the week amid concern supplies may be cut.

``Housing is slowing a lot faster than people are expecting," said Jose Mazas, an interest-rate strategist in New York at BNP Paribas Securities Corp. ``We are clearly bullish" on bonds.

The yield on the benchmark 10-year note fell about 2 basis points to 4.78 percent at 4:10 p.m. in New York, according to bond broker Cantor Fitzgerald. The yield has dropped almost 6 basis points, or 0.06 percentage point, this week. The price of the 4 7/8 note due August 2016 rose 1/8 or $1.25 per $1,000 face value to 100 23/32. Yields move inversely to prices.

U.S. stocks fell, ending a losing week, on concern that a housing-market slump may hurt lenders.

Shares of H&R Block Inc., the biggest U.S. tax preparer, had the biggest drop in three years after defaults rose at its mortgage unit. Countrywide Financial Corp., the largest U.S. provider of mortgages, led a decline in financial stocks.

Slowing Economy

``Investors are clearly worried about a slowing economy," said John Kattar, who helps manage $1.6 billion as chief investment officer at Eastern Investment Advisors in Boston. Reports on economic growth, consumer confidence and spending, manufacturing and employment are due next week.

The Standard & Poor's 500 Index lost 0.97, or 0.1 percent, to 1295.09. The Dow Jones Industrial Average fell 20.41, or 0.2 percent, to 11,284.05. The Nasdaq Composite Index added 3.18, or 0.2 percent, to 2140.29.

Crude oil was little changed amid speculation that a storm heading for the Gulf of Mexico may strengthen enough to threaten oil platforms and refineries.

Winds swirling over the Caribbean Sea may intensify later today into the fifth tropical storm of the Atlantic hurricane season, forecasters said. No hurricanes have formed yet this season. By this time a year earlier 11 named storms had formed, four of them hurricanes. Oil rose to a record after Hurricane Katrina shut platforms off the U.S. Gulf coast in August 2005.

Oil Gains

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Crude oil for October delivery rose 15 cents to close at $72.51 a barrel on the New York Mercantile Exchange. The October contract is up 0.6 percent this week. Futures have jumped 19 percent this year, partly on concern that supplies from Iran and Nigeria, which account for 7 percent of global production, will be disrupted.

The threatened storm ``is the last thing we need," said Eugene X. Hodge, a managing director at John Hancock Financial Services Inc. in Boston, who manages a $4.3 billion oil and gas company bond portfolio.

The yen fell to a one-month low against the dollar after a smaller-than-expected increase in consumer prices damped speculation the Bank of Japan will lift borrowing costs a second time this year.

``The BOJ will be reluctant to aggressively ramp up rate policy this year, which will underline yen weakness,'' said Todd Elmer, a currency strategist at Citigroup Global Markets in New York. The bank probably won't raise rates again until next year, later than Citigroup originally anticipated, Elmer said.

Currencies

The yen slid to 117.28 per dollar at 5:06 p.m. in New York, reaching the weakest since July 25, from 116.54 yesterday. Japan's currency has lost 1.3 percent this week, trimming this year's gain to 0.4 percent. The yen weakened to 149.58 per euro from 148.74, touching a record low 149.80. It has dropped about 7 percent against the euro this year.

The dollar briefly gained versus the euro, reaching $1.2726. It was last at $1.2755.

Gold rose for the first day in four in London and New York on speculation that an international conflict over Iran's nuclear program will escalate.

The U.S. and France said yesterday that Iran has failed to pledge a total halt to uranium enrichment, even after an offer of economic benefits. The U.S. and some EU nations suspect Iran wants to build a nuclear weapon. Some investors buy gold in times of political tension expecting the metal to hold its value better than other assets. Gold is up 43 percent from a year ago.

Gold futures for delivery in December rose $2, or 0.3 percent, to $630.50 at 12:24 p.m. on the Comex division of the New York Mercantile Exchange. A close at that price would leave gold up 1.6 percent for the week, the first gain in three weeks. Gold for immediate delivery rose 52 cents to $621.92 at 5:26 p.m.

To contact the reporter on this story: Hilary Johnson in New York at hjohnson10@bloomberg.net .

Markets Shrug Off US Housing Slowdown (FT)

By Richard Beales And Daniel Pimlott In New York

Financial Times, August 26, 2006

Sales of new homes in the US fell by an unexpectedly large 4.3 per cent in July, the third consecutive monthly decline, and the supply of unsold homes rose to its highest in more than a decade.

Financial markets largely shrugged off the news from the US Census Bureau and the Department of Housing and Urban Development on Thursday, as forthcoming data and the late summer lull conspired to keep traders on the sidelines.

On Wednesday, data had also showed a much larger than expected fall in sales of existing homes, the latest in a string of weak reports on residential property.

The slowdown in the housing market was one reason the Federal Reserve decided to hold interest rates steady this month after several years of continuous rises.

Share and bond markets were largely unmoved by the week's data. Major stock indices slipped on Wednesday's news, but were little changed on Thursday. Treasury bonds – which generally rise on weak economic news – fell slightly on Wednesday but edged higher again on Thursday.

"People are so negative that numbers that are just weak are not that impressive," said Ted Wieseman, economist at Morgan Stanley.

The broader question is the impact a sharp housing slowdown could have on the pace of economic growth, a concern for stock investors.

"Our view is that people overestimate the impact on the overall economy," said Mr Wieseman.

Nonetheless, analysts said recent housing data increased the chances of the Fed continuing to keep interest rates steady.

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"We think an orderly cool-down should start hurting consumer demand soon, inspiring the Fed to leave rates on hold for now," said Dimitry Fleming, analyst at ING Bank.

Home For Sale, By Anxious Owner (NYT)

By Vikas Bajaj And David Leonhardt

The New York Times, August 25, 2006

Home sales are falling rapidly, and the number of houses on the market is surging. Yet each new economic report offering evidence of a housing slowdown also shows that the national median home price has continued to rise over the last year.

To understand how this could be happening, consider a three-bedroom house surrounded by oak and redwood trees, not far from the Golden Gate Bridge, in San Rafael, Calif. Reluctant to cut the price from its current listing of $1.54 million, its owners are instead offering a weeklong vacation time-share, every year for life, worth about $10,000, or an equal amount toward lease of a car.

"Location and value will give the buyers a reason — this will give them a sense of urgency," said Tom Wessling, who owns the house with his wife, Brenda, and is being transferred to Atlanta. "If nothing else, it will be the thing that calls attention" to the house.

In California, the Northeast, South Florida and parts of the Southwest, deal sweeteners like these are playing an increasingly important role in supporting home prices. From large national home builders to individual homeowners, many sellers are offering thousands of dollars in perks, including straight cash, so they do not have to slice deeply into asking prices.

But these discounts are almost entirely missing from the statistics on new-home prices reported by the government and on existing-home prices reported by the National Association of Realtors. As a result, home prices may now be falling, despite what the official numbers show, many economists say.

The use of rebates helps home builders and individual sellers by making the real estate market look healthier than it may truly be and by preventing a snowballing decline in home prices. It also keeps commissions for real estate agents higher than they would otherwise be.

In July, the national median price — half sold for more and half for less — of a newly built home was $230,000, the Commerce Department said yesterday. That is 0.3 percent higher than the median price a year ago. The number of new-home sales fell 21.6 percent over the last year, with the sharpest drop occurring in the Northeast.

On Wednesday, the Realtor group reported that the median price of existing homes was also $230,000 in July, up 0.9 percent from a year earlier.

Mark Zandi, the chief economist of Moody's Economy.com, estimated that incentives might now be equal to as much as 3 percent of the effective prices of houses across the country, on average. But he and other economists said there was simply no way to know for certain.

"We don't have any house price indexes that get it right," said Todd Sinai, an associate professor of real estate at the Wharton School of the University of Pennsylvania.

"Sellers are pretty picky," he added. "They are not willing to lower prices enough in downturns; they don't do it very quickly." Their reluctance delays sales, contributes to rising inventories and allows prices on the remaining transactions to show an annual increase.

Incentives are most common in the new-home market, where builders are under financial pressure to sell empty homes and, as large businesses, have the ability to absorb the financial hit. Depending on the market, executives at the nation's biggest builders say the giveaways can equal 3 percent to 8 percent of a home's sale price. If builders instead reduced asking prices by that much, it would be enough to wipe out the year-over-year price gains in many markets. Last year, by contrast, many builders were selling out new subdivisions and condominiums in hours or days, often in auctions.

"If you were going to sell the house exactly the way it was before, you would be looking at a price decline," said David Seiders, chief economist at the National Association of Home Builders.

But in a sign of the housing market's deterioration, creative — and expensive — lures are also becoming more common in the existing-home market. With many houses languishing on the market for months, buyers often have the leverage to request a

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last-minute concession of a few thousand dollars, or more, as a prerequisite to a sale. The subsidy often comes in the form of a discount on the amount of cash a seller must pay at closing.

"It's using a little psychology," said Frank Borges LLosa , who owns Frankly Realty in northern Virginia, an agency that mainly represents buyers. "It makes it sometimes appear like I'm offering a higher price."

Mr. LLosa recently analyzed records for condominiums in one Virginia ZIP code and found that the use of subsidies had soared since last year, when they were almost nonexistent. In Arlington, 14 condominiums had sold for $350,000 to $550,000 since June 1, and 10 of them included a subsidy from the seller to the buyer. The average subsidy was more than $7,000.

The Wesslings of San Rafael have cut the price of their house twice, by a total of $160,000, since they put it on the market in May. Mr. Wessling, a marketing executive, believes the home is now "competitively priced" and hopes the perks, which also include a $10,000 reward for referring a qualified buyer, will be enough to clinch a deal.

Mr. Zandi, the economist, said he believed that the use of perks was now approaching its peak and that sellers would soon be forced to cut list prices more heavily. He predicted that the home-price data released by the Realtors association would show a year-over-year decline, relative to the same month a year earlier, before the end of this year. If so, that would be the first such drop since 1993. The Realtors have never reported a drop in the annual average of national home prices, a fact frequently cited by real estate analysts.

"The reason the Realtors' data has never showed an outright decline" before, he said, "might be that they're not measuring the effective price."

Lawrence Yun, a senior economist with the Realtors group, said that in markets where inventories had been rising rapidly — like the Northeast and California — incentives could well equal 3 percent of house values. But he estimated that the national number was smaller, because homes sales were continuing to rise in roughly a third of markets around the country.

The typical incentive package from a home builder consists of upgrades to the house — granite countertops instead of humdrum tiles, stainless-steel refrigerators and stoves instead of plain white models and wood blinds instead of plastic. At the extremes, some have thrown in $30,000 swimming pools.

Buyers who demand discounts often get them in the form of excused closing costs or low interest rate loans made by builder-affiliated mortgage companies.

On the west coast of Florida, builders are advertising incentives like upgraded countertops, interest rate promotions and cash rebates totaling $40,000, or 6.6 percent to 8 percent of the sales price, on homes that sell for $500,000 to $600,000, said John Dew, a real estate agent in Naples.

Builders tend to choose discounts because they worry that reductions in the list price would send a clear signal that the market is in trouble, potentially angering previous buyers and emboldening future customers.

"They already sold the same product to the guy next door and if they reduce the price he is going to scream," Mr. Dew said. He added that many builders were also offering agents bonuses worth tens of thousands of dollars in finders' fees for bringing in buyers.

In effect, the incentives have become a quiet way to cut the price of houses without further damaging the market. Sellers "don't want to create this environment of fear in the market that prices are going down, so you should wait to buy," said Dean Baker, co-director of the Center for Economic Policy Research in Washington, who believes that prices will fall in coming years.

Incentives are often most substantial on homes built on speculation before a sales contract has been signed, or on properties that buyers have walked away from after signing a contract. Big builders report that cancellation rates are running as high as a third of new sales, compared with about 20 percent or less a year ago.

Pulte Homes, for instance, was recently offering unspecified incentives totaling as much as $10,000 on homes in a Connecticut development to buyers who were willing to move in before school started. In the spring, Centex Homes ran a "24-hour sale" in Southern California where buyers who agreed to purchase within the day could get a $100,000 discount. It ran a similar offer for a $60,000 discount in Atlanta.

Lenders are also wary of incentives. Lenders do not want to finance transactions where the sales price exceeds the true value of the home. Fannie Mae, the large buyer of mortgages, requires disclosure of perks and it caps them on a sliding scale from 2 percent to 9 percent of selling prices, depending on whether buyers will live in the home and based on the size of the

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down payment. The concerns of lenders will eventually limit the size of incentives in home sales, said Anthony Hsieh, president of LendingTree.com, the Web loan site. Many buyers may also balk because their property taxes will be based on the sales price listed on the contract.

Eventually, buyers will realize "there is no free lunch," he said. "There is a reason it's being given away."

Housing Boom's Dark Side (WSJ)

By M.p. Mcqueen

The Wall Street Journal, August 26, 2006

Underinsurance Lurks as a Nasty Surprise

It's the downside of the housing boom: Many homeowners are now significantly underinsured.

Americans have been pouring money into their homes in recent years, adding everything from marble bathrooms to fancy backyard barbecues: Last year alone, spending on improvements like these hit an estimated $155 billion, up 27% from two years earlier. At the same time, the global boom in commodities prices -- lumber, copper piping and other necessities -- as well as rising labor costs has pushed up replacement costs by 7% a year since 2001.

As a result, people who haven't updated their insurance policies in a few years may now be underestimating what it would cost to rebuild their homes, particularly in high-priced markets.

According to a survey to be released soon by Marshall & Swift/Boeckh LLC, a firm that supplies building-cost data to insurers, 58% of houses are undervalued for insurance purposes. Of those, the average homeowner has enough insurance to rebuild only about 80% of his or her house, according to the survey.

Meantime, many insurers have been quietly cutting back what their policies cover. Allstate Corp. recently stopped covering earthquake damage in most states. Several insurers, including State Farm Insurance Cos. and Farmers Insurance Group, a unit of Zurich Financial Services, have stopped covering wind damage in some coastal areas that have been threatened by hurricanes.

One of the biggest shifts by insurers in recent years has been the virtual disappearance of "guaranteed replacement cost" coverage, which promised to rebuild a home exactly the way it was, no matter the cost. Now, most standard policies provide only "extended replacement cost," which offers up to 20% or so more than the face value of the policy if extraordinary events push up rebuilding costs.

Insurance experts say many homeowners haven't grasped this shift, and may be woefully underinsured as a result.

Home insurance exists to help owners repair or rebuild a home, and replace furniture, clothing and other personal property, in the wake of a fire, burglary or other calamity covered by the policy. Some risks, such as flooding or acts of war, are routinely excluded. (Policies also include liability coverage to protect against lawsuits resulting from incidents around a home, such as your dog biting the cable guy).

For insurance purposes, the value of a house is based mostly on the rebuilding costs in a particular area, not on its market value. The policy isn't meant to include the value of the land underneath, which is why some homes, especially in desirable neighborhoods where land is pricey, need less insurance than the amount they would fetch in a resale.

Homeowners need to pay close attention to what's in their policies, because insurers are regularly fiddling with the coverage. Insurers notify policyholders about coverage changes in the annual policy-renewal statement, but many homeowners don't bother to read it, focusing only on the premium.

"Take the new policy, and the old one, and put them side by side -- and if you have questions, contact the company," says Don Griffin of the Property and Casualty Insurers Association of America. It's also a good idea to have a face-to-face meeting at least once a year with your insurance agent or broker, at renewal time.

Some consumer advocates have blamed insurers themselves for homeowners being underinsured, saying their agents lowballed replacement costs in order to keep premiums competitive. Over the past few years, spurred in part by lawsuits, insurers have taken steps to improve their estimates, industry officials say.

That is what Ross Quigley of Mount Lemmon, Ariz., says happened to him. In 2003 a mountain cabin he owns in this vacation community near Tucson was destroyed by wildfire, along with hundreds of other homes. The retired real-estate broker

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had a $160,000 policy, but he learned that rebuilding the 1912 structure was going to cost $500,000 because of its unusual features and remote location. Mr. Quigley says his insurer had "told me not to worry, because I had 'replacement value,' " a provision in the policy that stipulates he would receive the value of his home without subtracting for depreciation. "But that was so misleading," he says.

He sued the insurer, alleging the company had acted in bad faith by seriously underestimating the amount of insurance he needed. The matter was settled out of court late last year.

Homeowners with unique, historical or custom-built houses might not be able to find adequate coverage from mass-market insurers, which typically pay to rebuild using only standard materials and construction techniques. These owners might have to turn to a specialty insurer, such as Chubb Corp., American International Group Inc. and Allianz AG's Fireman's Fund Insurance Co.

Here are three key questions for an insurer during a checkup:

Do I have enough insurance to be able to rebuild my home as it is, and replace my personal possessions?

Your agent should be able to tell you, but for $7.95 you can check by using a replacement-cost calculator provided by Marshall & Swift/Boeckh at www.accucoverage.com. It uses information you report about your house, and the construction-cost data that the insurance industry uses. Detailed estimates can be obtained from local building contractors, or by paying a professional appraiser.

Coverage for the contents of the home is pegged, usually at about 50%, to the insured value of the house. When calculating your needs for personal property, take an inventory of your possessions, or make a video.

Don't forget to include art, jewelry or unique collections that might require special riders or a separate policy -- a frequent oversight. Most homeowner policies generally cover jewelry only up to $2,000, and antiques are only covered for their value as furniture.

How much am I covered for liability for damage or bodily injury to others?

A standard homeowner policy includes coverage from $100,000 to $300,000. Umbrella liability policies provide coverage in excess of home and automobile policy limits, in increments of $1 million, at prices beginning at about $200 a year. Affluent homeowners vulnerable to litigation because of their deep pockets may want to consider the additional coverage.

Am I adequately covered for the cost of additional living expenses if my home is damaged and I have to live somewhere else during repairs?

This part of the policy reimburses you for hotel bills, restaurant meals, etc. Most policies provide about 20% of the insured value of the house for living expenses. Higher limits are available from some insurers.

When The Bubble Bursts (LAT)

The Los Angeles Times, August 26, 2006

Who will get it worse if the housing market slumps?

REPORTS ABOUT THE HOUSING market have been downbeat for homeowners all summer, especially in Southern California, with fewer deals closing and the supply of unsold units mounting. So the latest readout from the National Assn. of Realtors — fewer homes sold in July than in June, average sale prices dropping in several regions — was yet another sign that the market's jet engines have run out of fuel.

It's too early to say whether the slowdown will turn into a crash presaging a recession, as happened in the late 1970s and '80s, although the economy's other fundamentals remain healthier now than then. But it's worth bearing in mind which homeowners are most likely to be affected by a possible downturn and which ones can lay off the antacids.

Homeownership in the U.S. is at its highest level in at least 110 years, with nearly 70% of the population in 2003 living in residences they own. That increase over the 65% rate of just a decade ago is widely attributed to not only an aging population but to innovative lending techniques that have enabled more young people to buy instead of rent. Those techniques include zero-down-payment mortgages and "sub-prime" loans to people who in the past would have been considered too risky.

Within this enlarged pool of homeowners, many of whom have a thinner financial cushion, there are two groups: those whose homes are a long-term investment, and those looking for a quick resale. The first group can shrug off anything short of a

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calamitous drop in prices, even if they sell their homes during the slump. That's because they've benefited from the outsized run-up in prices since 2001, when home values in Southern California rose 11% to 23% annually. Buying a home is typically a good long-term investment for a variety of reasons, but earning stock-market-like growth is not one of them.

Recent home buyers who have counted on big short-term gains have more to worry about. Speculators already have recognized the risk and retreated from the market. But numerous other buyers had been hoping to work their way up to bigger homes and better neighborhoods. A burst bubble could force these people to stay put for several years.

A separate point of anxiety is the prospect of higher interest rates for buyers with adjustable-rate mortgages. The Federal Reserve recently took a break from its prolonged increasing of short-term rates, but lingering risks of inflation could push borrowing costs, and therefore adjustable mortgages, back up. Owners who can't afford the higher payments might be forced to sell their homes at a loss.

Meanwhile, though, there are nuggets of good news for would-be buyers, especially those who have been priced out of this market. With demand for loans dropping, some banks are making it even easier to obtain mortgages. Homes are staying on the market longer, and sellers' expectations are fading. But if you're going to buy a home, you'd better count on keeping it for a while.

What Is "Affordable" Housing? (LAT)

The Los Angeles Times, August 26, 2006

A fuzzy old term adapts to the new era.

YOU PROBABLY DIDN'T REALIZE IT, but your home — your overpriced, over-leveraged Los Angeles home — became more affordable last week. Yes, you'll probably still have to stick to macaroni-and-cheese dinners if you want to make your mortgage payment every month. And no, that mid-century gem in the Hollywood Hills will still be out of reach, unless you win the lottery. But on paper, thanks to long-anticipated adjustments to the California Assn. of Realtors' housing affordability index, homeownership now appears to be more attainable for first-time buyers.

The association's affordability index is cited often. When a news article or affordable housing advocate mentions that some shockingly low number of households (say, 8% in Santa Barbara in 2005) were able to afford a median-priced home, the index is often behind the analysis. Developers lean on affordability index numbers to push for new projects; businesses sometimes look at them to determine whether relocating employees to California can pay off. And the affordability index has helped to fuel the housing frenzy, ratcheting up status anxiety by reminding us all that that most American of pursuits, homeownership, is sliding further from our grasp.

Before Thursday, however, the index applied 20-year-old assumptions to today's housing market. To compute affordability, the association assumed that purchasers were making 20% down payments, getting fixed-rate mortgages and spending no more than 30% of their incomes to finance their houses. These days, few buyers are that conservative—so the California Assn. of Realtors now assumes that first-time buyers make 10% down payments, secure adjustable-rate mortgages and devote 40% of their incomes to housing costs. (Different parameters, still to be determined, will measure affordability among repeat buyers.)

The new computation is more relevant. It also makes houses seem cheaper, just slightly. Last year, 14% of Los Angeles households made enough money to buy a median-priced house. In the second quarter of this year, 19% of first-time buyers made the cut to buy at 85% of the median price.

For some, it will be tempting to suggest that "more affordability," at least on paper, will keep the housing juggernaut rolling. For others, it will be tempting to wonder if this is more proof that the market is at its peak. Back in the '90s, eager equities investors began looking for new metrics, such as EBITDA — earnings before interest, taxes, depreciation and amortization — to justify their passion for buying stocks that were overpriced by all the usual measures.

Then again, that might be over-thinking things. The simple truth, as economists at the California Assn. of Realtors admit, is that the outlook remains bleak for buyers. According to the new figures, the median price for first-time buyers in Los Angeles was $489,860 in the second quarter of this year. The required income a family needs to afford a house at this price, according to the new criteria, is $100,320. In L.A., even an affordable home is still pretty expensive.

Is Fannie Mae's House In Order? (LAT)

The Los Angeles Times, August 26, 2006

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The federal government hasn't done enough to prevent the mortgage powerhouse from messing up again.

IT SEEMS THAT MORTGAGE powerhouse Fannie Mae — which in May paid a $400-million fine to settle charges of shoddy accounting with its chief regulator, the Office of Federal Housing Enterprise Oversight, and with the Securities and Exchange Commission — may finally be winding its way back into the good graces of Wall Street and the federal government. The company is on track to restate past earnings (to the tune of $11 billion) by the beginning of the year. On Thursday, it announced that the Justice Department was dropping a criminal investigation of its practices.

Pity that the federal government has done little to make sure that Fannie Mae doesn't have a relapse.

Fannie Mae, along with its sister company, Freddie Mac, were chartered by Congress to keep mortgage markets liquid by buying loans from banks and reselling the debt to investors. Even though it was turned over to private investors in 1968, Fannie Mae still enjoyed tax breaks, loose capital restrictions and low borrowing costs that were unavailable to other publicly traded companies. Its special status as a politically powerful "government-sponsored enterprise" meant that it also got preferential treatment from investors, who assumed that taxpayers would bail it out if it ever got into serious trouble.

Fannie Mae and Freddie Mac also face lighter regulation than do other financial institutions. Their regulator, the housing oversight agency, doesn't oversee all aspects of Fannie Mae's business; it doesn't have the authority to litigate against bad actors in the company; and it can't limit risky (but profitable) investments that could endanger Fannie Mae's ability to maintain liquidity in the mortgage market.

The Bush administration is backing efforts in Congress to grant Fannie Mae's regulator the same powers that most bank regulators have, but the effort is inexcusably stalled in the Senate. Powerful real estate lobbyists and Democrats who think Republicans are ganging up on the "affordable housing" champion apparently feel that the health of the housing industry is somehow tied to Fannie Mae's ability to get away with financial shenanigans.

Director At Ford Steps Down (NYT)

By Micheline Maynard

The New York Times, August 26, 2006

DEARBORN, Mich., Aug. 25 — Robert E. Rubin, the former Treasury secretary and currently a Citigroup executive, has stepped down as a director of Ford Motor, clearing the way for his investment bank to play a more significant role as Ford makes major decisions about its restructuring.

Mr. Rubin, a director and chairman of the executive committee at Citigroup, said in a letter released Friday that he wanted to avoid any potential conflicts that could be raised by his presence on Ford's board, which he joined six years ago.

It came as Ford's chief executive, William Clay Ford Jr., is pondering a wide variety of steps that are aimed at reversing Ford's losses, resizing the company and enabling it to withstand brutal industry competition.

Those steps could include finding buyers for luxury brands like Jaguar, Land Rover and Aston Martin. That task could fall to Citigroup as well as another financial adviser, Goldman Sachs, which like Citigroup has a longstanding association with Ford.

Last month, Mr. Ford hired Kenneth Leet, a former executive with Goldman Sachs and Bank of America, as a strategic adviser to lead the company's review and make recommendations on steps — like alliances with other auto companies and the sale of its units — that the company needed to take to restructure..

People briefed on Ford's activities said the company's future relationship with both Goldman Sachs and Citigroup could be more far-reaching than individual deals had been in the past.

Mr. Rubin's resignation came in a letter Thursday to Mr. Ford. In it, he said Citigroup's "multifaceted relationship with Ford could raise a question whether my relationship with Ford and Citigroup creates an appearance of conflict."

"Although no conflict currently exists and while I would have liked to remain involved, I have with great regret concluded that I should resign from the board at this time."

Mr. Rubin was out of the country Friday and could not be reached. He is the fourth board member to leave Ford this year. Carl Reichardt, a longtime director who served briefly as the chief financial officer under Mr. Ford; Marie-Josee Kravis, an economist and senior fellow at the Hudson Institute; and James Padilla, the company's former president who retired in July, all left the board in May. At that time, Ford reduced its board from 15 to 12 members.

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Mr. Ford said Mr. Rubin, who served as Treasury secretary from 1995 to 1999, "has been a wise and generous counselor to me and to the company," adding that he understood "Bob's prudent decision to resign as we continue to explore future strategic options."

Oscar Suris, a Ford spokesman, said Friday that the company's relationship with Mr. Rubin "doesn't end today.''

"This is merely a move on his part to ensure he's doing the right thing from a corporate governance standpoint."

His departure is the second instance this year of a major Wall Street figure's leaving an auto company's board. Merrill Lynch's chief executive, E. Stanley O'Neal, left the General Motors board in February, saying that the increasing time demands at G.M. were becoming difficult to meet in light of his responsibilities at Merrill Lynch, long an investment adviser to G.M. Likewise, Ford has done substantial business with Citigroup through the years, even while Mr. Rubin served on the board, said John Casesa, an industry analyst with Casesa Strategic Advisors. Last year, Citigroup Global Advisers served as a financial adviser to Ford when it sold the Hertz Corporation to a private equity group for $15 billion.

Thus, Mr. Rubin's decision to resign now may be a sign that "whatever's coming down the line at Ford will be big stuff," Mr. Casesa said.

Mr. Rubin's move comes as Wall Street and the news media have shone a harsh spotlight on Ford, which is fighting to hang on to its position as the No. 2 in the American market, behind G.M. Although the company's troubles have been building for some time, Ford in large part was able to escape scrutiny because of even bigger problems at General Motors.

Those days are over. In recent days, the company has been awash in speculation, ranging from the prospects of the Ford family's taking the company private, which many analysts dismiss as unlikely, to the lineup of potential buyers for Jaguar and its other brands.

The speculation can be a useful tool for Ford as it gauges investor and employee sentiment to steps it may take, analysts said. Conversely, it can also serve to undermine morale and raise expectations too high for the company to meet.

Ford's woes have provided kindling to fire the rumors. Last week, Ford said it would cut its fourth-quarter production by 21 percent, its biggest cut in more than two decades, because sales of pickup trucks and sport utility vehicles have been devastated by high gasoline prices. In July, Toyota passed Ford for the first time to rank as the second-biggest carmaker in the American market.

Ford, which lost nearly $1.5 billion during the first six months of 2006, cut its dividend in half last month. In January, Ford announced a turnaround plan for its North American operations, which it called the Way Forward. Under it, Ford planned to close 14 factories and cut 30,000 jobs by 2012.

But the company is now expanding the plan, warning that it might have to cut deeper and more quickly than the original blueprint anticipated. Details are expected to be announced in mid-September and could include more cuts in white-collar jobs and more buyouts for blue-collar workers. Ford, which has not identified all the factories that it plans to close, may add more plants to the list and speed the layoffs already announced.

Ford shares rose 24 cents, to $8, on word of Mr. Rubin's resignation as well as reports that Ford's former chief executive, Jacques A. Nasser, may lead an investment group to bid for some of Ford's assets. Mr. Suris said the reports were speculation.

Rubin Quits Ford's Board To Allay Conflict Concern (WSJ)

By Monica Langley, Jeffrey Mccracken And Joseph B. White

The Wall Street Journal, August 26, 2006

Citigroup Director's Exit May Signal Overhaul Plans Are Broader Than Indicated

Former Treasury Secretary Robert E. Rubin, a director at Citigroup Inc., resigned from the board of Ford Motor Co. amid reports it is in talks to sell some luxury brands, a fresh signal the company could be preparing a more sweeping overhaul than previously outlined.

Friday's announcement of Mr. Rubin's resignation follows a July board meeting around which time Citigroup was hired, along with investment bank Goldman Sachs Group Inc., to advise Ford on strategic options for navigating its current crisis. Mr. Rubin is a member of Citigroup's Office of the Chairman.

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Citigroup's "multi-faceted relationship with Ford could raise a question whether my relationship with Ford and Citigroup creates an appearance of conflict," Mr. Rubin wrote Ford Chairman and Chief Executive Officer Bill Ford Jr. in a letter, portions of which were released publicly. (Read Ford's statement1.)

At their July meeting, Ford directors ordered up an "independent and vigorous" analysis of the auto maker's operations, a person familiar with the situation said. The board asked Citigroup and Goldman Sachs to provide views on Ford's ability to "operate out of its problems," which include falling revenue and high costs tied to labor and health care, and its cash requirements to do so. It also asked for advice on asset sales and other revenue-raising options, as well as further cost-cutting measures, this person said.

While the Wall Street firms are expected to provide initial reviews at the September board meeting, Mr. Ford also is conducting an internal strategic review with the help of a newly hired executive, Kenneth Leet, a merger-and-acquisitions veteran who worked for many years at Goldman Sachs. Ford's disclosure of Mr. Leet's hiring was taken by buyers as a signal to bid on the auto maker's assets.

WALL STREET JOURNAL VIDEO

2

CNBC's Phil LeBeau examines3 the reasons behind Bob Rubin's resignation from Ford's board.

Investors reacted positively to the signs that Ford is planning a substantial makeover, bidding Ford shares up 3.1% in trading Friday. Ford shares were at $8, up 24 cents, in 4 p.m. New York Stock Exchange composite trading.

Some analysts said the departure of Mr. Rubin, who served as Treasury Secretary in the Clinton administration from 1995 until 1999, may be a blow to Ford because he is widely considered one of the most constructive directors of the company.

Ford has lost a number of senior officers in the past year, either through retirement or resignations. Mr. Rubin is the third board member to depart in five months.

"I think it's a great loss because he's as strong of a director as Ford has in the boardroom," said John Casesa, president of Casesa Strategic Advisors.

Starting next week, Mr. Ford is expected to lead meetings to decide on an array of proposals for accelerating Ford's cost cutting and downsizing in North America, and possibly revamping its product and marketing strategies, people familiar with the situation said. Final announcements are expected after a Sept. 14 board meeting.

Already, it appears that Ford is ready to unwind its global luxury-vehicle strategy. The auto maker is in discussions with a group led by former Ford CEO Jacques Nasser and J.P. Morgan Chase & Co.'s private-equity arm, One Equity Partners, which has proposed buying one or more of Ford's British luxury brands, people familiar with the situation said Friday. Those brands include Jaguar, Land Rover and Aston Martin. The talks were previously reported by Bloomberg News.

One Equity manages $5 billion worth of investments and focuses primarily on middle-market transactions. It isn't clear how it plans to finance the deal or whether it will team with other groups to do the deal.

Mr. Nasser last month made a preliminary offer for just the Aston Martin brand, according to a person familiar with the situation. Ford didn't respond to that offer because it was considered too low.

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4

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One possible scenario is that Ford would sell Jaguar and Land Rover, which share critical technology, as a unit, and separately sell the low-volume Aston Martin superluxury sports-car brand. The talks between Ford and the J.P. Morgan Chase unit are preliminary, and Ford could well be seeking other suitors, people familiar with the situation said. A British industrialist, Sir Anthony Bamford, chairman of JC Bamford Excavators Ltd., a United Kingdom heavy-machinery group, also has expressed interest in Jaguar. (See related article.6)

Mr. Nasser left Ford in 2001 amid rising financial losses. But he and Mr. Ford have remained in contact and have discussed the company's current problems. Mr. Nasser still uses a Ford office and administrative support.

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As CEO, Mr. Nasser was the architect of Ford's strategy to use four brands -- Jaguar, Volvo, Land Rover and Aston Martin -- to serve the growing demand for high-price vehicles globally. But the aggressive expansion plan for Jaguar pushed by Mr. Nasser and his then-luxury group chief, Wolfgang Reitzle, has largely backfired, causing substantial losses at Jaguar even as other luxury-car makers thrive.

Selling Jaguar, Land Rover and Aston Martin would give Ford capital to invest in its Volvo Cars unit, which has been far more profitable over the years than any of the British brands. Ford could expand Volvo's lineup, taking more advantage of its relative strength in the U.S. market.

Next week, Mr. Ford is expected to begin hearing from teams of subordinates who have been studying what to do to get Ford's North America overhaul back on track.

It is expected he will be presented with a variety of options to cut costs and bolster revenue. According to people familiar with the matter, the ideas on the table include authorizing a sweeping buyout program to cut Ford's U.S. hourly work force, similar to the buyout plan that helped rival General Motors Corp. shed about 34,000 workers earlier this year. Ford also could order big salaried-staff cuts and close more factories.

Ford may stop short of a companywide blue-collar buyout, but a move to substantially expand the effort to cut Ford's U.S. work force appears likely, according to people familiar with the situation. GM's buyout success could put the No. 1 auto maker in a position in which its day-to-day costs are lower than Ford's.

Some Ford local union leaders were quoted last week in Detroit's newspapers, the News and the Free-Press, saying they don't want to see the union's active ranks drastically diminished.

Mr. Ford likely will get proposals to rework its North American product program, said people close to the matter. Mr. Ford also is expected to weigh options for overhauling Ford's U.S. marketing strategy. One idea that could be weighed is phasing out the Mercury brand and effectively replacing it with the more youthful Mazda brand. Mazda Motor Corp., Ford's Japanese affiliate, has rolled out a string of attractive vehicles, and Ford increasingly is sharing midsize and small-vehicle engineering and manufacturing with Mazda in the U.S., China and certain other markets.

Among other possibilities, Mr. Ford hasn't ruled out reaching out to a rival, such as Renault SA-Nissan Motor Corp. Chief Executive Officer Carlos Ghosn, to forge an alliance that can bolster Ford in the global battle with GM, Toyota Motor Corp. and others. He also has indicated he remains open to the idea of hiring a senior executive either to be his chief operating officer or as a CEO.

--Shasha Dai contributed to this article.

Write to Monica Langley at monica.langley@wsj.com7, Jeffrey McCracken at jeff.mccracken@wsj.com8 and Joseph B. White at joseph.white@wsj.com9

Farewell Portends Changes At Ford (WP)

By Sholnn Freeman, Washington Post Staff Writer

The Washington Post, August 26, 2006

Rubin Resigns As Officials Mull Selling Brands

Citigroup Inc. senior executive Robert E. Rubin resigned from Ford Motor Co.'s board of directors yesterday, citing potential conflicts of interest as the automaker reviews its long-term strategy, which could include selling off European luxury brands.

Like General Motors Corp., Ford is struggling to revamp its operations as the 1990s boom in sales of sport-utility vehicles comes to a close. Ford Chairman William Clay Ford Jr. has said he is open to forming alliances with other automakers. In his bid to turn around the company, Ford has said everything is on the table.

In early August, Ford hired investment banker Kenneth Leet, an 18-year veteran of Goldman Sachs, to spearhead a review of long-term strategy for the automaker, including alliances with other automakers or asset sales. Leet reports to Bill Ford. GM is in talks with Nissan Motor Co. and Renault SA about a possible alliance.

Rubin, a treasury secretary in the Clinton administration, said in a letter to Bill Ford that Citigroup's "multi-faceted relationship" with Ford could create the appearance of a conflict, although he said no conflict exists currently. Rubin is on

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Citigroup's board of directors and is a strategic adviser to the bank's senior executive team. Citigroup has acted as consultant to Ford on investment banking issues for the past several years. Rubin had been a Ford director since 2000.

Ford is in talks to sell Jaguar and Land Rover to an investment group led by Jacques Nasser, a former Ford chief executive, according to a source familiar with the discussions who spoke on condition of anonymity because talks are ongoing. Nasser is a senior partner of One Equity Partners LLC, the private equity arm of J.P. Morgan Chase & Co. A spokeswoman for J.P. Morgan declined to comment.

Ford spokesman Oscar Suris also refused to comment. "Our process is ongoing as we speak," he said. "Come September you can rest assured we will have more to say."

Ford's share price climbed 3.1 percent yesterday to $8.

Ford lost $1.4 billion in the first half of the year. Last week, the automaker said it would temporarily halt production at 10 assembly plants at times through the end of the year. At dealerships, Ford is offering zero-percent financing discounts to help revive sales and clear stocks of unsold vehicles. Like GM, Ford is facing reduced demand for large pickup trucks, a big source of profit along with SUVs.

"Bill Ford has one problem. It's a four-letter word: time," said Jim Sanfilippo, senior industry analyst at AMCI, a consulting firm in Bloomfield Hills, Mich. "Ford Motor Company needs to reenergize itself. They are wretchedly downsizing the company as fast as they can."

In July, Toyota Motor Corp. surpassed Ford in monthly U.S. new vehicle sales for the first time. Ford's American brands Lincoln and Mercury have struggled in recent years and could be under review, analysts have said. Ford's share of the U.S. market has slid this year to 17 percent, down from 21 percent five years ago, according to J.D. Power and Associates. Each percentage point of market share is equivalent to about 170,000 lost vehicle sales a year.

Bill Ford and other top executives have blamed Ford's current financial problems on the downturn in sales of large SUVs. In the 1990s, Ford was flush with cash from the sales of the vehicles such as the Explorer, Expedition and Lincoln Navigator. The Expedition and Navigator once boasted profits of $10,000 or more per vehicle. But those sales have slowed significantly because of rising gas prices, changing consumer attitudes toward dependence on Middle Eastern oil and concerns about global warming. Consumers have increasingly moved to car-based SUVs or exited the SUV market altogether in favor of passenger cars. Detroit executives have said they were caught off guard by the shift.

Mark Fields, a Ford executive vice president and president of the Americas division who was tapped last year by Bill Ford to lead the automaker's turnaround, has pledged to return Ford's North American operations to profitability by 2008. As part of the initial plan, Ford is cutting 30,000 jobs by halting operations at 14 factories by 2012, including seven big auto assembly plants.

Analysts say Ford is also suffering from GM's improved position. To cope with weak SUV and pickup demand, GM speeded up redesigns of large SUVs and pickup trucks. Those trucks have performed well, making Ford's SUV line look dated.

GM's new line of pickup trucks, due later this year, could pose a threat to Ford. Toyota is also ramping up production of a new pickup truck this year at a new plant in San Antonio.

The Ford F-Series pickup truck has long been the top seller in the market. Ford officials are counting on the brand loyalty of pickup truck buyers, and the attractiveness of their models.

Ford and other executives have acknowledged that an over-reliance on trucks led to the current financial crisis. In a Washington speech in June, Fields said Ford paid too little attention to consumer trends. He said the automaker failed to look over the horizon to the day when consumers might opt for something else.

Fields reiterated that Ford isn't seeking a federal bailout. However, as Detroit's problems have mounted, the automakers have increasingly complained that Washington officials are turning their backs. Fields said the U.S. government should address the heavy burden of employee medical and pension costs and the costs associated with modernizing factories. U.S. automakers also have complained of unfair trade barriers in Asian countries and accused those countries of currency manipulation.

Class Inaction Plaintiffs' Lawsuits Against Companies Sharply Decline (WSJ)

By Paul Davies

The Wall Street Journal, August 26, 2006

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Court Rulings, Legislators Curb Asbestos, Silicosis Claims; Indicted Firm Cuts Filings Questioning 'Jackpot Justice'

Companies involved in many of the largest and most controversial legal clashes of recent decades are seeing a sharp decline in the number of lawsuits filed against them.

In recent months, judges have dismissed or challenged tens of thousands of individual cases, in matters ranging from claims of lung damage from asbestos and silica dust to allegations that the diet drug fen-phen caused heart problems. Moreover, fewer new claims like these are being launched, as state and federal courts and legislators attack the methods used by some attorneys to round up plaintiffs for large-scale litigation.

There is no comprehensive count of claims, but a look at several key areas -- particularly asbestos and silica claims -- shows large-scale litigation against single products, known as "mass torts" and "class actions," is on the wane.

"The future of mass torts and class actions is very much in question," said Geoffrey Miller, a New York University School of Law professor who teaches a course on issues in large-scale litigation.

This year, new securities-fraud class-action lawsuits are down 45%, to 61 through June from 111 in the first half of 2005, according to a new study.

Among the factors behind that drop: the federal indictment in May of the leading securities class-action law firm, Milberg Weiss Bershad & Schulman LLP, which is accused of paying individuals to file suits. The firm filed just 17 lawsuits in the first six months of 2006, down from 55 in 2005's first half -- and hasn't filed a class-action case since its indictment.

Another contributor is a federal judge's finding last year that nearly 10,000 claims of lung damage from silica dust "were manufactured for money." The case involved 200 companies that manufactured or used silica, which causes an incurable disease of the lungs known as silicosis caused by overexposure to silica dust, which is found in sand and rock and most commonly affects construction workers.

Silicosis claims have soared this decade; for instance, one top manufacturer, U.S. Silica Co., had seen claims against it spike to almost 20,000 in 2003 from just a few hundred in previous years. But after defense attorneys raised questions, U.S. District Judge Janis Jack, appointed to the bench by President Clinton, found plaintiffs were being recruited even though they likely had suffered no harm. She sent all but one case back to state courts, where many have since been dropped.

The decision has had a major chilling effect on litigation involving both silicosis and asbestos, which features many of the same plaintiffs' lawyers, doctors and even plaintiffs. About 60% of the plaintiffs in the silica case had previously been plaintiffs in asbestos suits, even though it is extremely rare to get both silicosis and asbestos. One doctor has made roughly 88,000 asbestos diagnoses over the years and diagnosed about 70% of the 10,000 silicosis cases that Judge Jack found fraudulent. Her ruling also prompted congressional hearings and state and federal criminal investigations.

The recent shift comes after decades in which trial lawyers followed a tried-and-true strategy: Recruit lots of plaintiffs, then pressure companies to agree to a cash settlement in order to avoid a long, costly court battle. Law firms typically pocketed up to a third of any resulting settlement.

Litigation against manufacturers of asbestos has been a particularly crowded arena. More than 700,000 claims have been filed against more than 8,000 companies in recent decades, leading to more than $70 billion in payouts and legal bills. Those expenses have forced dozens of companies into bankruptcy.

Many claims are legitimate. Asbestos is a fire-retardant mineral that was widely used as insulation and in auto parts until the 1970s, but was banned after the inhalation of asbestos fibres was linked to cancer and other diseases. About 4,000 people a year die from mesothelioma, cancer of the membrane around the lungs, caused by asbestos, according to the World Health Organization.

But critics say the mass-litigation system gives law firms an incentive to aggressively recruit plaintiffs with dubious claims, cutting into funds left for people who were truly harmed.

"The game for plaintiffs' attorneys is: Seek out doctors willing to diagnose a problem where the vast majority of doctors would not," says Richard Nagareda, a professor at Vanderbilt University Law School. Judge Jack's silicosis opinion "really lifted the curtain," he says.

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Plaintiffs' attorneys counter that the argument is a smokescreen designed to make it harder for individuals to hold companies accountable for bad behavior. While many plaintiffs may not currently be impaired from their exposure to asbestos, they point out, cancers and other diseases can take years to develop.

Mark Lanier, a plaintiffs' attorney not involved in the asbestos and silicosis litigation, says the actions of a few aggressive lawyers has fueled the perception that all plaintiffs' attorneys are "ambulance chasers."

A spokeswoman for the primary professional group for trial lawyers says pro-business groups are using isolated incidents to "distract attention" from efforts by businesses to "evade responsibility" for harming individuals. "If there are doctors or lawyers misusing the civil-justice system, they should be held accountable," says the spokeswoman, Chris Mather. "I would say the biggest problem is the negligence of big corporations."

Her group, the Association of Trial Lawyers of America, voted last month to change its name to the American Association for Justice because of the negative image of the term "trial lawyers."

In recent years, legislators have taken aim at the tide of litigation. Earlier this year, Congress passed a tort-overhaul bill that makes it easier to move many class-actions out of state courts and into federal court, where judges are more likely to dismiss dubious claims. The law applies only to class-action lawsuits, or those in which many hundreds or thousands of individual claims are merged into one case, so it doesn't affect cases pursued individually, such as the majority of asbestos and silicosis suits.

Meanwhile, several states, including Florida, Georgia and Texas, have passed so-called medical-criteria bills, which require a treating physician to certify a claimant has been harmed by asbestos or silica, and not simply exposed, before a lawsuit can proceed.

In Mississippi -- a state that that developed a reputation for what became known in the legal community as "jackpot justice" due to sizeable damage awards -- lawmakers passed a legal-overhaul measure in 2004 that placed caps on punitive damages and made it difficult to shop for friendly courts.

Other court rulings also have cut down on cases. In April, state-court judges in Ohio threw out about 3,000 asbestos claims after the screening doctors, some of whom also had been involved in the silicosis litigation, refused to testify, asserting their Fifth Amendment right against self-incrimination. Another 35,000 asbestos cases, in which plaintiffs had been diagnosed by the same doctors, were put aside until they could get diagnoses from other doctors.

In June, defense attorneys filed a motion in federal court in Philadelphia seeking to have more than 100,000 asbestos cases, some involving the same doctors, dismissed.

Mississippi's state Supreme Court has issued several rulings in recent years that have made it tougher for plaintiffs. One, for instance, prevents the "bundling" of several plaintiffs into one lawsuit, a technique that can be used to tie weaker claims to a stronger case. Another decision requires that plaintiffs live in the state or show that they suffered harm while in the state before they can file a claim there.

The broadside against the silicosis and asbestos litigation may have altered the landscape for thousands of welders who claim that longtime exposure to toxic fumes from welding rods causes neurological injuries such as tremors and paralysis. Such lawsuits once were considered the next class-action wave, but plaintiffs have lost the first 11 of 12 cases that have gone to trial, and 1,600 suits have been dismissed.

Still, about 10,000 cases are pending in state and federal court. And a federal judge in April denied a motion by defense attorneys to dismiss thousands of claims for medical fraud, ruling that plaintiffs' attorneys used a "robust" screening process to "weed out" questionable claims.

The maker of fen-phen, the diet drug withdrawn from the market because it could cause heart damage, also has had some success having suits thrown out. The U.S. Attorney in Mississippi has prosecuted 26 people for filing false or fraudulent claims against the company, American Home Products, which has changed its name to Wyeth. A lawyer who represented some plaintiffs was indicted for filing false claims. Federal prosecutors in Philadelphia, where dozens of fen-phen cases were tossed out, have launched a criminal probe into some suits, say people close to the matter.

Despite the tougher landscape, plaintiffs' lawyers are pushing ahead with a number of large-scale new actions. Wyeth, for one, faces a new round of litigation involving a hormone-replacement-therapy drug, Prempro. Opening arguments were held this

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past week in federal court in Arkansas in the first of 5,000 cases alleging Wyeth ignored signals that Prempro could increase risk of breast cancer, heart disease and stroke. Prempro is a widely prescribed estrogen-progestin combination used to treat pre-menopausal symptoms, such as hot flashes and night sweats.

Meantime, Merck & Co. still faces more than 14,000 lawsuits alleging its painkiller Vioxx caused heart attacks and strokes. Legal observers say Merck's decision to fight each Vioxx case individually, rather than to try and reach a quick settlement, was triggered in part by the rising tide of dismissals of claims in other cases.

It remains to be seen if the drug maker's strategy will work. Fighting individual cases has the potential to be costly. Merck has won some initial cases, but has also suffered several stinging defeats, including verdicts against it in two individual cases of $253 million and $51 million.

Still, analysts estimate that by fighting cases, Merck has been able to reduce the number of estimated claims to around 40,000 from 100,000 by discouraging some potential plaintiffs and lawyers. Analysts also have lowered estimates of the company's likely total liability to $25 billion or less compared with as much as $50 billion last year, soon after Merck pulled the drug from the market.

Write to Paul Davies at paul.davies@wsj.com1

With A Changing World Comes An Urgency To Learn Chinese (WP)

By Lori Aratani, Washington Post Staff Writer

The Washington Post, August 26, 2006

Pearl Terrell was so determined that her great-granddaughter Shayla begin learning Chinese that she spent two weeks this summer driving 100 miles a day from her home in West Virginia to a middle school in Frederick County so the soon-to-be fifth-grader could learn the language.

The U.S. government flew 10 teachers to Washington from China this month and gave them a five-day crash course in Dupont Circle on how to teach -- American-style -- before dispatching them to schools across the country. Although the number may seem small, the scramble to recruit and train these teachers for the start of this school year underscores the urgency the Bush administration is placing on establishing Chinese programs in U.S. classrooms.

After years of insisting that the world speak English, of grants and initiatives that established foreign language programs in fits and starts, Americans have awakened to a far more global playing field and the need for specialized languages, economists say. And nowhere is that more evident than with China.

"China is being mentioned everywhere in relation to everything from business, international affairs -- even the war on terror," said Kenneth Lieberthal, a professor of political science at the University of Michigan. "You buy things in the store -- they're made in China. . . . No one is hearing about France as the way of the future."

More than 1.3 billion people worldwide speak Chinese, and about 885 million of those people speak Mandarin, China's official language and dominant dialect. In the United States, only about 24,000 students in grades seven through 12 study the language, according to a report from the Asia Society, a nonprofit, nonpartisan group that seeks to build ties between the United States and Asia. But educators say those students reflect a steady growth in the number of Americans wanting to learn Chinese.

"People are finally beginning to pay attention to Mandarin as a major cultural and economic prospect for students," said Michael H. Levine, executive director of education for the Asia Society. "The push is coming from the defense [community] and government and grass-roots interest from parents."

In January, President Bush unveiled a $114 million initiative aimed at increasing the number of so-called critical languages, such as Chinese and Arabic, taught in U.S. schools. The 10 Chinese teachers are the first recruits in a program the Bush administration hopes to expand to include teachers of Russian, Korean, Farsi and other critical languages.

"This is the largest initiative of its kind focused on language in half a century," said Thomas A. Farrell, deputy assistant secretary for academic programs at the State Department.

There is no official tracking of Chinese programs, but about 96 public and private U.S. schools offer Arabic, according to the National Capital Language Resource Center, a joint project of Georgetown and George Washington universities and the

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nonprofit Center for Applied Linguistics. This fall, for example, Springbrook High School in Silver Spring will offer Arabic for the first time.

Chinese language courses are not new, particularly in the Washington area, where schools have long had an international bent. In Montgomery County, Bethesda-Chevy Chase and Richard Montgomery high schools have offered Mandarin since the late 1980s. Fairfax County schools have offered it since the 1990s.

But what is new is that interest in such courses no longer comes exclusively from Asian parents, who viewed the programs as a way for their children to maintain ties to their culture. Increasingly, it's non-Asian parents who want their children to learn Chinese, citing the desire to remain competitive for the best jobs. For example, in the Chinese language program offered in Frederick County this summer, only two of the 16 children were Asian.

"They want their children to have an edge, and they see Chinese as helping them get that," said Paula Patrick, foreign language coordinator for Fairfax public schools, where about 1,200 students take Chinese.

This fall, more than a third of Maryland's public school systems will offer Mandarin -- more than twice the number that offered it last year. (Some U.S. schools teach Cantonese, the dialect widely spoken in Hong Kong and the language spoken by many early Chinese immigrants, but far more offer Mandarin.)

In Virginia, where five school systems offer Chinese, educators in Fairfax launched a program last year to offer lessons to 1,000 students at two elementary campuses. That's in addition to the programs it offers at three high schools, where about 200 students are taking part. In Montgomery, where 17 schools offer courses, program enrollment increased 59 percent last year, from 656 students to 1,041.

In the District, H Street Community Development Corp. offered Chinese language training to 11 high school students this summer. At Washington Latin School, a public charter school slated to open next month in Northwest Washington, educators are hoping that their Mandarin program will be a draw for families when formal courses are offered in 2008.

School systems in Philadelphia, Houston, New York City and Portland, Ore., are poised to launch Chinese programs. Chicago public schools teach more than 3,500 students in the largest program in the nation.

Kathryn B. Groth, vice president of the Frederick school board, whose system will start a Mandarin program this fall, said she welcomes the global focus.

"I think Americans who used to feel other people needed to learn [English] now realize that the time has come when that doesn't work anymore," Groth said. "I've heard from people who say: 'Forget the engineering. Learn the foreign language. If you want a job, the foreign language is going to sell your engineering.' "

For her part, Terrell, the West Virginia great-grandmother, easily could have enrolled her great-granddaughter in Spanish or French courses and saved a lot of gas money. Terrell never considered foreign language a must-have when she was growing up, but she has changed her worldview.

"China is an up-and-coming country," Terrell said. "And if [Shayla] learns Chinese, it will be good for her -- and maybe she can teach me some as well."

In the sun-dappled classroom in Frederick County, Shayla and her classmates were more than eager to show off their language skills. Ariana Sadoughi, 9, of Frederick ticked off a list of Chinese phrases she had mastered: ni hao (how are you?), xie xie (thank you).

In another corner of the room, Xinchun Song was showing another group of students how to write the Chinese characters for big sister, little sister and mother. At one point, she separated the two characters that combine to form the word "mother," explaining to the children that when separated, one character translates to "horse" and the other represents "female."

"Does that mean my mother is a female horse?" one boy asked with alarm.

"No, no, no," Song said as she tried to explain the complexities of Chinese writing.

Yet even as U.S. educators are being pushed to expand Chinese programs, they are running into obstacles. It is difficult to find people qualified to teach.

Only a few universities in the United States offer teacher certification programs in Mandarin, according to Levine, of the Asia Society. Last year, George Mason University added a program to certify Mandarin teachers, but only two people have enrolled.

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That's why exchanges such as the one that brought the 10 Chinese teachers, as well as two Arabic instructors from Jordan, to the United States are so critical, said the State Department's Farrell.

"This will help us get a jump-start," he said. The initiative to bring foreign teachers here will be complemented by a similar effort to send Americans overseas for language training, he said.

Still, some fear that school systems -- particularly those that serve mainly poor and minority children -- might not be willing to make the investment in adding language classes because they are focused on pushing students to meet reading, writing and mathematics goals required under the federal No Child Left Behind Act.

The Chinese government, however, is trying to do what it can to promote Chinese language. Hanban, or the National Office for Teaching Chinese as a Foreign Language, a nongovernmental organization funded by the Chinese government, has been instrumental in providing materials and in some cases helping school systems recruit teachers from China.

This summer, Hanban worked with the National Association of Independent Schools, a group representing U.S. private schools, to send a nine-member delegation to China that recruited 19 teachers for 16 schools.

Hanban has also forged a partnership with the College Board, the organization that administers the SAT and Advanced Placement exams. This fall, the College Board will begin offering AP Chinese courses in select schools. Hanban will help the organization recruit instructors from China to help teach the courses.

For their part, the Chinese teachers who trained in Dupont -- still full of energy after a long day of lectures on "The Culture of the American School" -- were eager to share their language and traditions with U.S. students.

Said Shijun Chen, a high school teacher from Beijing: "We feel very excited and very lucky to bring our culture here. It will be a really good challenge for us."

Critic Alleges Deceit In Study On Stem Cells (WP)

By Rick Weiss, Washington Post Staff Writer

The Washington Post, August 26, 2006

Report's Basic Facts Are Unchallenged

A landmark scientific report that was supposed to bridge the gap between proponents and opponents of human embryonic stem cell research has become the focus of an escalating feud, with a prominent critic of the research alleging that scientists were deceptive in presenting their results.

At issue is a series of experiments described in Thursday's issue of the journal Nature, in which scientists at Advanced Cell Technology (ACT) in Worcester, Mass., described a method for making stem cells without harming a human embryo. The basic facts of the report remain unchallenged.

But in an unusual move yesterday, Nature corrected wording in a lay-language news release it had distributed in advance and posted clarifying data it had asked the scientists to provide.

At the core of the battle is a widely distributed e-mail from Richard Doerflinger of the U.S. Conference of Catholic Bishops, who raised three issues.

First, he said the scientists did not make it clear that no embryos survived their experiments. In fact, data in the paper do make that clear, but Nature's initial release said otherwise. It is well established that a single cell can be removed from an eight-cell human embryo without causing any apparent harm to the embryo, and the new report aimed only to show that such single cells can become stem cells, lead researcher Robert Lanza said yesterday. In the experiments, the scientists took as many cells as they could from each embryo, destroying them in the process, to make the most of the embryos donated for their study.

Doerflinger said it was also deceptive for the scientists to say that single embryo cells were coaxed to grow into colonies of stem cells. In the experiment, he noted, those single cells were allowed to feed on hormones secreted by other cells in the nutrient media in which they were grown. That leaves open the question, he said, of whether a single cell can become a colony on its own.

Lanza responded that the need for hormones from surrounding cells can easily be met by culturing the single cell with laboratory cells or even the remaining, seven-cell embryo for a day, after which experiments indicate the single cells can be weaned and grow into stem cells alone.

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A third point of contention is the fact that the published report includes a photo of a mature embryo, healthy and poised to grow into a fetus after having survived the removal of a single cell. Doerflinger said the photo is deceptive because no embryos in the experiment were allowed to develop that far.

Lanza said that the team first did those experiments to prove embryos could survive the biopsy process but that only the photo -- and not the data -- was included because that was not the point of the paper. Data from those earlier experiments were added to Nature's Web site yesterday.

In his e-mail, Doerflinger said the use of the photo in a paper describing research in which no embryos survived was reminiscent of the fraud case that brought down South Korean stem cell researcher Hwang Woo Suk early this year.

Lanza said the criticism is a sign of how politicized stem cell research has become.

"They're really going after everything they can," Lanza said. "They've got the whole machine geared up."

Stem Cells Without Embryo Loss (NYT)

The New York Times, August 26, 2006

A small biotech company says it has found a way to produce human embryonic stem cells without destroying an embryo. That the prospect does not satisfy many religious conservatives who have opposed stem cell research demonstrates once again why the government should avoid making decisions on theological grounds.

The standard way to produce colonies of stem cells is to let an early human embryo grow to a size of about 150 cells, at which point its stem cells are extracted, and the embryo is destroyed in the process. But researchers at Advanced Cell Technology have now demonstrated that a colony can be grown from a single cell removed from an embryo that has only eight to 10 cells, using a process that should leave the embryo unharmed.

Nevertheless, religious conservatives have already denounced the technique, and the President's Council on Bioethics, in a white paper evaluating alternative ways to produce stem cells, declared this approach "ethically unacceptable."

The technique would seem to sidestep the council's main objection, that it is unethical to put the tiny embryo at risk for research unrelated to the welfare of the embryo. Instead of removing a cell purely for stem cell research, the company proposes to use cells already removed for diagnostic tests at fertility clinics.

The clinics routinely remove a cell from eight-cell embryos to screen them for possible genetic defects before transferring the remaining embryo into a woman. Now the company proposes to intercept these cells, allow them to divide in a laboratory dish, and then use one cell for the diagnostic test and the other to derive stem cells. The process would add no additional risk to a diagnostic procedure that already seems quite safe.

But this approach won't satisfy those who believe that even a single cell removed from an early embryo may have the potential to produce life. It won't ease the council's concern that research objectives may intrude into the practice of reproductive medicine at a time when doctors are making critical decisions. And so the Advanced Cell Technology approach does not seem likely to open the floodgates for federal financing. Mostly it illustrates the great lengths to which scientists must go these days to shape stem cell research to fit the dictates of religious conservatives who have imposed their own view of morality on the scientific enterprise.

Medicare Ads Paid By Drug Industry (AP)

By David Espo, Ap Special Correspondent

AP, August 26, 2006

The pharmaceutical industry quietly footed the bill for at least part of a recent multimillion-dollar ad campaign praising lawmakers who support the new Medicare prescription drug benefit, according to political officials.

The U.S. Chamber of Commerce claims credit for the ads, although a spokesman refused repeatedly to say whether it had received any funds from the Pharmaceutical Research and Manufacturers of America.

Several campaign strategists not involved in the ad campaign said no legal issues were raised by the pharmaceutical industry's involvement.

Democrats seized on the disclosure, though, to renew their charge that the program amounts to a Republican-engineered windfall for drug companies.

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"There's a civics lesson here from the drug companies. They write checks to protect their GOP friends, and then they write the laws to benefit themselves, all the while doctors are writing prescriptions middle-class Americans can't afford," said Bill Burton, spokesman for the House Democratic campaign organization.

The commercials, airing in 10 states or congressional districts, generally say the local congressman or senator supports the drug program, and that hundreds of thousands of Medicare beneficiaries have saved money since its inception earlier this year.

Under the voluntary program, Medicare beneficiaries purchase prescription drug coverage from among competing plans offered by private insurance companies. Monthly premiums cover a fraction of the overall cost of the benefit, and the federal government covers most of the rest.

The insurance companies bargain with drug manufacturers over price, and the cost to consumers has been considerably lower than initially estimated. But in drafting the legislation, Republicans rejected Democratic calls to permit the government to negotiate directly in hopes of pushing down prices further.

The officials who described PhRMA's involvement said they did not know whether the industry had given the Chamber money to cover the entire cost of the ads and other elements of an election-year voter mobilization effort, or merely a portion.

Ken Johnson, a senior vice president at PhRMA, issued a statement that said the organization "works with a variety of groups, including patient advocacy groups and business organizations like the U.S. Chamber of Commerce and others, to support policies that improve patient access to life-saving medicines."

In a follow-up statement, he added that as a result of the program, "millions of Medicare patients who previously had no prescription drug coverage are now benefiting from substantial discounts negotiated by Medicare drug plans."

He declined to elaborate.

Bill Miller, political director for the Chamber, did not respond to numerous requests for an interview. A spokesman, Eric Wohlschlegel, said, "The Chamber paid for the Medicare ads." But he declined repeatedly to say whether his organization had received any money from PhRMA.

In announcing the program earlier this summer, Miller described a $10 million ad campaign but made no mention of PhRMA.

The episode is reminiscent of another PhRMA-financed ad campaign, this one in May 2002.

At the time, a little-known conservative group, United Seniors Association, announced plans for a multimillion-dollar advertising effort supporting prescription drug legislation that Republicans were drafting. A USA spokesman denied then that PhRMA had picked up the cost. But several political officials said it had, and the drug association confirmed it had made an "unrestricted educational grant" to the seniors' group.

The Chamber's current advertising effort has been marred by errors.

An ad on behalf of Republican Rep. Steve Chabot of Ohio was pulled from the air after officials realized he had voted against the legislation creating the prescription drug bill.

Commercials backing three other Republicans, Michael Fitzpatrick of Pennsylvania, Mike Sodrel of Indiana and Dave Reichert of Washington, were changed after Democrats pointed out they had not been in Congress the year the legislation passed.

At a news conference earlier in the month, Miller initially denied that either the Pennsylvania or Indiana ads had been changed until reporters showed the revised wording.

To Repel Critics, Wal-Mart Courts Democrats (WSJ)

By Jeanne Cummings And Kris Hudson

The Wall Street Journal, August 26, 2006

Black, Hispanic Members Receive Special Attention; Rep. Rangel Is Unmoved

WASHINGTON -- Wal-Mart Stores Inc. is wooing some core Democratic constituencies as part of a strategy to fend off another round of election-season attacks from labor unions and politicians.

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In particular, the retail giant is giving to African-American and Hispanic lawmakers on the theory that many of their constituents are satisfied Wal-Mart shoppers and workers. More than 10% of the company's 1.4 million U.S. workforce is Latino and more than 16% is African-American.

The Bentonville, Ark., firm has rounded out its once insular and heavily Republican political operation by hiring Democratic lobbying and public-relations firms. It is also sweetening health-care benefits for workers just as the issue is poised to become a hot topic in the fall elections, ranking at the top of voter concerns -- and those of Wal-Mart's own employees.

But the company faces a tough road as it tries to woo black lawmakers and create fissures in the Democratic party.

"My feeling with them is that it is all about how they treat workers," said Rep. Charles Rangel of New York, who has received a $2,000 donation from Wal-Mart. "The ball is in their court to provide decent wages and benefits."

Asked if Wal-Mart's recent adjustments have met his standard, he replied: "Not at all."

Rep. Jesse Jackson Jr., an Illinois Democrat, says he has allies on both sides of the Wal-Mart battle. The retailer recently opened a new store near Mr. Jackson's Chicago district. About 3,000 people applied for the store's 300 positions. Wal-Mart also hired local minority businesses to do accounting and logistical work for the store. But Mr. Jackson says he isn't ready to move into Wal-Mart's camp.

"I fundamentally believe in a living wage. What I refuse to believe is that the richest company in the world can't pay it. I can't reconcile that," he says.

Wal-Mart's efforts reflect a recognition it will be a big target not only in the November midterm elections but also in the 2008 Democratic presidential primary.

In Democratic circles, attacking Wal-Mart is shorthand for slamming big businesses and its treatment of workers. It's a message so embedded in Democrat culture that it was a rare point of agreement between Connecticut Senator Joseph Lieberman and his victorious primary challenger, businessman Ned Lamont, both of whom attended an anti-Wal-Mart event during their race.

Whether the company can make a dent in critics' armor is an open question. In other areas, such as health care and the environment, changes made by Wal-Mart have damped attacks from some opponents. On the political front, Democrats closest to the labor movement might be hard to win over.

The company's efforts took a step backward recently when Andrew Young, a former civil-rights leader hired to promote the company in urban areas, resigned under a cloud. Defending Wal-Mart in an interview with an African-American newspaper in Los Angeles, Mr. Young said mom-and-pop stores run by Jews, Koreans and Arabs had been "overcharging us" for poor-quality food. Mr. Young later called his remarks "completely and utterly inappropriate."

Wal-Mart's donations to Democrats appear to be targeting members of the Congressional Black Caucus rather than the party's leadership. House Minority Leader Nancy Pelosi of California hasn't gotten a penny from Wal-Mart, but the Congressional Black Caucus Foundation, the charitable arm of the Congressional Black Caucus, received $1 million from the firm. In 2005, Wal-Mart donated $1.5 million to the United Negro College Fund.

"I think you would find that we give to people who support our approach to our business and people who have stood up for us. Members of the black caucus have been great allies," says Bob McAdam, Wal-Mart's vice president of corporate affairs.

In spring 2005, Wal-Mart Chief Executive Lee Scott took members of the black caucus to dinner at Charlie Palmer's Restaurant, just off of Capitol Hill.

"Communication is good," says Paul Brathwaite, the caucus's executive director. "It would be nice if other companies, such as Target, Kohls, Sears and others that hire African-Americans, and where African-Americans are consumers, would seek the same type of dialogue."

Earlier this year, Mr. Scott also met privately with the Congressional Hispanic Caucus.

In June 2005, eight House members of the black caucus voted against a Democratic-backed amendment to the Labor Department budget. The measure, which failed to pass, would effectively have prevented the government from giving Wal-Mart advance warning about visits from various government inspectors.

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A couple of years ago, Wal-Mart decided it needed to start polishing its image, something it had previously been reluctant to do. Internal polls showed its brand name's value slipping among voters and shoppers as a result of the drumbeat of bad publicity about its treatment of workers, in particular as a result of its successful effort to fend off union activity at its stores.

Wal-Mart's Washington office, once run by Bentonville-trained lobbyists, is now headed by Lee Culpepper, a Capitol Hill insider -- a Republican who has worked for top Democrats -- who was hired away from the National Restaurant Association. The company's lobbying expenses jumped to $1.6 million in 2005 from $140,000 in 1998, and Wal-Mart now retains a host of lobbying firms with ties to both parties, according to the nonpartisan Center for Responsive Politics.

Ten years ago, 98% of Wal-Mart's political donations went to Republicans. Now, 70% go to Republicans, who control Congress and the White House, and 30% to Democrats, according to Political MoneyLine, a nonpartisan watchdog group. "As our company has grown, it becomes more important to broaden our giving," says Wal-Mart's Mr. McAdam.

Polls commissioned by the company suggest it might have popular support on its side. A June poll by RT Strategies, a bipartisan polling firm, found that 62% of voters disapprove of Democratic candidates making Wal-Mart an issue in the election. Among Democrats, 48% disapproved while 34% approved.

A July poll by Strategy One, a research arm of Wal-Mart's outside public-relations firm, Edelman Public Affairs, found that 64% of Democrats have a favorable opinion of Wal-Mart, with much of the support coming from African-Americans, one of the party's most loyal voting blocs.

Thomas Riehle, a Democrat and an RT Strategies polling expert, says the results suggest his party might be erring in aligning itself so closely with labor's battle against Wal-Mart. "In politics, you don't go to a great deal of effort to annoy people," he says.

Wal-Mart's previous efforts to burnish its reputation have paid some dividends. Last year, it teamed up with the National Fish and Wildlife Foundation on a program that preserves one acre of wildlife habitat for every acre Wal-Mart has developed and will develop over the next 10 years. It's doubling its fleet of 100 hybrid cars, has pledged to boost the fuel efficiency of its massive trucking fleet by 25% within three years and says it will cut the volume of solid waste produced by its stores by 25% within two years.

In addition, the résumé of Leslie Dach, Wal-Mart's new head of communications and lobbying, includes work for the National Audubon Society and the Environmental Defense advocacy group.

Carl Pope, executive director of the Sierra Club, is a strong Wal-Mart critic. Yet while skeptical of many of the company's environmental promises, he also acknowledges the improvement. "We are excited by examples where a company can do well by doing good," Mr. Pope says. "I would love to have everybody else copy Wal-Mart," when it comes to reducing oil consumption.

Yet Wal-Mart still faces dozens of lawsuits that provide ammunition for critics, many of whom think the company hasn't done enough to improve the lot of its workers, especially on wages. Many suits, some of which have been certified as class-actions, allege employment and hiring violations. The most significant is a potentially expensive and damaging complaint in federal court in San Francisco alleging that Wal-Mart discriminated against women in its promotion and pay practices. A Wal-Mart spokeswoman declined to comment on the case. In December, a California jury awarded 116,000 Wal-Mart employees in that state $172 million after finding they had been denied lunch breaks.

In the past year, Wal-Mart bolstered health-care coverage, offering lower premiums with high deductibles for employees who visit the doctor infrequently.

Write to Jeanne Cummings at jeanne.cummings@wsj.com1 and Kris Hudson at kris.hudson@wsj.com2

Issues Await If Democrats Retake House (NYT)

By Carl Hulse

The New York Times, August 26, 2006

WASHINGTON, Aug. 25 — As the start of the fall campaign looms and House Democrats remain within realistic reach of reclaiming the majority, party leaders are beginning to explore the delicate question of what happens if they win.

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Rusty from being out of power for 12 years, Democrats are rethinking how they should parcel out coveted committee chairmanships and the other plums that would come with House control at a time when the party's potential chairmen are increasingly being portrayed by Republicans as liberal extremists.

In fund-raising appeals, on the Internet and in stump speeches, Republicans raise the specter of a Judiciary Committee headed by Representative John Conyers Jr. of Michigan, a banking committee steered by Barney Frank of Massachusetts, a tax-writing committee led by Charles B. Rangel of New York, and an energy panel under the leadership of John D. Dingell of Michigan.

Democrats and others call it a tired scare tactic with more than a whiff of bigotry because Republicans often point to gay and black Democrats who would lead committees. But faced with the attacks and pent-up ambitions of rank-and-file lawmakers, Democratic leaders are hinting they might abandon party tradition and award sought-after slots not solely on the basis of seniority, but instead follow the Republican lead of also weighing such factors as legislative record, diversity and work for the good of the party.

"Seniority is a consideration, but merit of course must come first," said Representative Nancy Pelosi of California, the Democratic leader, who has approved a review of party rules so Democrats are not left scrambling should they reach their political goal.

At the moment, party rules do not specifically require committee chairmanships to be awarded on the basis of seniority. But in practice that is the way Democrats have done business, except in rare circumstances like in 1985 when Representative Les Aspin of Wisconsin led a revolt against Representative Melvin Price of Illinois, the aging chairman of the Armed Services Committee.

Under the direction of Representative James E. Clyburn of South Carolina, chairman of the party caucus, a committee headed by Representative Michael E. Capuano of Massachusetts is giving the internal party handbook a thorough review. Lawmakers are studying whether changes are required in the seniority system and rules governing general committee seats and related issues like ethics and term limits.

Democrats can only hope they have to deal with the infighting that would follow should they topple the Republicans. But Mr. Capuano, who heads the Democratic Committee on Organization, Study and Review, acknowledged that a takeover would confront them with thorny issues.

"Nobody even wants to think of all the jockeying for committee assignments," said Mr. Capuano, who has spent his summer poring over arcane party regulations.

Since winning the majority in 1994, Republicans have not hesitated to pass over senior lawmakers for chairmanships in favor of members more in tune with the leadership's ideology or more assertive in fund-raising than their rivals.

Representative Joe L. Barton of Texas was handed the Energy and Commerce helm over more senior lawmakers, as was Representative Richard W. Pombo of California on the natural resources committee and Michael G. Oxley of Ohio on the Financial Services Committee.

Representative Jerry Lewis of California was picked to head the Appropriations Committee in 2005 over a more senior opponent after a fierce fund-raising contest that saw Mr. Lewis dole out more than $1.3 million in the Republican campaign effort in 2004.

Democrats anticipate they could face something of a generational clash in the event of a takeover. All of the lawmakers in line to lead major committees were in Congress before Republicans gained control in the 1994 elections, and some have bided their time in the minority for one more chance at the gavel.

But most of the Democratic caucus has been elected since 1994, and there will be some Young Turks who will argue that the old-line Democrats had their chance and that power should be shared. Already there have been calls to retain the term limits that Republicans imposed on their committee chairmen.

Party officials say they expect most of their senior representatives on major committees to prevail with little difficulty. They point to Mr. Rangel, a popular figure who has been traveling the country on behalf of House candidates, as one lawmaker who would be installed as chairman with enthusiasm.

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Other positions are more problematic. At the Intelligence Committee, Representative Alcee L. Hastings of Florida, who was removed from the federal bench in the 1980's, is in line to take over, although that decision would be the responsibility of Ms. Pelosi and could prove explosive.

And some Democrats are nervous about the prospect of a Judiciary Committee led by Mr. Conyers, who has raised the prospect of impeaching President Bush, a notion that Ms. Pelosi has sought to bat down.

Senior party officials doubt that many — if any — of the Democratic chairmen in waiting would be leapfrogged if Democrats prevail in the November elections. But just mentioning the possibility can help motivate senior Democrats to work overtime in the critical remaining months of the campaigns to help cement their committee positions.

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"They are all conscientious, solid, hard-working members," said former Representative Martin Frost, now a part-time political commentator. "The thing about these members that should frighten Republicans is that they will all know what to do the minute they take over."

There is no dispute that a Democratic majority would bring a shift in ideology at the helm of most major committees. The potential chairmen have generally been persistent critics of the administration and are champing at the bit to turn the Congressional spotlight on administration practices and Republican policy.

And Republicans, trying to find a way to persuade unhappy conservatives not to stay home on Election Day, are working to drive that point home.

"Our country can't afford to let Nancy Pelosi, John Murtha and Barney Frank reverse the progress we've made," Speaker J. Dennis Hastert of Illinois wrote in a recent appeal for contributions.

Democrats Offer Cheap Gas As A Way To Get Voters' Attention (MCT)

By Margaret Talev

McClatchy Newspapers, August 26, 2006

WASHINGTON - Filling up your gas tank? Don't be surprised if a Democrat is waiting at the station.

With $3-a-gallon gas near the top of the list of voters' frustrations with the status quo, some challengers seeking to unseat the Republican majority in Congress this November have found a gimmick that they think will resonate with voters - and they're pumping it for all it's worth.

In Washington state, Gas Pump Man, a campaign volunteer disguised by a leotard and mask, has been making appearances at filling stations on behalf of Democratic challenger Darcy Burner to accuse the local congressman, Republican Dave Reichert, of being too cozy with the oil industry.

In parts of North Carolina, Kentucky and Ohio, the Democratic candidates themselves are rolling up their sleeves and filling up cars and minivans for half-price or less, as low as $1.20 a gallon. Their campaigns are picking up the difference in price.

Petroleum prices are affected by trends bigger than Congress, including global and Mideast tensions, the growth of China and India, and projected supply shortages, analysts said.

But across the country, Democratic challengers are playing up how much Republican incumbents received in campaign contributions from oil companies, and any votes cast to help the oil industry.

The latest event was held Thursday by Democrat John Cranley, a Cincinnati city council member who's seeking to unseat Ohio Rep. Steve Chabot in what national analysts consider a competitive race.

Chabot's campaign wasn't amused.

"Voters understand this was a stunt," spokeswoman Jessica Towhey said. "Everyone's concerned about the high prices of gas, and Steve Chabot has spent quite a bit of time working toward real solutions for this problem."

It wasn't so long ago that Democrats were accusing Chabot of political stunts. Last year, he championed a short-lived Republican effort to give Americans $500 tax credits to offset higher fuel costs.

Democrats' gas-station fancy began with Larry Kissell, a schoolteacher and former textile worker from Biscoe, N.C., who launched his cheap-gas promotion Aug. 3 as part of a long-shot candidacy against Rep. Robin Hayes. Regular unleaded had

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been selling for $2.89 a gallon in Biscoe, but Kissell offered it that day for $1.22 a gallon, which what he says it cost when Hayes was elected eight years ago.

"It was amazing how many people waited in line for an hour and a half or two hours. We had over 500 people come through," he said. "They were all smiles, all, `Thank you for understanding,' what they're going through."

Soon after, Democrat Mike Weaver held a similar event to campaign against Rep. Ron Lewis in Kentucky. Other campaigns also are considering the idea.

Republicans say it's hypocritical for Democrats to campaign for cheaper gas while opposing more domestic drilling off the coast or in Alaska's Arctic National Wildlife Refuge. Democrats counter that those ventures probably wouldn't reduce prices at the pump and could hurt the environment. Both parties say they favor research to develop more renewable energy, but nobody claims that would bring down gas prices anytime soon.

Republicans are suggesting that Democrats' gasoline events might run afoul of federal campaign law, which prohibits payment in exchange for votes.

But Trevor Potter, a campaign-finance lawyer and former chairman of the Federal Election Commission, said the gas events sounded comparable to handing out campaign T-shirts or food at a rally. "I think it's legal so long as they don't say we're giving you cheap gas in return for proof that you voted today," he said.

Republicans In Blue States Rethink Iraq (LAT)

By Johanna Neuman, Times Staff Writer

The Los Angeles Times, August 26, 2006

Some conservative defenders of the war, facing opinion polls and antiwar challengers in November, are now talking withdrawal.

WASHINGTON — Since U.S. forces attacked in 2003, Rep. Christopher Shays, a moderate Republican from Connecticut's liberal 4th District, has been a stalwart defender of the Iraq war.

"I've been carrying the bucket when it comes to the war," Shays said in September.

But facing an antiwar Democratic opponent in a tough midterm election race, Shays is starting to express reservations.

In a telephone interview Friday after he returned from his 14th trip to Iraq, Shays said that he believed the U.S. should consider setting a timetable for the withdrawal of its troops, and that he planned to hold congressional hearings on the question next month.

Iraq's political leaders need a deadline to "do things in a timely basis." Otherwise, he said, "they will take years. And there aren't years available."

Shays becomes the third Republican lawmaker from a Democratic or swing state to distance himself from the Bush administration's war policy. With public support for the war sagging and many Democratic candidates vocally opposing it, Republicans in tight races in blue states are under particular pressure.

Democrats have felt the heat as well. Earlier this month Sen. Joe Lieberman, a supporter of the war, was defeated in Connecticut's Democratic primary by political novice and antiwar candidate Ned Lamont.

Lieberman is now running as an independent, but Republicans throughout the country — eyeing opinion polls showing that more than 60% of the public disapproves of President Bush's handling of the war — took note.

"Republicans are trying to insulate themselves from Washington and the president's low approval ratings," said Amy Walter, congressional analyst for the nonpartisan Cook Political Report. "They are distancing themselves from the war and from the president."

Bush has rejected any deadline for departure from Iraq, arguing that "setting an artificial timetable would breathe new life" into the insurgents' cause.

Although he is not the first Republican to part company with Bush on the conduct of the war, Shays is the most prominent pro-war voice so far to call for a timetable for withdrawal. And experts think there will be many Republican defections before the November election.

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"The war has colored the whole election cycle," said Stuart Rothenberg of the Rothenberg Report, a nonpartisan newsletter. "Voters are unhappy with the performance of their political leaders, and they want change."

For Republicans in swing states, the war poses a dicey political problem. With the GOP leadership eager to cast Democrats as the "cut and run" party, individual candidates are trying to find talking points that make them sound independent from the White House but supportive of anti-terrorism measures, which remain a voter priority.

In Pennsylvania's 8th congressional district, freshman Michael G. Fitzpatrick, elected in 2004 with 55% of the vote, faces a challenge from Patrick Murphy, an Iraqi war vet with a Bronze Star and a plan for redeploying U.S. troops from Iraq within 12 months.

In a mailing to constituents in mid-August, Fitzpatrick urged an alternate course in Iraq while criticizing his opponent's plan. "American needs a better, smarter plan in Iraq," said the mailing. "Congressman Fitzpatrick says NO to both extremes: No to President Bush's 'stay the course' strategy … and no to Patrick Murphy's 'cut and run' approach."

In Minnesota's 1st District, conservative incumbent Gil Gutknecht has long supported the war. He made headlines recently when he returned from his first visit to Iraq, declared that Americans don't have "strategic control" of the streets of Baghdad and advocated a "limited troop withdrawal — to send the Iraqis a message."

Retired National Guardsman Tim Walz, who is seeking to unseat Gutknecht, wants to move U.S. troops to Kuwait so a regional security force can take over in Iraq.

Even some Republicans in solidly conservative districts, and some not facing re-election this year, have changed their views on the war.

In North Carolina, Rep. Walter B. Jones Jr., a staunch conservative whose district includes the Marine Corps base Camp Lejeune, originally supported the war. In 2005, he said there had been little reason to go to war and called on Bush to apologize for misinforming Congress. His opponent, Craig Weber, is also an antiwar candidate.

Sen. Chuck Hagel (R-Neb.), a Vietnam War veteran who is not up for re-election, said last year that the U.S. was "getting more and more bogged down" in Iraq and stood by his comments that the White House was disconnected from reality and losing the war.

Shays, chairman of a security subcommittee of the House Government Reform Committee, plans hearings in mid-September on Iraqi security, reconciliation among the Sunnis, Shiites and Kurds, and the consequences of withdrawal from Iraq.

"Ideally, the timetable should be worked out with the Iraqis," said Shays, who said he continued to support the war's mission.

"I'm not distancing myself from the president," he said. "I believe this is a war we have to win. The people fighting this war are doing the Lord's work."

But to political observers, Shays' new position on the war is the clearest signal yet that Republican incumbents — particularly those in liberal states in the Northeast — are on the defensive.

Diane Farrell, Shays' Democratic challenger, came within four points of unseating him in 2004. This week she said, "I think it is unfortunate it took him 14 trips and three years to recognize that Iraq has been in a constant state of turmoil since the day that Baghdad fell."

Times staff writer Julian Barnes contributed to this report.

GOP's Engine Sputters In Michigan (LAT)

By Richard Simon And Tom Hamburger, Times Staff Writers

The Los Angeles Times, August 26, 2006

President Bush needs to meet with beleaguered automakers, frustrated officials in the state say.

WASHINGTON — Michigan has been shaping up as one of the few bright spots for Republicans in the coming elections, with the GOP hoping to strip Democrats of the governor's office and a U.S. Senate seat.

But in an unusual development, prominent Republicans there are complaining that President Bush needs to become more engaged in a top issue driving the election: the declining fortunes of the state's auto industry.

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Republican gubernatorial candidate Dick DeVos lashed out at the White House this week for not having set up a long-promised meeting with executives of the Big Three automakers, which are being squeezed by high healthcare costs and shrinking market share.

"We're being ignored here in Michigan by the White House, and it has got to stop," DeVos, who is challenging Democratic Gov. Jennifer Granholm, told reporters.

"It is wrong, and the behavior is inexcusable," DeVos said in a written statement Thursday. "The president needs to meet with the Big Three, and it must happen soon. Jobs are at stake."

An aide to Rep. Joseph Knollenberg (R-Mich.) said her boss "strongly suggested" to Bush's chief political strategist, Karl Rove, that the White House meet with Detroit automakers as soon as possible. State GOP Chairman Saul Anuzis said Friday that he delivered a similar message to Rove.

"We want to get the president and the White House engaged in addressing the unique issues that affect Michigan ... and work with us to come up with some solutions," Anuzis said in an interview.

He said DeVos was "expressing some of the frustration that is being felt here in Michigan amongst all voters."

White House officials said Friday that a meeting would be arranged. But it will have to navigate some political and ideological hurdles.

While Ford Motor Co. and General Motors Corp. have announced domestic job cuts, foreign-owned automobile manufacturing plants are expanding in the U.S. The foreign-owned plants are newer, often nonunion and located in the South — and their workers are trending Republican and are increasingly providing a base of support for the president and the Republican Party.

Nonunion automobile workers have been targets of GOP outreach efforts in Kentucky, Tennessee and other battleground states in the last few elections.

Sen. Lamar Alexander (R-Tenn.) recently told the Washington Post: "There's a new definition of the American auto industry. Twenty-five years ago, it was the Big Three companies in Detroit. Now, the definition is any company that makes a substantial number of cars and trucks in the U.S. and has a big payroll here, pays big taxes here and buys supplies here."

The Assn. of International Automobile Manufacturers estimates that its members are directly or indirectly responsible for more than 1.8 million U.S. jobs.

Bush himself made clear in January that he was not inclined to bail out troubled U.S. auto companies.

"I think it's very important for the market to function," he said, adding that companies needed to manufacture "a product that's relevant." His remarks, to the Wall Street Journal, provoked loud complaints from Michigan Democrats.

The president "just does not get it," Rep. John D. Dingell (D-Mich.) said at the time. Dingell and the state's senators, both Democrats, pointed out that U.S. automakers have healthcare, currency and pension costs that foreign automakers do not, giving their competitors an edge in the marketplace.

Michigan politicians want attention from Washington because one after another of the state's auto companies has acknowledged financial difficulties. The automobile industry employs about a fifth of the state's workforce.

In January, General Motors announced that it lost $4.8 billion in the fourth quarter of 2005, ending the company's first unprofitable year since 1992.

This month, Ford announced it would cut production in North America by 21%. GOP Senate candidate Michael Bouchard called it "another severe blow to our state and our families" and vowed that, if elected senator, he would "get results for our manufacturers."

"I am going to encourage the president to meet with the automakers," Bouchard said in an interview Friday. But he placed overall blame for inaction on his opponent, Democratic Sen. Debbie Stabenow, not on the White House.

Bouchard said he mentioned the issue this week to Republican National Committee Chairman Ken Mehlman, who was visiting the state. Mehlman told him that manufacturers' concern was a top issue at the White House, Bouchard said.

But Dingell noted that though Bush had not met with the Big Three, he had found time to hold fundraisers as well as to meet with "American Idol" contestants.

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"I wouldn't be surprised if you see a lot of political theater over the next few weeks as they try to appear concerned about the domestic auto industry in an attempt to prop up a candidate who now must answer real questions," Dingell said in a written statement Thursday. "Dick DeVos put quite a bit of money into the Bush campaign and into the national Republican Party. If he really cared about the auto industry, he should have spoken up years ago."

White House spokesman Alex Conant said Friday: "The president wants to meet with Detroit automotive executives, and we are hopeful we can schedule something soon."

He said the White House shared Detroit's concerns about healthcare costs and global competition. "Making American manufacturers more competitive is a top priority for the administration, and you can see it in our healthcare and competitiveness initiatives."

This week the president signed an executive order to increase the flow of consumer information on healthcare pricing and quality, a step that the White House says will reduce costs.

Mrs. Clinton Offers To Raise Money For Lamont Campaign (NYT)

By Jennifer Medina

The New York Times, August 26, 2006

NEW HAVEN, Aug. 25 — In a private meeting at her Chappaqua, N.Y., home on Friday, Senator Hillary Rodham Clinton offered to help Ned Lamont in his battle to unseat Senator Joseph I. Lieberman by sponsoring a fund-raiser, campaigning by his side and lending him one of her top political strategists.

That strategist, Howard Wolfson, said Mrs. Clinton wanted to throw her considerable political weight behind Mr. Lamont because the national Republican Party "is clearly invested in Ned Lamont's defeat."

"I think they are going to do what they can to see him defeated," Mr. Wolfson said, adding that he was particularly concerned with "Bush-Cheney talking points."

"They are going to attack him in the way Republicans do," he said, "and he obviously needs to be and is going to be prepared."

Mr. Lieberman, who lost to Mr. Lamont in the Aug. 8 Democratic primary, is running on his own Connecticut for Lieberman line, while still calling himself a Democrat, angering many other Democrats. At the same time, an array of Republican officials, including President Bush, have praised Mr. Lieberman while distancing themselves from their own candidate, Alan Schlesinger. Across the country, the Republican Party has tried to use Mr. Lamont's primary victory as evidence that an antiwar fringe has captured the Democratic Party.

Mr. Lamont has made criticism of the war in Iraq and Mr. Lieberman's steady support for it a central theme of his campaign.

Mrs. Clinton is facing her own antiwar challenger in the Sept. 12 Democratic primary in New York — Jonathan Tasini, who has criticized her for not apologizing for her decision to support legislation authorizing the war in 2002. But unlike Mr. Lieberman, Mrs. Clinton backed a proposal in the Senate calling for "a phased redeployment" of American troops starting by the end of the year.

Mrs. Clinton, who has known Mr. Lieberman for several years and endorsed him in the primary, has already contributed $5,000 from her political action committee to Mr. Lamont. Former President Bill Clinton campaigned for Mr. Lieberman in the primary, but has been critical of the senator's views on the war in Iraq in recent days.

"I think on nearly every issue we are closely aligned," Mrs. Clinton said of Mr. Lamont later in the day, after an event in Amityville, N.Y.

Since losing the primary, Mr. Lieberman has repeatedly said that he is not concerned about Mr. Lamont's endorsements from nationally prominent Democrats.

Tom Swan, Mr. Lamont's campaign manager, said that Mrs. Clinton did not make firm plans to campaign with Mr. Lamont, but said he was "extremely encouraged by the commitment" from the Clinton team.

"I am very optimistic that they will be very helpful in any way we need," Mr. Swan said.

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Dan Gerstein, a spokesman for Mr. Lieberman, said that he was skeptical of the level of support that Mrs. Clinton was offering, calling it typical of the "partisan playbook."

"We will be curious to see if and when Senator Clinton shows up with Mr. Lamont, whether he will turn around and distort her record, too," Mr. Gerstein said.

Mr. Lieberman has said Mr. Lamont distorted his record by describing him as a cheerleader for Bush policies, asserting that Mr. Lieberman has often criticized the president on Iraq and other issues.

Mr. Lieberman also responded sharply on Friday to Mr. Lamont's assertion that Mr. Lieberman, as the ranking member of the Senate Homeland Security Committee, did not do enough to question the qualifications of Michael Brown before he was made director of the Federal Emergency Management Agency.

In a news conference here on Friday, Mr. Lieberman said that he had been extremely critical of the Bush administration's handling of Hurricane Katrina.

"Where was Ned Lamont and what was he up to when this was happening?" Mr. Lieberman said.

Mr. Lamont has said that his family donated money to relief agencies and that his communications company offered to help college campuses in the Gulf Coast region.

Obama Gets A Warm Welcome In Kenya (NYT)

By Jeffrey Gettleman

The New York Times, August 26, 2006

NAIROBI, Kenya, Aug. 25 — If Senator Barack Obama is ever thinking of running for president — or changing careers to rock star — he got excellent practice in Nairobi on Friday.

Thousands of people lined the streets, waiting hours in the intense sunshine just for a glimpse of him.

Local newspapers overflowed with breathless coverage, including the headline, "Village beats the drums for returning son."

Everywhere he went he had to part seas of shutter-snapping journalists and mobs of ecstatic fans.

A riot nearly broke out when he slipped past his bodyguards at a downtown event and simply smiled at the crowd.

"Obaaammmaaaa!" the people yelled.

Mr. Obama, a freshman Democratic senator from Illinois, was in Kenya's capital on Friday as part of a tightly scripted four-country tour in Africa to raise awareness for AIDS and to reconnect with his roots.

His father was a goat herder-turned-economist from western Kenya and, though Mr. Obama was never close to him or spent much time in Kenya, many Kenyans claim him as one of their own.

"He's our lion," said George Mimba, a computer consultant, after shaking Mr. Obama's hand.

"He will help us," said Bob Osano, a marketing agent stuck behind a metal barricade.

Schools in western Kenya have been renamed for Mr. Obama. Unofficially, so has a popular brand of beer.

All week, people near Nyangoma-Kogelo, the village where Mr. Obama's father grew up, were scrambling to prepare a welcome fit for royalty, fixing roads, practicing skits and ironing their Obama T-shirts.

On Saturday, Mr. Obama plans to visit the village and sit in a tin-roof house with his grandmother, who speaks no English and will be waiting for the rising Democratic statesman with an egg, apparently a grandmother-grandson tradition in these parts. He also plans to take an H.I.V. test in public to help promote awareness of the virus.

Mr. Obama seems to be many things to people here: a role model; a black man succeeding in a white man's world (he is the only African-American in the United States Senate); a friend in a high place; and the embodiment of American opportunity and multiculturalism (his mother is white and from Kansas). In Kenya, people who are half-white and half-black are called "point fives."

Wycliffe Muga, a local commentator, said the backdrop to the excitement was that many Kenyans are fed up with their own leaders and the country's persistently high levels of corruption and crime. They place their hopes in outsiders like Mr. Obama, who they think will help from abroad.

"Call it the donor mentality," Mr. Muga said. "People are saying, 'We have a senator now; we have a man in power.' They forget he is a U.S. senator representing the state of Illinois."

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It was a point Mr. Obama had to make when he was asked at a news conference on Friday about lowering American subsidies on farm produce so African farmers could compete.

He responded that many of his constituents were soybean farmers. “It’s important to me to be sure I’m looking out for their interests,” he said. “It’s part of my job.”

Mr. Obama, who sits on the Senate subcommittee for African affairs, used the news conference to show off his fluency in all things African.

He said “Zimbabweans were ill served” by their dictatorial president, Robert G. Mugabe. He spoke of the troubled Darfur region of Sudan, saying, “We’re on the verge of an enormous humanitarian crisis.”

Regarding Kenya, he talked about his meetings earlier in the day with President Mwai Kibaki and the opposition leader Uhuru Kenyatta.

He praised Kenya’s lack of major ethnic conflict and its history of clean elections. But he added, “You’re starting to see the reassertion of ethnic identity as the basis for politics,” which he said was not good.

Before arriving in Kenya, Mr. Obama visited South Africa, where he met with apartheid-era freedom fighters and people with AIDS. After five days in Kenya, he will travel to Chad to speak with refugees from nearby Darfur, and to Djibouti, where American forces are stationed in a counterterrorism operation.

Of course, he could not escape Beltway politics, even 7,500 miles away.

One Kenyan journalist, after a long preamble on the virtues of the American Constitution, asked him, “What will you do to liberate Congress from the White House?”

Mr. Obama threw a few jabs at the Bush administration for not consulting lawmakers enough and vowed, “You’re going to see a change in the balance of power soon.”

And then came the questions everybody wanted to ask: Does he harbor presidential ambitions? If so, will he run for president in 2008?

“I don’t know what to do with these two questions,” Mr. Obama said, cracking a toothy grin.

“The day after my election to the United States Senate, somebody asked me, am I running in 2008. I said at that time: ‘no.’

“And nothing so far,” he said, ever so slightly stressing those last two words, “ has changed my mind.”

In R.I., A Feisty Conservative Challenges Sen. Chafee (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, August 26, 2006

COVENTRY, R.I. -- It was getting dark, but Stephen Laffey removed his cap, wiped his sweaty brow and sprinted across the lawn to greet one more voter.

Glenn Myers, stocky and middle-aged, opened the screen door to shake hands with the 44-year-old Cranston mayor. "I believe in you," he told Laffey, who was barnstorming the neighborhood with his wife and five kids and various high school friends. "And I hope you beat the pants off of Lincoln Chafee."

The Laffey-Chafee Republican showdown Sept. 12 is the next chapter in the turbulent 2006 election saga. A spate of primary upsets -- especially Ned Lamont's victory over Democratic Sen. Joseph I. Lieberman in Connecticut -- have signaled that no incumbent is safe in a year when voters are agitating for change. With his spirited campaign against Sen. Chafee, Laffey is trying to push that frustration one step further. He wants to turn his race into a referendum on personality and attitude.

Rhode Island is a solidly Democratic state, but it does elect moderate Republicans such as Chafee and his late father, the veteran GOP Sen. John Chafee. During his seven-year tenure, "Linc" has distinguished himself as one of the Senate's least partisan members. Modest and soft-spoken, he has broken with his party on tax cuts, judicial nominations and environmental issues, and he was the only Republican senator to vote against the Iraq war.

In terms of temperament and political style, Laffey is Chafee's opposite -- confrontational and impatient, a working-class kid who scoffs at his opponent's patrician pedigree. Laffey dismisses the senator's careful approach to legislating as a big reason Congress cannot get anything done.

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"He's become irrelevant," Laffey said of Chafee in a recent radio debate. "I work hard at good relations with everyone," Chafee responded.

The son of a union shop steward and nurse, and the first member of his family to attend college, Laffey had a successful career as a money manager before running for mayor of his economically beleaguered home town. He gleefully and very publicly challenged Cranston's many entrenched interests, including its costly part-time school crossing guards, who received free health care and pension benefits and collected unemployment during summer break.

Laffey calls Washington "the Cranston crossing guards on steroids." But beyond his calls for tougher, more effective leadership, he is difficult to typecast. He supports the war and opposes abortion and embryonic stem cell research, positions that place him to the right of most Rhode Islanders. He applauds all of President Bush's tax cuts, although he raised taxes to save Cranston from bankruptcy. But he savages the GOP on health care, education and energy policy. Of Bush, Laffey says, "I respect him, but I think he's failed in a number of aspects."

"He's the anti-establishment populist . . . the ordinary man who just wants to fix the mess. And I think this is exactly the right year for that kind of message," said Pat Toomey, president of the Club for Growth. The group, which advocates conservative fiscal policies, is running ads for Laffey and has raised about $500,000 for his campaign.

Laffey's critics believe he is too coarse to win the general election against Democratic nominee Sheldon Whitehouse, a former U.S. attorney and state attorney general. "He's not warm and fuzzy, and he confronts his opponents," said Darrell M. West, director of the Taubman Center for Public Policy at Brown University.

Only about 70,000 voters in Rhode Island are registered Republicans, and they are expected by many political observers to back Laffey by a wide margin. But about 340,000 independent voters are eligible to vote in the primary, and it's not clear how many will show up, or whom they will support. Public and private polls show the race is more or less even, with Chafee needing a big independent turnout to prevail.

One major uncertainty is the Bush factor. The president is deeply unpopular in Rhode Island. Although Laffey is closer to the White House and Congress's GOP leaders on key issues such as the war, Chafee is the candidate of the party establishment, receiving ample support from the National Republican Senatorial Committee and less polarizing administration figures, including first lady Laura Bush, who hosted a Chafee fundraiser.

"I'm trying to figure out exactly what is the issue. It might be Chafee, but Chafee's doing his best to make it Laffey," said Jennifer Duffy, who tracks Senate races for the nonpartisan Cook Political Report.

When Laffey entered the race a year ago, he was dismissed as a novelty act. His campaigning style matched his personality: colorful and in-your-face. He stood on street corners during the morning rush hour, waving a huge blue-and-yellow sign announcing "I'm Laffey." He bought a recreational vehicle and covered it with campaign stickers. The vehicle serves as a mobile campaign headquarters, and it trails along as Laffey goes from door to door on his daily neighborhood "blitzes."

After running a midsize investment firm in Memphis, Laffey returned to Cranston and contemplated his next move. One of the people who gave him advice was Chafee, who had been appointed to the Senate after his father died in 1999, after serving as mayor of Warwick, the city next door. He urged Laffey to take on Cranston. "I told him it's a very rewarding job and that his town needed him," Chafee recalled.

Laffey won in November 2002. When he took office, the city had the lowest bond rating in the country and was in danger of missing payroll. Even the mayor's critics concede that his turnaround of Cranston was impressive, although some of residents still complain about the tax increases.

What Laffey learned as mayor was that he was good at changing minds. His campaign literature reminds voters that he convinced a Democratic city council to approve steep budget cuts and powerful local unions to renegotiate contracts.

"I had to use the bully pulpit, hold a lot of meetings," Laffey said. "I'm a businessman. When I see a problem, I want to solve it."

Chafee is campaigning hard, with his career on the line. He agreed to four debates with Laffey and has adopted a gentle but defiant tone when responding to his feisty opponent. His latest ad is a hard-hitting compilation of Laffey encounters, including a brawl with Cranston firefighters and a showdown with a woman who complained that her taxes had gone up.

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"He mocked her, saying he'd foreclose on her home if she didn't pay up," the announcer deadpans. "Do you want Steve Laffey speaking for you in the U.S. Senate?"

Last Saturday, Chafee spent the morning greeting beachgoers en route to Newport and then headed to a Pawtucket Greek festival, where he stopped at every table in three large tents. He drew a broad smile from Kosta Bitsis, a local contractor. "I appreciate that he doesn't vote with party lines," Bitsis said. "It takes courage to do that."

But Coventry is Laffey territory. Although many of the town's middle-class residents are registered as independents, Laffey describes them as Reagan Democrats who share his pragmatism and frustration with the status quo. "I know all about you," Judith Gregory announced when she answered the door. "And if you want to put a sign in my front yard, you go right ahead."

Ohio Senator Campaigns On Bipartisanship (AP)

By David Hammer, Associated Press Writer

AP, August 26, 2006

Republican Sen. Mike DeWine highlights bipartisanship in his latest campaign ad and challenges a Democrat who has voted no — rival Rep. Sherrod Brown.

"Working together is the only way to solve our problems," the Ohio senator says in his latest ad. The spot began airing Friday in seven of the state's 11 largest media markets at a cost of about $600,000.

The 30-second ad features DeWine on a porch, talking about his bipartisan credentials. He mentions the pension overhaul bill, President Bush's tax cuts and expanded federal powers for fighting terrorism.

"Incredibly, Congressman Brown voted 'no' each and every time," DeWine says, dropping his smile and taking a grave tone.

Brown spokeswoman Joanna Kuebler countered that Brown has worked with Republicans as the lead Democratic sponsor of several bills and top Democrat on a House subcommittee for health issues.

She also said DeWine shouldn't have painted the tax cuts as bipartisan just because it got a few Democratic votes.

"For him to portray that as Democrats and Republicans working together is another example of Mike DeWine distorting the facts," she said. "Democrats fought and continue to fight those tax cuts for the rich."

In an interview after the ad was released, DeWine acknowledged the tax cuts didn't have significant bipartisan support. "It's true in one out of the three examples, but it still took Democrats to get it passed," he said.

Polls show a close race between the two-term incumbent and the seven-term congressman for the Senate seat.

Vague Disquiet Roils Voters In Missouri Race (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, August 26, 2006

WARRENSBURG, Mo. -- Sen. Jim Talent is not responsible for $3-a-gallon gas or the Iraq war, but many voters here are linking him to an unpopular commander in chief and say they will punish him at the polls because he is a Republican.

Ian Billingsley, a computer operator at Central Missouri State University, said he probably will vote for Democrats as the "lesser of two evils," even though he hadn't heard anything "outrageous" about Mr. Talent.

"I'm not a fan of anything that's going on at the moment," he said.

Mr. Talent faces a significant re-election challenge in November, with Democratic state Auditor Claire McCaskill essentially running even with him in the polls. Voters in the increasingly frustrated electorate here, especially in economically challenged rural Missouri, say they likely will seek a change, even though they may disagree with the Democrats.

Most voters interviewed said life "could be better, could be worse," in the words of one, but all said they were mostly unhappy with the direction of the nation. They also described themselves as skeptical or cynics, saying once Missouri politicians leave the state, they lose touch with real folks.

"It seems like once people get up there, they forget about where they came from," said Dick Wilbers, owner of Johnny's Butcher Shop Bar-B-Que in Jefferson City.

A 2004 Bush voter, now Mr. Wilbers isn't so sure. After observing Mr. Talent earlier this month at the Governor's Ham Breakfast at the Missouri State Fair, he said he is likely to base his vote on the price of gas come Nov. 7.

Mr. Talent, who won his Senate seat in a 2002 special election, is in tune with that sentiment.

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"This is an election where they sense that the Washington establishment is alienated from them, and they are right," he said. "They want people who will move that establishment. The question is: Are you going to make the system work for their values and their interests?"

Mr. Talent added that he thinks Missouri, which has chosen the presidential winner in all elections since 1960, is a swing state.

Missouri's two senators and five of its nine representatives are Republicans, but it has alternated between Democratic and Republican governors.

Mrs. McCaskill, who is backed by former President Bill Clinton, said voters are more concerned about gas prices and think politicians would rather help big corporations than the working man.

"People are angry about gas prices; they are angry about what they see as attacks on the middle class," she said.

But Talent voter Olan Stemme, 60, of Hermann, praised the incumbent for crossing party lines to deal with the state's methamphetamine problem and to push renewable-fuel legislation.

Democrats say that won't be enough for the freshman senator to keep his seat in an anti-Republican wave.

"The national tide will really help," said Rep. Ike Skelton, Missouri Democrat.

Sen. Christopher S. Bond, Missouri Republican, predicted that national Democrats hungry to win back control of the Senate will attack Mr. Talent.

"It's going to be a battle royal, [and] they're going to call him all kinds of things," he said.

Though the state's voters are worried about the Iraq war, there is little agreement on what should be done.

Several residents of the Show Me State said they voted to re-elect Mr. Bush in 2004 because they felt "he got us into the war, and he should be the one to lead us out." Now, they see no end to the prolonged stay in Iraq, and they think a change of direction might be the best option.

"When the greatest generation went off to war, they knew they were fighting for something," said Sam Meade, 38. "I don't know what we're fighting for."

But Vietnam veteran John Page said he will support Mr. Talent because the Democrats are embracing a "cut-and-run" strategy on Iraq.

The war is a politically explosive topic for some, but both candidates said voters aren't talking to them about it as much.

Most voters interviewed were unfamiliar with Mr. Talent's Senate record, and some were unaware he will be on the ballot.

"I know I'm not voting for Bush," said Cole Knipp, a 23-year-old student at Central Missouri State University.

When informed the president isn't on the ballot, Mr. Knipp said it didn't matter because he ties all Republicans to the president.

Few interviewed at the state fair were undecided voters.

Betty Sue Viterna, a retired teacher from Green Ridge, has supported both parties, but is frustrated with the war and Mr. Bush.

"We need some changes," she said. "I don't really like the direction we've been going the last few years."

GOP's Bass No Easy Catch For New Hampshire Democrats (CQPOL)

By Marc Rehmann

CQ Politics, August 26, 2006

New Hampshire Rep. Charles Bass is among the Republicans who were first elected in the 1994 elections that swept the GOP into the House majority. State Democrats who are optimistic of winning back control of the House this year also hope that Bass will be among the vanquished.

It will not be easy. Bass has won his recent re-election contests comfortably, if not overwhelmingly, and he took a career high 58 percent of the vote in 2004 against Democratic lawyer Paul Hodes.

They are assured of meeting again in November: Hodes is unopposed the Sept. 12 Democratic primary and Bass is expected to easily beat Berlin mayor Bob Danderson in the GOP contest.

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Rematch campaigns rarely are successful, but Hodes told CQPolitics.com that he is running a better campaign operation in his rematch bid — and in a national political environment that is much more favorable to Democrats than in 2004, when President Bush was re-elected.

"There is no practice for running for Congress like running for Congress," Hodes said. "This election is in many ways a clear referendum of the Bush Administration and their failed policies. I don't need to attack Bass, we can point out the differences."

The political makeup of the 2nd, which takes in western New Hampshire, ensures that Hodes will pose at least a credible threat to Bass. In 2004, when Bush was more popular, the 2nd backed Democratic Sen. John Kerry by 5 percentage points.

During that election cycle, Hodes competed for attention in a state that was holding competitive contests for president and governor. There is no contest for president or senator this year, and Democratic Gov. John Lynch — New Hampshire elects its governor every two years — is overwhelmingly favored to win a second term this November.

Hodes is waging a better-funded campaign than he did two years ago. As of June 30, Hodes reported raising $672,000, which was more than the $569,000 received by Bass, who doesn't raise campaign funds as vigorously as other incumbents from politically competitive districts. Bass' opponents have outraised him in four of his six House races.

Bass had slightly more left to spend than Hodes as August began — $453,000 to $443,000. At the end of June 2004, by contrast, Hodes had $181,000 cash-on-hand, compared to $273,000 banked by Bass.

Outside groups and House Democratic leaders also have weighed in. The liberal activist group MoveOn.org aired television advertisements earlier this week that attack Bass for supporting the Iraq war. Illinois Rep. Rahm Emanuel, the chairman of the Democratic Congressional Campaign Committee, appeared at a press conference with Hodes this month to criticize the "Bass/Bush Record" on education issues.

"In a year that looks good for Democrats, especially with problems the Bush Administration is having, the Democrats could probably pick up the seat," said Joseph Bafumi, a government professor at Dartmouth College. "The last couple of races have proved [Bass] to be pretty effective though."

Bass is popular in large part because he has cultivated an image as an independent-minded centrist. Bass is on the board of the Republican Main Street Partnership, an organization that promotes GOP centrism.

In 2005, Bass opposed President Bush one-third of the time on votes on which the Administration had a stated position, putting Bass among the one-fifth of House Republicans least loyal to Bush's positions.

Bass also departs from the positions of the conservative House GOP leadership more often than most other members of his party. He backed legislation to promote embryonic stem cell research and opposed a Republican-drafted bill to overhaul endangered species laws.

"People know me and they know I am not in lock step with anyone in Washington," Bass told CQPolitics.com. "I am a Republican and proud of it and I support President Bush when I think he is right on the issues, and I don't when I think he isn't."

A poll released this month by the University of New Hampshire Survey Center had Bass leading Hodes by 53 percent to 25 percent, with 22 percent undecided — a strikingly different result than in the center's April poll, which had Bass ahead of Hodes by just 43 percent to 35 percent.

This month's survey also showed that Hodes still needs to increase his name identification: 77 percent of likely voters knew too little about Hodes to render a favorable or unfavorable opinion of his candidacy.

"We are not talking about an incumbent that is unpopular," said Dante J. Scala, a political scientist at Saint Anselm College in Manchester. But, he added, "if Hodes has a good third quarter [in fundraising], he should have the money to be fairly competitive."

CQ rates this race as Republican Favored. Please visit CQPolitics.com's Election Forecaster for ratings on all races.

The Camera Doesn't Quite Lie (FT)

By Christopher Caldwell

Financial Times, August 26, 2006

DOJ_NMG_0054556

Last week, George Allen, the Republican senator running for re-election in Virginia, apologised for calling one of his opponent's campaign aides, who is Indian-American, "macaca". The aide had been tailing Mr Allen with a video camera, hoping, no doubt, to record any undignified incidents. He posted the footage of this one on the video-archiving website, YouTube. Blogs linked to it and Mr Allen was soon embroiled in controversy. There is no consensus on opinion pages and talk shows about what macaca means. (The aide's bizarre haircut may hold a clue.) But there is consensus about what YouTube means – an earthquake in American politics.

It is easy to see why people would make such claims. YouTube has been up and running only since last year, yet already users view 100m videos a day there and post 65,000 of their own. The company has $11.5m in venture capital to grow on. YouTube and similar sites (such as MySpace) are starting to play a role in political campaigns. Joe Lieberman, Connecticut's Democratic senator, lost a primary election to Ned Lamont, his anti-war challenger, after the latter's supporters used the internet to spread clips of Mr Lieberman's gaffes, along with satirical pastiches implying Mr Lieberman was not just in agreement but in love with president George W. Bush.

If you visit YouTube itself, you will find predictions of its waxing importance hard to credit. The Washington Post aptly calls it a "video dumpster" – an unsifted pile of gross stunts, pornography, fights, flatulence, car crashes and Japanese animation. It serves many functions. In places it is the "e-" equivalent of a vanity publisher. YouTube's first dedicated "channel", launched this week, promotes the singing career of Paris Hilton, who shot to fame as an internet porn star. Nothing ground-breaking there – Emile Zola's Nana was not the first account of "laundering" sexual fame into something more durable. In other places YouTube is a video file-sharing arrangement along lines pioneered by the defunct music service Napster. The site helps companies police piracy, though, and its main role may eventually be as a marketing tool for videos and movies.

Although YouTube users describe their self-filmed offerings as creative and individualistic, viewer-generated video is unlikely to be more appealing, on average, than "diner-generated food" would be in a restaurant. So a lot of the offerings have a corporate, even consumerist orientation. Some of YouTube's most visited web pages are advertisements. The site is a meeting place for what Harold Rosenberg, the American art critic, called "the herd of independent minds", where everyone is unique in the same way. Of course, this is a big part of what makes YouTube a political force. Like everything else on the internet, it allows similarly inclined people to find one another. That is the optimistic way of putting it. The pessimistic way is to say that the internet solves the organising problem of mobs.

Those who like this development (or want to stay on the good side of internet users) credit it with a "democratisation of information", as Harold Wolfson, Hillary Clinton's political adviser, did last week. The internet lets the little guy keep tabs on the big wheels. But Nicholas Lemann, dean of the Columbia School of Journalism, argued persuasively in The New Yorker this month that we are still a long way from the "citizen journalism" that internet visionaries promised a decade ago. There are all kinds of sites in many different genres, writes Mr Lemann, "but none of that yet rises to the level of a journalistic culture rich enough to compete in a serious way with the old media – to function as a replacement rather than an addendum". Although it is yet possible the internet and blogging will revolutionise news reporting, thus far the new media is mostly parasitic on the old.

At partisan websites, what information the little guy is deemed to need depends on whose ox is being gored. MoveOn.org, a leading website of the Democratic party's left, took its name from the proposition that scrutiny of Bill Clinton's sex life in the 1990s was an obsession that was diverting Americans from more urgent priorities. They were right, too, but "move on" is now the last thing the website wishes to do. In the Bush era, its motto might as well be "lest we forget". Rightwing websites behave no differently. The internet, because it records missteps forever, is ideally suited to those whose grievances are of a Balkan obsessiveness.

That is why some people argue that YouTube will put an end to spontaneity in politics: who will loosen up and speak from the heart, they ask, when the slightest faux pas – the macaca business, for instance – can be rerun until it jeopardises a politician's career? This is a weak argument. For one thing, protecting political careers is not the purpose of democracies. For another thing, the assumption that video makes people cautious is wrong.

Citizen activists have never been reliably objective, but the pseudo-objectivity of video permits a partial account to masquerade as "the" truth. Unlike writing, it has no "voice" through which bias can be detected. That is why terrorists' most effective recruiting tool is not verbal argument but carefully edited atrocity videos.

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Democratic politics is not immune to built-in biases. Think of the countless cameras that anti-globalist protesters have trained on policemen at demonstrations in the past decade. They are meant to document police brutality – but if no police brutality happens, you will never see the video. The exercise is structured so that brutality is the only police behaviour you will ever see. Similarly, fiery remarks were the only kind of remarks that the aide to Mr Allen's opponent was interested in recording. If the camera "doesn't lie", then the truth it tells is at best a partial one. We can already see that this partial truth is more likely to rile people up than to calm them down.

The writer is a senior editor at The Weekly Standard

A Planet Always (WP)

The Washington Post, August 26, 2006

Vive Pluto!

TO ALL THE astronomers who voted in Prague this week to demote our solar system's smallest planet to the status of "dwarf planet" we ask: What do you know? Ask any third-grader how many planets there are. Nine. Ask whether Pluto is one of them. Of course it is. Ask them whether they care how a bunch of telescope jockeys voted. Of course they don't. So there.

And we're with them -- standing firmly behind Pluto's status as a planet. Yes, yes, other bodies orbiting the sun have as much claim scientifically to full planethood as Pluto. And we can't have this exclusive club getting too big, can we? But still, there's such a thing as tradition. And it's just not right to teach generations of kids that there are nine planets, only then to take one away. Sure, it would be inconsistent to keep Pluto as a planet even as astronomers discover other big rocks out there in space. But, as Emerson might have put it, a foolish consistency is the hobgoblin of astronomers.

Europe Offering Bulk Of U.N. Force (WP)

By Molly Moore, Washington Post Foreign Service

The Washington Post, August 26, 2006

Big Hurdles Remain For Lebanon Mission

BRUSSELS, Aug. 25 -- European countries agreed Friday to provide about half the troops for a new 15,000-member U.N. peacekeeping force in southern Lebanon, with a significant contingent expected to arrive within a week, officials announced after an emergency meeting here.

"Europe is providing the backbone of the force," U.N. Secretary General Kofi Annan told reporters after the session with European foreign ministers. "We can now begin to put together a credible force."

The commitments from reluctant European governments followed nearly two weeks of intense prodding and pleading by Annan. There have been concerns that the tenuous cease-fire between Lebanon's Hezbollah militia and Israel could unravel without the rapid intervention of an international peacekeeping force.

The majority of the European troops will be supplied by Italy, which has offered as many as 3,000 soldiers, and France, which Thursday promised a total of 2,000. An advance group of about 185 French troops, from engineering units, arrived in Lebanon on Friday, joining a small group already in the country.

Even with the total European commitment of between 5,600 and 6,900 troops, Annan conceded that major obstacles remain for deploying the international force alongside Lebanese army units in southern Lebanon and Israeli units on the border.

Annan, who is eager to include Muslims in the peacekeeping force, said he is prepared to accept offers of troops from predominantly Muslim Bangladesh, Malaysia and Indonesia, despite insistence from Israel that it will not accept the presence of peacekeepers from the three countries, which do not recognize the Jewish state.

The U.N. leader said that in light of the "struggle" in obtaining troop commitments from European countries, he could not afford to turn down governments that were willing to fill the remaining ranks of the planned force.

"We will take the best peacekeepers where we can find them," Annan said. "We don't have pools sitting in barracks you can choose and pick from."

He said all three countries' armies had extensive experience in international peacekeeping missions, and that those forces could be deployed in areas where they would not come into contact with Israeli soldiers. Annan also said he is discussing troop

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deployments with Turkey, a Muslim nation and member of the NATO alliance. Turkey has diplomatic and economic relations with Israel.

The French, who Annan said will lead the force until next February, have openly disagreed with the U.N. chief on the proper size of the force.

French President Jacques Chirac said at a Paris news conference Friday that he believes 15,000 troops is "a totally excessive figure" because of the relatively small patch of territory where soldiers will operate, suggesting instead a maximum of 6,000 troops.

"How can we have 15,000 Lebanese troops being deployed as well as 15,000 UNIFIL forces?" Chirac said, referring to the United Nations Interim Force in Lebanon. "I'm not sure there's room for both."

"We're putting in the assets required to get the job done -- no more and no less," Annan told reporters here in response to questions about Chirac's statement. He added that "15,000 are going to deploy."

U.N. plans call for the first 3,500 troops to reach Lebanon in about a week, but Finnish Foreign Minister Erkki Tuomioja said Friday that the remaining European forces are unlikely to reach the country for another two to three months.

It could be several more months after that before the entire force is fully operational, according to U.N. officials.

In addition to Italy and France, Spain has offered about 1,000 troops, and Poland said it will send 500. Finland, Denmark, Germany, Hungary and Greece each have promised small numbers of personnel.

Approximately 2,000 U.N. peacekeeping troops are in southern Lebanon and along the Israeli border as part of UNIFIL, which was created in 1978.

The United States and Britain have refused to provide ground troops, saying theirs are already overtaxed in Iraq and Afghanistan. President Bush has said the U.S. military will provide communications, logistics and intelligence assistance.

Britain is offering two AWACS communications and surveillance planes, six Jaguar combat jets, a frigate and use of a British base in Cyprus for staging, according to the country's U.N. ambassador, Emyr Jones Parry.

Chirac on Friday continued to defend the delay in his decision to make a significant contribution to the peacekeeping force. While France was instrumental in writing the U.N. cease-fire resolution and initially said it would send 2,000 troops to southern Lebanon, Chirac drew domestic and international criticism when he then offered only about 400 soldiers.

"It would have been utterly irresponsible to take a decision that would jeopardize the lives of French troops without having the guarantee that they would be deployed under optimal conditions from the point of view of their safety," Chirac told reporters during a joint appearance at the Elysee Palace with German Chancellor Angela Merkel. "I don't know how I would have been judged if I had decided irrationally without thinking about a minimum of guarantees."

Annan said the United Nations has adjusted some of its rules of engagement for the peacekeepers to meet concerns that the troops be authorized to shoot to defend themselves and civilian populations under what could be murky circumstances.

"Troops are not going in there to disarm -- let's be clear," he said. "Disarming Hezbollah cannot be done by force. It has to be political agreements among the Lebanese."

At the same time, Annan warned during the closed meeting with the European foreign ministers that peacekeepers "may well find themselves engaged in military action at the tactical level," according to a copy of his address. He cited as an example a hypothetical situation in which "combatants, or those illicitly moving weapons, forcibly resist a demand from them, or from the Lebanese army, to disarm."

Staff writer Colum Lynch at the United Nations and researcher Corinne Gavard in Paris contributed to this report.

EU Ends Impasse On Lebanon Force (FT)

By Daniel Dombey And Delphine Strauss

Financial Times, August 26, 2006

Europe on Friday finally agreed to send thousands of troops to Lebanon, so resolving an impasse over who would lead and staff the new United Nations monitoring force.

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Italy and France confirmed that they would respectively send 3,000 and 2,000 troops with contributions by Spain, Poland, Belgium and Finland bringing the total of new soldiers to almost 7,000. The force will be led on the ground by France until February, after which Italy will take charge.

But although Kofi Annan, UN secretary-general, saluted the European Union for providing the "backbone" of the force, it is still not fully manned – and prospects for its mission in the war-torn south of the country are far from clear.

"The conference has been a success," said Mr Annan, after an emergency meeting in Brussels with EU foreign ministers. "More than half of the force has been pledged today."

Philippe Douste-Blazy, French foreign minister, argued that the problems surrounding the new force had been resolved principally because of a new system of chain of command, under which the force commander would answer to a Italian general at the UN in New York. He said this would allow the force to respond much more quickly.

Mr Annan added that the first wave of 3,000 to 4,000 soldiers would be dispatched "in the next few days or a week" and insisted – despite scepticism from Jacques Chirac, French president – that the target of a force totalling 15,000 troops would eventually be met.

Some 2,000 soldiers are already in place as part of Unifil, the UN's current, monitoring force, which has been in Lebanon since 1978.

On Friday, at a press conference with Angela Merkel, German chancellor, Mr Chirac described the figure of 15,000 as "altogether excessive". He added: "I can't imagine having 15,000 Lebanese soldiers [which are also being deployed to the south of the country] and 15,000 from Unifil in an area half the size of a French department without their bumping into each other."

But Mr Annan said he hoped Turkey would also join the force.

He also emphasised commitments from Indonesia, Malaysia and Bangladesh, even though Israel has objected to the three Muslim countries, with which it does not have diplomatic relations.

A further problem facing the force materialised this week, when Syria threatened to close its border with Lebanon if UN troops were deployed along the frontier between the two states.

Israel says a UN presence in the area is necessary, to prevent Iranian arms reaching Hizbollah, the militant Islamist group. But Mr Annan said the UN would only deploy along the border at Lebanon's request – and had not been asked yet.

According to the concept of operations circulated last week, and which has not changed, the force will monitor the cessation of hostilities and accompany the Lebanese army as it deploys throughout the south and along the blue line.

Its jobs will include ensuring humanitarian access, and assisting the government of Lebanon "at its request, to secure its borders and entry points, to prevent entry of arms and related material".

It is also tasked with ensuring the area "is not used for hostile activities of any kind", and to "resist attempts by forceful means to prevent it from discharging its duties."

Europe Pledges A Larger Force Inside Lebanon (NYT)

By Craig S. Smith

The New York Times, August 26, 2006

BRUSSELS, Aug. 25 — After a week of confusion and missteps, Europe pledged to add up to 6,900 troops to the United Nations peacekeeping force in southern Lebanon, officials said at an emergency meeting of European Union foreign ministers here on Friday.

But the officials cautioned that the force would not be used to disarm Hezbollah. That job, if it is done at all, will be left to the Lebanese government and army.

The international force, joined by Lebanese national soldiers, is the solution that world powers agreed to after a month of fighting between Israel and Hezbollah, an Islamist militia that dominates southern Lebanon. Israel, in particular, wanted a strong European contingent in the force.

But after the force was agreed to, a number of countries said that the rules of engagement were unclear, and that they feared their troops would end up fighting with either Israel or Hezbollah. Their conflict is partly a local one, over prisoners that each side holds, and the history of Israel's occupation of the region.

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But it is also a result of Hezbollah's refusal to recognize Israel's legitimacy, and it is widely viewed as a proxy conflict between the United States and Iran.

The largest contribution to the expanded force came from Italy, which confirmed that it would contribute 3,000 troops and was asked by Secretary General Kofi Annan to succeed France in command of the force in February. The force seemed unlikely to reach the 15,000-troop level authorized under United Nations Resolution 1701, which ended the fighting in Lebanon. President Jacques Chirac of France on Friday called the 15,000 figure "totally excessive." Currently, there are more than 2,000 United Nations troops in Lebanon.

"Europe has lived up to its responsibility," said Mr. Annan, who attended the emergency session of European Union foreign ministers here. He called the commitments the "credible core" called for by Resolution 1701.

He said that he hoped several thousand of the additional troops would deploy "within the next few days, not the next few weeks," and that the total force would arrive in three waves extending over several months.

Mr. Annan said agreement was reached on new rules of engagement that authorize the peacekeepers to use deadly force against those preventing them from doing their job.

"If, for example, combatants, or those illicitly moving weapons, forcibly resist a demand from them, or from the Lebanese Army, to disarm," then armed force could be used, he said. He added, however, that disarming Hezbollah — a central goal of two United Nations resolutions on Lebanon — "is not going to be done by force."

The expanded peacekeeping force's mandate is to support the Lebanese Army in enforcing the resolutions. But disarmament of Hezbollah "has to be achieved through negotiation, and an internal Lebanese consensus, a political process, for which the new Unifil is not, and cannot be, a substitute," Mr. Annan said. Unifil is the acronym for the United Nations Interim Force in Lebanon.

Mr. Annan also said the peacekeepers would not be deployed along the Lebanese border with Syria unless the Lebanese government expressly requested them. Syria has said that it would regard such a deployment as a "hostile act" and Lebanon has already said it did not want United Nations support in policing the border.

Mr. Annan's presence at the ministers' meeting today underscored the urgency of getting additional peacekeepers on the ground in Lebanon to cement a fragile cease-fire. But given the limits on the peacekeepers' mandate, it is unlikely that the expanded international force will resolve the central issue of Hezbollah's armed presence in southern Lebanon — a fact that Mr. Annan and European officials alluded to.

"Our main concerns now relate to the political context in which the U.N. force will operate," Mr. Annan said. "The U.N. — Security Council and Secretariat alike — is fully seized of the need to move the political process forward, to stabilize the situation and secure a durable cease-fire."

He said he would visit Iran, Syria, Lebanon, Israel and the Palestinian territories next week and then make recommendations to the Security Council on ways to resolve the political situation that led to the crisis.

Hezbollah is a Shiite Muslim organization that is supported financially, politically and militarily by Syria and Iran. The Lebanese Army, which will be responsible for stopping the flow of weapons from those two countries to Hezbollah, is largely made up of Shiite soldiers.

With Hezbollah represented in the Lebanese government, few people expect the Lebanese government or its army to be capable of disarming the powerful militia or moving it out of southern Lebanon without the cooperation of Syria and Iran.

Still, Mr. Annan gave a positive assessment of the situation on the ground.

"The cessation of hostilities has, on the whole, held remarkably well," he said. "Israeli forces are withdrawing progressively from south Lebanon, and the Lebanese armed forces are moving in."

Javier Solana, the European Union's foreign policy chief, called on Israel to lift its air and sea blockade of Lebanon to ease tensions and to allow reconstruction to go forward.

The French are contributing the largest number of troops after Italy, though it is not entirely clear how many. Mr. Chirac said Thursday that France would send a total of 2,000 troops. But the French foreign minister, Philippe Douste-Blazy, told the meeting on Friday that France would contribute 2,000 in addition to those already on the ground in Lebanon, which number 400. Spain

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promised a battalion of 1,000 to 1,200 troops and Poland, which already has some soldiers in Unifil, said it would add 500 soldiers now and possibly more later, depending on the force's needs.

Belgium said that it would send 300 soldiers and that the number could rise to 400. Finland pledged 250 soldiers.

Germany, Sweden, Greece, the Netherlands and Denmark all offered ships and other naval assets. Britain said it would send Jaguar ground attack aircraft and Airborne Warning and Control System aircraft, known as Awacs, in addition to a navy frigate. It also offered to help train and equip the Lebanese military and support enhanced command and control technology for the force.

Mr. Annan said that the United Nations had received serious offers of troops from countries outside Europe as well, including Malaysia, Indonesia and Bangladesh, and that he was consulting with Turkey about whether it would contribute. Israel has previously expressed opposition to Muslim countries that it has no diplomatic relations with, like Malaysia and Indonesia, joining the peacekeeping force. But Mr. Annan said he thought there were ways to use the troops while dealing with Israel's concerns.

In addition to succeeding the French command in February, Italy will lead a strategic office at United Nations headquarters in New York that will provide military guidance to the force, Mr. Annan said.

The decision on a joint command rewards Italy for leaping into the diplomatic breach in recent days with bold promises of troops and leadership while other European countries hesitated. And it avoids embarrassment for France, which was initially expected to take the lead but soon drew criticism for being slow to commit more troops.

In an important concession to France, which had worried about bureaucratic meddling in the force's chain of command — a problem with past United Nations peacekeeping forces — there will be no civilian special representatives of the secretary general on the ground to share the command, which will report instead to the military officers at the United Nations headquarters in New York.

Russia was reported to be considering sending troops to Lebanon, but Defense Minister Sergei B. Ivanov said no decision had been made. "It is not yet clear what the status of the peacekeeping force is, what their rights are, what they should do there, and what mandate they have," he told reporters during a visit to the country's far east, Interfax reported.

It is unlikely that Russia's military, whose manpower and budget are already stretched thin, would be able to send a significant force.

Europe Offers 'Backbone' Of Peacekeepers (AP)

By Arthur Max, Associated Press Writer

AP, August 26, 2006

The European Union swept away a major hurdle to keeping the peace between Israel and Hezbollah by agreeing Friday to provide the "backbone" of a French-led peacekeeping force of 15,000 soldiers in Lebanon.

Israel said it would lift its air and sea embargo of Lebanon once the U.N. force takes control, a process EU officials said could take up to three months. The blockade is meant to stop arms getting to Hezbollah, but it also is hindering deliveries of food, fuel and other goods.

The commitment of up to 6,900 European soldiers relieved concerns that the peacekeeping force might be stillborn because of reluctance by many countries to send troops into the Middle East cauldron without clear instructions or authorization to use their weapons.

About 150 French army engineers landed Friday at Naqoura in southern Lebanon, joining 250 of their countrymen already among 2,200 peacekeepers in the country, and Italy's leader reportedly said late Friday that his nation's troops could leave for Lebanon as early as Tuesday.

The international force is meant to give teeth to the Lebanese army, which has begun moving 15,000 soldiers of its own into the south to assert the central government's authority in the region along the Israeli border for the first time in decades.

In Beirut, an official close to Lebanese Prime Minister Fuad Saniora said his government welcomed the EU decision and that it would help restore stability. The official spoke on condition of anonymity because he was not authorized to make statements to the media.

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But 12 days after the cease-fire in fighting between Israel and Hezbollah, questions remained about how to enforce a vague truce agreement and prevent the area from exploding again.

The EU and U.N. agree the peacekeeping mission must have a strong Muslim component to give it credibility. But Israel objects to nations that do not recognize the Jewish state, saying such troops would make it impossible for Jerusalem to share intelligence with the U.N. force.

Israel's objection would include Indonesia, Malaysia and Bangladesh, which have volunteered troops. Turkey, meanwhile, which does have diplomatic relations with Israel and would be acceptable to all parties, has not decided whether to join the force.

It was unclear how the United Nations would meet Israel's demand to prevent the Islamic militants of Hezbollah from rearming, including controlling the Lebanon-Syrian border.

And dismantling Hezbollah's arsenal of rockets and other weapons already in southern Lebanon was an open sore.

French Foreign Minister Philippe Douste-Blazy said France wanted to create an arms-free "exclusion zone" in southern Lebanon to separate Israeli troops and Hezbollah guerrillas.

"Our objective is clear, to disarm Hezbollah," Douste-Blazy said, but he added that military force was not the answer. "The only solution is to have a political solution."

U.N. Secretary-General Kofi Annan said it was not the United Nations' task to strip the guerrillas of their weapons.

"The troops are not going there to disarm Hezbollah. Let's be clear about that," he said after meeting with EU ministers. He said disarmament is an issue for Lebanon's government, and "cannot be done by force."

Annan left the meeting with a commitment for more than half the 15,000 soldiers envisioned in the Security Council resolution that halted the war after 34 days. The promised 6,900 European soldiers did not include naval units, air support or peacekeepers already on the ground.

The bulk of the new troops came from Italy and France. Other countries committed smaller units. Belgium volunteered 400 soldiers, including critical land-mine removal units. Germany and Denmark offered naval forces, and the Finnish foreign minister spoke of sending 250 soldiers, if his parliament approved.

The United States has ruled out providing troops, but is expected to provide logistics support. As a rule, Washington does not participate in peacekeeping missions unless it is commanding the force.

France, which now commands the small UNIFIL force that has been in southern Lebanon since 1978, will lead the expanded force until February, when it will hand over command to Italy.

"Europe is providing the backbone of the force," Annan said. "We can now begin to put together a credible force."

He said the peacekeeping force will be "strong, credible and robust."

Finnish Foreign Minister Erkki Tuomioja, whose country holds the EU's rotating presidency, said the entire U.N. force should be in place within two to three months.

Annan said he hoped the expanded force would be able to start deploying in "days, not weeks." He had earlier set a target date of Sept. 2.

Israel said it would lift its air and sea blockade of Lebanon as soon as the international force got into place — but insisted that includes having peacekeepers along the Syrian border to block arms shipments to Hezbollah from its two main supporters, Iran and Syria.

"The minute those forces are there, we can lift it," Foreign Ministry spokesman Mark Regev said in Jerusalem.

Such a move would aggravate tensions with Syria, whose leaders have called the deployment of international troops along the border a "hostile" act.

But Annan said U.N. troops would deploy on the Syrian border only at Lebanon's request, which Beirut hasn't done. "The resolution does not require the deployment of U.N. troops to the border," he said at a news conference after a three-hour meeting with the 25 EU ministers.

The issue is unlikely to prevent the Israeli government, which is under domestic pressure to pull out of Lebanon quickly, from withdrawing its soldiers.

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However, Israel could use airstrikes on border crossings, roads and bridges to prevent arms smuggling if Lebanese troops and the U.N. force did not stop shipments themselves. Israel's air force and navy could also maintain the blockade to apply further pressure on Lebanon.

Annan told the EU ministers that the cease-fire was holding with few infractions, but he urged them to move swiftly to get their soldiers to the volatile region.

Associated Press writers Hussein Dakroub in Beirut and Ravi Nessman in Jerusalem contributed to this report.

EU Pledges 6,900 Troops For Lebanon (WT/AP)

By Arthur Max, Associated Press

The Washington Times, August 26, 2006

BRUSSELS -- The European Union yesterday swept away a major hurdle to keeping the peace between Israel and Hezbollah by agreeing to provide the "backbone" of a French-led peacekeeping force of 15,000 soldiers in Lebanon.

But Europeans said that it could take up to three months for the U.N. force to take control.

The European commitment of up to 6,900 European soldiers relieved concerns that the peacekeeping force might not materialize because of reluctance by many countries to send troops into the Middle East cauldron without clear instructions or authorization to use their weapons.

An agreement was reached after U.N. Secretary-General Kofi Annan met in Brussels with foreign ministers of the 25 European Union states.

The secretary-general hailed the conference as "a success."

"We may have a unique opportunity to transform the cessation of hostilities into a durable cease-fire," he added.

About 150 French army engineers landed yesterday at Naqoura in southern Lebanon, joining 250 of their countrymen already among 2,200 peacekeepers in the country, and Italy's prime minister reportedly said late yesterday that his nation's troops could leave for Lebanon as early as Tuesday.

The international force is meant to give teeth to the Lebanese army, which has begun moving 15,000 soldiers of its own into the south to assert the central government's authority in the region along the Israeli border for the first time in decades.

In Beirut, an official close to Lebanese Prime Minister Fuad Siniora said his government welcomed the EU decision and that it would help restore stability.

But 12 days after the cease-fire in fighting between Israel and Hezbollah, questions remained about how to enforce a vague truce agreement and prevent the area from exploding again.

The EU and U.N. agree the peacekeeping mission must have a strong Muslim component to give it credibility. But Israel objects to nations that do not recognize the Jewish state, saying such troops would make it impossible for Jerusalem to share intelligence with the U.N. force.

Israel's objection would include Indonesia, Malaysia and Bangladesh, which have volunteered troops. Turkey, meanwhile, which does have diplomatic relations with Israel and would be acceptable to all parties, has not decided whether to join the force.

It was not clear how the United Nations would meet Israel's demand to prevent the Islamic militants of Hezbollah from rearming, including controlling the Lebanon-Syria border.

And dismantling Hezbollah's arsenal of rockets and other weapons already in southern Lebanon was a delicate issue.

French Foreign Minister Philippe Douste-Blazy said France wanted to create an arms-free "exclusion zone" in southern Lebanon to separate Israeli troops and Hezbollah guerrillas.

"Our objective is clear, to disarm Hezbollah," Mr. Douste-Blazy said, but he added that military force was not the answer. "The only solution is to have a political solution."

Mr. Annan said it was not the United Nations' task to strip the guerrillas of their weapons.

"The troops are not going there to disarm Hezbollah. Let's be clear about that," he said, calling disarmament an issue for Lebanon's government that "cannot be done by force."

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Mr. Annan left the meeting with a commitment for more than half the 15,000 soldiers envisioned in the Security Council resolution that halted the war after 34 days. The promised 6,900 European soldiers did not include naval units, air support or peacekeepers already on the ground.

The bulk of the new troops came from Italy and France. Other countries committed smaller units. Belgium volunteered 400 soldiers, including critical land-mine-removal units. Germany and Denmark offered naval forces, and the Finnish foreign minister spoke of sending 250 soldiers, if his parliament approved.

The United States has ruled out providing troops, but is expected to provide logistics support. As a rule, Washington does not participate in peacekeeping missions unless it is commanding the force.

France Adds To European Troop Levels For Lebanon (WSJ)

By Marc Champion

The Wall Street Journal, August 26, 2006

Continent's Total Pledge Is 7,000, but Tensions Linger; No Forces for Syrian Border

PARIS -- French Defense Minister Michèle Alliot-Marie said an expanded French peacekeeping force will be on the ground in Lebanon within 20 days, as European countries pledged as many as 7,000 troops to help maintain Israel's shaky cease-fire with the Hezbollah militia.

According to a United Nations Security Council resolution setting terms of the truce, the southern Lebanon contingent eventually should number 15,000. French troops will be among roughly 3,500 to deploy quickly, Ms. Alliot-Marie said in an interview with The Wall Street Journal. The rest of the so-called U.N. blue helmets will follow over two to three months.

The European commitment ended a week of recriminations over the Continent's hesitation to provide troops for the peacekeeping force, though some contentious issues regarding the makeup of the force remain unresolved.

"We can now begin to put together a credible force," said U.N. Secretary-General Kofi Annan, after attending a troop-generating conference in Brussels among foreign ministers from the 25 European Union states. The Europeans pledged 7,000 troops, as well as naval, air and logistics units, meaning that together with the 2,000 already on the ground more than half of the hoped-for force is accounted for.

Mr. Annan's relief at the European contribution was evident. He said that component would provide the "backbone" of the U.N. force, which would be under French command until February, when Italy will take over. Italy and France together will be sending 5,000 of the troops, with Spain offering an additional 1,000 and Poland 500.

Controversy over the force continued Friday, however, as French President Jacques Chirac said 15,000 troops is more than is needed to do the job; his foreign minister, Philippe Douste-Blazy, called on the U.S., Britain, China and Russia to pony up troops, too; and Mr. Annan said he plans to accept troops from Malaysia, Bangladesh and Indonesia despite Israeli objections that these countries don't recognize Israel. Mr. Annan said he had to take trained troops where he could find them. The U.S. and Britain have said they won't put troops on the ground, because they are overcommitted in Iraq.

Mr. Annan confirmed U.N. troops won't be used along Lebanon's long and porous border with Syria to stop any shipments of arms reaching Hezbollah -- a key Israeli concern. That is because the Aug. 11 Security Council resolution left it up to the Lebanese government to ask for such help. Mr. Annan said Beirut, which is encountering strong pressure from Syria over the border-guards issue, hadn't made such a request.

Israel was pressured by EU foreign-policy coordinator Javier Solana to end its blockade of Lebanese ports and Beirut airport, which was designed to choke off arms shipments. European governments have now offered ships to monitor the ports.

Speaking in her Paris headquarters, Ms. Alliot-Marie lashed out at critics who had ridiculed France for its initial offer of 200 new troops a week ago. She said France had since secured important changes to the chain of command and clarifications on the freedom the U.N. blue helmets will have to use lethal force to carry out their mission. On Thursday, Mr. Chirac said France would increase its contribution to a U.N. peacekeeping force in southern Lebanon to a total of 2,000 troops.

France, which administered Lebanon under a League of Nations mandate from 1920 to the early 1940s, was wary of committing more troops until it had a better understanding of the rules of engagement in the event buffer troops encounter hostile action. Hezbollah -- which killed 58 French peacekeepers in 1983 -- remains a well-armed force and stiffly opposes the

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presence of foreigners in Lebanon. Asked if France has been talking directly to the Shiite Muslim group to get assurances it won't target U.N. troops, Ms. Alliot-Marie said: "We talk to the Lebanese government."

Besides its military wing, Hezbollah provides extensive social services to its Shiite Muslim constituency and secured two ministries in the Lebanese cabinet after its strong showing in parliamentary elections last year.

Ms. Alliot-Marie said that unlike other U.N. peacekeeping missions, there will be no civilian special representative of the U.N. Secretary General sharing command with the French military field commander. Instead, the U.N. will for the first time create at its New York headquarters a military strategic cell for the operation to advise him, run by an Italian general.

Ms. Alliot-Marie also said France had won an important clarification on the use of force. Under U.N. rules incorporated into the Aug. 11 cease-fire resolution, soldiers aren't normally able to use lethal force unless directly threatened. But France secured language that would allow the troops to react with force in other situations, she said, adding that issues as basic as whether to use real or rubber bullets had needed to be nailed down.

For example, she said, if a U.N. patrol was blocked on the road by the Hezbollah militia -- but not shot at -- the peacekeepers could do nothing under the normal U.N. rules of engagement. "What we got was that they can," Ms. Alliot-Marie said. "I don't want to send men so that they can be humiliated on the ground."

Ms. Alliot-Marie recalled that French troops have suffered in U.N. missions this way before and she didn't want it repeated. More than 70 French peacekeepers died in the 1990s in Bosnia, where there were numerous disputes between the U.N. mission's military commander and the world body's special representative.

She recalled that in 2004, nine French soldiers and an American were killed when government aircraft in Ivory Coast bombed a French peacekeeping barracks. She said that was possible because the U.N. peacekeepers didn't have a strong-enough mandate to prevent government troops from crossing a cease-fire line.

While the clock ticked away as France negotiated more-favorable terms to avoid a similar outcome in Lebanon, its initial French pledge of 200 engineers looked especially weak in light of an Italian offer of 3,000 soldiers and the fact that France had pushed for the truce resolution and authorized the U.N. force in the first place.

U.N. Peacekeepers Enter An Explosive Situation In Lebanon (MCT)

By Hannah Allam

McClatchy Newspapers, August 26, 2006

MARJAYOUN, Lebanon - The new international force expected to monitor the Lebanese-Israeli border will enter a highly ambiguous and volatile landscape, illustrated by the front-line experience of an Indian battalion that's found little peace to keep after being caught in the middle of the war between Israel and Hezbollah militants.

More than 150 French military engineers arrived in Lebanon on Friday to search for unexploded munitions, and the European Union pledged to supply half of the 15,000 peacekeepers called for in the fragile truce agreement between the warring parties.

But putting more boots on the ground isn't insurance against another explosion in a place teeming with land mines, both literal and figurative.

"It's a very difficult role for a military person. Your hands are tied," said Maj. Saurabh Pandey, the spokesman for India's 4th Battalion, Sikh Regiment, which is part of UNIFIL, the U.N. peacekeeping mission already in Lebanon. "We are combatants. We have all been trained to fight, but here we are just here to see."

It's still unclear what precisely the mandate will be for the new U.N. troops, of which 2,000 will be French and 3,000 Italian. Hassan Saqlawi, a UNIFIL spokesman in the port city of Nakoura, where the first French contingent arrived aboard six vessels, offered this assessment: "We are not going to replace the government. Our job is to assist the Lebanese government to come back to power here."

Few understand the difficulty of such a task better than the 4th Battalion, whose 700 troops make up half the combat component of UNIFIL.

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The combat label is a stretch - the Indians are simply monitors who record violations along the so-called "blue line" that divides the craggy hills of southern Lebanon from the lush greenery of northern Israel. Their headquarters lies in Marjayoun, a predominantly Christian town separated from Israel by a flimsy barbed-wire fence.

Until the conflict began July 12 with Hezbollah's abduction of two Israeli soldiers, the Indian troops considered themselves neutral observers.

They looked for patterns in the traffic that entered and exited the villages under their watch. They tracked the movements of "the As," or armed elements, their code for the shadowy guerrillas of Hezbollah. They listened for Israeli aircraft violating Lebanese air space. And they offered grateful farmers free medical treatment for their families and veterinary services for their livestock.

Pandey's little black journal chronicles the area's sudden descent into chaos. The officer's entries for early July were innocuous: a briefing on bird flu, outreach to local media, dental checkups.

Then, overnight, the peacekeepers found themselves embroiled in war.

"July 12 came and we were slapped," Pandey said, flipping through the pages of his diary. "See, I wrote `two missiles fired.' And later, `down in bunker.' Then I wrote about the first casualties, the destruction and now the humanitarian relief."

A hilltop position in the village of Houla underscores the high price for using U.N. forces as a buffer. The Indian post there was the sole barrier between a massive, heavily guarded Israeli position on one side and, not even 500 feet away, crudely dug Hezbollah trenches on the other.

In the first week of fighting, Israeli tank shells destroyed part of the Indians' barracks and nearly pierced through the heavy sandbags that enclosed a bunker where 20 peacekeepers sought shelter. Travel became so dangerous that the trapped Indians were down to one onion and four potatoes before a rations truck made a risky trip to deliver food.

Hezbollah's rocket volleys whizzed dangerously close, and the Indians marveled at the arsenal the militant group had assembled virtually in secret.

"They were firing 150 rockets every day," Pandey said. "Heaven knows where they came from or how they came."

As the conflict dragged on for a week, then two, and then four, the Indians warily went back to work. Their simple observation mission expanded to include rescue work, street repair, village evacuations and corpse removal. Often, they worked under heavy fire in areas severed from the outside world.

By the time the U.N.-brokered cease-fire was in place, three Indian peacekeepers had been wounded and several of their posts heavily damaged. Throughout the ordeal, Indian officers said, their troops didn't fire a single shot. According to their mandate, they weren't allowed to.

"That's what the discipline of a soldier is. You can't go berserk because of the difficulty of the circumstances," said Lt. Col. Maninder S. Chahal, deputy commander of the Indian battalion.

On Friday, more than a week into the truce, the Indian observation post was still littered with glass shards and other debris from the Israeli strikes. Even though a U.N. flag flies along the border, the peacekeepers said, they must ask permission from Israel before approaching. Hezbollah, meanwhile, has abandoned its positions behind the post and Israeli armor has turned the guerrilla dugouts into mounds of dirt. The Lebanese fighters no longer tote guns in public.

"Somehow they have all melted away in the crowd," Pandey said. "You can't make them out these days. They changed from their uniforms into civilian clothes and they're gone. The number of sightings has gone down."

The entire area remains tense and the cease-fire delicate. Unexploded ordnance dots the terrain, and the villagers who once welcomed the blue-turbaned peacekeepers now look upon them warily, even as they distribute 50,000 liters of drinking water every day.

On a drive through the Indian area of operations, Pandey stopped along a winding mountain road to point out how close the Israelis were to the border fence. He quickly realized that they were closer than he imagined.

"OK, there is already an air violation going on, and did you see the tanks?" Pandey said, gesturing to an Israeli drone overhead and six Israeli armored vehicles that had crossed into a valley on the Lebanese side of the border. A white Israeli surveillance balloon also bobbed in the sky.

Pandey made sure the U.N. flag attached to his white SUV was visible and then motioned for his guests to move quickly.

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"Time to go," he said.

State Dept. Probes Use Of Bombs (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, August 26, 2006

Pact With Israel Bans U.S. Cluster Munitions in Civilian Areas

The State Department said yesterday that it has begun a preliminary investigation into allegations that Israel violated U.S. rules prohibiting the use of American-made cluster bombs in civilian areas during the recent war in Lebanon.

State Department spokesman Gonzalo Gallegos said the investigation began after human rights groups complained that cluster weapons had been found across Lebanon and were responsible for many civilian deaths.

"We have heard the allegations they were used, and we are taking a look at that," he said.

Three types of U.S.-made cluster bombs are said to have been used by Israel. Israel also makes its own cluster munitions.

The State Department Office of Defense Trade Controls will verify whether U.S.-made cluster bombs were used during the conflict with Hezbollah and will examine whether the weapons -- which scatter small bombs, or "bomblets," across wide areas -- were used "inappropriately," Gallegos said.

The agreements between Israel and the United States regarding the use of the weapons are secret. It is not illegal under international law to use such weapons against enemy combatants. The United States has used cluster bombs in Iraq, resulting in many civilian casualties.

The U.N. Mine Action Coordination Center in southern Lebanon reported this week that it has found unexploded American-made cluster bombs in nearly 300 locations across the area.

David Siegel, a spokesman for the Israeli Embassy in Washington, said Israel had not been informed of an official investigation but would cooperate if asked. Israeli officials maintain they imposed restrictions on how cluster bombs are used in Lebanon, such as confining targets to areas designated by Hezbollah as civilian-free missile launch sites.

The State Department inquiry was first reported yesterday by the New York Times.

Any such investigation is likely to be politically sensitive. The Bush administration has fully backed Israel in the war with Hezbollah, arguing that Israeli strikes were defensive. The administration also has urged Israel to limit civilian casualties.

The State Department routinely investigates allegations that Israel misused U.S.-supplied weapons, and often no action is taken.

In 1978, 1979 and 1981, the State Department notified Congress that Israel "may have violated" U.S-Israeli agreements by using U.S. weapons for purposes other than defense, according to the Congressional Research Service. But the probes did not result in any penalties against Israel. In 1982, the Reagan administration suspended sales of cluster bombs to Israel for six years after a congressional investigation found that Israel had violated agreements on their use during its invasion of Lebanon.

During President Bush's first term, the State Department investigated whether Israel misused U.S.-made Apache helicopters in its assassinations of Palestinian leaders. State Department officials, speaking on the condition of anonymity because they were not authorized to disclose internal debates, said that lower-level officials had determined that Israel had violated its agreements with the United States, but, the officials said, the finding was quashed at a more senior level.

U.S. Probes Israeli Use Of Cluster Bombs (AP)

By Anne Gearan, Ap Diplomatic Writer

AP, August 26, 2006

The State Department is investigating whether Israel misused American-made cluster bombs in civilian areas of Lebanon.

The United Nations said unexploded cluster bombs — anti-personnel weapons that spray bomblets over a wide area — litter homes, gardens and highways in south Lebanon.

"We are definitely looking into these allegations and we'll see where they lead," State Department spokesman Gonzalo Gallegos said Friday.

The inquiry will determine whether the munitions were used and if so, how, Gallegos said.

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A spokeswoman for the U.N. Mine Action Coordination Center refused to comment on the investigation. She said that it's not illegal to use the cluster bombs against soldiers or enemy fighters, but the Geneva Conventions bar their use in civilian areas.

Relief organizations and the U.N. mine office have reported finding evidence that Israel used three types of U.S.-made cluster bombs during the 34-day war with Hezbollah militants, during which both sides fired rockets into populated areas.

The U.N. mine office said in a report Wednesday that it had found hundreds of bomblets of the types made by the United States among unexploded ordnance recovered in nearly 250 locations in southern Lebanon.

Israel also makes its own cluster munitions.

The State Department investigation will look at whether Israel's use of U.S.-made cluster bombs violated long-standing secret agreements about how U.S.-supplied weaponry will be used.

The investigation could lead to sanctions if Israel violated those agreements.

Gallegos had no estimate of how long the inquiry by the department's Office of Defense Trade Controls would take.

The Israeli army said all weapons it uses "are legal under international law and their use conforms with international standards."

Cluster bombs are typically used against tanks and explode upon impact with steel. In the conflict in Lebanon, the shells were fired into urban and rural areas where Israel thought Hezbollah guerrillas might be hiding. Many hit the ground or pavement and did not explode.

Israel said it was forced to hit civilian targets in Lebanon because Hezbollah fighters were using villages as a base for rocket-launchers aimed at Israel. At least 850 Lebanese and 157 Israelis died in the fighting.

The Bush administration repeatedly warned Israel to avoid civilian casualties during the cross-border war, but refrained from direct criticism of Israeli tactics.

A spokesman for the Israeli Embassy in Washington said the State Department had not notified the embassy of any pending investigation.

"We have not been informed, and once we are informed we'll look into it," spokesman David Siegel said.

A congressional investigation found Israel improperly used U.S.-made cluster bombs during its 1982 invasion of Lebanon. The Reagan administration then imposed a six-year ban on further sales of the weapons to Israel.

U.S. Investigates Israel's Use Of Cluster Bombs (LAT)

By Peter Spiegel, Times Staff Writer

The Los Angeles Times, August 26, 2006

Rights groups and the U.N. cite evidence of such strikes in Lebanon. The Jewish state says not all of its weapons are subject to restrictions.

WASHINGTON — The State Department has begun investigating whether Israel improperly used American-made cluster bombs during its monthlong fight against the Hezbollah militia in southern Lebanon, government officials said Friday.

The inquiry comes as human rights groups and a United Nations agency have raised questions about Israel's use of the munitions, which are normally aimed at large concentrations of military forces because of their ability to cause destruction over a wide area.

According to an internal memo compiled by U.N. Mine Action Coordination Center personnel in southern Lebanon and sent this week to the center's New York headquarters, investigators found evidence of 249 cluster bomb strikes in southern Lebanon. A U.N. official said the number had reached 288 by Friday.

Although Israel imports a large percentage of its cluster bombs from the U.S., it also has acquired them from Britain and can make some domestically.

Human rights groups and the U.N. have campaigned against the use of the bombs in part because their "bomblets" — dozens of small explosives dispersed by a single round — don't always explode on impact, meaning they can detonate later when disturbed by civilians.

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The U.S. frequently restricts the use of weapons it exports to allied countries. Although few of the restrictions on Israel's use of cluster bombs are made public, reports have said that Israel must limit their use to attacks on organized enemy armies and clearly identified military targets.

An Amnesty International report issued this week says the rights group found widespread evidence of cluster bomb strikes in villages in southern Lebanon, including an attack near the government hospital in the village of Tibnin.

Israel said during the war that Hezbollah fighters were firing on Israeli targets under the cover of civilian buildings.

State Department officials declined to give any details on their investigation, conducted by the department's Directorate of Defense Trade Controls and first reported by the New York Times. One official indicated it was still in an early, informal stage. "Calls are being made," the official said.

Israel could face sanctions if it is found to have violated agreements with the United States. In addition, Congress could take action to bar future deliveries.

In 1982, President Reagan ordered the suspension of cluster bomb shipments to Israel pending an investigation of whether they were used on civilian locations. Shipments were reinstated in 1988.

David Siegel, a spokesman for the Israeli Embassy, said diplomatic officials had not been notified about the investigation. He noted that Israel uses a wide range of cluster bombs, not all of which are American-made or subject to U.S. restrictions.

The U.N. report says personnel found hundreds of unexploded bomblets from cluster munitions, including 559 M-42s, which are used in artillery shells, and 663 M-77s, used in longer-range rockets.

*

(INFOBOX BELOW)

Cluster bombs

Israel may have used cluster bombs during its fight against the Hezbollah militia in southern Lebanon.

How they work

1. Dispensers holding several hundred bomblets apiece are fired from artillery or dropped from a bomber.
2. Dispenser fins open and spin in midair, releasing bomblets.
3. A bomblet explodes when it hits the ground, or it can be programmed to detonate in the air.

Cluster bombs can cover a 656-by-1,312-foot area.

Some bomblets might not detonate.

Bomblet

Decelerator makes bomblet fall tip-down.

Bomblet explodes, firing metal-piercing shrapnel in all directions.

Sources: Federation of American Scientists, GlobalSecurity.org, Jane's Information Group, Periscope

U.N. Says Bombs Litter Areas Of Lebanon (AP)

By Lauren Frayer, Associated Press Writer

AP, August 26, 2006

Unexploded cluster bomb litter homes, gardens and highways in south Lebanon, the U.N. said Friday, as the State Department reportedly investigated whether Israel's use of the American-made weapons violated secret agreements with the United States.

Dalya Farran, a spokeswoman for the U.N. Mine Action Coordination Center, said cluster bombs have been found in 285 locations in south Lebanon.

"And our teams are still doing surveys and adding new locations every day," Farran said. "We find about 30 new locations per day."

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The State Department is investigating whether Israel's use of three types of American cluster munitions — anti-personnel weapons that spray bomblets over a wide area — violated secret agreements with the United States that restrict when such arms can be employed, The New York Times reported Friday.

The newspaper quoted several current and former U.S. officials as saying they doubted the inquiry would lead to sanctions against Israel, but that it might be an effort by the Bush administration to ease Arab criticism of its military support for Israel.

The U.S. has also postponed a shipment of M-26 artillery rockets, another cluster weapon, to Israel, the newspaper said.

U.N. demining experts refused to comment on the U.S. investigation, but suggested Israel violated some aspects of international law.

"It's not illegal to use (cluster bombs) against soldiers or your enemy, but according to Geneva Conventions it's illegal to use them in civilian areas," Farran said. "But it's not up to us to decide if it's illegal — I'm just giving facts and letting others do analysis."

Asked about the report, the Israeli army said all the weapons it uses "are legal under international law and their use conforms with international standards."

Israel said it was forced to hit civilian targets in Lebanon because Hezbollah fighters were using villages as a base for rocket-launchers aimed at Israel. Some 850 Lebanese and 157 Israelis died in the fighting.

Lebanon's south is also riddled with land mines, laid by Israeli soldiers as they pulled out of the region in 2000, after an 18-year occupation. Hezbollah has also planted mines to ward off Israeli forces. Lebanon has long called for Israel to hand over maps of the minefields.

The U.N. Mine Action Coordination Center opened an office in the southern Lebanese city of Tyre in 2003 to deal with the land mine problem. Since the cease-fire, the office has redirected its efforts toward clearing unexploded Israeli bombs from the area.

Also Friday, Russian Defense Minister Sergei Ivanov dismissed claims that Hezbollah has Russian-made Kornet anti-tank missiles.

Israel sent a delegation to Russia last week to complain about the missiles that it says were used by Hezbollah in the recent weeks of fighting in Lebanon; the missiles reportedly have been a particularly effective part of Hezbollah's arsenal.

But Ivanov said during a trip to the Russian Far East city of Magadan that the reports are "complete nonsense," news agencies reported.

"No kind of evidence of Hezbollah having such equipment has been presented to us," Ivanov said, according to the Interfax news agency.

In Lebanon's Rubble, Aftershocks Of War (WP)

By Nora Boustany, Washington Post Foreign Service

The Washington Post, August 26, 2006

12 Civilians Killed, 39 Injured by Cluster Bombs Exploding Since Cease-Fire

TYRE, Lebanon -- Hassan Tehini does not want to go home anymore.

"I was so homesick for Aita al-Shaab. Now I don't miss it at all," the 10-year-old said weakly, trying to cough gently as he slumped against the wall of a hospital in this coastal city.

Lucky to be alive, Hassan was recovering from massive abdominal wounds inflicted by what he and two cousins thought was a small ball, unearthed from the rubble of their home town and perfectly suited for a game of catch. It was really one of the small explosive devices spewed by so-called cluster munitions -- bombs, shells or rockets used by the Israeli military that burst in midair and spread smaller bombs over a wide area.

Hassan and his two cousins, like dozens of other Lebanese civilians, became casualties of war after the 33-day conflict between Israel and Hezbollah had subsided. Since the guns fell silent on Aug. 14, unexploded cluster bombs dropped by Israeli warplanes or duds fired by artillery have killed 12 people and wounded 39, according to Chris Clarke, head of the U.N. Mine Action Coordination Center attached to the United Nations Interim Force in Lebanon. Of those, two of the dead and 11 of the wounded were children.

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Todd Hart, another U.N. de-mining specialist, told journalists Thursday that U.N. and Lebanese government mine-disposal teams have discovered and destroyed a dozen normal bombs, plus 1,800 smaller bomblets sprayed out from cluster bombs.

Clarke said that "as of today, we have confirmed 289 cluster-bomb locations. This figure, which was 140 on Tuesday, is rising daily. And many of them are indeed inside residential areas."

"We are finding many cluster bombs in the rubble -- they just blend in," he noted. One type commonly being found, he said, is shaped like a small green ball, larger than a golf ball and smaller than a tennis ball.

Clarke said the State Department was investigating whether Israel had violated U.S. guidelines for American-made cluster munitions that ban their use in civilian areas.

Human Rights Watch and Amnesty International are also looking into the use of cluster munitions, he said. In a report released this week, Amnesty International said it had found huge craters in roads linking southern villages, attributing them to Israeli aerial bombardment and artillery fire.

"In some cases, cluster bomb impacts were identified," the report said. "The hundreds of thousands of Lebanese who fled the bombardment now face the danger of unexploded munitions as they head home," it added.

A military spokesman in Israel said, "All the weapons and munitions used by the Israel Defense Forces are legal under international law, and their use conforms with international standards."

Shawn Messick, an American assigned to the U.N. Joint Logistics Center from the Vietnam Veterans of America Foundation, explained that cluster weapons are designed to burst in midair, scattering small bomblets that do not all detonate immediately.

"I think the biggest hazards are the unexploded submunitions, and the smallest, fired from artillery, are the most dangerous," said Messick, who has worked in Kosovo and northern Iraq with disaster response teams.

Such dangers awaited Hassan and his family when they returned home to Aita al-Shaab, a town of about 8,000 people located next to the Israeli border, about 55 miles south of Beirut. The family fled on July 15, three days after the fighting broke out, and moved from town to town until the cease-fire took effect nearly a month later. During the fighting, the population in Aita al-Shaab dwindled to 1,000, and 16 people were killed there -- eight civilians and eight Hezbollah guerrillas, according to residents.

Hassan said he had yearned for Aita al-Shaab during his month on the road, homesick for his house and his playmates. When his uncle, Ahmad Tehini, went to check on the family's house after the cease-fire, the boy went along and refused to leave, remaining behind with his grandparents.

On Aug. 17, Hassan and his cousins Sikna Merei Qassem and Marwa Ahmed Merei, both 12, went out to scout the new landscape of shattered stone and concrete around their homes. "We wanted to see which houses were destroyed. The whole neighborhood is broken," Hassan said.

But they really wanted to play again. Hassan unearthed a ball covered in dust and asked Sikna to throw it his way. It exploded between them. Hassan's intestines spilled out, splattering blood.

"I started screaming," Hassan recalled. "The bomb threw me two or three meters away. My legs, my clothes were soaked in blood."

Youssef Saleh, a neighbor, saw them run in his direction. "Hassan's guts were hanging out, and Sikna was moaning," Saleh said. "I carried my nephew in my arms and took Sikna and drove them to Rmeish." Marwa, who suffered minor wounds in her stomach and chest, was taken in another car.

From Rmeish, civil defense workers moved the three children to an emergency room at the Salah Ghandour Hospital in Bint Jbeil. Red Cross workers then took them to Tyre.

"After two and a half hours on the road, the three children were in shock," said Abed al-Hussein Sharafeddine, the anesthetist who presided over surgery on Hassan at Jabal Amel Hospital in Tyre.

Hassan's intestines had been severed in three places, requiring 13 sutures in one spot, according to Sharafeddine.

Like Hassan, Sikna was bleeding profusely. "The blood spurted out of my stomach like that -- pshhh ," Sikna said, sitting on her hospital bed clutching her nightgown. When she reached the hospital in Tyre, doctors had to insert a breathing tube in her windpipe because shrapnel embedded in one of her lungs prevented her from breathing on her own.

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While Hassan recovers in the hospital, his relatives struggle to rebuild their lives. His mother said their home in Aita al-Shaab no longer existed.

"We could not find our clothes," she said. "Our walls were flattened to be bulldozed. We have no money. We are living with my brother-in-law in Aytat, four families on top of one another.

"We are still afraid," she added. "The Israelis are still there, and the children cannot play there anymore."

No Place For Cluster Bombs (NYT)

The New York Times, August 26, 2006

All weapons kill and maim, but some are especially insidious — like cluster munitions, miniature explosives packed into a bomb, rocket or artillery shell and designed to scatter over a wide area.

This week the State Department said it was investigating whether Israel inappropriately used American-made cluster munitions in populated areas during its monthlong campaign in Lebanon. Whatever the specific findings of this investigation, the rules governing cluster bomb exports and their use by American troops need to be tightened and more strictly enforced.

Cluster munitions are useful against tanks, massed conventional forces and other purely military targets. But they should never be used in populated areas. By nature they kill indiscriminately.

Because some of the bomblets fail to explode on impact, the casualties continue to mount long after the fighting stops. These harmless-looking objects, often no larger than flashlight batteries, explode when inadvertently jostled or picked up. Children mistake them for toys, with tragic results.

Washington has strict rules about how American-made cluster munitions are supposed to be used by foreign buyers. But in the heat of combat, those rules are not always followed. Nor are United States forces as careful as they should be. America has used cluster munitions in Iraq, Afghanistan and Kosovo. Israel used them in past campaigns in Lebanon. Russia used them in Chechnya.

Israel makes its own cluster munitions as well as buying more advanced models from the United States. It used cluster weapons extensively in its latest campaign in Lebanon, and the majority of the unexploded bomblets that United Nations teams have found there so far have been American-made.

Details of current understandings between the United States and Israel on when American-made cluster munitions can be used are secret. But in the past, Washington limited their use to military emergencies, like the kind of attack on Israeli territory by multiple Arab armies that last occurred in 1973. In the unlikely event of that happening again, Washington should provide whatever cluster munitions Israel needs to augment its own supplies.

But today's dangers are different, and require different responses. Attacking guerrilla or terrorist sanctuaries in populated areas is not a mission that calls for cluster weapons, and the United States should not be supplying them.

The Middle East (WSJ)

By Gerald F. Seib

The Wall Street Journal, August 26, 2006

A Silver Lining Amid Region's Clouds?

It is an article of faith in the Middle East that every crisis also carries the seeds of opportunity. It is hard to see any such seeds in the current, wall-to-wall mess in the region, but they might be there.

The coming week will bring another flurry of diplomacy, designed to finally put a badly needed international peacekeeping force in place in Lebanon, and to get the wheels rolling on imposing penalties on Iran for its nuclear program.

The United Nations Security Council has approved creation of a peacekeeping force, and France and Italy have agreed to send troops. But diplomats still are trying to resolve nagging questions about its precise size and scope. At the same time, the U.S. will be trying to start serious discussions at the Security Council about imposing economic sanctions on Iran, which has refused to stop its program for enriching uranium into a fuel that could be used to make bombs.

From the American perspective, the goal of all such diplomacy is much broader: To contain the rising influence of Iran by reining in Hezbollah, which serves as a kind of proxy army for its Iranian friends, and by shutting down Iran's nuclear ambition.

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But it is starting to occur to some people in Washington that there is an opportunity -- and maybe a need -- to do something much bolder, that would go a lot further toward recasting power in the region. Why not, the argument goes, start to look anew for a comprehensive solution to the ever-festering dispute over Palestine?

It is hard to remember now, but the perennial Palestinian problem is at the heart of the current conflagration. Palestinians' dissatisfaction, with their own stateless plight and with their own feckless leaders, led to the election of an extremist Hamas government to run the Palestinian Authority. Hamas then precipitated a crisis by kidnapping an Israeli soldier. Hezbollah, not to be outdone by Hamas, then kidnapped more Israeli soldiers from its base in southern Lebanon. Israel counterattacked, and off to the races things went.

Start making progress on the Palestinian problem, the argument goes, and you remove the underlying dispute that spawned Hamas -- while robbing Hezbollah of its main calling card among the Arab masses. And if Hezbollah's relevance is diminished, Iran loses its chief tool in the region. Perceptions of America might improve in the region too, if only for the effort being made, and the odds of an Iranian-led Shiite alliance spanning southern Lebanon, Iraq and Iran diminish.

Former national security adviser Brent Scowcroft wrote a recent article laying out this argument, and it has gotten some quiet high-level attention within the Bush administration and in the region. It might seem an odd time to talk Palestinian peace. But some of the alternatives are distinctly unpleasant.

Israel's Postwar Strategy Seeks To Stop Hezbollah Resupply Missions (MCT)

By Carol Rosenberg

McClatchy Newspapers, August 26, 2006

JERUSALEM - Nearly two weeks into its cease-fire in Lebanon, Israel is bent on thwarting any efforts to resupply Hezbollah with weapons while pressing the international community to create a U.N. force strong enough to weaken its Shiite Muslim foe even more in southern Lebanon.

To accomplish that, Israel has left thousands of troops in Lebanon and shown a willingness to engage in strategic military raids against Hezbollah.

"The main problem is resupply, the prospect that once again you will see the Syrian long-range, the medium-range, rocket launchers . . . the ones that really did the carnage in Haifa," said Eran Lerman, a retired Israeli army military-intelligence colonel who now runs the Jerusalem office of the American Jewish Committee.

Once a U.N. force is assembled, Lerman predicted that Israel will press for international inspections of Syrian cargo bound for Lebanon, something Syrian President Bashar Assad has said he'd resent. On Thursday, the Lebanese Cabinet agreed in Beirut that the Lebanese army will patrol the border, perhaps with technical assistance from Germany.

But Israeli officials, who see Syria as the primary conduit for Hezbollah weapons, think the weak Lebanese army is powerless to police the Syrian-Lebanese border and stop any weapons smuggling.

Even in Lebanon, few expect the Lebanese army to take a tough line with Hezbollah. "I don't see the Lebanese army playing the role of stern and strict policeman," said Amal Saad-Ghorayeb, a leading Lebanese expert on Hezbollah. She predicted that the border is "going to remain somewhat porous."

"You cannot seal off an entire border. Arms will continue to be funneled through," she said.

To counter Hezbollah, Israel's army announced last week that it will use military force "until proper monitoring bodies are established on Lebanese borders" to help neutralize the militant Islamist group.

Over the weekend, Israel dispatched a 100-strong commando unit 60 miles north of its border into Lebanon's Bekaa Valley in a raid that it said was meant to disrupt arms smuggling. The military landed helicopters and jeeps in the Bekaa, reportedly took two prisoners and lost a senior commando, a lieutenant colonel, in a gun battle.

Mark Heller, an analyst at Tel Aviv University's Jaffee Center for Strategic Studies, said Israel's postwar Hezbollah strategy was still evolving into "something kind of general and banal like containment." He suggested that the weekend raid also might have been an effort to find two Israeli soldiers whom Hezbollah kidnapped July 12, sparking the conflict.

While Israel struggles with how to make certain that Hezbollah isn't resupplied, the cease-fire also has given the country time to grapple with national anguish over its performance in the campaign.

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Reservists and the families of some of the 119 Israeli soldiers who died in the monthlong conflict are demanding that an independent commission examine everything from civil preparedness to war planning to supply shortages that bedeviled the ground combat.

Israel halted its ground offensives after a month without accomplishing what Prime Minister Ehud Olmert had said were its goals: recovering the missing soldiers and disarming Hezbollah.

Friday, an Israeli poll gave Olmert and Defense Minister Amir Peretz miserable report cards. Only 26 percent said Olmert deserved a good rating for his wartime performance, compared with 74 percent who said "not good." Moreover, 63 percent of Israelis surveyed said Olmert should resign.

The poll of 499 adults was carried out for the Yediot Ahronot newspaper by the Mina Zemah/Dahaf polling firm. It had a margin of error of 4.5 percentage points.

The survey was published as protesters marched to the Jerusalem grave of former Prime Minister Golda Meir, who herself had to step down amid a public upheaval over intelligence and preparedness training after the Egyptians' surprise attack of the 1973 Yom Kippur War, which cost Israel 2,688 lives.

Friday's poll showed no clear successor emerging for Olmert, 60, a former mayor of Jerusalem who took over when former Prime Minister Ariel Sharon had a catastrophic stroke last January.

Leading the pack was former Prime Minister Benjamin Netanyahu, 55, the opposition leader, with 22 percent support; next was Avigdor Lieberman, 48, a 1979 emigre from the Soviet Union from the right-wing Israel Beitenu party, with 18 percent; and perennial almost-ran Shimon Peres, 83, of the Labor party, who got 12 percent.

(McClatchy Newspapers correspondent Leila Fadel contributed to this article from Beirut, Lebanon.)

Syria Objects To U.N. Troops On Border (AP)

By Steven R. Hurst, Associated Press Writer

AP, August 26, 2006

BEIRUT, Lebanon — Israel is demanding that U.N. troops patrol the Syria-Lebanon border to prevent Hezbollah from receiving arms shipments. But even if Israel overcomes Syrian objections to the idea, policing the mostly mountainous frontier could prove nearly impossible.

The controversy has developed as the United Nations tries to muster enough peacekeepers to serve as a buffer force between Israeli troops and Hezbollah guerrillas in Lebanon's south.

Israel, which accuses Syria of supplying arms to Hezbollah, refuses to lift its sea and air blockade of Lebanon unless U.N. troops also deploy to the far larger Syria-Lebanon border.

It's a tall order. Syria borders Lebanon both to its east and north, with four official crossings, including one on the road between Beirut and Damascus. But there are dozens of dirt tracks running between the countries through a mountain range, routes that have been used for centuries by smugglers and many of them able to carry modern-day vehicles.

It's unclear, moreover, how much Hezbollah is in need of a weapons resupply. Although Israel said Hezbollah fired about 4,000 rockets into northern Israel during the 34-day war, the guerrillas were believed to have an arsenal of more than 12,000 of the weapons when the fighting started.

There has also been wide speculation that the Syrian army left behind a huge weapons supply for Hezbollah as it withdrew from Lebanon in April 2005. Hezbollah draws primary backing from Syria and Iran, which established the guerrilla group and its political arm in the Bekaa Valley in 1982.

Syrian President President Bashar Assad on Thursday called Israel's demand a "hostile" move aimed at damaging relations between the neighbors. He said it was unprecedented for international forces to police a border between two countries that have not been at war.

Israeli Foreign Minister Tzipi Livni dismissed Assad's objections Friday, saying Syria must respect Lebanon's sovereignty and an arms embargo imposed on Hezbollah after the war, which ended with an Aug. 14 cease-fire. Syria virtually controlled Lebanon for nearly three decades before its troops pulled out last year and has threatened to close the border if international forces take positions there.

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"It's about time that Syria give Lebanon the freedom and ability to be an independent and sovereign state," Livni said in Tel Aviv. "We expect and I believe the entire international community expects the Syrian government to respect the decision of the international community."

Caught in the middle, Lebanese Prime Minister Fuad Saniora said he called U.S. Secretary of State Condoleezza Rice and U.N. Secretary-General Kofi Annan late Thursday to ask for help in lifting Israel's blockade. Lines reappeared at Lebanese gas stations Friday, signaling renewed shortages after a brief respite when a fuel tanker was allowed into the Beirut port.

Although Lebanon has not explicitly rejected the idea of deploying U.N. forces to the Syrian border, Saniora stressed his government has already sent troops there.

"We have no intention of showing any hostility toward Syria," he said. "We want cordial relations with Syria and we are taking care of the issue of the border to prevent any infiltration into Lebanon."

Lebanon's Cabinet called on the international community Thursday to send forces to free up the Lebanese army to patrol its frontiers. It did not did not directly address the issue of U.N. troops on the Syrian border. Information Minister Ghazi Aridi, however, said the government would ask Germany for technological help in controlling Lebanon's borders.

Four days the cease-fire took effect, the Lebanese army began setting up checkpoints near dozens of illegal border crossings with Syria in a bid to help prevent arms smuggling, a Lebanese military official said Friday, speaking on condition of anonymity because he was not authorized to discuss troop placement. He said the army's plan covered an estimated 60 illegal border crossings.

U.N. envoy Terje Roed-Larsen said Sunday that 2,000 Lebanese soldiers have been deployed so far along Lebanon's eastern border with Syria, with the goal of eventually having 8,600.

The international community has been slow in volunteering troops for the expanded U.N. force, designed to grow eventually to 15,000. European Union foreign ministers were taking up the issue in Brussels on Friday under pressure to get at least vanguard on the ground next week.

About 150 French soldiers — an engineering team — came ashore Friday at Naqoura in southern Lebanon. They joined 250 of their countrymen already in Lebanon and raised to 2,200 the number of U.N. peacekeepers in the south of the country.

On Thursday, French President Jacques Chirac announced his country would increase its contribution to 2,000 troops, saying he had been given assurances by the U.N. concerning the peacekeepers' mandate. He did not elaborate.

There were concerns that peacekeepers would not be able to act robustly enough to protect themselves and carry out their mission, which for now does not include disarming Hezbollah.

Belgium, which had been waiting for clarification on the rules of engagement and security guarantees, announced Friday it would also send troops.

AP writers Sam F. Ghattas, Hussein Dakroub and Joseph Panossian contributed to this report.

Demoralised Israelis Blame Political And Military Leaders (FT)

By Harvey Morris

Financial Times, August 26, 2006

There were further signs on Friday of a deepening public malaise in Israel over the outcome of the war in Lebanon, with the latest opinion polls indicating a majority of voters wanted to change both the political and military leaderships.

As Ehud Olmert, prime minister, appeared to be losing a political battle to stave off a state inquiry into the conduct of the war, reservists recently demobilised from south Lebanon joined families of the Israeli war dead to demand his resignation.

The population of an encampment of protest tents outside the prime minister's Jerusalem office has grown to around 1,000, a relatively small demonstration in Israeli terms but one that appeared to capture the public mood.

"Things have never seemed so bad," one Israeli volunteered. "Everybody is depressed."

The mood has been exacerbated by daily warnings in the media that the conflict in Lebanon could flare up again – 73 per cent of people in one poll on Friday agreed – and that Israel could eventually find itself at war with Syria or Iran.

It has been accompanied by a marked shift to the right, according to Friday's polls, with voters challenging the view that unilateral withdrawals from Arab territory – whether Lebanese or Palestinian – had enhanced the prospects of peace.

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The government's claim that it fulfilled most of its war aims during the 34-day conflict with Hizbollah has failed to sway public opinion, which was shocked by the army's apparent lack of readiness.

Not all the part-time soldiers among the protesters are insisting that the government should go immediately. However, they are demanding a full-scale inquest into what they describe as an ill-managed conflict which they entered ill-trained, badly equipped and unprepared.

An ad hoc forum of reserve officers and commanders was formed this week to call for an inquiry and the resignation of Lieutenant-General Dan Halutz, chief of staff.

In a poll in Friday's mass-circulation Yedioth Aharonoth, 54 per cent of respondents said Gen Halutz should quit.

Mr Olmert fared even worse, with 63 per cent calling on the prime minister to resign, a figures that rose to 74 per cent in the event that a suitable candidate were found to replace him. The findings reflected the perception that there was no obvious candidate to fill his post, at least not from his ruling Kadima party.

The Yedioth poll and a separate survey in the daily Ma'ariv showed Kadima losing support to the rightwing Likud party, led by Benjamin Netanyahu, and to the ultranationalist Yisrael Beitenu, led by Avigdor Lieberman, the leading politician of the Russian immigrant community. Mr Lieberman has stoked fears among Israel's 1m Arab minority by proposing that Arab parliamentarians who allegedly supported Hizbollah should be put on trial.

Ma'ariv said on Friday that the Lebanon war had worsened the already problematic relations between Israel's Jews and Arabs. It published a poll indicating that, while only 18 per cent of Israeli Arabs supported Hassan Nasrallah, a majority of Jews believed all or most of their Arab fellow citizens backed the Hizbollah leader.

In Postwar Israel, Olmert Loses Support (AP)

By Aron Heller, Associated Press Writer

AP, August 26, 2006

Prime Minister Ehud Olmert's popularity has plunged sharply after Israel's war with Hezbollah and he would likely be crushed by the right-wing opposition if elections were held now, according to a poll published Friday.

The next vote is not scheduled until 2010. However, Olmert's government could be forced out earlier amid growing public anger over his performance during the war, which ended inconclusively after 120 Israeli soldiers and 39 civilians were killed. At least 854 people were killed in Lebanon.

Olmert has faced increasing pressure in recent days. including calls by army reservists and bereaved parents that he step down or at least submit to a sweeping investigation of his wartime performance.

Olmert has agreed in principle to calls for a war inquiry, and he is expected to decide within days what kind should be conducted. The most sweeping inquiry would be a state commission, with powers to dismiss government and military officials.

In the meantime, angry protests have grown in number and scope. On Friday, several hundred protesters, including bereaved families, gathered at the graveside of former Prime Minister Golda Meir, who resigned in the wake of the 1973 Yom Kippur War.

Alifaz Bailoa, who lost his son, Nadav, in the war, called on Olmert to follow her example.

"I am hurt not only by your loss," he said, addressing his dead son, "but also by an entire nation that has lost its way and by its leaders who are not able to take responsibility and say 'we were wrong,' and for this they need to (resign).

"It hurts me that I taught you to love your country unconditionally and from today, for the first time in my life, I am asking myself: 'Is my way right?" he said. "I call at this time on the government of Israel: Take responsibility. Resign. You have done enough damage."

Opposition leader Benjamin Netanyahu, the head of the hard-line Likud Party who just five months ago was soundly defeated in elections, has now emerged as the most popular Israeli politician, according to the poll by the Dahaf Institute, published Friday in the Yediot Ahronot daily. The survey of 499 Israelis had an error margin of 4.5 percentage points.

If elections were held now, Netanyahu's right-wing Likud would emerge as the strongest party, with 20 seats in the 120-member parliament, the poll said. Olmert's centrist Kadima would drop sharply, from 29 to 17 seats, and Kadima's junior coalition partner, the moderate Labor Party, would only get 11 seats, down from 19.

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Right-wing and religious parties would form the largest bloc in parliament, but not obtain a clear majority because of a large number of undecided voters, the poll said.

When given a choice between Netanyahu and Olmert as prime minister, 45 percent chose Netanyahu and 24 percent supported Olmert. Netanyahu's renewed popularity comes after a year on the political fringe, following his opposition to Israel's unilateral pullout from the Gaza Strip last summer.

Meanwhile, the three who led the war — Olmert, Defense Minister Amir Peretz of Labor and army chief Lt. Gen. Dan Halutz — were given failing grades. Seventy-four percent rated Olmert's war performance as "not good" and 79 percent said the same of Peretz. Sixty-three percent said the army chief didn't do well.

Of those polled, 63 percent called on Olmert to resign, while 74 percent said the same of Peretz and 54 percent wanted Halutz to quit.

Political analyst Hanan Kristal said Olmert had lost his credibility with the Israeli public and was lucky the elections were so far off. If he could survive the potential inquiry, he would likely be able to hold on to his job, he said.

But "if there will be no investigation committee, the demonstrations will continue," he said.

'Hizbollah Fund' Charge Enrages Argentine Jews (FT)

By Jude Webber

Financial Times, August 26, 2006

Allegations that Argentina's Arab community is sending money to Hizbollah have incensed Jewish groups, in a country where memories are still raw of two deadly bomb attacks on Jewish targets in the 1990s blamed on the Lebanese militia.

"There is a bank account, opened by the Lebanese embassy, and anyone who can is collaborating, with both cash and humanitarian aid," Yaoudat Brahim, president of the Federation of Argentine Arabic Groups in Buenos Aires, told the Financial Times.

"We want the reconstruction of Lebanon to be as swift as possible – it was wiped off the map," he said of the 33-day war between Israel and Hizbollah, in which some 1,300 people died.

Argentina's La Nacion newspaper last week quoted Muafak Jammal, whom it described as a Hizbollah leader, as saying: "Money is arriving from Argentina for Hizbollah . . . Money is coming not just from Argentina's Muslim community but also from Christians who are Lebanese and are committed to the reconstruction effort."

The US-based Jewish human rights group, the Simon Wiesenthal Center, has urged clarification from the Argentine government about the destination of any cash raised. It said Buenos Aires was bound by international conventions to prevent funding of terror groups.

Such activity would be an affront to the memory of the victims of the 1992 attack on the Israeli embassy and the 1994 attack on the AMIA Jewish centre, which killed 107 people and were blamed on Hizbollah, he added.

Hicham Hamdan, Lebanon's ambassador to Argentina, denied that any of the money would go to Hizbollah. "The money will go to the central bank and the Lebanese government," he said. He declined to comment on how much had been raised so far, but said it was a "very humble" amount and no transfer had yet been made.

Luis Grynwald, president of the AMIA Jewish centre, said he would not be surprised if cash raised in Argentina were helping fund the group. He pointed to increased US-supported security and intelligence efforts in the leaky tri-border area between Argentina, Brazil and Paraguay as evidence of Washington's suspicions that funds from the region's notorious money-laundering and counterfeiting operations were being funnelled to radical Islamic groups.

Security analysts also believe the area is a Latin American hideout for terror cells.

Abbas' Party OKs Hamas Unity Government (AP)

By Shafika Mattar, Associated Press Writer

AP, August 26, 2006

Top leaders of Palestinian President Mahmoud Abbas' Fatah party gave their leader the go-ahead Friday to begin forming a unity government with the militant Hamas in an effort to end internal feuding and international isolation, a party member said.

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The Fatah Central Committee gave Abbas "all the powers to begin consultations with all the national factions in order to form a national unity government," Fatah member Hani al-Hassan said.

Al-Hassan said the problems within the Palestinian community were not due to differences between Fatah and Hamas.

"The problem is the Israeli occupation," he said.

"We want a national unity government, which is important to mobilize efforts," he added. "The important thing is that the brothers in Hamas realize we want a national unity government which would be accepted by the international community as well. We want a government which could lift the political and economic blockade, and we want the world to stand by us."

Nabil Shaath, an aide to Abbas, said the committee also criticized the "Israeli aggression which imposed an immoral and illegtimate blockade" on the Palestinians and blamed the United States for "part of it."

The central committee's meetings, which began Wednesday, were the first gathering of its kind since the party's stunning defeat by Hamas in parliamentary elections held in January. Hamas, which heads the Palestinian government, has since been marginalized by the international community and has come under a crippling economic boycott for refusing to recognize Israel.

Abbas hopes a coalition will force Hamas to moderate its anti-Israel stance and help open the way for the renewal of broader peace talks.

"The problem is not between Fatah and Hamas as it is portrayed by some, it is how to save the Palestinian national project and face the current crisis," al-Hassan said.

Fatah's meetings were held in Amman because some of its 17 members are barred from entering the West Bank.

Palestinian Leaders Tell Of Efforts To Free Captive Journalists (NYT)

By Steven Erlanger

The New York Times, August 26, 2006

JERUSALEM, Aug. 25 — The Hamas-run Palestinian Authority said Friday that some progress was being made to secure the release of two kidnapped Western journalists a day before a deadline of midday Saturday.

Siad Siam, the Palestinian interior minister, said that “contacts are under way with Palestinian groups who are trying to secure the release of the two journalists.” He said only that “things are at an early stage, but they are encouraging.”

It was not clear that anyone was in communication with the mysterious new group, the Holy Jihad Brigades. In a statement released Wednesday with a video of the two captives, the group demanded that the United States release all its Muslim prisoners by midday Saturday, but it made no specific threats.

It is the first time that kidnappers in Gaza have made demands that were outside the scope of the Israeli-Palestinian conflict, raising fears of a Qaeda-like group emerging in the chaos of Gaza.

Steve Centanni, 60, an American correspondent for Fox News, and Olaf Wiig, 36, a New Zealand freelance cameraman, were kidnapped in Gaza City on Aug. 14 when their car was blocked by gunmen.

The kidnapping has been a severe embarrassment to the Hamas government of Prime Minister Ismail Haniya and to President Mahmoud Abbas, of Fatah. Both have called for the speedy release of the journalists and say that they have no knowledge of the kidnappers.

On June 25, Palestinian militants, including the military wing of Hamas, captured an Israeli soldier, Cpl. Gilad Shalit, in a cross-border raid. Mr. Abbas has called for the corporal’s release; Mr. Haniya has not. But the two are in talks about a unity government that would go part way to meeting international demands that Hamas recognize the right of Israel to exist, forswear violence and respect previous Israeli-Palestinian agreements.

Some in Gaza think that the kidnapping of the journalists was an effort by angry Palestinian militants to weaken both Mr. Haniya and Mr. Abbas and to short-circuit any accommodation between Fatah and Hamas.

In Israel, politicians were ending a difficult week, with a poll published Friday in Israel’s largest newspaper, Yediot Aharonot, suggested that a majority of Israelis felt that Prime Minister Ehud Olmert and his government had failed in managing the war in Lebanon.

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The poll, by the Dahaf Institute, an independent polling concern, said that 63 percent of Israelis polled said they wanted Mr. Olmert to quit; 74 percent thought Amir Peretz, the Labor Party leader, should resign as defense minister; and 54 percent wanted the chief of staff of the military, Lt. Gen. Dan Halutz, to step down.

The poll was based on 499 responses and has a margin of sampling error of plus or minus five percentage points.

Also on Friday, several hundred reservists and some parents of soldiers who died in Lebanon went to the tomb of Golda Meir, who resigned as prime minister after the Arab-Israeli war of 1973, and called for Mr. Olmert, Mr. Peretz and General Halutz to do the same.

The polls were released during a week of embarrassments for politicians, with two days of police interrogation of the country's largely ceremonial president, Moshe Katsav, on accusations that he forced an employee to have a sexual relationship, and the resignation of the justice minister, Haim Ramon, to fight charges of sexual harassment from a female soldier, 18, who claims that he kissed her against her will.

The Katsav case became even nastier this week when a journalist-turned-Labor Party member of parliament, Shelly Yacimovich, said that she had interviewed the woman in question and found her accusations credible. Mr. Katsav, in an interview on Israel Radio on Friday, denounced Ms. Yacimovich, saying she was acting as judge and jury while the case was still under investigation.

"She heard the version of one side and she — the high priestess, the supreme judge, the police commissioner, the state attorney — decided that it was enough to hear one side and rule," he said.

Mr. Katsav, who many expect will have to resign the presidency, said: "I don't know which is worse: when under a nondemocratic regime people are lynched and physically murdered, or a democratic regime, when a person's soul is murdered and he is publicly lynched without trial and investigation."

Pakistan's Awkward Balancing Act On Islamic Militant Groups (WP)

By Pamela Constable, Washington Post Foreign Service

The Washington Post, August 26, 2006

ISLAMABAD, Pakistan -- For the past five years, Pakistan has pursued a risky, two-sided policy toward Islamic militancy, positioning itself as a major ally in the Western-led war against global terrorism while reportedly allowing homegrown Muslim insurgent groups to meddle in neighboring India and Afghanistan.

Now, two high-profile cases of terrorism -- a day of gruesome, sophisticated train bombings in India in mid-July and a foiled plot this month to blow up planes leaving Britain for the United States -- have cast a new spotlight on Pakistan's ambiguous, often starkly contradictory roles as both a source and suppressor of Islamic violence, according to Pakistani and foreign experts.

Moreover, increasing evidence of links between international attacks and groups long tolerated or nurtured in Pakistan, including the Taliban and Kashmiri separatists, are making it difficult for the military-led government here to reconcile its policy of courting religious groups at home while touting its anti-terrorist credentials abroad.

"The conundrum for the military still persists," said Talat Masood, a retired Pakistani army general. "The question always is, should we totally ban these organizations or keep them for later use?" Although the government has "selectively" prosecuted extremist groups, he said, "at the conceptual level, it has deliberately followed an ambiguous policy."

The basic problem for Pakistan's president, Gen. Pervez Musharraf, is that he is trying to please two irreconcilable groups. Abroad, the leader of this impoverished Muslim country is frantically competing with arch-rival India, a predominantly Hindu country, for American political approval and economic ties. To that end, he has worked hard to prove himself as a staunch anti-terrorism ally.

But at home, where he hopes to win election in 2007 after eight years as a self-appointed military ruler, Musharraf needs to appease Pakistan's Islamic parties to counter strong opposition from its secular ones. He also needs to keep alive the Kashmiri and Taliban insurgencies on Pakistan's borders to counter fears within military ranks that India, which has developed close ties with the Kabul government, is pressuring its smaller rival on two flanks.

"It is clear that our current policy of stout denial fools nobody," columnist Irfan Husain wrote in the Dawn newspaper last Saturday. By allowing Islamic militant groups to flourish while seeking praise for helping to break up the plot in Britain, he said,

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Pakistani officials are "determined to see only one side of the coin," but "the rest of the world is bent on examining the other side very closely indeed."

Until recently, Musharraf had handled this balancing act with some success, Pakistani and foreign experts said. He formally banned several radical Islamic groups while quietly allowing them to survive. He sent thousands of troops to the Afghan border while Taliban insurgents continued to slip back and forth. Meanwhile, his security forces arrested more than 700 terrorism suspects, earning Western gratitude instead of pressure to get tougher on homegrown violence.

But this summer, a drumbeat of terrorist violence and plotting in India, Britain and Afghanistan have begun to blur the distinction between regional and international Islamic violence. Pakistan, which has a large intelligence apparatus, is now in the awkward position of denying any knowledge of local militants' links to bombings in India and Afghanistan, while claiming credit for exposing their alleged roles in the London airliner plot.

"It is ironic that our very success in thwarting plots and arresting a large number of terrorists reinforces the perception that this country is a bastion of terrorism," said Shafqat Mahmood, a former Pakistani legislator, suggesting that Islamic militancy has been permitted to flourish in Pakistan at the country's peril. "Our triumphs in the war against terror have become advertisements of our failure," he said.

In an interview last week, Riaz Mohammed Khan, Pakistan's foreign secretary, expressed indignation that India had swiftly blamed Pakistani-based groups for the train bombings, saying Pakistan had "no evidence whatsoever" of any such links and that India had ignored its repeated offers to collaborate in any investigation of the attacks, which killed more than 180people.

Khan said his government "opposes all terrorism" and had worked diligently to expose the role of Pakistanis in the London plot. Pakistan has arrested a British national of Pakistani origin, Rashid Rauf, whom sources described as a member of a banned sectarian group, Jaish-i-Muhammed. Pakistan also placed under house arrest the former head of Lashkar-i-Taiba, another militant group blamed by India in the bombings.

But Khan said the government needed to address the "root causes" of Islamic militancy, such as poverty and lack of education, and could not simply arrest all members of suspect religious groups. He also said that the chronic suppression of Palestinians and other Muslims abroad had created armed struggles that should not be "wholly discredited."

Despite the arrests, Indian officials suggested that Musharraf, after sincere efforts to curb militant groups, was now giving them freer rein in order to secure their electoral support. They said that both the Taliban and some pro-Kashmir militants had now gone beyond their original aims and forged ties to al-Qaeda.

"Whether this is a loss of control by Musharraf or a deliberate shift in strategy, for us the results are the same," said a senior Indian official, who spoke on condition of anonymity, in a recent interview in New Delhi. He said India wants to resume stalled peace talks over the disputed territory of Kashmir, but that the recent spread of violence to "the Indian heartland" had provoked enormous public anger. "No government can be immune to public opinion," he said.

In Afghanistan, officials have repeatedly accused Pakistan of harboring and aiding the revived Taliban insurgency, which has launched a wave of violent attacks and suicide bombings across the southern part of the country this spring and summer. Pakistan has denied the charges and periodically arrested some Taliban figures, but there are widespread reports of insurgents operating freely on both sides of the border.

In India, Pakistan is eager to resolve the Kashmir issue, but its relations with New Delhi have been hostile for years and remained captive to the persistent violence in the territory. India has repeatedly accused Pakistan of sending armed insurgents across the border, but Pakistan has insisted it provides only political support to the separatists.

Islamabad's fragile new alliance with the West has developed only since 2001, when Musharraf renounced the Taliban and embraced the anti-terrorist cause. The U.S.-Pakistan relationship has been strained both by Musharraf's foot-dragging on democratic reforms and by India's high-profile rapprochement with Washington, including a controversial new nuclear energy agreement.

Analysts said the Musharraf government may now be playing up its role in foiling the London plot in order to reinforce its importance as a strategic Western ally.

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Some observers suggested that in different ways, both Pakistan and India are using the terrorist threat to bolster their competing relations with the West. Just as Pakistan, the regional underdog, may be exaggerating its role as a terror-fighter, they noted, India, the aspirant to global influence, may be exaggerating its role as a victim of terror.

Others suggest that U.S. policy in the Middle East is making it difficult for Muslim countries such as Pakistan to remain peaceful and in control of large, impoverished populations who increasingly turn to religion and identify with the struggles of Muslims in other countries.

But critics said Pakistan's problems with Islamic violence cannot be resolved as long as the military remains in power. In an unusual move last month, a diverse group of senior former civilian and military officials wrote an open letter to Musharraf, warning that the country is becoming dangerously polarized and that a uniformed presidency only exacerbates the problem by politicizing the armed forces. The only solution, the group wrote, is a transition to a "complete and authentic democracy."

EU Hopes For Further Iran Dialogue (FT)

By Daniel Dombey And Delphine Strauss

Financial Times, August 26, 2006

Europe's leaders on Friday sought to tone down the looming confrontation over Iran's nuclear programme after Russia made clear it did not favour sanctions against Tehran. Politicians and diplomats from several EU countries held out the prospect of further talks with Iran, despite their disappointment with Tehran's response to an international offer to freeze the most sensitive part of its programme.

On Friday, both Javier Solana, EU foreign policy chief, and diplomats from leading EU countries evoked the possibility of further talks, while Jacques Chirac, the French president, carefully described the Iranian response as "ambiguous".

"We would like to have some talks with the leadership of Iran before we can come out with the complete response to that document," Mr Solana told Spanish radio. "I hope to do that before the end of the month." He also raised the possibility of technical talks.

"We don't want a confrontation with Iran so, if there is the possibility of negotiations, we don't exclude that," added a French diplomat.

This is despite the fact that Iran's response this week failed to give the commitment most sought by the Europeans – that it would suspend uranium enrichment, a process that can generate both nuclear fuel and weapons grade material. In return the international offer had promised improved economic and diplomatic ties, including the lifting of some US sanctions.

While Iran insists its intentions are peaceful, the US and the EU fear it is moving closer to developing nuclear weapons.

Tehran also brushed aside a United Nations Security Council resolution which both called on it to halt enrichment by August 31 and threatened sanctions as an alternative.

European diplomats acknowledge they are constrained by Russia's continuing resistance to sanctions, since Moscow wields a Security Council veto.

On Friday, Sergei Ivanov, Russia's defence minister, said the situation "was not so serious at the moment for the UN Security Council...to consider any introduction of sanctions".

EU officials are also fearful of dismissing Iran's response out of hand, particularly because of Tehran's indications that it could eventually suspend enrichment as a result of negotiations. Some regime insiders have also intimated that they could eventually limit such activities to laboratory work rather than carrying it out on an industrial scale.

"We need to be cautious about this because there is no point just throwing it out of court," said a European diplomat.

The next step in the process is set to come when the International Atomic Energy Agency, the UN's nuclear watchdog, reports this Thursday on Iran's likely failure to comply with the UN deadline. After that, the issue will be discussed again at the Security Council.

EU To Query Iran On Lukewarm Response (AP)

By Robert Wielaard, Associated Press Writer

AP, August 26, 2006

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The European Union said Friday it will prod Iran to clarify questions about its lukewarm response to a package of economic incentives designed to get the country to suspend uranium enrichment.

Tehran's response, contained in a 20-page document presented Tuesday, was judged insufficient by the United States and some of the five other major nations that drew up the package.

French President Jacques Chirac on Friday termed Iran's answer a "little ambiguous, notably on whether it would eventually suspend sensitive activities."

Iran didn't even mention the demand of the U.N. Security Council that it stop uranium enrichment by Aug. 31, moving it closer to possible economic and diplomatic sanctions.

Although there was no comment from Iran's government Friday, hardline cleric Ahmad Khatami said Iran was open to negotiations but would not bow to threats.

"The spirit of Iran's response is 'yes' to logical dialogue without precondition. No one can talk to Iran with the language of threats," Khatami said during his Friday sermon broadcast on Iran's state radio.

He urged Russia and China, which also joined in the incentives offer, not to "fall in the trap of the U.S."

Russian Vice Premier Sergei Ivanov said Friday that his government continued to pursue a political resolution of the dispute, saying that "talk about sanctions is premature."

Iran insists its nuclear program has the peaceful goal of generating electricity. But the United States and many of its European allies suspect Iran wants enriched uranium for use in nuclear bombs.

Javier Solana, the EU's foreign affairs chief, told reporters he would seek talks with the Iranian leaders to discuss their response. "We have to work to understand it properly," he said.

Solana said he had held two telephone conversations since Tuesday with Ali Larijani, Iran's chief nuclear negotiator, but needed more talks "before we can come out with a complete response" to Iran's views.

Earlier, German Foreign Minister Frank-Walter Steinmeier said Iran wants guarantees that it won't face U.N. sanctions before it agrees to restart negotiations over its nuclear program and the offer of economic incentives. He called that condition unacceptable.

"I have always said that we must begin negotiations without preconditions. ... That is why Iran must understand we cannot come to the negotiating table when every day new centrifuges are being constructed," Steinmeier told reporters.

After talks in Paris with Chirac, German Chancellor Angela Merkel complained that Iran's message had no reference to the demand for a suspension of uranium enrichment. "But the door is open," she said. "We want Iran to clearly recognize the offer it was presented."

Germany and the five permanent members of the U.N. Security Council — the United States, China, Britain, France and Russia — drafted the incentives package in hopes of persuading Iran to return to negotiations on increasing international oversight of its nuclear program.

Steinmeier welcomed U.N. Secretary-General Kofi Annan's plan to visit Iran in the coming days and said he hoped Annan would make it clear the international community expected Iran to come back to negotiations without conditions.

"I hope that the U.N. secretary-general can make that once again clear in Tehran," Steinmeier said.

In Tehran, Iranian lawmaker Hamid Reza Hajbabaei urged the West not miss an opportunity for talks, saying the imposition of sanctions would bolster Islamic hardliners and cause greater tension in the Middle East.

"America's adventurist policy in seeking sanctions against Iran simply is harmful to all. In Iran, it will even strengthen the voice of extremists who want Iran's withdrawal from the Nuclear Nonproliferation Treaty and weaken the voice of moderates," he said.

Associated Press writer Ali Akbar Dareini in Tehran, Iran, contributed to this report.

Russia Says It Opposes U.N. Sanctions On Iran (NYT)

By Steven Lee Myers

The New York Times, August 26, 2006

DOJ_NMG_0054583

MOSCOW, Aug. 25 — Russia's defense minister said Friday that it was premature to consider punitive actions against Iran despite its refusal so far to suspend its efforts to enrich uranium as the United Nations Security Council has demanded.

Although Russia agreed to the Security Council's resolution on July 31, Defense Minister Sergei B. Ivanov's remarks made it clear that Russia would not support taking the next step that the United States and Britain have called for: imposing sanctions against Iran or its leaders over its nuclear programs. The Council set Aug. 31 as the deadline for Iran to respond to its demand.

Russia has repeatedly expressed opposition to punitive steps, even as President Vladimir V. Putin and others have called on Iran to cooperate with international inspectors and suspend its enrichment activity.

But on Friday Mr. Ivanov went further, saying the issue was not "so urgent" that the Security Council should consider sanctions and expressing doubt that they would work in any case.

"I know of no cases in international practice or the whole of previous experience when sanctions achieved their goals or were efficient," Mr. Ivanov, a close ally of Mr. Putin who also serves as deputy prime minister, said in televised remarks in the Far East.

Russia's opposition left in doubt the Bush administration's delicate diplomacy to increase pressure on Iran over its nuclear energy programs, which American officials fear disguise an effort to build nuclear weapons.

Echoing a statement by the Foreign Ministry after Iran responded in writing this week to an offer of incentives from Britain, China, France, Germany, Russia and the United States, Mr. Ivanov said that Russia would continue "to advocate a political and diplomatic solution to the problem."

But neither he nor other officials have said what Russia will do if Iran refuses to meet the Security Council's demands to suspend its nuclear programs by the deadline.

On Wednesday a spokesman for the Foreign Ministry, Mikhail L. Kamynin, said that it was important to "grasp nuances" in Iran's lengthy written response and that Russia would continue to use its influence with the Iranians.

Russia has significant economic ties with Iran and is building a nuclear reactor at Bushehr, an Iranian city on the Persian Gulf. Underscoring Russia's cooperation in the field, an Iranian delegation has been visiting this week to discuss further joint projects, which officials from both countries have emphasized are purely civilian in nature.

But Russia's opposition to sanctions appears to extend beyond purely commercial interests. Officials have indicated that they fear that sanctions would lead to a new American-led military conflict in the region, as happened in Iraq.

Voicing a similar fear, the French foreign minister, Philippe Douste-Blazy, said in Paris that Iran's response was "not satisfactory" but warned that it would be worse "to lend fire to a confrontation between Iran on one side — the Muslim world with Iran — and the West."

U.S. May Curb Iran (LAT)

By Maggie Farley, Times Staff Writer

The Los Angeles Times, August 26, 2006

If the U.N. Security Council won't penalize Tehran for its nuclear program, the White House may forge an alliance to do so.

UNITED NATIONS — With increasing signs that several fellow Security Council members may stall a United States push to penalize Iran for its nuclear enrichment program, Bush administration officials have indicated that they are prepared to form an independent coalition to freeze Iranian assets and restrict trade.

The strategy, analysts say, reflects not only long-standing U.S. frustration with the Security Council's inaction on Iran, but also the current weakness of Washington's position because of its controversial role in a series of conflicts in the Middle East, most recently in Lebanon.

Despite assurances from Russia and China in July that they would support initial sanctions against Iran if it failed to suspend aspects of its nuclear program, Russia seemed to backtrack this week after Tehran agreed to continue talks, but refused to halt enrichment. A Security Council resolution gives the Islamic Republic until Aug. 31 to stop uranium enrichment, which could provide fuel to produce electricity or possibly atomic weapons, or face penalties.

Russian Defense Minister Sergei B. Ivanov said Friday that as long as Iran was willing to negotiate, it was "premature" to punish the country and perhaps permanently isolate it.

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"I do not know cases in international practice or the whole of the previous experience when sanctions reached their goals or were efficient," Ivanov said.

"Apart from this, I do not think that the issue is so urgent that the U.N. Security Council or the group of six countries" — the U.S., China, Russia, Britain, France and Germany — "should consider the introduction of sanctions. In any case Russia continues to advocate a political and diplomatic solution to the problem."

French Foreign Minister Philippe Douste-Blazy said Iran's response was "not satisfactory" but France wanted to avoid a new conflict that could lead to "a clash of civilizations."

"But the worst thing would be to escalate into a confrontation with Iran on the one hand — and the Muslim world with Iran — and the West," he said on French radio. "That would be the clash of civilizations that France today is practically alone in trying to avoid."

U.S. Ambassador John R. Bolton said in an interview late this week that the United States planned to introduce a resolution imposing penalties such as a travel ban and asset freeze for key Iranian leaders soon after the Aug. 31 deadline, and seemed optimistic that China and Russia would agree to it once they saw the text. "Everybody's been on board," he said.

But in case Russia and China do not accept it, the U.S. is working a parallel diplomatic track outside the U.N., Bolton said.

Under U.S. terrorism laws, Washington could ramp up its own sanctions, including financial constraints on Tehran and interception of missile and nuclear materials en route to Iran, Bolton said, and the U.S. is encouraging other countries to follow suit. "You don't need Security Council authority to impose sanctions, just as we have," he said.

The U.S. has had broad restrictions on almost all trade with Iran since 1987. Exceptions include the import of dried fruits and nuts, caviar and carpets. In addition, U.S. companies can obtain licenses to do limited trade in agriculture and medicine. The United States also initiated the Proliferation Security Initiative, involving a coalition of countries that have agreed to intercept shipments of materials to Iran that could be used for weapons of mass destruction.

"We will continue to enhance PSI to cut off flows of materials and technology that are useful to Iran's ballistic missile program and nuclear programs," Bolton said. "We will be constraining financial transactions under existing terrorism laws."

He said Washington was focusing on European and Japanese banks to restrict business with Iran, because most of Tehran's transactions are done in U.S. dollars, euros, British pounds and yen. "There aren't a lot of opportunities to sell in other currencies," he said.

Bolton and U.S. Treasury officials refused to provide details on which countries might be interested, citing the "sensitivity" of the talks.

But Treasury spokeswoman Molly Millerwise said they had already seen results, including Union Bank of Switzerland cutting off relationships with Iran.

"We're seeing more financial institutions around the world looking at the actions and messages emanating out of Iran — from their nuclear ambitions to state sponsorship of Hezbollah — and asking themselves, 'do we really want to be Iran's banker?' " she said in an e-mail.

Though U.S. officials said pursuing parallel paths is "common sense" and highlights what they consider to be the inefficiency of the Security Council, some analysts said the move would underline Washington's inability to win over the council and the lack of options against a newly emboldened Iran.

"When you start doing things that would be better with the Security Council's endorsement, does it show weakness or strength?" said George Perkovich, the director of the nonproliferation program at the Carnegie Endowment for International Peace. "Iran could argue that 'the U.S. couldn't even get the Security Council backing, and so we are winning.' "

Perkovich said even traditional U.S. allies were fatigued by dealing with so many conflicts and didn't want to add Iran to a list that includes Afghanistan, Iraq and Lebanon.

"There is a general reluctance to follow the U.S. lead," he said. "Our negotiating power is diminished, which is regrettable."

Russia and China have specifically objected to the use of a U.N. charter measure known as Chapter 7 that would open the door to military action or sanctions. But Bolton said that a resolution on North Korea passed unanimously in July might create a new template for dealing with those concerns.

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That resolution instituted a ban on supplying technology and goods related to North Korea's missile and nuclear programs, and got around China's and Russia's doubts about Chapter 7 with other legally binding language that would prevent an Iraq-style invasion.

"There are some aspects of the North Korea resolution that will be useful," Bolton said. "A lot of this is just going to have be played out."

Times staff writer David Holley in Moscow contributed to this report.

Iranian President To Inaugurate Reactor (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, August 26, 2006

Iran's president will inaugurate a heavy-water nuclear reactor Saturday, the deputy head of the Atomic Energy Organization of Iran announced on state-run television.

Mohammed Saeedi did not provide more details about the ceremony but called the facility, located in central Iran, "one of the biggest nuclear projects" in the country.

Iran has been building the heavy-water reactor for two years, and it is not scheduled for completion until 2009.

Tehran has said its disputed nuclear program is for peaceful purposes, but one of the byproducts of heavy-water reactors is plutonium, which can be used in building nuclear weapons.

S.Korea, China Aim To Block N.Korea Test (AP)

By Burt Herman, Associated Press Writer

AP, August 26, 2006

South Korea and China have agreed to cooperate to prevent a possible nuclear test by North Korea amid increasing reports citing suspicious activity in the communist nation, Seoul's presidential security adviser said Friday.

A nuclear test by the communist North would be "a grave situation of a different level from missile launches," Song Min-soon said after returning from a two-day trip to China, South Korea's Yonhap news agency reported.

"South Korea and China have agreed to continue cooperation not to let that situation occur," Song was quoted as saying. He did not elaborate on how the two countries would cooperate.

South Korea and China, along with Japan, Russia and the United States, have tried to convince the North to abandon its nuclear program at six-party negotiations that have been on hold since November.

The North stoked regional tensions on July 5 by test-firing seven missiles, drawing U.N. Security Council sanctions, and concerns are growing that it could be preparing for a nuclear test.

Japan's Kyodo News agency reported late Thursday that vehicles were seen in recent days at what is thought to be a nuclear testing site in northeastern North Korea.

Kyodo quoted an unidentified government official as saying it was unclear whether any nuclear tests by the North were imminent, but that Japan was closely monitoring the situation.

The Japanese government's top spokesman, Chief Cabinet Secretary Shinzo Abe, declined Friday to confirm the report, saying he could not comment on what Japan knows because of intelligence reasons, but urged North Korea to return to stalled six-nation talks on its nuclear disarmament.

"If North Korea does carry out its nuclear experiment, it will pose a grave threat to the peace and security of Japan, Northeast Asia, and the international community," Abe said in Tokyo. "It will be absolutely unacceptable."

South Korean Foreign Minister Ban Ki-moon said Seoul was "closely monitoring North Korea's movements" in cooperation with the U.S. and other countries.

Ban warned other countries against backing North Korea into a corner while seeking to stop its nuclear weapons aspirations.

"We need to exhibit resolve in denouncing North Korea's bad behavior whilst having the wisdom not to corner North Korea into a dead end with no way out," Ban told foreign correspondents in Seoul.

Meanwhile, South Korea's defense minister said Friday that North Korea is believed to have one or two nuclear weapons.

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The comments by Yoon Kwang-ung to a parliamentary meeting were seen as a change in South Korea's assessment of the North's nuclear forces, with Seoul previously saying only that the North had the "capability" to build one or two nuclear weapons.

North Korea has claimed it has nuclear weapons, but hasn't performed any known test to confirm it. Many experts believe the North has enough radioactive material to build at least a half a dozen nuclear weapons.

Talks on the North's nuclear program have been deadlocked since November, when negotiators failed to make headway in implementing a September agreement in which the North agreed to drop its nuclear program in exchange for aid and security guarantees.

North Korea has since refused to attend the six-nation talks until Washington stops blacklisting a bank where the communist regime held accounts, a restriction imposed over alleged counterfeiting and money laundering.

Travel Watch For Kim Jong Il (WSJ)

By Evan Ramstad

The Wall Street Journal, August 26, 2006

Is China calling North Korean leader Kim Jong Il onto the carpet?

The eccentric dictator with the bouffant hairdo is heading to Beijing in the coming week to meet with senior Chinese leaders, several news outlets in China and South Korea say. If past behavior is a guide, he will take the scenic route -- a trip of at least 10 hours by train, as he prefers.

There has been no confirmation from the Chinese government about Mr. Kim's trip. North Korea keeps Mr. Kim's whereabouts, like most other information about the reclusive Pyongyang regime, a strict secret. Mr. Kim upset his neighbors and the U.S. in early July by test-firing seven missiles -- including a long-range one thought to be capable of crossing the Pacific, which fizzled out shortly after blastoff. More recently, some in the U.S. military have suggested that North Korea may be preparing a bomb test in a remote region of the country.

That was reason enough for concern, given North Korea's declaration a year ago that it already had developed nuclear weapons, a boast some observers thought was a bluff. Friday, South Korean Defense Minister Yoon Kwang Ung raised the anxiety level by telling lawmakers that Seoul, originally among the skeptics, believes North Korea has developed one or two nuclear bombs. "If North Korea goes ahead [with a bomb test], it is far more serious than the missile tests," Ban Ki Moon, South Korea's foreign minister, told reporters in Seoul.

A useful chat between Mr. Kim and his Chinese backers would be welcome in Washington. President Bush, in a phone call to Chinese President Hu Jintao earlier this past week, urged him to push harder to get North Korea back to six-nation negotiations over the weapons issue. The other parties to those talks are Japan, South Korea and Russia.

China is in the strongest position to influence North Korea, since it is by far its biggest economic partner. China fought alongside North Korea in the Korean War that ended 53 years ago and, in the decades since, supported the governments led by Mr. Kim's father and then Mr. Kim.

Recently, though, China has surprised on the upside when it comes to reining in its ally. In a striking rebuke, the country voted with other members of the United Nations Security Council last month to sanction North Korea following the missile test. China's top diplomats, in a meeting earlier this past week, even discussed whether to continue relations with Mr. Kim, according to a Japanese news account. But that is a long shot: China fears any sudden moves will lead to the collapse of Mr. Kim's state, and millions of North Korean refugees streaming across the border.

In January, Mr. Kim traveled by train to southern China, the heart of the country's manufacturing renaissance, and later told Chinese officials he was impressed by the steps they had taken to open the country to the world. That statement raised hopes in China and northeast Asia that Mr. Kim might take steps to open up North Korea's economy and halt the weapons program.

To date, unfortunately, he has done just the opposite.

Lt. Gen. Henry Obering III Star Warrior (WSJ)

By Melanie Kirkpatrick

The Wall Street Journal, August 26, 2006

DOJ_NMG_0054587

ARLINGTON, Va. -- In his 1983 "Star Wars" speech, Ronald Reagan famously asked, "What if free people could live secure in the knowledge . . . that we could intercept and destroy strategic ballistic missiles before they reached our own soil?"

Fast forward to this summer. On July 4 North Korea test-fired a long-range ballistic missile believed capable of reaching the continental U.S. The launch was a flop -- the Taepodong 2 fizzled before it got off the ground -- but to echo Reagan's question, what if? What would have happened if Pyongyang's missile had been heading toward Los Angeles? Could we have shot it down? "I'm confident that we could have," states Lt. Gen. Henry "Trey" Obering III, director of the Missile Defense Agency. "If that missile had proceeded to threaten Hawaii or the continental United States, then we would have had the ability to shoot it down. I'm confident the system would have worked." * * *

Two years ago an American general, asked a similar question, would have had a one-word answer: "No." Until 2004, when the ground-based missile-defense system went partially online in Alaska -- with the aim of intercepting an intercontinental missile coming from North Korea or the Middle East -- the U.S. was wholly undefended against attack by ICBMs. This ground-based system, as it is called, is still only intermittent, and works only against long-range missiles. Moreover, the U.S. has no defenses deployed against what many consider to be a more immediate threat -- a short- or medium-range missile, say a Scud, launched from a vessel off the coast of the U.S.

So it's perhaps no surprise that when Gen. Obering and I sit down in his L-shaped office at the Pentagon's immense Navy Annex -- an office whose window has a bird's-eye view of the newly rebuilt portion of the Pentagon destroyed on 9/11 -- he gives the impression of being a man in a hurry. He discusses the emerging threat -- "there are thousands of missiles" out there and "they've become more accurate . . . more militarily effective." He talks about the current capabilities of the U.S. antimissile program -- they're "limited." He lists future requirements -- "sea-based" and "space-based."

And, inevitably, he brings up budgets -- perhaps recalling the fight in Congress this spring over funding for his agency's programs: "If you look at all of the money that's been spent on missile defense since Ronald Reagan started the program in 1983 -- adding in the 2006 budget -- it's approaching about $100 billion, $90-something billion dollars. If you look at the damage costs from 9/11 alone just in New York City, based on a GAO report of 2002, it was $83 billion. That means if we can prevent just one attack against one major U.S. city, we almost would have paid for the entire program for the last 24 years."

But first, the here-and-now. That word "limited" (to describe our antimissile program) is a little disconcerting, especially as North Korea is threatening to test more missiles and Iran, which reportedly had a representative on site in North Korea on July 4, is rushing ahead with its own missile program. Just how "limited" is the current defense?

In keeping with the Missile Defense Agency's unorthodox practice of fielding new systems concurrently with testing -- the classic approach is to test, then field -- the unfinished ground-based system is already in use. "We've actually taken the system from what we call a developmental and test status to operational status many times over the past two or three years," Gen. Obering says. "I can't talk about any one particular day, whether we're on or off or whatever, but suffice it to say that for the foreseeable future we will continue to cycle back and forth between the operational state and the developmental state."

The interceptor missiles are housed in silos at Fort Greely, Alaska and at Vandenberg Air Force Base in California. By the end of the year the aim is to have 13 interceptors in Alaska and two in California. This provides minimal coverage for the U.S. and none for Europe -- "We can't defend Europe from California or Alaska." Protecting U.S. allies is one reason the U.S. is negotiating to locate 10 interceptors in Europe -- probably in Poland or the Czech Republic -- but the other is "redundancy," one of the general's favorite words. The U.S. wants the ability to take more than one shot at an incoming ICBM. If ground is broken next year, as planned, a European site could be up and running by 2011.

What about defenses against short- or medium-range missiles? "We can defend against that sort of threat with some of the programs we have today," Gen. Obering says. He mentions the ship-based Aegis system, which Japan is buying for protection against North Korean missiles, and the Patriot PAC-3 antimissile system, which was used in the Iraq war. "So we have the assets, but" -- here comes the catch -- "we don't have enough of them yet and we don't have them deployed" to protect the homeland.

Gen. Obering mentions other systems that are in the works: the airborne laser, designed to shoot down missiles while they are still in the boost phase (that is, when that the warhead is more likely fall back to Earth on the enemy), and Thaad -- an acronym for Terminal High Altitude Area Defense, which had a successful test last month. Thaad's missile and its manufacturing production line were redesigned a few years ago with the help of Nascar, which brought its "modular mentality" to the job, the

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general says. "They can change a tire in less than a couple of seconds, they can fuel in less than a couple of seconds, they can replace body parts just like this." (These words are uttered with a bracing snap of the general's fingers.)

The overall objective of the missile-defense system is to provide a "layered" defense, another of Gen. Obering's favorite words. "Now what do I mean by that? When a missile goes through flight, it goes through basically those three phases. There's a boost phase -- a power phase -- then it coasts during the mid-course phase and then it comes into a terminal phase, which is usually re-entry into the atmosphere for most of the missiles that we're talking about. What you want to do is build defenses in each one of those phases in an integrated, layered fashion.

"You also want to tie together as many of your sensors as you can. You want to tie together your space-based sensors with your ground-based radars [and] with your ship-based sensors and radars because it gives you a much better picture of what we call a birth-to-death tracking of the target. Well, the ABM Treaty would not allow us to do that. We could not mix what were considered to be regional, theater missile defense assets such as an Aegis ship or a Patriot system . . . with the ground-based mid-course system."

The general is referring to the 1972 Anti-Ballistic Missile Treaty under which the U.S. and the Soviet Union agreed not to defend their countries against missile attack. The U.S. withdrew from the treaty in June 2002. "Coming out of the treaty has allowed us to take full advantage of this integration between assets," Gen. Obering says. * * *

What's next? "In my mind, space-based interceptors [are] very attractive," he says. To those who say that would mean the "weaponization" of space, the general has a ready answer. "We already do intercepts in space, because that's where the missiles fly . . . What we're talking about is having space-based interceptors that would engage from space." Congress has authorized funding for some space experiments starting next year.

He also favors putting more sophisticated sensors in space. "If someone had told me 15 or 20 years ago that we'd be fighting in Afghanistan, I wouldn't have believed them. We don't know where we're going to be fighting in the next 20 years . . . and so instead of populating radars around the world to try to guess where those threats are going to be coming from, it makes a lot of sense to go to space . . . We have sensors in space but they are not sensors that you can accurately track from."

At the time of Reagan's missile-defense speech, Gen. Obering was an Air Force captain on loan to the space shuttle program at the Kennedy Space Shuttle. Does he remember the speech? "Oh, yes, very much so. It was very dramatic. . . . It was intriguing to me to [see] the vision that President Reagan had -- to say, you know, we don't have to live under this threat. We can actually do something about it."

Does he object to the term "Star Wars," the mocking nickname given by Sen. Ted Kennedy to what was then known as the Strategic Defense Initiative? A big smile crosses his face. "Personally, I don't. . . . When you look at what the 'Star Wars' movie was really about, I think it fits. . . . It was basically the force of good trying to address the force of evil."

Ms. Kirkpatrick is a deputy editor of the Journal's editorial page.

Kim's Cash Squeeze (WSJ)

The Wall Street Journal, August 26, 2006

It's getting tough to be a North Korean banker these days. First Washington shuts down your Macau accounts; then China, an old friend, follows suit. Now even Vietnam and Mongolia are cooperating. Who's next?

Since the U.S. Treasury designated Banco Delta Asia, a Macau bank long used by North Korea, as a "primary money-laundering concern" last September, banks world-wide have awakened to the dangers of being tarred by association with Kim Jong Il's regime. Hanoi and Ulan Bator don't even boast big financial centers, but we're told they've seen the sense in acting on U.S. information.

Treasury may have hit upon the most effective form of sanctions against Pyongyang, short of cutting off the food and energy supplied by China and South Korea. Kim needs ways to move his money around because keeping his generals paid is vital to his survival. Without cash, he also can't buy centrifuges and other parts for his nuclear program -- the only reason he carries any weight in international diplomacy. The U.S. squeeze has caused a furious reaction in the North, which has refused to return to the six-party talks on its nuclear-weapons programs until the U.S. ends the effort against its bank accounts.

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Aware that the pinch has Pyongyang's attention, U.S. officials would like to expand the program. "The United States continues to encourage financial institutions to carefully assess the risk of holding any North Korea-related accounts," Stuart Levey, Treasury Undersecretary for Terrorism and Financial Intelligence, told us this week. "Given the regime's counterfeiting of U.S. currency, narcotics trafficking and use of accounts world-wide to conduct proliferation-related activities, the line between illicit and licit North Korean money is nearly invisible."

There's more to be done. Russia -- which Pyongyang turned to after the Chinese change of banking heart -- has so far proved less helpful than Mongolia or Vietnam in investigating North Korean bank accounts. Despite its encouraging steps, Beijing also remains a long way from closing all of its North Korean bank accounts. And there have been repeated press reports that Kim still has a multibillion-dollar slush fund stashed away in Switzerland or Austria. "We believe the North Korean leadership may be hiding significant amounts of money derived from suspect activities in banks around the world, including in Europe," Treasury's Mr. Levey says.

Would that everyone were as gung ho as Tokyo. In the wake of the Banco Delta Asia crackdown, Japan brought up North Korean money laundering in bilateral talks with Beijing. After the North's July missile tests, Tokyo also announced a pending ban on millions of dollars remitted by ethnic Koreans in Japan annually. Washington could also think even bigger, suggests David Asher, who headed the State Department's working group on North Korea until last year. "We've done enough to cause them pain but not enough to debilitate them," he tells us. "In order to be effective we have to attack them on a much broader front."

Mr. Asher suggests exhorting foreign governments to crack down on North Korea's long-standing abuse of diplomatic privileges. Its envoys in several countries have been caught smuggling everything from dollars to drugs. For now, however, Treasury's banking crackdown looks like a rare success in dealing with a regime that has all too often defied the world with impunity.

Japan Accuses 5 Of Exporting Equipment With Nuclear Uses (NYT)

By Martin Fackler

The New York Times, August 26, 2006

TOKYO, Aug. 25 — Five executives of a precision instruments maker were arrested Friday on suspicion of illegally exporting equipment to Malaysia that could be used in making nuclear weapons, the police said.

The president of the Mitutoyo Corporation, Kazusaku Tezuka, and four other executives were accused of exporting advanced measuring devices without government permission in late 2001 to an unspecified recipient in Malaysia, a police spokesman said. He spoke on condition of anonymity, which is customary here.

Japanese television broadcast pictures of police officers raiding Mitutoyo's headquarters in Kawasaki, Japan, and the homes of the arrested executives.

While the police provided few details, reports in the Japanese news media said the devices had been sold to Scomi Precision Engineering, a company that was later linked to Abdul Qadeer Khan, the Pakistani nuclear scientist who sold nuclear technology to Libya.

The reports, by Kyodo News and most major newspapers, said at least one of Mitutoyo's devices had been shipped to Libya via Dubai on an Iranian-flagged cargo ship. The reports said the police were also investigating whether additional measuring devices had been sent to Iran via an unidentified Iranian trading company based in Tokyo.

Iran faces possible United Nations sanctions if it fails to end its uranium enrichment by Aug. 31. It says the enrichment program is for peaceful purposes, but the United States and other nations fear it could be for nuclear weapons. Libya gave up its weapons program almost three years ago.

The police refused to confirm or deny the news reports, which appeared to be based on exclusive briefings that government officials here frequently give to large local media organizations. An employee at Mitutoyo's headquarters refused to comment beyond confirming the arrests.

The news reports said the police were also trying to determine whether Mitutoyo's devices were used by Scomi to make centrifuge parts that were sold to Libya to enrich uranium for its nuclear weapons program. In October 2003, containers full of

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centrifuge parts made by Scomi were intercepted en route to Libya, a discovery that led to the uncovering of Dr. Khan's role in Libya's attempts to build nuclear weapons.

The Malaysian police later cleared Scomi of wrongdoing. The company said it did not know the parts were bound for Libya, but instead believed they would be used in oil and gas production in Dubai.

The Tokyo police said Mitutoyo exported two of the devices, known as coordinate measuring machines, to Malaysia in separate shipments in October and November 2001. They said the machines had been sent by ship to Singapore, and then transported over land to Malaysia.

The sophisticated machines, normally used in the precision manufacture of parts for commercial products like autos, can also be used in making the centrifuges that enrich uranium for weapons. Because of this potential use, the devices cannot be exported without government permission, the police said. Mitutoyo is one of the world's largest makers of the most advanced types of coordinate measuring devices.

White House Summit On Malaria Scheduled (AP)

AP, August 26, 2006

President Bush will call on the private sector, foundations and volunteer groups to match the U.S. government's financial commitment to educate the public about malaria during a White House summit on the disease in December.

The White House announced Friday that Bush and first lady Laura Bush have invited international experts, non-governmental groups and religious and service organizations to discuss ways to control the preventable disease that kills one child in Africa every 30 seconds.

In June 2005, Bush announced a $1.2 billion, five-year initiative aimed at halving malaria-related deaths in as many as 15 countries in Africa.

"In the overwhelming majority of cases, the victims are less than 5 years old — their lives ended by nothing more than a mosquito bite," Bush said at the time.

Malaria sickens up to half a billion people a year and kills more than 1 million, many of them young children.

Bush's malaria initiative aims to provide tens of millions of dollars to Tanzania, Uganda and Angola this year. At least four countries are to be added in 2007, followed by at least five more in 2008 for eventual total spending of $1.2 billion.

The goal is to eventually cover 175 million people in at least 15 countries most affected by the disease, Bush said.

Sudan Balks At Taking Peacekeepers (NYT)

By Lydia Polgreen

The New York Times, August 26, 2006

KHARTOUM, Sudan, Aug. 25 — On Sept. 12, 2001, President Omar al-Bashir of Sudan, whose government had once played host to Osama bin Laden, sent a message to President Bush and the American people.

He called the attack on the World Trade Center "a crime against humanity" and promised to join the fight against terrorism.

Nearly five years later, it is Mr. Bush's turn to send a message to Mr. Bashir, via the top American diplomat for Africa on Saturday — but they are unlikely to find Sudan to be such a receptive audience.

The Bush administration is pressing Mr. Bashir to accept a United Nations peacekeeping force to salvage the dying peace agreement in Darfur that the United States worked so hard to get. The message will be blunt, Jendayi E. Frazer, assistant secretary of state for African affairs, said in Washington on Friday before heading to Khartoum. Despite Sudanese objections to the peacekeeping force, she said, she expected that a Security Council resolution authorizing it would pass and that the troops would be at least partly in place by Oct. 1.

But Ms. Frazer will arrive in a very different Khartoum than the cowed one that sent the message in 2001. Back then, Sudan's economy had been battered by sanctions after a decade as a pariah state. Given its jihadist past and suspected ties to terrorism, the threat of military action by the United States still hung heavily, jeopardizing a fledgling oil boom. The very survival of the government, ruled by a tiny elite since it overthrew an elected government in 1989, was at stake.

Today, the Sudanese capital is defiant and transformed, a boom town built on oil money and investments from the Persian Gulf, China and Malaysia, buoyed by a changing geopolitical landscape in which it seems convinced it has little to fear from

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thumbing its nose at the world's only superpower. "They seem to be playing on Washington's weakness and their relative strength," said J. Stephen Morrison, director of the Africa program at the Center for Strategic and International Studies, whose writings helped shape the Bush administration's Sudan policy.

"The U.S. is completely pinned down with Iraq and Lebanon and related issues; there is a surge of investment capital coming into Khartoum," Mr. Morrison said. "It looks to me like they are calculating that time is on their side and they don't have to compromise. Immediately after 9/11 they came under a serious, credible threat from the U.S., but now I think the equation has changed to where the threats are not there and not credible."

Rising oil prices mean poor petro-states like Sudan are less dependent on Western-dominated institutions. The rapid growth of China's economy has created alternative markets. The majority of Sudan's crude goes to China, and the Sudanese are betting that those exports are strategic enough to warrant the threat of a Security Council veto of the peacekeeping force by China.

Arab solidarity, bolstered by the role of the United States in Iraq and its support for Israel's incursions in Lebanon, has helped cast Sudan's fight against the United Nations force as one of Arab and Muslim resistance to Western domination. In his increasingly bellicose speeches, Mr. Bashir has compared Sudan to Lebanon and the prospect of a United Nations force to Israel, vowing that Sudan would repulse any attempt by foreign forces to enter Darfur.

The Arab League has pledged to pay for a strengthened African Union peacekeeping force, Sudanese officials said. The current 7,000-member force is almost out of money.

Indeed, Sudan's plan for pacifying Darfur with its own troops working in tandem with the African Union, which was presented to the Security Council last week, was seen by many officials in New York and Washington as yet another negotiating ploy. But any illusions about the seriousness of Sudan's intentions fell away when it declined even to discuss the matter with the Security Council.

Sudan's foreign minister, Lam Akol, said in an interview here that the plan to use troops to pacify Darfur was already in motion. "With this plan, we are implementing the Darfur peace agreement," he said. "We do not need the permission or the input of the United Nations or anyone else."

The indifference to outside pressure suggests that the true audience for Khartoum's protests against the threat of Western dominance is internal. Right now, the government's biggest threat is within the president's own clique, said Eltayeb Hag Ateya, director of the Peace Research Institute at the University of Khartoum. "This has to do with a power struggle in Khartoum, not anything outside," Mr. Ateya said.

Power struggles abound, from the Islamists who think the government has taken the side of the infidels, to the Arab nationalists who think any accommodation with the West is a capitulation of Arab pride, to the internationalists who urge compromise to ensure greater wealth.

Given the proposal put forward by Sudan last week, which calls for 10,500 Sudanese troops to quell the rebellion in Darfur among those who did not sign a peace agreement in May ending the conflict, it seems that the hard-liners currently have Mr. Bashir's ear.

Islamic extremism and rabid Arab nationalism have never fit comfortably with most Sudanese. Here in Khartoum, many men's foreheads bear the telltale bruise of the prayerful, but almost everyone of them will shake a woman's hand. On the banks of the Nile, courting couples sit together, chaste yet unsupervised romance blossoming.

Many people here in Khartoum, asked about the United Nations force, said it did not really matter to them. "We want more openness," said Mazin Aboud, a 27-year-old computer engineer. "We don't want Sudan to be isolated anymore."

But if the aftermath of Sept. 11 pushed Sudan to compromise with the United States, end a brutal civil war with the south and cooperate with Washington in fighting terrorism, the current era leaves the United States with few carrots or sticks to end the conflict in Darfur, which Mr. Bush has called genocide.

Mr. Morrison said that with little leverage left, the United States should focus on preventing the total collapse of the vast aid effort in Darfur, a lifeline to millions, and on stopping the blood bath that the impending onslaught by the Sudanese Army would surely cause.

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"I don't mean to pretend there is any fix here," he said. "What is an option is to face up to a fact that we are in a slide right now and we need to push back and contain the slide to prevent a catastrophe."

Troops Burn Houses In Nigerian Oil Port (NYT/AP)

The New York Times, August 26, 2006

PORT HARCOURT, Nigeria, Aug. 25 — Rampaging troops burned hundreds of homes and shops after gunmen kidnapped at least two foreigners and killed a soldier who was guarding them in Nigeria's oil-rich southern delta region, witnesses said Friday.

The military said the foreigners were seized Thursday during a raid in an impoverished settlement in Port Harcourt, the main oil center.

The Italian Foreign Ministry reported that three men were missing in the area, including an Italian. All three were employees of Saipem, a subdivision of the Italian energy company Eni, the ministry said.

Residents said troops flew into a rage after the death of their comrade and injury of another, setting fire to hundreds of homes and stores in a poor neighborhood.

An Associated Press reporter saw at least three armed soldiers attacking civilians. The troops quickly drove away onlookers.

Nigeria's military, which has carried out reprisals against civilians in the past, denied responsibility.

Chávez Wraps Up Trip To China After Cementing Closer Relations (WSJ)

By Shai Oster

The Wall Street Journal, August 26, 2006

BEIJING -- Venezuelan President Hugo Chávez leaves China Saturday having signed several energy deals and having deepened his nation's relationship with China.

The six-day trip, Mr. Chávez's fourth here since taking office, underscored Venezuela's eagerness to move away from dependency on the U.S. and China's own growing willingness to wield its diplomatic clout.

During the trip, China and Venezuela signed a series of agreements to strengthen their energy ties, including having the Chinese jointly explore for oil in Venezuela; other deals covered telecommunications, agriculture and mining. Mr. Chávez said he wants to more than triple Venezuelan crude-oil exports to China by 2009 to 500,000 barrels a day from about 150,000 barrels a day now.

Venezuela wants to reduce its dependence on sales of oil to the U.S., which is its biggest customer despite increasingly tense relations between Mr. Chávez, an outspoken critic of U.S. policy, and Washington, which has assailed his populist governance and appeared to condone a 2002 coup attempt against him. At the same time, China wants to diversify its reliance on Middle Eastern oil as it seeks to power its surging economy.

Mr. Chávez also wanted to secure Beijing's backing for his quest for a seat on the United Nations Security Council, on which China is one of five permanent members with veto power. Russia has already agreed to back Caracas; the U.S. opposes the bid.

Speaking to reporters Friday, Mr. Chávez said this trip was a major breakthrough in deepening ties with China.

He also took the opportunity to condemn Israel's action in Lebanon, comparing Israeli leadership with Hitler. "Israel is doing the same thing as Hitler today," he said. "We give our sympathy to the Arab people and condemn Israel."

He said he had been invited to visit Syria but hadn't yet set a date.

Venezuela Pledges More Oil For China (MCT)

By Tim Johnson

McClatchy Newspapers, August 26, 2006

BEIJING - Hugo Chavez, the anti-U.S. leader of Venezuela, on Friday pledged a major increase in oil shipments to China and said China had agreed to back his country's bid for a seat on the U.N. Security Council, something the Bush administration opposes.

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China didn't publicly confirm its support for Venezuela's U.N. efforts, which will come to a vote in October, and there was skepticism that China had the refining capabilities to handle more heavy Venezuelan crude oil.

But Chavez's spirited assertion during a news conference here that his country intended to bolster China as a counterweight to the United States was in keeping with his consistently anti-American foreign policy pronouncements.

"We need a China that becomes bigger every day and becomes stronger every day," Chavez said on the third day of a five-day trip, his fourth visit here since 1999.

Chavez predicted that warming relations with the Asian giant would lead to the teaching of Chinese in Venezuelan schools and the airing of Chinese-made television programs in his country.

He said China offered his government credits to build 20,000 homes for the poor, assistance for rail construction, pledges to build computer and cellular telephone factories, and promises to help develop Venezuelan agriculture. He hailed what he called a broadening strategic relationship and added that "China's help is vital for Venezuela."

"The biggest part isn't what has been achieved, which is a lot," Chavez said. "It is the horizon that has opened for us."

Chinese President Hu Jintao, Premier Wen Jiabao and other senior officials greeted Chavez warmly, but outside Chinese observers suggested it was unlikely that Beijing would risk harming relations with Washington by tilting toward Chavez, who's a popular but divisive figure even in Latin America.

One expert cast doubt on whether Venezuela, the world's fifth-largest oil exporter, could send huge quantities of oil to China, given the distance and the high sulfur content of its crude.

"These reports can't be true, as China does not have the refining capabilities to process Venezuelan crude and the distance is too far," Jiang Shixue, a Latin American expert at the Chinese Academy of Social Sciences, told the China Daily newspaper this week.

But Chavez and Energy and Petroleum Minister Rafael Ramirez were emphatic in asserting that Venezuela is on the road to becoming a major oil supplier for China.

Venezuela, which has the largest proven oil reserves in the Western Hemisphere, currently supplies China with 152,000 barrels of crude a day, barely a tenth of what it ships across the Gulf of Mexico to U.S. markets.

"By 2007, we will arrive at 300,000 barrels a day," Chavez said, and the spigot for China will open wider "until 2009, when a great leap will occur toward half a million barrels a day of petroleum" for Chinese markets. He added that Venezuela eventually hopes to provide China with a million barrels a day after 2012.

On Thursday, Hu and Chavez signed eight agreements, including a $1.3 billion accord for China to build 18 supertankers for Venezuela, and an additional plan to construct 12 offshore oil-drilling platforms.

Ramirez said the supertankers would be built within five years. In the interim, Venezuela is transporting oil aboard Chinese-owned tankers, he added.

"Our fundamental orientation is toward fulfilling Chinese demand," Ramirez said.

Chavez said the increased production wouldn't take away from the stream of crude now sent to the United States, given that Venezuela owns seven refineries along the Gulf Coast. But he said planned increases in Venezuelan production would go to China.

Chavez also lauded China for plans to launch a Venezuelan telecommunications satellite into orbit in 2008, giving Venezuela a media footprint that Chavez said would cover the Caribbean, Central America, all of South America and part of the United States.

Cultural alliances are also being studied, Chavez said, including the teaching of Chinese in Venezuelan schools, joint projects in cinema and the import of Chinese-made television programs dubbed in Spanish, the predominant language of Venezuela.

2 Serbs Charged With Killing 3 Albanian-American Brothers In 1999 (NYT)

By Nicholas Wood

The New York Times, August 26, 2006

DOJ_NMG_0054594

BUCHAREST, Romania, Aug. 25 — Serbia's war crimes prosecution office has charged two former Serbian police officers in connection with the killings of three Albanian-American brothers from Long Island who went missing in Serbia in 1999 and whose bodies were later found in a mass grave.

The two men, Sreten Popovic and Milos Stojanovic, members of an elite Serbian police unit in Kosovo during the 1999 conflict between government forces and ethnic Albanian separatists, are accused of having had the three taken from a prison to a police training camp, where they were later executed.

The indictments, brought Thursday, say the two former policemen violated the Geneva Conventions on the treatment of prisoners of war in their handling of the brothers.

The three, residents of Hampton Bays, had come to Kosovo, the southern Serbian province, in 1999 to join ethnic Albanian guerrillas who were fighting Serbian forces there.

The charges carry a maximum penalty of 20 years in prison. A third former police officer was detained in May but has not been charged.

The United States Embassy in Belgrade welcomed the announcement, but it also urged the Serbian authorities to try other police officers suspected of crimes.

The three brothers — Ylli, Mehmet and Agron Bytyqi, all in their 20's — were detained on Kosovo's boundary with the rest of Serbia on June 26, 1999, two weeks after the end of the Kosovo conflict.

The brothers' relatives say that when they were detained, they were helping a Gypsy escape persecution by ethnic Albanian refugees returning to Kosovo after the fighting.

Serbian prosecutors say that the brothers were taken by members of Serbia's special police from a prison in Prokuplje, in southern Serbia, where they were serving a 15-day sentence on charges of illegally entering the country, and that they were driven to a training camp outside Petrovo Selo, a town near Serbia's border with Romania.

Their bodies were found in July 2001 in a mass grave on the edge of the camp, with their hands bound and bullet wounds to the back of their heads.

The war crimes prosecutors assigned to the investigation said earlier this year said they believed that the brothers were killed in revenge for the NATO-led air campaign waged against Serbian forces to stop repression of ethnic Albanians.

The formal investigation began in March, when Mr. Popovic and Mr. Stojanovic were arrested. Mr. Popovic was a colonel in the Serbian gendarmerie, a special police force for antiterrorism operations, until this year.

While the indictments were welcomed by human rights groups in Serbia, a leading rights lawyer accused the Serbian judiciary of being slow to prosecute senior police and military officials accused of war crimes.

Natasa Kandic, the director of the Humanitarian Law Center in Belgrade, said the authorities had failed to prevent the flight of two senior commanders suspected of involvement in the killings of the three brothers as well as other crimes during the Balkan wars of the 1990's.

One of these, Gen. Goran Radosavljevic, the commander of special police units accused of executing the men, left Serbia earlier this year and his whereabouts are unknown.

Gen. Vlastimir Djordjevic, accused by Serbian prosecutors of ordering the brothers' killings, left Kosovo after the fall from power of Slobodan Milosevic, the Yugoslav president, in 2000.

Serbian and United Nations investigators have said they believe that he is hiding in Moscow.

Argentina's Former Economy Czar Weighs Run For President (NYT)

By Larry Rohter

The New York Times, August 26, 2006

BUENOS AIRES, Aug. 25 — If any one person can claim to be the architect of Argentina's remarkable economic recovery, it is Roberto Lavagna, who was finance minister from 2002 until late last year. But now the government he once served has made him one of its main antagonists — and has transformed him into an opposition rallying point and a likely presidential candidate.

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With elections scheduled for late next year, President Néstor Kirchner has a support level of more than 60 percent, according to recent polls. Much of that popularity stems from three consecutive years of 8 percent growth, a result of policies that Mr. Lavagna largely devised but which are now being derided as "neo-liberal," almost an insult here.

"It's like an inheritance," Mr. Lavagna said in an interview, referring to economic indicators that at the time of his departure were Argentina's strongest in a century. "That's a phenomenal base on which to build," he added.

But in his view, the Kirchner government is squandering the opportunity by imposing "a rigid system of price controls" and resuming ownership of some formerly state-run companies privatized in the 1990's, like water utilities and airlines.

A former ambassador, Mr. Lavagna has also been critical of what he calls Mr. Kirchner's "turn to the left" on foreign policy, especially the budding alliance between Argentina and President Hugo Chávez of Venezuela. As Mr. Lavagna sees it, Mr. Chávez is trying to hijack Mercosur, the South American customs union, and turn it into an anti-American political alliance, apparently with Mr. Kirchner's acquiescence.

Mr. Lavagna's transformation from czar of the economy to potential candidate is occurring as opposition complaints about Mr. Kirchner's accumulation and consolidation of power are growing. The main battleground has recently been the president's demand for permanent "superpowers" to allow him to alter budget expenditures and issue "decrees of necessity and urgency" without seeking congressional approval.

In midterm elections last October, Mr. Kirchner, victorious with only 22 percent of the vote in 2003 and initially dependent on Mr. Lavagna for credibility, won a comfortable de facto majority in both houses of Congress. He also has the support of nearly all of the country's 24 governors but has balked at having to negotiate and bargain to win support for his programs.

"Some legislators want to extort me," Mr. Kirchner, a Peronist, complained last month while arguing in favor of added powers, which Congress eventually approved. "They don't want to let me govern, they want Argentina not to change."

Mr. Lavagna, 64, described the measures as "a step backward," noting that this year's budget was submitted without decree authority "because we didn't think it was necessary." At the same time, he has warned of government contracts and control of state companies being steered to Mr. Kirchner's political allies based on records of loyalty, not competence.

But despite all the speculation about him, Mr. Lavagna, who is not affiliated with any party, is not yet officially running for office. He said he would make a decision at the end of the year, because "I've never been involved in party politics, and so I don't know if my ideas can be transformed into an electoral campaign."

But if Mr. Lavagna seems to be playing it coy, so is Mr. Kirchner. He has said only that the Peronist candidate will be "a penguin," meaning someone from Patagonia, but using the word in both its masculine and feminine forms, thus hinting that he may want to step aside and let his wife, Senator Cristina Fernández de Kirchner, be the Peronist standard-bearer.

Behind the scenes, two former presidents whom Mr. Lavagna also served, representing parties that have historically been rivals, have been working to build support for his candidacy. Eduardo Duhalde, who appointed Mr. Lavagna finance minister, has sought to bring dissident Peronists into the Lavagna camp, while Raúl Alfonsín has been trying to steer remnants of the Radical Civic Union party there.

Mr. Lavagna appeals "to a fractured opposition because he appears to be the leader who has the most electoral density," said Graciela Romer, a leading political consultant and pollster. Positioning himself as a member of what he calls the "progressive center," Mr. Lavagna, like Mr. Kirchner "appeals across ideological lines, from the left to the center-right," she said.

Elisa Carrió, a center-left member of Congress who ran against Mr. Kirchner in 2003 and has said she will challenge him again, contended that any effort to defeat the president was probably doomed. Though Mr. Kirchner's support "is a broad sea that is only an inch deep," she said, unless there is "a crisis generated by an excess of power or authoritarianism" on his part, he will coast to victory.

If Mr. Lavagna runs in 2007, Ms. Romer predicted, the best he can reasonably expect is to win 15 to 20 percent of the vote and position himself as the leader of the opposition for the next election, in 2011. "His only chance is if he can somehow force a second round, and all the voters on the center-right come to him," she said, after voting for others in the first round.

Mr. Lavagna has been reluctant to take credit for playing the decisive role in Argentina's comeback that economic analysts ascribe to him. But he has responded sardonically to recent attacks on him and claims by Mr. Kirchner's allies that the president

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is the real economic helmsman, saying, “There is a tendency to put on the medals won by others, from human rights to the economic recovery.”

He also recalled a conversation he once had while still a member of the Kirchner government during which another senior official told him that the only two ways of dealing with Mr. Kirchner were “to be either a slave or an enemy, and I’ve chosen to be a slave.” That option, Mr. Lavagna added, “is not for me.”

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Teacher Sentenced For Aiding Terrorists (WP) 3
Ex-teacher Gets 15 Years For Aiding Terror Group (WT)..... 4
Lodi Man Caught In California Terror Probe Released From Custody (AP)..... 5
Lodi Man Caught In Terror Probe Freed From Custody (LODINS) 6
Hayat Released From Custody (SACBEE) 8
Hayat: Story Faked (STOCKREC)..... 9
2 Lodi Residents Refused Entry Back Into U.S. (SFC) 11
Turk Was Abused At Guantanamo, Lawyers Say (WP)..... 12
Law Put To Unusual Use In Hezbollah TV Case, Some Legal Experts Say (NYT)..... 13

Homeland Response:

Dynamite Found In Luggage (WP/AP) 14
7 Incidents In A Day Show Air Travel Anxiety Is Up (LAT)..... 15
Jets Grounded In U.S. And Ireland; Alert Raised At Houston Airport (NYT)..... 16
Katrina's Damage Lingers For Bush (WP)..... 17
Bush Has Fallen Short In Steering Recovery, Experts Say (MCT)..... 18
Katrina's Damage To Bush's Standing Still Haunts His Presidency (BLOOM)..... 20
New Orleans Awaits Billions In Fed Aid (AP) 22
Not Much Has Changed (NSWK) 23
Bush Team Approaches Katrina Trip With Care (LAT) 24
Despite Steps, Disaster Planning Still Shows Gaps (NYT) 25
La. High Court Upholds 2 Insurance Laws (AP)..... 28
Louisiana Coffers Swell Since Katrina (WSJ)..... 28
Ernesto Picks Up Speed In The Caribbean (NYT) 29
A Punch Line Who Refuses To Fade Away (NYT)..... 30
Hurricane Center's Director To Retire (WP/AP) 31
Expert Supports Search Methods For 9/11 Remains At Bank Building (NYT)..... 31

War News:

Rumsfeld Says Baghdad Terror Down Due To U.S., Iraqi Troops (WT/AFP)..... 33
Guard, Reserve Iraq Death Toll Declines (AP)..... 33
Is Iran Running Militias In Iraq? (TIME) 34
Bush Loses House Ally Over Policy On Iraq Withdrawal (FT) 35
Lieberman To Consider Iraq Pullout Plan (AP)..... 36
McCain Stresses Support For Iraq Mission (AP)..... 36
Iraq-Bound, Without Reservations (WP)..... 37
Weary Iraqis Face New Foe: Rising Prices (NYT) 39
Ex-Officer Admits Role In Iraq Deals (NYT/AP) 41
Reservist Pleads Guilty In Iraq Bribery Scheme (WP) 41
Looters Ransack Base After British Depart (WP)..... 42
Iraqis Plunder Vacated Base (WT/AP) 43
Military Base Turned Over To Iraqi Forces Is Looted The Next Day (MCT) 43
Looters Descend On Iraqi Camp After British Soldiers Pull Out (LAT) 44
Slain Iraq Hostages' Families Sue Syria (AP)..... 45
Afghan President Sets Probe Of Killings (WP/AP)..... 45
Retaliation Alleged For Teaching On Iraq War (LAT)..... 46
Service In Iraq: Just How Risky? (WP)..... 47
The Power Joe Rosenthal Knew (WP) 48

Corporate Scandals:

Options Abuse Tops Senate Finance Panel Agenda (WSJ)..... 49
Prudential Financial To Settle Dispute On Rapid Fund Trades (WSJ) 49
Qwest Ex-Chief's Trial Will Remain In Denver (WSJ/AP) 50
Nacchio Gets March Trial In Denver (DENP) 50
Judge Denies Nacchio Motion To Move Trial (BLOOM) 51
Is Fannie Mae's House In Order? (LAT)..... 52

Criminal Law:

Professor Accused In Spying Case Admits He Collaborated With Cuban Agents (FLSUNSEN) 52
Professor Says He Collaborated With Cuba (AP) 53
Man Who Made Millions Selling Pirated Software Gets 6 Years (AP) 54
Scam Artists May Be Working Area, FBI Says (PPG)..... 54
Attorneys Battle Over Representing Karr (FINDLAW/AP)..... 55
Editorial: A Prosecution In Virginia (WP) 56

Civil Law:

Northwest Attendants' Strike Put On Hold (WP)..... 56
Judge Stalls Strike At NWA (DEN) 57
Veterans Exposed To Atomic Radiation Lose Court Ruling (MCT)..... 58
Greening Up The Grass Roots (NYT)..... 59

Civil Rights:

AG Challenges Felons' Voting Rights (BN) 59
Franchise Protection (WSJ) 60
Springfield Mayor Pledges To Uphold Rights Of Hispanic Voters (AP) 61

Antitrust:

Constellation Venture Gets Antitrust OK (BOS) 61
Funds Sought For Wright Legal Costs (FWST) 62
H-P Gets Antitrust OK For Mercury Acquisition (SACBIZ) 62
EU May Overturn Spanish Limits On E.ON's Endesa Bid (Update3) (BLOOM) 62
EU Faults Spain In Endesa Bidding War (AP-Y) 63

Environment:

Bush Calls For National Parks Makeover (AP) 64
U.S. Seeks To Delay Grace Asbestos Trial (WP) 64
Global Warming May Be An Accelerated Version Of Ancient Heat Wave (MCT) 65

FBI/DEA/ATF/USMS:

FBI Agents, Ready For Work (WP) 66
Auditors Fault Anti-drug Ad Spending (AP) 66
The Czars' Reefer Madness (NYT) 67
As Violence Surges, Feds Lend A Hand (SACBEE) 68

Immigration:

U.S. State Department Official Indicted On Bribery Charge For Expediting Visas (FINDLAW/AP) 69
U.S. Official Accused Of Taking Bribes To Speed Visas (Update1) (BLOOM) 69
No Word From Feds On State's Big Bill (OLYMP) 70
U.S. Border Governors Urge Reform (AP) 70
Immigration Hearings Poorly Attended (AP) 71
Illegal Aliens Clog Border Docket (WT/AP) 72
Defense Companies Competing To Build High-tech Shield At U.S. Borders (MCT) 73
Profiles Of Competing Teams (MCT) 74
In Tony Monterey County, Slums And A Land War (WSJ) 76

Congress-Administration:

Poll: Iraq, Lebanon Hurt The U.S. War On Terror (TIME) 79
The Economy (WSJ) 79
Plan B Backers Continue Push For Access By Teens (WT) 80
Pension Reform – Round 2 (WSJ) 81
Storms Threaten Space Shuttle Launch (WP/AP) 81
Apocalypse Not (WSJ) 81

Other News:

Fed Chief Sees Faster Pace For Globalization (NYT) 82
Fed Chief Backs Global-Wealth Sharing (WP) 83
Fed Chairman Expects Globalization To Enhance Living Standards (WSJ) 84
Bernanke Calls For Fairer Globalisation (FT) 85
Stocks Mixed In Slow Trading Bernanke Speech, Oil Gain Sparks Small Move In Stocks; 'Very Directionless' (WSJ) . 86
Bonds Gain, U.S. Stocks Slip On Economic Concern; Oil Advances (BLOOM) 87
Markets Shrug Off US Housing Slowdown (FT) 88
Home For Sale, By Anxious Owner (NYT) 89
Housing Boom's Dark Side (WSJ) 91
When The Bubble Bursts (LAT) 92
What Is "Affordable" Housing? (LAT) 93
Is Fannie Mae's House In Order? (LAT) 93
Director At Ford Steps Down (NYT) 94
Rubin Quits Ford's Board To Allay Conflict Concern (WSJ) 95
Farewell Portends Changes At Ford (WP) 96
Class Inaction Plaintiffs' Lawsuits Against Companies Sharply Decline (WSJ) 97
With A Changing World Comes An Urgency To Learn Chinese (WP) 100
Critic Alleges Deceit In Study On Stem Cells (WP) 101
Stem Cells Without Embryo Loss (NYT) 102
Medicare Ads Paid By Drug Industry (AP) 103
To Repel Critics, Wal-Mart Courts Democrats (WSJ) 104
Issues Await If Democrats Retake House (NYT) 105
Democrats Offer Cheap Gas As A Way To Get Voters' Attention (MCT) 107
Republicans In Blue States Rethink Iraq (LAT) 107
GOP's Engine Sputters In Michigan (LAT) 109
Mrs. Clinton Offers To Raise Money For Lamont Campaign (NYT) 110
Obama Gets A Warm Welcome In Kenya (NYT) 111
In R.I., A Feisty Conservative Challenges Sen. Chafee (WP) ... 112
Ohio Senator Campaigns On Bipartisanship (AP) 113
Vague Disquiet Roils Voters In Missouri Race (WT) 114
GOP's Bass No Easy Catch For New Hampshire Democrats (CQPOL) 115
The Camera Doesn't Quite Lie (FT) 116
A Planet Always (WP) 117
Europe Offering Bulk Of U.N. Force (WP) 117
EU Ends Impasse On Lebanon Force (FT) 118
Europe Pledges A Larger Force Inside Lebanon (NYT) 119
Europe Offers 'Backbone' Of Peacekeepers (AP) 120
EU Pledges 6,900 Troops For Lebanon (WT/AP) 122
France Adds To European Troop Levels For Lebanon (WSJ) .. 123
U.N. Peacekeepers Enter An Explosive Situation In Lebanon (MCT) 124
State Dept. Probes Use Of Bombs (WP) 125
U.S. Probes Israeli Use Of Cluster Bombs (AP) 126
U.S. Investigates Israel's Use Of Cluster Bombs (LAT) 127
U.N. Says Bombs Litter Areas Of Lebanon (AP) 128
In Lebanon's Rubble, Aftershocks Of War (WP) 128
No Place For Cluster Bombs (NYT) 130
The Middle East (WSJ) 130
Israel's Postwar Strategy Seeks To Stop Hezbollah Resupply Missions (MCT) 131
Syria Objects To U.N. Troops On Border (AP) 132
Demoralised Israelis Blame Political And Military Leaders (FT) 133
In Postwar Israel, Olmert Loses Support (AP) 133
'Hizbollah Fund' Charge Enrages Argentine Jews (FT) 134

DOJ_NMG_0054599

Abbas' Party OKs Hamas Unity Government (AP)..... 135
Palestinian Leaders Tell Of Efforts To Free Captive Journalists (NYT) 135
Pakistan's Awkward Balancing Act On Islamic Militant Groups (WP)..... 136
EU Hopes For Further Iran Dialogue (FT) 137
EU To Query Iran On Lukewarm Response (AP) 138
Russia Says It Opposes U.N. Sanctions On Iran (NYT) 139
U.S. May Curb Iran (LAT) 140
Iranian President To Inaugurate Reactor (AP) 141
S.Korea, China Aim To Block N.Korea Test (AP)..... 141
Travel Watch For Kim Jong Il (WSJ) 142
Lt. Gen. Henry Obering III Star Warrior (WSJ) 142
Kim's Cash Squeeze (WSJ)..... 144
Japan Accuses 5 Of Exporting Equipment With Nuclear Uses (NYT) 145
White House Summit On Malaria Scheduled (AP)..... 145
Sudan Balks At Taking Peacekeepers (NYT)..... 146
Troops Burn Houses In Nigerian Oil Port (NYT/AP)..... 147
Chávez Wraps Up Trip To China After Cementing Closer Relations (WSJ)..... 147
Venezuela Pledges More Oil For China (MCT)..... 148
2 Serbs Charged With Killing 3 Albanian-American Brothers In 1999 (NYT) 149
Argentina's Former Economy Czar Weighs Run For President (NYT) 149

TERRORISM NEWS:

Teacher Sentenced For Aiding Terrorists (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, August 26, 2006

A third-grade teacher at a Muslim school who was the last man charged as a member of the "Virginia jihad network" was sentenced to 15 years in prison yesterday after proclaiming his innocence in a tearful and angry statement to the court.

Prosecutors had sought a sentence of 30 years to life in prison for Ali Asad Chandia, who was convicted of aiding a terrorist group that is fighting the government of India. Defense attorneys said the Pakistani citizen deserved no more than 6 1/2 years in jail.

U.S. District Judge Claude M. Hilton in Alexandria did not explain his reasoning as he imposed the sentence. At the request of prosecutors, he then ordered Chandia, who had been free on bond, into custody.

Chandia, 29, called out in Arabic, " Salaam aleikum ," or "Peace be with you," as he was led out of the courtroom by deputy U.S. marshals. Some of the more than 50 supporters who attended the hearing repeated the greeting and blinked away tears.

Earlier, Chandia, who teaches at a Muslim school in Maryland, had told the judge that he did not "deserve to spend a single day in prison." With his voice shaking and rising in anger, Chandia said: "With Allah as my witness, I tell everyone that I am innocent. . . . God knows that I did not support and would not support any terrorists."

As for the prosecutors who pursued the case, Chandia said, "their judgment is on its way."

The sentencing wrapped up an investigation that has produced more guilty verdicts than any domestic terrorism case since the attacks of Sept. 11, 2001, but it has also symbolized a national debate over how to keep Americans safe.

The case began in June 2003, when 11 Muslim men were charged in U.S. District Court in Alexandria with training with and fighting for Lashkar-i-Taiba, a group fighting the Indian government that the U.S. government considers a terrorist organization.

Six of the men pleaded guilty, three were convicted at trial and two were acquitted. The group's spiritual leader, Ali al-Timimi, was convicted last year on charges that included soliciting others to levy war against the United States and contributing services to Afghanistan's former Taliban rulers. He was sentenced to life in prison.

Civil libertarians and some Washington area Muslims have derisively called the probe the "paintball case," saying that it targeted Muslim men who never intended to attack the United States. Some members of the group played paintball in the Virginia countryside as part of what prosecutors called their preparation for holy war against U.S. troops.

But the Justice Department has hailed the case as key to the domestic campaign against terrorism, saying that its post-Sept. 11 mandate is to prevent attacks.

A federal jury convicted Chandia in June of three counts of providing material support to Lashkar-i-Taiba or conspiring to do so and acquitted him on a fourth count of supporting terrorists. Prosecutors said Chandia trained at a Lashkar camp in Pakistan and helped the group acquire paintballs and other equipment with potential military applications when he returned to the

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United States. The equipment included unmanned aerial vehicles, night-vision equipment and wireless video cameras, prosecutors said.

Federal investigators also found a CD-ROM in Chandia's car containing videos that glorified Osama bin Laden and the 19 hijackers who carried out the Sept. 11 attacks, prosecutors said.

The divergent views of the case were evident in the reaction to Chandia's sentencing.

"Terrorist organizations like Lashkar-i-Taiba rely on a network of individuals to carry out their deadly operations," U.S. Attorney Chuck Rosenberg said after the sentencing.

"Ali Asad Chandia was a member of that network for Lashkar-i-Taiba, and he will now spend a very long period of time in prison for providing material support in furtherance of its violent agenda," Rosenberg added.

Marvin D. Miller, an attorney for Chandia, called the sentence "excessive. It's way beyond what is necessary."

He said the 30-years-to-life term sought by the government was "irrational and almost bordering on cultural bias."

The Ali Asad Support Committee, which raised money for Chandia's defense, said in a statement that Chandia "never posed a danger to any American citizen."

"The American government has engaged in policies and practices which are targeting, harassing and persecuting Muslims whose crime seems primarily to be that they are God-fearing people," the statement said. "Ali Asad Chandia has joined those ranks."

But some of Chandia's supporters expressed relief. "Fifteen years is a lot better than life in prison," said Jafar Meredith, a local Muslim who attended the hearing. "We're grateful that it wasn't life."

Staff writer Mary Beth Sheridan contributed to this report.

Ex-teacher Gets 15 Years For Aiding Terror Group (WT)

By Jerry Seper, The Washington Times

The Washington Times, August 26, 2006

A federal judge yesterday sentenced a former third-grade teacher at a Muslim school in Maryland to 15 years in prison for providing support to a terrorist organization known as the "Virginia jihad network," which used paintball games to train for a holy war.

At the sentencing hearing before U.S. District Judge Claude Hilton, Ali Asad Chandia maintained his innocence and pledged to exact revenge against prosecutors in the afterlife, saying that "those who participated in making my children orphans ... should just remember that the day of judgment is on the way."

Chandia, 29, who taught at the Al-Huda School in College Park, was convicted in June on three counts of providing material support in what prosecutors called a scheme by Islamic extremists to use force to drive India out of the disputed Kashmir territory in South Asia. A federal jury acquitted him of a fourth count of supporting terrorists.

Chandia was the last of 11 convicted "Virginia jihadists" to be sentenced to terms ranging from 46 months to life.

He was found guilty of serving as a driver for Mohammed Ajmal Khan, a senior military leader of the Lashkar-e-Taiba, which the U.S. government designated as a terrorist organization in December 2001. He also was convicted for assisting Khan in procuring military equipment for Lashkar and giving safe harbor to Khan during Khan's visits to the United States in 2002 and 2003.

"Terrorist organizations like Lashkar-e-Taiba rely on a network of individuals to carry out their deadly operations," said U.S. Attorney Chuck Rosenberg in Alexandria.

"Ali Asad Chandia was a member of that network for Lashkar-e-Taiba, and he will now spend a very long period of time in prison for providing material support in furtherance of its violent agenda."

The original indictment three years ago stated Chandia was among a dozen men who conspired and trained at shooting ranges and elsewhere in Maryland and Virginia with AK-47 assault rifles, other military weapons and equipment, and paintball guns beginning in 2000. Some training, including military tactics, also took place at the Quantico Marine Corps base in Prince William County.

Other Virginia jihad members convicted in the probe were Ali al-Timimi, 40, of Fairfax; Randall Todd Royer, 30, of Falls Church; Ibrahim Ahmed al-Hamdi of Alexandria; Masoud Ahmad Khan, 31, of Gaithersburg; Yong Ki Kwon, 27, of Fairfax; Mohammed Aatique, 30, of Norristown, Pa.; Hammad Abdur-Raheem, 35, of Falls Church; Donald Thomas Surratt, 30, of Suitland; Khwaja Mahmood Hasan, 27, of Alexandria; and Seifullah Chapman, 30, of Alexandria.

Two others, Caliph Basha Ibn Abdur-Raheem, 29, of Arlington, and Sabri Benkhala, 28, of Falls Church, were acquitted at trial.

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The 41-count federal grand jury indictment handed up in U.S. District Court in Alexandria in June 2003 accused Chandia and the others of conspiracy to "prepare for and engage in violent jihad" against foreign targets in Kashmir, the Philippines and Chechnya. Nine were identified as U.S. citizens.

Then-U.S. Attorney Paul J. McNulty, whose Alexandria office prosecuted the case, said the men had met, plotted and recruited for violent jihad "right here in this community, 10 miles from Capitol Hill, in the streets of Northern Virginia."

Mr. McNulty, now deputy attorney general, called the indictments a "stark reminder" that terrorists are active in the United States and seek to exploit America's freedom to recruit and position themselves for new attacks. He said the Virginia jihadists "secretly plotted in this community and perversely planned and traveled to camps in Pakistan" to carry out the scheme.

Authorities said there was no specific information the men planned any attacks in the United States, although the indictment noted they had "an intent to serve in armed hostility against the United States" and had an Internet photo of the FBI headquarters building in Washington.

Prosecutors said the men, who also trained in St. Louis, attended classes hosted by Al-Timimi, an Islamic lecturer in Fairfax and the son of Iraqi immigrants. He reportedly advised them to go overseas after the September 11 attacks.

Lodi Man Caught In California Terror Probe Released From Custody (AP)

By Don Thompson, Associated Press Writer

AP, August 26, 2006

SACRAMENTO, (AP) -- Umer Hayat was jailed for a year, branded a liar by federal prosecutors and forced to sell his house to his brother to pay his legal bills.

Still, the naturalized U.S. citizen said he loves his adopted country and harbors no grudge against a justice system he claims was coercive in its pursuit of a terrorism case that could send his oldest son to prison for three decades.

The Lodi ice cream vendor was released from federal custody Friday and spoke to reporters about the federal terrorism case that has left him broke and his family life in turmoil.

"I lost my house and I lost my job, and right now we're living in the garage with my family, which is difficult for us," Hayat, 48, said outside the federal courthouse. "We lost everything for nothing."

Hayat and his 23-year-old son, Hamid Hayat, were arrested in June 2005 and charged with lying to federal agents about whether the younger man attended an al-Qaida training camp in Pakistan in 2003.

Hamid Hayat also was charged with providing support to terrorists for attending the camp. He was convicted in April and is awaiting sentencing.

The same jury deadlocked on the charges against his father. Umer Hayat later pleaded guilty to lying to a customs agent about trying to bring $28,000 into Pakistan three years ago. He variously claimed the cash was for wedding gifts or to buy a house for his family.

Now, he said, collection agencies are after him for unpaid credit card bills and his younger children have trouble sleeping.

Still, he said he wants to start rebuilding his life even as he continues to fight for his oldest son's freedom.

"I still love this country," Umer Hayat said. "We are Muslims and we are peaceful people. ... I hate terrorism."

During Hayat's sentencing hearing Friday, U.S. District Court Judge Garland E. Burrell Jr. gave him credit for time served, fined him $3,600 and ordered him to spend the next three years on supervised release. A tracking device was removed from his ankle,

"We think the sentence imposed by the court is wholly appropriate, given the false statements Umer Hayat made in 2003 and 2005," Assistant U.S. Attorney S. Robert Tice-Raskin said outside the courtroom. "We believe justice has been served."

The Hayats were ensnared as part of a larger, post-Sept. 11 inquiry into the Muslim community in Lodi, a farming and wine-growing region about 35 miles south of the state capital. Agents also detained and eventually deported two Muslim imams and one of the cleric's sons for immigration violations.

The key to the investigation was an informant the FBI recruited from Oregon, where he was working a variety of fast food and convenience store jobs.

The informant, Naseem Khan, was a Pakistani native who befriended the younger Hayat and grew so close to his family that they often allowed him to sleep over.

Khan eventually provided federal prosecutors with hundreds of hours of audiotape that included talk of jihad from the younger Hayat. That became key evidence during the trial, along with videotaped confessions the Hayats gave separately to FBI agents last year.

Umer Hayat said he felt betrayed by the informant and said he misled the FBI. Khan was paid an estimated $300,000 by the government for his undercover work in the case.

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"He's a big liar," Umer Hayat told reporters. "Somebody else is going to pay him money, and he's going to do the same to somebody else."

The videotaped confessions were the most compelling evidence presented to jurors. But the Hayats' attorneys said the men were worn down by hours of questioning and were merely telling the agents what they thought they wanted to hear.

Hamid Hayat discussed general plots to attack supermarkets, banks and government buildings in the U.S., while Umer Hayat described hundreds of would-be terrorists wearing ninja-like masks pole-vaulting in a basement training center in Pakistan.

Speaking to reporters Friday, Umer Hayat said he borrowed images from the "Teenage Mutant Ninja Turtles" movies and from news reports to create tales about the terrorist camps. He said he was simply trying to help his son when he told FBI interrogators that he himself had toured training camps.

"I was very tired, I just made a story because I wanted to go home," he said.

Although Umer Hayat said he believes the FBI treated him unfairly, he said agents were just doing their jobs.

The terrorism-related charges were dismissed as part his plea agreement, and Hayat said he remains hopeful his son will get a new trial. The U.S. attorneys office said it remains pleased with its prosecution of the Hayats.

"It continues to be our firm belief that we are a safer region today than we were almost a year-and-a-half ago when the events in Lodi first broke," said Chief Assistant U.S. Attorney Larry Brown.

Umer Hayat said he is looking forward to again selling ice cream from his battered van in a community where he said he is still loved despite the arrest and prosecutions.

"I'm glad it's over," he said softly as he left the courtroom.

Lodi Man Caught In Terror Probe Freed From Custody (LODINS)

By Layla Bohm, News-Sentinel Staff Writer

Lodi News Sentinel, August 26, 2006

Umer Hayat sentenced to time served, fined $3,600 and placed on probation for 3 years

Moments after a judge sentenced him to the 11 months he already served in prison, Umer Hayat walked out of a federal courtroom and told a crowd of reporters that he's happy to be free.

The 48-year-old Lodi man said he has lost his home and ruined his good credit as a result of being dragged into a terrorism investigation, but he's looking forward to working once more. And, when asked later what he wanted to tell his fellow Lodi residents, his immediate response was to give advice, rather than to speak of himself.

Umer Hayat talks about the way life used to be in the neighborhood where he and his family live after his sentencing Friday. Also pictured is his neighbor, Karina Murillo. (Jennifer M. Howell/News-Sentinel)

"We have rights. We have the freedom of speech, of religion — but if you talk to the FBI, first get a lawyer," he said in his first personal interview after being sentenced.

It was his hours of videotaped FBI interviews that caused agents to arrest him in June 2005, and which ultimately led to his trial on charges of lying to the FBI about terrorism. After a two-month trial, jurors deadlocked in April and Judge Garland E. Burrell Jr. declared a mistrial.

The case had been headed for another trial until attorneys made a deal in which Hayat pleaded guilty to lying by not telling government officials at a Washington, D.C., airport that he and his family were carrying a total of $28,000 to relatives in Pakistan. The money was ultimately returned to him, minus a fine of about $2,000.

In exchange for his plea, prosecutors permanently dismissed charges of lying to the FBI about terrorism last year.

Assistant U.S. Attorney Robert Tice-Raskin, however, alluded to the original terror charges outside court.

"We think that the sentence imposed by the court is wholly appropriate give the false statements Umer Hayat made in 2003 and 2005," he said. "We believe justice has been served."

The sentence

Hayat's conviction could have carried a penalty of up to five years in prison, but Burrell said at Friday's brief court appearance that federal sentencing guidelines called for zero to six months behind bars. Following the suggestion of prosecutors, which the defense had not objected, Burrell sentenced Hayat to 11 months, the time he already served in the Sacramento County Jail following his June 2005 arrest.

Burrell also imposed a $3,600 fine and a standard $100 assessment fee. Hayat will be placed on three years of supervised release — similar to the state probation system — with general requirements that include owning no firearms, not consuming illegal drugs and not committing any crimes.

Then, moments after the sentencing began, it ended just as quickly. Hayat walked out of the 13th-floor courtroom, accompanied by attorney Johnny L. Griffin III and went to another office to have his ankle bracelet cut off.

Quotes

“

We have rights. We have the freedom of speech, of religion — but if you talk to the FBI, first get a lawyer.

I love the United States. This is my country. My kids were born here. I'm going to die here. My father is buried here.

”

Umer Hayat

Burrell had released him from custody after the trial's conclusion, but on the condition that he wear the electronic monitoring bracelet.

Except for attending prayer, seeing the doctor and going to a job placement service, Hayat said the bracelet had limited him to his home. He could tend tomato plants in his yard but could not visit friends and family in other parts of the city.

Though his name was linked to terrorism and his 23-year-old son was convicted of terror-related charges, Hayat said he has seen no backlash from the community. Instead, he said, people have hugged him.

His immediate neighbor, Karina Murillo, remembers buying ice cream from him more than a decade ago when she was 13. She and other children called him "Barba," meaning beard in Spanish.

Hayat, who moved to the United States from Pakistan 30 years ago in his grandfather's and uncle's footsteps and is a naturalized citizen, worked in Lodi fruit orchards and fields and learned to speak English and Spanish.

Umer Hayat, right, smiles as he and his attorney, Johnny Griffin III, talk to reporters after his sentencing in federal court in Sacramento today. (AP Photo/Rich Pedroncelli)

Hayat hopes to get his ice cream business running again, he told a crowd of reporters outside the federal courthouse in Sacramento.

"I'm going to drive my ice cream truck. I'm going to work very hard. That's it," he said with a grin when asked what he would do with his freedom.

He later said that a San Joaquin County job program is helping him look for work, and that he's not picky about the job. His diabetes got worse while he was in jail, but Hayat said he's taking medicine for the condition and wants to work.

As for his 11 months in jail — during which time he missed the birth of his first grandson and the death of his father — Hayat said, "Jail is jail."

He said didn't like being behind bars, but he remembered the jailers he knew as officers Brian, Camacho, Moore and Brass. They treated him well, he said, and he had told them he'd mention their names when he was released from custody. Some told him they did not believe he was a terrorist, Hayat said.

Case history

Until early June 2005, the Hayat family had lived a quiet existence on Acacia Street in eastern Lodi. As is often custom, the family took a trip to Pakistan in 2003, where they planned to marry off Hamid Hayat, then 20.

Umer Hayat's daughter Raheena, 11, holds her cousin, Jial Usman, while nephew Asad Hayat, 15, listens to an interview today. (Jennifer M. Howell/News-Sentinel)

Unknown to the Hayats, a paid FBI informant named Naseem Khan had been working in Lodi since late 2001. Khan initially focused on two religious leaders in the Muslim community, who have since been deported on administrative immigration violations, and then befriended Hamid Hayat.

The two kept in touch when the Hayats went to Pakistan, and tapes played in court later revealed that they talked about "training," which Khan testified referred to as training for violent jihad, or war. The defense maintains that Hamid Hayat meant it as religious training.

Khan was a key witness during the trial and Umer Hayat called him "very corrupt" and "a big liar."

As a result of the investigation, Hamid Hayat's name was placed on a no-fly list, and he triggered an alert when he headed back to the U.S. in late May 2005. His plane was redirected, an FBI agent interviewed him and then he was allowed back into the country.

Hayat case historyJune 5, 2005: Umer Hayat, now 48, and his son, Hamid Hayat, now 23, are arrested and jailed.

June 16: Federal grand jury indicts the Hayats on charges of making false statements to the FBI about alleged terrorist ties. Three months later they later add a count of providing material support to terrorism to Hamid Hayat's charge.

Feb. 14, 2006: Jury selection got underway.

April 25: After eight days of deliberations, jurors cannot reach a verdict in Umer Hayat's case. Hours later, a separate jury in its ninth day of deliberations convicted Hamid Hayat of all charges, including providing material support to terrorists.

May 1: Umer Hayat is released from jail to home detention, with the Hayat house serving as bond.

May 31: Umer Hayat pleads guilty to lying about the amount of money he and his family members were taking to Pakistan in 2003. In exchange, prosecutors dismiss all terror-related charges against him.

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Friday: U.S. District Judge Garland E. Burrell Jr. sentences Umer Hayat to 11 months in prison, the time he has already spent in custody. His electronic monitoring ankle bracelet is removed and he goes home.

— News-Sentinel staff

Agents wanted to speak with Hamid Hayat further, though, and they arrived at the Lodi house within days. Then they asked the younger Hayat to go talk with them at their Sacramento office. The next day, his father accompanied him to the interviews that would stretch for hours and culminate with two arrests.

"If we had done something wrong, we wouldn't have gone to the FBI center," Umer Hayat said Friday.

For hours, he said, he told the FBI that he had no knowledge of terror training camps in Pakistan, or if his son was involved.

"I was telling them the truth. I was saying, 'I am not a terrorist, my son is not a terrorist.' And they didn't believe me," he said.

He said he added details and changed things because he thought it would appease the agents and allow him to go home. Among his descriptions was one of an underground basement where men pole-vaulted and wore masks — "like Ninja Turtles," he told agents.

His children had a Teenage Mutant Ninja Turtles video game, Umer Hayat said Friday, and when a reporter mentioned an ice cream bar called a Ninja Turtle, he nodded.

"Yes, it costs $1.25. Do you want to buy one?" he asked with a grin, drawing laughter.

Looking back, and ahead

Umer Hayat is generally soft-spoken, but he raised his voice and spoke with passion when asked if he plans to remain in Lodi, or even in the country.

"I love the United States. This is my country. My kids were born here. I'm going to die here. My father is buried here," he said.

As for the FBI, he said, "They're OK, but they treated us unfair."

He said he believes they have a job to do, and he's against terrorism because the Koran teaches peace.

At the advice of his attorney, Umer Hayat spoke little of his eldest son, who remains behind bars after a separate jury convicted him of providing material support to terrorists and lying about terrorism. He faces as much as 39 years in federal prison and will return to court in November, where a judge will hear arguments on his attorney's quest for a new trial.

He did say that the family misses Hamid Hayat, and he maintains that his son is not a terrorist.

For now, Umer Hayat is focusing on trying to find work so he can support his wife and children, the youngest of whom are 11 and 17.

Contact reporter Layla Bohm at layla@lodinews.com.

Hayat Released From Custody (SACBEE)

By Denny Walsh, Bee Staff Writer

The Sacramento Bee, August 26, 2006

Ice cream vendor sentenced to jail time already served

Umer Hayat, the Lodi ice cream street vendor who fought off terrorist-related charges and then pleaded guilty in an unrelated matter, was sentenced Friday in Sacramento federal court to the 11 months he spent in jail awaiting trial.

Asked as he left the courtroom if he was relieved, the 48-year-old Hayat smiled and nodded yes.

"I'm glad it's over," he said.

With his attorney, Johnny Griffin III, Hayat stopped by the court's pretrial services office to remove an ankle bracelet he had worn since being placed on house arrest in late April, after a jury was unable to reach a verdict in his trial.

From there Hayat walked out of the courthouse a free man. He will be under supervision of federal probation authorities for three years.

"We think it is a wholly appropriate outcome given the false statements Umer Hayat made to government authorities in 2003 and 2005," prosecutor S. Robert Tice-Raskin said as he left the courtroom. "We think justice has been served."

Hayat pleaded guilty May 31 to lying to customs officials in 2003 about the amount of money he and his family were taking with them on a trip to Pakistan. He admitted that he falsely told a customs inspector in April 2003 at Washington-Dulles International Airport that he and his family were carrying $10,000 -- the legal limit -- when they were carrying more than $28,000.

Hayat had previously gone to trial on charges that he initially lied to the FBI in 2005 about his son's support of terrorism and his own firsthand knowledge of terrorist training camps in Pakistan. The jury split 7-5 for conviction on one count and 6-6 on a second count, and U.S. District Judge Garland E. Burrell Jr. declared a mistrial.

On April 25 -- the same day Hayat's trial ended with a hung jury -- another jury found his son, Hamid Hayat, guilty of undergoing terrorist training in Pakistan, returning to Lodi prepared to wage violent jihad -- or holy war -- against fellow Americans, and lying to the FBI when initially questioned.

Hamid Hayat, who is in custody, faces a maximum of 39 years in prison. His sentencing has been postponed while Burrell considers defense motions attacking his conviction. A hearing on those motions is set for Nov. 17.

While Umer Hayat was happy to have his own prosecution behind him, he told reporters as he emerged Friday from the courthouse, "My family's still hurting about my son's situation."

When he was asked if he planned to stay in this country or return to his native Pakistan, Hayat became animated and his voice rose.

"I am a United States citizen," he said. "I've lived here 30 years. I love this country. It is my country. I will die here and be buried here."

Asked for his thoughts on terrorism, Hayat pointed out that he is a Muslim and said, "It is against my religion. The Quran teaches me to be peaceful."

He said the Muslim community in Lodi knows him to be a man of peace and has been very supportive, welcoming him warmly when he was released from jail four months ago.

Hayat said he made a series of damaging admissions to the FBI in a videotaped interview only after the agents refused to believe the truth -- that he knew nothing about terrorist training camps in Pakistan and his son was not a trainee at one of them.

After hours of being grilled at the FBI field office in Sacramento, Hayat said, he wanted to go home and "just made up stories" he thought the agents wanted to hear.

On the same weekend in June 2005 that Hayat was questioned, son Hamid Hayat gave the agents a videotaped interview in which he admitted undergoing terrorist training designed to prepare him for jihad against the enemies of Islam in the United States.

A key witness at both of the Hayats' trials was Naseem Khan, a Pakistani immigrant originally recruited by the FBI and placed in Lodi to spy on two Muslim clerics at the mosque. Khan later befriended Hamid Hayat and supplied the bureau with information about the Hayat family.

Umer Hayat reserved his harshest language Friday for Khan, calling him "a lowlife" and "a big liar."

IN SUMMARYCharges: Umer Hayat pleaded guilty to lying to customs officials about the amount of money he and his family were taking on a trip to Pakistan.

Sentence: He was given the 11 months he spent in jail awaiting trial; on probation for three years.

Original charges: Hayat went on trial on charges that he lied to the FBI about his son's support of terrorism and his firsthand knowledge of terrorist training camps.

Related case: Hayat"s son, Hamid, awaits sentencing after being convicted on terrorist-related charges.

About the writer:

The Bee's Denny Walsh can be reached at (916) 321-1189 or dwalsh@sacbee.com.

Hayat: Story Faked (STOCKREC)

By Jeff Hood, Lodi Bureau Chief

Stockton Record, August 26, 2006

Out on time served, Lodi man says his tales of terror camps were pulled from TV, newspapers and 'Mutant Ninja Turtles'

SACRAMENTO - Umer Hayat made it all up, he said.

There was no underground terrorist training camp. There were no masked warriors from Chechnya, Afghanistan, Malaysia and other countries learning to pole vault over water obstacles. Lodi's Muslim leaders weren't part of al-Qaida.

The 48-year-old Lodi man said Friday that he concocted the story because FBI agents failed to believe him in June 2005 when he denied that either he or his son had any connection with terrorist camps in Pakistan.

His vivid images were nothing more than his recollection of what he had seen on television and in newspapers, along with "Teenage Mutant Ninja Turtles" videos his family watched, Hayat said.

"My son is not a terrorist, and they were not believing the truth," Hayat said, referring to FBI agents. "They keep questioning over, like, five, six hours. Every question 10 times, 11 times. I was very tired, because it was 2 a.m. in the morning. I wanted to go home, and I just made a story."

It cost him more than a year of his life.

Hayat spoke freely for the first time in nearly 15 months Friday, after U.S. District Judge Garland E. Burrell Jr. sentenced him to time already served in custody and three years' probation. Hayat, originally charged with lying to the FBI for denying he

and his son had visited terrorist camps, pleaded guilty May 31 to lying about the amount of cash he was taking to Pakistan for a 2003 visit.

Hayat, who owes the government $3,700 in fines and court costs, said he hopes eventually to get a job working with computers and might resume selling ice cream on Lodi's streets from his beige van as soon as today. He repeatedly stressed that he loves the country in which he has lived for 30 years.

"This is my country. I'm a U.S. citizen. My children are born here," said Hayat, naturalized in 1993. "I'm going to die here and bury here, my friend."

Hayat's eldest son, 23-year-old Hamid Hayat, was found guilty in April of supporting terrorists by attending a training camp in 2003 and 2004, and of lying to the FBI. He faces up to 39 years in federal prison, but his sentencing has been postponed as defense attorneys seek a new trial.

With lawyers Johnny Griffin and Silky Sahnana by his side, Umer Hayat speaks to the media Friday in front of the federal courthouse in SacramentoCredit: Victor J Blue/ The Record "I'm still missing my son in the jail," Umer Hayat said. "He is innocent, and I hope they give him a fair trial."

Umer Hayat served 11 months in jail and was released May 1 under house arrest after his trial ended with the jury deadlocked on both lying charges. Those charges were dismissed in return for Hayat's guilty plea related to the $28,053 he and his family had in their possession when they were questioned at Virginia's Dulles International Airport in 2003.

"We think the sentence imposed by the court is wholly appropriate, given the false statements Umer Hayat made in 2003 and 2005," Assistant U.S. Attorney Robert Tice-Raskin said, still convinced Hayat lied last year to the FBI. "We think justice has been served."

Hayat, however, isn't so sure. He said he was trying to help the FBI with its investigation by agreeing to wear a hidden microphone during conversations with Lodi's Muslim spiritual leaders and had no idea he might be arrested for his statements until his attorney, Johnny L. Griffin III, arrived at the FBI office and ended the interview.

"For everybody - all American people or Muslim people - any questions from the FBI, I would advise them to don't talk to them without a lawyer," said Hayat, adding he was unaware at the time of his right not to speak to investigators.

"They were doing their job, but they got the wrong people."

Hayat said it was unfair that he and his son were swept up in an investigation that initially focused on Lodi's Muslim spiritual leaders, imams Shabbir Ahmed and Mohammed Adil Khan. Although he said the U.S. justice system worked, calling jurors "responsible people," he lashed out at paid FBI informant Naseem Khan, who infiltrated Lodi's Muslim community and earned the Hayats' trust.

Khan, who was paid more than $200,000 in wages and expenses by the FBI for his work in Lodi over three years, later testified against the Hayats.

"He's a big liar," Hayat said, reminding that Khan once told the FBI he saw Ayman al-Zawahiri, Osama bin Laden's right-hand man, in Lodi in the 1990s. Prosecutors later acknowledged that was highly unlikely. "Somebody else is going to pay him money, and he's going to do something against somebody else."

Hayat said he rejected a deal prosecutors offered: In return for his testimony against his son, the government would drop the charges against the elder Hayat.

"They wanted me to say (Hamid Hayat) is a terrorist," Hayat said. "I said no way. I love my kids, and I knew my son's case."

The charges cost Umer Hayat all his financial assets, he said, including his home, which was mortgaged by his brother to pay attorneys' fees. Now Hayat, his wife and children live in a converted garage on the Acacia Street property.

He said he isn't worried that some Lodi residents may fear he does have connections with terrorist groups in Pakistan, because he has been embraced warmly by the community since he returned to Lodi on May 1 with a monitoring device locked on his ankle. The device was cut off at the U.S. District Courthouse before he left Friday.

"Even the kids passing by say, 'Hey, Umer, what's going on? Why did they put you in the jail?'" Hayat said. "The people here have known me for so many years."

Hayat said he has been taking classes since Aug. 2 through CalWORKs' Stockton office to learn job-seeking skills. He said he hopes he can apply those skills a finding a full-time job and make ice-cream sales a part-time occupation.

"I'm a hard worker," Hayat said. "I worked in the fields. I pruned grapes and picked peaches."

His immediate plans, however, were to attend Friday's Muslim prayer services.

"I'm going to pray today and thank Allah for giving me freedom," Hayat said, adding he supports President Bush and does not sympathize with any terrorist organization. "I'm glad it's over now."

Contact Lodi Bureau Chief Jeff Hood at (209) 367-7427 or jhood@recordnet.com

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2 Lodi Residents Refused Entry Back Into U.S. (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, August 26, 2006

Sacramento -- The federal government has barred two relatives of a Lodi man convicted of supporting terrorists from returning to the country after a lengthy stay in Pakistan, placing the U.S. citizens in an extraordinary legal limbo.

Muhammad Ismail, a 45-year-old naturalized citizen born in Pakistan, and his 18-year-old son, Jaber Ismail, who was born in the United States, have not been charged with a crime. However, they are the uncle and cousin of Hamid Hayat, a 23-year-old Lodi cherry packer who was convicted in April of supporting terrorists by attending a Pakistani training camp.

Federal authorities said Friday that the men, both Lodi residents, would not be allowed back into the country unless they agreed to FBI interrogations in Pakistan. An attorney representing the family said agents have asked whether the younger Ismail trained in terrorist camps in Pakistan.

The men and three relatives had been in Pakistan for more than four years and tried to return to the United States on April 21 as a federal jury in Sacramento deliberated Hayat's fate. But they were pulled aside during a layover in Hong Kong and told there was a problem with their passports, said Julia Harumi Mass, their attorney.

The father and son were forced to pay for a flight back to Islamabad because they were on the government's "no-fly" list, Mass said. Muhammad Ismail's wife, teenage daughter and younger son, who were not on the list, continued on to the United States.

Neither Muhammad nor Jaber Ismail holds dual Pakistani citizenship, Mass said.

"We haven't heard about this happening -- U.S. citizens being refused the right to return from abroad without any charges or any basis," said Mass, a lawyer for the American Civil Liberties Union.

McGregor Scott, the U.S. attorney for California's eastern district, confirmed Friday that the men were on the no-fly list and were being kept out of the country until they agreed to talk to federal authorities.

"They've been given the opportunity to meet with the FBI over there and answer a few questions, and they've declined to do that," Scott said.

Mass said Jaber Ismail had answered questions during an FBI interrogation at the U.S. Embassy in Islamabad soon after he was forced back to Pakistan. She said the teenager had run afoul of the FBI when he declined to be interviewed again without a lawyer and refused to take a lie-detector test.

The Ismails had been in Pakistan partly so Jaber could study the Quran, Mass said. She said that neither he nor his father had anything to do with terrorism.

"They want to come home and have an absolute right to come home," said Mass, who has filed a complaint with the Department of Homeland Security and a petition with the Transportation Security Administration.

"They can't be compelled to waive their constitutional rights under threat of banishment," Mass said. "The government is conditioning the return to their home on cooperation with law enforcement."

Aviation watch lists were created in 1990 to keep terrorists off planes and track drug smugglers and other fugitives. But since al Qaeda's attacks on Sept. 11, 2001, the government has expanded the lists significantly. Members of the public cannot find out if, or why, they are on a no-fly list.

Michael Barr, director of the aviation safety and security program at USC, said the Ismail case appears to be unusual in the realm of federal terrorism investigations.

"You become what is called a stateless person, and that would be very unprecedented," Barr said.

He said U.S. law enforcement agents have understandably been "overly cautious" in recent years. "If they're going to err, they're going to err on the side of caution," Barr said. "What's happened in a lot of these things is that you're guilty until proven innocent."

Jaber Ismail was one of several people mentioned by his cousin, Hayat, during a videotaped interview with the FBI in Sacramento in June 2005 that prompted Hayat's arrest.

Hayat himself had just returned from a two-year trip to Pakistan. His flight, too, had been diverted because Hayat was on the no-fly list as a result of conversations he had with an informant who had infiltrated the mosque in Lodi that Hayat attended.

Prosecutors said Hayat told FBI interrogators that he had trained at a terrorist camp in Pakistan, although defense attorneys argued that the videotaped confession was contradictory and suggested that agents had manipulated the interview.

When agents asked him who else had gone to training camps, Hayat said, "I can't say 100 percent, but I have a lot of, you know, names in my head," according to a transcript of the interview.

Hayat said Jaber Ismail "went, like, two years ago." Asked if his cousin had gone to the same camp he had attended, Hayat said, "I'm not sure, but I'll say he went to a camp."

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Hayat later said that Ismail and another relative "didn't talk to me about going to camps or anything. But you know I'm sure they went to the camp ... 'cause they memorize the Holy Quran."

Hayat faces up to 39 years in prison when he is sentenced. A hearing is scheduled for Nov. 17 to discuss his lawyers' motion for a new trial on a number of grounds, including juror misconduct.

On Friday, Hayat's father, ice cream truck driver Umer Hayat, 48, was formally sentenced at U.S. District Court in Sacramento.

In a deal with prosecutors, the elder Hayat pleaded guilty in June to charges of lying to customs agents about $28,000 he was carrying during a trip to his native Pakistan. He avoided a retrial on more serious charges of lying to the FBI about his son's training in Pakistan. He was sentenced to the 330 days in jail that he already served.

Speaking publicly for the first time, Umer Hayat said outside the courthouse that he "got screwed" and "hates terrorists." He said he had fabricated his own videotaped FBI confession -- in which he described visiting a militant camp in Pakistan where his son had allegedly trained -- because agents refused to believe the truth and because he was tired.

He said he had borrowed his description of masked terrorists firing guns, swinging swords and pole vaulting in a basement from "the newspaper and the TV," as well as from a Teenage Mutant Ninja Turtles video game belonging to his children. He said his ice cream truck bears a photo of one of the turtles, advertising a $1.25 ice cream bar.

"I make a story, that's all," Hayat said.

Scott, the U.S. attorney, said he would "take anything Umer Hayat says with a grain of salt. He seems capable of saying whatever needs to be said at any particular time, whether it's the truth or not."

Turk Was Abused At Guantanamo, Lawyers Say (WP)

By Shannon Smiley And Craig Whitlock, Washington Post Foreign Service

The Washington Post, August 26, 2006

BREMEN, Germany, Aug. 25 -- Lawyers for Murat Kurnaz, a German native released Thursday after spending more than four years locked up at Guantanamo Bay, Cuba, said he was mistreated to the end by U.S. military personnel, who kept him shackled and blindfolded until his flight home landed.

Bernhard Docke, an attorney representing Kurnaz, a 24-year-old Turkish citizen who was born and raised in Germany, said his client was kept in a "cage" and under bright neon lights 24 hours a day during his captivity at Guantanamo. "The Americans are incorrigible, they have not learned a thing," Docke said at a news conference in Bremen, Kurnaz's home town. "He was returned home in chains, humiliated and dishonored to the very end."

Defense Department officials said they agreed to free Kurnaz on the condition that Germany treat him humanely and that it ensure he would no longer pose a security threat. The U.S. government still considers Kurnaz an enemy combatant, said U.S. Navy Lt. Cmdr. Chito Peppler, a Pentagon spokesman.

"It was only after lengthy discussions that the U.S. government decided that conditions were appropriate to return Mr. Kurnaz to Germany," Peppler said in a telephone interview. "We do not consider Mr. Kurnaz or any other detainee we transfer as zero risk. To a certain extent, they still do pose a threat."

Peppler declined to comment on the lawyer's statement that Kurnaz was blindfolded and shackled on the flight.

Docke said Kurnaz, who has not appeared in public since his release, faced a long struggle to readjust to society and has "now entered a cultural, social jet lag of a new dimension. He has been in a parallel universe."

Kurnaz was detained in Pakistan in October 2001 and taken to Cuba a few months later, among the first arrivals at the military prison at Guantanamo Bay.

Declassified records in his case made public last year show that he was kept behind bars and designated an enemy combatant even though U.S. military intelligence and German law enforcement officials had largely concluded that there was no information tying him to al-Qaeda or terrorist activities.

Kurnaz has said he was on a missionary trip to Pakistan and was arrested while riding a bus because he was a foreigner. "The U.S. government has repeatedly said Guantanamo houses only terrorists and people from the battlefields -- the worst of the worst. We know that this claim is not only an exaggeration, but a lie, and Murat Kurnaz's case proves this," said Baher Azmy, a Seton Hall University law professor who also represents Kurnaz.

Kurnaz's lawyers blamed the German government for not taking up his cause sooner. They said the government of former chancellor Gerhard Schroeder had declined to intercede on Kurnaz's behalf because he did not have German citizenship.

In January, Schroeder's successor, Angela Merkel, raised Kurnaz's case with President Bush, prompting diplomatic talks that ultimately led to his release, according to his lawyers and German officials.

Whitlock reported from Berlin.

Law Put To Unusual Use In Hezbollah TV Case, Some Legal Experts Say (NYT)

By William K. Rashbaum

The New York Times, August 26, 2006

Federal prosecutors who charged a man on Thursday with providing Hezbollah television access in New York made unusual use of a law more often employed to bar financial contributions to terrorist groups, legal experts said yesterday.

The broadly defined statute, the International Emergency Economic Powers Act, is also used frequently to block the importation of goods and services that would directly support terrorist operations.

The law, which went into effect in 1977, was meant to put legal teeth in international trade embargoes with other nations, but once it was amended by the Patriot Act after 9/11, the government began to use it far more frequently against particular groups and individuals.

The use of the law, however, to focus on television broadcasts seemed to fall under an exemption laid out in a 1988 amendment to the act, several experts said, and it raised concerns among civil libertarians and some constitutional scholars about limiting the free marketplace of ideas.

The exemption covers publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact discs, CD-ROM's, art works and newswire feeds.

"One person's news is another's propaganda," said Rod Smolla, the dean of the University of Richmond Law School and a First Amendment expert. "It runs counter to all of our First Amendment traditions to ban the free flow of news and information across borders, yet at the same time all nations have historically reserved the right to ban the importation of propaganda from a hostile nation."

Professor Smolla also said that so far as he knew, this was the first use of the law to block information, as such.

The defendant, Javed Iqbal, a Pakistani who, according to his lawyer, has been in this country for more than 20 years, was charged with conspiring to violate the International Emergency Economic Powers Act, by offering to provide the Hezbollah station, Al Manar, to a confidential informant.

Al Manar — the Beacon, in Arabic — was designated a global terrorist entity by the Treasury Department in March; Hezbollah itself was designated a foreign terrorist organization by the State Department in 1997.

Bail for Mr. Iqbal was set at $250,000 on Thursday by Gabriel W. Gorenstein, a federal magistrate judge, and Mr. Iqbal's lawyer, Mustapha Ndanusa, said he hoped to post a bond on Monday.

A spokeswoman for Michael J. Garcia, the United States attorney in Manhattan whose office filed the case, declined to comment yesterday.

A Justice Department official in Washington could not provide figures for the number of cases brought under the law nor say whether any others had focused on the dissemination of satellite broadcasts or information. The official did not disagree with a characterization of the use of the law in this case as unusual.

Critics took a far harsher view. David D. Cole, a Georgetown University law professor who frequently criticizes the Justice Department and is challenging several aspects of the act in federal court in California, said the case against Mr. Iqbal combined what he called tactics of the McCarthy era — punishment of speech, and guilt by association.

"Mr. Iqbal is being penalized for doing nothing more than facilitating speech, and is being punished not because the speech itself is harmful, but because it is associated with Hezbollah," he said.

Prosecutors have suggested that they may file more serious charges of material support for terrorism; it is not known whether they have more damaging evidence against Mr. Iqbal that they have not disclosed.

Mr. Iqbal's lawyer seemed dismissive of the charges, nonetheless. "I'm not even sure really how to characterize the case," he said. "I was a little bit dumbfounded just reading the complaint itself."

The investigation into the case began in February when a confidential informant told the authorities that Mr. Iqbal was selling access to Al Manar, before the station was designated as a terrorist entity, according to court papers.

Yesterday, the Staten Island home where Mr. Iqbal lives with his wife and four children — with eight satellite dishes in the backyard — was quiet, and neighbors had little to say about the entrepreneur.

But a lawyer for a former business associate of Mr. Iqbal was less taciturn.

That lawyer, Cary Sternback, represents E2V Technology, which he said is suing Mr. Iqbal and his firm charging that they failed to pay for $30,000 worth of satellite equipment, which "mysteriously ended up attached to his satellite transmitter," an accusation Mr. Iqbal's lawyer denied.

Mr. Sternback said, "My take on him is he's not a terrorist, he's an opportunist."

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HOMELAND RESPONSE:

Dynamite Found In Luggage (WP/AP)

By Kristen Hays, Associated Press

The Washington Post, August 26, 2006

No Link to Terrorism Seen in Incident, One of 7 Reported

HOUSTON, Aug. 25 -- A stick of dynamite was found in a college student's checked luggage on a Continental Airlines flight from Argentina, one of seven security incidents Friday that caused U.S. flights to be diverted, evacuated, searched or delayed.

Howard McFarland Fish, 21, was charged with carrying an explosive aboard an aircraft and was in the custody of U.S. Immigration and Customs Enforcement. Federal authorities have determined that his actions were not acts of terrorism, ICE spokeswoman Luisa Deason said in a statement.

Fish told authorities he worked in mining and often handled explosives, Houston Fire Department Assistant Chief Omero Longoria said. Longoria said federal officials were investigating whether the explanation was true.

William D. Waldock, aviation safety professor at Embry-Riddle Aeronautical University in Arizona, said the incident could have been disastrous and raises questions about security in overseas airports.

Dynamite can be unstable if it's old, he added. "You're in a pressurized airplane, you get a detonation in the cargo hold, it could blow a hole in the airplane big enough to bring it down," he said.

The dynamite was found during a luggage search in a federal inspection station at Bush Intercontinental Airport shortly after Flight 52 landed at about 6 a.m. Marlene McClinton, spokeswoman for the Houston Airport System, said a bomb-sniffing dog "had a hit" on explosive residue during a further search. She said Customs and Border Protection and the FBI shut down the customs area and began questioning the passenger who had the luggage.

The U.S. Attorney's Office in Houston said Fish, of Connecticut, would appear before a federal magistrate Monday. Anyone found guilty of carrying an explosive aboard an aircraft faces 10 years in prison and a $250,000 fine.

Fish is a psychology student at Lafayette College in Easton, Pa., said Roger Clow, the college's director of communications. He declined to answer other questions about Fish, citing privacy concerns.

In other incidents:

Â· An American Airlines flight from Manchester, England, to Chicago was forced to land in Bangor, Maine, in response to an unspecified threat, authorities said. Passengers deplaned and were led to a holding area, said airport manager Rebecca Hupp. The jetliner was on the tarmac with its engines off.

Andrea McCauley, a TSA spokeswoman, said FBI agents were interviewing passengers and crew members. She added that officers with dogs trained to detect explosives were also checking the plane.

Â· A U.S. Airways jet was diverted to Oklahoma City after a federal air marshal subdued a disruptive passenger who had pushed a flight attendant, the FBI said.

The passenger was taken into custody after the plane landed at Will Rogers World Airport, said Gary Johnson, an FBI spokesman. The passenger was undergoing a mental evaluation, and authorities had yet to determine what charges he might face. The jet returned to flight three hours later on its trip from Phoenix to Charlotte.

Â· A Continental Airlines flight from Corpus Christi, Tex., to Bakersfield, Calif., was held in El Paso, one of its scheduled stops, after the crew discovered a missing panel in the lavatory, authorities said.

The crew of Flight 2258 discovered the missing panel, and passengers were being screened and interviewed upon landing in El Paso, the TSA's Amy von Walter said.

Â· A utility knife was found on a vacant passenger seat of a U.S. Airways flight traveling from Philadelphia to Bradley International Airport in Connecticut, police said.

Authorities said they received an emergency call at about 8:25 a.m. reporting that a passenger on U.S. Airways Flight 554 had found the knife and reported it to a flight attendant. When the plane arrived at Bradley, state troopers boarded the aircraft, seized the knife as evidence and interviewed passengers.

No arrests were made and there were no threats involved, said Master Sgt. J. Paul Vance, state police spokesman. Authorities did not know whether a worker inadvertently left the knife on the plane or a passenger brought it on, Vance said.

Â· An Aer Lingus flight from New York to Dublin was evacuated Friday morning during a scheduled stopover in western Ireland following a bomb threat that turned out to be unfounded, officials said.

Â· A United Airlines flight out of Chicago's O'Hare International Airport was delayed because a boy said something inappropriate, according to a government official speaking on condition of anonymity because of the sensitivity of the information.

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7 Incidents In A Day Show Air Travel Anxiety Is Up (LAT)

By Elizabeth Mehren, Times Staff Writer

The Los Angeles Times, August 26, 2006

The flight disruptions reflect elevated security and concerns. In one case, dynamite is found.

BOSTON — Amid renewed anxiety about air travel and tough new regulations about what passengers may bring on planes, at least seven U.S. flights were involved in security incidents Friday. In one case, a stick of dynamite was found to have been aboard a flight.

The series of events, safety consultants and others said, reflected heightened emotions and appropriately tightened security in the wake of an alleged plot to blow up transatlantic airliners that was thwarted this month by British authorities.

"I think it's a combination of both," said Douglas Laird, a Reno-based consultant to the airline industry and former longtime security director for Northwest Airlines. "I think there is a heightened awareness of what happened in London, and that causes some people to overreact."

In what may have been Friday's most serious incident, authorities said a college student's checked luggage on a Continental Airlines flight from Argentina was found to contain a stick of dynamite after it landed in Houston en route to Newark, N.J.

A bomb-sniffing dog at the international-arrivals area at George Bush Intercontinental Airport detected an explosive substance in a suitcase. It belonged to a man who told Houston authorities that he worked in mining and often handled explosives.

Howard McFarland Fish, 21, was in federal custody. His actions were determined not to be terrorism-related, according to Immigration and Customs Enforcement.

The flight continued to Newark without Fish or his baggage and was swept again for explosives upon landing, officials said.

Three U.S. aircraft — from American Airlines, U.S. Airways and Continental Airlines — made emergency landings Friday.

A Transportation Security Administration spokesman said American Airlines Flight 55, bound for Chicago from Manchester, England, was diverted to Bangor, Maine, because of "a reported threat to the aircraft while it was en route."

FBI spokeswoman Gail Marcinkiewicz in Boston said she was unable to specify the nature of the alleged threat but confirmed that the FBI was participating in an investigation in Bangor. "We aren't going to give out any of the details," she said. "Until all of it is taken care of, we can't comment."

Marcinkiewicz said the plane was diverted to Bangor because it is the northernmost major airport in the U.S. She said the plane carrying 188 passengers landed at about 12:45 p.m. Friday.

A TSA spokesman said that "given the current threat level, the agency, in conjunction with other federal authorities, took prudent action to ensure the security of passengers and crew." The spokesman said TSA dogs searched the plane.

Also Friday, a U.S. Airways jet bound for Charlotte, N.C., from Phoenix made a forced landing in Oklahoma City after a federal air marshal reportedly subdued an unruly passenger. Authorities declined to give details.

And after the crew of Continental Flight 2258 discovered a missing panel in a lavatory, the plane bound for Bakersfield from Corpus Christi, Texas, was diverted to El Paso, according to the TSA.

The plane carrying 50 passengers was held for about four hours before officials determined there was no danger. "The passengers were interviewed, and the aircraft was thoroughly inspected with all the tools at our disposal, including canine teams," said Pat Abeln, director of aviation at El Paso International Airport. "At the end of the day, this was a precautionary event that turned out to be a nonevent."

In three other incidents, a utility knife was found aboard a parked U.S. Airways plane in Connecticut, takeoff of a United Airlines flight in Chicago was delayed after concern about a possible bomb, and in Ireland, an Aer Lingus plane from the U.S. was evacuated after it landed.

Authorities in Hartford, Conn., boarded U.S. Airways Flight 554 from Philadelphia after a passenger found a utility knife on a vacant seat. No arrests were made, and no threats issued, state police said. Police and the FBI were investigating whether the knife had been left by a worker or by a passenger.

At Chicago's O'Hare Airport, a flight attendant aboard United Flight 686 overheard a minor say he had a bomb and alerted the pilot, who taxied to a secure part of the airport. The minor's mother and the minor were removed from the plane, and it was searched, an FBI official said. After bomb-sniffing dogs found no explosives, the flight, which was on a layover between Portland, Ore., and New York's LaGuardia Airport, was allowed to continue.

And in Ireland, an Aer Lingus plane from New York was evacuated at Shannon Airport after police received a call early Friday claiming that "some sort of device" was on board. Police found nothing suspicious, Aer Lingus officials said, and the plane returned to service.

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Aviation security has increased dramatically since British intelligence services announced Aug. 10 that they had broken up a plan to destroy transatlantic airliners with liquid explosives. Two dozen people were arrested, four of whom have been released.

The disclosure caused chaos at airports in Britain, where more than 2,380 flights were canceled in the week after the alleged plot was revealed. Many passengers on flights from Britain were allowed no hand luggage beyond clear plastic bags containing vital documents and occasionally, small amounts of money.

U.S. transportation officials responded by introducing strict restrictions on carry-on objects. Water bottles were banned, as were deodorant, lip gloss, mascara and other cosmetics. Products containing gel, such as shoe inserts and some brassieres, also were prohibited.

Corey Caldwell, a spokeswoman for the Assn. of Flight Attendants-CWA, said Friday that the ramped-up precautions were "long overdue," and that there was nothing excessive about the new mood in the skies.

"The U.S. aviation system depends on layered security," she said. "The more that we can put in place to ensure the safety inside the aircraft cabin, the safer our aviation system will be."

Caldwell conceded that passenger disturbances were nothing new. She said rowdy or boisterous behavior that in the past might have been overlooked now is viewed in a new light.

"We are in a new day and age," she said. "And we have seen the deadly effect that normal household objects can create in the hands of the wrong people.

"The U.S. aviation system is not something that can be jeopardized."

Ann Davis, a TSA spokeswoman in Boston, acknowledged that tighter security has inconvenienced travelers and made them more anxious.

"I think the elevated threat level over the last few weeks has reminded travelers that the threat to aviation is still very real," Davis said.

"We continue to emphasize the importance of coming to the airport prepared for screening and educating oneself on the restrictions to ensure that the inconveniences are minimal," she said. "But any time we have actionable information, we need to take every precaution to ensure the safety of the travelers."

But security consultant Laird said aviation officials often overreact after real or perceived threats.

"This is common following an event. This reoccurs again and again," he said. "And every time it turns out to be a nonthreat, so to speak, I think that in a sense the terrorists can sit back and sort of chuckle, and say, 'We've really put them into a spin.' "

Laird said Friday's incidents underscored the need for improved security training for all flight personnel. "We need to give them enough training — more training."

Times staff writers Steve Chawkins in Los Angeles and P.J. Huffstutter in Chicago contributed to this report. Associated Press also contributed.

Jets Grounded In U.S. And Ireland; Alert Raised At Houston Airport (NYT)

By Alan Cowell

The New York Times, August 26, 2006

LONDON, Aug. 25 — In a sign of continued jitters after the London bombing alert, an Aer Lingus passenger jet flying from New York to Ireland was evacuated and searched at Shannon Airport on Friday after an anonymous caller told the police that a liquid explosive had been planted on board.

The alarm was one of several on Friday, two weeks after British authorities scooped up two dozen suspects accused of planning to bomb trans-Atlantic flights.

Among the other cases, federal authorities temporarily shut down the customs area of Bush Intercontinental Airport in Houston after finding a stick of dynamite in a passenger's luggage, The Associated Press reported. The passenger, Howard McFarland Fish, 21, a Connecticut college student on a Continental Airlines flight from Argentina, was charged with carrying an explosive aboard an aircraft and was in the custody of Immigration and Customs Enforcement.

Federal authorities have determined that his actions were not acts of terrorism, Luisa Deason, an agency spokeswoman, said in a statement. Mr. Fish said he worked in the mining industry. The authorities were checking his explanation.

An American Airlines flight from Manchester, England, to Chicago was diverted to Bangor, Maine, after a security threat to the aircraft was reported, according to a spokeswoman for the Transportation Security Administration, Andrea McCauley. She said that F.B.I. agents were questioning the passengers and crew members and that the plane was being searched.

The Associated Press reported that three other flights were diverted, held or delayed for various reasons, including a disruptive passenger on one flight who was subdued by a federal air marshal. It said that a utility knife had been found on the vacant passenger seat of another plane that had landed.

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The police in Ireland said the Aer Lingus flight, with 239 passengers, landed at Shannon around 8 a.m., about four hours after the anonymous call. The passengers and their luggage were checked by security officials before passengers left the airport or flew on to Dublin on another aircraft, the police said. The airplane that had flown from New York remained on the ground at Shannon, and the police did not say whether suspicious articles had been found.

Airport operators in Britain and the United States have tightened security since the bombing plot was uncovered in London, including placing restrictions on cabin baggage and banning most liquids onboard flights.

The British police on Monday charged eight suspects in the plot with conspiracy to murder and planning to detonate explosives onboard airliners. Four other people have appeared in court charged with failing to tell the police what they knew about the plan. The latest person to appear, on Friday, was Umair Hussain, who was accused of failing to disclose information about his brother, Nabeel Hussain. Another brother, Mehran Hussain, was accused of the same offense last Monday.

Additionally, eight suspects — reportedly including Nabeel Hussain — are still being held under counterterrorism laws permitting detention without charge for 28 days.

In a court hearing not related to the bombing plot, a closed-door immigration tribunal on Thursday approved the deportation to Algeria of an Algerian terrorism suspect, despite the fact that the man, who has not been identified, had been cleared by a court of terrorism charges. In public he is known only as "Y." He had been charged last year with conspiring to use the chemical ricin in terrorist attacks. But a court acquitted him and seven other North African men, finding only one man, Kamel Bourgass, guilty.

Thursday's ruling was significant because it endorsed the government's contention that it can send suspects to home countries with poor human rights records without offending European human rights laws forbidding deportation to lands where they might face abuse.

The British government has sought assurances from several Middle East and North African countries that they will shield deportees from abuse. But civil rights groups say the assurances are flawed. Amnesty International said on Thursday, moreover, that the hearings against "Y" were "profoundly unfair" since the immigration tribunal, which meets in secret, may consider evidence to which defendants have no access.

The tribunal's decision represented a rare legal victory for the authorities in their handling of terrorism cases.

Katrina's Damage Lingers For Bush (WP)

By Jonathan Weisman And Michael Abramowitz, Washington Post Staff Writers

The Washington Post, August 26, 2006

Many See Storm as President's Undoing

For Rep. Patrick T. McHenry (R-N.C.), three images define George W. Bush's presidency: Bush throwing out the first pitch of the 2001 World Series at Yankee Stadium, Bush with a megaphone atop the rubble of the World Trade Center -- and Bush staring out the window as Air Force One traversed the Gulf Coast thousands of feet above the devastation of Hurricane Katrina.

The first two images epitomize strength and resolution, the image the Bush White House likes to cultivate. But in one year's time, the last one -- of the president as aloof, out of touch, even befuddled -- all but erased the memory of the others, according to pollsters, pundits and Republican politicians who say they have suffered in the wake of the president's decline.

From the demise of his Social Security overhaul to the war in Iraq, many factors have contributed to Bush's slide in popularity in the past year. But the winds of Katrina may have been the force that finally wrenched the Bush presidency off its moorings, these observers said.

"That has always been the driving [attribute] of Bush -- his ability to lead -- and Katrina undermined it badly," McHenry said. "He has rebounded in one year's time from what he lost in one week's time." But, he added, "it was a long and arduous climb" -- and it is not complete.

The president will appear Monday and Tuesday on the Gulf Coast to mark the first anniversary of the hurricane. To the White House, the president has a strong story to tell: approval of more than $110 billion in resources for the Gulf region, 12 previous visits to the region by Bush and 82 by members of his Cabinet, the restoration of more than 220 miles of New Orleans's flood walls and levees, the floodproofing of pumping stations, and the addition of floodgates to protect against storm surges.

Bush aides said the president will accept responsibility for the botched federal response while stressing that the government has learned from the Katrina mistakes and promising to see through the reconstruction of the Gulf Coast.

White House counselor Dan Bartlett said it is difficult to separate the impact of Katrina from the Iraq war and the other problems that have pulled down Bush's approval rating. "It was a setback at the time, but it was recoverable and has been," Bartlett said.

In Louisiana and other Gulf Coast states, Bush's efforts have made a difference, both in rebuilding the region and in restoring his credibility, said Rep. Jim McCrery (R-La.).

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But McCrery and several other Republicans said the year-old images of Bush's overflight aboard Air Force One, his good-natured joshing amid the devastation about college party days on Bourbon Street, and his "heck of a job" commendation of Michael D. Brown, then the director of the Federal Emergency Management Agency, still linger.

"Outside the real storm, it was a political storm that we all suffered a little damage from," said Rep. Jack Kingston (Ga.), a member of the House Republican leadership. "Katrina was not just a break in the levee of the great Crescent City, but it was a break in the levee of political goodwill and the Teflon coating that the administration had been enjoying up to then."

In the weeks after Katrina, Bush's disapproval rating rose from 48 percent to 52 percent, while the proportion of those who approved of the job he was doing as president fell from 44 percent to 40 percent, according to the Pew Research Center for the People and the Press.

The proportion of people who saw Bush as a strong and decisive leader stood at 60 percent in late August 2005, according to a Gallup poll. One week and a hurricane later, it was down to 52 percent. By mid-September, it had fallen to 49 percent.

About 63 percent of Americans disapproved of Bush's handling of Katrina, according to a Washington Post-ABC News poll conducted this March.

"This is an event that calcified the criticisms people were having about Bush, made it more personal and had a big impact on how people look at him," said Andrew Kohut, the Pew Center's director.

Frank Newport, the editor in chief of the Gallup Poll, is more skeptical that there was much of an enduring "Katrina effect" on the president, saying Bush's ratings recovered by the end of 2005 before sliding again in 2006.

Katrina was clearly not the only problem facing Bush in 2005. Bush's full-throated push to add private investment accounts to a slimmed-down Social Security system had been rebuffed by his own party. That August, as Bush vacationed in Texas, the administration appeared to cede the debate on Iraq to antiwar activist Cindy Sheehan as she camped outside the president's ranch.

But those events only made Katrina's impact that much more powerful, historians and Republican lawmakers say. "The sort of limited commitment that this president has to using federal power to ameliorate domestic problems registered powerfully in this Katrina episode," said presidential historian Robert Dallek. "It triggered Bush's downturn."

It was not only the slow, ineffectual response to the initial devastation that was responsible for the decline, critics and supporters say, but also the policy initiatives that came later. Urban Democrats and minorities, already prone to dislike Bush, focused on FEMA's botched relief efforts in the early days. But as the White House moved to placate those critics with a shower of financial support, the administration began alienating many Republicans, who wanted to use the disaster to turn the Gulf Coast into a showcase for conservative ideas.

Bush did push through legislation creating tax-favored Gulf Opportunity Zones that offered lucrative tax incentives for businesses to invest and rebuild. But more ambitious tax plans never got off the ground. The most far-reaching school-choice plans were scaled back. The most visible housing program came in the form of hundreds of thousands of government-bought trailers and mobile homes, which former House speaker Newt Gingrich (R-Ga.) predicted would create "ghettos of despair."

And the highest-profile attack on a government regulation -- Bush's suspension of the Davis-Bacon Act's rules on wage rates for federal contractors -- was quickly scrapped in the face of union and Democratic protests.

"Crises create opportunities," said Rep. Tom Feeney (R-Fla.). "This could have been an opportunity to redo the school systems with free-market principles. It was an opportunity to not just hand over contracts to unions at whatever cost. Now, that's spilt water over the levees."

White House aides suggest that this criticism is unfair, noting that millions of dollars have been spent on school vouchers and on helping homeowners rebuild their property. "The city of New Orleans will see their schools come back stronger, and in fact there will be an explosion of charter schools that can help the region come back quickly," said White House spokeswoman Dana Perino. "Of course we would have liked to do more in many areas, but the president believes the American taxpayer has been generous."

In the political realm, the White House showed an uncharacteristic reluctance to strike back at Democrats and liberal groups that were attacking the administration for its handling of Katrina. Kingston said many conservatives were ready to attack New Orleans Mayor C. Ray Nagin and Louisiana Gov. Kathleen Babineaux Blanco, both Democrats, whom they saw as the embodiment of years of incompetence, corruption and cronyism. But the signal from the White House was to hold their fire.

Kingston said all Republicans continue to pay the price for the approach Bush took in the weeks after the hurricane.

"What you ended up with was a lot of people who did not like the administration from the beginning now with the tangible reason they had been looking for for five years," Kingston said. "And on the other side you had his friends, who wanted to circle the wagon, defend the president and take a stand, and instead they were asked just to keep passing the bills."

Bush Has Fallen Short In Steering Recovery, Experts Say (MCT)

DOJ_NMG_0054615

By William Douglas

McClatchy Newspapers, August 26, 2006

WASHINGTON - President Bush stood in the illuminated darkness of Jackson Square in New Orleans last year and made a solemn vow to Americans who were horrified by the devastation from Hurricane Katrina and the federal government's fumbling response to it.

"Throughout the area hit by the hurricane, we will do what it takes, we will stay as long as it takes, to help citizens rebuild their communities and their lives," Bush said during a Sept. 15, 2005, nationally televised speech. "When communities are rebuilt, they must be even better and stronger than before the storm."

The president returns to the Gulf Coast on Monday to mark the first anniversary of the Category 3 storm, which killed 1,695 people, displaced 770,000 others and caused at least $96 billion in damage to homes, businesses and government property there.

In Gulfport and Biloxi, Miss., and in New Orleans, Bush will tout the progress his administration has made in a year toward getting the region back on its feet, and he'll emphasize that the road to total recovery is a marathon - not a sprint - that will take years to complete.

But a look back at the Jackson Square speech shows that Bush stumbled from the starting blocks in trying to make good on the ambitious recovery goals he set, according to academics, authors, hurricane experts, civil rights leaders and others monitoring post-Katrina rebuilding efforts.

From his commitment to make New Orleans' damaged levee system "stronger than it has ever been" to his vow to address the "deep, persistent poverty" with "roots in a history of racial discrimination" that Katrina exposed, Bush has come up short, they say.

"It sounded like the Bush administration was going to engage in a grand historical moment, a Marshall Plan for the deep South," said Douglas Brinkley, a Tulane University history professor and author of "The Great Deluge: Hurricane Katrina, New Orleans and the Mississippi Gulf Coast."

"Instead, they're doing just enough to be credible," Brinkley said. "It hasn't been written off by the administration - federal money has come in. It's just been de-prioritized behind the war on terror and the trillion-dollar debt."

White House officials disagree. They say that Bush successfully marshaled the financial and physical resources of the federal government after the administration admittedly failed to provide enough assistance in the early days after the storm.

"President Bush has directed the federal government to be fully engaged in the Gulf Coast region, while empowering state and local officials to have the primary role in planning for their own future," said Emily Lawrimore, a White House spokeswoman.

But many post-Katrina analysts say that Bush's stewardship of rebuilding efforts has been uneven at best. They credit his administration for helping to secure $110 billion in federal funds for recovery efforts, for fixing New Orleans' damaged levees and for getting nearly 100 million cubic tons of hurricane- and flood-related debris removed from the region.

But they note that even some of the positives are problematic. Of $110 billion appropriated for Gulf Coast recovery, only $77 billion has been released, and only $44 billion has been spent. Funds from a $17 billion program to rebuild an estimated 204,000 homes in Louisiana and Mississippi has yet to produce one rebuilt property, according to a new report by Oxfam America, an international humanitarian organization.

Don Powell, the federal coordinator for the Office of Gulf Coast Rebuilding, blames states for being slow to submit their plans for the money to the federal government. He said he struggles with a balancing act between "getting the money out fast and getting the money out responsibly fast."

Bush, following a meeting Wednesday at the White House with Rockey Vaccarella, a New Orleans resident who lost his home to the storm, acknowledged that "there's still bureaucratic hurdles" hampering recovery efforts and that the federal government must do more to "eradicate those hurdles."

Most of the damage to Vaccarella's hometown didn't result from Katrina's powerful winds, but from flooding that occurred when the levees designed to protect the below-sea-level city gave way.

The Army Corps of Engineers has repaired and restored more than 220 miles of floodwalls and levees since September 2005, and floodgates have been added to guard against storm surge, White House officials said.

That will help the levees survive a Category 2 hurricane, but Katrina was a Category 3, and the worst storms are Category 5. The administration has secured nearly $6 billion for the corps to further strengthen the system by 2010, to make the odds of the city flooding again only once in 100 years.

The Army Corps says it doesn't measure the levees' strength or survivability in terms of hurricane categories, but Ivor L. van Heerden, deputy director of Louisiana State University's Hurricane Center, said the enhancements would enable the levees to withstand up to a Category 4 hurricane.

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"The federal government is committed to building the best levee system in the world," Powell said last December. The Netherlands' dike system is considered the world's finest; it's built to ensure a projected flood rate of only once in 10,000 years.

The Bush administration's short-term repairs and even the enhancement plan are a long way from that, according to van Heerden.

It would cost $30 billion to build a system in New Orleans with once-in-500 years flood protection, van Heerden said.

"Right now, New Orleans has a once-in-20 years (flood) protection," said van Heerden. "While the corps repairs have been robust, nothing has changed in terms of the level of protection. If there is a slow-moving Category 3 storm, it will fill up everything. Why won't this White House step up to the plate?"

Lt. Gen. Carl Strock, commander and chief engineer of the Army of Engineers, will present to Congress by December 2007 a proposal on what it would take to provide Category 5 hurricane protection to the Louisiana coast. That's two hurricane seasons from now.

Beyond fixing New Orleans' levees, Bush said he would work to repair the racism and inequality in America that were exposed in Katrina's aftermath.

For days, TV images flashed worldwide showed poor, mostly African-American victims clinging to rooftops and crowding into the stench-filled Superdome and Convention Center waiting for federal help that was slow to come.

The scenes that made the wealthy United States look like a third-world nation weren't lost on Bush. In his Jackson Square talk, he acknowledged "deep, persistent poverty in this region" with "roots in a history of racial discrimination, which cut off generations from the opportunity of America."

"We have a duty to confront this poverty with bold action," Bush said.

Nearly a year later, Roland V. Anglin is still waiting for action.

"When the president came to the Gulf Coast and made those remarks, a lot of us thought that this was an opportunity to revisit the question of race and equity," said Anglin, director of the Institute on Regional and Community Transformation at Rutgers University in New Jersey. "Unfortunately, that conversation has not really progressed to the point a lot of us thought, or hoped, that it would."

Administration officials insist that Bush has been tackling race and inequality issues, noting that he spoke at the NAACP convention this year for the first time in his presidency.

He's shown leadership on the issues through general programs such as his No Child Left Behind, welfare reform and housing plans, administration officials say.

"By sponsoring long-term programs and initiatives that provide minorities with better access to better housing, jobs and education, he is continuing to help more people achieve the American dream," Lawrimore said.

Anglin disagrees. The administration's inattention to race and inequality are hindering recovery efforts, according to a post-Katrina NAACP report that Anglin helped write.

The report contends that state and federal governments have focused too heavily on compensating homeowners, while paying little attention to the needs of those who lived in rental housing, low-to-moderate-income housing and public housing, where many of the state's poor and African-Americans lived before the storm.

The scarcity of apartments and rising rents are becoming problems in Mississippi towns such as Biloxi, where 70 percent of household renters were African-American, according to 2000 statistics compiled by the Brookings Institution, a center-left think tank, for the NAACP report.

The federal government has allocated Mississippi $5.1 billion in Community Development Block Grants to help homeowners and apartment owners. Another $1 billion has been set aside recently to rebuild affordable housing, including public housing along the Gulf Coast.

Powell last week said that "there is adequate money" in the Mississippi and Louisiana CDBG plans to help low- and moderate-income housing dwellers and those who rent.

"Well, it hasn't gotten there, just like the homeowners' money hasn't gotten there yet," Powell said. "But there is a provision. ... It will get there."

Katrina's Damage To Bush's Standing Still Haunts His Presidency (BLOOM)

By Brendan Murray

Bloomberg, August 25, 2006

Aug. 25 (Bloomberg) -- Hurricane Katrina's flood waters have long since receded. The human toll and political wreckage wrought by the killer storm continue to haunt George W. Bush almost a year later.

As the president and still-reeling Gulf Coast residents prepared to mark Katrina's anniversary, political experts say that dismay over Bush's response to the disaster continues to undermine public confidence in his managerial abilities.

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``It was Katrina that broke the sense that the Republicans could govern well,'' former House Speaker Newt Gingrich said in an interview. Bush ``was still seen before Katrina as a relatively strong leader, and somewhere in this process there was a substantial erosion because Americans were shocked'' by the government's failure to perform.

Bush has never appeared comfortable talking about the catastrophe, and the storm's continuing ability to bedevil him makes it a domestic counterpart to the Iraq war -- a setback that fundamentally altered perceptions of a presidency.

The White House's Katrina relief effort seemed off-kilter from the start, said Gingrich, a Republican. Citing Bush's initial praise for then-Federal Emergency Management Agency Director Michael Brown, Gingrich said that ``from that point on, people just look at us and see `Brownie, you're doing a great job,' and they just think we're not in touch with reality.''

Swooping Over New Orleans

Bush waited for two days -- days filled with television images of anarchy and desperation -- before inspecting the storm area as Air Force One, returning from Waco, Texas, swooped low over New Orleans. He saw a surreal scene of burning buildings and submerged neighborhoods.

``President Bush seemed to be far above the fray and didn't really understand the scope of the damage,'' said Daniel Aldrich, a Tulane University professor who is researching the government's reaction to the disaster.

A year later, Democrats as well as many Republicans view the administration's Katrina response as a case study in bureaucratic failure. Among the causes cited: a detached White House high command, a FEMA team hobbled by political cronyism, and a president who oscillated between an emotional desire to aid storm victims and a conservative ideology that is leery of federal bailouts.

In ways large and small, Bush is still paying for the inadequate storm response.

``Sadly, George Bush has forgotten us,'' says a radio advertisement running this week in New Orleans. The narrator is Joe Lavigne, a Republican candidate who is seeking a House seat in November. Bush is ``spending too much time and money on Iraq and not enough living up to his promise to rebuild New Orleans,'' the ad asserts.

`Cronyism'

Bush's approval ratings were slipping even before the hurricane hit, said Charles Franklin, a professor at the University of Wisconsin in Madison who analyzes perceptions of the presidency. Backlash over the Iraq war and a polarizing debate with Democrats over Bush's call for partial privatization of Social Security were taking a toll.

``Katrina made the issue for the fall incompetence and cronyism,'' Franklin said. ``Some of the incompetence may still haunt the administration.''

Bush's handling of the emergency also hurt his already shaky ties to the black community, as TV viewers saw pictures of poor, largely black New Orleans residents abandoned to face the harsh aftermath of the storm.

``Republicans very much hoped to reach out to African- Americans and bring them into the Republican tent,'' said David Gergen, a government professor at Harvard University in Cambridge, Massachusetts, and an adviser to Presidents Richard Nixon, Ronald Reagan and Bill Clinton. ``Katrina really turned that around.''

Eight Trips

Scrambling to recover from initial missteps, Bush entered a frenetic Katrina-centric phase after the floodwaters receded. He traveled to the region eight times in the six weeks after the Aug. 29 hurricane hit and spoke of the disaster almost every day in September.

Then he fell largely silent on the topic and hardly mentioned the storm for the rest of the year. In his State of the Union speech in February, he didn't utter the word ``Katrina,'' and devoted only 160 words of a 5,400-word address to the costliest disaster in modern U.S. history.

This year, he traveled to Louisiana and Mississippi four times between January and April. On Aug. 29, he plans to spend the anniversary of Katrina by making his 13th post-Katrina stop to the storm zone with a visit to New Orleans and Mississippi. One point the president is sure to make: Washington has already promised $110 billion for victims.

More Attention

Still, the president hasn't paid enough attention, residents and local officials say.

``We don't have transportation, we don't have health care, there are a lot of places that still don't have electricity,'' said Roger Villere, a New Orleans florist and chairman of the state Republican Party. ``Things don't look much different than they did a year ago.''

Some of the unhappiness stems from an address Bush made in New Orleans on Sept. 15. Designed to regain the political initiative, the speech seemed to promise an expansive federal relief effort. In language that evoked President Franklin D. Roosevelt's New Deal, he pledged: ``We will do what it takes, we will stay as long as it takes, to help citizens rebuild their communities and their lives.''

Blank Check

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Although much of Bush's relief plan was based on conservative principles -- local control, regulatory easements, tax-advantaged opportunity zones, aid vouchers -- Republican fiscal conservatives cringed at what they deemed was a blank check. They saw it as an open-ended commitment that ran counter to the free-market principles of a president who took office in 2001 pledging to play a ``limited'' role in people's lives because ``too much government crowds out initiative and hard work, private charity and the private economy.''

In trying to appeal to Katrina victims calling for a massive aid package and conservatives urging a limited bailout, Bush managed to disappoint both camps.

As a believer in self-reliance, ``Bush's first inkling is always to let people do their job,'' said James Carafano, an analyst with the Heritage Foundation, a Washington-based think- tank that favors limited government. The result was that ``Bush took it on the chin.''

As criticism mounted, the president tried to reach out to friendly locals. In March, he stopped by the freshly painted sandwich shop of Calvin Stewart Jr. in New Orleans' Ninth Ward.

``Everybody's hollering about the president,'' Stewart said in an interview six months after Bush posed for pictures in his restaurant. ``I'm not going to put it on the president, because right here in this state they're not doing nearly enough themselves to help.''

Bigger and Better

Bush's prediction that citizens would flock back to a bigger, better, New Orleans hasn't panned out so far. The reasons range from a lack of skilled workers to bureaucratic delays in obtaining temporary trailers to fears that the repaired levees aren't safe.

More federal relief funds are on the way, said Donald Powell, Bush's Gulf Coast coordinator. About $77 billion in aid for the region has been allotted, $44 billion of which has been spent. The balance, about $30 billion, will be distributed in coming months.

As the anniversary of the storm approaches, Bush is reaching out to some of the victims. Rockey Vaccarella, 41, who lost his home in Saint Bernard Parish, spent time with Bush at the White House two days ago to ``remind the president that the job's not done.''

It isn't as if Bush needs much reminding on that score.

``Katrina is one piece of a larger theme that the president is struggling with: that he's out of touch with what's going on,'' said Michael Dimock, associate director of research at the Pew Center for the People and the Press, a Washington-based polling outfit. ``That totally knocked the administration off its feet. And in some ways, they have never recovered.''

New Orleans Awaits Billions In Fed Aid (AP)

By Michelle Roberts, Associated Press Writer

AP, August 26, 2006

First came the floodwaters, then the paperwork. Billions of promised federal dollars to fix New Orleans' crumbling infrastructure have gone largely untapped a year after Hurricane Katrina. City officials complain that a snarl of red tape, restrictions and unexpectedly high costs have kept hundreds of public buildings in disrepair, streets pocked with potholes and most parks too dirty for children to play.

"It's an incredible bureaucracy. It's unbelievable," Mayor Ray Nagin said in an interview with The Associated Press this week.

So far, the city has collected only $117 million to start the repair work in what has been billed as the largest urban restoration in U.S. history.

For every repair project, city officials must follow a lengthy application process — and spend their own money — before getting a dime of federal aid to fix at least 833 projects such as police stations, courtrooms, baseball fields or auditoriums.

Residents don't care much what the cause is. They're just tired of crater-like potholes, sudden drops in water pressure and debris-clogged storm drains.

"We're not asking for a lot. At this point, we're just looking for basic services: power, gas, water. Sewer that doesn't back up into your house would be nice too," said Jeb Bruneau, president of the neighborhood association in the Lakeview area. "Whatever the snafu was, the result is Joe Blow Citizen isn't seeing the effect of that federal money."

Louisiana eventually expects to get at least $25 billion in federal money for rebuilding projects, including everything from levee repairs to homeowner assistance. Of that money, $6 billion to $8 billion will be doled out statewide to repair broken roads, schools, water pipes and countless other problems.

But to get the money, the city — and other agencies such as the Sewerage and Water Board, the Regional Transit Authority and Orleans Parish School Board — must fill out worksheets for every construction project.

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The worksheets are submitted to FEMA, which determines whether the project is eligible for federal aid. If approved, the federal government releases the approved money to the state, but the local government fronts the money to have the work done. After that, the local government can submit receipts for reimbursement.

The process takes months and can be further complicated if costs surpass the original request — a particular concern in New Orleans because of shortages of materials and construction workers.

It also requires the city have cash to pay upfront, forcing money to be diverted from other parts of the budget.

President Bush has acknowledged the problems posed by excessive bureaucracy.

"To the extent that there still are bureaucratic hurdles and the need for the federal government to help eradicate those hurdles, we want to do that," Bush said Wednesday at the White House. But he cautioned that rebuilding will take time.

FEMA has signed off on $4.8 billion worth of rebuilding in Louisiana and $1.7 billion in Mississippi so far, said Darryl Madden, a spokesman for FEMA's Gulf Coast recovery office. Louisiana's larger amount reflects a broader scale of destruction caused by two hurricanes, Katrina and Rita, and the concentration of damage in heavily populated areas.

The procedural requirements for local governments to collect federal aid are designed to ensure the money is spent properly, Madden said.

"We are dealing with very, very large dollars. There has to be accountability," he said.

In the meantime, some federal aid has started to arrive.

About $6 billion has been allocated to the Army Corps of Engineers for repairs to the New Orleans flood-control system, and the first bit of the $8.1 billion to help homeowners repair or move from flooded-out homes was given out this week.

The money for the homeowner program was slower to arrive in Louisiana than in Mississippi because Mississippi was quicker to submit a plan that demonstrated checks and balances on the funding.

The process for seeking federal infrastructure aid is the same for governments across the Gulf Coast. For instance, Bay St. Louis, Miss., needs at least $70 million in repairs, and it's still waiting for federal and state help.

"There's just so much red tape on it," Mayor Eddie Favre said. "It's slowing some things down. It's a lot of headaches and heartaches if nothing else."

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Associated Press writers Rukmini Callimachi in New Orleans and Michael Kunzelman in Gulfport, Miss., contributed to this report.

Not Much Has Changed (NSWK)

By Michael Eric Dyson, Special To Newsweek

Newsweek, August 26, 2006

President Bush made some bold promises to help the Gulf Coast's poor after Katrina. Too bad he hasn't kept them. WEB-EXCLUSIVE COMMENTARY

A year after one of the worst disasters in the nation's history, New Orleans remains a shameful symbol of the Bush administration's neglect and its antigovernment philosophy. The condition of the black poor has barely changed since Katrina struck.

In the aftermath of the tragedy, Katrina's violent winds and killing waters swept into the mainstream a stark realization: the nation's poor had been abandoned by society and its institutions long before the storm. Since then, we have failed to acknowledge that grinding poverty is fueled by social choices and public-policy decisions that directly impact how many people are poor and how long they remain that way. There were 37 million people living in poverty in the United States in 2004, the last year for which U.S. Census Bureau figures are available, and 1.1 million of those fell below the poverty line entirely. Some of the poorest folk in the nation have been largely ignored, rendered invisible, officially forgotten. FEMA and other parts of government left them dangling precipitously on rooftops and in attics because of bureaucratic bumbling. Homeland Security failed miserably in mobilizing resources to rescue Katrina survivors without food, water or shelter.

The hardest-hit regions in the Gulf States had already been drowning in extreme poverty. More than 90,000 people in each of the areas stormed by Katrina in Louisiana, Mississippi and Alabama made less than $10,000 a year. Black folk in these areas were strapped by incomes that were 40 percent less than those earned by whites. Before the storm, New Orleans, with a 67.9 percent black population, had more than 103,000 poor people. That means the Crescent City had a poverty rate of 23 percent, nearly double the national average of 13.1 percent.

It's apparent that Katrina's survivors lived in concentrated poverty—they lived in poor neighborhoods, attended poor schools and had poor-paying jobs that reflected and reinforced a distressing pattern of rigid segregation. To be sure, concentrated poverty is the product of decades of public policies and political measures that isolate black households in neighborhoods plagued by severe segregation and economic hardship. But the policies of the Bush administration have only

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made things worse. Ironically, Bush's first nationally televised speech after the disaster offered hope that his administration might finally get the gist of the problem. Bush stated that the "deep, persistent poverty" of the Gulf Coast "has roots in a history of racial discrimination, which has cut off generations from the opportunity of America," and that we must "rise above the legacy of inequality."

Since then the president has completely backed off such bold analysis. He has failed to foster public policy and legislation that helps the poor to escape their plight. Instead, he remains intent on slashing tens of billions from social programs that help the poor combat such a vicious legacy. Neither has the president offered creative solutions to a prime source of poverty: the nation's failing public schools. Bush's No Child Left Behind act promised to bolster the nation's crumbling educational infrastructure, but instead has only exacerbated the problems: underperforming schools, low reading levels, and wide racial and class disparities. Bush has even failed to sufficiently fund his own mandate, reinforcing class and educational inequality.

The health crisis of black America, which Bush has largely ignored, is made worse by extreme poverty. When Katrina swept waves of mostly poor and black folk into global view, it also graphically uncovered their poor health. Before the storm hit, more than 83,000 citizens, or 18.8 percent of the population in New Orleans, lacked health insurance (the national average is 15.5 percent); the numbers for black women doubled those of white women. Nationally, there are nearly 40 million people without health insurance, many of them black and poor. They resort to the emergency ward for health maintenance. Their survival is compromised because serious diseases are spotted later than need be. If President Bush is the compassionate conservative he says he is, then he must help fix a healthcare system that favors the wealthy and the solidly employed.

The sad truth is that under Bush's presidency black poverty has increased, black unemployment has risen, and affirmative action has been viciously assaulted. The Bush administration has disseminated what the Government Accountability Office called "covert propaganda" by paying conservative black commentator Armstrong Williams to say good things about educational policies that hurt black folk. By giving tax breaks to the wealthy, and by keeping the minimum wage at $5.15 an hour, Bush has undermined the fragile prospects of the working poor and the black working class. By seeking to cut the Food Stamp budget by $1.1 million over the next decade, Bush will douse even further the fortunes of the black poor.

The problem is that an anti-government administration cannot develop policy that actually improves poor people's lives. Armed with a political philosophy that has no faith in government, these leaders prove that their beliefs undercut effective governance. As the ideological children of Ronald Reagan, Bush and his administration have thrived on tax cuts, downsizing, the neglect of civic infrastructure, the shredding of the safety net, the will to privatization, the degrading of the public sector, and advocating Reagan's idea that government is the enemy of the people. The Bush administration's incompetence in Katrina was the most devastating indictment of such a philosophy. If it continues down that path, the plight of the poor will only get worse. But if the administration turned its back on the poor when the world was watching, what will it do now that the country has turned its eyes away? We must be even more vigilant about pressing the case for the vulnerable to an attention-deficient nation more interested in charity than justice—and to an administration more interested in covering its tracks than in relieving the suffering of the poor.

Bush Team Approaches Katrina Trip With Care (LAT)

By James Gerstenzang, Times Staff Writer

The Los Angeles Times, August 26, 2006

KENNEBUNKPORT, Maine — As Hurricane Katrina approached the Gulf Coast a year ago this weekend, President Bush already was beset by growing negative impressions of his presidency. Now, as the first anniversary of the storm arrives, he faces a new challenge: how to mark that moment without reinvigorating the questions it raised about his competency.

Bush is planning to spend much of Monday and Tuesday in Mississippi and Louisiana, visiting regions that were devastated by the winds and floods that accompanied the storm.

His goal, said White House Deputy Press Secretary Dana Perino, is to "reflect on the many people who died," as well as on those who rescued others. He will examine "how America opened up its arms and wallets" to care for the survivors.

But in the view of administration officials, their advisors and others, the question of how Bush should approach the anniversary is a difficult one. Speechwriters must craft presidential remarks that recognize devastation and recovery, but that also show an awareness of government failures in responding. Staffers must find locations for his visit that demonstrate progress but do not minimize problems and mistakes.

The White House has begun sounding the themes of Bush's Gulf visit, emphasizing that progress has been made, but that perseverance is necessary because rebuilding will take years to complete. The president delivered such a message last week when he met in the Oval Office with Rockey Vacarella, whose home in Louisiana's St. Bernard Parish was destroyed by the storm. Bush's weekly radio address this morning is likely to echo those themes.

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Through multiple events, Bush plans to raise the lessons learned in the aftermath of the storm and the federal response, and the continuing challenges, Perino said. She said he would express appreciation for the resolve demonstrated by local residents and a commitment to continue the federal effort as long as required.

But a danger for Bush is that the more he focuses publicly on the storm and its aftermath, the more he risks reminding voters that the delay in the federal response began to solidify the negative impressions of his presidency that had been forming earlier in 2005.

In the storm's wake, two-thirds of those surveyed by the Washington-based Pew Research Center said Bush could have acted more quickly. A month later, his personal favorability rating — a measurement separate from his job approval — dropped below 50% for the first time.

"What Katrina did was shed a very negative light on him at a time when people had developed a lot of doubt about his competence, and he still carries the negative legacy of that," said the center's director, Andrew Kohut.

Now, Kohut said in a telephone interview, the administration faces "a public relations moment."

"But I wouldn't expect it will change attitudes about Bush, no matter what they do," Kohut said. "It revives a low point for him, not a strong point for him."

Drawing on findings such as those highlighted by the Pew surveys, the Democratic National Committee said Friday that the White House was embarking on "a public relations offensive designed to paper over" its Katrina shortcomings.

But Donna Brazile, who grew up in New Orleans and ran Al Gore's presidential campaign against Bush in 2000, has consulted with the White House over the past year about the recovery in New Orleans. She said the president "has chosen the most respectful way to communicate this anniversary," turning it into "a moment of reflection, a moment of remembrance."

Preliminary White House plans have Bush delivering a speech Monday in Mississippi and Tuesday in New Orleans.

In addition, he will take part in an ecumenical worship service Tuesday morning, when bells are to peal across the city to mark the breaching of the levees. Bush will speak at a roundtable on recovery later Tuesday and is likely to make a number of stops without announcement, much as he did on earlier visits, to speak informally with those who lived through the storm.

The trip opens four days of travel on Bush's schedule next week. He also is scheduled to visit Arkansas, Tennessee and Utah, and spend a night at his ranch in Crawford, Texas. This weekend, he is in the midst of a four-day holiday at his parents' summer home, making up a visit that he canceled after Katrina.

Bush has made 11 trips to the stricken Gulf Coast in the last year.

"He'll see signs of progress and signs of despair," Brazile said. "They're not just focusing on the positive or trying to toot their horn and focus on the money they have committed."

She said the White House was considering at least three sites for Bush to visit, including at least one in New Orleans' devastated Lower 9th Ward.

Despite Steps, Disaster Planning Still Shows Gaps (NYT)

By Eric Lipton

The New York Times, August 26, 2006

WASHINGTON, Aug. 25 — As Tropical Storm Beryl whipped up the seas along the mid-Atlantic coast this summer, officials monitoring the storm inside the Federal Emergency Management Agency headquarters could watch both sides of the action.

On one computer monitor was the National Weather Service image of the storm, spinning slowly toward New England. Nearby was FEMA's high-tech counterpunch: a digital map of the United States with a swarm of Pac-Man-like dots representing FEMA trucks moving disaster relief supplies toward the expected impact zone.

The tracking system is a concrete sign of progress for an agency that, in the aftermath of Hurricane Katrina, became an international symbol of dysfunction and incompetence. But the system is set up for only a sliver of the country and includes just a fraction of the aid sent to the field. It is emblematic of how inconsistent progress has been in preparing the nation for disasters, one year after the hurricane and five years after the 2001 terrorist attacks.

In the last year, FEMA, the federal government's primary disaster response agency and overseer of state and local efforts, has adopted policies to help prevent fraud and wasteful spending, strengthened its ties with other federal agencies for help with evacuations and emergency medical aid and installed high-tech equipment, like the supply-tracking system. After a prolonged search, it hired a new director, R. David Paulison, a former chief of the Miami-Dade Fire Department, and significantly built up its executive ranks with more seasoned emergency managers.

Despite calls by many FEMA critics, though, little has fundamentally changed about the agency itself, which still has less autonomy and power than it did in the Clinton years and a budget for its core mission that has not significantly increased.

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The inconsistencies are apparent elsewhere. Along the Gulf Coast and in other locations struck by disaster, like New York City, important advances have been made to prepare for the next catastrophe. In New Orleans, extraordinary steps have been taken to care for the disabled, the elderly and tens of thousands of others without cars if another major hurricane arrives. In New York, city officials say, up to three million people could be evacuated from coastal areas and 600,000 accommodated in shelters stocked with food and supplies.

But in large chunks of the country, far more limited progress has been made to prepare for catastrophe, a recent federal assessment concluded. The Department of Homeland Security, FEMA's parent agency, rated only 27 percent of the states and 10 percent of the cities evaluated as adequately prepared "to cope with a catastrophic event." Dallas, Milwaukee, Oklahoma City and Philadelphia were among the low scorers.

In Philadelphia, for example, emergency radio systems are not reliable throughout city, plans to care for the elderly and the disabled are not complete, shelter space is insufficient and contracts for emergency supplies mostly do not exist — all lapses that contributed to the debacle in New Orleans last year.

The uneven preparation has left many emergency-response experts, including senior Bush administration officials, uneasy.

"There is not a governor nor major-city mayor in America who does not know that all eyes will be watching them when the next major disaster occurs," said George W. Foresman, under secretary for preparedness at the Department of Homeland Security. "But generally speaking, if you ask the question 'Are they ready?' it is not where it needs to be. And that is the understatement of the day."

Mr. Paulison, the FEMA director, acknowledged in a briefing this month that while progress had been made, his agency had not finished the task of retooling itself.

"We cannot let the deaths and the suffering of those Katrina victims go in vain," he said. "We have to take those lessons learned and make sure that this organization, primarily FEMA, but the entire federal government, is capable of responding in a much more nimble and much more effective way."

Ready to Roll

At Camp Beauregard, a Louisiana National Guard training ground far from the vulnerable Gulf Coast, FEMA has set up a sprawling disaster depot. Load after load of bottled water, ready-to-eat meals, cots, tarps, blankets and sheets of plastic have been assembled this year, each movement of goods tracked by FEMA's new satellite system.

But instead of holding the supplies at the centrally located camp as FEMA mostly did last year, the agency distributed them across the state, to sites including New Orleans and surrounding parishes hit hard by Hurricane Katrina. With these and other stockpiles — at least twice the inventory dispersed before the hurricane last August — FEMA officials say they have enough supplies to care for one million people for a week.

"We have moved the trailers by the hundreds," said Garrison Martin, the FEMA manager of the Camp Beauregard complex, watching as forklifts brought in more goods. "We can meet the need if a disaster was to happen again."

Mr. Martin and other federal, state and local officials in Louisiana have a palpable sense of urgency in preparing for another hurricane or other disaster. They have pieced together a regional response plan that has few precedents in American history.

Federal officials say that if a major hurricane threatens the Louisiana coast this year, they will be ready before the storm to help move up to 80,000 people by bus and 61,000 by plane or train — almost everyone in the region without cars, including tourists. Federal and state officials have also found shelters safely away from the coast for as many as 250,000 people. The Defense Department, at FEMA's request, has contracted with suppliers to deliver diesel fuel and gasoline in hurricane-prone states for generators and vehicles along escape routes.

The Pentagon is also prepared to step in and help with rescues, medical evacuations, delivery of heavy equipment and road clearing, as well as to provide 15,000 to 20,000 active duty troops to maintain order and offer other assistance. The Department of Transportation is even paying for 200 buses simply to sit in the Gulf region this summer, just in case they are needed for evacuations.

The most detailed planning involves caring for the sick, the elderly and the disabled, for whom the government and institutional failures last year proved most deadly.

After the hurricane, residents of Maison Hospitalière, a nursing home off Bourbon Street in the French Quarter of New Orleans, had to wait four days in the stifling heat until they were evacuated. Without air-conditioning, the temperatures climbed so high that two residents died while waiting for rescuers.

"Things will be different this year," said Andrew B. Sandler, the nursing home administrator.

Now Mr. Sandler has a contract with a bus company that vows it will honor an agreement to move his residents if necessary, as well as a contract with a company that manages three nursing homes inland to accept his residents. And if his plans fall through, state and federal officials say they will step in to take care of them.

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Federal officials know that some havoc would be inevitable in an evacuation of New Orleans. But they are using every moment of this hurricane season to prepare to deal with another storm.

"Every day we have where we don't have a hurricane, we will be able to take it a little bit further," said Gil H. Jamieson, who is coordinating FEMA's efforts along the Gulf Coast.

Untested in the Northeast

Dr. Harvey Rubin's expertise is in infectious diseases, not disaster management. But from the top floor of a hospital at the University of Pennsylvania, Dr. Rubin had no trouble pointing out where catastrophes could unfold in Philadelphia.

To the south, sandwiched among a residential neighborhood, the airport and three sports complexes, is a giant Sunoco oil refinery. It processes a highly flammable product and stores hundreds of thousands of pounds of hydrogen fluoride, an extremely toxic chemical used to make high-octane fuels. If the chemical was released into the air by an accident or a terrorist act, a poisonous, ground-hugging cloud could threaten hundreds of thousands of residents for miles away.

To the east, behind office towers, are the city's historic icons, the Liberty Bell and Independence Hall; beyond them is the container-ship port. All are considered possible terrorist targets.

Philadelphia is not at high risk for a natural disaster, but like many other major metropolitan areas, it is vulnerable to industrial accidents and terrorist strikes. Yet when Mayor John F. Street ordered a review of how prepared the city was for a major catastrophe, the results were far from reassuring.

"We have done well, luckily, with the typical disaster," said Dr. Rubin, director of the University of Pennsylvania Institute for Strategic Threat Analysis and Response and co-chairman of the study. "But the big catastrophe — we have not been tested. It would not be smooth."

Evacuation plans for the city, even if only part of it had to be cleared, are so unspecific that even some agencies expected to play a critical role do not know what to do, the report said.

The city, which has 1.5 million residents, has few plans to evacuate the elderly or people without cars. Stockpiles of food and supplies would be sufficient for only about 15,000 residents, with few contracts arranged to quickly bring in large amounts of additional supplies.

The police and fire emergency radio communication systems are unreliable on the underground sections of the city subway. The ambulance dispatching system does not allow city rescue crews to communicate directly with hospitals.

So little thought, in fact, had gone into disaster planning that city officials had not even set up antiterrorist traffic barriers around the police headquarters, which also houses the 911 dispatch center. (Barriers have recently been installed.)

Left to Fend for Itself

The findings, issued in June, reflected conclusions reached the same month by the Department of Homeland Security and last month by the United States Conference of Mayors.

"Significant weaknesses in evacuation planning are an area of profound concern," the department's report said. The mayors' conference report noted that communications systems in 80 percent of the cities were not sophisticated enough to allow all public safety and rescue workers to talk to one another, a goal the study's authors said would take on average four years to achieve.

Some states, including Florida, North Carolina and Texas, received decent grades in the Homeland Security Department survey, largely because of the frequent tests they face from hurricanes. Certain high-risk targets like Washington and New York also did relatively well, thanks to steps taken since 2001.

Some measures FEMA has taken in the last year — like establishing federal reconnaissance teams that can fly in and report back on conditions even if local communications networks are knocked out — could compensate for some of the preparedness lapses. FEMA has also doubled, to 200,000 a day, its capacity to field telephone calls from victims who want to register for financial aid.

Yet many aspects of the enhanced federal response effort are limited to particularly vulnerable areas, like southeastern Louisiana. Much of the rest of the country would have to fend largely for itself after a disaster until federal help could be mobilized, perhaps as much as 48 to 72 hours later. With most areas inadequately prepared, that could be precarious, federal officials and emergency managers acknowledge.

"Time and again, these factors exact a severe penalty in the midst of a crisis: Precious time is consumed in the race to correct the misperceptions of federal, state and local responders about roles, responsibilities and actions," the federal survey of states and cities warned. "The result is uneven performance and repeated and costly operational miscues."

Philadelphia officials have been commended for producing such a blunt report that identifies gaps in their preparedness. But for area residents like Theresa Jones, who lives near the oil refinery, and Charlie Tomlinson, who rides the subway, the city's vulnerabilities are worrisome.

"If something happens here, we are just cooked," Ms. Jones said. "We will be fried chicken."

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Pedro A. Ramos, Philadelphia's top administrative official, said residents should rest assured that Philadelphia was moving energetically to fill the gaps in its disaster plan.

"You never know what you don't know until you go looking for it," Mr. Ramos said.

But as a subway car pulled into an underground station near City Hall, Mr. Tomlinson said he could not help but wonder why it had taken the city so long to get serious about preparedness.

"You would have thought that now that we are five years past Sept. 11 that someone would have addressed this," Mr. Tomlinson said. "It is a little scary."

La. High Court Upholds 2 Insurance Laws (AP)

By Mary Foster, The Associated Press

AP, August 26, 2006

NEW ORLEANS -- The Louisiana Supreme Court on Friday upheld two new state laws giving policyholders more time to sue their insurers or file claims over damage from hurricanes Katrina and Rita.

The Louisiana attorney general's office had asked the high court to review the laws after a state judge said they were constitutional. Although it is unusual for the party that wins a ruling to seek a review from a higher court, Attorney General Charles Foti said he wanted the matter solidly settled.

The one-year extension is "both appropriate and reasonable in order to protect the rights of the citizens of Louisiana and their general welfare," Justice Chet Traylor wrote in the ruling.

The ruling means that homeowners, renters, condo owners, drivers with auto insurance and other nonfederal flood insurance policyholders have up to Sept. 1, 2007, to file lawsuits resulting from Katrina damages and up to Oct. 1, 2007, for Rita damages.

"These acts simply give victims of Katrina and Rita additional time to access the courts if they need to," Megan Terrell, an attorney for the state, told the high court.

An attorney for Allstate Insurance Co., the second largest homeowner insurer in Louisiana, said the laws could hinder the recovery by sending a message to the business community that the Legislature can change existing contracts.

"The problem is the Legislature is saying, `We are going to change the agreement in a hurricane-prone state,'" said Philip Franco. "That doesn't encourage rebuilding."

Ten of the state's major insurers were listed as defendants in the suit.

Lawmakers had approved the new laws in the latest legislative session, extending the claims deadlines for Katrina and Rita victims until two years after the 2005 storms struck on Aug. 29 and Sept. 24.

The laws apply to homeowners, personal property, tenant, condominium owners and commercial property insurance _ and certain automobile, crop and livestock insurance policies. Terrell said the laws don't apply to the National Flood Insurance Program, which is governed by federal law.

On Friday, the justices questioned attorneys about what flood damage might be covered and the length of time allowed by Louisiana to sue over settlements.

Justice Bernette Johnson said Texas has a four-year period, Mississippi and Florida _ both states where hurricane damage is frequent _ had three-year periods.

The justices made it clear they wanted to move quickly when they ordered a lower court judge to listen to arguments and decide the case on Wednesday.

Louisiana Coffers Swell Since Katrina (WSJ)

By Simona Covel

The Wall Street Journal, August 26, 2006

Soaring oil prices and the widespread construction that have followed since Hurricane Katrina's destruction have helped Louisiana turn around its finances.

A year after Katrina ravaged New Orleans, higher-than-expected tax collections -- partly because of elevated natural resource prices -- and fiscal discipline have left the state in better-than-expected financial shape, say credit-ratings agencies and state officials.

The analysis comes as Louisiana readies a half-billion dollar general-obligation bond sale, expected Sept. 21. Despite continuing uncertainty in the recovery of Louisiana's economy -- especially in New Orleans, once the state's economic engine -- the sale is expected to proceed smoothly. It follows a July issue of $400 million in bonds that was directly linked to the rebuilding effort and met with surprisingly strong demand.

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While the state's relatively strong condition has been helped by steep budget cuts, "the real big surprises have been personal income taxes," said Whit Kling, director of Louisiana's state bond commission. "We expected a dramatic drop-off and it didn't occur." Sales tax collections, too, he said, "went through the roof."

Mr. Kling points to the continual construction around New Orleans. As for higher-than-expected income-tax revenue, "while we've lost a lot of population, a lot [of people] relocated to the I-10 corridor," he noted, referring to the chunk of Interstate 10 that links New Orleans and Baton Rouge with Mississippi and Texas.

While the recovery hasn't been as marked outside the city limits, the rebuilding effort and the resettling of New Orleans residents has led to "unbelievable construction and expansion," Mr. Kling said.

Sales-tax revenue climbed 18.5% in the fiscal year ended June 30, while income-tax revenue rose 3%, even though the state's personal income per capita dropped to 50th in the U.S. last year, from 42nd.

"You have all these people who lost everything, it's repair and replacement spending," said Laura Porter, a director in the state-ratings group of Fitch Ratings, a unit of Fimalac SA.

The resource-rich state also collects revenue from oil and gas production through a severance tax. The tax is linked to market rates, and that revenue has soared as prices have lingered near record highs.

The state's general-fund revenue collections through the second half exceeded midyear estimates by $1 billion, according to Standard & Poor's Ratings Service, a unit of Standard & Poor's Corp. The most recent projections for the state for the past fiscal year predict revenue of just less than $7.5 billion, slightly more than pre-Katrina estimates.

The surge in tax revenue prompted all three credit-ratings agencies to stabilize their outlooks on Louisiana's credit quality in recent weeks. S&P was the latest to take action; it revised Louisiana's general obligation outlook to "stable" from "negative" on Thursday.

Treasurys Prices Strengthen

Treasurys prices rose modestly, leaving yields, which move inversely to prices, near their lowest levels since late March. The market drew support from relief that Federal Reserve Chairman Ben Bernanke didn't directly address U.S. monetary policy in a speech before the Kansas City Fed.

At 4 p.m., the benchmark 10-year note was up 5/32 point, or $1.56 per $1,000 face value, to 100 22/32. Its yield fell to 4.789% from 4.807% Thursday. The 30-year bond added 7/32 point to 93 13/32, to yield 4.927%.

--Emily Barrett contributed to this article.

Write to Simona Covel at simona.covel@dowjones.com1

Ernesto Picks Up Speed In The Caribbean (NYT)

By Joseph B. Treaster

The New York Times, August 26, 2006

Tropical Storm Ernesto, picking up speed in the Caribbean, was on its way to becoming the first hurricane of the season, forecasters said late Friday, and appeared to be headed for the Gulf of Mexico.

The storm could be approaching the entrance to the Gulf by as soon as Monday with winds of 75 to 80 miles an hour, the forecasters said. They said it was not yet clear where along the Gulf coast Ernesto might make landfall.

"It's highly likely that it will get into the Gulf of Mexico," said Richard Knabb, a hurricane specialist at the National Hurricane Center near Miami. "But how strong and what part of the coastal area, it's too early to tell."

Residents along the coasts of Texas, Louisiana, Mississippi and Alabama and Florida are still recovering from Hurricanes Katrina, Rita and Wilma last summer. Hundreds of thousands of homes were damaged and destroyed, hundreds of people died and the economic loss has been estimated at nearly $200 billion in the heaviest year of hurricanes on record.

Federal weather officials predicted that this would be another year horrendous year of hurricanes. But, until now, the season, which began on June 1 and ends on Nov. 30, has been relatively quiet.

There were four tropical storms before Ernesto. One of them, Tropical Storm Debby has been churning through the Atlantic since Monday and is now predicted to turn out to sea over the weekend and fade away.

By this time last year, there had been 5 hurricanes and 6 other tropical storms. Altogether, there were 15 hurricanes in 2005.

Ernesto was first discovered in the Caribbean as a tropical depression with winds of about 30 miles an hour on Thursday. It grew into a tropical storm with winds of more than 40 miles an hour on Friday and was given its name. Late Friday it was 285 miles south southeast of Santo Domingo in the Dominican Republic and 600 miles east southeast of Jamaica. It was traveling west northwest at 15 miles an hour.

Gales of 40 to 60 miles an hour are expected to be felt on the southern shores of the Dominican Republic and Haiti on Saturday. High winds are also expected in Jamaica and perhaps the Cayman Islands later in the weekend.

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Forecasters said the storm could pass over either western Cuba or the Yucatan Peninsula as it moved toward Gulf of Mexico. But they said they were unable to closely fix the path of a storm four or five days in the future.

Frank Lepore, the spokesman for the National Hurricane Center, said forecasters stood by their earlier predictions of an above average season this year. "Relative to last year, this year would seem like a slow starter," he said. But he said about half of the season remained and that September has historically been the busy month for hurricanes.

A Punch Line Who Refuses To Fade Away (NYT)

By Mark Leibovich

The New York Times, August 26, 2006

WASHINGTON, Aug. 25 — Brownie is doing a heckuva job trying to rehabilitate himself.

Michael D. Brown, the disgraced former director of the Federal Emergency Management Agency, is in the midst of a Category 5 visibility blitz. It is tied to the first anniversary of Hurricane Katrina, the calamity to which he will always be linked and for which he has largely been blamed. In what would become the signature soundbite of the botched federal response, President Bush implausibly praised "Brownie" for "doing a heckuva job."

Mr. Brown says his reputation was unfairly battered over Hurricane Katrina, so he is speaking up in his own defense. He is also trying to build a consulting firm advising clients on issues relating to disaster preparedness — a notion some critics find curious, if not absurd.

In the process, Mr. Brown is happily defying anyone who might have expected him to evacuate the scene as quietly as possible, maybe say something on the way out about wanting to spend more time with his family, or not wanting to become "a distraction." And then go away, stay away, not to be heard from.

"People say, 'We're just surprised you didn't go crawl under a rock somewhere and disappear,' " he said.

In fact, he has been giving speeches, posing for photos (in Vanity Fair), going on television, giving interviews, hacking away at his critics.

"I keep coming back," Mr. Brown, 51, told Playboy magazine (the September "Return of the Girls Next Door" issue). "I'm their worst nightmare." By "their," he means the Bush administration.

"You were the scapegoat there for a while," Stephen Colbert told Mr. Brown during an appearance last spring on "The Colbert Report" on Comedy Central. "But it's no good if the goat wanders back into town and starts pointing fingers at people."

Mr. Brown has demeaned Mr. Bush as "a cheerleader," declared that Homeland Security Secretary Michael Chertoff did not know "the first thing about running a disaster," and called critics like Representative Gene Taylor, Democrat of Mississippi, "a little twerp" and Senator Norm Coleman, Republican of Minnesota, an unprintable vulgarity (both in Playboy).

Predictably, this does not always play well in Washington.

"It's really extraordinary," said Senator Susan Collins, Republican of Maine. "Most people, when they have failed miserably in their jobs and are held up to public scorn, seek to avoid the spotlight. But he seems to have embraced the spotlight."

Ms. Collins, who heads the Senate Committee on Homeland Security and Governmental Affairs, said Mr. Brown had joined "an odd culture of people who trade on their notoriety rather than their accomplishments."

She says Mr. Brown has no credibility left on disaster preparedness, and she wonders why anyone would hire him. As do others.

"After you hire Brownie, you might want to hire Typhoid Mary to help you avoid infectious diseases," The St. Louis Post-Dispatch said in an editorial.

Even so, Mr. Brown has attracted about a half-dozen clients, he said. Charlie Baker, chief executive of On-Screen Technologies, an Oregon firm that markets mobile signs for use during emergencies, cited Mr. Brown's "total experience" in working with first responders.

He is also doing unpaid work helping St. Bernard Parish, La., devise strategies to secure federal money for its cleanup effort. "He's been very nice and very knowledgeable and knows the inner workings of government," said Charlie Reppel, the chief of staff to the parish president. He said the parish drew criticism for working with Mr. Brown, in light of his "reputation problems."

Mr. Brown was interviewed here in an office he rents on K Street, where he spends about a week every month. (He travels the rest of the time or works at his Boulder, Colo., office.) He has something of a full-time job in trying to salvage a reputation that plunged well below sea level during Hurricane Katrina.

He was portrayed as an unqualified crony, who was commissioner of the International Arabian Horse Association before joining the Bush administration. He got his FEMA job through his friendship with a longtime Bush adviser, Joe Allbaugh.

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After the storm, Mr. Brown bumbled through a series of TV appearances, telling interviewers he had been unaware of the deteriorating circumstances at the New Orleans convention center — a situation that had been obvious to television viewers. And he became a recurring joke.

"Some good news today," Jay Leno said on "The Tonight Show" last September. "The most important evacuation was made today in New Orleans. They got the head of FEMA, Mike Brown, out of there."

And that would have been the last public impression of Mr. Brown, a model of disrepute to calcify forever — if he had just gone away.

"The ethic or mentality that says you should disappear applies to people who have done something wrong," Mr. Brown said. "It applies to people who have somehow been immoral or corrupt or whatever, none of which applies to me."

Mr. Brown says he felt vindicated this year when The Associated Press obtained videotape that showed him warning President Bush and Mr. Chertoff that the storm could be catastrophic. The video, he says, contradicted a pervasive belief that he had been caught off-guard.

The release of the videotape propelled a new wave of media coverage for Mr. Brown, this time more flattering. Bill Maher, the host of "Real Time" on HBO, apologized for ridiculing him during the disaster. And he picked up a few more clients.

In April, Mr. Brown scored an invitation to the exclusive Bloomberg party after the White House Correspondents' Association dinner, where he was a guest of The Wall Street Journal. There, he encountered Mr. Chertoff, to whom he had not spoken since his former boss ordered him back to Washington from the Gulf Coast. They did not speak at the party, either. "Clearly he was trying to avoid me," Mr. Brown said.

People recognize him in airports and restaurants with some frequency, he says. They squint at him in that Don't-I-Know-You-From-Somewhere way. He gets occasional autograph requests. Some wise guys yell out "Brownie" (which no one ever called him before Mr. Bush tagged him with the nickname). They tell him he's doing a heckuva job.

Mr. Brown says he plans to write a book about his experiences. He says he has turned down about half the news media requests that he gets. The interviews are painful, he says, because they make him "relive Katrina, which is not fun." Yet there is a note of giddiness in his voice. He laughs, the deep rollicking kind.

James Carville, the Democratic strategist, said, "People talk all the time about how Washington destroyed them, but then they don't leave Washington." He added: "I would guess that Brownie would rather be giving interviews. It beats practicing law somewhere."

Mr. Brown gets several calls during the interview: a prospective client, another media request and Mr. Allbaugh, with whom he remains close. "I'm still a crony of a crony," he joked.

He operates under no illusions about how much rehabilitation is possible. "My wife is always telling me, 'You're not famous, you're infamous,' " Mr. Brown said. He imagines the first line of his obituary.

"I'm always going to be the guy during Katrina," he said, not characterizing what kind of guy that is. "I'm always going to be that guy, Brownie."

Hurricane Center's Director To Retire (WP/AP)

Associated Press

The Washington Post, August 26, 2006

MIAMI, Aug. 25 -- Max Mayfield said Friday that he will retire as director of the National Hurricane Center in January, after overseeing the nation's tropical storm forecasters and guiding millions of Americans through the busiest, most destructive Atlantic hurricane season on record last year.

Mayfield, who was named director of the hurricane center in May 2000, told his staff he will retire in January but had no single reason for leaving the center.

"I'm going to take a few months off and do very little," said Mayfield, 57, who did not rule out a possible return to the private sector in the future. "And after that I may end up back in the hurricane program somehow."

Mayfield is well known to residents in hurricane-prone areas in the United States from his countless hours of television interviews. He and his staff were praised for the dead-on forecasts of last year's Hurricane Katrina, the costliest natural disaster in U.S. history in a season that shattered many records.

Besides monitoring the storms themselves, Mayfield also oversees hurricane awareness programs in nearly every coastal state. He tirelessly tells anyone who listens of the danger of hurricanes and how important it is to be prepared.

Maxfield became well known after 1992's Hurricane Andrew, when as a hurricane specialist at the center he informed South Florida residents of what to expect from the killer storm.

Expert Supports Search Methods For 9/11 Remains At Bank Building (NYT)

DOJ_NMG_0054628

By David W. Dunlap

The New York Times, August 26, 2006

A forensic archaeologist from Brown University has determined that the search for human remains at the former Deutsche Bank building, which has faced criticism, is currently being conducted as thoroughly as possible.

Some family members — many of whom never received even the smallest physical trace of their relatives — have said the search is inadequate, citing the use earlier this year of shovels and rakes that could not possibly find the smaller remains.

But the report, prepared at the request of 9/11 victims' relatives and delivered yesterday to the chief medical examiner, seems to exonerate city and state officials, at least for this phase of the recovery, which includes the use of fine-mesh screens.

It also offered the first independent, eyewitness account of the search. It described a scene on the 38th and 39th floors in which workers in hazardous-material suits and boots and gloves and respirators were finding bone fragments, parts of an airliner's fuselage and a piece of a CD.

The report did not, however, lessen family members' concerns about how remains were treated earlier this year. In June, the Lower Manhattan Development Corporation, which owns the 41-story bank building at 130 Liberty Street, adopted a new search procedure involving oversight by the medical examiner.

In the past year, as crews have prepared the damaged, contaminated building for demolition, 760 body parts have been found, mostly small bone fragments. An avalanche of wreckage from 2 World Trade Center — including an entire section of its facade — fell into the bank building on Sept. 11, 2001.

The author of the report, Prof. Richard A. Gould of the Brown University anthropology department, acknowledged that he witnessed only a one-day "snapshot" of the operation, saying in his report:

"Based on archaeological work I have done earlier at disaster scenes, I think the work being performed here is the best possible under the circumstances. Realistically, it may be less than 100 percent, but I do not see much, if any, room for improvement."

Professor Gould estimated the effectiveness of the search at 90 to 95 percent — "excellent results for this kind of archaeological recovery at any disaster scene."

Dr. Charles S. Hirsch, the city's chief medical examiner, had no comment on the report yesterday, said his spokeswoman, Ellen Borakove. "The quality of our work speaks for itself," she said.

Professor Gould is the director of Forensic Archaeology Recovery, a group that assists authorities in recovering human remains after disasters. It worked on the scene of the Station nightclub fire of 2003 in West Warwick, R.I., where 100 people died.

He was urged to inspect the recovery effort at 130 Liberty Street by relatives' advocacy groups including the Skyscraper Safety Campaign. The medical examiner invited Professor Gould to visit on Aug. 8.

"I saw numerous small pieces of aluminum aircraft skin (recognizable from the paint and zinc chromate coating still adhering to many of them), three bone fragments that could possibly be human and were decontaminated and saved for further laboratory analysis (two were tiny, and one was about an inch in length — all appeared to be unweathered and unburned), and a small piece of a CD recovered from the screens," Professor Gould wrote.

Professor Gould said that he had been told that sieves were not used earlier this year but that workers sorted the rooftop ballast with shovels and rakes, picking through it on their hands and knees. "Hand-clearing and/or the use of rakes as a primary means of searching for remains — as indeed happened in all of the work prior to April 25 at the Deutsche Bank building — should be discouraged," he wrote.

The Lower Manhattan Construction Command Center will assume responsibility for the demolition of 130 Liberty Street as the development corporation goes out of business. Preparation for demolition has stopped and started several times over environmental concerns.

Sally Regenhard of the Skyscraper Safety Campaign said about the report, "I'm glad he was impressed by what he saw and what the medical examiner's office was capable of doing." But she said that did not change the fact that "procedures that were absolutely anathema to archaeological forensic recovery were being employed" earlier.

No remains have been found yet of her son, Christian, a probationary firefighter who died on Sept. 11.

Ms. Regenhard said she was concerned that there was no commitment from officials to use refined techniques to search for remains on other buildings around ground zero, including Fiterman Hall of the Borough of Manhattan Community College, which is to be demolished.

She also said she hoped a permanent liaison could be established between the medical examiner's office and victims' relatives.

Professor Gould, too, spoke of the need for better communication.

"The 9/11 families, in particular, would have been reassured to know more about the fine work being done on their behalf," he said, "and I am sorry that they are only finding out about this now."

WAR NEWS:

Rumsfeld Says Baghdad Terror Down Due To U.S., Iraqi Troops (WT/AFP)

Washington Times, August 26, 2006

Defense Secretary Donald H. Rumsfeld yesterday said U.S. and Iraqi troops have succeeded in reducing the levels of violence in Baghdad.

Mr. Rumsfeld discussed the situation with visiting Iraqi Deputy President Adil Abd al-Mahdi who said a "good dialogue" was under way aimed at reconciling the country's bitterly divided religious communities.

Efforts to quell sectarian violence in Baghdad "have been successful in the sense that we are seeing a reduction in the levels of violence, and in the numbers of attacks, in the areas particularly that the forces have been able to clear," Mr. Rumsfeld said.

"Iraqi forces have been doing a very good job," he told reporters after the meeting.

Violence in Baghdad has dropped by 40 percent since U.S. and Iraqi troops entered select neighborhoods to clear out cells of Shi'ite and Sunni extremists, a U.S. brigade commander said yesterday.

U.S. Army Col. Robert Scurlock said 29 murders had been committed in the Amiriya area of western Baghdad in the month leading up to the operation, making it one of the city's most violent.

But since his troops went in on Aug. 13, only three murders have been reported, he said.

"In the month of July in Baghdad, there were 52 violent actions a day," he said. "And the two weeks since we began the operations, the attacks have dropped down 41 percent."

Col. Scurlock commands the 2nd Brigade of the 1st Armored Division, which is responsible for western Baghdad, a 116-square-mile area with a population of nearly 1.3 million people.

He said about 3,500 U.S. troops were operating in western Baghdad alongside 5,000 Iraqi troops, roughly double the number of troops there before the operation began early this month.

Surging sectarian violence sparked fears of an all-out civil war, prompting U.S. commanders to bring more troops in from around the country and extend the tour of about 3,700 troops.

Col. Scurlock said his forces, elements of the 172nd Stryker Brigade and Iraqi police and army have sealed off and gone into Amiriya, Shula, Noor and Ghazaliya.

He said they are confiscating illegal weapons, registering legal weapons and vehicles and taking a census of the neighborhoods.

The troops also are organizing trash-clearing operations to put people to work, and meeting with neighborhood councils.

Col. Scurlock was vague about the role of the militias in the violence.

"It may be radical elements of certain organizations. But there is no evidence that they're being really directed from anywhere at a higher level," he said.

He said there were anecdotal reports of Iranian involvement but he had seen no evidence of it.

Mr. al-Mahdi also met with President Bush and National Security Adviser Stephen J. Hadley during what he described as a private visit to Washington.

The Iraqi said the improved security situation in Baghdad was "the answer to all those talking about civil war in Iraq. We don't think we are leading to one."

Guard, Reserve Iraq Death Toll Declines (AP)

By Robert Burns, AP Military Writer

AP, August 26, 2006

The death toll among National Guard and Reserve troops in Iraq has plunged this year as citizen soldiers play a smaller combat role against an insurgency that increasingly targets Iraqis.

Thus far in August, five members of the Guard and Reserve have died in Iraq, compared with 44 at this point in August 2005, the deadliest month of the war for the Guard and Reserve.

The number of Guard and Reserve deaths for the year totals 54 — less than one-third of the 189 recorded at this point last year. In the comparable period in 2004, the death toll was 92, according to Defense Department casualty records.

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The death count for all U.S. forces in Iraq — both active and reserve — has slid from an average of a little over two per day last year to a little under two per day so far this year. The insurgents continue to target U.S. troops, but the worst violence this year has been aimed at Iraqis in what some say amounts to civil war.

The main reason for the decline in reservist deaths is that fewer are being sent to Iraq. They comprise a little under 20 percent of the 138,000 U.S. troops now there, compared with about 40 percent last year.

Also, the number of National Guard combat brigades in Iraq has dropped from five to one. What's more, U.S. commanders about a year ago adjusted the mission of the Guard combat forces in Iraq from focusing mainly on fighting the insurgency to providing "theater security" — securing major highways and bases.

Today that is the main role of the only Guard combat brigade in Iraq, the Minnesota Army National Guard's 34th Infantry, whose soldiers also are working in south-central Iraq to help develop water resources.

Although troop rotation plans are a bit unsettled due to the continuing high level of sectarian violence in Baghdad, the Army may stop using brigade-sized Guard units in Iraq next year.

Col. David Elicerio, 48, commander of the Minnesota Guard brigade in Iraq, said he was told when his unit left the United States several months ago that his would be the last Guard brigade to be mobilized for Iraq duty "for the foreseeable future." That plan could change, he noted, as the security situation changes.

Since the start of the war on March 19, 2003, a total of 595 Guard and Reserve troops have died, according to Defense Department figures. That is about 23 percent of the total U.S. death toll in Iraq of 2,618.

Dan Goure, a defense analyst at the Lexington Institute, a private research group, said that although the Guard and Reserve are shouldering less of the combat burden now, they are likely to maintain a large support force in Iraq for as long as the U.S. has a combat mission there. Such forces often take casualties because they travel roadways and encounter the threat of improvised explosive devices, or IEDs.

Goure said support forces perform a variety of functions like road security, intelligence and military police.

"You wouldn't see that force, for example, in the battle for Fallujah," he said, referring to the city west of Baghdad that saw one of the fiercest and most deadly battles of the entire war in November 2004. "But you would see it doing just about everything else that has caused all the casualties to date in Iraq."

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, told troops during a visit to Iraq earlier this month that Guardsmen carried a bigger share of the combat load last year so that active-duty units — like the 101st Airborne Division and 4th Infantry Division currently serving in Iraq — had time at their home bases to undergo a top-to-bottom reorganization increasing the size of each division from three to four brigades.

Now that most active-duty divisions have completed those reorganizations, there is less need for Guard combat forces in Iraq, Pace said, although some Guard units will still pull Iraq duty.

The Marines, on the other hand, have found themselves with a shortfall of reservists willing to volunteer for Iraq duty. This week they announced plans to involuntarily recall up to 2,500 members of the Individual Ready Reserve in coming months. Those are Marines who completed an enlistment term on active duty and returned to civilian life with a number of years remaining on their eight-year service obligation.

The Marine Corps Reserves have seen a sharp decline in their death toll in Iraq. Their worst month was August 2005, when 22 were killed — all in Anbar province, a hotbed of insurgent activity west of Baghdad. Since the start of 2006 they have had only five deaths — one in June, one in July and three so far this month.

More broadly, members of the National Guard and Reserve are being called to active duty in Iraq and Afghanistan less often. This week there are 111,964 on active duty, which is 83 fewer than last week, according to Defense Department figures. At this time last year, the number was 145,097 and two years ago it was 161,646.

Is Iran Running Militias In Iraq? (TIME)

By Aparisim Ghosh, Baghdad

Time, August 26, 2006

Iraqi politicians say the growing U.S. claims of a clear link between Shi'ite militias and Tehran is pure scapegoating. And renewed Tehran-bashing in Washington could further complicate its efforts to end the civil war

Iraq's most powerful politician has dismissed claims by U.S. officials and generals that Iran is interfering in Baghdad's affairs. Abdul-Azziz al-Hakim has told TIME that despite repeated requests from him and other Iraqi politicians, American officials have failed to show any reliable evidence of Tehran's interference. " [The U.S.] has been making such claims for a long time," he said, "and for three years we've told them, 'Show us proof.' But they never have."

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Hakim heads the Supreme Council for the Islamic Revolution in Iraq, or SCIRI, the largest of Iraq's political parties. SCIRI has close ties to Tehran, and many of its leaders — including Hakim — spent many years in exile in Iraq during the Saddam Hussein era.

Many Shi'ite politicians dismiss as scape-goating the statements by Ambassador Zalmay Khalilzad and generals at the Pentagon that Iran is actively arming and training Sh'ite militias in Iraq. "They are looking for somebody to blame for the failure [of the U.S. military to halt the sectarian killings in Iraq] and it is easy to blame Iran," said Hadi al-Amiri, who heads the Iraqi parliament's security and defense committee, while also running the Badr Organization, a Shi'ite militia.

Even political observers not affiliated to the Shi'ite parties are likely to be surprised by Brig. Gen. Michael Barbero's claim, at a press conference Wednesday, that there was "irrefutable" evidence of Iranian collusion with Iraqi militias. That is the exact opposite of what U.S. military officials in Baghdad have been saying. Less than two weeks ago, the top U.S. military spokesman in Iraq, Maj. Gen. William Caldwell, told journalists that there "is nothing that we definitively have found to say that there are any Iranians operating within the country of Iraq." He added that although "some Shi'ite elements have been in Iran receiving training... the degree to which this is known and endorsed by the government of Iran is uncertain."

There is an ironic echo in Barbero's claim that Iran was helping the militias with technology to make improvised explosive devices, or IEDs; last year, U.S. officials said Tehran was supplying IED know-how to Iraq's Sunni insurgents. Several Sunni insurgent leaders — whose hatred of Iran compares with their animosity toward the U.S. — have told TIME they have no need of such outside help since their ranks include many explosives experts from Saddam's military.

With the spiraling of sectarian violence in Iraq, each side has taken to accusing the other of getting outside help. Sunni leaders claim Shi'ite militias are trained by Iran, and Shi'ite leaders say Sunni terrorists are funded by Saudi Arabia and Syria. Although U.S. officials shy clear of fingering Riyadh, they have frequently accused Damascus of aiding and abetting the Sunni insurgency.

Renewed Tehran-bashing in Washington is unlikely to sit well with Iraqi Shi'ite politicians, who make up the dominant block of parliament. Like Hakim and al-Amiri, many leading figures in the Iraqi government are beholden to Iran for its support of the anti-Saddam movement. The Dawa party of Prime Minister Nouri al-Maliki (and former Prime Minister Ibrahim al-Jaafari) also owes its survival during the Saddam years to Tehran. Antagonizing the Shi'ite block could complicate U.S. efforts to end the civil war and draw down American troops in Iraq.

Even Shi'ite leaders who didn't live in Iran have close ties to their co-sectarians and have condemned U.S. efforts to pressure Tehran into abandoning its nuclear program. The radical cleric Moqtada al-Sadr has warned that if the U.S. launches a military campaign against Iran, his militia, the Mahdi Army, will fight shoulder-to-shoulder with the Iranians.

Leaders like Hakim say that rather than blame Iran or the Shi'ite militias, the U.S. military — and Iraqi security forces — should be focusing its energies on defeating the mainly Sunni insurgent and terrorist groups. "The main cause of the violence in Iraq are the Saddamists and [jihadi terrorists]," Hakim said. "We should not be distracted from our main task, which is to destroy these forces. "

Bush Loses House Ally Over Policy On Iraq Withdrawal (FT)

By Demetri Sevastopulo

Financial Times, August 26, 2006

George W. Bush lost another key ally on Iraq this week when an influential Republican congressman from Connecticut distanced himself from the administration's policy on Iraq.

The White House is having difficulty convincing the public that progress is being made in Iraq, but the president has rejected calls to set a timetable for withdrawal, saying that would be a "huge mistake".

Public support for the war has crumbled as the number of US military casualties climbs – more than 2,900 in Iraq and Afghanistan – and daily images of violence in Iraq flash across US television screens.

Until recently, Christopher Shays, a Connecticut Republican who chairs the House subcommittee on national security, agreed with his commander-in-chief about not setting a timetable for withdrawal.

He said last month: "Neither Congress or the administration should set definitive timelines for withdrawal."

But this week he changed his tune. Speaking to Fox News yesterday following his 14th trip to Iraq, he said: "I'm not seeing the political will on the part of the Iraqis . . . We need to incentivise the Iraqis. They need to know there is a limit to our presence there."

Mr Shays still portrays himself as a strong supporter of the war. But by agreeing with many Democrats who want a timeline for pulling troops out, he has joined growing ranks of Republicans facing tough re-election races in November who are trying to distance themselves from the administration's handling of the war without appearing weak on national security.

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Mr Shays denied his U-turn was political. But his move comes on the heels of Connecticut Democrats who last month punished Senator Joe Lieberman for his strong support of the war by selecting Ned Lamont, an anti-war candidate, to replace him as the Democratic choice for the November ballot.

Since his loss, Mr Lieberman, now running as an independent, has called for the resignation of Donald Rumsfeld, US defence secretary, a tactic that Mr Shays adopted this week. Senator Hillary Clinton, the perceived frontrunner for the 2008 Democrat presidential nomination, recently berated Mr Rumsfeld at a congressional hearing on Iraq and called for his resignation for the first time.

John McCain, the Arizona senator who is considering running for president in 2008, also this week found himself caught between the administration and Republicans fighting for re-election when he accused the administration of "underestimating" the task in Iraq.

Mr McCain said comments made last year by Mr Rumsfeld (that the insurgents were a "few dead-enders") and Vice-President Dick Cheney (that the insurgency was in its "last throes") contributed to the sense of frustration of Americans about the war. But after White House officials suffered persistent questioning about his remarks, Mr McCain yesterday released a statement saying he fully supported Mr Bush.

"I have never intended my concern that the American public be fully informed about the conduct and consequences of the war to indicate any lessening of my support for our mission there," he said. "On the contrary, I view a candid, informed public discussion of the war as critical to sustaining popular support for the war."

General John Abizaid, the top US commander in the Middle East, this week said the recently increased US force presence in Baghdad was having success in curbing the violence.

Last month, he told Congress that controlling the situation in Baghdad was the key to averting a possible civil war.

Lieberman To Consider Iraq Pullout Plan (AP)

By Susan Haigh, Associated Press Writer

AP, August 26, 2006

Sen. Joe Lieberman, the three-term Democrat whose independent campaign for re-election is being seen as a referendum on the Iraq war, said Friday he would consider taking a look at a fellow lawmaker's proposal for a timeline for troop withdrawals.

The proposal was floated by Republican Rep. Chris Shays, another Connecticut politician facing a tough re-election battle with an anti-war candidate. Shays has long been a supporter of the war and previously opposed withdrawal timetables.

"It seems to me that Chris is saying, maybe we ought to set some goals for when we want to get out, and I'd like to see what he has in mind before I comment on it," Lieberman said while campaigning in New Haven.

"As I've said to you over and over again, the sooner we get out of Iraq, the better it's going to be for the Iraqis and us, but if we leave too soon for reasons of American politics, it's going to be disaster for the Iraqis and for us," he said.

Shays proposed a timeline Thursday on a telephone conference call from London with reporters following his 14th visit to Iraq since the U.S.-led invasion in 2003.

"We should be able to tell the American people what kind of timeline we can have to begin to draw down our troops," he said. "It may be a timeline the American people don't want to hear. It may not be something that brings them out quickly."

Lieberman, the Democratic nominee for vice president in 2000, lost in this month's Democratic primary to millionaire businessman Ned Lamont. He had campaigned against Lieberman's support of the war and called the senator too close to Republicans and President Bush.

A centrist who is popular with Connecticut's Republican and unaffiliated voters, Lieberman has filed petitions to run for re-election as an independent.

Lamont's campaign chairman, George Jepsen, suggested Lieberman might turn against Shays for supporting a timeline for troop withdrawal.

"If he decides that Chris Shays is wrong ... we'll see what kind of rhetoric he uses and if he lumps him in with Ned," Jepsen said.

Shays is under fire for his support of the Iraq war in his race against Democratic challenger Diane Farrell. Shays narrowly held off Farrell's challenge in the 2004 election.

"I don't think Chris needed to go to Iraq 14 times to know it's a mess," she said. "To have a timeline, there needs to be an exit plan. There's no exit strategy."

McCain Stresses Support For Iraq Mission (AP)

By Jennifer Talhelm, Associated Press Writer

AP, August 26, 2006

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Republican Sen. John McCain said Friday he supports the U.S. mission in Iraq days after faulting the Bush administration for misleading Americans into believing it would be "some kind of day at the beach."

The potential 2008 presidential candidate and staunch war supporter issued a statement explaining his position after his headline-grabbing comments criticizing the Bush administration.

"I have never intended my concern that the American people be fully informed about the conduct and consequences of the war to indicate any lessening of my support for our mission there," McCain said in the statement.

He complained in an appearance Tuesday about major mistakes by the administration, such as underestimating the size of the task and the sacrifices necessary. The comment prompted criticism from the right and left that McCain was flip-flopping, contradicting his backing for Bush's policy.

"Stuff happens, mission accomplished, last throes, a few dead-enders. I'm just more familiar with those statements than anyone else because it grieves me so much that we had not told the American people how tough and difficult this task would be," the Arizona senator said.

He made the comments while campaigning for Republican Sen. Mike DeWine of Ohio.

Those phrases are closely associated with top members of the Bush administration, including the president.

Bush stood below a banner proclaiming "Mission Accomplished" on May 1, 2003 after the collapse of Saddam Hussein's regime. The war has continued since then, with the death of more than 2,600 members of the U.S. military. Vice President Dick Cheney said last year that the Iraqi insurgency was "in its final throes."

In a March 2003 interview on MSNBC's "Hardball With Chris Matthews," McCain was asked whether he believed the people of Iraq would treat U.S. forces as liberators.

"Absolutely. Absolutely," the senator replied.

Democrats criticized McCain on Friday, calling him a "Monday-morning quarterback" and arguing that he should try to change Iraq policy if he disagreed with Bush's handling of the war.

"McCain's latest criticism is simply more talk without action from a presidential wannabe," said Christy Setzer, spokeswoman for the Democratic group, Senate Majority Project.

Republican consultant Rich Galen, who worked in Iraq for the Defense Department, defended McCain, saying he was giving an "accurate description of where Americans are on this war" while also making the case it is necessary in the fight against terrorism.

All the potential 2008 presidential candidates are trying to make strategic decisions about how close they need to be to Bush, said Stephen Hess, a politics expert at the Brookings Institution think tank. McCain needs Bush's support to appear presidential, but he also needs to maintain his maverick image.

"He's making adjustments," Hess said. "He's trying to adjust his position to be the most advantageous."

Prior to this week, McCain has criticized Bush's public assessments of the war.

In a November speech at the American Enterprise Institute, he cautioned that the administration must accurately portray even negative events on the ground and tell the country that it will take a long time to win.

"If we can't retain the support of the American people, we will have lost this war as soundly as if our forces were defeated on the battlefield," he said in November.

Iraq-Bound, Without Reservations (WP)

By Sue Anne Pressley Montes, Washington Post Staff Writer

The Washington Post, August 26, 2006

D.C. Marine Unit, Called for Third Time, Confronts Higher Risks With Resolve

The Marines already are saying their goodbyes. The 4th Civil Affairs Group, a reserve unit based in Washington, is leaving for Iraq -- again.

Lance Cpl. Norman Tompkins Jr., 26, knows the drill by now. This will be his third trip to Iraq in four years. He has taken leave from his jobs as a fire alarm inspector and volunteer firefighter and loaded his iPod with 4,500 songs.

Cpl. Jennifer McNamara, 30, is double-checking her "Gucci gear" -- the upgraded boots and other equipment her husband urged her to buy. Todd McNamara was in Iraq last year as a member of the Navy Reserve. This time, he will be the one waiting for a military spouse to come home.

Staff Sgt. Paul Abila, 39, is trying to spend time with his eight children, ages 2 to 12. They will grow a lot in the months he is gone. The older girls already seem so serious and mature.

"They have asked me everything from am I going to shoot anybody to is somebody going to shoot me," Abila said. "And I tell them, 'Now if I have to kill somebody just so that I can stay alive, you understand that's part of what I have to do, as being a Marine?' "

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There is no easy way to do this, to leave behind family and friends and careers, the comfort of soft beds and nonperilous routines, to enter a conflicted land where peace seems elusive. This will be the third deployment to Iraq for the unit, which is pulling out in a few days, but for most of its 200 or so members, it will be their first or second deployment.

Although trained for combat, the 4th CAG is charged with helping the civilian population. About a third of its members are residents of the D.C. area -- police officers, computer technicians, federal employees. The unit's operations officer, Lt. Col. David Bunn, is a lawyer; its executive officer, Col. Erik Grabowsky, is Arlington County's chief of solid waste. They are leaving from the Anacostia Naval Station, where they are based, expecting to be gone a year.

With each deployment of the 4th CAG, the dangers in Iraq have increased. Even as this unit and others are being asked to shoulder a mission that carries a soaring amount of risk, top U.S. military leaders are telling Congress that they fear Iraq is sliding into civil war. Even as many here at home are wondering if the sacrifice has been worthwhile, these Marines speak earnestly of their patriotism and duty as they prepare to say goodbye to everything they love.

"More than anything else, if there's anything I'd like people to know, we would certainly love their support," said Col. Mario LaPaix, the unit's commanding officer. "We would want people to know that Marines have always gone in harm's way to do what has to be done for America. We would like their prayers and, hopefully, their well wishes.

"If I can offer a political statement, that would be it."The War-Toughened Veteran

It was a rainy day in Combat Town, and that meant mud.

In a clearing deep in a forested area at Quantico, the Marine training grounds, members of the 4th CAG were staging their last field exercise before leaving for Iraq. The Marines were good-natured about the downpour: "If it ain't rainin', we ain't trainin.' " Several repeated the old military saw during breaks, laughing as mist and smoke from grenades swirled around them.

Lance Cpl. Norm Tompkins, who has a calm air and an economy with words, is a field radio operator. On this morning, the half-dozen concrete-block buildings of Combat Town were standing in for an Iraqi village. Some of the Marines played the part of Iraqis, even speaking in Arabic as they watched from open doorways and strolled the "marketplace."

When three Humvees of Marines rolled into the village to check the safety of the market, a band of insurgents attacked and a brief, fierce fight was waged on the puddled streets. Tompkins's job was to call in "the sit reps" -- or situation reports -- and arrange for medics as needed, amid the sounds of gunfire and the cries of "the Iraqi women."

"That was pretty true to life," Tompkins said after the hour-long exercise, a pile of hand-held radios at his feet.

A volunteer firefighter and horror-movie fan who lives in Landover with his mother, Tompkins finds himself, in his mid-twenties, the war-toughened veteran in the group, one of only two returning to Iraq for a third time. Other Marines have asked him what to expect: What are the living conditions? Are people friendly or hostile? How dangerous is it?

When his superiors asked him whether he would go back, Tompkins hesitated "a little bit," he said. He could have declined.

"But I wanted to go back for myself," he said. "I felt like I wasn't done over there. We're not done building that country back up, so we've got to go back there and help them out."

Tompkins, a graduate of Parkdale High School in Riverdale, studied forensic science at Prince George's Community College. When he was first deployed to Iraq, in 2003, things were relatively quiet. "It was hot -- I definitely remember that," he said. "But it wasn't dangerous at all."

On his second tour, in 2004-05, "it was a little more intense," he said, singling out the roadside bombs, or improvised explosive devices. "They had the IEDs and things of that nature. But it worked out well -- we got the job done."

It was during that tour that the 4th CAG suffered its only serious injury: A bomb hit the Humvee that Sgt. Luke Cassidy was driving, and he lost part of his leg.

Tompkins does not dwell on the incident. He describes himself as "laid-back." As long as he has his music, from the rock band Stone Sour to country legend Johnny Cash, he will be all right, he said. "It calms your nerves and takes you away."

His friends and co-workers wonder at his cool.

" I think about him all the time and how he's going out there, voluntarily," said Steve Stuber, Tompkins's boss at Siemens Building Technologies in Beltsville. "For the third time. When he doesn't have to do it."The Daughter in a War Zone

Cpl. Jen McNamara's mother, Mary Crawford, already has a specific list of treats her Daughter the Marine wants included in her care packages to Iraq: Baby Ruths. Gummi Bears. HoHos. Devil Dogs. Little Debbie Zebra Cakes.

Reading that list makes Crawford, a retired teacher from Lorton, think of McNamara as a little girl again. And that is a painful thought as she watches her daughter prepare to go to a war zone.

McNamara had never imagined herself a Marine. But what happened on Sept. 11, 2001, left her questioning her purpose in life.

Although she was employed at the Pentagon as a civilian budget analyst, she did not know anyone killed or wounded that day. And she is embarrassed, she said, to admit that her only personal hardship was the result of leaving behind her keys and

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identification when she fled her office. But she was deeply affected. "She told me she didn't feel like she was doing anything important," Crawford recalled.

Growing up in suburban Virginia, McNamara felt that her "whole life was kind of sheltered and boring," she said. She went to work full time at the Pentagon after graduating from James Madison University and, three years ago, married Todd McNamara, a longtime family friend. A Navy Reservist, he understood his wife's need to do something concrete, "to give something back."

"I'll just work more hours while she's gone," said McNamara, 30, a project manager for a general contractor.

Todd McNamara was in Iraq for seven months in 2004-05, helping repair airfields and reconstruct damaged buildings. He called the experience "meaningful" and "rewarding." The time passed quickly for the couple.

"I think a lot of people expected me to be the pining wife at home who was so worried, but actually, it was pretty okay," Jennifer said. Now, she said, she uses her husband "as the perfect resource -- he knows everything." He advised her, for example, that she need not pack foot powder, because she can find it at the PX.

The couple, who live in Alexandria, often keep the conversation on that level. Both are trying to be "stoic," and what good does it do to fall apart now?

"When you go through the training, like we have, when you have prepared this much, you want to put your training to use," she said. "I guess it's a good thing, because if we were both really emotional, it would be too much to bear."Their Father the Hero

At the Abila home in Dumfries, Saturday mornings will not be the same without "Dad's special pancakes." Neither will Thanksgiving, when Dad won't be there to dance the turkey around the house before settling it into the roasting pan. Or Christmas, when Dad won't be there to hog the pecan pie -- although, to be fair, the only presents he ever wants for himself are socks.

The oldest of the eight Abila children -- Lara, 12, Juliana, 11, and Ciara, 9 -- are trying to imagine life, temporarily, without their father. They hate the prospect of him leaving them, having to go somewhere so far away and full of danger. But they have responsibilities and little brothers and sisters to attend to, and they do not want to worry anybody, certainly not their dad.

Juliana, a sixth-grader, knows what she will miss most about her father: "His kind and loving heart," she said, frowning hard to control her feelings.

Staff Sgt. Paul Abila is the administrative chief for the 4th CAG, responsible for personnel processing and payroll. Originally from Oklahoma, he met his wife, Scarlett, when both were active-duty Marines in the D.C. area. "We got married at the Arlington County Courthouse on our lunch hour and went back to work," Scarlett Abila said of their 1993 wedding. "We were good Marines."

Their children arrived at steady intervals -- three girls, three boys, then the twins, now 2. On a recent morning, Natalie, the twin with the curly hair, and Martina, the one with the straight hair, took turns hurling themselves at their father as he sat on the living-room floor of their impossibly neat townhouse.

As a former Marine, Scarlett Abila understands what her husband is about to do. She certainly does not think that he should be spared from deployment, his first to Iraq, because so many young children are depending on him.

"Our children were a choice and a gift from God, and we would never use them as an excuse not to serve," she said. "I would not want my children to think, 'My dad was a Marine, but in wartime, because there were eight of us, he was allowed to stay behind.' What about the two children of deployed Marines or deployed soldiers? What about the families with three or four children?"

And so the Abilas prepare to say goodbye. They will pray every day for his safe return. They will send him the best care packages any Marine has ever received. They will miss him terribly, but they know he has a job to do.

"I think he's not just some big, bad Marine," said Lara, a seventh-grader. "I think he's kind of a hero."

Weary Iraqis Face New Foe: Rising Prices (NYT)

By Damien Cave

The New York Times, August 26, 2006

BAGHDAD, Iraq, Aug. 25 — For Mehdi Dawood, Iraq's failures have leached into the cucumbers, a staple of every meal that now devours a fifth of his monthly pension.

And it is not just the vegetables. Fuel and electricity prices are up more than 270 percent from last year's, according to Iraqi government figures. Tea in some markets has quadrupled, egg prices have doubled, and all over the country the daily routine now includes a new question: What can be done without?

"Meat, I just don't buy it anymore," said Mr. Dawood, 66, holding half-filled bags at a market in Baghdad. "It's too expensive."

"We are all suffering," he said. "It's the government's fault. There is no security. There is no stability."

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As if Iraqis did not have enough to worry about. Going to the market already requires courage — after repeated bombings there — and now life's most basic needs are becoming drastically more expensive.

Three months into the administration of Prime Minister Nuri Kamal al-Maliki, the inflation rate has reached 70 percent a year, up from 32 percent last year. Wages are flat, banks are barely functioning and the consensus among many American and Iraqi officials is that inflation is most likely to accelerate.

Violence, corruption and the fallout from decades of government control are kicking up the price of nearly everything, especially fuel, which in turn multiplies the production cost for goods.

"It's a very serious problem," said Anthony H. Cordesman, a Middle East analyst at the Center for Strategic and International Studies in Washington. "You don't have stable trucking; you don't have stable distribution. You have a constant protection racket, with security forces who are involved in sectarian fighting often taking bribes to have things operate. All of that builds up pressure on prices."

Mr. Maliki's office has responded with proposals to spur foreign investment and calls for public patience, even forgiveness. But billions in American aid has already been spent on Iraq with limited impact.

Compared with security problems, which can be addressed to some extent by deploying more troops to the streets, the economy is harder to control, especially since most Iraqi commerce occurs beyond the reach of government policy.

Fuel remains the country's most visible example of economic dysfunction. A gallon of gasoline cost as little as 4 cents in November. Now, after the International Monetary Fund pushed the Oil Ministry to cut its subsidies, the official price is about 67 cents.

The spike has come as a shock to Iraqis, who make only about $150 a month on average — if they have jobs. Estimates of unemployment range from 40 to 60 percent. And with black-market sellers commanding $3.19 a gallon because of shortages, up from about $1.25 a few months ago, the actual price most Iraqis pay is far higher than what is officially sanctioned.

Filling up now requires several days' pay, monastic patience or both.

Three years after fuel shortages led to riots in Basra, tension is often palpable at the pumps. Lines stretch as far as the eye can see, and at least two shootings have been reported in Baghdad this month alone. Near a station downtown this week, bribes and line cutting appeared to be the norm. At one point a Mercedes and several police vehicles cut ahead of at least 50 cars while a policeman watched.

"Why are you letting people come from outside?" shouted a man who was just a few cars from the station after seven hours of waiting.

The station's manager said the drivers given special treatment must have had a note showing that they were doctors, or attending a funeral. A few hundred yards back, by a beat-up station wagon, Abdul Rehman Qasim had a different theory: the drivers avoiding the wait possessed either money or power. He had neither.

"I'm a poor guy," he said. "So I leave some of my children here. They spend the night in the car."

"Under the government of Maliki, things are getting worse and worse," he added. "Only God can save us."

In Iraq's once-bustling markets, frustration is equally acute. Car bombers have regularly attacked commercial districts, and prices seem to be up at every stall. At markets in a middle-class Shiite area near downtown, chickpeas have doubled in price. Lamb now runs as high as $2.75 a pound, up from $1.50.

Cucumbers, tomatoes and eggplant have all jumped too, while the price of the propane gas cylinders most families use for cooking has quintupled to more than $15.

"We live hand to mouth," said Mr. Dawood, a retired clerk for Pepsi.

Veiled women shopping nearby agreed. "We're tired, and the situation is horrible," said Zakiya Abid Salman, 55, a widow carrying eggplants. "There are no jobs, and the prices are always rising."

Merchants said they had no choice but to increase prices because of the increased costs of doing business. And still, they said, their incomes have declined.

Ali Fouad, 27, pushing live fish around a shallow tub of water, said the price of transporting his product from farms south of Baghdad has nearly tripled since last year. A few months ago he sold about 110 pounds of fish a day, earning roughly $50 after expenses. Since he had to raise prices about 60 percent, he said, he sells less and earns only $20 a day.

"What's our life today?" he asked. "We are working only for gas, ice and electricity. There is no savings."

Stanching inflation will not be easy. Experts here say they struggle just to collect the data necessary to diagnose the problem, while Iraq largely lacks the usual mechanisms for controlling prices.

The Central Bank of Iraq is only three years old. Though the International Monetary Fund reports that officials have raised interest rates — and accelerated efforts to create a functioning market economy — its most recent study in July also concluded that "the banking system is largely inert." As a result, the report said, the effectiveness of such measures would be "very limited."

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"Increasing the interest rate for business loans and mortgages — if people aren't taking out those loans, how much of an effect can you have?" said Edward W. Kloth, an economic adviser at the American Embassy here. "The tools that are available are very limited in this kind of a situation."

Ali al-Dabagh, a spokesman for Prime Minister Maliki, said in an interview that "the government is working hard to find solutions." He blamed terrorists for undermining Iraq's elected leaders, but he acknowledged that the country "needs an administrative revolution."

For the families trying to survive, time sometimes seems to be running out. Fathi Khalid, 43, a vegetable seller with a mostly empty stall, said obstacles seemed to multiply by the day. Sometimes roads are blocked so harvests never arrive. Sometimes he cannot afford to pay the right bribes. And week after week, his customers purchase less and less.

"Most people buy half what they used to," he said. "The vegetables sit here and rot."

Ex-Officer Admits Role In Iraq Deals (NYT/AP)

By AP

The New York Times, August 26, 2006

WASHINGTON, Aug. 25 — A former United States Army Reserve officer admitted Friday that he had awarded millions of dollars in Iraq reconstruction contracts in exchange for jewelry, computers, cigars and sexual favors.

Lt. Col. Bruce D. Hopfengardner, 46, pleaded guilty to conspiracy to commit money laundering and wire fraud. He served as a special adviser to the American-led occupation forces, recommending funds for projects in Iraq.

He admitted conspiring with Philip H. Bloom, an American citizen with businesses in Romania; Robert J. Stein Jr., a former Defense Department contract official; and others to create a corrupt bidding process that included the theft of $2 million in reconstruction money.

Colonel Hopfengardner is the first military officer to plead guilty in the conspiracy. Mr. Bloom and Mr. Stein had already pleaded guilty to charges stemming from the scheme.

Colonel Hopfengardner's role was to recommend that the Coalition Provisional Authority, which governed Iraq during the first year of the occupation, provide funds for projects to demolish the Baath Party headquarters, rebuild a police academy and construct other buildings.

Mr. Bloom, who controlled companies in Iraq and Romania, bid on projects using dummy corporations, and Mr. Stein ensured that the Defense Department awarded contracts to one of those companies, according to court documents.

He is accused of showering Colonel Hopfengardner and Mr. Stein with cash, cars, tickets for premium airline seats, jewelry, alcohol, even sexual favors from women at his Baghdad villa.

"A lieutenant colonel in the U.S. Army today admits to a disturbing abuse of his position, in scheming with others to defraud the government for their own personal and financial gain," Assistant Attorney General Alice S. Fisher said in a prepared statement.

As part of his plea agreement, Colonel Hopfengardner surrendered a car, a Harley-Davidson motorcycle, camera equipment, a Breitling watch valued at approximately $5,700 and a computer. He also agreed to pay $144,500, prosecutors said.

Reservist Pleads Guilty In Iraq Bribery Scheme (WP)

By Griff Witte, Washington Post Staff Writer

The Washington Post, August 26, 2006

A lieutenant colonel in the Army Reserve yesterday became the first military officer to plead guilty in a wide-ranging bribery scheme involving funds intended for Iraq's reconstruction, the Justice Department said.

Bruce D. Hopfengardner -- who admitted to steering contracts to an American businessman in exchange for money and property such as a Harley-Davidson motorcycle -- pleaded guilty to two conspiracy charges related to wire fraud and money laundering in a hearing in U.S. District Court in the District. Hopfengardner also admitted to smuggling $120,000 worth of stolen reconstruction funds back into the United States. He faces up to 20 years in prison and a $500,000 fine.

Hopfengardner's plea was preceded by those of two others involved in the scheme. Philip H. Bloom, a businessman, pleaded guilty to charges of conspiracy, bribery and money laundering in April. Robert J. Stein Jr., an official with the American-led authority that controlled Iraq during the first year after the U.S. invasion, pleaded guilty to five related charges in February. All three await sentencing. Two other Army Reserve officers have been arrested.

Prosecutors have said that Bloom stood at the center of a conspiracy in which he paid more than $2 million in bribes to officials who managed Iraq reconstruction in exchange for contracts for his companies. Hopfengardner, 46, of Fredericksburg, was responsible for managing various reconstruction projects in south-central Iraq starting in November 2003.

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In return for contracts related to the building of a police academy and training center, Bloom sent Hopfengardner about $175,000 in laundered money and bought him a GMC Yukon Denali sport-utility vehicle, prosecutors say. Hopfengardner also received the motorcycle, a $5,700 watch and a computer as part of the deal.

The plot was first uncovered by investigators with the office of the special inspector general for Iraq reconstruction.

Looters Ransack Base After British Depart (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, August 26, 2006

Failure of Iraqi Soldiers to Prevent Assault Raises Worries About Security Transfers

BAGHDAD, Aug. 25 -- Armed looters ransacked an abandoned British base in southern Iraq on Friday as Iraqi soldiers guarding the camp stood by and watched, heightening concerns that Iraqi troops are still ill-equipped to take control of security from U.S.-led coalition forces.

A crowd of as many as 5,000 people, including hundreds armed with AK-47 assault rifles, attacked Camp Abu Naji and hauled away window and door frames, corrugated roofing and metal pipes, despite the presence of a 450-member Iraqi army brigade meant to guard the base.

"The looters stole everything -- even the bricks," said Ahmed Mohammed Abdul Latief, 20, a student at Maysan University. "They almost leveled the whole base to the ground."

The last of 12,000 British troops left the camp in Amarah, the capital of southern Maysan province, on Thursday after continued mortar attacks by a local Shiite Muslim militia that residents said was controlled by anti-American cleric Moqtada al-Sadr. Adopting guerrilla tactics used in North Africa during World War II, 600 of the soldiers will soon slip into the marshlands and deserts near the Iranian border to prevent weapons smuggling.

Maj. Charlie Burbridge, a British military spokesman, said the Iraqi army maintained full control of the camp, even during the looting, and had managed to eject the thieves by early evening. "Our confidence in the Iraqi security forces to maintain day-to-day order in Amarah remains unaffected," he said.

But the inability of the Iraqi soldiers to prevent widespread looting in one of the country's calmest provinces, as well as the reported mutiny of a local army brigade, left doubts about whether U.S.-led forces will be able to hand over security to the Iraqi government anytime soon.

"Obviously this raises questions about the effectiveness of the Iraqi security forces," Christopher A. Preble, director of foreign policy studies at the Cato Institute, said in a telephone interview from Washington. "What progress has been made in the past three years in terms of standing up an Iraqi security force for taking over the country when the United States leaves?"

The looting, which lasted from about 10 a.m. to early evening, turned violent at about noon when individuals in the mob shot at the base, Burbridge said. The Iraqi troops asked the province's governor for permission to return fire, a decision the British military highlighted as evidence of the security force's training.

"It demonstrated that they understand the importance of civilian primacy, that the government -- and not the military -- is in charge," Burbridge said in a phone interview from Basra.

Injuries were reported on both sides, but no one was killed, Burbridge said. Given the extreme poverty in Amarah, a town of 300, Burbridge said that it was understandable that residents would loot the base. He also said many were motivated by curiosity to see the inside of a long-forbidden camp, which had been controlled by former Iraqi president Saddam Hussein for years before the British took control of it.

"The issue here is not really malice. It's economics," Burbridge said. "The people of Amarah -- many of whom are extremely poor -- saw what they believed to be a bit of an Aladdin's cave inside."

Residents said, however, that antipathy toward the British was strong. After Sadr declared Amarah the first city in Iraq to drive out U.S.-led coalition forces, jubilant residents congratulated one another and planned to take to the streets in celebration.

"We have already stopped our relations with British forces," said Abduljabbar Waheed, head of the provincial council of Maysan. "We always deal with them as occupiers. They have committed many crimes against our people during the last months, they don't care for the people, and they have their own agenda goes against our people's interests."

Iraqi army Lt. Ali Kareem of the 4th Brigade, 10th Division, said some members of his unit began to mutiny Thursday after learning that they were being deployed to Baghdad the next day to support a security plan in the capital. He said troops in the brigade's 2nd Battalion -- mainly members of Shiite militias such as Sadr's Mahdi Army and the Badr Brigade -- started to fire guns and mortars in protest because they thought the American military was "trying to get rid of them." The situation was resolved only after the brigade commander said the protesters did not have to deploy to Baghdad.

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In other developments, the head of a major Iraqi sect of Sufism, a mystical branch of Islam that had previously rejected violence against U.S.-led coalition forces, declared holy war on American troops. The leader, Sheik Mohammed al-Qadiri, said his sect would form a new group, the Battalions of Shikh Abdul Qadir al-Gaillani, and join the insurgency.

"We will not wait for the Mahdi Army and the Badr Brigade to enter our houses and kill us," said Ahmed al-Soffi, a Sufi leader in the western city of Fallujah, referring to the country's major Shiite militias. "We will fight the Americans and the Shiites who are against us."

Special correspondents Saad al-Izzi, K.I. Ibrahim and Naseer Nouri contributed to this report.

Iraqis Plunder Vacated Base (WT/AP)

By Haidar Hani

The Washington Times/AP, August 26, 2006

AMARAH, Iraq -- Iraqis looted a military base vacated by British troops and stripped it of virtually everything removable yesterday, an indication of possible future trouble for U.S.-led coalition forces hoping to hand over security gradually to the Iraqi government.

Men, some with their faces covered, ripped corrugated metal from roofs, carried off metal pipes and backed trucks into building entrances to load them with wooden planks. Many also took away doors and window frames from Camp Abu Naji.

"The British forces left Abu Naji and the locals started looting everything," 1st Lt. Rifaat Taha Yaseen of the Iraqi army's 10th Division told Associated Press Television News. "They took everything from the buildings."

The plundering was likely to embarrass the government of Prime Minister Nouri al-Maliki, who has said that the Iraqi army and police plan to take over security for all of Iraq's provinces within the next 18 months.

America's overall strategy calls for the U.S.-led coalition forces to redeploy to larger bases and let Iraqis become responsible for their security in specific regions. The larger bases can act in a support or reserve role. A final stage would involve the drawdown of troops from Iraq.

Camp Abu Naji, 200 miles southeast of Baghdad, had come under almost daily attack when the Britons were in control, an indication of the hostility for foreign troops.

It was first invaded by a handful of Iraqis on Thursday, hours after 1,200 British troops pulled out to redeploy along the border with Iran to crack down on weapons smuggling.

Iraqi police dispersed looters by firing shots into the air, said Dhaffar Jabbar, spokesman for the governor of the southern Maysan province where Amarah is located. But scores of looters returned yesterday when the camp was under the control of a small contingent of Iraqi troops.

"There are only a few soldiers at Abu Naji camp. Some of the residents were carrying weapons so [the soldiers] did not want bloodshed and with such a big number, they could not stop them," Mr. Jabbar said yesterday.

On Thursday, Iraqi authorities had complained the British withdrawal had caught them unaware.

"British forces evacuated the military headquarters without coordination with the Iraqi forces," Mr. Jabbar said Thursday.

But the British military rejected the assertion, with Maj. Charlie Burbridge saying the hand over was coordinated with Amarah authorities 24 hours in advance.

"It was understood that the governor was likely to use the camp as a police training camp," he said in an e-mail Thursday, adding that Iraqi forces had secured the base after the British soldiers left.

In the midst of the looting, one man who refused to give his name, said: "This is war loot and we are allowed to take it."

In other violence yesterday, five persons were killed across the country and U.S. forces fired tank rounds at a mosque in the restive city of Ramadi during a gunbattle with militants inside, damaging the dome and the minaret.

Military Base Turned Over To Iraqi Forces Is Looted The Next Day (MCT)

By Mark Brunswick

McClatchy Newspapers, August 26, 2006

BAGHDAD, Iraq - Hours after the British turned over a military base to Iraqi control, looters picked it clean, driving up in trucks and making off with roofing, windows, and plumbing after clashing with outnumbered Iraqi soldiers.

About 1,200 British forces withdrew on Thursday from Abu Naji, a camp near Amarah in southern Maysan province. The base had been targeted repeatedly with mortar fire, and shortly after the British left, members of the Shiite-controlled Mahdi Army passed out pamphlets claiming credit for the British retreat. The camp had been targeted for mortar and rocket fire almost daily.

Looters arrived at the camp within hours after the final British soldiers left at noon on Thursday. Iraqi soldiers put up resistance and later fired on the crowds who had gathered. There were reports of some injuries for both Iraqi forces and civilians but no fatalities.

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The looting was an indication of the tenuous hold Iraqi authorities have on the countryside, though a police spokesman for the region denied any looting occurred. An Iraq Army source said that as many as 2,000 people surrounded the camp at one point.

Spokesmen for the Iraqi Defense Ministry and the British military said the departure was part of what was a planned relinquishing of control to local Iraqi forces.

Major Charlie Burbridge, a spokesman for the British military, said the camp had become an easy target but denied militia activity had precipitated the move. British forces already had removed most significant equipment and had anticipated that leaving would attract looting in a region that suffers dramatically from poverty.

The looting that resulted, he said, "was more of an attempt to improve one's quality of life by making off with an air conditioner. The crux of the issue is economic, its not malice. Call it a peace dividend."

Burbridge said the mortar and rocket attacks had no impact on the decision to re-deploy the troops. In three years, the base had been under frequent mortar attack but there were no fatalities. "They were more of a nuisance than anything else," he said in a telephone interview from Basra.

Defense Ministry spokesman, Mohammed al Askari, would not comment on claims that militia forced the British to leave.

"All I can say is that the British forces left the place to the Iraqi army according to a deal with the Ministry of Defense," Askari said. "The deal dictated to deliver the camps to the Iraqi forces whenever these forces reach the needed level of readiness and ability to handle the security responsibilities. More locations and camps will be delivered in the coming two months."

About half the British forces that withdrew have been directed southeast to the border with Iran to combat weapons smuggling and to provide a buffer zone to deter militia activity before it reaches urban areas, Burbridge said.

McClatchy Newspapers special correspondent Laith Hammoudi contributed to this story.

Looters Descend On Iraqi Camp After British Soldiers Pull Out (LAT)

By Patrick J. Mcdonnell, Times Staff Writer

The Los Angeles Times, August 26, 2006

Everything movable is taken and the rest is burned before security forces can secure it. Some taunt the guards, saying, 'Shoot me!'

BAGHDAD — Looters ravaged a former British base near the southern Iraqi city of Amarah on Friday, a day after the remaining troops abruptly pulled out in what followers of radical Shiite cleric Muqtada Sadr hailed a victory over the "occupiers."

The scene at Camp Abu Naji was one of devastation, witnesses said, as the pillagers, some hoisting photos of Sadr, roamed the base that once hosted the Royal Scots Dragoon Guards, and, more recently, the Queen's Royal Hussars. The base had been home to about 1,200 British troops who patrolled southeastern Iraq.

"Everything that could be carried was taken," said an Iraqi army major in Amarah, who asked not to be named because of the security situation in the city of 300,000 nearly 200 miles southeast of Baghdad.

Items taken included furniture, generators, wooden doors, corrugated metal roofs and just about anything else that could be resold, the major said.

The British plan had been to turn the camp over to Iraqi authorities, but several Iraqi officials told reporters that the sudden withdrawal Thursday took them by surprise. Iraqi forces didn't have enough time to secure the facility before the looters swooped in, Iraqi officials said.

Confronted by Iraqi troops, the Iraqi major said, some looters continued to ransack the base, taunting the security men by saying, "Shoot me!" They then burned what remained of the facility, which had been an Iraqi army camp before the British moved in after the fall of Saddam Hussein in April 2003.

There was no immediate word on casualties.

Cmdr. Jane Allen, a British military spokeswoman in Baghdad, attributed the pillaging to poor residents seeking items for resale, and not to political motivations.

"The prospect of gaining access to equipment … is likely to have been too much to resist," Allen's statement said.

In a statement this month, the camp commander, Lt. Col. David Labouchere, said the move would be completed "by mid-September."

It was unclear Friday why the British apparently had advanced their departure date, but supporters of Sadr, whose militia forces have frequently clashed with the British, said the troops had been chased out.

The camp had suffered numerous mortar strikes in recent days, attacks widely believed linked to Sadr's Al Mahdi militia. His allies are a powerful political force in Amarah, long a strategic gateway to neighboring Iran, and other parts of southern Iraq, where most residents are Shiites.

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Wild celebrations broke out among Sadr supporters as word of the British pullout spread.

"The Sadr movement rejects the occupation and its presence," said Sheik Aba Dar, a Sadr advocate in Amarah.

British authorities have described the pullout as having two aims: turning over regional security to British-trained Iraqi forces and repositioning troops to counter the weapons-smuggling threat from Iran. British border patrols once based at the camp will spread out to the deserts and marshes of Maysan province, of which Amarah is the capital, authorities said.

"I have been asked to assist … in clamping down on smugglers," Labouchere said in the statement announcing the camp shutdown. "The very best way I can help is to concentrate my efforts on the border."

U.S. officials have expressed increasing concern that anti-U.S. Shiite militias have been receiving arms and bomb-making material from Iran, a Shiite-dominated nation that has close links to the major Shiite political parties holding political power in Iraq. Shiite militias are prime suspects in the epidemic of death-squad killings that have ravaged Iraq.

For a short period after the British forces arrived, southern Iraq was considered a haven, even as the Sunni Arab-led insurgency raged in the central, western and northern stretches of the county. In the south, British troops patrolled in shorts, set aside their flak jackets and sipped tea with the residents.

But the sense of stability soon crumbled as British forces ran into increasing resentment from Shiite tribes, militias and assorted other power brokers. In one of the most stunning incidents, six British soldiers were killed during an attack in June 2003 in the town of Majar Kabir, near Amarah.

Today, the once-calm southern port of Basra, Iraq's second most populous city, has become a hot bed of violence and intrigue featuring rival political factions, oil-smuggling gangs and religious militias. British forces have struggled to help restore order in Basra and elsewhere in the south.

Raheem Salman of The Times' Baghdad Bureau and a special correspondent in Basra contributed to this report.

Slain Iraq Hostages' Families Sue Syria (AP)

By Giovanna Dell'orto, Associated Press Writer

AP, August 26, 2006

Survivors of two civilian contractors taken hostage and beheaded in Iraq filed a federal lawsuit Friday against Syria, which they claim supported the group who murdered him.

"This is a step they can take to deter states who sponsor terrorists," said John Salter, an attorney for Jack Hensley's widow, Pati Hensley, and their teenage daughter, Sara.

The plaintiffs also include Francis Gates of Michigan and Holly Pettis, now living in Canada. They are the mother and sister, respectively, of Eugene "Jack" Armstrong, who was taken hostage and slain along with Hensley and a British co-worker.

The families are also seeking hundreds of millions of dollars in damages. "The trick is collecting," Salter said.

Salter said the lawsuit is based on the attorneys' investigations that show Syria was responsible for supporting and harboring the group that killed the men in September 2004.

Hensley, a 48-year-old engineer from Marietta, and Armstrong, 52, formerly of Hillsdale, Mich., are believed to have been beheaded by Abu Musab al-Zarqawi or his followers. Al-Zarqawi, the leader of al-Qaida in Iraq, was killed by a U.S. airstrike in June.

The lawsuit, filed in U.S. District Court in Washington, D.C., also names Syria's president and a general in its air force, Salter said. Syria is on the State Department's list of sponsors of terrorism, which gives Americans the legal right to sue them.

Afghan President Sets Probe Of Killings (WP/AP)

By Rahim Faiez

The Washington Post, August 26, 2006

Child Among Dead In U.S.-Led Raid

KABUL, Afghanistan, Aug. 25 -- President Hamid Karzai on Friday ordered an investigation into the deaths of eight people in a raid that the U.S. military said targeted al-Qaeda members but police said killed civilians. It was the second time in a week his government has questioned the military's tactics.

The inquiry into Thursday's deaths in eastern Konar province was Karzai's latest show of displeasure with the foreign forces that he depends on to protect his weak government from resurgent Taliban and al-Qaeda fighters.

A statement released by Karzai's office said he had ordered a "thorough investigation" into the killings, including the death of a 10-year-old. Konar's governor and local lawmakers have gone on a fact-finding trip to the area.

The U.S. military said a joint American-Afghan force descended on a compound in Shigal district to nab an al-Qaeda "facilitator" wanted for attacks on foreign and Afghan forces in the region.

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Gunmen inside the compound shot at the troops, who returned fire and killed seven suspected al-Qaeda members, including the facilitator, the military said. A child also was killed in the clash and a woman was wounded.

But police said the U.S.-led forces attacked a building where two families were trying to resolve a dispute with the help of tribal elders.

"According to our district chief, the people who have been killed in the incident this morning are civilians from Shigal district," Abdul Sabur Alluhyar, the deputy provincial police chief, said Thursday. He added that someone had given the foreign troops incorrect information that an al-Qaeda meeting was taking place at the compound.

The raid came a week after foreign aircraft destroyed two trucks used in an insurgent attack that killed an Afghan soldier in southeastern Paktika province.

Afghan officials said 10 border police officers were killed in the strike. Karzai quickly condemned coalition forces for that strike. But U.S. officials said they were confident that they had targeted fighters, not police.

Retaliation Alleged For Teaching On Iraq War (LAT)

By Jessica Garrison, Times Staff Writer

The Los Angeles Times, August 26, 2006

Among the students at San Fernando High School, a sun-baked campus in a poor, mostly Latino area on the northern fringe of the San Fernando Valley, the issue of military recruiting looms large.

The school sends hundreds more students to college than it does into the military, but still, according to senior Erika Preciado, "more recruiters are here for the military than for colleges."

The 17-year-old is co-editor of the school newspaper, El Tigre. In her journalism class this week, almost all of the students said they had been contacted by a military recruiter, and several said recruiters had been guest speakers in their classes or had talked to them at school events, such as one where recruiters brought a chin-up bar onto campus.

Seven of the 28 students said they knew someone who had died in Iraq while serving in the U.S. military.

The issue concerns the school librarian, Kitty Kroger, so much that she banned recruiters from placing their literature in the library and has waged a campaign to "make kids fully aware of what it would mean to be in the military."

Now the issue figures in a lawsuit against the Los Angeles Unified School District by a San Fernando High teacher who says the principal retaliated against him because he urged students to think critically about the military and the war in Iraq.

Alberto Gutierrez, a 33-year-old social studies teacher who is known on campus as a passionate educator with a left-wing tilt, says in a suit filed this week that after he "offered objective discussion … regarding the United States' involvement in the war in Iraq to his students," then-Principal Jose Luis Rodriguez began filling Gutierrez's personnel file with negative reviews and surreptitiously encouraging parents to complain about him.

The teacher says he received only glowing performance reviews until two years ago, after he began teaching about the war.

At the same time, according to the suit, Rodriguez didn't object when another teacher required students to take the Armed Services Vocational Aptitude Battery test, designed by the Department of Defense to measure aptitude for military service.

The suit contends that Rodriguez "strongly supports the United States' involvement in the war and adamantly opposes any other opinions."

Rodriguez, who has since been promoted to director of secondary services for one of Los Angeles Unified's local district headquarters in the Valley, denied those claims. He said he limited military recruiters' presence on campus to Wednesdays at lunch.

And he said his concerns about the teacher "weren't specific to the war in Iraq." Rather, he said, he spoke to Gutierrez because of complaints from parents that the teacher had required students to visit a cafe in Sylmar to watch movies including "Fahrenheit 9/11," Michael Moore's 2004 antiwar film, and "Crash," which won the Academy Award this year for best picture.

District policy requires that students have their parents' permission to see such adult-oriented movies, Rodriguez said. He added that Gutierrez is a committed teacher and called it unfortunate that he had chosen to sue.

Gutierrez responded that he did not require students to visit Tia Chucha's Cafe; he only offered them an extra-credit opportunity.

As for "Fahrenheit 9/11," Gutierrez said, he showed it to students in his classroom in response to unannounced and uninvited visits from military recruiters.

"I had military recruiters walk into my class two times in one week," he said. After those visits, he said, he decided to show the movie, which includes scenes of recruiters — one of whom was later killed by a roadside bomb in Iraq — before allowing recruiters to address his class. He also said Rodriguez placed limits on the recruiters only after Gutierrez and other teachers exerted pressure.

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Gutierrez, who grew up in North Hills, said he was once affiliated with a gang but has dedicated himself to improving conditions in his community and at San Fernando High.

"As a teacher, my goal is to bring awareness and make the connection between the textbook and the real world," he said.

Military recruiters' visits to high schools have led to disputes around the country in the last few years, with some teachers and parents complaining that they use overly aggressive tactics and target schools with low-income and minority students.

The federal No Child Left Behind Act allows the Pentagon to gather the home addresses and telephone numbers of public school students.

An opt-out clause lets parents sign a form preventing information about their child from being released.

In addition, the law says any school that allows college recruiters must also allow military recruiters if it wants to keep its federal funding.

At San Fernando High, Kroger, the librarian and sponsor of the now-defunct Peace Club, said she was taken aback when some of her students talked of joining the military and bombing Middle Eastern countries.

"I think we should have separation of the school and the military," she said. "It's become much too enmeshed in the school."

But Kroger said she blames the federal law that allows recruiters on campus — not the former principal.

"I personally haven't seen any crackdown on dissent," she said.

Service In Iraq: Just How Risky? (WP)

By Samuel H. Preston And Emily Buzzell

The Washington Post, August 26, 2006

The consequences of Operation Iraqi Freedom for U.S. forces are being documented by the Defense Department with an exceptional degree of openness and transparency. Its daily and cumulative counts of deaths receive a great deal of publicity. But deaths alone don't indicate the risk for an individual. For this purpose, the number of deaths must be compared with the number of individuals exposed to the risk of death. The Defense Department has supplied us with appropriate data on exposure, and we take advantage of it to provide the first profile of military mortality in Iraq.

Between March 21, 2003, when the first military death was recorded in Iraq, and March 31, 2006, there were 2,321 deaths among American troops in Iraq. Seventy-nine percent were a result of action by hostile forces. Troops spent a total of 592,002 "person-years" in Iraq during this period. The ratio of deaths to person-years, .00392, or 3.92 deaths per 1,000 person-years, is the death rate of military personnel in Iraq.

How does this rate compare with that in other groups? One meaningful comparison is to the civilian population of the United States. That rate was 8.42 per 1,000 in 2003, more than twice that for military personnel in Iraq.

The comparison is imperfect, of course, because a much higher fraction of the American population is elderly and subject to higher death rates from degenerative diseases. The death rate for U.S. men ages 18 to 39 in 2003 was 1.53 per 1,000 -- 39 percent of that of troops in Iraq. But one can also find something equivalent to combat conditions on home soil. The death rate for African American men ages 20 to 34 in Philadelphia was 4.37 per 1,000 in 2002, 11 percent higher than among troops in Iraq. Slightly more than half the Philadelphia deaths were homicides.

The death rate of American troops in Vietnam was 5.6 times that observed in Iraq. Part of the reduction in the death rate is attributable to improvements in military medicine and such things as the use of body armor. These have reduced the ratio of deaths to wounds from 24 percent in Vietnam to 13 percent in Iraq. Some other factors to be considered:

Branch of service: Marines are paying the highest toll in Iraq. Their death rate is more than double that of the Army, 10 times higher than that of the Navy and 20 times higher than for the Air Force. In fact, those in the Navy and Air Force have substantially lower death rates than civilian men ages 20 to 34.

Among the Marines, there is in effect no difference in the mortality risks for members on active duty and those in the reserve. In the Army, on the other hand, reservists have 33 percent of the death rate of those in active service because they are not assigned to combat positions. Members of the Army National Guard are intermediate in assignments and in mortality.

Rank: In both the Army and the Marines, enlisted personnel have 40 percent higher mortality than officers. The excess mortality of enlisted soldiers is diminished by the high mortality of the lowest-ranking officers, lieutenants, who are typically the leaders of combat patrols. Lieutenants have the highest mortality of any rank in the Army, 19 percent higher than all Army troops combined. Marine Corps lieutenants have 11 percent higher mortality than all Marines. But the single highest-mortality group in any service consists of lance corporals in the Marines, whose death risk is 3.3 times that of all troops in Iraq.

Age, sex , race and ethnicity: In contrast to the civilian population, mortality rates decline precipitously with age. Troops ages 17 to 19 have a death risk 4.6 times that of those 50 and older. Differences in rank by age undoubtedly contribute to this pattern, and so do differences in branch of service. Sixty-five percent of Marine deployments to Iraq were of those age 24 or

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younger, compared with only 39 percent of Army deployments. Women are not assigned to combat specialties in Iraq, although they do see enemy fire; their death rate is 18 percent that of men.

Identifying racial and ethnic differences in mortality is not straightforward because the Defense Department uses a different classification system for deaths than for deployments. Nevertheless, all attempts we have made to reconcile the two systems reach the same conclusion: Hispanics have a death risk about 20 percent higher than non-Hispanics, and blacks have a death risk about 30 to 40 percent lower than that of non-blacks. That low death rate appears to result from an overrepresentation of blacks in low-risk categories: For example, 19 percent of blacks in Iraq are women, compared with 9 percent of non-blacks, while 7 percent of blacks in Iraq are Marines, compared with 13 percent of non-blacks.

Other casualties: The number of wounded in Iraq through March 31, 2006, was 7.5 times the number of dead; the rate at which wounds are incurred was one per 33 troops per year. We do not have the same information about the characteristics of those wounded as we have about those killed. But given the overwhelming importance of hostile encounters in both wounds and deaths, it is likely that variations in the risk of being wounded are quite similar to those presented here.

Samuel H. Preston is the Frederick J. Warren professor of demography at the University of Pennsylvania. Emily Buzzell is a student in the Health and Societies Program at Penn.

The Power Joe Rosenthal Knew (WP)

By Susan D. Moeller

The Washington Post, August 26, 2006

"Correspondents have a job in war as essential as the military personnel," wrote Gen. Dwight D. Eisenhower in a memorandum drafted in the worrisome days before the Normandy invasion. "Fundamentally, public opinion wins wars." One of the greatest weapons in the World War II arsenal turned out to be a photograph -- the image taken by Associated Press photographer Joe Rosenthal of five Marines and one Navy corpsman raising the flag over Iwo Jima.

That image told of men, in the midst of cataclysm, together planting a symbol of America on contested ground. At a time when images of dead and wounded Americans were being published with regularity in the U.S. press, the photograph from Mount Suribachi celebrated a heroic moment on the front lines. It became the signature icon of the war, a photograph fortuitously taken, as Joe Rosenthal has often described it, and immediately seized upon by those leading the war effort back in the United States.

Countless publications duplicated the image. It was reproduced on a postage stamp, made into a statue, copied on untold numbers of commemorative items and turned into a Hollywood movie plot. Joe Rosenthal's photograph not only gave Americans back home an image of what was happening on the front lines, it persuasively argued that Americans were winning.

Rosenthal died last Sunday at the age of 94. When I interviewed him in the mid-1980s for a book I wrote on American war photography, he argued that he had no problem with his photograph being adopted as the icon of the war. What mattered, he said, is that the essential truth that his image captured had not been altered. World War II was the "good war." And Americans were the liberators.

Managing images to elicit a supportive public opinion in wartime was understood as essential long before the World War II -- it's simply the method of management that has changed. Napoleon III, during his mid-19th century reign in France, censored caricature more harshly than the written word -- in a time of low literacy, political cartoons were intelligible to all. Famed World War I photographer Jimmy Hare, who took pictures of the dead on the Italian front, wrote about being more stymied by the censors than were his reporter colleagues, and noted that "to so much as make a snapshot without official permission in writing means arrest."

In 1965 CBS correspondent Morley Safer enraged the military and the Johnson administration by showing footage of Marines burning thatched roofs of the village of Cam Ne with Zippo cigarette lighters. Although similar reports had been routinely documented in the print media, the visual effect of the television coverage so irritated President Lyndon Johnson that he is said to have awakened Frank Stanton, president of CBS News, with the demand "Are you trying to [expletive] me?"

In June 1986 the South African government tightened existing press restrictions with new guidelines cannily calculated to frustrate photographic coverage of disturbances throughout the country. Although reporters could still write about the violence in the townships and elsewhere, the apartheid story disappeared from the air when the only images available became file footage.

President George H.W. Bush's method for controlling and retaining public support during the Persian Gulf War was to put a moratorium on journalists filing from the front lines and to filter the theater's information through official news conferences. Only a handful of "combat" images ever made it past the censors. Since then the spinning of images has continued to accelerate. The climactic event of the taking of Baghdad in April 2003, the bringing down of the Saddam Hussein statue, turned out to be an elaborate photo op. So too did the rescue of Pfc. Jessica Lynch.

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Images are powerful indicators of victory and defeat. The war on terrorism and the shooting wars in Iraq and Lebanon are increasingly being played out through images in print, on television and online. Blogs post photos of an angry President Bush and juxtapose them with those of a smiling Hasan Nasrallah, Hezbollah's leader. Cable news programs show pictures of bleeding civilians in the streets of Iraq, which reverberate ominously after video images of British police patrolling Heathrow airport.

It's tempting to think that it's only in our brave new age of digital cameras and video phones, of 24-hour news channels and satellite uplinks, that images have mattered as much as they do -- that because we can see more images from literally anywhere in real time, images somehow have gained in power relative to the humble word. It's not true.

What is true is that images are no longer appropriated only after they are taken; they have become an intrinsic part of military strategy. One indication? In last month's fight with Israel, Nasrallah coordinated the timing of Hezbollah's missile attack on an Israeli warship with his on-air speech to the Lebanese public announcing the attack. Maybe it is a brave new world after all.

The writer is director of the International Center for Media and the Public Agenda at the University of Maryland at College Park and the author of "Shooting War: Photography and the American Experience of Combat."

CORPORATE SCANDALS:

Options Abuse Tops Senate Finance Panel Agenda (WSJ)

By Judith Burns

The Wall Street Journal, August 26, 2006

WASHINGTON -- Executive stock-option abuses are at the top of the Senate Finance Committee chairman's agenda when lawmakers return after Labor Day.

Sen. Charles Grassley (R., Iowa) said Friday that top officials from the Internal Revenue Service, the Securities and Exchange Commission and the U.S. Justice Department will testify at a Sept. 6 hearing on the federal government's response to stock-options backdating. Federal officials, he said, need to take "a hard look" at stock-option abuses, and he added that he is mulling "possible legislation" to address questionable tax deductions for executive compensation.

"If the tax laws are inadequate on stock options backdating, I want to beef them up," Mr. Grassley said in a statement announcing the hearing. IRS Commissioner Mark Everson and officials from the SEC and Justice Department are scheduled to testify, along with a second panel of academic experts and representatives from interest groups.

MORE ON OPTIONS

· Options Scorecard: Companies under scrutiny1

· Perfect Payday: Complete coverage2

Stock options give holders the right to buy shares at a preset price at a future date. Authorities are probing dozens of U.S. companies that may have "backdated" options issues to executives. Backdating occurs when corporate executives pick the grant date for the options after the fact, selecting a date when the stock price was low in hopes of maximizing future profits when the options are exercised. Companies that didn't disclose backdating could be in hot water with the SEC and the IRS, since U.S. tax laws permit firms to deduct the cost of performance-based stock options only.

"It's one thing for an executive to make big profits because he's improved his company, but it's a whole different thing to make big profits because he's playing fast and loose with the books," Mr. Grassley said.

Write to Judith Burns at judith.burns@dowjones.com3

Prudential Financial To Settle Dispute On Rapid Fund Trades (WSJ)

By Ian Mcdonald

The Wall Street Journal, August 26, 2006

On Monday, state and federal authorities are expected to announce a civil settlement with Prudential Financial Inc.'s securities unit. The pact will settle allegations former Prudential brokers helped investors rapidly trade mutual-fund shares, according to two people familiar with the situation.

The settlement is expected to be one of the largest resulting from a broad probe of so-called market timing that has rocked the fund industry for the past three years. In 2004, Bank of America agreed to a $675 million deal.

Prudential Securities is expected to settle charges with the Department of Justice, the Securities and Exchange Commission, the National Association of Securities Dealers and the New York Stock Exchange, as well as state officials in New York, New Jersey and Massachusetts, according to these people. Prudential will be paying about $600 million in the deal, which

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will allow the company to avoid criminal prosecution. The agreement is expected to be announced at a news conference in Washington.

Prudential spokesman Bob DeFillippo declined to comment.

The settlement stems from civil charges filed about three years ago. The suit alleged that five former Prudential Securities brokers and their branch manager in Boston helped sophisticated investors make more than $1.3 billion of market-timing trades in mutual-fund shares. The suit alleges that this rapid trading raised expenses and lowered returns to shareholders of more than 50 fund families.

Market-timers shift money in and out of funds quickly, aiming to exploit inefficiencies in the pricing of the fund. The practice isn't necessarily illegal, but most funds have policies forbidding it because heavy fund-share trading typically dilutes the profits of longer-term shareholders in the fund.

Authorities have alleged that the Boston-based Prudential brokers created fake accounts to help mask the rapid trading by lucrative hedge-fund clients. Two of that office's former brokers pleaded guilty to criminal fraud charges last year.

The discovery of widespread market-timing triggered a scandal as state and federal regulators started filing a wave of suits against practitioners in late 2003. Prior to Prudential's settlement, 15 firms had reached settlements totaling more than $3.5 billion.

--- Deborah Solomon contributed to this article.

Write to Ian McDonald at ian.mcdonald@wsj.com1

Qwest Ex-Chief's Trial Will Remain In Denver (WSJ/AP)

Associated Press

The Wall Street Journal, August 26, 2006

DENVER -- A federal judge set a March date for Joseph Nacchio's insider-trading trial here, rejecting the former Qwest Communications International Inc. chief's claim that he can't get a fair trial in the phone company's hometown because of negative publicity.

U.S. District Judge Edward Nottingham also ruled on a handful of evidence-related motions and heard arguments behind closed doors about classified information involving Qwest's business contracts with the government. He ruled the material needed to remain top secret to protect national security.

The judge set a March 19 trial date and estimated it would take about 30 days.

Mr. Nacchio's lawyers had argued that the trial should be moved from Denver, citing what they called pervasive negative publicity that linked Mr. Nacchio to Qwest's multibillion-dollar accounting scandal. Nacchio attorney Jeffrey Speiser told Judge Nottingham, "He's charged simply with insider trading. He's not charged with doing harm to Qwest."

While acknowledging that there has been negative publicity, Judge Nottingham said it was premature to consider moving the trial because they haven't tried yet to seat an impartial jury.

Mr. Nacchio is charged with 42 counts of insider trading for allegedly selling $101 million in stock in 2001 based on inside knowledge that Qwest would be unable to meet revenue targets because it had improperly used nonrecurring revenue for those goals.

If convicted, Mr. Nacchio could face as many as 10 years in prison on each count and a financial penalty of $101 million. Mr. Nacchio has pleaded not guilty and remains free on bail.

One of the defense's central claims is that Mr. Nacchio didn't see the company as faltering because he was privy to information about secret national-security-related contracts that he thought Qwest would win.

Nacchio Gets March Trial In Denver (DENP)

By Andy Vuong, Denver Post Staff Writer

Denver Post, August 26, 2006

The trial of former Qwest chief executive Joe Nacchio's criminal insider-trading case is scheduled to start March 19 and could last up to eight weeks.

U.S. District Judge Edward Nottingham set the trial date Friday after denying Nacchio's motion to move the case from Colorado to his home state of New Jersey.

Nacchio's attorneys have said the case should be moved because "intensive negative media coverage repeatedly and continually showered on Mr. Nacchio and Qwest" make it impossible for him to get a fair jury trial in Denver.

"The obsession with Mr. Nacchio and Qwest in this district is something you don't see elsewhere," Jeff Speiser, an attorney for Nacchio, said during Friday's court hearing.

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Pretrial publicity has been extensive and "some of the publicity has not been favorable to Mr. Nacchio," Nottingham said. But the publicity has not "infected" the court's proceedings, he said.

Nottingham closed a portion of Friday's day-long hearing so the parties could discuss the handling of classified information that may be presented in the case.

In December, Nacchio was indicted on 42 counts of illegal insider trading connected to his sale of $100.8 million in Qwest stock in early 2001. Nacchio faces up to 10 years in prison and a $1 million fine for each count. Prosecutors allege he knew that the company's finances were faltering. He left the company in mid-2002.

Nacchio has pleaded not guilty and has said he may incorporate classified information into his defense.

Nottingham said he'll give both sides 15 trial days to present their cases - for a total of 30 trial days. The trial could last up to eight weeks because Nottingham plans to hold four trial days per week.

"Thirty days to try this case ought to be plenty," Nottingham said, adding that he could extend the trial if needed.

Earlier Friday, he had set the trial for February. But Cliff Stricklin, lead attorney for the Justice Department, asked for a mid-March start date because two government attorneys had other cases to wrap up.

Herbert Stern, Nacchio's

Advertisement

lead attorney, concurred with the request.

"We all need some time," said Stern, who previously had asked that the trial not start before June. "I'm certainly not going to push for an earlier date."

Nottingham denied several motions by Nacchio to dismiss the case. Nacchio cited several reasons for dismissal, including "prosecutorial misconduct."

After the hearing, Stern declined to comment.

"I just do all of the talking in the courtroom," Stern said.

Nottingham overruled an objection by The Denver Post to the government's motion to close a portion of Friday's hearing.

He said there was a strong likelihood that classified information would be discussed that could put the "public interest at risk" and be "damaging" to national security.

Nacchio's attorneys have said they want to use classified information to argue that Nacchio had a rosy outlook for Qwest in early 2001 because he knew the company was in line to receive large government contracts.

Before departing Qwest, Nacchio served on two federal advisory panels dealing with national-security issues: the Network Reliability and Interoperability Council and the National Security Telecommunications Advisory Committee. He wasn't nominated to serve on the latter panel until July 2001 - which is after the period when he allegedly made illegal insider trades.

Staff writer Andy Vuong can be reached at 303-954-1209 or avuong@denverpost.com.

Judge Denies Nacchio Motion To Move Trial (BLOOM)

Bloomberg, August 26, 2006

A judge in Denver denied a motion by Joseph Nacchio, former chief executive of Qwest Communications International Inc., to move his insider-trading case and closed part of the hearing to protect classified evidence.

U.S. District Judge Edward Nottingham today rejected Nacchio's claim that prejudicial news coverage in Qwest's headquarters city has made Nacchio a hated figure. Denver newspapers have wrongly accused the ex-CEO of destroying Qwest's pension fund and costing residents their jobs, said Jeff Speiser, Nacchio's lawyer.

The publicity "has not been such that the court proceedings will be infected" by juror bias, Nottingham said.

Nottingham also denied Nacchio's bid to dismiss the case for prosecutorial misconduct, and set the trial for March 19.

Nacchio is charged with selling $101 million in Qwest shares in 2001 while knowing revenue targets were overstated. The U.S. Securities and Exchange Commission claims in a civil suit that he oversaw an accounting fraud that led the No. 4 U.S. local telephone company to erase $2.5 billion in revenue. Nacchio denies wrongdoing.

Prosecutors said they would say at trial that "trading on the basis of material inside information means that the defendant was aware of the information at the time of the sale."

In his defense, Nacchio claims prosecutors failed to account for his secret knowledge of projected Qwest revenue from classified federal projects. The judge closed the hearing to deal with this aspect of the case.

The hearing was closed because of concern about "inadvertent disclosure" of classified information "that might damage national security," Nottingham said.

Nacchio's lead lawyer, Herbert Stern, declined to comment on the judge's ruling.

Nottingham suggested he might widen the jury pool to include most of Colorado instead of limiting it to the Denver metropolitan area. He told Speiser it was an exaggeration to say Denver residents have prematurely concluded Nacchio is guilty.

"That last part is where I think you're over-playing your hand," Nottingham told Speiser. "I don't see anything saying, 'Let's get on with this trial and convict him,"' he said, referring to Nacchio.

Leo Wise, a Justice Department trial lawyer, told the judge that jurors in New Jersey would be more prejudiced than a Denver jury due to their acquaintance with financial scandals involving companies and individuals including former WorldCom Inc. chief executive Bernard Ebbers and Adelphia Communications Corp. founder John Rigas.

"New Jersey suffers from the same problem this venue suffers from," Wise said. "The court should presume that jurors can be honest" about their biases, he added. "This is not the kind of case that produces an innate prejudice."

Prosecutors argue in court papers that people biased against Nacchio can be kept off the jury.

The case should be tried where most of the alleged crimes took place, and taxpayers shouldn't bear the cost of flying Denver-based paralegals and agents to a different city, the government says.

Qwest shares rose 1 cent to $8.66 today in New York Stock Exchange composite trading.

Is Fannie Mae's House In Order? (LAT)

The Los Angeles Times, August 26, 2006

The federal government hasn't done enough to prevent the mortgage powerhouse from messing up again.

IT SEEMS THAT MORTGAGE powerhouse Fannie Mae — which in May paid a $400-million fine to settle charges of shoddy accounting with its chief regulator, the Office of Federal Housing Enterprise Oversight, and with the Securities and Exchange Commission — may finally be winding its way back into the good graces of Wall Street and the federal government. The company is on track to restate past earnings (to the tune of $11 billion) by the beginning of the year. On Thursday, it announced that the Justice Department was dropping a criminal investigation of its practices.

Pity that the federal government has done little to make sure that Fannie Mae doesn't have a relapse.

Fannie Mae, along with its sister company, Freddie Mac, were chartered by Congress to keep mortgage markets liquid by buying loans from banks and reselling the debt to investors. Even though it was turned over to private investors in 1968, Fannie Mae still enjoyed tax breaks, loose capital restrictions and low borrowing costs that were unavailable to other publicly traded companies. Its special status as a politically powerful "government-sponsored enterprise" meant that it also got preferential treatment from investors, who assumed that taxpayers would bail it out if it ever got into serious trouble.

Fannie Mae and Freddie Mac also face lighter regulation than do other financial institutions. Their regulator, the housing oversight agency, doesn't oversee all aspects of Fannie Mae's business; it doesn't have the authority to litigate against bad actors in the company; and it can't limit risky (but profitable) investments that could endanger Fannie Mae's ability to maintain liquidity in the mortgage market.

The Bush administration is backing efforts in Congress to grant Fannie Mae's regulator the same powers that most bank regulators have, but the effort is inexcusably stalled in the Senate. Powerful real estate lobbyists and Democrats who think Republicans are ganging up on the "affordable housing" champion apparently feel that the health of the housing industry is somehow tied to Fannie Mae's ability to get away with financial shenanigans.

CRIMINAL LAW:

Professor Accused In Spying Case Admits He Collaborated With Cuban Agents (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, August 26, 2006

Miami ·In a dramatic courtroom admission, a Florida college professor accused of being a Cuban agent testified Friday that he collaborated with Cuba's intelligence service for more than a decade.

Answering questions from a federal prosecutor, Carlos Alvarez said he used a short-wave radio to send coded messages to Cuban intelligence contacts and sometimes met with them in person from 1986 to 1998.

"I wouldn't do it again," Alvarez said during his second day on the stand at a hearing in Miami federal court.

The longtime psychology professor at Florida International University was arrested in January along with his wife on charges they acted as Cuban intelligence agents. Both pleaded not guilty.

According to prosecutors, the couple had been providing information to Havana for decades about prominent Cuban exiles, including colleagues at FIU, where Elsa Alvarez, 56, worked as a counselor.

They are not charged with sharing any classified or government information.

Carlos Alvarez' testimony ended three days of hearings before U.S. Magistrate Barry Garber on whether incriminating statements and items Alvarez gave FBI agents can be used against him.

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Defense attorneys contend the evidence should be thrown out because the agents promised Alvarez he would not be prosecuted if he cooperated.

FBI special agents Alberto Alonso and Rosa Schureck said they made no such promises and that their suspect confessed willingly.

Most of Alvarez's testimony focused on his three interviews with the agents on June 22, June 23, and July 1, 2005. Some details of his work for the Cuban government emerged during an aggressive cross-examination by prosecutor Brian Frazier.

"You came to [the interview] with the heavy heart of a guilty man, isn't that right?" Frazier asked.

"Not really," Alvarez responded. "At that point sir, I was completely removed from that past."

Alvarez said his contacts with Cuban intelligence began as he tried to "relate somehow with Cuban reality" as part of his academic work studying Cuban-American identity.

He said it was 1986 when he began communicating regularly with Cuban intelligence, nine years after prosecutors say he started working as a Cuban agent.

Alvarez said he stopped providing information in 1998. He did not give a reason.

But Frazier said Alvarez continued meeting with known Cuban intelligence officers, including his handler Amado Soto, a communist party official, through 2004.

Alvarez said Cuban intelligence agents continued to visit him when he was in Cuba on academic trips, even after he ceased providing them with information.

Despite his admissions, Alvarez denied working as a Cuban intelligence agent, referring to himself instead as a "collaborator."

Elsa Alvarez, who was released in June on $400,000 bond, did not attend the hearings. Carlos Alvarez's four adult sons, two from a previous marriage, were in the courtroom.

Under federal law, Alvarez's statements Friday cannot be presented as evidence at trial.

Professor Says He Collaborated With Cuba (AP)

By Curt Anderson

AP, August 26, 2006

MIAMI - A psychology professor accused of being a Cuban agent admitted Friday that he was a "collaborator" with Cuba's intelligence service, communicating with officials using a short-wave radio, sophisticated encryption techniques and a code name, "David."

Carlos Alvarez insisted, however, that he had distanced himself from the communist government by the time he confessed details of his work last year. He also denied being a Cuban agent and said he was never employed by that government.

"I was not an agent of the Cuban government. I was a collaborator, which is very different," the Florida International University professor testified.

"I was collaborating, basically, sharing insights and information with the Cuban government for some years," Alvarez said. "Information that I felt was pertinent."

Alvarez's surprise admission came during a hearing on a defense motion contending that the FBI promised him immunity if he fully confessed his involvement with Cuba. The motion also contends that the confession was coerced, even though the FBI agents repeatedly told Alvarez he was not under arrest and was free to leave the interviews on June 22-23 and July 1, 2005.

If Alvarez prevails on the motion, his confession to the FBI won't be admissible at trial.

Prosecutors, however, have other evidence in the case, including material from telephone wiretaps and a listening device in the home of Alvarez, 61, and his 56-year-old wife, Elsa, who is also charged.

The couple have pleaded not guilty to charges of being unregistered Cuban intelligence operatives for more than two decades, reporting mainly on activities of Cuban-American exile groups in Miami and on U.S. political developments.

Carlos Alvarez said he quit providing information to Cuba by 1998, well before he was approached by two FBI agents in June 2005 at a Miami supermarket about his involvement.

The government contends Carlos Alvarez continued his work until at least 2004. Prosecutor Brian Frazier cited recent meetings between two Cubans, including one he described as an intelligence officer.

In videotaped transcripts of his FBI interviews, Alvarez repeatedly agreed with the FBI agents when they said his confession was voluntary and that he was free to go anytime. Alvarez testified Friday that he feared that contradicting the agents would subject him to criminal prosecution and result in a scandal for his family.

The FBI agents Alvarez confessed to, Albert Alonso and Rosa Schureck, testified earlier this week that they never promised him immunity.

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The agents also testified that their ultimate goal was to turn Alvarez into a "double agent" who would spy for the U.S. against Cuba. Alvarez, however, said Friday that he hadn't heard that before.

It was unclear when a ruling on the defense motion would be issued.

The Alvarezes are scheduled to stand trial in early 2007. Prosecutors cannot use Carlos Alvarez's admission in Friday's hearing against him in trial, according to previous U.S. Supreme Court rulings.

Man Who Made Millions Selling Pirated Software Gets 6 Years (AP)

By Brett Zongker, Associated Press Writer

AP, August 26, 2006

ALEXANDRIA, Va. - A man who made millions of dollars selling illegal copies of computer programs was sentenced Friday to six years in prison in one of the nation's largest software piracy cases.

Danny Ferrer, of Lakeland, Fla., pleaded guilty in June to conspiracy and copyright infringement charges after an FBI investigation of his Web site, BuysUSA.com. Ferrer also was ordered to pay more than $4.1 million in restitution to software makers Adobe Systems Inc., Autodesk, and Macromedia Inc.

Ferrer bought airplanes, a fighter-jet simulator, a helicopter, a Lamborghini, a Hummer and other luxury vehicles with his profits. U.S. District Court Judge T.S. Ellis III ordered the items be sold to pay restitution in the case.

"You extended your hand into the pockets of these people," Ellis said before sentencing Ferrer. "If severe penalties were not attached, people would line up from here to Los Angeles to do what you've done."

Ferrer said he started selling the pirated software to pay for a feeding tube for his sick wife, but apologized and told the judge "there was probably a certain amount of greed."

Ferrer's wife sat behind him in the courtroom and cried during the sentencing.

Doctors in Florida are treating Ferrer for possible cancer symptoms, and the judge agreed to delay Ferrer's prison sentence until after his diagnosis in September. He will be required to enter the federal prison system by Oct. 1.

Once released, Ferrer will be subject to three years of court supervision and must complete 50 hours of community service _ likely helping federal investigators track software piracy.

"I want the government to make use of your skills," Ellis said.

Defense attorney Nina Ginsberg said Ferrer could be eligible for early release for his cooperation.

Prosecutors said they are working with the FBI to investigate the providers of fake software serial numbers on the Internet, which allowed Ferrer to sell the programs.

The software looked legitimate to consumers, but was deeply discounted, said John Wolfe, of Business Software Alliance, an industry group. Some of the software programs usually sell for nearly $4,000 on the retail market, but Ferrer's Web site sold the software for $50 to $100, Wolfe said.

"Just in terms of the volume of sales and the sophistication, this may be the biggest case I've seen," said Wolfe, who investigates piracy and tips off authorities.

Ferrer also is scheduled to appear in a public service announcement for the Business Software Alliance.

Ferrer's Web site began selling software in 2002 and was shut down by the FBI in October 2005, authorities said.

Attorney General Alberto R. Gonzales mentioned Ferrer's case by name in a June speech to the U.S. Chamber of Commerce and said the Justice Department is aggressively pursuing intellectual property crimes.

Prosecutors said Ferrer's illegal sales cost the software companies as much as $20 million, but industry officials say the amount could be higher.

"This is the ultimate case," prosecutor Jay V. Prabhu said, noting Ferrer's behavior was far more egregious than that of students and others who trade software as a hobby. "This is a case where someone made a lot of money."

Scam Artists May Be Working Area, FBI Says (PPG)

By Torsten Ove

Pittsburgh Post-Gazette, August 26, 2006

Today's culturally sensitive Justice Department can't use the name officially, but FBI agents in Washington are hunting for Irish Traveler scam artists at work in Pittsburgh and other eastern cities.

These itinerant rip-off artists, described in an official bulletin only as "caucasians known to speak with an Irish accent," are operating a driveway paving scam.

It's simple: They post fliers in your neighborhood saying they're bonded and experienced, then do lousy or incomplete work and disappear with your money.

When you try to get your money back, you find their phone number disconnected and their business address doesn't exist.

"Homeowners have lost hundreds of thousands of dollars as a result of these paving scams," said the FBI.

Victims of the scam or anyone with information about it are asked to call the FBI's toll-free number, 1-888-324-9800.

Jeff Killeen, local FBI spokesman, said he didn't know any specifics about victims in the Pittsburgh area, but the FBI in Washington believes the scammers are here or have been here recently.

"There are indications that they have been in this area," he said.

Debbie Weierman, spokesman for the Washington office, said the FBI has also issued bulletins for Washington, Chicago, Boston, Newark, Philadelphia, Baltimore and Richmond.

The agency issued a similar warning last year for Virginia and Maryland.

Typically, the pavers perform work that looks OK at first. But usually, they've applied such a thin layer of asphalt that it starts to crumble in a few months, and by that time the contractors are long gone. Sometimes they get paid up front and disappear after starting work.

Either way, it's a high-volume business, since most homeowners lose a few hundred dollars.

Irish Travelers, also known as Tinkers, are a close-knit society similar to, but unrelated to, gypsies. They are known throughout the world for moving from city to city pulling home-improvement scams, often targeting the elderly.

They trace their roots in America to the Irish potato famine of the 1840s, when many Irish came to the U.S. with few prospects and settled mostly in South Carolina and Georgia.

Since then, they've branched out across the country, usually living in mobile homes. Some estimates put their number at 30,000.

Traveler rings have been known to pull shoplifting scams or low-level fraud, but they seem to focus mainly on barn-painting, roofing and paving schemes.

In California and other western states, they have been known to offer roof coatings with special compounds to stop leaks or sunlight-reflecting substances for mobile homes to keep them cooler. In reality, Travelers don't do much labor beyond tramping around on the roof.

(Torsten Ove can be reached at tove@post-gazette.com or 412-263-1652.)

Attorneys Battle Over Representing Karr (FINDLAW/AP)

By Harry R. Weber, Associated Press Writer

AP, August 26, 2006

(AP) - ATLANTA-Three dozen lawyers have offered to represent John Mark Karr - for free in many cases - against allegations he killed 6-year-old beauty queen JonBenet Ramsey.

The tug-of-war among defense attorneys over one of the biggest criminal cases in recent years, one that has stoked interest because of perceived flaws in the prosecution's case, raises questions about ethics and who has Karr's best interests in mind.

"There's something inherently wrong in hiring a lawyer who is volunteering to do it for publicity," said Connecticut attorney Mickey Sherman, whose high-profile clients include Kennedy cousin Michael Skakel.

Two California attorneys say they have been retained to represent Karr, but another who was with him at his only court hearing in the case said previously that Karr wanted a Colorado public defender.

Larry Garrison, a producer Karr's family hired to ferret out book and movie deals, says they want a big-time lawyer for the job. Some three dozen lawyers from around the country have already offered their services, many at no cost, he said Thursday.

"There are some people that are ambulance chasers, there are other people that legitimately want to help," Garrison said.

Garrison, sounding exhausted, said he hasn't returned any of the calls or e-mails from lawyers.

"To be honest, it's a blur right now," he said.

Defense lawyers say there is no rush for Karr to make up his mind on who will defend him, since the early hearings in the case are mostly perfunctory, and it would probably be better for a public defender in Boulder, Colo., who is familiar with the legal system there to handle matters for now.

"It would probably be helpful for him to have an adviser on that who is not the one who will eventually take the case, someone who has his best interests at heart who doesn't have an economic motive," said Los Angeles attorney Gloria Allred. "The truth is, a lot of people don't have that luxury."

Allred also noted that even if Karr chooses an attorney now, he can always change his mind later.

"It's obvious that John Mark Karr is not going to have the resources to pay an attorney," Allred said. "Either he's going to have a public defender or a private attorney who will do it at no cost to him, that would probably do it for the challenge and the visibility."

Sherman and Allred said they have not sought out Karr to defend him.

On Wednesday, lawyers Patience Van Zandt and Jamie Harmon, whose office is in San Jose, Calif., said they had been retained by Karr. Van Zandt had represented Karr in a prior child pornography case.

But Haydeh Takasugi, a public defender who represented Karr at a hearing Tuesday, said earlier that Karr told her he planned to have the Boulder County public defender's office represent him in Colorado and had turned away Van Zandt and Harmon. On Thursday, Takasugi said that now that Van Zandt and Harmon say they have been retained she must give them professional courtesy and does not question what they say. Takasugi had planned to visit Karr on Thursday but did not because of Van Zandt's and Harmon's statement.

Van Zandt and Harmon were both in court for unrelated cases Thursday and could not immediately be reached for comment.

The head of the Colorado state public defender's office, David Kaplan, said that as of early Thursday afternoon, Van Zandt and Harmon had not contacted his office to say that they would be representing Karr in Colorado.

Boulder County Sheriff Joe Pelle said late Thursday that he expected that the county public defender's office will represent Karr at his initial court appearance in Colorado, which will probably be announced Friday.

AP Special Correspondent Linda Deutsch in Los Angeles and Associated Press Writer Jordan Robertson in San Jose, Calif., contributed to this report.

Editorial: A Prosecution In Virginia (WP)

The Washington Post, August 26, 2006

After two decades and one giant miscarriage of justice, Virginia prosecutors start over.

VIRGINIA prosecutors this week brought belated charges against a man named Kenneth Maurice Tinsley in the 1982 rape and murder of a Culpeper woman named Rebecca Williams. Mr. Tinsley, a serial rapist already serving life in prison, was connected to the Williams killing by DNA testing. And his prosecution would be simply a happy resolution of a long-cold case, except for one thing: A man named Earl Washington Jr. served more than 17 years in prison and came within nine days of being executed for this crime.

Mr. Washington's case is a tragedy in a criminal justice system that at every stage refused to admit the magnitude of its error. Mildly retarded, Mr. Washington was convicted almost entirely on the basis of a disturbingly weak confession -- one that a civil jury later found had been fed to him by investigators. He sat on death row until DNA tests in 1993 cast serious doubt on his conviction by showing that someone other than he or the victim's husband had had intercourse with Williams before she was killed. Then-Gov. L. Douglas Wilder responded by commuting his sentence to life in prison, but did not pardon him, arguing that the evidence of his innocence remained inconclusive. Only in 2000, after a second round of DNA testing, did then-Gov. James S. Gilmore III finally pardon him. Yet even then, he acknowledged merely that a jury would have acted differently had it seen these test results, not that Mr. Washington was innocent.

What's more, while some of the state crime lab's tests that year identified DNA from Mr. Tinsley on the victim's blanket, the lab erroneously excluded him as a DNA contributor in the samples taken from her body. Not until still another round of testing, this one in connection with Mr. Washington's civil lawsuit, was Mr. Tinsley's DNA found in samples taken from the victim's body.

The lessons of the Washington case will be familiar to anyone who has watched the flood of wrongful convictions come to light in recent years. Not all confessions are real; DNA testing should be liberally and swiftly available whenever doubts arise. Most important, there is no place for arrogance in a state's criminal justice system. In any number of cases pending now, including some that seem all too weak, Virginia authorities are certain they have the right man locked up. They were once that certain about Earl Washington, too.

CIVIL LAW:

Northwest Attendants' Strike Put On Hold (WP)

By Tomoeh Murakami Tse, Washington Post Staff Writer

The Washington Post, August 26, 2006

A federal judge temporarily barred Northwest Airlines flight attendants from going on strike last night, averting potential delays during the last days of the summer travel season.

The decision yesterday by U.S. District Judge Victor Marrero in New York came hours before sporadic work stoppages planned by the flight attendants were to begin, at about 10:01 p.m. The judge issued the temporary injunction while he considered the nation's fifth-largest carrier's request to block the strike.

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Northwest has a limited presence at all three major airports in the Washington area.

Marrero did not say when he would make a decision on blocking the strike. But the preliminary injunction was welcomed by the airline, which is reorganizing under Chapter 11 bankruptcy protection. Northwest had appealed a U.S. Bankruptcy Court judge's ruling last week that he did not have jurisdiction to stop the strike.

"Our customers can continue to book Northwest with confidence," said Kurt Ebenhoch, a spokesman for the airline.

The Association of Flight Attendants, which represents the airline's approximately 9,300 flight attendants, said it would abide by the judge's ruling.

"It was just a temporary decision. It is not a win for the company," said Corey Caldwell, a spokeswoman for association. "We're quite confident that when the decision is made, it will uphold the Northwest flight attendants' right to strike."

In the meantime, she said, workers were planning to picket and distribute fliers at airports across the country last night.

The flight attendants are protesting wage and benefit cuts the airline imposed July 31.

Both sides suggested that they were open to further negotiations, but as of yesterday evening, none were scheduled.

"We're by the phone and waiting for Northwest to call," said Joshua Zivick, the flight attendants' interim local council president in New York who attended yesterday's hearing. "Our group is disappointed, but they know it's only a temporary setback. The battle is not over."

In a statement, Douglas M. Steenland, Northwest's president and chief executive, said: "We remain committed to negotiating a consensual agreement with our flight attendants and hope to accomplish that goal in the near future."

Northwest said in its bankruptcy filing last fall that it needed $1.4 billion in wage concessions from its various unions. Flight attendants on July 31 rejected a proposed contract, approved by the union negotiator, that would have cut their pay and benefits by more than 20 percent, or about $195 million a year.

Willis J. Goldsmith, a labor and employment lawyer at the firm Jones Day in New York, said it was likely that the two sides could reach an agreement before the judge makes a final decision.

"The stakes are very high for all concerned, and those are the kinds of circumstances that tend to cause parties to return to the table at some point," he said.

The Justice Department, along with others, had asked Marrero to block the strike, saying it would cripple air travel.

In August 2005, Northwest's 4,400 mechanics and maintenance workers walked off their jobs. It was the first major airline strike in seven years, but Northwest experienced only minor disruptions.

Judge Stalls Strike At NWA (DEN)

By Joel J. Smith

Detroit News, August 26, 2006

Northwest Airlines planes flew on schedule Friday night after a federal judge issued a preliminary injunction earlier in the day preventing the airline's flight attendants from striking.

The Association of Flight Attendants, which represents 9,300 Northwest attendants, was prepared to stage unannounced walkouts and other measures after 10:01 p.m. to protest Northwest imposing a contract with $195 million in wage and benefit concessions.

"Management and the courts can stall us, but they cannot defeat us," said Mollie Reiley, interim president of the AFA's Northwest unit.

"Our crusade to protect our careers has only begun. … This is not over."

In issuing the temporary injunction, U.S. District Judge Victor Marrero said a strike delay would cause the AFA minimal harm, but "far greater injuries exist to Northwest and the public by permitting the strike to commence at this point."

He said he needed more time to study the legal issues in the case, but urged both parties to negotiate and report back to him Wednesday. If fruitful talks are not possible, the judge said he didn't know when he would make a final ruling

Northwest had argued a work stoppage would violate the federal Railway Labor Act.

The U.S. Justice Department and the Air Transport Association, which represents 20 domestic airlines, filed briefs supporting Northwest, saying a strike would be illegal and cause a disruption to the U.S. air transportation system.

"We are pleased with Judge Marrero's decision to grant the preliminary injunction," said Doug Steenland, Northwest president and CEO. "We are committed to negotiating a consensual agreement with our flight attendants and hope to accomplish that goal in the near future. Customers can continue to book the airline with confidence."

Northwest had assured travel agents and the public that the airline had contingency plans to keep Detroit Metropolitan Airport's largest passenger carrier -- with 507 daily departures -- flying during any work stoppage.

Northwest and the flight attendants union have been at odds for months.

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The bankrupt company imposed the wage and benefits cuts with the permission of a federal bankruptcy judge July 30, after the flight attendants had rejected two tentative agreements. The AFA was the last holdout among the company's unions.

Northwest has said it needed the cuts as part of a reorganization package to emerge from bankruptcy in 2007.

The forced contract prompted the flight attendants union to give the company notice it would begin sporadic strikes Friday. Northwest went back to bankruptcy court seeking a restraining order against the union. That judge turned down the airline's request, saying he lacked the authority to issue one.

Northwest appealed to the U.S. District Court in New York City.

The company and the union have not bargained in nearly a month.

The AFA was prepared to implement CHAOS -- Create Havoc Against Our System -- against Northwest Friday night.

The strategy is to strike just a few flights at a time and not identify those aircraft until minutes before takeoff.

By not revealing when and where those flights will be, the union said Northwest would not be able to have replacement flight attendants ready to take over.

Union officials said the purpose of CHAOS was to force Northwest back to the bargaining table.

The Associated Press contributed to this report. You can reach Joel J. Smith at (313) 222-2556 or jsmith@detnews.com.

Veterans Exposed To Atomic Radiation Lose Court Ruling (MCT)

By Michael Doyle

McClatchy Newspapers, August 26, 2006

WASHINGTON - Radiation exposure took Alice Broudy's husband a generation ago.

This week, a court ruling sliced away at her bid for redress.

In a quiet ruling that nonetheless resonates nationwide, a federal appellate court rejected efforts by Broudy and others seeking claims on behalf of "atomic veterans." The same court simultaneously rejected bids by other veterans exposed to biological and chemical agents.

Taken together, the dual rulings by the D.C. Circuit Court of Appeals will likely impede many veterans hoping for compensation. At the very least, it will complicate future claims.

"It's a significant ruling," Washington-based attorney David Cynamon, who represented veterans in both cases, said Friday. "Unfortunately, it's a significantly bad ruling."

A Department of Veterans Affairs spokesman couldn't be reached to comment.

Broudy, a resident of California's Orange County, has long been seeking full compensation for the death of her husband, a Marine major who was repeatedly exposed to radiation. She has company.

George Woodward, who lives north of Wichita, Kan., in the town of Miltonvale, was exposed to radiation during a 1955 test blast. Kathy Jacobovitch, a resident of Vashon Island, Wash., lost her father through exposure to contaminated ships in Puget Sound. Ernest Kirchmann, a 62-year-old Navy veteran who lives south of Minneapolis in tiny West Concord, who's filed a separate lawsuit, was exposed during a 1964 nuclear submarine accident.

"It isn't just my personal case," Broudy said Friday. "It's the entire veterans community. It makes me so angry."

Broudy married her husband, Charles, in 1948. Three years earlier, he'd walked the war-poisoned streets of Nagasaki. Within a decade, he was facing radiation in the Nevada desert. He died of lymphatic cancer in 1977. Though she has since received partial compensation, Broudy has been confronting the federal government for more. She has now lost three separate lawsuits.

"This closes the door," Cynamon said of the latest appellate court ruling, which was issued Wednesday. "It will make it very difficult, if not impossible, for individuals who are victimized by government cover-ups."

All told, an estimated 220,000 U.S. soldiers were allegedly exposed to radiation in the 1940s and 1950s. Some, such as William Yurdyga of Sacramento, Calif., claimed in an earlier lawsuit that they were exposed following the Hiroshima or Nagasaki atomic blast. Others claimed exposure during Cold War testing.

The three-member appellate panel wasn't ruling on whether the atomic veterans deserve compensation. A 1988 law provides that. To succeed, though, veterans must prove they were present at a radioactive site and that they contracted a radiation-related illness or were exposed to a cancer-causing radiation level.

Required military test records can be elusive. A 1973 fire destroyed many veterans' records, and veterans consider alternative "dose reconstruction" estimates inaccurate.

"You send a Freedom of Information Act request," Broudy said, "and you wait and you wait and you wait, and then maybe you get a piece of it, or you get nothing at all because they say it's classified."

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The latest lawsuit sought to force Pentagon officials to release all relevant records. In the opinion written by Appellate Judge Thomas Griffith, appointed by President Bush last year, the court panel agreed unanimously that atomic veterans couldn't compel a massive release of all the Pentagon's relevant documents.

Instead, individual veterans must file individual claims.

If the Pentagon is "covering up records of medical tests that describe the amount of radiation to which these veterans were exposed, FOIA (the Freedom of Information Act) provides a potential remedy," Griffith wrote.

A new study by Melinda Podgor for the Elder Law Journal found that 18,275 atomic veterans had filed for compensation as of October 2004. Only 1,875 claims were granted.

On a separate but related legal track, veterans such as Columbia, S.C., resident John Goricki and Homestead, Fla., resident Richard B. Holmes were pursuing claims following exposure during the Shipboard Hazard and Defense project of the 1950s and 1960s.

Project SHAD allegedly exposed up to 10,000 soldiers and sailors to biological and chemical agents. Like the atomic veterans, SHAD survivors claim that the Pentagon clings to secret information. Like the atomic veterans, they couldn't persuade the appellate court to order the release of all relevant documents.

The veterans "can still seek, through FOIA, the documents they believe they need to pursue their benefits claims," the appellate panel ruled.

Greening Up The Grass Roots (NYT)

The New York Times, August 26, 2006

The Federal Election Commission, that great enabler of campaign loopholes, is now creating loopholes for itself. The panel is bypassing its own requirements for adequate public notice in a rush to consider a proposal that would allow a flood of special-interest money into the fall campaign, in the guise of protecting “grass-roots” ads that are supposedly devoted to issues, not candidates.

The proposal, hurried forth as an emergency need, is a blatant attempt to bureaucratically kill a vital anticorruption provision of the McCain-Feingold law that has already been upheld by the courts. The commission, an appointed panel of major party loyalists, is charged with defending the law, not subverting it.

The law bars the pre-vote broadcast of issue ads transparently designed to attack or bolster specific candidates. The proposal would allow the mention of incumbent candidates, supposedly to avoid stifling “true issue ads.” But just watch what the Washington legion of campaign law scholars and fixers make of this fresh run to pay dirt. Your local representative will be not-so-subliminally morphed to saint or sinner.

Powerhouses from the Chamber of Commerce to the A.F.L.-C.I.O. have long sought to crack the law’s disclosure rules and contribution limits and spend more freely. They say they want to air issues, not bet on candidates — an argument that failed with the courts. But they succeeded in prodding the ever-proddable election commission to drum up its “emergency” session on Tuesday.

Congressional coffers already groan from more than half a billion dollars in campaign donations. The last thing voters need is another slathering of special-interest money.

CIVIL RIGHTS:

AG Challenges Felons' Voting Rights (BN)

By Val Walton, News Staff Writer

The Birmingham News (AL), August 26, 2006

King plans to take issue to high court

Alabama's attorney general says a Jefferson County judge's ruling that would allow all felons to vote is "legally unsound." Friday, he notified the Alabama Supreme Court he plans to appeal.

Separately, Attorney General Troy King asked Circuit Judge Robert Vance Jr. to withhold his order that the ruling be immediately submitted to the U.S. Justice Department for a civil rights review. Vance set a Sept. 1 hearing on the request.

Vance ruled Tuesday that all felons must be allowed to register to vote until the state Legislature passes a law that defines crimes of moral turpitude. But Vance's order is not in force until it is approved by the Justice Department under the federal Voting Rights Act.

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Vance said felons who have been convicted of crimes already determined to not involve moral turpitude must be allowed to vote immediately. Attorney general opinions and other legal precedents have determined a handful of crimes such as drunken driving do not involve moral turpitude.

The vote issue centers on a constitutional amendment in 1996 that provides that only people convicted of felonies involving moral turpitude lose their right to vote. The phrase, however, is not defined in the state's constitution nor in the state criminal code.

The Alabama Supreme Court has defined moral turpitude as an "act of baseness, vileness or depravity in the private and social duties which a man owes to his fellowmen or to society in general."

Vance's ruling arises out of a 2005 lawsuit filed by the NAACP Legal Defense and Educational Fund in Jefferson County. The suit contends that Secretary of State Nancy Worley violates Alabama's constitution by giving voter registrars instructions to require all felons to apply to the Board of Pardons and Paroles to have their voting rights restored. The state has a long practice of removing from voting rolls anyone convicted of a felony, whether it be a petty theft or murder.

The suit, handled by lawyer Ed Still, argued the constitution is clear that people convicted of certain felonies including DUI and drug possession - deemed not to be crimes of moral turpitude - do not lose their voting rights and do not need to apply for an eligibility certificate from the board.

The suit revived the issue of what felonies involve moral turpitude and should bar convicts from voting. King responded to queries from voter registrars with examples of potential crimes of moral turpitude.

Vance then issued his ruling Tuesday, saying the power to designate which crimes are acts of moral turpitude rests with the Legislature.

Vance's order prompted Worley to write to King, asking for guidance on complying with the ruling. King responded with a letter that described the judge's order as "legally unsound."

"Such a conclusion is wholly unsupported by the Alabama Constitution or the Code of Alabama," King wrote.

King urged election officials to make no changes to the voting rights of all felons until the issue is resolved by the courts.

E-mail: vwalton@bhamnews.com

Franchise Protection (WSJ)

By Roger Clegg

The Wall Street Journal, August 26, 2006

With the exception of Maine and Vermont, every state disenfranchises criminals -- some while they're in prison, others while they're on parole or probation, and still others after they've served their full terms. But that's beginning to change in some states.

Governors in Iowa and Virginia have unilaterally restored voting rights to many felons, while legislatures in Maryland and Nebraska have liberalized their laws. At the federal level, a bill supported by Sens. Hillary Clinton and John Kerry, among others, would force states to allow felons no longer under sentence to vote. That bill is on hold, at least while the Democrats are out of power. But lawsuits in federal courts in Florida, Washington and New York have claimed that depriving felons of the franchise violates the Voting Rights Act.

This movement is in the wrong direction. We should have fewer felons voting, not more.

When you vote, you are making the law -- either directly through ballot initiatives or referenda, or indirectly by choosing lawmakers. This participation in self-government requires some commitment to and respect for the rule of law, which not everyone has. We don't let everyone vote -- not children, not noncitizens and not the mentally incompetent, because these classes of individuals do not meet minimum standards of trustworthiness, loyalty and responsibility. Felons? If they aren't willing to follow the law, they don't deserve the right to make law for everyone else.

So why is there an effort to give criminals the right to vote? Partly there's a sincere if mistaken belief that can be summed up as: "When a person has paid his debt to society, it is unfair and counterproductive to treat him as a second-class citizen." But much of the momentum comes from a feeling that, because a disproportionate number of felons are black, the laws are racist.

Finally, this issue has a partisan tinge. Most politicians' instincts tell them that these potential voters are likely Democrats, and they're probably right. Profs. Christopher Uggen of Northwestern and Jeff Manza of the University of Minnesota have concluded that, had felons been enfranchised, Al Gore would have been elected in 2000, and the Democrats would have controlled the Senate from the mid-1980s down to the present decade.

In any event, the arguments favoring voting rights for felons don't wash. Serving time may pay a debt to society in some sense, but it's not the end of the story: Felons can't possess firearms or serve on juries, and we don't let them hold certain jobs. The "debt to society" argument is something of a red herring, moreover, as leaders of the movement to enfranchise felons

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believe that they should have the vote while they're still paying the debt. Marc Mauer of the ACLU's Sentencing Project, for example, has acknowledged that "people in prison should have the right to vote."

The racial issue is also a red herring. Certainly the disenfranchisement laws do have a disproportionate impact on some racial groups, because there are always going to be more individuals in some groups that commit crimes than in others. That doesn't make the laws racist -- just as they are not sexist simply because more men than women commit crimes.

Today's laws restricting or prohibiting felons from voting have their roots in ancient Greece and Rome, came to the American colonies from Britain, were adopted without any racist intent, and are not applied discriminatorily. As far as the Constitution is concerned, section two of the great, post-Civil War 14th Amendment explicitly recognizes that states may deprive criminals of the right to vote.

To be sure, someone who wrote a bad check decades earlier and has led an exemplary life since then should have his right to vote restored -- but that doesn't mean that those with recent, more serious or multiple convictions vote as well. States should make these decisions on a case-by-case basis; and if the administrative process is not working well, by all means improve it. We want to reintegrate felons into society, but it's up to them to show that they've turned over a new leaf.

And recidivism should make us cautious. According to research by Harvard University's Richard Freeman, "Two-thirds of released prisoners are rearrested and one-half are re-incarcerated within three years of release from prison. Rates of recidivism necessarily rise thereafter, so that upwards of 75%-80% of released prisoners are likely to be rearrested within a decade of release."

While those who want to enfranchise criminals are pushing very hard, the good news is that there is a strong pushback at the state level. Utah and Kansas have increased the restrictions on felons voting. Even that bluest of blue states, Massachusetts, amended its constitution in 2000 so that incarcerated felons are no longer allowed to vote.

Still an open question, however, is whether federal courts will force states to allow felons to vote. In New York, two cases were brought claiming that a state law disenfranchising prison inmates and parolees deprives them of the right to vote on "account of race," and is contrary to the federal Voting Rights Act. The inmate and lead plaintiff in one of the cases, Jalil Abdul Muntaqim, is serving a life sentence for having ambushed and shot to death two New York City police officers.

This past May, the Second Circuit rejected his claim. Nevertheless, the notoriously liberal Ninth Circuit has gone the other way on this issue, ruling that the Voting Rights Act does apply to the disenfranchisement of felons. At some point the Supreme Court may have to take on this issue.

In the meantime, it's worth remembering that the people whose votes are most diluted if criminals are allowed to vote will be their law-abiding neighbors in high-crime areas -- themselves disproportionately poor people of color. That's not too far from a description of Muntaqim v. Coombe: One of the New York police officers whom Muntaqim deprived of his right to vote -- along with his life -- was black.

Mr. Clegg is president and general counsel of the Center for Equal Opportunity. He helped write an amicus brief in Muntaqim v. Coombe.

Springfield Mayor Pledges To Uphold Rights Of Hispanic Voters (AP)

AP, August 26, 2006

SPRINGFIELD - Springfield Mayor Charles Ryan, responding to a federal lawsuit accusing the city of violating rights of Hispanic voters, detailed steps the city is taking to uphold those rights.

In a declaration filed in federal court Thursday, Ryan said the city is actively recruiting more bilingual poll workers, expanding training of all poll workers to help Spanish-speaking voters and translating all election-related materials into Spanish.

He said the city also has appointed Gladys Oyola as its new Spanish language election program coordinator and set up an advisory committee headed by Jose Claudio to review the program and advise Oyola.

Ryan's statement was part of a formal response to the Justice Department's request for a temporary restraining order requiring the city to make immediate changes before the Sept. 19 state primary. Judge Michael Ponsor is to hold a hearing on the matter on Monday.

Ryan said in his filing that voter and witness complaints cited by the Justice Department "are serious and I am committed to ensuring that we will do all that is reasonable and necessary so that those voters do not experience any of the problems that they have claimed to have experienced in past elections."

ANTITRUST:

Constellation Venture Gets Antitrust OK (BOS)

DOJ_NMG_0054658

The Boston Globe, August 26, 2006

FAIRPORT, N.Y. --Wine and spirits maker Constellation Brands Inc. said Friday its proposed joint venture with Mexican brewer Grupo Modelo SA de CV has passed federal antitrust scrutiny.

The waiting period for review under the federal Hart-Scott-Rodino regulation has expired, and the companies say they expect their joint venture to become operational Jan. 2.

The joint venture will import and market Grupo Modelo beer brands, which include Corona Extra and Victoria, in the United States and Guam through 2016. The joint venture will be called Crown Imports LLC.

Constellation Brands shares closed up 21 cents at $26.26 on the New York Stock Exchange.

Funds Sought For Wright Legal Costs (FWST)

By David Wethe

The Fort Worth Star-Telegram, August 26, 2006

As the battle to change the Wright Amendment drags on, the city of Fort Worth now needs to pay for some of its reinforcements.

The City Council is expected at Tuesday's weekly meeting to approve paying the Fort Worth law firm of Kelly, Hart & Hallman up to $100,000 for future work related to the amendment.

The money would pay for the job being done by two of its attorneys: Marshall Searcy, who's defending the city against a lawsuit filed by the terminal owners at Dallas Love Field, and Dan Settle, the city's outside bond counsel.

Love Terminal Partners, which owns a vacant six-gate terminal that is slated to be condemned by the city of Dallas, filed a lawsuit last month in federal court in Dallas against the two cities, American and Southwest airlines, and Dallas/Fort Worth Airport. The terminal owners say the local Wright Amendment agreement hashed out by the five parties violates federal antitrust laws by shrinking the airport's capacity to 20 gates from 32.

Although Searcy has been working all along on the case, the city needs to make sure that it sets aside money to pay his firm, said David Yett, the Fort Worth city attorney.

"We needed to act quickly once we got served with the lawsuit," Yett said.

The defendants jointly answered the filing with a request for more time to respond. Since then, they've all filed to stay the case and are awaiting the judge's response. That's expected sometime in September, Yett said.

Settle is advising the city on how the proposed change in the Wright Amendment would affect Fort Worth's airport bond covenants, which are tied to the money used several decades ago to build D/FW Airport.

Fort Worth also recently hired the international law firm of O'Melveny & Myers to advise the city on changes to the Wright Amendment.

"Every party to the agreement that's been working on the legislation has got their various outside consultants and experts," Yett said. "We're no different."

H-P Gets Antitrust OK For Mercury Acquisition (SACBIZ)

Sacramento Business Journal, August 26, 2006

Hewlett-Packard Co. has won an OK from U.S. government regulators for its planned $5 billion acquisition of Mercury Interactive Corp., the company said in regulatory filings. Mercury stock rose a hair Friday after the announcement.

In a filling with the Securities and Exchange Commission Thursday, Palo Alto-based H-P (NYSE: HPQ - News) said the 30-day waiting period for the merger, during which it was scrutinized by regulators, had expired. H-P said in July it agreed to offer $52 a share for Mountain View-based Mercury (Pink Sheets: MERQ - News).

Mercury's stock closed at $50.49 Friday, up a penny. Its 52-week range has been from $22.62 to $50.80. H-P's stock closed off 15 cents at $35.23.

H-P is one of Greater Sacramento's largest private employers, with about 4,000 workers at its Roseville campus.

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EU May Overturn Spanish Limits On E.ON's Endesa Bid (Update3) (BLOOM)

Bloomberg, August 26, 2006

By John Rega and Matthew Newman

Aug. 25 (Bloomberg) -- European regulators threatened to overturn Spanish restrictions on a 26.9 billion-euro ($34 billion) bid by E.ON AG of Germany for Endesa SA, Spain's largest power company, a step toward helping E.ON prevail in the takeover battle.

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The European Commission, the European Union's antitrust regulator in Brussels, said Spain may have acted illegally by forcing E.ON to sell some of Endesa's assets. The move is a prelude to a ruling that would annul the Spanish decision.

``This puts pressure on Spain to negotiate with E.ON and find a way out," Josep Prats, who helps manage the equivalent of $15 billion at Ahorro Corporacion in Madrid, including Endesa shares, said today.

The fight with Spain is part of an EU campaign to open energy markets to competition and knock down barriers to takeovers. Rejecting the limits would help E.ON, Germany's largest utility, defeat a Spanish government-backed bid by Gas Natural SGDS SA for Endesa.

Spain's conditions ``are neither necessary nor proportionate for the protection of public security," the commission said in a statement.

Spain has until Sept. 4 to respond to the EU regulator. The agency will make a final decision ``as soon as possible," Jonathan Todd, a commission spokesman, told journalists.

Urgent Situation

Under EU rules, the commission has sole antitrust authority to review large cross-border mergers. The agency approved E.ON's takeover in April, saying the combined company wouldn't dominate European power markets.

In July, Spain's National Energy Commission ordered E.ON to sell nuclear and coal plants of Endesa to proceed with its bid. The terms would force E.ON to sell a third of Endesa's generation capacity in the country.

A spokesman for Endesa, which has already complained to the EU and Spain's Industry Ministry about the measures, had no further comment. A spokesman for the Spanish government wasn't immediately available to comment. A spokeswoman for E.ON had no comment.

European regulators warned Spain that they could suspend the restrictions placed on E.ON.

``In a situation where you have competing bids the commission has to be prepared to act urgently in order to prevent the facts on the ground changing," Todd said.

Gas Natural made a takeover offer for Endesa in September. The cash-and-stock bid, which is now worth about 22 billion euros, is currently suspended by two Spanish courts after Endesa filed lawsuits against the offer.

Commission Power

The commission, which enforces rules that allow businesses to make takeovers across the 25-nation EU, has recently clashed with governments over what the regulator has called protectionist measures.

Earlier this year, the agency warned Poland against trying to halt Milan-based UniCredit SpA's purchase of a Polish bank and told France not to protect Suez SA from a foreign takeover attempt by Italy's Enel SpA.

In 1999, the commission successfully forced Portugal to back down from shielding its financial-services industry from cross- border investment.

Portugal had vetoed a $1 billion foreign takeover of a local bank and insurance group. The EU threatened to sue Portugal at the European Court of Justice, the region's highest court. The move allowed Spain's Santander Central Hispano SA to buy two banks in Portugal's Champalimaud Group.

To contact the reporters on this story: John Rega in Brussels at jrega@bloomberg.net ; Matthew Newman in Brussels at mnewman6@bloomberg.net .

EU Faults Spain In Endesa Bidding War (AP-Y)

AP, August 26, 2006

BRUSSELS, Belgium — The European Commission said Friday that Spain may have violated antitrust laws by attaching conditions to its approval of a $34.6 billion bid by Germany's E.On AG to take over Spanish utility Endesa SA.

The commission said it would hear Spain's response — due by Sept. 4 — before making a final ruling on whether Spain has broken antitrust laws, a decision that would force Madrid to withdraw conditions imposed by the Spanish energy authority, CNE. The commission says the conditions are incompatible with European Union law.

Spain's National Energy Commission attached 19 conditions to its approval of E.On's bid, including the divestment of about a third of Endesa's generation assets in its core Spanish market.

E.On said the conditions were unjustified.

"The commission considers in its preliminary assessment that these conditions violate (EU) rules," the European Commission said Friday in a statement.

The statement said the conditions "are not justified on public security grounds and that in any event they are neither necessary nor proportionate for the protection of public security."

The commission said it had the exclusive right to judge if takeovers or mergers affect the European market. Governments cannot apply national law to such deals, it said, and cannot place conditions that could block or deter such deals.

Endesa is the subject of competing takeover offers but favors E.On's 26.9 billion euro bid over a hostile takeover bid of about 20.87 billion ($26.82 billion) in cash and shares from Gas Natural, Spain's biggest gas distributor.

Spain's Socialist government strongly backs the Gas Natural bid, arguing that it is in the national interest to have a strong global energy company owned by Spaniards.

ENVIRONMENT:

Bush Calls For National Parks Makeover (AP)

By John Heilprin, Associated Press Writer

AP, August 26, 2006

There's nothing like a big birthday bash on the horizon — even if it's a decade away — to make you want to look your best.

So, President Bush on Friday directed the National Park Service on Friday to set "performance" goals for itself for the next 10 years. The idea is to have as many bragging rights as possible when the park service turns a century old in 2016.

"As havens of enjoyment, recreation, learning and personal renewal, national parks must endure," said Interior Secretary Dirk Kempthorne, while opening a new visitor education center Friday at Yellowstone National Park in Wyoming, Idaho and Montana.

To the Park Service, the presidential nudge is tantamount to President Kennedy's call to put a man on the moon.

"This is for us what that was to NASA," Park Service spokesman David Barna said. "At the end of this 100 years, we want things that people will enjoy into the next century. And if you want a good reason to do something, a birthday's a good reason. Everybody wants a birthday party."

Bush asked the Park Service to give him a list of "signature projects and programs" by the end of next May. Those likely would include the agency's efforts to:

_Restore about 30 old, decaying buildings in Ellis Island's South Side Hospital Complex, where nearly 12 million immigrants entered the United States from 1882 until 1954.

_Construct a $100 million light rail system to cut traffic around the heavily visited South Rim of Grand Canyon National Park, plus "greenways" with biking and walking trails.

Al Nash, spokesman for Yellowstone, said Friday he wasn't aware of any specific funding promises accompanying Bush's message. "Budgets are tight. Everybody would tell you that, whether it's Yellowstone, or any other national park or government entity," Nash said.

Jeff Ruch, executive director of Public Employees for Environmental Responsibility, a Washington interest group that lobbies for environmental causes, criticized the absence of additional funding. "These programs, including parks, are on a flight path to get even slimmer, and the idea that they're going to throw a fiesta, rather than provide funding, isn't all that meaningful," Ruch said.

Bush said the projects would build on 6,000 park improvements made over the past five years. He requested, and Congress agreed to spend $5 billion-plus for those projects. But his pledge to eliminate a $5 billion annual maintenance backlog remains unfulfilled.

U.S. Seeks To Delay Grace Asbestos Trial (WP)

By Carrie Johnson, Washington Post Staff Writer

The Washington Post, August 25, 2006

Federal prosecutors plan to appeal a series of rulings that they say will undermine their upcoming conspiracy case against Columbia chemical maker W.R. Grace & Co, according to court papers.

William W. Mercer, the U.S. attorney in Montana, is seeking a delay in the Sept. 11 trial, citing a government appeal of three rulings by U.S. District Judge Donald W. Molloy that significantly hamper the prosecutors' criminal case. The Grace dispute is one of the biggest environmental health cases ever prosecuted by the Justice Department.

Grace is accused of violating the Clean Air Act and knowingly poisoning former workers and other residents of a Montana mining town with deadly asbestos fibers. Grace purchased the Libby, Mont., mine in the 1960s and closed it three decades later.

Activists maintain that the asbestos fibers scattered across the town from the mine site to playgrounds and the high school running track. In recent years, hundreds of residents have complained of lung abnormalities and other health problems, including fast-growing cancers.

Last month, the judge dismissed part of the conspiracy count against Grace, ruling that the statute of limitations had expired on one of the key issues. He allowed other parts of the case to move ahead.

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Two other rulings this month essentially barred the government from using what prosecutors called "critical evidence," including asbestos samples and scientific analysis they had gathered.

The decisions have "the practical effect" of excluding what prosecutors view as proof that Grace and seven former officials released asbestos, engaged in a conspiracy to defraud the government and obstructed a probe by the Environmental Protection Agency, government lawyers wrote in a motion filed late Wednesday.

Prosecutors called their request for a trial delay "a last resort," born of court decisions that "permeate all aspects of the case." They are seeking intermediate review by the U.S. Court of Appeals for the 9th Circuit before the trial can proceed.

Grace, which filed for bankruptcy protection five years ago in part because of asbestos liabilities unrelated to the Libby mine, continues to grapple with "significant unpredictable costs to resolve litigation and legacy issues," chief executive Fred E. Festa told investors in a news release last month. Grace has denied wrongdoing in the Montana case.

Prosecutors and a Grace spokesman did not return calls for comment yesterday. The judge has cautioned both sides not to make public comments in advance of the trial, which has stirred strong emotions and media interest in Montana and throughout the nation.

Global Warming May Be An Accelerated Version Of Ancient Heat Wave (MCT)

By Robert S. Boyd

McClatchy Newspapers, August 26, 2006

WASHINGTON - It was one of the greatest calamities of all time: Something turned up the Earth's thermostat, touching off a monstrous heat wave that killed many animals and drove others far from their homes to seek cooler climes.

This catastrophe occurred 55 million years ago, after the age of the dinosaurs and long before humans appeared. But scientists warn that today's global warming means that it could be happening again.

The ancient hot spell, which lasted 50,000 to 100,000 years, goes by the unwieldy name of Paleocene-Eocene Thermal Maximum. It was caused by a sudden - in geological terms - doubling or tripling of carbon dioxide and other greenhouse gases in the atmosphere. Climate scientists say the result was a massive increase of 10 to 12 degrees Fahrenheit - even higher near the poles - above the prevailing temperature.

"In certain regards, the PETM is very similar to what is happening right now," said Gerald Dickens, an earth scientist at Rice University in Houston. "Just like now, a huge amount of carbon rapidly entered the ocean or atmosphere. The most notable difference is the rate. Things are happening much faster now than during the PETM."

Most scientists attribute much of today's global warming to the burning of carbon-rich fossil fuels in factories, cars and trucks. If the present trend continues, Dickens said, the world will add as much carbon to the atmosphere in 500 years - from 1800 to 2300 - as the PETM did over 10,000 years.

The long-ago heat wave "shows without a doubt that if you pump a bunch of greenhouse gases into the atmosphere, the planet warms," Matthew Huber, an earth scientist at Purdue University in West Lafayette, Ind., wrote in the June 1 edition of the journal Nature.

Scientists realized the speed and extent of the prehistoric carbon explosion only recently.

A blizzard of scientific papers "reflects the community's excitement at discovering an extraordinary perturbation in biogeochemical systems that was unimaginable 10 years ago," James Zachos, an earth scientist at the University of California, Santa Cruz, declared on his Web site.

"The evidence for dramatic warming during the event is overwhelming," Dickens said. "It is witnessed in all the oceans and continents."

For example:

-Digging in Wyoming's Bighorn Basin, Scott Wing, a paleontologist at the Smithsonian's National Museum of Natural History in Washington, found fossilized leaves from ancient bean plants that he said had migrated 1,000 miles north from the latitude of Louisiana to escape the heat.

-Zachos led a team of scientists that drilled into the South Atlantic ocean floor and found thick stripes of red clay that had lost their carbon to the atmosphere at the time of the PETM.

-Fossils of tropical algae buried under the Arctic Ocean showed that waters there reached a balmy 75 degrees, according to Huber.

"Subtropical conditions arrived in the Arctic during this time," Huber reported in Nature.

Many new species of mammals arose during the PETM and spread to new areas of the world, altering the course of evolution.

But the unusual warmth also caused the loss of many deep-sea species. "It was the most severe extinction in the last 90 million years," according to Gabriel Bowen, another Purdue geologist.

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"This state may in some ways represent our global environmental future, and it is therefore critical that we begin to characterize it," Bowen wrote in a paper that the American Geophysical Union published in April.

Scientists are still debating the cause of the 55-million-year-old greenhouse explosion. At least seven possible triggers have been reported, but none of them alone seems enough to explain the event. Wing said it may have required several of the triggers to force such huge changes in the ocean and the atmosphere.

Andrew Kurtz, an earth scientist at Boston University, suggested that falling sea levels may have exposed vast plains of peat - an early form of coal - which caught fire and burned for thousands of years, releasing billions of tons of stored carbon.

Another idea, by Henrik Svensen, a Norwegian geologist, is that volcanoes under the North Atlantic belched enough carbon-rich lava to alter the atmosphere.

Dickens suggested that frozen methane, a powerful greenhouse gas made of carbon and hydrogen, escaped from below the seafloor and caused the warming.

The PETM "isn't a crystal ball that tells us what's going to happen," Wing said. "But at least it gives us a clue as to what might happen."

FBI/DEA/ATF/USMS:

FBI Agents, Ready For Work (WP)

The Washington Post, August 26, 2006

As the head of training for the FBI, I am concerned that "Old-School Academy in Post-9/11 World" [front page, Aug. 17] presents our program for new agents without the proper context.

Training for new special agents is basic by design. It emphasizes core skills that all FBI special agents must master, regardless of their eventual specialization. In addition to national security, criminal investigative and intelligence collection responsibilities, intrinsic skills of law enforcement training include forging a strong foundation in the constitutional framework of civil liberties and privacy rights, as well as ensuring proficiency in defensive tactics and firearms use. Many additional basic skills provide an essential foundation for our criminal and counterterrorism work, including interview techniques, source development, legal applications and surveillance operations.

Throughout its history the FBI has adapted its training practices to ensure that our personnel have the knowledge and skills to meet emerging threats. Classified courses the reporter could not attend cover an array of terrorism investigative techniques, terrorist financing, undercover operations and the Foreign Intelligence Surveillance Act, among other topics.

We recognize that there are areas where we need to improve. We recently established a human resources branch to help us more strategically manage human capital, including hiring, training and professional development for every employee.

Work continues on advanced training for our national security programs, and we are enhancing curriculum for new agents and analysts that will help drive intelligence-led, rather than reactive, investigation across all of our programs.

KEITH SLOTTER
Acting Assistant Director
Training and Development Division
Federal Bureau of Investigation
Washington

Auditors Fault Anti-drug Ad Spending (AP)

By Kevin Freking, Associated Press Writer

AP, August 26, 2006

The government's anti-drug ad campaign has not been proven to deter children from using drugs, and lawmakers should consider reducing funding for the $1.2 billion program, congressional auditors said Friday.

The Government Accountability Office based its recommendation on its review of an independent evaluation of the media campaign by Westat Inc.

The government has spent about $1.2 billion since 1998 on scores of television, print and radio ads designed to discourage drug use among youth. The ads also describe parents as the anti-drug. President Bush requested another $120 million for next year.

Westat found the ads had no "significant favorable effects" in deterring children from trying marijuana or in getting them to stop. Rather, it found that more 12 1/2- to 13-year-olds and girls were trying the drug after seeing the ads, the GAO said.

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Congress first authorized funding for the media campaign with the expectation that changes in youth behavior would be evident within three years. But early analysis was inconclusive, and the government contracted with Westat Inc., a research company, to evaluate the program.

A draft of the report was submitted last year. The GAO sought to verify whether Westat's analysis was credible, and confirmed that it was.

The ads are quite common. A recent television ad, for example, shows a nurse standing over a boy who appears to have his fist stuck in his mouth. The boy mumbles something, and the nurse translates: "Yesterday my friends told me to smoke some pot and I did. Then today they said I should try and fit my fist into my mouth. It fits but I can't get it out."

The agency that oversees the media campaign, the White House Office of National Drug Control Policy, took issue with several aspects of Westat's evaluation.

John Walters, director of the office, said the study was ill-suited to judge the effect of an ad campaign. The findings also have limited relevance because they are more than two years old, he said in a written response to the GAO's findings.

Walters said establishing a direct relationship between advertising exposure and outcomes is virtually impossible.

"We have dealt with criticism of the campaign from adversaries, including those who advocate the legalization of drugs," he said. "And we have periodically needed to place these findings in context, especially because all major youth surveys report declining teen drug use."

The Czars' Reefer Madness (NYT)

By John Tierney

The New York Times, August 26, 2006

AMSTERDAM

Arjan Roskam, the creator of the award-winning marijuana blend named "Arjan's Haze," has dozens of pictures of celebrity visitors on the wall of his coffee shop in Amsterdam. He's got Eminem, Lenny Kravitz, Alicia Keys, Mike Tyson — but so far, unfortunately, not a single White House drug czar.

The czars have preferred to criticize from afar. In the past, they've called Dutch drug policy "an unmitigated disaster," bemoaning Amsterdam's "stoned zombies" and its streets cluttered with "junkies." Anti-pot passion has only increased in the Bush administration, which has made it a priority to combat marijuana.

More than half a million Americans are arrested annually for possessing it. The Bush administration can't even abide it being used for medical purposes by the terminally ill. Why risk having any of it fall into the hands of young people who could turn into potheads, crack addicts and junkies?

But if America's drug warriors came here, they would learn something even if they didn't sample any of the dozens of varieties of marijuana sold legally in specially licensed coffee shops. They could see that the patrons puffing on joints generally don't look any more zombielike than the crowd at an American bar — or, for that matter, a Congressional subcommittee listening to a lecture on the evils of marijuana.

And if they talked to Peter Cohen, a Dutch researcher who has been studying drug use for a quarter-century, they would discover something even more disorienting. Even though marijuana has been widely available since the 1970's, enough to corrupt a couple of generations, the Netherlands has not succumbed to reefer madness.

The Dutch generally use drugs less than Americans do, according to national surveys in both countries (and these surveys might understate Americans' drug usage, since respondents are less likely to admit illegal behavior). More Americans than Dutch reported having tried marijuana, cocaine and heroin. Among teenagers who'd tried marijuana, Americans were more likely to be regular users.

In a comparison of Amsterdam with another liberal port city, San Francisco, Cohen and other researchers found that people in San Francisco were nearly twice as likely to have tried marijuana. Cohen isn't sure exactly what cultural and economic factors account for the different usage patterns in America and the Netherlands, but he's confident he can rule out one explanation.

"Drug policy is irrelevant," says Cohen, the former director of the Center for Drug Research at the University of Amsterdam. It's quite logical, he says, to theorize that outlawing drugs would have an impact, but experience shows otherwise, both in America and in some European countries with stricter laws than the Netherlands but no less drug use.

The good news about drugs, Cohen says, is that the differences among countries aren't all that important — levels of addiction are generally low in America as well as in Europe. The bad news is that the occasional drug fad get hyped into a crisis that leads to bad laws.

"Prohibition does not reduce drug use, but it does have other impacts," he says. "It takes up an enormous amount of police time and generates large possibilities for criminal income."

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In the Netherlands, that income goes instead to coffee-shop owners and to the government, which exacts heavy taxes. It also imposes strict regulations on what goes on in the coffee shop, including who can be served (no minors) and how much can be sold (five grams to a customer). Any unruly behavior or public disturbances can quickly close down a shop.

To avoid problems at the Green House, Roskam has closed-circuit cameras and a staff that urges novices to stick with small doses, and to protect their lungs by taking hits from a vaporizer. Unlike street buyers in America, customers know exactly what strength they're getting, which is especially useful for the hundreds of people with multiple sclerosis and other ailments who use his marijuana medicinally.

Roskam sneers at the street products in the United States, which he considers overpriced and badly blended. But he acknowledges there's one feature in the American market he can't compete with.

"Drugs are just less interesting here," he said. "One of my best friends here never smoked cannabis, never wanted to even try my products. Then when she was 32 she went to America on holiday and smoked for the first time. I asked her why, and she said: 'It was more fun over there. It was illegal.' "

As Violence Surges, Feds Lend A Hand (SACBEE)

By Ryan Lillis, Bee Staff Writer

The Sacramento Bee, August 26, 2006

The recent spike in violent crime in Sacramento has led to a level of cooperation among local and federal law enforcement agencies not seen in years, officials said.

Federal agencies such as the Bureau of Alcohol, Tobacco, Firearms and Explosives insist their assignment is not to bail out local police departments or tell them how to do their jobs. At the same time, local officials say they have asked for the help, which is coming in the form of money, training and personnel.

The burgeoning coalition was on display Friday, when more than 200 officers from the Sacramento Police and Sheriff's departments took part in a day of training -- conducted by ATF agents -- on how to track firearms used in multiple crimes, how to spot someone carrying a gun and how to identify different models of guns.

"The basic goal is to recover firearms carried by criminals on the street before they are used in another crime," said Mark Kraft, a senior special agent with the ATF, based in Washington, D.C. On Friday he led some of the training sessions at the Sacramento Convention Center.

"In over a quarter century of law enforcement services in this community, I have never seen the relationship between individual players better," Sacramento Sheriff John McGinness said. "The beauty is that those relationships form to make a very formidable force to combat violence in this region."

There have been 45 homicides in the city of Sacramento so far this year, but none since police began a gang crackdown last week that involves, among other things, more than doubling the number of cops devoted to gang enforcement.

Sacramento sheriff's deputies have investigated 36 homicides this year. The Sheriff's Department has launched its own gang crackdown. The hammer is a new mobile unit that tackles crime wherever it is on the rise, McGinness said. He said the unit, deployed over the past few weeks, took four guns and several stolen cars off the streets during its first night.

McGinness said the strategy will last "as long as it has to."

Homicide numbers gained more attention in recent weeks, especially after a 30-hour string two weeks ago in which three people were shot and killed in Meadowview.

Earlier this summer, Sacramento Police Chief Albert Nájera contacted the U.S. attorney's office "to get the ball rolling" on a federal and local coalition, said U.S. Attorney McGregor Scott. The feds, Scott said, didn't hesitate.

"The bottom line is we live in these communities also," he said. "I think it's a very natural process."

Scott told reporters that the feds are "here to support and help our local and state law enforcement partners. We're not here to tell them what to do, we're not here to tell them how to do their business."

Federal prosecutors will help the Sacramento County District Attorney's Office design blueprints for prosecuting gang members, Scott said. Funds from Scott's office have already helped pay for lab technicians and firearm examiners who analyze guns and shell casings found at crime scenes, said Robert Jarzen, director of the district attorney's crime lab.

Local law enforcement agencies will also receive federal funds to help with overtime and undercover work, officials said.

Although officials would not allow a Bee reporter to view Friday's training, R. Graham Barlowe, the ATF's resident agent in charge for the Sacramento field office, said "its value has never been more evident than it is today in Sacramento in our current situation."

It is that situation, officials said, that sparked the interagency cooperation.

"It is our hope and our objective," Scott said, "that with this concentrated effort, this redoubled effort … we can make a very real dent in the violent crime rate that is happening in Sacramento County so that our residents can be safer in their

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communities, can raise their families with a level of safety and go about their daily activities without having to be concerned about random violent crime in general and random violent gang crime in particular."

WHERE IT STANDS NOW · There have been 45 homicides in the city of Sacramento so far this year.

· No homicides have occurred since police began a gang crackdown last week.

· In Sacramento County, sheriff's deputies have investigated 36 homicides this year. The Sheriff's Department has its own gang crackdown.

About the writer:

The Bee's Ryan Lillis can be reached at (916) 321-1085 or rlillis@sacbee.com.

IMMIGRATION:

U.S. State Department Official Indicted On Bribery Charge For Expediting Visas (FINDLAW/AP)

By Matt Apuzzo, Associated Press Writer

AP, August 26, 2006

(AP) - WASHINGTON-A State Department official accepted free flights with exotic dancers to Las Vegas, Nevada, expensive meals, hotel rooms in New York and other bribes to speed up the visa process for a jewelry company, federal prosecutors said Friday.

Michael John O'Keefe, deputy nonimmigrant visa chief at the U.S. Consulate in Toronto, was indicted on bribery and conspiracy charges Friday. Sunil Agrawal, the chief executive of New York-based STS Jewels, also was charged.

Agrawal, an Indian national with legal residency in the United States, sent O'Keefe the names of employees who needed visas to work for her company, prosecutors said. O'Keefe scheduled them outside the normal visa process, they said.

O'Keefe did his best to make sure he conducted the interviews and awarded 21 visas to STS employees, according to an indictment unsealed Friday.

On Jan. 4, 2004, in the weeks leading up to one visa application, Agrawal allegedly wrote O'Keefe an e-mail that said, "Your hotel booking is confirmed in Hilton Millennium in Midtown Manhattan. Two rooms are booked in your name. The car service will be there at the airport to take you to the hotel."

The next day, prosecutors said, O'Keefe received a $3,000 ring from Agrawal.

In return, prosecutors said O'Keefe worked hard for STS employees. At one point he allegedly resurrected a rejected file and scheduled it for expedited review. In another e-mail, he described overruling a colleague who had rejected an STS application because he said terrorists used jewelry to raise money.

O'Keefe was scheduled to be presented in federal court Friday afternoon.

U.S. Official Accused Of Taking Bribes To Speed Visas (Update1) (BLOOM)

Bloomberg, August 26, 2006

By Cary O'Reilly

Aug. 25 (Bloomberg) -- A U.S. State Department official was charged with accepting jewelry, trips to Las Vegas and New York with exotic dancers and other gifts in exchange for speeding the approval of visas.

The official, Michael John O'Keefe, 59, deputy non-immigrant visa chief at the U.S. consulate in Toronto, was indicted in Washington for conspiracy and accepting bribes. Sunil Agrawal, 47, chief executive officer of STS Jewels Inc., was also charged.

O'Keefe, a department employee for more than 20 years, was accused of taking bribes for agreeing to help Agrawal get faster approvals of travel visas, saving him and his gems business time and money, according to an Aug. 18 indictment unsealed today.

``U.S. consular officials are on the front line of our border protection," U.S. Attorney Kenneth Wainstein said in a statement. ``A consular official who violates the rules for personal gain not only erodes public trust in our visa system, but seriously jeopardizes our national security."

If convicted on all charges, O'Keefe and Agrawal face five to 15 years in prison and a fine of as much as $250,000. O'Keefe has been taken into custody and Agrawal is reportedly out of the country, prosecutors said in court papers.

A telephone message left at the only number in Toronto for a Michael John O'Keefe wasn't returned. State Department spokesman Kurtis Cooper referred questions to the Justice Department.

The indictment included what the government said were e-mail messages between the two men. One from January 2005 referred to a Manhattan Hotel stay and a ring valued at more than $3,000.

`Received the Ring'

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``I received the ring this afternoon and I am very grateful for your kindness," O'Keefe is quoted as messaging Agrawal, an Indian national with permanent resident status in the U.S. O'Keefe promised to speed up the visa application of a company employee and eventually issued 21 visas to people ``sponsored by" STS, the indictment said.

Later that month, Agrawal hosted O'Keefe and two exotic dancers, identified as ``A.M." and ``M.S.," in New York, accompanying them to dinner and a Broadway show and paying their hotel bills, the indictment said.

The case is U.S. v. O'Keefe, 1:06-cr-00249, U.S. District Court, District of Columbia (Washington).

To contact the reporter on this story: Cary O'Reilly in U.S. District Court in Washington at caryoreilly@bloomberg.net .

No Word From Feds On State's Big Bill (OLYMP)

By Brad Shannon, THE OLYMPIAN

Olympia (WA) Olympian, August 26, 2006

$50 million sought for jail costs of illegal immigrants

More than a month after Gov. Chris Gregoire sent the federal government a $50 million bill for housing illegal immigrants in state or county jails, the feds have failed to say a word. Not even "no."

"The governor is disappointed," her press secretary, Lars Erickson, said this week. "Gov. Gregoire raised serious concerns about a serious issue, and the administration has failed to respond. So now, she is looking at the next steps."

The letter was addressed to Attorney General Alberto Gonzales and the Department of Justice and is similar to a letter sent by Arizona Gov. Janet Napolitano.

The agency intends to respond, said Evan Peterson, spokesman for the Department of Justice. But he was unable to say what kind of response might be forthcoming.

"What I will say is the Department of Justice and attorney general always respond to these letters as expeditiously as possible, and it is important to the department to respond," Peterson said.

July 17 letter

Gregoire's letter was dated July 17, and it asked the Republican-led administration to respond by Aug. 1. The governor said she might ask the state's congressional delegation for help.

At the time Gregoire announced she was sending the bill to the federal government, she said the state spent $49.7 million more in the two fiscal years ending in June than the federal government's $1.7 million payment covered. That was for 995 inmates held on charges of violating state laws.

Reimbursements run about $4.75 per day per inmate, far below the real cost of $74.44 per day in 2005, which rose to $76.75 this year, Gregoire said. The situation costs Washington state money and takes up valuable state prison space that also jeopardizes public safety, she said.

The low reimbursements come on top of cutbacks in federal money for homeland security and medical costs shared with states, Gregoire said at the time.

Brad Shannon is political editor for The Olympian. He can be reached at 360-753-1688 or bshannon@theolympian.com.

U.S. Border Governors Urge Reform (AP)

By Liz Austin Peterson, Associated Press Writer

AP, August 26, 2006

The governors of four border states signed a letter Friday urging Congress to pass comprehensive immigration reform before the end of the year.

Democrats Janet Napolitano of Arizona and Bill Richardson of New Mexico and Republicans Rick Perry of Texas and Arnold Schwarzenegger of California signed the letter at the close of the two-day Border Governors Conference.

They also joined the governors of six Mexican states in signing a joint declaration on issues ranging from tourism and trade to education and border security. Among other things, they pledged to share information about human, drug and arms trafficking and to work together to prevent agricultural terrorism.

The U.S. House and Senate have yet to begin working out the differences between immigration reform legislation passed earlier this year.

House GOP leaders convened a series of hearings this summer after the Senate approved a guest worker program and a possible path to citizenship for millions of illegal immigrants. The House-approved bill focuses on enforcement and has no provision for illegal immigrants or future guest workers.

The hearings have been criticized as a political maneuver to delay immigration legislation and to help Republican candidates in an election year.

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In their letter to House Speaker Dennis Hastert and Senate Majority Leader Bill Frist, the governors said such hearings "do little but stir the pot of discontent."

"We urge you to get back to work and pass legislation that puts the interest of taxpayers first and solves this crisis once and for all," they added.

While the Mexican governors did not sign the letter to Hastert and Frist, several of them urged Congress to act in their closing remarks. Baja California Gov. Eugenio Elorduy Walther said political leaders must recognize that people will always migrate across borders, like the first North American settlers did thousands of years ago.

"It is not with armies or with walls that this immigration problem will be solved, but with a vision of shared responsibility," added Gov. Natividad Gonzalez Paras of Nuevo Leon.

Throughout the conference, the governors emphasized the importance of balancing border security with economic development. In their joint statement, they committed to establishing more efficient checkpoints and to ensure a reasonable implementation of new passport requirements.

New requirements being phased in over the next few years include fingerprinting and computer checks for foreigners entering the country and passports for U.S. citizens crossing to Mexico, even for day trips. Currently, only a driver's license is needed, and business officials worry the cost of passports could deter some from crossing the border.

Richardson said cooperation will be key to implementing the agreements the governors reached.

"As border states, we have found we share more in common than in conflict," he said. "Working together we can accomplish more than if we allow the border to keep us apart."

Immigration Hearings Poorly Attended (AP)

By Allison Hoffman, Associated Press Writer

AP, August 26, 2006

With immigration reform legislation stalled indefinitely, the congressional hearings on the issue that attracted overflow crowds around the Fourth of July have now fizzled with disinterest leading into Labor Day.

Most Americans paid little attention to the two dozen House hearings held around the country during the last two months. Many families have been on vacation, and the news has been dominated by war in the Middle East, the foiled terror plot in London and an arrest in the JonBenet Ramsey murder investigation.

"People don't pay attention to these things, except the C-SPAN junkies," said Gary Jacobson, an expert in congressional politics at the University of California, San Diego. "It's not surprising that it's fizzled."

Democrats and immigrant groups have questioned the need for the hearings because such meetings are typically held before legislation is passed — not after. Critics call the hearings an election-year tactic to delay negotiations on the competing immigration bills passed by the House and Senate.

Many House members have shown waning interest in the meetings, preferring to campaign during the August recess or go on vacation, Jacobson said.

A hearing in San Diego drew just two congressmen, even though it is a border city often described as a crucible of immigration politics. Another gathering in Dalton, Ga., attracted just three representatives.

A sparsely attended hearing in El Paso, Texas, was held in the dark and rebroadcast on C-SPAN with a note reading: "This hearing was held in a theater with lighting problems."

Another gathering scheduled for Friday in upstate New York was canceled with one week's notice. A spokesman for the Judiciary Committee blamed logistical difficulties getting members to the meeting from a panel in Concord, N.H., that took place the previous day.

Some Republicans consider the hearings a success.

Rep. James Sensenbrenner, R-Wis., said the meetings allowed lawmakers "to hear testimony from local people, as well as to talk with them informally."

But even some who agree with the House GOP's hardline stance against illegal immigration gave mixed reviews to the hearings, which generally involved Homeland Security officials, academics and activists discussing the issue.

Ron De Jong, spokesman for the activist group Grassfire.org, said he would have liked more accessible venues and an opportunity for audience members to speak.

"I would have provided a forum for citizens to speak," De Jong said. "Give them 90 seconds."

House GOP leaders called the hearings to highlight differences between the enforcement-only bill that the House passed in December and a Senate bill approved in May, which would establish a guest worker program and a path to citizenship for many who are in the country illegally.

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The first hearing outside Washington, held at a Border Patrol station in San Diego, attracted a host of lawmakers and an overflow crowd of more than 200 people. At the time, many lawmakers hoped for hearings in their home districts.

Hearings were scheduled as far afield as Yuma, Ariz., Evansville, Ind., Hamilton, Mont., and Selfridge Air National Guard base, near Detroit.

The final House panel is Sept. 1 in Dubuque, Iowa. The Senate has also held some hearings.

As lawmakers prepare to reconvene after Labor Day, prospects for a compromise are cloudy.

Two conservative Republicans, Sen. Kay Bailey Hutchison, R-Texas, and Rep. Mike Pence, R-Ind., proposed a bill in late July that they hoped would start negotiations between the House and Senate.

The bill would set up privately run "Ellis Island" centers outside the United States. Illegal immigrants would have to leave the country and apply at the centers to return on work visas. But those would not operate until after the president has certified to Congress that the border is secure.

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Associated Press writer Beverley Wang in Concord, N.H., contributed to this report.

Illegal Aliens Clog Border Docket (WT/AP)

By Alicia A. Caldwell, Associated Press

The Washington Times, August 26, 2006

DEL RIO, Texas -- Standing in a cramped federal courtroom last month, illegal alien Walter Oscar Portillo-Machado pleaded with a judge for mercy. But he came to the wrong place for that.

The Salvadoran man was caught along a 210-mile stretch of the Texas-Mexico border that has been set up as zero-tolerance zone for illegal immigration. Instead of merely getting sent back home, aliens here are arrested, prosecuted and sometimes sentenced to prison before they are formally kicked out of the country.

The effort began late last year along a border area that includes the Rio Grande border towns of Del Rio and Eagle Pass. It has been hailed by federal officials as a creative use of local and federal resources to tighten the border.

While other border sectors avoided strict enforcement because they did not have enough jail space or prosecutors, authorities in the Del Rio area found bed space elsewhere in the region, assigned federal agents to help prosecute cases and began running illegal aliens through a courtroom at a rate of one case per minute.

Immigration advocates have criticized the practice, saying it only moves the problem elsewhere along the border and may sacrifice civil liberties for the sake of efficiency.

"There's nothing we're doing that wasn't already on the books," said Hilario Leal Jr., a supervisory Border Patrol agent in the Del Rio sector. "It's nothing new. We just started enforcing the law."

The Del Rio sector also ended the widespread practice of "catch-and-release" that freed most non-Mexican immigrants with a piece of paper ordering them to show up in federal immigration court a month later -- and almost no one did.

Most Mexican citizens with no criminal record who cross outside the Del Rio sector are still escorted back shortly after their arrest. Those from other countries are held in a detention center -- not as criminals serving time -- while the paperwork is being completed to return them to their home countries.

But in the Del Rio sector, every adult illegal alien, regardless of their home country, is criminally prosecuted and removed from the country after they have served their sentence.

"They know if they come (to Del Rio) they are going home, they are going to jail," Mr. Leal said.

Before the effort began, illegal aliens came across the river near Del Rio in droves, with Central and South American citizens often surrendering to agents because they knew they would be let go -- after receiving food, water, medical care and sometimes a ride to a bus station, along with their notice to appear in court.

In recent years, the situation had become so hectic that Del Rio sector agents were lucky if they patrolled the border for two hours during an eight- or 10-hour shift, Agent Cynthia Bilyk said. The rest of their time was spent processing the aliens.

Agents in the sector were averaging about 500 arrests a day, Mr. Leal said. Now there are fewer than 100 daily arrests, and the reforms are credited with reducing arrests by about 29 percent so far this fiscal year.

While the changes have curbed arrests, freed up agents and other resources, they have not slowed the traffic at the federal courthouse.

The day Portillo-Machado stood shackled and handcuffed in the courtroom, he was surrounded by more than 30 defendants facing the same charge. The judge handled about one guilty plea a minute.

When his name was called, Portillo-Machado pleaded guilty in Spanish. He then asked the judge for forgiveness and was later sentenced to 120 days in jail.

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Magistrate Judge Dennis Green said the cases are heard quickly, but each defendant meets with a court-appointed attorney before going to court.

The federal court's two Del Rio magistrate judges are hearing about 2,100 cases a month. Their counterparts farther from the border in West Texas are averaging about 140.

Opponents say the process just pushes the problem to other sectors.

"The border is like a balloon," said El Paso immigration lawyer Felipe D.J. Millan. "If it expands in one area, guess what? It still comes in from another area."

Defense Companies Competing To Build High-tech Shield At U.S. Borders (MCT)

By Dave Montgomery

McClatchy Newspapers, August 26, 2006

WASHINGTON - The Bush administration is expected next month to choose an industry consortium to erect a high-tech security shield along the U.S. borders, launching one of the federal government's most ambitious public-works projects in years.

The Department of Homeland Security calls the proposed Secure Border Initiative Net the "most comprehensive effort in the nation's history" to gain control of more than 6,000 miles of border with Mexico and Canada as well as 2,000 miles of coastline.

SBInet is a centerpiece of President Bush's efforts to fortify the porous U.S.-Mexico border at a time when Congress is locked in a struggle to overhaul the nation's immigration laws. Administration officials say they intend to proceed with the security net regardless of the outcome of the debate over immigration legislation.

The multibillion-dollar undertaking has ignited an intensely fought contract battle among industry teams headed by four leading defense companies - Boeing, Lockheed Martin, Northrop Grumman and Raytheon - and Ericsson, the Swedish-based telecommunications giant with U.S. headquarters in Plano, Texas.

Collectively, the teams are composed of nearly 40 companies in more than 15 states, a broad and diverse lineup that includes global engineering firms, niche industries adept at biometric identification or surveillance, and blue-ribbon aerospace corporations that are better known for churning out warplanes, tanks and missiles.

Among the states vying for a piece of the action are California, Missouri, Florida, Minnesota and Pennsylvania. Los Angeles-based Northrop Grumman's teammates include HNTB Corp., a nationwide engineering and architectural firm headquartered in Kansas City, Mo., and Identix, a top-tier biometric company in Minnetonka, a suburb of Minneapolis.

The U.S. Customs and Border Protection, a branch of the DHS, is expected to announce a winner by Sept. 30.

As envisioned by Homeland Security Secretary Michael Chertoff, SBInet would marry industry expertise with the 42,000-employee Customs and Border Protection to create a wall of technology, manpower and infrastructure over the next six years. The initial cost is projected at $2.5 billion, but the price ultimately could be much higher.

Although Deputy Homeland Security Secretary Michael P. Jackson told industry officials that the project is "not about simply buying gizmos," much of the attention has focused on the potential mix of technology. Most of the proposals include state-of-the-art sensors, mounted cameras, unmanned aerial vehicles, radar and other surveillance hardware.

Calls for toughening the border have intensified with the approach of the fifth anniversary of the Sept. 11 terrorist attacks and the recent alleged terrorist bomb plot in Britain. But the project has come under heightened scrutiny on Capitol Hill after a congressional report last month blasted DHS procurement polices.

The bipartisan report, released by Republican and Democratic leaders of the House Government Reform Committee, identified $34.3 billion worth of DHS contracts marred by significant overcharges, wasteful spending or mismanagement. The troubled projects included a largely ineffective camera-surveillance system along the Mexican and Canadian borders.

Rep. Henry Waxman, D-Calif., complained that SBInet could be exposed to the same problems, contending that the DHS is giving industry too much latitude in determining how the system should be tailored. "That's not governing," he said. "It's utter incompetence, and it's going to cost the taxpayers billions."

From the bidders' vantage point, SBInet could create thousands of jobs and underscore the defense industry's expanding transition into homeland security. Tools of war - such as radar and satellite surveillance - easily can be redirected into the campaign to guard the home front.

"We see it as an increasing market," said John W. Douglass, the president and chief executive officer of the Aerospace Industries Association. "Many of the technologies that make you a successful aerospace contractor would also make you a successful homeland-security contractor."

Several of the team members started preparing for the project more than two years ago, when the DHS was considering a since-abandoned border initiative called America's Shield. Team representatives have spent months on the border, and several of the bidders have set up remote border-area test sites to evaluate their equipment.

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Nearly 60 potential bidders expressed interest in the project before the DHS winnowed the field to the five rival teams. Universities in Texas, New Mexico and Arizona are aligned with several of the teams, reflecting academia's growing expertise in homeland security and border demographics.

Bidders made oral presentations over the past two weeks and have until Monday to update their proposals. One major defense contractor, L-3 Communications, headquartered in New York, is effectively competing against itself, with units positioned on three teams.

While SBInet bristles with opportunity, the winning team will face immense obstacles in trying to create a leak-proof "virtual wall" traversing rugged desert terrain in the south and mountainous, wooded landscape in the north. The challenges probably will include property-rights disputes and environmental issues.

Sensors and cameras have been operating along the borders for years; the SBInet team will be charged with building an integrated and modernized system tying all the pieces together. In addition to technology, the industry team will provide contract personnel for non-law enforcement jobs and train government agents to adapt to the new system.

In a January briefing, Jackson urged industry officials to be innovative without straying "onto the wacky edge of creativity." Most proposals call for a network of thousands of sensors that would detect movement, sound and in some cases smell.

The sensor then would flash an alarm on a computerized map in a command-and-control center, where an operator would train a long-range mounted camera on the site to determine whether an animal or a human intruder tripped the alarm. If necessary, agents would be dispatched. Several, if not all, of the teams would augment the protection with unmanned surveillance aircraft and, in some cases, high-altitude surveillance balloons.

The project could unleash a construction boom along the Mexican and Canadian borders as the winning consortium erects buildings, roads and an as-yet-unspecified stretch of barriers and fences to complement the high-tech shield.

Accordingly, most of the teams bristle with engineering and architectural talent, such as HNTB and Fluor Corp., a 35,000-employee international construction company that moved its headquarters from California to Irving, Texas, this summer. Fluor is a member of Ericsson's team.

DHS officials expect the work to encompass thousands of suppliers and subcontractors. Lockheed Martin, for example, held community meetings in seven cities along both borders, meeting with more than 350 subcontractors. More than 650 companies have registered on its Web site.

For all the players, SBInet offers a chance for a giant leap into an already burgeoning government market. Since the DHS was created in 2003 from the consolidation of 22 agencies and departments, procurement spending at the department rose from $3.5 billion to $10 billion in 2005, according to the House Government Reform Committee.

Perot Systems of Plano, Texas, founded by Dallas billionaire H. Ross Perot Sr., already has 700 employees working with the DHS under its four-year-old government services division; it would supply support personnel to command-and-control centers if its Boeing-led team wins the contract. Many other companies also have at least a toehold in DHS business.

The shield is a dominant component of the Secure Border Initiative to stem the flow of illegal immigrants, which Chertoff announced last November. More than 1.2 million illegal immigrants were arrested in 2005, nearly all on the southern border.

Mark Reed, the president of Border Management Strategies in Tucson, Ariz., and a member of the Raytheon team under BAE Systems, said the proposed security shield marked an unprecedented commitment to construct high-tech "eyes and ears" on the border.

"At the end," he said, "what's important is that the taxpayers end up with a product that works."

Profiles Of Competing Teams (MCT)

McClatchy Newspapers, August 26, 2006

Profiles of the teams that are competing to win the contract for the multibillion-dollar Secure Border Initiative Net:

BOEING INTEGRATED DEFENSE SYSTEMS INC.

Headquarters: St. Louis

Employees: 75,000

Expertise: Installed explosives-detection systems at 438 airports in less than seven months after Sept 11, 2001.

Bid highlights: Radar and infrared camera on towers. Possible hand-launched unmanned aerial vehicles. Portable devices to check fingerprints and facial biometrics.

Team members:

Elbit Systems of America, Fort Worth, Texas

DRS Surveillance and Reconnaissance Group, Palm Bay, Fla.

L-3 Government Services Inc., Washington

Perot Systems, Plano, Texas

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Unisys Global Public Sector, Reston, Va.
Lucent Technologies, Murray Hill, N.J.

ERICSSON INC.
Based in Sweden.
U.S. headquarters: Plano, Texas
Employees: 4,500 in the United States
Expertise: Built a border-surveillance system on the Norway-Russia border and won contracts for border security in Hungary and Slovakia.
Bid highlights: Thousands of ground-based sensors, high-resolution cameras, radar. Limited use of unmanned aerial vehicles to track immigrants in desolate area.
Team members:
Computer Sciences Corp., El Segundo, Calif.
Fluor Corp., Irving, Texas
SYColeman Corp., Arlington, Va., a division of L-3 Communications
MTC Technologies Inc., Dayton, Ohio
Camber Corp., Huntsville, Ala.
AEP Networks Inc., Somerset, N.J.
Texas A&M University, College Station
University of Texas at Austin

LOCKHEED MARTIN
Headquarters: Bethesda, Md.
Employees: 135,000
Expertise: High-altitude surveillance balloons. Underwater detection systems.
Proposal: Unmanned aerial vehicles, sensors, cameras, possibly surveillance balloons.
Team members: About half-a-dozen major teammates, but names haven't been disclosed.

NORTHROP GRUMMAN INFORMATION TECHNOLOGY
Headquarters: Los Angeles
Employees: 125,000
Expertise: Broad background in information technology. Works with law enforcement agencies.
Bid highlights: "Persistent surveillance" from ground and air sensors. One major component: Northrop Grumman's unmanned Global Hawks.
Team members:
Anteon International Corp., Fairfax, Va.
SRA International, Fairfax, Va.
BearingPoint Inc., McLean, Va.
L. Robert Kimball & Associates, Ebensburg, Pa.
HNTB Corp., Kansas City, Mo.
L-3 Communications Titan Group, San Diego
General Dynamics, Falls Church, Va.
Identix, Minnetonka, Minn.
EMC Corp., Hopkinton, Mass.
ESRI, Redlands, Calif.
Hughes Network Systems LLC, Germantown, Md.
Motorola Inc., Schaumberg, Ill.
Sprint/Nextel, Reston, Va.
Oracle Corp., Redwood Shores, Calif.
Nortel, Brampton, Ontario

RAYTHEON NETWORK CENTRIC SYSTEMS
Headquarters: McKinney, Texas

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Employees: 11,500
Expertise: Sensor-based security at airports. Erected $1.4 billion surveillance shield over the Amazon rain forest.
Bid highlights: "Tool kit" of solutions that could include communication satellites, aircraft, cameras, sensors
Team members:
IBM Corp., Armonk, N.Y.
BAE Systems branch in Austin, Texas
Bechtel National Inc., Frederick, Md.
Apogen Technologies Inc., McLean, Va.
Deloitte Consulting LLP, New York

In Tony Monterey County, Slums And A Land War (WSJ)

By Miriam Jordan
The Wall Street Journal, August 26, 2006

Environmentalists fight to preserve scenic beauty while immigrants cram into houses and garages Who will pick the vegetables?

SALINAS, Calif. -- Monterey County is marked by dramatic craggy cliffs that drop to the Pacific Ocean. Along the coast sit the manicured, affluent enclaves of Carmel, Pebble Beach and Monterey, which attract wealthy homeowners and tourists from around the world.

About 20 miles inland, in the same county, is the fertile valley of Salinas, America's vegetable garden. Some 80% of the nation's lettuce and much of its broccoli, cauliflower and spinach grow in Salinas's fog-cooled fields, which produce $3.5 billion worth of crops annually. "We have the climate and soils that make us one of the most bountiful areas in the world," says Bob Roach, the county's assistant agricultural commissioner.

THE POLITICS OF LAND USE

See a map of how Monterey County's land is used, and a chart of the median resale price of homes.

Yet amid this land of plenty, there is squalor. Virtually beside the fields, in the city of Salinas, neighborhoods rival high-rise-jammed cities in population density. Multiple families occupy small houses; others live in converted garages. Gang graffiti mars the façades of apartment complexes. A school's walls are riddled with bullet holes. Fueling Salinas's troubles, many say, is a housing market that offers few affordable dwellings for the thousands of Hispanic immigrants who pick the area's crops.

The five-member family of Gabriela Alvarado, for example, has shared a tiny two-bedroom rented house with two fieldworkers. "It's the only way we can afford to live here," says Mrs. Alvarado, whose husband came to Salinas 18 years ago to work in the lettuce fields. The Alvarados charged two fieldworkers $150 a month each to board with them.

In a study of agriculture workers published in December, researchers from the University of California, Berkeley reported that 39% of homes in the Salinas area had more than 1.5 people per room, compared with 0.5% of all U.S. homes.

Monterey County is torn by competing priorities. On one side are farmers, developers and immigrant advocates, who want to see more housing built. On the other are environmentalists and residents, including those in the upscale coastal towns, who want to preserve open space and their quality of life. As the two camps fail to reach a middle ground, low-income immigrants have borne most of the fallout: limited housing, with sky-high prices.

The stalemate has helped create housing prices in Salinas, a city of 150,000, that are out of sight, even by California standards. Last year, Salinas was the least-affordable place in the country to live, based on the percentage of median income required to make the mortgage on a median-priced house, according to Moody's Economy.com. The median resale price of a single-family home in Salinas was $620,000 in June 2006, compared with $175,750 the same month in 1996, according to DataQuick Information Systems. City manager Dave Mora says that Salinas's 19 square miles are "99% built out."

Monterey County's unusual combination of prime agricultural land and stunning coastal property, of great wealth abutting great poverty, make it an extreme example of how land-use questions can turn political. The clash here provides a glimpse of what may be faced by other areas and industries that increasingly rely on low-wage immigrant laborers, without enough places to house them.

The fight is also emblematic of "slow-growth" movements across the country. From California to Vermont, residents are rebelling against plans they worry will trigger sprawl, rejecting the notion that what's good for the economy is good for them. Many want to maintain the small-town character of their communities, or preserve historic sites or the environment.

Some of the agriculture workers in Monterey are undocumented immigrants, and many move with the harvests, traveling from Arizona to California to the Northwest. But increasingly, there is work year-round in Salinas. Technology has allowed more crop rotations throughout the year, fresh-vegetable processing plants have opened and wineries have sprung up.

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John Steinbeck, who grew up in Salinas, rhapsodized about the beauty of the Salinas Valley in his book "East of Eden," published in 1952, describing its "light gay mountains full of sun and loveliness" and streams that "slipped out of the hill canyons and fell into the bed of the Salinas River." He wrote about the valley's fertile soil and foothills carpeted with flowers.

In the 1950s and 1960s, farmers brought thousands of Mexican laborers to the U.S. as part of the government's bracero program. Farmers housed the mostly male workforce in dormitories on the edge of their land. By the 1970s, few farm owners offered housing because in most cases, they weren't obligated by law to provide it.

As the agricultural industry in Salinas flourished, the number of immigrants surged. At the same time, the area's beauty was becoming a draw to the wealthy and to tourists. Environmental groups increasingly kept a watchful eye over Monterey's land and its marine life.

The pristine look of the area is key to the county's $1.6 billion tourism industry. In Carmel-by-the-Sea, where Clint Eastwood was once mayor, neon signs, billboards and food stands are banned. A round of golf at the famed Pebble Beach Golf Links is $450 per person.

In the 1980s, more developers started to arrive. Grassroots groups began forming to oppose new housing projects, citing concerns about sprawl, water supplies and road congestion. In the 1990s, the groups began filing lawsuits, which stalled several developments. Still, amid the dot-com boom, Silicon Valley workers began buying homes in the area, even though it meant a long commute. "The mantra of big-money interests is 'we need affordable housing,' "says Jan Mitchell, who formed two groups to fight developers. "But they never provide affordable housing; they will build estates."

By 1998, slow-growth advocates joined forces to form a group called LandWatch Monterey County. The group has been funded by individuals and foundations, including the David and Lucile Packard Foundation. "What we are trying to do is prevent the Salinas Valley from turning into another Los Angeles County or Silicon Valley," says Chris Fitz, executive director of LandWatch.

Janice O'Brien, a LandWatch supporter, lives in a fan-shell-shaped house in Pebble Beach, designed by a student of Frank Lloyd Wright. Her solar-powered home sits atop dunes on a well-known scenic route. Mrs. O'Brien moved here in 1973 from southern California, when many people, especially from Los Angeles, began to seek greener, calmer pastures in the Central Coast. She describes herself as a "liberal Democrat and ardent environmentalist."

"Why don't we live within the resources that make the peninsula beautiful?" she says. "That is our battle cry. Stay within the resources."

Mrs. O'Brien says that because of the influx of people working in the tourist trade in her area, traffic "has begun to look like Los Angeles at 5 p.m.," when many workers drive home.

Critics say that slow-growth advocates often live in coastal towns or ranch areas, surrounded by nature and isolated from the problems of overcrowding. "There are people who came here 20 years ago, found Utopia and don't want anything to change," says Jerry Smith, chairman of the Monterey County Board of Supervisors and a fourth-generation native of Monterey. "I'm passionate about my ocean sanctuary, rolling hills and farmland, but I really believe we need to build housing."

Other longtime residents, most of whom have seen their property values rise, want to fend off developers who they fear will suburbanize the area. "Nobody wants to give up this way of life," says Carol Harrington, who has lived in the Salinas area since her youth. Wild turkeys, wild pigs and deer roam on her 16 acres. She thinks housing for immigrant workers "should be provided by the farmers."

In 1999, another nonprofit group, called Common Ground, was formed to oppose LandWatch; its supporters included agriculture interests, the tourism industry and immigrant advocates.

Farmers in Salinas say they have been stewards of the land long before environmentalists arrived, and should have the flexibility to develop it as they see fit. "The threat to agriculture is not that we'll sell land," says Rod Braga, whose grandfather started farming here 80 years ago and who employs about 1,200 immigrants during peak season. "It's that our laborers won't be able to afford to live here."

While environmentalists and farmers battled and little new housing was built, immigrants suffered, with more and more workers living in difficult conditions.

For several years, the Alvarados shared a rented two-bedroom apartment with another family. "It is impossible to make ends meet on one salary" in Salinas, says Mrs. Alvarado, who worked at a local preschool part-time. Her husband earned $10.50 an hour. She earned $7.50 an hour. She says she would have preferred to stay at home, to shield her kids from gangs.

Crowded conditions contribute to the proliferation of gangs in Salinas, says Police Chief Dan Ortega. "Migrant kids are lured into gangs for protection," he says. In 2004, the most recent year for which national comparisons are available, the murder rate in Salinas was 11.4 per 100,000 people, compared to 5.5 nationally. Aggravated assaults in Salinas were 453 per 100,000, compared with 291 nationally. Robberies were 302 per 100,000, against 136.7 nationally. The city's homicide rate fell last year, Mr. Ortega says, in part because of the creation of a countywide Gang Task Force.

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He notes the contrast for immigrants who serve the tourist trade in the upscale communities. "To make all that tourism work, you need busboys, maids and cooks," says Mr. Ortega. "After work, they come home to Salinas" where living conditions are deplorable, he says.

The housing crush has caused workers to make risky plays for the few ownership opportunities that come up. In March, real-estate agent Frank Bellafiore says he sold a house to a Mexican immigrant field-worker who had been renting a room for his family for seven years in another family's home. The home -- a 1,013-square-foot house built in 1954 -- cost $490,000. The monthly mortgage payment of $3,000 represented about 70% of the fieldworker's income.

Despite that, "he was so thrilled that he cried when he signed the loan," recalls Mr. Bellafiore, who declined to give his client's name. He says the new homeowner is considering becoming a landlord himself, by renting out one of his bedrooms to a pair of field-workers.

The housing crunch is even driving higher-income workers away, employers say. Don Nucci, co-chairman of Mann Packing Co., a vegetable packer and shipper, says his company recently lost five supervisors, discouraged by the area's home prices and gang problems. John D'Arrigo, whose grandfather started farming here in 1923, says his agribusiness lost two high-tech experts in three months. "It's happening all over town," he says. "People are leaving this area, from low-skilled workers all the way up to people making $100,000 a year."

If more land is allowed to be developed for housing, the big question is whether that would help the immigrant population. The pro-growth camp says it will, because every new project is required to include a certain number of "workforce" housing units, which are intended for lower- to moderate-income workers.

The slow-growth camp contends most development will be for expensive homes -- and even the units designated for lower-income workers will be out of reach for most immigrant laborers, who earn as little as $14,000 a year.

Construction of 853 houses -- in the only single-family development now going up in Salinas -- was delayed three years by challenges from another slow-growth group called Citizens for Responsible Growth, which raised concerns about the impact on traffic, schools and open space. Most of those houses cost between $500,000 and $800,00. Under current city rules, 12% must be set aside for moderate- to low-income families; those houses cost more than $200,000.

"Families will do whatever they can to get into a house," says Mr. Mora, the Salinas city manager. "You need to have two or three families in a house." Some low-income home buyers take out interest-only mortgages, or benefit from special financing from nonprofit or government groups.

The latest battle over competing visions for Monterey County is evident in the struggle to revise a 20-year growth plan. The plan has been a work-in-progress for six years and has already cost taxpayers more than $6 million.

The first draft of the plan satisfied the slow-growth camp, but infuriated farmers, housing advocates and the tourism industry. Development of 75% of county land was blocked, either because it was deemed ecologically sensitive or too far from infrastructure. Latino community leaders accused slow-growth groups of being "environmental racists," who wanted to deprive Hispanics of achieving home ownership.

Last October, LandWatch, the slow-growth group, unveiled its own plan. Under that plan, many decisions -- including approval for certain housing projects -- would be decided by voters rather than elected or appointed officials. Development would be restricted to five already-urbanized areas. The plan calls for new projects to set aside at least 30% of units for low-income families.

Immigrant advocates say the LandWatch initiative would allow the heavily white populations of Carmel, Pebble Beach and Monterey, which often have higher voter turnout, to veto growth plans in Salinas Valley communities, which are home to mainly working-class Hispanics.

"Their plan basically says [to immigrants] that you can work in our restaurants, hotels and golf courses," says Alfred Diaz-Infante, president of a nonprofit home developer called Chispa. "But go home to your crowded conditions in Salinas at the end of the day."

LandWatch hoped to put its plan on the ballot in November, but the plan is tied up in San Francisco federal court. The court will decide whether a petition to qualify an initiative for the ballot complies with the Voting Rights Act if it was circulated only in English despite the fact that the area has many Spanish speakers.

Monterey County is advancing with its fourth draft of the general plan, which it hopes to adopt within months.

Meanwhile, the Alvarados, who came to Salinas in 1989 to pick lettuce, have had enough. They recently moved to Pasco, Wash., where they hope to seek work in the fields and be able to buy a home. "It got too expensive in Salinas," Mrs. Alvarado says.

Write to Miriam Jordan at miriam.jordan@wsj.com1

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CONGRESS-ADMINISTRATION:

Poll: Iraq, Lebanon Hurt The U.S. War On Terror (TIME)

By Unmesh Kher

Time, August 26, 2006

In survey, 59% say Bush has no clear policy to deal with terrorism, but job-approval ratings improve slightly

While President Bush may be getting a slight uptick in his job-approval numbers, the situation in Iraq and Lebanon has been a setback in the war on terrorism, Americans say. According to a new TIME poll, 54% of those surveyed said the U.S. involvement in the war in Iraq has hurt America's standing in the war on terrorism, vst. 40% who feel it has helped. U.S. handling of the conflict between Hizbollah and Israel has caused harm as well, said 51%, vs. 29% who said it has had a positive effect. The Bush Administration does not have "a clear and well thought-out policy to deal with terrorism," said 59%, vs. 36% who disagreed with that statement. Forty-nine percent said the Bush Administration is using the threat of terrorism for political reasons; 45% didn't feel that way.

Despite those concerns, Bush's job-approval ratings lifted a bit. In the TIME poll of 1,002 adult Americans, conducted August 22- 24, put Bush's rating at 38%, up three percentage points from a TIME poll Aug. 9-10. His handling of the economy rated approval by 38% as well, up five points, and his handling of Iraq edged up to 34%, a four-point improvement. Congress fared worse, with only 30% approving of its performance. Asked how they would vote if elections for Congress were held today, 51% of the registered voters among the respondents said they'd pick a Democrat, while 40% would vote Republican. The numbers include voters who say they lean toward those parties.

In spite of the seeming Democratic edge, the poll suggests a shift in perceptions about which party can better tackle the terrorist threat-41% of Americans say they feel the Republicans would do a better job of handling that, while 33% feel the Democrats could do better. That's a reversal from five months ago, when 44% picked the Democratic Party and 33% chose the GOP.

Americans seemed to be in a pessimistic mood, at least relatively so: 66% said the country is in "deep and serious trouble today," vs. 30% who said the problems we face are "no worse than at any other time in recent years." Only 5% said things are going "very well" in the country, vs. 47% who said "fairly well," 30% "fairly badly" and 17% "very badly." The No. 1 concern was the economy and jobs (20%) followed by terrorism (13%) the war in Iraq (11%) and high energy prices (8%).

The Economy (WSJ)

By David Wessel

The Wall Street Journal, August 26, 2006

A Look at How We're Doing

The government offers weekly tallies of the number of Americans filing for unemployment benefits, monthly counts of employment and quarterly measures on economic growth. But only once a year does it report how well the typical American family is doing, how their incomes compare with those at the top, how many live below the poverty line and how many are without health insurance.

On Tuesday, the Census Bureau will issue its annual snapshot of those measures from its concrete fortress in Suitland, Md. It is the official national report on what's happening to the American standard of living, based on phone or face-to-face interviews with 100,000 households conducted earlier this year.

Like any survey, this one has flaws. Parts of it are controversial, particularly a widely criticized official measure of poverty that doesn't reflect much of the money that government spends on health care, housing and tax breaks for the poor.

But it also is a mother lode of data, both for analysts tracking changes in the U.S. economy and for politicians eager to celebrate successes or condemn disappointments in recent economic developments. While most government data describe broad averages, the Census report distinguishes between those at the bottom, the middle and the top. "The challenge is in the interpretation," says Jared Bernstein of the Economic Policy Institute, a left-leaning think tank. "If the...release reveals that incomes rose for middle- and low-income families, we will applaud even meager gains. Our applause should be tempered, however, by the knowledge that we are behind what we ought to be."

Though the economy has been expanding since the last recession ended in late 2001, inflation-adjusted income for the median household -- the one smack at the middle -- has fallen for five years. After adjusting for inflation, the median household income in 2004, $44,389, was nearly 4% below the 1999 level -- even though the U.S. economy grew by 13% in that period.

At the Heritage Foundation, at the right end of the political spectrum, analyst Robert Rector has argued the Census Bureau overstates the number of Americans living in what most people consider poverty and undercounts the amount of income for

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people at the very bottom and very top. Still, he says he will be looking to see which way the poverty rate goes. Trends in that rate are, he says, "an interesting barometer." He expects the fraction of Americans living below the official poverty line fell in 2005 after rising for four years. One sure thing: The White House and Republican congressional campaigns are certain to find some nugget of good news to celebrate.

Plan B Backers Continue Push For Access By Teens (WT)

By Joyce Howard Price, The Washington Times

The Washington Times, August 26, 2006

The manufacturer of the "morning-after" pill, along with some women's groups, Democratic lawmakers and medical organizations say the government's decision to allow over-the-counter sales of the drug to those 18 and older is only a partial victory and that they will push for unrestricted access for younger girls as well.

The 60,000-member American Academy of Pediatrics (AAP) called the Food and Drug Administration's (FDA) ruling Thursday allowing adults to buy the pill, called Plan B, without a prescription "an important first step" that "only goes halfway."

"Emergency contraception will remain out of reach for sexually active teens 17 and younger because they will still be required to obtain a prescription for the medication," AAP said.

Plan B lowers the risk of pregnancy by 89 percent if taken within 72 hours of unprotected sexual intercourse.

And Bruce L. Downey, chairman and chief executive officer of pill manufacturer Barr Pharmaceuticals Inc. said the company "still feels that Plan B should be available to a broader age group without a prescription."

"We will continue our efforts with the FDA to reduce the age restriction on the [over-the-counter] use of Plan B," Mr. Downey said.

The FDA's decision came after a three-year fight between advocates of the drug, who say its wider availability is necessary to reduce unwanted pregnancies among teenagers, and social conservatives, who contend that easier access to Plan B will increase sexual promiscuity, especially among teens, who will have a false sense of security if they have unprotected sex.

Some pro-life groups, including the Traditional Values Coalition, insist that Plan B is an abortifacient.

"Privatizing abortions, as this decision does, thwarts all the good work that has been done to require parental consent" for teen abortions, said Andrea Lafferty, the group's executive director. She called the FDA decision "medically unsound and politically schizophrenic."

Opponents also say the decision is a "dream come true" for sexual predators. They foresee adult males, who can show a pharmacist proof of their age, buying the drug and giving it to young girls with whom they are having sex in order to cover up their criminal activity.

Those on both sides of the Plan B debate are planning legal or legislative action in a bid to either expand the pill's availability without a prescription or to strike down the FDA's so-called "dual-status sales" policy.

One of the harshest statements about the FDA ruling from Plan B supporters came from the New York-based Center for Reproductive Rights.

"The FDA essentially denied true [over-the-counter] access by limiting its availability to women 18 and over and placing it behind the pharmacy counters," said Nancy Northrup, the organization's president.

Last year, the center filed a lawsuit to do away with all age restrictions for over-the-counter purchases of Plan B, and Ms. Northrup said the lawsuit will continue.

Cecile Richards, president of the Planned Parenthood Federation of America, said her group also is "troubled by the scientifically baseless restriction imposed on teenagers," given the country's high teen-pregnancy rate. "Making it harder for teenagers to avoid unintended pregnancy is bad medicine and bad public policy," she said.

The FDA said Barr Pharmaceuticals showed that Plan B is safe and effective when used by women 18 and older, but data on whether the pill is safe in 17-year-olds who are not under doctor's supervision is not definitive. FDA officials said their decision to restrict over-the-counter sales to those 18 and older was largely a "practical" one based on the fact that 18 is commonly associated with maturity.

A number of Democratic women in Congress, including Sens. Hillary Rodham Clinton of New York and Patty Murray of Washington and Reps. Carolyn B. Maloney and Louise M. Slaughter of New York, have said the FDA needs to re-examine the age restrictions.

"Politics is driving this issue," said Mrs. Maloney, who added that she plans to further her legislative efforts "to reduce the arbitrary age restrictions on the [over-the-counter] use of Plan B."

Tony Perkins, president of the Family Research Council (FRC), said his group could battle the FDA either in court or in Congress.

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FRC hopes to convince Republican leaders on Capitol Hill that the FDA "overstepped its powers and encroached on the authority of Congress" by approving this "dual-status" sales system for Plan B without hearings or "normal rule-making procedures," Mr. Perkins said.

Both legal and moral concerns about the new Plan B policy are likely to be raised during the upcoming Senate confirmation vote for Dr. Andrew von Eschenbach as FDA commissioner. Mrs. Clinton and Mrs. Murray said after Thursday's decision that they will drop their months-old block on his nomination.

Pension Reform – Round 2 (WSJ)

Wall Street Journal/Washington Wire, August 26, 2006

Now that lawmakers have finished legislation to shore up private, employer-sponsored pensions plans, Congress is turning its attention to the public sector.

Members of the House subcommittee on employer-employee relations will hold a hearing in Springfield, Ill., next week to "examine the financial outlook of state and local pension plans and consider how the uncertain health of these plans could impact state and local government workers, retirees, and taxpayers in general." While corporate plans are underfunded to the tune of about $313 billion, state and local plans are also facing shortfalls of $300 billion or more, and unlike private plans, there is no insurer to take over the obligations if states and localities can't pay.

The choice of Illinois for the hearing was no accident. Illinois "has the most underfunded pension system in the nation" and is facing a shortfall of more than $27 billion, according to Standard & Poor's. –Deborah Solomon

Storms Threaten Space Shuttle Launch (WP/AP)

By Mike Schneider, Associated Press

Associated Press, August 26, 2006

Atlantis Scheduled to Liftoff Sunday to Deliver Addition for Space Station

CAPE CANAVERAL, Aug. 25 -- The weather forecast for the launch of the space shuttle Atlantis worsened Friday, with storms expected in the area hours before Sunday's launch.

There was a 40 percent chance that weather at Kennedy Space Center would prohibit a liftoff at 4:30 p.m. Sunday, NASA's first launch opportunity, said Kathy Winters, shuttle weather officer.

Area storms are likely to push westward before liftoff, Winters said. But NASA will not launch if there are storms within 23 miles of the shuttle landing runway, in case astronauts need to make an emergency landing.

"We're probably go red through the countdown," said Winters, referring to a violation.

Stormy weather and a lightning strike at the launch pad forced technicians Friday to delay fueling the system that will power the space shuttle during the mission. The interruption was not expected to affect the countdown since the fueling had started earlier than planned. The lightning struck a wire on a tower used as lightning protection and did not appear to cause damage, launch director Mike Leinbach said.

Forecasters were also watching Tropical Storm Ernesto, although it was not expected to affect Sunday's launch. Ernesto was projected to enter the Gulf of Mexico on Tuesday or Wednesday.

During their 11-day mission, Atlantis's six astronauts will restart construction of the international space station.

Atlantis will carry a 17 1/2 -ton addition for the space station, costing $372 million, from which two solar wings will be opened up. The solar arrays will provide a quarter of the space station's power when it is finished.

Apocalypse Not (WSJ)

The Wall Street Journal, August 26, 2006

Welfare reform turned 10 this week, and more remarkable than its near-total success is the near-total amnesia that seems to have gripped its one-time opponents. The results and the history are both worth revisiting today because they offer some useful political and policy lessons for the future.

When Bill Clinton signed the bill ending a federal entitlement to welfare, a leading liberal newspaper called it "nasty," "atrocious" and "odious" -- adding with typical nuance that "the children will suffer the most." Three Clinton Administration officials resigned over the bill. Georgia Congressman John Lewis not too subtly raised the specter of fascism as he literally screamed on the House floor, "They're coming for the children. They're coming for the poor. They're coming for the sick, the elderly and the disabled." Even as sensible a social scientist as Senator Daniel Patrick Moynihan lost his head and called it "something approaching an apocalypse."

HOT TOPIC

Welfare Reform: Ten Years Later1

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The real story has been apocalypse not. Welfare reform has worked so well that its success runs the risk of going almost unnoticed. Welfare rolls are down to about two million today from a peak of five million in 1995. The last time welfare caseloads were this low was 1970, when America had 100 million fewer citizens. But what about the children? The rate of black children living in poverty in America was more than 40% in 1996 and stands at 32% today, according to the U.S. Census Bureau. In the 25 years prior to welfare reform, that number had only briefly ever dipped below 40% and stood as high as 47% in 1980.

That leaves an excuse often heard that the secret to reform's success has been the booming economy. Didn't welfare reform benefit from being passed during the longest economic expansion in modern times? Well, no doubt growth has helped, but consider that the welfare rolls actually shrank during the severe recession of the early 1980s, then stayed fairly constant through the boom of the latter years of that decade. The rolls also continued to soar well after the 1990s' expansion was under way. The recession that began at the end of the Clinton Administration did no more than slow the downward trend in welfare caseloads that began in 1995. * * *

One reason for this success is that welfare reform never was the giant leap of faith that its opponents claimed. By the time it finally passed in Washington, the concept had been percolating in the states going back at least 30 years to Ronald Reagan's tenure as California Governor. The Gipper took his ideas to Washington, proposing a work requirement, among others things. His 1986 proposal, "Up From Dependency," was offered too late in his term to pass a Democratic Senate, but it advanced the debate.

Reform really took off in the early 1990s as Governors, led by Wisconsin's Tommy Thompson, took the initiative. They battled for waivers from the feds, and then one of their own, Mr. Clinton, decided to run for the White House in 1992 using welfare reform as a way of proving his New Democrat bona fides.

He quickly shelved the idea in his first two years, bowing to a Democratic Congress. But when Republicans won the House in 1994, they made it one of their priorities. Mr. Clinton declared this week that the bill he signed was a "bipartisan" triumph, and in a narrow sense it was. But 98 Democrats opposed him on the House floor, including many of the Democrats who would chair committees in the House if they re-take Congress in November. Mr. Clinton also vetoed reform twice before finally signing it in 1996 after his political guru Dick Morris told him it was the one issue that could cost him re-election. Make no mistake: This was a conservative reform opposed every step of the way by the political left and its media allies.

One lesson here is the familiar American one that states can play a useful role as policy laboratories. Liberals tried to replay welfare reform as the civil-rights movement, with an end to the federal entitlement meaning that every state would "rush to the bottom." But that was always a canard against state politicians, who have been only too happy to spend money on child care, transportation and other things to help welfare recipients get and keep jobs.

That precedent ought to apply now to Medicaid, another federal entitlement urgently in need of reform and on which Governors are taking the lead. Mr. Clinton vetoed a Medicaid reform in 1995 that might well have been as successful as welfare reform in allowing states to reform health care for the poor and force fewer of them into emergency rooms. Florida Governor Jeb Bush and others have in recent years received waivers that may well pave the way for a national reform.

Another lesson is that reform takes time and persistence in the American system. Too many Republicans think the lesson of last year's Social Security failure is that reform is impossible. But rare in American history has been the major policy change that passed the first time it was proposed. Big ideas take time for a wary public to understand. Personal retirement accounts will eventually become law in some form, if Republicans have the tenacity to keep promoting them and don't flinch at the first round of opposition demagoguery. * * *

The late Senator Moynihan is famous for having said that culture, not politics, is the key to changing most human behavior, and that the job of politics is to help nudge the culture in the right direction. Welfare reform worked because it was rooted in that wisdom, and in a basic understanding of human incentives. Support life on the dole, or reward having multiple children without a husband, and any society will develop a culture of dependency. That is where the U.S. was headed under the liberal ethos that compassion means sparing Americans of their individual responsibility to work and provide for their families.

Welfare reform was not a utopian project that promised to radically change human nature. It sought to make Americans more responsible by altering the incentives to remain dependent on the state. If only government were always so modest.

OTHER NEWS:

Fed Chief Sees Faster Pace For Globalization (NYT)

By Edmund L. Andrews

The New York Times, August 26, 2006

DOJ_NMG_0054679

JACKSON HOLE, Wyo., Aug. 25 — Ben S. Bernanke, chairman of the Federal Reserve, said today that the pace of globalization is faster and more sweeping now than at any other time in world history.

While he generally lauded the expansion of global trade and finance, he warned that governments need to help people cope with the disruptions of new competition and "ensure that the benefits of global economic integration are sufficiently shared."

Delivering the keynote speech at the Fed's elite annual retreat here in the Grand Tetons, Mr. Bernanke stayed away from the battles at the top of the Fed's agenda — rising inflation, soaring energy prices, a slowing housing market and worries about a possible recession.

Instead, he focused on how today's wave of rising global integration is forcing the Fed and other central banks to change the way they think about monetary policy.

"The emergence of China, India and the former communist-bloc countries implies that the greater part of the earth's population is now engaged, at least potentially, in the global economy," Mr. Bernanke said. "There are no historical antecedents for this development."

Speaking like the Princeton professor he once was, the Fed chairman surveyed previous expansions of global activity in history, from the Roman Empire to the opening of the Suez Canal and European colonization.

Those expansions shared many themes in common with what is happening today, he said, citing the role of new technologies in opening trade opportunities as well as the social and political resistance from those whose lives were disrupted by new competition.

Mr. Bernanke said the process today was faster, broader and deeper than earlier waves of globalization. And though he did not touch on the practical implications for monetary policy and central banking in his own remarks, other experts here are presenting papers that scrutinize major changes in global capital movements between rich and poor countries.

One of the most startling changes, which has helped fuel American growth and keep interest rates low, is that the United States and other wealthy industrialized countries are attracting huge volumes of capital from poorer counties in Asia, Latin America and the Middle East.

"Today, the world's largest economy, that of the United States, runs a current-account deficit, financed to a substantial extend by capital exports from emerging-market nations," Mr. Bernanke noted.

Mr. Bernanke has previously argued that the United States' huge indebtedness is merely the flip side of a "global savings glut," caused by a shortage of investment opportunities in other countries.

Other analysts take a much darker view. Kenneth Rogoff, an economist at Harvard University, warned in a paper here that the United States is becoming dependent on developing countries' excess savings — capital that they may soon start to use for themselves instead.

"Even if these favorable trends continue, there are massive budget problems that most of the developed world is going to face as its populations age," Mr. Rogoff cautioned. The Fed and other central banks, he said, need to prepare for the "risk of an eventual slowing down or reversal" of the flow of savings.

Mr. Bernanke steered clear of that issue. But he was blunt in declaring that though the broad trend toward globalization is thousands of years old, the world is transforming itself faster now than ever before.

"The scale and pace of the current episode is unprecedented," he said. The changes wrought by Columbus's voyage to North America were hugely important, he noted, but they took centuries to occur. By contrast, he said, the emergence of China as an export powerhouse has altered the world in less than 30 years.

The patterns of global trade and finance have changed as well, he said. The old distinction between rich "core" countries that exported manufactured goods and poorer "periphery" countries that exported natural resources has broken down. Production is becoming more geographically fragmented, he said, citing chipmakers like Advanced Micro Devices that manufacture components in Texas and Germany and perform final processing in Thailand, Singapore, Malaysia and China.

If Mr. Bernanke had a message to political leaders, it was that they needed to acknowledge the costs of globalization, in terms of lost jobs, disrupted livehoods and wrenching change and help their constituents come to terms with them.

"The challenge for policymakers is to ensure that the benefits of global economic integration are sufficiently wide-shared — for example, by helping displaced workers get the necessary training to take advantage of new opportunities — that a consensus for welfare-enhancing change can be obtained," he said.

Fed Chief Backs Global-Wealth Sharing (WP)

By Nell Henderson, Washington Post Staff Writer

The Washington Post, August 26, 2006

Bernanke Says Policies, Technology Can Help Reduce Poverty Rate

DOJ_NMG_0054680

JACKSON HOLE, Wyo., Aug. 25 -- Government policymakers should work to make sure the benefits of economic globalization are widely enjoyed to maintain political support for free trade, Federal Reserve Chairman Ben S. Bernanke said today.

Political and technological changes are likely to keep spurring global economic integration -- the growing exchange of goods, capital, workers and ideas around the world, he said in a speech here.

That trend creates the potential to elevate living standards and lower poverty, but also the likelihood of resistance by groups or nations that feel threatened by change, Bernanke told an international gathering of central bankers, analysts and academics.

"The challenge for policymakers is to ensure that the benefits of global economic integration are sufficiently widely shared," Bernanke said. "The effort is well worth making, as the potential benefits of increased global economic integration are large indeed."

He did not propose specific policies to counter efforts to restrict trade, but suggested as one general example the need to retrain people who have lost jobs because of globalization.

Bernanke's remarks, his first as Fed chairman to an annual meeting in Jackson Hole that draws elite economic thinkers, came at a time of trade tensions between the United States and China, and of growing worries about the nation's trade deficit. Some members of Congress have proposed tariffs on imports from China, blaming what they see as an overvalued Chinese currency for the loss of American jobs. Bernanke's comments also come after the recent collapse of international negotiations aimed at lowering global trade restraints.

The Fed chairman said global economic integration is also threatened by the risk of terrorism and other international tensions. Bernanke made his remarks at a conference on "The New Economic Geography," which dealt with the ongoing shifts in the location of economic activity and growth around the world.

"One of the defining characteristics of the world in which we now live is that, by most economically relevant measures, distances are shrinking rapidly," Bernanke told the conference, sponsored by the Federal Reserve Bank of Kansas City.

"The process of global economic integration has been going on for thousands of years," he said, citing technologies and political systems that fostered increased trade during the Roman Empire, through the voyages of discovery in the 15th century, through the rise of railroads and steam power in the 19th century, and through the advance of telecommunications and global trade agreements in recent years.

"The scale and pace of the current episode is unprecedented," Bernanke said. For example, he said, global exports of goods account for more than 20 percent of world economic output, compared with about 8 percent in 1913 and less than 15 percent in 1990.

Moreover, recent political changes have led China, India and former Soviet bloc countries to become more fully integrated into the world economy, meaning most of the world's population is now participating in a globalized marketplace, he added. "There are no historical antecedents for this development," Bernanke said.

But, he said, such change has also caused political backlash by hurting some workers and business owners, by triggering social and cultural change, by appearing to benefit some groups more than others or by raising concerns about the environment.

"The natural reaction of those so affected is to resist change," Bernanke said.

Bernanke did not comment on the U.S. economy or Fed interest-rate policy. He and his Fed colleagues left interest rates unchanged at their last meeting Aug. 8, the first since June 2004 without a rate increase. They indicated they expect the slowing economy to dampen inflation pressures over the next year, but have not agreed yet on whether they might have to move their benchmark short-term rate any higher to ensure that outcome.

"As much as financial markets want insight into their next move, the reality is they don't know what it is," said Diane Swonk, chief economist of Mesirow Financial Holdings Inc., a privately held investment management firm.

Fed Chairman Expects Globalization To Enhance Living Standards (WSJ)

By Brian Blackstone

The Wall Street Journal, August 26, 2006

JACKSON HOLE, Wyo. -- Global economic integration is moving at an unprecedented pace, forging the basis for productivity growth and a reduction in global poverty, Federal Reserve Chairman Ben Bernanke said.

"Economic and technological changes are likely to shrink effective distances still further in coming years, creating the potential for continued improvements in productivity and living standards and for a reduction in global poverty," Mr. Bernanke said in remarks to global monetary officials and private-sector economists gathered at the Federal Reserve Bank of Kansas City's annual conference here. (See the full text of Bernanke's prepared remarks.1)

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The Fed chairman urged policy makers to make sure the benefits of globalization are widely shared in order to stem protectionist sentiment, and said global tensions and terrorism risks threaten to constrain globalization.

Mr. Bernanke's speech didn't address the economic and interest-rate outlook. The Fed earlier this month paused in its two-year tightening campaign with the fed-funds rate -- charged on overnight loans between banks -- at 5.25%. Economists increasingly expect the rate to remain there, though coming inflation and employment reports will be critical in determining the outcome of the September Fed meeting.

While not on the official program, Fed policy was very much in the air here, as introductory remarks by the conference host, Kansas City Fed President Thomas Hoenig, indicated. Mr. Hoenig jokingly referred to Mr. Bernanke's first months as chairman: "Early on, he was too soft and later he was too tough and now he's both." Mr. Bernanke then took the podium and said thanks for the introduction -- "I think."

Mr. Bernanke said globalization, for all its benefits, leads to some dislocation among certain workers and firms, and "the natural reaction of those so affected is to resist change, for example, by seeking the passage of protectionist measures."

WASHINGTON WIRE (IN WYOMING)

2 · Notes from Jackson Hole3

· Bernanke's Economic History Lesson4

· From Wausau to Wuhan via Jackson Hole5

· Tidbits From Bernanke's Dinner6

See the expanded online Washington Wire7. The Journal's Washington bureau updates the Wire each weekday with political news, analysis and buzz from inside and outside the Beltway. WALL STREET JOURNAL VIDEO

CNBC's Steve Liesman reports8 on the text of Fed Chairman Ben Bernanke's speech in Jackson Hole, Wyo., which doesn't address monetary policy. In the speech, Mr. Bernanke warns against protectionism and discusses the benefits of globalization.

"The challenge for policy makers is to ensure that the benefits of global economic integration are sufficiently widely shared...that a consensus for a welfare-enhancing change can be obtained," Mr. Bernanke said, citing the benefit of robust training programs.

Though difficult, efforts to build a broad consensus on further globalization are "worth making, as the potential benefits of increased global economic integration are large indeed," Mr. Bernanke said.

In separate comments, Federal Reserve Vice Chairman Donald Kohn said Friday that amid signs of higher global demand, it will be "interesting" to see how exchange rates and current-account surpluses in developing countries adjust. Mr. Kohn said that in the 2002-04 period when global demand was weak, developing countries kept their currencies undervalued because monetary policy in those countries wasn't effective. "With weak financial sectors, monetary policy can't be very effective," Mr. Kohn said.

Mr. Kohn made his remarks during a question-and-answer session after a presentation by International Monetary Fund economists. In their paper, the IMF economists, led by chief economist Raghuram Rajan, said despite concerns by many economists that the U.S. current-account deficit and China's surplus pose risks to the global economy, those balances "may be extreme observations in the groups of developing and industrial countries respectively," but "reflect a more general and historic pattern within their respective groups," Mr. Rajan wrote in a paper.

The IMF has long urged the U.S. to rein in its current-account gap, which is running at about 7% of gross domestic product. And Mr. Rajan and his IMF colleagues said in their paper that "even if imbalances are equilibrium responses to a particular set of circumstances, this does not mean that they can be sustained at this level into the medium term."

"When a large country runs a trade deficit of 6% of (GDP) for a long time, it will eventually find financing harder to come by," the IMF economists added.

Still, Mr. Rajan's view on the U.S. current account seems to put him in the camp of Mr. Bernanke, who has also said the U.S. current account can't be sustained indefinitely but has suggested adjustments can take place over time.

--Greg Ip contributed to this article.

Write to Brian Blackstone at brian.blackstone@dowjones.com9

Bernanke Calls For Fairer Globalisation (FT)

By Krishna Guha

Financial Times, August 26, 2006

Ben Bernanke, the chairman of the Federal Reserve, on Friday called on global policymakers to do more to ensure the benefits of globalisation are widely spread within their countries.

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The Fed chairman said it was essential to build a "consensus for welfare-enhancing change" in order to avoid a resurgence of protectionism.

He urged governments directly to address the plight of workers whose livelihoods are threatened by changing patterns of international production and trade, for instance by helping them retrain for new jobs.

"Further progress in global economic integration should not be taken for granted," Mr Bernanke told the Fed's annual symposium at the mountain resort of Jackson Hole in Wyoming.

"Geopolitical concerns, including international tensions and the risks of terrorism already constrain the pace of worldwide economic integration and may do so even more in the future."

The Fed chairman said that in this episode of globalisation, as in previous episodes, "the social and political opposition to openness can be strong."

He said much of this arises "because changes in the patterns of production are likely to threaten the livelihoods of some workers and the profits of some firms, even when these changes lead to greater productivity and output overall."

Mr Bernanke said the challenge for policymakers "is to ensure that the benefits of global economic integration are sufficiently widely shared" to provide the political underpinnings for integration to continue.

His comments come at a time when there is widespread public angst in the US at the apparent stagnation of median wages, which many attribute in part to greater global competition and offshoring of production.

The mainstream US political consensus in favour of free trade has come under increasing strain, with a growing swathe of the Democratic party turning hostile to further liberalisation.

Mr Bernanke said the effort to build a consensus in favour of further integration is "well worth making, as the potential benefits of increased global economic integration are large indeed."

The Fed chairman said the current episode of globalisation had many similarities with past phases of international integration. As in the past, "technological advances continue to play an important role in facilitating global integration."

This results in a "continued broadening of the range of products that are viewed as tradable" – which now extends to services as well as goods.

Government policy also plays a "critical role."

However, Mr Bernanke said the latest phase of globalisation is unique in several respects.

The Fed chairman said there are "no historical antecedents" for the rapid integration of China, India and the former Communist bloc into the world economy in the space of just a couple of decades.

Moreover, he said "the traditional distinction between the core and the periphery is becoming increasingly less relevent."

Wheras in the 19th century the core countries of western Europe exported manufactured goods and surplus savings to the colonial periphery, today emerging markets export manufactured goods to the developed world in general, and surplus savings to the US.

In addition, Mr Bernanke said, global capital flows are increasingly sophisticated, while "production processes are becoming geographically fragmented to an unprecedented degree."

Mr Bernanke's comments were echoed by Stan Fischer, governor of the Bank of Israel, who said: "Part of the anxiety in the west must derive from the discomforts of the adjustment process forced by the dynamism of Asia, and part from the fact that the wages of unskilled workers in the west may be adversely affected by such competition.

"Policy can deal with these consequences through adjustment aid and through education, but unless this is done then negative fallout from . . . competition will likely continue."

Stocks Mixed In Slow Trading Bernanke Speech, Oil Gain Sparks Small Move In Stocks; 'Very Directionless' (WSJ)

By Scott Patterson

The Wall Street Journal, August 26, 2006

A lazy summer week on Wall Street -- disturbed only by some gloomy news on the housing market -- finished with a slow, quiet swoon that left stocks little changed.

Even the threat of a tropic storm developing in the Atlantic, higher oil prices and a highly anticipated speech by Federal Reserve Chairman Ben Bernanke failed to get listless traders busy Friday. The Dow Jones Industrial Average slid 20.41 points to 11284.05, falling four out of five days this week after running higher five straight days last week as investors celebrated benign inflation reports from the government.

The Standard & Poor's 500-stock index slid 0.97 point to 1295.09, and the Nasdaq Composite Index added 3.18 to 2140.29.

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The quiet action -- volume on the Big Board was the lightest of the year this week -- seemed to unnerve investors used to seeing more volatile stock swings recently. Some thought it could be the calm before a storm.

"I don't think the stock market is giving a true indication of where it should be right now," said Robert Pavlik, chief investment officer of Oaktree Asset Management. "Investors are very concerned about the slowdown in the economy," but due to a lack of catalysts, and many traders on vacation, such concerns aren't getting priced into the market, he said.

The pace is likely to remain subdued next week, at least until the release of the August nonfarm-payroll report by the Labor Department on Friday. Investors who have rooted for soft job-growth numbers in recent months, in hopes the Fed would stop raising interest rates, may begin hoping the employment picture perks up -- Wall Street's concerns have shifted from rates to the question of whether the economy is coasting into a nice, smooth landing, or whether things might get a little bumpy.

"Everyone is hoping for this elusive soft landing," said Todd Clark, director of trading at Nollenberger Capital Partners. "So if the jobs number is stronger than expected, we might see some people in the hard-landing camp move over into the soft-landing camp."

Even oil prices couldn't keep up their momentum Friday, despite the formation of a storm in the Caribbean that forecasters said could turn into a hurricane early next week and threaten key energy facilities in the Gulf of Mexico. Light, sweet crude, up more than $1 earlier, closed just 15 cents higher at $72.51 a barrel on the New York Mercantile Exchange.

A Friday-morning speech by Mr. Bernanke in Jackson Hole, Wyo., at the central bank's annual confab, had little impact on stocks. Not surprisingly, Mr. Bernanke didn't comment on monetary policy, instead addressing issues concerning the "unprecedented" pace of global economic integration, giving traders who delayed their end-of-summer vacations for the speech -- just in case the Fed chief dropped any bombshells -- the all-clear to abandon ship.

"The market didn't get any sense of direction from Bernanke," said Hugh Johnson, chief investment officer at Johnson Illington Advisors. A lack of major economic or corporate news has left "the markets very directionless," he said.

The speech by Mr. Bernanke came amid rising concerns that a cooling housing market could lead to a sharp economic downturn in coming quarters. Earlier this week, reports showed used- and new-home sales fell more than expected in July. Those reports also showed a surge in inventories, meaning the slowdown could accelerate in coming months.

The shaky housing situation, along with reports last week showing core inflation readings were a tad lighter than economists expected, are causing investors to discount the odds of another rate increase by the Fed this year. Federal-funds futures contracts on the Chicago Board of Trade show the likelihood of another increase at the Fed's next meeting in September are 12%. The fed-funds target rate currently stands at 5.25%.

MARKET WRAP

· European Stocks Trade Flat1

· Asian Regional Indexes Finish Mixed2

· Stocks Manage Narrow Gain3

Analysts also point out that policy makers rarely boost rates ahead of elections, meaning Mr. Bernanke may choose to pause again in October before the midterm Congressional election. The next Fed meeting is in December, and by then, if the housing market continues to decelerate and consumers start tightening the purse strings, the case for more rate increases could be moot.

Investors got further evidence about the shaky edifice under the housing market from H&R Block. Late Thursday, the company said it expected to post losses for sub-prime home loans amid a deterioration of risky mortgages. The tax preparer said it is setting aside $102.1 million for mortgage-loan losses, and its stock fell 8.7%.

In major market action:

Stocks were mixed.4On the New York Stock Exchange, 1,699 stocks advanced and 1,512 declined on volume of 1.7 billion shares.

Bonds gained.5The 10-year note gained 5/32, or $1.56 per $1,000 invested, to yield 4.789% Friday, and the 30-year note rose 7/32 to yield 4.927%.

The dollar advanced.6The euro was at $1.2756 from $1.2758 late Thursday, while the dollar was at 117.30 yen from 116.52 yen.

Bonds Gain, U.S. Stocks Slip On Economic Concern; Oil Advances (BLOOM)

By Hilary Johnson

Bloomberg, August 26, 2006

Aug. 25 (Bloomberg) -- Treasuries rose for a second straight week, with yields dropping to their lowest since March, as a slowing U.S. housing market bolstered speculation the Federal Reserve may be done raising interest rates.

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U.S. stocks fell as concern increased that a slump in housing may foreshadow economic weakness. Crude oil prices were little changed to end the day and rose for the week amid concern supplies may be cut.

``Housing is slowing a lot faster than people are expecting," said Jose Mazas, an interest-rate strategist in New York at BNP Paribas Securities Corp. ``We are clearly bullish" on bonds.

The yield on the benchmark 10-year note fell about 2 basis points to 4.78 percent at 4:10 p.m. in New York, according to bond broker Cantor Fitzgerald. The yield has dropped almost 6 basis points, or 0.06 percentage point, this week. The price of the 4 7/8 note due August 2016 rose 1/8 or $1.25 per $1,000 face value to 100 23/32. Yields move inversely to prices.

U.S. stocks fell, ending a losing week, on concern that a housing-market slump may hurt lenders.

Shares of H&R Block Inc., the biggest U.S. tax preparer, had the biggest drop in three years after defaults rose at its mortgage unit. Countrywide Financial Corp., the largest U.S. provider of mortgages, led a decline in financial stocks.

Slowing Economy

``Investors are clearly worried about a slowing economy," said John Kattar, who helps manage $1.6 billion as chief investment officer at Eastern Investment Advisors in Boston. Reports on economic growth, consumer confidence and spending, manufacturing and employment are due next week.

The Standard & Poor's 500 Index lost 0.97, or 0.1 percent, to 1295.09. The Dow Jones Industrial Average fell 20.41, or 0.2 percent, to 11,284.05. The Nasdaq Composite Index added 3.18, or 0.2 percent, to 2140.29.

Crude oil was little changed amid speculation that a storm heading for the Gulf of Mexico may strengthen enough to threaten oil platforms and refineries.

Winds swirling over the Caribbean Sea may intensify later today into the fifth tropical storm of the Atlantic hurricane season, forecasters said. No hurricanes have formed yet this season. By this time a year earlier 11 named storms had formed, four of them hurricanes. Oil rose to a record after Hurricane Katrina shut platforms off the U.S. Gulf coast in August 2005.

Oil Gains

Crude oil for October delivery rose 15 cents to close at $72.51 a barrel on the New York Mercantile Exchange. The October contract is up 0.6 percent this week. Futures have jumped 19 percent this year, partly on concern that supplies from Iran and Nigeria, which account for 7 percent of global production, will be disrupted.

The threatened storm ``is the last thing we need," said Eugene X. Hodge, a managing director at John Hancock Financial Services Inc. in Boston, who manages a $4.3 billion oil and gas company bond portfolio.

The yen fell to a one-month low against the dollar after a smaller-than-expected increase in consumer prices damped speculation the Bank of Japan will lift borrowing costs a second time this year.

``The BOJ will be reluctant to aggressively ramp up rate policy this year, which will underline yen weakness," said Todd Elmer, a currency strategist at Citigroup Global Markets in New York. The bank probably won't raise rates again until next year, later than Citigroup originally anticipated, Elmer said.

Currencies

The yen slid to 117.28 per dollar at 5:06 p.m. in New York, reaching the weakest since July 25, from 116.54 yesterday. Japan's currency has lost 1.3 percent this week, trimming this year's gain to 0.4 percent. The yen weakened to 149.58 per euro from 148.74, touching a record low 149.80. It has dropped about 7 percent against the euro this year.

The dollar briefly gained versus the euro, reaching $1.2726. It was last at $1.2755.

Gold rose for the first day in four in London and New York on speculation that an international conflict over Iran's nuclear program will escalate.

The U.S. and France said yesterday that Iran has failed to pledge a total halt to uranium enrichment, even after an offer of economic benefits. The U.S. and some EU nations suspect Iran wants to build a nuclear weapon. Some investors buy gold in times of political tension expecting the metal to hold its value better than other assets. Gold is up 43 percent from a year ago.

Gold futures for delivery in December rose $2, or 0.3 percent, to $630.50 at 12:24 p.m. on the Comex division of the New York Mercantile Exchange. A close at that price would leave gold up 1.6 percent for the week, the first gain in three weeks. Gold for immediate delivery rose 52 cents to $621.92 at 5:26 p.m.

To contact the reporter on this story: Hilary Johnson in New York at hjohnson10@bloomberg.net .

Markets Shrug Off US Housing Slowdown (FT)

By Richard Beales And Daniel Pimlott In New York

Financial Times, August 26, 2006

Sales of new homes in the US fell by an unexpectedly large 4.3 per cent in July, the third consecutive monthly decline, and the supply of unsold homes rose to its highest in more than a decade.

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Financial markets largely shrugged off the news from the US Census Bureau and the Department of Housing and Urban Development on Thursday, as forthcoming data and the late summer lull conspired to keep traders on the sidelines.

On Wednesday, data had also showed a much larger than expected fall in sales of existing homes, the latest in a string of weak reports on residential property.

The slowdown in the housing market was one reason the Federal Reserve decided to hold interest rates steady this month after several years of continuous rises.

Share and bond markets were largely unmoved by the week's data. Major stock indices slipped on Wednesday's news, but were little changed on Thursday. Treasury bonds – which generally rise on weak economic news – fell slightly on Wednesday but edged higher again on Thursday.

"People are so negative that numbers that are just weak are not that impressive," said Ted Wieseman, economist at Morgan Stanley.

The broader question is the impact a sharp housing slowdown could have on the pace of economic growth, a concern for stock investors.

"Our view is that people overestimate the impact on the overall economy," said Mr Wieseman.

Nonetheless, analysts said recent housing data increased the chances of the Fed continuing to keep interest rates steady.

"We think an orderly cool-down should start hurting consumer demand soon, inspiring the Fed to leave rates on hold for now," said Dimitry Fleming, analyst at ING Bank.

Home For Sale, By Anxious Owner (NYT)

By Vikas Bajaj And David Leonhardt

The New York Times, August 25, 2006

Home sales are falling rapidly, and the number of houses on the market is surging. Yet each new economic report offering evidence of a housing slowdown also shows that the national median home price has continued to rise over the last year.

To understand how this could be happening, consider a three-bedroom house surrounded by oak and redwood trees, not far from the Golden Gate Bridge, in San Rafael, Calif. Reluctant to cut the price from its current listing of $1.54 million, its owners are instead offering a weeklong vacation time-share, every year for life, worth about $10,000, or an equal amount toward lease of a car.

"Location and value will give the buyers a reason — this will give them a sense of urgency," said Tom Wessling, who owns the house with his wife, Brenda, and is being transferred to Atlanta. "If nothing else, it will be the thing that calls attention" to the house.

In California, the Northeast, South Florida and parts of the Southwest, deal sweeteners like these are playing an increasingly important role in supporting home prices. From large national home builders to individual homeowners, many sellers are offering thousands of dollars in perks, including straight cash, so they do not have to slice deeply into asking prices.

But these discounts are almost entirely missing from the statistics on new-home prices reported by the government and on existing-home prices reported by the National Association of Realtors. As a result, home prices may now be falling, despite what the official numbers show, many economists say.

The use of rebates helps home builders and individual sellers by making the real estate market look healthier than it may truly be and by preventing a snowballing decline in home prices. It also keeps commissions for real estate agents higher than they would otherwise be.

In July, the national median price — half sold for more and half for less — of a newly built home was $230,000, the Commerce Department said yesterday. That is 0.3 percent higher than the median price a year ago. The number of new-home sales fell 21.6 percent over the last year, with the sharpest drop occurring in the Northeast.

On Wednesday, the Realtor group reported that the median price of existing homes was also $230,000 in July, up 0.9 percent from a year earlier.

Mark Zandi, the chief economist of Moody's Economy.com, estimated that incentives might now be equal to as much as 3 percent of the effective prices of houses across the country, on average. But he and other economists said there was simply no way to know for certain.

"We don't have any house price indexes that get it right," said Todd Sinai, an associate professor of real estate at the Wharton School of the University of Pennsylvania.

"Sellers are pretty picky," he added. "They are not willing to lower prices enough in downturns; they don't do it very quickly." Their reluctance delays sales, contributes to rising inventories and allows prices on the remaining transactions to show an annual increase.

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Incentives are most common in the new-home market, where builders are under financial pressure to sell empty homes and, as large businesses, have the ability to absorb the financial hit. Depending on the market, executives at the nation's biggest builders say the giveaways can equal 3 percent to 8 percent of a home's sale price. If builders instead reduced asking prices by that much, it would be enough to wipe out the year-over-year price gains in many markets. Last year, by contrast, many builders were selling out new subdivisions and condominiums in hours or days, often in auctions.

"If you were going to sell the house exactly the way it was before, you would be looking at a price decline," said David Seiders, chief economist at the National Association of Home Builders.

But in a sign of the housing market's deterioration, creative — and expensive — lures are also becoming more common in the existing-home market. With many houses languishing on the market for months, buyers often have the leverage to request a last-minute concession of a few thousand dollars, or more, as a prerequisite to a sale. The subsidy often comes in the form of a discount on the amount of cash a seller must pay at closing.

"It's using a little psychology," said Frank Borges LLosa , who owns Frankly Realty in northern Virginia, an agency that mainly represents buyers. "It makes it sometimes appear like I'm offering a higher price."

Mr. LLosa recently analyzed records for condominiums in one Virginia ZIP code and found that the use of subsidies had soared since last year, when they were almost nonexistent. In Arlington, 14 condominiums had sold for $350,000 to $550,000 since June 1, and 10 of them included a subsidy from the seller to the buyer. The average subsidy was more than $7,000.

The Wesslings of San Rafael have cut the price of their house twice, by a total of $160,000, since they put it on the market in May. Mr. Wessling, a marketing executive, believes the home is now "competitively priced" and hopes the perks, which also include a $10,000 reward for referring a qualified buyer, will be enough to clinch a deal.

Mr. Zandi, the economist, said he believed that the use of perks was now approaching its peak and that sellers would soon be forced to cut list prices more heavily. He predicted that the home-price data released by the Realtors association would show a year-over-year decline, relative to the same month a year earlier, before the end of this year. If so, that would be the first such drop since 1993. The Realtors have never reported a drop in the annual average of national home prices, a fact frequently cited by real estate analysts.

"The reason the Realtors' data has never showed an outright decline" before, he said, "might be that they're not measuring the effective price."

Lawrence Yun, a senior economist with the Realtors group, said that in markets where inventories had been rising rapidly — like the Northeast and California — incentives could well equal 3 percent of house values. But he estimated that the national number was smaller, because homes sales were continuing to rise in roughly a third of markets around the country.

The typical incentive package from a home builder consists of upgrades to the house — granite countertops instead of humdrum tiles, stainless-steel refrigerators and stoves instead of plain white models and wood blinds instead of plastic. At the extremes, some have thrown in $30,000 swimming pools.

Buyers who demand discounts often get them in the form of excused closing costs or low interest rate loans made by builder-affiliated mortgage companies.

On the west coast of Florida, builders are advertising incentives like upgraded countertops, interest rate promotions and cash rebates totaling $40,000, or 6.6 percent to 8 percent of the sales price, on homes that sell for $500,000 to $600,000, said John Dew, a real estate agent in Naples.

Builders tend to choose discounts because they worry that reductions in the list price would send a clear signal that the market is in trouble, potentially angering previous buyers and emboldening future customers.

"They already sold the same product to the guy next door and if they reduce the price he is going to scream," Mr. Dew said. He added that many builders were also offering agents bonuses worth tens of thousands of dollars in finders' fees for bringing in buyers.

In effect, the incentives have become a quiet way to cut the price of houses without further damaging the market. Sellers "don't want to create this environment of fear in the market that prices are going down, so you should wait to buy," said Dean Baker, co-director of the Center for Economic Policy Research in Washington, who believes that prices will fall in coming years.

Incentives are often most substantial on homes built on speculation before a sales contract has been signed, or on properties that buyers have walked away from after signing a contract. Big builders report that cancellation rates are running as high as a third of new sales, compared with about 20 percent or less a year ago.

Pulte Homes, for instance, was recently offering unspecified incentives totaling as much as $10,000 on homes in a Connecticut development to buyers who were willing to move in before school started. In the spring, Centex Homes ran a "24-hour sale" in Southern California where buyers who agreed to purchase within the day could get a $100,000 discount. It ran a similar offer for a $60,000 discount in Atlanta.

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Lenders are also wary of incentives. Lenders do not want to finance transactions where the sales price exceeds the true value of the home. Fannie Mae, the large buyer of mortgages, requires disclosure of perks and it caps them on a sliding scale from 2 percent to 9 percent of selling prices, depending on whether buyers will live in the home and based on the size of the down payment. The concerns of lenders will eventually limit the size of incentives in home sales, said Anthony Hsieh, president of LendingTree.com, the Web loan site. Many buyers may also balk because their property taxes will be based on the sales price listed on the contract.

Eventually, buyers will realize “there is no free lunch,” he said. “There is a reason it’s being given away.”

Housing Boom's Dark Side (WSJ)

By M.p. Mcqueen

The Wall Street Journal, August 26, 2006

Underinsurance Lurks as a Nasty Surprise

It's the downside of the housing boom: Many homeowners are now significantly underinsured.

Americans have been pouring money into their homes in recent years, adding everything from marble bathrooms to fancy backyard barbecues: Last year alone, spending on improvements like these hit an estimated $155 billion, up 27% from two years earlier. At the same time, the global boom in commodities prices -- lumber, copper piping and other necessities -- as well as rising labor costs has pushed up replacement costs by 7% a year since 2001.

As a result, people who haven't updated their insurance policies in a few years may now be underestimating what it would cost to rebuild their homes, particularly in high-priced markets.

According to a survey to be released soon by Marshall & Swift/Boeckh LLC, a firm that supplies building-cost data to insurers, 58% of houses are undervalued for insurance purposes. Of those, the average homeowner has enough insurance to rebuild only about 80% of his or her house, according to the survey.

Meantime, many insurers have been quietly cutting back what their policies cover. Allstate Corp. recently stopped covering earthquake damage in most states. Several insurers, including State Farm Insurance Cos. and Farmers Insurance Group, a unit of Zurich Financial Services, have stopped covering wind damage in some coastal areas that have been threatened by hurricanes.

One of the biggest shifts by insurers in recent years has been the virtual disappearance of "guaranteed replacement cost" coverage, which promised to rebuild a home exactly the way it was, no matter the cost. Now, most standard policies provide only "extended replacement cost," which offers up to 20% or so more than the face value of the policy if extraordinary events push up rebuilding costs.

Insurance experts say many homeowners haven't grasped this shift, and may be woefully underinsured as a result.

Home insurance exists to help owners repair or rebuild a home, and replace furniture, clothing and other personal property, in the wake of a fire, burglary or other calamity covered by the policy. Some risks, such as flooding or acts of war, are routinely excluded. (Policies also include liability coverage to protect against lawsuits resulting from incidents around a home, such as your dog biting the cable guy).

For insurance purposes, the value of a house is based mostly on the rebuilding costs in a particular area, not on its market value. The policy isn't meant to include the value of the land underneath, which is why some homes, especially in desirable neighborhoods where land is pricey, need less insurance than the amount they would fetch in a resale.

Homeowners need to pay close attention to what's in their policies, because insurers are regularly fiddling with the coverage. Insurers notify policyholders about coverage changes in the annual policy-renewal statement, but many homeowners don't bother to read it, focusing only on the premium.

"Take the new policy, and the old one, and put them side by side -- and if you have questions, contact the company," says Don Griffin of the Property and Casualty Insurers Association of America. It's also a good idea to have a face-to-face meeting at least once a year with your insurance agent or broker, at renewal time.

Some consumer advocates have blamed insurers themselves for homeowners being underinsured, saying their agents lowballed replacement costs in order to keep premiums competitive. Over the past few years, spurred in part by lawsuits, insurers have taken steps to improve their estimates, industry officials say.

That is what Ross Quigley of Mount Lemmon, Ariz., says happened to him. In 2003 a mountain cabin he owns in this vacation community near Tucson was destroyed by wildfire, along with hundreds of other homes. The retired real-estate broker had a $160,000 policy, but he learned that rebuilding the 1912 structure was going to cost $500,000 because of its unusual features and remote location. Mr. Quigley says his insurer had "told me not to worry, because I had 'replacement value,' " a provision in the policy that stipulates he would receive the value of his home without subtracting for depreciation. "But that was so misleading," he says.

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He sued the insurer, alleging the company had acted in bad faith by seriously underestimating the amount of insurance he needed. The matter was settled out of court late last year.

Homeowners with unique, historical or custom-built houses might not be able to find adequate coverage from mass-market insurers, which typically pay to rebuild using only standard materials and construction techniques. These owners might have to turn to a specialty insurer, such as Chubb Corp., American International Group Inc. and Allianz AG's Fireman's Fund Insurance Co.

Here are three key questions for an insurer during a checkup:

Do I have enough insurance to be able to rebuild my home as it is, and replace my personal possessions?

Your agent should be able to tell you, but for $7.95 you can check by using a replacement-cost calculator provided by Marshall & Swift/Boeckh at www.accucoverage.com. It uses information you report about your house, and the construction-cost data that the insurance industry uses. Detailed estimates can be obtained from local building contractors, or by paying a professional appraiser.

Coverage for the contents of the home is pegged, usually at about 50%, to the insured value of the house. When calculating your needs for personal property, take an inventory of your possessions, or make a video.

Don't forget to include art, jewelry or unique collections that might require special riders or a separate policy -- a frequent oversight. Most homeowner policies generally cover jewelry only up to $2,000, and antiques are only covered for their value as furniture.

How much am I covered for liability for damage or bodily injury to others?

A standard homeowner policy includes coverage from $100,000 to $300,000. Umbrella liability policies provide coverage in excess of home and automobile policy limits, in increments of $1 million, at prices beginning at about $200 a year. Affluent homeowners vulnerable to litigation because of their deep pockets may want to consider the additional coverage.

Am I adequately covered for the cost of additional living expenses if my home is damaged and I have to live somewhere else during repairs?

This part of the policy reimburses you for hotel bills, restaurant meals, etc. Most policies provide about 20% of the insured value of the house for living expenses. Higher limits are available from some insurers.

When The Bubble Bursts (LAT)

The Los Angeles Times, August 26, 2006

Who will get it worse if the housing market slumps?

REPORTS ABOUT THE HOUSING market have been downbeat for homeowners all summer, especially in Southern California, with fewer deals closing and the supply of unsold units mounting. So the latest readout from the National Assn. of Realtors — fewer homes sold in July than in June, average sale prices dropping in several regions — was yet another sign that the market's jet engines have run out of fuel.

It's too early to say whether the slowdown will turn into a crash presaging a recession, as happened in the late 1970s and '80s, although the economy's other fundamentals remain healthier now than then. But it's worth bearing in mind which homeowners are most likely to be affected by a possible downturn and which ones can lay off the antacids.

Homeownership in the U.S. is at its highest level in at least 110 years, with nearly 70% of the population in 2003 living in residences they own. That increase over the 65% rate of just a decade ago is widely attributed to not only an aging population but to innovative lending techniques that have enabled more young people to buy instead of rent. Those techniques include zero-down-payment mortgages and "sub-prime" loans to people who in the past would have been considered too risky.

Within this enlarged pool of homeowners, many of whom have a thinner financial cushion, there are two groups: those whose homes are a long-term investment, and those looking for a quick resale. The first group can shrug off anything short of a calamitous drop in prices, even if they sell their homes during the slump. That's because they've benefited from the outsized run-up in prices since 2001, when home values in Southern California rose 11% to 23% annually. Buying a home is typically a good long-term investment for a variety of reasons, but earning stock-market-like growth is not one of them.

Recent home buyers who have counted on big short-term gains have more to worry about. Speculators already have recognized the risk and retreated from the market. But numerous other buyers had been hoping to work their way up to bigger homes and better neighborhoods. A burst bubble could force these people to stay put for several years.

A separate point of anxiety is the prospect of higher interest rates for buyers with adjustable-rate mortgages. The Federal Reserve recently took a break from its prolonged increasing of short-term rates, but lingering risks of inflation could push borrowing costs, and therefore adjustable mortgages, back up. Owners who can't afford the higher payments might be forced to sell their homes at a loss.

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Meanwhile, though, there are nuggets of good news for would-be buyers, especially those who have been priced out of this market. With demand for loans dropping, some banks are making it even easier to obtain mortgages. Homes are staying on the market longer, and sellers' expectations are fading. But if you're going to buy a home, you'd better count on keeping it for a while.

What Is "Affordable" Housing? (LAT)

The Los Angeles Times, August 26, 2006

A fuzzy old term adapts to the new era.

YOU PROBABLY DIDN'T REALIZE IT, but your home — your overpriced, over-leveraged Los Angeles home — became more affordable last week. Yes, you'll probably still have to stick to macaroni-and-cheese dinners if you want to make your mortgage payment every month. And no, that mid-century gem in the Hollywood Hills will still be out of reach, unless you win the lottery. But on paper, thanks to long-anticipated adjustments to the California Assn. of Realtors' housing affordability index, homeownership now appears to be more attainable for first-time buyers.

The association's affordability index is cited often. When a news article or affordable housing advocate mentions that some shockingly low number of households (say, 8% in Santa Barbara in 2005) were able to afford a median-priced home, the index is often behind the analysis. Developers lean on affordability index numbers to push for new projects; businesses sometimes look at them to determine whether relocating employees to California can pay off. And the affordability index has helped to fuel the housing frenzy, ratcheting up status anxiety by reminding us all that that most American of pursuits, homeownership, is sliding further from our grasp.

Before Thursday, however, the index applied 20-year-old assumptions to today's housing market. To compute affordability, the association assumed that purchasers were making 20% down payments, getting fixed-rate mortgages and spending no more than 30% of their incomes to finance their houses. These days, few buyers are that conservative—so the California Assn. of Realtors now assumes that first-time buyers make 10% down payments, secure adjustable-rate mortgages and devote 40% of their incomes to housing costs. (Different parameters, still to be determined, will measure affordability among repeat buyers.)

The new computation is more relevant. It also makes houses seem cheaper, just slightly. Last year, 14% of Los Angeles households made enough money to buy a median-priced house. In the second quarter of this year, 19% of first-time buyers made the cut to buy at 85% of the median price.

For some, it will be tempting to suggest that "more affordability," at least on paper, will keep the housing juggernaut rolling. For others, it will be tempting to wonder if this is more proof that the market is at its peak. Back in the '90s, eager equities investors began looking for new metrics, such as EBITDA — earnings before interest, taxes, depreciation and amortization — to justify their passion for buying stocks that were overpriced by all the usual measures.

Then again, that might be over-thinking things. The simple truth, as economists at the California Assn. of Realtors admit, is that the outlook remains bleak for buyers. According to the new figures, the median price for first-time buyers in Los Angeles was $489,860 in the second quarter of this year. The required income a family needs to afford a house at this price, according to the new criteria, is $100,320. In L.A., even an affordable home is still pretty expensive.

Is Fannie Mae's House In Order? (LAT)

The Los Angeles Times, August 26, 2006

The federal government hasn't done enough to prevent the mortgage powerhouse from messing up again.

IT SEEMS THAT MORTGAGE powerhouse Fannie Mae — which in May paid a $400-million fine to settle charges of shoddy accounting with its chief regulator, the Office of Federal Housing Enterprise Oversight, and with the Securities and Exchange Commission — may finally be winding its way back into the good graces of Wall Street and the federal government. The company is on track to restate past earnings (to the tune of $11 billion) by the beginning of the year. On Thursday, it announced that the Justice Department was dropping a criminal investigation of its practices.

Pity that the federal government has done little to make sure that Fannie Mae doesn't have a relapse.

Fannie Mae, along with its sister company, Freddie Mac, were chartered by Congress to keep mortgage markets liquid by buying loans from banks and reselling the debt to investors. Even though it was turned over to private investors in 1968, Fannie Mae still enjoyed tax breaks, loose capital restrictions and low borrowing costs that were unavailable to other publicly traded companies. Its special status as a politically powerful "government-sponsored enterprise" meant that it also got preferential treatment from investors, who assumed that taxpayers would bail it out if it ever got into serious trouble.

Fannie Mae and Freddie Mac also face lighter regulation than do other financial institutions. Their regulator, the housing oversight agency, doesn't oversee all aspects of Fannie Mae's business; it doesn't have the authority to litigate against bad actors in the company; and it can't limit risky (but profitable) investments that could endanger Fannie Mae's ability to maintain liquidity in the mortgage market.

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The Bush administration is backing efforts in Congress to grant Fannie Mae's regulator the same powers that most bank regulators have, but the effort is inexcusably stalled in the Senate. Powerful real estate lobbyists and Democrats who think Republicans are ganging up on the "affordable housing" champion apparently feel that the health of the housing industry is somehow tied to Fannie Mae's ability to get away with financial shenanigans.

Director At Ford Steps Down (NYT)

By Micheline Maynard

The New York Times, August 26, 2006

DEARBORN, Mich., Aug. 25 — Robert E. Rubin, the former Treasury secretary and currently a Citigroup executive, has stepped down as a director of Ford Motor, clearing the way for his investment bank to play a more significant role as Ford makes major decisions about its restructuring.

Mr. Rubin, a director and chairman of the executive committee at Citigroup, said in a letter released Friday that he wanted to avoid any potential conflicts that could be raised by his presence on Ford's board, which he joined six years ago.

It came as Ford's chief executive, William Clay Ford Jr., is pondering a wide variety of steps that are aimed at reversing Ford's losses, resizing the company and enabling it to withstand brutal industry competition.

Those steps could include finding buyers for luxury brands like Jaguar, Land Rover and Aston Martin. That task could fall to Citigroup as well as another financial adviser, Goldman Sachs, which like Citigroup has a longstanding association with Ford.

Last month, Mr. Ford hired Kenneth Leet, a former executive with Goldman Sachs and Bank of America, as a strategic adviser to lead the company's review and make recommendations on steps — like alliances with other auto companies and the sale of its units — that the company needed to take to restructure..

People briefed on Ford's activities said the company's future relationship with both Goldman Sachs and Citigroup could be more far-reaching than individual deals had been in the past.

Mr. Rubin's resignation came in a letter Thursday to Mr. Ford. In it, he said Citigroup's "multifaceted relationship with Ford could raise a question whether my relationship with Ford and Citigroup creates an appearance of conflict."

"Although no conflict currently exists and while I would have liked to remain involved, I have with great regret concluded that I should resign from the board at this time."

Mr. Rubin was out of the country Friday and could not be reached. He is the fourth board member to leave Ford this year. Carl Reichardt, a longtime director who served briefly as the chief financial officer under Mr. Ford; Marie-Josee Kravis, an economist and senior fellow at the Hudson Institute; and James Padilla, the company's former president who retired in July, all left the board in May. At that time, Ford reduced its board from 15 to 12 members.

Mr. Ford said Mr. Rubin, who served as Treasury secretary from 1995 to 1999, "has been a wise and generous counselor to me and to the company," adding that he understood "Bob's prudent decision to resign as we continue to explore future strategic options."

Oscar Suris, a Ford spokesman, said Friday that the company's relationship with Mr. Rubin "doesn't end today.''

"This is merely a move on his part to ensure he's doing the right thing from a corporate governance standpoint."

His departure is the second instance this year of a major Wall Street figure's leaving an auto company's board. Merrill Lynch's chief executive, E. Stanley O'Neal, left the General Motors board in February, saying that the increasing time demands at G.M. were becoming difficult to meet in light of his responsibilities at Merrill Lynch, long an investment adviser to G.M. Likewise, Ford has done substantial business with Citigroup through the years, even while Mr. Rubin served on the board, said John Casesa, an industry analyst with Casesa Strategic Advisors. Last year, Citigroup Global Advisers served as a financial adviser to Ford when it sold the Hertz Corporation to a private equity group for $15 billion.

Thus, Mr. Rubin's decision to resign now may be a sign that "whatever's coming down the line at Ford will be big stuff," Mr. Casesa said.

Mr. Rubin's move comes as Wall Street and the news media have shone a harsh spotlight on Ford, which is fighting to hang on to its position as the No. 2 in the American market, behind G.M. Although the company's troubles have been building for some time, Ford in large part was able to escape scrutiny because of even bigger problems at General Motors.

Those days are over. In recent days, the company has been awash in speculation, ranging from the prospects of the Ford family's taking the company private, which many analysts dismiss as unlikely, to the lineup of potential buyers for Jaguar and its other brands.

The speculation can be a useful tool for Ford as it gauges investor and employee sentiment to steps it may take, analysts said. Conversely, it can also serve to undermine morale and raise expectations too high for the company to meet.

Ford's woes have provided kindling to fire the rumors. Last week, Ford said it would cut its fourth-quarter production by 21 percent, its biggest cut in more than two decades, because sales of pickup trucks and sport utility vehicles have been devastated

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by high gasoline prices. In July, Toyota passed Ford for the first time to rank as the second-biggest carmaker in the American market.

Ford, which lost nearly $1.5 billion during the first six months of 2006, cut its dividend in half last month. In January, Ford announced a turnaround plan for its North American operations, which it called the Way Forward. Under it, Ford planned to close 14 factories and cut 30,000 jobs by 2012.

But the company is now expanding the plan, warning that it might have to cut deeper and more quickly than the original blueprint anticipated. Details are expected to be announced in mid-September and could include more cuts in white-collar jobs and more buyouts for blue-collar workers. Ford, which has not identified all the factories that it plans to close, may add more plants to the list and speed the layoffs already announced.

Ford shares rose 24 cents, to $8, on word of Mr. Rubin's resignation as well as reports that Ford's former chief executive, Jacques A. Nasser, may lead an investment group to bid for some of Ford's assets. Mr. Suris said the reports were speculation.

Rubin Quits Ford's Board To Allay Conflict Concern (WSJ)

By Monica Langley, Jeffrey Mccracken And Joseph B. White

The Wall Street Journal, August 26, 2006

Citigroup Director's Exit May Signal Overhaul Plans Are Broader Than Indicated

Former Treasury Secretary Robert E. Rubin, a director at Citigroup Inc., resigned from the board of Ford Motor Co. amid reports it is in talks to sell some luxury brands, a fresh signal the company could be preparing a more sweeping overhaul than previously outlined.

Friday's announcement of Mr. Rubin's resignation follows a July board meeting around which time Citigroup was hired, along with investment bank Goldman Sachs Group Inc., to advise Ford on strategic options for navigating its current crisis. Mr. Rubin is a member of Citigroup's Office of the Chairman.

Citigroup's "multi-faceted relationship with Ford could raise a question whether my relationship with Ford and Citigroup creates an appearance of conflict," Mr. Rubin wrote Ford Chairman and Chief Executive Officer Bill Ford Jr. in a letter, portions of which were released publicly. (Read Ford's statement1.)

At their July meeting, Ford directors ordered up an "independent and vigorous" analysis of the auto maker's operations, a person familiar with the situation said. The board asked Citigroup and Goldman Sachs to provide views on Ford's ability to "operate out of its problems," which include falling revenue and high costs tied to labor and health care, and its cash requirements to do so. It also asked for advice on asset sales and other revenue-raising options, as well as further cost-cutting measures, this person said.

While the Wall Street firms are expected to provide initial reviews at the September board meeting, Mr. Ford also is conducting an internal strategic review with the help of a newly hired executive, Kenneth Leet, a merger-and-acquisitions veteran who worked for many years at Goldman Sachs. Ford's disclosure of Mr. Leet's hiring was taken by buyers as a signal to bid on the auto maker's assets.

WALL STREET JOURNAL VIDEO

2

CNBC's Phil LeBeau examines3 the reasons behind Bob Rubin's resignation from Ford's board.

Investors reacted positively to the signs that Ford is planning a substantial makeover, bidding Ford shares up 3.1% in trading Friday. Ford shares were at $8, up 24 cents, in 4 p.m. New York Stock Exchange composite trading.

Some analysts said the departure of Mr. Rubin, who served as Treasury Secretary in the Clinton administration from 1995 until 1999, may be a blow to Ford because he is widely considered one of the most constructive directors of the company.

Ford has lost a number of senior officers in the past year, either through retirement or resignations. Mr. Rubin is the third board member to depart in five months.

"I think it's a great loss because he's as strong of a director as Ford has in the boardroom," said John Casesa, president of Casesa Strategic Advisors.

Starting next week, Mr. Ford is expected to lead meetings to decide on an array of proposals for accelerating Ford's cost cutting and downsizing in North America, and possibly revamping its product and marketing strategies, people familiar with the situation said. Final announcements are expected after a Sept. 14 board meeting.

Already, it appears that Ford is ready to unwind its global luxury-vehicle strategy. The auto maker is in discussions with a group led by former Ford CEO Jacques Nasser and J.P. Morgan Chase & Co.'s private-equity arm, One Equity Partners, which has proposed buying one or more of Ford's British luxury brands, people familiar with the situation said Friday. Those brands include Jaguar, Land Rover and Aston Martin. The talks were previously reported by Bloomberg News.

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One Equity manages $5 billion worth of investments and focuses primarily on middle-market transactions. It isn't clear how it plans to finance the deal or whether it will team with other groups to do the deal.

Mr. Nasser last month made a preliminary offer for just the Aston Martin brand, according to a person familiar with the situation. Ford didn't respond to that offer because it was considered too low.

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4

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One possible scenario is that Ford would sell Jaguar and Land Rover, which share critical technology, as a unit, and separately sell the low-volume Aston Martin superluxury sports-car brand. The talks between Ford and the J.P. Morgan Chase unit are preliminary, and Ford could well be seeking other suitors, people familiar with the situation said. A British industrialist, Sir Anthony Bamford, chairman of JC Bamford Excavators Ltd., a United Kingdom heavy-machinery group, also has expressed interest in Jaguar. (See related article.6)

Mr. Nasser left Ford in 2001 amid rising financial losses. But he and Mr. Ford have remained in contact and have discussed the company's current problems. Mr. Nasser still uses a Ford office and administrative support.

As CEO, Mr. Nasser was the architect of Ford's strategy to use four brands -- Jaguar, Volvo, Land Rover and Aston Martin -- to serve the growing demand for high-price vehicles globally. But the aggressive expansion plan for Jaguar pushed by Mr. Nasser and his then-luxury group chief, Wolfgang Reitzle, has largely backfired, causing substantial losses at Jaguar even as other luxury-car makers thrive.

Selling Jaguar, Land Rover and Aston Martin would give Ford capital to invest in its Volvo Cars unit, which has been far more profitable over the years than any of the British brands. Ford could expand Volvo's lineup, taking more advantage of its relative strength in the U.S. market.

Next week, Mr. Ford is expected to begin hearing from teams of subordinates who have been studying what to do to get Ford's North America overhaul back on track.

It is expected he will be presented with a variety of options to cut costs and bolster revenue. According to people familiar with the matter, the ideas on the table include authorizing a sweeping buyout program to cut Ford's U.S. hourly work force, similar to the buyout plan that helped rival General Motors Corp. shed about 34,000 workers earlier this year. Ford also could order big salaried-staff cuts and close more factories.

Ford may stop short of a companywide blue-collar buyout, but a move to substantially expand the effort to cut Ford's U.S. work force appears likely, according to people familiar with the situation. GM's buyout success could put the No. 1 auto maker in a position in which its day-to-day costs are lower than Ford's.

Some Ford local union leaders were quoted last week in Detroit's newspapers, the News and the Free-Press, saying they don't want to see the union's active ranks drastically diminished.

Mr. Ford likely will get proposals to rework its North American product program, said people close to the matter. Mr. Ford also is expected to weigh options for overhauling Ford's U.S. marketing strategy. One idea that could be weighed is phasing out the Mercury brand and effectively replacing it with the more youthful Mazda brand. Mazda Motor Corp., Ford's Japanese affiliate, has rolled out a string of attractive vehicles, and Ford increasingly is sharing midsize and small-vehicle engineering and manufacturing with Mazda in the U.S., China and certain other markets.

Among other possibilities, Mr. Ford hasn't ruled out reaching out to a rival, such as Renault SA-Nissan Motor Corp. Chief Executive Officer Carlos Ghosn, to forge an alliance that can bolster Ford in the global battle with GM, Toyota Motor Corp. and others. He also has indicated he remains open to the idea of hiring a senior executive either to be his chief operating officer or as a CEO.

--Shasha Dai contributed to this article.

Write to Monica Langley at monica.langley@wsj.com7, Jeffrey McCracken at jeff.mccracken@wsj.com8 and Joseph B. White at joseph.white@wsj.com9

Farewell Portends Changes At Ford (WP)

By Sholnn Freeman, Washington Post Staff Writer

The Washington Post, August 26, 2006

Rubin Resigns As Officials Mull Selling Brands

Citigroup Inc. senior executive Robert E. Rubin resigned from Ford Motor Co.'s board of directors yesterday, citing potential conflicts of interest as the automaker reviews its long-term strategy, which could include selling off European luxury brands.

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Like General Motors Corp., Ford is struggling to revamp its operations as the 1990s boom in sales of sport-utility vehicles comes to a close. Ford Chairman William Clay Ford Jr. has said he is open to forming alliances with other automakers. In his bid to turn around the company, Ford has said everything is on the table.

In early August, Ford hired investment banker Kenneth Leet, an 18-year veteran of Goldman Sachs, to spearhead a review of long-term strategy for the automaker, including alliances with other automakers or asset sales. Leet reports to Bill Ford. GM is in talks with Nissan Motor Co. and Renault SA about a possible alliance.

Rubin, a treasury secretary in the Clinton administration, said in a letter to Bill Ford that Citigroup's "multi-faceted relationship" with Ford could create the appearance of a conflict, although he said no conflict exists currently. Rubin is on Citigroup's board of directors and is a strategic adviser to the bank's senior executive team. Citigroup has acted as consultant to Ford on investment banking issues for the past several years. Rubin had been a Ford director since 2000.

Ford is in talks to sell Jaguar and Land Rover to an investment group led by Jacques Nasser, a former Ford chief executive, according to a source familiar with the discussions who spoke on condition of anonymity because talks are ongoing. Nasser is a senior partner of One Equity Partners LLC, the private equity arm of J.P. Morgan Chase & Co. A spokeswoman for J.P. Morgan declined to comment.

Ford spokesman Oscar Suris also refused to comment. "Our process is ongoing as we speak," he said. "Come September you can rest assured we will have more to say."

Ford's share price climbed 3.1 percent yesterday to $8.

Ford lost $1.4 billion in the first half of the year. Last week, the automaker said it would temporarily halt production at 10 assembly plants at times through the end of the year. At dealerships, Ford is offering zero-percent financing discounts to help revive sales and clear stocks of unsold vehicles. Like GM, Ford is facing reduced demand for large pickup trucks, a big source of profit along with SUVs.

"Bill Ford has one problem. It's a four-letter word: time," said Jim Sanfilippo, senior industry analyst at AMCI, a consulting firm in Bloomfield Hills, Mich. "Ford Motor Company needs to reenergize itself. They are wretchedly downsizing the company as fast as they can."

In July, Toyota Motor Corp. surpassed Ford in monthly U.S. new vehicle sales for the first time. Ford's American brands Lincoln and Mercury have struggled in recent years and could be under review, analysts have said. Ford's share of the U.S. market has slid this year to 17 percent, down from 21 percent five years ago, according to J.D. Power and Associates. Each percentage point of market share is equivalent to about 170,000 lost vehicle sales a year.

Bill Ford and other top executives have blamed Ford's current financial problems on the downturn in sales of large SUVs. In the 1990s, Ford was flush with cash from the sales of the vehicles such as the Explorer, Expedition and Lincoln Navigator. The Expedition and Navigator once boasted profits of $10,000 or more per vehicle. But those sales have slowed significantly because of rising gas prices, changing consumer attitudes toward dependence on Middle Eastern oil and concerns about global warming. Consumers have increasingly moved to car-based SUVs or exited the SUV market altogether in favor of passenger cars. Detroit executives have said they were caught off guard by the shift.

Mark Fields, a Ford executive vice president and president of the Americas division who was tapped last year by Bill Ford to lead the automaker's turnaround, has pledged to return Ford's North American operations to profitability by 2008. As part of the initial plan, Ford is cutting 30,000 jobs by halting operations at 14 factories by 2012, including seven big auto assembly plants.

Analysts say Ford is also suffering from GM's improved position. To cope with weak SUV and pickup demand, GM speeded up redesigns of large SUVs and pickup trucks. Those trucks have performed well, making Ford's SUV line look dated.

GM's new line of pickup trucks, due later this year, could pose a threat to Ford. Toyota is also ramping up production of a new pickup truck this year at a new plant in San Antonio.

The Ford F-Series pickup truck has long been the top seller in the market. Ford officials are counting on the brand loyalty of pickup truck buyers, and the attractiveness of their models.

Ford and other executives have acknowledged that an over-reliance on trucks led to the current financial crisis. In a Washington speech in June, Fields said Ford paid too little attention to consumer trends. He said the automaker failed to look over the horizon to the day when consumers might opt for something else.

Fields reiterated that Ford isn't seeking a federal bailout. However, as Detroit's problems have mounted, the automakers have increasingly complained that Washington officials are turning their backs. Fields said the U.S. government should address the heavy burden of employee medical and pension costs and the costs associated with modernizing factories. U.S. automakers also have complained of unfair trade barriers in Asian countries and accused those countries of currency manipulation.

Class Inaction Plaintiffs' Lawsuits Against Companies Sharply Decline (WSJ)

By Paul Davies

The Wall Street Journal, August 26, 2006

Court Rulings, Legislators Curb Asbestos, Silicosis Claims; Indicted Firm Cuts Filings Questioning 'Jackpot Justice'

Companies involved in many of the largest and most controversial legal clashes of recent decades are seeing a sharp decline in the number of lawsuits filed against them.

In recent months, judges have dismissed or challenged tens of thousands of individual cases, in matters ranging from claims of lung damage from asbestos and silica dust to allegations that the diet drug fen-phen caused heart problems. Moreover, fewer new claims like these are being launched, as state and federal courts and legislators attack the methods used by some attorneys to round up plaintiffs for large-scale litigation.

There is no comprehensive count of claims, but a look at several key areas -- particularly asbestos and silica claims -- shows large-scale litigation against single products, known as "mass torts" and "class actions," is on the wane.

"The future of mass torts and class actions is very much in question," said Geoffrey Miller, a New York University School of Law professor who teaches a course on issues in large-scale litigation.

This year, new securities-fraud class-action lawsuits are down 45%, to 61 through June from 111 in the first half of 2005, according to a new study.

Among the factors behind that drop: the federal indictment in May of the leading securities class-action law firm, Milberg Weiss Bershad & Schulman LLP, which is accused of paying individuals to file suits. The firm filed just 17 lawsuits in the first six months of 2006, down from 55 in 2005's first half -- and hasn't filed a class-action case since its indictment.

Another contributor is a federal judge's finding last year that nearly 10,000 claims of lung damage from silica dust "were manufactured for money." The case involved 200 companies that manufactured or used silica, which causes an incurable disease of the lungs known as silicosis caused by overexposure to silica dust, which is found in sand and rock and most commonly affects construction workers.

Silicosis claims have soared this decade; for instance, one top manufacturer, U.S. Silica Co., had seen claims against it spike to almost 20,000 in 2003 from just a few hundred in previous years. But after defense attorneys raised questions, U.S. District Judge Janis Jack, appointed to the bench by President Clinton, found plaintiffs were being recruited even though they likely had suffered no harm. She sent all but one case back to state courts, where many have since been dropped.

The decision has had a major chilling effect on litigation involving both silicosis and asbestos, which features many of the same plaintiffs' lawyers, doctors and even plaintiffs. About 60% of the plaintiffs in the silica case had previously been plaintiffs in asbestos suits, even though it is extremely rare to get both silicosis and asbestos. One doctor has made roughly 88,000 asbestos diagnoses over the years and diagnosed about 70% of the 10,000 silicosis cases that Judge Jack found fraudulent. Her ruling also prompted congressional hearings and state and federal criminal investigations.

The recent shift comes after decades in which trial lawyers followed a tried-and-true strategy: Recruit lots of plaintiffs, then pressure companies to agree to a cash settlement in order to avoid a long, costly court battle. Law firms typically pocketed up to a third of any resulting settlement.

Litigation against manufacturers of asbestos has been a particularly crowded arena. More than 700,000 claims have been filed against more than 8,000 companies in recent decades, leading to more than $70 billion in payouts and legal bills. Those expenses have forced dozens of companies into bankruptcy.

Many claims are legitimate. Asbestos is a fire-retardant mineral that was widely used as insulation and in auto parts until the 1970s, but was banned after the inhalation of asbestos fibres was linked to cancer and other diseases. About 4,000 people a year die from mesothelioma, cancer of the membrane around the lungs, caused by asbestos, according to the World Health Organization.

But critics say the mass-litigation system gives law firms an incentive to aggressively recruit plaintiffs with dubious claims, cutting into funds left for people who were truly harmed.

"The game for plaintiffs' attorneys is: Seek out doctors willing to diagnose a problem where the vast majority of doctors would not," says Richard Nagareda, a professor at Vanderbilt University Law School. Judge Jack's silicosis opinion "really lifted the curtain," he says.

Plaintiffs' attorneys counter that the argument is a smokescreen designed to make it harder for individuals to hold companies accountable for bad behavior. While many plaintiffs may not currently be impaired from their exposure to asbestos, they point out, cancers and other diseases can take years to develop.

Mark Lanier, a plaintiffs' attorney not involved in the asbestos and silicosis litigation, says the actions of a few aggressive lawyers has fueled the perception that all plaintiffs' attorneys are "ambulance chasers."

A spokeswoman for the primary professional group for trial lawyers says pro-business groups are using isolated incidents to "distract attention" from efforts by businesses to "evade responsibility" for harming individuals. "If there are doctors or lawyers

misusing the civil-justice system, they should be held accountable," says the spokeswoman, Chris Mather. "I would say the biggest problem is the negligence of big corporations."

Her group, the Association of Trial Lawyers of America, voted last month to change its name to the American Association for Justice because of the negative image of the term "trial lawyers."

In recent years, legislators have taken aim at the tide of litigation. Earlier this year, Congress passed a tort-overhaul bill that makes it easier to move many class-actions out of state courts and into federal court, where judges are more likely to dismiss dubious claims. The law applies only to class-action lawsuits, or those in which many hundreds or thousands of individual claims are merged into one case, so it doesn't affect cases pursued individually, such as the majority of asbestos and silicosis suits.

Meanwhile, several states, including Florida, Georgia and Texas, have passed so-called medical-criteria bills, which require a treating physician to certify a claimant has been harmed by asbestos or silica, and not simply exposed, before a lawsuit can proceed.

In Mississippi -- a state that that developed a reputation for what became known in the legal community as "jackpot justice" due to sizeable damage awards -- lawmakers passed a legal-overhaul measure in 2004 that placed caps on punitive damages and made it difficult to shop for friendly courts.

Other court rulings also have cut down on cases. In April, state-court judges in Ohio threw out about 3,000 asbestos claims after the screening doctors, some of whom also had been involved in the silicosis litigation, refused to testify, asserting their Fifth Amendment right against self-incrimination. Another 35,000 asbestos cases, in which plaintiffs had been diagnosed by the same doctors, were put aside until they could get diagnoses from other doctors.

In June, defense attorneys filed a motion in federal court in Philadelphia seeking to have more than 100,000 asbestos cases, some involving the same doctors, dismissed.

Mississippi's state Supreme Court has issued several rulings in recent years that have made it tougher for plaintiffs. One, for instance, prevents the "bundling" of several plaintiffs into one lawsuit, a technique that can be used to tie weaker claims to a stronger case. Another decision requires that plaintiffs live in the state or show that they suffered harm while in the state before they can file a claim there.

The broadside against the silicosis and asbestos litigation may have altered the landscape for thousands of welders who claim that longtime exposure to toxic fumes from welding rods causes neurological injuries such as tremors and paralysis. Such lawsuits once were considered the next class-action wave, but plaintiffs have lost the first 11 of 12 cases that have gone to trial, and 1,600 suits have been dismissed.

Still, about 10,000 cases are pending in state and federal court. And a federal judge in April denied a motion by defense attorneys to dismiss thousands of claims for medical fraud, ruling that plaintiffs' attorneys used a "robust" screening process to "weed out" questionable claims.

The maker of fen-phen, the diet drug withdrawn from the market because it could cause heart damage, also has had some success having suits thrown out. The U.S. Attorney in Mississippi has prosecuted 26 people for filing false or fraudulent claims against the company, American Home Products, which has changed its name to Wyeth. A lawyer who represented some plaintiffs was indicted for filing false claims. Federal prosecutors in Philadelphia, where dozens of fen-phen cases were tossed out, have launched a criminal probe into some suits, say people close to the matter.

Despite the tougher landscape, plaintiffs' lawyers are pushing ahead with a number of large-scale new actions. Wyeth, for one, faces a new round of litigation involving a hormone-replacement-therapy drug, Prempro. Opening arguments were held this past week in federal court in Arkansas in the first of 5,000 cases alleging Wyeth ignored signals that Prempro could increase risk of breast cancer, heart disease and stroke. Prempro is a widely prescribed estrogen-progestin combination used to treat pre-menopausal symptoms, such as hot flashes and night sweats.

Meantime, Merck & Co. still faces more than 14,000 lawsuits alleging its painkiller Vioxx caused heart attacks and strokes. Legal observers say Merck's decision to fight each Vioxx case individually, rather than to try and reach a quick settlement, was triggered in part by the rising tide of dismissals of claims in other cases.

It remains to be seen if the drug maker's strategy will work. Fighting individual cases has the potential to be costly. Merck has won some initial cases, but has also suffered several stinging defeats, including verdicts against it in two individual cases of $253 million and $51 million.

Still, analysts estimate that by fighting cases, Merck has been able to reduce the number of estimated claims to around 40,000 from 100,000 by discouraging some potential plaintiffs and lawyers. Analysts also have lowered estimates of the company's likely total liability to $25 billion or less compared with as much as $50 billion last year, soon after Merck pulled the drug from the market.

Write to Paul Davies at paul.davies@wsj.com1

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With A Changing World Comes An Urgency To Learn Chinese (WP)

By Lori Aratani, Washington Post Staff Writer

The Washington Post, August 26, 2006

Pearl Terrell was so determined that her great-granddaughter Shayla begin learning Chinese that she spent two weeks this summer driving 100 miles a day from her home in West Virginia to a middle school in Frederick County so the soon-to-be fifth-grader could learn the language.

The U.S. government flew 10 teachers to Washington from China this month and gave them a five-day crash course in Dupont Circle on how to teach -- American-style -- before dispatching them to schools across the country. Although the number may seem small, the scramble to recruit and train these teachers for the start of this school year underscores the urgency the Bush administration is placing on establishing Chinese programs in U.S. classrooms.

After years of insisting that the world speak English, of grants and initiatives that established foreign language programs in fits and starts, Americans have awakened to a far more global playing field and the need for specialized languages, economists say. And nowhere is that more evident than with China.

"China is being mentioned everywhere in relation to everything from business, international affairs -- even the war on terror," said Kenneth Lieberthal, a professor of political science at the University of Michigan. "You buy things in the store -- they're made in China. . . . No one is hearing about France as the way of the future."

More than 1.3 billion people worldwide speak Chinese, and about 885 million of those people speak Mandarin, China's official language and dominant dialect. In the United States, only about 24,000 students in grades seven through 12 study the language, according to a report from the Asia Society, a nonprofit, nonpartisan group that seeks to build ties between the United States and Asia. But educators say those students reflect a steady growth in the number of Americans wanting to learn Chinese.

"People are finally beginning to pay attention to Mandarin as a major cultural and economic prospect for students," said Michael H. Levine, executive director of education for the Asia Society. "The push is coming from the defense [community] and government and grass-roots interest from parents."

In January, President Bush unveiled a $114 million initiative aimed at increasing the number of so-called critical languages, such as Chinese and Arabic, taught in U.S. schools. The 10 Chinese teachers are the first recruits in a program the Bush administration hopes to expand to include teachers of Russian, Korean, Farsi and other critical languages.

"This is the largest initiative of its kind focused on language in half a century," said Thomas A. Farrell, deputy assistant secretary for academic programs at the State Department.

There is no official tracking of Chinese programs, but about 96 public and private U.S. schools offer Arabic, according to the National Capital Language Resource Center, a joint project of Georgetown and George Washington universities and the nonprofit Center for Applied Linguistics. This fall, for example, Springbrook High School in Silver Spring will offer Arabic for the first time.

Chinese language courses are not new, particularly in the Washington area, where schools have long had an international bent. In Montgomery County, Bethesda-Chevy Chase and Richard Montgomery high schools have offered Mandarin since the late 1980s. Fairfax County schools have offered it since the 1990s.

But what is new is that interest in such courses no longer comes exclusively from Asian parents, who viewed the programs as a way for their children to maintain ties to their culture. Increasingly, it's non-Asian parents who want their children to learn Chinese, citing the desire to remain competitive for the best jobs. For example, in the Chinese language program offered in Frederick County this summer, only two of the 16 children were Asian.

"They want their children to have an edge, and they see Chinese as helping them get that," said Paula Patrick, foreign language coordinator for Fairfax public schools, where about 1,200 students take Chinese.

This fall, more than a third of Maryland's public school systems will offer Mandarin -- more than twice the number that offered it last year. (Some U.S. schools teach Cantonese, the dialect widely spoken in Hong Kong and the language spoken by many early Chinese immigrants, but far more offer Mandarin.)

In Virginia, where five school systems offer Chinese, educators in Fairfax launched a program last year to offer lessons to 1,000 students at two elementary campuses. That's in addition to the programs it offers at three high schools, where about 200 students are taking part. In Montgomery, where 17 schools offer courses, program enrollment increased 59 percent last year, from 656 students to 1,041.

In the District, H Street Community Development Corp. offered Chinese language training to 11 high school students this summer. At Washington Latin School, a public charter school slated to open next month in Northwest Washington, educators are hoping that their Mandarin program will be a draw for families when formal courses are offered in 2008.

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School systems in Philadelphia, Houston, New York City and Portland, Ore., are poised to launch Chinese programs. Chicago public schools teach more than 3,500 students in the largest program in the nation.

Kathryn B. Groth, vice president of the Frederick school board, whose system will start a Mandarin program this fall, said she welcomes the global focus.

"I think Americans who used to feel other people needed to learn [English] now realize that the time has come when that doesn't work anymore," Groth said. "I've heard from people who say: 'Forget the engineering. Learn the foreign language. If you want a job, the foreign language is going to sell your engineering.' "

For her part, Terrell, the West Virginia great-grandmother, easily could have enrolled her great-granddaughter in Spanish or French courses and saved a lot of gas money. Terrell never considered foreign language a must-have when she was growing up, but she has changed her worldview.

"China is an up-and-coming country," Terrell said. "And if [Shayla] learns Chinese, it will be good for her -- and maybe she can teach me some as well."

In the sun-dappled classroom in Frederick County, Shayla and her classmates were more than eager to show off their language skills. Ariana Sadoughi, 9, of Frederick ticked off a list of Chinese phrases she had mastered: ni hao (how are you?), xie xie (thank you).

In another corner of the room, Xinchun Song was showing another group of students how to write the Chinese characters for big sister, little sister and mother. At one point, she separated the two characters that combine to form the word "mother," explaining to the children that when separated, one character translates to "horse" and the other represents "female."

"Does that mean my mother is a female horse?" one boy asked with alarm.

"No, no, no," Song said as she tried to explain the complexities of Chinese writing.

Yet even as U.S. educators are being pushed to expand Chinese programs, they are running into obstacles. It is difficult to find people qualified to teach.

Only a few universities in the United States offer teacher certification programs in Mandarin, according to Levine, of the Asia Society. Last year, George Mason University added a program to certify Mandarin teachers, but only two people have enrolled.

That's why exchanges such as the one that brought the 10 Chinese teachers, as well as two Arabic instructors from Jordan, to the United States are so critical, said the State Department's Farrell.

"This will help us get a jump-start," he said. The initiative to bring foreign teachers here will be complemented by a similar effort to send Americans overseas for language training, he said.

Still, some fear that school systems -- particularly those that serve mainly poor and minority children -- might not be willing to make the investment in adding language classes because they are focused on pushing students to meet reading, writing and mathematics goals required under the federal No Child Left Behind Act.

The Chinese government, however, is trying to do what it can to promote Chinese language. Hanban, or the National Office for Teaching Chinese as a Foreign Language, a nongovernmental organization funded by the Chinese government, has been instrumental in providing materials and in some cases helping school systems recruit teachers from China.

This summer, Hanban worked with the National Association of Independent Schools, a group representing U.S. private schools, to send a nine-member delegation to China that recruited 19 teachers for 16 schools.

Hanban has also forged a partnership with the College Board, the organization that administers the SAT and Advanced Placement exams. This fall, the College Board will begin offering AP Chinese courses in select schools. Hanban will help the organization recruit instructors from China to help teach the courses.

For their part, the Chinese teachers who trained in Dupont -- still full of energy after a long day of lectures on "The Culture of the American School" -- were eager to share their language and traditions with U.S. students.

Said Shijun Chen, a high school teacher from Beijing: "We feel very excited and very lucky to bring our culture here. It will be a really good challenge for us."

Critic Alleges Deceit In Study On Stem Cells (WP)

By Rick Weiss, Washington Post Staff Writer

The Washington Post, August 26, 2006

Report's Basic Facts Are Unchallenged

A landmark scientific report that was supposed to bridge the gap between proponents and opponents of human embryonic stem cell research has become the focus of an escalating feud, with a prominent critic of the research alleging that scientists were deceptive in presenting their results.

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At issue is a series of experiments described in Thursday's issue of the journal Nature, in which scientists at Advanced Cell Technology (ACT) in Worcester, Mass., described a method for making stem cells without harming a human embryo. The basic facts of the report remain unchallenged.

But in an unusual move yesterday, Nature corrected wording in a lay-language news release it had distributed in advance and posted clarifying data it had asked the scientists to provide.

At the core of the battle is a widely distributed e-mail from Richard Doerflinger of the U.S. Conference of Catholic Bishops, who raised three issues.

First, he said the scientists did not make it clear that no embryos survived their experiments. In fact, data in the paper do make that clear, but Nature's initial release said otherwise. It is well established that a single cell can be removed from an eight-cell human embryo without causing any apparent harm to the embryo, and the new report aimed only to show that such single cells can become stem cells, lead researcher Robert Lanza said yesterday. In the experiments, the scientists took as many cells as they could from each embryo, destroying them in the process, to make the most of the embryos donated for their study.

Doerflinger said it was also deceptive for the scientists to say that single embryo cells were coaxed to grow into colonies of stem cells. In the experiment, he noted, those single cells were allowed to feed on hormones secreted by other cells in the nutrient media in which they were grown. That leaves open the question, he said, of whether a single cell can become a colony on its own.

Lanza responded that the need for hormones from surrounding cells can easily be met by culturing the single cell with laboratory cells or even the remaining, seven-cell embryo for a day, after which experiments indicate the single cells can be weaned and grow into stem cells alone.

A third point of contention is the fact that the published report includes a photo of a mature embryo, healthy and poised to grow into a fetus after having survived the removal of a single cell. Doerflinger said the photo is deceptive because no embryos in the experiment were allowed to develop that far.

Lanza said that the team first did those experiments to prove embryos could survive the biopsy process but that only the photo -- and not the data -- was included because that was not the point of the paper. Data from those earlier experiments were added to Nature's Web site yesterday.

In his e-mail, Doerflinger said the use of the photo in a paper describing research in which no embryos survived was reminiscent of the fraud case that brought down South Korean stem cell researcher Hwang Woo Suk early this year.

Lanza said the criticism is a sign of how politicized stem cell research has become.

"They're really going after everything they can," Lanza said. "They've got the whole machine geared up."

Stem Cells Without Embryo Loss (NYT)

The New York Times, August 26, 2006

A small biotech company says it has found a way to produce human embryonic stem cells without destroying an embryo. That the prospect does not satisfy many religious conservatives who have opposed stem cell research demonstrates once again why the government should avoid making decisions on theological grounds.

The standard way to produce colonies of stem cells is to let an early human embryo grow to a size of about 150 cells, at which point its stem cells are extracted, and the embryo is destroyed in the process. But researchers at Advanced Cell Technology have now demonstrated that a colony can be grown from a single cell removed from an embryo that has only eight to 10 cells, using a process that should leave the embryo unharmed.

Nevertheless, religious conservatives have already denounced the technique, and the President's Council on Bioethics, in a white paper evaluating alternative ways to produce stem cells, declared this approach "ethically unacceptable."

The technique would seem to sidestep the council's main objection, that it is unethical to put the tiny embryo at risk for research unrelated to the welfare of the embryo. Instead of removing a cell purely for stem cell research, the company proposes to use cells already removed for diagnostic tests at fertility clinics.

The clinics routinely remove a cell from eight-cell embryos to screen them for possible genetic defects before transferring the remaining embryo into a woman. Now the company proposes to intercept these cells, allow them to divide in a laboratory dish, and then use one cell for the diagnostic test and the other to derive stem cells. The process would add no additional risk to a diagnostic procedure that already seems quite safe.

But this approach won't satisfy those who believe that even a single cell removed from an early embryo may have the potential to produce life. It won't ease the council's concern that research objectives may intrude into the practice of reproductive medicine at a time when doctors are making critical decisions. And so the Advanced Cell Technology approach does not seem likely to open the floodgates for federal financing. Mostly it illustrates the great lengths to which scientists must go these days to

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shape stem cell research to fit the dictates of religious conservatives who have imposed their own view of morality on the scientific enterprise.

Medicare Ads Paid By Drug Industry (AP)

By David Espo, Ap Special Correspondent

AP, August 26, 2006

The pharmaceutical industry quietly footed the bill for at least part of a recent multimillion-dollar ad campaign praising lawmakers who support the new Medicare prescription drug benefit, according to political officials.

The U.S. Chamber of Commerce claims credit for the ads, although a spokesman refused repeatedly to say whether it had received any funds from the Pharmaceutical Research and Manufacturers of America.

Several campaign strategists not involved in the ad campaign said no legal issues were raised by the pharmaceutical industry's involvement.

Democrats seized on the disclosure, though, to renew their charge that the program amounts to a Republican-engineered windfall for drug companies.

"There's a civics lesson here from the drug companies. They write checks to protect their GOP friends, and then they write the laws to benefit themselves, all the while doctors are writing prescriptions middle-class Americans can't afford," said Bill Burton, spokesman for the House Democratic campaign organization.

The commercials, airing in 10 states or congressional districts, generally say the local congressman or senator supports the drug program, and that hundreds of thousands of Medicare beneficiaries have saved money since its inception earlier this year.

Under the voluntary program, Medicare beneficiaries purchase prescription drug coverage from among competing plans offered by private insurance companies. Monthly premiums cover a fraction of the overall cost of the benefit, and the federal government covers most of the rest.

The insurance companies bargain with drug manufacturers over price, and the cost to consumers has been considerably lower than initially estimated. But in drafting the legislation, Republicans rejected Democratic calls to permit the government to negotiate directly in hopes of pushing down prices further.

The officials who described PhRMA's involvement said they did not know whether the industry had given the Chamber money to cover the entire cost of the ads and other elements of an election-year voter mobilization effort, or merely a portion.

Ken Johnson, a senior vice president at PhRMA, issued a statement that said the organization "works with a variety of groups, including patient advocacy groups and business organizations like the U.S. Chamber of Commerce and others, to support policies that improve patient access to life-saving medicines."

In a follow-up statement, he added that as a result of the program, "millions of Medicare patients who previously had no prescription drug coverage are now benefiting from substantial discounts negotiated by Medicare drug plans."

He declined to elaborate.

Bill Miller, political director for the Chamber, did not respond to numerous requests for an interview. A spokesman, Eric Wohlschlegel, said, "The Chamber paid for the Medicare ads." But he declined repeatedly to say whether his organization had received any money from PhRMA.

In announcing the program earlier this summer, Miller described a $10 million ad campaign but made no mention of PhRMA.

The episode is reminiscent of another PhRMA-financed ad campaign, this one in May 2002.

At the time, a little-known conservative group, United Seniors Association, announced plans for a multimillion-dollar advertising effort supporting prescription drug legislation that Republicans were drafting. A USA spokesman denied then that PhRMA had picked up the cost. But several political officials said it had, and the drug association confirmed it had made an "unrestricted educational grant" to the seniors' group.

The Chamber's current advertising effort has been marred by errors.

An ad on behalf of Republican Rep. Steve Chabot of Ohio was pulled from the air after officials realized he had voted against the legislation creating the prescription drug bill.

Commercials backing three other Republicans, Michael Fitzpatrick of Pennsylvania, Mike Sodrel of Indiana and Dave Reichert of Washington, were changed after Democrats pointed out they had not been in Congress the year the legislation passed.

At a news conference earlier in the month, Miller initially denied that either the Pennsylvania or Indiana ads had been changed until reporters showed the revised wording.

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To Repel Critics, Wal-Mart Courts Democrats (WSJ)

By Jeanne Cummings And Kris Hudson

The Wall Street Journal, August 26, 2006

Black, Hispanic Members Receive Special Attention; Rep. Rangel Is Unmoved

WASHINGTON -- Wal-Mart Stores Inc. is wooing some core Democratic constituencies as part of a strategy to fend off another round of election-season attacks from labor unions and politicians.

In particular, the retail giant is giving to African-American and Hispanic lawmakers on the theory that many of their constituents are satisfied Wal-Mart shoppers and workers. More than 10% of the company's 1.4 million U.S. workforce is Latino and more than 16% is African-American.

The Bentonville, Ark., firm has rounded out its once insular and heavily Republican political operation by hiring Democratic lobbying and public-relations firms. It is also sweetening health-care benefits for workers just as the issue is poised to become a hot topic in the fall elections, ranking at the top of voter concerns -- and those of Wal-Mart's own employees.

But the company faces a tough road as it tries to woo black lawmakers and create fissures in the Democratic party.

"My feeling with them is that it is all about how they treat workers," said Rep. Charles Rangel of New York, who has received a $2,000 donation from Wal-Mart. "The ball is in their court to provide decent wages and benefits."

Asked if Wal-Mart's recent adjustments have met his standard, he replied: "Not at all."

Rep. Jesse Jackson Jr., an Illinois Democrat, says he has allies on both sides of the Wal-Mart battle. The retailer recently opened a new store near Mr. Jackson's Chicago district. About 3,000 people applied for the store's 300 positions. Wal-Mart also hired local minority businesses to do accounting and logistical work for the store. But Mr. Jackson says he isn't ready to move into Wal-Mart's camp.

"I fundamentally believe in a living wage. What I refuse to believe is that the richest company in the world can't pay it. I can't reconcile that," he says.

Wal-Mart's efforts reflect a recognition it will be a big target not only in the November midterm elections but also in the 2008 Democratic presidential primary.

In Democratic circles, attacking Wal-Mart is shorthand for slamming big businesses and its treatment of workers. It's a message so embedded in Democrat culture that it was a rare point of agreement between Connecticut Senator Joseph Lieberman and his victorious primary challenger, businessman Ned Lamont, both of whom attended an anti-Wal-Mart event during their race.

Whether the company can make a dent in critics' armor is an open question. In other areas, such as health care and the environment, changes made by Wal-Mart have damped attacks from some opponents. On the political front, Democrats closest to the labor movement might be hard to win over.

The company's efforts took a step backward recently when Andrew Young, a former civil-rights leader hired to promote the company in urban areas, resigned under a cloud. Defending Wal-Mart in an interview with an African-American newspaper in Los Angeles, Mr. Young said mom-and-pop stores run by Jews, Koreans and Arabs had been "overcharging us" for poor-quality food. Mr. Young later called his remarks "completely and utterly inappropriate."

Wal-Mart's donations to Democrats appear to be targeting members of the Congressional Black Caucus rather than the party's leadership. House Minority Leader Nancy Pelosi of California hasn't gotten a penny from Wal-Mart, but the Congressional Black Caucus Foundation, the charitable arm of the Congressional Black Caucus, received $1 million from the firm. In 2005, Wal-Mart donated $1.5 million to the United Negro College Fund.

"I think you would find that we give to people who support our approach to our business and people who have stood up for us. Members of the black caucus have been great allies," says Bob McAdam, Wal-Mart's vice president of corporate affairs.

In spring 2005, Wal-Mart Chief Executive Lee Scott took members of the black caucus to dinner at Charlie Palmer's Restaurant, just off of Capitol Hill.

"Communication is good," says Paul Brathwaite, the caucus's executive director. "It would be nice if other companies, such as Target, Kohls, Sears and others that hire African-Americans, and where African-Americans are consumers, would seek the same type of dialogue."

Earlier this year, Mr. Scott also met privately with the Congressional Hispanic Caucus.

In June 2005, eight House members of the black caucus voted against a Democratic-backed amendment to the Labor Department budget. The measure, which failed to pass, would effectively have prevented the government from giving Wal-Mart advance warning about visits from various government inspectors.

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A couple of years ago, Wal-Mart decided it needed to start polishing its image, something it had previously been reluctant to do. Internal polls showed its brand name's value slipping among voters and shoppers as a result of the drumbeat of bad publicity about its treatment of workers, in particular as a result of its successful effort to fend off union activity at its stores.

Wal-Mart's Washington office, once run by Bentonville-trained lobbyists, is now headed by Lee Culpepper, a Capitol Hill insider -- a Republican who has worked for top Democrats -- who was hired away from the National Restaurant Association. The company's lobbying expenses jumped to $1.6 million in 2005 from $140,000 in 1998, and Wal-Mart now retains a host of lobbying firms with ties to both parties, according to the nonpartisan Center for Responsive Politics.

Ten years ago, 98% of Wal-Mart's political donations went to Republicans. Now, 70% go to Republicans, who control Congress and the White House, and 30% to Democrats, according to Political MoneyLine, a nonpartisan watchdog group. "As our company has grown, it becomes more important to broaden our giving," says Wal-Mart's Mr. McAdam.

Polls commissioned by the company suggest it might have popular support on its side. A June poll by RT Strategies, a bipartisan polling firm, found that 62% of voters disapprove of Democratic candidates making Wal-Mart an issue in the election. Among Democrats, 48% disapproved while 34% approved.

A July poll by Strategy One, a research arm of Wal-Mart's outside public-relations firm, Edelman Public Affairs, found that 64% of Democrats have a favorable opinion of Wal-Mart, with much of the support coming from African-Americans, one of the party's most loyal voting blocs.

Thomas Riehle, a Democrat and an RT Strategies polling expert, says the results suggest his party might be erring in aligning itself so closely with labor's battle against Wal-Mart. "In politics, you don't go to a great deal of effort to annoy people," he says.

Wal-Mart's previous efforts to burnish its reputation have paid some dividends. Last year, it teamed up with the National Fish and Wildlife Foundation on a program that preserves one acre of wildlife habitat for every acre Wal-Mart has developed and will develop over the next 10 years. It's doubling its fleet of 100 hybrid cars, has pledged to boost the fuel efficiency of its massive trucking fleet by 25% within three years and says it will cut the volume of solid waste produced by its stores by 25% within two years.

In addition, the résumé of Leslie Dach, Wal-Mart's new head of communications and lobbying, includes work for the National Audubon Society and the Environmental Defense advocacy group.

Carl Pope, executive director of the Sierra Club, is a strong Wal-Mart critic. Yet while skeptical of many of the company's environmental promises, he also acknowledges the improvement. "We are excited by examples where a company can do well by doing good," Mr. Pope says. "I would love to have everybody else copy Wal-Mart," when it comes to reducing oil consumption.

Yet Wal-Mart still faces dozens of lawsuits that provide ammunition for critics, many of whom think the company hasn't done enough to improve the lot of its workers, especially on wages. Many suits, some of which have been certified as class-actions, allege employment and hiring violations. The most significant is a potentially expensive and damaging complaint in federal court in San Francisco alleging that Wal-Mart discriminated against women in its promotion and pay practices. A Wal-Mart spokeswoman declined to comment on the case. In December, a California jury awarded 116,000 Wal-Mart employees in that state $172 million after finding they had been denied lunch breaks.

In the past year, Wal-Mart bolstered health-care coverage, offering lower premiums with high deductibles for employees who visit the doctor infrequently.

Write to Jeanne Cummings at jeanne.cummings@wsj.com1 and Kris Hudson at kris.hudson@wsj.com2

Issues Await If Democrats Retake House (NYT)

By Carl Hulse

The New York Times, August 26, 2006

WASHINGTON, Aug. 25 — As the start of the fall campaign looms and House Democrats remain within realistic reach of reclaiming the majority, party leaders are beginning to explore the delicate question of what happens if they win.

Rusty from being out of power for 12 years, Democrats are rethinking how they should parcel out coveted committee chairmanships and the other plums that would come with House control at a time when the party's potential chairmen are increasingly being portrayed by Republicans as liberal extremists.

In fund-raising appeals, on the Internet and in stump speeches, Republicans raise the specter of a Judiciary Committee headed by Representative John Conyers Jr. of Michigan, a banking committee steered by Barney Frank of Massachusetts, a tax-writing committee led by Charles B. Rangel of New York, and an energy panel under the leadership of John D. Dingell of Michigan.

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Democrats and others call it a tired scare tactic with more than a whiff of bigotry because Republicans often point to gay and black Democrats who would lead committees. But faced with the attacks and pent-up ambitions of rank-and-file lawmakers, Democratic leaders are hinting they might abandon party tradition and award sought-after slots not solely on the basis of seniority, but instead follow the Republican lead of also weighing such factors as legislative record, diversity and work for the good of the party.

"Seniority is a consideration, but merit of course must come first," said Representative Nancy Pelosi of California, the Democratic leader, who has approved a review of party rules so Democrats are not left scrambling should they reach their political goal.

At the moment, party rules do not specifically require committee chairmanships to be awarded on the basis of seniority. But in practice that is the way Democrats have done business, except in rare circumstances like in 1985 when Representative Les Aspin of Wisconsin led a revolt against Representative Melvin Price of Illinois, the aging chairman of the Armed Services Committee.

Under the direction of Representative James E. Clyburn of South Carolina, chairman of the party caucus, a committee headed by Representative Michael E. Capuano of Massachusetts is giving the internal party handbook a thorough review. Lawmakers are studying whether changes are required in the seniority system and rules governing general committee seats and related issues like ethics and term limits.

Democrats can only hope they have to deal with the infighting that would follow should they topple the Republicans. But Mr. Capuano, who heads the Democratic Committee on Organization, Study and Review, acknowledged that a takeover would confront them with thorny issues.

"Nobody even wants to think of all the jockeying for committee assignments," said Mr. Capuano, who has spent his summer poring over arcane party regulations.

Since winning the majority in 1994, Republicans have not hesitated to pass over senior lawmakers for chairmanships in favor of members more in tune with the leadership's ideology or more assertive in fund-raising than their rivals.

Representative Joe L. Barton of Texas was handed the Energy and Commerce helm over more senior lawmakers, as was Representative Richard W. Pombo of California on the natural resources committee and Michael G. Oxley of Ohio on the Financial Services Committee.

Representative Jerry Lewis of California was picked to head the Appropriations Committee in 2005 over a more senior opponent after a fierce fund-raising contest that saw Mr. Lewis dole out more than $1.3 million in the Republican campaign effort in 2004.

Democrats anticipate they could face something of a generational clash in the event of a takeover. All of the lawmakers in line to lead major committees were in Congress before Republicans gained control in the 1994 elections, and some have bided their time in the minority for one more chance at the gavel.

But most of the Democratic caucus has been elected since 1994, and there will be some Young Turks who will argue that the old-line Democrats had their chance and that power should be shared. Already there have been calls to retain the term limits that Republicans imposed on their committee chairmen.

Party officials say they expect most of their senior representatives on major committees to prevail with little difficulty. They point to Mr. Rangel, a popular figure who has been traveling the country on behalf of House candidates, as one lawmaker who would be installed as chairman with enthusiasm.

Other positions are more problematic. At the Intelligence Committee, Representative Alcee L. Hastings of Florida, who was removed from the federal bench in the 1980's, is in line to take over, although that decision would be the responsibility of Ms. Pelosi and could prove explosive.

And some Democrats are nervous about the prospect of a Judiciary Committee led by Mr. Conyers, who has raised the prospect of impeaching President Bush, a notion that Ms. Pelosi has sought to bat down.

Senior party officials doubt that many — if any — of the Democratic chairmen in waiting would be leapfrogged if Democrats prevail in the November elections. But just mentioning the possibility can help motivate senior Democrats to work overtime in the critical remaining months of the campaigns to help cement their committee positions.

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"They are all conscientious, solid, hard-working members," said former Representative Martin Frost, now a part-time political commentator. "The thing about these members that should frighten Republicans is that they will all know what to do the minute they take over."

There is no dispute that a Democratic majority would bring a shift in ideology at the helm of most major committees. The potential chairmen have generally been persistent critics of the administration and are champing at the bit to turn the Congressional spotlight on administration practices and Republican policy.

And Republicans, trying to find a way to persuade unhappy conservatives not to stay home on Election Day, are working to drive that point home.

"Our country can't afford to let Nancy Pelosi, John Murtha and Barney Frank reverse the progress we've made," Speaker J. Dennis Hastert of Illinois wrote in a recent appeal for contributions.

Democrats Offer Cheap Gas As A Way To Get Voters' Attention (MCT)

By Margaret Talev

McClatchy Newspapers, August 26, 2006

WASHINGTON - Filling up your gas tank? Don't be surprised if a Democrat is waiting at the station.

With $3-a-gallon gas near the top of the list of voters' frustrations with the status quo, some challengers seeking to unseat the Republican majority in Congress this November have found a gimmick that they think will resonate with voters - and they're pumping it for all it's worth.

In Washington state, Gas Pump Man, a campaign volunteer disguised by a leotard and mask, has been making appearances at filling stations on behalf of Democratic challenger Darcy Burner to accuse the local congressman, Republican Dave Reichert, of being too cozy with the oil industry.

In parts of North Carolina, Kentucky and Ohio, the Democratic candidates themselves are rolling up their sleeves and filling up cars and minivans for half-price or less, as low as $1.20 a gallon. Their campaigns are picking up the difference in price.

Petroleum prices are affected by trends bigger than Congress, including global and Mideast tensions, the growth of China and India, and projected supply shortages, analysts said.

But across the country, Democratic challengers are playing up how much Republican incumbents received in campaign contributions from oil companies, and any votes cast to help the oil industry.

The latest event was held Thursday by Democrat John Cranley, a Cincinnati city council member who's seeking to unseat Ohio Rep. Steve Chabot in what national analysts consider a competitive race.

Chabot's campaign wasn't amused.

"Voters understand this was a stunt," spokeswoman Jessica Towhey said. "Everyone's concerned about the high prices of gas, and Steve Chabot has spent quite a bit of time working toward real solutions for this problem."

It wasn't so long ago that Democrats were accusing Chabot of political stunts. Last year, he championed a short-lived Republican effort to give Americans $500 tax credits to offset higher fuel costs.

Democrats' gas-station fancy began with Larry Kissell, a schoolteacher and former textile worker from Biscoe, N.C., who launched his cheap-gas promotion Aug. 3 as part of a long-shot candidacy against Rep. Robin Hayes. Regular unleaded had been selling for $2.89 a gallon in Biscoe, but Kissell offered it that day for $1.22 a gallon, which what he says it cost when Hayes was elected eight years ago.

"It was amazing how many people waited in line for an hour and a half or two hours. We had over 500 people come through," he said. "They were all smiles, all, `Thank you for understanding,' what they're going through."

Soon after, Democrat Mike Weaver held a similar event to campaign against Rep. Ron Lewis in Kentucky. Other campaigns also are considering the idea.

Republicans say it's hypocritical for Democrats to campaign for cheaper gas while opposing more domestic drilling off the coast or in Alaska's Arctic National Wildlife Refuge. Democrats counter that those ventures probably wouldn't reduce prices at the pump and could hurt the environment. Both parties say they favor research to develop more renewable energy, but nobody claims that would bring down gas prices anytime soon.

Republicans are suggesting that Democrats' gasoline events might run afoul of federal campaign law, which prohibits payment in exchange for votes.

But Trevor Potter, a campaign-finance lawyer and former chairman of the Federal Election Commission, said the gas events sounded comparable to handing out campaign T-shirts or food at a rally. "I think it's legal so long as they don't say we're giving you cheap gas in return for proof that you voted today," he said.

Republicans In Blue States Rethink Iraq (LAT)

By Johanna Neuman, Times Staff Writer

The Los Angeles Times, August 26, 2006

Some conservative defenders of the war, facing opinion polls and antiwar challengers in November, are now talking withdrawal.

WASHINGTON — Since U.S. forces attacked in 2003, Rep. Christopher Shays, a moderate Republican from Connecticut's liberal 4th District, has been a stalwart defender of the Iraq war.

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"I've been carrying the bucket when it comes to the war," Shays said in September.

But facing an antiwar Democratic opponent in a tough midterm election race, Shays is starting to express reservations.

In a telephone interview Friday after he returned from his 14th trip to Iraq, Shays said that he believed the U.S. should consider setting a timetable for the withdrawal of its troops, and that he planned to hold congressional hearings on the question next month.

Iraq's political leaders need a deadline to "do things in a timely basis." Otherwise, he said, "they will take years. And there aren't years available."

Shays becomes the third Republican lawmaker from a Democratic or swing state to distance himself from the Bush administration's war policy. With public support for the war sagging and many Democratic candidates vocally opposing it, Republicans in tight races in blue states are under particular pressure.

Democrats have felt the heat as well. Earlier this month Sen. Joe Lieberman, a supporter of the war, was defeated in Connecticut's Democratic primary by political novice and antiwar candidate Ned Lamont.

Lieberman is now running as an independent, but Republicans throughout the country — eyeing opinion polls showing that more than 60% of the public disapproves of President Bush's handling of the war — took note.

"Republicans are trying to insulate themselves from Washington and the president's low approval ratings," said Amy Walter, congressional analyst for the nonpartisan Cook Political Report. "They are distancing themselves from the war and from the president."

Bush has rejected any deadline for departure from Iraq, arguing that "setting an artificial timetable would breathe new life" into the insurgents' cause.

Although he is not the first Republican to part company with Bush on the conduct of the war, Shays is the most prominent pro-war voice so far to call for a timetable for withdrawal. And experts think there will be many Republican defections before the November election.

"The war has colored the whole election cycle," said Stuart Rothenberg of the Rothenberg Report, a nonpartisan newsletter. "Voters are unhappy with the performance of their political leaders, and they want change."

For Republicans in swing states, the war poses a dicey political problem. With the GOP leadership eager to cast Democrats as the "cut and run" party, individual candidates are trying to find talking points that make them sound independent from the White House but supportive of anti-terrorism measures, which remain a voter priority.

In Pennsylvania's 8th congressional district, freshman Michael G. Fitzpatrick, elected in 2004 with 55% of the vote, faces a challenge from Patrick Murphy, an Iraqi war vet with a Bronze Star and a plan for redeploying U.S. troops from Iraq within 12 months.

In a mailing to constituents in mid-August, Fitzpatrick urged an alternate course in Iraq while criticizing his opponent's plan. "American needs a better, smarter plan in Iraq," said the mailing. "Congressman Fitzpatrick says NO to both extremes: No to President Bush's 'stay the course' strategy … and no to Patrick Murphy's 'cut and run' approach."

In Minnesota's 1st District, conservative incumbent Gil Gutknecht has long supported the war. He made headlines recently when he returned from his first visit to Iraq, declared that Americans don't have "strategic control" of the streets of Baghdad and advocated a "limited troop withdrawal — to send the Iraqis a message."

Retired National Guardsman Tim Walz, who is seeking to unseat Gutknecht, wants to move U.S. troops to Kuwait so a regional security force can take over in Iraq.

Even some Republicans in solidly conservative districts, and some not facing re-election this year, have changed their views on the war.

In North Carolina, Rep. Walter B. Jones Jr., a staunch conservative whose district includes the Marine Corps base Camp Lejeune, originally supported the war. In 2005, he said there had been little reason to go to war and called on Bush to apologize for misinforming Congress. His opponent, Craig Weber, is also an antiwar candidate.

Sen. Chuck Hagel (R-Neb.), a Vietnam War veteran who is not up for re-election, said last year that the U.S. was "getting more and more bogged down" in Iraq and stood by his comments that the White House was disconnected from reality and losing the war.

Shays, chairman of a security subcommittee of the House Government Reform Committee, plans hearings in mid-September on Iraqi security, reconciliation among the Sunnis, Shiites and Kurds, and the consequences of withdrawal from Iraq.

"Ideally, the timetable should be worked out with the Iraqis," said Shays, who said he continued to support the war's mission.

"I'm not distancing myself from the president," he said. "I believe this is a war we have to win. The people fighting this war are doing the Lord's work."

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But to political observers, Shays' new position on the war is the clearest signal yet that Republican incumbents — particularly those in liberal states in the Northeast — are on the defensive.

Diane Farrell, Shays' Democratic challenger, came within four points of unseating him in 2004. This week she said, "I think it is unfortunate it took him 14 trips and three years to recognize that Iraq has been in a constant state of turmoil since the day that Baghdad fell."

Times staff writer Julian Barnes contributed to this report.

GOP's Engine Sputters In Michigan (LAT)

By Richard Simon And Tom Hamburger, Times Staff Writers

The Los Angeles Times, August 26, 2006

President Bush needs to meet with beleaguered automakers, frustrated officials in the state say.

WASHINGTON — Michigan has been shaping up as one of the few bright spots for Republicans in the coming elections, with the GOP hoping to strip Democrats of the governor's office and a U.S. Senate seat.

But in an unusual development, prominent Republicans there are complaining that President Bush needs to become more engaged in a top issue driving the election: the declining fortunes of the state's auto industry.

Republican gubernatorial candidate Dick DeVos lashed out at the White House this week for not having set up a long-promised meeting with executives of the Big Three automakers, which are being squeezed by high healthcare costs and shrinking market share.

"We're being ignored here in Michigan by the White House, and it has got to stop," DeVos, who is challenging Democratic Gov. Jennifer Granholm, told reporters.

"It is wrong, and the behavior is inexcusable," DeVos said in a written statement Thursday. "The president needs to meet with the Big Three, and it must happen soon. Jobs are at stake."

An aide to Rep. Joseph Knollenberg (R-Mich.) said her boss "strongly suggested" to Bush's chief political strategist, Karl Rove, that the White House meet with Detroit automakers as soon as possible. State GOP Chairman Saul Anuzis said Friday that he delivered a similar message to Rove.

"We want to get the president and the White House engaged in addressing the unique issues that affect Michigan … and work with us to come up with some solutions," Anuzis said in an interview.

He said DeVos was "expressing some of the frustration that is being felt here in Michigan amongst all voters."

White House officials said Friday that a meeting would be arranged. But it will have to navigate some political and ideological hurdles.

While Ford Motor Co. and General Motors Corp. have announced domestic job cuts, foreign-owned automobile manufacturing plants are expanding in the U.S. The foreign-owned plants are newer, often nonunion and located in the South — and their workers are trending Republican and are increasingly providing a base of support for the president and the Republican Party.

Nonunion automobile workers have been targets of GOP outreach efforts in Kentucky, Tennessee and other battleground states in the last few elections.

Sen. Lamar Alexander (R-Tenn.) recently told the Washington Post: "There's a new definition of the American auto industry. Twenty-five years ago, it was the Big Three companies in Detroit. Now, the definition is any company that makes a substantial number of cars and trucks in the U.S. and has a big payroll here, pays big taxes here and buys supplies here."

The Assn. of International Automobile Manufacturers estimates that its members are directly or indirectly responsible for more than 1.8 million U.S. jobs.

Bush himself made clear in January that he was not inclined to bail out troubled U.S. auto companies.

"I think it's very important for the market to function," he said, adding that companies needed to manufacture "a product that's relevant." His remarks, to the Wall Street Journal, provoked loud complaints from Michigan Democrats.

The president "just does not get it," Rep. John D. Dingell (D-Mich.) said at the time. Dingell and the state's senators, both Democrats, pointed out that U.S. automakers have healthcare, currency and pension costs that foreign automakers do not, giving their competitors an edge in the marketplace.

Michigan politicians want attention from Washington because one after another of the state's auto companies has acknowledged financial difficulties. The automobile industry employs about a fifth of the state's workforce.

In January, General Motors announced that it lost $4.8 billion in the fourth quarter of 2005, ending the company's first unprofitable year since 1992.

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This month, Ford announced it would cut production in North America by 21%. GOP Senate candidate Michael Bouchard called it "another severe blow to our state and our families" and vowed that, if elected senator, he would "get results for our manufacturers."

"I am going to encourage the president to meet with the automakers," Bouchard said in an interview Friday. But he placed overall blame for inaction on his opponent, Democratic Sen. Debbie Stabenow, not on the White House.

Bouchard said he mentioned the issue this week to Republican National Committee Chairman Ken Mehlman, who was visiting the state. Mehlman told him that manufacturers' concern was a top issue at the White House, Bouchard said.

But Dingell noted that though Bush had not met with the Big Three, he had found time to hold fundraisers as well as to meet with "American Idol" contestants.

"I wouldn't be surprised if you see a lot of political theater over the next few weeks as they try to appear concerned about the domestic auto industry in an attempt to prop up a candidate who now must answer real questions," Dingell said in a written statement Thursday. "Dick DeVos put quite a bit of money into the Bush campaign and into the national Republican Party. If he really cared about the auto industry, he should have spoken up years ago."

White House spokesman Alex Conant said Friday: "The president wants to meet with Detroit automotive executives, and we are hopeful we can schedule something soon."

He said the White House shared Detroit's concerns about healthcare costs and global competition. "Making American manufacturers more competitive is a top priority for the administration, and you can see it in our healthcare and competitiveness initiatives."

This week the president signed an executive order to increase the flow of consumer information on healthcare pricing and quality, a step that the White House says will reduce costs.

Mrs. Clinton Offers To Raise Money For Lamont Campaign (NYT)

By Jennifer Medina

The New York Times, August 26, 2006

NEW HAVEN, Aug. 25 — In a private meeting at her Chappaqua, N.Y., home on Friday, Senator Hillary Rodham Clinton offered to help Ned Lamont in his battle to unseat Senator Joseph I. Lieberman by sponsoring a fund-raiser, campaigning by his side and lending him one of her top political strategists.

That strategist, Howard Wolfson, said Mrs. Clinton wanted to throw her considerable political weight behind Mr. Lamont because the national Republican Party “is clearly invested in Ned Lamont’s defeat.”

“I think they are going to do what they can to see him defeated,” Mr. Wolfson said, adding that he was particularly concerned with “Bush-Cheney talking points.”

“They are going to attack him in the way Republicans do,” he said, “and he obviously needs to be and is going to be prepared.”

Mr. Lieberman, who lost to Mr. Lamont in the Aug. 8 Democratic primary, is running on his own Connecticut for Lieberman line, while still calling himself a Democrat, angering many other Democrats. At the same time, an array of Republican officials, including President Bush, have praised Mr. Lieberman while distancing themselves from their own candidate, Alan Schlesinger. Across the country, the Republican Party has tried to use Mr. Lamont’s primary victory as evidence that an antiwar fringe has captured the Democratic Party.

Mr. Lamont has made criticism of the war in Iraq and Mr. Lieberman’s steady support for it a central theme of his campaign.

Mrs. Clinton is facing her own antiwar challenger in the Sept. 12 Democratic primary in New York — Jonathan Tasini, who has criticized her for not apologizing for her decision to support legislation authorizing the war in 2002. But unlike Mr. Lieberman, Mrs. Clinton backed a proposal in the Senate calling for “a phased redeployment” of American troops starting by the end of the year.

Mrs. Clinton, who has known Mr. Lieberman for several years and endorsed him in the primary, has already contributed $5,000 from her political action committee to Mr. Lamont. Former President Bill Clinton campaigned for Mr. Lieberman in the primary, but has been critical of the senator’s views on the war in Iraq in recent days.

“I think on nearly every issue we are closely aligned,” Mrs. Clinton said of Mr. Lamont later in the day, after an event in Amityville, N.Y.

Since losing the primary, Mr. Lieberman has repeatedly said that he is not concerned about Mr. Lamont’s endorsements from nationally prominent Democrats.

Tom Swan, Mr. Lamont’s campaign manager, said that Mrs. Clinton did not make firm plans to campaign with Mr. Lamont, but said he was “extremely encouraged by the commitment” from the Clinton team.

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"I am very optimistic that they will be very helpful in any way we need," Mr. Swan said.

Dan Gerstein, a spokesman for Mr. Lieberman, said that he was skeptical of the level of support that Mrs. Clinton was offering, calling it typical of the "partisan playbook."

"We will be curious to see if and when Senator Clinton shows up with Mr. Lamont, whether he will turn around and distort her record, too," Mr. Gerstein said.

Mr. Lieberman has said Mr. Lamont distorted his record by describing him as a cheerleader for Bush policies, asserting that Mr. Lieberman has often criticized the president on Iraq and other issues.

Mr. Lieberman also responded sharply on Friday to Mr. Lamont's assertion that Mr. Lieberman, as the ranking member of the Senate Homeland Security Committee, did not do enough to question the qualifications of Michael Brown before he was made director of the Federal Emergency Management Agency.

In a news conference here on Friday, Mr. Lieberman said that he had been extremely critical of the Bush administration's handling of Hurricane Katrina.

"Where was Ned Lamont and what was he up to when this was happening?" Mr. Lieberman said.

Mr. Lamont has said that his family donated money to relief agencies and that his communications company offered to help college campuses in the Gulf Coast region.

Obama Gets A Warm Welcome In Kenya (NYT)

By Jeffrey Gettleman

The New York Times, August 26, 2006

NAIROBI, Kenya, Aug. 25 — If Senator Barack Obama is ever thinking of running for president — or changing careers to rock star — he got excellent practice in Nairobi on Friday.

Thousands of people lined the streets, waiting hours in the intense sunshine just for a glimpse of him.

Local newspapers overflowed with breathless coverage, including the headline, "Village beats the drums for returning son."

Everywhere he went he had to part seas of shutter-snapping journalists and mobs of ecstatic fans.

A riot nearly broke out when he slipped past his bodyguards at a downtown event and simply smiled at the crowd.

"Obaaammmaaaa!" the people yelled.

Mr. Obama, a freshman Democratic senator from Illinois, was in Kenya's capital on Friday as part of a tightly scripted four-country tour in Africa to raise awareness for AIDS and to reconnect with his roots.

His father was a goat herder-turned-economist from western Kenya and, though Mr. Obama was never close to him or spent much time in Kenya, many Kenyans claim him as one of their own.

"He's our lion," said George Mimba, a computer consultant, after shaking Mr. Obama's hand.

"He will help us," said Bob Osano, a marketing agent stuck behind a metal barricade.

Schools in western Kenya have been renamed for Mr. Obama. Unofficially, so has a popular brand of beer.

All week, people near Nyangoma-Kogelo, the village where Mr. Obama's father grew up, were scrambling to prepare a welcome fit for royalty, fixing roads, practicing skits and ironing their Obama T-shirts.

On Saturday, Mr. Obama plans to visit the village and sit in a tin-roof house with his grandmother, who speaks no English and will be waiting for the rising Democratic statesman with an egg, apparently a grandmother-grandson tradition in these parts. He also plans to take an H.I.V. test in public to help promote awareness of the virus.

Mr. Obama seems to be many things to people here: a role model; a black man succeeding in a white man's world (he is the only African-American in the United States Senate); a friend in a high place; and the embodiment of American opportunity and multiculturalism (his mother is white and from Kansas). In Kenya, people who are half-white and half-black are called "point fives."

Wycliffe Muga, a local commentator, said the backdrop to the excitement was that many Kenyans are fed up with their own leaders and the country's persistently high levels of corruption and crime. They place their hopes in outsiders like Mr. Obama, who they think will help from abroad.

"Call it the donor mentality," Mr. Muga said. "People are saying, 'We have a senator now; we have a man in power.' They forget he is a U.S. senator representing the state of Illinois."

It was a point Mr. Obama had to make when he was asked at a news conference on Friday about lowering American subsidies on farm produce so African farmers could compete.

He responded that many of his constituents were soybean farmers. "It's important to me to be sure I'm looking out for their interests," he said. "It's part of my job."

Mr. Obama, who sits on the Senate subcommittee for African affairs, used the news conference to show off his fluency in all things African.

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He said “Zimbabweans were ill served” by their dictatorial president, Robert G. Mugabe. He spoke of the troubled Darfur region of Sudan, saying, “We’re on the verge of an enormous humanitarian crisis.”

Regarding Kenya, he talked about his meetings earlier in the day with President Mwai Kibaki and the opposition leader Uhuru Kenyatta.

He praised Kenya’s lack of major ethnic conflict and its history of clean elections. But he added, “You’re starting to see the reassertion of ethnic identity as the basis for politics,” which he said was not good.

Before arriving in Kenya, Mr. Obama visited South Africa, where he met with apartheid-era freedom fighters and people with AIDS. After five days in Kenya, he will travel to Chad to speak with refugees from nearby Darfur, and to Djibouti, where American forces are stationed in a counterterrorism operation.

Of course, he could not escape Beltway politics, even 7,500 miles away.

One Kenyan journalist, after a long preamble on the virtues of the American Constitution, asked him, “What will you do to liberate Congress from the White House?”

Mr. Obama threw a few jabs at the Bush administration for not consulting lawmakers enough and vowed, “You’re going to see a change in the balance of power soon.”

And then came the questions everybody wanted to ask: Does he harbor presidential ambitions? If so, will he run for president in 2008?

“I don’t know what to do with these two questions,” Mr. Obama said, cracking a toothy grin.

“The day after my election to the United States Senate, somebody asked me, am I running in 2008. I said at that time: ‘no.’

“And nothing so far,” he said, ever so slightly stressing those last two words, “ has changed my mind.”

In R.I., A Feisty Conservative Challenges Sen. Chafee (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, August 26, 2006

COVENTRY, R.I. -- It was getting dark, but Stephen Laffey removed his cap, wiped his sweaty brow and sprinted across the lawn to greet one more voter.

Glenn Myers, stocky and middle-aged, opened the screen door to shake hands with the 44-year-old Cranston mayor. "I believe in you," he told Laffey, who was barnstorming the neighborhood with his wife and five kids and various high school friends. "And I hope you beat the pants off of Lincoln Chafee."

The Laffey-Chafee Republican showdown Sept. 12 is the next chapter in the turbulent 2006 election saga. A spate of primary upsets -- especially Ned Lamont's victory over Democratic Sen. Joseph I. Lieberman in Connecticut -- have signaled that no incumbent is safe in a year when voters are agitating for change. With his spirited campaign against Sen. Chafee, Laffey is trying to push that frustration one step further. He wants to turn his race into a referendum on personality and attitude.

Rhode Island is a solidly Democratic state, but it does elect moderate Republicans such as Chafee and his late father, the veteran GOP Sen. John Chafee. During his seven-year tenure, "Linc" has distinguished himself as one of the Senate's least partisan members. Modest and soft-spoken, he has broken with his party on tax cuts, judicial nominations and environmental issues, and he was the only Republican senator to vote against the Iraq war.

In terms of temperament and political style, Laffey is Chafee's opposite -- confrontational and impatient, a working-class kid who scoffs at his opponent's patrician pedigree. Laffey dismisses the senator's careful approach to legislating as a big reason Congress cannot get anything done.

"He's become irrelevant," Laffey said of Chafee in a recent radio debate. "I work hard at good relations with everyone," Chafee responded.

The son of a union shop steward and nurse, and the first member of his family to attend college, Laffey had a successful career as a money manager before running for mayor of his economically beleaguered home town. He gleefully and very publicly challenged Cranston's many entrenched interests, including its costly part-time school crossing guards, who received free health care and pension benefits and collected unemployment during summer break.

Laffey calls Washington "the Cranston crossing guards on steroids." But beyond his calls for tougher, more effective leadership, he is difficult to typecast. He supports the war and opposes abortion and embryonic stem cell research, positions that place him to the right of most Rhode Islanders. He applauds all of President Bush's tax cuts, although he raised taxes to save Cranston from bankruptcy. But he savages the GOP on health care, education and energy policy. Of Bush, Laffey says, "I respect him, but I think he's failed in a number of aspects."

"He's the anti-establishment populist . . . the ordinary man who just wants to fix the mess. And I think this is exactly the right year for that kind of message," said Pat Toomey, president of the Club for Growth. The group, which advocates conservative fiscal policies, is running ads for Laffey and has raised about $500,000 for his campaign.

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Laffey's critics believe he is too coarse to win the general election against Democratic nominee Sheldon Whitehouse, a former U.S. attorney and state attorney general. "He's not warm and fuzzy, and he confronts his opponents," said Darrell M. West, director of the Taubman Center for Public Policy at Brown University.

Only about 70,000 voters in Rhode Island are registered Republicans, and they are expected by many political observers to back Laffey by a wide margin. But about 340,000 independent voters are eligible to vote in the primary, and it's not clear how many will show up, or whom they will support. Public and private polls show the race is more or less even, with Chafee needing a big independent turnout to prevail.

One major uncertainty is the Bush factor. The president is deeply unpopular in Rhode Island. Although Laffey is closer to the White House and Congress's GOP leaders on key issues such as the war, Chafee is the candidate of the party establishment, receiving ample support from the National Republican Senatorial Committee and less polarizing administration figures, including first lady Laura Bush, who hosted a Chafee fundraiser.

"I'm trying to figure out exactly what is the issue. It might be Chafee, but Chafee's doing his best to make it Laffey," said Jennifer Duffy, who tracks Senate races for the nonpartisan Cook Political Report.

When Laffey entered the race a year ago, he was dismissed as a novelty act. His campaigning style matched his personality: colorful and in-your-face. He stood on street corners during the morning rush hour, waving a huge blue-and-yellow sign announcing "I'm Laffey." He bought a recreational vehicle and covered it with campaign stickers. The vehicle serves as a mobile campaign headquarters, and it trails along as Laffey goes from door to door on his daily neighborhood "blitzes."

After running a midsize investment firm in Memphis, Laffey returned to Cranston and contemplated his next move. One of the people who gave him advice was Chafee, who had been appointed to the Senate after his father died in 1999, after serving as mayor of Warwick, the city next door. He urged Laffey to take on Cranston. "I told him it's a very rewarding job and that his town needed him," Chafee recalled.

Laffey won in November 2002. When he took office, the city had the lowest bond rating in the country and was in danger of missing payroll. Even the mayor's critics concede that his turnaround of Cranston was impressive, although some of residents still complain about the tax increases.

What Laffey learned as mayor was that he was good at changing minds. His campaign literature reminds voters that he convinced a Democratic city council to approve steep budget cuts and powerful local unions to renegotiate contracts.

"I had to use the bully pulpit, hold a lot of meetings," Laffey said. "I'm a businessman. When I see a problem, I want to solve it."

Chafee is campaigning hard, with his career on the line. He agreed to four debates with Laffey and has adopted a gentle but defiant tone when responding to his feisty opponent. His latest ad is a hard-hitting compilation of Laffey encounters, including a brawl with Cranston firefighters and a showdown with a woman who complained that her taxes had gone up.

"He mocked her, saying he'd foreclose on her home if she didn't pay up," the announcer deadpans. "Do you want Steve Laffey speaking for you in the U.S. Senate?"

Last Saturday, Chafee spent the morning greeting beachgoers en route to Newport and then headed to a Pawtucket Greek festival, where he stopped at every table in three large tents. He drew a broad smile from Kosta Bitsis, a local contractor. "I appreciate that he doesn't vote with party lines," Bitsis said. "It takes courage to do that."

But Coventry is Laffey territory. Although many of the town's middle-class residents are registered as independents, Laffey describes them as Reagan Democrats who share his pragmatism and frustration with the status quo. "I know all about you," Judith Gregory announced when she answered the door. "And if you want to put a sign in my front yard, you go right ahead."

Ohio Senator Campaigns On Bipartisanship (AP)

By David Hammer, Associated Press Writer

AP, August 26, 2006

Republican Sen. Mike DeWine highlights bipartisanship in his latest campaign ad and challenges a Democrat who has voted no — rival Rep. Sherrod Brown.

"Working together is the only way to solve our problems," the Ohio senator says in his latest ad. The spot began airing Friday in seven of the state's 11 largest media markets at a cost of about $600,000.

The 30-second ad features DeWine on a porch, talking about his bipartisan credentials. He mentions the pension overhaul bill, President Bush's tax cuts and expanded federal powers for fighting terrorism.

"Incredibly, Congressman Brown voted 'no' each and every time," DeWine says, dropping his smile and taking a grave tone.

Brown spokeswoman Joanna Kuebler countered that Brown has worked with Republicans as the lead Democratic sponsor of several bills and top Democrat on a House subcommittee for health issues.

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She also said DeWine shouldn't have painted the tax cuts as bipartisan just because it got a few Democratic votes.

"For him to portray that as Democrats and Republicans working together is another example of Mike DeWine distorting the facts," she said. "Democrats fought and continue to fight those tax cuts for the rich."

In an interview after the ad was released, DeWine acknowledged the tax cuts didn't have significant bipartisan support. "It's true in one out of the three examples, but it still took Democrats to get it passed," he said.

Polls show a close race between the two-term incumbent and the seven-term congressman for the Senate seat.

Vague Disquiet Roils Voters In Missouri Race (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, August 26, 2006

WARRENSBURG, Mo. -- Sen. Jim Talent is not responsible for $3-a-gallon gas or the Iraq war, but many voters here are linking him to an unpopular commander in chief and say they will punish him at the polls because he is a Republican.

Ian Billingsley, a computer operator at Central Missouri State University, said he probably will vote for Democrats as the "lesser of two evils," even though he hadn't heard anything "outrageous" about Mr. Talent.

"I'm not a fan of anything that's going on at the moment," he said.

Mr. Talent faces a significant re-election challenge in November, with Democratic state Auditor Claire McCaskill essentially running even with him in the polls. Voters in the increasingly frustrated electorate here, especially in economically challenged rural Missouri, say they likely will seek a change, even though they may disagree with the Democrats.

Most voters interviewed said life "could be better, could be worse," in the words of one, but all said they were mostly unhappy with the direction of the nation. They also described themselves as skeptical or cynics, saying once Missouri politicians leave the state, they lose touch with real folks.

"It seems like once people get up there, they forget about where they came from," said Dick Wilbers, owner of Johnny's Butcher Shop Bar-B-Que in Jefferson City.

A 2004 Bush voter, now Mr. Wilbers isn't so sure. After observing Mr. Talent earlier this month at the Governor's Ham Breakfast at the Missouri State Fair, he said he is likely to base his vote on the price of gas come Nov. 7.

Mr. Talent, who won his Senate seat in a 2002 special election, is in tune with that sentiment.

"This is an election where they sense that the Washington establishment is alienated from them, and they are right," he said. "They want people who will move that establishment. The question is: Are you going to make the system work for their values and their interests?"

Mr. Talent added that he thinks Missouri, which has chosen the presidential winner in all elections since 1960, is a swing state.

Missouri's two senators and five of its nine representatives are Republicans, but it has alternated between Democratic and Republican governors.

Mrs. McCaskill, who is backed by former President Bill Clinton, said voters are more concerned about gas prices and think politicians would rather help big corporations than the working man.

"People are angry about gas prices; they are angry about what they see as attacks on the middle class," she said.

But Talent voter Olan Stemme, 60, of Hermann, praised the incumbent for crossing party lines to deal with the state's methamphetamine problem and to push renewable-fuel legislation.

Democrats say that won't be enough for the freshman senator to keep his seat in an anti-Republican wave.

"The national tide will really help," said Rep. Ike Skelton, Missouri Democrat.

Sen. Christopher S. Bond, Missouri Republican, predicted that national Democrats hungry to win back control of the Senate will attack Mr. Talent.

"It's going to be a battle royal, [and] they're going to call him all kinds of things," he said.

Though the state's voters are worried about the Iraq war, there is little agreement on what should be done.

Several residents of the Show Me State said they voted to re-elect Mr. Bush in 2004 because they felt "he got us into the war, and he should be the one to lead us out." Now, they see no end to the prolonged stay in Iraq, and they think a change of direction might be the best option.

"When the greatest generation went off to war, they knew they were fighting for something," said Sam Meade, 38. "I don't know what we're fighting for."

But Vietnam veteran John Page said he will support Mr. Talent because the Democrats are embracing a "cut-and-run" strategy on Iraq.

The war is a politically explosive topic for some, but both candidates said voters aren't talking to them about it as much.

Most voters interviewed were unfamiliar with Mr. Talent's Senate record, and some were unaware he will be on the ballot.

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"I know I'm not voting for Bush," said Cole Knipp, a 23-year-old student at Central Missouri State University.

When informed the president isn't on the ballot, Mr. Knipp said it didn't matter because he ties all Republicans to the president.

Few interviewed at the state fair were undecided voters.

Betty Sue Viterna, a retired teacher from Green Ridge, has supported both parties, but is frustrated with the war and Mr. Bush.

"We need some changes," she said. "I don't really like the direction we've been going the last few years."

GOP's Bass No Easy Catch For New Hampshire Democrats (CQPOL)

By Marc Rehmann

CQ Politics, August 26, 2006

New Hampshire Rep. Charles Bass is among the Republicans who were first elected in the 1994 elections that swept the GOP into the House majority. State Democrats who are optimistic of winning back control of the House this year also hope that Bass will be among the vanquished.

It will not be easy. Bass has won his recent re-election contests comfortably, if not overwhelmingly, and he took a career high 58 percent of the vote in 2004 against Democratic lawyer Paul Hodes.

They are assured of meeting again in November: Hodes is unopposed the Sept. 12 Democratic primary and Bass is expected to easily beat Berlin mayor Bob Danderson in the GOP contest.

Rematch campaigns rarely are successful, but Hodes told CQPolitics.com that he is running a better campaign operation in his rematch bid — and in a national political environment that is much more favorable to Democrats than in 2004, when President Bush was re-elected.

"There is no practice for running for Congress like running for Congress," Hodes said. "This election is in many ways a clear referendum of the Bush Administration and their failed policies. I don't need to attack Bass, we can point out the differences."

The political makeup of the 2nd, which takes in western New Hampshire, ensures that Hodes will pose at least a credible threat to Bass. In 2004, when Bush was more popular, the 2nd backed Democratic Sen. John Kerry by 5 percentage points.

During that election cycle, Hodes competed for attention in a state that was holding competitive contests for president and governor. There is no contest for president or senator this year, and Democratic Gov. John Lynch — New Hampshire elects its governor every two years — is overwhelmingly favored to win a second term this November.

Hodes is waging a better-funded campaign than he did two years ago. As of June 30, Hodes reported raising $672,000, which was more than the $569,000 received by Bass, who doesn't raise campaign funds as vigorously as other incumbents from politically competitive districts. Bass' opponents have outraised him in four of his six House races.

Bass had slightly more left to spend than Hodes as August began — $453,000 to $443,000. At the end of June 2004, by contrast, Hodes had $181,000 cash-on-hand, compared to $273,000 banked by Bass.

Outside groups and House Democratic leaders also have weighed in. The liberal activist group MoveOn.org aired television advertisements earlier this week that attack Bass for supporting the Iraq war. Illinois Rep. Rahm Emanuel, the chairman of the Democratic Congressional Campaign Committee, appeared at a press conference with Hodes this month to criticize the "Bass/Bush Record" on education issues.

"In a year that looks good for Democrats, especially with problems the Bush Administration is having, the Democrats could probably pick up the seat," said Joseph Bafumi, a government professor at Dartmouth College. "The last couple of races have proved [Bass] to be pretty effective though."

Bass is popular in large part because he has cultivated an image as an independent-minded centrist. Bass is on the board of the Republican Main Street Partnership, an organization that promotes GOP centrism.

In 2005, Bass opposed President Bush one-third of the time on votes on which the Administration had a stated position, putting Bass among the one-fifth of House Republicans least loyal to Bush's positions.

Bass also departs from the positions of the conservative House GOP leadership more often than most other members of his party. He backed legislation to promote embryonic stem cell research and opposed a Republican-drafted bill to overhaul endangered species laws.

"People know me and they know I am not in lock step with anyone in Washington," Bass told CQPolitics.com. "I am a Republican and proud of it and I support President Bush when I think he is right on the issues, and I don't when I think he isn't."

A poll released this month by the University of New Hampshire Survey Center had Bass leading Hodes by 53 percent to 25 percent, with 22 percent undecided — a strikingly different result than in the center's April poll, which had Bass ahead of Hodes by just 43 percent to 35 percent.

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This month's survey also showed that Hodes still needs to increase his name identification: 77 percent of likely voters knew too little about Hodes to render a favorable or unfavorable opinion of his candidacy.

"We are not talking about an incumbent that is unpopular," said Dante J. Scala, a political scientist at Saint Anselm College in Manchester. But, he added, "if Hodes has a good third quarter [in fundraising], he should have the money to be fairly competitive."

CQ rates this race as Republican Favored. Please visit CQPolitics.com's Election Forecaster for ratings on all races.

The Camera Doesn't Quite Lie (FT)

By Christopher Caldwell

Financial Times, August 26, 2006

Last week, George Allen, the Republican senator running for re-election in Virginia, apologised for calling one of his opponent's campaign aides, who is Indian-American, "macaca". The aide had been tailing Mr Allen with a video camera, hoping, no doubt, to record any undignified incidents. He posted the footage of this one on the video-archiving website, YouTube. Blogs linked to it and Mr Allen was soon embroiled in controversy. There is no consensus on opinion pages and talk shows about what macaca means. (The aide's bizarre haircut may hold a clue.) But there is consensus about what YouTube means – an earthquake in American politics.

It is easy to see why people would make such claims. YouTube has been up and running only since last year, yet already users view 100m videos a day there and post 65,000 of their own. The company has $11.5m in venture capital to grow on. YouTube and similar sites (such as MySpace) are starting to play a role in political campaigns. Joe Lieberman, Connecticut's Democratic senator, lost a primary election to Ned Lamont, his anti-war challenger, after the latter's supporters used the internet to spread clips of Mr Lieberman's gaffes, along with satirical pastiches implying Mr Lieberman was not just in agreement but in love with president George W. Bush.

If you visit YouTube itself, you will find predictions of its waxing importance hard to credit. The Washington Post aptly calls it a "video dumpster" – an unsifted pile of gross stunts, pornography, fights, flatulence, car crashes and Japanese animation. It serves many functions. In places it is the "e-" equivalent of a vanity publisher. YouTube's first dedicated "channel", launched this week, promotes the singing career of Paris Hilton, who shot to fame as an internet porn star. Nothing ground-breaking there – Emile Zola's Nana was not the first account of "laundering" sexual fame into something more durable. In other places YouTube is a video file-sharing arrangement along lines pioneered by the defunct music service Napster. The site helps companies police piracy, though, and its main role may eventually be as a marketing tool for videos and movies.

Although YouTube users describe their self-filmed offerings as creative and individualistic, viewer-generated video is unlikely to be more appealing, on average, than "diner-generated food" would be in a restaurant. So a lot of the offerings have a corporate, even consumerist orientation. Some of YouTube's most visited web pages are advertisements. The site is a meeting place for what Harold Rosenberg, the American art critic, called "the herd of independent minds", where everyone is unique in the same way. Of course, this is a big part of what makes YouTube a political force. Like everything else on the internet, it allows similarly inclined people to find one another. That is the optimistic way of putting it. The pessimistic way is to say that the internet solves the organising problem of mobs.

Those who like this development (or want to stay on the good side of internet users) credit it with a "democratisation of information", as Harold Wolfson, Hillary Clinton's political adviser, did last week. The internet lets the little guy keep tabs on the big wheels. But Nicholas Lemann, dean of the Columbia School of Journalism, argued persuasively in The New Yorker this month that we are still a long way from the "citizen journalism" that internet visionaries promised a decade ago. There are all kinds of sites in many different genres, writes Mr Lemann, "but none of that yet rises to the level of a journalistic culture rich enough to compete in a serious way with the old media – to function as a replacement rather than an addendum". Although it is yet possible the internet and blogging will revolutionise news reporting, thus far the new media is mostly parasitic on the old.

At partisan websites, what information the little guy is deemed to need depends on whose ox is being gored. MoveOn.org, a leading website of the Democratic party's left, took its name from the proposition that scrutiny of Bill Clinton's sex life in the 1990s was an obsession that was diverting Americans from more urgent priorities. They were right, too, but "move on" is now the last thing the website wishes to do. In the Bush era, its motto might as well be "lest we forget". Rightwing websites behave no differently. The internet, because it records missteps forever, is ideally suited to those whose grievances are of a Balkan obsessiveness.

That is why some people argue that YouTube will put an end to spontaneity in politics: who will loosen up and speak from the heart, they ask, when the slightest faux pas – the macaca business, for instance – can be rerun until it jeopardises a politician's career? This is a weak argument. For one thing, protecting political careers is not the purpose of democracies. For another thing, the assumption that video makes people cautious is wrong.

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Citizen activists have never been reliably objective, but the pseudo-objectivity of video permits a partial account to masquerade as "the" truth. Unlike writing, it has no "voice" through which bias can be detected. That is why terrorists' most effective recruiting tool is not verbal argument but carefully edited atrocity videos.

Democratic politics is not immune to built-in biases. Think of the countless cameras that anti-globalist protesters have trained on policemen at demonstrations in the past decade. They are meant to document police brutality – but if no police brutality happens, you will never see the video. The exercise is structured so that brutality is the only police behaviour you will ever see. Similarly, fiery remarks were the only kind of remarks that the aide to Mr Allen's opponent was interested in recording. If the camera "doesn't lie", then the truth it tells is at best a partial one. We can already see that this partial truth is more likely to rile people up than to calm them down.

The writer is a senior editor at The Weekly Standard

A Planet Always (WP)

The Washington Post, August 26, 2006

Vive Pluto!

TO ALL THE astronomers who voted in Prague this week to demote our solar system's smallest planet to the status of "dwarf planet" we ask: What do you know? Ask any third-grader how many planets there are. Nine. Ask whether Pluto is one of them. Of course it is. Ask them whether they care how a bunch of telescope jockeys voted. Of course they don't. So there.

And we're with them -- standing firmly behind Pluto's status as a planet. Yes, yes, other bodies orbiting the sun have as much claim scientifically to full planethood as Pluto. And we can't have this exclusive club getting too big, can we? But still, there's such a thing as tradition. And it's just not right to teach generations of kids that there are nine planets, only then to take one away. Sure, it would be inconsistent to keep Pluto as a planet even as astronomers discover other big rocks out there in space. But, as Emerson might have put it, a foolish consistency is the hobgoblin of astronomers.

Europe Offering Bulk Of U.N. Force (WP)

By Molly Moore, Washington Post Foreign Service

The Washington Post, August 26, 2006

Big Hurdles Remain For Lebanon Mission

BRUSSELS, Aug. 25 -- European countries agreed Friday to provide about half the troops for a new 15,000-member U.N. peacekeeping force in southern Lebanon, with a significant contingent expected to arrive within a week, officials announced after an emergency meeting here.

"Europe is providing the backbone of the force," U.N. Secretary General Kofi Annan told reporters after the session with European foreign ministers. "We can now begin to put together a credible force."

The commitments from reluctant European governments followed nearly two weeks of intense prodding and pleading by Annan. There have been concerns that the tenuous cease-fire between Lebanon's Hezbollah militia and Israel could unravel without the rapid intervention of an international peacekeeping force.

The majority of the European troops will be supplied by Italy, which has offered as many as 3,000 soldiers, and France, which Thursday promised a total of 2,000. An advance group of about 185 French troops, from engineering units, arrived in Lebanon on Friday, joining a small group already in the country.

Even with the total European commitment of between 5,600 and 6,900 troops, Annan conceded that major obstacles remain for deploying the international force alongside Lebanese army units in southern Lebanon and Israeli units on the border.

Annan, who is eager to include Muslims in the peacekeeping force, said he is prepared to accept offers of troops from predominantly Muslim Bangladesh, Malaysia and Indonesia, despite insistence from Israel that it will not accept the presence of peacekeepers from the three countries, which do not recognize the Jewish state.

The U.N. leader said that in light of the "struggle" in obtaining troop commitments from European countries, he could not afford to turn down governments that were willing to fill the remaining ranks of the planned force.

"We will take the best peacekeepers where we can find them," Annan said. "We don't have pools sitting in barracks you can choose and pick from."

He said all three countries' armies had extensive experience in international peacekeeping missions, and that those forces could be deployed in areas where they would not come into contact with Israeli soldiers. Annan also said he is discussing troop deployments with Turkey, a Muslim nation and member of the NATO alliance. Turkey has diplomatic and economic relations with Israel.

The French, who Annan said will lead the force until next February, have openly disagreed with the U.N. chief on the proper size of the force.

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French President Jacques Chirac said at a Paris news conference Friday that he believes 15,000 troops is "a totally excessive figure" because of the relatively small patch of territory where soldiers will operate, suggesting instead a maximum of 6,000 troops.

"How can we have 15,000 Lebanese troops being deployed as well as 15,000 UNIFIL forces?" Chirac said, referring to the United Nations Interim Force in Lebanon. "I'm not sure there's room for both."

"We're putting in the assets required to get the job done -- no more and no less," Annan told reporters here in response to questions about Chirac's statement. He added that "15,000 are going to deploy."

U.N. plans call for the first 3,500 troops to reach Lebanon in about a week, but Finnish Foreign Minister Erkki Tuomioja said Friday that the remaining European forces are unlikely to reach the country for another two to three months.

It could be several more months after that before the entire force is fully operational, according to U.N. officials.

In addition to Italy and France, Spain has offered about 1,000 troops, and Poland said it will send 500. Finland, Denmark, Germany, Hungary and Greece each have promised small numbers of personnel.

Approximately 2,000 U.N. peacekeeping troops are in southern Lebanon and along the Israeli border as part of UNIFIL, which was created in 1978.

The United States and Britain have refused to provide ground troops, saying theirs are already overtaxed in Iraq and Afghanistan. President Bush has said the U.S. military will provide communications, logistics and intelligence assistance.

Britain is offering two AWACS communications and surveillance planes, six Jaguar combat jets, a frigate and use of a British base in Cyprus for staging, according to the country's U.N. ambassador, Emyr Jones Parry.

Chirac on Friday continued to defend the delay in his decision to make a significant contribution to the peacekeeping force. While France was instrumental in writing the U.N. cease-fire resolution and initially said it would send 2,000 troops to southern Lebanon, Chirac drew domestic and international criticism when he then offered only about 400 soldiers.

"It would have been utterly irresponsible to take a decision that would jeopardize the lives of French troops without having the guarantee that they would be deployed under optimal conditions from the point of view of their safety," Chirac told reporters during a joint appearance at the Elysee Palace with German Chancellor Angela Merkel. "I don't know how I would have been judged if I had decided irrationally without thinking about a minimum of guarantees."

Annan said the United Nations has adjusted some of its rules of engagement for the peacekeepers to meet concerns that the troops be authorized to shoot to defend themselves and civilian populations under what could be murky circumstances.

"Troops are not going in there to disarm -- let's be clear," he said. "Disarming Hezbollah cannot be done by force. It has to be political agreements among the Lebanese."

At the same time, Annan warned during the closed meeting with the European foreign ministers that peacekeepers "may well find themselves engaged in military action at the tactical level," according to a copy of his address. He cited as an example a hypothetical situation in which "combatants, or those illicitly moving weapons, forcibly resist a demand from them, or from the Lebanese army, to disarm."

Staff writer Colum Lynch at the United Nations and researcher Corinne Gavard in Paris contributed to this report.

EU Ends Impasse On Lebanon Force (FT)

By Daniel Dombey And Delphine Strauss

Financial Times, August 26, 2006

Europe on Friday finally agreed to send thousands of troops to Lebanon, so resolving an impasse over who would lead and staff the new United Nations monitoring force.

Italy and France confirmed that they would respectively send 3,000 and 2,000 troops with contributions by Spain, Poland, Belgium and Finland bringing the total of new soldiers to almost 7,000. The force will be led on the ground by France until February, after which Italy will take charge.

But although Kofi Annan, UN secretary-general, saluted the European Union for providing the “backbone” of the force, it is still not fully manned – and prospects for its mission in the war-torn south of the country are far from clear.

“The conference has been a success,” said Mr Annan, after an emergency meeting in Brussels with EU foreign ministers. “More than half of the force has been pledged today.”

Philippe Douste-Blazy, French foreign minister, argued that the problems surrounding the new force had been resolved principally because of a new system of chain of command, under which the force commander would answer to a Italian general at the UN in New York. He said this would allow the force to respond much more quickly.

Mr Annan added that the first wave of 3,000 to 4,000 soldiers would be dispatched “in the next few days or a week” and insisted – despite scepticism from Jacques Chirac, French president – that the target of a force totalling 15,000 troops would eventually be met.

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Some 2,000 soldiers are already in place as part of Unifil, the UN's current, monitoring force, which has been in Lebanon since 1978.

On Friday, at a press conference with Angela Merkel, German chancellor, Mr Chirac described the figure of 15,000 as "altogether excessive". He added: "I can't imagine having 15,000 Lebanese soldiers [which are also being deployed to the south of the country] and 15,000 from Unifil in an area half the size of a French department without their bumping into each other."

But Mr Annan said he hoped Turkey would also join the force.

He also emphasised commitments from Indonesia, Malaysia and Bangladesh, even though Israel has objected to the three Muslim countries, with which it does not have diplomatic relations.

A further problem facing the force materialised this week, when Syria threatened to close its border with Lebanon if UN troops were deployed along the frontier between the two states.

Israel says a UN presence in the area is necessary, to prevent Iranian arms reaching Hizbollah, the militant Islamist group. But Mr Annan said the UN would only deploy along the border at Lebanon's request – and had not been asked yet.

According to the concept of operations circulated last week, and which has not changed, the force will monitor the cessation of hostilities and accompany the Lebanese army as it deploys throughout the south and along the blue line.

Its jobs will include ensuring humanitarian access, and assisting the government of Lebanon "at its request, to secure its borders and entry points, to prevent entry of arms and related material".

It is also tasked with ensuring the area "is not used for hostile activities of any kind", and to "resist attempts by forceful means to prevent it from discharging its duties."

Europe Pledges A Larger Force Inside Lebanon (NYT)

By Craig S. Smith

The New York Times, August 26, 2006

BRUSSELS, Aug. 25 — After a week of confusion and missteps, Europe pledged to add up to 6,900 troops to the United Nations peacekeeping force in southern Lebanon, officials said at an emergency meeting of European Union foreign ministers here on Friday.

But the officials cautioned that the force would not be used to disarm Hezbollah. That job, if it is done at all, will be left to the Lebanese government and army.

The international force, joined by Lebanese national soldiers, is the solution that world powers agreed to after a month of fighting between Israel and Hezbollah, an Islamist militia that dominates southern Lebanon. Israel, in particular, wanted a strong European contingent in the force.

But after the force was agreed to, a number of countries said that the rules of engagement were unclear, and that they feared their troops would end up fighting with either Israel or Hezbollah. Their conflict is partly a local one, over prisoners that each side holds, and the history of Israel's occupation of the region.

But it is also a result of Hezbollah's refusal to recognize Israel's legitimacy, and it is widely viewed as a proxy conflict between the United States and Iran.

The largest contribution to the expanded force came from Italy, which confirmed that it would contribute 3,000 troops and was asked by Secretary General Kofi Annan to succeed France in command of the force in February. The force seemed unlikely to reach the 15,000-troop level authorized under United Nations Resolution 1701, which ended the fighting in Lebanon. President Jacques Chirac of France on Friday called the 15,000 figure "totally excessive." Currently, there are more than 2,000 United Nations troops in Lebanon.

"Europe has lived up to its responsibility," said Mr. Annan, who attended the emergency session of European Union foreign ministers here. He called the commitments the "credible core" called for by Resolution 1701.

He said that he hoped several thousand of the additional troops would deploy "within the next few days, not the next few weeks," and that the total force would arrive in three waves extending over several months.

Mr. Annan said agreement was reached on new rules of engagement that authorize the peacekeepers to use deadly force against those preventing them from doing their job.

"If, for example, combatants, or those illicitly moving weapons, forcibly resist a demand from them, or from the Lebanese Army, to disarm," then armed force could be used, he said. He added, however, that disarming Hezbollah — a central goal of two United Nations resolutions on Lebanon — "is not going to be done by force."

The expanded peacekeeping force's mandate is to support the Lebanese Army in enforcing the resolutions. But disarmament of Hezbollah "has to be achieved through negotiation, and an internal Lebanese consensus, a political process, for which the new Unifil is not, and cannot be, a substitute," Mr. Annan said. Unifil is the acronym for the United Nations Interim Force in Lebanon.

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Mr. Annan also said the peacekeepers would not be deployed along the Lebanese border with Syria unless the Lebanese government expressly requested them. Syria has said that it would regard such a deployment as a "hostile act" and Lebanon has already said it did not want United Nations support in policing the border.

Mr. Annan's presence at the ministers' meeting today underscored the urgency of getting additional peacekeepers on the ground in Lebanon to cement a fragile cease-fire. But given the limits on the peacekeepers' mandate, it is unlikely that the expanded international force will resolve the central issue of Hezbollah's armed presence in southern Lebanon — a fact that Mr. Annan and European officials alluded to.

"Our main concerns now relate to the political context in which the U.N. force will operate," Mr. Annan said. "The U.N. — Security Council and Secretariat alike — is fully seized of the need to move the political process forward, to stabilize the situation and secure a durable cease-fire."

He said he would visit Iran, Syria, Lebanon, Israel and the Palestinian territories next week and then make recommendations to the Security Council on ways to resolve the political situation that led to the crisis.

Hezbollah is a Shiite Muslim organization that is supported financially, politically and militarily by Syria and Iran. The Lebanese Army, which will be responsible for stopping the flow of weapons from those two countries to Hezbollah, is largely made up of Shiite soldiers.

With Hezbollah represented in the Lebanese government, few people expect the Lebanese government or its army to be capable of disarming the powerful militia or moving it out of southern Lebanon without the cooperation of Syria and Iran.

Still, Mr. Annan gave a positive assessment of the situation on the ground.

"The cessation of hostilities has, on the whole, held remarkably well," he said. "Israeli forces are withdrawing progressively from south Lebanon, and the Lebanese armed forces are moving in."

Javier Solana, the European Union's foreign policy chief, called on Israel to lift its air and sea blockade of Lebanon to ease tensions and to allow reconstruction to go forward.

The French are contributing the largest number of troops after Italy, though it is not entirely clear how many. Mr. Chirac said Thursday that France would send a total of 2,000 troops. But the French foreign minister, Philippe Douste-Blazy, told the meeting on Friday that France would contribute 2,000 in addition to those already on the ground in Lebanon, which number 400. Spain promised a battalion of 1,000 to 1,200 troops and Poland, which already has some soldiers in Unifil, said it would add 500 soldiers now and possibly more later, depending on the force's needs.

Belgium said that it would send 300 soldiers and that the number could rise to 400. Finland pledged 250 soldiers.

Germany, Sweden, Greece, the Netherlands and Denmark all offered ships and other naval assets. Britain said it would send Jaguar ground attack aircraft and Airborne Warning and Control System aircraft, known as Awacs, in addition to a navy frigate. It also offered to help train and equip the Lebanese military and support enhanced command and control technology for the force.

Mr. Annan said that the United Nations had received serious offers of troops from countries outside Europe as well, including Malaysia, Indonesia and Bangladesh, and that he was consulting with Turkey about whether it would contribute. Israel has previously expressed opposition to Muslim countries that it has no diplomatic relations with, like Malaysia and Indonesia, joining the peacekeeping force. But Mr. Annan said he thought there were ways to use the troops while dealing with Israel's concerns.

In addition to succeeding the French command in February, Italy will lead a strategic office at United Nations headquarters in New York that will provide military guidance to the force, Mr. Annan said.

The decision on a joint command rewards Italy for leaping into the diplomatic breach in recent days with bold promises of troops and leadership while other European countries hesitated. And it avoids embarrassment for France, which was initially expected to take the lead but soon drew criticism for being slow to commit more troops.

In an important concession to France, which had worried about bureaucratic meddling in the force's chain of command — a problem with past United Nations peacekeeping forces — there will be no civilian special representatives of the secretary general on the ground to share the command, which will report instead to the military officers at the United Nations headquarters in New York.

Russia was reported to be considering sending troops to Lebanon, but Defense Minister Sergei B. Ivanov said no decision had been made. "It is not yet clear what the status of the peacekeeping force is, what their rights are, what they should do there, and what mandate they have," he told reporters during a visit to the country's far east, Interfax reported.

It is unlikely that Russia's military, whose manpower and budget are already stretched thin, would be able to send a significant force.

Europe Offers 'Backbone' Of Peacekeepers (AP)

By Arthur Max, Associated Press Writer

AP, August 26, 2006

The European Union swept away a major hurdle to keeping the peace between Israel and Hezbollah by agreeing Friday to provide the "backbone" of a French-led peacekeeping force of 15,000 soldiers in Lebanon.

Israel said it would lift its air and sea embargo of Lebanon once the U.N. force takes control, a process EU officials said could take up to three months. The blockade is meant to stop arms getting to Hezbollah, but it also is hindering deliveries of food, fuel and other goods.

The commitment of up to 6,900 European soldiers relieved concerns that the peacekeeping force might be stillborn because of reluctance by many countries to send troops into the Middle East cauldron without clear instructions or authorization to use their weapons.

About 150 French army engineers landed Friday at Naqoura in southern Lebanon, joining 250 of their countrymen already among 2,200 peacekeepers in the country, and Italy's leader reportedly said late Friday that his nation's troops could leave for Lebanon as early as Tuesday.

The international force is meant to give teeth to the Lebanese army, which has begun moving 15,000 soldiers of its own into the south to assert the central government's authority in the region along the Israeli border for the first time in decades.

In Beirut, an official close to Lebanese Prime Minister Fuad Saniora said his government welcomed the EU decision and that it would help restore stability. The official spoke on condition of anonymity because he was not authorized to make statements to the media.

But 12 days after the cease-fire in fighting between Israel and Hezbollah, questions remained about how to enforce a vague truce agreement and prevent the area from exploding again.

The EU and U.N. agree the peacekeeping mission must have a strong Muslim component to give it credibility. But Israel objects to nations that do not recognize the Jewish state, saying such troops would make it impossible for Jerusalem to share intelligence with the U.N. force.

Israel's objection would include Indonesia, Malaysia and Bangladesh, which have volunteered troops. Turkey, meanwhile, which does have diplomatic relations with Israel and would be acceptable to all parties, has not decided whether to join the force.

It was unclear how the United Nations would meet Israel's demand to prevent the Islamic militants of Hezbollah from rearming, including controlling the Lebanon-Syrian border.

And dismantling Hezbollah's arsenal of rockets and other weapons already in southern Lebanon was an open sore.

French Foreign Minister Philippe Douste-Blazy said France wanted to create an arms-free "exclusion zone" in southern Lebanon to separate Israeli troops and Hezbollah guerrillas.

"Our objective is clear, to disarm Hezbollah," Douste-Blazy said, but he added that military force was not the answer. "The only solution is to have a political solution."

U.N. Secretary-General Kofi Annan said it was not the United Nations' task to strip the guerrillas of their weapons.

"The troops are not going there to disarm Hezbollah. Let's be clear about that," he said after meeting with EU ministers. He said disarmament is an issue for Lebanon's government, and "cannot be done by force."

Annan left the meeting with a commitment for more than half the 15,000 soldiers envisioned in the Security Council resolution that halted the war after 34 days. The promised 6,900 European soldiers did not include naval units, air support or peacekeepers already on the ground.

The bulk of the new troops came from Italy and France. Other countries committed smaller units. Belgium volunteered 400 soldiers, including critical land-mine removal units. Germany and Denmark offered naval forces, and the Finnish foreign minister spoke of sending 250 soldiers, if his parliament approved.

The United States has ruled out providing troops, but is expected to provide logistics support. As a rule, Washington does not participate in peacekeeping missions unless it is commanding the force.

France, which now commands the small UNIFIL force that has been in southern Lebanon since 1978, will lead the expanded force until February, when it will hand over command to Italy.

"Europe is providing the backbone of the force," Annan said. "We can now begin to put together a credible force."

He said the peacekeeping force will be "strong, credible and robust."

Finnish Foreign Minister Erkki Tuomioja, whose country holds the EU's rotating presidency, said the entire U.N. force should be in place within two to three months.

Annan said he hoped the expanded force would be able to start deploying in "days, not weeks." He had earlier set a target date of Sept. 2.

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Israel said it would lift its air and sea blockade of Lebanon as soon as the international force got into place — but insisted that includes having peacekeepers along the Syrian border to block arms shipments to Hezbollah from its two main supporters, Iran and Syria.

"The minute those forces are there, we can lift it," Foreign Ministry spokesman Mark Regev said in Jerusalem.

Such a move would aggravate tensions with Syria, whose leaders have called the deployment of international troops along the border a "hostile" act.

But Annan said U.N. troops would deploy on the Syrian border only at Lebanon's request, which Beirut hasn't done. "The resolution does not require the deployment of U.N. troops to the border," he said at a news conference after a three-hour meeting with the 25 EU ministers.

The issue is unlikely to prevent the Israeli government, which is under domestic pressure to pull out of Lebanon quickly, from withdrawing its soldiers.

However, Israel could use airstrikes on border crossings, roads and bridges to prevent arms smuggling if Lebanese troops and the U.N. force did not stop shipments themselves. Israel's air force and navy could also maintain the blockade to apply further pressure on Lebanon.

Annan told the EU ministers that the cease-fire was holding with few infractions, but he urged them to move swiftly to get their soldiers to the volatile region.

Associated Press writers Hussein Dakroub in Beirut and Ravi Nessman in Jerusalem contributed to this report.

EU Pledges 6,900 Troops For Lebanon (WT/AP)

By Arthur Max, Associated Press

The Washington Times, August 26, 2006

BRUSSELS -- The European Union yesterday swept away a major hurdle to keeping the peace between Israel and Hezbollah by agreeing to provide the "backbone" of a French-led peacekeeping force of 15,000 soldiers in Lebanon.

But Europeans said that it could take up to three months for the U.N. force to take control.

The European commitment of up to 6,900 European soldiers relieved concerns that the peacekeeping force might not materialize because of reluctance by many countries to send troops into the Middle East cauldron without clear instructions or authorization to use their weapons.

An agreement was reached after U.N. Secretary-General Kofi Annan met in Brussels with foreign ministers of the 25 European Union states.

The secretary-general hailed the conference as "a success."

"We may have a unique opportunity to transform the cessation of hostilities into a durable cease-fire," he added.

About 150 French army engineers landed yesterday at Naqoura in southern Lebanon, joining 250 of their countrymen already among 2,200 peacekeepers in the country, and Italy's prime minister reportedly said late yesterday that his nation's troops could leave for Lebanon as early as Tuesday.

The international force is meant to give teeth to the Lebanese army, which has begun moving 15,000 soldiers of its own into the south to assert the central government's authority in the region along the Israeli border for the first time in decades.

In Beirut, an official close to Lebanese Prime Minister Fuad Siniora said his government welcomed the EU decision and that it would help restore stability.

But 12 days after the cease-fire in fighting between Israel and Hezbollah, questions remained about how to enforce a vague truce agreement and prevent the area from exploding again.

The EU and U.N. agree the peacekeeping mission must have a strong Muslim component to give it credibility. But Israel objects to nations that do not recognize the Jewish state, saying such troops would make it impossible for Jerusalem to share intelligence with the U.N. force.

Israel's objection would include Indonesia, Malaysia and Bangladesh, which have volunteered troops. Turkey, meanwhile, which does have diplomatic relations with Israel and would be acceptable to all parties, has not decided whether to join the force.

It was not clear how the United Nations would meet Israel's demand to prevent the Islamic militants of Hezbollah from rearming, including controlling the Lebanon-Syria border.

And dismantling Hezbollah's arsenal of rockets and other weapons already in southern Lebanon was a delicate issue.

French Foreign Minister Philippe Douste-Blazy said France wanted to create an arms-free "exclusion zone" in southern Lebanon to separate Israeli troops and Hezbollah guerrillas.

"Our objective is clear, to disarm Hezbollah," Mr. Douste-Blazy said, but he added that military force was not the answer. "The only solution is to have a political solution."

Mr. Annan said it was not the United Nations' task to strip the guerrillas of their weapons.

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"The troops are not going there to disarm Hezbollah. Let's be clear about that," he said, calling disarmament an issue for Lebanon's government that "cannot be done by force."

Mr. Annan left the meeting with a commitment for more than half the 15,000 soldiers envisioned in the Security Council resolution that halted the war after 34 days. The promised 6,900 European soldiers did not include naval units, air support or peacekeepers already on the ground.

The bulk of the new troops came from Italy and France. Other countries committed smaller units. Belgium volunteered 400 soldiers, including critical land-mine-removal units. Germany and Denmark offered naval forces, and the Finnish foreign minister spoke of sending 250 soldiers, if his parliament approved.

The United States has ruled out providing troops, but is expected to provide logistics support. As a rule, Washington does not participate in peacekeeping missions unless it is commanding the force.

France Adds To European Troop Levels For Lebanon (WSJ)

By Marc Champion

The Wall Street Journal, August 26, 2006

Continent's Total Pledge Is 7,000, but Tensions Linger; No Forces for Syrian Border

PARIS -- French Defense Minister Michèle Alliot-Marie said an expanded French peacekeeping force will be on the ground in Lebanon within 20 days, as European countries pledged as many as 7,000 troops to help maintain Israel's shaky cease-fire with the Hezbollah militia.

According to a United Nations Security Council resolution setting terms of the truce, the southern Lebanon contingent eventually should number 15,000. French troops will be among roughly 3,500 to deploy quickly, Ms. Alliot-Marie said in an interview with The Wall Street Journal. The rest of the so-called U.N. blue helmets will follow over two to three months.

The European commitment ended a week of recriminations over the Continent's hesitation to provide troops for the peacekeeping force, though some contentious issues regarding the makeup of the force remain unresolved.

"We can now begin to put together a credible force," said U.N. Secretary-General Kofi Annan, after attending a troop-generating conference in Brussels among foreign ministers from the 25 European Union states. The Europeans pledged 7,000 troops, as well as naval, air and logistics units, meaning that together with the 2,000 already on the ground more than half of the hoped-for force is accounted for.

Mr. Annan's relief at the European contribution was evident. He said that component would provide the "backbone" of the U.N. force, which would be under French command until February, when Italy will take over. Italy and France together will be sending 5,000 of the troops, with Spain offering an additional 1,000 and Poland 500.

Controversy over the force continued Friday, however, as French President Jacques Chirac said 15,000 troops is more than is needed to do the job; his foreign minister, Philippe Douste-Blazy, called on the U.S., Britain, China and Russia to pony up troops, too; and Mr. Annan said he plans to accept troops from Malaysia, Bangladesh and Indonesia despite Israeli objections that these countries don't recognize Israel. Mr. Annan said he had to take trained troops where he could find them. The U.S. and Britain have said they won't put troops on the ground, because they are overcommitted in Iraq.

Mr. Annan confirmed U.N. troops won't be used along Lebanon's long and porous border with Syria to stop any shipments of arms reaching Hezbollah -- a key Israeli concern. That is because the Aug. 11 Security Council resolution left it up to the Lebanese government to ask for such help. Mr. Annan said Beirut, which is encountering strong pressure from Syria over the border-guards issue, hadn't made such a request.

Israel was pressured by EU foreign-policy coordinator Javier Solana to end its blockade of Lebanese ports and Beirut airport, which was designed to choke off arms shipments. European governments have now offered ships to monitor the ports.

Speaking in her Paris headquarters, Ms. Alliot-Marie lashed out at critics who had ridiculed France for its initial offer of 200 new troops a week ago. She said France had since secured important changes to the chain of command and clarifications on the freedom the U.N. blue helmets will have to use lethal force to carry out their mission. On Thursday, Mr. Chirac said France would increase its contribution to a U.N. peacekeeping force in southern Lebanon to a total of 2,000 troops.

France, which administered Lebanon under a League of Nations mandate from 1920 to the early 1940s, was wary of committing more troops until it had a better understanding of the rules of engagement in the event buffer troops encounter hostile action. Hezbollah -- which killed 58 French peacekeepers in 1983 -- remains a well-armed force and stiffly opposes the presence of foreigners in Lebanon. Asked if France has been talking directly to the Shiite Muslim group to get assurances it won't target U.N. troops, Ms. Alliot-Marie said: "We talk to the Lebanese government."

Besides its military wing, Hezbollah provides extensive social services to its Shiite Muslim constituency and secured two ministries in the Lebanese cabinet after its strong showing in parliamentary elections last year.

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Ms. Alliot-Marie said that unlike other U.N. peacekeeping missions, there will be no civilian special representative of the U.N. Secretary General sharing command with the French military field commander. Instead, the U.N. will for the first time create at its New York headquarters a military strategic cell for the operation to advise him, run by an Italian general.

Ms. Alliot-Marie also said France had won an important clarification on the use of force. Under U.N. rules incorporated into the Aug. 11 cease-fire resolution, soldiers aren't normally able to use lethal force unless directly threatened. But France secured language that would allow the troops to react with force in other situations, she said, adding that issues as basic as whether to use real or rubber bullets had needed to be nailed down.

For example, she said, if a U.N. patrol was blocked on the road by the Hezbollah militia -- but not shot at -- the peacekeepers could do nothing under the normal U.N. rules of engagement. "What we got was that they can," Ms. Alliot-Marie said. "I don't want to send men so that they can be humiliated on the ground."

Ms. Alliot-Marie recalled that French troops have suffered in U.N. missions this way before and she didn't want it repeated. More than 70 French peacekeepers died in the 1990s in Bosnia, where there were numerous disputes between the U.N. mission's military commander and the world body's special representative.

She recalled that in 2004, nine French soldiers and an American were killed when government aircraft in Ivory Coast bombed a French peacekeeping barracks. She said that was possible because the U.N. peacekeepers didn't have a strong-enough mandate to prevent government troops from crossing a cease-fire line.

While the clock ticked away as France negotiated more-favorable terms to avoid a similar outcome in Lebanon, its initial French pledge of 200 engineers looked especially weak in light of an Italian offer of 3,000 soldiers and the fact that France had pushed for the truce resolution and authorized the U.N. force in the first place.

U.N. Peacekeepers Enter An Explosive Situation In Lebanon (MCT)

By Hannah Allam

McClatchy Newspapers, August 26, 2006

MARJAYOUN, Lebanon - The new international force expected to monitor the Lebanese-Israeli border will enter a highly ambiguous and volatile landscape, illustrated by the front-line experience of an Indian battalion that's found little peace to keep after being caught in the middle of the war between Israel and Hezbollah militants.

More than 150 French military engineers arrived in Lebanon on Friday to search for unexploded munitions, and the European Union pledged to supply half of the 15,000 peacekeepers called for in the fragile truce agreement between the warring parties.

But putting more boots on the ground isn't insurance against another explosion in a place teeming with land mines, both literal and figurative.

"It's a very difficult role for a military person. Your hands are tied," said Maj. Saurabh Pandey, the spokesman for India's 4th Battalion, Sikh Regiment, which is part of UNIFIL, the U.N. peacekeeping mission already in Lebanon. "We are combatants. We have all been trained to fight, but here we are just here to see."

It's still unclear what precisely the mandate will be for the new U.N. troops, of which 2,000 will be French and 3,000 Italian. Hassan Saqlawi, a UNIFIL spokesman in the port city of Nakoura, where the first French contingent arrived aboard six vessels, offered this assessment: "We are not going to replace the government. Our job is to assist the Lebanese government to come back to power here."

Few understand the difficulty of such a task better than the 4th Battalion, whose 700 troops make up half the combat component of UNIFIL.

The combat label is a stretch - the Indians are simply monitors who record violations along the so-called "blue line" that divides the craggy hills of southern Lebanon from the lush greenery of northern Israel. Their headquarters lies in Marjayoun, a predominantly Christian town separated from Israel by a flimsy barbed-wire fence.

Until the conflict began July 12 with Hezbollah's abduction of two Israeli soldiers, the Indian troops considered themselves neutral observers.

They looked for patterns in the traffic that entered and exited the villages under their watch. They tracked the movements of "the As," or armed elements, their code for the shadowy guerrillas of Hezbollah. They listened for Israeli aircraft violating Lebanese air space. And they offered grateful farmers free medical treatment for their families and veterinary services for their livestock.

Pandey's little black journal chronicles the area's sudden descent into chaos. The officer's entries for early July were innocuous: a briefing on bird flu, outreach to local media, dental checkups.

Then, overnight, the peacekeepers found themselves embroiled in war.

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"July 12 came and we were slapped," Pandey said, flipping through the pages of his diary. "See, I wrote `two missiles fired.' And later, `down in bunker.' Then I wrote about the first casualties, the destruction and now the humanitarian relief."

A hilltop position in the village of Houla underscores the high price for using U.N. forces as a buffer. The Indian post there was the sole barrier between a massive, heavily guarded Israeli position on one side and, not even 500 feet away, crudely dug Hezbollah trenches on the other.

In the first week of fighting, Israeli tank shells destroyed part of the Indians' barracks and nearly pierced through the heavy sandbags that enclosed a bunker where 20 peacekeepers sought shelter. Travel became so dangerous that the trapped Indians were down to one onion and four potatoes before a rations truck made a risky trip to deliver food.

Hezbollah's rocket volleys whizzed dangerously close, and the Indians marveled at the arsenal the militant group had assembled virtually in secret.

"They were firing 150 rockets every day," Pandey said. "Heaven knows where they came from or how they came."

As the conflict dragged on for a week, then two, and then four, the Indians warily went back to work. Their simple observation mission expanded to include rescue work, street repair, village evacuations and corpse removal. Often, they worked under heavy fire in areas severed from the outside world.

By the time the U.N.-brokered cease-fire was in place, three Indian peacekeepers had been wounded and several of their posts heavily damaged. Throughout the ordeal, Indian officers said, their troops didn't fire a single shot. According to their mandate, they weren't allowed to.

"That's what the discipline of a soldier is. You can't go berserk because of the difficulty of the circumstances," said Lt. Col. Maninder S. Chahal, deputy commander of the Indian battalion.

On Friday, more than a week into the truce, the Indian observation post was still littered with glass shards and other debris from the Israeli strikes. Even though a U.N. flag flies along the border, the peacekeepers said, they must ask permission from Israel before approaching. Hezbollah, meanwhile, has abandoned its positions behind the post and Israeli armor has turned the guerrilla dugouts into mounds of dirt. The Lebanese fighters no longer tote guns in public.

"Somehow they have all melted away in the crowd," Pandey said. "You can't make them out these days. They changed from their uniforms into civilian clothes and they're gone. The number of sightings has gone down."

The entire area remains tense and the cease-fire delicate. Unexploded ordnance dots the terrain, and the villagers who once welcomed the blue-turbaned peacekeepers now look upon them warily, even as they distribute 50,000 liters of drinking water every day.

On a drive through the Indian area of operations, Pandey stopped along a winding mountain road to point out how close the Israelis were to the border fence. He quickly realized that they were closer than he imagined.

"OK, there is already an air violation going on, and did you see the tanks?" Pandey said, gesturing to an Israeli drone overhead and six Israeli armored vehicles that had crossed into a valley on the Lebanese side of the border. A white Israeli surveillance balloon also bobbed in the sky.

Pandey made sure the U.N. flag attached to his white SUV was visible and then motioned for his guests to move quickly.

"Time to go," he said.

State Dept. Probes Use Of Bombs (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, August 26, 2006

Pact With Israel Bans U.S. Cluster Munitions in Civilian Areas

The State Department said yesterday that it has begun a preliminary investigation into allegations that Israel violated U.S. rules prohibiting the use of American-made cluster bombs in civilian areas during the recent war in Lebanon.

State Department spokesman Gonzalo Gallegos said the investigation began after human rights groups complained that cluster weapons had been found across Lebanon and were responsible for many civilian deaths.

"We have heard the allegations they were used, and we are taking a look at that," he said.

Three types of U.S.-made cluster bombs are said to have been used by Israel. Israel also makes its own cluster munitions.

The State Department Office of Defense Trade Controls will verify whether U.S.-made cluster bombs were used during the conflict with Hezbollah and will examine whether the weapons -- which scatter small bombs, or "bomblets," across wide areas -- were used "inappropriately," Gallegos said.

The agreements between Israel and the United States regarding the use of the weapons are secret. It is not illegal under international law to use such weapons against enemy combatants. The United States has used cluster bombs in Iraq, resulting in many civilian casualties.

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The U.N. Mine Action Coordination Center in southern Lebanon reported this week that it has found unexploded American-made cluster bombs in nearly 300 locations across the area.

David Siegel, a spokesman for the Israeli Embassy in Washington, said Israel had not been informed of an official investigation but would cooperate if asked. Israeli officials maintain they imposed restrictions on how cluster bombs are used in Lebanon, such as confining targets to areas designated by Hezbollah as civilian-free missile launch sites.

The State Department inquiry was first reported yesterday by the New York Times.

Any such investigation is likely to be politically sensitive. The Bush administration has fully backed Israel in the war with Hezbollah, arguing that Israeli strikes were defensive. The administration also has urged Israel to limit civilian casualties.

The State Department routinely investigates allegations that Israel misused U.S.-supplied weapons, and often no action is taken.

In 1978, 1979 and 1981, the State Department notified Congress that Israel "may have violated" U.S-Israeli agreements by using U.S. weapons for purposes other than defense, according to the Congressional Research Service. But the probes did not result in any penalties against Israel. In 1982, the Reagan administration suspended sales of cluster bombs to Israel for six years after a congressional investigation found that Israel had violated agreements on their use during its invasion of Lebanon.

During President Bush's first term, the State Department investigated whether Israel misused U.S.-made Apache helicopters in its assassinations of Palestinian leaders. State Department officials, speaking on the condition of anonymity because they were not authorized to disclose internal debates, said that lower-level officials had determined that Israel had violated its agreements with the United States, but, the officials said, the finding was quashed at a more senior level.

U.S. Probes Israeli Use Of Cluster Bombs (AP)

By Anne Gearan, Ap Diplomatic Writer

AP, August 26, 2006

The State Department is investigating whether Israel misused American-made cluster bombs in civilian areas of Lebanon.

The United Nations said unexploded cluster bombs — anti-personnel weapons that spray bomblets over a wide area — litter homes, gardens and highways in south Lebanon.

"We are definitely looking into these allegations and we'll see where they lead," State Department spokesman Gonzalo Gallegos said Friday.

The inquiry will determine whether the munitions were used and if so, how, Gallegos said.

A spokeswoman for the U.N. Mine Action Coordination Center refused to comment on the investigation. She said that it's not illegal to use the cluster bombs against soldiers or enemy fighters, but the Geneva Conventions bar their use in civilian areas.

Relief organizations and the U.N. mine office have reported finding evidence that Israel used three types of U.S.-made cluster bombs during the 34-day war with Hezbollah militants, during which both sides fired rockets into populated areas.

The U.N. mine office said in a report Wednesday that it had found hundreds of bomblets of the types made by the United States among unexploded ordnance recovered in nearly 250 locations in southern Lebanon.

Israel also makes its own cluster munitions.

The State Department investigation will look at whether Israel's use of U.S.-made cluster bombs violated long-standing secret agreements about how U.S.-supplied weaponry will be used.

The investigation could lead to sanctions if Israel violated those agreements.

Gallegos had no estimate of how long the inquiry by the department's Office of Defense Trade Controls would take.

The Israeli army said all weapons it uses "are legal under international law and their use conforms with international standards."

Cluster bombs are typically used against tanks and explode upon impact with steel. In the conflict in Lebanon, the shells were fired into urban and rural areas where Israel thought Hezbollah guerrillas might be hiding. Many hit the ground or pavement and did not explode.

Israel said it was forced to hit civilian targets in Lebanon because Hezbollah fighters were using villages as a base for rocket-launchers aimed at Israel. At least 850 Lebanese and 157 Israelis died in the fighting.

The Bush administration repeatedly warned Israel to avoid civilian casualties during the cross-border war, but refrained from direct criticism of Israeli tactics.

A spokesman for the Israeli Embassy in Washington said the State Department had not notified the embassy of any pending investigation.

"We have not been informed, and once we are informed we'll look into it," spokesman David Siegel said.

A congressional investigation found Israel improperly used U.S.-made cluster bombs during its 1982 invasion of Lebanon. The Reagan administration then imposed a six-year ban on further sales of the weapons to Israel.

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U.S. Investigates Israel's Use Of Cluster Bombs (LAT)

By Peter Spiegel, Times Staff Writer

The Los Angeles Times, August 26, 2006

Rights groups and the U.N. cite evidence of such strikes in Lebanon. The Jewish state says not all of its weapons are subject to restrictions.

WASHINGTON — The State Department has begun investigating whether Israel improperly used American-made cluster bombs during its monthlong fight against the Hezbollah militia in southern Lebanon, government officials said Friday.

The inquiry comes as human rights groups and a United Nations agency have raised questions about Israel's use of the munitions, which are normally aimed at large concentrations of military forces because of their ability to cause destruction over a wide area.

According to an internal memo compiled by U.N. Mine Action Coordination Center personnel in southern Lebanon and sent this week to the center's New York headquarters, investigators found evidence of 249 cluster bomb strikes in southern Lebanon. A U.N. official said the number had reached 288 by Friday.

Although Israel imports a large percentage of its cluster bombs from the U.S., it also has acquired them from Britain and can make some domestically.

Human rights groups and the U.N. have campaigned against the use of the bombs in part because their "bomblets" — dozens of small explosives dispersed by a single round — don't always explode on impact, meaning they can detonate later when disturbed by civilians.

The U.S. frequently restricts the use of weapons it exports to allied countries. Although few of the restrictions on Israel's use of cluster bombs are made public, reports have said that Israel must limit their use to attacks on organized enemy armies and clearly identified military targets.

An Amnesty International report issued this week says the rights group found widespread evidence of cluster bomb strikes in villages in southern Lebanon, including an attack near the government hospital in the village of Tibnin.

Israel said during the war that Hezbollah fighters were firing on Israeli targets under the cover of civilian buildings.

State Department officials declined to give any details on their investigation, conducted by the department's Directorate of Defense Trade Controls and first reported by the New York Times. One official indicated it was still in an early, informal stage. "Calls are being made," the official said.

Israel could face sanctions if it is found to have violated agreements with the United States. In addition, Congress could take action to bar future deliveries.

In 1982, President Reagan ordered the suspension of cluster bomb shipments to Israel pending an investigation of whether they were used on civilian locations. Shipments were reinstated in 1988.

David Siegel, a spokesman for the Israeli Embassy, said diplomatic officials had not been notified about the investigation. He noted that Israel uses a wide range of cluster bombs, not all of which are American-made or subject to U.S. restrictions.

The U.N. report says personnel found hundreds of unexploded bomblets from cluster munitions, including 559 M-42s, which are used in artillery shells, and 663 M-77s, used in longer-range rockets.

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(INFOBOX BELOW)

Cluster bombs

Israel may have used cluster bombs during its fight against the Hezbollah militia in southern Lebanon.

How they work

1. Dispensers holding several hundred bomblets apiece are fired from artillery or dropped from a bomber.
2. Dispenser fins open and spin in midair, releasing bomblets.
3. A bomblet explodes when it hits the ground, or it can be programmed to detonate in the air.

Cluster bombs can cover a 656-by-1,312-foot area.

Some bomblets might not detonate.

Bomblet

Decelerator makes bomblet fall tip-down.

Bomblet explodes, firing metal-piercing shrapnel in all directions.

Sources: Federation of American

DOJ_NMG_0054724

Scientists, GlobalSecurity.org, Jane's Information Group, Periscope

U.N. Says Bombs Litter Areas Of Lebanon (AP)

By Lauren Frayer, Associated Press Writer

AP, August 26, 2006

Unexploded cluster bomb litter homes, gardens and highways in south Lebanon, the U.N. said Friday, as the State Department reportedly investigated whether Israel's use of the American-made weapons violated secret agreements with the United States.

Dalya Farran, a spokeswoman for the U.N. Mine Action Coordination Center, said cluster bombs have been found in 285 locations in south Lebanon.

"And our teams are still doing surveys and adding new locations every day," Farran said. "We find about 30 new locations per day."

The State Department is investigating whether Israel's use of three types of American cluster munitions — anti-personnel weapons that spray bomblets over a wide area — violated secret agreements with the United States that restrict when such arms can be employed, The New York Times reported Friday.

The newspaper quoted several current and former U.S. officials as saying they doubted the inquiry would lead to sanctions against Israel, but that it might be an effort by the Bush administration to ease Arab criticism of its military support for Israel.

The U.S. has also postponed a shipment of M-26 artillery rockets, another cluster weapon, to Israel, the newspaper said.

U.N. demining experts refused to comment on the U.S. investigation, but suggested Israel violated some aspects of international law.

"It's not illegal to use (cluster bombs) against soldiers or your enemy, but according to Geneva Conventions it's illegal to use them in civilian areas," Farran said. "But it's not up to us to decide if it's illegal — I'm just giving facts and letting others do analysis."

Asked about the report, the Israeli army said all the weapons it uses "are legal under international law and their use conforms with international standards."

Israel said it was forced to hit civilian targets in Lebanon because Hezbollah fighters were using villages as a base for rocket-launchers aimed at Israel. Some 850 Lebanese and 157 Israelis died in the fighting.

Lebanon's south is also riddled with land mines, laid by Israeli soldiers as they pulled out of the region in 2000, after an 18-year occupation. Hezbollah has also planted mines to ward off Israeli forces. Lebanon has long called for Israel to hand over maps of the minefields.

The U.N. Mine Action Coordination Center opened an office in the southern Lebanese city of Tyre in 2003 to deal with the land mine problem. Since the cease-fire, the office has redirected its efforts toward clearing unexploded Israeli bombs from the area.

Also Friday, Russian Defense Minister Sergei Ivanov dismissed claims that Hezbollah has Russian-made Kornet anti-tank missiles.

Israel sent a delegation to Russia last week to complain about the missiles that it says were used by Hezbollah in the recent weeks of fighting in Lebanon; the missiles reportedly have been a particularly effective part of Hezbollah's arsenal.

But Ivanov said during a trip to the Russian Far East city of Magadan that the reports are "complete nonsense," news agencies reported.

"No kind of evidence of Hezbollah having such equipment has been presented to us," Ivanov said, according to the Interfax news agency.

In Lebanon's Rubble, Aftershocks Of War (WP)

By Nora Boustany, Washington Post Foreign Service

The Washington Post, August 26, 2006

12 Civilians Killed, 39 Injured by Cluster Bombs Exploding Since Cease-Fire

TYRE, Lebanon -- Hassan Tehini does not want to go home anymore.

"I was so homesick for Aita al-Shaab. Now I don't miss it at all," the 10-year-old said weakly, trying to cough gently as he slumped against the wall of a hospital in this coastal city.

Lucky to be alive, Hassan was recovering from massive abdominal wounds inflicted by what he and two cousins thought was a small ball, unearthed from the rubble of their home town and perfectly suited for a game of catch. It was really one of the small explosive devices spewed by so-called cluster munitions -- bombs, shells or rockets used by the Israeli military that burst in midair and spread smaller bombs over a wide area.

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Hassan and his two cousins, like dozens of other Lebanese civilians, became casualties of war after the 33-day conflict between Israel and Hezbollah had subsided. Since the guns fell silent on Aug. 14, unexploded cluster bombs dropped by Israeli warplanes or duds fired by artillery have killed 12 people and wounded 39, according to Chris Clarke, head of the U.N. Mine Action Coordination Center attached to the United Nations Interim Force in Lebanon. Of those, two of the dead and 11 of the wounded were children.

Todd Hart, another U.N. de-mining specialist, told journalists Thursday that U.N. and Lebanese government mine-disposal teams have discovered and destroyed a dozen normal bombs, plus 1,800 smaller bomblets sprayed out from cluster bombs.

Clarke said that "as of today, we have confirmed 289 cluster-bomb locations. This figure, which was 140 on Tuesday, is rising daily. And many of them are indeed inside residential areas."

"We are finding many cluster bombs in the rubble -- they just blend in," he noted. One type commonly being found, he said, is shaped like a small green ball, larger than a golf ball and smaller than a tennis ball.

Clarke said the State Department was investigating whether Israel had violated U.S. guidelines for American-made cluster munitions that ban their use in civilian areas.

Human Rights Watch and Amnesty International are also looking into the use of cluster munitions, he said. In a report released this week, Amnesty International said it had found huge craters in roads linking southern villages, attributing them to Israeli aerial bombardment and artillery fire.

"In some cases, cluster bomb impacts were identified," the report said. "The hundreds of thousands of Lebanese who fled the bombardment now face the danger of unexploded munitions as they head home," it added.

A military spokesman in Israel said, "All the weapons and munitions used by the Israel Defense Forces are legal under international law, and their use conforms with international standards."

Shawn Messick, an American assigned to the U.N. Joint Logistics Center from the Vietnam Veterans of America Foundation, explained that cluster weapons are designed to burst in midair, scattering small bomblets that do not all detonate immediately.

"I think the biggest hazards are the unexploded submunitions, and the smallest, fired from artillery, are the most dangerous," said Messick, who has worked in Kosovo and northern Iraq with disaster response teams.

Such dangers awaited Hassan and his family when they returned home to Aita al-Shaab, a town of about 8,000 people located next to the Israeli border, about 55 miles south of Beirut. The family fled on July 15, three days after the fighting broke out, and moved from town to town until the cease-fire took effect nearly a month later. During the fighting, the population in Aita al-Shaab dwindled to 1,000, and 16 people were killed there -- eight civilians and eight Hezbollah guerrillas, according to residents.

Hassan said he had yearned for Aita al-Shaab during his month on the road, homesick for his house and his playmates. When his uncle, Ahmad Tehini, went to check on the family's house after the cease-fire, the boy went along and refused to leave, remaining behind with his grandparents.

On Aug. 17, Hassan and his cousins Sikna Merei Qassem and Marwa Ahmed Merei, both 12, went out to scout the new landscape of shattered stone and concrete around their homes. "We wanted to see which houses were destroyed. The whole neighborhood is broken," Hassan said.

But they really wanted to play again. Hassan unearthed a ball covered in dust and asked Sikna to throw it his way. It exploded between them. Hassan's intestines spilled out, splattering blood.

"I started screaming," Hassan recalled. "The bomb threw me two or three meters away. My legs, my clothes were soaked in blood."

Youssef Saleh, a neighbor, saw them run in his direction. "Hassan's guts were hanging out, and Sikna was moaning," Saleh said. "I carried my nephew in my arms and took Sikna and drove them to Rmeish." Marwa, who suffered minor wounds in her stomach and chest, was taken in another car.

From Rmeish, civil defense workers moved the three children to an emergency room at the Salah Ghandour Hospital in Bint Jbeil. Red Cross workers then took them to Tyre.

"After two and a half hours on the road, the three children were in shock," said Abed al-Hussein Sharafeddine, the anesthetist who presided over surgery on Hassan at Jabal Amel Hospital in Tyre.

Hassan's intestines had been severed in three places, requiring 13 sutures in one spot, according to Sharafeddine.

Like Hassan, Sikna was bleeding profusely. "The blood spurted out of my stomach like that -- pshhh ," Sikna said, sitting on her hospital bed clutching her nightgown. When she reached the hospital in Tyre, doctors had to insert a breathing tube in her windpipe because shrapnel embedded in one of her lungs prevented her from breathing on her own.

While Hassan recovers in the hospital, his relatives struggle to rebuild their lives. His mother said their home in Aita al-Shaab no longer existed.

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"We could not find our clothes," she said. "Our walls were flattened to be bulldozed. We have no money. We are living with my brother-in-law in Aytat, four families on top of one another.

"We are still afraid," she added. "The Israelis are still there, and the children cannot play there anymore."

No Place For Cluster Bombs (NYT)

The New York Times, August 26, 2006

All weapons kill and maim, but some are especially insidious — like cluster munitions, miniature explosives packed into a bomb, rocket or artillery shell and designed to scatter over a wide area.

This week the State Department said it was investigating whether Israel inappropriately used American-made cluster munitions in populated areas during its monthlong campaign in Lebanon. Whatever the specific findings of this investigation, the rules governing cluster bomb exports and their use by American troops need to be tightened and more strictly enforced.

Cluster munitions are useful against tanks, massed conventional forces and other purely military targets. But they should never be used in populated areas. By nature they kill indiscriminately.

Because some of the bomblets fail to explode on impact, the casualties continue to mount long after the fighting stops. These harmless-looking objects, often no larger than flashlight batteries, explode when inadvertently jostled or picked up. Children mistake them for toys, with tragic results.

Washington has strict rules about how American-made cluster munitions are supposed to be used by foreign buyers. But in the heat of combat, those rules are not always followed. Nor are United States forces as careful as they should be. America has used cluster munitions in Iraq, Afghanistan and Kosovo. Israel used them in past campaigns in Lebanon. Russia used them in Chechnya.

Israel makes its own cluster munitions as well as buying more advanced models from the United States. It used cluster weapons extensively in its latest campaign in Lebanon, and the majority of the unexploded bomblets that United Nations teams have found there so far have been American-made.

Details of current understandings between the United States and Israel on when American-made cluster munitions can be used are secret. But in the past, Washington limited their use to military emergencies, like the kind of attack on Israeli territory by multiple Arab armies that last occurred in 1973. In the unlikely event of that happening again, Washington should provide whatever cluster munitions Israel needs to augment its own supplies.

But today's dangers are different, and require different responses. Attacking guerrilla or terrorist sanctuaries in populated areas is not a mission that calls for cluster weapons, and the United States should not be supplying them.

The Middle East (WSJ)

By Gerald F. Seib

The Wall Street Journal, August 26, 2006

A Silver Lining Amid Region's Clouds?

It is an article of faith in the Middle East that every crisis also carries the seeds of opportunity. It is hard to see any such seeds in the current, wall-to-wall mess in the region, but they might be there.

The coming week will bring another flurry of diplomacy, designed to finally put a badly needed international peacekeeping force in place in Lebanon, and to get the wheels rolling on imposing penalties on Iran for its nuclear program.

The United Nations Security Council has approved creation of a peacekeeping force, and France and Italy have agreed to send troops. But diplomats still are trying to resolve nagging questions about its precise size and scope. At the same time, the U.S. will be trying to start serious discussions at the Security Council about imposing economic sanctions on Iran, which has refused to stop its program for enriching uranium into a fuel that could be used to make bombs.

From the American perspective, the goal of all such diplomacy is much broader: To contain the rising influence of Iran by reining in Hezbollah, which serves as a kind of proxy army for its Iranian friends, and by shutting down Iran's nuclear ambition.

But it is starting to occur to some people in Washington that there is an opportunity -- and maybe a need -- to do something much bolder, that would go a lot further toward recasting power in the region. Why not, the argument goes, start to look anew for a comprehensive solution to the ever-festering dispute over Palestine?

It is hard to remember now, but the perennial Palestinian problem is at the heart of the current conflagration. Palestinians' dissatisfaction, with their own stateless plight and with their own feckless leaders, led to the election of an extremist Hamas government to run the Palestinian Authority. Hamas then precipitated a crisis by kidnapping an Israeli soldier. Hezbollah, not to be outdone by Hamas, then kidnapped more Israeli soldiers from its base in southern Lebanon. Israel counterattacked, and off to the races things went.

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Start making progress on the Palestinian problem, the argument goes, and you remove the underlying dispute that spawned Hamas -- while robbing Hezbollah of its main calling card among the Arab masses. And if Hezbollah's relevance is diminished, Iran loses its chief tool in the region. Perceptions of America might improve in the region too, if only for the effort being made, and the odds of an Iranian-led Shiite alliance spanning southern Lebanon, Iraq and Iran diminish.

Former national security adviser Brent Scowcroft wrote a recent article laying out this argument, and it has gotten some quiet high-level attention within the Bush administration and in the region. It might seem an odd time to talk Palestinian peace. But some of the alternatives are distinctly unpleasant.

Israel's Postwar Strategy Seeks To Stop Hezbollah Resupply Missions (MCT)

By Carol Rosenberg

McClatchy Newspapers, August 26, 2006

JERUSALEM - Nearly two weeks into its cease-fire in Lebanon, Israel is bent on thwarting any efforts to resupply Hezbollah with weapons while pressing the international community to create a U.N. force strong enough to weaken its Shiite Muslim foe even more in southern Lebanon.

To accomplish that, Israel has left thousands of troops in Lebanon and shown a willingness to engage in strategic military raids against Hezbollah.

"The main problem is resupply, the prospect that once again you will see the Syrian long-range, the medium-range, rocket launchers . . . the ones that really did the carnage in Haifa," said Eran Lerman, a retired Israeli army military-intelligence colonel who now runs the Jerusalem office of the American Jewish Committee.

Once a U.N. force is assembled, Lerman predicted that Israel will press for international inspections of Syrian cargo bound for Lebanon, something Syrian President Bashar Assad has said he'd resent. On Thursday, the Lebanese Cabinet agreed in Beirut that the Lebanese army will patrol the border, perhaps with technical assistance from Germany.

But Israeli officials, who see Syria as the primary conduit for Hezbollah weapons, think the weak Lebanese army is powerless to police the Syrian-Lebanese border and stop any weapons smuggling.

Even in Lebanon, few expect the Lebanese army to take a tough line with Hezbollah. "I don't see the Lebanese army playing the role of stern and strict policeman," said Amal Saad-Ghorayeb, a leading Lebanese expert on Hezbollah. She predicted that the border is "going to remain somewhat porous."

"You cannot seal off an entire border. Arms will continue to be funneled through," she said.

To counter Hezbollah, Israel's army announced last week that it will use military force "until proper monitoring bodies are established on Lebanese borders" to help neutralize the militant Islamist group.

Over the weekend, Israel dispatched a 100-strong commando unit 60 miles north of its border into Lebanon's Bekaa Valley in a raid that it said was meant to disrupt arms smuggling. The military landed helicopters and jeeps in the Bekaa, reportedly took two prisoners and lost a senior commando, a lieutenant colonel, in a gun battle.

Mark Heller, an analyst at Tel Aviv University's Jaffee Center for Strategic Studies, said Israel's postwar Hezbollah strategy was still evolving into "something kind of general and banal like containment." He suggested that the weekend raid also might have been an effort to find two Israeli soldiers whom Hezbollah kidnapped July 12, sparking the conflict.

While Israel struggles with how to make certain that Hezbollah isn't resupplied, the cease-fire also has given the country time to grapple with national anguish over its performance in the campaign.

Reservists and the families of some of the 119 Israeli soldiers who died in the monthlong conflict are demanding that an independent commission examine everything from civil preparedness to war planning to supply shortages that bedeviled the ground combat.

Israel halted its ground offensives after a month without accomplishing what Prime Minister Ehud Olmert had said were its goals: recovering the missing soldiers and disarming Hezbollah.

Friday, an Israeli poll gave Olmert and Defense Minister Amir Peretz miserable report cards. Only 26 percent said Olmert deserved a good rating for his wartime performance, compared with 74 percent who said "not good." Moreover, 63 percent of Israelis surveyed said Olmert should resign.

The poll of 499 adults was carried out for the Yediot Ahronot newspaper by the Mina Zemah/Dahaf polling firm. It had a margin of error of 4.5 percentage points.

The survey was published as protesters marched to the Jerusalem grave of former Prime Minister Golda Meir, who herself had to step down amid a public upheaval over intelligence and preparedness training after the Egyptians' surprise attack of the 1973 Yom Kippur War, which cost Israel 2,688 lives.

Friday's poll showed no clear successor emerging for Olmert, 60, a former mayor of Jerusalem who took over when former Prime Minister Ariel Sharon had a catastrophic stroke last January.

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Leading the pack was former Prime Minister Benjamin Netanyahu, 55, the opposition leader, with 22 percent support; next was Avigdor Lieberman, 48, a 1979 emigre from the Soviet Union from the right-wing Israel Beitenu party, with 18 percent; and perennial almost-ran Shimon Peres, 83, of the Labor party, who got 12 percent.

(McClatchy Newspapers correspondent Leila Fadel contributed to this article from Beirut, Lebanon.)

Syria Objects To U.N. Troops On Border (AP)

By Steven R. Hurst, Associated Press Writer

AP, August 26, 2006

BEIRUT, Lebanon — Israel is demanding that U.N. troops patrol the Syria-Lebanon border to prevent Hezbollah from receiving arms shipments. But even if Israel overcomes Syrian objections to the idea, policing the mostly mountainous frontier could prove nearly impossible.

The controversy has developed as the United Nations tries to muster enough peacekeepers to serve as a buffer force between Israeli troops and Hezbollah guerrillas in Lebanon's south.

Israel, which accuses Syria of supplying arms to Hezbollah, refuses to lift its sea and air blockade of Lebanon unless U.N. troops also deploy to the far larger Syria-Lebanon border.

It's a tall order. Syria borders Lebanon both to its east and north, with four official crossings, including one on the road between Beirut and Damascus. But there are dozens of dirt tracks running between the countries through a mountain range, routes that have been used for centuries by smugglers and many of them able to carry modern-day vehicles.

It's unclear, moreover, how much Hezbollah is in need of a weapons resupply. Although Israel said Hezbollah fired about 4,000 rockets into northern Israel during the 34-day war, the guerrillas were believed to have an arsenal of more than 12,000 of the weapons when the fighting started.

There has also been wide speculation that the Syrian army left behind a huge weapons supply for Hezbollah as it withdrew from Lebanon in April 2005. Hezbollah draws primary backing from Syria and Iran, which established the guerrilla group and its political arm in the Bekaa Valley in 1982.

Syrian President President Bashar Assad on Thursday called Israel's demand a "hostile" move aimed at damaging relations between the neighbors. He said it was unprecedented for international forces to police a border between two countries that have not been at war.

Israeli Foreign Minister Tzipi Livni dismissed Assad's objections Friday, saying Syria must respect Lebanon's sovereignty and an arms embargo imposed on Hezbollah after the war, which ended with an Aug. 14 cease-fire. Syria virtually controlled Lebanon for nearly three decades before its troops pulled out last year and has threatened to close the border if international forces take positions there.

"It's about time that Syria give Lebanon the freedom and ability to be an independent and sovereign state," Livni said in Tel Aviv. "We expect and I believe the entire international community expects the Syrian government to respect the decision of the international community."

Caught in the middle, Lebanese Prime Minister Fuad Saniora said he called U.S. Secretary of State Condoleezza Rice and U.N. Secretary-General Kofi Annan late Thursday to ask for help in lifting Israel's blockade. Lines reappeared at Lebanese gas stations Friday, signaling renewed shortages after a brief respite when a fuel tanker was allowed into the Beirut port.

Although Lebanon has not explicitly rejected the idea of deploying U.N. forces to the Syrian border, Saniora stressed his government has already sent troops there.

"We have no intention of showing any hostility toward Syria," he said. "We want cordial relations with Syria and we are taking care of the issue of the border to prevent any infiltration into Lebanon."

Lebanon's Cabinet called on the international community Thursday to send forces to free up the Lebanese army to patrol its frontiers. It did not did not directly address the issue of U.N. troops on the Syrian border. Information Minister Ghazi Aridi, however, said the government would ask Germany for technological help in controlling Lebanon's borders.

Four days the cease-fire took effect, the Lebanese army began setting up checkpoints near dozens of illegal border crossings with Syria in a bid to help prevent arms smuggling, a Lebanese military official said Friday, speaking on condition of anonymity because he was not authorized to discuss troop placement. He said the army's plan covered an estimated 60 illegal border crossings.

U.N. envoy Terje Roed-Larsen said Sunday that 2,000 Lebanese soldiers have been deployed so far along Lebanon's eastern border with Syria, with the goal of eventually having 8,600.

The international community has been slow in volunteering troops for the expanded U.N. force, designed to grow eventually to 15,000. European Union foreign ministers were taking up the issue in Brussels on Friday under pressure to get at least vanguard on the ground next week.

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About 150 French soldiers — an engineering team — came ashore Friday at Naqoura in southern Lebanon. They joined 250 of their countrymen already in Lebanon and raised to 2,200 the number of U.N. peacekeepers in the south of the country.

On Thursday, French President Jacques Chirac announced his country would increase its contribution to 2,000 troops, saying he had been given assurances by the U.N. concerning the peacekeepers' mandate. He did not elaborate.

There were concerns that peacekeepers would not be able to act robustly enough to protect themselves and carry out their mission, which for now does not include disarming Hezbollah.

Belgium, which had been waiting for clarification on the rules of engagement and security guarantees, announced Friday it would also send troops.

AP writers Sam F. Ghattas, Hussein Dakroub and Joseph Panossian contributed to this report.

Demoralised Israelis Blame Political And Military Leaders (FT)

By Harvey Morris

Financial Times, August 26, 2006

There were further signs on Friday of a deepening public malaise in Israel over the outcome of the war in Lebanon, with the latest opinion polls indicating a majority of voters wanted to change both the political and military leaderships.

As Ehud Olmert, prime minister, appeared to be losing a political battle to stave off a state inquiry into the conduct of the war, reservists recently demobilised from south Lebanon joined families of the Israeli war dead to demand his resignation.

The population of an encampment of protest tents outside the prime minister's Jerusalem office has grown to around 1,000, a relatively small demonstration in Israeli terms but one that appeared to capture the public mood.

"Things have never seemed so bad," one Israeli volunteered. "Everybody is depressed."

The mood has been exacerbated by daily warnings in the media that the conflict in Lebanon could flare up again – 73 per cent of people in one poll on Friday agreed – and that Israel could eventually find itself at war with Syria or Iran.

It has been accompanied by a marked shift to the right, according to Friday's polls, with voters challenging the view that unilateral withdrawals from Arab territory – whether Lebanese or Palestinian – had enhanced the prospects of peace.

The government's claim that it fulfilled most of its war aims during the 34-day conflict with Hizbollah has failed to sway public opinion, which was shocked by the army's apparent lack of readiness.

Not all the part-time soldiers among the protesters are insisting that the government should go immediately. However, they are demanding a full-scale inquest into what they describe as an ill-managed conflict which they entered ill-trained, badly equipped and unprepared.

An ad hoc forum of reserve officers and commanders was formed this week to call for an inquiry and the resignation of Lieutenant-General Dan Halutz, chief of staff.

In a poll in Friday's mass-circulation Yedioth Aharonoth, 54 per cent of respondents said Gen Halutz should quit.

Mr Olmert fared even worse, with 63 per cent calling on the prime minister to resign, a figures that rose to 74 per cent in the event that a suitable candidate were found to replace him. The findings reflected the perception that there was no obvious candidate to fill his post, at least not from his ruling Kadima party.

The Yedioth poll and a separate survey in the daily Ma'ariv showed Kadima losing support to the rightwing Likud party, led by Benjamin Netanyahu, and to the ultranationalist Yisrael Beitenu, led by Avigdor Lieberman, the leading politician of the Russian immigrant community. Mr Lieberman has stoked fears among Israel's 1m Arab minority by proposing that Arab parliamentarians who allegedly supported Hizbollah should be put on trial.

Ma'ariv said on Friday that the Lebanon war had worsened the already problematic relations between Israel's Jews and Arabs. It published a poll indicating that, while only 18 per cent of Israeli Arabs supported Hassan Nasrallah, a majority of Jews believed all or most of their Arab fellow citizens backed the Hizbollah leader.

In Postwar Israel, Olmert Loses Support (AP)

By Aron Heller, Associated Press Writer

AP, August 26, 2006

Prime Minister Ehud Olmert's popularity has plunged sharply after Israel's war with Hezbollah and he would likely be crushed by the right-wing opposition if elections were held now, according to a poll published Friday.

The next vote is not scheduled until 2010. However, Olmert's government could be forced out earlier amid growing public anger over his performance during the war, which ended inconclusively after 120 Israeli soldiers and 39 civilians were killed. At least 854 people were killed in Lebanon.

Olmert has faced increasing pressure in recent days. including calls by army reservists and bereaved parents that he step down or at least submit to a sweeping investigation of his wartime performance.

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Olmert has agreed in principle to calls for a war inquiry, and he is expected to decide within days what kind should be conducted. The most sweeping inquiry would be a state commission, with powers to dismiss government and military officials.

In the meantime, angry protests have grown in number and scope. On Friday, several hundred protesters, including bereaved families, gathered at the graveside of former Prime Minister Golda Meir, who resigned in the wake of the 1973 Yom Kippur War.

Alifaz Bailoa, who lost his son, Nadav, in the war, called on Olmert to follow her example.

"I am hurt not only by your loss," he said, addressing his dead son, "but also by an entire nation that has lost its way and by its leaders who are not able to take responsibility and say 'we were wrong,' and for this they need to (resign).

"It hurts me that I taught you to love your country unconditionally and from today, for the first time in my life, I am asking myself: 'Is my way right?" he said. "I call at this time on the government of Israel: Take responsibility. Resign. You have done enough damage."

Opposition leader Benjamin Netanyahu, the head of the hard-line Likud Party who just five months ago was soundly defeated in elections, has now emerged as the most popular Israeli politician, according to the poll by the Dahaf Institute, published Friday in the Yediot Ahronot daily. The survey of 499 Israelis had an error margin of 4.5 percentage points.

If elections were held now, Netanyahu's right-wing Likud would emerge as the strongest party, with 20 seats in the 120-member parliament, the poll said. Olmert's centrist Kadima would drop sharply, from 29 to 17 seats, and Kadima's junior coalition partner, the moderate Labor Party, would only get 11 seats, down from 19.

Right-wing and religious parties would form the largest bloc in parliament, but not obtain a clear majority because of a large number of undecided voters, the poll said.

When given a choice between Netanyahu and Olmert as prime minister, 45 percent chose Netanyahu and 24 percent supported Olmert. Netanyahu's renewed popularity comes after a year on the political fringe, following his opposition to Israel's unilateral pullout from the Gaza Strip last summer.

Meanwhile, the three who led the war — Olmert, Defense Minister Amir Peretz of Labor and army chief Lt. Gen. Dan Halutz — were given failing grades. Seventy-four percent rated Olmert's war performance as "not good" and 79 percent said the same of Peretz. Sixty-three percent said the army chief didn't do well.

Of those polled, 63 percent called on Olmert to resign, while 74 percent said the same of Peretz and 54 percent wanted Halutz to quit.

Political analyst Hanan Kristal said Olmert had lost his credibility with the Israeli public and was lucky the elections were so far off. If he could survive the potential inquiry, he would likely be able to hold on to his job, he said.

But "if there will be no investigation committee, the demonstrations will continue," he said.

'Hizbollah Fund' Charge Enrages Argentine Jews (FT)

By Jude Webber

Financial Times, August 26, 2006

Allegations that Argentina's Arab community is sending money to Hizbollah have incensed Jewish groups, in a country where memories are still raw of two deadly bomb attacks on Jewish targets in the 1990s blamed on the Lebanese militia.

"There is a bank account, opened by the Lebanese embassy, and anyone who can is collaborating, with both cash and humanitarian aid," Yaoudat Brahim, president of the Federation of Argentine Arabic Groups in Buenos Aires, told the Financial Times.

"We want the reconstruction of Lebanon to be as swift as possible – it was wiped off the map," he said of the 33-day war between Israel and Hizbollah, in which some 1,300 people died.

Argentina's La Nacion newspaper last week quoted Muafak Jammal, whom it described as a Hizbollah leader, as saying: "Money is arriving from Argentina for Hizbollah . . . Money is coming not just from Argentina's Muslim community but also from Christians who are Lebanese and are committed to the reconstruction effort."

The US-based Jewish human rights group, the Simon Wiesenthal Center, has urged clarification from the Argentine government about the destination of any cash raised. It said Buenos Aires was bound by international conventions to prevent funding of terror groups.

Such activity would be an affront to the memory of the victims of the 1992 attack on the Israeli embassy and the 1994 attack on the AMIA Jewish centre, which killed 107 people and were blamed on Hizbollah, he added.

Hicham Hamdan, Lebanon's ambassador to Argentina, denied that any of the money would go to Hizbollah. "The money will go to the central bank and the Lebanese government," he said. He declined to comment on how much had been raised so far, but said it was a "very humble" amount and no transfer had yet been made.

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Luis Grynwald, president of the AMIA Jewish centre, said he would not be surprised if cash raised in Argentina were helping fund the group. He pointed to increased US-supported security and intelligence efforts in the leaky tri-border area between Argentina, Brazil and Paraguay as evidence of Washington's suspicions that funds from the region's notorious money-laundering and counterfeiting operations were being funnelled to radical Islamic groups.

Security analysts also believe the area is a Latin American hideout for terror cells.

Abbas' Party OKs Hamas Unity Government (AP)

By Shafika Mattar, Associated Press Writer

AP, August 26, 2006

Top leaders of Palestinian President Mahmoud Abbas' Fatah party gave their leader the go-ahead Friday to begin forming a unity government with the militant Hamas in an effort to end internal feuding and international isolation, a party member said.

The Fatah Central Committee gave Abbas "all the powers to begin consultations with all the national factions in order to form a national unity government," Fatah member Hani al-Hassan said.

Al-Hassan said the problems within the Palestinian community were not due to differences between Fatah and Hamas.

"The problem is the Israeli occupation," he said.

"We want a national unity government, which is important to mobilize efforts," he added. "The important thing is that the brothers in Hamas realize we want a national unity government which would be accepted by the international community as well. We want a government which could lift the political and economic blockade, and we want the world to stand by us."

Nabil Shaath, an aide to Abbas, said the committee also criticized the "Israeli aggression which imposed an immoral and illegtimate blockade" on the Palestinians and blamed the United States for "part of it."

The central committee's meetings, which began Wednesday, were the first gathering of its kind since the party's stunning defeat by Hamas in parliamentary elections held in January. Hamas, which heads the Palestinian government, has since been marginalized by the international community and has come under a crippling economic boycott for refusing to recognize Israel.

Abbas hopes a coalition will force Hamas to moderate its anti-Israel stance and help open the way for the renewal of broader peace talks.

"The problem is not between Fatah and Hamas as it is portrayed by some, it is how to save the Palestinian national project and face the current crisis," al-Hassan said.

Fatah's meetings were held in Amman because some of its 17 members are barred from entering the West Bank.

Palestinian Leaders Tell Of Efforts To Free Captive Journalists (NYT)

By Steven Erlanger

The New York Times, August 26, 2006

JERUSALEM, Aug. 25 — The Hamas-run Palestinian Authority said Friday that some progress was being made to secure the release of two kidnapped Western journalists a day before a deadline of midday Saturday.

Siad Siam, the Palestinian interior minister, said that "contacts are under way with Palestinian groups who are trying to secure the release of the two journalists." He said only that "things are at an early stage, but they are encouraging."

It was not clear that anyone was in communication with the mysterious new group, the Holy Jihad Brigades. In a statement released Wednesday with a video of the two captives, the group demanded that the United States release all its Muslim prisoners by midday Saturday, but it made no specific threats.

It is the first time that kidnappers in Gaza have made demands that were outside the scope of the Israeli-Palestinian conflict, raising fears of a Qaeda-like group emerging in the chaos of Gaza.

Steve Centanni, 60, an American correspondent for Fox News, and Olaf Wiig, 36, a New Zealand freelance cameraman, were kidnapped in Gaza City on Aug. 14 when their car was blocked by gunmen.

The kidnapping has been a severe embarrassment to the Hamas government of Prime Minister Ismail Haniya and to President Mahmoud Abbas, of Fatah. Both have called for the speedy release of the journalists and say that they have no knowledge of the kidnappers.

On June 25, Palestinian militants, including the military wing of Hamas, captured an Israeli soldier, Cpl. Gilad Shalit, in a cross-border raid. Mr. Abbas has called for the corporal's release; Mr. Haniya has not. But the two are in talks about a unity government that would go part way to meeting international demands that Hamas recognize the right of Israel to exist, forswear violence and respect previous Israeli-Palestinian agreements.

Some in Gaza think that the kidnapping of the journalists was an effort by angry Palestinian militants to weaken both Mr. Haniya and Mr. Abbas and to short-circuit any accommodation between Fatah and Hamas.

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In Israel, politicians were ending a difficult week, with a poll published Friday in Israel's largest newspaper, Yediot Aharonot, suggested that a majority of Israelis felt that Prime Minister Ehud Olmert and his government had failed in managing the war in Lebanon.

The poll, by the Dahaf Institute, an independent polling concern, said that 63 percent of Israelis polled said they wanted Mr. Olmert to quit; 74 percent thought Amir Peretz, the Labor Party leader, should resign as defense minister; and 54 percent wanted the chief of staff of the military, Lt. Gen. Dan Halutz, to step down.

The poll was based on 499 responses and has a margin of sampling error of plus or minus five percentage points.

Also on Friday, several hundred reservists and some parents of soldiers who died in Lebanon went to the tomb of Golda Meir, who resigned as prime minister after the Arab-Israeli war of 1973, and called for Mr. Olmert, Mr. Peretz and General Halutz to do the same.

The polls were released during a week of embarrassments for politicians, with two days of police interrogation of the country's largely ceremonial president, Moshe Katsav, on accusations that he forced an employee to have a sexual relationship, and the resignation of the justice minister, Haim Ramon, to fight charges of sexual harassment from a female soldier, 18, who claims that he kissed her against her will.

The Katsav case became even nastier this week when a journalist-turned-Labor Party member of parliament, Shelly Yacimovich, said that she had interviewed the woman in question and found her accusations credible. Mr. Katsav, in an interview on Israel Radio on Friday, denounced Ms. Yacimovich, saying she was acting as judge and jury while the case was still under investigation.

"She heard the version of one side and she — the high priestess, the supreme judge, the police commissioner, the state attorney — decided that it was enough to hear one side and rule," he said.

Mr. Katsav, who many expect will have to resign the presidency, said: "I don't know which is worse: when under a nondemocratic regime people are lynched and physically murdered, or a democratic regime, when a person's soul is murdered and he is publicly lynched without trial and investigation."

Pakistan's Awkward Balancing Act On Islamic Militant Groups (WP)

By Pamela Constable, Washington Post Foreign Service

The Washington Post, August 26, 2006

ISLAMABAD, Pakistan -- For the past five years, Pakistan has pursued a risky, two-sided policy toward Islamic militancy, positioning itself as a major ally in the Western-led war against global terrorism while reportedly allowing homegrown Muslim insurgent groups to meddle in neighboring India and Afghanistan.

Now, two high-profile cases of terrorism -- a day of gruesome, sophisticated train bombings in India in mid-July and a foiled plot this month to blow up planes leaving Britain for the United States -- have cast a new spotlight on Pakistan's ambiguous, often starkly contradictory roles as both a source and suppressor of Islamic violence, according to Pakistani and foreign experts.

Moreover, increasing evidence of links between international attacks and groups long tolerated or nurtured in Pakistan, including the Taliban and Kashmiri separatists, are making it difficult for the military-led government here to reconcile its policy of courting religious groups at home while touting its anti-terrorist credentials abroad.

"The conundrum for the military still persists," said Talat Masood, a retired Pakistani army general. "The question always is, should we totally ban these organizations or keep them for later use?" Although the government has "selectively" prosecuted extremist groups, he said, "at the conceptual level, it has deliberately followed an ambiguous policy."

The basic problem for Pakistan's president, Gen. Pervez Musharraf, is that he is trying to please two irreconcilable groups. Abroad, the leader of this impoverished Muslim country is frantically competing with arch-rival India, a predominantly Hindu country, for American political approval and economic ties. To that end, he has worked hard to prove himself as a staunch anti-terrorism ally.

But at home, where he hopes to win election in 2007 after eight years as a self-appointed military ruler, Musharraf needs to appease Pakistan's Islamic parties to counter strong opposition from its secular ones. He also needs to keep alive the Kashmiri and Taliban insurgencies on Pakistan's borders to counter fears within military ranks that India, which has developed close ties with the Kabul government, is pressuring its smaller rival on two flanks.

"It is clear that our current policy of stout denial fools nobody," columnist Irfan Husain wrote in the Dawn newspaper last Saturday. By allowing Islamic militant groups to flourish while seeking praise for helping to break up the plot in Britain, he said, Pakistani officials are "determined to see only one side of the coin," but "the rest of the world is bent on examining the other side very closely indeed."

Until recently, Musharraf had handled this balancing act with some success, Pakistani and foreign experts said. He formally banned several radical Islamic groups while quietly allowing them to survive. He sent thousands of troops to the Afghan border

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while Taliban insurgents continued to slip back and forth. Meanwhile, his security forces arrested more than 700 terrorism suspects, earning Western gratitude instead of pressure to get tougher on homegrown violence.

But this summer, a drumbeat of terrorist violence and plotting in India, Britain and Afghanistan have begun to blur the distinction between regional and international Islamic violence. Pakistan, which has a large intelligence apparatus, is now in the awkward position of denying any knowledge of local militants' links to bombings in India and Afghanistan, while claiming credit for exposing their alleged roles in the London airliner plot.

"It is ironic that our very success in thwarting plots and arresting a large number of terrorists reinforces the perception that this country is a bastion of terrorism," said Shafqat Mahmood, a former Pakistani legislator, suggesting that Islamic militancy has been permitted to flourish in Pakistan at the country's peril. "Our triumphs in the war against terror have become advertisements of our failure," he said.

In an interview last week, Riaz Mohammed Khan, Pakistan's foreign secretary, expressed indignation that India had swiftly blamed Pakistani-based groups for the train bombings, saying Pakistan had "no evidence whatsoever" of any such links and that India had ignored its repeated offers to collaborate in any investigation of the attacks, which killed more than 180people.

Khan said his government "opposes all terrorism" and had worked diligently to expose the role of Pakistanis in the London plot. Pakistan has arrested a British national of Pakistani origin, Rashid Rauf, whom sources described as a member of a banned sectarian group, Jaish-i-Muhammed. Pakistan also placed under house arrest the former head of Lashkar-i-Taiba, another militant group blamed by India in the bombings.

But Khan said the government needed to address the "root causes" of Islamic militancy, such as poverty and lack of education, and could not simply arrest all members of suspect religious groups. He also said that the chronic suppression of Palestinians and other Muslims abroad had created armed struggles that should not be "wholly discredited."

Despite the arrests, Indian officials suggested that Musharraf, after sincere efforts to curb militant groups, was now giving them freer rein in order to secure their electoral support. They said that both the Taliban and some pro-Kashmir militants had now gone beyond their original aims and forged ties to al-Qaeda.

"Whether this is a loss of control by Musharraf or a deliberate shift in strategy, for us the results are the same," said a senior Indian official, who spoke on condition of anonymity, in a recent interview in New Delhi. He said India wants to resume stalled peace talks over the disputed territory of Kashmir, but that the recent spread of violence to "the Indian heartland" had provoked enormous public anger. "No government can be immune to public opinion," he said.

In Afghanistan, officials have repeatedly accused Pakistan of harboring and aiding the revived Taliban insurgency, which has launched a wave of violent attacks and suicide bombings across the southern part of the country this spring and summer. Pakistan has denied the charges and periodically arrested some Taliban figures, but there are widespread reports of insurgents operating freely on both sides of the border.

In India, Pakistan is eager to resolve the Kashmir issue, but its relations with New Delhi have been hostile for years and remained captive to the persistent violence in the territory. India has repeatedly accused Pakistan of sending armed insurgents across the border, but Pakistan has insisted it provides only political support to the separatists.

Islamabad's fragile new alliance with the West has developed only since 2001, when Musharraf renounced the Taliban and embraced the anti-terrorist cause. The U.S.-Pakistan relationship has been strained both by Musharraf's foot-dragging on democratic reforms and by India's high-profile rapprochement with Washington, including a controversial new nuclear energy agreement.

Analysts said the Musharraf government may now be playing up its role in foiling the London plot in order to reinforce its importance as a strategic Western ally.

Some observers suggested that in different ways, both Pakistan and India are using the terrorist threat to bolster their competing relations with the West. Just as Pakistan, the regional underdog, may be exaggerating its role as a terror-fighter, they noted, India, the aspirant to global influence, may be exaggerating its role as a victim of terror.

Others suggest that U.S. policy in the Middle East is making it difficult for Muslim countries such as Pakistan to remain peaceful and in control of large, impoverished populations who increasingly turn to religion and identify with the struggles of Muslims in other countries.

But critics said Pakistan's problems with Islamic violence cannot be resolved as long as the military remains in power. In an unusual move last month, a diverse group of senior former civilian and military officials wrote an open letter to Musharraf, warning that the country is becoming dangerously polarized and that a uniformed presidency only exacerbates the problem by politicizing the armed forces. The only solution, the group wrote, is a transition to a "complete and authentic democracy."

EU Hopes For Further Iran Dialogue (FT)

By Daniel Dombey And Delphine Strauss

DOJ_NMG_0054734

Financial Times, August 26, 2006

Europe's leaders on Friday sought to tone down the looming confrontation over Iran's nuclear programme after Russia made clear it did not favour sanctions against Tehran. Politicians and diplomats from several EU countries held out the prospect of further talks with Iran, despite their disappointment with Tehran's response to an international offer to freeze the most sensitive part of its programme.

On Friday, both Javier Solana, EU foreign policy chief, and diplomats from leading EU countries evoked the possibility of further talks, while Jacques Chirac, the French president, carefully described the Iranian response as "ambiguous".

"We would like to have some talks with the leadership of Iran before we can come out with the complete response to that document," Mr Solana told Spanish radio. "I hope to do that before the end of the month." He also raised the possibility of technical talks.

"We don't want a confrontation with Iran so, if there is the possibility of negotiations, we don't exclude that," added a French diplomat.

This is despite the fact that Iran's response this week failed to give the commitment most sought by the Europeans – that it would suspend uranium enrichment, a process that can generate both nuclear fuel and weapons grade material. In return the international offer had promised improved economic and diplomatic ties, including the lifting of some US sanctions.

While Iran insists its intentions are peaceful, the US and the EU fear it is moving closer to developing nuclear weapons.

Tehran also brushed aside a United Nations Security Council resolution which both called on it to halt enrichment by August 31 and threatened sanctions as an alternative.

European diplomats acknowledge they are constrained by Russia's continuing resistance to sanctions, since Moscow wields a Security Council veto.

On Friday, Sergei Ivanov, Russia's defence minister, said the situation "was not so serious at the moment for the UN Security Council...to consider any introduction of sanctions".

EU officials are also fearful of dismissing Iran's response out of hand, particularly because of Tehran's indications that it could eventually suspend enrichment as a result of negotiations. Some regime insiders have also intimated that they could eventually limit such activities to laboratory work rather than carrying it out on an industrial scale.

"We need to be cautious about this because there is no point just throwing it out of court," said a European diplomat.

The next step in the process is set to come when the International Atomic Energy Agency, the UN's nuclear watchdog, reports this Thursday on Iran's likely failure to comply with the UN deadline. After that, the issue will be discussed again at the Security Council.

EU To Query Iran On Lukewarm Response (AP)

By Robert Wielaard, Associated Press Writer

AP, August 26, 2006

The European Union said Friday it will prod Iran to clarify questions about its lukewarm response to a package of economic incentives designed to get the country to suspend uranium enrichment.

Tehran's response, contained in a 20-page document presented Tuesday, was judged insufficient by the United States and some of the five other major nations that drew up the package.

French President Jacques Chirac on Friday termed Iran's answer a "little ambiguous, notably on whether it would eventually suspend sensitive activities."

Iran didn't even mention the demand of the U.N. Security Council that it stop uranium enrichment by Aug. 31, moving it closer to possible economic and diplomatic sanctions.

Although there was no comment from Iran's government Friday, hardline cleric Ahmad Khatami said Iran was open to negotiations but would not bow to threats.

"The spirit of Iran's response is 'yes' to logical dialogue without precondition. No one can talk to Iran with the language of threats," Khatami said during his Friday sermon broadcast on Iran's state radio.

He urged Russia and China, which also joined in the incentives offer, not to "fall in the trap of the U.S."

Russian Vice Premier Sergei Ivanov said Friday that his government continued to pursue a political resolution of the dispute, saying that "talk about sanctions is premature."

Iran insists its nuclear program has the peaceful goal of generating electricity. But the United States and many of its European allies suspect Iran wants enriched uranium for use in nuclear bombs.

Javier Solana, the EU's foreign affairs chief, told reporters he would seek talks with the Iranian leaders to discuss their response. "We have to work to understand it properly," he said.

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Solana said he had held two telephone conversations since Tuesday with Ali Larijani, Iran's chief nuclear negotiator, but needed more talks "before we can come out with a complete response" to Iran's views.

Earlier, German Foreign Minister Frank-Walter Steinmeier said Iran wants guarantees that it won't face U.N. sanctions before it agrees to restart negotiations over its nuclear program and the offer of economic incentives. He called that condition unacceptable.

"I have always said that we must begin negotiations without preconditions. ... That is why Iran must understand we cannot come to the negotiating table when every day new centrifuges are being constructed," Steinmeier told reporters.

After talks in Paris with Chirac, German Chancellor Angela Merkel complained that Iran's message had no reference to the demand for a suspension of uranium enrichment. "But the door is open," she said. "We want Iran to clearly recognize the offer it was presented."

Germany and the five permanent members of the U.N. Security Council — the United States, China, Britain, France and Russia — drafted the incentives package in hopes of persuading Iran to return to negotiations on increasing international oversight of its nuclear program.

Steinmeier welcomed U.N. Secretary-General Kofi Annan's plan to visit Iran in the coming days and said he hoped Annan would make it clear the international community expected Iran to come back to negotiations without conditions.

"I hope that the U.N. secretary-general can make that once again clear in Tehran," Steinmeier said.

In Tehran, Iranian lawmaker Hamid Reza Hajbabaei urged the West not miss an opportunity for talks, saying the imposition of sanctions would bolster Islamic hardliners and cause greater tension in the Middle East.

"America's adventurist policy in seeking sanctions against Iran simply is harmful to all. In Iran, it will even strengthen the voice of extremists who want Iran's withdrawal from the Nuclear Nonproliferation Treaty and weaken the voice of moderates," he said.

Associated Press writer Ali Akbar Dareini in Tehran, Iran, contributed to this report.

Russia Says It Opposes U.N. Sanctions On Iran (NYT)

By Steven Lee Myers

The New York Times, August 26, 2006

MOSCOW, Aug. 25 — Russia's defense minister said Friday that it was premature to consider punitive actions against Iran despite its refusal so far to suspend its efforts to enrich uranium as the United Nations Security Council has demanded.

Although Russia agreed to the Security Council's resolution on July 31, Defense Minister Sergei B. Ivanov's remarks made it clear that Russia would not support taking the next step that the United States and Britain have called for: imposing sanctions against Iran or its leaders over its nuclear programs. The Council set Aug. 31 as the deadline for Iran to respond to its demand.

Russia has repeatedly expressed opposition to punitive steps, even as President Vladimir V. Putin and others have called on Iran to cooperate with international inspectors and suspend its enrichment activity.

But on Friday Mr. Ivanov went further, saying the issue was not "so urgent" that the Security Council should consider sanctions and expressing doubt that they would work in any case.

"I know of no cases in international practice or the whole of previous experience when sanctions achieved their goals or were efficient," Mr. Ivanov, a close ally of Mr. Putin who also serves as deputy prime minister, said in televised remarks in the Far East.

Russia's opposition left in doubt the Bush administration's delicate diplomacy to increase pressure on Iran over its nuclear energy programs, which American officials fear disguise an effort to build nuclear weapons.

Echoing a statement by the Foreign Ministry after Iran responded in writing this week to an offer of incentives from Britain, China, France, Germany, Russia and the United States, Mr. Ivanov said that Russia would continue "to advocate a political and diplomatic solution to the problem."

But neither he nor other officials have said what Russia will do if Iran refuses to meet the Security Council's demands to suspend its nuclear programs by the deadline.

On Wednesday a spokesman for the Foreign Ministry, Mikhail L. Kamynin, said that it was important to "grasp nuances" in Iran's lengthy written response and that Russia would continue to use its influence with the Iranians.

Russia has significant economic ties with Iran and is building a nuclear reactor at Bushehr, an Iranian city on the Persian Gulf. Underscoring Russia's cooperation in the field, an Iranian delegation has been visiting this week to discuss further joint projects, which officials from both countries have emphasized are purely civilian in nature.

But Russia's opposition to sanctions appears to extend beyond purely commercial interests. Officials have indicated that they fear that sanctions would lead to a new American-led military conflict in the region, as happened in Iraq.

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Voicing a similar fear, the French foreign minister, Philippe Douste-Blazy, said in Paris that Iran's response was "not satisfactory" but warned that it would be worse "to lend fire to a confrontation between Iran on one side — the Muslim world with Iran — and the West."

U.S. May Curb Iran (LAT)

By Maggie Farley, Times Staff Writer

The Los Angeles Times, August 26, 2006

If the U.N. Security Council won't penalize Tehran for its nuclear program, the White House may forge an alliance to do so.

UNITED NATIONS — With increasing signs that several fellow Security Council members may stall a United States push to penalize Iran for its nuclear enrichment program, Bush administration officials have indicated that they are prepared to form an independent coalition to freeze Iranian assets and restrict trade.

The strategy, analysts say, reflects not only long-standing U.S. frustration with the Security Council's inaction on Iran, but also the current weakness of Washington's position because of its controversial role in a series of conflicts in the Middle East, most recently in Lebanon.

Despite assurances from Russia and China in July that they would support initial sanctions against Iran if it failed to suspend aspects of its nuclear program, Russia seemed to backtrack this week after Tehran agreed to continue talks, but refused to halt enrichment. A Security Council resolution gives the Islamic Republic until Aug. 31 to stop uranium enrichment, which could provide fuel to produce electricity or possibly atomic weapons, or face penalties.

Russian Defense Minister Sergei B. Ivanov said Friday that as long as Iran was willing to negotiate, it was "premature" to punish the country and perhaps permanently isolate it.

"I do not know cases in international practice or the whole of the previous experience when sanctions reached their goals or were efficient," Ivanov said.

"Apart from this, I do not think that the issue is so urgent that the U.N. Security Council or the group of six countries" — the U.S., China, Russia, Britain, France and Germany — "should consider the introduction of sanctions. In any case Russia continues to advocate a political and diplomatic solution to the problem."

French Foreign Minister Philippe Douste-Blazy said Iran's response was "not satisfactory" but France wanted to avoid a new conflict that could lead to "a clash of civilizations."

"But the worst thing would be to escalate into a confrontation with Iran on the one hand — and the Muslim world with Iran — and the West," he said on French radio. "That would be the clash of civilizations that France today is practically alone in trying to avoid."

U.S. Ambassador John R. Bolton said in an interview late this week that the United States planned to introduce a resolution imposing penalties such as a travel ban and asset freeze for key Iranian leaders soon after the Aug. 31 deadline, and seemed optimistic that China and Russia would agree to it once they saw the text. "Everybody's been on board," he said.

But in case Russia and China do not accept it, the U.S. is working a parallel diplomatic track outside the U.N., Bolton said.

Under U.S. terrorism laws, Washington could ramp up its own sanctions, including financial constraints on Tehran and interception of missile and nuclear materials en route to Iran, Bolton said, and the U.S. is encouraging other countries to follow suit. "You don't need Security Council authority to impose sanctions, just as we have," he said.

The U.S. has had broad restrictions on almost all trade with Iran since 1987. Exceptions include the import of dried fruits and nuts, caviar and carpets. In addition, U.S. companies can obtain licenses to do limited trade in agriculture and medicine. The United States also initiated the Proliferation Security Initiative, involving a coalition of countries that have agreed to intercept shipments of materials to Iran that could be used for weapons of mass destruction.

"We will continue to enhance PSI to cut off flows of materials and technology that are useful to Iran's ballistic missile program and nuclear programs," Bolton said. "We will be constraining financial transactions under existing terrorism laws."

He said Washington was focusing on European and Japanese banks to restrict business with Iran, because most of Tehran's transactions are done in U.S. dollars, euros, British pounds and yen. "There aren't a lot of opportunities to sell in other currencies," he said.

Bolton and U.S. Treasury officials refused to provide details on which countries might be interested, citing the "sensitivity" of the talks.

But Treasury spokeswoman Molly Millerwise said they had already seen results, including Union Bank of Switzerland cutting off relationships with Iran.

"We're seeing more financial institutions around the world looking at the actions and messages emanating out of Iran — from their nuclear ambitions to state sponsorship of Hezbollah — and asking themselves, 'do we really want to be Iran's banker?' " she said in an e-mail.

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Though U.S. officials said pursuing parallel paths is "common sense" and highlights what they consider to be the inefficiency of the Security Council, some analysts said the move would underline Washington's inability to win over the council and the lack of options against a newly emboldened Iran.

"When you start doing things that would be better with the Security Council's endorsement, does it show weakness or strength?" said George Perkovich, the director of the nonproliferation program at the Carnegie Endowment for International Peace. "Iran could argue that 'the U.S. couldn't even get the Security Council backing, and so we are winning.' "

Perkovich said even traditional U.S. allies were fatigued by dealing with so many conflicts and didn't want to add Iran to a list that includes Afghanistan, Iraq and Lebanon.

"There is a general reluctance to follow the U.S. lead," he said. "Our negotiating power is diminished, which is regrettable."

Russia and China have specifically objected to the use of a U.N. charter measure known as Chapter 7 that would open the door to military action or sanctions. But Bolton said that a resolution on North Korea passed unanimously in July might create a new template for dealing with those concerns.

That resolution instituted a ban on supplying technology and goods related to North Korea's missile and nuclear programs, and got around China's and Russia's doubts about Chapter 7 with other legally binding language that would prevent an Iraq-style invasion.

"There are some aspects of the North Korea resolution that will be useful," Bolton said. "A lot of this is just going to have be played out."

Times staff writer David Holley in Moscow contributed to this report.

Iranian President To Inaugurate Reactor (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, August 26, 2006

Iran's president will inaugurate a heavy-water nuclear reactor Saturday, the deputy head of the Atomic Energy Organization of Iran announced on state-run television.

Mohammed Saeedi did not provide more details about the ceremony but called the facility, located in central Iran, "one of the biggest nuclear projects" in the country.

Iran has been building the heavy-water reactor for two years, and it is not scheduled for completion until 2009.

Tehran has said its disputed nuclear program is for peaceful purposes, but one of the byproducts of heavy-water reactors is plutonium, which can be used in building nuclear weapons.

S.Korea, China Aim To Block N.Korea Test (AP)

By Burt Herman, Associated Press Writer

AP, August 26, 2006

South Korea and China have agreed to cooperate to prevent a possible nuclear test by North Korea amid increasing reports citing suspicious activity in the communist nation, Seoul's presidential security adviser said Friday.

A nuclear test by the communist North would be "a grave situation of a different level from missile launches," Song Min-soon said after returning from a two-day trip to China, South Korea's Yonhap news agency reported.

"South Korea and China have agreed to continue cooperation not to let that situation occur," Song was quoted as saying. He did not elaborate on how the two countries would cooperate.

South Korea and China, along with Japan, Russia and the United States, have tried to convince the North to abandon its nuclear program at six-party negotiations that have been on hold since November.

The North stoked regional tensions on July 5 by test-firing seven missiles, drawing U.N. Security Council sanctions, and concerns are growing that it could be preparing for a nuclear test.

Japan's Kyodo News agency reported late Thursday that vehicles were seen in recent days at what is thought to be a nuclear testing site in northeastern North Korea.

Kyodo quoted an unidentified government official as saying it was unclear whether any nuclear tests by the North were imminent, but that Japan was closely monitoring the situation.

The Japanese government's top spokesman, Chief Cabinet Secretary Shinzo Abe, declined Friday to confirm the report, saying he could not comment on what Japan knows because of intelligence reasons, but urged North Korea to return to stalled six-nation talks on its nuclear disarmament.

"If North Korea does carry out its nuclear experiment, it will pose a grave threat to the peace and security of Japan, Northeast Asia, and the international community," Abe said in Tokyo. "It will be absolutely unacceptable."

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South Korean Foreign Minister Ban Ki-moon said Seoul was "closely monitoring North Korea's movements" in cooperation with the U.S. and other countries.

Ban warned other countries against backing North Korea into a corner while seeking to stop its nuclear weapons aspirations.

"We need to exhibit resolve in denouncing North Korea's bad behavior whilst having the wisdom not to corner North Korea into a dead end with no way out," Ban told foreign correspondents in Seoul.

Meanwhile, South Korea's defense minister said Friday that North Korea is believed to have one or two nuclear weapons.

The comments by Yoon Kwang-ung to a parliamentary meeting were seen as a change in South Korea's assessment of the North's nuclear forces, with Seoul previously saying only that the North had the "capability" to build one or two nuclear weapons.

North Korea has claimed it has nuclear weapons, but hasn't performed any known test to confirm it. Many experts believe the North has enough radioactive material to build at least a half a dozen nuclear weapons.

Talks on the North's nuclear program have been deadlocked since November, when negotiators failed to make headway in implementing a September agreement in which the North agreed to drop its nuclear program in exchange for aid and security guarantees.

North Korea has since refused to attend the six-nation talks until Washington stops blacklisting a bank where the communist regime held accounts, a restriction imposed over alleged counterfeiting and money laundering.

Travel Watch For Kim Jong Il (WSJ)

By Evan Ramstad

The Wall Street Journal, August 26, 2006

Is China calling North Korean leader Kim Jong Il onto the carpet?

The eccentric dictator with the bouffant hairdo is heading to Beijing in the coming week to meet with senior Chinese leaders, several news outlets in China and South Korea say. If past behavior is a guide, he will take the scenic route -- a trip of at least 10 hours by train, as he prefers.

There has been no confirmation from the Chinese government about Mr. Kim's trip. North Korea keeps Mr. Kim's whereabouts, like most other information about the reclusive Pyongyang regime, a strict secret. Mr. Kim upset his neighbors and the U.S. in early July by test-firing seven missiles -- including a long-range one thought to be capable of crossing the Pacific, which fizzled out shortly after blastoff. More recently, some in the U.S. military have suggested that North Korea may be preparing a bomb test in a remote region of the country.

That was reason enough for concern, given North Korea's declaration a year ago that it already had developed nuclear weapons, a boast some observers thought was a bluff. Friday, South Korean Defense Minister Yoon Kwang Ung raised the anxiety level by telling lawmakers that Seoul, originally among the skeptics, believes North Korea has developed one or two nuclear bombs. "If North Korea goes ahead [with a bomb test], it is far more serious than the missile tests," Ban Ki Moon, South Korea's foreign minister, told reporters in Seoul.

A useful chat between Mr. Kim and his Chinese backers would be welcome in Washington. President Bush, in a phone call to Chinese President Hu Jintao earlier this past week, urged him to push harder to get North Korea back to six-nation negotiations over the weapons issue. The other parties to those talks are Japan, South Korea and Russia.

China is in the strongest position to influence North Korea, since it is by far its biggest economic partner. China fought alongside North Korea in the Korean War that ended 53 years ago and, in the decades since, supported the governments led by Mr. Kim's father and then Mr. Kim.

Recently, though, China has surprised on the upside when it comes to reining in its ally. In a striking rebuke, the country voted with other members of the United Nations Security Council last month to sanction North Korea following the missile test. China's top diplomats, in a meeting earlier this past week, even discussed whether to continue relations with Mr. Kim, according to a Japanese news account. But that is a long shot: China fears any sudden moves will lead to the collapse of Mr. Kim's state, and millions of North Korean refugees streaming across the border.

In January, Mr. Kim traveled by train to southern China, the heart of the country's manufacturing renaissance, and later told Chinese officials he was impressed by the steps they had taken to open the country to the world. That statement raised hopes in China and northeast Asia that Mr. Kim might take steps to open up North Korea's economy and halt the weapons program.

To date, unfortunately, he has done just the opposite.

Lt. Gen. Henry Obering III Star Warrior (WSJ)

By Melanie Kirkpatrick

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The Wall Street Journal, August 26, 2006

ARLINGTON, Va. -- In his 1983 "Star Wars" speech, Ronald Reagan famously asked, "What if free people could live secure in the knowledge . . . that we could intercept and destroy strategic ballistic missiles before they reached our own soil?"

Fast forward to this summer. On July 4 North Korea test-fired a long-range ballistic missile believed capable of reaching the continental U.S. The launch was a flop -- the Taepodong 2 fizzled before it got off the ground -- but to echo Reagan's question, what if? What would have happened if Pyongyang's missile had been heading toward Los Angeles? Could we have shot it down? "I'm confident that we could have," states Lt. Gen. Henry "Trey" Obering III, director of the Missile Defense Agency. "If that missile had proceeded to threaten Hawaii or the continental United States, then we would have had the ability to shoot it down. I'm confident the system would have worked." * * *

Two years ago an American general, asked a similar question, would have had a one-word answer: "No." Until 2004, when the ground-based missile-defense system went partially online in Alaska -- with the aim of intercepting an intercontinental missile coming from North Korea or the Middle East -- the U.S. was wholly undefended against attack by ICBMs. This ground-based system, as it is called, is still only intermittent, and works only against long-range missiles. Moreover, the U.S. has no defenses deployed against what many consider to be a more immediate threat -- a short- or medium-range missile, say a Scud, launched from a vessel off the coast of the U.S.

So it's perhaps no surprise that when Gen. Obering and I sit down in his L-shaped office at the Pentagon's immense Navy Annex -- an office whose window has a bird's-eye view of the newly rebuilt portion of the Pentagon destroyed on 9/11 -- he gives the impression of being a man in a hurry. He discusses the emerging threat -- "there are thousands of missiles" out there and "they've become more accurate . . . more militarily effective." He talks about the current capabilities of the U.S. antimissile program -- they're "limited." He lists future requirements -- "sea-based" and "space-based."

And, inevitably, he brings up budgets -- perhaps recalling the fight in Congress this spring over funding for his agency's programs: "If you look at all of the money that's been spent on missile defense since Ronald Reagan started the program in 1983 -- adding in the 2006 budget -- it's approaching about $100 billion, $90-something billion dollars. If you look at the damage costs from 9/11 alone just in New York City, based on a GAO report of 2002, it was $83 billion. That means if we can prevent just one attack against one major U.S. city, we almost would have paid for the entire program for the last 24 years."

But first, the here-and-now. That word "limited" (to describe our antimissile program) is a little disconcerting, especially as North Korea is threatening to test more missiles and Iran, which reportedly had a representative on site in North Korea on July 4, is rushing ahead with its own missile program. Just how "limited" is the current defense?

In keeping with the Missile Defense Agency's unorthodox practice of fielding new systems concurrently with testing -- the classic approach is to test, then field -- the unfinished ground-based system is already in use. "We've actually taken the system from what we call a developmental and test status to operational status many times over the past two or three years," Gen. Obering says. "I can't talk about any one particular day, whether we're on or off or whatever, but suffice it to say that for the foreseeable future we will continue to cycle back and forth between the operational state and the developmental state."

The interceptor missiles are housed in silos at Fort Greely, Alaska and at Vandenberg Air Force Base in California. By the end of the year the aim is to have 13 interceptors in Alaska and two in California. This provides minimal coverage for the U.S. and none for Europe -- "We can't defend Europe from California or Alaska." Protecting U.S. allies is one reason the U.S. is negotiating to locate 10 interceptors in Europe -- probably in Poland or the Czech Republic -- but the other is "redundancy," one of the general's favorite words. The U.S. wants the ability to take more than one shot at an incoming ICBM. If ground is broken next year, as planned, a European site could be up and running by 2011.

What about defenses against short- or medium-range missiles? "We can defend against that sort of threat with some of the programs we have today," Gen. Obering says. He mentions the ship-based Aegis system, which Japan is buying for protection against North Korean missiles, and the Patriot PAC-3 antimissile system, which was used in the Iraq war. "So we have the assets, but" -- here comes the catch -- "we don't have enough of them yet and we don't have them deployed" to protect the homeland.

Gen. Obering mentions other systems that are in the works: the airborne laser, designed to shoot down missiles while they are still in the boost phase (that is, when that the warhead is more likely fall back to Earth on the enemy), and Thaad -- an acronym for Terminal High Altitude Area Defense, which had a successful test last month. Thaad's missile and its manufacturing production line were redesigned a few years ago with the help of Nascar, which brought its "modular mentality" to the job, the general says. "They can change a tire in less than a couple of seconds, they can fuel in less than a couple of seconds, they can replace body parts just like this." (These words are uttered with a bracing snap of the general's fingers.)

The overall objective of the missile-defense system is to provide a "layered" defense, another of Gen. Obering's favorite words. "Now what do I mean by that? When a missile goes through flight, it goes through basically those three phases. There's a boost phase -- a power phase -- then it coasts during the mid-course phase and then it comes into a terminal phase, which is

usually re-entry into the atmosphere for most of the missiles that we're talking about. What you want to do is build defenses in each one of those phases in an integrated, layered fashion.

"You also want to tie together as many of your sensors as you can. You want to tie together your space-based sensors with your ground-based radars [and] with your ship-based sensors and radars because it gives you a much better picture of what we call a birth-to-death tracking of the target. Well, the ABM Treaty would not allow us to do that. We could not mix what were considered to be regional, theater missile defense assets such as an Aegis ship or a Patriot system . . . with the ground-based mid-course system."

The general is referring to the 1972 Anti-Ballistic Missile Treaty under which the U.S. and the Soviet Union agreed not to defend their countries against missile attack. The U.S. withdrew from the treaty in June 2002. "Coming out of the treaty has allowed us to take full advantage of this integration between assets," Gen. Obering says. * * *

What's next? "In my mind, space-based interceptors [are] very attractive," he says. To those who say that would mean the "weaponization" of space, the general has a ready answer. "We already do intercepts in space, because that's where the missiles fly . . . What we're talking about is having space-based interceptors that would engage from space." Congress has authorized funding for some space experiments starting next year.

He also favors putting more sophisticated sensors in space. "If someone had told me 15 or 20 years ago that we'd be fighting in Afghanistan, I wouldn't have believed them. We don't know where we're going to be fighting in the next 20 years . . . and so instead of populating radars around the world to try to guess where those threats are going to be coming from, it makes a lot of sense to go to space . . . We have sensors in space but they are not sensors that you can accurately track from."

At the time of Reagan's missile-defense speech, Gen. Obering was an Air Force captain on loan to the space shuttle program at the Kennedy Space Shuttle. Does he remember the speech? "Oh, yes, very much so. It was very dramatic. . . . It was intriguing to me to [see] the vision that President Reagan had -- to say, you know, we don't have to live under this threat. We can actually do something about it."

Does he object to the term "Star Wars," the mocking nickname given by Sen. Ted Kennedy to what was then known as the Strategic Defense Initiative? A big smile crosses his face. "Personally, I don't. . . . When you look at what the 'Star Wars' movie was really about, I think it fits. . . . It was basically the force of good trying to address the force of evil."

Ms. Kirkpatrick is a deputy editor of the Journal's editorial page.

Kim's Cash Squeeze (WSJ)

The Wall Street Journal, August 26, 2006

It's getting tough to be a North Korean banker these days. First Washington shuts down your Macau accounts; then China, an old friend, follows suit. Now even Vietnam and Mongolia are cooperating. Who's next?

Since the U.S. Treasury designated Banco Delta Asia, a Macau bank long used by North Korea, as a "primary money-laundering concern" last September, banks world-wide have awakened to the dangers of being tarred by association with Kim Jong Il's regime. Hanoi and Ulan Bator don't even boast big financial centers, but we're told they've seen the sense in acting on U.S. information.

Treasury may have hit upon the most effective form of sanctions against Pyongyang, short of cutting off the food and energy supplied by China and South Korea. Kim needs ways to move his money around because keeping his generals paid is vital to his survival. Without cash, he also can't buy centrifuges and other parts for his nuclear program -- the only reason he carries any weight in international diplomacy. The U.S. squeeze has caused a furious reaction in the North, which has refused to return to the six-party talks on its nuclear-weapons programs until the U.S. ends the effort against its bank accounts.

Aware that the pinch has Pyongyang's attention, U.S. officials would like to expand the program. "The United States continues to encourage financial institutions to carefully assess the risk of holding any North Korea-related accounts," Stuart Levey, Treasury Undersecretary for Terrorism and Financial Intelligence, told us this week. "Given the regime's counterfeiting of U.S. currency, narcotics trafficking and use of accounts world-wide to conduct proliferation-related activities, the line between illicit and licit North Korean money is nearly invisible."

There's more to be done. Russia -- which Pyongyang turned to after the Chinese change of banking heart -- has so far proved less helpful than Mongolia or Vietnam in investigating North Korean bank accounts. Despite its encouraging steps, Beijing also remains a long way from closing all of its North Korean bank accounts. And there have been repeated press reports that Kim still has a multibillion-dollar slush fund stashed away in Switzerland or Austria. "We believe the North Korean leadership may be hiding significant amounts of money derived from suspect activities in banks around the world, including in Europe," Treasury's Mr. Levey says.

Would that everyone were as gung ho as Tokyo. In the wake of the Banco Delta Asia crackdown, Japan brought up North Korean money laundering in bilateral talks with Beijing. After the North's July missile tests, Tokyo also announced a pending ban

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on millions of dollars remitted by ethnic Koreans in Japan annually. Washington could also think even bigger, suggests David Asher, who headed the State Department's working group on North Korea until last year. "We've done enough to cause them pain but not enough to debilitate them," he tells us. "In order to be effective we have to attack them on a much broader front."

Mr. Asher suggests exhorting foreign governments to crack down on North Korea's long-standing abuse of diplomatic privileges. Its envoys in several countries have been caught smuggling everything from dollars to drugs. For now, however, Treasury's banking crackdown looks like a rare success in dealing with a regime that has all too often defied the world with impunity.

Japan Accuses 5 Of Exporting Equipment With Nuclear Uses (NYT)

By Martin Fackler

The New York Times, August 26, 2006

TOKYO, Aug. 25 — Five executives of a precision instruments maker were arrested Friday on suspicion of illegally exporting equipment to Malaysia that could be used in making nuclear weapons, the police said.

The president of the Mitutoyo Corporation, Kazusaku Tezuka, and four other executives were accused of exporting advanced measuring devices without government permission in late 2001 to an unspecified recipient in Malaysia, a police spokesman said. He spoke on condition of anonymity, which is customary here.

Japanese television broadcast pictures of police officers raiding Mitutoyo's headquarters in Kawasaki, Japan, and the homes of the arrested executives.

While the police provided few details, reports in the Japanese news media said the devices had been sold to Scomi Precision Engineering, a company that was later linked to Abdul Qadeer Khan, the Pakistani nuclear scientist who sold nuclear technology to Libya.

The reports, by Kyodo News and most major newspapers, said at least one of Mitutoyo's devices had been shipped to Libya via Dubai on an Iranian-flagged cargo ship. The reports said the police were also investigating whether additional measuring devices had been sent to Iran via an unidentified Iranian trading company based in Tokyo.

Iran faces possible United Nations sanctions if it fails to end its uranium enrichment by Aug. 31. It says the enrichment program is for peaceful purposes, but the United States and other nations fear it could be for nuclear weapons. Libya gave up its weapons program almost three years ago.

The police refused to confirm or deny the news reports, which appeared to be based on exclusive briefings that government officials here frequently give to large local media organizations. An employee at Mitutoyo's headquarters refused to comment beyond confirming the arrests.

The news reports said the police were also trying to determine whether Mitutoyo's devices were used by Scomi to make centrifuge parts that were sold to Libya to enrich uranium for its nuclear weapons program. In October 2003, containers full of centrifuge parts made by Scomi were intercepted en route to Libya, a discovery that led to the uncovering of Dr. Khan's role in Libya's attempts to build nuclear weapons.

The Malaysian police later cleared Scomi of wrongdoing. The company said it did not know the parts were bound for Libya, but instead believed they would be used in oil and gas production in Dubai.

The Tokyo police said Mitutoyo exported two of the devices, known as coordinate measuring machines, to Malaysia in separate shipments in October and November 2001. They said the machines had been sent by ship to Singapore, and then transported over land to Malaysia.

The sophisticated machines, normally used in the precision manufacture of parts for commercial products like autos, can also be used in making the centrifuges that enrich uranium for weapons. Because of this potential use, the devices cannot be exported without government permission, the police said. Mitutoyo is one of the world's largest makers of the most advanced types of coordinate measuring devices.

White House Summit On Malaria Scheduled (AP)

AP, August 26, 2006

President Bush will call on the private sector, foundations and volunteer groups to match the U.S. government's financial commitment to educate the public about malaria during a White House summit on the disease in December.

The White House announced Friday that Bush and first lady Laura Bush have invited international experts, non-governmental groups and religious and service organizations to discuss ways to control the preventable disease that kills one child in Africa every 30 seconds.

In June 2005, Bush announced a $1.2 billion, five-year initiative aimed at halving malaria-related deaths in as many as 15 countries in Africa.

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"In the overwhelming majority of cases, the victims are less than 5 years old — their lives ended by nothing more than a mosquito bite," Bush said at the time.

Malaria sickens up to half a billion people a year and kills more than 1 million, many of them young children.

Bush's malaria initiative aims to provide tens of millions of dollars to Tanzania, Uganda and Angola this year. At least four countries are to be added in 2007, followed by at least five more in 2008 for eventual total spending of $1.2 billion.

The goal is to eventually cover 175 million people in at least 15 countries most affected by the disease, Bush said.

Sudan Balks At Taking Peacekeepers (NYT)

By Lydia Polgreen

The New York Times, August 26, 2006

KHARTOUM, Sudan, Aug. 25 — On Sept. 12, 2001, President Omar al-Bashir of Sudan, whose government had once played host to Osama bin Laden, sent a message to President Bush and the American people.

He called the attack on the World Trade Center "a crime against humanity" and promised to join the fight against terrorism.

Nearly five years later, it is Mr. Bush's turn to send a message to Mr. Bashir, via the top American diplomat for Africa on Saturday — but they are unlikely to find Sudan to be such a receptive audience.

The Bush administration is pressing Mr. Bashir to accept a United Nations peacekeeping force to salvage the dying peace agreement in Darfur that the United States worked so hard to get. The message will be blunt, Jendayi E. Frazer, assistant secretary of state for African affairs, said in Washington on Friday before heading to Khartoum. Despite Sudanese objections to the peacekeeping force, she said, she expected that a Security Council resolution authorizing it would pass and that the troops would be at least partly in place by Oct. 1.

But Ms. Frazer will arrive in a very different Khartoum than the cowed one that sent the message in 2001. Back then, Sudan's economy had been battered by sanctions after a decade as a pariah state. Given its jihadist past and suspected ties to terrorism, the threat of military action by the United States still hung heavily, jeopardizing a fledgling oil boom. The very survival of the government, ruled by a tiny elite since it overthrew an elected government in 1989, was at stake.

Today, the Sudanese capital is defiant and transformed, a boom town built on oil money and investments from the Persian Gulf, China and Malaysia, buoyed by a changing geopolitical landscape in which it seems convinced it has little to fear from thumbing its nose at the world's only superpower. "They seem to be playing on Washington's weakness and their relative strength," said J. Stephen Morrison, director of the Africa program at the Center for Strategic and International Studies, whose writings helped shape the Bush administration's Sudan policy.

"The U.S. is completely pinned down with Iraq and Lebanon and related issues; there is a surge of investment capital coming into Khartoum," Mr. Morrison said. "It looks to me like they are calculating that time is on their side and they don't have to compromise. Immediately after 9/11 they came under a serious, credible threat from the U.S., but now I think the equation has changed to where the threats are not there and not credible."

Rising oil prices mean poor petro-states like Sudan are less dependent on Western-dominated institutions. The rapid growth of China's economy has created alternative markets. The majority of Sudan's crude goes to China, and the Sudanese are betting that those exports are strategic enough to warrant the threat of a Security Council veto of the peacekeeping force by China.

Arab solidarity, bolstered by the role of the United States in Iraq and its support for Israel's incursions in Lebanon, has helped cast Sudan's fight against the United Nations force as one of Arab and Muslim resistance to Western domination. In his increasingly bellicose speeches, Mr. Bashir has compared Sudan to Lebanon and the prospect of a United Nations force to Israel, vowing that Sudan would repulse any attempt by foreign forces to enter Darfur.

The Arab League has pledged to pay for a strengthened African Union peacekeeping force, Sudanese officials said. The current 7,000-member force is almost out of money.

Indeed, Sudan's plan for pacifying Darfur with its own troops working in tandem with the African Union, which was presented to the Security Council last week, was seen by many officials in New York and Washington as yet another negotiating ploy. But any illusions about the seriousness of Sudan's intentions fell away when it declined even to discuss the matter with the Security Council.

Sudan's foreign minister, Lam Akol, said in an interview here that the plan to use troops to pacify Darfur was already in motion. "With this plan, we are implementing the Darfur peace agreement," he said. "We do not need the permission or the input of the United Nations or anyone else."

The indifference to outside pressure suggests that the true audience for Khartoum's protests against the threat of Western dominance is internal. Right now, the government's biggest threat is within the president's own clique, said Eltayeb Hag Ateya,

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director of the Peace Research Institute at the University of Khartoum. "This has to do with a power struggle in Khartoum, not anything outside," Mr. Ateya said.

Power struggles abound, from the Islamists who think the government has taken the side of the infidels, to the Arab nationalists who think any accommodation with the West is a capitulation of Arab pride, to the internationalists who urge compromise to ensure greater wealth.

Given the proposal put forward by Sudan last week, which calls for 10,500 Sudanese troops to quell the rebellion in Darfur among those who did not sign a peace agreement in May ending the conflict, it seems that the hard-liners currently have Mr. Bashir's ear.

Islamic extremism and rabid Arab nationalism have never fit comfortably with most Sudanese. Here in Khartoum, many men's foreheads bear the telltale bruise of the prayerful, but almost every one of them will shake a woman's hand. On the banks of the Nile, courting couples sit together, chaste yet unsupervised romance blossoming.

Many people here in Khartoum, asked about the United Nations force, said it did not really matter to them. "We want more openness," said Mazin Aboud, a 27-year-old computer engineer. "We don't want Sudan to be isolated anymore."

But if the aftermath of Sept. 11 pushed Sudan to compromise with the United States, end a brutal civil war with the south and cooperate with Washington in fighting terrorism, the current era leaves the United States with few carrots or sticks to end the conflict in Darfur, which Mr. Bush has called genocide.

Mr. Morrison said that with little leverage left, the United States should focus on preventing the total collapse of the vast aid effort in Darfur, a lifeline to millions, and on stopping the blood bath that the impending onslaught by the Sudanese Army would surely cause.

"I don't mean to pretend there is any fix here," he said. "What is an option is to face up to a fact that we are in a slide right now and we need to push back and contain the slide to prevent a catastrophe."

Troops Burn Houses In Nigerian Oil Port (NYT/AP)

The New York Times, August 26, 2006

PORT HARCOURT, Nigeria, Aug. 25 — Rampaging troops burned hundreds of homes and shops after gunmen kidnapped at least two foreigners and killed a soldier who was guarding them in Nigeria's oil-rich southern delta region, witnesses said Friday.

The military said the foreigners were seized Thursday during a raid in an impoverished settlement in Port Harcourt, the main oil center.

The Italian Foreign Ministry reported that three men were missing in the area, including an Italian. All three were employees of Saipem, a subdivision of the Italian energy company Eni, the ministry said.

Residents said troops flew into a rage after the death of their comrade and injury of another, setting fire to hundreds of homes and stores in a poor neighborhood.

An Associated Press reporter saw at least three armed soldiers attacking civilians. The troops quickly drove away onlookers.

Nigeria's military, which has carried out reprisals against civilians in the past, denied responsibility.

Chávez Wraps Up Trip To China After Cementing Closer Relations (WSJ)

By Shai Oster

The Wall Street Journal, August 26, 2006

BEIJING -- Venezuelan President Hugo Chávez leaves China Saturday having signed several energy deals and having deepened his nation's relationship with China.

The six-day trip, Mr. Chávez's fourth here since taking office, underscored Venezuela's eagerness to move away from dependency on the U.S. and China's own growing willingness to wield its diplomatic clout.

During the trip, China and Venezuela signed a series of agreements to strengthen their energy ties, including having the Chinese jointly explore for oil in Venezuela; other deals covered telecommunications, agriculture and mining. Mr. Chávez said he wants to more than triple Venezuelan crude-oil exports to China by 2009 to 500,000 barrels a day from about 150,000 barrels a day now.

Venezuela wants to reduce its dependence on sales of oil to the U.S., which is its biggest customer despite increasingly tense relations between Mr. Chávez, an outspoken critic of U.S. policy, and Washington, which has assailed his populist governance and appeared to condone a 2002 coup attempt against him. At the same time, China wants to diversify its reliance on Middle Eastern oil as it seeks to power its surging economy.

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Mr. Chávez also wanted to secure Beijing's backing for his quest for a seat on the United Nations Security Council, on which China is one of five permanent members with veto power. Russia has already agreed to back Caracas; the U.S. opposes the bid.

Speaking to reporters Friday, Mr. Chávez said this trip was a major breakthrough in deepening ties with China.

He also took the opportunity to condemn Israel's action in Lebanon, comparing Israeli leadership with Hitler. "Israel is doing the same thing as Hitler today," he said. "We give our sympathy to the Arab people and condemn Israel."

He said he had been invited to visit Syria but hadn't yet set a date.

Venezuela Pledges More Oil For China (MCT)

By Tim Johnson

McClatchy Newspapers, August 26, 2006

BEIJING - Hugo Chavez, the anti-U.S. leader of Venezuela, on Friday pledged a major increase in oil shipments to China and said China had agreed to back his country's bid for a seat on the U.N. Security Council, something the Bush administration opposes.

China didn't publicly confirm its support for Venezuela's U.N. efforts, which will come to a vote in October, and there was skepticism that China had the refining capabilities to handle more heavy Venezuelan crude oil.

But Chavez's spirited assertion during a news conference here that his country intended to bolster China as a counterweight to the United States was in keeping with his consistently anti-American foreign policy pronouncements.

"We need a China that becomes bigger every day and becomes stronger every day," Chavez said on the third day of a five-day trip, his fourth visit here since 1999.

Chavez predicted that warming relations with the Asian giant would lead to the teaching of Chinese in Venezuelan schools and the airing of Chinese-made television programs in his country.

He said China offered his government credits to build 20,000 homes for the poor, assistance for rail construction, pledges to build computer and cellular telephone factories, and promises to help develop Venezuelan agriculture. He hailed what he called a broadening strategic relationship and added that "China's help is vital for Venezuela."

"The biggest part isn't what has been achieved, which is a lot," Chavez said. "It is the horizon that has opened for us."

Chinese President Hu Jintao, Premier Wen Jiabao and other senior officials greeted Chavez warmly, but outside Chinese observers suggested it was unlikely that Beijing would risk harming relations with Washington by tilting toward Chavez, who's a popular but divisive figure even in Latin America.

One expert cast doubt on whether Venezuela, the world's fifth-largest oil exporter, could send huge quantities of oil to China, given the distance and the high sulfur content of its crude.

"These reports can't be true, as China does not have the refining capabilities to process Venezuelan crude and the distance is too far," Jiang Shixue, a Latin American expert at the Chinese Academy of Social Sciences, told the China Daily newspaper this week.

But Chavez and Energy and Petroleum Minister Rafael Ramirez were emphatic in asserting that Venezuela is on the road to becoming a major oil supplier for China.

Venezuela, which has the largest proven oil reserves in the Western Hemisphere, currently supplies China with 152,000 barrels of crude a day, barely a tenth of what it ships across the Gulf of Mexico to U.S. markets.

"By 2007, we will arrive at 300,000 barrels a day," Chavez said, and the spigot for China will open wider "until 2009, when a great leap will occur toward half a million barrels a day of petroleum" for Chinese markets. He added that Venezuela eventually hopes to provide China with a million barrels a day after 2012.

On Thursday, Hu and Chavez signed eight agreements, including a $1.3 billion accord for China to build 18 supertankers for Venezuela, and an additional plan to construct 12 offshore oil-drilling platforms.

Ramirez said the supertankers would be built within five years. In the interim, Venezuela is transporting oil aboard Chinese-owned tankers, he added.

"Our fundamental orientation is toward fulfilling Chinese demand," Ramirez said.

Chavez said the increased production wouldn't take away from the stream of crude now sent to the United States, given that Venezuela owns seven refineries along the Gulf Coast. But he said planned increases in Venezuelan production would go to China.

Chavez also lauded China for plans to launch a Venezuelan telecommunications satellite into orbit in 2008, giving Venezuela a media footprint that Chavez said would cover the Caribbean, Central America, all of South America and part of the United States.

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Cultural alliances are also being studied, Chavez said, including the teaching of Chinese in Venezuelan schools, joint projects in cinema and the import of Chinese-made television programs dubbed in Spanish, the predominant language of Venezuela.

2 Serbs Charged With Killing 3 Albanian-American Brothers In 1999 (NYT)

By Nicholas Wood

The New York Times, August 26, 2006

BUCHAREST, Romania, Aug. 25 — Serbia's war crimes prosecution office has charged two former Serbian police officers in connection with the killings of three Albanian-American brothers from Long Island who went missing in Serbia in 1999 and whose bodies were later found in a mass grave.

The two men, Sreten Popovic and Milos Stojanovic, members of an elite Serbian police unit in Kosovo during the 1999 conflict between government forces and ethnic Albanian separatists, are accused of having had the three taken from a prison to a police training camp, where they were later executed.

The indictments, brought Thursday, say the two former policemen violated the Geneva Conventions on the treatment of prisoners of war in their handling of the brothers.

The three, residents of Hampton Bays, had come to Kosovo, the southern Serbian province, in 1999 to join ethnic Albanian guerrillas who were fighting Serbian forces there.

The charges carry a maximum penalty of 20 years in prison. A third former police officer was detained in May but has not been charged.

The United States Embassy in Belgrade welcomed the announcement, but it also urged the Serbian authorities to try other police officers suspected of crimes.

The three brothers — Ylli, Mehmet and Agron Bytyqi, all in their 20's — were detained on Kosovo's boundary with the rest of Serbia on June 26, 1999, two weeks after the end of the Kosovo conflict.

The brothers' relatives say that when they were detained, they were helping a Gypsy escape persecution by ethnic Albanian refugees returning to Kosovo after the fighting.

Serbian prosecutors say that the brothers were taken by members of Serbia's special police from a prison in Prokuplje, in southern Serbia, where they were serving a 15-day sentence on charges of illegally entering the country, and that they were driven to a training camp outside Petrovo Selo, a town near Serbia's border with Romania.

Their bodies were found in July 2001 in a mass grave on the edge of the camp, with their hands bound and bullet wounds to the back of their heads.

The war crimes prosecutors assigned to the investigation said earlier this year said they believed that the brothers were killed in revenge for the NATO-led air campaign waged against Serbian forces to stop repression of ethnic Albanians.

The formal investigation began in March, when Mr. Popovic and Mr. Stojanovic were arrested. Mr. Popovic was a colonel in the Serbian gendarmerie, a special police force for antiterrorism operations, until this year.

While the indictments were welcomed by human rights groups in Serbia, a leading rights lawyer accused the Serbian judiciary of being slow to prosecute senior police and military officials accused of war crimes.

Natasa Kandic, the director of the Humanitarian Law Center in Belgrade, said the authorities had failed to prevent the flight of two senior commanders suspected of involvement in the killings of the three brothers as well as other crimes during the Balkan wars of the 1990's.

One of these, Gen. Goran Radosavljevic, the commander of special police units accused of executing the men, left Serbia earlier this year and his whereabouts are unknown.

Gen. Vlastimir Djordjevic, accused by Serbian prosecutors of ordering the brothers' killings, left Kosovo after the fall from power of Slobodan Milosevic, the Yugoslav president, in 2000.

Serbian and United Nations investigators have said they believe that he is hiding in Moscow.

Argentina's Former Economy Czar Weighs Run For President (NYT)

By Larry Rohter

The New York Times, August 26, 2006

BUENOS AIRES, Aug. 25 — If any one person can claim to be the architect of Argentina's remarkable economic recovery, it is Roberto Lavagna, who was finance minister from 2002 until late last year. But now the government he once served has made him one of its main antagonists — and has transformed him into an opposition rallying point and a likely presidential candidate.

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With elections scheduled for late next year, President Néstor Kirchner has a support level of more than 60 percent, according to recent polls. Much of that popularity stems from three consecutive years of 8 percent growth, a result of policies that Mr. Lavagna largely devised but which are now being derided as "neo-liberal," almost an insult here.

"It's like an inheritance," Mr. Lavagna said in an interview, referring to economic indicators that at the time of his departure were Argentina's strongest in a century. "That's a phenomenal base on which to build," he added.

But in his view, the Kirchner government is squandering the opportunity by imposing "a rigid system of price controls" and resuming ownership of some formerly state-run companies privatized in the 1990's, like water utilities and airlines.

A former ambassador, Mr. Lavagna has also been critical of what he calls Mr. Kirchner's "turn to the left" on foreign policy, especially the budding alliance between Argentina and President Hugo Chávez of Venezuela. As Mr. Lavagna sees it, Mr. Chávez is trying to hijack Mercosur, the South American customs union, and turn it into an anti-American political alliance, apparently with Mr. Kirchner's acquiescence.

Mr. Lavagna's transformation from czar of the economy to potential candidate is occurring as opposition complaints about Mr. Kirchner's accumulation and consolidation of power are growing. The main battleground has recently been the president's demand for permanent "superpowers" to allow him to alter budget expenditures and issue "decrees of necessity and urgency" without seeking congressional approval.

In midterm elections last October, Mr. Kirchner, victorious with only 22 percent of the vote in 2003 and initially dependent on Mr. Lavagna for credibility, won a comfortable de facto majority in both houses of Congress. He also has the support of nearly all of the country's 24 governors but has balked at having to negotiate and bargain to win support for his programs.

"Some legislators want to extort me," Mr. Kirchner, a Peronist, complained last month while arguing in favor of added powers, which Congress eventually approved. "They don't want to let me govern, they want Argentina not to change."

Mr. Lavagna, 64, described the measures as "a step backward," noting that this year's budget was submitted without decree authority "because we didn't think it was necessary." At the same time, he has warned of government contracts and control of state companies being steered to Mr. Kirchner's political allies based on records of loyalty, not competence.

But despite all the speculation about him, Mr. Lavagna, who is not affiliated with any party, is not yet officially running for office. He said he would make a decision at the end of the year, because "I've never been involved in party politics, and so I don't know if my ideas can be transformed into an electoral campaign."

But if Mr. Lavagna seems to be playing it coy, so is Mr. Kirchner. He has said only that the Peronist candidate will be "a penguin," meaning someone from Patagonia, but using the word in both its masculine and feminine forms, thus hinting that he may want to step aside and let his wife, Senator Cristina Fernández de Kirchner, be the Peronist standard-bearer.

Behind the scenes, two former presidents whom Mr. Lavagna also served, representing parties that have historically been rivals, have been working to build support for his candidacy. Eduardo Duhalde, who appointed Mr. Lavagna finance minister, has sought to bring dissident Peronists into the Lavagna camp, while Raúl Alfonsín has been trying to steer remnants of the Radical Civic Union party there.

Mr. Lavagna appeals "to a fractured opposition because he appears to be the leader who has the most electoral density," said Graciela Romer, a leading political consultant and pollster. Positioning himself as a member of what he calls the "progressive center," Mr. Lavagna, like Mr. Kirchner "appeals across ideological lines, from the left to the center-right," she said.

Elisa Carrió, a center-left member of Congress who ran against Mr. Kirchner in 2003 and has said she will challenge him again, contended that any effort to defeat the president was probably doomed. Though Mr. Kirchner's support "is a broad sea that is only an inch deep," she said, unless there is "a crisis generated by an excess of power or authoritarianism" on his part, he will coast to victory.

If Mr. Lavagna runs in 2007, Ms. Romer predicted, the best he can reasonably expect is to win 15 to 20 percent of the vote and position himself as the leader of the opposition for the next election, in 2011. "His only chance is if he can somehow force a second round, and all the voters on the center-right come to him," she said, after voting for others in the first round.

Mr. Lavagna has been reluctant to take credit for playing the decisive role in Argentina's comeback that economic analysts ascribe to him. But he has responded sardonically to recent attacks on him and claims by Mr. Kirchner's allies that the president is the real economic helmsman, saying, "There is a tendency to put on the medals won by others, from human rights to the economic recovery."

He also recalled a conversation he once had while still a member of the Kirchner government during which another senior official told him that the only two ways of dealing with Mr. Kirchner were "to be either a slave or an enemy, and I've chosen to be a slave." That option, Mr. Lavagna added, "is not for me."

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From: USDOJ- Office of Public Affairs
Sent: Monday, August 28, 2006 10:57 AM
To: USDOJ- Office of Public Affairs
Subject: Sunday Show Transcripts
Attachments: SUNDAY SHOW TRANSCRIPTS 8.27.doc

Attached, please find the Sunday Show transcripts from August 27, 2006.

SUNDAY SHOW TRANSCRIPTS
8/27/06

NBC – MEET THE PRESS

MR. TIM RUSSERT: Our issues this Sunday: One year ago Hurricane Katrina ravaged the Gulf Coast. What is the state of the recovery, and could this happen again? With us: An exclusive interview with the mayor of New Orleans, Ray Nagin, and the director of the Federal Emergency Management Agency, David Paulison.

Then, how will Katrina and the war in Iraq affect the midterm elections? And John McCain and Hillary Clinton seek to refine their positions on the war. Insights and analysis from Albert Hunt of Bloomberg News, Robert Novak of the Chicago Sun-Times, Kate O'Beirne of the National Review, and Eugene Robinson of The Washington Post.

But first, joining us now from New Orleans, the mayor of that city, Ray Nagin.

Mr. Mayor, let me show you the latest map from the National Hurricane Center.

As of 8 a.m., Ernesto is now strengthened to be classified as a hurricane. Its track, as projected, seems to be veering a bit east of New Orleans. Are you prepared, is your city ready if, God forbid, Ernesto hits your city?

MR. RAY NAGIN: Well, Tim, we are ready from an evacuation standpoint. All of our plans have been updated. We're not going to have a shelter of last resort in the Superdome or the convention center. We will be getting everyone out of the city. We've fined-tuned these plans, we've practiced them, and we are ready to go. Our infrastructure is still a bit fragile, but as far as getting people out to safety, we're ready.

MR. RUSSERT: When would an evacuation begin if, in fact, you believed Ernesto was going to bore in on New Orleans?

MR. NAGIN: Well, normally everything cranks up at 54 hours before a storm is scheduled to make landfall. At 30 to 36 hours is when we would have to make the call for a mandatory evacuation. Everything's in place, our emergency center is set up and we're ready to go.

MR. RUSSERT: Are the police, are the bus drivers, are the first responders, have they all been designated start times? Are they ready to go? Will they show up?

MR. NAGIN: We have a complete plan that deals with all of our emergency responders. We also have coordinated with the state. There's 3,000 National Guard troops that will descend upon the city if it's imminent that the hurricane is coming to us, and then we will be ready to evacuate and to secure the city and hunker down for the storm.

MR. RUSSERT: So we would not see a replay of last year?

MR. NAGIN: You will never see that replay of last year as long as I'm mayor of the city. We made a strategic decision as we evaluated what we had done that we would not house people in the city. So we may use trains, buses, you name it, to get everyone out of the city in the event of a hurricane hitting us.

MR. RUSSERT: The head of the U.S. Army Corps of Engineers said yesterday it was "unclear" as to whether or not the levees could perform or hold a level 3 hurricane. Is that your understanding?

MR. NAGIN: Well, it's my understanding that they've rebuilt the levees much better than we've ever had in our history. But they've only had time to repair the levees that were breached or damaged. So the entire system is still not up to the standards of sustaining a Category 3 storm or better. So we still have some vulnerabilities. But if another Katrina came in the same direction, we would be much better protected.

MR. RUSSERT: But you would be flooded?

MR. NAGIN: We would have some overtopping. The thing that everyone fails to really focus on is, with a hurricane, it's the storm surge that's really the major concern. And when you have a storm surge of 25 to 30 feet and the Corps of Engineers has only built the levees up to 20 feet, you will have some overtopping. But we don't expect the catastrophic failures.

MR. RUSSERT: Mr. Mayor, you said some things to "60 Minutes" late in the week which will air tonight, that has generated an enormous response from people, particularly in New York. Let's just watch a little bit what you said.

(Videotape):

MR. BYRON PITTS: But you can't get the cars out yet, you can't get this demolished.

MR. NAGIN: That's all right. You guys in New York City can't get a hole in the ground fixed. And it's five years later. So let's be fair.

(End videotape)

MR. RUSSERT: "A hole in the ground," referring to the devastation left behind by September 11. Peter King, the New York congressman, had this to say. "It's really disgraceful and shameful. ... Ground zero is sacred ground. ... To refer to it as a hole in the ground, to me, is shocking and inexcusable. ... Especially considering Mayor Nagin's own record. I mean, when Katrina was there, he was the one who had 500 school buses under water, he's the one who wasn't able to evacuate his city, he's the one who lost his composure on national television several times." You've now had several days to reflect on this. Will you apologize for calling what many believe is sacred ground, the place where thousands of Americans died, as a hole in the ground?

MR. NAGIN: You know, Tim, let me make sure that you understand the context of that discussion. You know, "60 Minutes," we did that piece about two months ago, and I got a very direct e-mail from them saying that I shouldn't do this interview because they thought they had an exclusive two months ago. Then we started to see all these promos and what have you. The context of that discussion was about why has it taken so long for New Orleans to get back up to speed, and I was mainly using the comparison of the site. And I should have probably called it an undeveloped site as of yet. But I used the—a term that seemed to have gotten some people upset. But I think once people see the "60 Minutes" piece in its entirety, I think they'll, they'll calm down a little bit. I meant no disrespect for anyone. I have seen death, I've seen the destruction, and I was just using it as a comparison to show how difficult it is for people to rebuild after a major disaster.

MR. RUSSERT: But you are sorry for the families who lost loved ones on that ground, who...

MR. NAGIN: Absolutely. I'm—Tim, I am...

MR. RUSSERT: They believe it's sacred ground, not a hole in the ground.

MR. NAGIN: I—Tim, I am very sorry for that because I have seen death in my own city. And New York and New Orleans has a special relationship. After 9/11, we sent trucks, we sent resources, we sent food. We prayed for New York. When we had Katrina, they reciprocated. So I understand what they've gone through, and I hope they understand that—what we've gone through. Eighty percent of our city has been damaged and we are struggling with this disaster and it never goes away.

MR. RUSSERT: You wish you had used other words?

MR. NAGIN: Yeah, I wish I would have basically said that it was an undeveloped site, which it is. And you know, I've gotten some calls from New York, as I said. You know, no one has really said this and really pointed us to the fact that it's five years after the fact. So maybe this will help us refocus on this because there needs to be a memorial to make sure that we treat that site with the respect it deserves.

MR. RUSSERT: One year ago, President Bush returned to New Orleans, Jackson Square, and uttered these words, this pledge. Let's listen.

(Videotape, September 15, 2005):

PRES. GEORGE W. BUSH: Tonight, I also, also offer this pledge of the American people: Throughout the area hit by the hurricane, we will do what it takes. We will do whatever it takes. We will stay as long as it takes to help citizens help rebuild their communities and their lives.

(End videotape)

MR. RUSSERT: Has the president kept his pledge?

MR. NAGIN: Well, I think that it's getting closer. One of the frustrations I have is that since the storm 12 months ago, we've been forced to operate on 25 percent of our original pre-Katrina budget. So we've had to scrimp and scrape to get things going, and we've stood up the city and put it into position. Now, the dollars are flowing from the federal government to the state, but they really haven't gotten down to the local government and to the people to impact and accelerate this, this rebuild. So he's moved the money closer, but I would just wish it would come directly so we wouldn't have to go through another bureaucracy.

MR. RUSSERT: But Mr. Mayor, shouldn't you have a plan in place? Where is your plan?

MR. NAGIN: Well, we have a plan. We have several plans that we've been working on. Right after the event, I commissioned a group to come together, and within 30 days we started working on the plan. You can go see it, you can visit it, it basically talks about everything that needs to be done in this city.

But Tim, I will tell you this: All the criticism we've had about not having a plan basically was a debate about whether we should shrink the footprint of New Orleans. I prefer a market-driven solution to this problem, because citizens with, with information will make intelligent decisions, and we're moving appropriately.

MR. RUSSERT: You keep referring to the "powers that be" want to shrink our city, or that "they're" using their money to have their way. Who are these "powers to be," or "they are." Who, who is this "they"?

MR. NAGIN: Well, there's been lots of debate and discussion about this, Tim. People from around the country have, you know, talked about this. Our own local business community has been talking about the shrinking of the debate, the local media. And, you know, I have just rejected that whole notion. I think citizens, once they get their information on the levees, and they understand the risk, they're already moving to higher ground. They're asking for permits, and they're looking to sell their homes. So there has been some strong talk about, you know, redeveloping certain sections of the city and displacing homeowners. And I don't think that's appropriate right now.

MR. RUSSERT: But when you say the "powers that be," or "they" want it this way, who are "they"? And what are they saying, or insisting, that you are resisting?

MR. NAGIN: Well, it's the whole footprint discussion. You know, New Orleans has people, have people who have deep roots in certain neighborhoods. And there's some, some talk and discussion about whether we should rebuild the lower Ninth Ward, or New Orleans East. And we have had great discussions about that. And I keep referring people back to these are people's homes, and we should give them the information to make their decisions, and then the city will move forward, and we can do what we need to do to make it better.

MR. RUSSERT: Do you believe that New Orleans will ever come back to its old population that it once was, or will it be a smaller city?

MR. NAGIN: Well, that's another source of great debate, Tim. You know, with the population is right now, based upon experts that I've talked to, we're between 235,000 and 250,000 people. Pre-Katrina we were at 462,000. I think we will get back there, but this is a long-term process. It's at least a five-year build cycle, where estimates are we're going to spend $60 billion in the region to rebuild this city, but it's going to take us some time.

MR. RUSSERT: You addressed the National Association of Black Journalists on—in August 18 of this year, and said some things, again, that raised a lot of eyebrows. Let's listen to that and come back and talk about it.

MR. NAGIN: OK.

(Videotape, August 18, 2006):

MR. NAGIN: The tragedy of Katrina was awful. It exposed the soft underbelly of America as it relates to dealing with race and class, and I, to this day, believe that if that would have happened in Orange County, California, if that would have happened in South Beach, Miami, it would have been a different response.

(End videotape)

MR. RUSSERT: Who would have responded differently?

MR. NAGIN: I just think the, the nation would have responded, the federal government would have responded differently, the state would have responded. I mean let's be honest, Tim, the images that were on the, on the TV for those 12 days or so were primarily poor people. And for whatever reason, there was a slow response, and I am just trying to put the issue on the table that, regardless of who's in jeopardy in the United States, it should never happen again that we have a slow response like that. And let's talk about it, let's understand the root causes of it, and let's move on as a nation.

MR. RUSSERT: But if—you're suggesting if it was white people in Orange County or Hispanic people in Miami, the federal government would've moved much more quickly?

MR. NAGIN: No, I'm not talking about race as much. This is more of a class issue, you know, as far as poor people being devastated and not having the resources nor the, the collective will to really move things forward. This is more a class issue to me. Race, obviously, was in play, because primarily most of the individuals that were—the images that you saw, were African-American.

MR. RUSSERT: But you're suggesting that the president and others in the federal government reacted more slowly because it was poor people and black people?

MR. NAGIN: I think the situation overwhelmed everyone, number one. But I do think that the images of what you saw were necessarily those of individuals who were of a lower demographic

class. It definitely had some impact on our ability to get the resources where they, where they needed to be.

MR. RUSSERT: Let me end with a discussion of a real issue confronting your city, and that's crime. Mary Landrieu, the Democratic senator from Louisiana, said this: "The criminal justice system in Orleans Parish is broken. Violent crime is on a dangerous rise (and it) threatens the very foundation of our rebuilding efforts. It needs immediate attention. We need to do more than just get around a table and talk." Seventy-two murders this year, 6,000 cases that has a backlog in your court system. How are you going to get control of crime in New Orleans? Otherwise, people simply won't come to your city.

MR. NAGIN: Well, Tim, you know, that's one of the main things we've been working on since the event. As I will refer you back to, we've been operating on about 25 percent of our original pre-Katrina budget with about 10 times the work. But be that as, as it may, we're finding creative solutions. We are bringing all parties together in the criminal justice system, we've asked for the National Guard, which has come in to patrol the uninhabited areas. And we're starting to have a big impact because it allows the NOPD, the New Orleans Police Department, to focus on the populated areas. In July, our murder rate spiked to 23. This August, we're probably going to be somewhere around 10, so we're starting to have a major impact in getting this under control.

MR. RUSSERT: Mayor Ray Nagin, we thank you very much, and if there is another hurricane, we wish you and the people of New Orleans the very, very best.

MR. NAGIN: Well, thank you, Tim.

MR. RUSSERT: And here in Washington is the director of FEMA, the Federal Emergency Management Agency. Director David Paulison is with us.

Ernesto. Are we ready for another hurricane in the Gulf region?

MR. DAVID PAULISON: We are ready for a hurricane, regardless of where it's going to hit, whether it's the Gulf Region or the Atlantic or the west coast of Florida where it seems to be heading right now.

MR. RUSSERT: You think Florida?

MR. PAULISON: That's—the hurricane center's predicting right now that Ernesto is probably going to make a right-hand turn as it gets past Tampa and move into—it's somewhere between Tampa and the panhandle. That's—of course there's a wide spread there. That's where the middle line is, but don't forget there's a lot of area of uncertainty there that this hurricane could go. So anybody in the Gulf Coast right now needs to be prepared for a hurricane and watch this thing very closely.

MR. RUSSERT: As you know, the American people are very doubtful. This is The Washington Post from Monday: "The country is in the heart of hurricane season again, and many Americans

are not persuaded by federal assurances that the government is ready for the next big storm, according to the national survey by the Kaiser Family Foundation. Fewer than half said they thought the government is 'very prepared' to deal with this year's hurricane season. Only half agreed that the federal government had 'learned a lesson from Hurricane Katrina.'" Did you learn a lesson from Katrina?

MR. PAULISON: We learned a very, very significant lessons from Hurricane Katrina. We broke those things down, and I've looked at that just like I've done my whole career, whether it was the Mariel boat lift or Hurricane Andrew or flooding in, in Dade County or the ValuJet crash or civil disturbances we had. After every major event, you always go back and do after-action reports and look very carefully at what worked and what did not work, and then very quickly get on top of those things to fix them for the next time. And that's all we did with Katrina. Communications, logistics, victim registration, having more contracts in place to make sure that we are going to be ready. And this, this agency, this agency is going to respond in a proper manner.

MR. RUSSERT: What's the single most important change you've made for Ernesto that was not in place for Katrina?

MR. PAULISON: I think if I had to pick one thing—now, there were several, but if I had to pick one thing, it was communications. And I mean communications by information sharing. Setting up a joint field office, setting up a unified command system where, no matter where information comes in, whether it comes in from the first responder or comes in from a senator calling the president, we all share that same information. I see that as the number one failure in, in what, what happened in Katrina. Having stove pipes, not sharing information, not knowing what was going on, a major breakdown in communications between the local community and the state, between the state and the federal government, and quite frankly, inside the federal government itself, between our agencies. We have been working for the last several months very hard to fix that issue, and I'm, I'm convinced we have done that.

MR. RUSSERT: You have 2400 people in your agency. You have 400 vacancies. How can you possibly deal with hurricane season with so many unfilled positions?

MR. PAULISON: We have right close to 2,000 people on board right now. Those are full-time positions that we have authorized by Congress. But we have several thousand disaster assistance employees we bring on board. And right now, we have 6,000 or 7,000 of those working for us. What I've done mainly, I've focused on hiring the right people to bring in to run the agency. Everyone we've brought in, our regional directors, our operations director, our response director, are all people with 30 and 35 years of emergency management experience. That's very important. We've also focused on hiring people at the bottom, and we've started to do that. It's been a slower process than I thought. It's more difficult to get people on board in the federal government than at the local level, but we are doing it and we are going to fill this agency up. And I'm also looking to increase the size of this agency. I'm looking forward to working with Congress to, to increase the size of the—of FEMA to do the things they expect us to do.

MR. RUSSERT: What do you—how do you respond to the mayor's suggestion that the response by the federal government was different for New Orleans than it would have been if a hurricane hit Orange County, California, or South Beach, Florida?

MR. PAULISON: With all due respect to the mayor—and I do have a lot of respect for him—that is simply not accurate. Those are American citizens, that we will respond regardless of what the race is, regardless of what the income is. We don't know what that is when we set up our, our stuff to, to respond to these types of things. So to blame it on race or to blame it on class is simply not accurate. This agency will respond anywhere in this country regardless of what the disaster is, regardless or what type of people we're responding to.

MR. RUSSERT: Mr. Director, as you know, there's been a lot of postmortems about Katrina, particularly the federal response, and frankly, the corruption. Here's a piece from The New York Times, and let me read it to you and our viewers.

Headline: "Breathtaking Waste and Fraud in Hurricane Aid." "Among the many superlatives associated with Hurricane Katrina can now be added this one: it produced one of the most extraordinary displays of scams, schemes and stupefying bureaucratic bungles in modern history, costing taxpayers up to $2 billion. ...

"The waste ranged from excessive loads of ice to higher-than-necessary costs on the multibillion dollar debris removal effort. Some examples are particularly stark.

"[There was] $7.9 million spent to renovate the former Fort McClellan Army base in Anniston, Alabama, ... but when the doors finally opened, only about 10 people showed up each night, leading FEMA"—your agency—"to shut down the shelter within one month.

"The mobile homes, costing $34,500 each, supposed to provide temporary housing to hurricane victims. But after Louisiana officials balked at installing them inland, FEMA had no use for them. Nearly half, or about 10,000, of the" mobile homes, of the "$860 million worth of units now sit at an airfield in Arkansas, where FEMA is paying $250,000 a month to store them.

"The most recent audit came from the Government Accountability Office, which estimated that perhaps as much as 21 percent of the $6.3 billion given directly to victims might have been improperly distributed."

Taxpayers watching that are outraged by the bungling.

MR. PAULISON: Well, first of all, they should be outraged, and we are taking each of those issues one at a time and fixing those. Let me cover a couple of those. One: the most—the one that got the most visibility was the expedited assistance program where we gave $2,000 to families who quite frankly were transported in every state in this country. People were taken off the rooftops, out of their homes, swam out of—through their attics, moved to different states, had—barely had the clothes on their backs. We gave them money to, to, to buy clothing, to, to take care of their children, to get clothes, shoes, and food for their children, to make sure that,

that they're going to have what they do to survive. They had no access to identification, they had no access to their bank accounts. It was the right decision to make.

A lot of people took advantage of it. I don't think it was as much as what the GAO said, and we're having our, our inspector general actually go over those—that process they used and the methodology they used to determine that. However, it was the right decision to give the money out. People needed the money and I'm sorry that a handful of people took advantage of that.

What we did not have was an identity verification system in place that would allow us to deal with that many people. Normally, we would go to your house with an inspector, inspect your house, decide what the damage is and give you a check. These people were scattered all over the country, hundreds of thousands of them. We know where the damage was. We knew that Ninth Ward was under water. We knew that East Orleans Parish was under water. So there was no reason to do individual inspections. However, what we have done, we've, we've hired a company, a company called Choice Point, very good at initial verification, so the next time this comes around, we will know who you say—you are who you say you are and you live where you said you lived. That'll stop a lot of that fraud.

Now let me address the, the trailers. The—when I went back and questioned staff, "OK, why'd you buy all these mobile homes?" They bought the mobile homes in the same percentage that they normally buy them, generally 25 to 75 percent mobile homes to travel trailers. Travel trailers are easy. So we bought probably 100,000 travel trailers and 25,000 mobile homes. We were not able to use the mobile homes as we thought we were going to. They're not going to go to waste. We have probably over 150,000 families around this country in FEMA-provided travel trailers and mobile homes. Having 8,000 or 9,000 as reserves, particularly with the predictions of the storms we're going to be having this next year, is not an unreasonable number. The trailers are not being wasted, they're in reserve, they're there to use instead of waiting for a manufacturer to build them. So we'll have them immediately. Having ice in storage, having MREs in storage, having all of other supplies in storage does cost money, but if you don't do that, if you don't do that, you won't have the supplies you need immediately to respond like this country expects us to. So what—we are doing the right thing.

MR. RUSSERT: So the money will get directly to the people, but when they get it they won't be able to use it on tattoos or guns or condoms-to-go, as was evidenced with Katrina?

MR. PAULISON: I don't have any control once we give people money. Normally, we put money—either give them a check or wire directly to their bank account. Once they get that money for, for issues the Congress has allowed us to give people money for, how they spend it is out of our control. You know, that's an individual choice. So if they take that money, waste it on something else and don't rebuild their home with it or don't replace a car or don't pay medical expenses, you know, that's, that's a personal decision they have to make. We simply give them the dollars they're allowed under law, and then they should be spending it on what it's given to them for, but we don't have any control once we turn those dollars over to them.

MR. RUSSERT: But then the government has to house them, so how, how could that possibly be fair or responsible?

MR. PAULISON: Well, we don't give rental assistance and also a housing, like a travel trailer or a mobile home. You get one or the other. If you get rental assistance, then you should be renting money with it, otherwise we'll give you a travel, travel trailer or mobile home if we have the opportunity to do that.

MR. RUSSERT: You are absolutely confident that you can talk to this nation this morning and say if Ernesto or any other hurricane hits this country, the FEMA response will be quicker and more thorough and more professional than it was during Katrina?

MR. PAULISON: I can absolutely say this: We are going to make this a very nimble, very agile organization, but we are still going to stay compassionate. I am comfortable we are where we need to be right now, and ready to respond to, to any type of disaster in this country.

MR. RUSSERT: And at the end of the first meeting, the president turns to you and says, "Pauli, you're doing a heck of a job." What would you say?

MR. PAULISON: Well, first of all, the—I don't—hope that doesn't happen, consider what happened last time he said that. But I'm, I'm confident in my abilities to run this organization, I'm confident in my credentials that I have to run this organization, and I'm very comfortable with this organization, and what we've done—the changes we've made in the last nine months have been significant.

MR. RUSSERT: We all hope, and we'll be watching. Director Paulison, thanks for joining us.

MR. PAULISON: Thank you, sir.

MR. RUSSERT: Our viewers should note that NBC's Brian Williams will have an exclusive interview with President Bush in, in New Orleans on the "NBC Nightly News" Tuesday night. Brian Williams interviewing President Bush Tuesday night, an exclusive interview on "NBC Nightly News."

Coming next, are the midterm elections a referendum on the policies of George W. Bush, or a choice between the Democratic Party and the Republican Party? Our roundtable: Al Hunt, Bob Novak, Kate O'Beirne, Eugene Robinson. They are all next, right here on MEET THE PRESS.

(Announcements)

MR. RUSSERT: Only 10 weeks to the midterm election. Our roundtable—Al Hunt, Bob Novak, Eugene Robinson, Kate O'Beirne—after this station break.

(Announcements)

MR. RUSSERT: And welcome, all. Some very good news this morning. Olaf Wiig and Steve Centanni, two FOX journalists who had been kept in captivity in Gaza, are free. They have been

released. Welcome home, guys, and we hope you're safe, and your families are certainly thrilled and excited, and your news organization, to have you back. Good luck to both of them.

Let's turn to the midterm elections. This was George W. Bush on Monday throwing down the gauntlet on the issue of Iraq for the upcoming elections. Let's watch.

(Videotape, August 21, 2006):

PRES. BUSH: Any sign that says we're going to leave before the job is done simply emboldens terrorists and creates a certain amount of doubt for people so they won't take the risk necessary to help a civil society evolve in the country. And this is the campaign; I'm sure they're watching the campaign carefully. There are a lot of good, decent people saying, "Get out now! Vote for me, I will do everything I can" to, I guess cut off money, is how, is what they'll try to do to get our troops out. It's a big mistake.

(End videotape)

MR. RUSSERT: Albert, "embolden the terrorists" and "the terrorists are watching this election"?

MR. AL HUNT: I really don't think the terrorists are watching MEET THE PRESS today, Tim, as, as, as much as other people are. And I—and Gene's paper, The Washington Post, reported this morning that actually most Democratic challengers in really contested races are not for immediate withdrawal. I don't think the issue of Iraq can do anything but hurt the Republicans in the, in the fall election. Terrorism, on the other hand, which is, which I think the people—the American people draw a distinction, is the one issue that still slightly helps them. But it's a terribly tough environment for Republicans.

MR. RUSSERT: Bob Novak, the president then talked about "imagine." And he created that scenario. Let's listen to that and come back and talk about it.

(Videotape, Monday):

PRES. BUSH: Imagine what Iraq would look like if the United States leaves before this government can defend itself and sustain itself. A, you know, chaos in Iraq would be—it would be very unsettling in the region. Leaving before the job would be done would send a message that America really is no longer engaged nor cares about the form of governments in the Middle East. Leaving before the job was done would send a signal to our troops that the sacrifices they made were not worth it. Leaving before the job is done would be a disaster, and that's what we're saying.

(End videotape)

MR. RUSSERT: Does that resonate?

MR. ROBERT NOVAK: Tim, the people that that would have an effect on are already decided. They're going to vote Republican. They like the president's program. I don't think that wins any new votes and I don't think it brings back the disaffected conservatives who may stay home on Election Day. That's the real problem. Not that they're going to vote for the Democrats, but they may stay home because all my, my reports indicate that there's two, two issues. They're still very unhappy with the president about immigration and government spending, and they see no improvement on, on those scores. And so, consequently, Tim, there's enormous pessimism in Republican ranks about losing—definitely losing the House of Representatives and possibly losing the Senate.

MR. RUSSERT: Gene Robinson, you've been listening to the president and others. It's clear that the Republican message is going to be, "If you cut and run, you create a haven for terrorists, another Afghanistan, and from that could be, perhaps, another September 11." Democrats are saying, "Wait a minute, Iraq's a distraction." In fact, you wrote it in an interesting way. Let me share it with our viewers and come back and talk about it.

"President Bush said that the uncovered [United Kingdom bomb plot] conspiracy is 'a stark reminder that this nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation.' If only the president would fight that war. If only he hadn't turned away from the hunt for bin Laden to chase his neocon advisers' delusions of spreading pro-American democracy at the point of a gun." Is that the debate?

MR. EUGENE ROBINSON: Well, I think that's becoming the debate. I think the American public is beginning to make the separation between terrorism, 9/11, Osama bin Laden on the one hand and Iraq on the other hand. Which, you know, the administration really tried to conflate for several years, but I think the division has been made. I think that it's bad politically for Republicans. And, and when the president talks about leaving before the job is done, not cutting and running, it, it's unclear to a lot of people, I think, what the job is. How do you define the job? How do you define the end point? Given that there's going to be a withdrawal at some point from Iraq, what's the difference between leaving Iraq the kind of mess it is now or leaving Iraq the kind of mess it's going to be when the job is declared finished? Because nobody thinks it's going to become an Athenian democracy anytime soon.

MR. RUSSERT: Kate O'Beirne, hearing Bob Novak and looking at the cover of your magazine National Review, "Last Chance for Iraq," and looking at the comments that the founder of your magazine, William F. Buckley Jr., who said, "One can't doubt that the American objective in Iraq has failed." And then listening to George Will, conservative commentator, who said, "It is not perverse to wonder whether the spectacle of America, currently learning a lesson - one that conservatives should not have to learn on the job - about the limits of power to subdue an unruly world, has emboldened many enemies." This is remarkable. Conservatives saying that Iraq has failed and that perhaps it may be emboldening our enemies.

MS. KATE O'BEIRNE: Tim, it's, it's actually not so that there have been all these uncritical cheerleaders who support the war for years. We had at—National Review had an Iraq—a cover on Iraq before the November '04 elections called "What Went Wrong?" And most recently, of course, we have a collection of, of people, very sympathetic with the aims and goals in Iraq,

answering the question of whether or not it's lost. The administration hasn't done a very good job of addressing those concerns on the part of conservative supporters of the war. The symposium we have in this, in this issue, the first thing they reject, unanimously, is the administration line that things are better than they look. They're not buying that argument, and yet the administration keeps making it.

They all recognize and agree things are deteriorating. Some conclude we're losing, some say we will without doing some significant things differently—maybe more troops, certainly address Iran's role. Even this Monday when the president talked about Iraq, he talked about the fact that—he expressed his resolve. His resolve's not in question. He talked about the fact that we won't pull out of Iraq as long as he's president. I think that's the wrong way to state it. That sounds more stubborn than strategic. I think there's a certain percentage of people who are now disenchanted with progress in Iraq who are persuadable, but they fear we're losing this war and they don't see a clear plan on the part of the administration to win it.

MR. RUSSERT: Do you see Iraq as the major issue for the midterm elections?

MS. O'BEIRNE: Absolutely. Absolutely. Not, not only in and of itself—it's an unpopular war—but I think it sours the public's overall mood.

MR. RUSSERT: Albert Hunt, you mentioned The Washington Post, how Democrats in close races are not calling for an immediate pullout. It's interesting what's going on within the Republican Party. Chris Shays, who called me from London, he just finished his 14th visit to Iraq. AP characterized it this way: One of the—he's locked in a tough race, it says here. "The U.S. should consider setting a time line for troop withdrawals from Iraq. 'Our troops cannot be there indefinitely,'" he said "after visiting Iraq for the 14th time." "'We need to have a sense of when our troops can withdraw.'" He's in favor of the war. But he now believes you need a timeline to put pressure on the Iraqis to get their act together.

MR. HUNT: Well, Tim, making that statement from Chris Shays all the more remarkable, he not only has been a supporter of the war throughout, but he really was attaching himself to Joe Lieberman, the Independent candidate now in the state of Connecticut, who of course is most identified as being probably the staunchest Democratic supporter of the war.

Just a couple weeks ago, this was Chris Shays' campaign strategy in this very tough election. Now he's distanced himself from what has been Joe Lieberman's position. I think you're going to see a number of Republicans on Iraq and other issues try to distance themselves from, from George W. Bush over the, over the next couple of weeks. And the, and the—I thought the Shays move was really rather dramatic.

MR. RUSSERT: Do you agree?

MR. NOVAK: I do. I think it's very interesting that so many of these people on the Republican and the Democratic side who were so eager for this war, and attacked me when I said it was a bad idea to intervene in Iraq and we couldn't spread—turn Iraq into another Iowa, that—now

that—they're cutting and running, and the idea that the administration didn't do the job well, that they made mistakes. Not that it was a bad idea in the first place. Maybe that's for the historians to decide. But I think the, the question, the real question, I believe, maybe journalists ought to consider—reconsider, is not whether they—we've done such a terrible job but whether it was an impossible job in the first place and shouldn't have been started.

MR. RUSSERT: John McCain, who was a staunch supporter, is a staunch supporter, of the war in Iraq, went to Ohio to campaign and said this: "One of the biggest mistakes we made was underestimating the size of the task and the sacrifices that would be required. ... 'Stuff happens, mission accomplished, last throes, a few dead-enders.'" Those are all quotes of the president or the secretary of defense or the vice president. "I'm just more familiar with those statements than anyone else because it grieves me so much that we had not told the American people how tough and difficult this task would be."

MR. NOVAK: Well, of course, he—what he wanted was more troops in there. He wanted hundreds of thousands more troops. I cannot understand the logic. I mean, if, if it was difficult to defeat the Iraqi Army, you'd need a lot more troops. But it wasn't. We beat them easily. I can't understand the logic of Senator McCain, from the very beginning, in saying more troops were going to solve this problem. Because I—because nobody, I believe, who really has followed it, believes that that, that is the difficulty.

MR. RUSSERT: He said it last week on this program.

MR. NOVAK: I, I know.

MR. RUSSERT: But initially, he said—McCain said we would be greeted as liberators and that it would not be as difficult as it seemed, the initial military invasion. But, Gene Robinson, you hear these sounds, these drumbeats, these different themes, variations of a theme being played out within the Republican Party. What are we hearing?

MR. ROBINSON: Well, where else are Republicans who supported the war going to go? They have to create some distance, I think. They have to—they feel they have to create some distance between themselves and administration policy. And so where they go is not that the war is a mistake but that it has been waged incompetently, or, or the way it has been waged. It's been lacking in some way. And to varying degrees of strength I think you're just going to hear that more and more and more unless there's some, you know, sort of unexpected and really impossible turnaround in the Iraq situation between now and November.

MR. RUSSERT: Has the White House given a green light to fellow Republicans saying it's OK to criticize us on the management of the war?

MS. O'BEIRNE: Well, well, Tim, they're, they're certainly giving that latitude to, to members who, who are really very few, like Chris Shays running in the climate he is in Connecticut. Unfortunately, when politicians look at the, the polling and see how popular the war is in Iraq, they tend to not want to talk about it, they sort of distance themselves from it, which of course is exactly, for Republicans, the wrong thing to do. Nothing would boost their chances more in

November than George Bush's approval rating being higher, than former hawks—that's who's persuadable, they don't have to persuade Michael Moore or Cindy Sheehan. If they could persuade former hawks in the kind of terms John McCain uses, the stakes involved. He distinguishes, as you know, Iraq from Vietnam by reminding us that when we pulled prematurely out of Vietnam, they didn't come after us. More Republicans ought to be doing that, but all their instincts are not to be doing that.

MR. HUNT: Kate, the problem, however, is that look, Bob, I, I somewhat disagree. You can make the McCain case—we might agree or disagree—but you can make the case that we need to really escalate over there. We need to send more troops, not just take troops from Mosul and send them to Baghdad, but really go and, and, and cut off the Iranians, and, and make a full-fledged effort, and say, "We're going to be there for years, folks." Or you can say we're going to be in a staged withdrawal. We're going to go to an enclave period and try to create some kind of partition in that unnaturally created country.

The one thing that's not credible, as the National Review pointed out, is stay the course. Bush's policy is the one policy that's absolutely not credible. So I think that makes it very tough for Republicans today.

MR. ROBINSON: (Unintelligible)...

MS. O'BEIRNE: Right. Well, they are, they are changing that to "adapt for victory" sort of stuff, and it is true that public opinion is closer to the former. Despite all of the bad news and how pessimistic the public is, they do not support leaving prematurely, and a timetable to do so.

MR. ROBINSON: But this has to get better. Things have to get better in Iraq, though.

MR. NOVAK: What they—what they support is leaving, see. They're—you want to leave prematurely? No, I don't want to leave prematurely, but I want to leave.

MR. RUSSERT: But it is interesting, also, watching the Democrats. Thus far, John Kerry, John Edwards, Joe Biden have all publicly apologized for their vote. One person who has not apologized for her vote is Hillary Clinton. Time magazine had this cover story on the senator from New York, and added this: "Senator Hillary Clinton (D-NY) ... is not as insulated as she once was on the left, which is far angrier than it used to be. Some liberals say they will not forgive her support for the Iraq invasion or, even worse, her refusal to recant that vote. When Hillary addressed the liberal group Campaign for America's Future in June, she was booed. And everyone there knew whom Kerry meant when he said, at the same conference, 'It's not enough to argue with the logistics or to argue about the details. It is essential to acknowledge that the war itself was a mistake.' Hillary of late has made a point of stepping up her criticism of the Bush administration, to the point of calling for the ouster of Defense Secretary Donald Rumsfeld." This weekend, she met with Ned Lamont, the Democratic anti-war candidate in Connecticut. Bob Novak, why are you shaking your head?

MR. NOVAK: Because she's just so mechanical. I mean, I mean she's so late in calling for the ouster of, of Rumsfeld. Everybody was doing that, and she had this, this staged confrontation with him, where she had this, this script of, of saying what a mistake he had, he had made, it took her about five minutes to get through it. To me, she is, she is—whenever she has a tough situation, she gets that staff together and they program her. And, and, and what they seem to be deathly afraid of is a heavyset guy from Tennessee named Al Gore, who, who, who she hates, and he hates her, and this is, this is the nightmare of the Clintonians, that Gore is going to come over the hill and vanquish her.

MR. HUNT: And you love it.

MR. RUSSERT: I think the, the news media has a bias for a Clinton-Gore race.

Is Hillary Clinton trying, Hillary Clinton trying to get herself right on the war with the Democratic primary base?

MR. HUNT: Well, look, Tim. There, there—I think there're two realities for Hillary Clinton. Number one is that she is going to be attacked, maybe effectively from the left, if she runs in '08. I suspect from a John Moore, more likely a John Edwards or a Russ Feingold than a, than an Al Gore. It's—her vote's going to hurt her. But if she were to do a 180 now, it would be the functional equivalent of 'I voted for the war, and—before I voted against it.' I mean, that, that would be, I think, even, even dumber.

MS. O'BEIRNE: In this—the reality of the Democratic Party, I mean, this war has never been popular, was never supported by a large majority. A majority of House Democrats voted against authorizing it. So there's a particular problem there, and far more disarray than Republicans are over this. And then her particular problem of course is that the rest of the '08 field either wasn't in the Senate or have already said, like Edwards and Kerry, it was a big mistake. She can't say like they can, it seems to me, "If I knew now what I knew then," because what we all knew then was what the Clinton administration knew then. There was no dispute over that intelligence. The Clinton administration officials saw it the same way.

MR. ROBINSON: I think it's just going to be a continuing problem for her throughout this campaign. It's a very difficult position for a Democratic office-seeker to have held, to have been so pro-war for so long. And it's also an illustration of how it really is difficult to run for president for a sitting senator, it really is, who's had to cast these votes.

MR. RUSSERT: None of us have a crystal ball, but educated hunch, 10 weeks out, House, Senate, what do you see?

MR. NOVAK: Well, if the election were held today, I can't tell you what's going to happen on Election Day, I would say that the Democrats will win 25 to 30 seats in the House. All they need is 12. I don't think it's—my hunch is they're not going to be that bad, but that's—they start, they start way ahead.

It's hard for them in the Senate to pick up the six seats. You can even count to five and not get to six, but Senator George Allen of Virginia is doing his best to try to, try to make that sixth seat viable for a Democratic win.

MR. RUSSERT: Albert Hunt:

MR. HUNT: I, I am in the incredible position of agreeing with almost everything Bob Novak said. Look, there's an anti-Republican political storm out there. It's a level two now, that's 20, 25 seats and three or four Senate seats. It may, by Election Day, be a level four, which point they'll win this—the Democrats will win the Senate and they'll pick up—there will be members of the House looking up bios on November 8 to see who they are.

MR. RUSSERT: Gene Robinson:

MR. ROBINSON: A long time between now and Election Day. I, I actually think it probably tightens up a little bit from what it looks like now. I think maybe the Democrats do get the House. I'm not sure about the Senate despite all of the macaca in Virginia. We'll see.

MR. RUSSERT: Kate O'Beirne:

MS. O'BEIRNE: Given the historic trends and the, and the mood and the president's ratings, you'd certainly rather be a Democrat right about now, but the Republicans hope to devote September to talking about national security, which has benefited them in the past. Unclear if it'll be enough, and they've got to turn out disenchanted conservative voters.

MR. RUSSERT: Before we go, Robert Novak, the story that will not go away. Newsweek today has a story that on the morning of October 1, '03, "Secretary of State Colin Powell received an urgent phone call from his No. 2" Richard Armitage.

"Armitage had been at home reading the newspaper," a column by one Robert Novak. "Months earlier Novak had caused a huge stir when he revealed that Valerie Plame, wife of Iraq-war critic Joseph Wilson, was a CIA officer.

"Ever since, Washington had been trying to find out who leaked the information to Novak. ... Now in a second column, Novak provided a tantalizing clue: his primary source, he wrote, was a 'senior administration official' who was 'not a partisan gunslinger.' Armitage was shaken. After reading the column, he knew immediately who the leaker was. On the phone with Powell that morning morning, Armitage was 'in deep distress,' says a source directly familiar with the conversation." "'I'm sure he's talking about me.'"

The article goes on to quote State Department Intelligence Chief Carl Ford as saying Armitage said, "I'm afraid I'm the guy who may have caused all this," and that he had met with one Robert Novak on July 8, Mr. Armitage did. Are you now prepared to say, confirm Newsweek that Richard Armitage was one of your sources?

MR. NOVAK: I told Mr. Isikoff, the investigator—he's a very good investigative reporter, by the way—but I told him that I do not identify my sources on any subject if they're on a confidential basis until they identify themselves. I don't say that somebody was or wasn't. I'm going to say one thing, though, I haven't said before. And that is that I believe that the time has way passed for my source to identify himself.

MR. RUSSERT: Stay tuned. Robert Novak, Albert Hunt, Eugene Robinson, Kate O'Beirne. Thanks very much. We'll be right back.

(Announcements)

MR. RUSSERT: That's all for today. We'll be back next week as we kick off the return of our MEET THE PRESS Senate Debate series. One of the most closely watched Senate races of the year, Pennsylvania; incumbent Republican Senator Rick Santorum vs. State Treasurer Bob Casey. Santorum vs. Casey. The debate, right here, next Sunday. If it's Sunday, it's MEET THE PRESS.

ABC – THIS WEEK

STEPHANOPOULOS: This Week -- Katrina, where things stand. One year later, the man who took the fall...

(BEGIN VIDEO CLIP)

GEORGE W. BUSH (R), PRESIDENT OF THE UNITED STATES: And, Brownie, you're doing a heck of job.

(END VIDEO CLIP)

STEPHANOPOULOS: ... fights back. A Sunday exclusive with former FEMA director Mike Brown.

Then, the White House view from the president's man on the Gulf Coast, Don Powell.

And.

(BEGIN VIDEO CLIP)

LANDRIEU: And if one persons criticizes them, that includes the president of the United States, I might likely have to punch him, literally.

STEPHANOPOULOS (voice-over): We're back in New Orleans with Democratic Senator Mary Landrieu.

(on-camera) Do you think he's focused now?

LANDRIEU: I wish I could say yes, George, but I'm still not sure.

(END VIDEO CLIP)

STEPHANOPOULOS: George Will, Donna Brazile and former White House communications chief Nicolle Wallace debate the week's politics on our round table.

Plus, Bill Nye the science guy.

(BEGIN VIDEO CLIP)

NYE: See, Pluto's got a dog. That's a big part of why Pluto was able to hang in there.

(END VIDEO CLIP)

STEPHANOPOULOS: And as always, the Sunday funnies.

(BEGIN VIDEO CLIP)

DAVID LETTERMAN, COMEDIAN: The scientists will vote tomorrow as to whether or not to keep Pluto as a planet. And if Pluto loses, it will run as an independent.

(END VIDEO CLIP)

ANNOUNCER: From Washington, This Week with ABC News chief Washington correspondent George Stephanopoulos.

STEPHANOPOULOS: Good morning, everyone. We'll look at where things stand on Katrina in just a minute. But first, some breaking news.

In Gaza, the two Fox television journalists held for two weeks by Palestinian militants have been freed.

And in Kentucky, a Comair commuter plane with 50 people onboard has crashed near Lexington. There are multiple fatalities. We'll have more on that tonight on World News and all day on ABCNews.com.

But now we turn to Katrina, one year later. A year ago this Sunday, the Gulf Coast was bracing for the hurricane. And this morning, another one may be on the way. Ernesto is now the first hurricane of 2006.

But can a region still reeling from Katrina take another hit?

That's just one of the questions we'll tackle today. And we begin with the man who, on this Sunday one year ago, was bracing President Bush.

(BEGIN VIDEO CLIP)

BROWN: I told you guys, my gut was that this was a bad one and a big one. And you heard Max's comments. I still feel that way today.

(END VIDEO CLIP)

STEPHANOPOULOS: Former FEMA Director Mike Brown, welcome.

BROWN: Thank you, George.

STEPHANOPOULOS: You know, you look at those video tapes before the storm and it's clear you were engaged, you were raising all the right questions.

Then the storm hits, and the record shows that you failed.

What happened?

BROWN: There was a complete breakdown of government at every level -- federal, state and local. The locals weren't ready. The state was overwhelmed. And the feds, for some reason -- I think primarily because we...

STEPHANOPOULOS: But how about you?

BROWN: Well, of course I failed, because I made many mistakes. The biggest mistake I've said that I made was not standing up and saying at the beginning of this storm: It's catastrophic. I can't get what I need. And this isn't working.

STEPHANOPOULOS: Your boss, Mike Chertoff, who did let you go, says that he was can counting on you for an evacuation plan, but he couldn't find you.

Take a look.

(BEGIN VIDEO CLIP)

MICHAEL CHERTOFF, SECRETARY OF HOMELAND SECURITY: I couldn't get a hold of Michael Brown. He was flying around in a helicopter looking at damage. He was planning to go on Larry King or Rita Cosby.

And job one, if you're the operator in the field, the responsibility you want is: Make sure you've got the plans in place to saves live.

(END VIDEO CLIP)

STEPHANOPOULOS: You know, the Senate report concurs with that. It says that Governor Blanco asked you for 500 buses on Monday. You told her the buses were on the way but they didn't show up until late Wednesday and Thursday.

BROWN: Let me talk about two things. One is Secretary Chertoff talks about your man on the ground needs to be running things. And that's exactly right.

I wasn't running around looking at damage. I was running around looking at the teams, finding out what they needed.

In Florida in 2004, we were everywhere we needed to be. You can't run a disaster sitting in an office somewhere...

STEPHANOPOULOS: But why didn't you get the buses there?

BROWN: ... which is what Chertoff wanted me to do.

The buses is a separate issue. That shows the bureaucracy that exists within DHS.

Prior to FEMA going to DHS, if you were my procurement officer, I would look at you and say: George, I need 500 buses. I don't care what they cost. Get them.

In the DHS model, I turn to you and say: George, I'll cover your rear end if you get me the buses no matter what they cost. But you now have to go to the DHS procurement officer, who then goes to the undersecretary for management, who then goes to the secretary of homeland security, who then might go to the secretary of transportation. Those buses fell into a bureaucratic black hole, which is unacceptable. DHS is too big and FEMA shouldn't be in it.

STEPHANOPOULOS: There was also that infamous interview with Ted Koppel about everyone that was stranded at the Convention Center.

Take a look.

(BEGIN VIDEO CLIP)

TED KOPPEL, ABC ANCHOR: I've heard you say during the course of this evening, in a number of interviews, you just found out about it today.

Don't you guys watch television? Don't you guys listen to the radio? Our reporters have been reporting about it for more than just today.

BROWN: We learned about it factually today that that's what existed.

(END VIDEO CLIP)

STEPHANOPOULOS: That was Thursday. The first AP report was on Tuesday. It had been all over cable all day Wednesday.

How could you be so out of touch?

BROWN: Well first of all, I wasn't out of touch. We knew about the Convention Center when people started going.

What I did there was I totally misspoke, and I did it like three or four times.

Because I'd been up for 24 hours, so to me, today was still today, and we had just learned about it.

But that shows the power of television. My staff will tell you that I went out after those three interviews kicking myself, saying,

Why did Koppel keep asking me that, because we did just learn about it?

And they said: Well, because you kept saying today, thinking that today was Tuesday and Wednesday. And you're talking about it on Thursday.

STEPHANOPOULOS: You mentioned the bureaucratic black hole that is DHS. Given what you think about DHS right now, do you think New Orleans, do you think the Gulf Coast could handle Ernesto if indeed it does land?

BROWN: Well, I hope so. I heard an incredible comment from Secretary Chertoff last night that said it takes years to do planning for a catastrophic event. That is a fascinating comment, because in 2003, that's when I first approached Secretary Ridge and said, We need to start doing catastrophic disaster planning. So they're at least trying...

STEPHANOPOULOS: But didn't you ignore the plan once it came in? That's what all the report say.

BROWN: No, we had no plan. And evacuation plans are totally the responsibility of state and local governments. The feds do not evacuate people.

STEPHANOPOULOS: So you say you hope they're ready, but you're not sure.

BROWN: I'm not sure. But let's face it: I don't want to sit here and say they're not ready, because I'm not on the inside; I don't know, George.

But if they're doing what needs to be done in terms of the planning, at least we're on the path to get ready.

STEPHANOPOULOS: You've admitted that it was a mistake for you to play along with the White House message during Katrina. And in Playboy magazine, you called that a lie, the White House message.

What was the lie?

BROWN: The lie was that we were ready and that everything was working as a team. Behind the scenes, it wasn't working at all. There were political considerations going into all the discussions.

There was the fact that New Orleans did not evacuate and the mayor had no plan. The mayor didn't do what he was supposed to do. And so we were stepping in there and talking about: We're working as a team. Everything's going the way it's supposed to do. Those were the talking points.

STEPHANOPOULOS: Why did the White House want you to lie?

BROWN: Well, because they wanted us to talk about how great things are going. You always want to put the spin on that things are working the way they're supposed to. And behind the scenes, they're not.

Again, my biggest mistake was just not leveling with the American public and saying: Folks, this isn't working.

STEPHANOPOULOS: You also told Playboy that the White House plotted to make you the fall guy. How do you know that, and what do you know about the plot?

BROWN: Well, first of all, there's the e-mail that came from a very high source in the White House that says the president at a Cabinet meeting said, Thank goodness Brown's taking all the heat, because it's better that he takes the heat than I do, meaning the president or Secretary Chertoff.

And look, I recognize I'm a political appointee. I take the fall for the president. But I'm not going to take the fall for Secretary Chertoff and fact that DHS didn't do the things that I asked them to do for three or four years.

STEPHANOPOULOS: And they still haven't done them, in your view?

BROWN: Well, they haven't done them. But if Secretary Chertoff is right in what he says, that they're now doing that planning, that means they've taken my advice, and they've started down that path.

STEPHANOPOULOS: You know, you worked directly, you circumvented --according to all the reports -- the DHS bureaucracy and went directly to the White House.

It didn't work during Katrina, but do you believe now that FEMA should be an independent agency with independent access to the White House?

BROWN: Absolutely. That's the only way it's going to work.

Look, we were independent all the way up -- even in the 2004 hurricanes. The White House worked directly -- we worked directly with each other during 2004. It worked.

In 2005, it was the first time that the White House signaled to me: We're not going to do it that way anymore. We're going to work through the chain of command. And that's where things fell apart.

STEPHANOPOULOS: After all of this, you are still getting paid to provide disaster consulting services to companies.

How can that happen?

BROWN: Someone put it this way: I have been on the mountain top, and I have in the depths of the valley. I know what works. I know what doesn't work. I know what you can do and not do in the midst of a disaster.

Who better to ask than me about what's going to work and not work?

STEPHANOPOULOS: So you have more business than you can handle?

BROWN: I do. It's amazing, George.

STEPHANOPOULOS: Finally, and this is just a personal question, because I don't get it. You know, you're cut loose by the president. You're lambasted by Congress. You're ridiculed across the media.

How do you get up, come back, and just stay out there?

BROWN: Because in my heart, George, I know what I did and what I was trying to do. I know what's in my heart and what needs to be done.

Look, that's the Washington mentality: Slink away and go away. That's not my style. Not going to happen.

STEPHANOPOULOS: Mike Brown, thanks very much.

BROWN: Thank you, George.

STEPHANOPOULOS: Up next, the White House response, and we're back in New Orleans with Senator Mary Landrieu.

(BEGIN VIDEO CLIP)

STEPHANOPOULOS: No one on this street can live in their houses. How many people in the parish can't?

LANDRIEU: Very few, George. This is one of the untold stories. Of 75,000 residents, today there are probably less than 15,000 here, and you can see why.

(END VIDEO CLIP)

(COMMERCIAL BREAK)

STEPHANOPOULOS: In those chaotic first chaotic days after Katrina hit, the best way to get a handle on the scale of destruction was from the sky.

(BEGIN VIDEO CLIP)

STEPHANOPOULOS (voice over): So we took a helicopter tour of New Orleans and its suburbs with Senator Mary Landrieu -- an entire region submerged.

LANDRIEU: Well, this is New Orleans. This whole city is under water.

STEPHANOPOULOS: When we hovered over the broken levee on 17th Street, the senator broke down.

LANDRIEU: Is that the most pitiful sight that you have ever seen in your life?

Look at that. It's so sad, George, one little (inaudible).

(END VIDEO CLIP)

STEPHANOPOULOS: A year later, the New Orleans area is not even close to normal. But the levees are almost there.

When I met with Senator Landrieu again on Friday, that's where we began.

(BEGIN VIDEO CLIP) STEPHANOPOULOS: Senator, it all comes down to these levees, doesn't it?

Had they held, there would have been real damage, real destruction, but not the devastation we saw.

LANDRIEU: George, you're right. And that really is the story. Had the levees held and not collapsed, this city would be moving, working, breathing again.

But when these levees collapsed, which you can see right behind us, I mean, all hell broke loose. I mean, literally.

STEPHANOPOULOS: So a year later, where are we? I mean, we see the work being done. Everything I've read says the levees are basically to the point where they were before Katrina hit.

LANDRIEU: Which is correct. And we think that the levees are all back-constructed. The Corps has spent all year, you know, full out. We've gotten funding for them, but they're back up to Category 3.

STEPHANOPOULOS: But that's not good enough, is it?

LANDRIEU: That's not good enough. We need to get them up to Category 5, and we are working to do that. But this work took so much time and effort and energy. And as you can see, you know, it's still basically being done.

STEPHANOPOULOS: So how long is it going to take to get to Category 5?

LANDRIEU: It will take several years. I mean, it's going to take -- because it's not just levees to protect this region. Now, it looks like just levees here. And what you can't see on your camera is, south of here, about 50 miles, is a great wetland that's been eroding.

STEPHANOPOULOS: And that's eroding?

LANDRIEU: And that is eroding. And that is our first barrier of protection.

So we have to do two things. We have to fix the levees and then build them stronger and better and higher. And we have to restore the coastline.

And we can do it. The great news is we have the money to do it.

STEPHANOPOULOS (voice over): From the levees, we drove to the suburbs.

LANDRIEU: Every place that you're going to drive from now until we land in St. Bernard is destroyed. There's no one in this neighborhood. There's no one in this neighborhood.

This is the Lower 9th Ward. That levee breached and wiped out that entire neighborhood.

STEPHANOPOULOS: A year ago, the whole region was drowning.

LANDRIEU: Now, here you're coming into the heart of St. Bernard Parish. This is parish that nobody has seen. 67,000 people -- and I would say that virtually every house -- you all pan it for yourselves -- but I think virtually every house is under water.

.STEPHANOPOULOS (voice-over): Now, the floodwaters have receded. But most of St. Bernard's citizens have not returned.

(on camera) No one on this street can live in their houses. How many people in the parish can?

LANDRIEU: Very few, George.

Now, this is one of the untold stories. St. Bernard Parish lies south, basically, of New Orleans; 75,000 residents. Today there are probably less than 15,000 here, and you can see why.

STEPHANOPOULOS: But a lot of money has been devoted to this parish. About $500 million. That's $72,000 for every person in the parish.

LANDRIEU: You would think that we would have more to show for the taxpayers' money, but the problem is that the mechanisms that we have in Washington to receive that money and distribute it don't work.

I've said that until I'm blue in the face. It just doesn't work. For instance, these FEMA trailers, the $72,000 per person, that has presented a FEMA trailer. That's what it costs to put that FEMA trailer there, $70,000 to put that FEMA trailer there.

STEPHANOPOULOS: The GAO says...

LANDRIEU: The GAO report...

STEPHANOPOULOS: ... about $2 billion of the FEMA money has been lost to fraud.

LANDRIEU: Well, but that's lost to fraud in individual circumstances. I'm talking about the big fraud. That's a little fraud.

The big fraud is the money that came down to contract for everything from debris removal to blue tarps to the trailers. Basically, 30 to 40 percent never reached anybody because it went to the contractors for profit.

STEPHANOPOULOS: Governor Haley Barbour of Mississippi says that you and the Louisiana delegation have yourselves to blame. He says that, you know, Mississippi got together, had a coordinated and realistic plan. You all came in in October and asked for $250 billion, shot the moon, and he says it would have been 10 times easier had you not done that.

LANDRIEU: I would say to Haley Barbour and everyone else: When you're in a war and you're in a catastrophe like this, big government has to step up.

Our delegation...

STEPHANOPOULOS: But was it a mistake to ask for so much when that number was so unrealistic?

LANDRIEU: No, George, and I'll tell you why, because this is an unprecedented disaster. And in addition, what the Mississippi folks don't quite understand is that the disaster was six to seven times worse in Louisiana than Mississippi, and you can see it.

They had a huge flood surge and it was a terrible catastrophe, but water did not sit in their major metropolitan area for four to six weeks and flood every home or the vast majority of homes, churches, schools and businesses in their major metropolitan areas.

STEPHANOPOULOS: Is this neighborhood going to come back?

LANDRIEU: This neighborhood will come back. This was one of the strongest middle class neighborhoods in America -- in America. People love St. Bernard Parish.

STEPHANOPOULOS: How long will it take?

LANDRIEU: How long will it take? It's hard to guess. I mean, I'd say, you know, a year to two, maybe three.

Now, in addition to these people working hard, that got their homes, most of these people are trying to work in the region. They're school teachers, police officers, et cetera. But we need federal infrastructure money to help with these streets, to build the water systems back, et cetera. I tried.

STEPHANOPOULOS: Let me throw out some names and get your reaction. Mike Brown.

LANDRIEU: Disaster.

STEPHANOPOULOS: Mayor Nagin.

LANDRIEU: Hit and miss. I mean he's, you know, we've all --elected officials down here -- we've all made mistakes. But he's not stayed focused on the job at hand.

And our challenges are much bigger than Mayor Nagin...

STEPHANOPOULOS: He stepped in it again this week. Seemed to suggest that New York couldn't fill in their hole.

(BEGIN VIDEO CLIP)

RAY NAGIN, MAYOR OF NEW ORLEANS: You guys in New York City can't get a hole in the ground fixed, and it's five years later, so let's be fair.

(END VIDEO CLIP)

LANDRIEU: I would just respectfully remind Mayor Nagin that that's not a hole; it's a gravesite. And 3,000 Americans died there and firefighters died there, and we are very, very grateful to what the people of New York and all over the country have done for us.

So, it was really a very, again, unfortunate statement. But we've got to stay focused on the rebuilding of this great state and region.

STEPHANOPOULOS: Last year, when we were flying, it was clear you were very angry at President Bush.

(BEGIN VIDEO CLIP)

LANDRIEU: And if one person criticizes them or says one more thing, including the president of the United States, he will hear from me. One more word about it after this show airs, and I might likely have to punch him, literally.

(END VIDEO CLIP)

STEPHANOPOULOS: Do you think he's focused now?

LANDRIEU: I wish I could say yes, George, but I'm still not sure. He's come here often, but it's not the quantity of the visits, it's the quality of the visits, and it's the follow-through.

This administration is still having a hard time, I think, understanding the magnitude of this disaster.

STEPHANOPOULOS: But in his defense -- you're right, you can't just look at the numbers -- but he's been here 12, now 13 times. His Cabinet has had 82 visits. They've signed $110 billion in aid.

LANDRIEU: But it's a $110 billion to themselves, to the federal bureaucracy.

Of that $110 billion, George, the only amount of money that we've gotten for Louisiana, Mississippi and the Gulf Coast is about 12 percent of that.

That's the only amount of money that's come directly to us through the community development block grant. They have funded FEMA. They have funded the SBA.

We begged them not to fund those agencies because they weren't working well. But they said: That's what we have. That's the way we're giving it to you.

Well, you can see, it didn't work very well. But it's not like we didn't we say that it wasn't going to work well.

So my message is: Look, the people of Louisiana are strong. We're going to rebuild this state and this region. We're trying to help other people, because this will happen to someone else. And we have to make sure that when it does, whether it's a tsunami that hits Seattle or a Category 5 that hits Long Island or an earthquake that hits California, that we have better systems in place so it doesn't look like this.

(END VIDEOTAPE)

STEPHANOPOULOS: That was Senator Mary Landrieu.

And we're now joined by the president's Gulf Coast coordinator, Don Powell.

Welcome, sir.

POWELL: Good morning, George.

STEPHANOPOULOS: Well, let's pick up right where Senator Landrieu left off. She says the administration, basically, still doesn't get it. You don't understand the magnitude of the problem. And you're not getting the money to the people who need it the most.

POWELL: George, I want there to be clarification on that and with no questions asked: The president's resolve for rebuilding the Gulf Coast is very strong.

I have interaction with him from time to time. He is on point to make sure that the federal government does everything they can to help rebuild the Gulf Coast. There has been $110 billion that this president secured from Congress.

STEPHANOPOULOS: But only $44 billion spent.

POWELL: Almost half of it has been spent.

It's not unlike your checking account. When your wages are deposited into your checking account, the money is there. The $110 billion is there. And you draw down on that checking account as you receive bills and you have to pay those bills.

So the money is there to support the rebuilding of the Gulf Coast.

I think it's important for us to understand that every component of the federal government, all of the departments, all of the agencies are involved in coordinating the rebuilding of the Gulf Coast. The president demands that.

STEPHANOPOULOS: But it's not just Senator Landrieu who says the money's not getting through; who's worried about the government response.

I want to share our new ABC News poll. It shows -- this is a national poll -- 66 percent of the country believe the government has not done a good job responding. And 60 percent say that the recovery money has been mostly wasted.

What do you say to those taxpayers who think their tax dollars have been wasted there?

POWELL: That's a guiding principle of this president. He wants us to be good stewards of the taxpayers' money. And that's the reason our office coordinates with every component of government to make sure that we are meeting the legitimate needs of the Gulf Coast, as it relates to rebuilding.

STEPHANOPOULOS: But the GAO study did show that there's been something like $2 billion lost to fraud.

POWELL: Yes, and I.G. is on top of that. The attorney general's on top of that. As you know, the attorney general has prosecuted some of the people that have been guilty of fraud. In fact, they have gone to prison.

So there is lots of oversight to make sure that there is no waste or fraud or abuse.

STEPHANOPOULOS: What's the number one priority of the federal government in Louisiana and Mississippi right now?

POWELL: The number one priority of the federal government is to make sure that the rebuilding occurs and that we coordinate that in a business-like way. Housing is an important issue. The levees in Louisiana are a very important issue. Housing, health care, education. Education in New Orleans -- they're making some revolutionary-type decisions there. It's going to better and better.

STEPHANOPOULOS: Let me ask you about...

POWELL: All the schools in Mississippi are open. All higher education is open in Louisiana and Mississippi.

STEPHANOPOULOS: You mentioned the levees. Let me hone in on that. We don't know yet whether Ernesto is going to hit Louisiana, especially. But yesterday, the Army Corps of Engineers said that if it becomes Category 3, he can't be sure the levees are going to hold.

Why not?

POWELL: The levees are better than they were before Katrina.

Levees are a complex system. Hurricane protection is very, very complex in itself. All the breaches have been repaired. The Corps has been working night and day, seven days a week, 24 hours a day.

They have repaired 220 miles of levees. They also have gone back to restore those parts of the levee system that were not breached. They're beginning to put state-of-the-art pumping stations, gates, flood walls.

All that work has commenced. And by the year 2010, the levee system will be better and stronger than it has ever been in New Orleans.

STEPHANOPOULOS: How about the broader response?

If, during this hurricane season, if Ernesto hits, if an another hurricane comes, is New Orleans ready, is Louisiana ready, is Mississippi ready?

POWELL: Yes. I believe that they are ready.

The local governments -- it's important that the local governments have evacuation plans on how to deal with a hurricane.

Under the direction of this president, he has demanded that we be ready for another hurricane season. And FEMA, together with the Department of Homeland Security, in cooperation, and working, sharing information, new technology, communication, drills -- all that has been done.

And I believe that we're ready to go.

STEPHANOPOULOS: So you're convinced we would be able to avoid, say, the problem raised by Mike Brown earlier. When requests for buses comes in, he has to go through five layers at the Department of Homeland Security.

POWELL: This president demands action. He's a leader. And he has made it very clear that we need to do better than we have done in the past. I believe we will; that we can do better and we will do better.

STEPHANOPOULOS: Brown also said that he thinks the White House had a plan to make him the fall guy. Do you think he was scapegoated?

POWELL: You know, I think I'll look forward. Yes, I don't think it's productive to look back. And so we're looking forward, and we're doing everything we can to prepare for this hurricane season.

STEPHANOPOULOS: One other question on an issue raised by Senator Landrieu. She dismissed the idea that Mississippi is farther along in their recovery because they had a more coordinated congressional delegation; they had a more realistic plan.

Yet, in Louisiana, you still don't have one coordinated plan for the city of New Orleans. How much is that hampering you?

POWELL: Mississippi had unique challenges. Louisiana has unique challenges. The devastation in Mississippi was from the storm surge. It's undescribable. Louisiana, the city of New Orleans was underwater 57 days. That's an area seven times larger than Manhattan.

So there was unique challenges.

New Orleans has agreed -- the city council and the mayor has agreed -- to process for planning the future of Louisiana.

STEPHANOPOULOS: But it's going to be neighborhood by neighborhood.

POWELL: That's the decision of the local people. Planning of their future should be conducted by the local people.

STEPHANOPOULOS: And what is the president's number one message tomorrow?

POWELL: The president's number one message is that there has been progress, but we're not done. We're not going to leave until we're done.

STEPHANOPOULOS: Don Powell, thank you very much.

POWELL: Thank you.

STEPHANOPOULOS: The roundtable is next with George Will, Donna Brazile and Nicolle Wallace. And later, the Sunday Funnies.

(BEGIN VIDEO CLIP)

BILL MAHER, COMEDIAN: The Lebanese are returning home now to their devastated homes in southern Lebanon. They say they have no idea of the scope of the destruction, and the reason why they have no idea, because every time they turned on CNN they were talking about JonBenet.

(END VIDEO CLIP)

(ROUNDTABLE)

STEPHANOPOULOS: Now, In Memoriam.

(BEGIN VIDEO CLIP)

JOE ROSENTHAL, WORLD WAR II IWO JIMA PHOTOGRAPHER: It was a moment that I will never forget.

(END VIDEO CLIP)

STEPHANOPOULOS: This week, the Pentagon released the names of 23 service members killed in Iraq and Afghanistan.

We'll be right back with Bill Nye.

STEPHANOPOULOS: Our Voice this week, Bill Nye. The Science Guy is here to buck up all of us who can't help missing the planet Pluto.

(BEGIN VIDEOTAPE)

BILL NYE: Well, we're calling it a dwarf planet. I like the term ice dwarf. These would be objects smaller than, let's say, 1,500 kilometers and made of ice. Ice dwarf. There is. It's icy, small, it's out there.

If you brought Pluto close to the sun, like where Mercury is, it would have a tail like a comet, and in a few millennia, it would volatize, it would just disappear into space.

I mean, is that worthy of a planet, a planet that just evaporates? For crying out loud!

That we have to change the name, I think, is fantastic. It shows people the process of science. We learn more about other objects in the solar system and we rethink it. So we give it a new label.

If we have to learn another dozen dwarf, ice dwarf, icy object, ultra-Neptunian object names, it's going to be fine. It's going to be a big party. It's going to be lovely.

Oh, I think it's great that kids have to learn something new.

(BEGIN VIDEO CLIP)

(UNKNOWN): Jupiter, Saturn, Venus, Earth, ah! Yes, and Pluto.

(END VIDEO CLIP)

NYE: Furthermore, the teachers that present the material have to learn something new.

And just that there's an outcry about this object that's so fantastically distant -- much smaller than our moon -- that there's this outcry about it I think is great.

It gets people thinking about what it means to be on a planet, to live in the cosmos, and be part of the universe and what it means to try to understand these points of light in the night sky.

(END VIDEOTAPE)

STEPHANOPOULOS: For more Bill Nye, check out Voices Plus at ABCNews.com.

And now, the Sunday Funnies.

(BEGIN VIDEO CLIP)

DAVID LETTERMAN, HOST, LATE SHOW : But Iran, Iran on the other hand, is really stepping up its nuclear program. Stepping up their nuclear program. Not only do they have the enriched uranium, they also have done up the low-carb uranium.

(LAUGHTER)

That's a true story.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

JIMMY KIMMEL, HOST, JIMMY KIMMEL LIVE : Our commander in chief, the president, has begun the job of winning back the White House press corps by loosening up a bit at his press conferences. CNN had this story on the new funny George Bush.

KYRA PHILLIPS, ANCHOR, CNN: He may never host the Oscars or sit in for Jon Stewart, but as he nears the second half of his second term, President Bush is proving he can get a few laughs from a sometimes adversarial audience.

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: The main reason we went into Iraq at the time was we thought he had weapons of mass destruction.

(LAUGHTER)

Presidents care about whether people support their policies. I don't think it's that I don't care. Of course I care.

(LAUGHTER)

Never mind.

(LAUGHTER)

We'll complete the mission in Iraq.

(LAUGHTER)

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

JON STEWART, HOST, THE DAILY SHOW : Bush even tried positioning himself as a Bizarro World John Lennon.

BUSH: Imagine how difficult this issue would be if Iran had a nuclear weapon. Imagine a world in which you had a Saddam Hussein who had the capacity to make a weapon of mass destruction. Imagine what the world would be like with him in power.

STEWART: You know, I think I have that album.

(LAUGHTER)

(END VIDEO CLIP)

STEPHANOPOULOS: That's it for today. Katrina: Where Things Stand continues all this week on Good Morning, America, World News, Nightline, and around the clock on ABCNews.com.

Thanks for sharing part of your Sunday with us. We'll see you next week.

FOX – NEWS SUNDAY

CHRIS WALLACE, FOX NEWS ANCHOR: The fury of Katrina and the political finger pointing. One year later, where do things stand now? We'll get a report from the region and talk with the president's point man on rebuilding, Don Powell, along with (INAUDIBLE). Democrats and Iraq, with the recent improvement in security, will opposition to the war still help Democrats win in November. We'll ask Senator Joe Biden.

Plus, the FDA's decision on a morning-after contraceptive pill outrages conservatives, a topic for our panel, Brit Hume, Nina Easton, Bill Kristol and Juan Williams.

And our power player of the week, a business legend with a big new idea, all right now, "FOX News Sunday."

And good morning again from FOX News in Washington. FOX News journalist, national correspondent Steve Centanni and cameraman Olaf Wiig were freed early this morning after being kidnapped for 13 days in Gaza. For the latest on their captivity and sudden release, we go live to Jerusalem and correspondent Amy Kellogg.

Amy, what's the latest?

AMY KELLOGG, FOX NEWS CORRESPONDENT: Hi, Chris. When we heard first thing this morning that another video was likely to surface today, many of us just had such a pit in our stomach, not knowing what that would mean, but then suddenly there was a lot of joy in very short time, Chris. Steve and Olaf released, looking physically very well and basically back to safety.

Shepard Smith spoke to Steve Centanni just a short while after he was released. Here is what he had to say.

(BEGIN VIDEO CLIP)

STEVE CENTANNI, RELEASED FOX NEWS CORRESPONDENT: We started (ph) into these big either workshop or warehouse or something. We later found out it was a garage, with a big generator rumbling, loud motor going constantly, steady sound. I was thinking, "Oh, God, OK, so a remote warehouse with a big, noisy generator. I'm toast. They could simply shoot me in the head and nobody would hear it. But also thinking my better nature let me think that I'm no good to them dead, so I kept my hopes up.

But we were pushed down onto the dirt floor, the dirt-covered concrete floor of this warehouse or garage, and being forced to lie face down, with our hands cuffed behind us, laying down on the dirt, face down. And Olaf was in the same room with me because we were talking slightly. I said, "Olaf, are you there?" and he went, "Yes."

He said, "I'm here, and I hurt like Hell, but I'm here."

SHEPARD SMITH, FOX ANCHOR: Were there demands made?

CENTANNI: We had to write and write and write, and then we were forced to convert to Islam at gunpoint. And then, don't get me wrong here, I have the highest respect for Islam and learned a lot of very good things about it. But it was something we felt we had to do, because they had the guns and we didn't know what the Hell was going on.

They requested videotapes, and I'm sure you've seen one or more, and we didn't want to do those, particularly, except the one where we told our friends and family that we were alive and well and to please do everything you can to help us. That I was happy to do and I'm glad they did release it.

SMITH: Well, Steve, I feel like I should let you go so you can collect yourself. We're just so glad to see you alive and well and...

CENTANNI: Well, I'm emotional because I'm so happy to be out. There were times that I thought, I'm dead, and now I'm not, so thank God. But I'm OK, and thank you for, again, all your help, and I'm going to be fine. I'm just very happy.

SMITH: And you'll be back on the air soon, I know.

CENTANNI: I hope so. I really hope so.

(END VIDEO CLIP)

KELLOGG: And, sure enough, shortly after that, Steve Centanni did pop up on the air. He met with the Palestinian prime minister, Ismail Haniyeh. A lot of dignitaries stopped by the hotel in Gaza City to which he and Olaf were delivered, and then there was an impromptu press conference, when Steve and Olaf thanked all of the Palestinians for their help in securing their release.

And Steve and Olaf I have to add were really unified in their message. It really wasn't about them. It was about hoping that the Palestinian story will continue to be told.

(BEGIN VIDEO CLIP)

CENTANNI: I just hope this never scares a single journalist away from coming to Gaza to cover this story, because the Palestinian people are a very beautiful, kindhearted, loving people who

the world needs to know more about. And so do not be discouraged. Come and tell the story. It's a wonderful story, and I'm just happy to be here.

(END VIDEO CLIP)

KELLOGG: So, again, Chris, a huge sense of relief both here in the Jerusalem bureau, as well as across the whole FOX network, I think, and very many viewers sending in their prayers and thoughts.

Steve and Olaf made a quick exit from the Gaza Strip late this morning, early this afternoon, local time, and their first stop in Jerusalem we know was the U.S. consulate. After that, don't know too much about their plans, but we know they'll be agitating to get home very soon.

Chris.

WALLACE: Amy, you're exactly right about the feeling across the FOX family. We had all put up yellow ribbons. I have one in front of my door, and I'm personally waiting for Steve, personally, to pull it down. We've never been happier to get one of your reports. Thanks for that. We'll have more on Steve and Olaf, much more, a little later, but there is other news today.

It was one year ago Tuesday that Hurricane Katrina struck the Gulf Coast, devastating parts of Mississippi and Louisiana. To where efforts to rebuild the area stand now, we turn to FOX News correspondent Jeff Goldblatt.

Jeff?

JEFF GOLDBLATT, FOX NEWS CORRESPONDENT: Chris, one year ago, Katrina was getting stronger over open water, and many in New Orleans seemed unconcerned about evacuating. Today, however, the concerns in the region run the gamut. Some are well into rebuilding, some don't know where to start.

Mississippi seems to be the beacon of an efficient, speedy cleanup, despite the fact Katrina wiped away 80 miles of coastline structures. But legislation was passed in the fall that paved the way for casino expansion and multi-billion dollar development projects, and a building boom is well underway.

A chief difference between Mississippi and New Orleans seems to be the lack of a firm master plan here. Fewer than half the city's population is back, half the hospitals remain closed and a fraction of the more than 100,000 homes red-tagged for demolition have indeed been demolished.

On the smallest of scales, it could be said that this represents the current situation in New Orleans. It used to be New Orleans had two telephone books, but now the Yellow Pages and White Pages have been condensed into just one book.

Chris, back to you.

WALLACE: Joining us now, Don Powell, the president's point man for rebuilding the Gulf Coast.

Mr. Powell, thanks for coming in.

DON POWELL, FEDERAL COORDINATOR OF GULF COAST REBUILDING: Thank you, Chris.

WALLACE: Let's start with Tropical Storm Ernesto, which has just been upgraded to a hurricane, and could, according to some forecasts, hit the Gulf Coast over the next few days. Now, the head of the U.S. Army Corps of Engineers said yesterday he doesn't know if the rebuilt levees in New Orleans could withstand another hurricane.

What kind of shape is New Orleans and the whole Gulf Coast in to handle another major hurricane?

POWELL: I think we're in good shape. I know that the local people, the local officials, the state officials, have been coordinating with the federal officials to anticipate this day. Hopefully, this will not come, but there is a widespread coordination, and I think we're ready. There's no question in my mind, we're ready.

WALLACE: And what about those levees that the Army Corps of Engineers says maybe can't withstand another hurricane?

POWELL: There's been an extraordinary amount of effort by the Corps of Engineers on restoring and repairing the levees, and I believe that the levees are ready for the hurricane season.

WALLACE: Let's take a look at the general rebuilding situation in New Orleans today, one year after Hurricane Katrina. Here it is.

More than 200,000 former residents -- that's roughly half the pre- Katrina city -- are still displaced. Only 29 percent of the schools have reopened. Only 17 percent of the buses are now operational.

Mr. Powell, a year later, are you satisfied with what's been done so far to rebuild New Orleans?

POWELL: Chris, let's step back just a minute and talk about this devastation. The city of New Orleans, 80 percent of the city of New Orleans, was underwater for 57 days. That's an area seven times larger than Manhattan. There was more debris in the Gulf Coast than all of Andrew and the World Trade Center, combined. There was 1,500,000 people affected by this storm, of which 800,000 of those were displaced citizens.

So this was a gigantic, catastrophic event, so I think it's important for us to understand how large that is. The city of New Orleans, if it were a country, its gross national product would be the

port, tourism and energy. The port is back to pre-Katrina levels, tonnage is back. Ship calls are more than they were pre Katrina.

The port is active. It touches 33 states in America, affects 62 percent of all of the consumers in America and it's back. Energy, 25 percent of the domestic production is supplied by the Gulf. It's all back. Refineries, oil, gas...

WALLACE: So you're saying there are no problems?

POWELL: I'm saying that those three components, tourism, energy and the port, is back to pre-Katrina levels, and that's critically important. Lots of jobs served by those industries. It's very important. WALLACE: You are the president's point man for rebuilding the region. I want to take you back to the speech that President Bush made two weeks after Katrina, from Jackson Square in New Orleans.

Take a look.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH (R), PRESIDENT OF THE UNITED STATES: We have a duty to confront this poverty with bold action. We will identify property in the region owned by the federal government and provide building sites to low- income citizens, free of charge, through a lottery.

(END VIDEO CLIP)

WALLACE: In fact, Mr. Powell, two of the three promises that the president made that night to fight poverty were never kept: the worker recovery accounts to help evacuees as they were looking for jobs after the displacement of the hurricane and the Urban Homestead Act, which was going to provide free land. Neither of those things ever happened.

Would New Orleans be in better shape today if the president and Congress had kept those promises?

POWELL: Chris, there has been an unprecedented amount of federal aid gone to the Gulf Coast, $110 billion has been allocated. Almost 50 percent of that money has been spent to the Gulf Coast. The balance is not unlike your checkbook. When you receive payment for your wages in your checkbook, you wait and you draw down on that checking account when you have bills to present.

So the balance of that money is going to be spent. So there has been an enormous amount of aid from the federal government to the Gulf Coast.

WALLACE: But, having said all that, we've got the U.S. Army Corps of Engineers saying the levees are, at best, state-of-the-art 1965 flood protection. Crime was so bad last month that they had to call in the National Guard. There's no city plan for rebuilding the city. A lot of people are

just doing it on their own and building houses the same level, no elevation at all, could create another flood.

Aren't we spending those billions of dollars of taxpayer money to build another New Orleans with all of the same problems?

POWELL: The levees are back to where they were pre Katrina, and they're on their way to be the best, better and stronger than they have ever been. They will be certified to the 100-year floodplain by 2010.

The planning process for rebuilding New Orleans is the responsibility of the local people, and just this past week, the city council and the mayor agreed to the planning process, together with the Louisiana Recovery Authority. There's lots of progress that's occurring in New Orleans.

WALLACE: So, basically, you're saying, "Good news."

POWELL: I'm saying that we still have a long way to go, but the president's in it for the long haul. This is a process. It's not a one- time event. But there has been lots of progress.

WALLACE: Mr. Powell, we're going to have to leave it there. We want to thank you so much for updating us...

POWELL: Thank you, Chris.

WALLACE: ... on the situation along the Gulf Coast.

POWELL: Thank you, sir.

WALLACE: We've also invited the president of the New Orleans City Council, Oliver Thomas, but he is running a little late this morning. When he gets here, we'll talk with him.

But, next up, we'll talk with Senator Joe Biden about Iraq, Iran and the role foreign policy will play in the November elections.

WALLACE: Stay with us.

WALLACE: Joining us now to discuss trouble spots around the world and politics here at home is Senator Joe Biden, the Democrats top man on the Foreign Relations Committee and a presidential candidate for 2008. The senator joins us from the campaign trail in Charleston, South Carolina.

And, Senator, let's begin with the good news. Your reaction to the release of our two FOX colleagues and what their prolonged kidnapping tells us about the situation right now in the Palestinian territories.

SEN. JOE BIDEN, (D) DELAWARE: Well, it tells us, Chris, I think that the situation in the entire region is perilous, number one. But number two is just a great joy. I mean, as I was literally coming over to this site to do your show, I saw on the hotel monitor that they had been released. And I guess had the same feeling everybody did. You just went, like, "Great."

But I don't know, and I'm not sure anybody knows, the full circumstances of their release. But it does say one thing, that there seems to be some element within the Palestinian lexicon over there that in fact thinks that it was not a good idea to keep them. It's hard to read, though, at this moment, but I'm just delighted, like everybody else in America is, that they're released.

WALLACE: Senator, let's turn to what may also be some good news out of Iraq. Take a look if you will, sir. After a deadly July, the murder rate in Baghdad has fallen 41 percent so far this month.

In two of the worst neighborhoods, where U.S. and Iraqi forces have launched a new offensive, the murder rate is down 83 percent in Amariyah and as well in Dora. And, Senator, on Saturday, hundreds of tribal chiefs signed on to Prime Minister Maliki's reconciliation plan.

Is it possible -- possible -- that President Bush's plan for Iraq is finally beginning to work?

BIDEN: I pray it is, but I don't think this -- the answer is, I don't think there's any reasonable prospect, Chris, for, quote, "things to work in Iraq," until, and, in fact, the Sunnis get a buy in with a piece of the oil to deal with the insurgency. And Maliki has the ability to jump in and be willing to take on the competing elements within the Shia coalition made up of the Mahdi Army, the Askari (ph) and the Dawa parties, mostly the Badr Brigade.

Unless you are able to take control of the militias, I don't think there's much of a shot here. But we have had good days and good weeks like this before. I pray this is the beginning of an ultimate reconciliation, but I'm doubtful of that.

WALLACE: Well, let me ask you about your doubts, because in an op-ed column this week, you said the following, and let's put it up.

"Unfortunately, this administration does not have a coherent plan or any discernible strategy for success in Iraq. Its strategy is to prevent defeat and hand the problem when it leaves office." But, in fact, Senator Biden, there has been, if not a new strategy, at least a new tactic. U.S. and Iraqi forces have started what they call the ink blot strategy of going into some of the toughest neighborhoods, flooding them, gaining control and then gradually spreading that out, their control.

And this week, the commander of all U.S. forces in the Mid East, General John Abizaid, had this to say. Here it is.

(BEGIN VIDEO CLIP)

GENERAL JOHN ABIZAID, COMMANDER, U.S. CENTRAL COMMAND: I believe that there is a danger of civil war in Iraq, but only a danger. I think Iraq's far from it. I think that there's been great progress on the security front here recently in Baghdad.

(END VIDEO CLIP)

WALLACE: Is it possible, Senator Biden, that General Abizaid has a better sense of what's going on on the ground in Baghdad than you do?

BIDEN: Well, I'm sure he has a great sense of it. I've just been on the ground in Baghdad just four weeks ago. I sat with General Casey. I sat with General Chiarelli. They both said the same thing. They said that things are really in difficult shape. They pointed out that since the unity government, the insurgency has not abated in any way, and you had a considerable increase in the number of people joining the militias, because there are no jobs at all.

There is no strategy to deal with getting the 60 percent unemployment rate among young people and young men, who get paid to carry weapons and join the militia. There is, in fact, no reasonable prospect that there's enough troops that we can get this ink blot strategy extended throughout the country, Chris.

We're talking about unable to sustain 135,000 troops there for another year. I mean, I can go on and on. So this is a momentary and, pray God, a long-term decrease in the sectarian violence in the region, but look what we've had to do. We've had to bring troops back in. We have had to have them essentially take the lead. They're going to say they're not in the lead, but essentially take the lead. And, in fact, there is no reasonable prospect to expect that the folks out in Fallujah and the folks out in the Anbar province are going to say, "Hey, you know, this means we got a really good deal here. Why don't we end our insurgency here?"

I hope you're right, Chris, but this is the same strategy we've had before and I don't know how you do this unless you give the regions, the people, the Sunnis, the Shia and the Kurds a little bit more breathing room. Don't force them together the way we're doing it now, have a loosely knit federated government, like we did in Bosnia.

WALLACE: Senator, let me ask you about that, because your plan is to decentralize the country and create sort of semi-autonomous regions for the Kurds, the Sunnis and the Shia. But I want to put up a poll taken recently of Iraqis.

BIDEN: I can't see your polls. If your staff could turn this TV so I can see?

WALLACE: I'm going to read it to you.

BIDEN: Oh, OK, sorry.

WALLACE: Ninety-four percent support a unity government and 78 percent oppose the country being segregated by religion or ethnicity. Do we really want to be in the position, Senator, of pushing something that the Iraqis apparently don't want?

BIDEN: Chris, I'm not talking about segregating the government by religion or ethnicity. I'm talking about them having the same kind of autonomy in the three major regions -- their constitution right now says any three of their 18 governorates can get together and form a region.

All I'm saying is that they should have control over their local laws of marriage and property and education the same way the state of South Carolina is different than the state of California today. That they should have their, quote, "South Carolina State Police," and there should be a California State Police, that they have local control and local autonomy.

That's the only way you're going to get the Sunnis to buy into a notion that they're going to be part of a government that's controlled by 61 percent of the Sunnis. And if you do that, you're going to find each of the sectarian forces deciding they better get themselves straight and have their power base in their own area.

I went to down Basra, one of the few people to go down there, met with a British two-star general. He said, we don't have an insurgency down here. We don't have a civil war down here. What we have is warring Shia factions deciding who's going to fill the vacuum here. I think it's time to get real and we ought to talk to the generals on the ground.

WALLACE: Senator, we're running out of time, but I want to ask you a quick question about Iran, and also a little politics. In Iran, Iran's president yesterday inaugurated a new heavy water reactor -- rather, production plant -- and he said that his country's nuclear program poses no threat to any country, including Israel. Meanwhile, the Russians, who gave us their word, apparently in July, that they would go along with sanctions, are now saying, no, they won't go along with any economic sanctions.

Question: what do we do now?

BIDEN: Well, it's a really bad situation, and it seems to me what we have to do is continue to push to see if we can hold this coalition together to increase gradual sanctions. Without that, we don't have a whole lot of options here. We don't have -- as the president of the United States said, we have been sanctioned out.

And our military option to go in and take out any one of their multiple sites that they may use to produce nuclear weapons over the next decade, is pretty limited. So we ought to be getting to the point where we are trying to get the rest of these nations to keep their deal.

Look, the U.N. Security Council passed a resolution. They said if the Iranians didn't step up, that we would step up. This is a test for the diplomacy. This is a test for the United Nations. If it fails, then what we're going to have to do is begin to come up with a serious containment policy, here.

In the meantime, by going out into the region and making sure that everyone from the Sunnis to the Turks have a sense of what their interest is and begin to make it clear that we're going to build up the capacity to contain Iran while we settle things in Iraq, to give us more flexibility to deal with Iran. We don't have any clear options right now.

WALLACE: And, finally, Senator Biden -- finally, we've got about 30 seconds left, but I can't let you go without some politics. As we've mentioned, you're in South Carolina right now, on the campaign trial. Thirty seconds or less, what kind of a chance would a Northeastern liberal like Joe Biden stand in the South if you were running in Democratic primaries against Southerners like Mark Warner and John Edwards.

BIDEN: Better than anybody else. You don't know my state. My state was a slave state. My state is a border state. My state has the eighth- largest black population in the country. My state is anything from a Northeast liberal state.

WALLACE: So you think you could go into the lion's den and against the other lion tamers?

BIDEN: I know I can.

WALLACE: Senator Biden, we're going to have to leave it there. We want to thank you so much for joining us today.

BIDEN: Thanks. WALLACE: We promised you an interview with New Orleans City Council President Oliver Thomas, but he apparently overslept this morning. Not only did he not make it to our studio for this interview, but we also understand that he missed a briefing on Hurricane Ernesto this morning.

Coming up, our Sunday panel on the great news about the release of our two FOX News colleagues and what it tells us about the situation in the Middle East.

WALLACE: Stay tuned.

WALLACE: Those are our two FOX News colleagues, Steve Centanni and Olaf Wiig, just after they were released this morning, and you can see Steve there. And that is pure joy, my friends. I've seen these pictures 20 times already today and I can't get enough of them.

It's panel time now for Brit Hume, Washington managing editor of FOX News, and Fox contributors Nina Easton of Fortune magazine, Bill Kristol of the "Weekly Standard" and Juan Williams from National Public Radio.

Well, we all woke up today at our various times to the great news about the release of Steve and Olaf after 13 days in captivity.

Brit, what are your thoughts about the kidnapping and about the release?

BRIT HUME, FOX NEWS ANCHOR: Well, my first thought is one of enormous relief. I feel terrible in the mornings, but when I was awakened by this news, I feel great, and still do, about it. Obviously, we're all waiting for the moment when Steve walks through that door, back to his home base here in Washington. We've all been praying for his release and worried sick about him.

There you see him with the Hamas leader, who we are given to believe was instrumental in effecting his release.

WALLACE: And that's Olaf's wife, Anita, who was just tireless in fighting for his release and making statements. You can see they're happy, but you can see they've been under terrible strain.

HUME: I think you can, and it's characteristic of Steve, this morning, in the interview, of which you showed a portion, that he did with our colleague Shepard Smith this morning that he, despite the emotion of the moment, was able to give us a sense of what a gruesome and grim experience he'd been through, in Steve's dispassionate way, which is characteristic of Steve, a very mild and even-tempered guy, whose personality kind of embodies our whole creed here of fair and balanced. So we're eager to have him back.

NINA EASTON, FOX NEWS CORRESPONDENT: Well, I thought it was an obviously very happy ending, but a very tragic episode, journalistically. Steve very graciously this morning said, don't let this dissuade reporters from coming in. Come in and tell this story.

But, in fact, if you're an editor, a producer, and you're responsible for these people's lives, you've got this area where gangs are on the rise, unemployment has doubled since Hamas was elected not long ago. You've got young men roaming around. Two dozen reporters have been kidnapped over the last couple years there.

It's a dangerous situation, and I think the tragedy is, and we're seeing this in Iraq already, is that it's become so dangerous that there are fewer journalists and they're confined to a smaller safe space. So it's very difficult to tell these complex, nuanced stories that the world needs to hear.

WALLACE: Bill, before we get to our side of it, and of course we always are overly concerned about our side, what does it say about the state of the Palestinian territories that in this particular case, and I'm sure in others as well, that our FOX News representatives over there were having to negotiate with various political factions, with various street gangs, to try to get these people released?

BILL KRISTOL, FOX NEWS: Well, first of all, I would say it's just great that Steve and Olaf were freed. But, yes, Steve said journalists shouldn't be afraid to come back here. We need to cover this story.

One way to encourage journalists to come back would be if the kidnappers were brought to justice, if the criminals were arrested. The Palestinian Authority knows who they are. Let's see if there's a serious effort to get to them.

There's reports that it could be the same group, some intelligence services seem to think so, that killed three Americans about three years ago in Gaza. They haven't been brought to justice. So I think it's great to have Steve back, but we'll see if the kidnappers are brought to justice.

And I think the sadness that chills me, that the story's not over in this respect, is we were forced to convert to Islam at gunpoint, which Steve was forced to say.

Well, it's what Steve said now, that he was forced to have this phony conversion on air. I mean, that is a chilling thing, and it says a lot, I think, about the enemy we're all fighting in the Middle East.

WALLACE: We should point out, because it's kind of getting lost in all of this, that in Amy Kellogg's piece, you saw that they were wearing Islamic robes, and they were all talking to the camera, a hostage tape, they all put up their finger and swore their allegiance, their conversion to Islam and also made some anti-Western statements.

This was all obviously under extreme duress and it may have been a get out of jail free card, but it does give you a sense of the thugs that we were dealing with.

KRISTOL: I don't know if the Hamas leader, the prime minister of Palestine, condemned, if other reputable Islamic authorities in governments in the Middle East, unequivocally condemned this forced conversion or pseudo-conversion of hostages at gunpoint. I mean, that would be a helpful thing to do.

If they want to maintain the position that a few thugs have hijacked Islam and that Islam disapproves of this, it's important that the authorities say so.

WALLACE: But, Juan, when we're negotiating with one street gang that says, well, they don't really know the other street gang, is this the wild west there?

JUAN WILLIAMS, FOX NEWS: It is the wild west. It's utter anarchy. But, I mean, I was surprised and pleased that somehow negotiations were able to go forward, that somebody was able to establish a hierarchy and say, we want these men returned safely and make it clear.

I don't know if they offered some incentive. It's not clear if any incentive was offered to the bad guys in this scenario. To get back, though, to what Bill was saying, I think Bill was onto something very important here in the two videos.

The one video clearly had them saying that they were now advocates, adherents of Islam. And that would suggest that if you're not an adherent of Islam, therefore you're an enemy, somehow, of Hamas, of the Palestinian people, which is madness.

WALLACE: And could be killed.

WILLIAMS: And could be killed, that you're deserving of death.

And the other part of it, and I think this is truly something that historians will look back on this episode and see, is that for the first time, it wasn't directed at Israel, but at the United States. In the second of those videos, you have Steve and Olaf asked to condemn the United States for shipping helicopters over there that are used by the Israelis.

That whole issue previously was all contained in an anti-Israeli tirade or hatred. Now, all of a sudden, the United States is being specifically targeted, and FOX News.

HUME: Well, this would hardly be the first time the United States has been targeted or spoken ill of in that part of the world. You see that tape, it does really make you think.

WALLACE: Again, this is a tape that was released early today, and when we first saw that tape, not knowing, of course, they were going to be released, this was pretty scary and we didn't know that this was going to have a happy ending.

HUME: Yes, and what an appealing faith these thugs must believe Islam is, that conversions have to be effected at the point of a gun. And what of the argument that all of the ills and troubles that beset the Palestinian people, that lead them to terrorism, are the cause of what they endlessly refer to as the illegal Israeli occupation.

Consider the latest rounds of trouble in Gaza and Lebanon, two places from which Israel has withdrawn.

It has been noted that not for one day after the Israeli pullout from Gaza did the rocket attacks that came from Gaza ever stop. We're not dealing here with something that is susceptible to a political resolution of the kind of which the State Department and many a president has dreamed.

We're dealing here with a lawless enemy whose goal far transcends any side-by-side, two-state solution. That isn't going to do it. We're dealing with a terrorist, gangland-style enemy, which I think it's fair to conclude, and this episode only further illustrates it, must be defeated.

WILLIAMS: I don't think there's any question that these people have been beaten down, occupied, oppressed, and that you're going to say, all of a sudden, you know what, it's gangland. All true, Brit, but you're saying because, suddenly, Israel pulls back, you expected that immediately there would be hats off, hey old fellow, have a beer on me?

These people, not only is their chaos, they don't really have a government. And, as you know, there have been sanctions put in place against them and their government because of the activities of Hamas.

HUME: I can imagine the conversation that must have unfolded, Bill, in which these hoodlums sat around in a basement somewhere and decided that because of the sanctions that have been imposed on the Palestinian Authority and the leadership of the terrorist organization Hamas that they must go out and snatch a couple of unarmed, innocent Americans and hold them at bay and then force them to convert to Islam by gunpoint.

Somehow, Juan, I just don't see the...

WILLIAMS: I just don't think it's going to be an instantaneous turnaround to a peaceful, organized group of people after the horrors that they have been through and their history of fighting against Israel and the deep enmity that exists.

I mean, it's a horrible situation, but to say, oh, because the Israelis pulled out, that they should behave now in a better way. We should not have any more problems.

HUME: Well, Juan, let me ask you this. Should they behave better?

WILLIAMS: I was hoping that they would behave better. I hope that they will organize themselves. I think Bill and I would agree that the reasons the sanctions were put in there was because people view Hamas as a terrorist organization and you want...

HUME: With good reason.

WILLIAMS: Right, so that's the hope. But you can't then turn around and make the argument here this morning, oh, because this happened, there's no hope and all we can do is beat them into the ground.

KRISTOL: The Hamas government knows who these kidnappers are and they negotiated with them, they got the release. Maybe they could even have been a set-up group by Hamas to distract attention from the fact that there's an Israeli soldier still kidnapped and still held hostage...

WILLIAMS: Still held hostage.

KRISTOL: ... in the Gaza Strip, of course, (inaudible) knows, with the approval in this case, perhaps, of the Hamas government. Let's see if the Hamas government brings these kidnappers to justice.

WALLACE: Nina, you get the last word.

EASTON: To state the obvious, Hamas was elected, and what will be the effect, not just of this kidnapping, but the rise in unemployment, the chaotic conditions there?

Will the Palestinian people throw them out?

WALLACE: But it is, I think, Bill, once again, as you pointed out, a pretty good test. Let's see whether or not the Palestinian authorities bring the captors of Steve and Olaf to justice.

We have to take a break here. We'll have more in a moment, but let's take one more look at that very happy scene, Steve Centanni and Olaf Wiig, just moments after they were released this morning.

WALLACE: On this day in 1883, a massive volcano exploded on the Indonesian island of Krakatau. More than 36,000 people were killed when the eruption generated giant, 120-foot waves. Stay tuned from more from our panel and our power player of the week.

(BEGIN VIDEO CLIP)

TONY PERKINS, FAMILY RESEARCH COUNCIL: In order to placate Democratic opposition that he has maybe gone along with some compromise that gives them what they want.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

U.S. SENATOR HILLARY RODHAM CLINTON (D-NY): Maybe we're going to be back on the right track, to have non-political decisions made.

(END VIDEO CLIP)

WALLACE: That was an unhappy social conservative and a happy Hillary Clinton, commenting on FDA approval of over-the-counter sales of the morning-after contraceptive pill. And we're back now with Brit, Nina, Bill and Juan. Well, after years of political and scientific wrangling, the FDA finally this week approved selling the drug Plan B over the counter to people 18 and older, but still by prescription to people 17 or younger.

Nina, what do you make of all the back and forth there?

EASTON: And I would say 18 and older, you have to have an I.D. and it's in pharmacies, so there's controls over it. And the big issue, for a long time, was should it be sold to underage girls, 17 and younger? And I think that becomes a parental authority issue, should this kind of thing be allowed? Should a medicine like this be allowed to be accessed by girls?

The fact that they went from 18 and older, you've got to look at this and say -- the critics are making it a health issue, first of all. But 18 years old, a woman can get married, she can buy cigarettes. She can get a body piercing, a tattoo. I mean, there's lots of things that are dangerous that a woman can do at age 18. I didn't mean to say that marriage is dangerous, but you know.

EASTON: So they raised the health concerns. I really think what these social conservatives are concerned -- the real underlying issue here is they're worried about increased promiscuity.

They do have a point, I think, that the men being able to access this is a loophole. An 18-year-old man can go buy this for his 16- year-old girlfriend. I do think that that's a cause for concern.

But I do think the anti-abortion rights folks are worried and concerned that this is somehow a pseudo-abortion, in that there are times that it prevents the egg from settling, attaching to the uterus. Mostly it works by just preventing fertilization.

WALLACE: That's also true of prescription birth control.

EASTON: Which is also true of prescription birth control, but it's available by prescription.

(CROSSTALK)

WALLACE: ... ovulation or fertilization.

But, Bill, let me ask you, and this was one of the things that interested me most about this story. It's kind of an interesting twist, because family planning groups, Planned Parenthood, say, look, this is great. It's going to cut the number of unwanted, unintended pregnancies, in half. It's going to reduce the number of abortions.

But the pro-lifers, the social conservatives, are saying, no, no, because it's going to increase promiscuity. So it's almost like there was a twist on who was siding on which side of the idea of cutting unintended pregnancies and abortions.

KRISTOL: Well, I think pro-lifers think this can be a kind of abortion, a very early abortion. So that's why they oppose it, and if you're pro life, you're not happy about this being more widely available.

If it causes fewer late-term abortions, fewer surgical abortions, that would be a good thing, but people promised that the wide availability of birth control in this country over the last 30, 40 years was supposed to reduce abortions, and at least for the first 20 or 30 years, it certainly didn't.

I don't know, I came into FOX this morning and one of our colleagues who works here, a guy just out of college a couple of years, said all of his friends who are still in college are very happy about it. All of his guy friends, his male friends who are still in college, are very happy about this, because they have a wild night and if precautions aren't taken, the burden is now totally off them.

They just tell their girlfriend to go out and get this drug and no problems at all, and I don't think that's a very good thing for the country.

WILLIAMS: Well, but the woman doesn't have to do it. The woman has some choice in this matter, and, in fact, what it does is it increases her ability to manage her life, her future and to decide whether or not she's ready to be a parent.

And the fact of the matter, contrary to people who say this is an abortion, it's not an abortion. This is preventing pregnancies, just like taking a birth control pill. That's good news. I don't see how you get around that.

To my mind, what's really at stake here is credibility. The FDA approved this three years ago, then they had an advisory panel, scientists who have said it's a safe way for young women to deal with this situation. And then you had politics intervene, the politics of abortion, and people say, "No, don't do it. It's about promiscuity."

That to me was playing to the base and it was, to me, pandering to people who are opponents of abortion. They have a legitimate case to make in terms of opposition to abortion, but there was no scientific case to be made that this wasn't safe and a good way for us to handle it. From a parents' point of view, this is an important step and one that should have been taken.

Politics should never have gotten involved. You didn't need Senator Clinton, Senator Murray having to hold up Andy von Eschenbach , who is to be the new FDA.

WALLACE: Let's put up his picture, and then let's just talk just briefly about the politics of this. Andrew von Eschenbach, there he is, was nominated to be the new FDA commissioner and Democrats like Hillary Clinton and Patty Murray, the senator from Washington, were so upset because they felt the White House was pandering to social conservatives, that they put a hold on his nomination, trying to push, force, the FDA to make this ruling.

HUME: Chris, let's be clear about this. There's no getting the politics out of an issue that burns as intensely as this issue does. And there are enormously important groups in both parties who have a stake in this.

The abortion rights lobby obviously does. The pro-life groups do on the other side as well, and this as much a pitched battle between them as it is a scientific issue. And you're never going to get the politics out of politics, which is where this is and where the outcome, dictated in part, as it was, by the political act of holding up a nomination, was manifested.

So the question I think is the one that's the hardest to figure out is, is the administration and the president hurt by this in some lasting political way? Probably not. He's not up for reelection. He has no immediate heir who's going to be part of the administration, I shouldn't think, so we'll see how this plays out.

I don't think it'll have much effect on the congressional midterms.

WALLACE: But let me ask you about that, Nina, because in this particular case the liberals, the pro-choice people, the family planners, won, and the social conservatives, which one would regard as the president's base, lost, people like Tony Perkins. Is that going to affect their zeal in going out and supporting Republicans in these congressional elections?

EASTON: Well, let's be clear. President Bush agreed with Hillary Clinton on this matter. They're on the same page on this. I do think that this, along with some other issues that have hurt President Bush's standing with the base, it could have an effect in November. It makes the base less likely to turn out, if in fact these groups -- and I'm not always sure that these groups actually represent a broad enough base of voters.

They are, just as the liberal groups are in Washington, raising funds, able to gin up -- this is a great direct-mail opportunity to criticize over this. But I'm not sure at the end of the day that people are going to go to the polls or not based on something like this.

WALLACE: Bill, this sort of gets into even a bigger question that we've also seen in the debate over stem cell research. Does this White House, and in fact do all politicians, play politics with science?

KRISTOL: I actually think the president has not played politics here. He's pro life, he vetoed the bill that would have provided federal funding for embryonic stem cell lines derived from embryos that would have been created and destroyed to create the stem cells.

In this case, he let the FDA go ahead because the pill was already legal by prescription and the FDA judged that it would be safe to have it available over the counter for people 18 and over. This was not a huge priority.

I talk to a lot of social conservatives and religious conservatives, I suppose I am one, in some way. This was not at the very top of the list, compared to a bunch of other issues. If you go to National Right to Life's Web site -- I did this last night -- there's actually no discussion of it on their Web site.

So if you're pro life, you're not happy about this, but compared to his veto of the federal funding for embryonic stem cell bill, compared to his court appointments, compared to his general pro-life policies, which he's been very consistent on, I think this is a case where, look, abortion is legal in this country. Some of us don't like that, but it is, and if abortion's legal, this pill's going to be legal, and then it becomes a practical, scientific judgment about how exactly it should be regulated in terms of prescription or having to get it over the counter in the pharmacy.

WALLACE: But, again, Juan, it took years to get the FDA to approve it.

WILLIAMS: Three years. Then they approved it and it takes three years afterwards. We talk about the whole business of the Christian Coalition, which seems to be...

KRISTOL: It didn't take three years for the FDA to approve it. It's been available by prescription. I don't believe it was very hard...

WILLIAMS: Over-the-counter version.

KRISTOL: Do you know a single 19-year-old that couldn't go to a college pharmacy, say, "Unfortunately, something happened last night. I need a prescription for this." And is there a college doctor in the country, except at maybe six Christian colleges, who wouldn't give that young woman a prescription?

WILLIAMS: That's for your children and my children, but there are many kids who aren't in college, who don't have access to the infirmary.

WALLACE: And the other interesting aspect of this, very briefly, is that you don't need a prescription to get this, but you do need a prescription to get a birth control pill.

EASTON: And at 18, you're an adult...

WALLACE: Thank you, panel. That's it for today. See you next week.

Up next, our Power Player of the Week.

WALLACE: Twenty years ago, a man here in Washington started building a company that changed dramatically how all of us communicate. Now that same pioneer wants to create the next big thing, which is why he is our Power Player of the Week.

(BEGIN VIDEO CLIP)

STEVE CASE, CHAIRMAN AND CEO REVOLUTION LLC: The first 10 years, when you're really building the company and pioneering a new phase was really the part I love and I think I was better at.

(END VIDEO CLIP)

WALLACE: Meet Steve Case, 2.0. The legendary co-founder of America Online is starting all over again. He's building a new company, and its name says a lot.

(BEGIN VIDEO CLIP)

WALLACE: Why call your company Revolution?

CASE: We're taking risks. We may fail, we may succeed. Time will tell. But we're trying to revolutionize health care.

(END VIDEO CLIP)

WALLACE: More on Revolution in a moment, but first a little history. When Case helped start AOL 20 years ago, most people thought of consumers as super typewriters.

(BEGIN VIDEO CLIP)

CASE: We thought communications was the main event, that occasionally you might want to use a spreadsheet, occasionally you might want to use a word processor. You would always want to communicate with people you cared about.

(END VIDEO CLIP)

WALLACE: It took nine years to get their first million subscribers. Nine years later, they have 20 million. Then, in 2000, Case announced a merger with Time Warner.

(BEGIN VIDEO CLIP)

CASE: Everybody thought it was a great idea, sort of the merger of the century. Two, three years later, it was the worst merger in history.

(END VIDEO CLIP)

WALLACE: The dot-com bubble burst. Synergy within the company didn't happen, and there were accounting scandals. Case resigned as chairman.

(BEGIN VIDEO CLIP)

WALLACE: How hard was all of that for you, personally?

CASE: I learned relatively early on that you're never quite as good as they say you are when you're doing well and you're never quite as bad as people might think when they're saying bad things. You had to kind of be a shock absorber.

(END VIDEO CLIP)

WALLACE: Last year, Case started Revolution. Where he used to have 85,000 people working for him, he now has a few hundred. But he says it reminds him of the early days at AOL.

(BEGIN VIDEO CLIP)

CASE: It does. It feels like we're kind of doing the same kind of pioneering thing, just trying to start from scratch, a small team but with a big idea.

(END VIDEO CLIP)

WALLACE: That idea is to put the consumer at the center of health care. They started opening small clinics around the country. If your kid gets an earache on the weekend, you go there, instead of waiting until Monday to see the doctor.

Another idea, to provide tools on the Internet, so you can track your costs, control your medical records, even shop for a doctor or a hospital based on their success rates.

(BEGIN VIDEO CLIP)

CASE: People spend more time deciding what movies to go to or what restaurants to go to than what doctors to go to. Well, why? Partly, maybe they haven't thought about it. Partly, maybe there aren't the tools to help them make informed decisions.

(END VIDEO CLIP)

WALLACE: Case says part of what's driving him was seeing his brother, Dan, die of brain cancer three years ago. As in the early days of the Internet, he decided health care was too complicated, too inefficient, and wasn't built to serve the customer.

(BEGIN VIDEO CLIP)

CASE: And even though building the Internet and helping make that mainstream is, I think, a great accomplishment, something I'm proud about, if we are able to fix the health care system, that I think will be an accomplishment I'd be even prouder about.

(END VIDEO CLIP)

(END VIDEOTAPE)

WALLACE: In a few months, Revolution will launch Revolutionhealth.com. The Web site will help you manage your health care and ways to pay for it.

And that's it for today.

Steve and Olaf, get back quick so we can all give you a big hug.

And for all of you, have a great week. We'll see you next "FOX News Sunday."

CBS – FACE THE NATION

BOB SCHIEFFER, host: Today on FACE THE NATION, one year later: Is the US ready for another Katrina? What have we learned from the costliest disaster in American history? Does your city have a credible evacuation plan? And what is the situation today in New Orleans and along the Gulf Coast? We'll go first to CBS News correspondent Harry Smith in New Orleans. Then we'll talk with Mississippi Governor Haley Barbour. Finally, we'll talk with FEMA director David Paulison. Is he ready to say FEMA is doing a heck of a job these days? Then, I'll have a final word on what really scares me when it comes to our national security.

But first, one year after Katrina on FACE THE NATION.

Announcer: FACE THE NATION with CBS News chief Washington correspondent Bob Schieffer. And now, from CBS News in Washington, Bob Schieffer.

SCHIEFFER: And good morning.

BOB SCHIEFFER, host:

We begin this morning with some tragic news. A Comair passenger jet bound from Lexington, Kentucky, to Atlanta with 50 people on board crashed this morning and caught fire about a mile from the Lexington Airport. At this point, we know only of one survivor who is in critical condition. Comair operates a fleet of those regional jets. It is a subsidiary of Delta Airlines. Eyewitnesses said the plane was intact but there was a fire on board before rescue workers could

get to the people inside the plane. We will, of course, have more on all of this as the day progresses and details become available.

But now we go to New Orleans on this weekend that marks the first anniversary of Hurricane Katrina. Our friend Harry Smith from the CBS "Early Show" has covered this story from the very beginning, and this morning he is there.

Harry, I must say that when I was in New Orleans in February, I was shocked at how little seemed to have been done. And looking at that scene behind you there, it makes me ask, has--is it gotten any better since then?

HARRY SMITH reporting:

Well, I tell you what, we're standing right in the middle of the lower Ninth Ward, this is one of the hardest hit areas, one of the poorest parts of New Orleans. And as you can see, it looks a lot like it looked in the weeks right after the storm. This neighborhood in particular is like a ghost town. There is almost no rebuilding going on here whatsoever. People are caught in red tape, they're waiting for directions from the city, from the state. Can they come back, will they be able to come back? So this is one of the worst places you'll see.

Now, in neighborhoods where there's more money, there's a hum of activity. You can hear the hammers and you can hear the saws, and there's a--there's a sense of, `We're going to get this back.' But the poorer the neighborhood, the worse off it is.

SCHIEFFER: How are the people of New Orleans coping with this?

SMITH: I tell you, talk about heartbreak. You know, I was in a guy's office about a week ago when we came back down here for the whatever, sixth or seventh time. And this guy turns to me, and he says, `Harry, this is like the movie "Groundhog Day." We get up every day, and it just doesn't feel--it's the same bad movie day after day after day.' We were with a woman in St. Bernard Parish, just southeast from here, where it was--that one neighborhood was struck with a Murphy oil spill, 1700 homes inundated by more than a million gallons of oil. And this woman stood in her front yard, and she just cried for 45 minutes. And she just feels like she's being strangled by red tape. `What's the city say? What's the parish say? What does the state say? What does the federal government say? What does the insurance company say?' These people--the psychic load is just--it's taking a terrible toll.

SCHIEFFER: Well, now, Mayor Ray Nagin said again this morning that he has a plan to get people out if there is another hurricane. Do the people down there believe that?

SMITH: You know what? I think if there's a lesson in any of this for anybody, it's you're on your own. I mean, who in their right mind is really going to rely on a local, state, federal entity in a situation like this? I--you know, fool me once, shame on me. This is--people been fooled too many times down here. I think if an evacuation order comes, people will get out. But the mayor has said if there is a mandatory evacuation, you don't have transportation, at least now they say there will be buses at the convention center to get folks out of here.

SCHIEFFER: All right. Well, Harry Smith, thank you very much.

BOB SCHIEFFER, host:

Of course, New Orleans got the bulk of the publicity and the attention because so much of the damage was concentrated in a fairly compact area there. But the truth is that the state of Mississippi got enormous damage; it was spread over a much larger area; something like more than 300,000 homes along the coast were destroyed. And so we want to bring in Governor Haley Barbour of Mississippi to talk about what has been going on in his state over this last year.

Governor, thank you very much for joining us. What would you say would be the state of your state this morning?

Governor HALEY BARBOUR (Republican, Mississippi): Well, most of our state is way past the recovery stage into rebuilding. Even if you go down to the three coast counties, the--largely, recovery is over and we're into rebuilding. Now, there's some little pockets, particularly in the southwestern part of the coast, the further west, the further south, where we haven't begun much rebuilding.

It's interesting. I heard Harry talk about poor neighborhoods/rich neighborhoods. Some of the richest neighborhoods on the coast have not started rebuilding. They're right on the beach and a lot of the utilities are not back there. But if you go inland a few blocks or particularly a few miles, then people are back in their houses, people are building on their houses. We got a lot to do, Bob, but we're much further along than what Harry described.

SCHIEFFER: Well, I noticed in The Washington Post this morning, they report that seven of the nine gambling casinos in Biloxi are about to be opened for business and will be open for business, but in that report, they say if you go a couple of blocks inland, as you're talking about, where some 6,000 homes and small businesses were destroyed or badly damaged, that the recovery is not going as quickly there.

Gov. BARBOUR: Well, the area they're talking about, the east Biloxi, and there is a huge--there is a large concentration of casinos there, and a huge amount of progress has been made. We've had more than 10,000 people have gone back to work in those casinos. And in east Biloxi, the volunteer effort has just been phenomenal. But you're right, they're--there, they're not as far along. If you go to a poor neighborhood in D'Iberville or other parts of the coast area, they're very far along. But the closer you get to the beach, rich or poor, less has been done for a variety of reasons.

SCHIEFFER: There's been a report that actually, fewer than 5 percent of the destroyed homes are being rebuilt. Would that be accurate in Mississippi?

Gov. BARBOUR: I don't--no, I don't think so, and I'll tell you why. We have nearly 100,000 Mississippians that're still living in FEMA trailers, campers, about 37,000 families. Eighty-two percent of those are located on the lot where their house was, which indicates that they're going

to rebuild. But now, some of them are waiting for insurance money or state grants. And I can tell you, Bob, nothing goes fast enough. I mean, everything about this is too slow to suit me. However, the people whose houses can be repaired--and there are tens of thousands of severely damaged houses that are being repaired--a lot of that is started.

But new construction, there's not a whole lot of it in the residential side, and it's because of lack of labor. We have a labor shortage on the coast. We did have about 300,000 houses that were damaged statewide, but in the coast counties, we lost 70,000 units of housing. To rebuild that, we've got to have so much more labor, and we don't have that yet. The labor is being attracted to the big projects. And our big employers, to their credit, most of them were open by October. We've had a labor shortage since last year.

SCHIEFFER: Governor...

Gov. BARBOUR: Our schools have been open since October.

SCHIEFFER: Governor, what do you make of the talk that Mississippi got better treatment because you and your two senators are both Republicans, while most of the politicians in Louisiana are predominantly Democrats?

Gov. BARBOUR: Well, that's very flattering to me, just unfortunately not true. We are the people, in Mississippi, who came up with the idea that the federal government could use community development block grant money to allow us to rebuild housing. We proposed that to Congress, yet Louisiana has received more than twice as much of that money as we have. They're a larger state than we have. But it was our idea, our concept, and they got more than twice as much of that money. That doesn't sound to me like they're being treated unfairly.

SCHIEFFER: Governor, we have another hurricane brewing out there in the ocean. They're saying it might become a Category 3. Now you've got a whole bunch of people in Mississippi, as you just said, living in those trailers. Obviously they can't withstand a hurricane--a Category 3 hurricane. What are you going to do if a hurricane hits Mississippi? Are you ready?

Gov. BARBOUR: Well, we are ready. Of course, we were--we had a great plan last time, but we got hit by the worst natural disaster in American history and we didn't have 100,000 people living in travel trailers. If Ernesto goes back to the track it was on yesterday, then we will start evacuating on Tuesday. We have to start earlier. We have to provide more people with transportation through buses, which we are prepared to do, but we will move earlier. The storm, as you know, has kind of taken a northern track overnight and maybe is going to come in east of us. But I can tell you, we're praying for the best, but we're preparing for the worst.

SCHIEFFER: So what you're saying is--what would you do? Declare a national disaster...

Gov. BARBOUR: We'd declare disaster...

SCHIEFFER: ...a disaster or what and mandatory evacuation? How would you go about that?

Gov. BARBOUR: Yes, sir. We would have mandatory evacuation of all the travel trailers. We would have mandatory evacuation of certain low-lying areas. But all the travel trailers will have to be evacuated and that would have to start a couple of days in advance. We cannot wait as late as we would have waited a year or two ago because we've got all these people under these special circumstances. And it is a hundred thousand Mississippians.

SCHIEFFER: All right. And you would be--you would make a decision on that tomorrow, is that what you're saying?

Gov. BARBOUR: Well, if the storm goes back on the track or if it had stayed on the track it was on, I was prepared to issue the emergency order tomorrow. If it is, the weather service now seems to think it's going east, so we may take another look at it, but if we're in danger, we will move much earlier than we ever have before.

SCHIEFFER: All right. Well, governor, thank you very much, and good luck to you, and certainly we hope it doesn't hit Mississippi or anyplace else this time. Thank you, thank you a lot, governor.

Gov. BARBOUR: Thank you, Bob.

SCHIEFFER: We'll be back in a moment with FEMA Director David Paulison.

BOB SCHIEFFER, host:

And with us now here in the studio, David Paulison. He is the director of FEMA.

And I must say, Mr. Paulison, welcome to the broadcast. And unlike your predecessor, you do have credentials for the job. People may not know it, but you were a fire chief, for what, about 10 years...

Mr. DAVID PAULISON (Director, Federal Emergency Management Agency): Yes sir.

SCHIEFFER: ...in Miami-Dade County, which is one of our biggest population centers. Let me start by just reading to you what Senator Mary Landrieu, the senator from Louisiana said. You've been on the job now since September, but she said, "Too often federal agencies have been slow to move and have been encumbered by red tape over the last year." She says, "FEMA, for example, is but a shell of what it once was only six years ago. Stripped of authority, denied resources, it is often unresponsive, inept and badly managed."

Mr. PAULISON: Well, I--I--and I have a lot of respect for the senator, but I disagree with that assessment. I have--I have received a tremendous amount of support from Secretary Chertoff and quite frankly, the president himself. I have the tools I need to do the job, and we are doing that. We are rebuilding this organization. It's not something that can happen in a few months. It takes a long time to get in the shape it was in. It takes--it's going to take a while to fix it, but we are ready for this hurricane season.

SCHIEFFER: Well, let's talk about that, because Ernesto is out in the Atlantic. Governor Barbour said if it goes back on the path, it looks like it's headed toward Mississippi, that he probably tomorrow will declare a national emergency, or a state emergency. What do you think? Can the New Orleans people and the Mississippi people, can they survive a big one if it--if it turns out to be that? Because they're saying that this one may be a Category 3.

Mr. PAULISON: Max Mayfield said this is going to be a very--could be a very dangerous hurricane, what they call a major hurricane. So we've been--we're being prepared for that. We've been working very closely with Louisiana to make sure they have good, solid evacuation plans in place. We all know, as the governor said earlier, that people cannot ride out these storms in a travel trailer or a mobile home, they have to be evacuated. And Mississippi has a good evacuation plan in place. The governor is doing the right thing. He is going to call for a mandatory evacuation, it's exactly what he should do.

SCHIEFFER: Well, now, our friend Byron Pitts on "60 Minutes" tonight has a piece on New Orleans, and Byron asked Ray Nagin, the mayor down there, what he would do differently this time. Here's what he said.

(Excerpt from "60 Minutes")

BYRON PITTS reporting:

How would you evacuate people differently this time?

Mayor RAY NAGIN: We're getting everybody out, and we're going to use every medium available. No shelter of last resort. Buses, trains, planes, everybody's got to go.

(End of excerpt)

SCHIEFFER: Well, you just heard Harry Smith, who reported from down there this morning. Harry's take on it is people are not really--don't really believe it, that kind of the general view down there: Everybody's on his own.

Mr. PAULISON: Well, I--everybody should take responsibility for their own actions. However, the federal government, FEMA, is providing buses, we are providing planes, providing trains to move people out. We've been working with the state of Louisiana to make sure we have a very robust evacuation plan in place, make sure there's shelters available, make sure the people have staffed these shelters, and making sure there's not only security but supplies in those shelters. It's been an ongoing effort for the last three months. It's a lot of work, and we put it together very quickly, but I'm very pleased with the plan we have in place, and I think it's a sound one.

SCHIEFFER: Are you sure you have a good handle on the plan that is in place? A lot of people say that while Mayor Nagin says he has a plan, that nobody's quite sure what it is. Do you think that--are you confident that there is a good plan in place here?

Mr. PAULISON: I am confident for Louisiana, because we've worked on it with them. It is a good, solid plan. I--Katrina was a wake-up call for everyone, and not just the Gulf states or the East Coast, but everyone across this country--every emergency manager, anyway--they're asking themselves, `What would have happened if that would have been my city or my state?' And people are starting to rethink what we're doing. We had become complacent, and we have no room for that anymore. Now's the time for action, now's the time to get our states and our communities and our individuals ready for these types of hurricanes. There is a personal preparedness piece of this also that we've often missed, making sure that we take care of ourselves and our families, we prepare ourselves to survive after a storm. Not too difficult of stuff, have a plan in place. I just read a report today that--from the--from Mason-Dixon, a report, survey they did that over 60 percent of the people say they don't have a plan in place, and they don't have a kit ready to survive a storm, or any type of a disaster. That scares me.

SCHIEFFER: Well, let's talk about the possibility of floods, if there is a big one. They have repaired the levees, they've got them back up, but nobody says that they--they're ready and would hold if you had another Katrina. Is that right?

Mr. PAULISON: Well, I don't know if--whether they'd hold or not. It really doesn't matter, because that whole area's an evacuation zone, and people should evacuate if they're asked to evacuate. They should not be riding out a storm in that area inside those levees. Whether they hold or not, if people--if nobody's there, then nobody loses their life. So the mayor's right, we have to call for an early evacuation; Governor Barbour was correct when he said the same thing. We have to pay attention to our local emergency managers and respond when they've asked to do so.

SCHIEFFER: Mr. Paulison--and not all of this, obviously, is your responsibility--but why has it taken so long? I mean, why is it that these billions of dollars that are in the federal pipeline just don't seem to be getting to people in New Orleans and along the Gulf Coast?

Mr. PAULISON: Well, the American taxpayers and the Congress have allocated $110 billion to rebuild the Gulf Coast, so the commitment is there. We have released probably 77, 70 percent of that money to the states, and it takes a while to get down to the local communities. This is not something that's going to happen in a few months. The experience that I went through in Hurricane Andrew, it was a very devastating hurricane, but it only affected a quarter of one county. Here we have an area of 90,000 square miles.

This is not something that's going to be rebuilt in a few months. This is going to take years to do. It takes a very methodical plan to be put in place, to make sure we follow that plan. New Orleans has to decide what it wants to do. What is that city going to look like? Are they going to be smaller, are they going to be the same size, is it going to be bigger? Those types of decisions have to be made before that money's going to start flowing.

SCHIEFFER: Well, do you have any kind of idea when they're going to come up with the idea, as you say, of what they want to be?

Mr. PAULISON: Well, some states already have. Haley Barbour's state of Mississippi's doing an outstanding job. You know, Louisiana is a little bit different. I think Louisiana's different. The mayor has some difficult decisions to make. But they need to go on about making those decisions so that money can start flowing because the money's there. The money's in the state, ready for the city to draw it down.

SCHIEFFER: From a practical standpoint, do you think New Orleans should be smaller?

Mr. PAULISON: That's a local decision; that's not a federal decision. Those residents, the elected officials, they're the ones that have to decide that. That's not--that's not something the federal government should be involved in at all. That's their decision of what they want their city to look like.

SCHIEFFER: Mr. Paulison, I mean, one kind of, I guess, metaphor or example of how basically the federal government fell dead last time around, and--as did the state and local governments, I think that's fair to say--are those 10,000 FEMA trailers that are still up there in Arkansas, that they can't seem to figure out what to do with them, they're paying $250,000 a month, I think, in rent just to keep them there. People need homes, and yet here these trailers sit up there. What is the deal on that?

Mr. PAULISON: Well, we have about 9,000 trailers in Hope, Arkansas. We have over 150,000 families across this country in FEMA travel trailers and mobile homes and we have a prediction by the National Hurricane Center that we're going to have a heavy storm season. Having nine or 10,000 trailers in reserve is not unreasonable at all. We need to have those there. We need to keep a reserve. If we lose--if we lose travel trailers and mobile homes in the Gulf Coast to another hurricane, we don't want to wait for a manufacturer to have to produce them. We want to have a stock to draw on. So that--the trailers are there, they're safe, they're dry, and we want to keep those there. Again, that's not unreasonable to have that small amount, considering we have 150,000 of them out there.

SCHIEFFER: When you look at what happened the last time, and surely, you have, because that's how, in any--any organization learns what they've done wrong--our military does it as a matter of routine--when you look back at what happened the last time, what lessons did you learn?

Mr. PAULISON: There were several lessons. Communications or sharing information; logistics; supplies, having the right things at the right--there--in the right place at the right time; being able to track those supplies, which we could not do; victim registration, doing a better job of knowing where people are and what their needs are. But if I had to pick one, if I had to pick one, the most important, it was the communication piece, the sharing of information. We did not have a good system in place to be able to do that.

Yeah, there was some equipment issues there, but that wasn't the big issue. The big issue was--is working, making sure, having discipline, to have a unified command system set up where we're all planning together, we're sharing information together, so we--and we know who's responsible for carrying something out. If that had been in place, you wouldn't have had the issue with the

Superdome with buses not showing up when they were supposed to, you wouldn't have people being put in there without other people known they were there. So that's the most important piece for us...

SCHIEFFER: That's the most important.

Mr. PAULISON: And we've been working on that for the last several months to fix that.

SCHIEFFER: All right.

Mr. PAULISON: And we have done that.

SCHIEFFER: Mr. Paulison, thank you so much for joining us.

I'll be back with a final word in just a minute.

(Announcements)

BOB SCHIEFFER, host: Finally today, I love the news, but Friday night it made me sick. I had talked all afternoon with Dr. Norman Francis, the head of the Louisiana Recovery Authority, and he had told me that he thought New Orleans is probably more vulnerable today to a hurricane than it was a year ago. Say what you will--and you heard a lot of views expressed this morning--New Orleans is still a mess. Officials at all levels are still groping with how to get federal funds to washed-out homeowners, how to get FEMA trailers in Arkansas to people who need them, how to get more schools open. More than half the schools in New Orleans are still closed.

Byron Pitts asked New Orleans Mayor Ray Nagin about that on Friday's evening news, and basically, he said, `Get over it,' noting that New York still hasn't covered up what he called "the hole" caused by the 9/11 attack.

Arrogance is galling enough, but it was the next story by Allen Pizzey that really set me off. He reported that Hezbollah agents are on the streets of southern Lebanon, handing out US dollars to people whose homes were bombed out.

One year after Katrina and we can't figure out how to get money to people who lost their homes in New Orleans, we're still not sure if it can survive another hurricane, but a terrorist group has figured out how to get American money to the homeless in Lebanon? Talk about threats to our national security. How about a government so big, so complicated and so unmanageable, it can't seem to get out of its own way anymore? That's what scares me.

CNN – LATE EDITION

WOLF BLITZER, CNN ANCHOR: This is "Late Edition," the last word in Sunday talk.

(BEGIN VIDEO CLIP)

NOURI AL-MALIKI, IRAQI PRIME MINISTER: The violence is in decrease. And our security ability is increasing. And I want to assure he who loves Iraq that Iraq will never be in a civil war.

(END VIDEO CLIP)

BLITZER: Iraq. On the brink of civil war? We'll talk exclusively with the man leading Iraq into its next chapter, the prime minister, Nouri al-Maliki.

How long will U.S. troops be on the ground to help? It's been more than three years. When can the homecoming begin?

Reaction from two key U.S. senators, Republican Richard Lugar and Democrat Carl Levin.

(BEGIN VIDEO CLIP)

RAY NAGIN (D), MAYOR OF NEW ORLEANS: The only thing I really lose sleep about these days is whether we could have called for a mandatory evacuation earlier.

(END VIDEO CLIP)

BLITZER: One year after Hurricane Katrina, and another storm on the way. What are the lessons learned? Is the U.S. better prepared this year?

The man in charge of Gulf Coast reconstruction, Donald Powell, and Louisiana Governor Kathleen Blanco are my guests.

"Late Edition"'s lineup begins right now.

ANNOUNCER: Live from CNN in Washington, this is "Late Edition" with Wolf Blitzer.

BLITZER: Welcome back. It's 11 a.m. here in Washington, 8 a.m. in Los Angeles, 4 p.m. in London, 7 p.m. in Baghdad. Wherever you're watching from around the world, thanks very much for joining us for "Late Edition." We're going to bring you all the latest on the major stories unfolding this hour. There's been a deadly plane crash in Kentucky. Now Hurricane Ernesto is churning across the Caribbean, heading toward the U.S. Gulf Coast. And the release of two journalists kidnapped in Gaza. Plus, our exclusive interview with the prime minister of Iraq, Nouri al- Maliki. All that coming up.

First, though, let's check in with CNN's Fredricka Whitfield. She's got a quick check of what's in the news right now.

Hi, Fred.

(NEWSBREAK)

BLITZER: Thanks, Fred.

Let's get some more details now on this morning's deadly plane crash in Kentucky. A Delta Comair commuter plane bound for Atlanta went down shortly after takeoff. Forty-nine people were killed. One person is described as being in critical condition.

Joining us now on the phone with the very latest is Michelle Rauch. She's with our CNN affiliate, WTVQ in Lexington, Kentucky.

First of all, Michelle, tell our viewers where you are and what we know.

RAUCH: Yes, I am directly across the street from the edge of the airport property. And to give you a lay of the land of how we're set up out here, our airport is on the west side of town, and it is surrounded by thoroughbred horse farms. And then across the street from the airport is the Keeneland Racetrack.

So we are across the street. This is a farmland area. And we're told that the crash happened on takeoff, on the edge of the airport property bordering that horse farm.

Now, it happened about seven, eight minutes after 6:00. And when it first happened, there was, as you can imagine, a flood of emergency response. Ambulances were coming to the scene.

We were out here about 25 minimums after the crash, and those ambulances stopped coming out here shortly after that. And that's when we saw the coroner's van pull up. We knew this was something serious early on.

As you said, 49 people have died, one survivor, a man. His name has not been released. He is at the University of Kentucky Medical Center in critical condition. We are told that he is in surgery right now.

There has been a tremendous response, both local, state and federal. Governor Ernie Fletcher is in Germany right now, but he is well aware of what's happening here. He has sent his general counsel, his emergency management staff. There is a Black Hawk helicopter that's here right now circling the scene as well. As far as families, they have now, instead of sending them to the airport, they have established sort of a command post for families, friends, loved ones to go to a local hotel here. It is called the Campbell House, and that is where they are sending all loved ones.

And as you can hear right now, that is the Black Hawk helicopter that has responded to the scene. It is doing an aerial look of this.

And getting back to the families, they are being directed to the local hotel now, where they're prepared to deal with all family, friends and loved ones who are here in town.

BLITZER: Michelle, what was the weather like? Because obviously we don't know what caused this plane to go down, but there's immediate suspicion on weather.

What was it like shortly after takeoff?

RAUCH: This morning, there was some rain showers, nothing too severe. Our meteorologist looked at the models, and there was not a severe storm or anything, but it was raining. And the roads were very slick this morning.

And it was just last weekend that the Bluegrass Airport did close for the weekend from a Friday evening to a Sunday evening, and so they just repaved our runway out here. So it's a new, repaved runway. And it was slick this morning. Of course, very early to speculate that that had anything to do with this.

The witnesses that I talked to described hearing an explosion kind of noise. One gentleman who lives across the street on the racetrack property was in a deep sleep. And he said it was such a loud noise that it woke him from his sleep and that his house was shaking.

Another gentleman was outside and said he saw a flash of light and then some smoke. And then another man who was driving by said he could smell the jet fuel.

BLITZER: Michelle, we are going to check back with you. Michelle Rauch from our affiliate, WTVQ in Lexington, Kentucky. Forty-nine people killed in a plane crash. There is one survivor right now in critical condition. There have been reports that there were 47 passengers on the plane, three crew members. We'll continue to watch this story, check in and get updates as we get them.

Another developing story we're following here in the United States: the very first hurricane of the Atlantic season, now called Hurricane Ernesto, moving across the Caribbean. It could reach the United States by midweek. This hurricane is coming almost exactly -- almost exactly -- one year after Hurricane Katrina.

Our meteorologist Bonnie Schneider is tracking the storm from the CNN hurricane headquarters in Atlanta.

What's the latest forecast, Bonnie? Because I understand that there's just been some new information released from the National Hurricane Center. SCHNEIDER: That's right, Wolf. And it's a changing situation. Really hour by hour we've been getting new information. This is still a Category 1 hurricane, with maximum winds at 75 miles per hour. You can see it here, pretty expansive. You can see that outflow very, very -- going out pretty far, all the way into Haiti and the Dominican Republic, as far as tropical storm-force winds.

The hurricane-force winds extend only outward about 10 to 15 miles. So it's a tight storm so far, but it could expand and intensify.

Let's talk about the track. That's the biggest change that we've seen with the latest advisory that just came in. And the intensity.

I'll take you as we go through day by day. Starting with tomorrow morning, already the storm could become a Category 2, intensifying a bit as it makes landfall over Cuba.

Now, the track has changed, and this is key. Notice this line right here, right through central Cuba. Originally, the storm was going to come directly past Cuba going north to south. But with this trek further to the west, it gives the storm more time over land. And as the hurricane interacts with land, it weakens and dissipates and loses intensity.

The next stop right here coming into the Gulf of Mexico, and right now the Hurricane Center says this is not going to reach major hurricane status, at least not likely. This could change again, and we could see this intensify to a Category 2 or a Category 3 before landfall once again along the Gulf Coast.

But right now the latest track takes it down a notch. This could change again and again.

One other thing to notice, that cone of uncertainty is pretty wide, but not as far west as it was yesterday. That curvature to the east continues, stretching across the entire state of Florida. We may have a hurricane watch posted later today or tomorrow for the Florida Keys.

The latest watches and warnings continue to affect Cuba right now. This is a hurricane warning covering much of eastern sections of Cuba right now. There's a tropical storm warning in effect for areas to the south, and we also have hurricane watches posted for the Cayman Islands and Jamaica.

So we're seeing an area here in Haiti as well, where they're getting hard hit with rain right now, under the gun for hurricane- force winds, torrential downpours of rain.

And, Wolf, another thing to mention is as these storms come onshore, especially over Cuba, we can't rule out the possibility of tornadoes. That's often a byproduct of when a hurricane comes onshore. BLITZER: All right, Bonnie. Thank you very much. We'll stay on top of this story as well. By midweek there could be a hurricane hitting the state of Florida, but there is that cone of uncertainty that Bonnie just discussed. We'll track it every step of the way.

The third developing story we're following today, Fox News journalists Steve Centanni and Olaf Wiig were freed earlier this morning in Gaza after being held captive for 13 days.

BLITZER: Our Chris Lawrence filed this report from the border between Israel and Gaza.

LAWRENCE: Wolf, I'm here at the Erez crossing, the border between Israel and Gaza. Fox News correspondent Steve Centanni and cameraman Olaf Wiig passed directly through here on their way heading back to Jerusalem.

It's the end of a 13-day ordeal for the two journalists who were kidnapped back on August 14. On Sunday, they were finally released and made their way to a hotel, the Beach Hotel in Gaza.

And there, we began to hear more about what their captivity was like -- correspondent Steve Centanni describing to everyone how they were blindfolded and had their hands tied behind their back, forced to answer questions about what stories they were covering, both in Gaza and had covered throughout the Middle East.

Later, we saw a videotape released in which they appeared to be wearing Islamic robes, Steve Centanni explaining that they were forced to convert to Islam at gunpoint.

Once taken to the hotel, they met with Palestinian Prime Minister Ismail Hanieh. He said that Palestinian security forces were instrumental in securing their release.

He also confirmed that the Al Qaida terrorist group was not a part of this kidnapping.

As the two journalists make their way home safely, the two questions that remain now are: Who was responsible for the kidnapping and why?

I'm Chris Lawrence, reporting from the Erez border crossing.

Wolf?

BLITZER: And shortly after their release, Steve Centanni and Olaf Wiig spoke with reporters.

(BEGIN VIDEO CLIP)

STEVE CENTANNI, FREED JOURNALIST: I just hope this never scares a single journalist away from coming to Gaza to cover this story, because the Palestinian people are very beautiful, kindhearted, loving people who the world needs to know more about. And so, do not be discouraged. Come and tell the story. It's a wonderful story.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP) OLAF WIIG, FREED JOURNALIST: My biggest concern, really, is that, as a result of what happened to us, foreign journalists will be discouraged from coming here to tell this story.

And that would be a great tragedy for the people of Palestine and especially for the people of Gaza.

(END VIDEO CLIP)

BLITZER: We'll continue to watch the fallout from this story as well. Just happy these two journalists are now free.

Just ahead, deadly days in Iraq. In an exclusive interview, I'll speak with the prime minister of Iraq, Nouri al-Maliki, about his plans for stopping the sectarian violence racking the country. This is a rare opportunity to hear what he has to say.

And later, President Bush still resisting calls for setting a formal timetable for troop withdrawal from Iraq. Senators Richard Lugar and Carl Levin -- they're standing by to weigh in on that and more.

Plus, we'll bring you the latest on Comair Flight 1591, the deadly plane crash that happened only a few hours ago in Lexington, Kentucky -- 49 people killed, one person in critical condition.

Much more of "Late Edition" right after this.

BLITZER: Welcome back. The grim numbers tell the story. According to the Iraqi government, July was the deadliest month for the country's civilians since the war began back in March of 2003; 3,438 Iraqi civilians were killed.

As August draws to a close, the deadly sectarian violence remains the number one concern.

Just a short while ago, I spoke with Iraq's prime minister, Nouri al-Maliki, in an exclusive interview. He joined us from Baghdad.

(BEGIN VIDEOTAPE)

BLITZER: Prime Minister, thanks very much for joining us on "Late Edition." Let's get right to an issue of deep concern to the American people.

How much longer do you anticipate U.S. troops will be need in Iraq?

MALIKI (THROUGH TRANSLATOR): This period is limited. It has to do with the success, as far as the troops. And this has been agreed upon with the joint commission.

And the more our security agencies has developed, the less the period will be for the forces to remain. And I think this period will not be long because we have begun to have the security responsibility in the provinces.

MALIKI (THROUGH TRANSLATOR): This is an indication of the strength of our security forces.

BLITZER: When you say this process will not be long, could you be more precise? Are you talking months? Are you talking years? Are you talking many years?

Because "not long" has various definitions.

MALIKI (THROUGH TRANSLATOR): No. In truth, it is not defined by time. But by the end of this year, we will have the rest of the provinces to take control of.

And in the first three months of next year, and when we take over, we will take over, and we'll assess our needs, whether they need these forces or not and whether the Iraqi security forces were as able to take over the security responsibility.

BLITZER: A few days ago, Mr. Prime Minister, you were quoted as saying this. I'll read to you what you said.

You said, "Iraqi forces are now capable of taking charge of security tasks in most of Iraq's provinces and would be able to fill the vacuum if multinational forces withdrew."

If the forces withdrew, let's say, within the next year, would Iraqi security forces be OK in dealing with the security and stability of your country?

MALIKI (THROUGH TRANSLATOR): I think, yes, the forces will be able because the friendly multinational force is working hard to finish the building of Iraq.

And as you know, our force was able to have success and was able to extend its control in the provinces and in many difficult situations. And I think our joint efforts will give us an opportunity to cut the time to have an Iraqi security force that was able to restore stability in Iraq.

BLITZER: One United States congressman, a Republican from Connecticut, Chris Shays, who's visited Iraq 14 times, just came back with this assessment. And I'll read it to you, what he said on Friday.

He said, "It may be that the only way we are able to encourage some political will on the part of Iraqis is to have a timeline for troop withdrawal, a timeline of when the bulk of heavy lifting is in the hands of Iraqis."

Is it a good idea, Mr. Prime Minister, for there to be a specific timeline, a deadline if you will, when U.S. and other international forces should leave your country?

MALIKI (THROUGH TRANSLATOR): Perhaps I don't find it suitable to have certain historic periods. But we are committed, with the events that our forces to continue with the rebuilding efforts, because we don't want to lose what we have achieved in Iraq and the democratic system and economic and political -- wonderful things we have accomplished.

But we want to make sure that our efforts will have the maximum stability and security so when the troops withdrawal, our mission will continue on.

BLITZER: I asked the question about the U.S. and the international forces in Iraq because, as you know, there are some in Iraq who say this is part of the problem, that the perception among many Iraqis is that the American troops are occupiers and that you would be better off seeing these American troops leave.

Is there a sense that you have that that is a prevalent, that that's a strong view in your country?

MALIKI (THROUGH TRANSLATOR): These forces are here with international cover by the U.N. Resolution 1546. And it gives the elected Iraqi government and the constitutional one -- gives it the right to ask the Security Council to ask those troops when they feel that they are no longer needed.

And this international cover cannot be taken as some of those people who think of it as such who want, essentially -- they want to harm the democratic process in Iraq.

BLITZER: Let me rephrase the question, Mr. Prime Minister. Is it better or worse, for Iraq, for a prolonged U.S. military stay? In other words, does the presence of American forces help your government or hurt your government with the Iraqi people?

MALIKI (THROUGH TRANSLATOR): No, it helps. But as I said to you, that we are, the level of strength that we could -- that if the multinational forces want to lessen its presence, it could do that because we could cooperate with the rest of the operation and have stability and security to protect the democratic process.

BLITZER: So you think you, maybe, need the bulk of these troops for another year, a half a year, two years?

Can you give us a little guideline of how much longer you think it's necessary to have this foreign presence in Iraq?

MALIKI (THROUGH TRANSLATOR): In reality, there was an agreement between us and with the leadership of the multinational forces. The agreement was about a certain period and certain time. We agreed to work and to decrease the time so we could evaluate our troops so we could be able to control the situation and so it would enable the multinational forces to leave.

BLITZER: In short, Mr. Prime Minister, you don't want to give a timeline, is that right?

MALIKI (THROUGH TRANSLATOR): In truth, as I said to you, I don't want to commit with a certain time or a certain period. But I want to have my best efforts to decrease this time. It could be a year or less, or a few months.

This has to do with our success of the political process in Iraq and to have the security agencies to protect this process.

So given the changes that we have, so therefore, we agreed to work together to have the force to protect Iraq, to protect the security operation; therefore the multinational forces could leave Iraq.

BLITZER: And you say they could leave within a year or less. Is that what you're saying?

MALIKI (THROUGH TRANSLATOR): This has to do with our ability to succeed with finishing building the forces and our troops.

BLITZER: There is an assessment that many analysts have pointed to in recent weeks, suggesting the situation in Iraq is getting worse -- the sectarian violence -- and is approaching a civil war, if there hasn't been a civil war yet.

Do you see a civil war emerging in Iraq?

MALIKI (THROUGH TRANSLATOR): No. The violence is not increasing. But no, we're not in a civil war. In Iraq, we'll never be in civil war.

What you see is an atmosphere of reconciliation and the leadership of the tribes, of the parties -- the political parties. And all their efforts are coming up to end these activities and the violence.

The violence is in decrease. And our security ability is increasing. And I want to assure he who loves Iraq that Iraq will never be in a civil war.

BLITZER: Let me point to some statistics that have recently come out from the Iraqi Health Ministry.

In January, about 1,600 Iraqi civilians were killed; in May, 2,600; in June, 3,100; and in July, last month, 3,438 Iraqi civilians were killed.

It looks, based on those numbers, like the situation, the sectarian violence is getting worse.

MALIKI (THROUGH TRANSLATOR): No. Quite to the contrary. The official statistics -- and when we see the diagrams, the violence operations, as you see, has decreased to 72 percent in unsolved killing and 60 percent as far as the displacement that some agencies, some organizations have done.

And the world sees this decrease and improvement in the security situation in Iraq through the joint control of the multinational forces over the operations that the terrorist organizations do.

And we are sure we will continue to attack terrorism and the terrorists and not to have the terrorists to have the control over us.

BLITZER: Also, the New York Times reported recently that, in January of this year, there were 1,454 explosives found in Iraq. And in July, that one number went up, almost doubling to 2,625.

Are there more explosives that are routinely being used against Iraqi civilians and multinational forces in Iraq?

MALIKI (THROUGH TRANSLATOR): These statistics were there in the past, especially after the blown-up -- the Samarra shrine. But we were able to cut down on these numbers to 30 percent.

MALIKI (THROUGH TRANSLATOR): And this is the huge decrease, not because we enforced security by force, but because of the feelings of Iraqis to agree to confront the terrorist operations and the militias, in which it will present dangers on the national unity and the Iraqi people.

Therefore, the agreement of the Iraqis is like a ship that all Iraqis should all be in to face terrorism and explosions that you mentioned with these numbers.

BLITZER: There's also concern about the economic conditions in Iraq. Let me read to you from the August 18th issue of the Economist magazine. "The poor economic conditions of many Iraqis -- unemployment as high as 40 percent, inflation in double figures, a fifth of the population said to be in 'abject' poverty, risk undermining support for Iraq's fragile new democratic institutions."

Is that an assessment you agree with?

MALIKI (THROUGH TRANSLATOR): Perhaps I could agree with these estimations, but this is a new Iraq and inherited from the previous regime, who left unemployment and destruction.

But if we measure what has been accomplished in the new Iraq, that the limited period for this government, that we were able to achieve a lot and to bypass a lot of the legacy of the previous Iraqi regime.

And we have employed a lot of people. And we accomplished a lot of projects. And we have the money allocated to do a lot of projects. And the services now are increasing. But we still have a lot of legacies from the previous regime.

And the next budget and the next year, we will have major and big accomplishments in the economy and through the general economic policy, and through the liberal economy and through the investment law, who will give Iraq and the Iraqis -- and the foreign capital and the national one -- to work and contribute to produce many services as far as the economic situation.

(END VIDEOTAPE)

BLITZER: And just ahead, more of our exclusive interview with the Iraqi prime minister. We'll speak about his neighbor, Iran, and whether Iran is providing arms and funding to Shiite death squads in Iraq. But up next, a quick check of what's in the news. And there's lots going on right now, including the latest on that deadly plane crash in Kentucky; 49 people dead.

And, where is Hurricane Ernesto heading right now? Stay with us. We'll be right back.

(NEWSBREAK)

BLITZER: Welcome back to "Late Edition." Just a short while ago, I spoke with Iraq's prime minister, Nouri Al-Maliki. Here's part two of that interview.

(BEGIN VIDEOTAPE)

BLITZER: I interviewed, a couple weeks ago, the United States ambassador in Baghdad, Zalmay Khalilzad. And he told me that Iran, your neighbor, is playing a very negative role in encouraging the violence inside Iraq.

I'll read to you what he said: Quote, "Iran is playing a role in the sectarian violence that is taking place here. It is providing arms, training and money and other support to groups involved in sectarian violence, including militias that have death squads associated with them."

Do you agree with Ambassador Khalilzad that Iran is undermining the entire security situation in Iraq?

MALIKI (THROUGH TRANSLATOR): There are talks, but the policy we follow in the new government, that we will do our efforts, that we'll commit the neighbors not to intervene in Iraqi affairs. And we had talks with this regard.

MALIKI (THROUGH TRANSLATOR): And we have reached many results, but not final, in which that it will impose a respect or not to interfere in Iraqi internal affairs.

There are attempts in the region to fix the cards in the country. But the policy by our government, it will not allow any neighbors in the region to interfere in Iraqi affairs. And he who cooperates and receive aid from these countries will be subject to the law and anti- terrorism laws.

BLITZER: Is Iran, your neighbor, providing money and arms to death squads inside Iraq, specifically Shiite death squads?

MALIKI (THROUGH TRANSLATOR): Some reports are saying this. And we are investigating. And to confirm the credibility of these information, some of these reports say, but we have communication and exchange with the Iranians to know the truth and to have the efforts and to prevent this interference and the people who come into Iraq to prevent these attempts.

BLITZER: What is the relationship between Iran and the radical Shiite cleric Muqtada al Sadr, whom many U.S. officials see as a terrorist leader inside Iraq?

MALIKI (THROUGH TRANSLATOR): I don't know the nature of this relation. But you can ask him about the nature of this relation, whether this relation is with Iran.

BLITZER: What do you consider Muqtada al Sadr to be? Because as you know, earlier, U.S. military personnel have said he has tried to kill American troops, that he has blood on his hands, yet he remains a free man inside Iraq today.

MALIKI (THROUGH TRANSLATOR): Truly, I feel with this issue with the regard -- as per the legal situation, with the political process, and he has said many things and this group will be committed with the political process and against violence.

But the problem, that I want to move toward find solutions, that we want everybody to participate in the political process.

As I said, it's commitment. And this commitment means committed to the constitution and law and not to violate the security situation.

There's a development in the situation. And I hope that the Iraqis will be positive about this and to work with the new government.

BLITZER: So Muqtada al Sadr, from your perspective, is a legitimate political figure inside Iraq?

MALIKI (THROUGH TRANSLATOR): As far as are committed with the security and (inaudible) the law, yes, it will be. But any violation of law and security, it will remove him from this description.

BLITZER: The U.S. killing of Abu Musab al-Zarqawi, the Al Qaida leader in Iraq, Abu Musab al-Zarqawi in recent months, that was supposed to be a major turning point in stopping the terrorism. But it seems to be continuing.

Was that overblown, the assessment that the killing of Abu Musab al-Zarqawi would turn things around?

MALIKI (THROUGH TRANSLATOR): It happened -- the killing of the Zarqawi has weakened Al Qaida a lot, especially that many leaders of Al Qaida that were hunted down and were arrested.

We have achieved a lot, and Al Qaida is now suffering a huge weakness in Iraq. And we'll continue to hunt them down and defeat them.

BLITZER: What is a bigger threat to Iraq, the insurgency led by Al Qaida and other groups in Iraq, or the sectarian violence, the death squads, the killing between Sunni and Shia? MALIKI (THROUGH TRANSLATOR): All these are challenges for us. They are goals that we are against, and we should come to conclude that we shouldn't have any death squads or militias or threats from others.

But there are other threats other than these. The remnants of the previous regime and the foreign interference are threats. And all these, we put them in the category of national threats on Iraq. And we deal with it -- all of it -- because all of it is bad, and all of it danger, and all hurt and harm the interest of Iraq.

BLITZER: A few months ago, you said some words that caused some concern here in Washington here in the United States. On June 1st, after an incident involving alleged U.S. military atrocities in Iraq, you said this -- and I'll quote. You said, "They crush them with their vehicles and kill them just on suspicion. This is completely unacceptable."

I wonder if you'd like to clarify by what you meant, because those words were seen as very harsh on the U.S. military at a time when the United States military has done so much to try to bring democracy and freedom to Iraq.

MALIKI (THROUGH TRANSLATOR): I hope this is clear: There's a difference between the forces that are there to protect Iraqi experience and help Iraqis, and difference between have violations -- which is natural. When the violations occur, they should be condemned, because some individuals have done so. But we don't want to generalize what's happening with some groups or with an armed group, as though all this is happening to destroy Iraq.

BLITZER: Mr. Prime Minister, we're almost out of time, but a couple of quick questions if you don't mind.

The recent war between Israel and Hezbollah, many of your supporters here in Washington were dismayed, were even angered, by your statements that seemed to suggest you were siding with Hezbollah while the United States President Bush was clearly siding with Israel.

What was your position? Are you supporting Hezbollah in this war with Israel?

MALIKI (THROUGH TRANSLATOR): George Bush support us as well. All this has to do with the will of the people. One of these things that has to do with the people as far as their traditions and, in our days, we feel the freedom of expression and the freedom of designation of these things.

BLITZER: Because as you know, there was great anticipation when Saddam Hussein's regime fell and a new Iraq emerged, especially among those advocates of this policy known as the neoconservatives here in the United States, who were hoping that shortly after your new democracy emerged, your new government emerged, Iraq would join Egypt and Jordan in establishing diplomatic relations with Israel.

Is that in the cards? Is that on your agenda, to open up a relationship with Israel?

MALIKI (THROUGH TRANSLATOR): What's in Iraq in terms of the problems and challenges and needs and efforts to rebuilding and to work to bypass the ordeal and the problems in the country are not with these causes at this point.

BLITZER: So, at this point, that's not an issue on your agenda, to consider establishing relations with Israel?

MALIKI (THROUGH TRANSLATOR): This issue is not on the table at this point. If it was put on the table, it has to be with the parliament, who expresses the will of the people. It's not our concern at this point.

BLITZER: Do you personally believe, Mr. Prime Minister, that Israel has a right to exist?

MALIKI (THROUGH TRANSLATOR): To be committed to international law, as with the Security Council, it has to do with the positions; and not to be committed to these laws, it opens the doors to different things.

If we want to reach solutions, we should go back to the Security Council and its resolutions.

BLITZER: So what does that mean? Does Israel have a right to exist or not?

MALIKI (THROUGH TRANSLATOR): That means that the international resolution gives it the right, but the international resolutions and the rights and the interest of these and not having solutions, it will give this issue some sort of confusion.

Therefore, we should go back again to what comes out of this international agency as far as Iraq.

BLITZER: No, I'm talking about Israel. What about Israel? Should it exist, or should it not exist?

In other words, to you support a two-state solution, Israel living alongside Palestine? Or a one-state solution, no Israel, just Palestine?

MALIKI (THROUGH TRANSLATOR): As I said to you, and again, this issue has to do and should be dealt with as per the international laws.

And not to implement the international laws doesn't give anybody a right to do these things. And it would not help us to reach our conclusion. That what's we want.

BLITZER: All right. I'll leave that.

One final question, Mr. Prime Minister, because you've been generous with your time. Five years from now, 10 years from now, where do you see Iraq standing in terms of its democratic values, specifically in terms of whether Iraq should become an Islamic state ruled by the Sharia, or there should be a separation, if you will, of the mosque from the state?

MALIKI (THROUGH TRANSLATOR): Iraq, in five or 10 years, it will remain Iraq and the democratic process that we have begun today in its multiplicity and the constitution, it will be continue to be the ruler of Iraq.

And all these milestones that we feel -- what we have today, it will continue in a multi-Iraq, a united Iraq in the future.

BLITZER: Well, we wish you only the best. We hope there will be a peaceful Iraq, Mr. Prime Minister.

Thank you so much for joining us here on CNN and "Late Edition."

MALIKI (THROUGH TRANSLATOR): Thank you very much.

BLITZER: Then, coming up next, we're standing by for a news conference from Lexington, Kentucky. A plane went down a few hours ago --49 people dead, one survivor, now described in critical condition. We'll assess what's going on.

BLITZER: We'll also speak with airline analyst Bob Francis. Stay with us.

(NEWSBREAK)

BLITZER: This is "Late Edition," the last word in Sunday talk.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: The question facing this country is: Do we, one, understand the threat to America? Do we understand that failed states in the Middle East are a direct threat to our country's security?

(END VIDEO CLIP)

BLITZER: From the war in Iraq to the nuclear standoff with Iran and the war on terror, is the United States on the right course? We'll talk with the Republican chairman of the Senate Foreign Relations Committee, Richard Lugar, and the Senate Armed Services Committee's top Democrat, Carl Levin.

One year after Hurricane Katrina devastated New Orleans, where do recovery efforts stand? And is the U.S. adequately prepared for the next hurricane? Louisiana Governor Kathleen Blanco weighs in. We'll get to all of that shortly, but there's a news conference under way in Lexington, Kentucky. A horrible plane crash earlier this morning, a Comair commuter plane going down, 49 people killed. One survivor. Let's listen in.

(UNKNOWN): ... extricated the first officer from the nose of the airplane.

QUESTION: Did they have to go through -- I guess there was some danger to them, wasn't there? Somebody said one of the guys was even hurt.

(UNKNOWN): Yes, sir. You know, firefighting, police work is a dangerous job. They put that aside and did what they had to do.

The officer saw movement. They did not have to enter the aircraft to get the person off, but they did; extricated him from the nose of the airplane.

QUESTION: Were any of them hurt?

(UNKNOWN): My two officers were not. I'll defer to the Chief (inaudible) on his officer.

QUESTION: Do you know the nature of the passengers on the plane?

(UNKNOWN): I'm sorry, I can't hear you.

QUESTION: Was there a windshear alarm near the airport? What was the weather like this morning?

(UNKNOWN): That's something NTSB will look at. I arrived about 6:15. And it's typical August weather in Kentucky. All the weather will be looked at by the NTSB.

As far as your question to windshear, we have all the appropriate warning devices that are required by federal law for those type of events.

QUESTION: Can you describe the scene when you first got there? Can you kind of like set the stage and lead us through, when you got there, what did it look like?

(UNKNOWN): Yes, sir. Again, as I said this morning, it's a rural setting. Typical Kentucky farmland. And it's quite a shock to see an aircraft sitting there.

When I arrived, most of the fire was knocked down. My guys were doing it and Lexington firefighters were doing spot fires. And when I initially arrived, they had started an initial search of the area for survivors.

(CROSSTALK)

QUESTION: ... manifest is? Do you know if there was anybody from the U.K. on the plane or anything about the passenger list? (UNKNOWN): There has been a manifest generated. I would ask you to go to the airlines to get those names.

QUESTION: Is there any indication of trouble before the plane went down?

(UNKNOWN): That will be reviewed by the NTSB. We're not aware of anything right now, no.

QUESTION: Mr. Ginn, what is your office doing now?

GARY GINN, FAYETTE COUNTY CORONER: Well, I can confirm that rescue operations have ceased. We do have one survivor. Now our plan is to go in to do body retrieval. We've touched bases with our forensic anthropologist, Emily Craig (ph). She's at site.

We are setting up temporary morgue facilities at the medical examiner's program in Frankfort. It's going to take many, many hours for this to happen.

We estimate that this will be a three-day event, that we will here.

FBI, a number of different agencies are here to help us and to give us assistance.

One thing that I would like to do is to assure the families that we will definitely treat their individuals with dignity. At 10:20 this morning, we had a moment of silence at the scene. Everyone there was quiet. And then our chaplain from the police department had a prayer.

The chaplain from the fire department as well as the sheriff's department was helping the families back at the airport.

QUESTION: Sir, you were close to the scene and you've covered a lot of fatalities during your career. How does this compare to any of those?

GINN: Well, as the chief said, it's horrible to see an airplane sitting in a field, in an unnatural setting. It was a hot fire.

QUESTION: What does that mean?

GINN: A hot fire means that the craft had considerable damage to it. We believe right now that the majority of the individuals are going to be -- the cause of death will be due to fire-related deaths, rather than smoke inhalation.

QUESTION: More of that than the collision itself?

GINN: Well, there will be some collision, but the majority of them, we believe, will be fire-related.

QUESTION: Supposedly trapped inside the plane? Was anybody able to actually get outside the plane? GINN: The plane is relatively intact. So, most of our body retrieval will be from within the plane itself.

QUESTION: Does it appear that the plane -- that the pilot may have been trying to land the plane there or did it just go nosedive into the field?

GINN: I would not speculate on that whatsoever. I have no idea. I have no expertise.

QUESTION: Sir, from where we're standing, can you tell us exactly where the crash is? Is it another mile down the road from this location (inaudible)?

GINN: As the crow flies, I would say it's probably a mile. And if I pointed, I'd just point over to my backside to the left here.

QUESTION: Can you give us your first and last name, and spell the last name, please?

GINN: My name is Gary Ginn, G-I-N-N, and I'm the Fayette County coroner.

QUESTION: Why has the FBI been called in?

GINN: Any time you have an aviation crash like this, the FBI is always -- that's part of the team that we ask to come in.

QUESTION: Have all the families been briefed, been contacted?

GINN: We're in the process. We have a manifest of all the individuals that were on the plane. And we're in the process of contacting those folks.

One thing that I would ask -- we're getting a lot of calls into our office, and I know other agencies are as well. Any family member that has a question, if you would please call Delta Family Assistance, and the number is 800-801-0088. And I will be speaking with the families when time is permissible.

QUESTION: Do you feel confident you can identify all the people?

GINN: We're calling in some people with a lot of expertise as far as dental records. We're asking that the families or the dentists of these families, these individuals, help us by providing us with dental records. So that's one major thing that we would really need the families to help us with in identifying the individuals.

QUESTION: Mr. Gobb, was there an opportunity for the emergency exit to deploy properly? Have you been able to ascertain them?

MICHAEL GOBB, BLUE GRASS AIRPORT DIRECTOR: Actually, that's one of the advantages of having the National Transportation Safety Board coming in to investigate. They'll look at all of the aircraft structures, the exit doors, the slides, all of those details. These gentlemen behind us, wonderful cooperation from the city, from the state, pulling together a lot of interview information that then can all be turned over to the National Transportation Safety Board.

They are on the ground. They are in the process of doing an initial site visit.

(CROSSTALK)

GOBB: This is one of our first flights of the day. I believe our first flight goes out at about 5:30, 5:45.

QUESTION: (inaudible) to land?

GOBB: Not that early in the day that I'm aware of, but we are a 24-hour facility. So this being an air carrier flight, our earliest goes in the 5:30 time frame, with the bulk of the 14 aircraft pushing back and departing in that, about an hour and a half time frame. QUESTION: How many controllers were working at the time this plane went down?

GOBB: I'm not sure the number of controllers, but I do know the operation was fully operational.

QUESTION: What about the condition of that shorter runway? Did it have cracks and obstructions?

GOBB: No, the general aviation runway is a daytime-use runway only. It's 3,400 feet in length.

QUESTION: (inaudible)?

GOBB: 3,400 feet length, but it is appropriate for use of small general-aviation aircraft.

QUESTION: And there's a (inaudible) around and (inaudible) and cracks?

GOBB: No, no. No, that's not true.

QUESTION: Was there construction going on there?

GOBB: No. There was no construction going on on any of those runways at that time.

QUESTION: So it's not lit, though, is it?

GOBB: No, it's not. It's a daytime-use runway only.

QUESTION: Not for planes like this?

GOBB: Correct.

QUESTION: Mike, would you talk to us about the flight data a recorders, what condition they're in and what do you hope, information you'll get out of that?

GOBB: Actually, I understand the flight data recorders have been retrieved, and they'll be turned over to the National Transportation Safety Board.

QUESTION: Any need at this point to bring in homeland security? I mean, I'm jumping way ahead, of course, but is there any indication of any need for them to be involved?

GOBB: You know, actually, we're very fortunate here in Lexington. Lanny Miller is our federal security director. So our federal security director is a representative of homeland security, working very closely with the local police presence and the FBI.

(CROSSTALK) (inaudible) turning over stones, just to make sure?

GOBB: There's a lot of investigation going on. You'll probably see the investigation lasting on-site for about a week. QUESTION: Could you sort of piece together sort of the layout of the airport and the runways a little bit better for us? I mean...

(CROSSTALK)

QUESTION: ... the big one, and where is that in proximity to the crash site?

GOBB: Actually, I wish I had a map. A lot of you are using some very good graphics. The main air carrier runway is 7,000 feet in length, running in this direction. And then you have an intersecting general aviation runway, running parallel to Versailles Road.

QUESTION: Is there any indication that this was an air traffic control mistake?

GOBB: We have no idea of any of the information. But that's why it's important to gather as much data, as much information as we can to turn over to the people that investigate this type of an accident as a profession.

(CROSSTALK)

QUESTION: Based on what you're saying, they would never use the short runway...

(CROSSTALK)

GOBB: I'm sorry.

QUESTION: But at the same time, you're saying, we can't tell you which runway was used.

But based on what you're saying, it sounds like it would have had to have been the longest-width runway to take off.

GOBB: The air carriers use -- pardon me? OK.

QUESTION: Can anybody definitively say which runway was used? And if not, why not? You should know by now.

(UNKNOWN): That's correct. Part of the investigation will establish what runway they were using. Based on the information that we received, when we were called for the incident, we don't know what runway they were using. All we know is the accident occurred at the end of Runway 8.

We responded to that location and took care of the incident we found there.

QUESTION: Which runway is that?

(UNKNOWN): For me to say that it took off on Runway 2-6 would be for me to presume. And I can't do that. I don't know. I was not here. I was not the controlling in the tower. I was not the pilot in the aircraft.

QUESTION: Runway 8 is the short runway?

(UNKNOWN): Runway 826 is the general aviation runway that Mr. Gobb...

QUESTION: 826?

QUESTION: Just so we're clear, a plane that size should not take off from the shorter runway. Is that what you're saying?

(UNKNOWN): I'm not saying that at all. I'm not a pilot. What I'm saying is we were not here. The only people who know what the aircraft took off was the pilot and the controller.

QUESTION: Does a plane that size typically take off from a runway that length?

GOBB: There are a number of different ways that that aircraft could have ended up where it did. It's critical that the investigation process complete. that we gather as much information as we can.

And NTSB, maybe, will provide a little more light on that question at 5:00 o'clock this evening.

QUESTION: That runway, was it the shorter one or the longer one, again -- the runway that it ended at, that it crashed at the end of?

GOBB: It would be the shorter.

QUESTION: The 3400.

QUESTION: What about this pilot's experience flying at this airport?

GOBB: We have no idea. We do know the president of Comair will be here shortly. He would like to conduct a press conference on this site.

So we'll give you an update as soon as we know that he's arrived.

QUESTION: How far off the runway was the plane found?

GOBB: The aircraft is about a mile from the airport, in an adjacent farm field.

QUESTION: Off the end of the runway, a mile from the end of the runway?

GOBB: About.

QUESTION: About a mile?

GOBB: About.

QUESTION: (OFF-MIKE)

GOBB: I'm sorry?

QUESTION: The extent of the damage...

GOBB: Certainly, the airport is entirely enclosed by a security fence.

QUESTION: And was that fence damaged?

GOBB: If you could hold on just a minute, we have a call from the governor.

(UNKNOWN): I have the governor on my speaker phone. I hope you all can hear this.

Governor, go ahead.

ERNIE FLETCHER (R), GOVERNOR OF KENTUCKY: Thank you very much. We've just arrived a few hours ago in Munich and heard this tragedy.

Obviously, our hearts and prayers are with all the families and friends that lost these loved ones. This is probably one of the largest tragedies we've seen in Kentucky, with the number of lives lost. We have been in contact -- I have spoken with the people at Comair, the vice president in charge of the operations there. We've been in contact with General Clay Bailey (ph), Norm (inaudible). We have KSP and my chief of staff and counsel there.

We've advised them to do absolutely everything they can do to make sure they meet the need of the families.

And clearly, NTSB is handling the investigation. And any way that we can cooperate with them, we certainly will do. But our thoughts and prayers are with the families. This is a terrible tragedy. And we will do anything we can.

We have counselors available through our emergency management system to assist families.

I will be glad to take any questions, if I can.

QUESTION: Governor, is there any word of people who may have been on their way to meet you in Germany on this flight?

FLETCHER: Not so far. We're not aware of any of that. This flight leaves a little earlier than what would be expected to make an Atlanta connection to get here, so we don't know for sure, but it's unlikely.

NTSB has the manifest. I believe they're verifying that before it will be released.

(UNKNOWN): Anyone else have a question for the governor? QUESTION: I've got a question. He can't hear me. (OFF-MIKE)

(UNKNOWN): The reporter wants to know, as a pilot, if you have any comments about the way this airport is laid out.

FLETCHER: No. You know, I really don't have any comments there. This airport -- we had an accident some time ago, but there's been improvements. The runway's been lengthened. And we have an excellent safety record there at the airport.

And we'll we have to wait and see what NTSB says, as far as their evaluation of the entire scene and of the cause of the accidents and some of the contributing factors.

And clearly, if there's anything that we need to do at that airport, Paul Steeley, my commissioner of aviation, will be very, very involved, working with FAA to make any corrections if, in fact, those are needed.

QUESTION: Governor, are you planning to come back? You just left.

And if not, who will be your point person?

FLETCHER: Janine (inaudible) right here is my point person for now. I tried, actually, to get on a flight this evening. And by the time -- we just got the word and everything -- we missed it.

The next flights leave in the morning. We're continuing to evaluate and see if arrangements can be made for me to get back in time to make sure we evaluate.

I want to get back and be there with the families as much as possible. So we're still making those arrangements. It is my desire to get back there.

Unfortunately, flights will not leave out of here until tomorrow --probably wouldn't let me get back until later on tomorrow afternoon.

(UNKNOWN): Any other questions for the governor?

QUESTION: Gary, can you tell us if most of the people are from here, going to Atlanta or are they from some place else? GINN: Of course, this is a Lexington airport, and it's hometown. So we do know that there was some Lexington people that is on the airplane, and probably some friends of ours. I learned right before I came here that there's probably some people that I actually know that's on the plane as well.

So, there are some home folks that's there.

QUESTION: Sir, I realize I've already asked this, but I just want to confirm again. Was it the first officer or the co-pilot that you said you believed was the survivor of the crew?

GINN: I don't know who the survivor is, ma'am, I'm sorry.

QUESTION: Someone has confirmed that earlier. Was it you, Michael? You said you believed it was the first pilot.

GOBB: We believe it was the first officer, yes.

Chief Beatty has some information on his conversations with the FBI on the homeland security question.

ANTHANY BEATTY, CHIEF, LEXINGTON POLICE: Chief Anthany Beatty with Lexington Police. We have a coordinated effort at the scene, involving local and state law enforcement, as well as the FBI and the FAA and NTSB folks have a joint operations center and operations at this time.

We have been in constant contact with all the federal officials on the scene. They have advised us -- the FBI specifically -- at this point, there's no nexus to terrorism, preliminarily.

So they want to make sure that everybody realizes that they have no indications that there's any connection to terrorism at this crash site.

The second thing I want to say is, for the local population, we will still have to inconvenience them a bit for the next several hours at the site and the area of the site with traffic.

So be cautious as you're using Versailles Road, as you enter and exit the area around the airport.

Earlier the question was asked about the officers that were involved with the rescue of the one survivor. Police and fire personnel, as well as airport personnel, did an excellent job in their initial response and coordinated their efforts very well.

And for that reason, the officers involved did save one life, at this point. So we appreciate the efforts that they have made.

I want to thank all the federal and state officials who are here supporting this effort. It's quite a task and we do appreciate their efforts.

QUESTION: Chief, was your officer hurt? BEATTY: Officer Jarett (ph) has a minor injury. He's been back to the scene. I think it was therapeutic for him to come back to the scene and spend some time there. We've gotten him home to get rested. He does have a minor injury, yes.

QUESTION: Will you be you counseling your officers that are on the scene?

BEATTY: Much counselling will go on. Later today, we'll have some counseling sessions. Yes, we will.

QUESTION: Because in their whole career, they could never encounter anything as horrendous as what they're going to see today.

BEATTY: Probably not, but it's part of what we do in law enforcement as well as all these public safety officials that handle this.

QUESTION: Can you spell his full name?

BLITZER: We're going to break away from this news conference and get back if there's more information coming up, but I want to bring in CNN producer Mike Ahlers.

He's on the phone with important potential information on this plane crash in Lexington, Kentucky. You're looking at these live pictures outside the airport.

This plane, a Comair commuter plane, with 50 people on board, crashed shortly after takeoff. Comair Flight 5191, going from Lexington, Kentucky, to Atlanta -- a relatively mid-sized jet, a Canadian-made jet.

Mike Ahlers, what are you picking up?

MIKE AHLERS, CNN PRODUCER: Wolf, you heard, during that news conference, a lot of discussion about which runway that this plane took off. Well, CNN has it from two sources that there is evidence that the plane did take off from the wrong runway.

The plane was cleared to take off from Runway 22, and there is evidence, we're being told, physical evidence that the plane took off from Runway 26.

AHLERS: The significance of that is that the Runway 22, the one that it was supposed to take off from, is 7,000 feet. Runway 26 is half that. It's 3,500 feet.

So, presumably, the pilot could have taken off on -- if it took off on the long runway, and the pilot had seen that the end of the runway was near, he could have taken off to avoid any obstacles and before there was as sufficient air speed to gain altitude, and he could have stalled and crashed.

That's all very speculative right now. It's possible to take off from the wrong runway and still fly. But there's some evidence -- now, we don't know if that airport has ground radar. It does have approach radar. And approach radar would certainly pick up any planes at the end of the runway, and so undoubtedly, the NTSB will be looking at that soon.

BLITZER: All right, Mike, I want you to stand by.

Bob Francis, the former vice chairman of the NTSB, the National Transportation Safety Board, he is here in our studios with us.

You hear that the pilot may have taken off from the wrong runway, half the length of the runway he was supposed to take off from, 3,500 feet as opposed to 7,000 feet.

This plane can carry 50 people, and there were 50 people onboard.

What does it say to you if, in fact, the plane went from the shorter runway?

FRANCIS: I would say that a 3,500-foot runway for an airplane like that is a pretty short runway.

BLITZER: And that potentially could be -- he didn't have enough speed to take off properly. That's why within a mile after takeoff, this plane potentially could have crashed?

FRANCIS: That could be the case. Now, I'm not an expert on CanadAir airplanes, so I don't know. But 3,500 feet sounds pretty short to me just off the top of my head.

BLITZER: Especially a plane that's full.

FRANCIS: Yes. BLITZER: And about as heavy as it's supposed to be, if you have all those seats occupied. Presumably there was a lot of luggage on that plane as well.

FRANCIS: Hot weather.

BLITZER: And very early. You know, we were talking about, this plane took off at 6:07 a.m. Central time, that was one of the earliest flights. There's a picture of what that plane looks like. It's a Delta commuter, Comair, which is affiliated with Delta. It's pretty early in the morning on a Sunday morning for a plane to take off. And I'm sure the NTSB, once the investigators get there, they're going to be looking at human error.

FRANCIS: Absolutely. And one of the things that they'll look at very quickly is the flight and duty time. In other words, if these pilots, if this was their first flight of the day, when was their last flight, how much sleep had they had, where had they been staying -- all of that is factored in when the board is looking.

BLITZER: Because it's a relatively small airport to begin with, and if a pilot got confused or somebody told him to go to a different runway, that potentially could be a significant, significant issue.

Mike Ahlers, you just heard Bob Francis with his initial reaction to the news that you're reporting, CNN now reporting. You have two sources -- Mike Ahlers, our producer -- that this plane apparently took off from the wrong runway. You want to add anything, any more information you have, Mike?

AHLERS: Well, as Mr. Francis will undoubtedly tell you, that this is the type of information that would probably come out from the NTSB fairly early in the investigation.

It will probably take them up to a year or two to come up with a probable cause. But specific, quantifiable data of this sort, we can expect fairly quickly.

The NTSB has this policy of openness, and my guess would be that this might be made public within the next day or two.

* BLITZER: This plane was a Bombardier CanadAir CRJ 100. It's a twin-engine aircraft that can carry, as I said, up to 50 people.

Mike, stand by. Bob Francis, stand by.

Randi Kaye is at Atlanta Jackson Hartsfield Airport. Randi, this is the destination of this plane. What are you picking up there?

RANDI KAYE, CNN PRODUCER: Wolf, we have been looking to see if there are some of the care workers here -- those are the workers that Delta and Comair bring in, in a case like this, to help the family members who have been involved in this, who have lost their loved ones, help them cope and sort of understand what has happened here and help them get through it. We haven't seen the care workers yet, although I did speak to a representative for Comair, and he does say they are here on the ground at the Atlanta airport.

We've also been told that some family members are here, those who were waiting for their loved ones to arrive. We haven't seen any of those family members. I did speak to an airport spokesman -- Sterling Payne is his name -- and he told us that it has had no impact on the airport activity here.

He also said that, with a plane like this, a commuter jet holding about 50 passengers, 50 seats, many of these passengers, he said very likely, were simply connecting or hoping to be connecting here in Atlanta and then going on to another destination; getting into a bigger jet, and then going on from there.

Wolf?

BLITZER: Randi, stand by, because I don't want to leave this story. It's obviously an important story.

First, Bob Francis, the first major crash of a significant plane since November 12th, 2001, according to the Associated Press. That's when an American Airlines Flight 587 went into a residential neighborhood in Queens -- a lot of our viewers will remember that -- in New York City, killing 265 people, including five on the ground.

There was an Air Midwest commuter plane that crashed on takeoff out of Charlotte Douglas International Airport in January 2003, killing 21 onboard. And last December, there was a small seaplane, a Chalk Oceans Airways, that crashed off of Miami shortly after takeoff, killing 18 passengers.

It's been, as you guys in the National Transportation Safety Board field know, a relatively safe period these last several years for aviation in the United States.

FRANCIS: Absolutely. And I think that it's important to emphasize that, given the thousands and thousands of takeoffs and landings that take place in this country every day, that the safety record is incredibly good.

And, you know, obviously, you have an accident like this and the board's going to be working on, you know, what went wrong here that we can try to remedy.

But for people that are getting on an airplane, you're doing one of the safest things you can do in terms of getting from A to B.

Although it's hard to appreciate that after a plane goes down. A lot of people are nervous fliers to begin with.

I want to play for our viewers, Bob, and Mike Ahlers, our CNN producer, Randi Kaye, who is still with us from the Atlanta Hartsfield Jackson Airport, a clip of what the president of Comair said a little while ago on these reports -- CNN has now confirmed -- that this plane apparently took off from the wrong runway, a much shorter runway, and may not have had the ability to get as much power as it needed for a proper takeoff.

Listen to this.

(BEGIN VIDEO CLIP)

DON BORNHORST, PRESIDENT, COMAIR: I think that is a rumor and speculation that would be not good for any of us to go down right now.

And again, we are working with the NTSB and working with the FAA, complying with all the investigation. As information is released, we certainly will let you know, as soon as we possibly can.

(END VIDEO CLIP)

BLITZER: The president of Comair.

Bob Francis, Comair is based in Kentucky. Is that right?

FRANCIS: Yes.

BLITZER: You're familiar with this airline?

FRANCIS: Absolutely. It's a big airline. I mean, I don't know how many aircraft right offhand, but it's a big airline.

BLITZER: It's based just outside of Cincinnati in the Kentucky -- the major...

FRANCIS: The Cincinnati airport.

BLITZER: The Cincinnati airport happens to be in Kentucky.

FRANCIS: Right.

BLITZER: That's where it's based.

Talk a little bit about this Bombardier -- what's it called?

FRANCIS: Bombardier.

BLITZER: Bombardier. That's the CanadAir CRJ-100 plane. And we're showing our viewers a picture of it. A lot of us have flown that plane. It's a pretty common plane in the United States, in North America.

FRANCIS: Absolutely. There are a lot of them all over the world. It's a very, very popular, safe airplane.

BLITZER: With a pretty good track record.

FRANCIS: Yes, Absolutely.

BLITZER: Let me bring back Mike Ahlers for a moment. He's our CNN producer, breaking the news for us that there's two -- and I want you to repeat the news that you have, Mike, so that we're very precise -- your two sources are telling you exactly what?

AHLERS: Well, that there is evidence that the plane took off from the wrong runway; that there's physical evidence of some sort that this plane departed from Runway 26, not 22. It was cleared to take off from Runway 22. And that that is significant because this runway did not afford it the speed that it would need to kind of take off and get altitude. And that it could be probable cause for the accident, although that's something that obviously still has to be determined.

BLITZER: Did your experts, Mike, tell you how long a runway a plane like this, fully loaded, with all the passengers, how long of a runway they really need for a proper takeoff?

AHLERS: I don't know what this particular plane needs. But one thing that they will be looking at is the radar. Some airports have ground radar that enable air-traffic controllers to see the location of planes and other objects on the ground. I'm not sure about this airport.

But this one undoubtedly had approach radar. Approach radar, as the name indicates, is to look at planes as they arrive, but it can also pick up planes as they depart.

And investigators will be looking at the approach radar to confirm exactly when and where this aircraft was in the sky.

BLITZER: Bob Francis, the former vice chairman of the National Transportation Safety Board wants to add something.

Go ahead, Bob.

FRANCIS: Well, I'm not sure that the approach radar would show them when they're that low.

But I don't think that the board is going to have any difficulty in determining, number one, which runway they were cleared to take off of, and number two, which runway they took off of.

BLITZER: So there's various possibilities and we're speculating, completely.

FRANCIS: Absolutely.

BLITZER: The pilot may have been told by the control tower, go to Runway 26, which has 3,500 feet, as opposed to the one he was supposed to go to, which is Runway 22, which has 7,000 feet, twice as long.

In a full plane, you obviously need that extra length to get the kind of power to take off properly.

FRANCIS: And I think that, when the cockpit voice recorder is read out here in Washington, that that will be very helpful to them in terms of determining what happened.

BLITZER: Every time, almost, that I hear about a new plane crash -- and I've covered a lot of them over the years, Bob Francis -- there always seems to be some new ingredient there that causes a plane to crash.

If, in fact, for whatever reason, the plane took off from the much shorter runway, how common is that? Because that seems -- I don't remember a time when there's been a plane crash and the cause is determined to be wrong runway, a much shorter runway.

Does anything come to your mind?

FRANCIS: Not right offhand, but I think that somebody taking off from the wrong runway is not an extraordinarily rare event. It does happen. It usually doesn't end up being an accident.

But these kinds of things -- I mean, things can happen. And they're such rare events, now, that lead to accidents that that's why we spend a lot of time looking at accidents and then figuring out whether it's training or equipment or whatever it is, so that accident will not happen again.

BLITZER: All right. Bob, stand by.

Randi Kaye, I want to bring her back. She's in Atlanta at Hartsfield Jackson airport. This was the destination.

I assume, Randi, there are a lot of people coming over to the Atlanta airport right now who are hoping to see their loved ones, their friends, their family members, getting off that plane. And they're being told the horrible, horrible news.

KAYE: Absolutely, Wolf. That plane was due to land here at 7:18 this morning, so more than five hours ago now. And we have been told that there were family members here waiting for their loved ones to arrive. We haven't seen those family members yet.

In a situation like this, they usually gather on the third floor here at the airport in the executive areas. There's also a chapel there. We did see a couple of people inside the chapel grieving. There's no way of knowing -- certainly, we're going to give them their space -- no way of knowing if that is in relation to this crash.

We are also told that there are care workers here, which are supplied by the airline to help these people through this terrible time. We have yet to see the care workers on the scene here as well.

But it seems to be business as usual, Wolf. Even though we haven't seen the care workers or the family members of those killed today, we have certainly seen plenty of other travelers.

And it's sort of a tough feeling here at the airport. Nobody really likes to travel on a day when they have heard about a plane crash. So everybody is very curious as they're checking their bags and getting onboard.

BLITZER: That's totally understandable. Randi, thanks very much. Randi Kaye -- we'll check back with her.

Bob Francis, the former vice chairman of the National Transportation Board -- we'll check back with him. And Mike Ahlers, our CNN producer, reporting that this plane may have taken off from the wrong runway, a much shorter runway. And that, potentially, could have been the cause of this crash -- Comair plane, 49 people confirmed dead, one survivor in critical condition.

We are going to pick up coverage of the other major story we're following right after a short break. That would be, now, Hurricane Ernesto. It's in the Caribbean. And it's heading toward the Gulf Coast.

We're going to see where the latest hurricane forecast is projecting the path of Ernesto. Much more of our coverage, right here on "Late Edition," right after this. (COMMERCIAL BREAK)

BLITZER: Welcome back to "Late Edition." I'm Wolf Blitzer in Washington. There's another important developing story we're keeping our eye on right now, and that would be, now, Hurricane Ernesto, the first hurricane of this Atlantic season.

Our meteorologist, Bonnie Schneider is at the CNN Weather Center in Atlanta. She's tracking this storm.

Update our viewers, Bonnie, the latest forecast from the National Hurricane Center in Miami.

SCHNEIDER: Well, right now, Wolf, we are still tracking Ernesto. And it's interesting to note the storm is still maintaining its maximum winds at 75 miles per hour, still a Category 1 hurricane.

But we've had a lot of changes throughout the day. And that does include the forecast track. We have hurricane warnings in place for Cuba right now. We're expecting hurricane conditions to approach that island as early as tonight.

And we're getting very, very heavy downpours in Haiti at this hour. Here's Hurricane Ernesto, a Category 1 storm. And notice the track and notice the changes. After approaching Cuba, it's likely to intensify to a Category 2 hurricane, according to the National Hurricane Center.

But the key here is the interaction with Cuba itself. Right here in the eastern half of Cuba, a very rugged terrain -- and that's likely to break down and dissipate the storm to Category 1 status as it approaches the Florida straits.

However, if this curvature does occur and it moves over these warmer waters of the Gulf of Mexico, we could see further intensification to a Category 2 storm.

And the track, now, has been progressively shifting to the east. We see this on the latest advisory and forecast track here, that it crosses over Florida, possibly, and then comes back out over land.

Now, remember, the line you see here is not an indication of the direct path. It's a projection. And that does include what we call the cone of uncertainty. Here it stretches far and wide, in the days ahead. Especially as we get toward Thursday, you can see it covers almost all of Florida and stretches as far to the west as Alabama.

So we've seen a major change and shift in the forecast, not only in where it's going but how intense it gets.

And there's so many factors that could develop into how intense this hurricane gets and for how long: the interaction with Cuba, as well as how long the storm stays over the Gulf of Mexico.

If it comes right over across to the Keys and moves its way into the Everglades, it's likely to come in as a lesser category storm. When we talk about a major hurricane, we talk about a Category 3 or higher.

One of the influencing factors will be how long it stays over the open waters of the Gulf. And here's why. What you are looking at here are sea surface heights. And the areas in red indicate what we call the loop current, where we have very warm, very deep water, the water temperature of 80 degrees that can go as far deep as 300 feet.

If the storm were to curve further a little further to the west and spend a longer time over this warmer water, it could intensify and could, indeed, become a Category 3. We're going to have to watch and wait and see how this develops.

But right now, the track has shifted further to the east.

Wolf?

BLITZER: So the people of Cuba should be bracing for this as early as, what, tomorrow, whereas the people of the United States by Thursday.

BLITZER: Is that right?

SCHNEIDER: I think the people of Cuba should be bracing as early as tonight to start feeling some of the effects of the outer rain bands coming in. There is a hurricane warning in effect for a good portion of that island.

And even as early as tomorrow, we may see some of the rain bands and cloud coverage get closer to the Florida Keys. We'll be watching that very closely.

BLITZER: Bonnie, thank you very much. Bonnie Schneider, our meteorologist.

Almost a year after Hurricane Katrina, the first hurricane of this season is now happening. So, is the United States better prepared this time? Joining us now to discuss this issue, the Democratic governor of Louisiana, Kathleen Blanco. She's in our New Orleans bureau.

Governor, thanks very much. Is it your sense, based on what you're hearing from experts right now, Governor, that New Orleans is not going to necessarily be affected by Ernesto?

BLANCO: Well, we are looking at the tracking and expect that it should continue on the anticipated track into Florida, but we're on high alert because last year, Katrina was first projected to go into Florida on a Friday morning. By noon, it was moved to Alabama. By afternoon, it was Mississippi. And by evening, it was Louisiana. We know these things can change direction very quickly.

BLITZER: So what are you doing right now, Governor, to prepare the people of Louisiana if, in fact, there should be a change in the forecast?

BLANCO: We've got -- excuse me -- we've got our...

BLITZER: Take a drink of water, hold on a second. Somebody will give you some water. And catch your breath over there.

BLANCO: We have our crisis action team activated. All the lead agencies are well prepared...

BLITZER: Hold on, Governor. I want you to drink some more water, and so then you can clear your throat and then you'll make some sense and our viewers will be able to understand you. Have a little bit more water. We've got time.

If you need some more time, we can pause. Your call.

BLANCO: I think I'm OK. BLITZER: Are you sure?

BLANCO: Our crisis action team is fully activated. The lead agencies for our department of state are totally prepared to begin to activate an evacuation plan, if necessary.

We are urging personal responsibility for every single family in the area, in all of south Louisiana. We have no idea today where that storm will actually land. So we want our people to be on high alert, to be highly conscious of everything that happens.

BLITZER: Are you better prepared now, a year after Katrina, to deal with a major hurricane in Louisiana? Or if it were to come down the road, would it be the same as last year?

BLANCO: Well, we are as prepared as we've ever been -- better prepared than we've ever been. We've learned a lot of important lessons. We are totally coordinated with our local partners and with our federal partners.

Last year, we had the country's most enormous natural catastrophe ever to occur. And, you know, we do know that some things are sometimes unpredictable in disasters, but we know what happened, and our goal this time is to protect life. We'll worry about property in the secondary effect.

But we've got a lot going here. We're in the middle of a huge recovery. It's going to take us some time yet to go into full recovery, but there are tremendous signs of life coming back together.

We've opened the road home program for our people. We're channeling awards to them this coming week. And I think that as we go through these next few weeks and months, we'll see a very, very strong surge of recovery.

But for right now, we still have to be very well prepared and be cautious and stay on high alert. We are a coastal people. We live and work on the coast to power the nation and to feed the nation. We power the nation with our oil and gas supply; we feed the nation from our fisheries that are nurtured in our estuaries.

There's a tremendous amount of value to what Louisiana brings to the nation, and coastal people do this hard work. They're hardy. They're sturdy. They're hardworking people. I'm extremely proud of the intensity of the recovery that we are witnessing as we speak, based on the magnitude.

There's still a long road to go. We don't kid ourselves about the dimensions of the damage. But I'm feeling pretty good right now about our ability to handle the next hurricane. BLITZER: Your colleague, the Republican governor from Mississippi, Haley Barbour, took a swipe at Louisiana the other day. I want to read to you what he said.

He said: "We are ready to do business now. We are up and running. While it's not my business to critique how Louisiana has done, it is my business to make sure people don't confuse where we are with New Orleans."

Is there a sense out there that people in Mississippi have done a much better job recovering over the past year than people of Louisiana?

BLANCO: Wolf, we have the lowest unemployment in Louisiana's history right now. For July, we were at 2.9 percent. That means that every single person in Louisiana who wants to work can probably get a job right now. We have a labor shortage, and I think that the dimensions of our challenge are unspeakable.

This is a major metropolitan area, the largest city between Houston and Miami, and many of our small towns are in fuller recovery. While there's still a considerable amount of work to do even there, we see a tremendous amount of progress in our small towns.

We have seen tremendous progress in New Orleans, but we're not where we need to be. We suffered 70 to 75 percent of the damage.

You know, therefore, our challenges are greater. I'm very proud, though, of the determination of our people, the steadfastness, the hard work that's gone before us. Hundreds of millions of man- and women-hours have gone behind us to get us to where we are today. There's that much and more that needs to be done here.

We don't kid ourselves about the dimensions of what we have to do. When you're a major city, an internationally recognized city of the world, then you have a lot more at stake. A lot more is susceptible to the ravages of a hurricane.

If our levees had not broken, we would be in a far better posture. Everyone would have gone home.

Our biggest challenge is getting homes back up. That's why I am working so hard to get this road home program in play, and I'm very proud to say that we've got a number of people who are receiving their awards as we speak, and we'll be seeing thousands more as we go along.

BLITZER: Governor, good luck to all the people of Louisiana. Good luck to all the people of the Gulf Coast. Thanks very much for joining us. Let's hope Ernesto sort of peters out and doesn't cause much damage, but we'll be tracking it every step of the way.

The governor of Louisiana, Kathleen Blanco joining us.

BLANCO: Thank you, Wolf.

BLITZER: Coming up, we're continuing to follow important developments, a plane crash in Kentucky, killing 49 people; the latest on Ernesto.

Also, we'll pick up the latest developments in Iraq, the Middle East. We'll speak with the Republican chairman of the Senate Foreign Relations Committee, Richard Lugar, and the top Democratic on the Senate Armed Services Committee, Carl Levin.

Much more "Late Edition," right after this.

BLITZER: Welcome back to "Late Edition." We're following all the breaking news. We'll have more coming up here on CNN on the plane crash in Kentucky, a Comair commuter plane going down, 49 people confirmed killed. One person survived, the first officer on that plane. We're watching this story; get more information for you as it comes in.

We're also watching the latest on the now Hurricane Ernesto. It's moving along the Caribbean toward Cuba right now, and eventually will make its way into the Gulf of Mexico. There's a new forecast that's come out. We'll have much more on that coming up as well.

There's other news we're following, including important news around the world. President Bush this week said the United States was going to stay the course in Iraq as long as he's president. Joining us to discuss, though, the deteriorating situation and much more in Iraq, two guests.

With me here in Washington, the Republican Senator Richard Lugar of Indiana. He's the chairman of the Foreign Relations Committee. And in Grand Rapids, Michigan, Democratic Senator Carl Levin. He's the ranking member of the Senate Armed Services Committee.

Senators, thanks very much for joining us.

I interviewed the prime minister, Senator Lugar, of Iraq in the first hour of "Late Edition," Nouri al-Maliki. He insists there is no civil war, and there won't be a civil war in Iraq.

What do you think?

LUGAR: Well, we phrase right, but obviously, as General Abizaid has pointed out and our ambassador, Zal Khalilzad, we're heading toward that. Now having said that, the fact is that we must do all we can to work with the president of Iraq to prevent it, or to hold it down.

The idea, somehow, that civil war means that we leave is a non- starter, because Iraq's physical integrity is important. By that I mean, if Iraq deteriorates and Sunnis, Shiites and Kurds begin picking up partners in other countries, then we have a conflagration that dwarfs anything which is occurring presently in the deteriorating problems of Iraq.

BLITZER: There's a potential for a horrible situation to become even much worse.

LUGAR: Yes.

BLITZER: That's what you're saying.

Senator Levin, we also heard from the prime minister of Iraq, Nouri al-Maliki, in our interview here on "Late Edition," suggest that while he didn't want to give a timeline, some sort of timetable for a U.S. and multinational troop withdrawal, he said that perhaps less than a year the Iraqi forces could take charge. He wasn't specific but he did use that phrase, "perhaps less than a year."

You've studied this issue very, very closely. What is realistic?

LEVIN: What's realistic is that the Iraqis have to solve this problem for themselves. They've got to solve it politically. We cannot save the Iraqis from themselves. They're the ones who have got to decide: Do they want a civil war or do they want a nation?

We have taken the pressure off them by the president saying we're there as long as they need us, by the president saying as long as he's president we're not going to remove troops, by the president refusing to put some pressure, to prod the Iraqis to take charge of their own country.

And I think it's a fundamental error. The greatest chance that we have and they have to succeed is if they reach the political compromises that are essential to avoiding an all-out civil war. They are on the verge of it, or they have a low-level civil war right now.

And the only chance they have of defeating the insurgency is if they come together politically. And when the president just simply says -- our president simply says -- well, we're not going to be leaving Iraq as long as he's president, or it's going to depend on conditions on the ground, leaving it very vague, the result is you get their president -- Iraq -- saying what he said on your program today, which is: Well, maybe months, maybe years.

That is not good enough.

BLITZER: Well, let's listen to what the president of the United States, George W. Bush, said earlier this week about a pullout from Iraq.

Let's listen.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH (R), PRESIDENT OF THE UNITED STATES: There's a lot of people, good, decent people saying: Withdrawn now. They're absolutely wrong.

It would be a huge mistake for this country. If you think problems are tough now, imagine what it would be like if the United States leaves before this government has a chance to defend herself, govern herself, and listen to the -- and answer to the will of the people.

(END VIDEO CLIP)

BLITZER: Senator Lugar, one of your Republican colleagues, Chris Shays, just came back from his 14th visit to Iraq, and he sounded very much like Senator Levin, saying unless you give a

timeline and tell the Iraqi government, "You know what, you have a year to get to take charge and to resolve your security problems," the United States is going to be out of there.

What do you make of Congressman Shays's decision, because he's been a very strong supporter of the president's policies?

LUGAR: Well, I'll make two comments. One is that the politics of our congressional elections are leading some Democrats -- but only some -- to say we need a schedule or we need to leave.

BLITZER: But he's a Republican.

LUGAR: That's correct. But he's a pressure situation in Connecticut, and without going into all the details of that, that's a difficulty for many Republicans.

BLITZER: So you think he's just playing politics?

LUGAR: I think that he's probably gauging carefully what the rhetoric of the situation may call for. While at the same time, without coupling him with Senator Levin for a moment, just simply saying we don't want to cut and run.

Clearly, General Abizaid is saying we've got to have pressure every day. And that's the same with our ambassador.

What the president is saying or not is not as material as the fact that the Americans on the scene are putting great pressure, and not always successfully. The chief executive of Iraq sometimes is resisting this, saying we're not quite ready.

So, the tug of that kind of thing is going to continue on. Although the point I'm making is, to give absolute timelines and to say out and so forth, is not good policy at this at this point; it's not helpful, whatever, to General Abizaid or to anybody out there.

BLITZER: I don't know if you saw the interview I did, Senator Levin, with Nouri al-Maliki, the prime minister of Iraq, but he was reluctant to be critical of Iran, even though the U.S. ambassador in Baghdad, Zalmay Khalilzad, said Iran right now is playing a very negative role in Iraq. It's supporting with funds as well as equipment some of the Shiite death squads which are causing a lot of the problems. There's Sunni death squads there as well.

What do you make of Iran's role in Iraq right now?

LEVIN: They're playing a negative role, and they're playing an important role, and they've gotten stronger as Iraq has gotten into the trouble that it has. The Iraq war has helped Iran to become a stronger country. And what is critically important here, if Iraq has a chance to succeed, is that Iraq take hold of their own nation.

They've had more than an opportunity to form their government. They have formed their government. They've had more than an opportunity to get their military standing up. As a matter

of fact, our own statistics say that 80 to 90 percent of the training is now complete. The president of the United States represented to the American people that as the Iraqi army stands up, we will stand down. We haven't done that. We haven't done what the president promised the American people we would do. We haven't done what is essential for the Iraqis to hear, that they and they alone are going to make the decisions which will decide whether or not they're going to have a civil war or a nation.

They've got to hear that from the president of the United States, not just more commitments that are open-ended, that we're going to be there as long as he's president. That's a terrible message to the Iraqis.

The American people, I think, are not standing for it. And that's why in these congressional districts where there are races, you see even Republicans saying, "For heaven's sake, let's at least say that at the end of the year, by the end of this year, we're going to begin to withdraw troops."

That is not cutting and running. That's not setting a fixed timetable.

BLITZER: Senator Lugar, let me switch gears a little bit on Iran right now. As you know, there was a major intelligence failure going into the war against Saddam Hussein on weapons of mass destruction.

How confident are you right now that the U.S. intelligence community knows what's going on in Iran as far as its nuclear program is concerned?

LUGAR: I'm not very confident at all, and I don't think any American is. The fact is, our intelligence has to be a whole lot better. You can make arguments as to how that's going to come about.

One method may well be through negotiations with the Iranians. Notably, we pick up what their response has been to the United Nations and begin to work on that and begin to find some people in Iran who can tell us something.

But for the moment, I don't have high confidence in what we are hearing.

BLITZER: And we're almost out of time, Senator Levin, but you're on the Intelligence Committee. How good is U.S. intelligence on Iran?

LEVIN: It's very weak. It's very spotty. And that's even acknowledged by Negroponte, who's the new director of national intelligence.

We don't have enough people on the ground who are spying for us. And we just don't have reliable evidence so that we can say with certainty even how far away they are from having a nuclear weapon.

BLITZER: Senator Levin, Senator Lugar, thanks to both of you for joining us on this "Late Edition." Appreciate it very much.

And that's our "Late Edition" for this Sunday, August 27th. Please be sure to join us next Sunday and every Sunday at 11 a.m. Eastern for the last word in Sunday talk.

And if you missed any of the show today, you can always download a video podcast of the entire two hours. Just go to cnn.com/podcast. Click for the link for "Late Edition."

See you in "The Situation Room." I'm Wolf Blitzer in Washington. Right after a quick news alert, "This Week at War."

Thanks for joining us.

From: USDOJ- Office of Public Affairs
Sent: Tuesday, August 29, 2006 7:21 AM
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Department of Justice

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ATTORNEY GENERAL GONZALES TRAVELS TO BAGHDAD TO VISIT JUSTICE DEPARTMENT PERSONNEL, U.S. MILITARY AND IRAQI OFFICIALS

BAGHDAD, Iraq – Attorney General Gonzales arrived in Baghdad on Tuesday to meet with and thank Department of Justice officials working in Iraq to rebuild the country's legal and law enforcement infrastructure. Attorney General Gonzales also met with high-ranking Iraqi officials, including Deputy Prime Minister Barham Salih and Chief Justice of the Higher Juridical Council Medhat Al-Mahmoud, as well as U.S. military personnel.

"Freedom is best sustained by the establishment of a fair and just legal system that prioritizes the rights and liberties of its citizens," said U.S. Attorney General Alberto R. Gonzales. "The Department of Justice is proud to help the Iraqi people establish the rule of law in their country, and I applaud the Department of Justice employees who are so dedicated to assisting in this historic effort."

FACT SHEET: DEPARTMENT OF JUSTICE EFFORTS IN IRAQ

During the first weeks of Operation Iraqi Freedom, the Department of Justice deployed 24 officials to Baghdad to support the Department of Defense's plan to assess and reconstitute the justice and law enforcement systems in Iraq. Today, the Department of Justice has more than 200 employee and contractor personnel in the country as it assists Iraqi efforts to promote freedom and security in a variety of areas, including advice and training that will help to re-establish essential law enforcement and security functions.

Through the transition of authority to the Interim Iraqi Government in 2004, the Iraqi Transitional Government in April 2005, and the first permanent elected Iraqi Government in May 2006, Justice Department components have continued to support the Iraqi justice system in the following ways:

DOJ Law Enforcement Components
The Department of Justice's law enforcement components provide special investigative training and assistance to Iraqi law enforcement, including the following:

- The Major Crimes Task Force (MCTF) routinely investigates high-profile cases involving assassinations of government officials, prisoner-detainee abuses and civil rights violations, and other instances of violent

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crime in Baghdad and other regions of the country. The MCTF is composed of special agents of the Federal Bureau of Investigation (FBI), the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the Drug Enforcement Administration (DEA), and the U.S. Marshals Service (USMS) who provide managerial supervision for, and technical assistance to, highly trained Iraqi investigators.

- In addition to its oversight of the MCTF, the FBI's Legal Attaché in Iraq provides law enforcement liaison and international assistance of various types. The FBI also has a counterterrorism unit in Iraq and deploys rotating teams of specialists to provide counterterrorism training to the Iraqi police.

- The ATF provides specialized investigative support and explosives-related training to the Iraqi police.

- The USMS provides court and witness security services for Iraqi judges and works to establish security programs for courts in Baghdad and throughout the country.

- The DEA has delivered courses in intelligence and intelligence analysis to the Iraqi police.

Regime Crimes Liaison Office (RCLO)
The Department of Justice organized and now supports the RCLO, which was designated by the President as the lead U.S. government agency for support to the Iraqi High Tribunal (IHT). The IHT has jurisdiction to investigate charges of genocide, crimes against humanity, war crimes and violations of certain Iraqi laws, and has investigations underway against Saddam Hussein and other former Iraqi officials.

- The RCLO consists of approximately 140 personnel, including about 80 in Baghdad (investigative agents from the FBI, DEA, ATF, and USMS; prosecutors; military officers; and foreign nationals).

- Approximately 35 Iraqis are employed at the RCLO's Secure Evidence Unit in Baghdad and 20 linguists work as translators in Iraq and other locations in the region.

- At various times, the RCLO may also employ as many as 20 personnel from the Army Corps of Engineers and specialized contractors in the field. These include anthropologists, archaeologists, pathologists, and other forensic scientists working on the exhumations of mass graves and the preservation of evidence, as well as investigative consultants and international humanitarian law experts.

Prosecutorial Training and Assistance
The primary focus of the Office of Overseas Prosecutorial Development (OPDAT) is to assist the Iraqi justice sector in enhancing sustainable institutions built on rule of law principles. Its many accomplishments and activities to date include:

- In May and June 2003, OPDAT deployed an assessment team to advise the Coalition Provisional Authority on the state of the Iraqi justice system and provide recommendations on comprehensive criminal justice reform, judicial training and court policy implementation.

- Today, OPDAT Resident Legal Advisors (RLAs) in Baghdad and in provinces throughout the country advise the U.S. Embassy, the Central Criminal Court of Iraq, provincial courts, the Iraqi Higher Juridical Council and court personnel on a variety of issues related to criminal justice, rule of law, and other matters involving the delivery of justice to the citizens of Iraq.

- Nearly 500 Iraqi jurists and prosecutors have been trained in courses developed and/or delivered by OPDAT RLAs in Iraq including topics such as human rights, scientific evidence, criminal process and special challenges presented by the prosecution of insurgency and terrorist cases.

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- RLAs coordinated and designed curriculum for courses presented to over 200 Iraqi police investigators and nearly 250 police trainers relating to Iraqi criminal law and the gathering and preservation of evidence.

Police Training and Assistance
The International Criminal Investigative Training Assistance Program's (ICITAP) efforts in Iraq, in coordination with its Coalition partners, constitute the largest international police training program ever undertaken. As a component of the Civilian Police Assistance Training Team (CPATT), ICITAP personnel have accomplished the following:

- More than 130,000 Iraqi police have been trained in courses developed and/or delivered by ICITAP/CPATT and ICITAP-trained Iraqi instructors.

- More than 15,000 Iraqi police have participated in specialized and advanced training to date, including programs covering basic criminal investigations, interviews and interrogations, critical incident management, civil disorder management, violent crimes and kidnapping.

- ICITAP/CPATT provided training to the Iraqi Police Service for planning and adequate security during the January and December 2005 elections and the October 2005 referendum, resulting in international recognition for Iraqi police conduct and effectiveness in successfully securing polling stations.

- ICITAP/CPATT founded and currently advises the Baghdad Police College, the Arbil Police College, and six regional basic training facilities throughout Iraq.

Anti-Corruption Training and Assistance
The Iraq Commission on Public Integrity (CPI) was established as an independent, autonomous governmental body whose mission is to prevent and investigate corruption and promote transparency and the rule of law throughout Iraq.

- CPI personnel trained and rendered operational 180 Anti-Corruption Unit (ACU) and 40 Special Investigative Unit (SIU) investigators who have been given responsibility for over 2,200 public corruption cases to date. These CPI officers are assigned to investigate alleged acts of corruption and provide protection for public officials who are threatened due to their cooperation with ongoing corruption investigations.

- CPI personnel have trained over 170 Facilities Protection Service (FPS) guards.

- CPI personnel assisted with the referral of more than 750 cases to the Central Criminal Court of Iraq for prosecutorial opinion.

Correctional Training and Assistance
The Iraqi Corrections Service (ICS) Development Program has led the U.S. government efforts to reconstitute, develop, and train personnel who are critical to a modern Iraqi corrections system.

- Within the first three months, ICS personnel reinstituted operations of prison facilities in the Baghdad region and stood up an initial guard force to begin intake of criminal detainees.

- More than 4,000 new correctional officers have graduated from basic training at the National Corrections Training Academy which was established by ICS personnel. Training specifically focuses on human rights practices and international standards.

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- ICS personnel developed and assisted with the implementation of a records review system that ultimately resulted in the release of more than 175 detainees from the Diyalah Provincial Jail.

- ICS personnel assisted in the closure of the Abu Ghraib Hard Site Prison on Feb. 29, 2006. Approximately 2,000 inmates were transferred out of the facility.

- Under the supervision and training of ICITAP staff, ICS personnel continue to develop practical skills and professional status in anticipation of their assumption of management and security responsibility for prisons and detention centers throughout Iraq.

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USDOJ- Office of Public Affairs

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, AUGUST 29, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Rumsfeld Says Terrorists Manipulate Media To Influence Western Public....4
Hayat Relatives Barred From Returning To US From Pakistan....4
Relatives Of Father And Son Convicted Of Aiding Terrorists Barred From Entering The US....4
Oldest Guantanamo Bay Detainee Sent Home....4
Britain Seeks Extradition Of Terror Suspect....4
Book Examines Kean's "Third Way" Approach To Politics, 9/11 Panel....5

Homeland Response:

Chertoff Calls For More Data Sharing To Combat Terrorism....5
US Airways Flight Diverted After Threatening Note Found....5
Huge Attorney's Fee In 9/11 Award In Dispute....5
Bush Hails "Sense Of Renewal" Along Gulf Coast, But Says Challenges Remain....6
Florida, Federal Officials Prepare For Ernesto....10

War News:

Cheney Warns Against "Precipitous Withdrawal" From Iraq....11
Sadr's Mahdi Army Blamed For Intensification Of Violence In Iraq....11
Taliban Claims Responsibility For Afghanistan Suicide Bombing....12
GAO Says Pentagon Has Done Little To Recover Pay Given To Deserters....12
Pentagon Will Monitor Military Recruiters....13

Corporate Scandals:

Prudential To Settle Trading Charges With US For $600 Million....13
Sun Trust Says SEC Has Ended Probe....14
Judge Dismisses Grasso Suit Against McCall....14

Criminal Law:

Armitage Role In Plame Leak Raises Questions About Fitzgerald Probe....14
Colorado Will Not Charge Karr With Ramsey Murder After DNA Test....15
Three Plead Guilty In Detroit To Child Prostitution Charges....17
Indicted Tennessee State Senator Resigning Over Health Concerns....18
Judge Admits FBI Tapes, But Not Transcripts, As Evidence In NM Treasurer Retrial....18
Prosecution May Not Call Sliwa In Third Gotti Trial....18
Evidence Collection Completed At House Where DC Lawyer Murdered....18
Penalty Phase Begins At Aryan Brotherhood Trial....18
Former Congressional Press Secretary Sentenced To Prison For Bank Robbery....19
FBI Investigating Fraud Allegations Against Painter Thomas Kinkade....19
Unemployed DC Man Admits To $76,000 In Katrina Relief Fraud....19
Report Finds Most Cybercrime Prosecutions Focus On Internal Attackes....19
South Dakota Plans First Execution In 59 Years....20
Forgery Highlights Fascination With Canadian Pianist Gould....20

Civil Law:

Cardinal Health Stops Sales Of Pump FDA Claims Is Defective....20

Civil Rights:

Former Mississippi Deputy Charged In Death Of Inmate....20
Judge Strikes Florida Voter Registration Law....21
Judge Orders DC To Release Less-Redacted Group Home Reports....21

Antitrust:

BP Under Investigation For Manipulation Of Crude Oil, Gasoline Markets 21
Cinemark To Buy Century Theaters 22
DOJ Rescinds Nonprosecution Agreement With Stolt-Nielsen 22
EU Approves Phillips' Purchase Of Avent 22
Brown-Forman To Buy Tequila Maker 22
Kinder Morgan Agrees To $15 Billion Sale 23
Italian Bank Seen As Latest Merger Target 23

Environment:

Plains States Hard Hit By Drought 23
States Said To Lack Federal Direction On Bird Flu Planning 23

FBI/DEA/ATF/USMS:

Former FBI Agent Sentenced To Probation, Fine Over Espionage Probe Leak 24
GAO Report Criticizes White House Anti-Drug Ad Campaign 24
FBI Plans To Upgrade Fingerprint Database 24
Detroit FBI Moving To Expanded Headquarters Complex 25
Schwarzenegger Expected To Sign California's Hemp Farming Bill 25
Bonds' Trainer Jailed Again For Not Testifying Before Grand Jury 25
NFL Drug-Testing Program Seen As Inadequate 25
In Colombia, Rebels Said To Be Recruiting Children 26
New York City Stalls On Releasing Illegal Gun Evidence 26

Immigration:

Pence Draws Conservative Ire Over Immigration Compromise Proposal 26

Congress-Administration:

Bush To Address American Legion Convention On Thursday 27
Easterbrook Set To Become Chief Judge Of 7th Circuit 27
Bolton Profiled, Cast As Proud Washingtonian 27
White House Press Corps Responds Well To New Openness Among White House Senior Staff 27
Bush's Kennebunkport Stay Purposely Low Key 28
Medicare Recipients Told How To Repay Erroneous Refunds 28
Group Says FDA Experts Biased In Favor Of Drug Approval 28
Reform Bill May Give Employers Incentives To Drop Defined Benefit Pension Plans 28
NYTimes Criticizes Bush For Falling Wages 29

Other News:

Surviving Beatles Sue Record Companies For $25 Million 29
EchoStar Agrees To Settle Suit While Fox Stations Balk 29
Stock Markets Rise On Falling Oil Futures 29
Drivers Find Relief At The Pump 30
Rothenberg Says Democrats Likely To Win House Majority 30
Democrats Worry Lieberman Candidacy Could Jeopardize House Candidates 30
GOP Gaffes May Alienate Minority Voters 31
Lampson Now Seen As Favorite In Texas 22nd CD 31
Three Democrats Lead Steele In Maryland Senate Poll 31
Neither Chafee, Nor Laffey Eager To Appear With Bush 31
Santorum Compares Fight Against "Islamic Fascism" To World War II 31
McCain Would Consider Speaking At Bob Jones University 32
Kerry Accuses Ohio GOP Candidate Of 2004 Election Improprieties 32
Wal-Mart Introduces Ad Campaign To Improve Image 32
Home Sales Down In Crawford, Texas 32
Clinton Said To Have Made "Lasting Mark" In Battle Against AIDS 33
Cleland Seeks Treatment For Post-Traumatic Stress Disorder 33
Ford Released From Mayo Clinic 33
GOP Said To Have Lost Support Of "South Park Republicans." 33
GOP Effort To "Defund" Left Considered 33
Potential 2008 GOP Candidates Considered 33
NYC, Philadelphia School Systems Presented As Models For Other Large Cities 34
Term Limits Advocate Calls For Their Restoration In Oregon 34
Treasury Official Says Iran Is "Central Banker Of Terror." 34
Rumsfeld Says North Korea Poses No Immediate Threat To South Korea 35
Annan Urges Hezbollah And Israel To Take Action To Buttress Ceasefire 35
Study Critical Of Pro-Israel Lobby Sparks Controversy 38
Turkish Terror Attacks Target Tourist Locations 38
Nazarbayez's Visit Said To Highlight "Clash" Of US Priorities 39
Sudan's Bashir Refuses To Meet Frazer To Discuss Darfur 39
Syrian Women Spearhead Embrace of Islam 39
Mexican Election Panel Throws Out Leftists' Fraud Claims 40
McCain To Address UK Tories' Annual Conference 40
Obama Gets Star Reception In Kenya 40
Chinese Emissions Trading Deal Would Be World's Costliest 41
WSJournal Details Canadians' Unhappiness With Health Service Wait Times 42

DOJ_NMG_0054862

Changes In Qatar Praised 42

The Big Picture:
Headlines From Today's Front Pages 42

Washington's Schedule:
Today's Events In Washington 43

DOJ_NMG_0054863

TERRORISM NEWS:

Rumsfeld Says Terrorists Manipulate Media To Influence Western Public. In a report carried by more than 150 newspapers and news websites, the AP (8/28, Burns) reports Defense Secretary Donald Rumsfeld said he is "deeply troubled by the success of terrorist groups in 'manipulating the media' to influence Westerners." During a question-and-answer session with naval aviators at Fallon Naval Air Station in Nevada, Rumsfeld "was asked whether the criticism he draws as Pentagon chief and a leading advocate of the war in Iraq is an impediment to performing his job. He said it was not and he knows from history that wars are normally unpopular with many Americans." But he added, "What bothers me the most is how clever the enemy is." He then launched "an extensive broadside at Islamic extremist groups which he said are trying to undermine Western support for the war on terror. 'They are actively manipulating the media in this country' by, for example, falsely blaming U.S. troops for civilian deaths in Iraq and Afghanistan, he said."

The Los Angeles Times (8/29, Barnes, 918K) says Rumsfeld "said U.S. enemies were trying to weaken American will by manipulating the media and planning attacks for maximum publicity." He also "questioned why people were debating whether or not Iraq was part of the war on terrorism, citing brutal insurgent attacks and statements by terrorist leaders about the central role of Iraq to their cause." Rumsfeld said, "We should have no illusion…how Iraq fits into the war on terror. How can so many be debating this issue? It strikes me the answer is there for all to see." The AP (8/28) additionally reports Rumsfeld told sailors and civilians at Fallon NAS "that they've played a crucial role in the global war on terrorism."

Hayat Relatives Barred From Returning To US From Pakistan. As reported in yesterday's San Francisco Chronicle, the New York Times (8/29, Archibold, 1.21M) reports, "Federal authorities have prevented two relatives of a father and son convicted recently in a terrorism-related case from returning home to California from Pakistan unless they agree to be interviewed by the F.B.I. It is unclear whether the men, Muhammad Ismail, 45, and his son Jaber, 18, have a direct connection to the terrorism case or if they have been caught up in circumstance." The Ismails are represented by ACLU lawyer Julia Harumi Mass, who said, "If the government had evidence instead of innuendo, then they would be charged with a crime instead of being held hostage in a foreign land." The Times notes, "Hamid Hayat mentioned Jaber Ismail in a marathon F.B.I. interrogation before he was charged, according to transcripts. He said his cousin had attended a camp in the past couple of years, but he was not sure if it was the same one he had attended."

Relatives Of Father And Son Convicted Of Aiding Terrorists Barred From Entering The US. The New York Times (8/29, Archibold, 1.21M) reports, "Federal authorities have prevented two relatives of a father and son convicted recently in a terrorism-related case from returning home to California from Pakistan unless they agree to be interviewed by the F.B.I. It is unclear whether the men, Muhammad Ismail, 45, and his son Jaber, 18, have a direct connection to the terrorism case or if they have been caught up in circumstance." The Times notes, "Hamid Hayat mentioned Jaber Ismail in a marathon F.B.I. interrogation before he was charged, according to transcripts. He said his cousin had attended a camp in the past couple of years, but he was not sure if it was the same one he had attended."

Oldest Guantanamo Bay Detainee Sent Home. USA Today (8/29, 7A, 2.27M) reports the oldest detainee at Guantanamo Bay, 71-year-old Haji Nasrat Khan, has been sent home to Afghanistan, according to his attorney, Peter Ryan. Ryan said he "wasn't told whether Khan would be detained in Afghanistan. 'We couldn't figure out why he was there. He could barely walk, and he could barely hear,' he said."

Britain Seeks Extradition Of Terror Suspect. USA Today/AP (8/29, Jan) reports, "Britain has asked Pakistan to extradite a man who is alleged to have played a role in a plot by British Muslims to blow up a dozen US-bound jetliners, the Foreign Ministry said Monday." Pakistan arrested Rashid Rauf, "a Briton who also holds Pakistani citizenship, and accused him of taking part in terrorism plots being hatched in Pakistan." Rauf "was identified by Pakistan as a 'key person' in the airliner plot, Aslam said."

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The Washington Post (8/29, A12, Sullivan, 748K) reports, "Home Office officials declined to say whether the extradition request was related to the bomb plot, which allegedly involved plans to sneak liquid explosives onto jetliners and detonate them on board." Rauf's younger brother, "Tayib, 22, of Birmingham, was among those arrested in England. But he was released without charge, according to British media reports"

AFP (8/29) reports "a British embassy spokesman late Monday confirmed that Britain had made extradition request" but said it was related to a "murder inquiry." Embassy spokesman Aiden Liddle told AFP, "We confirm that we put the request for extradition of Rashid Rauf. It was related to 2002 murder of his uncle. He is wanted in that case."

In a 2,884-word piece, the New York Times (8/29, Van Natta, Sciolino, Grey, 1.21M) details the British and international investigation of those planning the terrorist attacks on transatlantic aircraft. The "suspects had made considerable progress toward planning a terrorist attack. [Newly released] details include fresh evidence from Britain's most wide-ranging terror investigation: receipts for cash transfers from abroad, a handwritten diary that appears to sketch out elements of a plot, and, on martyrdom tapes, several suspects' statements of their motives." Despite the advanced planning, "the suspects were not prepared to strike immediately. Instead, the reactions of Britain and the United States in the wake of the arrests of 21 people on Aug. 10 were driven less by information about a specific, imminent attack than fear that other, unknown terrorists might strike."

Book Examines Kean's "Third Way" Approach To Politics, 9/11 Panel. In a Washington Times (8/29, 88K) column, Rowan Scarborough reviews Alvin S. Felzenberg's new biography, "Governor Tom Kean: From the New Jersey Statehouse to the 9-11 Commission," noting, "Kean followed the same executive model in running the politically split panel as he did as governor. It was known as the 'third way,' taking positions that appealed to a coalition of both parties, while still attending to the conservative base that anchors the Republican Party." Scarborough concludes that Felzenberg does a good job of capturing all of this. Mr. Kean turned out to be one of most important figures in the September 11 story. He oversaw the writing of what will be the most definitive narrative of the event for some time to come."

HOMELAND RESPONSE:

Chertoff Calls For More Data Sharing To Combat Terrorism. DHS Secretary Michael Chertoff writes in an op-ed in the Washington Post (8/29, A15, 748K) that "despite the strong links we've forged with our European partners to protect our nations, we still remain handcuffed in our ability to use all available resources to identify threats and stop terrorists." Though the US government has been collecting passenger name record (PNR) data since the 1990s, "in the past few years European privacy concerns have limited the ability of counterterrorism officials to gain broad access to data of this sort." Secretary Chertoff continues, "Protecting personal privacy is a part of responding to the post-Sept. 11 world, but it should not reflexively block us from developing new screening tools. Indeed, more data sharing leads to more precisely targeted screening, which actually improves privacy by reducing questioning and searches of innocent travelers."

US Airways Flight Diverted After Threatening Note Found. The AP (8/28) reported, "A commuter airplane flying from Philadelphia to Houston was diverted to a Tennessee airport Monday after a threatening note was found on board, authorities said. None of the 56 passengers aboard US Airways Flight 3441 was injured, and no bomb was immediately found, authorities said." TSA spokeswoman Amy von Walter "said a threatening note was found on board, and FBI, TSA, canine bomb-sniffing teams and local law enforcement were investigating. Details about the note's contents were not released. … Also Monday, a plane carrying more than 140 people from Dallas to Chicago was diverted to the airport in Shreveport, La., after crew members reported smoke in the cockpit."

Huge Attorney's Fee In 9/11 Award In Dispute. The New York Law Journal (8/29, Lin) reports, "Laura Balemian, whose husband Edward J. Mardovich died in the World Trade Center, received one of the largest awards paid out by the September 11th Victim Compensation Fund: $6.7 million. … But she in turn paid out what is almost certainly the highest legal fee. While the vast majority of victims were represented before the fund pro bono or for a nominal fee, Balemian paid her lawyer, Thomas J. Troiano, a one-third contingent fee, or over $2 million." The Journal continues, "The propriety of Troiano's fee is now before the

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courts. A guardian appointed by the Suffolk County Surrogate's Court in New York, where Mardovich's estate is in probate, last year challenged the fee as excessive and not in the best interests of Balemian's four children. Troiano responded earlier this year by suing Balemian in Manhattan federal court for declaratory judgment approving his fees. … The situation is an uncomfortable one for trial lawyers' groups, who normally support contingent fee arrangements but went to extraordinary lengths to avoid being seen as profiting from the terrorist attacks." The Journal adds, "Kenneth R. Feinberg, the special master who oversaw the fund's distribution of some $7 billion, submitted an April 21 affidavit in the federal case in which he called Troiano's fee 'shocking and unconscionable' in light of the fund's purpose and its guidelines recommending attorney fees be kept under 5 percent. … 'In my experience of presiding over the processing and award determinations of some 7,400 claims, of conducting hundreds of individual hearings within the Program, and of meeting with thousands of families and victims in large and small groups, I have never learned of a legal fee even approaching the fee sought in this case,' Feinberg wrote. … But Troiano, who declined to be interviewed for this article, said in court documents responding to Feinberg's affidavit that Balemian's large award, which was increased from an initial presumptive award of $1.1 million, justified the contingent fee."

Bush Hails "Sense Of Renewal" Along Gulf Coast, But Says Challenges Remain. The Katrina anniversary continues to generate extensive media coverage, with the network newscasts devoting no less than nine segments to it last night. The stories, both on TV and print, are generally critical of the rebuilding process, and tend to cast the Administration's reaction to the storm in negative terms. In that context, President Bush's trip to the Gulf Coast is seen as an attempt to reverse the political damage he suffered in the aftermath of Katrina. The AP (8/29, Riechmann), for example, reports Bush is "trying to erase the black mark left on his presidency by the administration's sluggish response to Katrina," while Fox News' Special Report (8/28, Hume) said Bush "has never stopped trying to recover from the political damage he suffered as a result of the physical damage Hurricane Katrina wreaked on the Gulf Coast." Along similar lines, CNN's The Situation Room (8/28, Bash) reported, "Ask Democrats to name the single biggest event that altered their political fortunes against the Bush White House this election year, and their answer Katrina." CNN's The Situation Room (8/28, Malveaux) later added, "Many officials believe that this really is a day of dread for the Bush Administration."

Moreover, several reports suggested the President's "optimism" about the course of the post-Katrina recovery may be ill founded. USA Today (8/29, Jackson, 2.27M) reports, "A year ago…Bush visited this area ravaged by Hurricane Katrina and saw piles of rubble strewn over beaches and neighborhoods. He met with people who lost everything. On a return visit Monday, he said 98% of the debris is gone, the beaches are pristine, and the Biloxi-Gulfport area is slowly rebuilding. He praised the region's rebirth and the resolve of its residents to restore their lives." Said Bush, "It's a sense of renewal here. It may be hard for those of you who have endured the last year to really have that sense of change, but for a fellow who was here and now a year later comes back, things are changing," even if "there's still challenges. There's still more to be done." On the CBS Evening News (8/28, story 8, 3:00, Axelrod, 7.66M), Bush was shown saying, "It's amazing, isn't it? Amazing what the world looked like then and what it looks like now." Bush, said CBS, "is hitting twin themes on this two-day tour: that recovery from the worst natural disaster in American history will need more than one year and that $110 billion of Federal help is on the way." The President's "optimism," added CBS, "is not shared in New Orleans, where a year later the population has been more than cut in half and a third of Katrina-related garbage still needs to be picked up."

The Chicago Tribune (8/29, Silva, 623K) notes Bush said yesterday, "Optimism is the only option," adding, "We'll stand by you as long as it takes to get the job done." However, "critics of the government's rebuilding program say it is not simply the time it has taken to clear the debris left by Katrina." They say "the Bush administration has shown no signs of readiness to fulfill the president's commitment to address racial inequities in the region that were exposed by the crisis and to help impoverished survivors build new businesses and become homeowners as well."

The New York Times (8/29, Kornblut, 1.21M) reports, "As the president spoke in Biloxi, he was flanked by Mississippi's two senators, Trent Lott and Thad Cochran and Gov. Haley Barbour, all three of them Republicans, and Don Powell, the Gulf Coast reconstruction coordinator. Watching from the sidelines was Mr. Bush's chief of staff, Joshua B. Bolten, whose presence was a reminder of the reshuffling at

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the White House after the former chief of staff, Andrew H. Card Jr., failed to manage the storm crisis."

Much of the on-the-ground reporting on the recovery process deals with New Orleans, where the President will be today. Much of it cast the situation in New Orleans in stark terms. Typical of the tenor of the coverage is USA Today (8/29, Konigsmark, 2.27M), which reports, "The Big Easy isn't easy anymore. One year after Hurricane Katrina, New Orleans is frustrating, tiring, expensive and frightening. Hearts are heavy from living amid so much destruction. Nerves are jangled" and "spirits are dampened every time another friend gives up and moves away."

ABC World News Tonight (8/28, story 7, 3:45, Gibson, 8.78M) said last night, "There were six hospitals in central New Orleans prior to the storm. Now there are three. Vitally needed doctors and nursed left and have not returned. Schools -- before Katrina, central New Orleans Public Schools had an enrollment of 60,000. Now the number is 22,000. … For the people of New Orleans, it's a Catch-22. Do you come back and rebuild if there are no schools, no stores, no health care? But how do you sport schools, stores and health care until people come back? The numbers tell you how slow things recover. But it is the people who show you the pain."

The CBS Evening News (8/28, story 9, Schieffer, 7.66M) reported on New Orleans' medical system, in which it interviewed paramedic Jed Tate, who said, "All the hospitals are overwhelmed and they just can't accept patients. They're booked solid." CBS (Cowan) added, "From dusk till dawn it's like playing a 24-hour shell game. Only two out of five hospital beds are available since the storm. Space for mental health patients is the toughest to find. Even gun shot victims are stacked up in hallways."

The Wall Street Journal (8/29, Cooper, 2.03M), in a story titled "In New Orleans, Recovery Is Sporadic," reports, "Though Louisiana officials say 90% of businesses in the region have reopened, the recovery is uneven. Most national retail outlets, groceries and fast-food restaurants remain closed while their parent companies assess the local market. Whole sections of the city, such as eastern New Orleans, are ghost towns." Powell and Bush "have touted the $110 billion that Congress appropriated to assist Gulf Coast rebuilding, but only a sliver of the money has reached the region."

ABC World News Tonight (8/28, story 8, 3:45, Gibson, 8.78M) also reported, "A year after Katrina, the critical question is: Can it happen again? Or have the levees been repaired? Billions of dollars have been spent to repair them, but no one is offering any guarantees. One of the most catastrophic failures happened at the 17th street canal. ABC's Steve Osunsami stands there today." ABC (Osunsami) added, "This is a very vulnerable spot for the city. Last year, it failed. Residents have been promised the levees are ready. There are few people who believe they have been adequately repaired." US Senator David Vitter "says another flood would kill the region's recovery." Vitter was shown saying, "The Corp, quite frankly, is a dysfunctional bureaucracy, and we need a major overhaul of the corps."

On NBC Nightly News (8/28, lead story, 3:20, Savidge, 9.87M), the President was shown saying, "I'm here to thank you all for showing the country how to respond to natural disasters." However, said NBC, "in some places, recovery still seems a long way off. One year after Hurricane Katrina, large areas of New Orleans are still uninhabited and uninhabitable. … One year after Katrina, perhaps the biggest repair job is handled by a human voice. Here in New Orleans again, the anniversary is also a deadline for people to clean up and get out their homes. It's a deadline a lot of folks are going to miss." Also noting the New Orleans population decline, ABC World News Tonight (8/28, story 9, 0:10, Gibson, 8.78M) reported, "We were looking for a way to graphically show you what has happened in New Orleans. We found it in the phone book. This is the phone look from a year ago. It took two books. This is the phone book in New Orleans right now. An inch less thick. They have lost 300 pages of personal listings and businesses. The businesses that are gone, well, they're mostly beauty shops or dog groomers, mom and pop operations. But the listing for contractors, roofers, well those listings have tripled. But much of New Orleans is gone and you can see it in the phone books."

The Washington Post (8/29, A4, Whoriskey, 748K) reports from Biloxi, "As people on the Gulf Coast mark the anniversary of Hurricane Katrina on Tuesday, there are public memorial ceremonies and stoic promises to rebuild." But "many here say any remembrances of that day -- many of which remain appallingly clear despite the passage of time -- still largely instill private flashes of nervousness, or guilt, or depression. For the tens of thousands of people who are still displaced by the storm, moreover, the possibilities of getting back home may now seem more remote than ever."

NBC Nightly News (8/28, story 2, 3:00, Williams, 9.87M) recapped "what went wrong" a year ago, saying, "As Katrina built up steam, the warnings were clear. One of the strongest

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hurricanes ever to hit the United States. One National Weather Service meteorologist even dispatched a prophetic Katrina bulletin, warning most of the area will be uninhabitable for weeks. Yet, despite that dire warning, to a lot of people it seemed as if few in government had been listening." FEMA "had only one official inside the New Orleans command post when the storm hit. FEMA Director Michael Brown seemed tragically out of touch. Where is the aid? It's the question people keep asking us on camera." Brown was shown saying "The Federal Government just learned about those people today." Governor Blanco "admitted that she waited too long to request Federal troops." In a follow-up story, NBC Nightly News (8/28, story 6, 3:40, Williams, 9.87M) interviewed Michael Eric Dyson, "a professor of African American studies at the University of Pennsylvania. He wrote the book on Katrina and race." Dyson was shown saying, "The people in New Orleans were left behind long before the vicious winds and violent water of hurricane Katrina came along to wash them away."

Brown Says White House Told Him To "Lie." MSNBC's Hardball (8/28, O'Donnell) interviewed former FEMA Administrator Michael Brown. Host Norah O'Donnell asked about an interview with Playboy Magazine, "in which you admitted that it was a mistake for you to play along with the White House message during Katrina and you said that that message was a lie. What was the lie?" Brown said, "The lie was that we were working as a team and that everything was working smoothly. And how we could go out, and I beat myself up almost daily for allowing this to have happened, to sit there and go on television and talk about how things are working well, when you know they are not behind the scenes, is just wrong." Asked if "someone in the White House was telling you to lie," Brown said, "Well, yes. They give you the talking points."

Democrats Blast Pace Of Recovery. The Los Angeles Times (8/29, Gerstenzang, 918K) says Bush's visit followed by several days a tour by top Democrats, including Senate Minority Leader Harry Reid of Nevada, who were sharply critical of the administration's follow-through on an aid program that appeared at its start to reflect a high degree of cooperation." The Center for American Progress, "a Washington think tank populated largely by Democrats, said that even more staggering than the destruction of the storm 'has been the slow pace of recovery.'" The Washington Times (8/29, Dinan, 88K) notes House Minority Leader Nancy Pelosi yesterday "called the federal government's response a 'tragedy.'"

The Washington Post (8/29, A1, Abramowitz, 748K) reports that "in an interview, Sen. Mary Landrieu (D-La.) said the reconstruction of the Gulf Coast is going 'not very well,' and asserted that federal agencies such as the Federal Emergency Management Agency and the Small Business Administration are botching the delivery of federal funds to individuals and small enterprises."

Only 34% Approve Of Bush's Handling Of Katrina. CNN's The Situation Room (8/28, King) reported, "In a new CNN poll, just 34 percent of Americans approve of how Mr. Bush responded to Katrina, 64 percent disapprove. Even fellow Republicans say the President is still paying a price for the government's initial response a year ago." What "made Katrina's political punch even more powerful was that it came just as Americans were turning increasingly sour on the Iraq war." Andrew Kohut, Pew Center: "As people become demoralized and negative about a political leader, when something like Katrina comes along it reinforces and cements in, crystallizes a negative image."

Study Finds 15% Of Katrina Survivors Suffer From Mental Illness. USA Today (8/29, Sternberg, 2.27M) reports, "A year after Hurricane Katrina scoured the Gulf Coast, the storm still rages in the minds of survivors, who now suffer twice as much severe mental illness as existed in the region before landfall, researchers reported Monday. … The first major attempt to probe survivors' mental status found that about 15% of residents of the counties and parishes struck by the storm, or 200,000 people, have depression, anxiety, post-traumatic stress disorder and other forms of mental illness, twice as many as before. About 11% now have severe mental illness, compared with 6% before the hurricane. Nearly 20% said they had mild to moderate mental illness, compared with under 10% before."

The Wall Street Journal (8/29, McKay, 2.03M) says the study, "led by Harvard Medical School, also found that thoughts of suicide declined sharply among those with mental illnesses." Harvard "said its survey is the most comprehensive to date of the mental-health effects on residents of Louisiana, Mississippi and Alabama who lived in Katrina's path and whose lives as they knew them were uprooted, in some cases forever, when the hurricane struck a year ago today."

The Washington Post (8/29, A4, Brown, 748K), meanwhile, titles its story "Katrina Survivors Mostly Optimistic,

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New Study Finds," and says "most survivors, in fact, said they had found a new sense of purpose, strength and community through coping with the disaster. … Overall, the researchers found a 'pervasive optimism' among hurricane survivors on the question of whether they expected to be able to rebuild their lives."

New Orleans Birth Rate Sees Big Boost. USA Today (8/29, Szabo, 2.27M) reports, "New Orleans is booming again -- at least in its maternity wards." Though the city's population "has shrunk by half, health officials say, New Orleans' post-hurricane birth rate has taken off. The city's birth rate increased 39% from May 2005 to May 2006, nine months after Hurricane Katrina, says John Steckler, vice president of ShareCor, which coordinates data and services for the Louisiana Hospital Association and the Metropolitan Hospital Council of New Orleans." The birth rate "appears to have increased even more in June and July, although the final numbers for those months have not yet been tallied, Steckler says."

More Commentary. The Washington Post (8/29, A14, 748K) writes in an editorial, "Bush returned to the Gulf Coast yesterday and declared that a year's worth of rebuilding in the wake of Hurricane Katrina had created a 'sense of renewal.' Some renewal there definitely has been, but it has come slowly and clumsily. … The past year has generated three official reports on the disaster -- from the House, the Senate and the White House -- as well as numerous unofficial ones. Some of the ideas in these reports are digressions: With the Federal Emergency Management Agency having been disrupted by being folded into the Department of Homeland Security, it seems unwise to disrupt FEMA further by pulling it out of that department and restructuring it again. Equally, there's a debate as to whether the government's ham-fisted performance demonstrates that the response to future hurricanes should be left to private agencies."

The New York Times (8/29, 1.21M) editorializes, "Bush's Katrina czar, Donald Powell, needs to push utilities to the fore. The Federal Emergency Management Agency has money available to help repair the city's damaged physical networks, but the process of channeling complicated grant applications from the skeleton crew at City Hall through Baton Rouge and on to Washington helps explain why things have moved so slowly. Over all, just $44 billion of the highly touted $110 billion in federal aid to the Gulf Coast has actually been handed out, much of it in the immediate aftermath. Even well-staffed bureaucracies respond only when force is applied. Mr. Powell should remind everyone that this is not supposed to be an adversarial process or a test for local officials." The Times concludes, "It is time to heal and renew, not to hunt for scapegoats. This is about children growing up in travel trailers. It is about the elderly exiles fretting that they will live out their final years away from the only home, the only community they ever knew. They are the reason efforts cannot flag as time marches on."

The Wall Street Journal (8/29, 2.03M), in an editorial titled "The Tragedy Of New Orleans," writes, "Congress has approved $122.5 billion for the Gulf Region, a figure incomprehensible in size to anyone but, well, a politician. The real wonder is that anyone is surprised, much less feigning surprise, that things are going poorly. New Orleans' plight is not the result of federal underspending. Uncle Sam has spent some five times more on Katrina relief than any other natural disaster in the past 50 years." The Journal adds, "The post-Katrina spend-fest in Louisiana will be remembered as one of the greatest taxpayer wastes in US history."

Writer Jennifer Moses says in today's Washington Post (8/29, A15, 748K), "It is a source of unending perplexity in Louisiana that so far America has spent some $320 billion in Iraq for nation-building, whereas in New Orleans, homeowners have so far seen precisely zero."

DeWayne Wickham writes in USA Today (8/29, 2.27M), "Too often, this nation has a short attention span when it comes to tragedies like this one. But the mere passage of time shouldn't allow us to forget that this city's recovery is far from complete."

Eugene Robinson writes in the Washington Post (8/29, A15, 748K), "If you haven't been here, you can't really understand what happened to this city one year ago. Both words and pictures are inadequate; no elegy is poignant enough, no lens able to capture the full breadth and depth. Spike Lee's film ''When the Levees Broke' probably comes closest, but even after four hours you feel the movie has just sketched the outlines."

On CNN's The Situation Room (8/28, King), former Pentagon spokeswoman Torie Clarke defended the government's efforts, saying, "I wish people could focus on the tone and the tenor we saw today, which was extraordinary, positive, constructive. The President acknowledged big problems, big challenges lying ahead. The Federal Government is -- is putting massive amounts of money into it. And, most importantly, he focused on what I think is most important. It's going to be at the local level that that money is

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best used. So, he's talking about an incredibly important partnership with the state and locals."

Naomi Klein, author of an upcoming book on "disaster capitalism, writes in the Los Angeles Times (8/29, 918K) that with the announcement that the Red Cross is entering into a disaster response partnership with Wal-Mart, "it's time to take a look at where the privatization of disaster began, and where it will inevitably lead. The first step was the government's abdication of its core responsibility to protect the population from disasters. Under the Bush administration, whole sectors of the government, and particularly the Department of Homeland Security, have been turned into glorified temp agencies, with essential functions contracted out to private companies. The idea is that entrepreneurs, driven by the profit motive, are always more efficient than government." However, Klein says that the US government "is going broke, in no small part thanks to this kind of loony spending. … If current trends continue, here's a snapshot of what could be in store in the not too distant future: helicopter rides off of rooftops in flooded cities ($5,000 a pop reflects typical fees for such a service, $7,000 for families, pets included), bottled water and 'meals ready to eat' ($50 per person — steep, but that's supply and demand) and a cot in a shelter with a portable shower (show us your biometric ID, developed on a lucrative Homeland Security contract, and we'll track you down later with the bill)."

Florida, Federal Officials Prepare For Ernesto. The AP (8/29, Jordan) reports, "Dozens of federal emergency responders headed to Florida on Monday as Tropical Storm Ernesto barreled over Cuba on a path too erratic for authorities to plan where to set up a strike-zone command center." Ernesto "was forecast, over the next two days, to return to hurricane strength and the government sought to assure the nation that storm preparations were under control -- in stark contrast to the sluggish federal response to Hurricane Katrina one year ago." Those assurances "came even as a Homeland Security Department report concluded that federal search-and-rescue teams that respond to major storms and other disasters lack sufficient staff, funding, and training." Federal Emergency Management Agency Director R. David Paulison "said he was rushing tens of thousands more pre-made meals and bottles of water to Miami and Jacksonville in advance of Ernesto's arrival. T hat was in addition to hundreds of federal truckloads of supplies, ice, tarps and plastic sheeting already in the state." But "Paulison said Florida officials haven't yet asked for federal help."

USA Today (8/29, Dorell, 2.27M) reports Florida Gov. Jeb Bush "warned residents to 'make sure you have the supplies for the 72 hours after the storm.'" His warning "came a day after he declared a state of emergency for the entire state." The CBS Evening News (8/28, story 5, 2:10, Bowers, 7.66M) reported Gov. Bush "is urging everyone here to plan ahead." Bush was shown saying, "A hurricane is a hurricane and it has devastation that we've already seen. All you have to do is rewind back to last year."

The New York Times (8/29, Goodnough, 1.21M) reports Gov. Bush "said there were enough supplies for everyone. Among them, Mr. Bush said, was a record 295 million gallons of fuel on hand at state ports. 'There's not going to be a shortage, so people don't have to overreact,' the governor said at a news conference in Tallahassee." Still," multitudes cleared stores of staple foods and parked in lines for gasoline that were hours long. More than a few honked impatiently or tried to cut in front of others."

The evening network news broadcasts continued to monitor Ernesto last night as the storm passed over Cuba. Offering the most ominous coverage of the three, ABC World News Tonight (8/28, story 2, 2:20, Gibson, 8.78M) reported that Ernesto "weakened over Cuba, but the danger is far from over." May Mayfield, the director of the National Hurricane Center, was shown saying that the warm water the storm will pass over before it is expected to hit Florida is "like moving it in a pool of high octane fuel."

The Washington Times (8/29, Hudson, 88K) reports, "Forecasters expect to upgrade the fifth named storm of the Atlantic hurricane season to a Category 1 today after it passes into warm waters off Cuba. A warm-core cyclone becomes a tropical storm and is assigned a name when maximum sustained surface winds reach 39 mph. A tropical storm becomes a hurricane when the central barometric pressure is 28.94 inches or more and sustained winds reach 74 mph. … If Ernesto continues on its current track, it will strike the Miami area as early as tonight and continue north to South Carolina on Thursday before heading inland through North Carolina, Virginia and Maryland." The Washington Post/AP (8/29, A4) says "there were no immediate reports of any damage or injuries in Cuba." Ernesto "made landfall Monday morning west of the US naval air base at Guantanamo Bay."

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WAR NEWS:

Cheney Warns Against "Precipitous Withdrawal" From Iraq. In a brief item, the New York Times (8/29, Cloud, 1.21M) reports Vice President Cheney, addressing the annual Veterans of Foreign Wars Convention in Reno, "warned against a 'precipitous withdrawal' from Iraq and suggested that those who advocate reducing the American troop presence are guilty of 'self-defeating pessimism.'" While Cheney "avoided direct references to the Democrats and the midterm elections," his speech "was heavy with political overtones." Cheney said, "Some in our own country claim retreat from Iraq would satisfy the appetite of the terrorists and get them to leave us alone. But the exact opposite is true."

The Los Angeles Times (8/29, Barnes, 918K) reports Cheney also said "'sound policy decisions' by the Bush administration were the reason the United States had not been attacked by terrorists" since 2001. Cheney said, "No one can guarantee that we won't be struck again. But to have come this far without another attack is no accident." Cheney's "claim of credit for the absence of attacks, a frequent theme in his recent speeches, contrasts sharply with criticism by Democrats and others who charge the administration has left the U.S. more vulnerable to terrorism by focusing on the war in Iraq."

Shays Downplays Split With Bush On Troop Withdrawal. On MSNBC's Hardball (8/28, O'Donnell), Rep. Chris Shays explained his decision to call for a timetable for the withdrawal of US troops from Iraq. Shays said after his last visit to Iraq, he "learned what I suspected and that is that this new government really doesn't have the will to do all the successful things that happened last year and part of the year before." Shays explained he was not breaking with President Bush, adding, "The only difference -- and it's a big difference, but it's the one difference -- and that is, I think the way to get the Iraqis to wake up, to do the heavy lifting, is to let them know that we are not there indefinitely, that there's not an open checkbook, that we're not going take sustained losses indefinitely."

Dionne Senses GOP "Restiveness" On Iraq. In his Washington Post (8/29, A15, 748K) column, E.J. Dionne Jr. asks, "By Election Day, how many Republican candidates will have come out against the Iraq war or distanced themselves from the administration's policies?" Dionne says this month "will be remembered as a watershed in the politics of Iraq. It is the month in which a majority of Americans told pollsters that the struggle for Iraq was not connected to the larger war on terrorism." Dionne notes the recent statements of Shays and fellow GOP Reps. Mike Fitzpatrick and Gil Gutknecht, and concludes, "The Republicans' restiveness suggests that Bush may not be able to stick with his current Iraq policy through Election Day. Even if he does, he will come under heavy pressure from his own party after Nov. 7 to pursue a demonstrably more effective strategy -- or to begin pulling American forces out."

Sadr's Mahdi Army Blamed For Intensification Of Violence In Iraq. All three broadcast networks ran brief items on violence in Iraq, with ABC and CBS suggesting the situation is worsening. ABC World News Tonight (8/28, story 6, 0:15, Gibson, 8.78M) said, "There has been a surge of violence in Iraq after weeks of relative calm. At least 38 people, many of them Iraqi soldiers, have been killed in gun battles between Iraqi troops and Shiite militia men. And the US military announced nine American servicemen have been killed in the last 72 hours in and around Baghdad."

The CBS Evening News (8/28, story 6, 0:15, Schieffer, 7.66M) said, "Things have turned worse again in Iraq this weekend," putting the number of American troop deaths at 10. CBS said bombs killed "more than 20" Iraqis in Baghdad, "mostly policemen, this as 140 new Iraqi army officers graduated from a NATO academy in Baghdad." NBC Nightly News (8/28, story 8, 0:20, Williams, 9.87M) said "dozens are dead after hours of fighting south of Baghdad between the Iraqi army" and Moqtada al-Sadr's Mahdi Army.

Print reporting also says violence is increasing and highlights the Sadr militia's role. The New York Times (8/29, Cave, Wong, 1.21M) reports the fighting "erupted after a particularly violent weekend in Iraq for American soldiers and Iraqi civilians, in what had been a relatively quiet month." The Times says the outbreak could increase pressure on PM Nouri al-Maliki, "a conservative Shiite, to find a way -- political or military or both -- to rein in Mr. Sadr's powerful militia." But the AP (8/28, Abdul-Karaim), in a report carried by more than 100 newspapers and news websites, says the Iraqi government "has found it difficult to control al-Sadr, whose movement holds 30 of the 275 seats in parliament and five Cabinet posts, and his forces."

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USA Today/AP (8/29, 11A) reports Shiite militiamen "battled Iraqi forces for 12 hours" in Diwaniyah Monday, "leaving at least 40 people dead," while "at least 20 other people were killed in Baghdad, including 16 in a suicide bombing targeting the Interior Ministry complex." On its front page, the Washington Post (8/29, Raghavan, 748K) says the Diwaniyah battle "illustrates the growing strength and confidence of the Mahdi Army."

In one of the very few positive reports, the Christian Science Monitor (8/29, Regan, 58K) says that "despite car bombings that killed 80 people and the deaths of six more US troops over the weekend, a joint US-Iraqi military operation in Baghdad seems to be making a difference," citing the recent Los Angeles Times story on the decline in bodies reported at city morgues.

Iraqi Army Unit Refused To Be Moved To Baghdad. The New York Times (8/29, Gordon, 1.21M) reports Brig. Gen. Dana Pittard, "who oversees the American-led effort to train Iraq's security forces," said about 100 Iraqi soldiers based in Maysan Province recently refused to go to Baghdad to help restore order. Pittard told reporters, "The majority of this particular unit was Shia, and they felt -- the leadership of that unit and their soldiers -- like they were needed down there in Maysan." The AP (8/28, Baldor) reports Pittard said many soldiers "thought they would be operating only in their home region, and it will be up to the Iraqi Ministry of Defense and the military commanders to resolve those issues." A formal investigation has begun.

Iraqi Ground Forces Command To Activate Next Month. The Washington Times (8/29, Scarborough, 88K) reports US command spokesman Maj. Gen. William Caldwell said an Iraqi ground-forces command will activate early next month, "giving the U.S.-backed government direct control over army, police and border units throughout the country." Caldwell said the "Iraqi ground headquarters eventually will take control of all 10 Iraqi army divisions. The first, the 8th Division, will be moved from coalition to Iraqi control this week."

Small Force Strives To Subdue Ramadi. USA Today (8/29, 11A, Michaels, 2.27M) writes, "These days, the main focus of U.S. and Iraqi military efforts is in Baghdad." But while it is "getting less attention," a "much smaller force is working to subdue Ramadi," where Sunni insurgents "are entrenched." There are about 2,000 Iraqi troops "and several thousand U.S. soldiers in and around" the city of 300,000. By contrast, "about 12,000 U.S. and Iraqi troops were used to push insurgents out of Fallujah -- half the size of Ramadi."

Fatality Rate "Markedly Less" Than Past Conflicts. The Christian Science Monitor (8/29, Knickerbocker, 58K) reports that as the "controversial war in Iraq continues," Pentagon officials and "civilian experts are getting a clearer picture of American combat casualties." The fatality rate "is markedly less than in previous conflicts," but the "nature of combat in Iraq, plus advances in battlefield medicine, mean that the number of wounded remains relatively high." The ratio of combat-zone deaths to wounded "has dropped from 24 percent in Vietnam to 13 percent in Iraq and Afghanistan."

Taliban Claims Responsibility For Afghanistan Suicide Bombing. The New York Times (8/29, Wafa, 1.21M) reports a suicide bombing killed 17 civilians in Helmand Province "in one of the bloodiest attacks this year in Afghanistan." The Taliban claimed responsibility for the attack, which wounded 47 people including 15 children.

Pakistan Struggles To Identify Taliban Fighters. The Christian Science Monitor (8/29, Montero, 58K) reports on Pakistan's struggles to deal with the strong Taliban presence in Balochistan Province and its capital city, Quetta. UK and Afghan officials have said the city "is the base of operations for the Taliban. Insurgents, they say, cross into Afghanistan for deadly attacks, then recuperate and plan back in Pakistan -- where they are safe from allied troops and feel little pressure from Pakistani forces." Pakistani officials "admit the presence in their country of some Afghan Taliban," but they say cracking down is hard because "there is no simple way to identify who is and who isn't a Taliban fighter."

GAO Says Pentagon Has Done Little To Recover Pay Given To Deserters. The New York Times/AP (8/29, Press) reports the Government Accountability Office says the Pentagon "has done little to recover about $900,000 mistakenly paid to 75 Army reservists who have not reported for duty since late 2001. … Fewer than two dozen of the deserters have surrendered or been arrested." The GAO first reported the payment errors in 2004, and "contacted Pentagon officials again this year to determine whether the money had been repaid or the deserters found." Pentagon spokesman Brian Maka said officials "were still reviewing the report and its recommendations."

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Pentagon Will Monitor Military Recruiters. An AP (8/28, Mendoza) story carried by about 40 newspapers and news websites reports the Pentagon says it will "closely monitor military recruiters and their commanders in light of two investigations -- one by the government, the other by The Associated Press -- that found increased levels of recruiter misconduct." The AP reported last week that "one out of 200 frontline military recruiters" was disciplined for sexual misconduct in 2005. That report followed a Government Accountability Office report that shows "overall wrongdoing by military recruiters increased from just over 400 cases in 2004 to 630 cases in 2005." USA Today (8/29, 7A, 2.27M) runs a similar brief item.

CORPORATE SCANDALS:

Prudential To Settle Trading Charges With US For $600 Million. USA Today (8/29, Farrell) reports, "In one of the largest settlements to date of a case involving market-timing abuses that defrauded mutual funds and their investors, Prudential Securities agreed Monday to pay $600 million in penalties and fines to government regulators. … The settlement concludes a three-year investigation into allegations that Prudential allowed its brokers to engage in market timing, even when the mutual funds targeted by Prudential's brokers explicitly told the company that the practice was unacceptable." USA adds, "Of the $600 million, $270 million will go to the Securities and Exchange Commission, which will distribute the funds to investors hurt by Prudential's actions. An additional $325 million in criminal penalties will go to the Justice Department, and a $5 million civil penalty will be paid to the Massachusetts Securities Division."

The Wall Street Journal (8/29, Hughes) reports, "The Justice Department said Prudential Equity Group LLC admitted to criminal wrongdoing under a deferred-prosecution agreement that will last five years. Under the agreement, Prudential Equity will cooperate with federal prosecutors in their continuing investigation and will maintain policies to ensure it follows rules. … 'This is a great victory for the investing public,' said Paul McNulty, U.S. deputy attorney general. 'The deceptive trading practices at Prudential were compromising the integrity of many mutual funds.'"

The New York Times (8/29, Thomas) reports, "Such a concession by Prudential, part of a deferred prosecution agreement that will last five years, underscores the extent to which the improper trading practices were not only widespread at Prudential Securities, but also condoned by its top executives, despite repeated complaints from the mutual fund companies." The Times adds, "The infractions occurred at Prudential Securities, now called the Prudential Equity Group, then the brokerage division of Prudential. In July 2003, Prudential Financial transferred the assets in the unit to a newly formed joint venture owned by itself and Wachovia, currently called Wachovia Securities. … Since the investigation into market timing became public in the fall of 2003, regulators have imposed more than $4 billion in fines and penalties, including $675 million paid by Bank of America in March 2004 and $600 million by AllianceBernstein in 2003. Bear Stearns paid $250 million earlier this year to the Securities and Exchange Commission to settle charges that it facilitated improper fund trades for its clients. The firms did not admit or deny any wrongdoing."

The Washington Post (8/29, D1, Masters, Johnson) reports, "The settlement is one of the last and biggest to stem from the 2003 mutual fund scandal uncovered by New York Attorney General Eliot L. Spitzer and the first to include federal criminal charges." The Post adds, "Spitzer's revelations that mutual fund firms had cut secret deals with big investors known as hedge funds shook the $9.3 trillion industry and sparked a host of investigations. Over the past three years, the Securities and Exchange Commission has brought more than 90 civil cases involving market timing and late-trading abuses and has collected more than $3 billion that will be returned to investors, SEC enforcement director Linda Chatman Thomsen said at a news conference announcing the Prudential settlement." The Post notes, "The payment is the largest by a single company to resolve market-timing charges, Deputy U.S. Attorney General Paul J. McNulty said. In 2004, Bank of America Corp. agreed to pay $675 million, including fee cuts, to settle allegations of improper market timing and illegal after-hours trades, but that settlement also covered allegations against FleetBoston Financial Corp., with which it had just merged. … McNulty said the Prudential scheme was particularly egregious because mutual fund investments, the main way Americans save for retirement and education, 'have become a necessity' and 'represent a large portion of the life savings of the average American.'"

The AP (8/29, Sniffen) reports, "Prudential's brokerage subsidiary, Prudential Equity Group., LLC, admitted to criminal wrongdoing from 1999 until September 2003 and

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agreed to pay the $600 million. The department agreed to withhold filing a charge of securities fraud if PEG and its parent, Prudential Financial, Inc., honor a pair of agreements for five years. … At least two dozen brokers at PEG or its predecessor, Prudential Securities, Inc., generated $57 million worth of commissions and more than $100 million in illicit profits for their clients just during 2001-2003, the government said. … It said thousands of computerized late market trades were generated on behalf of 15 Prudential clients, almost all of them hedge funds. These small, highly speculative funds typically require their wealthy clients to invest a minimum of $250,000 to more than $1 million."

The Boston Globe (8/29, Reidy) reports, "The biggest market timing settlements have been Bank of America Corp.'s $675 million accord in 2004 and a $600 million agreement by AllianceBernstein LP in 2003. Both companies settled with the SEC and Spitzer. Bank of America's settlement included payments by FleetBoston Financial Corp., which it bought in April 2004. … 'We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems,' Prudential chairman and chief executive Arthur F. Ryan said in a statement. 'We have strengthened our compliance programs. Prudential cooperated with the authorities throughout the process. This settlement represents our desire to do the right thing.'"

Bloomberg (8/29, Hamilton, Schmidt) reports, "U.S. regulators investigating market timing have reached civil settlements with more than two dozen mutual fund and brokerage companies, and over 30 former executives. Total penalties now exceed $5 billion. In addition to the four former Prudential brokers sued today, five others were sued in 2003." Bloomberg notes, "Prudential had a previous brush with criminal charges. In 1994, federal prosecutors accused the company of fraud in connection with the sale of investments in oil and gas partnerships. Under a deferred prosecution agreement, the Justice Department agreed to hold off on pressing charges on the condition that the company acknowledge wrongdoing, pay restitution and improve its regulatory compliance." The Financial Times (8/29, Kirchgaessner, Knight), AFP (8/29), and Market Watch (8/29, Barr, Schroeder) also report on the settlement.

Sun Trust Says SEC Has Ended Probe. The New York Times/Bloomberg News (8/29) reports, "SunTrust Banks said yesterday that the Securities and Exchange Commission had completed an investigation into the company's 2004 financial statements and recommended no enforcement action." Bloomberg continues, "SunTrust, based in Atlanta, said in January 2005 that the S.E.C. had issued subpoenas seeking documents related to accounting on its loan loss reserves. The investigation looked at the bank's restatement of its 2004 first- and second-quarter net income." Bloomberg adds, "SunTrust fired its chief credit officer and two other finance employees in November 2004 after an internal investigation found accounting mistakes that inflated how much the company had set aside for bad loans in the first half."

Judge Dismisses Grasso Suit Against McCall. The New York Times (8/29, Anderson) reports, "A New York State judge has dismissed a lawsuit brought by the former chairman and chief executive of the New York Stock Exchange, Richard A. Grasso, against H. Carl McCall, a former Big Board director who once ran New York State's finances." The Times continues, "The lawsuit was part of the larger legal battle between the New York attorney general, Eliot Spitzer, and Mr. Grasso. Mr. Spitzer has accused the former exchange chief of receiving excessive and unreasonable compensation during his time running what was then a nonprofit exchange." The Times adds, "In his lawsuit, Mr. Grasso asserted that Mr. McCall, who was chairman of the compensation committee that approved a $190 million pay and retirement package, should be held responsible for some part of the compensation if the court deemed it unreasonable. … But Justice Charles E. Ramos of State Supreme Court in Manhattan dismissed Mr. Grasso's suit, stating that he had failed 'to establish any special duty owed him by Mr. McCall, or any specific misrepresentations made by McCall.' .. . In his 11-page decision, Justice Ramos wrote that Mr. McCall's only duty was to the board, not Mr. Grasso."

CRIMINAL LAW:

Armitage Role In Plame Leak Raises Questions About Fitzgerald Probe. The Washington Post (8/29, A6, Smith, 748K) reports a "former Armitage colleague" at the State Department said "the leak of information about an undercover CIA employee that provoked a special prosecutor's investigation of senior White House officials came from then-Deputy Secretary of State Richard L. Armitage." Armitage's "role in the case -- which he confirmed

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to the FBI in 2003 and later described to Fitzgerald and to the grand jury, his colleague said yesterday -- raises questions about when the White House became aware of the origins of Novak's story. President Bush said as late as 2005 that he was eager to learn all the facts behind the leak." The "case's origin in a conversation between Novak and Armitage is one of Washington's worst-kept secrets. Neither Novak nor Armitage has confirmed it, however, leaving a measure of uncertainty until now." Armitage's "involvement in the matter does not fit neatly into the assertions of Bush administration critics that Plame's employment was disclosed as part of a White House conspiracy to besmirch Wilson by suggesting his Niger trip stemmed from nepotism at the CIA."

Fox News' Special Report (8/28, Hume) reported, "It appears tonight that the identity of the person who leaked the name of CIA employee Valerie Plame to the news media three years ago was known to investigators even before special counsel Patrick Fitzgerald began his inquiry." The new information "would appear to flatly contradict conspiracy theories that pointed to the White House as the main source of the leak." Fox (Angle) added Karl Rove and Scooter Libby "who only confirmed what Armitage had originally told reporters are accused of maliciously attacking Wilson." Former Justice Department official Victoria Toensing: "What could be the crime to say, why did this person who knew nothing about nuclear weapons get sent on this mission by the CIA?" Fox added, "There are two odd things about the events as they are now known. One why Scooter Libby was indicted but Richard Armitage, the original source, was not." Toensing: "It is a puzzlement why the prosecutor decided that Scooter Libby and Dick Armitage were to be treated differently under the law."

On MSNBC's Hardball (8/28, O'Donnell), Newsweek reporter Michael Isikoff discussed his new book, "Hubris: The Inside Story of Spin, Scandal and the Selling of the Iraq War," which was co-written with David Corn of the Nation. In the book, Isikoff and Corn say that former State Department official Richard Armitage was columnist Robert Novak's primary source. Asked why Armitage was not charged by the special counsel investigating the leak of Valerie Plame's identity, Isikoff said, "Good question. … He was aggressively investigated by Patrick Fitzgerald, the special counsel, not once but twice. First after even making the initial acknowledgement that he had talked to Novak, he testified before the grand jury, his story was checked and rechecked. … But at the end of the day, to be charged on the Identities Protection Act you have to know that the CIA officer you are outing is, has a covert status. There was nothing in that classified State Department memo that identified Valerie Plame, or Joe Wilson's wife, as a covert agent." Asked if the "fact that Armitage was the primary source absolve either Karl Rove or Scooter Libby," Isikoff said, "No, as I said before they had their own reasons for dishing about this and they did separate and apart from Armitage. That's why they came under such scrutiny by Fitzgerald."

More Commentary. On MSNBC's Hardball (8/28, O'Donnell), Tony Blankley of the Washington Times said, "The two interesting things about this, one, why didn't Colin Powell, if he didn't call the President and say hey my number two is the guy? The President was out there on a regular basis saying I didn't know who did it, we're going to try to get to the bottom of it, and the Secretary of State knew because Armitage, according to this book, which I'm sure is accurate, told him. So, I mean, that's sort of an amazing fact, if in fact that did happen." Blankley added, "The other piece of it is, is this really does take a large part out of one of the central fantasy narratives of the anti-Bush people that it was the White House that led this charge against Wilson."

On Fox News' Special Report's roundtable (8/28, Hume), Morton Kondracke of Roll Call said, "If this is all right, then this whole conspiracy theory of Karl Rove and Dick Cheney masterminding this entire plot to out Valerie Plame and reveal -- and violate the intelligence agent's identity's act and all this stuff…it's empty. There is a hole here, there's nothing there, but countless people have been put through hell over this -- as a result of this."

On Fox News' Special Report's roundtable (8/28, Hume), Fred Barnes of the Weekly Standard said, "The Bush White House, Karl Rove, Scooter Libby and others were hung out to dry and the charge grew and was widely proclaimed in the press and among Democrats and among critics of the White House, that the White House had smeared an innocent man, Joe Wilson, who merely told the truth. And it turns out that was wrong from the beginning."

Colorado Will Not Charge Karr With Ramsey Murder After DNA Test. The Los Angeles Times (8/29, Simon, Muskal) reports, "The murder case against John Mark Karr collapsed this afternoon when he was exonerated by a DNA test, but the man who was once the leading suspect in the JonBenet Ramsey tragedy will be returned to California to face child pornography charges,

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officials said." The Times continues, "In a fast-moving series of events throughout the afternoon, Boulder Dist. Atty. Mary T. Lacy, who had sought Karr's departure from Thailand and extradition from California, dropped all charges against the former teacher. … At a news conference in Thailand about 10 days ago, Karr, 41, told an international audience that he was present when Ramsay, a 6-year-old beauty pageant queen, was killed a decade ago. … 'Because no evidence has developed, other than his own repeated admissions, to place Mr. Karr at the scene of the crime and, in particular, because his DNA does not match that found in the victim's blood in her underwear, the People would not be able to establish that Mr. Karr committed this crime despite his repeated insistence that he did,' according to the motion to quash the arrest warrant. … Shortly after that decision, Boulder County Sheriff Joe Pelle said that Karr had been released from Colorado custody but was being held in the county jail for California authorities."

The Washington Post (8/29, A1, Goldstein, Reid) reports, "Less than two hours before a court hearing here in which the 41-year-old teacher was to have been charged with murder, the Boulder County district attorney announced that investigators had not gathered enough evidence against him. In court documents and a public statement, District Attorney Mary Lacy said that Karr's DNA did not match samples from the crime scene and that family members had provided 'circumstantial evidence' that he was with them in Atlanta during Christmas in 1996, when the 6-year-old girl was killed. … At mid-afternoon, a sheriff's deputy went to Karr's cell in the Boulder jail and told him he was being released. The deputy began driving Karr to an undisclosed location in town, but turned around and brought him back to jail: Boulder Sheriff Joe Pelle said he had just received a teletype from law enforcement officials in Sonoma County, Calif., saying they wanted Karr transferred there. Karr faces an outstanding arrest warrant in Petaluma, Calif., on unrelated misdemeanor charges from 2001 of having child pornography on his computer." The Post notes, "Legal experts who have followed the Ramsey case over the years disagreed over whether the prosecutor had botched the investigation by arresting Karr. But both critics and defenders of the district attorney said the dramatic and confusing events of recent days may make it more difficult for prosecutors to win a conviction if a more compelling suspect is found."

The New York Times (8/29, Johnson) reports, "The announcement…incited a storm of questions about why Mr. Karr, 41, had been believed in his admissions and how he could have led prosecutors into what became an elaborate global farce. Hordes of reporters had tracked Mr. Karr's journey, from his apprehension in Thailand nearly two weeks ago to his return to the United States." The Times adds, "In a motion asking a judge to dismiss the arrest warrant, Ms. Lacy wrote that Mr. Karr's obsession with the case and its details, combined with his own statement of guilt, had compelled her to act first and test later. But in the end, she said, his words were all there was. … The resulting anger, in a case that has produced numerous investigative blunders over the years, was immediate. … 'They took this man and dragged him here from Bangkok, Thailand, with no forensic evidence confirming the allegations against him and no independent factors leading to a presumption that he did anything wrong,' Mr. Karr's lawyer, Seth Temin, said outside the Boulder County Jail, where Mr. Karr was still being held Monday afternoon. 'We're deeply distressed.'"

The CBS Evening News (8/28, lead story, 2:25, Schieffer) reported that Karr "might have been confessing to an obsession rather than the killing. The obsession with JonBenet Ramsey's life and the six-year-old's death was detailed in four years of e-mails to journalism professor Michael Tracey. But no one could place Karr in Boulder, California, during Christmas of 1996 when Ramsey was murdered and now that it's clear there is no DNA match to evidence at the crime scene, district attorney Mary Lacy will have to explain why she started down this road 12 days ago."

ABC World News Tonight (8/28, lead story, 2:45, Gibson) reported, "The DA's office felt they had to act quickly against John Mark Karr because they felt he was a risk to other children. They had to arrest him before he could be fully investigated." ABC adds, "His lawyers maintained the case wouldn't be based on words but on DNA results. In the end, DNA proved without a doubt he was not involved in the Ramsey murder."

The AP (8/29, Sarche) reports, "Earlier in the day, Denver's KUSA, citing two sources close to the investigation, said that hair and saliva taken from Karr in Boulder after his arrival last week were tested over the weekend at the Denver police crime lab and that he was ruled out as the source of the DNA taken from the crime scene. … The schoolteacher's arrest in Thailand a week and a half ago was seen a surprise break in the decade-old murder mystery that had cast suspicion over JonBenet's parents. But inconsistencies in Karr's account immediately raised suspicions that he might

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be an obsessed follower of the case who confessed to a crime he didn't commit."

The Washington Times (8/29, Richardson) reports, "Authorities collected a DNA sample from Karr when he arrived in Colorado on Thursday and had it tested over the weekend. Samples of an unknown man's DNA were found under JonBenet's fingernails and in her underpants. … 'This information is critical because ... if Mr. Karr's account of his sexual involvement with the victim were accurate, it would have been highly likely that his saliva would have been mixed with the blood in the underwear,' (Lacy) said."

USA Today (8/29, Kenworthy) reports, "The prosecutor, in court documents, depicted Karr as holding deep fascination 'with not only JonBenét Ramsey but with the sexuality of young girls in general,' and said that he claimed to have had sexual involvement with 'a number of young girls.'" USA adds, "The unsolved, decade-old case drew nationwide attention from the beginning, in part because of images of the photogenic child competing in youth beauty pageants wearing glittering costumes and makeup. … The district attorney detailed e-mails and later telephone calls between Karr and a University of Colorado professor dating to 2002. Though the communications were anonymous, investigators eventually traced them to Karr and located him in Thailand, court documents said. … Karr 'admitted personal responsibility for the death' of JonBenét in e-mails earlier this year and described sexual activity with her, the prosecutor said in her motion."

Prosecutor Under Fire After Case Collapses. USA Today (8/29, Kenworthy) reports, "Almost 10 years after the body of 6-year-old beauty pageant star JonBenét Ramsey was found in the basement of her home, the unsolved case seems cursed. … The decision by Boulder County District Attorney Mary Lacy to jettison her investigation of suspect John Mark Karr is another setback in a case that has repeatedly frustrated authorities." USA adds, "Critics in the legal community seized on the situation to lambaste Boulder law enforcement authorities for bungling a case they say has been rife with missteps throughout its history. 'Prosecutorial ineptitude,' Craig Silverman, a former Denver prosecutor, said of Lacy's handling of the case. 'With the possible exception of the O.J. Simpson case, I've never seen a prosecutor's office so badly bungle a big case.'"

The CBS Evening News (8/28, story 2, 1:00, Schieffer) reported, "Our legal analyst Andrew Cohen is here with us in New York tonight. I mean, I guess weirdness begets weirdness. But what a strange turn of events. I mean, did they have no evidence against this man when they arrested him? CBS (Cohen) added, "I think what happened is they figured they needed to do the DNA testing and if they asked him politely to do the kind of testing they wanted he was going to bail. He was in the meantime sending these e-mails that were getting more and more alarming to a CU professor, we saw picture of him there. Officials figured they'd better swoop in, get him back and do the information. The problem with doing that is you don't have a strong physical case and it's a red hot media blitz and everybody creates these large expectations for what this guy is or isn't. It's a huge embarrassment for Boulder."

NBC Nightly News (8/28, story 3, 1:30, Williams) reported, "Prosecutors were worried right from the beginning that there wouldn't be enough evidence if any to make a case against Karr. A defense source (said) get ready for the DNA against the client. Then said this afternoon, that's it. This case is over."

Three Plead Guilty In Detroit To Child Prostitution Charges. The AP (8/29) reports, "A man and two women from Toledo, Ohio, pleaded guilty Monday (in Detroit) to charges stemming from a nationwide prostitution operation that authorities say forced children as young as 12 to have sex at truck stops, hotels and brothels." The AP continues, "Deric Willoughby, 41, Brandy Shope, 19, and Jennifer Huskey, 25, pleaded guilty in U.S. District Court in Detroit to conspiracy and interstate transportation of minors for prostitution, U.S. Attorney Stephen J. Murphy said. … Willoughby and Shope each face up to seven years and three months in prison, Huskey faces up to five years and 11 months and all three could be fined up to $250,000 at sentencing hearings set for Dec. 6." The AP adds, "A grand jury in Detroit charged them in December 2005 with forcing two girls, 14 and 15, into prostitution in May of that year. The girls had been held as virtual prisoners in Toledo, where they were told to address Willoughby as 'Daddy' and were taken to hotel rooms for prostitution, according to the indictment. Their payments were turned over to Willoughby, the indictment said. … Willoughby admitted in court Monday that he gave the girls false identities, including false birth dates, which they were told to use if detained by authorities. … Another defendant, Richard Lamar Gordon, was identified in the indictment as a truck driver who took the girls from a parking lot at a Sears store in the Toledo area to a truck stop

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in Dexter, Mich., and had sex with the 14-year-old. Gordon has not been arrested."

Indicted Tennessee State Senator Resigning Over Health Concerns. In a widely-distributed story, the AP (8/29) reports, "State Sen. Kathryn Bowers, awaiting trial on federal corruption charges, announced Monday she is resigning from the Legislature because of poor health." The AP notes, "Bowers is one of 11 people, including five current or former state lawmakers, charged in the FBI's bribery investigation code named Tennessee Waltz. 'My doctor offered me a choice: To try to continue on in the state Senate or take a chance on not being here for my children and my grandchildren,' Bowers said. Bowers said her resignation would take effect Friday." The Memphis Commercial Appeal (8/29, Buser, Locker, 172K) adds that Bowers "insisted her decision had nothing to do with her bribery indictment in the Tennessee Waltz sting or her retirement benefits. … 'This has nothing to do with the criminal case. It has to do with my health. With all that's going on with the campaign and of course with my legal situation, I just need to get me some rest so I can figure out what I need to do next.'" The Chattanoogan (8/29) and Nashville City Paper (8/29, Allen) also report on Bowers' resignation.

Judge Admits FBI Tapes, But Not Transcripts, As Evidence In NM Treasurer Retrial. The AP (8/29) reports, "A federal judge said lawyers for both sides can present transcripts of FBI tape recordings and videotapes to jurors during Robert Vigil's retrial, but the documents won't be admitted as evidence. The decision Monday by U.S. District Judge James Browning mirrors a ruling by U.S. District Judge James Parker, who oversaw the former state treasurer's first trial earlier this year. However, Browning went a step further by requiring defense attorneys and prosecutors to exchange competing versions of the transcripts before the retrial, scheduled to begin Sept. 5, to avoid complications that arose earlier." The AP adds, "However, as Parker had determined in the first trial, Browning said transcripts won't be available during deliberations," and "jurors will be advised to study the tone of voices and listen to inflections when considering the evidence."

Prosecution May Not Call Sliwa In Third Gotti Trial. The AP (8/29, Neumeister) reports, "Curtis Sliwa, the star witness in the first two racketeering trials of John 'Junior' Gotti, may not testify in the third about his brush with death in what prosecutors say was a Gotti-ordered attack 16 years ago. Assistant U.S. Attorney Victor Hou told Judge Shira Scheindlin that three witnesses remain and the name of the radio host and Guardian Angels founder was not among them." The AP notes, "A decision not to call Sliwa would be consistent with efforts by the government to recast their case against Gotti." When "the first two trials…ended in hung juries, prosecutors changed strategy, seeking to prove that Gotti has continued to benefit from mob financing even after he claims to have quit the Gambino family in the late 1990s." The New York Daily News (8/29, Zambito, 729K) notes, "Sliwa's testimony has formed the dramatic centerpiece of the mob scion's two trials over the past year, but both cases have ended in hung juries," and he "has been forced to admit under cross-examination a history of publicity stunts he pulled in the early days of the Guardian Angels."

Prosecutors Seek Additional Testimony From Mob Turncoat. The New York Post (8/29, Cornell, 608K) reports Gotti "once told a mob turncoat he'd jump at a chance to 'beat or even kill' his uncles as revenge for demoting him in the crime family and stripping him of lucrative extortion money, the feds charged yesterday. Prosecutors revealed Gotti was also caught on a prison tape ranting about uncles Peter and Richard Gotti, saying, 'I made a pact one night to myself in my bed on my father and brother's grave -- I will beat them down like a two-dollar French hooker.' The feds described Gotti's rage in a letter to Manhattan federal Judge Shira Scheindlin as they argued to be allowed to elicit additional testimony from mob canary Joseph D'Angelo."

Evidence Collection Completed At House Where DC Lawyer Murdered. WUSA-TV Washington, DC (8/28) reported, "There's been a landmark development in the murder case involving the stabbing death of Washington attorney Robert Wone. After more than three weeks of collecting evidence, police have returned the Swann Street rowhouse where Wone was murdered to its occupants." WUSA added that "the first batches of results from the FBI laboratory are expected this week. And last Friday, the District's homicide commander told reporters those finding could move the case along quickly and significantly."

Penalty Phase Begins At Aryan Brotherhood Trial. In a widely-distributed story, the AP (8/29, Flaccus)

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reports, "Prosecutors seeking the death penalty against two convicted Aryan Brotherhood gang members told jurors Monday the men were remorseless killers who weren't deterred from committing some of their worst crimes in prison. Assistant U.S. Attorney Joey Blanch reminded jurors in the first day of the trial's death penalty phase that they had already convicted Barry 'The Baron' Mills and Tyler 'The Hulk' Bingham of murder, conspiracy and racketeering," adding, "At some point, somebody has to stand up and say, 'That's enough.' For Barry Mills and Tyler Bingham, today's the day," Blanch said. However, Mills lawyer Dean Steward "said that the defense team would show the defendants were goodhearted people who acted as they did to survive in a violent prison system."

Former Congressional Press Secretary Sentenced To Prison For Bank Robbery. In a widely-distributed story, the AP (8/29) reports Thomas C. Springer, who had served as press secretary for three different members of Congress, "was sentenced Monday to more than 12 1/2 years in prison" after having "pleaded guilty to four counts of bank robbery in May." In Greenbelt, Maryland, "U.S. District Judge Deborah Chasanow also ordered him to repay the $20,869 he stole during seven bank robberies between November 2004 and November 2005." The AP notes, "In his confession, Stringer explained that he needed the money for golf and to cover his rent, according to the FBI."

FBI Investigating Fraud Allegations Against Painter Thomas Kinkade. The Los Angeles Times (8/29, Christensen, 918K) reports, "The FBI is investigating allegations that self-styled 'Painter of Light' Thomas Kinkade and some of his top executives fraudulently induced investors to open galleries and then ruined them financially, former dealers contacted by federal agents said. Investigators are focusing on issues raised in civil litigation by at least six former Thomas Kinkade Signature Gallery owners, people who have been contacted by the FBI said. … 'They really knew how to bait the hook,' said one former dealer who spoke on condition of anonymity because of the sensitive nature of the case. 'They certainly used the Christian hook.'" The Times notes, "Kinkade Co. spokesman Jim Bryant said Monday that the…company was unaware of a criminal investigation and had not been contacted by the FBI or federal prosecutors. … FBI Special Agent Brian Wickham declined to comment Monday," but "others familiar with the matter…said the FBI's San Jose office, where Wickham is based, was coordinating an investigation in which agents from offices across the country were conducting interviews."

Unemployed DC Man Admits To $76,000 In Katrina Relief Fraud. In a widely-distributed story, the AP (8/29) reports, "An unemployed man admitted Monday that he submitted more than 50 false applications for government aid following Hurricane Katrina and collected more than $76,000 in disaster relief checks." Jeffrey Rothschild of Washington, DC, "pleaded guilty in federal court to mail fraud, bank fraud and money laundering. He said he found people's names and birth dates on Internet sites, then selected home address in the hurricane zone or just made them up and applied for aid." The AP adds, "He also admitted applying under two different names for disaster aid for hurricane damage to his wife's home, even though he didn't live there."

Report Finds Most Cybercrime Prosecutions Focus On Internal Attackes. Federal Computer Week (8/29, Chan) reports, "A new report finds that most of the Justice Department's cybercrime-related prosecutions have centered less on external attacks, such as worms and viruses, and more on internal threats and authentication problems." FCW continues, "The report, 'Network Attacks: Analysis of Department of Justice Prosecutions 1999-2006,' tracks cybercrime prosecutions from 1999 to 2006. It states that on average, a cybercrime attack caused $3 million in damages. Most attacks occurred on home or laptop computers that organizations did not sanction. … The report was authored by information technology security analyst firm Trusted Strategies and commissioned by systems software developer Phoenix Technologies. … 'Most of the attacks where big damage is done all come from users that obtain a valid user ID and password,' said Bill Bosen, founding partner of Trusted Strategies. Such intrusions could occur intentionally when users — such as disgruntled employees — take advantage of their privileges for abuse or unintentionally via user error, such as poorly storing information or accidentally exposing it." FCW adds, "Keren Cummins, public-sector vice president at Phoenix, said secure authentication could be a possible solution for as much as 85 percent of reported crimes. … 'A very significant number of these crimes would have been prevented if device identity and user identity verification was present,' she said. … Although Cummins said she does not believe that the report

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indicates a trend in how criminals commit cybercrimes or how DOJ handles them, it does offer a good indicator of the scope of the threats that you would find by flipping through CNN."

South Dakota Plans First Execution In 59 Years. The New York Times (8/29, Davey, 1.21M) reports for "the first time in 59 years, the State of South Dakota plans to execute a man this evening, authorities from the state's department of corrections have announced." Barring a "last minute granting of clemency, Elijah Page, 24, who pleaded guilty to the torture killing of a 19-year-old man whose house he was burglarizing in 2000, is scheduled to die by lethal injection at 10 p.m. Tuesday, the department of corrections announced on Sunday."

Forgery Highlights Fascination With Canadian Pianist Gould. The Wall Street Journal (8/29, Cherney) reports, "Late last year, collectibles dealer Roger Gross offered for sale on his Web site a sheet of paper doodled on and signed by the celebrated pianist Glenn Gould. The price: $8,000. … That posting led to the discovery of a forged copy of the document in Canada's national archives, a police investigation and the arrest of a Texas woman on charges of theft and possession of stolen property." The Journal continues, "The case offers an unusual window into the cult-like world of hardcore fans of Mr. Gould. He rose to international fame at the age of 23 with his 1955 recording of Bach's Goldberg Variations and was widely hailed by critics for his brilliant technique and novel interpretations. He also made a name for himself as a notorious eccentric who insisted on humming as he played, wore a hat, overcoat and scarf even in summer and refused to shake hands for fear of injury. … Reclusive and plagued by physical ailments, real and imagined, the Toronto-born virtuoso added to his own mystique by quitting the concert stage at the peak of his career in 1964. … Fascination with Mr. Gould has only increased since his sudden death from a stroke at age 50 in 1982. Many fans say they feel drawn to his persona as well as his music." The Journal notes, "Gouldiana has become more expensive than memorabilia of any other 20th-century pianist, dealers say. A signed Gould photo in good condition can fetch up to $5,000, compared with about $700 for one featuring the pianist Arthur Rubinstein. … Most of Mr. Gould's personal papers and belongings ended up in the government archives. Mr. Gould left his estate to two charities, the Salvation Army and the Toronto Humane Society, says executor Stephen Posen. Shortly after the pianist's death, the estate sold the belongings and documents to the Canadian government: 140 notebooks, annotated scores, photographs, copies of personal letters, drafts of compositions and scripts for his radio documentaries that filled a whole room in his Toronto apartment."

CIVIL LAW:

Cardinal Health Stops Sales Of Pump FDA Claims Is Defective. The Columbus Dispatch (8/29, Wolf) reports, "Cardinal Health Inc. officials don't know how long it will take to repair a popular medical device that federal authorities say is defective. … The company, based in Dublin (OH), said yesterday that it has suspended making, selling and repairing Alaris SE infusion pumps after 1,300 of them were seized by U.S. marshals." The Dispatch continues, "The value of the seized devices was $1.8 million. The pumps are used to deliver medications and fluids intravenously. … The Food and Drug Administration got a federal court warrant to take the pumps from a manufacturing plant in San Diego, the agency said yesterday." The Dispatch adds, "Problems with the pump were reported as early as 1998, according to Tim Ulatowski, who directs the office of compliance at the FDA's Center for Devices and Radiological Health. … The defect has been tied directly to one death and possibly to another, he said. … The problem 'has lasted longer than the agency has thought it should,' he said. 'It was time to take action, and time to get this product fixed.'"

CIVIL RIGHTS:

Former Mississippi Deputy Charged In Death Of Inmate. The AP (8/29) reports, "A former Harrison County (MS) deputy sheriff was arrested by FBI agents Monday on charges alleging he assaulted a prisoner who later died and falsified records in an attempt to influence an investigation into the case." The AP continues, "John G. Raucci, Special Agent in Charge of the FBI in Mississippi, said the arrest of Ryan Michael Teel, 29, of Saucier followed a five-month investigation by agents and a federal grand jury indictment. … The indictment alleges that on or about Feb. 4, 2006, then-deputy Teel assaulted inmate Jessie Lee Williams, Jr. in the Harrison County jail in violation of Williams'

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constitutional rights, 'which includes the right to be free from the use of excessive force by one acting under color of law.' … The assault resulted in Williams' death, the indictment said." The AP adds, "Williams died after being removed from life support Feb. 6, two days after the alleged beating in the jail's booking room. … Teel, who made his initial appearance before U.S. Magistrate Judge John Roper in Gulfport, is also charged with making a false entry into Harrison County Sheriff's Office records concerning Williams. . . Prosecution of Teel's case will be handled by U.S. Attorney Dunn Lampton and attorneys with the Justice Department's civil rights division."

Judge Strikes Florida Voter Registration Law. The AP (8/29, Anderson) reports, "A federal judge on Monday declared a new Florida voter registration law unconstitutional, ruling that its stiff penalties for violations threaten free speech rights and that political parties were improperly exempted." The AP continues, "The 48-page ruling by U.S. District Judge Patricia Seitz means that state authorities cannot enforce the provisions of the law. It took effect Jan. 1 and has been blamed by several labor unions and nonprofit groups for effectively blocking voter registration drives across the state because of the financial risk. … 'If third-party voter registration organizations permanently cease their voter registration efforts, Florida citizens will be stripped of an important means and choice of registering to vote and of associating with one another,' Seitz wrote." The AP adds, "The law also 'unconstitutionally discriminates' against third-party registration groups because it does not apply to political parties, Seitz added. … The law imposes fines of $250 for each form that is submitted to election officials more than 10 days after it is collected from an individual and can reach $5,000 for each form that is collected but never submitted. … State officials said the decision would be appealed to the 11th U.S. Circuit Court of Appeals."

Judge Orders DC To Release Less-Redacted Group Home Reports. The Washington Post (8/29, B02, Barker) reports, "The District government has to make public its investigative reports on deaths in city-contracted group homes for the mentally retarded -- and without the extensive redactions that officials made in some previously released reports, a judge has ruled." The Post continues, "D.C. Superior Court Judge Geoffrey M. Alprin said the documents are 'reports to the public' and should be made available to the media and other interested parties with only the names of the deceased kept confidential. … The order, issued Aug. 22, was in response to a lawsuit filed by The Washington Post, which sought to obtain the death investigation reports under the city's Freedom of Information Act. The District had denied the FOIA request, citing confidentiality concerns, even though The Post had requested the records with the names of the deceased redacted." The Post adds, "Mayor Anthony A. Williams (D) established a fatality review committee in 2001 after a public outcry over inadequate care for about 2,000 mentally retarded wards, most of whom lived in group homes. A 1999 series in The Post found that none of 116 deaths in the group home system since 1993 had been investigated by the city's mental retardation agency. … Alprin said the reports and other death investigation documents, including the names of group home operators, are not confidential."

ANTITRUST:

BP Under Investigation For Manipulation Of Crude Oil, Gasoline Markets. The Wall Street Journal (8/29, Wilke, Davis, Cummins) reports, "Federal investigators are examining whether BP PLC manipulated crude-oil and unleaded-gasoline markets, signaling a rise in regulatory scrutiny of the British energy giant, said lawyers and traders close to the case." The company "already faces a civil complaint filed by federal commodities regulators for allegedly manipulating much of the U.S. market for propane. The separate investigations on crude oil and gasoline could intensify public and political pressure on BP because these markets are bigger and directly affect most American households." The CFTC "has sent subpoenas to BP and energy traders in the crude-oil probe, which is focused on possible manipulation of the global over-the-counter market in 2003 and 2004, according to lawyers and traders ... . The separate gasoline inquiry, which has been under way more than a year and includes a criminal probe by the Justice Department, is examining a single day's trading on the New York Mercantile Exchange in 2002, the lawyers and traders close to the case said."

The Financial Times (8/29, McNulty) reports, "Lord Browne, BP's chief executive, must give sworn testimony to be used in the death and injuries cases against the UK oil giant arising from last year's fatal explosion at its Texas refinery, a judge ruled on Monday." Texas "Judge Susan

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Criss ruled that Lord Browne and John Manzoni, BP's chief executive for refining and marketing, had 'unique and superior knowledge' requiring them to undergo questioning, under oath, by plaintiff's attorneys ... ." The ruling "will likely spur BP to settle the 550 or so outstanding death, injury and property damage cases, rather than submit its top executives to aggressive questioning. ... BP said it would appeal."

Cinemark To Buy Century Theaters. The Arizona Daily Star (8/29, Long) reports, "Tucson's cinema scene is changing as the city's biggest movie theater chain is being sold amid planned openings of new multiplexes by other companies in the next year." The Star continues, "Century Theatres, Inc., announced the sale of 78 theatres around the country, including four in Tucson, to Cinemark USA, Inc., based in Plano, Texas. … The Century Theatre acquisition, dependent on antitrust approval from the U.S. Department of Justice, could be finalized in the next two to four months, said Terrell Falk, vice president of marketing and communications for Cinemark USA. … 'The deal is still tentative,' she said. 'We're not sure when the closing will be but we anticipate few changes once the decision is made.'" The Star adds, "Considered the largest operator of movie theaters in the city, Century has locations that include El Con Mall and Park Place. … Century, based in San Rafael, Calif., also operates two drive-in theaters in Glendale and Scottsdale and has locations in 12 states including California and Nevada and New Mexico and Utah, according to its company Web site."

DOJ Rescinds Nonprosecution Agreement With Stolt-Nielsen. Corporate Counsel (8/29, Reisinger) reports, "Most companies assume that they've successfully dodged a bullet when they sign a nonprosecution agreement with the government. That's certainly what shipping giant Stolt-Nielsen S.A. thought when its subsidiary struck a deal three years ago to avoid federal criminal charges for antitrust violations. … But shortly after the deal was concluded, the government said it would indict Stolt-Nielsen anyway because the company had broken the pact. Stolt-Nielsen maintains that the government is the one who isn't living up to the deal, and in July asked the U.S. Supreme Court to block the indictment." Corporate Counsel continues, "U.S. Department of Justice spokeswoman Gina Talamona says the Stolt-Nielsen case is the first time that lawyers in the agency's antitrust division have tried to revoke a nonprosecution deal (also called an amnesty agreement). Talamona says the DOJ doesn't keep such statistics outside the antitrust division, but other observers say they don't know of any other instance in which the government has tried to rescind a deal with a corporate defendant."

EU Approves Phillips' Purchase Of Avent. The AP (8/29) reports, "The EU has approved plans by Dutch appliance maker Royal Phillips Electronics NV to purchase Britain's Avent Holdings Ltd., a baby product maker with sales in more than 60 countries. … 'The European Commission concluded that the proposed transaction would not significantly impede effective competition in the European Economic Area or any substantial part of it,' the EU said in a statement released Monday." The AP continues, "The statement said that EU antitrust investigators had determined that the proposed acquisition would not give rise to any significant reduction in competition." The AP adds, "The Dutch company announced its plans last week, and said that if the terms are accepted by Avent's parent company, Charterhouse Capital Partners LLP, Phillips will pay about 675 million euros ($861 million) in cash when the transaction is scheduled to be completed by the third quarter of 2006."

Brown-Forman To Buy Tequila Maker. The New York Times (8/29, Malkin) reports, "The Brown-Forman Corporation, the Kentucky company known for its Jack Daniel's and Southern Comfort liquor, said Monday that it was buying the Mexican tequila company Casa Herradura for $876 million." The Times continues, "The deal gives Brown-Forman two brands, Herradura and El Jimador, which are among the best-selling tequilas in Mexico, but which lag in the fast-growing market for tequila in the United States." The Times adds, "Rafael Obregón, chief executive of Casa Herradura, which is based in Guadalajara, said in a news release that the company expected the deal 'to grow our brands in the global spirits market.'" The Times notes, "Tequila imports to the United States have grown an average of 8.6 percent a year since 2002 and high-end tequilas have grown even faster, about 20 percent annually, according to the Distilled Spirits Council of the United States. The margarita, which is mixed with tequila, is the most popular cocktail in the United States, Brown-Forman said. … But exports account for less than 20 percent of Herradura's sales, which were about $200 million last year. The company is held by the Romo family, which founded the distillery in 1870, the same year that Brown-Forman was founded."

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Kinder Morgan Agrees To $15 Billion Sale. The Wall Street Journal (8/29, Gold, Ng) reports, "Kinder Morgan, an oil and natural-gas pipeline company, yesterday reached a long-expected agreement to go private after a special board committee sweetened the offer price for shareholders by $1 billion, thereby increasing the debt by the same amount. The company's management, along with a group that includes Goldman Sachs Capital Partners, American International Group Inc. and Carlyle Group, made the offer, which is valued at about $14.56 billion plus the assumption of about $7 billion in debt. … If approved by regulators and shareholders, the deal would be one of the largest leveraged buyouts ever."

The New York Times (8/29, Mouawad) reports, "The buyout is led by Mr. Kinder, a former president of Enron who was ousted after a dispute with Enron's founder, Kenneth L. Lay. The investor group includes Goldman Sachs Capital Partners, part of the investment bank's equity business; the American International Group, the insurance company; and two private equity firms, the Carlyle Group and Riverstone Holdings. … Kinder Morgan's board accepted the higher offer yesterday and will recommend its approval by shareholders. In trading on the New York Stock Exchange, the company's shares rose $2.57 yesterday, to $104.27." The Times adds, "Some investors had criticized the initial offer as too low and threatened to sue the company. At the time, the offer represented an 18.5 percent premium over the price of Kinder Morgan shares. The new offer amounts to a 27 percent premium over Kinder Morgan's closing price of $84.41 on May 26, the last trading day before the initial one was made."

USA Today (8/29, Krantz) reports, "The deal awaits shareholder approval, but is another sign of the rising influence of private equity firms buying companies of increasing size. It also shows a growing interest by executives like CEO Richard Kinder to escape the rigors of leading a public company. Ringing the bell on Wall Street doesn't have the allure it used to for some CEOs." USA adds, "For Kinder, the deal represents a chance to own a bigger slice of the company, which could be worth considerably more after making long-term strategic improvements, says Robert Lane, analyst at Sanders Morris Harris."

Italian Bank Seen As Latest Merger Target. The Wall Street Journal (8/29, Kahn) reports, "Banca Popolare Italiana Scarl could be the next Italian lender to be scooped up as the long-awaited banking consolidation gains pace in the wake of the planned megamerger between Banca Intesa SpA and Sanpaolo IMI SpA." The Journal continues, "The midsize bank, based in the city of Lodi in northern Italy, earlier this month announced it was considering merger options with other Italian banks. So far, four banks have formally expressed interest. The BPI board is scheduled to meet Thursday, at which point it could give a mandate to its two advisers, Rothschild and Mediobanca SpA, on how to proceed, according to a bank spokesman." The Journal adds, "Another wave of banking consolidation in the lucrative but fractured Italian market has been expected for some time, and the country's top banking regulator, Bank of Italy Gov. Mario Draghi, has urged the country's banks to merge themselves into bigger groups. Saturday, Intesa and Sanpaolo, Italy's No. 2 and No. 3 banks, agreed to the terms of a merger that would create one of the largest lenders in the euro zone and would control more than 20% of the Italian retail market. That move is expected to increase the competitive pressures on the country's smaller banks to look for partners in order to increase size and efficiency."

ENVIRONMENT:

Plains States Hard Hit By Drought. The New York Times (8/29, Davey, 1.21M) reports that with "parts of South Dakota at its epicenter, a severe drought has slowly sizzled a large swath of the Plains States, leaving farmers and ranchers with conditions that they compare to those of the Dust Bowl of the 1930's." Gov. Michael Rounds of South Dakota, "who has requested that 51 of the state's 66 counties be designated a federal agricultural disaster area, recently sought unusual help from his constituents: he issued a proclamation declaring a week to pray for rain." Drought experts "say parts of the states most severely affected — Nebraska, the Dakotas, Montana and Wyoming — have been left in far worse shape because of recent history: several years of dry conditions, a winter with little snow and then, with moisture reserves in the soil long gone, a wave of record heat this summer."

States Said To Lack Federal Direction On Bird Flu Planning. USA Today (8/29, D9, Manning, 2.27M) reports researchers have found that states' planning for pandemic flu has been "hampered by a lack of clear direction from federal health officials and a dearth of scientific

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information on strategies that could slow the spread of infection." Scientists at the non-profit Research Triangle Institute International reviewed 49 pandemic plans found "confusion and lack of specificity" in the plans when it comes to practical measures to identify and contain an outbreak. They also found that "key questions are unanswered," such as "whether earlier detection would prompt changes in behavior that could slow the spread of the disease and whether the use of face masks would help." Preparing the country for a flu pandemic "will take time," says John Agwunobi, assistant secretary for health at the Department of Health and Human Services.

New Flu Test Speeds Diagnosis, Pinpoints Origin. The Wall Street Journal (8/29, D4, McKay, 2.03M) reports, "Scientists have developed a microchip-based test that could allow more laboratories to quickly diagnose and pinpoint the origin of flu viruses, including the H5N1 avian-flu strain." The FluChip, as the new test is dubbed, successfully identified 72 influenza strains, including the H5N1 bug, in less than 12 hours, the Centers for Disease Control and Prevention said. USA Today (8/29, D9, 2.27M) and the New York Times (8/29, McNeil, 1.21M) also report on the development.

FBI/DEA/ATF/USMS:

Former FBI Agent Sentenced To Probation, Fine Over Espionage Probe Leak. The AP (8/29) reports, "A former FBI agent who disclosed confidential information in connection with a Chinese spying investigation will be sentenced to probation and a $1,000 fine, a judge said Monday. U.S. District Judge Gary Klausner said he would accept a plea bargain for Denise K. Woo, 47, who pleaded guilty to a misdemeanor count in June as part of the agreement." The AP notes, "A 2004 federal indictment alleged that in 1999 Woo, then an FBI special agent, 'intentionally disclosed' the name of an informant to a man identified only as 'J.W.' and told him about telephone surveillance involving an investigation. Authorities later said the man was a Chinese-American employee of a defense contractor who was under investigation into whether he passed defense secrets to China." KCAL-TV Los Angeles (8/28) added, "The suspect of the espionage investigation, identified in a Justice Department report as a Chinese-American whose wife was a childhood friend of Woo's, was never charged. … Under the deal, the government agreed to drop more serious charges of disclosing a wiretap, revealing the identity of a covert operative and lying to FBI agents. If convicted of those charges, Woo would have faced about 12 years in prison."

The New York Sun (8/29, Gerstein) reports, "The outcome is a far cry from the 10 years or more of prison time Ms. Woo could have received," and defense lawyer Michael Camunez told the Sun, "This was, in no uncertain terms, a big win for Denise Woo." The Sun adds, "The lenient treatment may stem from the government's reluctance for a trial that could draw more attention to a morass of misconduct and mismanagement in the FBI's counterintelligence program targeting China. The supervisor of the FBI's China squad in Los Angeles, James Smith, had a 20-year-long sexual relationship with a source he supervised, Katrina Leung."

GAO Report Criticizes White House Anti-Drug Ad Campaign. USA Today (8/29, Leinwand, 2.27M) reports a GAO report released on Friday "urges Congress to stop the White House's National Youth Anti-Drug Media Campaign unless drug czar John Walters can come up with a better strategy." USA Today reports the GAO says the $1.4 billion anti-drug advertising campaign "does not appear to have helped reduce drug use and instead might have convinced some youths that taking illegal drugs is normal." Walters' office "disputed the study and noted that drug-use rates among youths have declined since 1998." USA Today notes that in 2003, the White House Office of Management and Budget "called the campaign 'non-performing' and said it had not demonstrated results."

FBI Plans To Upgrade Fingerprint Database. Government Computer News (8/29, Dizard) reports, "The FBI's Criminal Justice Information Service Division is laying detailed plans for a comprehensive revamping of its massive fingerprint database that will enhance interoperability with the Homeland Security Department's biometric records and clear the path for adding additional types of biometrics." GCN continues, "To mark the major changes, the bureau plans to change the name of its Integrated Automated Fingerprint Identification System to Next Generation Identification. The systems upgrade will involve a procurement in the range of 'hundreds of millions of dollars' with a proposal request phase beginning next January, officials said. … 'We realized we needed a multimodal capability,' CJIS assistant director Tom Bush said. 'We have been viewed as a fingerprints database; primarily we are and we will be, because we have

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50 million 10-print fingerprints on file. … We want to be able to plug and play with the new biometrics as they mature,' he said." GCN notes, "Bush noted that new biometric techniques such as facial recognition, iris scans, palm authentication and even DNA now are gaining importance, and CJIS officials want their system to be ready to process them."

Detroit FBI Moving To Expanded Headquarters Complex. The Detroit Free Press (8/29, Swickard, 346K) reports, "With growth spurred by its expanded anti-terrorism mission, the FBI will have its own 10-acre headquarters complex scheduled to open in 2009 on the edge Detroit's Corktown neighborhood, the FBI and the federal General Services Administration announced Monday morning. … The FBI has 'flat run out of room and we need to move,' said Dan Roberts, head of the FBI in Detroit." The Detroit News (8/29, Hansen) notes that Roberts said, "In the post-9/11 environment in which we are in, we have seen exponential growth in our needs." Roberts added that "the FBI wanted to remain in downtown Detroit, and the new structure will keep it close to the federal courthouse and the U.S. Attorney's Office on Fort Street. Local police agencies, which work in tandem with the FBI on terror cases, will continue to have a centrally located office, he said." The AP (8/29) also reports briefly on the new Detroit FBI facility.

Schwarzenegger Expected To Sign California's Hemp Farming Bill. The UK's Guardian (8/29) reports California farmers "are on a high after the liberal state moved to overturn part of a 70-year-old US ban on growing and harvesting cannabis plants. … The California proposal relates only to the cultivation of industrial hemp. … While six states have passed bills supporting hemp farming, California's is the first to mount a direct challenge to the federal ban by arguing that no special permit would be needed from the Drug Enforcement Administration." The Guardian adds, "The final say now rests with California's governor, Arnold Schwarzenegger, after the state's assembly approved the Industrial Hemp Farming Act by 44 votes to 29. He is thought unlikely to veto it."

Bonds' Trainer Jailed Again For Not Testifying Before Grand Jury. The Los Angeles Times (8/29, Wharton) reports a federal judge "sent Barry Bonds' personal trainer back to prison on Monday for, among other things, refusing to tell a grand jury whether he had ever injected the San Francisco Giants slugger with steroids. During the contempt of court hearing, U.S. District Judge William Alsup said Greg Anderson also had declined to answer questions about supplying performance-enhancing drugs to other athletes and, specifically, about his association with New York Yankees outfielder Gary Sheffield." Anderson's lawyer "said he hoped to file an appeal by the end of the week."

The AP (8/29) reports Anderson "could remain behind bars for more than a year while the grand jury investigates Bonds for perjury and tax evasion. … Prosecutor Matthew Parrella told the judge the government also was investigating unnamed athletes associated with Anderson and said there was a 'mountain of evidence' to form the basis of the questions asked of Anderson. Parrella said the evidence included documents seized at Anderson's house in the BALCO investigation and from 'testimony of other witnesses.'"

According to USA Today (8/29, Nightengale), Anderson, who "spent three months in prison last year and 15 days in July, could remain imprisoned until January 2008."

Local TV Coverage. KABC-TV, Los Angeles (8/28, 6:00 p.m.) reported, "Barry Bonds' trainer is back in jail. Greg Anderson again refused to testify against Barry Bonds in the ongoing steroid investigation. This time, Anderson could spend more than a year in prison."

KFTY-TV, San Francisco-Oakland-San Jose (8/28, 7:00 p.m.) reported, "A San Francisco judge has ordered Greg Anderson to prison for failing to testify before a federal grand jury investigating the BALCO steroid scandal. Anderson is being held in contempt of court, and could remain in jail until the grand jury is released, which could be more than a year."

KNTV-TV, San Francisco-Oakland-San Jose (8/28, 11:00 p.m.) reported, "Greg Anderson is spending the night in jail for refusing to testify about Barry Bonds' alleged steroid use. He could be locked up for months until the new grand jury finishes its investigation."

NFL Drug-Testing Program Seen As Inadequate. The AP (8/29) reports a doping expert says the NFL's drug-testing program is inadequate. Dr. Gary Wadler, an internist and author who specializes in drugs in sports, "prepared a report that federal prosecutors used in their case against James Shortt, who pleaded guilty to conspiring to illegally prescribe steroids to several Carolina Panthers." Wadler "assailed the NFL's failure to test for HGH,

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noting the International Olympic Committee administered a blood test for HGH at the 2004 Athens Games. … NFL spokesman Greg Aiello said the league believes the blood test, which yielded no positive tests in Athens, is unreliable."

In Colombia, Rebels Said To Be Recruiting Children. The AP (8/28) reports residents say leftist rebels "are increasingly using a recruiting tactic associated with Africa's bloody civil conflicts - abducting children and forcing them into their ranks. … 'Since the beginning of this year ... there has been a conflict between the FARC and the ELN for the control of the riches of the zone, the agriculture and the coca,' said Saravena Mayor Antonio Ortega. 'The dispute means both sides are recruiting children to fight for them.'"

New York City Stalls On Releasing Illegal Gun Evidence. The New York Sun (8/29, Hope) reports, "More than three months after Mayor Bloomberg's announcement that he had sent private investigators into five states to catch gun dealers making illegal sales, he is refusing to turn over the evidence they've gathered to the federal agency that investigates illegal guns." The Sun continues, "Analysts said the impasse may have slowed the federal Bureau of Alcohol, Tobacco, and Firearms in its investigation of and possible action against gun dealers that broke the law." The Sun adds, "The city won't turn over the evidence, which includes videotapes of gun dealers allowing so-called straw purchases of guns, until the ATF signs an evidence-sharing agreement that would prohibit the agency from 'publicly disclosing evidence without notice and consent from the city,' the mayor's criminal justice coordinator, John Feinblatt, said. … The inability of the two sides to come to an agreement is due in part to what the ATF perceived as the mayor's infringement on its jurisdiction, analysts and law enforcement sources said." The Sun notes, "At a May press conference announcing the sting operations, Mr. Bloomberg criticized the agency, saying it was 'asleep at the switch' when it comes to stemming the flow of illegal guns to the city. Soon after, the ATF, which says it was given no prior information about the private investigations, announced it would be looking into not only the dealers the mayor alleged were illegally selling guns, but the mayor's investigators as well. … The city did give the ATF two videotapes immediately after the announcement. Mr. Feinblatt complained that the ATF had yet to get back to the city with its analysis of the tapes."

IMMIGRATION:

Pence Draws Conservative Ire Over Immigration Compromise Proposal. The New York Times (8/29, Deparle, 1.21M) reports Rep. Mike Pence might "be called the perfect conservative," or "that was the case until this spring when he sought compromise in the rancorous immigration debate. His complicated plan would strengthen border security and send illegal immigrants home, but let most of them quickly return. Since then, Mr. Pence — named last year's Man of the Year by the conservative weekly Human Events — has looked to some conservatives like this year's Benedict Arnold. They say he has lent his conservative prestige to a form of liberal amnesty."

Buchanan Says Bush Guilty Of Impeachable Offense On Immigration. CNN's The Situation Room (8/28, King) interviewed conservative pundit Pat Buchanan, who discussed his new book, "State of Emergency." Buchanan said, "I think the President is not going to be impeached, but he's guilty of an impeachable offense. The Constitution commands the President of the United States to defend the states from an invasion. When he himself says six million people have been stopped, we don't know how many have gotten in. Most people think about half that number. You've got an invasion. He hasn't been enforcing the immigration laws and he hasn't been defending the border against an invasion."

Baker Explains Root Of House-Senate Split On Immigration. In a USA Today op-ed (8/29), Rutgers University professor Ross K. Baker said, "On immigration reform, a chasm of another kind has eclipsed this. It is between the House and the Senate, and while partisanship has an indirect influence, its impact is almost strictly within Republican ranks, between GOP House members on the south side of the Capitol and Republican senators on the north." The House-Senate split "has produced rival immigration bills that are starkly different. There are three reasons for this disparity: the very different constituencies represented by the 100 senators and the 435 House members, the varying terms of senators and House members, and the greater influence the minority party enjoys in the Senate." Institutional "checks and balances that are the safeguards of our freedom are usually eclipsed by partisan strife, but it is reassuring to see them, even on isolated issues, displaying their vitality."

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CONGRESS-ADMINISTRATION:

Bush To Address American Legion Convention On Thursday. The Deseret Morning News (8/29, Struglinski) reports, "Speaking to one of the country's largest veterans organizations is not unusual for President Bush, but the timing -- and location of his speech in Salt Lake City -- is almost too perfect as the November election creeps closer. … Threatening this perfect setup is Salt Lake City's mayor, a Democrat, who has dared to invite a leading anti-war activist to publicly criticize the commander-in-chief." Bush "is set to speak Thursday at the American Legion Convention in Salt Lake City, and while several planned protests will make sure those unhappy with the president or the war in Iraq get a chance to speak their mind, the commander-in-chief is likely to have a captive audience at the Salt Palace Convention Center in a strongly Republican state." White House spokesman Peter Watkins said, "The president believes the American Legion is one of America's great organizations, and he looks forward to addressing these veterans who served our country." It will be "an official visit -- the president accepted an invitation from the Legion -- but it is 'absolutely' appropriate to read between the lines a little in looking at how and why he is here, said Josh Gold, an assistant professor of political science at Salt Lake Community College."

Easterbrook Set To Become Chief Judge Of 7th Circuit. The National Law Journal (8/29, Marek) reports, "Judge Frank H. Easterbrook has long told his law students, only half in jest he says, that he wishes he had a button on his courtroom bench that he could push to open a trapdoor beneath the feet of attorneys not properly prepared for court, sending them sliding down a chute to the street outside. … So far, he has no plans to install such an apparatus when he becomes chief judge of the 7th U.S. Circuit Court of Appeals in November." The Journal continues, "The ascent of Easterbrook, who has been on the court since 1985, will mean only a handful of changes for a court that he considers well-managed. … 'It's running about as smoothly as one could hope for,' Easterbrook said in a recent interview. 'I could mess up and become notorious from that perspective, but there's nothing I could do I think to make people think it was a better court.'" The Journal adds, "Easterbrook, 57, will take the top post when Chief Judge Joel M. Flaum turns 70, the age at which a chief judge is required to step aside and hand the baton to the most senior judge who hasn't been chief. Easterbrook is not particularly excited about the new job, which is mainly an administrative one, because he'd rather spend time on judicial work. Still, he said he's duty-bound to take his turn. .. . As chief, he'll have general oversight of staff, facilities and budget matters for the 15 courts in the three states of Illinois, Indiana and Wisconsin. He will also handle any concerns about the competence of about 100 judges on those courts."

Bolton Profiled, Cast As Proud Washingtonian. In an approximately 2,400 word story, the Washington Post (8/29, C1, Copeland, 748K) profiles White House Chief of Staff Josh Bolten, who is "like that guy who grew up small-town and stayed small-town, except the town in this case is Washington, and Bolten's job is gatekeeper to the most powerful man in the world." Bolten "grew up steeped in the intellectual guts of this city, the son of a CIA official and a history instructor. He is a Washingtonian -- and proud of it -- in an administration that invokes 'Washington' like a dirty word."

White House Press Corps Responds Well To New Openness Among White House Senior Staff. The White House Bulletin/US News (8/28) said yesterday White House reporters "are a bit more upbeat these days about access to President Bush's senior staff because key Bush advisers have been increasingly available to members of the press corps." During Bush's "recent 10-day trip to his ranch in Crawford, Texas, Chief of Staff Josh Bolten, National Security Adviser Steve Hadley, and Press Secretary Tony Snow had meals and exchanged chitchat with small groups of traveling correspondents. Media types who attended said none of the officials made big news but it was helpful to get to know them better and perhaps establish something of a relationship. This getting-to-know-you approach was used by advisers to past presidents, including Bill Clinton and George H.W. Bush -- and even if it didn't improve the news coverage it at least gave everyone a better understanding of each other. Many White House reporters say the current outreach was probably born of necessity because of Bush's low job-approval numbers and White House strategists' desire to get more favorable coverage, but they like it better than the alternative."

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Bush's Kennebunkport Stay Purposely Low Key. The White House Bulletin/US News (8/28) reported President Bush's "long weekend at his father's seaside estate in Kennebunkport, Maine, which ended with Bush's return to the White House yesterday afternoon, was unusually low key." Both the President "and his father -- presidents 43 and 41 -- mostly stayed out of sight, except for a fishing excursion on dad's speedboat, Fidelity III, and their attendance at a family wedding. Bush, in his first visit to his father's home in two years, didn't play golf with his dad, didn't go out to dinner, and didn't make news." He did "go cycling in a secluded wooded area near the family home and attended the wedding of distant cousin Walker Stapleton, to Jennifer Bertocchi, Saturday afternoon in a private ceremony at nearby St. Ann's Episcopal Church." White House insiders "say Bush didn't want to be seen in playtime activities because he wanted to avoid the perception that he was out of touch during a period of world crisis. Most of all, Bush wanted to avoid the criticism he endured during his five-week vacation a year ago at his Texas ranch, where he stayed when Hurricane Katrina devastated New Orleans and much of the Gulf Coast. Bush also was able to avoid several hundred anti-war protesters who showed up in Kennebunkport to demonstrate their opposition to the Iraq war." It "turns out that Bush prefers his secluded ranch in Texas to his dad's estate, where family members are often visible to sightseers with binoculars when they step out of the house and are sometimes captured in pictures by news photographers. This time, the photographers chartered their own boat to get pictures of the Bushes in the family speedboat."

Medicare Recipients Told How To Repay Erroneous Refunds. The AP (8/29, Freking) reports elderly and disabled Americans "who got erroneous refunds from the federal government last week will get a letter this week instructing them on how to repay the money." About 230,000 Medicare recipients "got refunds totaling $50 million because of a computer glitch. The average reimbursement was for $215." The "first and easiest step for beneficiaries to repay the money is to write VOID on the face of the check and mail it to the following address: Medicare-Drug Premiums, P.O. Box 9058, Pleasanton, CA 94566-9058."

Privately-Run Medicare Plans Attracting Seniors. The Wall Street Journal (8/29, Zhang, Fuhrmans, 2.03M) reports, "Hundreds of thousands of seniors are signing up for a type of privately run Medicare plan that delivers traditional benefits without the usual restrictions on access to doctors and hospitals. In turn, some of the nation's biggest health insurers are launching more such plans and marketing them in more areas." The plans, "called private fee for service, are a type of privately run Medicare alternative known as Medicare Advantage." Recently, such plans "have become an even better deal. As part the sweeping law that created the new Medicare prescription-drug benefit, Congress raised the government's reimbursement rates to companies offering Medicare Advantage plans to about $10,000 per enrollee per year. That has led insurers, eager to bring in the new business, to offer Advantage plans with lower premiums but often more benefits, such as vision or prescription drugs."

Group Says FDA Experts Biased In Favor Of Drug Approval. The Washington Post (8/29, A13, Vedantam, 748K) reports the "panels of experts assembled by the Food and Drug Administration to advise it on whether to approve new drugs and medical devices are often biased in favor of recommending approval, according to a consumer group's analysis released yesterday." The advisory panels "often vote unanimously to recommend approval even after members express doubts about the product or say the evidence submitted is insufficient, said the report by the National Research Center for Women & Families, a policy research and advocacy group. The FDA has recently come under fire over drug safety issues, including its decisions to approve the popular arthritis pain medications Vioxx and Celebrex that were later associated with an increased risk of heart attacks and strokes."

Reform Bill May Give Employers Incentives To Drop Defined Benefit Pension Plans. The Wall Street Journal (8/29, Jones, 2.03M) reports President Bush 'recently signed into law a comprehensive bill aimed at rehabilitating the traditional pension plans still operated by many American companies. The irony is that many companies whose pensions are in fine form probably will limit benefits anyway." More corporate leaders "and their advisers are assessing the costs of so-called defined-benefit retirement plans and coming to more or less the same conclusion: The costs of maintaining these plans are still simply too great." The Pension Reform Bill "compels many companies to fully fund their defined-benefit plans over a period of years and pay a small additional premium to shore up the U.S.'s pension-insurance fund, which essentially is the

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pension insurer of last resort. But the bill also may add to incentives to freeze benefits."

NYTimes Criticizes Bush For Falling Wages. The New York Times (8/29, 1.21M) says in an editorial, "After huddling with his economic team at Camp David this month, President Bush emerged from a meeting and, flanked by advisers — including the secretaries of labor, commerce and the Treasury — announced to reporters, 'Things are good for American workers.' The comment is preposterous. As The Times's Steven Greenhouse and David Leonhardt reported yesterday, the economic expansion that began in late 2001 is on track to become the first since World War II that fails to offer a sustained lift to the real wages of most American workers."

OTHER NEWS:

Surviving Beatles Sue Record Companies For $25 Million. The New York Law Journal (8/29, Fass) reports, "The Beatles have reunited, though only to sue their record companies. … A lawsuit filed by the Beatles, their representatives and their recording label Apple Records against Capitol Records and EMI Records will go forward following a Manhattan judge's denial of a motion to dismiss." The Journal continues, "Capitol and its affiliate EMI concealed their use of the band's recordings "in an effort to pocket millions of dollars" in royalties, according to the complaint. The plaintiffs are seeking at least $25 million, asserting causes of action for fraud, breach of contract and -- in a difficult and unusual claim against a record company -- breach of fiduciary duty." The Journal adds, "The defense moved to dismiss the causes of action for fraud and breach of fiduciary duty, as well as the plaintiffs' requests for punitive damages and to reclaim the rights to their recordings, perhaps the most valuable catalog of music in existence. … Manhattan Supreme Court Justice Karla Moskowitz last week denied the defense's motion in its entirety. .. .Most significantly, because the fiduciary duty claim survived the motion, the defendants may be subject to tort liability's broader damages, additional causes of action and additional remedies." The Journal notes, "The dispute dates back nearly 30 years, to a similar suit initiated by the Beatles against Capitol/EMI, Apple Records, Inc. v. Capitol Records, Inc., 137 AD2d 50. .. . Filed in 1979, Apple I, as the present decision refers to it, alleged that Capitol/EMI underpaid the Beatles more than $20 million, which the record companies hid through improper accounting practices. That case resulted in an Appellate Division, 1st Department, decision allowing the breach-of-fiduciary claim to go forward and, in 1989, the parties reached a settlement agreement."

EchoStar Agrees To Settle Suit While Fox Stations Balk. The Wall Street Journal (8/29, Pasztor) reports, "Satellite-television broadcaster EchoStar Communications Corp. agreed to pay $100 million to resolve a lawsuit over programming with affiliates of three major U.S. television networks, but opposition by a group of Fox Network stations could derail the deal." The Journal continues, "After nine years of complex litigation, the company, based in Englewood, Colo., reached a smaller-than-anticipated settlement with ABC, NBC and CBS stations covering payments for certain local sports and other programming that EchoStar beams to hundreds of thousands of its subscribers in other areas. By routinely offering such programming in many distant cities, federal judges found that EchoStar violated the intent of various court-approved exceptions." The Journal adds, "The affiliates have prevailed in a series of court rulings, culminating in a recent decision by the federal appeals court in Atlanta that threatened to force EchoStar to turn off the disputed programming to about 800,000 of its 12.5 million subscribers. Such a move would reduce EchoStar's revenue, and more importantly could make it harder for EchoStar to keep and attract subscribers. … Talks with Fox fell apart last week, when representatives of more than two dozens stations owned and operated by the Fox Network balked at the amounts they were slated to receive under the agreement. The fallout will complicate the settlement with the rest of the affiliates, and according to EchoStar, even 'could derail the entire settlement.' Some Fox affiliates agreed to the tentative deal, which must be approved by a federal court judge in Miami."

Stock Markets Rise On Falling Oil Futures. The Wall Street Journal (8/29, Browning, 2.03M) reports, "Plunging oil futures briefly pushed the Dow Jones Industrial Average to its highest level since May, but late-day selling trimmed the gains." The blue-chip average "finished ahead 67.96 points, or 0.60%, at 11352.01. It is up 5.9% this year, 30 points short of the three-month high reached Aug. 18." The Standard & Poor's 500-stock index "gained 0.52%, or 6.69 points, to 1301.78, putting it up 4.3% for 2006. Traders are

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watching whether the broad index can stay above 1300." The Nasdaq Composite Index yesterday "rose 0.95%, or 20.41 points, to 2160.70, still down 2% this year."

Labor Department Officials Gather Prices For CPI. The Washington Post/AP (8/29, A13, Aversa) reports "about 450 people…check prices on 96,000 items from thousands of merchants for the monthly reports assembled by the Labor Department's Bureau of Labor Statistics." Stores let the investigators "collect price information on a confidential basis." What are "some of the more challenging tasks for the price hunters? They include the price for a pair of eyeglasses, for leasing or repairing a car, or for anything related to health -- because of all the details involved. Clothing can be complicated, too."

Drivers Find Relief At The Pump. ABC World News Tonight (8/28, story 5, 0:05, Gibson, 8.78M) reported, "Good news for drivers tonight. The average price of gas fell by 8 cents a gallon to $2.85."

The Washington Post (8/29, Murakami Tse, Kirkham, 748K) reports, "The declining prices of crude oil and ethanol combined with rising gasoline supplies have brought a bit of welcome relief at the pump as the summer driving season draws to a close. Average gas prices have dropped about 15 cents in the past two weeks, to $2.87 per gallon nationwide ... ." It "is the largest drop since November, when prices fell 18 cents after the price increases that followed hurricanes Katrina and Rita. And as if this weren't enough good news for consumers, Lundberg and others said more relief should be on the way, as long as crude oil prices remain stable and no supply disruptions occur." The Post says, "The recent price drop was particularly pronounced because this year's driving season was greeted by rising prices caused by several factors. Prices for ethanol, an additive increasingly used by refineries, shot up this year. Demand grew sharply after the Energy Policy Act passed by Congress last summer prompted refineries to switch from methyl tertiary-butyl ether, or MTBE, to corn-based ethanol as a gasoline additive." However, "In recent weeks, ethanol prices have dropped to about $2.30 a gallon. Worries over supply have largely subsided as oil companies have made the transition, analysts said."

Detroit Expects High Gasoline Prices To Persist. The New York Times (8/29, Maynard, 1.21M) reports, "The Chrysler Group, which depends more heavily on sales of pickup trucks and sport utility vehicles than any other Detroit automaker, said Monday that it expected gasoline prices to remain at $3 to $4 a gallon for the rest of this decade. ... Ford's chief sales analyst agreed Monday that high gas prices were not a temporary phenomenon, although he did not cite a price range." The Times says, "Together, the comments signal a recognition that the two automakers may have to fundamentally change their product mix to put more emphasis on fuel-efficient vehicles — a move General Motors says it already is making." The Times reports, "If Chrysler's assumptions are correct, it spells more trouble in the near term for the traditional Detroit companies, whose sales and market share have dropped this year as consumers have shifted away from big vehicles to more fuel-efficient models."

Refiners Building Plants Abroad To Serve US, Local Markets. The Wall Street Journal (8/29, Levine, Barta, 2.03M) reports, "U.S. companies that refine [gasoline] from crude oil are minting money. But they have turned away from building new refineries in the U.S. because the numbers work better abroad, where costs and red tape are reduced and where expected demand growth is even higher than the U.S." In India, "Mukesh Ambani, the chairman of India's largest private-sector company, Reliance Industries Ltd. ... is building the world's largest refinery complex. When it's finished, he plans to load 40% of the fuel it turns out onto huge tankers for a 9,000-mile trip to America." The Journal says, "While in the past, thinner profit margins required that refineries be close to consumers to save on shipping, today's margins are wide enough that it pays to haul gasoline and other refined products long distances. Locating refineries in a region such as Asia is an easy decision, given its less-onerous construction costs, environmental limits and red tape, plus its own rapidly growing fuel demand."

Rothenberg Says Democrats Likely To Win House Majority. CNN's The Situation Room (8/28, King) reported, "A top analyst of congressional races now believes Democrats will pick up enough seats on Election Day to reclaim the majority control of the House of Representatives. Stuart Rothenberg estimates, Democrats likely will gain 15 to 20 seats. That's up from his earlier prediction of eight to 12 seats."

Democrats Worry Lieberman Candidacy Could Jeopardize House Candidates. Fox News' Special Report (8/28, Cameron) reported, "Call it the Lieberman effect. He leads the polls as an independent against antiwar Democratic nominee Ned Lamont who

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readily admits that Lieberman's independent appeal will turn out GOP voters, ultimately making it hard for Democrats to win across Connecticut." The "entire Connecticut roster of Democratic gubernatorial and congressional challengers" now "fear that Lieberman's popularity will make it harder for them to oust GOP incumbents." Rep. Chris Shays "says America, quote, Can't afford to lose Lieberman and the Democratic senator's re-election as an independent is quote, as important as any in the country." Shays was shown saying, "We have a national treasure in Joe Lieberman and I want to thank him for his 36 years as service." Fox added, "While welcoming GOP support, Lieberman doesn't want to turn off Democrats or independents. He is particularly sensitive to hugs, since one not quite this long including a kiss from President Bush landed in a Lamont attack ad labeling Lieberman a Bush enabler." The "far left anti-war movement considered Lieberman's defeat in Connecticut's primary earlier this month, one of its high points, but with Lieberman leading the polls and helping Republican candidates, Democrats are worried that it may be starting to back fire."

GOP Gaffes May Alienate Minority Voters. The AP (8/29, Texeira) reports Sen. Conrad Burns "described his house painter as a 'little Guatemalan man,'" while Sen. George Allen "called an Indian man a 'macaca,' a type of monkey." Just as "the GOP is pushing for minority voters, the two recent gaffes have fed the perception among some blacks, Hispanics and Asian-Americans that Republicans are out of touch with the changing face of the nation."

Lampson Now Seen As Favorite In Texas 22nd CD. CQ Politics (8/29, Benenson) reports the Texas Republican Party establishment "has rallied around a single candidate, Houston City Councilwoman Shelley Sekula-Gibbs, in their unusual write-in campaign to salvage the 22nd Congressional District seat vacated in June by Tom DeLay, the former House majority leader." But the "extreme rarity of successful write-in campaigns for Congress and the presence of a solid Democratic nominee on the ballot in former Rep. Nick Lampson has prompted CQPolitics.com to change its rating on the 22nd District race to Leans Democratic from No Clear Favorite." Only "four times in the past 75 years has a general election candidate for the House or the Senate been elected with write-in votes — and it has not happened since 1982."

Three Democrats Lead Steele In Maryland Senate Poll. The Washington Times (8/29, Ward, 88K) reports Democrat Josh Rales, "who began a multimillion-dollar TV advertising blitz last month, is leading Lt. Gov. Michael S. Steele in the race for Maryland's open U.S. Senate seat, according to a poll released yesterday." Rales "was favored by 45.7 percent of voters in a head-to-head matchup with Mr. Steele, the top Republican candidate, who had 42.2 percent, the poll conducted by Zogby International and distributed through the Wall Street Journal found." Rep. Benjamin L. Cardin, "a 10-term congressman from Baltimore, had 50.3 percent to Mr. Steele's 41.4 percent. Kweisi Mfume, past president of the National Association for the Advancement of Colored People, had 47.4 percent to Mr. Steele's 42.7 percent, the poll shows." The poll was "conducted from Aug. 15 to Aug. 21 and has a margin of error of 4.3 percentage points. Zogby conducts polls using a database of likely voters who sign up to participate in its polls."

Neither Chafee, Nor Laffey Eager To Appear With Bush. The Providence Journal (8/29, Mulligan, 168K) reports neither Republican Sen. Lincoln Chafee nor Cranston Mayor Stephen Laffey "is hot to share the stage with Mr. Bush, whose latest job-approval rating in Rhode Island is a last-in-the-nation 22 percent." During their "first televised debate last week," Chafee and Cranston "competed over their quarrels with the president and the national GOP." Bush has "offered to come to the state on Chafee's behalf, but when the senator was asked in an interview whether a surprise visit might be in the offing before the Sept. 12 primary, he answered: 'No. No. No. I don't think so. If the first lady can't send the message that I can get along with everybody . . . that's strong enough.'"

Santorum Compares Fight Against "Islamic Fascism" To World War II. The AP (8/29, Jackson) reports that Pennsylvania Sen. Rick Santorum (R) "on Monday drew parallels between World War II and the current war against 'Islamic fascism,' saying they both require fighting a common foe in multiple countries. 'Were the Japanese imperialists with their mind-set and their ideology the same as the Nazis? Obviously not. Were they the same at the fascists in Italy? Obviously not. But they were still a common enemy,'" Santorum "told about 250 people at a Pennsylvania Press Club luncheon. 'We're at war with Islamic fascism,'"

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Santorum said, adding, "Afghanistan and Iraq and southern Lebanon and every country around the world is a front."

Santorum Says Iran Is Gravest Threat To US. The Pittsburgh Tribune-Review (8/29, Bumsted) reports that Santorum, in his speech, said that "Islamic fascism is the 'greatest threat we'll ever face,' and Iran and its president, Mahmoud Ahmadinejad, are the driving forces behind a movement bent on destroying the United States." Santorum "said America needs to aggressively provide access to its oil reserves to decrease reliance on Middle East supplies. … 'The principal leader of this Islamic fascist movement is Iran,' Santorum said. 'I believe this is the greatest enemy we will ever face. This is the enemy of our generation. It is the challenge of our time. And yet, we tend to play politics with it here in America -- sadly.'" Santorum added, "We cannot have a nuclear Iran -- we cannot. … There is no option here. A nuclear Iran changes the world forever. The life you lead today is not the life you'll lead a day after Iran gets a nuclear bomb." Though he trails U.S. Senate candidate Bob Casey Jr. (D) in the polls, Santorum "does better in polls than Casey regarding the war on terror, and 'it's clear he's drawing a line in the sand,' said G. Terry Madonna, political science professor at Franklin & Marshall College in Lancaster County. 'I think it's an issue that will play well in Pennsylvania,' Madonna said. 'This is Rick being Rick. There's no gray.'"

The Uniontown (PA) Herald-Standard (8/29, Hawkes) notes that Santorum "said all other issues -- from the economy to federal spending and the 'direction of our culture' -- 'pale in comparison' to national security at this time. As part of the picture, Santorum also staked his support for energy independence through drilling for oil in Alaska and other places and exploiting remaining coal reserves in states such as Pennsylvania." Casey spokesman Larry Smar "ridiculed Santorum's historically tinged speech and the newly introduced term 'Islamic fascism,' saying what will further make America safe is a doubling of Special Forces units and full implementation of the 9-11 Commission recommendations. … 'Rick Santorum lately has been trying out for a job with Webster's Dictionary,' said Smar. 'He seems to be more worried about renaming the War on Terror and trying to put a new spin on things. It's reminiscent of when he blamed the media for reporting the body county in Iraq.'"

McCain Would Consider Speaking At Bob Jones University. The Washington Times (8/29, Pierce, 88K) reports in its "Inside Politics" column that Republican Sen. John McCain "says he would consider speaking at Bob Jones University, a school he criticized during the 2000 presidential campaign for its ban on interracial dating and anti-Catholic views." McCain told the State newspaper, "I can't remember when I've turned down a speaking invitation. I think I'd have to look at it." The Times adds McCain "said he would have to look at Bob Jones University's latest policy statements. 'I understand they have made considerable progress,' he said."

Kerry Accuses Ohio GOP Candidate Of 2004 Election Improprieties. The AP (8/29, Hammer) reports Sen. John Kerry "didn't contest the results at the time, but now that he's considering another run for the White House, he's alleging election improprieties by the Ohio Republican who oversaw the deciding vote in 2004." An e-mail "will be sent to 100,000 Democratic donors Tuesday asking them to support U.S. Rep. Ted Strickland for governor of Ohio. The bulk of the e-mail criticizes Strickland's opponent, GOP Secretary of State Ken Blackwell, for his dual role in 2004 as President Bush's honorary Ohio campaign co-chairman and the state's top election official." Kerry said, "He used the power of his state office to try to intimidate Ohioans and suppress the Democratic vote."

Wal-Mart Introduces Ad Campaign To Improve Image. The New York Times (8/29, Barbaro, 1.21M) reports Wal-Mart, "under attack now from unions and prominent Democrats, yesterday introduced a marketing campaign that closely resembles the television advertisements used by political candidates." In a "local experiment that is eventually to be seen across the country, the giant discount retailer began broadcasting two television spots that, in unusually detailed terms, trumpet its health care plans, charitable contributions and positive impact on the American economy." The ads "do not attack Wal-Mart critics but introduce its merits, much as a candidate would." For Wal-Mart, "the ads represent a significant departure from its practice of rebutting critics in the media but presenting itself, at least in consumer television marketing, as untroubled by its image problems."

Home Sales Down In Crawford, Texas. USA Today (8/29, Knox, 2.27M) reports Crawford, Texas, "has changed some since President Bush bought his 1,600-acre ranch there in 1999. The town has added a bank, a second gas station and several souvenir stores." With "a population of

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705, Crawford still has only one traffic light, no hotel and no bar. But tourists and anti-war protesters come anyway, hoping to catch a glimpse of the president." Despite the "rise in visitors, home sales in Crawford are softer this year than last, especially if you're trying to sell an existing home. Only one home sold in July, according to the Waco Association of Realtors." This year, "nine homes have sold in Crawford — down from 21 in the first seven months of 2005," but those figures "don't include new construction, and quite a few buyers are snapping up vacant land and building their own homes."

Clinton Said To Have Made "Lasting Mark" In Battle Against AIDS. The New York Times (8/29, Dugger, 1.21M) reports since "he left office more than five years ago at age 54, one of the youngest former presidents ever," Bill Clinton "has made a lasting mark in a cause that he came to only late in his presidency: fighting the AIDS pandemic across Africa and the world." Few public figures "in America have spawned as much speculation about what motivates them as Mr. Clinton. Abroad, even fewer inspire the affectionate reception Mr. Clinton received as he raced across seven African countries in eight days in July. Crowds at roadsides and in hospitals wanted to touch him — and he obliged by shaking hands, kissing babies and hugging people with AIDS."

Cleland Seeks Treatment For Post-Traumatic Stress Disorder. The AP (8/28, Evans) reports ex-Sen. Max Cleland, "who has battled bouts of depression since losing an arm and both legs in Vietnam, is being treated for post-traumatic stress disorder. Cleland, who represented Georgia in the Senate from 1997 to 2003, said he believes the condition -- cases of which are increasing rapidly among Vietnam war veterans -- was in part triggered by the ongoing violence in Iraq."

Ford Released From Mayo Clinic. NBC Nightly News (8/28, story 5, 0:20, Williams, 9.87M) reported, "We have a quick update on the condition of former President Gerald Ford. He was released today from the Mayo Clinic in Minnesota where he's been for several days. His doctors implanted a pacemaker there then performed an angioplasty and installed some stints to increase the blood flow in his heart. Mr. Ford, who is 93, has now returned home to California."

The AP (8/29) reports Ford "was discharged from the Mayo Clinic on Monday, nearly two weeks after being admitted for tests and undergoing a pair of heart procedures. Ford, 93, flew home to Rancho Mirage, Calif., with his wife Monday afternoon, Mayo spokesman Lee Aase said."

GOP Said To Have Lost Support Of "South Park Republicans." In his New York Times column (8/29), John Tierney says, "I have bad news for the G.O.P. regarding that promising new bloc of voters, the South Park Republicans. It turns out they're not Republicans, at least not anymore." Wikipedia says South Park Republicans "are young Americans who 'hold political beliefs that are, in general, aligned with those that seem to underpin gags and storylines in the popular television cartoon.' The encyclopedia summarizes these beliefs with a quotation from one of the show's creators, Matt Stone, which includes a crucial expletive I must elide: 'I hate conservatives, but I really ... hate liberals.'" To those "dreaming of a permanent G.O.P. majority, this new bloc was evidence that it was indeed a big-tent party: you could vote with the Christian Coalition while watching a show that set records for profanity. Republicans could embrace two guys who got their break with a video of a martial-arts duel between Santa Claus and Jesus."

GOP Effort To "Defund" Left Considered. In his New York Times column (8/29), author Thomas Frank recounts the rise of conservatives such as Jack Abramoff in the College Republicans, where they sought to defund liberal groups on campus. Frank moves from the College Republicans to "the K Street Project. Almost as soon as they took control of Congress in 1995, Republican leaders began leveraging their newfound power to transform the corporate lobbying industry into a patronage fiefdom of the GOP. Lobbying firms were urged to hire true-believing Republicans or lose their 'access'; once the personnel were Republican, the money followed. The result for the other side was also predictable: less money flowing to Democrats and a severe devaluation of a career in progressive politics. If Democrats have no place in Washington's private sector, then the attractiveness of being a liberal is diminished by just that much more."

Potential 2008 GOP Candidates Considered. In a Washington Times column (8/29), Tod Lindberg considers potential GOP vice presidential candidates for 2008. With the possibility that an GOP "outlier" like Sen. John

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McCain or Rudy Giuliani may win the nomination, "the nominee will likely be looking to someone who has attracted the affection and loyalty of the Republican Party's conservative base." One of "the most intriguing possibilities at this point is that Sen. Sam Brownback of Kansas will get into the race, in effect running for vice president." Another "interesting possibility is Massachusetts Gov. Mitt Romney. He, too, has shown early appeal among conservatives." Florida Gov. Jeb Bush "has ruled out running for president in 2008," but he is "not only a party uniter and a potential president himself, he's a huge asset in Florida." Secretary of State Condoleezza Rice "as veep offers history-making possibilities." And Sen. Joseph Lieberman coulde become "the only candidate to run for vice president on the ticket of both major political parties."

NYC, Philadelphia School Systems Presented As Models For Other Large Cities. Chris Whittle, CEO of Edison Schools, writes in the Wall Street Journal (8/29, 2.03M), "Educational leadership can learn much from" the school systems in New York City and Philadelphia, "two cities with multiyear trajectories two to three times those of their similar-sized peers." Both have "managed to put (and keep) together a group of factors that drive academic success" including: first, changes to the school government that results in "more emphasis on education than politics;" second, "strong and continuous leadership;" third, stronger central offices to monitor curriculum and instruction and fourth, "educational competition." Both cities' "highly unusual academic results" mean that they "should be a road map for other cities."

Term Limits Advocate Calls For Their Restoration In Oregon. In a USA Today op-ed (8/29), Paul Farago, spokesman for Restore Oregon's Term Limits Committee, says, "In 1992, 70% of Oregonians made term limits the most popular voter-approved amendment in state history. Despite an ongoing legal attack by lawmakers, legislative term limits still govern in 15 states. Voters in these states enjoy more competitive elections for state and federal offices, not just bland, predictable re-elections. Legislators and lobbyists conspired to cancel Oregon's term limits in 2002, but voters can restore the 1992 law this November with Measure 45, thanks to the power of voter initiative." Term limits "mean regular open-seat elections. Career politicians make way for fresh blood and new ideas."

USA Today (8/29, 2.27M) says in an editorial, "The movement to limit politicians' terms in office peaked in the mid-1990s and has been in gradual decline ever since. Even so, 15 states have term-limit laws in effect, and voters in Oregon will decide in November whether to reimpose limits there. So much effort for so little return. With years of evidence now available, there's scant support for claims that term limits would improve government by bringing in legions of citizen legislators to replace careerist hacks."

Treasury Official Says Iran Is "Central Banker Of Terror." The AP (8/29, Aversa) reports "a Bush administration official on Monday called Iran a 'central banker of terror' that provides millions of dollars a year to bankroll terrorist acts carried out by the militant group Hezbollah." Stuart Levey, the Treasury Department's undersecretary for terrorism and financial intelligence, said in an interview Monday with The Associated Press, "Iran is like the elephant in the room, if you will. ... They are the central banker of terror. It is a country that has terrorism as a line item in its budget."

The AP (8/29, Schweid) reports, "The Bush administration on Monday reaffirmed its intent to pursue UN sanctions against Iran if it defies an approaching deadline to halt its uranium enrichment." State Department spokesman Sean McCormack "said it is the will of the international community 'to go down the pathway of sanctions' if Iran does not comply with U.N. demands that it stop the program and open its facilities to international inspection. Not only is Iran enriching uranium, a key step in making nuclear weapons, it is building heavy water facilities that could be used to produce plutonium for weapons, McCormack said."

Iran Says UNSC Deadline "Not A Matter Of Concern." The AP (8/29) reports Tehran "said Monday it is not concerned about this week's UN deadline demanding it" suspend uranium enrichment processes. Spokesman Gholam Hossein is quoted saying, "Moving in the international framework is not a matter of concern for us."

CNN's The Situation Room (8/28, King) reported, "Just days before the United Nations deadline for Iran to halt its suspect nuclear activity, Iran's leader is telling the world, don't hold your breath." CNN (Raman) added, "You would think that with that Thursday deadline looming, Iran's president would show at least a little bit of anxiety, instead at every turn it seems, he's showing quite the opposite." President Mahmoud Ahmadinejad "is saying it as often and as clearly

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as he can these days, the west should stop waiting." Ahmadinejad was shown saying (via translator), "You should know, he says, that no power can stop our nation from making progress. Based on this our nation's decision in its way of scientific and technological developments is a strong one." CNN added, "The latest remarks came as Ahmadinejad applauded Iran's nuclear scientists for their work. And came a day after the president, ahead of a UN deadline to stop Iran's nuclear program, announced the opposite, that he was expanding it, unveiling a new heavy-water production plant at the Iran nuclear facility. Then there are the country's ongoing war games."

Japanese Firm Under Investigation For Possible Technology Sale To Iran. The New York Times (8/29, Fackler, 1.21M) runs an update on last week's story about the investigation of Mitutoyo Corporation, a Japanese firm linked to possible unauthorized technology transfers to Libya. The Times says that probe "has increasingly focused on whether the company also sold similar equipment to Iran, a government official said Monday. The police and regulators have broadened their investigation…as evidence has emerged that it may have also sold equipment to Iran for use in making centrifuges to enrich uranium." The Times adds, "The increasing focus on Iran has shed light on the clandestine routes it has used to obtain nuclear-related technology to advance its enrichment program."

Bush Urged To Declassify NIE On Iran. Micah Zenko, a research associate at the Belfer Center for Science and International Affairs at Harvard's John F. Kennedy School of Government, writes in the Washington Post (8/29, A15, 748K), "The current best guess of American intelligence agencies is found in a classified National Intelligence Estimate (NIE) completed last summer," but "senior Bush administration officials, lawmakers in both parties and analysts out of government are increasingly skeptical of the Iran NIE. They believe that the US intelligence community is underestimating Iran's nuclear program after having overestimated Iraq's programs for weapons of mass destruction in 2002. To counter the growing chorus of skeptics, President Bush should do in the case of Iran what he did with regard to the Iraq NIE after the invasion: declassify the key judgments in the document and the dissents from it." Bush "has both a precedent and the legal authority to declassify an NIE 'when it is in the public interest.' Declassifying the key judgments and dissents of the Iran NIE clearly meets this criterion."

Rumsfeld Says North Korea Poses No Immediate Threat To South Korea. The AP (8/28, Burns) reports Defense Secretary Donald Rumsfeld, "in unusually blunt terms," said on Sunday that South Korea "need not fear" North Korea as an "immediate military threat." During a news conference at the Fort Greely, Alaska, missile defense base, Rumsfeld said North Korea "is a serious threat to spread ballistic missiles and other dangerous technologies around the world. But he made plain that he sees the North's conventional military strength eroding as its economy crumbles." UPI (8/28) also reports on Rumsfeld's Alaska trip, saying Rumsfeld "said he believes North Korea is more interested in selling nuclear weapons than using them."

South Koreans Debate Impact Of Regaining Military Control From US. The Washington Post (8/29, A10, Faiola, 748K) reports "a formidable coalition of retired South Korean military officers and former defense ministers issued a dire warning" recently. "They declared the half-century-old military alliance between South Korea and the United States in danger of falling apart, resting the blame squarely at the feet of President Roh Moo Hyun." In "a wave of ethnic Korean nationalism sweeping over the South, and with the North now viewed in kinder terms here, Roh has fostered public support for doing away with" a US-centered wartime command. The Post notes, "Roh's populist rhetoric aside, what has really scared the gaggle of retired generals are indications that the Pentagon may be just as eager to see the switch." Officials in Seoul claim that Secretary Rumsfeld "had proposed that South Korea assume wartime command of its troops from the United States as early as 2009." While Washington has "said any agreement would be unrelated to South Korea's new political landscape and instead reflect the country's vastly improved military preparedness," the change has "left the impression among many pro-American South Koreans that Washington has simply grown tired of Seoul's embrace of the belligerent North, as well as the deep-seated anti-Americanism within some circles of South Korea's ruling Uri Party."

Annan Urges Hezbollah And Israel To Take Action To Buttress Ceasefire. The AP (8/29, Ghattas) reports UN Secretary-General Kofi Annan "faulted both Israel and Hezbollah on Monday for not living up to key sections of the cease-fire resolution, while two more countries took steps to provide troops for an expanded peacekeeping force to secure the truce." In talks with

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Lebanese Prime Minister Fuad Saniora, Annan "demanded Hezbollah return two captured Israeli soldiers…and said Israel must lift its air and sea blockade of Lebanon." While "critical of both sides, he also said the agreement provided a chance for a long-term peace." However, Annan "cautioned the road ahead would be long, and pledged the international community's support." He also said the UN border force "will not try to disarm Hezbollah guerrillas." The AP notes, "As the cease-fire held for the 15th day, neither side looked like it wanted to resume large-scale hostilities."

The CBS Evening News (8/28, story 7, 0:15, Schieffer, 7.66M) reported, "UN Secretary General Kofi Annan visited Lebanon today pressing Israel and Hezbollah to meet their obligations under the UN cease-fire resolution. He called on Hezbollah to free two captive Israeli soldiers and said Israel should lift its air and sea blockade on Lebanon."

The Financial Times (8/29, Khalaf, Devi) says Annan "pledged to work for a lifting of Israel's air and sea blockade on Lebanon and called on Hizbollah to hand over the two captured Israeli soldiers to the Red Cross, the Lebanese government or a third party." As he began "an ambitious Middle East tour intended to shore up the fragile two-week UN-brokered ceasefire" in southern Lebanon, Annan "unexpectedly held separate talks with two Hizbollah officials who are ministers in the Lebanese government, including Mohamed Fneish, a senior party member." Annan said publicly that "the buffer zone in which international troops are starting to deploy this week should be demilitarised. In comments that will reassure the Lebanese government, he made clear that the disarmament of Hizbollah…could only be achieved through internal dialogue between Lebanese political parties – and not by force."

The Los Angeles Times (8/29, Daragahi, 918K) reports Annan said "that both Israel and the Hezbollah militia must come into quick compliance with the terms of a shaky cease-fire, demanding the release of Israeli soldiers captured by the armed Shiite group and the lifting of the air, sea and land blockade imposed by the Israeli military." He "warned that failure by either party to abide by the terms of the Security Council resolution could restart the fighting."

The Washington Post (8/29, A10, Cody, 748K) notes Anna "urged Lebanese leaders Monday to work for the swift release of two Israeli soldiers held captive, saying their return home was imperative to stabilize a two-week-old cease-fire on the border with Israel." He also "said he was working to persuade Israel to lift the air and sea blockade of Lebanon and complete a military withdrawal from the southern border zone, two key Lebanese demands. But he said Lebanon had its own obligations under" Security Council 1701, "in particular the release of the prisoners." Annan's remarks "dramatized the difficulty of trying to reach all the goals outlined in the U.N. resolution."

McClatchy Newspapers (8/29, Allam) focuses its reporting on public reaction to Annan's visit, saying, "Throngs of Hezbollah supporters booed [him] and blocked him from touring a devastated suburb of Beirut on Monday, underscoring the difficulties ahead for Lebanon to become what Annan has envisioned as 'one law, one authority, one gun.'" McClatchy said he was in Lebanon "to shore up the fragile truce," and he "expressed optimism about the speedy expansion of a peacekeeping mission along Lebanon's volatile border with Israel."

Siniora Says Lebanon Can Police Syrian Border Alone. The New York Times (8/29, Hoge, 1.21M) reports Siniora "said Monday that Lebanon could control its border with Syria without the assistance of international troops and had already confiscated illegal arms in the south." In an interview, he "said that he had deployed 8,600 Lebanese Army soldiers along the border and that he had accepted an offer from Germany for technical equipment and training to help prevent the entry of unauthorized weapons into Lebanon." The Times notes, "The control of the border has emerged as a major concern in the international effort to dismantle the Hezbollah militia in southern Lebanon and to prevent its re-establishment with weaponry coming in from Syria."

Olmert Backs Internal Probe Of War's Handling. The AP (8/29, Federman) reports Israeli Prime Minister Ehud Olmert "announced an inquiry Monday into the war against Hezbollah in Lebanon, hoping to dispel criticism that the army and government bungled the campaign but falling short of demands for an independent probe with the authority to dismiss top officials." Olmert "said a lengthy probe could paralyze the army, and he did not want to subject it to a 'collective flogging.'" The AP says the move "was likely to further enrage critics who say that Olmert and other top officials should be the focus of the investigation, not overseeing it."

The Washington Post (8/29, A11, Wilson, 748K) adds Olmert "announced Monday the formation of two government committees to investigate the handling of Israel's military campaign in Lebanon after ruling out a review by an

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independent state commission as 'not what the country needs.'" He "said a state commission would take too long and force Israel's security establishment into a defensive crouch at a time when it should be concentrating on continuing threats from Hezbollah and its chief sponsor, Iran." He "defended his expansion of the ground operation against…Hezbollah in the final days before a U.N.-brokered cease-fire took effect. The drive resulted in heavy Israeli casualties, but Olmert said it was essential to secure a cease-fire on Israel's terms."

The Washington Times (8/29, Mitnick, 88K) says Olmert "rejected" a wider probe, "opting for an internal investigation with a far weaker mandate." A formal state commission of inquiry "would paralyze the government and the army for months. Instead, Mr. Olmert said he would appoint a panel of investigators."

Turkey One Step Closer To Contributing Troops. The AP (8/29, Meixler) reports Turkey, "the only Muslim member of NATO and a country with close ties to both Israel and Arab states, moved closer Monday to agreeing to send troops to Lebanon." Ankara's Cabinet "said Monday that parliament would be convened soon to vote on the government's call for sending troops to Lebanon. The government holds a strong majority in parliament but there is growing opposition to the deployment of Turkish peacekeepers." Many Turks "fear the soldiers could come into conflict with fellow Muslims," however, supporters "have said the deployment is a critical move to boost Turkey's influence in" the region.

State Department "Surprised" By Nasrallah Comment. The AP (8/29) reports the State Department "says it was surprised by Hezbollah leader Sheik Hassan Nasrallah's statement that he would not have ordered the abduction of two Israeli soldiers if he had known it would lead to a large war." Assistant Secretary for Public Affairs Sean McCormack is quoted saying, "It was a surprising statement for somebody who launched a war to say that he regretted launching that war. It is, in fact, what we have warned and the world has warned against. That is, allowing a state within a state such as Hezbollah to drag an entire sovereign nation (Lebanon) and region into a pit of violence, which is what Hezbollah and Nasrallah did." McCormack "said the United States expects Hezbollah to be disarmed, as twice demanded by the U.N. Security Council."

Nasrallah's Status Among The Arab Public Continues To Grow. The Christian Science Monitor (8/29, Murphy, 58K) reports, "To most of the Arab public, the debate over who won the war between Israel and Lebanon's Hizbullah is already settled." The group's leader Hassan Nasrallah "is being feted through song" and other public displays of support. "The long-term political fallout of this euphoria over Hizbullah's ability to withstand Israel's superior firepower is still uncertain. … But there are signs that opponents of authoritarian regimes in the region have been emboldened by Hizbullah's actions, linking their struggles against their own states to the Lebanese guerrillas' fight with Israel." His reputation "as the Arabs' new champion - replacing secular leaders of the past like Yasser Arafat - has accelerated the regional shift of support to Islamist leaders seen as less corrupt than their secular counterparts." His status has grown most "among Palestinians and Syrians."

D'Alema Says Palestinian Solution Is Key To Regional Peace. In an op-ed in today's Wall Street Journal (8/29, 2.03M), Italian Foreign Minister Massimo D'Alema says the "tragedy" in Lebanon could "be turned toward opportunity. We are on the right track to seize a rare chance to change the status quo for the better in a crucial part of the Middle East." UNSCR 1701 "will help in protecting both Israel's territorial security and the future of a fragile Arab democracy. The foundations for better management of the entire Middle Eastern crisis will then have been set." Noting that Italy "is seriously committed to" a workable "solution," D'Alema says "the Lebanese army and the international peacekeeping force, working together in a consistent and sustainable way, must be able to guarantee Lebanon's full sovereignty over its territory." The next step "will be making sure that Israel achieves enhanced security through political agreements with its neighbors, guaranteed by the U.N. and by multinational forces -- an approach to be possibly extended to the Gaza front." For its part, Hezbollah "has to evolve into a purely political and nonviolent movement." D'Alema notes that the recent conflict "did not happen in a vacuum, and the Lebanon test will have to be passed regionally as well as locally." He says UNSCR 1701 "vindicates the assumption that multilateralism can be effective only when the U.S. and Europe are equally interested and willing in making the U.N. work.," and it "is high time for a similar trans-Atlantic joint venture on the Israeli-Palestinian front: The tragic situation in Gaza shows the need for such an active international engagement."

Hamas Official Blames Palestinians For Conditions In Gaza. The New York Times (8/29, Erlanger,

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1.21M) reports, "In an unusual instance of self-criticism, a well-known Hamas official has deplored the collapse of Gazan life into chaos and has said that much of the blame belongs to Palestinians themselves." Government spokesman and former newspaper editor Ghazi Hamad said, "Gaza is suffering under the yoke of anarchy and the swords of thugs," and "life became a nightmare and an intolerable burden." The Times says "he urged Palestinians to look to themselves, not to Israel, for the causes. But he appeared not to be placing the blame on Hamas or the Palestinian Authority's prime minister, Ismail Haniya of Hamas. He said various armed groups in the Gaza Strip — most affiliated with Fatah, Hamas' rival — were responsible for the chaos." Ghazi "also questioned the utility of firing rockets into Israel that cause few casualties but result in many Palestinian deaths when the Israelis retaliate. He seemed to be arguing for other armed groups to follow the Hamas decision to halt rocket fire into Israel."

WPost Says Incremental Step Should Be Short-Term Goal. In an editorial, the Washington Post (8/29, A14, 748K) says that, while many experts "have boldly proclaimed this the moment when what they see as the root cause of the war -- Israel's conflict with the Palestinians -- should be resolved once and for all," that "goal is unachievable in the short run. Trying to bring it about by means of an international conference or other grandiose measures would only distract from the incremental but valuable political gains that could be realized in the war's aftermath." With both an Israeli pull-out from Gaza and direct talks between Israel and the Palestinians now unlikely, "what Israel and outside parties can do now is take measures to strengthen the secular moderates in Lebanon and in the Palestinian territories who oppose the extremism of Hamas and Hezbollah." Israeli Prime Minister Ehud Olmert "should at last make an effort to work with" Palestinian President Mahmoud Abbas, and likewise with secular Lebanese politicians. "Western and Arab governments should quickly act on their declared intention to provide aid and training to Lebanon's government and armed forces. None of this will produce a breakthrough toward a Middle East peace. But it could, at best, lay the groundwork for one."

Study Critical Of Pro-Israel Lobby Sparks Controversy. The Washington Times (8/29, Sands, 88K) details the findings of a "a hotly debated study on the influence of the pro-Israel lobby" on US policy making. Authors John Mearsheimer and Stephen Walt say that the Administration's "unquestioning support for Israel's military action in Lebanon confirms their thesis that the power of the lobby hurts both U.S. and Israeli national interests." The Times calls the work "a lengthy attack on what the authors said was the distorting power of pro-Israel interest groups, think tanks, campaign donors and public officials to slant U.S. policy toward the Jewish state." Those ideas have "sparked a heated debate. Some praised the authors for taking on one of the country's most powerful lobbies, while others condemned them for everything from sloppy scholarship to anti-Semitism." Walt explained that their study "never said that groups such as the American Israel Public Affairs Committee was involved in a conspiracy to drive support of Israel or to stifle debate in the United States, but that the ability of the Israel lobby to influence friends and punish adversaries on Middle East issues was 'no secret inside the Beltway.'"

In his "Washington Sketch" column in the Washington Post (8/29, A2, 748K), Dana Milbank pans Mearsheimer and Walt's scholarship and their presentation to the National Press Club. "Blurring the line between academics and activism, they accepted a button proclaiming 'Fight the Israel Lobby' and won cheers from the Muslim group for their denunciation of Israel and its friends in the United States. Whatever motivated the performance, the result wasn't exactly scholarly." Milbank says their "line of argument could be considered a precarious one for two blue-eyed men with Germanic surnames. And, indeed, Walt seemed defensive about the charges of anti-Semitism." He concludes, "When the two professors finished, they were besieged by autograph- and photo-seekers and Arab television correspondents. Walt could be heard telling one that if an American criticizes Israel, 'it might have some economic consequences for your business.' Before leaving for an interview with al-Jazeera, Mearsheimer accepted a button proclaiming 'Walt & Mearsheimer Rock. Fight the Israel Lobby.' 'I like it,' he said, beaming."

Turkish Terror Attacks Target Tourist Locations. The Financial Times (8/29David O', Byrne) reports, "A bomb blast killed three Turks and injured dozens more people, including foreign tourists, in Turkey's south-western resort town of Antalya on Monday, the fifth such terror attack in less than 24 hours. On Sunday one bomb exploded in Istanbul while three in Marmaris, another resort town in the country's south-west, injured 22 people, including Britons and

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Turks." The Kurdistan Freedom Falcons, which the Times says is "seen as" a front for the PKK, claimed responsibility for the earlier attacks. The Times adds, "The latest bombings appeared to confirm fears that the PKK would increasingly target tourist resorts, in an attempt to damage the economy." The State Department "announced the appointment of a special envoy for countering the PKK, with the mission to 'eliminate the threat of the PKK and other terrorist groups.' An official said the timing of the statement was not linked to the latest bombings in Turkey but was the outcome of talks with the Turkish and Iraqi governments."

The New York Times (8/29, Arsu, 1.21M) reports, "A blast in the center of Antalya, a popular resort town on Turkey's Mediterranean coast, killed three people and wounded 20 on Monday. Three explosions in another popular tourist destination on Sunday injured 21 people, including 10 Britons." The Times identified the group claiming responsibility as the Kurdistan Liberation Hawks, which it said is "a hard-line separatist group linked to the outlawed" PKK. The Christian Science Monitor (8/29, Schleifer, 58K) runs a similar report.

Nazarbayez's Visit Said To Highlight "Clash" Of US Priorities. In a front page piece entitled, "With Kazakh's Visit, Bush Priorities Clash," the Washington Post (8/29, A1, Baker, 748K) reports President Bush "launched an initiative this month to combat international kleptocracy," an effort he said "would be 'a critical component of our freedom agenda.' Three weeks later, the White House is making arrangements to host the leader of Kazakhstan, an autocrat who runs a nation that is anything but free and who has been accused by U.S. prosecutors of pocketing the bulk of $78 million in bribes from an American businessman." The Post says the visit of President Nursultan Nazarbayev to the White House and Kennebunkport "offers a case study in the competing priorities of the Bush administration at a time when the president has vowed to fight for democracy and against corruption around the globe." While Nazarbayev has curtailed democratization at home, "he also sits atop massive oil reserves that have helped open doors in Washington. Nazarbayez "has received especially warm treatment," including a visit to Astana by Vice President Cheney in May "to praise the Kazakh leader as a friend, a trip that drew criticism because it came the day after he criticized Russia for retreating from democracy. The latest invitation has sparked outrage among Kazakh opposition." Nazarbayez's nation "has emerged as an increasingly important player in the world energy market," and the Administration considers him "a friendly, stable moderate in a region of harsher, sometimes hostile dictators and has been hopeful he will open up and cleanse his government."

Sudan's Bashir Refuses To Meet Frazer To Discuss Darfur. The AP (8/29, Osman) reports Sudanese President Omar al-Bashir "declined to meet" Assistant Secretary Jendayi Frazer, who was in Sudan "to press him to approve the deployment of U.N. peacekeepers in war-torn Darfur. The apparent snub came as the" UNSC opened discussions on the UK-US peacekeeping transition resolution. Frazer "had been expected to deliver a message from President Bush to" Bashir, who "was unable to meet the diplomat 'due to his crowded schedule,' the president's office said." The AP says Frazer "instead handed" her message to a Bashir aide, who in turn reiterated "his rejection of the U.N. force." In New York, Ambassador Bolton "urged the council to approve the peacekeeping mission. 'The time for talk is over. It is time for action. It is time for this council to uphold its responsibility,' he said."

Frazer Inquires About Journalist's Arrest. The AP (8/28) reported Frazer "has raised with Sudan's foreign minister the arrest of an American journalist by pro-government forces in the war-torn Darfur region." Frazer was discussing Darfur with Foreign Minister Lam Akol "when she 'raised' the arrest of Chicago Tribune reporter Paul Salopek. Assistant Secretary McCormack is quoted saying, "We would hope that any judicial process be fair, speedy and transparent, and it's something that we are watching very closely."

Syrian Women Spearhead Embrace of Islam. A 1,744-word feature in the New York Times (8/29, Zoepf, 1.21M) highlights the "Islamic revival" taking place in Syria, spurred on almost entirely by women. At "meetings of an exclusive and secret Islamic women's society known as the Qubaisiate," women "are tutored further in the faith and are even taught how to influence some of their well-connected fathers and husbands to accept a greater presence of Islam in public life." The Times call this "the two faces of an Islamic revival for women in Syria, one that could add up to a potent challenge to this determinedly secular state. Though government officials vociferously deny it, Syria is becoming increasingly religious and its national identity is weakening."

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That kind of transformation might "undermine the unity of a society that is ruled by a Muslim religious minority, the Alawites, and includes many religious groups." In this movement, "women are in the vanguard. Though men across the Islamic world usually interpret Scripture and lead prayers, Syria, virtually alone in the Arab world, is seeing the resurrection of a centuries-old tradition of sheikhas, or women who are religious scholars. The growth of girls' madrasas has outpaced those for boys."

Mexican Election Panel Throws Out Leftists' Fraud Claims. The Wall Street Journal (8/29, Lyons, Luhnow, A3, 2.03M) reports, "Mexico's top electoral court rejected allegations of widespread vote tampering during the July 2 presidential election, a ruling that likely puts conservative politician Felipe Calderón just days away from securing the presidency." By a 7-0 vote, the court threw out "complaints of fraud by leftist candidate Andrés Manuel López Obrador, who has refused to accept Mr. Calderón's victory." The Journal says the ruling may add "a seal of approval on the election-day process," but it could "do little to ease rising tensions in a country that shares a 2,000-mile border with the U.S." Lopez Obrador "is growing more radical with each passing week, saying Mexico 'needs a revolution' and vowing to name himself president if the court ratifies Mr. Calderón's win." Calderon has "one final legal step" to overcome – "the court must rule on the election's overall validity and declare a winner before Sept. 6."

The New York Times (8/29, McKinley, 1.21M) says Calderon "seemed virtually assured of being designated president of Mexico next week after the country's highest electoral tribunal on Monday threw out legal challenges from" Lopez Obrador. Although the court "short of officially designating Mr. Calderón, a conservative, president-elect," it "it ruled unanimously that" López Obrador "had failed to prove that irregularities in many polling places stemmed from fraud, nor had he proven that the errors affected him more than his opponent."

The Washington Post (8/29, A10, Roig-Franzia, 748K) adds the court ruled "that a partial recount will not change the outcome of the hotly disputed July 2 presidential election," and "few [Mexicans] expect the court to alter the final outcome of the race, especially after the court announced Monday that it had rejected nearly all of Lopez Obrador's fraud claims." The AP (8/29, Carl) reports Calderon "held onto his narrow lead in the disputed presidential election after a partial recount of votes, the top electoral court said Monday in a strong indication that [he] will be declared the winner. But the judges held off on naming the president-elect and still have the option to annul the election." Lopez Obrador "reacted to the court's announcement in outrage, calling on supporters never to accept Calderon as president and asking them to decide if he should form a parallel government or carry on a nationwide campaign of protests." The Chicago Tribune (8/29, McMahon, 623K), Los Angeles Times (8/29, Tobar, Enriquez, 918K) and USA Today (8/29, Llana, 2.27M), among other newspapers, also report on the court's decision.

More Commentary. The New York Times (8/29, 1.21M) editorializes, "The electoral tribunal has not yet declared that Felipe Calderón, of the ruling National Action Party, is Mexico's next president. It has until Sept. 6 to rule on whether President Vicente Fox and business groups interfered illegally in the election. No one should ask Mr. López Obrador to concede before this ruling." But "it is time for him to end the protests and pledge to respect the tribunal's final decision."

McCain To Address UK Tories' Annual Conference. The Financial Times (8/29, Ben Hall) reports, "John McCain, the popular Republican senator and likely US presidential contender, has agreed in principle to speak at the Conservatives' annual conference in October, underlining the restoration of the party's international credibility. Securing Mr McCain as the star turn in Bournemouth would be a coup for David Cameron, who has paid little attention to world affairs since becoming Tory leader in December and has not yet been to Washington." McCain "is the frontrunner in the race to become the Republican candidate for the 2008 presidential election and has been a sharp critic of aspects of the Bush administration's war on terror." Michael Howard, Cameron's predecessor, "fell out with the White House after criticising Tony Blair's handling of the war. But Mr Cameron's team have since rebuilt relations with the Republicans." Labour "is believed to be trying to persuade Bill Clinton, the former US president and political soulmate of Tony Blair, to charm party activists with a flying visit to the party's conference in Manchester at the end of September."

Obama Gets Star Reception In Kenya. CNN's The Situation Room (8/28, Koinange) reported African media "have dubbed" Sen. Barak Obama's "Kenyan trip with a new

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word. They are calling it Obama-mania. And nowhere was that more evident than when he touched down in his father's hometown." Thousands "lined the streets just to catch a glimpse of the man many here consider their son and brother, even though he was born in the US. All the way to his first stop, the crowds kept growing and singing." It was "at his first stop that Obama probably got his biggest welcome, thousands of locals turning up just to see him take an HIV test."

USA Today/AP (8/29, Wills) reports, "Kenyans must take control of their country's destiny by opposing corruption and ethnic divisions in government, Sen. Barack Obama said in a policy speech Monday at the main university in his father's homeland." Kenya and other African nations "will never thrive if their citizens cannot count on the government to deliver services fairly, regardless of their tribal background or ability to pay bribes, Obama told about 600 people at the University of Nairobi." The Washington Post (8/29, A9, Wills, 748K) runs a similar AP report.

McClatchy (8/29, Bengali, Kilongi) says that "throughout Obama's four-day visit to Kenya, he's been greeted like a head of state or a sports legend, not like a freshman US senator. Obama was raised in Hawaii, and his last visit to Kenya was 14 years ago." He has been "quick to downplay expectations that he'll be able to help Kenya, or the rest of Africa, lift itself up from systemic poverty and conflict. 'I don't pretend to have all the solutions or think that it'll be easy,' he said Monday. 'I've got enough on my hands trying to work in the United States.'"

The New York Times (8/29, Gettleman, 1.21M) reports, "This was Day 5 of his Kenya tour, and at each stop, each speech that he gives, the crowds only grow." It is "an unusual reception for an unusual trip for a Democratic freshman senator from Illinois to be making, but it seems that Mr. Obama, whose father was Kenyan, is using all the rapturous attention to spotlight serious issues that are too often ignored in Africa." The Kenyans "are loving it."

The Washington Times (8/29, 88K) says the senator, "who stopped in South Africa last week, also will travel to Djibouti and Chad, to visit refugees from Sudan's Darfur region, on a trip he hopes will bring new focus on Africa's importance." He "scrapped plans to visit the Democratic Republic of the Congo and Rwanda at the request of the US Embassy in Congo because of postelection fighting in that country's capital, Kinshasa."

Chinese Emissions Trading Deal Would Be World's Costliest. The Wall Street Journal (8/29, Fialka, 2.03M) reports the World Bank "and 11 utilities, banks, trading firms and others have put together the largest greenhouse-gas emission trades in history, a $1 billion deal that will help two Chinese chemical companies reduce emissions believed to cause climate change by the equivalent of 19 million tons of carbon dioxide a year." The Journal says the deal "will be a windfall for the Chinese government, which will get 65% of the money through existing taxes on the two companies." Those funds will go "into a new Clean Development Fund that China will use to promote forms of renewable energy -- such as solar and wind power -- and to remove other gases believed to cause global warming." The Journal notes that three-fourths "of the money is coming from European and Asian corporations, many of which are hurrying to buy emissions credits that can be used to meet the terms of the Kyoto Protocol."

Economist Advises Beijing To Control Exchange Rate Changes Tightly. In an op-ed in the Wall Street Journal (8/29, 2.03M), economics professor Ronald McKinnon notes that, while Beijing's pegging of the yuan to the dollar prior to 2005 helped spur economic expansion, "the U.S. monetary anchor isn't as stable as it once was." Inflation "is spiraling up," causing China's "foreign monetary anchor" to "slip." McKinnon suggests "a new monetary rule for China: Pick some target rate for annual inflation in China's CPI, say 1% (it could be as high as 2%), then see how much higher American inflation, say 4.1%, is above China's internal target rate. The difference, in this case 3.1%, then becomes the planned annual gradual appreciation of the yuan rate against the dollar." Such a rule "has strong implications for the behavior of yuan interest rates." He adds, "It is important to keep the rate of yuan appreciation moderate and in line with the inflation differential between the two countries. … Floating the yuan, which would lead to a large initial appreciation, would be a major policy mistake." McKinnon concludes, "The bottom line is that China's central bank must carefully watch inflation and interest rates in the U.S. when formulating its own exchange-rate-based monetary strategy. Any exchange-rate changes against the dollar should be tightly controlled and gradual -- as with the appreciation over the past year."

WSJounal Says Three Cases Cast Beijing's Commitment To Rule Of Law In Doubt. The Wall Street Journal (8/29, 2.03M) editorializes, "In most countries, a blind

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social activist who taught himself law to fight for the rights of the disabled and other victims of abuse would be a hero. In China, Chen Guangcheng's reward for doing this is prison." The harassment of Chen and his lawyers show that, in China, "the law is taking a great leap backward." Likewise, "Chinese journalist Zhao Yan was sentenced to three years in jail on dubious charges of fraud." And, "Ching Cheong, Hong Kong correspondent for Singapore's Straits Times, is waiting to hear his fate after a secret trial two weeks ago, again on charges of leaking state secrets." The Journal says the abuse of Chen "fits a recent pattern in which the Chinese leadership has repeatedly sided with corrupt local officials against their accusers. Beijing's actions in cases such as these undermine China's claims that it is committed to the rule of law."

WSJournal Details Canadians' Unhappiness With Health Service Wait Times. In an editorial, the Wall Street Journal (8/29, 2.03M) describes the results of a poll of Canadians showing over one-third of respondents have "tried and failed" to access health services recently. "At issue here is whether it is better to ration a scarce good using prices, as a free-market system would do, or using time, as is inevitably the case with nationally financed systems. As [one researcher] put it, 'These results confirm that millions of Canadian households, in the last three months alone, experienced the anxiety of waiting what they felt was too long a period of time for a health service.'"

Changes In Qatar Praised. In an op-ed in today's Washington Times (8/29, 88K), Rob Sobhani, president of Caspian Energy Consulting, says "a quiet revolution to remove oppression and despair that often leads to terrorism is taking place in…Qatar under the leadership of a dynamic and charismatic woman. Sheikha Mozah bint Nasser al Missned is the wife of the amir of Qatar, one of America's strongest allies in the troubled Middle East." In contrast to President Bush's policy of democratization through transformation, "the sheikha has focused on a new mission of statecraft: good governance." She "approaches her mission to transform the hearts and minds of the Arab Muslim world with a level of professionalism seldom seen in that part of the world. Her success to date can only be explained by her personality: Disciplined, focused, agenda-driven, and working according to a code of meritocracy." She nurtures "a clear vision to transform this energy-rich Sunni Arab state into the education hub of the Middle East." Focusing her energy on education, political pluralism and religious tolerance, Sobhani notes, "As Washington struggles to contain the evil of global terrorism by promoting democracy in the Middle East, Sheikha Mozah bint Nasser al Missned's road map of transforming the hearts and minds through education is an excellent starting point."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Ramsey Suspect Abruptly Cleared."
"`They Say I Ate My Father. But I Didn't'."
"Iraq Army Battles Shiites."
"Calderon Moves Closer To Victory In Mexico."
"Mail Bonding: Neighbors Hate To See The Blue Boxes Go."

USA Today:

"A Year Later, Hearts Still Heavy In New Orleans."
"Ramsey Suspect's DNA Not A Match."

New York Times:

"Radical Militia And Iraqi Army In Fierce Battle."
"Islamic Revival Led By Women Tests Syria's Secularism."
"Star Of The Right Loses His Base At The Border."
"Ramsey Case Suspect Cleared After DNA Tests."
"Clinton Makes Up For Lost Time In Battling AIDS."
"In Instant, Routine Became Disaster In Bronx Fire."

Washington Post:

"The President And His Critics Mark Anniversary Along Coast."
"Karr Won't Be Charged In Death Of JonBenet."
"Fenty Goes On Offensive Against Cropp."
"Iraqi Troops Battle Shiite Militiamen In Southern City."
"With Kazakh's Visit, Bush Priorities Clash."

Washington Times:

"Bush Offers Gulf States Commitment."
"Case Dropped For JonBenet Suspects."
"Obama Chides Africa On Visit."
"D.C. motorist Get A 'Break' As Gas Prices Drop."
"Mexico Court Rejects Claims Of Vote Fraud."
"Empty Nest Enable Parents To Spread Their Wings."

Detroit Free Press:

"Gas: How Low Will It Go?"
"Workers Could Have Saved Boy."

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"WSU Gambles On Dorms."
"JonBenet Case Dropped But Not Closed."

Atlanta Journal-Constitution:
"Karr Case Folds With DNA."
"Comair Flight Almost Made It."
"World Champs."
"Bush Upbeat In Gulf Tour For Katrina Anniversary."
"Heat Policy Enacted To Protected Athletes."

Houston Chronicle:
"Rebuilding Lives As A Way Of Life."
"Hurtt Delays New Chase Policy."
"Mom Won't Be Tried Again."
"Hopeful Signs."
"DNA Test Collapses Against JonBenet Suspect."
"Pilots Discussed Absence Of Lights."

Story Lineup From Last Night's Network News:
ABC: JonBenet; Tropical Storm Ernesto; Comair Plane Crash; Plane Crash Analysis; Gas Prices; Sectarian Violence; Katrina Anniversary-New Orleans; Levee System-New Orleans; New Orleans Population.
CBS: JonBenet; Karr Legal Analysis; Comair Plane Crash; Tropical Storm Ernesto; Florida Hurricane Preparation; Sectarian Violence; Cease-Fire; Katrina Anniversary-New Orleans; Medical Care-New Orleans; Oldest living Human; Andre Agassi's Last Open.
NBC: Katrina-Anniversary-New Orleans; Katrina-What Went Wrong; JonBenet; Comair Plane Crash; Gerald Ford's Health; Tropical Storm Ernesto; Sectarian Violence; Katrina Remembered.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends breakfast with the Mayor of New Orleans, New Orleans; attends service commemorating the first anniversary of Hurricane Katrina, St. Louis Cathedral, New Orleans; participates in a roundtable on Gulf Coast Library Recovery Initiative, Warren Easton Senior High School, New Orleans; makes remarks on Gulf Coast Recovery, Easton Senior High School; visits with local residents and volunteers, location TBA, New Orleans; overnights in Crawford, Texas.

VICE PRESIDENT CHENEY — speaks at a luncheon for Rep. Jeff Fortenberry, Hilton Hotel, Omaha; speaks at a rally for troops. Offutt Air Force Base, Omaha.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: CAMP DEMOCRACY _ 10 a.m. Movements for peace, Katrina recovery, immigrants' rights, women's Rights, the environment , electoral reform, and impeachment participating in the ``Camp Freedom" encampment/protest in Washington hold a news conference on ``Camp Democracy" activities in Washington Sept. 5-20. Participants include: Kim Gandy, President of the National Organization for Women and native of New Orleans who will publish a column this day on Katrina; Ann Wright, Retired Colonel, U.S. Army, and career diplomat who resigned over Iraq War; Linda Schade, Executive Director of VotersForPeace; Edward J. Elder, National Lawyer's Guild; Kevin Zeese, Executive Director of Democracy Rising; Ellen Barfield, Board Member of Veterans for Peace; David Swanson, Washington Director of Democrats.com; and Scott McLarty, Media Director of the Green Party of the United States. Location: National Press Club, Murrow Room.

DEMOCRATS-IMMIGRATION _ 10 a.m. Sen. Edward Kennedy, D-Mass., and Rep. Silvestre Reyes, D-Texas, hold a media conference call to discuss what they say is the urgent need for comprehensive immigration reform on the day that House Republicans hold what they described as ``a publicity stunt immigration hearing" in Indiana. Contacts: Laura Capps, 202-224-2633. Notes: Media call-in: 202-228-2663 or 1-866-909-2663. PASSWORD: 9682912.

MEDICARE RX _ 10 a.m. Washington Legal Foundation (WLF) Chief Counsel Richard Samp joins pharmacist Thomas DeVille, CEO of a long term care pharmacy, for a ``media nosh" program on WLF's First Amendment challenge against HHS Secretary Leavitt and Center for Medicare and Medicaid Services (CMS) Administrator McClellan. The suit seeks to enjoin CMS from enforcing marketing guidelines which they say erect barriers to elderly and disabled Americans ability to choose the ``Part D prescription drug plan that is best for them. Location: M.J. Murdock Center for Free Enterprise, Washington Legal Foundation, 2009 Massachusetts Ave. NW.

FBI-POST 9/11 _ 11 a.m. The FBI hosts a media availability to demonstrate current FBI capabilities and working systems that ``connect the dots in a post-9/11 world. FBI Executive Assistant Director National Security Branch

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Willie Hulon and Chief Information Officer Zalmai Azmi will participate in the on-the-record briefing. Location: JEH Building, 935 Pennsylvania Ave. NW (10th Street visitors entrance).

KATRINA-BLACKS _ 1 p.m. The Black Family Summit of the Institute of the Black World 21st Century holds a news conference as part of its meeting to finalize plans to launch a project to provide counseling and assistance to survivors of Hurricane Katrina. Location: Room 114, Howard University School of Social Work, 601 Howard Pl. NW.

EDUCATIONAL TESTING _ 12 p.m. - 2 p.m. The Thomas B. Fordham Foundation hosts a panel, ``When State Standards Go Wrong: Has the Time Come for National Testing?" Panelists are: Bob Wise, former West Virginia governor and president, Alliance for Excellent Education; Gene Hickok, former U.S. Deputy Secretary of Education and senior policy director, Dutko Worldwide; Joan Baratz Snowden, director of educational issues, American Federation of Teachers; Chester E. Finn, Jr., president, Thomas B. Fordham Foundation; and moderator Lynn Olson, managing editor, Education Week. Location: National Press Club, Holeman Lounge.

LOUISIANA-KATRINA _ 6:30 p.m. The Louisiana Network holds a meeting for Louisiana natives marking the one-year anniversary of Hurricane Katrina. Location: Anzu Lounge, 2436 18th St. NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, AUGUST 29, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Rumsfeld Says Terrorists Manipulate Media To Influence Western Public ... 3
Hayat Relatives Barred From Returning To US From Pakistan ... 3
Relatives Of Father And Son Convicted Of Aiding Terrorists Barred From Entering The US ... 3
Oldest Guantanamo Bay Detainee Sent Home ... 3
Britain Seeks Extradition Of Terror Suspect ... 3
Book Examines Kean's "Third Way" Approach To Politics, 9/11 Panel ... 4

Homeland Response:

Chertoff Calls For More Data Sharing To Combat Terrorism ... 4
US Airways Flight Diverted After Threatening Note Found ... 4
Huge Attorney's Fee In 9/11 Award In Dispute ... 4
Bush Hails "Sense Of Renewal" Along Gulf Coast, But Says Challenges Remain ... 5
Florida, Federal Officials Prepare For Ernesto ... 8

War News:

Cheney Warns Against "Precipitous Withdrawal" From Iraq ... 9
Sadr's Mahdi Army Blamed For Intensification Of Violence In Iraq ... 9
Taliban Claims Responsibility For Afghanistan Suicide Bombing 10
GAO Says Pentagon Has Done Little To Recover Pay Given To Deserters ... 10
Pentagon Will Monitor Military Recruiters ... 10

Corporate Scandals:

Prudential To Settle Trading Charges With US For $600 Million 11
Sun Trust Says SEC Has Ended Probe ... 12
Judge Dismisses Grasso Suit Against McCall ... 12

Criminal Law:

Armitage Role In Plame Leak Raises Questions About Fitzgerald Probe ... 12
Colorado Will Not Charge Karr With Ramsey Murder After DNA Test ... 13
Three Plead Guilty In Detroit To Child Prostitution Charges ... 15
Indicted Tennessee State Senator Resigning Over Health Concerns ... 15
Judge Admits FBI Tapes, But Not Transcripts, As Evidence In NM Treasurer Retrial ... 15
Prosecution May Not Call Sliwa In Third Gotti Trial ... 15
Evidence Collection Completed At House Where DC Lawyer Murdered ... 16
Penalty Phase Begins At Aryan Brotherhood Trial ... 16
Former Congressional Press Secretary Sentenced To Prison For Bank Robbery ... 16
FBI Investigating Fraud Allegations Against Painter Thomas Kinkade ... 16
Unemployed DC Man Admits To $76,000 In Katrina Relief Fraud 16
Report Finds Most Cybercrime Prosecutions Focus On Internal Attackes ... 16
South Dakota Plans First Execution In 59 Years ... 17
Forgery Highlights Fascination With Canadian Pianist Gould ... 17

Civil Law:

Cardinal Health Stops Sales Of Pump FDA Claims Is Defective 17

Civil Rights:

Former Mississippi Deputy Charged In Death Of Inmate ... 17
Judge Strikes Florida Voter Registration Law ... 18
Judge Orders DC To Release Less-Redacted Group Home Reports ... 18

Antitrust:

BP Under Investigation For Manipulation Of Crude Oil, Gasoline Markets ... 18
Cinemark To Buy Century Theaters ... 18
DOJ Rescinds Nonprosecution Agreement With Stolt-Nielsen ... 19
EU Approves Phillips' Purchase Of Avent ... 19
Brown-Forman To Buy Tequila Maker ... 19
Kinder Morgan Agrees To $15 Billion Sale ... 19
Italian Bank Seen As Latest Merger Target ... 20

Environment:

Plains States Hard Hit By Drought ... 20
States Said To Lack Federal Direction On Bird Flu Planning ... 20

FBI/DEA/ATF/USMS:

Former FBI Agent Sentenced To Probation, Fine Over Espionage Probe Leak ... 20
GAO Report Criticizes White House Anti-Drug Ad Campaign ... 21
FBI Plans To Upgrade Fingerprint Database ... 21
Detroit FBI Moving To Expanded Headquarters Complex ... 21

Schwarzenegger Expected To Sign California's Hemp Farming Bill ... 21
Bonds' Trainer Jailed Again For Not Testifying Before Grand Jury ... 21
NFL Drug-Testing Program Seen As Inadequate ... 22
In Colombia, Rebels Said To Be Recruiting Children ... 22
New York City Stalls On Releasing Illegal Gun Evidence ... 22

Immigration:

Pence Draws Conservative Ire Over Immigration Compromise Proposal ... 22

Congress-Administration:

Bush To Address American Legion Convention On Thursday ... 23
Easterbrook Set To Become Chief Judge Of 7th Circuit ... 23
Bolton Profiled, Cast As Proud Washingtonian ... 23
White House Press Corps Responds Well To New Openness Among White House Senior Staff ... 23
Bush's Kennebunkport Stay Purposely Low Key ... 24
Medicare Recipients Told How To Repay Erroneous Refunds ... 24
Group Says FDA Experts Biased In Favor Of Drug Approval ... 24
Reform Bill May Give Employers Incentives To Drop Defined Benefit Pension Plans ... 24
NYTimes Criticizes Bush For Falling Wages ... 24

Other News:

Surviving Beatles Sue Record Companies For $25 Million ... 25
EchoStar Agrees To Settle Suit While Fox Stations Balk ... 25
Stock Markets Rise On Falling Oil Futures ... 25
Drivers Find Relief At The Pump ... 25
Rothenberg Says Democrats Likely To Win House Majority ... 26
Democrats Worry Lieberman Candidacy Could Jeopardize House Candidates ... 26
GOP Gaffes May Alienate Minority Voters ... 26
Lampson Now Seen As Favorite In Texas 22nd CD ... 26
Three Democrats Lead Steele In Maryland Senate Poll ... 27
Neither Chafee, Nor Laffey Eager To Appear With Bush ... 27
Santorum Compares Fight Against "Islamic Fascism" To World War II ... 27
McCain Would Consider Speaking At Bob Jones University ... 28
Kerry Accuses Ohio GOP Candidate Of 2004 Election Improprieties ... 28
Wal-Mart Introduces Ad Campaign To Improve Image ... 28
Home Sales Down In Crawford, Texas ... 28
Clinton Said To Have Made "Lasting Mark" In Battle Against AIDS ... 28
Cleland Seeks Treatment For Post-Traumatic Stress Disorder ... 28
Ford Released From Mayo Clinic ... 28
GOP Said To Have Lost Support Of "South Park Republicans." 28
GOP Effort To "Defund" Left Considered ... 29
Potential 2008 GOP Candidates Considered ... 29
NYC, Philadelphia School Systems Presented As Models For Other Large Cities ... 29
Term Limits Advocate Calls For Their Restoration In Oregon ... 29
Treasury Official Says Iran Is "Central Banker Of Terror." ... 29
Rumsfeld Says North Korea Poses No Immediate Threat To South Korea ... 30
Annan Urges Hezbollah And Israel To Take Action To Buttress Ceasefire ... 31
Study Critical Of Pro-Israel Lobby Sparks Controversy ... 33
Turkish Terror Attacks Target Tourist Locations ... 33
Nazarbayez's Visit Said To Highlight "Clash" Of US Priorities ... 34
Sudan's Bashir Refuses To Meet Frazer To Discuss Darfur ... 34
Syrian Women Spearhead Embrace of Islam ... 34
Mexican Election Panel Throws Out Leftists' Fraud Claims ... 34
McCain To Address UK Tories' Annual Conference ... 35
Obama Gets Star Reception In Kenya ... 35
Chinese Emissions Trading Deal Would Be World's Costliest ... 36
WSJournal Details Canadians' Unhappiness With Health Service Wait Times ... 36
Changes In Qatar Praised ... 36

The Big Picture:

Headlines From Today's Front Pages ... 36

Washington's Schedule:

Today's Events In Washington ... 37

DOJ_NMG_0054906

TERRORISM NEWS:

Rumsfeld Says Terrorists Manipulate Media To Influence Western Public. In a report carried by more than 150 newspapers and news websites, the AP (8/28, Burns) reports Defense Secretary Donald Rumsfeld said he is "deeply troubled by the success of terrorist groups in 'manipulating the media' to influence Westerners." During a question-and-answer session with naval aviators at Fallon Naval Air Station in Nevada, Rumsfeld "was asked whether the criticism he draws as Pentagon chief and a leading advocate of the war in Iraq is an impediment to performing his job. He said it was not and he knows from history that wars are normally unpopular with many Americans." But he added, "What bothers me the most is how clever the enemy is." He then launched "an extensive broadside at Islamic extremist groups which he said are trying to undermine Western support for the war on terror. 'They are actively manipulating the media in this country' by, for example, falsely blaming U.S. troops for civilian deaths in Iraq and Afghanistan, he said."

The Los Angeles Times (8/29, Barnes, 918K) says Rumsfeld "said U.S. enemies were trying to weaken American will by manipulating the media and planning attacks for maximum publicity." He also "questioned why people were debating whether or not Iraq was part of the war on terrorism, citing brutal insurgent attacks and statements by terrorist leaders about the central role of Iraq to their cause." Rumsfeld said, "We should have no illusion…how Iraq fits into the war on terror. How can so many be debating this issue? It strikes me the answer is there for all to see." The AP (8/28) additionally reports Rumsfeld told sailors and civilians at Fallon NAS "that they've played a crucial role in the global war on terrorism."

Hayat Relatives Barred From Returning To US From Pakistan. As reported in yesterday's San Francisco Chronicle, the New York Times (8/29, Archibold, 1.21M) reports, "Federal authorities have prevented two relatives of a father and son convicted recently in a terrorism-related case from returning home to California from Pakistan unless they agree to be interviewed by the F.B.I. It is unclear whether the men, Muhammad Ismail, 45, and his son Jaber, 18, have a direct connection to the terrorism case or if they have been caught up in circumstance." The Ismails are represented by ACLU lawyer Julia Harumi Mass, who said, "If the government had evidence instead of innuendo, then they would be charged with a crime instead of being held hostage in a foreign land." The Times notes, "Hamid Hayat mentioned Jaber Ismail in a marathon F.B.I. interrogation before he was charged, according to transcripts. He said his cousin had attended a camp in the past couple of years, but he was not sure if it was the same one he had attended."

Relatives Of Father And Son Convicted Of Aiding Terrorists Barred From Entering The US. The New York Times (8/29, Archibold, 1.21M) reports, "Federal authorities have prevented two relatives of a father and son convicted recently in a terrorism-related case from returning home to California from Pakistan unless they agree to be interviewed by the F.B.I. It is unclear whether the men, Muhammad Ismail, 45, and his son Jaber, 18, have a direct connection to the terrorism case or if they have been caught up in circumstance." The Times notes, "Hamid Hayat mentioned Jaber Ismail in a marathon F.B.I. interrogation before he was charged, according to transcripts. He said his cousin had attended a camp in the past couple of years, but he was not sure if it was the same one he had attended."

Oldest Guantanamo Bay Detainee Sent Home. USA Today (8/29, 7A, 2.27M) reports the oldest detainee at Guantanamo Bay, 71-year-old Haji Nasrat Khan, has been sent home to Afghanistan, according to his attorney, Peter Ryan. Ryan said he "wasn't told whether Khan would be detained in Afghanistan. 'We couldn't figure out why he was there. He could barely walk, and he could barely hear,' he said."

Britain Seeks Extradition Of Terror Suspect. USA Today/AP (8/29, Jan) reports, "Britain has asked Pakistan to extradite a man who is alleged to have played a role in a plot by British Muslims to blow up a dozen US-bound jetliners, the Foreign Ministry said Monday." Pakistan arrested Rashid Rauf, "a Briton who also holds Pakistani citizenship, and accused him of taking part in terrorism plots being hatched in Pakistan." Rauf "was identified by Pakistan as a 'key person' in the airliner plot, Aslam said."

The Washington Post (8/29, A12, Sullivan, 748K) reports, "Home Office officials declined to say whether the extradition request was related to the bomb plot, which allegedly involved plans to sneak liquid explosives onto jetliners and detonate them on board." Rauf's younger brother, "Tayib, 22, of Birmingham, was among those arrested in England. But he was released without charge, according to British media reports"

AFP (8/29) reports "a British embassy spokesman late Monday confirmed that Britain had made extradition request" but said it was related to a "murder inquiry." Embassy spokesman Aiden Liddle told AFP, "We confirm that we put

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the request for extradition of Rashid Rauf. It was related to 2002 murder of his uncle. He is wanted in that case."

In a 2,884-word piece, the New York Times (8/29, Van Natta, Sciolino, Grey, 1.21M) details the British and international investigation of those planning the terrorist attacks on transatlantic aircraft. The "suspects had made considerable progress toward planning a terrorist attack. [Newly released] details include fresh evidence from Britain's most wide-ranging terror investigation: receipts for cash transfers from abroad, a handwritten diary that appears to sketch out elements of a plot, and, on martyrdom tapes, several suspects' statements of their motives." Despite the advanced planning, "the suspects were not prepared to strike immediately. Instead, the reactions of Britain and the United States in the wake of the arrests of 21 people on Aug. 10 were driven less by information about a specific, imminent attack than fear that other, unknown terrorists might strike."

Book Examines Kean's "Third Way" Approach To Politics, 9/11 Panel. In a Washington Times (8/29, 88K) column, Rowan Scarborough reviews Alvin S. Felzenberg's new biography, "Governor Tom Kean: From the New Jersey Statehouse to the 9-11 Commission," noting, "Kean followed the same executive model in running the politically split panel as he did as governor. It was known as the 'third way,' taking positions that appealed to a coalition of both parties, while still attending to the conservative base that anchors the Republican Party." Scarborough concludes that Felzenberg does a good job of capturing all of this. Mr. Kean turned out to be one of most important figures in the September 11 story. He oversaw the writing of what will be the most definitive narrative of the event for some time to come."

HOMELAND RESPONSE:

Chertoff Calls For More Data Sharing To Combat Terrorism. DHS Secretary Michael Chertoff writes in an op-ed in the Washington Post (8/29, A15, 748K) that "despite the strong links we've forged with our European partners to protect our nations, we still remain handcuffed in our ability to use all available resources to identify threats and stop terrorists." Though the US government has been collecting passenger name record (PNR) data since the 1990s, "in the past few years European privacy concerns have limited the ability of counterterrorism officials to gain broad access to data of this sort." Secretary Chertoff continues, "Protecting personal privacy is a part of responding to the post-Sept. 11 world, but it should not reflexively block us from developing new screening tools. Indeed, more data sharing leads to more precisely targeted screening, which actually improves privacy by reducing questioning and searches of innocent travelers."

US Airways Flight Diverted After Threatening Note Found. The AP (8/28) reported, "A commuter airplane flying from Philadelphia to Houston was diverted to a Tennessee airport Monday after a threatening note was found on board, authorities said. None of the 56 passengers aboard US Airways Flight 3441 was injured, and no bomb was immediately found, authorities said." TSA spokeswoman Amy von Walter "said a threatening note was found on board, and FBI, TSA, canine bomb-sniffing teams and local law enforcement were investigating. Details about the note's contents were not released. … Also Monday, a plane carrying more than 140 people from Dallas to Chicago was diverted to the airport in Shreveport, La., after crew members reported smoke in the cockpit."

Huge Attorney's Fee In 9/11 Award In Dispute. The New York Law Journal (8/29, Lin) reports, "Laura Balemian, whose husband Edward J. Mardovich died in the World Trade Center, received one of the largest awards paid out by the September 11th Victim Compensation Fund: $6.7 million. … But she in turn paid out what is almost certainly the highest legal fee. While the vast majority of victims were represented before the fund pro bono or for a nominal fee, Balemian paid her lawyer, Thomas J. Troiano, a one-third contingent fee, or over $2 million." The Journal continues, "The propriety of Troiano's fee is now before the courts. A guardian appointed by the Suffolk County Surrogate's Court in New York, where Mardovich's estate is in probate, last year challenged the fee as excessive and not in the best interests of Balemian's four children. Troiano responded earlier this year by suing Balemian in Manhattan federal court for declaratory judgment approving his fees. … The situation is an uncomfortable one for trial lawyers' groups, who normally support contingent fee arrangements but went to extraordinary lengths to avoid being seen as profiting from the terrorist attacks." The Journal adds, "Kenneth R. Feinberg, the special master who oversaw the fund's distribution of some $7 billion, submitted an April 21 affidavit in the federal case in which he called Troiano's fee 'shocking and unconscionable' in light of the fund's purpose and its guidelines recommending attorney fees be kept under 5 percent. … 'In my experience of presiding over the processing and award determinations of some 7,400 claims, of conducting hundreds of individual hearings within the Program, and of meeting with thousands of families and victims in large and small groups, I have never learned of a legal fee even approaching the fee sought in this case,' Feinberg wrote. … But Troiano, who declined to be interviewed for this article, said in court documents responding to Feinberg's affidavit that Balemian's large

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award, which was increased from an initial presumptive award of $1.1 million, justified the contingent fee."

Bush Hails "Sense Of Renewal" Along Gulf Coast, But Says Challenges Remain. The Katrina anniversary continues to generate extensive media coverage, with the network newscasts devoting no less than nine segments to it last night. The stories, both on TV and print, are generally critical of the rebuilding process, and tend to cast the Administration's reaction to the storm in negative terms. In that context, President Bush's trip to the Gulf Coast is seen as an attempt to reverse the political damage he suffered in the aftermath of Katrina. The AP (8/29, Riechmann), for example, reports Bush is "trying to erase the black mark left on his presidency by the administration's sluggish response to Katrina," while Fox News' Special Report (8/28, Hume) said Bush "has never stopped trying to recover from the political damage he suffered as a result of the physical damage Hurricane Katrina wreaked on the Gulf Coast." Along similar lines, CNN's The Situation Room (8/28, Bash) reported, "Ask Democrats to name the single biggest event that altered their political fortunes against the Bush White House this election year, and their answer Katrina." CNN's The Situation Room (8/28, Malveaux) later added, "Many officials believe that this really is a day of dread for the Bush Administration."

Moreover, several reports suggested the President's "optimism" about the course of the post-Katrina recovery may be ill founded. USA Today (8/29, Jackson, 2.27M) reports, "A year ago…Bush visited this area ravaged by Hurricane Katrina and saw piles of rubble strewn over beaches and neighborhoods. He met with people who lost everything. On a return visit Monday, he said 98% of the debris is gone, the beaches are pristine, and the Biloxi-Gulfport area is slowly rebuilding. He praised the region's rebirth and the resolve of its residents to restore their lives." Said Bush, "It's a sense of renewal here. It may be hard for those of you who have endured the last year to really have that sense of change, but for a fellow who was here and now a year later comes back, things are changing," even if "there's still challenges. There's still more to be done." On the CBS Evening News (8/28, story 8, 3:00, Axelrod, 7.66M), Bush was shown saying, "It's amazing, isn't it? Amazing what the world looked like then and what it looks like now." Bush, said CBS, "is hitting twin themes on this two-day tour: that recovery from the worst natural disaster in American history will need more than one year and that $110 billion of Federal help is on the way." The President's "optimism," added CBS, "is not shared in New Orleans, where a year later the population has been more than cut in half and a third of Katrina-related garbage still needs to be picked up."

The Chicago Tribune (8/29, Silva, 623K) notes Bush said yesterday, "Optimism is the only option," adding, "We'll stand by you as long as it takes to get the job done." However, "critics of the government's rebuilding program say it is not simply the time it has taken to clear the debris left by Katrina." They say "the Bush administration has shown no signs of readiness to fulfill the president's commitment to address racial inequities in the region that were exposed by the crisis and to help impoverished survivors build new businesses and become homeowners as well."

The New York Times (8/29, Kornblut, 1.21M) reports, "As the president spoke in Biloxi, he was flanked by Mississippi's two senators, Trent Lott and Thad Cochran and Gov. Haley Barbour, all three of them Republicans, and Don Powell, the Gulf Coast reconstruction coordinator. Watching from the sidelines was Mr. Bush's chief of staff, Joshua B. Bolten, whose presence was a reminder of the reshuffling at the White House after the former chief of staff, Andrew H. Card Jr., failed to manage the storm crisis."

Much of the on-the-ground reporting on the recovery process deals with New Orleans, where the President will be today. Much of it cast the situation in New Orleans in stark terms. Typical of the tenor of the coverage is USA Today (8/29, Konigsmark, 2.27M), which reports, "The Big Easy isn't easy anymore. One year after Hurricane Katrina, New Orleans is frustrating, tiring, expensive and frightening. Hearts are heavy from living amid so much destruction. Nerves are jangled" and "spirits are dampened every time another friend gives up and moves away."

ABC World News Tonight (8/28, story 7, 3:45, Gibson, 8.78M) said last night, "There were six hospitals in central New Orleans prior to the storm. Now there are three. Vitally needed doctors and nursed left and have not returned. Schools -- before Katrina, central New Orleans Public Schools had an enrollment of 60,000. Now the number is 22,000. … For the people of New Orleans, it's a Catch-22. Do you come back and rebuild if there are no schools, no stores, no health care? But how do you sport schools, stores and health care until people come back? The numbers tell you how slow things recover. But it is the people who show you the pain."

The CBS Evening News (8/28, story 9, Schieffer, 7.66M) reported on New Orleans' medical system, in which it interviewed paramedic Jed Tate, who said, "All the hospitals are overwhelmed and they just can't accept patients. They're booked solid." CBS (Cowan) added, "From dusk till dawn it's like playing a 24-hour shell game. Only two out of five hospital beds are available since the storm. Space for mental health patients is the toughest to find. Even gun shot victims are stacked up in hallways."

The Wall Street Journal (8/29, Cooper, 2.03M), in a story titled "In New Orleans, Recovery Is Sporadic," reports, "Though Louisiana officials say 90% of businesses in the

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region have reopened, the recovery is uneven. Most national retail outlets, groceries and fast-food restaurants remain closed while their parent companies assess the local market. Whole sections of the city, such as eastern New Orleans, are ghost towns." Powell and Bush "have touted the $110 billion that Congress appropriated to assist Gulf Coast rebuilding, but only a sliver of the money has reached the region."

ABC World News Tonight (8/28, story 8, 3:45, Gibson, 8.78M) also reported, "A year after Katrina, the critical question is: Can it happen again? Or have the levees been repaired? Billions of dollars have been spent to repair them, but no one is offering any guarantees. One of the most catastrophic failures happened at the 17th street canal. ABC's Steve Osunsami stands there today." ABC (Osunsami) added, "This is a very vulnerable spot for the city. Last year, it failed. Residents have been promised the levees are ready. There are few people who believe they have been adequately repaired." US Senator David Vitter "says another flood would kill the region's recovery." Vitter was shown saying, "The Corp, quite frankly, is a dysfunctional bureaucracy, and we need a major overhaul of the corps."

On NBC Nightly News (8/28, lead story, 3:20, Savidge, 9.87M), the President was shown saying, "I'm here to thank you all for showing the country how to respond to natural disasters." However, said NBC, "in some places, recovery still seems a long way off. One year after Hurricane Katrina, large areas of New Orleans are still uninhabited and uninhabitable. … One year after Katrina, perhaps the biggest repair job is handled by a human voice. Here in New Orleans again, the anniversary is also a deadline for people to clean up and get out their homes. It's a deadline a lot of folks are going to miss." Also noting the New Orleans population decline, ABC World News Tonight (8/28, story 9, 0:10, Gibson, 8.78M) reported, "We were looking for a way to graphically show you what has happened in New Orleans. We found it in the phone book. This is the phone look from a year ago. It took two books. This is the phone book in New Orleans right now. An inch less thick. They have lost 300 pages of personal listings and businesses. The businesses that are gone, well, they're mostly beauty shops or dog groomers, mom and pop operations. But the listing for contractors, roofers, well those listings have tripled. But much of New Orleans is gone and you can see it in the phone books."

The Washington Post (8/29, A4, Whoriskey, 748K) reports from Biloxi, "As people on the Gulf Coast mark the anniversary of Hurricane Katrina on Tuesday, there are public memorial ceremonies and stoic promises to rebuild." But "many here say any remembrances of that day -- many of which remain appallingly clear despite the passage of time -- still largely instill private flashes of nervousness, or guilt, or depression. For the tens of thousands of people who are still displaced by the storm, moreover, the possibilities of getting back home may now seem more remote than ever."

NBC Nightly News (8/28, story 2, 3:00, Williams, 9.87M) recapped "what went wrong" a year ago, saying, "As Katrina built up steam, the warnings were clear. One of the strongest hurricanes ever to hit the United States. One National Weather Service meteorologist even dispatched a prophetic Katrina bulletin, warning most of the area will be uninhabitable for weeks. Yet, despite that dire warning, to a lot of people it seemed as if few in government had been listening." FEMA "had only one official inside the New Orleans command post when the storm hit. FEMA Director Michael Brown seemed tragically out of touch. Where is the aid? It's the question people keep asking us on camera." Brown was shown saying "The Federal Government just learned about those people today." Governor Blanco "admitted that she waited too long to request Federal troops." In a follow-up story, NBC Nightly News (8/28, story 6, 3:40, Williams, 9.87M) interviewed Michael Eric Dyson, "a professor of African American studies at the University of Pennsylvania. He wrote the book on Katrina and race." Dyson was shown saying, "The people in New Orleans were left behind long before the vicious winds and violent water of hurricane Katrina came along to wash them away."

Brown Says White House Told Him To "Lie." MSNBC's Hardball (8/28, O'Donnell) interviewed former FEMA Administrator Michael Brown. Host Norah O'Donnell asked about an interview with Playboy Magazine, "in which you admitted that it was a mistake for you to play along with the White House message during Katrina and you said that that message was a lie. What was the lie?" Brown said, "The lie was that we were working as a team and that everything was working smoothly. And how we could go out, and I beat myself up almost daily for allowing this to have happened, to sit there and go on television and talk about how things are working well, when you know they are not behind the scenes, is just wrong." Asked if "someone in the White House was telling you to lie," Brown said, "Well, yes. They give you the talking points."

Democrats Blast Pace Of Recovery. The Los Angeles Times (8/29, Gerstenzang, 918K) says Bush's visit followed by several days a tour by top Democrats, including Senate Minority Leader Harry Reid of Nevada, who were sharply critical of the administration's follow-through on an aid program that appeared at its start to reflect a high degree of cooperation." The Center for American Progress, "a Washington think tank populated largely by Democrats, said that even more staggering than the destruction of the storm 'has been the slow pace of recovery.'" The Washington Times (8/29, Dinan, 88K) notes House Minority Leader Nancy Pelosi yesterday "called the federal government's response a 'tragedy.'"

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The Washington Post (8/29, A1, Abramowitz, 748K) reports that "in an interview, Sen. Mary Landrieu (D-La.) said the reconstruction of the Gulf Coast is going 'not very well,' and asserted that federal agencies such as the Federal Emergency Management Agency and the Small Business Administration are botching the delivery of federal funds to individuals and small enterprises."

Only 34% Approve Of Bush's Handling Of Katrina. CNN's The Situation Room (8/28, King) reported, "In a new CNN poll, just 34 percent of Americans approve of how Mr. Bush responded to Katrina, 64 percent disapprove. Even fellow Republicans say the President is still paying a price for the government's initial response a year ago." What "made Katrina's political punch even more powerful was that it came just as Americans were turning increasingly sour on the Iraq war." Andrew Kohut, Pew Center: "As people become demoralized and negative about a political leader, when something like Katrina comes along it reinforces and cements in, crystallizes a negative image."

Study Finds 15% Of Katrina Survivors Suffer From Mental Illness. USA Today (8/29, Sternberg, 2.27M) reports, "A year after Hurricane Katrina scoured the Gulf Coast, the storm still rages in the minds of survivors, who now suffer twice as much severe mental illness as existed in the region before landfall, researchers reported Monday. … The first major attempt to probe survivors' mental status found that about 15% of residents of the counties and parishes struck by the storm, or 200,000 people, have depression, anxiety, post-traumatic stress disorder and other forms of mental illness, twice as many as before. About 11% now have severe mental illness, compared with 6% before the hurricane. Nearly 20% said they had mild to moderate mental illness, compared with under 10% before."

The Wall Street Journal (8/29, McKay, 2.03M) says the study, "led by Harvard Medical School, also found that thoughts of suicide declined sharply among those with mental illnesses." Harvard "said its survey is the most comprehensive to date of the mental-health effects on residents of Louisiana, Mississippi and Alabama who lived in Katrina's path and whose lives as they knew them were uprooted, in some cases forever, when the hurricane struck a year ago today."

The Washington Post (8/29, A4, Brown, 748K), meanwhile, titles its story "Katrina Survivors Mostly Optimistic, New Study Finds," and says "most survivors, in fact, said they had found a new sense of purpose, strength and community through coping with the disaster. … Overall, the researchers found a 'pervasive optimism' among hurricane survivors on the question of whether they expected to be able to rebuild their lives."

New Orleans Birth Rate Sees Big Boost. USA Today (8/29, Szabo, 2.27M) reports, "New Orleans is booming again -- at least in its maternity wards." Though the city's population "has shrunk by half, health officials say, New Orleans' post-hurricane birth rate has taken off. The city's birth rate increased 39% from May 2005 to May 2006, nine months after Hurricane Katrina, says John Steckler, vice president of ShareCor, which coordinates data and services for the Louisiana Hospital Association and the Metropolitan Hospital Council of New Orleans." The birth rate "appears to have increased even more in June and July, although the final numbers for those months have not yet been tallied, Steckler says."

More Commentary. The Washington Post (8/29, A14, 748K) writes in an editorial, "Bush returned to the Gulf Coast yesterday and declared that a year's worth of rebuilding in the wake of Hurricane Katrina had created a 'sense of renewal.' Some renewal there definitely has been, but it has come slowly and clumsily. … The past year has generated three official reports on the disaster -- from the House, the Senate and the White House -- as well as numerous unofficial ones. Some of the ideas in these reports are digressions: With the Federal Emergency Management Agency having been disrupted by being folded into the Department of Homeland Security, it seems unwise to disrupt FEMA further by pulling it out of that department and restructuring it again. Equally, there's a debate as to whether the government's ham-fisted performance demonstrates that the response to future hurricanes should be left to private agencies."

The New York Times (8/29, 1.21M) editorializes, "Bush's Katrina czar, Donald Powell, needs to push utilities to the fore. The Federal Emergency Management Agency has money available to help repair the city's damaged physical networks, but the process of channeling complicated grant applications from the skeleton crew at City Hall through Baton Rouge and on to Washington helps explain why things have moved so slowly. Over all, just $44 billion of the highly touted $110 billion in federal aid to the Gulf Coast has actually been handed out, much of it in the immediate aftermath. Even well-staffed bureaucracies respond only when force is applied. Mr. Powell should remind everyone that this is not supposed to be an adversarial process or a test for local officials." The Times concludes, "It is time to heal and renew, not to hunt for scapegoats. This is about children growing up in travel trailers. It is about the elderly exiles fretting that they will live out their final years away from the only home, the only community they ever knew. They are the reason efforts cannot flag as time marches on."

The Wall Street Journal (8/29, 2.03M), in an editorial titled "The Tragedy Of New Orleans," writes, "Congress has approved $122.5 billion for the Gulf Region, a figure incomprehensible in size to anyone but, well, a politician. The real wonder is that anyone is surprised, much less feigning surprise, that things are going poorly. New Orleans' plight is not the result of federal underspending. Uncle Sam has spent some five times more on Katrina relief than any other

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natural disaster in the past 50 years." The Journal adds, "The post-Katrina spend-fest in Louisiana will be remembered as one of the greatest taxpayer wastes in US history."

Writer Jennifer Moses says in today's Washington Post (8/29, A15, 748K), "It is a source of unending perplexity in Louisiana that so far America has spent some $320 billion in Iraq for nation-building, whereas in New Orleans, homeowners have so far seen precisely zero."

DeWayne Wickham writes in USA Today (8/29, 2.27M), "Too often, this nation has a short attention span when it comes to tragedies like this one. But the mere passage of time shouldn't allow us to forget that this city's recovery is far from complete."

Eugene Robinson writes in the Washington Post (8/29, A15, 748K), "If you haven't been here, you can't really understand what happened to this city one year ago. Both words and pictures are inadequate; no elegy is poignant enough, no lens able to capture the full breadth and depth. Spike Lee's film ''When the Levees Broke' probably comes closest, but even after four hours you feel the movie has just sketched the outlines."

On CNN's The Situation Room (8/28, King), former Pentagon spokeswoman Torie Clarke defended the government's efforts, saying, "I wish people could focus on the tone and the tenor we saw today, which was extraordinary, positive, constructive. The President acknowledged big problems, big challenges lying ahead. The Federal Government is -- is putting massive amounts of money into it. And, most importantly, he focused on what I think is most important. It's going to be at the local level that that money is best used. So, he's talking about an incredibly important partnership with the state and locals."

Naomi Klein, author of an upcoming book on "disaster capitalism, writes in the Los Angeles Times (8/29, 918K) that with the announcement that the Red Cross is entering into a disaster response partnership with Wal-Mart, "it's time to take a look at where the privatization of disaster began, and where it will inevitably lead. The first step was the government's abdication of its core responsibility to protect the population from disasters. Under the Bush administration, whole sectors of the government, and particularly the Department of Homeland Security, have been turned into glorified temp agencies, with essential functions contracted out to private companies. The idea is that entrepreneurs, driven by the profit motive, are always more efficient than government." However, Klein says that the US government "is going broke, in no small part thanks to this kind of loony spending. … If current trends continue, here's a snapshot of what could be in store in the not too distant future: helicopter rides off of rooftops in flooded cities ($5,000 a pop reflects typical fees for such a service, $7,000 for families, pets included), bottled water and 'meals ready to eat' ($50 per person — steep, but that's supply and demand) and a cot in a shelter with a portable shower (show us your biometric ID, developed on a lucrative Homeland Security contract, and we'll track you down later with the bill)."

Florida, Federal Officials Prepare For Ernesto.

The AP (8/29, Jordan) reports, "Dozens of federal emergency responders headed to Florida on Monday as Tropical Storm Ernesto barreled over Cuba on a path too erratic for authorities to plan where to set up a strike-zone command center." Ernesto "was forecast, over the next two days, to return to hurricane strength and the government sought to assure the nation that storm preparations were under control -- in stark contrast to the sluggish federal response to Hurricane Katrina one year ago." Those assurances "came even as a Homeland Security Department report concluded that federal search-and-rescue teams that respond to major storms and other disasters lack sufficient staff, funding, and training." Federal Emergency Management Agency Director R. David Paulison "said he was rushing tens of thousands more pre-made meals and bottles of water to Miami and Jacksonville in advance of Ernesto's arrival. T hat was in addition to hundreds of federal truckloads of supplies, ice, tarps and plastic sheeting already in the state." But "Paulison said Florida officials haven't yet asked for federal help."

USA Today (8/29, Dorell, 2.27M) reports Florida Gov. Jeb Bush "warned residents to 'make sure you have the supplies for the 72 hours after the storm.'" His warning "came a day after he declared a state of emergency for the entire state." The CBS Evening News (8/28, story 5, 2:10, Bowers, 7.66M) reported Gov. Bush "is urging everyone here to plan ahead." Bush was shown saying, "A hurricane is a hurricane and it has devastation that we've already seen. All you have to do is rewind back to last year."

The New York Times (8/29, Goodnough, 1.21M) reports Gov. Bush "said there were enough supplies for everyone. Among them, Mr. Bush said, was a record 295 million gallons of fuel on hand at state ports. 'There's not going to be a shortage, so people don't have to overreact,' the governor said at a news conference in Tallahassee." Still," multitudes cleared stores of staple foods and parked in lines for gasoline that were hours long. More than a few honked impatiently or tried to cut in front of others."

The evening network news broadcasts continued to monitor Ernesto last night as the storm passed over Cuba. Offering the most ominous coverage of the three, ABC World News Tonight (8/28, story 2, 2:20, Gibson, 8.78M) reported that Ernesto "weakened over Cuba, but the danger is far from over." May Mayfield, the director of the National Hurricane Center, was shown saying that the warm water the storm will pass over before it is expected to hit Florida is "like moving it in a pool of high octane fuel."

The Washington Times (8/29, Hudson, 88K) reports, "Forecasters expect to upgrade the fifth named storm of the

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Atlantic hurricane season to a Category 1 today after it passes into warm waters off Cuba. A warm-core cyclone becomes a tropical storm and is assigned a name when maximum sustained surface winds reach 39 mph. A tropical storm becomes a hurricane when the central barometric pressure is 28.94 inches or more and sustained winds reach 74 mph. … If Ernesto continues on its current track, it will strike the Miami area as early as tonight and continue north to South Carolina on Thursday before heading inland through North Carolina, Virginia and Maryland." The Washington Post/AP (8/29, A4) says "there were no immediate reports of any damage or injuries in Cuba." Ernesto "made landfall Monday morning west of the US naval air base at Guantanamo Bay."

WAR NEWS:

Cheney Warns Against "Precipitous Withdrawal" From Iraq. In a brief item, the New York Times (8/29, Cloud, 1.21M) reports Vice President Cheney, addressing the annual Veterans of Foreign Wars Convention in Reno, "warned against a 'precipitous withdrawal' from Iraq and suggested that those who advocate reducing the American troop presence are guilty of 'self-defeating pessimism.'" While Cheney "avoided direct references to the Democrats and the midterm elections," his speech "was heavy with political overtones." Cheney said, "Some in our own country claim retreat from Iraq would satisfy the appetite of the terrorists and get them to leave us alone. But the exact opposite is true."

The Los Angeles Times (8/29, Barnes, 918K) reports Cheney also said "'sound policy decisions' by the Bush administration were the reason the United States had not been attacked by terrorists" since 2001. Cheney said, "No one can guarantee that we won't be struck again. But to have come this far without another attack is no accident." Cheney's "claim of credit for the absence of attacks, a frequent theme in his recent speeches, contrasts sharply with criticism by Democrats and others who charge the administration has left the U.S. more vulnerable to terrorism by focusing on the war in Iraq."

Shays Downplays Split With Bush On Troop Withdrawal. On MSNBC's Hardball (8/28, O'Donnell), Rep. Chris Shays explained his decision to call for a timetable for the withdrawal of US troops from Iraq. Shays said after his last visit to Iraq, he "learned what I suspected and that is that this new government really doesn't have the will to do all the successful things that happened last year and part of the year before." Shays explained he was not breaking with President Bush, adding, "The only difference -- and it's a big difference, but it's the one difference -- and that is, I think the way to get the Iraqis to wake up, to do the heavy lifting, is to let them know that we are not there indefinitely, that there's not an open checkbook, that we're not going take sustained losses indefinitely."

Dionne Senses GOP "Restiveness" On Iraq. In his Washington Post (8/29, A15, 748K) column, E.J. Dionne Jr. asks, "By Election Day, how many Republican candidates will have come out against the Iraq war or distanced themselves from the administration's policies?" Dionne says this month "will be remembered as a watershed in the politics of Iraq. It is the month in which a majority of Americans told pollsters that the struggle for Iraq was not connected to the larger war on terrorism." Dionne notes the recent statements of Shays and fellow GOP Reps. Mike Fitzpatrick and Gil Gutknecht, and concludes, "The Republicans' restiveness suggests that Bush may not be able to stick with his current Iraq policy through Election Day. Even if he does, he will come under heavy pressure from his own party after Nov. 7 to pursue a demonstrably more effective strategy -- or to begin pulling American forces out."

Sadr's Mahdi Army Blamed For Intensification Of Violence In Iraq. All three broadcast networks ran brief items on violence in Iraq, with ABC and CBS suggesting the situation is worsening. ABC World News Tonight (8/28, story 6, 0:15, Gibson, 8.78M) said, "There has been a surge of violence in Iraq after weeks of relative calm. At least 38 people, many of them Iraqi soldiers, have been killed in gun battles between Iraqi troops and Shiite militia men. And the US military announced nine American servicemen have been killed in the last 72 hours in and around Baghdad."

The CBS Evening News (8/28, story 6, 0:15, Schieffer, 7.66M) said, "Things have turned worse again in Iraq this weekend," putting the number of American troop deaths at 10. CBS said bombs killed "more than 20" Iraqis in Baghdad, "mostly policemen, this as 140 new Iraqi army officers graduated from a NATO academy in Baghdad." NBC Nightly News (8/28, story 8, 0:20, Williams, 9.87M) said "dozens are dead after hours of fighting south of Baghdad between the Iraqi army" and Moqtada al-Sadr's Mahdi Army.

Print reporting also says violence is increasing and highlights the Sadr militia's role. The New York Times (8/29, Cave, Wong, 1.21M) reports the fighting "erupted after a particularly violent weekend in Iraq for American soldiers and Iraqi civilians, in what had been a relatively quiet month." The Times says the outbreak could increase pressure on PM Nouri al-Maliki, "a conservative Shiite, to find a way -- political or military or both -- to rein in Mr. Sadr's powerful militia." But the AP (8/28, Abdul-Karaim), in a report carried by more than 100 newspapers and news websites, says the Iraqi government "has found it difficult to control al-Sadr, whose movement holds 30 of the 275 seats in parliament and five Cabinet posts, and his forces."

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USA Today/AP (8/29, 11A) reports Shiite militiamen "battled Iraqi forces for 12 hours" in Diwaniyah Monday, "leaving at least 40 people dead," while "at least 20 other people were killed in Baghdad, including 16 in a suicide bombing targeting the Interior Ministry complex." On its front page, the Washington Post (8/29, Raghavan, 748K) says the Diwaniyah battle "illustrates the growing strength and confidence of the Mahdi Army."

In one of the very few positive reports, the Christian Science Monitor (8/29, Regan, 58K) says that "despite car bombings that killed 80 people and the deaths of six more US troops over the weekend, a joint US-Iraqi military operation in Baghdad seems to be making a difference," citing the recent Los Angeles Times story on the decline in bodies reported at city morgues.

Iraqi Army Unit Refused To Be Moved To Baghdad. The New York Times (8/29, Gordon, 1.21M) reports Brig. Gen. Dana Pittard, "who oversees the American-led effort to train Iraq's security forces," said about 100 Iraqi soldiers based in Maysan Province recently refused to go to Baghdad to help restore order. Pittard told reporters, "The majority of this particular unit was Shia, and they felt -- the leadership of that unit and their soldiers -- like they were needed down there in Maysan." The AP (8/28, Baldor) reports Pittard said many soldiers "thought they would be operating only in their home region, and it will be up to the Iraqi Ministry of Defense and the military commanders to resolve those issues." A formal investigation has begun.

Iraqi Ground Forces Command To Activate Next Month. The Washington Times (8/29, Scarborough, 88K) reports US command spokesman Maj. Gen. William Caldwell said an Iraqi ground-forces command will activate early next month, "giving the U.S.-backed government direct control over army, police and border units throughout the country." Caldwell said the "Iraqi ground headquarters eventually will take control of all 10 Iraqi army divisions. The first, the 8th Division, will be moved from coalition to Iraqi control this week."

Small Force Strives To Subdue Ramadi. USA Today (8/29, 11A, Michaels, 2.27M) writes, "These days, the main focus of U.S. and Iraqi military efforts is in Baghdad." But while it is "getting less attention," a "much smaller force is working to subdue Ramadi," where Sunni insurgents "are entrenched." There are about 2,000 Iraqi troops "and several thousand U.S. soldiers in and around" the city of 300,000. By contrast, "about 12,000 U.S. and Iraqi troops were used to push insurgents out of Fallujah -- half the size of Ramadi."

Fatality Rate "Markedly Less" Than Past Conflicts. The Christian Science Monitor (8/29, Knickerbocker, 58K) reports that as the "controversial war in Iraq continues," Pentagon officials and "civilian experts are getting a clearer picture of American combat casualties." The fatality rate "is markedly less than in previous conflicts," but the "nature of combat in Iraq, plus advances in battlefield medicine, mean that the number of wounded remains relatively high." The ratio of combat-zone deaths to wounded "has dropped from 24 percent in Vietnam to 13 percent in Iraq and Afghanistan."

Taliban Claims Responsibility For Afghanistan Suicide Bombing. The New York Times (8/29, Wafa, 1.21M) reports a suicide bombing killed 17 civilians in Helmand Province "in one of the bloodiest attacks this year in Afghanistan." The Taliban claimed responsibility for the attack, which wounded 47 people including 15 children.

Pakistan Struggles To Identify Taliban Fighters. The Christian Science Monitor (8/29, Montero, 58K) reports on Pakistan's struggles to deal with the strong Taliban presence in Balochistan Province and its capital city, Quetta. UK and Afghan officials have said the city "is the base of operations for the Taliban. Insurgents, they say, cross into Afghanistan for deadly attacks, then recuperate and plan back in Pakistan -- where they are safe from allied troops and feel little pressure from Pakistani forces." Pakistani officials "admit the presence in their country of some Afghan Taliban," but they say cracking down is hard because "there is no simple way to identify who is and who isn't a Taliban fighter."

GAO Says Pentagon Has Done Little To Recover Pay Given To Deserters. The New York Times/AP (8/29, Press) reports the Government Accountability Office says the Pentagon "has done little to recover about $900,000 mistakenly paid to 75 Army reservists who have not reported for duty since late 2001. … Fewer than two dozen of the deserters have surrendered or been arrested." The GAO first reported the payment errors in 2004, and "contacted Pentagon officials again this year to determine whether the money had been repaid or the deserters found." Pentagon spokesman Brian Maka said officials "were still reviewing the report and its recommendations."

Pentagon Will Monitor Military Recruiters. An AP (8/28, Mendoza) story carried by about 40 newspapers and news websites reports the Pentagon says it will "closely monitor military recruiters and their commanders in light of two investigations -- one by the government, the other by The Associated Press -- that found increased levels of recruiter misconduct." The AP reported last week that "one out of 200 frontline military recruiters" was disciplined for sexual misconduct in 2005. That report followed a Government Accountability Office report that shows "overall wrongdoing by military recruiters increased from just over 400 cases in 2004 to 630 cases in 2005." USA Today (8/29, 7A, 2.27M) runs a similar brief item.

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CORPORATE SCANDALS:

Prudential To Settle Trading Charges With US For $600 Million. USA Today (8/29, Farrell) reports, "In one of the largest settlements to date of a case involving market-timing abuses that defrauded mutual funds and their investors, Prudential Securities agreed Monday to pay $600 million in penalties and fines to government regulators. … The settlement concludes a three-year investigation into allegations that Prudential allowed its brokers to engage in market timing, even when the mutual funds targeted by Prudential's brokers explicitly told the company that the practice was unacceptable." USA adds, "Of the $600 million, $270 million will go to the Securities and Exchange Commission, which will distribute the funds to investors hurt by Prudential's actions. An additional $325 million in criminal penalties will go to the Justice Department, and a $5 million civil penalty will be paid to the Massachusetts Securities Division."

The Wall Street Journal (8/29, Hughes) reports, "The Justice Department said Prudential Equity Group LLC admitted to criminal wrongdoing under a deferred-prosecution agreement that will last five years. Under the agreement, Prudential Equity will cooperate with federal prosecutors in their continuing investigation and will maintain policies to ensure it follows rules. … 'This is a great victory for the investing public,' said Paul McNulty, U.S. deputy attorney general. 'The deceptive trading practices at Prudential were compromising the integrity of many mutual funds.'"

The New York Times (8/29, Thomas) reports, "Such a concession by Prudential, part of a deferred prosecution agreement that will last five years, underscores the extent to which the improper trading practices were not only widespread at Prudential Securities, but also condoned by its top executives, despite repeated complaints from the mutual fund companies." The Times adds, "The infractions occurred at Prudential Securities, now called the Prudential Equity Group, then the brokerage division of Prudential. In July 2003, Prudential Financial transferred the assets in the unit to a newly formed joint venture owned by itself and Wachovia, currently called Wachovia Securities. … Since the investigation into market timing became public in the fall of 2003, regulators have imposed more than $4 billion in fines and penalties, including $675 million paid by Bank of America in March 2004 and $600 million by AllianceBernstein in 2003. Bear Stearns paid $250 million earlier this year to the Securities and Exchange Commission to settle charges that it facilitated improper fund trades for its clients. The firms did not admit or deny any wrongdoing."

The Washington Post (8/29, D1, Masters, Johnson) reports, "The settlement is one of the last and biggest to stem from the 2003 mutual fund scandal uncovered by New York Attorney General Eliot L. Spitzer and the first to include federal criminal charges." The Post adds, "Spitzer's revelations that mutual fund firms had cut secret deals with big investors known as hedge funds shook the $9.3 trillion industry and sparked a host of investigations. Over the past three years, the Securities and Exchange Commission has brought more than 90 civil cases involving market timing and late-trading abuses and has collected more than $3 billion that will be returned to investors, SEC enforcement director Linda Chatman Thomsen said at a news conference announcing the Prudential settlement." The Post notes, "The payment is the largest by a single company to resolve market-timing charges, Deputy U.S. Attorney General Paul J. McNulty said. In 2004, Bank of America Corp. agreed to pay $675 million, including fee cuts, to settle allegations of improper market timing and illegal after-hours trades, but that settlement also covered allegations against FleetBoston Financial Corp., with which it had just merged. … McNulty said the Prudential scheme was particularly egregious because mutual fund investments, the main way Americans save for retirement and education, 'have become a necessity' and 'represent a large portion of the life savings of the average American.'"

The AP (8/29, Sniffen) reports, "Prudential's brokerage subsidiary, Prudential Equity Group., LLC, admitted to criminal wrongdoing from 1999 until September 2003 and agreed to pay the $600 million. The department agreed to withhold filing a charge of securities fraud if PEG and its parent, Prudential Financial, Inc., honor a pair of agreements for five years. … At least two dozen brokers at PEG or its predecessor, Prudential Securities, Inc., generated $57 million worth of commissions and more than $100 million in illicit profits for their clients just during 2001-2003, the government said. … It said thousands of computerized late market trades were generated on behalf of 15 Prudential clients, almost all of them hedge funds. These small, highly speculative funds typically require their wealthy clients to invest a minimum of $250,000 to more than $1 million."

The Boston Globe (8/29, Reidy) reports, "The biggest market timing settlements have been Bank of America Corp.'s $675 million accord in 2004 and a $600 million agreement by AllianceBernstein LP in 2003. Both companies settled with the SEC and Spitzer. Bank of America's settlement included payments by FleetBoston Financial Corp., which it bought in April 2004. … 'We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems,' Prudential chairman and chief executive Arthur F. Ryan said in a statement. 'We have strengthened our compliance programs. Prudential cooperated with the authorities throughout the process. This settlement represents our desire to do the right thing.'"

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Bloomberg (8/29, Hamilton, Schmidt) reports, "U.S. regulators investigating market timing have reached civil settlements with more than two dozen mutual fund and brokerage companies, and over 30 former executives. Total penalties now exceed $5 billion. In addition to the four former Prudential brokers sued today, five others were sued in 2003." Bloomberg notes, "Prudential had a previous brush with criminal charges. In 1994, federal prosecutors accused the company of fraud in connection with the sale of investments in oil and gas partnerships. Under a deferred prosecution agreement, the Justice Department agreed to hold off on pressing charges on the condition that the company acknowledge wrongdoing, pay restitution and improve its regulatory compliance." The Financial Times (8/29, Kirchgaessner, Knight), AFP (8/29), and Market Watch (8/29, Barr, Schroeder) also report on the settlement.

Sun Trust Says SEC Has Ended Probe. The New York Times/Bloomberg News (8/29) reports, "SunTrust Banks said yesterday that the Securities and Exchange Commission had completed an investigation into the company's 2004 financial statements and recommended no enforcement action." Bloomberg continues, "SunTrust, based in Atlanta, said in January 2005 that the S.E.C. had issued subpoenas seeking documents related to accounting on its loan loss reserves. The investigation looked at the bank's restatement of its 2004 first- and second-quarter net income." Bloomberg adds, "SunTrust fired its chief credit officer and two other finance employees in November 2004 after an internal investigation found accounting mistakes that inflated how much the company had set aside for bad loans in the first half."

Judge Dismisses Grasso Suit Against McCall. The New York Times (8/29, Anderson) reports, "A New York State judge has dismissed a lawsuit brought by the former chairman and chief executive of the New York Stock Exchange, Richard A. Grasso, against H. Carl McCall, a former Big Board director who once ran New York State's finances." The Times continues, "The lawsuit was part of the larger legal battle between the New York attorney general, Eliot Spitzer, and Mr. Grasso. Mr. Spitzer has accused the former exchange chief of receiving excessive and unreasonable compensation during his time running what was then a nonprofit exchange." The Times adds, "In his lawsuit, Mr. Grasso asserted that Mr. McCall, who was chairman of the compensation committee that approved a $190 million pay and retirement package, should be held responsible for some part of the compensation if the court deemed it unreasonable. … But Justice Charles E. Ramos of State Supreme Court in Manhattan dismissed Mr. Grasso's suit, stating that he had failed 'to establish any special duty owed him by Mr. McCall, or any specific misrepresentations made by McCall.' .. . In his 11-page decision, Justice Ramos wrote that Mr. McCall's only duty was to the board, not Mr. Grasso."

CRIMINAL LAW:

Armitage Role In Plame Leak Raises Questions About Fitzgerald Probe. The Washington Post (8/29, A6, Smith, 748K) reports a "former Armitage colleague" at the State Department said "the leak of information about an undercover CIA employee that provoked a special prosecutor's investigation of senior White House officials came from then-Deputy Secretary of State Richard L. Armitage." Armitage's "role in the case -- which he confirmed to the FBI in 2003 and later described to Fitzgerald and to the grand jury, his colleague said yesterday -- raises questions about when the White House became aware of the origins of Novak's story. President Bush said as late as 2005 that he was eager to learn all the facts behind the leak." The "case's origin in a conversation between Novak and Armitage is one of Washington's worst-kept secrets. Neither Novak nor Armitage has confirmed it, however, leaving a measure of uncertainty until now." Armitage's "involvement in the matter does not fit neatly into the assertions of Bush administration critics that Plame's employment was disclosed as part of a White House conspiracy to besmirch Wilson by suggesting his Niger trip stemmed from nepotism at the CIA."

Fox News' Special Report (8/28, Hume) reported, "It appears tonight that the identity of the person who leaked the name of CIA employee Valerie Plame to the news media three years ago was known to investigators even before special counsel Patrick Fitzgerald began his inquiry." The new information "would appear to flatly contradict conspiracy theories that pointed to the White House as the main source of the leak." Fox (Angle) added Karl Rove and Scooter Libby "who only confirmed what Armitage had originally told reporters are accused of maliciously attacking Wilson." Former Justice Department official Victoria Toensing: "What could be the crime to say, why did this person who knew nothing about nuclear weapons get sent on this mission by the CIA?" Fox added, "There are two odd things about the events as they are now known. One why Scooter Libby was indicted but Richard Armitage, the original source, was not." Toensing: "It is a puzzlement why the prosecutor decided that Scooter Libby and Dick Armitage were to be treated differently under the law."

On MSNBC's Hardball (8/28, O'Donnell), Newsweek reporter Michael Isikoff discussed his new book, "Hubris: The Inside Story of Spin, Scandal and the Selling of the Iraq War," which was co-written with David Corn of the Nation. In the book, Isikoff and Corn say that former State Department official Richard Armitage was columnist Robert Novak's

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primary source. Asked why Armitage was not charged by the special counsel investigating the leak of Valerie Plame's identity, Isikoff said, "Good question. … He was aggressively investigated by Patrick Fitzgerald, the special counsel, not once but twice. First after even making the initial acknowledgement that he had talked to Novak, he testified before the grand jury, his story was checked and rechecked. … But at the end of the day, to be charged on the Identities Protection Act you have to know that the CIA officer you are outing is, has a covert status. There was nothing in that classified State Department memo that identified Valerie Plame, or Joe Wilson's wife, as a covert agent." Asked if the "fact that Armitage was the primary source absolve either Karl Rove or Scooter Libby," Isikoff said, "No, as I said before they had their own reasons for dishing about this and they did separate and apart from Armitage. That's why they came under such scrutiny by Fitzgerald."

More Commentary. On MSNBC's Hardball (8/28, O'Donnell), Tony Blankley of the Washington Times said, "The two interesting things about this, one, why didn't Colin Powell, if he didn't call the President and say hey my number two is the guy? The President was out there on a regular basis saying I didn't know who did it, we're going to try to get to the bottom of it, and the Secretary of State knew because Armitage, according to this book, which I'm sure is accurate, told him. So, I mean, that's sort of an amazing fact, if in fact that did happen." Blankley added, "The other piece of it is, is this really does take a large part out of one of the central fantasy narratives of the anti-Bush people that it was the White House that led this charge against Wilson."

On Fox News' Special Report's roundtable (8/28, Hume), Morton Kondracke of Roll Call said, "If this is all right, then this whole conspiracy theory of Karl Rove and Dick Cheney masterminding this entire plot to out Valerie Plame and reveal -- and violate the intelligence agent's identity's act and all this stuff…it's empty. There is a hole here, there's nothing there, but countless people have been put through hell over this -- as a result of this."

On Fox News' Special Report's roundtable (8/28, Hume), Fred Barnes of the Weekly Standard said, "The Bush White House, Karl Rove, Scooter Libby and others were hung out to dry and the charge grew and was widely proclaimed in the press and among Democrats and among critics of the White House, that the White House had smeared an innocent man, Joe Wilson, who merely told the truth. And it turns out that was wrong from the beginning."

Colorado Will Not Charge Karr With Ramsey Murder After DNA Test. The Los Angeles Times (8/29, Simon, Muskal) reports, "The murder case against John Mark Karr collapsed this afternoon when he was exonerated by a DNA test, but the man who was once the leading suspect in the JonBenet Ramsey tragedy will be returned to California to face child pornography charges, officials said." The Times continues, "In a fast-moving series of events throughout the afternoon, Boulder Dist. Atty. Mary T. Lacy, who had sought Karr's departure from Thailand and extradition from California, dropped all charges against the former teacher. … At a news conference in Thailand about 10 days ago, Karr, 41, told an international audience that he was present when Ramsay, a 6-year-old beauty pageant queen, was killed a decade ago. … 'Because no evidence has developed, other than his own repeated admissions, to place Mr. Karr at the scene of the crime and, in particular, because his DNA does not match that found in the victim's blood in her underwear, the People would not be able to establish that Mr. Karr committed this crime despite his repeated insistence that he did,' according to the motion to quash the arrest warrant. … Shortly after that decision, Boulder County Sheriff Joe Pelle said that Karr had been released from Colorado custody but was being held in the county jail for California authorities."

The Washington Post (8/29, A1, Goldstein, Reid) reports, "Less than two hours before a court hearing here in which the 41-year-old teacher was to have been charged with murder, the Boulder County district attorney announced that investigators had not gathered enough evidence against him. In court documents and a public statement, District Attorney Mary Lacy said that Karr's DNA did not match samples from the crime scene and that family members had provided 'circumstantial evidence' that he was with them in Atlanta during Christmas in 1996, when the 6-year-old girl was killed. … At mid-afternoon, a sheriff's deputy went to Karr's cell in the Boulder jail and told him he was being released. The deputy began driving Karr to an undisclosed location in town, but turned around and brought him back to jail: Boulder Sheriff Joe Pelle said he had just received a teletype from law enforcement officials in Sonoma County, Calif., saying they wanted Karr transferred there. Karr faces an outstanding arrest warrant in Petaluma, Calif., on unrelated misdemeanor charges from 2001 of having child pornography on his computer." The Post notes, "Legal experts who have followed the Ramsey case over the years disagreed over whether the prosecutor had botched the investigation by arresting Karr. But both critics and defenders of the district attorney said the dramatic and confusing events of recent days may make it more difficult for prosecutors to win a conviction if a more compelling suspect is found."

The New York Times (8/29, Johnson) reports, "The announcement…incited a storm of questions about why Mr. Karr, 41, had been believed in his admissions and how he could have led prosecutors into what became an elaborate global farce. Hordes of reporters had tracked Mr. Karr's journey, from his apprehension in Thailand nearly two weeks ago to his return to the United States." The Times adds, "In a motion asking a judge to dismiss the arrest warrant, Ms. Lacy

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wrote that Mr. Karr's obsession with the case and its details, combined with his own statement of guilt, had compelled her to act first and test later. But in the end, she said, his words were all there was. … The resulting anger, in a case that has produced numerous investigative blunders over the years, was immediate. … 'They took this man and dragged him here from Bangkok, Thailand, with no forensic evidence confirming the allegations against him and no independent factors leading to a presumption that he did anything wrong,' Mr. Karr's lawyer, Seth Temin, said outside the Boulder County Jail, where Mr. Karr was still being held Monday afternoon. 'We're deeply distressed.'"

The CBS Evening News (8/28, lead story, 2:25, Schieffer) reported that Karr "might have been confessing to an obsession rather than the killing. The obsession with JonBenet Ramsey's life and the six-year-old's death was detailed in four years of e-mails to journalism professor Michael Tracey. But no one could place Karr in Boulder, California, during Christmas of 1996 when Ramsey was murdered and now that it's clear there is no DNA match to evidence at the crime scene, district attorney Mary Lacy will have to explain why she started down this road 12 days ago."

ABC World News Tonight (8/28, lead story, 2:45, Gibson) reported, "The DA's office felt they had to act quickly against John Mark Karr because they felt he was a risk to other children. They had to arrest him before he could be fully investigated." ABC adds, "His lawyers maintained the case wouldn't be based on words but on DNA results. In the end, DNA proved without a doubt he was not involved in the Ramsey murder."

The AP (8/29, Sarche) reports, "Earlier in the day, Denver's KUSA, citing two sources close to the investigation, said that hair and saliva taken from Karr in Boulder after his arrival last week were tested over the weekend at the Denver police crime lab and that he was ruled out as the source of the DNA taken from the crime scene. … The schoolteacher's arrest in Thailand a week and a half ago was seen a surprise break in the decade-old murder mystery that had cast suspicion over JonBenet's parents. But inconsistencies in Karr's account immediately raised suspicions that he might be an obsessed follower of the case who confessed to a crime he didn't commit."

The Washington Times (8/29, Richardson) reports, "Authorities collected a DNA sample from Karr when he arrived in Colorado on Thursday and had it tested over the weekend. Samples of an unknown man's DNA were found under JonBenet's fingernails and in her underpants. … 'This information is critical because ... if Mr. Karr's account of his sexual involvement with the victim were accurate, it would have been highly likely that his saliva would have been mixed with the blood in the underwear,' (Lacy) said."

USA Today (8/29, Kenworthy) reports, "The prosecutor, in court documents, depicted Karr as holding deep fascination 'with not only JonBenét Ramsey but with the sexuality of young girls in general,' and said that he claimed to have had sexual involvement with 'a number of young girls.'" USA adds, "The unsolved, decade-old case drew nationwide attention from the beginning, in part because of images of the photogenic child competing in youth beauty pageants wearing glittering costumes and makeup. … The district attorney detailed e-mails and later telephone calls between Karr and a University of Colorado professor dating to 2002. Though the communications were anonymous, investigators eventually traced them to Karr and located him in Thailand, court documents said. … Karr 'admitted personal responsibility for the death' of JonBenét in e-mails earlier this year and described sexual activity with her, the prosecutor said in her motion."

Prosecutor Under Fire After Case Collapses. USA Today (8/29, Kenworthy) reports, "Almost 10 years after the body of 6-year-old beauty pageant star JonBenét Ramsey was found in the basement of her home, the unsolved case seems cursed. … The decision by Boulder County District Attorney Mary Lacy to jettison her investigation of suspect John Mark Karr is another setback in a case that has repeatedly frustrated authorities." USA adds, "Critics in the legal community seized on the situation to lambaste Boulder law enforcement authorities for bungling a case they say has been rife with missteps throughout its history. 'Prosecutorial ineptitude,' Craig Silverman, a former Denver prosecutor, said of Lacy's handling of the case. 'With the possible exception of the O.J. Simpson case, I've never seen a prosecutor's office so badly bungle a big case.'"

The CBS Evening News (8/28, story 2, 1:00, Schieffer) reported, "Our legal analyst Andrew Cohen is here with us in New York tonight. I mean, I guess weirdness begets weirdness. But what a strange turn of events. I mean, did they have no evidence against this man when they arrested him? CBS (Cohen) added, "I think what happened is they figured they needed to do the DNA testing and if they asked him politely to do the kind of testing they wanted he was going to bail. He was in the meantime sending these e-mails that were getting more and more alarming to a CU professor, we saw picture of him there. Officials figured they'd better swoop in, get him back and do the information. The problem with doing that is you don't have a strong physical case and it's a red hot media blitz and everybody creates these large expectations for what this guy is or isn't. It's a huge embarrassment for Boulder."

NBC Nightly News (8/28, story 3, 1:30, Williams) reported, "Prosecutors were worried right from the beginning that there wouldn't be enough evidence if any to make a case against Karr. A defense source (said) get ready for the DNA against the client. Then said this afternoon, that's it. This case is over."

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Three Plead Guilty In Detroit To Child Prostitution Charges. The AP (8/29) reports, "A man and two women from Toledo, Ohio, pleaded guilty Monday (in Detroit) to charges stemming from a nationwide prostitution operation that authorities say forced children as young as 12 to have sex at truck stops, hotels and brothels." The AP continues, "Deric Willoughby, 41, Brandy Shope, 19, and Jennifer Huskey, 25, pleaded guilty in U.S. District Court in Detroit to conspiracy and interstate transportation of minors for prostitution, U.S. Attorney Stephen J. Murphy said. … Willoughby and Shope each face up to seven years and three months in prison, Huskey faces up to five years and 11 months and all three could be fined up to $250,000 at sentencing hearings set for Dec. 6." The AP adds, "A grand jury in Detroit charged them in December 2005 with forcing two girls, 14 and 15, into prostitution in May of that year. The girls had been held as virtual prisoners in Toledo, where they were told to address Willoughby as 'Daddy' and were taken to hotel rooms for prostitution, according to the indictment. Their payments were turned over to Willoughby, the indictment said. … Willoughby admitted in court Monday that he gave the girls false identities, including false birth dates, which they were told to use if detained by authorities. … Another defendant, Richard Lamar Gordon, was identified in the indictment as a truck driver who took the girls from a parking lot at a Sears store in the Toledo area to a truck stop in Dexter, Mich., and had sex with the 14-year-old. Gordon has not been arrested."

Indicted Tennessee State Senator Resigning Over Health Concerns. In a widely-distributed story, the AP (8/29) reports, "State Sen. Kathryn Bowers, awaiting trial on federal corruption charges, announced Monday she is resigning from the Legislature because of poor health." The AP notes, "Bowers is one of 11 people, including five current or former state lawmakers, charged in the FBI's bribery investigation code named Tennessee Waltz. 'My doctor offered me a choice: To try to continue on in the state Senate or take a chance on not being here for my children and my grandchildren,' Bowers said. Bowers said her resignation would take effect Friday." The Memphis Commercial Appeal (8/29, Buser, Locker, 172K) adds that Bowers "insisted her decision had nothing to do with her bribery indictment in the Tennessee Waltz sting or her retirement benefits. … 'This has nothing to do with the criminal case. It has to do with my health. With all that's going on with the campaign and of course with my legal situation, I just need to get me some rest so I can figure out what I need to do next.'" The Chattanoogan (8/29) and Nashville City Paper (8/29, Allen) also report on Bowers' resignation.

Judge Admits FBI Tapes, But Not Transcripts, As Evidence In NM Treasurer Retrial. The AP (8/29) reports, "A federal judge said lawyers for both sides can present transcripts of FBI tape recordings and videotapes to jurors during Robert Vigil's retrial, but the documents won't be admitted as evidence. The decision Monday by U.S. District Judge James Browning mirrors a ruling by U.S. District Judge James Parker, who oversaw the former state treasurer's first trial earlier this year. However, Browning went a step further by requiring defense attorneys and prosecutors to exchange competing versions of the transcripts before the retrial, scheduled to begin Sept. 5, to avoid complications that arose earlier." The AP adds, "However, as Parker had determined in the first trial, Browning said transcripts won't be available during deliberations," and "jurors will be advised to study the tone of voices and listen to inflections when considering the evidence."

Prosecution May Not Call Sliwa In Third Gotti Trial. The AP (8/29, Neumeister) reports, "Curtis Sliwa, the star witness in the first two racketeering trials of John 'Junior' Gotti, may not testify in the third about his brush with death in what prosecutors say was a Gotti-ordered attack 16 years ago. Assistant U.S. Attorney Victor Hou told Judge Shira Scheindlin that three witnesses remain and the name of the radio host and Guardian Angels founder was not among them." The AP notes, "A decision not to call Sliwa would be consistent with efforts by the government to recast their case against Gotti." When "the first two trials…ended in hung juries, prosecutors changed strategy, seeking to prove that Gotti has continued to benefit from mob financing even after he claims to have quit the Gambino family in the late 1990s." The New York Daily News (8/29, Zambito, 729K) notes, "Sliwa's testimony has formed the dramatic centerpiece of the mob scion's two trials over the past year, but both cases have ended in hung juries," and he "has been forced to admit under cross-examination a history of publicity stunts he pulled in the early days of the Guardian Angels."

Prosecutors Seek Additional Testimony From Mob Turncoat. The New York Post (8/29, Cornell, 608K) reports Gotti "once told a mob turncoat he'd jump at a chance to 'beat or even kill' his uncles as revenge for demoting him in the crime family and stripping him of lucrative extortion money, the feds charged yesterday. Prosecutors revealed Gotti was also caught on a prison tape ranting about uncles Peter and Richard Gotti, saying, 'I made a pact one night to myself in my bed on my father and brother's grave -- I will beat them down like a two-dollar French hooker.' The feds described Gotti's rage in a letter to Manhattan federal Judge Shira Scheindlin as they argued to be allowed to elicit additional testimony from mob canary Joseph D'Angelo."

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Evidence Collection Completed At House Where DC Lawyer Murdered. WUSA-TV Washington, DC (8/28) reported, "There's been a landmark development in the murder case involving the stabbing death of Washington attorney Robert Wone. After more than three weeks of collecting evidence, police have returned the Swann Street rowhouse where Wone was murdered to its occupants." WUSA added that "the first batches of results from the FBI laboratory are expected this week. And last Friday, the District's homicide commander told reporters those finding could move the case along quickly and significantly."

Penalty Phase Begins At Aryan Brotherhood Trial. In a widely-distributed story, the AP (8/29, Flaccus) reports, "Prosecutors seeking the death penalty against two convicted Aryan Brotherhood gang members told jurors Monday the men were remorseless killers who weren't deterred from committing some of their worst crimes in prison. Assistant U.S. Attorney Joey Blanch reminded jurors in the first day of the trial's death penalty phase that they had already convicted Barry 'The Baron' Mills and Tyler 'The Hulk' Bingham of murder, conspiracy and racketeering," adding, "At some point, somebody has to stand up and say, 'That's enough.' For Barry Mills and Tyler Bingham, today's the day," Blanch said. However, Mills lawyer Dean Steward "said that the defense team would show the defendants were goodhearted people who acted as they did to survive in a violent prison system."

Former Congressional Press Secretary Sentenced To Prison For Bank Robbery. In a widely-distributed story, the AP (8/29) reports Thomas C. Springer, who had served as press secretary for three different members of Congress, "was sentenced Monday to more than 12 1/2 years in prison" after having "pleaded guilty to four counts of bank robbery in May." In Greenbelt, Maryland, "U.S. District Judge Deborah Chasanow also ordered him to repay the $20,869 he stole during seven bank robberies between November 2004 and November 2005." The AP notes, "In his confession, Stringer explained that he needed the money for golf and to cover his rent, according to the FBI."

FBI Investigating Fraud Allegations Against Painter Thomas Kinkade. The Los Angeles Times (8/29, Christensen, 918K) reports, "The FBI is investigating allegations that self-styled 'Painter of Light' Thomas Kinkade and some of his top executives fraudulently induced investors to open galleries and then ruined them financially, former dealers contacted by federal agents said. Investigators are focusing on issues raised in civil litigation by at least six former Thomas Kinkade Signature Gallery owners, people who have been contacted by the FBI said. … 'They really knew how to bait the hook,' said one former dealer who spoke on condition of anonymity because of the sensitive nature of the case. 'They certainly used the Christian hook.'" The Times notes, "Kinkade Co. spokesman Jim Bryant said Monday that the…company was unaware of a criminal investigation and had not been contacted by the FBI or federal prosecutors. … FBI Special Agent Brian Wickham declined to comment Monday," but "others familiar with the matter…said the FBI's San Jose office, where Wickham is based, was coordinating an investigation in which agents from offices across the country were conducting interviews."

Unemployed DC Man Admits To $76,000 In Katrina Relief Fraud. In a widely-distributed story, the AP (8/29) reports, "An unemployed man admitted Monday that he submitted more than 50 false applications for government aid following Hurricane Katrina and collected more than $76,000 in disaster relief checks." Jeffrey Rothschild of Washington, DC, "pleaded guilty in federal court to mail fraud, bank fraud and money laundering. He said he found people's names and birth dates on Internet sites, then selected home address in the hurricane zone or just made them up and applied for aid." The AP adds, "He also admitted applying under two different names for disaster aid for hurricane damage to his wife's home, even though he didn't live there."

Report Finds Most Cybercrime Prosecutions Focus On Internal Attackes. Federal Computer Week (8/29, Chan) reports, "A new report finds that most of the Justice Department's cybercrime-related prosecutions have centered less on external attacks, such as worms and viruses, and more on internal threats and authentication problems." FCW continues, "The report, 'Network Attacks: Analysis of Department of Justice Prosecutions 1999-2006,' tracks cybercrime prosecutions from 1999 to 2006. It states that on average, a cybercrime attack caused $3 million in damages. Most attacks occurred on home or laptop computers that organizations did not sanction. … The report was authored by information technology security analyst firm Trusted Strategies and commissioned by systems software developer Phoenix Technologies. … 'Most of the attacks where big damage is done all come from users that obtain a valid user ID and password,' said Bill Bosen, founding partner of Trusted Strategies. Such intrusions could occur intentionally when users — such as disgruntled employees — take advantage of their privileges for abuse or unintentionally via user error, such as poorly storing information or accidentally exposing it." FCW adds, "Keren Cummins, public-sector vice president at Phoenix, said secure

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authentication could be a possible solution for as much as 85 percent of reported crimes. … 'A very significant number of these crimes would have been prevented if device identity and user identity verification was present,' she said. … Although Cummins said she does not believe that the report indicates a trend in how criminals commit cybercrimes or how DOJ handles them, it does offer a good indicator of the scope of the threats that you would find by flipping through CNN."

South Dakota Plans First Execution In 59 Years. The New York Times (8/29, Davey, 1.21M) reports for "the first time in 59 years, the State of South Dakota plans to execute a man this evening, authorities from the state's department of corrections have announced." Barring a "last minute granting of clemency, Elijah Page, 24, who pleaded guilty to the torture killing of a 19-year-old man whose house he was burglarizing in 2000, is scheduled to die by lethal injection at 10 p.m. Tuesday, the department of corrections announced on Sunday."

Forgery Highlights Fascination With Canadian Pianist Gould. The Wall Street Journal (8/29, Cherney) reports, "Late last year, collectibles dealer Roger Gross offered for sale on his Web site a sheet of paper doodled on and signed by the celebrated pianist Glenn Gould. The price: $8,000. … That posting led to the discovery of a forged copy of the document in Canada's national archives, a police investigation and the arrest of a Texas woman on charges of theft and possession of stolen property." The Journal continues, "The case offers an unusual window into the cult-like world of hardcore fans of Mr. Gould. He rose to international fame at the age of 23 with his 1955 recording of Bach's Goldberg Variations and was widely hailed by critics for his brilliant technique and novel interpretations. He also made a name for himself as a notorious eccentric who insisted on humming as he played, wore a hat, overcoat and scarf even in summer and refused to shake hands for fear of injury. … Reclusive and plagued by physical ailments, real and imagined, the Toronto-born virtuoso added to his own mystique by quitting the concert stage at the peak of his career in 1964. … Fascination with Mr. Gould has only increased since his sudden death from a stroke at age 50 in 1982. Many fans say they feel drawn to his persona as well as his music." The Journal notes, "Gouldiana has become more expensive than memorabilia of any other 20th-century pianist, dealers say. A signed Gould photo in good condition can fetch up to $5,000, compared with about $700 for one featuring the pianist Arthur Rubinstein. … Most of Mr. Gould's personal papers and belongings ended up in the government archives. Mr. Gould left his estate to two charities, the Salvation Army and the Toronto Humane Society, says executor Stephen Posen. Shortly after the pianist's death, the estate sold the belongings and documents to the Canadian government: 140 notebooks, annotated scores, photographs, copies of personal letters, drafts of compositions and scripts for his radio documentaries that filled a whole room in his Toronto apartment."

CIVIL LAW:

Cardinal Health Stops Sales Of Pump FDA Claims Is Defective. The Columbus Dispatch (8/29, Wolf) reports, "Cardinal Health Inc. officials don't know how long it will take to repair a popular medical device that federal authorities say is defective. … The company, based in Dublin (OH), said yesterday that it has suspended making, selling and repairing Alaris SE infusion pumps after 1,300 of them were seized by U.S. marshals." The Dispatch continues, "The value of the seized devices was $1.8 million. The pumps are used to deliver medications and fluids intravenously. … The Food and Drug Administration got a federal court warrant to take the pumps from a manufacturing plant in San Diego, the agency said yesterday." The Dispatch adds, "Problems with the pump were reported as early as 1998, according to Tim Ulatowski, who directs the office of compliance at the FDA's Center for Devices and Radiological Health. … The defect has been tied directly to one death and possibly to another, he said. … The problem 'has lasted longer than the agency has thought it should,' he said. 'It was time to take action, and time to get this product fixed.'"

CIVIL RIGHTS:

Former Mississippi Deputy Charged In Death Of Inmate. The AP (8/29) reports, "A former Harrison County (MS) deputy sheriff was arrested by FBI agents Monday on charges alleging he assaulted a prisoner who later died and falsified records in an attempt to influence an investigation into the case." The AP continues, "John G. Raucci, Special Agent in Charge of the FBI in Mississippi, said the arrest of Ryan Michael Teel, 29, of Saucier followed a five-month investigation by agents and a federal grand jury indictment. … The indictment alleges that on or about Feb. 4, 2006, then-deputy Teel assaulted inmate Jessie Lee Williams, Jr. in the Harrison County jail in violation of Williams' constitutional rights, 'which includes the right to be free from the use of excessive force by one acting under color of law.' … The assault resulted in Williams' death, the indictment said." The AP adds, "Williams died after being removed from life support Feb. 6, two days after the alleged beating in the jail's booking room. … Teel, who made his initial appearance before U.S. Magistrate Judge John Roper in Gulfport, is also charged with making a false entry into Harrison County Sheriff's Office records concerning Williams. . . Prosecution of

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Teel's case will be handled by U.S. Attorney Dunn Lampton and attorneys with the Justice Department's civil rights division."

Judge Strikes Florida Voter Registration Law. The AP (8/29, Anderson) reports, "A federal judge on Monday declared a new Florida voter registration law unconstitutional, ruling that its stiff penalties for violations threaten free speech rights and that political parties were improperly exempted." The AP continues, "The 48-page ruling by U.S. District Judge Patricia Seitz means that state authorities cannot enforce the provisions of the law. It took effect Jan. 1 and has been blamed by several labor unions and nonprofit groups for effectively blocking voter registration drives across the state because of the financial risk. … 'If third-party voter registration organizations permanently cease their voter registration efforts, Florida citizens will be stripped of an important means and choice of registering to vote and of associating with one another,' Seitz wrote." The AP adds, "The law also 'unconstitutionally discriminates' against third-party registration groups because it does not apply to political parties, Seitz added. … The law imposes fines of $250 for each form that is submitted to election officials more than 10 days after it is collected from an individual and can reach $5,000 for each form that is collected but never submitted. … State officials said the decision would be appealed to the 11th U.S. Circuit Court of Appeals."

Judge Orders DC To Release Less-Redacted Group Home Reports. The Washington Post (8/29, B02, Barker) reports, "The District government has to make public its investigative reports on deaths in city-contracted group homes for the mentally retarded -- and without the extensive redactions that officials made in some previously released reports, a judge has ruled." The Post continues, "D.C. Superior Court Judge Geoffrey M. Alprin said the documents are 'reports to the public' and should be made available to the media and other interested parties with only the names of the deceased kept confidential. … The order, issued Aug. 22, was in response to a lawsuit filed by The Washington Post, which sought to obtain the death investigation reports under the city's Freedom of Information Act. The District had denied the FOIA request, citing confidentiality concerns, even though The Post had requested the records with the names of the deceased redacted." The Post adds, "Mayor Anthony A. Williams (D) established a fatality review committee in 2001 after a public outcry over inadequate care for about 2,000 mentally retarded wards, most of whom lived in group homes. A 1999 series in The Post found that none of 116 deaths in the group home system since 1993 had been investigated by the city's mental retardation agency. … Alprin said the reports and other death investigation documents, including the names of group home operators, are not confidential."

ANTITRUST:

BP Under Investigation For Manipulation Of Crude Oil, Gasoline Markets. The Wall Street Journal (8/29, Wilke, Davis, Cummins) reports, "Federal investigators are examining whether BP PLC manipulated crude-oil and unleaded-gasoline markets, signaling a rise in regulatory scrutiny of the British energy giant, said lawyers and traders close to the case." The company "already faces a civil complaint filed by federal commodities regulators for allegedly manipulating much of the U.S. market for propane. The separate investigations on crude oil and gasoline could intensify public and political pressure on BP because these markets are bigger and directly affect most American households." The CFTC "has sent subpoenas to BP and energy traders in the crude-oil probe, which is focused on possible manipulation of the global over-the-counter market in 2003 and 2004, according to lawyers and traders ... . The separate gasoline inquiry, which has been under way more than a year and includes a criminal probe by the Justice Department, is examining a single day's trading on the New York Mercantile Exchange in 2002, the lawyers and traders close to the case said."

The Financial Times (8/29, McNulty) reports, "Lord Browne, BP's chief executive, must give sworn testimony to be used in the death and injuries cases against the UK oil giant arising from last year's fatal explosion at its Texas refinery, a judge ruled on Monday." Texas "Judge Susan Criss ruled that Lord Browne and John Manzoni, BP's chief executive for refining and marketing, had 'unique and superior knowledge' requiring them to undergo questioning, under oath, by plaintiff's attorneys ... ." The ruling "will likely spur BP to settle the 550 or so outstanding death, injury and property damage cases, rather than submit its top executives to aggressive questioning. ... BP said it would appeal."

Cinemark To Buy Century Theaters. The Arizona Daily Star (8/29, Long) reports, "Tucson's cinema scene is changing as the city's biggest movie theater chain is being sold amid planned openings of new multiplexes by other companies in the next year." The Star continues, "Century Theatres, Inc., announced the sale of 78 theatres around the country, including four in Tucson, to Cinemark USA, Inc., based in Plano, Texas. … The Century Theatre acquisition, dependent on antitrust approval from the U.S. Department of Justice, could be finalized in the next two to four months, said Terrell Falk, vice president of marketing and communications for Cinemark USA. … 'The deal is still tentative,' she said. 'We're not sure when the closing will be but we anticipate few

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changes once the decision is made.'" The Star adds, "Considered the largest operator of movie theaters in the city, Century has locations that include El Con Mall and Park Place. … Century, based in San Rafael, Calif., also operates two drive-in theaters in Glendale and Scottsdale and has locations in 12 states including California and Nevada and New Mexico and Utah, according to its company Web site."

DOJ Rescinds Nonprosecution Agreement With Stolt-Nielsen. Corporate Counsel (8/29, Reisinger) reports, "Most companies assume that they've successfully dodged a bullet when they sign a nonprosecution agreement with the government. That's certainly what shipping giant Stolt-Nielsen S.A. thought when its subsidiary struck a deal three years ago to avoid federal criminal charges for antitrust violations. … But shortly after the deal was concluded, the government said it would indict Stolt-Nielsen anyway because the company had broken the pact. Stolt-Nielsen maintains that the government is the one who isn't living up to the deal, and in July asked the U.S. Supreme Court to block the indictment." Corporate Counsel continues, "U.S. Department of Justice spokeswoman Gina Talamona says the Stolt-Nielsen case is the first time that lawyers in the agency's antitrust division have tried to revoke a nonprosecution deal (also called an amnesty agreement). Talamona says the DOJ doesn't keep such statistics outside the antitrust division, but other observers say they don't know of any other instance in which the government has tried to rescind a deal with a corporate defendant."

EU Approves Phillips' Purchase Of Avent. The AP (8/29) reports, "The EU has approved plans by Dutch appliance maker Royal Phillips Electronics NV to purchase Britain's Avent Holdings Ltd., a baby product maker with sales in more than 60 countries. … 'The European Commission concluded that the proposed transaction would not significantly impede effective competition in the European Economic Area or any substantial part of it,' the EU said in a statement released Monday." The AP continues, "The statement said that EU antitrust investigators had determined that the proposed acquisition would not give rise to any significant reduction in competition." The AP adds, "The Dutch company announced its plans last week, and said that if the terms are accepted by Avent's parent company, Charterhouse Capital Partners LLP, Phillips will pay about 675 million euros ($861 million) in cash when the transaction is scheduled to be completed by the third quarter of 2006."

Brown-Forman To Buy Tequila Maker. The New York Times (8/29, Malkin) reports, "The Brown-Forman Corporation, the Kentucky company known for its Jack Daniel's and Southern Comfort liquor, said Monday that it was buying the Mexican tequila company Casa Herradura for $876 million." The Times continues, "The deal gives Brown-Forman two brands, Herradura and El Jimador, which are among the best-selling tequilas in Mexico, but which lag in the fast-growing market for tequila in the United States." The Times adds, "Rafael Obregón, chief executive of Casa Herradura, which is based in Guadalajara, said in a news release that the company expected the deal 'to grow our brands in the global spirits market.'" The Times notes, "Tequila imports to the United States have grown an average of 8.6 percent a year since 2002 and high-end tequilas have grown even faster, about 20 percent annually, according to the Distilled Spirits Council of the United States. The margarita, which is mixed with tequila, is the most popular cocktail in the United States, Brown-Forman said. … But exports account for less than 20 percent of Herradura's sales, which were about $200 million last year. The company is held by the Romo family, which founded the distillery in 1870, the same year that Brown-Forman was founded."

Kinder Morgan Agrees To $15 Billion Sale. The Wall Street Journal (8/29, Gold, Ng) reports, "Kinder Morgan, an oil and natural-gas pipeline company, yesterday reached a long-expected agreement to go private after a special board committee sweetened the offer price for shareholders by $1 billion, thereby increasing the debt by the same amount. The company's management, along with a group that includes Goldman Sachs Capital Partners, American International Group Inc. and Carlyle Group, made the offer, which is valued at about $14.56 billion plus the assumption of about $7 billion in debt. … If approved by regulators and shareholders, the deal would be one of the largest leveraged buyouts ever."

The New York Times (8/29, Mouawad) reports, "The buyout is led by Mr. Kinder, a former president of Enron who was ousted after a dispute with Enron's founder, Kenneth L. Lay. The investor group includes Goldman Sachs Capital Partners, part of the investment bank's equity business; the American International Group, the insurance company; and two private equity firms, the Carlyle Group and Riverstone Holdings. … Kinder Morgan's board accepted the higher offer yesterday and will recommend its approval by shareholders. In trading on the New York Stock Exchange, the company's shares rose $2.57 yesterday, to $104.27." The Times adds, "Some investors had criticized the initial offer as too low and threatened to sue the company. At the time, the offer represented an 18.5 percent premium over the price of Kinder Morgan shares. The new offer amounts to a 27 percent premium over Kinder Morgan's closing price of $84.41 on May 26, the last trading day before the initial one was made."

USA Today (8/29, Krantz) reports, "The deal awaits shareholder approval, but is another sign of the rising influence of private equity firms buying companies of increasing size. It also shows a growing interest by

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executives like CEO Richard Kinder to escape the rigors of leading a public company. Ringing the bell on Wall Street doesn't have the allure it used to for some CEOs." USA adds, "For Kinder, the deal represents a chance to own a bigger slice of the company, which could be worth considerably more after making long-term strategic improvements, says Robert Lane, analyst at Sanders Morris Harris."

Italian Bank Seen As Latest Merger Target. The Wall Street Journal (8/29, Kahn) reports, "Banca Popolare Italiana Scarl could be the next Italian lender to be scooped up as the long-awaited banking consolidation gains pace in the wake of the planned megamerger between Banca Intesa SpA and Sanpaolo IMI SpA." The Journal continues, "The midsize bank, based in the city of Lodi in northern Italy, earlier this month announced it was considering merger options with other Italian banks. So far, four banks have formally expressed interest. The BPI board is scheduled to meet Thursday, at which point it could give a mandate to its two advisers, Rothschild and Mediobanca SpA, on how to proceed, according to a bank spokesman." The Journal adds, "Another wave of banking consolidation in the lucrative but fractured Italian market has been expected for some time, and the country's top banking regulator, Bank of Italy Gov. Mario Draghi, has urged the country's banks to merge themselves into bigger groups. Saturday, Intesa and Sanpaolo, Italy's No. 2 and No. 3 banks, agreed to the terms of a merger that would create one of the largest lenders in the euro zone and would control more than 20% of the Italian retail market. That move is expected to increase the competitive pressures on the country's smaller banks to look for partners in order to increase size and efficiency."

ENVIRONMENT:

Plains States Hard Hit By Drought. The New York Times (8/29, Davey, 1.21M) reports that with "parts of South Dakota at its epicenter, a severe drought has slowly sizzled a large swath of the Plains States, leaving farmers and ranchers with conditions that they compare to those of the Dust Bowl of the 1930's." Gov. Michael Rounds of South Dakota, "who has requested that 51 of the state's 66 counties be designated a federal agricultural disaster area, recently sought unusual help from his constituents: he issued a proclamation declaring a week to pray for rain." Drought experts "say parts of the states most severely affected — Nebraska, the Dakotas, Montana and Wyoming — have been left in far worse shape because of recent history: several years of dry conditions, a winter with little snow and then, with moisture reserves in the soil long gone, a wave of record heat this summer."

States Said To Lack Federal Direction On Bird Flu Planning. USA Today (8/29, D9, Manning, 2.27M) reports researchers have found that states' planning for pandemic flu has been "hampered by a lack of clear direction from federal health officials and a dearth of scientific information on strategies that could slow the spread of infection." Scientists at the non-profit Research Triangle Institute International reviewed 49 pandemic plans found "confusion and lack of specificity" in the plans when it comes to practical measures to identify and contain an outbreak. They also found that "key questions are unanswered," such as "whether earlier detection would prompt changes in behavior that could slow the spread of the disease and whether the use of face masks would help." Preparing the country for a flu pandemic "will take time," says John Agwunobi, assistant secretary for health at the Department of Health and Human Services.

New Flu Test Speeds Diagnosis, Pinpoints Origin. The Wall Street Journal (8/29, D4, McKay, 2.03M) reports, "Scientists have developed a microchip-based test that could allow more laboratories to quickly diagnose and pinpoint the origin of flu viruses, including the H5N1 avian-flu strain." The FluChip, as the new test is dubbed, successfully identified 72 influenza strains, including the H5N1 bug, in less than 12 hours, the Centers for Disease Control and Prevention said. USA Today (8/29, D9, 2.27M) and the New York Times (8/29, McNeil, 1.21M) also report on the development.

FBI/DEA/ATF/USMS:

Former FBI Agent Sentenced To Probation, Fine Over Espionage Probe Leak. The AP (8/29) reports, "A former FBI agent who disclosed confidential information in connection with a Chinese spying investigation will be sentenced to probation and a $1,000 fine, a judge said Monday. U.S. District Judge Gary Klausner said he would accept a plea bargain for Denise K. Woo, 47, who pleaded guilty to a misdemeanor count in June as part of the agreement." The AP notes, "A 2004 federal indictment alleged that in 1999 Woo, then an FBI special agent, 'intentionally disclosed' the name of an informant to a man identified only as 'J.W.' and told him about telephone surveillance involving an investigation. Authorities later said the man was a Chinese-American employee of a defense contractor who was under investigation into whether he passed defense secrets to China." KCAL-TV Los Angeles (8/28) added, "The suspect of the espionage investigation, identified in a Justice Department report as a Chinese-American whose wife was a childhood friend of Woo's, was never charged. … Under the deal, the government agreed to drop more serious charges of disclosing a wiretap, revealing

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the identity of a covert operative and lying to FBI agents. If convicted of those charges, Woo would have faced about 12 years in prison."

The New York Sun (8/29, Gerstein) reports, "The outcome is a far cry from the 10 years or more of prison time Ms. Woo could have received," and defense lawyer Michael Camunez told the Sun, "This was, in no uncertain terms, a big win for Denise Woo." The Sun adds, "The lenient treatment may stem from the government's reluctance for a trial that could draw more attention to a morass of misconduct and mismanagement in the FBI's counterintelligence program targeting China. The supervisor of the FBI's China squad in Los Angeles, James Smith, had a 20-year-long sexual relationship with a source he supervised, Katrina Leung."

GAO Report Criticizes White House Anti-Drug Ad Campaign. USA Today (8/29, Leinwand, 2.27M) reports a GAO report released on Friday "urges Congress to stop the White House's National Youth Anti-Drug Media Campaign unless drug czar John Walters can come up with a better strategy." USA Today reports the GAO says the $1.4 billion anti-drug advertising campaign "does not appear to have helped reduce drug use and instead might have convinced some youths that taking illegal drugs is normal." Walters' office "disputed the study and noted that drug-use rates among youths have declined since 1998." USA Today notes that in 2003, the White House Office of Management and Budget "called the campaign 'non-performing' and said it had not demonstrated results."

FBI Plans To Upgrade Fingerprint Database. Government Computer News (8/29, Dizard) reports, "The FBI's Criminal Justice Information Service Division is laying detailed plans for a comprehensive revamping of its massive fingerprint database that will enhance interoperability with the Homeland Security Department's biometric records and clear the path for adding additional types of biometrics." GCN continues, "To mark the major changes, the bureau plans to change the name of its Integrated Automated Fingerprint Identification System to Next Generation Identification. The systems upgrade will involve a procurement in the range of 'hundreds of millions of dollars' with a proposal request phase beginning next January, officials said. … 'We realized we needed a multimodal capability,' CJIS assistant director Tom Bush said. 'We have been viewed as a fingerprints database; primarily we are and we will be, because we have 50 million 10-print fingerprints on file. … We want to be able to plug and play with the new biometrics as they mature,' he said." GCN notes, "Bush noted that new biometric techniques such as facial recognition, iris scans, palm authentication and even DNA now are gaining importance, and CJIS officials want their system to be ready to process them."

Detroit FBI Moving To Expanded Headquarters Complex. The Detroit Free Press (8/29, Swickard, 346K) reports, "With growth spurred by its expanded anti-terrorism mission, the FBI will have its own 10-acre headquarters complex scheduled to open in 2009 on the edge Detroit's Corktown neighborhood, the FBI and the federal General Services Administration announced Monday morning. … The FBI has 'flat run out of room and we need to move,' said Dan Roberts, head of the FBI in Detroit." The Detroit News (8/29, Hansen) notes that Roberts said, "In the post-9/11 environment in which we are in, we have seen exponential growth in our needs." Roberts added that "the FBI wanted to remain in downtown Detroit, and the new structure will keep it close to the federal courthouse and the U.S. Attorney's Office on Fort Street. Local police agencies, which work in tandem with the FBI on terror cases, will continue to have a centrally located office, he said." The AP (8/29) also reports briefly on the new Detroit FBI facility.

Schwarzenegger Expected To Sign California's Hemp Farming Bill. The UK's Guardian (8/29) reports California farmers "are on a high after the liberal state moved to overturn part of a 70-year-old US ban on growing and harvesting cannabis plants. … The California proposal relates only to the cultivation of industrial hemp. … While six states have passed bills supporting hemp farming, California's is the first to mount a direct challenge to the federal ban by arguing that no special permit would be needed from the Drug Enforcement Administration." The Guardian adds, "The final say now rests with California's governor, Arnold Schwarzenegger, after the state's assembly approved the Industrial Hemp Farming Act by 44 votes to 29. He is thought unlikely to veto it."

Bonds' Trainer Jailed Again For Not Testifying Before Grand Jury. The Los Angeles Times (8/29, Wharton) reports a federal judge "sent Barry Bonds' personal trainer back to prison on Monday for, among other things, refusing to tell a grand jury whether he had ever injected the San Francisco Giants slugger with steroids. During the contempt of court hearing, U.S. District Judge William Alsup said Greg Anderson also had declined to answer questions about supplying performance-enhancing drugs to other athletes and, specifically, about his association with New York Yankees outfielder Gary Sheffield." Anderson's lawyer "said he hoped to file an appeal by the end of the week."

The AP (8/29) reports Anderson "could remain behind bars for more than a year while the grand jury investigates Bonds for perjury and tax evasion. … Prosecutor Matthew Parrella told the judge the government also was investigating unnamed athletes associated with Anderson and said there was a 'mountain of evidence' to form the basis of the

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questions asked of Anderson. Parrella said the evidence included documents seized at Anderson's house in the BALCO investigation and from 'testimony of other witnesses.'"

According to USA Today (8/29, Nightengale), Anderson, who "spent three months in prison last year and 15 days in July, could remain imprisoned until January 2008."

Local TV Coverage. KABC-TV, Los Angeles (8/28, 6:00 p.m.) reported, "Barry Bonds' trainer is back in jail. Greg Anderson again refused to testify against Barry Bonds in the ongoing steroid investigation. This time, Anderson could spend more than a year in prison."

KFTY-TV, San Francisco-Oakland-San Jose (8/28, 7:00 p.m.) reported, "A San Francisco judge has ordered Greg Anderson to prison for failing to testify before a federal grand jury investigating the BALCO steroid scandal. Anderson is being held in contempt of court, and could remain in jail until the grand jury is released, which could be more than a year."

KNTV-TV, San Francisco-Oakland-San Jose (8/28, 11:00 p.m.) reported, "Greg Anderson is spending the night in jail for refusing to testify about Barry Bonds' alleged steroid use. He could be locked up for months until the new grand jury finishes its investigation."

NFL Drug-Testing Program Seen As Inadequate. The AP (8/29) reports a doping expert says the NFL's drug-testing program is inadequate. Dr. Gary Wadler, an internist and author who specializes in drugs in sports, "prepared a report that federal prosecutors used in their case against James Shortt, who pleaded guilty to conspiring to illegally prescribe steroids to several Carolina Panthers." Wadler "assailed the NFL's failure to test for HGH, noting the International Olympic Committee administered a blood test for HGH at the 2004 Athens Games. … NFL spokesman Greg Aiello said the league believes the blood test, which yielded no positive tests in Athens, is unreliable."

In Colombia, Rebels Said To Be Recruiting Children. The AP (8/28) reports residents say leftist rebels "are increasingly using a recruiting tactic associated with Africa's bloody civil conflicts - abducting children and forcing them into their ranks. … 'Since the beginning of this year ... there has been a conflict between the FARC and the ELN for the control of the riches of the zone, the agriculture and the coca,' said Saravena Mayor Antonio Ortega. 'The dispute means both sides are recruiting children to fight for them.'"

New York City Stalls On Releasing Illegal Gun Evidence. The New York Sun (8/29, Hope) reports, "More than three months after Mayor Bloomberg's announcement that he had sent private investigators into five states to catch gun dealers making illegal sales, he is refusing to turn over the evidence they've gathered to the federal agency that investigates illegal guns." The Sun continues, "Analysts said the impasse may have slowed the federal Bureau of Alcohol, Tobacco, and Firearms in its investigation of and possible action against gun dealers that broke the law." The Sun adds, "The city won't turn over the evidence, which includes videotapes of gun dealers allowing so-called straw purchases of guns, until the ATF signs an evidence-sharing agreement that would prohibit the agency from 'publicly disclosing evidence without notice and consent from the city,' the mayor's criminal justice coordinator, John Feinblatt, said. … The inability of the two sides to come to an agreement is due in part to what the ATF perceived as the mayor's infringement on its jurisdiction, analysts and law enforcement sources said." The Sun notes, "At a May press conference announcing the sting operations, Mr. Bloomberg criticized the agency, saying it was 'asleep at the switch' when it comes to stemming the flow of illegal guns to the city. Soon after, the ATF, which says it was given no prior information about the private investigations, announced it would be looking into not only the dealers the mayor alleged were illegally selling guns, but the mayor's investigators as well. … The city did give the ATF two videotapes immediately after the announcement. Mr. Feinblatt complained that the ATF had yet to get back to the city with its analysis of the tapes."

IMMIGRATION:

Pence Draws Conservative Ire Over Immigration Compromise Proposal. The New York Times (8/29, Deparle, 1.21M) reports Rep. Mike Pence might "be called the perfect conservative," or "that was the case until this spring when he sought compromise in the rancorous immigration debate. His complicated plan would strengthen border security and send illegal immigrants home, but let most of them quickly return. Since then, Mr. Pence — named last year's Man of the Year by the conservative weekly Human Events — has looked to some conservatives like this year's Benedict Arnold. They say he has lent his conservative prestige to a form of liberal amnesty."

Buchanan Says Bush Guilty Of Impeachable Offense On Immigration. CNN's The Situation Room (8/28, King) interviewed conservative pundit Pat Buchanan, who discussed his new book, "State of Emergency." Buchanan said, "I think the President is not going to be impeached, but he's guilty of an impeachable offense. The Constitution commands the President of the United States to defend the states from an invasion. When he himself says six million people have been stopped, we don't know how many have gotten in. Most people think about half that number. You've got an invasion. He hasn't been enforcing the immigration

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laws and he hasn't been defending the border against an invasion."

Baker Explains Root Of House-Senate Split On Immigration. In a USA Today op-ed (8/29), Rutgers University professor Ross K. Baker said, "On immigration reform, a chasm of another kind has eclipsed this. It is between the House and the Senate, and while partisanship has an indirect influence, its impact is almost strictly within Republican ranks, between GOP House members on the south side of the Capitol and Republican senators on the north." The House-Senate split "has produced rival immigration bills that are starkly different. There are three reasons for this disparity: the very different constituencies represented by the 100 senators and the 435 House members, the varying terms of senators and House members, and the greater influence the minority party enjoys in the Senate." Institutional "checks and balances that are the safeguards of our freedom are usually eclipsed by partisan strife, but it is reassuring to see them, even on isolated issues, displaying their vitality."

CONGRESS-ADMINISTRATION:

Bush To Address American Legion Convention On Thursday. The Deseret Morning News (8/29, Struglinski) reports, "Speaking to one of the country's largest veterans organizations is not unusual for President Bush, but the timing -- and location of his speech in Salt Lake City -- is almost too perfect as the November election creeps closer. … Threatening this perfect setup is Salt Lake City's mayor, a Democrat, who has dared to invite a leading anti-war activist to publicly criticize the commander-in-chief." Bush "is set to speak Thursday at the American Legion Convention in Salt Lake City, and while several planned protests will make sure those unhappy with the president or the war in Iraq get a chance to speak their mind, the commander-in-chief is likely to have a captive audience at the Salt Palace Convention Center in a strongly Republican state." White House spokesman Peter Watkins said, "The president believes the American Legion is one of America's great organizations, and he looks forward to addressing these veterans who served our country." It will be "an official visit -- the president accepted an invitation from the Legion -- but it is 'absolutely' appropriate to read between the lines a little in looking at how and why he is here, said Josh Gold, an assistant professor of political science at Salt Lake Community College."

Easterbrook Set To Become Chief Judge Of 7th Circuit. The National Law Journal (8/29, Marek) reports, "Judge Frank H. Easterbrook has long told his law students, only half in jest he says, that he wishes he had a button on his courtroom bench that he could push to open a trapdoor beneath the feet of attorneys not properly prepared for court, sending them sliding down a chute to the street outside. … So far, he has no plans to install such an apparatus when he becomes chief judge of the 7th U.S. Circuit Court of Appeals in November." The Journal continues, "The ascent of Easterbrook, who has been on the court since 1985, will mean only a handful of changes for a court that he considers well-managed. … 'It's running about as smoothly as one could hope for,' Easterbrook said in a recent interview. 'I could mess up and become notorious from that perspective, but there's nothing I could do I think to make people think it was a better court.'" The Journal adds, "Easterbrook, 57, will take the top post when Chief Judge Joel M. Flaum turns 70, the age at which a chief judge is required to step aside and hand the baton to the most senior judge who hasn't been chief. Easterbrook is not particularly excited about the new job, which is mainly an administrative one, because he'd rather spend time on judicial work. Still, he said he's duty-bound to take his turn. .. . As chief, he'll have general oversight of staff, facilities and budget matters for the 15 courts in the three states of Illinois, Indiana and Wisconsin. He will also handle any concerns about the competence of about 100 judges on those courts."

Bolton Profiled, Cast As Proud Washingtonian. In an approximately 2,400 word story, the Washington Post (8/29, C1, Copeland, 748K) profiles White House Chief of Staff Josh Bolten, who is "like that guy who grew up small-town and stayed small-town, except the town in this case is Washington, and Bolten's job is gatekeeper to the most powerful man in the world." Bolten "grew up steeped in the intellectual guts of this city, the son of a CIA official and a history instructor. He is a Washingtonian -- and proud of it -- in an administration that invokes 'Washington' like a dirty word."

White House Press Corps Responds Well To New Openness Among White House Senior Staff. The White House Bulletin/US News (8/28) said yesterday White House reporters "are a bit more upbeat these days about access to President Bush's senior staff because key Bush advisers have been increasingly available to members of the press corps." During Bush's "recent 10-day trip to his ranch in Crawford, Texas, Chief of Staff Josh Bolten, National Security Adviser Steve Hadley, and Press Secretary Tony Snow had meals and exchanged chitchat with small groups of traveling correspondents. Media types who attended said none of the officials made big news but it was helpful to get to know them better and perhaps establish something of a relationship. This getting-to-know-you approach was used by advisers to past presidents, including Bill Clinton and George H.W. Bush -- and even if it didn't

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improve the news coverage it at least gave everyone a better understanding of each other. Many White House reporters say the current outreach was probably born of necessity because of Bush's low job-approval numbers and White House strategists' desire to get more favorable coverage, but they like it better than the alternative."

Bush's Kennebunkport Stay Purposely Low Key. The White House Bulletin/US News (8/28) reported President Bush's "long weekend at his father's seaside estate in Kennebunkport, Maine, which ended with Bush's return to the White House yesterday afternoon, was unusually low key." Both the President "and his father -- presidents 43 and 41 -- mostly stayed out of sight, except for a fishing excursion on dad's speedboat, Fidelity III, and their attendance at a family wedding. Bush, in his first visit to his father's home in two years, didn't play golf with his dad, didn't go out to dinner, and didn't make news." He did "go cycling in a secluded wooded area near the family home and attended the wedding of distant cousin Walker Stapleton, to Jennifer Bertocchi, Saturday afternoon in a private ceremony at nearby St. Ann's Episcopal Church." White House insiders "say Bush didn't want to be seen in playtime activities because he wanted to avoid the perception that he was out of touch during a period of world crisis. Most of all, Bush wanted to avoid the criticism he endured during his five-week vacation a year ago at his Texas ranch, where he stayed when Hurricane Katrina devastated New Orleans and much of the Gulf Coast. Bush also was able to avoid several hundred anti-war protesters who showed up in Kennebunkport to demonstrate their opposition to the Iraq war." It "turns out that Bush prefers his secluded ranch in Texas to his dad's estate, where family members are often visible to sightseers with binoculars when they step out of the house and are sometimes captured in pictures by news photographers. This time, the photographers chartered their own boat to get pictures of the Bushes in the family speedboat."

Medicare Recipients Told How To Repay Erroneous Refunds. The AP (8/29, Freking) reports elderly and disabled Americans "who got erroneous refunds from the federal government last week will get a letter this week instructing them on how to repay the money." About 230,000 Medicare recipients "got refunds totaling $50 million because of a computer glitch. The average reimbursement was for $215." The "first and easiest step for beneficiaries to repay the money is to write VOID on the face of the check and mail it to the following address: Medicare-Drug Premiums, P.O. Box 9058, Pleasanton, CA 94566-9058."

Privately-Run Medicare Plans Attracting Seniors. The Wall Street Journal (8/29, Zhang, Fuhrmans, 2.03M) reports, "Hundreds of thousands of seniors are signing up for a type of privately run Medicare plan that delivers traditional benefits without the usual restrictions on access to doctors and hospitals. In turn, some of the nation's biggest health insurers are launching more such plans and marketing them in more areas." The plans, "called private fee for service, are a type of privately run Medicare alternative known as Medicare Advantage." Recently, such plans "have become an even better deal. As part the sweeping law that created the new Medicare prescription-drug benefit, Congress raised the government's reimbursement rates to companies offering Medicare Advantage plans to about $10,000 per enrollee per year. That has led insurers, eager to bring in the new business, to offer Advantage plans with lower premiums but often more benefits, such as vision or prescription drugs."

Group Says FDA Experts Biased In Favor Of Drug Approval. The Washington Post (8/29, A13, Vedantam, 748K) reports the "panels of experts assembled by the Food and Drug Administration to advise it on whether to approve new drugs and medical devices are often biased in favor of recommending approval, according to a consumer group's analysis released yesterday." The advisory panels "often vote unanimously to recommend approval even after members express doubts about the product or say the evidence submitted is insufficient, said the report by the National Research Center for Women & Families, a policy research and advocacy group. The FDA has recently come under fire over drug safety issues, including its decisions to approve the popular arthritis pain medications Vioxx and Celebrex that were later associated with an increased risk of heart attacks and strokes."

Reform Bill May Give Employers Incentives To Drop Defined Benefit Pension Plans. The Wall Street Journal (8/29, Jones, 2.03M) reports President Bush 'recently signed into law a comprehensive bill aimed at rehabilitating the traditional pension plans still operated by many American companies. The irony is that many companies whose pensions are in fine form probably will limit benefits anyway." More corporate leaders "and their advisers are assessing the costs of so-called defined-benefit retirement plans and coming to more or less the same conclusion: The costs of maintaining these plans are still simply too great." The Pension Reform Bill "compels many companies to fully fund their defined-benefit plans over a period of years and pay a small additional premium to shore up the U.S.'s pension-insurance fund, which essentially is the pension insurer of last resort. But the bill also may add to incentives to freeze benefits."

NYTimes Criticizes Bush For Falling Wages. The New York Times (8/29, 1.21M) says in an editorial, "After huddling with his economic team at Camp David this month,

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President Bush emerged from a meeting and, flanked by advisers — including the secretaries of labor, commerce and the Treasury — announced to reporters, 'Things are good for American workers.' The comment is preposterous. As The Times's Steven Greenhouse and David Leonhardt reported yesterday, the economic expansion that began in late 2001 is on track to become the first since World War II that fails to offer a sustained lift to the real wages of most American workers."

OTHER NEWS:

Surviving Beatles Sue Record Companies For $25 Million. The New York Law Journal (8/29, Fass) reports, "The Beatles have reunited, though only to sue their record companies. … A lawsuit filed by the Beatles, their representatives and their recording label Apple Records against Capitol Records and EMI Records will go forward following a Manhattan judge's denial of a motion to dismiss." The Journal continues, "Capitol and its affiliate EMI concealed their use of the band's recordings "in an effort to pocket millions of dollars" in royalties, according to the complaint. The plaintiffs are seeking at least $25 million, asserting causes of action for fraud, breach of contract and -- in a difficult and unusual claim against a record company -- breach of fiduciary duty." The Journal adds, "The defense moved to dismiss the causes of action for fraud and breach of fiduciary duty, as well as the plaintiffs' requests for punitive damages and to reclaim the rights to their recordings, perhaps the most valuable catalog of music in existence. … Manhattan Supreme Court Justice Karla Moskowitz last week denied the defense's motion in its entirety. .. .Most significantly, because the fiduciary duty claim survived the motion, the defendants may be subject to tort liability's broader damages, additional causes of action and additional remedies." The Journal notes, "The dispute dates back nearly 30 years, to a similar suit initiated by the Beatles against Capitol/EMI, Apple Records, Inc. v. Capitol Records, Inc., 137 AD2d 50. .. . Filed in 1979, Apple I, as the present decision refers to it, alleged that Capitol/EMI underpaid the Beatles more than $20 million, which the record companies hid through improper accounting practices. That case resulted in an Appellate Division, 1st Department, decision allowing the breach-of-fiduciary claim to go forward and, in 1989, the parties reached a settlement agreement."

EchoStar Agrees To Settle Suit While Fox Stations Balk. The Wall Street Journal (8/29, Pasztor) reports, "Satellite-television broadcaster EchoStar Communications Corp. agreed to pay $100 million to resolve a lawsuit over programming with affiliates of three major U.S. television networks, but opposition by a group of Fox Network stations could derail the deal." The Journal continues, "After nine years of complex litigation, the company, based in Englewood, Colo., reached a smaller-than-anticipated settlement with ABC, NBC and CBS stations covering payments for certain local sports and other programming that EchoStar beams to hundreds of thousands of its subscribers in other areas. By routinely offering such programming in many distant cities, federal judges found that EchoStar violated the intent of various court-approved exceptions." The Journal adds, "The affiliates have prevailed in a series of court rulings, culminating in a recent decision by the federal appeals court in Atlanta that threatened to force EchoStar to turn off the disputed programming to about 800,000 of its 12.5 million subscribers. Such a move would reduce EchoStar's revenue, and more importantly could make it harder for EchoStar to keep and attract subscribers. … Talks with Fox fell apart last week, when representatives of more than two dozens stations owned and operated by the Fox Network balked at the amounts they were slated to receive under the agreement. The fallout will complicate the settlement with the rest of the affiliates, and according to EchoStar, even 'could derail the entire settlement.' Some Fox affiliates agreed to the tentative deal, which must be approved by a federal court judge in Miami."

Stock Markets Rise On Falling Oil Futures. The Wall Street Journal (8/29, Browning, 2.03M) reports, "Plunging oil futures briefly pushed the Dow Jones Industrial Average to its highest level since May, but late-day selling trimmed the gains." The blue-chip average "finished ahead 67.96 points, or 0.60%, at 11352.01. It is up 5.9% this year, 30 points short of the three-month high reached Aug. 18." The Standard & Poor's 500-stock index "gained 0.52%, or 6.69 points, to 1301.78, putting it up 4.3% for 2006. Traders are watching whether the broad index can stay above 1300." The Nasdaq Composite Index yesterday "rose 0.95%, or 20.41 points, to 2160.70, still down 2% this year."

Labor Department Officials Gather Prices For CPI. The Washington Post/AP (8/29, A13, Aversa) reports "about 450 people…check prices on 96,000 items from thousands of merchants for the monthly reports assembled by the Labor Department's Bureau of Labor Statistics." Stores let the investigators "collect price information on a confidential basis." What are "some of the more challenging tasks for the price hunters? They include the price for a pair of eyeglasses, for leasing or repairing a car, or for anything related to health -- because of all the details involved. Clothing can be complicated, too."

Drivers Find Relief At The Pump. ABC World News Tonight (8/28, story 5, 0:05, Gibson, 8.78M) reported, "Good news for drivers tonight. The average price of gas fell by 8 cents a gallon to $2.85."

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The Washington Post (8/29, Murakami Tse, Kirkham, 748K) reports, "The declining prices of crude oil and ethanol combined with rising gasoline supplies have brought a bit of welcome relief at the pump as the summer driving season draws to a close. Average gas prices have dropped about 15 cents in the past two weeks, to $2.87 per gallon nationwide ... ." It "is the largest drop since November, when prices fell 18 cents after the price increases that followed hurricanes Katrina and Rita. And as if this weren't enough good news for consumers, Lundberg and others said more relief should be on the way, as long as crude oil prices remain stable and no supply disruptions occur." The Post says, "The recent price drop was particularly pronounced because this year's driving season was greeted by rising prices caused by several factors. Prices for ethanol, an additive increasingly used by refineries, shot up this year. Demand grew sharply after the Energy Policy Act passed by Congress last summer prompted refineries to switch from methyl tertiary-butyl ether, or MTBE, to corn-based ethanol as a gasoline additive." However, "In recent weeks, ethanol prices have dropped to about $2.30 a gallon. Worries over supply have largely subsided as oil companies have made the transition, analysts said."

Detroit Expects High Gasoline Prices To Persist. The New York Times (8/29, Maynard, 1.21M) reports, "The Chrysler Group, which depends more heavily on sales of pickup trucks and sport utility vehicles than any other Detroit automaker, said Monday that it expected gasoline prices to remain at $3 to $4 a gallon for the rest of this decade. ... Ford's chief sales analyst agreed Monday that high gas prices were not a temporary phenomenon, although he did not cite a price range." The Times says, "Together, the comments signal a recognition that the two automakers may have to fundamentally change their product mix to put more emphasis on fuel-efficient vehicles — a move General Motors says it already is making." The Times reports, "If Chrysler's assumptions are correct, it spells more trouble in the near term for the traditional Detroit companies, whose sales and market share have dropped this year as consumers have shifted away from big vehicles to more fuel-efficient models."

Refiners Building Plants Abroad To Serve US, Local Markets. The Wall Street Journal (8/29, Levine, Barta, 2.03M) reports, "U.S. companies that refine [gasoline] from crude oil are minting money. But they have turned away from building new refineries in the U.S. because the numbers work better abroad, where costs and red tape are reduced and where expected demand growth is even higher than the U.S." In India, "Mukesh Ambani, the chairman of India's largest private-sector company, Reliance Industries Ltd. ... is building the world's largest refinery complex. When it's finished, he plans to load 40% of the fuel it turns out onto huge tankers for a 9,000-mile trip to America." The Journal says, "While in the past, thinner profit margins required that refineries be close to consumers to save on shipping, today's margins are wide enough that it pays to haul gasoline and other refined products long distances. Locating refineries in a region such as Asia is an easy decision, given its less-onerous construction costs, environmental limits and red tape, plus its own rapidly growing fuel demand."

Rothenberg Says Democrats Likely To Win House Majority. CNN's The Situation Room (8/28, King) reported, "A top analyst of congressional races now believes Democrats will pick up enough seats on Election Day to reclaim the majority control of the House of Representatives. Stuart Rothenberg estimates, Democrats likely will gain 15 to 20 seats. That's up from his earlier prediction of eight to 12 seats."

Democrats Worry Lieberman Candidacy Could Jeopardize House Candidates. Fox News' Special Report (8/28, Cameron) reported, "Call it the Lieberman effect. He leads the polls as an independent against antiwar Democratic nominee Ned Lamont who readily admits that Lieberman's independent appeal will turn out GOP voters, ultimately making it hard for Democrats to win across Connecticut." The "entire Connecticut roster of Democratic gubernatorial and congressional challengers" now "fear that Lieberman's popularity will make it harder for them to oust GOP incumbents." Rep. Chris Shays "says America, quote, Can't afford to lose Lieberman and the Democratic senator's re-election as an independent is quote, as important as any in the country." Shays was shown saying, "We have a national treasure in Joe Lieberman and I want to thank him for his 36 years as service." Fox added, "While welcoming GOP support, Lieberman doesn't want to turn off Democrats or independents. He is particularly sensitive to hugs, since one not quite this long including a kiss from President Bush landed in a Lamont attack ad labeling Lieberman a Bush enabler." The "far left anti-war movement considered Lieberman's defeat in Connecticut's primary earlier this month, one of its high points, but with Lieberman leading the polls and helping Republican candidates, Democrats are worried that it may be starting to back fire."

GOP Gaffes May Alienate Minority Voters. The AP (8/29, Texeira) reports Sen. Conrad Burns "described his house painter as a 'little Guatemalan man,'" while Sen. George Allen "called an Indian man a 'macaca,' a type of monkey." Just as "the GOP is pushing for minority voters, the two recent gaffes have fed the perception among some blacks, Hispanics and Asian-Americans that Republicans are out of touch with the changing face of the nation."

Lampson Now Seen As Favorite In Texas 22nd CD. CQ Politics (8/29, Benenson) reports the Texas

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Republican Party establishment "has rallied around a single candidate, Houston City Councilwoman Shelley Sekula-Gibbs, in their unusual write-in campaign to salvage the 22nd Congressional District seat vacated in June by Tom DeLay, the former House majority leader." But the "extreme rarity of successful write-in campaigns for Congress and the presence of a solid Democratic nominee on the ballot in former Rep. Nick Lampson has prompted CQPolitics.com to change its rating on the 22nd District race to Leans Democratic from No Clear Favorite." Only "four times in the past 75 years has a general election candidate for the House or the Senate been elected with write-in votes — and it has not happened since 1982."

Three Democrats Lead Steele In Maryland Senate Poll. The Washington Times (8/29, Ward, 88K) reports Democrat Josh Rales, "who began a multimillion-dollar TV advertising blitz last month, is leading Lt. Gov. Michael S. Steele in the race for Maryland's open U.S. Senate seat, according to a poll released yesterday." Rales "was favored by 45.7 percent of voters in a head-to-head matchup with Mr. Steele, the top Republican candidate, who had 42.2 percent, the poll conducted by Zogby International and distributed through the Wall Street Journal found." Rep. Benjamin L. Cardin, "a 10-term congressman from Baltimore, had 50.3 percent to Mr. Steele's 41.4 percent. Kweisi Mfume, past president of the National Association for the Advancement of Colored People, had 47.4 percent to Mr. Steele's 42.7 percent, the poll shows." The poll was "conducted from Aug. 15 to Aug. 21 and has a margin of error of 4.3 percentage points. Zogby conducts polls using a database of likely voters who sign up to participate in its polls."

Neither Chafee, Nor Laffey Eager To Appear With Bush. The Providence Journal (8/29, Mulligan, 168K) reports neither Republican Sen. Lincoln Chafee nor Cranston Mayor Stephen Laffey "is hot to share the stage with Mr. Bush, whose latest job-approval rating in Rhode Island is a last-in-the-nation 22 percent." During their "first televised debate last week," Chafee and Cranston "competed over their quarrels with the president and the national GOP." Bush has "offered to come to the state on Chafee's behalf, but when the senator was asked in an interview whether a surprise visit might be in the offing before the Sept. 12 primary, he answered: 'No. No. No. I don't think so. If the first lady can't send the message that I can get along with everybody . . . that's strong enough.'"

Santorum Compares Fight Against "Islamic Fascism" To World War II. The AP (8/29, Jackson) reports that Pennsylvania Sen. Rick Santorum (R) "on Monday drew parallels between World War II and the current war against 'Islamic fascism,' saying they both require fighting a common foe in multiple countries. 'Were the Japanese imperialists with their mind-set and their ideology the same as the Nazis? Obviously not. Were they the same at the fascists in Italy? Obviously not. But they were still a common enemy,'" Santorum "told about 250 people at a Pennsylvania Press Club luncheon. 'We're at war with Islamic fascism,'" Santorum said, adding, "Afghanistan and Iraq and southern Lebanon and every country around the world is a front."

Santorum Says Iran Is Gravest Threat To US. The Pittsburgh Tribune-Review (8/29, Bumsted) reports that Santorum, in his speech, said that "Islamic fascism is the 'greatest threat we'll ever face,' and Iran and its president, Mahmoud Ahmadinejad, are the driving forces behind a movement bent on destroying the United States." Santorum "said America needs to aggressively provide access to its oil reserves to decrease reliance on Middle East supplies. … 'The principal leader of this Islamic fascist movement is Iran,' Santorum said. 'I believe this is the greatest enemy we will ever face. This is the enemy of our generation. It is the challenge of our time. And yet, we tend to play politics with it here in America -- sadly.'" Santorum added, "We cannot have a nuclear Iran -- we cannot. … There is no option here. A nuclear Iran changes the world forever. The life you lead today is not the life you'll lead a day after Iran gets a nuclear bomb." Though he trails U.S. Senate candidate Bob Casey Jr. (D) in the polls, Santorum "does better in polls than Casey regarding the war on terror, and 'it's clear he's drawing a line in the sand,' said G. Terry Madonna, political science professor at Franklin & Marshall College in Lancaster County. 'I think it's an issue that will play well in Pennsylvania,' Madonna said. 'This is Rick being Rick. There's no gray.'"

The Uniontown (PA) Herald-Standard (8/29, Hawkes) notes that Santorum "said all other issues -- from the economy to federal spending and the 'direction of our culture' -- 'pale in comparison' to national security at this time. As part of the picture, Santorum also staked his support for energy independence through drilling for oil in Alaska and other places and exploiting remaining coal reserves in states such as Pennsylvania." Casey spokesman Larry Smar "ridiculed Santorum's historically tinged speech and the newly introduced term 'Islamic fascism,' saying what will further make America safe is a doubling of Special Forces units and full implementation of the 9-11 Commission recommendations. … 'Rick Santorum lately has been trying out for a job with Webster's Dictionary,' said Smar. 'He seems to be more worried about renaming the War on Terror and trying to put a new spin on things. It's reminiscent of when he blamed the media for reporting the body county in Iraq.'"

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McCain Would Consider Speaking At Bob Jones University. The Washington Times (8/29, Pierce, 88K) reports in its "Inside Politics" column that Republican Sen. John McCain "says he would consider speaking at Bob Jones University, a school he criticized during the 2000 presidential campaign for its ban on interracial dating and anti-Catholic views." McCain told the State newspaper, "I can't remember when I've turned down a speaking invitation. I think I'd have to look at it." The Times adds McCain "said he would have to look at Bob Jones University's latest policy statements. 'I understand they have made considerable progress,' he said."

Kerry Accuses Ohio GOP Candidate Of 2004 Election Improprieties. The AP (8/29, Hammer) reports Sen. John Kerry "didn't contest the results at the time, but now that he's considering another run for the White House, he's alleging election improprieties by the Ohio Republican who oversaw the deciding vote in 2004." An e-mail "will be sent to 100,000 Democratic donors Tuesday asking them to support U.S. Rep. Ted Strickland for governor of Ohio. The bulk of the e-mail criticizes Strickland's opponent, GOP Secretary of State Ken Blackwell, for his dual role in 2004 as President Bush's honorary Ohio campaign co-chairman and the state's top election official." Kerry said, "He used the power of his state office to try to intimidate Ohioans and suppress the Democratic vote."

Wal-Mart Introduces Ad Campaign To Improve Image. The New York Times (8/29, Barbaro, 1.21M) reports Wal-Mart, "under attack now from unions and prominent Democrats, yesterday introduced a marketing campaign that closely resembles the television advertisements used by political candidates." In a "local experiment that is eventually to be seen across the country, the giant discount retailer began broadcasting two television spots that, in unusually detailed terms, trumpet its health care plans, charitable contributions and positive impact on the American economy." The ads "do not attack Wal-Mart critics but introduce its merits, much as a candidate would." For Wal-Mart, "the ads represent a significant departure from its practice of rebutting critics in the media but presenting itself, at least in consumer television marketing, as untroubled by its image problems."

Home Sales Down In Crawford, Texas. USA Today (8/29, Knox, 2.27M) reports Crawford, Texas, "has changed some since President Bush bought his 1,600-acre ranch there in 1999. The town has added a bank, a second gas station and several souvenir stores." With "a population of 705, Crawford still has only one traffic light, no hotel and no bar. But tourists and anti-war protesters come anyway, hoping to catch a glimpse of the president." Despite the "rise in visitors, home sales in Crawford are softer this year than last, especially if you're trying to sell an existing home. Only one home sold in July, according to the Waco Association of Realtors." This year, "nine homes have sold in Crawford — down from 21 in the first seven months of 2005," but those figures "don't include new construction, and quite a few buyers are snapping up vacant land and building their own homes."

Clinton Said To Have Made "Lasting Mark" In Battle Against AIDS. The New York Times (8/29, Dugger, 1.21M) reports since "he left office more than five years ago at age 54, one of the youngest former presidents ever," Bill Clinton "has made a lasting mark in a cause that he came to only late in his presidency: fighting the AIDS pandemic across Africa and the world." Few public figures "in America have spawned as much speculation about what motivates them as Mr. Clinton. Abroad, even fewer inspire the affectionate reception Mr. Clinton received as he raced across seven African countries in eight days in July. Crowds at roadsides and in hospitals wanted to touch him — and he obliged by shaking hands, kissing babies and hugging people with AIDS."

Cleland Seeks Treatment For Post-Traumatic Stress Disorder. The AP (8/28, Evans) reports ex-Sen. Max Cleland, "who has battled bouts of depression since losing an arm and both legs in Vietnam, is being treated for post-traumatic stress disorder. Cleland, who represented Georgia in the Senate from 1997 to 2003, said he believes the condition -- cases of which are increasing rapidly among Vietnam war veterans -- was in part triggered by the ongoing violence in Iraq."

Ford Released From Mayo Clinic. NBC Nightly News (8/28, story 5, 0:20, Williams, 9.87M) reported, "We have a quick update on the condition of former President Gerald Ford. He was released today from the Mayo Clinic in Minnesota where he's been for several days. His doctors implanted a pacemaker there then performed an angioplasty and installed some stints to increase the blood flow in his heart. Mr. Ford, who is 93, has now returned home to California."

The AP (8/29) reports Ford "was discharged from the Mayo Clinic on Monday, nearly two weeks after being admitted for tests and undergoing a pair of heart procedures. Ford, 93, flew home to Rancho Mirage, Calif., with his wife Monday afternoon, Mayo spokesman Lee Aase said."

GOP Said To Have Lost Support Of "South Park Republicans." In his New York Times column (8/29), John Tierney says, "I have bad news for the G.O.P.

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regarding that promising new bloc of voters, the South Park Republicans. It turns out they're not Republicans, at least not anymore." Wikipedia says South Park Republicans "are young Americans who 'hold political beliefs that are, in general, aligned with those that seem to underpin gags and storylines in the popular television cartoon.' The encyclopedia summarizes these beliefs with a quotation from one of the show's creators, Matt Stone, which includes a crucial expletive I must elide: 'I hate conservatives, but I really ... hate liberals.'" To those "dreaming of a permanent G.O.P. majority, this new bloc was evidence that it was indeed a big-tent party: you could vote with the Christian Coalition while watching a show that set records for profanity. Republicans could embrace two guys who got their break with a video of a martial-arts duel between Santa Claus and Jesus."

GOP Effort To "Defund" Left Considered. In his New York Times column (8/29), author Thomas Frank recounts the rise of conservatives such as Jack Abramoff in the College Republicans, where they sought to defund liberal groups on campus. Frank moves from the College Republicans to "the K Street Project. Almost as soon as they took control of Congress in 1995, Republican leaders began leveraging their newfound power to transform the corporate lobbying industry into a patronage fiefdom of the GOP. Lobbying firms were urged to hire true-believing Republicans or lose their 'access'; once the personnel were Republican, the money followed. The result for the other side was also predictable: less money flowing to Democrats and a severe devaluation of a career in progressive politics. If Democrats have no place in Washington's private sector, then the attractiveness of being a liberal is diminished by just that much more."

Potential 2008 GOP Candidates Considered. In a Washington Times column (8/29), Tod Lindberg considers potential GOP vice presidential candidates for 2008. With the possibility that an GOP "outlier" like Sen. John McCain or Rudy Giuliani may win the nomination, "the nominee will likely be looking to someone who has attracted the affection and loyalty of the Republican Party's conservative base." One of "the most intriguing possibilities at this point is that Sen. Sam Brownback of Kansas will get into the race, in effect running for vice president." Another "interesting possibility is Massachusetts Gov. Mitt Romney. He, too, has shown early appeal among conservatives." Florida Gov. Jeb Bush "has ruled out running for president in 2008," but he is "not only a party uniter and a potential president himself, he's a huge asset in Florida." Secretary of State Condoleezza Rice "as veep offers history-making possibilities." And Sen. Joseph Lieberman coulde become "the only candidate to run for vice president on the ticket of both major political parties."

NYC, Philadelphia School Systems Presented As Models For Other Large Cities. Chris Whittle, CEO of Edison Schools, writes in the Wall Street Journal (8/29, 2.03M), "Educational leadership can learn much from" the school systems in New York City and Philadelphia, "two cities with multiyear trajectories two to three times those of their similar-sized peers." Both have "managed to put (and keep) together a group of factors that drive academic success" including: first, changes to the school government that results in "more emphasis on education than politics;" second, "strong and continuous leadership;" third, stronger central offices to monitor curriculum and instruction and fourth, "educational competition." Both cities' "highly unusual academic results" mean that they "should be a road map for other cities."

Term Limits Advocate Calls For Their Restoration In Oregon. In a USA Today op-ed (8/29), Paul Farago, spokesman for Restore Oregon's Term Limits Committee, says, "In 1992, 70% of Oregonians made term limits the most popular voter-approved amendment in state history. Despite an ongoing legal attack by lawmakers, legislative term limits still govern in 15 states. Voters in these states enjoy more competitive elections for state and federal offices, not just bland, predictable re-elections. Legislators and lobbyists conspired to cancel Oregon's term limits in 2002, but voters can restore the 1992 law this November with Measure 45, thanks to the power of voter initiative." Term limits "mean regular open-seat elections. Career politicians make way for fresh blood and new ideas."

USA Today (8/29, 2.27M) says in an editorial, "The movement to limit politicians' terms in office peaked in the mid-1990s and has been in gradual decline ever since. Even so, 15 states have term-limit laws in effect, and voters in Oregon will decide in November whether to reimpose limits there. So much effort for so little return. With years of evidence now available, there's scant support for claims that term limits would improve government by bringing in legions of citizen legislators to replace careerist hacks."

Treasury Official Says Iran Is "Central Banker Of Terror." The AP (8/29, Aversa) reports "a Bush administration official on Monday called Iran a 'central banker of terror' that provides millions of dollars a year to bankroll terrorist acts carried out by the militant group Hezbollah." Stuart Levey, the Treasury Department's undersecretary for terrorism and financial intelligence, said in an interview Monday with The Associated Press, "Iran is like the elephant in the room, if you will. ... They are the central banker of terror. It is a country that has terrorism as a line item in its budget."

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The AP (8/29, Schweid) reports, "The Bush administration on Monday reaffirmed its intent to pursue UN sanctions against Iran if it defies an approaching deadline to halt its uranium enrichment." State Department spokesman Sean McCormack "said it is the will of the international community 'to go down the pathway of sanctions' if Iran does not comply with U.N. demands that it stop the program and open its facilities to international inspection. Not only is Iran enriching uranium, a key step in making nuclear weapons, it is building heavy water facilities that could be used to produce plutonium for weapons, McCormack said."

Iran Says UNSC Deadline "Not A Matter Of Concern." The AP (8/29) reports Tehran "said Monday it is not concerned about this week's UN deadline demanding it" suspend uranium enrichment processes. Spokesman Gholam Hossein is quoted saying, "Moving in the international framework is not a matter of concern for us."

CNN's The Situation Room (8/28, King) reported, "Just days before the United Nations deadline for Iran to halt its suspect nuclear activity, Iran's leader is telling the world, don't hold your breath." CNN (Raman) added, "You would think that with that Thursday deadline looming, Iran's president would show at least a little bit of anxiety, instead at every turn it seems, he's showing quite the opposite." President Mahmoud Ahmadinejad "is saying it as often and as clearly as he can these days, the west should stop waiting." Ahmadinejad was shown saying (via translator), "You should know, he says, that no power can stop our nation from making progress. Based on this our nation's decision in its way of scientific and technological developments is a strong one." CNN added, "The latest remarks came as Ahmadinejad applauded Iran's nuclear scientists for their work. And came a day after the president, ahead of a UN deadline to stop Iran's nuclear program, announced the opposite, that he was expanding it, unveiling a new heavy-water production plant at the Iran nuclear facility. Then there are the country's ongoing war games."

Japanese Firm Under Investigation For Possible Technology Sale To Iran. The New York Times (8/29, Fackler, 1.21M) runs an update on last week's story about the investigation of Mitutoyo Corporation, a Japanese firm linked to possible unauthorized technology transfers to Libya. The Times says that probe "has increasingly focused on whether the company also sold similar equipment to Iran, a government official said Monday. The police and regulators have broadened their investigation...as evidence has emerged that it may have also sold equipment to Iran for use in making centrifuges to enrich uranium." The Times adds, "The increasing focus on Iran has shed light on the clandestine routes it has used to obtain nuclear-related technology to advance its enrichment program."

Bush Urged To Declassify NIE On Iran. Micah Zenko, a research associate at the Belfer Center for Science and International Affairs at Harvard's John F. Kennedy School of Government, writes in the Washington Post (8/29, A15, 748K), "The current best guess of American intelligence agencies is found in a classified National Intelligence Estimate (NIE) completed last summer," but "senior Bush administration officials, lawmakers in both parties and analysts out of government are increasingly skeptical of the Iran NIE. They believe that the US intelligence community is underestimating Iran's nuclear program after having overestimated Iraq's programs for weapons of mass destruction in 2002. To counter the growing chorus of skeptics, President Bush should do in the case of Iran what he did with regard to the Iraq NIE after the invasion: declassify the key judgments in the document and the dissents from it." Bush "has both a precedent and the legal authority to declassify an NIE 'when it is in the public interest.' Declassifying the key judgments and dissents of the Iran NIE clearly meets this criterion."

Rumsfeld Says North Korea Poses No Immediate Threat To South Korea. The AP (8/28, Burns) reports Defense Secretary Donald Rumsfeld, "in unusually blunt terms," said on Sunday that South Korea "need not fear" North Korea as an "immediate military threat." During a news conference at the Fort Greely, Alaska, missile defense base, Rumsfeld said North Korea "is a serious threat to spread ballistic missiles and other dangerous technologies around the world. But he made plain that he sees the North's conventional military strength eroding as its economy crumbles." UPI (8/28) also reports on Rumsfeld's Alaska trip, saying Rumsfeld "said he believes North Korea is more interested in selling nuclear weapons than using them."

South Koreans Debate Impact Of Regaining Military Control From US. The Washington Post (8/29, A10, Faiola, 748K) reports "a formidable coalition of retired South Korean military officers and former defense ministers issued a dire warning" recently. "They declared the half-century-old military alliance between South Korea and the United States in danger of falling apart, resting the blame squarely at the feet of President Roh Moo Hyun." In "a wave of ethnic Korean nationalism sweeping over the South, and with the North now viewed in kinder terms here, Roh has fostered public support for doing away with" a US-centered wartime command. The Post notes, "Roh's populist rhetoric aside, what has really scared the gaggle of retired generals are indications that the Pentagon may be just as eager to see the switch." Officials in Seoul claim that Secretary Rumsfeld "had proposed that South Korea assume wartime command of its troops from the United States as early as 2009." While Washington has "said any agreement would be unrelated to South Korea's new political landscape and instead reflect the country's vastly improved military preparedness," the change has "left the

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impression among many pro-American South Koreans that Washington has simply grown tired of Seoul's embrace of the belligerent North, as well as the deep-seated anti-Americanism within some circles of South Korea's ruling Uri Party."

Annan Urges Hezbollah And Israel To Take Action To Buttress Ceasefire. The AP (8/29, Ghattas) reports UN Secretary-General Kofi Annan "faulted both Israel and Hezbollah on Monday for not living up to key sections of the cease-fire resolution, while two more countries took steps to provide troops for an expanded peacekeeping force to secure the truce." In talks with Lebanese Prime Minister Fuad Saniora, Annan "demanded Hezbollah return two captured Israeli soldiers…and said Israel must lift its air and sea blockade of Lebanon." While "critical of both sides, he also said the agreement provided a chance for a long-term peace." However, Annan "cautioned the road ahead would be long, and pledged the international community's support." He also said the UN border force "will not try to disarm Hezbollah guerrillas." The AP notes, "As the cease-fire held for the 15th day, neither side looked like it wanted to resume large-scale hostilities."

The CBS Evening News (8/28, story 7, 0:15, Schieffer, 7.66M) reported, "UN Secretary General Kofi Annan visited Lebanon today pressing Israel and Hezbollah to meet their obligations under the UN cease-fire resolution. He called on Hezbollah to free two captive Israeli soldiers and said Israel should lift its air and sea blockade on Lebanon."

The Financial Times (8/29, Khalaf, Devi) says Annan "pledged to work for a lifting of Israel's air and sea blockade on Lebanon and called on Hizbollah to hand over the two captured Israeli soldiers to the Red Cross, the Lebanese government or a third party." As he began "an ambitious Middle East tour intended to shore up the fragile two-week UN-brokered ceasefire" in southern Lebanon, Annan "unexpectedly held separate talks with two Hizbollah officials who are ministers in the Lebanese government, including Mohamed Fneish, a senior party member." Annan said publicly that "the buffer zone in which international troops are starting to deploy this week should be demilitarised. In comments that will reassure the Lebanese government, he made clear that the disarmament of Hizbollah…could only be achieved through internal dialogue between Lebanese political parties – and not by force."

The Los Angeles Times (8/29, Daragahi, 918K) reports Annan said "that both Israel and the Hezbollah militia must come into quick compliance with the terms of a shaky cease-fire, demanding the release of Israeli soldiers captured by the armed Shiite group and the lifting of the air, sea and land blockade imposed by the Israeli military." He "warned that failure by either party to abide by the terms of the Security Council resolution could restart the fighting."

The Washington Post (8/29, A10, Cody, 748K) notes Anna "urged Lebanese leaders Monday to work for the swift release of two Israeli soldiers held captive, saying their return home was imperative to stabilize a two-week-old cease-fire on the border with Israel." He also "said he was working to persuade Israel to lift the air and sea blockade of Lebanon and complete a military withdrawal from the southern border zone, two key Lebanese demands. But he said Lebanon had its own obligations under" Security Council 1701, "in particular the release of the prisoners." Annan's remarks "dramatized the difficulty of trying to reach all the goals outlined in the U.N. resolution."

McClatchy Newspapers (8/29, Allam) focuses its reporting on public reaction to Annan's visit, saying, "Throngs of Hezbollah supporters booed [him] and blocked him from touring a devastated suburb of Beirut on Monday, underscoring the difficulties ahead for Lebanon to become what Annan has envisioned as 'one law, one authority, one gun.'" McClatchy said he was in Lebanon "to shore up the fragile truce," and he "expressed optimism about the speedy expansion of a peacekeeping mission along Lebanon's volatile border with Israel."

Siniora Says Lebanon Can Police Syrian Border Alone. The New York Times (8/29, Hoge, 1.21M) reports Siniora "said Monday that Lebanon could control its border with Syria without the assistance of international troops and had already confiscated illegal arms in the south." In an interview, he "said that he had deployed 8,600 Lebanese Army soldiers along the border and that he had accepted an offer from Germany for technical equipment and training to help prevent the entry of unauthorized weapons into Lebanon." The Times notes, "The control of the border has emerged as a major concern in the international effort to dismantle the Hezbollah militia in southern Lebanon and to prevent its re-establishment with weaponry coming in from Syria."

Olmert Backs Internal Probe Of War's Handling. The AP (8/29, Federman) reports Israeli Prime Minister Ehud Olmert "announced an inquiry Monday into the war against Hezbollah in Lebanon, hoping to dispel criticism that the army and government bungled the campaign but falling short of demands for an independent probe with the authority to dismiss top officials." Olmert "said a lengthy probe could paralyze the army, and he did not want to subject it to a 'collective flogging.'" The AP says the move "was likely to further enrage critics who say that Olmert and other top officials should be the focus of the investigation, not overseeing it."

The Washington Post (8/29, A11, Wilson, 748K) adds Olmert "announced Monday the formation of two government committees to investigate the handling of Israel's military

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campaign in Lebanon after ruling out a review by an independent state commission as 'not what the country needs.'" He "said a state commission would take too long and force Israel's security establishment into a defensive crouch at a time when it should be concentrating on continuing threats from Hezbollah and its chief sponsor, Iran." He "defended his expansion of the ground operation against…Hezbollah in the final days before a U.N.-brokered cease-fire took effect. The drive resulted in heavy Israeli casualties, but Olmert said it was essential to secure a cease-fire on Israel's terms."

The Washington Times (8/29, Mitnick, 88K) says Olmert "rejected" a wider probe, "opting for an internal investigation with a far weaker mandate." A formal state commission of inquiry "would paralyze the government and the army for months. Instead, Mr. Olmert said he would appoint a panel of investigators."

Turkey One Step Closer To Contributing Troops. The AP (8/29, Meixler) reports Turkey, "the only Muslim member of NATO and a country with close ties to both Israel and Arab states, moved closer Monday to agreeing to send troops to Lebanon." Ankara's Cabinet "said Monday that parliament would be convened soon to vote on the government's call for sending troops to Lebanon. The government holds a strong majority in parliament but there is growing opposition to the deployment of Turkish peacekeepers." Many Turks "fear the soldiers could come into conflict with fellow Muslims," however, supporters "have said the deployment is a critical move to boost Turkey's influence in" the region.

State Department "Surprised" By Nasrallah Comment. The AP (8/29) reports the State Department "says it was surprised by Hezbollah leader Sheik Hassan Nasrallah's statement that he would not have ordered the abduction of two Israeli soldiers if he had known it would lead to a large war." Assistant Secretary for Public Affairs Sean McCormack is quoted saying, "It was a surprising statement for somebody who launched a war to say that he regretted launching that war. It is, in fact, what we have warned and the world has warned against. That is, allowing a state within a state such as Hezbollah to drag an entire sovereign nation (Lebanon) and region into a pit of violence, which is what Hezbollah and Nasrallah did." McCormack "said the United States expects Hezbollah to be disarmed, as twice demanded by the U.N. Security Council."

Nasrallah's Status Among The Arab Public Continues To Grow. The Christian Science Monitor (8/29, Murphy, 58K) reports, "To most of the Arab public, the debate over who won the war between Israel and Lebanon's Hizbullah is already settled." The group's leader Hassan Nasrallah "is being feted through song" and other public displays of support. "The long-term political fallout of this euphoria over Hizbullah's ability to withstand Israel's superior firepower is still uncertain. … But there are signs that opponents of authoritarian regimes in the region have been emboldened by Hizbullah's actions, linking their struggles against their own states to the Lebanese guerrillas' fight with Israel." His reputation "as the Arabs' new champion - replacing secular leaders of the past like Yasser Arafat - has accelerated the regional shift of support to Islamist leaders seen as less corrupt than their secular counterparts." His status has grown most "among Palestinians and Syrians."

D'Alema Says Palestinian Solution Is Key To Regional Peace. In an op-ed in today's Wall Street Journal (8/29, 2.03M), Italian Foreign Minister Massimo D'Alema says the "tragedy" in Lebanon could "be turned toward opportunity. We are on the right track to seize a rare chance to change the status quo for the better in a crucial part of the Middle East." UNSCR 1701 "will help in protecting both Israel's territorial security and the future of a fragile Arab democracy. The foundations for better management of the entire Middle Eastern crisis will then have been set." Noting that Italy "is seriously committed to" a workable "solution," D'Alema says "the Lebanese army and the international peacekeeping force, working together in a consistent and sustainable way, must be able to guarantee Lebanon's full sovereignty over its territory." The next step "will be making sure that Israel achieves enhanced security through political agreements with its neighbors, guaranteed by the U.N. and by multinational forces -- an approach to be possibly extended to the Gaza front." For its part, Hezbollah "has to evolve into a purely political and nonviolent movement." D'Alema notes that the recent conflict "did not happen in a vacuum, and the Lebanon test will have to be passed regionally as well as locally." He says UNSCR 1701 "vindicates the assumption that multilateralism can be effective only when the U.S. and Europe are equally interested and willing in making the U.N. work.," and it "is high time for a similar trans-Atlantic joint venture on the Israeli-Palestinian front: The tragic situation in Gaza shows the need for such an active international engagement."

Hamas Official Blames Palestinians For Conditions In Gaza. The New York Times (8/29, Erlanger, 1.21M) reports, "In an unusual instance of self-criticism, a well-known Hamas official has deplored the collapse of Gazan life into chaos and has said that much of the blame belongs to Palestinians themselves." Government spokesman and former newspaper editor Ghazi Hamad said, "Gaza is suffering under the yoke of anarchy and the swords of thugs," and "life became a nightmare and an intolerable burden." The Times says "he urged Palestinians to look to themselves, not to Israel, for the causes. But he appeared not to be placing the blame on Hamas or the Palestinian Authority's prime minister, Ismail Haniya of Hamas. He said various armed groups in the Gaza Strip — most affiliated with Fatah, Hamas' rival — were responsible for the chaos." Ghazi "also

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questioned the utility of firing rockets into Israel that cause few casualties but result in many Palestinian deaths when the Israelis retaliate. He seemed to be arguing for other armed groups to follow the Hamas decision to halt rocket fire into Israel."

WPost Says Incremental Step Should Be Short-Term Goal. In an editorial, the Washington Post (8/29, A14, 748K) says that, while many experts "have boldly proclaimed this the moment when what they see as the root cause of the war -- Israel's conflict with the Palestinians -- should be resolved once and for all," that "goal is unachievable in the short run. Trying to bring it about by means of an international conference or other grandiose measures would only distract from the incremental but valuable political gains that could be realized in the war's aftermath." With both an Israeli pull-out from Gaza and direct talks between Israel and the Palestinians now unlikely, "what Israel and outside parties can do now is take measures to strengthen the secular moderates in Lebanon and in the Palestinian territories who oppose the extremism of Hamas and Hezbollah." Israeli Prime Minister Ehud Olmert "should at last make an effort to work with" Palestinian President Mahmoud Abbas, and likewise with secular Lebanese politicians. "Western and Arab governments should quickly act on their declared intention to provide aid and training to Lebanon's government and armed forces. None of this will produce a breakthrough toward a Middle East peace. But it could, at best, lay the groundwork for one."

Study Critical Of Pro-Israel Lobby Sparks Controversy. The Washington Times (8/29, Sands, 88K) details the findings of a "a hotly debated study on the influence of the pro-Israel lobby" on US policy making. Authors John Mearsheimer and Stephen Walt say that the Administration's "unquestioning support for Israel's military action in Lebanon confirms their thesis that the power of the lobby hurts both U.S. and Israeli national interests." The Times calls the work "a lengthy attack on what the authors said was the distorting power of pro-Israel interest groups, think tanks, campaign donors and public officials to slant U.S. policy toward the Jewish state." Those ideas have "sparked a heated debate. Some praised the authors for taking on one of the country's most powerful lobbies, while others condemned them for everything from sloppy scholarship to anti-Semitism." Walt explained that their study "never said that groups such as the American Israel Public Affairs Committee was involved in a conspiracy to drive support of Israel or to stifle debate in the United States, but that the ability of the Israel lobby to influence friends and punish adversaries on Middle East issues was 'no secret inside the Beltway.'"

In his "Washington Sketch" column in the Washington Post (8/29, A2, 748K), Dana Milbank pans Mearsheimer and Walt's scholarship and their presentation to the National Press Club. "Blurring the line between academics and activism, they accepted a button proclaiming 'Fight the Israel Lobby' and won cheers from the Muslim group for their denunciation of Israel and its friends in the United States. Whatever motivated the performance, the result wasn't exactly scholarly." Milbank says their "line of argument could be considered a precarious one for two blue-eyed men with Germanic surnames. And, indeed, Walt seemed defensive about the charges of anti-Semitism." He concludes, "When the two professors finished, they were besieged by autograph- and photo-seekers and Arab television correspondents. Walt could be heard telling one that if an American criticizes Israel, 'it might have some economic consequences for your business.' Before leaving for an interview with al-Jazeera, Mearsheimer accepted a button proclaiming 'Walt & Mearsheimer Rock. Fight the Israel Lobby.' 'I like it,' he said, beaming."

Turkish Terror Attacks Target Tourist Locations. The Financial Times (8/29David O', Byrne) reports, "A bomb blast killed three Turks and injured dozens more people, including foreign tourists, in Turkey's south-western resort town of Antalya on Monday, the fifth such terror attack in less than 24 hours. On Sunday one bomb exploded in Istanbul while three in Marmaris, another resort town in the country's south-west, injured 22 people, including Britons and Turks." The Kurdistan Freedom Falcons, which the Times says is "seen as" a front for the PKK, claimed responsibility for the earlier attacks. The Times adds, "The latest bombings appeared to confirm fears that the PKK would increasingly target tourist resorts, in an attempt to damage the economy." The State Department "announced the appointment of a special envoy for countering the PKK, with the mission to 'eliminate the threat of the PKK and other terrorist groups.' An official said the timing of the statement was not linked to the latest bombings in Turkey but was the outcome of talks with the Turkish and Iraqi governments."

The New York Times (8/29, Arsu, 1.21M) reports, "A blast in the center of Antalya, a popular resort town on Turkey's Mediterranean coast, killed three people and wounded 20 on Monday. Three explosions in another popular tourist destination on Sunday injured 21 people, including 10 Britons." The Times identified the group claiming responsibility as the Kurdistan Liberation Hawks, which it said is "a hard-line separatist group linked to the outlawed" PKK. The Christian Science Monitor (8/29, Schleifer, 58K) runs a similar report.

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Nazarbayez's Visit Said To Highlight "Clash" Of US Priorities. In a front page piece entitled, "With Kazakh's Visit, Bush Priorities Clash," the Washington Post (8/29, A1, Baker, 748K) reports President Bush "launched an initiative this month to combat international kleptocracy," an effort he said "would be 'a critical component of our freedom agenda.' Three weeks later, the White House is making arrangements to host the leader of Kazakhstan, an autocrat who runs a nation that is anything but free and who has been accused by U.S. prosecutors of pocketing the bulk of $78 million in bribes from an American businessman." The Post says the visit of President Nursultan Nazarbayev to the White House and Kennebunkport "offers a case study in the competing priorities of the Bush administration at a time when the president has vowed to fight for democracy and against corruption around the globe." While Nazarbayev has curtailed democratization at home, "he also sits atop massive oil reserves that have helped open doors in Washington. Nazarbayez "has received especially warm treatment," including a visit to Astana by Vice President Cheney in May "to praise the Kazakh leader as a friend, a trip that drew criticism because it came the day after he criticized Russia for retreating from democracy. The latest invitation has sparked outrage among Kazakh opposition." Nazarbayez's nation "has emerged as an increasingly important player in the world energy market," and the Administration considers him "a friendly, stable moderate in a region of harsher, sometimes hostile dictators and has been hopeful he will open up and cleanse his government."

Sudan's Bashir Refuses To Meet Frazer To Discuss Darfur. The AP (8/29, Osman) reports Sudanese President Omar al-Bashir "declined to meet" Assistant Secretary Jendayi Frazer, who was in Sudan "to press him to approve the deployment of U.N. peacekeepers in war-torn Darfur. The apparent snub came as the" UNSC opened discussions on the UK-US peacekeeping transition resolution. Frazer "had been expected to deliver a message from President Bush to" Bashir, who "was unable to meet the diplomat 'due to his crowded schedule,' the president's office said." The AP says Frazer "instead handed" her message to a Bashir aide, who in turn reiterated "his rejection of the U.N. force." In New York, Ambassador Bolton "urged the council to approve the peacekeeping mission. 'The time for talk is over. It is time for action. It is time for this council to uphold its responsibility,' he said."

Frazer Inquires About Journalist's Arrest. The AP (8/28) reported Frazer "has raised with Sudan's foreign minister the arrest of an American journalist by pro-government forces in the war-torn Darfur region." Frazer was discussing Darfur with Foreign Minister Lam Akol "when she 'raised' the arrest of Chicago Tribune reporter Paul Salopek. Assistant Secretary McCormack is quoted saying, "We would hope that any judicial process be fair, speedy and transparent, and it's something that we are watching very closely."

Syrian Women Spearhead Embrace of Islam. A 1,744-word feature in the New York Times (8/29, Zoepf, 1.21M) highlights the "Islamic revival" taking place in Syria, spurred on almost entirely by women. At "meetings of an exclusive and secret Islamic women's society known as the Qubaisiate," women "are tutored further in the faith and are even taught how to influence some of their well-connected fathers and husbands to accept a greater presence of Islam in public life." The Times call this "the two faces of an Islamic revival for women in Syria, one that could add up to a potent challenge to this determinedly secular state. Though government officials vociferously deny it, Syria is becoming increasingly religious and its national identity is weakening." That kind of transformation might "undermine the unity of a society that is ruled by a Muslim religious minority, the Alawites, and includes many religious groups." In this movement, "women are in the vanguard. Though men across the Islamic world usually interpret Scripture and lead prayers, Syria, virtually alone in the Arab world, is seeing the resurrection of a centuries-old tradition of sheikhas, or women who are religious scholars. The growth of girls' madrasas has outpaced those for boys."

Mexican Election Panel Throws Out Leftists' Fraud Claims. The Wall Street Journal (8/29, Lyons, Luhnow, A3, 2.03M) reports, "Mexico's top electoral court rejected allegations of widespread vote tampering during the July 2 presidential election, a ruling that likely puts conservative politician Felipe Calderón just days away from securing the presidency." By a 7-0 vote, the court threw out "complaints of fraud by leftist candidate Andrés Manuel López Obrador, who has refused to accept Mr. Calderón's victory." The Journal says the ruling may add "a seal of approval on the election-day process," but it could "do little to ease rising tensions in a country that shares a 2,000-mile border with the U.S." Lopez Obrador "is growing more radical with each passing week, saying Mexico 'needs a revolution' and vowing to name himself president if the court ratifies Mr. Calderón's win." Calderon has "one final legal step" to overcome – "the court must rule on the election's overall validity and declare a winner before Sept. 6."

The New York Times (8/29, McKinley, 1.21M) says Calderon "seemed virtually assured of being designated president of Mexico next week after the country's highest electoral tribunal on Monday threw out legal challenges from" Lopez Obrador. Although the court "short of officially designating Mr. Calderón, a conservative, president-elect," it "it ruled unanimously that" López Obrador "had failed to prove

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that irregularities in many polling places stemmed from fraud, nor had he proven that the errors affected him more than his opponent."

The Washington Post (8/29, A10, Roig-Franzia, 748K) adds the court ruled "that a partial recount will not change the outcome of the hotly disputed July 2 presidential election," and "few [Mexicans] expect the court to alter the final outcome of the race, especially after the court announced Monday that it had rejected nearly all of Lopez Obrador's fraud claims." The AP (8/29, Carl) reports Calderon "held onto his narrow lead in the disputed presidential election after a partial recount of votes, the top electoral court said Monday in a strong indication that [he] will be declared the winner. But the judges held off on naming the president-elect and still have the option to annul the election." Lopez Obrador "reacted to the court's announcement in outrage, calling on supporters never to accept Calderon as president and asking them to decide if he should form a parallel government or carry on a nationwide campaign of protests." The Chicago Tribune (8/29, McMahon, 623K), Los Angeles Times (8/29, Tobar, Enriquez, 918K) and USA Today (8/29, Llana, 2.27M), among other newspapers, also report on the court's decision.

More Commentary. The New York Times (8/29, 1.21M) editorializes, "The electoral tribunal has not yet declared that Felipe Calderón, of the ruling National Action Party, is Mexico's next president. It has until Sept. 6 to rule on whether President Vicente Fox and business groups interfered illegally in the election. No one should ask Mr. López Obrador to concede before this ruling." But "it is time for him to end the protests and pledge to respect the tribunal's final decision."

McCain To Address UK Tories' Annual Conference. The Financial Times (8/29, Ben Hall) reports, "John McCain, the popular Republican senator and likely US presidential contender, has agreed in principle to speak at the Conservatives' annual conference in October, underlining the restoration of the party's international credibility. Securing Mr McCain as the star turn in Bournemouth would be a coup for David Cameron, who has paid little attention to world affairs since becoming Tory leader in December and has not yet been to Washington." McCain "is the frontrunner in the race to become the Republican candidate for the 2008 presidential election and has been a sharp critic of aspects of the Bush administration's war on terror." Michael Howard, Cameron's predecessor, "fell out with the White House after criticising Tony Blair's handling of the war. But Mr Cameron's team have since rebuilt relations with the Republicans." Labour "is believed to be trying to persuade Bill Clinton, the former US president and political soulmate of Tony Blair, to charm party activists with a flying visit to the party's conference in Manchester at the end of September."

Obama Gets Star Reception In Kenya. CNN's The Situation Room (8/28, Koinange) reported African media "have dubbed" Sen. Barak Obama's "Kenyan trip with a new word. They are calling it Obama-mania. And nowhere was that more evident than when he touched down in his father's hometown." Thousands "lined the streets just to catch a glimpse of the man many here consider their son and brother, even though he was born in the US. All the way to his first stop, the crowds kept growing and singing." It was "at his first stop that Obama probably got his biggest welcome, thousands of locals turning up just to see him take an HIV test."

USA Today/AP (8/29, Wills) reports, "Kenyans must take control of their country's destiny by opposing corruption and ethnic divisions in government, Sen. Barack Obama said in a policy speech Monday at the main university in his father's homeland." Kenya and other African nations "will never thrive if their citizens cannot count on the government to deliver services fairly, regardless of their tribal background or ability to pay bribes, Obama told about 600 people at the University of Nairobi." The Washington Post (8/29, A9, Wills, 748K) runs a similar AP report.

McClatchy (8/29, Bengali, Kilongi) says that "throughout Obama's four-day visit to Kenya, he's been greeted like a head of state or a sports legend, not like a freshman US senator. Obama was raised in Hawaii, and his last visit to Kenya was 14 years ago." He has been "quick to downplay expectations that he'll be able to help Kenya, or the rest of Africa, lift itself up from systemic poverty and conflict. 'I don't pretend to have all the solutions or think that it'll be easy,' he said Monday. 'I've got enough on my hands trying to work in the United States.'"

The New York Times (8/29, Gettleman, 1.21M) reports, "This was Day 5 of his Kenya tour, and at each stop, each speech that he gives, the crowds only grow." It is "an unusual reception for an unusual trip for a Democratic freshman senator from Illinois to be making, but it seems that Mr. Obama, whose father was Kenyan, is using all the rapturous attention to spotlight serious issues that are too often ignored in Africa." The Kenyans "are loving it."

The Washington Times (8/29, 88K) says the senator, "who stopped in South Africa last week, also will travel to Djibouti and Chad, to visit refugees from Sudan's Darfur region, on a trip he hopes will bring new focus on Africa's importance." He "scrapped plans to visit the Democratic Republic of the Congo and Rwanda at the request of the US Embassy in Congo because of postelection fighting in that country's capital, Kinshasa."

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Chinese Emissions Trading Deal Would Be World's Costliest. The Wall Street Journal (8/29, Fialka, 2.03M) reports the World Bank "and 11 utilities, banks, trading firms and others have put together the largest greenhouse-gas emission trades in history, a $1 billion deal that will help two Chinese chemical companies reduce emissions believed to cause climate change by the equivalent of 19 million tons of carbon dioxide a year." The Journal says the deal "will be a windfall for the Chinese government, which will get 65% of the money through existing taxes on the two companies." Those funds will go "into a new Clean Development Fund that China will use to promote forms of renewable energy -- such as solar and wind power -- and to remove other gases believed to cause global warming." The Journal notes that three-fourths "of the money is coming from European and Asian corporations, many of which are hurrying to buy emissions credits that can be used to meet the terms of the Kyoto Protocol."

Economist Advises Beijing To Control Exchange Rate Changes Tightly. In an op-ed in the Wall Street Journal (8/29, 2.03M), economics professor Ronald McKinnon notes that, while Beijing's pegging of the yuan to the dollar prior to 2005 helped spur economic expansion, "the U.S. monetary anchor isn't as stable as it once was." Inflation "is spiraling up," causing China's "foreign monetary anchor" to "slip." McKinnon suggests "a new monetary rule for China: Pick some target rate for annual inflation in China's CPI, say 1% (it could be as high as 2%), then see how much higher American inflation, say 4.1%, is above China's internal target rate. The difference, in this case 3.1%, then becomes the planned annual gradual appreciation of the yuan rate against the dollar." Such a rule "has strong implications for the behavior of yuan interest rates." He adds, "It is important to keep the rate of yuan appreciation moderate and in line with the inflation differential between the two countries. … Floating the yuan, which would lead to a large initial appreciation, would be a major policy mistake." McKinnon concludes, "The bottom line is that China's central bank must carefully watch inflation and interest rates in the U.S. when formulating its own exchange-rate-based monetary strategy. Any exchange-rate changes against the dollar should be tightly controlled and gradual -- as with the appreciation over the past year."

WSJounal Says Three Cases Cast Beijing's Commitment To Rule Of Law In Doubt. The Wall Street Journal (8/29, 2.03M) editorializes, "In most countries, a blind social activist who taught himself law to fight for the rights of the disabled and other victims of abuse would be a hero. In China, Chen Guangcheng's reward for doing this is prison." The harassment of Chen and his lawyers show that, in China, "the law is taking a great leap backward." Likewise, "Chinese journalist Zhao Yan was sentenced to three years in jail on dubious charges of fraud." And, "Ching Cheong, Hong Kong correspondent for Singapore's Straits Times, is waiting to hear his fate after a secret trial two weeks ago, again on charges of leaking state secrets." The Journal says the abuse of Chen "fits a recent pattern in which the Chinese leadership has repeatedly sided with corrupt local officials against their accusers. Beijing's actions in cases such as these undermine China's claims that it is committed to the rule of law."

WSJournal Details Canadians' Unhappiness With Health Service Wait Times. In an editorial, the Wall Street Journal (8/29, 2.03M) describes the results of a poll of Canadians showing over one-third of respondents have "tried and failed" to access health services recently. "At issue here is whether it is better to ration a scarce good using prices, as a free-market system would do, or using time, as is inevitably the case with nationally financed systems. As [one researcher] put it, 'These results confirm that millions of Canadian households, in the last three months alone, experienced the anxiety of waiting what they felt was too long a period of time for a health service.'"

Changes In Qatar Praised. In an op-ed in today's Washington Times (8/29, 88K), Rob Sobhani, president of Caspian Energy Consulting, says "a quiet revolution to remove oppression and despair that often leads to terrorism is taking place in…Qatar under the leadership of a dynamic and charismatic woman. Sheikha Mozah bint Nasser al Missned is the wife of the amir of Qatar, one of America's strongest allies in the troubled Middle East." In contrast to President Bush's policy of democratization through transformation, "the sheikha has focused on a new mission of statecraft: good governance." She "approaches her mission to transform the hearts and minds of the Arab Muslim world with a level of professionalism seldom seen in that part of the world. Her success to date can only be explained by her personality: Disciplined, focused, agenda-driven, and working according to a code of meritocracy." She nurtures "a clear vision to transform this energy-rich Sunni Arab state into the education hub of the Middle East." Focusing her energy on education, political pluralism and religious tolerance, Sobhani notes, "As Washington struggles to contain the evil of global terrorism by promoting democracy in the Middle East, Sheikha Mozah bint Nasser al Missned's road map of transforming the hearts and minds through education is an excellent starting point."

THE BIG PICTURE:

Headlines From Today's Front Pages.

DOJ_NMG_0054940

Los Angeles Times:
"Ramsey Suspect Abruptly Cleared."
"`They Say I Ate My Father. But I Didn't'."
"Iraq Army Battles Shiites."
"Calderon Moves Closer To Victory In Mexico."
"Mail Bonding: Neighbors Hate To See The Blue Boxes Go."

USA Today:
"A Year Later, Hearts Still Heavy In New Orleans."
"Ramsey Suspect's DNA Not A Match."

New York Times:
"Radical Militia And Iraqi Army In Fierce Battle."
"Islamic Revival Led By Women Tests Syria's Secularism."
"Star Of The Right Loses His Base At The Border."
"Ramsey Case Suspect Cleared After DNA Tests."
"Clinton Makes Up For Lost Time In Battling AIDS."
"In Instant, Routine Became Disaster In Bronx Fire."

Washington Post:
"The President And His Critics Mark Anniversary Along Coast."
"Karr Won't Be Charged In Death Of JonBenet."
"Fenty Goes On Offensive Against Cropp."
"Iraqi Troops Battle Shiite Militiamen In Southern City."
"With Kazakh's Visit, Bush Priorities Clash."

Washington Times:
"Bush Offers Gulf States Commitment."
"Case Dropped For JonBenet Suspects."
"Obama Chides Africa On Visit."
"D.C. motorist Get A 'Break' As Gas Prices Drop."
"Mexico Court Rejects Claims Of Vote Fraud."
"Empty Nest Enable Parents To Spread Their Wings."

Detroit Free Press:
"Gas: How Low Will It Go?"
"Workers Could Have Saved Boy."
"WSU Gambles On Dorms."
"JonBenet Case Dropped But Not Closed."

Atlanta Journal-Constitution:
"Karr Case Folds With DNA."
"Comair Flight Almost Made It."
"World Champs."
"Bush Upbeat In Gulf Tour For Katrina Anniversary."
"Heat Policy Enacted To Protected Athletes."

Houston Chronicle:
"Rebuilding Lives As A Way Of Life."
"Hurtt Delays New Chase Policy."
"Mom Won't Be Tried Again."
"Hopeful Signs."
"DNA Test Collapses Against JonBenet Suspect."
"Pilots Discussed Absence Of Lights."

Story Lineup From Last Night's Network News:
ABC: JonBenet; Tropical Storm Ernesto; Comair Plane Crash; Plane Crash Analysis; Gas Prices; Sectarian Violence; Katrina Anniversary-New Orleans; Levee System-New Orleans; New Orleans Population.
CBS: JonBenet; Karr Legal Analysis; Comair Plane Crash; Tropical Storm Ernesto; Florida Hurricane Preparation; Sectarian Violence; Cease-Fire; Katrina Anniversary-New Orleans; Medical Care-New Orleans; Oldest living Human; Andre Agassi's Last Open.
NBC: Katrina-Anniversary-New Orleans; Katrina-What Went Wrong; JonBenet; Comair Plane Crash; Gerald Ford's Health; Tropical Storm Ernesto; Sectarian Violence; Katrina Remembered.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends breakfast with the Mayor of New Orleans, New Orleans; attends service commemorating the first anniversary of Hurricane Katrina, St. Louis Cathedral, New Orleans; participates in a roundtable on Gulf Coast Library Recovery Initiative, Warren Easton Senior High School, New Orleans; makes remarks on Gulf Coast Recovery, Easton Senior High School; visits with local residents and volunteers, location TBA, New Orleans; overnights in Crawford, Texas.

VICE PRESIDENT CHENEY — speaks at a luncheon for Rep. Jeff Fortenberry, Hilton Hotel, Omaha; speaks at a rally for troops. Offutt Air Force Base, Omaha.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: CAMP DEMOCRACY _ 10 a.m. Movements for peace, Katrina recovery, immigrants' rights, women's Rights, the environment , electoral reform, and impeachment participating in the ``Camp Freedom" encampment/protest in Washington hold a news conference on ``Camp Democracy" activities in Washington Sept. 5-20. Participants include: Kim Gandy, President of the National Organization for Women and native of New Orleans who will publish a column this day on Katrina; Ann Wright, Retired Colonel, U.S. Army, and career diplomat who resigned over Iraq War; Linda Schade, Executive Director of VotersForPeace; Edward J. Elder, National Lawyer's Guild; Kevin Zeese, Executive Director of Democracy Rising; Ellen Barfield, Board Member of Veterans for Peace; David Swanson, Washington Director of Democrats.com; and Scott McLarty, Media Director of the Green Party of the United States. Location: National Press Club, Murrow Room.

DOJ_NMG_0054941

DEMOCRATS-IMMIGRATION _ 10 a.m. Sen. Edward Kennedy, D-Mass., and Rep. Silvestre Reyes, D-Texas, hold a media conference call to discuss what they say is the urgent need for comprehensive immigration reform on the day that House Republicans hold what they described as ``a publicity stunt immigration hearing" in Indiana. Contacts: Laura Capps, 202-224-2633. Notes: Media call-in: 202-228-2663 or 1-866-909-2663. PASSWORD: 9682912.

MEDICARE RX _ 10 a.m. Washington Legal Foundation (WLF) Chief Counsel Richard Samp joins pharmacist Thomas DeVille, CEO of a long term care pharmacy, for a ``media nosh" program on WLF's First Amendment challenge against HHS Secretary Leavitt and Center for Medicare and Medicaid Services (CMS) Administrator McClellan. The suit seeks to enjoin CMS from enforcing marketing guidelines which they say erect barriers to elderly and disabled Americans ability to choose the ``Part D prescription drug plan that is best for them. Location: M.J. Murdock Center for Free Enterprise, Washington Legal Foundation, 2009 Massachusetts Ave. NW.

FBI-POST 9/11 _ 11 a.m. The FBI hosts a media availability to demonstrate current FBI capabilities and working systems that ``connect the dots in a post-9/11 world. FBI Executive Assistant Director National Security Branch Willie Hulon and Chief Information Officer Zalmai Azmi will participate in the on-the-record briefing. Location: JEH Building, 935 Pennsylvania Ave. NW (10th Street visitors entrance).

KATRINA-BLACKS _ 1 p.m. The Black Family Summit of the Institute of the Black World 21st Century holds a news conference as part of its meeting to finalize plans to launch a project to provide counseling and assistance to survivors of Hurricane Katrina. Location: Room 114, Howard University School of Social Work, 601 Howard Pl. NW.

EDUCATIONAL TESTING _ 12 p.m. - 2 p.m. The Thomas B. Fordham Foundation hosts a panel, ``When State Standards Go Wrong: Has the Time Come for National Testing?" Panelists are: Bob Wise, former West Virginia governor and president, Alliance for Excellent Education; Gene Hickok, former U.S. Deputy Secretary of Education and senior policy director, Dutko Worldwide; Joan Baratz Snowden, director of educational issues, American Federation of Teachers; Chester E. Finn, Jr., president, Thomas B. Fordham Foundation; and moderator Lynn Olson, managing editor, Education Week. Location: National Press Club, Holeman Lounge.

LOUISIANA-KATRINA _ 6:30 p.m. The Louisiana Network holds a meeting for Louisiana natives marking the one-year anniversary of Hurricane Katrina. Location: Anzu Lounge, 2436 18th St. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, AUGUST 29, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Rumsfeld Says Terrorists Manipulate Media (AP) 5
Bush Shields U.S., Cheney Says (LAT) 5
Rumsfeld: NAS Fallon crucial in war against terror (AP) 7
2 Lodi Residents Refused Entry Back Into U.S. (SFC) 7
U.S. Blocks Men's Return To California From Pakistan (NYT) 9
71-year-old Sent Home From Gitmo (USAT) 10
Britain Seeks To Extradite Terror Suspect From Pakistan (USAT/AP) 11
Britain Seeks Extradition Of Suspect In Terror Plot (WP) 11
Britain Asks Pakistan To Extradite Terror Plot Suspect: Ministry (AFP-Y) 12
Details Emerge In British Terror Case (NYT) 13
Kean's Washington View (WT) 17

Homeland Response:

A Tool We Need To Stop The Next Airliner Plot (WP) 18
Note On Plane Forces Emergency Landing (AP-Y) 19
Attorney's $2 Million 9/11 Fee Called 'Shocking, Unconscionable' (LAW) 19
Bush Says Katrina Recovery Just Starting (AP-Y) 22
President Hails 'sense Of Renewal' In Mississippi (USAT) 23
Bush: 'New Orleans Will Rise Again' (CHIT) 24
Bush Visits Gulf Coast, Stressing Progress (NYT) 25
A Year Later, Hearts Still Heavy In New Orleans (USAT) 26
In New Orleans, Recovery Is Sporadic (WSJ) 28
In Miss., Hope Of Going Home Dwindles (WP) 30
Bush Sees 'Hopeful Future' In Gulf Coast (LAT) 31
Bush Offers Gulf States Commitment (WT) 33
The President And His Critics Mark Anniversary Along Coast (WP) 34
Emotional Devastation Surfaces From Katrina (USAT) 36
Study Of Katrina Survivors Finds Storm Took Big Psychological Toll (WSJ) 36
Katrina Survivors Mostly Optimistic, New Study Finds (WP) 37
New Orleans Births Soar (USAT) 38
Katrina, One Year Later (editorial) (WP) 39
A Tribute For The Living (opinion) (NYT) 40
The Tragedy Of New Orleans (WSJ) 41
Hurry Up And Wait (WP) 42
A New Orleans Battle Cry: 'We're Going To Come Back' (column) (USAT) 43
'Home. This Was Home.' (column) (WP) 43
Disaster Relief -- For Profit (LAT) 44
Feds Ramping Up For Ernesto (AP-Y) 46
Florida Gets Ready As Ernesto Closes In (USAT) 47
South Floridians Make Ready As Storm Threatens (NYT) 47
Floridians Prepare For Ernesto's Strike (WT) 48
In South Florida, A Familiar Drill (WP/AP) 49

War News:

Nevada: Cheney Criticizes Idea Of Leaving Iraq (NYT) 49
Slowly Sidling To Iraq's Exit (WP) 49
Radical Militia And Iraqi Army In Fierce Battle (NYT) 51
40 Killed As Shiites Battle Iraqi Forces (AP) 53
Attacks In Diwaniyah, Baghdad Kill At Least 60 (USAT/AP) 54
Iraqi Troops Battle Shiite Militiamen In Southern City (WP) 54
Death Rate Drops In Baghdad For August (CSM) 56
Iraqi Soldiers Refuse To Go To Baghdad, Defying Order (NYT) 57
General Says Iraqi Soldiers Refuse Duty (AP) 58
U.S. Says Iraq Poised To Take Control Of Its Ground Forces (WT) 59
In Ramadi, The Force Isn't Huge But The Task Is (USAT) 59
In Iraq, Fewer Killed, More Are Wounded (CSM) 61
Suicide Bomber Kills 17 Afghans; Attacks Persist In The South (NYT) 62
Pakistan Struggles To Identify Taliban (CSM) 63
$900,000 Paid To Army Reservists Who Deserted (NYT/AP) 64

Pentagon To Monitor Recruiters (AP) 65

Corporate Scandals:

Prudential Settles Allegations For $600M (USAT) 66
Prudential Will Pay $600 Million (WSJ) 66
Prudential To Pay Fine In Trading (NYT) 67
Prudential To Pay $600 Million To Avoid Fund Trial (WP) 68
Prudential Unit To Pay $600M In Fines (AP) 70
Prudential Agrees To Pay $600 Million For Deceptive Market-timing Trading (BOS) 71
Prudential To Pay $600 Million To Settle Fund Probes (Update2) (BLOOM) 72
Record $600m Fine For Timing Fraud (FT) 73
Prudential Ordered To Pay 600 Mln Dlr Fine To Settle Trading Probe (AFP-Y) 74
Prudential To Pay $600M In Market-timing Settlement (MRKTWTCH) 75
SunTrust Says S.E.C. Has Ended Its Inquiry (NYT) 76
Lawsuit Filed By Grasso Is Dismissed (NYT) 76

Criminal Law:

Ex-Colleague Says Armitage Was Source Of CIA Leak (WP) 76
D.A. Drops Charges Against Karr (LAT) 78
Karr Won't Be Charged In Death Of JonBenet (WP) 79
Suspect Cleared In Ramsey Case After DNA Tests (NYT) 80
Lawyer: No Charges For JonBenet Suspect (FINDLAW/AP) .. 81
Case Dropped For JonBenet Suspect (WT) 82
Ramsey Suspect's DNA Not A Match (USAT) 83
JonBenét Case Frustrates The Law (USAT) 84
3 Plead Guilty In Child Prostitution Crackdown (AP) 85
Bowers Bows Out Of Legislature Citing Health Woes (KNOXNS/AP) 86
Bowers Cites Health, Not Waltz Or Pension, In Senate Bow (MCA) 86
Kathryn Bowers Leaving State Senate (CHATT) 87
Tennessee Waltz Defendant Resigns From Senate (NASHCP) 87
Judge Rules FBI Transcripts Can't Be Used As Evidence (AP) 88
Junior Gotti's 3rd Trial May Not Feature Curtis Sliwa After All (NSDY/AP) 88
Feds To Gag Sliwa? (NYDN) 89
JUNIOR 'CRIES' UNCLE (NYPOST) 90
New Developments In Lawyer's Murder (WUSA-TV) 90
Prison Gang Trial Enters Penalty Phase (WP/AP) 91
Prison For Press-Aide-Turned-Bank-Robber (WP/AP) 91
Painter Said To Be Focus Of FBI Probe (LAT) 92
Man Admits Katrina Fraud (AP) 93
Report: Internal Cyberattacks More Common (FCW) 93
South Dakota Plans Its First Execution Since 1947 (NYT) 94
A Forged Document In A Virtuoso's Hand Leads To An Arrest (WSJ) 95

Civil Law:

Cardinal Stops Sales Of Pump (COLDIS) 96

Civil Rights:

Former Harrison County Deputy Indicted In Death Of Inmate (AP) 97
Judge Blocks Fla. Voter Registration Law (FINDLAW/AP) 98
Judge Tells City To Release Reports With Fewer Redactions (WP) 98

Antitrust:

BP Woes Deepen With New Probe (WSJ) 99
BP Chief Ordered To Testify (FT) 101
Tucson's Biggest Movie Chain To Be Sold (AZDS) 101
Nonprosecution Agreement Doesn't Guarantee A Dodged Bullet (LAW) 102
ETEU Approves Phillips' Purchase Of Avent (AP) 103
Brown-Forman Will Acquire Tequila Maker (NYT) 104
Kinder's Buyout Would Boost Debt To $14 Billion (WSJ) 104
Kinder Morgan Agrees To An Improved Buyout Offer Led By Its Chairman (NYT) 105
Kinder Morgan Board Approves $15B Sale (USAT) 106
Banca Popolare Italiana Is Seen As Merger Target (WSJ) ... 107

Environment:

Blistering Drought Ravages Farmland On Plains (NYT) 108
'Confusion' Surrounds Plans For Flu Pandemic (USAT) 109
Microchip Flu Test Speeds Diagnosis, Pinpoints Origin (WSJ) 110
High-tech Test Could Analyze Flu Quickly (USAT) 111
New Test Speeds Diagnosis Of Lethal Avian Flu Strain (NYT) 111

FBI/DEA/ATF/USMS:

L.A. Judge: Former FBI Agent To Get Probation, Fine In Spying Case (SDUT/AP) 113
Ex-FBI Agent Receives Probation, Fine (KCAL-TV) 113
Ex-FBI Agent Avoids Jail For Exposing Informant's Identity (NYS) 114
Anti-drug Advertising Campaign A Failure, GAO Report Says (USAT) 114
FBI Plans Major Database Upgrade (GCN) 115
FBI To Have New Offices In Detroit (FREEP) 118

DOJ_NMG_0054945

FBI Will Move To Corktown Complex (DEN).....118
Detroit FBI Moving Out Of Federal Building (AP).....119
Californians To Defy US Hemp Ban On 'environment Friendly' Cash Crop (GUA).....119
Bonds' Trainer Goes Back To Prison (LAT).....120
Bonds' Trainer In Contempt, Prison - Bound (AP).....121
Barry Bonds' Trainer Jailed Again For Contempt (USAT).....122
Doctor: NFL Drug Testing Program Flawed (AP).....123
Colombians Say Children Being Forced To Fight For Rebels (AP).....124
Bloomberg, City Stall On Releasing Evidence Regarding Illegal Guns (NYS).....125

Immigration:

Star Of The Right Loses His Base At The Border (NYT).....126
Making Sense Of Immigration Policies (USAT).....128

Congress-Administration:

Bush Hoping For A Boost With Trip To Ideal Locale (DESMN).....129
Exacting Easterbrook To Be Chief Of 7th Circuit (LAW).....131
The Sideman (WP).....133
Seniors Told How To Repay Medicare (AP-Y).....136
Seniors Flock To Private Medicare Plans (WSJ).....136
Group Says FDA, Advisory Panels Show Bias Toward Drug Approvals (WP).....138
Outside Audit Pensions Likely To Stay Dying Breed (WSJ)..139
The Falling Paycheck (NYT).....140

Other News:

Beatles Reunite To Sue Record Companies For $25M (LAW).....140
EchoStar Agrees To Settle Lawsuit; Fox Stations Balk (WSJ)142
Stocks Get Lift From Oil's Slide, Reversing Skid (WSJ).....143
Uncle Sam's Eyes In The Aisles (WP/AP).....143
A Fuel-Good Story At Summer's End (WP).....144
Detroit Sees Cheap Gas As History (NYT).....145
Fuel Lines Giant New Oil Refinery In India Shows Forces Roiling Industry (WSJ).....147
Comments May Cost GOP Minority Votes (AP-Y).....149
Democrats Now Favored To Take Over DeLay's Old Seat (CQP).....151
Ad Blitz Cited As Rales Leads Steele In New Poll (WT).....152
GOP Rivals To Bush: Thanks But No Thanks (PROJO).....152
Santorum Pairs 'Islamic Fascism,' WWII (AP-Y).....154
Santorum: Iran Is 'enemy Of Our Generation' (PTR).....154
Santorum Details Iranian Threat (UHSTD).....155
Inside Politics (WT).....156
Kerry Revives 2004 Election Allegations (AP).....158
Wal-Mart Counters Criticism With A Political-Style Ad Campaign (NYT).....159
Crawford, Texas (USAT).....159
Clinton Makes Up For Lost Time In Battling AIDS (NYT).....160
Cleland Treated For Trauma Disorder (AP-Y).....164
Ford Discharged From Mayo Clinic (AP-Y).....164
South Park Refugees (NYT).....165
Defunders Of Liberty (NYT).....166
Vice Presidential Possibilities (WT).....166
Making The Grade (WSJ).....167
Turnover Brings Fresh Blood (USAT).....168
Let Voters Decide Who Stays (USAT).....169
Levey: Iran 'Central Banker Of Terror' (AP-Y).....170
U.S. To Press For Sanctions Against Iran (AP-Y).....171
Iran Says It's Not Worried Over Deadline (AP).....172
Japanese Company Suspected Of Selling Nuclear Equipment To Iran (NYT).....172
Share The Evidence On Iran (WP).....173
Rumsfeld: S. Korea Need Not Fear North (AP).....174
Rumsfeld Meets Russian Counterpart (UPI).....175
Seoul's Push To Regain Wartime Control From U.S. Divides South Koreans (WP).....175
U.N. Chief Criticizes Israel, Hezbollah (AP).....176
Annan Calls For Release Of Israeli Soldiers (FT).....178
Annan Has Stern Words For Israel, Hezbollah (LAT).....179
Annan Urges Release Of Captured Israelis (WP).....180
Annan Booed By Hezbollah Supporters In Lebanon (MCT).181
Lebanon Insists It Can Control The Syrian Border By Itself (NYT).....182
Israeli PM Authorizes Limited War Probe (AP).....183
Olmert Orders Limited War Probe (WP).....184
Olmert Opts For Internal Inquiry Into War (WT).....185
Turkish Cabinet Approves Mideast Troops (AP).....186
State Department Surprised By Hezbollah (AP).....187
In War's Dust, A New Arab 'Lion' Emerges (CSM).....187
The Lebanon Test (WSJ).....188
Hamas Figure Blames Palestinians For Gaza Chaos (NYT)189
Beyond The Cease-Fire (WP).....191
Analysts See 'Disaster' In U.S. Position (WT).....191
Pronouncing Blame On The Israel Lobby (WP).....192
Turkish Resorts Targeted In Terror Attacks (FT).....193
3 Die And Scores Are Hurt In Bomb Attacks In Turkey (NYT)194
Turkey Sharpens Response To Upsurge In Kurd Violence (CSM).....195
With Kazakh's Visit, Bush Priorities Clash (WP).....196

DOJ_NMG_0054946

Senior U.S. Diplomat Leaves Sudan (AP) 198
U.S. Questions Arrest Of Journalist (AP).....198
Islamic Revival Led By Women Tests Syria's Secularism
(NYT) 198
Calderon A Step Closer To Presidency (WSJ).....201
Mexican Court Rejects Voting Fraud Charges (NYT) 202
Mexican Court Rejects Fraud Claims (WP) 203
Calderon Leads Mexico Presidential Race (AP).....204
Mexico's Highest Court Supports Announced Presidential
Victor (CHIT) 205
Calderon Moves Closer To Victory In Mexico (LAT).....206
Mexican Court Rejects Vote Challenges (USAT).....208
Mexico's Recount (NYT).....209
Leading US Senator To Address Tories (FT).....209
Obama Speaks On Corruption, Rifts In Kenya (USAT/AP) ...210
Obama Urges Kenyans To Fight Graft (WP/AP).....210
Obama's Africa Trip Has Been Equal Parts Political And
Personal (MCT).....211
Obama Urges Kenyans To Get Tough On Corruption (NYT)212
Obama Chides Africa On Visit (WT).....213
Biggest-Ever Emissions Trades: $1 Billion Deal Benefits
Beijing (WSJ).....214
The Yuan And The Greenback (WSJ).....215
China's Great Leap Backward (WSJ).....216
The Waiting Game (WSJ) 217
Qatar Leads The Way (WT).....217

DOJ_NMG_0054947

TERRORISM NEWS:

Rumsfeld Says Terrorists Manipulate Media (AP)

By Robert Burns

AP, August 28, 2006

Defense Secretary Donald H. Rumsfeld said Monday he is deeply troubled by the success of terrorist groups in "manipulating the media" to influence Westerners.

"That's the thing that keeps me up at night," he said during a question-and-answer session with about 200 naval aviators and other Navy personnel at this flight training base for Navy and Marine pilots.

Rumsfeld was asked whether the criticism he draws as Pentagon chief and a leading advocate of the war in Iraq is an impediment to performing his job. He said it was not and he knows from history that wars are normally unpopular with many Americans. "I expect that," he said. "I understand that."

"What bothers me the most is how clever the enemy is," he continued, launching an extensive broadside at Islamic extremist groups which he said are trying to undermine Western support for the war on terror.

"They are actively manipulating the media in this country" by, for example, falsely blaming U.S. troops for civilian deaths in Iraq and Afghanistan, he said.

"They can lie with impunity," he said, while U.S. troops are held to a high standard of conduct.

Later, in remarks prepared for delivery at a Reno, Nev., convention of the Veterans of Foreign Wars, Rumsfeld made similar points.

"The enemy lies constantly - almost totally without consequence," he told the veterans group, which was presenting him with the Dwight D. Eisenhower Distinguished Service Award. "They portray our cause as a war on Islam when in fact the overwhelming majority of victims of their terrorism have been thousands and thousands of innocent Muslims - men, women and children - they have killed."

In his prepared remarks at Reno he also said, "While some argue for tossing in the towel, the enemy is waiting and hoping for us to do just that."

Rumsfeld often complains about what he calls the terrorists' success in persuading Westerners that the U.S.-led wars in Iraq and Afghanistan are part of a crusade against Islam. In his remarks at Fallon he did not offer any new examples of media manipulation; he put unusual emphasis, however, on the negative impact it is having on Americans in an era of 24-hour news.

"The enemy is so much better at communicating," he added. "I wish we were better at countering that because the constant drumbeat of things they say - all of which are not true - is harmful. It's cumulative. And it does weaken people's will and lessen their determination, and raise questions in their minds as to whether the cost is worth it," he said alluding to Americans and other Westerners.

Rumsfeld flew to Fallon on Monday from Fairbanks, Alaska, where he spent the weekend meeting with families of soldiers deployed in Iraq. He also visited a missile defense site at Ft. Greely and met Sunday with Russian Defense Minister Sergei Ivanov to discuss Iraq and other issues.

Vice President Dick Cheney addressed the VFW convention in Reno on Monday morning. He asserted to the veterans that policies initiated by the Bush administration are the reason the United States hasn't been attacked since the Sept. 11 terrorist strikes five years ago.

Cheney defended the Iraq war as necessary in the overall battle against terrorism and reiterated the administration's position that U.S. troops would not withdraw until Iraqi forces were able to maintain order and stability.

Bush Shields U.S., Cheney Says (LAT)

DOJ_NMG_0054948

By Julian E. Barnes

The Los Angeles Times, August 29, 2006

RENO — Vice President Dick Cheney said Monday that "sound policy decisions" by the Bush administration were the reason the United States had not been attacked by terrorists since Sept. 11, 2001.

Speaking at a Veterans of Foreign Wars convention here as the fifth anniversary of the attacks approached, Cheney said that terrorists had mounted successful attacks on targets overseas, including Madrid; London; and Jakarta, Indonesia — but not in the United States.

"No one can guarantee that we won't be struck again. But to have come this far without another attack is no accident," Cheney said, crediting "sound" decisions by President Bush and vigilance by U.S. agencies and the military.

Cheney's claim of credit for the absence of attacks, a frequent theme in his recent speeches, contrasts sharply with criticism by Democrats and others who charge the administration has left the U.S. more vulnerable to terrorism by focusing on the war in Iraq.

The Sept. 11 anniversary and the November congressional elections will feature a struggle between the administration and its opponents to influence public impressions of 9/11 and the war in Iraq. Bush and his top war advisors are pushing the administration's case in high-profile appearances before veterans groups this week to address that fight.

Defense Secretary Donald H. Rumsfeld also addressed VFW members Monday, warning against a weakening of U.S. will. Rumsfeld, Secretary of State Condoleezza Rice and Bush also planned to address the American Legion, which is holding a convention this week in Salt Lake City.

In his address, Cheney said that Iraq was a key part of the administration's anti-terrorism effort and that pulling out would be a mistake.

"A precipitous withdrawal from Iraq would be a victory for the terrorists, an invitation to further violence against free nations, and a ruinous blow to the future security of the United States," he said. "We have only two options in Iraq — victory or defeat."

Before his VFW address, Rumsfeld echoed some of Cheney's comments in an address at Fallon Naval Air Station in Nevada. Referring to the congressional elections, Rumsfeld said coming weeks would bring more vigorous debate about the war in Iraq.

"The important question is not whether we can win. Of course we will win," he said. "The real question is will we have the will to persevere. Whether we have the grit to carry on."

Later, during questions from the audience of about 300 sailors, Rumsfeld said U.S. enemies were trying to weaken American will by manipulating the media and planning attacks for maximum publicity.

"The constant drumbeat of things they say, all of which is not true, is harmful, it is cumulative," Rumsfeld said. "It does weaken people's will, and lessen their determination, and that is worrisome."

But Rumsfeld questioned why people were debating whether or not Iraq was part of the war on terrorism, citing brutal insurgent attacks and statements by terrorist leaders about the central role of Iraq to their cause.

"We should have no illusion … how Iraq fits into the war on terror," Rumsfeld said. "How can so many be debating this issue? It strikes me the answer is there for all to see."

Speaking later before VFW members, Rumsfeld said that Americans had learned to give troops sent to war the resources and support they needed.

"And surely, we've learned the danger of giving the enemy the false impression that Americans cannot stomach a tough fight," he told the veterans group

"While some at home argue for tossing in the towel, the enemy is waiting and hoping that we will do just that," he said.

Rumsfeld said that in every war, there had been "setbacks and difficulties" and compared critics of the Iraq war to critics of World War II. Without naming him, Rumsfeld singled out then-U.S. Ambassador to Great Britain Joseph P. Kennedy.

"When Hitler was bombing London in 1940, a former U.S. ambassador came home and declared, 'Democracy is finished in England,' " Rumsfeld said. "And he said, 'It may be [finished] here' as well. Think of that."

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Kennedy, father of President John F. Kennedy, had opposed U.S. involvement in the war and doubted the British could defeat Germany. The elder Kennedy resigned his diplomatic post as war plans progressed and before public support for U.S. involvement surged after Japan attacked Pearl Harbor in 1941.

Rumsfeld: NAS Fallon crucial in war against terror (AP)

AP, August 28, 2006

FALLON, Nev. (AP) - Defense Secretary Donald H. Rumsfeld told sailors and civilians Monday at Fallon Naval Air Station that they've played a crucial role in the global war on terrorism.

Rumsfeld visited the sprawling naval air facility 70 miles west of Reno to discuss the ongoing war in Iraq and Afghanistan and the current and future role of the military. He flew to Nevada to speak at the Veterans of Foreign Wars convention Monday night.

"The work here is important. Training aviators for battle is crucial," Rumsfeld told a crowd estimated at more than 300.

He cited the role NAS Fallon has played since Sept. 11, 2001. Rumsfeld said instructors from the facility provided communications to personnel aboard aircraft carriers during bombing missions on Afghanistan, and praised the role of those Navy pilots who received their training flying over the Nevada desert.

"The skills learned here also toppled a dangerous regime in Iraq," Rumsfeld said.

The 74-year-old Rumsfeld felt at home at the Naval Strike Air Warfare Center, the Navy's premier "Top Gun" pilot training base.

"I was pleased to see the modern aircraft," Rumsfeld said. "The only planes I flew in the Navy are now in the museums.

"I came not to go flying but that would be a delight. I am here to thank you for your service," he said.

Rumsfeld, a retired Navy Reserve captain, served from 1954 to 1957 as a Naval aviator and flight instructor. He retired from the Navy Reserve in 1989.

Capt. Scott Ryder, base commander, said he hoped Rumsfeld leaves Fallon knowing how important the base, the warfare center and range complexes are to naval training.

"We were excited about having the secretary of defense here in Nevada," Ryder said.

2 Lodi Residents Refused Entry Back Into U.S. (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, August 26, 2006

Sacramento -- The federal government has barred two relatives of a Lodi man convicted of supporting terrorists from returning to the country after a lengthy stay in Pakistan, placing the U.S. citizens in an extraordinary legal limbo.

Muhammad Ismail, a 45-year-old naturalized citizen born in Pakistan, and his 18-year-old son, Jaber Ismail, who was born in the United States, have not been charged with a crime. However, they are the uncle and cousin of Hamid Hayat, a 23-year-old Lodi cherry packer who was convicted in April of supporting terrorists by attending a Pakistani training camp.

Federal authorities said Friday that the men, both Lodi residents, would not be allowed back into the country unless they agreed to FBI interrogations in Pakistan. An attorney representing the family said agents have asked whether the younger Ismail trained in terrorist camps in Pakistan.

The men and three relatives had been in Pakistan for more than four years and tried to return to the United States on April 21 as a federal jury in Sacramento deliberated Hayat's fate. But they were pulled aside during a layover in Hong Kong and told there was a problem with their passports, said Julia Harumi Mass, their attorney.

The father and son were forced to pay for a flight back to Islamabad because they were on the government's "no-fly" list, Mass said. Muhammad Ismail's wife, teenage daughter and younger son, who were not on the list, continued on to the United States.

Neither Muhammad nor Jaber Ismail holds dual Pakistani citizenship, Mass said.

"We haven't heard about this happening -- U.S. citizens being refused the right to return from abroad without any charges or any basis," said Mass, a lawyer for the American Civil Liberties Union.

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McGregor Scott, the U.S. attorney for California's eastern district, confirmed Friday that the men were on the no-fly list and were being kept out of the country until they agreed to talk to federal authorities.

"They've been given the opportunity to meet with the FBI over there and answer a few questions, and they've declined to do that," Scott said.

Mass said Jaber Ismail had answered questions during an FBI interrogation at the U.S. Embassy in Islamabad soon after he was forced back to Pakistan. She said the teenager had run afoul of the FBI when he declined to be interviewed again without a lawyer and refused to take a lie-detector test.

The Ismails had been in Pakistan partly so Jaber could study the Quran, Mass said. She said that neither he nor his father had anything to do with terrorism.

"They want to come home and have an absolute right to come home," said Mass, who has filed a complaint with the Department of Homeland Security and a petition with the Transportation Security Administration.

"They can't be compelled to waive their constitutional rights under threat of banishment," Mass said. "The government is conditioning the return to their home on cooperation with law enforcement."

Aviation watch lists were created in 1990 to keep terrorists off planes and track drug smugglers and other fugitives. But since al Qaeda's attacks on Sept. 11, 2001, the government has expanded the lists significantly. Members of the public cannot find out if, or why, they are on a no-fly list.

Michael Barr, director of the aviation safety and security program at USC, said the Ismail case appears to be unusual in the realm of federal terrorism investigations.

"You become what is called a stateless person, and that would be very unprecedented," Barr said.

He said U.S. law enforcement agents have understandably been "overly cautious" in recent years. "If they're going to err, they're going to err on the side of caution," Barr said. "What's happened in a lot of these things is that you're guilty until proven innocent."

Jaber Ismail was one of several people mentioned by his cousin, Hayat, during a videotaped interview with the FBI in Sacramento in June 2005 that prompted Hayat's arrest.

Hayat himself had just returned from a two-year trip to Pakistan. His flight, too, had been diverted because Hayat was on the no-fly list as a result of conversations he had with an informant who had infiltrated the mosque in Lodi that Hayat attended.

Prosecutors said Hayat told FBI interrogators that he had trained at a terrorist camp in Pakistan, although defense attorneys argued that the videotaped confession was contradictory and suggested that agents had manipulated the interview.

When agents asked him who else had gone to training camps, Hayat said, "I can't say 100 percent, but I have a lot of, you know, names in my head," according to a transcript of the interview.

Hayat said Jaber Ismail "went, like, two years ago." Asked if his cousin had gone to the same camp he had attended, Hayat said, "I'm not sure, but I'll say he went to a camp."

Hayat later said that Ismail and another relative "didn't talk to me about going to camps or anything. But you know I'm sure they went to the camp ... 'cause they memorize the Holy Quran."

Hayat faces up to 39 years in prison when he is sentenced. A hearing is scheduled for Nov. 17 to discuss his lawyers' motion for a new trial on a number of grounds, including juror misconduct.

On Friday, Hayat's father, ice cream truck driver Umer Hayat, 48, was formally sentenced at U.S. District Court in Sacramento.

In a deal with prosecutors, the elder Hayat pleaded guilty in June to charges of lying to customs agents about $28,000 he was carrying during a trip to his native Pakistan. He avoided a retrial on more serious charges of lying to the FBI about his son's training in Pakistan. He was sentenced to the 330 days in jail that he already served.

Speaking publicly for the first time, Umer Hayat said outside the courthouse that he "got screwed" and "hates terrorists." He said he had fabricated his own videotaped FBI confession -- in which he described visiting a militant camp in Pakistan where his son had allegedly trained -- because agents refused to believe the truth and because he was tired.

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He said he had borrowed his description of masked terrorists firing guns, swinging swords and pole vaulting in a basement from "the newspaper and the TV," as well as from a Teenage Mutant Ninja Turtles video game belonging to his children. He said his ice cream truck bears a photo of one of the turtles, advertising a $1.25 ice cream bar.

"I make a story, that's all," Hayat said.

Scott, the U.S. attorney, said he would "take anything Umer Hayat says with a grain of salt. He seems capable of saying whatever needs to be said at any particular time, whether it's the truth or not."

U.S. Blocks Men's Return To California From Pakistan (NYT)

By Randal C. Archibold

The New York Times, August 29, 2006

LOS ANGELES, Aug. 28 — Federal authorities have prevented two relatives of a father and son convicted recently in a terrorism-related case from returning home to California from Pakistan unless they agree to be interviewed by the F.B.I.

It is unclear whether the men, Muhammad Ismail, 45, and his son Jaber, 18, have a direct connection to the terrorism case or if they have been caught up in circumstance.

The United States attorney's office in Sacramento declined Monday to answer questions about the Ismails beyond confirming that the men had not been permitted to fly into the United States and that the Federal Bureau of Investigation wanted to question them.

The United States attorney, McGregor W. Scott, reiterated a comment he had made to The San Francisco Chronicle, which reported Saturday about the Ismails' troubles.

"They've been given the opportunity to meet with the F.B.I. over there and answer a few questions, and they've declined to do that," Mr. Scott said through a spokeswoman, Mary Wenger.

The Ismails live in Lodi, Calif., a small farming town south of Sacramento, where their relatives Umer Hayat and his son, Hamid, were arrested last summer as part of what federal prosecutors said was an investigation into terrorist links.

The Hayats are the only people to have been charged. Hamid Hayat, the nephew of Muhammad Ismail and the cousin of Jaber, was convicted in April of supporting terrorists by attending a training camp in Pakistan. Umer Hayat, in a deal reached with prosecutors after jurors deadlocked on terrorism charges, pleaded guilty in May to lying to the authorities about carrying $28,000 to Pakistan from California.

The Ismails discovered they were on the federal government's no-fly list of people not allowed to enter the United States after they were refused permission to board a connecting flight in Hong Kong on April 21; they had been trying to return to California after several years in Pakistan, said Julia Harumi Mass of the American Civil Liberties Union of Northern California, who is representing them.

In Hong Kong, Ms. Mass said, they were told there was a problem with their passports; other family members traveled on to California, while the Ismails returned to Pakistan. There, a consular officer suggested there had been a mix-up and advised them to book a direct flight to the United States, but at the airport, they were told they were on the no-fly list, she said.

Jaber Ismail, who was born in the United States, was questioned by the F.B.I. at the American Embassy in Islamabad, but his father, a naturalized United States citizen from Pakistan, declined to participate, Ms. Mass said. Jaber Ismail has refused further interrogation without a lawyer and has declined to take a polygraph test; Ms. Mass said the men were told these conditions had to be met before the authorities would consider letting them back into the United States.

She said the men had not been involved in terrorist activities; Jaber Ismail, she said, had gone to Pakistan in part for religious study.

"If the government had evidence instead of innuendo," Ms. Mass said, "then they would be charged with a crime instead of being held hostage in a foreign land." She said she had filed a complaint with the Department of Homeland Security, seeking the removal of the Ismails from the no-fly list and an explanation for why they were considered a threat.

Hamid Hayat mentioned Jaber Ismail in a marathon F.B.I. interrogation before he was charged, according to transcripts. He said his cousin had attended a camp in the past couple of years, but he was not sure if it was the same one he had attended.

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Defense lawyers attacked the interrogation as coerced and misleading, saying that the camp Mr. Hayat had referred to involved religious instruction, not terrorism, and that investigators had intimidated the men into making false claims. The government never presented evidence that Mr. Hayat had attended the camp, beyond his own words.

Carl W. Tobias, a law professor at the University of Richmond who has studied terrorism prosecutions, said the Ismails' situation raised a host of difficult legal issues.

"There are a lot of Supreme Court cases on the right to travel," Mr. Tobias said. "But you have to play them against the Patriot Act and whatever legislation may apply. This does render them stateless in some ways."

71-year-old Sent Home From Gitmo (USAT)

USA Today, August 29, 2006

The oldest detainee at the U.S. prison in Guantanamo Bay, Cuba, for suspects in the war on terrorism has been sent home, his lawyer said Monday.

Haji Nasrat Khan, 71, was among five men from Afghanistan transferred from the prison over the weekend, lawyer Peter Ryan said.

Ryan said he wasn't told whether Khan would be detained in Afghanistan. "We couldn't figure out why he was there. He could barely walk, and he could barely hear," he said.

"How could I be an enemy combatant if I was not able to stand up?" Khan asked at a military hearing, according to transcripts released to the Associated Press. He and his son had alleged links to the Taliban. The son remains in custody.

The military did not name the men sent back to Afghanistan and declined to comment.

Biden urges Democratsto run on national security

Democrats shouldn't shy away from pointing out Republican failures on national security, Sen. Joseph Biden said.

The Delaware Democrat said the report of a bipartisan commission that investigated the Sept. 11 terrorist attacks pointed out Republican failures on national security.

"They gave failing grades, this bipartisan commission, to the Republican Congress and to this Republican president for failing on almost every major criterion," Biden said.

Biden, who is seeking the Democratic presidential nomination, was in Des Moines campaigning for Rep. Leonard Boswell, D-Iowa.

Pentagon to monitormilitary recruiting

The Defense Department will closely monitor military recruiters and their commanders after reports this month of increased incidents of recruiter misconduct, Defense Department spokesman Maj. Sean Upton said. He said the monitoring would last five to 10 months, and after enough data have been collected, officials will consider changes in policy.

The Government Accountability Office, Congress' watchdog agency, reported that wrongdoing by military recruiters increased from more than 400 cases in 2004 to 630 cases in 2005. The Associated Press reported that more than 80 military recruiters were disciplined last year for sexual misconduct with potential recruits.

U.S. will allow ex-president of Iran to visit Washington

The Bush administration, which is in a diplomatic fight with Iran over the Islamic republic's nuclear program, will allow former Iranian president Mohammad Khatami to visit Washington next week.

Khatami, whose government ceded power last year to Mahmoud Ahmadinejad, has asked for a visa to deliver a speech on reconciliation and other issues at the National Cathedral on Sept. 7.

State Department spokesman Sean McCormack said Khatami would visit to make the speech but there were no plans for U.S. officials to meet with him. Khatami would be the most high-profile Iranian to visit Washington since diplomatic ties between Iran and the United States were severed after 52 Americans at the U.S. Embassy in Tehran were held hostage for 444 days after the 1979 Islamic revolution.

Former senator Cleland treated for stress disorder

Former Georgia senator Max Cleland, who has battled bouts of depression since losing an arm and both legs in the Vietnam War, is being treated for post-traumatic stress disorder.

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Cleland said he believes the condition was in part triggered by the violence in Iraq. "I realize my symptoms are avoidance, not wanting to connect with anything dealing with the (Iraq) war," he told WSB-TV in Atlanta.

Cleland aide Michael Duga confirmed the diagnosis and said Cleland is being treated at Walter Reed Army Medical Center in Washington, the Associated Press reported.

Britain Seeks To Extradite Terror Suspect From Pakistan (USAT/AP)

By Sadaqat Jan

USA Today, August 29, 2006

ISLAMABAD, Pakistan — Britain has asked Pakistan to extradite a man who is alleged to have played a role in a plot by British Muslims to blow up a dozen U.S.-bound jetliners, the Foreign Ministry said Monday.

"Yes, they have sought his extradition and the matter is under consideration," Pakistani Foreign Ministry spokeswoman Tasnim Aslam said, referring to the suspect Rashid Rauf.

Pakistan arrested Rauf, a Briton who also holds Pakistani citizenship, and accused him of taking part in terrorism plots being hatched in Pakistan. Rauf was identified by Pakistan as a "key person" in the airliner plot, Aslam said.

Aidan Liddle, a spokesman for the British Embassy, confirmed it had submitted the extradition request but said it was in connection with a British investigation into a 2002 slaying. Rauf moved to Pakistan that year.

Pakistan has said Rauf helped coordinate the alleged plot to bomb trans-Atlantic jetliners that was thwarted in Britain this month. He allegedly worked under an al-Qaeda mastermind based in neighboring Afghanistan, it said.

Britain announced Aug. 10 that it had broken up the plot by arresting about two dozen people across that country. Stricter security rules were immediately imposed at Britain's airports and elsewhere, causing widespread disruptions in air travel for days.

Pakistan has detained at least seven people in its own investigation of the alleged plot but has identified only Rauf.

Interior Minister Aftab Khan Sherpao said Rauf had given Pakistani interrogators "vital clues" about the plot. He also said Rauf had "wider international links" and was in touch with an Afghanistan-based al-Qaeda leader. He did not provide any details. Aslam said the information from Pakistan's investigation was being shared with Britain.

She also said Rauf had been arrested in Rawalpindi, a city near Islamabad. Intelligence officials said earlier that he was picked up in Bhawalpur, a stronghold of the outlawed militant group Jaish-e-Mohammed in eastern Pakistan.

Information obtained from him during his interrogation was being shared with Britain through proper channels, Aslam said.

According to an in-law of Rauf's, he settled in Bhawalpur after emigrating from Britain and was tied by marriage to Masood Azhar, leader of Jaish-e-Mohammed, fueling suspicions that Pakistani terrorists could be linked to the jetliner plot.

Britain and the U.S. have praised the role played by Pakistan for its role in thwarting the plot. Pakistan is a key counterterrorism ally of the United States and Britain but has been plagued for years by Islamic militancy.

Britain Seeks Extradition Of Suspect In Terror Plot (WP)

By Kevin Sullivan

The Washington Post, August 29, 2006

LONDON, Aug. 28 -- British officials on Monday asked Pakistan to extradite a British man whom officials in Pakistan have described as a central figure in an alleged plot to blow up jetliners flying from Britain to the United States.

Rashid Rauf, 25, is being sought in connection with a 2002 killing, according to a spokesman for Britain's Home Office. Rauf moved to Pakistan shortly after his uncle, Mohammed Saeed, 54, was stabbed to death in Birmingham in April of that year, according to British media reports.

Home Office officials declined to say whether the extradition request was related to the bomb plot, which allegedly involved plans to sneak liquid explosives onto jetliners and detonate them on board. So far, British police have arrested 25 people in the investigation, which began with raids on numerous homes on the night of Aug. 9. Twelve people have been charged with terrorism-related offenses, eight more are being held while police continue to investigate and question them, and five have been released without charge, police said.

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Rauf's younger brother, Tayib, 22, of Birmingham, was among those arrested in England. But he was released without charge, according to British media reports. British police have released little information about the investigation, including the names of those released without charge or still not formally charged.

The Rauf family, which runs a bakery in Birmingham, is also connected to Crescent Relief, an Islamic charity group that is under investigation by British officials. British media have reported that the Rauf's father, Abdul Rauf, 54, established the organization in 2000 and that it was involved in raising money for victims of last year's earthquake in Pakistan. The Charity Commission, which oversees British charities, last week announced that it had frozen Crescent Relief's bank accounts while it investigated whether the group was involved in the bomb plot or any other illegal activities.

Britain Asks Pakistan To Extradite Terror Plot Suspect: Ministry (AFP-Y)

AFP, August 29, 2006

Britain has asked Pakistan to extradite transatlantic airline bomb plot suspect Rashid Rauf, the Pakistan foreign ministry said.

However, a spokesman for the British embassy said the extradition was related to the murder of Rauf's uncle in 2002.

Rauf has been detained in Pakistan since his arrest early this month, when Pakistani security officials described him as a "key man" in the bombing conspiracy with links to Al-Qaeda.

Foreign ministry spokeswoman Tasnim Aslam said Monday that Rauf, a 25-year-old Briton, was being investigated for possible extremist activities in Pakistan and Britain as well as for links to the outlawed network.

Asked if Britain had requested his extradition, Aslam said: "Yes, they have sought his extradition and the matter is under consideration."

A British embassy spokesman late Monday confirmed that Britain had made extradition request but said it was related to the murder inquiry.

"We confirm that we put the request for extradition of Rashid Rauf," embassy spokesman Aiden Liddle told AFP.

"It was related to 2002 murder of his uncle. He is wanted in that case," he added.

Aslam said Rauf was arrested in the city of Rawalpindi near the capital Islamabad on August 4.

Pakistani officials have previously said that his arrest allegedly led to the uncovering of the bombing conspiracy.

Aslam said information learned since his arrest was being shared with British authorities.

"Rashid Rauf was arrested in Rawalpindi. Presently he is under detention," Aslam told reporters at a weekly briefing.

"The information is being shared with United Kingdom through appropriate channels," she said.

Pakistani officials have said interrogation of Rauf revealed that an unnamed Al-Qaeda kingpin was involved in the plot. The man was based in Afghanistan's volatile eastern province of Kunar, which borders Pakistan's militant-infested northwestern tribal areas, they said.

The conspiracy to detonate liquid explosives on the planes was foiled early this month, when 24 people were arrested in the UK in raids on August 10, including Rauf's 22-year-old brother Tayib.

His father, Abdul Rauf, was also later arrested at Islamabad airport although it was unclear whether he was held for questioning or whether he himself was a suspect.

Abdul is said to have emigrated from Pakistani Kashmir in the 1960s and reportedly runs a bakery in the English city of Birmingham.

Pakistani officials have previously said Rauf was arrested after coordination with British and US intelligence in the central city of Bahawalpur.

Rauf fled to Pakistan in 2002 and is wanted for questioning by police in Britain after his uncle was stabbed to death, security officials have said.

While living in Pakistan, Rashid married a woman related to the chief of banned militant group Jaish-e-Mohammed and had two children, although some officials have said he is not a member of the group.

Security at major airports was dramatically increased in the days after the arrests in the UK and Pakistan, with a ban imposed on hand baggage and on carry-on drinks.

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The plot allegedly involved liquid explosives disguised as innocent-looking drinks being smuggled onto US airliners at British airports.

Twelve people in Britain have been charged for various offences related to the plot.

British Prime Minister Tony Blair and US President George. W Bush both have thanked Pakistan for its role in unearthing the terror plan.

Details Emerge In British Terror Case (NYT)

By Don Van Natta Jr., Elaine Sciolino And Stephen Grey

The New York Times, August 29, 2006

LONDON, Aug. 27 — On Aug. 9, in a small second-floor apartment in East London, two young Muslim men recorded a video justifying what the police say was their suicide plot to blow up trans-Atlantic planes: revenge against the United States and its "accomplices," Britain and the Jews.

"As you bomb, you will be bombed; as you kill, you will be killed," said one of the men on a "martyrdom" videotape, whose contents were described by a senior British official and a person briefed about the case. The young man added that he hoped God would be "pleased with us and accepts our deed."

As it happened, the police had been monitoring the apartment with hidden video and audio equipment. Not long after the tape was recorded that day, Scotland Yard decided to shut down what they suspected was a terrorist cell. That action set off a chain of events that raised the terror threat levels in Britain and the United States, barred passengers from taking liquids on airplanes and plunged air traffic into chaos around the world.

The ominous language of seven recovered martyrdom videotapes is among new details that emerged from interviews with high-ranking British, European and American officials last week, demonstrating that the suspects had made considerable progress toward planning a terrorist attack. Those details include fresh evidence from Britain's most wide-ranging terror investigation: receipts for cash transfers from abroad, a handwritten diary that appears to sketch out elements of a plot, and, on martyrdom tapes, several suspects' statements of their motives.

But at the same time, five senior British officials said, the suspects were not prepared to strike immediately. Instead, the reactions of Britain and the United States in the wake of the arrests of 21 people on Aug. 10 were driven less by information about a specific, imminent attack than fear that other, unknown terrorists might strike.

The suspects had been working for months out of an apartment that investigators called the "bomb factory," where the police watched as the suspects experimented with chemicals, according to British officials and others briefed on the evidence, all of whom spoke on condition of anonymity, citing British rules on confidentiality regarding criminal prosecutions.

In searches during raids, the police discovered what they said were the necessary components to make a highly volatile liquid explosive known as HMTD, jihadist materials, receipts of Western Union money transfers, seven martyrdom videos made by six suspects and the last will and testament of a would-be bomber, senior British officials said. One of the suspects said on his martyrdom video that the "war against Muslims" in Iraq and Afghanistan had motivated him to act.

Investigators say they believe that one of the leaders of the group, an unemployed man in his 20's who was living in a modest apartment on government benefits, kept the key to the alleged "bomb factory" and helped others record martyrdom videos, the officials said.

Hours after the police arrested the 21 suspects, police and government officials in both countries said they had intended to carry out the deadliest terrorist attack since Sept. 11.

Later that day, Paul Stephenson, deputy chief of the Metropolitan Police in London, said the goal of the people suspected of plotting the attack was "mass murder on an unimaginable scale." On the day of the arrests, some officials estimated that as many as 10 planes were to be blown up, possibly over American cities. Michael Chertoff, the secretary of the Department of Homeland Security, described the suspected plot as "getting really quite close to the execution stage."

But British officials said the suspects still had a lot of work to do. Two of the suspects did not have passports, but had applied for expedited approval. One official said the people suspected of leading the plot were still recruiting and radicalizing would-be bombers.

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While investigators found evidence on a computer memory stick indicating that one of the men had looked up airline schedules for flights from London to cities in the United States, the suspects had neither made reservations nor purchased plane tickets, a British official said. Some of their suspected bomb-making equipment was found five days after the arrests in a suitcase buried under leaves in the woods near High Wycombe, a town 30 miles northwest of London.

Another British official stressed that martyrdom videos were often made well in advance of an attack. In fact, two and a half weeks since the inquiry became public, British investigators have still not determined whether there was a target date for the attacks or how many planes were to be involved. They say the estimate of 10 planes was speculative and exaggerated.

In his first public statement after the arrests, Peter Clarke, chief of counterterrorism for the Metropolitan Police, acknowledged that the police were still investigating the basics: "the number, destination and timing of the flights that might be attacked."

A total of 25 people have been arrested in connection with the suspected plot. Twelve of them have been charged. Eight people were charged with conspiracy to commit murder and preparing acts of terrorism. Three people were charged with failing to disclose information that could help prevent a terrorist act, and a 17-year-old male suspect was charged with possession of articles that could be used to prepare a terrorist act. Eight people still in custody have not been charged. Five have been released. All the suspects arrested are British citizens ranging in age from 17 to 35.

Despite the charges, officials said they were still unsure of one critical question: whether any of the suspects was technically capable of assembling and detonating liquid explosives while airborne.

A chemist involved in that part of the inquiry, who spoke on the condition of anonymity because he was sworn to confidentiality, said HMTD, which can be prepared by combining hydrogen peroxide with other chemicals, "in theory is dangerous," but whether the suspects "had the brights to pull it off remains to be seen."

While officials and experts familiar with the case say the investigation points to a serious and determined group of plotters, they add that questions about the immediacy and difficulty of the suspected bombing plot cast doubt on the accuracy of some of the public statements made at the time.

"In retrospect,'' said Michael A. Sheehan, the former deputy commissioner of counterterrorism in the New York Police Department, "there may have been too much hyperventilating going on."

Some of the suspects came to the attention of Scotland Yard more than a year ago, shortly after four suicide bombers attacked three subway trains and a double-decker bus in London on July 7, 2005, a coordinated attack that killed 56 people and wounded more than 700. The investigation was dubbed "Operation Overt.''

The Police Are Tipped Off

The police were apparently tipped off by informers. One former British counterterrorism official, who was working for the government at the time, said several people living in Walthamstow, a working-class neighborhood in East London, alerted the police in July 2005 about the intentions of a small group of angry young Muslim men.

Walthamstow is best known for its faded greyhound track and the borough of Waltham Forest, where more than 17,000 Pakistani immigrants live in the largest Pakistani enclave in London.

Armed with the tips, MI5, Britain's domestic security services, began an around-the-clock surveillance operation of a dozen young men living in Walthamstow — bugging their apartments, tapping their phones, monitoring their bank transactions, eavesdropping on their Internet traffic and e-mail messages, even watching where they traveled, shopped and took their laundry, according to senior British officials.

The initial focus of the investigation was not about possible terrorism aboard planes, but an effort to see whether there were any links between the dozen men and the July 7 subway bombers, or terrorist cells in Pakistan, the officials said.

The authorities quickly learned the identity of the man believed to have been the leader of the cell, the unemployed man in his mid-20's, who traveled at least twice within the past year to Pakistan, where his activities are still being investigated.

Last June, a 22-year-old Walthamstow resident, who is among the suspects arrested Aug. 10, paid $260,000 cash for a second-floor apartment in a house on Forest Road, according to official property records. The authorities noticed that six men were regularly visiting the second-floor apartment that came to be known as the "bomb factory," according to a British official and the person briefed about the case.

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Two of the men, who were likely the bomb-makers, were conducting a series of experiments with chemicals, said the person briefed on the case.

MI5 agents secretly installed video and audio recording equipment inside the apartment, two senior British officials said. In a secret search conducted before the Aug. 10 raids, agents had discovered that the inside of batteries had been scooped out, and that it appeared several suspects were doing chemical experiments with a sports drink named Lucozade and syringes, the person with knowledge of the case said. Investigators have said they believe that the suspects intended to bring explosive chemicals aboard planes inside sports drink bottles.

In that apartment, according to a British official, one of the leaders and a man in his late 20's met at least twice to discuss the suspected plot, as MI5 agents secretly watched and listened. On Aug. 9, just hours before the police raids occurred in 50 locations from East London to Birmingham, the two men met again to discuss the suspected plot and record a martyrdom video.

As one of the men read from a script before a videocamera, he recited a quotation from the Koran and ticked off his reasons for the "action that I am going to undertake," according to the person briefed on the case. The man said he was seeking revenge for the foreign policy of the United States, and "their accomplices, the U.K. and the Jews." The man said he wanted to show that the enemies of Islam would never win this "war."

Beseeching other Muslims to join jihad, he justified the killing of innocent civilians in America and other Western countries because they supported the war against Muslims through their tax dollars. They were too busy enjoying their Western lifestyles to protest the policies, he added. Though British officials usually release little information about continuing investigations, Scotland Yard took the unusual step of disclosing some detailed information about the investigation last Monday, when the suspects were charged.

A Trove of Evidence

"There have been 69 searches," Mr. Clarke, the chief antiterrorist police official from Scotland Yard, said Monday. "These have been in houses, flats and business premises, vehicles and open spaces."

Investigators also seized more than 400 computers, 200 mobile phones and 8,000 items like memory sticks, CD's and DVD's. "The scale is immense," Mr. Clarke said. "Inquiries will span the globe."

He said those searches revealed a trove of evidence, and officials and others last week provided additional details.

Four of the law firms that are defending suspects declined to comment.

When police officers knocked down the door to the second-floor apartment on Forest Road, they found a plastic bin filled with liquid, batteries, nearly a dozen empty drink bottles, rubber gloves, digital scales and a disposable camera that was leaking liquid, the person with knowledge of the case said. The camera might have been a prototype for a device to smuggle chemicals on the plane.

In the pocket of one of the suspects, the police found the computer memory stick that showed he had looked up airline schedules for flights from London to the United States, a British official said. The man is said to have had a diary that included a list that the police interpreted as a step-by-step plan for an attack. The items included batteries and Lucozade bottles. It also included a reminder to select a date.

In the homes of a number of the suspects, the police found jihadist literature and DVD's about "genocide" in Iraq and Palestine, according to British officials. In one house searched by the police in Walthamstow, the authorities found a copy of a book called "Defense of the Muslim Lands."

A "last will and testament" for one of the accused was said to have been found at his brother's home. Dated Sept. 24, 2005, the will concludes, "What should I worry when I die a Muslim, in the manner in which I am to die, I go to my death for the sake of my maker." God, he added, can if he wants "bless limbs torn away!!!"

Looking for Global Ties

In addition, the British authorities are scouring the evidence for clues to whether there is a global dimension to the suspected plot, particularly the extent to which it was planned, financed or supported in Pakistan, and whether there is a connection to remnants of Al Qaeda. They are still trying to determine who provided the cash for the apartment and the computer equipment and telephones, officials said.

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Several of the suspects had traveled to Pakistan within weeks of the arrests, according to an American counterterrorism official.

At a minimum, investigators say at least one of the suspects' inspiration was drawn from Al Qaeda. One of the suspects' "kill-as-they-kill" martyrdom video was taken from a November 2002 fatwa by Osama bin Laden.

British officials said many of the questions about the suspected plot remained unanswered because they were forced to make the arrests before Scotland Yard was ready.

The trigger was the arrest in Pakistan of Rashid Rauf, a 25-year-old British citizen with dual Pakistani citizenship, whom Pakistani investigators have described as a "key figure" in the plot.

In 2000, Mr. Rauf's father founded Crescent Relief London, a charity that sent money to victims of last October's earthquake in Pakistan. Several suspects met through their involvement in the charity, a friend of one of them said. Last week, Britain froze the charity's bank accounts and opened an investigation into possible "terrorist abuse of charitable funds." Leaders of the charity have denied the allegations.

Several senior British officials said the Pakistanis arrested Rashid Rauf without informing them first. The arrest surprised and frustrated investigators here who had wanted to monitor the suspects longer, primarily to gather more evidence and to determine whether they had identified all the people involved in the suspected plot.

But within hours of Mr. Rauf's arrest on Aug. 9 in Pakistan, British officials heard from intelligence sources that someone connected to him had tried to contact some of the suspects in East London. The message was interpreted by investigators as a possible signal to move forward with the plot, officials said.

"The plotters received a very short message to 'Go now,' " said Franco Frattini, the European Union's security commissioner, who was briefed by the British home secretary, John Reid, in London. "I was convinced by British authorities that this message exists."

A senior British official said the message from Pakistan was not that explicit. But, nonetheless, investigators here had to change their strategy quickly.

"The aim was to keep this operation going for much longer," said a senior British security official who requested anonymity because of confidentiality rules. "It ended much sooner than we had hoped."

From then on, the British government was driven by worst-case scenarios based on a minimum-risk strategy.

British investigators worried that word of Mr. Rauf's arrest could push the London suspects to destroy evidence and to disperse, raising the possibility they would not be able to arrest them all. But investigators also could not rule out that there could be an unknown second cell that would try to carry out a similar plan, officials said.

Mr. Clarke, as the country's top antiterrorism police official in London with authority over police decisions, ordered the arrests.

But it was left to Mr. Reid, who has been home secretary since May and is a former defense secretary, to decide at emergency meetings of police, national security and transport leaders, what else needed to be done. Mr. Reid and Mr. Clarke declined repeated requests for interviews.

Prime Minister Tony Blair was on vacation in Barbados, where he was said to have monitored events in London; Deputy Prime Minister John Prescott did not attend the meeting.

"While the arrests were unfolding, the Home Office raised Britain's terror alert level to "critical," as the police continued their raids of suspects' homes and cars. All liquids were banned from carry-on bags, and some public officials in Britain and the United States said an attack appeared to be imminent. In addition to Mr. Stephenson's remark that the attack would have been "mass murder on an unimaginable scale," Mr. Reid said that attacks were "highly likely" and predicted that the loss of life would have been on an "unprecedented scale."

Two weeks later, senior officials here characterized the remarks as unfortunate. As more information was analyzed and the British government decided that the attack was not imminent, Mr. Reid sought to calm the country by backing off from his dire predictions, while defending the decision to raise the alert level to its highest level as a precaution.

In lowering the threat level from critical to severe on Aug. 14, Mr. Reid acknowledged: "Threat level assessments are intelligence-led. It is not a process where scientific precision is possible. They involve judgments."

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Kean's Washington View (WT)

By Rowan Scarborough

The Washington Times, August 29, 2006

Tom Kean never returned to Washington as a professional politician. Maybe his memories of the capital as the youngest son of Republican congressman Robert Kean remained in adulthood, when a political career took him from legislative leader to two-term governor of New Jersey.

Republicans asked Tom Kean to run for the Senate. But he always refused, content to retire from politics in 1990 at a relatively young age to run Drew University until his resignation last year.

But September 11 changed Mr. Kean's life just as it affected so many Americans. When Congress thrust on President Bush a commission to investigate the plot, intelligence failures and how the Clinton and Bush administrations handled al Qaeda, the president turned to Mr. Kean to be chairman.

This man of aristocratic roots, with an accent that placed him in New England rather than his native "Joisy," finally returned to Washington in 2003, as much a politician as a blue-ribbon chairman. (The White House first picked Henry Kissinger, but he backed out over possible conflict of interest.)

As Alvin S. Felzenberg writes in his biography, "Governor Tom Kean: From the New Jersey Statehouse to the 9-11 Commission," Mr. Kean followed the same executive model in running the politically split panel as he did as governor. It was known as the "third way," taking positions that appealed to a coalition of both parties, while still attending to the conservative base that anchors the Republican Party.

He did much the same as commission chairman. He made it known early on he was not a White House adversary, just a fact-finder. But he also reached out to the group's Democrats, some of them, like Richard Ben-Veniste, a partisan. And he set up continued lines of communication with the victims' families, some of whom had aligned themselves with Democrats and wanted Mr. Bush taken to task for failing to stop the attacks on New York's World Trade Center and the Pentagon.

Republicans recall Mr. Kean's 1980s rule in New Jersey as an important example of how the party can win elections in moderate-liberal states. But most Americans will always know Mr. Kean as the man who led the most exhaustive investigation into what happened that horrible day.

By cajoling — and mildly threatening — Mr. Kean won key battles with the White House on access to intelligence documents, White House aides and the president himself. Mr. Kean nearly always appeared for interviews with Vice Chairman Lee Hamilton, a gentlemanly Democratic former congressman from Indiana not known as a partisan.

"As their friendship grew," Mr. Felzenberg writes, "Kean and Hamilton made it their practice, wherever possible, not to disagree with one another — at least not in front of other commissioners or in public."

Mr. Kean wanted two main goals: a unanimous report and recommendations to improve intelligence collecting that actually become law. He got both.

One flaw was that the government never gave the 10 commissioners access to al Qaeda detainees. The Kean team had to rely on intelligence reports of interrogations to try to put together the puzzle.

And there were conservative critics. Some believed commissioner Jamie Gorelick, a top Justice Department official in the Clinton years, should be a witness not a panel member since she had issued a key policy on FBI-CIA relations. Mr. Kean dismissed such calls with a tart, "people ought to stay out of our business." It was one of Mr. Kean's few inappropriate comments, coming from a man who led a public, taxpayer-funded panel committed to openness.

"Kean's choice of words earned him the animus of some conservative commentators," Mr. Felzenberg writes.

"Governor Tom Kean" is a friendly, but thorough, biography. Mr. Felzenberg was a Kean aide in New Jersey and becamecommission spokesman.

He traces Mr. Kean's blue-blood heritage. Forebear John Kean served in the Continental Congress. A great uncle was a turn-of-the century senator. His grandfather, Hamilton Fish Kean, was also in the Senate.

Mr. Kean went to private schools, graduated from Princeton and got a taste for politics in the 1950s, when his dad made an unsuccessful Senate bid.

Mr. Kean's greatest political win was his 1,600-vote defeat of Democrat James Florio for the governorship. It was a colorful race that featured fly-bys by President Reagan to ensure the conservative base vote.

Mr. Felzenberg does a good job of capturing all of this. Mr. Kean turned out to be one of most important figures in the September 11 story. He oversaw the writing of what will be the most definitive narrative of the event for some time to come.

Rowan Scarborough, the author of "Rumsfeld's War," is a reporter for The Washington Times.

HOMELAND RESPONSE:

A Tool We Need To Stop The Next Airliner Plot (WP)

By Michael Chertoff

The Washington Post, August 29, 2006

Imagine that our troops in Afghanistan raided an al-Qaeda safe house and captured a computer containing the cellphone numbers of operatives in Europe. Wouldn't it be important to know whether one of those cellphone numbers was used to book a transatlantic flight? Unfortunately, today our ability to make that connection remains limited: Information that terrorists readily share with travel agents cannot easily be shared throughout the United States government. That needs to change.

Information sharing and intelligence gathering are some of our most important tools in the global war on terrorism. British authorities, in partnership with the United States and our allies, were able to disrupt the recent terrorist plot against passenger aircraft precisely because of timely, actionable intelligence, properly shared and acted upon before the terrorists could carry out their plans.

But despite the strong links we've forged with our European partners to protect our nations, we still remain handcuffed in our ability to use all available resources to identify threats and stop terrorists.

To defeat terrorists, we must limit their movement between countries and disable their worldwide networks by targeting our investigative resources. One technique practiced by the Department of Homeland Security and a number of foreign governments is the use of name-based information, such as passenger manifests and crew lists, to screen travelers coming to the United States before they get here. These manifests allow us to identify known persons of interest on watch lists and to act upon threats before they can reach our shores -- even, where possible, before they depart on their trip. But how do we thwart a terrorist who has not yet been identified?

One way is by using more of the detailed information collected by airlines and travel agencies when an individual books a flight. These passenger name records contain information, such as travel itineraries and payment details, that can be analyzed in conjunction with current intelligence to identify high-risk travelers before they board planes.

If we learned anything from Sept. 11, 2001, it is that we need to be better at connecting the dots of terrorist-related information. After Sept. 11, we used credit card and telephone records to identify those linked with the hijackers. But wouldn't it be better to identify such connections before a hijacker boards a plane?

By comparing passenger name record (PNR) data and intelligence gathered on known terrorists -- such as cellphone numbers collected in Afghanistan -- we can identify unknown threats for additional screening and enhance our ability to assess risk. At the same time, that means we will spend less time with inconvenient screening of low-risk travelers.

The U.S. government has collected PNR data on travelers aboard international flights to the United States since the early 1990s. This information is of such value that after the Sept. 11 terrorist attacks, Congress mandated its continued collection. But in the past few years European privacy concerns have limited the ability of counterterrorism officials to gain broad access to data of this sort.

For example, under an agreement with the European Union, U.S. Customs and Border Protection receives this information regularly, but it cannot routinely share it with investigators in another DHS component, Immigration and Customs Enforcement, or with the FBI -- never mind with our allies in London. This information might yet identify associates of those arrested in the plot in Britain, but the rules blind us in routinely searching for that connection.

DHS has made a strong commitment to protect personal privacy while screening international travelers. We do not profile based on race or ethnicity, but we do assess potential threats through careful analysis of individual behavior. The DHS chief

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privacy officer has closely reviewed the PNR program to ensure that it meets standards of fair information practices and U.S. law. This includes providing a process through which travelers can seek redress if they feel their freedoms have been violated.

Protecting personal privacy is a part of responding to the post-Sept. 11 world, but it should not reflexively block us from developing new screening tools. Indeed, more data sharing leads to more precisely targeted screening, which actually improves privacy by reducing questioning and searches of innocent travelers.

All governments bear a responsibility to prevent terrorists from boarding aircraft, and information sharing is a critical way we can work together to limit terrorist mobility, screen for unknown threats and investigate terrorist cells. Smart screening -- including careful and responsive analysis of travel data -- will enhance security and privacy.

Note On Plane Forces Emergency Landing (AP-Y)

AP, August 29, 2006

A commuter airplane flying from Philadelphia to Houston was diverted to a Tennessee airport Monday after a threatening note was found on board, authorities said.

None of the 56 passengers aboard US Airways Flight 3441 was injured, and no bomb was immediately found, authorities said.

The regional jet landed without incident at the Tri-Cities Regional Airport in eastern Tennessee about 11:30 a.m., according to airport spokeswoman Melissa Thomas.

Transportation Security Administration spokeswoman Amy von Walter said a threatening note was found on board, and FBI, TSA, canine bomb-sniffing teams and local law enforcement were investigating. Details about the note's contents were not released.

A passenger found the note and alerted the crew, said Warren Wilkinson, a vice president for Indianapolis-based Republic Airways, which operates the express flight.

"The crew contacted the cockpit," Wilkinson said. "The cockpit notified the company, and we chose to land at the closest acceptable airport."

Passengers were taken to the airport terminal and were being interviewed by the FBI, von Walter said.

Federal authorities released the plane, which the company used Monday to fly passengers on to Houston, a spokesman for US Airways said. It was unknown how many passengers continued on.

Also Monday, a plane carrying more than 140 people from Dallas to Chicago was diverted to the airport in Shreveport, La., after crew members reported smoke in the cockpit.

Passengers boarded a different plane and continued on to Chicago, said airport spokesman Bill Cooksey. Authorities were investigating the source of the smoke.

And in Newfoundland, an Egypt Air flight carrying more than 300 passengers from Cairo to New York made an emergency landing after smoke was detected in the cockpit.

No fire was found and no one was injured, said Kevin Aylward, CEO of Goose Bay Airport Corp.

Attorney's $2 Million 9/11 Fee Called 'Shocking, Unconscionable' (LAW)

By Anthony Lin, New York Law Journal

New York Law Journal, August 29, 2006

Laura Balemian, whose husband Edward J. Mardovich died in the World Trade Center, received one of the largest awards paid out by the September 11th Victim Compensation Fund: $6.7 million.

But she in turn paid out what is almost certainly the highest legal fee. While the vast majority of victims were represented before the fund pro bono or for a nominal fee, Balemian paid her lawyer, Thomas J. Troiano, a one-third contingent fee, or over $2 million.

The propriety of Troiano's fee is now before the courts. A guardian appointed by the Suffolk County Surrogate's Court in New York, where Mardovich's estate is in probate, last year challenged the fee as excessive and not in the best interests of Balemian's four children. Troiano responded earlier this year by suing Balemian in Manhattan federal court for declaratory judgment approving his fees.

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The situation is an uncomfortable one for trial lawyers' groups, who normally support contingent fee arrangements but went to extraordinary lengths to avoid being seen as profiting from the terrorist attacks.

Kenneth R. Feinberg, the special master who oversaw the fund's distribution of some $7 billion, submitted an April 21 affidavit in the federal case in which he called Troiano's fee "shocking and unconscionable" in light of the fund's purpose and its guidelines recommending attorney fees be kept under 5 percent.

"In my experience of presiding over the processing and award determinations of some 7,400 claims, of conducting hundreds of individual hearings within the Program, and of meeting with thousands of families and victims in large and small groups, I have never learned of a legal fee even approaching the fee sought in this case," Feinberg wrote.

But Troiano, who declined to be interviewed for this article, said in court documents responding to Feinberg's affidavit that Balemian's large award, which was increased from an initial presumptive award of $1.1 million, justified the contingent fee.

"Fund statistics show that lesser attorneys -- or perhaps those who were marginally incentivized by the meager 5 percent fee recommended by the Special Master -- achieved results that pale in comparison to the award [Troiano] obtained for [Balemian]," the lawyer said.

"If anything is 'shocking and unconscionable' it is that, due to unabashed greed, Defendant now (more than two years after having ratified the Retainer Agreement) seeks disgorgement of fees earned by Plaintiff from the hard work, at significant personal sacrifice, he rendered for the benefit of Defendant and her children."

Southern District Judge Loretta Preska earlier this month declined to exercise federal jurisdiction over the case under the congressional act that created the fund. Finding that the Surrogate's Court was a better forum to consider whether Troiano's fees were appropriate, the judge stayed the federal suit pending the outcome of the Long Island proceedings.

Troiano's lawyer, Michael C. Rakower, said his client was weighing his options, including a possible appeal of Judge Preska's decision. He declined further comment.

HUSBAND LEFT NO WILL

At the time of his death, Mardovich was the 42-year-old president of Euro Brokers, an interdealer brokerage that had offices on the 84th floor of the World Trade Center's South Tower. The firm lost 61 of its 65 employees in the terrorist attack.

According to his federal complaint, Troiano, 62, had never represented Mardovich or his wife before but was a longtime friend and neighbor in their North Shore Long Island community. He claims that, in the days after Sept. 11, a "frightened and confused" Balemian reached out to him and asked him to assist her with the legal issues arising from the death of her husband, who left no will.

"She told him that he was the only person she trusted to handle such matters," Troiano's complaint states. "She told him that Edward Mardovich had told her that if anything ever happened to him, she should turn to Tom Troiano for help."

Troiano claims he took charge of all of the family's legal affairs, including locating and consolidating money in Mardovich's various accounts, finding a suitable financial planner and resolving the deceased's partnership interest in several racehorses.

For essentially becoming the Mardovich family lawyer, Troiano said he never asked for nor received any payment. But he did have Balemian sign a retainer agreement on Oct. 15, 2001. (She was Ms. Mardovich at the time. She married Robert Balemian in April 2002).

The agreement states the one-third fee will be contingent on a recovery in possible lawsuits against, among others, the airlines, Osama bin Laden, the Taliban regime of Afghanistan, New York City as well as "any other legal, governmental, quasi-governmental or non-profit agency responsible for the September 11, 2001 crash or any recoverable claims resulting after the September 11, 2001 destruction of the World Trade Center."

Congress created the compensation fund on Sept. 22, 2001, as part of the Air Transportation Safety and Systems Stabilization Act. Feinberg was appointed special master in November 2001, and the fund's rules were initially published in December of that year. In return for receiving compensation from the fund, claimants waived their rights to sue the airlines. Over 97 percent of affected families ultimately participated in the fund.

AWARD CONTESTED

Troiano claims he explored all possible avenues of recovery for Balemian, including tort litigation. He said he spent one year monitoring the fund's activities and talked regularly to other participating lawyers in order to figure out how to maximize an

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award from the fund. He retained Conrad Berenson, a Baruch College economist, to draft a report on Mardovich's future earning potential.

This report was submitted to the fund with other records on March 14, 2003. Three months later, Balemian was notified she would receive a presumptive award of $1,087,420, based on estimated losses of $3,931,497 minus insurance offsets $2,844,256. She was given the option of requesting a hearing.

Troiano claims he urged Balemian to contest the award, which she did. He represented her at an August 13, 2003, hearing, calling as witnesses Berenson and the chief financial officer of Euro Brokers.

On Sept. 30, 2003, Balemian was notified that her final award would be $6,656,151, based on estimated losses of $9,500,408 minus insurance offsets. Troiano was paid his fee in January 2004.

In his court papers, Troiano called the final award an "astounding" result and stressed his skill and legal acumen. "Rather than greedily seeking disgorgement from Troiano," one of his filings states, "[Balemian] ought to be happily praising his extraordinary efforts, which yielded a lifetime of security for [her] and her children."

Balemian's lawyer, Kevin P. Simmons of Syosset, N.Y.'s Simmons, Jannace & Stagg, said his client was not claiming that Troiano did not do a good job.

"He obviously did," said Simmons. "The question is how much is that worth."

Despite the 5 percent guideline, the fund's rules defer to state law with regard to attorney's fees. But in an interview with the New York Law Journal last week, Feinberg challenged the notion that skillful advocacy played a role in the size of victims' awards.

"I find it difficult to understand how any lawyer can request a 30 percent fee for simply filing a claim with the 9/11 fund," he said. "It's a nonadversarial process where the special master was working with families and family lawyers to find a way to legitimately give them this money."

Hearings that led to higher awards were a routine part of the process, said Feinberg. In his affidavit, he noted that 68 percent of the claims involving deaths had a hearing at which evidence was presented.

Steven Lubet, a legal ethics professor at Northwestern University School of Law, said courts have been divided on what factors to consider in weighing the appropriateness of contingent-fee arrangements. He said some courts had taken a strict contract approach, going with the clear language of the retainer agreement.

But Lubet said other courts have taken the view that "contingent fees need to be contingent on something." These courts, he said, generally look at whether the lawyer taking the case is running a risk of nonrecovery.

Simmons said that, given the nature of the fund, Troiano had run no risk at all. "There was absolutely no chance that it would be zero," said Simmons.

Complicating any consideration of the matter is the fact that so many other lawyers put aside their normal rates and fee arrangements in the wake of the terrorist attacks. Feinberg said that almost 2,000 families had received pro bono legal assistance in filing claims with the fund. Another 800 or so, he said, retained counsel at fees in the range of 5 to 8 percent.

TRIAL LAWYERS' VIEW

By far the largest pro bono effort at the time was organized by the American Trial Lawyers Association (ATLA), traditionally a strong advocate of contingent-fee arrangements. Over 1,100 lawyers provided free representation to 1,700 families as part of Trial Lawyers Care (TLC).

At the time, ATLA President Leo V. Boyle called upon lawyers to follow the example of firefighters and relief workers and do their part to make sure the fund's money "goes to families, not to lawyers.

"This broad-based undertaking represents who we are and why we practice law: for the greater good. Enemies of the civil justice system have tried to define us as opportunistic, greedy, self-centered," Boyle wrote in his column in the November 2001 issue of ATLA's Trial magazine, "Sadly, a few of us have bolstered that image."

Joseph P. Awad, the incoming president of the New York State Trial Lawyers Association and a partner in Garden City, N.Y.'s Silberstein, Awad & Miklos, was one of the lawyers who participated in TLC. He said the group was holding a dinner on the fifth anniversary of the terrorist attacks to celebrate "the largest pro bono project in history."

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But he was circumspect when asked about Troiano's seeking a one-third contingent fee, noting that all such fees are subject to judicial review. "If the court rules are complied with, the contingency retainer is valid on its face," he said. "The fact that there may be other clients who paid less or not at all is something of interest as a policy issue for the jurist reviewing it."

Richard Bieder of Bridgeport, Conn.'s Koskoff Koskoff & Bieder served as president of TLC. He said lawyers involved in the project generally avoided criticizing lawyers who were charging fees at the time.

"Lawyers have a right to charge a fee," he said. "The public knows there are alternatives out there."

But Bieder rejected Troiano's connection between the size of the fee and the fund's awards. He said TLC lawyers representing financial executives had also achieved results in the high end of the fund's spectrum, also in many cases multiplying initial presumptive awards.

"I don't personally disapprove," Bieder said of Troiano's fee. "If a court rules it's unconscionable, that wouldn't bother me either."

Bush Says Katrina Recovery Just Starting (AP-Y)

By Deb Riechmann

AP, August 29, 2006

President Bush said Monday the huge job of rebuilding from Hurricane Katrina was just beginning a year after the massive storm but expressed hope that the $110 billion of help sent from Washington would be enough.

Trying to erase the black mark left on his presidency by the administration's sluggish response to Katrina, Bush returned to the first scene he saw a year ago of the storm's devastation.

Standing on a vacant lot in a working class neighborhood where trailers and gutted buildings stand next to newly built homes, Bush pledged the federal government would stand with the region as it rebuilds. It's a promise viewed with skepticism by victims still reeling from the storm.

"A year ago, I committed our federal government to help you," Bush said. "I said, `We have a duty to help the local people recover and rebuild,' and I meant what I said."

Of the $110 billion in hurricane aid approved by Congress, just $44 billion has been spent. Overall, the administration has released $77 billion to the states, reserving the rest for future needs.

"Hopefully that'll work. Hopefully that's enough," Bush said after visiting a company that has restarted its business of building and repairing boats. "It's certainly enough to get us through the next period of time."

Bush focused on the positive, but acknowledged that much remains to be done.

"It's an anniversary, but it's not an end," Bush said. "Frankly it's just the beginning."

Asked how long the rebuilding would take, Bush said: "I would say years, not months. On the other hand, the progress in one year's time has been remarkable."

The welcome Bush received here was warmer than the one he is expected to get Tuesday — the actual anniversary of Katrina — in Louisiana, where recovery efforts have moved much more slowly.

"There is a division over there," Thomas "Lynn" Patterson, who gave Bush a tour of his new home, said about New Orleans. "There's not the same division over here."

When Bush visited Patterson's neighborhood right after the storm, the 61-year-old was digging cars out of the muck. Patterson said Bush told him then that he wanted to make sure that people got the aid they needed.

"He hasn't forgotten it," said Patterson. "We don't expect him to pull out his wallet and write a check for us. He personally would do it if he could because he's a passionate guy."

When Katrina struck Biloxi, 100-mph-plus winds and a wall of water obliterated a bridge and splintered houses like matchsticks. Water topped rooftops. Entire neighborhoods were washed away.

Today, seven of the city's gambling emporiums, which employed 15,000 people before Katrina, have reopened or are close to doing so. Still, just blocks away from the gambling resorts, rebuilding is sparse. It's a city where buildings still carry spray-painted messages appealing for help from insurance companies.

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Bush had lunch at the Biloxi Schooner Seafood Restaurant, where owner Joe Lancon fed the president and other government officials fried shrimp, stuffed crab and gumbo. Lancon reopened the restaurant in the west end of the city after losing two restaurants in Katrina's 28-foot tidal surge.

Asked if he wanted to rebuild at his original site closer to the water, Lancon replied: "Do I want to? Yes. Am I? I don't know. The water really kinda has me second-guessing whether I'm going to go back down there."

"It's going to take a while for Biloxi to get back to normal," said Lancon, a native whose grandfather was a shrimp peeler. "I would say maybe five years. It's a slow building process."

Nationwide polls give Bush low marks on Katrina. An AP-Ipsos poll earlier this month showed 67 percent disapproved of his handling of the disaster.

With Hurricane Ernesto bearing down on Florida, Democrats have been coordinating a political assault on the Bush administration's Katrina response, hoping to sway voters to cast ballots against Republicans in the upcoming congressional elections and beyond.

House Democrats on Monday toured devastated areas of New Orleans and decried the slow pace of recovery. "I think the American public is going to be very, very surprised to know this recovery is way, way behind what their expectations would have been," Rep. James Clyburn, D-S.C., said after a tour that took more than a dozen Democratic members of Congress through the heavily hit Ninth Ward.

"It's hard to believe this is the United States," said Rep. Elijah Cummings, D-Md.

President Hails 'sense Of Renewal' In Mississippi (USAT)

By David Jackson

USA Today, August 29, 2006

BILOXI, Miss. — A year ago, President Bush visited this area ravaged by Hurricane Katrina and saw piles of rubble strewn over beaches and neighborhoods. He met with people who lost everything.

On a return visit Monday, he said 98% of the debris is gone, the beaches are pristine, and the Biloxi-Gulfport area is slowly rebuilding. He praised the region's rebirth and the resolve of its residents to restore their lives.

"It's a sense of renewal here. It may be hard for those of you who have endured the last year to really have that sense of change, but for a fellow who was here and now a year later comes back, things are changing," Bush said in the first part of a two-day swing to mark today's anniversary of Katrina.

"There's still challenges. There's still more to be done," Bush said, noting that it will take "years, not months" for a full recovery.

Bush, who spends today in New Orleans, said he understands the frustration of some local residents who need housing grants. He said state housing plans are in effect, and "checks have begun to roll." He pledged the federal government's help, but only with state and local officials as partners.

As a hot sun beat down, Bush took a brief walking tour of a neighborhood where temporary trailers abut houses under reconstruction. It was one of the first areas he visited last year shortly after the hurricane reached land.

Bush's visit came as he and members of his administration were briefed on Tropical Storm Ernesto, which was on track to hit Florida.

Neighborhood residents gave Bush a warm reception in this reddest of red states that he easily carried in two elections.

"I think he's an all-right guy," said James Konz, 38, who does painting and drywall work in Saucier, Miss. Konz, wearing a tank top that read, "I Survived Hurricane Katrina," said Bush and his administration "did the best they could" given the ferocity of the storm.

Others were less impressed. "He could have done better than he did," said Mary Millender, 63, a retiree from Moss Point, Miss. "I'm not going to pay him any attention."

The Mississippi coast still bears some scars of Katrina. Many buildings have holes in them or are hollowed out completely, from old wooden churches to Las Vegas-style casinos, modern condos to the antebellum mansion that once belonged to Confederate President Jefferson Davis.

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Among the flattened palm trees and bent restaurant signs are signs of change. One homemade sign says, “On The Road To Recovery.” Another: “We Are Home — Will Shoot — No Looting.”

“I'm seeing a lot of progress, a lot of things coming back,” said Donald Griggs, a general contractor from Biloxi who has been keeping busy, after he listened to and applauded Bush's remarks. “This tragedy that hit New Orleans and us was bigger than anyone imagined.”

In listing his post-Katrina efforts, Bush cited new plans for government responses to disasters. He also promoted $110 billion in federal aid, including programs for tax incentives, small-business loans and education assistance.

“Some of the hardest work is still ahead. … We'll ensure federal money reaches the individuals who need it to build their homes. And we'll stand by you as long as it takes to get the job done,” he said.

Bush: 'New Orleans Will Rise Again' (CHIT)

By Mark Silva

Chicago Tribune, August 29, 2006

GULFPORT, Miss. -- President Bush praised "a sense of renewal" along the Gulf Coast Monday as he toured the slowly rebounding region nearly one year after Hurricane Katrina roared ashore in Mississippi and New Orleans.

But a walk in Biloxi took him past the barren, sandy lots of flooded homes that have been razed. He stopped at a home being rebuilt and drove past government trailers still housing thousands of residents.

"I feel a quiet sense of determination that's going to shape the future of Mississippi," said Bush, speaking to a small crowd on a half-vacant Biloxi street corner.

"We understand that people are still anxious. We understand that people hear about help and wonder where it is," Bush said, with an address aimed at a broader Gulf Coast audience and indeed a wary national audience as he heads for an anniversary church service Tuesday morning in the square of New Orleans where he pledged nearly a year ago to rebuild the region.

"Optimism is the only option," the president said Monday, pledging that the federal government will not leave the Gulf region until a rebuilding that has already consumed more than $110 billion of pledged federal money is complete. "We'll stand by you as long as it takes to get the job done."

Critics of the government's rebuilding program say it is not simply the time it has taken to clear the debris left by Katrina. They say the Bush administration has shown no signs of readiness to fulfill the president's commitment to address racial inequities in the region that were exposed by the crisis and to help impoverished survivors build new businesses and become homeowners as well.

The White House could not disagree with its critics more. With the president and First Lady Laura Bush returning to this region for a two-day tour that includes briefings on recovery efforts, lunch with the governor of Mississippi and dinner with the mayor of New Orleans on Monday and a memorial service at St. Louis Cathedral in Jackson Square on Tuesday, they have been here 22 times between them since Katrina first struck.

But the White House is beginning to frame a longer-term prediction for the region's recovery than the one that the president voiced last year.

On Sept. 5, 2005, when he toured the ruins of Poplarville, Miss., Bush said: "I'd like to come back down here in about two years and walk your streets and see how vital this part of the world is going to be."

On Monday, Bush was talking about a more distant future. He was asked during an interview aboard Air Force One en route to the Gulf Coast: How much of the region's destruction, realistically, will be permanent?

"The first question is, you can rebuild things, and we will rebuild," Bush told April Ryan of the American Urban Radio Networks. "But the question is, can we rebuild the soul? And I believe so… I believe, 10 years from now April, you and I … will be trying to remember back what it was like 10 years ago.

"And I predict that New Orleans will rise again," he added. "There's too much history, too much tradition, too many people that want New Orleans to rise again for it not do so."

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The White House maintained that Bush was not suggesting that it will take 10 years to rebuild the storm-stricken coast, but a spokeswoman aboard Air Force One indeed was speaking in terms of "several years."

"What he has always said from the beginning, is that the devastation from Hurricane Katrina was so great that 365 days later we are not at the finish line," said spokeswoman Dana Perino. "It is going to be a long road back in terms of rebuilding fully. It is certainly going to take several years."

The president, maintaining that local leaders are shaping the region's recovery, had lunch Monday with Mississippi Gov. Haley Barbour, eating fried shrimp in a stuffed crab shell and gumbo at the Biloxi Schooner, which opened a few blocks from the Gulf Coast after restaurateur Joseph Loncon lost his two waterside restaurants to a 28-foot tidal storm surge last year.

"It's going to take a long time for Biloxi to come back," Loncon said outside his Biloxi Schooner. "I would say five years."

"One year doesn't mean that we'll forget," Bush said at the luncheon table. "As a matter of fact, now is the time to renew our commitment to let the people down here know that we will stay involved."

Bush Visits Gulf Coast, Stressing Progress (NYT)

By Anne E. Kornblut

The New York Times, August 29, 2006

NEW ORLEANS, Aug. 28 — On the eve of the first anniversary of Hurricane Katrina's strike here, President Bush returned to the devastated region on Monday promising to continue federal assistance and, with his presidency still under the shadow of the slow response to the storm, eagerly pointed out signs of progress in reconstructing the Gulf Coast.

But as another storm rolled toward Florida, with thousands of victims from Hurricane Katrina still uprooted, Mr. Bush admitted there were "a lot of problems left."

Winding his way through tattered towns in Mississippi on his way here, Mr. Bush spent the day demonstrating empathy and optimism, touring rebuilt areas and meeting with local officials and residents in his 13th trip to the area since the storm.

The journey was part of a continuing effort to recast his image from last year, when Mr. Bush stayed on the West Coast before cutting short his vacation to deal with one of the most significant crises of his administration. His popularity was severely damaged after the storm, which killed about 1,500 people and flooded most of New Orleans, and it has never fully recovered.

In sweltering midday heat, his shirt soaked with sweat, Mr. Bush told a group of Biloxi, Miss., residents that he knew the rebuilding was so slow that to some it felt as if nothing was happening.

Still, Mr. Bush said, "For a fellow who was here and now a year later comes back, things are changing."

"I feel the quiet sense of determination that's going to shape the future of Mississippi," he said.

In an event with echoes of his prime-time speech in Jackson Square here last September, Mr. Bush spoke in a working-class neighborhood in Biloxi against a backdrop of neatly reconstructed homes. But just a few feet away, outside the scene captured by the camera, stood gutted houses with wires dangling from ceilings. A tattered piece of crime-scene tape hung from a tree in the field where Mr. Bush spoke. A toilet sat on its side in the grass.

After a dinner Monday night with New Orleans officials, including Mayor C. Ray Nagin, Mr. Bush is scheduled to tour city neighborhoods on Tuesday and deliver another speech. He is also planning to return to Jackson Square for a memorial service at St. Louis Cathedral.

As the president spoke in Biloxi, he was flanked by Mississippi's two senators, Trent Lott and Thad Cochran and Gov. Haley Barbour, all three of them Republicans, and Don Powell, the Gulf Coast reconstruction coordinator. Watching from the sidelines was Mr. Bush's chief of staff, Joshua B. Bolten, whose presence was a reminder of the reshuffling at the White House after the former chief of staff, Andrew H. Card Jr., failed to manage the storm crisis.

Nearby, along the ocean, ravaged antebellum homes and churches dotted the waterfront. The beach from Gulfport, Miss., to Biloxi, was deserted. Debris hung from trees and motels stood shuttered. Blue tarpaulins still patched the roofs of most dwellings. Written in green spray paint on a fence around a home in Biloxi was "You loot, I shoot."

In Washington and around the country Monday, Hurricane Katrina continued to occupy a prominent place in the political arena. Both the White House and Democratic leaders on Capitol Hill issued "fact sheets" with competing assertions about the rate of progress and the nation's ability to cope with another disaster.

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"One year later, neither the tragedy Katrina caused — the flooding of New Orleans and the devastation of the Gulf Coast — nor the tragedy that it exposed — the extent of the federal government's failure to provide a life of security and dignity to all of our citizens — have been adequately addressed," Representative Nancy Pelosi of California, the House Democratic leader, said in a statement.

In late August of 2005, as the hurricane approached and scientists warned of a potential disaster, Mr. Bush was on vacation at his ranch outside Crawford, Tex., where the most pressing problem was an antiwar protest.

When the storm actually hit and his advisers began to realize the scope of the catastrophe, Mr. Bush was in Southern California on a campaign-style travel swing. Images of a remote president playing guitar on a military base, then later posing for a picture as he peered out the window of Air Force One as it flew over the devastation helped fuel the perception that Mr. Bush failed to respond adequately to the storm.

This year, Mr. Bush is also returning to Crawford — his final stop on Tuesday — before heading out to campaign in Arkansas, Tennessee and Utah this week. The overnight stay comes after an abbreviated vacation, in Crawford earlier this month and at his parents' home in Kennebunkport, Me., last weekend, and two days of commemorating the hurricane anniversary.

Speaking to reporters Monday after visiting United States Marine Inc., a company in Gulfport that builds military boats, Mr. Bush predicted that the rebuilding effort would take "years, not months."

"There will be a momentum, momentum will be gathered," the president said. "Houses will begat jobs, jobs will begat houses."

But, he continued: "It's hard to describe the devastation down here. It was massive in its destruction, and it spared nobody. United States Senator Trent Lott had a fantastic house overlooking the bay. I know because I sat in it with he and his wife. And now it's completely obliterated. There's nothing."

A Year Later, Hearts Still Heavy In New Orleans (USAT)

By Anne Rochell Konigsmark

USA Today, August 29, 2006

NEW ORLEANS — The Big Easy isn't easy anymore.

One year after Hurricane Katrina, New Orleans is frustrating, tiring, expensive and frightening. Hearts are heavy from living amid so much destruction. Nerves are jangled as the 2006 hurricane season heats up. And spirits are dampened every time another friend gives up and moves away.

"I survived Katrina but the anniversary killed me," jokes Mary Lee Murphy, 35, who moved back to her unflooded Uptown apartment in November.

For some, the city has proved unbearable. The suicide rate has tripled, according to the coroner's office. Others here search for ways to feel normal again. Freshly planted flowers are blooming in front of gutted, uninhabitable homes in the Broadmoor section of town. The local news ran a 10-minute feature on the highly anticipated reopening of Commander's Palace, one of the city's most famous restaurants, closed since the storm.

In the days before Aug. 29, 2005, as the approach of Katrina triggered the annoying annual evacuation odyssey, New Orleanians had no idea their dreamy, professionally lethargic, down-but-not-out lifestyle was about to be taken from them. For weeks last September, virtually all 460,000 residents were stuck on someone's sofa, in a hotel or on a cot in an arena somewhere. The shattered pieces of a city, a culture, were strewn across the country. It has taken a year just to get 200,000 people back.

That changes people, and it changes a place. The Rev. Aldon Cotton, pastor of Jerusalem Baptist Church, counsels his weary flock with these words to encourage endurance: "Whatever you had before Katrina, it didn't take two weeks to get it. It took years."

Like thousands of New Orleanians, Cotton's congregants work at jobs by day and on their broken personal lives by night. They come to him with their exhaustion, their anger and their fears, he says. Cotton, who lost not only his church in Central City to Katrina's floodwaters but also his home in eastern New Orleans, tells them to focus on something simple.

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"I tell people to pace themselves and look at what you did accomplish today," says Cotton, who commutes to New Orleans daily from a rented apartment 30 minutes away in Luling. "I was able to move a box today. I found a friend today."

New Orleans, which always prided itself on being carefree, is now full of headaches and heartaches. While people spent the first part of the year worrying about big things — the levees, the amount of federal aid New Orleans would get, the city's very survival — these days people are focused on little things.

The cost of home repairs has skyrocketed, and hiring a contractor can take months. Meanwhile, rents are up 40% and insurance rates have doubled for many homeowners. Exasperated residents have taken to creating their own street signs to replace those still missing. Looting continues, especially at homes under construction.

And everywhere, depressing piles of garbage and storm debris make it feel like Katrina happened days ago, not a year ago.

"I just want the trash picked up," says Bill Hines, an attorney. Every other week, he says, the trash haulers don't show up on his Uptown street near Tulane and Loyola universities. "That's a sign the wheels have fallen off. It's like the Third World. I just want the place to look normal. I am tired of explaining it away."

New Orleans Mayor Ray Nagin says red tape is holding up the city's ability to access federal recovery money for things like cleanup. "The dollars have flowed extremely, painfully slow," he said recently.

In neighborhoods all over the city, 80% of which flooded when the levees broke following Katrina, houses sit empty, waiting for homeowners to make tough decisions.

Cotton recently got an estimate for repairs to his home, which sat in 8 feet of water after the storm. "It was more than the house cost," he says. He can't get started until he receives money from the Louisiana Recovery Authority, which will hand out as much as $7 billion in federal dollars to more than 100,000 homeowners this fall. Meanwhile, he's paying both his monthly mortgage and his rent.

Cotton's church was so badly damaged it must be demolished. He plans to rebuild across the street. Asked where he'll get the money for a new church, Cotton says, "Well, that's a walk of faith." He has applied for a loan from the Small Business Administration and for a donation from the Bush-Clinton Katrina Fund set up by the former presidents.

"There's just a lot to be done," says Cotton, who lost both his legs in a train accident when he was a boy. It wouldn't occur to Cotton to leave New Orleans.

The same is true for Susan Spicer, chef-owner of several New Orleans restaurants. Even though her Lakeview home flooded, even though business at her most famous restaurant, Bayona, in the French Quarter, is down almost 40%, she's here for the long haul.

"It feels pretty good to be here, but it's a little scary," she says. Tourists, who make up a large portion of her clientele, are noticeably absent these days. And running a restaurant is more expensive, Spicer and others say. Wages are up because of a severe worker shortage. Electric bills are at least 20% higher.

At the one-year mark, Spicer and her husband are still talking about what to do with their house. "We're thinking we'll rebuild," she says. "But there was no point in rushing back to a neighborhood that isn't really viable yet. Are we going to spend all this money to redo a house when next door to us is a house that hasn't been touched? It looks like a jungle."

Spicer worries that another hurricane could throw things further off track. "We need one hurricane season with no problems under our belts," she says. "Then people will breathe easier."

Even those who didn't lose homes or loved ones are suffering emotionally, says Alvin Rouchell, chairman of psychiatry at Oschner Hospital, one of a handful of open hospitals in metro New Orleans. He and other mental health professionals say they have seen a rise in alcohol and drug abuse.

In a recent survey by the Council on Alcohol & Drug Abuse For Greater New Orleans, 13% of respondents said they were drinking more since the storm. Bacco, a French Quarter restaurant, has a post-Katrina special: Three glasses of wine and one appetizer for $25.

"Most of us have been grieving the loss of the city we knew," Rouchell says. "Every day you see destruction, abandoned houses. The recovery is taking longer than anyone anticipated. People are tired, people are frustrated."

Mary Lee Murphy says she remains obsessed with the storm. "Last night, my roommate and I had people for dinner and, dang it, if we didn't talk about where we went when we evacuated. And we all know where we went."

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Murphy says she dreams about Katrina almost nightly. “I've spent the last year trying to understand what happened,” she says. “What happened with the levees? Why did all these people end up at the convention center and no one knew about it? I drive out to Lakeview, drive out to the 9th Ward.”

Every newspaper article, every newscast, every dinner conversation and encounter at the bank eventually ends up being about Katrina. Everywhere are grim reminders: The dirty water lines on the sides of houses. The cryptic markings left on doors by rescue workers, indicating whether bodies were found inside. The holes in roofs, hacked by residents climbing to escape the flood.

Murphy is hoping the anniversary will bring some relief. “Maybe the emphasis can change from ‘where were you, what happened to you?' to talking about rebuilding, imagining where our city can be,” she says.

Darren Smith would like to rebuild. At every turn, he says, something bars his way. “Going back to New Orleans, it's not as easy as it sounds,” says Smith, 40.

A year ago, Smith, his wife and his three daughters huddled in their attic as floodwaters swept through their Lower 9th Ward home. They retreated to the roof, were rescued by a boat, spent three nights at the Superdome and eventually wound up in Houston. Smith, a longshoreman, lost his job when his company asked him to return to New Orleans without his family and live on one of the cruise ships reserved for first responders and Port of New Orleans workers.

“My kids were in shock” then, he says. “We saw the bodies in the water. I couldn't leave them.”

Smith says he tried unsuccessfully to get a job in Houston. Recently, he came back to New Orleans and lived in a relative's trailer while he tried to gut his home himself. He did not have flood insurance.

“I can't get any of the volunteer agencies to gut it, because they're all overcrowded,” he says. He can't get his own trailer, because the Lower 9th Ward still lacks power and drinkable water — and FEMA won't set up trailers there until utilities are reconnected.

“Home for me is not the French Quarter or the Garden District,” he says, referring to unflooded neighborhoods that today look exactly as they did before the storm. “It's going to be at least three to five years before my area of the city is ready. We all miss New Orleans, and we want to come home, but home is not ready for us.”

Smith was in Mobile, Ala., on Monday, interviewing for a job. “My neighbors are dead, all my stuff is destroyed. It is really getting to me. I don't think I want to deal with Louisiana anymore.”

About 200,000 people have decided they have the means, and the will, to tough it out. Van Gallinghouse, 43, owner of an Internet marketing company, says he and his wife thought briefly about staying in Atlanta, where they evacuated last August. Their New Orleans home flooded, and they have since sold it.

“Atlanta seemed to have all the luxuries we would want and all the opportunities,” says Gallinghouse, a New Orleans native who has three small children. “But there's something about New Orleans. It's the culture and the people and the soul.”

Like many who have decided to stay, Gallinghouse and his friends have become more civically active. They formed the organization Bravehearts to raise money to encourage economic development, improve education and clean up trash.

“We know it's going to work out,” he says. “It has to work out. Among my peers, there's a great deal of resolve and hope.”

And more gravity. “People are more serious now,” Gallinghouse says. “This is top of mind, and we're all concerned.”

Today, Cotton says he will tell his parishioners this: “You have survived — you're still alive.” He'll remind them that at least 1,740 died in the storm, and about 140 are still missing. “Just take a deep breath and let it out slow and get ready to get back to work.”

In New Orleans, Recovery Is Sporadic (WSJ)

By Christopher Cooper

The Wall Street Journal, August 29, 2006

NEW ORLEANS -- One year after Hurricane Katrina devastated the Gulf Coast, the effort by businesses and residents here to rebuild can be gauged by the coffee at Slim Goodies, a diner in the city's uptown section.

On a recent morning when every stool in the place was taken and patrons spilled out the door, the first thing diners heard from a waitress wasn't a list of breakfast specials, but an apology: "No coffee. No water pressure," she said.

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The lack of such a diner commodity -- hot coffee -- is just one of the problems that Kappa Horn, Slim's owner, contends with daily a year after "The Thing," as many locals call the storm. Though the diner was spared the flooding that left about 80% of the city underwater, bringing Ms. Horn's business back has been no cakewalk. True, the crowds in her diner have never been larger. But serving them has never been harder.

Her payroll costs, for example, shot up 30% after more than half the city's work force disappeared. Her insurance bill has jumped to $8,000 a year from $3,500, and she must pay a private trash hauler to supplement the city's irregular garbage service. And if the electricity fails at Bubba's Produce Co. downtown, which happens routinely in that area, her vegetarian omelet may not make the menu.

"No water means no coffee, no dishwashers, no bathrooms," Ms. Horn said. "The other day it went out completely. We were packed. We had to close."

President Bush landed here last night to attend events marking the Katrina anniversary and is expected to give a series of speeches rededicating his administration to the rebuilding effort. "A year ago, I committed our federal government to help you," Mr. Bush said in Biloxi, Miss., before arriving here for a private dinner with local leaders. "I said, 'We have a duty to help the local people recover and rebuild,' and I meant what I said."

In more than a dozen visits over the past year to the Gulf Coast, Mr. Bush has relentlessly praised the region's recovery, which he put under the care of Don Powell, former chairman of the Federal Deposit Insurance Corp.

Mr. Powell says cargo handling at the port of New Orleans has returned to prestorm levels, the region's oil-and-gas industry has recovered, and its tourist trade is on a steady if slow upswing. Mr. Powell also notes that a metropolitan area that lost 81,000 businesses and 220,000 jobs can't recover overnight. "I don't know how you describe this devastation -- biblical? I'm not sure," he said. "But the basics of this region's economy -- the port, tourism, energy -- every one of them are back. People say, 'You're slow,' and I say, 'Compared to what?'"

But a drive through New Orleans underscores how much work remains. Though Louisiana officials say 90% of businesses in the region have reopened, the recovery is uneven. Most national retail outlets, groceries and fast-food restaurants remain closed while their parent companies assess the local market. Whole sections of the city, such as eastern New Orleans, are ghost towns. Mr. Powell attended a ribbon-cutting last week at a Home Depot store in St. Bernard Parish, but the community has perhaps one-tenth of its prestorm population.

Mr. Powell and President Bush have touted the $110 billion that Congress appropriated to assist Gulf Coast rebuilding, but only a sliver of the money has reached the region.

Of the $44 billion spent, about $17 billion was paid out in flood-insurance claims, which are at least partially backed by property-owner premiums. A large portion of the remaining amount was spent on immediate needs after Katrina, such as paying Federal Emergency Management Agency workers, establishing temporary housing for storm victims and providing local governments with operating cash. Very little of this money has a direct effect on long-term recovery for the region, and only a fraction has been spent on repairing infrastructure such as waterworks and electrical grids.

The government of New Orleans, which is struggling to provide basic municipal services, has received -- and spent -- $125 million in direct federal aid. "I've come to see that the word 'appropriation' has very little to do with actual cash in hand," said Oliver Thomas, president of the New Orleans City Council. He estimates billions of dollars will be needed to rebuild infrastructure in a city that independent analysts say has restored only 17% of its bus service, 60% of its electricity and 41% of its natural-gas grid.

But relief may be on the way to homeowners. Last week, the state began accepting applications for a piece of the $10.5 billion Congress recently appropriated to make Louisiana homeowners whole. The money will be disbursed as grants of up to $150,000 and can be used to either buy property from owners who want to be bought out or assist those who want to rebuild. The common wisdom is that such grants will speed rebuilding as residents return and neighborhood businesses follow.

Mr. Powell and Mr. Bush have said they will cede rebuilding plans to New Orleans. But because the city hasn't committed to a master reconstruction plan, redevelopment could be spotty if small groups of residents choose to rebuild in otherwise abandoned neighborhoods. Though Mayor Ray Nagin has said the city may not provide services to certain neighborhoods that can't prove viability, many wonder if the mayor will stick to his guns.

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Such worries have heightened tension between local and federal leaders. Washington officials complain privately that Mr. Nagin and other authorities in the region have yet to make hard decisions about rebuilding. For their part, Mr. Nagin and other locals say redlining certain neighborhoods -- even those in low areas at risk of further disaster -- is unfair to people who want to return.

The New Orleans City Council's Mr. Thomas said the decision by individual residents and businesses to rebuild is complicated by one factor the U.S. government could do something about: providing infrastructure improvements that practically every neighborhood in the city needs. While uptown New Orleans suffers from a lack of water pressure, businesses downtown are hit by chronic power outages. Mid-city suffers from balky gas delivery. And all over town, summer rains cause minor flash floods as the city contends with clogged and broken storm sewers.

Jay Joyce, Slim Goodies' vegetable vendor at Bubba's Produce, says the power failures make it tough on his business. If the power fails in the middle of the day, Mr. Joyce says he sometimes shuts down entirely, rather than risk losing all of his inventory to spoilage.

Before Katrina, customers could usually find him hunkered down in an air-conditioned office handling paperwork. Now a smaller staff forces him to do more around his building and he frequently can be seen moving crates with a handcart.

"It's all candles and cellphones now," Mr. Joyce said of working with unreliable electrical service.

At the diner, Ms. Horn measures her success in hassles as much as she does in cash. Opening three weeks after the storm, she fed her customers by searching out supplies beyond the disaster zone and keeping her stocks in coolers on the floor. The early meals were simple and served off paper plates.

Overall she is unhappy with the progress the city is making and may leave for good after paying off her $50,000 business loan. "Everybody's scared, living scared and feeling scared," she said. "A lot of times it just doesn't seem worth it."

Mr. Thomas understands this reaction. "How is somebody supposed to make a decision on rebuilding when they don't know if the infrastructure in their neighborhood will be fixed?" he said. "The feds are doing this backwards -- we need infrastructure help now."

But Mr. Powell sees this reasoning as backward. The former banker said standard market principles guide rebuilding and he has no intention of committing federal infrastructure money to areas that can't demonstrate they will come back. "That's like buying the furniture before the house is built," Mr. Powell said.

Write to Christopher Cooper at christopher.cooper@wsj.com7

In Miss., Hope Of Going Home Dwindles (WP)

By Peter Whoriskey

The Washington Post, August 29, 2006

BILOXI, Miss. -- He doesn't seem the type to rattle easily. A gravel-voiced retired seaman with piratical swagger, Jim DeSilvey survived Katrina's 25-foot storm surge here by tying one end of an electrical cord around his waist and the other around a utility pole.

But these days when light winds begin to blow around his FEMA trailer, he springs to the window.

"I just want to make sure the water isn't coming up," he says.

Then he seems embarrassed.

"You would, too, if you'd been through what I've been through," he adds.

As people on the Gulf Coast mark the anniversary of Hurricane Katrina on Tuesday, there are public memorial ceremonies and stoic promises to rebuild. President Bush toured neighborhoods here Monday. But many here say any remembrances of that day -- many of which remain appallingly clear despite the passage of time -- still largely instill private flashes of nervousness, or guilt, or depression.

For the tens of thousands of people who are still displaced by the storm, moreover, the possibilities of getting back home may now seem more remote than ever.

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Fewer than 5 percent of the thousands of destroyed homes are being rebuilt, local officials said. Most of the affected homeowners in Mississippi and Louisiana have yet to see any of the billions in federal money approved to help them get back home.

"For the people who've been able to get back to their homes, there's a sigh of relief," said Biloxi City Council member Bill Stallworth. "But for those who haven't -- and that's the vast majority here -- there's a real panic.

"People recognize that it's been a year and they're still where they were the day after the storm. Now the volunteer groups are drying up. The money to assist families is drying up. People don't know what they're going to do."

Across a roughly 40-mile stretch of the Mississippi Gulf Coast from Waveland to Biloxi, the storm pushed ashore a wall of water 20 feet or higher, according to Mississippi State University researchers.

Along that portion of the Gulf, the fast-moving water "slabbed" countless homes -- that is, left nothing but the slab behind -- and obliterated most stores and office buildings.

Unlike the devastation of New Orleans, which resulted from the failure of man-made flood walls and levees, the devastation here is viewed more purely as a natural disaster.

So while in New Orleans many vilify the Army Corps of Engineers and other agencies responsible for flood control, many here simply blame themselves for not evacuating.

Counselors at relief organizations say they have dealt with parents who feel guilty for not having evacuated children or other loved ones in the face of the storm.

Now the anniversary is dredging up recollections.

"It's unsettling," said Julian Blunt, the executive director of an arts group here. "You're just remembering everything that happened."

Blunt had persuaded his wife not to evacuate from their home just a few blocks from the Gulf, telling her everything would be fine.

Then in the height of the storm, the columns on the front of their Biloxi home fell down.

"I thought we were done for," he said. "I told my wife, 'Baby, get your shoes on,' because I thought we had to go under the house.

"She looked up at me, and I'll never forget her face. She said, 'I thought you said we would be all right.' "

The event and its effect are now just now finding a place in the local culture and in the things the disaster tourists buy here.

Bay St. Louis artist Vicki Niolet has put together a book of photos of the wreckage with punning captions. A wrecked movie theater is titled "Box Office Hit," while refrigerators beside the side of the road are "White Trash." Niolet is selling copies locally.

Another resident, Solveig Wells, 62, a retiree, has put together quilts made from fabric that was washed out of her home and that she found on the beach months later, faded and marred by Katrina's effects. They are on display at the library.

"There's lots of people who feel there are bits and pieces of their lives floating around all over the place," she said of the quilts.

Whether or not the experience of Katrina will better prepare everyone for the next storm is unclear.

Stallworth said many people are rebuilding homes at the same elevation -- beating the deadline under new flood insurance guidelines -- to save money. He said they cannot afford to raise their homes a dozen feet in the air, as is required in parts.

Others, even those who narrowly evaded drowning, say they may not evacuate next time. Others said the searing experience had no lasting effects.

Doug Niolet, 55, Vicki's husband, said he survived the storm by swimming to a towering live oak, climbing up and saying the rosary. Still, he struck a stoic stance.

"People ask do I have nightmares, but it never really affected me," he said.

Vicki disagreed.

"He goes to church a lot more." she said.

Bush Sees 'Hopeful Future' In Gulf Coast (LAT)

By James Gerstenzang

DOJ_NMG_0054974

The Los Angeles Times, August 29, 2006

BILOXI, Miss. — On the eve of the first anniversary of Hurricane Katrina, President Bush returned to the once-devastated blocks he walked after the storm, cheered the progress made in rebuilding the Gulf Coast and, seeking to assure those still suffering, said that "the federal government stands with you still."

He looked at the clean white sand of the gulf beaches and saw in them a metaphor for the future of what he promised would be "a new Mississippi."

A year ago, he said, "the beaches were cluttered with debris and garbage. The beautiful beaches had been destroyed. And now they speak to the hope of this part of the world."

The president and his wife, Laura, spent about five hours in the area, driving and walking past the scars left by the storm — a house still under repair at one corner and vacant lots where homes had once stood. But the president's focus was on the progress made in rebuilding Biloxi and neighboring Gulfport, and on the government's commitment to continue supporting the reconstruction, which is likely to take years to complete.

On Tuesday, he is scheduled to make a similar tour in New Orleans and take part in a church service at the moment, one year later, when the levees were breached, leading to the inundation of 80% of the city.

The difficulty of the challenge of marking the storm was not lost on the White House. It was the White House response — largely criticized as too slow and insensitive to the devastation the storm was causing, particularly in some of New Orleans' most down-trodden communities — that brought the president new political woes as he was trying to pull himself out from a slide in public opinion polls.

Now, the two days marking the storm's arrival a year ago on Tuesday will give Bush an opportunity to seek to renew his claimed credentials as a compassionate and competent leader — both of which were battered after the storm. At the same time, his visit renews attention to those problems.

After initially just flying over the coast, examining it from a window of Air Force One on a vacation-ending flight from his Texas ranch to Washington, the president averaged one visit a month over the past year, including five last September.

While Bush and Congress moved relatively quickly to approve emergency spending to rebuild the region, now the complaints are focused on delays in getting the money here.

Congress and the administration allocated $110 billion in aid, but only $44 billion has been spent.

Numerous critical reports from Congress and interest groups have challenged the president's assessments. His visit followed by several days a tour by top Democrats, including Senate Minority Leader Harry Reid of Nevada, who were sharply critical of the administration's follow-through on an aid program that appeared at its start to reflect a high degree of cooperation.

The Center for American Progress, a Washington think tank populated largely by Democrats, said that even more staggering than the destruction of the storm "has been the slow pace of recovery."

"It is clear that the nation is still waiting for the help Bush promised," it said.

It was against that backdrop that Bush was working on today.

The president said he understood the trauma the people there had experienced. But in remarks that gave almost no quarter to the evidence of devastation readily visible throughout the region, the president stood under an unyielding sun just blocks north from the beach and said, "I feel a quiet sense of determination that's going to shape the future of Mississippi."

"Each visit, you see progress," he said, adding later, "Optimism is the only option. We want to help. We want to help that optimism succeed.

Mississippi has generally gotten higher marks and been more supportive of Bush's efforts than Louisiana. Gov. Haley Barbour, a Republican, has long supported Bush's programs.

By stopping here first, Bush was able to present the recovery effort in a more favorable light than the more difficult rebuilding in New Orleans might allow.

But even here, there have been frustrations: The federal government is making $150,000 grants available for home repair, and about 17,000 Mississippi households have applied for them. But Scott Hamilton, a spokesman for the Mississippi Development Authority, said the state has sent out only about two dozen checks.

Bush spoke just blocks north of the beach, a row of three rebuilt houses, illustrating for television cameras the successful rebuilding effort. But just to his left and out of the range of cameras sat a structure, once a home but now showing all the scars of the onslaught a year ago: broken windows, uprooted railings, all coated with a layer of grime.

Along U.S. 90, the main highway that parallels the Gulfport and Biloxi beaches, the signs of the storm — and the delay in making repairs — were everywhere: A Smoothie King and the adjacent UPS store: gone. Antebellum homes: gone. The roof of the First Presbyterian Church still under the once ubiquitous blue plastic tarps, with the interior still gutted. On some lots, only foundations remain — their owners' memories and city records the only evidence of what once stood there.

But elsewhere, signs of progress: At the Beau Rivage hotel, a digital sign ticked down the hours — 21 and counting — until the hotel would reopen, one year to the day after the storm struck.

Bush Offers Gulf States Commitment (WT)

By Stephen Dinan

The Washington Times, August 29, 2006

BILOXI, Miss. -- President Bush yesterday toured the Gulf Coast in the run-up to today's Hurricane Katrina anniversary and rebutted charges that his administration had botched relief efforts, saying the federal government had provided money and the actual work needs to be done by the region's governments.

"What we're trying to do is just help you. The spirit's here, the people want to succeed, and our job at the federal level is to help you succeed," Mr. Bush said.

But 25 House Democrats are countering Mr. Bush by planning to tour parts of the Gulf Coast this week. House Democrats have released a series of reports faulting the federal government for shortchanging housing and schools, for racking up wasteful spending, and for failing to ensure contracts go to small businesses.

House Minority Leader Nancy Pelosi, California Democrat, called the federal government's response a "tragedy."

"Hundreds of thousands of our fellow citizens still await the help in rebuilding their hospitals, schools, businesses and homes that was promised last fall," she said.

On his 13th trip to the Gulf region since Katrina, Mr. Bush toured a Biloxi neighborhood that he first visited in the days following the hurricane. This time, Mr. Bush brought a message that he still cares -- to the tune of the $110 billion Congress already has passed for recovery efforts -- but said localities need to start showing they can manage the spending.

Speaking with reporters after touring United States Marine Inc. in Gulfport, Mr. Bush said, "hopefully, that's enough." Of the money allocated, the Bush administration has released $77 billion to the states, though just $44 billion of it has been spent.

Donald E. Powell, Mr. Bush's coordinator for the relief effort, told reporters that no more money would flow to the region until there is proof that the current money is being well spent.

"It's now time for the people to demonstrate they're going to use this money wisely," he said. "We need to see plans, execution."

Top Democratic leaders are also coming to the Gulf region to mark the anniversary of the nation's costliest natural disaster and to make their case that the administration's poor response is a reason to oust Republicans in this year's congressional election.

"Unfortunately for the thousands of Katrina victims who still lack drinking water, electricity and other basic services, the president's PR campaign brings no relief from a year of broken promises," Senate Democrats' communications operations charged.

Katrina marked the beginning of a difficult year for Mr. Bush. His poll approval numbers, which had been consistently about 40 percent since his re-election, dropped into the low 30s and never recovered. Critics said the botched response showed that four years after the September 11 terrorist attacks, the government still was not ready to handle a major disaster.

Rebuilding is clearly under way in Mississippi, though hand-painted signs warning looters, such as "nothing left" and "not worth dying for," still decorate walls and fences along the coast, and the beaches are empty. But at least beaches and most of the neighborhoods here are cleared of debris.

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Mr. Bush said debris removal was the first major test over the past year of the federal-state-local partnership, and said in Mississippi the partnership worked so well that 98 percent of dry debris has been removed.

The partnership hasn't worked so well in New Orleans, where wreckage from the flooding still overwhelms empty neighborhoods. On Friday, the City Council set today as the deadline for homeowners to gut or clean up storm-damaged properties.

In New Orleans, Rep. William J. Jefferson, Louisiana Democrat, yesterday said the recovery is slow because of the complexity of the issues involved and concerns that many evacuees have about returning.

"We've got a lot of work to do. We have to have a visit and stay committed to it," Mr. Jefferson told 15 Democratic members of Congress who took a bus tour of stricken areas.

Mr. Bush arrived in New Orleans last night and had dinner with Mayor C. Ray Nagin, Gov. Kathleen Babineaux Blanco and other local leaders. He will participate in the city's anniversary events today.

Some residents hope the city's new cleanup deadline, which includes a range of penalties from fines to seizure or destruction of homes, will spur debris removal that will lead to more redevelopment and repopulation after the exodus that followed Katrina.

"To see a home cleaned up, even if it's not occupied, does a lot psychologically," said Bari Landry. She sees signs of life in the flooded Lakeview neighborhood but also signs of disaster: deserted houses, windows and doors standing wide open, and roof-high weeds.

In Mississippi, Mr. Bush said when he was first in the neighborhood he returned to yesterday at the corner of Claiborne and Fowler Streets, debris was everywhere.

"For a fellow who was here and now a year later comes back, things are changing," the president told a small audience of residents and volunteers.

Jake Rosetti, who lives in the neighborhood, said that the spot where Mr. Bush spoke was under a 20-foot pile of debris after the hurricane.

"They have responded," Mr. Rosetti said, crediting the state's leaders.

But clearly locals are looking for more help.

Mr. Bush at one point was thanking community leaders and to one mayor in particular said, "I'm always asking about you."

"I'm always asking about you," the mayor shouted back, at which Mr. Bush chuckled: "The check's in the mail."

The President And His Critics Mark Anniversary Along Coast (WP)

By Michael Abramowitz

The Washington Post, August 29, 2006

BILOXI, Miss., Aug. 28 -- A year after Hurricane Katrina devastated Mississippi and Louisiana, President Bush and Democratic leaders are converging on the Gulf Coast this week to commemorate the losses while continuing the political argument over the federal response to the country's largest natural disaster.

Arriving Monday in this seaside city for the first stop of a two-day visit that later took him to New Orleans, Bush paid homage to the grit of ordinary Mississippians in their efforts to rebuild their communities and promised that his administration will not neglect them as memories of the storm fade.

"One year doesn't mean that we'll forget," Bush said after lunching on fried shrimp and gumbo with community and state leaders at the small Ole Biloxi Schooner restaurant. "Now is the time to renew our commitment to let the people down here know that we will stay involved and help the people of Mississippi rebuild their lives."

In returning to scenes of one of his administration's biggest political embarrassments, Bush visited a city that remains a shell of its former self. Much of the debris has been removed and casinos are starting to sprout along Biloxi's waterfront, but empty lots abound, thousands of displaced people continue to live in trailers, and federal money is only beginning to trickle down to individuals and businesses, according to local leaders.

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Democratic lawmakers and liberal advocacy groups flocked to the Gulf Coast in Bush's wake to offer their own, vastly more critical assessments of how well Bush and the federal government have performed in rebuilding communities swamped by Katrina.

In an interview, Sen. Mary Landrieu (D-La.) said the reconstruction of the Gulf Coast is going "not very well," and asserted that federal agencies such as the Federal Emergency Management Agency and the Small Business Administration are botching the delivery of federal funds to individuals and small enterprises. "Yes, the recovery is underway," she said. "It is still painfully slow. We have unnecessarily lost so much because the system is overburdened."

Landrieu has been joined by Senate Minority Leader Harry M. Reid (D-Nev.) for parts of what she has termed a "Hope and Recovery" tour for the region.

Another prominent Democrat, Rep. James E. Clyburn (D-S.C.), inspected damaged sections of New Orleans along with other lawmakers on Monday, and predicted that Americans will be "very surprised to know this recovery is way, way behind what their expectations would have been."

The administration's halting initial response to Katrina, especially in Louisiana, was a political debacle that even some Bush supporters believe still burdens the White House. Mindful of the symbolism of the one-year hurricane anniversary, White House aides have been distributing fact sheets and statistics suggesting progress, including the more than $110 billion of federal money that has been set aside by Congress for Gulf Coast assistance and reconstruction.

Less than half of that has actually been spent, however, and local officials in Mississippi and Louisiana have been complaining about red tape slowing the flow of funds for housing and small businesses.

Tommy Longo, the mayor of Waveland, another hard-hit town on Mississippi's Gulf Coast, said he does not blame Bush for the delay and is unsure who is at fault.

"I don't think the money is held up in Washington -- it is held up somewhere in between," said Longo, as he awaited Bush's appearance in Biloxi.

Sen. Trent Lott (R-Miss.), who accompanied Bush on his visit to Biloxi, said a combination of factors has caused the government to stall. "Part of it is federal bureaucracy," he said. "Part of it is state bureaucracy."

Bush's visit to Mississippi, carefully scripted by the White House, left little possibility of the president encountering much anger over the federal reconstruction efforts. After meeting with Republican Gov. Haley Barbour and other leaders for lunch, Bush toured a working-class east Biloxi neighborhood that he visited a year ago, passing empty lots and FEMA trailers along the way. The hot sun left his blue shirt sleeves soaked in sweat.

Some of the same people he met last year were in a friendly audience of several dozen local residents who heard from Bush after he finished his tour Monday, a few clutching pictures of themselves being consoled by the president in the aftermath of the storm last September. One of them was Patrick Wright, 38, a delivery driver for FedEx whose house was destroyed by the storm and who is now living in a FEMA trailer.

Wright expressed satisfaction with Bush's efforts on behalf of Mississippi, saying that while he was still waiting for federal housing money to begin rebuilding his house, he feels that the government is moving as fast as possible. "Some people say it was slow, but for the number of people affected, you expect it to be slow," said Wright.

In his remarks to Wright and his neighbors, Bush acknowledged "some frustration" among homeowners but said the government is "working hard to make sure that when that money is spent, it's spent well, and it goes to people who deserve it."

Later, speaking to reporters after visiting a shipbuilding enterprise in Gulfport, Bush said it would take "years, not months" for the area to be fully rebuilt, although he did not mention a specific time frame. "The progress in one year's time has been remarkable," Bush said.

Here in Mississippi, the cleanup from Katrina has been judged to be moving somewhat more quickly than in neighboring Louisiana, though there remains a huge reconstruction task and lingering complaints from many locals that New Orleans has drawn the focus of national attention.

Mississippi appears to have benefited from a less fractious political environment than in Louisiana, with Barbour -- a former top lobbyist in Washington -- capitalizing on his extensive ties and the state's power in Congress to leverage extra funds.

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Bush himself alluded to the difference between Mississippi and Louisiana in developing reconstruction plans. "In Louisiana, it's been a little slower," he told reporters in Gulfport. "And I look forward to talking to the folks there about what we can do to work together to expedite these plans being implemented."

Political researcher Zachary A. Goldfarb in Washington contributed to this report.

Emotional Devastation Surfaces From Katrina (USAT)

By Steve Sternberg

USA Today, August 29, 2006

A year after Hurricane Katrina scoured the Gulf Coast, the storm still rages in the minds of survivors, who now suffer twice as much severe mental illness as existed in the region before landfall, researchers reported Monday.

Katrina forced 500,000 people to evacuate and carved its initials in a swath of Louisiana, Mississippi and Alabama.

The first major attempt to probe survivors' mental status found that about 15% of residents of the counties and parishes struck by the storm, or 200,000 people, have depression, anxiety, post-traumatic stress disorder and other forms of mental illness, twice as many as before.

About 11% now have severe mental illness, compared with 6% before the hurricane. Nearly 20% said they had mild to moderate mental illness, compared with under 10% before.

Yet fewer people reported they were considering suicide than before the storm. The finding didn't entirely surprise researchers, who say people can be remarkably resilient when they have to be.

“Suicide rates always go down in times of war. … People pull together,” says Ronald Kessler of Harvard Medical School, who led the study published online by the Bulletin of the World Health Organization.

The finding seems to conflict with reports that New Orleans' suicide rate tripled. But in an event such as Katrina, the vast majority of those who may have contemplated suicide may be less likely to act on it because they realize they are part of something bigger. Conversely, those with suicidal thoughts who don't have others with whom to share the disaster experience may be more inclined to kill themselves. So the findings are not inherently inconsistent, Kessler says.

Kessler says the absence of suicidal thinking reflects a newfound faith in the ability to start over. But he added that “optimism only goes on for so long” after a devastating event.

Psychiatrist Eugenio Rothe of the University of Miami's Jackson Memorial Hospital, who wasn't involved in the study, says there's reason to worry. “We did a study in Miami after Hurricane Andrew,” he says. “The first year, people were busy getting through the day, rebuilding, getting their lives back in order.

“Then it hits them how much they've lost. They start mourning their losses.”

The new study, sponsored by the federal government, took advantage of a survey carried out every 10 years to assess the nation's mental health. More than 820 participants in that survey lived in the region hit hardest by Katrina.

The responses, recorded from 2001 to 2003, were compared with a new survey of 1,043 Katrina survivors.

Among other findings:

•Almost half of people who didn't evacuate said they wanted to leave but couldn't get away.

•Seven percent had to be rescued, had a brush with death or were assaulted.

•Almost 90% said their experiences helped them develop a deeper sense of meaning in life. More than 75% said they had become more spiritual or religious.

Study Of Katrina Survivors Finds Storm Took Big Psychological Toll (WSJ)

By Betsy Mckay

The Wall Street Journal, August 29, 2006

A survey of Hurricane Katrina survivors found that the proportion of people with mental illnesses -- from increased anxiety to severe conditions -- nearly doubled after the storm, confirming widespread belief and anecdotal evidence of a heavy psychological toll.

The study, led by Harvard Medical School, also found that thoughts of suicide declined sharply among those with mental illnesses.

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Harvard said its survey is the most comprehensive to date of the mental-health effects on residents of Louisiana, Mississippi and Alabama who lived in Katrina's path and whose lives as they knew them were uprooted, in some cases forever, when the hurricane struck a year ago today.

In the poll of 1,043 adults identified through random digit-dialing, Red Cross lists and other means, the researchers found 31% suffered some form of mental illness in the first several months after the storm, compared with 16% in a 2003 mental-health survey of the same general population conducted by Harvard for the U.S. government. Of the total surveyed, 11% suffered a serious mental illness such as depression, post-traumatic stress disorder or schizophrenia; in the 2003 survey, 6.1% experienced a serious mental illness.

Respondents were interviewed between Jan. 19 and March 31, four to seven months after the hurricane. The findings were published in the latest online edition of the Bulletin of the World Health Organization.

Signs of distress ranged from frequent nightmares and irritability to debilitating anxiety and phobias. Nearly 38% of respondents said they were jumpier or more easily startled than normal; 52% said they were more irritable or angrier than usual. Among prehurricane residents of New Orleans, who made up a large proportion of respondents, 50% reported nightmares, with 8% reporting that they have nightmares almost every night.

At the same time, the researchers found that suicidal thoughts among those surveyed didn't increase, and in fact declined among people with a moderate or serious mental illness. Only 0.7% of those with moderate or serious mental illnesses reported suicidal thoughts, compared with 8.4% in the 2003 survey.

While suicidal thoughts generally aren't common in the months after disasters, the magnitude of the decline after Katrina was striking, said Ronald Kessler, professor of health-care policy at Harvard Medical School and lead author of the study. He and his colleagues linked the low rate of suicidal thoughts to reserves of strength and personal growth that respondents mustered after the storm. For example, 88% of respondents said they had developed a deeper sense of meaning or purpose in life, while 77% said they had become more spiritual or religious.

Dr. Kessler cautioned that the protective factors offered by such sentiments might not last, however, as the slow pace of rebuilding gradually wears on residents. "What if things aren't better a year from now?" he said. "That's obviously a nagging concern."

The survey is planned for seven years, with periodic reports, and the researchers plan to expand their focus to include children, on whom the storm is known to have had a significant psychological impact.

Katrina Survivors Mostly Optimistic, New Study Finds (WP)

By David Brown

The Washington Post, August 29, 2006

In the six months after Hurricane Katrina, the rate of serious mental illness among the storm's survivors doubled, an unusual study has found, but the number of people contemplating suicide did not budge. Most survivors, in fact, said they had found a new sense of purpose, strength and community through coping with the disaster.

Those are the early findings of a survey that will trace the emotional trajectory of Katrina's victims over at least the next two years, and possibly for decades.

Overall, the researchers found a "pervasive optimism" among hurricane survivors on the question of whether they expected to be able to rebuild their lives. Emotional resilience was as high -- and by some measures, higher -- among low-income blacks, a group that suffered some of the worst deprivations, as in the survivor population as a whole.

Nevertheless, six months after the storm, many people were still short of money, housing, security and employment. The researchers are not certain the generally encouraging psychological state of Katrina survivors will endure.

"Optimism only lasts so long," said Ronald C. Kessler, the psychologist at Harvard Medical School who heads the study. "How long? We know from survivors of other hurricanes that after about 18 months people start to wear out."

Although the Katrina study is not the first to follow survivors of a natural disaster in the United States over time, it is logistically the most complicated.

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The researchers assembled what they hope is a representative group of Katrina survivors by sampling the list of 1.4 million families that applied to the Red Cross for assistance, reaching people through random-digit dialing of phone numbers along the Gulf Coast, and contacting residents of randomly selected motels housing hurricane evacuees.

"It took us three whole months to find these people because we had to look all over God's creation," Kessler said.

The 1,043 households finally chosen represent 42 percent of a larger sample. They all agreed to be interviewed repeatedly over time and collectively were named the "Hurricane Katrina Community Advisory Group," as part of their role is to provide feedback to relief agencies and government departments on their performance.

Smaller studies of Katrina survivors found much higher rates of emotional distress than did the Harvard-based survey, which presumably reached a greater variety of people.

For example, a survey in New Orleans and neighboring Jefferson Parish seven weeks after the storm conducted by the Centers for Disease Control and Prevention found that "49.8% of adults exhibited levels of emotional distress indicating a potential need for mental health services." A survey in February of families still living in trailers and motels found that 44 percent of adult caregivers had "clinically significant psychological stress."

As a measure of pre-Katrina mental health, Kessler and his colleagues used the findings from about 800 Gulf Coast residents interviewed in a national survey earlier this decade.

Before the hurricane, 16 percent of people had a diagnosable mental illness, with 6 percent having a serious one. After Katrina, 31 percent of people had a mental illness, with 11 percent serious. At both times, just under 3 percent of people admitted to having suicidal thoughts. Researchers do not yet know the suicide rate among storm survivors but plan to gather that data in the future.

Between one-third and half the people with serious mental illness have post-traumatic stress disorder "at their core," Kessler said. The rest primarily have depression and anxiety disorders.

Eighty-two percent of the sample, and 69 percent of those with serious mental illness, reported they "became closer to loved ones" after the hurricane; 75 percent and 82 percent said they "found deeper meaning in life"; and 67 percent and 73 percent said they had become "more spiritual or religious."

Asked whether the storm and flood "made you realize that you have inner strengths or competence that you did not previously know you had," 62 percent of blacks answered "a lot," compared with 36 percent of whites. Of the low-income people in the sample, 58 percent gave that answer, compared with 27 percent of those with a high income.

On other subjects, 61 percent reported financial problems, 50 percent housing problems and 37 percent employment problems six months out.

"The study is very useful in affirming a sense of resilience, but we are also seeing a large expression of need," said Anthony H. Speier, director of disaster mental health operations for the state of Louisiana and one of the researchers.

The telephone interviewers employed by the researchers asked questions that required short answers, often yes or no. They hoped to keep each call to 25 minutes. But they found that people mostly wanted to tell their stories.

Kessler and his colleagues decided to change methods. People could say what they wanted, and interviewers interjected the questions. Many calls took two or three sessions, and they averaged 90 minutes.

A sample of the narratives, from people who agreed to have them made public, can be listened to at http://www.hurricanekatrina.med.harvard.edu/ .

The study, which will cost about $2 million, is funded by the National Institute of Mental Health. It will interview the sample group every six months for two years.

New Orleans Births Soar (USAT)

By Liz Szabo

USA Today, August 29, 2006

New Orleans is booming again — at least in its maternity wards.

Though the city's population has shrunk by half, health officials say, New Orleans' post-hurricane birth rate has taken off.

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The city's birth rate increased 39% from May 2005 to May 2006, nine months after Hurricane Katrina, says John Steckler, vice president of ShareCor, which coordinates data and services for the Louisiana Hospital Association and the Metropolitan Hospital Council of New Orleans. The birth rate appears to have increased even more in June and July, although the final numbers for those months have not yet been tallied, Steckler says.

Residents list a variety of reasons for the baby boom. In the weeks after the storm, some couples say they had more immediate worries than contraception.

Melanie McKinney, 27, says she and her husband had to find a new home after their apartment complex was damaged during the storm. She wasn't able to refill her birth control prescription because she couldn't locate her doctor. McKinney's daughter, Amiyah, was born Aug. 21. "I wouldn't trade her for the world," McKinney says.

Al Robichaux, chairman of obstetrics and gynecology at Ochsner Health System, says some couples turned to each other for comfort during the emergency.

"People without electricity or TV snuggled a lot, and it takes off from there," Robichaux says. "It's a good stress reliever."

Other couples were simply looking for ways to fill the time, says Gail Gibson, nursing administrator for women and children's services at the Medical Center of Louisiana in New Orleans. Her clinic reopened about three weeks ago.

One woman told Gibson, "What else was there to do when you're confined to your house for three days?"

Residents returning to New Orleans may tend to be younger, which can boost an area's fertility rate, Robichaux says.

All those babies are keeping hospitals busy. Births at Ochsner are up 100% compared with this time last year, says Robichaux, who notes that Ochsner is one of only five hospitals delivering babies. Eleven hospitals delivered babies before the storm.

At Ochsner, the cardiology department has given up beds to the maternity ward, Robichaux says. Mothers in labor once took up 18 beds, but they now occupy 30 — and could soon fill up 50.

McKinney says her daughter is one of the few good things to be born of the storm.

"There is nothing as wonderful as the birth of a child, particularly in a population who lives with stress," says Gabriella Pridjian, chairwoman of obstetrics and gynecology at Tulane University Medical School. "Most of us take it as a sign of our renaissance."

Katrina, One Year Later (editorial) (WP)

The Washington Post, August 29, 2006

PRESIDENT BUSH returned to the Gulf Coast yesterday and declared that a year's worth of rebuilding in the wake of Hurricane Katrina had created a "sense of renewal." Some renewal there definitely has been, but it has come slowly and clumsily. Areas such as New Orleans's Lower Ninth Ward remain choked with debris. Schools, public transportation and utilities have yet to resume anything like full service. As of the end of June, the population of New Orleans stood at just 35 percent of its 2000 level. The scale of destruction was so significant -- the storm destroyed nearly 19,000 businesses and more than 200,000 apartments and homes -- that it would not be fair to expect complete rehabilitation one year later. But chunks of the Gulf Coast look as though reconstruction has barely begun.

The past year has generated three official reports on the disaster -- from the House, the Senate and the White House -- as well as numerous unofficial ones. Some of the ideas in these reports are digressions: With the Federal Emergency Management Agency having been disrupted by being folded into the Department of Homeland Security, it seems unwise to disrupt FEMA further by pulling it out of that department and restructuring it again. Equally, there's a debate as to whether the government's ham-fisted performance demonstrates that the response to future hurricanes should be left to private agencies: After all, Wal-Mart Stores Inc. and other businesses proved more effective than hapless federal agencies in quickly getting emergency supplies into the disaster zone. But the truth is that reconstruction after a disaster requires billions in public money, so a strong government role is inevitable. Besides, individuals and companies can't sensibly commit to rebuilding unless they know that others will do so. Because of this collective action problem, it falls to government to lead reconstruction.

The important post-Katrina lesson is not about less vs. more government, or about the government's organizational chart. It is about competence and leadership. The initial response to the storm was bungled, with New Orleans Mayor C. Ray Nagin

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being slow to order an evacuation and the federal government slow to step in with assistance. Even more shockingly, the realization of the full scale of the crisis did not improve the quality of government decisions. FEMA spent $900 million on mobile homes that, because of its own regulations, cannot be used in flood plains. A Senate report has estimated that the agency allowed an additional $2 billion to disappear in fraud and abuse. Bureaucracy has slowed progress repeatedly. Of the $110 billion appropriated for rebuilding and assistance to victims, only $44 billion has been spent.

This is a lesson in the danger of entrusting the emergency management agency to political loyalists rather than experts. It is a danger that exists quite independently of whether or not FEMA is part of a larger department: During the 1980s the agency was stuffed with political appointees with dubious credentials, which explains why its response to Hurricane Andrew in 1992 was similarly incompetent. In the wake of that disaster, the agency was overhauled, and another wave of reform is in the works: The Bush administration has appointed a new boss for the agency; it has installed new communications and logistical systems; and it has worked on prepositioning relief supplies in disaster-prone areas.

The test will be whether this and future administrations sustain this new seriousness -- or whether the old complacency returns. That in turn will depend on whether there is more leadership than Mr. Bush provided in the first year, and a greater sense of urgency.

A Tribute For The Living (opinion) (NYT)

The New York Times, August 29, 2006

After the church bells have been rung, the wreaths laid and the monuments dedicated to commemorate the drowning of New Orleans one year ago, it will be time to engage again with the tribulations of the survivors. Officials from the federal government down to city leaders must address the pressing needs of an exhausted, frayed populace.

It is hard enough to live among gutted or collapsing homes in eerily empty neighborhoods. But disruptions to basic services like water, sewage and electricity — not to mention the indignities of trash rotting uncollected on the curb and seas of weeds taking over public spaces — reinforce a feeling of abandonment for an already traumatized group of survivors. Much of the hopelessness stems from a sense that progress has ground to a halt.

After a year, the adrenaline is gone. There is improvement, but it is hard for locals to see at the end of a grueling summer. Burnout is setting in for many residents. While the crescent of high ground from the French Quarter to the Garden District is brightly polished and welcoming back tourists, people outside that lucky strip of territory say their quality of life is deteriorating.

Right now fewer than half of the 460,000 people who lived in New Orleans before the storm have returned. Their leaders cannot expect more to come back, or even that those who are here will stay, without proof that their trust, their investment and their sweat will not go for nothing. They are not looking for miracles, just consistent, incremental progress.

The planning process has unfortunately been fitful and delayed. Thus far there has been no political will to break the bad news that some neighborhoods will not be coming back anything like they were before the hurricane. Fortunately, even without a comprehensive plan, more rebuilding activity has taken place in the areas best suited for long-term revival: the city's core and in the neighborhoods that suffered lower levels of flooding.

The government can encourage those trends by focusing the limited resources in safer areas. Not quietly or on the sly, but with clear announcements about where services will be available so that residents can make informed decisions. As passions cool, with the enormity of the task at hand now clear to all, practical thinking will take hold. Residents recognize how much is at stake, that their federal grants and insurance payouts will not come again. Most will invest wisely.

President Bush's Katrina czar, Donald Powell, needs to push utilities to the fore. The Federal Emergency Management Agency has money available to help repair the city's damaged physical networks, but the process of channeling complicated grant applications from the skeleton crew at City Hall through Baton Rouge and on to Washington helps explain why things have moved so slowly.

Over all, just $44 billion of the highly touted $110 billion in federal aid to the Gulf Coast has actually been handed out, much of it in the immediate aftermath. Even well-staffed bureaucracies respond only when force is applied. Mr. Powell should remind everyone that this is not supposed to be an adversarial process or a test for local officials.

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It is time to heal and renew, not to hunt for scapegoats. This is about children growing up in travel trailers. It is about the elderly exiles fretting that they will live out their final years away from the only home, the only community they ever knew. They are the reason efforts cannot flag as time marches on.

The Tragedy Of New Orleans (WSJ)

The Wall Street Journal, August 29, 2006

"New Orleans has suffered from the trauma of three crises," says Louisiana Congressman Bobby Jindal. "First was the hurricane, second was the levees breaking and third has been the widespread incompetence of the federal, state and local government response. This has been a one-year case study in bureaucracy and red tape at its very worst."

Congressman Jindal's aptly stated charge of incompetence across all levels of government is the gentle assessment. Here, on the anniversary of Hurricane Katrina, are the views of prominent Democrats:

Senate Majority Leader Harry Reid, touring New Orleans: "What is needed in New Orleans is public works projects." Senator Hillary Clinton, from a church in Harlem: "Our leadership has turned its back on those people who still need us."

Turned its back? As the chart nearby indicates, Congress has approved $122.5 billion for the Gulf Region, a figure incomprehensible in size to anyone but, well, a politician. The real wonder is that anyone is surprised, much less feigning surprise, that things are going poorly.

New Orleans' plight is not the result of federal underspending. Uncle Sam has spent some five times more on Katrina relief than any other natural disaster in the past 50 years. Both parties in Congress and the White House opted for the status quo by relying on federal bureaucracies to oversee the rebuilding effort. If Uncle Sam were deliberately trying to waste these funds, it is hard to imagine a better way than to funnel the money through the Department of Housing and Urban Development, the Small Business Administration and the Federal Emergency Management Agency. Both HUD and the SBA have been on the chopping block back to the early Reagan years.

The post-Katrina spend-fest in Louisiana will be remembered as one of the greatest taxpayer wastes in U.S. history. First came the FEMA $2,000 debit-cards fiasco intended to pay for necessities that were used for things like flat-panel TVs and tattoos. Then came the purchase of thousands of mobile homes that cost as much as $400,000 per family housed; the $200 million for renting the Carnival Cruise Ship; millions more in payments that went for season football tickets, luxury vacation resorts, even divorce lawyers. Federal flood insurance policies surely will encourage many to rebuild in the same flood plains and at the same height as before.

There has been some notable progress away from the most damaged areas of New Orleans. Coastal Mississippi is well on the way to full recovery, thanks in part to the leadership of Governor Haley Barbour. The number of building permits in Mississippi are four times higher than in New Orleans. The business district in New Orleans and the French Quarter, where flooding was minimal, are nearly back to the normal rhythm of life. But the neighborhoods that were overwhelmed with water remain mostly deserted wrecks, with electricity, hot water and sewage systems spotty at best.

Where rebuilding progress has been swiftest in New Orleans, it has been companies like Wal-Mart and Home Depot that have stepped up to make contributions along with the $4 billion in charitable donations. While billions of dollars of federal flood insurance payments and community development dollars remain tangled in red tape, the private insurance industry has made at least 80% of its payments to homeowners.

Given the famously ingrained culture of political corruption in New Orleans -- a system designed to siphon public money of any sort away from its intended purpose -- President Bush was right to call on Congress to convert New Orleans into a massive "enterprise zone." That included tax breaks for new business investment, health savings accounts for those without medical insurance, school vouchers for families located where schools have been ruined and a reappraisal of all regulations.

Some of the tax incentives were enacted and have spurred more business investment. And charter schools will serve thousands of the kids still residing in New Orleans this fall. But Congress and Louisiana's pols have ignored most of the promising free-market reforms, opting instead for red tape as usual.

After the hurricane, newspapers around the world showed photos of New Orleans under headlines that shouted: "America's shame." In truth, New Orleans was America's shame long before Katrina. In large part the residents of the Big Easy were victims

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of the predatory behavior of their own politicians. Louisiana already ranked among the bottom five of all the states in crime, poverty, health care and school performance; the murder rate in New Orleans today is 10 times the national average.

For all the finger-pointing this week, Congress hasn't spent much more than a dime to clear away the debris of corruption, patronage, welfare dependency, high taxes and racial division of decimated neighborhoods. What is still lacking in the life of New Orleans is the vital architecture of local capitalism.

Hurry Up And Wait (WP)

By Jennifer Moses

The Washington Post, August 29, 2006

NEW ORLEANS -- It is a source of unending perplexity in Louisiana that so far America has spent some $320 billion in Iraq for nation-building, whereas in New Orleans, homeowners have so far seen precisely zero.

Not that there isn't talk. A federally funded program with the Disneyfied name of "The Road Home" is due to start distributing thousands of dollars to uninsured homeowners . . . eventually. Additional billions have been poured into the coffers of the Army Corps of Engineers, whose design flaws caused the city's levees to rupture in the first place, and through the Federal Emergency Management Agency, which, according to a just-released report, awarded more than 70 percent of its contracts through a no-bid or limited-bid process.

Meanwhile, it's the same-old same-old: Those whose mortgage companies insisted that they carry flood insurance -- exactly the people whose resources would have allowed them to get back on their feet with or without insurance money -- are rebuilding. Those without, which means just about everybody, have to hurry up and wait.

Even for those brave souls who rolled up their sleeves and rebuilt their homes with sweat equity, a larger problem remains: infrastructure. All but a handful of public schools are shuttered; the hospitals are so badly crippled that in case of an emergency most people assume they'll need to drive to Baton Rouge; the courts have gone from limping along to entirely dysfunctional; the electric grid is so fragile that regular power outages are a non-event; and in many parts of town, water lines still haven't been laid. Firefighters: Who needs 'em? Police? Oh, well.

According to Collette Creppell, chief architect at Tulane University and a former New Orleans city planner, ever since President Bush faced the nation from Jackson Square a year ago and declared that "the work that has begun in the Gulf Coast region will be one of the largest reconstruction efforts the world has ever seen," New Orleanians have been holding their breath, waiting for a construction boom. But without delivery of basic services, they might as well wait until doomsday.

In addition, though the Bush administration claims to have allotted some $110 billion for the Gulf Coast region -- which isn't chump change by anyone's standards -- only a small fraction of it is going to New Orleans, and a huge percentage of those dollars came from federally backed flood insurance programs. That Uncle Sam is all but absent on the street isn't surprising, given how long he dillydallied before showing up in Louisiana after Hurricane Katrina ripped a hole in the landscape and sent hundreds of thousands fleeing.

In the largely affluent South Lakeview neighborhood, where houses took in an average of 11 feet of water, the work of getting infrastructure up and running is being shouldered entirely by an all-volunteer organization called Beacon of Hope, created and run by a local homeowner, Denise Thornton. According to Thornton, "Help from the government simply isn't going to come -- no one has seen a penny."

Even among residents whose homeowners' policies should allow them to rebuild there is great uncertainty, in part because people are still fighting with their insurance companies, but more often because without, say, electricity or sewerage, it's hard to get up and running. On top of everything else, it's almost impossible for individual homeowners to negotiate the mountain of bureaucracy that you have to climb just to get going. "The average Joe just can't do it," Thornton said. "It's not just about people in the Lower Ninth. It's everyone."

Today the population of the city is the same as it was in about 1880, but that would include the thousands of undocumented Mexican immigrants who are doing the bulk of the repair work -- and whose presence is an open secret -- and the additional thousands of largely white, largely unskilled blue-collar workers who have come to New Orleans in search of employment.

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Along with the first anniversary of the catastrophe, New Orleanians are bracing for the height of the hurricane season, which starts just about now. Happily for them, a whole bevy of politicians -- you might even say a veritable storm of them -- are flying down from Washington to mark the occasion. I can't say for sure, but I'd hazard a guess that a whole lot of pretty words will be said.

A New Orleans Battle Cry: 'We're Going To Come Back' (column) (USAT)

USA Today, August 29, 2006

Henry Irvin Sr. has two bad knees and a lot of work to do yet on his flood-damaged home in New Orleans' Lower 9th Ward. But he won't let his aching joints, or the work that still needs to be done on the house that he has lived in for 44 years, keep him from taking part in today's march.

The 70-year-old retired aerospace worker will gather with others this morning to march from the site where a levee was breeched last year in the wake of Hurricane Katrina to Congo Square, a historic meeting place for the city's blacks.

The march will commemorate the hundreds of lives lost when the hurricane's floodwaters inundated nearly 80% of New Orleans. And it is intended to drive home the point that people who fled the city have a right to return.

When Katrina struck last year, New Orleans had a population of 460,000 residents, nearly 70% of them black. According to a Rand Corp. estimate, the city's population is now 43% of what it was before the hurricane landed. Many of those who fled the city — and have yet to return — lived in hard-hit neighborhoods such as the Lower 9th Ward, where rebuilding has been especially slow to occur.

"It's very important to me to show that we are going to come back. We're not going to let anyone, or anything, keep us from coming back here," said Irvin, who has lived in the mostly black 9th Ward for more than half a century.

That's an important message to drive home on this first anniversary of a natural disaster whose devastation was compounded by the slow response and poor decision-making of politicians from the White House to the New Orleans City Hall.

"I don't have any running water here," Irvin said of the St. Maurice Avenue home he's rebuilding — just 1½ blocks from one of the city's floodwalls. "I'm a Viking. I'm going to survive."

Yeah, but it won't be easy.

The painful truth is that in some ways, the rebuilding of Iraq seems to be going better than the rebuilding of the Crescent City:

• In New Orleans. A year after Katrina struck, just 29% of public schools are open, and only 17% of city buses and streetcars are operational. A mere 23% of child care centers and 50% of hospitals are open, the Brookings Institution reported earlier this month.

• In Iraq. Over the past two years, U.S. forces have renovated 11 of 20 hospitals, built 834 of a projected 847 schools and increased power generation to 1.3 million of a targeted 1.7 million homes, according to the U.S. Army Corps of Engineers.

Of course, the work in war-torn Iraq has gone on longer than the rebuilding of New Orleans. But it also has happened in the midst of a civil war that has taken the lives of an estimated 10,000 Iraqis in the past four months. Even a simple task in Iraq often becomes a life-threatening adventure.

Yet back in New Orleans, the recovery has been painfully slow, as Irvin and others can attest to. Even after steady doses of criticism directed at all levels of government, large parts of the city still resemble a war zone.

And that's a real shame.

Historians might take greater note of this country's role in the Iraq war than its response to the destruction caused by Hurricane Katrina. But a nation — especially one that claims greatness — should be judged no less severely by how it treats its own people than on the way it wages war.

"I think this march takes on a special significance for a lot of people," Irvin said. "I hope it helps the nation understand that it shouldn't forget us. We still need help."

He's right. Too often, this nation has a short attention span when it comes to tragedies like this one. But the mere passage of time shouldn't allow us to forget that this city's recovery is far from complete.

'Home. This Was Home.' (column) (WP)

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By Eugene Robinson

The Washington Post, August 29, 2006

NEW ORLEANS If you haven't been here, you can't really understand what happened to this city one year ago. Both words and pictures are inadequate; no elegy is poignant enough, no lens able to capture the full breadth and depth. Spike Lee's film "When the Levees Broke" probably comes closest, but even after four hours you feel the movie has just sketched the outlines.

As the inevitable anniversary commemorations take place, the people of New Orleans can point to the progress they're making toward recovery, house by house, block by block. An occasional visitor like me, though, is struck by how much of the city remains in ruins, and is saddened by how much of it seems gone forever.

It's not really fair to look at the year-old mounds of filthy, sodden debris and just slam the city government for not having an effective reconstruction plan. Mayor Ray Nagin may have been shooting from the lip when he pointed out that Manhattan still has a "hole in the ground" five years after Sept. 11, but he was telling the truth. You don't fix a whole city in a year.

And there is an emergent renewal plan. It's just not something people are ready to talk honestly about.

Last year, with most of the city still underwater, George W. Bush stood in Jackson Square and promised to rebuild New Orleans. He could have made good on that promise -- this is the United States of America, after all, and we undertake to rebuild entire countries (Afghanistan, Iraq) and even continents (Europe after World War II). The White House says it has earmarked $110 billion for Gulf Coast reconstruction, but less than half that money has been spent. Even assuming New Orleans gets its fair share, that's not enough to ever put this city back together again.

Call me cynical, but I didn't really expect this administration to come up with serious Marshall Plan money to rebuild a poor, mostly black city that was already in decline before Hurricane Katrina and the Army Corps of Engineers administered the coup de grace. (They still toss in a lot of French words down here.)

So, as everyone understands but no one wants to plainly acknowledge, New Orleans will become a smaller, whiter city. The Big Easy once was home to more than 600,000 people and had around 450,000 residents as Katrina approached. Now the population is under 200,000. A major city has become minor.

The Lower Ninth Ward -- poor, black, utterly devastated and cursed with precarious geography -- will never be the same. Some hard-hit white areas, such as parts of Lakeview, also may have to be written off. But for a variety of reasons, including the remorseless logic of the marketplace, black New Orleans will lose more. For-sale signs abound throughout the city, and as its infrastructure gets put back together, some parts of town will even experience a real estate boom. But a flooded cottage in the right neighborhood might be worth good money to a developer, while the same cottage in the wrong neighborhood isn't worth what it would cost to haul the debris away.

The Lower Ninth hasn't changed much in the past year. Some houses that were washed into the middle of the street have been demolished and removed, but block after block lies untouched. Electric wires dangle menacingly, but there's no danger, because there's no power. In the worst-hit sectors there are no people, just wrecked houses and heaps of debris. What became perhaps the most-photographed piece of post-Katrina graffiti -- the word "Baghdad" marking a smashed house on Reynes Street -- is still there. On an abandoned two-story brick house up the street, someone has spray-painted a simple truth: "HOME. THIS WAS HOME."

What broke my heart was a drive through Holy Cross, the slightly elevated strip of the Lower Ninth that was battered by the flood but not destroyed. It, too, looked almost exactly the way it did a year ago. Some families had returned; there were a few FEMA trailers, but not many. A house being rehabbed as a demonstration project by the Preservation Resource Center of New Orleans had a fresh coat of pink paint and obviously was undergoing major repairs, but the rest of that block was a mess. And the next block, and the next, and the next.

Those homeowners who have resources will rebuild and get on with their lives. Those who have no resources will not rebuild, and their neighborhoods will be lost. Those poor black people we saw stranded on roofs and trapped in the Superdome will get on with their lives, too. They'll just have to live those lives somewhere else.

Disaster Relief -- For Profit (LAT)

By Naomi Klein

DOJ_NMG_0054987

The Los Angeles Times, August 29, 2006

THE RED CROSS has just announced a new disasterresponse partnership with Wal-Mart. When the next hurricane hits, it will be a coproduction of Big Aid and Big Box.

This, apparently, is the lesson learned from the government's calamitous response to Hurricane Katrina: Businesses do disaster better.

"It's all going to be private enterprise before it's over," Billy Wagner, emergency management chief for the Florida Keys, currently under hurricane watch for Tropical Storm Ernesto, said in April. "They've got the expertise. They've got the resources."

But before this new consensus goes any further, it's time to take a look at where the privatization of disaster began, and where it will inevitably lead.

The first step was the government's abdication of its core responsibility to protect the population from disasters. Under the Bush administration, whole sectors of the government, and particularly the Department of Homeland Security, have been turned into glorified temp agencies, with essential functions contracted out to private companies. The idea is that entrepreneurs, driven by the profit motive, are always more efficient than government.

We saw the results in New Orleans: Washington was weak and incompetent in part because its emergency management experts had fled to the private sector and its technology and infrastructure had become positively retro. In a crisis, government looks frighteningly inept ("doing a heckuva job") while the private sector can seem modern and competent, at least by comparison.

In truth, when it comes to reconstruction, contractors are hardly wizards. "Where has all the money gone?" ask desperate people from the Persian Gulf to the Gulf Coast. One place a great deal of it has gone is into major capital expenditures for the private corporations. Largely under the public radar, billions of taxpayer dollars have been spent on privatized disaster-response infrastructure: the Shaw Group's new state-of-the-art Baton Rouge headquarters, Bechtel's battalions of earthmoving equipment, Blackwater USA's 6,000-acre campus in North Carolina (complete with paramilitary training camp and 6,000-foot runway).

Call it the Disaster Capitalism Complex. Whatever you might need in a serious crunch, these contractors can provide it: generators, water tanks, cots, port-a-potties, mobile homes, communications systems, helicopters, medicine, men with guns.

This state within a state has been built almost exclusively with money from public contracts, yet it is all privately owned. Taxpayers have absolutely no control over it. So far, that reality hasn't sunk in because when these companies are getting their bills paid by government contracts, the Disaster Capitalism Complex provides its services to the public free of charge.

But here's the catch: The U.S. government is going broke, in no small part thanks to this kind of loony spending. The national debt is $8 trillion; the federal budget deficit is at least $260 billion. That means that sooner rather than later, the contracts are going to dry up. And no one knows this better than the companies themselves. Ralph Sheridan, chief executive of Good Harbor Partners, one of hundreds of new counter-terrorism companies, explains that "expenditures by governments are episodic and come in bubbles."

When the bubbles burst, firms such as Bechtel, Fluor and Blackwater will lose their primary revenue stream. They will still have the ability to respond to disasters — while the government will have let that precious skill wither away — but now they will sell back the infrastructure built at public expense at whatever the market will bear.

If current trends continue, here's a snapshot of what could be in store in the not too distant future: helicopter rides off of rooftops in flooded cities ($5,000 a pop reflects typical fees for such a service, $7,000 for families, pets included), bottled water and "meals ready to eat" ($50 per person — steep, but that's supply and demand) and a cot in a shelter with a portable shower (show us your biometric ID, developed on a lucrative Homeland Security contract, and we'll track you down later with the bill).

Before you say "not in America," ask yourself this: Where else but in America? The model is the U.S. healthcare system, in which the wealthy can access best-in-class treatment in spa-like environments while 46 million Americans lack health insurance. The model also fits the global AIDS emergency, in which private-sector prowess has helped produce lifesaving drugs that the vast majority of the world's infected cannot afford. If that is the private sector's track record on slow-motion disasters, why should we expect different values to govern fast-moving disasters, such as hurricanes and even terrorist attacks?

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One year ago, New Orleans' working-class and poor citizens were stranded on their rooftops waiting for help that never came, but those who could afford it escaped to safety. It could prompt us to reverse a fatally wrong direction. Or it could be our first glimpse at "user pays" disasters.

Feds Ramping Up For Ernesto (AP-Y)

By Lara Jakes Jordan

AP, August 29, 2006

Dozens of federal emergency responders headed to Florida on Monday as Tropical Storm Ernesto barreled over Cuba on a path too erratic for authorities to plan where to set up a strike-zone command center.

Ernesto was forecast, over the next two days, to return to hurricane strength and the government sought to assure the nation that storm preparations were under control — in stark contrast to the sluggish federal response to Hurricane Katrina one year ago.

Those assurances came even as a Homeland Security Department report concluded that federal search-and-rescue teams that respond to major storms and other disasters lack sufficient staff, funding, and training.

Federal Emergency Management Agency Director R. David Paulison said he was rushing tens of thousands more pre-made meals and bottles of water to Miami and Jacksonville in advance of Ernesto's arrival. That was in addition to hundreds of federal truckloads of supplies, ice, tarps and plastic sheeting already in the state.

But Paulison said Florida officials haven't yet asked for federal help.

"They haven't seen anything that would exceed the capacity of the state right now," Paulison told The Associated Press. "We're still moving stuff down in case it gets to be a huge hurricane. But we're just there to help them."

Search-and-rescue teams and medical personnel were setting up in a temporary recovery center in Orlando, but were waiting for Ernesto to pick a path before opening a full-fledged command center to monitor the storm's destruction. Paulison said 11 additional medical teams were scattered outside the state's potential strike zone, "just kind of waiting to see what happens."

President Bush was briefed Monday morning by Paulison and Homeland Security Secretary Michael Chertoff. Additionally, Chertoff will meet with Florida Gov. Jeb Bush on Tuesday in Tallahassee about storm preparations.

The Navy said so far there are no plans to move any of its ships from the Gulf of Mexico or any aircraft from Florida military bases. But Pentagon spokesman Bryan Whitman said a defense coordinating team was sent to the state emergency operations center in Tallahassee, and other regional liaisons have gone to a center in Atlanta.

Whitman said U.S. Northern Command also has been preparing for the hurricane season and is keeping a close watch on the storms.

The storm prep came as Homeland Security's internal watchdog noted that funding for FEMA's urban search-and-rescue teams has dipped in the last two years, stretching thin the staffing and training levels for most major disasters.

While the teams improved in preparing for catastrophes involving weapons of mass destruction, the urban search and rescue system "has not collectively attained the level of response capability envisioned in the strategic plans," the report by Inspector General Richard L. Skinner found.

Six of seven search-and-rescue task forces surveyed failed more than half of the standards for operational readiness, the report found. Many staffers "had not received all the training required by FEMA," and some teams were not keeping track of supply inventories, it concluded.

Funding for search-and-rescue teams began surging annually after the Sept. 11, 2001, terror attacks, peaking at $65 million in 2004. But it dropped the next year to $30 million, the report found.

Paulison, the FEMA director, said Monday he had not yet looked at the report. But while ramping up for Ernesto, "we have deployed quite a few teams already, and they seem to be in good shape," he said. "I haven't heard any complaints personally."

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Associated Press writer Lolita C. Baldor contributed to this report.

On the Net:

Federal Emergency Management Agency: http://www.fema.gov/

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Florida Gets Ready As Ernesto Closes In (USAT)

By Oren Dorell

USA Today, August 29, 2006

Florida residents flooded their pharmacies, gas stations and food stores Monday in advance of Tropical Storm Ernesto, which might crash ashore here today as a hurricane.

Ernesto hit Cuba on Monday with top wind speeds of about 40 mph. It was expected to hover over the Atlantic Ocean long enough to strengthen and reorganize, and could hit Florida as a "minimal hurricane" with sustained winds of 70 mph by late today, said meteorologist Michael Brennan of the National Hurricane Center.

Parts of Florida could get 5 to 10 inches of rain, Brennan said.

It would be the first hurricane to hit the USA this year. Last year's storms left people wishing to take no chances.

"It's like a zoo. People are kind of in panic mode," said Bert Smith, who owns My Pharmacy in Palmetto Bay, Fla., where customers lined up all day for blood pressure and cholesterol medicines. They were buying up bottled water and batteries. "Since we had a hurricane last year, it's really fresh in their minds," Smith said.

Florida Gov. Jeb Bush warned residents to "make sure you have the supplies for the 72 hours after the storm."

His warning came a day after he declared a state of emergency for the entire state.

"A hurricane's a hurricane, and it has a devastation we've already seen. All you have to do is rewind to last year and see," Bush said.

NASA dropped plans to launch the space shuttle today and was prepared to roll Atlantis back to its hangar if necessary. Several cruise lines diverted ships to safety.

Pedro Ballesteros bought two 6-gallon gas tanks at Home Depot for his home generator.

"Every year we prepare a little more because we're learning from our past ordeals," he said.

About 100 cars were lined up around an Exxon station in Davie, Fla., Monday evening, said cashier Ashley West. The station had been replenished after it had run out of gasoline.

"It's been just hectic," West said.

Myton Ireland, owner of Sanibel Marina on Sanibel Island, said he and his crew spent the day pulling 90 boats out of the water, storing them on land and pulling larger boats upriver to safer harbors.

"I've lived on this island 40 years. For 38 we had no hurricanes, and now in two years we had eight," Ireland said. "So now we're a little bit gun-shy."

South Floridians Make Ready As Storm Threatens (NYT)

By Abby Goodnough

The New York Times, August 29, 2006

MIAMI, Aug. 28 — South Floridians began hoarding gasoline and other emergency supplies Monday as Tropical Storm Ernesto threatened to strike here, possibly as a hurricane, Tuesday night or early Wednesday.

Though it was too soon to know how powerful the storm might become after leaving Cuba and crossing the warm water of the Florida Straits, schools and courts announced they would close on Tuesday — the first anniversary of Hurricane Katrina — and on Wednesday. Miami-Dade and Broward Counties prepared to open shelters, and Broward officials ordered a mandatory evacuation of mobile homes.

Conditions were ripe for the storm to strengthen after leaving Cuba, forecasters said, with the strait's waters strikingly warm and vertical wind shear low. But the storm's dawdling journey across Cuba could weaken it so much that it would not have time to strengthen much before reaching Florida, they said.

Before it was downgraded to a tropical storm, the storm briefly became the first hurricane of the season on Sunday. Even if it does not grow back into a hurricane, the forecasters said, the storm could inflict significant damage on parts of the state, with winds of up to 70 miles per hour.

"We can't pinpoint an exact place for landfall," said Jamie Rhome, a hurricane specialist with the National Hurricane Center, "but anyone in the cone should continue to prepare."

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The “cone of probability” for a strike, as predicted by the center, includes the entire Florida Peninsula, the eastern half of Georgia, most of South Carolina and a big chunk of North Carolina. Ben Nelson, Florida’s meteorologist, said much of the state could see heavy rain and strong gusty winds.

Gov. Jeb Bush said there were enough supplies for everyone. Among them, Mr. Bush said, was a record 295 million gallons of fuel on hand at state ports.

“There’s not going to be a shortage, so people don’t have to overreact,” the governor said at a news conference in Tallahassee. “They just need to make sure that they have enough fuel to take care of their families.”

Still, multitudes cleared stores of staple foods and parked in lines for gasoline that were hours long. More than a few honked impatiently or tried to cut in front of others.

“I know this is just what we have to do,” said Gary Tarron, 49, a real estate agent who was in a line of at least 60 cars at a Hess station in North Bay Village. “I had a half a tank, but I’ve learned from my mistakes. This year, people seem more aware. Last year there was no money and no gas.”

Mr. Bush and other state officials said that if emergency supplies like ice and water were necessary, they would probably have a minimal role in distributing them.

“Unless the storm strengthens significantly,’’ said Craig Fugate, the state’s emergency management chief, “we think a lot of this will actually be handled by the retail sector and the local governments.”

At the same time, though, the Federal Emergency Management Agency announced it had about 600 trucks loaded with food, water, ice and tarps ready to send to affected areas.

Floridians Prepare For Ernesto's Strike (WT)

By Audrey Hudson

The Washington Times, August 29, 2006

Florida is under a hurricane watch as Tropical Storm Ernesto threatens to restrengthen on its path toward Miami before moving up the East Coast, the National Hurricane Center reported.

Florida Gov. Jeb Bush declared a state of emergency yesterday. On Sunday, he ordered all tourists out of the Keys.

"A hurricane is a hurricane. All you have to do is to rewind back to last year to know what a [Category 1 storm] can do in terms of devastation for the community," Mr. Bush said.

Ernesto's arrival coincides with the one-year anniversary of Hurricane Katrina's devastation of the Gulf Coast.

Forecasters expect to upgrade the fifth named storm of the Atlantic hurricane season to a Category 1 today after it passes into warm waters off Cuba. A warm-core cyclone becomes a tropical storm and is assigned a name when maximum sustained surface winds reach 39 mph. A tropical storm becomes a hurricane when the central barometric pressure is 28.94 inches or more and sustained winds reach 74 mph.

Ernesto's tropical-force winds stretched over 105 miles and its rains drenched southeastern Cuba yesterday. While at hurricane strength, the storm killed two persons in Haiti on Sunday.

If Ernesto continues on its current track, it will strike the Miami area as early as tonight and continue north to South Carolina on Thursday before heading inland through North Carolina, Virginia and Maryland.

"It's poised to weed-whack its way up the coast," said Frank Lepore, spokesman for the National Hurricane Center in Miami.

The Florida governor has not asked for federal support but said he will call up the National Guard if needed.

"Florida is one of the most capable states in the nation in terms of dealing with hurricanes," said Aaron Walker, national spokesman for the Federal Emergency Management Agency.

Emergency and rescue workers are positioned to carry supplies into Florida if federal assistance is requested. "We're standing by and are ready to help," Mr. Walker said.

FEMA Director R. David Paulison told Fox News yesterday: "Florida has their act together and they're doing the right things.

"The worst thing to do is not to be ready and not to have things prestaged if this storm gets to be a very large hurricane, which it possibly could be."

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Authorities evacuated tourists and urged mobile-home residents to leave in advance of the general population. Florida borrowed a C-130 aircraft from North Carolina to evacuate people with special medical needs.

Although Florida is accustomed to dealing with tropical storm systems, federal officials will be under close scrutiny as Ernesto approaches because they were accused of numerous failures in responding to Katrina.

FEMA took the unusual step of positioning some supplies inside the strike zone in case Ernesto's destruction prevents emergency workers from reaching victims. Before Katrina, officials directed supplies and emergency workers clear of a hurricane's path to prevent further loss and destruction.

FEMA officials say they have tens of thousands of meals as well as bottled water and truckloads of ice and tarps.

In South Florida, A Familiar Drill (WP/AP)

The Washington Post, August 28, 2006

MIAMI, Aug. 28 -- Florida residents rushed to fill their prescriptions and stood in long lines for gasoline, food and other supplies Monday as officials warned people not to wait for Tropical Storm Ernesto to become a hurricane again before taking precautions.

National Hurricane Center Director Max Mayfield told reporters that the intensity of the storm had diminished somewhat as it moved over Cuba, making it less likely that it would become a hurricane before striking Florida.

"Right now we're forecasting that it's going to be a very strong tropical storm, but there's still some chance that it will become a hurricane," Mayfield said.

Forecasters said Ernesto could come ashore in South Florida as early as Tuesday night, exactly one year after Hurricane Katrina pummeled the Gulf Coast.

It would be the first hurricane to hit the United States this year.

Memories of Katrina and the seven hurricanes that have struck Florida since 2004 were fresh in the minds of many.

"Make sure you have the supplies for the 72 hours after the storm," Gov. Jeb Bush warned people in Tallahassee, a day after declaring a state of emergency for Florida. "A hurricane's a hurricane, and it has a devastation we've already seen. All you have to do is rewind to last year and see."

Forecasters said there was a 10 percent chance of hurricane-force winds striking South Florida and a 60 percent chance of tropical-storm-force winds by Thursday.

About 400 miles of the state's densely populated Atlantic coast and the Keys were under a hurricane watch.

At 11 p.m. Monday, Ernesto had top sustained winds of 40 mph, 1 mph above the minimum to be a tropical storm and down from 75 mph Sunday, the National Hurricane Center said. It was centered over Cuba, about 20 miles north of Camaguey, and about 325 miles southeast from Key West, Fla. It was moving west-northwest near 12 mph.

There were no immediate reports of any damage or injuries in Cuba. Ernesto made landfall Monday morning west of the U.S. naval air base at Guantanamo Bay.

WAR NEWS:

Nevada: Cheney Criticizes Idea Of Leaving Iraq (NYT)

By David S. Cloud

The New York Times, August 29, 2006

In a speech to the annual convention of Veterans of Foreign Wars in Reno, Vice President Dick Cheney warned against a “precipitous withdrawal” from Iraq and suggested that those who advocate reducing the American troop presence are guilty of “self-defeating pessimism.” Mr. Cheney avoided direct references to the Democrats and the midterm elections, but his speech was heavy with political overtones. “Some in our own country claim retreat from Iraq would satisfy the appetite of the terrorists and get them to leave us alone,” he said. “But the exact opposite is true.”

Slowly Sidling To Iraq's Exit (WP)

DOJ_NMG_0054992

By E. J. Dionne Jr.

The Washington Post, August 29, 2006

By Election Day, how many Republican candidates will have come out against the Iraq war or distanced themselves from the administration's policies?

August 2006 will be remembered as a watershed in the politics of Iraq. It is the month in which a majority of Americans told pollsters that the struggle for Iraq was not connected to the larger war on terrorism. They thus renounced a proposition the administration has pushed relentlessly since it began making the case four years ago to invade Iraq.

That poll finding, from a New York Times-CBS News survey, came to life on the campaign trail when Rep. Chris Shays (R-Conn.), one of the most articulate supporters of the war, announced last Thursday that he favored a time frame for withdrawing troops.

Shays is in a tough race for reelection against Democrat Diane Farrell, who has made opposition to the war a central issue. After his 14th trip to Iraq, Shays announced that "the only way we are able to encourage some political will on the part of Iraqis is to have a timeline for troop withdrawal."

In July Rep. Gil Gutknecht (R-Minn.) returned from Iraq with an equally grim view. Americans, he said, lacked "strategic control" of the streets of Baghdad, and he called for a "limited troop withdrawal -- to send the Iraqis a message." Just the month before, Gutknecht had told his fellow House members that "now is not the time to go wobbly" on Iraq.

Nearly as significant as the new support for troop withdrawals is the effort of many Republicans to criticize President Bush without taking a firm stand on when the troops should come home.

Rep. Mike Fitzpatrick (R-Pa.), facing a challenge from Democrat Patrick Murphy, an Iraq war veteran, took a page from former president Bill Clinton's playbook by triangulating between Murphy and the president. A Fitzpatrick mailing sent earlier this month said that Fitzpatrick favored a "better, smarter plan in Iraq" that "says NO to both extremes: No to President Bush's 'stay the course' strategy . . . and no to Patrick Murphy's 'cut and run' approach."

Notice: A Republican is suggesting that Bush's Iraq policy is extreme. That would not have happened in 2004.

Other Republicans have taken their distance from the president more subtly. In May Rep. Jim Gerlach (R-Pa.), facing a difficult rematch against Democrat Lois Murphy, called on Congress "to step up and be more assertive in assessing the level of progress" in Iraq. He added: "The Iraqi government needs to know that American patience and support are not blank checks that Iraqi politicians can cash with American lives and tax dollars."

And judging from the Web sites of other Republicans in close races, many would prefer to make the Iraq issue disappear between now and November.

Consider the campaign Web site of Rep. Mike Sodrel (R-Ind.), who faces a serious opponent in Democrat Baron Hill, a former House member. On the "Issues" portion of his campaign site, Sodrel is proud to describe his stands on border security, gas prices and energy, tax relief, creating jobs, veterans, health care, supporting small business, and agriculture. As of yesterday evening, there was no entry for Iraq on the site, though he does discuss the issue on his House Web site.

All this Republican uneasiness underscores the importance of the New York Times-CBS poll showing that 51 percent of those surveyed found no link between the war in Iraq and the broader war on terrorism, an increase of 10 percentage points since June. A majority now rejects the administration's core foreign policy argument.

The cracking of Republican solidarity in support of Bush on Iraq has short-term implications for November's elections and long-term implications for whether the administration can sustain its policies.

With a growing number of Republicans now echoing Democratic criticisms of the war, Republican strategists will have a harder time making the election a referendum on whether the United States should "cut and run" from Iraq, the administration's typical characterization of the Democrats' view.

And even the war's strongest supporters are offering increasingly critical assessments of past decisions. Last Tuesday Sen. John McCain (R-Ariz.) recited a litany of past administration statements -- "stuff happens, mission accomplished, last throes, a few dead-enders" -- as indications that "we had not told the American people how tough and difficult this task would be." On Friday McCain reiterated his loyalty to the Iraq mission, but he had already made his point.

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The Republicans' restiveness suggests that Bush may not be able to stick with his current Iraq policy through Election Day. Even if he does, he will come under heavy pressure from his own party after Nov. 7 to pursue a demonstrably more effective strategy -- or to begin pulling American forces out.

Radical Militia And Iraqi Army In Fierce Battle (NYT)

By Damien Cave And Edward Wong

The New York Times, August 29, 2006

BAGHDAD, Iraq, Aug. 28 — At least 20 gunmen and 8 civilians were killed Monday when the Iraqi Army battled fiercely for hours with members of a militia loyal to Moktada al-Sadr, the radical Shiite cleric, in Diwaniya, Iraqi officials said.

The violence, which one Iraqi general said included militiamen executing Iraqi soldiers in a public square, amounted to the most brazen clashes in recent memory between Iraqi government forces and Mr. Sadr's militia.

After weeks of rising tensions and skirmishes between elements of the militia and American-led forces, it could increase pressure on Prime Minister Nuri Kamal al-Maliki, a conservative Shiite, to find a way — political or military or both — to rein in Mr. Sadr's powerful militia.

The battle erupted after a particularly violent weekend in Iraq for American soldiers and Iraqi civilians, in what had been a relatively quiet month.

The American military announced Monday the deaths of nine American service members in attacks on Sunday. In Baghdad, a car bomb killed at least 13 people on Monday and wounded dozens at a checkpoint just outside the Interior Ministry headquarters.

Over all, more than 100 Iraqis were killed Sunday and Monday.

With sectarian violence soaring, American generals and the American ambassador, Zalmay Khalilzad, say that militias are now the single greatest threat to the stability of Iraq and that the Iraqi government must disband them.

But Mr. Maliki has yet to introduce any new policy, and has refrained from strong condemnations of Mr. Sadr's militia, the Mahdi Army. Mr. Maliki relies on Mr. Sadr, who is enormously popular among poor Shiites, for political support against rival Shiite politicians. Mr. Sadr controls several ministries and at least 30 seats in Parliament, and he maintains close ties to Mr. Maliki's political group, the Islamic Dawa Party.

Earlier this month, after the Americans called in air support during a raid with Iraqi forces in a Sadr stronghold in Baghdad, Mr. Maliki denounced the move by the Americans and said he had never given permission for it.

The fighting on Monday in Diwaniya, in the south, underscored the recalcitrant, rebellious nature of the Mahdi Army and raised the specter of the two uprisings that Mr. Sadr led against the Americans and the Iraqi government in 2004.

After several hours of gunfire and mortars, "the clashes reached a point where members of the militias executed soldiers after their ammunition ran out in a public square, in front of residents," said Maj. Gen. Othman al-Ghanimi, commander of the Eighth Division of the Iraqi Army in Diwaniya. "This is true terrorism and a crime."

The Mahdi Army denied the reports of executions.

The fighting ended only after Shiite politicians visited Mr. Sadr's office in Najaf to negotiate a cease-fire.

An American military official said more than 70 people were wounded Monday during the battle, including 40 civilians. Reports from Iraqi authorities and Sadr officials offered similar tallies.

General Ghanimi and other Iraqi Army and police officials said several militias were involved, not just the Mahdi Army. But they said the seed of the violence on Monday was planted a week ago when a roadside bomb they believe was planted by the Mahdi Army killed at least two Iraqi soldiers. Two days later, the Iraqi Army arrested a member of the Mahdi Army.

Nasir al-Saadi, a spokesman for the Sadr bloc in Parliament, said the unidentified Sadr militant arrested by the army was tortured and may have been killed. According to Mr. Saadi's account, the army started attacking a Mahdi-dominated neighborhood late Sunday night. He said the soldiers killed civilians and damaged houses while Sadr militants "did not participate" at first, refusing to return fire.

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General Ghanimi, a Sunni, denied torturing the Mahdi detainee, noting that Sadr representatives visited him on Saturday and found him healthy. He said they asked for the accused bomber's release and when the army refused, fighting broke out as the militias sought to free him from custody.

Gunfire riddled the streets from around 2 a.m. to the early afternoon. Polish troops responsible for the area helped Iraqi soldiers encircle the most violent areas, as American helicopters hovered overhead without dropping bombs, according to an American official who declined to be identified because the information is supposed to be released by the Iraqi Army.

Khalil Jalil Hamza, the governor of Diwaniya, later shuttled to Mr. Sadr's headquarters in Najaf to discuss a cease-fire, Sadr officials said. By 5:30 p.m., the battle had ended. Mr. Hamza is a senior official in the Supreme Council for the Islamic Revolution in Iraq, a rival Shiite party.

The Mahdi Army and the military wing of the Supreme Council, the Badr Brigade, have fought pitched battles several times in Baghdad and the south in recent years.

According to someone who identified himself as a Mahdi fighter involved in the clash, a prisoner exchange was still being negotiated Monday night. In a telephone interview, the fighter, who called himself Abu Abbas, said the Mahdi Army had taken several soldiers captive and would trade them for the detainee that Iraqi commanders accused of being involved in the roadside bombing. He was reached through a known member of the Mahdi Army, who vouched for his membership.

He said that a local judge had approved the militant's release before the fighting started but that the Iraqi Army refused to accept the ruling. When asked why the Mahdi militants killed more than a dozen other Iraqis, he said, "We know they are our brothers, but the Americans are pushing them against us."

Iraqi, American and British officials continue to assert that a civil war here can be averted.

Maj. Gen. William B. Caldwell IV, the lead spokesman for the American military, said Monday that attacks and murders in Baghdad declined in August thanks to the deployment of about 12,000 additional American and Iraqi troops. He said several neighborhoods searched over the past few weeks under a new security plan were reviving, with stores re-opening, and children riding bicycles in the streets.

Yet Mr. Sadr and the Mahdi Army remain an obstacle. Prime Minister Maliki, a Shiite who depends on support from Mr. Sadr's allies in Parliament, has not confronted Mr. Sadr publicly. Sadr City, a Mahdi bastion, has not been searched or raided in a thorough manner, even though it is one of the capital's most violent areas.

The Americans have maintained some distance: even as the fighting raged in Diwaniya on Monday, General Caldwell told reporters he had not been briefed on the battle and could not comment.

Several clashes have erupted between the Mahdi Army and American-led forces this summer.

In July, American and Iraqi troops stormed a building in Sadr City and engaged in firefights that killed or wounded 30 to 40 gunmen before capturing a militia commander. Days later, British troops raided Al Garma, a town near the southern port at Basra, and detained a Sadr official, Sajad Badr al-Sukany. At least one British soldier was killed in the operation.

Ambassador Khalilzad said in an interview this month that Iran had been inciting splinter groups of the Mahdi Army to step up attacks against American-led forces in retaliation for the Israeli attacks in Lebanon.

General Caldwell said days later that some militia elements had been training in Iran and had received weapons from groups or individuals in Iran, though it was unclear whether the Iranian government was involved.

The battle in Diwaniya took place on a particularly bloody day for Iraqi forces. The car bombing in Baghdad killed at least a dozen Interior Ministry police officers, and wounded at least 35 other officers, a ministry official said. Another policeman was killed when a roadside bomb exploded in southern Baghdad.

In Mosul, the authorities said an Iraqi policeman was gunned down in front of his house, while the police killed one insurgent in a separate clash.

Of the nine American soldiers killed Sunday, four died after their armored Stryker unit was ambushed by a bomb and gunfire in Ghazaliya, a western Baghdad neighborhood that was part of the new security plan and had been described as a model of improved security. Three were killed in two separate roadside bomb attacks, and one from small-arms fire in or near Baghdad. One was killed in Anbar Province.

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Defense Minister Abdul Qader Mohammed Jasim, at a joint news conference with the British defense secretary, said the Iraqi government would do everything it could to make the country safe.

"There are criminals and killers — we know the scum who wear the mask of the jihad and religion," Mr. Jasim said. "They used to kill people as criminals and now they kill them under the cover of jihad."

40 Killed As Shiites Battle Iraqi Forces (AP)

By Thassin Abdul-Karaim, Associated Press Writer

AP, August 28, 2006

Shiite militiamen battled Iraqi forces for 12 hours Monday, leaving at least 40 people dead and underlining the government's difficulties as it tries to rein in the sectarian forces of an anti-U.S. cleric.

The fighting in this southern city dominated a bloody day that saw at least 20 other people killed in Baghdad, including 16 in a suicide bombing targeting the Interior Ministry complex. The U.S. military announced that nine U.S. soldiers were killed over the weekend in and around Baghdad, eight by roadside bombs and one by gunfire.

Diwaniyah, 80 miles south of Baghdad, is a Shiite-dominated city where the influence of firebrand cleric Muqtada al-Sadr's Mahdi Army has been gradually increasing. The militia already runs a virtual parallel government in Sadr City, a slum in eastern Baghdad.

But the government of Prime Minister Nouri al-Maliki, a Shiite, has found it difficult to control al-Sadr, whose movement holds 30 of the 275 seats in parliament and five Cabinet posts, and his forces. Al-Sadr's backing also helped al-Maliki win the top job during painstaking negotiations within the Shiite alliance that led to the ouster of Prime Minister Ibrahim al-Jaafari.

Many Sunnis have expressed disappointment that al-Maliki's government has not moved to curb Shiite militias, especially the Mahdi Army, which have been blamed for much of the sectarian violence that has followed the Feb. 22 bombing of a Shiite mosque in Samarra.

A prominent hard-line Iraqi Sunni cleric, Harith al-Dhari, said Friday he was willing to meet with top Shiite religious leaders, part of an initiative to curb sectarian violence — but also to press Shiite leaders into a response.

American forces also have been wary of confronting the militia, because of al-Sadr's clout over the government and his large following among majority Shiites. Al-Sadr mounted two major uprisings against the American-led coalition in 2004 when U.S. authorities closed his newspaper and pushed an Iraqi judge into issuing an arrest warrant against him.

Sheikh Abdul-Razaq al-Nidawi, the manager of al-Sadr's office in Diwaniyah, told The Associated Press that trouble had been brewing since Saturday night when the Iraqi army arrested an al-Sadr supporter from the Jumhouri neighborhood.

On Sunday, the army raided the same place and "a gunfight erupted between them and the Mahdi Army," al-Nidawi said.

Army Capt. Fatik Aied said gunbattles broke out at about 11 p.m. Sunday south of Diwaniyah, when Iraqi soldiers conducted raids in three neighborhoods to flush out militiamen and seize weapons.

Al-Nidawi said "a big force of the army raided Jumhouri, Sadr and Askouri neighborhoods and clashes broke out (again) between the army and the Mahdi Army." He said the raids took place early Monday.

Fighting continued for most of the day, as the army brought in extra troops from other cities to reinforce its soldiers, said Brig. Gen. Othman al-Farhoud, commander of the 8th Iraqi Army Division.

By evening, the militia had set up road checkpoints and taken over seven neighborhoods in the south and east of the city, while the Iraqi army was controlling the northern and western parts, Aied said.

Late Monday, the U.S.-led military command issued a statement in Baghdad that the Iraqi army and police "successfully fended off an attack by a large group of terrorists" in three districts of Diwaniyah after a 12-hour battle.

Since the three districts in contention are in the city's south, it was not immediately clear how to reconcile the U.S. statement with that of Aied, the Iraqi army captain.

Dr. Mohammed Abdul-Muhsen of the city's general hospital said 40 people had been killed — 25 Iraqi soldiers, 10 civilians and five militiamen. He said the hospital treated 75 wounded, but could not immediately give a breakdown.

Aied said the militiamen used rocket propelled-grenades and automatic assault rifles, and that at least 10 militiamen were arrested.

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An indefinite vehicle ban was imposed in the city, said Adnan Abdu-Kadhim, a member of the provincial council.

Coalition forces were not involved in the fighting, but provided support with an aerial quick reaction force, using military helicopters as a show of force and to prevent possible attacks from rooftops, said Lt. Col. Dariusz Kacperczyk, a Polish military spokesman for the area. Coalition quick reaction forces also were patrolling near the city, he said.

In the capital, a suicide car bomber slammed into a police checkpoint outside the Interior Ministry at midmorning, when traffic is usually heavy. The blast could be heard more than a mile away, and smoke could be seen rising from the scene. The blast killed 16 people, including 10 policemen, Police 1st Lt. Ahmed Mohammed Ali said. He said 18 policemen were among the 47 people wounded.

Elsewhere in Baghdad, a suicide car bomber struck a line of cars waiting at a gas station in the southern neighborhood of Dora, killing three civilians and wounding 15, Lt. Ahmed Hameeed of the national police said.

Earlier in the day, a roadside bomb in the mainly Sunni western neighborhood of Jihad struck a car transporting five barber shop workers. One person was killed and another four were seriously wounded, police Lt. Maitham Abdul-Razzaq said.

Associated Press writers Jalal Mudhar, Qassim Abdul-Zahra, Vijay Joshi and Elena Becatoros in Baghdad contributed to this report.

Attacks In Diwaniyah, Baghdad Kill At Least 60 (USAT/AP)

USA Today, August 29, 2006

DIWANIYAH, Iraq — Shiite militiamen battled Iraqi forces for 12 hours here Monday, leaving at least 40 people dead. At least 20 other people were killed in Baghdad, including 16 in a suicide bombing targeting the Interior Ministry complex.

Diwaniyah, 80 miles south of Baghdad, is a Shiite-dominated city where the influence of cleric Muqtada al-Sadr's Mahdi Army has been gradually increasing. Al-Sadr mounted two major uprisings against the American-led coalition in 2004 when U.S. authorities closed his newspaper and pushed an Iraqi judge into issuing an arrest warrant against him.

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Elsewhere in Baghdad, a suicide car bomber struck a line of cars waiting at a gas station in the southern neighborhood of Dora, killing three civilians, Lt. Ahmed Hameed of the national police said. Earlier, a roadside bomb in the mainly Sunni western neighborhood of Jihad killed one person, police Lt. Maitham Abdul-Razzaq said.

Iraqi Troops Battle Shiite Militiamen In Southern City (WP)

By Sudarsan Raghavan

The Washington Post, August 29, 2006

BAGHDAD, Aug. 28 -- With American fighter jets providing air cover, U.S.-backed Iraqi troops battled radical Shiite militiamen Monday in the southern city of Diwaniyah in one of the first major clashes between the two forces. At least 20 Iraqi soldiers and eight civilians were killed, a U.S. military official said, citing initial reports. Seventy people were injured.

Also, a suicide bombing in Baghdad killed 15 and injured 35, capping one of the bloodiest 24 hours in Iraq in recent weeks.

The more-than-12-hour battle in Shiite Muslim-dominated Diwaniyah, about 100 miles south of Baghdad, illustrates the growing strength and confidence of the Mahdi Army militia of anti-U.S. cleric Moqtada al-Sadr, who is increasingly challenging the authority of the Iraqi government and, by extension, the United States.

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Some Iraqi soldiers were captured and beheaded, Iraqi army officials said. As of late Monday, it was unclear how many militiamen had died.

Nine U.S. soldiers also were killed over the weekend in and around Baghdad, the U.S. military said Monday, making it one of the most lethal weekends for American troops in recent months. Seven U.S. soldiers were killed by roadside bomb attacks and one by gunfire on Sunday, while another soldier was killed by a roadside bomb on Saturday.

On Sunday, gunmen and bombers killed at least 69 people, the deadliest of the attacks taking place outside Baghdad, in northern cities.

Meanwhile, new allegations of indiscriminate killings by U.S. troops surfaced Monday. Relatives and neighbors of seven civilians shot dead during a gun battle in a Baghdad neighborhood on Sunday said U.S. soldiers had stepped out of their vehicles and randomly fired at their car.

"The soldiers decided to kill everyone on the streets, and my mother was one of them," Mohammed Sabah al-Dulaimi, 19, an engineering student said in a telephone interview. "They were angry. There's no other reason for killing. They took revenge."

Dulaimi's mother, Suad Jodah Yaseen, was returning from work in a company car, which stopped some distance away from the scene where a roadside bomb had struck a U.S. military vehicle, according to her brother, Hadi Jodah Yaseen, 50.

"But random shooting by American soldiers hit her in the head and the chest, and one bullet pierced her chest and came out of the back," Yaseen said.

Lt. Col Barry Johnson, a U.S. military spokesman, confirmed that seven civilians were killed Sunday in Ghazaliyah, a volatile western Baghdad neighborhood where U.S. forces have bolstered their efforts to tame sectarian violence. But he said the civilians were caught in the crossfire of a gun battle between U.S. troops and insurgents.

Johnson said that insurgents opened fire on American troops with grenade launchers and guns after the roadside bomb detonated and that U.S. forces returned fire.

"These people were unfortunately in the wrong place at the wrong time," Johnson said. He added that there would be a review to determine whether a further investigation into the soldiers' actions is warranted.

The violence comes amid assertions by the Iraqi government and the U.S. military that they are clamping down on lawlessness and prevailing over extremists fueling the sectarian unrest gripping the capital.

Over the past week, attacks in Baghdad province averaged about 23 a day, lower than the monthly average for July, Maj. Gen. William B. Caldwell, a U.S. military spokesman, told reporters Monday. Baghdad's average daily homicide rate also dropped 46 percent from July to August, he added.

Roadside bombs, too, decreased by 50 percent last week to a total of eight, making for the lowest monthly average in nearly eight months, he said. However that figure dramatically changed with the spike in roadside bombs over the weekend, he added.

Despite the recent sharp rise in violence, Caldwell said that "the operation is moving along as anticipated" to quell violence in Baghdad.

"It was always expected that there would be this extremist element that would get out and try to discredit the operations that are ongoing by striking at areas where civilians are readily available, where they can inflict some casualties," Caldwell said. "We'll continue to make every diligent effort to preclude that from happening."

The southern part of Iraq could emerge as the biggest challenge for U.S. and Iraqi forces, potentially rivaling the sectarian chaos in Baghdad. Upon taking office, Iraqi Prime Minister Nouri al-Maliki vowed to eradicate the host of militias and death squads operating in the country. But 100 days after his coalition government was sworn into power, the militias, especially the Mahdi Army, remain key players in a struggle for power from Baghdad to the southern city of Basra.

Monday's clashes in Diwaniyah underscored the militias' growing influence. Tensions were already high. Three days earlier, the Iraqi army had arrested three prominent supporters of Sadr, said Abdul Razak al-Nadawi, the head of the cleric's office in Diwaniyah.

"They did this without any warrants," Nadawi said in an interview. "Usually, people are arrested by the police. But it was the Iraqi army who arrested them."

Soon after the arrests, Mahdi Army militiamen flooded the streets, clutching guns and engaging in minor clashes with police, said Kareem al-Musawi, 33, a resident.

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"Then all the police withdrew from the streets," he said. "Then the armed men covered every street in the city."

Monday's clashes erupted after Iraqi soldiers, backed by Polish troops, attempted to raid three neighborhoods controlled by the Mahdi Army. The fighting began after midnight as explosions and gunfire rattled different parts of the city, residents said. As many as 26 mosques in Diwaniyah were damaged by Mahdi Army mortar attacks, the Iraqi army said in a statement. Shops, markets and government offices shut down, and frightened residents stayed inside their houses.

By late afternoon, the fighting had subsided. It was soon clear who had won.

"The city is fully controlled by the militia of Jaish al-Mahdi now," said Ahmed Fadhil, 45, a school teacher living in the center of Diwaniyah, using the Arabic term for Sadr's militia. "There are no police or Iraqi army in the streets of the city. I can see only the gunmen of Mahdi Army in the streets."

At a news conference, the governor of Diwaniyah, Khalil Ibrahim said that he visited Sadr in the Shiite holy city of Najaf on Monday. He said Sadr had requested an investigation into what had happened in Diwaniyah.

For now, he said, the Mahdi Army still controls two big neighborhoods, "and neither the American forces nor Iraqi forces were able to enter these neighborhoods yet."

"The police refuse to go back to the streets, especially after three of their cars were set on fire Thursday," Ibrahim said.

On Monday, residents were stunned by their city's transformation.

"We had a stable city," said Musawi. "Now all the shops are closed. The streets are empty. No one is going out to the streets, and there is a curfew. It is a ghost city."

Meanwhile in Baghdad, a suicide bomber in a car detonated explosives at a checkpoint leading into the Interior Ministry, where a meeting of police chiefs from Iraq's 18 provinces was scheduled. The blast killed 15 people and injured 35.

The visiting British defense minister, Des Browne, told reporters in Baghdad that U.S.-led troops planned to turn over a second province, Dhi Qar, to Iraqi security forces next month. He joined other Western and Iraqi officials in pulling back recently from warnings last month -- including from Britain's outgoing ambassador to Iraq -- that Iraq could slide into all-out civil war. "My view is there is not a civil war in this country, and it is not likely that a civil war will develop," Browne said.

Death Rate Drops In Baghdad For August (CSM)

By Tom Regan

The Christian Science Monitor, August 29, 2006

Despite car bombings that killed 80 people and the deaths of six more US troops over the weekend, a joint US-Iraqi military operation in Baghdad seems to be making a difference.

The Los Angeles Times reports that after last month's record total of 1,800 bodies reported in local morgues, August is on target to record only about one-quarter of that total.

US Army Maj. Gen. James D. Thurman, commander of military forces in Baghdad, attributed the capital's declining violence to a sweep involving 8,000 US soldiers and 3,000 Iraqi troops aimed at stopping sectarian violence.

The troops, many redeployed from hot spots around Iraq, have patrolled the capital, searched houses and made arrests since Aug. 7. Similar sweeps in Baghdad and elsewhere since the US-led invasion in 2003 have reduced violence. But the bloodshed would increase when US forces moved on.

US military leaders are hoping, however, that once the amibitious security sweep ends, Iraqi police working with US training teams will be able to keep the new security plan in placed. But the Times reports that many residents of the city see the "notoriously corrupt and sectarian police forces" as part of the problem.

Sunday on CNN, Iraqi Prime Minister Nuri al-Maliki told "Late Edition" that the decline in deaths was a sign that his country was not in the middle of a civil war, and that violence in his country was abating. "In Iraq, we'll never be in civil war," he said during the interview.

But the Associated Press reports that Mr. al-Maliki's claims were undermined by one of the most violent weekends in recent weeks in Baghdad, marked by a car bomb that exploded in a market on Monday morning, killing as many as 50 people. And there are other signs that despite the decline in the overall death total, sectarian tensions continue in Baghdad.

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McClatchy Newspapers report that Shiites who live in Sunni neighborhoods are swapping their houses with Sunnis who live in predominately Shiite areas.

In a city where no one wants to buy a house and renting is too expensive for most, house swapping has become an ideal compromise for some. The old family introduces the new family to the community, and both sides vow to take care of their new home. It's also provided a way for politicians to garner support by providing services to newly relocated Shiites that the government cannot.

Supporters of radical cleric Muqtada al-Sadr have been particularly adept, using their control of the ministries of education, which oversees schools, and trade, which oversees the country's rationing system, to make sure families are comfortable in their new homes.

The Los Angeles Times reports that if a full fledged civil war does break out, the Tigris River could become "the line that none dare cross," acting as "green line, separating Sunni-dominated west Baghdad from the Shiite-controlled east." And while The Economist reports that the unemployment rate is 40 percent in Iraq, The Associated Press reports that there is one profession enjoying a boom – funeral directors.

With killings on the rise, coffin maker Abbas Hussein Mohammed has opened a new shop to cope with the demand.

"Our business is booming day after day with each roadside bomb or car bomb and with the ongoing sectarian killings," Abbas said as he showed off his wooden coffins inside his tiny shop on Baghdad's Haifa Street.

"During the Saddam era, we used to do one or two coffins a day and the price ranged between $5 to $10," Mohammed said. Now he produces an average of 10 to 15 coffins a day and charges about $50 for each of them.

And a Washington Post interview with a Mahdi Army commander suggests that, while the number of killings has gone down because of the overwhelming US security presence in Bagdad this month, militant groups see no problem with killing Sunnis.

"The takfiris, the ones who kill, they should be killed," said [the Mahdi Army commander called] the Sheik, using a term commonly employed by Shiites for violent Sunni extremists. "Also the Saddamists. Whose hands are stained with blood, they are sentenced to death ... If we catch any of them, the takfiris, Saddamists, bombers, we don't hand them over to police. He could be freed the next day," the Sheik said.

The captured men get a rapid interrogation, he added. They are asked, "How do you come here? Who is working with you? Which organization is supporting you?

"We get a full confession," he said. "Once we do, we know what to do with them."

Meanwhile, AP reports that the number of National Guard and Reserve troops killed in Iraq has dropped this year. The decline is credited to two main factors: far fewer numbers of these troops in Iraq (Guard and Reserve troops now only comprise 20 percent of troops in Iraq, as opposed to 40 percent a year ago) and a shift in focus by insurgents and terrorists to attack Iraqi civilians more than US troops. The average daily death total for all US troops in Iraq has declined from just over two per day to just under two per day.

Iraqi Soldiers Refuse To Go To Baghdad, Defying Order (NYT)

By Michael R. Gordon

The New York Times, August 29, 2006

WASHINGTON, Aug. 28 — A group of Iraqi soldiers recently refused to go to Baghdad, Iraq's capital, to help restore order there, a senior American military officer said Monday.

The officer, Brig. Gen. Dana Pittard, who oversees the American-led effort to train Iraq's security forces, said the episode last week involved about 100 Iraqi soldiers based in Maysan Province, which borders Iran.

A formal investigation has begun, and the Iraqi government will soon decide whether to rescind the deployment order to the soldiers' parent Iraqi Army unit, the Second Battalion of the Fourth Brigade of the 10th Division.

"The majority of this particular unit was Shia, and they felt — the leadership of that unit and their soldiers — like they were needed down there in Maysan,'' General Pittard told reporters in a videoconference from Iraq. "Now, that will be worked out by the Iraqi government and the Ministry of Defense, and we'll be in support of that."

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Though the episode involves only a small fraction of the 10-division Iraqi Army, it points to an important issue. The new Iraqi government wants to build a national military, one that is ethnically diverse and can be deployed anywhere in Iraq. It does not want to field a military that is essentially a collection of local units with regional loyalties.

But many Iraqis are reluctant to serve far from their home provinces. Sunnis in Anbar Province, for example, are reluctant to join the army if they will be sent far from home to predominantly Shiite areas. Shiites are often hesitant to serve in overwhelmingly Sunni regions.

"The Iraqi Army is supposed to be a national army," said General Pittard. "They were recruited regionally, and for the most part they've been operating regionally. So that's where the difficulty is."

The refusal of some Iraqi soldiers in Maysan Province to serve in Baghdad was reported late last week in The Daily Telegraph of London and The Washington Post. General Pittard's comments, however, appear to be the first time that a senior American officer involved in training the Iraqi military has explained the episode and discussed the investigation.

This is not the first time that Iraqi soldiers have refused to deploy to a distant area. A large number of soldiers from a predominantly Kurdish unit in northern Iraq, the Second Battalion, Third Brigade of the Second Iraqi Division, refused to go to Ramadi, where American Army troops have been involved in a tough fight to take the city back from insurgents, General Pittard noted.

Even when Iraqi soldiers agree to serve far from home, many quit. The two Iraqi divisions in Anbar Province in western Iraq have had high attrition rates and are more than 5,000 soldiers below their authorized levels. When leaves are taken into account, the day-to-day strength of the two Iraqi divisions in that province is 35 percent and 50 percent.

The Bush administration has cast the effort to train Iraq's security forces as part of its exit strategy. More than 3,000 soldiers in the American-led coalition are involved in training the Iraqi Army, police and border troops. As President Bush put it last year, "Our strategy can be summed up this way: As the Iraqis stand up, we will stand down."

The current operation in Baghdad, which is called Together Forward, is intended to break the cycle of sectarian violence that threatens to plunge the country into civil war.

Under the plan, American and Iraqi forces are working their way through the city, neighborhood by neighborhood, in an effort to clear it of insurgents and militias. Once the areas are secured, the plan is to hand them over to the Iraqi police, who will work with American advisers. Millions of dollars of Iraqi and American funds are to be spent to restore vital services, create jobs and, essentially, try to build good will for the new Iraqi government.

An additional 12,000 troops have been sent to Baghdad to carry out the operation, 7,000 of whom are Americans. Some of the American troops have been diverted from other parts of Iraq. The Iraqi soldiers who refused to deploy from the Maysan areas were to have been part of the Iraqi reinforcements.

General Pittard said an important milestone would be reached in September, when the Eighth Iraqi Army Division will be placed under the control of the Iraqi Ground Forces Command. "It will be the first time that an Iraqi division will no longer be under the tactical control of the coalition forces," he said.

General Says Iraqi Soldiers Refuse Duty (AP)

By Lolita C. Baldor

AP, August 28, 2006

About 100 Iraqi Shiite soldiers refused to go to Baghdad to support the security crackdown there, marking the second time a block of Iraqi soldiers have balked at following their unit's assignment, a U.S. general said Monday.

U.S. Brig. Gen. Dana Pittard, commander of the Iraqi Assistance Group, said the problems stem from the Iraqi Army's regional divide, because soldiers are recruited in their home area and expect to train and serve there.

Pittard said about 100 members of a battalion in the 4th Brigade, 10th Iraqi Army Division, who were serving in the southern Maysan province, refused to deploy to Baghdad.

"What's tough, right now, is the Iraqi army, for the most part, is a regionally based unit," Pittard told Pentagon reporters. "The majority of this particular unit was (Shiite.) And they felt, or the leadership of that unit and their soldiers felt, like they were needed down there in Maysan."

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Many soldiers, he said, thought they would be operating only in their home region, and it will be up to the Iraqi Ministry of Defense and the military commanders to resolve those issues. He said it is too soon to tell what actions might be taken against those soldiers.

Pittard said he's heard of only one other instance where Iraqi soldiers refused to move with their unit. A battalion of the 3rd Brigade, 2nd Iraqi Army Division was in northern Iraq, and "a number of the members of that unit" refused to go to Ramadi to serve with the U.S Army's 1st Brigade, 1st Armored Division.

There are more than 127,000 members of the Iraqi Army. Recently U.S. military officials said that five of the 10 Iraqi Army divisions are now in control of their own battlespace, working with the support of the coalition forces.

Iraqi forces often rely on U.S and coalition support for logistics, fuel, maintenance and some equipment.

U.S. Says Iraq Poised To Take Control Of Its Ground Forces (WT)

By Rowan Scarborough

The Washington Times, August 29, 2006

The U.S. military in Iraq announced yesterday that an Iraqi ground-forces command will activate in early September, giving the U.S.-backed government direct control over army, police and border units throughout the country.

Army Maj. Gen. William Caldwell, chief spokesman for the U.S. command, said the Iraqi ground headquarters eventually will take control of all 10 Iraqi army divisions. The first, the 8th Division, will be moved from coalition to Iraqi control this week.

The chain of command will run down from Prime Minister Nouri al-Maliki, to the defense minister, to joint headquarters in Baghdad, and finally to the Iraqi ground-forces command. The United States says the emerging line of authority is crucial to having a self-sufficient Iraqi security force fight the insurgency and allowing many American troops to go home.

"This is a significant step in the Iraqi path to self-reliance and security," Gen. Caldwell said. "What this means is that the Iraqi minister of defense is prepared to begin assuming direct operational control over Iraq's armed forces."

The press conference was part of a continuing effort by the Bush administration to tell a story that Iraqi forces are in better shape than they were several years ago, when some units refused to fight.

"From the time that I left Iraq last year to now, the difference between then and now is like night and day with the Iraqi security forces," Brig. Gen. Dana Pittard, who commands U.S. transition teams embedded with Iraqi units, told reporters at the Pentagon.

The talk of progress came as the U.S. and Iraqi forces continue to fight a crucial battle to take back Baghdad from a variety of insurgent groups, including al Qaeda in Iraq, Sunni supporters of ousted dictator Saddam Hussein and Shi'ite death squads linked to the militia of cleric Muqtada al-Sadr.

As he did last week, Gen. Caldwell displayed a map of the city, with color-coded neighborhoods to illustrate different levels of violence.

"These slides will show that the insurgents and terrorists are attacking where we've made gains in order to thwart the successes of the Iraqi security forces and further discredit the government of Iraq," he said. "Their methods are simple: Attack innocent Iraqis."

He added, "We're actually seeing progress out there. An interesting sign of progress that has recently been relayed to me is there have been an unusual number of weddings in the streets of Baghdad recently."

There are still reminders that the Iraqi force has problems. Gen. Pittard confirmed press reports that about 100 Iraqi Shi'ite soldiers in the south refused to redeploy to Baghdad to fight insurgents. Some local police officers in the Shi'ite south have refused to help the Iraqi army fight Sheik al-Sadr's militiamen.

"I think everybody has got to remember both the Iraqi police and the Iraqi army are about three years old at the most, and any new organization is going to go through growing pains," Gen. Caldwell said.

In Ramadi, The Force Isn't Huge But The Task Is (USAT)

By Jim Michaels

USA Today, August 29, 2006

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RAMADI, Iraq — These days, the main focus of U.S. and Iraqi military efforts is in Baghdad, where militias and death squads threaten to destabilize a fragile government. Thousands of U.S. and Iraqi troops are pouring into Baghdad to reinforce the 52,000 already there.

It's getting less attention, but a much smaller force is working to subdue Ramadi, the capital of Anbar province, where Sunni insurgents are entrenched.

"This is relatively lightly held by coalition and Iraqi forces," says U.S. Army Col. Sean MacFarland, commander of the brigade responsible for the Ramadi area. "I don't have overwhelming force here."

The city has about 300 trained and equipped police, though the Iraqi government has authorized a force of 3,000. There are about 2,000 Iraqi troops and several thousand U.S. soldiers in and around the city, which has about 300,000 residents. By contrast, about 12,000 U.S. and Iraqi troops were used to push insurgents out of Fallujah — half the size of Ramadi — in a major offensive in November 2004.

Sixty miles west of Baghdad, Ramadi is part of the Sunni heartland that supported Saddam Hussein and has resisted U.S. forces since the invasion in 2003. Stabilizing Anbar is critical to winning over the Sunni minority, which ruled Iraq for decades and distrusts the new Shiite-dominated government. "Anbar is key to the future of Iraq as a nation-state," says Marc Chretien, a senior U.S. adviser to Iraq's government.

The office of Anbar's governor, Maamoun Sami Rashid al-Awani, is inside a heavily fortified compound guarded by U.S. Marines. Moving from one part of the government compound to another requires sprinting to avoid sniper fire from within the rubble of nearby buildings. When a Marine convoy came to escort the governor home on a recent day, one of the vehicles was hit by a roadside bomb. The explosion disabled a Humvee but caused no injuries.

Most locals stay away from the government building. Four of 31 members of the Anbar Provincial Council have been killed in the past several months, says Marine Col. Frank Corte, al-Awani's U.S. adviser. Insurgents have tried to kill al-Awani 30 times. The handful of employees in the building come from outside Ramadi. They live in the government building during the week and return home on weekends.

"He's a government of one," MacFarland says of al-Awani.

Holding the line here is important because it allows U.S. and Iraqi forces to concentrate on securing Baghdad. "I'm not the main effort," MacFarland says. "Baghdad is. But I'm trying to take the heat off Baghdad."

Stabilizing Ramadi is going to take time. MacFarland says that even if he had more troops, he would take a deliberate approach to driving insurgents out and wouldn't replicate the Fallujah offensive, which left much of that city in ruins. His troops are establishing combat outposts in the city in a classic counterinsurgency strategy of creating secure areas and expanding them slowly. The outposts are manned by U.S. and Iraqi forces and serve to protect neighborhoods and launch reconstruction projects. There are six such outposts in the city now; about four more are planned.

U.S. and Iraqi forces will also establish checkpoints and set up barriers to seal off neighborhoods, restricting enemy fighters' movement and forcing residents to take responsibility for security in their own areas. "My intent is to take this city back without destroying it," says MacFarland, whose headquarters outside the city is in a sprawling camp that is thick with mud when it rains and choked with dust as fine as talcum powder the rest of the time. Temperatures regularly reach 120 degrees in the summer.

U.S. and Iraqi forces in Ramadi clash with the enemy daily. Marine Lt. Col. Steve Neary, commander of the battalion charged with securing the government center and other parts of the city, has had 16 Marines killed in action in the past six months. He says the battalion — 3rd Battalion, 8th Marine Regiment — has had 120 Marines wounded in the same period; 72% have been returned to duty. A battalion is typically about 800 Marines.

"We're taking a lot of casualties, but we're dealing out a lot of casualties," MacFarland says.

Insurgents earlier this year burned down the city's telephone switching station. Cellular and land-line service have yet to be restored. A train station and soccer field renovated with U.S. money during quieter times have been badly damaged in recent fighting or by attacks. "The tactics of the insurgents is to destroy everything we touch," says Marine Lt. Col. Mark Bramwell, a civil affairs officer.

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Rebuilding has been slow. Al-Awani says Anbar is being starved of reconstruction money by Iraq's new Shiite-dominated government. That government has said it wants more guarantees that the provincial administration is stable enough to safeguard the money. A Ramadi bank was recently robbed of more than $6 million in central government funds.

Anbar is the only province not to receive its share of $2 billion set aside in Iraq's 2006 budget for development and reconstruction projects throughout Iraq, says Corte, the governor's adviser. Every other province has gotten 10% to 40% of its share of the money. Anbar is due $95 million. "They're trying to weaken the government here," al-Awani says. Without the money, dozens of projects are on hold, including clinics, schools and water treatment facilities, says Corte, a reserve officer who is a Republican state representative in Texas.

The U.S. military says its success in driving insurgents out of Fallujah and a series of operations along the Euphrates River valley west of here pushed insurgents into Ramadi, which lies on major roads leading to Baghdad from Jordan and Syria.

"When Fallujah happened, a lot of guys moved here," Neary says.

Reconstruction in other parts of Anbar is progressing, however. Fallujah is establishing a police force. Businesses and homes are reopening there. The Marines say they've had similar success in rebuilding towns in the Euphrates valley after clearing them of insurgents last year.

Al-Awani says it's his duty to stay put in his job until his province is on its feet. "If someone in your family is sick, you don't abandon him," he says. "You make him better."

In Iraq, Fewer Killed, More Are Wounded (CSM)

By Brad Knickerbocker

The Christian Science Monitor, August 29, 2006

As the controversial war in Iraq continues, Defense Department officials and civilian experts are getting a clearer picture of American combat casualties.

Among the emerging details: The fatality rate is markedly less than in previous conflicts. But while all wars are different, the nature of combat in Iraq, plus advances in battlefield medicine, mean that the number of wounded remains relatively high. Enlisted ground troops are most at risk, but the young lieutenants who lead them on patrol are even more likely to be killed or wounded.

Lessons learned and historical context are at stake here. But officials also want to make sure the casualty reporting procedures are accurate and adequate, especially for the families of those lost or wounded.

The US Army acknowledged over the weekend that it is reexamining hundreds of casualty reports in response to criticisms of inaccuracies, such as instances initially attributed to enemy action that turned out to have been by friendly fire.

All unit-level investigations of battlefield deaths are being checked to see if they square with records kept by the Army's Casualty Assistance Center in Alexandria, Va.

Meanwhile, experts at the University of Pennsylvania have examined Defense Department fatality figures for Iraq and Afghanistan to compare levels of risk between the services now and in earlier wars. What they found, said Professor Samuel Preston, a leading demographer, is that the fatality rate among service men and women in Iraq and Afghanistan is "very much lower" than it was in the Vietnam War. But at the same time, Dr. Preston says, the relative number of nonfatal casualties is not much different from what it was in Vietnam.

"In part, we're able to keep injured people alive in a better way than we did before," he said.

Because of new body armor and advances in military medicine, for example, the ratio of combat-zone deaths to those wounded has dropped from 24 percent in Vietnam to 13 percent in Iraq and Afghanistan. In other words, the numbers of those killed as a percentage of overall casualties is lower. At this writing, 2,955 American service men and women have been killed (2,622 in Iraq and 333 in Afghanistan), and 20,174 have been wounded.

Experts are also comparing battlefield casualties with other areas of American society, such as young men living in violence-prone urban areas. Young black men in Philadelphia, for example, have a death rate 11 percent higher than troops in Iraq, according to Preston.

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Among other things, Preston and University of Pennsylvania student Emily Buzzell found that Hispanics have a slightly higher "death risk" than non-Hispanics and that blacks have a death risk that is lower than nonblacks - both a function of the kinds of units most of those two groups serve in. The Marine Corps, for example, contains a disproportionately higher number of Hispanics than other military branches and also carries a higher casualty rate.

Among both Army soldiers and marines, enlisted personnel have a 40 percent higher mortality rate than officers. The exception is Army and Marine Corps lieutenants - junior officers who typically lead combat patrols and who have a markedly higher mortality rate than all soldiers and marines.

What's not fully clear at this point in the war is the long-term effects of intense combat that involves urban fighting, seemingly random roadside bombs, and suicide bombers targeting US forces. Saving more American lives in the war zones means more people must be treated for amputations and other serious injuries, perhaps for the rest of their lives. Also, the New England Journal of Medicine reported in 2005 that 19 percent of Marine infantrymen and 17 percent of Army infantrymen studied in four units in Iraq and Afghanistan "met the screening criteria" for depression, anxiety, or postraumatic stress disorder (PTSD).

For the Army and the Marine Corps in particular, which have some of the most dangerous jobs in Iraq and Afghanistan, casualty rates can affect personnel recruiting and retention efforts, not only for psychological reasons but because the military must replace the 500 or so troops lost each month to battlefield deaths, injuries, illness, and psychological problems tied to combat.

Still, considering the intensity and duration of the campaigns in Iraq and Afghanistan, US losses have been remarkably light, some experts assert.

"Recognizing the political consequences of casualties, US commanders are a good deal more cautious in risking the lives of soldiers than they might have been at Gettysburg or Anzio," says Loren Thompson, a military analyst with the Lexington Institute in Arlington, Va.

Critics say multiple war-zone tours and the recent involuntary call-up of reserve soldiers and marines amounts to a "backdoor draft" that further complicates recruiting efforts. Some who supported the US-led invasion of Iraq generally agree.

"The message prospective recruits are getting is that if you never volunteered you won't be called, but if you did volunteer, you can be called again and again, even against your will," says Dr. Thompson. "This seems to be fundamentally unfair. The government demands that a small number of citizens who have already served carry even more of the burden, while it makes no demands at all on the vast majority of people."

Suicide Bomber Kills 17 Afghans; Attacks Persist In The South (NYT)

By Abdul Waheed Wafa

The New York Times, August 29, 2006

KABUL, Afghanistan, Aug. 28 — A suicide bomber blew himself up on Monday in the middle of a busy bazaar in Helmand Province, in the south, killing 17 civilians. In one of the bloodiest attacks this year in Afghanistan, the bomber walked into a crowd of shoppers at midday in the center of the capital, Lashkar Gah, said the province's governor, Mohammed Daud.

Governor Daud said 47 people were wounded in the explosion, including 15 children. The governor said the identity of the suicide bomber was not known. "Taliban attacks are rising these days," he said, adding that there had been five suicide attacks this year in his province.

A Taliban spokesman claimed responsibility for the attack in a telephone call to The Associated Press and said the target was a former police chief who had served in the province during the Communist era of the 1980's. The former chief, who no longer holds any official post and was a businessman, was killed along with a relative, police officials said.

"He was an ordinary man like other civilians who were killed and had no official job," said Hajji Muhaiuddin, a spokesman for the governor. "There was no single official worker among the casualties."

Among the wounded was a 2-year-old boy who had to have a leg amputated, he said.

The explosion was the second deadliest suicide bombing in southern Afghanistan this year; on Aug. 3, a bomber blew up his car in the bazaar at Panjwai, outside Kandahar, killing 21 people.

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British and Dutch troops, part of the newly deployed NATO force in southern Afghanistan, have been battling insurgents for weeks in Helmand, a lawless province and the largest producer of opium poppies in the country.

In a statement released in Kabul, the British commander of NATO forces in Afghanistan, Lt. Gen. David Richards, described the bombing on Monday as a "horrifying waste of human life," and said the Taliban were no more than "vicious criminals."

"Launching a suicide bomber into a crowded area is guaranteed to harm innocent civilians and shows no concern whatsoever for ordinary citizens," he said.

Governor Daud said that the government was in control of all but one district of the province, but that it still did not have enough police and army personnel to do the job.

NATO has deployed 4,000 troops in Helmand; the previous United States-led coalition had only a few hundred soldiers in the province. In addition, the government has for the first time sent Afghan Army troops to the province.

Pakistan Struggles To Identify Taliban (CSM)

By David Montero

The Christian Science Monitor, August 29, 2006

QUETTA, PAKISTAN

Imadad Ullah isn't afraid to talk about being a Taliban student, even after two of his friends walked away when the topic came up. They might have good reason: Mr. Ullah says that Taliban members are arrested every day in this region.

His friends wandered back into their madrassah, where some 50 other Afghan Taliban study. But Ullah remained seated by the roadside some 20 miles from Quetta, the capital of Pakistan's Balochistan Province. Ullah wouldn't answer if he or his friends had plans to fight jihad in Afghanistan. He only spoke of the prowess of those already fighting.

"We are fighting. We have a lot of ammunition in Afghanistan. When the Taliban fell, we kept a lot of ammunition in the mountains," he says.

Ullah is one of an untold number of Afghan Taliban living inside this provincial capital and its environs, according to local officials, residents, and journalists. His presence throws a spotlight on a contentious debate: British military and Afghan officials have said this capital, which lies about 60 miles from the Afghan border, is the base of operations for the Taliban. Insurgents, they say, cross into Afghanistan for deadly attacks, then recuperate and plan back in Pakistan - where they are safe from allied troops and feel little pressure from Pakistani forces.

These accusations have only intensified as violence in Afghanistan has escalated this year to the worst level since the US-led ouster of the Taliban government in 2001. Monday, a suicide bomber in the southern Afghan province of Helmand blew himself up in a crowded market, killing 17 people and wounding 47.

Pakistani officials admit the presence in their country of some Afghan Taliban - after all, the police have arrested several Taliban officials and commanders and uncoverered Taliban bomb factories after accidental explosions in Quetta. But officials here testily deny that Pakistan has become a Taliban base. Such allegations, they suggest, cannot be corroborated for the same reason that Pakistan hasn't been cracking down more: There is no simple way to identify who is and who isn't a Taliban fighter.

"[Taliban fighters] may be coming. I'm not disputing that," says Chowdhury Muhammad Yaqoob, the inspector general of police in Quetta. "The border is porous. People keep moving in and out," he says. But he denied that any Pakistanis were going to Afghanistan to fight.

And he and other local police say they cannot arrest everyone in Quetta who wears a turban, which is traditionally associated with the Taliban. There are 400,000 Afghans living here, almost all the men wearing the traditional headdress, along with many Pakistanis.

The problem was etched in sharp relief in mid-August, when police arrested 29 wounded Afghan men from Al-Khair, a private hospital in Quetta. The police said 10 had been fighting NATO forces in Afghanistan, and hailed the arrests as a symbol of their crackdown on Taliban fighters. But hospital officials at Al-Khair and others say they have no reason to believe the men were fighters.

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"We haven't seen anything that will give us the sense that these are Taliban. They are simple Afghans. All have long beards and turbans. He's not carrying any rockets," says Muhammad Amer, a hospital administrator. The International Committee of the Red Cross (ICRC), which referred the men from Afghanistan, also says there is no way to confirm if the men are Taliban. Paul Fruh, ICRC's head of office in Quetta, adds that innocent civilians are wounded in southern Afghanistan every day - and that many of the men are afraid to seek medical help because they are often falsely accused of being Taliban.

More concrete evidence does exist, however, suggesting there are more concrete leads to follow. Mr. Yaqoob, for example, referred to a recent raid on a house that uncovered materials for improvised explosive devices, which are commonly used against allied forces in Afghanistan.

"Should our entire intelligence agencies be working on this? That's probably what the Western world wants. But there are other problems in this country," Yaqoob says.

Local residents take exception to this stance, saying anyone who has lived for a long time in Quetta knows where the Taliban and its commanders live.

"You can usually make out these people. They have very costly vehicles," says Tahir Mohammed Khan, a former federal information minister and now a human rights activist. "They're moving around openly. I know them in a social context."

Like many others, Mr. Khan could not provide specific names or addresses, but he listed the general areas where the Taliban dwell: Pashtunabad, a bustling enclave with narrow lanes, and also the adjoining Satellite Town. Local journalists also pinpoint Eastern Bypass, a sprawling brick warren on the outskirts of town.

Yaqoob, the police chief, maintained that his force always seizes upon actionable intelligence. In October 2005, police arrested the Taliban's chief spokesman, Abdul Latif Hakimi, who they said had been living in Quetta.

Although it is difficult to assess precisely how many people have taken up arms to fight, there is no shortage of sympathy for the Taliban here.

"I'm not asking anyone to take part in [the war in Afghanistan]. But we have an ideology; we support those people who have a right to fight against foreign invasion. If someone decided to go, I would support him," says Hafeez Fazal Mohammed Barech, Quetta president of Jamiat Ulema-e Islam, a hard-line Islamist party. His remarks seem to be typical of the Pashtuns living in Quetta, who constitute a majority of the city's 2 million residents. Mr. Barech, however, denied that madrassahs like his organization's provide militant training.

Around dinner tables and in drawing rooms, many residents of Quetta suggest that theirs is becoming a captured city. "The whole of the city, by its attitude, is Talib," says Mr. Khan, the activist. "Their thinking, their culture, everything is like the Taliban."

$900,000 Paid To Army Reservists Who Deserted (NYT/AP)

By The Associated Press

The New York Times, August 29, 2006

WASHINGTON, Aug. 28 (AP) — The Pentagon has done little to recover about $900,000 mistakenly paid to 75 Army reservists who have not reported for duty since late 2001, Congressional investigators said in a report on Monday.

Fewer than two dozen of the deserters have surrendered or been arrested, the report said.

The report by the Government Accountability Office details continuing problems with the military payroll system, which has been consistently criticized as convoluted and error-prone, with repeated instances of troops being overpaid or underpaid.

The number of improper payments and the money involved was probably significantly understated, the investigators said. The report said the Army and the Army National Guard and Reserve had acknowledged being unaware of the extent of the problem because there is no system to track such records.

The G.A.O. first reported the payment errors in 2004. It contacted Pentagon officials again this year to determine whether the money had been repaid or the deserters found.

A Pentagon spokesman, Brian Maka, said officials were still reviewing the report and its recommendations.

Congressional auditors identified 75 soldiers in the Army National Guard and Reserve designated as deserters for failing to report for duty when their units were called up after the Sept. 11 attacks and the wars in Afghanistan and Iraq. Of that number, arrest warrants were issued for 51. As of mid-May, 18 had been apprehended and 2 had surrendered.

DOJ_NMG_0055007

Pentagon To Monitor Recruiters (AP)

By Martha Mendoza

AP, August 28, 2006

The Defense Department has announced it will closely monitor military recruiters and their commanders in light of two investigations — one by the government, the other by The Associated Press — that found increased levels of recruiter misconduct.

"Through this monitoring we are going to evaluate a command's ability to control, or eliminate, misconduct by military recruiters as well as the actions taken by commands towards those recruiters found to have violated the code of conduct with potential recruits," said Defense Department spokesman Maj. Sean Upton.

Upton said the monitoring will last five to 10 months and that once the Defense Department has enough data and can confirm its integrity, officials will consider changes in policy.

Last week the AP reported that one out of 200 frontline military recruiters — the ones who deal directly with young people — was disciplined for sexual misconduct in 2005. The cases ranged from fraternization to forcible rape. Earlier, the Government Accountability Office released a report that showed overall wrongdoing by military recruiters increased from just over 400 cases in 2004 to 630 cases in 2005.

Reaction was swift — at the Pentagon, on Capital Hill and in some small towns where the story resonated with victims.

"The high rate of sexual misconduct by military recruiters confirms what students and parents have been saying for years military recruiters should not be given unlimited access to high school and college campuses," said Rep. Pete Stark, D-Calif.

Stark said the Pentagon's monitoring proposal doesn't go far enough.

"After three GAO reports and an AP investigation into widespread violations, the military should take concrete action to prevent sexual misconduct, not merely bean-count violations."

Several members of the House Armed Services Committee, including the ranking Democrat Rep. Ike Skelton, have called for a new policy that would restrict recruiters from being alone with young women and tougher penalties on those who break the rules.

Several advocacy groups said the crux of the problem is that recruiters are allowed to be alone with the prospective enlistees in closed door meetings, government cars and elsewhere.

Olga Vives, executive vice president of the National Organization for Women, said she was appalled by the reports. She called for the Defense Department to make significant changes.

Elaine Donnelly, president of the Center for Military Readiness, a group that studies military policies, said consensual but exploitive sex with young women must be discouraged "with firmly enforced rules against military recruiters being alone with civilian girls."

A 19-year-old criminal justice student in Washingtonville, N.Y., was shocked to pick up a newspaper last week and see an AP photograph of the man who raped her three years ago, crying.

"As if everyone should feel sorry for him," she said.

He was Shedrick Hamilton, a 37-year-old former Marine Corps recruiter, serving a 15-month sentence for third-degree rape.

His victim, who spent a year in therapy, said the photo shook her deeply. What he said in an AP interview outraged her: He said he raped her only after she enticed him as a prank.

"Those are lies," said the young woman, who was a 16-year-old high school sophomore at the time.

She said Hamilton preyed on her for months, warning her that no one would believe her if she tried to report him.

Unlike members of Congress or advocacy groups, the young woman was not surprised that she was one of more than 100 substantiated victims of military recruiters in 2005.

In college now, she is training to become a police officer.

"I'm not letting him put me down," she said. "I'm not letting him destroy my life."

DOJ_NMG_0055008

CORPORATE SCANDALS:

Prudential Settles Allegations For $600M (USAT)

By Greg Farrell

USA Today, August 29, 2006

In one of the largest settlements to date of a case involving market-timing abuses that defrauded mutual funds and their investors, Prudential Securities agreed Monday to pay $600 million in penalties and fines to government regulators.

The settlement concludes a three-year investigation into allegations that Prudential allowed its brokers to engage in market timing, even when the mutual funds targeted by Prudential's brokers explicitly told the company that the practice was unacceptable.

Of the $600 million, $270 million will go to the Securities and Exchange Commission, which will distribute the funds to investors hurt by Prudential's actions. An additional $325 million in criminal penalties will go to the Justice Department, and a $5 million civil penalty will be paid to the Massachusetts Securities Division.

Market timing involves the frequent buying and selling of mutual fund shares to take advantage of short-term market moves up or down, and, frequently, differences in closing times and prices in markets abroad. Because the goal of most mutual fund managers is to maximize returns for long-term, “buy and hold” investors, such short-term buying and selling hurts the fund's performance.

According to the settlement reached Monday, managers at Prudential's brokerage operations (subsequently acquired by Wachovia) ignored frequent complaints from mutual fund companies that their brokers were flouting rules against market timing.

In a statement, Arthur Ryan, CEO of Prudential Financial, said, “We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems.”

In the past two years, two former brokers and a manager in Prudential's Boston office have pleaded guilty to criminal charges stemming from market-timing activities.

In a related development Monday, the SEC brought civil charges against four former Prudential employees, accusing them of deceiving the mutual funds about the identities of hedge funds that wanted to engage in market timing.

Three of the four men, Frederick O'Meally, Jason Ginder and Michael Silver, were New York-area managers for Prudential. The fourth, Brian Corbett, was an assistant. All four were terminated or left the company after the market-timing investigations began.

According to the SEC, when a mutual fund identified a Prudential customer as a known market-timer and stopped accepting orders on behalf of that client, the four men went to extraordinary lengths to disguise the client's identity. These clients, a series of hedge funds that paid Prudential handsomely for its services, were thus able to keep doing market-timing trades against the mutual funds' managers wishes.

Peter Fleming, an attorney for O'Meally, said he was disturbed by the SEC charges, especially because the commission never gave him a so-called Wells notice, allowing him the opportunity to argue on behalf of his client before charges were filed.

Prudential Will Pay $600 Million (WSJ)

By Siobhan Hughes

The Wall Street Journal, August 29, 2006

Prudential Financial Inc.'s securities unit agreed, as expected, to pay $600 million in penalties to settle allegations that former Prudential brokers helped favored clients make improper "market timing" mutual-fund trades dating back to 1999, according to a settlement outlined by federal and state regulators.

The Justice Department said Prudential Equity Group LLC admitted to criminal wrongdoing under a deferred-prosecution agreement that will last five years. Under the agreement, Prudential Equity will cooperate with federal prosecutors in their continuing investigation and will maintain policies to ensure it follows rules.

"This is a great victory for the investing public," said Paul McNulty, U.S. deputy attorney general. "The deceptive trading practices at Prudential were compromising the integrity of many mutual funds."

DOJ_NMG_0055009

The penalties are among the largest to stem from the government's three-year probe of abusive mutual-fund trades. In 2004 Bank of America Corp. agreed to a $675 million settlement. The practice of repeated in-and-out mutual-fund trades isn't necessarily illegal but may run afoul of securities laws if fund prospectuses specifically discourage such trades. Market timing is considered harmful because it shifts transaction and other costs to investors who buy and hold fund shares.

As part of the $600 million settlement, $270 million will be paid into a Securities and Exchange Commission fund used to reimburse harmed investors. There also is a $300 million criminal penalty, a $25 million penalty to be paid to a consumer-fraud fund and a $5 million civil penalty to Massachusetts, the Justice Department said.

Prudential Equity Group has reserved sufficient funds to cover these payments.

"We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems," said Arthur Ryan, chief executive of Prudential Financial, the Newark, N.J. financial-services and insurance company.

Mr. Ryan also said the "settlement represents our desire to do the right thing and to put this matter behind us, which we believe is in the best interests of our customers, shareholders and employees."

The Justice Department said that from 2001 to 2003 alone, Prudential brokers generated $57 million in commission revenue, with illicit profits to the brokers' clients in excess of $100 million.

Prosecutors said the settlement took three years to reach in part because ownership of the Prudential unit changed. In July 2003, Wachovia Corp. and Prudential Financial combined their retail-brokerage units to form Wachovia Securities LLC. Prudential Equity Group is what remained of Prudential Securities when the retail unit was combined with Wachovia's unit. Prudential Equity retained liability for the market-timing activities at issue in the investigations.

The other groups included in the $600 million settlement with Prudential Equity are the National Association of Securities Dealers; NYSE Regulation Inc., which regulates New York Stock Exchange members; the New York attorney general's office; the New Jersey Bureau of Securities; and the Massachusetts securities division.

In a separate action, the SEC filed charges against four more former Prudential brokers in addition to the five it sued in November 2003. The four are Frederick O'Meally, Jason Ginder, Michael Silver and Brian Corbett.

An attorney for Mr. Silver declined to comment. C. Evan Stewart, an attorney for Mr. Ginder, said his client will fight the charges. Peter Fleming, an attorney for Mr. O'Meally, said his client never received a so-called Wells notice, which gives individuals a chance to respond to planned SEC charges. Mr. Corbett's lawyer couldn't be reached.

So far, the SEC has brought dozens of cases involving abusive mutual-fund trading and has collected more than $3 billion for distribution to harmed funds and investors, SEC enforcement director Linda Thomsen said.

Prudential To Pay Fine In Trading (NYT)

By Landon Thomas Jr.

The New York Times, August 29, 2006

Prudential Financial, the life insurance company, agreed yesterday to pay $600 million to settle charges with federal and state regulators that one of its units engaged in inappropriate mutual fund trading.

The payment, the second-largest levied against a financial institution over the practice, may bring to a close a three-year investigation into the improper trading of mutual funds that has ensnared some of the largest names on Wall Street and the mutual fund industry.

The settlement with the Justice Department, which covers trades totaling more than $2.5 billion made from 1999 to 2000, is also the first in the market timing scandal in which an institution has admitted to criminal wrongdoing.

Such a concession by Prudential, part of a deferred prosecution agreement that will last five years, underscores the extent to which the improper trading practices were not only widespread at Prudential Securities, but also condoned by its top executives, despite repeated complaints from the mutual fund companies.

“The deceptive trading practices at Prudential were compromising the integrity of many mutual funds,” Paul J. McNulty, the deputy United States attorney general, said yesterday in a statement. “Investors were dealt a bad hand by corporate con men who stacked the deck against them.”

As part of the settlement, Prudential agreed to cooperate in the investigation and to make periodic reports on its compliance to the government.

The infractions occurred at Prudential Securities, now called the Prudential Equity Group, then the brokerage division of Prudential. In July 2003, Prudential Financial transferred the assets in the unit to a newly formed joint venture owned by itself and Wachovia, currently called Wachovia Securities.

Market timing itself, which involves rapid-fire trading of mutual fund shares so as to capture price inefficiencies, is not illegal. The practice is discouraged by most major fund companies, however, as it can hurt shareholders by adding to costs and disrupting investment portfolios.

Since the investigation into market timing became public in the fall of 2003, regulators have imposed more than $4 billion in fines and penalties, including $675 million paid by Bank of America in March 2004 and $600 million by AllianceBernstein in 2003. Bear Stearns paid $250 million earlier this year to the Securities and Exchange Commission to settle charges that it facilitated improper fund trades for its clients. The firms did not admit or deny any wrongdoing.

The complaint against Prudential focuses on four brokers in the firm's New York City offices. According to regulators, the four men concocted an elaborate scheme to facilitate as many as a thousand transactions a day for their hedge fund clients by going to great lengths to disguise the origins of the trades. The business was very profitable for Prudential and the brokers reaped the rewards, the complaint said. Frederick J. O'Meally, the team leader, was paid $4.7 million from 2001 to 2003, making him the top-producing broker at Prudential during this time.

"We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems," said Arthur F. Ryan, the chief executive of Prudential Financial, in a statement.

Regulators charged that senior executives at Prudential Securities were aware of aggressive trading practices but did not move strongly enough to rein their brokers in.

According to the complaint, the brokers used more than 750 different account names to cloak the aggressive trading of their hedge fund clients, which included Millennium Partners and Canary Capital Partners, two funds that were among the most active market timers. They focused on as many as 25 mutual funds, including Putnam, Janus and Fidelity. Both Millennium Partners and Canary Capital Partners have reached settlements with regulators.

The complaint against Prudential said that the mutual funds did all that they could to put a halt to the trades, from screening transactions of large amounts put through by the same broker, to banning certain accounts from trading.

"We need this business shut off at the rep level," an executive at Franklin Templeton wrote in an e-mail message to his counterpart at Prudential, in discussing Mr. O'Meally's trading. "We don't want any business from him regardless of the account."

But the Prudential brokers were not to be deterred, the complaint said, and they circumvented these measures by creating more accounts and splitting up the sizes of trades.

"Your last trades were for almost $500,000 each," Michael L. Silver, one of the brokers involved, advised a client in an e-mail message, according to the complaint. "Let's use two funds per account for $250,000 each to hide better!"

On another occasion, Mr. Silver told a client that he was moving funds to another account. "This will buy us extra time to trade at Pilgrim," he wrote. "I don't know how long, but it will help."

In addition to Mr. O'Meally, 45, and Mr. Silver, 35, two other brokers were named in the complaint, Brian P. Corbett, 34, and Jason N. Ginder, 42. All four men have either been fired or have resigned from Prudential.

The four have been sued by the S.E.C and face the prospect of fines, the return of ill-gotten gains and a possible ban from the industry. They could not be reached for comment.

The settlement against Prudential is also the latest to use deferred prosecution — an increasingly common tactic among prosecutors in white-collar cases. A year ago, the accounting firm KPMG avoided indictment and reached a $456 million deferred-prosecution agreement over its role in the development of questionable tax shelters.

And early this month, prosecutors agreed to drop obstruction charges against the investment banker Frank P. Quattrone as long as he does not violate any laws within a year.

Prudential To Pay $600 Million To Avoid Fund Trial (WP)

By Brooke A. Masters And Carrie Johnson

The Washington Post, August 29, 2006

A subsidiary of insurance giant Prudential Financial Inc. agreed yesterday to pay $600 million in fines and restitution to avoid being prosecuted on charges that it helped favored customers make improper mutual fund trades.

The settlement is one of the last and biggest to stem from the 2003 mutual fund scandal uncovered by New York Attorney General Eliot L. Spitzer and the first to include federal criminal charges.

Spitzer's revelations that mutual fund firms had cut secret deals with big investors known as hedge funds shook the $9.3 trillion industry and sparked a host of investigations. Over the past three years, the Securities and Exchange Commission has brought more than 90 civil cases involving market timing and late-trading abuses and has collected more than $3 billion that will be returned to investors, SEC enforcement director Linda Chatman Thomsen said at a news conference announcing the Prudential settlement.

Prudential's brokerage subsidiary, now known as Prudential Equity Group LLC, admitted criminal wrongdoing, but prosecutors agreed to drop the charges if the firm stayed out of trouble for five years. The company said it had set aside sufficient reserves to cover the $600 million payment, but the size is significant. Prudential's financial services businesses reported a second-quarter profit of $424 million.

Three former employees of Prudential's Boston office also pleaded guilty to federal criminal charges of inventing identities and accounts to help customers circumvent rules against market timing -- industry slang for rapid in-and-out investments in mutual funds. Prudential's management received more than 1,000 letters and e-mails complaining about the improper trades but failed to address the problem or discipline the brokers involved, Thomsen said.

Market timers exploit the fact that mutual funds are priced once a day. They buy a fund when they think the constantly fluctuating value of its underlying stocks is greater than the once-a-day price reflects and then sell it a few days later.

Many fund companies forbid the practice because the rapid turnover cuts into long-term returns by forcing managers to keep more of their funds' assets in cash and also because the rapid turnover can make it hard to stay focused on an investment strategy.

The payment is the largest by a single company to resolve market-timing charges, Deputy U.S. Attorney General Paul J. McNulty said. In 2004, Bank of America Corp. agreed to pay $675 million, including fee cuts, to settle allegations of improper market timing and illegal after-hours trades, but that settlement also covered allegations against FleetBoston Financial Corp., with which it had just merged.

McNulty said the Prudential scheme was particularly egregious because mutual fund investments, the main way Americans save for retirement and education, "have become a necessity" and "represent a large portion of the life savings of the average American."

Under the terms of the deal, Prudential Financial will be required to make periodic reports about its compliance with securities regulation to its audit committee and to Michael J. Sullivan, the U.S. attorney in Boston, who said yesterday that the deceptive practices "undermined the integrity and utility of the automated, standardized mutual fund trading system."

Of the $600 million payment, $300 million will go to the U.S. Treasury; $270 million will go into a fund controlled by the SEC and ultimately will be returned to investors; $25 million will go into a Postal Inspection Service consumer fraud fund; and $5 million will go to Massachusetts, which took a lead role in bringing the case against Prudential in 2003.

The settlement "points up the importance of scrutiny of the industry," said Massachusetts Secretary of the Commonwealth William F. Galvin. "This was pretty notorious."

Prudential chairman and chief executive Arthur F. Ryan said in a statement, "we take these matters very seriously and regret the conduct of some former employees that led to this problem."

Between 1999 and June 2003, authorities said, Prudential brokers used false accounts and phony identities to help their hedge fund clients evade detection by the mutual fund companies that were trying to crack down on the frequent trades.

The brokers used more than 750 customer accounts to process transactions, including more than 100 for one client alone, securities regulators said. At least two dozen brokers at Prudential took part in the scheme, which reaped $57 million in

commissions for the company between 2001 and 2003. The hedge fund clients profited by more than $100 million during that period, according to court papers.

SEC officials also filed a separate, civil lawsuit against four former Prudential brokers in federal district court in New York yesterday. A related market-timing case against six other onetime Prudential employees was lodged nearly three years ago.

Law enforcement authorities said the criminal investigation continues into other unnamed people and entities that may have taken part in the abusive practices. Thomsen said the agency "still has some matters in the hopper." Still, she said, "my view is we will see far less of this conduct on an ongoing basis."

Deferred prosecution arrangements such as the one Prudential agreed to have become increasingly common, as regulators and prosecutors have sought to punish corporate wrongdoing that involves more than just a few individuals. Since accounting firm Arthur Andersen's 2002 indictment and subsequent collapse, prosecutors have been reluctant to press charges against large public companies for fear of putting them out of business. This is the second time Prudential has struck a deferred prosecution deal: In 1994, it paid $330 million in restitution to avoid prosecution on charges of defrauding 100,000 investors through the sale of limited partnerships.

"It's great to see the government stepping up and getting substantial settlement sums," said James D. Cox, a professor at Duke University School of Law. "The problem in these cases is, the wrongdoing is clear, but it's very impressionistic what the damages are. The task for government regulators is, at what level does it say 'ouch' with enough force? I think $600 million comes close to a very loud 'ouch.' "

Cox pointed out that courts have been reluctant to allow investors to proceed with private lawsuits stemming from after-market trading practices. That makes regulatory action all the more important, he said.

"It's really heartening to see government doing what government ought to do . . . which is step up and take ill-gotten gains from those who have misbehaved."

Prudential Unit To Pay $600M In Fines (AP)

By Michael J. Sniffen, Associated Press Writer

AP, August 29, 2006

WASHINGTON --Prudential's brokerage subsidiary agreed Monday to pay $600 million in fines and restitution for deceptive market timing in trading mutual fund shares for wealthy clients.

The settlement with the Justice Department is one of the largest resulting from a broad probe of market timing using computerized stock sales that has rocked the fund industry for the past three years. In 2004, Bank of America Corp. agreed to a $675 million deal.

Prudential's brokerage subsidiary, Prudential Equity Group., LLC, admitted to criminal wrongdoing from 1999 until September 2003 and agreed to pay the $600 million. The department agreed to withhold filing a charge of securities fraud if PEG and its parent, Prudential Financial, Inc., honor a pair of agreements for five years.

At least two dozen brokers at PEG or its predecessor, Prudential Securities, Inc., generated $57 million worth of commissions and more than $100 million in illicit profits for their clients just during 2001-2003, the government said.

It said thousands of computerized late market trades were generated on behalf of 15 Prudential clients, almost all of them hedge funds. These small, highly speculative funds typically require their wealthy clients to invest a minimum of $250,000 to more than $1 million.

"This is a major victory," particularly for small investors, Deputy Attorney General Paul McNulty told a news conference. "Mutual fund shares now represent a large portion of the life savings of the average American."

Of the $600 million, $270 million will go to a fund administered by the Securities and Exchange Commission to compensate the victims.

Prudential Financial Inc., entered a separate agreement with the department. The parent agreed to cooperate in ongoing investigation of individuals and entities, to maintain policies and procedures to ensure its affiliated entities obey the law and to report regularly to the government on those policies.

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"We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems," Prudential Chairman and CEO Arthur F. Ryan said in a statement. "We have strengthened our compliance programs. Prudential cooperated with the authorities throughout the process. This settlement represents our desire to do the right thing."

Securities and Exchange Commission enforcement director Linda Thomsen said the victimized mutual funds sent more than 1,000 letters and e-mails to senior managers at Prudential Securities complaining about the tactics.

The funds tried to block trading by these suspect brokers, but the government said the brokers created hundreds of broker numbers and false customer accounts to make it appear that trades for a few clients were coming from many more unrelated clients. One broker opened 300 accounts for a single client.

Some funds even dropped out of the automated trading system because of this conduct, said U.S. Attorney Michael Sullivan of Boston.

Prudential failed to discipline these brokers even when senior managers were aware of their misconduct, McNulty said. But he said the department opted for a deferred prosecution agreement because the ownership and management of Prudential's brokerage unit had changed since 2003 and the company had taken some remedial steps on its own.

Sullivan said, "The deceptive conduct here allowed brokers and their hedge fund clients to reap millions of dollars in commissions and trading profits while harming the investment return of the average long-term mutual fund shareholders."

Market timing is the use of computerized trades late in the day to move money in and out of funds quickly, taking advantage of different closing times for markets around the world. The value of funds on an exchange is calculated once a day. Traders can buy shares at a price set by one exchange that does not reflect favorable developments after that market's close and then sell them for the higher price later set by other markets.

Most funds forbid this because it takes part of the gain from long-term investors, who are typically less wealthy than hedge fund investors.

Thomsen said the SEC has brought nearly 90 civil cases against the practice and obtained more than $3 billion to distribute to victims.

Two former brokers and a manager in Prudential's Boston office have pleaded guilty to various wire and securities fraud charges. The government said similar activity occurred in the New York branch and headquarters offices.

McNulty declined to say whether any hedge fund managers or investors were among the individuals still under investigation.

Thomsen said the SEC filed civil actions Monday against four more former brokers.

The rest of Prudential's payment includes a $325 million criminal penalty -- $300 million to the U.S. Treasury and $25 million to the U.S. Postal Inspection Service's Consumer Fraud Fund, to help deter future frauds -- and a $5 million civil penalty to the state of Massachusetts.

Prudential Equity Group also was censured by New York Stock Exchange regulators.

Prudential Agrees To Pay $600 Million For Deceptive Market-timing Trading (BOS)

By Chris Reidy, Globe Staff

The Boston Globe, August 29, 2006

The Justice Department said today that Prudential Financial Inc. has agreed to pay $600 million in fines, restitution, and penalties for deceptive market timing trading in mutual fund shares, one of the largest resolutions ever of a market-timing case.

The settlement followed probes by various regulators that included charges that some former brokers in Prudential's Boston office used fake identities and deceptive tactics to make millions of dollars of market-timing trades that defrauded dozens of mutual fund firms.

As part of the agreement, Massachusetts Secretary of State William F. Galvin levied a $5 million penalty on Prudential.

"Market timing violated Prudential's internal controls, but no one stopped it," Galvin said.

Since New York Attorney General Eliot Spitzer accused four firms in September 2003 of allowing improper trading, US regulators have reached civil settlements with more than two dozen mutual fund and brokerage companies, and over 30 former executives. Total penalties will now exceed $5 billion.

Prudential will pay $270 million in restitution, a $300 million criminal penalty, a $5 million civil penalty, and $25 million to a fraud fund.

Two former brokers at Prudential Securities, which was sold to Wachovia Corp. in 2003, pleaded guilty to federal fraud charges last year after prosecutors said they used fake identities to skirt controls and make fraudulent trades on behalf of favored clients.

The biggest market timing settlements have been Bank of America Corp.'s $675 million accord in 2004 and a $600 million agreement by AllianceBernstein LP in 2003. Both companies settled with the SEC and Spitzer. Bank of America's settlement included payments by FleetBoston Financial Corp., which it bought in April 2004.

"We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems, " Prudential chairman and chief executive Arthur F. Ryan said in a statement. "We have strengthened our compliance programs. Prudential cooperated with the authorities throughout the process. This settlement represents our desire to do the right thing."

The discovery of widespread market timing triggered a scandal as state and federal regulators filed a wave of lawsuits in late 2003. Before Prudential's settlement, 15 firms had reached settlements totaling more than $3.5 billion.

The Prudential settlement stems from civil charges filed about three years ago. The lawsuit alleged that five former Prudential Securities brokers and their branch manager in Boston helped sophisticated investors make more than $1.3 billion of market-timing trades in mutual-fund shares. The suit alleged that this rapid trading raised expenses and lowered returns to shareholders of more than 50 fund families.

Market timing is the use of quick trades to move money in and out of funds quickly, often taking advantage of different closing times for markets around the world. Most funds have policies forbidding it because heavy fund-share trading typically dilutes the profits of longer-term shareholders in the fund.

Authorities have alleged that Prudential's Boston-based brokers created fake accounts and changed account numbers to help mask the rapid trading by lucrative hedge-fund clients after certain mutual funds had blocked them or their customers from such trades.

Two of the Boston office's former brokers, Martin Druffner and Skifter Ajro, pleaded guilty last year to wire and securities fraud counts. Their former branch office manager, Robert E. Shannon, pleaded guilty to aiding and abetting securities fraud.

Shannon, a 54-year-old former Brookline, Mass., resident now living in Maryland, resigned in 2003. Prudential's Boston office is now jointly owned by Wachovia Securities LLC and Prudential Financial Inc.

Prosecutors said Druffner began making fraudulent trades in 1999, before other Boston-based Prudential brokers working with him allegedly joined the scheme on behalf of seven hedge-fund clients. Prosecutors said trading continued through October 2003, when the group left the company just as disclosures about market timing and other trading abuses were ensnaring much of the mutual fund industry.

A civil complaint by the Securities and Exchange Commission alleges participants received nearly $5 million in gross commissions in 2002 alone.

Material from Globe wire services was used in this report.

Prudential To Pay $600 Million To Settle Fund Probes (Update2) (BLOOM)

By Josh P. Hamilton And Robert Schmidt

Bloomberg, August 29, 2006

Aug. 28 (Bloomberg) -- Prudential Financial Inc., the second-largest U.S. life insurer, agreed to pay $600 million to settle investigations of improper mutual fund trading and avoid criminal prosecution of one of its units.

The payments are part of a so-called deferred prosecution agreement between a unit of Newark, New Jersey-based Prudential and the U.S. Justice Department, Deputy Attorney General Paul McNulty said today. The U.S. Securities and Exchange Commission also sued four former Prudential brokers in New York.

Prudential is the first company to settle under threat of criminal prosecution since New York Attorney General Eliot Spitzer launched an investigation of the mutual fund industry in September 2003. Prosecutors say Prudential allowed Boston-based brokers to make trades that benefited hedge fund clients at the expense of long-term mutual fund investors.

``On multiple occasions, the brokers' deceptive conduct came to the attention of senior management," McNulty said. Managers ``failed to stop the activity," he said.

U.S. regulators investigating market timing have reached civil settlements with more than two dozen mutual fund and brokerage companies, and over 30 former executives. Total penalties now exceed $5 billion. In addition to the four former Prudential brokers sued today, five others were sued in 2003.

In-And-Out

Prosecutors said Prudential Securities failed to prevent its brokers from engaging in excessive in-and-out trading that raises a fund's transaction costs and reduces gains for long- term holders. The brokers were able to conduct the trades using multiple accounts and multiple identities, prosecutors said.

The improper trading generated more than $50 million in commissions for brokers and more than $100 million in profits for hedge fund clients, McNulty said.

Senior Prudential officials failed to act on more than 1,000 emails and letters from mutual fund companies complaining about deceptive practices by the Boston brokers, said Linda Thomsen, the SEC's director of enforcement.

Prudential will pay $270 million in restitution, a $300 million criminal penalty, a $5 million civil penalty, and $25 million to a Postal Inspector fraud fund, the largest total payment from a single company since the probe began.

``We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems," Prudential Chief Executive Officer Arthur Ryan said in a statement.

Sufficient Reserves

Prudential has set aside at least $900 million for settlement and litigation costs since 2003. The company said its reserves were sufficient for the settlement.

Prudential sold its brokerage to Wachovia Corp. in 2003, four months after Prudential received a subpoena from Spitzer. In a cashless transaction, Wachovia combined Prudential Securities with its own brokerage, giving Prudential Financial a 38 percent stake in the new entity. Prudential Equity Group, the unit involved in today's settlement, retained liability for the market timing probes.

Of the five former Prudential brokers sued by the SEC in 2003, two of them, Martin Druffner and Skifter Ajro, pleaded guilty to federal criminal charges of wire and securities fraud. They haven't been sentenced. The four brokers sued today are: Frederick J. O'Meally, Jason N. Ginder, Michael L. Silver, and Brian P. Corbett.

Biggest Settlements

The biggest market timing settlements to date have been Bank of America Corp.'s $675 million accord in 2004 and a $600 million agreement by AllianceBernstein LP in 2003. Both companies settled with the SEC and Spitzer. Bank of America's settlement included payments by FleetBoston Financial Corp., which it bought in April 2004.

Prudential had a previous brush with criminal charges. In 1994, federal prosecutors accused the company of fraud in connection with the sale of investments in oil and gas partnerships. Under a deferred prosecution agreement, the Justice Department agreed to hold off on pressing charges on the condition that the company acknowledge wrongdoing, pay restitution and improve its regulatory compliance.

In addition to the Justice Department, today's agreement settles probes by the SEC, the NASD, the New York Stock Exchange, the New Jersey Bureau of Securities, the Secretary of the Commonwealth of Massachusetts, and Spitzer's office.

The three-year investigation has gone a long way toward stopping improper trading at mutual funds, the SEC's Thomsen said.

``I think the industry has noticed what we're doing," she said. ``My hope and expectation is we will see far less of this kind of conduct going forward."

To contact the reporters on this story: Robert Schmidt in Washington at rschmidt@bloomberg.net ; Josh P. Hamilton in New York at jphamilton@bloomberg.net

Record $600m Fine For Timing Fraud (FT)

By Stephanie Kirchgaessner In Washington And Rebecca Knight In,boston

Financial Times, August 29, 2006

Prudential Financial, one of the largest US life assurers, has admitted that it engaged in a scheme to defraud mutual funds and their shareholders on behalf of hedge fund clients.

It also agreed to pay a $600m fine as part of a deferred prosecution agreement announced yesterday. The Justice Department said the fine marked the biggest settlement to date in the elaborate scandal first unveiled three years ago by New York attorney-general Eliot Spitzer.

That saw a number of companies in the mutual fund industry accused of abusing rules over the timing of market trades to generate profits for clients and hefty commissions for brokers.

The Justice Department said yesterday that senior managers at Prudential Securities - a former subsidiary of Prudential Equity Group now jointly owned with Wachovia - had repeatedly been made aware of the deceptive practices of some brokers, but had ignored the warnings and continued to issue the brokers with new client accounts.

The scheme, which dated back to 1999 and continued until 2003, generated $100m in profits for seven of the brokerage's clients and more than $50m in ill-gotten commissions, the DoJ said.

Three executives have pleaded guilty over their role and prosecutors said yesterday that their criminal investigation into the conduct of other individuals and entities was continuing.

Deputy attorney-general Paul McNulty declined to comment on whether the hedge fund clients who had benefited from illicit trading knew of the scheme.

Prudential has taken charges to build up a reserve to pay for estimated settlement costs; according to analysts the $600m settlement approximates to the reserve.

Prudential will pay $270m to the Securities and Exchange Commission, $300m to the US Treasury, $25m to the US Postal Inspection Service and $5m to the state of Massachusetts.

Prudential Ordered To Pay 600 Mln Dlr Fine To Settle Trading Probe (AFP-Y)

AFP, August 29, 2006

US life insurer Prudential Financial has been ordered to pay a 600 million dollar fine by the government after some of its brokers engaged in fraudulent trading of mutual fund shares, prosecutors said.

Government officials said the fine was the largest ever in a "market timing" case, where Prudential brokers rammed through thousands of share orders as the stock market closed in a bid to reap improper profits and commissions.

The New Jersey-headquartered company's chief executive, Arthur Ryan, said Prudential regretted the brokers' behaviour and that it had since bolstered its compliance programs.

The Prudential brokers used an automated mutual fund trading system to defeat efforts by mutual funds to block their last-minute share orders.

Regulators said the company's Prudential Equity Group "has admitted to criminal wrongdoing in connection with deceptive market timing trading in mutual fund shares dating back to 1999."

"This is a great victory for the investing public," US deputy attorney general Paul McNulty said in a statement.

Prudential was ordered to pay the large fine following a probe by the Justice Department, the Securities and Exchange Commission and Massachusetts state regulators.

Under a settlement deal, Prudential will pay a 325 million dollar criminal penalty to the government, as well as paying 270 million to compensate those harmed by the fraud, and a five million dollar civil penalty to the Massachusetts authorities.

The government probe, however, is still ongoing and the company has agreed to abide to a variety of terms and conditions over the next five years under which its general counsel will have to report periodically to the government on its new compliance measures.

The Justice Department said in a statement that from 1999 through to June 2003, several Prudential brokers "engaged in a scheme to defraud mutual funds and their shareholders by using deceptive practices to place thousands of prohibited market timing trades."

Officials said many of the trades were placed by the brokers on the behalf of hedge funds.

SEC officials said Prudential managers had received "hundreds of notices" from mutual fund companies that complained about the brokers' conduct, but that Prudential "failed to curtail their deceptive market timing practices."

"We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems," Prudential chief executive Arthur Ryan said in a statement.

"This settlement represents our desire to do the right thing and put this matter behind us," Ryan said.

Three former Prudential brokers have pleaded guilty to fraudulent trading to date: Martin Druffner, Skifter Ajro and Robert Shannon.

The SEC said it had filed civil actions against five other former Prudential employees following the launching of legal cases against six other former workers.

The company is one of America's largest life insurance firms with 568 billion dollars under management as of June 30.

Prudential To Pay $600M In Market-timing Settlement (MRKTWTCH)

By Alistair Barr & Robert Schroeder

Market Watch, August 29, 2006

Brokerage unit admits criminal wrongdoing, DOJ says

WASHINGTON (MarketWatch) -- Prudential Financial Inc.'s brokerage unit agreed on Monday to pay $600 million to settle charges that former employees defrauded mutual fund investors by helping clients rapidly trade funds.

The payment -- the largest market-timing settlement involving a single firm -- ends civil and criminal probes and allegations by the Department of Justice, the Securities and Exchange Commission and several other regulators including New York Attorney General Eliot Spitzer.

Prudential Equity Group, a subsidiary of Prudential Financial (PRU: news, board) , admitted criminal wrongdoing as part of its agreement with the Justice Department. Prudential Equity Group was formerly known as Prudential Securities.

"This resolution goes a long way in restoring the public trust," Deputy Attorney General Paul McNulty told reporters at the Justice Department.

Prudential will pay $270 million to victims of the fraud, a $300 million criminal penalty to the U.S. government, a $25 million fine to the U.S. Postal Inspection Service and a $5 million civil penalty to the state of Massachusetts, according to the Justice Department.

"We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems," Prudential Chief Executive Arthur Ryan said in a statement. "We have strengthened our compliance programs."

Prudential shares climbed 1.1% to close at $73.72 on Monday.

Federal and state authorities alleged that from 1999 through June 2003, a number of brokers at Prudential Securities deceptively placed thousands of prohibited market timing trades of mutual funds for their clients, who were usually hedge funds, the SEC and the DOJ explained in their statements on Monday.

By placing their trades in multiple accounts, often with multiple identities, the brokers were able to evade efforts by the mutual funds to block the market timing, the regulators said.

Market-timing isn't necessarily illegal. But most funds forbid it because heavy trading of fund shares often weakens profits for long-term fund shareholders. Market-timing involves quickly shifting large amounts of money in and out of a fund.

Mutual fund and financial-services companies, including Bank of America (BAC: news, board) , Alliance Capital (AB: news, board) and Amvescap (AVZ: news, board) division Invesco, have paid more than $3.5 billion in fines and disgorgement since the mutual fund market-timing schemes were uncovered by Spitzer and other regulators.

Prudential's $600 million payment has only been topped by Bank of America, which paid $675 million in a settlement that included FleetBoston, a bank it acquired in 2003. Alliance Capital, which is now called AllianceBernstein, paid $600 million.

Prudential has had expensive run-ins with regulators before. In the 1990s, the company paid billions of dollars to regulators and customers after life insurance sales violations and misleading investors about the risks of limited partnerships.

Three individuals from the Boston branch of Prudential Equity Group have pleaded guilty to wire and securities fraud charges.

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Also on Monday, the SEC filed civil charges in federal court against four other former Prudential Securities representatives.

Alistair Barr is a reporter for MarketWatch in San Francisco.

Robert Schroeder is a reporter for MarketWatch in Washington.

SunTrust Says S.E.C. Has Ended Its Inquiry (NYT)

By Bloomberg News

The New York Times, August 29, 2006

SunTrust Banks said yesterday that the Securities and Exchange Commission had completed an investigation into the company's 2004 financial statements and recommended no enforcement action.

SunTrust, based in Atlanta, said in January 2005 that the S.E.C. had issued subpoenas seeking documents related to accounting on its loan loss reserves. The investigation looked at the bank's restatement of its 2004 first- and second-quarter net income.

SunTrust fired its chief credit officer and two other finance employees in November 2004 after an internal investigation found accounting mistakes that inflated how much the company had set aside for bad loans in the first half.

In trading yesterday, SunTrust shares gained 49 cents, to close at $77.19.

Lawsuit Filed By Grasso Is Dismissed (NYT)

By Jenny Anderson

The New York Times, August 29, 2006

A New York State judge has dismissed a lawsuit brought by the former chairman and chief executive of the New York Stock Exchange, Richard A. Grasso, against H. Carl McCall, a former Big Board director who once ran New York State's finances.

The lawsuit was part of the larger legal battle between the New York attorney general, Eliot Spitzer, and Mr. Grasso. Mr. Spitzer has accused the former exchange chief of receiving excessive and unreasonable compensation during his time running what was then a nonprofit exchange.

In his lawsuit, Mr. Grasso asserted that Mr. McCall, who was chairman of the compensation committee that approved a $190 million pay and retirement package, should be held responsible for some part of the compensation if the court deemed it unreasonable.

But Justice Charles E. Ramos of State Supreme Court in Manhattan dismissed Mr. Grasso's suit, stating that he had failed "to establish any special duty owed him by Mr. McCall, or any specific misrepresentations made by McCall."

In his 11-page decision, Justice Ramos wrote that Mr. McCall's only duty was to the board, not Mr. Grasso.

"Surprise, surprise," said William V. Wachtel, Mr. McCall's lawyer. "There's no factual or legal basis to blame Carl McCall for anything. I'm only sorry it took so long to prove it."

A lawyer for Mr. Grasso, Gerson Zwiefach, said he would appeal the decision. He declined to comment further.

Mr. Grasso was not planning on retiring when he took the money, which included his accrued retirement benefits. In the furor that arose after the disclosure of the pay in the summer of 2003, Mr. Grasso was forced to resign from the exchange.

In 2004, when Mr. Spitzer sued Mr. Grasso and Kenneth G. Langone, who led the Big Board's compensation committee in the years when Mr. Grasso's compensation rose significantly, critics of Mr. Spitzer accused him of letting Mr. McCall off the hook for political reasons: Mr. Spitzer is running for governor and Mr. McCall, a Democrat, had run unsuccessfully for the same position.

At the time, Mr. Spitzer said he had not sued Mr. McCall because he had drawn a distinction between those who were misled, including Mr. McCall, and those who, he said, did the misleading.

CRIMINAL LAW:

Ex-Colleague Says Armitage Was Source Of CIA Leak (WP)

By R. Jeffrey Smith

The Washington Post, August 29, 2006

The leak of information about an undercover CIA employee that provoked a special prosecutor's investigation of senior White House officials came from then-Deputy Secretary of State Richard L. Armitage, according to a former Armitage colleague at the department.

Armitage told newspaper columnist Robert D. Novak in the summer of 2003 that Valerie Plame, the wife of a prominent critic of the Iraq war, worked for the CIA, the colleague said. In October of that year, Armitage admitted to senior State Department officials that he had made the remark, which was based on a classified report he had read.

Novak collected what he considered to be a confirming comment from White House political strategist Karl Rove, then wrote a column in July 2003 that cited Plame's CIA employment as a reason to question the credentials of the critic, former U.S. ambassador Joseph C. Wilson IV.

In 2002, the CIA sent Wilson to Niger to determine whether Iraq was seeking nuclear material there. He subsequently accused the White House of distorting intelligence to justify the invasion of Iraq.

Novak's column set off a chain of events that culminated in the appointment of special prosecutor Patrick J. Fitzgerald and a grand jury's indictment of Vice President Cheney's chief of staff, I. Lewis "Scooter" Libby, for lying to investigators about his own conversations with reporters regarding Plame.

Fitzgerald has never commented on Armitage's role and has not brought charges against him.

Armitage's role in the case -- which he confirmed to the FBI in 2003 and later described to Fitzgerald and to the grand jury, his colleague said yesterday -- raises questions about when the White House became aware of the origins of Novak's story. President Bush said as late as 2005 that he was eager to learn all the facts behind the leak.

The case's origin in a conversation between Novak and Armitage is one of Washington's worst-kept secrets. Neither Novak nor Armitage has confirmed it, however, leaving a measure of uncertainty until now. A story this weekend by Newsweek magazine was the first to cite confirming statements by former Armitage associates.

Armitage did not return a phone call to his office yesterday, but his former colleague, who spoke on the condition of anonymity, said Armitage had described disclosing Plame's employment to Novak in an offhand manner, virtually as gossip, at the end of a conversation in Armitage's office. Armitage did not know at the time that Plame's identity was considered secret information and senior State Department officials concluded he did "not do anything wrong" when they learned about it months later, the former colleague said.

Armitage and two officials he later briefed on his role -- State Department legal adviser William Howard Taft IV and Secretary of State Colin L. Powell -- each discussed the matter with the FBI and testified before the grand jury, the former colleague said. But Fitzgerald told Armitage in February that he would not be charged with a crime, he said.

Three weeks before Armitage spoke to Novak, he made a similar, offhand disclosure of Plame's employment to Washington Post Assistant Managing Editor Bob Woodward, the former colleague added. Armitage disclosed the conversation to Fitzgerald after Woodward reminded him of it in October 2005, and Woodward subsequently gave a deposition about the conversation.

"Of course, I have nothing to say about sources," Woodward said yesterday.

Armitage's involvement in the matter does not fit neatly into the assertions of Bush administration critics that Plame's employment was disclosed as part of a White House conspiracy to besmirch Wilson by suggesting his Niger trip stemmed from nepotism at the CIA. Wilson and Plame have sued top administration officials, alleging that the leak was meant as retaliation.

But Armitage, the source Novak had described obliquely as someone who is "not a political gunslinger," was by all accounts hardly a tool of White House political operatives. As the No. 2 official at the State Department from March 2001 to February 2005, Armitage was a prominent Republican appointee. But he also privately disagreed with the tone and style of White House policymaking on Iraq and other matters.

"Just because Armitage did this on his own, earlier, doesn't mean that there wasn't a White House conspiracy to 'out' Valerie [Plame] Wilson. We don't think it affects the case," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, the group pressing the lawsuit.

D.A. Drops Charges Against Karr (LAT)

By Stephanie Simon And Michael Muskal

The Los Angeles Times, August 29, 2006

BOULDER, Colo. — The murder case against John Mark Karr collapsed this afternoon when he was exonerated by a DNA test, but the man who was once the leading suspect in the JonBenet Ramsey tragedy will be returned to California to face child pornography charges, officials said.

In a fast-moving series of events throughout the afternoon, Boulder Dist. Atty. Mary T. Lacy, who had sought Karr's departure from Thailand and extradition from California, dropped all charges against the former teacher.

At a news conference in Thailand about 10 days ago, Karr, 41, told an international audience that he was present when Ramsay, a 6-year-old beauty pageant queen, was killed a decade ago.

"Because no evidence has developed, other than his own repeated admissions, to place Mr. Karr at the scene of the crime and, in particular, because his DNA does not match that found in the victim's blood in her underwear, the People would not be able to establish that Mr. Karr committed this crime despite his repeated insistence that he did," according to the motion to quash the arrest warrant.

Shortly after that decision, Boulder County Sheriff Joe Pelle said that Karr had been released from Colorado custody but was being held in the county jail for California authorities.

Karr is wanted in Sonoma County on an arrest warrant after he was charged with five counts of possessing child pornography in 2001, but fled.

Sonoma County Dist. Atty. Stephan Passalacqua said in a statement this afternoon: "We filed this case against Mr. Karr in 2001 and the same merits in proceeding with the case then still exist today."

The California charges stem from an investigation of the 1997 murder of 12-year-old Georgia Moses in Petaluma. Karr was investigated in that case but is no longer considered a "viable suspect," according to the Sonoma County sheriff's office.

Passalacqua said in the statement that Karr's appearance in California is not expected until the first or second week of September.

Soon after Karr made his statements in Thailand there were suspicions that he was a self-aggrandizing publicity seeker and not the killer of the little girl whose over-dressed blond image has paraded across tabloid papers and cable stations.

Karr's family insisted that he was with them in Georgia and Alabama when the girl was killed during the Christmas holidays of 1996.

In the court papers, Lacy said authorities found no evidence that Karr was in Boulder at the time of the slaying.

Lacy, in the papers, said Karr emerged as a suspect in April after he spent several years exchanging e-mails and later telephone calls with a Colorado professor. Karr, who used the alias Daxis, reportedly admitted responsibility for killing Ramsey.

According to court papers, Karr claimed to have killed Ramsey during sex and then tasted her blood. But officials at the Denver crime lab conducted DNA tests Friday and Ramsay's DNA failed to match the evidence.

"If Mr. Karr's account of his sexual involvement with the victim were accurate, it would have been highly likely that his saliva would have been mixed with the blood in the underwear," Lacy said in the court papers.

Defense attorney Seth Temin expressed outrage that Karr was even arrested.

"We're deeply distressed by the fact that they took this man and dragged him here from Bangkok, Thailand, with no forensic evidence confirming the allegations against him and no independent factors leading to a presumption he did anything wrong," Temin said.

The prosecution has always said it acted because it felt it had to because Karr had just taken a job as a second-grade teacher in Thailand.

Karr in Thailand had described an interest in several girls "in much the same terms that he had described his interest in JonBenet," Lacy wrote.

In her papers, Lacy stated that Karr had a "personal involvement with at least one of the girls he had previously identified as the target of his personal and sexual interest."

Lacy announced that she would hold a "panel discussion" with selected reporters Tuesday to discuss the case.

When reporters asked why the district attorney would not face the full press to answer questions, a court officer said: "You should be grateful that she is willing to do that."

From Thailand, Karr was lodged in the Los Angeles County Jail. Karr waived his rights last week and was sent to Boulder.

It was not known when he would be returned to California.

Simon reported from Boulder and Muskal from Los Angeles.

Karr Won't Be Charged In Death Of JonBenet (WP)

By Amy Goldstein And T.R. Reid

The Washington Post, August 29, 2006

BOULDER, Colo., Aug. 28 -- Prosecutors dropped their case against John Mark Karr in the decade-old killing of JonBenet Ramsey on Monday, abruptly ending a 12-day whirlwind that reached halfway around the globe and riveted public attention over whether the slaying of the child pageant star had at last been solved.

Less than two hours before a court hearing here in which the 41-year-old teacher was to have been charged with murder, the Boulder County district attorney announced that investigators had not gathered enough evidence against him. In court documents and a public statement, District Attorney Mary Lacy said that Karr's DNA did not match samples from the crime scene and that family members had provided "circumstantial evidence" that he was with them in Atlanta during Christmas in 1996, when the 6-year-old girl was killed.

At mid-afternoon, a sheriff's deputy went to Karr's cell in the Boulder jail and told him he was being released. The deputy began driving Karr to an undisclosed location in town, but turned around and brought him back to jail: Boulder Sheriff Joe Pelle said he had just received a teletype from law enforcement officials in Sonoma County, Calif., saying they wanted Karr transferred there. Karr faces an outstanding arrest warrant in Petaluma, Calif., on unrelated misdemeanor charges from 2001 of having child pornography on his computer.

Legal experts who have followed the Ramsey case over the years disagreed over whether the prosecutor had botched the investigation by arresting Karr. But both critics and defenders of the district attorney said the dramatic and confusing events of recent days may make it more difficult for prosecutors to win a conviction if a more compelling suspect is found.

Monday's tumultuous reversal came less than two weeks after Karr became the first person arrested on suspicion of killing JonBenet, who was found strangled in the basement of her family's home here. Karr was apprehended in Bangkok, where he had just started a job teaching second-graders at a private school. As Thai police led him through an immigration detention center past a crush of reporters, the suspect said he had loved JonBenet and had been with her when she died.

"No evidence has developed, other than his own repeated admissions . . . to establish that Mr. Karr committed this crime," District Attorney Mary Lacy told the court. Judge Roxanne Bailin then granted Lacy's motion to terminate the case against Karr.

On Monday, for the first time, the prosecutor disclosed more than 400 pages of e-mails spanning four years and transcripts of telephone conversations from June to Aug. 12 between Karr and a professor who has specialized in the case.

In the four years of e-mail correspondence with University of Colorado journalism professor Michael Tracey, Karr, who uses the alias "Daxis," details his obsession with JonBenet and what he describes as his sexual experiences with girls. Late this spring and early this summer his contact with Tracey increased, and he gave what he said were more specifics about JonBenet's death.

In the first phone call, Karr told Tracey he had engaged in sexual activity with JonBenet, whom he described as "an incredible little girl with maturity beyond her years."

In one e-mail in April, Karr asked Tracey to tell the girl's parents that "a person you feel strongly to be JonBenet's killer (I hate that term) wishes to speak to them, to explain what happened that night and to explain also that there was never any intention to kill her."

In this heavily politicized university town and around Colorado, politicians and legal experts were deeply divided over the sudden end to what had seemed a remarkable breakthrough in one of the nation's most notorious unsolved murders -- and whether the district attorney acted wisely in transporting Karr from Thailand.

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In the days after the arrest, fragments of the suspect's past came to light that deepened the mystery of whether his avowals of his role in JonBenet's death were credible. Relatives and others who have known him depicted an intelligent but troubled man who was attracted to young girls and appeared obsessed with the Ramsey case.

When Karr was 19, he married a girl of 13 who filed for divorce a year later, saying she was "fearful for her life and safety." His second wife, to whom he was married for a dozen years, until 2001, was 16 and pregnant when they wed.

His family contains a history of mental illness; he was raised largely by grandparents after his mother was admitted to a psychiatric hospital, according to his mother's stepmother.

At the Sonoma County Sheriff's Department, Lt. Dave Edwards issued a statement last week saying that investigators had been aware of an "apparent fascination" Karr had with the 1996 Ramsey case -- as well as the murder of another child, Polly Klaas, who had been killed in Petaluma three years earlier -- and that he had "made certain uncertain allusions to placing himself in the killer's role" in JonBenet's death.

The day after Karr's arrest, Lacy sounded cautious about whether her office had found JonBenet's killer. At a news conference, she warned that the investigation was at an early stage.

Monday, some lawyers who have followed the case closely said Lacy mishandled Karr's arrest.

"It's hard to believe that the Boulder D.A. could be so dumb on a case this big," said Craig Silverman, a defense lawyer and former prosecutor in Denver. Larry Pozner, of Denver, a former president of the National Association of Criminal Defense Lawyers, said: "Boulder is not Guantanamo. You don't arrest and then find out if you have reason to arrest."

Gov. Bill Owens (R), a longtime critic of Lacy who has speculated on the role of the girl's parents in her death, lambasted the prosecutor for what he called "the hysterics" surrounding Karr's arrest. "Mary Lacy should be held accountable for the most extravagant and expensive DNA test in Colorado history," Owens said.

But former Denver district attorney Norman Early said the prosecutor had little choice but to arrest Karr, rather than risk the possibility that he might harm a child in Thailand. Early speculated that Lacy had wanted to bring Karr to Boulder quietly to obtain DNA and handwriting samples -- but instead found herself in the midst of an international media spectacle when word of the arrest leaked.

Suspect Cleared In Ramsey Case After DNA Tests (NYT)

By Kirk Johnson

The New York Times, August 29, 2006

BOULDER, Colo., Aug. 28 — The case against John M. Karr in the 1996 killing of 6-year-old JonBenet Ramsey collapsed Monday when DNA tests refuted Mr. Karr's claims that he had committed the crime.

The announcement by the Boulder County district attorney, Mary T. Lacy, incited a storm of questions about why Mr. Karr, 41, had been believed in his admissions and how he could have led prosecutors into what became an elaborate global farce. Hordes of reporters had tracked Mr. Karr's journey, from his apprehension in Thailand nearly two weeks ago to his return to the United States.

In a motion asking a judge to dismiss the arrest warrant, Ms. Lacy wrote that Mr. Karr's obsession with the case and its details, combined with his own statement of guilt, had compelled her to act first and test later. But in the end, she said, his words were all there was.

"No evidence has developed, other than his own repeated admissions, to place Mr. Karr at the scene of the crime," she wrote. "Mr. Karr was not the source of the DNA found in the underwear of JonBenet Ramsey."

The resulting anger, in a case that has produced numerous investigative blunders over the years, was immediate.

"They took this man and dragged him here from Bangkok, Thailand, with no forensic evidence confirming the allegations against him and no independent factors leading to a presumption that he did anything wrong," Mr. Karr's lawyer, Seth Temin, said outside the Boulder County Jail, where Mr. Karr was still being held Monday afternoon. "We're deeply distressed."

The Ramsey family has been at the center of the story for years, part of that time under suspicion by prosecutors. Patsy Ramsey, JonBenet's mother, died from ovarian cancer in June at age 49. Her sister, Pamela Paugh, said Monday that the search for the real killer would continue.

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"He wasn't the only name on the list," Ms. Paugh said of Mr. Karr.

What is next for Mr. Karr is uncertain. He still faces five misdemeanor counts in California of possessing child pornography on his computer. In 2001, he was held in the Sonoma County Jail for six months and then released, with bail waived. When he failed to appear at a court date, the judge issued a warrant for his arrest.

The district attorney in Sonoma, Stephan R. Passalacqua, said in a written statement that Mr. Karr would be extradited back to face those charges.

"We filed this case against Mr. Karr in 2001," Mr. Passalacqua said, "and the same merits in proceeding with the case then still exist today."

Although the public defender said earlier Monday that extradition for a misdemeanor case was unusual, Mr. Passalacqua said: "Defendants convicted of possessing child pornography are required to register with local authorities as sex offenders. Mr. Karr should be no exception."

In her five-page motion to dismiss the case, Ms. Lacy said that Mr. Karr's interest in young girls, largely revealed in e-mail correspondence and telephone conversations with a University of Colorado journalism professor, Michael Tracey, supported the notion that Mr. Karr's talk of a personal involvement in the Ramsey killing might have been real.

Under the pseudonym Daxis, Mr. Karr told Professor Tracey that he had been involved romantically and sexually with young girls, that age 6 was his preference, and that he had accidentally killed JonBenet Ramsey by leaving a garrote around her neck longer than he intended, then striking her on the head. Daxis said he wanted the information included in a book that Professor Tracey was intending to publish.

"Daxis provided details of his recollection of how JonBenet died," Ms. Lacy wrote in the letter, "in a way that supported the conclusion that he firmly believed that he loved JonBenet Ramsey, that he had involved her in sexual activities that included temporarily asphyxiating her and that he had 'accidentally' killed her."

Only after his detention, she said, were investigators able to question people about his past and his whereabouts on Dec. 25 and 26, 1996, the time of the crime. His family in Georgia provided "strong circumstantial evidence" that he had been with them that Christmas.

"In addition," Ms. Lacy wrote, "no convincing evidence could be found that placed him in or near Boulder."

In e-mail transcripts released by the district attorney on Monday, Daxis enthused about the crime.

"I DID provide information that only her killer would know," he wrote. "Furthermore, I provided information that only a person in close proximity to her, within inches, would know. Thank you, Michael. I only wish we would have met on a different note. I await your response to my idea for a book with you."

Professor Tracey, who has refused to discuss the contents of his e-mail correspondence with Mr. Karr, declined in a brief telephone interview to second-guess the prosecutors or his own role.

"The process took its path, and that's what the D.A. did," he said. Asked if he felt the evidence had been adequate to take Mr. Karr into custody, he replied: "I think people are going to see, for example, when the arrest warrant is unsealed. The arrest warrant was 95 pages." He declined to comment further.

Criminal justice experts said the case demonstrated the difficulties sometimes presented by DNA evidence, even as it becomes a standard of proof in more prosecutions. Rules vary on how and when samples can be taken and on what constitutes consent from a suspect.

"This is an area of law that is very much developing, on what occasions a government can demand the surrender of biological material for DNA analysis," said Mimi Wesson, a law professor at the University of Colorado.

In her letter to the court, Ms. Lacy said Mr. Karr had twice refused requests after his detention in Thailand to provide cheek swabs for DNA, then later consented at a time when investigators were not expecting it and did not have the necessary kit.

Only after his return to Boulder last Thursday, she wrote, could a search warrant be obtained to get a swab. The testing was completed Saturday and was conclusive.

Lawyer: No Charges For JonBenet Suspect (FINDLAW/AP)

By Jon Sarche, Associated Press Writer

AP, August 29, 2006

(AP) - BOULDER, Colo.-Prosecutors decided not to charge John Mark Karr in the slaying of JonBenet Ramsey, his lawyers said Monday after a TV station reported that the schoolteacher's DNA failed to match genetic material on the 6-year-old girl's body.

"The warrant on Mr. Karr has been dropped by the district attorney," public defender Seth Temin said outside the jail. "They are not proceeding with the case."

Boulder County District Attorney Mary Lacy's office did not return repeated calls from The Associated Press.

"We're deeply distressed by the fact that they took this man and dragged him here from Bangkok, Thailand, with no forensic evidence confirming the allegations against him and no independent factors leading to a presumption that he did anything wrong," Temin said.

Earlier in the day, Denver's KUSA, citing two sources close to the investigation, said that hair and saliva taken from Karr in Boulder after his arrival last week were tested over the weekend at the Denver police crime lab and that he was ruled out as the source of the DNA taken from the crime scene.

The schoolteacher's arrest in Thailand a week and a half ago was seen a surprise break in the decade-old murder mystery that had cast suspicion over JonBenet's parents. But inconsistencies in Karr's account immediately raised suspicions that he might be an obsessed follower of the case who confessed to a crime he didn't commit.

Among other things, Karr's relatives insisted that he was with them, celebrating Christmas in Georgia and Alabama, around the time the child beauty queen was found strangled and beaten at her Boulder home on Dec. 26, 1996. They said that if Karr had not been with his family at Christmas, they would have certainly remembered it.

In an interview with the media in Thailand, Karr said that he was with JonBenet when she died and that her death was an accident. Asked if he was innocent, he said no.

In an interview Monday with MSNBC, Gary Harris, who had been spokesman for the Karr family, said of the DNA: "I knew it wouldn't match."

Karr has been "obsessed with this case for a long time. He may have some personality problems, but he's not a killer," Harris said. "He obsesses. He wanted to be a rock star one time. ... He's a dreamer. He's the kind of guy who wants to be famous.

Ramsey family attorney Lin Wood had no immediate comment.

Case Dropped For JonBenet Suspect (WT)

By Valerie Richardson

The Washington Times, August 29, 2006

BOULDER, Colo. -- Boulder County prosecutors yesterday dropped the case against murder suspect John Mark Karr amid reports that his DNA failed to match samples found at the JonBenet Ramsey murder scene.

Karr, a 41-year-old schoolteacher who was the first suspect named or detained in the 10-year-old case, now awaits extradition to Sonoma County, Calif., where he is wanted on a fugitive warrant for five misdemeanor counts of child pornography.

"The warrant on Mr. Karr has been dropped by the district attorney," public defender Seth Temin said outside the Boulder jail. "They are not proceeding with this case."

Boulder County District Attorney Mary Lacy said in court papers that, other than Karr's confession, the case against him was too weak.

"The people would not be able to establish that Mr. Karr committed this crime, despite his repeated insistence that he did," Mrs. Lacy said in court papers.

Authorities collected a DNA sample from Karr when he arrived in Colorado on Thursday and had it tested over the weekend. Samples of an unknown man's DNA were found under JonBenet's fingernails and in her underpants.

"This information is critical because ... if Mr. Karr's account of his sexual involvement with the victim were accurate, it would have been highly likely that his saliva would have been mixed with the blood in the underwear," she said.

Mrs. Lacy immediately came under fire for bringing Karr back from Bangkok, Thailand, without first doing the legwork to build a case against him.

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Colorado Gov. Bill Owens criticized Mrs. Lacy for wasting taxpayers' money and distracting law enforcement from pursuing the real killer.

"Unfortunately, the hysterics surrounding John Mark Karr served only to distract Boulder officials from doing their job, which should be solving the murder of JonBenet Ramsey," Mr. Owens said in a statement.

"I find it incredible that Boulder authorities wasted thousands of taxpayer dollars to bring Karr to Colorado given such a lack of evidence. Mary Lacy should be held accountable for the most extravagant and expensive DNA test in Colorado history."

Calls for her resignation immediately sprang up on talk radio, with former Denver assistant prosecutor Craig Silverman criticizing her "ineptitude."

"I can't believe a Colorado prosecutor could be so dumb in such a big case," Mr. Silverman said. "I think she handled this unprofessionally, and I believe her day of reckoning will soon be upon us."

Her announcement was stunning, but doubts had been cropping up about Karr's guilt since his arrest Aug. 16 in Bangkok. The most glaring hole was his family's insistence that he had spent Christmas 1996 with them, not in Boulder.

Gary Harris, who had been spokesman for the Karr family, said his former client was simply a misguided fame-seeker who has been "obsessed with this case for a long time. He may have some personality problems, but he's not a killer."

"He's a dreamer," he said. "He's the kind of guy who wants to be famous."

Six-year-old JonBenet was found strangled and beaten Dec. 26, 1996, in her family's Boulder home. Karr, who had lived in Alabama, California and Georgia, was apparently obsessed with the case, writing a paper about it in college and discussing it extensively with acquaintances.

After his arrest, Thai authorities said he confessed to the crime. At a press conference the next day, he said he "was with JonBenet when she died" and that her death was "accidental," but refused to provide further details.

Mrs. Lacy herself stressed at a press conference then that the investigation was in its early stages and more work needed to be done. She also hinted that "exigent circumstances," perhaps news leaks, led to her decision to make the arrest when she did. Mrs. Lacy said in court papers that an unarrested Karr might have fled, as he had in the past, or targeted children in Thailand as well.

Karr is expected to be transferred to California within the next 10 days to face trial on the child-porn counts. An extradition hearing was scheduled for today.

Ramsey Suspect's DNA Not A Match (USAT)

By Tom Kenworthy

USA Today, August 29, 2006

BOULDER, Colo. — The Boulder County district attorney dropped the case against John Mark Karr in the death of 6-year-old JonBenét Ramsey on Monday after DNA tests did not tie him to the crime despite his own statements of involvement.

Karr, 41, whose extradition from Thailand was the subject of an internationally televised drama, remains in jail here. He is to be sent to Sonoma, Calif., to face 2001 misdemeanor charges of possessing child pornography.

District Attorney Mary Lacy moved to drop Karr's arrest warrant in the girl's slaying shortly before his first scheduled hearing in a Boulder courtroom.

In a motion detailing how Karr came under suspicion, Lacy said prosecutors had no other evidence and “would not be able to establish that Mr. Karr committed this crime despite his repeated insistence that he did.”

She said DNA samples taken from Karr did not match DNA material recovered from the underwear of the young girl, whose body was found in her Boulder home a day after Christmas 1996.

The prosecutor, in court documents, depicted Karr as holding deep fascination “with not only JonBenét Ramsey but with the sexuality of young girls in general,” and said that he claimed to have had sexual involvement with “a number of young girls.”

The unsolved, decade-old case drew nationwide attention from the beginning, in part because of images of the photogenic child competing in youth beauty pageants wearing glittering costumes and makeup.

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The district attorney detailed e-mails and later telephone calls between Karr and a University of Colorado professor dating to 2002. Though the communications were anonymous, investigators eventually traced them to Karr and located him in Thailand, court documents said.

Karr "admitted personal responsibility for the death" of JonBenét in e-mails earlier this year and described sexual activity with her, the prosecutor said in her motion.

Lacy's motion said investigators tried to obtain DNA from Karr in Thailand but were unable to get a satisfactory sample until Thursday, when he arrived in Colorado in handcuffs and chains on a flight from Long Beach, Calif. Investigators learned on Saturday that Karr's sample did not match the material found on the girl's underwear. Lacy's motion said a DNA match was critical to link Karr to the crime because his description of sexual activity with the girl at the time of her death would have made it likely that some of his DNA material would have been left in the girl's underwear.

The prosecutor said Karr's family "provided strong circumstantial support for their firm belief that he was with them in Georgia at the time of the crime."

Lacy defended her decision to have Karr taken into custody because he had expressed "sexual interest in specific young girls" at a school in Thailand where he had been hired to teach.

Bob Grant, a former Colorado prosecutor who previously was involved in the case, said Lacy had Karr seized in Thailand in part because of concern that girls there might be in danger from him.

"The D.A. was confronted with a serious situation that she felt left her no choice," he said. "She'll be second-guessed by a bunch of armchair quarterbacks."

JonBenét Case Frustrates The Law (USAT)

By Tom Kenworthy

USA Today, August 29, 2006

BOULDER, Colo. — Almost 10 years after the body of 6-year-old beauty pageant star JonBenét Ramsey was found in the basement of her home, the unsolved case seems cursed.

The decision by Boulder County District Attorney Mary Lacy to jettison her investigation of suspect John Mark Karr is another setback in a case that has repeatedly frustrated authorities.

Karr's arrest in Thailand Aug. 16 looked like a major break in the case. It was followed by statements from Karr to reporters in which he said he was present when JonBenét died.

On Monday, Lacy filed a motion to withdraw the arrest because she could not prove his involvement after testing showed that the 41-year-old's DNA did not match that of DNA found at the crime scene.

Critics in the legal community seized on the situation to lambaste Boulder law enforcement authorities for bungling a case they say has been rife with missteps throughout its history. "Prosecutorial ineptitude," Craig Silverman, a former Denver prosecutor, said of Lacy's handling of the case. "With the possible exception of the O.J. Simpson case, I've never seen a prosecutor's office so badly bungle a big case."

Lacy, Silverman said, could have quietly arranged Karr's deportation from Thailand to California — where he faces charges from 2001 of possessing child pornography — and continued her investigation "in a discreet and professional manner" out of the limelight.

There was no need, Silverman said, "for an international hubbub" that included a business-class flight back to the USA with reporters sitting nearby recording his lavish meal and champagne sipping.

"This was another inept response in a case characterized by inept law enforcement conduct," said Larry Pozner, a Denver defense attorney who said Colorado once again had become a "circus." Criminal investigation "precedes arrest. It doesn't follow arrest."

Lacy did not appear to answer questions from the army of media encamped in a parking lot near her office. She has scheduled a news conference for this morning.

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Lacy defended herself in her five-page motion filed in court. She wrote that Boulder authorities moved to have Karr arrested because he posed a threat to schoolchildren he was about to begin teaching at a school in Thailand and that there was a risk he would learn he was being investigated and would flee.

In e-mails to a University of Colorado journalism professor, Karr "began to express sexual interest in specific young girls he said he had met in the new school at which he had recently been hired and at which he was to teach in August," Lacy said.

That e-mail traffic with professor Michael Tracey, Lacy wrote, lasted four years but became more alarming after the June death of Patsy Ramsey, JonBenét's mother. "He began to describe his interest in several girls in much the same terms that he had described his interest in JonBenét Ramsey."

For the cottage industry that has fed off the JonBenét murder for almost a decade, Lacy's explanations probably will fall short.

Among the criticisms over the years:

•Boulder police didn't properly secure the crime scene, allowing JonBenét's parents John and Patsy Ramsey to walk through the house, potentially contaminating evidence.

•Police didn't separate the parents and question them individually, and prosecutors didn't quickly call for a grand jury to compel their testimony.

•Boulder police and the district attorney's office feuded and worked at cross-purposes. In 1998, a city detective in an eight-page resignation letter charged that then-district attorney Alex Hunter had "effectively crippled" the investigation. The two offices, Detective Steve Thomas wrote, "weren't even on speaking terms."

Silverman said there may now be a renewed focus on JonBenét's parents, John and Patsy Ramsey, who were placed under suspicion by Boulder's police chief in 1997.

Tracey said Monday that he's not sure Karr is innocent: "I think the jury's still out." Karr wrote about JonBenét in his e-mails "almost straightaway," and during the four-year exchange with Tracey "became more explicit about what happened" when JonBenét was killed, Tracey said. He called Karr "dark … complex, very smart.

"He's a very troubled guy."

3 Plead Guilty In Child Prostitution Crackdown (AP)

AP, August 29, 2006

DETROIT - A man and two women from Toledo, Ohio, pleaded guilty Monday to charges stemming from a nationwide prostitution operation that authorities say forced children as young as 12 to have sex at truck stops, hotels and brothels.

Deric Willoughby, 41, Brandy Shope, 19, and Jennifer Huskey, 25, pleaded guilty in U.S. District Court in Detroit to conspiracy and interstate transportation of minors for prostitution, U.S. Attorney Stephen J. Murphy said.

Willoughby and Shope each face up to seven years and three months in prison, Huskey faces up to five years and 11 months and all three could be fined up to $250,000 at sentencing hearings set for Dec. 6.

A grand jury in Detroit charged them in December 2005 with forcing two girls, 14 and 15, into prostitution in May of that year. The girls had been held as virtual prisoners in Toledo, where they were told to address Willoughby as "Daddy" and were taken to hotel rooms for prostitution, according to the indictment. Their payments were turned over to Willoughby, the indictment said.

Willoughby admitted in court Monday that he gave the girls false identities, including false birth dates, which they were told to use if detained by authorities.

Another defendant, Richard Lamar Gordon, was identified in the indictment as a truck driver who took the girls from a parking lot at a Sears store in the Toledo area to a truck stop in Dexter, Mich., and had sex with the 14-year-old. Gordon has not been arrested.

Willoughby, Shope and Huskey were among 31 people linked to four child prostitution rings in Michigan, New Jersey and Pennsylvania, Attorney General Alberto Gonzales said in December.

ON THE NET

Justice Department: http://www.usdoj.gov

DOJ_NMG_0055028

National Center for Missing and Exploited Children: http://www.missingkids.com

Bowers Bows Out Of Legislature Citing Health Woes (KNOXNS/AP)

By Associated Press

Knoxville News Sentinel (TN), August 29, 2006

MEMPHIS - State Sen. Kathryn Bowers, awaiting trial on federal corruption charges, announced Monday she is resigning from the Legislature because of poor health.

Bowers easily won the Democratic nomination for re-election Aug. 3, but she will not be a candidate in the November general election, she said. The executive committee of the Shelby County Democratic Party will choose a replacement candidate.

Bowers said she has high blood pressure and a rapid heart rate.

"This has nothing to do with the criminal case. This has to do with my health," she told reporters summoned to her residence for a news conference.

Bowers is one of 11 people, including five current or former state lawmakers, charged in the FBI's bribery investigation code named Tennessee Waltz.

"My doctor offered me a choice: To try to continue on in the state Senate or take a chance on not being here for my children and my grandchildren," Bowers said.

Bowers said her resignation would take effect Friday.

Bowers Cites Health, Not Waltz Or Pension, In Senate Bow (MCA)

By Lawrence Buser And Richard Locker

Memphis Commercial Appeal, August 29, 2006

Local Democrats are evaluating potential nominees to replace state Sen. Kathryn Bowers on the November ballot, a vacancy created Monday with her sudden resignation because of "serious health problems."

The 63-year-old legislator insisted her decision had nothing to do with her bribery indictment in the Tennessee Waltz sting or her retirement benefits.

She said high blood pressure, heart rate problems and other health issues convinced her to follow her doctor's advice to reduce her level of stress.

"My doctor offered me a choice, (to retire or) to try to continue on in the state Senate and take a chance on not being here for my children and grandchildren," Bowers told reporters as she stood in the shade of a magnolia tree in the front yard of her Whitehaven home.

"This has nothing to do with the criminal case. It has to do with my health. With all that's going on with the campaign and of course with my legal situation, I just need to get me some rest so I can figure out what I need to do next."

She said in a letter delivered Monday to Tennessee Lt. Gov. John Wilder that her withdrawal as a candidate for Senate Dist. 33 is effective immediately and her resignation as senator is effective Friday.

Bowers was elected state representative in 1994 and worked her way up to House majority whip. She was elected last year to the state Senate seat vacated by Roscoe Dixon.

Shortly after, she was indicted for allegedly accepting $11,500 in bribes from undercover FBI agents posing as businessmen seeking favorable legislation for a fictitious company.

Bowers has pleaded not guilty, but last week in federal court her attorney and prosecutors indicated to the judge she may enter a guilty plea next week.

Her withdrawal from the November election triggers a provision in state law that allows members of the Shelby County Democratic Executive Committee who represent Dist. 33 to nominate a new candidate for the Nov. 7 ballot, which it must do no later than Sept. 28 -- 40 days before the election.

Shelby County Democratic Party Chairman Matt Kuhn said selecting a replacement candidate will be addressed at a meeting Sept. 7, but it could be later before a nominee is chosen.

"The local party will be seeking candidates, and there definitely will be some good ones out there."

The Democrat will face Republican Michael Floyd of the Mendenhall Estates area. The district covers Whitehaven and parts of South Memphis, Germantown and Collierville, and is considered heavily Democratic.

The withdrawal from the ballot also allows Bowers to remain eligible for an $841 a month pension she has earned from nearly 12 years in the legislature, according to Jill Bachus, director of the state retirement system.

Under the new state ethics law approved by the legislature this year, she could lose the pension if she won re-election and was later convicted of the pending federal charges.

Bowers is also eligible, Bachus said, for another $140 a month in pension benefits from about five years as an employee of the state Board for Licensing Contractors before she was elected to the legislature.

During her legislative career, Bowers was active on health issues, protecting victims of domestic violence and other issues. She was a former chairman of the legislature's TennCare Oversight Committee and was chairman of the Shelby County Democratic Executive Committee from 2003 to 2005.

Wilder was out of state Monday and could not be reached for comment. Senate Democratic Caucus chairman Joe Haynes of Nashville said Bowers' Senate service "over the past year has been solid. She was a good senator who served her constituents and the people of this state well."

-- Lawrence Buser: 529-2385

-- Richard Locker: 615-255-4923

Kathryn Bowers Leaving State Senate (CHATT)

The Chattanoogan, August 29, 2006

Sen. Kathryn Bowers, a Memphis Democrat who is facing bribery charges in the Tennessee Waltz FBI sting, said Monday she is stepping down from the state Senate.

Sen. Bowers cited health reasons.

Sen. Joe Haynes, chairman of the Senate Democratic Caucus, made the following statement:

"It's my understanding that Kathryn's doctor has advised her to leave the Senate and end her campaign for re-election due to difficulties with her personal health. The thoughts and prayers of everyone in the Caucus are with Kathryn during this difficult time.

"Of course, our primary concern is for Kathryn as a person, and we feel certain that under her doctor's guidance she will return to full health."

Tennessee Waltz Defendant Resigns From Senate (NASHCP)

By Jared Allen

Nashville City Paper, August 29, 2006

State Sen. Kathryn Bowers (D-Memphis), one of a handful of legislators indicted last fall in the Tennessee Waltz bribery scandal, cited health reasons when on Monday she unexpectedly announced her resignation from the state Legislature.

Bowers, who is 63, said her resignation will become effective Friday, Sept. 1. At a news conference from her home in Shelby County, Bowers said heart problems and high blood pressure were behind her decision to leave the Senate almost immediately.

She also sent an official letter of resignation to Lt. Gov. John Wilder on Monday, in which she announced her resignation along with her intention to withdraw her name from the November ballot.

But the news came as a surprise to many, including some high-ranking officials in the Tennessee Democratic Party.

"She had not talked to me about it," Senate Democratic Leader Jim Kyle (D-Memphis) said Monday afternoon. "I was told about it."

"She's had health issues before," Kyle said. "And she'd mentioned several times how this whole ordeal had been pretty strenuous on her health."

Indeed, Bowers' health and legal troubles were at the center of questions concerning the senator's decision to step down from the Legislature.

According to the new ethics law the Legislature passed in the aftermath of the Tennessee Waltz corruption probe, elected officials who are convicted of a felony are barred from collecting a state pension.

However, legislators can remain eligible for pensions — regardless of their future criminal status — if they resign before conviction.

Bowers, though, told reporters gathered at her Whitehaven home that her indictment on bribery charges, which arose out of the Tennessee Waltz probe, were not linked to her resignation.

Still, Bowers' legal troubles were on the minds of at least some of her colleagues on the day of her resignation.

"I regret that Kathryn Bowers has decided to leave the Senate… She was a good senator who served her constituents and the people of this state well," read a written statement from Senate Democratic Caucus Chair Joe Haynes (D-Nashville). "I wish her the best as she confronts outstanding legal issues and concerns about her health and well-being."

Judge Rules FBI Transcripts Can't Be Used As Evidence (AP)

AP, August 29, 2006

ALBUQUERQUE -- A federal judge said lawyers for both sides can present transcripts of FBI tape recordings and videotapes to jurors during Robert Vigil's retrial, but the documents won't be admitted as evidence.

The decision Monday by U.S. District Judge James Browning mirrors a ruling by U.S. District Judge James Parker, who oversaw the former state treasurer's first trial earlier this year.

However, Browning went a step further by requiring defense attorneys and prosecutors to exchange competing versions of the transcripts before the retrial, scheduled to begin Sept. 5, to avoid complications that arose earlier.

Vigil, who was treasurer from 2003 until he resigned last October, is accused of steering state business to investment advisers in exchange for kickbacks. He has pleaded not guilty to the racketeering and extortion charges.

During the first trial, the sides often disagreed on the text of the transcripts -- offered to help the jury follow recordings while they were played in the courtroom.

There are sounds in some recordings that prosecutors believe are affirmations by a speaker while the defense team disputes that conclusion. In many other instances, the tapes are muffled, inaudible or unintelligible.

Each time prosecutors offered transcripts during the first trial, which ended May 22 in a mistrial, the defense team challenged the accuracy of the government's text and offered its own version to jurors.

Browning said Vigil's lawyer, though, "frequently provided the United States with his version of the transcript moments before asking the Court if he could submit it to the jury."

The defense versions often included handwritten notations on early prosecution transcripts, which were superseded by subsequent updates. In some instances, prosecutors complained the defense notes were "editorial in nature."

"On at least one occasion, trial was delayed while Vigil redacted these editorial notations and recopied his version of the transcript for distribution to the jury," Browning explained in his order.

Later, during deliberations, Parker denied requests by jurors who wanted to review the transcripts again as they struggled to locate parts of conversations on tape recordings. One juror expressed frustration in a post-trial interview.

However, as Parker had determined in the first trial, Browning said transcripts won't be available during deliberations. Both judges said the tape recordings and videotapes -- not the transcripts -- constitute the evidence presented at trial.

Browning said jurors will be advised to study the tone of voices and listen to inflections when considering the evidence.

"Because admitting the transcripts into evidence may induce the jury to rely on the transcripts rather than the recordings, the Court will not admit the transcripts," Browning wrote. "This rule may make the jury's task more demanding, but will ensure that they rely on the actual evidence."

Junior Gotti's 3rd Trial May Not Feature Curtis Sliwa After All (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, August 29, 2006

NEW YORK -- Curtis Sliwa, the star witness in the first two racketeering trials of John "Junior" Gotti, may not testify in the third about his brush with death in what prosecutors say was a Gotti-ordered attack 16 years ago.

Assistant U.S. Attorney Victor Hou told Judge Shira Scheindlin that three witnesses remain and the name of the radio host and Guardian Angels founder was not among them. Hou said he did not expect to call Sliwa as a witness but he still had time to change his mind.

A decision not to call Sliwa would be consistent with efforts by the government to recast their case against Gotti, de-emphasizing the 1992 attack on Sliwa in a cab operated by two reputed mobsters, one of whom was hiding on the floor in the front of the cab.

Prosecutors say Sliwa was shot three times by the man hiding in front of the cab after Gotti ordered him punished for repeatedly criticizing his father, John Gotti, on his radio show. Gotti has denied anything to do with the shooting.

After the first two trials of Gotti in the last year ended in hung juries, prosecutors changed strategy, seeking to prove that Gotti has continued to benefit from mob financing even after he claims to have quit the Gambino family in the late 1990s.

The change was preceded by a successful defense by Gotti in the spring, when his lawyers convinced a majority of jurors that Gotti left the mob before he pleaded guilty to racketeering charges in another case in 1999. If Gotti was out of the mob, the five-year statute of limitations would have expired and Gotti would be exonerated.

Sliwa said he is not permitted to comment on the trial, but he was told by prosecutors as recently as Friday that he should be ready to take the witness stand.

"I'm just assuming I'll get called," he said.

Feds To Gag Sliwa? (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 29, 2006

The feds may do what John A. (Junior) Gotti never could - silence Curtis Sliwa.

Federal prosecutors told a Manhattan judge yesterday they expect to call just three more witnesses at Gotti's third racketeering trial - and none of them wears a red beret.

The Guardian Angels founder and radio host said that was news to him. "All they [prosecutors] told me was to be ready," Sliwa said yesterday.

Sliwa's testimony has formed the dramatic centerpiece of the mob scion's two trials over the past year, but both cases have ended in hung juries.

Prosecutors say Sliwa was abducted by thugs sent by Gotti to silence Sliwa's on-air rants about the Gotti family following Dapper Don John Gotti's 1992 racketeering conviction.

Sliwa told of being shot twice as he lunged for an open passenger-side window of a taxi whose rear doors had been rigged shut.

But Sliwa also has been forced to admit under cross-examination a history of publicity stunts he pulled in the early days of the Guardian Angels.

He admitted having his sister pose as a mugging victim and once claimed he'd been kidnapped and taken to a Jones Beach parking lot by a transit cop. "It was the dumbest thing I ever did in my life," Sliwa said.

Prosecutors still could change their minds, but Assistant U.S. Attorney Victor Hou indicated to Judge Shira Scheindlin yesterday that it wasn't likely.

The decision underscores a shift in the prosecution's trial strategy this time around, putting less emphasis on the Sliwa assault while focusing jurors' attention on the mounds of mob cash they say flowed into Gotti's pockets even after he claims he quit the mob.

Added to a new indictment in May were two money-related racketeering counts that accuse Gotti of using mob cash to fund two holding companies he used to buy property.

Prosecutors gave Gotti's longtime accountant, Paul Tong, immunity to testify about Gotti's tax issues in the years he was imprisoned on a racketeering charge. Tong said Gotti earned some $360,000 in 2003 and 2004, while housed at an upstate New York prison.

Gotti's lawyers said the money came from rental income.

Also yesterday, prosecutors sent a letter to Scheindlin asking her to allow them to recall Joseph D'Angelo as a witness so they can question him about a June 2005 prison meeting.

Meanwhile, prosecutors have asked Scheindlin for permission to play a tape of a prison chat between Gotti and longtime pal John Ruggiero that captured threats against his uncles if they ever turned up in the same prison with him.

The feds say Gotti was angry with Peter and Richie Gotti for cutting him out of Gambino family construction money.

"I will beat them down like a $2 French hooker," Gotti said. "I will make every gang member punk them. I will make 'em abuse them. On this compound, I will make their lives a living hell here."

JUNIOR 'CRIES' UNCLE (NYPOST)

By Kati Cornell

The New York Post, August 29, 2006

John "Junior" Gotti once told a mob turncoat he'd jump at a chance to "beat or even kill" his uncles as revenge for demoting him in the crime family and stripping him of lucrative extortion money, the feds charged yesterday.

Prosecutors revealed Gotti was also caught on a prison tape ranting about uncles Peter and Richard Gotti, saying, "I made a pact one night to myself in my bed on my father and brother's grave - I will beat them down like a two-dollar French hooker."

The feds described Gotti's rage in a letter to Manhattan federal Judge Shira Scheindlin as they argued to be allowed to elicit additional testimony from mob canary Joseph D'Angelo.

In another surprising turn of events, Assistant U.S. Attorney Victor Hou announced the feds would likely rest their case this week without calling radio host Curtis Sliwa - the victim of the most sensational crime in the case - to the stand.

Sliwa's dramatic account of how he was kidnapped in a stolen taxi in 1992 and shot twice - before throwing himself out of the window to escape - featured prominently in both of Gotti's previous mistrials.

It is unclear why the feds made their decision, although Sliwa was shown at the previous trials to have a history of concocting stories for the media as head of the Guardian Angels.

Despite the fact he wasn't named as one of the remaining prosecution witnesses yesterday, Sliwa says he's still preparing to testify.

"They haven't told me anything different than in trials one and two," he said. "I'm just assuming I'm going to be up there at some point."

Last week, jurors heard D'Angelo's version of the botched kidnapping. D'Angelo told them he drove the taxi on Gotti's orders.

D'Angelo is now prepared to testify about details of a conversation he had with Gotti on June 6, 2005, while the two were still co-defendants - before his decision to cooperate with the feds.

In their letter to the judge, prosecutors wrote that Gotti told D'Angelo "his uncles had 'broke' him [demoted him] and 'robbed' him of money" back in 2001.

Gotti went on to tell D'Angelo that, "if given the opportunity, he would use violence - beat or even kill - his uncles as revenge," prosecutors continued.

The feds said D'Angelo's testimony is backed up by tapes recorded between 2003 and 2004 in Ray Brook federal prison, where Gotti allegedly told a visiting pal that his uncles "just better hope and pray" they "don't end up in the same [prison] facility as me."

"I will make every gang member here punk them. I will make 'em abuse them," Gotti allegedly ranted.

Prosecutors are hoping to use the testimony and tapes to discredit Gotti's claim that he left the mob in 1999 and, therefore, cannot be convicted under the five-year statute of limitations for racketeering.

New Developments In Lawyer's Murder (WUSA-TV)

WUSA-TV, August 29, 2006

There's been a landmark development in the murder case involving the stabbing death of Washington attorney Robert Wone.

After more than three weeks of collecting evidence, police have returned the Swann Street rowhouse where Wone was murdered to its occupants.

Police have held the house for an extraordinary length of time due to their allegation that the crime scene was cleaned up before police were called back on August 2.

For the first time since then, the 1500 block of Swann Street is devoid of a police car. The tell-tale signs of a criminal investigation remain, however.

Aided by the FBI, evidence technicians have torn the rowhouse apart, including sections of floors and walls. As 9NEWS first reported two weeks ago, detectives say the area where the body of Robert Wone was found stabbed to death inside in a second floor bedroom had been cleaned.

Now, the first batches of results from the FBI laboratory are expected this week. And last Friday, the District's homicide commander told reporters those finding could move the case along quickly and significantly.

The Swann Street rowhouse is owned by attorney Joseph Price whose computer was seized by police acting on a search warrant for his work-place at the Arent Fox law firm. In addition to that position, Price works as general counsel for Equality Virginia, a gay lobbying organization.

Besides Price and Wone, who chose to stay at Price's home rather than commute to his Oakton, Va., home where he lives with his wife, two other occupants were inside the small rowhouse at the time of the slaying. Law enforcement sources told us it was becoming increasingly clear the murder of Robert Wone involves a criminal conspiracy.

Prison Gang Trial Enters Penalty Phase (WP/AP)

By Gillian Flaccus, The Associated Press

The Washington Post, August 29, 2006

SANTA ANA, Calif. -- Prosecutors seeking the death penalty against two convicted Aryan Brotherhood gang members told jurors Monday the men were remorseless killers who weren't deterred from committing some of their worst crimes in prison.

Assistant U.S. Attorney Joey Blanch reminded jurors in the first day of the trial's death penalty phase that they had already convicted Barry "The Baron" Mills and Tyler "The Hulk" Bingham of murder, conspiracy and racketeering. The federal case aims to dismantle the violent white supremacist gang.

"Mills is a six-time, multi-murderer and if he'd had his way he would have been responsible for 12 murders. Prison sentences did nothing to deter him from his criminal behavior," said Blanch.

"At some point, somebody has to stand up and say, 'That's enough.' For Barry Mills and Tyler Bingham, today's the day. We're standing up and saying enough."

Mills' attorney, H. Dean Steward, said that the defense team would show the defendants were goodhearted people who acted as they did to survive in a violent prison system. Bingham's attorney, Michael White, reserved his opening statement for later.

The two kingpins of the white supremacist prison gang were convicted last month of murder, conspiracy and racketeering charges in crimes that go back as far as 30 years.

The penalty phase, which is expected to last about a week, is the last phase of a trial that has lasted nearly six months and included testimony from a parade of former gang members, jailhouse informants and self-admitted killers.

The trial is part of a larger indictment that experts say is one of the largest federal capitol punishment cases in U.S. history, with more than a dozen people potentially facing the death penalty. More defendants face trials in Los Angeles later this year.

The government's indictment, which lists 32 murders and attempted murders, laid out a sweeping case of plots to kill rivals and even fellow brotherhood members to control drug dealing and other criminal enterprises behind bars.

Mills, 58, and Bingham, 59, were convicted of murder for the killing of Arva Lee Ray, a prisoner slain at the Lompoc, Calif., penitentiary in 1989. The two also were convicted racketeering counts that included acts of murder and attempted murder.

The latter included the deaths of two black gang members during a 1997 riot at a prison in Lewisburg, Pa., crimes which made them eligible for the death penalty.

Prison For Press-Aide-Turned-Bank-Robber (WP/AP)

DOJ_NMG_0055034

The Associated Press

The Washington Post, August 29, 2006

GREENBELT, Md. -- A former congressional press secretary who said he robbed banks to pay for golf and rent was sentenced Monday to more than 12 1/2 years in prison.

Thomas C. Springer pleaded guilty to four counts of bank robbery in May. U.S. District Judge Deborah Chasanow also ordered him to repay the $20,869 he stole during seven bank robberies between November 2004 and November 2005.

Springer, 57, of Garrett Park, worked for three members of Congress, including former Rep. Toby Roth of Wisconsin, before he was sentenced to two years in prison in 1989 for robbing banks in Montgomery County. He went on to work for then-Rep. Michael Forbes of New York before 1996, when he received a 3 1/2-year term for robbing a Vienna, Va.

Prosecutors say that on Nov. 30, 2005, Springer passed a note to a teller at a Kensington bank that read, "Bank Robbery." He fled with $400, but dye packs the teller placed in with the money exploded in his coat pocket as he left. A bank customer followed him, and police eventually arrested him in Wheaton.

In his confession, Stringer explained that he needed the money for golf and to cover his rent, according to the FBI.

Painter Said To Be Focus Of FBI Probe (LAT)

By Kim Christensen

The Los Angeles Times, August 29, 2006

The FBI is investigating allegations that self-styled "Painter of Light" Thomas Kinkade and some of his top executives fraudulently induced investors to open galleries and then ruined them financially, former dealers contacted by agents said.

Investigators are focusing on issues raised in civil litigation by at least six former Thomas Kinkade Signature Gallery owners, people who have been contacted by the FBI said. Among other things, the ex-owners alleged in arbitration claims that the artist known for his dreamily luminous landscapes and street scenes used his Christian faith to persuade them to invest in the independently owned stores, which must sell Kinkade's work exclusively.

"They really knew how to bait the hook," said one ex-dealer who spoke on condition of anonymity because of the sensitive nature of the case. "They certainly used the Christian hook."

Two ex-dealers told the Los Angeles Times that they had been asked to provide documentation of their business relationships with Kinkade's company. They said agents asked for copies of dealer agreements, retail sales policies, training materials from "Thomas Kinkade University" and correspondence, including e-mail.

Kinkade spokesman Jim Bryant said Monday that the Morgan Hill, Calif.-based company was unaware of a criminal investigation and had not been contacted by the FBI or U.S. attorney's office.

"The Thomas Kinkade Co. asserts that there is no legitimate grounds for a federal investigation of any kind," Bryant wrote by e-mail.

Kinkade has previously denied the allegations in the civil litigation.

FBI Special Agent Brian Wickham declined to comment Monday, citing the bureau's policy of neither confirming nor denying ongoing investigations.

Others familiar with the matter, however, said the FBI's San Jose office, where Wickham is based, was coordinating an investigation in which agents from other offices across the country were conducting interviews.

Former gallery owners said that after investing tens of thousands of dollars or more, the company's unfair practices and policies drove them out of business. They alleged they were stuck with unsalable limited-edition prints, forced to open additional stores in saturated markets and undercut by discounters that sold identical artworks at prices they were forbidden to match.

Some also have accused Kinkade — touted as the most widely collected living U.S. artist — of scheming to devalue his public company, Media Arts Group Inc., before taking it private two years ago for $32.7 million as Thomas Kinkade Co.

Kinkade grew up in Placerville, Calif., and began his rise to fame in the 1980s, when he and his wife spent their savings to start making his prints.

Since then he has built a lucrative career from the mass marketing of his distinctly romantic, idealized images with such titles as "Sunset on Lamplight Lane" and "The Garden of Prayer."

Although critics have been less than generous with their praise, and sometimes openly derisive of his work, that has not deterred the multitudes who pay from a few hundred dollars for paper prints to more than $10,000 for canvas editions he has signed and retouched.

Word of an FBI investigation comes on the heels of the company's first major legal setback in dealer litigation. In February, an arbitration panel awarded $860,000 to the former owners of two failed Signature galleries.

The panel ruled that the company and one of its executives, Richard F. Barnett, "failed to disclose material information" that would have dissuaded Karen Hazlewood and Jeffrey Spinello from investing $122,000 to open the first of their two Virginia galleries in 1999.

The arbitrators, in a 2-1 ruling, also found that Kinkade and other company executives used the artist's familiar Christian-oriented themes to create "a certain religious environment designed to instill a special relationship of trust" with the couple, who have since divorced.

"It was a program of lies and deception, predicated on Christian values that weren't there," said Joseph Ejbeh, the Michigan attorney who tried the arbitration case.

Norman Yatooma, whose firm Ejbeh worked for at the time, has said the panel's interim award of $860,000 could total $3.5 million when interest, costs and attorney fees are added.

Bryant, the Kinkade Co. spokesman, said the company was confident that the interim arbitration ruling would be overturned.

Man Admits Katrina Fraud (AP)

AP, August 29, 2006

WASHINGTON (AP) - An unemployed man admitted Monday that he submitted more than 50 false applications for government aid following Hurricane Katrina and collected more than $76,000 in disaster relief checks.

Jeffrey Rothschild, 59, pleaded guilty in federal court to mail fraud, bank fraud and money laundering.

He said he found people's names and birth dates on Internet sites, then selected home address in the hurricane zone or just made them up and applied for aid.

Rothschild, who has no permanent address, admitted having the $2,000 checks delivered to motels or to mailboxes he rented using fake identification. He received checks on 38 applications, prosecutors said.

He then tried to launder the money by passing it through different bank accounts.

He also admitted applying under two different names for disaster aid for hurricane damage to his wife's home, even though he didn't live there.

"I was drinking heavily and under severe stress from people I owed gambling debts to," Rothschild said in court.

The bank fraud involves a check kiting scheme unrelated to the Katrina relief money.

Under a deal with prosecutors, Rothschild faces up to about nine years in prison when he is sentenced Dec. 1. He must pay back the money he took.

Report: Internal Cyberattacks More Common (FCW)

By Wade-Hahn Chan

Federal Computer Week, August 29, 2006

A new report finds that most of the Justice Department's cybercrime-related prosecutions have centered less on external attacks, such as worms and viruses, and more on internal threats and authentication problems.

The report, "Network Attacks: Analysis of Department of Justice Prosecutions 1999-2006," tracks cybercrime prosecutions from 1999 to 2006. It states that on average, a cybercrime attack caused $3 million in damages. Most attacks occurred on home or laptop computers that organizations did not sanction.

The report was authored by information technology security analyst firm Trusted Strategies and commissioned by systems software developer Phoenix Technologies.

"Most of the attacks where big damage is done all come from users that obtain a valid user ID and password," said Bill Bosen, founding partner of Trusted Strategies. Such intrusions could occur intentionally when users — such as disgruntled

employees — take advantage of their privileges for abuse or unintentionally via user error, such as poorly storing information or accidentally exposing it.

Keren Cummins, public-sector vice president at Phoenix, said secure authentication could be a possible solution for as much as 85 percent of reported crimes.

"A very significant number of these crimes would have been prevented if device identity and user identity verification was present," she said.

Although Cummins said she does not believe that the report indicates a trend in how criminals commit cybercrimes or how DOJ handles them, it does offer a good indicator of the scope of the threats that you would find by flipping through CNN.

"It characterizes the worst that can happen," she said. "While it may not be a great predictor of the likelihood of a crime, it's a good predictor of what could happen."

South Dakota Plans Its First Execution Since 1947 (NYT)

By Monica Davey

The New York Times, August 29, 2006

For the first time in 59 years, the State of South Dakota plans to execute a man this evening, authorities from the state's department of corrections have announced.

Barring a last minute granting of clemency, Elijah Page, 24, who pleaded guilty to the torture killing of a 19-year-old man whose house he was burglarizing in 2000, is scheduled to die by lethal injection at 10 p.m. Tuesday, the department of corrections announced on Sunday.

Although capital punishment has been allowed in South Dakota for decades, it is one of a handful of states, including New Jersey and New Hampshire, that have carried out no executions since they most recently enacted such laws. In South Dakota, the most recent law allowing death sentences was enacted in 1979 after the United States Supreme Court restored capital punishment in 1976.

Since then, the state has had no executions, and has only four people, including Mr. Page, on death row. The state's low population, relatively low crime rate and, some advocacy groups suggest, a culture not inclined toward capital punishment help explain the lack of executions.

State corrections officials did not return telephone calls seeking comment about Mr. Page's scheduled execution or the 59-year lapse.

The scheduled execution, to take place inside the state penitentiary in Sioux Falls, has prompted prison officials there to draw up execution procedures for the first time in years, even visiting facilities in Texas, where hundreds of executions have occurred in recent decades, for advice.

"The warden and penitentiary staff have spent countless hours preparing to carry out this court order," Tim Reisch, the secretary of corrections said in a written release, adding that staff members had carried out "numerous rehearsals." The last time an execution was carried out there, the electric chair was used when, on April 8, 1947, George Sitts was given the death penalty for killing two law enforcement officers.

Mr. Page, of Athens, Tex., and two others were found guilty of killing Chester Allan Poage after trying to steal from his home in Spearfish. Apparently, they feared leaving a witness. Mr. Poage, 19, begged for his life as the three made him take off his clothes and get into a freezing creek. Over a period of several hours, he was stabbed, kicked in the head, and had rocks dropped on him. His ears were torn off.

Yesterday, members of Amnesty International and other organizations called on the state to stop the plans, urging Gov. Michael Rounds to grant clemency in the case.

Mr. Page chose to drop his appeals. Still, Sue Gunawardena-Vaughn, director of Amnesty International's program to abolish the death penalty, questioned his willingness and ability to "volunteer" for execution and pointed to his troubled childhood and background. As a child, court records say, he was abused and was placed in foster care.

" 'Volunteerism' is an illusion," she said. "What is going on in his mind?"

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Governor Rounds, a Republican, has said he does not intend to intervene in the process, his spokesman, Mark Johnston, said late yesterday.

A Forged Document In A Virtuoso's Hand Leads To An Arrest (WSJ)

By Elena Cherney

The Wall Street Journal, August 29, 2006

GATINEAU, Québec -- Late last year, collectibles dealer Roger Gross offered for sale on his Web site a sheet of paper doodled on and signed by the celebrated pianist Glenn Gould. The price: $8,000.

That posting led to the discovery of a forged copy of the document in Canada's national archives, a police investigation and the arrest of a Texas woman on charges of theft and possession of stolen property.

The case offers an unusual window into the cult-like world of hardcore fans of Mr. Gould. He rose to international fame at the age of 23 with his 1955 recording of Bach's Goldberg Variations and was widely hailed by critics for his brilliant technique and novel interpretations. He also made a name for himself as a notorious eccentric who insisted on humming as he played, wore a hat, overcoat and scarf even in summer and refused to shake hands for fear of injury.

Reclusive and plagued by physical ailments, real and imagined, the Toronto-born virtuoso added to his own mystique by quitting the concert stage at the peak of his career in 1964.

Fascination with Mr. Gould has only increased since his sudden death from a stroke at age 50 in 1982. Many fans say they feel drawn to his persona as well as his music. "It's just a fanatical following," says Mary Jo Watts, who moderates an online discussion group devoted to Mr. Gould.

Gouldiana has become more expensive than memorabilia of any other 20th-century pianist, dealers say. A signed Gould photo in good condition can fetch up to $5,000, compared with about $700 for one featuring the pianist Arthur Rubinstein. "He's in a class of his own," says Mr. Gross, the dealer. "He was a great pianist and a complete wacko."

Much in the way Elvis fans travel to Graceland, Mr. Gould's admirers make pilgrimages to Ottawa from as far away as Japan to commune with the Gould artifacts on public display, which include his Steinway piano and the battered wooden chair he used instead of a piano stool for all his concerts and recording sessions. "People cry when they see the piano," says Richard Green, interim director of the music section at the Library and Archives. "They love to touch it." Aficionados also visit Toronto to see the red-brick house where the pianist lived as a child and to eat the Hungarian soup he favored at a diner called Fran's.

Many women express romantic feelings for the never-married pianist, who was intensely private about his relations with women. To this day, only his trusted friends and associates and some scholars know the name of the one woman with whom Mr. Gould appears to have formed a lasting attachment.

Roger Saydack, a Eugene, Ore., lawyer and music lover, says he paid about $1,200 a decade ago for a signed copy of a Gould portrait by renowned Canadian photographer Yousuf Karsh that is "not of pristine quality" but hangs in his study anyway. "You really get a sense of his presence from it," says Mr. Saydack, who also bought a draft of an article Mr. Gould wrote about Arthur Rubinstein, complete with Mr. Gould's handwritten notes.

Most of Mr. Gould's personal papers and belongings ended up in the government archives. Mr. Gould left his estate to two charities, the Salvation Army and the Toronto Humane Society, says executor Stephen Posen. Shortly after the pianist's death, the estate sold the belongings and documents to the Canadian government: 140 notebooks, annotated scores, photographs, copies of personal letters, drafts of compositions and scripts for his radio documentaries that filled a whole room in his Toronto apartment.

When the archives acquired the collection, professional and amateur researchers descended on the trove before it had been catalogued, recalls Timothy Maloney, a former head of the music section. He says some were "crazies," such as a woman who wanted to see the hotel keys Mr. Gould had brought home from his tours so she could try to visit a room where he had slept.

Researchers were generally given access to the original documents in a room with little oversight, Mr. Maloney says. When Mr. Maloney joined the department in 1988, he says he was given a list of researchers to watch out for because they were "already suspected of lifting some items." The music staff couldn't prove anything was missing because the collection was not fully catalogued.

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Among those on the suspect list: Barbara Moore, a 62-year-old artist from Texas. Mr. Posen, the executor of the Gould estate, says he granted her access to the collection in the late 1980s to do research on the teaching of art to children. "I liked her and trusted her," says Mr. Posen, who was one of Mr. Gould's lawyers. "I'm very surprised" about the charges against Ms. Moore, Mr. Posen says.

In the mid-1990s, to protect the Gould material from wear and theft, the archive stopped allowing researchers access to the original documents, offering them microfilm instead. The documents themselves were transferred from the downtown Ottawa library to a new, climate-controlled concrete preservation center in nearby Gatineau. Mr. Gould's personal effects, including the hat and scarf that he wore year-round, were shipped to the Canadian Museum of Civilization for preservation.

When Gould scholar Kevin Bazzana was researching his 2003 book, "Wondrous Strange: The Life and Art of Glenn Gould," he relied on microfilm to view thousands of pages -- including the 8x10 lined sheet listed for sale by Mr. Gross last fall. Dated March 13 and 14, 1978, the note includes doodles, a list of phone calls to return, a phone number for one contact and an odd reminder to "mail letters to myself."

Mr. Gould also signed the page with 18 variations of his own signature, making the document of interest to Mr. Bazzana because it helps to support anecdotes that suggest Mr. Gould "had these weird superstitious hang-ups about his signature," says Mr. Bazzana. Mr. Gould was known to write checks and then ask for their return so he could tear them up because he was not satisfied with the signature, Mr. Bazzana says.

Mr. Bazzana recognized the page on Mr. Gross's Web site when a friend alerted him to the sale, and called the Library and Archives to notify the staff. When archivist Cheryl Gillard went to the vault in Gatineau and opened the file, the mystery deepened: the document was still there, exactly where the catalog said it should be.

Mr. Bazzana, who lives in British Columbia, quickly put in a call to Mr. Gross in New York. By comparing the document in the archives with the one Mr. Gross had bought, the two men concluded that the dealer's copy was likely the original, while the copy that researchers had relied upon for almost 20 years was probably a forgery. "The lines were a little bit jagged" on the copy left in the archives, Mr. Bazzana says.

Mr. Gross says he had bought the paper from Ms. Moore and believed her story: that she had been given the page and another document while doing her archival research. "What she said sounded absolutely plausible," he says.

The Library and Archives contacted the New York police. In May, the Manhattan District Attorney, Robert Morgenthau, charged her with theft and possession of stolen property.

Prosecutors say Ms. Moore also stole an outline for a composition by Mr. Gould that she sold to Mr. Gross. They have asked her to turn over "any other items" that belonged to Mr. Gould, including "articles of clothing," that she might have, says Ms. Moore's lawyer, Shane Brooks. He denies that his client has such items and says she was given the doodle and the composition sketch by a government archivist almost 20 years ago. Mr. Brooks declined to make Ms. Moore available for an interview. Both sides are scheduled to appear in court in New York in October.

A spokesman for the Library and Archives declined to comment while the case is pending.

Ms. Gillard, the archivist, says she believes the reclusive Mr. Gould knew his life would be laid open for public view after his death -- and wanted it that way, as evidenced by his habit of keeping so many items. "He had a playful personality," she says. "He wanted to live forever. What better way to do it?"

CIVIL LAW:

Cardinal Stops Sales Of Pump (COLDIS)

By Barnet D. Wolf, The Columbus Dispatch

Columbus Dispatch, August 29, 2006

FDA says keypad sensitivity could lead to drug overdose

Cardinal Health Inc. officials don't know how long it will take to repair a popular medical device that federal authorities say is defective.

The company, based in Dublin, said yesterday that it has suspended making, selling and repairing Alaris SE infusion pumps after 1,300 of them were seized by U.S. marshals.

The value of the seized devices was $1.8 million. The pumps are used to deliver medications and fluids intravenously.

The Food and Drug Administration got a federal court warrant to take the pumps from a manufacturing plant in San Diego, the agency said yesterday.

Problems with the pump were reported as early as 1998, according to Tim Ulatowski, who directs the office of compliance at the FDA's Center for Devices and Radiological Health.

The defect has been tied directly to one death and possibly to another, he said.

The problem "has lasted longer than the agency has thought it should," he said. "It was time to take action, and time to get this product fixed."

Cardinal spokesman Jim Mazzola denied yesterday that the product caused any deaths, but added that the company was working with the FDA to solve the problem.

"Our primary concern is patient safety," he said.

The company suspended distribution, manufacturing, installation and repairs of the pumps while it works on the modifications needed to get FDA approval, Mazzola said. About 140,000 Alaris SE infusion pumps have been distributed worldwide in the past 12 years.

Problems with the devices have developed because numbers on the pumps' dosage keypads might register twice when pressed, which could cause a patient to receive an overdose, the FDA said.

The Alaris SE, or signature edition, is one of several infusion-pump lines manufactured by Alaris Medical Systems, which Cardinal acquired in 2004 for $1.6 billion.

Current annual sales of the SE are less than $24. million, the company said, a fraction of the company's $81.4 billion in annual sales.

Apart from the bottom line, however, "it's never a good idea for a medical-device manufacturer to enrage the FDA," said Carol Levenson of Gimme Credit, a corporate-bond research service.

Ulatowski said his office seizes products about a dozen times a year. In Cardinal's case, he called it a "precautionary measure" until repairs are made.

The FDA acted even though Cardinal began a process Aug. 15 to send letters and warning labels that would alert customers of the keypads' sensitivity and to double-check the dosages.

Shares in Cardinal Health slipped 50 cents yesterday, closing at $66.82 on the New York Stock Exchange.

CIVIL RIGHTS:

Former Harrison County Deputy Indicted In Death Of Inmate (AP)

AP, August 29, 2006

SAUCIER, Miss. - A former Harrison County deputy sheriff was arrested by FBI agents Monday on charges alleging he assaulted a prisoner who later died and falsified records in an attempt to influence an investigation into the case.

John G. Raucci, Special Agent in Charge of the FBI in Mississippi, said the arrest of Ryan Michael Teel, 29, of Saucier followed a five-month investigation by agents and a federal grand jury indictment.

The indictment alleges that on or about Feb. 4, 2006, then-deputy Teel assaulted inmate Jessie Lee Williams, Jr. in the Harrison County jail in violation of Williams' constitutional rights, "which includes the right to be free from the use of excessive force by one acting under color of law."

The assault resulted in Williams' death, the indictment said.

Williams died after being removed from life support Feb. 6, two days after the alleged beating in the jail's booking room.

Teel, who made his initial appearance before U.S. Magistrate Judge John Roper in Gulfport, is also charged with making a false entry into Harrison County Sheriff's Office records concerning Williams.

Prosecution of Teel's case will be handled by U.S. Attorney Dunn Lampton and attorneys with the Justice Department's civil rights division.

Regina Lynn Rhodes, a jailer who was fired in April, pleaded guilty in July to injuring Williams with repeated blows to his neck, back and legs while he was restrained. She will be sentenced Oct. 16. She faces up to 13 years in prison and a $500,000 fine for violating Williams' civil rights.

Rhodes said in her plea agreement that a supervisory deputy and other jail employees encouraged the beating of inmates "in circumstances that did not justify the use of force."

Judge Blocks Fla. Voter Registration Law (FINDLAW/AP)

By Curt Anderson, Associated Press Writer

AP, August 29, 2006

(AP) - MIAMI-A federal judge on Monday declared a new Florida voter registration law unconstitutional, ruling that its stiff penalties for violations threaten free speech rights and that political parties were improperly exempted.

The 48-page ruling by U.S. District Judge Patricia Seitz means that state authorities cannot enforce the provisions of the law. It took effect Jan. 1 and has been blamed by several labor unions and nonprofit groups for effectively blocking voter registration drives across the state because of the financial risk.

"If third-party voter registration organizations permanently cease their voter registration efforts, Florida citizens will be stripped of an important means and choice of registering to vote and of associating with one another," Seitz wrote.

The law also "unconstitutionally discriminates" against third-party registration groups because it does not apply to political parties, Seitz added.

The law imposes fines of $250 for each form that is submitted to election officials more than 10 days after it is collected from an individual and can reach $5,000 for each form that is collected but never submitted.

State officials said the decision would be appealed to the 11th U.S. Circuit Court of Appeals.

"At this point, we respectfully disagree with the ruling and plan to take the issue up on appeal," said Sterling Ivey, spokesman for Florida Secretary of State Sue Cobb, whose office oversees elections.

The measure quietly passed the Legislature in the aftermath of the 2004 presidential election that saw national attention focused on Florida as a key battleground state and the registration of more than 1.5 million new voters, nearly twice the number registered in the 2000 election cycle.

"This is a win for democracy and will send a signal to officials in Florida and other states that you cannot erect unreasonable barriers to voter registration," said Wendy Weiser, co-counsel for the third-party groups and deputy director of the Democracy Program at the New York University law school's Brennan Center for Justice.

The plaintiffs in the case included the League of Women Voters of Florida, the Florida AFL-CIO, the American Federation of State, County and Municipal Employees and other groups.

Attorneys for the state had argued that the Legislature was within its powers to single out third-party groups because of evidence of past registration problems.

Judge Tells City To Release Reports With Fewer Redactions (WP)

By Karlyn Barker, Washington Post Staff Writer

The Washington Post, August 29, 2006

The District government has to make public its investigative reports on deaths in city-contracted group homes for the mentally retarded -- and without the extensive redactions that officials made in some previously released reports, a judge has ruled.

D.C. Superior Court Judge Geoffrey M. Alprin said the documents are "reports to the public" and should be made available to the media and other interested parties with only the names of the deceased kept confidential.

The order, issued Aug. 22, was in response to a lawsuit filed by The Washington Post, which sought to obtain the death investigation reports under the city's Freedom of Information Act. The District had denied the FOIA request, citing confidentiality concerns, even though The Post had requested the records with the names of the deceased redacted.

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Mayor Anthony A. Williams (D) established a fatality review committee in 2001 after a public outcry over inadequate care for about 2,000 mentally retarded wards, most of whom lived in group homes. A 1999 series in The Post found that none of 116 deaths in the group home system since 1993 had been investigated by the city's mental retardation agency.

Alprin said the reports and other death investigation documents, including the names of group home operators, are not confidential. "The Mayor established [the fatality review committee] to create more public accountability in a beleaguered government agency," Alprin said in his order. "As such, the court views these [death] reports -- which are designed to inform the public about the care within the mental-retardation system -- as reports to the public."

Traci Hughes, a spokeswoman for city's Office of the Attorney General, said the District had not decided whether to appeal the ruling. "We remain concerned about the privacy of the patients," she said, referring to the deceased group home residents.

The Post had received death reports from the city before filing its lawsuit in January. But Alprin said in his order that some of the documents were so heavily redacted "as to render the reports unreadable." The city said it made the redactions to ensure that The Post could not use the information to identify the people who died.

ANTITRUST:

BP Woes Deepen With New Probe (WSJ)

By John R. Wilke In Washington, Ann Davis In Houston And Chip Cummins In London

The Wall Street Journal, August 29, 2006

Federal investigators are examining whether BP PLC manipulated crude-oil and unleaded-gasoline markets, signaling a rise in regulatory scrutiny of the British energy giant, said lawyers and traders close to the case.

BP, which has been summoned before Congress next week over problems in its Alaska pipeline operations, already faces a civil complaint filed by federal commodities regulators for allegedly manipulating much of the U.S. market for propane. The separate investigations on crude oil and gasoline could intensify public and political pressure on BP because these markets are bigger and directly affect most American households.

The Commodity Futures Trading Commission has sent subpoenas to BP and energy traders in the crude-oil probe, which is focused on possible manipulation of the global over-the-counter market in 2003 and 2004, according to lawyers and traders who have been contacted or briefed in the civil investigation. (The over-the-counter market includes trades conducted over the phone or electronically in products not listed on exchanges, or in marketplaces that regulators can't see.)

The separate gasoline inquiry, which has been under way more than a year and includes a criminal probe by the Justice Department, is examining a single day's trading on the New York Mercantile Exchange in 2002, the lawyers and traders close to the case said.

A spokesman for BP in the United Kingdom said, "We are aware of investigations being done by the [U.S.] authorities and we are cooperating fully." He didn't elaborate on the nature of the investigation. People at other firms said many trading firms had received CFTC demands for information, suggesting that the investigation went beyond BP.

A CFTC spokesman declined to comment, saying the agency doesn't confirm or deny investigations. A Justice Department spokesman also declined to comment.

In the broader civil investigation into crude-oil trading, investigators are examining, among other things, whether BP used information about its own pipelines and storage tanks at a key oil-delivery point in Cushing, Okla., to influence crude-oil price benchmarks that are set each day and influence billions of dollars of transactions. It isn't related to the propane case, in which civil claims by the CFTC are pending against BP in federal court in Chicago, as well as a criminal charge against a former BP trader in U.S. District Court in Washington; numerous civil lawsuits seeking damages are also pending. BP has denied wrongdoing in the propane case.

No charges have been brought against BP in the crude-oil inquiry, and many such investigations are ended without civil or criminal charges being brought.

Indeed, an earlier CFTC investigation into BP's crude-oil trading was closed without charges. In 2003, BP agreed to pay $2.5 million in a settlement with the New York Mercantile Exchange to resolve allegations of improper crude-oil trading. The

settlement cited 10 oil violations in 2001 and 2002, which included wash trades, or simultaneous swaps of the same amount of a commodity for the same price. BP settled the matter without admitting or denying wrongdoing; the specific nature of the trades wasn't disclosed.

With gas prices soaring, and congressional midterm elections a little more than two months away, federal regulators and law enforcers have been sharpening their scrutiny of oil-company conduct.

At the same time, House lawmakers are demanding that top BP officials appear before the Energy and Commerce Committee next week to answer questions about the Alaska pipeline problems; other lawmakers are pushing to give the CFTC more authority to police the market for off-exchange energy trading.

BP operates one of the world's largest and most sophisticated oil-trading operations. In addition to trading physical oil and gas for its own operations, its traders participate in the energy-futures markets and provide risk-management services to energy producers and suppliers, refiners, shippers and other companies, much like a Wall Street commodities-trading desk. Its actions can affect the world-wide price of crude oil, natural gas, gasoline, propane and plastics.

The oil market involves the exchange of physical barrels of oil, trading on registered futures exchanges such as the Nymex, and unregulated over-the-counter markets. Barclays Capital recently estimated the nominal, annual value of all transactions -- including physical, futures and over-the-counter -- was some $40 trillion.

The key benchmark for oil trading is the futures contract for light, sweet crude oil on the Nymex, which is set for delivery at the terminal in Cushing, where BP has a dominant position.

Many oil deals in turn are directly linked to Nymex prices, while others are influenced by prices in New York trading.

While making commodity-markets trades on inside information about the company's operations isn't generally illegal, BP has warned the trading desk in the past to be careful about when it uses such information, says a person familiar with BP's oil-trading desk.

For example, last year, when BP's Texas City refinery had a deadly explosion that killed several of its workers, management immediately called the desk and warned them not to trade on the information. News that a refinery's operations are damaged can push up oil prices because reduced refinery output reduces supplies in the marketplace.

Over the past year or so, the CFTC has sent out demands for information about transactions involving BP to oil-trading firms and Wall Street commodities desks, said several traders familiar with the requests. In addition, the agency has conducted informal, voluntary meetings with traders at some of these firms as part of its interest in BP and other oil majors' trading operations, says a person involved in discussions organized for one firm.

Some of these same firms have also been contacted by the agency regarding the propane market.

It wasn't clear whether BP was the only company the agency was investigating, say some traders knowledgeable about these inquiries.

However, many of the questions focused on the market for light, sweet crude for delivery in Cushing. A BP spokesman said, "We always assist regulators and other authorities in terms of helping them understand the facts around how our supply business works." At the end of 2005, BP controlled as much as 30% of the available storage at Cushing -- with some estimates of its holdings even higher -- and its dominance of the crucial delivery point was a stumbling block to its buyout of Arco in 2000.

The Federal Trade Commission eventually forced the companies to sell certain assets at Cushing to avoid antitrust problems. But BP's dominance remains a lingering concern.

In its inquiries to traders, the CFTC asked questions about whether it was common industry practice when a trader manages storage tanks or other assets and uses those assets in trading strategies.

For example, a trader at an oil company may buy a large quantity of oil on Nymex for delivery at Cushing, knowing that his company controls a large amount of the available storage there where light, sweet crude must be physically delivered at the end of the month. The trader's identity is anonymous in such a situation.

A counterparty who decides to sell the oil may have trouble near the end of the month making actual delivery, if the oil company doesn't make its ample storage available.

This could lead the counterparty to sell the oil to someone else at a lower price just to get out of the obligation to deliver it, and lead to a lower price on Nymex.

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Meanwhile, the oil company that is a buyer of the oil at a higher price on Nymex may have a simultaneous bet in the over-the counter markets that will benefit from the price drop.

But the rules in oil trading aren't as sharply drawn as in stock trading.

If a company used information available to insiders that others in the market didn't have -- such as the levels of storage at oil-storage facilities that are official delivery points for Nymex-traded crude -- but used that information only to make a profit and not to influence the price, regulators would be unlikely to allege wrongdoing.

BP Chief Ordered To Testify (FT)

By Sheila Mcnulty In Houston

Financial Times, August 29, 2006

Lord Browne, BP's chief executive, must give sworn testimony to be used in the death and injuries cases against the UK oil giant arising from last year's fatal explosion at its Texas refinery, a judge ruled on Monday.

State Judge Susan Criss ruled that Lord Browne and John Manzoni, BP's chief executive for refining and marketing, had "unique and superior knowledge" requiring them to undergo questioning, under oath, by plaintiff's attorneys in the US.

The decision comes at an awkward time for BP, which is under heightened regulatory and grand jury scrutiny for the refinery accident, as well as an Alaskan spill. It will likely spur BP to settle the 550 or so outstanding death, injury and property damage cases, rather than submit its top executives to aggressive questioning. BP has settled about 650 cases.

BP said it would appeal. "Neither Lord Browne or John Manzoni have unique knowledge of the Texas City incident on March 23 2005," said Neil Chapman, BP spokesman. Unless BP wins that appeal, the depositions will be heard in the first group of the outstanding cases against BP, representing about a dozen people, which goes to court September 18. That includes the two outstanding death cases; 15 people were killed and an estimated 500 injured in the explosion.

Arthur J Gonzalez, an attorney with Brent Coon & Associates, said his firm had argued that Lord Browne had unique knowledge from his trip to Texas immediately following the explosion, during which he toured the facility and met with the mayor, in addition to holding a news conference in which BP took responsibility for the blast.

In addition, he said, Lord Browne had refused to sign off on a health, safety and environment report from the refinery until changes were made, and was quoted in an e-mail as saying he viewed the Texas City refinery as separate from BP's 17 other refineries. "We have a right to know why," Mr Gonzalez said.

He said Mr Manzoni had to give evidence because he had commissioned an "accountability investigation" of key people within BP: "We are entitled to know the underlying reason why the accountability investigation was ordered."

¦BP has announced that partial production has been restored to the Prudhoe Bay oil field after a compressor that went down last week was repaired.

Tucson's Biggest Movie Chain To Be Sold (AZDS)

By Levi J. Long

Arizona Daily Star, August 29, 2006

Tucson's cinema scene is changing as the city's biggest movie theater chain is being sold amid planned openings of new multiplexes by other companies in the next year.

Century Theatres, Inc., announced the sale of 78 theatres around the country, including four in Tucson, to Cinemark USA, Inc., based in Plano, Texas.

The Century Theatre acquisition, dependent on antitrust approval from the U.S. Department of Justice, could be finalized in the next two to four months, said Terrell Falk, vice president of marketing and communications for Cinemark USA.

"The deal is still tentative," she said. "We're not sure when the closing will be but we anticipate few changes once the decision is made."

Considered the largest operator of movie theaters in the city, Century has locations that include El Con Mall and Park Place.

Century, based in San Rafael, Calif., also operates two drive-in theaters in Glendale and Scottsdale and has locations in 12 states including California and Nevada and New Mexico and Utah, according to its company Web site.

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A name change to Cinemark is not expected immediately at those Century movie theaters, Falk said.

Signs on the outside of the theaters will most likely continue to bear the Century name, however changes inside the lobby and interior signs would probably carry the Cinemark brand, Falk said.

Cinemark already operates theaters under other brands, including Tinseltown and Hollywood, Falk said.

Ticket prices at Century's theaters probably won't change, she said.

"The public won't notice anything significant," Falk said.

Cinemark already operates a theater in Sierra Vista, and plans to build more in the Phoenix area, Falk said.

Once the acquisition is complete, Cinemark will own 391 theatres with 4,395 screens in 37 states and 13 countries, according to a company news release. Once the deal is complete Cinemark would rank as the third-largest movie exhibitor in the United States, according to Hoover's business directory.

Regal Entertainment Group of Knoxville, Tenn., and AMC Entertainment of Kansas City, Mo., rank ahead of Cinemark as leaders in film exhibition, according to Hoovers.

"Tucson is a new market for us. We're coming into a lot of new markets and Tucson is a great movie-going area," Falk said.

As Cinemark absorbs Century, a few other cinemas companies will begin to open doors in the Tucson area.

By the end of September, Linda Vista Cinemas, will begin construction on its 16-screen complex at Arizona Pavilions shopping center in Marana. The complex will feature 3,300 stadium-style seats, a digital and THX surround-sound system, 40-foot-wide wall-to-wall screens, a gourmet coffee and pastry bar, a video arcade and automated ticket kiosks.

Linda Vista Cinemas, owned by three local business owners, is expected to open by May 2007, said Kent Edwards, a managing partner with Linda Vista Cinemas LLC.

Edwards is also the managing partner for Grand Cinemas, a discount movie theater chain with three Tucson locations.

"When you look at the market, we don't see competition with anyone else except AMC," he said, referring to the complex at the Foothills Mall. "As far as other companies, we won't be impacted too much."

Harkins Theatres, a Scottsdale based chain with 24 locations locations in five states and a total of 360 screens, is building an 18-screen complex at Tucson Spectrum, a shopping center near West Irvington Road and I-19. The theatre is expected to open by fall 2007, said Mike Bowers, vice president of Harkins Theatres.

"Tucson is an underserved market and has been for a long time," Bowers said.

When you look at competition among other theater operators, the Tucson Harkins theatre will will draw people mostly from the South and Westsides and Sahuarita, he said.

"Those are good demographics," he said.

Talks with theatre companies also continue with Phoenix-based developer Vestar, which is building the 860,000-square-foot Oro Valley Marketplace, which plans for a movie theatre complex as part of its masterplan.

The Marshall Foundation, owners and developers of Main Gate Square, a shopping district near the University of Arizona, also said they may announce plans at the end of the year for a new multiscreen theatre complex to be built near the campus.

The mini boom in new theater construction will bring competition and options to movie goers that did not exist before, said Shelly Paul, past president of the Arizona Theatre Owners Association.

"Just like there is Starbucks, there are going to be movie theaters for everyone," Shelly said of Tucson's new options. "People go to get coffee like they go to the movies. They pick mostly by location."

That also means competition among chains as they work to attract movie goers into their movie theaters, she said.

"That's just the American way," she said.

Contact reporter Levi J. Long at 573-4179 or llong@azstarnet.com.

Nonprosecution Agreement Doesn't Guarantee A Dodged Bullet (LAW)

By Sue Reisinger, Corporate Counsel

Corporate Counsel, August 29, 2006

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Most companies assume that they've successfully dodged a bullet when they sign a nonprosecution agreement with the government. That's certainly what shipping giant Stolt-Nielsen S.A. thought when its subsidiary struck a deal three years ago to avoid federal criminal charges for antitrust violations.

But shortly after the deal was concluded, the government said it would indict Stolt-Nielsen anyway because the company had broken the pact. Stolt-Nielsen maintains that the government is the one who isn't living up to the deal, and in July asked the U.S. Supreme Court to block the indictment.

U.S. Department of Justice spokeswoman Gina Talamona says the Stolt-Nielsen case is the first time that lawyers in the agency's antitrust division have tried to revoke a nonprosecution deal (also called an amnesty agreement). Talamona says the DOJ doesn't keep such statistics outside the antitrust division, but other observers say they don't know of any other instance in which the government has tried to rescind a deal with a corporate defendant.

The government's allegations focus on Stolt-Nielsen Transportation Group Ltd., the Dutch subsidiary of the London-based parent company. The DOJ says the subsidiary colluded with other shippers in 2002 to fix prices and share customers. After Stolt-Nielsen began cooperating with the government, the DOJ won guilty pleas from the other shippers, which have been hit with $62 million in fines and seen several of their executives go to jail. Stolt-Nielsen and its executives escaped fines and prosecution when the company signed its nonprosecution agreement with Justice in January 2003.

Six months later, the government filed a criminal complaint against Stolt-Nielsen executive Richard Wingfield, adding that it would indict the company. DOJ lawyers separately told Stolt-Nielsen that they were revoking the nonprosecution agreement because the company had lied about when it had stopped its wrongdoing.

Stolt-Nielsen responded by asking a federal district court judge in Philadelphia to block the indictment. In January 2005 Judge Timothy Savage sided with the company, saying that the government couldn't rescind the agreement prior to a judicial ruling that Stolt-Nielsen had breached it. Plus, Savage added, there was no breach because the company had ceased its wrongdoing by the time it signed the agreement -- and no other date is mentioned in the agreement.

But this past March, the 3rd Circuit U.S. Court of Appeals reversed Savage's ruling. The appellate panel found that a valid nonprosecution agreement can bar the government only from prosecuting a company, not from indicting it. The circuit court said that Savage did not have the authority, under the Constitution's separation of powers provision, to stop Justice from indicting. "Simply being indicted and forced to stand trial is not generally an injury for constitutional purposes," the 3rd Circuit judges said.

That's simply wrong, Stolt-Nielsen argues in its petition to the Supreme Court. The company says that an indictment "would have a catastrophic and incurable impact" by letting creditors claim an adverse change, throwing the company into default, accelerating repayment obligations, and possibly prejudicing Stolt-Nielsen's ability to refinance maturing debt or to sell assets.

Susan Hackett, GC of the Association of Corporate Counsel, says that her group plans to file an amicus brief with the Supreme Court on Stolt-Nielsen's behalf. According to Hackett, the government's attempt to renege on its deal with the company has caused in-house counsel to question whether nonprosecution agreements can still deliver their main benefit -- freedom from indictment.

"If that benefit is now in doubt or undermined," Hackett says, "it will impact the advice that corporate counsel provide. And it will chill the likelihood that clients will be as interested in self-reporting or early resolution of complex cases."

ETEU Approves Phillips' Purchase Of Avent (AP)

AP, August 29, 2006

BRUSSELS, Belgium (AP) - The EU has approved plans by Dutch appliance maker Royal Phillips Electronics NV to purchase Britain's Avent Holdings Ltd., a baby product maker with sales in more than 60 countries.

"The European Commission concluded that the proposed transaction would not significantly impede effective competition in the European Economic Area or any substantial part of it," the EU said in a statement released Monday.

The statement said that EU antitrust investigators had determined that the proposed acquisition would not give rise to any significant reduction in competition.

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The Dutch company announced its plans last week, and said that if the terms are accepted by Avent's parent company, Charterhouse Capital Partners LLP, Phillips will pay about 675 million euros ($861 million) in cash when the transaction is scheduled to be completed by the third quarter of 2006.

Avent, founded in 1984 and specializing in baby monitors and feeding products, is among the top three manufacturers in its field in the United States -- a 7 billion euros ($9 billion) market worldwide.

Brown-Forman Will Acquire Tequila Maker (NYT)

By Elisabeth Malkin

The New York Times, August 29, 2006

MEXICO CITY, Aug. 28 — The Brown-Forman Corporation, the Kentucky company known for its Jack Daniel's and Southern Comfort liquor, said Monday that it was buying the Mexican tequila company Casa Herradura for $876 million.

The deal gives Brown-Forman two brands, Herradura and El Jimador, which are among the best-selling tequilas in Mexico, but which lag in the fast-growing market for tequila in the United States.

"We think we can do a better job with wider distribution," said Phil Lynch, a spokesman for Brown-Forman in Louisville. "We will have more resources to build the brands."

Rafael Obregón, chief executive of Casa Herradura, which is based in Guadalajara, said in a news release that the company expected the deal "to grow our brands in the global spirits market."

Tequila imports to the United States have grown an average of 8.6 percent a year since 2002 and high-end tequilas have grown even faster, about 20 percent annually, according to the Distilled Spirits Council of the United States. The margarita, which is mixed with tequila, is the most popular cocktail in the United States, Brown-Forman said.

But exports account for less than 20 percent of Herradura's sales, which were about $200 million last year. The company is held by the Romo family, which founded the distillery in 1870, the same year that Brown-Forman was founded.

With the sale of Herradura, Mexico's No. 3 tequila producer, only the largest of the top three tequila distillers, Jose Cuervo, will remain Mexican-owned. Sauza, the No. 2 producer, is controlled by Fortune Brands.

Several analysts said Brown-Forman had paid a steep price for Herradura. Pernod-Ricard and Bacardi were also reported to have been interested, which may have helped push up the final price Herradura received.

"It's an expensive acquisition," said Timothy S. Ramey, an analyst with D. A. Davidson & Company.

But, he added, "Tequila is an attractive growth vehicle."

At the same time, Brown-Forman expects Casa Herradura's national distribution network in Mexico will help increase sales of its whiskeys and wines. Brown-Forman's chief executive, Paul C. Varga, said in a release that the acquisition would "enable us to continue our company's international expansion."

The company said that it did not expect the acquisition to begin adding to earnings for a couple of years.

Casa Herradura produces Herradura, a super-premium brand, which sells in the United States for about $40 for a 750-milliliter bottle and El Jimador, which retails for about $20. It also owns a ready-to-drink mix brand called New Mix, which sells only in Mexico.

Kinder's Buyout Would Boost Debt To $14 Billion (WSJ)

By Russell Gold And Serena Ng

The Wall Street Journal, August 29, 2006

Kinder Morgan Inc.'s debt load would double to $14 billion under its proposal to go private, leaving the company more vulnerable to a downturn in commodities, rising interest rates, or other shifts in the business landscape.

Kinder Morgan, an oil and natural-gas pipeline company, yesterday reached a long-expected agreement to go private after a special board committee sweetened the offer price for shareholders by $1 billion, thereby increasing the debt by the same amount. The company's management, along with a group that includes Goldman Sachs Capital Partners, American International Group Inc. and Carlyle Group, made the offer, which is valued at about $14.56 billion plus the assumption of about $7 billion in debt.

If approved by regulators and shareholders, the deal would be one of the largest leveraged buyouts ever.

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Flush with cash, private-equity firms are increasingly active in the energy sector, funding start-up firms, buying up assets and in Kinder Morgan's case, helping finance the management-led buyout of one of the largest owners of energy infrastructure in the U.S.

At 4 p.m. in New York Stock Exchange composite trading, shares of Kinder Morgan were up $2.57, or 2.5%, to $104.27.

The proposed deal will raise Kinder Morgan's debt from the current level of about $7 billion. Moody's Investors Service, Standard & Poor's and Fitch Ratings yesterday reiterated plans to cut Kinder Morgan's investment-grade ratings to speculative grade or "junk" when more details of the transaction emerge. A Kinder spokesman said it is "premature" to discuss whether it might refinance any of its current debt.

Still, Kinder Morgan's ratings are likely to end up in the "BB" range, the highest speculative-grade rating. Fitch analyst Glen Grabelsky says Kinder Morgan's pipelines are expected to generate strong and steady cash flows that would enable it to service the larger debt.

He says how quickly Kinder Morgan can pay down its debt will depend in part on how it chooses to use the cash it generates. If commodities prices continue to hold up, the company could see stronger demand for its energy transportation, distribution and storage services and seek to expand its operations. "They'll probably want to undertake acquisitions and expansion projects to improve their network, and we expect them to take advantage of attractive investment opportunities," Mr. Grabelsky said. "That may slow their debt reduction."

If there is a downturn in the volatile commodities sector, revenue from Kinder Morgan's distribution business could be affected. And Mr. Grabelsky said that because the new debt is likely to come in the form of floating-rate loans rather than fixed-rate instruments, it could be hit by a sharp rise in interest rates.

Under the deal, Kinder Morgan shareholders will receive $107.50 a share, above the $100 a share management proposed in May. Management and private-equity investors raised the offer after negotiating with a special committee of independent board members. The committee recommended shareholder approval. The purchase price is 27% above the stock's price before the proposal to take the Houston company private was disclosed earlier this year.

There are still significant risks for the company's creditors. Holders of Kinder Morgan's existing bonds have already seen the value of their investments plunge since the firm unveiled plans for a buyout in late May. They could be hurt further if Kinder Morgan's private-equity investors decide to pay themselves a big cash dividend shortly after the buyout is completed. "I can see them doing a $1 billion dividend payout within nine months of the deal closing," said Andy DeVries, an analyst at research firm CreditSights.

Kinder Morgan President C. Park Shaper said that decisions regarding dividend payouts will be linked to the desire to keep the debt of Kinder Morgan Energy Partners LP, a tax-reducing master limited partnership aimed at attracting retail investors, at an investment rating.

Chairman and CEO Richard Kinder will continue to lead the private company. Mr. Kinder and other managers are contributing about $3 billion in equity, says a spokesman. Goldman Sachs Group Inc.'s Goldman Sachs Capital Partners, AIG, and Carlyle and its Riverstone Holdings affiliate are expected to contribute about $5 billion. The rest will be additional debt.

Kinder Morgan Agrees To An Improved Buyout Offer Led By Its Chairman (NYT)

By Jad Mouawad

The New York Times, August 29, 2006

Kinder Morgan Inc., one of the largest pipeline operators in the country, said yesterday that it had agreed to a sweetened buyout offer of $15 billion from a group of investors led by its chairman and co-founder, Richard D. Kinder.

The buyers, who plan to take the company private, agreed to increase their cash offer to $107.50 a share, from an offer of $100 a share made in May. In addition, they will assume $7 billion of debt, Kinder Morgan, of Houston, said in a statement.

The transaction is one of the largest leveraged buyouts ever.

The buyout is led by Mr. Kinder, a former president of Enron who was ousted after a dispute with Enron's founder, Kenneth L. Lay. The investor group includes Goldman Sachs Capital Partners, part of the investment bank's equity business; the American International Group, the insurance company; and two private equity firms, the Carlyle Group and Riverstone Holdings.

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Kinder Morgan's board accepted the higher offer yesterday and will recommend its approval by shareholders. In trading on the New York Stock Exchange, the company's shares rose $2.57 yesterday, to $104.27.

Some investors had criticized the initial offer as too low and threatened to sue the company. At the time, the offer represented an 18.5 percent premium over the price of Kinder Morgan shares. The new offer amounts to a 27 percent premium over Kinder Morgan's closing price of $84.41 on May 26, the last trading day before the initial one was made.

After the May offer, the company's board appointed an independent panel to help evaluate it. Some analysts had expected Kinder Morgan to be worth much more. Indeed, a low market valuation was one reason that Mr. Kinder cited in May for wanting to take the company private.

Paul Sankey of Deutsche Bank wrote in a note to investors yesterday: "There are megabulls on Kinder Morgan who valued it at $150, and expected a bump to $120, but this was not reflected by the market, which clearly didn't see much upside. But the independent committee had to protect itself by asking for some kind of increase, and this offer should do enough to satisfy shareholders who owned equity worth $84 a share when the process started."

Kinder Morgan operates about 43,000 miles of pipelines for natural gas, oil, other petroleum products and carbon dioxide. It also runs more than 150 terminals for gasoline and petroleum products and provides natural gas distribution service to more than 1.1 million customers.

Among its larger assets, Kinder Morgan owns Plantation Pipelines, one of the nation's main transportation networks for petroleum products, carrying gasoline from refineries on the Gulf Coast to markets on the Atlantic Coast.

Mr. Kinder has been called the anti-Ken Lay. Mr. Lay, Enron's chairman, blocked Mr. Kinder's career there and pushed him out in favor of Jeffrey K. Skilling, who became president and chief executive after Mr. Kinder left. Under the new leadership, Enron shunned its traditional businesses in favor of more lucrative, and riskier, trading activities. It collapsed in 2001, and Mr. Skilling was convicted of fraud. Mr. Lay died last month of a heart attack.

Kinder Morgan is largely the result of Mr. Kinder's strategy after he left Enron in 1996. At the time, he took over Enron's stodgy pipeline assets and quickly expanded the business through a series of mergers and acquisitions.

In 1999, for example, he engineered a merger between Kinder Morgan Energy Partners and KN Energy, a gas utility in the Midwest. That deal was followed by several smaller acquisitions of storage terminals, distribution networks and other so-called midstream assets.

Among the investors in the current buyout besides Mr. Kinder are the company's other founder, William V. Morgan; and two directors, the billionaire financier Fayez S. Sarofim and Michael C. Morgan, Mr. Morgan's son. Mr. Kinder owns 24 million shares of Kinder Morgan, or 18 percent of the company.

Kinder Morgan Board Approves $15B Sale (USAT)

By Matt Krantz

USA Today, August 29, 2006

Kinder Morgan's CEO, along with several large private equity firms, Monday won the board's blessing to buy the Houston-based energy company and take it private.

The offer, worth $15 billion in cash, or $107.50 a share, plus the assumption of $7 billion in debt, is 7.5% more cash than the same group's offer in May. It's also the second-largest "going private" transaction of the year, behind the deal for hospital chain HCA, valued at $32.1 billion including debt, says Thomson Financial.

The deal awaits shareholder approval, but is another sign of the rising influence of private equity firms buying companies of increasing size. It also shows a growing interest by executives like CEO Richard Kinder to escape the rigors of leading a public company. Ringing the bell on Wall Street doesn't have the allure it used to for some CEOs.

"Any time you get a company that might be in play … management is looking to see how it can be involved and take a leading role," says John Rodney, partner at law firm Thorp Reed & Armstrong.

For Kinder, the deal represents a chance to own a bigger slice of the company, which could be worth considerably more after making long-term strategic improvements, says Robert Lane, analyst at Sanders Morris Harris.

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The stock, which rose $2.57 Monday to $104.27, would be worth $150 to $160, he says, but only after doing "a lot of different things to reorganize." And as the head of a private company, Kinder, who owns 18% of the company now, will be free to make the necessarily long-term changes, Lane says. And he'll own roughly 40% of the private company, providing him with a larger potential payout.

Even so, the deal is fair to current shareholders because it represents a 27% premium from the price of $84.41 before the first offer, Lane says. The initial offer, made on May 29, was 18.5% higher than the previous day's closing price. Lane expects shareholders to approve the deal.

It's unlikely other bidders will emerge, he says. Kinder's buyout is backed by some of the biggest players in the private industry world, including Carlyle Group, Goldman Sachs, Riverstone and AIG Global Asset Management.

Still, such management-led deals draw investor scrutiny, says Chris Young, head of merger and acquisition research for Institutional Shareholder Services, which helps large investors decide how to vote. Investors are skeptical if they feel CEOs can use their large ownership blocks to thwart higher, competing bids. They also wonder if a company's future is better than widely expected, if CEOs with inside information still want to buy, he says. "You have to look at these with a cautious eye," he says.

There can be a conflict of interest when the CEO is the buyer, says Phillip Phan, professor at Rensselaer Polytechnic Institute.

Nonetheless, the trend of CEOs buying their companies and taking them private is expected to pick up.

So far this year, seven formerly publicly traded U.S. companies have sold themselves for $69.9 billion to private teams led by the management, says Dealogic, well above the two deals worth $3.8 billion in 2005.

"The Kinder Morgan deal is par for the course," Phan says. "We'll see more of these."

Banca Popolare Italiana Is Seen As Merger Target (WSJ)

By Gabriel Kahn

The Wall Street Journal, August 29, 2006

Banca Popolare Italiana Scarl could be the next Italian lender to be scooped up as the long-awaited banking consolidation gains pace in the wake of the planned megamerger between Banca Intesa SpA and Sanpaolo IMI SpA.

The midsize bank, based in the city of Lodi in northern Italy, earlier this month announced it was considering merger options with other Italian banks. So far, four banks have formally expressed interest. The BPI board is scheduled to meet Thursday, at which point it could give a mandate to its two advisers, Rothschild and Mediobanca SpA, on how to proceed, according to a bank spokesman.

Another wave of banking consolidation in the lucrative but fractured Italian market has been expected for some time, and the country's top banking regulator, Bank of Italy Gov. Mario Draghi, has urged the country's banks to merge themselves into bigger groups. Saturday, Intesa and Sanpaolo, Italy's No. 2 and No. 3 banks, agreed to the terms of a merger that would create one of the largest lenders in the euro zone and would control more than 20% of the Italian retail market. That move is expected to increase the competitive pressures on the country's smaller banks to look for partners in order to increase size and efficiency.

Last night, the board of Banca Popolare dell'Emilia Romagna Scarl, one of the banks that had expressed interest in acquiring BPI, was meeting. There wasn't yet word on whether the board was planning to formalize its interest by making an offer. Other banks that have expressed interest in BPI are Banca Popolare Novara Verona, Banca Popolare Milano and Banche Popolari Unite. Morgan Stanley, in a recent research note, commented that with so many banks expressing interest, "time is running out," and it expected bids to materialize soon. BPI was at the center of a massive criminal investigation last year after the bank's previous chief executive, Gianpiero Fiorani, launched a failed bid for Banca Antonveneta SpA, which is three times as big.

BPI is considered large and attractive enough to get serious attention. Its market capitalization is about €5.7 billion ($7.3 billion). Mutual, or "popolare," banks have odd structures that often limit the power of large shareholders. For that reason, Morgan Stanley said, these banks often merge with other popolare lenders.

Write to Gabriel Kahn at gabriel.kahn@wsj.com1

ENVIRONMENT:

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Blistering Drought Ravages Farmland On Plains (NYT)

By Monica Davey

The New York Times, August 29, 2006

MITCHELL, S.D. — With parts of South Dakota at its epicenter, a severe drought has slowly sizzled a large swath of the Plains States, leaving farmers and ranchers with conditions that they compare to those of the Dust Bowl of the 1930's.

The drought has led to rare and desperate measures. Shrunken sunflower plants, normally valuable for seeds and oil, are being used as a makeshift feed for livestock. Despite soaring fuel costs, some cattle owners are hauling herds hundreds of miles to healthier feedlots. And many ranchers are pouring water into "dugouts" — natural watering holes — because so many of them (up to 90 percent in South Dakota, by one reliable estimate) have gone dry.

Gov. Michael Rounds of South Dakota, who has requested that 51 of the state's 66 counties be designated a federal agricultural disaster area, recently sought unusual help from his constituents: he issued a proclamation declaring a week to pray for rain.

"It's a grim situation," said Herman Schumacher, the owner of a livestock market in Herreid, S.D., a small town near the North Dakota line where 37,000 head of cattle were sold from May through July, compared with 7,000 in the corresponding three months last year. "There's absolutely no grass in the pastures, and the water holes are all dried up. So a lot of people have no choice but to sell off their herds and get out of the business."

Drought experts say parts of the states most severely affected — Nebraska, the Dakotas, Montana and Wyoming — have been left in far worse shape because of recent history: several years of dry conditions, a winter with little snow and then, with moisture reserves in the soil long gone, a wave of record heat this summer.

By late August, rain had fallen several times in some areas, but Bob Hall, an extension crops specialist at South Dakota State University, said it amounted to "a drip in a bucket."

"The bottom line is that even if we got relief starting today, at this minute," Dr. Hall said, "it would take a few years economically to recover."

As if earless, shriveled cornstalks were not enough, farmers and ranchers say they carry a sense that their counterparts elsewhere seem to be doing just fine, leaving them with what feels like an invisible disaster, unnoticed by the outside world. Some farmers in Midwestern states like Illinois, Indiana and Ohio, as well as some in the eastern sections of South Dakota and Nebraska, tell of a respectable growing season.

Even here in Mitchell, about 70 miles west of Sioux Falls, some residents did not grasp the scope of the drought until the Corn Palace, this city's tourist-luring castlelike civic center wrapped in hundreds of thousands of ears of corn, announced that because there was not enough of the crop, it would not redecorate this year for the 2007 season.

"We don't have any record of anything like this happening before," said Mark Schilling, the director of the Corn Palace, a campy, 114-year-old landmark promoted on highway billboards with endless corn puns.

"But if there's not a crop, there's not a crop," Mr. Schilling said quietly.

After weeks and weeks with little rain and high temperatures, one farmer, Terry Goehring, watched the mercury spike to 118 degrees in his Mound City, S.D., field one day in July. That was it. Mr. Goehring, who has farmed since 1978, sold half his 250 head of Angus cattle.

"There was no corn," he said. "There was no hay. We had nothing. And in that moment, I knew there was no choice."

Climatologists with the National Drought Mitigation Center at the University of Nebraska-Lincoln said scientists deemed the weather conditions and its effects in the areas of the worst drought a once-in-50-years experience.

In some cases, it has been worse than that. On July 15, a weather station in Perkins County, S.D., near North Dakota, recorded a temperature of 120 degrees. That matched the highest ever reported in the state since the start of such record-keeping in July 1936, said Brian Fuchs, a climatologist at the Nebraska center.

Given such conditions, it is hardly a surprise that crop estimates are so gloomy. Steve Noyes, deputy director at the South Dakota field office of the government's National Agricultural Statistics Service, said the winter wheat crop here had shrunk by 43 percent from last year's; alfalfa hay is expected to be down by 35 percent; and 22 percent of pasture land is deemed "very short," with 35 percent "short," figures significantly worse than those of a year ago.

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For the most part, commodity prices have not been affected, said Greg Lardy, a beef cattle specialist at North Dakota State University. While the region affected is hard hit, Dr. Lardy said, it has not been large enough to leave a mark on prices, particularly since some other regions have experienced strong seasons.

A walk through the fields of David Gillen, whose family has farmed in White Lake, 35 miles west of Mitchell, since 1897, is a tour of a drought. While some fields have survived, others are not worth harvesting. There, corn that should have been lanky by now is short and yellow, and many stalks carry no ears: the pollination, which should have occurred at the end July, never happened at all, given the extreme heat.

"This is my favorite time to be out here looking at the fields," Mr. Gillen said. "But there's nothing to see."

While the soybean fields may improve with the recent rains, it is too late for this year's corn, a circumstance that surely would have made the creators of the Corn Palace cringe.

In 1892, the Corn Belt Real Estate Association decided it made sense to nail ears of corn to the side of the palace as a salute to the bounty that the region's soil could produce, and as a retort to those (including Lewis and Clark) who seemed to doubt that these seemingly wild lands could be farmed.

So for years (and through three different palaces in Mitchell), annual themes (like the "Space Age" in 1969 and a "Salute to Rodeo" this year) have been captured in images made all of corn here, at a cost, in today's prices, of about $140,000 a year. But as this summer proceeded and the sun blazed on, the palace board nervously monitored the fields whose dramatically colored corn goes to the palace, waited for rain and consulted with an agronomist.

With fields of certain colors struggling, the board decided the murals it had planned for the 2007 theme, "Everyday Heroes," could not be created, said Mr. Schilling, the palace's director. Wade Strand, the farmer who grows all of the palace's colored corn, took the news "pretty hard," Mr. Schilling said.

Looking back, Mr. Strand said he had believed that he had grown enough corn. He said he had hoped the designs could be made without orange tone and shades of black and light red. "But they felt that the colors I was missing were strategic to the theme," Mr. Strand said.

Mr. Schilling said he believed that the current murals would remain intact through a second year, though he acknowledged that they might fade a bit. The vulnerabilities now, he said, are the risks inherent in art, or anything, made of corn: the effects of birds and wind, sun and heat.

'Confusion' Surrounds Plans For Flu Pandemic (USAT)

By Anita Manning

USA Today, August 29, 2006

States' planning for pandemic flu has been hampered by a lack of clear direction from federal health officials and a dearth of scientific information on strategies that could slow the spread of infection, researchers say.

Scientists at the non-profit Research Triangle Institute International reviewed 49 pandemic plans posted on state health department websites (only Louisiana's plan was not posted) and found wide disparities.

Their report in the September issue of Emerging Infectious Diseases, a journal of the Centers for Disease Control and Prevention, is published online at www.cdc.gov/ncidod/EID.

Highlights of the report:

•All states give vaccination priority to health and emergency workers; people with high-risk medical conditions, such as asthma and heart disease; and the elderly. But they are "markedly" different in their plans for limiting personal contact and prevention guidance.

•There is "confusion and lack of specificity" in the plans when it comes to practical measures to identify and contain an outbreak. For instance, there is no definition of what would trigger a declaration of a pandemic, and measures such as vaccination or use of anti-flu medications are "infrequently addressed," mainly because the supplies of vaccine and drugs are expected to be limited.

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•Key questions are unanswered, such as whether earlier detection would prompt changes in behavior that could slow the spread of the disease and whether the use of face masks would help. Further, "we know of no studies designed to address these and several other issues."

•Only a handful of states plan such surveillance efforts as monitoring hospital emergency rooms for flu-like illnesses or screening international travelers.

"We believe some of the problem results from weak central (federal) direction, as has been a criticism of national bioterrorism preparedness," the authors write. "Fortunately, state and federal plans are still in flux, many are still in draft form, and getting a clearer delineation of a basic plan that all states can follow is still possible."

In November, President Bush announced a National Strategy for Pandemic Influenza and in May issued a plan for implementing the strategy. The authors say that a revision of the plan "would be helpful" and that studies should be done to provide more specific information to state planners.

Preparing the country for a flu pandemic will take time, says John Agwunobi, assistant secretary for health at the Department of Health and Human Services. "Under no circumstances are we there yet. Making sure that every state has its first draft plan is one of the very first steps."

The new report helps clarify strengths and weaknesses in the plans, but it does not reflect "the notion that we are building in layers," Agwunobi says. State plans are a first step, and this fall, regional planning will begin.

Other questions, such as "what's the most strategic way to close schools, how to protect nursing homes in the absence of a vaccine, the best ways to apply social distancing at the community level" will be explored starting in mid-October, Agwunobi says. That's when the Institute of Medicine will convene a series of expert panels to develop guidelines for communities.

That outcome will "serve as the scientific basis for the next generation of our pandemic plan," he says.

Microchip Flu Test Speeds Diagnosis, Pinpoints Origin (WSJ)

By Betsy McKay

The Wall Street Journal, August 29, 2006

Scientists have developed a microchip-based test that could allow more laboratories to quickly diagnose and pinpoint the origin of flu viruses, including the H5N1 avian-flu strain.

The FluChip, as the new test is dubbed, successfully identified 72 influenza strains, including the H5N1 bug, in less than 12 hours, the Centers for Disease Control and Prevention said. The CDC collaborated on the development of the chip with scientists from the University of Colorado at Boulder, and the research was published in the latest issue of the Journal of Clinical Microbiology.

Many labs already have diagnostic tools to determine the type of an influenza virus within a few hours. In February, the Food and Drug Administration approved a diagnostic test that can rapidly determine whether a virus is of the H5 type that has proved deadly in poultry and some humans. But only a few high-security labs around the world have been able to do the detailed testing that can determine a virus' subtype -- such as H5N1 -- along with the geographic origin of an emerging virus and other genetic information, said Nancy Cox, chief of the CDC's influenza branch.

The new test could bring those capabilities to a larger number of labs, helping public-health officials to track emerging viruses more quickly and speeding research, government officials said.

"The ability to quickly and accurately identify strains of influenza would be invaluable to international flu surveillance efforts," said Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases, a part of the National Institutes of Health, which funded the research. "This is an encouraging advance."

The CDC provided flu samples that the University of Colorado researchers used to develop and hone the FluChip. They included flu strains that infect humans, horses, birds and swine. To design the FluChip, the researchers used flu-genome-sequence databases from the Los Alamos National Laboratory, CDC, and information from the influenza genome-sequencing project supported by the National Institute of Allergy and Infectious Diseases.

Dr. Cox said it could be two years before the test is commercialized, and making it inexpensive enough for a large number of labs to afford will be important. "You would want to have it available to as many labs as possible," she said.

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High-tech Test Could Analyze Flu Quickly (USAT)

USA Today, August 29, 2006

A new microchip-based lab test could allow quicker and more detailed diagnoses of flu, including the strain of bird flu that has infected 241 people and killed 141 in Asia and other parts of the world, federal health officials say. The FluChip, developed by scientists at the University of Colorado at Boulder and the Centers for Disease Control and Prevention, distinguished among 72 flu strains in under 12 hours. The test could be widely used by labs to identify flu strains and other critical details, such as whether the strains are human or animal in origin, what part of the world they came from and whether they're changing genetically in ways that could make them more virulent. Right now, only the CDC and a few other labs around the world are able to do that kind of analysis. The research is published in the Journal of Clinical Microbiology.

Drug might not delay earliest births

A drug to help women carry their babies to term that is awaiting federal approval doesn't appear to delay the earliest preterm births most often linked to death and serious health problems, according to federal documents released Monday. The results of a single clinical trial were not "statistically persuasive" in suggesting that the injectable drug, Gestiva, reduced births before either 32 or 35 weeks' gestation, Food and Drug Administration documents show. The drug does appear, however, to reduce births before the 37th week, which is considered the cutoff point for a newborn to be considered premature. The FDA released the documents ahead of a meeting today by an outside panel of experts that is considering whether the agency should approve the drug application filed by Adeza Biomedical of Sunnyvale, Calif.

Ethanol could have a future at the bar

Now that ethanol has become common in gas tanks, two Iowa State University scientists are working to get it into martini glasses. They are researching how to easily, and cheaply, turn fuel ethanol into food-grade alcohol to be used in beverages, pharmaceuticals and personal-care products. The research is focused on perfecting technologies that purify fuel ethanol, a grain alcohol most often made from corn and used as a gasoline additive. Like beverage alcohol, fuel ethanol is yeast-fermented and then distilled. But it has many more impurities that must be removed, says Jacek Koziel, an assistant professor of engineering at Iowa State University in Ames. Engineering professor Hans Van Leeuwen says food-grade ethanol "tastes just like vodka," although the 190-proof product must be diluted. He said he has hosted one tasting panel and has had positive results.

Healthy, active living aids memory

Turning off the television, picking up a crossword and eating more fish could be the key to a better memory, an Australian survey finds. Results of the online memory test involving almost 30,000 people found no difference in scores between men and women on any of the tasks surveyed (including remembering a shopping list, recalling names, faces and occupations, and long-term recall) but found that TV viewing had the main effect on results: test-takers who watched less than one hour a day performed better at all assignments. People who did crosswords were better at remembering shopping lists and recalling names, and eating fish once a week improved the ability to remember shopping lists.

Ancient skeleton, campsite found in Texas

Archeologists say a prehistoric skeleton and campsite discovered on the muddy shore of Lake Travis in Austin could be up to 2,000 years old. An archaeology crew excavated the nearly intact skeleton, probably of a woman about 40 years old, on Sunday. Members of the team said they also found arrowheads and flat rocks that could have been used to grind food.

New Test Speeds Diagnosis Of Lethal Avian Flu Strain (NYT)

By Donald G. McNeil Jr.

The New York Times, August 29, 2006

In an advance that speeds up diagnosis of the most dangerous avian flu, scientists have developed a detailed influenza test that takes less than 12 hours, federal health officials said yesterday.

The new technology, a microchip covered with bits of genetic material from many different flu strains, cuts the typical time needed for diagnosis of the A(H5N1) flu to less than a day from a week or more. In addition, rather than giving just a yes-or-no result, it usually reveals which flu a human or an animal has.

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That means that public health officials investigating, for example, a flu outbreak in poultry or in humans in a remote Asian or African village will be able to decide quickly whether to kill thousands of birds or to treat hundreds of potentially exposed people with expensive antiviral drugs.

Right now, ascertaining whether a flu is of the lethal A(H5N1) strain requires that a sample be frozen and shipped to a highly secure laboratory, usually in a major city like Atlanta or Hong Kong, where the virus can be grown in eggs, isolated and genetically sequenced. That process takes four to five days plus shipping time and runs the risk of samples defrosting in transit and being ruined.

The new test, called FluChip, can be performed in any laboratory that can amplify bits of genetic material; many countries have such laboratories in their national capitals, if not in provincial hospitals. Samples need not be frozen, and because only bits of genetic material are multiplied rather than whole viruses, the work can be done in laboratories with lower biosecurity levels.

Nancy J. Cox, chief of the influenza branch of the Centers for Disease Control and Prevention in Atlanta, said the chip "really allows us to get a lot of information about a virus in a short time."

Dr. Anthony S. Fauci, director of the National Institute of Allergy and Infectious Diseases, which announced the creation of the test, called it an "encouraging advance" that could be "invaluable to international flu surveillance efforts."

Dr. William B. Karesh, chief field veterinarian for the Wildlife Conservation Society, who led a 2005 expedition to Mongolia to track the lethal avian flu virus as it first moved out of Asia in migrating wild birds, said the new test "sounds fabulous."

"It could be an incredibly powerful tool," Dr. Karesh said.

A more advanced version to be used in the field may be ready within two years, said Kathy L. Rowlen, a University of Colorado chemistry professor who led the team that developed the test.

At present, animal and human health experts trying to fight avian flu in remote areas are forced to make important decisions based largely on guesses because it is too risky to wait a week for a laboratory to confirm that a highly dangerous virus is loose.

A dipstick test done on the spot, which a veterinarian working in Indonesia said was as quick and as simple as a home pregnancy test, can tell only if a flu is type A.

Getting more information requires polymerase chain reaction amplification, which Dr. Rowlen described as "separating the genetic material of the virus itself from all the other things you find in a nasal swab, and then making a million copies of it, like using a photocopier."

That requires a machine costing about $20,000, which can be found in most countries' national laboratories and in some provincial hospitals, Dr. Karesh said. One he saw in Mongolia was "a kitchen-tabletop-type thing," he said.

Currently, such machines and follow-up tests can tell in about four hours whether a flu is an H5 strain.

The FluChip, sometimes called a microarray, or gene chip, greatly enhances that technology.

It is coated with 55 short stretches of RNA selected from 5,000 samples of human, bird, pig and horse flus provided by the C.D.C., and including H5N1 and routine human flus of the H3N2 and H1N1 strains. The broken-up DNA in the amplified sample is, in effect, poured across the chip, and fragments stick to the matching bits of RNA. By noting the matches, scientists can deduce which flu it is.

In recent tests, the technology correctly identified 72 percent of samples and partly identified an additional 13 percent, according to the disease centers.

Moreover, as the flu mutates, Dr. Cox said, stretches of RNA from newly emerging strains could be added.

Michael T. Osterholm, director of the Center for Infectious Disease Research and Policy at the University of Minnesota, called the chip "good news, because it clearly moved ahead the diagnostic tools we have." It also has the potential to speed up mass testing because dozens of samples can be tested on dozens of chips at once.

But if a flu pandemic were to erupt, Dr. Osterholm warned, the test could quickly be rendered useless because most of the chemicals needed for the preliminary DNA-amplification steps come from abroad, and the chaos that a pandemic would cause would interrupt supplies.

"You can have all the guns you want," he said, "but if the bullets are offshore, you can't shoot very much."

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FBI/DEA/ATF/USMS:

L.A. Judge: Former FBI Agent To Get Probation, Fine In Spying Case (SDUT/AP)

Associated Press

The San Diego Union-Tribune, August 29, 2006

LOS ANGELES – A former FBI agent who disclosed confidential information in connection with a Chinese spying investigation will be sentenced to probation and a $1,000 fine, a judge said Monday.

U.S. District Judge Gary Klausner said he would accept a plea bargain for Denise K. Woo, 47, who pleaded guilty to a misdemeanor count in June as part of the agreement.

Klausner called the plea deal, which calls for one year of probation, "appropriate." He set Woo's formal sentencing for Oct. 23.

A 2004 federal indictment alleged that in 1999 Woo, then an FBI special agent, "intentionally disclosed" the name of an informant to a man identified only as "J.W." and told him about telephone surveillance involving an investigation. Authorities later said the man was a Chinese-American employee of a defense contractor who was under investigation into whether he passed defense secrets to China.

In the plea agreement, Woo acknowledged that she had passed on information about the informant's identity to J.W. Her lawyers argued that she acted out of concern that the man, a family friend, was being wrongly investigated.

Woo, of Redondo Beach, was put on leave in 2001 and later dismissed.

Under the plea deal, the government dropped more serious charges of disclosing a wiretap, revealing the identity of a covert operative and lying to FBI agents. If convicted of those charges, she would have faced more than a decade in prison.

Her lawyer, Michael Camunez, has called the case "completely overblown."

The investigation of the defense worker was led by former FBI counterintelligence agent James J. Smith, according to court records. Last year Smith, 62, pleaded guilty to lying to the FBI about his two-decade affair with socialite Katrina Leung, a paid U.S. government informant who was eventually alleged to be a Chinese double agent.

Leung, 52, of San Marino, was charged with illegally possessing classified documents with intent to harm U.S. interests, but a federal judge dismissed the charges, citing prosecutorial misconduct. While the government's appeal of the dismissal was pending, Leung agreed in December to plead guilty to making a false statement to the FBI and filing a false tax return.

Ex-FBI Agent Receives Probation, Fine (KCAL-TV)

KCAL-TV, August 29, 2006

(CBS) LOS ANGELES An ex-FBI agent who disclosed confidential information to a defense worker under investigation for allegedly selling information to China will be sentenced to probation and slapped with a $1,000 fine, according to a judge.

Denise K. Woo, 47, pleaded guilty in June to a federal misdemeanor court, under a plea bargain. She would be sentenced Oct. 23 after U.S. District Judge Gary Klausner accepted the sentence agreed upon her plea deal.

"I think it's appropriate," Klausner said of the plea bargain, which calls for Woo to spend one year on probation.

The suspect of the espionage investigation, identified in a Justice Department report as a Chinese-American whose wife was a childhood friend of Woo's, was never charged.

Woo was put on administrative leave in 2001 and later fired.

Earlier this year, Woo entered into a plea bargain with Los Angeles federal prosecutors that one of her attorneys, Michael Camunez, called "a win" for his client.

Under the deal, the government agreed to drop more serious charges of disclosing a wiretap, revealing the identity of a covert operative and lying to FBI agents. If convicted of those charges, Woo would have faced about 12 years in prison.

Camunez said outside court in June that the case against Woo, a Redondo Beach resident, was "completely overblown."

The investigation was being handled by the Los Angeles counterintelligence team led by FBI agent James J. Smith, who pleaded guilty last year to lying to the agency about a nearly two-decade affair with a Chinese-American informant that prosecutors alleged was a double agent.

According to Camunez, Woo was an agent for three to four years when she was put under investigation.

A Justice Department report criticizing the FBI's failure to recognize red flags involving Smith mentions the investigation that led to Woo's indictment, stating it began in the fall of 1998 when a source told the FBI that "a Chinese American employee of a defense contractor met a PRC intelligence officer and exchanged information for cash."

Although the report does not name Woo, it states a female agent who had a covert role in the investigation "allegedly accessed information about the investigation without authorization and told the subject he was under investigation. She was subsequently charged with a criminal offense and her case is pending."

Woo's lawyers argued that she acted after her superiors failed to heed her concerns about the reliability of an unnamed covert agent, for whom they said Smith personally vouched.

"In fact, (Woo) acted consistent with the very best principles of law enforcement," another of her defense attorneys, Carolyn Kubota, said after the guilty plea.

Woo would have been allowed to withdraw her guilty plea if Judge Klausner had rejected the terms of her plea bargain.

Ex-FBI Agent Avoids Jail For Exposing Informant's Identity (NYS)

By Josh Gerstein

New York Sun, August 29, 2006

SAN FRANCISCO — A former FBI agent who disclosed an informant's identity to the target of an investigation of alleged Chinese espionage will receive a sentence of one year probation and a $1,000 fine, under a plea bargain approved yesterday by a federal judge.

During a brief hearing in federal court in Los Angeles, Judge R. Gary Klausner said he would abide by the deal under which the former FBI agent, Denise Woo, pleaded guilty in June to a single misdemeanor count of disclosing confidential information, according to a prosecutor, Alicia Villarreal.

The outcome is a far cry from the 10 years or more of prison time Ms. Woo could have received if convicted on the five felony charges brought against her in 2004, including making false statements to the FBI, disclosing a Foreign Intelligence Surveillance Act wiretap, and exposing a covert agent in violation of the Intelligence Identities Protection Act of 1982.

"This was, in no uncertain terms, a big win for Denise Woo," one of her attorneys, Michael Camunez, told The New York Sun.

Ms. Villareal said she could not comment on the defense statement.

The lenient treatment may stem from the government's reluctance for a trial that could draw more attention to a morass of misconduct and mismanagement in the FBI's counterintelligence program targeting China.The supervisor of the FBI's China squad in Los Angeles, James Smith, had a 20-year-long sexual relationship with a source he supervised, Katrina Leung.

In 2003, Leung was indicted on charges she was, in effect, a double agent for the Chinese government. Smith also was indicted for allowing Leung access to classified documents.

Anti-drug Advertising Campaign A Failure, GAO Report Says (USAT)

By Donna Leinwand

USA Today, August 29, 2006

WASHINGTON — A $1.4 billion anti-drug advertising campaign conducted by the U.S. government since 1998 does not appear to have helped reduce drug use and instead might have convinced some youths that taking illegal drugs is normal, the Government Accountability Office says.

The GAO report, released Friday, urges Congress to stop the White House's National Youth Anti-Drug Media Campaign unless drug czar John Walters can come up with a better strategy. President Bush's budget for 2007 asks Congress for $120 million for the campaign, a $20 million increase from this year.

Walters' office disputed the study and noted that drug-use rates among youths have declined since 1998. A 2005 survey by the University of Michigan indicated that 30% of 10th-graders reported having used an illicit drug the previous year, down from 35% in 1998.

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The GAO report is "irrelevant to us," says Tom Riley, spokesman for the White House Office of National Drug Control Policy (ONDCP). "It's based on ads from 2½ years ago, and they were effective, too. Drug use has been going down dramatically. Cutting the program now would imperil (its) progress."

The report was addressed to Sen. Kit Bond, R-Mo., the chairman of the Appropriations subcommittee that handles ONDCP, and Sen. Patty Murray of Washington, the panel's top Democrat. Neither senator was available for comment.

The media campaign, which purchases TV time, radio spots and newspaper ads, changed its advertising theme last year. The old approach said parents and informed teens were "the Anti-Drug." The latest version encourages teens to be "above the influence."

The report by the GAO, the investigative arm of Congress, confirmed the results of a $43 million, government-funded study that found the campaign did not work. That evaluation, by Westat Inc. and the University of Pennsylvania, said parents and youths remembered the ads and their messages. But the study said exposure to the ads did not change kids' attitudes about drugs and that the reduction in drug use in recent years could be attributed more directly to a range of other factors, such as a decline in high school dropouts.

The Westat study also said youths could interpret the ads to suggest that marijuana use is more common than it actually is.

The anti-drug campaign had been criticized before. In 2003, the White House Office of Management and Budget called the campaign "non-performing" and said it had not demonstrated results.

Walters criticized the methodology cited in the GAO report. He said Westat wanted proof of a direct link between the ads and decreases in drug use among teens, which is difficult to show.

The drug czar's office "is being held to a standard that no other … advertiser can be held to," says Steve Pasierb of the Partnership for a Drug-Free America, which helps coordinate the ad campaign.

FBI Plans Major Database Upgrade (GCN)

By Wilson P. Dizard III, GCN Staff

Government Computer News, August 29, 2006

Bureau outlines interoperability plans and considers adding biometric data

The FBI's Criminal Justice Information Service Division is laying detailed plans for a comprehensive revamping of its massive fingerprint database that will enhance interoperability with the Homeland Security Department's biometric records and clear the path for adding additional types of biometrics.

To mark the major changes, the bureau plans to change the name of its Integrated Automated Fingerprint Identification System to Next Generation Identification. The systems upgrade will involve a procurement in the range of "hundreds of millions of dollars" with a proposal request phase beginning next January, officials said.

"We realized we needed a multimodal capability," CJIS assistant director Tom Bush said. "We have been viewed as a fingerprints database; primarily we are and we will be, because we have 50 million 10-print fingerprints on file."

"We want to be able to plug and play with the new biometrics as they mature," he said.

Bush noted that new biometric techniques such as facial recognition, iris scans, palm authentication and even DNA now are gaining importance, and CJIS officials want their system to be ready to process them.

CJIS has been planning the NGI upgrade for more than a year [GCN.com, Quickfind 670]. Observers note that the system's focus on meeting federal, state and local agency needs give it a better-than-average chance of success.

Part of the reason for the upgrade is to reduce the IAFIS error factor of 2 percent. Demand for IAFIS fingerprint searches has been increasing, partly because background checks are becoming more popular with corporations and state legislatures. While Congress initially mandated a capacity level for IAFIS of 62,500 matches daily, the system's busiest day so far has reached the 100,000 level.

The rate of system errors at that volume has caused some widely publicized identification failures and driven calls for improvements from CJIS' customers.

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The expected January 2007 contract award date, however, appears to have slipped by several months. Last year, industry analysts predicted a contract award this autumn. CJIS officials have been busy in the meantime conducting a survey of system users that brought in information from more than 1,000 sources.

Consultants IntelliDyne LLC of Falls Church, Va., now are identifying the functional and technical requirements for NGI.

The three-phase process to build NGI will begin with an interim Data Sharing Model set to be rolled out Sept. 3. The January 2007 proposal request will focus on the next two steps in building NGI, known as the Initial Operating Capability and Final Operating Capability (see chart).

Need to compare

An increasingly important factor driving NGI is CJIS' need to increase its systems capacity to help compare IAFIS and IDENT records.

The NGI upgrade will finesse some of the technical issues hindering interoperability of IAFIS and IDENT, such as the difference between the FBI's previous approach of 10-finger rolled prints and IDENT's former approach of a two-finger flat-print method.

One federal source noted that, in the past, CJIS had strongly favored the 10-finger rolled-print approach to data gathering and storing, on the basis that "the rolled standard is the gold standard."

During those years, CJIS officials rejected interoperability overtures from IDENT managers in the Justice Department's Immigration and Naturalization Service, who were gathering tens of millions of two-finger flat prints, to accept their data. Later, responsibility for managing IDENT shifted to DHS but data-sharing between the systems languished.

But in March 2005, DHS secretary Michael Chertoff ordered his department to switch to a 10-fingerprint approach, which will make comparing IDENT and IAFIS' records much more accurate.

The State Department, DHS and the FBI have been planning the upgrade to 10 fingerprints via a group called the Integrated Project Team, launched in May 2005.

Meanwhile, the fingerprint technology industry and CJIS' state and local customers have embraced flat prints.

DHS uses flat prints in its U.S. Visitor and Immigrant Status Indicator Technology system, for example.

IDENT and IAFIS use different algorithms to capture and store fingerprint data, but CJIS managers are using international standards to convert the DHS data for FBI use. Bush added that CJIS is strengthening its links with the Pentagon and looks to achieve real-time, online comparison of prints from evidence such as improvised explosive devices found in Iraq.

CJIS has achieved increasing levels of fingerprint data sharing with DHS agencies since 2001. For example, all major Border Patrol stations now have access to IAFIS data via their IDENT systems, which have secure links back to the FBI database. Border Patrol officers have been finding that about 13 percent of illegal aliens caught at the border already have IAFIS records.

Reaching through IDENT to IAFIS data is not the same as achieving interoperability of the systems, which would be a higher level of data sharing. Interoperability is also different from "integrating" IDENT and IAFIS, a term frequently used in the policy discussions, specialists say.

There are some legal and policy reasons why IDENT and IAFIS will not be fully integrated, sources said. For example, IDENT includes fingerprint data gathered by the State Department overseas according to laws and procedures that vary dramatically from the policies that govern IAFIS.

When NGI is complete, it will also include a "rapback" capability that CJIS' customers have been requesting for years, FBI and DHS officials said.

The rapback function alerts an agency of law violations by any individual to whom it has granted a security clearance, immigration benefit such as legal permanent resident status, or back- ground check approval to work as a teacher or daycare employee. U.S. Visit director Robert Mocny cited the importance of the rapback function to his program in a recent meeting with reporters.

The rapback function will influence such tasks as probation and parole supervision as well as the civil work CJIS does. CJIS conducts about 54 percent of its criminal background checks for the civil sector, such as banks, insurance companies, stockbrokers and school systems, while law enforcement agencies provide the remainder: a 46 percent share of criminal work.

So far so good

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Independent observers of CJIS' planning for the Next Generation IAFIS said the organization's prospects for success compared favorably with those of the FBI's central office for building the Sentinel case management system.

The division's focus on meeting the data needs of its customers—rather than on generating prosecutions, as most of the FBI does—is a factor. While CJIS is an FBI entity, its leaders answer to the organization's own board, which is dominated by representatives of the division's customers among state and local police forces.

Accordingly, CJIS technology leaders had to start by resolving organizational and procedural issues from the bottom up, based on the demands of their customers, according to independent sources, rather than building a major system with direction from the top down, as the bureau did with its failed Virtual Case File system.

Bush noted that achieving consensus on policies and procedures for NGI had been hard. "The devils are in the details," Bush said. "The technical part was more straightforward, [but] the business and policy parts have been pretty tough."

Whatever its difficulties in achieving policy consensus among its state and federal customers, CJIS has built credibility for technology aptitude with some of its key overseers.

"They are going to put the rest of the FBI to shame," said one independent source with direct access to CJIS' plans. "They are a high-functioning agency, especially on a technical level," the technical and policy source said.

CJIS' prospects for success with the NGI are strengthened by the organization's deep bench of technically astute employees, according to two independent observers of the organization.

"CJIS has all the project management experience it needs for this and has brought in dramatically better IT people in recent years," one federal source from an outside agency said. The technically trained source said that a cohort of computer-savvy employees CJIS hired about seven years ago now is moving into influential jobs.

Unfinished business As it looks to the future of biometrics and IAFIS' accuracy, CJIS has unfinished business in upgrading the links between IAFIS and DHS' IDENT database.

The FBI has been providing DHS information about some of the most dangerous criminals whose fingerprints appear in IAFIS in an extract form that IDENT can read.

"Right now, we are giving them an extract of some 600,000 [records]," Bush said.

The division doesn't have the ability to modify those records yet, but the early-phase upgrade scheduled for next month will provide a proof of concept for the capability, CJIS said.

For its part, DHS has been delivering some categories of IDENT fingerprints of offenders categorized as "the worst of the worst," such as those who have undergone expedited removal from the country, while the State Department is contributing "critical visa denials."

Congress has pushed hard for interoperability between the DHS and FBI fingerprint databases, mandating it in the USA Patriot Act passed in 2001, the Border Security Act of 2002, the Homeland Security Department Appropriations Act of 2004 and the Justice Department Appropriations Act of 2005.

Congress' patience has been sorely tried. In March 2004, then-DHS secretary Tom Ridge promised during a hearing of the House Appropriations Committee Homeland Security Subcommittee that his department would integrate the databases long before a four-year target date that the Justice Department's inspector general had just forecast in a critical report.

Now the deadline for complete interoperability has stretched to early 2010, six years after Ridge's promise.

IDENT is sometimes referred to in DHS documents as the Automated Biometric Identification System.

Updating the FBI Criminal Justice Information Services division's Integrated Automated Fingerprint Identification System will affect performance within in a closely-linked net of subsystems:

The Identification Tasking and Networking subsystem is IAFIS' "traffic cop," providing workflow and workload management for ten-print, latent-print and document processing.

The Interstate Identification Index provides subject search, criminal history data, and criminal photo storage and retrieval.

The Automated Fingerprint Identification System searches FBI records for matches.

All the IAFIS subsystems rely on the CJIS WAN, which provides secure communications with other federal, state and local law enforcement agencies as well as civil data clients.

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The external systems include the state Control Terminal Agencies, state identification bureaus, federal service coordinators and IAFIS' front-end communications.

The National Law Enforcement Telecommunications System supports legacy binary synchronous communications with state CTAs.

FBI To Have New Offices In Detroit (FREEP)

By Joe Swickard, Free Press Staff Writer

Detroit Free Press, August 29, 2006

Agency to leave McNamara Building

Five years after 9/11 and a refocused antiterrorism mission, the FBI in Detroit has announced plans to move from the McNamara Building to its own 10-acre complex in Corktown along the Lodge Freeway.

The FBI has "flat out run out of room and we need to move," Dan Roberts, head of the FBI office in Detroit, said Monday.

What started out 30 years ago taking up a half-floor of the McNamara Building now counts offices on five floors, Roberts said of the FBI's Detroit operation.

He said the bureau's priorities have shifted to security issues from drugs and white-collar crime and that Detroit has become a key office in the war on terrorism.

Construction is expected to begin a year from now and to be completed by April 2009.

The new facility will be three buildings erected on a site where the former state Executive Plaza Building now stands vacant. It will balance security needs with aesthetic appeal, said J. David Hood, of the General Services Administration in Chicago.

Hood said the project will be the work of private developers and that the FBI will be a tenant starting with a 15-year lease costing $11 million a year.

"The federal government will never actually take title," he said, adding that a similar agreement was struck for the IRS Computing Center on Michigan Avenue.

A developer for the site -- running from Lafayette to Porter and from Brooklyn to the Lodge Freeway -- will be selected on the basis of design and financial proposals.

The complex of 300,000 square feet will have three main structures: an office tower, an annex and a parking garage.

Roberts and Hood said security -- with 100-foot setbacks from the streets and restricted-access parking -- will be a major consideration, but stressed that the complex will be an asset to the Corktown neighborhood and the Detroit skyline, not a brooding bunker.

The FBI was dedicated to remaining in downtown Detroit with access to courts, other federal agencies and the U.S. Attorney's Office, Roberts said.

Contact JOE SWICKARD at 313-222-8769 or jswickard@freepress

FBI Will Move To Corktown Complex (DEN)

Detroit News, August 29, 2006

Agency will leave cramped federal building offices in '09 for privately owned site.

DETROIT -- With rapid growth in the FBI to counter terrorism, federal officials announced Monday that the agency's headquarters in Detroit will move in 2009 to the city's Corktown neighborhood next to the Lodge Freeway.

A new 300,000-square-foot complex will be built and owned by a private developer, with the government paying up to $11 million in annual rent for 15 years, said J. David Hood, assistant regional administrator for the General Services Administration, which manages federal real estate operations.

The FBI has operated out of the Patrick V. McNamara Federal Building downtown since 1977.

"We have flat-out run out of space in this building," said Daniel D. Roberts, the special agent in charge of the FBI's Detroit field office. "In the post-9/11 environment in which we are in, we have seen exponential growth in our needs."

The new location, about five blocks west of the current office, includes vacant 22- and 10-story state office buildings that will be torn down. The site is next to the Greyhound bus station.

Because the new site will remain in private hands, the project should garner millions in property taxes for the city of Detroit, officials said.

A spokesman for Mayor Kwame Kilpatrick was unaware of the planned development and could not estimate its financial impact.

The GSA expects preliminary design plans from an undisclosed number of developers by December, Hood said. In February, the agency plans to award the contract, with construction beginning six months later, he said.

The FBI would move in by April 2009 under the GSA's timetable.

Roberts said the design must meet FBI requirements, such as having a 100-foot perimeter from roadways.

The headquarters will sit on an L-shaped 10-acre site that borders Porter Street on the north, the Lodge to the east, Howard Street and West Lafayette Boulevard to the south and Brooklyn Street to the west. It will feature a main headquarters, two service buildings and a parking lot.

The FBI occupies about 101,000 square feet of office space in the McNamara Building. The new headquarters will be about 266,000 square feet, Hood said. Two annexes will comprise the remainder of the space.

The GSA will determine what to do with the FBI's space at a later date. Other federal agencies, such as the Internal Revenue Service, have offices in the building.

Roberts said the FBI wanted to remain in downtown Detroit, and the new structure will keep it close to the federal courthouse and the U.S. Attorney's Office on Fort Street. Local police agencies, which work in tandem with the FBI on terror cases, will continue to have a centrally located office, he said.

The Detroit field office is one of the largest nationwide for the FBI. The project is one of eight field office projects slated to begin this year by the GSA, Hood said.

The FBI's planned move stands in contrast to the continued plight of the Detroit Police Department.

The city still has no viable plan to leave or renovate its cramped headquarters in a dreary 84-year-old building on Beaubien in Greektown.

You can reach Ronald J. Hansen at (313) 222-2019 or rhansen@detnews.com.

Detroit FBI Moving Out Of Federal Building (AP)

AP, August 29, 2006

DETROIT (AP) — The FBI's headquarters in Detroit will be moving in 2009 to a now-vacant 10-acre site on the edge of the city's Corktown neighborhood, the FBI and the General Services Administration said Monday.

The FBI occupied just half of one floor when it moved into the McNamara Federal Building downtown in 1977. It now has offices in five of the structure's 27 floors.

"We have flat-out run out of space in this building," said Daniel D. Roberts, the special agent in charge of the FBI's Detroit field office. "In the post-9/11 environment in which we are in, we have seen exponential growth in our needs."

A new 300,000-square-foot structure will be built and owned by a private developer, with the government paying about $11 million a year in rent for 15 years, said J. David Hood, assistant regional administrator for the GSA, which manages federal real estate operations.

Plans for the new headquarters include an office tower, an annex and a parking structure, but details will depend on proposals submitted by private developers in competitive bidding, Hood said.

Californians To Defy US Hemp Ban On 'environment Friendly' Cash Crop (GUA)

Guardian, August 29, 2006

California farmers are on a high after the liberal state moved to overturn part of a 70-year-old US ban on growing and harvesting cannabis plants.

But those hoping that the so-called Golden State is about to become a marijuana smokers' paradise will be disappointed. The California proposal relates only to the cultivation of industrial hemp, used in the manufacture of items such as cosmetics, food, paper and clothing.

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"Hemp bears no more resemblance to marijuana than a poodle bears to a wolf," said Tom McClintock, a Republican state senator who backed legislation that would reverse one key section of a 1937 law banning the growth of all types of the plant. "You'd die from smoke inhalation before you'd get high."

Article continues

The hemp issue has been burning slowly for decades. Farmers including the former US presidents George Washington and Thomas Jefferson grew the plants on their land. But the wide-ranging federal ban put an end to that.

Those who want it lifted argue that industrial hemp bears no relation to marijuana because it contains only trace amounts of tetrahydrocannabinol (THC), the active ingredient in marijuana.

National drug-control policy opposes the legalisation of hemp because it argues that crops could be mixed with marijuana plants and would be very hard to detect.

"California is a great climate to grow pot in, and no one from law enforcement is going through the fields to do a chemical analysis of different plants,"said a drug-control official.

While six states have passed bills supporting hemp farming, California's is the first to mount a direct challenge to the federal ban by arguing that no special permit would be needed from the Drug Enforcement Administration.

The final say now rests with California's governor, Arnold Schwarzenegger, after the state's assembly approved the Industrial Hemp Farming Act by 44 votes to 29. He is thought unlikely to veto it.

The legislation requires that hemp crops be tested to ensure they do not contain THC. It does not specify how the testing would be carried out, but there is expected to be no shortage of volunteers.

Eric Steenstra, president of the Vote Hemp campaign, said the future of an industry worth $270m (£142m) a year would be protected. "We thank legislators from both parties that listened to the facts about industrial hemp and made a historic decision to bring back the crop," he said.

"It's a major accomplishment for thousands of environmentally conscious voters, farmers and businesses."

California has a thriving industry in the manufacture of products made from hemp, which also includes luggage, toys, sports equipment, jewellery and rope. Energy bars are particularly popular because hemp is high in essential fatty acids, protein, Vitamin B and fibre. Until now, however, raw materials have had to be imported from Canada, where hemp cultivation was legalised in 1998.

Those in the industry told the New York Times that the biggest flaw in the federal ban was that it did not take into account the genetic differences between industrial and THC-rich hemp.

"They want to lump together all things cannabis," said David Bronner, whose family business makes environmentally friendly cosmetics and snack products using hemp oil in Escondido, California. "You don't associate a poppy-seed bagel with opium."

Hemp thrived as a crop before the 1937 ban. It earned a temporary reprieve during the second world war, when farmers were urged to "Grow Hemp for Victory" to help produce military equipment such as parachute cords and boots.

Bonds' Trainer Goes Back To Prison (LAT)

By David Wharton, Times Staff Writer

The Los Angeles Times, August 29, 2006

Federal judge orders Anderson behind bars again for not testifying regarding Bonds.

SAN FRANCISCO — After a loud and contentious court session, a federal judge sent Barry Bonds' personal trainer back to prison on Monday for, among other things, refusing to tell a grand jury whether he had ever injected the San Francisco Giants slugger with steroids.

During the contempt of court hearing, U.S. District Judge William Alsup said Greg Anderson also had declined to answer questions about supplying performance-enhancing drugs to other athletes and, specifically, about his association with New York Yankees outfielder Gary Sheffield.

Prosecutors see Anderson as a potential key to proving Bonds committed perjury by telling a grand jury he never knowingly used steroids.

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Called before the grand jury five times, the stocky Anderson has refused to testify about Bonds, his boyhood friend. Alsup wondered aloud if confinement for the remainder of the current grand jury's term — about 16 months — might soften that resolve.

"Sometimes sitting in the cooler for a long time may have a therapeutic effect," the judge said.

Anderson showed no emotion after the ruling, emptying his pockets onto a table and saying a brief thank you to his attorney, Mark Geragos, before federal marshals led him away.

Geragos said he hoped to file an appeal by the end of the week.

Monday's ruling was the latest development in the BALCO steroids scandal, a case that began in September 2003 when investigators raided a nutritional supplement maker, Bay Area Laboratory Co-Operative, claiming it had supplied performance-enhancing drugs to athletes on the side.

Numerous sports stars were subsequently called before a grand jury.

Four men connected with BALCO — including Anderson — entered guilty pleas. Anderson served three months in prison and three months of home confinement for distributing steroids and money laundering.

After his release, prosecutors called him back to the grand jury when investigating whether Bonds had committed perjury by reportedly testifying he thought he was using flaxseed oil and arthritis balm.

Prosecutors also wanted to know whether Bonds failed to inform the Internal Revenue Service about thousands in cash from memorabilia sales.

The court initially found Anderson in contempt earlier this summer, but he was soon released because the grand jury's term expired in mid-July. When a new grand jury convened, prosecutors subpoenaed him again.

His attorneys said he should not be compelled to testify because his plea agreement called for no further cooperation and because leaks had resulted in testimony appearing verbatim in the San Francisco Chronicle.

On Monday, a wary Alsup told the courtroom: "Welcome back. We're here for yet another installment of this proceeding."

It was quickly revealed that, during a grand jury appearance earlier this month, Anderson answered about 50 questions but balked at others that got to the heart of his relationship with Bonds.

"I'm uncomfortable testifying," Alsup quoted Anderson as saying.

The trainer declined to answer whether he even knew the famed ballplayer.

Sheffield's name came up because he had met Anderson through Bonds. The former Dodger has reportedly admitted using "the cream" — a designer steroid distributed by BALCO — but has said he did not know it was a steroid.

While prosecutors argued that Anderson should return to prison, Geragos focused on a recorded conversation in which his client allegedly told an acquaintance about distributing steroids to athletes.

Geragos said that prosecutors, who got hold of the tape, should not be allowed to use it as a basis for grand jury questions. He also said a previous court ruling allowed Anderson to ignore "tape-tainted" questions until the judge ruled on their appropriateness.

"Prosecutors tried to mislead him in the grand jury room," Geragos said.

But Asst. U.S. Atty. Matthew Parrella said he based his questions on a "mountain" of additional evidence and Alsup called the defense argument "a charade." By that time, the proceeding had turned acidic, with Geragos making references to an appeal as Anderson sat intently with his feet fidgeting beneath the table.

Alsup announced the ruling immediately, saying: "The wheels of justice are not going to be gummed up any longer."

Bonds' Trainer In Contempt, Prison - Bound (AP)

AP, August 29, 2006

SAN FRANCISCO (AP) -- Barry Bonds' personal trainer was back in jail Monday, where he'll stay until he agrees to testify before a federal grand jury investigating the Giants slugger.

Greg Anderson, found in contempt of court for his refusal to talk, could remain behind bars for more than a year while the grand jury investigates Bonds for perjury and tax evasion.

"Sometimes sitting in the cooler for a long time may have a therapeutic affect and may change his mind," U.S. District Judge William Alsup said during the rancorous, hourlong hearing, after which authorities whisked Anderson into custody.

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"Maybe in 16 months he will change his mind," Alsup said, referring to the remainder of the grand jury's term.

Anderson, who has appeared five times before two federal grand juries without answering pertinent questions, also was held in contempt of court for two weeks last month but was released when that grand jury's term expired.

Mark Geragos, the trainer's attorney, said he would appeal the judge's order.

The name of New York Yankees outfielder Gary Sheffield re-surfaced during Monday's hearing as an angry Alsup recited the questions Anderson refused to answer before the grand jury.

The questions included whether Anderson injected Bonds with steroids and "whether Anderson knows Barry Bonds or Gary Sheffield."

Prosecutor Matthew Parrella told the judge the government also was investigating unnamed athletes associated with Anderson and said there was a "mountain of evidence" to form the basis of the questions asked of Anderson. Parrella said the evidence included documents seized at Anderson's house in the BALCO investigation and from "testimony of other witnesses."

The trainer already has served three months in prison and three months of home detention after pleading guilty to steroid distribution and money laundering in the investigation of the Bay Area Laboratory Co-Operative, which allegedly supplied Bonds and other elite athletes with performance-enhancing drugs.

On Monday, Alsup rejected Geragos' plea that testifying before the grand jury would violate a deal Anderson struck last December to plead guilty in the BALCO case. Geragos said Anderson specifically stated he would not cooperate with the government as part of the deal.

At issue is whether Bonds lied under oath when he told the grand jury investigating BALCO in 2003 that he did not knowingly use steroids and that Anderson gave him what he believed to be flaxseed oil and arthritic balm.

Anderson has refused to say whether he gave Bonds steroids. Alsup told Geragos jailing Anderson might test "how loyal your client wants to be."

"Will he go down there and say whether he injected Barry Bonds with steroids?" Alsup asked.

Sheffield, who also testified before the grand jury in 2003, has admitted using a cream he got from Anderson but said in a 2004 interview with Sports Illustrated that he did not knowingly use steroids.

In the book "Game of Shadows," two San Francisco Chronicle reporters wrote Anderson put Sheffield on injectable testosterone and human growth hormone in 2002, later selling him the designer steroids known as "the cream" and "the clear."

Sheffield adopted Bonds' heavy training program when he visited the San Francisco star after the 2001 season and lived at his home in Hillsborough for two months, according to the book published earlier this year.

Although Bonds and Sheffield later had a personal falling out, Sheffield wanted to maintain a relationship with Anderson so he could keep getting the drugs, the authors wrote.

Rufus Williams, Sheffield's agent, did not immediately return calls for comment.

Associated Press Writer Paul Elias contributed to this report.

Barry Bonds' Trainer Jailed Again For Contempt (USAT)

By Bob Nightengale, Usa Today

USA Today, August 29, 2006

Greg Anderson, San Francisco Giants slugger Barry Bonds' personal trainer, returned to prison for a second time Monday, and his stay may last even until Bonds no longer is playing baseball.

Anderson, who spent three months in prison last year and 15 days in July, could remain imprisoned until January 2008, U.S. District Judge William Alsup said during an hourlong court hearing Monday in San Francisco.

Anderson, 40, is being held in contempt of court for refusing to testify before a grand jury investigating Bonds on possible charges of perjury and tax evasion. "Sometimes sitting in the cooler for a long time may have a therapeutic affect and may change his mind," Alsup said, according to the Associated Press.

Mark Geragos, Anderson's attorney, said that he will appeal Alsup's order later this week. "He (Anderson) complied with an order," Geragos said. "We interpreted what the judge said and tried to comply. The judge doesn't feel like he did."

Anderson, who has appeared five times in front of two grand juries, was not asked to testify Monday. In his last appearance, Aug. 17, he answered several basic questions.

When Anderson was asked whether he provided anabolic steroids to Bonds, he refused to answer. He also did not respond when asked whether he knew Bonds or New York Yankees outfielder Gary Sheffield. Bonds, 42, who's in the final year of his contract, told a grand jury in 2003, according to the San Francisco Chronicle, that he did not knowingly use steroids provided by Anderson. Sheffield also said publicly that he was provided with what he believed to be flaxseed oil and arthritic balm.

Alsup said that the public now will discover "how loyal your client wants to be. Will he go down there and say whether he injected Barry Bonds with steroids?"

Assistant U.S. Attorney Matt Parrella told Alsup that the government also was investigating other athletes associated with Anderson, according to the Associated Press. Parrella said that there was a "mountain of evidence" that included documents seized at Anderson's house in the Bay Area Laboratory Co-Operative investigation and from testimony of other witnesses.

Steve Hoskins, Bonds' former best friend and business manager, has yet to be asked to testify in front of the current grand jury, Michael Cardoza, Hoskins' attorney, told USA TODAY.

"We're waiting," Cardoza said. "We'll see whether the feds ever pull the trigger on this. It's the same thing with the (former senator George) Mitchell investigation. If the Mitchell investigators are serious, you would think they would get a hold of us."

Doctor: NFL Drug Testing Program Flawed (AP)

AP, August 29, 2006

CHARLOTTE, N.C. (AP) -- The NFL's drug-testing program is inadequate, warned a doping expert who examined medical records that linked several former Carolina Panthers players to steroids and human growth hormone.

Dr. Gary Wadler, an internist and author who specializes in drugs in sports, prepared a report that federal prosecutors used in their case against James Shortt, who pleaded guilty to conspiring to illegally prescribe steroids to several Carolina Panthers. Last month, the doctor, formerly of West Columbia, S.C., was sentenced to one year and one day in prison.

In the report, Wadler said medical records showed Shortt prescribed steroids and human growth hormone (HGH) to several players for more than a year during the team's Super Bowl season of 2003. During that time, no player was suspended for violating the league's substance-abuse policy.

The NFL does not test for HGH, but every player is randomly tested at least once a year for steroids.

"I think that's something the NFL has to look into, because it's striking that none of them had a positive drug test or were suspended for violating the substance-abuse policy," Wadler told The Associated Press on Monday. "How can that be?"

A member of the World Anti-Doping Agency, Wadler assailed the NFL's failure to test for HGH, noting the International Olympic Committee administered a blood test for HGH at the 2004 Athens Games.

"The only way (players) could get caught (using HGH) is if someone walked in and they were being injected, because clearly there's no testing being done," Wadler said. "In a way, they're sending a message: 'Look, you can take it, because we're not going to test for it.'"

NFL spokesman Greg Aiello said the league believes the blood test, which yielded no positive tests in Athens, is unreliable.

"Our doctors do not believe the test is reliable, because it has to be administered within an hour after someone takes human growth hormone for it to be detected," Aiello said. "We are investing in research in hopes of the development of a urine test for human growth hormone."

He also defended the league's testing policy.

"We test seven players, per team, per week on a random basis," Aiello said. "We conduct about 10,000 steroid tests a year, and we have roughly 2,000 players. So chances are every player will be tested more than once a year."

Players' names were blacked out in the copy of Wadler's report filed with the court, but The Charlotte Observer determined their identities by analyzing court records and comparing them to earlier reports and public records. In a story published Sunday, the newspaper identified the players discussed in Wadler's report as guard Kevin Donnalley, center Jeff Mitchell, tackle Todd Steussie, tight end Wesley Walls and practice squad player Louis Williams.

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All but Steussie -- now playing with the St. Louis Rams -- have since retired. Steussie refused comment Monday. The other men could not be reached.

Two other former Panthers previously identified by prosecutors as recipients of performance-enhancing substances from Shortt -- defensive end John Milem and punter Todd Sauerbrun -- were not mentioned in the report, The Observer said.

"Each session players had with Dr. Shortt was taped and put on CDs. Not only did I have the CDs, but I also had his written records," Wadler told the Associated Press of his report. "I've never seen this type of detail in anything like this that I've ever reviewed.

"The thing that was glaring was that many of them indicated they were there for the performance-enhancing purpose -- not even a guise or an excuse of why they were requesting these drugs."

An NFL investigation concluded the Panthers were not aware of the players' visits to Shortt. Team officials refused comment Monday.

The Observer reported Donnalley and Steussie each were given three prescriptions for testosterone cream, allowing for numerous refills. The newspaper also said less than a week before the Panthers left for the 2004 Super Bowl in Houston, Steussie and Williams were given prescriptions for a combined five NFL-banned substances, including two forms of testosterone.

Wadler said he worries players might be at risk for future health problems.

"The adverse effects of these things may not be apparent for a while," Wadler said. "They are not innocuous drugs, and that's the reason they've been regulated for so many years."

Colombians Say Children Being Forced To Fight For Rebels (AP)

AP, August 28, 2006

SARAVENA, Colombia (AP)--Leftist rebels battling for control of this impoverished corner of Colombia are increasingly using a recruiting tactic associated with Africa's bloody civil conflicts - abducting children and forcing them into their ranks, residents say.

Fearful their sons will be press-ganged into a rebel army, at least 100 families have fled the countryside to arrive in Saravena, with a population of about 60,000.

Close to the Venezuelan border in Colombia's oil-rich eastern plains, this region is one of the most violent battlegrounds of the four-decade civil war pitting leftist rebels against the army and far-right paramilitaries.

Waiting in line for her ration of rice along with other displaced Colombians, Ramona Pacheco said it has been four months since she's heard from her six sons, the youngest 15 years old.

Information is scarce, but she said they were apparently abducted by the Revolutionary Armed Forces of Colombia, or FARC, as they worked on a farm.

Locals say a brutal rebel turf war between the FARC and the smaller National Liberation Army, or ELN, has led to the rise in forced conscription.

"Since the beginning of this year ... there has been a conflict between the FARC and the ELN for the control of the riches of the zone, the agriculture and the coca," said Saravena Mayor Antonio Ortega, referring to the raw material used in the production of cocaine. "The dispute means both sides are recruiting children to fight for them."

Farmer Victor Algarra quoted a common local saying: "If one has four children, one is for the guerrillas and the others you get to keep."

Some of the displaced arriving in Saravena are staying with local families, while others have gone to a shelter set up at a school.

Still others have opted instead to keep their children at home during the day, despite police being posted at school entrances to guard against abductions.

In a statement on its Web site, the FARC denied forcibly recruiting minors from schools, saying its fighters join voluntarily.

The United Nations estimates that some 250,000 child soldiers have been drafted to fight in civil conflicts worldwide, despite improving conditions in long-running wars in Sierra Leone, Burundi, Liberia and Congo.

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Activists have long complained of underage combatants in Colombia. A 2003 study by Human Rights Watch said "at least one of every four irregular fighters in the Colombian civil war is under 18."

Colombia's Family Welfare Institute says that in the past 10 years, almost 3,000 minors have demobilized from the country's illegal armed groups, with about two-thirds coming from the leftist rebels.

Authorities say locals are often too scared of reprisals to file formal complaints about forced conscription.

Saravena town councilor Elizabeth Galeano cited as an example a woman whose 16-year-old son was nabbed in early August just six blocks from home. The woman has had no news of her son and fears that if she goes to the police, rebels will harm her son or her five other children, Galeano said.

Oberto Pestrana, another council member, said his 22-year-old son received a telephone call from the FARC threatening him with forced conscription.

"Now the only thing I want is to get (my children) out of here," Pestrana said, "because I don't want them to become victims of what has happened to other families."

Bloomberg, City Stall On Releasing Evidence Regarding Illegal Guns (NYS)

By Bradley Hope, Staff Reporter of the Sun

New York Sun, August 29, 2006

More than three months after Mayor Bloomberg's announcement that he had sent private investigators into five states to catch gun dealers making illegal sales, he is refusing to turn over the evidence they've gathered to the federal agency that investigates illegal guns.

Analysts said the impasse may have slowed the federal Bureau of Alcohol, Tobacco, and Firearms in its investigation of and possible action against gun dealers that broke the law.

The city won't turn over the evidence, which includes videotapes of gun dealers allowing so-called straw purchases of guns, until the ATF signs an evidence-sharing agreement that would prohibit the agency from "publicly disclosing evidence without notice and consent from the city," the mayor's criminal justice coordinator, John Feinblatt, said.

The inability of the two sides to come to an agreement is due in part to what the ATF perceived as the mayor's infringement on its jurisdiction, analysts and law enforcement sources said.

At a May press conference announcing the sting operations, Mr. Bloomberg criticized the agency, saying it was "asleep at the switch" when it comes to stemming the flow of illegal guns to the city. Soon after, the ATF, which says it was given no prior information about the private investigations, announced it would be looking into not only the dealers the mayor alleged were illegally selling guns, but the mayor's investigators as well.

The city did give the ATF two videotapes immediately after the announcement. Mr. Feinblatt complained that the ATF had yet to get back to the city with its analysis of the tapes.

If a gun dealer realizes a gun is not for the person who is buying it — for example, if a second party starts asking questions about the gun or trying to touch it — it is required to stop the sale immediately. The city is using what Mr. Feinblatt said was "innovative prosecution" to shut down crooked gun dealers with civil lawsuits.

Because the investigators are private citizens, they would have broken the law if they actually made straw purchases or intentionally filled in incorrect information on the gun licensing forms. Also, some states have stringent rules about hidden video equipment. Law enforcement sources said it is unlikely the investigators would be prosecuted, but that the ATF was sending City Hall a message to stay off its turf.

A special agent with the ATF in New York, Joseph Green, said in a statement: "We have been in contact and working with the city and are awaiting all of the information they gathered so that we can evaluate it's content and, where necessary, forward the findings to the appropriate ATF and U.S. Attorney's Offices."

Mr. Green refused to say whether the ATF was investigating any of the gun dealers targeted by the mayor because it doesn't comment on open investigations.

"Why would they have to sign some kind of agreement with the mayor of a locality?" a Second Amendment lawyer in Virginia, Steven Halbrook, said. "The feds don't have to sign an agreement if there's evidence of criminality. ... It demonstrates that

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Mayor Bloomberg lacks sincerity in this so-called crusade, because if he believes crimes have been committed, he would want them to take federal enforcement action."

Experts said an information sharing agreement is unnecessary because the ATF, like all law enforcement agencies, does not publicly disclose evidence about open investigations.

"Law enforcement rarely discloses anything," a criminal law professor at New York University, James Jacobs, said. "The mayor is showing a kind of unprecedented vigor in promoting the interests of the city ... but the inability to work with a federal agency seems disappointing. ATF has the legal responsibility for regulating this system and for investigating and even taking away the licenses of irresponsible federally licensed firearm dealers."

Spurred in part by the deaths of two police officers late last year and early this year, the mayor launched an ambitious campaign against illegal guns. Aside from the sting operations conducted by the James Mintz Group, he has testified in Washington, D.C., and held a summit of mayors to address the issue.

The impasse between City Hall and the ATF is nothing new in the history of the city's battle against illegal guns, the executive director of the Second Amendment Research Center at Ohio State University, Saul Cornell, said. DeWitt Clinton, the mayor of New York between 1803 and 1815 and governor between 1817 and 1823, grappled with the same issue, he said.

"Basically, since handguns became a serious part of the commercial market Americans have been trying to deal with consequences," he said. "It's amazing that the mayors of New York are dealing with the same problem. I think it's kind of sad."

"We are hopeful that they will modify their position so that we can provide them with the balance of the evidence," Mr. Feinblatt said.

"My sense is if it was up to the local ATF and the mayor's office, it would have been done," Mr. Cornell said. "I would suspect that there's something happening in Washington to create a political rift between the mayor and the ATF."

IMMIGRATION:

Star Of The Right Loses His Base At The Border (NYT)

By Jason Deparle

The New York Times, August 29, 2006

MUNCIE, Ind. — He supports tax cuts and the war in Iraq. He opposes stem cell research and the Medicare drug plan. He is a master of his movement's medium, talk radio. Jesus Christ is his personal savior and Ronald Reagan his political idol.

Conjure what might be called the perfect conservative, and chances are he would look a lot like Representative Mike Pence, the Indiana Republican who in just three terms has turned 100 House allies into a vanguard and himself into one of his party's rising stars.

Or that was the case until this spring when he sought compromise in the rancorous immigration debate. His complicated plan would strengthen border security and send illegal immigrants home, but let most of them quickly return. Since then, Mr. Pence — named last year's Man of the Year by the conservative weekly Human Events — has looked to some conservatives like this year's Benedict Arnold. They say he has lent his conservative prestige to a form of liberal amnesty.

Phyllis Schlafly of the Eagle Forum called his plan "a sick joke." Richard A. Viguerie, the direct-mail pioneer, threatened to punish politicians who supported it. Pat Buchanan, editor of The American Conservative, likened the betrayal to a scene from "The Godfather."

Perpetually genial, prematurely gray, Mr. Pence, 47, said, "I was taken aback by the level of invective."

"It's a test of the character of the conservative movement in the 21st century," he said. "We are either going to prove that we believe in the ideas enshrined on the Statue of Liberty or the American people will go looking elsewhere."

Mr. Pence — who bills himself as "a Christian, a conservative and a Republican, in that order" — pushed the plan on a recent trip across his district. He quoted the Bible. He quoted Ronald Reagan. He stood sweating in a tomato field beside Mexican workers. And when asked why an Indiana congressman was focused on the border, he responded with a ready phrase: "April 11, 1923."

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That is when his Irish grandfather, Richard Michael Cawley, a Chicago bus driver, arrived on Ellis Island. "We were especially close," said Mr. Pence, who added that he sees his grandfather's thrift and hard work in today's immigrant generation.

Some members of the Muncie Chamber of Commerce had doubts. Some worried about cost. Some worried about compliance. But several complimented him for tackling a tough cause. "It is the greatest privilege of my life to represent you," he said.

Though he comes from a family of Irish Catholic Democrats — his father ran a string of gas stations — Mr. Pence joined an evangelical fellowship group at Hanover College, drawn less by theological issues than by its more personal style of worship. His religion pulled him to the right. "I had a hard way of reconciling my commitment to biblical truth with the national Democratic Party's commitment to abortion on demand," he said.

His wife, Karen, teaches at a religious school, and sends out e-mail messages asking for the prayers of his supporters. "Please pray for the Holy Spirit to speak through him at the bbq," a recent message read.

Mr. Pence, two years out of law school, made his first Congressional run in 1988 and lost narrowly to a longtime Democratic incumbent, Phil Sharp. He tried again two years later, in a negative campaign that won him just 42 percent of the vote. Mr. Pence was devastated.

"What was most painful to me was the bile in my throat over how I had responded," he said. "My faith says if someone strikes you on the cheek, turn the other. My response, after being attacked by my opponent, was to empty the silos on this guy."

Mr. Pence delivered an unusual self-rebuke in an article called "Confessions of a Negative Campaigner." Then he ran a conservative research group, the Indiana Policy Review Foundation, and was host of a talk radio show in Indianapolis. The seat opened up again in 2000 and Mr. Pence squeaked in — with civility, he said.

"I'm a conservative, but I'm not mad about it," he often says.

Arriving in Washington, he was dismayed at conservatives' support for government expansion. In 2001, he was one of 34 Republicans to oppose the No Child Left Behind Act, which expanded federal involvement in education. In 2003, he was one of 25 who opposed the Medicare drug benefit. "I was voting against big conservative government before it was cool," he said.

Congressional leaders hinted at reprisals, but the base applauded, especially after a 2004 speech in which he warned that the movement was drifting into "the dangerous and uncharted waters of big government."

Among those won over was Paul Weyrich, a fixture of movement conservatism. He said Mr. Pence had strong appeal among supporters of four major conservative causes: limited government, free enterprise, strong defense and traditional values.

"Nobody is perfect, but he comes pretty close," Mr. Weyrich said. "He is what I've been waiting for in terms of leadership."

Last year, Mr. Pence became head of the Republican Study Committee, a conservative caucus. He quickly expanded its profile, and, rivals note, his own. Mr. Pence, unlike many conservatives, courts the news media.

His influence was apparent last fall after Hurricane Katrina, when Washington was suddenly filled with talk of new aid for the needy. Concerned about the cost, Mr. Pence's group replied with Operation Offset, a plan to cut $500 billion over 10 years in programs that included Medicaid, tax credits for the poor, and care for people with AIDS.

It outraged the leadership, which accused him of showboating, and failed to pass. But it quickly changed the political dynamics, from starting programs to cutting them. Five months later, with Mr. Pence nearby, President Bush signed a bill that cut $39 billion over five years. "I think Operation Offset had something to do with that, though I would never boast of that," Mr. Pence said.

Edwin J. Feulner Jr., president of the Heritage Foundation, a conservative Washington group, said Mr. Pence "has really been central to the revival of principled conservatism in the House." Admirers have already begun a "Mike Pence for President" Web site.

But some colleagues grumble about what they call his self-promotion, and critics on the left see harshness behind the geniality. Robert Greenstein, executive director of the Center on Budget and Policy Priorities, a liberal group, said that while the Republican effort was billed as deficit reduction, it in fact made the deficit larger. That is because the reductions were paired with $70 billion of tax cuts, mostly for the very well-to-do. "This is Robin Hood in reverse," Mr. Greenstein said.

Barry Welsh, a Democrat challenging Mr. Pence this fall, is a Methodist minister who said, "I find it hypocritical that he claims such Christianity" while "cutting the benefits of those who need them."

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Mr. Pence argued that tax cuts help the poor by rewing the economy. That may eventually prove true, but despite large tax cuts the poverty rate has risen in each of the last four years.

"That's anecdotal," Mr. Pence said in an interview last fall. Then he offered an anecdote — a story President Reagan told about a pipe fitter pleased to see the rich prosper, "because I've never been hired by a poor man."

With Republicans worried about losing control of Congress in the midterm elections this fall, some moderates say Mr. Pence's wing of the party has pushed it too far to the right; conservatives like Mr. Pence say that in accepting what they call big government, the party has not hewed to its conservative principles enough.

When Mr. Pence weighed in on immigration this spring, the issue, like much of the Republican agenda, was stalled and Republicans were deeply split. The House had passed a tough bill focusing on border security alone. The Senate had passed a broader measure that included a guest worker program and a path to citizenship for illegal immigrants already here.

Mr. Pence tried to offer something to everyone. He included provisions to bolster the borders. After two years, if the government certified that those changes were in place, a guest worker program would begin. Those here unlawfully would have to leave the country and apply at job-placement centers. By requiring re-entry, Mr. Pence argues, the plan avoids amnesty and respects the rule of law. The guest worker visas could be renewed, with a chance of citizenship after 17 years.

Mr. Bush sent an approving signal by inviting Mr. Pence to an Oval Office meeting. And the proposal won a Senate co-sponsor in Kay Bailey Hutchison, Republican of Texas.

The idea, at best, faces an uphill fight when Congress reconvenes next week. But Tamar Jacoby, a fellow at the conservative Manhattan Institute who sees promise in Mr. Pence's approach, said that without him, "the issue would be dead."

So his critics fear. Team America, a conservative political action committee, now has a feature on its Web site called "Pence Watch." Representative Tom Tancredo, Republican of Colorado, said the plan would encourage more illegal immigration and undermine cultural cohesion. But David Keene, chairman of the American Conservative Union, credits Mr. Pence's "courage to think outside the box."

Does he worry his conservative image has been tarnished?

"I'm not completely immune to that thought," Mr. Pence said, en route to a photo op in an Orestes, Ind., tomato field. Then he quoted from Micah in the Old Testament: "Do justice and love kindness."

Making Sense Of Immigration Policies (USAT)

By Ross K. Baker

USA Today, August 29, 2006

We have become accustomed to seeing the big political battles fought between partisan or ideological trench lines. Name an issue — abortion, flag desecration, same-sex marriage, the Iraq war — and you will see the vast bulk of Democrats on one side and a pretty solid GOP phalanx on the other. This fits nicely with the neat red-blue division of states so beloved by the people who do TV election coverage graphics.

But on immigration reform, a chasm of another kind has eclipsed this. It is between the House and the Senate, and while partisanship has an indirect influence, its impact is almost strictly within Republican ranks, between GOP House members on the south side of the Capitol and Republican senators on the north.

The House-Senate split has produced rival immigration bills that are starkly different. There are three reasons for this disparity: the very different constituencies represented by the 100 senators and the 435 House members, the varying terms of senators and House members, and the greater influence the minority party enjoys in the Senate.

House districts, with about 700,000 residents, can be remarkably homogeneous political entities, especially when it comes to what proportion of those residents are Democrats and what percentage are Republicans. Here we encounter the most naked act of legal political manipulation in U.S. politics: the gerrymander.

Stacking the cards

Drawing the electoral maps of states for the advantage of one party or the other — depending on which party controls the state legislature and the governorship — is a hallowed practice that takes place every 10 years as a consequence of the Census.

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Recently, the U.S. Supreme Court gave its benediction to conducting this remapping even more frequently. However frequently the congressional district lines are redrawn, the effect in most states is to make it a cinch that one party will always prevail.

Partisanship often serves as a surrogate for any number of social characteristics. Accordingly, you often find solidly Republican districts in the distant suburbs of large cities, in rural areas, or in places of great affluence. These districts usually have few minority residents.

In contrast, the district in which it is a cinch that a Democrat will win will be urban and have lots of minority and low-income people. A Republican representing a typical GOP House district, even in the areas where the influx of Latino immigrants has been greatest, might have very few Latino voters. Non-citizens do not vote, and members of Congress respond with greatest alacrity to the demands of those who do.

Senators represent more diverse constituencies. Few states are as unbalanced in partisan terms as is the typical congressional district.

So while Massachusetts is the archetypal "blue" state, it has a Republican governor. "Red" Georgia numbers six Democrats in its congressional delegation. Many senators, moreover, Republicans and Democrats alike, have sizable numbers of Latino voters and immigrants of many origins. States are diverse; House districts can be remarkably homogeneous, and the very homogeneity of some House districts represented by Republicans has led them to favor an immigration bill that places almost its entire emphasis on border security and enforcement. The Senate bill, subject to the influence of a greater diversity of voices, offers legalization and a path to citizenship for illegal aliens that House Republicans deride as "amnesty."

The second factor that influences House-Senate differences on issues of great controversy such as illegal immigration is the fact that House members, with their two-year terms, are connected to the voters by a shorter tether than the one that connects senators with their constituents. Because of the partisan advantages conferred by gerrymandering and the ability of House members to use their incumbency to build personal loyalty among voters, few House officeholders suffer defeat. But on an issue that generates such strong emotions as immigration, a wrong move by a House member, especially one in a strongly conservative GOP district, will be fresh in the minds of voters on Election Day. Senators, except the one-third of the body up for election that year, are cut a bit more slack. A vote for a liberalized immigration policy in 2006 might not be remembered in 2010.

When the minority has a voice

Finally, the rules of the Senate confer on a minority party a much greater ability to influence legislation than is enjoyed by Democrats in the House. A party with the barest majority in the House, if it is cohesive, can get pretty much what it wants. But in the Senate, each senator is armed with the filibuster, which can halt or at least impede the will of the majority. Democrats, notably Sen. Edward Kennedy of Massachusetts, were deeply involved in fashioning the Senate bill. On the House side, the imperious Judiciary Committee chairman, James Sensenbrenner, R-Wis., had things pretty much his way.

If the Framers of the Constitution were to walk among us, they would understand completely this institutional clash. While they foresaw no role for political parties, they anticipated that the great issues would be resolved in a tug of war between the House and Senate.

Institutional checks and balances that are the safeguards of our freedom are usually eclipsed by partisan strife, but it is reassuring to see them, even on isolated issues, displaying their vitality.

CONGRESS-ADMINISTRATION:

Bush Hoping For A Boost With Trip To Ideal Locale (DESMN)

By Suzanne Struglinski

Deseret (UT) Morning News, August 29, 2006

WASHINGTON — Speaking to one of the country's largest veterans organizations is not unusual for President Bush, but the timing — and location of his speech in Salt Lake City — is almost too perfect as the November election creeps closer.

Extra dose of red, white and blue: Bush administration handlers are seeing red and liking it — a unique chance for the president and key Cabinet members to visit the reddest of red states and address a veterans organization steadfast in its support of the war on terror. Threatening this perfect setup is Salt Lake City's mayor, a Democrat, who has dared to invite a leading anti-

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war activist to publicly criticize the commander-in-chief. Bush is set to speak Thursday at the American Legion Convention in Salt Lake City, and while several planned protests will make sure those unhappy with the president or the war in Iraq get a chance to speak their mind, the commander-in-chief is likely to have a captive audience at the Salt Palace Convention Center in a strongly Republican state.

"The president believes the American Legion is one of America's great organizations, and he looks forward to addressing these veterans who served our country," White House spokesman Peter Watkins said.

This is an official visit — the president accepted an invitation from the Legion — but it is "absolutely" appropriate to read between the lines a little in looking at how and why he is here, said Josh Gold, an assistant professor of political science at Salt Lake Community College.

"It makes for really good pictures on the news," Gold said. "It's about image management."

Gold said Bush's approval ratings are down, so the president speaking to a group of veterans in Utah is a safe bet.

"Go to a place where you are welcome," Gold said. "Utah's a very conservative state, and it is always nice to be with people of like mind."

Secretary of State Condoleezza Rice and Secretary of Defense Donald Rumsfeld precede Bush's visit by two days and are scheduled to address the same convention today.

Lewis Wolfson, director of American University's "Dialogue with the Press" and an expert on the presidency and communication, said their presence factors into the notion that Bush's appearance could coincide "with developing a new policy or a new strategy."

Gold said Rice's and Rumsfeld's appearances are a good way to show the veterans, and the country, that they are "unified" on the war. "It shows there are no divisions," Gold said.

Frank Guliuzza, chairman of the political science department at Weber State University, said he expects the speech to serve as a "kick-off" for the administration's position on the war that will carry through the November election. He said it will be interesting to see if there is a bounce in poll numbers for Republican candidates and incumbents, or if it comes off as a "dud."

Guliuzza, who is a former vice chairman of the Utah Republican Party, said he did not know if there was much more to Bush's visit than "a very good audience in a good location."

He said if the president had come before the state's primary election, it would have been seen as more of a political trip. But now, after the election, it is a "nice coincidence" that Bush can address the veterans in a friendly state.

Bush spoke at the same convention in San Antonio in 2001; St. Louis in 2003; and Nashville, Tenn., in 2004. Each visit came around the same time in August, so the timing may be out of the White House's control. But the decision to accept the invitation is not.

Bush skipped this year's Veterans of Foreign Wars convention in Reno, Nev., also taking place this week. Vice President Dick Cheney addressed that convention on Monday.

But Wolfson believes the political perks of the Utah visit are more substantial.

"It is not coincidental on the timing of this, with the fall election," Wolfson said. "The Republicans fear that the war is a card that is going to be played in election races."

Wolfson said the administration "is on the defense about the war," pointing to the president's press conference earlier this month and slipping poll numbers on his performance.

"People have a sense that we are losing control over there," Wolfson said. "We know public opinion in general has turned against the war."

When Bush hit Salt Lake City for the Veterans of Foreign Wars convention last year, he was also met with protests.

Guliuzza said protesters would likely be at any presidential appearance and that he would be "shocked" if even a graduation speech done by the president would not have policy language intertwined with it.

The protests provide local folks with an opportunity to show that they are there and vocal in their opposition to the president or the war in Iraq or both, he added.

"Utah is not the reddest of red states," Guliuzza said, "but it's pretty darn red."

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Exacting Easterbrook To Be Chief Of 7th Circuit (LAW)

By Lynne Marek, The National Law Journal

National Law Journal, August 29, 2006

Judge Frank H. Easterbrook has long told his law students, only half in jest he says, that he wishes he had a button on his courtroom bench that he could push to open a trapdoor beneath the feet of attorneys not properly prepared for court, sending them sliding down a chute to the street outside.

So far, he has no plans to install such an apparatus when he becomes chief judge of the 7th U.S. Circuit Court of Appeals in November.

The ascent of Easterbrook, who has been on the court since 1985, will mean only a handful of changes for a court that he considers well-managed.

"It's running about as smoothly as one could hope for," Easterbrook said in a recent interview. "I could mess up and become notorious from that perspective, but there's nothing I could do I think to make people think it was a better court."

Easterbrook, 57, will take the top post when Chief Judge Joel M. Flaum turns 70, the age at which a chief judge is required to step aside and hand the baton to the most senior judge who hasn't been chief. Easterbrook is not particularly excited about the new job, which is mainly an administrative one, because he'd rather spend time on judicial work. Still, he said he's duty-bound to take his turn.

As chief, he'll have general oversight of staff, facilities and budget matters for the 15 courts in the three states of Illinois, Indiana and Wisconsin. He will also handle any concerns about the competence of about 100 judges on those courts.

To make more time for court work, he's cutting one of the two courses he typically teaches at the University of Chicago Law School and is reducing his commute by moving his home closer to the federal courthouse in downtown Chicago.

Easterbrook, who is single and has no children, hopes that his new duties won't disrupt his practice of spending three months of the year in Alaska, never more than two weeks at a time, while sometimes telecommuting for work. The Buffalo, N.Y., native said he loves Alaska's climate, mountains and animals. He spends a lot of time hiking and watching the wildlife, he said.

"It's just gorgeous," Easterbrook said. "Out my window in Alaska I see four mountain peaks and three glaciers flowing down between them."

Easterbrook was appointed to the bench by President Ronald Reagan after he had been a law professor at the University of Chicago for eight years and while he was working for the economic consulting firm Lexecon Inc. He worked in the Solicitor General's Office from 1974 to 1979, arguing before the U.S. Supreme Court on a number of occasions.

As a scholar and a judge, he's "had an enormous impact because of the forcefulness of his reason, the clarity of his writing and his willingness to stake out the non-traditional positions," said Dan Fischel, a former University of Chicago Law School dean who now teaches at Northwestern University School of Law. Fischel, who is also president of Lexecon, co-authored with Easterbrook "The Economic Structure of Corporate Law," a book that "revolutionized" the approach to corporate law and is still used to teach law 15 years after its publication, said Dan Klerman, a professor of law and history at the University of Southern California.

TWO BIG CHALLENGES

The two biggest challenges for any chief judge today are maintaining a collegial court and grappling with a burgeoning docket using static resources, said David Vladeck, a professor at Georgetown University Law Center.

"This is a court that has avoided many of the tensions and the internecine battles that have marked other appellate courts, and I would expect he will do what he can to maintain that tradition," Vladeck said.

Easterbrook proudly notes that the 7th Circuit annually publishes about as many opinions as the 9th Circuit, which has about three times as many judges. Both circuits published about 600 written and signed opinions last year, according to the 7th Circuit's annual report. The 7th Circuit also allows more oral argument than most of the other appellate courts, he said.

While attorneys, professors and colleagues mainly praise Easterbrook's intellect and knowledge of law, their opinions about his tough courtroom style vary widely. Some say he's too harsh with attorneys, but are reluctant to talk about it publicly, given the possibility they may face him in court. He elicits a combination of reactions: Attorneys find him intimidating, but also intellectually challenging.

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Stephen Moore, an attorney with Chicago-based Rowland & Moore, said that his time before Easterbrook "was probably the most enjoyable oral argument I ever had," describing it as "dueling with a brilliant mind."

But he also noted, "[y]ou'll see him, I don't want to say attacking an attorney, but putting them on the defensive. All parties are subject to his wrath."

Easterbrook earned the second-highest ranking in a 2003 study that sought to quantify the quality of federal judges' work by, among other things, counting citations to their work and measuring how fast they produced opinions. Easterbrook's fellow 7th Circuit judge, Richard Posner, ranked No. 1.

"It's not just that he comes out ahead of everybody, except for Richard Posner," said Mitu Gulati, a Duke Law School professor who co-authored the study. "It's by how much he comes out ahead. They're off the charts."

The study was an attempt to show empirically which judges might be best suited to serve on the U.S. Supreme Court. Easterbrook has sometimes been mentioned for the court, and said he would certainly consider it a "privilege" to serve.

"When you're before Easterbrook, you know he'll understand the issues, will ask astute questions and will make an intellectually honest ruling," said Michele Rocawich, a Chicago attorney who has argued before him and reads his opinions.

Still, a 1994 Chicago Council of Lawyers evaluation of 7th Circuit judges was critical of Easterbrook's track record on the bench to that date. While the report called him "exceptionally smart" and "hard working," it complained that he sometimes disregarded precedent and the facts of a case, didn't recognize litigants "as real human beings with real life problems" and showed contempt for attorneys.

"Judge Easterbrook's performance is divided between the extremes," the evaluation by an anonymous group of attorneys said. "In some respects he is excellent; in some he is subject to the most severe criticism." The council didn't have a current comment on Easterbrook's performance.

Easterbrook said his work speaks for itself, noting that "roughly 1,700 opinions have a lot of talking to do." Unlike many other judges, Easterbrook writes all of his own opinions rather than hand them to law clerks. Easterbrook said he's "reasonably comfortable" that he'll have the diplomatic skills necessary to handle delicate court matters, such as the occasional need to encourage a senior member of a court to consider retirement.

"I sometimes have a reputation for being undiplomatic, but I like to think it's only when I choose to be undiplomatic," Easterbrook said. "Sometimes it's my preference to be blunt because I think that's the only way I can get lawyers moving correctly."

Two things that make Easterbrook wish he had "the button" are lawyers not properly explaining jurisdiction for a case or claiming ignorance of the trial record.

"He's very intolerant of what he regards as incompetent or inadequate advocacy," said Phil C. Neal, a founder of Chicago-based Neal, Gerber & Eisenberg and a former University of Chicago Law School dean. "He keeps lawyers on their toes and I think that's a good thing for the performance of the bar."

CHANGES TO COME

Three partners at Chicago-based Mayer, Brown, Rowe & Maw who are appellate litigators and worked with Easterbrook in the Solicitor General's Office, recently made three suggestions to the incoming chief in a public statement in the 7th Circuit Bar Association publication, The Circuit Rider. They advised Easterbrook to consider allowing post-argument letters, more amicus briefs and a one- to two-minute period for counsel to address the court before questioning begins.

One policy change that Easterbrook may make is to ask district judges of the circuit to occasionally sit on a 7th Circuit panel, giving them a view from the appellate court. That would be a change from a ban on visiting judges set by Posner when he was chief from 1993 to 2000.

"If I do this, I won't be doing it to provide a significant number of sittings, just so that they get the experience for what it is we do as an appeals court," Easterbrook said.

Easterbrook, who believes that visiting judges in the past led to more en banc reviews for the entire circuit, said almost all of the cases would still be handled by the court's regular judges. Posner said in an interview that he tends to oppose using visiting judges because they inject uncertainty into the court and result in regular judges sitting together less often. But he agrees it can be a help when a court needs more judges.

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While not citing it as a reason for seeking visiting judges, Easterbrook said that one of the biggest challenges facing the U.S. judiciary is the volume of cases flowing through the federal courts. He questioned whether federal court, which should be focused on setting precedent, is truly the proper place for many immigration, Social Security, employment law and other cases.

As chief, Easterbrook will assign the writing of opinions in slightly more cases than in the past and in all of the few en banc cases the circuit handles. Historically, Easterbrook's opinions have won a consensus and he doesn't dissent often, Fischel said.

"The court gets its decisions out very promptly," said Bill Jentes, a retired Kirkland & Ellis partner who is a University of Chicago colleague. "My prediction is that he will have an important influence on the court in getting things done expeditiously."

While Easterbrook doesn't expect to be a "leader" of the 7th Circuit, he does hope to help it keep producing opinions as quickly and as efficiently as possible. "A large herd of cats does not have a leader," Easterbrook said. "You can only lead by example."

The Sideman (WP)

By Libby Copeland

The Washington Post, August 29, 2006

Josh Bolten, chief of staff to the president, is like that guy who grew up small-town and stayed small-town, except the town in this case is Washington, and Bolten's job is gatekeeper to the most powerful man in the world.

His favorite restaurant is the Tastee Diner in Bethesda, a place he frequented more than 30 years ago. He still plays in a rock band, as he did decades ago. And -- after a 30-something-year intermission -- he is even dating the same woman he dated as a teen.

If there are two Washingtons -- the transient political town, filled with folks who leave after two or four or eight years, and the sleepier Southern town of civil servants and families who've put down roots -- Bolten, 52, belongs to both. He grew up steeped in the intellectual guts of this city, the son of a CIA official and a history instructor. He is a Washingtonian -- and proud of it -- in an administration that invokes "Washington" like a dirty word.

Bolten's live-in girlfriend, Dede McClure, that same woman from high school, calls him "the nation's number one government wonk." Politics don't get him excited the way public policy does. He is the quintessence of the reliable Washington bureaucrat, elevated to the top staff job in the White House. When you consider Bolten's life, what stands out is the way he has stayed in place -- stayed so very Washington.

McClure calls him "steady as the rocks" of a shoreline she saw this summer in Massachusetts. She invokes ancient Chinese philosophy, saying there's something "Tao" about those rocks, immovable but smoothed by time. Which makes you wonder: Is there such a thing as a Tao of Josh Bolten? Is the president's chief of staff even permitted to have a Tao?

And if so, does Josh Bolten embody the true wonkiness of Washington's soul?Coming of Age

Bolten grew up in a political home. He and his older brother and younger sister knew influential elections expert Richard Scammon as "Uncle Dick." Their dad, the late Seymour Bolten, was a conservative intellectual who had monthly wine tastings with friends like Jeane Kirkpatrick.

The split-level on Daniel Lane off Rock Creek Park in Northwest was host to a lot of debates. When Josh brought friends home, Seymour -- alternately gruff and kindly-- quizzed them about their views on current events.

"Over many meals we discussed the whole gamut" of political issues, says Josh's high school friend Calvert Jones, whose views were more liberal than Seymour's. "I loved that man. . . . He made me think."

Seymour had fought with the Army in World War II, had been captured in North Africa and imprisoned in Poland, and then went to work for the CIA on the operations side. He rarely spoke about what he did there, though Bolten's sister, Susanna Connaughton, says he worked some years undercover. Josh was instructed to tell friends his dad worked for the Defense Department.

Josh's mom, whom he's called the smartest person he has known, finished her college degree while Susanna, the youngest, was growing up, and went on to earn a PhD. While studying, Stacy Bolten also taught European and world history at George Washington University. She kept an Oxford English Dictionary on a stand near the kitchen and was constantly consulting it to resolve questions that came up in conversation.

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"She has a mind like a steel trap," says Jones, who boarded at the prep school Josh attended, St. Albans in Northwest, and for whom the Boltens were like second family. "You could pick a word out of the dictionary and she would tell you the history of the word."

Born in 1954, Josh was a reserved, serious boy. He developed his father's conservatism and love for political debate and his mother's appreciation of history and the study of words. He kept what his sister calls a "meticulous" stamp collection. In sixth grade, his brother, Randy, says, Josh was named "outstanding safety patrol boy" for his "reliability."

Josh had his bar mitzvah at Temple Sinai, a Reform congregation where he still observes the Jewish high holy days. In high school at St. Albans, where he went after attending public schools, one peer watched Josh make a speech and wondered at his almost "corporate presence." He was preternaturally polished and polite. He spoke in even tones.

"You had to pull him out of his shell," Jones says. "At first blush, he was serious, standoffish. He'd choose his words very carefully. He was very proper."

Josh attended St. Albans during the late '60s and early '70s, and his peers were the sons of Washington's political and power classes. Their fathers included President Nixon's chief of staff H.R. Haldeman and Republican Sen. Charles Percy. The students were groomed for big things. Sen. Evan Bayh (D-Ind.) was two years behind Josh at St. Albans, presidential brother Neil Bush was one year behind, and Al Gore was seven years ahead.

It was a time of experimentation. Washington was smoldering from its race riots, and antiwar protests erupted in the city. The turtleneck became permitted school dress at St. Albans, provided it was worn under a sport coat. Boys sprouted long hair and in the yearbook they listed "witchcraft," "females" and "burning out" as their interests. Some kids smoked pot, though friends say Josh's interests were tamer.

"We spent a lot of time mixing different fruit juices to see what we could come up with," says high school friend Nick Coward, who is still close to Josh.

Josh was student council president and active in the school's government club as a conservative at a time when, as former St. Albans history teacher Jack McCune puts it, conservatism wasn't "terribly fashionable." He kept his hair short, judging from yearbook photos. A small guy, he wrestled in the 119-pound weight class, played lightweight football, and was good-natured about his "lack of prowess," says McCune, who doubled as a football coach. He studied classical guitar and started a band called Soft Rock. In the 1972 yearbook, he chose a Confucius quote about the perils of "thought without learning."

Josh's friends say public service seemed to be his calling ever since those days in student council. After going to Princeton and then getting a law degree at Stanford, he worked in the public sector, including in legislative affairs for the George H.W. Bush administration. He spent five years at Goldman Sachs in London, and when he'd visit Washington he and his sister would organize bowling outings to get family and friends together.

"He was never particularly happy at Goldman," Coward says. "I think his public service jobs have always been much more intellectually stimulating for him."

Bolten has been with the current administration since the beginning, first working on George W. Bush's 2000 campaign, then as deputy White House chief of staff and director of the Office of Management and Budget before moving into the current post. In a C-SPAN interview last year, Bolten called himself a "policy wonk" and said that when the president offered him the budget director job, he feared he was neither tough nor confrontational enough. He said the job had forced him to say no a lot.

"I've tried to say no in as courteous a way as possible," he said.

He also said he tried to operate "below the radar screen," avoiding publicity most of the time, and praised the civil servants in his office for not leaking stories to the media.

Bolten's friends say he has a self-deprecating sense of humor, and in public appearances there are hints of playfulness. He has made reference (in somewhat unwonky fashion) to the White House getting its "mojo" back. The band he plays bass guitar in, ordinarily called the Compassionates, once played under the name Deficit Attention Disorder when Bolten was budget chief.

He also does voice impressions. "He does do a really good Henry Kissinger," says McClure, his girlfriend.

He rides motorcycles. In the C-SPAN interview he called them "exhilarating" but followed up with the caution of a driver's ed teacher.

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"If you're not concentrating properly when you're riding a motorcycle," he told the interviewer somberly, "you're putting your life in danger."

Bolten does few interviews, and he wouldn't sit for this Washington Post story, though he did agree to fact-check outstanding questions by e-mail. Among other things, he confirmed that he lives with McClure in Bethesda and that "the Tastee" really is his favorite restaurant. (Afterward he wrote, polite but steadfast to the end: "I was tempted to reverse my longstanding policy of not participating in personal profiles [except for alumni publications] -- but not quite.")

In years to come, when the White House has new occupants, and fair-weather Hill staffers have gone on to law school, and several more generations of newly minted political-science grads have descended on the city like summer cicadas, the Josh Boltens will no doubt still be here. What would Washington be without men of this sort -- the steady, the sturdy, the sort who wait 30 years to get the girl, and study all food labels carefully before making supermarket purchases?Harmonized Lives

In sixth grade, Bolten and Maury Abraham, lifelong friends, had a band called the Ocelots. ("Everybody was naming 'em after animals," Abraham says.) The group disbanded, and then in high school, Abraham and Bolten and some other friends formed another band called Soft Rock, and this one stuck around for several years. This was before the phrase "soft rock" was, as Abraham puts it, "a generic term for elevator Muzak." Soft Rock was folk music with some jazz influence.

One night during Bolten's senior year, Abraham and another band member went to a coffeehouse in the basement of a church and heard a girl with long, dark hair singing in an angelic voice. They followed her home to her apartment on Connecticut Avenue, begging her to join the band. She was 14; Josh was 17. Her name was Dede Thompson back then. They started dating months later, but because of "my age and Josh's respectfulness," it stayed "sweetly platonic," McClure says.

Late nights, the band members hung out at the Tastee. They had dreams. A guy in Potomac with a recording studio in his basement helped them put out an album of songs with titles like "Conversation of Love" and "Sunshine." To pay the cost of the thousand or so vinyl copies, Soft Rock played cover songs at bar mitzvahs and parties. Some of Bolten's band mates tried to persuade him to put off Princeton for a year and stick with Soft Rock, and Bolten went so far as to propose the idea to his dad.

"I'm not even sure that words were exchanged after that," McClure says. "It may have been just enough that Seymour gave him a look."

Herewith, 30 years and a love story, dispatched with bureaucratic efficiency:

Bolten left town. McClure got married to a boy from junior high. She moved to California, had two girls, came back, got divorced, and all the while she and Bolten stayed friends. He never married or had kids. Then in 2003, Hurricane Isabel happened. McClure was living in Garrett Park and was without power for days. The food in her fridge spoiled.

"I called a couple different friends over the course of different nights and made them take me to dinner," McClure says. Bolten was one of the people she called. They spent an evening together and became a couple again.

"It's wonderful to be with someone who you have that history with," says McClure, who splits her time between doing development work for a charter school in the District and a marketing job. "It's another function of growing up here," she says, invoking the two Districts of Columbia, "the one that's political and transient and then this little sleepy Southern town where you do maybe marry the boy next door."

Their politics are different. McClure has been a registered Democrat for years, though she now considers herself an independent. She recalls that in the summer of '72, after Bolten graduated from high school, she and Abraham were handing out George McGovern pamphlets while Bolten headed to Miami for the Republican convention.

Their divergent politics were less a source of friction and "more a source of amusement," McClure says. She says after they found out Bolten was joining the Bush campaign, "Maury's all-time line was, 'Where did we fail him?' "

The themes of Bolten's life revolve like grooves on vinyl. When he plays bass guitar now with the Compassionates, sometimes McClure sings backup with them. He still refers to his sister by her childhood nickname. To this day, when she calls his office, his sister Connaughton says, she has to identify herself as "the Beast" or the folks answering the phone don't know who she is.

"I'm not even sure the president knows her name is Susanna," McClure says.

In Bolten's home office, McClure says, near a watercolor of the Tastee Diner that his mother commissioned for him a few years ago, Bolten keeps a dictionary that he consults just as his mother did when he was growing up. Words come up in

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conversation, McClure says, and they look them up to see where they came from. Bolten is said to be known within the Bush administration as a details man, and McClure says Bolten's intellectual curiosity and the deliberative fashion in which he breaks problems down is part of what makes him skilled at his job.

"It's actually one of the more comforting things about him," McClure says. "He's perfectly content in the knowledge that not everything has a definite answer, and yet he is happy to keep looking."

This is the role of the Washington wonk, whether he toils in obscurity in a tiny cubicle or as the president's chief of staff.

His lifelong friend Coward tells a story of when Bolten worked in legislative affairs at the White House during the last year of the George H.W. Bush administration.

Coward, a lawyer, could see the window of his friend's West Wing office from his conference room at Baker & McKenzie a few blocks away. They often worked long hours. Sometimes they signaled each other late at night by flicking their office lights off and on, like neighbor children up past their bedtime.

Seniors Told How To Repay Medicare (AP-Y)

By Kevin Freking

AP, August 29, 2006

Elderly and disabled Americans who got erroneous refunds from the federal government last week will get a letter this week instructing them on how to repay the money.

About 230,000 Medicare recipients got refunds totaling $50 million because of a computer glitch. The average reimbursement was for $215.

The first and easiest step for beneficiaries to repay the money is to write VOID on the face of the check and mail it to the following address: Medicare-Drug Premiums, P.O. Box 9058, Pleasanton, CA 94566-9058.

The same address can be used when seniors want to reimburse the money either through a personal check or money order. Officials say the check should be made payable to "Medicare." The check should also include a notation with the beneficiaries' account number. The account number will be cited in the letter that seniors get this week from the Centers for Medicare and Medicaid Services.

Also, on Tuesday, the federal government will establish a toll-free telephone line for seniors and the disabled to call between 7 a.m. and 9 p.m. EDT. The number is 1-866-292-8080.

Operators will be able to answer whether beneficiaries were affected by the glitch. They also can help people arrange to have the repayments withdrawn from their bank account and transferred electronically to the federal government, though this option will require that seniors provide personal banking information to the operator.

Some seniors may have received more than $500. For those who need to pay that money back gradually, people can ask to make up to seven monthly payments. Lawmakers had called on CMS to give seniors plenty of time to give the money back. The same toll-free number should be used for beneficiaries wanting installment plans.

To prevent fraud, CMS asked seniors not to give out any personal information to anybody calling offering help with the reimbursement. Medicare will not call anybody effected by the glitch.

Lawmakers for both political parties have expressed frustration with the premium reimbursements, and they've asked CMS Administrator Mark McClellan for a detailed report on how the error occurred and how the agency will try not to let it happen again. Some lawmakers have called for congressional hearings on the problem.

"We're adding some additional checks on the data before it goes over," McClellan said.

Seniors Flock To Private Medicare Plans (WSJ)

By Jane Zhang And Vanessa Fuhrmans

The Wall Street Journal, August 29, 2006

Hundreds of thousands of seniors are signing up for a type of privately run Medicare plan that delivers traditional benefits without the usual restrictions on access to doctors and hospitals. In turn, some of the nation's biggest health insurers are launching more such plans and marketing them in more areas.

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The plans, called private fee for service, are a type of privately run Medicare alternative known as Medicare Advantage. Advantage plans wrap physician and hospital services in one, some with additional benefits. Instead of paying beneficiaries' claims directly, the federal government pays insurance companies to manage the care, with the hope of reducing Medicare spending. To entice seniors to sign up, costs for private plans are cheaper on average than those for traditional government-run Medicare.

But recently such plans have become an even better deal. As part the sweeping law that created the new Medicare prescription-drug benefit, Congress raised the government's reimbursement rates to companies offering Medicare Advantage plans to about $10,000 per enrollee per year. That has led insurers, eager to bring in the new business, to offer Advantage plans with lower premiums but often more benefits, such as vision or prescription drugs.

Laura Cummins of Des Moines, Iowa, switched to a private fee-for-service plan offered by Humana several months ago. It covers her prescription drugs and allows her to see doctors or hospitals without network restriction -- but it doesn't charge either a premium or a deductible. Out-of-pocket charges include $180 per hospital stay up to five days and $15 or $30 for a doctor visit.

"I thought I'd give it at least a year and see how it works out," says Mrs. Cummins, 69 years old. With diabetes and some heart problems, she has already been hospitalized a few times this year. "So far, I've been glad that I did this."

Of all the private Medicare options, it is private fee for service that is seeing the most explosive growth. These plans accounted for about half of the recent growth in Advantage-plan enrollment, according to Avalere Health LLC, a health-care advisory firm that analyzes Medicare data. As of July, more than seven million people were in some form of Advantage plan, or about 17% of all Medicare beneficiaries, says Avalere, up from 14.3% in December. Enrollment in private fee-for-service plans alone jumped to 802,068 as of Aug. 1 from just 20,000 three years ago, says David Lewis, acting director of the Medicare Advantage Group at the Centers for Medicare and Medicaid Services.

MEDICARE ADVANTAGE

Some privately run Medicare alternatives • HMO: Generally require use of doctors and hospitals in the network.

• PPO (Preferred provider organization): Some out-of-network coverage.

• PFFS (Private fee for service): No networks, though may cost more than Medicare HMO or PPO plans.

• Special Needs Plans: Cover people eligible for both Medicare and Medicaid, those in nursing homes and with chronic conditions.

The reason, for many seniors, is freedom of choice. Most Advantage policies are managed plans -- such as HMOs and PPOs, or preferred provider organizations -- that provide no coverage, or lesser coverage, if patients go outside of a plan's network of doctors and hospitals. Private fee for service (known as PFFS) was created in 1997 as an alternative, especially for those living in rural areas where some hospitals and doctors don't want to join restricted networks. PFFS plans operate with only an informal assemblage of providers willing to accept Medicare rates paid through the private plans.

The PFFS plans had been relatively obscure. But as increased government reimbursement made Advantage plans more lucrative for insurers, many are touting the plans more aggressively and retooling their offerings. In some areas of the country, PFFS plans are the first Advantage plans that have become available.

WellPoint has said it plans to offer them in all 50 states in 2007, up from 650 counties in 15 states this year. Humana Inc., which sells the private fee-for-service plans in 35 states this year, and WellCare Health Plans Inc. also plan to expand, though they won't say exactly where until the fall.

Typically, the greater degree of choice makes these plans more expensive than Medicare HMOs or PPOs. But in many counties, the generous government reimbursements allow companies to market some private fee-for-service plans at prices near or even below the premiums of managed-care plans with restricted networks.

For example Humana, with 460,000 enrollees, is the largest provider of PFFS plans. In Sarasota, Fla., where insurers have longstanding Medicare networks, Humana's PFFS option carries a monthly premium of $64, compared with zero to $39 for the more-popular PPO plan.

But in Raleigh, N.C., reimbursement rates allow Humana to sell its private fee-for-service "Gold Choice" for no additional monthly premium. Its PPO plans there range from $10 to $71. Both options include coverage for prescription drugs, comprehensive medical care and even fitness club membership, the biggest difference being that private fee-for-service

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members pay a $180 co-pay per hospital day while members in most of Humana's PPO options pay $165, plus a $100 deductible.

Next year Humana expects to sell even more PFFS plans, many of them to the millions of seniors it signed up this year in stand-alone drug plans. "We have 3.4 million drug-plan members we didn't have a year ago," says Scott Latimer, Humana's market president for central and northern Florida. "The opportunity to market other products to customers with whom we already have a relationship is that much greater."

As with most Advantage plans, premiums are often lower than the combined premiums for government-run Medicare benefits for physician and hospital services and drugs. Advantage members must still pay the Medicare part B premium for physician and outpatient services, which is $88.50 a month. But Advantage plans may wrap in other benefits such as additional days in the hospital and drugs.

As insurers expand their private fee-for-service offerings, the plans will see "dramatic growth" next year, says Dan Mendelson, president of Avalere Health.

But some wonder how long seniors can take advantage of this program. The Medicare Payment Advisory Commission, which advises the government on Medicare, has warned that the government pays 11% more on average to Medicare Advantage plans for physician and hospital services than the traditional ones.

Without network restriction, private fee-for-service plans don't have as many tools to restrict spending. If a member, for instance, doesn't have one primary-care physician, it can be more difficult to monitor care or ward off a costly hospital admission. "A health plan may not know about a high-risk case until the claim is paid," says Richard Jelinek, head of UnitedHealth's Secure Horizons division, which administers its Medicare Advantage plans.

But some insurers are implementing programs to identify members with multiple chronic conditions and better coordinate care. UnitedHealth, for instance, is implementing 24-hour nurse hotlines and a disease case manager program for PFFS plans; Humana has similar programs.

Some insurers say that as they sign more people in rural areas into PFFS plans, the concentrated number of members will allow them to form doctor-and-hospital networks. In turn, they'll be able to also sell HMO or PPO Medicare plans with lower costs or richer benefits there. With the added savings that come with extracting greater discounts from network providers, Mr. Jelinek says, "we can pass on those benefits to enrollees."

Group Says FDA, Advisory Panels Show Bias Toward Drug Approvals (WP)

By Shankar Vedantam

The Washington Post, August 29, 2006

The panels of experts assembled by the Food and Drug Administration to advise it on whether to approve new drugs and medical devices are often biased in favor of recommending approval, according to a consumer group's analysis released yesterday.

The advisory panels often vote unanimously to recommend approval even after members express doubts about the product or say the evidence submitted is insufficient, said the report by the National Research Center for Women & Families, a policy research and advocacy group. The FDA has recently come under fire over drug safety issues, including its decisions to approve the popular arthritis pain medications Vioxx and Celebrex that were later associated with an increased risk of heart attacks and strokes.

The group's report also said the FDA is more likely to accept its panels' advice when they recommend approving a product than when they vote against approval.

"When the votes are for approval, they go along with them 96 percent of the time," said Diana Zuckerman, president of the center. "When the votes are against approval, they are much more likely to disagree and approve the product anyway. . . . They are 10 times more likely to overturn a recommendation against approval than for approval."

Agency officials said the critical report is wrong both in its assumptions and conclusions.

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"First and foremost, it is an advisory committee process, and in that sense panels do not make decisions, they offer advice," said Randall Lutter, associate commissioner for policy and planning at the FDA. "To say they serve as a rubber stamp is not a way of contributing to informed debate."

Lutter said that based on promising clinical trial data, the FDA sometimes knows it is going to approve a product when it convenes an advisory committee -- so it is hardly surprising that committees would find in favor of such products. Much of the value of such meetings, he added, comes in offering nuance and guidance to the agency on labeling and use of the product.

The report tracked the votes of 11 FDA advisory committees, chosen at random, from 1998 through 2005. That represents about a third of the panels convened and 89 products.

Although some committees came up with a mix of approvals and disapprovals, others, including the panels evaluating arthritis drugs and vision-related devices, almost always voted for approval and almost always did so unanimously, said Zuckerman.

Zuckerman suggested that conflicts of interest may have biased some scientists.

But Lutter rejected this criticism. The FDA's own analysis of conflicts of interest among advisory committee members, he said, found that such conflicts did not predict how panel members would vote.

Outside Audit Pensions Likely To Stay Dying Breed (WSJ)

By Steven D. Jones

The Wall Street Journal, August 29, 2006

President Bush recently signed into law a comprehensive bill aimed at rehabilitating the traditional pension plans still operated by many American companies. The irony is that many companies whose pensions are in fine form probably will limit benefits anyway.

More corporate leaders and their advisers are assessing the costs of so-called defined-benefit retirement plans and coming to more or less the same conclusion: The costs of maintaining these plans are still simply too great. Defined-benefit plans -- your grandfather's pension, for example -- guarantee retirees set monthly payments for life, with the size of checks generally based on years of service and salary levels in the final years on the job.

The Pension Reform Bill compels many companies to fully fund their defined-benefit plans over a period of years and pay a small additional premium to shore up the U.S.'s pension-insurance fund, which essentially is the pension insurer of last resort. But the bill also may add to incentives to freeze benefits.

"I believe we will witness an unprecedented number of companies closing their well-funded, defined-benefit pension plans to new employees," James Klein, president of lobbying group American Benefits Council, wrote in a media release when the bill was signed.

Verizon Communications Inc., Motorola Inc., Hewlett-Packard Co., International Business Machines Corp. and others have announced freezes of defined-benefit pension plans. Delta Air Lines and Northwest Airlines intend to impose freezes as part of reorganizations under the U.S. bankruptcy code.

Yesterday DuPont Co. said starting next year it will cut its contribution to its pension plan by two-thirds while raising its contribution to an employee savings and investment plan.

Companies freeze plans generally either by locking out new employees -- a soft freeze, in the argot of the pension industry -- or by halting such new enrollments and stopping the accrual of benefits to existing employees, a hard freeze. Retirees generally aren't affected.

Hewlett-Packard, for example, imposed a freeze in January on its defined-benefit plan for workers other than those close to retirement, while raising its matching contribution for 401(k) defined-contribution plans to 6% of salary from 4%.

IBM by comparison converted it into what is known as a cash-balance pension, which creates a hypothetical account for each worker that grows by an annual amount, then later announced it would freeze the plan. A court ruling supported IBM's switch, a decision pension experts say will pave the way for more companies to adopt such a strategy.

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For companies, there are clear economic benefits to freezing a pension plan. Jack VanDerhei, a professor at Temple University and a research director at the Employee Benefit Research Institute, has analyzed pension freezes and estimates a hard freeze can cut the annual retirement payout to a worker by more than half.

Payments to most pensioners in a defined-benefit plan are calculated using what is referred to as final-average defined-benefit formula. The company multiplies the number of years worked by the average of the worker's three highest years of pay times 1%.

Take an employee who retires at age 65 after 35 years on the job, who earned an average $103,000 a year during his final three years of employment. His benefit would be about $36,000 a year, or $103,000 times 35 years times 0.01. If that retiree lives to age 85, the total benefit paid would be $720,000.

Yet consider what would happen if the company had frozen the pension plan when the worker was age 50 and had put in 20 years on the job.

Suppose the employee's average salary for the three years before the freeze was $70,000. Upon retirement at age 65 the benefit would be just $14,000 a year ($70,000 times 20 times 0.01.), or $22,000 a year less. At 85, the total benefit paid out would be $280,000, or $440,000 less than the total benefit had the pension not been frozen.

Even companies whose traditional pensions are fully funded -- meaning they have enough assets on hand to cover benefits of all participants -- are freezing plans. The reasons: retirees are living longer, raising overall costs, and because of the new pension-accounting rules to be implemented that require companies to deduct their plans' shortfalls from net worth.

"I believe a fair number [of companies] have looked at what this is likely to do to their stock prices and loan covenants and decided that kind of risk is just too much," says David John of the Heritage Foundation, a conservative think tank.

One upside to the possible extinction of traditional pensions is that financial-service companies probably will look for new ways to help workers save for their Golden Years on their own, a decidedly tall order: The 50-year-old worker whose pension was frozen in the example would have to begin putting aside nearly 13% of his salary annually for 15 years to make up the $22,000 gap created by the freezing of the employee's defined-benefit plan.

The Falling Paycheck (NYT)

The New York Times, August 29, 2006

After huddling with his economic team at Camp David this month, President Bush emerged from a meeting and, flanked by advisers — including the secretaries of labor, commerce and the Treasury — announced to reporters, “Things are good for American workers.”

The comment is preposterous. As The Times’s Steven Greenhouse and David Leonhardt reported yesterday, the economic expansion that began in late 2001 is on track to become the first since World War II that fails to offer a sustained lift to the real wages of most American workers. Although the nation’s economy has grown and productivity has been strong, American employees have not shared in the wealth they’ve helped to create. Wages and salaries now make up the lowest proportion of the economy since the government began keeping records in 1947, while corporate profits have climbed to their highest share since the 1960’s.

Until recently, the decline in real wages has been masked in large part by the housing boom that allowed many Americans to borrow and spend, even as their pay was squeezed. But now the housing market is flagging and with it, the Bush-era economy — without American workers having ever experienced a period of solid prosperity.

Unfortunately, there’s little likelihood of meaningful improvement anytime soon. When Mr. Bush and his advisers are not insisting that everything is fine, they’re promising more high-end tax cuts as a cure-all, or painting the problem as one of impersonal market forces for which there are no government solutions.

Those are not the paths out of the predicament. Just the opposite, they are approaches that have contributed to it.

OTHER NEWS:

Beatles Reunite To Sue Record Companies For $25M (LAW)

DOJ_NMG_0055083

By Mark Fass, New York Law Journal

New York Law Journal, August 29, 2006

The Beatles have reunited, though only to sue their record companies.

A lawsuit filed by the Beatles, their representatives and their recording label Apple Records against Capitol Records and EMI Records will go forward following a Manhattan judge's denial of a motion to dismiss.

Capitol and its affiliate EMI concealed their use of the band's recordings "in an effort to pocket millions of dollars" in royalties, according to the complaint. The plaintiffs are seeking at least $25 million, asserting causes of action for fraud, breach of contract and -- in a difficult and unusual claim against a record company -- breach of fiduciary duty.

The defense moved to dismiss the causes of action for fraud and breach of fiduciary duty, as well as the plaintiffs' requests for punitive damages and to reclaim the rights to their recordings, perhaps the most valuable catalog of music in existence.

Manhattan Supreme Court Justice Karla Moskowitz last week denied the defense's motion in its entirety.

Most significantly, because the fiduciary duty claim survived the motion, the defendants may be subject to tort liability's broader damages, additional causes of action and additional remedies.

The dispute dates back nearly 30 years, to a similar suit initiated by the Beatles against Capitol/EMI, Apple Records, Inc. v. Capitol Records, Inc., 137 AD2d 50.

Filed in 1979, Apple I, as the present decision refers to it, alleged that Capitol/EMI underpaid the Beatles more than $20 million, which the record companies hid through improper accounting practices. That case resulted in an Appellate Division, 1st Department, decision allowing the breach-of-fiduciary claim to go forward and, in 1989, the parties reached a settlement agreement.

"The business dealings between Capitol Records and the Beatles date back to 1962," the First Department noted in Apple I. "It is alleged that this relationship proved so profitable to defendant that at one point the Beatles constituted 20 to 30 percent of its business…It can be said that from such a long enduring relation was born a special relationship of trust and confidence."

The settlement agreement that followed that decision granted the Beatles and Apple increased royalty rates and required Capitol/EMI to abide by more stringent auditing and reporting requirements.

A second charge of under-reporting led to another settlement agreement in 1995, as well as a $35 million payment to the Beatles and Apple and an additional increase in royalty rates.

Pursuant to that agreement, the plaintiffs conducted an examination of Capitol/EMI's books, which allegedly once again uncovered fraud and, in turn, spawned the present lawsuit.

The plaintiffs -- the surviving Beatles Richard "Ringo Starr" Starkey and Sir James Paul McCartney; Yoko Ono Lennon; George Harrison's estate; Apple Corps and Apple Records; and McCartney's company MPL Communications -- claimed that Capitol/EMI under-reported sales, concealed "lucrative" music-video deals and conducted "secret" transactions with record clubs, among other misdeeds. As in Apple I, a primary accusation was that the record company designated millions of dollars of merchandise as discardable "scrap," then resold the items without forwarding royalties.

LACK OF TRUST

Capitol/EMI moved to dismiss the breach of fiduciary claim, arguing that after a decade of litigation and a long history of distrust, the plaintiffs could hardly claim a relationship of trust and confidence.

The 1st Department's original finding of a potential fiduciary relationship between the parties does not apply to "the time in question here," the defendants contended. Indeed, since Apple I the First Department has repeatedly rejected claims of fiduciary duty by artists against record companies, they noted in their memo in support of the motion. Moskowitz nonetheless found for the plaintiffs.

"Because of the allegation plaintiffs make here and the Apple I decision, I cannot hold, as a matter of law, that the parties no longer have a fiduciary relationship," Moskowitz ruled. "[P]laintiff has pled a viable, continuing fiduciary relationship. Whether or not the level of contentiousness and distrust was so great as to destroy the fiduciary relationship the parties had is an issue that must await development of the factual record."

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On similar grounds, the court allowed the fraud claim to go forward as well. "The First Department, in Apple I, on virtually identical facts, already held that plaintiffs adequately stated a valid cause of action for fraud and that the conduct plaintiff pleaded was collateral to the contract," Moskowitz wrote.

She also allowed the plaintiffs' request for an order terminating Capitol/EMI's rights to the plaintiffs' recordings, dismissing the companies' argument that the plaintiffs were making an impermissible demand for partial recision.

"[P]laintiffs…do not seek partial recision, but rather seek to exercise their right to terminate the parties' agreements based on EMI/Capitol's alleged breach of contract, breach of fiduciary duties and fraud."

Paul V. LiCalsi, Howard H. Weller and Joshua S. Akbar of Sonnenschein Nath & Rosenthal represented the plaintiffs.

"The attempt to knock this claim out at the pleading stages was significant because of how conservative New York law is regarding fiduciary duties," LiCalsi said. "In New York, unless you fit into the traditional fiduciary relationships, like attorney-client or trustee-beneficiary or doctor-patient, the law is very reluctant to find that a fiduciary relationship arises in commercial transactions. It has to be very unique circumstances for that."

EMI spokeswoman Jeanne Meyer said the defense will likely appeal.

"Artists do from time to time request an audit of record labels' accounts," she said. "It's not unusual. We don't have a problem with it. But sometimes there are differences of opinion, particularly when you are dealing with a contract that is complex."

Steven Wolowitz, Hector Gonzalez and Anthony Diana of Mayer, Brown, Rowe & Maw represented the defense. Diana did not a return a call seeking comment. Wolowitz declined to comment.

EchoStar Agrees To Settle Lawsuit; Fox Stations Balk (WSJ)

By Andy Pasztor

The Wall Street Journal, August 29, 2006

Satellite-television broadcaster EchoStar Communications Corp. agreed to pay $100 million to resolve a lawsuit over programming with affiliates of three major U.S. television networks, but opposition by a group of Fox Network stations could derail the deal.

After nine years of complex litigation, the company, based in Englewood, Colo., reached a smaller-than-anticipated settlement with ABC, NBC and CBS stations covering payments for certain local sports and other programming that EchoStar beams to hundreds of thousands of its subscribers in other areas. By routinely offering such programming in many distant cities, federal judges found that EchoStar violated the intent of various court-approved exceptions.

The affiliates have prevailed in a series of court rulings, culminating in a recent decision by the federal appeals court in Atlanta that threatened to force EchoStar to turn off the disputed programming to about 800,000 of its 12.5 million subscribers. Such a move would reduce EchoStar's revenue, and more importantly could make it harder for EchoStar to keep and attract subscribers.

Talks with Fox fell apart last week, when representatives of more than two dozens stations owned and operated by the Fox Network balked at the amounts they were slated to receive under the agreement. The fallout will complicate the settlement with the rest of the affiliates, and according to EchoStar, even "could derail the entire settlement." Some Fox affiliates agreed to the tentative deal, which must be approved by a federal court judge in Miami.

A spokesman for News Corp., which controls Fox Network, said it wasn't currently in discussions with EchoStar and "we don't intend to be" in such talks.

The tentative $100 million pact is less than had been expected by many Wall Street analysts, who also anticipate that the total number of EchoStar subscribers eventually cut off from so-called distant network signals is likely to be smaller than previously projected. "This settlement appears better than expected," according to a note put out by Jeff Wlodarczak, an analyst at Wachovia Capital Markets LLC.

EchoStar shares rose 51 cents, or 1.6%, to $32.21 in 4 p.m. trading on the Nasdaq Stock Market.

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In a separate legal dispute, a federal magistrate in Texarkana, Texas, temporarily blocked EchoStar from pursuing a 2005 countersuit it filed against TiVo Inc. over patent issues. Earlier this month, the same court ordered EchoStar to pay nearly $90 million in damages for infringing on TiVo patents covering digital video recorders.

Stocks Get Lift From Oil's Slide, Reversing Skid (WSJ)

By E.s. Browning

The Wall Street Journal, August 29, 2006

Plunging oil futures briefly pushed the Dow Jones Industrial Average to its highest level since May, but late-day selling trimmed the gains.

In thin trading ahead of Labor Day weekend, the blue-chip average finished ahead 67.96 points, or 0.60%, at 11352.01. It is up 5.9% this year, 30 points short of the three-month high reached Aug. 18.

The Standard & Poor's 500-stock index, which also temporarily touched a three-month high, gained 0.52%, or 6.69 points, to 1301.78, putting it up 4.3% for 2006. Traders are watching whether the broad index can stay above 1300.

Major stock indexes were rebounding from last week's declines, as fears of a slowing economy dissipated. The catalyst for the gain was a decline in crude-oil futures of $1.90, or 2.6%, to $70.61 a barrel, as tropical storm Ernesto appeared to move away from the Gulf of Mexico's oil facilities. Gasoline futures also fell sharply.

The drop in oil and gasoline helped calm fears that high transport costs would weigh on consumer spending. Wal-Mart Stores said August sales are at the high end of its expectations, which also eased concerns.

"It was all about crude prices," said Todd Clark, director of stock trading at San Francisco money-management and brokerage firm Nollenberger Capital Partners. "It just gave us a positive backdrop. And the volume is so thin that it doesn't take a whole lot to move the indexes."

The Dow has bounced for weeks between 11000 and 11390, as investors debated whether Federal Reserve interest-rate increases have slowed the economy enough to forestall inflation, too much or not enough. Stocks fell last week as investors took profits from the previous week's gains.

The Nasdaq Composite Index yesterday rose 0.95%, or 20.41 points, to 2160.70, still down 2% this year.

Today, the Fed releases minutes from its August interest-rate meeting, which could shed light on its intentions for future rate moves. Friday, investors get what could be the week's most important news on inflation and the economy: August wage and hiring data, and the August report on manufacturing activity.

In major U.S. market action:

Stocks rose; bonds fell. The 10-year Treasury note fell 2/32, or 63 cents for each $1,000 invested, pushing up the yield to 4.797%. The 30-year bond was down 3/32 to yield 4.934%.

The dollar weakened. Late in New York, it traded at 117.15 yen, down from 117.30, while the euro rose against the dollar to $1.2790 from $1.2756.

Uncle Sam's Eyes In The Aisles (WP/AP)

By Jeannine Aversa

The Washington Post, August 29, 2006

Caren Gaffney moves from store to store, meticulously combing the aisles and taking down prices.

A head of Boston lettuce. A bottle of Advil. Car inspection. Diamond bracelet. Eyeglasses. A 50-foot black TV cable. Washing machine.

It's an eclectic shopping list that comes from her employer, the U.S. government.

The items that she prices -- and thousands of others -- are reflected in the government's most closely watched inflation barometer. The consumer price index measures the prices shoppers pay for a market basket of goods and services.

Consumer prices edged up 0.2 percent in June, half the amount of May's increase. But over the first six months of this year, prices rose at an annual rate of 4.7 percent, led by soaring energy costs.

Gaffney is one of about 450 people who check prices on 96,000 items from thousands of merchants for the monthly reports assembled by the Labor Department's Bureau of Labor Statistics.

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"We price everything from condoms to cremations," says Katie Gollannek, branch chief in the bureau's division of price programs.

During busy times, Gaffney, an economic assistant who works part time, has visited about 45 stores in a 10-day period to get prices on 150 items.

In her year on the job, she has perfected a plan for plucking prices: When she enters a shop, "I work from right to left. It makes it quicker," Gaffney explains. "What you want to do is set up your work so it is efficient."

At one stop -- a grocery store in the Washington suburbs -- Gaffney's checks the price on five items:

Â· A pound package of the store-brand all-beef franks, $2.99.

Â· A pound package of Smithfield 97 percent fat-free, sliced, cooked ham, $4.69.

Â· An 8-ounce package of Oscar Mayer light bologna (with chicken and pork, not all-beef), $1.99.

Â· One head of Boston lettuce, $1.99 each.

Â· One head of green leaf lettuce, $1.99 per pound.

She enters the price for each item into her computer. In the case of the bologna, Gaffney is perplexed. She took down the price as $2.49. But her computer tells her that on her last visit the price was $1.99. After some investigating, Gaffney realizes she grabbed the wrong item this time -- the higher-priced all-beef light bologna.

The price of Boston lettuce had increased from $1.69 on Gaffney's last visit. She hunts down one of the store's produce workers to find out why, but he does not have any insights.

Stores let Gaffney and others collect price information on a confidential basis.

What are some of the more challenging tasks for the price hunters? They include the price for a pair of eyeglasses, for leasing or repairing a car, or for anything related to health -- because of all the details involved. Clothing can be complicated, too.

"If it is a seasonal item, most likely it is going to be gone the next time you go there. You got to look all over for it and make sure you got it," Gaffney says.

If the store is out of the item, Gaffney has the tedious and often time-consuming task of finding a substitute product that is as close to the original as possible.

For instance, Gaffney might be forced to find a substitute for a woman's blouse with the following specifications: sleeveless, 85 percent cotton, 15 percent rayon. Made in Malaysia for a national brand. Does it have any special features, such as appliques, embroidery or beadwork? What's the hip length?

Gaffney says she has priced all kinds of goods and services, including a hysterectomy, a cremation, tires, car repairs, expensive jewelry and liquor.

"Beware of sales," Gaffney says. "They say it's a sale, but the sale price is really the regular price."

All of the thousands of prices collected by Gaffney and others pour into the Bureau of Labor Statistics, where they are analyzed by economist Sandra Schneider and her colleagues.

Schneider's area of expertise includes cereal (box, bag, hot or cold), bakery goods (fresh and frozen), and nonalcoholic beverages (juices and soda).

Prices for doughnuts, pies, pastries and other baked goods tend to be pretty stable, while prices for carbonated beverages can fluctuate widely, reflecting the waxing or waning of discounts and promotions, Schneider says.

"This is actually really complicated," says Gollannek, Gaffney's boss. "Everything that makes up the minutiae of your life" as a shopper is something the government's price checkers are keeping tabs on.

A Fuel-Good Story At Summer's End (WP)

By Tomoeh Murakami Tse And Chris Kirkham

The Washington Post, August 29, 2006

The declining prices of crude oil and ethanol combined with rising gasoline supplies have brought a bit of welcome relief at the pump as the summer driving season draws to a close.

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Average gas prices have dropped about 15 cents in the past two weeks, to $2.87 per gallon nationwide and $2.99 in the Washington metropolitan region, Trilby Lundberg, editor of the Lundberg Survey, said yesterday. The gasoline monitor surveys more than 6,000 stations nationwide every two weeks.

The decline, based on a survey from Friday, is the largest drop since November, when prices fell 18 cents after the price increases that followed hurricanes Katrina and Rita.

And as if this weren't enough good news for consumers, Lundberg and others said more relief should be on the way, as long as crude oil prices remain stable and no supply disruptions occur.

Lundberg said in a telephone interview that the gasoline market was in a "mini-glut" state, with prices tumbling in the face of increased supply at the end of the peak driving season.

"Given other situations not confounding it . . . some further reduction seems likely from here," she said.

Lisa Craig, 47, a teacher at Holton-Arms, a private girls school in Bethesda, was thrilled to see regular gasoline selling for $3.09 a gallon at a Wisconsin Avenue Texaco station in Bethesda -- even though she was just in New Hampshire, where, she said, gas was in the $2.70 range.

"Life's got to be a little better if gas is going down," said Craig, who shuttles three carloads of children home in the afternoon. "I went, 'Wow, $3.09, that's not so bad!' And that's pathetic."

The recent price drop was particularly pronounced because this year's driving season was greeted by rising prices caused by several factors. Prices for ethanol, an additive increasingly used by refineries, shot up this year. Demand grew sharply after the Energy Policy Act passed by Congress last summer prompted refineries to switch from methyl tertiary-butyl ether, or MTBE, to corn-based ethanol as a gasoline additive. As demand rose, ethanol prices climbed to more than $4 per gallon.

The industry also was hampered by delayed repairs and maintenance because of last year's hurricanes.

Also pressuring prices was the violence and uncertainty in the Middle East and elsewhere, raising concerns about oil supplies throughout the summer.

In recent weeks, ethanol prices have dropped to about $2.30 a gallon. Worries over supply have largely subsided as oil companies have made the transition, analysts said.

Crude oil prices have dropped from near $80 a barrel to $70.61 yesterday on the New York Mercantile Exchange.

The gasoline supply situation has improved as well -- at a time when the industry is less likely to hoard it for fear of being unable to meet demand.

"They've improved right at the end of the season," said Doug MacIntyre, senior oil market analyst at the U.S. Energy Information Administration, adding that demand drops by 3 to 5 percent from August to September. "Without any major hurricanes seemingly poised to pounce on oil infrastructure . . . even a small increase in inventory is more than enough to get us through the peak demand season without a problem."

So, analysts say, barring a pipeline break, a hurricane hitting a refinery or renewed international jitters to drive up crude oil prices, consumers can look forward to further savings at the pump. Also, manufacturing costs tend to decline when some regions of the country switch to winter-grade gasoline, which will happen over the next several months. But the declines are not expected to be as steep as those of the past few weeks.

However, some motorists in the region said yesterday that they were skeptical about prices going down, adding that the recent drop was not nearly enough.

"It has to go down a lot for it to make a difference to me," said Mark Ezra, 37, a Rockville resident, as he pumped his Infiniti QX56 sport-utility vehicle's tank full of $3.29-a-gallon premium gas at the Wisconsin Avenue Texaco station in Bethesda. "This is the biggest gas guzzler there is."

Mac McLaughlin, 64, an airport shuttle driver from Falls Church, knows the effect of fluctuating prices more than most. But this month's dip won't mean much for him in the long run, he said

"It's the price of existence," he said as he filled up for $2.99 a gallon at an Exxon station at Wisconsin Avenue and Q Street in the District. "It's a little cheaper in Virginia, but you don't drive 10 miles just to save five cents. Your time is your money, too."

Detroit Sees Cheap Gas As History (NYT)

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By Micheline Maynard

The New York Times, August 29, 2006

TOLEDO, Ohio, Aug. 28 — The Chrysler Group, which depends more heavily on sales of pickup trucks and sport utility vehicles than any other Detroit automaker, said Monday that it expected gasoline prices to remain at $3 to $4 a gallon for the rest of this decade.

The comments by Thomas W. LaSorda, Chrysler's chief executive, are the first time a Detroit automaker has issued a specific forecast on gas prices since they began climbing to $3 a gallon and higher.

Ford's chief sales analyst agreed Monday that high gas prices were not a temporary phenomenon, although he did not cite a price range. The analyst, George Pipas, said the auto company expected gas prices to remain high, volatile and unpredictable.

Together, the comments signal a recognition that the two automakers may have to fundamentally change their product mix to put more emphasis on fuel-efficient vehicles — a move General Motors says it already is making.

Mr. LaSorda, who had traveled here for the start of production of a four-door version of the Jeep Wrangler, was asked whether gasoline prices had peaked. "I would hope so,'' he replied, "but we're planning internally as if it is $3 to $4 a gallon."

Mr. LaSorda said Chrysler had prepared a business model based on the assumption that gas prices would remain in that range for the next three to four years. That is about the period of time it takes for an automaker to develop a new vehicle.

"We are looking at it as if it's going to be much higher, rather than hoping it comes down," Mr. LaSorda said. He added, "Hopefully we can fight back."

If Chrysler's assumptions are correct, it spells more trouble in the near term for the traditional Detroit companies, whose sales and market share have dropped this year as consumers have shifted away from big vehicles to more fuel-efficient models.

About 75 percent of the vehicles that Chrysler sells are pickups, sport utility vehicles and minivans, compared with about two-thirds of the sales by the Ford Motor Company and about 60 percent of the vehicles sold by General Motors, according to the industry statistics firm Autodata.

By contrast, the lineups at Toyota, Honda and Nissan are still more than 50 percent cars, one reason Japanese auto companies have achieved sales records this year.

Although Chrysler plans to introduce more fuel-efficient vehicles in coming months, it may face a struggle to lessen its dependence on sport utility vehicles and pickups. Indeed, Mr. LaSorda said that Chrysler believed there would still be a market for vehicles that seat five or six passengers.

Given the long lead time auto companies require to develop new vehicles, "I don't know if they will be able to come out with new products that quickly," said Jesse Toprak, a senior analyst with Edmunds.com, a Web site that offers car-buying advice.

Last month, Chrysler's share of the American market dropped to just 10 percent, compared with 13.3 percent in July 2005. Chrysler fell to fifth place in July, behind G.M., Toyota, Ford and Honda.

Chrysler is not the only company feeling the pinch of higher gasoline prices. Industrywide, pickup truck sales have dropped about 17 percent this year, while sales of sport utility vehicles are down about 9 percent. Car sales, by contrast, are up 3 percent, according to an Edmunds estimate.

Mr. Toprak said none of the Detroit auto companies thought high gasoline prices would hurt sales so much. "They saw it as a temporary phenomenon," Mr. Toprak said.

Gasoline prices have dropped about 15 cents the last two weeks, to a national average of $2.78 for unleaded fuel, according to the Lundberg Survey. That has led some analysts to predict that prices have peaked for the year, since gasoline is generally cheaper in the fall than during the summer vacation season.

Asked about gasoline prices, Mr. Pipas, of Ford, said, "We don't see the price of gasoline returning to the levels that we all enjoyed in the 90's and the early part of this decade."

He went on, "The base case assumption around which we're planning our business is that gas prices remain high. The days of inexpensive gasoline are gone."

Mr. Pipas declined to be specific about how high gas prices may rise. "I think only a fool would forecast gas prices," he said.

G.M. forecasts prices internally but does not disclose the figure, said a spokesman, John M. McDonald.

G.M. has been promoting the fuel efficiency of its car lineup, saying it offers more models that get 30 miles per gallon in highway driving than any other company. Through July, those vehicles accounted for about 34 percent of G.M.'s overall sales for 2006, according to an estimate by Edmunds.

Mr. McDonald said G.M. was paying more attention to the fluctuations in gasoline prices, rather than the level itself. "It's the fluctuation that makes people nervous," he added.

Officials at Toyota and Honda, which have both gained market share this year because of their reputation for fuel efficiency, said they were prepared for a sustained period of high gasoline prices.

"We don't anticipate that gas prices are going to drop significantly," said Chuck Schifsky, a Honda spokesman. He added, "We've known for a long time that this was coming, and it's liable to get worse before it gets any better."

Mr. Toprak at Edmunds said automakers were rattled by the prospect of another hurricane like Katrina, which sent gas prices soaring a year ago. "Who knows what is going to happen? It could make a worse-case scenario even worse," Mr. Toprak said.

Fuel Lines Giant New Oil Refinery In India Shows Forces Roiling Industry (WSJ)

By Steve Levine And Patrick Barta

The Wall Street Journal, August 29, 2006

JAMNAGAR, India -- For one billionaire and 150,000 manual workers here on the Indian seacoast, America's gasoline-thirsty motorists mean opportunity.

The drivers want more gasoline. U.S. companies that refine it from crude oil are minting money. But they have turned away from building new refineries in the U.S. because the numbers work better abroad, where costs and red tape are reduced and where expected demand growth is even higher than the U.S.

Into that economic mix sailed Mukesh Ambani, the chairman of India's largest private-sector company, Reliance Industries Ltd., a man whose animated personality and estimated $7 billion fortune regularly land him on the front pages of Indian newspapers. On India's northwest coast near Pakistan, Mr. Ambani is building the world's largest refinery complex. When it's finished, he plans to load 40% of the fuel it turns out onto huge tankers for a 9,000-mile trip to America.

The potential for oil refineries abroad that can serve the U.S. is so strong that Chevron Corp., though based in the car-happy state of California, is investing in Mr. Ambani's project rather than try to build a new refinery at home.

Behind this is a shift in the economics of the refinery business. Distilling crude oil into gasoline, diesel, home-heating oil and jet fuel used to be a lower-margin business. These days it's a fat profit center. Steady growth in demand for fuel in developed countries, plus explosive growth in developing ones like China, have strained the globe's refining capacity. The limited capacity amid growing demand drives up prices of what the refineries turn out.

The U.S. market is especially lucrative, sometimes earning its refiners $20 or more on every barrel of crude oil they refine. Exxon Mobil Corp. earned $1.3 billion in its refining arm in the second quarter, up 11% from a year before. Independent refiner Valero Corp. earned $1.9 billion in the quarter, up about 124%, a jump partly due to its acquisition of another refiner.

While in the past, thinner profit margins required that refineries be close to consumers to save on shipping, today's margins are wide enough that it pays to haul gasoline and other refined products long distances. Locating refineries in a region such as Asia is an easy decision, given its less-onerous construction costs, environmental limits and red tape, plus its own rapidly growing fuel demand.

The hefty profits have spurred many new projects. Scottish oil consultancy Wood MacKenzie counts 500 plans to expand or build refineries world-wide, and figures that maybe half will actually get done. Few are in the U.S. Despite considerable expansion and upgrading of existing American refineries, oil companies haven't built a new refinery from scratch in the U.S. in 30 years.

The result is a growing dependence on foreign-produced fuel. Politicians of all stripes say the U.S. should rely less on foreign energy sources. Instead, it has twin addictions -- not only to imported crude to feed its refineries, but to imported gasoline to meet demand beyond what those refineries can make.

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The U.S. is importing about 13% of its gasoline needs this year, up from around 11% in 2005 and less than 8% in 2000, according to the U.S. Energy Information Administration. In all, American drivers use almost half of the gasoline burned in the world each day.

For U.S. consumers, the prospect of getting more fuel from new refineries being built abroad isn't necessarily a negative. The new plants will make more fuel available during crunches, especially since they'll be able to handle heavy, higher-sulfur varieties of crude that some older refineries can't. After Hurricane Katrina, for example, Saudi Arabia said a lack of refineries able to handle such crude prevented it from being able to relieve the U.S. gasoline-supply pinch.

Saudi Arabia's national oil company, Saudi Aramco, currently envisions two giant new 400,000-barrel-a-day refineries. ConocoPhillips is in talks to build one, and France's Total SA the other. In addition, Saudi Aramco and Exxon Mobil are talking about being partners in a refinery expansion and petrochemical complex in China's Fujian province, near Taiwan.

Mr. Ambani's project in India is among the most ambitious. At $6 billion, it is in keeping with a tradition at Reliance Industries of proposing massive projects and getting them built.

While calling himself "media-shy," the 49-year-old Mr. Ambani isn't entirely modest in his claims for his business. He says just two companies in the world are comparable in building vast projects from scratch -- "only Microsoft and Reliance."

Mr. Ambani's father, Dhirubhai Ambani, founded Reliance in the 1970s as a textile producer. In the 1990s, the company plunged into oil refining after the younger Mr. Ambani noticed that India was importing millions of tons of oil products each year. Reliance soon built one of the world's largest refineries at the Jamnagar site, one that can process 660,000 barrels a day of crude oil.

The plant is also one of the most sophisticated, able to process heavy crude, an advantage not only because light, sweet crude is getting harder to come by but also because heavy crude is cheaper.

Reliance put up the refinery on time and within budget. When it was complete in 2000, it let India meet its fuel demands domestically and become a net exporter of refined products. Reliance pumps a little of the crude for the plant itself and buys much of what it needs from the Middle East.

The job of building at Jamnagar entailed another over-the-top project. To attract foreign experts to live and work at the arid site, the Ambanis built a residential complex that included villas for 2,500 families, a nine-hole golf course, a large swimming pool and an irrigated, 2,000-acre farm with 100,000 mango trees, guava and a flavorful fruit called chiku.

Mr. Ambani soon was mulling an expansion: a second big refinery alongside the first. But the death of his father, the founder, led to a bitter struggle between Mukesh and his younger brother, Anil, over the company's direction.

During this difficult period, 2003, Chevron happened to be installing a new head of its own refining arm. Chevron's refinery operation was lagging. Consultants told the company it was underperforming others. The new refinery chief, Jeet Bindra, a native of India, decided to go see an old acquaintance: Mr. Ambani.

After a visit by Mr. Bindra to Reliance's refinery in Jamnagar, the two companies agreed they would cooperate on some research projects. Chevron began to sell crude from its Asian oil fields to Reliance.

The Ambani brothers settled their differences in 2005, dividing Reliance into two parts, with one brother in charge of each. Mukesh, with the oil portfolio, resurrected his plan to expand Jamnagar.

Again, the vision was large: a 582,000-barrel-a-day refinery next to the one just built. It would have even greater ability to process heavy crude and make the most expensive types of fuel. Together, the plants would create the largest refinery complex in the world, able to process 1.2 million barrels of oil a day.

With refining profits currently high and many other projects under way, speed was of the essence. Oil analysts say that in five or so years, there is likely much new capacity, especially in Asia, while U.S. demand growth slows. Among the reasons analysts expect the growth in U.S. gasoline demand to slow are increased use of alternative fuels such as ethanol and wider adoption of gas/electric hybrid cars. The result may be that refining profit margins decline and the new plants will be fighting one another for sales to the U.S. "These projects will face tremendous competition," says Lawrence Goldstein, president of the Petroleum Industry Research Foundation.

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Mr. Ambani is pushing to get the second refinery functioning while the profit window is open. He's speeding it along in part by using an extra-large work force. The goal is to have the plant on line by December 2008, two years ahead of many projects that others are planning.

Early this year, Mr. Ambani began hearing from Western and Mideast oil companies about becoming a partner in the project. He was interested, because Reliance had little marketing expertise and had to sell its output to traders, leaving some potential profits on the table. A partner could provide the missing piece.

That's where Chevron fit in. The U.S. company had planned small expansions of existing refineries in Mississippi and California but had identified no "grass-roots project in the U.S. that makes economic sense," Mr. Bindra says. By March 28, senior Chevron executives, including Chairman and Chief Executive David O'Reilly and Mr. Bindra, were meeting with Mr. Ambani at Chevron's offices in San Ramon, Calif. Over a lunch catered by a local Indian restaurant, they came close to a deal for Chevron to own part of the new refinery.

Mr. Ambani worried that Chevron couldn't act fast enough. To help with financing, he was planning an initial public offering of part of the new refinery, and this IPO was just two weeks away. To speed matters, Chevron suggested splitting its investment into parts. It would buy an initial 5% share for $300 million and have an option to buy a further 24% when the refinery is finished, for a total 29% interest.

Majority-owner Reliance would shoulder the risk of completing the project on time and on budget. Twenty percent would be sold to the public in the IPO, and Reliance would own the rest. The April 12 IPO drew bids for seven times as many shares as were available.

Twenty thousand workers are at the coastal site now, beginning the refinery's superstructure, despite the start of India's monsoon season. Their numbers will eventually reach about 150,000. The goal of fast construction is the reason for using so many, says crew chief Sridhar Vaidyanadhan. To avoid wasted time, he says, each welder will have a half-dozen helpers, "so he is always welding and the others bringing him what he needs."

Says Mr. Ambani: "We are building the refinery at half the cost and in half the time" possible in America. "I don't know that you could get 150,000 people together to build a refinery" there.

Skilled workers such as the welders will earn around $8 a day. The far-more-numerous laborers and helpers will get $3 a day or so, Mr. Vaidyanadhan says. The pay scale and certain economies, such as using the original engineering plans from the first refinery, are intended to keep the construction cost low. The project is supposed to cost just $10,300 per barrel of refining capacity, about a third lower than the estimated cost of building the two big refineries planned for Saudi Arabia.

About 80% of the gasoline and other products the refinery turns out will go to the U.S. and Europe. At today's rates, shipping to the U.S. will cost roughly $6 a barrel, a sum easily absorbed by the current high profit margins for refining.

And when those margins aren't high? To protect themselves for the predicted industry downturn by the middle of the coming decade, Reliance and Chevron already have a plan. They will start to sell the giant refinery's products in a market that they hope by then will be less regulated, and that in any case is growing ever thirstier for gasoline: India.

Comments May Cost GOP Minority Votes (AP-Y)

By Erin Texeira, Ap National Writer

AP, August 29, 2006

One Republican senator described his house painter as a "little Guatemalan man." Another called an Indian man a "macaca," a type of monkey.

Just as the GOP is pushing for minority voters, the two recent gaffes have fed the perception among some blacks, Hispanics and Asian-Americans that Republicans are out of touch with the changing face of the nation.

"There is disconnect at some level," said Michael K. Fauntroy, a professor of public policy at George Mason University. "The country is becoming browner and new voters, particularly new immigrant voters, don't respond favorably to (offensive) comments.

"They may have already missed the boat on this."

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Reports surfaced last week that Sen. Conrad Burns, a Montana Republican, called his house painter a "nice little Guatemalan man" during a June speech. Burns, whose re-election campaign is pressing for tighter immigration controls, also suggested that the man might be an illegal immigrant. It turns out the worker is legal.

Earlier this month, George Allen, a Republican senator from Virginia, twice referred to an opponent's volunteer using a term for a monkey, considered by some to be a racial slur. "Let's give a welcome to Macaca here," Allen said. "Welcome to America and the real world of Virginia."

Allen has since apologized to S.R. Sidarth, who was born in Virginia and is of Indian descent.

Republicans hardly have a lock on offending minorities. Former Democratic congressman and civil rights leader Andrew Young, who is black, said this month that Asian, Jewish and Arab shopkeepers in black neighborhoods sold shoddy goods to blacks and drove away their businesses. And, amid protests, the Democratic party this month pulled an advertisement from its Web site that compared Hispanic immigrants to terrorists.

But the comments by Burns and Allen have garnered heavy attention as their party is trying to improve its showing among minorities. Neither senator returned phone calls seeking comment.

"These misstatements are not reflections on the (Republican) party," said Tara Wall, director of outreach communications for the Republican National Committee. "We've had a long-term commitment to inclusion."

Wall said that since taking the helm in January 2005, RNC Chairman Ken Mehlman has "stepped up" the party's outreach to minorities. That effort has included holding nearly 100 town hall meetings with black, Latino and Asian-American groups, she said.

The party also is strongly pushing the candidacies of black Republicans in upcoming elections: Ken Blackwell for governor of Ohio, Michael Steele for Senate in Maryland and Lynn Swann for governor of Pennsylvania.

This summer, Bush spoke at the convention of the National Association for the Advancement of Colored People for the first time in his presidency. The crowd cheered when he said many blacks don't trust Republicans.

At last summer's NAACP convention, Mehlman acknowledged the need to mend fences. "Some Republicans gave up on winning the African-American vote, looking the other way or trying to benefit politically from racial polarization," he said. "I come here as Republican chairman to tell you we were wrong."

Said Frances Rice, chairman of the National Black Republican Association: "I think Republicans have an excellent chance of winning over a good percentage of minority voters."

Some say that's already happening. In 2004, 46 percent of Hispanic men, for instance, backed Bush compared to 36 percent in 2000, according to the University of Pennsylvania's Annenberg Public Policy Center. While only 11 percent of blacks voted for Bush in 2004, it still was up from 2000.

But there's a long way to go. Associated Press-Ipsos polls from June to August show that 81 percent of blacks, 62 percent of Hispanics and 69 percent of Asian-Americans identify with Democrats over Republicans and independents.

Outreach to minorities can ring hollow if it's not backed by strong policies, said Louis DeSipio, a professor of political science and Chicano/Latino studies at the University of California, Irvine. "Even a candidate that says something offensive, if he then came out and advocated a path to citizenship (for illegal immigrants), then I think voters would pay more attention to that," he said.

Immigration promises to be a key issue with Latinos in the contentious November elections. A House measure approved last year that would make it a felony for illegal immigrants to be in the U.S., helped spark massive street demonstrations this spring. Organizers have worked this summer to register more Latino voters and get those who qualify to become citizens.

Many black voters remain angry over the Bush administration's slow response to Hurricane Katrina last summer, when thousands of New Orleans' poorest residents, mostly black, faced deadly floods. "Katrina hurt the Republicans' credibility with the African-American community," said Stacie Paxton of the Democratic National Committee.

Donna Brazile, a longtime Democratic strategist, agreed. "Republicans are sending mixed messages to people of color, in particular African-Americans and Hispanics. On one hand they would like us to come into the big tent. But once you get in you will see the unwelcome mat remains on the inside."

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Democrats Now Favored To Take Over DeLay's Old Seat (CQP)

By Greg Giroux

CQ Politics.com, August 29, 2006

The Texas Republican Party establishment has rallied around a single candidate, Houston City Councilwoman Shelley Sekula-Gibbs, in their unusual write-in campaign to salvage the 22nd Congressional District seat vacated in June by Tom DeLay, the former House majority leader.

But the extreme rarity of successful write-in campaigns for Congress and the presence of a solid Democratic nominee on the ballot in former Rep. Nick Lampson has prompted CQPolitics.com to change its rating on the 22nd District race to Leans Democratic from No Clear Favorite.

The GOP faces a world of trouble in this race because of a serious miscalculation on the part of DeLay and his party colleagues.

Party officials initially were encouraged by DeLay's decisions to renounce the nomination he had won in the March 7 primary and to resign from Congress on June 9. Though long one of the most powerful figures in Texas and national politics, DeLay faced a still-pending trial for alleged state campaign finance violations and ethics controversies stemming from his past ties to now-convicted lobbyist Jack Abramoff.

A mediocre performance in the primary signaled to many, including DeLay, that he was at risk of losing to Democrat Lampson, despite the typically strong Republican leanings of voters in the suburban Houston district. DeLay's dropout was predicated on his plan to disqualify himself from running for re-election in Texas by relocating his residence to Virginia.

But Democrats successfully sued in federal district court, contending that DeLay and the Republicans could not prove that DeLay would not be a resident of Texas on Election Day and therefore ineligible to run. The upholding of that ruling by a federal appeals court and a Supreme Court decision not to accept the matter on an emergency basis prevented the state Republican Party from removing DeLay's name from the ballot and replacing him with a new and less embattled candidate.

Following the rulings, DeLay in early August did withdraw from the race, but that left the Republican ballot line blank — forcing the party to go the write-in route.

Sekula-Gibbs was not the only Republican who wanted the party's support to stage the write-in bid:David G. Wallace, mayor of DeLay's hometown of Sugar Land, announced that he planned to run. His decision to defer in light of the party establishment's backing of Sekula-Gibbs allowed the party to present a veneer of unity, which officials say will enable them to pull off the write-in feat in a district that gave 64 percent of its votes to President Bush in his 2004 re-election race.

But only four times in the past 75 years has a general election candidate for the House or the Senate been elected with write-in votes — and it has not happened since 1982. (A detailed history of write-in campaigns since World War II can be found here).

Texas Republicans officials announced they were backing Sekula-Gibbs on Aug. 17 — leaving the candidate with just 82 days to raise the sizable campaign treasury that will be needed to promote her campaign and also educate voters about how to cast a valid write-in ballot.

The success of the initiative is highly dependent on persuading voters to go out of their way to maintain their Republican voting habits. Though Sekula-Gibbs does not have DeLay's political baggage, she also is far less well-known than the resigned incumbent.

She also is running against a politically experienced and well-funded opponent in Lampson, who accumulated a huge campaign treasury in anticipation that he would be facing DeLay. As July began, Lampson had $2.2 million remaining in his campaign account.

In addition, the potential non-Democratic vote could be split, as the Libertarian Party nominee Bob Smither presents a much easier option for voters who are unfamiliar with the write-in effort or do not want to vote for Sekula-Gibbs. Smither has said that, if elected, he would organizationally align with the Republicans and back the re-election of Illinois Republican J. Dennis Hastert as Speaker.

Smither may present a more viable choice in his own right than most alternative party candidates. He has drawn attention and praise locally for his efforts on behalf of missing children: He co-founded the Laura Recovery Center — an organization

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based in his hometown of Friendswood, Texas, that aids in the search for and return of missing children — that is named in tribute to Smither's daughter Laura, who was abducted and killed in 1997 at the age of 12.

The 22nd District becomes the first House seat being defended this year by the Republicans in which the Democratic nominee is rated as having a clear edge.

Ad Blitz Cited As Rales Leads Steele In New Poll (WT)

By Jon Ward

The Washington Times, August 29, 2006

Democrat Josh Rales, who began a multimillion-dollar TV advertising blitz last month, is leading Lt. Gov. Michael S. Steele in the race for Maryland's open U.S. Senate seat, according to a poll released yesterday.

Mr. Rales, a Bethesda businessman and political newcomer, was favored by 45.7 percent of voters in a head-to-head matchup with Mr. Steele, the top Republican candidate, who had 42.2 percent, the poll conducted by Zogby International and distributed through the Wall Street Journal found.

"We're very excited," said Alyson Chadwick, a spokeswoman for Mr. Rales. "That's a very reputable source, the Wall Street Journal."

Two other Democrats had bigger leads on Mr. Steele, in separate head-to-head matchups.

Rep. Benjamin L. Cardin, a 10-term congressman from Baltimore, had 50.3 percent to Mr. Steele's 41.4 percent. Kweisi Mfume, past president of the National Association for the Advancement of Colored People, had 47.4 percent to Mr. Steele's 42.7 percent, the poll shows.

No data was provided in the poll about head-to-head matchups among the three Democrats. The Democratic primary is Sept. 12.

The poll was conducted from Aug. 15 to Aug. 21 and has a margin of error of 4.3 percentage points. Zogby conducts polls using a database of likely voters who sign up to participate in its polls.

A spokesman for Mr. Steele dismisses Mr. Rales' lead.

"It's hard to judge the substance of [the poll] because there does not appear to be a Democratic primary poll that was taken, and that's where the attention of the voters will be over the next two or three weeks," said spokesman Doug Heye.

Mr. Heye said the Steele campaign was "encouraged" by the poll because Mr. Cardin was running TV commercials during the time the poll was taken, and the Steele campaign was not.

"If you look at the previous polls, there was no movement between then and now," Mr. Heye said.

Some political analysts, such as the National Journal's "Hotline," have dismissed Zogby's polls as unreliable.

But Mr. Rales' inclusion in the poll is evidence that his huge advertising blitz has made a difference, said James Gimpel, a political science professor at the University of Maryland at College Park.

Mr. Rales has spent about $4 million, much of it from his own fortune, to blanket the airwaves in the D.C. area and Baltimore markets. His six campaign commercials have been a constant presence since early last month.

Mr. Rales also has campaigned aggressively, traveling the state and meeting voters.

"It sounds like it's made a difference for him. I think there are good reasons to question the Zogby methods, but the fact that [Mr. Rales] is only a little bit behind the other two suggests that he has made up some ground and that he is a serious contender now."

The Rales campaign used the poll numbers to call for his inclusion in Thursday's Democratic primary debate, which is being sponsored by the League of Women Voters and televised by Maryland Public Television.

But Lu Pierson, president of the League of Women Voters of Maryland, said the group only would allow Mr. Cardin and Mr. Mfume to participate. Mrs. Pierson said the league decided about a year ago to include only candidates who had garnered 15 percent in a statewide poll by July 1.

"The only two candidates that met that criteria ... were Ben Cardin and Kweisi Mfume," Mrs. Pierson said. "We did reconsider and decided we needed to stick with the criteria we adopted."

GOP Rivals To Bush: Thanks But No Thanks (PROJO)

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By John E. Mulligan

The Providence Journal, August 29, 2006

WASHINGTON -- The nation's hottest Republican Senate primary fight is taking place in Rhode Island, but don't look for President Bush to take to the stump in the Ocean State this season.

Neither Republican Senate candidate is hot to share the stage with Mr. Bush, whose latest job-approval rating in Rhode Island is a last-in-the-nation 22 percent.

During their first televised debate last week, in fact, Sen. Lincoln D. Chafee and Cranston Mayor Stephen P. Laffey competed over their quarrels with the president and the national GOP.

"President Bush and his wife back Senator Chafee. They don't back me," said Laffey, an outspoken supporter of Mr. Bush's tax policies and his invasion of Iraq. "The last thing they want down in Washington is someone who is going to take on the major issues of our time, like the national energy policy that we don't have."

Chafee responded, "My record voting with the administration is spotty at best."

"I do try to support the team when I can, but I vote my conscience," said the senator, who hosted popular First Lady Laura Bush at a Providence campaign fundraiser in May and enjoys the backing of the Senate GOP campaign organization -- including bare-knuckles TV ads attacking Laffey.

Public coolness to Mr. Bush is hardly unique to Rhode Island's Republican candidates. The once-popular president's overall approval rating is under 40 percent nationwide and the comparable plunge in support for the war has improved prospects for major Democratic gains in the Congress -- perhaps even majority control in either the Senate or House -- or both.

So there are many places where the local GOP and the White House have quietly agreed that an in-the-flesh show of presidential support would backfire.

Mr. Bush has offered to come to the state on Chafee's behalf, but when the senator was asked in an interview whether a surprise visit might be in the offing before the Sept. 12 primary, he answered:

"No. No. No. I don't think so. If the first lady can't send the message that I can get along with everybody . . . that's strong enough."

Laffey said that if Mr. Bush offered to appear on his behalf in the general election, "I will say no."

"I will stand by myself," Laffey said. "Watch my TV ads. They generally have me looking into the camera."

The reticence of Chafee and Laffey toward Mr. Bush is only the beginning of the ironies surrounding the contest between these fellow Republicans.

Chafee is the Senate Republican who has most frequently voted against the president's programs, the war in Iraq and his tax-cutting packages most prominent among them.

In style as well as substance, Chafee has sometimes made even friendly Republicans wince. Two years ago, Chafee attracted national attention as he publicly debated whether he would cast his ballot for George W. Bush's reelection. In the end, he announced a protest vote against his party's leader; he wrote in the name of former President George H.W. Bush.

Chafee has embraced a brand of Republicanism that has been in decline for a generation or more. Its hallmark is a fiscal conservatism that hews to traditional budget-balancing -- by tax hikes if necessary.

All the same, Chafee has the staunch backing of a White House and a Senate Republican leadership that he has often bucked. Days after the 2004 election, the architect of Mr. Bush's victory explained why: Only a moderate Republican, such as Chafee can hold the Senate seat in Democratic Rhode Island, he said.

Laffey has needled Chafee since the 2004 Republican National Convention over his on-again, off-again support for the party.

Last week after Laffey pointedly noted that Mr. Bush supports Chafee, the senator said, "Now when the president's popularity drops, he wants to throw him overboard and say, 'I had nothing to do with the president.' "

Laffey said in an interview, "I think George Bush is a decent man. I disagree with him on some policies. I agree with him on other policies."

As the challenger against a partisan incumbent, Laffey is following a traditional path to power in Washington: running against "the Washington elite" of both political parties.

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There is one partisan line of argument, however, that Chafee and Laffey can share -- even though only one can use it in the general election.

"President Bush is going to have two more years, whoever wins this election," Chafee said during the TV debate Wednesday on Channel 12 (WPRI), "and I think it's good for Rhode Island to have one member of our congressional delegation," dominated by Democrats, who belongs to the president's party.

Said Laffey, "We should have one Republican in Washington, that's for sure. "

Santorum Pairs 'Islamic Fascism,' WWII (AP-Y)

By Peter Jackson

AP, August 28, 2006

U.S. Sen. Rick Santorum on Monday drew parallels between World War II and the current war against "Islamic fascism," saying they both require fighting a common foe in multiple countries.

"Were the Japanese imperialists with their mind-set and their ideology the same as the Nazis? Obviously not. Were they the same as the fascists in Italy? Obviously not. But they were still a common enemy," the Republican told about 250 people at a Pennsylvania Press Club luncheon.

"We're at war with Islamic fascism," said Santorum, the No. 3 Senate Republican. "Afghanistan and Iraq and southern Lebanon and every country around the world is a front."

Santorum, who has trailed Democratic challenger Bob Casey in the polls in his bid for a third term in office, said high oil prices help U.S. enemies in the Middle East. He called for a major federal commitment to promoting alternative fuel technolog y, such as converting coal into low-sulfur jet fuel for military planes, and a relaxation of environmental restrictions to allow expanded oil drilling in Alaska.

Americans should not allow their own religious tolerance to cloud their understanding of the "holy war" Islamic radicals are waging against the Western way of life, he said.

"These people are after us not because we've oppressed them, not because of the state of Israel," he said. "It's because we stand for everything they hate."

Santorum: Iran Is 'enemy Of Our Generation' (PTR)

By Brad Bumsted

Pittsburgh Tribune-Review, August 29, 2006

HARRISBURG -- Islamic fascism is the "greatest threat we'll ever face," and Iran and its president, Mahmoud Ahmadinejad, are the driving forces behind a movement bent on destroying the United States, Sen. Rick Santorum said Monday.

He said America needs to aggressively provide access to its oil reserves to decrease reliance on Middle East supplies.

In a speech to the Pennsylvania Press Club, the Penn Hills Republican portrayed Iran as a country intent on getting nuclear weapons.

"The principal leader of this Islamic fascist movement is Iran," Santorum said. "I believe this is the greatest enemy we will ever face. This is the enemy of our generation. It is the challenge of our time. And yet, we tend to play politics with it here in America -- sadly."

Santorum is seeking re-election to a third six-year term. He is trailing Democratic state Treasurer Robert P. Casey Jr. in polls.

"We cannot have a nuclear Iran -- we cannot," Santorum said. "There is no option here. A nuclear Iran changes the world forever. The life you lead today is not the life you'll lead a day after Iran gets a nuclear bomb."

He called for tough sanctions, stopping short of threatening a military strike.

Santorum "clearly thinks it is better for him to talk about this than to talk about Iraq or gas prices," said Jack Treadway, a political science professor at Kutztown State University in Berks County.

Thomas Baldino, a political science professor at Wilkes University in Wilkes-Barre, agreed that Santorum is trying to create a diversion from issues such as the war in Iraq, which is divisive and unpopular in polls. His rhetoric borders on "fear-mongering," Baldino said.

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But Santorum does better in polls than Casey regarding the war on terror, and "it's clear he's drawing a line in the sand," said G. Terry Madonna, political science professor at Franklin & Marshall College in Lancaster County.

"I think it's an issue that will play well in Pennsylvania," Madonna said. "This is Rick being Rick. There's no gray."

His stance might give some Republicans who planned to stay home on election day a reason to vote, Baldino said.

Santorum charged that Iran has supplanted al-Qaida as the leader of the war against the West. Iran has decided al-Qaida "can't do the job and we can," he said. "(Iran has) the resources and the potential of a nuclear weapon."

Achieving energy independence needs to be a national priority, Santorum said. The nation's "best minds" should be devoted to increasing U.S. oil and energy supplies, similar to the Manhattan Project effort during World War II to develop the atomic bomb.

"It is unconscionable to import that level of oil ... and having prices at this level, so they can turn around and kill our people," Santorum said.

There are 300 years' worth of coal reserves in Pennsylvania that need to be turned into liquid fuel and natural gas, he said. He called for drilling in Alaska, and criticized Casey for opposing drilling in the Arctic National Wildlife Refuge.

"You can't touch Alaska. You might disturb a caribou or two," Santorum said.

Larry Smar, Casey's spokesman, said Santorum is doing the bidding of big oil companies. "It's what his campaign supporters -- big oil -- want," Smar said.

Santorum in February 2005 introduced the Iran Freedom and Support Act, which calls for sanctions against Iran. If passed, the bill would provide $10 million to pro-Democracy groups in that nation. It calls for free elections there.

Some Americans do not view the war on terror as war with Islamic fascism, because of America's tradition of religious tolerance or because they don't want to offend Iran, Santorum said.

Santorum said he disagrees with President Bush on one thing: how the war is presented to the American people.

Although Bush calls it a war on terror, Santorum describes it differently. "This is no more a war on terror than World War II was a war on the blitzkrieg. The blitzkrieg was a tactic. Terrorism is a tactic. It is not our enemy."

"Rick Santorum seems more focused on word choice than anything else," Smar said. "All along he's been more focused on spin."

Santorum Details Iranian Threat (UHSTD)

By Alison Hawkes

Uniontown (PA) Herald-Standard, August 29, 2006

HARRISBURG - U.S. Sen. Rick Santorum highlighted Iran as the next front on the "War with Islamic Fascism," saying the country's nuclear-bent leader is attempting to destroy the West in his apocalyptic beliefs over the return of a messiah who will make Islam the global religion.

In a speech before the Pennsylvania Press Club, the two-term Pennsylvania senator offered a broad historical context to "the enemy of our generation" by saying the war against Islamic fascists didn't begin on Sept. 11, 2001.

Santorum said the U.S. embassy takeover in Iran 27 years was part of this war, as was the Marine killings in Beirut, the bombing of the USS Cole and the 1993 World Trade Center attacks.

Today's aggression by Hezbollah against Israel in Lebanon also is part of the picture, he said, as is Iran's efforts to gain a nuclear bomb. The 1,000-year-old messianic legend of the return of the Twelfth Imam is driving Islamic radicals in their larger mission to destroy the West, Santorum said.

"They're in a holy war," said Santorum, the third-ranking Republican in the Senate. "These people are after us not because we oppressed them, not because of the state of Israel. It's because we stand for everything they hate. We stand for modernity; we stand for freedom; we stand for truth. But they don't. They want to destroy everything we have built here in the West."

Santorum, who's running a tough re-election battle against Democrat rival Bob Casey, Jr., said all other issues - from the economy to federal spending and the "direction of our culture" - "pale in comparison" to national security at this time.

As part of the picture, Santorum also staked his support for energy independence through drilling for oil in Alaska and other places and exploiting remaining coal reserves in states such as Pennsylvania.

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He said he's calling for everything short of military intervention to handle Iran's efforts to obtain nuclear capabilities, from sanctions to backing regime change.

"We cannot have a nuclear Iran. Period. No option," said Santorum. "A nuclear Iran changes the world forever. The life you live today is not like the life you would live after."

He called Iran's radical president, Mahmoud Ahmadinejad, "one of the greatest threats to this country."

"Within a year or less, every one of you will be able to pronounce Mahmoud Ahmadinejad," he said.

Santorum pitched his Iran Freedom Support Act, a bill he said would accomplish those goals, but which was received tepidly by some lawmakers who are "concerned about offending Iran."

"Let me tell you, we cannot offend Iran," he said. "All we can do is show that we are weak. That's all they understand. Strength. Either we are strong and we fight them or we are weak and we concede and they have more contempt ..."

Santorum barely mentioned the war in Iraq, except to link it to his broader picture of the war with Islamic fascism. And he made no mention of Osama bin Laden, the Sept. 11 mastermind and financier.

Casey's spokesman, Larry Smar, ridiculed Santorum's historically tinged speech and the newly introduced term "Islamic fascism," saying what will further make America safe is a doubling of Special Forces units and full implementation of the 9-11 Commission recommendations. In December, the federal panel that investigated the Sept. 11 attacks gave the Bush administration and Congress failing grades in its implementation of the counterterrorism reform measures.

"Rick Santorum lately has been trying out for a job with Webster's Dictionary," said Smar. "He seems to be more worried about renaming the War on Terror and trying to put a new spin on things. It's reminiscent of when he blamed the media for reporting the body county in Iraq."

Political analyst G. Terry Madonna, director of the Keystone Poll, said Santorum, in his stance against Iran's nuclear ambitions is in line with the sympathies of most Pennsylvanians. The most recent poll released last week showed the war in Iraq, the larger war on terror, and the economy to be the top three issues on the minds of Pennsylvania voters. Santorum, who trails Casey by five points in the poll, leads among voters who rank the war on terror as their No. 1 issue.

"I think what's going on to some extent is, there's no easy solution to Iraq," said Madonna. "It's unpopular as an issue for Republicans, so there is now a new threat on the horizon we all realize is important. No doubt Republicans do better when the issue of the war on terror comes up. Even President Bush after the (U.K. plane) bombing scare had his approval ratings jump."

That being said, Madonna said there's no reason not to believe that Santorum genuinely sees Iran as a predominant threat.

On the subject of energy independence, Santorum called for national attention on the scale of the Manhattan Project, which led to America's develop of the first nuclear weapons in the 1940s.

Gov. Ed Rendell made such a call last December, only his strategy was to harness alternative energy sources such as wind power.

"We're pleased that Sen. Santorum has joined the governor's call for a Manhattan Project, however we do have some differences as to exactly what direction we need to go," said Rendell spokesman Chuck Ardo.

Santorum praised efforts to develop ethanol as a fuel source, but stressed the need to harvest more coal and drill for oil domestically in places such as the Alaska tundra, a site long opposed by environmentalists. Casey is opposed to the Alaska drilling.

"We can punch holes all over Western Pennsylvania but we can't touch Alaska?" said Santorum. "It might touch a caribou or two."

Smar criticized Santorum for furthering oil industry objectives while receiving large amounts of campaign contributions.

"We can't drill our way to energy independence. We don't have the reserves to do so," Smar said. "We should focus on alternative energy and conservation and other ways to reduce our dependence on foreign oil."

On other matters, Santorum cast himself as a fiscal conservative saying he has opposed "hundreds of billions of dollars" in budget spending even as the federal debt has reached $8.5 trillion. Santorum said the $250 billion to $260 billion projection in the federal deficit this year is about 2.5 percent of the economy, on par with a 40-year average.

Inside Politics (WT)

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By Greg Pierce

The Washington Times, August 29, 2006

Democratic 'lock'?

"Speaker Nancy Pelosi, Chairman Charles B. Rangel and Chairman -- again -- John D. Dingell. Those titles will soon sound familiar," Bloomberg columnist Albert R. Hunt declared yesterday.

"Barring an unexpected and big event, Democrats will win control of the U.S. House of Representatives in November and conceivably the Senate, too. Whether it's a tsunami or just a powerful wave, the political dynamics are moving in that direction, or more accurately, against the Republicans and President George W. Bush," Mr. Hunt said.

"Democratic insiders, who months ago thought their chances of winning a majority in the House were no better than even, and that the Senate was a lost cause, have become far more optimistic. Now, they say, winning the House is a lock, and the Senate is within reach.

"'We have to go back to 1974 [during Watergate] to find such a favorable environment,' says James Carville, who ran Bill Clinton's 1992 presidential campaign. 'If we can't win in this environment, we have to question the whole premise of the party.'"

However, syndicated columnist Michael Barone writes that the recent arrest of British Muslims suspected of plotting to destroy American airliners over the Atlantic Ocean appears to have changed the dynamic of the elections. It is credited with boosting Mr. Bush's approval ratings and bringing Republicans to near parity in the latest "generic" polls, in which respondents are asked whether they would prefer to be represented by a Democrat or a Republican.

"Earlier this summer, I thought that voters had decided that the Republicans deserved to lose but were not sure that the Democrats deserved to win, and that they were going to wait, as they did in the 1980 presidential and the 1994 congressional elections, to see if the opposition was an acceptable alternative," Mr. Barone said. "Events seem to have made that a harder sell for Democrats. A change in the winds."

Great expectations

"Concern is rising among Democrats that party leaders could tear each other apart if the party fails to take control of the House or Senate in November," U.S. News & World Report says in its White House Week column.

"Expectations are especially high about winning the House, and one adviser to Bill Clinton says if the Democrats fail, it could result in party leaders forming a 'circular firing squad.' Specifically, Democratic defeat could quickly undermine the leadership positions of Democratic National Chairman Howard Dean and House Democratic leader Nancy Pelosi."

'Islamic fascism'

Sen. Rick Santorum, Pennsylvania Republican, yesterday drew parallels between World War II and the current war against "Islamic fascism," saying they both require fighting a common foe in multiple countries.

"Were the Japanese imperialists, with their mind-set and their ideology the same as the Nazis? Obviously not. Were they the same as the fascists in Italy? Obviously not. But they were still a common enemy," Mr. Santorum told about 250 people at a Pennsylvania Press Club luncheon in Harrisburg.

"We're at war with Islamic fascism," said Mr. Santorum, who recently narrowed the gap with Democratic challenger Bob Casey after months of trailing in the polls in his bid for a third term in office. "Afghanistan and Iraq and southern Lebanon and every country around the world is a front."

Mr. Santorum said high oil prices help U.S. enemies in the Middle East. He called for a major federal commitment to promoting alternative fuel technology and expanded oil drilling in Alaska.

Americans should not allow their own religious tolerance to cloud their understanding of the "holy war" Islamic radicals are waging against the Western way of life, he said.

"These people are after us not because we've oppressed them, not because of the state of Israel," he said. "It's because we stand for everything they hate."

Bob Jones again

Republican Sen. John McCain says he would consider speaking at Bob Jones University, a school he criticized during the 2000 presidential campaign for its ban on interracial dating and anti-Catholic views.

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"I can't remember when I've turned down a speaking invitation. I think I'd have to look at it," Mr. McCain told the State newspaper in South Carolina.

The potential 2008 presidential candidate and Arizona senator said he would have to look at Bob Jones University's latest policy statements. "I understand they have made considerable progress," he said.

In 2000, Mr. McCain assailed the Christian fundamentalist school for its policies and rival George W. Bush for speaking there. During a debate, Mr. McCain said that if he were invited, he would have gone to the school and said, "Look, what you're doing in this ban on interracial dating is stupid, it's idiotic, and it is incredibly cruel to many people."

A big spender

"Connecticut Democratic Senate candidate Ned Lamont is calling himself 'a fiscal conservative,'" David Boaz writes in the New York Post.

"With out-of-control federal spending, special-interest earmarks and deficits projected at nearly $2 trillion over the next decade, it's no surprise why. But what kind of fiscal conservative is Lamont? He accuses the Bush administration of fiscal profligacy and attacks it for 'starving needed social investment' in the same breath," said Mr. Boaz, who is executive vice president of the Cato Institute.

"In his campaign materials, Lamont promises to spend more money on national health insurance, universal pre-school, all-day schools, 'an overarching plan for clean energy and energy independence' and 'a serious, long-range infrastructure plan to upgrade our schools, public transportation, highways, our sewage treatment and our levees in below sea-level areas [and] a transportation strategy which interconnects cities and suburbs, inner cities and jobs and affordable housing, and ports and airports.' Sounds pretty expensive."

Governor back

Tennessee Gov. Phil Bredesen returned to the state capital yesterday for the first time since being hospitalized with flulike symptoms two weeks ago.

Mr. Bredesen and his physician told reporters in Nashville he appeared to have suffered from a tick-borne illness.

"We never did get a diagnosis," Mr. Bredesen said. "I don't know as I expect one in the future."

The 62-year-old Democrat, running for re-election in November, went to the emergency room Aug. 14 with symptoms that included fever, headache and nausea.

The public didn't see him for the duration of his illness, which included four nights at a Nashville hospital and two days at the Mayo Clinic in Minnesota, the Associated Press reports.

"I'm going to be on limited duty ... for a little bit of time," he said.

Kerry Revives 2004 Election Allegations (AP)

By David Hammer

AP, August 28, 2006

Sen. John Kerry didn't contest the results at the time, but now that he's considering another run for the White House, he's alleging election improprieties by the Ohio Republican who oversaw the deciding vote in 2004.

An e-mail will be sent to 100,000 Democratic donors Tuesday asking them to support U.S. Rep. Ted Strickland for governor of Ohio. The bulk of the e-mail criticizes Strickland's opponent, GOP Secretary of State Ken Blackwell, for his dual role in 2004 as President Bush's honorary Ohio campaign co-chairman and the state's top election official.

"He used the power of his state office to try to intimidate Ohioans and suppress the Democratic vote," said Kerry's e-mail.

Kerry, D-Mass., conceded the election when he lost Ohio and its 20 electoral votes. A recount requested by minor-party candidates showed Bush won by about 118,000 votes out of 5.5 million cast. But Kerry's e-mail says Blackwell "used his office to abuse our democracy and threaten basic voting rights."

Multiple lawsuits by outside groups were unsuccessful in challenging Ohio's 2004 election. One case filed by the League of Women Voters is still in U.S. District Court in Toledo. It claims Ohio's election system discriminates against minority voters.

Blackwell, who is black, says the election was run fairly, citing 1 million more votes cast than in 2000 and record turnout among black voters.

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"People will say anything for money," said Blackwell campaign spokesman Carlo LoParo. "Fortunately, the historical record contradicts Senator Kerry."

Strickland spokesman Keith Dailey said the campaign welcomes Kerry's support.

Wal-Mart Counters Criticism With A Political-Style Ad Campaign (NYT)

By Michael Barbaro

The New York Times, August 29, 2006

Wal-Mart, under attack now from unions and prominent Democrats, yesterday introduced a marketing campaign that closely resembles the television advertisements used by political candidates.

In a local experiment that is eventually to be seen across the country, the giant discount retailer began broadcasting two television spots that, in unusually detailed terms, trumpet its health care plans, charitable contributions and positive impact on the American economy.

The ads do not attack Wal-Mart critics but introduce its merits, much as a candidate would. "Our low prices save the average working family $2,300 a year," says the narrator of one ad. "Which buys a lot of things — and a whole lot of freedom."

For Wal-Mart, the ads represent a significant departure from its practice of rebutting critics in the media but presenting itself, at least in consumer television marketing, as untroubled by its image problems.

Increasingly, however, Wal-Mart appears to believe it has failed to persuade the public that its benefits and wages are generous, leaving it open to attacks from union-backed groups and political parties. Democratic presidential contenders, for example, have seized on the company as a symbol of substandard pay and health insurance, hoping to address voters' economic anxieties.

Robert S. McAdam, Wal-Mart's vice president of corporate affairs, said the new ads were not a response to attacks by senior Democrats like Senators Joseph Biden of Delaware and Evan Bayh of Indiana but, rather, an effort to "clear up" what he called inaccurate perceptions.

"There is a lot of misunderstanding about what we do in health care," he said. "It has been troubling that we cannot get our message out."

As a result, he added, "these ads are more direct than anything we have done before."

The ads look and sound like campaign spots — and are a far cry from previous Wal-Mart TV campaigns, which featured a yellow smiley face and blue-smocked employees. One of the spots, which evokes Bill Clinton's "A Place Called Hope" message during the 1992 presidential election, begins with an image of Sam Walton's first five-and-dime store. "It all began with a big dream in a small town," says the narrator, "Sam Walton's dream."

Later, the narrator ticks off a list of Wal-Mart's benefits: "Last year alone, Wal-Mart created tens of thousands of new American jobs — many in areas where they're needed most. And we offer eligible associates health insurance for less than a dollar a day."

The ads, running in Omaha and Tucson, underscore Wal-Mart's transformation over the last several years from an insular company obsessed with low prices and technological efficiency to one that openly acknowledges its public relations troubles and has introduced numerous programs to counter them.

In the last year, the company has expanded health care coverage to the children of part-time workers, has committed to sweeping reductions in energy use and has promised to work with competing retailers in urban areas where it builds stores.

The ads also reflect the influence of Edelman, the public relations firm Wal-Mart has hired to rehabilitate its image. The firm has assigned former political operatives to develop a public relations strategy for the retailer, including a rapid-response war room and a blog that attacks its union-backed critics, like WakeUpWalmart.com, which organized a bus tour featuring Democratic leaders. Blue Worldwide, a division of Edelman, created the ads.

Eric Dezenhall, a veteran corporate crisis expert and president of Dezenhall Resources in Washington, said it appeared that Wal-Mart had become tired of communicating its message of change through news organizations. "There is no guarantee of effectiveness," he said of the new TV ads, "but there is a guarantee that your message goes out undiluted."

Crawford, Texas (USAT)

DOJ_NMG_0055102

By Noelle Knox

USA Today, August 29, 2006

Crawford, Texas, has changed some since President Bush bought his 1,600-acre ranch there in 1999. The town has added a bank, a second gas station and several souvenir stores. With a population of 705, Crawford still has only one traffic light, no hotel and no bar. But tourists and anti-war protesters come anyway, hoping to catch a glimpse of the president.

Despite the rise in visitors, home sales in Crawford are softer this year than last, especially if you're trying to sell an existing home. Only one home sold in July, according to the Waco Association of Realtors.

So far this year, just nine homes have sold in Crawford — down from 21 in the first seven months of 2005.

That's bad news for the 23 sellers in the area who have homes on the market. Those figures, though, don't include new construction, and quite a few buyers are snapping up vacant land and building their own homes.

Last month, Cindy Sheehan bought 5 acres for her anti-war protest village called Camp Casey, named after her son who died in Iraq. Seven years ago, Bush paid $1,000 to $1,500 an acre for his land, local papers reported at the time.

Today, larger tracts fetch $2,500 to $3,500 an acre, says Ralph Medart, an agent at eTexas Realty.

Small parcels — 5 acres or less — usually cost $5,000 to $8,000 an acre, though Sheehan paid about $10,000 an acre, Medart says.

Clinton Makes Up For Lost Time In Battling AIDS (NYT)

By Celia W. Dugger

The New York Times, August 29, 2006

RWINKWAVU, Rwanda — Bill Clinton worked the crowd of AIDS survivors, clasping the outstretched hands of children alive because of the AIDS medicines his foundation donated.

Inside the rural hospital here that he recently helped renovate, where Rwandans were hunted down and killed during the genocide he regrets he didn't try to stop as president, Mr. Clinton heard people once skeletal from AIDS tell of their resurrections to robust health.

Since he left office more than five years ago at age 54, one of the youngest former presidents ever, Mr. Clinton has made a lasting mark in a cause that he came to only late in his presidency: fighting the AIDS pandemic across Africa and the world.

Few public figures in America have spawned as much speculation about what motivates them as Mr. Clinton. Abroad, even fewer inspire the affectionate reception Mr. Clinton received as he raced across seven African countries in eight days in July. Crowds at roadsides and in hospitals wanted to touch him — and he obliged by shaking hands, kissing babies and hugging people with AIDS.

Here on Mr. Clinton's fourth visit to Rwanda, it was clear the efforts by his foundation had personal meaning. He said he was sorry his administration failed to intervene during the 1994 genocide. "The United States just blew it in Rwanda," he said flatly. Paul Kagame, Rwanda's president, said he had accepted Mr. Clinton's repeated apologies.

But on this trip, Mr. Clinton seemed anything but a man tormented by guilt. Rather, he reveled in his role as a private citizen championing people with AIDS.

"The reason I do this work I do is that I really care about politics and people and public policy," he said in one of several interviews, scornfully dismissing questions about whether his global AIDS work is a form of redemption for what he failed to accomplish on the issue as president, or for the Monica Lewinsky scandal. "I'm 60 years old now, and I'm not running for anything, so I don't have to be polite anymore," he said. "I think it's all a bunch of hokum," he added, calling such speculation psychobabble.

"I have never met anybody who spent all their time talking about everybody's motives who at the end of their life could talk about very many lives they had saved," he said.

Mr. Clinton was adamant that he had done all he could about global AIDS with a Congress hostile to foreign aid, though he conceded that his administration fought too long to protect the patent rights of pharmaceutical companies against countries trying to make or import cheaper AIDS medicines.

'Everyone Was Worried'

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After he left office, Mr. Clinton faced some skepticism as he took up the cause of people with AIDS dying faraway deaths in poor countries. His administration, which sought more resources to combat AIDS domestically, had a far weaker claim to leadership on AIDS worldwide.

When doctors specializing in public health met him at the William J. Clinton Foundation in Harlem in the fall of 2002, Howard Hiatt, the former dean of the Harvard School of Public Health, bluntly asked Mr. Clinton why those present should expect that "you'll be able to accomplish now what you didn't undertake in your presidency — an attack on this plague?"

"Everyone was worried," said Richard Marlink, who headed Harvard's AIDS Institute. "Is this a campaign with photo ops and press releases or a long-term commitment?"

In the years since, doctors at the forefront of AIDS treatment have worked with Mr. Clinton. Dr. Marlink volunteered to help Mr. Clinton's foundation in South Africa. Dr. Hiatt, who serves on the board of Partners in Health, a nonprofit group that works with Mr. Clinton in Rwanda, said the former president "has really perceived the seriousness of the problem."

Mr. Clinton and his foundation have undertaken projects with two dozen developing countries, raising money to post nurses in rural clinics in Kenya, mustering experts to train hospital managers in Ethiopia and buying drugs for thousands of sick children, among other things.

His foundation also has negotiated steep cuts in the price of AIDS medicines through deals with drug companies that cover more than 400,000 patients in dozens of countries, helping propel momentum for treatment of the destitute.

Dr. Bernard Pécoul, who led a campaign for access to medicines for Doctors Without Borders from 1998 to 2003, credited Mr. Clinton and his foundation for showing independence from the politically powerful drug industry and helping to accelerate the decline in prices for generic AIDS medicines in developing countries.

"They have been very clever in supporting generic policy in the United States, a country where it's not easy," he said. "And sometimes they've been even more courageous than the United Nations system, which is under pressure from member states."

The Clinton foundation's budget last year was $30 million, raised from private donors. Mr. Clinton, who oversees its operations full time, has plunged into many causes, from childhood obesity to tsunami relief to global warming, but he has made his most substantive contribution on AIDS.

He said Rwanda was one of the first countries he chose to work in because "they had a really good chance to dig out of the hole and I wanted to help them do it."

For years, he tried to coax Dr. Paul Farmer, known for his work caring for the poor in remote, rural Haiti, to recreate his model of AIDS treatment in Africa, the heart of the epidemic.

Last year, Dr. Farmer and the group he co-founded, Partners in Health, arrived in Rwinkwavu. With support from the Clinton Foundation and others, he has transformed a dilapidated facility that lacked even a doctor into a thriving rural hospital.

More than 1,500 people have been put on AIDS medicines here. Reproducing the pioneering model used in Haiti, Dr. Farmer has community workers, many of them peasants, deliver antiretroviral medicines to people with AIDS every day, minimizing reliance on scarce doctors and nurses.

Like most international leaders and American advocates for people with AIDS in the 1990's, critics say, Mr. Clinton's efforts on global AIDS did not match the epic scale of the human tragedy as it unfolded across Africa and millions died and were orphaned.

In recent years, the fight against AIDS has leapt onto the world stage, claimed by Mr. Clinton and his Republican successor, George W. Bush.

There is a measure of irony in this. Since 2003, Mr. Bush has marshaled billions of dollars in American assistance for a global assault on the disease, financing lifesaving treatment for hundreds of thousands of people with AIDS. Yet because of his foreign policies, notably the war in Iraq, he is often met by protests when he travels abroad, while Mr. Clinton is warmly embraced across the developing world.

"George Bush has actually delivered more resources, but Clinton is ten times more popular in Africa," said Princeton Lyman, who was American ambassador to South Africa under Mr. Clinton. "That's because, just like he does everywhere, he portrays that sense that he cares."

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On his recent tour of Africa — his fifth since 2001 — Mr. Clinton showed a remarkable ability to establish a human connection with people he met.

In Johannesburg, Mr. Clinton and a frail Nelson Mandela, about to turn 88, clutched each other's hands like a long-lost son and his beloved father.

En route to the airport in Lilongwe, Malawi, where crowds of people strained to catch a glimpse of him, Mr. Clinton suddenly halted the motorcade, conducted an impromptu interview in the middle of the road, then plunged into a throng of young men reaching out to touch him.

At a hospital in Mafeteng, Lesotho, Mr. Clinton strolled into a sunny courtyard with 6-year-old Arriet Moeketsi, a little girl in a polka-dot dress. Arriet, who takes AIDS medicines donated by Mr. Clinton's foundation, trustingly leaned her face against the former president and never let go of his hands during a prolonged news conference.

Bill and Melinda Gates, the billionaire philanthropists, watched. Mr. Clinton had visited an AIDS project of theirs in Durban, South Africa, and they had come to Lesotho to see his work. When Mr. Clinton left the hospital with Arriet, a Clinton volunteer asked the Gateses to stay back so photographers could follow him.

The world's wealthiest couple seemed to take no offense. The two Bills, as they have been dubbed, have taken to doing high-profile AIDS advocacy events together, with Mr. Clinton bringing star power and Mr. Gates his deep pockets.

"He plays a unique role in shining a light on the problem," said Mr. Gates, after he made it into the courtyard.

Mr. Clinton has come a long way on global AIDS. For most of his presidency, his trade office fought to protect the patent rights of pharmaceutical companies against attempts by developing countries to make or import cheaper generic medicines. "I think it was wrong," he now says of that approach.

During the first six years of his presidency, federal spending to fight AIDS worldwide stagnated at paltry levels, never topping $141 million.

But by his last budget, spending more than tripled to $540 million, but Mr. Clinton says that was far from enough. Even so, he contends that no one could have done better.

The Role of Congress

The Democrats controlled Congress for only his first two years in office, he pointed out, when "everybody's obsession" was the AIDS problem in America. After that, the Republican-dominated Congress that later supported Mr. Bush's $15 billion, five-year global AIDS plan fiercely resisted spending on foreign assistance.

"Have you forgotten what I had in the Congress?" he asked. "That the Republican Congress spent all their time trying to trash me?

"And the only reason they gave money to George Bush for AIDS is they wanted to have something they looked progressive on since they were cutting taxes for rich people like me," he said.

Michael Gerson, who was a senior adviser to Mr. Bush on global health issues, noted that the Republican Congress was, in fact, open to persuasion that global AIDS was a spending priority. But he also said the issue had ripened by the time Mr. Bush was president. The price of antiretroviral drugs fell after Mr. Clinton left office, helping change the view that it was too costly and difficult to treat people in poor countries.

But Mr. Gerson also said of the Clinton record: "I don't believe they were visionary or pushed the system. I don't think they were thinking big."

The debate over whether Mr. Clinton missed a political opportunity to lead the charge on global AIDS years before Mr. Bush seized it is far from over.

Greg Behrman, the author of "The Invisible People: How the U.S. Has Slept Through the Global AIDS Pandemic, the Greatest Humanitarian Catastrophe of Our Time," offers a split verdict.

"There are two acts here," he said. "Clinton's post-presidential leadership has been extraordinary. As president, though, the record is clear. Clinton was not a leader on global AIDS and the consequences have been devastating."

After he left office, Mr. Clinton considered his future with a keen eye on history, analyzing what former presidents had done.

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He concluded that another former Southern governor, Jimmy Carter, a Nobel Peace Prize winner who is now recognized for his work on human rights, democracy and neglected diseases, was "the only person who'd done anything that remotely resembled what I thought I could do."

From the start, Mr. Clinton had a host of issues on his agenda, but quickly found himself drawn into AIDS. He turned to his old friend Ira Magaziner, a fellow Rhodes scholar and corporate consultant who had managed the Clintons' failed health care reform effort. Mr. Magaziner has since led the foundation's AIDS program.

The two men discovered in 2002 that the Bahamas was paying $3,500 per person a year for generic AIDS drugs. "I said, 'Ira, please find out why in the hell these people are paying $3,500 for $500 drugs,' " Mr. Clinton said.

They learned the Bahamas was buying through middlemen, so the foundation helped the country purchase directly from Cipla, the Indian generic-drug manufacturer. "So our first victory was a lay-down," Mr. Clinton said. "All of a sudden, they could treat six times as many people for the same amount of money."

Opportunities proliferated, and Mr. Clinton's enthusiasm grew.

His name opened doors with generic drug makers. With growing demand for AIDS drugs already on the horizon, as well as the economies of scale that come with that, Mr. Magaziner took a team of volunteer consultants to India in 2003 to negotiate for lower prices. Companies opened their books.

"The name Clinton in India holds more charisma and credibility than any other American name," said Dr. Yusuf K. Hamied, Cipla's chairman.

Through cost cutting, spurred by breakthrough talks with companies that supplied ingredients to the drug makers, the team got deals. Cipla, for example, halved the price of the most common AIDS triple-drug therapy, already declining due to competition, to $140 a person per year.

Similarly, Mr. Clinton was able to use his relationships with political leaders, like President Thabo Mbeki of South Africa, who had questioned whether H.I.V. caused AIDS. The country had not begun treating its people for the disease, though almost five million had been infected. "He was getting killed in the global press about it," Mr. Clinton recalled.

Mr. Clinton, who knew him from his own time as president, met with Mr. Mbeki in 2003 as one politician to another. "I said, 'You know, I really want to help you, and as you know, I may be the only one of those involved in this work who's never been publicly critical of you,' " Mr. Clinton said he told Mr. Mbeki. " 'But this is something you have to do.' "

Mr. Mbeki soon invited Mr. Clinton's foundation to help the country write a comprehensive treatment plan. South Africa now has more than 130,000 people on antiretroviral drugs, still far short of what critics say is needed.

Since 2004, Mr. Clinton has campaigned to raise the profile of children with AIDS. A scant 20,000 children in the developing world were then getting drug treatment, while more than 500,000 a year were dying. The Clinton foundation has raised $4.4 million to buy drugs for 13,000 children, train health workers, renovate pediatric wings and pay for lab tests.

"Children are alive in numbers we couldn't have imagined a couple of years ago because of what he's done," said Peter McDermott, chief of H.I.V. and AIDS programs at Unicef.

Mr. Clinton's ambitions seem to grow daily, and his foundation is now branching out in Africa from AIDS into poverty. As he relaxed one recent evening in a sumptuous, $2,260-a-night suite in Johannesburg, with zebra skin rugs underfoot (the lodgings provided to him gratis by a rich South African businessman who owned the hotel), he got excited just thinking about fertilizer.

Mr. Magaziner has people riding trains and trucks that carry fertilizer to figure out why a commodity that should enable farmers to grow more food and avoid hunger costs so much in Africa.

"You follow the trail!" Mr. Clinton said.

Mr. Clinton was joined on his trip by Sir Tom Hunter, a Scottish entrepreneur who has promised to spend $100 million of his fortune in collaboration with the foundation, much of it on economic development.

"Tom, where's Tom?" Mr. Clinton called out excitedly as he chatted with representatives of a nonprofit group that promotes solar-powered lights during an event here in Rwinkwavu.

What if Rwanda could manufacture such lights locally? Mr. Clinton mused. Why not electrify villages so children can study at night? "It might be possible to get a factory here that would serve all of central Africa!"

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Cleland Treated For Trauma Disorder (AP-Y)

By Ben Evans

AP, August 28, 2006

Former Sen. Max Cleland, who has battled bouts of depression since losing an arm and both legs in Vietnam, is being treated for post-traumatic stress disorder.

Cleland, who represented Georgia in the Senate from 1997 to 2003, said he believes the condition — cases of which are increasing rapidly among Vietnam war veterans — was in part triggered by the ongoing violence in Iraq.

"I realize my symptoms are avoidance, not wanting to connect with anything dealing with the (Iraq) war, tremendous sadness over the casualties that are taken, a real identification with that. ... I've tried to disconnect and disassociate from the media. I don't watch it as much. I'm not engrossed in it like I was," Cleland said in an interview with WSB-TV in Atlanta.

He said he feels depressed, has developed a sense of hyper-vigilance about his security and has difficulty sleeping, the television station reported.

Cleland declined to discuss the matter with The Associated Press. An aide confirmed the diagnosis but said the former lawmaker is feeling better than he has in a long time.

The aide, Michael Duga, declined to say when Cleland's treatments started, although he said the disease is often intertwined with other illnesses such as depression, which Cleland has been open about confronting.

"This is not a new thing," Duga said. "He's happy and he's healthy and he's continuing with his counseling."

Cleland is receiving treatment at Walter Reed Medical Center in Washington, Duga said. He said Cleland acknowledged his condition to encourage other veterans to seek help if they feel sick.

The Department of Veterans Affairs' inspector general reported last year that the number of post-traumatic stress disorder cases has increased dramatically in recent years, from 120,265 in 1999 to 215,871 in 2004.

A former VA administrator under President Jimmy Carter, Cleland has been highly critical of the Bush administration's funding for the agency. The Democrat also is a vocal critic of the Iraq war and is traveling the country to help Democrats campaign for office. He aggressively campaigned for Democrat Sen. John Kerry, a fellow Vietnam veteran, in the 2004 presidential election.

Cleland lost his Senate seat after one term in 2002 to Republican Saxby Chambliss.

Ford Discharged From Mayo Clinic (AP-Y)

AP, August 29, 2006

Former President Gerald Ford was discharged from the Mayo Clinic on Monday, nearly two weeks after being admitted for tests and undergoing a pair of heart procedures.

Ford, 93, flew home to Rancho Mirage, Calif., with his wife Monday afternoon, Mayo spokesman Lee Aase said.

Ford received an implantable cardiac pacemaker last week to regulate his heartbeat. Later in the week, he underwent angioplasty, with stents in two of his coronary arteries to increase blood flow.

"He's doing well after having had those procedures in the last week," Aase said.

Ford's office issued a statement thanking Mayo staff.

"The Fords also wish to thank the American people for their prayers and countless messages of good wishes," the statement said.

Ford spent a few days in Colorado's Vail Valley Medical Center in July because of shortness of breath. In January, he was hospitalized for 12 days in Rancho Mirage to treat pneumonia. Five years ago, Ford suffered two small strokes and spent about a week in a hospital.

Ford became the nation's oldest living former president after the death of Ronald Reagan in 2004.

He was House minority leader when President Nixon chose him to replace Spiro Agnew, who resigned, as vice president in 1973.

Ford became president on Aug. 9, 1974, when Nixon resigned amid the Watergate scandal.

DOJ_NMG_0055107

South Park Refugees (NYT)

By John Tierney

The New York Times, August 29, 2006

I have bad news for the G.O.P. regarding that promising new bloc of voters, the South Park Republicans. It turns out they're not Republicans, at least not anymore.

According to Wikipedia, which would definitely be these voters' encyclopedia of choice, South Park Republicans are young Americans who "hold political beliefs that are, in general, aligned with those that seem to underpin gags and storylines in the popular television cartoon." The encyclopedia summarizes these beliefs with a quotation from one of the show's creators, Matt Stone, which includes a crucial expletive I must elide: "I hate conservatives, but I really ... hate liberals."

The term was coined after Stone and his co-creator, Trey Parker, accepted an award in 2001 from People for the American Way at a dinner in Beverly Hills. The audience, warmed up by an evening of lefty rhetoric, was startled to hear Stone and Parker announce they were Republicans.

To those dreaming of a permanent G.O.P. majority, this new bloc was evidence that it was indeed a big-tent party: you could vote with the Christian Coalition while watching a show that set records for profanity. Republicans could embrace two guys who got their break with a video of a martial-arts duel between Santa Claus and Jesus.

Some Republicans were offended by the show's gibes at organized religion, but it seemed like a great recruiting tool because of its merciless mocking of Democrats like Al Gore, who appeared as a monster frightening the schoolchildren of South Park. In Brian Anderson's book last year, "South Park Conservatives," he hailed Stone and Parker for challenging Hollywood's liberal hegemony.

Democrats had "The West Wing," but Republicans had a hip show with a younger audience. Michael Moore could churn out propaganda, but Stone and Parker could counter with "Team America," their movie in which Moore appears as a suicide bomber who can't stop eating hot dogs.

Stone and Parker were never thrilled to be G.O.P. poster boys and said they weren't sure what a South Park Republican was. They were generally reluctant to be pigeonholed ideologically, but last week they clarified it by headlining at a Reason magazine conference in Amsterdam, the libertarian version of Davos. Stone and Parker said that if you had to put a label on them, they were libertarian — and that didn't mean Republican to this crowd.

The G.O.P. used to have a sizable libertarian bloc, but I couldn't see any sign of it at the conference. Stone and Parker said they were rooting for Hillary Clinton in 2008 simply because it would be weird to have her as president. The prevailing sentiment among the rest of the libertarians was that the best outcome this November would be a Democratic majority in the House, because then at least there'd be gridlock.

"We're the long-suffering, battered spouse in a dysfunctional political marriage of convenience," said Nick Gillespie, the editor in chief of Reason. "Most of the libertarians I know have given up on the G.O.P. The odds that we'll stick around for the midterm election are about as good as the odds that Rick Santorum will join the Village People."

Andrew Sullivan, the blogger who coined "South Park Republican," was at the conference with a preview of "The Conservative Soul," his new book on the spiritual corruption of Republicans. He said he now prefers to call himself a South Park conservative, not Republican.

"The Republicans have got to be punished for destroying conservatism," he said, explaining why he's rooting against the party this November. "If it requires an idiotic Democratic House to stop these people from doing what they're doing, then good."

Stone and Parker told me they'd previously seen the G.O.P. as a relief from the big-government liberals, particularly the ones preaching to America from Hollywood. "We see these people lying, cheating, whoring," Stone said. "They're our friends, but seriously, they're not people you want to listen to."

The religious right used to be a better alternative, Parker said. "The Republicans didn't want the government to run your life, because Jesus should. That was really part of their thing: less government, more Jesus. Now it's like, how about more government and Jesus?"

That may sound like a winning ticket to the religious right, and to Republic strategists who've assumed that libertarians have nowhere else to go. But some are ready to switch parties. The rest can always stay home and find something better on TV.

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Defunders Of Liberty (NYT)

By Thomas Frank

The New York Times, August 29, 2006

Before he became K Street's most enterprising racketeer, Jack Abramoff was best known as a sort of young Robespierre of the Reagan Revolution. In 1983, as chairman of the College Republicans, he declared that he and his minions did not "seek peaceful coexistence with the left. Our job is to remove them from power permanently."

By all accounts, Abramoff carried out this mission with a Ramboesque single-mindedness. A ferocious latter-day red-baiter, he seems to have encountered Communists everywhere he went in early-80's America, fighting them (literally, with his fists) on campus, detecting their influence in the nuclear freeze movement, scheming to checkmate students worried about El Salvador by calling attention to the crimes of "their beloved Soviet Union." As a reward he got his handsome mug on the cover of the John Birch Society's Review of the News.

Abramoff's remark about liquidating the left was not just the intemperate raving of a hot-blooded youth. It also expressed the essence of the emerging conservative project: You don't just argue with liberals, you damage them. You use the power of the state to afflict their social movements, to wreck their proudest government agencies, and to divert their funding streams. "Defund the left" was a rallying cry all across the New Right in those heady days; Richard Viguerie even devoted a special issue of Conservative Digest to the subject in 1983.

Abramoff and his clean-cut campus radicals pushed their own "defund the left" campaign with characteristic élan, declaring war on Ralph Nader's Public Interest Research Groups, or PIRG, environmental and consumer activist outfits that were funded by student activity fees on some campuses. The young conservatives were always careful to cast the issue as a matter of "student rights" versus political coercion, but Abramoff clearly saw it as an avenue to ideological victory. "When we win this one," he boasted in 1983, "we'll have done more to neutralize Ralph Nader than anyone else, ever."

What the young conservatives of those days understood was that slogans are cheap, but institutions are not. Once broken or bankrupted, they do not snap back to fight another day. Cut off PIRG's supply lines and the groups must dedicate their resources to justifying their existence, making it that much harder for them to agitate against nuclear power. It's the political equivalent of strategic bombing, in which you systematically blast the rail junctions and ball-bearing factories of the other side.

Examples of such B-52 politics are all around us today. There are "paycheck protection" and school voucher campaigns, which are sold as rights issues but which are actually megaton devices to vaporize the flow of funds from labor unions to Democratic candidates. Social Security privatization, promoted as a way to make our retirements cushier, will also divert billions of dollars away from the welfare state and into the coffers of the G.O.P.'s allies on Wall Street.

Then there is the K Street Project. Almost as soon as they took control of Congress in 1995, Republican leaders began leveraging their newfound power to transform the corporate lobbying industry into a patronage fiefdom of the G.O.P. Lobbying firms were urged to hire true-believing Republicans or lose their "access"; once the personnel were Republican, the money followed. The result for the other side was also predictable: less money flowing to Democrats and a severe devaluation of a career in progressive politics. If Democrats have no place in Washington's private sector, then the attractiveness of being a liberal is diminished by just that much more.

What is most ingenious about all this is not so much its destructiveness but the way it appeals to mainstream notions of fairness. Consider another of Jack Abramoff's remarks from back in the days when he raged against PIRG. The groups, he said, should "compete in the free marketplace of ideas" just like the College Republicans did, where attracting private funding was what proved an idea to be "truly good and truly worthwhile."

In Washington today, where each bad idea to rattle through the nation's billionaire class seems to have a dedicated think tank to push it along, we are living out Abramoff's dictum: that an idea is not worth hearing unless a large amount of somebody's money is behind it.

Vice Presidential Possibilities (WT)

By Tod Lindberg

The Washington Times, August 29, 2006

DOJ_NMG_0055109

Do you need to know who a party's presidential nominee will be before you can say anything about who its nominee for vice president will be? Yes and no. That's because far from being an expression of personal choice on the part of the nominee, the considerations involved in selecting a veep tend not to change over time.

In general, there are four main criteria, often overlapping: someone who unites the party's disparate factions behind the ticket; someone who brings balance to the ticket, typically but not necessarily regional balance; someone who offers an immediate electoral payoff in terms of an increased chance of victory in a swing state or special appeal to a broad-based bloc of voters; someone who will be seen as a plausible successor, not so much in the sense of ascending to the Oval Office because of a premature vacancy but in terms of the ability to use the vice presidency to prepare a run for the presidency.

We looked at the early Democratic returns last week. What about the Republican?

The essential fact of the campaign so far is that the two Republicans polling best at present are both outliers with respect to the party's activist, conservative base. They are John McCain and Rudy Giuliani. Mr. McCain is a maverick with a long record as a thorn in the side of those who consider themselves "movement" conservatives on issues ranging from campaign finance reform to immigration. During his 2000 bid to derail George W. Bush's nomination, he also made comments that antagonized evangelical Christians. Mr. Giuliani, for his part, is pro-choice, which is perhaps enough said given the importance of the pro-life position in the Republican Party.

Does that mean the party base will be unwilling to line up behind either of the two? Not necessarily. Here, the veepstakes may be crucial.

Neither of the two would make a good running mate for the other. Rather, in either case, the nominee will likely be looking to someone who has attracted the affection and loyalty of the Republican Party's conservative base. Moreover, it will not be enough to bring in some gray-beard whose job is liaison and reassurance: The real point will be someone whom conservatives regard as a plausible future presidential candidate. So in the GOP this time around, it looks like unity and succession stand as higher priorities than ticket balance and short-term electoral payoff, at least if either of the two top contenders comes in.

Who might fill the bill? One of the most intriguing possibilities at this point is that Sen. Sam Brownback of Kansas will get into the race, in effect running for vice president. He's got the conservative bona fides and an activist streak on such issues as halting genocide in Darfur and human rights more broadly. If conservatives demonstrate support and enthusiasm for him during the primaries, he might well be the one.

Another interesting possibility is Massachusetts Gov. Mitt Romney. He, too, has shown early appeal among conservatives. In his case, however, there is a major roadblock en route to the top of the GOP ticket, namely, the question of whether Americans are ready for a Mormon to be president. Because the country as a whole is a lot more sensitive on these issues than it used to be, the reservation will be expressed as I just put it, namely, not about Mr. Romney's religion but about what people think about Mr. Romney's religion.

But that, in turn, provides an opportunity: With Mr. Romney in the No. 2 slot, the "Mormon issue," such as it is, would play itself out nationally but without the stress of the top slot aggravating the question. It is especially true of Mr. Romney that he would be more plausible as a presidential candidate with a national run for veep behind him.

Then we get to the more exotic possibilities: OK, so Jeb Bush has ruled out running for president in 2008. That's for the sole reason that his brother is president; otherwise he'd be a top contender. But does that mean he would refuse the No. 2 slot on the ticket if offered? He's not only a party uniter and a potential president himself, he's a huge asset in Florida. And oddly enough, running for vice president could seem not so much an exercise in dynastic politics as humility: no entitlement to step in at the top.

Secretary of State Condoleezza Rice as veep offers history-making possibilities. She's never run for elected office, and that's ordinarily a must, but she is no ordinary figure. What would happen with the African American vote in this scenario?

Suppose, though, our Republican nominee is such a maverick that he decides to throw out all the usual criteria in favor of a choice both unprecedented and spectacular. Let me put the possibility in the form of an answer on "Jeopardy!", circa 2106, a hundred years from now.

"The Vice Presidency" for $2,000: The only candidate to run for vice president on the ticket of both major political parties.

Making The Grade (WSJ)

DOJ_NMG_0055110

By Chris Whittle

The Wall Street Journal, August 29, 2006

Quiz: Of the 10 largest school systems, which have made the best gains in student scores? Answer: Philadelphia and New York. Between 2002 and 2005 for grades K-8, Philly gained 19.5 points in proficiency on the state assessment system, while NYC schools posted a 13-point increase on state exams. Even if you normalize for the different gains made in various states, you get the same rankings: Philly No. 1, NYC No. 2.

In 2002, only 21% of Philadelphia students were proficient. By 2005, that nearly doubled to 40%. At its current pace, Philadelphia will increase the proficiency of its students by more than 25 points across five years. That has life-changing consequences for a quarter of its students: One who would have dropped out might now graduate. Another who would have gotten into college might now get into a better one.

In sharp contrast to years past, most big public school systems are now producing achievement gains. That's to be applauded, but educational leadership can learn much from two cities with multiyear trajectories two to three times those of their similar-sized peers. Each has managed to put (and keep) together a group of factors that drive academic success, and that others may want to replicate:

• First, cut the politics. School systems will never eliminate political factors from decision-making. And that's not all bad. After all, they are public schools. However, the governing bodies for both these cities have put more emphasis on education than politics. New York did that by moving the school system under Mayor Bloomberg's control, while in Philly a school reform commission largely appointed by the governor has been in charge since 2002. Decision making has become more simplified. Both have kept their eye on what matters -- achievement.

• Stability at the governance/board level has led to a second crucial factor: strong and continuous leadership. The pool for strong school-system executives is not very deep. How many qualified people relish being an underpaid dartboard? Cities that create more favorable operating contexts for leaders will likely get the best, while other municipalities will be left with slim pickings. Joel Klein, NYC's chancellor, and Paul Vallas, CEO for the School District of Philadelphia, are both among the most effective school-system heads. It's a good bet they agreed to serve because they were given real assurances regarding their authority and tenure. Each is entering his fifth year -- well north of the length of service seen in so many districts.

• Third, Messrs. Klein and Vallas believe in the value of a system, a view not held by many reformers. The central offices of school systems have long been a focal point of education critics. Many in education policy making would do away with central school bureaucracies all together, effectively turning America into 90,000 charter schools. These two leaders have strengthened their central capabilities. Mr. Vallas believes in a concept he calls "managed instruction," protocols that prescribe and monitor curriculum and instruction within a school. Mr. Klein is putting into place an accountability system that will measure progress and enable schools, through new data systems, to share best practices.

• The fourth success factor may seem at odds with the third. While Messrs. Vallas and Klein believe in a robust, central system to support their schools, they promote educational competition within their cities. Have they concluded that it may not be possible to move to a complete free market of education in the near term; and, in the meantime, the old but improved system should coexist with a bevy of new educational providers? Or do they believe that one major educational provider with multiple smaller competitors is a preferable course that pushes all schools to higher performance levels? Whatever their philosophy, their actions are clear. Mr. Vallas now presides over a district where roughly 25% of schools are charters or managed by private institutions. Mr. Klein has increased the presence of charters and alternative providers -- and argued that New York's legislature should lift the cap on charters. He's also given unprecedented freedom to a quarter of the sites within his system, those he deems to be most capable of managing their freedom -- as long as they agree to be held accountable if their children fail to improve.

It's this four-part formula that's producing highly unusual academic results for two big urban school systems that not long ago were viewed as stagnant institutions. These two urban successes should be a road map for other cities.

Turnover Brings Fresh Blood (USAT)

By Paul Farago

USA Today, August 29, 2006

DOJ_NMG_0055111

In 1992, 70% of Oregonians made term limits the most popular voter-approved amendment in state history. Despite an ongoing legal attack by lawmakers, legislative term limits still govern in 15 states. Voters in these states enjoy more competitive elections for state and federal offices, not just bland, predictable re-elections.

Legislators and lobbyists conspired to cancel Oregon's term limits in 2002, but voters can restore the 1992 law this November with Measure 45, thanks to the power of voter initiative.

OUR VIEW: Let voters decide who stays

In a functional system of self-government, those carrying out the people's business are those closest to the people. Term limits mean regular open-seat elections. Career politicians make way for fresh blood and new ideas. Legislators who serve temporarily are more likely to promote laws that reflect the people's will and get down to business in the limited time they have.

The National Council of State Legislatures (NCSL) — a trade association for incumbents — disagrees. But lobbyists and legislators are not credible sources when complaining that limits on political power are a bad idea.

NCSL claims that state legislative limits haven't led to increases in female representation. That's interesting, because in Oregon, female representation in the state House of Representatives peaked at 35% under term limits in 1998 and 2000. Then, term limits were scrapped, and female representation steadily dipped. Now, women make up just 28% of the House. The survey conveniently omitted Oregon's experience.

NCSL claims that term limits result in "legislative brain drain." How dismissive of lawmakers and voters alike! In fact, many citizens have the knowledge and skills required to be legislators — and to be voters.

Oregonians are enduring a thundering campaign against Measure 45 by newspaper editors statewide. Slick ads produced under the watchful eye of Salem's most powerful lobbyist, financed by his national clientele, are on the horizon. Special-interest money is pouring into Oregon to prevent term limits' restoration.

This question is too important to leave up to politicians and their re-election "entourage." In Oregon, term limits will be up to the voters, again.

Let Voters Decide Who Stays (USAT)

USA Today, August 29, 2006

The movement to limit politicians' terms in office peaked in the mid-1990s and has been in gradual decline ever since. Even so, 15 states have term-limit laws in effect, and voters in Oregon will decide in November whether to reimpose limits there.

So much effort for so little return. With years of evidence now available, there's scant support for claims that term limits would improve government by bringing in legions of citizen legislators to replace careerist hacks.

OPPOSING VIEW: Turnover brings fresh blood

A new three-year study of the term limits in several states suggests that just because voters like them doesn't mean they're a smart idea. Just the opposite, in fact.

The National Conference of State Legislatures (NCSL), working with two other organizations and more than a dozen political scientists, conducted a national survey and detailed case studies in six states with term limits and three without. The conclusions:

• Term limits throw out the good guys along with the bad, dumping years of experience in favor of new members who have to learn complex subjects and the intricacies of effective legislating from scratch.

• Term-limited rookies' urgency and aggressiveness have driven civility down and conflict up; there's less willingness to compromise or build consensus.

• Term limits haven't increased diversity. They helped add Hispanics and women in some states, but overall the number of minorities has not increased, the number of women has declined, and the typical age and background of legislators have not changed.

• Inexperienced legislators are weak sparring partners for governors and expert state agency officials, especially in budget matters. Often, the lawmakers don't know the right questions to ask, and they make far fewer changes to a governor's budget than their non-term-limited predecessors.

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In fact, newcomers have shown they can be as petty and myopic as veterans. California's term-limited Legislature fought over which dirt to name as the state's official soil, while failing to meet the deadline for the state budget.

These days, the battle for term limits is fought almost exclusively at the state level. The U.S. Supreme Court ruled in 1995 that the only way to impose them on Congress would be to amend the Constitution, and the Republican-controlled House failed twice to muster enough votes to do that.

The issue is on the ballot in Oregon this fall because the state's Supreme Court threw out an earlier term-limit law on a technicality. Voters there would do well to think about the other professionals they trust to handle important decisions. Doctors, lawyers, judges and pilots get better at their jobs as experience hones their skills. So do many legislators.

The answer isn't to indiscriminately toss the good and bad out of office. It is to identify the corrupt, the incompetent and the lazy, expose their poor performance, recruit candidates to run against them and let voters cut short careers at the ballot box.

Levey: Iran 'Central Banker Of Terror' (AP-Y)

By Jeannine Aversa

AP, August 29, 2006

A Bush administration official on Monday called Iran a "central banker of terror" that provides millions of dollars a year to bankroll terrorist acts carried out by the militant group Hezbollah.

"Iran is like the elephant in the room, if you will, ... They are the central banker of terror. It is a country that has terrorism as a line item in its budget," Stuart Levey, the Treasury Department's undersecretary for terrorism and financial intelligence, said in an interview Monday with The Associated Press.

Levey's comments came as the United States repeated its resolve to pursue U.N. sanctions against Iran unless the country stops enriching uranium, a key step in making nuclear weapons.

Tehran faces a Thursday deadline imposed by the U.N Security Council to halt its uranium-enrichment program or face political and economic sanctions. Levey didn't talk about what form those sanctions could take.

Iran says its nuclear program is intended solely to generate electricity, while the United States and Europe contend it secretly aims to develop nuclear weapons.

Levey said the United States is working not only to halt Iran's nuclear ambitions but to clamp down its funding of Hezbollah and its role in the recent bloodshed in Lebanon.

He estimated that Iran was providing Hezbollah hundreds of millions of dollars a year in financial support, in addition to military equipment. Levey said money flowing from Iran also helps finance other terrorist groups, including Hamas and the Palestinian Islamic Jihad.

The Treasury Department, which is working to shut down avenues for terrorists to raise money, is spending more and more time analyzing the financial connections between Iran and Hezbollah, Levey said.

The United States has had economic sanctions against Iran for years and recently has been pressing allies in Europe and Japan to crack down financially on Iran as well.

Against that backdrop, financial institutions in other countries are starting to question whether they should keep doing business with Iran, Levey said.

"We are starting to see responsible financial institutions look at Iran. They see a government that is pursuing terrorism. They see a government that is pursuing a nuclear program in defiance of international norms. They see a president that is calling for Israel to be wiped off the map," he said.

"These are things that are getting the attention of bankers from around the world," he added. "They are starting to ask themselves ... do I really want to be Iran's banker?"

Still, it is a difficult decision for such banks to make, he acknowledged, given Iran's standing in the global economy, including its position as a major oil supplier.

As a fragile cease-fire in Lebanon still holds, the Lebanese people recently have turned out to sign up for rebuilding aid from Hezbollah_ a development that also concerns the administration, Levey said. The U.S. government is monitoring the situation closely, Levey said. The fear is that some of this money will get diverted for terrorism.

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The United States, meanwhile, is considering tightening economic sanctions against North Korea.

Last month the reclusive, communist-led nation ignored warnings from the United States and other countries and test-fired seven missiles. The chief of South Korea's main spy agency asserted Monday that North Korea has facilities on standby to test a nuclear explosion and could do so at any time.

Levey shunned specifics about further sanctions against North Korea. However, he observed that banks in Singapore, Vietnam, China, Hong Kong and Mongolia are opting on their own to not do business with North Korea.

"There is sort of a voluntary coalition of financial institutions saying that they don't want to handle this business anymore and that is causing financial isolation for the government of North Korea," Levey said.

"If they are counterfeiting currency or otherwise generating illicit funds, you still need a bank to put the proceeds into the financial system and they are losing all their access points to the international financial system because of these measures and the coalition that is building," he said.

Last year, the Treasury department took action against a bank — Banco Delta Asia SARL — in the Chinese enclave of Macau for what it said were lax money-laundering controls, alleging the bank helped North Korea distribute counterfeit currency and engage in other illicit activities. The department has also moved against other companies for helping North Korea proliferate weapons of mass destruction.

Given these financial actions, North Korea has refused to resume six-nation talks meant to persuade North Korea to abandon its nuclear weapons program.

In other matters, Levey said he would not provide details about the how the airline terror plot, which was foiled earlier this month, was bankrolled.

He also defended the usefulness of a once-secret program that gives the U.S. government access to a massive international data base of financial information to catch suspected terrorists. The existence of the program, which started shortly after the 2001 terror attacks, was made public by news organizations in June.

The department intends to keep the tracking program, said Levey. He said it will take time to assess whether disclosure of the secret program has led terrorist financiers to change their behavior.

"We have got an adversary out there that we are trying to do everything to stop. They may be evil, but they are very smart," Levey said.

The threat to the United States is real. "This is not some made-for-TV movie," he said.

U.S. To Press For Sanctions Against Iran (AP-Y)

By Barry Schweid, Ap Diplomatic Writer

AP, August 29, 2006

The Bush administration on Monday reaffirmed its intent to pursue U.N. sanctions against Iran if it defies an approaching deadline to halt its uranium enrichment.

State Department spokesman Sean McCormack said it is the will of the international community "to go down the pathway of sanctions" if Iran does not comply with U.N. demands that it stop the program and open its facilities to international inspection.

Not only is Iran enriching uranium, a key step in making nuclear weapons, it is building heavy water facilities that could be used to produce plutonium for weapons, McCormack said.

Iran said Monday it was not concerned with the U.N. deadline.

"Moving in the international framework is not a matter of concern for us," government spokesman Gholam Hossein Elham said in Tehran, the capital of Iran.

Iran consistently has denied it has a nuclear weapons program, saying its nuclear programs are of a civilian nature.

Iran offered last week to pursue negotiations but declined to suspend uranium enrichment as a precondition. The State Department described the proposal as serious, but said it fell short of what Iran must do, and said it would consult with other governments on next steps.

Russia, whose support in the U.N. Security Council for sanctions is essential, publicly counseled patience with Iran. This could signal reluctance to go along with the U.S.

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McCormack said the United States would not only pursue U.N. sanctions if Iran did not stop uranium enrichment, it would hold talks with other governments about applying financial pressure on Iran.

He accused Iran of taking a position of defiance and said it was disappointing.

Separately, Stuart Levey, the Treasury Department's undersecretary for terrorism and financial intelligence, called Iran a "central banker of terror."

"Iran is like the elephant in the room, if you will," he told The Associated Press in an interview. "They are the central banker of terror. It is a country that has terrorism as a line item in its budget."

At the same time, McCormack said a decision had been made to grant former Iranian President Mohammed Khatami a visa to speak next month at Washington National Cathedral.

McCormack said there were no plans for U.S. officials to meet with Khatami.

He would be the most senior Iranian official to visit Washington since Islamic fundamentalists seized the U.S. Embassy in Tehran in 1979 and held Americans hostage for 44 days.

The Rev. Canon John L. Peterson, director of the cathedral's Center for Global Justice and Reconciliation, said Khatami was invited to speak on the role the three Abrahamic faiths — Islam, Christianity and Judaism — can play in shaping peace.

The Simon Wiesenthal Center, a Jewish human rights group, urged President Bush to not allow a visa to Khatami.

Rabbi Marvin Hier, dean of the center, wrote Bush that permitting the Iranian to enter the United States only rewards Iran's leaders for their "policy of confrontation and hatred toward the United States and her allies."

Hier, in the letter, said the former president had called Israel "a parasite in the heart of the Muslim world."

Khatami also is due to participate at a U.N. conference Sept. 5-6.

Iran Says It's Not Worried Over Deadline (AP)

AP, August 29, 2006

Iran said Monday it is not concerned about this week's U.N. deadline demanding it suspend a key part of its disputed nuclear program or face political and economic sanctions.

The U.N. Security Council has given Iran until Thursday to suspend a key part of its nuclear program — the enrichment of uranium, a process that can produce either fuel for a reactor or material for weapons.

But Iran has refused any immediate suspension, calling the deadline as illegal.

"Moving in the international framework is not a matter of concern for us," said government spokesman Gholam Hossein Elham.

Iran last week responded to Western incentives package aimed at getting Tehran to roll back its nuclear program. Iranian officials said the Islamic country did not agree to halt enrichment — the key demand — before engaging in further talks. Other details have not been released.

Iran says its nuclear program is intended solely to generate electricity, while the United States and Europe contend it secretly aims to develop weapons.

Japanese Company Suspected Of Selling Nuclear Equipment To Iran (NYT)

By Martin Fackler

The New York Times, August 29, 2006

TOKYO, Aug. 28 — An investigation into a Japanese manufacturer suspected of exporting sophisticated measuring devices to Libya's former atomic weapons program has increasingly focused on whether the company also sold similar equipment to Iran, a government official said Monday.

The police and regulators have broadened their investigation of the company, the Mitutoyo Corporation, a maker of precision instruments, as evidence has emerged that it may have also sold equipment to Iran for use in making centrifuges to enrich uranium, said an official in the Trade Ministry, which administers export restrictions.

The official spoke on condition of anonymity because he was not authorized to comment on the investigation, led by the Tokyo police.

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On Friday, the police arrested five Mitutoyo officials, including the president, on suspicion of exporting equipment to Libya before that country scrapped its weapons program three years ago.

The police say the equipment was shipped to Libya by Scomi Precision Engineering, a Malaysian company linked to Abdul Qadeer Khan, the Pakistani scientist who later confessed to selling nuclear technology. The increasing focus on Iran has shed light on the clandestine routes it has used to obtain nuclear-related technology to advance its enrichment program. Iran is in a standoff with the United Nations over the program, which Iran says will create fuel to generate power, but which the United States and others fear will be used to build nuclear weapons.

In April, Iran disclosed that it was trying to build more advanced and powerful centrifuges known as model P-2, which would speed its enrichment program. It is unclear whether the Japanese equipment has been used by Iran to develop the those centrifuges.

The Trade Ministry official said the police believe the shipments went to Iran via a small, unlisted Tokyo-based trading company called Seian, whose offices the police also raided on Friday. A Seian employee reached by telephone would not answer questions, but a description of the company provided by Teikoku Databank, a research company, listed the president as Ahmad Eftekhari Masumi, an Iranian name.

The Trade Ministry official refused to provide further details. But Japanese news reports, apparently based on briefings by the police exclusively to major local news media, say the police believe Mitutoyo has exported technology to Iran at least twice in the last several years, most recently four years ago.

The reports said the police were investigating whether Mitutoyo altered software used in its measuring devices to disguise it as less-advanced software that was subject to looser export restrictions.

The reports said Mitutoyo first came under scrutiny in 2003 when at least one of its measuring devices was discovered in Libya after that country relinquished its weapons program.

A spokesman at Mitutoyo, which is based in Kawasaki, in central Japan, would not comment on the reports of exports to Iran or software alterations.

Share The Evidence On Iran (WP)

By Micah Zenko

The Washington Post, August 29, 2006

How long until Iran becomes a nuclear weapons state?

The current best guess of American intelligence agencies is found in a classified National Intelligence Estimate (NIE) completed last summer: "Left to its own devices, Iran is determined to build nuclear weapons," it says, yet it is unlikely that Iran could produce enough highly enriched uranium for a bomb before "early to mid-next decade."

Senior Bush administration officials, lawmakers in both parties and analysts out of government are increasingly skeptical of the Iran NIE. They believe that the U.S. intelligence community is underestimating Iran's nuclear program after having overestimated Iraq's programs for weapons of mass destruction in 2002.

To counter the growing chorus of skeptics, President Bush should do in the case of Iran what he did with regard to the Iraq NIE after the invasion: declassify the key judgments in the document and the dissents from it. Of course, to ensure the ability to collect future intelligence on Iran, the declassified NIE should not reveal the sources and methods employed; it should simply declare what U.S. intelligence agencies believe and where they disagree.

Initially ordered by the National Intelligence Council in January 2005, the Iran NIE was the intelligence community's first comprehensive estimate of Iran since 2001. Unlike the flawed Iraq NIE, rushed to completion in 20 days and relying on questionable sources, the Iran NIE was crafted and debated over several months and reflects an updated reporting standard that required a "dramatic increase in the transparency of sourcing," according to Gen. Michael V. Hayden, deputy director of national intelligence.

Fully declassifying the NIE's key judgments and dissents about Iran's nuclear program would serve four functions:

First, it would educate the public about U.S. intelligence agencies' best collective estimate of Tehran's nuclear intentions and capabilities. President Bush has declared that, regarding Iran, he "will not tolerate construction of a nuclear weapon." If it

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comes down to using military force, the American people will be more supportive if they clearly understand the threats, the knowns and the unknowns of Iran's nuclear program. It will ensure more probing media reporting and a more vigorous national debate.

Second, it would slow down what Bush has labeled "wild speculation" about using force against Iran, since the intelligence estimate suggests we have years, not months, to exhaust all diplomatic avenues toward finding a solution.

Third, since the NIE's central conclusions about Iran's nuclear program have already been selectively leaked to the media, declassifying the key judgments and dissents would publicly establish the intelligence community opinion. This would inoculate the White House against further intelligence leaks from hard-liners who seek a confrontation with Iran, and from Tehran's exaggerated claims of nuclear progress.

Fourth, it would force America's allies in Europe and Israel to acknowledge the diverging estimates of their intelligence agencies about the likely birth date of an Iranian bomb. For example, British officials claim Iran will have "the technology to enable it to develop a nuclear weapon" by year's end, while the Israel Defense Forces has consistently put it at 2008. While such gaps in allied intelligence estimates remain, we should not expect a unified effort to find a diplomatic resolution.

As the president worried earlier this year: "People will say, if we're trying to make the case on Iran, 'Well, the intelligence failed in Iraq, therefore, how can we can trust the intelligence in Iran?' " The first step toward trust at home and abroad is transparency.

The U.S. government's expert opinion about the Iranian nuclear program is contained in the summer 2005 NIE. President Bush has both a precedent and the legal authority to declassify an NIE "when it is in the public interest." Declassifying the key judgments and dissents of the Iran NIE clearly meets this criterion.

The writer is a research associate at the Belfer Center for Science and International Affairs at Harvard's John F. Kennedy School of Government.

Rumsfeld: S. Korea Need Not Fear North (AP)

By Robert Burns

AP, August 28, 2006

FORT GREELY, Alaska Aug 28, 2006 (AP)— In unusually blunt terms, Defense Secretary Donald H. Rumsfeld said decades-old U.S. ally South Korea need not fear communist North Korea as an immediate military threat.

At a news conference at this missile defense base south of Fairbanks, Rumsfeld said Sunday that North Korea is a serious threat to spread ballistic missiles and other dangerous technologies around the world. But he made plain that he sees the North's conventional military strength eroding as its economy crumbles.

"I don't see them, frankly, as an immediate military threat to South Korea," he said.

His comment could be interpreted as an effort to build a rhetorical case for further reductions in U.S. troop levels in South Korea, already scheduled to be cut from 32,500 to 20,000 over the next few years. U.S. troops also are moving farther away from the Demilitarized Zone that separates North and South Korea, and Rumsfeld has sought to use Korea-based troops in missions outside Asia.

The South Korean government fears a too-rapid reduction in U.S. military support, which it has relied on for more than half a century since the Korean War ended in a cease-fire instead of a peace treaty.

Rumsfeld was at Fort Greely for his first look at the interceptor missiles that are poised in underground silos here as part of a system designed mainly to defend against a potential North Korean missile attack. He climbed down into one silo and got briefings on how the system is being improved.

Ten interceptors are emplaced in silos at Greely and an 11th was scheduled to be installed Monday.

Rumsfeld often accuses North Korea of posing a threat with missiles capable of reaching Japan and possibly parts of the United States. But he has rarely offered such a skeptical assessment of the North's overall military power.

"I think the real threat that North Korea poses in the immediate future is more one of proliferation than a danger to South Korea," he said, adding that the North Koreans for years have sold ballistic missile technologies to Iran and unspecified other countries "mostly terrorist countries."

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Rumsfeld Meets Russian Counterpart (UPI)

UPI, August 28, 2006

FAIRBANKS, Alaska, Aug. 28 (UPI) -- The United States plans to arm its intercontinental missiles with non-nuclear warheads, U.S. Defense Secretary Donald Rumsfeld said Monday.

Rumsfeld toured a missile assembly and storage facility at Fort Greeley, Alaska, before holding a meeting with his Russian counterpart, Sergei Ivanov, in Fairbanks, the American Forces Press Service said.

At a news conference with Ivanov, Rumsfeld said that conventional warheads would be less destructive than nuclear ones.

"If either of our countries or our friends and allies were threatened in the future with a weapon of mass destruction or a capability that is that lethal, I think any president would like to have available a conventional weapon that could attack that target swiftly and accurately and precisely," he said.

Rumsfeld said he believes North Korea is more interested in selling nuclear weapons than using them.

"I think the real threat that North Korea poses in the immediate future is more one of proliferation than a danger to South Korea," he said.

Seoul's Push To Regain Wartime Control From U.S. Divides South Koreans (WP)

By Anthony Faiola

The Washington Post, August 29, 2006

SEOUL -- At a packed news conference last week, a formidable coalition of retired South Korean military officers and former defense ministers issued a dire warning. They declared the half-century-old military alliance between South Korea and the United States in danger of falling apart, resting the blame squarely at the feet of President Roh Moo Hyun.

They pointed to Roh's determination -- expressed in comments to the local press earlier this month -- to regain wartime command of South Korea's military as early as possible. South Korea ceded that authority to the United States during the Korean War, and has since vested such power in a series of American generals who have headed the joint command here.

The system, in part, has ensured the intervention of U.S. troops still stationed in the South in the event that communist North Korea launches another invasion. But with a wave of ethnic Korean nationalism sweeping over the South, and with the North now viewed in kinder terms here, Roh has fostered public support for doing away with that system. He has called reclaiming full command from the United States the "core of a self-reliant national defense," adding that South Koreans who believed their military wasn't yet up to the task lacked "self-respect."

Roh's populist rhetoric aside, what has really scared the gaggle of retired generals are indications that the Pentagon may be just as eager to see the switch. The transfer of wartime command had been envisioned for sometime around 2012, but an earlier transfer, some U.S. officials now argue, would let the Pentagon focus more on the current crises in the Middle East and allow more administrative cuts in South Korea.

On Sunday, South Korean officials said U.S. Defense Secretary Donald H. Rumsfeld had proposed that South Korea assume wartime command of its troops from the United States as early as 2009.

U.S. officials have said any agreement would be unrelated to South Korea's new political landscape and instead reflect the country's vastly improved military preparedness. But the developments nevertheless have left the impression among many pro-American South Koreans that Washington has simply grown tired of Seoul's embrace of the belligerent North, as well as the deep-seated anti-Americanism within some circles of South Korea's ruling Uri Party.

Some are hoping that Roh's visit to Washington next month for talks with President Bush may help smooth over cracks in the alliance. But most observers believe the mounting friction is unlikely to change before 2008, when Roh will leave office and U.S. voters will choose Bush's successor.

"President Roh is effectively saying that South Korea really doesn't need America the way we have all these years, and I can't blame the Americans for saying, 'Fine, have it your way,' " said Song Young Sun, a legislator with the opposition Grand National Party. "He wants to move South Korea away from the United States and closer to North Korea. And what we are saying is that this is just not a safe or smart thing to do."

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It has fanned a be-careful-what-you-wish-for mentality among some South Koreans, who now fear that their national security may be put in jeopardy if the transfer of wartime command comes too soon. Although such a deal is likely to yield only a small new reduction of U.S. troops stationed here, opponents say it would loosen the strings that bind the U.S.-South Korean alliance and could even pave the way for an eventual American pullout.

It was only 12 years ago that the United States relinquished peacetime troop command. And the U.S. military is already scheduled to reduce its troop levels from about 30,000 to 25,000 by 2008.

The most important issue dividing Seoul and Washington these days is how to handle North Korea -- a nation analysts say could now harbor as many as half a dozen nuclear devices. For the past 10 months, Pyongyang has refused to return to six-party talks aimed at its nuclear disarmament.

The Bush administration has sought to pressure North Koreans back to negotiations, cracking down on Pyongyang's suspected counterfeiting and money-laundering operations by persuading international financial institutions not to do business with the country.

That policy has been directly at odds with South Korea's approach of broad economic engagement. Hoping to bring the North out of its communist shell, the South has poured billions of dollars into tourism and industrial projects just across the border.

Roh administration officials have repeatedly suggested that the threat posed by North Korea has been exaggerated. U.S. officials say the difference in threat perception may be one reason Seoul and Washington are now mired in a series of squabbles over the realignment of U.S. forces in South Korea, including delays in the creation of a new bombing range as well as toughened environmental oversight by South Korean regulators.

These days, the Roh administration has begun to view a more assertive Japan -- Washington's closest ally in Asia -- as posing more of a long-term threat to Seoul's national security than North Korea.

"If you can't agree on who the enemy is, it raises some pretty fundamental questions about the reasons for your alliance," said a U.S. official familiar with South Korean policy who spoke on the condition of anonymity.

Roh administration officials also concede that there are problems in the relationship, but say the foundation of the alliance remains intact.

"I cannot say the relationship is perfectly good," said a ranking South Korean official who also spoke on condition of anonymity given the sensitivity of the issue. "The question is how to handle North Korea."

In Washington, a senior State Department official portrayed the U.S.-South Korea relationship as generally healthy.

While saying that Roh has a "tendency to frame issues, including important alliance matters, in a narrow nationalist perspective," the official noted that the United States and South Korea are both seeking a handover in wartime command and that changes are being implemented through bilateral agreements.

South Korea's military "is extremely capable now, so it makes sense for us to start playing a supporting role," said the official, who spoke on condition of anonymity.

Most analysts agree that South Korea and the United States still have more to gain together than apart, but that improvements in their relationship are unlikely to happen soon.

"We won't see a major improvement in the alliance until the current leadership changes," said Lee Jung Hoon, professor of international relations at Seoul's Yonsei University. "After that, the challenge will be about mending fences."

U.N. Chief Criticizes Israel, Hezbollah (AP)

By Sam F. Ghattas, Associated Press Writer

AP, August 29, 2006

U.N. Secretary-General Kofi Annan faulted both Israel and Hezbollah on Monday for not living up to key sections of the cease-fire resolution, while two more countries took steps to provide troops for an expanded peacekeeping force to secure the truce.

Germany, meanwhile, hinted it was negotiating a prisoner swap.

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Sitting beside Lebanese Prime Minister Fuad Saniora, Annan demanded Hezbollah return two captured Israeli soldiers, whose July 12 abduction touched off the 34-day war, and said Israel must lift its air and sea blockade of Lebanon.

Although Annan was critical of both sides, he also said the agreement provided a chance for a long-term peace. As the cease-fire held for the 15th day, neither side looked like it wanted to resume large-scale hostilities.

But the U.N. chief cautioned the road ahead would be long, and pledged the international community's support. As part of that support, Italy and Turkey moved to join the U.N. peacekeeping force in southern Lebanon.

Annan also said the U.N. force, which is to grow to 15,000 soldiers, will not try to disarm Hezbollah guerrillas.

"Down the line ... there will have to be disarmament, but it's up to the Lebanese government and people to resolve themselves," Annan said. "The (peacekeepers) are not going to go house to house searching for weapons. This is not their responsibility."

Annan was booed by residents as he toured the devastated Dahiyeh neighborhood in the Hezbollah stronghold of south Beirut. He was greeted by giant posters with photographs of Hezbollah chief Hassan Nasrallah and one that had a caricature of Secretary of State Condoleezza Rice with vampire's teeth and blood dripping from the mouth.

The U.N. chief, accompanied by Saniora and a Hezbollah legislator, walked for about 50 yards before the protest became noisy and unfriendly. Annan got back into a car, which drove slowly through the assembled residents with security men running alongside.

Geir Pedersen, Annan's personal representative, was pushed into another car in the motorcade by a bodyguard after some in the crowd mistook him for Jeffrey Feltman, the U.S. ambassador to Lebanon.

Earlier, Annan issued an unexpectedly blunt assessment of the cease-fire and its implementation by Israel and Hezbollah.

"It's a fixed menu. ... It's not an a la carte menu where you choose and pick," he said at the end of the first day of his 11-day Mideast swing that will include stops in Iran and Syria, the main backers of Hezbollah.

It was not known what Annan would discuss with the leaders of Syria and Iran, but it would be extremely difficult for Lebanon to disarm the Shiite guerrillas of Hezbollah without the agreement and participation of those two governments.

Israel responded quickly and negatively to Annan's call for an end to the blockade, which is intended to keep arms from being shipped to Hezbollah.

An official in the office of Prime Minister Ehud Olmert reiterated that the blockade will remain until the international force takes up positions along Lebanon's borders and entry points. He said Hezbollah continues to try to smuggle weapons into the country.

"Once the international forces are fully in place and they're able to prevent the smuggling of weapons to Hezbollah, there will be no need for the air and naval blockade," said the official, David Baker.

Although aimed at Hezbollah arms shipments, the blockade also is hindering shipments of food, fuel and other goods to Lebanon.

Annan has said the Lebanese army could handle policing the Syrian border on its own and it would be unprecedented for a peacekeeping force to be deployed along a border shared by countries that have not been at war. Syrian President Bashar Assad has said the deployment of international troops would be considered a "hostile" act.

In Israel, Olmert announced an inquiry into the war, hoping to dispel criticism among Israelis that the army and government bungled the campaign. But he ignored demands for an independent probe with the authority to dismiss top officials.

His decision was likely to enrage critics who say Olmert and other top officials should be the focus of the investigation, not overseeing it.

Israel has said a resolution of the conflict must include the release of the two soldiers captured by Hezbollah militants in a cross-border raid that triggered the conflict last month.

Israel's foreign minister, Tzipi Livni, said that unless the issue of the two soldiers was resolved, "the whole thing is of little significance."

"Our sovereignty has been infringed and if this resolution does not make that good, then we still have this problem," she said in Germany.

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Livni's talks in Germany included discussion of efforts to get the soldiers released, German Deputy Foreign Minister Gernot Erler said. Germany has mediated past prisoner exchanges between Hezbollah and Israel.

"It is well known that Germany has possibilities ... to help free these captured and kidnapped Israeli soldiers," Erler said.

Annan said in Beirut that as a first step, the captured soldiers could be transferred with Red Cross involvement to the government of Lebanon or a third party, and offered U.N. assistance if required.

Meanwhile, Italy's Cabinet approved sending 2,500 soldiers to the peacekeeping mission, and the government approved a $38.4 million aid package for Lebanon.

"In the coming hours we will initiate the complex logistics for the deployment of the Italian forces in the region," Foreign Minister Massimo D'Alema said.

Earlier, the Italian Defense Ministry said a naval task force was already being assembled to move about 1,900 soldiers to Lebanon. They were to include marines and engineering specialists and be off the Lebanese coast by Friday.

Turkey, the only Muslim member of NATO and a country with close ties to both Israel and Arab states, took a step closer toward joining the peacekeeping force. Turkey has not said how many troops it could send, but the presence of Muslim soldiers in the force is regarded as crucial to gaining its acceptance in Lebanon.

Turkey's Cabinet called Monday for sending troops to Lebanon and said parliament would be convened soon to vote on the measure.

But in Lebanon, the spiritual leader of the Armenian Diaspora, Catholicos Aram I, released a statement calling Turkish participation in a peacekeeping mission "morally unacceptable." Armenians want modern Turkey to recognize atrocities committed by its Ottoman predecessors. The Armenians estimate they lost 1.5 million people in massacres or forced marches in Word War I.

Annan Calls For Release Of Israeli Soldiers (FT)

By Roula Khalaf And Sharmila Devi

Financial Times, August 29, 2006

Kofi Annan, the UN secretary-general, on Monday pledged to work for a lifting of Israel's air and sea blockade on Lebanon and called on Hizbollah to hand over the two captured Israeli soldiers to the Red Cross, the Lebanese government or a third party.

On the first leg of an ambitious Middle East tour intended to shore up the fragile two-week UN-brokered ceasefire between Israel and Lebanon's Hizbollah group, Mr Annan unexpectedly held separate talks with two Hizbollah officials who are ministers in the Lebanese government, including Mohamed Fneish, a senior party member.

But when he toured the devastated areas in the southern Beirut suburbs, Mr Annan was booed by some of the group's supporters who held pictures of Hassan Nasrallah, the Hizbollah chief.

In a press conference with Fouad Siniora, the prime minister, Mr Annan insisted the buffer zone in which international troops are starting to deploy this week should be demilitarised. "In Lebanon there should, as we have all agreed, be one law, one authority, one gun," he said.

In comments that will reassure the Lebanese government, he made clear that the disarmament of Hizbollah , the Shia militant group, could only be achieved through internal dialogue between Lebanese political parties – and not by force.

Mr Annan also clarified that UN forces would not deploy along the Lebanese-Syrian border – a move raised by Israel but hotly objected to by Damascus, adding to tensions in Lebanon.

He declared that he was satisfied with Lebanese government efforts to secure the border with new equipment and training.

Mr Annan, who travels to Israel on Wednesday and visits Syria and Iran, Hizbollah's two backers, later in the week, said he would press Damascus to control its side of the border.

He stressed that UN resolution 1701 required neighbouring countries to prevent supplies of weapons to non-state entities, a reference to Hizbollah.

Lebanese officials say the group receives military hardware from Iran through Syria, charges denied by Damascus and Tehran.

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Mr Annan also indicated that he would raise the thorny issue of the Shebaa Farms area with Israel and Syria. The strip of Israeli-occupied border land is claimed by Lebanon but Israel insists that it belongs to Syria.

Government officials in Beirut consider an Israeli withdrawal from Shebaa as an essential step to remove Hizbollah's justification for continued armed struggle and convince the Shia movement to disarm or integrate with the Lebanese army.

A senior Israeli government official said yesterday there was unlikely to be progress on this issue until Damascus and Beirut were in agreement.

"We don't want to do anything that could be seen as a victory for Hizbollah terror."

¦Ehud Olmert, the Israeli prime minister, on Monday announced an inquiry into the Lebanon war, but stopped short of ordering an independent investigation, agencies report.

Mr Olmert's choice avoids the prospect of high-level resignations that an independent probe could have brought.

In a speech in the northern city of Haifa, he said the Israeli government did not have the "luxury" to spend long periods of time investigating the past.

The decision could generate heavy criticism as the public has been calling for a serious investigation into the war.

Annan Has Stern Words For Israel, Hezbollah (LAT)

By Borzou Daragahi

The Los Angeles Times, August 29, 2006

BEIRUT — United Nations Secretary General Kofi Annan said today that both Israel and the Hezbollah militia must come into quick compliance with the terms of a shaky cease-fire, demanding the release of Israeli soldiers captured by the armed Shiite group and the lifting of the air, sea and land blockade imposed by the Israeli military.

Annan, here at the start of an 11-day tour of the Middle East, said that the soldiers taken in a July 12 raid by Hezbollah must be freed and possibly handed over to a third party such as the International Committee of the Red Cross.

He also said the U.N. is "working for the lifting of the siege," which was referred to in the Security Council resolution that ended the fighting two weeks ago.

Annan warned that failure by either party to abide by the terms of the Security Council resolution could restart the fighting.

"It's a fixed menu," Annan said in response to complaints from both Israel and Hezbollah about the other side's noncompliance with the resolution. "It's not a smorgasbord or an la carte where you can pick and choose."

The conflict between Israel and Hezbollah left more than a 1,000 civilians dead on both sides, severely damaged civilian infrastructure in Lebanon and drained the economies of both Israel and Lebanon.

Hezbollah leader Sheik Hassan Nasrallah in a Sunday night television interview all but admitted that his organization was guilty of gross miscalculation in launching the raid, saying he would have never allowed the operation if he had known it would have wrought so much damage.

The monthlong conflict has reinvigorated domestic and international calls for the disarming of Hezbollah. The group used Iranian and Syrian support to build itself into a formidable army as well as a political party and social services organization during the 18 years that Israeli occupied southern Lebanon. It continued to arm after Israel's withdrawal from the country six years ago.

Annan reaffirmed that the thousands of international peacekeeping troops that the U.N. plans to send to southern Lebanon would have the authority to defend themselves and civilians, but would not actively disarm Hezbollah or any other militiamen.

"This is something that the Lebanese government and people are going to have to resolve," he told reporters at the press conference, held beneath stained glass windows and ornate chandeliers in a cavernous ballroom inside the government headquarters, called the Serai.

U.N. Security Council Resolution 1701, which put in place a cessation of hostilities, calls for the "unconditional release of the abducted Israeli soldiers" captured in a cross-border raid by Hezbollah fighters — the move that sparked the 34 days of fighting.

The resolution also calls for Israel and Lebanon to respect their border and for Israel to remove the air, sea and land blockade it has imposed on Lebanon since the early days of the conflict.

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Despite Annan's appeal, Israel gave no sign that it plans to lift the blockade so long as there are no provisions preventing the rearming of Hezbollah.

"Israel maintains that the air and naval blockade are necessary until the international forces are deployed in order to prevent weapons smuggling to Hezbollah," said David Baker, an official in the office of Israeli Prime Minister Ehud Olmert.

At the end of the press conference, a reporter asked whether Annan knew the whereabouts of the detained Israeli soldiers, eliciting chuckles from the assembled politicians and U.N. officials.

"That's the $10-million question," said Lebanese Prime Minister Fouad Saniora.

Annan Urges Release Of Captured Israelis (WP)

By Edward Cody

The Washington Post, August 29, 2006

BEIRUT, Aug. 28 -- U.N. Secretary General Kofi Annan urged Lebanese leaders Monday to work for the swift release of two Israeli soldiers held captive, saying their return home was imperative to stabilize a two-week-old cease-fire on the border with Israel.

Annan said he was working to persuade Israel to lift the air and sea blockade of Lebanon and complete a military withdrawal from the southern border zone, two key Lebanese demands. But he said Lebanon had its own obligations under the Security Council resolution that ended 33 days of warfare, in particular the release of the prisoners.

"It is a fixed menu," he said of the cease-fire resolution. "It is not a buffet where you can take what you want."

The reminder from Annan, who is on a two-day visit to this battle-scarred country, dramatized the difficulty of trying to reach all the goals outlined in the U.N. resolution. Although the resolution makes Prime Minister Fouad Siniora and his government responsible for the two soldiers' fates, they are held by Hezbollah, the militant Shiite Muslim movement that is part of the government but independent in its decisions.

The Hezbollah leader, Hasan Nasrallah, said in a televised interview Sunday evening that U.N. and Italian officials had initiated contacts to try to arrange a prisoner exchange with Israel. He did not reveal whether the contacts had produced any fruit. But Hezbollah officials said arranging such an exchange was the main reason they staged the July 12 raid during which the two soldiers were seized -- and which set off the war.

Annan said that the two soldiers should be turned over to the International Committee of the Red Cross and that the United Nations would be ready to play whatever role was asked of it. "We must also address the issue of all the other prisoners," he added, referring to the Lebanese held by Israel whose release is demanded by Hezbollah.

German intelligence officials have arranged such exchanges in the past, and Lebanese officials have expressed confidence that a new exchange could be arranged within a short time. But the final decision on terms, they recognized, rests with the Hezbollah leadership.

Annan also conferred with Mohammed Fneish, a Hezbollah minister in Siniora's government, and Nabih Berri, speaker of the Lebanese parliament and Siniora's conduit for contacts with Nasrallah. Berri, a fellow Shiite and an ally of Hezbollah in parliament, was identified by Nasrallah as the man in charge of contacts for the prisoner swap.

Hezbollah followers booed Annan and Siniora as they toured the badly damaged Dahiya suburbs south of Beirut on Monday evening, waving posters of Nasrallah and causing concern among Annan's security guards as they trotted alongside his vehicle. The protest reflected anger at what many Hezbollah followers -- and other Lebanese -- feel was an unconscionable delay in reaching a cease-fire while Israeli warplanes pounded their neighborhoods.

Annan also promised the swift arrival of European troops to reinforce the U.N. peacekeeping corps along the border. Israel has demanded that foreign peacekeepers be deployed before it will lift the blockade, under which the Israeli military controls air and sea traffic in and out of Lebanon.

The 2,000-member United Nations Interim Force in Lebanon, or UNIFIL, has been in place for 28 years, but it was judged inadequate for the new truce-monitoring mission because of a lack of manpower and a limited mandate. As a result, the U.N. cease-fire agreement stipulated that 15,000 Lebanese army troops be deployed along the border under the aegis of UNIFIL, which would itself be enlarged to a total of about 15,000 troops.

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About three brigades of Lebanese soldiers, totaling up to 5,000 men with aging Panhard and M113 armored personnel carriers, have pulled into the border hills and asserted authority in southern Lebanon for the first time in a generation, according to Lebanese officials, and more are on the way. Three soldiers were killed last week while trying to dismantle unexploded Israeli ordnance.

In addition, the officials said, Lebanese soldiers and paramilitary Internal Security Forces personnel have strengthened controls along the northern and eastern borders with Syria. Last week, the military seized a truck driven by Hezbollah activists carrying explosives across the border from Syria, according to a reliable Lebanese source.

"We are fully committed to full control in the south as well as at all points of entry along the border," Siniora said at a joint news conference with Annan.

But Israeli officials have made it clear the Lebanese army deployments alone will not suffice to allay their concerns about weapons and other supplies reaching Hezbollah fighters through Syria. Iran has been Hezbollah's chief supporter, with Syria the main transit point for supplies, funds and weapons.

At a meeting Friday in Brussels, Italy pledged to send 3,000 soldiers, France pledged to send 2,000 and several other European nations pledged to send varying numbers. Together, that would bring the total European contribution to between 5,600 and 6,900, which Annan called the "backbone" of a reinforced UNIFIL.

The Italian cabinet formally approved Italy's participation Monday, and four ships were set to depart Tuesday with about 1,900 military personnel and heavy equipment, according to Cmdr. Roberto Tomsi, a spokesman for the Italian Defense Ministry.

The Italian troops, who are scheduled to arrive off Lebanon by the weekend, will be the first substantial reinforcements for the UNIFIL troops. About 200 French military engineers arrived last week, preparing for the arrival of the main French troop contingent, scheduled to be in place next month.

Annan Booed By Hezbollah Supporters In Lebanon (MCT)

By Hannah Allam

McClatchy Newspapers, August 29, 2006

BEIRUT, Lebanon - Throngs of Hezbollah supporters booed U.N. Secretary-General Kofi Annan and blocked him from touring a devastated suburb of Beirut on Monday, underscoring the difficulties ahead for Lebanon to become what Annan has envisioned as "one law, one authority, one gun."

Beirut was Annan's first stop on an 11-day tour of the Middle East to shore up the fragile truce between Israel and Hezbollah militants after a monthlong conflict that killed at least 1,000 Lebanese and demolished swaths of the country. Annan also renewed calls for Israel to lift its air and sea blockade on Lebanon, and for Hezbollah to free two Israeli soldiers whose abduction July 12 provoked the fighting.

The United Nations chief expressed optimism about the speedy expansion of a peacekeeping mission along Lebanon's volatile border with Israel, starting with an initial deployment of 3,500 troops for a force expected to grow to 15,000. He said the role of the peacekeepers would be to help the Lebanese government reclaim authority over the country.

On Monday, Italy's Cabinet approved sending 2,500 troops to Lebanon.

Turkey's Cabinet also voted to send peacekeepers, becoming the first Muslim country that has relations with Israel to make such an offer. The Lebanese army is expected to have another 15,000 soldiers along the border once Israel fully withdraws from southern Lebanon, as called for in the U.N.-brokered cease-fire agreement.

"According to the resolution there should be no other arms in the south except those of the Lebanese army and the international forces," Annan said.

Annan, at a news conference alongside Lebanese Prime Minister Fuad Saniora, added that diplomacy - not force - was the best way to disarm Hezbollah.

Annan had planned to end his day trip with a tour of Haret Hreik, a Hezbollah stronghold in Beirut's south suburbs where Israeli airstrikes flattened several blocks of businesses and apartment buildings during the recent conflict. But angry residents rejecting calls for Hezbollah to disarm swarmed Annan's motorcade. Booing and shouting, many held photos of Hezbollah leader Hassan Nasrallah, and at least one waved a caricature of Secretary of State Condoleezza Rice as a vampire.

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Annan stepped out briefly, but the crowd moved closer and his bodyguards bundled him back into his car.

"The people feel he's responsible and the U.N. - whom he represents - is responsible for what happened," said Jalal Nour, a Hezbollah volunteer whose computer shop in the suburbs was destroyed by Israeli airstrikes. "The U.N. gave the cover for Israel to do what they did. People acted spontaneously, out of anger."

That type of reaction is exactly what many nations fear as they decide whether to add their troops to the new peacekeeping mission, which could be caught in the crossfire if another conflict erupts. Annan said that at least 300 U.N. troops had been killed since the existing international force, known as UNIFIL, deployed to Lebanon in 1978.

U.N. officials played down the incident, saying Annan was able to walk around.

"It wasn't supposed to be more than 10 minutes, but maybe it was nine because of security concerns," said U.N. spokesman Maher Nasser, who was part of Annan's convoy.

However, a McClatchy photographer's shots of the scene, as well as TV news footage, show that the motorcade exited hastily after it was mobbed.

"We are not the enemy to either side, and they should be careful not to shoot at us," Annan said.

In Turkey, where the parliament will convene next week on sending troops, many fear a violent backlash if the Muslim nation is perceived as acting in the interests of Israel. Turkey ruled Lebanon for centuries under the Ottoman Empire and is predominantly Sunni Muslim; southern Lebanon is almost entirely Shiite Muslim and effectively controlled by Hezbollah.

Timor Goksel, a Turkish national and the former head of the U.N. peacekeeping mission in southern Lebanon, noted that Turkish forces have served in other Muslim conflict zones, such as Afghanistan and Bosnia. He said Hezbollah, Israel and Syria all had shown support for a Turkish presence in south Lebanon but that many Turkish officials still sought clear rules of engagement and mechanisms for self-defense.

While in Beirut, Annan met with the Lebanese parliament speaker Nabih Berri, a close ally of Hezbollah, as well as a Hezbollah member of the Cabinet. Annan's regional tour is expected to include stops in Israel and in Iran and Syria, Hezbollah's biggest allies in the region.

Fort Worth Star-Telegram reporter Leila Fadel contributed to this report from Beirut.

Lebanon Insists It Can Control The Syrian Border By Itself (NYT)

By Warren Hoge

The New York Times, August 29, 2006

BEIRUT, Lebanon, Aug. 28 — Prime Minister Fouad Siniora said Monday that Lebanon could control its border with Syria without the assistance of international troops and had already confiscated illegal arms in the south.

In an interview in his Ottoman-era offices in downtown Beirut, Mr. Siniora said that he had deployed 8,600 Lebanese Army soldiers along the border and that he had accepted an offer from Germany for technical equipment and training to help prevent the entry of unauthorized weapons into Lebanon.

“The army will confiscate every piece of weapon that it finds, and that is what is happening now, in a firm but friendly manner,” he said.

The control of the border has emerged as a major concern in the international effort to dismantle the Hezbollah militia in southern Lebanon and to prevent its re-establishment with weaponry coming in from Syria.

The United Nations Security Council resolution that ended the fighting between Hezbollah and Israel two weeks ago calls for an embargo on arms not authorized by Lebanon.

Bashar al-Assad, the president of Syria, said last week that he would close the border, isolating Lebanon, if Beirut stationed foreign troops there. While Mr. Siniora made no direct reference to the threat, he explained that one reason he was discouraging the placement of United Nations soldiers at crossing points was that “we don’t want to make new issues.”

“The use of guards is not very helpful,” he said. “It will complicate the picture without achievement or benefit.”

He said the Lebanese Army was authorized to enter any premises it wished to.

“There are no restrictions on where the army can go,” he said.

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He also contended that putting weapons out of sight, the survival tactic that is often ascribed to Hezbollah, would not be tolerated.

"There will be no appearances of any armed presence, whether it's hiding weapons or wearing clothing" of a military character, he said.

He declined to describe what kind of arms had been intercepted other than to call them "serious weapons."

"Our policy is not to announce," he said.

The interview preceded a meeting of Lebanese officials to discuss the stabilization of southern Lebanon with the United Nations secretary general, Kofi Annan, who arrived here on Monday at the start of an 11-day trip to the Middle East.

Mr. Annan said he would ask Syria at his stop in Damascus later this week to police its own border with Lebanon to prevent smuggling.

"It is important that the borders are protected and there are no attempts to rearm," Mr. Annan said at a news conference with Mr. Siniora. "Lebanon has seen too much conflict. There are too many arms in the country. We don't need any more."

Mr. Annan said at a meeting of the cabinet that he would urge Syria, a country that once dominated Lebanese political life, to set up diplomatic ties with Beirut.

In addition to meeting Mr. Siniora, Mr. Annan held talks with the Parliament speaker, Nabih Berri, a central ally of Hezbollah, and Mohammed Fneish, one of the two Hezbollah ministers in the cabinet.

In a more confrontational encounter with Hezbollah, Mr. Annan was heckled and jostled in an afternoon visit to a badly bombed Shiite stronghold in the southern suburbs.

Protesters chanted Hezbollah slogans and angrily waved posters of Sheik Hassan Nasrallah, the group's leader, as Mr. Annan and a crush of security men and aides moved through a World War II tableau of muddy streets lined by collapsed and soot-scarred apartment buildings.

Mr. Siniora said it was impossible to disarm Hezbollah by military means, and Mr. Annan, speaking at the news conference, agreed. "Let's not kid ourselves and say the only way to disarm militias is by force," he said.

Mr. Siniora said he hoped to see Hezbollah fighters incorporated one day into the Lebanese military.

Mr. Annan said he wanted the two Israeli soldiers whose capture by Hezbollah guerrillas set off the 34-day war with Israel to be released either under Red Cross auspices or to the Lebanese government. He offered to broker the transfer.

Mr. Annan said he was impressed with steps taken by the Lebanese government to police its borders, but Tzipi Livni, the foreign minister of Israel, Mr. Annan's next stop, said Monday in Berlin that international intervention was essential.

"Without this international help, Hezbollah cannot be disarmed and Siniora in Lebanon can't do much," she said. "Therefore it's clear we need this help to create a normal Lebanon, a Lebanon that can also live in peace."

Israeli PM Authorizes Limited War Probe (AP)

By Josef Federman, Associated Press Writer

AP, August 29, 2006

Prime Minister Ehud Olmert announced an inquiry Monday into the war against Hezbollah in Lebanon, hoping to dispel criticism that the army and government bungled the campaign but falling short of demands for an independent probe with the authority to dismiss top officials.

The decision was likely to further enrage critics who say that Olmert and other top officials should be the focus of the investigation, not overseeing it.

Olmert said he understood that authorizing an external probe would have been politically expedient. "But this is not what the country needs," he said.

"We do not have the luxury of sinking into years of investigations into the past," he added. "What we need is an effective, professional inquiry, to examine the issues in depth, draw conclusions and learn lessons."

He also said a lengthy probe could paralyze the army, and he did not want to subject it to a "collective flogging."

The Israeli public has been clamoring for a serious investigation into the 34-day war, launched July 12 hours after Hezbollah guerrillas killed three Israeli soldiers and kidnapped two others in a cross-border raid.

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The government has been criticized for accepting a U.N.-brokered cease-fire without crushing Hezbollah or winning the release of the two captives.

Soldiers returning from the fighting in Lebanon have complained about confused battle plans, poor training and shortages of food, water and equipment. The deaths of 33 soldiers in a last-minute ground offensive just before a truce took hold — along with news that the army chief sold his stock portfolio in the early hours of the fighting — have only deepened the public outrage.

In his speech, Olmert defended the war, saying Israel inflicted heavy damage on Hezbollah. He described the cease-fire, which calls for a beefed-up international force to help police the border, as a major diplomatic success.

He also said the ground offensive, launched just as the cease-fire agreement was taking form, was "inevitable," despite the heavy Israeli casualties. He said the offensive put pressure on the United Nations to approve the cease-fire.

But, taking responsibility for the decision to go to war, Olmert conceded "not everything is good."

He said Israel failed to prevent Hezbollah from launching thousands of Katyusha rockets into Israel and said he felt "indescribable sorrow" for the deaths of Israelis.

Noting the two soldiers remain in Hezbollah captivity, he said: "The government of Israel and I, at its head, will spare no effort to get them and bring them home."

"We did not always achieve the results we hoped for. Not everything worked. There were incidents. There were deficiencies. There were also failures," he said.

The investigatory commission will be headed by Nahum Admoni, who headed Israel's Mossad spy agency during the 1980s. Legal experts and former military men will also be on the panel, Olmert said.

Olmert said the commission will be charged with "examining the performance of the government, its proceedings and decision-making and anything else it sees fit. The government will not be exempt from professional examination and criticism."

Olmert said a second panel, headed by Israel's state comptroller, will look at management of the civilian side of the war, such as delivering aid to northern towns hit by rocket fire.

The committees will work alongside a third investigation, appointed by Defense Minister Amir Peretz, to look into the military's handling of the war. That committee, headed by a former army chief and comprised of ex-military men, has been criticized as toothless. It suspended work after just one meeting, waiting for guidance from Olmert.

Critics have been demanding a full-blown state inquiry, with the authority to fire officials. Israel has carried out such inquiries after past crises, including the 1982 war in Lebanon. That probe led to the dismissal of then-Defense Minister Ariel Sharon.

Soldiers returning from Lebanon and parents of those killed in battle have been among the most vocal critics. Hundreds of reservists have signed a petition calling on Olmert, Peretz and others to step down, and a small group of reservists has launched an open-ended protest outside Olmert's office in Jerusalem, demanding his resignation.

Lior Dimanez, one of the leaders of the reservists' protest movement, said the new investigation was not sufficient. "It's unthinkable that those to be questioned will appoint the interrogators," he told Israel TV. "It's simply a continuation of the spin, the spin that started with the war and is continuing now."

Olmert Orders Limited War Probe (WP)

By Scott Wilson

The Washington Post, August 29, 2006

JERUSALEM, Aug. 28 -- Prime Minister Ehud Olmert announced Monday the formation of two government committees to investigate the handling of Israel's military campaign in Lebanon after ruling out a review by an independent state commission as "not what the country needs."

Speaking in Haifa to municipal officials from northern cities hit hard during the recent fighting, Olmert defended his expansion of the ground operation against the Shiite militia Hezbollah in the final days before a U.N.-brokered cease-fire took effect. The drive resulted in heavy Israeli casualties, but Olmert said it was essential to secure a cease-fire on Israel's terms. He argued that with Hezbollah pushed back from Israel's northern border, hundreds of its fighters dead and its headquarters in south Beirut battered, Israel was largely successful in achieving its goals.

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"So is everything good? No," Olmert said, adding that his job now is "to fix everything that needs fixing."

Olmert acknowledged that the 33-day war resulted in "big losses" for Israel while failing to stop rocket fire from south Lebanon or free two Israeli soldiers whose July 12 capture by Hezbollah guerrillas in a cross-border raid triggered the fighting. The Israeli military said 117 soldiers died in combat, while 41 Israeli civilians were killed.

"The responsibility for the decision to go to war -- to respond with military might, not to be silent about harm to our soldiers, our civilians and our sovereignty, as well as the responsibility for the outcome of this war -- is mine," Olmert said.

Some Israeli political leaders have called for a formal state "commission of inquiry" to investigate the government's war management, like past ones that examined cases of large-scale official corruption and other controversies, including Israel's role in the 1982 massacres in the Sabra and Shatila refugee camps in west Beirut. Such commissions have subpoena powers and their final recommendations are binding, including those calling for the dismissal of top officials.

But Olmert said a state commission would take too long and force Israel's security establishment into a defensive crouch at a time when it should be concentrating on continuing threats from Hezbollah and its chief sponsor, Iran. The most likely candidates to head a state commission would be senior justices of Israel's high court, who Olmert's advisers reportedly fear would recommend his removal from office.

Instead, Olmert announced that he would appoint two government panels. One will examine the government's handling of the war and will be headed by Nahum Admoni, former director of the Mossad, Israel's intelligence service. The other panel will examine the military's performance and be led by Amnon Lipkin-Shahak, a former Israeli army chief of staff.

Olmert Opts For Internal Inquiry Into War (WT)

By Joshua Mitnick

The Washington Times, August 29, 2006

TEL AVIV -- Israeli Prime Minister Ehud Olmert yesterday rejected calls for a "state" investigation with the power to oust him and members of his Cabinet for missteps in the Lebanon war, opting for an internal investigation with a far weaker mandate.

Mr. Olmert said a formal state commission of inquiry -- similar to those that brought down a prime minister, senior officials and military officers after wars in 1973 and 1982 -- would paralyze the government and the army for months. Instead, Mr. Olmert said he would appoint a panel of investigators.

"We must prepare for the Iranian threat and the rest of Israel's enemies," he told mayors of cities and towns in northern Israel that were heavily damaged during the monthlong war that ended with an Aug. 14 cease-fire.

"We don't have the luxury of getting bogged down in investigating the past," he said in Haifa.

The decision was attacked by politicians on the right and left as an effort by Mr. Olmert to duck the threat of a forced resignation for his role during the war.

"It's illogical that the prime minister would appoint a panel that will investigate him," the right-wing Likud Party said. "Only a state commission of inquiry can bring about a truthful investigation in which the lessons which are so important to Israel's security can be drawn."

Avshalom Vilan, a parliament member from the left-wing Meretz party, said the public would never accept Mr. Olmert's decision.

"He will be left with no other choice but to appoint a state commission of inquiry," Mr. Vilan said.

He added that the panel "won't see out its days. It looks like an effort to blur the whole thing."

Angry reservists, who fought under confusing and sometimes contradictory orders and without adequate supplies of food and water, have called on Mr. Olmert, Defense Minister Amir Peretz and Army Chief of Staff Dan Halutz to resign.

Mr. Olmert also was hit with an unrelated scandal yesterday, with the release of a state comptroller's report accusing him of appointing cronies to government positions when he was labor minister.

Israeli state commissions of inquiry, which are led by retired Supreme Court justices, must be appointed by the Cabinet, have subpoena and investigative powers, and usually sit for months.

And although they can issue only advisory opinions regarding dismissal of politicians, the conclusions carry considerable political weight.

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A state commission prompted the resignation of Prime Minister Golda Meir after the 1973 Yom Kippur War, and another such commission forced the resignation of Defense Minister Ariel Sharon after the 1982 invasion of Lebanon.

The panel announced by Mr. Olmert yesterday would be led by former Mossad chief Nahum Admoni.

Mr. Peretz said two weeks ago that he would set up his own panel -- led by a former chief of staff -- to investigate the military.

Mr. Olmert's decision shifts the fate of the state investigation onto the shoulders of a hodgepodge of politicians, civil advocates, reservist soldiers and bereaved relatives of troops, all of whom called for the more formal inquiry.

Forcing the prime minister to reverse the decision would require a large protest in the coming days, which looks uncertain.

In recent days, demonstrations by reservists against Mr. Olmert have started to lose steam.

Turkish Cabinet Approves Mideast Troops (AP)

By Louis Meixler, Associated Press Writer

AP, August 29, 2006

Turkey, the only Muslim member of NATO and a country with close ties to both Israel and Arab states, moved closer Monday to agreeing to send troops to Lebanon, while Italy approved 2,500 troops in a boost to an expanded international force.

The Italian deployment will be a major step toward the U.N. goal of 15,000 soldiers. Turkey has not specified how many troops it could send, but the presence of Muslim soldiers in the force is seen as crucial to its acceptance in Lebanon.

Diplomats from 35 nations, including Turkey, Italy and France, planned to meet with U.N. officials in New York Monday to discuss the peacekeeping force.

U.N. spokesman Stephane Dujarric said the United Nations hoped governments would use the meeting to make concrete offers and give a better sense of the exact composition of the mission.

Italian troops would be deployed in two phases, Defense Minister Arturo Parisi said. In September and October, Italy plans to have an initial 1,000 troops on the ground in southern Lebanon, and the rest on an aircraft carrier and four other ships.

The last two months of the year will see about 2,450 troops on the ground and the rest on ships, he said.

The government also approved a $38.4 million aid package for Lebanon.

The decree must be approved by Parliament, where it is expected to pass. Parisi indicated the vote could happen as early as next week.

The Turkish Cabinet said Monday that parliament would be convened soon to vote on the government's call for sending troops to Lebanon.

The government holds a strong majority in parliament but there is growing opposition to the deployment of Turkish peacekeepers. In 2003, the government was rebuffed by its own legislators, who helped defeat a parliamentary motion to allow in U.S. troops for an Iraq invasion.

"In principle, we've decided to join the U.N. peacekeeping mission," Turkish government spokesman Cemil Cicek said. "We will be completing our study by tomorrow and we will ask for the parliament to reconvene in the shortest time."

Many in Turkey fear the soldiers could come into conflict with fellow Muslims. Several lawmakers of the governing Justice and Development Party have already expressed opposition to the proposal.

Government officials have said the deployment is a critical move to boost Turkey's influence in an area Turks ruled for 400 years during the Ottoman Empire and that Turkey regards as its own backyard.

"As the government, we think Turkey's interests lie in supporting this mission," Cicek said.

The United States, the European Union and Israel have all been pressing Turkey to send troops. Israel has said it would welcome the Turkish soldiers and many fear that without Muslim soldiers, Lebanese may look at the peacekeepers as a Christian force.

Cicek said the size and composition of the Turkish contribution would be determined by the military. "They've already been working on such details," he said.

Turkish officials have been debating the issue, saying they want more information on where the soldiers would serve and under what circumstances they could use force.

They have also stressed that Turkish peacekeepers would not disarm Hezbollah militiamen.

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It is "out of the question for the mission to be directly responsible for disarming Hezbollah. Turkey won't be part of such an effort. We've made that clear," Cicek said.

Opposition to sending peacekeepers got a boost Friday when President Ahmet Necdet Sezer, who holds a ceremonial post but wields considerable influence, came out strongly against the deployment, saying it was not Turkey's "responsibility to protect the interests of other countries."

State Department Surprised By Hezbollah (AP)

AP, August 29, 2006

The State Department says it was surprised by Hezbollah leader Sheik Hassan Nasrallah's statement that he would not have ordered the abduction of two Israeli soldiers if he had known it would lead to a large war.

"It was a surprising statement for somebody who launched a war to say that he regretted launching that war," department spokesman Sean McCormack said Monday.

"It is, in fact, what we have warned and the world has warned against," McCormack said. "That is, allowing a state within a state such as Hezbollah to drag an entire sovereign nation (Lebanon) and region into a pit of violence, which is what Hezbollah and Nasrallah did."

He said the United States expects Hezbollah to be disarmed, as twice demanded by the U.N. Security Council.

"The how and the when of that is something for the Lebanese government and the Lebanese people to decide," McCormack said.

In War's Dust, A New Arab 'Lion' Emerges (CSM)

By Dan Murphy

The Christian Science Monitor, August 29, 2006

CAIRO

To most of the Arab public, the debate over who won the war between Israel and Lebanon's Hizbullah is already settled.

Hizbullah leader Hassan Nasrallah is being feted through song in Syrian nightclubs and on Palestinian radio. In Egypt, his name is being given to babies. On Baghdad streets, posters celebrate his "victory." Islamist and secular groups are united in declaring Mr. Nasrallah the new "lion" of Arab causes.

The long-term political fallout of this euphoria over Hizbullah's ability to withstand Israel's superior firepower is still uncertain. In Lebanon, suffering brought by the war has seen support for Hizbullah split along sectarian lines. But there are signs that opponents of authoritarian regimes in the region have been emboldened by Hizbullah's actions, linking their struggles against their own states to the Lebanese guerrillas' fight with Israel.

What's more, the perception of Nasrallah as the Arabs' new champion - replacing secular leaders of the past like Yasser Arafat - has accelerated the regional shift of support to Islamist leaders seen as less corrupt than their secular counterparts.

The biggest boost to Nasrallah's popularity appears to be among Palestinians and Syrians.

Alaa Abul Heijah, the leader of Firkat Ishaman, a band in the West Bank city of Jenin, says that he decided to write a tribute to Nasrallah after watching footage of Israel's attack on the village of Qana. The result was a song that dubs Nasrallah "the Hawk of Lebanon," and has quickly become one of the more popular war songs.

In Damascus, posters of Nasrallah with young children or of Nasrallah flanked by Syrian President Bashar al-Assad and Iranian President Mahmoud Ahamdinejad, adorn shops and cars. Singers have even brought the "resistance" into popular nightclubs where alcohol flows and Syrians dance to popular songs found throughout the Arab world.

To be sure, Sunni Syrians and Palestinians aren't necessarily enamored of the hard-line Shiite alliance of Iran and Hizbullah. Some see them as outsiders who use the Palestinian cause to further their own interests. Abdel Majid Sweilem, a political-science professor at Al Quds University in Jerusalem, says many Palestinians feel caught in the middle of the Iran-US standoff. "We don't want to be in the Iranian coalition, but we don't want to be involved in the American'" one either, says Mr. Sweilem.

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But for most Palestinians, little seems to dampen their elation at what's perceived as a victory against Israel through mere survival. Omar Shaban, a Gaza-based political analyst, says Hizbullah's endurance is the closest thing Arabs have had to a victory against Israel in decades. Nasrallah "is an example of a leader who Palestinians are dreaming of," says Mr. Shaban.

That's a feeling shared by many Arabs. "He is the first leader to really defeat Israel. He does not live in palaces or drive a Mercedes. He lives with the fighters and the people," says Mahmoud Mahrouf, a high school teacher in Cairo. "Nasrallah is the only true Arab leader today."

While much of the visible support falls into the category of Arab kitsch, there are signs that Nasrallah's rise in the region will translate to a boost for opponents of the US and Israel.

According to a recent article by Saad Eddin Ibrahim, chairman of Cairo's Ibn Khaldun Center, a postwar poll by his think tank found that Nasrallah is ranked the most "important" regional leader by Egyptians. Rounding out the top five, in order, are: Iranian President Mahmoud Ahamdinejad, Khalid Mishal of Hamas, Osama bin Laden, and the Muslim Brotherhood's Mahdi Akef.

During the war, Mahdi Akef, the Supreme Guide of the Muslim Brotherhood, the country's most popular opposition movement, made comments of almost unprecedented militancy for an organization that laid down its arms a generation ago.

Pressured by eager young followers, he said the Brotherhood was "ready" to send 10,000 members to fight alongside Hizbullah, and he followed that up with a thinly veiled attack on Egyptian President Hosni Mubarak, accusing "Arab leaders" of abandoning Lebanon to "Israeli aggression."

"If [the Arab leaders] weren't Muslims, we would have killed them, because they are a bigger threat to the nation than Israel itself," Mr. Akef said. His tough talk has been followed by a crackdown; 17 Brotherhood members were arrested last Friday.

Close US allies like Egypt and Saudi Arabia have taken heat from their citizens for not standing with Hizbullah during the war.

While praise remains near unanimous outside Lebanon, recent polling shows more mixed feelings about Nasrallah's militia. A poll released Monday by L'Orien Le Jour, conducted by Ipsos-stat, found that while 84 percent of Lebanese Shiites want Hizbullah to remain armed, 54 percent of Sunnis and 77 percent of Christians want the group disarmed.

The Lebanon Test (WSJ)

By Massimo D'Alema

The Wall Street Journal, August 29, 2006

A 33-day war has left Lebanon with no winners and many losers. The civilian populations -- both Israelis and Lebanese -- paid the heaviest toll. But perhaps this tragedy can be turned toward opportunity.

We are on the right track to seize a rare chance to change the status quo for the better in a crucial part of the Middle East. If fully implemented by the international community, U.N. Security Council Resolution 1701 will help in protecting both Israel's territorial security and the future of a fragile Arab democracy. The foundations for better management of the entire Middle Eastern crisis will then have been set.

Passing the difficult Lebanon test means creating a win-win situation for the Lebanese, the Israelis and the region as a whole. Realizing what is at stake, Italy is seriously committed to its solution -- with humanitarian assistance as well as with a generous offer of troops (3,000) for the new Unifil mission.

What is required to pass the Lebanese test? First, of course, the Lebanese army and the international peacekeeping force, working together in a consistent and sustainable way, must be able to guarantee Lebanon's full sovereignty over its territory. For the central government to gradually acquire the monopoly on the legitimate use of force, the armed militias of Hezbollah will have to disband. This will also benefit Israel's security. Especially after the recent conflict, Israel has to realize that it cannot rely solely on national military resources for its security. And, in fact, Israel has welcomed the deployment of a sizable international force -- incidentally, without U.S. presence on the ground but with European troops and command. The second related step, thus, will be making sure that Israel achieves enhanced security through political agreements with its neighbors, guaranteed by the U.N. and by multinational forces -- an approach to be possibly extended to the Gaza front. Israeli's lifting of the blockade would help humanitarian relief and mutual confidence.

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Thirdly, Hezbollah has to evolve into a purely political and nonviolent movement. Hezbollah has a terrorist track record. It has an armed militia. But it is not a terrorist or militarized organization only. In Lebanon, it is also a political movement, solidly rooted in the Shiite communities, and a main provider of social services. The Lebanese themselves will have to agree on Hezbollah maintaining only the latter role. Hassan Nasrallah's recent self-criticism about the consequences of the war demonstrates the limits of a strategy based on violence.

This crisis did not happen in a vacuum, and the Lebanon test will have to be passed regionally as well as locally. The states and peoples of the Middle East should be consistently encouraged to become responsible stakeholders in the security realm. We welcomed the participation of many Middle East governments to the July 26 Rome Conference on Lebanon, which set the stage for the successive diplomatic initiatives.

Syria, in particular, must choose between being a cooperative stakeholder (by complying with Resolution 1701) or self-isolation.

Resolution 1701 vindicates the assumption that multilateralism can be effective only when the U.S. and Europe are equally interested and willing in making the U.N. work. By offering 7,000 troops to the enhanced Unifil mission, Europe has spelled out its commitment. For the first time Europe takes full responsibility for a security role in the Middle East. After having long been a "payer" of economic assistance, the EU shows willingness to become a "player." This very fact will change the perceptions of Europe's role in the region.

Since the very beginning Italy has fully supported participation in the enhanced Unifil mission, high risks and costs notwithstanding. We trusted (correctly as it turned out) that Europe -- France first -- would eventually be on board, with troops, political commitment and economic aid. But, I wish to add, we would not have reached such a positive result without the very active engagement of the U.S. In a complete reversal of the 2003 divisions on Iraq, not only have America and Europe joined efforts toward a shared goal, but American diplomacy has paved the way for Europe's military engagement in a difficult peacekeeping operation blessed by the U.N.

It is high time for a similar trans-Atlantic joint venture on the Israeli-Palestinian front: The tragic situation in Gaza shows the need for such an active international engagement. The Palestinian question remains at the core of Middle East instability. It is not the only problem, and Sept. 11 highlighted a much wider threat -- but it is a key part of the problem. Moreover, after 2001, the nationalist Palestinian agenda has been hijacked by fundamentalist terrorism, and indirectly continues to fuel it. After more than three years in Iraq, we must acknowledge that Jerusalem cannot be reached via Baghdad. Since leaving the Palestinian question unresolved has made things more difficult also elsewhere, the opposite might help.

The implementation of Resolution 1701 will be a crucial test for all of us. If we succeed, this will create new momentum for seriously addressing the 60-year-old Palestinian issue -- the sooner the better, for all parties involved.

Mr. D'Alema is foreign minister of Italy.

Hamas Figure Blames Palestinians For Gaza Chaos (NYT)

By Steven Erlanger

The New York Times, August 29, 2006

JERUSALEM, Aug. 28 — In an unusual instance of self-criticism, a well-known Hamas official has deplored the collapse of Gazan life into chaos and has said that much of the blame belongs to Palestinians themselves.

“Gaza is suffering under the yoke of anarchy and the swords of thugs,” Ghazi Hamad, a former Hamas newspaper editor and the spokesman for the current Hamas government, wrote in an article published Sunday in Al Ayyam, the Palestinian newspaper.

After so much optimism when Israelis pulled out of Gaza a year ago, he wrote, “life became a nightmare and an intolerable burden.”

He urged Palestinians to look to themselves, not to Israel, for the causes. But he appeared not to be placing the blame on Hamas or the Palestinian Authority’s prime minister, Ismail Haniya of Hamas. He said various armed groups in the Gaza Strip — most affiliated with Fatah, Hamas’s rival — were responsible for the chaos.

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"We've all been attacked by the bacteria of stupidity," Mr. Hamad wrote. "We have lost our sense of direction." He addressed the armed groups: "Please have mercy on Gaza. Have mercy on us from your demagogy, chaos, guns, thugs, infighting. Let Gaza breathe a bit. Let it live."

He also questioned the utility of firing rockets into Israel that cause few casualties but result in many Palestinian deaths when the Israelis retaliate. He seemed to be arguing for other armed groups to follow the Hamas decision to halt rocket fire into Israel. His article was first described in English on Monday in The Jerusalem Post.

With Mr. Hamad looking at Palestinian failings, Prime Minister Ehud Olmert of Israel announced that his government would set up its own committee to investigate its lapses in the recent war against Hezbollah in Lebanon.

In a televised speech on Monday evening, Mr. Olmert acknowledged "shortcomings and failures" and said a government-appointed committee led by Nahum Admoni, a former director of the Mossad secret service, would investigate.

Mr. Olmert and his government, elected just five months ago, are trying to respond to public unhappiness with the results of the war without losing control of any investigation. Aides say he believes that the results of the war are positive and Israelis will come to see that in time, and is betting that a protest movement among reservists over the way the war was conducted will wane.

Few Israelis have the appetite for a new election, and those on the left who are unhappy with Mr. Olmert and Defense Minister Amir Peretz, the leader of the Labor Party, do not want the Israeli right to benefit.

Mr. Olmert's decision — apparently to avoid a state commission of inquiry — is sure to cause criticism, but he has argued that a government inquiry would be faster and more efficient. "We do not have the time and must act quickly," he said in his speech.

A commission would have the power to subpoena witnesses and demand resignations. Once announced, it would be out of the government's control, with members appointed by the leader of the supreme court.

In the West Bank on Monday, Palestinian government workers held a strike and march in Ramallah and hospital workers in Nablus went on strike because the government had not paid salaries.

The civil servants' union announced earlier that about 80,000 workers would begin an open-ended strike on Sept. 2. The workers include 37,000 teachers and 25,000 health workers, the union said.

The action suggests that popular patience with Hamas may be running out, as the United States and Israel predicted early this year when they announced a freeze on the aid that pays most of the salaries.

Efforts by the Palestinian president, Mahmoud Abbas of Fatah, to form a unity government with Hamas have not succeeded. Hamas has insisted on leading the government. Nor has Mr. Abbas been willing to dissolve the Hamas government, as the Bush administration has reportedly urged him to do.

In Gaza on Monday, four Palestinians were killed near Gaza City. Palestinian security officials said the four were staffing checkpoints in the area when they were hit by an Israeli missile. The Israeli military said Israeli soldiers in the area had killed three Palestinians in a firefight.

In southern Gaza, Hamas gunmen shot a motorist who refused to stop at a roadblock, witnesses said.

In an effort to ease the pressure on the Palestinian economy, the American security coordinator for the Palestinians, Maj. Gen. Keith Dayton, has proposed expanding the Karni commercial crossing into Israel. It is often closed by Israel, citing security concerns. General Dayton is proposing putting 90 international observers, themselves watched by Americans, on the Palestinian side of Karni to assuage Israeli fears.

He first proposed the idea, a $19.2 million project ($10.4 million of it in 2006), to a donors' group meeting on Aug. 8, said a Western diplomat who spoke on the condition of customary diplomatic anonymity. Palestinians have accepted the idea; the Israelis have not responded. The American Embassy said it would not comment.

Mr. Hamad said that his article, in a newspaper normally associated with Fatah, was a personal comment. Despite the taunt at Fatah, it was important for its criticism of the penchant to blame Israel and its occupation of Palestinian lands for every ill — even after Israeli troops and settlers had left Gaza.

"I'm not interested in discussing the ugliness and brutality of the occupation because it is not a secret," he wrote. "I prefer self-criticism and self-evaluation. We're used to blaming our mistakes on others."

Palestinian joy after the Israeli departure "made us forget the most important question — what is our next step?" he wrote.

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"When you walk in the streets of Gaza City," he continued, "you cannot but close your eyes because of what you see there: unimaginable chaos, careless policemen, young men carrying guns and strutting with pride and families receiving condolences for their dead in the middle of the street."

Mr. Hamad said those who saw themselves as fighting Israel were working at cross-purposes. "It is strange that when a big effort is taken to reopen Rafah crossing to ease the suffering of the people, you see others who go to shell rockets toward the crossing, or when someone talks about cease-fire and its importance, you find those who go and shell more rockets," he wrote. "Of course I do not deny that the occupation committed massacres that cannot be justified, but I support negotiations over what can be fixed."

Some Palestinians will agree or disagree with him, he wrote, "but running away from self-confrontation will only cause us more pain."

Beyond The Cease-Fire (WP)

The Washington Post, August 29, 2006

THE CEASE-FIRE in Lebanon appears to be gradually strengthening, thanks to belated but welcome commitments of peacekeeping troops by European countries and the manifest reluctance of either Israel or Hezbollah to renew hostilities. Hasan Nasrallah, the Hezbollah leader, is even sounding chastened: On Sunday he told a Lebanese television interviewer that he would "absolutely not" have launched the raid that triggered the war had he known what the result would be. Also regretful is Hamas, which started the fighting in Gaza in June with its own cross-border raid; one of its spokesmen has publicly lamented the resulting "chaos." Behind the scenes, both Islamic movements are trying to strike a face-saving deal to release the Israeli soldiers they still hold hostage.

Can the truce lead to a more fundamental settlement between Israel and its neighbors? Various policymakers and politicians in and outside the region have boldly proclaimed this the moment when what they see as the root cause of the war -- Israel's conflict with the Palestinians -- should be resolved once and for all. In fact, as advocates such as French President Jacques Chirac ought to know, that goal is unachievable in the short run. Trying to bring it about by means of an international conference or other grandiose measures would only distract from the incremental but valuable political gains that could be realized in the war's aftermath.

The war has probably killed the only promising prospect of a step toward Israeli-Palestinian peace, which was Israeli Prime Minister Ehud Olmert's plan to unilaterally withdraw Israeli settlements and troops from most of the West Bank. While that wouldn't have resolved the conflict, it would have created space for a Palestinian state and ended Israel's day-to-day intervention in the lives of most Palestinians. Thanks to the cross-border raids and the rocket attacks of Hamas and Hezbollah -- both of which oppose a two-state solution -- many more Israelis now regard the previous unilateral withdrawals from southern Lebanon and Gaza as mistakes. Mr. Olmert has told his cabinet that the West Bank pullout is no longer his priority.

The alternative to unilateralism is Israeli-Palestinian negotiations. But the elected Hamas government appears no closer to accepting the essential precondition -- that it recognize Israel's right to exist -- than it was before the war. A tentative step in that direction, a political pact between moderate Hamas leaders and the secular Fatah movement of President Mahmoud Abbas, was disrupted by the initial raid. Talk of a coalition government in the war's aftermath is, so far, just that.

What Israel and outside parties can do now is take measures to strengthen the secular moderates in Lebanon and in the Palestinian territories who oppose the extremism of Hamas and Hezbollah. Israel has often talked about bolstering Mr. Abbas, who still commands most Palestinian security forces, but has done little to do so. Mr. Olmert should at last make an effort to work with the Palestinian president. Lebanon's secular politicians have declared their intention to prevent further conflict along the border; Israel should reach out to those leaders, if only through intermediaries. Western and Arab governments should quickly act on their declared intention to provide aid and training to Lebanon's government and armed forces. None of this will produce a breakthrough toward a Middle East peace. But it could, at best, lay the groundwork for one.

Analysts See 'Disaster' In U.S. Position (WT)

By David R. Sands

The Washington Times, August 29, 2006

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The authors of a hotly debated study on the influence of the pro-Israel lobby in Washington said yesterday that the Bush administration's unquestioning support for Israel's military action in Lebanon confirms their thesis that the power of the lobby hurts both U.S. and Israeli national interests.

"Backing Israel to the hilt in the recent war in Lebanon was a disaster for the Lebanese people, served none of our real strategic goals in the region and ended up hurting Israel as well," said John Mearsheimer, political scientist and co-director of the University of Chicago's international security program.

Mr. Mearsheimer and co-author Stephen M. Walt, an international affairs scholar and academic dean at Harvard's Kennedy School of Government, showed no signs of backing away from their analysis of the U.S.-Israel lobby at a National Press Club briefing.

The event was sponsored by the Council on American-Islamic Relations, the country's largest Muslim civil rights group.

That analysis, published in the London Review of Books in March, was a lengthy attack on what the authors said was the distorting power of pro-Israel interest groups, think tanks, campaign donors and public officials to slant U.S. policy toward the Jewish state.

The article sparked a heated debate. Some praised the authors for taking on one of the country's most powerful lobbies, while others condemned them for everything from sloppy scholarship to anti-Semitism.

Mr. Walt said the two authors never said that groups such as the American Israel Public Affairs Committee was involved in a conspiracy to drive support of Israel or to stifle debate in the United States, but that the ability of the Israel lobby to influence friends and punish adversaries on Middle East issues was "no secret inside the Beltway."

"It wasn't what we said" that sparked a firestorm, he said yesterday. "It was the fact that two card-carrying members of the American intellectual establishment finally pointed out the elephant in the room."

Mr. Mearsheimer said the Bush administration's strong backing of Israel's tactics and strategy in the conflict against Hezbollah guerrillas in southern Lebanon harmed U.S. interests in several ways.

The inconclusive battle strengthened Hezbollah's standing in Lebanon and throughout the Arab and Muslim world, he said. The shelling of Beirut and other cities heightened anti-Israel and anti-U.S. feelings, fostering recruitment for al Qaeda and other terrorist groups.

Mr. Mearsheimer said the U.S. stance in the conflict strengthened Iran's ties to Hezbollah, gave Iranians a new reason to meddle in Iraq and supplied Tehran with yet another incentive to expedite its nuclear program.

The University of Chicago scholar said in an interview before the briefing that the article had "broken a taboo," but that it was too soon to tell whether it would have a lasting effect on U.S. foreign policy.

"If nothing else, I think there's a lot of evidence that we have opened up a little space in this debate so that people can actually talk about the issue," he said.

Mr. Walt said he and his colleague are preparing an article to address the criticisms raised about their earlier piece.

Pronouncing Blame On The Israel Lobby (WP)

By Dana Milbank

The Washington Post, August 29, 2006

It was quite a boner.

University of Chicago political scientist John Mearsheimer was in town yesterday to elaborate on his view that American Jewish groups are responsible for the war in Iraq, the destruction of Lebanon's infrastructure and many other bad things. As evidence, he cited the influence pro-Israel groups have on "John Boner, the House majority leader."

Actually, Professor, it's "BAY-ner." But Mearsheimer quickly dispensed with Boehner (R-Ohio) and moved on to Jewish groups' nefarious sway over Rep. Chris Van Hollen (D-Md.), who Mearsheimer called " Von Hollen."

Such gaffes would be trivial -- if Mearsheimer weren't claiming to be an authority on Washington and how power is wielded here. But Mearsheimer, with co-author Stephen Walt of Harvard's Kennedy School, set off a furious debate this spring when they argued that "the Israel lobby" is exerting undue influence in Washington; opponents called them anti-Semitic.

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Yesterday, at the invitation of the Council on American-Islamic Relations (CAIR), they held a forum at the National Press Club to expand on their allegations about the Israel lobby. Blurring the line between academics and activism, they accepted a button proclaiming "Fight the Israel Lobby" and won cheers from the Muslim group for their denunciation of Israel and its friends in the United States.

Whatever motivated the performance, the result wasn't exactly scholarly.

Walt singled out two Jews who worked at the Pentagon for their pro-Israel views. "People like Paul Wolfowitz or Doug Feith . . . advocate policies they think are good for Israel and the United States alike," he said. "We don't think there's anything wrong with that, but we also don't think there's anything wrong for others to point out that these individuals do have attachments that shape how they think about the Middle East."

"Attachments" sounds much better than "dual loyalties." But why single out Wolfowitz and Feith and not their non-Jewish boss, Donald Rumsfeld?

"I could have mentioned non-Jewish people like John Bolton," Walt allowed when the question was put to him.

Picking up on the "attachments" lingo, Mearsheimer did mention Bolton but cited two Jews, Elliott Abrams and David Wurmser, as "the two most influential advisers on Middle East affairs in the White House. Both, he said, are " fervent supporters of Israel." Never mind that others in the White House, such as national security adviser Stephen Hadley, Vice President Cheney and President Bush, have been just as fervent despite the lack of "attachments."

This line of argument could be considered a precarious one for two blue-eyed men with Germanic surnames. And, indeed, Walt seemed defensive about the charges of anti-Semitism. He cautioned that the Israel lobby "is not a cabal," that it is "not synonymous with American Jews" and that "there is nothing improper or illegitimate about its activities."

But Mearsheimer made no such distinctions as he used "Jewish activists," "major Jewish organizations" and the "Israel lobby" interchangeably. Clenching the lectern so tightly his knuckles whitened, Mearsheimer accused Israel of using the kidnapping of its soldiers by Hezbollah as a convenient excuse to attack Lebanon.

"Israel had been planning to strike at Hezbollah for months," he asserted. "Key Israelis had briefed the administration about their intentions."

A questioner asked if he had any "hard evidence" for this accusation. Mearsheimer cited the "public record" and "Israeli civilian strategists," then repeated the allegation that Israel was seeking "a cover for launching this offensive."

As evidence that the American public does not agree with the Israel lobby, the political scientist cited a USA Today-Gallup poll showing that 38 percent of Americans disapproved of Israel's military campaign. He neglected to mention that 50 percent approved, and that Americans blamed Hezbollah, Iran, Syria and Lebanon far more than Israel for the conflict.

Walt kicked off the session with a warning that we face a "threat from terrorism because we have been so closely tied to Israel." This produced chuckles in the audience. Walt allowed that this was "not the only reason" for our problems, but he did blame Israel supporters for the hands-off position the Bush administration took during the Lebanon fighting.

"The answer is the political influence of the Israel lobby," Walt said. He also hypothesized that if not for the Israel lobby, the Iraq war "would have been much less likely."

Up next, Mearsheimer ridiculed U.S. leaders for "falling all over themselves to express support for Israel." And he drew groans from the crowd when he spoke about a lawmaker who, after questioning Israel's policy, "met with various representatives from major Jewish organizations, who explained to him the basic facts of life in American politics."

When the two professors finished, they were besieged by autograph- and photo-seekers and Arab television correspondents. Walt could be heard telling one that if an American criticizes Israel, "it might have some economic consequences for your business."

Before leaving for an interview with al-Jazeera, Mearsheimer accepted a button proclaiming "Walt & Mearsheimer Rock. Fight the Israel Lobby."

"I like it," he said, beaming.

Turkish Resorts Targeted In Terror Attacks (FT)

By David O'Byrne

DOJ_NMG_0055136

Financial Times, August 29, 2006

A bomb blast killed three Turks and injured dozens more people, including foreign tourists, in Turkey's south-western resort town of Antalya on Monday, the fifth such terror attack in less than 24 hours.

On Sunday one bomb exploded in Istanbul while three in Marmaris, another resort town in the country's south-west, injured 22 people, including Britons and Turks.

The Kurdistan Freedom Falcons, seen as a front for the Kurdistan Workers party (PKK), claimed responsibility for Sunday's attacks. It warned that "Turkey is not a safe country, tourists should not come to Turkey". There was no immediate claim of responsibility for the Antalya attack.

Since 1984 the PKK has waged a campaign of violence aimed at establishing a separate Kurdish state in the country's predominantly Kurdish south-east. It declared a ceasefire in 1999 following the arrest of its leader, Abdullah Ocalan, now in jail in western Turkey. But since 2004, even as a new government loosened political restrictions on Kurds, attacks have resumed against the military in the south-east and civilians in the west.

The latest bombings appeared to confirm fears that the PKK would increasingly target tourist resorts, in an attempt to damage the economy. One of the bombs in Marmaris had been left in a bag under the seat of a minibus travelling a route popular with tourists, while the other two had been left in litter bins in the town centre, crowded with holidaymakers on their way to restaurants and bars.

Since the US invasion of Iraq in 2003, Turkish officials have warned that the PKK, which has camps in the Kurdish-dominated north of Iraq, have been able to obtain more sophisticated weapons and explosives.

A spokesman for the Turkish government said Ankara was in talks with the Iraqi authorities, US forces in Iraq and other countries' intelligence services. "But we are just not getting the concrete results that we need," he told the FT.

However, in Washington the State Department announced the appointment of a special envoy for countering the PKK, with the mission to "eliminate the threat of the PKK and other terrorist groups". An official said the timing of the statement was not linked to the latest bombings in Turkey but was the outcome of talks with the Turkish and Iraqi governments.

3 Die And Scores Are Hurt In Bomb Attacks In Turkey (NYT)

By Sebnem Arsu

The New York Times, August 29, 2006

ISTANBUL, Aug. 28 — A blast in the center of Antalya, a popular resort town on Turkey's Mediterranean coast, killed three people and wounded 20 on Monday. Three explosions in another popular tourist destination on Sunday injured 21 people, including 10 Britons.

The Kurdistan Liberation Hawks, a hard-line separatist group linked to the outlawed Kurdistan Workers Party, claimed responsibility for the bomb attacks in the coastal resort of Marmaris on Sunday and for another blast in Istanbul the same day that wounded six people, according to a statement on its Web site on Monday.

Also Monday, the Anatolian news agency reported that the authorities had detained a member of the Kurdistan Workers Party suspected of planning a bombing in Izmir.

The explosion on Monday in Antalya, known as the capital of Turkish tourism on the Mediterranean, took place in front of the Municipality Business Center an hour before it closed, which one government official who worked in the building said prevented a major disaster by avoiding the commuter rush.

"The blast was so powerful that it broke all our windows," said the man. "The death toll could have been much higher if it had been delayed a bit more because this area is really a very busy one."

A few hours after the attack, a security forces spokesman in Antalya said the police had developed rough sketches of two suspects and located the spot where the blast originated.

In Marmaris, the police detained one suspect in connection with the bombings on Sunday but did not disclose his identity or any possible links with an illegal group.

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Eleven of the 21 local residents wounded in the blast were discharged from the hospital, while the 10 Britons remained hospitalized, including two in intensive care. The Britons were members of two families vacationing in town, according to Tayfun Sentop, the general manager of the Ahu Hetman Hospital.

"The two British nationals are being kept under intensive care not because they are in critical condition, but because they need extra attention for the treatment of their burns," he said. "Other family members are well enough to leave, but we didn't want to separate them from each other and are putting them all up at our hospital for now."

The first explosion in Marmaris took place just before midnight Sunday in a minibus that carried tourists from a nearby beach to the town center. The next two blasts were from explosives left in garbage cans in two town districts, security officials said.

The armed conflict between Kurdish separatists and the Turkish Army has claimed more than 30,000 lives since the early 1980's.

Turkey Sharpens Response To Upsurge In Kurd Violence (CSM)

By Yigal Schleifer

The Christian Science Monitor, August 29, 2006

ISTANBUL, TURKEY

Turkey is marshaling forces along its border with Iraq as diplomatic efforts have done little to curb a separatist Kurdish group using bases in Iraq to launch attacks against Turkish forces.

The Kurdistan Workers Party (PKK) has also been accused of being behind several bombings throughout Turkey. Monday two people died and at least seven others were injured in a blast in Turkey's Mediterranean city Antalya. It came hours after three bombs went off in the resort town of Marmaris injuring 21 and another blast Sunday in Istanbul that injured six people.

There were no immediate claims of responsibility but local Marmaris officials said they suspected the outlawed PKK was involved in at least those blasts.

The attacks, if proven to have been carried out by the PKK, illustrates the strength of the group Ankara had hoped would have been quashed when the United States military invaded neighboring Iraq in 2003, which the PKK uses as a base of operations. But to the Turks' frustration, the war in Iraq seems to have only emboldened the group as fellow Iraqi Kurds just over the border have grown stronger and more autonomous since the invasion.

Following the killing of 15 of its soldiers in July, Turkey started moving a large number of troops and tanks toward its border with Iraq. Turkey, along with Iran, which has its own Kurdish rebel group to deal with, has also been shelling parts of the northern Iraqi border where the PKK has camps.

"Clearly there is a tension to this issue. The United States is paying more attention to it, but the question is whether the Turks will wait to see concrete results from the US," says Henri Barkey, an expert on Turkey at Lehigh University. "It also depends a lot on whether there are other spectacular attacks by the PKK."

Adds Mr. Barkey: "It's a huge potential headache for the US. The last thing the US wants is a war between Kurds and Turks in Iraq. The last place that is calm in Iraq is in danger of going up in flames."

Over the past two years, Turkey has seen a marked upsurge in attacks against its security forces by members of the outlawed PKK, which waged a separatist war in Turkey the 1980s and '90s which cost the lives of some 30,000.

For many Turks, Israel's recent invasion of Lebanon in pursuit of Hizbullah - though highly unpopular - also raised the question of why Turkey was sitting back while its soldiers were being attacked.

"There has been an upsurge of PKK activity, and that has a military cost, of course. On the other hand, when soldiers are killed, it just whips up the nationalist urge in the country and that cost the government, which needs to be seen as doing something on this issue," says Cengiz Candar, a political analyst in Istanbul.

Mr. Candar describes Turkey's military buildup on the Iraqi border as "saber rattling," but says it's also "a statement to the Americans that Turkey is uneasy and trying to follow up on its demands that the PKK be dismantled."

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US officials in Turkey say they are aware of Ankara's concerns and have been taking steps toward dismantling the PKK, such as working with European governments to shut down the group's funding sources. Most recently, the US announced that it would soon appoint a special envoy on the PKK issue to formulate a joint Turkish-Iraqi strategy.

"We do recognize that Turkey sees the PKK as its number one security threat and because of that it's a top priority for the US to combat the PKK," says a US official based in Ankara.

Despite the shelling and buildup on the border, Turkey has only taken very limited military action against the PKK.

"[But] if it gets to a point that it is unbearable and if the concrete steps [taken by the US and the Iraqis] don't bear the fruit that we are expecting, then all options are available," a Turkish foreign ministry official says.

Further complicating matters for the US is Iran's involvement. Although the PKK's Iranian counterpart, the Kurdistan Free Life party (Pejak), has recently increased its own activities, observers believe that Iran's recent cooperation with Turkey has less to do with security and more to do with trying to drive a wedge between Washington and Ankara.

"The Iranians can now say, 'We are doing something about the PKK and the United States is not doing anything,' " says Candar.

Officials with the Kurdish regional government in Iraq have condemned the shelling, calling on the Iraqi government to insist its neighbors respect its sovereignty.

Asos Hardi, editor of Awene, an independent Kurdish newspaper based in Sulaymaniyah, Iraq, says most Iraqi Kurds would oppose any military action against the PKK.

But Barkey says Iraqi Kurdish leaders wouldn't mind ousting the PKK if it is done delicately.

"There's nothing [Iraqi Kurds] would like more than to get rid of the PKK, but they are looking for a way that is acceptable to them and their own public and which doesn't involve fighting other Kurds," says Barkey.

With Kazakh's Visit, Bush Priorities Clash (WP)

By Peter Baker

The Washington Post, August 29, 2006

President Bush launched an initiative this month to combat international kleptocracy, the sort of high-level corruption by foreign officials that he called "a grave and corrosive abuse of power" that "threatens our national interest and violates our values." The plan, he said, would be "a critical component of our freedom agenda."

Three weeks later, the White House is making arrangements to host the leader of Kazakhstan, an autocrat who runs a nation that is anything but free and who has been accused by U.S. prosecutors of pocketing the bulk of $78 million in bribes from an American businessman. Not only will President Nursultan Nazarbayev visit the White House, people involved say, but he also will travel to the Bush family compound in Maine.

The upcoming Nazarbayev visit, according to analysts and officials, offers a case study in the competing priorities of the Bush administration at a time when the president has vowed to fight for democracy and against corruption around the globe. Nazarbayev has banned opposition parties, intimidated the press and profited from his post, according to the U.S. government. But he also sits atop massive oil reserves that have helped open doors in Washington.

Nazarbayev is hardly the only controversial figure received at the top levels of the Bush administration. In April, the president welcomed to the Oval Office the president of Azerbaijan, Ilham Aliyev, who has been accused of rigging elections. And Secretary of State Condoleezza Rice hosted Teodoro Obiang Nguema, the president of Equatorial Guinea, who has been found to have millions of dollars stashed in overseas bank accounts.

But the Kazakh leader has received especially warm treatment, given that the same government that will host him next month plans to go to trial in federal court in January to prove that he was paid off in the 1990s by a U.S. banker seeking to influence oil rights. While the banker faces prison time, Nazarbayev has not been charged and has called the allegations illegitimate.

In addition to Nazarbayev's upcoming visit, Vice President Cheney went to the former Soviet republic in May to praise the Kazakh leader as a friend, a trip that drew criticism because it came the day after he criticized Russia for retreating from democracy. The latest invitation has sparked outrage among Kazakh opposition.

"It raises the question of how serious is the determination to fight kleptocracy," said Rinat Akhmetshin, director of the International Eurasian Institute, who works for Kazakh opposition. "Nazarbayev is a symbol of kleptocracy . . . and yet they are bringing him in. That sends a very clear signal to people inside Kazakhstan who are very well aware that he stole money from them."

The White House declined to comment because it has not yet officially announced the visit, but Deputy Assistant Secretary of State Evan Feigenbaum was in Kazakhstan last week working out details, and Kazakh officials said the trip will take place in late September. A spokesman for former president George H.W. Bush confirmed that Nazarbayev will visit Kennebunkport as part of his U.S. stay. "An old friend of his was in the U.S. and he extended an invitation," Bush spokesman Tom Frechette said.

An administration official, speaking on the condition of anonymity because the invitation has not been announced, said President Bush often meets with leaders of countries "that are not yet democracies" and uses the time to push for more freedom. "We've always been frank in our discussions with government officials from Kazakhstan about our concerns about lack of democratic movement, and we always press them for democratic reform," the official said.

Kazakhstan, a vast nation of 15 million on the Central Asian steppe, has emerged as an increasingly important player in the world energy market. With the largest crude oil reserves in the Caspian Sea region, Kazakhstan pumps 1.2 million barrels a day and exports 1 million of that. The Kazakh government hopes to boost production to 3.5 million barrels a day by 2015, rivaling Iran. U.S. and Russian companies and governments have competed for access to its oil.

Nazarbayev, 66, a blast-furnace operator-turned-Communist functionary, has led Kazakhstan since 1990, when it was part of the Soviet Union, and has since won a series of tainted elections. His government has banned or refused to register opposition parties, closed newspapers and harassed advocacy groups. Two opposition leaders were found dead of gunshots in disputed circumstances.

But the Bush administration considers Nazarbayev a friendly, stable moderate in a region of harsher, sometimes hostile dictators and has been hopeful he will open up and cleanse his government. The Kazakh government under Nazarbayev recently has embarked on an anti-corruption campaign that has resulted in arrests of mid-level officials.

"I really do think he has learned how to be clean," said Martha Brill Olcott, a Kazakhstan specialist at the Carnegie Endowment for International Peace. "He has learned a lot more about how you can promote to some degree divestiture [of assets]. Most of his holdings are, I wouldn't say transparent, but they're more so."

Others aren't sure. "When the United States is transparently soft on friendly dictators like Nazarbayev, it undermines the effort to be tough on not-so-friendly dictators," said Tom Malinowski of Human Rights Watch.

Transparency International, an anti-corruption organization, ranks Kazakhstan 2.6 on a 10-point scale, placing it 107th out of 159 countries graded. That's a decline from a 3.0 grade and 65th place in 2000.

"You don't have free elections, and the press is pretty much controlled by his family, and a significant portion of assets in Kazakhstan are directly or indirectly controlled by his family," said Miklos Marschall, the group's regional director. "But on the other hand, unlike other Central Asian countries, he is willing to initiate some step-by-step reforms. From our perspective, he's not the worst."

Nazarbayev visited the Bush White House once before, in 2001, but that was before the U.S. Justice Department filed a case in 2003 alleging that he had taken bribes and before the president issued a 2004 proclamation banning corrupt foreign officials from visiting the United States. A State Department official said hundreds of foreign officials have been denied visas under the Bush proclamation but could not explain how it would not apply in Nazarbayev's case.

U.S. prosecutors have charged businessman James H. Giffen with steering $78 million in bribes to Nazarbayev and one of his former prime ministers in the 1990s in exchange for influence in oil transactions. In addition to cash transferred to secret Swiss bank accounts, Nazarbayev, originally identified in court papers simply as "KO-2," allegedly received two snowmobiles, an $80,000 speedboat, fur coats for his wife and daughter, and tuition for his daughter at a Swiss boarding school and later George Washington University.

Giffen's attorneys have argued that he is not guilty because his actions were sanctioned by the U.S. government. Giffen says he disclosed his activities to agencies including the CIA and was encouraged to continue for national security reasons. The Justice Department is appealing a court decision allowing the defense. The case is scheduled to go to trial Jan. 16.

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Senior U.S. Diplomat Leaves Sudan (AP)

By Mohamed Osman, Associated Press Writer

AP, August 29, 2006

Sudan's president on Monday declined to meet a senior U.S. diplomat visiting the country to press him to approve the deployment of U.N. peacekeepers in war-torn Darfur.

The apparent snub came as the U.N. Security Council began discussions on a draft resolution that calls for the transferring of peacekeeping from the financially strapped African Union troops, whose mandate in the region ends Sept. 30, to a much larger and better equipped U.N. force. The draft resolution is co-authored by the U.S. and Britain.

Assistant Secretary of State Jendayi Frazer had been expected to deliver a message from President Bush to Sudanese leader Omar al-Bashir. But al-Bashir was unable to meet the diplomat "due to his crowded schedule," the president's office said.

Frazer instead handed the message to presidential adviser Majzoub al-Khalifa Ahmed, who in turn gave her a message from al-Bashir repeating his rejection of the U.N. force, said presidential spokesman Mahjub Badry.

Al-Bashir opposes a U.N. force on Sudanese territory and has said he plans to send government troops to Darfur to pacify the region.

Meanwhile, the U.S. ambassador to the United Nations, John Bolton, urged the council to approve the peacekeeping mission. "The time for talk is over. It is time for action. It is time for this council to uphold its responsibility," he said.

The U.N. force is considered crucial to ending the bloodshed in Darfur, which has continued despite a fragile peace deal signed by the government and one of the ethnic African rebel groups operating in the region.

Kate Gilmore, executive deputy secretary general of Amnesty International, called the Sudanese government's plan to deploy its own forces in Darfur a "sham" that the U.N. must reject.

More than 200,000 people have died the remote Darfur region since 2003 when ethnic African tribes revolted against the Arab-led Khartoum government. The government is accused of unleashing Arab militiamen known as janjaweed who have been blamed for widespread atrocities.

U.S. Questions Arrest Of Journalist (AP)

AP, August 29, 2006

A senior State Department official has raised with Sudan's foreign minister the arrest of an American journalist by pro-government forces in the war-torn Darfur region.

Assistant Secretary of State Jendayi E. Frazer was on a mission to end the violence in Darfur when she "raised" the arrest of Chicago Tribune reporter Paul Salopek with Foreign Minister Lam Akol.

"We would hope that any judicial process be fair, speedy and transparent, and it's something that we are watching very closely," department spokesman Sean McCormack said.

American diplomats have met with the reporter in jail "and it is a matter of great interest to us," McCormack said.

Salopek, 44, his driver and interpreter were arrested Aug. 6. He was charged with espionage, passing information illegally, writing "false news" and entering the African country without a visa.

Frazer was sent to Sudan with a message from President Bush calling on the government to allow a U.N. force into Darfur.

Islamic Revival Led By Women Tests Syria's Secularism (NYT)

By Katherine Zoepf

The New York Times, August 29, 2006

DAMASCUS, Syria — Enas al-Kaldi stops in the hallway of her Islamic school for girls and coaxes her 6-year-old schoolmate through a short recitation from the Koran.

"It's true that they don't understand what they are memorizing at this age, but we believe that the understanding comes when the Koran becomes part of you," Ms. Kaldi, 16, said proudly.

In other corners of Damascus, women who identify one another by the distinctive way they tie their head scarves gather for meetings of an exclusive and secret Islamic women's society known as the Qubaisiate.

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At those meetings, participants say, they are tutored further in the faith and are even taught how to influence some of their well-connected fathers and husbands to accept a greater presence of Islam in public life.

These are the two faces of an Islamic revival for women in Syria, one that could add up to a potent challenge to this determinedly secular state. Though government officials vociferously deny it, Syria is becoming increasingly religious and its national identity is weakening. If Islam replaces that identity, it may undermine the unity of a society that is ruled by a Muslim religious minority, the Alawites, and includes many religious groups.

Syrian officials, who had front-row seats as Hezbollah dragged Lebanon into war, are painfully aware of the myriad ways that state authority can be undermined by increasingly powerful, and appealing, religious groups. Though Syria's government supports Hezbollah, it has been taking steps to ensure that the phenomenon it helped to build in Lebanon does not come to haunt it at home.

In the past, said Muhammad al-Habash, a Syrian lawmaker who is also a Muslim cleric, "we were told that we had to leave Islam behind to find our futures."

"But these days," he said, "if you ask most people in Syria about their history, they will tell you, 'My history is Islamic history.' The younger generation are all reading the Koran."

Women are in the vanguard. Though men across the Islamic world usually interpret Scripture and lead prayers, Syria, virtually alone in the Arab world, is seeing the resurrection of a centuries-old tradition of sheikhas, or women who are religious scholars. The growth of girls' madrasas has outpaced those for boys, religious teachers here say.

There are no official statistics about precisely how many of the country's 700 madrasas are for girls. But according to a survey of Islamic education in Syria published by the pan-Arab daily Al Hayat, there are about 80 such madrasas in Damascus alone, serving more than 75,000 women and girls, and about half are affiliated with the Qubaisiate (pronounced koo-BAY-see-AHT).

For many years any kind of religious piety was viewed here with skepticism. But while men suspected of Islamist activity are frequently interrogated and jailed, subjecting women to such treatment would cause a public outcry that the government cannot risk. Women have taken advantage of their relatively greater freedom to form Islamic groups, becoming a deeply rooted and potentially subversive force to spread stricter and more conservative Islamic practices in their families and communities.

Since intelligence agents still monitor private gatherings that involve discussion of Islam, groups like the Qubaisiate often meet clandestinely, sometimes with women guarding the door to deter interlopers.

The group is named for its founder, a charismatic Syrian sheikha, Munira al-Qubaisi.

A wealthy woman in her 50's living in Damascus, who has attended Qubaisiate meetings and who asked that her name not be used because she feared punishment, provided a rough description of the activities.

A girl thought to be serious about her faith may be invited by a relative or a school friend to go to a meeting, the woman said. There, a sheikha sits on a raised platform, addresses the assembled women on religious subjects and takes questions.

Qubaisiate members, the woman said, tie their head scarves so there is a puff of fabric under the chin, like a wattle. As girls and women progress in their study of Islam and gain stature within the group, the color of their scarves changes. New members wear white ones, usually with long khaki colored coats, she said. Later they graduate to wearing navy blue scarves with a navy coat. At the final stage the sheikha may grant them permission to cover themselves completely in black.

Hadeel, a Syrian woman in her early 20's who asked to be identified only by her first name, described how her best childhood friend had become one of the Qubaisi "sisterhood" and encouraged her to follow suit.

"Rasha would call and say, 'Today we're going shopping,' and that would be a secret code meaning that there was a lesson at 7:30," Hadeel said. "I went three times, and it was amazing. They had all this expensive food, just for teenage girls, before the lesson. And they had fancy Mercedes cars to take you back home afterward."

Hadeel said she had at first been astonished by the way the Qubaisiate, ostensibly a women's prayer group, seemed to single out the daughters of wealthy and influential families and girls who were seen as potential leaders.

"They care about getting girls with big names, the powerful families," Hadeel said. "In my case, they wanted me because I was a good student."

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Women speaking about the group asked that their names not be used because the group is technically illegal, though it seems the authorities are increasingly turning a blind eye.

"To be asked to join the Qubaisiate is very prestigious," said Maan Abdul Salam, a women's rights campaigner.

Mr. Abdul Salam explained that such secret Islamic prayer groups recruited women differently, depending on their social position. "They teach poor women how to humble themselves in front of their husbands and how to pray, but they're teaching upper-class women how to influence politics," he said.

The Islamic school where Ms. Kaldi, the 16-year-old tutor, studies has no overt political agenda. But it is a place where devotion to Islam, and an exploration of women's place in it, flourishes.

The school, at the Zahra mosque in a western suburb of Damascus, is a cheerful, cozy place, with soft Oriental carpets layered underfoot and scores of little girls running around in their socks. Ms. Kaldi spends summers, vacations and some afternoons there, studying and helping younger children to memorize the Koran. Her work tutoring has made her an important figure in this world; many of the younger girls greet her shyly as they pass.

The school accepts girls as young as 5, who begin memorizing the Koran from the back, where the shortest verses are found. The youngest girls are being taught with the aid of hand gestures, games and treats.

The atmosphere is relaxed. The children share candy and snacks as they study, and the room hums with the sound of high-pitched voices reciting in unison. Several girls, preparing for the tests that will allow them to progress to higher-level classes, swing one-handed around the smooth columns that support the roof of the mosque, dreamily murmuring verses aloud to themselves.

After girls in the Zahra school have committed the Koran to memory, they are taught to recite the holy book with the prescribed rhythm and cadences, a process called tajweed, which usually takes at least several years of devoted study. Along the way they are taught the principles of Koranic reasoning.

It is this art of Koranic reasoning, Ms. Kaldi and her friends say, that most sets them apart from previous generations of Syrian Muslim women.

Fatima Ghayeh, 16, an aspiring graphic designer and Ms. Kaldi's best friend, said she believed that "the older generation," by which she meant women now in their late 20's and their 30's, too often allowed their fathers and husbands to dictate their faith to them.

They came of age before the Islamic revivalist movement that has swept Syria, she explained, and as a result many of them do not feel an intellectual ownership of Islamic teaching in the way that their younger sisters do.

"The older girls were told, 'This is Islam, and so you should do this,' " Ms. Ghayeh said. "They feel that they can't really ask questions.

"It's because 10 years ago Syria was really closed, and there weren't so many Islamic schools. But society has really changed. Today girls are saying, 'We want to do something with Islam, and for Islam.' We're more active, and we ask questions."

Ms. Ghayeh and Ms. Kaldi each remember with emotion the day, early in President Bashar al-Assad's tenure, when he changed the law to allow the wearing of Islamic head scarves in public schools, a practice that was forbidden under his father, Hafez al-Assad. The current president, who took office in 2000, also reduced the hours that students must spend each week in classes where the ruling Baath Party's ideology is taught, and began allowing soldiers to pray in mosques.

Those changes have been popular among Sunnis, who make up 70 percent of the country's population, but they carry political risks for a government that has long been allergic to public displays of religious fervor.

The government has been eager to demonstrate in recent years, through changes like these and increasing references to Syria's Islamic heritage in official speeches, that it does not fear Islam as such.

During the weeks of war between Israel and Hezbollah, the government frequently used references to the Islamic cause and to the "Lebanese resistance," as Hezbollah is called in the Syrian state-controlled news media, to play to the feelings of Syrians and consolidate its support. But it is still deeply anxious about Islamic groups acting outside the apparatus of the state, and the threat that they may lose to state control.

The girls at the madrasa say that by plunging more deeply into their faith, they learn to understand their rights within Islam.

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In upper-level courses at the Zahra school, the girls debate questions like whether a woman has the right to vote differently from her husband. The question is moot in Syria, one classmate joked, because President Assad inevitably wins elections by a miraculous 99 percent, just as his father did before him.

When the occasion arises, they say, they are able to reason from the Koran on an equal footing with men.

"People mistake tradition for religion," Ms. Kaldi said. "Men are always saying, 'Women can't do that because of religion,' when in fact it is only tradition. It's important for us to study so that we will know the difference."

Calderon A Step Closer To Presidency (WSJ)

By John Lyons And David Luhnow

The Wall Street Journal, August 29, 2006

MEXICO CITY -- Mexico's top electoral court rejected allegations of widespread vote tampering during the July 2 presidential election, a ruling that likely puts conservative politician Felipe Calderón just days away from securing the presidency.

The seven-judge court, which has the final say on election matters, voted unanimously to reject complaints of fraud by leftist candidate Andrés Manuel López Obrador, who has refused to accept Mr. Calderón's victory. He has been waging a campaign of civil disobedience to overturn the result, using his supporters to blockade roads in Mexico City.

While the ruling bestows a seal of approval on the election-day process, it may do little to ease rising tensions in a country that shares a 2,000-mile border with the U.S. Mr. López Obrador is growing more radical with each passing week, saying Mexico "needs a revolution" and vowing to name himself president if the court ratifies Mr. Calderón's win. Some in Mexico fear that a bloody confrontation between the government of President Vicente Fox and the protest movement is inevitable.

After the court ruled, Mr. Calderón said he wants to reach out to the leftist camp but wouldn't let them undo Mexico's democracy. "I will not allow a small group of people to violently supplant the will of the majority of Mexicans," he said in a speech to female business leaders.

There is one final legal step before Mr. Calderón can be officially declared president-elect. The court must rule on the election's overall validity and declare a winner before Sept. 6. Mr. López Obrador's camp wants the election annulled, arguing the campaign was unfairly tilted against their candidate thanks to illegal support of his conservative rival by Mr. Fox, electoral authorities, other candidates and industry associations.

But in the clearest indication yet the court will also deny the petition to have the election annulled, the chief justice yesterday rendered an impassioned opinion extolling the poll workers, magistrates and other officials who had managed the election and its legal aftermath.

"We've learned lessons from our colleagues...tolerance, the capacity to listen, have prevailed despite everything," said Leonel Castillo, president of the court. In what appeared to be a harsh rebuke of efforts by Mr. López Obrador to attack the credibility of Mexican institutions, he added: "This should be an example for other groups in the country, who on many occasions waste their energy instead of creating something."

After yesterday's ruling, officials in Mr. López Obrador's Party of the Democratic Revolution appeared to resign themselves to a legal defeat. "Everything indicates that they are going to impose [Mr. Calderón]," PRD chief Leonel Cota said following the hearing.

Mr. López Obrador had asked the court to throw out the results from tens of thousands of poll stations where he lost. But the court found only isolated cases of irregularities, giving the leftist about 4,000 more votes in total -- well short of the nearly 240,000 vote difference between him and the front-runner in the official tally. The court said that in most cases, a representative of Mr. López Obrador's party at the poll station had signed off on the ballot results, and the party didn't challenge them until days later. In other cases, the leftist's complaints of irregularities weren't based on specific facts, Mr. Castillo said.

A former Mexico City mayor, Mr. López Obrador pledges to name himself president of Mexico via a mass rally on the country's Independence Day, Sept. 16. The aim, he says, is to create a "parallel" republic that will give the people of Mexico a choice between a "simulated" democracy run by the country's business and political elites and a "real" democracy run by him.

From his position as the alternative president, he pledges to press for helping the poor, fighting against corruption and reforming the country, which he says has been ruined by a clique of powerful politicians and business leaders.

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"They are going to laugh and call us crazy....But we don't care what they do because we have no respect for their institutions, because they are not the people's institutions," he told his supporters during a speech Sunday.

The leftists' democratic convention takes place the same day that Mexico's military parades down the city's showcase boulevard, Avenida de la Reforma, and the central Zocalo Square, both of which are occupied by the leftists' supporters.

The army has said it doesn't intend to move its parade route. And Mr. Fox has said he plans to hold the president's annual Independence Day ritual the night before in the central square, another tradition.

A test of the left's strategy could come as soon as Friday, when Mr. Fox delivers his annual State of the Nation address. Lawmakers from Mr. López Obrador's party have said they plan to block the president from taking the podium to make his televised speech.

Polls show rising public support for Mr. Calderón and declining support for Mr. López Obrador.

Mexican Court Rejects Voting Fraud Charges (NYT)

By James C. McKinley Jr.

The New York Times, August 29, 2006

MEXICO CITY, Aug. 28 — Felipe Calderón seemed virtually assured of being designated president of Mexico next week after the country's highest electoral tribunal on Monday threw out legal challenges from his leftist opponent, who claims that widespread fraud warped the results of last month's national election.

The seven-member tribunal stopped short of officially designating Mr. Calderón, a conservative, president-elect. But it ruled unanimously that the opponent, Andrés Manuel López Obrador, had failed to prove that irregularities in many polling places stemmed from fraud, nor had he proven that the errors affected him more than his opponent.

The judges said in open court on Monday that they had ordered the votes from scores of polling places annulled for irregularities found in a partial recount, but that the final result would not change. They also made it clear they found no evidence of fraud.

"Based on all the annulments that were deemed necessary, all the parties lost a considerable number of votes, but that did not affect the result," said Magistrate José Alejandro Luna Ramos.

Mr. López Obrador, 53, a former mayor of Mexico City who favors spending more on the poor, has declared he will not accept the ruling, calling it part of a conspiracy to rob him of victory.

Speaking Monday evening in a rainstorm, Mr. López Obrador scoffed at the ruling, called his political opponents criminals and said Mr. Calderón had usurped his rightful victory. "Today the electoral tribunal decided to validate the fraud against the citizens' will and decided to back the criminals who robbed us of the presidential election," he said.

"With this decision," he added, "the constitutional order is broken and the road is opened for an usurper to occupy the presidency through a coup d'état."

Mr. Calderón, a 44-year-old former energy commissioner from the National Action Party of President Vicente Fox, narrowly won the July 2 presidential election by 243,000 votes out of 41 million ballots, according to the initial official tally. A fiscal and social conservative, he has promised to entice foreign investment through public works and a flat tax.

Speaking to lawmakers in Mexico City, Mr. Calderón said he was pleased that the court's ruling had confirmed his victory. "Just as important as the result of the tribunal's ruling," he said, "is that the citizens know the quality of the election we had, that doubts are cleared away and all the malice that has been sown among the citizens is eliminated."

The court annulled 81,080 votes for Mr. Calderón and 76,897 for Mr. López Obrador after recounting ballots in about 9 percent of the precincts to satisfy legal challenges. Crossing out those votes gave the leftist candidate a boost of 4,183 votes, far fewer than he needed to catch up, electoral officials said.

The court has until Sept. 6 to issue a final tally and designate the president-elect. The decision cannot be appealed.

Mr. López Obrador has become more and more extreme in his accusations over the last month, saying not only that his opponent stuffed ballot boxes and disposed of votes for Mr. López Obrador, but also that the court itself had been bribed. His supporters have blocked the main avenue through downtown Mexico City for a month and engaged in other acts of civil disobedience.

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On Sunday, Mr. López Obrador told a large crowd of supporters that any ruling that put Mr. Calderón in office without recounting all ballots "would be an abuse of the people's rights, a rupture of the constitutional order and a coup d'état."

After the court ruled, a small group of demonstrators carried a coffin labeled "Democracy" through the center of town.

Mr. López Obrador has called for a national assembly to be held in the city's main square, the Plaza de la Constitución, on Sept. 16 to decide the future of his campaign of civil disobedience to "save democracy" and "purify public life." He has suggested the assembly could name him president of an alternative government.

Leonel Cota Montaño, the national leader of Mr. López Obrador's party, the Party of the Democratic Revolution, asserted the electoral court seemed to ignore evidence of fraud. "Everything indicates they are going to impose Felipe Calderón on the country," he said. "Everything indicates these rulings are given on these terms: change whatever, except the final result."

Using a series of arguments based on mistakes poll workers made in counting and recording ballots, Mr. López Obrador has convinced many of his followers that the government cheated them of victory.

In more than half the 130,000 polling places, he said, the poll workers, who were citizens chosen at random and trained by the government, did a poor job of keeping track of ballots.

In thousands of cases, they recorded that they had received fewer blank ballots in the morning than were found in the ballot boxes at the end of the day, suggesting that extra votes were added. In thousands of others, the ballots cast added to those left over were less than the number of ballots poll workers had received in the morning, suggesting that some ballots were missing.

Federal election officials have said those discrepancies are the result of human errors, even though they surfaced in about 70,000 polling places. To prevent fraud and make the task as simple as possible, they said, poll workers counted ballots once and wrote down numbers in various boxes on a form, rather than trying to reconcile the numbers. Different workers were in charge of counting the ballots received, the ballots cast, the ballots left over and the number of voters. They often made mistakes, officials acknowledged.

Mr. López Obrador's camp has used the errors, however, to generate doubt. His aides have also pointed out that the Federal Electoral Institute, which organized the voting, has no members from their party because of a legislative deal between the other two major parties. In addition, they have cast a spotlight on a brother-in-law of Mr. Calderón who was awarded contracts to provide the electoral institute with software, hinting he could have erased the leftist candidate's supporters. Election officials deny this is possible.

While these arguments have convinced many who voted for Mr. López Obrador that there was something fishy about the official count, the judges said the pattern of irregularities affected both parties equally and did not suggest fraud.

Mexican Court Rejects Fraud Claims (WP)

By Manuel Roig-Franzia

The Washington Post, August 29, 2006

MEXICO CITY, Aug. 28 -- Mexico's top electoral court announced Monday that a partial recount will not change the outcome of the hotly disputed July 2 presidential election, which sparked a constitutional crisis and massive demonstrations that have shackled the capital for nearly two months.

The Federal Electoral Judicial Tribunal stopped short of officially declaring Felipe Calderon the winner over Andres Manuel Lopez Obrador, the populist former mayor of Mexico City. But few here expect the court to alter the final outcome of the race, especially after the court announced Monday that it had rejected nearly all of Lopez Obrador's fraud claims.

"It looks like the game is over," said Jorge Chabat, a political analyst based in Mexico City.

The electoral court has until Sept. 6 to certify the winner, and it must still respond to Lopez Obrador's demand that the election be annulled. But legal experts here give the annulment request little chance of succeeding because it was based almost entirely on the fraud claims rejected by the tribunal on Monday.

The recount shaved only 4,000 votes off Calderon's lead of 244,000 votes, which had amounted to about half a percent of the 41 million votes cast. The recount, which encompassed 9 percent of polling places, cost each candidate votes. The court subtracted 81,000 from CalderÃ³n's total and just under 76,900 from Lopez Obrador's.

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Calderon reacted cautiously, saying during a meeting with federal lawmakers that he was "satisfied that the final count corroborated the weight of the decision made July 2."

In another appearance, he made a plea to the Mexican public aimed at thousands of Lopez Obrador supporters who have camped for a month in Mexico City's downtown square, known as the Zocalo: "Do not let a few people supplant in a violent way the decision made by the Mexicans."

In the driving rain Lopez Obrador told supporters not to accept the decision of the tribunal and vowed to continue the demonstrations.

"They supported the delinquent that stole the presidential election," Lopez Obrador said. He also said the tribunal made a "political decision, not a judicial one."

Lopez Obrador, of the Democratic Revolutionary Party, had demanded a full recount and has said that he would not accept the results of the partial recount. He also has said he plans to declare himself the president of Mexico, regardless of the tribunal's decision.

Lopez Obrador had leveled a host of allegations, including claims that tally sheets were changed, voters were paid off and computers were rigged by Mexico's electoral institute, which oversaw the balloting. But the tribunal was unimpressed by the evidence Lopez Obrador submitted.

"The judge is not an investigator, is not a prosecutor. He must start from the base of the facts invoked by the challenger," Leonel Castillo, the tribunal's chief magistrate, said in announcing the results. "They said that there were multiple irregularities in a great many polling places, but saying many polling places is not enough. They have to identify the facts."

John Ackerman, a Mexican law professor who had advocated for a full recount, said Monday that the tribunal should have undertaken a review of the entire election that addressed Lopez Obrador's claims that Mexico's institution conspired to keep information from the public.

"They could have answered the question of whether this election was a mess or not," Ackerman said. "They are missing a historic opportunity. . . . This gives Lopez Obrador the perfect weapon to continue and consolidate his movement."

Lopez Obrador enjoys tremendous support among Mexico City's poor, and his critics worry that his followers, some of whom have pledged to die for his cause, could spark unrest. But there have been signs that his support has waned, particularly since hotels and restaurants began laying off employees because of a downturn in business near the camp cities set up by protesters along Mexico's elegant Reforma Avenue.

Still, the doubts raised by Lopez Obrador have hurt Calderon politically, said Chabat, the political analyst. "In the first year, he will be a weak president," Chabat said. "He will have to negotiate with many people."

Calderon, of the National Action Party, campaigned on promises to continue the free-trade policies of outgoing President Vicente Fox, who was a strong ally of the Bush administration.

Fox, who had dismissed pro-Lopez Obrador demonstrators as "rebels," sought to give a note of finality to the electoral crisis after the tribunal's decision.

"The Mexican society has chosen a voting system to consolidate democracy. . . . The society has rejected time and again the path of violence, of division and confrontation: We should listen to the mandate of the society."

Calderon Leads Mexico Presidential Race (AP)

By Traci Carl, Associated Press Writer

AP, August 29, 2006

Mexico's ruling party candidate held onto his narrow lead in the disputed presidential election after a partial recount of votes, the top electoral court said Monday in a strong indication that conservative Felipe Calderon will be declared the winner.

But the judges held off on naming the president-elect and still have the option to annul the election.

Calderon's leftist challenger Andres Manuel Lopez Obrador reacted to the court's announcement in outrage, calling on supporters never to accept Calderon as president and asking them to decide if he should form a parallel government or carry on a nationwide campaign of protests.

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"We will never allow an illegal and illegitimate government to be installed in our country," he told thousands gathered in Mexico City's central plaza, calling acceptance of Calderon tantamount to a coup d'etat.

Calderon said he was satisfied with the tribunal's decision because it supported the votes of millions of Mexicans.

"We are on the right path," he said.

The Federal Electoral Tribunal announced the number of votes it had annulled as the result of 375 challenges to the July 2 election, reducing Calderon's 240,000-vote lead over Andres Manuel Lopez Obrador by just over 4,000 votes.

However, the judges held off on announcing a final vote tally or ruling on Lopez Obrador's allegation that the ruling party used illegal tactics during the campaign, both of which must be decided by Sept. 6. If they agree the ruling party broke the law, they could annul the election, though that now seems unlikely.

Lopez Obrador had demanded a full recount of all 41 million votes, claiming that would swing the lead in his favor. Instead, the top electoral court ordered a recount of the 9 percent of all the polling places where they believed there was evidence of irregularities.

Lopez Obrador's party has argued the campaign was dirty and that fraud was responsible for Calderon's slight lead — which amounted to 0.6 percent of the ballots cast. He and his supporters have also questioned the Federal Electoral Tribunal's ability to resolve the dispute fairly. After the results of the partial recount, Lopez Obrador said "the judges made a political decision, not a judicial one."

"Today the Electoral Tribunal decided to validate the fraud against the will of the citizens expressed at the ballot boxes," he said.

"With this decision, constitutional order is broken and the path is opened to a usurper."

Lopez Obrador, who stepped down as Mexico City mayor to run for president, said he would ask supporters to decide on a future course of action at a massive Sept. 16 meeting he has called for in the capital's Zocalo plaza — the symbolic heart of the country that has been occupied by his followers since shortly after the election.

Several of the electoral court judges defended their work in an open session Monday as dozens of protesters pressed against the courthouse gates, demanding that the election be given to Lopez Obrador.

"Tolerance, the ability to listen, has prevailed over everything else," chief justice Leonel Castillo said.

The court said all of the challenges are now resolved.

Lopez Obrador has led street demonstrations and set up protest camps that have snarled traffic. He plans to ask supporters during the meeting Sept. 16 — Mexico's Independence Day — whether he should declare himself the "alternative" president-elect.

President Vicente Fox leaves office Dec. 1, like all Mexican presidents limited to a single, six-year term.

Associated Press writer Mark Stevenson contributed to this report.

Mexico's Highest Court Supports Announced Presidential Victor (CHIT)

By Colin Mcmahon

Chicago Tribune, August 29, 2006

MEXICO CITY -- Clearing the way for Felipe Calderon to be named president-elect, Mexico's highest electoral court ruled Monday that a partial recount of the July 2 vote supported official figures showing the conservative candidate to be the winner.

The unanimous decision by the seven judges of the Federal Electoral Tribune appears to doom the legal challenges to the vote brought by the leftist candidate Andres Manuel Lopez Obrador.

But the ruling will not end his fight, Lopez Obrador vowed.

"I expected this," Lopez Obrador told aides upon hearing the ruling.

Later, in a speech to supporters who have taken over Mexico City's central plaza for weeks, Lopez Obrador called the ruling "offensive and unacceptable." He accused the tribunal of "trying to legalize fraud" and referred to Calderon as a usurper.

Officials from Lopez Obrador's Democratic Revolution Party predicted that the tribunal's next step would be to ratify Calderon's victory, probably in the days after President Vicente Fox's state of the nation speech Friday.

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As for their own next step, Lopez Obrador and his supporters say that is under discussion. One possibility is that a "national democratic convention" planned for next month could set up a parallel or "resistance" government and name Lopez Obrador president.

Such talk worries many average Mexicans. And it infuriates Calderon supporters, who see Lopez Obrador as a sore loser increasingly losing public support.

Calderon said Monday that he is pleased with the tribunal's ruling, saying it "clears up the doubts and insinuations that [his opponents] want to sow among the people."

But unlike in the weeks after the July 2 vote, the candidate of the conservative National Action Party avoided sounding triumphant.

"I am not the president-elect yet, but I am waiting," Calderon said in a meeting with a women's business group.

Calderon again offered to work with Lopez Obrador. But he repeated his message that the will of the electorate could not be negotiated away.

"I have a firm hand, but I am willing to reach deals," Calderon said. "I will not allow the decision taken by the Mexican people to be supplanted in a violent way by a few people."

Lopez Obrador's supporters say that is exactly what is happening: That a relative few people—in the courts, the government, the media and big business—are overturning the will of the Mexican people.

Using the same numbers as the electoral tribunal had at its disposal, the Democratic Revolution Party said the partial recount showed enough irregularities to warrant a full recount.

They renewed allegations that the judges bowed to political pressure. And they criticized the tribunal for being too timid and legalistic in ordering a recount in fewer than 10 percent of electoral precincts, instead of considering that the whole election might be tainted.

Of the approximately 4 million votes the court ordered recounted, the judges threw out about 230,000. They said that for various reasons the process in the precincts where those votes were cast could not be fully trusted.

But the errors and irregularities, while numerous, did not present evidence of fraud, the judges said. They did not significantly favor one party over another. Some of the votes thrown out cost Calderon. Some cost Lopez Obrador. And some cost the other candidates.

In total, Calderon's lead over Lopez Obrador, which had stood at nearly 240,000 votes out of nearly 42 million cast, shrunk by a bit more than 4,000.

The judges said that recounting everything would not change the final result. And they rejected Lopez Obrador's assertion that the evidence of irregularities in some of the precincts warranted a broader review.

"There are rules that the judges cannot override," said Leonel Castillo Gonzalez, president of the tribunal. And the rules allowed the tribunal to examine only those precincts in which the Democratic Revolution Party or the National Action Party or others made specific challenges.

The chief judge also said the recount proved the impartiality of electoral workers who ran the balloting stations and handled the tallying of votes.

Their work was often not as precise as it should have been. But, the court said, it was done in good faith.

The electoral tribunal has until Sept. 6 to officially declare the winner of the vote.

Calderon Moves Closer To Victory In Mexico (LAT)

By Héctor Tobar And Sam Enriquez

The Los Angeles Times, August 29, 2006

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MEXICO CITY — Mexico's top electoral court announced Monday that a partial recount of the votes in this country's disputed presidential election found no evidence of widespread fraud, a ruling that placed conservative Felipe Calderon tantalizingly close to victory.

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In its 7-0 ruling, the Federal Electoral Tribunal rejected the claim by Calderon's leftist opponent, Andres Manuel Lopez Obrador, that fraud in the ballot count had cost him the July 2 election and said it had found only minor mathematical and administrative errors in the initial tally.

The recount subtracted 4,183 votes from Calderon's margin of victory, reducing it to about 240,000, the judges said.

"This tribunal can say to the citizenry that their votes were counted fairly," said Magistrate Fernando Ojesto. "We have followed the principle of one man, one vote, and of effective suffrage."

The panel has until Sept. 6 to declare an official winner and still could refuse to certify the election. Lopez Obrador contends that President Vicente Fox and business groups illegally aided Calderon's campaign. But most political observers have considered that claim unlikely to prevail.

Lopez Obrador's Democratic Revolution Party, or PRD, "is challenging the quality of the election," said John M. Ackerman, a professor at the Institute for Legal Research at the National Autonomous University of Mexico.

But for the tribunal, Ackerman said, "the question is whether it was a legally valid election … and today they gave clear signs they are not going to invalidate the election."

The tribunal said the smattering of administrative and mathematical errors in thousands of polling places were not acts of "bad faith" and did not merit throwing out the results of those polling places.

The jurists also rebuked the Lopez Obrador campaign, saying it had failed to provide concrete evidence of irregularities in the thousands of precincts where it had claimed fraud.

"The plaintiff says there are multiple irregularities in a large number of precincts or in this or that district," said Chief Magistrate Leonel Castillo, referring to the Lopez Obrador campaign.

"Well, that 'large number' is not enough. The law says you must specify evidence and facts."

Calderon said the ruling would "eliminate the insidious doubts" his opponents "want to spread among the citizenry."

Lopez Obrador said Monday's ruling was "offensive and unacceptable for millions of Mexicans."

"It represents not only a disgrace in the history of our country but also a violation of the constitutional order and a true coup d'etat," he told hundreds of followers in the capital city's main plaza, the Zocalo, where he has said he will hold a "national assembly" on Sept. 16, Mexico's Independence Day.

Political tension and uncertainty have gripped Mexico for weeks, with the PRD threatening to make the country ungovernable if Calderon becomes president.

This month, the court ordered about 4 million votes recounted but declined the PRD's demand to recount all 41 million votes.

Ackerman said he was surprised by the swiftness of Monday's decision and concerned that the tribunal did not provide more details of its findings.

"If it turns out that some of the PRD claims are right, then there will be some questions about how they are proceeding," Ackerman said.

Todd Eisenstadt, professor of government at the American University in Washington, pointed out that the judges were critical of the boilerplate, "cut and paste" method of the PRD complaint.

Those methods, he said, evoke an earlier era of Mexican electoral disputes, in which legal complaints were filed merely to justify street protests.

"The chances are increasingly remote that the electoral results will be overturned," Eisenstadt said.

"Everything indicates that [Calderon] will be imposed as president," said Leonel Cota, national leader of the PRD.

Outside the tribunal's headquarters, a small number of Lopez Obrador backers protested the ruling, chanting, "The people voted! Obrador won!"

Thousands of supporters of the leftist candidate have occupied much of this capital city's central avenue, Paseo de la Reforma, since July 30, tying up traffic and angering commuters. They have said they will remain in place during Mexico's patriotic celebrations on Sept. 15 and 16.

Fox has said he will defy the leftist protesters and deliver his traditional Independence Day "yell" in the Zocalo on the night of Sept. 15. A military parade is to follow on the next day.

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On Monday, Fox made his strongest public condemnation yet of Lopez Obrador and the blockades.

"We can't allow personal ambitions to place at risk the most valuable thing the Mexican people have built — our laws and institutions," the president said a meeting of fishermen in the northern state of Tamaulipas.

"Society has rejected time and again the path of violence, division and confrontation."

Calderon, a 44-year-old former energy minister under Fox and a longtime activist in the National Action Party, has kept a low profile in recent weeks.

On Monday, National Action Party leaders said the tribunal's ruling was a step forward for Mexico's democratic institutions.

"We have said from the beginning that we will respect the decision of the tribunal," said Juan Molinar Horcasitas, a party spokesman. "All the arguments that have been made to question the cleanliness of this election have been collapsing one by one."

Mexican Court Rejects Vote Challenges (USAT)

By Sara Miller Llana

USA Today, August 29, 2006

MEXICO CITY — Mexico's top electoral court Monday rejected allegations of large-scale vote fraud in July 2 elections, a move likely to make conservative Felipe Calderón the country's next president.

The seven-judge panel turned aside most of the legal challenges by Calderón's rival, former Mexico City mayor Andrés Manuel López Obrador, a left-leaning populist who championed the country's poor and lost by 0.6% in the closest presidential race in Mexican history.

López Obrador has said the election was stolen and said an electoral court decision in favor of Calderón would amount to a coup. Daily protests by his supporters have shut down parts of Mexico City and created gridlock here.

“I don't think López Obrador has a chance in a thousand that the electoral court will certify him as winner or annul the election,” says Todd Eisenstadt, an expert on Mexico's electoral court at American University in Washington, D.C. “The door seems to be closing quickly.”

López Obrador alleged irregularities at more than half the country's polling stations. He demanded a vote-by-vote recount of 41 million ballots cast July 2. The electoral court rejected that request earlier this month, ordering a review of just 9% of polling places.

On Monday, the court announced that its recount cut Calderón's 240,000-vote lead by about 4,000 votes. The justices finished the session without formally certifying Calderón as the winner. They must certify a winner by Sept. 6.

Calderón, a member of President Vicente Fox's National Action Party (PAN), is a free-trade advocate who has said he would keep Mexico a strong U.S. ally.

“We are sure that the only thing that will come out of these legal challenges is that Felipe Calderón won the presidency legitimately,” Calderón aide Juan Camilo Mourino said.

The 2006 election revealed class and geographic divisions. The PAN and López Obrador's Democratic Revolution Party split Mexico's 31 states and one federal district in half — each won 16. Calderón got more support in the industrial north; López Obrador won Mexico City and southern rural states.

López Obrador has threatened to set up a permanent civil resistance campaign.

“It would be an abuse of the people's rights, a rupture of the constitutional order and a coup d'état, which is offensive to millions of Mexicans,” he told supporters in the Zocalo, Mexico City's main square, on Sunday.

He has also called for a national convention for Sept. 16, Mexico's Independence Day, when he says he will ask supporters whether he should be declared the “alternative” president-elect of the country.

The court defended its work. “We can tell people that today their votes were worth something and that they are definitive,” Judge Fernando Ojesto said.

John Ackerman, an expert on Mexican electoral law at the National Autonomous University of Mexico, criticized the court's findings as too narrow. “They are refusing to see the whole election perspective, to take a broader view; they are only looking at the bark of the tree,” he said.

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Others backed the decision. "Although it's close, López Obrador and his followers have not made a compelling case of fraud," said George Grayson, author of a López Obrador biography and professor at the College of William and Mary in Williamsburg, Va.

The new president is to take office Dec. 1.

Mexico's Recount (NYT)

The New York Times, August 29, 2006

For eight weeks, Andrés Manuel López Obrador has made his claim of electoral fraud the basis for what threatens to become a permanent protest of Mexico's presidential election. Yesterday, Mexico's electoral tribunal kicked away the foundations of his claim. In a recount of 9 percent of polling places, the judges found no evidence of widespread fraud and too few errors to change the results.

The electoral tribunal has not yet declared that Felipe Calderón, of the ruling National Action Party, is Mexico's next president. It has until Sept. 6 to rule on whether President Vicente Fox and business groups interfered illegally in the election. No one should ask Mr. López Obrador to concede before this ruling. But it is time for him to end the protests and pledge to respect the tribunal's final decision.

Mr. López Obrador, who trails Mr. Calderón by less than 0.6 percent of the vote, claims he really won and vows to make the country ungovernable until his claim is recognized. His supporters have set up squatter camps that have paralyzed parts of Mexico City. Mr. López Obrador argues that only a full recount would have settled the question. In a country where electoral fraud used to be routine, a full recount would indeed have been best.

But this vote was apparently well run, and there is a clear and thorough process in place to deal with challenges. The electoral tribunal is respected and independent. Mr. López Obrador's continued insistence that he was robbed now sounds like whining. If he does not desist, his party, now the country's second-largest, should decide that it is bigger than him and that its role is as opposition within, not outside, democratic processes.

Mr. Calderón, however, also needs to reach out. He erred in opposing a recount. And while his advisers insist that they do not need the Party of the Democratic Revolution to govern effectively, they are wrong. Mr. Calderón has less than 36 percent of the vote, and his own party fell short of a majority in both the Chamber of Deputies and the Senate. The country is split by class and geography, with the wealthy northern states supporting Mr. Calderón and the poorer south supporting Mr. López Obrador.

Even if he could govern alone, Mr. Calderón would be making policy in an echo chamber of Mexico's elite. Mr. López Obrador has flaws that have apparently kept him from the presidency. But that does not mean that the millions of Mexicans who feel represented by him should have no voice.

Leading US Senator To Address Tories (FT)

By Ben Hall

Financial Times, August 29, 2006

John McCain, the popular Republican senator and likely US presidential contender, has agreed in principle to speak at the Conservatives' annual conference in October, underlining the restoration of the party's international credibility.

Securing Mr McCain as the star turn in Bournemouth would be a coup for David Cameron, who has paid little attention to world affairs since becoming Tory leader in December and has not yet been to Washington.

The Arizona senator is the frontrunner in the race to become the Republican candidate for the 2008 presidential election and has been a sharp critic of aspects of the Bush administration's war on terror.

Michael Howard, Mr Cameron's predecessor, fell out with the White House after criticising Tony Blair's handling of the war. But Mr Cameron's team have since rebuilt relations with the Republicans.

Labour is believed to be trying to persuade Bill Clinton, the former US president and political soulmate of Tony Blair, to charm party activists with a flying visit to the party's conference in Manchester at the end of September.

But the Tories are likely to bill Mr McCain as the coming man, with whom Mr Cameron could eventually do business if both were to win power. "They can have a previous president," said a senior Conservative figure. "We'll have the next one."

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Mr McCain has clashed with the White House on tax cuts, campaign finance and the use of torture, taking a strong stand against the Bush administration's support for the Guantánamo Bay detention camp.

He has supported the Iraq war in general but has heavily criticised aspects of its execution, training his fire on Donald Rumsfeld, the US defence secretary.

His presence with the Tories in Bournemouth would stir up Labour unease about Mr Blair's proximity to the Bush administration and decision to join the Iraq war.

Conservative officials said Mr McCain had agreed in principle to attend the conference but had not yet established on which day he would deliver his speech.

George Osborne, shadow chancellor, is credited with reeling in Mr McCain after meetings with the senator in Washington this summer and in London last year.

The Tories will use Mr McCain's visit and a host of other meetings with world leaders to show they have become a credible political force and are taken seriously on the world stage.

In Tokyo this week, Mr Osborne will meet Shinzo Abe, chief cabinet secretary, who is widely expected to take over as prime minister when Junichiro Koizumi steps down next month.

Mr Osborne and Mr Cameron also hope to see Manmohan Singh, India's prime minister, when they visit Delhi next week.

Aides to Mr Blair declined to say whether Downing Street was in negotiations with Mr Clinton about making a second appearance at a Labour conference.

"We are not yet in a position to say who our international speaker will be," said a Labour adviser.

The former president wowed delegates in Blackpool four years ago.

Obama Speaks On Corruption, Rifts In Kenya (USAT/AP)

By Christopher Wills

USA Today, August 29, 2006

NAIROBI, Kenya — Kenyans must take control of their country's destiny by opposing corruption and ethnic divisions in government, Sen. Barack Obama said in a policy speech Monday at the main university in his father's homeland.

Kenya and other African nations will never thrive if their citizens cannot count on the government to deliver services fairly, regardless of their tribal background or ability to pay bribes, Obama told about 600 people at the University of Nairobi.

"In the end, if the people cannot trust their government to do the job for which it exists — to protect them and to promote their common welfare — all else is lost," he said.

The Illinois Democrat, who is on a multination tour of Africa, has received the warmest and largest welcome in Kenya. There, Kenyans have claimed Obama as one of their own, even though he was mostly raised in Hawaii and did not know his Kenyan father well.

This is Obama's third visit to Kenya but his first since being elected the United States' only black senator in 2004.

On Monday, he acknowledged the irony of a politician from Chicago, known for its long history of public corruption, talking about good government. However, while corruption is universal, he said, in Kenya it amounts to "a crisis that's robbing an honest people of opportunities they have fought for."

Government officials did not immediately respond to the comments by Obama, who met privately with President Mwai Kibaki last week.

Claims of corruption were common during the 24-year rule of the previous president, Daniel arap Moi. Although Kibaki was elected in 2002 after campaigning as a reformer, he is facing mounting pressure to respond to corruption allegations.

Obama said Monday that the Kenyan government must reduce patronage jobs and increase salaries for employees to reduce the temptation to take bribes.

Obama Urges Kenyans To Fight Graft (WP/AP)

By Christopher Wills

The Washington Post, August 29, 2006

DOJ_NMG_0055153

NAIROBI, Aug. 28 -- Sen. Barack Obama urged Kenyans to take control of their country's destiny by opposing corruption and ethnic divisions in government during a speech Monday in Nairobi.

Kenya and other African nations will never thrive if their citizens cannot count on government to deliver services fairly, regardless of their tribal background or ability to pay bribes, the Illinois Democrat told about 600 people at the state-run University of Nairobi.

"In the end, if the people cannot trust their government to do the job for which it exists -- to protect them and to promote their common welfare -- all else is lost," he said.

Obama on Tuesday will visit the world-famous Masai Mara Game Reserve in southern Kenya, followed by trips to Djibouti and Chad. He began his two-week tour of the continent Aug. 18 in South Africa.

He has received the warmest and largest welcome in Kenya, his father's homeland. Kenyans have claimed him as one of their own even though he was raised mostly in Hawaii and did not know his Kenyan father well.

On Monday, Obama acknowledged the irony of a politician from Chicago, known for its long history of public corruption, talking about good government. But while corruption is universal, he said, in Kenya it amounts to "a crisis that's robbing an honest people of opportunities they have fought for."

Government officials did not immediately respond to Obama's comments Monday. The senator had a closed-door meeting with President Mwai Kibaki last week.

Kenya has been roiled for years by widespread allegations of corruption. Kibaki won election in 2002 promising to root out corruption that had become endemic under the 24-year rule of his predecessor, Daniel arap Moi. Now, he too is facing mounting pressure to respond to allegations of high-level graft.

Kibaki's administration has pointed to its efforts to root out corrupt judges and ongoing investigations into high-level wrongdoing. Officials also have said the government alone cannot fight corruption and has asked individuals and companies to stop paying bribes.

Obama said Monday that the Kenyan government must reduce patronage jobs and increase salaries for public employees to reduce the temptation for taking bribes. It also needs clear laws and regulations, so that individual bureaucrats cannot twist the rules to their own ends, Obama said.

"Finally, ethnic-based tribal politics have to stop," he said to applause from the audience of students, university staff, business leaders and others.

Obama's Africa Trip Has Been Equal Parts Political And Personal (MCT)

By Shashank Bengali And Munene Kilongi

McClatchy Newspapers, August 29, 2006

NAIROBI, Kenya - At the midpoint of a two-week swing through Africa that's been equal parts political and personal, Sen. Barack Obama on Monday had some critical words for Kenya, the country where his father was born.

In his first visit here since joining the Senate last year, the Illinois Democrat assailed Kenya's ethnic-based politics and culture of corruption as obstacles to economic development. And he condemned the Kenyan government's raid earlier this year on a private newspaper and television station, calling it a breach of press freedoms.

Kenyans had heard all this before, but this time it was coming from Obama, a man they see as one of their own. His speech to a packed university lecture hall, with hundreds listening outside on large speakers and many more watching on television, often drew applause.

"If the people cannot trust the government to do the job for which it exists, to protect them and to promote the common welfare, then all else is lost," Obama said. "The struggle against corruption is one of the great struggles of our time."

Throughout Obama's four-day visit to Kenya, he's been greeted like a head of state or a sports legend, not like a freshman U.S. senator. Obama was raised in Hawaii, and his last visit to Kenya was 14 years ago.

He's been quick to downplay expectations that he'll be able to help Kenya, or the rest of Africa, lift itself up from systemic poverty and conflict.

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"I don't pretend to have all the solutions or think that it'll be easy," he said Monday. "I've got enough on my hands trying to work in the United States."

Kenyans have eagerly embraced Obama since he was elected in 2004 as the Senate's only African-American. Speculation since has grown that he'll one day run for president.

Children here have been named for him - in Swahili his first name means "blessing" - as have countless schools and businesses in the rural western region from where his family hails. The locally brewed Senator beer is now better known as "Obama" - a high honor in this land of big drinkers.

Obama, 45, is the son of a Kansan woman and a Kenyan man who separated when he was young. His father, a goat herder who became an economist, returned to Kenya, where he died in a car accident in 1982. Obama's grandmother and about 30 other family members still live in the village of Kogelo, which Obama first visited in 1987 before he entered Harvard Law School.

He returned on Saturday with his wife and two young daughters to the village of his father's humble beginnings. A carnival atmosphere prevailed. Onlookers climbed trees and lampposts or balanced atop bicycles to glimpse Obama. Vendors hawked T-shirts with his image and the message "We are proud you are a Kenyan."

Obama didn't disappoint, issuing a brief greeting in the language of his father's Luo tribe, which sent the crowd of thousands into wild cheers.

He also shared brief memories of his father, whom he has said he didn't know well.

"Whenever I see a young boy 5 or 6 or 7 or 10, I think about my father," Obama said. "I think about the journey he traveled so many miles over such a great distance. I think of those young boys and I think there is no reason why they can't do the same."

Obama shared a tight embrace with his 80-year-old grandmother, Sarah Hussein Obama, who held him by the waist as she took him on a tour of his cousins' houses.

"I am very happy especially seeing his children," said his grandmother, wearing a yellow floral-print African dress and headscarf. "He is a kid who belongs to this homestead."

Before coming to Kenya, Obama visited South Africa, where the reception wasn't nearly as warm, and he made headlines for criticizing the government's policy on HIV/AIDS. In Kenya, although Obama has been critical of President Mwai Kibaki's administration for its failure to rein in corruption, the news coverage generally has been glowing.

Last week Obama was scheduled to visit Congo, but the trip was canceled due to post-election violence. Later this week he's expected to travel to the tiny coastal nation of Djibouti, headquarters of the U.S. military's counterterrorism operation in the Horn of Africa, and to the central African nation of Chad.

Bengali reported from Nairobi; McClatchy Newspapers special correspondent Kilongi reported from Kogelo.

Obama Urges Kenyans To Get Tough On Corruption (NYT)

By Jeffrey Gettleman

The New York Times, August 29, 2006

NAIROBI, Kenya, Aug. 28 — Barack Obama strode into a packed auditorium in Nairobi on Monday and attacked an issue that notoriously bedevils Kenyan society: corruption.

He urged people to reject “the insulting idea that corruption is somehow part of Kenyan culture” and “to stand up and speak out against injustices.”

This was Day 5 of his Kenya tour, and at each stop, each speech that he gives, the crowds only grow.

It is an unusual reception for an unusual trip for a Democratic freshman senator from Illinois to be making, but it seems that Mr. Obama, whose father was Kenyan, is using all the rapturous attention to spotlight serious issues that are too often ignored in Africa.

The Kenyans are loving it.

On Friday, thousands of students at the University of Nairobi in halter tops, Che Guevara T-shirts, blue jeans and three-piece suits, pressed up against barricades to watch Mr. Obama and his entourage walk through the door.

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During a nationally televised speech at the campus, students and faculty clapped in all the right places and laughed at most of Mr. Obama's jokes. For a second, it seemed as if Mr. Obama were back at the Democratic National Convention in Boston in 2004, when he gave such a rousing pep talk that people started mentioning the p-word with his name.

Everywhere he has gone so far in Kenya — fancy hotels, rusted-roof slums, his father's home village, an AIDS clinic where he and his wife were tested Saturday — questions have trailed him about whether he is running for president. Mr. Obama always politely defers, saying he is happy to be a senator.

During his speech on Monday, he laid out a tough prescription for Africa's ills, calling for government cutbacks, more openness and less ethnic politics.

Kenya is one of the more developed countries in sub-Saharan Africa and one of the closest to the West, but it is consistently ranked by international organizations as one of the most corrupt. Mr. Obama said this corroded its ability to attract investment, fight terrorism and provide security for its own people.

Most of all, he told Kenyans to stop complaining about the injustices of the colonial past and to accept responsibility. "It's more than just history and outside influence that explain why Kenya is lagging behind," he said.

He ended by telling the crowd, "I want you all to know that as your ally, your friend and your brother, I will be there in every way I can."

Many in the audience left in high spirits.

"He's inspiring," said Miriam Musonye, a literature professor. "He really seems to believe what he says."

Obama Chides Africa On Visit (WT)

The Washington Times, August 29, 2006

From combined dispatches

NAIROBI, Kenya -- If Africans welcoming home a native son thought that rising Democratic star Sen. Barack Obama of Illinois came only in praise of the continent of his roots, they were mistaken.

In South Africa last week, he took the government to task for its tepid response to the AIDS epidemic that has ravaged sub-Saharan Africa. He also criticized the government of President Thabo Mbeki for its "quiet diplomacy" with Zimbabwe, demanding that more pressure be put on Zimbabwean President Robert Mugabe.

Kenya risks losing its status as a model of African democracy if it does not urgently crack down on corruption that has reached crisis levels and stifled development, Mr. Obama said yesterday.

Western nations must ensure they practice what they preach to African nations about graft, said Mr. Obama, a member of the Senate Foreign Relations Committee, who is using the trip in part to polish his credentials in foreign policy.

"While corruption is a problem we all share, here in Kenya it is a crisis -- a crisis that's robbing an honest people of the opportunities they have fought for," Mr. Obama told an audience at the University of Nairobi.

Mr. Obama, born in Hawaii to a Kenyan father and white American mother, is on his first trip to Kenya since being elected to the Senate in 2004 and has become an idol to many in the East African country, who see him as a native son.

The senator, who stopped in South Africa last week, also will travel to Djibouti and Chad, to visit refugees from Sudan's Darfur region, on a trip he hopes will bring new focus on Africa's importance.

He scrapped plans to visit the Democratic Republic of the Congo and Rwanda at the request of the U.S. Embassy in Congo because of postelection fighting in that country's capital, Kinshasa.

Yesterday, Mr. Obama said Kenya had made great strides since independence from Britain in 1963 and remained "a model of representative democracy, a place where many different ethnic factions have found a way to live and work together."

But corruption is threatening all that by hampering development and the creation of strong, accountable institutions, he said.

"If the people cannot trust their government to do the job for which it exists -- to protect them and promote their common welfare -- then all else is lost. That is why the struggle of corruption is one of the great struggles of our time," Mr. Obama said.

He said graft had allowed Felicien Kabuga, wanted on war-crime charges in Rwanda's 1994 genocide, to find safe haven in Kenya and had infected the police force to the point that it was "a source of insecurity."

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The government of President Mwai Kibaki, elected in 2002 on a promise to wipe out the graft that had characterized the 24-year rule of predecessor Daniel arap Moi, has itself been hit by a string of corruption scandals in the past year.

Mr. Obama arrived in Kenya on Thursday for his first visit to his father's homeland since taking office.

On Sunday, he visited a project to start small businesses and stopped by an AIDS prevention program in Kibera, one of the world's biggest slums, where he told residents that he wants everyone in the United States to know about their plight and promised to push the U.S. and Kenyan governments to help.

The AIDS prevention program is affiliated with the University of North Carolina. Mr. Obama also met with students who are part of local abstinence campaigns. The program, called Carolina for Kibera, estimates that one in five of the slum's population is HIV-positive.

AIDS prevention has been a theme of Mr. Obama's visit. On Saturday, he and his wife, Michelle, underwent public HIV tests at a hospital in Kisumu in an effort to reduce the public stigma associated with HIV testing.

Biggest-Ever Emissions Trades: $1 Billion Deal Benefits Beijing (WSJ)

By John J. Fialka

The Wall Street Journal, August 29, 2006

WASHINGTON -- The World Bank and 11 utilities, banks, trading firms and others have put together the largest greenhouse-gas emission trades in history, a $1 billion deal that will help two Chinese chemical companies reduce emissions believed to cause climate change by the equivalent of 19 million tons of carbon dioxide a year.

The transaction, almost double the size of previous deals, will be a windfall for the Chinese government, which will get 65% of the money through existing taxes on the two companies. The money will be put into a new Clean Development Fund that China will use to promote forms of renewable energy -- such as solar and wind power -- and to remove other gases believed to cause global warming.

Seventy-five percent of the money is coming from European and Asian corporations, many of which are hurrying to buy emissions credits that can be used to meet the terms of the Kyoto Protocol. The treaty, ratified by 164 countries, requires 35 participating industrial nations to reduce emissions of carbon dioxide and five other so-called greenhouse gases by 5.2% below 1990 levels between 2008 and 2012.

Under emissions trading, a company that reduces emissions below its assigned quota has credits that it can sell. Companies that can't make reductions to meet their targets can buy the credits and use them to make up the difference. Companies also can obtain credits by financing emission-reducing projects in developing nations, such as China.

"The window is closing on transactions of this size," said Joelle Chassard, manager of the World Bank's carbon finance unit, which helped write the rules for such trades of pollution credits and negotiated the first international deals. Ms Chassard said such credits sold out within two weeks to private purchasers, including utilities. She noted that most projects to reduce emissions in developing countries, such as building power plants, require long lead times that may not permit the facilities to be productive by the treaty's first regulatory period.

"We think this is a very positive development. It says something about the commitment of China to do something about climate change," Ms. Chassard said. China, although the world's No. 2 emitter of greenhouse gases, is considered a developing nation and isn't bound by Kyoto regulations. The U.S. is the world's largest source of greenhouse gases, but declined to join the Kyoto treaty in favor of voluntary reduction programs.

The two Chinese companies that will benefit from the transaction are located in Jiangsu Province on China's eastern coast. The companies manufacture a refrigerant using a process that generates HFC-23, an inert gas that is rated 11,700 times more powerful in global warming than carbon dioxide. A small part of the $1 billion, Ms. Chassard said, will be used to buy incinerator technology that will decompose the HFC-23. The gas, which is among those considered pollutants by the Kyoto treaty, currently is released into the air.

The potency of the gas involved and the simplicity of the technology needed to eliminate it have made HFC-23 deals the most attractive for emissions credits trading. That is because companies and governments are looking for projects that can be completed by 2008.

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"This was an attractive deal all around," said Jack Cogan, president of Natsource LLC, a New York asset managing company that is buying credits for 27 corporations that are members of two pools it has organized. "If these [Chinese] companies make a lot of money out of this, that's fine with us. The trading was done at market prices."

Other participants include: Deutsche Bank AG; RWE AG, a German utility; Tokyo Electric Power Co., Endesa SA, a Spanish utility, and Japanese trading firm Mitsui & Co. Ltd. The deal also includes members of five funds organized by the World Bank, which include both governments and private companies. According to the World Bank, 25% of the money involved in the transaction comes from government agencies that, under the treaty, can use the credits to meet national pollution targets.

Companies that can't meet their pollution-reduction goals face a variety of penalties that would be levied by their home country's equivalent of the Environmental Protection Agency. Countries are moving to avoid the embarrassment of not meeting their treaty obligations. Reductions that will be required in the second round of the Kyoto Protocol, which begins after 2012, haven't been negotiated.

The Yuan And The Greenback (WSJ)

By Ronald I. McKinnon

The Wall Street Journal, August 29, 2006

China's central bank anchored the national price level from 1994 to Sept. 21, 2005, by keeping its currency, the yuan, fixed at 8.28 yuan to the U.S. dollar. The policy was a great success: Over that period, China's consumer price inflation dropped to around 1% to 2%, from more than 25%, and inflation-adjusted GDP grew at a healthy 9% to 10% clip per year.

Today, however, the U.S. monetary anchor isn't as stable as it once was. U.S. inflation is spiraling up, with consumer prices rising to 4.1% and producer prices to 4.2% on a year-on-year basis through last July. Clearly, China's foreign monetary anchor is slipping. Worse, the Federal Reserve Bank has been indecisive about caging the inflation dragon, leaving the interbank federal funds rate at just 5.25% -- an unduly stimulatory level -- at its August meeting.

So what should China do? Since July 21 last year, when the People's Bank of China unhooked the yuan and allowed a discrete appreciation of 2.1%, the mainland's policy makers have allowed the currency to appreciate slowly. The total appreciation equaled 3.3% after a year -- and seems to be continuing at about this annual rate.

The initial motive for unhooking China's peg to the dollar was probably to defuse -- or confuse -- misguided American political pressure to appreciate the yuan's value versus the greenback. The premise of such arguments, that yuan appreciation would reduce China's large and growing trade surplus, is widely held but wrong. The trade imbalance between China and the U.S. results from China's high savings combined with the opposite tendency in the U.S., neither of which is predictably affected by changing the yuan-dollar exchange rate.

China's inflation is, however, predictably affected by sustained exchange-rate changes. Although unhooking the yuan-dollar exchange rate to reduce China's trade surplus was wrongly motivated, the subsequent small appreciation has had a positive effect: It's helped to insulate China from surprisingly high U.S. inflation. So should small controlled exchange appreciation now become China's monetary guideline for maintaining internal price stability?

Consider the evidence: China's consumer price inflation registered just 1% over the year through last July, while the U.S. rate hit 4.1%. This inflation differential of 3.1 percentage points was consistent with the yuan's appreciation of 3.3% year over year, as the chart nearby shows. That the inflation differential mimicked the appreciation so closely is partly a statistical coincidence, and probably unlikely to happen again. Nevertheless, cause and effect are also important. Beyond just U.S.-China trade, the dollar is an international currency widely used for pricing foreign trade in goods and services in Asia and the world. When a highly open economy such as China's gears its domestic monetary policy to a slow, but well signaled, appreciation against the dollar, its price inflation can be expected to fall correspondingly below the American rate.

This reasoning leads to a new monetary rule for China: Pick some target rate for annual inflation in China's CPI, say 1% (it could be as high as 2%), then see how much higher American inflation, say 4.1%, is above China's internal target rate. The difference, in this case 3.1%, then becomes the planned annual gradual appreciation of the yuan rate against the dollar. As is already the case, the exchange rate would be tightly controlled by China's central bank, with only tiny movements on a daily basis -- around which the narrow band fluctuations would continue. And the exact timing of these movements would be arbitrary, so

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that speculators don't get any free lunches. Finally, if Fed Chairman Ben Bernanke does succeed in reducing American inflation, China's exchange rate appreciation would slow accordingly -- and stop altogether when American inflation stabilizes at China's internal target rate.

Although this new monetary-cum-exchange-rate rule is straightforward enough, it has strong implications for the behavior of yuan interest rates. Those that are not officially pegged are already endogenously determined by the expected path of the exchange rate. The chart shows the paths of one-year interest rates for China and the U.S., and the corresponding yield spread. In May, the yield on dollar bonds quoted in London was 5.7%, while the yield on bonds issued by China's central bank was 2.6% -- a spread of just 3.1%. The chart then superimposes the path of the yuan's appreciation since July 21, 2005. Remarkably, by July 2006, the two curves conjoin: The 3.28% appreciation over the year roughly equals the interest differential! Investors in yuan assets were willing to accept a lower return because they expected the yuan to appreciate a little over 3%. This interest differential of 3% or so will continue as long as investors project that the yuan will continue to appreciate by that amount -- as per our new monetary rule for targeting China's domestic rate of price inflation at a lower level than in the U.S.

It is important to keep the rate of yuan appreciation moderate and in line with the inflation differential between the two countries. Suppose the rate of appreciation was accelerated to 6%, with U.S. inflation remaining at 4.1% and the dollar interest rate at 5.7%. Financial markets, which are quick to adjust, would bid interest rates on yuan assets toward zero -- from which they would be bounded from below: the infamous liquidity trap. In goods markets, where prices are slower to adjust, inflation would begin to fall below the 1% target -- and then could even fall below zero, so as to create outright deflation.

Alternatively, suppose that U.S. inflation slowed to, say, 2% and dollar interest rates came down toward 3%. Then, if China's central bank stayed with its current policy of a slightly more than 3% annual appreciation of the yuan, Chinese interest rates would again be forced toward zero, with the threat of outright deflation in the general price level. Instead, the correct strategy for China's central bank then becomes to slow the rate of appreciation to 1% per year, or slightly less.

Floating the yuan, which would lead to a large initial appreciation, would be a major policy mistake. China's trade surplus would continue unabated, with a continued accumulation of dollar claims by the private sector that would force successive appreciations of the yuan until the central bank was again forced to intervene and stabilize the rate at a much appreciated level. By then, expectations of ongoing appreciation and deflation in China would be firmly in place. That scenario could mimic what happened to Japan with its ever higher yen in the 1980s through the mid-1990s -- a deflationary slump, coupled with a zero interest liquidity trap and its "lost" decade of the '90s.

The bottom line is that China's central bank must carefully watch inflation and interest rates in the U.S. when formulating its own exchange-rate-based monetary strategy. Any exchange-rate changes against the dollar should be tightly controlled and gradual -- as with the appreciation over the past year.

Mr. McKinnon, professor of economics at Stanford, is author of "Exchange Rates under the East Asian Dollar Standard: Living with Conflicted Virtue" (MIT Press, 2005).

China's Great Leap Backward (WSJ)

The Wall Street Journal, August 29, 2006

In most countries, a blind social activist who taught himself law to fight for the rights of the disabled and other victims of abuse would be a hero. In China, Chen Guangcheng's reward for doing this is prison.

After courageously exposing forced abortions and sterilizations that even the government agrees are against the law, he was sentenced Thursday to four years and three months on trumped up charges of "gathering a crowd to disrupt traffic" and damaging $680 of government property. Three lawyers who sought to defend the blind activist were detained by local police in the northeast Chinese province of Shandong and accused of stealing a wallet. The judge then announced that Mr. Chen's silence during the "trial" amounted to an admission of guilt.

Despite China's impressive progress in the economic arena and its repeated claims to be building a fairer legal system, the law is taking a great leap backward.

On Friday, Chinese journalist Zhao Yan was sentenced to three years in jail on dubious charges of fraud. A researcher for the Beijing bureau of the New York Times, Mr. Zhao was detained two years ago on charges of "leaking state secrets" after a

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story in the Times revealed that former President Jiang Zemin was about to step down as China's military chief. The Times has repeatedly denied that Mr. Zhao was involved in this story, and prosecutors didn't produce evidence that the report fit even China's elastic definition of state secrets. After President Bush twice raised the Times researcher's case with Chinese President Hu Jintao, Beijing had to be a bit more careful. So it let the state-secrets charges fail and dug up an unrelated five-year-old fraud charge to avoid setting Mr. Zhao free.

Meanwhile Ching Cheong, Hong Kong correspondent for Singapore's Straits Times, is waiting to hear his fate after a secret trial two weeks ago, again on charges of leaking state secrets. He was detained last year while trying to collect a manuscript containing interviews with the late reformist leader Zhao Ziyang, who sided with the student demonstrators in the 1989 Tiananmen protests.

Mr. Chen's case is the most tragic of all. He was guilty of doing no more than what Beijing has repeatedly urged disgruntled citizens: Use the country's embryonic legal system to tackle abuses by local cadres. After years of helping disabled people win cases against local government agencies, Mr. Chen last year brought a lawsuit on behalf of the victims of sterilizations and forced abortions inflicted by population-control officials in Shandong's Linyi City. Though China still has a one-child policy, both practices are now officially illegal. Some officials in Linyi responsible for forced sterilizations and abortions were sacked after Mr. Chen's lawsuit prompted an investigation by Beijing.

None of this was enough to save him when local officials took revenge. He was detained, beaten and ultimately imprisoned. Beijing police looked the other way as Mr. Chen was abducted from under their noses by Shandong officials. That fits a recent pattern in which the Chinese leadership has repeatedly sided with corrupt local officials against their accusers. Beijing's actions in cases such as these undermine China's claims that it is committed to the rule of law.

The Waiting Game (WSJ)

The Wall Street Journal, August 29, 2006

Last week Ottawa-based Decima Research released results of a poll designed to answer the ultimate question in Canada: "How many wait too long for health care?" The firm says its survey of 3,070 Canadians "reveals that more than one in three Canadian households has tried and failed to get timely access to at least one health service within the last three months."

Nearly half (46%) of those waiting to see a specialist said they experienced an "unreasonable" wait time, as did 30% of those waiting to confirm a diagnosis. Of those who sought emergency hospital treatment, 44% said their wait was too long. According to Decima CEO Bruce Anderson, "In the case of some services, the number of people satisfied with the speed of service is virtually equaled by the number of people who are dissatisfied."

The Vancouver-based Fraser Institute's "Waiting Your Turn" annual report has documented Canada's waiting-time crisis in health care for 15 years. In 2005 it found "total waiting time between referral from a general practitioner and treatment, averaged across all 12 specialties and 10 provinces, was 17.7 weeks."

At issue here is whether it is better to ration a scarce good using prices, as a free-market system would do, or using time, as is inevitably the case with nationally financed systems. As Mr. Anderson put it, "These results confirm that millions of Canadian households, in the last three months alone, experienced the anxiety of waiting what they felt was too long a period of time for a health service."

Qatar Leads The Way (WT)

By S. Rob Sobhani

The Washington Times, August 29, 2006

As the world focuses on the conflict between Israel and Iran's proxy, Hezbollah, a quiet revolution to remove oppression and despair that often leads to terrorism is taking place in neighboring Qatar under the leadership of a dynamic and charismatic woman. Sheikha Mozah bint Nasser al Missned is the wife of the amir of Qatar, one of America's strongest allies in the troubled Middle East. While President Bush believes that the removal of terrorism requires a major transformation of the Middle East through the promotion of liberty and democracy, the sheikha has focused on a new mission of statecraft: good governance.

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For the sheikha, the three major pillars of good governance are education reform, religious tolerance and political pluralism, all of which she firmly believes can take root in the Middle East. Ultimately, good governance means serving the people-in her mind the most valuable asset of a nation.

She approaches her mission to transform the hearts and minds of the Arab Muslim world with a level of professionalism seldom seen in that part of the world. Her success to date can only be explained by her personality: Disciplined, focused, agenda-driven, and working according to a code of meritocracy. Armed with a degree in sociology from the University of Qatar that she received in 1986 and three doctorates from Virginia Commonwealth University, Texas A&M and Carnegie Mellon, she has a clear vision to transform this energy-rich Sunni Arab state into the education hub of the Middle East.

The nerve center of her drive for education reform is the Qatar Foundation, a nonprofit enterprise dedicated to promoting the arts and sciences, and educating younger generations. The Qatar Foundation created Education City, a 24,000-acre multi-institutional campus, which is home to leading American institutions and think tanks. American universities — including Georgetown, Texas A&M, Carnegie Mellon and Cornell — have set up satellite campuses in Education City, thus enabling Qataris and other Arab Muslims to obtain a Western education. The Rand-Qatar Policy Institute is a new center for independent policy analysis staffed with local scholars. The Rand Corp. is also assisting in the development of a plan to revamp primary and secondary education in Qatar.

The sheikha believes that education is an anchor of good governance because it encourages free thinking and tolerance of other cultures and ideas. Inviting American companies and universities to set up campuses in Qatar demonstrates her commitment to transforming Qatar into a regional educational hub and an incubator of new ideas.

In recognition of her dedication to education reform, UNESCO appointed the sheikha as special envoy for Basic and Higher Education in 2003. As special envoy, she is actively promoting various international projects to improve the quality and accessibility of education worldwide. Her accomplishments include the International Fund for Higher Education in Iraq, which is dedicated to the reconstruction of institutions of advanced learning. The sheikha Mozah personally donated $15 million for training faculty members at Iraq's top universities.

The underlying premise of this focus on education as an anchor of good governance is that education and its commitment to free thinking cannot be the sole domain of the Muslim clergy — whether they be in Tehran, Qom, Nafaj, Riyadh or Cairo. Rather, education will give individuals the wherewithal to decide for themselves and not be brainwashed by ignorant clerics in far off madrassas on the border of Pakistan-Afghanistan.

For the sheikha another aspect of good governance is religious pluralism. One of her seminars on Christian-Muslim understanding was attended by the Archbishop of Canterbury. She has promoted the building of non-Muslim public places of worship in Qatar and has given legal status to Catholic, Anglican, Orthodox, Coptic and Asian Christian denominations. Members of the Bahai faith, persecuted in Iran, enjoy freedom of expression in Qatar.

Working from her modestly decorated office in the outskirts of Doha, the capital of Qatar, the sheikha also focuses on the third pillar of good governance. She argues that a "free zone" of political tolerance will allow for the free flow of ideas and opinions between traditionalists and modernists, where change is enacted through the ballot box, not by resorting to terrorism.

As Washington struggles to contain the evil of global terrorism by promoting democracy in the Middle East, Sheikha Mozah bint Nasser al Missned's road map of transforming the hearts and minds through education is an excellent starting point.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, AUGUST 29, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Rumsfeld Says Terrorists Manipulate Media (AP) ... 4
Bush Shields U.S., Cheney Says (LAT) ... 4
Rumsfeld: NAS Fallon crucial in war against terror (AP) ... 5
2 Lodi Residents Refused Entry Back Into U.S. (SFC) ... 6
U.S. Blocks Men's Return To California From Pakistan (NYT) ... 7
71-year-old Sent Home From Gitmo (USAT) ... 8
Britain Seeks To Extradite Terror Suspect From Pakistan (USAT/AP) ... 9
Britain Seeks Extradition Of Suspect In Terror Plot (WP) ... 9
Britain Asks Pakistan To Extradite Terror Plot Suspect: Ministry (AFP-Y) ... 10
Details Emerge In British Terror Case (NYT) ... 11
Kean's Washington View (WT) ... 14

Homeland Response:

A Tool We Need To Stop The Next Airliner Plot (WP) ... 15
Note On Plane Forces Emergency Landing (AP-Y) ... 16
Attorney's $2 Million 9/11 Fee Called 'Shocking, Unconscionable' (LAW) ... 16
Bush Says Katrina Recovery Just Starting (AP-Y) ... 19
President Hails 'sense Of Renewal' In Mississippi (USAT) ... 20
Bush: 'New Orleans Will Rise Again' (CHIT) ... 20
Bush Visits Gulf Coast, Stressing Progress (NYT) ... 21
A Year Later, Hearts Still Heavy In New Orleans (USAT) ... 22
In New Orleans, Recovery Is Sporadic (WSJ) ... 24
In Miss., Hope Of Going Home Dwindles (WP) ... 26
Bush Sees 'Hopeful Future' In Gulf Coast (LAT) ... 27
Bush Offers Gulf States Commitment (WT) ... 28
The President And His Critics Mark Anniversary Along Coast (WP) ... 29
Emotional Devastation Surfaces From Katrina (USAT) ... 31
Study Of Katrina Survivors Finds Storm Took Big Psychological Toll (WSJ) ... 31
Katrina Survivors Mostly Optimistic, New Study Finds (WP) ... 32
New Orleans Births Soar (USAT) ... 33
Katrina, One Year Later (editorial) (WP) ... 34
A Tribute For The Living (opinion) (NYT) ... 34
The Tragedy Of New Orleans (WSJ) ... 35
Hurry Up And Wait (WP) ... 36
A New Orleans Battle Cry: 'We're Going To Come Back' (column) (USAT) ... 37
'Home. This Was Home.' (column) (WP) ... 37
Disaster Relief -- For Profit (LAT) ... 38
Feds Ramping Up For Ernesto (AP-Y) ... 39
Florida Gets Ready As Ernesto Closes In (USAT) ... 40
South Floridians Make Ready As Storm Threatens (NYT) ... 41
Floridians Prepare For Ernesto's Strike (WT) ... 41
In South Florida, A Familiar Drill (WP/AP) ... 42

War News:

Nevada: Cheney Criticizes Idea Of Leaving Iraq (NYT) ... 42
Slowly Sidling To Iraq's Exit (WP) ... 43
Radical Militia And Iraqi Army In Fierce Battle (NYT) ... 44
40 Killed As Shiites Battle Iraqi Forces (AP) ... 45
Attacks In Diwaniyah, Baghdad Kill At Least 60 (USAT/AP) ... 46
Iraqi Troops Battle Shiite Militiamen In Southern City (WP) ... 47
Death Rate Drops In Baghdad For August (CSM) ... 48
Iraqi Soldiers Refuse To Go To Baghdad, Defying Order (NYT) 49
General Says Iraqi Soldiers Refuse Duty (AP) ... 50
U.S. Says Iraq Poised To Take Control Of Its Ground Forces (WT) ... 51
In Ramadi, The Force Isn't Huge But The Task Is (USAT) ... 51
In Iraq, Fewer Killed, More Are Wounded (CSM) ... 53
Suicide Bomber Kills 17 Afghans; Attacks Persist In The South (NYT) ... 54
Pakistan Struggles To Identify Taliban (CSM) ... 54
$900,000 Paid To Army Reservists Who Deserted (NYT/AP) ... 55
Pentagon To Monitor Recruiters (AP) ... 56

Corporate Scandals:

Prudential Settles Allegations For $600M (USAT) ... 57
Prudential Will Pay $600 Million (WSJ) ... 57
Prudential To Pay Fine In Trading (NYT) ... 58
Prudential To Pay $600 Million To Avoid Fund Trial (WP) ... 59
Prudential Unit To Pay $600M In Fines (AP) ... 60
Prudential Agrees To Pay $600 Million For Deceptive Market-timing Trading (BOS) ... 62
Prudential To Pay $600 Million To Settle Fund Probes (Update2) (BLOOM) ... 62
Record $600m Fine For Timing Fraud (FT) ... 63
Prudential Ordered To Pay 600 Mln Dlr Fine To Settle Trading Probe (AFP-Y) ... 64

Prudential To Pay $600M In Market-timing Settlement (MRKTWTCH) ... 65
SunTrust Says S.E.C. Has Ended Its Inquiry (NYT) ... 65
Lawsuit Filed By Grasso Is Dismissed (NYT) ... 66

Criminal Law:

Ex-Colleague Says Armitage Was Source Of CIA Leak (WP) ... 66
D.A. Drops Charges Against Karr (LAT) ... 67
Karr Won't Be Charged In Death Of JonBenet (WP) ... 68
Suspect Cleared In Ramsey Case After DNA Tests (NYT) ... 69
Lawyer: No Charges For JonBenet Suspect (FINDLAW/AP) ... 71
Case Dropped For JonBenet Suspect (WT) ... 71
Ramsey Suspect's DNA Not A Match (USAT) ... 72
JonBenét Case Frustrates The Law (USAT) ... 73
3 Plead Guilty In Child Prostitution Crackdown (AP) ... 74
Bowers Bows Out Of Legislature Citing Health Woes (KNOXNS/AP) ... 74
Bowers Cites Health, Not Waltz Or Pension, In Senate Bow (MCA) ... 74
Kathryn Bowers Leaving State Senate (CHATT) ... 75
Tennessee Waltz Defendant Resigns From Senate (NASHCP) ... 75
Judge Rules FBI Transcripts Can't Be Used As Evidence (AP) ... 76
Junior Gotti's 3rd Trial May Not Feature Curtis Sliwa After All (NSDY/AP) ... 77
Feds To Gag Sliwa? (NYDN) ... 77
JUNIOR 'CRIES' UNCLE (NYPOST) ... 78
New Developments In Lawyer's Murder (WUSA-TV) ... 78
Prison Gang Trial Enters Penalty Phase (WP/AP) ... 79
Prison For Press-Aide-Turned-Bank-Robber (WP/AP) ... 79
Painter Said To Be Focus Of FBI Probe (LAT) ... 80
Man Admits Katrina Fraud (AP) ... 81
Report: Internal Cyberattacks More Common (FCW) ... 81
South Dakota Plans Its First Execution Since 1947 (NYT) ... 81
A Forged Document In A Virtuoso's Hand Leads To An Arrest (WSJ) ... 82

Civil Law:

Cardinal Stops Sales Of Pump (COLDIS) ... 84

Civil Rights:

Former Harrison County Deputy Indicted In Death Of Inmate (AP) ... 84
Judge Blocks Fla. Voter Registration Law (FINDLAW/AP) ... 85
Judge Tells City To Release Reports With Fewer Redactions (WP) ... 85

Antitrust:

BP Woes Deepen With New Probe (WSJ) ... 86
BP Chief Ordered To Testify (FT) ... 87
Tucson's Biggest Movie Chain To Be Sold (AZDS) ... 88
Nonprosecution Agreement Doesn't Guarantee A Dodged Bullet (LAW) ... 89
ETEU Approves Phillips' Purchase Of Avent (AP) ... 90
Brown-Forman Will Acquire Tequila Maker (NYT) ... 90
Kinder's Buyout Would Boost Debt To $14 Billion (WSJ) ... 91
Kinder Morgan Agrees To An Improved Buyout Offer Led By Its Chairman (NYT) ... 91
Kinder Morgan Board Approves $15B Sale (USAT) ... 92
Banca Popolare Italiana Is Seen As Merger Target (WSJ) ... 93

Environment:

Blistering Drought Ravages Farmland On Plains (NYT) ... 93
'Confusion' Surrounds Plans For Flu Pandemic (USAT) ... 95
Microchip Flu Test Speeds Diagnosis, Pinpoints Origin (WSJ) ... 96
High-tech Test Could Analyze Flu Quickly (USAT) ... 96
New Test Speeds Diagnosis Of Lethal Avian Flu Strain (NYT) ... 97

FBI/DEA/ATF/USMS:

L.A. Judge: Former FBI Agent To Get Probation, Fine In Spying Case (SDUT/AP) ... 98
Ex-FBI Agent Receives Probation, Fine (KCAL-TV) ... 98
Ex-FBI Agent Avoids Jail For Exposing Informant's Identity (NYS) ... 99
Anti-drug Advertising Campaign A Failure, GAO Report Says (USAT) ... 99
FBI Plans Major Database Upgrade (GCN) ... 100
FBI To Have New Offices In Detroit (FREEP) ... 102
FBI Will Move To Corktown Complex (DEN) ... 103
Detroit FBI Moving Out Of Federal Building (AP) ... 104
Californians To Defy US Hemp Ban On 'environment Friendly' Cash Crop (GUA) ... 104
Bonds' Trainer Goes Back To Prison (LAT) ... 105
Bonds' Trainer In Contempt, Prison - Bound (AP) ... 106
Barry Bonds' Trainer Jailed Again For Contempt (USAT) ... 106
Doctor: NFL Drug Testing Program Flawed (AP) ... 107
Colombians Say Children Being Forced To Fight For Rebels (AP) ... 108
Bloomberg, City Stall On Releasing Evidence Regarding Illegal Guns (NYS) ... 109

Immigration:

Star Of The Right Loses His Base At The Border (NYT) ... 110
Making Sense Of Immigration Policies (USAT) ... 111

Congress-Administration:

Bush Hoping For A Boost With Trip To Ideal Locale (DESMN) 113
Exacting Easterbrook To Be Chief Of 7th Circuit (LAW) ... 114
The Sideman (WP) ... 116
Seniors Told How To Repay Medicare (AP-Y) ... 118
Seniors Flock To Private Medicare Plans (WSJ) ... 119
Group Says FDA, Advisory Panels Show Bias Toward Drug Approvals (WP) ... 120
Outside Audit Pensions Likely To Stay Dying Breed (WSJ) ... 121
The Falling Paycheck (NYT) ... 122

Other News:

Beatles Reunite To Sue Record Companies For $25M (LAW) ... 122
EchoStar Agrees To Settle Lawsuit; Fox Stations Balk (WSJ) ... 124
Stocks Get Lift From Oil's Slide, Reversing Skid (WSJ) ... 124
Uncle Sam's Eyes In The Aisles (WP/AP) ... 125
A Fuel-Good Story At Summer's End (WP) ... 126
Detroit Sees Cheap Gas As History (NYT) ... 127
Fuel Lines Giant New Oil Refinery In India Shows Forces Roiling Industry (WSJ) ... 128

DOJ_NMG_0055163

Comments May Cost GOP Minority Votes (AP-Y) 130
Democrats Now Favored To Take Over DeLay's Old Seat (CQP) 131
Ad Blitz Cited As Rales Leads Steele In New Poll (WT) 132
GOP Rivals To Bush: Thanks But No Thanks (PROJO)..... 133
Santorum Pairs 'Islamic Fascism,' WWII (AP-Y) 134
Santorum: Iran Is 'enemy Of Our Generation' (PTR)..... 134
Santorum Details Iranian Threat (UHSTD)..... 135
Inside Politics (WT) 136
Kerry Revives 2004 Election Allegations (AP)..... 138
Wal-Mart Counters Criticism With A Political-Style Ad Campaign (NYT) 138
Crawford, Texas (USAT)..... 139
Clinton Makes Up For Lost Time In Battling AIDS (NYT)..... 139
Cleland Treated For Trauma Disorder (AP-Y)..... 142
Ford Discharged From Mayo Clinic (AP-Y) 143
South Park Refugees (NYT) 143
Defunders Of Liberty (NYT) 144
Vice Presidential Possibilities (WT) 145
Making The Grade (WSJ) 146
Turnover Brings Fresh Blood (USAT)..... 147
Let Voters Decide Who Stays (USAT)..... 147
Levey: Iran 'Central Banker Of Terror' (AP-Y) 148
U.S. To Press For Sanctions Against Iran (AP-Y) 149
Iran Says It's Not Worried Over Deadline (AP)..... 150
Japanese Company Suspected Of Selling Nuclear Equipment To Iran (NYT)..... 150
Share The Evidence On Iran (WP)..... 151
Rumsfeld: S. Korea Need Not Fear North (AP)..... 152
Rumsfeld Meets Russian Counterpart (UPI) 152
Seoul's Push To Regain Wartime Control From U.S. Divides South Koreans (WP)..... 152
U.N. Chief Criticizes Israel, Hezbollah (AP)..... 154
Annan Calls For Release Of Israeli Soldiers (FT)..... 155
Annan Has Stern Words For Israel, Hezbollah (LAT)..... 156
Annan Urges Release Of Captured Israelis (WP) 157
Annan Booed By Hezbollah Supporters In Lebanon (MCT)..... 158
Lebanon Insists It Can Control The Syrian Border By Itself (NYT)159
Israeli PM Authorizes Limited War Probe (AP)..... 160
Olmert Orders Limited War Probe (WP)..... 161
Olmert Opts For Internal Inquiry Into War (WT) 161
Turkish Cabinet Approves Mideast Troops (AP) 162
State Department Surprised By Hezbollah (AP)..... 163
In War's Dust, A New Arab 'Lion' Emerges (CSM)..... 163
The Lebanon Test (WSJ)..... 164
Hamas Figure Blames Palestinians For Gaza Chaos (NYT) 165
Beyond The Cease-Fire (WP) 166
Analysts See 'Disaster' In U.S. Position (WT) 167
Pronouncing Blame On The Israel Lobby (WP) 168
Turkish Resorts Targeted In Terror Attacks (FT)..... 169
3 Die And Scores Are Hurt In Bomb Attacks In Turkey (NYT) .. 169
Turkey Sharpens Response To Upsurge In Kurd Violence (CSM)..... 170
With Kazakh's Visit, Bush Priorities Clash (WP)..... 171
Senior U.S. Diplomat Leaves Sudan (AP)..... 172
U.S. Questions Arrest Of Journalist (AP)..... 173
Islamic Revival Led By Women Tests Syria's Secularism (NYT)173
Calderon A Step Closer To Presidency (WSJ)..... 175
Mexican Court Rejects Voting Fraud Charges (NYT)..... 176
Mexican Court Rejects Fraud Claims (WP)..... 177
Calderon Leads Mexico Presidential Race (AP)..... 178
Mexico's Highest Court Supports Announced Presidential Victor (CHIT) 179
Calderon Moves Closer To Victory In Mexico (LAT) 180
Mexican Court Rejects Vote Challenges (USAT)..... 181
Mexico's Recount (NYT) 182
Leading US Senator To Address Tories (FT) 182
Obama Speaks On Corruption, Rifts In Kenya (USAT/AP)..... 183
Obama Urges Kenyans To Fight Graft (WP/AP)..... 184
Obama's Africa Trip Has Been Equal Parts Political And Personal (MCT) 184
Obama Urges Kenyans To Get Tough On Corruption (NYT) ... 185
Obama Chides Africa On Visit (WT)..... 186
Biggest-Ever Emissions Trades: $1 Billion Deal Benefits Beijing (WSJ)..... 186
The Yuan And The Greenback (WSJ)..... 187
China's Great Leap Backward (WSJ) 189
The Waiting Game (WSJ)..... 189
Qatar Leads The Way (WT)..... 190

DOJ_NMG_0055164

TERRORISM NEWS:

Rumsfeld Says Terrorists Manipulate Media (AP)

By Robert Burns

AP, August 28, 2006

Defense Secretary Donald H. Rumsfeld said Monday he is deeply troubled by the success of terrorist groups in "manipulating the media" to influence Westerners.

"That's the thing that keeps me up at night," he said during a question-and-answer session with about 200 naval aviators and other Navy personnel at this flight training base for Navy and Marine pilots.

Rumsfeld was asked whether the criticism he draws as Pentagon chief and a leading advocate of the war in Iraq is an impediment to performing his job. He said it was not and he knows from history that wars are normally unpopular with many Americans. "I expect that," he said. "I understand that."

"What bothers me the most is how clever the enemy is," he continued, launching an extensive broadside at Islamic extremist groups which he said are trying to undermine Western support for the war on terror.

"They are actively manipulating the media in this country" by, for example, falsely blaming U.S. troops for civilian deaths in Iraq and Afghanistan, he said.

"They can lie with impunity," he said, while U.S. troops are held to a high standard of conduct.

Later, in remarks prepared for delivery at a Reno, Nev., convention of the Veterans of Foreign Wars, Rumsfeld made similar points.

"The enemy lies constantly - almost totally without consequence," he told the veterans group, which was presenting him with the Dwight D. Eisenhower Distinguished Service Award. "They portray our cause as a war on Islam when in fact the overwhelming majority of victims of their terrorism have been thousands and thousands of innocent Muslims - men, women and children - they have killed."

In his prepared remarks at Reno he also said, "While some argue for tossing in the towel, the enemy is waiting and hoping for us to do just that."

Rumsfeld often complains about what he calls the terrorists' success in persuading Westerners that the U.S.-led wars in Iraq and Afghanistan are part of a crusade against Islam. In his remarks at Fallon he did not offer any new examples of media manipulation; he put unusual emphasis, however, on the negative impact it is having on Americans in an era of 24-hour news.

"The enemy is so much better at communicating," he added. "I wish we were better at countering that because the constant drumbeat of things they say - all of which are not true - is harmful. It's cumulative. And it does weaken people's will and lessen their determination, and raise questions in their minds as to whether the cost is worth it," he said alluding to Americans and other Westerners.

Rumsfeld flew to Fallon on Monday from Fairbanks, Alaska, where he spent the weekend meeting with families of soldiers deployed in Iraq. He also visited a missile defense site at Ft. Greely and met Sunday with Russian Defense Minister Sergei Ivanov to discuss Iraq and other issues.

Vice President Dick Cheney addressed the VFW convention in Reno on Monday morning. He asserted to the veterans that policies initiated by the Bush administration are the reason the United States hasn't been attacked since the Sept. 11 terrorist strikes five years ago.

Cheney defended the Iraq war as necessary in the overall battle against terrorism and reiterated the administration's position that U.S. troops would not withdraw until Iraqi forces were able to maintain order and stability.

Bush Shields U.S., Cheney Says (LAT)

By Julian E. Barnes

The Los Angeles Times, August 29, 2006

RENO — Vice President Dick Cheney said Monday that "sound policy decisions" by the Bush administration were the reason the United States had not been attacked by terrorists since Sept. 11, 2001.

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Speaking at a Veterans of Foreign Wars convention here as the fifth anniversary of the attacks approached, Cheney said that terrorists had mounted successful attacks on targets overseas, including Madrid; London; and Jakarta, Indonesia — but not in the United States.

"No one can guarantee that we won't be struck again. But to have come this far without another attack is no accident," Cheney said, crediting "sound" decisions by President Bush and vigilance by U.S. agencies and the military.

Cheney's claim of credit for the absence of attacks, a frequent theme in his recent speeches, contrasts sharply with criticism by Democrats and others who charge the administration has left the U.S. more vulnerable to terrorism by focusing on the war in Iraq.

The Sept. 11 anniversary and the November congressional elections will feature a struggle between the administration and its opponents to influence public impressions of 9/11 and the war in Iraq. Bush and his top war advisors are pushing the administration's case in high-profile appearances before veterans groups this week to address that fight.

Defense Secretary Donald H. Rumsfeld also addressed VFW members Monday, warning against a weakening of U.S. will. Rumsfeld, Secretary of State Condoleezza Rice and Bush also planned to address the American Legion, which is holding a convention this week in Salt Lake City.

In his address, Cheney said that Iraq was a key part of the administration's anti-terrorism effort and that pulling out would be a mistake.

"A precipitous withdrawal from Iraq would be a victory for the terrorists, an invitation to further violence against free nations, and a ruinous blow to the future security of the United States," he said. "We have only two options in Iraq — victory or defeat."

Before his VFW address, Rumsfeld echoed some of Cheney's comments in an address at Fallon Naval Air Station in Nevada. Referring to the congressional elections, Rumsfeld said coming weeks would bring more vigorous debate about the war in Iraq.

"The important question is not whether we can win. Of course we will win," he said. "The real question is will we have the will to persevere. Whether we have the grit to carry on."

Later, during questions from the audience of about 300 sailors, Rumsfeld said U.S. enemies were trying to weaken American will by manipulating the media and planning attacks for maximum publicity.

"The constant drumbeat of things they say, all of which is not true, is harmful, it is cumulative," Rumsfeld said. "It does weaken people's will, and lessen their determination, and that is worrisome."

But Rumsfeld questioned why people were debating whether or not Iraq was part of the war on terrorism, citing brutal insurgent attacks and statements by terrorist leaders about the central role of Iraq to their cause.

"We should have no illusion … how Iraq fits into the war on terror," Rumsfeld said. "How can so many be debating this issue? It strikes me the answer is there for all to see."

Speaking later before VFW members, Rumsfeld said that Americans had learned to give troops sent to war the resources and support they needed.

"And surely, we've learned the danger of giving the enemy the false impression that Americans cannot stomach a tough fight," he told the veterans group

"While some at home argue for tossing in the towel, the enemy is waiting and hoping that we will do just that," he said.

Rumsfeld said that in every war, there had been "setbacks and difficulties" and compared critics of the Iraq war to critics of World War II. Without naming him, Rumsfeld singled out then-U.S. Ambassador to Great Britain Joseph P. Kennedy.

"When Hitler was bombing London in 1940, a former U.S. ambassador came home and declared, 'Democracy is finished in England,' " Rumsfeld said. "And he said, 'It may be [finished] here' as well. Think of that."

Kennedy, father of President John F. Kennedy, had opposed U.S. involvement in the war and doubted the British could defeat Germany. The elder Kennedy resigned his diplomatic post as war plans progressed and before public support for U.S. involvement surged after Japan attacked Pearl Harbor in 1941.

Rumsfeld: NAS Fallon crucial in war against terror (AP)

AP, August 28, 2006

FALLON, Nev. (AP) - Defense Secretary Donald H. Rumsfeld told sailors and civilians Monday at Fallon Naval Air Station that they've played a crucial role in the global war on terrorism.

Rumsfeld visited the sprawling naval air facility 70 miles west of Reno to discuss the ongoing war in Iraq and Afghanistan and the current and future role of the military. He flew to Nevada to speak at the Veterans of Foreign Wars convention Monday night.

"The work here is important. Training aviators for battle is crucial," Rumsfeld told a crowd estimated at more than 300.

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He cited the role NAS Fallon has played since Sept. 11, 2001. Rumsfeld said instructors from the facility provided communications to personnel aboard aircraft carriers during bombing missions on Afghanistan, and praised the role of those Navy pilots who received their training flying over the Nevada desert.

"The skills learned here also toppled a dangerous regime in Iraq," Rumsfeld said.

The 74-year-old Rumsfeld felt at home at the Naval Strike Air Warfare Center, the Navy's premier "Top Gun" pilot training base.

"I was pleased to see the modern aircraft," Rumsfeld said. "The only planes I flew in the Navy are now in the museums.

"I came not to go flying but that would be a delight. I am here to thank you for your service," he said.

Rumsfeld, a retired Navy Reserve captain, served from 1954 to 1957 as a Naval aviator and flight instructor. He retired from the Navy Reserve in 1989.

Capt. Scott Ryder, base commander, said he hoped Rumsfeld leaves Fallon knowing how important the base, the warfare center and range complexes are to naval training.

"We were excited about having the secretary of defense here in Nevada," Ryder said.

2 Lodi Residents Refused Entry Back Into U.S. (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, August 26, 2006

Sacramento -- The federal government has barred two relatives of a Lodi man convicted of supporting terrorists from returning to the country after a lengthy stay in Pakistan, placing the U.S. citizens in an extraordinary legal limbo.

Muhammad Ismail, a 45-year-old naturalized citizen born in Pakistan, and his 18-year-old son, Jaber Ismail, who was born in the United States, have not been charged with a crime. However, they are the uncle and cousin of Hamid Hayat, a 23-year-old Lodi cherry packer who was convicted in April of supporting terrorists by attending a Pakistani training camp.

Federal authorities said Friday that the men, both Lodi residents, would not be allowed back into the country unless they agreed to FBI interrogations in Pakistan. An attorney representing the family said agents have asked whether the younger Ismail trained in terrorist camps in Pakistan.

The men and three relatives had been in Pakistan for more than four years and tried to return to the United States on April 21 as a federal jury in Sacramento deliberated Hayat's fate. But they were pulled aside during a layover in Hong Kong and told there was a problem with their passports, said Julia Harumi Mass, their attorney.

The father and son were forced to pay for a flight back to Islamabad because they were on the government's "no-fly" list, Mass said. Muhammad Ismail's wife, teenage daughter and younger son, who were not on the list, continued on to the United States.

Neither Muhammad nor Jaber Ismail holds dual Pakistani citizenship, Mass said.

"We haven't heard about this happening -- U.S. citizens being refused the right to return from abroad without any charges or any basis," said Mass, a lawyer for the American Civil Liberties Union.

McGregor Scott, the U.S. attorney for California's eastern district, confirmed Friday that the men were on the no-fly list and were being kept out of the country until they agreed to talk to federal authorities.

"They've been given the opportunity to meet with the FBI over there and answer a few questions, and they've declined to do that," Scott said.

Mass said Jaber Ismail had answered questions during an FBI interrogation at the U.S. Embassy in Islamabad soon after he was forced back to Pakistan. She said the teenager had run afoul of the FBI when he declined to be interviewed again without a lawyer and refused to take a lie-detector test.

The Ismails had been in Pakistan partly so Jaber could study the Quran, Mass said. She said that neither he nor his father had anything to do with terrorism.

"They want to come home and have an absolute right to come home," said Mass, who has filed a complaint with the Department of Homeland Security and a petition with the Transportation Security Administration.

"They can't be compelled to waive their constitutional rights under threat of banishment," Mass said. "The government is conditioning the return to their home on cooperation with law enforcement."

Aviation watch lists were created in 1990 to keep terrorists off planes and track drug smugglers and other fugitives. But since al Qaeda's attacks on Sept. 11, 2001, the government has expanded the lists significantly. Members of the public cannot find out if, or why, they are on a no-fly list.

Michael Barr, director of the aviation safety and security program at USC, said the Ismail case appears to be unusual in the realm of federal terrorism investigations.

"You become what is called a stateless person, and that would be very unprecedented," Barr said.

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He said U.S. law enforcement agents have understandably been "overly cautious" in recent years. "If they're going to err, they're going to err on the side of caution," Barr said. "What's happened in a lot of these things is that you're guilty until proven innocent."

Jaber Ismail was one of several people mentioned by his cousin, Hayat, during a videotaped interview with the FBI in Sacramento in June 2005 that prompted Hayat's arrest.

Hayat himself had just returned from a two-year trip to Pakistan. His flight, too, had been diverted because Hayat was on the no-fly list as a result of conversations he had with an informant who had infiltrated the mosque in Lodi that Hayat attended.

Prosecutors said Hayat told FBI interrogators that he had trained at a terrorist camp in Pakistan, although defense attorneys argued that the videotaped confession was contradictory and suggested that agents had manipulated the interview.

When agents asked him who else had gone to training camps, Hayat said, "I can't say 100 percent, but I have a lot of, you know, names in my head," according to a transcript of the interview.

Hayat said Jaber Ismail "went, like, two years ago." Asked if his cousin had gone to the same camp he had attended, Hayat said, "I'm not sure, but I'll say he went to a camp."

Hayat later said that Ismail and another relative "didn't talk to me about going to camps or anything. But you know I'm sure they went to the camp ... 'cause they memorize the Holy Quran."

Hayat faces up to 39 years in prison when he is sentenced. A hearing is scheduled for Nov. 17 to discuss his lawyers' motion for a new trial on a number of grounds, including juror misconduct.

On Friday, Hayat's father, ice cream truck driver Umer Hayat, 48, was formally sentenced at U.S. District Court in Sacramento.

In a deal with prosecutors, the elder Hayat pleaded guilty in June to charges of lying to customs agents about $28,000 he was carrying during a trip to his native Pakistan. He avoided a retrial on more serious charges of lying to the FBI about his son's training in Pakistan. He was sentenced to the 330 days in jail that he already served.

Speaking publicly for the first time, Umer Hayat said outside the courthouse that he "got screwed" and "hates terrorists." He said he had fabricated his own videotaped FBI confession -- in which he described visiting a militant camp in Pakistan where his son had allegedly trained -- because agents refused to believe the truth and because he was tired.

He said he had borrowed his description of masked terrorists firing guns, swinging swords and pole vaulting in a basement from "the newspaper and the TV," as well as from a Teenage Mutant Ninja Turtles video game belonging to his children. He said his ice cream truck bears a photo of one of the turtles, advertising a $1.25 ice cream bar.

"I make a story, that's all," Hayat said.

Scott, the U.S. attorney, said he would "take anything Umer Hayat says with a grain of salt. He seems capable of saying whatever needs to be said at any particular time, whether it's the truth or not."

U.S. Blocks Men's Return To California From Pakistan (NYT)

By Randal C. Archibold

The New York Times, August 29, 2006

LOS ANGELES, Aug. 28 — Federal authorities have prevented two relatives of a father and son convicted recently in a terrorism-related case from returning home to California from Pakistan unless they agree to be interviewed by the F.B.I.

It is unclear whether the men, Muhammad Ismail, 45, and his son Jaber, 18, have a direct connection to the terrorism case or if they have been caught up in circumstance.

The United States attorney's office in Sacramento declined Monday to answer questions about the Ismails beyond confirming that the men had not been permitted to fly into the United States and that the Federal Bureau of Investigation wanted to question them.

The United States attorney, McGregor W. Scott, reiterated a comment he had made to The San Francisco Chronicle, which reported Saturday about the Ismails' troubles.

"They've been given the opportunity to meet with the F.B.I. over there and answer a few questions, and they've declined to do that," Mr. Scott said through a spokeswoman, Mary Wenger.

The Ismails live in Lodi, Calif., a small farming town south of Sacramento, where their relatives Umer Hayat and his son, Hamid, were arrested last summer as part of what federal prosecutors said was an investigation into terrorist links.

The Hayats are the only people to have been charged. Hamid Hayat, the nephew of Muhammad Ismail and the cousin of Jaber, was convicted in April of supporting terrorists by attending a training camp in Pakistan. Umer Hayat, in a deal reached with prosecutors after jurors deadlocked on terrorism charges, pleaded guilty in May to lying to the authorities about carrying $28,000 to Pakistan from California.

The Ismails discovered they were on the federal government's no-fly list of people not allowed to enter the United States after they were refused permission to board a connecting flight in Hong Kong on April 21; they had been trying to return to California after several years in Pakistan, said Julia Harumi Mass of the American Civil Liberties Union of Northern California, who is representing them.

In Hong Kong, Ms. Mass said, they were told there was a problem with their passports; other family members traveled on to California, while the Ismails returned to Pakistan. There, a consular officer suggested there had been a mix-up and advised them to book a direct flight to the United States, but at the airport, they were told they were on the no-fly list, she said.

Jaber Ismail, who was born in the United States, was questioned by the F.B.I. at the American Embassy in Islamabad, but his father, a naturalized United States citizen from Pakistan, declined to participate, Ms. Mass said. Jaber Ismail has refused further interrogation without a lawyer and has declined to take a polygraph test; Ms. Mass said the men were told these conditions had to be met before the authorities would consider letting them back into the United States.

She said the men had not been involved in terrorist activities; Jaber Ismail, she said, had gone to Pakistan in part for religious study.

"If the government had evidence instead of innuendo," Ms. Mass said, "then they would be charged with a crime instead of being held hostage in a foreign land." She said she had filed a complaint with the Department of Homeland Security, seeking the removal of the Ismails from the no-fly list and an explanation for why they were considered a threat.

Hamid Hayat mentioned Jaber Ismail in a marathon F.B.I. interrogation before he was charged, according to transcripts. He said his cousin had attended a camp in the past couple of years, but he was not sure if it was the same one he had attended.

Defense lawyers attacked the interrogation as coerced and misleading, saying that the camp Mr. Hayat had referred to involved religious instruction, not terrorism, and that investigators had intimidated the men into making false claims. The government never presented evidence that Mr. Hayat had attended the camp, beyond his own words.

Carl W. Tobias, a law professor at the University of Richmond who has studied terrorism prosecutions, said the Ismails' situation raised a host of difficult legal issues.

"There are a lot of Supreme Court cases on the right to travel," Mr. Tobias said. "But you have to play them against the Patriot Act and whatever legislation may apply. This does render them stateless in some ways."

71-year-old Sent Home From Gitmo (USAT)

USA Today, August 29, 2006

The oldest detainee at the U.S. prison in Guantanamo Bay, Cuba, for suspects in the war on terrorism has been sent home, his lawyer said Monday.

Haji Nasrat Khan, 71, was among five men from Afghanistan transferred from the prison over the weekend, lawyer Peter Ryan said.

Ryan said he wasn't told whether Khan would be detained in Afghanistan. "We couldn't figure out why he was there. He could barely walk, and he could barely hear," he said.

"How could I be an enemy combatant if I was not able to stand up?" Khan asked at a military hearing, according to transcripts released to the Associated Press. He and his son had alleged links to the Taliban. The son remains in custody.

The military did not name the men sent back to Afghanistan and declined to comment.

Biden urges Democratsto run on national security

Democrats shouldn't shy away from pointing out Republican failures on national security, Sen. Joseph Biden said.

The Delaware Democrat said the report of a bipartisan commission that investigated the Sept. 11 terrorist attacks pointed out Republican failures on national security.

"They gave failing grades, this bipartisan commission, to the Republican Congress and to this Republican president for failing on almost every major criterion," Biden said.

Biden, who is seeking the Democratic presidential nomination, was in Des Moines campaigning for Rep. Leonard Boswell, D-Iowa.

Pentagon to monitormilitary recruiting

The Defense Department will closely monitor military recruiters and their commanders after reports this month of increased incidents of recruiter misconduct, Defense Department spokesman Maj. Sean Upton said. He said the monitoring would last five to 10 months, and after enough data have been collected, officials will consider changes in policy.

The Government Accountability Office, Congress' watchdog agency, reported that wrongdoing by military recruiters increased from more than 400 cases in 2004 to 630 cases in 2005. The Associated Press reported that more than 80 military recruiters were disciplined last year for sexual misconduct with potential recruits.

U.S. will allow ex-president of Iran to visit Washington

The Bush administration, which is in a diplomatic fight with Iran over the Islamic republic's nuclear program, will allow former Iranian president Mohammad Khatami to visit Washington next week.

Khatami, whose government ceded power last year to Mahmoud Ahmadinejad, has asked for a visa to deliver a speech on reconciliation and other issues at the National Cathedral on Sept. 7.

State Department spokesman Sean McCormack said Khatami would visit to make the speech but there were no plans for U.S. officials to meet with him. Khatami would be the most high-profile Iranian to visit Washington since diplomatic ties between Iran and the United States were severed after 52 Americans at the U.S. Embassy in Tehran were held hostage for 444 days after the 1979 Islamic revolution.

Former senator Cleland treated for stress disorder

Former Georgia senator Max Cleland, who has battled bouts of depression since losing an arm and both legs in the Vietnam War, is being treated for post-traumatic stress disorder.

Cleland said he believes the condition was in part triggered by the violence in Iraq. "I realize my symptoms are avoidance, not wanting to connect with anything dealing with the (Iraq) war," he told WSB-TV in Atlanta.

Cleland aide Michael Duga confirmed the diagnosis and said Cleland is being treated at Walter Reed Army Medical Center in Washington, the Associated Press reported.

Britain Seeks To Extradite Terror Suspect From Pakistan (USAT/AP)

By Sadaqat Jan

USA Today, August 29, 2006

ISLAMABAD, Pakistan — Britain has asked Pakistan to extradite a man who is alleged to have played a role in a plot by British Muslims to blow up a dozen U.S.-bound jetliners, the Foreign Ministry said Monday.

"Yes, they have sought his extradition and the matter is under consideration," Pakistani Foreign Ministry spokeswoman Tasnim Aslam said, referring to the suspect Rashid Rauf.

Pakistan arrested Rauf, a Briton who also holds Pakistani citizenship, and accused him of taking part in terrorism plots being hatched in Pakistan. Rauf was identified by Pakistan as a "key person" in the airliner plot, Aslam said.

Aidan Liddle, a spokesman for the British Embassy, confirmed it had submitted the extradition request but said it was in connection with a British investigation into a 2002 slaying. Rauf moved to Pakistan that year.

Pakistan has said Rauf helped coordinate the alleged plot to bomb trans-Atlantic jetliners that was thwarted in Britain this month. He allegedly worked under an al-Qaeda mastermind based in neighboring Afghanistan, it said.

Britain announced Aug. 10 that it had broken up the plot by arresting about two dozen people across that country. Stricter security rules were immediately imposed at Britain's airports and elsewhere, causing widespread disruptions in air travel for days.

Pakistan has detained at least seven people in its own investigation of the alleged plot but has identified only Rauf.

Interior Minister Aftab Khan Sherpao said Rauf had given Pakistani interrogators "vital clues" about the plot. He also said Rauf had "wider international links" and was in touch with an Afghanistan-based al-Qaeda leader. He did not provide any details. Aslam said the information from Pakistan's investigation was being shared with Britain.

She also said Rauf had been arrested in Rawalpindi, a city near Islamabad. Intelligence officials said earlier that he was picked up in Bhawalpur, a stronghold of the outlawed militant group Jaish-e-Mohammed in eastern Pakistan.

Information obtained from him during his interrogation was being shared with Britain through proper channels, Aslam said.

According to an in-law of Rauf's, he settled in Bhawalpur after emigrating from Britain and was tied by marriage to Masood Azhar, leader of Jaish-e-Mohammed, fueling suspicions that Pakistani terrorists could be linked to the jetliner plot.

Britain and the U.S. have praised the role played by Pakistan for its role in thwarting the plot. Pakistan is a key counterterrorism ally of the United States and Britain but has been plagued for years by Islamic militancy.

Britain Seeks Extradition Of Suspect In Terror Plot (WP)

By Kevin Sullivan

The Washington Post, August 29, 2006

LONDON, Aug. 28 -- British officials on Monday asked Pakistan to extradite a British man whom officials in Pakistan have described as a central figure in an alleged plot to blow up jetliners flying from Britain to the United States.

Rashid Rauf, 25, is being sought in connection with a 2002 killing, according to a spokesman for Britain's Home Office. Rauf moved to Pakistan shortly after his uncle, Mohammed Saeed, 54, was stabbed to death in Birmingham in April of that year, according to British media reports.

Home Office officials declined to say whether the extradition request was related to the bomb plot, which allegedly involved plans to sneak liquid explosives onto jetliners and detonate them on board. So far, British police have arrested 25 people in the

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investigation, which began with raids on numerous homes on the night of Aug. 9. Twelve people have been charged with terrorism-related offenses, eight more are being held while police continue to investigate and question them, and five have been released without charge, police said.

Rauf's younger brother, Tayib, 22, of Birmingham, was among those arrested in England. But he was released without charge, according to British media reports. British police have released little information about the investigation, including the names of those released without charge or still not formally charged.

The Rauf family, which runs a bakery in Birmingham, is also connected to Crescent Relief, an Islamic charity group that is under investigation by British officials. British media have reported that the Rauf's father, Abdul Rauf, 54, established the organization in 2000 and that it was involved in raising money for victims of last year's earthquake in Pakistan. The Charity Commission, which oversees British charities, last week announced that it had frozen Crescent Relief's bank accounts while it investigated whether the group was involved in the bomb plot or any other illegal activities.

Britain Asks Pakistan To Extradite Terror Plot Suspect: Ministry (AFP-Y)

AFP, August 29, 2006

Britain has asked Pakistan to extradite transatlantic airline bomb plot suspect Rashid Rauf, the Pakistan foreign ministry said.

However, a spokesman for the British embassy said the extradition was related to the murder of Rauf's uncle in 2002.

Rauf has been detained in Pakistan since his arrest early this month, when Pakistani security officials described him as a "key man" in the bombing conspiracy with links to Al-Qaeda.

Foreign ministry spokeswoman Tasnim Aslam said Monday that Rauf, a 25-year-old Briton, was being investigated for possible extremist activities in Pakistan and Britain as well as for links to the outlawed network.

Asked if Britain had requested his extradition, Aslam said: "Yes, they have sought his extradition and the matter is under consideration."

A British embassy spokesman late Monday confirmed that Britain had made extradition request but said it was related to the murder inquiry.

"We confirm that we put the request for extradition of Rashid Rauf," embassy spokesman Aiden Liddle told AFP.

"It was related to 2002 murder of his uncle. He is wanted in that case," he added.

Aslam said Rauf was arrested in the city of Rawalpindi near the capital Islamabad on August 4.

Pakistani officials have previously said that his arrest allegedly led to the uncovering of the bombing conspiracy.

Aslam said information learned since his arrest was being shared with British authorities.

"Rashid Rauf was arrested in Rawalpindi. Presently he is under detention," Aslam told reporters at a weekly briefing.

"The information is being shared with United Kingdom through appropriate channels," she said.

Pakistani officials have said interrogation of Rauf revealed that an unnamed Al-Qaeda kingpin was involved in the plot. The man was based in Afghanistan's volatile eastern province of Kunar, which borders Pakistan's militant-infested northwestern tribal areas, they said.

The conspiracy to detonate liquid explosives on the planes was foiled early this month, when 24 people were arrested in the UK in raids on August 10, including Rauf's 22-year-old brother Tayib.

His father, Abdul Rauf, was also later arrested at Islamabad airport although it was unclear whether he was held for questioning or whether he himself was a suspect.

Abdul is said to have emigrated from Pakistani Kashmir in the 1960s and reportedly runs a bakery in the English city of Birmingham.

Pakistani officials have previously said Rauf was arrested after coordination with British and US intelligence in the central city of Bahawalpur.

Rauf fled to Pakistan in 2002 and is wanted for questioning by police in Britain after his uncle was stabbed to death, security officials have said.

While living in Pakistan, Rashid married a woman related to the chief of banned militant group Jaish-e-Mohammed and had two children, although some officials have said he is not a member of the group.

Security at major airports was dramatically increased in the days after the arrests in the UK and Pakistan, with a ban imposed on hand baggage and on carry-on drinks.

The plot allegedly involved liquid explosives disguised as innocent-looking drinks being smuggled onto US airliners at British airports.

Twelve people in Britain have been charged for various offences related to the plot.

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British Prime Minister Tony Blair and US President George. W Bush both have thanked Pakistan for its role in unearthing the terror plan.

Details Emerge In British Terror Case (NYT)

By Don Van Natta Jr., Elaine Sciolino And Stephen Grey

The New York Times, August 29, 2006

LONDON, Aug. 27 — On Aug. 9, in a small second-floor apartment in East London, two young Muslim men recorded a video justifying what the police say was their suicide plot to blow up trans-Atlantic planes: revenge against the United States and its "accomplices," Britain and the Jews.

"As you bomb, you will be bombed; as you kill, you will be killed," said one of the men on a "martyrdom" videotape, whose contents were described by a senior British official and a person briefed about the case. The young man added that he hoped God would be "pleased with us and accepts our deed."

As it happened, the police had been monitoring the apartment with hidden video and audio equipment. Not long after the tape was recorded that day, Scotland Yard decided to shut down what they suspected was a terrorist cell. That action set off a chain of events that raised the terror threat levels in Britain and the United States, barred passengers from taking liquids on airplanes and plunged air traffic into chaos around the world.

The ominous language of seven recovered martyrdom videotapes is among new details that emerged from interviews with high-ranking British, European and American officials last week, demonstrating that the suspects had made considerable progress toward planning a terrorist attack. Those details include fresh evidence from Britain's most wide-ranging terror investigation: receipts for cash transfers from abroad, a handwritten diary that appears to sketch out elements of a plot, and, on martyrdom tapes, several suspects' statements of their motives.

But at the same time, five senior British officials said, the suspects were not prepared to strike immediately. Instead, the reactions of Britain and the United States in the wake of the arrests of 21 people on Aug. 10 were driven less by information about a specific, imminent attack than fear that other, unknown terrorists might strike.

The suspects had been working for months out of an apartment that investigators called the "bomb factory," where the police watched as the suspects experimented with chemicals, according to British officials and others briefed on the evidence, all of whom spoke on condition of anonymity, citing British rules on confidentiality regarding criminal prosecutions.

In searches during raids, the police discovered what they said were the necessary components to make a highly volatile liquid explosive known as HMTD, jihadist materials, receipts of Western Union money transfers, seven martyrdom videos made by six suspects and the last will and testament of a would-be bomber, senior British officials said. One of the suspects said on his martyrdom video that the "war against Muslims" in Iraq and Afghanistan had motivated him to act.

Investigators say they believe that one of the leaders of the group, an unemployed man in his 20's who was living in a modest apartment on government benefits, kept the key to the alleged "bomb factory" and helped others record martyrdom videos, the officials said.

Hours after the police arrested the 21 suspects, police and government officials in both countries said they had intended to carry out the deadliest terrorist attack since Sept. 11.

Later that day, Paul Stephenson, deputy chief of the Metropolitan Police in London, said the goal of the people suspected of plotting the attack was "mass murder on an unimaginable scale." On the day of the arrests, some officials estimated that as many as 10 planes were to be blown up, possibly over American cities. Michael Chertoff, the secretary of the Department of Homeland Security, described the suspected plot as "getting really quite close to the execution stage."

But British officials said the suspects still had a lot of work to do. Two of the suspects did not have passports, but had applied for expedited approval. One official said the people suspected of leading the plot were still recruiting and radicalizing would-be bombers.

While investigators found evidence on a computer memory stick indicating that one of the men had looked up airline schedules for flights from London to cities in the United States, the suspects had neither made reservations nor purchased plane tickets, a British official said. Some of their suspected bomb-making equipment was found five days after the arrests in a suitcase buried under leaves in the woods near High Wycombe, a town 30 miles northwest of London.

Another British official stressed that martyrdom videos were often made well in advance of an attack. In fact, two and a half weeks since the inquiry became public, British investigators have still not determined whether there was a target date for the attacks or how many planes were to be involved. They say the estimate of 10 planes was speculative and exaggerated.

In his first public statement after the arrests, Peter Clarke, chief of counterterrorism for the Metropolitan Police, acknowledged that the police were still investigating the basics: "the number, destination and timing of the flights that might be attacked."

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A total of 25 people have been arrested in connection with the suspected plot. Twelve of them have been charged. Eight people were charged with conspiracy to commit murder and preparing acts of terrorism. Three people were charged with failing to disclose information that could help prevent a terrorist act, and a 17-year-old male suspect was charged with possession of articles that could be used to prepare a terrorist act. Eight people still in custody have not been charged. Five have been released. All the suspects arrested are British citizens ranging in age from 17 to 35.

Despite the charges, officials said they were still unsure of one critical question: whether any of the suspects was technically capable of assembling and detonating liquid explosives while airborne.

A chemist involved in that part of the inquiry, who spoke on the condition of anonymity because he was sworn to confidentiality, said HMTD, which can be prepared by combining hydrogen peroxide with other chemicals, "in theory is dangerous," but whether the suspects "had the brights to pull it off remains to be seen."

While officials and experts familiar with the case say the investigation points to a serious and determined group of plotters, they add that questions about the immediacy and difficulty of the suspected bombing plot cast doubt on the accuracy of some of the public statements made at the time.

"In retrospect,'' said Michael A. Sheehan, the former deputy commissioner of counterterrorism in the New York Police Department, "there may have been too much hyperventilating going on."

Some of the suspects came to the attention of Scotland Yard more than a year ago, shortly after four suicide bombers attacked three subway trains and a double-decker bus in London on July 7, 2005, a coordinated attack that killed 56 people and wounded more than 700. The investigation was dubbed "Operation Overt.''

The Police Are Tipped Off

The police were apparently tipped off by informers. One former British counterterrorism official, who was working for the government at the time, said several people living in Walthamstow, a working-class neighborhood in East London, alerted the police in July 2005 about the intentions of a small group of angry young Muslim men.

Walthamstow is best known for its faded greyhound track and the borough of Waltham Forest, where more than 17,000 Pakistani immigrants live in the largest Pakistani enclave in London.

Armed with the tips, MI5, Britain's domestic security services, began an around-the-clock surveillance operation of a dozen young men living in Walthamstow — bugging their apartments, tapping their phones, monitoring their bank transactions, eavesdropping on their Internet traffic and e-mail messages, even watching where they traveled, shopped and took their laundry, according to senior British officials.

The initial focus of the investigation was not about possible terrorism aboard planes, but an effort to see whether there were any links between the dozen men and the July 7 subway bombers, or terrorist cells in Pakistan, the officials said.

The authorities quickly learned the identity of the man believed to have been the leader of the cell, the unemployed man in his mid-20's, who traveled at least twice within the past year to Pakistan, where his activities are still being investigated.

Last June, a 22-year-old Walthamstow resident, who is among the suspects arrested Aug. 10, paid $260,000 cash for a second-floor apartment in a house on Forest Road, according to official property records. The authorities noticed that six men were regularly visiting the second-floor apartment that came to be known as the "bomb factory," according to a British official and the person briefed about the case.

Two of the men, who were likely the bomb-makers, were conducting a series of experiments with chemicals, said the person briefed on the case.

MI5 agents secretly installed video and audio recording equipment inside the apartment, two senior British officials said. In a secret search conducted before the Aug. 10 raids, agents had discovered that the inside of batteries had been scooped out, and that it appeared several suspects were doing chemical experiments with a sports drink named Lucozade and syringes, the person with knowledge of the case said. Investigators have said they believe that the suspects intended to bring explosive chemicals aboard planes inside sports drink bottles.

In that apartment, according to a British official, one of the leaders and a man in his late 20's met at least twice to discuss the suspected plot, as MI5 agents secretly watched and listened. On Aug. 9, just hours before the police raids occurred in 50 locations from East London to Birmingham, the two men met again to discuss the suspected plot and record a martyrdom video.

As one of the men read from a script before a videocamera, he recited a quotation from the Koran and ticked off his reasons for the "action that I am going to undertake," according to the person briefed on the case. The man said he was seeking revenge for the foreign policy of the United States, and "their accomplices, the U.K. and the Jews." The man said he wanted to show that the enemies of Islam would never win this "war."

Beseeching other Muslims to join jihad, he justified the killing of innocent civilians in America and other Western countries because they supported the war against Muslims through their tax dollars. They were too busy enjoying their Western lifestyles to protest the policies, he added. Though British officials usually release little information about continuing investigations,

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Scotland Yard took the unusual step of disclosing some detailed information about the investigation last Monday, when the suspects were charged.

A Trove of Evidence

"There have been 69 searches," Mr. Clarke, the chief antiterrorist police official from Scotland Yard, said Monday. "These have been in houses, flats and business premises, vehicles and open spaces."

Investigators also seized more than 400 computers, 200 mobile phones and 8,000 items like memory sticks, CD's and DVD's. "The scale is immense," Mr. Clarke said. "Inquiries will span the globe."

He said those searches revealed a trove of evidence, and officials and others last week provided additional details.

Four of the law firms that are defending suspects declined to comment.

When police officers knocked down the door to the second-floor apartment on Forest Road, they found a plastic bin filled with liquid, batteries, nearly a dozen empty drink bottles, rubber gloves, digital scales and a disposable camera that was leaking liquid, the person with knowledge of the case said. The camera might have been a prototype for a device to smuggle chemicals on the plane.

In the pocket of one of the suspects, the police found the computer memory stick that showed he had looked up airline schedules for flights from London to the United States, a British official said. The man is said to have had a diary that included a list that the police interpreted as a step-by-step plan for an attack. The items included batteries and Lucozade bottles. It also included a reminder to select a date.

In the homes of a number of the suspects, the police found jihadist literature and DVD's about "genocide" in Iraq and Palestine, according to British officials. In one house searched by the police in Walthamstow, the authorities found a copy of a book called "Defense of the Muslim Lands."

A "last will and testament" for one of the accused was said to have been found at his brother's home. Dated Sept. 24, 2005, the will concludes, "What should I worry when I die a Muslim, in the manner in which I am to die, I go to my death for the sake of my maker." God, he added, can if he wants "bless limbs torn away!!!"

Looking for Global Ties

In addition, the British authorities are scouring the evidence for clues to whether there is a global dimension to the suspected plot, particularly the extent to which it was planned, financed or supported in Pakistan, and whether there is a connection to remnants of Al Qaeda. They are still trying to determine who provided the cash for the apartment and the computer equipment and telephones, officials said.

Several of the suspects had traveled to Pakistan within weeks of the arrests, according to an American counterterrorism official.

At a minimum, investigators say at least one of the suspects' inspiration was drawn from Al Qaeda. One of the suspects' "kill-as-they-kill" martyrdom video was taken from a November 2002 fatwa by Osama bin Laden.

British officials said many of the questions about the suspected plot remained unanswered because they were forced to make the arrests before Scotland Yard was ready.

The trigger was the arrest in Pakistan of Rashid Rauf, a 25-year-old British citizen with dual Pakistani citizenship, whom Pakistani investigators have described as a "key figure" in the plot.

In 2000, Mr. Rauf's father founded Crescent Relief London, a charity that sent money to victims of last October's earthquake in Pakistan. Several suspects met through their involvement in the charity, a friend of one of them said. Last week, Britain froze the charity's bank accounts and opened an investigation into possible "terrorist abuse of charitable funds." Leaders of the charity have denied the allegations.

Several senior British officials said the Pakistanis arrested Rashid Rauf without informing them first. The arrest surprised and frustrated investigators here who had wanted to monitor the suspects longer, primarily to gather more evidence and to determine whether they had identified all the people involved in the suspected plot.

But within hours of Mr. Rauf's arrest on Aug. 9 in Pakistan, British officials heard from intelligence sources that someone connected to him had tried to contact some of the suspects in East London. The message was interpreted by investigators as a possible signal to move forward with the plot, officials said.

"The plotters received a very short message to 'Go now,' " said Franco Frattini, the European Union's security commissioner, who was briefed by the British home secretary, John Reid, in London. "I was convinced by British authorities that this message exists."

A senior British official said the message from Pakistan was not that explicit. But, nonetheless, investigators here had to change their strategy quickly.

"The aim was to keep this operation going for much longer," said a senior British security official who requested anonymity because of confidentiality rules. "It ended much sooner than we had hoped."

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From then on, the British government was driven by worst-case scenarios based on a minimum-risk strategy.

British investigators worried that word of Mr. Rauf's arrest could push the London suspects to destroy evidence and to disperse, raising the possibility they would not be able to arrest them all. But investigators also could not rule out that there could be an unknown second cell that would try to carry out a similar plan, officials said.

Mr. Clarke, as the country's top antiterrorism police official in London with authority over police decisions, ordered the arrests.

But it was left to Mr. Reid, who has been home secretary since May and is a former defense secretary, to decide at emergency meetings of police, national security and transport leaders, what else needed to be done. Mr. Reid and Mr. Clarke declined repeated requests for interviews.

Prime Minister Tony Blair was on vacation in Barbados, where he was said to have monitored events in London; Deputy Prime Minister John Prescott did not attend the meeting.

"While the arrests were unfolding, the Home Office raised Britain's terror alert level to "critical," as the police continued their raids of suspects' homes and cars. All liquids were banned from carry-on bags, and some public officials in Britain and the United States said an attack appeared to be imminent. In addition to Mr. Stephenson's remark that the attack would have been "mass murder on an unimaginable scale," Mr. Reid said that attacks were "highly likely" and predicted that the loss of life would have been on an "unprecedented scale."

Two weeks later, senior officials here characterized the remarks as unfortunate. As more information was analyzed and the British government decided that the attack was not imminent, Mr. Reid sought to calm the country by backing off from his dire predictions, while defending the decision to raise the alert level to its highest level as a precaution.

In lowering the threat level from critical to severe on Aug. 14, Mr. Reid acknowledged: "Threat level assessments are intelligence-led. It is not a process where scientific precision is possible. They involve judgments."

Kean's Washington View (WT)

By Rowan Scarborough

The Washington Times, August 29, 2006

Tom Kean never returned to Washington as a professional politician. Maybe his memories of the capital as the youngest son of Republican congressman Robert Kean remained in adulthood, when a political career took him from legislative leader to two-term governor of New Jersey.

Republicans asked Tom Kean to run for the Senate. But he always refused, content to retire from politics in 1990 at a relatively young age to run Drew University until his resignation last year.

But September 11 changed Mr. Kean's life just as it affected so many Americans. When Congress thrust on President Bush a commission to investigate the plot, intelligence failures and how the Clinton and Bush administrations handled al Qaeda, the president turned to Mr. Kean to be chairman.

This man of aristocratic roots, with an accent that placed him in New England rather than his native "Joisy," finally returned to Washington in 2003, as much a politician as a blue-ribbon chairman. (The White House first picked Henry Kissinger, but he backed out over possible conflict of interest.)

As Alvin S. Felzenberg writes in his biography, "Governor Tom Kean: From the New Jersey Statehouse to the 9-11 Commission," Mr. Kean followed the same executive model in running the politically split panel as he did as governor. It was known as the "third way," taking positions that appealed to a coalition of both parties, while still attending to the conservative base that anchors the Republican Party.

He did much the same as commission chairman. He made it known early on he was not a White House adversary, just a fact-finder. But he also reached out to the group's Democrats, some of them, like Richard Ben-Veniste, a partisan. And he set up continued lines of communication with the victims' families, some of whom had aligned themselves with Democrats and wanted Mr. Bush taken to task for failing to stop the attacks on New York's World Trade Center and the Pentagon.

Republicans recall Mr. Kean's 1980s rule in New Jersey as an important example of how the party can win elections in moderate-liberal states. But most Americans will always know Mr. Kean as the man who led the most exhaustive investigation into what happened that horrible day.

By cajoling — and mildly threatening — Mr. Kean won key battles with the White House on access to intelligence documents, White House aides and the president himself. Mr. Kean nearly always appeared for interviews with Vice Chairman Lee Hamilton, a gentlemanly Democratic former congressman from Indiana not known as a partisan.

"As their friendship grew," Mr. Felzenberg writes, "Kean and Hamilton made it their practice, wherever possible, not to disagree with one another — at least not in front of other commissioners or in public."

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Mr. Kean wanted two main goals: a unanimous report and recommendations to improve intelligence collecting that actually become law. He got both.

One flaw was that the government never gave the 10 commissioners access to al Qaeda detainees. The Kean team had to rely on intelligence reports of interrogations to try to put together the puzzle.

And there were conservative critics. Some believed commissioner Jamie Gorelick, a top Justice Department official in the Clinton years, should be a witness not a panel member since she had issued a key policy on FBI-CIA relations. Mr. Kean dismissed such calls with a tart, "people ought to stay out of our business." It was one of Mr. Kean's few inappropriate comments, coming from a man who led a public, taxpayer-funded panel committed to openness.

"Kean's choice of words earned him the animus of some conservative commentators," Mr. Felzenberg writes.

"Governor Tom Kean" is a friendly, but thorough, biography. Mr. Felzenberg was a Kean aide in New Jersey and becamecommission spokesman.

He traces Mr. Kean's blue-blood heritage. Forebear John Kean served in the Continental Congress. A great uncle was a turn-of-the century senator. His grandfather, Hamilton Fish Kean, was also in the Senate.

Mr. Kean went to private schools, graduated from Princeton and got a taste for politics in the 1950s, when his dad made an unsuccessful Senate bid.

Mr. Kean's greatest political win was his 1,600-vote defeat of Democrat James Florio for the governorship. It was a colorful race that featured fly-bys by President Reagan to ensure the conservative base vote.

Mr. Felzenberg does a good job of capturing all of this. Mr. Kean turned out to be one of most important figures in the September 11 story. He oversaw the writing of what will be the most definitive narrative of the event for some time to come.

Rowan Scarborough, the author of "Rumsfeld's War," is a reporter for The Washington Times.

HOMELAND RESPONSE:

A Tool We Need To Stop The Next Airliner Plot (WP)

By Michael Chertoff

The Washington Post, August 29, 2006

Imagine that our troops in Afghanistan raided an al-Qaeda safe house and captured a computer containing the cellphone numbers of operatives in Europe. Wouldn't it be important to know whether one of those cellphone numbers was used to book a transatlantic flight? Unfortunately, today our ability to make that connection remains limited: Information that terrorists readily share with travel agents cannot easily be shared throughout the United States government. That needs to change.

Information sharing and intelligence gathering are some of our most important tools in the global war on terrorism. British authorities, in partnership with the United States and our allies, were able to disrupt the recent terrorist plot against passenger aircraft precisely because of timely, actionable intelligence, properly shared and acted upon before the terrorists could carry out their plans.

But despite the strong links we've forged with our European partners to protect our nations, we still remain handcuffed in our ability to use all available resources to identify threats and stop terrorists.

To defeat terrorists, we must limit their movement between countries and disable their worldwide networks by targeting our investigative resources. One technique practiced by the Department of Homeland Security and a number of foreign governments is the use of name-based information, such as passenger manifests and crew lists, to screen travelers coming to the United States before they get here. These manifests allow us to identify known persons of interest on watch lists and to act upon threats before they can reach our shores -- even, where possible, before they depart on their trip. But how do we thwart a terrorist who has not yet been identified?

One way is by using more of the detailed information collected by airlines and travel agencies when an individual books a flight. These passenger name records contain information, such as travel itineraries and payment details, that can be analyzed in conjunction with current intelligence to identify high-risk travelers before they board planes.

If we learned anything from Sept. 11, 2001, it is that we need to be better at connecting the dots of terrorist-related information. After Sept. 11, we used credit card and telephone records to identify those linked with the hijackers. But wouldn't it be better to identify such connections before a hijacker boards a plane?

By comparing passenger name record (PNR) data and intelligence gathered on known terrorists -- such as cellphone numbers collected in Afghanistan -- we can identify unknown threats for additional screening and enhance our ability to assess risk. At the same time, that means we will spend less time with inconvenient screening of low-risk travelers.

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The U.S. government has collected PNR data on travelers aboard international flights to the United States since the early 1990s. This information is of such value that after the Sept. 11 terrorist attacks, Congress mandated its continued collection. But in the past few years European privacy concerns have limited the ability of counterterrorism officials to gain broad access to data of this sort.

For example, under an agreement with the European Union, U.S. Customs and Border Protection receives this information regularly, but it cannot routinely share it with investigators in another DHS component, Immigration and Customs Enforcement, or with the FBI -- never mind with our allies in London. This information might yet identify associates of those arrested in the plot in Britain, but the rules blind us in routinely searching for that connection.

DHS has made a strong commitment to protect personal privacy while screening international travelers. We do not profile based on race or ethnicity, but we do assess potential threats through careful analysis of individual behavior. The DHS chief privacy officer has closely reviewed the PNR program to ensure that it meets standards of fair information practices and U.S. law. This includes providing a process through which travelers can seek redress if they feel their freedoms have been violated.

Protecting personal privacy is a part of responding to the post-Sept. 11 world, but it should not reflexively block us from developing new screening tools. Indeed, more data sharing leads to more precisely targeted screening, which actually improves privacy by reducing questioning and searches of innocent travelers.

All governments bear a responsibility to prevent terrorists from boarding aircraft, and information sharing is a critical way we can work together to limit terrorist mobility, screen for unknown threats and investigate terrorist cells. Smart screening -- including careful and responsive analysis of travel data -- will enhance security and privacy.

Note On Plane Forces Emergency Landing (AP-Y)

AP, August 29, 2006

A commuter airplane flying from Philadelphia to Houston was diverted to a Tennessee airport Monday after a threatening note was found on board, authorities said.

None of the 56 passengers aboard US Airways Flight 3441 was injured, and no bomb was immediately found, authorities said.

The regional jet landed without incident at the Tri-Cities Regional Airport in eastern Tennessee about 11:30 a.m., according to airport spokeswoman Melissa Thomas.

Transportation Security Administration spokeswoman Amy von Walter said a threatening note was found on board, and FBI, TSA, canine bomb-sniffing teams and local law enforcement were investigating. Details about the note's contents were not released.

A passenger found the note and alerted the crew, said Warren Wilkinson, a vice president for Indianapolis-based Republic Airways, which operates the express flight.

"The crew contacted the cockpit," Wilkinson said. "The cockpit notified the company, and we chose to land at the closest acceptable airport."

Passengers were taken to the airport terminal and were being interviewed by the FBI, von Walter said.

Federal authorities released the plane, which the company used Monday to fly passengers on to Houston, a spokesman for US Airways said. It was unknown how many passengers continued on.

Also Monday, a plane carrying more than 140 people from Dallas to Chicago was diverted to the airport in Shreveport, La., after crew members reported smoke in the cockpit.

Passengers boarded a different plane and continued on to Chicago, said airport spokesman Bill Cooksey. Authorities were investigating the source of the smoke.

And in Newfoundland, an Egypt Air flight carrying more than 300 passengers from Cairo to New York made an emergency landing after smoke was detected in the cockpit.

No fire was found and no one was injured, said Kevin Aylward, CEO of Goose Bay Airport Corp.

Attorney's $2 Million 9/11 Fee Called 'Shocking, Unconscionable' (LAW)

By Anthony Lin, New York Law Journal

New York Law Journal, August 29, 2006

Laura Balemian, whose husband Edward J. Mardovich died in the World Trade Center, received one of the largest awards paid out by the September 11th Victim Compensation Fund: $6.7 million.

But she in turn paid out what is almost certainly the highest legal fee. While the vast majority of victims were represented before the fund pro bono or for a nominal fee, Balemian paid her lawyer, Thomas J. Troiano, a one-third contingent fee, or over $2 million.

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The propriety of Troiano's fee is now before the courts. A guardian appointed by the Suffolk County Surrogate's Court in New York, where Mardovich's estate is in probate, last year challenged the fee as excessive and not in the best interests of Balemian's four children. Troiano responded earlier this year by suing Balemian in Manhattan federal court for declaratory judgment approving his fees.

The situation is an uncomfortable one for trial lawyers' groups, who normally support contingent fee arrangements but went to extraordinary lengths to avoid being seen as profiting from the terrorist attacks.

Kenneth R. Feinberg, the special master who oversaw the fund's distribution of some $7 billion, submitted an April 21 affidavit in the federal case in which he called Troiano's fee "shocking and unconscionable" in light of the fund's purpose and its guidelines recommending attorney fees be kept under 5 percent.

"In my experience of presiding over the processing and award determinations of some 7,400 claims, of conducting hundreds of individual hearings within the Program, and of meeting with thousands of families and victims in large and small groups, I have never learned of a legal fee even approaching the fee sought in this case," Feinberg wrote.

But Troiano, who declined to be interviewed for this article, said in court documents responding to Feinberg's affidavit that Balemian's large award, which was increased from an initial presumptive award of $1.1 million, justified the contingent fee.

"Fund statistics show that lesser attorneys -- or perhaps those who were marginally incentivized by the meager 5 percent fee recommended by the Special Master -- achieved results that pale in comparison to the award [Troiano] obtained for [Balemian]," the lawyer said.

"If anything is 'shocking and unconscionable' it is that, due to unabashed greed, Defendant now (more than two years after having ratified the Retainer Agreement) seeks disgorgement of fees earned by Plaintiff from the hard work, at significant personal sacrifice, he rendered for the benefit of Defendant and her children."

Southern District Judge Loretta Preska earlier this month declined to exercise federal jurisdiction over the case under the congressional act that created the fund. Finding that the Surrogate's Court was a better forum to consider whether Troiano's fees were appropriate, the judge stayed the federal suit pending the outcome of the Long Island proceedings.

Troiano's lawyer, Michael C. Rakower, said his client was weighing his options, including a possible appeal of Judge Preska's decision. He declined further comment.

HUSBAND LEFT NO WILL

At the time of his death, Mardovich was the 42-year-old president of Euro Brokers, an interdealer brokerage that had offices on the 84th floor of the World Trade Center's South Tower. The firm lost 61 of its 65 employees in the terrorist attack.

According to his federal complaint, Troiano, 62, had never represented Mardovich or his wife before but was a longtime friend and neighbor in their North Shore Long Island community. He claims that, in the days after Sept. 11, a "frightened and confused" Balemian reached out to him and asked him to assist her with the legal issues arising from the death of her husband, who left no will.

"She told him that he was the only person she trusted to handle such matters," Troiano's complaint states. "She told him that Edward Mardovich had told her that if anything ever happened to him, she should turn to Tom Troiano for help."

Troiano claims he took charge of all of the family's legal affairs, including locating and consolidating money in Mardovich's various accounts, finding a suitable financial planner and resolving the deceased's partnership interest in several racehorses.

For essentially becoming the Mardovich family lawyer, Troiano said he never asked for nor received any payment. But he did have Balemian sign a retainer agreement on Oct. 15, 2001. (She was Ms. Mardovich at the time. She married Robert Balemian in April 2002).

The agreement states the one-third fee will be contingent on a recovery in possible lawsuits against, among others, the airlines, Osama bin Laden, the Taliban regime of Afghanistan, New York City as well as "any other legal, governmental, quasi-governmental or non-profit agency responsible for the September 11, 2001 crash or any recoverable claims resulting after the September 11, 2001 destruction of the World Trade Center."

Congress created the compensation fund on Sept. 22, 2001, as part of the Air Transportation Safety and Systems Stabilization Act. Feinberg was appointed special master in November 2001, and the fund's rules were initially published in December of that year. In return for receiving compensation from the fund, claimants waived their rights to sue the airlines. Over 97 percent of affected families ultimately participated in the fund.

AWARD CONTESTED

Troiano claims he explored all possible avenues of recovery for Balemian, including tort litigation. He said he spent one year monitoring the fund's activities and talked regularly to other participating lawyers in order to figure out how to maximize an award from the fund. He retained Conrad Berenson, a Baruch College economist, to draft a report on Mardovich's future earning potential.

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This report was submitted to the fund with other records on March 14, 2003. Three months later, Balemian was notified she would receive a presumptive award of $1,087,420, based on estimated losses of $3,931,497 minus insurance offsets $2,844,256. She was given the option of requesting a hearing.

Troiano claims he urged Balemian to contest the award, which she did. He represented her at an August 13, 2003, hearing, calling as witnesses Berenson and the chief financial officer of Euro Brokers.

On Sept. 30, 2003, Balemian was notified that her final award would be $6,656,151, based on estimated losses of $9,500,408 minus insurance offsets. Troiano was paid his fee in January 2004.

In his court papers, Troiano called the final award an "astounding" result and stressed his skill and legal acumen. "Rather than greedily seeking disgorgement from Troiano," one of his filings states, "[Balemian] ought to be happily praising his extraordinary efforts, which yielded a lifetime of security for [her] and her children."

Balemian's lawyer, Kevin P. Simmons of Syosset, N.Y.'s Simmons, Jannace & Stagg, said his client was not claiming that Troiano did not do a good job.

"He obviously did," said Simmons. "The question is how much is that worth."

Despite the 5 percent guideline, the fund's rules defer to state law with regard to attorney's fees. But in an interview with the New York Law Journal last week, Feinberg challenged the notion that skillful advocacy played a role in the size of victims' awards.

"I find it difficult to understand how any lawyer can request a 30 percent fee for simply filing a claim with the 9/11 fund," he said. "It's a nonadversarial process where the special master was working with families and family lawyers to find a way to legitimately give them this money."

Hearings that led to higher awards were a routine part of the process, said Feinberg. In his affidavit, he noted that 68 percent of the claims involving deaths had a hearing at which evidence was presented.

Steven Lubet, a legal ethics professor at Northwestern University School of Law, said courts have been divided on what factors to consider in weighing the appropriateness of contingent-fee arrangements. He said some courts had taken a strict contract approach, going with the clear language of the retainer agreement.

But Lubet said other courts have taken the view that "contingent fees need to be contingent on something." These courts, he said, generally look at whether the lawyer taking the case is running a risk of nonrecovery.

Simmons said that, given the nature of the fund, Troiano had run no risk at all. "There was absolutely no chance that it would be zero," said Simmons.

Complicating any consideration of the matter is the fact that so many other lawyers put aside their normal rates and fee arrangements in the wake of the terrorist attacks. Feinberg said that almost 2,000 families had received pro bono legal assistance in filing claims with the fund. Another 800 or so, he said, retained counsel at fees in the range of 5 to 8 percent.

TRIAL LAWYERS' VIEW

By far the largest pro bono effort at the time was organized by the American Trial Lawyers Association (ATLA), traditionally a strong advocate of contingent-fee arrangements. Over 1,100 lawyers provided free representation to 1,700 families as part of Trial Lawyers Care (TLC).

At the time, ATLA President Leo V. Boyle called upon lawyers to follow the example of firefighters and relief workers and do their part to make sure the fund's money "goes to families, not to lawyers.

"This broad-based undertaking represents who we are and why we practice law: for the greater good. Enemies of the civil justice system have tried to define us as opportunistic, greedy, self-centered," Boyle wrote in his column in the November 2001 issue of ATLA's Trial magazine, "Sadly, a few of us have bolstered that image."

Joseph P. Awad, the incoming president of the New York State Trial Lawyers Association and a partner in Garden City, N.Y.'s Silberstein, Awad & Miklos, was one of the lawyers who participated in TLC. He said the group was holding a dinner on the fifth anniversary of the terrorist attacks to celebrate "the largest pro bono project in history."

But he was circumspect when asked about Troiano's seeking a one-third contingent fee, noting that all such fees are subject to judicial review. "If the court rules are complied with, the contingency retainer is valid on its face," he said. "The fact that there may be other clients who paid less or not at all is something of interest as a policy issue for the jurist reviewing it."

Richard Bieder of Bridgeport, Conn.'s Koskoff Koskoff & Bieder served as president of TLC. He said lawyers involved in the project generally avoided criticizing lawyers who were charging fees at the time.

"Lawyers have a right to charge a fee," he said. "The public knows there are alternatives out there."

But Bieder rejected Troiano's connection between the size of the fee and the fund's awards. He said TLC lawyers representing financial executives had also achieved results in the high end of the fund's spectrum, also in many cases multiplying initial presumptive awards.

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"I don't personally disapprove," Bieder said of Troiano's fee. "If a court rules it's unconscionable, that wouldn't bother me either."

Bush Says Katrina Recovery Just Starting (AP-Y)

By Deb Riechmann

AP, August 29, 2006

President Bush said Monday the huge job of rebuilding from Hurricane Katrina was just beginning a year after the massive storm but expressed hope that the $110 billion of help sent from Washington would be enough.

Trying to erase the black mark left on his presidency by the administration's sluggish response to Katrina, Bush returned to the first scene he saw a year ago of the storm's devastation.

Standing on a vacant lot in a working class neighborhood where trailers and gutted buildings stand next to newly built homes, Bush pledged the federal government would stand with the region as it rebuilds. It's a promise viewed with skepticism by victims still reeling from the storm.

"A year ago, I committed our federal government to help you," Bush said. "I said, `We have a duty to help the local people recover and rebuild,' and I meant what I said."

Of the $110 billion in hurricane aid approved by Congress, just $44 billion has been spent. Overall, the administration has released $77 billion to the states, reserving the rest for future needs.

"Hopefully that'll work. Hopefully that's enough," Bush said after visiting a company that has restarted its business of building and repairing boats. "It's certainly enough to get us through the next period of time."

Bush focused on the positive, but acknowledged that much remains to be done.

"It's an anniversary, but it's not an end," Bush said. "Frankly it's just the beginning."

Asked how long the rebuilding would take, Bush said: "I would say years, not months. On the other hand, the progress in one year's time has been remarkable."

The welcome Bush received here was warmer than the one he is expected to get Tuesday — the actual anniversary of Katrina — in Louisiana, where recovery efforts have moved much more slowly.

"There is a division over there," Thomas "Lynn" Patterson, who gave Bush a tour of his new home, said about New Orleans. "There's not the same division over here."

When Bush visited Patterson's neighborhood right after the storm, the 61-year-old was digging cars out of the muck. Patterson said Bush told him then that he wanted to make sure that people got the aid they needed.

"He hasn't forgotten it," said Patterson. "We don't expect him to pull out his wallet and write a check for us. He personally would do it if he could because he's a passionate guy."

When Katrina struck Biloxi, 100-mph-plus winds and a wall of water obliterated a bridge and splintered houses like matchsticks. Water topped rooftops. Entire neighborhoods were washed away.

Today, seven of the city's gambling emporiums, which employed 15,000 people before Katrina, have reopened or are close to doing so. Still, just blocks away from the gambling resorts, rebuilding is sparse. It's a city where buildings still carry spray-painted messages appealing for help from insurance companies.

Bush had lunch at the Biloxi Schooner Seafood Restaurant, where owner Joe Lancon fed the president and other government officials fried shrimp, stuffed crab and gumbo. Lancon reopened the restaurant in the west end of the city after losing two restaurants in Katrina's 28-foot tidal surge.

Asked if he wanted to rebuild at his original site closer to the water, Lancon replied: "Do I want to? Yes. Am I? I don't know. The water really kinda has me second-guessing whether I'm going to go back down there."

"It's going to take a while for Biloxi to get back to normal," said Lancon, a native whose grandfather was a shrimp peeler. "I would say maybe five years. It's a slow building process."

Nationwide polls give Bush low marks on Katrina. An AP-Ipsos poll earlier this month showed 67 percent disapproved of his handling of the disaster.

With Hurricane Ernesto bearing down on Florida, Democrats have been coordinating a political assault on the Bush administration's Katrina response, hoping to sway voters to cast ballots against Republicans in the upcoming congressional elections and beyond.

House Democrats on Monday toured devastated areas of New Orleans and decried the slow pace of recovery. "I think the American public is going to be very, very surprised to know this recovery is way, way behind what their expectations would have been," Rep. James Clyburn, D-S.C., said after a tour that took more than a dozen Democratic members of Congress through the heavily hit Ninth Ward.

"It's hard to believe this is the United States," said Rep. Elijah Cummings, D-Md.

President Hails 'sense Of Renewal' In Mississippi (USAT)

By David Jackson

USA Today, August 29, 2006

BILOXI, Miss. — A year ago, President Bush visited this area ravaged by Hurricane Katrina and saw piles of rubble strewn over beaches and neighborhoods. He met with people who lost everything.

On a return visit Monday, he said 98% of the debris is gone, the beaches are pristine, and the Biloxi-Gulfport area is slowly rebuilding. He praised the region's rebirth and the resolve of its residents to restore their lives.

"It's a sense of renewal here. It may be hard for those of you who have endured the last year to really have that sense of change, but for a fellow who was here and now a year later comes back, things are changing," Bush said in the first part of a two-day swing to mark today's anniversary of Katrina.

"There's still challenges. There's still more to be done," Bush said, noting that it will take "years, not months" for a full recovery.

Bush, who spends today in New Orleans, said he understands the frustration of some local residents who need housing grants. He said state housing plans are in effect, and "checks have begun to roll." He pledged the federal government's help, but only with state and local officials as partners.

As a hot sun beat down, Bush took a brief walking tour of a neighborhood where temporary trailers abut houses under reconstruction. It was one of the first areas he visited last year shortly after the hurricane reached land.

Bush's visit came as he and members of his administration were briefed on Tropical Storm Ernesto, which was on track to hit Florida.

Neighborhood residents gave Bush a warm reception in this reddest of red states that he easily carried in two elections.

"I think he's an all-right guy," said James Konz, 38, who does painting and drywall work in Saucier, Miss. Konz, wearing a tank top that read, "I Survived Hurricane Katrina," said Bush and his administration "did the best they could" given the ferocity of the storm.

Others were less impressed. "He could have done better than he did," said Mary Millender, 63, a retiree from Moss Point, Miss. "I'm not going to pay him any attention."

The Mississippi coast still bears some scars of Katrina. Many buildings have holes in them or are hollowed out completely, from old wooden churches to Las Vegas-style casinos, modern condos to the antebellum mansion that once belonged to Confederate President Jefferson Davis.

Among the flattened palm trees and bent restaurant signs are signs of change. One homemade sign says, "On The Road To Recovery." Another: "We Are Home — Will Shoot — No Looting."

"I'm seeing a lot of progress, a lot of things coming back," said Donald Griggs, a general contractor from Biloxi who has been keeping busy, after he listened to and applauded Bush's remarks. "This tragedy that hit New Orleans and us was bigger than anyone imagined."

In listing his post-Katrina efforts, Bush cited new plans for government responses to disasters. He also promoted $110 billion in federal aid, including programs for tax incentives, small-business loans and education assistance.

"Some of the hardest work is still ahead. … We'll ensure federal money reaches the individuals who need it to build their homes. And we'll stand by you as long as it takes to get the job done," he said.

Bush: 'New Orleans Will Rise Again' (CHIT)

By Mark Silva

Chicago Tribune, August 29, 2006

GULFPORT, Miss. -- President Bush praised "a sense of renewal" along the Gulf Coast Monday as he toured the slowly rebounding region nearly one year after Hurricane Katrina roared ashore in Mississippi and New Orleans.

But a walk in Biloxi took him past the barren, sandy lots of flooded homes that have been razed. He stopped at a home being rebuilt and drove past government trailers still housing thousands of residents.

"I feel a quiet sense of determination that's going to shape the future of Mississippi," said Bush, speaking to a small crowd on a half-vacant Biloxi street corner.

"We understand that people are still anxious. We understand that people hear about help and wonder where it is," Bush said, with an address aimed at a broader Gulf Coast audience and indeed a wary national audience as he heads for an anniversary church service Tuesday morning in the square of New Orleans where he pledged nearly a year ago to rebuild the region.

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"Optimism is the only option," the president said Monday, pledging that the federal government will not leave the Gulf region until a rebuilding that has already consumed more than $110 billion of pledged federal money is complete. "We'll stand by you as long as it takes to get the job done."

Critics of the government's rebuilding program say it is not simply the time it has taken to clear the debris left by Katrina. They say the Bush administration has shown no signs of readiness to fulfill the president's commitment to address racial inequities in the region that were exposed by the crisis and to help impoverished survivors build new businesses and become homeowners as well.

The White House could not disagree with its critics more. With the president and First Lady Laura Bush returning to this region for a two-day tour that includes briefings on recovery efforts, lunch with the governor of Mississippi and dinner with the mayor of New Orleans on Monday and a memorial service at St. Louis Cathedral in Jackson Square on Tuesday, they have been here 22 times between them since Katrina first struck.

But the White House is beginning to frame a longer-term prediction for the region's recovery than the one that the president voiced last year.

On Sept. 5, 2005, when he toured the ruins of Poplarville, Miss., Bush said: "I'd like to come back down here in about two years and walk your streets and see how vital this part of the world is going to be."

On Monday, Bush was talking about a more distant future. He was asked during an interview aboard Air Force One en route to the Gulf Coast: How much of the region's destruction, realistically, will be permanent?

"The first question is, you can rebuild things, and we will rebuild," Bush told April Ryan of the American Urban Radio Networks. "But the question is, can we rebuild the soul? And I believe so… I believe, 10 years from now April, you and I … will be trying to remember back what it was like 10 years ago.

"And I predict that New Orleans will rise again," he added. "There's too much history, too much tradition, too many people that want New Orleans to rise again for it not do so."

The White House maintained that Bush was not suggesting that it will take 10 years to rebuild the storm-stricken coast, but a spokeswoman aboard Air Force One indeed was speaking in terms of "several years."

"What he has always said from the beginning, is that the devastation from Hurricane Katrina was so great that 365 days later we are not at the finish line," said spokeswoman Dana Perino. "It is going to be a long road back in terms of rebuilding fully. It is certainly going to take several years."

The president, maintaining that local leaders are shaping the region's recovery, had lunch Monday with Mississippi Gov. Haley Barbour, eating fried shrimp in a stuffed crab shell and gumbo at the Biloxi Schooner, which opened a few blocks from the Gulf Coast after restaurateur Joseph Loncon lost his two waterside restaurants to a 28-foot tidal storm surge last year.

"It's going to take a long time for Biloxi to come back," Loncon said outside his Biloxi Schooner. "I would say five years."

"One year doesn't mean that we'll forget," Bush said at the luncheon table. "As a matter of fact, now is the time to renew our commitment to let the people down here know that we will stay involved."

Bush Visits Gulf Coast, Stressing Progress (NYT)

By Anne E. Kornblut

The New York Times, August 29, 2006

NEW ORLEANS, Aug. 28 — On the eve of the first anniversary of Hurricane Katrina's strike here, President Bush returned to the devastated region on Monday promising to continue federal assistance and, with his presidency still under the shadow of the slow response to the storm, eagerly pointed out signs of progress in reconstructing the Gulf Coast.

But as another storm rolled toward Florida, with thousands of victims from Hurricane Katrina still uprooted, Mr. Bush admitted there were "a lot of problems left."

Winding his way through tattered towns in Mississippi on his way here, Mr. Bush spent the day demonstrating empathy and optimism, touring rebuilt areas and meeting with local officials and residents in his 13th trip to the area since the storm.

The journey was part of a continuing effort to recast his image from last year, when Mr. Bush stayed on the West Coast before cutting short his vacation to deal with one of the most significant crises of his administration. His popularity was severely damaged after the storm, which killed about 1,500 people and flooded most of New Orleans, and it has never fully recovered.

In sweltering midday heat, his shirt soaked with sweat, Mr. Bush told a group of Biloxi, Miss., residents that he knew the rebuilding was so slow that to some it felt as if nothing was happening.

Still, Mr. Bush said, "For a fellow who was here and now a year later comes back, things are changing."

"I feel the quiet sense of determination that's going to shape the future of Mississippi," he said.

In an event with echoes of his prime-time speech in Jackson Square here last September, Mr. Bush spoke in a working-class neighborhood in Biloxi against a backdrop of neatly reconstructed homes. But just a few feet away, outside the scene

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captured by the camera, stood gutted houses with wires dangling from ceilings. A tattered piece of crime-scene tape hung from a tree in the field where Mr. Bush spoke. A toilet sat on its side in the grass.

After a dinner Monday night with New Orleans officials, including Mayor C. Ray Nagin, Mr. Bush is scheduled to tour city neighborhoods on Tuesday and deliver another speech. He is also planning to return to Jackson Square for a memorial service at St. Louis Cathedral.

As the president spoke in Biloxi, he was flanked by Mississippi's two senators, Trent Lott and Thad Cochran and Gov. Haley Barbour, all three of them Republicans, and Don Powell, the Gulf Coast reconstruction coordinator. Watching from the sidelines was Mr. Bush's chief of staff, Joshua B. Bolten, whose presence was a reminder of the reshuffling at the White House after the former chief of staff, Andrew H. Card Jr., failed to manage the storm crisis.

Nearby, along the ocean, ravaged antebellum homes and churches dotted the waterfront. The beach from Gulfport, Miss., to Biloxi, was deserted. Debris hung from trees and motels stood shuttered. Blue tarpaulins still patched the roofs of most dwellings. Written in green spray paint on a fence around a home in Biloxi was "You loot, I shoot."

In Washington and around the country Monday, Hurricane Katrina continued to occupy a prominent place in the political arena. Both the White House and Democratic leaders on Capitol Hill issued "fact sheets" with competing assertions about the rate of progress and the nation's ability to cope with another disaster.

"One year later, neither the tragedy Katrina caused — the flooding of New Orleans and the devastation of the Gulf Coast — nor the tragedy that it exposed — the extent of the federal government's failure to provide a life of security and dignity to all of our citizens — have been adequately addressed," Representative Nancy Pelosi of California, the House Democratic leader, said in a statement.

In late August of 2005, as the hurricane approached and scientists warned of a potential disaster, Mr. Bush was on vacation at his ranch outside Crawford, Tex., where the most pressing problem was an antiwar protest.

When the storm actually hit and his advisers began to realize the scope of the catastrophe, Mr. Bush was in Southern California on a campaign-style travel swing. Images of a remote president playing guitar on a military base, then later posing for a picture as he peered out the window of Air Force One as it flew over the devastation helped fuel the perception that Mr. Bush failed to respond adequately to the storm.

This year, Mr. Bush is also returning to Crawford — his final stop on Tuesday — before heading out to campaign in Arkansas, Tennessee and Utah this week. The overnight stay comes after an abbreviated vacation, in Crawford earlier this month and at his parents' home in Kennebunkport, Me., last weekend, and two days of commemorating the hurricane anniversary.

Speaking to reporters Monday after visiting United States Marine Inc., a company in Gulfport that builds military boats, Mr. Bush predicted that the rebuilding effort would take "years, not months."

"There will be a momentum, momentum will be gathered," the president said. "Houses will begat jobs, jobs will begat houses."

But, he continued: "It's hard to describe the devastation down here. It was massive in its destruction, and it spared nobody. United States Senator Trent Lott had a fantastic house overlooking the bay. I know because I sat in it with he and his wife. And now it's completely obliterated. There's nothing."

A Year Later, Hearts Still Heavy In New Orleans (USAT)

By Anne Rochell Konigsmark

USA Today, August 29, 2006

NEW ORLEANS — The Big Easy isn't easy anymore.

One year after Hurricane Katrina, New Orleans is frustrating, tiring, expensive and frightening. Hearts are heavy from living amid so much destruction. Nerves are jangled as the 2006 hurricane season heats up. And spirits are dampened every time another friend gives up and moves away.

"I survived Katrina but the anniversary killed me," jokes Mary Lee Murphy, 35, who moved back to her unflooded Uptown apartment in November.

For some, the city has proved unbearable. The suicide rate has tripled, according to the coroner's office. Others here search for ways to feel normal again. Freshly planted flowers are blooming in front of gutted, uninhabitable homes in the Broadmoor section of town. The local news ran a 10-minute feature on the highly anticipated reopening of Commander's Palace, one of the city's most famous restaurants, closed since the storm.

In the days before Aug. 29, 2005, as the approach of Katrina triggered the annoying annual evacuation odyssey, New Orleanians had no idea their dreamy, professionally lethargic, down-but-not-out lifestyle was about to be taken from them. For weeks last September, virtually all 460,000 residents were stuck on someone's sofa, in a hotel or on a cot in an arena

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somewhere. The shattered pieces of a city, a culture, were strewn across the country. It has taken a year just to get 200,000 people back.

That changes people, and it changes a place. The Rev. Aldon Cotton, pastor of Jerusalem Baptist Church, counsels his weary flock with these words to encourage endurance: “Whatever you had before Katrina, it didn't take two weeks to get it. It took years.”

Like thousands of New Orleanians, Cotton's congregants work at jobs by day and on their broken personal lives by night. They come to him with their exhaustion, their anger and their fears, he says. Cotton, who lost not only his church in Central City to Katrina's floodwaters but also his home in eastern New Orleans, tells them to focus on something simple.

“I tell people to pace themselves and look at what you did accomplish today,” says Cotton, who commutes to New Orleans daily from a rented apartment 30 minutes away in Luling. “I was able to move a box today. I found a friend today.”

New Orleans, which always prided itself on being carefree, is now full of headaches and heartaches. While people spent the first part of the year worrying about big things — the levees, the amount of federal aid New Orleans would get, the city's very survival — these days people are focused on little things.

The cost of home repairs has skyrocketed, and hiring a contractor can take months. Meanwhile, rents are up 40% and insurance rates have doubled for many homeowners. Exasperated residents have taken to creating their own street signs to replace those still missing. Looting continues, especially at homes under construction.

And everywhere, depressing piles of garbage and storm debris make it feel like Katrina happened days ago, not a year ago.

“I just want the trash picked up,” says Bill Hines, an attorney. Every other week, he says, the trash haulers don't show up on his Uptown street near Tulane and Loyola universities. “That's a sign the wheels have fallen off. It's like the Third World. I just want the place to look normal. I am tired of explaining it away.”

New Orleans Mayor Ray Nagin says red tape is holding up the city's ability to access federal recovery money for things like cleanup. “The dollars have flowed extremely, painfully slow,” he said recently.

In neighborhoods all over the city, 80% of which flooded when the levees broke following Katrina, houses sit empty, waiting for homeowners to make tough decisions.

Cotton recently got an estimate for repairs to his home, which sat in 8 feet of water after the storm. “It was more than the house cost,” he says. He can't get started until he receives money from the Louisiana Recovery Authority, which will hand out as much as $7 billion in federal dollars to more than 100,000 homeowners this fall. Meanwhile, he's paying both his monthly mortgage and his rent.

Cotton's church was so badly damaged it must be demolished. He plans to rebuild across the street. Asked where he'll get the money for a new church, Cotton says, “Well, that's a walk of faith.” He has applied for a loan from the Small Business Administration and for a donation from the Bush-Clinton Katrina Fund set up by the former presidents.

“There's just a lot to be done,” says Cotton, who lost both his legs in a train accident when he was a boy. It wouldn't occur to Cotton to leave New Orleans.

The same is true for Susan Spicer, chef-owner of several New Orleans restaurants. Even though her Lakeview home flooded, even though business at her most famous restaurant, Bayona, in the French Quarter, is down almost 40%, she's here for the long haul.

“It feels pretty good to be here, but it's a little scary,” she says. Tourists, who make up a large portion of her clientele, are noticeably absent these days. And running a restaurant is more expensive, Spicer and others say. Wages are up because of a severe worker shortage. Electric bills are at least 20% higher.

At the one-year mark, Spicer and her husband are still talking about what to do with their house. “We're thinking we'll rebuild,” she says. “But there was no point in rushing back to a neighborhood that isn't really viable yet. Are we going to spend all this money to redo a house when next door to us is a house that hasn't been touched? It looks like a jungle.”

Spicer worries that another hurricane could throw things further off track. “We need one hurricane season with no problems under our belts,” she says. “Then people will breathe easier.”

Even those who didn't lose homes or loved ones are suffering emotionally, says Alvin Rouchell, chairman of psychiatry at Oschner Hospital, one of a handful of open hospitals in metro New Orleans. He and other mental health professionals say they have seen a rise in alcohol and drug abuse.

In a recent survey by the Council on Alcohol & Drug Abuse For Greater New Orleans, 13% of respondents said they were drinking more since the storm. Bacco, a French Quarter restaurant, has a post-Katrina special: Three glasses of wine and one appetizer for $25.

“Most of us have been grieving the loss of the city we knew,” Rouchell says. “Every day you see destruction, abandoned houses. The recovery is taking longer than anyone anticipated. People are tired, people are frustrated.”

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Mary Lee Murphy says she remains obsessed with the storm. “Last night, my roommate and I had people for dinner and, dang it, if we didn't talk about where we went when we evacuated. And we all know where we went.”

Murphy says she dreams about Katrina almost nightly. “I've spent the last year trying to understand what happened,” she says. “What happened with the levees? Why did all these people end up at the convention center and no one knew about it? I drive out to Lakeview, drive out to the 9th Ward.”

Every newspaper article, every newscast, every dinner conversation and encounter at the bank eventually ends up being about Katrina. Everywhere are grim reminders: The dirty water lines on the sides of houses. The cryptic markings left on doors by rescue workers, indicating whether bodies were found inside. The holes in roofs, hacked by residents climbing to escape the flood.

Murphy is hoping the anniversary will bring some relief. “Maybe the emphasis can change from ‘where were you, what happened to you?' to talking about rebuilding, imagining where our city can be,” she says.

Darren Smith would like to rebuild. At every turn, he says, something bars his way. “Going back to New Orleans, it's not as easy as it sounds,” says Smith, 40.

A year ago, Smith, his wife and his three daughters huddled in their attic as floodwaters swept through their Lower 9th Ward home. They retreated to the roof, were rescued by a boat, spent three nights at the Superdome and eventually wound up in Houston. Smith, a longshoreman, lost his job when his company asked him to return to New Orleans without his family and live on one of the cruise ships reserved for first responders and Port of New Orleans workers.

“My kids were in shock” then, he says. “We saw the bodies in the water. I couldn't leave them.”

Smith says he tried unsuccessfully to get a job in Houston. Recently, he came back to New Orleans and lived in a relative's trailer while he tried to gut his home himself. He did not have flood insurance.

“I can't get any of the volunteer agencies to gut it, because they're all overcrowded,” he says. He can't get his own trailer, because the Lower 9th Ward still lacks power and drinkable water — and FEMA won't set up trailers there until utilities are reconnected.

“Home for me is not the French Quarter or the Garden District,” he says, referring to unflooded neighborhoods that today look exactly as they did before the storm. “It's going to be at least three to five years before my area of the city is ready. We all miss New Orleans, and we want to come home, but home is not ready for us.”

Smith was in Mobile, Ala., on Monday, interviewing for a job. “My neighbors are dead, all my stuff is destroyed. It is really getting to me. I don't think I want to deal with Louisiana anymore.”

About 200,000 people have decided they have the means, and the will, to tough it out. Van Gallinghouse, 43, owner of an Internet marketing company, says he and his wife thought briefly about staying in Atlanta, where they evacuated last August. Their New Orleans home flooded, and they have since sold it.

“Atlanta seemed to have all the luxuries we would want and all the opportunities,” says Gallinghouse, a New Orleans native who has three small children. “But there's something about New Orleans. It's the culture and the people and the soul.”

Like many who have decided to stay, Gallinghouse and his friends have become more civically active. They formed the organization Bravehearts to raise money to encourage economic development, improve education and clean up trash.

“We know it's going to work out,” he says. “It has to work out. Among my peers, there's a great deal of resolve and hope.”

And more gravity. “People are more serious now,” Gallinghouse says. “This is top of mind, and we're all concerned.”

Today, Cotton says he will tell his parishioners this: “You have survived — you're still alive.” He'll remind them that at least 1,740 died in the storm, and about 140 are still missing. “Just take a deep breath and let it out slow and get ready to get back to work.”

In New Orleans, Recovery Is Sporadic (WSJ)

By Christopher Cooper

The Wall Street Journal, August 29, 2006

NEW ORLEANS -- One year after Hurricane Katrina devastated the Gulf Coast, the effort by businesses and residents here to rebuild can be gauged by the coffee at Slim Goodies, a diner in the city's uptown section.

On a recent morning when every stool in the place was taken and patrons spilled out the door, the first thing diners heard from a waitress wasn't a list of breakfast specials, but an apology: "No coffee. No water pressure," she said.

The lack of such a diner commodity -- hot coffee -- is just one of the problems that Kappa Horn, Slim's owner, contends with daily a year after "The Thing," as many locals call the storm. Though the diner was spared the flooding that left about 80% of the city underwater, bringing Ms. Horn's business back has been no cakewalk. True, the crowds in her diner have never been larger. But serving them has never been harder.

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Her payroll costs, for example, shot up 30% after more than half the city's work force disappeared. Her insurance bill has jumped to $8,000 a year from $3,500, and she must pay a private trash hauler to supplement the city's irregular garbage service. And if the electricity fails at Bubba's Produce Co. downtown, which happens routinely in that area, her vegetarian omelet may not make the menu.

"No water means no coffee, no dishwashers, no bathrooms," Ms. Horn said. "The other day it went out completely. We were packed. We had to close."

President Bush landed here last night to attend events marking the Katrina anniversary and is expected to give a series of speeches rededicating his administration to the rebuilding effort. "A year ago, I committed our federal government to help you," Mr. Bush said in Biloxi, Miss., before arriving here for a private dinner with local leaders. "I said, 'We have a duty to help the local people recover and rebuild,' and I meant what I said."

In more than a dozen visits over the past year to the Gulf Coast, Mr. Bush has relentlessly praised the region's recovery, which he put under the care of Don Powell, former chairman of the Federal Deposit Insurance Corp.

Mr. Powell says cargo handling at the port of New Orleans has returned to prestorm levels, the region's oil-and-gas industry has recovered, and its tourist trade is on a steady if slow upswing. Mr. Powell also notes that a metropolitan area that lost 81,000 businesses and 220,000 jobs can't recover overnight. "I don't know how you describe this devastation -- biblical? I'm not sure," he said. "But the basics of this region's economy -- the port, tourism, energy -- every one of them are back. People say, 'You're slow,' and I say, 'Compared to what?'"

But a drive through New Orleans underscores how much work remains. Though Louisiana officials say 90% of businesses in the region have reopened, the recovery is uneven. Most national retail outlets, groceries and fast-food restaurants remain closed while their parent companies assess the local market. Whole sections of the city, such as eastern New Orleans, are ghost towns. Mr. Powell attended a ribbon-cutting last week at a Home Depot store in St. Bernard Parish, but the community has perhaps one-tenth of its prestorm population.

Mr. Powell and President Bush have touted the $110 billion that Congress appropriated to assist Gulf Coast rebuilding, but only a sliver of the money has reached the region.

Of the $44 billion spent, about $17 billion was paid out in flood-insurance claims, which are at least partially backed by property-owner premiums. A large portion of the remaining amount was spent on immediate needs after Katrina, such as paying Federal Emergency Management Agency workers, establishing temporary housing for storm victims and providing local governments with operating cash. Very little of this money has a direct effect on long-term recovery for the region, and only a fraction has been spent on repairing infrastructure such as waterworks and electrical grids.

The government of New Orleans, which is struggling to provide basic municipal services, has received -- and spent -- $125 million in direct federal aid. "I've come to see that the word 'appropriation' has very little to do with actual cash in hand," said Oliver Thomas, president of the New Orleans City Council. He estimates billions of dollars will be needed to rebuild infrastructure in a city that independent analysts say has restored only 17% of its bus service, 60% of its electricity and 41% of its natural-gas grid.

But relief may be on the way to homeowners. Last week, the state began accepting applications for a piece of the $10.5 billion Congress recently appropriated to make Louisiana homeowners whole. The money will be disbursed as grants of up to $150,000 and can be used to either buy property from owners who want to be bought out or assist those who want to rebuild. The common wisdom is that such grants will speed rebuilding as residents return and neighborhood businesses follow.

Mr. Powell and Mr. Bush have said they will cede rebuilding plans to New Orleans. But because the city hasn't committed to a master reconstruction plan, redevelopment could be spotty if small groups of residents choose to rebuild in otherwise abandoned neighborhoods. Though Mayor Ray Nagin has said the city may not provide services to certain neighborhoods that can't prove viability, many wonder if the mayor will stick to his guns.

Such worries have heightened tension between local and federal leaders. Washington officials complain privately that Mr. Nagin and other authorities in the region have yet to make hard decisions about rebuilding. For their part, Mr. Nagin and other locals say redlining certain neighborhoods -- even those in low areas at risk of further disaster -- is unfair to people who want to return.

The New Orleans City Council's Mr. Thomas said the decision by individual residents and businesses to rebuild is complicated by one factor the U.S. government could do something about: providing infrastructure improvements that practically every neighborhood in the city needs. While uptown New Orleans suffers from a lack of water pressure, businesses downtown are hit by chronic power outages. Mid-city suffers from balky gas delivery. And all over town, summer rains cause minor flash floods as the city contends with clogged and broken storm sewers.

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Jay Joyce, Slim Goodies' vegetable vendor at Bubba's Produce, says the power failures make it tough on his business. If the power fails in the middle of the day, Mr. Joyce says he sometimes shuts down entirely, rather than risk losing all of his inventory to spoilage.

Before Katrina, customers could usually find him hunkered down in an air-conditioned office handling paperwork. Now a smaller staff forces him to do more around his building and he frequently can be seen moving crates with a handcart.

"It's all candles and cellphones now," Mr. Joyce said of working with unreliable electrical service.

At the diner, Ms. Horn measures her success in hassles as much as she does in cash. Opening three weeks after the storm, she fed her customers by searching out supplies beyond the disaster zone and keeping her stocks in coolers on the floor. The early meals were simple and served off paper plates.

Overall she is unhappy with the progress the city is making and may leave for good after paying off her $50,000 business loan. "Everybody's scared, living scared and feeling scared," she said. "A lot of times it just doesn't seem worth it."

Mr. Thomas understands this reaction. "How is somebody supposed to make a decision on rebuilding when they don't know if the infrastructure in their neighborhood will be fixed?" he said. "The feds are doing this backwards -- we need infrastructure help now."

But Mr. Powell sees this reasoning as backward. The former banker said standard market principles guide rebuilding and he has no intention of committing federal infrastructure money to areas that can't demonstrate they will come back. "That's like buying the furniture before the house is built," Mr. Powell said.

Write to Christopher Cooper at christopher.cooper@wsj.com7

In Miss., Hope Of Going Home Dwindles (WP)

By Peter Whoriskey

The Washington Post, August 29, 2006

BILOXI, Miss. -- He doesn't seem the type to rattle easily. A gravel-voiced retired seaman with piratical swagger, Jim DeSilvey survived Katrina's 25-foot storm surge here by tying one end of an electrical cord around his waist and the other around a utility pole.

But these days when light winds begin to blow around his FEMA trailer, he springs to the window.

"I just want to make sure the water isn't coming up," he says.

Then he seems embarrassed.

"You would, too, if you'd been through what I've been through," he adds.

As people on the Gulf Coast mark the anniversary of Hurricane Katrina on Tuesday, there are public memorial ceremonies and stoic promises to rebuild. President Bush toured neighborhoods here Monday. But many here say any remembrances of that day -- many of which remain appallingly clear despite the passage of time -- still largely instill private flashes of nervousness, or guilt, or depression.

For the tens of thousands of people who are still displaced by the storm, moreover, the possibilities of getting back home may now seem more remote than ever.

Fewer than 5 percent of the thousands of destroyed homes are being rebuilt, local officials said. Most of the affected homeowners in Mississippi and Louisiana have yet to see any of the billions in federal money approved to help them get back home.

"For the people who've been able to get back to their homes, there's a sigh of relief," said Biloxi City Council member Bill Stallworth. "But for those who haven't -- and that's the vast majority here -- there's a real panic.

"People recognize that it's been a year and they're still where they were the day after the storm. Now the volunteer groups are drying up. The money to assist families is drying up. People don't know what they're going to do."

Across a roughly 40-mile stretch of the Mississippi Gulf Coast from Waveland to Biloxi, the storm pushed ashore a wall of water 20 feet or higher, according to Mississippi State University researchers.

Along that portion of the Gulf, the fast-moving water "slabbed" countless homes -- that is, left nothing but the slab behind -- and obliterated most stores and office buildings.

Unlike the devastation of New Orleans, which resulted from the failure of man-made flood walls and levees, the devastation here is viewed more purely as a natural disaster.

So while in New Orleans many vilify the Army Corps of Engineers and other agencies responsible for flood control, many here simply blame themselves for not evacuating.

Counselors at relief organizations say they have dealt with parents who feel guilty for not having evacuated children or other loved ones in the face of the storm.

Now the anniversary is dredging up recollections.

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"It's unsettling," said Julian Blunt, the executive director of an arts group here. "You're just remembering everything that happened."

Blunt had persuaded his wife not to evacuate from their home just a few blocks from the Gulf, telling her everything would be fine.

Then in the height of the storm, the columns on the front of their Biloxi home fell down.

"I thought we were done for," he said. "I told my wife, 'Baby, get your shoes on,' because I thought we had to go under the house.

"She looked up at me, and I'll never forget her face. She said, 'I thought you said we would be all right.' "

The event and its effect are now just now finding a place in the local culture and in the things the disaster tourists buy here.

Bay St. Louis artist Vicki Niolet has put together a book of photos of the wreckage with punning captions. A wrecked movie theater is titled "Box Office Hit," while refrigerators beside the side of the road are "White Trash." Niolet is selling copies locally.

Another resident, Solveig Wells, 62, a retiree, has put together quilts made from fabric that was washed out of her home and that she found on the beach months later, faded and marred by Katrina's effects. They are on display at the library.

"There's lots of people who feel there are bits and pieces of their lives floating around all over the place," she said of the quilts.

Whether or not the experience of Katrina will better prepare everyone for the next storm is unclear.

Stallworth said many people are rebuilding homes at the same elevation -- beating the deadline under new flood insurance guidelines -- to save money. He said they cannot afford to raise their homes a dozen feet in the air, as is required in parts.

Others, even those who narrowly evaded drowning, say they may not evacuate next time. Others said the searing experience had no lasting effects.

Doug Niolet, 55, Vicki's husband, said he survived the storm by swimming to a towering live oak, climbing up and saying the rosary. Still, he struck a stoic stance.

"People ask do I have nightmares, but it never really affected me," he said.

Vicki disagreed.

"He goes to church a lot more." she said.

Bush Sees 'Hopeful Future' In Gulf Coast (LAT)

By James Gerstenzang

The Los Angeles Times, August 29, 2006

BILOXI, Miss. — On the eve of the first anniversary of Hurricane Katrina, President Bush returned to the once-devastated blocks he walked after the storm, cheered the progress made in rebuilding the Gulf Coast and, seeking to assure those still suffering, said that "the federal government stands with you still."

He looked at the clean white sand of the gulf beaches and saw in them a metaphor for the future of what he promised would be "a new Mississippi."

A year ago, he said, "the beaches were cluttered with debris and garbage. The beautiful beaches had been destroyed. And now they speak to the hope of this part of the world."

The president and his wife, Laura, spent about five hours in the area, driving and walking past the scars left by the storm — a house still under repair at one corner and vacant lots where homes had once stood. But the president's focus was on the progress made in rebuilding Biloxi and neighboring Gulfport, and on the government's commitment to continue supporting the reconstruction, which is likely to take years to complete.

On Tuesday, he is scheduled to make a similar tour in New Orleans and take part in a church service at the moment, one year later, when the levees were breached, leading to the inundation of 80% of the city.

The difficulty of the challenge of marking the storm was not lost on the White House. It was the White House response — largely criticized as too slow and insensitive to the devastation the storm was causing, particularly in some of New Orleans' most down-trodden communities — that brought the president new political woes as he was trying to pull himself out from a slide in public opinion polls.

Now, the two days marking the storm's arrival a year ago on Tuesday will give Bush an opportunity to seek to renew his claimed credentials as a compassionate and competent leader — both of which were battered after the storm. At the same time, his visit renews attention to those problems.

After initially just flying over the coast, examining it from a window of Air Force One on a vacation-ending flight from his Texas ranch to Washington, the president averaged one visit a month over the past year, including five last September.

While Bush and Congress moved relatively quickly to approve emergency spending to rebuild the region, now the complaints are focused on delays in getting the money here.

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Congress and the administration allocated $110 billion in aid, but only $44 billion has been spent.

Numerous critical reports from Congress and interest groups have challenged the president's assessments. His visit followed by several days a tour by top Democrats, including Senate Minority Leader Harry Reid of Nevada, who were sharply critical of the administration's follow-through on an aid program that appeared at its start to reflect a high degree of cooperation.

The Center for American Progress, a Washington think tank populated largely by Democrats, said that even more staggering than the destruction of the storm "has been the slow pace of recovery."

"It is clear that the nation is still waiting for the help Bush promised," it said.

It was against that backdrop that Bush was working on today.

The president said he understood the trauma the people there had experienced. But in remarks that gave almost no quarter to the evidence of devastation readily visible throughout the region, the president stood under an unyielding sun just blocks north from the beach and said, "I feel a quiet sense of determination that's going to shape the future of Mississippi."

"Each visit, you see progress," he said, adding later, "Optimism is the only option. We want to help. We want to help that optimism succeed.

Mississippi has generally gotten higher marks and been more supportive of Bush's efforts than Louisiana. Gov. Haley Barbour, a Republican, has long supported Bush's programs.

By stopping here first, Bush was able to present the recovery effort in a more favorable light than the more difficult rebuilding in New Orleans might allow.

But even here, there have been frustrations: The federal government is making $150,000 grants available for home repair, and about 17,000 Mississippi households have applied for them. But Scott Hamilton, a spokesman for the Mississippi Development Authority, said the state has sent out only about two dozen checks.

Bush spoke just blocks north of the beach, a row of three rebuilt houses, illustrating for television cameras the successful rebuilding effort. But just to his left and out of the range of cameras sat a structure, once a home but now showing all the scars of the onslaught a year ago: broken windows, uprooted railings, all coated with a layer of grime.

Along U.S. 90, the main highway that parallels the Gulfport and Biloxi beaches, the signs of the storm — and the delay in making repairs — were everywhere: A Smoothie King and the adjacent UPS store: gone. Antebellum homes: gone. The roof of the First Presbyterian Church still under the once ubiquitous blue plastic tarps, with the interior still gutted. On some lots, only foundations remain — their owners' memories and city records the only evidence of what once stood there.

But elsewhere, signs of progress: At the Beau Rivage hotel, a digital sign ticked down the hours — 21 and counting — until the hotel would reopen, one year to the day after the storm struck.

Bush Offers Gulf States Commitment (WT)

By Stephen Dinan

The Washington Times, August 29, 2006

BILOXI, Miss. -- President Bush yesterday toured the Gulf Coast in the run-up to today's Hurricane Katrina anniversary and rebutted charges that his administration had botched relief efforts, saying the federal government had provided money and the actual work needs to be done by the region's governments.

"What we're trying to do is just help you. The spirit's here, the people want to succeed, and our job at the federal level is to help you succeed," Mr. Bush said.

But 25 House Democrats are countering Mr. Bush by planning to tour parts of the Gulf Coast this week. House Democrats have released a series of reports faulting the federal government for shortchanging housing and schools, for racking up wasteful spending, and for failing to ensure contracts go to small businesses.

House Minority Leader Nancy Pelosi, California Democrat, called the federal government's response a "tragedy."

"Hundreds of thousands of our fellow citizens still await the help in rebuilding their hospitals, schools, businesses and homes that was promised last fall," she said.

On his 13th trip to the Gulf region since Katrina, Mr. Bush toured a Biloxi neighborhood that he first visited in the days following the hurricane. This time, Mr. Bush brought a message that he still cares -- to the tune of the $110 billion Congress already has passed for recovery efforts -- but said localities need to start showing they can manage the spending.

Speaking with reporters after touring United States Marine Inc. in Gulfport, Mr. Bush said, "hopefully, that's enough." Of the money allocated, the Bush administration has released $77 billion to the states, though just $44 billion of it has been spent.

Donald E. Powell, Mr. Bush's coordinator for the relief effort, told reporters that no more money would flow to the region until there is proof that the current money is being well spent.

"It's now time for the people to demonstrate they're going to use this money wisely," he said. "We need to see plans, execution."

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Top Democratic leaders are also coming to the Gulf region to mark the anniversary of the nation's costliest natural disaster and to make their case that the administration's poor response is a reason to oust Republicans in this year's congressional election.

"Unfortunately for the thousands of Katrina victims who still lack drinking water, electricity and other basic services, the president's PR campaign brings no relief from a year of broken promises," Senate Democrats' communications operations charged.

Katrina marked the beginning of a difficult year for Mr. Bush. His poll approval numbers, which had been consistently about 40 percent since his re-election, dropped into the low 30s and never recovered. Critics said the botched response showed that four years after the September 11 terrorist attacks, the government still was not ready to handle a major disaster.

Rebuilding is clearly under way in Mississippi, though hand-painted signs warning looters, such as "nothing left" and "not worth dying for," still decorate walls and fences along the coast, and the beaches are empty. But at least beaches and most of the neighborhoods here are cleared of debris.

Mr. Bush said debris removal was the first major test over the past year of the federal-state-local partnership, and said in Mississippi the partnership worked so well that 98 percent of dry debris has been removed.

The partnership hasn't worked so well in New Orleans, where wreckage from the flooding still overwhelms empty neighborhoods. On Friday, the City Council set today as the deadline for homeowners to gut or clean up storm-damaged properties.

In New Orleans, Rep. William J. Jefferson, Louisiana Democrat, yesterday said the recovery is slow because of the complexity of the issues involved and concerns that many evacuees have about returning.

"We've got a lot of work to do. We have to have a visit and stay committed to it," Mr. Jefferson told 15 Democratic members of Congress who took a bus tour of stricken areas.

Mr. Bush arrived in New Orleans last night and had dinner with Mayor C. Ray Nagin, Gov. Kathleen Babineaux Blanco and other local leaders. He will participate in the city's anniversary events today.

Some residents hope the city's new cleanup deadline, which includes a range of penalties from fines to seizure or destruction of homes, will spur debris removal that will lead to more redevelopment and repopulation after the exodus that followed Katrina.

"To see a home cleaned up, even if it's not occupied, does a lot psychologically," said Bari Landry. She sees signs of life in the flooded Lakeview neighborhood but also signs of disaster: deserted houses, windows and doors standing wide open, and roof-high weeds.

In Mississippi, Mr. Bush said when he was first in the neighborhood he returned to yesterday at the corner of Claiborne and Fowler Streets, debris was everywhere.

"For a fellow who was here and now a year later comes back, things are changing," the president told a small audience of residents and volunteers.

Jake Rosetti, who lives in the neighborhood, said that the spot where Mr. Bush spoke was under a 20-foot pile of debris after the hurricane.

"They have responded," Mr. Rosetti said, crediting the state's leaders.

But clearly locals are looking for more help.

Mr. Bush at one point was thanking community leaders and to one mayor in particular said, "I'm always asking about you."

"I'm always asking about you," the mayor shouted back, at which Mr. Bush chuckled: "The check's in the mail."

The President And His Critics Mark Anniversary Along Coast (WP)

By Michael Abramowitz

The Washington Post, August 29, 2006

BILOXI, Miss., Aug. 28 -- A year after Hurricane Katrina devastated Mississippi and Louisiana, President Bush and Democratic leaders are converging on the Gulf Coast this week to commemorate the losses while continuing the political argument over the federal response to the country's largest natural disaster.

Arriving Monday in this seaside city for the first stop of a two-day visit that later took him to New Orleans, Bush paid homage to the grit of ordinary Mississippians in their efforts to rebuild their communities and promised that his administration will not neglect them as memories of the storm fade.

"One year doesn't mean that we'll forget," Bush said after lunching on fried shrimp and gumbo with community and state leaders at the small Ole Biloxi Schooner restaurant. "Now is the time to renew our commitment to let the people down here know that we will stay involved and help the people of Mississippi rebuild their lives."

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In returning to scenes of one of his administration's biggest political embarrassments, Bush visited a city that remains a shell of its former self. Much of the debris has been removed and casinos are starting to sprout along Biloxi's waterfront, but empty lots abound, thousands of displaced people continue to live in trailers, and federal money is only beginning to trickle down to individuals and businesses, according to local leaders.

Democratic lawmakers and liberal advocacy groups flocked to the Gulf Coast in Bush's wake to offer their own, vastly more critical assessments of how well Bush and the federal government have performed in rebuilding communities swamped by Katrina.

In an interview, Sen. Mary Landrieu (D-La.) said the reconstruction of the Gulf Coast is going "not very well," and asserted that federal agencies such as the Federal Emergency Management Agency and the Small Business Administration are botching the delivery of federal funds to individuals and small enterprises. "Yes, the recovery is underway," she said. "It is still painfully slow. We have unnecessarily lost so much because the system is overburdened."

Landrieu has been joined by Senate Minority Leader Harry M. Reid (D-Nev.) for parts of what she has termed a "Hope and Recovery" tour for the region.

Another prominent Democrat, Rep. James E. Clyburn (D-S.C.), inspected damaged sections of New Orleans along with other lawmakers on Monday, and predicted that Americans will be "very surprised to know this recovery is way, way behind what their expectations would have been."

The administration's halting initial response to Katrina, especially in Louisiana, was a political debacle that even some Bush supporters believe still burdens the White House. Mindful of the symbolism of the one-year hurricane anniversary, White House aides have been distributing fact sheets and statistics suggesting progress, including the more than $110 billion of federal money that has been set aside by Congress for Gulf Coast assistance and reconstruction.

Less than half of that has actually been spent, however, and local officials in Mississippi and Louisiana have been complaining about red tape slowing the flow of funds for housing and small businesses.

Tommy Longo, the mayor of Waveland, another hard-hit town on Mississippi's Gulf Coast, said he does not blame Bush for the delay and is unsure who is at fault.

"I don't think the money is held up in Washington -- it is held up somewhere in between," said Longo, as he awaited Bush's appearance in Biloxi.

Sen. Trent Lott (R-Miss.), who accompanied Bush on his visit to Biloxi, said a combination of factors has caused the government to stall. "Part of it is federal bureaucracy," he said. "Part of it is state bureaucracy."

Bush's visit to Mississippi, carefully scripted by the White House, left little possibility of the president encountering much anger over the federal reconstruction efforts. After meeting with Republican Gov. Haley Barbour and other leaders for lunch, Bush toured a working-class east Biloxi neighborhood that he visited a year ago, passing empty lots and FEMA trailers along the way. The hot sun left his blue shirt sleeves soaked in sweat.

Some of the same people he met last year were in a friendly audience of several dozen local residents who heard from Bush after he finished his tour Monday, a few clutching pictures of themselves being consoled by the president in the aftermath of the storm last September. One of them was Patrick Wright, 38, a delivery driver for FedEx whose house was destroyed by the storm and who is now living in a FEMA trailer.

Wright expressed satisfaction with Bush's efforts on behalf of Mississippi, saying that while he was still waiting for federal housing money to begin rebuilding his house, he feels that the government is moving as fast as possible. "Some people say it was slow, but for the number of people affected, you expect it to be slow," said Wright.

In his remarks to Wright and his neighbors, Bush acknowledged "some frustration" among homeowners but said the government is "working hard to make sure that when that money is spent, it's spent well, and it goes to people who deserve it."

Later, speaking to reporters after visiting a shipbuilding enterprise in Gulfport, Bush said it would take "years, not months" for the area to be fully rebuilt, although he did not mention a specific time frame. "The progress in one year's time has been remarkable," Bush said.

Here in Mississippi, the cleanup from Katrina has been judged to be moving somewhat more quickly than in neighboring Louisiana, though there remains a huge reconstruction task and lingering complaints from many locals that New Orleans has drawn the focus of national attention.

Mississippi appears to have benefited from a less fractious political environment than in Louisiana, with Barbour -- a former top lobbyist in Washington -- capitalizing on his extensive ties and the state's power in Congress to leverage extra funds.

Bush himself alluded to the difference between Mississippi and Louisiana in developing reconstruction plans. "In Louisiana, it's been a little slower," he told reporters in Gulfport. "And I look forward to talking to the folks there about what we can do to work together to expedite these plans being implemented."

Political researcher Zachary A. Goldfarb in Washington contributed to this report.

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Emotional Devastation Surfaces From Katrina (USAT)

By Steve Sternberg

USA Today, August 29, 2006

A year after Hurricane Katrina scoured the Gulf Coast, the storm still rages in the minds of survivors, who now suffer twice as much severe mental illness as existed in the region before landfall, researchers reported Monday.

Katrina forced 500,000 people to evacuate and carved its initials in a swath of Louisiana, Mississippi and Alabama.

The first major attempt to probe survivors' mental status found that about 15% of residents of the counties and parishes struck by the storm, or 200,000 people, have depression, anxiety, post-traumatic stress disorder and other forms of mental illness, twice as many as before.

About 11% now have severe mental illness, compared with 6% before the hurricane. Nearly 20% said they had mild to moderate mental illness, compared with under 10% before.

Yet fewer people reported they were considering suicide than before the storm. The finding didn't entirely surprise researchers, who say people can be remarkably resilient when they have to be.

"Suicide rates always go down in times of war. … People pull together," says Ronald Kessler of Harvard Medical School, who led the study published online by the Bulletin of the World Health Organization.

The finding seems to conflict with reports that New Orleans' suicide rate tripled. But in an event such as Katrina, the vast majority of those who may have contemplated suicide may be less likely to act on it because they realize they are part of something bigger. Conversely, those with suicidal thoughts who don't have others with whom to share the disaster experience may be more inclined to kill themselves. So the findings are not inherently inconsistent, Kessler says.

Kessler says the absence of suicidal thinking reflects a newfound faith in the ability to start over. But he added that "optimism only goes on for so long" after a devastating event.

Psychiatrist Eugenio Rothe of the University of Miami's Jackson Memorial Hospital, who wasn't involved in the study, says there's reason to worry. "We did a study in Miami after Hurricane Andrew," he says. "The first year, people were busy getting through the day, rebuilding, getting their lives back in order.

"Then it hits them how much they've lost. They start mourning their losses."

The new study, sponsored by the federal government, took advantage of a survey carried out every 10 years to assess the nation's mental health. More than 820 participants in that survey lived in the region hit hardest by Katrina.

The responses, recorded from 2001 to 2003, were compared with a new survey of 1,043 Katrina survivors.

Among other findings:

·Almost half of people who didn't evacuate said they wanted to leave but couldn't get away.

·Seven percent had to be rescued, had a brush with death or were assaulted.

·Almost 90% said their experiences helped them develop a deeper sense of meaning in life. More than 75% said they had become more spiritual or religious.

Study Of Katrina Survivors Finds Storm Took Big Psychological Toll (WSJ)

By Betsy Mckay

The Wall Street Journal, August 29, 2006

A survey of Hurricane Katrina survivors found that the proportion of people with mental illnesses -- from increased anxiety to severe conditions -- nearly doubled after the storm, confirming widespread belief and anecdotal evidence of a heavy psychological toll.

The study, led by Harvard Medical School, also found that thoughts of suicide declined sharply among those with mental illnesses.

Harvard said its survey is the most comprehensive to date of the mental-health effects on residents of Louisiana, Mississippi and Alabama who lived in Katrina's path and whose lives as they knew them were uprooted, in some cases forever, when the hurricane struck a year ago today.

In the poll of 1,043 adults identified through random digit-dialing, Red Cross lists and other means, the researchers found 31% suffered some form of mental illness in the first several months after the storm, compared with 16% in a 2003 mental-health survey of the same general population conducted by Harvard for the U.S. government. Of the total surveyed, 11% suffered a serious mental illness such as depression, post-traumatic stress disorder or schizophrenia; in the 2003 survey, 6.1% experienced a serious mental illness.

Respondents were interviewed between Jan. 19 and March 31, four to seven months after the hurricane. The findings were published in the latest online edition of the Bulletin of the World Health Organization.

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Signs of distress ranged from frequent nightmares and irritability to debilitating anxiety and phobias. Nearly 38% of respondents said they were jumpier or more easily startled than normal; 52% said they were more irritable or angrier than usual. Among prehurricane residents of New Orleans, who made up a large proportion of respondents, 50% reported nightmares, with 8% reporting that they have nightmares almost every night.

At the same time, the researchers found that suicidal thoughts among those surveyed didn't increase, and in fact declined among people with a moderate or serious mental illness. Only 0.7% of those with moderate or serious mental illnesses reported suicidal thoughts, compared with 8.4% in the 2003 survey.

While suicidal thoughts generally aren't common in the months after disasters, the magnitude of the decline after Katrina was striking, said Ronald Kessler, professor of health-care policy at Harvard Medical School and lead author of the study. He and his colleagues linked the low rate of suicidal thoughts to reserves of strength and personal growth that respondents mustered after the storm. For example, 88% of respondents said they had developed a deeper sense of meaning or purpose in life, while 77% said they had become more spiritual or religious.

Dr. Kessler cautioned that the protective factors offered by such sentiments might not last, however, as the slow pace of rebuilding gradually wears on residents. "What if things aren't better a year from now?" he said. "That's obviously a nagging concern."

The survey is planned for seven years, with periodic reports, and the researchers plan to expand their focus to include children, on whom the storm is known to have had a significant psychological impact.

Katrina Survivors Mostly Optimistic, New Study Finds (WP)

By David Brown

The Washington Post, August 29, 2006

In the six months after Hurricane Katrina, the rate of serious mental illness among the storm's survivors doubled, an unusual study has found, but the number of people contemplating suicide did not budge. Most survivors, in fact, said they had found a new sense of purpose, strength and community through coping with the disaster.

Those are the early findings of a survey that will trace the emotional trajectory of Katrina's victims over at least the next two years, and possibly for decades.

Overall, the researchers found a "pervasive optimism" among hurricane survivors on the question of whether they expected to be able to rebuild their lives. Emotional resilience was as high -- and by some measures, higher -- among low-income blacks, a group that suffered some of the worst deprivations, as in the survivor population as a whole.

Nevertheless, six months after the storm, many people were still short of money, housing, security and employment. The researchers are not certain the generally encouraging psychological state of Katrina survivors will endure.

"Optimism only lasts so long," said Ronald C. Kessler, the psychologist at Harvard Medical School who heads the study. "How long? We know from survivors of other hurricanes that after about 18 months people start to wear out."

Although the Katrina study is not the first to follow survivors of a natural disaster in the United States over time, it is logistically the most complicated.

The researchers assembled what they hope is a representative group of Katrina survivors by sampling the list of 1.4 million families that applied to the Red Cross for assistance, reaching people through random-digit dialing of phone numbers along the Gulf Coast, and contacting residents of randomly selected motels housing hurricane evacuees.

"It took us three whole months to find these people because we had to look all over God's creation," Kessler said.

The 1,043 households finally chosen represent 42 percent of a larger sample. They all agreed to be interviewed repeatedly over time and collectively were named the "Hurricane Katrina Community Advisory Group," as part of their role is to provide feedback to relief agencies and government departments on their performance.

Smaller studies of Katrina survivors found much higher rates of emotional distress than did the Harvard-based survey, which presumably reached a greater variety of people.

For example, a survey in New Orleans and neighboring Jefferson Parish seven weeks after the storm conducted by the Centers for Disease Control and Prevention found that "49.8% of adults exhibited levels of emotional distress indicating a potential need for mental health services." A survey in February of families still living in trailers and motels found that 44 percent of adult caregivers had "clinically significant psychological stress."

As a measure of pre-Katrina mental health, Kessler and his colleagues used the findings from about 800 Gulf Coast residents interviewed in a national survey earlier this decade.

Before the hurricane, 16 percent of people had a diagnosable mental illness, with 6 percent having a serious one. After Katrina, 31 percent of people had a mental illness, with 11 percent serious. At both times, just under 3 percent of people

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admitted to having suicidal thoughts. Researchers do not yet know the suicide rate among storm survivors but plan to gather that data in the future.

Between one-third and half the people with serious mental illness have post-traumatic stress disorder "at their core," Kessler said. The rest primarily have depression and anxiety disorders.

Eighty-two percent of the sample, and 69 percent of those with serious mental illness, reported they "became closer to loved ones" after the hurricane; 75 percent and 82 percent said they "found deeper meaning in life"; and 67 percent and 73 percent said they had become "more spiritual or religious."

Asked whether the storm and flood "made you realize that you have inner strengths or competence that you did not previously know you had," 62 percent of blacks answered "a lot," compared with 36 percent of whites. Of the low-income people in the sample, 58 percent gave that answer, compared with 27 percent of those with a high income.

On other subjects, 61 percent reported financial problems, 50 percent housing problems and 37 percent employment problems six months out.

"The study is very useful in affirming a sense of resilience, but we are also seeing a large expression of need," said Anthony H. Speier, director of disaster mental health operations for the state of Louisiana and one of the researchers.

The telephone interviewers employed by the researchers asked questions that required short answers, often yes or no. They hoped to keep each call to 25 minutes. But they found that people mostly wanted to tell their stories.

Kessler and his colleagues decided to change methods. People could say what they wanted, and interviewers interjected the questions. Many calls took two or three sessions, and they averaged 90 minutes.

A sample of the narratives, from people who agreed to have them made public, can be listened to at http://www.hurricanekatrina.med.harvard.edu/ .

The study, which will cost about $2 million, is funded by the National Institute of Mental Health. It will interview the sample group every six months for two years.

New Orleans Births Soar (USAT)

By Liz Szabo

USA Today, August 29, 2006

New Orleans is booming again — at least in its maternity wards.

Though the city's population has shrunk by half, health officials say, New Orleans' post-hurricane birth rate has taken off.

The city's birth rate increased 39% from May 2005 to May 2006, nine months after Hurricane Katrina, says John Steckler, vice president of ShareCor, which coordinates data and services for the Louisiana Hospital Association and the Metropolitan Hospital Council of New Orleans. The birth rate appears to have increased even more in June and July, although the final numbers for those months have not yet been tallied, Steckler says.

Residents list a variety of reasons for the baby boom. In the weeks after the storm, some couples say they had more immediate worries than contraception.

Melanie McKinney, 27, says she and her husband had to find a new home after their apartment complex was damaged during the storm. She wasn't able to refill her birth control prescription because she couldn't locate her doctor. McKinney's daughter, Amiyah, was born Aug. 21. “I wouldn't trade her for the world,” McKinney says.

Al Robichaux, chairman of obstetrics and gynecology at Ochsner Health System, says some couples turned to each other for comfort during the emergency.

“People without electricity or TV snuggled a lot, and it takes off from there,” Robichaux says. “It's a good stress reliever.”

Other couples were simply looking for ways to fill the time, says Gail Gibson, nursing administrator for women and children's services at the Medical Center of Louisiana in New Orleans. Her clinic reopened about three weeks ago.

One woman told Gibson, “What else was there to do when you're confined to your house for three days?”

Residents returning to New Orleans may tend to be younger, which can boost an area's fertility rate, Robichaux says.

All those babies are keeping hospitals busy. Births at Ochsner are up 100% compared with this time last year, says Robichaux, who notes that Ochsner is one of only five hospitals delivering babies. Eleven hospitals delivered babies before the storm.

At Ochsner, the cardiology department has given up beds to the maternity ward, Robichaux says. Mothers in labor once took up 18 beds, but they now occupy 30 — and could soon fill up 50.

McKinney says her daughter is one of the few good things to be born of the storm.

“There is nothing as wonderful as the birth of a child, particularly in a population who lives with stress,” says Gabriella Pridjian, chairwoman of obstetrics and gynecology at Tulane University Medical School. “Most of us take it as a sign of our renaissance.”

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Katrina, One Year Later (editorial) (WP)

The Washington Post, August 29, 2006

PRESIDENT BUSH returned to the Gulf Coast yesterday and declared that a year's worth of rebuilding in the wake of Hurricane Katrina had created a "sense of renewal." Some renewal there definitely has been, but it has come slowly and clumsily. Areas such as New Orleans's Lower Ninth Ward remain choked with debris. Schools, public transportation and utilities have yet to resume anything like full service. As of the end of June, the population of New Orleans stood at just 35 percent of its 2000 level. The scale of destruction was so significant -- the storm destroyed nearly 19,000 businesses and more than 200,000 apartments and homes -- that it would not be fair to expect complete rehabilitation one year later. But chunks of the Gulf Coast look as though reconstruction has barely begun.

The past year has generated three official reports on the disaster -- from the House, the Senate and the White House -- as well as numerous unofficial ones. Some of the ideas in these reports are digressions: With the Federal Emergency Management Agency having been disrupted by being folded into the Department of Homeland Security, it seems unwise to disrupt FEMA further by pulling it out of that department and restructuring it again. Equally, there's a debate as to whether the government's ham-fisted performance demonstrates that the response to future hurricanes should be left to private agencies: After all, Wal-Mart Stores Inc. and other businesses proved more effective than hapless federal agencies in quickly getting emergency supplies into the disaster zone. But the truth is that reconstruction after a disaster requires billions in public money, so a strong government role is inevitable. Besides, individuals and companies can't sensibly commit to rebuilding unless they know that others will do so. Because of this collective action problem, it falls to government to lead reconstruction.

The important post-Katrina lesson is not about less vs. more government, or about the government's organizational chart. It is about competence and leadership. The initial response to the storm was bungled, with New Orleans Mayor C. Ray Nagin being slow to order an evacuation and the federal government slow to step in with assistance. Even more shockingly, the realization of the full scale of the crisis did not improve the quality of government decisions. FEMA spent $900 million on mobile homes that, because of its own regulations, cannot be used in flood plains. A Senate report has estimated that the agency allowed an additional $2 billion to disappear in fraud and abuse. Bureaucracy has slowed progress repeatedly. Of the $110 billion appropriated for rebuilding and assistance to victims, only $44 billion has been spent.

This is a lesson in the danger of entrusting the emergency management agency to political loyalists rather than experts. It is a danger that exists quite independently of whether or not FEMA is part of a larger department: During the 1980s the agency was stuffed with political appointees with dubious credentials, which explains why its response to Hurricane Andrew in 1992 was similarly incompetent. In the wake of that disaster, the agency was overhauled, and another wave of reform is in the works: The Bush administration has appointed a new boss for the agency; it has installed new communications and logistical systems; and it has worked on prepositioning relief supplies in disaster-prone areas.

The test will be whether this and future administrations sustain this new seriousness -- or whether the old complacency returns. That in turn will depend on whether there is more leadership than Mr. Bush provided in the first year, and a greater sense of urgency.

A Tribute For The Living (opinion) (NYT)

The New York Times, August 29, 2006

After the church bells have been rung, the wreaths laid and the monuments dedicated to commemorate the drowning of New Orleans one year ago, it will be time to engage again with the tribulations of the survivors. Officials from the federal government down to city leaders must address the pressing needs of an exhausted, frayed populace.

It is hard enough to live among gutted or collapsing homes in eerily empty neighborhoods. But disruptions to basic services like water, sewage and electricity — not to mention the indignities of trash rotting uncollected on the curb and seas of weeds taking over public spaces — reinforce a feeling of abandonment for an already traumatized group of survivors. Much of the hopelessness stems from a sense that progress has ground to a halt.

After a year, the adrenaline is gone. There is improvement, but it is hard for locals to see at the end of a grueling summer. Burnout is setting in for many residents. While the crescent of high ground from the French Quarter to the Garden District is brightly polished and welcoming back tourists, people outside that lucky strip of territory say their quality of life is deteriorating.

Right now fewer than half of the 460,000 people who lived in New Orleans before the storm have returned. Their leaders cannot expect more to come back, or even that those who are here will stay, without proof that their trust, their investment and their sweat will not go for nothing. They are not looking for miracles, just consistent, incremental progress.

The planning process has unfortunately been fitful and delayed. Thus far there has been no political will to break the bad news that some neighborhoods will not be coming back anything like they were before the hurricane. Fortunately, even without a

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comprehensive plan, more rebuilding activity has taken place in the areas best suited for long-term revival: the city's core and in the neighborhoods that suffered lower levels of flooding.

The government can encourage those trends by focusing the limited resources in safer areas. Not quietly or on the sly, but with clear announcements about where services will be available so that residents can make informed decisions. As passions cool, with the enormity of the task at hand now clear to all, practical thinking will take hold. Residents recognize how much is at stake, that their federal grants and insurance payouts will not come again. Most will invest wisely.

President Bush's Katrina czar, Donald Powell, needs to push utilities to the fore. The Federal Emergency Management Agency has money available to help repair the city's damaged physical networks, but the process of channeling complicated grant applications from the skeleton crew at City Hall through Baton Rouge and on to Washington helps explain why things have moved so slowly.

Over all, just $44 billion of the highly touted $110 billion in federal aid to the Gulf Coast has actually been handed out, much of it in the immediate aftermath. Even well-staffed bureaucracies respond only when force is applied. Mr. Powell should remind everyone that this is not supposed to be an adversarial process or a test for local officials.

It is time to heal and renew, not to hunt for scapegoats. This is about children growing up in travel trailers. It is about the elderly exiles fretting that they will live out their final years away from the only home, the only community they ever knew. They are the reason efforts cannot flag as time marches on.

The Tragedy Of New Orleans (WSJ)

The Wall Street Journal, August 29, 2006

"New Orleans has suffered from the trauma of three crises," says Louisiana Congressman Bobby Jindal. "First was the hurricane, second was the levees breaking and third has been the widespread incompetence of the federal, state and local government response. This has been a one-year case study in bureaucracy and red tape at its very worst."

Congressman Jindal's aptly stated charge of incompetence across all levels of government is the gentle assessment. Here, on the anniversary of Hurricane Katrina, are the views of prominent Democrats:

Senate Majority Leader Harry Reid, touring New Orleans: "What is needed in New Orleans is public works projects." Senator Hillary Clinton, from a church in Harlem: "Our leadership has turned its back on those people who still need us."

Turned its back? As the chart nearby indicates, Congress has approved $122.5 billion for the Gulf Region, a figure incomprehensible in size to anyone but, well, a politician. The real wonder is that anyone is surprised, much less feigning surprise, that things are going poorly.

New Orleans' plight is not the result of federal underspending. Uncle Sam has spent some five times more on Katrina relief than any other natural disaster in the past 50 years. Both parties in Congress and the White House opted for the status quo by relying on federal bureaucracies to oversee the rebuilding effort. If Uncle Sam were deliberately trying to waste these funds, it is hard to imagine a better way than to funnel the money through the Department of Housing and Urban Development, the Small Business Administration and the Federal Emergency Management Agency. Both HUD and the SBA have been on the chopping block back to the early Reagan years.

The post-Katrina spend-fest in Louisiana will be remembered as one of the greatest taxpayer wastes in U.S. history. First came the FEMA $2,000 debit-cards fiasco intended to pay for necessities that were used for things like flat-panel TVs and tattoos. Then came the purchase of thousands of mobile homes that cost as much as $400,000 per family housed; the $200 million for renting the Carnival Cruise Ship; millions more in payments that went for season football tickets, luxury vacation resorts, even divorce lawyers. Federal flood insurance policies surely will encourage many to rebuild in the same flood plains and at the same height as before.

There has been some notable progress away from the most damaged areas of New Orleans. Coastal Mississippi is well on the way to full recovery, thanks in part to the leadership of Governor Haley Barbour. The number of building permits in Mississippi are four times higher than in New Orleans. The business district in New Orleans and the French Quarter, where flooding was minimal, are nearly back to the normal rhythm of life. But the neighborhoods that were overwhelmed with water remain mostly deserted wrecks, with electricity, hot water and sewage systems spotty at best.

Where rebuilding progress has been swiftest in New Orleans, it has been companies like Wal-Mart and Home Depot that have stepped up to make contributions along with the $4 billion in charitable donations. While billions of dollars of federal flood insurance payments and community development dollars remain tangled in red tape, the private insurance industry has made at least 80% of its payments to homeowners.

Given the famously ingrained culture of political corruption in New Orleans -- a system designed to siphon public money of any sort away from its intended purpose -- President Bush was right to call on Congress to convert New Orleans into a massive

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"enterprise zone." That included tax breaks for new business investment, health savings accounts for those without medical insurance, school vouchers for families located where schools have been ruined and a reappraisal of all regulations.

Some of the tax incentives were enacted and have spurred more business investment. And charter schools will serve thousands of the kids still residing in New Orleans this fall. But Congress and Louisiana's pols have ignored most of the promising free-market reforms, opting instead for red tape as usual.

After the hurricane, newspapers around the world showed photos of New Orleans under headlines that shouted: "America's shame." In truth, New Orleans was America's shame long before Katrina. In large part the residents of the Big Easy were victims of the predatory behavior of their own politicians. Louisiana already ranked among the bottom five of all the states in crime, poverty, health care and school performance; the murder rate in New Orleans today is 10 times the national average.

For all the finger-pointing this week, Congress hasn't spent much more than a dime to clear away the debris of corruption, patronage, welfare dependency, high taxes and racial division of decimated neighborhoods. What is still lacking in the life of New Orleans is the vital architecture of local capitalism.

Hurry Up And Wait (WP)

By Jennifer Moses

The Washington Post, August 29, 2006

NEW ORLEANS -- It is a source of unending perplexity in Louisiana that so far America has spent some $320 billion in Iraq for nation-building, whereas in New Orleans, homeowners have so far seen precisely zero.

Not that there isn't talk. A federally funded program with the Disneyfied name of "The Road Home" is due to start distributing thousands of dollars to uninsured homeowners . . . eventually. Additional billions have been poured into the coffers of the Army Corps of Engineers, whose design flaws caused the city's levees to rupture in the first place, and through the Federal Emergency Management Agency, which, according to a just-released report, awarded more than 70 percent of its contracts through a no-bid or limited-bid process.

Meanwhile, it's the same-old same-old: Those whose mortgage companies insisted that they carry flood insurance -- exactly the people whose resources would have allowed them to get back on their feet with or without insurance money -- are rebuilding. Those without, which means just about everybody, have to hurry up and wait.

Even for those brave souls who rolled up their sleeves and rebuilt their homes with sweat equity, a larger problem remains: infrastructure. All but a handful of public schools are shuttered; the hospitals are so badly crippled that in case of an emergency most people assume they'll need to drive to Baton Rouge; the courts have gone from limping along to entirely dysfunctional; the electric grid is so fragile that regular power outages are a non-event; and in many parts of town, water lines still haven't been laid. Firefighters: Who needs 'em? Police? Oh, well.

According to Collette Creppell, chief architect at Tulane University and a former New Orleans city planner, ever since President Bush faced the nation from Jackson Square a year ago and declared that "the work that has begun in the Gulf Coast region will be one of the largest reconstruction efforts the world has ever seen," New Orleanians have been holding their breath, waiting for a construction boom. But without delivery of basic services, they might as well wait until doomsday.

In addition, though the Bush administration claims to have allotted some $110 billion for the Gulf Coast region -- which isn't chump change by anyone's standards -- only a small fraction of it is going to New Orleans, and a huge percentage of those dollars came from federally backed flood insurance programs. That Uncle Sam is all but absent on the street isn't surprising, given how long he dillydallied before showing up in Louisiana after Hurricane Katrina ripped a hole in the landscape and sent hundreds of thousands fleeing.

In the largely affluent South Lakeview neighborhood, where houses took in an average of 11 feet of water, the work of getting infrastructure up and running is being shouldered entirely by an all-volunteer organization called Beacon of Hope, created and run by a local homeowner, Denise Thornton. According to Thornton, "Help from the government simply isn't going to come -- no one has seen a penny."

Even among residents whose homeowners' policies should allow them to rebuild there is great uncertainty, in part because people are still fighting with their insurance companies, but more often because without, say, electricity or sewerage, it's hard to get up and running. On top of everything else, it's almost impossible for individual homeowners to negotiate the mountain of bureaucracy that you have to climb just to get going. "The average Joe just can't do it," Thornton said. "It's not just about people in the Lower Ninth. It's everyone."

Today the population of the city is the same as it was in about 1880, but that would include the thousands of undocumented Mexican immigrants who are doing the bulk of the repair work -- and whose presence is an open secret -- and the additional thousands of largely white, largely unskilled blue-collar workers who have come to New Orleans in search of employment.

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Along with the first anniversary of the catastrophe, New Orleanians are bracing for the height of the hurricane season, which starts just about now. Happily for them, a whole bevy of politicians -- you might even say a veritable storm of them -- are flying down from Washington to mark the occasion. I can't say for sure, but I'd hazard a guess that a whole lot of pretty words will be said.

A New Orleans Battle Cry: 'We're Going To Come Back' (column) (USAT)

USA Today, August 29, 2006

Henry Irvin Sr. has two bad knees and a lot of work to do yet on his flood-damaged home in New Orleans' Lower 9th Ward. But he won't let his aching joints, or the work that still needs to be done on the house that he has lived in for 44 years, keep him from taking part in today's march.

The 70-year-old retired aerospace worker will gather with others this morning to march from the site where a levee was breeched last year in the wake of Hurricane Katrina to Congo Square, a historic meeting place for the city's blacks.

The march will commemorate the hundreds of lives lost when the hurricane's floodwaters inundated nearly 80% of New Orleans. And it is intended to drive home the point that people who fled the city have a right to return.

When Katrina struck last year, New Orleans had a population of 460,000 residents, nearly 70% of them black. According to a Rand Corp. estimate, the city's population is now 43% of what it was before the hurricane landed. Many of those who fled the city — and have yet to return — lived in hard-hit neighborhoods such as the Lower 9th Ward, where rebuilding has been especially slow to occur.

"It's very important to me to show that we are going to come back. We're not going to let anyone, or anything, keep us from coming back here," said Irvin, who has lived in the mostly black 9th Ward for more than half a century.

That's an important message to drive home on this first anniversary of a natural disaster whose devastation was compounded by the slow response and poor decision-making of politicians from the White House to the New Orleans City Hall.

"I don't have any running water here," Irvin said of the St. Maurice Avenue home he's rebuilding — just 1½ blocks from one of the city's floodwalls. "I'm a Viking. I'm going to survive."

Yeah, but it won't be easy.

The painful truth is that in some ways, the rebuilding of Iraq seems to be going better than the rebuilding of the Crescent City:

· In New Orleans. A year after Katrina struck, just 29% of public schools are open, and only 17% of city buses and streetcars are operational. A mere 23% of child care centers and 50% of hospitals are open, the Brookings Institution reported earlier this month.

· In Iraq. Over the past two years, U.S. forces have renovated 11 of 20 hospitals, built 834 of a projected 847 schools and increased power generation to 1.3 million of a targeted 1.7 million homes, according to the U.S. Army Corps of Engineers.

Of course, the work in war-torn Iraq has gone on longer than the rebuilding of New Orleans. But it also has happened in the midst of a civil war that has taken the lives of an estimated 10,000 Iraqis in the past four months. Even a simple task in Iraq often becomes a life-threatening adventure.

Yet back in New Orleans, the recovery has been painfully slow, as Irvin and others can attest to. Even after steady doses of criticism directed at all levels of government, large parts of the city still resemble a war zone.

And that's a real shame.

Historians might take greater note of this country's role in the Iraq war than its response to the destruction caused by Hurricane Katrina. But a nation — especially one that claims greatness — should be judged no less severely by how it treats its own people than on the way it wages war.

"I think this march takes on a special significance for a lot of people," Irvin said. "I hope it helps the nation understand that it shouldn't forget us. We still need help."

He's right. Too often, this nation has a short attention span when it comes to tragedies like this one. But the mere passage of time shouldn't allow us to forget that this city's recovery is far from complete.

'Home. This Was Home.' (column) (WP)

By Eugene Robinson

The Washington Post, August 29, 2006

NEW ORLEANS If you haven't been here, you can't really understand what happened to this city one year ago. Both words and pictures are inadequate; no elegy is poignant enough, no lens able to capture the full breadth and depth. Spike Lee's film "When the Levees Broke" probably comes closest, but even after four hours you feel the movie has just sketched the outlines.

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As the inevitable anniversary commemorations take place, the people of New Orleans can point to the progress they're making toward recovery, house by house, block by block. An occasional visitor like me, though, is struck by how much of the city remains in ruins, and is saddened by how much of it seems gone forever.

It's not really fair to look at the year-old mounds of filthy, sodden debris and just slam the city government for not having an effective reconstruction plan. Mayor Ray Nagin may have been shooting from the lip when he pointed out that Manhattan still has a "hole in the ground" five years after Sept. 11, but he was telling the truth. You don't fix a whole city in a year.

And there is an emergent renewal plan. It's just not something people are ready to talk honestly about.

Last year, with most of the city still underwater, George W. Bush stood in Jackson Square and promised to rebuild New Orleans. He could have made good on that promise -- this is the United States of America, after all, and we undertake to rebuild entire countries (Afghanistan, Iraq) and even continents (Europe after World War II). The White House says it has earmarked $110 billion for Gulf Coast reconstruction, but less than half that money has been spent. Even assuming New Orleans gets its fair share, that's not enough to ever put this city back together again.

Call me cynical, but I didn't really expect this administration to come up with serious Marshall Plan money to rebuild a poor, mostly black city that was already in decline before Hurricane Katrina and the Army Corps of Engineers administered the coup de grace. (They still toss in a lot of French words down here.)

So, as everyone understands but no one wants to plainly acknowledge, New Orleans will become a smaller, whiter city. The Big Easy once was home to more than 600,000 people and had around 450,000 residents as Katrina approached. Now the population is under 200,000. A major city has become minor.

The Lower Ninth Ward -- poor, black, utterly devastated and cursed with precarious geography -- will never be the same. Some hard-hit white areas, such as parts of Lakeview, also may have to be written off. But for a variety of reasons, including the remorseless logic of the marketplace, black New Orleans will lose more. For-sale signs abound throughout the city, and as its infrastructure gets put back together, some parts of town will even experience a real estate boom. But a flooded cottage in the right neighborhood might be worth good money to a developer, while the same cottage in the wrong neighborhood isn't worth what it would cost to haul the debris away.

The Lower Ninth hasn't changed much in the past year. Some houses that were washed into the middle of the street have been demolished and removed, but block after block lies untouched. Electric wires dangle menacingly, but there's no danger, because there's no power. In the worst-hit sectors there are no people, just wrecked houses and heaps of debris. What became perhaps the most-photographed piece of post-Katrina graffiti -- the word "Baghdad" marking a smashed house on Reynes Street -- is still there. On an abandoned two-story brick house up the street, someone has spray-painted a simple truth: "HOME. THIS WAS HOME."

What broke my heart was a drive through Holy Cross, the slightly elevated strip of the Lower Ninth that was battered by the flood but not destroyed. It, too, looked almost exactly the way it did a year ago. Some families had returned; there were a few FEMA trailers, but not many. A house being rehabbed as a demonstration project by the Preservation Resource Center of New Orleans had a fresh coat of pink paint and obviously was undergoing major repairs, but the rest of that block was a mess. And the next block, and the next, and the next.

Those homeowners who have resources will rebuild and get on with their lives. Those who have no resources will not rebuild, and their neighborhoods will be lost. Those poor black people we saw stranded on roofs and trapped in the Superdome will get on with their lives, too. They'll just have to live those lives somewhere else.

Disaster Relief -- For Profit (LAT)

By Naomi Klein

The Los Angeles Times, August 29, 2006

THE RED CROSS has just announced a new disasterresponse partnership with Wal-Mart. When the next hurricane hits, it will be a coproduction of Big Aid and Big Box.

This, apparently, is the lesson learned from the government's calamitous response to Hurricane Katrina: Businesses do disaster better.

"It's all going to be private enterprise before it's over," Billy Wagner, emergency management chief for the Florida Keys, currently under hurricane watch for Tropical Storm Ernesto, said in April. "They've got the expertise. They've got the resources."

But before this new consensus goes any further, it's time to take a look at where the privatization of disaster began, and where it will inevitably lead.

The first step was the government's abdication of its core responsibility to protect the population from disasters. Under the Bush administration, whole sectors of the government, and particularly the Department of Homeland Security, have been turned

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into glorified temp agencies, with essential functions contracted out to private companies. The idea is that entrepreneurs, driven by the profit motive, are always more efficient than government.

We saw the results in New Orleans: Washington was weak and incompetent in part because its emergency management experts had fled to the private sector and its technology and infrastructure had become positively retro. In a crisis, government looks frighteningly inept ("doing a heckuva job") while the private sector can seem modern and competent, at least by comparison.

In truth, when it comes to reconstruction, contractors are hardly wizards. "Where has all the money gone?" ask desperate people from the Persian Gulf to the Gulf Coast. One place a great deal of it has gone is into major capital expenditures for the private corporations. Largely under the public radar, billions of taxpayer dollars have been spent on privatized disaster-response infrastructure: the Shaw Group's new state-of-the-art Baton Rouge headquarters, Bechtel's battalions of earthmoving equipment, Blackwater USA's 6,000-acre campus in North Carolina (complete with paramilitary training camp and 6,000-foot runway).

Call it the Disaster Capitalism Complex. Whatever you might need in a serious crunch, these contractors can provide it: generators, water tanks, cots, port-a-potties, mobile homes, communications systems, helicopters, medicine, men with guns.

This state within a state has been built almost exclusively with money from public contracts, yet it is all privately owned. Taxpayers have absolutely no control over it. So far, that reality hasn't sunk in because when these companies are getting their bills paid by government contracts, the Disaster Capitalism Complex provides its services to the public free of charge.

But here's the catch: The U.S. government is going broke, in no small part thanks to this kind of loony spending. The national debt is $8 trillion; the federal budget deficit is at least $260 billion. That means that sooner rather than later, the contracts are going to dry up. And no one knows this better than the companies themselves. Ralph Sheridan, chief executive of Good Harbor Partners, one of hundreds of new counter-terrorism companies, explains that "expenditures by governments are episodic and come in bubbles."

When the bubbles burst, firms such as Bechtel, Fluor and Blackwater will lose their primary revenue stream. They will still have the ability to respond to disasters — while the government will have let that precious skill wither away — but now they will sell back the infrastructure built at public expense at whatever the market will bear.

If current trends continue, here's a snapshot of what could be in store in the not too distant future: helicopter rides off of rooftops in flooded cities ($5,000 a pop reflects typical fees for such a service, $7,000 for families, pets included), bottled water and "meals ready to eat" ($50 per person — steep, but that's supply and demand) and a cot in a shelter with a portable shower (show us your biometric ID, developed on a lucrative Homeland Security contract, and we'll track you down later with the bill).

Before you say "not in America," ask yourself this: Where else but in America? The model is the U.S. healthcare system, in which the wealthy can access best-in-class treatment in spa-like environments while 46 million Americans lack health insurance. The model also fits the global AIDS emergency, in which private-sector prowess has helped produce lifesaving drugs that the vast majority of the world's infected cannot afford. If that is the private sector's track record on slow-motion disasters, why should we expect different values to govern fast-moving disasters, such as hurricanes and even terrorist attacks?

One year ago, New Orleans' working-class and poor citizens were stranded on their rooftops waiting for help that never came, but those who could afford it escaped to safety. It could prompt us to reverse a fatally wrong direction. Or it could be our first glimpse at "user pays" disasters.

Feds Ramping Up For Ernesto (AP-Y)

By Lara Jakes Jordan

AP, August 29, 2006

Dozens of federal emergency responders headed to Florida on Monday as Tropical Storm Ernesto barreled over Cuba on a path too erratic for authorities to plan where to set up a strike-zone command center.

Ernesto was forecast, over the next two days, to return to hurricane strength and the government sought to assure the nation that storm preparations were under control — in stark contrast to the sluggish federal response to Hurricane Katrina one year ago.

Those assurances came even as a Homeland Security Department report concluded that federal search-and-rescue teams that respond to major storms and other disasters lack sufficient staff, funding, and training.

Federal Emergency Management Agency Director R. David Paulison said he was rushing tens of thousands more pre-made meals and bottles of water to Miami and Jacksonville in advance of Ernesto's arrival. That was in addition to hundreds of federal truckloads of supplies, ice, tarps and plastic sheeting already in the state.

But Paulison said Florida officials haven't yet asked for federal help.

"They haven't seen anything that would exceed the capacity of the state right now," Paulison told The Associated Press. "We're still moving stuff down in case it gets to be a huge hurricane. But we're just there to help them."

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Search-and-rescue teams and medical personnel were setting up in a temporary recovery center in Orlando, but were waiting for Ernesto to pick a path before opening a full-fledged command center to monitor the storm's destruction. Paulison said 11 additional medical teams were scattered outside the state's potential strike zone, "just kind of waiting to see what happens."

President Bush was briefed Monday morning by Paulison and Homeland Security Secretary Michael Chertoff. Additionally, Chertoff will meet with Florida Gov. Jeb Bush on Tuesday in Tallahassee about storm preparations.

The Navy said so far there are no plans to move any of its ships from the Gulf of Mexico or any aircraft from Florida military bases. But Pentagon spokesman Bryan Whitman said a defense coordinating team was sent to the state emergency operations center in Tallahassee, and other regional liaisons have gone to a center in Atlanta.

Whitman said U.S. Northern Command also has been preparing for the hurricane season and is keeping a close watch on the storms.

The storm prep came as Homeland Security's internal watchdog noted that funding for FEMA's urban search-and-rescue teams has dipped in the last two years, stretching thin the staffing and training levels for most major disasters.

While the teams improved in preparing for catastrophes involving weapons of mass destruction, the urban search and rescue system "has not collectively attained the level of response capability envisioned in the strategic plans," the report by Inspector General Richard L. Skinner found.

Six of seven search-and-rescue task forces surveyed failed more than half of the standards for operational readiness, the report found. Many staffers "had not received all the training required by FEMA," and some teams were not keeping track of supply inventories, it concluded.

Funding for search-and-rescue teams began surging annually after the Sept. 11, 2001, terror attacks, peaking at $65 million in 2004. But it dropped the next year to $30 million, the report found.

Paulison, the FEMA director, said Monday he had not yet looked at the report. But while ramping up for Ernesto, "we have deployed quite a few teams already, and they seem to be in good shape," he said. "I haven't heard any complaints personally."

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Associated Press writer Lolita C. Baldor contributed to this report.

On the Net:

Federal Emergency Management Agency: http://www.fema.gov/

Florida Gets Ready As Ernesto Closes In (USAT)

By Oren Dorell

USA Today, August 29, 2006

Florida residents flooded their pharmacies, gas stations and food stores Monday in advance of Tropical Storm Ernesto, which might crash ashore here today as a hurricane.

Ernesto hit Cuba on Monday with top wind speeds of about 40 mph. It was expected to hover over the Atlantic Ocean long enough to strengthen and reorganize, and could hit Florida as a “minimal hurricane” with sustained winds of 70 mph by late today, said meteorologist Michael Brennan of the National Hurricane Center.

Parts of Florida could get 5 to 10 inches of rain, Brennan said.

It would be the first hurricane to hit the USA this year. Last year's storms left people wishing to take no chances.

“It's like a zoo. People are kind of in panic mode,” said Bert Smith, who owns My Pharmacy in Palmetto Bay, Fla., where customers lined up all day for blood pressure and cholesterol medicines. They were buying up bottled water and batteries. “Since we had a hurricane last year, it's really fresh in their minds,” Smith said.

Florida Gov. Jeb Bush warned residents to “make sure you have the supplies for the 72 hours after the storm.”

His warning came a day after he declared a state of emergency for the entire state.

“A hurricane's a hurricane, and it has a devastation we've already seen. All you have to do is rewind to last year and see,” Bush said.

NASA dropped plans to launch the space shuttle today and was prepared to roll Atlantis back to its hangar if necessary. Several cruise lines diverted ships to safety.

Pedro Ballesteros bought two 6-gallon gas tanks at Home Depot for his home generator.

“Every year we prepare a little more because we're learning from our past ordeals,” he said.

About 100 cars were lined up around an Exxon station in Davie, Fla., Monday evening, said cashier Ashley West. The station had been replenished after it had run out of gasoline.

“It's been just hectic,” West said.

Myton Ireland, owner of Sanibel Marina on Sanibel Island, said he and his crew spent the day pulling 90 boats out of the water, storing them on land and pulling larger boats upriver to safer harbors.

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"I've lived on this island 40 years. For 38 we had no hurricanes, and now in two years we had eight," Ireland said. "So now we're a little bit gun-shy."

South Floridians Make Ready As Storm Threatens (NYT)

By Abby Goodnough

The New York Times, August 29, 2006

MIAMI, Aug. 28 — South Floridians began hoarding gasoline and other emergency supplies Monday as Tropical Storm Ernesto threatened to strike here, possibly as a hurricane, Tuesday night or early Wednesday.

Though it was too soon to know how powerful the storm might become after leaving Cuba and crossing the warm water of the Florida Straits, schools and courts announced they would close on Tuesday — the first anniversary of Hurricane Katrina — and on Wednesday. Miami-Dade and Broward Counties prepared to open shelters, and Broward officials ordered a mandatory evacuation of mobile homes.

Conditions were ripe for the storm to strengthen after leaving Cuba, forecasters said, with the strait's waters strikingly warm and vertical wind shear low. But the storm's dawdling journey across Cuba could weaken it so much that it would not have time to strengthen much before reaching Florida, they said.

Before it was downgraded to a tropical storm, the storm briefly became the first hurricane of the season on Sunday. Even if it does not grow back into a hurricane, the forecasters said, the storm could inflict significant damage on parts of the state, with winds of up to 70 miles per hour.

"We can't pinpoint an exact place for landfall," said Jamie Rhome, a hurricane specialist with the National Hurricane Center, "but anyone in the cone should continue to prepare."

The "cone of probability" for a strike, as predicted by the center, includes the entire Florida Peninsula, the eastern half of Georgia, most of South Carolina and a big chunk of North Carolina. Ben Nelson, Florida's meteorologist, said much of the state could see heavy rain and strong gusty winds.

Gov. Jeb Bush said there were enough supplies for everyone. Among them, Mr. Bush said, was a record 295 million gallons of fuel on hand at state ports.

"There's not going to be a shortage, so people don't have to overreact," the governor said at a news conference in Tallahassee. "They just need to make sure that they have enough fuel to take care of their families."

Still, multitudes cleared stores of staple foods and parked in lines for gasoline that were hours long. More than a few honked impatiently or tried to cut in front of others.

"I know this is just what we have to do," said Gary Tarron, 49, a real estate agent who was in a line of at least 60 cars at a Hess station in North Bay Village. "I had a half a tank, but I've learned from my mistakes. This year, people seem more aware. Last year there was no money and no gas."

Mr. Bush and other state officials said that if emergency supplies like ice and water were necessary, they would probably have a minimal role in distributing them.

"Unless the storm strengthens significantly," said Craig Fugate, the state's emergency management chief, "we think a lot of this will actually be handled by the retail sector and the local governments."

At the same time, though, the Federal Emergency Management Agency announced it had about 600 trucks loaded with food, water, ice and tarps ready to send to affected areas.

Floridians Prepare For Ernesto's Strike (WT)

By Audrey Hudson

The Washington Times, August 29, 2006

Florida is under a hurricane watch as Tropical Storm Ernesto threatens to restrengthen on its path toward Miami before moving up the East Coast, the National Hurricane Center reported.

Florida Gov. Jeb Bush declared a state of emergency yesterday. On Sunday, he ordered all tourists out of the Keys.

"A hurricane is a hurricane. All you have to do is to rewind back to last year to know what a [Category 1 storm] can do in terms of devastation for the community," Mr. Bush said.

Ernesto's arrival coincides with the one-year anniversary of Hurricane Katrina's devastation of the Gulf Coast.

Forecasters expect to upgrade the fifth named storm of the Atlantic hurricane season to a Category 1 today after it passes into warm waters off Cuba. A warm-core cyclone becomes a tropical storm and is assigned a name when maximum sustained surface winds reach 39 mph. A tropical storm becomes a hurricane when the central barometric pressure is 28.94 inches or more and sustained winds reach 74 mph.

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Ernesto's tropical-force winds stretched over 105 miles and its rains drenched southeastern Cuba yesterday. While at hurricane strength, the storm killed two persons in Haiti on Sunday.

If Ernesto continues on its current track, it will strike the Miami area as early as tonight and continue north to South Carolina on Thursday before heading inland through North Carolina, Virginia and Maryland.

"It's poised to weed-whack its way up the coast," said Frank Lepore, spokesman for the National Hurricane Center in Miami.

The Florida governor has not asked for federal support but said he will call up the National Guard if needed.

"Florida is one of the most capable states in the nation in terms of dealing with hurricanes," said Aaron Walker, national spokesman for the Federal Emergency Management Agency.

Emergency and rescue workers are positioned to carry supplies into Florida if federal assistance is requested. "We're standing by and are ready to help," Mr. Walker said.

FEMA Director R. David Paulison told Fox News yesterday: "Florida has their act together and they're doing the right things.

"The worst thing to do is not to be ready and not to have things prestaged if this storm gets to be a very large hurricane, which it possibly could be."

Authorities evacuated tourists and urged mobile-home residents to leave in advance of the general population. Florida borrowed a C-130 aircraft from North Carolina to evacuate people with special medical needs.

Although Florida is accustomed to dealing with tropical storm systems, federal officials will be under close scrutiny as Ernesto approaches because they were accused of numerous failures in responding to Katrina.

FEMA took the unusual step of positioning some supplies inside the strike zone in case Ernesto's destruction prevents emergency workers from reaching victims. Before Katrina, officials directed supplies and emergency workers clear of a hurricane's path to prevent further loss and destruction.

FEMA officials say they have tens of thousands of meals as well as bottled water and truckloads of ice and tarps.

In South Florida, A Familiar Drill (WP/AP)

The Washington Post, August 28, 2006

MIAMI, Aug. 28 -- Florida residents rushed to fill their prescriptions and stood in long lines for gasoline, food and other supplies Monday as officials warned people not to wait for Tropical Storm Ernesto to become a hurricane again before taking precautions.

National Hurricane Center Director Max Mayfield told reporters that the intensity of the storm had diminished somewhat as it moved over Cuba, making it less likely that it would become a hurricane before striking Florida.

"Right now we're forecasting that it's going to be a very strong tropical storm, but there's still some chance that it will become a hurricane," Mayfield said.

Forecasters said Ernesto could come ashore in South Florida as early as Tuesday night, exactly one year after Hurricane Katrina pummeled the Gulf Coast.

It would be the first hurricane to hit the United States this year.

Memories of Katrina and the seven hurricanes that have struck Florida since 2004 were fresh in the minds of many.

"Make sure you have the supplies for the 72 hours after the storm," Gov. Jeb Bush warned people in Tallahassee, a day after declaring a state of emergency for Florida. "A hurricane's a hurricane, and it has a devastation we've already seen. All you have to do is rewind to last year and see."

Forecasters said there was a 10 percent chance of hurricane-force winds striking South Florida and a 60 percent chance of tropical-storm-force winds by Thursday.

About 400 miles of the state's densely populated Atlantic coast and the Keys were under a hurricane watch.

At 11 p.m. Monday, Ernesto had top sustained winds of 40 mph, 1 mph above the minimum to be a tropical storm and down from 75 mph Sunday, the National Hurricane Center said. It was centered over Cuba, about 20 miles north of Camaguey, and about 325 miles southeast from Key West, Fla. It was moving west-northwest near 12 mph.

There were no immediate reports of any damage or injuries in Cuba. Ernesto made landfall Monday morning west of the U.S. naval air base at Guantanamo Bay.

WAR NEWS:

Nevada: Cheney Criticizes Idea Of Leaving Iraq (NYT)

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By David S. Cloud
The New York Times, August 29, 2006

In a speech to the annual convention of Veterans of Foreign Wars in Reno, Vice President Dick Cheney warned against a "precipitous withdrawal" from Iraq and suggested that those who advocate reducing the American troop presence are guilty of "self-defeating pessimism." Mr. Cheney avoided direct references to the Democrats and the midterm elections, but his speech was heavy with political overtones. "Some in our own country claim retreat from Iraq would satisfy the appetite of the terrorists and get them to leave us alone," he said. "But the exact opposite is true."

Slowly Sidling To Iraq's Exit (WP)

By E. J. Dionne Jr.
The Washington Post, August 29, 2006

By Election Day, how many Republican candidates will have come out against the Iraq war or distanced themselves from the administration's policies?

August 2006 will be remembered as a watershed in the politics of Iraq. It is the month in which a majority of Americans told pollsters that the struggle for Iraq was not connected to the larger war on terrorism. They thus renounced a proposition the administration has pushed relentlessly since it began making the case four years ago to invade Iraq.

That poll finding, from a New York Times-CBS News survey, came to life on the campaign trail when Rep. Chris Shays (R-Conn.), one of the most articulate supporters of the war, announced last Thursday that he favored a time frame for withdrawing troops.

Shays is in a tough race for reelection against Democrat Diane Farrell, who has made opposition to the war a central issue. After his 14th trip to Iraq, Shays announced that "the only way we are able to encourage some political will on the part of Iraqis is to have a timeline for troop withdrawal."

In July Rep. Gil Gutknecht (R-Minn.) returned from Iraq with an equally grim view. Americans, he said, lacked "strategic control" of the streets of Baghdad, and he called for a "limited troop withdrawal -- to send the Iraqis a message." Just the month before, Gutknecht had told his fellow House members that "now is not the time to go wobbly" on Iraq.

Nearly as significant as the new support for troop withdrawals is the effort of many Republicans to criticize President Bush without taking a firm stand on when the troops should come home.

Rep. Mike Fitzpatrick (R-Pa.), facing a challenge from Democrat Patrick Murphy, an Iraq war veteran, took a page from former president Bill Clinton's playbook by triangulating between Murphy and the president. A Fitzpatrick mailing sent earlier this month said that Fitzpatrick favored a "better, smarter plan in Iraq" that "says NO to both extremes: No to President Bush's 'stay the course' strategy . . . and no to Patrick Murphy's 'cut and run' approach."

Notice: A Republican is suggesting that Bush's Iraq policy is extreme. That would not have happened in 2004.

Other Republicans have taken their distance from the president more subtly. In May Rep. Jim Gerlach (R-Pa.), facing a difficult rematch against Democrat Lois Murphy, called on Congress "to step up and be more assertive in assessing the level of progress" in Iraq. He added: "The Iraqi government needs to know that American patience and support are not blank checks that Iraqi politicians can cash with American lives and tax dollars."

And judging from the Web sites of other Republicans in close races, many would prefer to make the Iraq issue disappear between now and November.

Consider the campaign Web site of Rep. Mike Sodrel (R-Ind.), who faces a serious opponent in Democrat Baron Hill, a former House member. On the "Issues" portion of his campaign site, Sodrel is proud to describe his stands on border security, gas prices and energy, tax relief, creating jobs, veterans, health care, supporting small business, and agriculture. As of yesterday evening, there was no entry for Iraq on the site, though he does discuss the issue on his House Web site.

All this Republican uneasiness underscores the importance of the New York Times-CBS poll showing that 51 percent of those surveyed found no link between the war in Iraq and the broader war on terrorism, an increase of 10 percentage points since June. A majority now rejects the administration's core foreign policy argument.

The cracking of Republican solidarity in support of Bush on Iraq has short-term implications for November's elections and long-term implications for whether the administration can sustain its policies.

With a growing number of Republicans now echoing Democratic criticisms of the war, Republican strategists will have a harder time making the election a referendum on whether the United States should "cut and run" from Iraq, the administration's typical characterization of the Democrats' view.

And even the war's strongest supporters are offering increasingly critical assessments of past decisions. Last Tuesday Sen. John McCain (R-Ariz.) recited a litany of past administration statements -- "stuff happens, mission accomplished, last

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throes, a few dead-enders" -- as indications that "we had not told the American people how tough and difficult this task would be." On Friday McCain reiterated his loyalty to the Iraq mission, but he had already made his point.

The Republicans' restiveness suggests that Bush may not be able to stick with his current Iraq policy through Election Day. Even if he does, he will come under heavy pressure from his own party after Nov. 7 to pursue a demonstrably more effective strategy -- or to begin pulling American forces out.

Radical Militia And Iraqi Army In Fierce Battle (NYT)

By Damien Cave And Edward Wong

The New York Times, August 29, 2006

BAGHDAD, Iraq, Aug. 28 — At least 20 gunmen and 8 civilians were killed Monday when the Iraqi Army battled fiercely for hours with members of a militia loyal to Moktada al-Sadr, the radical Shiite cleric, in Diwaniya, Iraqi officials said.

The violence, which one Iraqi general said included militiamen executing Iraqi soldiers in a public square, amounted to the most brazen clashes in recent memory between Iraqi government forces and Mr. Sadr's militia.

After weeks of rising tensions and skirmishes between elements of the militia and American-led forces, it could increase pressure on Prime Minister Nuri Kamal al-Maliki, a conservative Shiite, to find a way — political or military or both — to rein in Mr. Sadr's powerful militia.

The battle erupted after a particularly violent weekend in Iraq for American soldiers and Iraqi civilians, in what had been a relatively quiet month.

The American military announced Monday the deaths of nine American service members in attacks on Sunday. In Baghdad, a car bomb killed at least 13 people on Monday and wounded dozens at a checkpoint just outside the Interior Ministry headquarters.

Over all, more than 100 Iraqis were killed Sunday and Monday.

With sectarian violence soaring, American generals and the American ambassador, Zalmay Khalilzad, say that militias are now the single greatest threat to the stability of Iraq and that the Iraqi government must disband them.

But Mr. Maliki has yet to introduce any new policy, and has refrained from strong condemnations of Mr. Sadr's militia, the Mahdi Army. Mr. Maliki relies on Mr. Sadr, who is enormously popular among poor Shiites, for political support against rival Shiite politicians. Mr. Sadr controls several ministries and at least 30 seats in Parliament, and he maintains close ties to Mr. Maliki's political group, the Islamic Dawa Party.

Earlier this month, after the Americans called in air support during a raid with Iraqi forces in a Sadr stronghold in Baghdad, Mr. Maliki denounced the move by the Americans and said he had never given permission for it.

The fighting on Monday in Diwaniya, in the south, underscored the recalcitrant, rebellious nature of the Mahdi Army and raised the specter of the two uprisings that Mr. Sadr led against the Americans and the Iraqi government in 2004.

After several hours of gunfire and mortars, "the clashes reached a point where members of the militias executed soldiers after their ammunition ran out in a public square, in front of residents," said Maj. Gen. Othman al-Ghanimi, commander of the Eighth Division of the Iraqi Army in Diwaniya. "This is true terrorism and a crime."

The Mahdi Army denied the reports of executions.

The fighting ended only after Shiite politicians visited Mr. Sadr's office in Najaf to negotiate a cease-fire.

An American military official said more than 70 people were wounded Monday during the battle, including 40 civilians. Reports from Iraqi authorities and Sadr officials offered similar tallies.

General Ghanimi and other Iraqi Army and police officials said several militias were involved, not just the Mahdi Army. But they said the seed of the violence on Monday was planted a week ago when a roadside bomb they believe was planted by the Mahdi Army killed at least two Iraqi soldiers. Two days later, the Iraqi Army arrested a member of the Mahdi Army.

Nasir al-Saadi, a spokesman for the Sadr bloc in Parliament, said the unidentified Sadr militant arrested by the army was tortured and may have been killed. According to Mr. Saadi's account, the army started attacking a Mahdi-dominated neighborhood late Sunday night. He said the soldiers killed civilians and damaged houses while Sadr militants "did not participate" at first, refusing to return fire.

General Ghanimi, a Sunni, denied torturing the Mahdi detainee, noting that Sadr representatives visited him on Saturday and found him healthy. He said they asked for the accused bomber's release and when the army refused, fighting broke out as the militias sought to free him from custody.

Gunfire riddled the streets from around 2 a.m. to the early afternoon. Polish troops responsible for the area helped Iraqi soldiers encircle the most violent areas, as American helicopters hovered overhead without dropping bombs, according to an American official who declined to be identified because the information is supposed to be released by the Iraqi Army.

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Khalil Jalil Hamza, the governor of Diwaniya, later shuttled to Mr. Sadr's headquarters in Najaf to discuss a cease-fire, Sadr officials said. By 5:30 p.m., the battle had ended. Mr. Hamza is a senior official in the Supreme Council for the Islamic Revolution in Iraq, a rival Shiite party.

The Mahdi Army and the military wing of the Supreme Council, the Badr Brigade, have fought pitched battles several times in Baghdad and the south in recent years.

According to someone who identified himself as a Mahdi fighter involved in the clash, a prisoner exchange was still being negotiated Monday night. In a telephone interview, the fighter, who called himself Abu Abbas, said the Mahdi Army had taken several soldiers captive and would trade them for the detainee that Iraqi commanders accused of being involved in the roadside bombing. He was reached through a known member of the Mahdi Army, who vouched for his membership.

He said that a local judge had approved the militant's release before the fighting started but that the Iraqi Army refused to accept the ruling. When asked why the Mahdi militants killed more than a dozen other Iraqis, he said, "We know they are our brothers, but the Americans are pushing them against us."

Iraqi, American and British officials continue to assert that a civil war here can be averted.

Maj. Gen. William B. Caldwell IV, the lead spokesman for the American military, said Monday that attacks and murders in Baghdad declined in August thanks to the deployment of about 12,000 additional American and Iraqi troops. He said several neighborhoods searched over the past few weeks under a new security plan were reviving, with stores re-opening, and children riding bicycles in the streets.

Yet Mr. Sadr and the Mahdi Army remain an obstacle. Prime Minister Maliki, a Shiite who depends on support from Mr. Sadr's allies in Parliament, has not confronted Mr. Sadr publicly. Sadr City, a Mahdi bastion, has not been searched or raided in a thorough manner, even though it is one of the capital's most violent areas.

The Americans have maintained some distance: even as the fighting raged in Diwaniya on Monday, General Caldwell told reporters he had not been briefed on the battle and could not comment.

Several clashes have erupted between the Mahdi Army and American-led forces this summer.

In July, American and Iraqi troops stormed a building in Sadr City and engaged in firefights that killed or wounded 30 to 40 gunmen before capturing a militia commander. Days later, British troops raided Al Garma, a town near the southern port at Basra, and detained a Sadr official, Sajad Badr al-Sukany. At least one British soldier was killed in the operation.

Ambassador Khalilzad said in an interview this month that Iran had been inciting splinter groups of the Mahdi Army to step up attacks against American-led forces in retaliation for the Israeli attacks in Lebanon.

General Caldwell said days later that some militia elements had been training in Iran and had received weapons from groups or individuals in Iran, though it was unclear whether the Iranian government was involved.

The battle in Diwaniya took place on a particularly bloody day for Iraqi forces. The car bombing in Baghdad killed at least a dozen Interior Ministry police officers, and wounded at least 35 other officers, a ministry official said. Another policeman was killed when a roadside bomb exploded in southern Baghdad.

In Mosul, the authorities said an Iraqi policeman was gunned down in front of his house, while the police killed one insurgent in a separate clash.

Of the nine American soldiers killed Sunday, four died after their armored Stryker unit was ambushed by a bomb and gunfire in Ghazaliya, a western Baghdad neighborhood that was part of the new security plan and had been described as a model of improved security. Three were killed in two separate roadside bomb attacks, and one from small-arms fire in or near Baghdad. One was killed in Anbar Province.

Defense Minister Abdul Qader Mohammed Jasim, at a joint news conference with the British defense secretary, said the Iraqi government would do everything it could to make the country safe.

"There are criminals and killers — we know the scum who wear the mask of the jihad and religion," Mr. Jasim said. "They used to kill people as criminals and now they kill them under the cover of jihad."

40 Killed As Shiites Battle Iraqi Forces (AP)

By Thassin Abdul-Karaim, Associated Press Writer

AP, August 28, 2006

Shiite militiamen battled Iraqi forces for 12 hours Monday, leaving at least 40 people dead and underlining the government's difficulties as it tries to rein in the sectarian forces of an anti-U.S. cleric.

The fighting in this southern city dominated a bloody day that saw at least 20 other people killed in Baghdad, including 16 in a suicide bombing targeting the Interior Ministry complex. The U.S. military announced that nine U.S. soldiers were killed over the weekend in and around Baghdad, eight by roadside bombs and one by gunfire.

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Diwaniyah, 80 miles south of Baghdad, is a Shiite-dominated city where the influence of firebrand cleric Muqtada al-Sadr's Mahdi Army has been gradually increasing. The militia already runs a virtual parallel government in Sadr City, a slum in eastern Baghdad.

But the government of Prime Minister Nouri al-Maliki, a Shiite, has found it difficult to control al-Sadr, whose movement holds 30 of the 275 seats in parliament and five Cabinet posts, and his forces. Al-Sadr's backing also helped al-Maliki win the top job during painstaking negotiations within the Shiite alliance that led to the ouster of Prime Minister Ibrahim al-Jaafari.

Many Sunnis have expressed disappointment that al-Maliki's government has not moved to curb Shiite militias, especially the Mahdi Army, which have been blamed for much of the sectarian violence that has followed the Feb. 22 bombing of a Shiite mosque in Samarra.

A prominent hard-line Iraqi Sunni cleric, Harith al-Dhari, said Friday he was willing to meet with top Shiite religious leaders, part of an initiative to curb sectarian violence — but also to press Shiite leaders into a response.

American forces also have been wary of confronting the militia, because of al-Sadr's clout over the government and his large following among majority Shiites. Al-Sadr mounted two major uprisings against the American-led coalition in 2004 when U.S. authorities closed his newspaper and pushed an Iraqi judge into issuing an arrest warrant against him.

Sheikh Abdul-Razaq al-Nidawi, the manager of al-Sadr's office in Diwaniyah, told The Associated Press that trouble had been brewing since Saturday night when the Iraqi army arrested an al-Sadr supporter from the Jumhouri neighborhood.

On Sunday, the army raided the same place and "a gunfight erupted between them and the Mahdi Army," al-Nidawi said.

Army Capt. Fatik Aied said gunbattles broke out at about 11 p.m. Sunday south of Diwaniyah, when Iraqi soldiers conducted raids in three neighborhoods to flush out militiamen and seize weapons.

Al-Nidawi said "a big force of the army raided Jumhouri, Sadr and Askouri neighborhoods and clashes broke out (again) between the army and the Mahdi Army." He said the raids took place early Monday.

Fighting continued for most of the day, as the army brought in extra troops from other cities to reinforce its soldiers, said Brig. Gen. Othman al-Farhoud, commander of the 8th Iraqi Army Division.

By evening, the militia had set up road checkpoints and taken over seven neighborhoods in the south and east of the city, while the Iraqi army was controlling the northern and western parts, Aied said.

Late Monday, the U.S.-led military command issued a statement in Baghdad that the Iraqi army and police "successfully fended off an attack by a large group of terrorists" in three districts of Diwaniyah after a 12-hour battle.

Since the three districts in contention are in the city's south, it was not immediately clear how to reconcile the U.S. statement with that of Aied, the Iraqi army captain.

Dr. Mohammed Abdul-Muhsen of the city's general hospital said 40 people had been killed — 25 Iraqi soldiers, 10 civilians and five militiamen. He said the hospital treated 75 wounded, but could not immediately give a breakdown.

Aied said the militiamen used rocket propelled-grenades and automatic assault rifles, and that at least 10 militiamen were arrested.

An indefinite vehicle ban was imposed in the city, said Adnan Abdu-Kadhim, a member of the provincial council.

Coalition forces were not involved in the fighting, but provided support with an aerial quick reaction force, using military helicopters as a show of force and to prevent possible attacks from rooftops, said Lt. Col. Dariusz Kacperczyk, a Polish military spokesman for the area. Coalition quick reaction forces also were patrolling near the city, he said.

In the capital, a suicide car bomber slammed into a police checkpoint outside the Interior Ministry at midmorning, when traffic is usually heavy. The blast could be heard more than a mile away, and smoke could be seen rising from the scene. The blast killed 16 people, including 10 policemen, Police 1st Lt. Ahmed Mohammed Ali said. He said 18 policemen were among the 47 people wounded.

Elsewhere in Baghdad, a suicide car bomber struck a line of cars waiting at a gas station in the southern neighborhood of Dora, killing three civilians and wounding 15, Lt. Ahmed Hameeed of the national police said.

Earlier in the day, a roadside bomb in the mainly Sunni western neighborhood of Jihad struck a car transporting five barber shop workers. One person was killed and another four were seriously wounded, police Lt. Maitham Abdul-Razzaq said.

Associated Press writers Jalal Mudhar, Qassim Abdul-Zahra, Vijay Joshi and Elena Becatoros in Baghdad contributed to this report.

Attacks In Diwaniyah, Baghdad Kill At Least 60 (USAT/AP)

USA Today, August 29, 2006

DIWANIYAH, Iraq — Shiite militiamen battled Iraqi forces for 12 hours here Monday, leaving at least 40 people dead. At least 20 other people were killed in Baghdad, including 16 in a suicide bombing targeting the Interior Ministry complex.

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Diwaniyah, 80 miles south of Baghdad, is a Shiite-dominated city where the influence of cleric Muqtada al-Sadr's Mahdi Army has been gradually increasing. Al-Sadr mounted two major uprisings against the American-led coalition in 2004 when U.S. authorities closed his newspaper and pushed an Iraqi judge into issuing an arrest warrant against him.

Sheik Abdul-Razaq al-Nidawi, the manager of al-Sadr's office in Diwaniyah, told the Associated Press that trouble had been brewing since Saturday night, when the Iraqi army arrested an al-Sadr supporter from the Jumhouri neighborhood.

On Sunday, the army raided the same place, and "a gunfight erupted between them and the Mahdi Army," al-Nidawi said.

Army Capt. Fatik Aied said gunbattles broke out about 11 p.m. Sunday south of Diwaniyah, when Iraqi soldiers conducted raids in three neighborhoods to flush out militiamen and seize weapons.

Fighting continued for most of the day, said Brig. Gen. Othman al-Farhoud, commander of the 8th Iraqi Army Division.

Mohammed Abdul-Muhsen, a doctor with the city's general hospital, said 40 people had been killed — 25 Iraqi soldiers, 10 civilians and five militiamen. He said the hospital treated 75 wounded.

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Elsewhere in Baghdad, a suicide car bomber struck a line of cars waiting at a gas station in the southern neighborhood of Dora, killing three civilians, Lt. Ahmed Hameed of the national police said. Earlier, a roadside bomb in the mainly Sunni western neighborhood of Jihad killed one person, police Lt. Maitham Abdul-Razzaq said.

Iraqi Troops Battle Shiite Militiamen In Southern City (WP)

By Sudarsan Raghavan

The Washington Post, August 29, 2006

BAGHDAD, Aug. 28 -- With American fighter jets providing air cover, U.S.-backed Iraqi troops battled radical Shiite militiamen Monday in the southern city of Diwaniyah in one of the first major clashes between the two forces. At least 20 Iraqi soldiers and eight civilians were killed, a U.S. military official said, citing initial reports. Seventy people were injured.

Also, a suicide bombing in Baghdad killed 15 and injured 35, capping one of the bloodiest 24 hours in Iraq in recent weeks.

The more-than-12-hour battle in Shiite Muslim-dominated Diwaniyah, about 100 miles south of Baghdad, illustrates the growing strength and confidence of the Mahdi Army militia of anti-U.S. cleric Moqtada al-Sadr, who is increasingly challenging the authority of the Iraqi government and, by extension, the United States.

Some Iraqi soldiers were captured and beheaded, Iraqi army officials said. As of late Monday, it was unclear how many militiamen had died.

Nine U.S. soldiers also were killed over the weekend in and around Baghdad, the U.S. military said Monday, making it one of the most lethal weekends for American troops in recent months. Seven U.S. soldiers were killed by roadside bomb attacks and one by gunfire on Sunday, while another soldier was killed by a roadside bomb on Saturday.

On Sunday, gunmen and bombers killed at least 69 people, the deadliest of the attacks taking place outside Baghdad, in northern cities.

Meanwhile, new allegations of indiscriminate killings by U.S. troops surfaced Monday. Relatives and neighbors of seven civilians shot dead during a gun battle in a Baghdad neighborhood on Sunday said U.S. soldiers had stepped out of their vehicles and randomly fired at their car.

"The soldiers decided to kill everyone on the streets, and my mother was one of them," Mohammed Sabah al-Dulaimi, 19, an engineering student said in a telephone interview. "They were angry. There's no other reason for killing. They took revenge."

Dulaimi's mother, Suad Jodah Yaseen, was returning from work in a company car, which stopped some distance away from the scene where a roadside bomb had struck a U.S. military vehicle, according to her brother, Hadi Jodah Yaseen, 50.

"But random shooting by American soldiers hit her in the head and the chest, and one bullet pierced her chest and came out of the back," Yaseen said.

Lt. Col Barry Johnson, a U.S. military spokesman, confirmed that seven civilians were killed Sunday in Ghazaliyah, a volatile western Baghdad neighborhood where U.S. forces have bolstered their efforts to tame sectarian violence. But he said the civilians were caught in the crossfire of a gun battle between U.S. troops and insurgents.

Johnson said that insurgents opened fire on American troops with grenade launchers and guns after the roadside bomb detonated and that U.S. forces returned fire.

"These people were unfortunately in the wrong place at the wrong time," Johnson said. He added that there would be a review to determine whether a further investigation into the soldiers' actions is warranted.

The violence comes amid assertions by the Iraqi government and the U.S. military that they are clamping down on lawlessness and prevailing over extremists fueling the sectarian unrest gripping the capital.

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Over the past week, attacks in Baghdad province averaged about 23 a day, lower than the monthly average for July, Maj. Gen. William B. Caldwell, a U.S. military spokesman, told reporters Monday. Baghdad's average daily homicide rate also dropped 46 percent from July to August, he added.

Roadside bombs, too, decreased by 50 percent last week to a total of eight, making for the lowest monthly average in nearly eight months, he said. However that figure dramatically changed with the spike in roadside bombs over the weekend, he added.

Despite the recent sharp rise in violence, Caldwell said that "the operation is moving along as anticipated" to quell violence in Baghdad.

"It was always expected that there would be this extremist element that would get out and try to discredit the operations that are ongoing by striking at areas where civilians are readily available, where they can inflict some casualties," Caldwell said. "We'll continue to make every diligent effort to preclude that from happening."

The southern part of Iraq could emerge as the biggest challenge for U.S. and Iraqi forces, potentially rivaling the sectarian chaos in Baghdad. Upon taking office, Iraqi Prime Minister Nouri al-Maliki vowed to eradicate the host of militias and death squads operating in the country. But 100 days after his coalition government was sworn into power, the militias, especially the Mahdi Army, remain key players in a struggle for power from Baghdad to the southern city of Basra.

Monday's clashes in Diwaniyah underscored the militias' growing influence. Tensions were already high. Three days earlier, the Iraqi army had arrested three prominent supporters of Sadr, said Abdul Razak al-Nadawi, the head of the cleric's office in Diwaniyah.

"They did this without any warrants," Nadawi said in an interview. "Usually, people are arrested by the police. But it was the Iraqi army who arrested them."

Soon after the arrests, Mahdi Army militiamen flooded the streets, clutching guns and engaging in minor clashes with police, said Kareem al-Musawi, 33, a resident.

"Then all the police withdrew from the streets," he said. "Then the armed men covered every street in the city."

Monday's clashes erupted after Iraqi soldiers, backed by Polish troops, attempted to raid three neighborhoods controlled by the Mahdi Army. The fighting began after midnight as explosions and gunfire rattled different parts of the city, residents said. As many as 26 mosques in Diwaniyah were damaged by Mahdi Army mortar attacks, the Iraqi army said in a statement. Shops, markets and government offices shut down, and frightened residents stayed inside their houses.

By late afternoon, the fighting had subsided. It was soon clear who had won.

"The city is fully controlled by the militia of Jaish al-Mahdi now," said Ahmed Fadhil, 45, a school teacher living in the center of Diwaniyah, using the Arabic term for Sadr's militia. "There are no police or Iraqi army in the streets of the city. I can see only the gunmen of Mahdi Army in the streets."

At a news conference, the governor of Diwaniyah, Khalil Ibrahim said that he visited Sadr in the Shiite holy city of Najaf on Monday. He said Sadr had requested an investigation into what had happened in Diwaniyah.

For now, he said, the Mahdi Army still controls two big neighborhoods, "and neither the American forces nor Iraqi forces were able to enter these neighborhoods yet."

"The police refuse to go back to the streets, especially after three of their cars were set on fire Thursday," Ibrahim said.

On Monday, residents were stunned by their city's transformation.

"We had a stable city," said Musawi. "Now all the shops are closed. The streets are empty. No one is going out to the streets, and there is a curfew. It is a ghost city."

Meanwhile in Baghdad, a suicide bomber in a car detonated explosives at a checkpoint leading into the Interior Ministry, where a meeting of police chiefs from Iraq's 18 provinces was scheduled. The blast killed 15 people and injured 35.

The visiting British defense minister, Des Browne, told reporters in Baghdad that U.S.-led troops planned to turn over a second province, Dhi Qar, to Iraqi security forces next month. He joined other Western and Iraqi officials in pulling back recently from warnings last month -- including from Britain's outgoing ambassador to Iraq -- that Iraq could slide into all-out civil war. "My view is there is not a civil war in this country, and it is not likely that a civil war will develop," Browne said.

Death Rate Drops In Baghdad For August (CSM)

By Tom Regan

The Christian Science Monitor, August 29, 2006

Despite car bombings that killed 80 people and the deaths of six more US troops over the weekend, a joint US-Iraqi military operation in Baghdad seems to be making a difference.

The Los Angeles Times reports that after last month's record total of 1,800 bodies reported in local morgues, August is on target to record only about one-quarter of that total.

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US Army Maj. Gen. James D. Thurman, commander of military forces in Baghdad, attributed the capital's declining violence to a sweep involving 8,000 US soldiers and 3,000 Iraqi troops aimed at stopping sectarian violence.

The troops, many redeployed from hot spots around Iraq, have patrolled the capital, searched houses and made arrests since Aug. 7. Similar sweeps in Baghdad and elsewhere since the US-led invasion in 2003 have reduced violence. But the bloodshed would increase when US forces moved on.

US military leaders are hoping, however, that once the amibitious security sweep ends, Iraqi police working with US training teams will be able to keep the new security plan in placed. But the Times reports that many residents of the city see the "notoriously corrupt and sectarian police forces" as part of the problem.

Sunday on CNN, Iraqi Prime Minister Nuri al-Maliki told "Late Edition" that the decline in deaths was a sign that his country was not in the middle of a civil war, and that violence in his country was abating. "In Iraq, we'll never be in civil war," he said during the interview.

But the Associated Press reports that Mr. al-Maliki's claims were undermined by one of the most violent weekends in recent weeks in Baghdad, marked by a car bomb that exploded in a market on Monday morning, killing as many as 50 people. And there are other signs that despite the decline in the overall death total, sectarian tensions continue in Baghdad.

McClatchy Newspapers report that Shiites who live in Sunni neighborhoods are swapping their houses with Sunnis who live in predominately Shiite areas.

In a city where no one wants to buy a house and renting is too expensive for most, house swapping has become an ideal compromise for some. The old family introduces the new family to the community, and both sides vow to take care of their new home. It's also provided a way for politicians to garner support by providing services to newly relocated Shiites that the government cannot.

Supporters of radical cleric Muqtada al-Sadr have been particularly adept, using their control of the ministries of education, which oversees schools, and trade, which oversees the country's rationing system, to make sure families are comfortable in their new homes.

The Los Angeles Times reports that if a full fledged civil war does break out, the Tigris River could become "the line that none dare cross," acting as "green line, separating Sunni-dominated west Baghdad from the Shiite-controlled east." And while The Economist reports that the unemployment rate is 40 percent in Iraq, The Associated Press reports that there is one profession enjoying a boom – funeral directors.

With killings on the rise, coffin maker Abbas Hussein Mohammed has opened a new shop to cope with the demand.

"Our business is booming day after day with each roadside bomb or car bomb and with the ongoing sectarian killings," Abbas said as he showed off his wooden coffins inside his tiny shop on Baghdad's Haifa Street.

"During the Saddam era, we used to do one or two coffins a day and the price ranged between $5 to $10," Mohammed said. Now he produces an average of 10 to 15 coffins a day and charges about $50 for each of them.

And a Washington Post interview with a Mahdi Army commander suggests that, while the number of killings has gone down because of the overwhelming US security presence in Bagdad this month, militant groups see no problem with killing Sunnis.

"The takfiris, the ones who kill, they should be killed," said [the Mahdi Army commander called] the Sheik, using a term commonly employed by Shiites for violent Sunni extremists. "Also the Saddamists. Whose hands are stained with blood, they are sentenced to death ... If we catch any of them, the takfiris, Saddamists, bombers, we don't hand them over to police. He could be freed the next day," the Sheik said.

The captured men get a rapid interrogation, he added. They are asked, "How do you come here? Who is working with you? Which organization is supporting you?

"We get a full confession," he said. "Once we do, we know what to do with them."

Meanwhile, AP reports that the number of National Guard and Reserve troops killed in Iraq has dropped this year. The decline is credited to two main factors: far fewer numbers of these troops in Iraq (Guard and Reserve troops now only comprise 20 percent of troops in Iraq, as opposed to 40 percent a year ago) and a shift in focus by insurgents and terrorists to attack Iraqi civilians more than US troops. The average daily death total for all US troops in Iraq has declined from just over two per day to just under two per day.

Iraqi Soldiers Refuse To Go To Baghdad, Defying Order (NYT)

By Michael R. Gordon

The New York Times, August 29, 2006

WASHINGTON, Aug. 28 — A group of Iraqi soldiers recently refused to go to Baghdad, Iraq's capital, to help restore order there, a senior American military officer said Monday.

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The officer, Brig. Gen. Dana Pittard, who oversees the American-led effort to train Iraq's security forces, said the episode last week involved about 100 Iraqi soldiers based in Maysan Province, which borders Iran.

A formal investigation has begun, and the Iraqi government will soon decide whether to rescind the deployment order to the soldiers' parent Iraqi Army unit, the Second Battalion of the Fourth Brigade of the 10th Division.

"The majority of this particular unit was Shia, and they felt — the leadership of that unit and their soldiers — like they were needed down there in Maysan,'' General Pittard told reporters in a videoconference from Iraq. "Now, that will be worked out by the Iraqi government and the Ministry of Defense, and we'll be in support of that."

Though the episode involves only a small fraction of the 10-division Iraqi Army, it points to an important issue. The new Iraqi government wants to build a national military, one that is ethnically diverse and can be deployed anywhere in Iraq. It does not want to field a military that is essentially a collection of local units with regional loyalties.

But many Iraqis are reluctant to serve far from their home provinces. Sunnis in Anbar Province, for example, are reluctant to join the army if they will be sent far from home to predominantly Shiite areas. Shiites are often hesitant to serve in overwhelmingly Sunni regions.

"The Iraqi Army is supposed to be a national army," said General Pittard. "They were recruited regionally, and for the most part they've been operating regionally. So that's where the difficulty is."

The refusal of some Iraqi soldiers in Maysan Province to serve in Baghdad was reported late last week in The Daily Telegraph of London and The Washington Post. General Pittard's comments, however, appear to be the first time that a senior American officer involved in training the Iraqi military has explained the episode and discussed the investigation.

This is not the first time that Iraqi soldiers have refused to deploy to a distant area. A large number of soldiers from a predominantly Kurdish unit in northern Iraq, the Second Battalion, Third Brigade of the Second Iraqi Division, refused to go to Ramadi, where American Army troops have been involved in a tough fight to take the city back from insurgents, General Pittard noted.

Even when Iraqi soldiers agree to serve far from home, many quit. The two Iraqi divisions in Anbar Province in western Iraq have had high attrition rates and are more than 5,000 soldiers below their authorized levels. When leaves are taken into account, the day-to-day strength of the two Iraqi divisions in that province is 35 percent and 50 percent.

The Bush administration has cast the effort to train Iraq's security forces as part of its exit strategy. More than 3,000 soldiers in the American-led coalition are involved in training the Iraqi Army, police and border troops. As President Bush put it last year, "Our strategy can be summed up this way: As the Iraqis stand up, we will stand down."

The current operation in Baghdad, which is called Together Forward, is intended to break the cycle of sectarian violence that threatens to plunge the country into civil war.

Under the plan, American and Iraqi forces are working their way through the city, neighborhood by neighborhood, in an effort to clear it of insurgents and militias. Once the areas are secured, the plan is to hand them over to the Iraqi police, who will work with American advisers. Millions of dollars of Iraqi and American funds are to be spent to restore vital services, create jobs and, essentially, try to build good will for the new Iraqi government.

An additional 12,000 troops have been sent to Baghdad to carry out the operation, 7,000 of whom are Americans. Some of the American troops have been diverted from other parts of Iraq. The Iraqi soldiers who refused to deploy from the Maysan areas were to have been part of the Iraqi reinforcements.

General Pittard said an important milestone would be reached in September, when the Eighth Iraqi Army Division will be placed under the control of the Iraqi Ground Forces Command. "It will be the first time that an Iraqi division will no longer be under the tactical control of the coalition forces," he said.

General Says Iraqi Soldiers Refuse Duty (AP)

By Lolita C. Baldor

AP, August 28, 2006

About 100 Iraqi Shiite soldiers refused to go to Baghdad to support the security crackdown there, marking the second time a block of Iraqi soldiers have balked at following their unit's assignment, a U.S. general said Monday.

U.S. Brig. Gen. Dana Pittard, commander of the Iraqi Assistance Group, said the problems stem from the Iraqi Army's regional divide, because soldiers are recruited in their home area and expect to train and serve there.

Pittard said about 100 members of a battalion in the 4th Brigade, 10th Iraqi Army Division, who were serving in the southern Maysan province, refused to deploy to Baghdad.

"What's tough, right now, is the Iraqi army, for the most part, is a regionally based unit," Pittard told Pentagon reporters. "The majority of this particular unit was (Shiite.) And they felt, or the leadership of that unit and their soldiers felt, like they were needed down there in Maysan."

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Many soldiers, he said, thought they would be operating only in their home region, and it will be up to the Iraqi Ministry of Defense and the military commanders to resolve those issues. He said it is too soon to tell what actions might be taken against those soldiers.

Pittard said he's heard of only one other instance where Iraqi soldiers refused to move with their unit. A battalion of the 3rd Brigade, 2nd Iraqi Army Division was in northern Iraq, and "a number of the members of that unit" refused to go to Ramadi to serve with the U.S Army's 1st Brigade, 1st Armored Division.

There are more than 127,000 members of the Iraqi Army. Recently U.S. military officials said that five of the 10 Iraqi Army divisions are now in control of their own battlespace, working with the support of the coalition forces.

Iraqi forces often rely on U.S and coalition support for logistics, fuel, maintenance and some equipment.

U.S. Says Iraq Poised To Take Control Of Its Ground Forces (WT)

By Rowan Scarborough

The Washington Times, August 29, 2006

The U.S. military in Iraq announced yesterday that an Iraqi ground-forces command will activate in early September, giving the U.S.-backed government direct control over army, police and border units throughout the country.

Army Maj. Gen. William Caldwell, chief spokesman for the U.S. command, said the Iraqi ground headquarters eventually will take control of all 10 Iraqi army divisions. The first, the 8th Division, will be moved from coalition to Iraqi control this week.

The chain of command will run down from Prime Minister Nouri al-Maliki, to the defense minister, to joint headquarters in Baghdad, and finally to the Iraqi ground-forces command. The United States says the emerging line of authority is crucial to having a self-sufficient Iraqi security force fight the insurgency and allowing many American troops to go home.

"This is a significant step in the Iraqi path to self-reliance and security," Gen. Caldwell said. "What this means is that the Iraqi minister of defense is prepared to begin assuming direct operational control over Iraq's armed forces."

The press conference was part of a continuing effort by the Bush administration to tell a story that Iraqi forces are in better shape than they were several years ago, when some units refused to fight.

"From the time that I left Iraq last year to now, the difference between then and now is like night and day with the Iraqi security forces," Brig. Gen. Dana Pittard, who commands U.S. transition teams embedded with Iraqi units, told reporters at the Pentagon.

The talk of progress came as the U.S. and Iraqi forces continue to fight a crucial battle to take back Baghdad from a variety of insurgent groups, including al Qaeda in Iraq, Sunni supporters of ousted dictator Saddam Hussein and Shi'ite death squads linked to the militia of cleric Muqtada al-Sadr.

As he did last week, Gen. Caldwell displayed a map of the city, with color-coded neighborhoods to illustrate different levels of violence.

"These slides will show that the insurgents and terrorists are attacking where we've made gains in order to thwart the successes of the Iraqi security forces and further discredit the government of Iraq," he said. "Their methods are simple: Attack innocent Iraqis."

He added, "We're actually seeing progress out there. An interesting sign of progress that has recently been relayed to me is there have been an unusual number of weddings in the streets of Baghdad recently."

There are still reminders that the Iraqi force has problems. Gen. Pittard confirmed press reports that about 100 Iraqi Shi'ite soldiers in the south refused to redeploy to Baghdad to fight insurgents. Some local police officers in the Shi'ite south have refused to help the Iraqi army fight Sheik al-Sadr's militiamen.

"I think everybody has got to remember both the Iraqi police and the Iraqi army are about three years old at the most, and any new organization is going to go through growing pains," Gen. Caldwell said.

In Ramadi, The Force Isn't Huge But The Task Is (USAT)

By Jim Michaels

USA Today, August 29, 2006

RAMADI, Iraq — These days, the main focus of U.S. and Iraqi military efforts is in Baghdad, where militias and death squads threaten to destabilize a fragile government. Thousands of U.S. and Iraqi troops are pouring into Baghdad to reinforce the 52,000 already there.

It's getting less attention, but a much smaller force is working to subdue Ramadi, the capital of Anbar province, where Sunni insurgents are entrenched.

“This is relatively lightly held by coalition and Iraqi forces,” says U.S. Army Col. Sean MacFarland, commander of the brigade responsible for the Ramadi area. “I don't have overwhelming force here.”

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The city has about 300 trained and equipped police, though the Iraqi government has authorized a force of 3,000. There are about 2,000 Iraqi troops and several thousand U.S. soldiers in and around the city, which has about 300,000 residents. By contrast, about 12,000 U.S. and Iraqi troops were used to push insurgents out of Fallujah — half the size of Ramadi — in a major offensive in November 2004.

Sixty miles west of Baghdad, Ramadi is part of the Sunni heartland that supported Saddam Hussein and has resisted U.S. forces since the invasion in 2003. Stabilizing Anbar is critical to winning over the Sunni minority, which ruled Iraq for decades and distrusts the new Shiite-dominated government. “Anbar is key to the future of Iraq as a nation-state,” says Marc Chretien, a senior U.S. adviser to Iraq's government.

The office of Anbar's governor, Maamoun Sami Rashid al-Awani, is inside a heavily fortified compound guarded by U.S. Marines. Moving from one part of the government compound to another requires sprinting to avoid sniper fire from within the rubble of nearby buildings. When a Marine convoy came to escort the governor home on a recent day, one of the vehicles was hit by a roadside bomb. The explosion disabled a Humvee but caused no injuries.

Most locals stay away from the government building. Four of 31 members of the Anbar Provincial Council have been killed in the past several months, says Marine Col. Frank Corte, al-Awani's U.S. adviser. Insurgents have tried to kill al-Awani 30 times. The handful of employees in the building come from outside Ramadi. They live in the government building during the week and return home on weekends.

“He's a government of one,” MacFarland says of al-Awani.

Holding the line here is important because it allows U.S. and Iraqi forces to concentrate on securing Baghdad. “I'm not the main effort,” MacFarland says. “Baghdad is. But I'm trying to take the heat off Baghdad.”

Stabilizing Ramadi is going to take time. MacFarland says that even if he had more troops, he would take a deliberate approach to driving insurgents out and wouldn't replicate the Fallujah offensive, which left much of that city in ruins. His troops are establishing combat outposts in the city in a classic counterinsurgency strategy of creating secure areas and expanding them slowly. The outposts are manned by U.S. and Iraqi forces and serve to protect neighborhoods and launch reconstruction projects. There are six such outposts in the city now; about four more are planned.

U.S. and Iraqi forces will also establish checkpoints and set up barriers to seal off neighborhoods, restricting enemy fighters' movement and forcing residents to take responsibility for security in their own areas. “My intent is to take this city back without destroying it,” says MacFarland, whose headquarters outside the city is in a sprawling camp that is thick with mud when it rains and choked with dust as fine as talcum powder the rest of the time. Temperatures regularly reach 120 degrees in the summer.

U.S. and Iraqi forces in Ramadi clash with the enemy daily. Marine Lt. Col. Steve Neary, commander of the battalion charged with securing the government center and other parts of the city, has had 16 Marines killed in action in the past six months. He says the battalion — 3rd Battalion, 8th Marine Regiment — has had 120 Marines wounded in the same period; 72% have been returned to duty. A battalion is typically about 800 Marines.

“We're taking a lot of casualties, but we're dealing out a lot of casualties,” MacFarland says.

Insurgents earlier this year burned down the city's telephone switching station. Cellular and land-line service have yet to be restored. A train station and soccer field renovated with U.S. money during quieter times have been badly damaged in recent fighting or by attacks. “The tactics of the insurgents is to destroy everything we touch,” says Marine Lt. Col. Mark Bramwell, a civil affairs officer.

Rebuilding has been slow. Al-Awani says Anbar is being starved of reconstruction money by Iraq's new Shiite-dominated government. That government has said it wants more guarantees that the provincial administration is stable enough to safeguard the money. A Ramadi bank was recently robbed of more than $6 million in central government funds.

Anbar is the only province not to receive its share of $2 billion set aside in Iraq's 2006 budget for development and reconstruction projects throughout Iraq, says Corte, the governor's adviser. Every other province has gotten 10% to 40% of its share of the money. Anbar is due $95 million. “They're trying to weaken the government here,” al-Awani says. Without the money, dozens of projects are on hold, including clinics, schools and water treatment facilities, says Corte, a reserve officer who is a Republican state representative in Texas.

The U.S. military says its success in driving insurgents out of Fallujah and a series of operations along the Euphrates River valley west of here pushed insurgents into Ramadi, which lies on major roads leading to Baghdad from Jordan and Syria.

“When Fallujah happened, a lot of guys moved here,” Neary says.

Reconstruction in other parts of Anbar is progressing, however. Fallujah is establishing a police force. Businesses and homes are reopening there. The Marines say they've had similar success in rebuilding towns in the Euphrates valley after clearing them of insurgents last year.

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Al-Awani says it's his duty to stay put in his job until his province is on its feet. “If someone in your family is sick, you don't abandon him,” he says. “You make him better.”

In Iraq, Fewer Killed, More Are Wounded (CSM)

By Brad Knickerbocker

The Christian Science Monitor, August 29, 2006

As the controversial war in Iraq continues, Defense Department officials and civilian experts are getting a clearer picture of American combat casualties.

Among the emerging details: The fatality rate is markedly less than in previous conflicts. But while all wars are different, the nature of combat in Iraq, plus advances in battlefield medicine, mean that the number of wounded remains relatively high. Enlisted ground troops are most at risk, but the young lieutenants who lead them on patrol are even more likely to be killed or wounded.

Lessons learned and historical context are at stake here. But officials also want to make sure the casualty reporting procedures are accurate and adequate, especially for the families of those lost or wounded.

The US Army acknowledged over the weekend that it is reexamining hundreds of casualty reports in response to criticisms of inaccuracies, such as instances initially attributed to enemy action that turned out to have been by friendly fire.

All unit-level investigations of battlefield deaths are being checked to see if they square with records kept by the Army's Casualty Assistance Center in Alexandria, Va.

Meanwhile, experts at the University of Pennsylvania have examined Defense Department fatality figures for Iraq and Afghanistan to compare levels of risk between the services now and in earlier wars. What they found, said Professor Samuel Preston, a leading demographer, is that the fatality rate among service men and women in Iraq and Afghanistan is "very much lower" than it was in the Vietnam War. But at the same time, Dr. Preston says, the relative number of nonfatal casualties is not much different from what it was in Vietnam.

"In part, we're able to keep injured people alive in a better way than we did before," he said.

Because of new body armor and advances in military medicine, for example, the ratio of combat-zone deaths to those wounded has dropped from 24 percent in Vietnam to 13 percent in Iraq and Afghanistan. In other words, the numbers of those killed as a percentage of overall casualties is lower. At this writing, 2,955 American service men and women have been killed (2,622 in Iraq and 333 in Afghanistan), and 20,174 have been wounded.

Experts are also comparing battlefield casualties with other areas of American society, such as young men living in violence-prone urban areas. Young black men in Philadelphia, for example, have a death rate 11 percent higher than troops in Iraq, according to Preston.

Among other things, Preston and University of Pennsylvania student Emily Buzzell found that Hispanics have a slightly higher "death risk" than non-Hispanics and that blacks have a death risk that is lower than nonblacks - both a function of the kinds of units most of those two groups serve in. The Marine Corps, for example, contains a disproportionately higher number of Hispanics than other military branches and also carries a higher casualty rate.

Among both Army soldiers and marines, enlisted personnel have a 40 percent higher mortality rate than officers. The exception is Army and Marine Corps lieutenants - junior officers who typically lead combat patrols and who have a markedly higher mortality rate than all soldiers and marines.

What's not fully clear at this point in the war is the long-term effects of intense combat that involves urban fighting, seemingly random roadside bombs, and suicide bombers targeting US forces. Saving more American lives in the war zones means more people must be treated for amputations and other serious injuries, perhaps for the rest of their lives. Also, the New England Journal of Medicine reported in 2005 that 19 percent of Marine infantrymen and 17 percent of Army infantrymen studied in four units in Iraq and Afghanistan "met the screening criteria" for depression, anxiety, or postraumatic stress disorder (PTSD).

For the Army and the Marine Corps in particular, which have some of the most dangerous jobs in Iraq and Afghanistan, casualty rates can affect personnel recruiting and retention efforts, not only for psychological reasons but because the military must replace the 500 or so troops lost each month to battlefield deaths, injuries, illness, and psychological problems tied to combat.

Still, considering the intensity and duration of the campaigns in Iraq and Afghanistan, US losses have been remarkably light, some experts assert.

"Recognizing the political consequences of casualties, US commanders are a good deal more cautious in risking the lives of soldiers than they might have been at Gettysburg or Anzio," says Loren Thompson, a military analyst with the Lexington Institute in Arlington, Va.

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Critics say multiple war-zone tours and the recent involuntary call-up of reserve soldiers and marines amounts to a "backdoor draft" that further complicates recruiting efforts. Some who supported the US-led invasion of Iraq generally agree.

"The message prospective recruits are getting is that if you never volunteered you won't be called, but if you did volunteer, you can be called again and again, even against your will," says Dr. Thompson. "This seems to be fundamentally unfair. The government demands that a small number of citizens who have already served carry even more of the burden, while it makes no demands at all on the vast majority of people."

Suicide Bomber Kills 17 Afghans; Attacks Persist In The South (NYT)

By Abdul Waheed Wafa

The New York Times, August 29, 2006

KABUL, Afghanistan, Aug. 28 — A suicide bomber blew himself up on Monday in the middle of a busy bazaar in Helmand Province, in the south, killing 17 civilians. In one of the bloodiest attacks this year in Afghanistan, the bomber walked into a crowd of shoppers at midday in the center of the capital, Lashkar Gah, said the province's governor, Mohammed Daud.

Governor Daud said 47 people were wounded in the explosion, including 15 children. The governor said the identity of the suicide bomber was not known. "Taliban attacks are rising these days," he said, adding that there had been five suicide attacks this year in his province.

A Taliban spokesman claimed responsibility for the attack in a telephone call to The Associated Press and said the target was a former police chief who had served in the province during the Communist era of the 1980's. The former chief, who no longer holds any official post and was a businessman, was killed along with a relative, police officials said.

"He was an ordinary man like other civilians who were killed and had no official job," said Hajji Muhaiuddin, a spokesman for the governor. "There was no single official worker among the casualties."

Among the wounded was a 2-year-old boy who had to have a leg amputated, he said.

The explosion was the second deadliest suicide bombing in southern Afghanistan this year; on Aug. 3, a bomber blew up his car in the bazaar at Panjwai, outside Kandahar, killing 21 people.

British and Dutch troops, part of the newly deployed NATO force in southern Afghanistan, have been battling insurgents for weeks in Helmand, a lawless province and the largest producer of opium poppies in the country.

In a statement released in Kabul, the British commander of NATO forces in Afghanistan, Lt. Gen. David Richards, described the bombing on Monday as a "horrifying waste of human life," and said the Taliban were no more than "vicious criminals."

"Launching a suicide bomber into a crowded area is guaranteed to harm innocent civilians and shows no concern whatsoever for ordinary citizens," he said.

Governor Daud said that the government was in control of all but one district of the province, but that it still did not have enough police and army personnel to do the job.

NATO has deployed 4,000 troops in Helmand; the previous United States-led coalition had only a few hundred soldiers in the province. In addition, the government has for the first time sent Afghan Army troops to the province.

Pakistan Struggles To Identify Taliban (CSM)

By David Montero

The Christian Science Monitor, August 29, 2006

QUETTA, PAKISTAN

Imadad Ullah isn't afraid to talk about being a Taliban student, even after two of his friends walked away when the topic came up. They might have good reason: Mr. Ullah says that Taliban members are arrested every day in this region.

His friends wandered back into their madrassah, where some 50 other Afghan Taliban study. But Ullah remained seated by the roadside some 20 miles from Quetta, the capital of Pakistan's Balochistan Province. Ullah wouldn't answer if he or his friends had plans to fight jihad in Afghanistan. He only spoke of the prowess of those already fighting.

"We are fighting. We have a lot of ammunition in Afghanistan. When the Taliban fell, we kept a lot of ammunition in the mountains," he says.

Ullah is one of an untold number of Afghan Taliban living inside this provincial capital and its environs, according to local officials, residents, and journalists. His presence throws a spotlight on a contentious debate: British military and Afghan officials have said this capital, which lies about 60 miles from the Afghan border, is the base of operations for the Taliban. Insurgents, they say, cross into Afghanistan for deadly attacks, then recuperate and plan back in Pakistan - where they are safe from allied troops and feel little pressure from Pakistani forces.

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These accusations have only intensified as violence in Afghanistan has escalated this year to the worst level since the US-led ouster of the Taliban government in 2001. Monday, a suicide bomber in the southern Afghan province of Helmand blew himself up in a crowded market, killing 17 people and wounding 47.

Pakistani officials admit the presence in their country of some Afghan Taliban - after all, the police have arrested several Taliban officials and commanders and uncoverered Taliban bomb factories after accidental explosions in Quetta. But officials here testily deny that Pakistan has become a Taliban base. Such allegations, they suggest, cannot be corroborated for the same reason that Pakistan hasn't been cracking down more: There is no simple way to identify who is and who isn't a Taliban fighter.

"[Taliban fighters] may be coming. I'm not disputing that," says Chowdhury Muhammad Yaqoob, the inspector general of police in Quetta. "The border is porous. People keep moving in and out," he says. But he denied that any Pakistanis were going to Afghanistan to fight.

And he and other local police say they cannot arrest everyone in Quetta who wears a turban, which is traditionally associated with the Taliban. There are 400,000 Afghans living here, almost all the men wearing the traditional headdress, along with many Pakistanis.

The problem was etched in sharp relief in mid-August, when police arrested 29 wounded Afghan men from Al-Khair, a private hospital in Quetta. The police said 10 had been fighting NATO forces in Afghanistan, and hailed the arrests as a symbol of their crackdown on Taliban fighters. But hospital officials at Al-Khair and others say they have no reason to believe the men were fighters.

"We haven't seen anything that will give us the sense that these are Taliban. They are simple Afghans. All have long beards and turbans. He's not carrying any rockets," says Muhammad Amer, a hospital administrator. The International Committee of the Red Cross (ICRC), which referred the men from Afghanistan, also says there is no way to confirm if the men are Taliban. Paul Fruh, ICRC's head of office in Quetta, adds that innocent civilians are wounded in southern Afghanistan every day - and that many of the men are afraid to seek medical help because they are often falsely accused of being Taliban.

More concrete evidence does exist, however, suggesting there are more concrete leads to follow. Mr. Yaqoob, for example, referred to a recent raid on a house that uncovered materials for improvised explosive devices, which are commonly used against allied forces in Afghanistan.

"Should our entire intelligence agencies be working on this? That's probably what the Western world wants. But there are other problems in this country," Yaqoob says.

Local residents take exception to this stance, saying anyone who has lived for a long time in Quetta knows where the Taliban and its commanders live.

"You can usually make out these people. They have very costly vehicles," says Tahir Mohammed Khan, a former federal information minister and now a human rights activist. "They're moving around openly. I know them in a social context."

Like many others, Mr. Khan could not provide specific names or addresses, but he listed the general areas where the Taliban dwell: Pashtunabad, a bustling enclave with narrow lanes, and also the adjoining Satellite Town. Local journalists also pinpoint Eastern Bypass, a sprawling brick warren on the outskirts of town.

Yaqoob, the police chief, maintained that his force always seizes upon actionable intelligence. In October 2005, police arrested the Taliban's chief spokesman, Abdul Latif Hakimi, who they said had been living in Quetta.

Although it is difficult to assess precisely how many people have taken up arms to fight, there is no shortage of sympathy for the Taliban here.

"I'm not asking anyone to take part in [the war in Afghanistan]. But we have an ideology; we support those people who have a right to fight against foreign invasion. If someone decided to go, I would support him," says Hafeez Fazal Mohammed Barech, Quetta president of Jamiat Ulema-e Islam, a hard-line Islamist party. His remarks seem to be typical of the Pashtuns living in Quetta, who constitute a majority of the city's 2 million residents. Mr. Barech, however, denied that madrassahs like his organization's provide militant training.

Around dinner tables and in drawing rooms, many residents of Quetta suggest that theirs is becoming a captured city. "The whole of the city, by its attitude, is Talib," says Mr. Khan, the activist. "Their thinking, their culture, everything is like the Taliban."

$900,000 Paid To Army Reservists Who Deserted (NYT/AP)

By The Associated Press

The New York Times, August 29, 2006

WASHINGTON, Aug. 28 (AP) — The Pentagon has done little to recover about $900,000 mistakenly paid to 75 Army reservists who have not reported for duty since late 2001, Congressional investigators said in a report on Monday.

Fewer than two dozen of the deserters have surrendered or been arrested, the report said.

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The report by the Government Accountability Office details continuing problems with the military payroll system, which has been consistently criticized as convoluted and error-prone, with repeated instances of troops being overpaid or underpaid.

The number of improper payments and the money involved was probably significantly understated, the investigators said. The report said the Army and the Army National Guard and Reserve had acknowledged being unaware of the extent of the problem because there is no system to track such records.

The G.A.O. first reported the payment errors in 2004. It contacted Pentagon officials again this year to determine whether the money had been repaid or the deserters found.

A Pentagon spokesman, Brian Maka, said officials were still reviewing the report and its recommendations.

Congressional auditors identified 75 soldiers in the Army National Guard and Reserve designated as deserters for failing to report for duty when their units were called up after the Sept. 11 attacks and the wars in Afghanistan and Iraq. Of that number, arrest warrants were issued for 51. As of mid-May, 18 had been apprehended and 2 had surrendered.

Pentagon To Monitor Recruiters (AP)

By Martha Mendoza

AP, August 28, 2006

The Defense Department has announced it will closely monitor military recruiters and their commanders in light of two investigations — one by the government, the other by The Associated Press — that found increased levels of recruiter misconduct.

"Through this monitoring we are going to evaluate a command's ability to control, or eliminate, misconduct by military recruiters as well as the actions taken by commands towards those recruiters found to have violated the code of conduct with potential recruits," said Defense Department spokesman Maj. Sean Upton.

Upton said the monitoring will last five to 10 months and that once the Defense Department has enough data and can confirm its integrity, officials will consider changes in policy.

Last week the AP reported that one out of 200 frontline military recruiters — the ones who deal directly with young people — was disciplined for sexual misconduct in 2005. The cases ranged from fraternization to forcible rape. Earlier, the Government Accountability Office released a report that showed overall wrongdoing by military recruiters increased from just over 400 cases in 2004 to 630 cases in 2005.

Reaction was swift — at the Pentagon, on Capital Hill and in some small towns where the story resonated with victims.

"The high rate of sexual misconduct by military recruiters confirms what students and parents have been saying for years military recruiters should not be given unlimited access to high school and college campuses," said Rep. Pete Stark, D-Calif.

Stark said the Pentagon's monitoring proposal doesn't go far enough.

"After three GAO reports and an AP investigation into widespread violations, the military should take concrete action to prevent sexual misconduct, not merely bean-count violations."

Several members of the House Armed Services Committee, including the ranking Democrat Rep. Ike Skelton, have called for a new policy that would restrict recruiters from being alone with young women and tougher penalties on those who break the rules.

Several advocacy groups said the crux of the problem is that recruiters are allowed to be alone with the prospective enlistees in closed door meetings, government cars and elsewhere.

Olga Vives, executive vice president of the National Organization for Women, said she was appalled by the reports. She called for the Defense Department to make significant changes.

Elaine Donnelly, president of the Center for Military Readiness, a group that studies military policies, said consensual but exploitive sex with young women must be discouraged "with firmly enforced rules against military recruiters being alone with civilian girls."

A 19-year-old criminal justice student in Washingtonville, N.Y., was shocked to pick up a newspaper last week and see an AP photograph of the man who raped her three years ago, crying.

"As if everyone should feel sorry for him," she said.

He was Shedrick Hamilton, a 37-year-old former Marine Corps recruiter, serving a 15-month sentence for third-degree rape.

His victim, who spent a year in therapy, said the photo shook her deeply. What he said in an AP interview outraged her: He said he raped her only after she enticed him as a prank.

"Those are lies," said the young woman, who was a 16-year-old high school sophomore at the time.

She said Hamilton preyed on her for months, warning her that no one would believe her if she tried to report him.

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Unlike members of Congress or advocacy groups, the young woman was not surprised that she was one of more than 100 substantiated victims of military recruiters in 2005.

In college now, she is training to become a police officer.

"I'm not letting him put me down," she said. "I'm not letting him destroy my life."

CORPORATE SCANDALS:

Prudential Settles Allegations For $600M (USAT)

By Greg Farrell

USA Today, August 29, 2006

In one of the largest settlements to date of a case involving market-timing abuses that defrauded mutual funds and their investors, Prudential Securities agreed Monday to pay $600 million in penalties and fines to government regulators.

The settlement concludes a three-year investigation into allegations that Prudential allowed its brokers to engage in market timing, even when the mutual funds targeted by Prudential's brokers explicitly told the company that the practice was unacceptable.

Of the $600 million, $270 million will go to the Securities and Exchange Commission, which will distribute the funds to investors hurt by Prudential's actions. An additional $325 million in criminal penalties will go to the Justice Department, and a $5 million civil penalty will be paid to the Massachusetts Securities Division.

Market timing involves the frequent buying and selling of mutual fund shares to take advantage of short-term market moves up or down, and, frequently, differences in closing times and prices in markets abroad. Because the goal of most mutual fund managers is to maximize returns for long-term, “buy and hold” investors, such short-term buying and selling hurts the fund's performance.

According to the settlement reached Monday, managers at Prudential's brokerage operations (subsequently acquired by Wachovia) ignored frequent complaints from mutual fund companies that their brokers were flouting rules against market timing.

In a statement, Arthur Ryan, CEO of Prudential Financial, said, “We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems.”

In the past two years, two former brokers and a manager in Prudential's Boston office have pleaded guilty to criminal charges stemming from market-timing activities.

In a related development Monday, the SEC brought civil charges against four former Prudential employees, accusing them of deceiving the mutual funds about the identities of hedge funds that wanted to engage in market timing.

Three of the four men, Frederick O'Meally, Jason Ginder and Michael Silver, were New York-area managers for Prudential. The fourth, Brian Corbett, was an assistant. All four were terminated or left the company after the market-timing investigations began.

According to the SEC, when a mutual fund identified a Prudential customer as a known market-timer and stopped accepting orders on behalf of that client, the four men went to extraordinary lengths to disguise the client's identity. These clients, a series of hedge funds that paid Prudential handsomely for its services, were thus able to keep doing market-timing trades against the mutual funds' managers wishes.

Peter Fleming, an attorney for O'Meally, said he was disturbed by the SEC charges, especially because the commission never gave him a so-called Wells notice, allowing him the opportunity to argue on behalf of his client before charges were filed.

Prudential Will Pay $600 Million (WSJ)

By Siobhan Hughes

The Wall Street Journal, August 29, 2006

Prudential Financial Inc.'s securities unit agreed, as expected, to pay $600 million in penalties to settle allegations that former Prudential brokers helped favored clients make improper "market timing" mutual-fund trades dating back to 1999, according to a settlement outlined by federal and state regulators.

The Justice Department said Prudential Equity Group LLC admitted to criminal wrongdoing under a deferred-prosecution agreement that will last five years. Under the agreement, Prudential Equity will cooperate with federal prosecutors in their continuing investigation and will maintain policies to ensure it follows rules.

"This is a great victory for the investing public," said Paul McNulty, U.S. deputy attorney general. "The deceptive trading practices at Prudential were compromising the integrity of many mutual funds."

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The penalties are among the largest to stem from the government's three-year probe of abusive mutual-fund trades. In 2004 Bank of America Corp. agreed to a $675 million settlement. The practice of repeated in-and-out mutual-fund trades isn't necessarily illegal but may run afoul of securities laws if fund prospectuses specifically discourage such trades. Market timing is considered harmful because it shifts transaction and other costs to investors who buy and hold fund shares.

As part of the $600 million settlement, $270 million will be paid into a Securities and Exchange Commission fund used to reimburse harmed investors. There also is a $300 million criminal penalty, a $25 million penalty to be paid to a consumer-fraud fund and a $5 million civil penalty to Massachusetts, the Justice Department said.

Prudential Equity Group has reserved sufficient funds to cover these payments.

"We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems," said Arthur Ryan, chief executive of Prudential Financial, the Newark, N.J. financial-services and insurance company.

Mr. Ryan also said the "settlement represents our desire to do the right thing and to put this matter behind us, which we believe is in the best interests of our customers, shareholders and employees."

The Justice Department said that from 2001 to 2003 alone, Prudential brokers generated $57 million in commission revenue, with illicit profits to the brokers' clients in excess of $100 million.

Prosecutors said the settlement took three years to reach in part because ownership of the Prudential unit changed. In July 2003, Wachovia Corp. and Prudential Financial combined their retail-brokerage units to form Wachovia Securities LLC. Prudential Equity Group is what remained of Prudential Securities when the retail unit was combined with Wachovia's unit. Prudential Equity retained liability for the market-timing activities at issue in the investigations.

The other groups included in the $600 million settlement with Prudential Equity are the National Association of Securities Dealers; NYSE Regulation Inc., which regulates New York Stock Exchange members; the New York attorney general's office; the New Jersey Bureau of Securities; and the Massachusetts securities division.

In a separate action, the SEC filed charges against four more former Prudential brokers in addition to the five it sued in November 2003. The four are Frederick O'Meally, Jason Ginder, Michael Silver and Brian Corbett.

An attorney for Mr. Silver declined to comment. C. Evan Stewart, an attorney for Mr. Ginder, said his client will fight the charges. Peter Fleming, an attorney for Mr. O'Meally, said his client never received a so-called Wells notice, which gives individuals a chance to respond to planned SEC charges. Mr. Corbett's lawyer couldn't be reached.

So far, the SEC has brought dozens of cases involving abusive mutual-fund trading and has collected more than $3 billion for distribution to harmed funds and investors, SEC enforcement director Linda Thomsen said.

Prudential To Pay Fine In Trading (NYT)

By Landon Thomas Jr.

The New York Times, August 29, 2006

Prudential Financial, the life insurance company, agreed yesterday to pay $600 million to settle charges with federal and state regulators that one of its units engaged in inappropriate mutual fund trading.

The payment, the second-largest levied against a financial institution over the practice, may bring to a close a three-year investigation into the improper trading of mutual funds that has ensnared some of the largest names on Wall Street and the mutual fund industry.

The settlement with the Justice Department, which covers trades totaling more than $2.5 billion made from 1999 to 2000, is also the first in the market timing scandal in which an institution has admitted to criminal wrongdoing.

Such a concession by Prudential, part of a deferred prosecution agreement that will last five years, underscores the extent to which the improper trading practices were not only widespread at Prudential Securities, but also condoned by its top executives, despite repeated complaints from the mutual fund companies.

“The deceptive trading practices at Prudential were compromising the integrity of many mutual funds,” Paul J. McNulty, the deputy United States attorney general, said yesterday in a statement. “Investors were dealt a bad hand by corporate con men who stacked the deck against them.”

As part of the settlement, Prudential agreed to cooperate in the investigation and to make periodic reports on its compliance to the government.

The infractions occurred at Prudential Securities, now called the Prudential Equity Group, then the brokerage division of Prudential. In July 2003, Prudential Financial transferred the assets in the unit to a newly formed joint venture owned by itself and Wachovia, currently called Wachovia Securities.

Market timing itself, which involves rapid-fire trading of mutual fund shares so as to capture price inefficiencies, is not illegal. The practice is discouraged by most major fund companies, however, as it can hurt shareholders by adding to costs and disrupting investment portfolios.

Since the investigation into market timing became public in the fall of 2003, regulators have imposed more than $4 billion in fines and penalties, including $675 million paid by Bank of America in March 2004 and $600 million by AllianceBernstein in 2003. Bear Stearns paid $250 million earlier this year to the Securities and Exchange Commission to settle charges that it facilitated improper fund trades for its clients. The firms did not admit or deny any wrongdoing.

The complaint against Prudential focuses on four brokers in the firm's New York City offices. According to regulators, the four men concocted an elaborate scheme to facilitate as many as a thousand transactions a day for their hedge fund clients by going to great lengths to disguise the origins of the trades. The business was very profitable for Prudential and the brokers reaped the rewards, the complaint said. Frederick J. O'Meally, the team leader, was paid $4.7 million from 2001 to 2003, making him the top-producing broker at Prudential during this time.

"We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems," said Arthur F. Ryan, the chief executive of Prudential Financial, in a statement.

Regulators charged that senior executives at Prudential Securities were aware of aggressive trading practices but did not move strongly enough to rein their brokers in.

According to the complaint, the brokers used more than 750 different account names to cloak the aggressive trading of their hedge fund clients, which included Millennium Partners and Canary Capital Partners, two funds that were among the most active market timers. They focused on as many as 25 mutual funds, including Putnam, Janus and Fidelity. Both Millennium Partners and Canary Capital Partners have reached settlements with regulators.

The complaint against Prudential said that the mutual funds did all that they could to put a halt to the trades, from screening transactions of large amounts put through by the same broker, to banning certain accounts from trading.

"We need this business shut off at the rep level," an executive at Franklin Templeton wrote in an e-mail message to his counterpart at Prudential, in discussing Mr. O'Meally's trading. "We don't want any business from him regardless of the account."

But the Prudential brokers were not to be deterred, the complaint said, and they circumvented these measures by creating more accounts and splitting up the sizes of trades.

"Your last trades were for almost $500,000 each," Michael L. Silver, one of the brokers involved, advised a client in an e-mail message, according to the complaint. "Let's use two funds per account for $250,000 each to hide better!"

On another occasion, Mr. Silver told a client that he was moving funds to another account. "This will buy us extra time to trade at Pilgrim," he wrote. "I don't know how long, but it will help."

In addition to Mr. O'Meally, 45, and Mr. Silver, 35, two other brokers were named in the complaint, Brian P. Corbett, 34, and Jason N. Ginder, 42. All four men have either been fired or have resigned from Prudential.

The four have been sued by the S.E.C and face the prospect of fines, the return of ill-gotten gains and a possible ban from the industry. They could not be reached for comment.

The settlement against Prudential is also the latest to use deferred prosecution — an increasingly common tactic among prosecutors in white-collar cases. A year ago, the accounting firm KPMG avoided indictment and reached a $456 million deferred-prosecution agreement over its role in the development of questionable tax shelters.

And early this month, prosecutors agreed to drop obstruction charges against the investment banker Frank P. Quattrone as long as he does not violate any laws within a year.

Prudential To Pay $600 Million To Avoid Fund Trial (WP)

By Brooke A. Masters And Carrie Johnson

The Washington Post, August 29, 2006

A subsidiary of insurance giant Prudential Financial Inc. agreed yesterday to pay $600 million in fines and restitution to avoid being prosecuted on charges that it helped favored customers make improper mutual fund trades.

The settlement is one of the last and biggest to stem from the 2003 mutual fund scandal uncovered by New York Attorney General Eliot L. Spitzer and the first to include federal criminal charges.

Spitzer's revelations that mutual fund firms had cut secret deals with big investors known as hedge funds shook the $9.3 trillion industry and sparked a host of investigations. Over the past three years, the Securities and Exchange Commission has brought more than 90 civil cases involving market timing and late-trading abuses and has collected more than $3 billion that will be returned to investors, SEC enforcement director Linda Chatman Thomsen said at a news conference announcing the Prudential settlement.

Prudential's brokerage subsidiary, now known as Prudential Equity Group LLC, admitted criminal wrongdoing, but prosecutors agreed to drop the charges if the firm stayed out of trouble for five years. The company said it had set aside sufficient reserves to cover the $600 million payment, but the size is significant. Prudential's financial services businesses reported a second-quarter profit of $424 million.

Three former employees of Prudential's Boston office also pleaded guilty to federal criminal charges of inventing identities and accounts to help customers circumvent rules against market timing -- industry slang for rapid in-and-out investments in mutual funds. Prudential's management received more than 1,000 letters and e-mails complaining about the improper trades but failed to address the problem or discipline the brokers involved, Thomsen said.

Market timers exploit the fact that mutual funds are priced once a day. They buy a fund when they think the constantly fluctuating value of its underlying stocks is greater than the once-a-day price reflects and then sell it a few days later.

Many fund companies forbid the practice because the rapid turnover cuts into long-term returns by forcing managers to keep more of their funds' assets in cash and also because the rapid turnover can make it hard to stay focused on an investment strategy.

The payment is the largest by a single company to resolve market-timing charges, Deputy U.S. Attorney General Paul J. McNulty said. In 2004, Bank of America Corp. agreed to pay $675 million, including fee cuts, to settle allegations of improper market timing and illegal after-hours trades, but that settlement also covered allegations against FleetBoston Financial Corp., with which it had just merged.

McNulty said the Prudential scheme was particularly egregious because mutual fund investments, the main way Americans save for retirement and education, "have become a necessity" and "represent a large portion of the life savings of the average American."

Under the terms of the deal, Prudential Financial will be required to make periodic reports about its compliance with securities regulation to its audit committee and to Michael J. Sullivan, the U.S. attorney in Boston, who said yesterday that the deceptive practices "undermined the integrity and utility of the automated, standardized mutual fund trading system."

Of the $600 million payment, $300 million will go to the U.S. Treasury; $270 million will go into a fund controlled by the SEC and ultimately will be returned to investors; $25 million will go into a Postal Inspection Service consumer fraud fund; and $5 million will go to Massachusetts, which took a lead role in bringing the case against Prudential in 2003.

The settlement "points up the importance of scrutiny of the industry," said Massachusetts Secretary of the Commonwealth William F. Galvin. "This was pretty notorious."

Prudential chairman and chief executive Arthur F. Ryan said in a statement, "we take these matters very seriously and regret the conduct of some former employees that led to this problem."

Between 1999 and June 2003, authorities said, Prudential brokers used false accounts and phony identities to help their hedge fund clients evade detection by the mutual fund companies that were trying to crack down on the frequent trades.

The brokers used more than 750 customer accounts to process transactions, including more than 100 for one client alone, securities regulators said. At least two dozen brokers at Prudential took part in the scheme, which reaped $57 million in commissions for the company between 2001 and 2003. The hedge fund clients profited by more than $100 million during that period, according to court papers.

SEC officials also filed a separate, civil lawsuit against four former Prudential brokers in federal district court in New York yesterday. A related market-timing case against six other onetime Prudential employees was lodged nearly three years ago.

Law enforcement authorities said the criminal investigation continues into other unnamed people and entities that may have taken part in the abusive practices. Thomsen said the agency "still has some matters in the hopper." Still, she said, "my view is we will see far less of this conduct on an ongoing basis."

Deferred prosecution arrangements such as the one Prudential agreed to have become increasingly common, as regulators and prosecutors have sought to punish corporate wrongdoing that involves more than just a few individuals. Since accounting firm Arthur Andersen's 2002 indictment and subsequent collapse, prosecutors have been reluctant to press charges against large public companies for fear of putting them out of business. This is the second time Prudential has struck a deferred prosecution deal: In 1994, it paid $330 million in restitution to avoid prosecution on charges of defrauding 100,000 investors through the sale of limited partnerships.

"It's great to see the government stepping up and getting substantial settlement sums," said James D. Cox, a professor at Duke University School of Law. "The problem in these cases is, the wrongdoing is clear, but it's very impressionistic what the damages are. The task for government regulators is, at what level does it say 'ouch' with enough force? I think $600 million comes close to a very loud 'ouch.' "

Cox pointed out that courts have been reluctant to allow investors to proceed with private lawsuits stemming from after-market trading practices. That makes regulatory action all the more important, he said.

"It's really heartening to see government doing what government ought to do . . . which is step up and take ill-gotten gains from those who have misbehaved."

Prudential Unit To Pay $600M In Fines (AP)

By Michael J. Sniffen, Associated Press Writer

AP, August 29, 2006

WASHINGTON --Prudential's brokerage subsidiary agreed Monday to pay $600 million in fines and restitution for deceptive market timing in trading mutual fund shares for wealthy clients.

The settlement with the Justice Department is one of the largest resulting from a broad probe of market timing using computerized stock sales that has rocked the fund industry for the past three years. In 2004, Bank of America Corp. agreed to a $675 million deal.

Prudential's brokerage subsidiary, Prudential Equity Group., LLC, admitted to criminal wrongdoing from 1999 until September 2003 and agreed to pay the $600 million. The department agreed to withhold filing a charge of securities fraud if PEG and its parent, Prudential Financial, Inc., honor a pair of agreements for five years.

At least two dozen brokers at PEG or its predecessor, Prudential Securities, Inc., generated $57 million worth of commissions and more than $100 million in illicit profits for their clients just during 2001-2003, the government said.

It said thousands of computerized late market trades were generated on behalf of 15 Prudential clients, almost all of them hedge funds. These small, highly speculative funds typically require their wealthy clients to invest a minimum of $250,000 to more than $1 million.

"This is a major victory," particularly for small investors, Deputy Attorney General Paul McNulty told a news conference. "Mutual fund shares now represent a large portion of the life savings of the average American."

Of the $600 million, $270 million will go to a fund administered by the Securities and Exchange Commission to compensate the victims.

Prudential Financial Inc., entered a separate agreement with the department. The parent agreed to cooperate in ongoing investigation of individuals and entities, to maintain policies and procedures to ensure its affiliated entities obey the law and to report regularly to the government on those policies.

"We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems," Prudential Chairman and CEO Arthur F. Ryan said in a statement. "We have strengthened our compliance programs. Prudential cooperated with the authorities throughout the process. This settlement represents our desire to do the right thing."

Securities and Exchange Commission enforcement director Linda Thomsen said the victimized mutual funds sent more than 1,000 letters and e-mails to senior managers at Prudential Securities complaining about the tactics.

The funds tried to block trading by these suspect brokers, but the government said the brokers created hundreds of broker numbers and false customer accounts to make it appear that trades for a few clients were coming from many more unrelated clients. One broker opened 300 accounts for a single client.

Some funds even dropped out of the automated trading system because of this conduct, said U.S. Attorney Michael Sullivan of Boston.

Prudential failed to discipline these brokers even when senior managers were aware of their misconduct, McNulty said. But he said the department opted for a deferred prosecution agreement because the ownership and management of Prudential's brokerage unit had changed since 2003 and the company had taken some remedial steps on its own.

Sullivan said, "The deceptive conduct here allowed brokers and their hedge fund clients to reap millions of dollars in commissions and trading profits while harming the investment return of the average long-term mutual fund shareholders."

Market timing is the use of computerized trades late in the day to move money in and out of funds quickly, taking advantage of different closing times for markets around the world. The value of funds on an exchange is calculated once a day. Traders can buy shares at a price set by one exchange that does not reflect favorable developments after that market's close and then sell them for the higher price later set by other markets.

Most funds forbid this because it takes part of the gain from long-term investors, who are typically less wealthy than hedge fund investors.

Thomsen said the SEC has brought nearly 90 civil cases against the practice and obtained more than $3 billion to distribute to victims.

Two former brokers and a manager in Prudential's Boston office have pleaded guilty to various wire and securities fraud charges. The government said similar activity occurred in the New York branch and headquarters offices.

McNulty declined to say whether any hedge fund managers or investors were among the individuals still under investigation.

Thomsen said the SEC filed civil actions Monday against four more former brokers.

The rest of Prudential's payment includes a $325 million criminal penalty -- $300 million to the U.S. Treasury and $25 million to the U.S. Postal Inspection Service's Consumer Fraud Fund, to help deter future frauds -- and a $5 million civil penalty to the state of Massachusetts.

Prudential Equity Group also was censured by New York Stock Exchange regulators.

Prudential Agrees To Pay $600 Million For Deceptive Market-timing Trading (BOS)

By Chris Reidy, Globe Staff

The Boston Globe, August 29, 2006

The Justice Department said today that Prudential Financial Inc. has agreed to pay $600 million in fines, restitution, and penalties for deceptive market timing trading in mutual fund shares, one of the largest resolutions ever of a market-timing case.

The settlement followed probes by various regulators that included charges that some former brokers in Prudential's Boston office used fake identities and deceptive tactics to make millions of dollars of market-timing trades that defrauded dozens of mutual fund firms.

As part of the agreement, Massachusetts Secretary of State William F. Galvin levied a $5 million penalty on Prudential.

"Market timing violated Prudential's internal controls, but no one stopped it," Galvin said.

Since New York Attorney General Eliot Spitzer accused four firms in September 2003 of allowing improper trading, US regulators have reached civil settlements with more than two dozen mutual fund and brokerage companies, and over 30 former executives. Total penalties will now exceed $5 billion.

Prudential will pay $270 million in restitution, a $300 million criminal penalty, a $5 million civil penalty, and $25 million to a fraud fund.

Two former brokers at Prudential Securities, which was sold to Wachovia Corp. in 2003, pleaded guilty to federal fraud charges last year after prosecutors said they used fake identities to skirt controls and make fraudulent trades on behalf of favored clients.

The biggest market timing settlements have been Bank of America Corp.'s $675 million accord in 2004 and a $600 million agreement by AllianceBernstein LP in 2003. Both companies settled with the SEC and Spitzer. Bank of America's settlement included payments by FleetBoston Financial Corp., which it bought in April 2004.

"We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems, " Prudential chairman and chief executive Arthur F. Ryan said in a statement. "We have strengthened our compliance programs. Prudential cooperated with the authorities throughout the process. This settlement represents our desire to do the right thing."

The discovery of widespread market timing triggered a scandal as state and federal regulators filed a wave of lawsuits in late 2003. Before Prudential's settlement, 15 firms had reached settlements totaling more than $3.5 billion.

The Prudential settlement stems from civil charges filed about three years ago. The lawsuit alleged that five former Prudential Securities brokers and their branch manager in Boston helped sophisticated investors make more than $1.3 billion of market-timing trades in mutual-fund shares. The suit alleged that this rapid trading raised expenses and lowered returns to shareholders of more than 50 fund families.

Market timing is the use of quick trades to move money in and out of funds quickly, often taking advantage of different closing times for markets around the world. Most funds have policies forbidding it because heavy fund-share trading typically dilutes the profits of longer-term shareholders in the fund.

Authorities have alleged that Prudential's Boston-based brokers created fake accounts and changed account numbers to help mask the rapid trading by lucrative hedge-fund clients after certain mutual funds had blocked them or their customers from such trades.

Two of the Boston office's former brokers, Martin Druffner and Skifter Ajro, pleaded guilty last year to wire and securities fraud counts. Their former branch office manager, Robert E. Shannon, pleaded guilty to aiding and abetting securities fraud.

Shannon, a 54-year-old former Brookline, Mass., resident now living in Maryland, resigned in 2003. Prudential's Boston office is now jointly owned by Wachovia Securities LLC and Prudential Financial Inc.

Prosecutors said Druffner began making fraudulent trades in 1999, before other Boston-based Prudential brokers working with him allegedly joined the scheme on behalf of seven hedge-fund clients. Prosecutors said trading continued through October 2003, when the group left the company just as disclosures about market timing and other trading abuses were ensnaring much of the mutual fund industry.

A civil complaint by the Securities and Exchange Commission alleges participants received nearly $5 million in gross commissions in 2002 alone.

Material from Globe wire services was used in this report.

Prudential To Pay $600 Million To Settle Fund Probes (Update2) (BLOOM)

By Josh P. Hamilton And Robert Schmidt

Bloomberg, August 29, 2006

Aug. 28 (Bloomberg) -- Prudential Financial Inc., the second-largest U.S. life insurer, agreed to pay $600 million to settle investigations of improper mutual fund trading and avoid criminal prosecution of one of its units.

The payments are part of a so-called deferred prosecution agreement between a unit of Newark, New Jersey-based Prudential and the U.S. Justice Department, Deputy Attorney General Paul McNulty said today. The U.S. Securities and Exchange Commission also sued four former Prudential brokers in New York.

Prudential is the first company to settle under threat of criminal prosecution since New York Attorney General Eliot Spitzer launched an investigation of the mutual fund industry in September 2003. Prosecutors say Prudential allowed Boston-based brokers to make trades that benefited hedge fund clients at the expense of long-term mutual fund investors.

``On multiple occasions, the brokers' deceptive conduct came to the attention of senior management," McNulty said. Managers ``failed to stop the activity," he said.

U.S. regulators investigating market timing have reached civil settlements with more than two dozen mutual fund and brokerage companies, and over 30 former executives. Total penalties now exceed $5 billion. In addition to the four former Prudential brokers sued today, five others were sued in 2003.

In-And-Out

Prosecutors said Prudential Securities failed to prevent its brokers from engaging in excessive in-and-out trading that raises a fund's transaction costs and reduces gains for long- term holders. The brokers were able to conduct the trades using multiple accounts and multiple identities, prosecutors said.

The improper trading generated more than $50 million in commissions for brokers and more than $100 million in profits for hedge fund clients, McNulty said.

Senior Prudential officials failed to act on more than 1,000 emails and letters from mutual fund companies complaining about deceptive practices by the Boston brokers, said Linda Thomsen, the SEC's director of enforcement.

Prudential will pay $270 million in restitution, a $300 million criminal penalty, a $5 million civil penalty, and $25 million to a Postal Inspector fraud fund, the largest total payment from a single company since the probe began.

``We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems," Prudential Chief Executive Officer Arthur Ryan said in a statement.

Sufficient Reserves

Prudential has set aside at least $900 million for settlement and litigation costs since 2003. The company said its reserves were sufficient for the settlement.

Prudential sold its brokerage to Wachovia Corp. in 2003, four months after Prudential received a subpoena from Spitzer. In a cashless transaction, Wachovia combined Prudential Securities with its own brokerage, giving Prudential Financial a 38 percent stake in the new entity. Prudential Equity Group, the unit involved in today's settlement, retained liability for the market timing probes.

Of the five former Prudential brokers sued by the SEC in 2003, two of them, Martin Druffner and Skifter Ajro, pleaded guilty to federal criminal charges of wire and securities fraud. They haven't been sentenced. The four brokers sued today are: Frederick J. O'Meally, Jason N. Ginder, Michael L. Silver, and Brian P. Corbett.

Biggest Settlements

The biggest market timing settlements to date have been Bank of America Corp.'s $675 million accord in 2004 and a $600 million agreement by AllianceBernstein LP in 2003. Both companies settled with the SEC and Spitzer. Bank of America's settlement included payments by FleetBoston Financial Corp., which it bought in April 2004.

Prudential had a previous brush with criminal charges. In 1994, federal prosecutors accused the company of fraud in connection with the sale of investments in oil and gas partnerships. Under a deferred prosecution agreement, the Justice Department agreed to hold off on pressing charges on the condition that the company acknowledge wrongdoing, pay restitution and improve its regulatory compliance.

In addition to the Justice Department, today's agreement settles probes by the SEC, the NASD, the New York Stock Exchange, the New Jersey Bureau of Securities, the Secretary of the Commonwealth of Massachusetts, and Spitzer's office.

The three-year investigation has gone a long way toward stopping improper trading at mutual funds, the SEC's Thomsen said.

``I think the industry has noticed what we're doing," she said. ``My hope and expectation is we will see far less of this kind of conduct going forward."

To contact the reporters on this story: Robert Schmidt in Washington at rschmidt@bloomberg.net ; Josh P. Hamilton in New York at jphamilton@bloomberg.net

Record $600m Fine For Timing Fraud (FT)

By Stephanie Kirchgaessner In Washington And Rebecca Knight In,boston

Financial Times, August 29, 2006

Prudential Financial, one of the largest US life assurers, has admitted that it engaged in a scheme to defraud mutual funds and their shareholders on behalf of hedge fund clients.

It also agreed to pay a $600m fine as part of a deferred prosecution agreement announced yesterday. The Justice Department said the fine marked the biggest settlement to date in the elaborate scandal first unveiled three years ago by New York attorney-general Eliot Spitzer.

That saw a number of companies in the mutual fund industry accused of abusing rules over the timing of market trades to generate profits for clients and hefty commissions for brokers.

The Justice Department said yesterday that senior managers at Prudential Securities - a former subsidiary of Prudential Equity Group now jointly owned with Wachovia - had repeatedly been made aware of the deceptive practices of some brokers, but had ignored the warnings and continued to issue the brokers with new client accounts.

The scheme, which dated back to 1999 and continued until 2003, generated $100m in profits for seven of the brokerage's clients and more than $50m in ill-gotten commissions, the DoJ said.

Three executives have pleaded guilty over their role and prosecutors said yesterday that their criminal investigation into the conduct of other individuals and entities was continuing.

Deputy attorney-general Paul McNulty declined to comment on whether the hedge fund clients who had benefited from illicit trading knew of the scheme.

Prudential has taken charges to build up a reserve to pay for estimated settlement costs; according to analysts the $600m settlement approximates to the reserve.

Prudential will pay $270m to the Securities and Exchange Commission, $300m to the US Treasury, $25m to the US Postal Inspection Service and $5m to the state of Massachusetts.

Prudential Ordered To Pay 600 Mln Dlr Fine To Settle Trading Probe (AFP-Y)

AFP, August 29, 2006

US life insurer Prudential Financial has been ordered to pay a 600 million dollar fine by the government after some of its brokers engaged in fraudulent trading of mutual fund shares, prosecutors said.

Government officials said the fine was the largest ever in a "market timing" case, where Prudential brokers rammed through thousands of share orders as the stock market closed in a bid to reap improper profits and commissions.

The New Jersey-headquartered company's chief executive, Arthur Ryan, said Prudential regretted the brokers' behaviour and that it had since bolstered its compliance programs.

The Prudential brokers used an automated mutual fund trading system to defeat efforts by mutual funds to block their last-minute share orders.

Regulators said the company's Prudential Equity Group "has admitted to criminal wrongdoing in connection with deceptive market timing trading in mutual fund shares dating back to 1999."

"This is a great victory for the investing public," US deputy attorney general Paul McNulty said in a statement.

Prudential was ordered to pay the large fine following a probe by the Justice Department, the Securities and Exchange Commission and Massachusetts state regulators.

Under a settlement deal, Prudential will pay a 325 million dollar criminal penalty to the government, as well as paying 270 million to compensate those harmed by the fraud, and a five million dollar civil penalty to the Massachusetts authorities.

The government probe, however, is still ongoing and the company has agreed to abide to a variety of terms and conditions over the next five years under which its general counsel will have to report periodically to the government on its new compliance measures.

The Justice Department said in a statement that from 1999 through to June 2003, several Prudential brokers "engaged in a scheme to defraud mutual funds and their shareholders by using deceptive practices to place thousands of prohibited market timing trades."

Officials said many of the trades were placed by the brokers on the behalf of hedge funds.

SEC officials said Prudential managers had received "hundreds of notices" from mutual fund companies that complained about the brokers' conduct, but that Prudential "failed to curtail their deceptive market timing practices."

"We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems," Prudential chief executive Arthur Ryan said in a statement.

"This settlement represents our desire to do the right thing and put this matter behind us," Ryan said.

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Three former Prudential brokers have pleaded guilty to fraudulent trading to date: Martin Druffner, Skifter Ajro and Robert Shannon.

The SEC said it had filed civil actions against five other former Prudential employees following the launching of legal cases against six other former workers.

The company is one of America's largest life insurance firms with 568 billion dollars under management as of June 30.

Prudential To Pay $600M In Market-timing Settlement (MRKTWTCH)

By Alistair Barr & Robert Schroeder

Market Watch, August 29, 2006

Brokerage unit admits criminal wrongdoing, DOJ says

WASHINGTON (MarketWatch) -- Prudential Financial Inc.'s brokerage unit agreed on Monday to pay $600 million to settle charges that former employees defrauded mutual fund investors by helping clients rapidly trade funds.

The payment -- the largest market-timing settlement involving a single firm -- ends civil and criminal probes and allegations by the Department of Justice, the Securities and Exchange Commission and several other regulators including New York Attorney General Eliot Spitzer.

Prudential Equity Group, a subsidiary of Prudential Financial (PRU: news, board) , admitted criminal wrongdoing as part of its agreement with the Justice Department. Prudential Equity Group was formerly known as Prudential Securities.

"This resolution goes a long way in restoring the public trust," Deputy Attorney General Paul McNulty told reporters at the Justice Department.

Prudential will pay $270 million to victims of the fraud, a $300 million criminal penalty to the U.S. government, a $25 million fine to the U.S. Postal Inspection Service and a $5 million civil penalty to the state of Massachusetts, according to the Justice Department.

"We take these matters very seriously and deeply regret the conduct of some former employees that led to these problems," Prudential Chief Executive Arthur Ryan said in a statement. "We have strengthened our compliance programs."

Prudential shares climbed 1.1% to close at $73.72 on Monday.

Federal and state authorities alleged that from 1999 through June 2003, a number of brokers at Prudential Securities deceptively placed thousands of prohibited market timing trades of mutual funds for their clients, who were usually hedge funds, the SEC and the DOJ explained in their statements on Monday.

By placing their trades in multiple accounts, often with multiple identities, the brokers were able to evade efforts by the mutual funds to block the market timing, the regulators said.

Market-timing isn't necessarily illegal. But most funds forbid it because heavy trading of fund shares often weakens profits for long-term fund shareholders. Market-timing involves quickly shifting large amounts of money in and out of a fund.

Mutual fund and financial-services companies, including Bank of America (BAC: news, board) , Alliance Capital (AB: news, board) and Amvescap (AVZ: news, board) division Invesco, have paid more than $3.5 billion in fines and disgorgement since the mutual fund market-timing schemes were uncovered by Spitzer and other regulators.

Prudential's $600 million payment has only been topped by Bank of America, which paid $675 million in a settlement that included FleetBoston, a bank it acquired in 2003. Alliance Capital, which is now called AllianceBernstein, paid $600 million.

Prudential has had expensive run-ins with regulators before. In the 1990s, the company paid billions of dollars to regulators and customers after life insurance sales violations and misleading investors about the risks of limited partnerships.

Three individuals from the Boston branch of Prudential Equity Group have pleaded guilty to wire and securities fraud charges.

Also on Monday, the SEC filed civil charges in federal court against four other former Prudential Securities representatives.

Alistair Barr is a reporter for MarketWatch in San Francisco.

Robert Schroeder is a reporter for MarketWatch in Washington.

SunTrust Says S.E.C. Has Ended Its Inquiry (NYT)

By Bloomberg News

The New York Times, August 29, 2006

SunTrust Banks said yesterday that the Securities and Exchange Commission had completed an investigation into the company's 2004 financial statements and recommended no enforcement action.

SunTrust, based in Atlanta, said in January 2005 that the S.E.C. had issued subpoenas seeking documents related to accounting on its loan loss reserves. The investigation looked at the bank's restatement of its 2004 first- and second-quarter net income.

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SunTrust fired its chief credit officer and two other finance employees in November 2004 after an internal investigation found accounting mistakes that inflated how much the company had set aside for bad loans in the first half.

In trading yesterday, SunTrust shares gained 49 cents, to close at $77.19.

Lawsuit Filed By Grasso Is Dismissed (NYT)

By Jenny Anderson

The New York Times, August 29, 2006

A New York State judge has dismissed a lawsuit brought by the former chairman and chief executive of the New York Stock Exchange, Richard A. Grasso, against H. Carl McCall, a former Big Board director who once ran New York State's finances.

The lawsuit was part of the larger legal battle between the New York attorney general, Eliot Spitzer, and Mr. Grasso. Mr. Spitzer has accused the former exchange chief of receiving excessive and unreasonable compensation during his time running what was then a nonprofit exchange.

In his lawsuit, Mr. Grasso asserted that Mr. McCall, who was chairman of the compensation committee that approved a $190 million pay and retirement package, should be held responsible for some part of the compensation if the court deemed it unreasonable.

But Justice Charles E. Ramos of State Supreme Court in Manhattan dismissed Mr. Grasso's suit, stating that he had failed "to establish any special duty owed him by Mr. McCall, or any specific misrepresentations made by McCall."

In his 11-page decision, Justice Ramos wrote that Mr. McCall's only duty was to the board, not Mr. Grasso.

"Surprise, surprise," said William V. Wachtel, Mr. McCall's lawyer. "There's no factual or legal basis to blame Carl McCall for anything. I'm only sorry it took so long to prove it."

A lawyer for Mr. Grasso, Gerson Zwiefach, said he would appeal the decision. He declined to comment further.

Mr. Grasso was not planning on retiring when he took the money, which included his accrued retirement benefits. In the furor that arose after the disclosure of the pay in the summer of 2003, Mr. Grasso was forced to resign from the exchange.

In 2004, when Mr. Spitzer sued Mr. Grasso and Kenneth G. Langone, who led the Big Board's compensation committee in the years when Mr. Grasso's compensation rose significantly, critics of Mr. Spitzer accused him of letting Mr. McCall off the hook for political reasons: Mr. Spitzer is running for governor and Mr. McCall, a Democrat, had run unsuccessfully for the same position.

At the time, Mr. Spitzer said he had not sued Mr. McCall because he had drawn a distinction between those who were misled, including Mr. McCall, and those who, he said, did the misleading.

CRIMINAL LAW:

Ex-Colleague Says Armitage Was Source Of CIA Leak (WP)

By R. Jeffrey Smith

The Washington Post, August 29, 2006

The leak of information about an undercover CIA employee that provoked a special prosecutor's investigation of senior White House officials came from then-Deputy Secretary of State Richard L. Armitage, according to a former Armitage colleague at the department.

Armitage told newspaper columnist Robert D. Novak in the summer of 2003 that Valerie Plame, the wife of a prominent critic of the Iraq war, worked for the CIA, the colleague said. In October of that year, Armitage admitted to senior State Department officials that he had made the remark, which was based on a classified report he had read.

Novak collected what he considered to be a confirming comment from White House political strategist Karl Rove, then wrote a column in July 2003 that cited Plame's CIA employment as a reason to question the credentials of the critic, former U.S. ambassador Joseph C. Wilson IV.

In 2002, the CIA sent Wilson to Niger to determine whether Iraq was seeking nuclear material there. He subsequently accused the White House of distorting intelligence to justify the invasion of Iraq.

Novak's column set off a chain of events that culminated in the appointment of special prosecutor Patrick J. Fitzgerald and a grand jury's indictment of Vice President Cheney's chief of staff, I. Lewis "Scooter" Libby, for lying to investigators about his own conversations with reporters regarding Plame.

Fitzgerald has never commented on Armitage's role and has not brought charges against him.

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Armitage's role in the case -- which he confirmed to the FBI in 2003 and later described to Fitzgerald and to the grand jury, his colleague said yesterday -- raises questions about when the White House became aware of the origins of Novak's story. President Bush said as late as 2005 that he was eager to learn all the facts behind the leak.

The case's origin in a conversation between Novak and Armitage is one of Washington's worst-kept secrets. Neither Novak nor Armitage has confirmed it, however, leaving a measure of uncertainty until now. A story this weekend by Newsweek magazine was the first to cite confirming statements by former Armitage associates.

Armitage did not return a phone call to his office yesterday, but his former colleague, who spoke on the condition of anonymity, said Armitage had described disclosing Plame's employment to Novak in an offhand manner, virtually as gossip, at the end of a conversation in Armitage's office. Armitage did not know at the time that Plame's identity was considered secret information and senior State Department officials concluded he did "not do anything wrong" when they learned about it months later, the former colleague said.

Armitage and two officials he later briefed on his role -- State Department legal adviser William Howard Taft IV and Secretary of State Colin L. Powell -- each discussed the matter with the FBI and testified before the grand jury, the former colleague said. But Fitzgerald told Armitage in February that he would not be charged with a crime, he said.

Three weeks before Armitage spoke to Novak, he made a similar, offhand disclosure of Plame's employment to Washington Post Assistant Managing Editor Bob Woodward, the former colleague added. Armitage disclosed the conversation to Fitzgerald after Woodward reminded him of it in October 2005, and Woodward subsequently gave a deposition about the conversation.

"Of course, I have nothing to say about sources," Woodward said yesterday.

Armitage's involvement in the matter does not fit neatly into the assertions of Bush administration critics that Plame's employment was disclosed as part of a White House conspiracy to besmirch Wilson by suggesting his Niger trip stemmed from nepotism at the CIA. Wilson and Plame have sued top administration officials, alleging that the leak was meant as retaliation.

But Armitage, the source Novak had described obliquely as someone who is "not a political gunslinger," was by all accounts hardly a tool of White House political operatives. As the No. 2 official at the State Department from March 2001 to February 2005, Armitage was a prominent Republican appointee. But he also privately disagreed with the tone and style of White House policymaking on Iraq and other matters.

"Just because Armitage did this on his own, earlier, doesn't mean that there wasn't a White House conspiracy to 'out' Valerie [Plame] Wilson. We don't think it affects the case," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, the group pressing the lawsuit.

D.A. Drops Charges Against Karr (LAT)

By Stephanie Simon And Michael Muskal

The Los Angeles Times, August 29, 2006

BOULDER, Colo. — The murder case against John Mark Karr collapsed this afternoon when he was exonerated by a DNA test, but the man who was once the leading suspect in the JonBenet Ramsey tragedy will be returned to California to face child pornography charges, officials said.

In a fast-moving series of events throughout the afternoon, Boulder Dist. Atty. Mary T. Lacy, who had sought Karr's departure from Thailand and extradition from California, dropped all charges against the former teacher.

At a news conference in Thailand about 10 days ago, Karr, 41, told an international audience that he was present when Ramsay, a 6-year-old beauty pageant queen, was killed a decade ago.

"Because no evidence has developed, other than his own repeated admissions, to place Mr. Karr at the scene of the crime and, in particular, because his DNA does not match that found in the victim's blood in her underwear, the People would not be able to establish that Mr. Karr committed this crime despite his repeated insistence that he did," according to the motion to quash the arrest warrant.

Shortly after that decision, Boulder County Sheriff Joe Pelle said that Karr had been released from Colorado custody but was being held in the county jail for California authorities.

Karr is wanted in Sonoma County on an arrest warrant after he was charged with five counts of possessing child pornography in 2001, but fled.

Sonoma County Dist. Atty. Stephan Passalacqua said in a statement this afternoon: "We filed this case against Mr. Karr in 2001 and the same merits in proceeding with the case then still exist today."

The California charges stem from an investigation of the 1997 murder of 12-year-old Georgia Moses in Petaluma. Karr was investigated in that case but is no longer considered a "viable suspect," according to the Sonoma County sheriff's office.

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Passalacqua said in the statement that Karr's appearance in California is not expected until the first or second week of September.

Soon after Karr made his statements in Thailand there were suspicions that he was a self-aggrandizing publicity seeker and not the killer of the little girl whose over-dressed blond image has paraded across tabloid papers and cable stations.

Karr's family insisted that he was with them in Georgia and Alabama when the girl was killed during the Christmas holidays of 1996.

In the court papers, Lacy said authorities found no evidence that Karr was in Boulder at the time of the slaying.

Lacy, in the papers, said Karr emerged as a suspect in April after he spent several years exchanging e-mails and later telephone calls with a Colorado professor. Karr, who used the alias Daxis, reportedly admitted responsibility for killing Ramsey.

According to court papers, Karr claimed to have killed Ramsey during sex and then tasted her blood. But officials at the Denver crime lab conducted DNA tests Friday and Ramsay's DNA failed to match the evidence.

"If Mr. Karr's account of his sexual involvement with the victim were accurate, it would have been highly likely that his saliva would have been mixed with the blood in the underwear," Lacy said in the court papers.

Defense attorney Seth Temin expressed outrage that Karr was even arrested.

"We're deeply distressed by the fact that they took this man and dragged him here from Bangkok, Thailand, with no forensic evidence confirming the allegations against him and no independent factors leading to a presumption he did anything wrong," Temin said.

The prosecution has always said it acted because it felt it had to because Karr had just taken a job as a second-grade teacher in Thailand.

Karr in Thailand had described an interest in several girls "in much the same terms that he had described his interest in JonBenet," Lacy wrote.

In her papers, Lacy stated that Karr had a "personal involvement with at least one of the girls he had previously identified as the target of his personal and sexual interest."

Lacy announced that she would hold a "panel discussion" with selected reporters Tuesday to discuss the case.

When reporters asked why the district attorney would not face the full press to answer questions, a court officer said: "You should be grateful that she is willing to do that."

From Thailand, Karr was lodged in the Los Angeles County Jail. Karr waived his rights last week and was sent to Boulder.

It was not known when he would be returned to California.

Simon reported from Boulder and Muskal from Los Angeles.

Karr Won't Be Charged In Death Of JonBenet (WP)

By Amy Goldstein And T.R. Reid

The Washington Post, August 29, 2006

BOULDER, Colo., Aug. 28 -- Prosecutors dropped their case against John Mark Karr in the decade-old killing of JonBenet Ramsey on Monday, abruptly ending a 12-day whirlwind that reached halfway around the globe and riveted public attention over whether the slaying of the child pageant star had at last been solved.

Less than two hours before a court hearing here in which the 41-year-old teacher was to have been charged with murder, the Boulder County district attorney announced that investigators had not gathered enough evidence against him. In court documents and a public statement, District Attorney Mary Lacy said that Karr's DNA did not match samples from the crime scene and that family members had provided "circumstantial evidence" that he was with them in Atlanta during Christmas in 1996, when the 6-year-old girl was killed.

At mid-afternoon, a sheriff's deputy went to Karr's cell in the Boulder jail and told him he was being released. The deputy began driving Karr to an undisclosed location in town, but turned around and brought him back to jail: Boulder Sheriff Joe Pelle said he had just received a teletype from law enforcement officials in Sonoma County, Calif., saying they wanted Karr transferred there. Karr faces an outstanding arrest warrant in Petaluma, Calif., on unrelated misdemeanor charges from 2001 of having child pornography on his computer.

Legal experts who have followed the Ramsey case over the years disagreed over whether the prosecutor had botched the investigation by arresting Karr. But both critics and defenders of the district attorney said the dramatic and confusing events of recent days may make it more difficult for prosecutors to win a conviction if a more compelling suspect is found.

Monday's tumultuous reversal came less than two weeks after Karr became the first person arrested on suspicion of killing JonBenet, who was found strangled in the basement of her family's home here. Karr was apprehended in Bangkok, where he had just started a job teaching second-graders at a private school. As Thai police led him through an immigration detention center past a crush of reporters, the suspect said he had loved JonBenet and had been with her when she died.

"No evidence has developed, other than his own repeated admissions . . . to establish that Mr. Karr committed this crime," District Attorney Mary Lacy told the court. Judge Roxanne Bailin then granted Lacy's motion to terminate the case against Karr.

On Monday, for the first time, the prosecutor disclosed more than 400 pages of e-mails spanning four years and transcripts of telephone conversations from June to Aug. 12 between Karr and a professor who has specialized in the case.

In the four years of e-mail correspondence with University of Colorado journalism professor Michael Tracey, Karr, who uses the alias "Daxis," details his obsession with JonBenet and what he describes as his sexual experiences with girls. Late this spring and early this summer his contact with Tracey increased, and he gave what he said were more specifics about JonBenet's death.

In the first phone call, Karr told Tracey he had engaged in sexual activity with JonBenet, whom he described as "an incredible little girl with maturity beyond her years."

In one e-mail in April, Karr asked Tracey to tell the girl's parents that "a person you feel strongly to be JonBenet's killer (I hate that term) wishes to speak to them, to explain what happened that night and to explain also that there was never any intention to kill her."

In this heavily politicized university town and around Colorado, politicians and legal experts were deeply divided over the sudden end to what had seemed a remarkable breakthrough in one of the nation's most notorious unsolved murders -- and whether the district attorney acted wisely in transporting Karr from Thailand.

In the days after the arrest, fragments of the suspect's past came to light that deepened the mystery of whether his avowals of his role in JonBenet's death were credible. Relatives and others who have known him depicted an intelligent but troubled man who was attracted to young girls and appeared obsessed with the Ramsey case.

When Karr was 19, he married a girl of 13 who filed for divorce a year later, saying she was "fearful for her life and safety." His second wife, to whom he was married for a dozen years, until 2001, was 16 and pregnant when they wed.

His family contains a history of mental illness; he was raised largely by grandparents after his mother was admitted to a psychiatric hospital, according to his mother's stepmother.

At the Sonoma County Sheriff's Department, Lt. Dave Edwards issued a statement last week saying that investigators had been aware of an "apparent fascination" Karr had with the 1996 Ramsey case -- as well as the murder of another child, Polly Klaas, who had been killed in Petaluma three years earlier -- and that he had "made certain uncertain allusions to placing himself in the killer's role" in JonBenet's death.

The day after Karr's arrest, Lacy sounded cautious about whether her office had found JonBenet's killer. At a news conference, she warned that the investigation was at an early stage.

Monday, some lawyers who have followed the case closely said Lacy mishandled Karr's arrest.

"It's hard to believe that the Boulder D.A. could be so dumb on a case this big," said Craig Silverman, a defense lawyer and former prosecutor in Denver. Larry Pozner, of Denver, a former president of the National Association of Criminal Defense Lawyers, said: "Boulder is not Guantanamo. You don't arrest and then find out if you have reason to arrest."

Gov. Bill Owens (R), a longtime critic of Lacy who has speculated on the role of the girl's parents in her death, lambasted the prosecutor for what he called "the hysterics" surrounding Karr's arrest. "Mary Lacy should be held accountable for the most extravagant and expensive DNA test in Colorado history," Owens said.

But former Denver district attorney Norman Early said the prosecutor had little choice but to arrest Karr, rather than risk the possibility that he might harm a child in Thailand. Early speculated that Lacy had wanted to bring Karr to Boulder quietly to obtain DNA and handwriting samples -- but instead found herself in the midst of an international media spectacle when word of the arrest leaked.

Suspect Cleared In Ramsey Case After DNA Tests (NYT)

By Kirk Johnson

The New York Times, August 29, 2006

BOULDER, Colo., Aug. 28 — The case against John M. Karr in the 1996 killing of 6-year-old JonBenet Ramsey collapsed Monday when DNA tests refuted Mr. Karr's claims that he had committed the crime.

The announcement by the Boulder County district attorney, Mary T. Lacy, incited a storm of questions about why Mr. Karr, 41, had been believed in his admissions and how he could have led prosecutors into what became an elaborate global farce. Hordes of reporters had tracked Mr. Karr's journey, from his apprehension in Thailand nearly two weeks ago to his return to the United States.

In a motion asking a judge to dismiss the arrest warrant, Ms. Lacy wrote that Mr. Karr's obsession with the case and its details, combined with his own statement of guilt, had compelled her to act first and test later. But in the end, she said, his words were all there was.

"No evidence has developed, other than his own repeated admissions, to place Mr. Karr at the scene of the crime," she wrote. "Mr. Karr was not the source of the DNA found in the underwear of JonBenet Ramsey."

The resulting anger, in a case that has produced numerous investigative blunders over the years, was immediate.

"They took this man and dragged him here from Bangkok, Thailand, with no forensic evidence confirming the allegations against him and no independent factors leading to a presumption that he did anything wrong," Mr. Karr's lawyer, Seth Temin, said outside the Boulder County Jail, where Mr. Karr was still being held Monday afternoon. "We're deeply distressed."

The Ramsey family has been at the center of the story for years, part of that time under suspicion by prosecutors. Patsy Ramsey, JonBenet's mother, died from ovarian cancer in June at age 49. Her sister, Pamela Paugh, said Monday that the search for the real killer would continue.

"He wasn't the only name on the list," Ms. Paugh said of Mr. Karr.

What is next for Mr. Karr is uncertain. He still faces five misdemeanor counts in California of possessing child pornography on his computer. In 2001, he was held in the Sonoma County Jail for six months and then released, with bail waived. When he failed to appear at a court date, the judge issued a warrant for his arrest.

The district attorney in Sonoma, Stephan R. Passalacqua, said in a written statement that Mr. Karr would be extradited back to face those charges.

"We filed this case against Mr. Karr in 2001," Mr. Passalacqua said, "and the same merits in proceeding with the case then still exist today."

Although the public defender said earlier Monday that extradition for a misdemeanor case was unusual, Mr. Passalacqua said: "Defendants convicted of possessing child pornography are required to register with local authorities as sex offenders. Mr. Karr should be no exception."

In her five-page motion to dismiss the case, Ms. Lacy said that Mr. Karr's interest in young girls, largely revealed in e-mail correspondence and telephone conversations with a University of Colorado journalism professor, Michael Tracey, supported the notion that Mr. Karr's talk of a personal involvement in the Ramsey killing might have been real.

Under the pseudonym Daxis, Mr. Karr told Professor Tracey that he had been involved romantically and sexually with young girls, that age 6 was his preference, and that he had accidentally killed JonBenet Ramsey by leaving a garrote around her neck longer than he intended, then striking her on the head. Daxis said he wanted the information included in a book that Professor Tracey was intending to publish.

"Daxis provided details of his recollection of how JonBenet died," Ms. Lacy wrote in the letter, "in a way that supported the conclusion that he firmly believed that he loved JonBenet Ramsey, that he had involved her in sexual activities that included temporarily asphyxiating her and that he had 'accidentally' killed her."

Only after his detention, she said, were investigators able to question people about his past and his whereabouts on Dec. 25 and 26, 1996, the time of the crime. His family in Georgia provided "strong circumstantial evidence" that he had been with them that Christmas.

"In addition," Ms. Lacy wrote, "no convincing evidence could be found that placed him in or near Boulder."

In e-mail transcripts released by the district attorney on Monday, Daxis enthused about the crime.

"I DID provide information that only her killer would know," he wrote. "Furthermore, I provided information that only a person in close proximity to her, within inches, would know. Thank you, Michael. I only wish we would have met on a different note. I await your response to my idea for a book with you."

Professor Tracey, who has refused to discuss the contents of his e-mail correspondence with Mr. Karr, declined in a brief telephone interview to second-guess the prosecutors or his own role.

"The process took its path, and that's what the D.A. did," he said. Asked if he felt the evidence had been adequate to take Mr. Karr into custody, he replied: "I think people are going to see, for example, when the arrest warrant is unsealed. The arrest warrant was 95 pages." He declined to comment further.

Criminal justice experts said the case demonstrated the difficulties sometimes presented by DNA evidence, even as it becomes a standard of proof in more prosecutions. Rules vary on how and when samples can be taken and on what constitutes consent from a suspect.

"This is an area of law that is very much developing, on what occasions a government can demand the surrender of biological material for DNA analysis," said Mimi Wesson, a law professor at the University of Colorado.

In her letter to the court, Ms. Lacy said Mr. Karr had twice refused requests after his detention in Thailand to provide cheek swabs for DNA, then later consented at a time when investigators were not expecting it and did not have the necessary kit.

Only after his return to Boulder last Thursday, she wrote, could a search warrant be obtained to get a swab. The testing was completed Saturday and was conclusive.

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Lawyer: No Charges For JonBenet Suspect (FINDLAW/AP)

By Jon Sarche, Associated Press Writer

AP, August 29, 2006

(AP) - BOULDER, Colo.-Prosecutors decided not to charge John Mark Karr in the slaying of JonBenet Ramsey, his lawyers said Monday after a TV station reported that the schoolteacher's DNA failed to match genetic material on the 6-year-old girl's body.

"The warrant on Mr. Karr has been dropped by the district attorney," public defender Seth Temin said outside the jail. "They are not proceeding with the case."

Boulder County District Attorney Mary Lacy's office did not return repeated calls from The Associated Press.

"We're deeply distressed by the fact that they took this man and dragged him here from Bangkok, Thailand, with no forensic evidence confirming the allegations against him and no independent factors leading to a presumption that he did anything wrong," Temin said.

Earlier in the day, Denver's KUSA, citing two sources close to the investigation, said that hair and saliva taken from Karr in Boulder after his arrival last week were tested over the weekend at the Denver police crime lab and that he was ruled out as the source of the DNA taken from the crime scene.

The schoolteacher's arrest in Thailand a week and a half ago was seen a surprise break in the decade-old murder mystery that had cast suspicion over JonBenet's parents. But inconsistencies in Karr's account immediately raised suspicions that he might be an obsessed follower of the case who confessed to a crime he didn't commit.

Among other things, Karr's relatives insisted that he was with them, celebrating Christmas in Georgia and Alabama, around the time the child beauty queen was found strangled and beaten at her Boulder home on Dec. 26, 1996. They said that if Karr had not been with his family at Christmas, they would have certainly remembered it.

In an interview with the media in Thailand, Karr said that he was with JonBenet when she died and that her death was an accident. Asked if he was innocent, he said no.

In an interview Monday with MSNBC, Gary Harris, who had been spokesman for the Karr family, said of the DNA: "I knew it wouldn't match."

Karr has been "obsessed with this case for a long time. He may have some personality problems, but he's not a killer," Harris said. "He obsesses. He wanted to be a rock star one time. ... He's a dreamer. He's the kind of guy who wants to be famous.

Ramsey family attorney Lin Wood had no immediate comment.

Case Dropped For JonBenet Suspect (WT)

By Valerie Richardson

The Washington Times, August 29, 2006

BOULDER, Colo. -- Boulder County prosecutors yesterday dropped the case against murder suspect John Mark Karr amid reports that his DNA failed to match samples found at the JonBenet Ramsey murder scene.

Karr, a 41-year-old schoolteacher who was the first suspect named or detained in the 10-year-old case, now awaits extradition to Sonoma County, Calif., where he is wanted on a fugitive warrant for five misdemeanor counts of child pornography.

"The warrant on Mr. Karr has been dropped by the district attorney," public defender Seth Temin said outside the Boulder jail. "They are not proceeding with this case."

Boulder County District Attorney Mary Lacy said in court papers that, other than Karr's confession, the case against him was too weak.

"The people would not be able to establish that Mr. Karr committed this crime, despite his repeated insistence that he did," Mrs. Lacy said in court papers.

Authorities collected a DNA sample from Karr when he arrived in Colorado on Thursday and had it tested over the weekend. Samples of an unknown man's DNA were found under JonBenet's fingernails and in her underpants.

"This information is critical because ... if Mr. Karr's account of his sexual involvement with the victim were accurate, it would have been highly likely that his saliva would have been mixed with the blood in the underwear," she said.

Mrs. Lacy immediately came under fire for bringing Karr back from Bangkok, Thailand, without first doing the legwork to build a case against him.

Colorado Gov. Bill Owens criticized Mrs. Lacy for wasting taxpayers' money and distracting law enforcement from pursuing the real killer.

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"Unfortunately, the hysterics surrounding John Mark Karr served only to distract Boulder officials from doing their job, which should be solving the murder of JonBenet Ramsey," Mr. Owens said in a statement.

"I find it incredible that Boulder authorities wasted thousands of taxpayer dollars to bring Karr to Colorado given such a lack of evidence. Mary Lacy should be held accountable for the most extravagant and expensive DNA test in Colorado history."

Calls for her resignation immediately sprang up on talk radio, with former Denver assistant prosecutor Craig Silverman criticizing her "ineptitude."

"I can't believe a Colorado prosecutor could be so dumb in such a big case," Mr. Silverman said. "I think she handled this unprofessionally, and I believe her day of reckoning will soon be upon us."

Her announcement was stunning, but doubts had been cropping up about Karr's guilt since his arrest Aug. 16 in Bangkok. The most glaring hole was his family's insistence that he had spent Christmas 1996 with them, not in Boulder.

Gary Harris, who had been spokesman for the Karr family, said his former client was simply a misguided fame-seeker who has been "obsessed with this case for a long time. He may have some personality problems, but he's not a killer."

"He's a dreamer," he said. "He's the kind of guy who wants to be famous."

Six-year-old JonBenet was found strangled and beaten Dec. 26, 1996, in her family's Boulder home. Karr, who had lived in Alabama, California and Georgia, was apparently obsessed with the case, writing a paper about it in college and discussing it extensively with acquaintances.

After his arrest, Thai authorities said he confessed to the crime. At a press conference the next day, he said he "was with JonBenet when she died" and that her death was "accidental," but refused to provide further details.

Mrs. Lacy herself stressed at a press conference then that the investigation was in its early stages and more work needed to be done. She also hinted that "exigent circumstances," perhaps news leaks, led to her decision to make the arrest when she did. Mrs. Lacy said in court papers that an unarrested Karr might have fled, as he had in the past, or targeted children in Thailand as well.

Karr is expected to be transferred to California within the next 10 days to face trial on the child-porn counts. An extradition hearing was scheduled for today.

Ramsey Suspect's DNA Not A Match (USAT)

By Tom Kenworthy

USA Today, August 29, 2006

BOULDER, Colo. — The Boulder County district attorney dropped the case against John Mark Karr in the death of 6-year-old JonBenét Ramsey on Monday after DNA tests did not tie him to the crime despite his own statements of involvement.

Karr, 41, whose extradition from Thailand was the subject of an internationally televised drama, remains in jail here. He is to be sent to Sonoma, Calif., to face 2001 misdemeanor charges of possessing child pornography.

District Attorney Mary Lacy moved to drop Karr's arrest warrant in the girl's slaying shortly before his first scheduled hearing in a Boulder courtroom.

In a motion detailing how Karr came under suspicion, Lacy said prosecutors had no other evidence and “would not be able to establish that Mr. Karr committed this crime despite his repeated insistence that he did.”

She said DNA samples taken from Karr did not match DNA material recovered from the underwear of the young girl, whose body was found in her Boulder home a day after Christmas 1996.

The prosecutor, in court documents, depicted Karr as holding deep fascination “with not only JonBenét Ramsey but with the sexuality of young girls in general,” and said that he claimed to have had sexual involvement with “a number of young girls.”

The unsolved, decade-old case drew nationwide attention from the beginning, in part because of images of the photogenic child competing in youth beauty pageants wearing glittering costumes and makeup.

The district attorney detailed e-mails and later telephone calls between Karr and a University of Colorado professor dating to 2002. Though the communications were anonymous, investigators eventually traced them to Karr and located him in Thailand, court documents said.

Karr “admitted personal responsibility for the death” of JonBenét in e-mails earlier this year and described sexual activity with her, the prosecutor said in her motion.

Lacy's motion said investigators tried to obtain DNA from Karr in Thailand but were unable to get a satisfactory sample until Thursday, when he arrived in Colorado in handcuffs and chains on a flight from Long Beach, Calif. Investigators learned on Saturday that Karr's sample did not match the material found on the girl's underwear. Lacy's motion said a DNA match was critical to link Karr to the crime because his description of sexual activity with the girl at the time of her death would have made it likely that some of his DNA material would have been left in the girl's underwear.

The prosecutor said Karr's family "provided strong circumstantial support for their firm belief that he was with them in Georgia at the time of the crime."

Lacy defended her decision to have Karr taken into custody because he had expressed "sexual interest in specific young girls" at a school in Thailand where he had been hired to teach.

Bob Grant, a former Colorado prosecutor who previously was involved in the case, said Lacy had Karr seized in Thailand in part because of concern that girls there might be in danger from him.

"The D.A. was confronted with a serious situation that she felt left her no choice," he said. "She'll be second-guessed by a bunch of armchair quarterbacks."

JonBenét Case Frustrates The Law (USAT)

By Tom Kenworthy

USA Today, August 29, 2006

BOULDER, Colo. — Almost 10 years after the body of 6-year-old beauty pageant star JonBenét Ramsey was found in the basement of her home, the unsolved case seems cursed.

The decision by Boulder County District Attorney Mary Lacy to jettison her investigation of suspect John Mark Karr is another setback in a case that has repeatedly frustrated authorities.

Karr's arrest in Thailand Aug. 16 looked like a major break in the case. It was followed by statements from Karr to reporters in which he said he was present when JonBenét died.

On Monday, Lacy filed a motion to withdraw the arrest because she could not prove his involvement after testing showed that the 41-year-old's DNA did not match that of DNA found at the crime scene.

Critics in the legal community seized on the situation to lambaste Boulder law enforcement authorities for bungling a case they say has been rife with missteps throughout its history. "Prosecutorial ineptitude," Craig Silverman, a former Denver prosecutor, said of Lacy's handling of the case. "With the possible exception of the O.J. Simpson case, I've never seen a prosecutor's office so badly bungle a big case."

Lacy, Silverman said, could have quietly arranged Karr's deportation from Thailand to California — where he facescharges from 2001 of possessing child pornography — and continued her investigation "in a discreet and professional manner" out of the limelight.

There was no need, Silverman said, "for an international hubbub" that included a business-class flight back to the USA with reporters sitting nearby recording his lavish meal and champagne sipping.

"This was another inept response in a case characterized by inept law enforcement conduct," said Larry Pozner, a Denver defense attorney who said Colorado once again had become a "circus." Criminal investigation "precedes arrest. It doesn't follow arrest."

Lacy did not appear to answer questions from the army of media encamped in a parking lot near her office. She has scheduled a news conference for this morning.

Lacy defended herself in her five-page motion filed in court. She wrote that Boulder authorities moved to have Karr arrested because he posed a threat to schoolchildren he was about to begin teaching at a school in Thailand and that there was a risk he would learn he was being investigated and would flee.

In e-mails to a University of Colorado journalism professor, Karr "began to express sexual interest in specific young girls he said he had met in the new school at which he had recently been hired and at which he was to teach in August," Lacy said.

That e-mail traffic with professor Michael Tracey, Lacy wrote, lasted four years but became more alarming after the June death of Patsy Ramsey, JonBenét's mother. "He began to describe his interest in several girls in much the same terms that he had described his interest in JonBenét Ramsey."

For the cottage industry that has fed off the JonBenét murder for almost a decade, Lacy's explanations probably will fall short.

Among the criticisms over the years:

·Boulder police didn't properly secure the crime scene, allowing JonBenét's parents John and Patsy Ramsey to walk through the house, potentially contaminating evidence.

·Police didn't separate the parents and question them individually, and prosecutors didn't quickly call for a grand jury to compel their testimony.

·Boulder police and the district attorney's office feuded and worked at cross-purposes. In 1998, a city detective in an eight-page resignation letter charged that then-district attorney Alex Hunter had "effectively crippled" the investigation. The two offices, Detective Steve Thomas wrote, "weren't even on speaking terms."

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Silverman said there may now be a renewed focus on JonBenét's parents, John and Patsy Ramsey, who were placed under suspicion by Boulder's police chief in 1997.

Tracey said Monday that he's not sure Karr is innocent: “I think the jury's still out.” Karr wrote about JonBenét in his e-mails “almost straightaway,” and during the four-year exchange with Tracey “became more explicit about what happened” when JonBenét was killed, Tracey said. He called Karr “dark … complex, very smart.

“He's a very troubled guy.”

3 Plead Guilty In Child Prostitution Crackdown (AP)

AP, August 29, 2006

DETROIT - A man and two women from Toledo, Ohio, pleaded guilty Monday to charges stemming from a nationwide prostitution operation that authorities say forced children as young as 12 to have sex at truck stops, hotels and brothels.

Deric Willoughby, 41, Brandy Shope, 19, and Jennifer Huskey, 25, pleaded guilty in U.S. District Court in Detroit to conspiracy and interstate transportation of minors for prostitution, U.S. Attorney Stephen J. Murphy said.

Willoughby and Shope each face up to seven years and three months in prison, Huskey faces up to five years and 11 months and all three could be fined up to $250,000 at sentencing hearings set for Dec. 6.

A grand jury in Detroit charged them in December 2005 with forcing two girls, 14 and 15, into prostitution in May of that year. The girls had been held as virtual prisoners in Toledo, where they were told to address Willoughby as "Daddy" and were taken to hotel rooms for prostitution, according to the indictment. Their payments were turned over to Willoughby, the indictment said.

Willoughby admitted in court Monday that he gave the girls false identities, including false birth dates, which they were told to use if detained by authorities.

Another defendant, Richard Lamar Gordon, was identified in the indictment as a truck driver who took the girls from a parking lot at a Sears store in the Toledo area to a truck stop in Dexter, Mich., and had sex with the 14-year-old. Gordon has not been arrested.

Willoughby, Shope and Huskey were among 31 people linked to four child prostitution rings in Michigan, New Jersey and Pennsylvania, Attorney General Alberto Gonzales said in December.

ON THE NET

Justice Department: http://www.usdoj.gov

National Center for Missing and Exploited Children: http://www.missingkids.com

Bowers Bows Out Of Legislature Citing Health Woes (KNOXNS/AP)

By Associated Press

Knoxville News Sentinel (TN), August 29, 2006

MEMPHIS - State Sen. Kathryn Bowers, awaiting trial on federal corruption charges, announced Monday she is resigning from the Legislature because of poor health.

Bowers easily won the Democratic nomination for re-election Aug. 3, but she will not be a candidate in the November general election, she said. The executive committee of the Shelby County Democratic Party will choose a replacement candidate.

Bowers said she has high blood pressure and a rapid heart rate.

"This has nothing to do with the criminal case. This has to do with my health," she told reporters summoned to her residence for a news conference.

Bowers is one of 11 people, including five current or former state lawmakers, charged in the FBI's bribery investigation code named Tennessee Waltz.

"My doctor offered me a choice: To try to continue on in the state Senate or take a chance on not being here for my children and my grandchildren," Bowers said.

Bowers said her resignation would take effect Friday.

Bowers Cites Health, Not Waltz Or Pension, In Senate Bow (MCA)

By Lawrence Buser And Richard Locker

Memphis Commercial Appeal, August 29, 2006

Local Democrats are evaluating potential nominees to replace state Sen. Kathryn Bowers on the November ballot, a vacancy created Monday with her sudden resignation because of "serious health problems."

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The 63-year-old legislator insisted her decision had nothing to do with her bribery indictment in the Tennessee Waltz sting or her retirement benefits.

She said high blood pressure, heart rate problems and other health issues convinced her to follow her doctor's advice to reduce her level of stress.

"My doctor offered me a choice, (to retire or) to try to continue on in the state Senate and take a chance on not being here for my children and grandchildren," Bowers told reporters as she stood in the shade of a magnolia tree in the front yard of her Whitehaven home.

"This has nothing to do with the criminal case. It has to do with my health. With all that's going on with the campaign and of course with my legal situation, I just need to get me some rest so I can figure out what I need to do next."

She said in a letter delivered Monday to Tennessee Lt. Gov. John Wilder that her withdrawal as a candidate for Senate Dist. 33 is effective immediately and her resignation as senator is effective Friday.

Bowers was elected state representative in 1994 and worked her way up to House majority whip. She was elected last year to the state Senate seat vacated by Roscoe Dixon.

Shortly after, she was indicted for allegedly accepting $11,500 in bribes from undercover FBI agents posing as businessmen seeking favorable legislation for a fictitious company.

Bowers has pleaded not guilty, but last week in federal court her attorney and prosecutors indicated to the judge she may enter a guilty plea next week.

Her withdrawal from the November election triggers a provision in state law that allows members of the Shelby County Democratic Executive Committee who represent Dist. 33 to nominate a new candidate for the Nov. 7 ballot, which it must do no later than Sept. 28 -- 40 days before the election.

Shelby County Democratic Party Chairman Matt Kuhn said selecting a replacement candidate will be addressed at a meeting Sept. 7, but it could be later before a nominee is chosen.

"The local party will be seeking candidates, and there definitely will be some good ones out there."

The Democrat will face Republican Michael Floyd of the Mendenhall Estates area. The district covers Whitehaven and parts of South Memphis, Germantown and Collierville, and is considered heavily Democratic.

The withdrawal from the ballot also allows Bowers to remain eligible for an $841 a month pension she has earned from nearly 12 years in the legislature, according to Jill Bachus, director of the state retirement system.

Under the new state ethics law approved by the legislature this year, she could lose the pension if she won re-election and was later convicted of the pending federal charges.

Bowers is also eligible, Bachus said, for another $140 a month in pension benefits from about five years as an employee of the state Board for Licensing Contractors before she was elected to the legislature.

During her legislative career, Bowers was active on health issues, protecting victims of domestic violence and other issues. She was a former chairman of the legislature's TennCare Oversight Committee and was chairman of the Shelby County Democratic Executive Committee from 2003 to 2005.

Wilder was out of state Monday and could not be reached for comment. Senate Democratic Caucus chairman Joe Haynes of Nashville said Bowers' Senate service "over the past year has been solid. She was a good senator who served her constituents and the people of this state well."

-- Lawrence Buser: 529-2385

-- Richard Locker: 615-255-4923

Kathryn Bowers Leaving State Senate (CHATT)

The Chattanoogan, August 29, 2006

Sen. Kathryn Bowers, a Memphis Democrat who is facing bribery charges in the Tennessee Waltz FBI sting, said Monday she is stepping down from the state Senate.

Sen. Bowers cited health reasons.

Sen. Joe Haynes, chairman of the Senate Democratic Caucus, made the following statement:

"It's my understanding that Kathryn's doctor has advised her to leave the Senate and end her campaign for re-election due to difficulties with her personal health. The thoughts and prayers of everyone in the Caucus are with Kathryn during this difficult time.

"Of course, our primary concern is for Kathryn as a person, and we feel certain that under her doctor's guidance she will return to full health."

Tennessee Waltz Defendant Resigns From Senate (NASHCP)

By Jared Allen

Nashville City Paper, August 29, 2006

State Sen. Kathryn Bowers (D-Memphis), one of a handful of legislators indicted last fall in the Tennessee Waltz bribery scandal, cited health reasons when on Monday she unexpectedly announced her resignation from the state Legislature.

Bowers, who is 63, said her resignation will become effective Friday, Sept. 1. At a news conference from her home in Shelby County, Bowers said heart problems and high blood pressure were behind her decision to leave the Senate almost immediately.

She also sent an official letter of resignation to Lt. Gov. John Wilder on Monday, in which she announced her resignation along with her intention to withdraw her name from the November ballot.

But the news came as a surprise to many, including some high-ranking officials in the Tennessee Democratic Party.

"She had not talked to me about it," Senate Democratic Leader Jim Kyle (D-Memphis) said Monday afternoon. "I was told about it."

"She's had health issues before," Kyle said. "And she'd mentioned several times how this whole ordeal had been pretty strenuous on her health."

Indeed, Bowers' health and legal troubles were at the center of questions concerning the senator's decision to step down from the Legislature.

According to the new ethics law the Legislature passed in the aftermath of the Tennessee Waltz corruption probe, elected officials who are convicted of a felony are barred from collecting a state pension.

However, legislators can remain eligible for pensions — regardless of their future criminal status — if they resign before conviction.

Bowers, though, told reporters gathered at her Whitehaven home that her indictment on bribery charges, which arose out of the Tennessee Waltz probe, were not linked to her resignation.

Still, Bowers' legal troubles were on the minds of at least some of her colleagues on the day of her resignation.

"I regret that Kathryn Bowers has decided to leave the Senate… She was a good senator who served her constituents and the people of this state well," read a written statement from Senate Democratic Caucus Chair Joe Haynes (D-Nashville). "I wish her the best as she confronts outstanding legal issues and concerns about her health and well-being."

Judge Rules FBI Transcripts Can't Be Used As Evidence (AP)

AP, August 29, 2006

ALBUQUERQUE -- A federal judge said lawyers for both sides can present transcripts of FBI tape recordings and videotapes to jurors during Robert Vigil's retrial, but the documents won't be admitted as evidence.

The decision Monday by U.S. District Judge James Browning mirrors a ruling by U.S. District Judge James Parker, who oversaw the former state treasurer's first trial earlier this year.

However, Browning went a step further by requiring defense attorneys and prosecutors to exchange competing versions of the transcripts before the retrial, scheduled to begin Sept. 5, to avoid complications that arose earlier.

Vigil, who was treasurer from 2003 until he resigned last October, is accused of steering state business to investment advisers in exchange for kickbacks. He has pleaded not guilty to the racketeering and extortion charges.

During the first trial, the sides often disagreed on the text of the transcripts -- offered to help the jury follow recordings while they were played in the courtroom.

There are sounds in some recordings that prosecutors believe are affirmations by a speaker while the defense team disputes that conclusion. In many other instances, the tapes are muffled, inaudible or unintelligible.

Each time prosecutors offered transcripts during the first trial, which ended May 22 in a mistrial, the defense team challenged the accuracy of the government's text and offered its own version to jurors.

Browning said Vigil's lawyer, though, "frequently provided the United States with his version of the transcript moments before asking the Court if he could submit it to the jury."

The defense versions often included handwritten notations on early prosecution transcripts, which were superseded by subsequent updates. In some instances, prosecutors complained the defense notes were "editorial in nature."

"On at least one occasion, trial was delayed while Vigil redacted these editorial notations and recopied his version of the transcript for distribution to the jury," Browning explained in his order.

Later, during deliberations, Parker denied requests by jurors who wanted to review the transcripts again as they struggled to locate parts of conversations on tape recordings. One juror expressed frustration in a post-trial interview.

However, as Parker had determined in the first trial, Browning said transcripts won't be available during deliberations. Both judges said the tape recordings and videotapes -- not the transcripts -- constitute the evidence presented at trial.

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Browning said jurors will be advised to study the tone of voices and listen to inflections when considering the evidence.

"Because admitting the transcripts into evidence may induce the jury to rely on the transcripts rather than the recordings, the Court will not admit the transcripts," Browning wrote. "This rule may make the jury's task more demanding, but will ensure that they rely on the actual evidence."

Junior Gotti's 3rd Trial May Not Feature Curtis Sliwa After All (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, August 29, 2006

NEW YORK -- Curtis Sliwa, the star witness in the first two racketeering trials of John "Junior" Gotti, may not testify in the third about his brush with death in what prosecutors say was a Gotti-ordered attack 16 years ago.

Assistant U.S. Attorney Victor Hou told Judge Shira Scheindlin that three witnesses remain and the name of the radio host and Guardian Angels founder was not among them. Hou said he did not expect to call Sliwa as a witness but he still had time to change his mind.

A decision not to call Sliwa would be consistent with efforts by the government to recast their case against Gotti, de-emphasizing the 1992 attack on Sliwa in a cab operated by two reputed mobsters, one of whom was hiding on the floor in the front of the cab.

Prosecutors say Sliwa was shot three times by the man hiding in front of the cab after Gotti ordered him punished for repeatedly criticizing his father, John Gotti, on his radio show. Gotti has denied anything to do with the shooting.

After the first two trials of Gotti in the last year ended in hung juries, prosecutors changed strategy, seeking to prove that Gotti has continued to benefit from mob financing even after he claims to have quit the Gambino family in the late 1990s.

The change was preceded by a successful defense by Gotti in the spring, when his lawyers convinced a majority of jurors that Gotti left the mob before he pleaded guilty to racketeering charges in another case in 1999. If Gotti was out of the mob, the five-year statute of limitations would have expired and Gotti would be exonerated.

Sliwa said he is not permitted to comment on the trial, but he was told by prosecutors as recently as Friday that he should be ready to take the witness stand.

"I'm just assuming I'll get called," he said.

Feds To Gag Sliwa? (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 29, 2006

The feds may do what John A. (Junior) Gotti never could - silence Curtis Sliwa.

Federal prosecutors told a Manhattan judge yesterday they expect to call just three more witnesses at Gotti's third racketeering trial - and none of them wears a red beret.

The Guardian Angels founder and radio host said that was news to him. "All they [prosecutors] told me was to be ready," Sliwa said yesterday.

Sliwa's testimony has formed the dramatic centerpiece of the mob scion's two trials over the past year, but both cases have ended in hung juries.

Prosecutors say Sliwa was abducted by thugs sent by Gotti to silence Sliwa's on-air rants about the Gotti family following Dapper Don John Gotti's 1992 racketeering conviction.

Sliwa told of being shot twice as he lunged for an open passenger-side window of a taxi whose rear doors had been rigged shut.

But Sliwa also has been forced to admit under cross-examination a history of publicity stunts he pulled in the early days of the Guardian Angels.

He admitted having his sister pose as a mugging victim and once claimed he'd been kidnapped and taken to a Jones Beach parking lot by a transit cop. "It was the dumbest thing I ever did in my life," Sliwa said.

Prosecutors still could change their minds, but Assistant U.S. Attorney Victor Hou indicated to Judge Shira Scheindlin yesterday that it wasn't likely.

The decision underscores a shift in the prosecution's trial strategy this time around, putting less emphasis on the Sliwa assault while focusing jurors' attention on the mounds of mob cash they say flowed into Gotti's pockets even after he claims he quit the mob.

Added to a new indictment in May were two money-related racketeering counts that accuse Gotti of using mob cash to fund two holding companies he used to buy property.

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Prosecutors gave Gotti's longtime accountant, Paul Tong, immunity to testify about Gotti's tax issues in the years he was imprisoned on a racketeering charge. Tong said Gotti earned some $360,000 in 2003 and 2004, while housed at an upstate New York prison.

Gotti's lawyers said the money came from rental income.

Also yesterday, prosecutors sent a letter to Scheindlin asking her to allow them to recall Joseph D'Angelo as a witness so they can question him about a June 2005 prison meeting.

Meanwhile, prosecutors have asked Scheindlin for permission to play a tape of a prison chat between Gotti and longtime pal John Ruggiero that captured threats against his uncles if they ever turned up in the same prison with him.

The feds say Gotti was angry with Peter and Richie Gotti for cutting him out of Gambino family construction money.

"I will beat them down like a $2 French hooker," Gotti said. "I will make every gang member punk them. I will make 'em abuse them. On this compound, I will make their lives a living hell here."

JUNIOR 'CRIES' UNCLE (NYPOST)

By Kati Cornell

The New York Post, August 29, 2006

John "Junior" Gotti once told a mob turncoat he'd jump at a chance to "beat or even kill" his uncles as revenge for demoting him in the crime family and stripping him of lucrative extortion money, the feds charged yesterday.

Prosecutors revealed Gotti was also caught on a prison tape ranting about uncles Peter and Richard Gotti, saying, "I made a pact one night to myself in my bed on my father and brother's grave - I will beat them down like a two-dollar French hooker."

The feds described Gotti's rage in a letter to Manhattan federal Judge Shira Scheindlin as they argued to be allowed to elicit additional testimony from mob canary Joseph D'Angelo.

In another surprising turn of events, Assistant U.S. Attorney Victor Hou announced the feds would likely rest their case this week without calling radio host Curtis Sliwa - the victim of the most sensational crime in the case - to the stand.

Sliwa's dramatic account of how he was kidnapped in a stolen taxi in 1992 and shot twice - before throwing himself out of the window to escape - featured prominently in both of Gotti's previous mistrials.

It is unclear why the feds made their decision, although Sliwa was shown at the previous trials to have a history of concocting stories for the media as head of the Guardian Angels.

Despite the fact he wasn't named as one of the remaining prosecution witnesses yesterday, Sliwa says he's still preparing to testify.

"They haven't told me anything different than in trials one and two," he said. "I'm just assuming I'm going to be up there at some point."

Last week, jurors heard D'Angelo's version of the botched kidnapping. D'Angelo told them he drove the taxi on Gotti's orders.

D'Angelo is now prepared to testify about details of a conversation he had with Gotti on June 6, 2005, while the two were still co-defendants - before his decision to cooperate with the feds.

In their letter to the judge, prosecutors wrote that Gotti told D'Angelo "his uncles had 'broke' him [demoted him] and 'robbed' him of money" back in 2001.

Gotti went on to tell D'Angelo that, "if given the opportunity, he would use violence - beat or even kill - his uncles as revenge," prosecutors continued.

The feds said D'Angelo's testimony is backed up by tapes recorded between 2003 and 2004 in Ray Brook federal prison, where Gotti allegedly told a visiting pal that his uncles "just better hope and pray" they "don't end up in the same [prison] facility as me."

"I will make every gang member here punk them. I will make 'em abuse them," Gotti allegedly ranted.

Prosecutors are hoping to use the testimony and tapes to discredit Gotti's claim that he left the mob in 1999 and, therefore, cannot be convicted under the five-year statute of limitations for racketeering.

New Developments In Lawyer's Murder (WUSA-TV)

WUSA-TV, August 29, 2006

There's been a landmark development in the murder case involving the stabbing death of Washington attorney Robert Wone.

After more than three weeks of collecting evidence, police have returned the Swann Street rowhouse where Wone was murdered to its occupants.

Police have held the house for an extraordinary length of time due to their allegation that the crime scene was cleaned up before police were called back on August 2.

For the first time since then, the 1500 block of Swann Street is devoid of a police car. The tell-tale signs of a criminal investigation remain, however.

Aided by the FBI, evidence technicians have torn the rowhouse apart, including sections of floors and walls. As 9NEWS first reported two weeks ago, detectives say the area where the body of Robert Wone was found stabbed to death inside in a second floor bedroom had been cleaned.

Now, the first batches of results from the FBI laboratory are expected this week. And last Friday, the District's homicide commander told reporters those finding could move the case along quickly and significantly.

The Swann Street rowhouse is owned by attorney Joseph Price whose computer was seized by police acting on a search warrant for his work-place at the Arent Fox law firm. In addition to that position, Price works as general counsel for Equality Virginia, a gay lobbying organization.

Besides Price and Wone, who chose to stay at Price's home rather than commute to his Oakton, Va., home where he lives with his wife, two other occupants were inside the small rowhouse at the time of the slaying. Law enforcement sources told us it was becoming increasingly clear the murder of Robert Wone involves a criminal conspiracy.

Prison Gang Trial Enters Penalty Phase (WP/AP)

By Gillian Flaccus, The Associated Press

The Washington Post, August 29, 2006

SANTA ANA, Calif. -- Prosecutors seeking the death penalty against two convicted Aryan Brotherhood gang members told jurors Monday the men were remorseless killers who weren't deterred from committing some of their worst crimes in prison.

Assistant U.S. Attorney Joey Blanch reminded jurors in the first day of the trial's death penalty phase that they had already convicted Barry "The Baron" Mills and Tyler "The Hulk" Bingham of murder, conspiracy and racketeering. The federal case aims to dismantle the violent white supremacist gang.

"Mills is a six-time, multi-murderer and if he'd had his way he would have been responsible for 12 murders. Prison sentences did nothing to deter him from his criminal behavior," said Blanch.

"At some point, somebody has to stand up and say, 'That's enough.' For Barry Mills and Tyler Bingham, today's the day. We're standing up and saying enough."

Mills' attorney, H. Dean Steward, said that the defense team would show the defendants were goodhearted people who acted as they did to survive in a violent prison system. Bingham's attorney, Michael White, reserved his opening statement for later.

The two kingpins of the white supremacist prison gang were convicted last month of murder, conspiracy and racketeering charges in crimes that go back as far as 30 years.

The penalty phase, which is expected to last about a week, is the last phase of a trial that has lasted nearly six months and included testimony from a parade of former gang members, jailhouse informants and self-admitted killers.

The trial is part of a larger indictment that experts say is one of the largest federal capitol punishment cases in U.S. history, with more than a dozen people potentially facing the death penalty. More defendants face trials in Los Angeles later this year.

The government's indictment, which lists 32 murders and attempted murders, laid out a sweeping case of plots to kill rivals and even fellow brotherhood members to control drug dealing and other criminal enterprises behind bars.

Mills, 58, and Bingham, 59, were convicted of murder for the killing of Arva Lee Ray, a prisoner slain at the Lompoc, Calif., penitentiary in 1989. The two also were convicted racketeering counts that included acts of murder and attempted murder.

The latter included the deaths of two black gang members during a 1997 riot at a prison in Lewisburg, Pa., crimes which made them eligible for the death penalty.

Prison For Press-Aide-Turned-Bank-Robber (WP/AP)

The Associated Press

The Washington Post, August 29, 2006

GREENBELT, Md. -- A former congressional press secretary who said he robbed banks to pay for golf and rent was sentenced Monday to more than 12 1/2 years in prison.

Thomas C. Springer pleaded guilty to four counts of bank robbery in May. U.S. District Judge Deborah Chasanow also ordered him to repay the $20,869 he stole during seven bank robberies between November 2004 and November 2005.

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Springer, 57, of Garrett Park, worked for three members of Congress, including former Rep. Toby Roth of Wisconsin, before he was sentenced to two years in prison in 1989 for robbing banks in Montgomery County. He went on to work for then-Rep. Michael Forbes of New York before 1996, when he received a 3 1/2-year term for robbing a Vienna, Va.

Prosecutors say that on Nov. 30, 2005, Springer passed a note to a teller at a Kensington bank that read, "Bank Robbery." He fled with $400, but dye packs the teller placed in with the money exploded in his coat pocket as he left. A bank customer followed him, and police eventually arrested him in Wheaton.

In his confession, Stringer explained that he needed the money for golf and to cover his rent, according to the FBI.

Painter Said To Be Focus Of FBI Probe (LAT)

By Kim Christensen

The Los Angeles Times, August 29, 2006

The FBI is investigating allegations that self-styled "Painter of Light" Thomas Kinkade and some of his top executives fraudulently induced investors to open galleries and then ruined them financially, former dealers contacted by agents said.

Investigators are focusing on issues raised in civil litigation by at least six former Thomas Kinkade Signature Gallery owners, people who have been contacted by the FBI said. Among other things, the ex-owners alleged in arbitration claims that the artist known for his dreamily luminous landscapes and street scenes used his Christian faith to persuade them to invest in the independently owned stores, which must sell Kinkade's work exclusively.

"They really knew how to bait the hook," said one ex-dealer who spoke on condition of anonymity because of the sensitive nature of the case. "They certainly used the Christian hook."

Two ex-dealers told the Los Angeles Times that they had been asked to provide documentation of their business relationships with Kinkade's company. They said agents asked for copies of dealer agreements, retail sales policies, training materials from "Thomas Kinkade University" and correspondence, including e-mail.

Kinkade spokesman Jim Bryant said Monday that the Morgan Hill, Calif.-based company was unaware of a criminal investigation and had not been contacted by the FBI or U.S. attorney's office.

"The Thomas Kinkade Co. asserts that there is no legitimate grounds for a federal investigation of any kind," Bryant wrote by e-mail.

Kinkade has previously denied the allegations in the civil litigation.

FBI Special Agent Brian Wickham declined to comment Monday, citing the bureau's policy of neither confirming nor denying ongoing investigations.

Others familiar with the matter, however, said the FBI's San Jose office, where Wickham is based, was coordinating an investigation in which agents from other offices across the country were conducting interviews.

Former gallery owners said that after investing tens of thousands of dollars or more, the company's unfair practices and policies drove them out of business. They alleged they were stuck with unsalable limited-edition prints, forced to open additional stores in saturated markets and undercut by discounters that sold identical artworks at prices they were forbidden to match.

Some also have accused Kinkade — touted as the most widely collected living U.S. artist — of scheming to devalue his public company, Media Arts Group Inc., before taking it private two years ago for $32.7 million as Thomas Kinkade Co.

Kinkade grew up in Placerville, Calif., and began his rise to fame in the 1980s, when he and his wife spent their savings to start making his prints.

Since then he has built a lucrative career from the mass marketing of his distinctly romantic, idealized images with such titles as "Sunset on Lamplight Lane" and "The Garden of Prayer."

Although critics have been less than generous with their praise, and sometimes openly derisive of his work, that has not deterred the multitudes who pay from a few hundred dollars for paper prints to more than $10,000 for canvas editions he has signed and retouched.

Word of an FBI investigation comes on the heels of the company's first major legal setback in dealer litigation. In February, an arbitration panel awarded $860,000 to the former owners of two failed Signature galleries.

The panel ruled that the company and one of its executives, Richard F. Barnett, "failed to disclose material information" that would have dissuaded Karen Hazlewood and Jeffrey Spinello from investing $122,000 to open the first of their two Virginia galleries in 1999.

The arbitrators, in a 2-1 ruling, also found that Kinkade and other company executives used the artist's familiar Christian-oriented themes to create "a certain religious environment designed to instill a special relationship of trust" with the couple, who have since divorced.

"It was a program of lies and deception, predicated on Christian values that weren't there," said Joseph Ejbeh, the Michigan attorney who tried the arbitration case.

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Norman Yatooma, whose firm Ejbeh worked for at the time, has said the panel's interim award of $860,000 could total $3.5 million when interest, costs and attorney fees are added.

Bryant, the Kinkade Co. spokesman, said the company was confident that the interim arbitration ruling would be overturned.

Man Admits Katrina Fraud (AP)

AP, August 29, 2006

WASHINGTON (AP) - An unemployed man admitted Monday that he submitted more than 50 false applications for government aid following Hurricane Katrina and collected more than $76,000 in disaster relief checks.

Jeffrey Rothschild, 59, pleaded guilty in federal court to mail fraud, bank fraud and money laundering.

He said he found people's names and birth dates on Internet sites, then selected home address in the hurricane zone or just made them up and applied for aid.

Rothschild, who has no permanent address, admitted having the $2,000 checks delivered to motels or to mailboxes he rented using fake identification. He received checks on 38 applications, prosecutors said.

He then tried to launder the money by passing it through different bank accounts.

He also admitted applying under two different names for disaster aid for hurricane damage to his wife's home, even though he didn't live there.

"I was drinking heavily and under severe stress from people I owed gambling debts to," Rothschild said in court.

The bank fraud involves a check kiting scheme unrelated to the Katrina relief money.

Under a deal with prosecutors, Rothschild faces up to about nine years in prison when he is sentenced Dec. 1. He must pay back the money he took.

Report: Internal Cyberattacks More Common (FCW)

By Wade-Hahn Chan

Federal Computer Week, August 29, 2006

A new report finds that most of the Justice Department's cybercrime-related prosecutions have centered less on external attacks, such as worms and viruses, and more on internal threats and authentication problems.

The report, "Network Attacks: Analysis of Department of Justice Prosecutions 1999-2006," tracks cybercrime prosecutions from 1999 to 2006. It states that on average, a cybercrime attack caused $3 million in damages. Most attacks occurred on home or laptop computers that organizations did not sanction.

The report was authored by information technology security analyst firm Trusted Strategies and commissioned by systems software developer Phoenix Technologies.

"Most of the attacks where big damage is done all come from users that obtain a valid user ID and password," said Bill Bosen, founding partner of Trusted Strategies. Such intrusions could occur intentionally when users — such as disgruntled employees — take advantage of their privileges for abuse or unintentionally via user error, such as poorly storing information or accidentally exposing it.

Keren Cummins, public-sector vice president at Phoenix, said secure authentication could be a possible solution for as much as 85 percent of reported crimes.

"A very significant number of these crimes would have been prevented if device identity and user identity verification was present," she said.

Although Cummins said she does not believe that the report indicates a trend in how criminals commit cybercrimes or how DOJ handles them, it does offer a good indicator of the scope of the threats that you would find by flipping through CNN.

"It characterizes the worst that can happen," she said. "While it may not be a great predictor of the likelihood of a crime, it's a good predictor of what could happen."

South Dakota Plans Its First Execution Since 1947 (NYT)

By Monica Davey

The New York Times, August 29, 2006

For the first time in 59 years, the State of South Dakota plans to execute a man this evening, authorities from the state's department of corrections have announced.

Barring a last minute granting of clemency, Elijah Page, 24, who pleaded guilty to the torture killing of a 19-year-old man whose house he was burglarizing in 2000, is scheduled to die by lethal injection at 10 p.m. Tuesday, the department of corrections announced on Sunday.

DOJ_NMG_0055242

Although capital punishment has been allowed in South Dakota for decades, it is one of a handful of states, including New Jersey and New Hampshire, that have carried out no executions since they most recently enacted such laws. In South Dakota, the most recent law allowing death sentences was enacted in 1979 after the United States Supreme Court restored capital punishment in 1976.

Since then, the state has had no executions, and has only four people, including Mr. Page, on death row. The state's low population, relatively low crime rate and, some advocacy groups suggest, a culture not inclined toward capital punishment help explain the lack of executions.

State corrections officials did not return telephone calls seeking comment about Mr. Page's scheduled execution or the 59-year lapse.

The scheduled execution, to take place inside the state penitentiary in Sioux Falls, has prompted prison officials there to draw up execution procedures for the first time in years, even visiting facilities in Texas, where hundreds of executions have occurred in recent decades, for advice.

"The warden and penitentiary staff have spent countless hours preparing to carry out this court order," Tim Reisch, the secretary of corrections said in a written release, adding that staff members had carried out "numerous rehearsals." The last time an execution was carried out there, the electric chair was used when, on April 8, 1947, George Sitts was given the death penalty for killing two law enforcement officers.

Mr. Page, of Athens, Tex., and two others were found guilty of killing Chester Allan Poage after trying to steal from his home in Spearfish. Apparently, they feared leaving a witness. Mr. Poage, 19, begged for his life as the three made him take off his clothes and get into a freezing creek. Over a period of several hours, he was stabbed, kicked in the head, and had rocks dropped on him. His ears were torn off.

Yesterday, members of Amnesty International and other organizations called on the state to stop the plans, urging Gov. Michael Rounds to grant clemency in the case.

Mr. Page chose to drop his appeals. Still, Sue Gunawardena-Vaughn, director of Amnesty International's program to abolish the death penalty, questioned his willingness and ability to "volunteer" for execution and pointed to his troubled childhood and background. As a child, court records say, he was abused and was placed in foster care.

" 'Volunteerism' is an illusion," she said. "What is going on in his mind?"

Governor Rounds, a Republican, has said he does not intend to intervene in the process, his spokesman, Mark Johnston, said late yesterday.

A Forged Document In A Virtuoso's Hand Leads To An Arrest (WSJ)

By Elena Cherney

The Wall Street Journal, August 29, 2006

GATINEAU, Québec -- Late last year, collectibles dealer Roger Gross offered for sale on his Web site a sheet of paper doodled on and signed by the celebrated pianist Glenn Gould. The price: $8,000.

That posting led to the discovery of a forged copy of the document in Canada's national archives, a police investigation and the arrest of a Texas woman on charges of theft and possession of stolen property.

The case offers an unusual window into the cult-like world of hardcore fans of Mr. Gould. He rose to international fame at the age of 23 with his 1955 recording of Bach's Goldberg Variations and was widely hailed by critics for his brilliant technique and novel interpretations. He also made a name for himself as a notorious eccentric who insisted on humming as he played, wore a hat, overcoat and scarf even in summer and refused to shake hands for fear of injury.

Reclusive and plagued by physical ailments, real and imagined, the Toronto-born virtuoso added to his own mystique by quitting the concert stage at the peak of his career in 1964.

Fascination with Mr. Gould has only increased since his sudden death from a stroke at age 50 in 1982. Many fans say they feel drawn to his persona as well as his music. "It's just a fanatical following," says Mary Jo Watts, who moderates an online discussion group devoted to Mr. Gould.

Gouldiana has become more expensive than memorabilia of any other 20th-century pianist, dealers say. A signed Gould photo in good condition can fetch up to $5,000, compared with about $700 for one featuring the pianist Arthur Rubinstein. "He's in a class of his own," says Mr. Gross, the dealer. "He was a great pianist and a complete wacko."

Much in the way Elvis fans travel to Graceland, Mr. Gould's admirers make pilgrimages to Ottawa from as far away as Japan to commune with the Gould artifacts on public display, which include his Steinway piano and the battered wooden chair he used instead of a piano stool for all his concerts and recording sessions. "People cry when they see the piano," says Richard Green, interim director of the music section at the Library and Archives. "They love to touch it." Aficionados also visit Toronto to see the red-brick house where the pianist lived as a child and to eat the Hungarian soup he favored at a diner called Fran's.

DOJ_NMG_0055243

Many women express romantic feelings for the never-married pianist, who was intensely private about his relations with women. To this day, only his trusted friends and associates and some scholars know the name of the one woman with whom Mr. Gould appears to have formed a lasting attachment.

Roger Saydack, a Eugene, Ore., lawyer and music lover, says he paid about $1,200 a decade ago for a signed copy of a Gould portrait by renowned Canadian photographer Yousuf Karsh that is "not of pristine quality" but hangs in his study anyway. "You really get a sense of his presence from it," says Mr. Saydack, who also bought a draft of an article Mr. Gould wrote about Arthur Rubinstein, complete with Mr. Gould's handwritten notes.

Most of Mr. Gould's personal papers and belongings ended up in the government archives. Mr. Gould left his estate to two charities, the Salvation Army and the Toronto Humane Society, says executor Stephen Posen. Shortly after the pianist's death, the estate sold the belongings and documents to the Canadian government: 140 notebooks, annotated scores, photographs, copies of personal letters, drafts of compositions and scripts for his radio documentaries that filled a whole room in his Toronto apartment.

When the archives acquired the collection, professional and amateur researchers descended on the trove before it had been catalogued, recalls Timothy Maloney, a former head of the music section. He says some were "crazies," such as a woman who wanted to see the hotel keys Mr. Gould had brought home from his tours so she could try to visit a room where he had slept.

Researchers were generally given access to the original documents in a room with little oversight, Mr. Maloney says. When Mr. Maloney joined the department in 1988, he says he was given a list of researchers to watch out for because they were "already suspected of lifting some items." The music staff couldn't prove anything was missing because the collection was not fully catalogued.

Among those on the suspect list: Barbara Moore, a 62-year-old artist from Texas. Mr. Posen, the executor of the Gould estate, says he granted her access to the collection in the late 1980s to do research on the teaching of art to children. "I liked her and trusted her," says Mr. Posen, who was one of Mr. Gould's lawyers. "I'm very surprised" about the charges against Ms. Moore, Mr. Posen says.

In the mid-1990s, to protect the Gould material from wear and theft, the archive stopped allowing researchers access to the original documents, offering them microfilm instead. The documents themselves were transferred from the downtown Ottawa library to a new, climate-controlled concrete preservation center in nearby Gatineau. Mr. Gould's personal effects, including the hat and scarf that he wore year-round, were shipped to the Canadian Museum of Civilization for preservation.

When Gould scholar Kevin Bazzana was researching his 2003 book, "Wondrous Strange: The Life and Art of Glenn Gould," he relied on microfilm to view thousands of pages -- including the 8x10 lined sheet listed for sale by Mr. Gross last fall. Dated March 13 and 14, 1978, the note includes doodles, a list of phone calls to return, a phone number for one contact and an odd reminder to "mail letters to myself."

Mr. Gould also signed the page with 18 variations of his own signature, making the document of interest to Mr. Bazzana because it helps to support anecdotes that suggest Mr. Gould "had these weird superstitious hang-ups about his signature," says Mr. Bazzana. Mr. Gould was known to write checks and then ask for their return so he could tear them up because he was not satisfied with the signature, Mr. Bazzana says.

Mr. Bazzana recognized the page on Mr. Gross's Web site when a friend alerted him to the sale, and called the Library and Archives to notify the staff. When archivist Cheryl Gillard went to the vault in Gatineau and opened the file, the mystery deepened: the document was still there, exactly where the catalog said it should be.

Mr. Bazzana, who lives in British Columbia, quickly put in a call to Mr. Gross in New York. By comparing the document in the archives with the one Mr. Gross had bought, the two men concluded that the dealer's copy was likely the original, while the copy that researchers had relied upon for almost 20 years was probably a forgery. "The lines were a little bit jagged" on the copy left in the archives, Mr. Bazzana says.

Mr. Gross says he had bought the paper from Ms. Moore and believed her story: that she had been given the page and another document while doing her archival research. "What she said sounded absolutely plausible," he says.

The Library and Archives contacted the New York police. In May, the Manhattan District Attorney, Robert Morgenthau, charged her with theft and possession of stolen property.

Prosecutors say Ms. Moore also stole an outline for a composition by Mr. Gould that she sold to Mr. Gross. They have asked her to turn over "any other items" that belonged to Mr. Gould, including "articles of clothing," that she might have, says Ms. Moore's lawyer, Shane Brooks. He denies that his client has such items and says she was given the doodle and the composition sketch by a government archivist almost 20 years ago. Mr. Brooks declined to make Ms. Moore available for an interview. Both sides are scheduled to appear in court in New York in October.

A spokesman for the Library and Archives declined to comment while the case is pending.

DOJ_NMG_0055244

Ms. Gillard, the archivist, says she believes the reclusive Mr. Gould knew his life would be laid open for public view after his death -- and wanted it that way, as evidenced by his habit of keeping so many items. "He had a playful personality," she says. "He wanted to live forever. What better way to do it?"

CIVIL LAW:

Cardinal Stops Sales Of Pump (COLDIS)

By Barnet D. Wolf, The Columbus Dispatch

Columbus Dispatch, August 29, 2006

FDA says keypad sensitivity could lead to drug overdose

Cardinal Health Inc. officials don't know how long it will take to repair a popular medical device that federal authorities say is defective.

The company, based in Dublin, said yesterday that it has suspended making, selling and repairing Alaris SE infusion pumps after 1,300 of them were seized by U.S. marshals.

The value of the seized devices was $1.8 million. The pumps are used to deliver medications and fluids intravenously.

The Food and Drug Administration got a federal court warrant to take the pumps from a manufacturing plant in San Diego, the agency said yesterday.

Problems with the pump were reported as early as 1998, according to Tim Ulatowski, who directs the office of compliance at the FDA's Center for Devices and Radiological Health.

The defect has been tied directly to one death and possibly to another, he said.

The problem "has lasted longer than the agency has thought it should," he said. "It was time to take action, and time to get this product fixed."

Cardinal spokesman Jim Mazzola denied yesterday that the product caused any deaths, but added that the company was working with the FDA to solve the problem.

"Our primary concern is patient safety," he said.

The company suspended distribution, manufacturing, installation and repairs of the pumps while it works on the modifications needed to get FDA approval, Mazzola said. About 140,000 Alaris SE infusion pumps have been distributed worldwide in the past 12 years.

Problems with the devices have developed because numbers on the pumps' dosage keypads might register twice when pressed, which could cause a patient to receive an overdose, the FDA said.

The Alaris SE, or signature edition, is one of several infusion-pump lines manufactured by Alaris Medical Systems, which Cardinal acquired in 2004 for $1.6 billion.

Current annual sales of the SE are less than $24. million, the company said, a fraction of the company's $81.4 billion in annual sales.

Apart from the bottom line, however, "it's never a good idea for a medical-device manufacturer to enrage the FDA," said Carol Levenson of Gimme Credit, a corporate-bond research service.

Ulatowski said his office seizes products about a dozen times a year. In Cardinal's case, he called it a "precautionary measure" until repairs are made.

The FDA acted even though Cardinal began a process Aug. 15 to send letters and warning labels that would alert customers of the keypads' sensitivity and to double-check the dosages.

Shares in Cardinal Health slipped 50 cents yesterday, closing at $66.82 on the New York Stock Exchange.

CIVIL RIGHTS:

Former Harrison County Deputy Indicted In Death Of Inmate (AP)

AP, August 29, 2006

SAUCIER, Miss. - A former Harrison County deputy sheriff was arrested by FBI agents Monday on charges alleging he assaulted a prisoner who later died and falsified records in an attempt to influence an investigation into the case.

John G. Raucci, Special Agent in Charge of the FBI in Mississippi, said the arrest of Ryan Michael Teel, 29, of Saucier followed a five-month investigation by agents and a federal grand jury indictment.

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The indictment alleges that on or about Feb. 4, 2006, then-deputy Teel assaulted inmate Jessie Lee Williams, Jr. in the Harrison County jail in violation of Williams' constitutional rights, "which includes the right to be free from the use of excessive force by one acting under color of law."

The assault resulted in Williams' death, the indictment said.

Williams died after being removed from life support Feb. 6, two days after the alleged beating in the jail's booking room.

Teel, who made his initial appearance before U.S. Magistrate Judge John Roper in Gulfport, is also charged with making a false entry into Harrison County Sheriff's Office records concerning Williams.

Prosecution of Teel's case will be handled by U.S. Attorney Dunn Lampton and attorneys with the Justice Department's civil rights division.

Regina Lynn Rhodes, a jailer who was fired in April, pleaded guilty in July to injuring Williams with repeated blows to his neck, back and legs while he was restrained. She will be sentenced Oct. 16. She faces up to 13 years in prison and a $500,000 fine for violating Williams' civil rights.

Rhodes said in her plea agreement that a supervisory deputy and other jail employees encouraged the beating of inmates "in circumstances that did not justify the use of force."

Judge Blocks Fla. Voter Registration Law (FINDLAW/AP)

By Curt Anderson, Associated Press Writer

AP, August 29, 2006

(AP) - MIAMI-A federal judge on Monday declared a new Florida voter registration law unconstitutional, ruling that its stiff penalties for violations threaten free speech rights and that political parties were improperly exempted.

The 48-page ruling by U.S. District Judge Patricia Seitz means that state authorities cannot enforce the provisions of the law. It took effect Jan. 1 and has been blamed by several labor unions and nonprofit groups for effectively blocking voter registration drives across the state because of the financial risk.

"If third-party voter registration organizations permanently cease their voter registration efforts, Florida citizens will be stripped of an important means and choice of registering to vote and of associating with one another," Seitz wrote.

The law also "unconstitutionally discriminates" against third-party registration groups because it does not apply to political parties, Seitz added.

The law imposes fines of $250 for each form that is submitted to election officials more than 10 days after it is collected from an individual and can reach $5,000 for each form that is collected but never submitted.

State officials said the decision would be appealed to the 11th U.S. Circuit Court of Appeals.

"At this point, we respectfully disagree with the ruling and plan to take the issue up on appeal," said Sterling Ivey, spokesman for Florida Secretary of State Sue Cobb, whose office oversees elections.

The measure quietly passed the Legislature in the aftermath of the 2004 presidential election that saw national attention focused on Florida as a key battleground state and the registration of more than 1.5 million new voters, nearly twice the number registered in the 2000 election cycle.

"This is a win for democracy and will send a signal to officials in Florida and other states that you cannot erect unreasonable barriers to voter registration," said Wendy Weiser, co-counsel for the third-party groups and deputy director of the Democracy Program at the New York University law school's Brennan Center for Justice.

The plaintiffs in the case included the League of Women Voters of Florida, the Florida AFL-CIO, the American Federation of State, County and Municipal Employees and other groups.

Attorneys for the state had argued that the Legislature was within its powers to single out third-party groups because of evidence of past registration problems.

Judge Tells City To Release Reports With Fewer Redactions (WP)

By Karlyn Barker, Washington Post Staff Writer

The Washington Post, August 29, 2006

The District government has to make public its investigative reports on deaths in city-contracted group homes for the mentally retarded -- and without the extensive redactions that officials made in some previously released reports, a judge has ruled.

D.C. Superior Court Judge Geoffrey M. Alprin said the documents are "reports to the public" and should be made available to the media and other interested parties with only the names of the deceased kept confidential.

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The order, issued Aug. 22, was in response to a lawsuit filed by The Washington Post, which sought to obtain the death investigation reports under the city's Freedom of Information Act. The District had denied the FOIA request, citing confidentiality concerns, even though The Post had requested the records with the names of the deceased redacted.

Mayor Anthony A. Williams (D) established a fatality review committee in 2001 after a public outcry over inadequate care for about 2,000 mentally retarded wards, most of whom lived in group homes. A 1999 series in The Post found that none of 116 deaths in the group home system since 1993 had been investigated by the city's mental retardation agency.

Alprin said the reports and other death investigation documents, including the names of group home operators, are not confidential. "The Mayor established [the fatality review committee] to create more public accountability in a beleaguered government agency," Alprin said in his order. "As such, the court views these [death] reports -- which are designed to inform the public about the care within the mental-retardation system -- as reports to the public."

Traci Hughes, a spokeswoman for city's Office of the Attorney General, said the District had not decided whether to appeal the ruling. "We remain concerned about the privacy of the patients," she said, referring to the deceased group home residents.

The Post had received death reports from the city before filing its lawsuit in January. But Alprin said in his order that some of the documents were so heavily redacted "as to render the reports unreadable." The city said it made the redactions to ensure that The Post could not use the information to identify the people who died.

ANTITRUST:

BP Woes Deepen With New Probe (WSJ)

By John R. Wilke In Washington, Ann Davis In Houston And Chip Cummins In London

The Wall Street Journal, August 29, 2006

Federal investigators are examining whether BP PLC manipulated crude-oil and unleaded-gasoline markets, signaling a rise in regulatory scrutiny of the British energy giant, said lawyers and traders close to the case.

BP, which has been summoned before Congress next week over problems in its Alaska pipeline operations, already faces a civil complaint filed by federal commodities regulators for allegedly manipulating much of the U.S. market for propane. The separate investigations on crude oil and gasoline could intensify public and political pressure on BP because these markets are bigger and directly affect most American households.

The Commodity Futures Trading Commission has sent subpoenas to BP and energy traders in the crude-oil probe, which is focused on possible manipulation of the global over-the-counter market in 2003 and 2004, according to lawyers and traders who have been contacted or briefed in the civil investigation. (The over-the-counter market includes trades conducted over the phone or electronically in products not listed on exchanges, or in marketplaces that regulators can't see.)

The separate gasoline inquiry, which has been under way more than a year and includes a criminal probe by the Justice Department, is examining a single day's trading on the New York Mercantile Exchange in 2002, the lawyers and traders close to the case said.

A spokesman for BP in the United Kingdom said, "We are aware of investigations being done by the [U.S.] authorities and we are cooperating fully." He didn't elaborate on the nature of the investigation. People at other firms said many trading firms had received CFTC demands for information, suggesting that the investigation went beyond BP.

A CFTC spokesman declined to comment, saying the agency doesn't confirm or deny investigations. A Justice Department spokesman also declined to comment.

In the broader civil investigation into crude-oil trading, investigators are examining, among other things, whether BP used information about its own pipelines and storage tanks at a key oil-delivery point in Cushing, Okla., to influence crude-oil price benchmarks that are set each day and influence billions of dollars of transactions. It isn't related to the propane case, in which civil claims by the CFTC are pending against BP in federal court in Chicago, as well as a criminal charge against a former BP trader in U.S. District Court in Washington; numerous civil lawsuits seeking damages are also pending. BP has denied wrongdoing in the propane case.

No charges have been brought against BP in the crude-oil inquiry, and many such investigations are ended without civil or criminal charges being brought.

Indeed, an earlier CFTC investigation into BP's crude-oil trading was closed without charges. In 2003, BP agreed to pay $2.5 million in a settlement with the New York Mercantile Exchange to resolve allegations of improper crude-oil trading. The settlement cited 10 oil violations in 2001 and 2002, which included wash trades, or simultaneous swaps of the same amount of a commodity for the same price. BP settled the matter without admitting or denying wrongdoing; the specific nature of the trades wasn't disclosed.

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With gas prices soaring, and congressional midterm elections a little more than two months away, federal regulators and law enforcers have been sharpening their scrutiny of oil-company conduct.

At the same time, House lawmakers are demanding that top BP officials appear before the Energy and Commerce Committee next week to answer questions about the Alaska pipeline problems; other lawmakers are pushing to give the CFTC more authority to police the market for off-exchange energy trading.

BP operates one of the world's largest and most sophisticated oil-trading operations. In addition to trading physical oil and gas for its own operations, its traders participate in the energy-futures markets and provide risk-management services to energy producers and suppliers, refiners, shippers and other companies, much like a Wall Street commodities-trading desk. Its actions can affect the world-wide price of crude oil, natural gas, gasoline, propane and plastics.

The oil market involves the exchange of physical barrels of oil, trading on registered futures exchanges such as the Nymex, and unregulated over-the-counter markets. Barclays Capital recently estimated the nominal, annual value of all transactions -- including physical, futures and over-the-counter -- was some $40 trillion.

The key benchmark for oil trading is the futures contract for light, sweet crude oil on the Nymex, which is set for delivery at the terminal in Cushing, where BP has a dominant position.

Many oil deals in turn are directly linked to Nymex prices, while others are influenced by prices in New York trading.

While making commodity-markets trades on inside information about the company's operations isn't generally illegal, BP has warned the trading desk in the past to be careful about when it uses such information, says a person familiar with BP's oil-trading desk.

For example, last year, when BP's Texas City refinery had a deadly explosion that killed several of its workers, management immediately called the desk and warned them not to trade on the information. News that a refinery's operations are damaged can push up oil prices because reduced refinery output reduces supplies in the marketplace.

Over the past year or so, the CFTC has sent out demands for information about transactions involving BP to oil-trading firms and Wall Street commodities desks, said several traders familiar with the requests. In addition, the agency has conducted informal, voluntary meetings with traders at some of these firms as part of its interest in BP and other oil majors' trading operations, says a person involved in discussions organized for one firm.

Some of these same firms have also been contacted by the agency regarding the propane market.

It wasn't clear whether BP was the only company the agency was investigating, say some traders knowledgeable about these inquiries.

However, many of the questions focused on the market for light, sweet crude for delivery in Cushing. A BP spokesman said, "We always assist regulators and other authorities in terms of helping them understand the facts around how our supply business works." At the end of 2005, BP controlled as much as 30% of the available storage at Cushing -- with some estimates of its holdings even higher -- and its dominance of the crucial delivery point was a stumbling block to its buyout of Arco in 2000.

The Federal Trade Commission eventually forced the companies to sell certain assets at Cushing to avoid antitrust problems. But BP's dominance remains a lingering concern.

In its inquiries to traders, the CFTC asked questions about whether it was common industry practice when a trader manages storage tanks or other assets and uses those assets in trading strategies.

For example, a trader at an oil company may buy a large quantity of oil on Nymex for delivery at Cushing, knowing that his company controls a large amount of the available storage there where light, sweet crude must be physically delivered at the end of the month. The trader's identity is anonymous in such a situation.

A counterparty who decides to sell the oil may have trouble near the end of the month making actual delivery, if the oil company doesn't make its ample storage available.

This could lead the counterparty to sell the oil to someone else at a lower price just to get out of the obligation to deliver it, and lead to a lower price on Nymex.

Meanwhile, the oil company that is a buyer of the oil at a higher price on Nymex may have a simultaneous bet in the over-the counter markets that will benefit from the price drop.

But the rules in oil trading aren't as sharply drawn as in stock trading.

If a company used information available to insiders that others in the market didn't have -- such as the levels of storage at oil-storage facilities that are official delivery points for Nymex-traded crude -- but used that information only to make a profit and not to influence the price, regulators would be unlikely to allege wrongdoing.

BP Chief Ordered To Testify (FT)

By Sheila Mcnulty In Houston

Financial Times, August 29, 2006

DOJ_NMG_0055248

Lord Browne, BP's chief executive, must give sworn testimony to be used in the death and injuries cases against the UK oil giant arising from last year's fatal explosion at its Texas refinery, a judge ruled on Monday.

State Judge Susan Criss ruled that Lord Browne and John Manzoni, BP's chief executive for refining and marketing, had "unique and superior knowledge" requiring them to undergo questioning, under oath, by plaintiff's attorneys in the US.

The decision comes at an awkward time for BP, which is under heightened regulatory and grand jury scrutiny for the refinery accident, as well as an Alaskan spill. It will likely spur BP to settle the 550 or so outstanding death, injury and property damage cases, rather than submit its top executives to aggressive questioning. BP has settled about 650 cases.

BP said it would appeal. "Neither Lord Browne or John Manzoni have unique knowledge of the Texas City incident on March 23 2005," said Neil Chapman, BP spokesman. Unless BP wins that appeal, the depositions will be heard in the first group of the outstanding cases against BP, representing about a dozen people, which goes to court September 18. That includes the two outstanding death cases; 15 people were killed and an estimated 500 injured in the explosion.

Arthur J Gonzalez, an attorney with Brent Coon & Associates, said his firm had argued that Lord Browne had unique knowledge from his trip to Texas immediately following the explosion, during which he toured the facility and met with the mayor, in addition to holding a news conference in which BP took responsibility for the blast.

In addition, he said, Lord Browne had refused to sign off on a health, safety and environment report from the refinery until changes were made, and was quoted in an e-mail as saying he viewed the Texas City refinery as separate from BP's 17 other refineries. "We have a right to know why," Mr Gonzalez said.

He said Mr Manzoni had to give evidence because he had commissioned an "accountability investigation" of key people within BP: "We are entitled to know the underlying reason why the accountability investigation was ordered."

¦BP has announced that partial production has been restored to the Prudhoe Bay oil field after a compressor that went down last week was repaired.

Tucson's Biggest Movie Chain To Be Sold (AZDS)

By Levi J. Long

Arizona Daily Star, August 29, 2006

Tucson's cinema scene is changing as the city's biggest movie theater chain is being sold amid planned openings of new multiplexes by other companies in the next year.

Century Theatres, Inc., announced the sale of 78 theatres around the country, including four in Tucson, to Cinemark USA, Inc., based in Plano, Texas.

The Century Theatre acquisition, dependent on antitrust approval from the U.S. Department of Justice, could be finalized in the next two to four months, said Terrell Falk, vice president of marketing and communications for Cinemark USA.

"The deal is still tentative," she said. "We're not sure when the closing will be but we anticipate few changes once the decision is made."

Considered the largest operator of movie theaters in the city, Century has locations that include El Con Mall and Park Place.

Century, based in San Rafael, Calif., also operates two drive-in theaters in Glendale and Scottsdale and has locations in 12 states including California and Nevada and New Mexico and Utah, according to its company Web site.

A name change to Cinemark is not expected immediately at those Century movie theaters, Falk said.

Signs on the outside of the theaters will most likely continue to bear the Century name, however changes inside the lobby and interior signs would probably carry the Cinemark brand, Falk said.

Cinemark already operates theaters under other brands, including Tinseltown and Hollywood, Falk said.

Ticket prices at Century's theaters probably won't change, she said.

"The public won't notice anything significant," Falk said.

Cinemark already operates a theater in Sierra Vista, and plans to build more in the Phoenix area, Falk said.

Once the acquisition is complete, Cinemark will own 391 theatres with 4,395 screens in 37 states and 13 countries, according to a company news release. Once the deal is complete Cinemark would rank as the third-largest movie exhibitor in the United States, according to Hoover's business directory.

Regal Entertainment Group of Knoxville, Tenn., and AMC Entertainment of Kansas City, Mo., rank ahead of Cinemark as leaders in film exhibition, according to Hoovers.

"Tucson is a new market for us. We're coming into a lot of new markets and Tucson is a great movie-going area," Falk said.

As Cinemark absorbs Century, a few other cinemas companies will begin to open doors in the Tucson area.

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By the end of September, Linda Vista Cinemas, will begin construction on its 16-screen complex at Arizona Pavilions shopping center in Marana. The complex will feature 3,300 stadium-style seats, a digital and THX surround-sound system, 40-foot-wide wall-to-wall screens, a gourmet coffee and pastry bar, a video arcade and automated ticket kiosks.

Linda Vista Cinemas, owned by three local business owners, is expected to open by May 2007, said Kent Edwards, a managing partner with Linda Vista Cinemas LLC.

Edwards is also the managing partner for Grand Cinemas, a discount movie theater chain with three Tucson locations.

"When you look at the market, we don't see competition with anyone else except AMC," he said, referring to the complex at the Foothills Mall. "As far as other companies, we won't be impacted too much."

Harkins Theatres, a Scottsdale based chain with 24 locations locations in five states and a total of 360 screens, is building an 18-screen complex at Tucson Spectrum, a shopping center near West Irvington Road and I-19. The theatre is expected to open by fall 2007, said Mike Bowers, vice president of Harkins Theatres.

"Tucson is an underserved market and has been for a long time," Bowers said.

When you look at competition among other theater operators, the Tucson Harkins theatre will will draw people mostly from the South and Westsides and Sahuarita, he said.

"Those are good demographics," he said.

Talks with theatre companies also continue with Phoenix-based developer Vestar, which is building the 860,000-square-foot Oro Valley Marketplace, which plans for a movie theatre complex as part of its masterplan.

The Marshall Foundation, owners and developers of Main Gate Square, a shopping district near the University of Arizona, also said they may announce plans at the end of the year for a new multiscreen theatre complex to be built near the campus.

The mini boom in new theater construction will bring competition and options to movie goers that did not exist before, said Shelly Paul, past president of the Arizona Theatre Owners Association.

"Just like there is Starbucks, there are going to be movie theaters for everyone," Shelly said of Tucson's new options. "People go to get coffee like they go to the movies. They pick mostly by location."

That also means competition among chains as they work to attract movie goers into their movie theaters, she said.

"That's just the American way," she said.

Contact reporter Levi J. Long at 573-4179 or llong@azstarnet.com.

Nonprosecution Agreement Doesn't Guarantee A Dodged Bullet (LAW)

By Sue Reisinger, Corporate Counsel

Corporate Counsel, August 29, 2006

Most companies assume that they've successfully dodged a bullet when they sign a nonprosecution agreement with the government. That's certainly what shipping giant Stolt-Nielsen S.A. thought when its subsidiary struck a deal three years ago to avoid federal criminal charges for antitrust violations.

But shortly after the deal was concluded, the government said it would indict Stolt-Nielsen anyway because the company had broken the pact. Stolt-Nielsen maintains that the government is the one who isn't living up to the deal, and in July asked the U.S. Supreme Court to block the indictment.

U.S. Department of Justice spokeswoman Gina Talamona says the Stolt-Nielsen case is the first time that lawyers in the agency's antitrust division have tried to revoke a nonprosecution deal (also called an amnesty agreement). Talamona says the DOJ doesn't keep such statistics outside the antitrust division, but other observers say they don't know of any other instance in which the government has tried to rescind a deal with a corporate defendant.

The government's allegations focus on Stolt-Nielsen Transportation Group Ltd., the Dutch subsidiary of the London-based parent company. The DOJ says the subsidiary colluded with other shippers in 2002 to fix prices and share customers. After Stolt-Nielsen began cooperating with the government, the DOJ won guilty pleas from the other shippers, which have been hit with $62 million in fines and seen several of their executives go to jail. Stolt-Nielsen and its executives escaped fines and prosecution when the company signed its nonprosecution agreement with Justice in January 2003.

Six months later, the government filed a criminal complaint against Stolt-Nielsen executive Richard Wingfield, adding that it would indict the company. DOJ lawyers separately told Stolt-Nielsen that they were revoking the nonprosecution agreement because the company had lied about when it had stopped its wrongdoing.

Stolt-Nielsen responded by asking a federal district court judge in Philadelphia to block the indictment. In January 2005 Judge Timothy Savage sided with the company, saying that the government couldn't rescind the agreement prior to a judicial ruling that Stolt-Nielsen had breached it. Plus, Savage added, there was no breach because the company had ceased its wrongdoing by the time it signed the agreement -- and no other date is mentioned in the agreement.

But this past March, the 3rd Circuit U.S. Court of Appeals reversed Savage's ruling. The appellate panel found that a valid nonprosecution agreement can bar the government only from prosecuting a company, not from indicting it. The circuit court said that Savage did not have the authority, under the Constitution's separation of powers provision, to stop Justice from indicting. "Simply being indicted and forced to stand trial is not generally an injury for constitutional purposes," the 3rd Circuit judges said.

That's simply wrong, Stolt-Nielsen argues in its petition to the Supreme Court. The company says that an indictment "would have a catastrophic and incurable impact" by letting creditors claim an adverse change, throwing the company into default, accelerating repayment obligations, and possibly prejudicing Stolt-Nielsen's ability to refinance maturing debt or to sell assets.

Susan Hackett, GC of the Association of Corporate Counsel, says that her group plans to file an amicus brief with the Supreme Court on Stolt-Nielsen's behalf. According to Hackett, the government's attempt to renege on its deal with the company has caused in-house counsel to question whether nonprosecution agreements can still deliver their main benefit -- freedom from indictment.

"If that benefit is now in doubt or undermined," Hackett says, "it will impact the advice that corporate counsel provide. And it will chill the likelihood that clients will be as interested in self-reporting or early resolution of complex cases."

ETEU Approves Phillips' Purchase Of Avent (AP)

AP, August 29, 2006

BRUSSELS, Belgium (AP) - The EU has approved plans by Dutch appliance maker Royal Phillips Electronics NV to purchase Britain's Avent Holdings Ltd., a baby product maker with sales in more than 60 countries.

"The European Commission concluded that the proposed transaction would not significantly impede effective competition in the European Economic Area or any substantial part of it," the EU said in a statement released Monday.

The statement said that EU antitrust investigators had determined that the proposed acquisition would not give rise to any significant reduction in competition.

The Dutch company announced its plans last week, and said that if the terms are accepted by Avent's parent company, Charterhouse Capital Partners LLP, Phillips will pay about 675 million euros ($861 million) in cash when the transaction is scheduled to be completed by the third quarter of 2006.

Avent, founded in 1984 and specializing in baby monitors and feeding products, is among the top three manufacturers in its field in the United States -- a 7 billion euros ($9 billion) market worldwide.

Brown-Forman Will Acquire Tequila Maker (NYT)

By Elisabeth Malkin

The New York Times, August 29, 2006

MEXICO CITY, Aug. 28 — The Brown-Forman Corporation, the Kentucky company known for its Jack Daniel's and Southern Comfort liquor, said Monday that it was buying the Mexican tequila company Casa Herradura for $876 million.

The deal gives Brown-Forman two brands, Herradura and El Jimador, which are among the best-selling tequilas in Mexico, but which lag in the fast-growing market for tequila in the United States.

"We think we can do a better job with wider distribution," said Phil Lynch, a spokesman for Brown-Forman in Louisville. "We will have more resources to build the brands."

Rafael Obregón, chief executive of Casa Herradura, which is based in Guadalajara, said in a news release that the company expected the deal "to grow our brands in the global spirits market."

Tequila imports to the United States have grown an average of 8.6 percent a year since 2002 and high-end tequilas have grown even faster, about 20 percent annually, according to the Distilled Spirits Council of the United States. The margarita, which is mixed with tequila, is the most popular cocktail in the United States, Brown-Forman said.

But exports account for less than 20 percent of Herradura's sales, which were about $200 million last year. The company is held by the Romo family, which founded the distillery in 1870, the same year that Brown-Forman was founded.

With the sale of Herradura, Mexico's No. 3 tequila producer, only the largest of the top three tequila distillers, Jose Cuervo, will remain Mexican-owned. Sauza, the No. 2 producer, is controlled by Fortune Brands.

Several analysts said Brown-Forman had paid a steep price for Herradura. Pernod-Ricard and Bacardi were also reported to have been interested, which may have helped push up the final price Herradura received.

"It's an expensive acquisition," said Timothy S. Ramey, an analyst with D. A. Davidson & Company.

But, he added, "Tequila is an attractive growth vehicle."

At the same time, Brown-Forman expects Casa Herradura's national distribution network in Mexico will help increase sales of its whiskeys and wines. Brown-Forman's chief executive, Paul C. Varga, said in a release that the acquisition would "enable us to continue our company's international expansion."

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The company said that it did not expect the acquisition to begin adding to earnings for a couple of years.

Casa Herradura produces Herradura, a super-premium brand, which sells in the United States for about $40 for a 750-milliliter bottle and El Jimador, which retails for about $20. It also owns a ready-to-drink mix brand called New Mix, which sells only in Mexico.

Kinder's Buyout Would Boost Debt To $14 Billion (WSJ)

By Russell Gold And Serena Ng

The Wall Street Journal, August 29, 2006

Kinder Morgan Inc.'s debt load would double to $14 billion under its proposal to go private, leaving the company more vulnerable to a downturn in commodities, rising interest rates, or other shifts in the business landscape.

Kinder Morgan, an oil and natural-gas pipeline company, yesterday reached a long-expected agreement to go private after a special board committee sweetened the offer price for shareholders by $1 billion, thereby increasing the debt by the same amount. The company's management, along with a group that includes Goldman Sachs Capital Partners, American International Group Inc. and Carlyle Group, made the offer, which is valued at about $14.56 billion plus the assumption of about $7 billion in debt.

If approved by regulators and shareholders, the deal would be one of the largest leveraged buyouts ever.

Flush with cash, private-equity firms are increasingly active in the energy sector, funding start-up firms, buying up assets and in Kinder Morgan's case, helping finance the management-led buyout of one of the largest owners of energy infrastructure in the U.S.

At 4 p.m. in New York Stock Exchange composite trading, shares of Kinder Morgan were up $2.57, or 2.5%, to $104.27.

The proposed deal will raise Kinder Morgan's debt from the current level of about $7 billion. Moody's Investors Service, Standard & Poor's and Fitch Ratings yesterday reiterated plans to cut Kinder Morgan's investment-grade ratings to speculative grade or "junk" when more details of the transaction emerge. A Kinder spokesman said it is "premature" to discuss whether it might refinance any of its current debt.

Still, Kinder Morgan's ratings are likely to end up in the "BB" range, the highest speculative-grade rating. Fitch analyst Glen Grabelsky says Kinder Morgan's pipelines are expected to generate strong and steady cash flows that would enable it to service the larger debt.

He says how quickly Kinder Morgan can pay down its debt will depend in part on how it chooses to use the cash it generates. If commodities prices continue to hold up, the company could see stronger demand for its energy transportation, distribution and storage services and seek to expand its operations. "They'll probably want to undertake acquisitions and expansion projects to improve their network, and we expect them to take advantage of attractive investment opportunities," Mr. Grabelsky said. "That may slow their debt reduction."

If there is a downturn in the volatile commodities sector, revenue from Kinder Morgan's distribution business could be affected. And Mr. Grabelsky said that because the new debt is likely to come in the form of floating-rate loans rather than fixed-rate instruments, it could be hit by a sharp rise in interest rates.

Under the deal, Kinder Morgan shareholders will receive $107.50 a share, above the $100 a share management proposed in May. Management and private-equity investors raised the offer after negotiating with a special committee of independent board members. The committee recommended shareholder approval. The purchase price is 27% above the stock's price before the proposal to take the Houston company private was disclosed earlier this year.

There are still significant risks for the company's creditors. Holders of Kinder Morgan's existing bonds have already seen the value of their investments plunge since the firm unveiled plans for a buyout in late May. They could be hurt further if Kinder Morgan's private-equity investors decide to pay themselves a big cash dividend shortly after the buyout is completed. "I can see them doing a $1 billion dividend payout within nine months of the deal closing," said Andy DeVries, an analyst at research firm CreditSights.

Kinder Morgan President C. Park Shaper said that decisions regarding dividend payouts will be linked to the desire to keep the debt of Kinder Morgan Energy Partners LP, a tax-reducing master limited partnership aimed at attracting retail investors, at an investment rating.

Chairman and CEO Richard Kinder will continue to lead the private company. Mr. Kinder and other managers are contributing about $3 billion in equity, says a spokesman. Goldman Sachs Group Inc.'s Goldman Sachs Capital Partners, AIG, and Carlyle and its Riverstone Holdings affiliate are expected to contribute about $5 billion. The rest will be additional debt.

Kinder Morgan Agrees To An Improved Buyout Offer Led By Its Chairman (NYT)

By Jad Mouawad

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The New York Times, August 29, 2006

Kinder Morgan Inc., one of the largest pipeline operators in the country, said yesterday that it had agreed to a sweetened buyout offer of $15 billion from a group of investors led by its chairman and co-founder, Richard D. Kinder.

The buyers, who plan to take the company private, agreed to increase their cash offer to $107.50 a share, from an offer of $100 a share made in May. In addition, they will assume $7 billion of debt, Kinder Morgan, of Houston, said in a statement.

The transaction is one of the largest leveraged buyouts ever.

The buyout is led by Mr. Kinder, a former president of Enron who was ousted after a dispute with Enron's founder, Kenneth L. Lay. The investor group includes Goldman Sachs Capital Partners, part of the investment bank's equity business; the American International Group, the insurance company; and two private equity firms, the Carlyle Group and Riverstone Holdings.

Kinder Morgan's board accepted the higher offer yesterday and will recommend its approval by shareholders. In trading on the New York Stock Exchange, the company's shares rose $2.57 yesterday, to $104.27.

Some investors had criticized the initial offer as too low and threatened to sue the company. At the time, the offer represented an 18.5 percent premium over the price of Kinder Morgan shares. The new offer amounts to a 27 percent premium over Kinder Morgan's closing price of $84.41 on May 26, the last trading day before the initial one was made.

After the May offer, the company's board appointed an independent panel to help evaluate it. Some analysts had expected Kinder Morgan to be worth much more. Indeed, a low market valuation was one reason that Mr. Kinder cited in May for wanting to take the company private.

Paul Sankey of Deutsche Bank wrote in a note to investors yesterday: "There are megabulls on Kinder Morgan who valued it at $150, and expected a bump to $120, but this was not reflected by the market, which clearly didn't see much upside. But the independent committee had to protect itself by asking for some kind of increase, and this offer should do enough to satisfy shareholders who owned equity worth $84 a share when the process started."

Kinder Morgan operates about 43,000 miles of pipelines for natural gas, oil, other petroleum products and carbon dioxide. It also runs more than 150 terminals for gasoline and petroleum products and provides natural gas distribution service to more than 1.1 million customers.

Among its larger assets, Kinder Morgan owns Plantation Pipelines, one of the nation's main transportation networks for petroleum products, carrying gasoline from refineries on the Gulf Coast to markets on the Atlantic Coast.

Mr. Kinder has been called the anti-Ken Lay. Mr. Lay, Enron's chairman, blocked Mr. Kinder's career there and pushed him out in favor of Jeffrey K. Skilling, who became president and chief executive after Mr. Kinder left. Under the new leadership, Enron shunned its traditional businesses in favor of more lucrative, and riskier, trading activities. It collapsed in 2001, and Mr. Skilling was convicted of fraud. Mr. Lay died last month of a heart attack.

Kinder Morgan is largely the result of Mr. Kinder's strategy after he left Enron in 1996. At the time, he took over Enron's stodgy pipeline assets and quickly expanded the business through a series of mergers and acquisitions.

In 1999, for example, he engineered a merger between Kinder Morgan Energy Partners and KN Energy, a gas utility in the Midwest. That deal was followed by several smaller acquisitions of storage terminals, distribution networks and other so-called midstream assets.

Among the investors in the current buyout besides Mr. Kinder are the company's other founder, William V. Morgan; and two directors, the billionaire financier Fayez S. Sarofim and Michael C. Morgan, Mr. Morgan's son. Mr. Kinder owns 24 million shares of Kinder Morgan, or 18 percent of the company.

Kinder Morgan Board Approves $15B Sale (USAT)

By Matt Krantz

USA Today, August 29, 2006

Kinder Morgan's CEO, along with several large private equity firms, Monday won the board's blessing to buy the Houston-based energy company and take it private.

The offer, worth $15 billion in cash, or $107.50 a share, plus the assumption of $7 billion in debt, is 7.5% more cash than the same group's offer in May. It's also the second-largest "going private" transaction of the year, behind the deal for hospital chain HCA, valued at $32.1 billion including debt, says Thomson Financial.

The deal awaits shareholder approval, but is another sign of the rising influence of private equity firms buying companies of increasing size. It also shows a growing interest by executives like CEO Richard Kinder to escape the rigors of leading a public company. Ringing the bell on Wall Street doesn't have the allure it used to for some CEOs.

"Any time you get a company that might be in play … management is looking to see how it can be involved and take a leading role," says John Rodney, partner at law firm Thorp Reed & Armstrong.

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For Kinder, the deal represents a chance to own a bigger slice of the company, which could be worth considerably more after making long-term strategic improvements, says Robert Lane, analyst at Sanders Morris Harris.

The stock, which rose $2.57 Monday to $104.27, would be worth $150 to $160, he says, but only after doing "a lot of different things to reorganize." And as the head of a private company, Kinder, who owns 18% of the company now, will be free to make the necessarily long-term changes, Lane says. And he'll own roughly 40% of the private company, providing him with a larger potential payout.

Even so, the deal is fair to current shareholders because it represents a 27% premium from the price of $84.41 before the first offer, Lane says. The initial offer, made on May 29, was 18.5% higher than the previous day's closing price. Lane expects shareholders to approve the deal.

It's unlikely other bidders will emerge, he says. Kinder's buyout is backed by some of the biggest players in the private industry world, including Carlyle Group, Goldman Sachs, Riverstone and AIG Global Asset Management.

Still, such management-led deals draw investor scrutiny, says Chris Young, head of merger and acquisition research for Institutional Shareholder Services, which helps large investors decide how to vote. Investors are skeptical if they feel CEOs can use their large ownership blocks to thwart higher, competing bids. They also wonder if a company's future is better than widely expected, if CEOs with inside information still want to buy, he says. "You have to look at these with a cautious eye," he says.

There can be a conflict of interest when the CEO is the buyer, says Phillip Phan, professor at Rensselaer Polytechnic Institute.

Nonetheless, the trend of CEOs buying their companies and taking them private is expected to pick up.

So far this year, seven formerly publicly traded U.S. companies have sold themselves for $69.9 billion to private teams led by the management, says Dealogic, well above the two deals worth $3.8 billion in 2005.

"The Kinder Morgan deal is par for the course," Phan says. "We'll see more of these."

Banca Popolare Italiana Is Seen As Merger Target (WSJ)

By Gabriel Kahn

The Wall Street Journal, August 29, 2006

Banca Popolare Italiana Scarl could be the next Italian lender to be scooped up as the long-awaited banking consolidation gains pace in the wake of the planned megamerger between Banca Intesa SpA and Sanpaolo IMI SpA.

The midsize bank, based in the city of Lodi in northern Italy, earlier this month announced it was considering merger options with other Italian banks. So far, four banks have formally expressed interest. The BPI board is scheduled to meet Thursday, at which point it could give a mandate to its two advisers, Rothschild and Mediobanca SpA, on how to proceed, according to a bank spokesman.

Another wave of banking consolidation in the lucrative but fractured Italian market has been expected for some time, and the country's top banking regulator, Bank of Italy Gov. Mario Draghi, has urged the country's banks to merge themselves into bigger groups. Saturday, Intesa and Sanpaolo, Italy's No. 2 and No. 3 banks, agreed to the terms of a merger that would create one of the largest lenders in the euro zone and would control more than 20% of the Italian retail market. That move is expected to increase the competitive pressures on the country's smaller banks to look for partners in order to increase size and efficiency.

Last night, the board of Banca Popolare dell'Emilia Romagna Scarl, one of the banks that had expressed interest in acquiring BPI, was meeting. There wasn't yet word on whether the board was planning to formalize its interest by making an offer. Other banks that have expressed interest in BPI are Banca Popolare Novara Verona, Banca Popolare Milano and Banche Popolari Unite. Morgan Stanley, in a recent research note, commented that with so many banks expressing interest, "time is running out," and it expected bids to materialize soon. BPI was at the center of a massive criminal investigation last year after the bank's previous chief executive, Gianpiero Fiorani, launched a failed bid for Banca Antonveneta SpA, which is three times as big.

BPI is considered large and attractive enough to get serious attention. Its market capitalization is about €5.7 billion ($7.3 billion). Mutual, or "popolare," banks have odd structures that often limit the power of large shareholders. For that reason, Morgan Stanley said, these banks often merge with other popolare lenders.

Write to Gabriel Kahn at gabriel.kahn@wsj.com1

ENVIRONMENT:

Blistering Drought Ravages Farmland On Plains (NYT)

By Monica Davey

The New York Times, August 29, 2006

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MITCHELL, S.D. — With parts of South Dakota at its epicenter, a severe drought has slowly sizzled a large swath of the Plains States, leaving farmers and ranchers with conditions that they compare to those of the Dust Bowl of the 1930's.

The drought has led to rare and desperate measures. Shrunken sunflower plants, normally valuable for seeds and oil, are being used as a makeshift feed for livestock. Despite soaring fuel costs, some cattle owners are hauling herds hundreds of miles to healthier feedlots. And many ranchers are pouring water into "dugouts" — natural watering holes — because so many of them (up to 90 percent in South Dakota, by one reliable estimate) have gone dry.

Gov. Michael Rounds of South Dakota, who has requested that 51 of the state's 66 counties be designated a federal agricultural disaster area, recently sought unusual help from his constituents: he issued a proclamation declaring a week to pray for rain.

"It's a grim situation," said Herman Schumacher, the owner of a livestock market in Herreid, S.D., a small town near the North Dakota line where 37,000 head of cattle were sold from May through July, compared with 7,000 in the corresponding three months last year. "There's absolutely no grass in the pastures, and the water holes are all dried up. So a lot of people have no choice but to sell off their herds and get out of the business."

Drought experts say parts of the states most severely affected — Nebraska, the Dakotas, Montana and Wyoming — have been left in far worse shape because of recent history: several years of dry conditions, a winter with little snow and then, with moisture reserves in the soil long gone, a wave of record heat this summer.

By late August, rain had fallen several times in some areas, but Bob Hall, an extension crops specialist at South Dakota State University, said it amounted to "a drip in a bucket."

"The bottom line is that even if we got relief starting today, at this minute," Dr. Hall said, "it would take a few years economically to recover."

As if earless, shriveled cornstalks were not enough, farmers and ranchers say they carry a sense that their counterparts elsewhere seem to be doing just fine, leaving them with what feels like an invisible disaster, unnoticed by the outside world. Some farmers in Midwestern states like Illinois, Indiana and Ohio, as well as some in the eastern sections of South Dakota and Nebraska, tell of a respectable growing season.

Even here in Mitchell, about 70 miles west of Sioux Falls, some residents did not grasp the scope of the drought until the Corn Palace, this city's tourist-luring castlelike civic center wrapped in hundreds of thousands of ears of corn, announced that because there was not enough of the crop, it would not redecorate this year for the 2007 season.

"We don't have any record of anything like this happening before," said Mark Schilling, the director of the Corn Palace, a campy, 114-year-old landmark promoted on highway billboards with endless corn puns.

"But if there's not a crop, there's not a crop," Mr. Schilling said quietly.

After weeks and weeks with little rain and high temperatures, one farmer, Terry Goehring, watched the mercury spike to 118 degrees in his Mound City, S.D., field one day in July. That was it. Mr. Goehring, who has farmed since 1978, sold half his 250 head of Angus cattle.

"There was no corn," he said. "There was no hay. We had nothing. And in that moment, I knew there was no choice."

Climatologists with the National Drought Mitigation Center at the University of Nebraska-Lincoln said scientists deemed the weather conditions and its effects in the areas of the worst drought a once-in-50-years experience.

In some cases, it has been worse than that. On July 15, a weather station in Perkins County, S.D., near North Dakota, recorded a temperature of 120 degrees. That matched the highest ever reported in the state since the start of such record-keeping in July 1936, said Brian Fuchs, a climatologist at the Nebraska center.

Given such conditions, it is hardly a surprise that crop estimates are so gloomy. Steve Noyes, deputy director at the South Dakota field office of the government's National Agricultural Statistics Service, said the winter wheat crop here had shrunk by 43 percent from last year's; alfalfa hay is expected to be down by 35 percent; and 22 percent of pasture land is deemed "very short," with 35 percent "short," figures significantly worse than those of a year ago.

For the most part, commodity prices have not been affected, said Greg Lardy, a beef cattle specialist at North Dakota State University. While the region affected is hard hit, Dr. Lardy said, it has not been large enough to leave a mark on prices, particularly since some other regions have experienced strong seasons.

A walk through the fields of David Gillen, whose family has farmed in White Lake, 35 miles west of Mitchell, since 1897, is a tour of a drought. While some fields have survived, others are not worth harvesting. There, corn that should have been lanky by now is short and yellow, and many stalks carry no ears: the pollination, which should have occurred at the end July, never happened at all, given the extreme heat.

"This is my favorite time to be out here looking at the fields," Mr. Gillen said. "But there's nothing to see."

While the soybean fields may improve with the recent rains, it is too late for this year's corn, a circumstance that surely would have made the creators of the Corn Palace cringe.

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In 1892, the Corn Belt Real Estate Association decided it made sense to nail ears of corn to the side of the palace as a salute to the bounty that the region's soil could produce, and as a retort to those (including Lewis and Clark) who seemed to doubt that these seemingly wild lands could be farmed.

So for years (and through three different palaces in Mitchell), annual themes (like the "Space Age" in 1969 and a "Salute to Rodeo" this year) have been captured in images made all of corn here, at a cost, in today's prices, of about $140,000 a year. But as this summer proceeded and the sun blazed on, the palace board nervously monitored the fields whose dramatically colored corn goes to the palace, waited for rain and consulted with an agronomist.

With fields of certain colors struggling, the board decided the murals it had planned for the 2007 theme, "Everyday Heroes," could not be created, said Mr. Schilling, the palace's director. Wade Strand, the farmer who grows all of the palace's colored corn, took the news "pretty hard," Mr. Schilling said.

Looking back, Mr. Strand said he had believed that he had grown enough corn. He said he had hoped the designs could be made without orange tone and shades of black and light red. "But they felt that the colors I was missing were strategic to the theme," Mr. Strand said.

Mr. Schilling said he believed that the current murals would remain intact through a second year, though he acknowledged that they might fade a bit. The vulnerabilities now, he said, are the risks inherent in art, or anything, made of corn: the effects of birds and wind, sun and heat.

'Confusion' Surrounds Plans For Flu Pandemic (USAT)

By Anita Manning

USA Today, August 29, 2006

States' planning for pandemic flu has been hampered by a lack of clear direction from federal health officials and a dearth of scientific information on strategies that could slow the spread of infection, researchers say.

Scientists at the non-profit Research Triangle Institute International reviewed 49 pandemic plans posted on state health department websites (only Louisiana's plan was not posted) and found wide disparities.

Their report in the September issue of Emerging Infectious Diseases, a journal of the Centers for Disease Control and Prevention, is published online at www.cdc.gov/ncidod/EID.

Highlights of the report:

·All states give vaccination priority to health and emergency workers; people with high-risk medical conditions, such as asthma and heart disease; and the elderly. But they are "markedly" different in their plans for limiting personal contact and prevention guidance.

·There is "confusion and lack of specificity" in the plans when it comes to practical measures to identify and contain an outbreak. For instance, there is no definition of what would trigger a declaration of a pandemic, and measures such as vaccination or use of anti-flu medications are "infrequently addressed," mainly because the supplies of vaccine and drugs are expected to be limited.

·Key questions are unanswered, such as whether earlier detection would prompt changes in behavior that could slow the spread of the disease and whether the use of face masks would help. Further, "we know of no studies designed to address these and several other issues."

·Only a handful of states plan such surveillance efforts as monitoring hospital emergency rooms for flu-like illnesses or screening international travelers.

"We believe some of the problem results from weak central (federal) direction, as has been a criticism of national bioterrorism preparedness," the authors write. "Fortunately, state and federal plans are still in flux, many are still in draft form, and getting a clearer delineation of a basic plan that all states can follow is still possible."

In November, President Bush announced a National Strategy for Pandemic Influenza and in May issued a plan for implementing the strategy. The authors say that a revision of the plan "would be helpful" and that studies should be done to provide more specific information to state planners.

Preparing the country for a flu pandemic will take time, says John Agwunobi, assistant secretary for health at the Department of Health and Human Services. "Under no circumstances are we there yet. Making sure that every state has its first draft plan is one of the very first steps."

The new report helps clarify strengths and weaknesses in the plans, but it does not reflect "the notion that we are building in layers," Agwunobi says. State plans are a first step, and this fall, regional planning will begin.

Other questions, such as "what's the most strategic way to close schools, how to protect nursing homes in the absence of a vaccine, the best ways to apply social distancing at the community level" will be explored starting in mid-October, Agwunobi says. That's when the Institute of Medicine will convene a series of expert panels to develop guidelines for communities.

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That outcome will “serve as the scientific basis for the next generation of our pandemic plan,” he says.

Microchip Flu Test Speeds Diagnosis, Pinpoints Origin (WSJ)

By Betsy McKay

The Wall Street Journal, August 29, 2006

Scientists have developed a microchip-based test that could allow more laboratories to quickly diagnose and pinpoint the origin of flu viruses, including the H5N1 avian-flu strain.

The FluChip, as the new test is dubbed, successfully identified 72 influenza strains, including the H5N1 bug, in less than 12 hours, the Centers for Disease Control and Prevention said. The CDC collaborated on the development of the chip with scientists from the University of Colorado at Boulder, and the research was published in the latest issue of the Journal of Clinical Microbiology.

Many labs already have diagnostic tools to determine the type of an influenza virus within a few hours. In February, the Food and Drug Administration approved a diagnostic test that can rapidly determine whether a virus is of the H5 type that has proved deadly in poultry and some humans. But only a few high-security labs around the world have been able to do the detailed testing that can determine a virus' subtype -- such as H5N1 -- along with the geographic origin of an emerging virus and other genetic information, said Nancy Cox, chief of the CDC's influenza branch.

The new test could bring those capabilities to a larger number of labs, helping public-health officials to track emerging viruses more quickly and speeding research, government officials said.

"The ability to quickly and accurately identify strains of influenza would be invaluable to international flu surveillance efforts," said Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases, a part of the National Institutes of Health, which funded the research. "This is an encouraging advance."

The CDC provided flu samples that the University of Colorado researchers used to develop and hone the FluChip. They included flu strains that infect humans, horses, birds and swine. To design the FluChip, the researchers used flu-genome-sequence databases from the Los Alamos National Laboratory, CDC, and information from the influenza genome-sequencing project supported by the National Institute of Allergy and Infectious Diseases.

Dr. Cox said it could be two years before the test is commercialized, and making it inexpensive enough for a large number of labs to afford will be important. "You would want to have it available to as many labs as possible," she said.

High-tech Test Could Analyze Flu Quickly (USAT)

USA Today, August 29, 2006

A new microchip-based lab test could allow quicker and more detailed diagnoses of flu, including the strain of bird flu that has infected 241 people and killed 141 in Asia and other parts of the world, federal health officials say. The FluChip, developed by scientists at the University of Colorado at Boulder and the Centers for Disease Control and Prevention, distinguished among 72 flu strains in under 12 hours. The test could be widely used by labs to identify flu strains and other critical details, such as whether the strains are human or animal in origin, what part of the world they came from and whether they're changing genetically in ways that could make them more virulent. Right now, only the CDC and a few other labs around the world are able to do that kind of analysis. The research is published in the Journal of Clinical Microbiology.

Drug might not delay earliest births

A drug to help women carry their babies to term that is awaiting federal approval doesn't appear to delay the earliest preterm births most often linked to death and serious health problems, according to federal documents released Monday. The results of a single clinical trial were not “statistically persuasive” in suggesting that the injectable drug, Gestiva, reduced births before either 32 or 35 weeks' gestation, Food and Drug Administration documents show. The drug does appear, however, to reduce births before the 37th week, which is considered the cutoff point for a newborn to be considered premature. The FDA released the documents ahead of a meeting today by an outside panel of experts that is considering whether the agency should approve the drug application filed by Adeza Biomedical of Sunnyvale, Calif.

Ethanol could have a future at the bar

Now that ethanol has become common in gas tanks, two Iowa State University scientists are working to get it into martini glasses. They are researching how to easily, and cheaply, turn fuel ethanol into food-grade alcohol to be used in beverages, pharmaceuticals and personal-care products. The research is focused on perfecting technologies that purify fuel ethanol, a grain alcohol most often made from corn and used as a gasoline additive. Like beverage alcohol, fuel ethanol is yeast-fermented and then distilled. But it has many more impurities that must be removed, says Jacek Koziel, an assistant professor of engineering at Iowa State University in Ames. Engineering professor Hans Van Leeuwen says food-grade ethanol “tastes just like vodka,” although the 190-proof product must be diluted. He said he has hosted one tasting panel and has had positive results.

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Healthy, active living aids memory

Turning off the television, picking up a crossword and eating more fish could be the key to a better memory, an Australian survey finds. Results of the online memory test involving almost 30,000 people found no difference in scores between men and women on any of the tasks surveyed (including remembering a shopping list, recalling names, faces and occupations, and long-term recall) but found that TV viewing had the main effect on results: test-takers who watched less than one hour a day performed better at all assignments. People who did crosswords were better at remembering shopping lists and recalling names, and eating fish once a week improved the ability to remember shopping lists.

Ancient skeleton, campsite found in Texas

Archeologists say a prehistoric skeleton and campsite discovered on the muddy shore of Lake Travis in Austin could be up to 2,000 years old. An archaeology crew excavated the nearly intact skeleton, probably of a woman about 40 years old, on Sunday. Members of the team said they also found arrowheads and flat rocks that could have been used to grind food.

New Test Speeds Diagnosis Of Lethal Avian Flu Strain (NYT)

By Donald G. McNeil Jr.

The New York Times, August 29, 2006

In an advance that speeds up diagnosis of the most dangerous avian flu, scientists have developed a detailed influenza test that takes less than 12 hours, federal health officials said yesterday.

The new technology, a microchip covered with bits of genetic material from many different flu strains, cuts the typical time needed for diagnosis of the A(H5N1) flu to less than a day from a week or more. In addition, rather than giving just a yes-or-no result, it usually reveals which flu a human or an animal has.

That means that public health officials investigating, for example, a flu outbreak in poultry or in humans in a remote Asian or African village will be able to decide quickly whether to kill thousands of birds or to treat hundreds of potentially exposed people with expensive antiviral drugs.

Right now, ascertaining whether a flu is of the lethal A(H5N1) strain requires that a sample be frozen and shipped to a highly secure laboratory, usually in a major city like Atlanta or Hong Kong, where the virus can be grown in eggs, isolated and genetically sequenced. That process takes four to five days plus shipping time and runs the risk of samples defrosting in transit and being ruined.

The new test, called FluChip, can be performed in any laboratory that can amplify bits of genetic material; many countries have such laboratories in their national capitals, if not in provincial hospitals. Samples need not be frozen, and because only bits of genetic material are multiplied rather than whole viruses, the work can be done in laboratories with lower biosecurity levels.

Nancy J. Cox, chief of the influenza branch of the Centers for Disease Control and Prevention in Atlanta, said the chip "really allows us to get a lot of information about a virus in a short time."

Dr. Anthony S. Fauci, director of the National Institute of Allergy and Infectious Diseases, which announced the creation of the test, called it an "encouraging advance" that could be "invaluable to international flu surveillance efforts."

Dr. William B. Karesh, chief field veterinarian for the Wildlife Conservation Society, who led a 2005 expedition to Mongolia to track the lethal avian flu virus as it first moved out of Asia in migrating wild birds, said the new test "sounds fabulous."

"It could be an incredibly powerful tool," Dr. Karesh said.

A more advanced version to be used in the field may be ready within two years, said Kathy L. Rowlen, a University of Colorado chemistry professor who led the team that developed the test.

At present, animal and human health experts trying to fight avian flu in remote areas are forced to make important decisions based largely on guesses because it is too risky to wait a week for a laboratory to confirm that a highly dangerous virus is loose.

A dipstick test done on the spot, which a veterinarian working in Indonesia said was as quick and as simple as a home pregnancy test, can tell only if a flu is type A.

Getting more information requires polymerase chain reaction amplification, which Dr. Rowlen described as "separating the genetic material of the virus itself from all the other things you find in a nasal swab, and then making a million copies of it, like using a photocopier."

That requires a machine costing about $20,000, which can be found in most countries' national laboratories and in some provincial hospitals, Dr. Karesh said. One he saw in Mongolia was "a kitchen-tabletop-type thing," he said.

Currently, such machines and follow-up tests can tell in about four hours whether a flu is an H5 strain.

The FluChip, sometimes called a microarray, or gene chip, greatly enhances that technology.

It is coated with 55 short stretches of RNA selected from 5,000 samples of human, bird, pig and horse flus provided by the C.D.C., and including H5N1 and routine human flus of the H3N2 and H1N1 strains. The broken-up DNA in the amplified sample

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is, in effect, poured across the chip, and fragments stick to the matching bits of RNA. By noting the matches, scientists can deduce which flu it is.

In recent tests, the technology correctly identified 72 percent of samples and partly identified an additional 13 percent, according to the disease centers.

Moreover, as the flu mutates, Dr. Cox said, stretches of RNA from newly emerging strains could be added.

Michael T. Osterholm, director of the Center for Infectious Disease Research and Policy at the University of Minnesota, called the chip "good news, because it clearly moved ahead the diagnostic tools we have." It also has the potential to speed up mass testing because dozens of samples can be tested on dozens of chips at once.

But if a flu pandemic were to erupt, Dr. Osterholm warned, the test could quickly be rendered useless because most of the chemicals needed for the preliminary DNA-amplification steps come from abroad, and the chaos that a pandemic would cause would interrupt supplies.

"You can have all the guns you want," he said, "but if the bullets are offshore, you can't shoot very much."

FBI/DEA/ATF/USMS:

L.A. Judge: Former FBI Agent To Get Probation, Fine In Spying Case (SDUT/AP)

Associated Press

The San Diego Union-Tribune, August 29, 2006

LOS ANGELES – A former FBI agent who disclosed confidential information in connection with a Chinese spying investigation will be sentenced to probation and a $1,000 fine, a judge said Monday.

U.S. District Judge Gary Klausner said he would accept a plea bargain for Denise K. Woo, 47, who pleaded guilty to a misdemeanor count in June as part of the agreement.

Klausner called the plea deal, which calls for one year of probation, "appropriate." He set Woo's formal sentencing for Oct. 23.

A 2004 federal indictment alleged that in 1999 Woo, then an FBI special agent, "intentionally disclosed" the name of an informant to a man identified only as "J.W." and told him about telephone surveillance involving an investigation. Authorities later said the man was a Chinese-American employee of a defense contractor who was under investigation into whether he passed defense secrets to China.

In the plea agreement, Woo acknowledged that she had passed on information about the informant's identity to J.W. Her lawyers argued that she acted out of concern that the man, a family friend, was being wrongly investigated.

Woo, of Redondo Beach, was put on leave in 2001 and later dismissed.

Under the plea deal, the government dropped more serious charges of disclosing a wiretap, revealing the identity of a covert operative and lying to FBI agents. If convicted of those charges, she would have faced more than a decade in prison.

Her lawyer, Michael Camunez, has called the case "completely overblown."

The investigation of the defense worker was led by former FBI counterintelligence agent James J. Smith, according to court records. Last year Smith, 62, pleaded guilty to lying to the FBI about his two-decade affair with socialite Katrina Leung, a paid U.S. government informant who was eventually alleged to be a Chinese double agent.

Leung, 52, of San Marino, was charged with illegally possessing classified documents with intent to harm U.S. interests, but a federal judge dismissed the charges, citing prosecutorial misconduct. While the government's appeal of the dismissal was pending, Leung agreed in December to plead guilty to making a false statement to the FBI and filing a false tax return.

Ex-FBI Agent Receives Probation, Fine (KCAL-TV)

KCAL-TV, August 29, 2006

(CBS) LOS ANGELES An ex-FBI agent who disclosed confidential information to a defense worker under investigation for allegedly selling information to China will be sentenced to probation and slapped with a $1,000 fine, according to a judge.

Denise K. Woo, 47, pleaded guilty in June to a federal misdemeanor court, under a plea bargain. She would be sentenced Oct. 23 after U.S. District Judge Gary Klausner accepted the sentence agreed upon her plea deal.

"I think it's appropriate," Klausner said of the plea bargain, which calls for Woo to spend one year on probation.

The suspect of the espionage investigation, identified in a Justice Department report as a Chinese-American whose wife was a childhood friend of Woo's, was never charged.

Woo was put on administrative leave in 2001 and later fired.

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Earlier this year, Woo entered into a plea bargain with Los Angeles federal prosecutors that one of her attorneys, Michael Camunez, called "a win" for his client.

Under the deal, the government agreed to drop more serious charges of disclosing a wiretap, revealing the identity of a covert operative and lying to FBI agents. If convicted of those charges, Woo would have faced about 12 years in prison.

Camunez said outside court in June that the case against Woo, a Redondo Beach resident, was "completely overblown."

The investigation was being handled by the Los Angeles counterintelligence team led by FBI agent James J. Smith, who pleaded guilty last year to lying to the agency about a nearly two-decade affair with a Chinese-American informant that prosecutors alleged was a double agent.

According to Camunez, Woo was an agent for three to four years when she was put under investigation.

A Justice Department report criticizing the FBI's failure to recognize red flags involving Smith mentions the investigation that led to Woo's indictment, stating it began in the fall of 1998 when a source told the FBI that "a Chinese American employee of a defense contractor met a PRC intelligence officer and exchanged information for cash."

Although the report does not name Woo, it states a female agent who had a covert role in the investigation "allegedly accessed information about the investigation without authorization and told the subject he was under investigation. She was subsequently charged with a criminal offense and her case is pending."

Woo's lawyers argued that she acted after her superiors failed to heed her concerns about the reliability of an unnamed covert agent, for whom they said Smith personally vouched.

"In fact, (Woo) acted consistent with the very best principles of law enforcement," another of her defense attorneys, Carolyn Kubota, said after the guilty plea.

Woo would have been allowed to withdraw her guilty plea if Judge Klausner had rejected the terms of her plea bargain.

Ex-FBI Agent Avoids Jail For Exposing Informant's Identity (NYS)

By Josh Gerstein

New York Sun, August 29, 2006

SAN FRANCISCO — A former FBI agent who disclosed an informant's identity to the target of an investigation of alleged Chinese espionage will receive a sentence of one year probation and a $1,000 fine, under a plea bargain approved yesterday by a federal judge.

During a brief hearing in federal court in Los Angeles, Judge R. Gary Klausner said he would abide by the deal under which the former FBI agent, Denise Woo, pleaded guilty in June to a single misdemeanor count of disclosing confidential information, according to a prosecutor, Alicia Villarreal.

The outcome is a far cry from the 10 years or more of prison time Ms. Woo could have received if convicted on the five felony charges brought against her in 2004, including making false statements to the FBI, disclosing a Foreign Intelligence Surveillance Act wiretap, and exposing a covert agent in violation of the Intelligence Identities Protection Act of 1982.

"This was, in no uncertain terms, a big win for Denise Woo," one of her attorneys, Michael Camunez, told The New York Sun.

Ms. Villareal said she could not comment on the defense statement.

The lenient treatment may stem from the government's reluctance for a trial that could draw more attention to a morass of misconduct and mismanagement in the FBI's counterintelligence program targeting China.The supervisor of the FBI's China squad in Los Angeles, James Smith, had a 20-year-long sexual relationship with a source he supervised, Katrina Leung.

In 2003, Leung was indicted on charges she was, in effect, a double agent for the Chinese government. Smith also was indicted for allowing Leung access to classified documents.

Anti-drug Advertising Campaign A Failure, GAO Report Says (USAT)

By Donna Leinwand

USA Today, August 29, 2006

WASHINGTON — A $1.4 billion anti-drug advertising campaign conducted by the U.S. government since 1998 does not appear to have helped reduce drug use and instead might have convinced some youths that taking illegal drugs is normal, the Government Accountability Office says.

The GAO report, released Friday, urges Congress to stop the White House's National Youth Anti-Drug Media Campaign unless drug czar John Walters can come up with a better strategy. President Bush's budget for 2007 asks Congress for $120 million for the campaign, a $20 million increase from this year.

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Walters' office disputed the study and noted that drug-use rates among youths have declined since 1998. A 2005 survey by the University of Michigan indicated that 30% of 10th-graders reported having used an illicit drug the previous year, down from 35% in 1998.

The GAO report is "irrelevant to us," says Tom Riley, spokesman for the White House Office of National Drug Control Policy (ONDCP). "It's based on ads from 2½ years ago, and they were effective, too. Drug use has been going down dramatically. Cutting the program now would imperil (its) progress."

The report was addressed to Sen. Kit Bond, R-Mo., the chairman of the Appropriations subcommittee that handles ONDCP, and Sen. Patty Murray of Washington, the panel's top Democrat. Neither senator was available for comment.

The media campaign, which purchases TV time, radio spots and newspaper ads, changed its advertising theme last year. The old approach said parents and informed teens were "the Anti-Drug." The latest version encourages teens to be "above the influence."

The report by the GAO, the investigative arm of Congress, confirmed the results of a $43 million, government-funded study that found the campaign did not work. That evaluation, by Westat Inc. and the University of Pennsylvania, said parents and youths remembered the ads and their messages. But the study said exposure to the ads did not change kids' attitudes about drugs and that the reduction in drug use in recent years could be attributed more directly to a range of other factors, such as a decline in high school dropouts.

The Westat study also said youths could interpret the ads to suggest that marijuana use is more common than it actually is.

The anti-drug campaign had been criticized before. In 2003, the White House Office of Management and Budget called the campaign "non-performing" and said it had not demonstrated results.

Walters criticized the methodology cited in the GAO report. He said Westat wanted proof of a direct link between the ads and decreases in drug use among teens, which is difficult to show.

The drug czar's office "is being held to a standard that no other … advertiser can be held to," says Steve Pasierb of the Partnership for a Drug-Free America, which helps coordinate the ad campaign.

FBI Plans Major Database Upgrade (GCN)

By Wilson P. Dizard III, GCN Staff

Government Computer News, August 29, 2006

Bureau outlines interoperability plans and considers adding biometric data

The FBI's Criminal Justice Information Service Division is laying detailed plans for a comprehensive revamping of its massive fingerprint database that will enhance interoperability with the Homeland Security Department's biometric records and clear the path for adding additional types of biometrics.

To mark the major changes, the bureau plans to change the name of its Integrated Automated Fingerprint Identification System to Next Generation Identification. The systems upgrade will involve a procurement in the range of "hundreds of millions of dollars" with a proposal request phase beginning next January, officials said.

"We realized we needed a multimodal capability," CJIS assistant director Tom Bush said. "We have been viewed as a fingerprints database; primarily we are and we will be, because we have 50 million 10-print fingerprints on file."

"We want to be able to plug and play with the new biometrics as they mature," he said.

Bush noted that new biometric techniques such as facial recognition, iris scans, palm authentication and even DNA now are gaining importance, and CJIS officials want their system to be ready to process them.

CJIS has been planning the NGI upgrade for more than a year [GCN.com, Quickfind 670]. Observers note that the system's focus on meeting federal, state and local agency needs give it a better-than-average chance of success.

Part of the reason for the upgrade is to reduce the IAFIS error factor of 2 percent. Demand for IAFIS fingerprint searches has been increasing, partly because background checks are becoming more popular with corporations and state legislatures. While Congress initially mandated a capacity level for IAFIS of 62,500 matches daily, the system's busiest day so far has reached the 100,000 level.

The rate of system errors at that volume has caused some widely publicized identification failures and driven calls for improvements from CJIS' customers.

The expected January 2007 contract award date, however, appears to have slipped by several months. Last year, industry analysts predicted a contract award this autumn. CJIS officials have been busy in the meantime conducting a survey of system users that brought in information from more than 1,000 sources.

Consultants IntelliDyne LLC of Falls Church, Va., now are identifying the functional and technical requirements for NGI.

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The three-phase process to build NGI will begin with an interim Data Sharing Model set to be rolled out Sept. 3. The January 2007 proposal request will focus on the next two steps in building NGI, known as the Initial Operating Capability and Final Operating Capability (see chart).

Need to compare

An increasingly important factor driving NGI is CJIS' need to increase its systems capacity to help compare IAFIS and IDENT records.

The NGI upgrade will finesse some of the technical issues hindering interoperability of IAFIS and IDENT, such as the difference between the FBI's previous approach of 10-finger rolled prints and IDENT's former approach of a two-finger flat-print method.

One federal source noted that, in the past, CJIS had strongly favored the 10-finger rolled-print approach to data gathering and storing, on the basis that "the rolled standard is the gold standard."

During those years, CJIS officials rejected interoperability overtures from IDENT managers in the Justice Department's Immigration and Naturalization Service, who were gathering tens of millions of two-finger flat prints, to accept their data. Later, responsibility for managing IDENT shifted to DHS but data-sharing between the systems languished.

But in March 2005, DHS secretary Michael Chertoff ordered his department to switch to a 10-fingerprint approach, which will make comparing IDENT and IAFIS' records much more accurate.

The State Department, DHS and the FBI have been planning the upgrade to 10 fingerprints via a group called the Integrated Project Team, launched in May 2005.

Meanwhile, the fingerprint technology industry and CJIS' state and local customers have embraced flat prints.

DHS uses flat prints in its U.S. Visitor and Immigrant Status Indicator Technology system, for example.

IDENT and IAFIS use different algorithms to capture and store fingerprint data, but CJIS managers are using international standards to convert the DHS data for FBI use. Bush added that CJIS is strengthening its links with the Pentagon and looks to achieve real-time, online comparison of prints from evidence such as improvised explosive devices found in Iraq.

CJIS has achieved increasing levels of fingerprint data sharing with DHS agencies since 2001. For example, all major Border Patrol stations now have access to IAFIS data via their IDENT systems, which have secure links back to the FBI database. Border Patrol officers have been finding that about 13 percent of illegal aliens caught at the border already have IAFIS records.

Reaching through IDENT to IAFIS data is not the same as achieving interoperability of the systems, which would be a higher level of data sharing. Interoperability is also different from "integrating" IDENT and IAFIS, a term frequently used in the policy discussions, specialists say.

There are some legal and policy reasons why IDENT and IAFIS will not be fully integrated, sources said. For example, IDENT includes fingerprint data gathered by the State Department overseas according to laws and procedures that vary dramatically from the policies that govern IAFIS.

When NGI is complete, it will also include a "rapback" capability that CJIS' customers have been requesting for years, FBI and DHS officials said.

The rapback function alerts an agency of law violations by any individual to whom it has granted a security clearance, immigration benefit such as legal permanent resident status, or back- ground check approval to work as a teacher or daycare employee. U.S. Visit director Robert Mocny cited the importance of the rapback function to his program in a recent meeting with reporters.

The rapback function will influence such tasks as probation and parole supervision as well as the civil work CJIS does. CJIS conducts about 54 percent of its criminal background checks for the civil sector, such as banks, insurance companies, stockbrokers and school systems, while law enforcement agencies provide the remainder: a 46 percent share of criminal work.

So far so good

Independent observers of CJIS' planning for the Next Generation IAFIS said the organization's prospects for success compared favorably with those of the FBI's central office for building the Sentinel case management system.

The division's focus on meeting the data needs of its customers—rather than on generating prosecutions, as most of the FBI does—is a factor. While CJIS is an FBI entity, its leaders answer to the organization's own board, which is dominated by representatives of the division's customers among state and local police forces.

Accordingly, CJIS technology leaders had to start by resolving organizational and procedural issues from the bottom up, based on the demands of their customers, according to independent sources, rather than building a major system with direction from the top down, as the bureau did with its failed Virtual Case File system.

Bush noted that achieving consensus on policies and procedures for NGI had been hard. "The devils are in the details," Bush said. "The technical part was more straightforward, [but] the business and policy parts have been pretty tough."

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Whatever its difficulties in achieving policy consensus among its state and federal customers, CJIS has built credibility for technology aptitude with some of its key overseers.

"They are going to put the rest of the FBI to shame," said one independent source with direct access to CJIS' plans. "They are a high-functioning agency, especially on a technical level," the technical and policy source said.

CJIS' prospects for success with the NGI are strengthened by the organization's deep bench of technically astute employees, according to two independent observers of the organization.

"CJIS has all the project management experience it needs for this and has brought in dramatically better IT people in recent years," one federal source from an outside agency said. The technically trained source said that a cohort of computer-savvy employees CJIS hired about seven years ago now is moving into influential jobs.

Unfinished business As it looks to the future of biometrics and IAFIS' accuracy, CJIS has unfinished business in upgrading the links between IAFIS and DHS' IDENT database.

The FBI has been providing DHS information about some of the most dangerous criminals whose fingerprints appear in IAFIS in an extract form that IDENT can read.

"Right now, we are giving them an extract of some 600,000 [records]," Bush said.

The division doesn't have the ability to modify those records yet, but the early-phase upgrade scheduled for next month will provide a proof of concept for the capability, CJIS said.

For its part, DHS has been delivering some categories of IDENT fingerprints of offenders categorized as "the worst of the worst," such as those who have undergone expedited removal from the country, while the State Department is contributing "critical visa denials."

Congress has pushed hard for interoperability between the DHS and FBI fingerprint databases, mandating it in the USA Patriot Act passed in 2001, the Border Security Act of 2002, the Homeland Security Department Appropriations Act of 2004 and the Justice Department Appropriations Act of 2005.

Congress' patience has been sorely tried. In March 2004, then-DHS secretary Tom Ridge promised during a hearing of the House Appropriations Committee Homeland Security Subcommittee that his department would integrate the databases long before a four-year target date that the Justice Department's inspector general had just forecast in a critical report.

Now the deadline for complete interoperability has stretched to early 2010, six years after Ridge's promise.

IDENT is sometimes referred to in DHS documents as the Automated Biometric Identification System.

Updating the FBI Criminal Justice Information Services division's Integrated Automated Fingerprint Identification System will affect performance within in a closely-linked net of subsystems:

The Identification Tasking and Networking subsystem is IAFIS' "traffic cop," providing workflow and workload management for ten-print, latent-print and document processing.

The Interstate Identification Index provides subject search, criminal history data, and criminal photo storage and retrieval.

The Automated Fingerprint Identification System searches FBI records for matches.

All the IAFIS subsystems rely on the CJIS WAN, which provides secure communications with other federal, state and local law enforcement agencies as well as civil data clients.

The external systems include the state Control Terminal Agencies, state identification bureaus, federal service coordinators and IAFIS' front-end communications.

The National Law Enforcement Telecommunications System supports legacy binary synchronous communications with state CTAs.

FBI To Have New Offices In Detroit (FREEP)

By Joe Swickard, Free Press Staff Writer

Detroit Free Press, August 29, 2006

Agency to leave McNamara Building

Five years after 9/11 and a refocused antiterrorism mission, the FBI in Detroit has announced plans to move from the McNamara Building to its own 10-acre complex in Corktown along the Lodge Freeway.

The FBI has "flat out run out of room and we need to move," Dan Roberts, head of the FBI office in Detroit, said Monday.

What started out 30 years ago taking up a half-floor of the McNamara Building now counts offices on five floors, Roberts said of the FBI's Detroit operation.

He said the bureau's priorities have shifted to security issues from drugs and white-collar crime and that Detroit has become a key office in the war on terrorism.

Construction is expected to begin a year from now and to be completed by April 2009.

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The new facility will be three buildings erected on a site where the former state Executive Plaza Building now stands vacant. It will balance security needs with aesthetic appeal, said J. David Hood, of the General Services Administration in Chicago.

Hood said the project will be the work of private developers and that the FBI will be a tenant starting with a 15-year lease costing $11 million a year.

"The federal government will never actually take title," he said, adding that a similar agreement was struck for the IRS Computing Center on Michigan Avenue.

A developer for the site -- running from Lafayette to Porter and from Brooklyn to the Lodge Freeway -- will be selected on the basis of design and financial proposals.

The complex of 300,000 square feet will have three main structures: an office tower, an annex and a parking garage.

Roberts and Hood said security -- with 100-foot setbacks from the streets and restricted-access parking -- will be a major consideration, but stressed that the complex will be an asset to the Corktown neighborhood and the Detroit skyline, not a brooding bunker.

The FBI was dedicated to remaining in downtown Detroit with access to courts, other federal agencies and the U.S. Attorney's Office, Roberts said.

Contact JOE SWICKARD at 313-222-8769 or jswickard@freepress

FBI Will Move To Corktown Complex (DEN)

Detroit News, August 29, 2006

Agency will leave cramped federal building offices in '09 for privately owned site.

DETROIT -- With rapid growth in the FBI to counter terrorism, federal officials announced Monday that the agency's headquarters in Detroit will move in 2009 to the city's Corktown neighborhood next to the Lodge Freeway.

A new 300,000-square-foot complex will be built and owned by a private developer, with the government paying up to $11 million in annual rent for 15 years, said J. David Hood, assistant regional administrator for the General Services Administration, which manages federal real estate operations.

The FBI has operated out of the Patrick V. McNamara Federal Building downtown since 1977.

"We have flat-out run out of space in this building," said Daniel D. Roberts, the special agent in charge of the FBI's Detroit field office. "In the post-9/11 environment in which we are in, we have seen exponential growth in our needs."

The new location, about five blocks west of the current office, includes vacant 22- and 10-story state office buildings that will be torn down. The site is next to the Greyhound bus station.

Because the new site will remain in private hands, the project should garner millions in property taxes for the city of Detroit, officials said.

A spokesman for Mayor Kwame Kilpatrick was unaware of the planned development and could not estimate its financial impact.

The GSA expects preliminary design plans from an undisclosed number of developers by December, Hood said. In February, the agency plans to award the contract, with construction beginning six months later, he said.

The FBI would move in by April 2009 under the GSA's timetable.

Roberts said the design must meet FBI requirements, such as having a 100-foot perimeter from roadways.

The headquarters will sit on an L-shaped 10-acre site that borders Porter Street on the north, the Lodge to the east, Howard Street and West Lafayette Boulevard to the south and Brooklyn Street to the west. It will feature a main headquarters, two service buildings and a parking lot.

The FBI occupies about 101,000 square feet of office space in the McNamara Building. The new headquarters will be about 266,000 square feet, Hood said. Two annexes will comprise the remainder of the space.

The GSA will determine what to do with the FBI's space at a later date. Other federal agencies, such as the Internal Revenue Service, have offices in the building.

Roberts said the FBI wanted to remain in downtown Detroit, and the new structure will keep it close to the federal courthouse and the U.S. Attorney's Office on Fort Street. Local police agencies, which work in tandem with the FBI on terror cases, will continue to have a centrally located office, he said.

The Detroit field office is one of the largest nationwide for the FBI. The project is one of eight field office projects slated to begin this year by the GSA, Hood said.

The FBI's planned move stands in contrast to the continued plight of the Detroit Police Department.

The city still has no viable plan to leave or renovate its cramped headquarters in a dreary 84-year-old building on Beaubien in Greektown.

You can reach Ronald J. Hansen at (313) 222-2019 or rhansen@detnews.com.

Detroit FBI Moving Out Of Federal Building (AP)

AP, August 29, 2006

DETROIT (AP) — The FBI's headquarters in Detroit will be moving in 2009 to a now-vacant 10-acre site on the edge of the city's Corktown neighborhood, the FBI and the General Services Administration said Monday.

The FBI occupied just half of one floor when it moved into the McNamara Federal Building downtown in 1977. It now has offices in five of the structure's 27 floors.

"We have flat-out run out of space in this building," said Daniel D. Roberts, the special agent in charge of the FBI's Detroit field office. "In the post-9/11 environment in which we are in, we have seen exponential growth in our needs."

A new 300,000-square-foot structure will be built and owned by a private developer, with the government paying about $11 million a year in rent for 15 years, said J. David Hood, assistant regional administrator for the GSA, which manages federal real estate operations.

Plans for the new headquarters include an office tower, an annex and a parking structure, but details will depend on proposals submitted by private developers in competitive bidding, Hood said.

Californians To Defy US Hemp Ban On 'environment Friendly' Cash Crop (GUA)

Guardian, August 29, 2006

California farmers are on a high after the liberal state moved to overturn part of a 70-year-old US ban on growing and harvesting cannabis plants.

But those hoping that the so-called Golden State is about to become a marijuana smokers' paradise will be disappointed. The California proposal relates only to the cultivation of industrial hemp, used in the manufacture of items such as cosmetics, food, paper and clothing.

"Hemp bears no more resemblance to marijuana than a poodle bears to a wolf," said Tom McClintock, a Republican state senator who backed legislation that would reverse one key section of a 1937 law banning the growth of all types of the plant. "You'd die from smoke inhalation before you'd get high."

Article continues

The hemp issue has been burning slowly for decades. Farmers including the former US presidents George Washington and Thomas Jefferson grew the plants on their land. But the wide-ranging federal ban put an end to that.

Those who want it lifted argue that industrial hemp bears no relation to marijuana because it contains only trace amounts of tetrahydrocannabinol (THC), the active ingredient in marijuana.

National drug-control policy opposes the legalisation of hemp because it argues that crops could be mixed with marijuana plants and would be very hard to detect.

"California is a great climate to grow pot in, and no one from law enforcement is going through the fields to do a chemical analysis of different plants,"said a drug-control official.

While six states have passed bills supporting hemp farming, California's is the first to mount a direct challenge to the federal ban by arguing that no special permit would be needed from the Drug Enforcement Administration.

The final say now rests with California's governor, Arnold Schwarzenegger, after the state's assembly approved the Industrial Hemp Farming Act by 44 votes to 29. He is thought unlikely to veto it.

The legislation requires that hemp crops be tested to ensure they do not contain THC. It does not specify how the testing would be carried out, but there is expected to be no shortage of volunteers.

Eric Steenstra, president of the Vote Hemp campaign, said the future of an industry worth $270m (£142m) a year would be protected. "We thank legislators from both parties that listened to the facts about industrial hemp and made a historic decision to bring back the crop," he said.

"It's a major accomplishment for thousands of environmentally conscious voters, farmers and businesses."

California has a thriving industry in the manufacture of products made from hemp, which also includes luggage, toys, sports equipment, jewellery and rope. Energy bars are particularly popular because hemp is high in essential fatty acids, protein, Vitamin B and fibre. Until now, however, raw materials have had to be imported from Canada, where hemp cultivation was legalised in 1998.

Those in the industry told the New York Times that the biggest flaw in the federal ban was that it did not take into account the genetic differences between industrial and THC-rich hemp.

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"They want to lump together all things cannabis," said David Bronner, whose family business makes environmentally friendly cosmetics and snack products using hemp oil in Escondido, California. "You don't associate a poppy-seed bagel with opium."

Hemp thrived as a crop before the 1937 ban. It earned a temporary reprieve during the second world war, when farmers were urged to "Grow Hemp for Victory" to help produce military equipment such as parachute cords and boots.

Bonds' Trainer Goes Back To Prison (LAT)

By David Wharton, Times Staff Writer

The Los Angeles Times, August 29, 2006

Federal judge orders Anderson behind bars again for not testifying regarding Bonds.

SAN FRANCISCO — After a loud and contentious court session, a federal judge sent Barry Bonds' personal trainer back to prison on Monday for, among other things, refusing to tell a grand jury whether he had ever injected the San Francisco Giants slugger with steroids.

During the contempt of court hearing, U.S. District Judge William Alsup said Greg Anderson also had declined to answer questions about supplying performance-enhancing drugs to other athletes and, specifically, about his association with New York Yankees outfielder Gary Sheffield.

Prosecutors see Anderson as a potential key to proving Bonds committed perjury by telling a grand jury he never knowingly used steroids.

Called before the grand jury five times, the stocky Anderson has refused to testify about Bonds, his boyhood friend. Alsup wondered aloud if confinement for the remainder of the current grand jury's term — about 16 months — might soften that resolve.

"Sometimes sitting in the cooler for a long time may have a therapeutic effect," the judge said.

Anderson showed no emotion after the ruling, emptying his pockets onto a table and saying a brief thank you to his attorney, Mark Geragos, before federal marshals led him away.

Geragos said he hoped to file an appeal by the end of the week.

Monday's ruling was the latest development in the BALCO steroids scandal, a case that began in September 2003 when investigators raided a nutritional supplement maker, Bay Area Laboratory Co-Operative, claiming it had supplied performance-enhancing drugs to athletes on the side.

Numerous sports stars were subsequently called before a grand jury.

Four men connected with BALCO — including Anderson — entered guilty pleas. Anderson served three months in prison and three months of home confinement for distributing steroids and money laundering.

After his release, prosecutors called him back to the grand jury when investigating whether Bonds had committed perjury by reportedly testifying he thought he was using flaxseed oil and arthritis balm.

Prosecutors also wanted to know whether Bonds failed to inform the Internal Revenue Service about thousands in cash from memorabilia sales.

The court initially found Anderson in contempt earlier this summer, but he was soon released because the grand jury's term expired in mid-July. When a new grand jury convened, prosecutors subpoenaed him again.

His attorneys said he should not be compelled to testify because his plea agreement called for no further cooperation and because leaks had resulted in testimony appearing verbatim in the San Francisco Chronicle.

On Monday, a wary Alsup told the courtroom: "Welcome back. We're here for yet another installment of this proceeding."

It was quickly revealed that, during a grand jury appearance earlier this month, Anderson answered about 50 questions but balked at others that got to the heart of his relationship with Bonds.

"I'm uncomfortable testifying," Alsup quoted Anderson as saying.

The trainer declined to answer whether he even knew the famed ballplayer.

Sheffield's name came up because he had met Anderson through Bonds. The former Dodger has reportedly admitted using "the cream" — a designer steroid distributed by BALCO — but has said he did not know it was a steroid.

While prosecutors argued that Anderson should return to prison, Geragos focused on a recorded conversation in which his client allegedly told an acquaintance about distributing steroids to athletes.

Geragos said that prosecutors, who got hold of the tape, should not be allowed to use it as a basis for grand jury questions. He also said a previous court ruling allowed Anderson to ignore "tape-tainted" questions until the judge ruled on their appropriateness.

"Prosecutors tried to mislead him in the grand jury room," Geragos said.

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But Asst. U.S. Atty. Matthew Parrella said he based his questions on a "mountain" of additional evidence and Alsup called the defense argument "a charade." By that time, the proceeding had turned acidic, with Geragos making references to an appeal as Anderson sat intently with his feet fidgeting beneath the table.

Alsup announced the ruling immediately, saying: "The wheels of justice are not going to be gummed up any longer."

Bonds' Trainer In Contempt, Prison - Bound (AP)

AP, August 29, 2006

SAN FRANCISCO (AP) -- Barry Bonds' personal trainer was back in jail Monday, where he'll stay until he agrees to testify before a federal grand jury investigating the Giants slugger.

Greg Anderson, found in contempt of court for his refusal to talk, could remain behind bars for more than a year while the grand jury investigates Bonds for perjury and tax evasion.

"Sometimes sitting in the cooler for a long time may have a therapeutic affect and may change his mind," U.S. District Judge William Alsup said during the rancorous, hourlong hearing, after which authorities whisked Anderson into custody.

"Maybe in 16 months he will change his mind," Alsup said, referring to the remainder of the grand jury's term.

Anderson, who has appeared five times before two federal grand juries without answering pertinent questions, also was held in contempt of court for two weeks last month but was released when that grand jury's term expired.

Mark Geragos, the trainer's attorney, said he would appeal the judge's order.

The name of New York Yankees outfielder Gary Sheffield re-surfaced during Monday's hearing as an angry Alsup recited the questions Anderson refused to answer before the grand jury.

The questions included whether Anderson injected Bonds with steroids and "whether Anderson knows Barry Bonds or Gary Sheffield."

Prosecutor Matthew Parrella told the judge the government also was investigating unnamed athletes associated with Anderson and said there was a "mountain of evidence" to form the basis of the questions asked of Anderson. Parrella said the evidence included documents seized at Anderson's house in the BALCO investigation and from "testimony of other witnesses."

The trainer already has served three months in prison and three months of home detention after pleading guilty to steroid distribution and money laundering in the investigation of the Bay Area Laboratory Co-Operative, which allegedly supplied Bonds and other elite athletes with performance-enhancing drugs.

On Monday, Alsup rejected Geragos' plea that testifying before the grand jury would violate a deal Anderson struck last December to plead guilty in the BALCO case. Geragos said Anderson specifically stated he would not cooperate with the government as part of the deal.

At issue is whether Bonds lied under oath when he told the grand jury investigating BALCO in 2003 that he did not knowingly use steroids and that Anderson gave him what he believed to be flaxseed oil and arthritic balm.

Anderson has refused to say whether he gave Bonds steroids. Alsup told Geragos jailing Anderson might test "how loyal your client wants to be."

"Will he go down there and say whether he injected Barry Bonds with steroids?" Alsup asked.

Sheffield, who also testified before the grand jury in 2003, has admitted using a cream he got from Anderson but said in a 2004 interview with Sports Illustrated that he did not knowingly use steroids.

In the book "Game of Shadows," two San Francisco Chronicle reporters wrote Anderson put Sheffield on injectable testosterone and human growth hormone in 2002, later selling him the designer steroids known as "the cream" and "the clear."

Sheffield adopted Bonds' heavy training program when he visited the San Francisco star after the 2001 season and lived at his home in Hillsborough for two months, according to the book published earlier this year.

Although Bonds and Sheffield later had a personal falling out, Sheffield wanted to maintain a relationship with Anderson so he could keep getting the drugs, the authors wrote.

Rufus Williams, Sheffield's agent, did not immediately return calls for comment.

Associated Press Writer Paul Elias contributed to this report.

Barry Bonds' Trainer Jailed Again For Contempt (USAT)

By Bob Nightengale, Usa Today

USA Today, August 29, 2006

Greg Anderson, San Francisco Giants slugger Barry Bonds' personal trainer, returned to prison for a second time Monday, and his stay may last even until Bonds no longer is playing baseball.

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Anderson, who spent three months in prison last year and 15 days in July, could remain imprisoned until January 2008, U.S. District Judge William Alsup said during an hourlong court hearing Monday in San Francisco.

Anderson, 40, is being held in contempt of court for refusing to testify before a grand jury investigating Bonds on possible charges of perjury and tax evasion. "Sometimes sitting in the cooler for a long time may have a therapeutic affect and may change his mind," Alsup said, according to the Associated Press.

Mark Geragos, Anderson's attorney, said that he will appeal Alsup's order later this week. "He (Anderson) complied with an order," Geragos said. "We interpreted what the judge said and tried to comply. The judge doesn't feel like he did."

Anderson, who has appeared five times in front of two grand juries, was not asked to testify Monday. In his last appearance, Aug. 17, he answered several basic questions.

When Anderson was asked whether he provided anabolic steroids to Bonds, he refused to answer. He also did not respond when asked whether he knew Bonds or New York Yankees outfielder Gary Sheffield. Bonds, 42, who's in the final year of his contract, told a grand jury in 2003, according to the San Francisco Chronicle, that he did not knowingly use steroids provided by Anderson. Sheffield also said publicly that he was provided with what he believed to be flaxseed oil and arthritic balm.

Alsup said that the public now will discover "how loyal your client wants to be. Will he go down there and say whether he injected Barry Bonds with steroids?"

Assistant U.S. Attorney Matt Parrella told Alsup that the government also was investigating other athletes associated with Anderson, according to the Associated Press. Parrella said that there was a "mountain of evidence" that included documents seized at Anderson's house in the Bay Area Laboratory Co-Operative investigation and from testimony of other witnesses.

Steve Hoskins, Bonds' former best friend and business manager, has yet to be asked to testify in front of the current grand jury, Michael Cardoza, Hoskins' attorney, told USA TODAY.

"We're waiting," Cardoza said. "We'll see whether the feds ever pull the trigger on this. It's the same thing with the (former senator George) Mitchell investigation. If the Mitchell investigators are serious, you would think they would get a hold of us."

Doctor: NFL Drug Testing Program Flawed (AP)

AP, August 29, 2006

CHARLOTTE, N.C. (AP) -- The NFL's drug-testing program is inadequate, warned a doping expert who examined medical records that linked several former Carolina Panthers players to steroids and human growth hormone.

Dr. Gary Wadler, an internist and author who specializes in drugs in sports, prepared a report that federal prosecutors used in their case against James Shortt, who pleaded guilty to conspiring to illegally prescribe steroids to several Carolina Panthers. Last month, the doctor, formerly of West Columbia, S.C., was sentenced to one year and one day in prison.

In the report, Wadler said medical records showed Shortt prescribed steroids and human growth hormone (HGH) to several players for more than a year during the team's Super Bowl season of 2003. During that time, no player was suspended for violating the league's substance-abuse policy.

The NFL does not test for HGH, but every player is randomly tested at least once a year for steroids.

"I think that's something the NFL has to look into, because it's striking that none of them had a positive drug test or were suspended for violating the substance-abuse policy," Wadler told The Associated Press on Monday. "How can that be?"

A member of the World Anti-Doping Agency, Wadler assailed the NFL's failure to test for HGH, noting the International Olympic Committee administered a blood test for HGH at the 2004 Athens Games.

"The only way (players) could get caught (using HGH) is if someone walked in and they were being injected, because clearly there's no testing being done," Wadler said. "In a way, they're sending a message: 'Look, you can take it, because we're not going to test for it.'"

NFL spokesman Greg Aiello said the league believes the blood test, which yielded no positive tests in Athens, is unreliable.

"Our doctors do not believe the test is reliable, because it has to be administered within an hour after someone takes human growth hormone for it to be detected," Aiello said. "We are investing in research in hopes of the development of a urine test for human growth hormone."

He also defended the league's testing policy.

"We test seven players, per team, per week on a random basis," Aiello said. "We conduct about 10,000 steroid tests a year, and we have roughly 2,000 players. So chances are every player will be tested more than once a year."

Players' names were blacked out in the copy of Wadler's report filed with the court, but The Charlotte Observer determined their identities by analyzing court records and comparing them to earlier reports and public records. In a story published Sunday, the newspaper identified the players discussed in Wadler's report as guard Kevin Donnalley, center Jeff Mitchell, tackle Todd Steussie, tight end Wesley Walls and practice squad player Louis Williams.

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All but Steussie -- now playing with the St. Louis Rams -- have since retired. Steussie refused comment Monday. The other men could not be reached.

Two other former Panthers previously identified by prosecutors as recipients of performance-enhancing substances from Shortt -- defensive end John Milem and punter Todd Sauerbrun -- were not mentioned in the report, The Observer said.

"Each session players had with Dr. Shortt was taped and put on CDs. Not only did I have the CDs, but I also had his written records," Wadler told the Associated Press of his report. "I've never seen this type of detail in anything like this that I've ever reviewed.

"The thing that was glaring was that many of them indicated they were there for the performance-enhancing purpose -- not even a guise or an excuse of why they were requesting these drugs."

An NFL investigation concluded the Panthers were not aware of the players' visits to Shortt. Team officials refused comment Monday.

The Observer reported Donnalley and Steussie each were given three prescriptions for testosterone cream, allowing for numerous refills. The newspaper also said less than a week before the Panthers left for the 2004 Super Bowl in Houston, Steussie and Williams were given prescriptions for a combined five NFL-banned substances, including two forms of testosterone.

Wadler said he worries players might be at risk for future health problems.

"The adverse effects of these things may not be apparent for a while," Wadler said. "They are not innocuous drugs, and that's the reason they've been regulated for so many years."

Colombians Say Children Being Forced To Fight For Rebels (AP)

AP, August 28, 2006

SARAVENA, Colombia (AP)--Leftist rebels battling for control of this impoverished corner of Colombia are increasingly using a recruiting tactic associated with Africa's bloody civil conflicts - abducting children and forcing them into their ranks, residents say.

Fearful their sons will be press-ganged into a rebel army, at least 100 families have fled the countryside to arrive in Saravena, with a population of about 60,000.

Close to the Venezuelan border in Colombia's oil-rich eastern plains, this region is one of the most violent battlegrounds of the four-decade civil war pitting leftist rebels against the army and far-right paramilitaries.

Waiting in line for her ration of rice along with other displaced Colombians, Ramona Pacheco said it has been four months since she's heard from her six sons, the youngest 15 years old.

Information is scarce, but she said they were apparently abducted by the Revolutionary Armed Forces of Colombia, or FARC, as they worked on a farm.

Locals say a brutal rebel turf war between the FARC and the smaller National Liberation Army, or ELN, has led to the rise in forced conscription.

"Since the beginning of this year ... there has been a conflict between the FARC and the ELN for the control of the riches of the zone, the agriculture and the coca," said Saravena Mayor Antonio Ortega, referring to the raw material used in the production of cocaine. "The dispute means both sides are recruiting children to fight for them."

Farmer Victor Algarra quoted a common local saying: "If one has four children, one is for the guerrillas and the others you get to keep."

Some of the displaced arriving in Saravena are staying with local families, while others have gone to a shelter set up at a school.

Still others have opted instead to keep their children at home during the day, despite police being posted at school entrances to guard against abductions.

In a statement on its Web site, the FARC denied forcibly recruiting minors from schools, saying its fighters join voluntarily.

The United Nations estimates that some 250,000 child soldiers have been drafted to fight in civil conflicts worldwide, despite improving conditions in long-running wars in Sierra Leone, Burundi, Liberia and Congo.

Activists have long complained of underage combatants in Colombia. A 2003 study by Human Rights Watch said "at least one of every four irregular fighters in the Colombian civil war is under 18."

Colombia's Family Welfare Institute says that in the past 10 years, almost 3,000 minors have demobilized from the country's illegal armed groups, with about two-thirds coming from the leftist rebels.

Authorities say locals are often too scared of reprisals to file formal complaints about forced conscription.

Saravena town councilor Elizabeth Galeano cited as an example a woman whose 16-year-old son was nabbed in early August just six blocks from home. The woman has had no news of her son and fears that if she goes to the police, rebels will harm her son or her five other children, Galeano said.

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Oberto Pestrana, another council member, said his 22-year-old son received a telephone call from the FARC threatening him with forced conscription.

"Now the only thing I want is to get (my children) out of here," Pestrana said, "because I don't want them to become victims of what has happened to other families."

Bloomberg, City Stall On Releasing Evidence Regarding Illegal Guns (NYS)

By Bradley Hope, Staff Reporter of the Sun

New York Sun, August 29, 2006

More than three months after Mayor Bloomberg's announcement that he had sent private investigators into five states to catch gun dealers making illegal sales, he is refusing to turn over the evidence they've gathered to the federal agency that investigates illegal guns.

Analysts said the impasse may have slowed the federal Bureau of Alcohol, Tobacco, and Firearms in its investigation of and possible action against gun dealers that broke the law.

The city won't turn over the evidence, which includes videotapes of gun dealers allowing so-called straw purchases of guns, until the ATF signs an evidence-sharing agreement that would prohibit the agency from "publicly disclosing evidence without notice and consent from the city," the mayor's criminal justice coordinator, John Feinblatt, said.

The inability of the two sides to come to an agreement is due in part to what the ATF perceived as the mayor's infringement on its jurisdiction, analysts and law enforcement sources said.

At a May press conference announcing the sting operations, Mr. Bloomberg criticized the agency, saying it was "asleep at the switch" when it comes to stemming the flow of illegal guns to the city. Soon after, the ATF, which says it was given no prior information about the private investigations, announced it would be looking into not only the dealers the mayor alleged were illegally selling guns, but the mayor's investigators as well.

The city did give the ATF two videotapes immediately after the announcement. Mr. Feinblatt complained that the ATF had yet to get back to the city with its analysis of the tapes.

If a gun dealer realizes a gun is not for the person who is buying it — for example, if a second party starts asking questions about the gun or trying to touch it — it is required to stop the sale immediately. The city is using what Mr. Feinblatt said was "innovative prosecution" to shut down crooked gun dealers with civil lawsuits.

Because the investigators are private citizens, they would have broken the law if they actually made straw purchases or intentionally filled in incorrect information on the gun licensing forms. Also, some states have stringent rules about hidden video equipment. Law enforcement sources said it is unlikely the investigators would be prosecuted, but that the ATF was sending City Hall a message to stay off its turf.

A special agent with the ATF in New York, Joseph Green, said in a statement: "We have been in contact and working with the city and are awaiting all of the information they gathered so that we can evaluate it's content and, where necessary, forward the findings to the appropriate ATF and U.S. Attorney's Offices."

Mr. Green refused to say whether the ATF was investigating any of the gun dealers targeted by the mayor because it doesn't comment on open investigations.

"Why would they have to sign some kind of agreement with the mayor of a locality?" a Second Amendment lawyer in Virginia, Steven Halbrook, said. "The feds don't have to sign an agreement if there's evidence of criminality. ... It demonstrates that Mayor Bloomberg lacks sincerity in this so-called crusade, because if he believes crimes have been committed, he would want them to take federal enforcement action."

Experts said an information sharing agreement is unnecessary because the ATF, like all law enforcement agencies, does not publicly disclose evidence about open investigations.

"Law enforcement rarely discloses anything," a criminal law professor at New York University, James Jacobs, said. "The mayor is showing a kind of unprecedented vigor in promoting the interests of the city ... but the inability to work with a federal agency seems disappointing. ATF has the legal responsibility for regulating this system and for investigating and even taking away the licenses of irresponsible federally licensed firearm dealers."

Spurred in part by the deaths of two police officers late last year and early this year, the mayor launched an ambitious campaign against illegal guns. Aside from the sting operations conducted by the James Mintz Group, he has testified in Washington, D.C., and held a summit of mayors to address the issue.

The impasse between City Hall and the ATF is nothing new in the history of the city's battle against illegal guns, the executive director of the Second Amendment Research Center at Ohio State University, Saul Cornell, said. DeWitt Clinton, the mayor of New York between 1803 and 1815 and governor between 1817 and 1823, grappled with the same issue, he said.

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"Basically, since handguns became a serious part of the commercial market Americans have been trying to deal with consequences," he said. "It's amazing that the mayors of New York are dealing with the same problem. I think it's kind of sad."

"We are hopeful that they will modify their position so that we can provide them with the balance of the evidence," Mr. Feinblatt said.

"My sense is if it was up to the local ATF and the mayor's office, it would have been done," Mr. Cornell said. "I would suspect that there's something happening in Washington to create a political rift between the mayor and the ATF."

IMMIGRATION:

Star Of The Right Loses His Base At The Border (NYT)

By Jason Deparle

The New York Times, August 29, 2006

MUNCIE, Ind. — He supports tax cuts and the war in Iraq. He opposes stem cell research and the Medicare drug plan. He is a master of his movement's medium, talk radio. Jesus Christ is his personal savior and Ronald Reagan his political idol.

Conjure what might be called the perfect conservative, and chances are he would look a lot like Representative Mike Pence, the Indiana Republican who in just three terms has turned 100 House allies into a vanguard and himself into one of his party's rising stars.

Or that was the case until this spring when he sought compromise in the rancorous immigration debate. His complicated plan would strengthen border security and send illegal immigrants home, but let most of them quickly return. Since then, Mr. Pence — named last year's Man of the Year by the conservative weekly Human Events — has looked to some conservatives like this year's Benedict Arnold. They say he has lent his conservative prestige to a form of liberal amnesty.

Phyllis Schlafly of the Eagle Forum called his plan "a sick joke." Richard A. Viguerie, the direct-mail pioneer, threatened to punish politicians who supported it. Pat Buchanan, editor of The American Conservative, likened the betrayal to a scene from "The Godfather."

Perpetually genial, prematurely gray, Mr. Pence, 47, said, "I was taken aback by the level of invective."

"It's a test of the character of the conservative movement in the 21st century," he said. "We are either going to prove that we believe in the ideas enshrined on the Statue of Liberty or the American people will go looking elsewhere."

Mr. Pence — who bills himself as "a Christian, a conservative and a Republican, in that order" — pushed the plan on a recent trip across his district. He quoted the Bible. He quoted Ronald Reagan. He stood sweating in a tomato field beside Mexican workers. And when asked why an Indiana congressman was focused on the border, he responded with a ready phrase: "April 11, 1923."

That is when his Irish grandfather, Richard Michael Cawley, a Chicago bus driver, arrived on Ellis Island. "We were especially close," said Mr. Pence, who added that he sees his grandfather's thrift and hard work in today's immigrant generation.

Some members of the Muncie Chamber of Commerce had doubts. Some worried about cost. Some worried about compliance. But several complimented him for tackling a tough cause. "It is the greatest privilege of my life to represent you," he said.

Though he comes from a family of Irish Catholic Democrats — his father ran a string of gas stations — Mr. Pence joined an evangelical fellowship group at Hanover College, drawn less by theological issues than by its more personal style of worship. His religion pulled him to the right. "I had a hard way of reconciling my commitment to biblical truth with the national Democratic Party's commitment to abortion on demand," he said.

His wife, Karen, teaches at a religious school, and sends out e-mail messages asking for the prayers of his supporters. "Please pray for the Holy Spirit to speak through him at the bbq," a recent message read.

Mr. Pence, two years out of law school, made his first Congressional run in 1988 and lost narrowly to a longtime Democratic incumbent, Phil Sharp. He tried again two years later, in a negative campaign that won him just 42 percent of the vote. Mr. Pence was devastated.

"What was most painful to me was the bile in my throat over how I had responded," he said. "My faith says if someone strikes you on the cheek, turn the other. My response, after being attacked by my opponent, was to empty the silos on this guy."

Mr. Pence delivered an unusual self-rebuke in an article called "Confessions of a Negative Campaigner." Then he ran a conservative research group, the Indiana Policy Review Foundation, and was host of a talk radio show in Indianapolis. The seat opened up again in 2000 and Mr. Pence squeaked in — with civility, he said.

"I'm a conservative, but I'm not mad about it," he often says.

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Arriving in Washington, he was dismayed at conservatives' support for government expansion. In 2001, he was one of 34 Republicans to oppose the No Child Left Behind Act, which expanded federal involvement in education. In 2003, he was one of 25 who opposed the Medicare drug benefit. "I was voting against big conservative government before it was cool," he said.

Congressional leaders hinted at reprisals, but the base applauded, especially after a 2004 speech in which he warned that the movement was drifting into "the dangerous and uncharted waters of big government."

Among those won over was Paul Weyrich, a fixture of movement conservatism. He said Mr. Pence had strong appeal among supporters of four major conservative causes: limited government, free enterprise, strong defense and traditional values.

"Nobody is perfect, but he comes pretty close," Mr. Weyrich said. "He is what I've been waiting for in terms of leadership."

Last year, Mr. Pence became head of the Republican Study Committee, a conservative caucus. He quickly expanded its profile, and, rivals note, his own. Mr. Pence, unlike many conservatives, courts the news media.

His influence was apparent last fall after Hurricane Katrina, when Washington was suddenly filled with talk of new aid for the needy. Concerned about the cost, Mr. Pence's group replied with Operation Offset, a plan to cut $500 billion over 10 years in programs that included Medicaid, tax credits for the poor, and care for people with AIDS.

It outraged the leadership, which accused him of showboating, and failed to pass. But it quickly changed the political dynamics, from starting programs to cutting them. Five months later, with Mr. Pence nearby, President Bush signed a bill that cut $39 billion over five years. "I think Operation Offset had something to do with that, though I would never boast of that," Mr. Pence said.

Edwin J. Feulner Jr., president of the Heritage Foundation, a conservative Washington group, said Mr. Pence "has really been central to the revival of principled conservatism in the House." Admirers have already begun a "Mike Pence for President" Web site.

But some colleagues grumble about what they call his self-promotion, and critics on the left see harshness behind the geniality. Robert Greenstein, executive director of the Center on Budget and Policy Priorities, a liberal group, said that while the Republican effort was billed as deficit reduction, it in fact made the deficit larger. That is because the reductions were paired with $70 billion of tax cuts, mostly for the very well-to-do. "This is Robin Hood in reverse," Mr. Greenstein said.

Barry Welsh, a Democrat challenging Mr. Pence this fall, is a Methodist minister who said, "I find it hypocritical that he claims such Christianity" while "cutting the benefits of those who need them."

Mr. Pence argued that tax cuts help the poor by revving the economy. That may eventually prove true, but despite large tax cuts the poverty rate has risen in each of the last four years.

"That's anecdotal," Mr. Pence said in an interview last fall. Then he offered an anecdote — a story President Reagan told about a pipe fitter pleased to see the rich prosper, "because I've never been hired by a poor man."

With Republicans worried about losing control of Congress in the midterm elections this fall, some moderates say Mr. Pence's wing of the party has pushed it too far to the right; conservatives like Mr. Pence say that in accepting what they call big government, the party has not hewed to its conservative principles enough.

When Mr. Pence weighed in on immigration this spring, the issue, like much of the Republican agenda, was stalled and Republicans were deeply split. The House had passed a tough bill focusing on border security alone. The Senate had passed a broader measure that included a guest worker program and a path to citizenship for illegal immigrants already here.

Mr. Pence tried to offer something to everyone. He included provisions to bolster the borders. After two years, if the government certified that those changes were in place, a guest worker program would begin. Those here unlawfully would have to leave the country and apply at job-placement centers. By requiring re-entry, Mr. Pence argues, the plan avoids amnesty and respects the rule of law. The guest worker visas could be renewed, with a chance of citizenship after 17 years.

Mr. Bush sent an approving signal by inviting Mr. Pence to an Oval Office meeting. And the proposal won a Senate co-sponsor in Kay Bailey Hutchison, Republican of Texas.

The idea, at best, faces an uphill fight when Congress reconvenes next week. But Tamar Jacoby, a fellow at the conservative Manhattan Institute who sees promise in Mr. Pence's approach, said that without him, "the issue would be dead."

So his critics fear. Team America, a conservative political action committee, now has a feature on its Web site called "Pence Watch." Representative Tom Tancredo, Republican of Colorado, said the plan would encourage more illegal immigration and undermine cultural cohesion. But David Keene, chairman of the American Conservative Union, credits Mr. Pence's "courage to think outside the box."

Does he worry his conservative image has been tarnished?

"I'm not completely immune to that thought," Mr. Pence said, en route to a photo op in an Orestes, Ind., tomato field. Then he quoted from Micah in the Old Testament: "Do justice and love kindness."

Making Sense Of Immigration Policies (USAT)

By Ross K. Baker

USA Today, August 29, 2006

We have become accustomed to seeing the big political battles fought between partisan or ideological trench lines. Name an issue — abortion, flag desecration, same-sex marriage, the Iraq war — and you will see the vast bulk of Democrats on one side and a pretty solid GOP phalanx on the other. This fits nicely with the neat red-blue division of states so beloved by the people who do TV election coverage graphics.

But on immigration reform, a chasm of another kind has eclipsed this. It is between the House and the Senate, and while partisanship has an indirect influence, its impact is almost strictly within Republican ranks, between GOP House members on the south side of the Capitol and Republican senators on the north.

The House-Senate split has produced rival immigration bills that are starkly different. There are three reasons for this disparity: the very different constituencies represented by the 100 senators and the 435 House members, the varying terms of senators and House members, and the greater influence the minority party enjoys in the Senate.

House districts, with about 700,000 residents, can be remarkably homogeneous political entities, especially when it comes to what proportion of those residents are Democrats and what percentage are Republicans. Here we encounter the most naked act of legal political manipulation in U.S. politics: the gerrymander.

Stacking the cards

Drawing the electoral maps of states for the advantage of one party or the other — depending on which party controls the state legislature and the governorship — is a hallowed practice that takes place every 10 years as a consequence of the Census. Recently, the U.S. Supreme Court gave its benediction to conducting this remapping even more frequently. However frequently the congressional district lines are redrawn, the effect in most states is to make it a cinch that one party will always prevail.

Partisanship often serves as a surrogate for any number of social characteristics. Accordingly, you often find solidly Republican districts in the distant suburbs of large cities, in rural areas, or in places of great affluence. These districts usually have few minority residents.

In contrast, the district in which it is a cinch that a Democrat will win will be urban and have lots of minority and low-income people. A Republican representing a typical GOP House district, even in the areas where the influx of Latino immigrants has been greatest, might have very few Latino voters. Non-citizens do not vote, and members of Congress respond with greatest alacrity to the demands of those who do.

Senators represent more diverse constituencies. Few states are as unbalanced in partisan terms as is the typical congressional district.

So while Massachusetts is the archetypal "blue" state, it has a Republican governor. "Red" Georgia numbers six Democrats in its congressional delegation. Many senators, moreover, Republicans and Democrats alike, have sizable numbers of Latino voters and immigrants of many origins. States are diverse; House districts can be remarkably homogeneous, and the very homogeneity of some House districts represented by Republicans has led them to favor an immigration bill that places almost its entire emphasis on border security and enforcement. The Senate bill, subject to the influence of a greater diversity of voices, offers legalization and a path to citizenship for illegal aliens that House Republicans deride as "amnesty."

The second factor that influences House-Senate differences on issues of great controversy such as illegal immigration is the fact that House members, with their two-year terms, are connected to the voters by a shorter tether than the one that connects senators with their constituents. Because of the partisan advantages conferred by gerrymandering and the ability of House members to use their incumbency to build personal loyalty among voters, few House officeholders suffer defeat. But on an issue that generates such strong emotions as immigration, a wrong move by a House member, especially one in a strongly conservative GOP district, will be fresh in the minds of voters on Election Day. Senators, except the one-third of the body up for election that year, are cut a bit more slack. A vote for a liberalized immigration policy in 2006 might not be remembered in 2010.

When the minority has a voice

Finally, the rules of the Senate confer on a minority party a much greater ability to influence legislation than is enjoyed by Democrats in the House. A party with the barest majority in the House, if it is cohesive, can get pretty much what it wants. But in the Senate, each senator is armed with the filibuster, which can halt or at least impede the will of the majority. Democrats, notably Sen. Edward Kennedy of Massachusetts, were deeply involved in fashioning the Senate bill. On the House side, the imperious Judiciary Committee chairman, James Sensenbrenner, R-Wis., had things pretty much his way.

If the Framers of the Constitution were to walk among us, they would understand completely this institutional clash. While they foresaw no role for political parties, they anticipated that the great issues would be resolved in a tug of war between the House and Senate.

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Institutional checks and balances that are the safeguards of our freedom are usually eclipsed by partisan strife, but it is reassuring to see them, even on isolated issues, displaying their vitality.

CONGRESS-ADMINISTRATION:

Bush Hoping For A Boost With Trip To Ideal Locale (DESMN)

By Suzanne Struglinski

Deseret (UT) Morning News, August 29, 2006

WASHINGTON — Speaking to one of the country's largest veterans organizations is not unusual for President Bush, but the timing — and location of his speech in Salt Lake City — is almost too perfect as the November election creeps closer.

Extra dose of red, white and blue: Bush administration handlers are seeing red and liking it — a unique chance for the president and key Cabinet members to visit the reddest of red states and address a veterans organization steadfast in its support of the war on terror. Threatening this perfect setup is Salt Lake City's mayor, a Democrat, who has dared to invite a leading anti-war activist to publicly criticize the commander-in-chief. Bush is set to speak Thursday at the American Legion Convention in Salt Lake City, and while several planned protests will make sure those unhappy with the president or the war in Iraq get a chance to speak their mind, the commander-in-chief is likely to have a captive audience at the Salt Palace Convention Center in a strongly Republican state.

"The president believes the American Legion is one of America's great organizations, and he looks forward to addressing these veterans who served our country," White House spokesman Peter Watkins said.

This is an official visit — the president accepted an invitation from the Legion — but it is "absolutely" appropriate to read between the lines a little in looking at how and why he is here, said Josh Gold, an assistant professor of political science at Salt Lake Community College.

"It makes for really good pictures on the news," Gold said. "It's about image management."

Gold said Bush's approval ratings are down, so the president speaking to a group of veterans in Utah is a safe bet.

"Go to a place where you are welcome," Gold said. "Utah's a very conservative state, and it is always nice to be with people of like mind."

Secretary of State Condoleezza Rice and Secretary of Defense Donald Rumsfeld precede Bush's visit by two days and are scheduled to address the same convention today.

Lewis Wolfson, director of American University's "Dialogue with the Press" and an expert on the presidency and communication, said their presence factors into the notion that Bush's appearance could coincide "with developing a new policy or a new strategy."

Gold said Rice's and Rumsfeld's appearances are a good way to show the veterans, and the country, that they are "unified" on the war. "It shows there are no divisions," Gold said.

Frank Guliuzza, chairman of the political science department at Weber State University, said he expects the speech to serve as a "kick-off" for the administration's position on the war that will carry through the November election. He said it will be interesting to see if there is a bounce in poll numbers for Republican candidates and incumbents, or if it comes off as a "dud."

Guliuzza, who is a former vice chairman of the Utah Republican Party, said he did not know if there was much more to Bush's visit than "a very good audience in a good location."

He said if the president had come before the state's primary election, it would have been seen as more of a political trip. But now, after the election, it is a "nice coincidence" that Bush can address the veterans in a friendly state.

Bush spoke at the same convention in San Antonio in 2001; St. Louis in 2003; and Nashville, Tenn., in 2004. Each visit came around the same time in August, so the timing may be out of the White House's control. But the decision to accept the invitation is not.

Bush skipped this year's Veterans of Foreign Wars convention in Reno, Nev., also taking place this week. Vice President Dick Cheney addressed that convention on Monday.

But Wolfson believes the political perks of the Utah visit are more substantial.

"It is not coincidental on the timing of this, with the fall election," Wolfson said. "The Republicans fear that the war is a card that is going to be played in election races."

Wolfson said the administration "is on the defense about the war," pointing to the president's press conference earlier this month and slipping poll numbers on his performance.

"People have a sense that we are losing control over there," Wolfson said. "We know public opinion in general has turned against the war."

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When Bush hit Salt Lake City for the Veterans of Foreign Wars convention last year, he was also met with protests.

Guliuzza said protesters would likely be at any presidential appearance and that he would be "shocked" if even a graduation speech done by the president would not have policy language intertwined with it.

The protests provide local folks with an opportunity to show that they are there and vocal in their opposition to the president or the war in Iraq or both, he added.

"Utah is not the reddest of red states," Guliuzza said, "but it's pretty darn red."

Exacting Easterbrook To Be Chief Of 7th Circuit (LAW)

By Lynne Marek, The National Law Journal

National Law Journal, August 29, 2006

Judge Frank H. Easterbrook has long told his law students, only half in jest he says, that he wishes he had a button on his courtroom bench that he could push to open a trapdoor beneath the feet of attorneys not properly prepared for court, sending them sliding down a chute to the street outside.

So far, he has no plans to install such an apparatus when he becomes chief judge of the 7th U.S. Circuit Court of Appeals in November.

The ascent of Easterbrook, who has been on the court since 1985, will mean only a handful of changes for a court that he considers well-managed.

"It's running about as smoothly as one could hope for," Easterbrook said in a recent interview. "I could mess up and become notorious from that perspective, but there's nothing I could do I think to make people think it was a better court."

Easterbrook, 57, will take the top post when Chief Judge Joel M. Flaum turns 70, the age at which a chief judge is required to step aside and hand the baton to the most senior judge who hasn't been chief. Easterbrook is not particularly excited about the new job, which is mainly an administrative one, because he'd rather spend time on judicial work. Still, he said he's duty-bound to take his turn.

As chief, he'll have general oversight of staff, facilities and budget matters for the 15 courts in the three states of Illinois, Indiana and Wisconsin. He will also handle any concerns about the competence of about 100 judges on those courts.

To make more time for court work, he's cutting one of the two courses he typically teaches at the University of Chicago Law School and is reducing his commute by moving his home closer to the federal courthouse in downtown Chicago.

Easterbrook, who is single and has no children, hopes that his new duties won't disrupt his practice of spending three months of the year in Alaska, never more than two weeks at a time, while sometimes telecommuting for work. The Buffalo, N.Y., native said he loves Alaska's climate, mountains and animals. He spends a lot of time hiking and watching the wildlife, he said.

"It's just gorgeous," Easterbrook said. "Out my window in Alaska I see four mountain peaks and three glaciers flowing down between them."

Easterbrook was appointed to the bench by President Ronald Reagan after he had been a law professor at the University of Chicago for eight years and while he was working for the economic consulting firm Lexecon Inc. He worked in the Solicitor General's Office from 1974 to 1979, arguing before the U.S. Supreme Court on a number of occasions.

As a scholar and a judge, he's "had an enormous impact because of the forcefulness of his reason, the clarity of his writing and his willingness to stake out the non-traditional positions," said Dan Fischel, a former University of Chicago Law School dean who now teaches at Northwestern University School of Law. Fischel, who is also president of Lexecon, co-authored with Easterbrook "The Economic Structure of Corporate Law," a book that "revolutionized" the approach to corporate law and is still used to teach law 15 years after its publication, said Dan Klerman, a professor of law and history at the University of Southern California.

TWO BIG CHALLENGES

The two biggest challenges for any chief judge today are maintaining a collegial court and grappling with a burgeoning docket using static resources, said David Vladeck, a professor at Georgetown University Law Center.

"This is a court that has avoided many of the tensions and the internecine battles that have marked other appellate courts, and I would expect he will do what he can to maintain that tradition," Vladeck said.

Easterbrook proudly notes that the 7th Circuit annually publishes about as many opinions as the 9th Circuit, which has about three times as many judges. Both circuits published about 600 written and signed opinions last year, according to the 7th Circuit's annual report. The 7th Circuit also allows more oral argument than most of the other appellate courts, he said.

While attorneys, professors and colleagues mainly praise Easterbrook's intellect and knowledge of law, their opinions about his tough courtroom style vary widely. Some say he's too harsh with attorneys, but are reluctant to talk about it publicly, given the possibility they may face him in court. He elicits a combination of reactions: Attorneys find him intimidating, but also intellectually challenging.

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Stephen Moore, an attorney with Chicago-based Rowland & Moore, said that his time before Easterbrook "was probably the most enjoyable oral argument I ever had," describing it as "dueling with a brilliant mind."

But he also noted, "[y]ou'll see him, I don't want to say attacking an attorney, but putting them on the defensive. All parties are subject to his wrath."

Easterbrook earned the second-highest ranking in a 2003 study that sought to quantify the quality of federal judges' work by, among other things, counting citations to their work and measuring how fast they produced opinions. Easterbrook's fellow 7th Circuit judge, Richard Posner, ranked No. 1.

"It's not just that he comes out ahead of everybody, except for Richard Posner," said Mitu Gulati, a Duke Law School professor who co-authored the study. "It's by how much he comes out ahead. They're off the charts."

The study was an attempt to show empirically which judges might be best suited to serve on the U.S. Supreme Court. Easterbrook has sometimes been mentioned for the court, and said he would certainly consider it a "privilege" to serve.

"When you're before Easterbrook, you know he'll understand the issues, will ask astute questions and will make an intellectually honest ruling," said Michele Rocawich, a Chicago attorney who has argued before him and reads his opinions.

Still, a 1994 Chicago Council of Lawyers evaluation of 7th Circuit judges was critical of Easterbrook's track record on the bench to that date. While the report called him "exceptionally smart" and "hard working," it complained that he sometimes disregarded precedent and the facts of a case, didn't recognize litigants "as real human beings with real life problems" and showed contempt for attorneys.

"Judge Easterbrook's performance is divided between the extremes," the evaluation by an anonymous group of attorneys said. "In some respects he is excellent; in some he is subject to the most severe criticism." The council didn't have a current comment on Easterbrook's performance.

Easterbrook said his work speaks for itself, noting that "roughly 1,700 opinions have a lot of talking to do." Unlike many other judges, Easterbrook writes all of his own opinions rather than hand them to law clerks. Easterbrook said he's "reasonably comfortable" that he'll have the diplomatic skills necessary to handle delicate court matters, such as the occasional need to encourage a senior member of a court to consider retirement.

"I sometimes have a reputation for being undiplomatic, but I like to think it's only when I choose to be undiplomatic," Easterbrook said. "Sometimes it's my preference to be blunt because I think that's the only way I can get lawyers moving correctly."

Two things that make Easterbrook wish he had "the button" are lawyers not properly explaining jurisdiction for a case or claiming ignorance of the trial record.

"He's very intolerant of what he regards as incompetent or inadequate advocacy," said Phil C. Neal, a founder of Chicago-based Neal, Gerber & Eisenberg and a former University of Chicago Law School dean. "He keeps lawyers on their toes and I think that's a good thing for the performance of the bar."

CHANGES TO COME

Three partners at Chicago-based Mayer, Brown, Rowe & Maw who are appellate litigators and worked with Easterbrook in the Solicitor General's Office, recently made three suggestions to the incoming chief in a public statement in the 7th Circuit Bar Association publication, The Circuit Rider. They advised Easterbrook to consider allowing post-argument letters, more amicus briefs and a one- to two-minute period for counsel to address the court before questioning begins.

One policy change that Easterbrook may make is to ask district judges of the circuit to occasionally sit on a 7th Circuit panel, giving them a view from the appellate court. That would be a change from a ban on visiting judges set by Posner when he was chief from 1993 to 2000.

"If I do this, I won't be doing it to provide a significant number of sittings, just so that they get the experience for what it is we do as an appeals court," Easterbrook said.

Easterbrook, who believes that visiting judges in the past led to more en banc reviews for the entire circuit, said almost all of the cases would still be handled by the court's regular judges. Posner said in an interview that he tends to oppose using visiting judges because they inject uncertainty into the court and result in regular judges sitting together less often. But he agrees it can be a help when a court needs more judges.

While not citing it as a reason for seeking visiting judges, Easterbrook said that one of the biggest challenges facing the U.S. judiciary is the volume of cases flowing through the federal courts. He questioned whether federal court, which should be focused on setting precedent, is truly the proper place for many immigration, Social Security, employment law and other cases.

As chief, Easterbrook will assign the writing of opinions in slightly more cases than in the past and in all of the few en banc cases the circuit handles. Historically, Easterbrook's opinions have won a consensus and he doesn't dissent often, Fischel said.

"The court gets its decisions out very promptly," said Bill Jentes, a retired Kirkland & Ellis partner who is a University of Chicago colleague. "My prediction is that he will have an important influence on the court in getting things done expeditiously."

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While Easterbrook doesn't expect to be a "leader" of the 7th Circuit, he does hope to help it keep producing opinions as quickly and as efficiently as possible. "A large herd of cats does not have a leader," Easterbrook said. "You can only lead by example."

The Sideman (WP)

By Libby Copeland

The Washington Post, August 29, 2006

Josh Bolten, chief of staff to the president, is like that guy who grew up small-town and stayed small-town, except the town in this case is Washington, and Bolten's job is gatekeeper to the most powerful man in the world.

His favorite restaurant is the Tastee Diner in Bethesda, a place he frequented more than 30 years ago. He still plays in a rock band, as he did decades ago. And -- after a 30-something-year intermission -- he is even dating the same woman he dated as a teen.

If there are two Washingtons -- the transient political town, filled with folks who leave after two or four or eight years, and the sleepier Southern town of civil servants and families who've put down roots -- Bolten, 52, belongs to both. He grew up steeped in the intellectual guts of this city, the son of a CIA official and a history instructor. He is a Washingtonian -- and proud of it -- in an administration that invokes "Washington" like a dirty word.

Bolten's live-in girlfriend, Dede McClure, that same woman from high school, calls him "the nation's number one government wonk." Politics don't get him excited the way public policy does. He is the quintessence of the reliable Washington bureaucrat, elevated to the top staff job in the White House. When you consider Bolten's life, what stands out is the way he has stayed in place -- stayed so very Washington.

McClure calls him "steady as the rocks" of a shoreline she saw this summer in Massachusetts. She invokes ancient Chinese philosophy, saying there's something "Tao" about those rocks, immovable but smoothed by time. Which makes you wonder: Is there such a thing as a Tao of Josh Bolten? Is the president's chief of staff even permitted to have a Tao?

And if so, does Josh Bolten embody the true wonkiness of Washington's soul?Coming of Age

Bolten grew up in a political home. He and his older brother and younger sister knew influential elections expert Richard Scammon as "Uncle Dick." Their dad, the late Seymour Bolten, was a conservative intellectual who had monthly wine tastings with friends like Jeane Kirkpatrick.

The split-level on Daniel Lane off Rock Creek Park in Northwest was host to a lot of debates. When Josh brought friends home, Seymour -- alternately gruff and kindly-- quizzed them about their views on current events.

"Over many meals we discussed the whole gamut" of political issues, says Josh's high school friend Calvert Jones, whose views were more liberal than Seymour's. "I loved that man. . . . He made me think."

Seymour had fought with the Army in World War II, had been captured in North Africa and imprisoned in Poland, and then went to work for the CIA on the operations side. He rarely spoke about what he did there, though Bolten's sister, Susanna Connaughton, says he worked some years undercover. Josh was instructed to tell friends his dad worked for the Defense Department.

Josh's mom, whom he's called the smartest person he has known, finished her college degree while Susanna, the youngest, was growing up, and went on to earn a PhD. While studying, Stacy Bolten also taught European and world history at George Washington University. She kept an Oxford English Dictionary on a stand near the kitchen and was constantly consulting it to resolve questions that came up in conversation.

"She has a mind like a steel trap," says Jones, who boarded at the prep school Josh attended, St. Albans in Northwest, and for whom the Boltens were like second family. "You could pick a word out of the dictionary and she would tell you the history of the word."

Born in 1954, Josh was a reserved, serious boy. He developed his father's conservatism and love for political debate and his mother's appreciation of history and the study of words. He kept what his sister calls a "meticulous" stamp collection. In sixth grade, his brother, Randy, says, Josh was named "outstanding safety patrol boy" for his "reliability."

Josh had his bar mitzvah at Temple Sinai, a Reform congregation where he still observes the Jewish high holy days. In high school at St. Albans, where he went after attending public schools, one peer watched Josh make a speech and wondered at his almost "corporate presence." He was preternaturally polished and polite. He spoke in even tones.

"You had to pull him out of his shell," Jones says. "At first blush, he was serious, standoffish. He'd choose his words very carefully. He was very proper."

Josh attended St. Albans during the late '60s and early '70s, and his peers were the sons of Washington's political and power classes. Their fathers included President Nixon's chief of staff H.R. Haldeman and Republican Sen. Charles Percy. The

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students were groomed for big things. Sen. Evan Bayh (D-Ind.) was two years behind Josh at St. Albans, presidential brother Neil Bush was one year behind, and Al Gore was seven years ahead.

It was a time of experimentation. Washington was smoldering from its race riots, and antiwar protests erupted in the city. The turtleneck became permitted school dress at St. Albans, provided it was worn under a sport coat. Boys sprouted long hair and in the yearbook they listed "witchcraft," "females" and "burning out" as their interests. Some kids smoked pot, though friends say Josh's interests were tamer.

"We spent a lot of time mixing different fruit juices to see what we could come up with," says high school friend Nick Coward, who is still close to Josh.

Josh was student council president and active in the school's government club as a conservative at a time when, as former St. Albans history teacher Jack McCune puts it, conservatism wasn't "terribly fashionable." He kept his hair short, judging from yearbook photos. A small guy, he wrestled in the 119-pound weight class, played lightweight football, and was good-natured about his "lack of prowess," says McCune, who doubled as a football coach. He studied classical guitar and started a band called Soft Rock. In the 1972 yearbook, he chose a Confucius quote about the perils of "thought without learning."

Josh's friends say public service seemed to be his calling ever since those days in student council. After going to Princeton and then getting a law degree at Stanford, he worked in the public sector, including in legislative affairs for the George H.W. Bush administration. He spent five years at Goldman Sachs in London, and when he'd visit Washington he and his sister would organize bowling outings to get family and friends together.

"He was never particularly happy at Goldman," Coward says. "I think his public service jobs have always been much more intellectually stimulating for him."

Bolten has been with the current administration since the beginning, first working on George W. Bush's 2000 campaign, then as deputy White House chief of staff and director of the Office of Management and Budget before moving into the current post. In a C-SPAN interview last year, Bolten called himself a "policy wonk" and said that when the president offered him the budget director job, he feared he was neither tough nor confrontational enough. He said the job had forced him to say no a lot.

"I've tried to say no in as courteous a way as possible," he said.

He also said he tried to operate "below the radar screen," avoiding publicity most of the time, and praised the civil servants in his office for not leaking stories to the media.

Bolten's friends say he has a self-deprecating sense of humor, and in public appearances there are hints of playfulness. He has made reference (in somewhat unwonky fashion) to the White House getting its "mojo" back. The band he plays bass guitar in, ordinarily called the Compassionates, once played under the name Deficit Attention Disorder when Bolten was budget chief.

He also does voice impressions. "He does do a really good Henry Kissinger," says McClure, his girlfriend.

He rides motorcycles. In the C-SPAN interview he called them "exhilarating" but followed up with the caution of a driver's ed teacher.

"If you're not concentrating properly when you're riding a motorcycle," he told the interviewer somberly, "you're putting your life in danger."

Bolten does few interviews, and he wouldn't sit for this Washington Post story, though he did agree to fact-check outstanding questions by e-mail. Among other things, he confirmed that he lives with McClure in Bethesda and that "the Tastee" really is his favorite restaurant. (Afterward he wrote, polite but steadfast to the end: "I was tempted to reverse my longstanding policy of not participating in personal profiles [except for alumni publications] -- but not quite.")

In years to come, when the White House has new occupants, and fair-weather Hill staffers have gone on to law school, and several more generations of newly minted political-science grads have descended on the city like summer cicadas, the Josh Boltens will no doubt still be here. What would Washington be without men of this sort -- the steady, the sturdy, the sort who wait 30 years to get the girl, and study all food labels carefully before making supermarket purchases?Harmonized Lives

In sixth grade, Bolten and Maury Abraham, lifelong friends, had a band called the Ocelots. ("Everybody was naming 'em after animals," Abraham says.) The group disbanded, and then in high school, Abraham and Bolten and some other friends formed another band called Soft Rock, and this one stuck around for several years. This was before the phrase "soft rock" was, as Abraham puts it, "a generic term for elevator Muzak." Soft Rock was folk music with some jazz influence.

One night during Bolten's senior year, Abraham and another band member went to a coffeehouse in the basement of a church and heard a girl with long, dark hair singing in an angelic voice. They followed her home to her apartment on Connecticut Avenue, begging her to join the band. She was 14; Josh was 17. Her name was Dede Thompson back then. They started dating months later, but because of "my age and Josh's respectfulness," it stayed "sweetly platonic," McClure says.

Late nights, the band members hung out at the Tastee. They had dreams. A guy in Potomac with a recording studio in his basement helped them put out an album of songs with titles like "Conversation of Love" and "Sunshine." To pay the cost of the

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thousand or so vinyl copies, Soft Rock played cover songs at bar mitzvahs and parties. Some of Bolten's band mates tried to persuade him to put off Princeton for a year and stick with Soft Rock, and Bolten went so far as to propose the idea to his dad.

"I'm not even sure that words were exchanged after that," McClure says. "It may have been just enough that Seymour gave him a look."

Herewith, 30 years and a love story, dispatched with bureaucratic efficiency:

Bolten left town. McClure got married to a boy from junior high. She moved to California, had two girls, came back, got divorced, and all the while she and Bolten stayed friends. He never married or had kids. Then in 2003, Hurricane Isabel happened. McClure was living in Garrett Park and was without power for days. The food in her fridge spoiled.

"I called a couple different friends over the course of different nights and made them take me to dinner," McClure says. Bolten was one of the people she called. They spent an evening together and became a couple again.

"It's wonderful to be with someone who you have that history with," says McClure, who splits her time between doing development work for a charter school in the District and a marketing job. "It's another function of growing up here," she says, invoking the two Districts of Columbia, "the one that's political and transient and then this little sleepy Southern town where you do maybe marry the boy next door."

Their politics are different. McClure has been a registered Democrat for years, though she now considers herself an independent. She recalls that in the summer of '72, after Bolten graduated from high school, she and Abraham were handing out George McGovern pamphlets while Bolten headed to Miami for the Republican convention.

Their divergent politics were less a source of friction and "more a source of amusement," McClure says. She says after they found out Bolten was joining the Bush campaign, "Maury's all-time line was, 'Where did we fail him?' "

The themes of Bolten's life revolve like grooves on vinyl. When he plays bass guitar now with the Compassionates, sometimes McClure sings backup with them. He still refers to his sister by her childhood nickname. To this day, when she calls his office, his sister Connaughton says, she has to identify herself as "the Beast" or the folks answering the phone don't know who she is.

"I'm not even sure the president knows her name is Susanna," McClure says.

In Bolten's home office, McClure says, near a watercolor of the Tastee Diner that his mother commissioned for him a few years ago, Bolten keeps a dictionary that he consults just as his mother did when he was growing up. Words come up in conversation, McClure says, and they look them up to see where they came from. Bolten is said to be known within the Bush administration as a details man, and McClure says Bolten's intellectual curiosity and the deliberative fashion in which he breaks problems down is part of what makes him skilled at his job.

"It's actually one of the more comforting things about him," McClure says. "He's perfectly content in the knowledge that not everything has a definite answer, and yet he is happy to keep looking."

This is the role of the Washington wonk, whether he toils in obscurity in a tiny cubicle or as the president's chief of staff.

His lifelong friend Coward tells a story of when Bolten worked in legislative affairs at the White House during the last year of the George H.W. Bush administration.

Coward, a lawyer, could see the window of his friend's West Wing office from his conference room at Baker & McKenzie a few blocks away. They often worked long hours. Sometimes they signaled each other late at night by flicking their office lights off and on, like neighbor children up past their bedtime.

Seniors Told How To Repay Medicare (AP-Y)

By Kevin Freking

AP, August 29, 2006

Elderly and disabled Americans who got erroneous refunds from the federal government last week will get a letter this week instructing them on how to repay the money.

About 230,000 Medicare recipients got refunds totaling $50 million because of a computer glitch. The average reimbursement was for $215.

The first and easiest step for beneficiaries to repay the money is to write VOID on the face of the check and mail it to the following address: Medicare-Drug Premiums, P.O. Box 9058, Pleasanton, CA 94566-9058.

The same address can be used when seniors want to reimburse the money either through a personal check or money order. Officials say the check should be made payable to "Medicare." The check should also include a notation with the beneficiaries' account number. The account number will be cited in the letter that seniors get this week from the Centers for Medicare and Medicaid Services.

Also, on Tuesday, the federal government will establish a toll-free telephone line for seniors and the disabled to call between 7 a.m. and 9 p.m. EDT. The number is 1-866-292-8080.

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Operators will be able to answer whether beneficiaries were affected by the glitch. They also can help people arrange to have the repayments withdrawn from their bank account and transferred electronically to the federal government, though this option will require that seniors provide personal banking information to the operator.

Some seniors may have received more than $500. For those who need to pay that money back gradually, people can ask to make up to seven monthly payments. Lawmakers had called on CMS to give seniors plenty of time to give the money back. The same toll-free number should be used for beneficiaries wanting installment plans.

To prevent fraud, CMS asked seniors not to give out any personal information to anybody calling offering help with the reimbursement. Medicare will not call anybody effected by the glitch.

Lawmakers for both political parties have expressed frustration with the premium reimbursements, and they've asked CMS Administrator Mark McClellan for a detailed report on how the error occurred and how the agency will try not to let it happen again. Some lawmakers have called for congressional hearings on the problem.

"We're adding some additional checks on the data before it goes over," McClellan said.

Seniors Flock To Private Medicare Plans (WSJ)

By Jane Zhang And Vanessa Fuhrmans

The Wall Street Journal, August 29, 2006

Hundreds of thousands of seniors are signing up for a type of privately run Medicare plan that delivers traditional benefits without the usual restrictions on access to doctors and hospitals. In turn, some of the nation's biggest health insurers are launching more such plans and marketing them in more areas.

The plans, called private fee for service, are a type of privately run Medicare alternative known as Medicare Advantage. Advantage plans wrap physician and hospital services in one, some with additional benefits. Instead of paying beneficiaries' claims directly, the federal government pays insurance companies to manage the care, with the hope of reducing Medicare spending. To entice seniors to sign up, costs for private plans are cheaper on average than those for traditional government-run Medicare.

But recently such plans have become an even better deal. As part the sweeping law that created the new Medicare prescription-drug benefit, Congress raised the government's reimbursement rates to companies offering Medicare Advantage plans to about $10,000 per enrollee per year. That has led insurers, eager to bring in the new business, to offer Advantage plans with lower premiums but often more benefits, such as vision or prescription drugs.

Laura Cummins of Des Moines, Iowa, switched to a private fee-for-service plan offered by Humana several months ago. It covers her prescription drugs and allows her to see doctors or hospitals without network restriction -- but it doesn't charge either a premium or a deductible. Out-of-pocket charges include $180 per hospital stay up to five days and $15 or $30 for a doctor visit.

"I thought I'd give it at least a year and see how it works out," says Mrs. Cummins, 69 years old. With diabetes and some heart problems, she has already been hospitalized a few times this year. "So far, I've been glad that I did this."

Of all the private Medicare options, it is private fee for service that is seeing the most explosive growth. These plans accounted for about half of the recent growth in Advantage-plan enrollment, according to Avalere Health LLC, a health-care advisory firm that analyzes Medicare data. As of July, more than seven million people were in some form of Advantage plan, or about 17% of all Medicare beneficiaries, says Avalere, up from 14.3% in December. Enrollment in private fee-for-service plans alone jumped to 802,068 as of Aug. 1 from just 20,000 three years ago, says David Lewis, acting director of the Medicare Advantage Group at the Centers for Medicare and Medicaid Services.

MEDICARE ADVANTAGE

Some privately run Medicare alternatives · HMO: Generally require use of doctors and hospitals in the network.

· PPO (Preferred provider organization): Some out-of-network coverage.

· PFFS (Private fee for service): No networks, though may cost more than Medicare HMO or PPO plans.

· Special Needs Plans: Cover people eligible for both Medicare and Medicaid, those in nursing homes and with chronic conditions.

The reason, for many seniors, is freedom of choice. Most Advantage policies are managed plans -- such as HMOs and PPOs, or preferred provider organizations -- that provide no coverage, or lesser coverage, if patients go outside of a plan's network of doctors and hospitals. Private fee for service (known as PFFS) was created in 1997 as an alternative, especially for those living in rural areas where some hospitals and doctors don't want to join restricted networks. PFFS plans operate with only an informal assemblage of providers willing to accept Medicare rates paid through the private plans.

The PFFS plans had been relatively obscure. But as increased government reimbursement made Advantage plans more lucrative for insurers, many are touting the plans more aggressively and retooling their offerings. In some areas of the country, PFFS plans are the first Advantage plans that have become available.

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WellPoint has said it plans to offer them in all 50 states in 2007, up from 650 counties in 15 states this year. Humana Inc., which sells the private fee-for-service plans in 35 states this year, and WellCare Health Plans Inc. also plan to expand, though they won't say exactly where until the fall.

Typically, the greater degree of choice makes these plans more expensive than Medicare HMOs or PPOs. But in many counties, the generous government reimbursements allow companies to market some private fee-for-service plans at prices near or even below the premiums of managed-care plans with restricted networks.

For example Humana, with 460,000 enrollees, is the largest provider of PFFS plans. In Sarasota, Fla., where insurers have longstanding Medicare networks, Humana's PFFS option carries a monthly premium of $64, compared with zero to $39 for the more-popular PPO plan.

But in Raleigh, N.C., reimbursement rates allow Humana to sell its private fee-for-service "Gold Choice" for no additional monthly premium. Its PPO plans there range from $10 to $71. Both options include coverage for prescription drugs, comprehensive medical care and even fitness club membership, the biggest difference being that private fee-for-service members pay a $180 co-pay per hospital day while members in most of Humana's PPO options pay $165, plus a $100 deductible.

Next year Humana expects to sell even more PFFS plans, many of them to the millions of seniors it signed up this year in stand-alone drug plans. "We have 3.4 million drug-plan members we didn't have a year ago," says Scott Latimer, Humana's market president for central and northern Florida. "The opportunity to market other products to customers with whom we already have a relationship is that much greater."

As with most Advantage plans, premiums are often lower than the combined premiums for government-run Medicare benefits for physician and hospital services and drugs. Advantage members must still pay the Medicare part B premium for physician and outpatient services, which is $88.50 a month. But Advantage plans may wrap in other benefits such as additional days in the hospital and drugs.

As insurers expand their private fee-for-service offerings, the plans will see "dramatic growth" next year, says Dan Mendelson, president of Avalere Health.

But some wonder how long seniors can take advantage of this program. The Medicare Payment Advisory Commission, which advises the government on Medicare, has warned that the government pays 11% more on average to Medicare Advantage plans for physician and hospital services than the traditional ones.

Without network restriction, private fee-for-service plans don't have as many tools to restrict spending. If a member, for instance, doesn't have one primary-care physician, it can be more difficult to monitor care or ward off a costly hospital admission. "A health plan may not know about a high-risk case until the claim is paid," says Richard Jelinek, head of UnitedHealth's Secure Horizons division, which administers its Medicare Advantage plans.

But some insurers are implementing programs to identify members with multiple chronic conditions and better coordinate care. UnitedHealth, for instance, is implementing 24-hour nurse hotlines and a disease case manager program for PFFS plans; Humana has similar programs.

Some insurers say that as they sign more people in rural areas into PFFS plans, the concentrated number of members will allow them to form doctor-and-hospital networks. In turn, they'll be able to also sell HMO or PPO Medicare plans with lower costs or richer benefits there. With the added savings that come with extracting greater discounts from network providers, Mr. Jelinek says, "we can pass on those benefits to enrollees."

Group Says FDA, Advisory Panels Show Bias Toward Drug Approvals (WP)

By Shankar Vedantam

The Washington Post, August 29, 2006

The panels of experts assembled by the Food and Drug Administration to advise it on whether to approve new drugs and medical devices are often biased in favor of recommending approval, according to a consumer group's analysis released yesterday.

The advisory panels often vote unanimously to recommend approval even after members express doubts about the product or say the evidence submitted is insufficient, said the report by the National Research Center for Women & Families, a policy research and advocacy group. The FDA has recently come under fire over drug safety issues, including its decisions to approve the popular arthritis pain medications Vioxx and Celebrex that were later associated with an increased risk of heart attacks and strokes.

The group's report also said the FDA is more likely to accept its panels' advice when they recommend approving a product than when they vote against approval.

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"When the votes are for approval, they go along with them 96 percent of the time," said Diana Zuckerman, president of the center. "When the votes are against approval, they are much more likely to disagree and approve the product anyway. . . . They are 10 times more likely to overturn a recommendation against approval than for approval."

Agency officials said the critical report is wrong both in its assumptions and conclusions.

"First and foremost, it is an advisory committee process, and in that sense panels do not make decisions, they offer advice," said Randall Lutter, associate commissioner for policy and planning at the FDA. "To say they serve as a rubber stamp is not a way of contributing to informed debate."

Lutter said that based on promising clinical trial data, the FDA sometimes knows it is going to approve a product when it convenes an advisory committee -- so it is hardly surprising that committees would find in favor of such products. Much of the value of such meetings, he added, comes in offering nuance and guidance to the agency on labeling and use of the product.

The report tracked the votes of 11 FDA advisory committees, chosen at random, from 1998 through 2005. That represents about a third of the panels convened and 89 products.

Although some committees came up with a mix of approvals and disapprovals, others, including the panels evaluating arthritis drugs and vision-related devices, almost always voted for approval and almost always did so unanimously, said Zuckerman.

Zuckerman suggested that conflicts of interest may have biased some scientists.

But Lutter rejected this criticism. The FDA's own analysis of conflicts of interest among advisory committee members, he said, found that such conflicts did not predict how panel members would vote.

Outside Audit Pensions Likely To Stay Dying Breed (WSJ)

By Steven D. Jones

The Wall Street Journal, August 29, 2006

President Bush recently signed into law a comprehensive bill aimed at rehabilitating the traditional pension plans still operated by many American companies. The irony is that many companies whose pensions are in fine form probably will limit benefits anyway.

More corporate leaders and their advisers are assessing the costs of so-called defined-benefit retirement plans and coming to more or less the same conclusion: The costs of maintaining these plans are still simply too great. Defined-benefit plans -- your grandfather's pension, for example -- guarantee retirees set monthly payments for life, with the size of checks generally based on years of service and salary levels in the final years on the job.

The Pension Reform Bill compels many companies to fully fund their defined-benefit plans over a period of years and pay a small additional premium to shore up the U.S.'s pension-insurance fund, which essentially is the pension insurer of last resort. But the bill also may add to incentives to freeze benefits.

"I believe we will witness an unprecedented number of companies closing their well-funded, defined-benefit pension plans to new employees," James Klein, president of lobbying group American Benefits Council, wrote in a media release when the bill was signed.

Verizon Communications Inc., Motorola Inc., Hewlett-Packard Co., International Business Machines Corp. and others have announced freezes of defined-benefit pension plans. Delta Air Lines and Northwest Airlines intend to impose freezes as part of reorganizations under the U.S. bankruptcy code.

Yesterday DuPont Co. said starting next year it will cut its contribution to its pension plan by two-thirds while raising its contribution to an employee savings and investment plan.

Companies freeze plans generally either by locking out new employees -- a soft freeze, in the argot of the pension industry -- or by halting such new enrollments and stopping the accrual of benefits to existing employees, a hard freeze. Retirees generally aren't affected.

Hewlett-Packard, for example, imposed a freeze in January on its defined-benefit plan for workers other than those close to retirement, while raising its matching contribution for 401(k) defined-contribution plans to 6% of salary from 4%.

IBM by comparison converted it into what is known as a cash-balance pension, which creates a hypothetical account for each worker that grows by an annual amount, then later announced it would freeze the plan. A court ruling supported IBM's switch, a decision pension experts say will pave the way for more companies to adopt such a strategy.

For companies, there are clear economic benefits to freezing a pension plan. Jack VanDerhei, a professor at Temple University and a research director at the Employee Benefit Research Institute, has analyzed pension freezes and estimates a hard freeze can cut the annual retirement payout to a worker by more than half.

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Payments to most pensioners in a defined-benefit plan are calculated using what is referred to as final-average defined-benefit formula. The company multiplies the number of years worked by the average of the worker's three highest years of pay times 1%.

Take an employee who retires at age 65 after 35 years on the job, who earned an average $103,000 a year during his final three years of employment. His benefit would be about $36,000 a year, or $103,000 times 35 years times 0.01. If that retiree lives to age 85, the total benefit paid would be $720,000.

Yet consider what would happen if the company had frozen the pension plan when the worker was age 50 and had put in 20 years on the job.

Suppose the employee's average salary for the three years before the freeze was $70,000. Upon retirement at age 65 the benefit would be just $14,000 a year ($70,000 times 20 times 0.01.), or $22,000 a year less. At 85, the total benefit paid out would be $280,000, or $440,000 less than the total benefit had the pension not been frozen.

Even companies whose traditional pensions are fully funded -- meaning they have enough assets on hand to cover benefits of all participants -- are freezing plans. The reasons: retirees are living longer, raising overall costs, and because of the new pension-accounting rules to be implemented that require companies to deduct their plans' shortfalls from net worth.

"I believe a fair number [of companies] have looked at what this is likely to do to their stock prices and loan covenants and decided that kind of risk is just too much," says David John of the Heritage Foundation, a conservative think tank.

One upside to the possible extinction of traditional pensions is that financial-service companies probably will look for new ways to help workers save for their Golden Years on their own, a decidedly tall order: The 50-year-old worker whose pension was frozen in the example would have to begin putting aside nearly 13% of his salary annually for 15 years to make up the $22,000 gap created by the freezing of the employee's defined-benefit plan.

The Falling Paycheck (NYT)

The New York Times, August 29, 2006

After huddling with his economic team at Camp David this month, President Bush emerged from a meeting and, flanked by advisers — including the secretaries of labor, commerce and the Treasury — announced to reporters, “Things are good for American workers.”

The comment is preposterous. As The Times’s Steven Greenhouse and David Leonhardt reported yesterday, the economic expansion that began in late 2001 is on track to become the first since World War II that fails to offer a sustained lift to the real wages of most American workers. Although the nation’s economy has grown and productivity has been strong, American employees have not shared in the wealth they’ve helped to create. Wages and salaries now make up the lowest proportion of the economy since the government began keeping records in 1947, while corporate profits have climbed to their highest share since the 1960’s.

Until recently, the decline in real wages has been masked in large part by the housing boom that allowed many Americans to borrow and spend, even as their pay was squeezed. But now the housing market is flagging and with it, the Bush-era economy — without American workers having ever experienced a period of solid prosperity.

Unfortunately, there’s little likelihood of meaningful improvement anytime soon. When Mr. Bush and his advisers are not insisting that everything is fine, they’re promising more high-end tax cuts as a cure-all, or painting the problem as one of impersonal market forces for which there are no government solutions.

Those are not the paths out of the predicament. Just the opposite, they are approaches that have contributed to it.

OTHER NEWS:

Beatles Reunite To Sue Record Companies For $25M (LAW)

By Mark Fass, New York Law Journal

New York Law Journal, August 29, 2006

The Beatles have reunited, though only to sue their record companies.

A lawsuit filed by the Beatles, their representatives and their recording label Apple Records against Capitol Records and EMI Records will go forward following a Manhattan judge's denial of a motion to dismiss.

Capitol and its affiliate EMI concealed their use of the band's recordings "in an effort to pocket millions of dollars" in royalties, according to the complaint. The plaintiffs are seeking at least $25 million, asserting causes of action for fraud, breach of contract and -- in a difficult and unusual claim against a record company -- breach of fiduciary duty.

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The defense moved to dismiss the causes of action for fraud and breach of fiduciary duty, as well as the plaintiffs' requests for punitive damages and to reclaim the rights to their recordings, perhaps the most valuable catalog of music in existence.

Manhattan Supreme Court Justice Karla Moskowitz last week denied the defense's motion in its entirety.

Most significantly, because the fiduciary duty claim survived the motion, the defendants may be subject to tort liability's broader damages, additional causes of action and additional remedies.

The dispute dates back nearly 30 years, to a similar suit initiated by the Beatles against Capitol/EMI, Apple Records, Inc. v. Capitol Records, Inc., 137 AD2d 50.

Filed in 1979, Apple I, as the present decision refers to it, alleged that Capitol/EMI underpaid the Beatles more than $20 million, which the record companies hid through improper accounting practices. That case resulted in an Appellate Division, 1st Department, decision allowing the breach-of-fiduciary claim to go forward and, in 1989, the parties reached a settlement agreement.

"The business dealings between Capitol Records and the Beatles date back to 1962," the First Department noted in Apple I. "It is alleged that this relationship proved so profitable to defendant that at one point the Beatles constituted 20 to 30 percent of its business…It can be said that from such a long enduring relation was born a special relationship of trust and confidence."

The settlement agreement that followed that decision granted the Beatles and Apple increased royalty rates and required Capitol/EMI to abide by more stringent auditing and reporting requirements.

A second charge of under-reporting led to another settlement agreement in 1995, as well as a $35 million payment to the Beatles and Apple and an additional increase in royalty rates.

Pursuant to that agreement, the plaintiffs conducted an examination of Capitol/EMI's books, which allegedly once again uncovered fraud and, in turn, spawned the present lawsuit.

The plaintiffs -- the surviving Beatles Richard "Ringo Starr" Starkey and Sir James Paul McCartney; Yoko Ono Lennon; George Harrison's estate; Apple Corps and Apple Records; and McCartney's company MPL Communications -- claimed that Capitol/EMI under-reported sales, concealed "lucrative" music-video deals and conducted "secret" transactions with record clubs, among other misdeeds. As in Apple I, a primary accusation was that the record company designated millions of dollars of merchandise as discardable "scrap," then resold the items without forwarding royalties.

LACK OF TRUST

Capitol/EMI moved to dismiss the breach of fiduciary claim, arguing that after a decade of litigation and a long history of distrust, the plaintiffs could hardly claim a relationship of trust and confidence.

The 1st Department's original finding of a potential fiduciary relationship between the parties does not apply to "the time in question here," the defendants contended. Indeed, since Apple I the First Department has repeatedly rejected claims of fiduciary duty by artists against record companies, they noted in their memo in support of the motion. Moskowitz nonetheless found for the plaintiffs.

"Because of the allegation plaintiffs make here and the Apple I decision, I cannot hold, as a matter of law, that the parties no longer have a fiduciary relationship," Moskowitz ruled. "[P]laintiff has pled a viable, continuing fiduciary relationship. Whether or not the level of contentiousness and distrust was so great as to destroy the fiduciary relationship the parties had is an issue that must await development of the factual record."

On similar grounds, the court allowed the fraud claim to go forward as well. "The First Department, in Apple I, on virtually identical facts, already held that plaintiffs adequately stated a valid cause of action for fraud and that the conduct plaintiff pleaded was collateral to the contract," Moskowitz wrote.

She also allowed the plaintiffs' request for an order terminating Capitol/EMI's rights to the plaintiffs' recordings, dismissing the companies' argument that the plaintiffs were making an impermissible demand for partial recision.

"[P]laintiffs…do not seek partial recision, but rather seek to exercise their right to terminate the parties' agreements based on EMI/Capitol's alleged breach of contract, breach of fiduciary duties and fraud."

Paul V. LiCalsi, Howard H. Weller and Joshua S. Akbar of Sonnenschein Nath & Rosenthal represented the plaintiffs.

"The attempt to knock this claim out at the pleading stages was significant because of how conservative New York law is regarding fiduciary duties," LiCalsi said. "In New York, unless you fit into the traditional fiduciary relationships, like attorney-client or trustee-beneficiary or doctor-patient, the law is very reluctant to find that a fiduciary relationship arises in commercial transactions. It has to be very unique circumstances for that."

EMI spokeswoman Jeanne Meyer said the defense will likely appeal.

"Artists do from time to time request an audit of record labels' accounts," she said. "It's not unusual. We don't have a problem with it. But sometimes there are differences of opinion, particularly when you are dealing with a contract that is complex."

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Steven Wolowitz, Hector Gonzalez and Anthony Diana of Mayer, Brown, Rowe & Maw represented the defense. Diana did not a return a call seeking comment. Wolowitz declined to comment.

EchoStar Agrees To Settle Lawsuit; Fox Stations Balk (WSJ)

By Andy Pasztor

The Wall Street Journal, August 29, 2006

Satellite-television broadcaster EchoStar Communications Corp. agreed to pay $100 million to resolve a lawsuit over programming with affiliates of three major U.S. television networks, but opposition by a group of Fox Network stations could derail the deal.

After nine years of complex litigation, the company, based in Englewood, Colo., reached a smaller-than-anticipated settlement with ABC, NBC and CBS stations covering payments for certain local sports and other programming that EchoStar beams to hundreds of thousands of its subscribers in other areas. By routinely offering such programming in many distant cities, federal judges found that EchoStar violated the intent of various court-approved exceptions.

The affiliates have prevailed in a series of court rulings, culminating in a recent decision by the federal appeals court in Atlanta that threatened to force EchoStar to turn off the disputed programming to about 800,000 of its 12.5 million subscribers. Such a move would reduce EchoStar's revenue, and more importantly could make it harder for EchoStar to keep and attract subscribers.

Talks with Fox fell apart last week, when representatives of more than two dozens stations owned and operated by the Fox Network balked at the amounts they were slated to receive under the agreement. The fallout will complicate the settlement with the rest of the affiliates, and according to EchoStar, even "could derail the entire settlement." Some Fox affiliates agreed to the tentative deal, which must be approved by a federal court judge in Miami.

A spokesman for News Corp., which controls Fox Network, said it wasn't currently in discussions with EchoStar and "we don't intend to be" in such talks.

The tentative $100 million pact is less than had been expected by many Wall Street analysts, who also anticipate that the total number of EchoStar subscribers eventually cut off from so-called distant network signals is likely to be smaller than previously projected. "This settlement appears better than expected," according to a note put out by Jeff Wlodarczak, an analyst at Wachovia Capital Markets LLC.

EchoStar shares rose 51 cents, or 1.6%, to $32.21 in 4 p.m. trading on the Nasdaq Stock Market.

In a separate legal dispute, a federal magistrate in Texarkana, Texas, temporarily blocked EchoStar from pursuing a 2005 countersuit it filed against TiVo Inc. over patent issues. Earlier this month, the same court ordered EchoStar to pay nearly $90 million in damages for infringing on TiVo patents covering digital video recorders.

Stocks Get Lift From Oil's Slide, Reversing Skid (WSJ)

By E.s. Browning

The Wall Street Journal, August 29, 2006

Plunging oil futures briefly pushed the Dow Jones Industrial Average to its highest level since May, but late-day selling trimmed the gains.

In thin trading ahead of Labor Day weekend, the blue-chip average finished ahead 67.96 points, or 0.60%, at 11352.01. It is up 5.9% this year, 30 points short of the three-month high reached Aug. 18.

The Standard & Poor's 500-stock index, which also temporarily touched a three-month high, gained 0.52%, or 6.69 points, to 1301.78, putting it up 4.3% for 2006. Traders are watching whether the broad index can stay above 1300.

Major stock indexes were rebounding from last week's declines, as fears of a slowing economy dissipated. The catalyst for the gain was a decline in crude-oil futures of $1.90, or 2.6%, to $70.61 a barrel, as tropical storm Ernesto appeared to move away from the Gulf of Mexico's oil facilities. Gasoline futures also fell sharply.

The drop in oil and gasoline helped calm fears that high transport costs would weigh on consumer spending. Wal-Mart Stores said August sales are at the high end of its expectations, which also eased concerns.

"It was all about crude prices," said Todd Clark, director of stock trading at San Francisco money-management and brokerage firm Nollenberger Capital Partners. "It just gave us a positive backdrop. And the volume is so thin that it doesn't take a whole lot to move the indexes."

The Dow has bounced for weeks between 11000 and 11390, as investors debated whether Federal Reserve interest-rate increases have slowed the economy enough to forestall inflation, too much or not enough. Stocks fell last week as investors took profits from the previous week's gains.

The Nasdaq Composite Index yesterday rose 0.95%, or 20.41 points, to 2160.70, still down 2% this year.

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Today, the Fed releases minutes from its August interest-rate meeting, which could shed light on its intentions for future rate moves. Friday, investors get what could be the week's most important news on inflation and the economy: August wage and hiring data, and the August report on manufacturing activity.

In major U.S. market action:

Stocks rose; bonds fell. The 10-year Treasury note fell 2/32, or 63 cents for each $1,000 invested, pushing up the yield to 4.797%. The 30-year bond was down 3/32 to yield 4.934%.

The dollar weakened. Late in New York, it traded at 117.15 yen, down from 117.30, while the euro rose against the dollar to $1.2790 from $1.2756.

Uncle Sam's Eyes In The Aisles (WP/AP)

By Jeannine Aversa

The Washington Post, August 29, 2006

Caren Gaffney moves from store to store, meticulously combing the aisles and taking down prices.

A head of Boston lettuce. A bottle of Advil. Car inspection. Diamond bracelet. Eyeglasses. A 50-foot black TV cable. Washing machine.

It's an eclectic shopping list that comes from her employer, the U.S. government.

The items that she prices -- and thousands of others -- are reflected in the government's most closely watched inflation barometer. The consumer price index measures the prices shoppers pay for a market basket of goods and services.

Consumer prices edged up 0.2 percent in June, half the amount of May's increase. But over the first six months of this year, prices rose at an annual rate of 4.7 percent, led by soaring energy costs.

Gaffney is one of about 450 people who check prices on 96,000 items from thousands of merchants for the monthly reports assembled by the Labor Department's Bureau of Labor Statistics.

"We price everything from condoms to cremations," says Katie Gollannek, branch chief in the bureau's division of price programs.

During busy times, Gaffney, an economic assistant who works part time, has visited about 45 stores in a 10-day period to get prices on 150 items.

In her year on the job, she has perfected a plan for plucking prices: When she enters a shop, "I work from right to left. It makes it quicker," Gaffney explains. "What you want to do is set up your work so it is efficient."

At one stop -- a grocery store in the Washington suburbs -- Gaffney's checks the price on five items:

Â· A pound package of the store-brand all-beef franks, $2.99.

Â· A pound package of Smithfield 97 percent fat-free, sliced, cooked ham, $4.69.

Â· An 8-ounce package of Oscar Mayer light bologna (with chicken and pork, not all-beef), $1.99.

Â· One head of Boston lettuce, $1.99 each.

Â· One head of green leaf lettuce, $1.99 per pound.

She enters the price for each item into her computer. In the case of the bologna, Gaffney is perplexed. She took down the price as $2.49. But her computer tells her that on her last visit the price was $1.99. After some investigating, Gaffney realizes she grabbed the wrong item this time -- the higher-priced all-beef light bologna.

The price of Boston lettuce had increased from $1.69 on Gaffney's last visit. She hunts down one of the store's produce workers to find out why, but he does not have any insights.

Stores let Gaffney and others collect price information on a confidential basis.

What are some of the more challenging tasks for the price hunters? They include the price for a pair of eyeglasses, for leasing or repairing a car, or for anything related to health -- because of all the details involved. Clothing can be complicated, too.

"If it is a seasonal item, most likely it is going to be gone the next time you go there. You got to look all over for it and make sure you got it," Gaffney says.

If the store is out of the item, Gaffney has the tedious and often time-consuming task of finding a substitute product that is as close to the original as possible.

For instance, Gaffney might be forced to find a substitute for a woman's blouse with the following specifications: sleeveless, 85 percent cotton, 15 percent rayon. Made in Malaysia for a national brand. Does it have any special features, such as appliques, embroidery or beadwork? What's the hip length?

Gaffney says she has priced all kinds of goods and services, including a hysterectomy, a cremation, tires, car repairs, expensive jewelry and liquor.

"Beware of sales," Gaffney says. "They say it's a sale, but the sale price is really the regular price."

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All of the thousands of prices collected by Gaffney and others pour into the Bureau of Labor Statistics, where they are analyzed by economist Sandra Schneider and her colleagues.

Schneider's area of expertise includes cereal (box, bag, hot or cold), bakery goods (fresh and frozen), and nonalcoholic beverages (juices and soda).

Prices for doughnuts, pies, pastries and other baked goods tend to be pretty stable, while prices for carbonated beverages can fluctuate widely, reflecting the waxing or waning of discounts and promotions, Schneider says.

"This is actually really complicated," says Gollannek, Gaffney's boss. "Everything that makes up the minutiae of your life" as a shopper is something the government's price checkers are keeping tabs on.

A Fuel-Good Story At Summer's End (WP)

By Tomoeh Murakami Tse And Chris Kirkham

The Washington Post, August 29, 2006

The declining prices of crude oil and ethanol combined with rising gasoline supplies have brought a bit of welcome relief at the pump as the summer driving season draws to a close.

Average gas prices have dropped about 15 cents in the past two weeks, to $2.87 per gallon nationwide and $2.99 in the Washington metropolitan region, Trilby Lundberg, editor of the Lundberg Survey, said yesterday. The gasoline monitor surveys more than 6,000 stations nationwide every two weeks.

The decline, based on a survey from Friday, is the largest drop since November, when prices fell 18 cents after the price increases that followed hurricanes Katrina and Rita.

And as if this weren't enough good news for consumers, Lundberg and others said more relief should be on the way, as long as crude oil prices remain stable and no supply disruptions occur.

Lundberg said in a telephone interview that the gasoline market was in a "mini-glut" state, with prices tumbling in the face of increased supply at the end of the peak driving season.

"Given other situations not confounding it . . . some further reduction seems likely from here," she said.

Lisa Craig, 47, a teacher at Holton-Arms, a private girls school in Bethesda, was thrilled to see regular gasoline selling for $3.09 a gallon at a Wisconsin Avenue Texaco station in Bethesda -- even though she was just in New Hampshire, where, she said, gas was in the $2.70 range.

"Life's got to be a little better if gas is going down," said Craig, who shuttles three carloads of children home in the afternoon. "I went, 'Wow, $3.09, that's not so bad!' And that's pathetic."

The recent price drop was particularly pronounced because this year's driving season was greeted by rising prices caused by several factors. Prices for ethanol, an additive increasingly used by refineries, shot up this year. Demand grew sharply after the Energy Policy Act passed by Congress last summer prompted refineries to switch from methyl tertiary-butyl ether, or MTBE, to corn-based ethanol as a gasoline additive. As demand rose, ethanol prices climbed to more than $4 per gallon.

The industry also was hampered by delayed repairs and maintenance because of last year's hurricanes.

Also pressuring prices was the violence and uncertainty in the Middle East and elsewhere, raising concerns about oil supplies throughout the summer.

In recent weeks, ethanol prices have dropped to about $2.30 a gallon. Worries over supply have largely subsided as oil companies have made the transition, analysts said.

Crude oil prices have dropped from near $80 a barrel to $70.61 yesterday on the New York Mercantile Exchange.

The gasoline supply situation has improved as well -- at a time when the industry is less likely to hoard it for fear of being unable to meet demand.

"They've improved right at the end of the season," said Doug MacIntyre, senior oil market analyst at the U.S. Energy Information Administration, adding that demand drops by 3 to 5 percent from August to September. "Without any major hurricanes seemingly poised to pounce on oil infrastructure . . . even a small increase in inventory is more than enough to get us through the peak demand season without a problem."

So, analysts say, barring a pipeline break, a hurricane hitting a refinery or renewed international jitters to drive up crude oil prices, consumers can look forward to further savings at the pump. Also, manufacturing costs tend to decline when some regions of the country switch to winter-grade gasoline, which will happen over the next several months. But the declines are not expected to be as steep as those of the past few weeks.

However, some motorists in the region said yesterday that they were skeptical about prices going down, adding that the recent drop was not nearly enough.

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"It has to go down a lot for it to make a difference to me," said Mark Ezra, 37, a Rockville resident, as he pumped his Infiniti QX56 sport-utility vehicle's tank full of $3.29-a-gallon premium gas at the Wisconsin Avenue Texaco station in Bethesda. "This is the biggest gas guzzler there is."

Mac McLaughlin, 64, an airport shuttle driver from Falls Church, knows the effect of fluctuating prices more than most. But this month's dip won't mean much for him in the long run, he said

"It's the price of existence," he said as he filled up for $2.99 a gallon at an Exxon station at Wisconsin Avenue and Q Street in the District. "It's a little cheaper in Virginia, but you don't drive 10 miles just to save five cents. Your time is your money, too."

Detroit Sees Cheap Gas As History (NYT)

By Micheline Maynard

The New York Times, August 29, 2006

TOLEDO, Ohio, Aug. 28 — The Chrysler Group, which depends more heavily on sales of pickup trucks and sport utility vehicles than any other Detroit automaker, said Monday that it expected gasoline prices to remain at $3 to $4 a gallon for the rest of this decade.

The comments by Thomas W. LaSorda, Chrysler's chief executive, are the first time a Detroit automaker has issued a specific forecast on gas prices since they began climbing to $3 a gallon and higher.

Ford's chief sales analyst agreed Monday that high gas prices were not a temporary phenomenon, although he did not cite a price range. The analyst, George Pipas, said the auto company expected gas prices to remain high, volatile and unpredictable.

Together, the comments signal a recognition that the two automakers may have to fundamentally change their product mix to put more emphasis on fuel-efficient vehicles — a move General Motors says it already is making.

Mr. LaSorda, who had traveled here for the start of production of a four-door version of the Jeep Wrangler, was asked whether gasoline prices had peaked. "I would hope so,'' he replied, "but we're planning internally as if it is $3 to $4 a gallon."

Mr. LaSorda said Chrysler had prepared a business model based on the assumption that gas prices would remain in that range for the next three to four years. That is about the period of time it takes for an automaker to develop a new vehicle.

"We are looking at it as if it's going to be much higher, rather than hoping it comes down," Mr. LaSorda said. He added, "Hopefully we can fight back."

If Chrysler's assumptions are correct, it spells more trouble in the near term for the traditional Detroit companies, whose sales and market share have dropped this year as consumers have shifted away from big vehicles to more fuel-efficient models.

About 75 percent of the vehicles that Chrysler sells are pickups, sport utility vehicles and minivans, compared with about two-thirds of the sales by the Ford Motor Company and about 60 percent of the vehicles sold by General Motors, according to the industry statistics firm Autodata.

By contrast, the lineups at Toyota, Honda and Nissan are still more than 50 percent cars, one reason Japanese auto companies have achieved sales records this year.

Although Chrysler plans to introduce more fuel-efficient vehicles in coming months, it may face a struggle to lessen its dependence on sport utility vehicles and pickups. Indeed, Mr. LaSorda said that Chrysler believed there would still be a market for vehicles that seat five or six passengers.

Given the long lead time auto companies require to develop new vehicles, "I don't know if they will be able to come out with new products that quickly," said Jesse Toprak, a senior analyst with Edmunds.com, a Web site that offers car-buying advice.

Last month, Chrysler's share of the American market dropped to just 10 percent, compared with 13.3 percent in July 2005. Chrysler fell to fifth place in July, behind G.M., Toyota, Ford and Honda.

Chrysler is not the only company feeling the pinch of higher gasoline prices. Industrywide, pickup truck sales have dropped about 17 percent this year, while sales of sport utility vehicles are down about 9 percent. Car sales, by contrast, are up 3 percent, according to an Edmunds estimate.

Mr. Toprak said none of the Detroit auto companies thought high gasoline prices would hurt sales so much. "They saw it as a temporary phenomenon," Mr. Toprak said.

Gasoline prices have dropped about 15 cents the last two weeks, to a national average of $2.78 for unleaded fuel, according to the Lundberg Survey. That has led some analysts to predict that prices have peaked for the year, since gasoline is generally cheaper in the fall than during the summer vacation season.

Asked about gasoline prices, Mr. Pipas, of Ford, said, "We don't see the price of gasoline returning to the levels that we all enjoyed in the 90's and the early part of this decade."

He went on, "The base case assumption around which we're planning our business is that gas prices remain high. The days of inexpensive gasoline are gone."

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Mr. Pipas declined to be specific about how high gas prices may rise. “I think only a fool would forecast gas prices,” he said.

G.M. forecasts prices internally but does not disclose the figure, said a spokesman, John M. McDonald.

G.M. has been promoting the fuel efficiency of its car lineup, saying it offers more models that get 30 miles per gallon in highway driving than any other company. Through July, those vehicles accounted for about 34 percent of G.M.’s overall sales for 2006, according to an estimate by Edmunds.

Mr. McDonald said G.M. was paying more attention to the fluctuations in gasoline prices, rather than the level itself. “It’s the fluctuation that makes people nervous,” he added.

Officials at Toyota and Honda, which have both gained market share this year because of their reputation for fuel efficiency, said they were prepared for a sustained period of high gasoline prices.

“We don’t anticipate that gas prices are going to drop significantly,” said Chuck Schifsky, a Honda spokesman. He added, “We’ve known for a long time that this was coming, and it’s liable to get worse before it gets any better.”

Mr. Toprak at Edmunds said automakers were rattled by the prospect of another hurricane like Katrina, which sent gas prices soaring a year ago. “Who knows what is going to happen? It could make a worse-case scenario even worse,” Mr. Toprak said.

Fuel Lines Giant New Oil Refinery In India Shows Forces Roiling Industry (WSJ)

By Steve Levine And Patrick Barta

The Wall Street Journal, August 29, 2006

JAMNAGAR, India -- For one billionaire and 150,000 manual workers here on the Indian seacoast, America's gasoline-thirsty motorists mean opportunity.

The drivers want more gasoline. U.S. companies that refine it from crude oil are minting money. But they have turned away from building new refineries in the U.S. because the numbers work better abroad, where costs and red tape are reduced and where expected demand growth is even higher than the U.S.

Into that economic mix sailed Mukesh Ambani, the chairman of India's largest private-sector company, Reliance Industries Ltd., a man whose animated personality and estimated $7 billion fortune regularly land him on the front pages of Indian newspapers. On India's northwest coast near Pakistan, Mr. Ambani is building the world's largest refinery complex. When it's finished, he plans to load 40% of the fuel it turns out onto huge tankers for a 9,000-mile trip to America.

The potential for oil refineries abroad that can serve the U.S. is so strong that Chevron Corp., though based in the car-happy state of California, is investing in Mr. Ambani's project rather than try to build a new refinery at home.

Behind this is a shift in the economics of the refinery business. Distilling crude oil into gasoline, diesel, home-heating oil and jet fuel used to be a lower-margin business. These days it's a fat profit center. Steady growth in demand for fuel in developed countries, plus explosive growth in developing ones like China, have strained the globe's refining capacity. The limited capacity amid growing demand drives up prices of what the refineries turn out.

The U.S. market is especially lucrative, sometimes earning its refiners $20 or more on every barrel of crude oil they refine. Exxon Mobil Corp. earned $1.3 billion in its refining arm in the second quarter, up 11% from a year before. Independent refiner Valero Corp. earned $1.9 billion in the quarter, up about 124%, a jump partly due to its acquisition of another refiner.

While in the past, thinner profit margins required that refineries be close to consumers to save on shipping, today's margins are wide enough that it pays to haul gasoline and other refined products long distances. Locating refineries in a region such as Asia is an easy decision, given its less-onerous construction costs, environmental limits and red tape, plus its own rapidly growing fuel demand.

The hefty profits have spurred many new projects. Scottish oil consultancy Wood MacKenzie counts 500 plans to expand or build refineries world-wide, and figures that maybe half will actually get done. Few are in the U.S. Despite considerable expansion and upgrading of existing American refineries, oil companies haven't built a new refinery from scratch in the U.S. in 30 years.

The result is a growing dependence on foreign-produced fuel. Politicians of all stripes say the U.S. should rely less on foreign energy sources. Instead, it has twin addictions -- not only to imported crude to feed its refineries, but to imported gasoline to meet demand beyond what those refineries can make.

The U.S. is importing about 13% of its gasoline needs this year, up from around 11% in 2005 and less than 8% in 2000, according to the U.S. Energy Information Administration. In all, American drivers use almost half of the gasoline burned in the world each day.

For U.S. consumers, the prospect of getting more fuel from new refineries being built abroad isn't necessarily a negative. The new plants will make more fuel available during crunches, especially since they'll be able to handle heavy, higher-sulfur

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varieties of crude that some older refineries can't. After Hurricane Katrina, for example, Saudi Arabia said a lack of refineries able to handle such crude prevented it from being able to relieve the U.S. gasoline-supply pinch.

Saudi Arabia's national oil company, Saudi Aramco, currently envisions two giant new 400,000-barrel-a-day refineries. ConocoPhillips is in talks to build one, and France's Total SA the other. In addition, Saudi Aramco and Exxon Mobil are talking about being partners in a refinery expansion and petrochemical complex in China's Fujian province, near Taiwan.

Mr. Ambani's project in India is among the most ambitious. At $6 billion, it is in keeping with a tradition at Reliance Industries of proposing massive projects and getting them built.

While calling himself "media-shy," the 49-year-old Mr. Ambani isn't entirely modest in his claims for his business. He says just two companies in the world are comparable in building vast projects from scratch -- "only Microsoft and Reliance."

Mr. Ambani's father, Dhirubhai Ambani, founded Reliance in the 1970s as a textile producer. In the 1990s, the company plunged into oil refining after the younger Mr. Ambani noticed that India was importing millions of tons of oil products each year. Reliance soon built one of the world's largest refineries at the Jamnagar site, one that can process 660,000 barrels a day of crude oil.

The plant is also one of the most sophisticated, able to process heavy crude, an advantage not only because light, sweet crude is getting harder to come by but also because heavy crude is cheaper.

Reliance put up the refinery on time and within budget. When it was complete in 2000, it let India meet its fuel demands domestically and become a net exporter of refined products. Reliance pumps a little of the crude for the plant itself and buys much of what it needs from the Middle East.

The job of building at Jamnagar entailed another over-the-top project. To attract foreign experts to live and work at the arid site, the Ambanis built a residential complex that included villas for 2,500 families, a nine-hole golf course, a large swimming pool and an irrigated, 2,000-acre farm with 100,000 mango trees, guava and a flavorful fruit called chiku.

Mr. Ambani soon was mulling an expansion: a second big refinery alongside the first. But the death of his father, the founder, led to a bitter struggle between Mukesh and his younger brother, Anil, over the company's direction.

During this difficult period, 2003, Chevron happened to be installing a new head of its own refining arm. Chevron's refinery operation was lagging. Consultants told the company it was underperforming others. The new refinery chief, Jeet Bindra, a native of India, decided to go see an old acquaintance: Mr. Ambani.

After a visit by Mr. Bindra to Reliance's refinery in Jamnagar, the two companies agreed they would cooperate on some research projects. Chevron began to sell crude from its Asian oil fields to Reliance.

The Ambani brothers settled their differences in 2005, dividing Reliance into two parts, with one brother in charge of each. Mukesh, with the oil portfolio, resurrected his plan to expand Jamnagar.

Again, the vision was large: a 582,000-barrel-a-day refinery next to the one just built. It would have even greater ability to process heavy crude and make the most expensive types of fuel. Together, the plants would create the largest refinery complex in the world, able to process 1.2 million barrels of oil a day.

With refining profits currently high and many other projects under way, speed was of the essence. Oil analysts say that in five or so years, there is likely much new capacity, especially in Asia, while U.S. demand growth slows. Among the reasons analysts expect the growth in U.S. gasoline demand to slow are increased use of alternative fuels such as ethanol and wider adoption of gas/electric hybrid cars. The result may be that refining profit margins decline and the new plants will be fighting one another for sales to the U.S. "These projects will face tremendous competition," says Lawrence Goldstein, president of the Petroleum Industry Research Foundation.

Mr. Ambani is pushing to get the second refinery functioning while the profit window is open. He's speeding it along in part by using an extra-large work force. The goal is to have the plant on line by December 2008, two years ahead of many projects that others are planning.

Early this year, Mr. Ambani began hearing from Western and Mideast oil companies about becoming a partner in the project. He was interested, because Reliance had little marketing expertise and had to sell its output to traders, leaving some potential profits on the table. A partner could provide the missing piece.

That's where Chevron fit in. The U.S. company had planned small expansions of existing refineries in Mississippi and California but had identified no "grass-roots project in the U.S. that makes economic sense," Mr. Bindra says. By March 28, senior Chevron executives, including Chairman and Chief Executive David O'Reilly and Mr. Bindra, were meeting with Mr. Ambani at Chevron's offices in San Ramon, Calif. Over a lunch catered by a local Indian restaurant, they came close to a deal for Chevron to own part of the new refinery.

Mr. Ambani worried that Chevron couldn't act fast enough. To help with financing, he was planning an initial public offering of part of the new refinery, and this IPO was just two weeks away. To speed matters, Chevron suggested splitting its investment

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into parts. It would buy an initial 5% share for $300 million and have an option to buy a further 24% when the refinery is finished, for a total 29% interest.

Majority-owner Reliance would shoulder the risk of completing the project on time and on budget. Twenty percent would be sold to the public in the IPO, and Reliance would own the rest. The April 12 IPO drew bids for seven times as many shares as were available.

Twenty thousand workers are at the coastal site now, beginning the refinery's superstructure, despite the start of India's monsoon season. Their numbers will eventually reach about 150,000. The goal of fast construction is the reason for using so many, says crew chief Sridhar Vaidyanadhan. To avoid wasted time, he says, each welder will have a half-dozen helpers, "so he is always welding and the others bringing him what he needs."

Says Mr. Ambani: "We are building the refinery at half the cost and in half the time" possible in America. "I don't know that you could get 150,000 people together to build a refinery" there.

Skilled workers such as the welders will earn around $8 a day. The far-more-numerous laborers and helpers will get $3 a day or so, Mr. Vaidyanadhan says. The pay scale and certain economies, such as using the original engineering plans from the first refinery, are intended to keep the construction cost low. The project is supposed to cost just $10,300 per barrel of refining capacity, about a third lower than the estimated cost of building the two big refineries planned for Saudi Arabia.

About 80% of the gasoline and other products the refinery turns out will go to the U.S. and Europe. At today's rates, shipping to the U.S. will cost roughly $6 a barrel, a sum easily absorbed by the current high profit margins for refining.

And when those margins aren't high? To protect themselves for the predicted industry downturn by the middle of the coming decade, Reliance and Chevron already have a plan. They will start to sell the giant refinery's products in a market that they hope by then will be less regulated, and that in any case is growing ever thirstier for gasoline: India.

Comments May Cost GOP Minority Votes (AP-Y)

By Erin Texeira, Ap National Writer

AP, August 29, 2006

One Republican senator described his house painter as a "little Guatemalan man." Another called an Indian man a "macaca," a type of monkey.

Just as the GOP is pushing for minority voters, the two recent gaffes have fed the perception among some blacks, Hispanics and Asian-Americans that Republicans are out of touch with the changing face of the nation.

"There is disconnect at some level," said Michael K. Fauntroy, a professor of public policy at George Mason University. "The country is becoming browner and new voters, particularly new immigrant voters, don't respond favorably to (offensive) comments.

"They may have already missed the boat on this."

Reports surfaced last week that Sen. Conrad Burns, a Montana Republican, called his house painter a "nice little Guatemalan man" during a June speech. Burns, whose re-election campaign is pressing for tighter immigration controls, also suggested that the man might be an illegal immigrant. It turns out the worker is legal.

Earlier this month, George Allen, a Republican senator from Virginia, twice referred to an opponent's volunteer using a term for a monkey, considered by some to be a racial slur. "Let's give a welcome to Macaca here," Allen said. "Welcome to America and the real world of Virginia."

Allen has since apologized to S.R. Sidarth, who was born in Virginia and is of Indian descent.

Republicans hardly have a lock on offending minorities. Former Democratic congressman and civil rights leader Andrew Young, who is black, said this month that Asian, Jewish and Arab shopkeepers in black neighborhoods sold shoddy goods to blacks and drove away their businesses. And, amid protests, the Democratic party this month pulled an advertisement from its Web site that compared Hispanic immigrants to terrorists.

But the comments by Burns and Allen have garnered heavy attention as their party is trying to improve its showing among minorities. Neither senator returned phone calls seeking comment.

"These misstatements are not reflections on the (Republican) party," said Tara Wall, director of outreach communications for the Republican National Committee. "We've had a long-term commitment to inclusion."

Wall said that since taking the helm in January 2005, RNC Chairman Ken Mehlman has "stepped up" the party's outreach to minorities. That effort has included holding nearly 100 town hall meetings with black, Latino and Asian-American groups, she said.

The party also is strongly pushing the candidacies of black Republicans in upcoming elections: Ken Blackwell for governor of Ohio, Michael Steele for Senate in Maryland and Lynn Swann for governor of Pennsylvania.

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This summer, Bush spoke at the convention of the National Association for the Advancement of Colored People for the first time in his presidency. The crowd cheered when he said many blacks don't trust Republicans.

At last summer's NAACP convention, Mehlman acknowledged the need to mend fences. "Some Republicans gave up on winning the African-American vote, looking the other way or trying to benefit politically from racial polarization," he said. "I come here as Republican chairman to tell you we were wrong."

Said Frances Rice, chairman of the National Black Republican Association: "I think Republicans have an excellent chance of winning over a good percentage of minority voters."

Some say that's already happening. In 2004, 46 percent of Hispanic men, for instance, backed Bush compared to 36 percent in 2000, according to the University of Pennsylvania's Annenberg Public Policy Center. While only 11 percent of blacks voted for Bush in 2004, it still was up from 2000.

But there's a long way to go. Associated Press-Ipsos polls from June to August show that 81 percent of blacks, 62 percent of Hispanics and 69 percent of Asian-Americans identify with Democrats over Republicans and independents.

Outreach to minorities can ring hollow if it's not backed by strong policies, said Louis DeSipio, a professor of political science and Chicano/Latino studies at the University of California, Irvine. "Even a candidate that says something offensive, if he then came out and advocated a path to citizenship (for illegal immigrants), then I think voters would pay more attention to that," he said.

Immigration promises to be a key issue with Latinos in the contentious November elections. A House measure approved last year that would make it a felony for illegal immigrants to be in the U.S., helped spark massive street demonstrations this spring. Organizers have worked this summer to register more Latino voters and get those who qualify to become citizens.

Many black voters remain angry over the Bush administration's slow response to Hurricane Katrina last summer, when thousands of New Orleans' poorest residents, mostly black, faced deadly floods. "Katrina hurt the Republicans' credibility with the African-American community," said Stacie Paxton of the Democratic National Committee.

Donna Brazile, a longtime Democratic strategist, agreed. "Republicans are sending mixed messages to people of color, in particular African-Americans and Hispanics. On one hand they would like us to come into the big tent. But once you get in you will see the unwelcome mat remains on the inside."

Democrats Now Favored To Take Over DeLay's Old Seat (CQP)

By Greg Giroux

CQ Politics.com, August 29, 2006

The Texas Republican Party establishment has rallied around a single candidate, Houston City Councilwoman Shelley Sekula-Gibbs, in their unusual write-in campaign to salvage the 22nd Congressional District seat vacated in June by Tom DeLay, the former House majority leader.

But the extreme rarity of successful write-in campaigns for Congress and the presence of a solid Democratic nominee on the ballot in former Rep. Nick Lampson has prompted CQPolitics.com to change its rating on the 22nd District race to Leans Democratic from No Clear Favorite.

The GOP faces a world of trouble in this race because of a serious miscalculation on the part of DeLay and his party colleagues.

Party officials initially were encouraged by DeLay's decisions to renounce the nomination he had won in the March 7 primary and to resign from Congress on June 9. Though long one of the most powerful figures in Texas and national politics, DeLay faced a still-pending trial for alleged state campaign finance violations and ethics controversies stemming from his past ties to now-convicted lobbyist Jack Abramoff.

A mediocre performance in the primary signaled to many, including DeLay, that he was at risk of losing to Democrat Lampson, despite the typically strong Republican leanings of voters in the suburban Houston district. DeLay's dropout was predicated on his plan to disqualify himself from running for re-election in Texas by relocating his residence to Virginia.

But Democrats successfully sued in federal district court, contending that DeLay and the Republicans could not prove that DeLay would not be a resident of Texas on Election Day and therefore ineligible to run. The upholding of that ruling by a federal appeals court and a Supreme Court decision not to accept the matter on an emergency basis prevented the state Republican Party from removing DeLay's name from the ballot and replacing him with a new and less embattled candidate.

Following the rulings, DeLay in early August did withdraw from the race, but that left the Republican ballot line blank — forcing the party to go the write-in route.

Sekula-Gibbs was not the only Republican who wanted the party's support to stage the write-in bid:David G. Wallace, mayor of DeLay's hometown of Sugar Land, announced that he planned to run. His decision to defer in light of the party

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establishment's backing of Sekula-Gibbs allowed the party to present a veneer of unity, which officials say will enable them to pull off the write-in feat in a district that gave 64 percent of its votes to President Bush in his 2004 re-election race.

But only four times in the past 75 years has a general election candidate for the House or the Senate been elected with write-in votes — and it has not happened since 1982. (A detailed history of write-in campaigns since World War II can be found here).

Texas Republicans officials announced they were backing Sekula-Gibbs on Aug. 17 — leaving the candidate with just 82 days to raise the sizable campaign treasury that will be needed to promote her campaign and also educate voters about how to cast a valid write-in ballot.

The success of the initiative is highly dependent on persuading voters to go out of their way to maintain their Republican voting habits. Though Sekula-Gibbs does not have DeLay's political baggage, she also is far less well-known than the resigned incumbent.

She also is running against a politically experienced and well-funded opponent in Lampson, who accumulated a huge campaign treasury in anticipation that he would be facing DeLay. As July began, Lampson had $2.2 million remaining in his campaign account.

In addition, the potential non-Democratic vote could be split, as the Libertarian Party nominee Bob Smither presents a much easier option for voters who are unfamiliar with the write-in effort or do not want to vote for Sekula-Gibbs. Smither has said that, if elected, he would organizationally align with the Republicans and back the re-election of Illinois Republican J. Dennis Hastert as Speaker.

Smither may present a more viable choice in his own right than most alternative party candidates. He has drawn attention and praise locally for his efforts on behalf of missing children: He co-founded the Laura Recovery Center — an organization based in his hometown of Friendswood, Texas, that aids in the search for and return of missing children — that is named in tribute to Smither's daughter Laura, who was abducted and killed in 1997 at the age of 12.

The 22nd District becomes the first House seat being defended this year by the Republicans in which the Democratic nominee is rated as having a clear edge.

Ad Blitz Cited As Rales Leads Steele In New Poll (WT)

By Jon Ward

The Washington Times, August 29, 2006

Democrat Josh Rales, who began a multimillion-dollar TV advertising blitz last month, is leading Lt. Gov. Michael S. Steele in the race for Maryland's open U.S. Senate seat, according to a poll released yesterday.

Mr. Rales, a Bethesda businessman and political newcomer, was favored by 45.7 percent of voters in a head-to-head matchup with Mr. Steele, the top Republican candidate, who had 42.2 percent, the poll conducted by Zogby International and distributed through the Wall Street Journal found.

"We're very excited," said Alyson Chadwick, a spokeswoman for Mr. Rales. "That's a very reputable source, the Wall Street Journal."

Two other Democrats had bigger leads on Mr. Steele, in separate head-to-head matchups.

Rep. Benjamin L. Cardin, a 10-term congressman from Baltimore, had 50.3 percent to Mr. Steele's 41.4 percent. Kweisi Mfume, past president of the National Association for the Advancement of Colored People, had 47.4 percent to Mr. Steele's 42.7 percent, the poll shows.

No data was provided in the poll about head-to-head matchups among the three Democrats. The Democratic primary is Sept. 12.

The poll was conducted from Aug. 15 to Aug. 21 and has a margin of error of 4.3 percentage points. Zogby conducts polls using a database of likely voters who sign up to participate in its polls.

A spokesman for Mr. Steele dismisses Mr. Rales' lead.

"It's hard to judge the substance of [the poll] because there does not appear to be a Democratic primary poll that was taken, and that's where the attention of the voters will be over the next two or three weeks," said spokesman Doug Heye.

Mr. Heye said the Steele campaign was "encouraged" by the poll because Mr. Cardin was running TV commercials during the time the poll was taken, and the Steele campaign was not.

"If you look at the previous polls, there was no movement between then and now," Mr. Heye said.

Some political analysts, such as the National Journal's "Hotline," have dismissed Zogby's polls as unreliable.

But Mr. Rales' inclusion in the poll is evidence that his huge advertising blitz has made a difference, said James Gimpel, a political science professor at the University of Maryland at College Park.

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Mr. Rales has spent about $4 million, much of it from his own fortune, to blanket the airwaves in the D.C. area and Baltimore markets. His six campaign commercials have been a constant presence since early last month.

Mr. Rales also has campaigned aggressively, traveling the state and meeting voters.

"It sounds like it's made a difference for him. I think there are good reasons to question the Zogby methods, but the fact that [Mr. Rales] is only a little bit behind the other two suggests that he has made up some ground and that he is a serious contender now."

The Rales campaign used the poll numbers to call for his inclusion in Thursday's Democratic primary debate, which is being sponsored by the League of Women Voters and televised by Maryland Public Television.

But Lu Pierson, president of the League of Women Voters of Maryland, said the group only would allow Mr. Cardin and Mr. Mfume to participate. Mrs. Pierson said the league decided about a year ago to include only candidates who had garnered 15 percent in a statewide poll by July 1.

"The only two candidates that met that criteria ... were Ben Cardin and Kweisi Mfume," Mrs. Pierson said. "We did reconsider and decided we needed to stick with the criteria we adopted."

GOP Rivals To Bush: Thanks But No Thanks (PROJO)

By John E. Mulligan

The Providence Journal, August 29, 2006

WASHINGTON -- The nation's hottest Republican Senate primary fight is taking place in Rhode Island, but don't look for President Bush to take to the stump in the Ocean State this season.

Neither Republican Senate candidate is hot to share the stage with Mr. Bush, whose latest job-approval rating in Rhode Island is a last-in-the-nation 22 percent.

During their first televised debate last week, in fact, Sen. Lincoln D. Chafee and Cranston Mayor Stephen P. Laffey competed over their quarrels with the president and the national GOP.

"President Bush and his wife back Senator Chafee. They don't back me," said Laffey, an outspoken supporter of Mr. Bush's tax policies and his invasion of Iraq. "The last thing they want down in Washington is someone who is going to take on the major issues of our time, like the national energy policy that we don't have."

Chafee responded, "My record voting with the administration is spotty at best."

"I do try to support the team when I can, but I vote my conscience," said the senator, who hosted popular First Lady Laura Bush at a Providence campaign fundraiser in May and enjoys the backing of the Senate GOP campaign organization -- including bare-knuckles TV ads attacking Laffey.

Public coolness to Mr. Bush is hardly unique to Rhode Island's Republican candidates. The once-popular president's overall approval rating is under 40 percent nationwide and the comparable plunge in support for the war has improved prospects for major Democratic gains in the Congress -- perhaps even majority control in either the Senate or House -- or both.

So there are many places where the local GOP and the White House have quietly agreed that an in-the-flesh show of presidential support would backfire.

Mr. Bush has offered to come to the state on Chafee's behalf, but when the senator was asked in an interview whether a surprise visit might be in the offing before the Sept. 12 primary, he answered:

"No. No. No. I don't think so. If the first lady can't send the message that I can get along with everybody . . . that's strong enough."

Laffey said that if Mr. Bush offered to appear on his behalf in the general election, "I will say no."

"I will stand by myself," Laffey said. "Watch my TV ads. They generally have me looking into the camera."

The reticence of Chafee and Laffey toward Mr. Bush is only the beginning of the ironies surrounding the contest between these fellow Republicans.

Chafee is the Senate Republican who has most frequently voted against the president's programs, the war in Iraq and his tax-cutting packages most prominent among them.

In style as well as substance, Chafee has sometimes made even friendly Republicans wince. Two years ago, Chafee attracted national attention as he publicly debated whether he would cast his ballot for George W. Bush's reelection. In the end, he announced a protest vote against his party's leader; he wrote in the name of former President George H.W. Bush.

Chafee has embraced a brand of Republicanism that has been in decline for a generation or more. Its hallmark is a fiscal conservatism that hews to traditional budget-balancing -- by tax hikes if necessary.

All the same, Chafee has the staunch backing of a White House and a Senate Republican leadership that he has often bucked. Days after the 2004 election, the architect of Mr. Bush's victory explained why: Only a moderate Republican, such as Chafee can hold the Senate seat in Democratic Rhode Island, he said.

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Laffey has needled Chafee since the 2004 Republican National Convention over his on-again, off-again support for the party.

Last week after Laffey pointedly noted that Mr. Bush supports Chafee, the senator said, "Now when the president's popularity drops, he wants to throw him overboard and say, 'I had nothing to do with the president.' "

Laffey said in an interview, "I think George Bush is a decent man. I disagree with him on some policies. I agree with him on other policies."

As the challenger against a partisan incumbent, Laffey is following a traditional path to power in Washington: running against "the Washington elite" of both political parties.

There is one partisan line of argument, however, that Chafee and Laffey can share -- even though only one can use it in the general election.

"President Bush is going to have two more years, whoever wins this election," Chafee said during the TV debate Wednesday on Channel 12 (WPRI), "and I think it's good for Rhode Island to have one member of our congressional delegation," dominated by Democrats, who belongs to the president's party.

Said Laffey, "We should have one Republican in Washington, that's for sure. "

Santorum Pairs 'Islamic Fascism,' WWII (AP-Y)

By Peter Jackson

AP, August 28, 2006

U.S. Sen. Rick Santorum on Monday drew parallels between World War II and the current war against "Islamic fascism," saying they both require fighting a common foe in multiple countries.

"Were the Japanese imperialists with their mind-set and their ideology the same as the Nazis? Obviously not. Were they the same as the fascists in Italy? Obviously not. But they were still a common enemy," the Republican told about 250 people at a Pennsylvania Press Club luncheon.

"We're at war with Islamic fascism," said Santorum, the No. 3 Senate Republican. "Afghanistan and Iraq and southern Lebanon and every country around the world is a front."

Santorum, who has trailed Democratic challenger Bob Casey in the polls in his bid for a third term in office, said high oil prices help U.S. enemies in the Middle East. He called for a major federal commitment to promoting alternative fuel technology, such as converting coal into low-sulfur jet fuel for military planes, and a relaxation of environmental restrictions to allow expanded oil drilling in Alaska.

Americans should not allow their own religious tolerance to cloud their understanding of the "holy war" Islamic radicals are waging against the Western way of life, he said.

"These people are after us not because we've oppressed them, not because of the state of Israel," he said. "It's because we stand for everything they hate."

Santorum: Iran Is 'enemy Of Our Generation' (PTR)

By Brad Bumsted

Pittsburgh Tribune-Review, August 29, 2006

HARRISBURG -- Islamic fascism is the "greatest threat we'll ever face," and Iran and its president, Mahmoud Ahmadinejad, are the driving forces behind a movement bent on destroying the United States, Sen. Rick Santorum said Monday.

He said America needs to aggressively provide access to its oil reserves to decrease reliance on Middle East supplies.

In a speech to the Pennsylvania Press Club, the Penn Hills Republican portrayed Iran as a country intent on getting nuclear weapons.

"The principal leader of this Islamic fascist movement is Iran," Santorum said. "I believe this is the greatest enemy we will ever face. This is the enemy of our generation. It is the challenge of our time. And yet, we tend to play politics with it here in America -- sadly."

Santorum is seeking re-election to a third six-year term. He is trailing Democratic state Treasurer Robert P. Casey Jr. in polls.

"We cannot have a nuclear Iran -- we cannot," Santorum said. "There is no option here. A nuclear Iran changes the world forever. The life you lead today is not the life you'll lead a day after Iran gets a nuclear bomb."

He called for tough sanctions, stopping short of threatening a military strike.

Santorum "clearly thinks it is better for him to talk about this than to talk about Iraq or gas prices," said Jack Treadway, a political science professor at Kutztown State University in Berks County.

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Thomas Baldino, a political science professor at Wilkes University in Wilkes-Barre, agreed that Santorum is trying to create a diversion from issues such as the war in Iraq, which is divisive and unpopular in polls. His rhetoric borders on "fear-mongering," Baldino said.

But Santorum does better in polls than Casey regarding the war on terror, and "it's clear he's drawing a line in the sand," said G. Terry Madonna, political science professor at Franklin & Marshall College in Lancaster County.

"I think it's an issue that will play well in Pennsylvania," Madonna said. "This is Rick being Rick. There's no gray."

His stance might give some Republicans who planned to stay home on election day a reason to vote, Baldino said.

Santorum charged that Iran has supplanted al-Qaida as the leader of the war against the West. Iran has decided al-Qaida "can't do the job and we can," he said. "(Iran has) the resources and the potential of a nuclear weapon."

Achieving energy independence needs to be a national priority, Santorum said. The nation's "best minds" should be devoted to increasing U.S. oil and energy supplies, similar to the Manhattan Project effort during World War II to develop the atomic bomb.

"It is unconscionable to import that level of oil ... and having prices at this level, so they can turn around and kill our people," Santorum said.

There are 300 years' worth of coal reserves in Pennsylvania that need to be turned into liquid fuel and natural gas, he said. He called for drilling in Alaska, and criticized Casey for opposing drilling in the Arctic National Wildlife Refuge.

"You can't touch Alaska. You might disturb a caribou or two," Santorum said.

Larry Smar, Casey's spokesman, said Santorum is doing the bidding of big oil companies. "It's what his campaign supporters -- big oil -- want," Smar said.

Santorum in February 2005 introduced the Iran Freedom and Support Act, which calls for sanctions against Iran. If passed, the bill would provide $10 million to pro-Democracy groups in that nation. It calls for free elections there.

Some Americans do not view the war on terror as war with Islamic fascism, because of America's tradition of religious tolerance or because they don't want to offend Iran, Santorum said.

Santorum said he disagrees with President Bush on one thing: how the war is presented to the American people.

Although Bush calls it a war on terror, Santorum describes it differently. "This is no more a war on terror than World War II was a war on the blitzkrieg. The blitzkrieg was a tactic. Terrorism is a tactic. It is not our enemy."

"Rick Santorum seems more focused on word choice than anything else," Smar said. "All along he's been more focused on spin."

Santorum Details Iranian Threat (UHSTD)

By Alison Hawkes

Uniontown (PA) Herald-Standard, August 29, 2006

HARRISBURG - U.S. Sen. Rick Santorum highlighted Iran as the next front on the "War with Islamic Fascism," saying the country's nuclear-bent leader is attempting to destroy the West in his apocalyptic beliefs over the return of a messiah who will make Islam the global religion.

In a speech before the Pennsylvania Press Club, the two-term Pennsylvania senator offered a broad historical context to "the enemy of our generation" by saying the war against Islamic fascists didn't begin on Sept. 11, 2001.

Santorum said the U.S. embassy takeover in Iran 27 years was part of this war, as was the Marine killings in Beirut, the bombing of the USS Cole and the 1993 World Trade Center attacks.

Today's aggression by Hezbollah against Israel in Lebanon also is part of the picture, he said, as is Iran's efforts to gain a nuclear bomb. The 1,000-year-old messianic legend of the return of the Twelfth Imam is driving Islamic radicals in their larger mission to destroy the West, Santorum said.

"They're in a holy war," said Santorum, the third-ranking Republican in the Senate. "These people are after us not because we oppressed them, not because of the state of Israel. It's because we stand for everything they hate. We stand for modernity; we stand for freedom; we stand for truth. But they don't. They want to destroy everything we have built here in the West."

Santorum, who's running a tough re-election battle against Democrat rival Bob Casey, Jr., said all other issues - from the economy to federal spending and the "direction of our culture" - "pale in comparison" to national security at this time.

As part of the picture, Santorum also staked his support for energy independence through drilling for oil in Alaska and other places and exploiting remaining coal reserves in states such as Pennsylvania.

He said he's calling for everything short of military intervention to handle Iran's efforts to obtain nuclear capabilities, from sanctions to backing regime change.

"We cannot have a nuclear Iran. Period. No option," said Santorum. "A nuclear Iran changes the world forever. The life you live today is not like the life you would live after."

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He called Iran's radical president, Mahmoud Ahmadinejad, "one of the greatest threats to this country."

"Within a year or less, every one of you will be able to pronounce Mahmoud Ahmadinejad," he said.

Santorum pitched his Iran Freedom Support Act, a bill he said would accomplish those goals, but which was received tepidly by some lawmakers who are "concerned about offending Iran."

"Let me tell you, we cannot offend Iran," he said. "All we can do is show that we are weak. That's all they understand. Strength. Either we are strong and we fight them or we are weak and we concede and they have more contempt ..."

Santorum barely mentioned the war in Iraq, except to link it to his broader picture of the war with Islamic fascism. And he made no mention of Osama bin Laden, the Sept. 11 mastermind and financier.

Casey's spokesman, Larry Smar, ridiculed Santorum's historically tinged speech and the newly introduced term "Islamic fascism," saying what will further make America safe is a doubling of Special Forces units and full implementation of the 9-11 Commission recommendations. In December, the federal panel that investigated the Sept. 11 attacks gave the Bush administration and Congress failing grades in its implementation of the counterterrorism reform measures.

"Rick Santorum lately has been trying out for a job with Webster's Dictionary," said Smar. "He seems to be more worried about renaming the War on Terror and trying to put a new spin on things. It's reminiscent of when he blamed the media for reporting the body county in Iraq."

Political analyst G. Terry Madonna, director of the Keystone Poll, said Santorum, in his stance against Iran's nuclear ambitions is in line with the sympathies of most Pennsylvanians. The most recent poll released last week showed the war in Iraq, the larger war on terror, and the economy to be the top three issues on the minds of Pennsylvania voters. Santorum, who trails Casey by five points in the poll, leads among voters who rank the war on terror as their No. 1 issue.

"I think what's going on to some extent is, there's no easy solution to Iraq," said Madonna. "It's unpopular as an issue for Republicans, so there is now a new threat on the horizon we all realize is important. No doubt Republicans do better when the issue of the war on terror comes up. Even President Bush after the (U.K. plane) bombing scare had his approval ratings jump."

That being said, Madonna said there's no reason not to believe that Santorum genuinely sees Iran as a predominant threat.

On the subject of energy independence, Santorum called for national attention on the scale of the Manhattan Project, which led to America's develop of the first nuclear weapons in the 1940s.

Gov. Ed Rendell made such a call last December, only his strategy was to harness alternative energy sources such as wind power.

"We're pleased that Sen. Santorum has joined the governor's call for a Manhattan Project, however we do have some differences as to exactly what direction we need to go," said Rendell spokesman Chuck Ardo.

Santorum praised efforts to develop ethanol as a fuel source, but stressed the need to harvest more coal and drill for oil domestically in places such as the Alaska tundra, a site long opposed by environmentalists. Casey is opposed to the Alaska drilling.

"We can punch holes all over Western Pennsylvania but we can't touch Alaska?" said Santorum. "It might touch a caribou or two."

Smar criticized Santorum for furthering oil industry objectives while receiving large amounts of campaign contributions.

"We can't drill our way to energy independence. We don't have the reserves to do so," Smar said. "We should focus on alternative energy and conservation and other ways to reduce our dependence on foreign oil."

On other matters, Santorum cast himself as a fiscal conservative saying he has opposed "hundreds of billions of dollars" in budget spending even as the federal debt has reached $8.5 trillion. Santorum said the $250 billion to $260 billion projection in the federal deficit this year is about 2.5 percent of the economy, on par with a 40-year average.

Inside Politics (WT)

By Greg Pierce

The Washington Times, August 29, 2006

Democratic 'lock'?

"Speaker Nancy Pelosi, Chairman Charles B. Rangel and Chairman -- again -- John D. Dingell. Those titles will soon sound familiar," Bloomberg columnist Albert R. Hunt declared yesterday.

"Barring an unexpected and big event, Democrats will win control of the U.S. House of Representatives in November and conceivably the Senate, too. Whether it's a tsunami or just a powerful wave, the political dynamics are moving in that direction, or more accurately, against the Republicans and President George W. Bush," Mr. Hunt said.

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"Democratic insiders, who months ago thought their chances of winning a majority in the House were no better than even, and that the Senate was a lost cause, have become far more optimistic. Now, they say, winning the House is a lock, and the Senate is within reach.

"'We have to go back to 1974 [during Watergate] to find such a favorable environment,' says James Carville, who ran Bill Clinton's 1992 presidential campaign. 'If we can't win in this environment, we have to question the whole premise of the party.'"

However, syndicated columnist Michael Barone writes that the recent arrest of British Muslims suspected of plotting to destroy American airliners over the Atlantic Ocean appears to have changed the dynamic of the elections. It is credited with boosting Mr. Bush's approval ratings and bringing Republicans to near parity in the latest "generic" polls, in which respondents are asked whether they would prefer to be represented by a Democrat or a Republican.

"Earlier this summer, I thought that voters had decided that the Republicans deserved to lose but were not sure that the Democrats deserved to win, and that they were going to wait, as they did in the 1980 presidential and the 1994 congressional elections, to see if the opposition was an acceptable alternative," Mr. Barone said. "Events seem to have made that a harder sell for Democrats. A change in the winds."

Great expectations

"Concern is rising among Democrats that party leaders could tear each other apart if the party fails to take control of the House or Senate in November," U.S. News & World Report says in its White House Week column.

"Expectations are especially high about winning the House, and one adviser to Bill Clinton says if the Democrats fail, it could result in party leaders forming a 'circular firing squad.' Specifically, Democratic defeat could quickly undermine the leadership positions of Democratic National Chairman Howard Dean and House Democratic leader Nancy Pelosi."

'Islamic fascism'

Sen. Rick Santorum, Pennsylvania Republican, yesterday drew parallels between World War II and the current war against "Islamic fascism," saying they both require fighting a common foe in multiple countries.

"Were the Japanese imperialists, with their mind-set and their ideology the same as the Nazis? Obviously not. Were they the same as the fascists in Italy? Obviously not. But they were still a common enemy," Mr. Santorum told about 250 people at a Pennsylvania Press Club luncheon in Harrisburg.

"We're at war with Islamic fascism," said Mr. Santorum, who recently narrowed the gap with Democratic challenger Bob Casey after months of trailing in the polls in his bid for a third term in office. "Afghanistan and Iraq and southern Lebanon and every country around the world is a front."

Mr. Santorum said high oil prices help U.S. enemies in the Middle East. He called for a major federal commitment to promoting alternative fuel technology and expanded oil drilling in Alaska.

Americans should not allow their own religious tolerance to cloud their understanding of the "holy war" Islamic radicals are waging against the Western way of life, he said.

"These people are after us not because we've oppressed them, not because of the state of Israel," he said. "It's because we stand for everything they hate."

Bob Jones again

Republican Sen. John McCain says he would consider speaking at Bob Jones University, a school he criticized during the 2000 presidential campaign for its ban on interracial dating and anti-Catholic views.

"I can't remember when I've turned down a speaking invitation. I think I'd have to look at it," Mr. McCain told the State newspaper in South Carolina.

The potential 2008 presidential candidate and Arizona senator said he would have to look at Bob Jones University's latest policy statements. "I understand they have made considerable progress," he said.

In 2000, Mr. McCain assailed the Christian fundamentalist school for its policies and rival George W. Bush for speaking there. During a debate, Mr. McCain said that if he were invited, he would have gone to the school and said, "Look, what you're doing in this ban on interracial dating is stupid, it's idiotic, and it is incredibly cruel to many people."

A big spender

"Connecticut Democratic Senate candidate Ned Lamont is calling himself 'a fiscal conservative,'" David Boaz writes in the New York Post.

"With out-of-control federal spending, special-interest earmarks and deficits projected at nearly $2 trillion over the next decade, it's no surprise why. But what kind of fiscal conservative is Lamont? He accuses the Bush administration of fiscal profligacy and attacks it for 'starving needed social investment' in the same breath," said Mr. Boaz, who is executive vice president of the Cato Institute.

"In his campaign materials, Lamont promises to spend more money on national health insurance, universal pre-school, all-day schools, 'an overarching plan for clean energy and energy independence' and 'a serious, long-range infrastructure plan to

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upgrade our schools, public transportation, highways, our sewage treatment and our levees in below sea-level areas [and] a transportation strategy which interconnects cities and suburbs, inner cities and jobs and affordable housing, and ports and airports.' Sounds pretty expensive."

Governor back

Tennessee Gov. Phil Bredesen returned to the state capital yesterday for the first time since being hospitalized with flulike symptoms two weeks ago.

Mr. Bredesen and his physician told reporters in Nashville he appeared to have suffered from a tick-borne illness.

"We never did get a diagnosis," Mr. Bredesen said. "I don't know as I expect one in the future."

The 62-year-old Democrat, running for re-election in November, went to the emergency room Aug. 14 with symptoms that included fever, headache and nausea.

The public didn't see him for the duration of his illness, which included four nights at a Nashville hospital and two days at the Mayo Clinic in Minnesota, the Associated Press reports.

"I'm going to be on limited duty ... for a little bit of time," he said.

Kerry Revives 2004 Election Allegations (AP)

By David Hammer

AP, August 28, 2006

Sen. John Kerry didn't contest the results at the time, but now that he's considering another run for the White House, he's alleging election improprieties by the Ohio Republican who oversaw the deciding vote in 2004.

An e-mail will be sent to 100,000 Democratic donors Tuesday asking them to support U.S. Rep. Ted Strickland for governor of Ohio. The bulk of the e-mail criticizes Strickland's opponent, GOP Secretary of State Ken Blackwell, for his dual role in 2004 as President Bush's honorary Ohio campaign co-chairman and the state's top election official.

"He used the power of his state office to try to intimidate Ohioans and suppress the Democratic vote," said Kerry's e-mail.

Kerry, D-Mass., conceded the election when he lost Ohio and its 20 electoral votes. A recount requested by minor-party candidates showed Bush won by about 118,000 votes out of 5.5 million cast. But Kerry's e-mail says Blackwell "used his office to abuse our democracy and threaten basic voting rights."

Multiple lawsuits by outside groups were unsuccessful in challenging Ohio's 2004 election. One case filed by the League of Women Voters is still in U.S. District Court in Toledo. It claims Ohio's election system discriminates against minority voters.

Blackwell, who is black, says the election was run fairly, citing 1 million more votes cast than in 2000 and record turnout among black voters.

"People will say anything for money," said Blackwell campaign spokesman Carlo LoParo. "Fortunately, the historical record contradicts Senator Kerry."

Strickland spokesman Keith Dailey said the campaign welcomes Kerry's support.

Wal-Mart Counters Criticism With A Political-Style Ad Campaign (NYT)

By Michael Barbaro

The New York Times, August 29, 2006

Wal-Mart, under attack now from unions and prominent Democrats, yesterday introduced a marketing campaign that closely resembles the television advertisements used by political candidates.

In a local experiment that is eventually to be seen across the country, the giant discount retailer began broadcasting two television spots that, in unusually detailed terms, trumpet its health care plans, charitable contributions and positive impact on the American economy.

The ads do not attack Wal-Mart critics but introduce its merits, much as a candidate would. “Our low prices save the average working family $2,300 a year,” says the narrator of one ad. “Which buys a lot of things — and a whole lot of freedom.”

For Wal-Mart, the ads represent a significant departure from its practice of rebutting critics in the media but presenting itself, at least in consumer television marketing, as untroubled by its image problems.

Increasingly, however, Wal-Mart appears to believe it has failed to persuade the public that its benefits and wages are generous, leaving it open to attacks from union-backed groups and political parties. Democratic presidential contenders, for example, have seized on the company as a symbol of substandard pay and health insurance, hoping to address voters’ economic anxieties.

Robert S. McAdam, Wal-Mart’s vice president of corporate affairs, said the new ads were not a response to attacks by senior Democrats like Senators Joseph Biden of Delaware and Evan Bayh of Indiana but, rather, an effort to “clear up” what he called inaccurate perceptions.

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"There is a lot of misunderstanding about what we do in health care," he said. "It has been troubling that we cannot get our message out."

As a result, he added, "these ads are more direct than anything we have done before."

The ads look and sound like campaign spots — and are a far cry from previous Wal-Mart TV campaigns, which featured a yellow smiley face and blue-smocked employees. One of the spots, which evokes Bill Clinton's "A Place Called Hope" message during the 1992 presidential election, begins with an image of Sam Walton's first five-and-dime store. "It all began with a big dream in a small town," says the narrator, "Sam Walton's dream."

Later, the narrator ticks off a list of Wal-Mart's benefits: "Last year alone, Wal-Mart created tens of thousands of new American jobs — many in areas where they're needed most. And we offer eligible associates health insurance for less than a dollar a day."

The ads, running in Omaha and Tucson, underscore Wal-Mart's transformation over the last several years from an insular company obsessed with low prices and technological efficiency to one that openly acknowledges its public relations troubles and has introduced numerous programs to counter them.

In the last year, the company has expanded health care coverage to the children of part-time workers, has committed to sweeping reductions in energy use and has promised to work with competing retailers in urban areas where it builds stores.

The ads also reflect the influence of Edelman, the public relations firm Wal-Mart has hired to rehabilitate its image. The firm has assigned former political operatives to develop a public relations strategy for the retailer, including a rapid-response war room and a blog that attacks its union-backed critics, like WakeUpWalmart.com, which organized a bus tour featuring Democratic leaders. Blue Worldwide, a division of Edelman, created the ads.

Eric Dezenhall, a veteran corporate crisis expert and president of Dezenhall Resources in Washington, said it appeared that Wal-Mart had become tired of communicating its message of change through news organizations. "There is no guarantee of effectiveness," he said of the new TV ads, "but there is a guarantee that your message goes out undiluted."

Crawford, Texas (USAT)

By Noelle Knox

USA Today, August 29, 2006

Crawford, Texas, has changed some since President Bush bought his 1,600-acre ranch there in 1999. The town has added a bank, a second gas station and several souvenir stores. With a population of 705, Crawford still has only one traffic light, no hotel and no bar. But tourists and anti-war protesters come anyway, hoping to catch a glimpse of the president.

Despite the rise in visitors, home sales in Crawford are softer this year than last, especially if you're trying to sell an existing home. Only one home sold in July, according to the Waco Association of Realtors.

So far this year, just nine homes have sold in Crawford — down from 21 in the first seven months of 2005.

That's bad news for the 23 sellers in the area who have homes on the market. Those figures, though, don't include new construction, and quite a few buyers are snapping up vacant land and building their own homes.

Last month, Cindy Sheehan bought 5 acres for her anti-war protest village called Camp Casey, named after her son who died in Iraq. Seven years ago, Bush paid $1,000 to $1,500 an acre for his land, local papers reported at the time.

Today, larger tracts fetch $2,500 to $3,500 an acre, says Ralph Medart, an agent at eTexas Realty.

Small parcels — 5 acres or less — usually cost $5,000 to $8,000 an acre, though Sheehan paid about $10,000 an acre, Medart says.

Clinton Makes Up For Lost Time In Battling AIDS (NYT)

By Celia W. Dugger

The New York Times, August 29, 2006

RWINKWAVU, Rwanda — Bill Clinton worked the crowd of AIDS survivors, clasping the outstretched hands of children alive because of the AIDS medicines his foundation donated.

Inside the rural hospital here that he recently helped renovate, where Rwandans were hunted down and killed during the genocide he regrets he didn't try to stop as president, Mr. Clinton heard people once skeletal from AIDS tell of their resurrections to robust health.

Since he left office more than five years ago at age 54, one of the youngest former presidents ever, Mr. Clinton has made a lasting mark in a cause that he came to only late in his presidency: fighting the AIDS pandemic across Africa and the world.

Few public figures in America have spawned as much speculation about what motivates them as Mr. Clinton. Abroad, even fewer inspire the affectionate reception Mr. Clinton received as he raced across seven African countries in eight days in July.

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Crowds at roadsides and in hospitals wanted to touch him — and he obliged by shaking hands, kissing babies and hugging people with AIDS.

Here on Mr. Clinton's fourth visit to Rwanda, it was clear the efforts by his foundation had personal meaning. He said he was sorry his administration failed to intervene during the 1994 genocide. "The United States just blew it in Rwanda," he said flatly. Paul Kagame, Rwanda's president, said he had accepted Mr. Clinton's repeated apologies.

But on this trip, Mr. Clinton seemed anything but a man tormented by guilt. Rather, he reveled in his role as a private citizen championing people with AIDS.

"The reason I do this work I do is that I really care about politics and people and public policy," he said in one of several interviews, scornfully dismissing questions about whether his global AIDS work is a form of redemption for what he failed to accomplish on the issue as president, or for the Monica Lewinsky scandal. "I'm 60 years old now, and I'm not running for anything, so I don't have to be polite anymore," he said. "I think it's all a bunch of hokum," he added, calling such speculation psychobabble.

"I have never met anybody who spent all their time talking about everybody's motives who at the end of their life could talk about very many lives they had saved," he said.

Mr. Clinton was adamant that he had done all he could about global AIDS with a Congress hostile to foreign aid, though he conceded that his administration fought too long to protect the patent rights of pharmaceutical companies against countries trying to make or import cheaper AIDS medicines.

'Everyone Was Worried'

After he left office, Mr. Clinton faced some skepticism as he took up the cause of people with AIDS dying faraway deaths in poor countries. His administration, which sought more resources to combat AIDS domestically, had a far weaker claim to leadership on AIDS worldwide.

When doctors specializing in public health met him at the William J. Clinton Foundation in Harlem in the fall of 2002, Howard Hiatt, the former dean of the Harvard School of Public Health, bluntly asked Mr. Clinton why those present should expect that "you'll be able to accomplish now what you didn't undertake in your presidency — an attack on this plague?"

"Everyone was worried," said Richard Marlink, who headed Harvard's AIDS Institute. "Is this a campaign with photo ops and press releases or a long-term commitment?"

In the years since, doctors at the forefront of AIDS treatment have worked with Mr. Clinton. Dr. Marlink volunteered to help Mr. Clinton's foundation in South Africa. Dr. Hiatt, who serves on the board of Partners in Health, a nonprofit group that works with Mr. Clinton in Rwanda, said the former president "has really perceived the seriousness of the problem."

Mr. Clinton and his foundation have undertaken projects with two dozen developing countries, raising money to post nurses in rural clinics in Kenya, mustering experts to train hospital managers in Ethiopia and buying drugs for thousands of sick children, among other things.

His foundation also has negotiated steep cuts in the price of AIDS medicines through deals with drug companies that cover more than 400,000 patients in dozens of countries, helping propel momentum for treatment of the destitute.

Dr. Bernard Pécoul, who led a campaign for access to medicines for Doctors Without Borders from 1998 to 2003, credited Mr. Clinton and his foundation for showing independence from the politically powerful drug industry and helping to accelerate the decline in prices for generic AIDS medicines in developing countries.

"They have been very clever in supporting generic policy in the United States, a country where it's not easy," he said. "And sometimes they've been even more courageous than the United Nations system, which is under pressure from member states."

The Clinton foundation's budget last year was $30 million, raised from private donors. Mr. Clinton, who oversees its operations full time, has plunged into many causes, from childhood obesity to tsunami relief to global warming, but he has made his most substantive contribution on AIDS.

He said Rwanda was one of the first countries he chose to work in because "they had a really good chance to dig out of the hole and I wanted to help them do it."

For years, he tried to coax Dr. Paul Farmer, known for his work caring for the poor in remote, rural Haiti, to recreate his model of AIDS treatment in Africa, the heart of the epidemic.

Last year, Dr. Farmer and the group he co-founded, Partners in Health, arrived in Rwinkwavu. With support from the Clinton Foundation and others, he has transformed a dilapidated facility that lacked even a doctor into a thriving rural hospital.

More than 1,500 people have been put on AIDS medicines here. Reproducing the pioneering model used in Haiti, Dr. Farmer has community workers, many of them peasants, deliver antiretroviral medicines to people with AIDS every day, minimizing reliance on scarce doctors and nurses.

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Like most international leaders and American advocates for people with AIDS in the 1990's, critics say, Mr. Clinton's efforts on global AIDS did not match the epic scale of the human tragedy as it unfolded across Africa and millions died and were orphaned.

In recent years, the fight against AIDS has leapt onto the world stage, claimed by Mr. Clinton and his Republican successor, George W. Bush.

There is a measure of irony in this. Since 2003, Mr. Bush has marshaled billions of dollars in American assistance for a global assault on the disease, financing lifesaving treatment for hundreds of thousands of people with AIDS. Yet because of his foreign policies, notably the war in Iraq, he is often met by protests when he travels abroad, while Mr. Clinton is warmly embraced across the developing world.

"George Bush has actually delivered more resources, but Clinton is ten times more popular in Africa," said Princeton Lyman, who was American ambassador to South Africa under Mr. Clinton. "That's because, just like he does everywhere, he portrays that sense that he cares."

On his recent tour of Africa — his fifth since 2001 — Mr. Clinton showed a remarkable ability to establish a human connection with people he met.

In Johannesburg, Mr. Clinton and a frail Nelson Mandela, about to turn 88, clutched each other's hands like a long-lost son and his beloved father.

En route to the airport in Lilongwe, Malawi, where crowds of people strained to catch a glimpse of him, Mr. Clinton suddenly halted the motorcade, conducted an impromptu interview in the middle of the road, then plunged into a throng of young men reaching out to touch him.

At a hospital in Mafeteng, Lesotho, Mr. Clinton strolled into a sunny courtyard with 6-year-old Arriet Moeketsi, a little girl in a polka-dot dress. Arriet, who takes AIDS medicines donated by Mr. Clinton's foundation, trustingly leaned her face against the former president and never let go of his hands during a prolonged news conference.

Bill and Melinda Gates, the billionaire philanthropists, watched. Mr. Clinton had visited an AIDS project of theirs in Durban, South Africa, and they had come to Lesotho to see his work. When Mr. Clinton left the hospital with Arriet, a Clinton volunteer asked the Gateses to stay back so photographers could follow him.

The world's wealthiest couple seemed to take no offense. The two Bills, as they have been dubbed, have taken to doing high-profile AIDS advocacy events together, with Mr. Clinton bringing star power and Mr. Gates his deep pockets.

"He plays a unique role in shining a light on the problem," said Mr. Gates, after he made it into the courtyard.

Mr. Clinton has come a long way on global AIDS. For most of his presidency, his trade office fought to protect the patent rights of pharmaceutical companies against attempts by developing countries to make or import cheaper generic medicines. "I think it was wrong," he now says of that approach.

During the first six years of his presidency, federal spending to fight AIDS worldwide stagnated at paltry levels, never topping $141 million.

But by his last budget, spending more than tripled to $540 million, but Mr. Clinton says that was far from enough. Even so, he contends that no one could have done better.

The Role of Congress

The Democrats controlled Congress for only his first two years in office, he pointed out, when "everybody's obsession" was the AIDS problem in America. After that, the Republican-dominated Congress that later supported Mr. Bush's $15 billion, five-year global AIDS plan fiercely resisted spending on foreign assistance.

"Have you forgotten what I had in the Congress?" he asked. "That the Republican Congress spent all their time trying to trash me?

"And the only reason they gave money to George Bush for AIDS is they wanted to have something they looked progressive on since they were cutting taxes for rich people like me," he said.

Michael Gerson, who was a senior adviser to Mr. Bush on global health issues, noted that the Republican Congress was, in fact, open to persuasion that global AIDS was a spending priority. But he also said the issue had ripened by the time Mr. Bush was president. The price of antiretroviral drugs fell after Mr. Clinton left office, helping change the view that it was too costly and difficult to treat people in poor countries.

But Mr. Gerson also said of the Clinton record: "I don't believe they were visionary or pushed the system. I don't think they were thinking big."

The debate over whether Mr. Clinton missed a political opportunity to lead the charge on global AIDS years before Mr. Bush seized it is far from over.

Greg Behrman, the author of "The Invisible People: How the U.S. Has Slept Through the Global AIDS Pandemic, the Greatest Humanitarian Catastrophe of Our Time," offers a split verdict.

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"There are two acts here," he said. "Clinton's post-presidential leadership has been extraordinary. As president, though, the record is clear. Clinton was not a leader on global AIDS and the consequences have been devastating."

After he left office, Mr. Clinton considered his future with a keen eye on history, analyzing what former presidents had done.

He concluded that another former Southern governor, Jimmy Carter, a Nobel Peace Prize winner who is now recognized for his work on human rights, democracy and neglected diseases, was "the only person who'd done anything that remotely resembled what I thought I could do."

From the start, Mr. Clinton had a host of issues on his agenda, but quickly found himself drawn into AIDS. He turned to his old friend Ira Magaziner, a fellow Rhodes scholar and corporate consultant who had managed the Clintons' failed health care reform effort. Mr. Magaziner has since led the foundation's AIDS program.

The two men discovered in 2002 that the Bahamas was paying $3,500 per person a year for generic AIDS drugs. "I said, 'Ira, please find out why in the hell these people are paying $3,500 for $500 drugs,' " Mr. Clinton said.

They learned the Bahamas was buying through middlemen, so the foundation helped the country purchase directly from Cipla, the Indian generic-drug manufacturer. "So our first victory was a lay-down," Mr. Clinton said. "All of a sudden, they could treat six times as many people for the same amount of money."

Opportunities proliferated, and Mr. Clinton's enthusiasm grew.

His name opened doors with generic drug makers. With growing demand for AIDS drugs already on the horizon, as well as the economies of scale that come with that, Mr. Magaziner took a team of volunteer consultants to India in 2003 to negotiate for lower prices. Companies opened their books.

"The name Clinton in India holds more charisma and credibility than any other American name," said Dr. Yusuf K. Hamied, Cipla's chairman.

Through cost cutting, spurred by breakthrough talks with companies that supplied ingredients to the drug makers, the team got deals. Cipla, for example, halved the price of the most common AIDS triple-drug therapy, already declining due to competition, to $140 a person per year.

Similarly, Mr. Clinton was able to use his relationships with political leaders, like President Thabo Mbeki of South Africa, who had questioned whether H.I.V. caused AIDS. The country had not begun treating its people for the disease, though almost five million had been infected. "He was getting killed in the global press about it," Mr. Clinton recalled.

Mr. Clinton, who knew him from his own time as president, met with Mr. Mbeki in 2003 as one politician to another. "I said, 'You know, I really want to help you, and as you know, I may be the only one of those involved in this work who's never been publicly critical of you,' " Mr. Clinton said he told Mr. Mbeki. " 'But this is something you have to do.' "

Mr. Mbeki soon invited Mr. Clinton's foundation to help the country write a comprehensive treatment plan. South Africa now has more than 130,000 people on antiretroviral drugs, still far short of what critics say is needed.

Since 2004, Mr. Clinton has campaigned to raise the profile of children with AIDS. A scant 20,000 children in the developing world were then getting drug treatment, while more than 500,000 a year were dying. The Clinton foundation has raised $4.4 million to buy drugs for 13,000 children, train health workers, renovate pediatric wings and pay for lab tests.

"Children are alive in numbers we couldn't have imagined a couple of years ago because of what he's done," said Peter McDermott, chief of H.I.V. and AIDS programs at Unicef.

Mr. Clinton's ambitions seem to grow daily, and his foundation is now branching out in Africa from AIDS into poverty. As he relaxed one recent evening in a sumptuous, $2,260-a-night suite in Johannesburg, with zebra skin rugs underfoot (the lodgings provided to him gratis by a rich South African businessman who owned the hotel), he got excited just thinking about fertilizer.

Mr. Magaziner has people riding trains and trucks that carry fertilizer to figure out why a commodity that should enable farmers to grow more food and avoid hunger costs so much in Africa.

"You follow the trail!" Mr. Clinton said.

Mr. Clinton was joined on his trip by Sir Tom Hunter, a Scottish entrepreneur who has promised to spend $100 million of his fortune in collaboration with the foundation, much of it on economic development.

"Tom, where's Tom?" Mr. Clinton called out excitedly as he chatted with representatives of a nonprofit group that promotes solar-powered lights during an event here in Rwinkwavu.

What if Rwanda could manufacture such lights locally? Mr. Clinton mused. Why not electrify villages so children can study at night? "It might be possible to get a factory here that would serve all of central Africa!"

Cleland Treated For Trauma Disorder (AP-Y)

By Ben Evans

AP, August 28, 2006

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Former Sen. Max Cleland, who has battled bouts of depression since losing an arm and both legs in Vietnam, is being treated for post-traumatic stress disorder.

Cleland, who represented Georgia in the Senate from 1997 to 2003, said he believes the condition — cases of which are increasing rapidly among Vietnam war veterans — was in part triggered by the ongoing violence in Iraq.

"I realize my symptoms are avoidance, not wanting to connect with anything dealing with the (Iraq) war, tremendous sadness over the casualties that are taken, a real identification with that. ... I've tried to disconnect and disassociate from the media. I don't watch it as much. I'm not engrossed in it like I was," Cleland said in an interview with WSB-TV in Atlanta.

He said he feels depressed, has developed a sense of hyper-vigilance about his security and has difficulty sleeping, the television station reported.

Cleland declined to discuss the matter with The Associated Press. An aide confirmed the diagnosis but said the former lawmaker is feeling better than he has in a long time.

The aide, Michael Duga, declined to say when Cleland's treatments started, although he said the disease is often intertwined with other illnesses such as depression, which Cleland has been open about confronting.

"This is not a new thing," Duga said. "He's happy and he's healthy and he's continuing with his counseling."

Cleland is receiving treatment at Walter Reed Medical Center in Washington, Duga said. He said Cleland acknowledged his condition to encourage other veterans to seek help if they feel sick.

The Department of Veterans Affairs' inspector general reported last year that the number of post-traumatic stress disorder cases has increased dramatically in recent years, from 120,265 in 1999 to 215,871 in 2004.

A former VA administrator under President Jimmy Carter, Cleland has been highly critical of the Bush administration's funding for the agency. The Democrat also is a vocal critic of the Iraq war and is traveling the country to help Democrats campaign for office. He aggressively campaigned for Democrat Sen. John Kerry, a fellow Vietnam veteran, in the 2004 presidential election.

Cleland lost his Senate seat after one term in 2002 to Republican Saxby Chambliss.

Ford Discharged From Mayo Clinic (AP-Y)

AP, August 29, 2006

Former President Gerald Ford was discharged from the Mayo Clinic on Monday, nearly two weeks after being admitted for tests and undergoing a pair of heart procedures.

Ford, 93, flew home to Rancho Mirage, Calif., with his wife Monday afternoon, Mayo spokesman Lee Aase said.

Ford received an implantable cardiac pacemaker last week to regulate his heartbeat. Later in the week, he underwent angioplasty, with stents in two of his coronary arteries to increase blood flow.

"He's doing well after having had those procedures in the last week," Aase said.

Ford's office issued a statement thanking Mayo staff.

"The Fords also wish to thank the American people for their prayers and countless messages of good wishes," the statement said.

Ford spent a few days in Colorado's Vail Valley Medical Center in July because of shortness of breath. In January, he was hospitalized for 12 days in Rancho Mirage to treat pneumonia. Five years ago, Ford suffered two small strokes and spent about a week in a hospital.

Ford became the nation's oldest living former president after the death of Ronald Reagan in 2004.

He was House minority leader when President Nixon chose him to replace Spiro Agnew, who resigned, as vice president in 1973.

Ford became president on Aug. 9, 1974, when Nixon resigned amid the Watergate scandal.

South Park Refugees (NYT)

By John Tierney

The New York Times, August 29, 2006

I have bad news for the G.O.P. regarding that promising new bloc of voters, the South Park Republicans. It turns out they're not Republicans, at least not anymore.

According to Wikipedia, which would definitely be these voters' encyclopedia of choice, South Park Republicans are young Americans who "hold political beliefs that are, in general, aligned with those that seem to underpin gags and storylines in the popular television cartoon." The encyclopedia summarizes these beliefs with a quotation from one of the show's creators, Matt Stone, which includes a crucial expletive I must elide: "I hate conservatives, but I really ... hate liberals."

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The term was coined after Stone and his co-creator, Trey Parker, accepted an award in 2001 from People for the American Way at a dinner in Beverly Hills. The audience, warmed up by an evening of lefty rhetoric, was startled to hear Stone and Parker announce they were Republicans.

To those dreaming of a permanent G.O.P. majority, this new bloc was evidence that it was indeed a big-tent party: you could vote with the Christian Coalition while watching a show that set records for profanity. Republicans could embrace two guys who got their break with a video of a martial-arts duel between Santa Claus and Jesus.

Some Republicans were offended by the show's gibes at organized religion, but it seemed like a great recruiting tool because of its merciless mocking of Democrats like Al Gore, who appeared as a monster frightening the schoolchildren of South Park. In Brian Anderson's book last year, "South Park Conservatives," he hailed Stone and Parker for challenging Hollywood's liberal hegemony.

Democrats had "The West Wing," but Republicans had a hip show with a younger audience. Michael Moore could churn out propaganda, but Stone and Parker could counter with "Team America," their movie in which Moore appears as a suicide bomber who can't stop eating hot dogs.

Stone and Parker were never thrilled to be G.O.P. poster boys and said they weren't sure what a South Park Republican was. They were generally reluctant to be pigeonholed ideologically, but last week they clarified it by headlining at a Reason magazine conference in Amsterdam, the libertarian version of Davos. Stone and Parker said that if you had to put a label on them, they were libertarian — and that didn't mean Republican to this crowd.

The G.O.P. used to have a sizable libertarian bloc, but I couldn't see any sign of it at the conference. Stone and Parker said they were rooting for Hillary Clinton in 2008 simply because it would be weird to have her as president. The prevailing sentiment among the rest of the libertarians was that the best outcome this November would be a Democratic majority in the House, because then at least there'd be gridlock.

"We're the long-suffering, battered spouse in a dysfunctional political marriage of convenience," said Nick Gillespie, the editor in chief of Reason. "Most of the libertarians I know have given up on the G.O.P. The odds that we'll stick around for the midterm election are about as good as the odds that Rick Santorum will join the Village People."

Andrew Sullivan, the blogger who coined "South Park Republican," was at the conference with a preview of "The Conservative Soul," his new book on the spiritual corruption of Republicans. He said he now prefers to call himself a South Park conservative, not Republican.

"The Republicans have got to be punished for destroying conservatism," he said, explaining why he's rooting against the party this November. "If it requires an idiotic Democratic House to stop these people from doing what they're doing, then good."

Stone and Parker told me they'd previously seen the G.O.P. as a relief from the big-government liberals, particularly the ones preaching to America from Hollywood. "We see these people lying, cheating, whoring," Stone said. "They're our friends, but seriously, they're not people you want to listen to."

The religious right used to be a better alternative, Parker said. "The Republicans didn't want the government to run your life, because Jesus should. That was really part of their thing: less government, more Jesus. Now it's like, how about more government and Jesus?"

That may sound like a winning ticket to the religious right, and to Republic strategists who've assumed that libertarians have nowhere else to go. But some are ready to switch parties. The rest can always stay home and find something better on TV.

Defunders Of Liberty (NYT)

By Thomas Frank

The New York Times, August 29, 2006

Before he became K Street's most enterprising racketeer, Jack Abramoff was best known as a sort of young Robespierre of the Reagan Revolution. In 1983, as chairman of the College Republicans, he declared that he and his minions did not "seek peaceful coexistence with the left. Our job is to remove them from power permanently."

By all accounts, Abramoff carried out this mission with a Ramboesque single-mindedness. A ferocious latter-day red-baiter, he seems to have encountered Communists everywhere he went in early-80's America, fighting them (literally, with his fists) on campus, detecting their influence in the nuclear freeze movement, scheming to checkmate students worried about El Salvador by calling attention to the crimes of "their beloved Soviet Union." As a reward he got his handsome mug on the cover of the John Birch Society's Review of the News.

Abramoff's remark about liquidating the left was not just the intemperate raving of a hot-blooded youth. It also expressed the essence of the emerging conservative project: You don't just argue with liberals, you damage them. You use the power of the state to afflict their social movements, to wreck their proudest government agencies, and to divert their funding streams. "Defund

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the left" was a rallying cry all across the New Right in those heady days; Richard Viguerie even devoted a special issue of Conservative Digest to the subject in 1983.

Abramoff and his clean-cut campus radicals pushed their own "defund the left" campaign with characteristic élan, declaring war on Ralph Nader's Public Interest Research Groups, or PIRG, environmental and consumer activist outfits that were funded by student activity fees on some campuses. The young conservatives were always careful to cast the issue as a matter of "student rights" versus political coercion, but Abramoff clearly saw it as an avenue to ideological victory. "When we win this one," he boasted in 1983, "we'll have done more to neutralize Ralph Nader than anyone else, ever."

What the young conservatives of those days understood was that slogans are cheap, but institutions are not. Once broken or bankrupted, they do not snap back to fight another day. Cut off PIRG's supply lines and the groups must dedicate their resources to justifying their existence, making it that much harder for them to agitate against nuclear power. It's the political equivalent of strategic bombing, in which you systematically blast the rail junctions and ball-bearing factories of the other side.

Examples of such B-52 politics are all around us today. There are "paycheck protection" and school voucher campaigns, which are sold as rights issues but which are actually megaton devices to vaporize the flow of funds from labor unions to Democratic candidates. Social Security privatization, promoted as a way to make our retirements cushier, will also divert billions of dollars away from the welfare state and into the coffers of the G.O.P.'s allies on Wall Street.

Then there is the K Street Project. Almost as soon as they took control of Congress in 1995, Republican leaders began leveraging their newfound power to transform the corporate lobbying industry into a patronage fiefdom of the G.O.P. Lobbying firms were urged to hire true-believing Republicans or lose their "access"; once the personnel were Republican, the money followed. The result for the other side was also predictable: less money flowing to Democrats and a severe devaluation of a career in progressive politics. If Democrats have no place in Washington's private sector, then the attractiveness of being a liberal is diminished by just that much more.

What is most ingenious about all this is not so much its destructiveness but the way it appeals to mainstream notions of fairness. Consider another of Jack Abramoff's remarks from back in the days when he raged against PIRG. The groups, he said, should "compete in the free marketplace of ideas" just like the College Republicans did, where attracting private funding was what proved an idea to be "truly good and truly worthwhile."

In Washington today, where each bad idea to rattle through the nation's billionaire class seems to have a dedicated think tank to push it along, we are living out Abramoff's dictum: that an idea is not worth hearing unless a large amount of somebody's money is behind it.

Vice Presidential Possibilities (WT)

By Tod Lindberg

The Washington Times, August 29, 2006

Do you need to know who a party's presidential nominee will be before you can say anything about who its nominee for vice president will be? Yes and no. That's because far from being an expression of personal choice on the part of the nominee, the considerations involved in selecting a veep tend not to change over time.

In general, there are four main criteria, often overlapping: someone who unites the party's disparate factions behind the ticket; someone who brings balance to the ticket, typically but not necessarily regional balance; someone who offers an immediate electoral payoff in terms of an increased chance of victory in a swing state or special appeal to a broad-based bloc of voters; someone who will be seen as a plausible successor, not so much in the sense of ascending to the Oval Office because of a premature vacancy but in terms of the ability to use the vice presidency to prepare a run for the presidency.

We looked at the early Democratic returns last week. What about the Republican?

The essential fact of the campaign so far is that the two Republicans polling best at present are both outliers with respect to the party's activist, conservative base. They are John McCain and Rudy Giuliani. Mr. McCain is a maverick with a long record as a thorn in the side of those who consider themselves "movement" conservatives on issues ranging from campaign finance reform to immigration. During his 2000 bid to derail George W. Bush's nomination, he also made comments that antagonized evangelical Christians. Mr. Giuliani, for his part, is pro-choice, which is perhaps enough said given the importance of the pro-life position in the Republican Party.

Does that mean the party base will be unwilling to line up behind either of the two? Not necessarily. Here, the veepstakes may be crucial.

Neither of the two would make a good running mate for the other. Rather, in either case, the nominee will likely be looking to someone who has attracted the affection and loyalty of the Republican Party's conservative base. Moreover, it will not be enough to bring in some gray-beard whose job is liaison and reassurance: The real point will be someone whom conservatives

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regard as a plausible future presidential candidate. So in the GOP this time around, it looks like unity and succession stand as higher priorities than ticket balance and short-term electoral payoff, at least if either of the two top contenders comes in.

Who might fill the bill? One of the most intriguing possibilities at this point is that Sen. Sam Brownback of Kansas will get into the race, in effect running for vice president. He's got the conservative bona fides and an activist streak on such issues as halting genocide in Darfur and human rights more broadly. If conservatives demonstrate support and enthusiasm for him during the primaries, he might well be the one.

Another interesting possibility is Massachusetts Gov. Mitt Romney. He, too, has shown early appeal among conservatives. In his case, however, there is a major roadblock en route to the top of the GOP ticket, namely, the question of whether Americans are ready for a Mormon to be president. Because the country as a whole is a lot more sensitive on these issues than it used to be, the reservation will be expressed as I just put it, namely, not about Mr. Romney's religion but about what people think about Mr. Romney's religion.

But that, in turn, provides an opportunity: With Mr. Romney in the No. 2 slot, the "Mormon issue," such as it is, would play itself out nationally but without the stress of the top slot aggravating the question. It is especially true of Mr. Romney that he would be more plausible as a presidential candidate with a national run for veep behind him.

Then we get to the more exotic possibilities: OK, so Jeb Bush has ruled out running for president in 2008. That's for the sole reason that his brother is president; otherwise he'd be a top contender. But does that mean he would refuse the No. 2 slot on the ticket if offered? He's not only a party uniter and a potential president himself, he's a huge asset in Florida. And oddly enough, running for vice president could seem not so much an exercise in dynastic politics as humility: no entitlement to step in at the top.

Secretary of State Condoleezza Rice as veep offers history-making possibilities. She's never run for elected office, and that's ordinarily a must, but she is no ordinary figure. What would happen with the African American vote in this scenario?

Suppose, though, our Republican nominee is such a maverick that he decides to throw out all the usual criteria in favor of a choice both unprecedented and spectacular. Let me put the possibility in the form of an answer on "Jeopardy!", circa 2106, a hundred years from now.

"The Vice Presidency" for $2,000: The only candidate to run for vice president on the ticket of both major political parties.

Making The Grade (WSJ)

By Chris Whittle

The Wall Street Journal, August 29, 2006

Quiz: Of the 10 largest school systems, which have made the best gains in student scores? Answer: Philadelphia and New York. Between 2002 and 2005 for grades K-8, Philly gained 19.5 points in proficiency on the state assessment system, while NYC schools posted a 13-point increase on state exams. Even if you normalize for the different gains made in various states, you get the same rankings: Philly No. 1, NYC No. 2.

In 2002, only 21% of Philadelphia students were proficient. By 2005, that nearly doubled to 40%. At its current pace, Philadelphia will increase the proficiency of its students by more than 25 points across five years. That has life-changing consequences for a quarter of its students: One who would have dropped out might now graduate. Another who would have gotten into college might now get into a better one.

In sharp contrast to years past, most big public school systems are now producing achievement gains. That's to be applauded, but educational leadership can learn much from two cities with multiyear trajectories two to three times those of their similar-sized peers. Each has managed to put (and keep) together a group of factors that drive academic success, and that others may want to replicate:

· First, cut the politics. School systems will never eliminate political factors from decision-making. And that's not all bad. After all, they are public schools. However, the governing bodies for both these cities have put more emphasis on education than politics. New York did that by moving the school system under Mayor Bloomberg's control, while in Philly a school reform commission largely appointed by the governor has been in charge since 2002. Decision making has become more simplified. Both have kept their eye on what matters -- achievement.

· Stability at the governance/board level has led to a second crucial factor: strong and continuous leadership. The pool for strong school-system executives is not very deep. How many qualified people relish being an underpaid dartboard? Cities that create more favorable operating contexts for leaders will likely get the best, while other municipalities will be left with slim pickings. Joel Klein, NYC's chancellor, and Paul Vallas, CEO for the School District of Philadelphia, are both among the most effective school-system heads. It's a good bet they agreed to serve because they were given real assurances regarding their authority and tenure. Each is entering his fifth year -- well north of the length of service seen in so many districts.

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· Third, Messrs. Klein and Vallas believe in the value of a system, a view not held by many reformers. The central offices of school systems have long been a focal point of education critics. Many in education policy making would do away with central school bureaucracies all together, effectively turning America into 90,000 charter schools. These two leaders have strengthened their central capabilities. Mr. Vallas believes in a concept he calls "managed instruction," protocols that prescribe and monitor curriculum and instruction within a school. Mr. Klein is putting into place an accountability system that will measure progress and enable schools, through new data systems, to share best practices.

· The fourth success factor may seem at odds with the third. While Messrs. Vallas and Klein believe in a robust, central system to support their schools, they promote educational competition within their cities. Have they concluded that it may not be possible to move to a complete free market of education in the near term; and, in the meantime, the old but improved system should coexist with a bevy of new educational providers? Or do they believe that one major educational provider with multiple smaller competitors is a preferable course that pushes all schools to higher performance levels? Whatever their philosophy, their actions are clear. Mr. Vallas now presides over a district where roughly 25% of schools are charters or managed by private institutions. Mr. Klein has increased the presence of charters and alternative providers -- and argued that New York's legislature should lift the cap on charters. He's also given unprecedented freedom to a quarter of the sites within his system, those he deems to be most capable of managing their freedom -- as long as they agree to be held accountable if their children fail to improve.

It's this four-part formula that's producing highly unusual academic results for two big urban school systems that not long ago were viewed as stagnant institutions. These two urban successes should be a road map for other cities.

Turnover Brings Fresh Blood (USAT)

By Paul Farago

USA Today, August 29, 2006

In 1992, 70% of Oregonians made term limits the most popular voter-approved amendment in state history. Despite an ongoing legal attack by lawmakers, legislative term limits still govern in 15 states. Voters in these states enjoy more competitive elections for state and federal offices, not just bland, predictable re-elections.

Legislators and lobbyists conspired to cancel Oregon's term limits in 2002, but voters can restore the 1992 law this November with Measure 45, thanks to the power of voter initiative.

OUR VIEW: Let voters decide who stays

In a functional system of self-government, those carrying out the people's business are those closest to the people. Term limits mean regular open-seat elections. Career politicians make way for fresh blood and new ideas. Legislators who serve temporarily are more likely to promote laws that reflect the people's will and get down to business in the limited time they have.

The National Council of State Legislatures (NCSL) — a trade association for incumbents — disagrees. But lobbyists and legislators are not credible sources when complaining that limits on political power are a bad idea.

NCSL claims that state legislative limits haven't led to increases in female representation. That's interesting, because in Oregon, female representation in the state House of Representatives peaked at 35% under term limits in 1998 and 2000. Then, term limits were scrapped, and female representation steadily dipped. Now, women make up just 28% of the House. The survey conveniently omitted Oregon's experience.

NCSL claims that term limits result in "legislative brain drain." How dismissive of lawmakers and voters alike! In fact, many citizens have the knowledge and skills required to be legislators — and to be voters.

Oregonians are enduring a thundering campaign against Measure 45 by newspaper editors statewide. Slick ads produced under the watchful eye of Salem's most powerful lobbyist, financed by his national clientele, are on the horizon. Special-interest money is pouring into Oregon to prevent term limits' restoration.

This question is too important to leave up to politicians and their re-election "entourage." In Oregon, term limits will be up to the voters, again.

Let Voters Decide Who Stays (USAT)

USA Today, August 29, 2006

The movement to limit politicians' terms in office peaked in the mid-1990s and has been in gradual decline ever since. Even so, 15 states have term-limit laws in effect, and voters in Oregon will decide in November whether to reimpose limits there.

So much effort for so little return. With years of evidence now available, there's scant support for claims that term limits would improve government by bringing in legions of citizen legislators to replace careerist hacks.

OPPOSING VIEW: Turnover brings fresh blood

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A new three-year study of the term limits in several states suggests that just because voters like them doesn't mean they're a smart idea. Just the opposite, in fact.

The National Conference of State Legislatures (NCSL), working with two other organizations and more than a dozen political scientists, conducted a national survey and detailed case studies in six states with term limits and three without. The conclusions:

· Term limits throw out the good guys along with the bad, dumping years of experience in favor of new members who have to learn complex subjects and the intricacies of effective legislating from scratch.

· Term-limited rookies' urgency and aggressiveness have driven civility down and conflict up; there's less willingness to compromise or build consensus.

· Term limits haven't increased diversity. They helped add Hispanics and women in some states, but overall the number of minorities has not increased, the number of women has declined, and the typical age and background of legislators have not changed.

· Inexperienced legislators are weak sparring partners for governors and expert state agency officials, especially in budget matters. Often, the lawmakers don't know the right questions to ask, and they make far fewer changes to a governor's budget than their non-term-limited predecessors.

In fact, newcomers have shown they can be as petty and myopic as veterans. California's term-limited Legislature fought over which dirt to name as the state's official soil, while failing to meet the deadline for the state budget.

These days, the battle for term limits is fought almost exclusively at the state level. The U.S. Supreme Court ruled in 1995 that the only way to impose them on Congress would be to amend the Constitution, and the Republican-controlled House failed twice to muster enough votes to do that.

The issue is on the ballot in Oregon this fall because the state's Supreme Court threw out an earlier term-limit law on a technicality. Voters there would do well to think about the other professionals they trust to handle important decisions. Doctors, lawyers, judges and pilots get better at their jobs as experience hones their skills. So do many legislators.

The answer isn't to indiscriminately toss the good and bad out of office. It is to identify the corrupt, the incompetent and the lazy, expose their poor performance, recruit candidates to run against them and let voters cut short careers at the ballot box.

Levey: Iran 'Central Banker Of Terror' (AP-Y)

By Jeannine Aversa

AP, August 29, 2006

A Bush administration official on Monday called Iran a "central banker of terror" that provides millions of dollars a year to bankroll terrorist acts carried out by the militant group Hezbollah.

"Iran is like the elephant in the room, if you will, ... They are the central banker of terror. It is a country that has terrorism as a line item in its budget," Stuart Levey, the Treasury Department's undersecretary for terrorism and financial intelligence, said in an interview Monday with The Associated Press.

Levey's comments came as the United States repeated its resolve to pursue U.N. sanctions against Iran unless the country stops enriching uranium, a key step in making nuclear weapons.

Tehran faces a Thursday deadline imposed by the U.N Security Council to halt its uranium-enrichment program or face political and economic sanctions. Levey didn't talk about what form those sanctions could take.

Iran says its nuclear program is intended solely to generate electricity, while the United States and Europe contend it secretly aims to develop nuclear weapons.

Levey said the United States is working not only to halt Iran's nuclear ambitions but to clamp down its funding of Hezbollah and its role in the recent bloodshed in Lebanon.

He estimated that Iran was providing Hezbollah hundreds of millions of dollars a year in financial support, in addition to military equipment. Levey said money flowing from Iran also helps finance other terrorist groups, including Hamas and the Palestinian Islamic Jihad.

The Treasury Department, which is working to shut down avenues for terrorists to raise money, is spending more and more time analyzing the financial connections between Iran and Hezbollah, Levey said.

The United States has had economic sanctions against Iran for years and recently has been pressing allies in Europe and Japan to crack down financially on Iran as well.

Against that backdrop, financial institutions in other countries are starting to question whether they should keep doing business with Iran, Levey said.

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"We are starting to see responsible financial institutions look at Iran. They see a government that is pursuing terrorism. They see a government that is pursuing a nuclear program in defiance of international norms. They see a president that is calling for Israel to be wiped off the map," he said.

"These are things that are getting the attention of bankers from around the world," he added. "They are starting to ask themselves ... do I really want to be Iran's banker?"

Still, it is a difficult decision for such banks to make, he acknowledged, given Iran's standing in the global economy, including its position as a major oil supplier.

As a fragile cease-fire in Lebanon still holds, the Lebanese people recently have turned out to sign up for rebuilding aid from Hezbollah_ a development that also concerns the administration, Levey said. The U.S. government is monitoring the situation closely, Levey said. The fear is that some of this money will get diverted for terrorism.

The United States, meanwhile, is considering tightening economic sanctions against North Korea.

Last month the reclusive, communist-led nation ignored warnings from the United States and other countries and test-fired seven missiles. The chief of South Korea's main spy agency asserted Monday that North Korea has facilities on standby to test a nuclear explosion and could do so at any time.

Levey shunned specifics about further sanctions against North Korea. However, he observed that banks in Singapore, Vietnam, China, Hong Kong and Mongolia are opting on their own to not do business with North Korea.

"There is sort of a voluntary coalition of financial institutions saying that they don't want to handle this business anymore and that is causing financial isolation for the government of North Korea," Levey said.

"If they are counterfeiting currency or otherwise generating illicit funds, you still need a bank to put the proceeds into the financial system and they are losing all their access points to the international financial system because of these measures and the coalition that is building," he said.

Last year, the Treasury department took action against a bank — Banco Delta Asia SARL — in the Chinese enclave of Macau for what it said were lax money-laundering controls, alleging the bank helped North Korea distribute counterfeit currency and engage in other illicit activities. The department has also moved against other companies for helping North Korea proliferate weapons of mass destruction.

Given these financial actions, North Korea has refused to resume six-nation talks meant to persuade North Korea to abandon its nuclear weapons program.

In other matters, Levey said he would not provide details about the how the airline terror plot, which was foiled earlier this month, was bankrolled.

He also defended the usefulness of a once-secret program that gives the U.S. government access to a massive international data base of financial information to catch suspected terrorists. The existence of the program, which started shortly after the 2001 terror attacks, was made public by news organizations in June.

The department intends to keep the tracking program, said Levey. He said it will take time to assess whether disclosure of the secret program has led terrorist financiers to change their behavior.

"We have got an adversary out there that we are trying to do everything to stop. They may be evil, but they are very smart," Levey said.

The threat to the United States is real. "This is not some made-for-TV movie," he said.

U.S. To Press For Sanctions Against Iran (AP-Y)

By Barry Schweid, Ap Diplomatic Writer

AP, August 29, 2006

The Bush administration on Monday reaffirmed its intent to pursue U.N. sanctions against Iran if it defies an approaching deadline to halt its uranium enrichment.

State Department spokesman Sean McCormack said it is the will of the international community "to go down the pathway of sanctions" if Iran does not comply with U.N. demands that it stop the program and open its facilities to international inspection.

Not only is Iran enriching uranium, a key step in making nuclear weapons, it is building heavy water facilities that could be used to produce plutonium for weapons, McCormack said.

Iran said Monday it was not concerned with the U.N. deadline.

"Moving in the international framework is not a matter of concern for us," government spokesman Gholam Hossein Elham said in Tehran, the capital of Iran.

Iran consistently has denied it has a nuclear weapons program, saying its nuclear programs are of a civilian nature.

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Iran offered last week to pursue negotiations but declined to suspend uranium enrichment as a precondition. The State Department described the proposal as serious, but said it fell short of what Iran must do, and said it would consult with other governments on next steps.

Russia, whose support in the U.N. Security Council for sanctions is essential, publicly counseled patience with Iran. This could signal reluctance to go along with the U.S.

McCormack said the United States would not only pursue U.N. sanctions if Iran did not stop uranium enrichment, it would hold talks with other governments about applying financial pressure on Iran.

He accused Iran of taking a position of defiance and said it was disappointing.

Separately, Stuart Levey, the Treasury Department's undersecretary for terrorism and financial intelligence, called Iran a "central banker of terror."

"Iran is like the elephant in the room, if you will," he told The Associated Press in an interview. "They are the central banker of terror. It is a country that has terrorism as a line item in its budget."

At the same time, McCormack said a decision had been made to grant former Iranian President Mohammed Khatami a visa to speak next month at Washington National Cathedral.

McCormack said there were no plans for U.S. officials to meet with Khatami.

He would be the most senior Iranian official to visit Washington since Islamic fundamentalists seized the U.S. Embassy in Tehran in 1979 and held Americans hostage for 44 days.

The Rev. Canon John L. Peterson, director of the cathedral's Center for Global Justice and Reconciliation, said Khatami was invited to speak on the role the three Abrahamic faiths — Islam, Christianity and Judaism — can play in shaping peace.

The Simon Wiesenthal Center, a Jewish human rights group, urged President Bush to not allow a visa to Khatami.

Rabbi Marvin Hier, dean of the center, wrote Bush that permitting the Iranian to enter the United States only rewards Iran's leaders for their "policy of confrontation and hatred toward the United States and her allies."

Hier, in the letter, said the former president had called Israel "a parasite in the heart of the Muslim world."

Khatami also is due to participate at a U.N. conference Sept. 5-6.

Iran Says It's Not Worried Over Deadline (AP)

AP, August 29, 2006

Iran said Monday it is not concerned about this week's U.N. deadline demanding it suspend a key part of its disputed nuclear program or face political and economic sanctions.

The U.N. Security Council has given Iran until Thursday to suspend a key part of its nuclear program — the enrichment of uranium, a process that can produce either fuel for a reactor or material for weapons.

But Iran has refused any immediate suspension, calling the deadline as illegal.

"Moving in the international framework is not a matter of concern for us," said government spokesman Gholam Hossein Elham.

Iran last week responded to Western incentives package aimed at getting Tehran to roll back its nuclear program. Iranian officials said the Islamic country did not agree to halt enrichment — the key demand — before engaging in further talks. Other details have not been released.

Iran says its nuclear program is intended solely to generate electricity, while the United States and Europe contend it secretly aims to develop weapons.

Japanese Company Suspected Of Selling Nuclear Equipment To Iran (NYT)

By Martin Fackler

The New York Times, August 29, 2006

TOKYO, Aug. 28 — An investigation into a Japanese manufacturer suspected of exporting sophisticated measuring devices to Libya's former atomic weapons program has increasingly focused on whether the company also sold similar equipment to Iran, a government official said Monday.

The police and regulators have broadened their investigation of the company, the Mitutoyo Corporation, a maker of precision instruments, as evidence has emerged that it may have also sold equipment to Iran for use in making centrifuges to enrich uranium, said an official in the Trade Ministry, which administers export restrictions.

The official spoke on condition of anonymity because he was not authorized to comment on the investigation, led by the Tokyo police.

On Friday, the police arrested five Mitutoyo officials, including the president, on suspicion of exporting equipment to Libya before that country scrapped its weapons program three years ago.

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The police say the equipment was shipped to Libya by Scomi Precision Engineering, a Malaysian company linked to Abdul Qadeer Khan, the Pakistani scientist who later confessed to selling nuclear technology. The increasing focus on Iran has shed light on the clandestine routes it has used to obtain nuclear-related technology to advance its enrichment program. Iran is in a standoff with the United Nations over the program, which Iran says will create fuel to generate power, but which the United States and others fear will be used to build nuclear weapons.

In April, Iran disclosed that it was trying to build more advanced and powerful centrifuges known as model P-2, which would speed its enrichment program. It is unclear whether the Japanese equipment has been used by Iran to develop the those centrifuges.

The Trade Ministry official said the police believe the shipments went to Iran via a small, unlisted Tokyo-based trading company called Seian, whose offices the police also raided on Friday. A Seian employee reached by telephone would not answer questions, but a description of the company provided by Teikoku Databank, a research company, listed the president as Ahmad Eftekhari Masumi, an Iranian name.

The Trade Ministry official refused to provide further details. But Japanese news reports, apparently based on briefings by the police exclusively to major local news media, say the police believe Mitutoyo has exported technology to Iran at least twice in the last several years, most recently four years ago.

The reports said the police were investigating whether Mitutoyo altered software used in its measuring devices to disguise it as less-advanced software that was subject to looser export restrictions.

The reports said Mitutoyo first came under scrutiny in 2003 when at least one of its measuring devices was discovered in Libya after that country relinquished its weapons program.

A spokesman at Mitutoyo, which is based in Kawasaki, in central Japan, would not comment on the reports of exports to Iran or software alterations.

Share The Evidence On Iran (WP)

By Micah Zenko

The Washington Post, August 29, 2006

How long until Iran becomes a nuclear weapons state?

The current best guess of American intelligence agencies is found in a classified National Intelligence Estimate (NIE) completed last summer: "Left to its own devices, Iran is determined to build nuclear weapons," it says, yet it is unlikely that Iran could produce enough highly enriched uranium for a bomb before "early to mid-next decade."

Senior Bush administration officials, lawmakers in both parties and analysts out of government are increasingly skeptical of the Iran NIE. They believe that the U.S. intelligence community is underestimating Iran's nuclear program after having overestimated Iraq's programs for weapons of mass destruction in 2002.

To counter the growing chorus of skeptics, President Bush should do in the case of Iran what he did with regard to the Iraq NIE after the invasion: declassify the key judgments in the document and the dissents from it. Of course, to ensure the ability to collect future intelligence on Iran, the declassified NIE should not reveal the sources and methods employed; it should simply declare what U.S. intelligence agencies believe and where they disagree.

Initially ordered by the National Intelligence Council in January 2005, the Iran NIE was the intelligence community's first comprehensive estimate of Iran since 2001. Unlike the flawed Iraq NIE, rushed to completion in 20 days and relying on questionable sources, the Iran NIE was crafted and debated over several months and reflects an updated reporting standard that required a "dramatic increase in the transparency of sourcing," according to Gen. Michael V. Hayden, deputy director of national intelligence.

Fully declassifying the NIE's key judgments and dissents about Iran's nuclear program would serve four functions:

First, it would educate the public about U.S. intelligence agencies' best collective estimate of Tehran's nuclear intentions and capabilities. President Bush has declared that, regarding Iran, he "will not tolerate construction of a nuclear weapon." If it comes down to using military force, the American people will be more supportive if they clearly understand the threats, the knowns and the unknowns of Iran's nuclear program. It will ensure more probing media reporting and a more vigorous national debate.

Second, it would slow down what Bush has labeled "wild speculation" about using force against Iran, since the intelligence estimate suggests we have years, not months, to exhaust all diplomatic avenues toward finding a solution.

Third, since the NIE's central conclusions about Iran's nuclear program have already been selectively leaked to the media, declassifying the key judgments and dissents would publicly establish the intelligence community opinion. This would inoculate the White House against further intelligence leaks from hard-liners who seek a confrontation with Iran, and from Tehran's exaggerated claims of nuclear progress.

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Fourth, it would force America's allies in Europe and Israel to acknowledge the diverging estimates of their intelligence agencies about the likely birth date of an Iranian bomb. For example, British officials claim Iran will have "the technology to enable it to develop a nuclear weapon" by year's end, while the Israel Defense Forces has consistently put it at 2008. While such gaps in allied intelligence estimates remain, we should not expect a unified effort to find a diplomatic resolution.

As the president worried earlier this year: "People will say, if we're trying to make the case on Iran, 'Well, the intelligence failed in Iraq, therefore, how can we can trust the intelligence in Iran?' " The first step toward trust at home and abroad is transparency.

The U.S. government's expert opinion about the Iranian nuclear program is contained in the summer 2005 NIE. President Bush has both a precedent and the legal authority to declassify an NIE "when it is in the public interest." Declassifying the key judgments and dissents of the Iran NIE clearly meets this criterion.

The writer is a research associate at the Belfer Center for Science and International Affairs at Harvard's John F. Kennedy School of Government.

Rumsfeld: S. Korea Need Not Fear North (AP)

By Robert Burns

AP, August 28, 2006

FORT GREELY, Alaska Aug 28, 2006 (AP)— In unusually blunt terms, Defense Secretary Donald H. Rumsfeld said decades-old U.S. ally South Korea need not fear communist North Korea as an immediate military threat.

At a news conference at this missile defense base south of Fairbanks, Rumsfeld said Sunday that North Korea is a serious threat to spread ballistic missiles and other dangerous technologies around the world. But he made plain that he sees the North's conventional military strength eroding as its economy crumbles.

"I don't see them, frankly, as an immediate military threat to South Korea," he said.

His comment could be interpreted as an effort to build a rhetorical case for further reductions in U.S. troop levels in South Korea, already scheduled to be cut from 32,500 to 20,000 over the next few years. U.S. troops also are moving farther away from the Demilitarized Zone that separates North and South Korea, and Rumsfeld has sought to use Korea-based troops in missions outside Asia.

The South Korean government fears a too-rapid reduction in U.S. military support, which it has relied on for more than half a century since the Korean War ended in a cease-fire instead of a peace treaty.

Rumsfeld was at Fort Greely for his first look at the interceptor missiles that are poised in underground silos here as part of a system designed mainly to defend against a potential North Korean missile attack. He climbed down into one silo and got briefings on how the system is being improved.

Ten interceptors are emplaced in silos at Greely and an 11th was scheduled to be installed Monday.

Rumsfeld often accuses North Korea of posing a threat with missiles capable of reaching Japan and possibly parts of the United States. But he has rarely offered such a skeptical assessment of the North's overall military power.

"I think the real threat that North Korea poses in the immediate future is more one of proliferation than a danger to South Korea," he said, adding that the North Koreans for years have sold ballistic missile technologies to Iran and unspecified other countries "mostly terrorist countries."

Rumsfeld Meets Russian Counterpart (UPI)

UPI, August 28, 2006

FAIRBANKS, Alaska, Aug. 28 (UPI) -- The United States plans to arm its intercontinental missiles with non-nuclear warheads, U.S. Defense Secretary Donald Rumsfeld said Monday.

Rumsfeld toured a missile assembly and storage facility at Fort Greeley, Alaska, before holding a meeting with his Russian counterpart, Sergei Ivanov, in Fairbanks, the American Forces Press Service said.

At a news conference with Ivanov, Rumsfeld said that conventional warheads would be less destructive than nuclear ones.

"If either of our countries or our friends and allies were threatened in the future with a weapon of mass destruction or a capability that is that lethal, I think any president would like to have available a conventional weapon that could attack that target swiftly and accurately and precisely," he said.

Rumsfeld said he believes North Korea is more interested in selling nuclear weapons than using them.

"I think the real threat that North Korea poses in the immediate future is more one of proliferation than a danger to South Korea," he said.

Seoul's Push To Regain Wartime Control From U.S. Divides South Koreans (WP)

By Anthony Faiola

The Washington Post, August 29, 2006

SEOUL -- At a packed news conference last week, a formidable coalition of retired South Korean military officers and former defense ministers issued a dire warning. They declared the half-century-old military alliance between South Korea and the United States in danger of falling apart, resting the blame squarely at the feet of President Roh Moo Hyun.

They pointed to Roh's determination -- expressed in comments to the local press earlier this month -- to regain wartime command of South Korea's military as early as possible. South Korea ceded that authority to the United States during the Korean War, and has since vested such power in a series of American generals who have headed the joint command here.

The system, in part, has ensured the intervention of U.S. troops still stationed in the South in the event that communist North Korea launches another invasion. But with a wave of ethnic Korean nationalism sweeping over the South, and with the North now viewed in kinder terms here, Roh has fostered public support for doing away with that system. He has called reclaiming full command from the United States the "core of a self-reliant national defense," adding that South Koreans who believed their military wasn't yet up to the task lacked "self-respect."

Roh's populist rhetoric aside, what has really scared the gaggle of retired generals are indications that the Pentagon may be just as eager to see the switch. The transfer of wartime command had been envisioned for sometime around 2012, but an earlier transfer, some U.S. officials now argue, would let the Pentagon focus more on the current crises in the Middle East and allow more administrative cuts in South Korea.

On Sunday, South Korean officials said U.S. Defense Secretary Donald H. Rumsfeld had proposed that South Korea assume wartime command of its troops from the United States as early as 2009.

U.S. officials have said any agreement would be unrelated to South Korea's new political landscape and instead reflect the country's vastly improved military preparedness. But the developments nevertheless have left the impression among many pro-American South Koreans that Washington has simply grown tired of Seoul's embrace of the belligerent North, as well as the deep-seated anti-Americanism within some circles of South Korea's ruling Uri Party.

Some are hoping that Roh's visit to Washington next month for talks with President Bush may help smooth over cracks in the alliance. But most observers believe the mounting friction is unlikely to change before 2008, when Roh will leave office and U.S. voters will choose Bush's successor.

"President Roh is effectively saying that South Korea really doesn't need America the way we have all these years, and I can't blame the Americans for saying, 'Fine, have it your way,' " said Song Young Sun, a legislator with the opposition Grand National Party. "He wants to move South Korea away from the United States and closer to North Korea. And what we are saying is that this is just not a safe or smart thing to do."

It has fanned a be-careful-what-you-wish-for mentality among some South Koreans, who now fear that their national security may be put in jeopardy if the transfer of wartime command comes too soon. Although such a deal is likely to yield only a small new reduction of U.S. troops stationed here, opponents say it would loosen the strings that bind the U.S.-South Korean alliance and could even pave the way for an eventual American pullout.

It was only 12 years ago that the United States relinquished peacetime troop command. And the U.S. military is already scheduled to reduce its troop levels from about 30,000 to 25,000 by 2008.

The most important issue dividing Seoul and Washington these days is how to handle North Korea -- a nation analysts say could now harbor as many as half a dozen nuclear devices. For the past 10 months, Pyongyang has refused to return to six-party talks aimed at its nuclear disarmament.

The Bush administration has sought to pressure North Koreans back to negotiations, cracking down on Pyongyang's suspected counterfeiting and money-laundering operations by persuading international financial institutions not to do business with the country.

That policy has been directly at odds with South Korea's approach of broad economic engagement. Hoping to bring the North out of its communist shell, the South has poured billions of dollars into tourism and industrial projects just across the border.

Roh administration officials have repeatedly suggested that the threat posed by North Korea has been exaggerated. U.S. officials say the difference in threat perception may be one reason Seoul and Washington are now mired in a series of squabbles over the realignment of U.S. forces in South Korea, including delays in the creation of a new bombing range as well as toughened environmental oversight by South Korean regulators.

These days, the Roh administration has begun to view a more assertive Japan -- Washington's closest ally in Asia -- as posing more of a long-term threat to Seoul's national security than North Korea.

"If you can't agree on who the enemy is, it raises some pretty fundamental questions about the reasons for your alliance," said a U.S. official familiar with South Korean policy who spoke on the condition of anonymity.

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Roh administration officials also concede that there are problems in the relationship, but say the foundation of the alliance remains intact.

"I cannot say the relationship is perfectly good," said a ranking South Korean official who also spoke on condition of anonymity given the sensitivity of the issue. "The question is how to handle North Korea."

In Washington, a senior State Department official portrayed the U.S.-South Korea relationship as generally healthy.

While saying that Roh has a "tendency to frame issues, including important alliance matters, in a narrow nationalist perspective," the official noted that the United States and South Korea are both seeking a handover in wartime command and that changes are being implemented through bilateral agreements.

South Korea's military "is extremely capable now, so it makes sense for us to start playing a supporting role," said the official, who spoke on condition of anonymity.

Most analysts agree that South Korea and the United States still have more to gain together than apart, but that improvements in their relationship are unlikely to happen soon.

"We won't see a major improvement in the alliance until the current leadership changes," said Lee Jung Hoon, professor of international relations at Seoul's Yonsei University. "After that, the challenge will be about mending fences."

U.N. Chief Criticizes Israel, Hezbollah (AP)

By Sam F. Ghattas, Associated Press Writer

AP, August 29, 2006

U.N. Secretary-General Kofi Annan faulted both Israel and Hezbollah on Monday for not living up to key sections of the cease-fire resolution, while two more countries took steps to provide troops for an expanded peacekeeping force to secure the truce.

Germany, meanwhile, hinted it was negotiating a prisoner swap.

Sitting beside Lebanese Prime Minister Fuad Saniora, Annan demanded Hezbollah return two captured Israeli soldiers, whose July 12 abduction touched off the 34-day war, and said Israel must lift its air and sea blockade of Lebanon.

Although Annan was critical of both sides, he also said the agreement provided a chance for a long-term peace. As the cease-fire held for the 15th day, neither side looked like it wanted to resume large-scale hostilities.

But the U.N. chief cautioned the road ahead would be long, and pledged the international community's support. As part of that support, Italy and Turkey moved to join the U.N. peacekeeping force in southern Lebanon.

Annan also said the U.N. force, which is to grow to 15,000 soldiers, will not try to disarm Hezbollah guerrillas.

"Down the line ... there will have to be disarmament, but it's up to the Lebanese government and people to resolve themselves," Annan said. "The (peacekeepers) are not going to go house to house searching for weapons. This is not their responsibility."

Annan was booed by residents as he toured the devastated Dahiyeh neighborhood in the Hezbollah stronghold of south Beirut. He was greeted by giant posters with photographs of Hezbollah chief Hassan Nasrallah and one that had a caricature of Secretary of State Condoleezza Rice with vampire's teeth and blood dripping from the mouth.

The U.N. chief, accompanied by Saniora and a Hezbollah legislator, walked for about 50 yards before the protest became noisy and unfriendly. Annan got back into a car, which drove slowly through the assembled residents with security men running alongside.

Geir Pedersen, Annan's personal representative, was pushed into another car in the motorcade by a bodyguard after some in the crowd mistook him for Jeffrey Feltman, the U.S. ambassador to Lebanon.

Earlier, Annan issued an unexpectedly blunt assessment of the cease-fire and its implementation by Israel and Hezbollah.

"It's a fixed menu. ... It's not an a la carte menu where you choose and pick," he said at the end of the first day of his 11-day Mideast swing that will include stops in Iran and Syria, the main backers of Hezbollah.

It was not known what Annan would discuss with the leaders of Syria and Iran, but it would be extremely difficult for Lebanon to disarm the Shiite guerrillas of Hezbollah without the agreement and participation of those two governments.

Israel responded quickly and negatively to Annan's call for an end to the blockade, which is intended to keep arms from being shipped to Hezbollah.

An official in the office of Prime Minister Ehud Olmert reiterated that the blockade will remain until the international force takes up positions along Lebanon's borders and entry points. He said Hezbollah continues to try to smuggle weapons into the country.

"Once the international forces are fully in place and they're able to prevent the smuggling of weapons to Hezbollah, there will be no need for the air and naval blockade," said the official, David Baker.

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Although aimed at Hezbollah arms shipments, the blockade also is hindering shipments of food, fuel and other goods to Lebanon.

Annan has said the Lebanese army could handle policing the Syrian border on its own and it would be unprecedented for a peacekeeping force to be deployed along a border shared by countries that have not been at war. Syrian President Bashar Assad has said the deployment of international troops would be considered a "hostile" act.

In Israel, Olmert announced an inquiry into the war, hoping to dispel criticism among Israelis that the army and government bungled the campaign. But he ignored demands for an independent probe with the authority to dismiss top officials.

His decision was likely to enrage critics who say Olmert and other top officials should be the focus of the investigation, not overseeing it.

Israel has said a resolution of the conflict must include the release of the two soldiers captured by Hezbollah militants in a cross-border raid that triggered the conflict last month.

Israel's foreign minister, Tzipi Livni, said that unless the issue of the two soldiers was resolved, "the whole thing is of little significance."

"Our sovereignty has been infringed and if this resolution does not make that good, then we still have this problem," she said in Germany.

Livni's talks in Germany included discussion of efforts to get the soldiers released, German Deputy Foreign Minister Gernot Erler said. Germany has mediated past prisoner exchanges between Hezbollah and Israel.

"It is well known that Germany has possibilities ... to help free these captured and kidnapped Israeli soldiers," Erler said.

Annan said in Beirut that as a first step, the captured soldiers could be transferred with Red Cross involvement to the government of Lebanon or a third party, and offered U.N. assistance if required.

Meanwhile, Italy's Cabinet approved sending 2,500 soldiers to the peacekeeping mission, and the government approved a $38.4 million aid package for Lebanon.

"In the coming hours we will initiate the complex logistics for the deployment of the Italian forces in the region," Foreign Minister Massimo D'Alema said.

Earlier, the Italian Defense Ministry said a naval task force was already being assembled to move about 1,900 soldiers to Lebanon. They were to include marines and engineering specialists and be off the Lebanese coast by Friday.

Turkey, the only Muslim member of NATO and a country with close ties to both Israel and Arab states, took a step closer toward joining the peacekeeping force. Turkey has not said how many troops it could send, but the presence of Muslim soldiers in the force is regarded as crucial to gaining its acceptance in Lebanon.

Turkey's Cabinet called Monday for sending troops to Lebanon and said parliament would be convened soon to vote on the measure.

But in Lebanon, the spiritual leader of the Armenian Diaspora, Catholicos Aram I, released a statement calling Turkish participation in a peacekeeping mission "morally unacceptable." Armenians want modern Turkey to recognize atrocities committed by its Ottoman predecessors. The Armenians estimate they lost 1.5 million people in massacres or forced marches in Word War I.

Annan Calls For Release Of Israeli Soldiers (FT)

By Roula Khalaf And Sharmila Devi

Financial Times, August 29, 2006

Kofi Annan, the UN secretary-general, on Monday pledged to work for a lifting of Israel's air and sea blockade on Lebanon and called on Hizbollah to hand over the two captured Israeli soldiers to the Red Cross, the Lebanese government or a third party.

On the first leg of an ambitious Middle East tour intended to shore up the fragile two-week UN-brokered ceasefire between Israel and Lebanon's Hizbollah group, Mr Annan unexpectedly held separate talks with two Hizbollah officials who are ministers in the Lebanese government, including Mohamed Fneish, a senior party member.

But when he toured the devastated areas in the southern Beirut suburbs, Mr Annan was booed by some of the group's supporters who held pictures of Hassan Nasrallah, the Hizbollah chief.

In a press conference with Fouad Siniora, the prime minister, Mr Annan insisted the buffer zone in which international troops are starting to deploy this week should be demilitarised. "In Lebanon there should, as we have all agreed, be one law, one authority, one gun," he said.

In comments that will reassure the Lebanese government, he made clear that the disarmament of Hizbollah , the Shia militant group, could only be achieved through internal dialogue between Lebanese political parties – and not by force.

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Mr Annan also clarified that UN forces would not deploy along the Lebanese-Syrian border – a move raised by Israel but hotly objected to by Damascus, adding to tensions in Lebanon.

He declared that he was satisfied with Lebanese government efforts to secure the border with new equipment and training.

Mr Annan, who travels to Israel on Wednesday and visits Syria and Iran, Hizbollah's two backers, later in the week, said he would press Damascus to control its side of the border.

He stressed that UN resolution 1701 required neighbouring countries to prevent supplies of weapons to non-state entities, a reference to Hizbollah.

Lebanese officials say the group receives military hardware from Iran through Syria, charges denied by Damascus and Tehran.

Mr Annan also indicated that he would raise the thorny issue of the Shebaa Farms area with Israel and Syria. The strip of Israeli-occupied border land is claimed by Lebanon but Israel insists that it belongs to Syria.

Government officials in Beirut consider an Israeli withdrawal from Shebaa as an essential step to remove Hizbollah's justification for continued armed struggle and convince the Shia movement to disarm or integrate with the Lebanese army.

A senior Israeli government official said yesterday there was unlikely to be progress on this issue until Damascus and Beirut were in agreement.

"We don't want to do anything that could be seen as a victory for Hizbollah terror."

¦Ehud Olmert, the Israeli prime minister, on Monday announced an inquiry into the Lebanon war, but stopped short of ordering an independent investigation, agencies report.

Mr Olmert's choice avoids the prospect of high-level resignations that an independent probe could have brought.

In a speech in the northern city of Haifa, he said the Israeli government did not have the "luxury" to spend long periods of time investigating the past.

The decision could generate heavy criticism as the public has been calling for a serious investigation into the war.

Annan Has Stern Words For Israel, Hezbollah (LAT)

By Borzou Daragahi

The Los Angeles Times, August 29, 2006

BEIRUT — United Nations Secretary General Kofi Annan said today that both Israel and the Hezbollah militia must come into quick compliance with the terms of a shaky cease-fire, demanding the release of Israeli soldiers captured by the armed Shiite group and the lifting of the air, sea and land blockade imposed by the Israeli military.

Annan, here at the start of an 11-day tour of the Middle East, said that the soldiers taken in a July 12 raid by Hezbollah must be freed and possibly handed over to a third party such as the International Committee of the Red Cross.

He also said the U.N. is "working for the lifting of the siege," which was referred to in the Security Council resolution that ended the fighting two weeks ago.

Annan warned that failure by either party to abide by the terms of the Security Council resolution could restart the fighting.

"It's a fixed menu," Annan said in response to complaints from both Israel and Hezbollah about the other side's noncompliance with the resolution. "It's not a smorgasbord or an la carte where you can pick and choose."

The conflict between Israel and Hezbollah left more than a 1,000 civilians dead on both sides, severely damaged civilian infrastructure in Lebanon and drained the economies of both Israel and Lebanon.

Hezbollah leader Sheik Hassan Nasrallah in a Sunday night television interview all but admitted that his organization was guilty of gross miscalculation in launching the raid, saying he would have never allowed the operation if he had known it would have wrought so much damage.

The monthlong conflict has reinvigorated domestic and international calls for the disarming of Hezbollah. The group used Iranian and Syrian support to build itself into a formidable army as well as a political party and social services organization during the 18 years that Israeli occupied southern Lebanon. It continued to arm after Israel's withdrawal from the country six years ago.

Annan reaffirmed that the thousands of international peacekeeping troops that the U.N. plans to send to southern Lebanon would have the authority to defend themselves and civilians, but would not actively disarm Hezbollah or any other militiamen.

"This is something that the Lebanese government and people are going to have to resolve," he told reporters at the press conference, held beneath stained glass windows and ornate chandeliers in a cavernous ballroom inside the government headquarters, called the Serai.

U.N. Security Council Resolution 1701, which put in place a cessation of hostilities, calls for the "unconditional release of the abducted Israeli soldiers" captured in a cross-border raid by Hezbollah fighters — the move that sparked the 34 days of fighting.

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The resolution also calls for Israel and Lebanon to respect their border and for Israel to remove the air, sea and land blockade it has imposed on Lebanon since the early days of the conflict.

Despite Annan's appeal, Israel gave no sign that it plans to lift the blockade so long as there are no provisions preventing the rearming of Hezbollah.

"Israel maintains that the air and naval blockade are necessary until the international forces are deployed in order to prevent weapons smuggling to Hezbollah," said David Baker, an official in the office of Israeli Prime Minister Ehud Olmert.

At the end of the press conference, a reporter asked whether Annan knew the whereabouts of the detained Israeli soldiers, eliciting chuckles from the assembled politicians and U.N. officials.

"That's the $10-million question," said Lebanese Prime Minister Fouad Saniora.

Annan Urges Release Of Captured Israelis (WP)

By Edward Cody

The Washington Post, August 29, 2006

BEIRUT, Aug. 28 -- U.N. Secretary General Kofi Annan urged Lebanese leaders Monday to work for the swift release of two Israeli soldiers held captive, saying their return home was imperative to stabilize a two-week-old cease-fire on the border with Israel.

Annan said he was working to persuade Israel to lift the air and sea blockade of Lebanon and complete a military withdrawal from the southern border zone, two key Lebanese demands. But he said Lebanon had its own obligations under the Security Council resolution that ended 33 days of warfare, in particular the release of the prisoners.

"It is a fixed menu," he said of the cease-fire resolution. "It is not a buffet where you can take what you want."

The reminder from Annan, who is on a two-day visit to this battle-scarred country, dramatized the difficulty of trying to reach all the goals outlined in the U.N. resolution. Although the resolution makes Prime Minister Fouad Siniora and his government responsible for the two soldiers' fates, they are held by Hezbollah, the militant Shiite Muslim movement that is part of the government but independent in its decisions.

The Hezbollah leader, Hasan Nasrallah, said in a televised interview Sunday evening that U.N. and Italian officials had initiated contacts to try to arrange a prisoner exchange with Israel. He did not reveal whether the contacts had produced any fruit. But Hezbollah officials said arranging such an exchange was the main reason they staged the July 12 raid during which the two soldiers were seized -- and which set off the war.

Annan said that the two soldiers should be turned over to the International Committee of the Red Cross and that the United Nations would be ready to play whatever role was asked of it. "We must also address the issue of all the other prisoners," he added, referring to the Lebanese held by Israel whose release is demanded by Hezbollah.

German intelligence officials have arranged such exchanges in the past, and Lebanese officials have expressed confidence that a new exchange could be arranged within a short time. But the final decision on terms, they recognized, rests with the Hezbollah leadership.

Annan also conferred with Mohammed Fneish, a Hezbollah minister in Siniora's government, and Nabih Berri, speaker of the Lebanese parliament and Siniora's conduit for contacts with Nasrallah. Berri, a fellow Shiite and an ally of Hezbollah in parliament, was identified by Nasrallah as the man in charge of contacts for the prisoner swap.

Hezbollah followers booed Annan and Siniora as they toured the badly damaged Dahiya suburbs south of Beirut on Monday evening, waving posters of Nasrallah and causing concern among Annan's security guards as they trotted alongside his vehicle. The protest reflected anger at what many Hezbollah followers -- and other Lebanese -- feel was an unconscionable delay in reaching a cease-fire while Israeli warplanes pounded their neighborhoods.

Annan also promised the swift arrival of European troops to reinforce the U.N. peacekeeping corps along the border. Israel has demanded that foreign peacekeepers be deployed before it will lift the blockade, under which the Israeli military controls air and sea traffic in and out of Lebanon.

The 2,000-member United Nations Interim Force in Lebanon, or UNIFIL, has been in place for 28 years, but it was judged inadequate for the new truce-monitoring mission because of a lack of manpower and a limited mandate. As a result, the U.N. cease-fire agreement stipulated that 15,000 Lebanese army troops be deployed along the border under the aegis of UNIFIL, which would itself be enlarged to a total of about 15,000 troops.

About three brigades of Lebanese soldiers, totaling up to 5,000 men with aging Panhard and M113 armored personnel carriers, have pulled into the border hills and asserted authority in southern Lebanon for the first time in a generation, according to Lebanese officials, and more are on the way. Three soldiers were killed last week while trying to dismantle unexploded Israeli ordnance.

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In addition, the officials said, Lebanese soldiers and paramilitary Internal Security Forces personnel have strengthened controls along the northern and eastern borders with Syria. Last week, the military seized a truck driven by Hezbollah activists carrying explosives across the border from Syria, according to a reliable Lebanese source.

"We are fully committed to full control in the south as well as at all points of entry along the border," Siniora said at a joint news conference with Annan.

But Israeli officials have made it clear the Lebanese army deployments alone will not suffice to allay their concerns about weapons and other supplies reaching Hezbollah fighters through Syria. Iran has been Hezbollah's chief supporter, with Syria the main transit point for supplies, funds and weapons.

At a meeting Friday in Brussels, Italy pledged to send 3,000 soldiers, France pledged to send 2,000 and several other European nations pledged to send varying numbers. Together, that would bring the total European contribution to between 5,600 and 6,900, which Annan called the "backbone" of a reinforced UNIFIL.

The Italian cabinet formally approved Italy's participation Monday, and four ships were set to depart Tuesday with about 1,900 military personnel and heavy equipment, according to Cmdr. Roberto Tomsi, a spokesman for the Italian Defense Ministry.

The Italian troops, who are scheduled to arrive off Lebanon by the weekend, will be the first substantial reinforcements for the UNIFIL troops. About 200 French military engineers arrived last week, preparing for the arrival of the main French troop contingent, scheduled to be in place next month.

Annan Booed By Hezbollah Supporters In Lebanon (MCT)

By Hannah Allam

McClatchy Newspapers, August 29, 2006

BEIRUT, Lebanon - Throngs of Hezbollah supporters booed U.N. Secretary-General Kofi Annan and blocked him from touring a devastated suburb of Beirut on Monday, underscoring the difficulties ahead for Lebanon to become what Annan has envisioned as "one law, one authority, one gun."

Beirut was Annan's first stop on an 11-day tour of the Middle East to shore up the fragile truce between Israel and Hezbollah militants after a monthlong conflict that killed at least 1,000 Lebanese and demolished swaths of the country. Annan also renewed calls for Israel to lift its air and sea blockade on Lebanon, and for Hezbollah to free two Israeli soldiers whose abduction July 12 provoked the fighting.

The United Nations chief expressed optimism about the speedy expansion of a peacekeeping mission along Lebanon's volatile border with Israel, starting with an initial deployment of 3,500 troops for a force expected to grow to 15,000. He said the role of the peacekeepers would be to help the Lebanese government reclaim authority over the country.

On Monday, Italy's Cabinet approved sending 2,500 troops to Lebanon.

Turkey's Cabinet also voted to send peacekeepers, becoming the first Muslim country that has relations with Israel to make such an offer. The Lebanese army is expected to have another 15,000 soldiers along the border once Israel fully withdraws from southern Lebanon, as called for in the U.N.-brokered cease-fire agreement.

"According to the resolution there should be no other arms in the south except those of the Lebanese army and the international forces," Annan said.

Annan, at a news conference alongside Lebanese Prime Minister Fuad Saniora, added that diplomacy - not force - was the best way to disarm Hezbollah.

Annan had planned to end his day trip with a tour of Haret Hreik, a Hezbollah stronghold in Beirut's south suburbs where Israeli airstrikes flattened several blocks of businesses and apartment buildings during the recent conflict. But angry residents rejecting calls for Hezbollah to disarm swarmed Annan's motorcade. Booing and shouting, many held photos of Hezbollah leader Hassan Nasrallah, and at least one waved a caricature of Secretary of State Condoleezza Rice as a vampire.

Annan stepped out briefly, but the crowd moved closer and his bodyguards bundled him back into his car.

"The people feel he's responsible and the U.N. - whom he represents - is responsible for what happened," said Jalal Nour, a Hezbollah volunteer whose computer shop in the suburbs was destroyed by Israeli airstrikes. "The U.N. gave the cover for Israel to do what they did. People acted spontaneously, out of anger."

That type of reaction is exactly what many nations fear as they decide whether to add their troops to the new peacekeeping mission, which could be caught in the crossfire if another conflict erupts. Annan said that at least 300 U.N. troops had been killed since the existing international force, known as UNIFIL, deployed to Lebanon in 1978.

U.N. officials played down the incident, saying Annan was able to walk around.

"It wasn't supposed to be more than 10 minutes, but maybe it was nine because of security concerns," said U.N. spokesman Maher Nasser, who was part of Annan's convoy.

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However, a McClatchy photographer's shots of the scene, as well as TV news footage, show that the motorcade exited hastily after it was mobbed.

"We are not the enemy to either side, and they should be careful not to shoot at us," Annan said.

In Turkey, where the parliament will convene next week on sending troops, many fear a violent backlash if the Muslim nation is perceived as acting in the interests of Israel. Turkey ruled Lebanon for centuries under the Ottoman Empire and is predominantly Sunni Muslim; southern Lebanon is almost entirely Shiite Muslim and effectively controlled by Hezbollah.

Timor Goksel, a Turkish national and the former head of the U.N. peacekeeping mission in southern Lebanon, noted that Turkish forces have served in other Muslim conflict zones, such as Afghanistan and Bosnia. He said Hezbollah, Israel and Syria all had shown support for a Turkish presence in south Lebanon but that many Turkish officials still sought clear rules of engagement and mechanisms for self-defense.

While in Beirut, Annan met with the Lebanese parliament speaker Nabih Berri, a close ally of Hezbollah, as well as a Hezbollah member of the Cabinet. Annan's regional tour is expected to include stops in Israel and in Iran and Syria, Hezbollah's biggest allies in the region.

Fort Worth Star-Telegram reporter Leila Fadel contributed to this report from Beirut.

Lebanon Insists It Can Control The Syrian Border By Itself (NYT)

By Warren Hoge

The New York Times, August 29, 2006

BEIRUT, Lebanon, Aug. 28 — Prime Minister Fouad Siniora said Monday that Lebanon could control its border with Syria without the assistance of international troops and had already confiscated illegal arms in the south.

In an interview in his Ottoman-era offices in downtown Beirut, Mr. Siniora said that he had deployed 8,600 Lebanese Army soldiers along the border and that he had accepted an offer from Germany for technical equipment and training to help prevent the entry of unauthorized weapons into Lebanon.

“The army will confiscate every piece of weapon that it finds, and that is what is happening now, in a firm but friendly manner,” he said.

The control of the border has emerged as a major concern in the international effort to dismantle the Hezbollah militia in southern Lebanon and to prevent its re-establishment with weaponry coming in from Syria.

The United Nations Security Council resolution that ended the fighting between Hezbollah and Israel two weeks ago calls for an embargo on arms not authorized by Lebanon.

Bashar al-Assad, the president of Syria, said last week that he would close the border, isolating Lebanon, if Beirut stationed foreign troops there. While Mr. Siniora made no direct reference to the threat, he explained that one reason he was discouraging the placement of United Nations soldiers at crossing points was that “we don’t want to make new issues.”

“The use of guards is not very helpful,” he said. “It will complicate the picture without achievement or benefit.”

He said the Lebanese Army was authorized to enter any premises it wished to.

“There are no restrictions on where the army can go,” he said.

He also contended that putting weapons out of sight, the survival tactic that is often ascribed to Hezbollah, would not be tolerated.

“There will be no appearances of any armed presence, whether it’s hiding weapons or wearing clothing” of a military character, he said.

He declined to describe what kind of arms had been intercepted other than to call them “serious weapons.”

“Our policy is not to announce,” he said.

The interview preceded a meeting of Lebanese officials to discuss the stabilization of southern Lebanon with the United Nations secretary general, Kofi Annan, who arrived here on Monday at the start of an 11-day trip to the Middle East.

Mr. Annan said he would ask Syria at his stop in Damascus later this week to police its own border with Lebanon to prevent smuggling.

“It is important that the borders are protected and there are no attempts to rearm,” Mr. Annan said at a news conference with Mr. Siniora. “Lebanon has seen too much conflict. There are too many arms in the country. We don’t need any more.”

Mr. Annan said at a meeting of the cabinet that he would urge Syria, a country that once dominated Lebanese political life, to set up diplomatic ties with Beirut.

In addition to meeting Mr. Siniora, Mr. Annan held talks with the Parliament speaker, Nabih Berri, a central ally of Hezbollah, and Mohammed Fneish, one of the two Hezbollah ministers in the cabinet.

In a more confrontational encounter with Hezbollah, Mr. Annan was heckled and jostled in an afternoon visit to a badly bombed Shiite stronghold in the southern suburbs.

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Protesters chanted Hezbollah slogans and angrily waved posters of Sheik Hassan Nasrallah, the group's leader, as Mr. Annan and a crush of security men and aides moved through a World War II tableau of muddy streets lined by collapsed and soot-scarred apartment buildings.

Mr. Siniora said it was impossible to disarm Hezbollah by military means, and Mr. Annan, speaking at the news conference, agreed. "Let's not kid ourselves and say the only way to disarm militias is by force," he said.

Mr. Siniora said he hoped to see Hezbollah fighters incorporated one day into the Lebanese military.

Mr. Annan said he wanted the two Israeli soldiers whose capture by Hezbollah guerrillas set off the 34-day war with Israel to be released either under Red Cross auspices or to the Lebanese government. He offered to broker the transfer.

Mr. Annan said he was impressed with steps taken by the Lebanese government to police its borders, but Tzipi Livni, the foreign minister of Israel, Mr. Annan's next stop, said Monday in Berlin that international intervention was essential.

"Without this international help, Hezbollah cannot be disarmed and Siniora in Lebanon can't do much," she said. "Therefore it's clear we need this help to create a normal Lebanon, a Lebanon that can also live in peace."

Israeli PM Authorizes Limited War Probe (AP)

By Josef Federman, Associated Press Writer

AP, August 29, 2006

Prime Minister Ehud Olmert announced an inquiry Monday into the war against Hezbollah in Lebanon, hoping to dispel criticism that the army and government bungled the campaign but falling short of demands for an independent probe with the authority to dismiss top officials.

The decision was likely to further enrage critics who say that Olmert and other top officials should be the focus of the investigation, not overseeing it.

Olmert said he understood that authorizing an external probe would have been politically expedient. "But this is not what the country needs," he said.

"We do not have the luxury of sinking into years of investigations into the past," he added. "What we need is an effective, professional inquiry, to examine the issues in depth, draw conclusions and learn lessons."

He also said a lengthy probe could paralyze the army, and he did not want to subject it to a "collective flogging."

The Israeli public has been clamoring for a serious investigation into the 34-day war, launched July 12 hours after Hezbollah guerrillas killed three Israeli soldiers and kidnapped two others in a cross-border raid.

The government has been criticized for accepting a U.N.-brokered cease-fire without crushing Hezbollah or winning the release of the two captives.

Soldiers returning from the fighting in Lebanon have complained about confused battle plans, poor training and shortages of food, water and equipment. The deaths of 33 soldiers in a last-minute ground offensive just before a truce took hold — along with news that the army chief sold his stock portfolio in the early hours of the fighting — have only deepened the public outrage.

In his speech, Olmert defended the war, saying Israel inflicted heavy damage on Hezbollah. He described the cease-fire, which calls for a beefed-up international force to help police the border, as a major diplomatic success.

He also said the ground offensive, launched just as the cease-fire agreement was taking form, was "inevitable," despite the heavy Israeli casualties. He said the offensive put pressure on the United Nations to approve the cease-fire.

But, taking responsibility for the decision to go to war, Olmert conceded "not everything is good."

He said Israel failed to prevent Hezbollah from launching thousands of Katyusha rockets into Israel and said he felt "indescribable sorrow" for the deaths of Israelis.

Noting the two soldiers remain in Hezbollah captivity, he said: "The government of Israel and I, at its head, will spare no effort to get them and bring them home."

"We did not always achieve the results we hoped for. Not everything worked. There were incidents. There were deficiencies. There were also failures," he said.

The investigatory commission will be headed by Nahum Admoni, who headed Israel's Mossad spy agency during the 1980s. Legal experts and former military men will also be on the panel, Olmert said.

Olmert said the commission will be charged with "examining the performance of the government, its proceedings and decision-making and anything else it sees fit. The government will not be exempt from professional examination and criticism."

Olmert said a second panel, headed by Israel's state comptroller, will look at management of the civilian side of the war, such as delivering aid to northern towns hit by rocket fire.

The committees will work alongside a third investigation, appointed by Defense Minister Amir Peretz, to look into the military's handling of the war. That committee, headed by a former army chief and comprised of ex-military men, has been criticized as toothless. It suspended work after just one meeting, waiting for guidance from Olmert.

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Critics have been demanding a full-blown state inquiry, with the authority to fire officials. Israel has carried out such inquiries after past crises, including the 1982 war in Lebanon. That probe led to the dismissal of then-Defense Minister Ariel Sharon.

Soldiers returning from Lebanon and parents of those killed in battle have been among the most vocal critics. Hundreds of reservists have signed a petition calling on Olmert, Peretz and others to step down, and a small group of reservists has launched an open-ended protest outside Olmert's office in Jerusalem, demanding his resignation.

Lior Dimanez, one of the leaders of the reservists' protest movement, said the new investigation was not sufficient. "It's unthinkable that those to be questioned will appoint the interrogators," he told Israel TV. "It's simply a continuation of the spin, the spin that started with the war and is continuing now."

Olmert Orders Limited War Probe (WP)

By Scott Wilson

The Washington Post, August 29, 2006

JERUSALEM, Aug. 28 -- Prime Minister Ehud Olmert announced Monday the formation of two government committees to investigate the handling of Israel's military campaign in Lebanon after ruling out a review by an independent state commission as "not what the country needs."

Speaking in Haifa to municipal officials from northern cities hit hard during the recent fighting, Olmert defended his expansion of the ground operation against the Shiite militia Hezbollah in the final days before a U.N.-brokered cease-fire took effect. The drive resulted in heavy Israeli casualties, but Olmert said it was essential to secure a cease-fire on Israel's terms. He argued that with Hezbollah pushed back from Israel's northern border, hundreds of its fighters dead and its headquarters in south Beirut battered, Israel was largely successful in achieving its goals.

"So is everything good? No," Olmert said, adding that his job now is "to fix everything that needs fixing."

Olmert acknowledged that the 33-day war resulted in "big losses" for Israel while failing to stop rocket fire from south Lebanon or free two Israeli soldiers whose July 12 capture by Hezbollah guerrillas in a cross-border raid triggered the fighting. The Israeli military said 117 soldiers died in combat, while 41 Israeli civilians were killed.

"The responsibility for the decision to go to war -- to respond with military might, not to be silent about harm to our soldiers, our civilians and our sovereignty, as well as the responsibility for the outcome of this war -- is mine," Olmert said.

Some Israeli political leaders have called for a formal state "commission of inquiry" to investigate the government's war management, like past ones that examined cases of large-scale official corruption and other controversies, including Israel's role in the 1982 massacres in the Sabra and Shatila refugee camps in west Beirut. Such commissions have subpoena powers and their final recommendations are binding, including those calling for the dismissal of top officials.

But Olmert said a state commission would take too long and force Israel's security establishment into a defensive crouch at a time when it should be concentrating on continuing threats from Hezbollah and its chief sponsor, Iran. The most likely candidates to head a state commission would be senior justices of Israel's high court, who Olmert's advisers reportedly fear would recommend his removal from office.

Instead, Olmert announced that he would appoint two government panels. One will examine the government's handling of the war and will be headed by Nahum Admoni, former director of the Mossad, Israel's intelligence service. The other panel will examine the military's performance and be led by Amnon Lipkin-Shahak, a former Israeli army chief of staff.

Olmert Opts For Internal Inquiry Into War (WT)

By Joshua Mitnick

The Washington Times, August 29, 2006

TEL AVIV -- Israeli Prime Minister Ehud Olmert yesterday rejected calls for a "state" investigation with the power to oust him and members of his Cabinet for missteps in the Lebanon war, opting for an internal investigation with a far weaker mandate.

Mr. Olmert said a formal state commission of inquiry -- similar to those that brought down a prime minister, senior officials and military officers after wars in 1973 and 1982 -- would paralyze the government and the army for months. Instead, Mr. Olmert said he would appoint a panel of investigators.

"We must prepare for the Iranian threat and the rest of Israel's enemies," he told mayors of cities and towns in northern Israel that were heavily damaged during the monthlong war that ended with an Aug. 14 cease-fire.

"We don't have the luxury of getting bogged down in investigating the past," he said in Haifa.

The decision was attacked by politicians on the right and left as an effort by Mr. Olmert to duck the threat of a forced resignation for his role during the war.

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"It's illogical that the prime minister would appoint a panel that will investigate him," the right-wing Likud Party said. "Only a state commission of inquiry can bring about a truthful investigation in which the lessons which are so important to Israel's security can be drawn."

Avshalom Vilan, a parliament member from the left-wing Meretz party, said the public would never accept Mr. Olmert's decision.

"He will be left with no other choice but to appoint a state commission of inquiry," Mr. Vilan said.

He added that the panel "won't see out its days. It looks like an effort to blur the whole thing."

Angry reservists, who fought under confusing and sometimes contradictory orders and without adequate supplies of food and water, have called on Mr. Olmert, Defense Minister Amir Peretz and Army Chief of Staff Dan Halutz to resign.

Mr. Olmert also was hit with an unrelated scandal yesterday, with the release of a state comptroller's report accusing him of appointing cronies to government positions when he was labor minister.

Israeli state commissions of inquiry, which are led by retired Supreme Court justices, must be appointed by the Cabinet, have subpoena and investigative powers, and usually sit for months.

And although they can issue only advisory opinions regarding dismissal of politicians, the conclusions carry considerable political weight.

A state commission prompted the resignation of Prime Minister Golda Meir after the 1973 Yom Kippur War, and another such commission forced the resignation of Defense Minister Ariel Sharon after the 1982 invasion of Lebanon.

The panel announced by Mr. Olmert yesterday would be led by former Mossad chief Nahum Admoni.

Mr. Peretz said two weeks ago that he would set up his own panel -- led by a former chief of staff -- to investigate the military.

Mr. Olmert's decision shifts the fate of the state investigation onto the shoulders of a hodgepodge of politicians, civil advocates, reservist soldiers and bereaved relatives of troops, all of whom called for the more formal inquiry.

Forcing the prime minister to reverse the decision would require a large protest in the coming days, which looks uncertain.

In recent days, demonstrations by reservists against Mr. Olmert have started to lose steam.

Turkish Cabinet Approves Mideast Troops (AP)

By Louis Meixler, Associated Press Writer

AP, August 29, 2006

Turkey, the only Muslim member of NATO and a country with close ties to both Israel and Arab states, moved closer Monday to agreeing to send troops to Lebanon, while Italy approved 2,500 troops in a boost to an expanded international force.

The Italian deployment will be a major step toward the U.N. goal of 15,000 soldiers. Turkey has not specified how many troops it could send, but the presence of Muslim soldiers in the force is seen as crucial to its acceptance in Lebanon.

Diplomats from 35 nations, including Turkey, Italy and France, planned to meet with U.N. officials in New York Monday to discuss the peacekeeping force.

U.N. spokesman Stephane Dujarric said the United Nations hoped governments would use the meeting to make concrete offers and give a better sense of the exact composition of the mission.

Italian troops would be deployed in two phases, Defense Minister Arturo Parisi said. In September and October, Italy plans to have an initial 1,000 troops on the ground in southern Lebanon, and the rest on an aircraft carrier and four other ships.

The last two months of the year will see about 2,450 troops on the ground and the rest on ships, he said.

The government also approved a $38.4 million aid package for Lebanon.

The decree must be approved by Parliament, where it is expected to pass. Parisi indicated the vote could happen as early as next week.

The Turkish Cabinet said Monday that parliament would be convened soon to vote on the government's call for sending troops to Lebanon.

The government holds a strong majority in parliament but there is growing opposition to the deployment of Turkish peacekeepers. In 2003, the government was rebuffed by its own legislators, who helped defeat a parliamentary motion to allow in U.S. troops for an Iraq invasion.

"In principle, we've decided to join the U.N. peacekeeping mission," Turkish government spokesman Cemil Cicek said. "We will be completing our study by tomorrow and we will ask for the parliament to reconvene in the shortest time."

Many in Turkey fear the soldiers could come into conflict with fellow Muslims. Several lawmakers of the governing Justice and Development Party have already expressed opposition to the proposal.

Government officials have said the deployment is a critical move to boost Turkey's influence in an area Turks ruled for 400 years during the Ottoman Empire and that Turkey regards as its own backyard.

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"As the government, we think Turkey's interests lie in supporting this mission," Cicek said.

The United States, the European Union and Israel have all been pressing Turkey to send troops. Israel has said it would welcome the Turkish soldiers and many fear that without Muslim soldiers, Lebanese may look at the peacekeepers as a Christian force.

Cicek said the size and composition of the Turkish contribution would be determined by the military. "They've already been working on such details," he said.

Turkish officials have been debating the issue, saying they want more information on where the soldiers would serve and under what circumstances they could use force.

They have also stressed that Turkish peacekeepers would not disarm Hezbollah militiamen.

It is "out of the question for the mission to be directly responsible for disarming Hezbollah. Turkey won't be part of such an effort. We've made that clear," Cicek said.

Opposition to sending peacekeepers got a boost Friday when President Ahmet Necdet Sezer, who holds a ceremonial post but wields considerable influence, came out strongly against the deployment, saying it was not Turkey's "responsibility to protect the interests of other countries."

State Department Surprised By Hezbollah (AP)

AP, August 29, 2006

The State Department says it was surprised by Hezbollah leader Sheik Hassan Nasrallah's statement that he would not have ordered the abduction of two Israeli soldiers if he had known it would lead to a large war.

"It was a surprising statement for somebody who launched a war to say that he regretted launching that war," department spokesman Sean McCormack said Monday.

"It is, in fact, what we have warned and the world has warned against," McCormack said. "That is, allowing a state within a state such as Hezbollah to drag an entire sovereign nation (Lebanon) and region into a pit of violence, which is what Hezbollah and Nasrallah did."

He said the United States expects Hezbollah to be disarmed, as twice demanded by the U.N. Security Council.

"The how and the when of that is something for the Lebanese government and the Lebanese people to decide," McCormack said.

In War's Dust, A New Arab 'Lion' Emerges (CSM)

By Dan Murphy

The Christian Science Monitor, August 29, 2006

CAIRO

To most of the Arab public, the debate over who won the war between Israel and Lebanon's Hizbullah is already settled.

Hizbullah leader Hassan Nasrallah is being feted through song in Syrian nightclubs and on Palestinian radio. In Egypt, his name is being given to babies. On Baghdad streets, posters celebrate his "victory." Islamist and secular groups are united in declaring Mr. Nasrallah the new "lion" of Arab causes.

The long-term political fallout of this euphoria over Hizbullah's ability to withstand Israel's superior firepower is still uncertain. In Lebanon, suffering brought by the war has seen support for Hizbullah split along sectarian lines. But there are signs that opponents of authoritarian regimes in the region have been emboldened by Hizbullah's actions, linking their struggles against their own states to the Lebanese guerrillas' fight with Israel.

What's more, the perception of Nasrallah as the Arabs' new champion - replacing secular leaders of the past like Yasser Arafat - has accelerated the regional shift of support to Islamist leaders seen as less corrupt than their secular counterparts.

The biggest boost to Nasrallah's popularity appears to be among Palestinians and Syrians.

Alaa Abul Heijah, the leader of Firkat Ishaman, a band in the West Bank city of Jenin, says that he decided to write a tribute to Nasrallah after watching footage of Israel's attack on the village of Qana. The result was a song that dubs Nasrallah "the Hawk of Lebanon," and has quickly become one of the more popular war songs.

In Damascus, posters of Nasrallah with young children or of Nasrallah flanked by Syrian President Bashar al-Assad and Iranian President Mahmoud Ahamdinejad, adorn shops and cars. Singers have even brought the "resistance" into popular nightclubs where alcohol flows and Syrians dance to popular songs found throughout the Arab world.

To be sure, Sunni Syrians and Palestinians aren't necessarily enamored of the hard-line Shiite alliance of Iran and Hizbullah. Some see them as outsiders who use the Palestinian cause to further their own interests. Abdel Majid Sweilem, a political-science professor at Al Quds University in Jerusalem, says many Palestinians feel caught in the middle of the Iran-US

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standoff. "We don't want to be in the Iranian coalition, but we don't want to be involved in the American'" one either, says Mr. Sweilem.

But for most Palestinians, little seems to dampen their elation at what's perceived as a victory against Israel through mere survival. Omar Shaban, a Gaza-based political analyst, says Hizbullah's endurance is the closest thing Arabs have had to a victory against Israel in decades. Nasrallah "is an example of a leader who Palestinians are dreaming of," says Mr. Shaban.

That's a feeling shared by many Arabs. "He is the first leader to really defeat Israel. He does not live in palaces or drive a Mercedes. He lives with the fighters and the people," says Mahmoud Mahrouf, a high school teacher in Cairo. "Nasrallah is the only true Arab leader today."

While much of the visible support falls into the category of Arab kitsch, there are signs that Nasrallah's rise in the region will translate to a boost for opponents of the US and Israel.

According to a recent article by Saad Eddin Ibrahim, chairman of Cairo's Ibn Khaldun Center, a postwar poll by his think tank found that Nasrallah is ranked the most "important" regional leader by Egyptians. Rounding out the top five, in order, are: Iranian President Mahmoud Ahamdinejad, Khalid Mishal of Hamas, Osama bin Laden, and the Muslim Brotherhood's Mahdi Akef.

During the war, Mahdi Akef, the Supreme Guide of the Muslim Brotherhood, the country's most popular opposition movement, made comments of almost unprecedented militancy for an organization that laid down its arms a generation ago.

Pressured by eager young followers, he said the Brotherhood was "ready" to send 10,000 members to fight alongside Hizbullah, and he followed that up with a thinly veiled attack on Egyptian President Hosni Mubarak, accusing "Arab leaders" of abandoning Lebanon to "Israeli aggression."

"If [the Arab leaders] weren't Muslims, we would have killed them, because they are a bigger threat to the nation than Israel itself," Mr. Akef said. His tough talk has been followed by a crackdown; 17 Brotherhood members were arrested last Friday.

Close US allies like Egypt and Saudi Arabia have taken heat from their citizens for not standing with Hizbullah during the war.

While praise remains near unanimous outside Lebanon, recent polling shows more mixed feelings about Nasrallah's militia. A poll released Monday by L'Orien Le Jour, conducted by Ipsos-stat, found that while 84 percent of Lebanese Shiites want Hizbullah to remain armed, 54 percent of Sunnis and 77 percent of Christians want the group disarmed.

The Lebanon Test (WSJ)

By Massimo D'Alema

The Wall Street Journal, August 29, 2006

A 33-day war has left Lebanon with no winners and many losers. The civilian populations -- both Israelis and Lebanese -- paid the heaviest toll. But perhaps this tragedy can be turned toward opportunity.

We are on the right track to seize a rare chance to change the status quo for the better in a crucial part of the Middle East. If fully implemented by the international community, U.N. Security Council Resolution 1701 will help in protecting both Israel's territorial security and the future of a fragile Arab democracy. The foundations for better management of the entire Middle Eastern crisis will then have been set.

Passing the difficult Lebanon test means creating a win-win situation for the Lebanese, the Israelis and the region as a whole. Realizing what is at stake, Italy is seriously committed to its solution -- with humanitarian assistance as well as with a generous offer of troops (3,000) for the new Unifil mission.

What is required to pass the Lebanese test? First, of course, the Lebanese army and the international peacekeeping force, working together in a consistent and sustainable way, must be able to guarantee Lebanon's full sovereignty over its territory. For the central government to gradually acquire the monopoly on the legitimate use of force, the armed militias of Hezbollah will have to disband. This will also benefit Israel's security. Especially after the recent conflict, Israel has to realize that it cannot rely solely on national military resources for its security. And, in fact, Israel has welcomed the deployment of a sizable international force -- incidentally, without U.S. presence on the ground but with European troops and command. The second related step, thus, will be making sure that Israel achieves enhanced security through political agreements with its neighbors, guaranteed by the U.N. and by multinational forces -- an approach to be possibly extended to the Gaza front. Israeli's lifting of the blockade would help humanitarian relief and mutual confidence.

Thirdly, Hezbollah has to evolve into a purely political and nonviolent movement. Hezbollah has a terrorist track record. It has an armed militia. But it is not a terrorist or militarized organization only. In Lebanon, it is also a political movement, solidly rooted in the Shiite communities, and a main provider of social services. The Lebanese themselves will have to agree on Hezbollah maintaining only the latter role. Hassan Nasrallah's recent self-criticism about the consequences of the war demonstrates the limits of a strategy based on violence.

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This crisis did not happen in a vacuum, and the Lebanon test will have to be passed regionally as well as locally. The states and peoples of the Middle East should be consistently encouraged to become responsible stakeholders in the security realm. We welcomed the participation of many Middle East governments to the July 26 Rome Conference on Lebanon, which set the stage for the successive diplomatic initiatives.

Syria, in particular, must choose between being a cooperative stakeholder (by complying with Resolution 1701) or self-isolation.

Resolution 1701 vindicates the assumption that multilateralism can be effective only when the U.S. and Europe are equally interested and willing in making the U.N. work. By offering 7,000 troops to the enhanced Unifil mission, Europe has spelled out its commitment. For the first time Europe takes full responsibility for a security role in the Middle East. After having long been a "payer" of economic assistance, the EU shows willingness to become a "player." This very fact will change the perceptions of Europe's role in the region.

Since the very beginning Italy has fully supported participation in the enhanced Unifil mission, high risks and costs notwithstanding. We trusted (correctly as it turned out) that Europe -- France first -- would eventually be on board, with troops, political commitment and economic aid. But, I wish to add, we would not have reached such a positive result without the very active engagement of the U.S. In a complete reversal of the 2003 divisions on Iraq, not only have America and Europe joined efforts toward a shared goal, but American diplomacy has paved the way for Europe's military engagement in a difficult peacekeeping operation blessed by the U.N.

It is high time for a similar trans-Atlantic joint venture on the Israeli-Palestinian front: The tragic situation in Gaza shows the need for such an active international engagement. The Palestinian question remains at the core of Middle East instability. It is not the only problem, and Sept. 11 highlighted a much wider threat -- but it is a key part of the problem. Moreover, after 2001, the nationalist Palestinian agenda has been hijacked by fundamentalist terrorism, and indirectly continues to fuel it. After more than three years in Iraq, we must acknowledge that Jerusalem cannot be reached via Baghdad. Since leaving the Palestinian question unresolved has made things more difficult also elsewhere, the opposite might help.

The implementation of Resolution 1701 will be a crucial test for all of us. If we succeed, this will create new momentum for seriously addressing the 60-year-old Palestinian issue -- the sooner the better, for all parties involved.

Mr. D'Alema is foreign minister of Italy.

Hamas Figure Blames Palestinians For Gaza Chaos (NYT)

By Steven Erlanger

The New York Times, August 29, 2006

JERUSALEM, Aug. 28 — In an unusual instance of self-criticism, a well-known Hamas official has deplored the collapse of Gazan life into chaos and has said that much of the blame belongs to Palestinians themselves.

“Gaza is suffering under the yoke of anarchy and the swords of thugs,” Ghazi Hamad, a former Hamas newspaper editor and the spokesman for the current Hamas government, wrote in an article published Sunday in Al Ayyam, the Palestinian newspaper.

After so much optimism when Israelis pulled out of Gaza a year ago, he wrote, “life became a nightmare and an intolerable burden.”

He urged Palestinians to look to themselves, not to Israel, for the causes. But he appeared not to be placing the blame on Hamas or the Palestinian Authority’s prime minister, Ismail Haniya of Hamas. He said various armed groups in the Gaza Strip — most affiliated with Fatah, Hamas’s rival — were responsible for the chaos.

“We’ve all been attacked by the bacteria of stupidity,” Mr. Hamad wrote. “We have lost our sense of direction.” He addressed the armed groups: “Please have mercy on Gaza. Have mercy on us from your demagogy, chaos, guns, thugs, infighting. Let Gaza breathe a bit. Let it live.”

He also questioned the utility of firing rockets into Israel that cause few casualties but result in many Palestinian deaths when the Israelis retaliate. He seemed to be arguing for other armed groups to follow the Hamas decision to halt rocket fire into Israel. His article was first described in English on Monday in The Jerusalem Post.

With Mr. Hamad looking at Palestinian failings, Prime Minister Ehud Olmert of Israel announced that his government would set up its own committee to investigate its lapses in the recent war against Hezbollah in Lebanon.

In a televised speech on Monday evening, Mr. Olmert acknowledged “shortcomings and failures” and said a government-appointed committee led by Nahum Admoni, a former director of the Mossad secret service, would investigate.

Mr. Olmert and his government, elected just five months ago, are trying to respond to public unhappiness with the results of the war without losing control of any investigation. Aides say he believes that the results of the war are positive and Israelis will

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come to see that in time, and is betting that a protest movement among reservists over the way the war was conducted will wane.

Few Israelis have the appetite for a new election, and those on the left who are unhappy with Mr. Olmert and Defense Minister Amir Peretz, the leader of the Labor Party, do not want the Israeli right to benefit.

Mr. Olmert's decision — apparently to avoid a state commission of inquiry — is sure to cause criticism, but he has argued that a government inquiry would be faster and more efficient. "We do not have the time and must act quickly," he said in his speech.

A commission would have the power to subpoena witnesses and demand resignations. Once announced, it would be out of the government's control, with members appointed by the leader of the supreme court.

In the West Bank on Monday, Palestinian government workers held a strike and march in Ramallah and hospital workers in Nablus went on strike because the government had not paid salaries.

The civil servants' union announced earlier that about 80,000 workers would begin an open-ended strike on Sept. 2. The workers include 37,000 teachers and 25,000 health workers, the union said.

The action suggests that popular patience with Hamas may be running out, as the United States and Israel predicted early this year when they announced a freeze on the aid that pays most of the salaries.

Efforts by the Palestinian president, Mahmoud Abbas of Fatah, to form a unity government with Hamas have not succeeded. Hamas has insisted on leading the government. Nor has Mr. Abbas been willing to dissolve the Hamas government, as the Bush administration has reportedly urged him to do.

In Gaza on Monday, four Palestinians were killed near Gaza City. Palestinian security officials said the four were staffing checkpoints in the area when they were hit by an Israeli missile. The Israeli military said Israeli soldiers in the area had killed three Palestinians in a firefight.

In southern Gaza, Hamas gunmen shot a motorist who refused to stop at a roadblock, witnesses said.

In an effort to ease the pressure on the Palestinian economy, the American security coordinator for the Palestinians, Maj. Gen. Keith Dayton, has proposed expanding the Karni commercial crossing into Israel. It is often closed by Israel, citing security concerns. General Dayton is proposing putting 90 international observers, themselves watched by Americans, on the Palestinian side of Karni to assuage Israeli fears.

He first proposed the idea, a $19.2 million project ($10.4 million of it in 2006), to a donors' group meeting on Aug. 8, said a Western diplomat who spoke on the condition of customary diplomatic anonymity. Palestinians have accepted the idea; the Israelis have not responded. The American Embassy said it would not comment.

Mr. Hamad said that his article, in a newspaper normally associated with Fatah, was a personal comment. Despite the taunt at Fatah, it was important for its criticism of the penchant to blame Israel and its occupation of Palestinian lands for every ill — even after Israeli troops and settlers had left Gaza.

"I'm not interested in discussing the ugliness and brutality of the occupation because it is not a secret," he wrote. "I prefer self-criticism and self-evaluation. We're used to blaming our mistakes on others."

Palestinian joy after the Israeli departure "made us forget the most important question — what is our next step?" he wrote.

"When you walk in the streets of Gaza City," he continued, "you cannot but close your eyes because of what you see there: unimaginable chaos, careless policemen, young men carrying guns and strutting with pride and families receiving condolences for their dead in the middle of the street."

Mr. Hamad said those who saw themselves as fighting Israel were working at cross-purposes. "It is strange that when a big effort is taken to reopen Rafah crossing to ease the suffering of the people, you see others who go to shell rockets toward the crossing, or when someone talks about cease-fire and its importance, you find those who go and shell more rockets," he wrote. "Of course I do not deny that the occupation committed massacres that cannot be justified, but I support negotiations over what can be fixed."

Some Palestinians will agree or disagree with him, he wrote, "but running away from self-confrontation will only cause us more pain."

Beyond The Cease-Fire (WP)

The Washington Post, August 29, 2006

THE CEASE-FIRE in Lebanon appears to be gradually strengthening, thanks to belated but welcome commitments of peacekeeping troops by European countries and the manifest reluctance of either Israel or Hezbollah to renew hostilities. Hasan Nasrallah, the Hezbollah leader, is even sounding chastened: On Sunday he told a Lebanese television interviewer that he would "absolutely not" have launched the raid that triggered the war had he known what the result would be. Also regretful is Hamas, which started the fighting in Gaza in June with its own cross-border raid; one of its spokesmen has publicly lamented the

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resulting "chaos." Behind the scenes, both Islamic movements are trying to strike a face-saving deal to release the Israeli soldiers they still hold hostage.

Can the truce lead to a more fundamental settlement between Israel and its neighbors? Various policymakers and politicians in and outside the region have boldly proclaimed this the moment when what they see as the root cause of the war -- Israel's conflict with the Palestinians -- should be resolved once and for all. In fact, as advocates such as French President Jacques Chirac ought to know, that goal is unachievable in the short run. Trying to bring it about by means of an international conference or other grandiose measures would only distract from the incremental but valuable political gains that could be realized in the war's aftermath.

The war has probably killed the only promising prospect of a step toward Israeli-Palestinian peace, which was Israeli Prime Minister Ehud Olmert's plan to unilaterally withdraw Israeli settlements and troops from most of the West Bank. While that wouldn't have resolved the conflict, it would have created space for a Palestinian state and ended Israel's day-to-day intervention in the lives of most Palestinians. Thanks to the cross-border raids and the rocket attacks of Hamas and Hezbollah -- both of which oppose a two-state solution -- many more Israelis now regard the previous unilateral withdrawals from southern Lebanon and Gaza as mistakes. Mr. Olmert has told his cabinet that the West Bank pullout is no longer his priority.

The alternative to unilateralism is Israeli-Palestinian negotiations. But the elected Hamas government appears no closer to accepting the essential precondition -- that it recognize Israel's right to exist -- than it was before the war. A tentative step in that direction, a political pact between moderate Hamas leaders and the secular Fatah movement of President Mahmoud Abbas, was disrupted by the initial raid. Talk of a coalition government in the war's aftermath is, so far, just that.

What Israel and outside parties can do now is take measures to strengthen the secular moderates in Lebanon and in the Palestinian territories who oppose the extremism of Hamas and Hezbollah. Israel has often talked about bolstering Mr. Abbas, who still commands most Palestinian security forces, but has done little to do so. Mr. Olmert should at last make an effort to work with the Palestinian president. Lebanon's secular politicians have declared their intention to prevent further conflict along the border; Israel should reach out to those leaders, if only through intermediaries. Western and Arab governments should quickly act on their declared intention to provide aid and training to Lebanon's government and armed forces. None of this will produce a breakthrough toward a Middle East peace. But it could, at best, lay the groundwork for one.

Analysts See 'Disaster' In U.S. Position (WT)

By David R. Sands

The Washington Times, August 29, 2006

The authors of a hotly debated study on the influence of the pro-Israel lobby in Washington said yesterday that the Bush administration's unquestioning support for Israel's military action in Lebanon confirms their thesis that the power of the lobby hurts both U.S. and Israeli national interests.

"Backing Israel to the hilt in the recent war in Lebanon was a disaster for the Lebanese people, served none of our real strategic goals in the region and ended up hurting Israel as well," said John Mearsheimer, political scientist and co-director of the University of Chicago's international security program.

Mr. Mearsheimer and co-author Stephen M. Walt, an international affairs scholar and academic dean at Harvard's Kennedy School of Government, showed no signs of backing away from their analysis of the U.S.-Israel lobby at a National Press Club briefing.

The event was sponsored by the Council on American-Islamic Relations, the country's largest Muslim civil rights group.

That analysis, published in the London Review of Books in March, was a lengthy attack on what the authors said was the distorting power of pro-Israel interest groups, think tanks, campaign donors and public officials to slant U.S. policy toward the Jewish state.

The article sparked a heated debate. Some praised the authors for taking on one of the country's most powerful lobbies, while others condemned them for everything from sloppy scholarship to anti-Semitism.

Mr. Walt said the two authors never said that groups such as the American Israel Public Affairs Committee was involved in a conspiracy to drive support of Israel or to stifle debate in the United States, but that the ability of the Israel lobby to influence friends and punish adversaries on Middle East issues was "no secret inside the Beltway."

"It wasn't what we said" that sparked a firestorm, he said yesterday. "It was the fact that two card-carrying members of the American intellectual establishment finally pointed out the elephant in the room."

Mr. Mearsheimer said the Bush administration's strong backing of Israel's tactics and strategy in the conflict against Hezbollah guerrillas in southern Lebanon harmed U.S. interests in several ways.

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The inconclusive battle strengthened Hezbollah's standing in Lebanon and throughout the Arab and Muslim world, he said. The shelling of Beirut and other cities heightened anti-Israel and anti-U.S. feelings, fostering recruitment for al Qaeda and other terrorist groups.

Mr. Mearsheimer said the U.S. stance in the conflict strengthened Iran's ties to Hezbollah, gave Iranians a new reason to meddle in Iraq and supplied Tehran with yet another incentive to expedite its nuclear program.

The University of Chicago scholar said in an interview before the briefing that the article had "broken a taboo," but that it was too soon to tell whether it would have a lasting effect on U.S. foreign policy.

"If nothing else, I think there's a lot of evidence that we have opened up a little space in this debate so that people can actually talk about the issue," he said.

Mr. Walt said he and his colleague are preparing an article to address the criticisms raised about their earlier piece.

Pronouncing Blame On The Israel Lobby (WP)

By Dana Milbank

The Washington Post, August 29, 2006

It was quite a boner.

University of Chicago political scientist John Mearsheimer was in town yesterday to elaborate on his view that American Jewish groups are responsible for the war in Iraq, the destruction of Lebanon's infrastructure and many other bad things. As evidence, he cited the influence pro-Israel groups have on "John Boner, the House majority leader."

Actually, Professor, it's "BAY-ner." But Mearsheimer quickly dispensed with Boehner (R-Ohio) and moved on to Jewish groups' nefarious sway over Rep. Chris Van Hollen (D-Md.), who Mearsheimer called " Von Hollen."

Such gaffes would be trivial -- if Mearsheimer weren't claiming to be an authority on Washington and how power is wielded here. But Mearsheimer, with co-author Stephen Walt of Harvard's Kennedy School, set off a furious debate this spring when they argued that "the Israel lobby" is exerting undue influence in Washington; opponents called them anti-Semitic.

Yesterday, at the invitation of the Council on American-Islamic Relations (CAIR), they held a forum at the National Press Club to expand on their allegations about the Israel lobby. Blurring the line between academics and activism, they accepted a button proclaiming "Fight the Israel Lobby" and won cheers from the Muslim group for their denunciation of Israel and its friends in the United States.

Whatever motivated the performance, the result wasn't exactly scholarly.

Walt singled out two Jews who worked at the Pentagon for their pro-Israel views. "People like Paul Wolfowitz or Doug Feith . . . advocate policies they think are good for Israel and the United States alike," he said. "We don't think there's anything wrong with that, but we also don't think there's anything wrong for others to point out that these individuals do have attachments that shape how they think about the Middle East."

"Attachments" sounds much better than "dual loyalties." But why single out Wolfowitz and Feith and not their non-Jewish boss, Donald Rumsfeld?

"I could have mentioned non-Jewish people like John Bolton," Walt allowed when the question was put to him.

Picking up on the "attachments" lingo, Mearsheimer did mention Bolton but cited two Jews, Elliott Abrams and David Wurmser, as "the two most influential advisers on Middle East affairs in the White House. Both, he said, are " fervent supporters of Israel." Never mind that others in the White House, such as national security adviser Stephen Hadley, Vice President Cheney and President Bush, have been just as fervent despite the lack of "attachments."

This line of argument could be considered a precarious one for two blue-eyed men with Germanic surnames. And, indeed, Walt seemed defensive about the charges of anti-Semitism. He cautioned that the Israel lobby "is not a cabal," that it is "not synonymous with American Jews" and that "there is nothing improper or illegitimate about its activities."

But Mearsheimer made no such distinctions as he used "Jewish activists," "major Jewish organizations" and the "Israel lobby" interchangeably. Clenching the lectern so tightly his knuckles whitened, Mearsheimer accused Israel of using the kidnapping of its soldiers by Hezbollah as a convenient excuse to attack Lebanon.

"Israel had been planning to strike at Hezbollah for months," he asserted. "Key Israelis had briefed the administration about their intentions."

A questioner asked if he had any "hard evidence" for this accusation. Mearsheimer cited the "public record" and "Israeli civilian strategists," then repeated the allegation that Israel was seeking "a cover for launching this offensive."

As evidence that the American public does not agree with the Israel lobby, the political scientist cited a USA Today-Gallup poll showing that 38 percent of Americans disapproved of Israel's military campaign. He neglected to mention that 50 percent approved, and that Americans blamed Hezbollah, Iran, Syria and Lebanon far more than Israel for the conflict.

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Walt kicked off the session with a warning that we face a "threat from terrorism because we have been so closely tied to Israel." This produced chuckles in the audience. Walt allowed that this was "not the only reason" for our problems, but he did blame Israel supporters for the hands-off position the Bush administration took during the Lebanon fighting.

"The answer is the political influence of the Israel lobby," Walt said. He also hypothesized that if not for the Israel lobby, the Iraq war "would have been much less likely."

Up next, Mearsheimer ridiculed U.S. leaders for "falling all over themselves to express support for Israel." And he drew groans from the crowd when he spoke about a lawmaker who, after questioning Israel's policy, "met with various representatives from major Jewish organizations, who explained to him the basic facts of life in American politics."

When the two professors finished, they were besieged by autograph- and photo-seekers and Arab television correspondents. Walt could be heard telling one that if an American criticizes Israel, "it might have some economic consequences for your business."

Before leaving for an interview with al-Jazeera, Mearsheimer accepted a button proclaiming "Walt & Mearsheimer Rock. Fight the Israel Lobby."

"I like it," he said, beaming.

Turkish Resorts Targeted In Terror Attacks (FT)

By David O'Byrne

Financial Times, August 29, 2006

A bomb blast killed three Turks and injured dozens more people, including foreign tourists, in Turkey's south-western resort town of Antalya on Monday, the fifth such terror attack in less than 24 hours.

On Sunday one bomb exploded in Istanbul while three in Marmaris, another resort town in the country's south-west, injured 22 people, including Britons and Turks.

The Kurdistan Freedom Falcons, seen as a front for the Kurdistan Workers party (PKK), claimed responsibility for Sunday's attacks. It warned that ''Turkey is not a safe country, tourists should not come to Turkey". There was no immediate claim of responsibility for the Antalya attack.

Since 1984 the PKK has waged a campaign of violence aimed at establishing a separate Kurdish state in the country's predominantly Kurdish south-east. It declared a ceasefire in 1999 following the arrest of its leader, Abdullah Ocalan, now in jail in western Turkey. But since 2004, even as a new government loosened political restrictions on Kurds, attacks have resumed against the military in the south-east and civilians in the west.

The latest bombings appeared to confirm fears that the PKK would increasingly target tourist resorts, in an attempt to damage the economy. One of the bombs in Marmaris had been left in a bag under the seat of a minibus travelling a route popular with tourists, while the other two had been left in litter bins in the town centre, crowded with holidaymakers on their way to restaurants and bars.

Since the US invasion of Iraq in 2003, Turkish officials have warned that the PKK, which has camps in the Kurdish-dominated north of Iraq, have been able to obtain more sophisticated weapons and explosives.

A spokesman for the Turkish government said Ankara was in talks with the Iraqi authorities, US forces in Iraq and other countries' intelligence services. "But we are just not getting the concrete results that we need," he told the FT.

However, in Washington the State Department announced the appointment of a special envoy for countering the PKK, with the mission to "eliminate the threat of the PKK and other terrorist groups". An official said the timing of the statement was not linked to the latest bombings in Turkey but was the outcome of talks with the Turkish and Iraqi governments.

3 Die And Scores Are Hurt In Bomb Attacks In Turkey (NYT)

By Sebnem Arsu

The New York Times, August 29, 2006

ISTANBUL, Aug. 28 — A blast in the center of Antalya, a popular resort town on Turkey's Mediterranean coast, killed three people and wounded 20 on Monday. Three explosions in another popular tourist destination on Sunday injured 21 people, including 10 Britons.

The Kurdistan Liberation Hawks, a hard-line separatist group linked to the outlawed Kurdistan Workers Party, claimed responsibility for the bomb attacks in the coastal resort of Marmaris on Sunday and for another blast in Istanbul the same day that wounded six people, according to a statement on its Web site on Monday.

Also Monday, the Anatolian news agency reported that the authorities had detained a member of the Kurdistan Workers Party suspected of planning a bombing in Izmir.

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The explosion on Monday in Antalya, known as the capital of Turkish tourism on the Mediterranean, took place in front of the Municipality Business Center an hour before it closed, which one government official who worked in the building said prevented a major disaster by avoiding the commuter rush.

"The blast was so powerful that it broke all our windows," said the man. "The death toll could have been much higher if it had been delayed a bit more because this area is really a very busy one."

A few hours after the attack, a security forces spokesman in Antalya said the police had developed rough sketches of two suspects and located the spot where the blast originated.

In Marmaris, the police detained one suspect in connection with the bombings on Sunday but did not disclose his identity or any possible links with an illegal group.

Eleven of the 21 local residents wounded in the blast were discharged from the hospital, while the 10 Britons remained hospitalized, including two in intensive care. The Britons were members of two families vacationing in town, according to Tayfun Sentop, the general manager of the Ahu Hetman Hospital.

"The two British nationals are being kept under intensive care not because they are in critical condition, but because they need extra attention for the treatment of their burns," he said. "Other family members are well enough to leave, but we didn't want to separate them from each other and are putting them all up at our hospital for now."

The first explosion in Marmaris took place just before midnight Sunday in a minibus that carried tourists from a nearby beach to the town center. The next two blasts were from explosives left in garbage cans in two town districts, security officials said.

The armed conflict between Kurdish separatists and the Turkish Army has claimed more than 30,000 lives since the early 1980's.

Turkey Sharpens Response To Upsurge In Kurd Violence (CSM)

By Yigal Schleifer

The Christian Science Monitor, August 29, 2006

ISTANBUL, TURKEY

Turkey is marshaling forces along its border with Iraq as diplomatic efforts have done little to curb a separatist Kurdish group using bases in Iraq to launch attacks against Turkish forces.

The Kurdistan Workers Party (PKK) has also been accused of being behind several bombings throughout Turkey. Monday two people died and at least seven others were injured in a blast in Turkey's Mediterranean city Antalya. It came hours after three bombs went off in the resort town of Marmaris injuring 21 and another blast Sunday in Istanbul that injured six people.

There were no immediate claims of responsibility but local Marmaris officials said they suspected the outlawed PKK was involved in at least those blasts.

The attacks, if proven to have been carried out by the PKK, illustrates the strength of the group Ankara had hoped would have been quashed when the United States military invaded neighboring Iraq in 2003, which the PKK uses as a base of operations. But to the Turks' frustration, the war in Iraq seems to have only emboldened the group as fellow Iraqi Kurds just over the border have grown stronger and more autonomous since the invasion.

Following the killing of 15 of its soldiers in July, Turkey started moving a large number of troops and tanks toward its border with Iraq. Turkey, along with Iran, which has its own Kurdish rebel group to deal with, has also been shelling parts of the northern Iraqi border where the PKK has camps.

"Clearly there is a tension to this issue. The United States is paying more attention to it, but the question is whether the Turks will wait to see concrete results from the US," says Henri Barkey, an expert on Turkey at Lehigh University. "It also depends a lot on whether there are other spectacular attacks by the PKK."

Adds Mr. Barkey: "It's a huge potential headache for the US. The last thing the US wants is a war between Kurds and Turks in Iraq. The last place that is calm in Iraq is in danger of going up in flames."

Over the past two years, Turkey has seen a marked upsurge in attacks against its security forces by members of the outlawed PKK, which waged a separatist war in Turkey the 1980s and '90s which cost the lives of some 30,000.

For many Turks, Israel's recent invasion of Lebanon in pursuit of Hizbullah - though highly unpopular - also raised the question of why Turkey was sitting back while its soldiers were being attacked.

"There has been an upsurge of PKK activity, and that has a military cost, of course. On the other hand, when soldiers are killed, it just whips up the nationalist urge in the country and that cost the government, which needs to be seen as doing something on this issue," says Cengiz Candar, a political analyst in Istanbul.

Mr. Candar describes Turkey's military buildup on the Iraqi border as "saber rattling," but says it's also "a statement to the Americans that Turkey is uneasy and trying to follow up on its demands that the PKK be dismantled."

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US officials in Turkey say they are aware of Ankara's concerns and have been taking steps toward dismantling the PKK, such as working with European governments to shut down the group's funding sources. Most recently, the US announced that it would soon appoint a special envoy on the PKK issue to formulate a joint Turkish-Iraqi strategy.

"We do recognize that Turkey sees the PKK as its number one security threat and because of that it's a top priority for the US to combat the PKK," says a US official based in Ankara.

Despite the shelling and buildup on the border, Turkey has only taken very limited military action against the PKK.

"[But] if it gets to a point that it is unbearable and if the concrete steps [taken by the US and the Iraqis] don't bear the fruit that we are expecting, then all options are available," a Turkish foreign ministry official says.

Further complicating matters for the US is Iran's involvement. Although the PKK's Iranian counterpart, the Kurdistan Free Life party (Pejak), has recently increased its own activities, observers believe that Iran's recent cooperation with Turkey has less to do with security and more to do with trying to drive a wedge between Washington and Ankara.

"The Iranians can now say, 'We are doing something about the PKK and the United States is not doing anything,' " says Candar.

Officials with the Kurdish regional government in Iraq have condemned the shelling, calling on the Iraqi government to insist its neighbors respect its sovereignty.

Asos Hardi, editor of Awene, an independent Kurdish newspaper based in Sulaymaniyah, Iraq, says most Iraqi Kurds would oppose any military action against the PKK.

But Barkey says Iraqi Kurdish leaders wouldn't mind ousting the PKK if it is done delicately.

"There's nothing [Iraqi Kurds] would like more than to get rid of the PKK, but they are looking for a way that is acceptable to them and their own public and which doesn't involve fighting other Kurds," says Barkey.

With Kazakh's Visit, Bush Priorities Clash (WP)

By Peter Baker

The Washington Post, August 29, 2006

President Bush launched an initiative this month to combat international kleptocracy, the sort of high-level corruption by foreign officials that he called "a grave and corrosive abuse of power" that "threatens our national interest and violates our values." The plan, he said, would be "a critical component of our freedom agenda."

Three weeks later, the White House is making arrangements to host the leader of Kazakhstan, an autocrat who runs a nation that is anything but free and who has been accused by U.S. prosecutors of pocketing the bulk of $78 million in bribes from an American businessman. Not only will President Nursultan Nazarbayev visit the White House, people involved say, but he also will travel to the Bush family compound in Maine.

The upcoming Nazarbayev visit, according to analysts and officials, offers a case study in the competing priorities of the Bush administration at a time when the president has vowed to fight for democracy and against corruption around the globe. Nazarbayev has banned opposition parties, intimidated the press and profited from his post, according to the U.S. government. But he also sits atop massive oil reserves that have helped open doors in Washington.

Nazarbayev is hardly the only controversial figure received at the top levels of the Bush administration. In April, the president welcomed to the Oval Office the president of Azerbaijan, Ilham Aliyev, who has been accused of rigging elections. And Secretary of State Condoleezza Rice hosted Teodoro Obiang Nguema, the president of Equatorial Guinea, who has been found to have millions of dollars stashed in overseas bank accounts.

But the Kazakh leader has received especially warm treatment, given that the same government that will host him next month plans to go to trial in federal court in January to prove that he was paid off in the 1990s by a U.S. banker seeking to influence oil rights. While the banker faces prison time, Nazarbayev has not been charged and has called the allegations illegitimate.

In addition to Nazarbayev's upcoming visit, Vice President Cheney went to the former Soviet republic in May to praise the Kazakh leader as a friend, a trip that drew criticism because it came the day after he criticized Russia for retreating from democracy. The latest invitation has sparked outrage among Kazakh opposition.

"It raises the question of how serious is the determination to fight kleptocracy," said Rinat Akhmetshin, director of the International Eurasian Institute, who works for Kazakh opposition. "Nazarbayev is a symbol of kleptocracy . . . and yet they are bringing him in. That sends a very clear signal to people inside Kazakhstan who are very well aware that he stole money from them."

The White House declined to comment because it has not yet officially announced the visit, but Deputy Assistant Secretary of State Evan Feigenbaum was in Kazakhstan last week working out details, and Kazakh officials said the trip will take place in

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late September. A spokesman for former president George H.W. Bush confirmed that Nazarbayev will visit Kennebunkport as part of his U.S. stay. "An old friend of his was in the U.S. and he extended an invitation," Bush spokesman Tom Frechette said.

An administration official, speaking on the condition of anonymity because the invitation has not been announced, said President Bush often meets with leaders of countries "that are not yet democracies" and uses the time to push for more freedom. "We've always been frank in our discussions with government officials from Kazakhstan about our concerns about lack of democratic movement, and we always press them for democratic reform," the official said.

Kazakhstan, a vast nation of 15 million on the Central Asian steppe, has emerged as an increasingly important player in the world energy market. With the largest crude oil reserves in the Caspian Sea region, Kazakhstan pumps 1.2 million barrels a day and exports 1 million of that. The Kazakh government hopes to boost production to 3.5 million barrels a day by 2015, rivaling Iran. U.S. and Russian companies and governments have competed for access to its oil.

Nazarbayev, 66, a blast-furnace operator-turned-Communist functionary, has led Kazakhstan since 1990, when it was part of the Soviet Union, and has since won a series of tainted elections. His government has banned or refused to register opposition parties, closed newspapers and harassed advocacy groups. Two opposition leaders were found dead of gunshots in disputed circumstances.

But the Bush administration considers Nazarbayev a friendly, stable moderate in a region of harsher, sometimes hostile dictators and has been hopeful he will open up and cleanse his government. The Kazakh government under Nazarbayev recently has embarked on an anti-corruption campaign that has resulted in arrests of mid-level officials.

"I really do think he has learned how to be clean," said Martha Brill Olcott, a Kazakhstan specialist at the Carnegie Endowment for International Peace. "He has learned a lot more about how you can promote to some degree divestiture [of assets]. Most of his holdings are, I wouldn't say transparent, but they're more so."

Others aren't sure. "When the United States is transparently soft on friendly dictators like Nazarbayev, it undermines the effort to be tough on not-so-friendly dictators," said Tom Malinowski of Human Rights Watch.

Transparency International, an anti-corruption organization, ranks Kazakhstan 2.6 on a 10-point scale, placing it 107th out of 159 countries graded. That's a decline from a 3.0 grade and 65th place in 2000.

"You don't have free elections, and the press is pretty much controlled by his family, and a significant portion of assets in Kazakhstan are directly or indirectly controlled by his family," said Miklos Marschall, the group's regional director. "But on the other hand, unlike other Central Asian countries, he is willing to initiate some step-by-step reforms. From our perspective, he's not the worst."

Nazarbayev visited the Bush White House once before, in 2001, but that was before the U.S. Justice Department filed a case in 2003 alleging that he had taken bribes and before the president issued a 2004 proclamation banning corrupt foreign officials from visiting the United States. A State Department official said hundreds of foreign officials have been denied visas under the Bush proclamation but could not explain how it would not apply in Nazarbayev's case.

U.S. prosecutors have charged businessman James H. Giffen with steering $78 million in bribes to Nazarbayev and one of his former prime ministers in the 1990s in exchange for influence in oil transactions. In addition to cash transferred to secret Swiss bank accounts, Nazarbayev, originally identified in court papers simply as "KO-2," allegedly received two snowmobiles, an $80,000 speedboat, fur coats for his wife and daughter, and tuition for his daughter at a Swiss boarding school and later George Washington University.

Giffen's attorneys have argued that he is not guilty because his actions were sanctioned by the U.S. government. Giffen says he disclosed his activities to agencies including the CIA and was encouraged to continue for national security reasons. The Justice Department is appealing a court decision allowing the defense. The case is scheduled to go to trial Jan. 16.

Senior U.S. Diplomat Leaves Sudan (AP)

By Mohamed Osman, Associated Press Writer

AP, August 29, 2006

Sudan's president on Monday declined to meet a senior U.S. diplomat visiting the country to press him to approve the deployment of U.N. peacekeepers in war-torn Darfur.

The apparent snub came as the U.N. Security Council began discussions on a draft resolution that calls for the transferring of peacekeeping from the financially strapped African Union troops, whose mandate in the region ends Sept. 30, to a much larger and better equipped U.N. force. The draft resolution is co-authored by the U.S. and Britain.

Assistant Secretary of State Jendayi Frazer had been expected to deliver a message from President Bush to Sudanese leader Omar al-Bashir. But al-Bashir was unable to meet the diplomat "due to his crowded schedule," the president's office said.

Frazer instead handed the message to presidential adviser Majzoub al-Khalifa Ahmed, who in turn gave her a message from al-Bashir repeating his rejection of the U.N. force, said presidential spokesman Mahjub Badry.

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Al-Bashir opposes a U.N. force on Sudanese territory and has said he plans to send government troops to Darfur to pacify the region.

Meanwhile, the U.S. ambassador to the United Nations, John Bolton, urged the council to approve the peacekeeping mission. "The time for talk is over. It is time for action. It is time for this council to uphold its responsibility," he said.

The U.N. force is considered crucial to ending the bloodshed in Darfur, which has continued despite a fragile peace deal signed by the government and one of the ethnic African rebel groups operating in the region.

Kate Gilmore, executive deputy secretary general of Amnesty International, called the Sudanese government's plan to deploy its own forces in Darfur a "sham" that the U.N. must reject.

More than 200,000 people have died the remote Darfur region since 2003 when ethnic African tribes revolted against the Arab-led Khartoum government. The government is accused of unleashing Arab militiamen known as janjaweed who have been blamed for widespread atrocities.

U.S. Questions Arrest Of Journalist (AP)

AP, August 29, 2006

A senior State Department official has raised with Sudan's foreign minister the arrest of an American journalist by pro-government forces in the war-torn Darfur region.

Assistant Secretary of State Jendayi E. Frazer was on a mission to end the violence in Darfur when she "raised" the arrest of Chicago Tribune reporter Paul Salopek with Foreign Minister Lam Akol.

"We would hope that any judicial process be fair, speedy and transparent, and it's something that we are watching very closely," department spokesman Sean McCormack said.

American diplomats have met with the reporter in jail "and it is a matter of great interest to us," McCormack said.

Salopek, 44, his driver and interpreter were arrested Aug. 6. He was charged with espionage, passing information illegally, writing "false news" and entering the African country without a visa.

Frazer was sent to Sudan with a message from President Bush calling on the government to allow a U.N. force into Darfur.

Islamic Revival Led By Women Tests Syria's Secularism (NYT)

By Katherine Zoepf

The New York Times, August 29, 2006

DAMASCUS, Syria — Enas al-Kaldi stops in the hallway of her Islamic school for girls and coaxes her 6-year-old schoolmate through a short recitation from the Koran.

"It's true that they don't understand what they are memorizing at this age, but we believe that the understanding comes when the Koran becomes part of you," Ms. Kaldi, 16, said proudly.

In other corners of Damascus, women who identify one another by the distinctive way they tie their head scarves gather for meetings of an exclusive and secret Islamic women's society known as the Qubaisiate.

At those meetings, participants say, they are tutored further in the faith and are even taught how to influence some of their well-connected fathers and husbands to accept a greater presence of Islam in public life.

These are the two faces of an Islamic revival for women in Syria, one that could add up to a potent challenge to this determinedly secular state. Though government officials vociferously deny it, Syria is becoming increasingly religious and its national identity is weakening. If Islam replaces that identity, it may undermine the unity of a society that is ruled by a Muslim religious minority, the Alawites, and includes many religious groups.

Syrian officials, who had front-row seats as Hezbollah dragged Lebanon into war, are painfully aware of the myriad ways that state authority can be undermined by increasingly powerful, and appealing, religious groups. Though Syria's government supports Hezbollah, it has been taking steps to ensure that the phenomenon it helped to build in Lebanon does not come to haunt it at home.

In the past, said Muhammad al-Habash, a Syrian lawmaker who is also a Muslim cleric, "we were told that we had to leave Islam behind to find our futures."

"But these days," he said, "if you ask most people in Syria about their history, they will tell you, 'My history is Islamic history.' The younger generation are all reading the Koran."

Women are in the vanguard. Though men across the Islamic world usually interpret Scripture and lead prayers, Syria, virtually alone in the Arab world, is seeing the resurrection of a centuries-old tradition of sheikhas, or women who are religious scholars. The growth of girls' madrasas has outpaced those for boys, religious teachers here say.

There are no official statistics about precisely how many of the country's 700 madrasas are for girls. But according to a survey of Islamic education in Syria published by the pan-Arab daily Al Hayat, there are about 80 such madrasas in Damascus

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alone, serving more than 75,000 women and girls, and about half are affiliated with the Qubaisiate (pronounced koo-BAY-see-AHT).

For many years any kind of religious piety was viewed here with skepticism. But while men suspected of Islamist activity are frequently interrogated and jailed, subjecting women to such treatment would cause a public outcry that the government cannot risk. Women have taken advantage of their relatively greater freedom to form Islamic groups, becoming a deeply rooted and potentially subversive force to spread stricter and more conservative Islamic practices in their families and communities.

Since intelligence agents still monitor private gatherings that involve discussion of Islam, groups like the Qubaisiate often meet clandestinely, sometimes with women guarding the door to deter interlopers.

The group is named for its founder, a charismatic Syrian sheikha, Munira al-Qubaisi.

A wealthy woman in her 50's living in Damascus, who has attended Qubaisiate meetings and who asked that her name not be used because she feared punishment, provided a rough description of the activities.

A girl thought to be serious about her faith may be invited by a relative or a school friend to go to a meeting, the woman said. There, a sheikha sits on a raised platform, addresses the assembled women on religious subjects and takes questions.

Qubaisiate members, the woman said, tie their head scarves so there is a puff of fabric under the chin, like a wattle. As girls and women progress in their study of Islam and gain stature within the group, the color of their scarves changes. New members wear white ones, usually with long khaki colored coats, she said. Later they graduate to wearing navy blue scarves with a navy coat. At the final stage the sheikha may grant them permission to cover themselves completely in black.

Hadeel, a Syrian woman in her early 20's who asked to be identified only by her first name, described how her best childhood friend had become one of the Qubaisi "sisterhood" and encouraged her to follow suit.

"Rasha would call and say, 'Today we're going shopping,' and that would be a secret code meaning that there was a lesson at 7:30," Hadeel said. "I went three times, and it was amazing. They had all this expensive food, just for teenage girls, before the lesson. And they had fancy Mercedes cars to take you back home afterward."

Hadeel said she had at first been astonished by the way the Qubaisiate, ostensibly a women's prayer group, seemed to single out the daughters of wealthy and influential families and girls who were seen as potential leaders.

"They care about getting girls with big names, the powerful families," Hadeel said. "In my case, they wanted me because I was a good student."

Women speaking about the group asked that their names not be used because the group is technically illegal, though it seems the authorities are increasingly turning a blind eye.

"To be asked to join the Qubaisiate is very prestigious," said Maan Abdul Salam, a women's rights campaigner.

Mr. Abdul Salam explained that such secret Islamic prayer groups recruited women differently, depending on their social position. "They teach poor women how to humble themselves in front of their husbands and how to pray, but they're teaching upper-class women how to influence politics," he said.

The Islamic school where Ms. Kaldi, the 16-year-old tutor, studies has no overt political agenda. But it is a place where devotion to Islam, and an exploration of women's place in it, flourishes.

The school, at the Zahra mosque in a western suburb of Damascus, is a cheerful, cozy place, with soft Oriental carpets layered underfoot and scores of little girls running around in their socks. Ms. Kaldi spends summers, vacations and some afternoons there, studying and helping younger children to memorize the Koran. Her work tutoring has made her an important figure in this world; many of the younger girls greet her shyly as they pass.

The school accepts girls as young as 5, who begin memorizing the Koran from the back, where the shortest verses are found. The youngest girls are being taught with the aid of hand gestures, games and treats.

The atmosphere is relaxed. The children share candy and snacks as they study, and the room hums with the sound of high-pitched voices reciting in unison. Several girls, preparing for the tests that will allow them to progress to higher-level classes, swing one-handed around the smooth columns that support the roof of the mosque, dreamily murmuring verses aloud to themselves.

After girls in the Zahra school have committed the Koran to memory, they are taught to recite the holy book with the prescribed rhythm and cadences, a process called tajweed, which usually takes at least several years of devoted study. Along the way they are taught the principles of Koranic reasoning.

It is this art of Koranic reasoning, Ms. Kaldi and her friends say, that most sets them apart from previous generations of Syrian Muslim women.

Fatima Ghayeh, 16, an aspiring graphic designer and Ms. Kaldi's best friend, said she believed that "the older generation," by which she meant women now in their late 20's and their 30's, too often allowed their fathers and husbands to dictate their faith to them.

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They came of age before the Islamic revivalist movement that has swept Syria, she explained, and as a result many of them do not feel an intellectual ownership of Islamic teaching in the way that their younger sisters do.

"The older girls were told, 'This is Islam, and so you should do this,' " Ms. Ghayeh said. "They feel that they can't really ask questions.

"It's because 10 years ago Syria was really closed, and there weren't so many Islamic schools. But society has really changed. Today girls are saying, 'We want to do something with Islam, and for Islam.' We're more active, and we ask questions."

Ms. Ghayeh and Ms. Kaldi each remember with emotion the day, early in President Bashar al-Assad's tenure, when he changed the law to allow the wearing of Islamic head scarves in public schools, a practice that was forbidden under his father, Hafez al-Assad. The current president, who took office in 2000, also reduced the hours that students must spend each week in classes where the ruling Baath Party's ideology is taught, and began allowing soldiers to pray in mosques.

Those changes have been popular among Sunnis, who make up 70 percent of the country's population, but they carry political risks for a government that has long been allergic to public displays of religious fervor.

The government has been eager to demonstrate in recent years, through changes like these and increasing references to Syria's Islamic heritage in official speeches, that it does not fear Islam as such.

During the weeks of war between Israel and Hezbollah, the government frequently used references to the Islamic cause and to the "Lebanese resistance," as Hezbollah is called in the Syrian state-controlled news media, to play to the feelings of Syrians and consolidate its support. But it is still deeply anxious about Islamic groups acting outside the apparatus of the state, and the threat that they may lose to state control.

The girls at the madrasa say that by plunging more deeply into their faith, they learn to understand their rights within Islam.

In upper-level courses at the Zahra school, the girls debate questions like whether a woman has the right to vote differently from her husband. The question is moot in Syria, one classmate joked, because President Assad inevitably wins elections by a miraculous 99 percent, just as his father did before him.

When the occasion arises, they say, they are able to reason from the Koran on an equal footing with men.

"People mistake tradition for religion," Ms. Kaldi said. "Men are always saying, 'Women can't do that because of religion,' when in fact it is only tradition. It's important for us to study so that we will know the difference."

Calderon A Step Closer To Presidency (WSJ)

By John Lyons And David Luhnow

The Wall Street Journal, August 29, 2006

MEXICO CITY -- Mexico's top electoral court rejected allegations of widespread vote tampering during the July 2 presidential election, a ruling that likely puts conservative politician Felipe Calderón just days away from securing the presidency.

The seven-judge court, which has the final say on election matters, voted unanimously to reject complaints of fraud by leftist candidate Andrés Manuel López Obrador, who has refused to accept Mr. Calderón's victory. He has been waging a campaign of civil disobedience to overturn the result, using his supporters to blockade roads in Mexico City.

While the ruling bestows a seal of approval on the election-day process, it may do little to ease rising tensions in a country that shares a 2,000-mile border with the U.S. Mr. López Obrador is growing more radical with each passing week, saying Mexico "needs a revolution" and vowing to name himself president if the court ratifies Mr. Calderón's win. Some in Mexico fear that a bloody confrontation between the government of President Vicente Fox and the protest movement is inevitable.

After the court ruled, Mr. Calderón said he wants to reach out to the leftist camp but wouldn't let them undo Mexico's democracy. "I will not allow a small group of people to violently supplant the will of the majority of Mexicans," he said in a speech to female business leaders.

There is one final legal step before Mr. Calderón can be officially declared president-elect. The court must rule on the election's overall validity and declare a winner before Sept. 6. Mr. López Obrador's camp wants the election annulled, arguing the campaign was unfairly tilted against their candidate thanks to illegal support of his conservative rival by Mr. Fox, electoral authorities, other candidates and industry associations.

But in the clearest indication yet the court will also deny the petition to have the election annulled, the chief justice yesterday rendered an impassioned opinion extolling the poll workers, magistrates and other officials who had managed the election and its legal aftermath.

"We've learned lessons from our colleagues...tolerance, the capacity to listen, have prevailed despite everything," said Leonel Castillo, president of the court. In what appeared to be a harsh rebuke of efforts by Mr. López Obrador to attack the credibility of Mexican institutions, he added: "This should be an example for other groups in the country, who on many occasions waste their energy instead of creating something."

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After yesterday's ruling, officials in Mr. López Obrador's Party of the Democratic Revolution appeared to resign themselves to a legal defeat. "Everything indicates that they are going to impose [Mr. Calderón]," PRD chief Leonel Cota said following the hearing.

Mr. López Obrador had asked the court to throw out the results from tens of thousands of poll stations where he lost. But the court found only isolated cases of irregularities, giving the leftist about 4,000 more votes in total -- well short of the nearly 240,000 vote difference between him and the front-runner in the official tally. The court said that in most cases, a representative of Mr. López Obrador's party at the poll station had signed off on the ballot results, and the party didn't challenge them until days later. In other cases, the leftist's complaints of irregularities weren't based on specific facts, Mr. Castillo said.

A former Mexico City mayor, Mr. López Obrador pledges to name himself president of Mexico via a mass rally on the country's Independence Day, Sept. 16. The aim, he says, is to create a "parallel" republic that will give the people of Mexico a choice between a "simulated" democracy run by the country's business and political elites and a "real" democracy run by him.

From his position as the alternative president, he pledges to press for helping the poor, fighting against corruption and reforming the country, which he says has been ruined by a clique of powerful politicians and business leaders.

"They are going to laugh and call us crazy....But we don't care what they do because we have no respect for their institutions, because they are not the people's institutions," he told his supporters during a speech Sunday.

The leftists' democratic convention takes place the same day that Mexico's military parades down the city's showcase boulevard, Avenida de la Reforma, and the central Zocalo Square, both of which are occupied by the leftists' supporters.

The army has said it doesn't intend to move its parade route. And Mr. Fox has said he plans to hold the president's annual Independence Day ritual the night before in the central square, another tradition.

A test of the left's strategy could come as soon as Friday, when Mr. Fox delivers his annual State of the Nation address. Lawmakers from Mr. López Obrador's party have said they plan to block the president from taking the podium to make his televised speech.

Polls show rising public support for Mr. Calderón and declining support for Mr. López Obrador.

Mexican Court Rejects Voting Fraud Charges (NYT)

By James C. McKinley Jr.

The New York Times, August 29, 2006

MEXICO CITY, Aug. 28 — Felipe Calderón seemed virtually assured of being designated president of Mexico next week after the country's highest electoral tribunal on Monday threw out legal challenges from his leftist opponent, who claims that widespread fraud warped the results of last month's national election.

The seven-member tribunal stopped short of officially designating Mr. Calderón, a conservative, president-elect. But it ruled unanimously that the opponent, Andrés Manuel López Obrador, had failed to prove that irregularities in many polling places stemmed from fraud, nor had he proven that the errors affected him more than his opponent.

The judges said in open court on Monday that they had ordered the votes from scores of polling places annulled for irregularities found in a partial recount, but that the final result would not change. They also made it clear they found no evidence of fraud.

"Based on all the annulments that were deemed necessary, all the parties lost a considerable number of votes, but that did not affect the result," said Magistrate José Alejandro Luna Ramos.

Mr. López Obrador, 53, a former mayor of Mexico City who favors spending more on the poor, has declared he will not accept the ruling, calling it part of a conspiracy to rob him of victory.

Speaking Monday evening in a rainstorm, Mr. López Obrador scoffed at the ruling, called his political opponents criminals and said Mr. Calderón had usurped his rightful victory. "Today the electoral tribunal decided to validate the fraud against the citizens' will and decided to back the criminals who robbed us of the presidential election," he said.

"With this decision," he added, "the constitutional order is broken and the road is opened for an usurper to occupy the presidency through a coup d'état."

Mr. Calderón, a 44-year-old former energy commissioner from the National Action Party of President Vicente Fox, narrowly won the July 2 presidential election by 243,000 votes out of 41 million ballots, according to the initial official tally. A fiscal and social conservative, he has promised to entice foreign investment through public works and a flat tax.

Speaking to lawmakers in Mexico City, Mr. Calderón said he was pleased that the court's ruling had confirmed his victory. "Just as important as the result of the tribunal's ruling," he said, "is that the citizens know the quality of the election we had, that doubts are cleared away and all the malice that has been sown among the citizens is eliminated."

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The court annulled 81,080 votes for Mr. Calderón and 76,897 for Mr. López Obrador after recounting ballots in about 9 percent of the precincts to satisfy legal challenges. Crossing out those votes gave the leftist candidate a boost of 4,183 votes, far fewer than he needed to catch up, electoral officials said.

The court has until Sept. 6 to issue a final tally and designate the president-elect. The decision cannot be appealed.

Mr. López Obrador has become more and more extreme in his accusations over the last month, saying not only that his opponent stuffed ballot boxes and disposed of votes for Mr. López Obrador, but also that the court itself had been bribed. His supporters have blocked the main avenue through downtown Mexico City for a month and engaged in other acts of civil disobedience.

On Sunday, Mr. López Obrador told a large crowd of supporters that any ruling that put Mr. Calderón in office without recounting all ballots "would be an abuse of the people's rights, a rupture of the constitutional order and a coup d'état."

After the court ruled, a small group of demonstrators carried a coffin labeled "Democracy" through the center of town.

Mr. López Obrador has called for a national assembly to be held in the city's main square, the Plaza de la Constitución, on Sept. 16 to decide the future of his campaign of civil disobedience to "save democracy" and "purify public life." He has suggested the assembly could name him president of an alternative government.

Leonel Cota Montaño, the national leader of Mr. López Obrador's party, the Party of the Democratic Revolution, asserted the electoral court seemed to ignore evidence of fraud. "Everything indicates they are going to impose Felipe Calderón on the country," he said. "Everything indicates these rulings are given on these terms: change whatever, except the final result."

Using a series of arguments based on mistakes poll workers made in counting and recording ballots, Mr. López Obrador has convinced many of his followers that the government cheated them of victory.

In more than half the 130,000 polling places, he said, the poll workers, who were citizens chosen at random and trained by the government, did a poor job of keeping track of ballots.

In thousands of cases, they recorded that they had received fewer blank ballots in the morning than were found in the ballot boxes at the end of the day, suggesting that extra votes were added. In thousands of others, the ballots cast added to those left over were less than the number of ballots poll workers had received in the morning, suggesting that some ballots were missing.

Federal election officials have said those discrepancies are the result of human errors, even though they surfaced in about 70,000 polling places. To prevent fraud and make the task as simple as possible, they said, poll workers counted ballots once and wrote down numbers in various boxes on a form, rather than trying to reconcile the numbers. Different workers were in charge of counting the ballots received, the ballots cast, the ballots left over and the number of voters. They often made mistakes, officials acknowledged.

Mr. López Obrador's camp has used the errors, however, to generate doubt. His aides have also pointed out that the Federal Electoral Institute, which organized the voting, has no members from their party because of a legislative deal between the other two major parties. In addition, they have cast a spotlight on a brother-in-law of Mr. Calderón who was awarded contracts to provide the electoral institute with software, hinting he could have erased the leftist candidate's supporters. Election officials deny this is possible.

While these arguments have convinced many who voted for Mr. López Obrador that there was something fishy about the official count, the judges said the pattern of irregularities affected both parties equally and did not suggest fraud.

Mexican Court Rejects Fraud Claims (WP)

By Manuel Roig-Franzia

The Washington Post, August 29, 2006

MEXICO CITY, Aug. 28 -- Mexico's top electoral court announced Monday that a partial recount will not change the outcome of the hotly disputed July 2 presidential election, which sparked a constitutional crisis and massive demonstrations that have shackled the capital for nearly two months.

The Federal Electoral Judicial Tribunal stopped short of officially declaring Felipe Calderon the winner over Andres Manuel Lopez Obrador, the populist former mayor of Mexico City. But few here expect the court to alter the final outcome of the race, especially after the court announced Monday that it had rejected nearly all of Lopez Obrador's fraud claims.

"It looks like the game is over," said Jorge Chabat, a political analyst based in Mexico City.

The electoral court has until Sept. 6 to certify the winner, and it must still respond to Lopez Obrador's demand that the election be annulled. But legal experts here give the annulment request little chance of succeeding because it was based almost entirely on the fraud claims rejected by the tribunal on Monday.

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The recount shaved only 4,000 votes off Calderon's lead of 244,000 votes, which had amounted to about half a percent of the 41 million votes cast. The recount, which encompassed 9 percent of polling places, cost each candidate votes. The court subtracted 81,000 from CalderÃ³n's total and just under 76,900 from Lopez Obrador's.

Calderon reacted cautiously, saying during a meeting with federal lawmakers that he was "satisfied that the final count corroborated the weight of the decision made July 2."

In another appearance, he made a plea to the Mexican public aimed at thousands of Lopez Obrador supporters who have camped for a month in Mexico City's downtown square, known as the Zocalo: "Do not let a few people supplant in a violent way the decision made by the Mexicans."

In the driving rain Lopez Obrador told supporters not to accept the decision of the tribunal and vowed to continue the demonstrations.

"They supported the delinquent that stole the presidential election," Lopez Obrador said. He also said the tribunal made a "political decision, not a judicial one."

Lopez Obrador, of the Democratic Revolutionary Party, had demanded a full recount and has said that he would not accept the results of the partial recount. He also has said he plans to declare himself the president of Mexico, regardless of the tribunal's decision.

Lopez Obrador had leveled a host of allegations, including claims that tally sheets were changed, voters were paid off and computers were rigged by Mexico's electoral institute, which oversaw the balloting. But the tribunal was unimpressed by the evidence Lopez Obrador submitted.

"The judge is not an investigator, is not a prosecutor. He must start from the base of the facts invoked by the challenger," Leonel Castillo, the tribunal's chief magistrate, said in announcing the results. "They said that there were multiple irregularities in a great many polling places, but saying many polling places is not enough. They have to identify the facts."

John Ackerman, a Mexican law professor who had advocated for a full recount, said Monday that the tribunal should have undertaken a review of the entire election that addressed Lopez Obrador's claims that Mexico's institution conspired to keep information from the public.

"They could have answered the question of whether this election was a mess or not," Ackerman said. "They are missing a historic opportunity. . . . This gives Lopez Obrador the perfect weapon to continue and consolidate his movement."

Lopez Obrador enjoys tremendous support among Mexico City's poor, and his critics worry that his followers, some of whom have pledged to die for his cause, could spark unrest. But there have been signs that his support has waned, particularly since hotels and restaurants began laying off employees because of a downturn in business near the camp cities set up by protesters along Mexico's elegant Reforma Avenue.

Still, the doubts raised by Lopez Obrador have hurt Calderon politically, said Chabat, the political analyst. "In the first year, he will be a weak president," Chabat said. "He will have to negotiate with many people."

Calderon, of the National Action Party, campaigned on promises to continue the free-trade policies of outgoing President Vicente Fox, who was a strong ally of the Bush administration.

Fox, who had dismissed pro-Lopez Obrador demonstrators as "rebels," sought to give a note of finality to the electoral crisis after the tribunal's decision.

"The Mexican society has chosen a voting system to consolidate democracy. . . . The society has rejected time and again the path of violence, of division and confrontation: We should listen to the mandate of the society."

Calderon Leads Mexico Presidential Race (AP)

By Traci Carl, Associated Press Writer

AP, August 29, 2006

Mexico's ruling party candidate held onto his narrow lead in the disputed presidential election after a partial recount of votes, the top electoral court said Monday in a strong indication that conservative Felipe Calderon will be declared the winner.

But the judges held off on naming the president-elect and still have the option to annul the election.

Calderon's leftist challenger Andres Manuel Lopez Obrador reacted to the court's announcement in outrage, calling on supporters never to accept Calderon as president and asking them to decide if he should form a parallel government or carry on a nationwide campaign of protests.

"We will never allow an illegal and illegitimate government to be installed in our country," he told thousands gathered in Mexico City's central plaza, calling acceptance of Calderon tantamount to a coup d'etat.

Calderon said he was satisfied with the tribunal's decision because it supported the votes of millions of Mexicans.

"We are on the right path," he said.

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The Federal Electoral Tribunal announced the number of votes it had annulled as the result of 375 challenges to the July 2 election, reducing Calderon's 240,000-vote lead over Andres Manuel Lopez Obrador by just over 4,000 votes.

However, the judges held off on announcing a final vote tally or ruling on Lopez Obrador's allegation that the ruling party used illegal tactics during the campaign, both of which must be decided by Sept. 6. If they agree the ruling party broke the law, they could annul the election, though that now seems unlikely.

Lopez Obrador had demanded a full recount of all 41 million votes, claiming that would swing the lead in his favor. Instead, the top electoral court ordered a recount of the 9 percent of all the polling places where they believed there was evidence of irregularities.

Lopez Obrador's party has argued the campaign was dirty and that fraud was responsible for Calderon's slight lead — which amounted to 0.6 percent of the ballots cast. He and his supporters have also questioned the Federal Electoral Tribunal's ability to resolve the dispute fairly. After the results of the partial recount, Lopez Obrador said "the judges made a political decision, not a judicial one."

"Today the Electoral Tribunal decided to validate the fraud against the will of the citizens expressed at the ballot boxes," he said.

"With this decision, constitutional order is broken and the path is opened to a usurper."

Lopez Obrador, who stepped down as Mexico City mayor to run for president, said he would ask supporters to decide on a future course of action at a massive Sept. 16 meeting he has called for in the capital's Zocalo plaza — the symbolic heart of the country that has been occupied by his followers since shortly after the election.

Several of the electoral court judges defended their work in an open session Monday as dozens of protesters pressed against the courthouse gates, demanding that the election be given to Lopez Obrador.

"Tolerance, the ability to listen, has prevailed over everything else," chief justice Leonel Castillo said.

The court said all of the challenges are now resolved.

Lopez Obrador has led street demonstrations and set up protest camps that have snarled traffic. He plans to ask supporters during the meeting Sept. 16 — Mexico's Independence Day — whether he should declare himself the "alternative" president-elect.

President Vicente Fox leaves office Dec. 1, like all Mexican presidents limited to a single, six-year term.

Associated Press writer Mark Stevenson contributed to this report.

Mexico's Highest Court Supports Announced Presidential Victor (CHIT)

By Colin Mcmahon

Chicago Tribune, August 29, 2006

MEXICO CITY -- Clearing the way for Felipe Calderon to be named president-elect, Mexico's highest electoral court ruled Monday that a partial recount of the July 2 vote supported official figures showing the conservative candidate to be the winner.

The unanimous decision by the seven judges of the Federal Electoral Tribune appears to doom the legal challenges to the vote brought by the leftist candidate Andres Manuel Lopez Obrador.

But the ruling will not end his fight, Lopez Obrador vowed.

"I expected this," Lopez Obrador told aides upon hearing the ruling.

Later, in a speech to supporters who have taken over Mexico City's central plaza for weeks, Lopez Obrador called the ruling "offensive and unacceptable." He accused the tribunal of "trying to legalize fraud" and referred to Calderon as a usurper.

Officials from Lopez Obrador's Democratic Revolution Party predicted that the tribunal's next step would be to ratify Calderon's victory, probably in the days after President Vicente Fox's state of the nation speech Friday.

As for their own next step, Lopez Obrador and his supporters say that is under discussion. One possibility is that a "national democratic convention" planned for next month could set up a parallel or "resistance" government and name Lopez Obrador president.

Such talk worries many average Mexicans. And it infuriates Calderon supporters, who see Lopez Obrador as a sore loser increasingly losing public support.

Calderon said Monday that he is pleased with the tribunal's ruling, saying it "clears up the doubts and insinuations that [his opponents] want to sow among the people."

But unlike in the weeks after the July 2 vote, the candidate of the conservative National Action Party avoided sounding triumphant.

"I am not the president-elect yet, but I am waiting," Calderon said in a meeting with a women's business group.

Calderon again offered to work with Lopez Obrador. But he repeated his message that the will of the electorate could not be negotiated away.

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"I have a firm hand, but I am willing to reach deals," Calderon said. "I will not allow the decision taken by the Mexican people to be supplanted in a violent way by a few people."

Lopez Obrador's supporters say that is exactly what is happening: That a relative few people—in the courts, the government, the media and big business—are overturning the will of the Mexican people.

Using the same numbers as the electoral tribunal had at its disposal, the Democratic Revolution Party said the partial recount showed enough irregularities to warrant a full recount.

They renewed allegations that the judges bowed to political pressure. And they criticized the tribunal for being too timid and legalistic in ordering a recount in fewer than 10 percent of electoral precincts, instead of considering that the whole election might be tainted.

Of the approximately 4 million votes the court ordered recounted, the judges threw out about 230,000. They said that for various reasons the process in the precincts where those votes were cast could not be fully trusted.

But the errors and irregularities, while numerous, did not present evidence of fraud, the judges said. They did not significantly favor one party over another. Some of the votes thrown out cost Calderon. Some cost Lopez Obrador. And some cost the other candidates.

In total, Calderon's lead over Lopez Obrador, which had stood at nearly 240,000 votes out of nearly 42 million cast, shrunk by a bit more than 4,000.

The judges said that recounting everything would not change the final result. And they rejected Lopez Obrador's assertion that the evidence of irregularities in some of the precincts warranted a broader review.

"There are rules that the judges cannot override," said Leonel Castillo Gonzalez, president of the tribunal. And the rules allowed the tribunal to examine only those precincts in which the Democratic Revolution Party or the National Action Party or others made specific challenges.

The chief judge also said the recount proved the impartiality of electoral workers who ran the balloting stations and handled the tallying of votes.

Their work was often not as precise as it should have been. But, the court said, it was done in good faith.

The electoral tribunal has until Sept. 6 to officially declare the winner of the vote.

Calderon Moves Closer To Victory In Mexico (LAT)

By Héctor Tobar And Sam Enriquez

The Los Angeles Times, August 29, 2006

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MEXICO CITY — Mexico's top electoral court announced Monday that a partial recount of the votes in this country's disputed presidential election found no evidence of widespread fraud, a ruling that placed conservative Felipe Calderon tantalizingly close to victory.

In its 7-0 ruling, the Federal Electoral Tribunal rejected the claim by Calderon's leftist opponent, Andres Manuel Lopez Obrador, that fraud in the ballot count had cost him the July 2 election and said it had found only minor mathematical and administrative errors in the initial tally.

The recount subtracted 4,183 votes from Calderon's margin of victory, reducing it to about 240,000, the judges said.

"This tribunal can say to the citizenry that their votes were counted fairly," said Magistrate Fernando Ojesto. "We have followed the principle of one man, one vote, and of effective suffrage."

The panel has until Sept. 6 to declare an official winner and still could refuse to certify the election. Lopez Obrador contends that President Vicente Fox and business groups illegally aided Calderon's campaign. But most political observers have considered that claim unlikely to prevail.

Lopez Obrador's Democratic Revolution Party, or PRD, "is challenging the quality of the election," said John M. Ackerman, a professor at the Institute for Legal Research at the National Autonomous University of Mexico.

But for the tribunal, Ackerman said, "the question is whether it was a legally valid election … and today they gave clear signs they are not going to invalidate the election."

The tribunal said the smattering of administrative and mathematical errors in thousands of polling places were not acts of "bad faith" and did not merit throwing out the results of those polling places.

The jurists also rebuked the Lopez Obrador campaign, saying it had failed to provide concrete evidence of irregularities in the thousands of precincts where it had claimed fraud.

"The plaintiff says there are multiple irregularities in a large number of precincts or in this or that district," said Chief Magistrate Leonel Castillo, referring to the Lopez Obrador campaign.

"Well, that 'large number' is not enough. The law says you must specify evidence and facts."

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Calderon said the ruling would "eliminate the insidious doubts" his opponents "want to spread among the citizenry."

Lopez Obrador said Monday's ruling was "offensive and unacceptable for millions of Mexicans."

"It represents not only a disgrace in the history of our country but also a violation of the constitutional order and a true coup d'etat," he told hundreds of followers in the capital city's main plaza, the Zocalo, where he has said he will hold a "national assembly" on Sept. 16, Mexico's Independence Day.

Political tension and uncertainty have gripped Mexico for weeks, with the PRD threatening to make the country ungovernable if Calderon becomes president.

This month, the court ordered about 4 million votes recounted but declined the PRD's demand to recount all 41 million votes.

Ackerman said he was surprised by the swiftness of Monday's decision and concerned that the tribunal did not provide more details of its findings.

"If it turns out that some of the PRD claims are right, then there will be some questions about how they are proceeding," Ackerman said.

Todd Eisenstadt, professor of government at the American University in Washington, pointed out that the judges were critical of the boilerplate, "cut and paste" method of the PRD complaint.

Those methods, he said, evoke an earlier era of Mexican electoral disputes, in which legal complaints were filed merely to justify street protests.

"The chances are increasingly remote that the electoral results will be overturned," Eisenstadt said.

"Everything indicates that [Calderon] will be imposed as president," said Leonel Cota, national leader of the PRD.

Outside the tribunal's headquarters, a small number of Lopez Obrador backers protested the ruling, chanting, "The people voted! Obrador won!"

Thousands of supporters of the leftist candidate have occupied much of this capital city's central avenue, Paseo de la Reforma, since July 30, tying up traffic and angering commuters. They have said they will remain in place during Mexico's patriotic celebrations on Sept. 15 and 16.

Fox has said he will defy the leftist protesters and deliver his traditional Independence Day "yell" in the Zocalo on the night of Sept. 15. A military parade is to follow on the next day.

On Monday, Fox made his strongest public condemnation yet of Lopez Obrador and the blockades.

"We can't allow personal ambitions to place at risk the most valuable thing the Mexican people have built — our laws and institutions," the president said a meeting of fishermen in the northern state of Tamaulipas.

"Society has rejected time and again the path of violence, division and confrontation."

Calderon, a 44-year-old former energy minister under Fox and a longtime activist in the National Action Party, has kept a low profile in recent weeks.

On Monday, National Action Party leaders said the tribunal's ruling was a step forward for Mexico's democratic institutions.

"We have said from the beginning that we will respect the decision of the tribunal," said Juan Molinar Horcasitas, a party spokesman. "All the arguments that have been made to question the cleanliness of this election have been collapsing one by one."

Mexican Court Rejects Vote Challenges (USAT)

By Sara Miller Llana

USA Today, August 29, 2006

MEXICO CITY — Mexico's top electoral court Monday rejected allegations of large-scale vote fraud in July 2 elections, a move likely to make conservative Felipe Calderón the country's next president.

The seven-judge panel turned aside most of the legal challenges by Calderón's rival, former Mexico City mayor Andrés Manuel López Obrador, a left-leaning populist who championed the country's poor and lost by 0.6% in the closest presidential race in Mexican history.

López Obrador has said the election was stolen and said an electoral court decision in favor of Calderón would amount to a coup. Daily protests by his supporters have shut down parts of Mexico City and created gridlock here.

“I don't think López Obrador has a chance in a thousand that the electoral court will certify him as winner or annul the election,” says Todd Eisenstadt, an expert on Mexico's electoral court at American University in Washington, D.C. “The door seems to be closing quickly.”

López Obrador alleged irregularities at more than half the country's polling stations. He demanded a vote-by-vote recount of 41 million ballots cast July 2. The electoral court rejected that request earlier this month, ordering a review of just 9% of polling places.

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On Monday, the court announced that its recount cut Calderón's 240,000-vote lead by about 4,000 votes. The justices finished the session without formally certifying Calderón as the winner. They must certify a winner by Sept. 6.

Calderón, a member of President Vicente Fox's National Action Party (PAN), is a free-trade advocate who has said he would keep Mexico a strong U.S. ally.

"We are sure that the only thing that will come out of these legal challenges is that Felipe Calderón won the presidency legitimately," Calderón aide Juan Camilo Mourino said.

The 2006 election revealed class and geographic divisions. The PAN and López Obrador's Democratic Revolution Party split Mexico's 31 states and one federal district in half — each won 16. Calderón got more support in the industrial north; López Obrador won Mexico City and southern rural states.

López Obrador has threatened to set up a permanent civil resistance campaign.

"It would be an abuse of the people's rights, a rupture of the constitutional order and a coup d'état, which is offensive to millions of Mexicans," he told supporters in the Zocalo, Mexico City's main square, on Sunday.

He has also called for a national convention for Sept. 16, Mexico's Independence Day, when he says he will ask supporters whether he should be declared the "alternative" president-elect of the country.

The court defended its work. "We can tell people that today their votes were worth something and that they are definitive," Judge Fernando Ojesto said.

John Ackerman, an expert on Mexican electoral law at the National Autonomous University of Mexico, criticized the court's findings as too narrow. "They are refusing to see the whole election perspective, to take a broader view; they are only looking at the bark of the tree," he said.

Others backed the decision. "Although it's close, López Obrador and his followers have not made a compelling case of fraud," said George Grayson, author of a López Obrador biography and professor at the College of William and Mary in Williamsburg, Va.

The new president is to take office Dec. 1.

Mexico's Recount (NYT)

The New York Times, August 29, 2006

For eight weeks, Andrés Manuel López Obrador has made his claim of electoral fraud the basis for what threatens to become a permanent protest of Mexico's presidential election. Yesterday, Mexico's electoral tribunal kicked away the foundations of his claim. In a recount of 9 percent of polling places, the judges found no evidence of widespread fraud and too few errors to change the results.

The electoral tribunal has not yet declared that Felipe Calderón, of the ruling National Action Party, is Mexico's next president. It has until Sept. 6 to rule on whether President Vicente Fox and business groups interfered illegally in the election. No one should ask Mr. López Obrador to concede before this ruling. But it is time for him to end the protests and pledge to respect the tribunal's final decision.

Mr. López Obrador, who trails Mr. Calderón by less than 0.6 percent of the vote, claims he really won and vows to make the country ungovernable until his claim is recognized. His supporters have set up squatter camps that have paralyzed parts of Mexico City. Mr. López Obrador argues that only a full recount would have settled the question. In a country where electoral fraud used to be routine, a full recount would indeed have been best.

But this vote was apparently well run, and there is a clear and thorough process in place to deal with challenges. The electoral tribunal is respected and independent. Mr. López Obrador's continued insistence that he was robbed now sounds like whining. If he does not desist, his party, now the country's second-largest, should decide that it is bigger than him and that its role is as opposition within, not outside, democratic processes.

Mr. Calderón, however, also needs to reach out. He erred in opposing a recount. And while his advisers insist that they do not need the Party of the Democratic Revolution to govern effectively, they are wrong. Mr. Calderón has less than 36 percent of the vote, and his own party fell short of a majority in both the Chamber of Deputies and the Senate. The country is split by class and geography, with the wealthy northern states supporting Mr. Calderón and the poorer south supporting Mr. López Obrador.

Even if he could govern alone, Mr. Calderón would be making policy in an echo chamber of Mexico's elite. Mr. López Obrador has flaws that have apparently kept him from the presidency. But that does not mean that the millions of Mexicans who feel represented by him should have no voice.

Leading US Senator To Address Tories (FT)

By Ben Hall

Financial Times, August 29, 2006

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John McCain, the popular Republican senator and likely US presidential contender, has agreed in principle to speak at the Conservatives' annual conference in October, underlining the restoration of the party's international credibility.

Securing Mr McCain as the star turn in Bournemouth would be a coup for David Cameron, who has paid little attention to world affairs since becoming Tory leader in December and has not yet been to Washington.

The Arizona senator is the frontrunner in the race to become the Republican candidate for the 2008 presidential election and has been a sharp critic of aspects of the Bush administration's war on terror.

Michael Howard, Mr Cameron's predecessor, fell out with the White House after criticising Tony Blair's handling of the war. But Mr Cameron's team have since rebuilt relations with the Republicans.

Labour is believed to be trying to persuade Bill Clinton, the former US president and political soulmate of Tony Blair, to charm party activists with a flying visit to the party's conference in Manchester at the end of September.

But the Tories are likely to bill Mr McCain as the coming man, with whom Mr Cameron could eventually do business if both were to win power. "They can have a previous president," said a senior Conservative figure. "We'll have the next one."

Mr McCain has clashed with the White House on tax cuts, campaign finance and the use of torture, taking a strong stand against the Bush administration's support for the Guantánamo Bay detention camp.

He has supported the Iraq war in general but has heavily criticised aspects of its execution, training his fire on Donald Rumsfeld, the US defence secretary.

His presence with the Tories in Bournemouth would stir up Labour unease about Mr Blair's proximity to the Bush administration and decision to join the Iraq war.

Conservative officials said Mr McCain had agreed in principle to attend the conference but had not yet established on which day he would deliver his speech.

George Osborne, shadow chancellor, is credited with reeling in Mr McCain after meetings with the senator in Washington this summer and in London last year.

The Tories will use Mr McCain's visit and a host of other meetings with world leaders to show they have become a credible political force and are taken seriously on the world stage.

In Tokyo this week, Mr Osborne will meet Shinzo Abe, chief cabinet secretary, who is widely expected to take over as prime minister when Junichiro Koizumi steps down next month.

Mr Osborne and Mr Cameron also hope to see Manmohan Singh, India's prime minister, when they visit Delhi next week.

Aides to Mr Blair declined to say whether Downing Street was in negotiations with Mr Clinton about making a second appearance at a Labour conference.

"We are not yet in a position to say who our international speaker will be," said a Labour adviser.

The former president wowed delegates in Blackpool four years ago.

Obama Speaks On Corruption, Rifts In Kenya (USAT/AP)

By Christopher Wills

USA Today, August 29, 2006

NAIROBI, Kenya — Kenyans must take control of their country's destiny by opposing corruption and ethnic divisions in government, Sen. Barack Obama said in a policy speech Monday at the main university in his father's homeland.

Kenya and other African nations will never thrive if their citizens cannot count on the government to deliver services fairly, regardless of their tribal background or ability to pay bribes, Obama told about 600 people at the University of Nairobi.

"In the end, if the people cannot trust their government to do the job for which it exists — to protect them and to promote their common welfare — all else is lost," he said.

The Illinois Democrat, who is on a multination tour of Africa, has received the warmest and largest welcome in Kenya. There, Kenyans have claimed Obama as one of their own, even though he was mostly raised in Hawaii and did not know his Kenyan father well.

This is Obama's third visit to Kenya but his first since being elected the United States' only black senator in 2004.

On Monday, he acknowledged the irony of a politician from Chicago, known for its long history of public corruption, talking about good government. However, while corruption is universal, he said, in Kenya it amounts to "a crisis that's robbing an honest people of opportunities they have fought for."

Government officials did not immediately respond to the comments by Obama, who met privately with President Mwai Kibaki last week.

Claims of corruption were common during the 24-year rule of the previous president, Daniel arap Moi. Although Kibaki was elected in 2002 after campaigning as a reformer, he is facing mounting pressure to respond to corruption allegations.

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Obama said Monday that the Kenyan government must reduce patronage jobs and increase salaries for employees to reduce the temptation to take bribes.

Obama Urges Kenyans To Fight Graft (WP/AP)

By Christopher Wills

The Washington Post, August 29, 2006

NAIROBI, Aug. 28 -- Sen. Barack Obama urged Kenyans to take control of their country's destiny by opposing corruption and ethnic divisions in government during a speech Monday in Nairobi.

Kenya and other African nations will never thrive if their citizens cannot count on government to deliver services fairly, regardless of their tribal background or ability to pay bribes, the Illinois Democrat told about 600 people at the state-run University of Nairobi.

"In the end, if the people cannot trust their government to do the job for which it exists -- to protect them and to promote their common welfare -- all else is lost," he said.

Obama on Tuesday will visit the world-famous Masai Mara Game Reserve in southern Kenya, followed by trips to Djibouti and Chad. He began his two-week tour of the continent Aug. 18 in South Africa.

He has received the warmest and largest welcome in Kenya, his father's homeland. Kenyans have claimed him as one of their own even though he was raised mostly in Hawaii and did not know his Kenyan father well.

On Monday, Obama acknowledged the irony of a politician from Chicago, known for its long history of public corruption, talking about good government. But while corruption is universal, he said, in Kenya it amounts to "a crisis that's robbing an honest people of opportunities they have fought for."

Government officials did not immediately respond to Obama's comments Monday. The senator had a closed-door meeting with President Mwai Kibaki last week.

Kenya has been roiled for years by widespread allegations of corruption. Kibaki won election in 2002 promising to root out corruption that had become endemic under the 24-year rule of his predecessor, Daniel arap Moi. Now, he too is facing mounting pressure to respond to allegations of high-level graft.

Kibaki's administration has pointed to its efforts to root out corrupt judges and ongoing investigations into high-level wrongdoing. Officials also have said the government alone cannot fight corruption and has asked individuals and companies to stop paying bribes.

Obama said Monday that the Kenyan government must reduce patronage jobs and increase salaries for public employees to reduce the temptation for taking bribes. It also needs clear laws and regulations, so that individual bureaucrats cannot twist the rules to their own ends, Obama said.

"Finally, ethnic-based tribal politics have to stop," he said to applause from the audience of students, university staff, business leaders and others.

Obama's Africa Trip Has Been Equal Parts Political And Personal (MCT)

By Shashank Bengali And Munene Kilongi

McClatchy Newspapers, August 29, 2006

NAIROBI, Kenya - At the midpoint of a two-week swing through Africa that's been equal parts political and personal, Sen. Barack Obama on Monday had some critical words for Kenya, the country where his father was born.

In his first visit here since joining the Senate last year, the Illinois Democrat assailed Kenya's ethnic-based politics and culture of corruption as obstacles to economic development. And he condemned the Kenyan government's raid earlier this year on a private newspaper and television station, calling it a breach of press freedoms.

Kenyans had heard all this before, but this time it was coming from Obama, a man they see as one of their own. His speech to a packed university lecture hall, with hundreds listening outside on large speakers and many more watching on television, often drew applause.

"If the people cannot trust the government to do the job for which it exists, to protect them and to promote the common welfare, then all else is lost," Obama said. "The struggle against corruption is one of the great struggles of our time."

Throughout Obama's four-day visit to Kenya, he's been greeted like a head of state or a sports legend, not like a freshman U.S. senator. Obama was raised in Hawaii, and his last visit to Kenya was 14 years ago.

He's been quick to downplay expectations that he'll be able to help Kenya, or the rest of Africa, lift itself up from systemic poverty and conflict.

"I don't pretend to have all the solutions or think that it'll be easy," he said Monday. "I've got enough on my hands trying to work in the United States."

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Kenyans have eagerly embraced Obama since he was elected in 2004 as the Senate's only African-American. Speculation since has grown that he'll one day run for president.

Children here have been named for him - in Swahili his first name means "blessing" - as have countless schools and businesses in the rural western region from where his family hails. The locally brewed Senator beer is now better known as "Obama" - a high honor in this land of big drinkers.

Obama, 45, is the son of a Kansan woman and a Kenyan man who separated when he was young. His father, a goat herder who became an economist, returned to Kenya, where he died in a car accident in 1982. Obama's grandmother and about 30 other family members still live in the village of Kogelo, which Obama first visited in 1987 before he entered Harvard Law School.

He returned on Saturday with his wife and two young daughters to the village of his father's humble beginnings. A carnival atmosphere prevailed. Onlookers climbed trees and lampposts or balanced atop bicycles to glimpse Obama. Vendors hawked T-shirts with his image and the message "We are proud you are a Kenyan."

Obama didn't disappoint, issuing a brief greeting in the language of his father's Luo tribe, which sent the crowd of thousands into wild cheers.

He also shared brief memories of his father, whom he has said he didn't know well.

"Whenever I see a young boy 5 or 6 or 7 or 10, I think about my father," Obama said. "I think about the journey he traveled so many miles over such a great distance. I think of those young boys and I think there is no reason why they can't do the same."

Obama shared a tight embrace with his 80-year-old grandmother, Sarah Hussein Obama, who held him by the waist as she took him on a tour of his cousins' houses.

"I am very happy especially seeing his children," said his grandmother, wearing a yellow floral-print African dress and headscarf. "He is a kid who belongs to this homestead."

Before coming to Kenya, Obama visited South Africa, where the reception wasn't nearly as warm, and he made headlines for criticizing the government's policy on HIV/AIDS. In Kenya, although Obama has been critical of President Mwai Kibaki's administration for its failure to rein in corruption, the news coverage generally has been glowing.

Last week Obama was scheduled to visit Congo, but the trip was canceled due to post-election violence. Later this week he's expected to travel to the tiny coastal nation of Djibouti, headquarters of the U.S. military's counterterrorism operation in the Horn of Africa, and to the central African nation of Chad.

Bengali reported from Nairobi; McClatchy Newspapers special correspondent Kilongi reported from Kogelo.

Obama Urges Kenyans To Get Tough On Corruption (NYT)

By Jeffrey Gettleman

The New York Times, August 29, 2006

NAIROBI, Kenya, Aug. 28 — Barack Obama strode into a packed auditorium in Nairobi on Monday and attacked an issue that notoriously bedevils Kenyan society: corruption.

He urged people to reject “the insulting idea that corruption is somehow part of Kenyan culture” and “to stand up and speak out against injustices.”

This was Day 5 of his Kenya tour, and at each stop, each speech that he gives, the crowds only grow.

It is an unusual reception for an unusual trip for a Democratic freshman senator from Illinois to be making, but it seems that Mr. Obama, whose father was Kenyan, is using all the rapturous attention to spotlight serious issues that are too often ignored in Africa.

The Kenyans are loving it.

On Friday, thousands of students at the University of Nairobi in halter tops, Che Guevara T-shirts, blue jeans and three-piece suits, pressed up against barricades to watch Mr. Obama and his entourage walk through the door.

During a nationally televised speech at the campus, students and faculty clapped in all the right places and laughed at most of Mr. Obama’s jokes. For a second, it seemed as if Mr. Obama were back at the Democratic National Convention in Boston in 2004, when he gave such a rousing pep talk that people started mentioning the p-word with his name.

Everywhere he has gone so far in Kenya — fancy hotels, rusted-roof slums, his father’s home village, an AIDS clinic where he and his wife were tested Saturday — questions have trailed him about whether he is running for president. Mr. Obama always politely defers, saying he is happy to be a senator.

During his speech on Monday, he laid out a tough prescription for Africa’s ills, calling for government cutbacks, more openness and less ethnic politics.

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Kenya is one of the more developed countries in sub-Saharan Africa and one of the closest to the West, but it is consistently ranked by international organizations as one of the most corrupt. Mr. Obama said this corroded its ability to attract investment, fight terrorism and provide security for its own people.

Most of all, he told Kenyans to stop complaining about the injustices of the colonial past and to accept responsibility. “It’s more than just history and outside influence that explain why Kenya is lagging behind,” he said.

He ended by telling the crowd, “I want you all to know that as your ally, your friend and your brother, I will be there in every way I can.”

Many in the audience left in high spirits.

“He’s inspiring,” said Miriam Musonye, a literature professor. “He really seems to believe what he says.”

Obama Chides Africa On Visit (WT)

The Washington Times, August 29, 2006

From combined dispatches

NAIROBI, Kenya -- If Africans welcoming home a native son thought that rising Democratic star Sen. Barack Obama of Illinois came only in praise of the continent of his roots, they were mistaken.

In South Africa last week, he took the government to task for its tepid response to the AIDS epidemic that has ravaged sub-Saharan Africa. He also criticized the government of President Thabo Mbeki for its "quiet diplomacy" with Zimbabwe, demanding that more pressure be put on Zimbabwean President Robert Mugabe.

Kenya risks losing its status as a model of African democracy if it does not urgently crack down on corruption that has reached crisis levels and stifled development, Mr. Obama said yesterday.

Western nations must ensure they practice what they preach to African nations about graft, said Mr. Obama, a member of the Senate Foreign Relations Committee, who is using the trip in part to polish his credentials in foreign policy.

"While corruption is a problem we all share, here in Kenya it is a crisis -- a crisis that's robbing an honest people of the opportunities they have fought for," Mr. Obama told an audience at the University of Nairobi.

Mr. Obama, born in Hawaii to a Kenyan father and white American mother, is on his first trip to Kenya since being elected to the Senate in 2004 and has become an idol to many in the East African country, who see him as a native son.

The senator, who stopped in South Africa last week, also will travel to Djibouti and Chad, to visit refugees from Sudan's Darfur region, on a trip he hopes will bring new focus on Africa's importance.

He scrapped plans to visit the Democratic Republic of the Congo and Rwanda at the request of the U.S. Embassy in Congo because of postelection fighting in that country's capital, Kinshasa.

Yesterday, Mr. Obama said Kenya had made great strides since independence from Britain in 1963 and remained "a model of representative democracy, a place where many different ethnic factions have found a way to live and work together."

But corruption is threatening all that by hampering development and the creation of strong, accountable institutions, he said.

"If the people cannot trust their government to do the job for which it exists -- to protect them and promote their common welfare -- then all else is lost. That is why the struggle of corruption is one of the great struggles of our time," Mr. Obama said.

He said graft had allowed Felicien Kabuga, wanted on war-crime charges in Rwanda's 1994 genocide, to find safe haven in Kenya and had infected the police force to the point that it was "a source of insecurity."

The government of President Mwai Kibaki, elected in 2002 on a promise to wipe out the graft that had characterized the 24-year rule of predecessor Daniel arap Moi, has itself been hit by a string of corruption scandals in the past year.

Mr. Obama arrived in Kenya on Thursday for his first visit to his father's homeland since taking office.

On Sunday, he visited a project to start small businesses and stopped by an AIDS prevention program in Kibera, one of the world's biggest slums, where he told residents that he wants everyone in the United States to know about their plight and promised to push the U.S. and Kenyan governments to help.

The AIDS prevention program is affiliated with the University of North Carolina. Mr. Obama also met with students who are part of local abstinence campaigns. The program, called Carolina for Kibera, estimates that one in five of the slum's population is HIV-positive.

AIDS prevention has been a theme of Mr. Obama's visit. On Saturday, he and his wife, Michelle, underwent public HIV tests at a hospital in Kisumu in an effort to reduce the public stigma associated with HIV testing.

Biggest-Ever Emissions Trades: $1 Billion Deal Benefits Beijing (WSJ)

By John J. Fialka

The Wall Street Journal, August 29, 2006

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WASHINGTON -- The World Bank and 11 utilities, banks, trading firms and others have put together the largest greenhouse-gas emission trades in history, a $1 billion deal that will help two Chinese chemical companies reduce emissions believed to cause climate change by the equivalent of 19 million tons of carbon dioxide a year.

The transaction, almost double the size of previous deals, will be a windfall for the Chinese government, which will get 65% of the money through existing taxes on the two companies. The money will be put into a new Clean Development Fund that China will use to promote forms of renewable energy -- such as solar and wind power -- and to remove other gases believed to cause global warming.

Seventy-five percent of the money is coming from European and Asian corporations, many of which are hurrying to buy emissions credits that can be used to meet the terms of the Kyoto Protocol. The treaty, ratified by 164 countries, requires 35 participating industrial nations to reduce emissions of carbon dioxide and five other so-called greenhouse gases by 5.2% below 1990 levels between 2008 and 2012.

Under emissions trading, a company that reduces emissions below its assigned quota has credits that it can sell. Companies that can't make reductions to meet their targets can buy the credits and use them to make up the difference. Companies also can obtain credits by financing emission-reducing projects in developing nations, such as China.

"The window is closing on transactions of this size," said Joelle Chassard, manager of the World Bank's carbon finance unit, which helped write the rules for such trades of pollution credits and negotiated the first international deals. Ms Chassard said such credits sold out within two weeks to private purchasers, including utilities. She noted that most projects to reduce emissions in developing countries, such as building power plants, require long lead times that may not permit the facilities to be productive by the treaty's first regulatory period.

"We think this is a very positive development. It says something about the commitment of China to do something about climate change," Ms. Chassard said. China, although the world's No. 2 emitter of greenhouse gases, is considered a developing nation and isn't bound by Kyoto regulations. The U.S. is the world's largest source of greenhouse gases, but declined to join the Kyoto treaty in favor of voluntary reduction programs.

The two Chinese companies that will benefit from the transaction are located in Jiangsu Province on China's eastern coast. The companies manufacture a refrigerant using a process that generates HFC-23, an inert gas that is rated 11,700 times more powerful in global warming than carbon dioxide. A small part of the $1 billion, Ms. Chassard said, will be used to buy incinerator technology that will decompose the HFC-23. The gas, which is among those considered pollutants by the Kyoto treaty, currently is released into the air.

The potency of the gas involved and the simplicity of the technology needed to eliminate it have made HFC-23 deals the most attractive for emissions credits trading. That is because companies and governments are looking for projects that can be completed by 2008.

"This was an attractive deal all around," said Jack Cogan, president of Natsource LLC, a New York asset managing company that is buying credits for 27 corporations that are members of two pools it has organized. "If these [Chinese] companies make a lot of money out of this, that's fine with us. The trading was done at market prices."

Other participants include: Deutsche Bank AG; RWE AG, a German utility; Tokyo Electric Power Co., Endesa SA, a Spanish utility, and Japanese trading firm Mitsui & Co. Ltd. The deal also includes members of five funds organized by the World Bank, which include both governments and private companies. According to the World Bank, 25% of the money involved in the transaction comes from government agencies that, under the treaty, can use the credits to meet national pollution targets.

Companies that can't meet their pollution-reduction goals face a variety of penalties that would be levied by their home country's equivalent of the Environmental Protection Agency. Countries are moving to avoid the embarrassment of not meeting their treaty obligations. Reductions that will be required in the second round of the Kyoto Protocol, which begins after 2012, haven't been negotiated.

The Yuan And The Greenback (WSJ)

By Ronald I. McKinnon

The Wall Street Journal, August 29, 2006

China's central bank anchored the national price level from 1994 to Sept. 21, 2005, by keeping its currency, the yuan, fixed at 8.28 yuan to the U.S. dollar. The policy was a great success: Over that period, China's consumer price inflation dropped to around 1% to 2%, from more than 25%, and inflation-adjusted GDP grew at a healthy 9% to 10% clip per year.

Today, however, the U.S. monetary anchor isn't as stable as it once was. U.S. inflation is spiraling up, with consumer prices rising to 4.1% and producer prices to 4.2% on a year-on-year basis through last July. Clearly, China's foreign monetary anchor is slipping. Worse, the Federal Reserve Bank has been indecisive about caging the inflation dragon, leaving the interbank federal funds rate at just 5.25% -- an unduly stimulatory level -- at its August meeting.

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So what should China do? Since July 21 last year, when the People's Bank of China unhooked the yuan and allowed a discrete appreciation of 2.1%, the mainland's policy makers have allowed the currency to appreciate slowly. The total appreciation equaled 3.3% after a year -- and seems to be continuing at about this annual rate.

The initial motive for unhooking China's peg to the dollar was probably to defuse -- or confuse -- misguided American political pressure to appreciate the yuan's value versus the greenback. The premise of such arguments, that yuan appreciation would reduce China's large and growing trade surplus, is widely held but wrong. The trade imbalance between China and the U.S. results from China's high savings combined with the opposite tendency in the U.S., neither of which is predictably affected by changing the yuan-dollar exchange rate.

China's inflation is, however, predictably affected by sustained exchange-rate changes. Although unhooking the yuan-dollar exchange rate to reduce China's trade surplus was wrongly motivated, the subsequent small appreciation has had a positive effect: It's helped to insulate China from surprisingly high U.S. inflation. So should small controlled exchange appreciation now become China's monetary guideline for maintaining internal price stability?

Consider the evidence: China's consumer price inflation registered just 1% over the year through last July, while the U.S. rate hit 4.1%. This inflation differential of 3.1 percentage points was consistent with the yuan's appreciation of 3.3% year over year, as the chart nearby shows. That the inflation differential mimicked the appreciation so closely is partly a statistical coincidence, and probably unlikely to happen again. Nevertheless, cause and effect are also important. Beyond just U.S.-China trade, the dollar is an international currency widely used for pricing foreign trade in goods and services in Asia and the world. When a highly open economy such as China's gears its domestic monetary policy to a slow, but well signaled, appreciation against the dollar, its price inflation can be expected to fall correspondingly below the American rate.

This reasoning leads to a new monetary rule for China: Pick some target rate for annual inflation in China's CPI, say 1% (it could be as high as 2%), then see how much higher American inflation, say 4.1%, is above China's internal target rate. The difference, in this case 3.1%, then becomes the planned annual gradual appreciation of the yuan rate against the dollar. As is already the case, the exchange rate would be tightly controlled by China's central bank, with only tiny movements on a daily basis -- around which the narrow band fluctuations would continue. And the exact timing of these movements would be arbitrary, so that speculators don't get any free lunches. Finally, if Fed Chairman Ben Bernanke does succeed in reducing American inflation, China's exchange rate appreciation would slow accordingly -- and stop altogether when American inflation stabilizes at China's internal target rate.

Although this new monetary-cum-exchange-rate rule is straightforward enough, it has strong implications for the behavior of yuan interest rates. Those that are not officially pegged are already endogenously determined by the expected path of the exchange rate. The chart shows the paths of one-year interest rates for China and the U.S., and the corresponding yield spread. In May, the yield on dollar bonds quoted in London was 5.7%, while the yield on bonds issued by China's central bank was 2.6% -- a spread of just 3.1%. The chart then superimposes the path of the yuan's appreciation since July 21, 2005. Remarkably, by July 2006, the two curves conjoin: The 3.28% appreciation over the year roughly equals the interest differential! Investors in yuan assets were willing to accept a lower return because they expected the yuan to appreciate a little over 3%. This interest differential of 3% or so will continue as long as investors project that the yuan will continue to appreciate by that amount -- as per our new monetary rule for targeting China's domestic rate of price inflation at a lower level than in the U.S.

It is important to keep the rate of yuan appreciation moderate and in line with the inflation differential between the two countries. Suppose the rate of appreciation was accelerated to 6%, with U.S. inflation remaining at 4.1% and the dollar interest rate at 5.7%. Financial markets, which are quick to adjust, would bid interest rates on yuan assets toward zero -- from which they would be bounded from below: the infamous liquidity trap. In goods markets, where prices are slower to adjust, inflation would begin to fall below the 1% target -- and then could even fall below zero, so as to create outright deflation.

Alternatively, suppose that U.S. inflation slowed to, say, 2% and dollar interest rates came down toward 3%. Then, if China's central bank stayed with its current policy of a slightly more than 3% annual appreciation of the yuan, Chinese interest rates would again be forced toward zero, with the threat of outright deflation in the general price level. Instead, the correct strategy for China's central bank then becomes to slow the rate of appreciation to 1% per year, or slightly less.

Floating the yuan, which would lead to a large initial appreciation, would be a major policy mistake. China's trade surplus would continue unabated, with a continued accumulation of dollar claims by the private sector that would force successive appreciations of the yuan until the central bank was again forced to intervene and stabilize the rate at a much appreciated level. By then, expectations of ongoing appreciation and deflation in China would be firmly in place. That scenario could mimic what happened to Japan with its ever higher yen in the 1980s through the mid-1990s -- a deflationary slump, coupled with a zero interest liquidity trap and its "lost" decade of the '90s.

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The bottom line is that China's central bank must carefully watch inflation and interest rates in the U.S. when formulating its own exchange-rate-based monetary strategy. Any exchange-rate changes against the dollar should be tightly controlled and gradual -- as with the appreciation over the past year.

Mr. McKinnon, professor of economics at Stanford, is author of "Exchange Rates under the East Asian Dollar Standard: Living with Conflicted Virtue" (MIT Press, 2005).

China's Great Leap Backward (WSJ)

The Wall Street Journal, August 29, 2006

In most countries, a blind social activist who taught himself law to fight for the rights of the disabled and other victims of abuse would be a hero. In China, Chen Guangcheng's reward for doing this is prison.

After courageously exposing forced abortions and sterilizations that even the government agrees are against the law, he was sentenced Thursday to four years and three months on trumped up charges of "gathering a crowd to disrupt traffic" and damaging $680 of government property. Three lawyers who sought to defend the blind activist were detained by local police in the northeast Chinese province of Shandong and accused of stealing a wallet. The judge then announced that Mr. Chen's silence during the "trial" amounted to an admission of guilt.

Despite China's impressive progress in the economic arena and its repeated claims to be building a fairer legal system, the law is taking a great leap backward.

On Friday, Chinese journalist Zhao Yan was sentenced to three years in jail on dubious charges of fraud. A researcher for the Beijing bureau of the New York Times, Mr. Zhao was detained two years ago on charges of "leaking state secrets" after a story in the Times revealed that former President Jiang Zemin was about to step down as China's military chief. The Times has repeatedly denied that Mr. Zhao was involved in this story, and prosecutors didn't produce evidence that the report fit even China's elastic definition of state secrets. After President Bush twice raised the Times researcher's case with Chinese President Hu Jintao, Beijing had to be a bit more careful. So it let the state-secrets charges fail and dug up an unrelated five-year-old fraud charge to avoid setting Mr. Zhao free.

Meanwhile Ching Cheong, Hong Kong correspondent for Singapore's Straits Times, is waiting to hear his fate after a secret trial two weeks ago, again on charges of leaking state secrets. He was detained last year while trying to collect a manuscript containing interviews with the late reformist leader Zhao Ziyang, who sided with the student demonstrators in the 1989 Tiananmen protests.

Mr. Chen's case is the most tragic of all. He was guilty of doing no more than what Beijing has repeatedly urged disgruntled citizens: Use the country's embryonic legal system to tackle abuses by local cadres. After years of helping disabled people win cases against local government agencies, Mr. Chen last year brought a lawsuit on behalf of the victims of sterilizations and forced abortions inflicted by population-control officials in Shandong's Linyi City. Though China still has a one-child policy, both practices are now officially illegal. Some officials in Linyi responsible for forced sterilizations and abortions were sacked after Mr. Chen's lawsuit prompted an investigation by Beijing.

None of this was enough to save him when local officials took revenge. He was detained, beaten and ultimately imprisoned. Beijing police looked the other way as Mr. Chen was abducted from under their noses by Shandong officials. That fits a recent pattern in which the Chinese leadership has repeatedly sided with corrupt local officials against their accusers. Beijing's actions in cases such as these undermine China's claims that it is committed to the rule of law.

The Waiting Game (WSJ)

The Wall Street Journal, August 29, 2006

Last week Ottawa-based Decima Research released results of a poll designed to answer the ultimate question in Canada: "How many wait too long for health care?" The firm says its survey of 3,070 Canadians "reveals that more than one in three Canadian households has tried and failed to get timely access to at least one health service within the last three months."

Nearly half (46%) of those waiting to see a specialist said they experienced an "unreasonable" wait time, as did 30% of those waiting to confirm a diagnosis. Of those who sought emergency hospital treatment, 44% said their wait was too long. According to Decima CEO Bruce Anderson, "In the case of some services, the number of people satisfied with the speed of service is virtually equaled by the number of people who are dissatisfied."

The Vancouver-based Fraser Institute's "Waiting Your Turn" annual report has documented Canada's waiting-time crisis in health care for 15 years. In 2005 it found "total waiting time between referral from a general practitioner and treatment, averaged across all 12 specialties and 10 provinces, was 17.7 weeks."

At issue here is whether it is better to ration a scarce good using prices, as a free-market system would do, or using time, as is inevitably the case with nationally financed systems. As Mr. Anderson put it, "These results confirm that millions of

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Canadian households, in the last three months alone, experienced the anxiety of waiting what they felt was too long a period of time for a health service."

Qatar Leads The Way (WT)

By S. Rob Sobhani

The Washington Times, August 29, 2006

As the world focuses on the conflict between Israel and Iran's proxy, Hezbollah, a quiet revolution to remove oppression and despair that often leads to terrorism is taking place in neighboring Qatar under the leadership of a dynamic and charismatic woman. Sheikha Mozah bint Nasser al Missned is the wife of the amir of Qatar, one of America's strongest allies in the troubled Middle East. While President Bush believes that the removal of terrorism requires a major transformation of the Middle East through the promotion of liberty and democracy, the sheikha has focused on a new mission of statecraft: good governance.

For the sheikha, the three major pillars of good governance are education reform, religious tolerance and political pluralism, all of which she firmly believes can take root in the Middle East. Ultimately, good governance means serving the people-in her mind the most valuable asset of a nation.

She approaches her mission to transform the hearts and minds of the Arab Muslim world with a level of professionalism seldom seen in that part of the world. Her success to date can only be explained by her personality: Disciplined, focused, agenda-driven, and working according to a code of meritocracy. Armed with a degree in sociology from the University of Qatar that she received in 1986 and three doctorates from Virginia Commonwealth University, Texas A&M and Carnegie Mellon, she has a clear vision to transform this energy-rich Sunni Arab state into the education hub of the Middle East.

The nerve center of her drive for education reform is the Qatar Foundation, a nonprofit enterprise dedicated to promoting the arts and sciences, and educating younger generations. The Qatar Foundation created Education City, a 24,000-acre multi-institutional campus, which is home to leading American institutions and think tanks. American universities — including Georgetown, Texas A&M, Carnegie Mellon and Cornell — have set up satellite campuses in Education City, thus enabling Qataris and other Arab Muslims to obtain a Western education. The Rand-Qatar Policy Institute is a new center for independent policy analysis staffed with local scholars. The Rand Corp. is also assisting in the development of a plan to revamp primary and secondary education in Qatar.

The sheikha believes that education is an anchor of good governance because it encourages free thinking and tolerance of other cultures and ideas. Inviting American companies and universities to set up campuses in Qatar demonstrates her commitment to transforming Qatar into a regional educational hub and an incubator of new ideas.

In recognition of her dedication to education reform, UNESCO appointed the sheikha as special envoy for Basic and Higher Education in 2003. As special envoy, she is actively promoting various international projects to improve the quality and accessibility of education worldwide. Her accomplishments include the International Fund for Higher Education in Iraq, which is dedicated to the reconstruction of institutions of advanced learning. The sheikha Mozah personally donated $15 million for training faculty members at Iraq's top universities.

The underlying premise of this focus on education as an anchor of good governance is that education and its commitment to free thinking cannot be the sole domain of the Muslim clergy — whether they be in Tehran, Qom, Nafaj, Riyadh or Cairo. Rather, education will give individuals the wherewithal to decide for themselves and not be brainwashed by ignorant clerics in far off madrassas on the border of Pakistan-Afghanistan.

For the sheikha another aspect of good governance is religious pluralism. One of her seminars on Christian-Muslim understanding was attended by the Archbishop of Canterbury. She has promoted the building of non-Muslim public places of worship in Qatar and has given legal status to Catholic, Anglican, Orthodox, Coptic and Asian Christian denominations. Members of the Bahai faith, persecuted in Iran, enjoy freedom of expression in Qatar.

Working from her modestly decorated office in the outskirts of Doha, the capital of Qatar, the sheikha also focuses on the third pillar of good governance. She argues that a "free zone" of political tolerance will allow for the free flow of ideas and opinions between traditionalists and modernists, where change is enacted through the ballot box, not by resorting to terrorism.

As Washington struggles to contain the evil of global terrorism by promoting democracy in the Middle East, Sheikha Mozah bint Nasser al Missned's road map of transforming the hearts and minds through education is an excellent starting point.

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Miller, Charles S

From: Miller, Charles S
Sent: Tuesday, August 29, 2006 11:56 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Brody, Stephen (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Figley, Paul (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 8/29/06 Civil Division News

Press Release: Schering-Plough Reaches Agreement With U.S. Attorney's Office for District of Massachusetts and U.S. Department of Justice

Schering-Plough to pay 435 mln usd to settle past business practice litigation

Indian trust plaintiffs want to keep original judge

Government fails to establish liability for pulmonary stress test claims

Orange County man gets 10-year sentence in Medicare fraud case

Former postal employee wins $162,500 settlement: Tony P. Welch claimed that five white, male co-workers frequently made racially derogatory comments toward him

Vets Exposed to Radiation Lose Ruling

PR Newswire

August 29, 2006

Press Release: Schering-Plough Reaches Agreement With U.S. Attorney's Office for District of Massachusetts and U.S. Department of Justice

KENILWORTH, N.J., Aug. 29 KENILWORTH, N.J., Aug. 29 /PRNewswire-FirstCall/ -- Schering-Plough Corporation (NYSE: SGP) has reached an agreement with the U.S. Attorney's Office for the District of Massachusetts and the U.S. Department of Justice to settle the previously disclosed investigation involving the company's sales, marketing and clinical trial practices and programs. The agreement reached today resolves that investigation, which began prior to the arrival of the new management team.

"Since April 2003 when new management joined Schering-Plough and launched its Action Agenda to transform the company, we have made great progress in building an organization that puts business integrity at the center of its work," said Brent Saunders, senior vice president, Global Compliance and Business Practices, Schering-Plough Corporation. "With this agreement, we are putting issues from the past behind us. It is another step as we transform Schering-Plough into a high-performance competitor for the long term."

The agreement provides for an aggregate settlement amount of $435 million and is subject to court approval. Under the agreement, Schering Sales Corporation, a subsidiary of Schering-Plough Corporation, will plead guilty to one count of conspiracy to make false statements to the government and pay a criminal fine of $180 million, and Schering-Plough Corporation will pay $255 million to resolve civil aspects of the investigation.

The company's previously disclosed litigation reserves will be sufficient to cover the settlement amount under the agreement announced today.

In connection with the settlement, Schering-Plough Corporation will also sign an addendum to an existing corporate integrity agreement with the Office of Inspector General (OIG) of the U.S. Department of Health and Human Services (HHS). The addendum will not affect Schering-Plough Corporation's ongoing business with any customers, including the federal government.

END

AFX International Focus

August 29, 2006

Schering-Plough to pay 435 mln usd to settle past business practice litigation

KENILWORTH, N.J (AFX) - Schering-Plough Corporation said it has reached a 435 mln usd agreement with the Justice Department and the U.S. Attorney's Office of Massachusetts to settle an investigation into past business practices involving the company's sales, marketing and clinical trial practices and programs.

Under the settlement, the drug maker said its subsidiary Schering Sales Corporation will plead guilty to one count of conspiracy to make false statements to the government and pay a criminal fine of 180 mln usd.

Schering-Plough will also pay 255 mln usd to resolve civil aspects of the investigation.

END

AP

8/28/06

Indian trust plaintiffs want to keep original judge

By JENNIFER TALHELM/Associated Press Writer

Days after announcing a plan to appeal a recent court decision to the U.S. Supreme Court, American Indian plaintiffs in a 10-year-old lawsuit against the government over management of Indian trust funds have switched their strategy.

They instead will ask the full U.S. Court of Appeals for the District of Columbia Circuit to review a decision to remove a federal judge from their case.

In July, a three-judge panel of the appeals court ruled that U.S. District Judge Royce Lamberth had lost his objectivity in the class-action lawsuit. The panel took the unusual step of ordering the case reassigned to a different judge.

The Indian plaintiffs think Lamberth should be allowed to stay with the case.

Bill McAllister, a spokesman for the Indian plaintiffs, said that after they announced last Thursday their decision to appeal to the Supreme Court, the plaintiffs reconsidered their options and chose a more traditional route.

Lead plaintiff Elouise Cobell of Browning said the Indians wanted "to give the Court of Appeals an opportunity to correct its own error and rectify the serious harm that the decision would cause 500,000 individual Indian trust beneficiaries."

"If the decision was made because Court of Appeals judges believe that the administration would resolve this case expeditiously and fairly, the judges are terribly mistaken," Cobell said. "It is the conduct of government officials that must be publicly condemned and severely sanctioned until it stops, not the esteemed judge who has the intellectual integrity to describe such repugnant behavior."

The Indians accuse the government of mismanaging more than $100 billion in oil, gas, timber and other royalties from their lands, dating back to 1887.

Lamberth, a conservative Reagan appointee, has decided in favor of the Indians several times. He held former Interior Secretaries Bruce Babbitt and Gale Norton in contempt and more than once ordered the department to disconnect its com-puters from the Internet to protect Indians' records. Several of his rulings have been overturned on appeal, including Norton's contempt charge.

The three-judge panel said many of Lamberth's holdings went too far, including one last year that accused the department of racism.

The Indians' decision to appeal comes as lawmakers in Congress try to broker a settlement.

Plaintiffs say aides for the Senate Indian Affairs Committee approached them this summer offering to settle for $8 billion.

Talks between the government, the plaintiffs and Congress are ongoing. An agreement could be reached this fall.

END

CCH® Medicare

8/29/06

Government fails to establish liability for pulmonary stress test claims

The government's suit against a doctor alleging false claims and unjust enrichment was dismissed because the doctor's claims were not false, as a matter of law. The government contended that the doctor did not appropriately bill for pulmonary stress tests, he failed to properly document medical necessity, and he was unjustly enriched.

The doctor submitted the allegedly false claims for services related to pulmonary rehabilitation services over a thirteen year period during which there was a nationwide debate regarding billing for such services. During this time the doctor also asked for guidance and clarification from CMS and his carrier regarding the proper billing of such services. The record showed that the doctor was repeatedly told that he was authorized to bill for stress tests when they were performed as part of a pulmonary rehabilitation session. In addition, Medicare consistently approved his claims. The record also showed that the doctor was performing medically necessary services. After reviewing the doctor's records, the government's own expert concluded that the doctor was providing medically appropriate therapy.

There was, however, a question of fact regarding whether the doctor sufficiently documented the services as medically necessary. Because the rules regarding documentation of medical necessity are ambiguous, there was no liability under the false claims act. Finally, there was undisputed evidence that the doctor lost money in providing the services in question. Consequently, the government's contention that he was unjustly enriched made no economic sense.

END

AP
August 29, 2006

Orange County man gets 10-year sentence in Medicare fraud case

SANTA ANA, Calif._An Orange County man who spent the proceeds of a Medicare fraud scheme on a Rolls-Royce, yacht and other luxury items was sentenced Monday to 10 years in prison.

Phu Luong, 51, operated United Medical Supply in Huntington Beach as a front to fraudulently bill Medicare for wheelchairs and other items medically unnecessary or never provided, Assistant U.S. Attorney Jeannie Joseph said.

Luong of Huntington Beach led a group of 10 people, including two doctors, prosecutors said. The group recruited patients from the local Vietnamese and Korean communities for medical examinations, then billed Medicare on their behalf, officials said.

Luong and three others indicted in the case were convicted at trial, while four pleaded guilty. The two doctors fled the country, though one was later captured and is scheduled for trial.

Luong was convicted of 35 counts of health care fraud and five counts of money laundering.

Prosecutors said Luong used the proceeds to buy a $185,575 yacht, a $118,000 Rolls-Royce, and put a $1.7 million down payment on a mansion in Huntington Beach.

END

Roanoke Times

August 29, 2006

Former postal employee wins $162,500 settlement: Tony P. Welch claimed that five white, male co-workers frequently made racially derogatory comments toward him.

Lindsey Nair

The Roanoke Times, Va.

Aug. 29--A former Roanoke postal employee who claimed he was racially harassed by fellow workers has reached a $162,500 settlement with the U.S. Postal Service.

Tony P. Welch, who worked at the main branch on Rutherford Avenue Northeast from 1996 until 2002, said he "wouldn't call it a slam-dunk victory," but he was satisfied with the outcome.

Postal service representatives were unavailable for comment, and the U.S. Attorney's Office in Roanoke, which defended the government agency, declined to comment on the settlement.

Welch, who is black, claimed in his federal lawsuit that five white male co-workers who had been accused in an earlier lawsuit of harassing a female employee frequently made racially derogatory comments toward him beginning in 1998.

On one occasion, Welch said, they referred to the 1998 dragging murder of a black man in Jasper, Texas, saying, "What if that were you behind that truck ... do you want to go on a Texas truck ride?"

Welch also accused the men of making racial jokes about ebonics and Oreo cookies, shouting, "I'm spooked!" when he walked by and shaking their genitals at him.

In addition, he said, supervisors called him "boy" and made references to sending him "back to the plantation" or cracking a whip across his back.

None of the harassers were named in Welch's lawsuit, and it is unclear whether they are still employed with the postal service.

According to Welch, the harassment started not long after Welch supported a female co-worker, Deborah Freeman, when she sued the postal service for similar reasons.

Had Freeman's case gone to trial, Welch would likely have been a witness, according to Freeman's lawyer, Elizabeth Dillon.

Freeman's lawsuit ended with a $140,000 settlement, but she has since filed a breach of settlement complaint because she was not allowed to stay at the Hollins post office as a window clerk.

Welch filed numerous grievances with the Equal Employment Opportunity Commission and, in 2002, was awarded $14,000 by an EEOC administrative judge. But Welch's attorney, Morris Fischer of Maryland,

said his client deserved more.

Welch said the harassment stressed him out so badly that he became physically ill.

After Welch was fired in October 2004 for being absent without leave, he filed a federal lawsuit claiming unlawful termination. That action was combined with the discrimination lawsuit this year.

On Monday, Fischer said he was satisfied "to the extent that money can make somebody whole."

He added that the government's decision to settle the case was a good way to "stop the bleeding of bad publicity and rectify to the extent possible a very bad situation."

END

Knight Ridder

August 29, 2006

Vets Exposed to Radiation Lose Ruling

WASHINGTON - Radiation exposure took Alice Broudy's husband a generation ago.

This week, a court ruling sliced away at her bid for redress.

In a quiet ruling that nonetheless resonates nationwide, a federal appellate court rejected efforts by Broudy and others seeking claims on behalf of "atomic veterans." The same court simultaneously rejected bids by other veterans exposed to biological and chemical agents.

Taken together, the dual rulings by the D.C. Circuit Court of Appeals will likely impede many veterans hoping for compensation. At the very least, it will complicate future claims.

"It's a significant ruling," Washington-based attorney David Cynamon, who represented veterans in both cases, said Friday. "Unfortunately, it's a significantly bad ruling."

A Department of Veterans Affairs spokesman couldn't be reached to comment.

Broudy, a resident of California's Orange County, has long been seeking full compensation for the death of her husband, a Marine major who was repeatedly exposed to radiation. She has company.

George Woodward, who lives north of Wichita, Kan., in the town of Miltonvale, was exposed to radiation during a 1955 test blast. Kathy Jacobovitch, a resident of Vashon Island, Wash., lost her father through exposure to contaminated ships in Puget Sound. Ernest Kirchmann, a 62-year-old Navy veteran who lives south of Minneapolis in tiny West Concord, who's filed a separate lawsuit, was exposed during a 1964 nuclear submarine accident.

"It isn't just my personal case," Broudy said Friday. "It's the entire veterans community. It makes me so angry."

Broudy married her husband, Charles, in 1948. Three years earlier, he'd walked the war-poisoned streets of Nagasaki. Within a decade, he was facing radiation in the Nevada desert. He died of lymphatic cancer in 1977. Though she has since received partial compensation, Broudy has been confronting the federal government for more. She has now lost three separate lawsuits.

"This closes the door," Cynamon said of the latest appellate court ruling, which was issued Wednesday. "It will make it very difficult, if not impossible, for individuals who are victimized by government cover-ups."

All told, an estimated 220,000 U.S. soldiers were allegedly exposed to radiation in the 1940s and 1950s. Some, such as William Yurdyga of Sacramento, Calif., claimed in an earlier lawsuit that they were exposed following the Hiroshima or Nagasaki atomic blast. Others claimed exposure during Cold War testing.

The three-member appellate panel wasn't ruling on whether the atomic veterans deserve compensation. A 1988 law provides that. To succeed, though, veterans must prove they were present at a radioactive site and that they contracted a radiation-related illness or were exposed to a cancer-causing radiation level.

Required military test records can be elusive. A 1973 fire destroyed many veterans' records, and veterans consider alternative "dose reconstruction" estimates inaccurate.

"You send a Freedom of Information Act request," Broudy said, "and you wait and you wait and you wait, and then maybe you get a piece of it, or you get nothing at all because they say it's classified."

The latest lawsuit sought to force Pentagon officials to release all relevant records. In the opinion written by Appellate Judge Thomas Griffith, appointed by President Bush last year, the court panel agreed unanimously that atomic veterans couldn't compel a massive release of all the Pentagon's relevant documents.

Instead, individual veterans must file individual claims.

If the Pentagon is "covering up records of medical tests that describe the amount of radiation to which these veterans were exposed, FOIA (the Freedom of Information Act) provides a potential remedy," Griffith wrote.

A new study by Melinda Podgor for the Elder Law Journal found that 18,275 atomic veterans had filed for compensation as of October 2004. Only 1,875 claims were granted.

On a separate but related legal track, veterans such as Columbia, S.C., resident John Goricki and Homestead, Fla., resident Richard B. Holmes were pursuing claims following exposure during the Shipboard Hazard and Defense project of the 1950s and 1960s.

Project SHAD allegedly exposed up to 10,000 soldiers and sailors to biological and chemical agents. Like the atomic veterans, SHAD survivors claim that the Pentagon clings to secret information. Like the atomic veterans, they couldn't persuade the appellate court to order the release of all relevant documents.

The veterans "can still seek, through FOIA, the documents they believe they need to pursue their benefits claims," the appellate panel ruled.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, August 30, 2006 8:21 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, August 30, 2006
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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, AUGUST 30, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Three More Charged In London Plot....4
Judge To Rule Soon On Oregon Wiretapping Suit....4
Attorneys Seek White House Documents On Phone Records..4
Navy Lawyer Charged With Copying, Transmitting Secret Information....4
Hayat Relatives Barred From Returning To US From Pakistan....5
Judge Rules Israeli Agents May Hide Identity During Salah Trial Testimony....5

Homeland Response:

Chertoff Seeks Greater Access To Airline Passenger Information....5
US Authorities Increasingly Concerned Over Threat Posed By Homegrown Terrorists....5
Bush Says Government Fell Short During Katrina, Reaffirms Commitment To Recovery....6
Fading Tropical Storm Ernesto Hits Florida....10

War News:

Gonzales Discusses Rule Of Law In Baghdad Visit....10
Bush Defends Decision To Topple Saddam....11
Rumsfeld Accuses Iraq Policy Opponents Of Trying To Appease Terrorists....12
Gonzales Discusses Rule Of Law In Baghdad Visit....12
Sectarian Violence Continues In Baghdad....13
Political Factions Reach Agreement On Iraq Oil Sharing Revenue....14
Marine Accused In Haditha Deaths Was Recommended For Medal....14
Eighteen Insurgents Killed In Afghanistan....14
Attorneys For Kentucky Soldier Charged With Iraqi Murder Seek Gag Order....14

DOJ:

East Arkansas US Attorney Says He May Step Down....15

Corporate Scandals:

DOJ Probing BP's Energy Trading Practices....15
Progress Software To Restate Financial Results....16
Barnes & Noble Subpoenaed In Options Probe....16
FBI Issues Wanted Poster For Former Comverse CEO....17
Judge Rules Against Privilege In Enron Fraud Case....17

Criminal Law:

Armitage Said To Have Acknowledged Role In Plame Disclosure....17
Nevada Police Arrest Jeffs During Traffic Stop....18
Colorado DA Defends Karr Arrest....20
Tennessee Lawmaker Pleads Not Guilty To Fraud Charges 22
Prison Official Testifies Mob Associates Tended To Gotti's Every Need....22
Attorney For Aryan Brotherhood Leader Argues Against Death Penalty....22
South Dakota Governor Halts Execution....23
Son Of Pennsylvania Lawmaker Reportedly Kidnapped....23
AT&T Says Hackers Stole Credit Card Numbers....23
Final Defendant In DC Mall Attacks Pleads Guilty....23

Civil Law:

DOJ Settles Drug Price Charges With Schering-Plough For $435 Million....24

Civil Rights:

Kim Tours Mississippi Training Schools....24
Jury Deliberates Rape Charge Against Officer....24
Starr Asks SCOTUS To Hear "Bong Hits 4 Jesus" Case....25

Antitrust:

Antitrust Experts Decry Deal On Texas Airfield....25

Environment:

Federal Dam Relicensing Rules Meet With Legal Challenge 26
Johanns Promises Drought-Stricken Farmers Almost $800 Million In Aid 26
NYTimes Opposes Development Of Colorado Highway 26

FBI/DEA/ATF/USMS:

FBI Demonstrates New Interagency Counter-Terrorism Database 26
FBI Agent 13 Others Injured In San Francisco Hit-And-Run Rampage 27
Fentanyl Linked To 17 Fatal Overdoses In New York City 27
Two Former Air Marshals Sentenced To Prison For Cocaine Smuggling 27
Seven Arrested For Ecstasy Smuggling At JFK Airport 27
Another Guilty Plea Expected In Tennessee Marijuana-Trafficking Case 28
Turf War Spreads Violence Of Mexico's Drug Cartels 28

Immigration:

Kennedy Says Bush Help Needed In Immigration Reform Negotiations 28
Judge Orders New York City To Ensure Aid For Battered Immigrants 28
Afghani Immigrants Seek To Address Cultural Divisions With US-Born Children 29

Tax:

IRS Outsourcing Of Debt Collection Said To Be "Wildly Inefficient." 29
Ruling On Damage Taxation Seen As Major Setback For IRS 29

Congress-Administration:

Investigation Finds Government Broadcasting Executive Misused Office 30
Despite Controversy, Rove Maintains White House Influence 30
Bush Discusses His Reading List 31
Supreme Court Justices Hire Fewer Female Clerks 31
Few Senators Willing To Disclose BMI 31

Other News:

Median Household Income Rose 1.1% Last Year 31
Housing Market Decline Seen As Prompted By End Of Speculative Era 32
Gasoline Prices Could Keep Falling For Months 33
Attorney Charges Holland & Knight Inflated His Billing 33
Revised SAT Exam Scores Fall To 2002 Levels 33
Hourly Pay For Primary Care Doctors Suggested 34
Medical Cost "Transparency" Seen As Unlikely To Hold Down Costs 34
Kummant To Head Amtrak 34
Perry Orders Special Election For DeLay's Seat On Same Day As General Election 35
Cheney Says Democrats Would Weaken Anti-Terror Measures, "Give Up The Fight" In Iraq 35
Bush To Attend Fundraiser For Talent 35
FEC Blocks GOP Proposal To Relax Rules On Interest Group Ads 35
FEC Rules Millionaire's Amendment Doesn't Apply To Cantwell 35
With Polls Showing Virginia Race Close, DSCC To Fund Webb Campaign 36
Cardin Boosts Lead Over Mfume To 13 Points In Independent Poll 36
Kemp To Campaign For Lieberman As Inouye Endorses Lamont 36
Schumer Predictions On Senate Contests Called "Overly Exuberant." 36
Trial Lawyer Ads Target Vulnerable Republicans 36
McCain Trying To Dispel Concerns About Age 37
Warner Worries Democrats Limit Sectional Appeal 37
Frist May Not Have Met Requirements To Keep Medical License Active 37
Pension Reform Law Prompts More Employers To Offer 401(k) Advice 37
Democratic Criticism Of Wal-Mart Seen As Diversion 37
Rice Says Solution To Terrorism Is Transforming Middle East 38
IAEA To Disclose New Iranian Enrichment Program 38
Pakistani Government Faces Increasing Political Pressure ..40
Annan Lauds Lebanese Commitment, Asks Israel To End Blockade 40
Bush Offers To Meet Sudan's Bashir At UN General Assembly 42
US Trade Representative Encourages China To Take Leadership Role In Doha Talks 42
IMF Restructuring Would Empower Developing Nations At Europe's Expense 43
South Korean Earthquake Center Monitors North For Nuclear Tests 43
Human Rights Groups Alarmed By Conduct Of Chechen Security Forces 43
Putin Funds New Opposition Alliance 43

DOJ_NMG_0055361

LATimes Urges Democratic Reformers In Mexico To Oppose Obrador 43
WSJournal Urges Democrats To Support Provision Of African Textile Free Trade Act 44
South African Leaders Accused Of Blocking AIDS Relief..... 44

The Big Picture:

Headlines From Today's Front Pages..... 44

Washington's Schedule:

Today's Events In Washington 45

DOJ_NMG_0055362

TERRORISM NEWS:

Three More Charged In London Plot. The AP (8/30, Moore) reports, "British anti-terrorist police charged three more people late Tuesday with conspiring to commit murder in the alleged plot to blow up US-bound airliners. The three -- Mohammed Yasar Gulzar, Mohammed Shamin Uddin and Nabeel Hussain -- were also charged with preparing to commit terrorism by helping in an alleged plan to smuggle explosives aboard the planes, police said." The New York Times (8/30, Cowell, 1.21M) says the charges "brought to 11 the number of people accused of conspiring to murder and to bomb airplanes flying to the United States -- the most serious charges brought against the suspects embroiled in the alleged conspiracy."

Taxi Driver Acquitted. The Washington Post (8/30, A15, Jordan, 748K) reports, "An Iraqi taxi driver, accused of helping make two videos of London landmarks that terrorists could use to carry out an attack in the capital, was acquitted Tuesday." Rauf Mohammed "wept when the verdict was read in a London court. He had said the footage, shot in 2003, was 'harmless,' a tourist souvenir." His attorney, Lawrence McNulty, "argued that his remarks on tape about killing Prime Minister Tony Blair and President Bush were made in an obviously joking manner and that the government had no proof Mohammed had any connection to terrorists."

Judge To Rule Soon On Oregon Wiretapping Suit. The AP (8/30, Fought) reports from Portland, OR, "A federal judge suggested Tuesday that he would try to keep alive a lawsuit that challenges President Bush's domestic wiretapping program, while taking steps not to disclose classified information." The AP continues, "U.S. District Judge Garr King said he expected to render his decision next week in a case involving an Oregon-based Islamic charity that the government said had links to al-Qaida leader Osama bin Laden. The charity believes it was illegally wiretapped and says a document the government accidentally gave to its lawyers in 2004 bolsters its case. … The government said the document must be kept secret and any further court action involving it would lead to security breaches. The government has asked King to dismiss the charity's lawsuit." The AP adds, "In a hearing, King and the charity's lawyers talked about ways to keep the lawsuit alive without disclosing information about the classified document. Government lawyers resisted the idea. … King said federal judges handling similar cases in which national security concerns and the rights of plaintiffs clashed had tried to find ways around the problem, such as editing sensitive documents. … 'It seems to me the cases have instructed the courts to be original,' King told lawyers from the Justice Department. 'I don't hear that from you at all.' … Justice Department lawyer Andrew Tannenbaum said that U.S. National Intelligence Director John Negroponte had reviewed the case and determined that the government cannot confirm or deny information about intelligence-gathering without tipping its hand to terrorists."

Attorneys Seek White House Documents On Phone Records. The AP (8/30, Caruso) reports, "A pair of public interest lawyers said Tuesday they plan to subpoena the White House for any documents showing whether the Bush administration approved a secret program to examine the phone records of millions of Americans." The AP continues, "New Jersey attorneys Carl Mayer and Bruce Afran represent more than two dozen people who have sued Verizon Communications Inc., AT&T Inc. and BellSouth, claiming the telecommunications companies violated privacy laws by turning over phone records to the National Security Agency." The AP adds, "The lawyers said they suspected the administration had begun obtaining the records even before the Sept. 11 attacks, which, if true, would raise questions about whether the program was initiated to combat terrorism. … 'We want to find out when they started going after these records. We want to find out who authorized it. Was it Dick Cheney? Was it someone else? And, frankly, we want to find out if they were using it improperly,' Mayer said." The AP notes, "Justice Department lawyers representing the administration have argued that disclosing detailed information about the government's counterterrorism efforts, or even acknowledging whether the NSA phone records program exists, would be damaging to national interests. … The attorneys said they also planned to subpoena Verizon for documents."

Navy Lawyer Charged With Copying, Transmitting Secret Information. The AP (8/30,

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O'Dell) reports, "A Navy lawyer has been charged with copying and transmitting secret information about Guantanamo Bay detainees to an unauthorized person." The AP continues, "Lt. Cmdr. Matthew M. Diaz, who was stationed at the U.S. base in Guantanamo Bay for six months, could face more than 36 years in prison if convicted at a military trial of the three charges he faces, Navy Mid-Atlantic Region spokeswoman Beth Baker said. … A charge sheet released Tuesday says Diaz, 40, printed out secret information related to national defense 'with intent or reason to believe that the said information was to be used to the injury of the United States or to the advantage of a foreign nation.' … The document also says Diaz 'did ... wrongfully and dishonorably transmit classified documents to an unauthorized individual.'" The AP adds, "Baker said that individual - a person outside the government whom she declined to identify - notified federal authorities, prompting the investigation. .. . The complaint does not specify what type of information Diaz is accused of copying and transmitting, but Baker described it as a document containing names and other identifying information about Guantanamo detainees."

Hayat Relatives Barred From Returning To US From Pakistan. NPR's All Things Considered (8/29) reported, "Two U.S. citizens have been barred from entering the United States for refusing to talk to the FBI. Both are California men of Pakistani descent who are related to a father and son who were recently convicted on a terrorism-related case in Lodi, Calif. Muhammed Ismail and his son, Jaber, were in Pakistan for four years. Both are now on the no-fly list. Neither has been charged with a crime. Robert Siegel talks with Demian Bulwa," who broke the story in the San Francisco Chronicle (8/26, A1, 405K). NPR noted that civil libertarians say the action deprives the Ismails of their Fifth Amendment rights, and they are concerned that the FBI is using the "no-flight" list to coerce cooperation.

Judge Rules Israeli Agents May Hide Identity During Salah Trial Testimony. In a widely-distributed story, the AP (8/30, Robinson) reports, "Two Israeli security agents expected to testify at the trial of two men accused of fundraising for the Palestinian militant group Hamas may wear disguises and use aliases on the witness stand, a judge ruled Tuesday. The courtroom will be cleared of everyone but the jury, attorneys, the defendants and their families while the Israeli agents testify, U.S. District Judge Amy St. Eve ruled." The AP notes Muhammad Salah and Abdelhaleem Ashquar are "accused of funneling money to Hamas to pay for murders, kidnappings and other acts of terrorism aimed at the Israeli government. Their trial on racketeering conspiracy and other charges is scheduled to start on Oct. 12."

Salah Lawyers Seek Hearing On Prosecutors' Connections To Israel. The New York Sun (8/30, Gerstein) reports Muhammad Salah's lawyers yesterday filed a motion with US District Judge Amy St. Eve, seeking "a hearing examining the prosecution's connections with the Israeli government." The attorneys "asked to call witnesses and present other evidence to prove that the criminal case is the product of 'the joint venture, cooperation, and partnership' between the American and Israeli governments." They "said Israel should be compelled to turn over evidence favorable to Mr. Salah because the Israeli and American governments have acted in lockstep in the case."

HOMELAND RESPONSE:

Chertoff Seeks Greater Access To Airline Passenger Information. The AP (8/29) ran an article on an op-ed by DHS Secretary Michael Chertoff in Tuesday's Washington Post, reporting that the secretary called for "broader access to airline passenger information to identify potential hijackers."

Europe Considering Voluntary Biometric Screening For Airline Passengers. USA Today (8/30, Stinson, 2.27M) reports, "Europe is stepping up efforts to explore the use of eye scans and other biometric technology to screen airline passengers who volunteer for background security checks. The goal is to see whether airport security can be enhanced and congestion eased by encouraging frequent fliers to undergo pre-screening. … The renewed push by European authorities to study measures similar to the USA's fledgling Registered Traveler program comes weeks after British police said that they had uncovered a plot to blow up passenger jets en route to the USA."

US Authorities Increasingly Concerned Over Threat Posed By Homegrown Terrorists. The AP (8/29, Jordan) reported, "Worried about American citizens attacking their own country, law enforcement and intelligence officials are trying to learn how and why extremist sympathizers cross a line and become operational terrorists.

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Intelligence officials now fear that homegrowns pose as much of a threat to the US as foreign terrorists. State and local police are being enlisted to watch for signs from people who in the past would have never gotten a second look." Though the US "has a relatively low level of extremism and has experienced fewer attacks or potential attacks from native-born citizens than many countries," according to Charles E. Allen, chief intelligence officer at DHS, the AP added that "an uptick in cases of homegrown attacks and plots — both domestically and globally — illustrates authorities' concerns."

Bush Says Government Fell Short During Katrina, Reaffirms Commitment To Recovery. Coverage of President Bush's visit to New Orleans yesterday focuses on his "rather blunt admission," as ABC World News Tonight (8/29, story 2, 2:30, Gibson, 8.78M) put it, that the Federal government had failed the citizens of the Gulf region during Katrina. ABC (Raddatz) added Bush "seemed especially somber and contrite." The President was shown saying, "Citizens drowned in their attics. Desperate mothers crying out on national TV for food and water. The breakdown of law and order. And a government, at all levels, that fell short of its responsibilities. I take full responsibility for the federal government's response." ABC added, "The slow response was indeed a political disaster for the President, from which he is still trying to recover. Today, the President cited the $110 billion set aside for hurricane recovery. The number of schools that have reopened. And the fact that three-fourths of the debris has been removed. But only $44 billion of the $110 billion has been spent. And the majority of that has gone to emergency response -- trailers, medical care. Few that 5% the homes that were destroyed have been rebuilt. And many hospitals and schools remain closed. It is the reconstruction money that has been slow in coming."

CNN's The Situation Room (8/29, King) also said Bush "again accepted full responsibility for the Federal Government's Katrina response and he promised lessons have been learned. But many Americans remain skeptical and that could influence how much taxpayer money is invested in the Gulf Coast future."

The New York Times (8/30, Kornblut, Nossiter, 1.21M) reports Bush "sought to do what he had not accomplished a year earlier: Demonstrate the depth of his understanding of the emotional and physical toll the hurricane took on New Orleans." Bush's speech at a New Orleans high school, "itself a carefully planned event that came after most of the victims had died, was seen as a turning point by White House advisers who recognized the political damage done by the flawed government reaction."

The Washington Post (8/30, A4, Abramowitz, Whoriskey, 748K) reports, "New Orleans has seen a flowering of such charter schools in the past year, and Bush hailed the trend, a small example of his more conservative policies taking root in the aftermath of Katrina." He also "pledged scholarships for poor children to attend the city's parochial schools. 'It's good for New Orleans to have competing school systems,' Bush said."

The Los Angeles Times (8/30, Gerstenzang, 918K) says Bush "delivered a message of perseverance and hope," and said that "as a result of the lessons learned from the hurricane and the government's efforts to act on them, 'we're better prepared' to withstand new natural assaults."

The AP (8/30, Loven) reports, "For those who are here, the city barely functions. Only 50 percent have electricity. Just one-third of the city's hospitals and fewer than half its schools are reopened. Violent crime is up. Nearly all the levees are patched, but it's unclear whether they would hold through another storm or whether they will be strengthened further as many want." Bush "acknowledged as much, saying the Gulf is 'still a mess' in an interview with 'NBC Nightly News' anchor Brian Williams." Bush's presidency "has hardly recovered, either." In his interview on NBC Nightly News (8/29, lead story, 5:25, 9.87M), Williams asked Bush, "You have apologized about the damage, but what about the damage to your presidency? Most of the analysts call it your low point. A lot of Americans are always going to believe that that weekend, that week you were watching something else on television other than what they were seeing and Professor Dyson from the University of Pennsylvania said in our broadcast last night it was because of your patrician upbringing." Bush answered, "When it's all said and done, the people down here know that I stood in Jackson Square and I said we're going to help you and we delivered."

USA Today (8/30, Jackson, 2.27M) notes Bush "renewed his pledge of federal aid and pleaded with people to return to this still-damaged city as he marked the first anniversary of Hurricane Katrina with prayers and a note of conciliation." Bush also "won applause by pledging to push Congress for energy legislation that would give Louisiana, Mississippi and other coastal states $1 billion from offshore oil and gas leases. The money would be used to restore

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wetlands that can provide a natural barrier to storms. The measure has passed the Senate, but not the House of Representatives." On the CBS Evening News (8/27, lead story, 3:20, Schieffer, 7.66M), Bush was shown saying, "I know you love New Orleans, and New Orleans needs you. She needs people coming home. She needs people. ... She needs those saints to come marching back is what she needs."

McClatchy (8/30, Douglas, Adams) reports that "in the Lower Ninth Ward, the president and first lady Laura Bush visited legendary musician Fats Domino's hurricane-damaged home and gave him a new National Medal of the Arts. His original medal, which President Clinton gave him, got lost in the storm."

The New Orleans Times-Picayune (8/30, Varney) reports, "Bush kicked off the morning with breakfast at Betsy's Pancake House on Canal Street. The president and Mayor Ray Nagin burst in on stunned diners around 8 a.m., shaking hands and thanking off-duty police officers for their service. Soon, however, the restaurant's renowned, blunt and salty staff made its presence felt as Bush heard a sharp voice behind him. 'Mr. President, are you going to turn your back on me?' waitress Joyce Labruzzo asked." Bush "spun around as the room broke into laughter. 'No, ma'am,' he replied. The president paused, and more laughter filled the diner. Then, more seriously, he added: 'Not again.'" Nagin "was noticeably absent for the remainder of Bush's visit, skipping a packed mass at St. Louis Cathedral and the speech at Warren Easton." Fox News' Fox Report With Shepard Smith (8/29, Baier) said, "Senior aides say President Bush prodded…Nagin to come up with a master plan and spending the current funds currently available,"

Fox News Special Report (8/29, Baier) reported, "Senior aides say the President's two-day trip to the Gulf Coast was designed in part to deflect what they called misguided criticism that the Administration has forgotten about the troubles here. Even one of the biggest critics in how this Administration has handled this relief, Senator Landrieu, said to Fox, 'The President seemed to get it more this time.'" MSNBC's Hardball (8/29, O'Donnell) interviewed Sen. Mary Landrieu. Asked if Louisiana was "getting everything you need from President Bush and the Federal Government," Landrieu said, "No, absolutely not. Now, I do know that the President is sincere in wanting to help. In his speech today, he hit so many points that our delegation has been trying to bring home. … The bottom line is that the Federal bureaucracies that exist today are not sufficient in any way to deal with the catastrophic situation that occurred here."

MSNBC's Hardball (8/29, O'Donnell) also interviewed Sen. David Vitter. Asked if the New Orleans levees were "ready for another hurricane," Vitter said, "They are much better than they were the day before Katrina, but that's not good enough, and we have still a long way to go. We have appropriated, through the Congress, about $7 billion in terms of emergency repair work for southeast Louisiana, but only 20 percent of that is spent. More work is being done on the ground, so we have much further to go."

The Washington Times (8/30, Dinan, 88K) reports, "Democratic Party Chairman Howard Dean said Mr. Bush is at fault for having abandoned the very relief programs he touted a year ago, during his prime-time address from Jackson Square." Dean "said Mr. Bush has failed to enact worker recovery accounts and an urban homesteading program."

ABC World News Tonight (8/29, lead story, 2:30, Gibson, 8.78M) reported that "it was difficult to tell if New Orleans was celebrating or commemorating. Maybe a little bit of both. At 9:38 this morning, there were bells at city hall. It was at 9:38, a year ago, that the first levee broke. At 9:38, President Bush was with city residents at the famous St. Louis Cathedral. As one, they knelt to mark the moment. There were no mass gathering today. Instead, people marked the anniversary in different ways. At each of the location where's the levees were breeched, local residents gathered. They tossed flowers into the water, remembering their dead. Remembering their ordeals of the last year. Or remembering what their city used to be."

Analyzing yesterday's TV coverage of the Katrina anniversary, The New York Times (8/30, Stanley, 1.21M) says, "A year ago, television coverage -- especially those split screens that showed marooned Americans screaming and dying at the Convention Center on one side and on the other officials insisting that the situation was under control -- turned a natural disaster into an international scandal. … As Mr. Bush visited New Orleans yesterday and described his commitment to help the region recover, news programs gustily relived how he had failed in the first place. … Perhaps understandably, not many other officials were eager to go on television to defend the administration's handling of the relief effort."

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Barbour Dismisses Allegations Bush Visit Was Staged Photo-Op. On Fox News' Hannity & Colmes (8/29) host Alan Colmes asked Mississippi Gov. Haley Barbour whether the 'New York Times' description of President Bush's visit to Mississippi was "a carefully orchestrated backdrop of reconstructed homes while just a few feet out of range, tattered pieces of wiring hung from trees." Barbour replied, "What President Bush did is he came back and visited the neighborhood he visited the Friday after the storm. We went to a house we had gone into where three men had been pulled into the kitchen window in the house and their lives saved. That house had five feet of water in it. That house has been totally rebuilt. But there are other houses in the neighborhood that haven't had that done. So I didn't read 'The New York Times' story, but the reason the President went where he went, it's where he had gone that very first week."

Brown Says He Tried To Impress Gravity Of Disaster On Bush. CNN's The Situation Room (8/29, King) interviewed former FEMA administrator Michael Brown. Asked why, when he was "trying to get" the response to Katrina in Louisiana "Federalized," he "didn't…just go to the President of the United States, say, 'Damn it, Mr. President, we need to do this, or else we are in serious trouble?'" Brown said, "What your viewers need to know…is that is exactly what I did. I did that on numerous occasions. Prior to the storm, I did it. Everyone remembers the famous 'Heck of a job, Brownie' phrase. I had spent about three or four minutes with the President prior to that, telling him exactly how bad things were throughout the Gulf Coast region." Asked what Bush said, Brown replied, "There was just this amazing, you know, well, keep trying, and we're going to keep doing -- you know, talk to Joe and talk to Andy and the other people on the staff, and we will make things work. I talked to him again on Tuesday morning, immediately following landfall, and said, 'Mr. President, that we have lost at least 80 percent of the population of New Orleans.' And there was this astonished gasp from everybody on the conference call about, are you kidding me? And that's astonishing to me, because we had talked about it for two days prior to landfall and during landfall, and the next day."

Gallup Pollster Questions Impact Of Katrina On Bush Approval Ratings. Editor & Publisher (8/30) reports Gallup Poll director Frank Newport "disputes conventional wisdom that the Bush Administration's response to last year's Hurricane Katrina disaster had a significant effect on his declining popularity." In a report Newport points out, "Bush's job approval ratings throughout September 2005 were identical to his ratings in August, and although the president's ratings fell in October and November, they had recovered by December of last year and January of this year. Bush's major slide in the ratings occurred in late February through May of this year, and there is little evidence to suggest that this was a result of his handling of Katrina." He adds, "While Katrina may not have had a long-lasting impact on Bush's overall job rating, there did appear to be an impact of Katrina on Bush's image as a 'strong and decisive leader.'"

Fraud Hampers Disaster Aid. NBC Nightly News (8/29, story 5, 2:25, Quintanilla, 9.87M) reported that that Gulf Coast has received aid from donations taken following Katrina and distributed by the Bush-Clinton Katrina fund and the Red Cross. "But for all the steps forward in aid, there are steps backward due to fraud. A breathtaking amount -- one government audit this summer found 16% of FEMA aid in the first six months was obtained illegally."

New Orleans Attorneys Struggle In Post-Katrina Wake. The National Law Journal (8/30, Jones) reports, "A year after Hurricane Katrina gutted much of New Orleans and the surrounding area, business for some lawyers is flourishing from reconstruction projects, while others are still struggling to rebuild their practices and their lives." The Journal continues, "For a legal community that was home to about 7,500 lawyers, the storm wiped out communications, case files and, in some instances, entire practices, leaving their businesses in shambles and their futures uncertain." The Journal adds, "One year later, civil courts are back on line and criminal courts have begun again to hear cases on a limited basis. In addition, many lawyers have fortified their disaster recovery plans, having learned plenty from experience. … A group of New Orleans attorneys interviewed by The National Law Journal earlier this month spoke with much more certainty and strength, compared with sentiments they expressed in the days following the storm. … But much remains unresolved in the Crescent City, they said, from the basics such as traffic lights in some areas to the more severe problems, including block after block of rotting devastation that also serves as an ominous symbol of future storms."

Administration Making Changes To Improve Emergency Housing. USA Today (8/30, Wolf, 2.27M) reports that in an effort "to avoid the turmoil that followed Hurricane Katrina," the Bush administration is making changes to its emergency housing policies that "could mean less time in hotels and motels, more temporary housing

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alternatives and greater use of government-paid rent vouchers. … The biggest change is still being negotiated: transferring responsibility for disaster housing from FEMA to the Department of Housing and Urban Development. That agency would use government vouchers to move evacuees into apartments." Experts say the change "would enable disaster victims to move into temporary homes faster and for longer periods."

Disputes Over Spending Said To Be Slowing Gulf Coast Recovery. On its front page article, the Washington Post (8/30, A1, Hsu, 748K) reports Katrina is becoming the "most contentious" disaster in US history, "with appeals and disputes worth nearly a billion dollars bogging down repairs of critical public systems and delaying the return of residents. Current and former officials at all levels blame FEMA workers' inexperience with eligibility rules, weaknesses in US disaster laws and inconsistent treatment by Congress for much of the wrangling. The huge scale of the storm and honest disagreement over whether federal or local taxpayers should pay the tab add to the conflict." Meanwhile, David Fukutomi, a FEMA consultant who is serving as a spokesman, said the agency "has suffered a 'brain drain' of top officials familiar with the complex rules to retirements and agency upheaval in recent years." He added, however, "that experience shows that local officials spend more freely when they expect the federal government to pay their bills."

Insurers Disputing Claims, Raising Rates Along Gulf Coast. The Washington Post (8/30, D1, Starkman, 748K) reports on the insurance struggles for residents along the Gulf Coast, where disputes "over claims have clogged state and federal courts here and spilled into state legislatures." Meanwhile, "most carriers have stopped writing new policies…, forcing policyholders into state-backed insurers of last resort. … Rates, meanwhile, are soaring." The "parallel problems of shrinking insurance coverage and spiraling rates have rippled across the country. Homeowners in coastal Maryland and Virginia, for instance, can expect rate increases of 25 percent this year, said Robert Hunter, director of insurance for the Consumer Federation of America, and coastal policyholders as far north as Long Island have found themselves unable to renew policies."

More Commentary. MSNBC's Hardball (8/29, O'Donnell) interviewed author Douglas Brinkley. Asked why Mississippi was recovering more quickly than New Orleans, Brinkley said, "There are a few reasons. One is leadership. I think Governor Haley Barbour and Trent Lott, Thad Cochran, understood how to get money quickly, how to appropriate it. And also, you have a lot of medium-sized towns on the Mississippi Gulf Coast, like Biloxi, Gulfport, Bay St. Louis, Waveland, and the spirit there has always been a little more optimistic. In New Orleans, you have this major urban center, and you've got 80 percent of it flooded out, and you have entire neighborhoods that there's zero work being done, no rebuild in the Lower Ninth, or in New Orleans East." Asked what was the "biggest failure today," Brinkley said, "We all know the Federal Government had a -- did a terrible job a year ago, but the money has come down here slowly but surely. The big problem is Mayor Ray Nagin. He has no plan for New Orleans. He think that that's OK to operate without a plan. Everybody is begging for one, and he doesn't want to alienate any constituencies. He is pandering to voters, he talks out of both sides of his mouth."

The Los Angeles Times (8/30, 918K), in an editorial, says Bush was "right" to praise volunteers for their efforts to help reconstruct the Gulf Coast because they "richly deserve the president's praise. But the Gulf Coast communities depend on his promise that government, though late to arrive, won't walk away until the job is done. And the whole country depends on his promise that a government so clearly unprepared for that natural disaster will be ready for the next one."

Maureen Dowd writes in the New York Times (8/30, 1.21M) that the president's "anniversary contrition for the cameras was a more elaborate version of his famous Air Force One flyover a year ago, when he had to be shown a DVD of angry news coverage of apartheid suffering here before he belatedly and grudgingly broke off his five-week Crawford vacation." She goes on to compare the president's Katrina response to Hamlet, which a White House aide said Bush had read recently. "The last two days in Mississippi and New Orleans were W.'s play within the play. He took the role of the empathetic and engaged chief executive, rallying resources to save the Gulf Coast, even as the larger lens showed a sad picture of American communities that are still decrepit and hurting, while the Bush administration's billions flow to reconstructing — or rather not reconstructing — Iraq. … He was brazen enough to pose as the man of action even in a city ruined by his initial and continuing inaction."

John M. Barry, author of Rising Tide, writes in USA Today (8/30, 2.27M) that the Katrina was a "man-made disaster" in New Orleans, and not "only because the levees built by the Army Corps of Engineers…offered protection 'in

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name only.' It was man-made in a much larger sense, for even if the levees had kept New Orleans dry last year, eventually another hurricane would have ripped the city apart." Barry says that to protect the city "against great storms," step one is to make levees that will "survive overtopping." Next, the city needs "storm surge barriers, as the Netherlands, Great Britain, Italy and even Providence, have. Step three -- the most important and most expensive -- is restoring the coast."

In a letter to the New York Times (8/30, 1.21M) Louisiana Gov. Kathleen Babineaux Blanco expresses her state's "immense gratitude for all that has been done for us." She goes on to ask "the good people of New York not to forget us as we continue our recovery."

Fading Tropical Storm Ernesto Hits Florida. ABC World News Tonight (8/29, story 4, 0:10, Gibson, 8.78M) reported, "Rains from tropical storm Ernesto have started in South Florida. There could be 15 inches of rain in some places. But forecasters say it will not be as strong as once feared." CBS Evening News (8/27, story 2, 2:00, Schieffer, 7.66M), meanwhile, said "forecasters say it could pick up wind speed over the next two days as it leaves Florida and heads back into the Atlantic and up the East Coast." NBC Nightly News (8/29, story 3, 1:00, Williams, 9.87M) runs a similar report.

The AP (8/30, Wides-Munoz) reports "residents took no chances, though, mindful of the seven hurricanes that have hit the state since 2004 and Katrina, which struck New Orleans exactly one year ago. … By late afternoon, Ernesto had top winds of 45 mph."

The Washington Post (8/30, A4, Skipp, Kaufman, 748K) reports, "The on-again, off-again worry about Ernesto was reflected at the Kennedy Space Center, where NASA officials at first began moving the space shuttle Atlantis off its launchpad for safe haven and then, five hours later, decided to move it back to the pad. NASA officials said it was the first time that a weather-related rollback was itself rolled back." The Post adds, "For the early part of Tuesday, Miami was part snow day, part serious hurricane prep. Schools were out, and many employers let workers have the day off to get ready for the storm." Meanwhile, USA Today (8/30, Copeland, 2.27M) reports "the National Hurricane Center issued a hurricane watch for portions of the East Coast from Georgia to North Carolina."

The Wall Street Journal (8/30, Terhune, 2.03M) reports, "As Tropical Storm Ernesto pelts Florida's citrus groves and the heart of hurricane season begins, the state is already bracing for its lowest orange crop since 1990 after two years of hurricane-related losses and the spread of plant diseases." The "depleted crop has roughly doubled the prices paid to growers since 2004, but the citrus industry worries that shortages of orange juice and higher retail prices could drive away consumers. The big juice makers, PepsiCo Inc.'s Tropicana and Coca-Cola Co.'s Minute Maid, have been raising prices by up to 10% to offset the higher costs." Meanwhile, "Brazilian exports of orange juice into the US have eased as some growers there switch to sugar cane or sell to emerging markets such as Russia and China."

WAR NEWS:

Gonzales Discusses Rule Of Law In Baghdad Visit. The AP (8/30, Santana) reports, "Attorney General Alberto Gonzales said Tuesday that Iraq's future would depend on its enforcing the rule of law, but only its people and political leaders could decide what type of law that would be." The AP continues, "Gonzales said after meeting with Deputy Prime Minister Barham Saleh that they had discussed the use of 'extraordinary measures,' referring to policies toward prisoners and detainees. He added that the U.S. would not tell Iraq how to handle the issue. … 'It is difficult to decide what is appropriate now and what is allowed under the law. This decision will be made by the Iraqi government,' Gonzales said. He did not offer specifics or elaborate." The AP adds, "Gonzales is an architect of U.S. policy on the treatment of prisoners abroad and the author of a 2002 memo saying President Bush had the right to waive laws and treaties that protect prisoners of war. He has come under criticism for his position but has denied allegations that it helped lead to abuses in Iraq. … He bristled at reporters' suggestions that American policies might be viewed as condoning torture. … 'This president has been very clear. This government has not engaged in torture,' Gonzales said. … Gonzales made the comments after a tour of the building where Saddam Hussein has been put on trial in the heavily fortified Green Zone in the center of Baghdad. Gonzales is on a one-day visit."

The Los Angeles Times (8/30, Roug) reports, "U.S. Atty. Gen. Alberto R. Gonzales arrived (in Baghdad) Tuesday to discuss the rule of law, as the law of the street left its mark in

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the capital: 21 bodies bearing signs of torture." The Times continues, "Authorities said 36 other people died after a pipeline exploded as residents were siphoning fuel from it in Diwaniya, where a battle between Shiite militiamen and government forces the previous day killed at least 81 people, according to revised figures. … Elsewhere in Iraq, 27 people were killed or found dead Tuesday, including an American soldier felled by a roadside bomb in the capital." The Times adds, "Flying into the capital's heavily guarded Green Zone, Gonzales discussed detainee issues and interrogation tactics with top Iraqi security officials. … Afterward, Gonzales told reporters he had talked about the use of 'extraordinary measures' in the handling of detainees, but added that the Iraqis would have to decide for themselves what would be permissible."

AFP (8/30, Deshmukh) reports, "US Attorney General Alberto Gonzales met Iraq's Deputy Prime Minister Barham Saleh and discussed the tactics used by Iraqi security forces to combat a wave of violence, including torture. … 'It is a somewhat difficult decision as to where to draw the line,' Gonzales said, referring to possible measures that Iraqi police might use to extract information from suspected insurgents and death squad leaders." AFP continues, "Gonzales, who arrived in Baghdad Tuesday, told reporters the issue of interrogation tactics came up during his meeting with Saleh but said the techniques to be used were a decision for the Iraqi government. … But he stressed that the US government was against any kind of torture." AFP adds, "Gonzales said discussions with Iraqi officials revolved around how to establish the 'rule of law and establish greater security in Iraq.' … 'The rule of law will be systematically adopted by the representatives of the people,' he said." AFP notes, "The US justice minister was questioned about the increasing use of adhoc Islamic Sharia law courts across the country, especially by militia groups, who employ clerics to sanction extra-judicial killings. … The Mahdi Army militia loyal to radical Shiite cleric Moqtada al-Sadr, is often accused of operating such courts and executing people it finds guilty. … 'The way of thinking... the culture can't be changed overnight. The United States makes itself available by way of views and training' to establish a secure rule of law, Gonzales said."

United Press International/UPI (8/30) reports that "Gonzales paid a lightning visit to Baghdad Tuesday, meeting staff from the Department of Justice working there. … According to a statement from the department, Gonzales also met senior Iraqi officials, including Deputy Prime Minister Barham Salih and Chief Justice of the Higher Judicial Council Medhat Al-Mahmoud, as well as U.S. military personnel. … 'Freedom is best sustained by the establishment of a fair and just legal system that prioritizes the rights and liberties of its citizens,' said Gonzales in the statement. 'The Department of Justice is proud to help the Iraqi people establish the rule of law in their country, and I applaud the Department of Justice employees who are so dedicated to assisting in this historic effort.'"

Gonzales Condemns Use Of Torture In Iraq. At the end of its story on continuing violence in Iraq the New York Times (8/30, Von Zielbauer) also notes that US AG Alberto Gonzales met Iraqi deputy prime minister in charge of the economy "on Tuesday in Baghdad and discussed the tactics used by Iraqi security forces to combat a wave of violence. He condemned the use of torture." The Times says "Gonzales has found himself on the defensive in the United States regarding torture. As White House counsel, he oversaw the production of legal memorandums that appeared to condone mistreatment, perhaps even torture, of detainees." During "confirmation hearings in January 2005, critics said he was at the forefront of an effort to find legal rationales for subjecting detainees to coercive practices, putting him on the wrong side of history and in opposition to longstanding American principles." The Times adds, "In 2002, he sought clarification from the Justice Department as to the legal limits on the force that could be used on terrorist suspects in captivity. His query led to a much-disputed memorandum from the department that said torture could be said to occur only when the subject was in imminent danger of organ failure and that Mr. Bush as president could sanction coercive interrogation techniques in the name of national security. That definition was eventually renounced."

Bush Defends Decision To Topple Saddam.

NBC Nightly News (8/29, lead story, 5:25, Williams, 9.87M) interviewed President Bush. Asked, "Do you have any moments of doubt that we fought the wrong war?," referring to Iraq, the President said, "Did we fight the wrong war? I have no doubt. The war came to our shores, remember that. We had a foreign policy that basically said, let's hope calm works and we were attacked." Williams: "But those weren't Iraqis." President Bush: "They weren't -- no, I agree. They weren't Iraqis and I never said that Iraq ordered that attack. But Iraq is part of the struggle against the terrorists. In terms of image, of

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course I worry about American image. We're great at TV and we're getting crushed in the PR front. I personally do not believe Saddam Hussein picked up the phone and said al Qaeda attack America."

Rumsfeld Accuses Iraq Policy Opponents Of Trying To Appease Terrorists. Secretary Rumsfeld's remarks at the American Legion convention drew substantial coverage, with print sources that reprinted the AP story saying in their headlines that he "lashed out at" or "attacked" opponents of the policy in Iraq. Two networks reported the address as well. CBS Evening News (8/29, story 6, 0:15, Schieffer, 7.66M) reported, "Defense Secretary Donald Rumsfeld ripped into critics of the Administration's Iraq policy today, comparing them to those who tried to appease Hitler before World War II. Speaking to American Legionnaires in Salt Lake City, Rumsfeld said Islamic militants represent a new type of fascism that must be confronted. Rumsfeld said critics suffered 'moral or intellectual confusion' in believing terrorists could be appeased. Today in Iraq, the military said five more Americans, four soldiers and a Marine, have been killed in action."

NBC Nightly News (8/29, story 2, 1:30, Williams, 9.87M) reported, "While the President was here in New Orleans today, his Secretary of Defense, Donald Rumsfeld was on the road in Salt Lake City, unleashing a harsh new attack on critics of the Administration's war policy. ...The President told me here today he did not know that Rumsfeld was giving this speech today." NBC (Miklaszewski) added, "The President may not have known the particulars of today's speech, but Rumsfeld's remarks appear to be a part of a larger, carefully choreographed defense of the Administration's handling of the war in Iraq, and in his speech before the American Legion, Secretary Rumsfeld pointedly compared the critics of the war to those who tried to appease Adolf Hitler and the Nazis prior to World War II. Now Democrats quickly fired back, calling Rumsfeld's remarks a political rant to hide his own incompetence. For his part Rumsfeld only acknowledged today that mistakes are made in every war."

The AP (8/30, Burns) reports that he "said Tuesday the world faces 'a new type of fascism' and warned against repeating the pre-World War II mistake of appeasement." Rumsfeld "spoke to the American Legion as part of a coordinated White House strategy, before the fifth anniversary of the Sept. 11, 2001 terrorist attacks, to take the offensive against administration critics at a time of doubt about the future of Iraq and growing calls to withdraw U.S. troops." The AP quotes criticism by Democratic Sen. Jack Reed, Rep. John Murtha, and Sen. Christopher Dodd. The Washington Times (8/30, Burns, 88K) carries this story.

USA Today (8/30, Nichols, 2.27M) calls his American Legion speech "toughly worded" and the reaction to it by war critics "fierce." USA Today quotes Sen. Joseph Biden, retired Maj. Gen. John Batiste, and Reagan-era Asst. Secretary Lawrence Korb as denouncing the secretary's remarks.

The New York Times (8/30, Cloud, 1.21M) says that his speech "was the second unusually combative speech by Mr. Rumsfeld to a veterans group in two days and appeared to be part of a concerted administration effort to address criticism of the war's conduct. On Monday, Mr. Rumsfeld and Vice President Dick Cheney gave separate speeches to the Veterans of Foreign Wars convention in Reno, Nev. Secretary of State Condoleezza Rice spoke to the American Legion Auxiliary on Tuesday and President Bush is to address veterans later this week." The Times says that his speech "did not explicitly mention the Democrats." Like the AP, it quotes objections to the remarks by Sen. Jack Reed.

The Washington Post (8/30, A6, Tyson, 748K) reports that the secretary "spoke at the American Legion's national convention in Salt Lake City as part of a coordinated defense of Bush leading up to the fifth anniversary of the Sept. 11, 2001, attacks."

The Los Angeles Times (8/30, , 918K) runs a similar story under the headline "Rumsfeld Points to 'Appeasement.'"

Gonzales Discusses Rule Of Law In Baghdad Visit. The AP (8/30, Santana) reports, "Attorney General Alberto Gonzales said Tuesday that Iraq's future would depend on its enforcing the rule of law, but only its people and political leaders could decide what type of law that would be." The AP continues, "Gonzales said after meeting with Deputy Prime Minister Barham Saleh that they had discussed the use of 'extraordinary measures,' referring to policies toward prisoners and detainees. He added that the U.S. would not tell Iraq how to handle the issue. … 'It is difficult to decide what is appropriate now and what is allowed under the law. This decision will be made by the Iraqi government,' Gonzales said. He did not offer specifics or elaborate." The AP adds, "Gonzales is an architect of U.S. policy on the treatment of prisoners abroad and the author of a 2002 memo saying President Bush had the right to waive

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laws and treaties that protect prisoners of war. He has come under criticism for his position but has denied allegations that it helped lead to abuses in Iraq. … He bristled at reporters' suggestions that American policies might be viewed as condoning torture. … 'This president has been very clear. This government has not engaged in torture,' Gonzales said. … Gonzales made the comments after a tour of the building where Saddam Hussein has been put on trial in the heavily fortified Green Zone in the center of Baghdad. Gonzales is on a one-day visit."

The Los Angeles Times (8/30, Roug, 918K) reports, "Flying into the capital's heavily guarded Green Zone, Gonzales discussed detainee issues and interrogation tactics with top Iraqi security officials. … Afterward, Gonzales told reporters he had talked about the use of 'extraordinary measures' in the handling of detainees, but added that the Iraqis would have to decide for themselves what would be permissible."

At the end of its story on continuing violence in Iraq the New York Times (8/30, Von Zielbauer, 1.21M) reports Gonzales "met Iraqi deputy prime minister in charge of the economy "on Tuesday in Baghdad and discussed the tactics used by Iraqi security forces to combat a wave of violence. He condemned the use of torture." The Times says "Gonzales has found himself on the defensive in the United States regarding torture. As White House counsel, he oversaw the production of legal memorandums that appeared to condone mistreatment, perhaps even torture, of detainees."

Sectarian Violence Continues In Baghdad.

McClatchy (8/30, Youssef, Brunswick) reports, "Armed groups of Sunni and Shiite Muslims battled Tuesday for control of several neighborhoods in southwest Baghdad, residents of those areas reported. It was another sign that security is deteriorating in the capital and that Iraq may be moving closer to a full-fledged civil war. Fighting between armed groups of Shiites and Sunnis isn't uncommon in Baghdad," but "the extent of Tuesday's fighting was unprecedented, and it raised troubling questions about the U.S. and Iraqi government effort to bring order to the capital." The US military "has been touting the effectiveness of its so-called Baghdad security plan in recent days, under which beefed-up American and Iraqi forces have cordoned off some neighborhoods and searched them in an effort to rid them of gunmen."

The New York Times (8/30, Von Zielbauer, 1.21M) reports that in addition to at least 67 people killed in an explosion accidentally set off by a cigarette lighter near a government pipeline "more than 100 people had been killed or found dead in the previous 24 hours, government officials said. In Baghdad, more than two dozen bodies were found, one Iraqi official said; about half of the victims had been bound and killed after apparently having been tortured." When Iraqi security forces were distracted by a conflict with the Mahdi Army local residents "flocked to the pipeline to illegally tap the gasoline." In addition, one US soldier was killed by a roadside IED and three others died from injuries suffered in previous attacks.

The Washington Times/AP (8/30, Becatoros) notes "US and Iraqi officials' claims that a new operation in the capital has lowered Sunni-Shiite killings there, which had risen in June and July." US military spokesman Maj. Gen. William B. Caldwell "said the murder rate in Baghdad had fallen by 46 percent from July to August and 'we are actually seeing progress out there.'" That figure "could not be independently confirmed. But an employee of the main Baghdad city morgue, Muyaid Matrood, said that as of Monday, his office had received 337 bodies of people who had died violently this month, excluding bombing victims."

Mahdi Army Accused Of Targeting Sunnis In Baghdad Hospitals. The Washington Post (8/30, A1, Paley, 748K) in a front page story reports, "In Baghdad these days, not even the hospitals are safe. In growing numbers, sick and wounded Sunnis have been abducted from public hospitals operated by Iraq's Shiite-run Health Ministry and later killed, according to patients, families of victims, doctors and government officials." They says "the primary group kidnapping Sunnis from hospitals is the Mahdi Army" which "has infiltrated the Iraqi security forces and several government ministries. The minister of health, Ali al-Shimari, is a member of Sadr's political movement. In Baghdad today, it is often impossible to tell whether someone is a government official, a militia member or, as is often the case, both."

Mahdi Militia Poses Challenge To Iraq Prime Minister's Leadership. The CBS Evening News (8/27, story 7, 1:15, Schieffer, 7.66M) reported, "Dozens of Iraqis died in attacks around the country and Iraq's government said 73 people were killed in a battle yesterday between the Iraqi army and Shiite militiamen in a town south of Baghdad." CBS (Strassmann) added that "to control Baghdad, soon Iraqi forces with needed help from US troops may have to confront

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the Mahdis." And "Prime Minister Maliki's government still has to tackle the issue of these militias. He's promised it will happen, but so far it hasn't. Maliki needs a number of power brokers here to hold together his fragile government and one of them is that same cleric who controls the Mahdi army."

Deputy Prime Minister Sounds Optimistic Note. The AP (8/30, Schweid) reports, "While acknowledging an uptick in violence in the past few days, one of Iraq's deputy prime ministers said Tuesday that attacks overall are declining." Barham Salih also "predicted that by the end of the year, half of the country's provinces will be controlled by Iraq's security forces." Salih "said violence had dropped by half during the past month, but that terrorists and remnants of the deposed government of Saddam Hussein remain a challenge to the government. US support will continue to be important even after Iraqi security asserts itself, he said."

Political Factions Reach Agreement On Iraq Oil Sharing Revenue. The Financial Times (8/30, Dinmore) reports, "Iraq's main political factions have hammered out an agreement on the sharing of oil and gas revenues but other contentious issues need to be resolved before a draft hydrocarbon law is completed," according to Barham Salih, deputy prime minister in charge of the economy." The Times notes, "Oil and gas revenues would be shared out at the federal level and redistributed to the regions according to population and "needs", he said. This would still provide an incentive to regional oil companies to maximise output, he added." He "did not elaborate on the negotiating process but the agreement would appear to be a compromise by the Kurdistan regional government."

Marine Accused In Haditha Deaths Was Recommended For Medal. The Washington Post (8/30, A5, White, 748K) reports, "The platoon commander for the squad of Marines who killed as many as two dozen Iraqi civilians during an attack in Haditha last year recommended later that the sergeant who led the attack receive a medal for his heroism that day, according to military documents." Lt. William Kallop's "praise-filled memo" says "that the incident on Nov. 19, 2005 was part of a complex insurgent ambush that included a powerful roadside bomb followed by a high volume of automatic-weapons fire from several houses in the neighborhood. He lauded Sgt. Frank Wuterich for his leadership in the 'counterattack.'" Wuterichs's lawyer Neal Puckett said documents "support his client's version of events, and show that officers in the unit believe Wuterich and the other Marines did the right thing in the Haditha attack. Wuterich has since been promoted to staff sergeant."

Treatment Of Soldiers Accused Of Murder In Hamdania Questioned. Rick Amato, a San Diego-based radio talk-show host, in an op-ed in the Washington Times (8/30, 88K) writes, "They've been shackled in chains and held in solitary confinement, their defense attorneys have been denied access to key evidence of the case and now their right to request a waiver of a pre-trial hearing -- known as an article 32 -- has also been denied. Such has been the treatment of the men known as the Pendleton 8 in their quest to receive a fair, impartial hearing with a true presumption of innocence." Amato states, "The government has just completed the construction of a brand new $800k media center at Camp Pendleton. Will this be the scene of a fair, impartial hearing with a true presumption of innocence? Or will this be the scene of a government bent on proving to the world it has the ability to police its own internal affairs? A lot is at stake here. The lives of eight young men are at stake."

Eighteen Insurgents Killed In Afghanistan. The AP (8/30, Khan) reports, "A suicide car bomber struck a NATO-Afghan military convoy Tuesday, killing two civilians and wounding one in the violence-wracked south, and a remote-controlled bomb killed two police officers on patrol." The US-led coalition "said its troops killed 18 suspected insurgents when about 60 militants attacked with heavy machine guns and rocket-propelled grenades in Cahar Cineh district of the southern Uruzgan province on Monday. No coalition troops were injured."

Attorneys For Kentucky Soldier Charged With Iraqi Murder Seek Gag Order. The AP (8/30) reports from Louisville, KY, "Federal officials should be barred from speaking publicly about the case of a former Army soldier charged with raping and killing a 14-year-old Iraqi girl, defense attorneys argued." The AP continues, 'Attorneys for former private Steven D. Green said in court documents filed Monday that a gag order is necessary because federal officials have had a "cavalier" attitude toward commenting on such high profile cases." The AP adds, "Prosecutors have said a gag order is unnecessary and would hamper the ability of administration officials to talk with Iraqi officials about the case and other incidents. … The rape and killing of Abeer Qassim al-Janabi, along with the murders of

DOJ_NMG_0055373

her 5-year-old sister and parents, fueled Iraqi allegations of misconduct by American soldiers. … Investigators said Green, 21, and other soldiers from the Fort Campbell-based 101st Airborne Division plotted to rape the girl. Green is accused of shooting three of the family members."

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East Arkansas US Attorney Says He May Step Down. The AP (8/30) reports, "The Bush administration may soon be looking for someone to succeed Bud Cummins as U.S. attorney for the Eastern District of Arkansas." The AP continues, "Cummins talked to reporters today at a news conference called to discuss another topic, a new cooperative effort to find and prosecute child victimizers. But, in response to a question, he said he may be leaving his post. … He said, 'I have told the White House and the Justice Department that I may be looking for something else to do, but I'm here, now.'" The AP adds, "At the recommendation of then-Senator Tim Hutchinson, a Republican, Cummins was nominated by Republican President George Bush in November 2001 for the post he now holds. He took over the job on an acting basis in December of that year. … Before taking the federal prosecutor's job, Cummins served as Governor Huckabee's chief legal counsel in 1997-98. In 1996, he ran for the 2nd District Congressional seat representing central Arkansas, but was beaten by Democrat Vic Snyder, who still holds the post."

CORPORATE SCANDALS:

DOJ Probing BP's Energy Trading Practices. The New York Times (8/30, Mouawad) reports, "BP, the giant oil company, acknowledged yesterday that federal investigators were looking into possible trading irregularities in oil and gasoline markets. … The company said yesterday that it was 'aware of investigations' by the federal authorities and was cooperating with them." The Times continues, "The agencies, the Commodity Futures Trading Commission and the Justice Department, are examining possible manipulation in the over-the-counter crude oil market in 2003 and 2004, and in gasoline trading in 2002, according to reports yesterday. Other trading companies may also be part of the inquiry. … News of the investigations was reported yesterday by The Wall Street Journal." The Times adds, "The accusations are the latest blow to BP, which faces a range of investigations in the United States, including claims that it failed to properly maintain pipelines in Alaska, leading to an oil spill earlier this year. It is also under scrutiny for safety failures that led to an explosion at a refinery in Texas City last year that killed 15 people, and is facing allegations that its traders manipulated the propane market. … A spokesman for BP, Ronnie Chappell, said: 'We routinely assist regulators and other authorities in their request to understand the facts related to our businesses. Having said that, we do not comment on the specifics of these requests or the agencies that make the requests.' … A spokesman for the Justice Department, Bryan Sierra, declined to comment."

The Providence Journal/Bloomberg News (8/30, Voss, Carr) reports, "The inquiries were reported yesterday by the Wall Street Journal, which said the CFTC has sent subpoenas to BP and other energy traders in its study of crude oil over-the-counter prices in 2003 and 2004. Federal authorities are also assessing whether BP used information about its pipelines and storage tanks at Cushing, Okla., the delivery point for U.S. crude futures contracts, to influence benchmark prices, the paper said." Bloomberg adds, "BP is one of the world's largest energy traders. Its profit from trading oil and natural gas rose 56 percent in 2005 to $2.9 billion as energy prices soared. It produces the equivalent of about 4 million barrels of oil and gas a day, has a stake in 24 refineries and sells fuel through some 25,000 service stations worldwide. … BP, Shell and securities firms such as Goldman Sachs Group Inc. and Morgan Stanley can have influence in energy trading and typically use derivatives such as futures and over-the-counter contracts to bet on prices, or manage the risks of cost increases. Exxon Mobil, the world's largest oil company, doesn't engage in speculative derivatives trading and is not under investigation, Exxon spokesman Mark Boudreaux said."

In an analysis, the Wall Street Journal (8/30, C1, Davis, 2.03M) says, "Government investigations into oil trading at BP PLC raise fresh questions about when a powerful energy company can legally trade on inside information about its own operations. The surprising answer: more often than you think." The Journal notes, "it generally is legal in the commodities markets to have an informational jump on others -- and to profit from that information -- as long as the behavior isn't considered price manipulation. And to prove manipulation, the government must establish that a company or trader intended to affect the price, had the ability to do so

DOJ_NMG_0055374

and successfully caused the price to move artificially." Because of this, regulators "have faced a high burden of proof in seeking to establish that [BP] used internal information to affect prices, rather than simply turned a profit from what it knew." The Journal says, "in general, if there is a pipeline outage, one of the first things an oil company's traders may be asked to do is buy fuel elsewhere to meet obligations to customers. The CFTC says that this action, by itself, actually helps spread the news in the marketplace that an event has occurred to change supply-and-demand fundamentals. ... What is prohibited is spread of misinformation."

Progress Software To Restate Financial Results. The AP (8/30) reports, "Progress Software Corp. said late Tuesday it no longer considers its financial statements from the past decade to be reliable and plans to restate them to correct mistakes made in accounting for stock-based compensation." The AP continues, "The company's audit committee began reviewing its accounting of the stock option program in June. The committee has found that the company should have recorded additional non-cash charges of between $20 million and $30 million for stock-based compensation between Dec. 1, 1995, and Feb. 28, 2006." The AP adds, "The company, which makes development tools for business software, said its internal review had found that the actual dates used to determine the accounting treatment of stock-option grants differed from the measurement dates the company used in preparing its financial statements. .. . Progress, based in Bedford, said it did not expect the changes to affect previously reported revenues. … Progress is one of at least 40 companies that are reviewing its stock option practices. Another 78 are being probed by the Securities and Exchange Commission or Justice Department over stock options."

Barnes & Noble Subpoenaed In Options Probe. The AP (8/30) reports, "Bookstore chain Barnes & Noble Inc. said Tuesday it received a subpoena regarding its stock option practices from the U.S. Attorney for the Southern District of New York." The AP continues, "In a regulatory filing with the Securities and Exchange Commission, the company said it received the subpoena on Aug. 25 and it intends to fully cooperate in its response. … Barnes & Noble reported in July that the SEC had launched an informal inquiry into its stock option granting practices. Earlier the bookseller said its board of directors had launched its own internal investigation."

The Wall Street Journal (8/30) reports, "Last month, Barnes & Noble's reported that a special committee of the board, assisted by independent legal counsel, began a review of its stock-option practices after a shareholder filed a lawsuit alleging that the company improperly backdated dozens of option grants to executives. … Later in July, the SEC began an informal inquiry into Barnes & Noble's stock-option practices, with which the company said it is fully cooperating. On July 13, the company said there was 'no merit' to the shareholder's lawsuit and that 'its practices with respect to the issuance of stock options have always been entirely appropriate and in full compliance with all applicable laws and regulations.' The company said it was investigating its practices 'as a matter of good corporate governance.' … Over the past few months, federal and corporate probes of stock-option granting practices have accelerated. A statistical examination by The Wall Street Journal found a number of companies with highly improbable patterns of options grants, similar to those of some companies already facing scrutiny from federal authorities." The Journal notes, "Separately, Novell Inc. said it began an internal review of its past stock-option grants and related accounting, and plans to delay filing its fiscal third-quarter results with regulators. … At Novell, the Waltham, Mass., company said it began a voluntary review of its past practices and accounting for stock-based compensation following news about the options practices of other companies across numerous industries."

Sonsini On Board Of Companies With Dubious Stock Awards. The California Recorder (8/30, Scheck, Pasternak) reports, "Like many other publicly traded companies, semiconductor maker LSI Logic Corp. awarded stock options to executives at regular planned intervals, a practice that leaves no room for improperly backdating options." The Recorder continues, "From 1997 to 2001, the company gave out regular executive grants in August and November, and occasionally in February. … But in February 2002, the company told the SEC that it had deviated from that practice the previous April, when it granted CEO Wilfred Corrigan an option to buy 1.5 million shares at the April 2 price." The Recorder adds, "The company had seen a long and painful descent in its stock price -- one that prompted executives to voluntarily take a 10 percent salary cut. The April 2 grant date came near the bottom. The stock was trading at $14.94 that day, then dropped to $13.97 two days later before climbing and cresting above $21 by month's end. … It was unusual for executives to receive stock options in

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April. That was the time of year that LSI board members -- including Larry Sonsini of Wilson Sonsini Goodrich & Rosati -- typically received their options. On that April 2, Sonsini and his law firm were awarded options to buy 10,000 shares of LSI stock. … SEC filings from two other companies where Sonsini was a board member -- Echelon Corp. and Lattice Semiconductor Corp. -- reveal stock option grants to executives at exceptionally low levels."

WSJ Columnist Blasts Options Timing Reformists. In a column for the Wall Street Journal (8/30), Holman Jenkins, Jr. writes, "With the indifference of the pure at heart to social convention, an ad hoc group has come out with a call for ending…the expensing of stock options. … Its signers include Nobel economists Milton Friedman and Harry Markowitz, former Treasury secretaries Paul O'Neill and George Schultz, along with 26 other reputable figures from finance, economics and accounting -- just the sort of names you'd have to put forward to get a hearing for an idea that contradicts shibboleths that we all have learned to affirm in order to be well thought of." Jenkins adds, "In no generic sense can one say executives 'inflated' their pay or 'stole' from shareholders. Backdated packages were not more 'lucrative' -- it's fallacious to assume that the alternative package consisted of an identical number of options at a less advantageous price. … Backdating did not provide 'guaranteed' or 'risk free' profits. It did not 'undermine the incentive purpose' of options." Jenkins adds, "Some of the claims put forward now by company directors about how they were 'fooled' by documents that accurately revealed management's intention to award 'in the money' options are hilarious. … Increasingly, it seems likely that companies, after all, did correctly report the number of options and their price to shareholders. Let it be remembered, too, that millions of these options were cancelled or expired unexercised."

FBI Issues Wanted Poster For Former Comverse CEO. Newsday (8/30, Kessler) reports, "The FBI issued a wanted poster yesterday, enlisting the international public's help in tracking down Jacob Alexander, the former head of Comverse Technology, who has failed to surrender on charges of conspiracy to commit securities, mail and wire fraud." Newsday notes, "The wanted poster said Alexander has ties in Israel and England. Other reports have speculated he might be in Germany or another country without an extradition treaty with the United States."

Judge Rules Against Privilege In Enron Fraud Case. The New York Law Journal (8/30, Bar) reports, "Enron Broadband Services' efforts to exclude testimony by executives about their communications with in-house counsel from a bond dispute have been rebuffed by a Manhattan bankruptcy judge." The Journal continues, "Judge Arthur J. Gonzalez, in In re: Enron Corp. (Enron Broadband Services LP v. Travelers Cas. and Sur. Co. of America), 01-16034, held that 'the communications at issue are not protected from disclosure by the attorney-client privilege because the crime-fraud exception applies.'" The Journal adds, "He held that Travelers had established enough evidence to provide a 'reasonable basis' to suspect the perpetration of a fraud and to establish prima facie that, at the time of the communications at issue, Enron Global Services executives were 'engaged in planning a fraudulent scheme when seeking advice from counsel.' … As a result, Travelers' motion to include evidence of communications between Enron Broadband Services' former employees and in-house counsel regarding the bond and its underlying transaction were granted. … Judge Gonzalez also held that 'evidence of communications between EBS's former employees and in-house counsel ... is not privileged.'"

CRIMINAL LAW:

Armitage Said To Have Acknowledged Role In Plame Disclosure. The New York Times (8/30, Lewis, 1.21M) reports former Deputy Secretary of State Richard L. Armitage "has acknowledged that he was the person whose conversation with a columnist in 2003 prompted a long, politically laden criminal investigation in what became known as the C.I.A. leak case, a lawyer involved in the case said on Tuesday." The lawyer "and other associates of Mr. Armitage have said he has confirmed that he was the initial and primary source for the columnist, Robert D. Novak, whose column of July 14, 2003, identified Valerie Wilson as a Central Intelligence Agency officer." Special prosecutor Patrick J. Fitzgerald "did not bring charges in connection with laws that prohibit the willful disclosure of the identity of an C.I.A. officer. But Mr. Fitzgerald did indict" former Cheney Chief of Staff I. Lewis "Scooter" Libby "on charges of perjury and obstruction of justice, saying Mr. Libby had testified untruthfully to a grand jury and federal agents when he said he learned about Ms. Wilson's role at

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the agency from reporters rather than from several officials, including Mr. Cheney."

More Commentary. In his Slate.com column (8/30), Christopher Hitchens says, "I have now presented thousands of words of evidence and argument to the effect that, yes, the Saddam Hussein regime did send an important Iraqi nuclear diplomat to Niger in early 1999. And I have not so far received any rebuttal from any source on this crucial point of contention. But there was always another layer to the Joseph Wilson fantasy. Easy enough as it was to prove that he had completely missed the West African evidence that was staring him in the face, there remained the charge that his nonreport on a real threat had led to a government-sponsored vendetta against him and his wife, Valerie Plame." But "now we have the final word on who did disclose the name and occupation of Valerie Plame, and it turns out to be someone whose opposition to the Bush policy in Iraq has -- like Robert Novak's -- long been a byword in Washington. It is particularly satisfying that this admission comes from two of the journalists -- Michael Isikoff and David Corn -- who did the most to get the story wrong in the first place and the most to keep it going long beyond the span of its natural life."

The Wall Street Journal (8/30, 2.03M) says in an editorial, "From its very start, the ballyhooed case of who leaked the name of CIA analyst Valerie Plame to columnist Robert Novak has been drenched in partisan politics and media hypocrisy. The more we learn, however, the more it also reveals about the internal dysfunction of the Bush Administration and the lack of loyalty among some of its most senior officials." The leaker "wasn't Karl Rove or Scooter Libby or anyone else in the White House who has been accused of running a conspiracy against Ms. Plame as revenge for her husband Joe Wilson's false accusations against the White House's case for war with Iraq. So what have the last three years been all about anyway? Political opportunism and internal score-settling, among other things." The revelation also "casts doubt on the thoroughness and fairness of special counsel Patrick Fitzgerald's probe that began in December 2003."

Nevada Police Arrest Jeffs During Traffic Stop. Fugitive polygamist Warren Jeffs was apprehended outside Las Vegas, after a Nevada police officer stopped the vehicle in which he was riding for having an illegible temporary license plate. The story received widespread news coverage, all of which notes he was on the FBI most wanted list and that agents responded to the scene.

ABC World News Tonight (8/29, story 5, 1:10, Gibson, 8.78M) reported, "The nationwide manhunt for a polygamist has ended. … He was considered armed and dangerous." ABC (Harris) added, "Warren Jeffs, feared leader of what some consider a mind control cult, was arrested…in a routine traffic stop." FBI Las Vegas SAC Steve Martinez: "We are very, very pleased that this was resolved without any violence." Harris: "Prosecutors say they hope Jeffs' arrest will break the fear that's kept so many people from leaving the group and reporting its crimes. … But a former child bride, who now helps women escape the community, says Jeffs' arrest might make his followers more violent." Flora Jessop: "We have the American Taliban right here, and this is jihad on the streets of America." Harris: "She and others say if history is a guide, perceived persecution may only make some believers even more devoted." NBC Nightly News (8/29, story 7, 0:10, Williams, 9.87M) reported, "A notorious polygamist who has been on the run and on the FBI's list of America's most wanted has been captured. Warren Jeffs was wanted for arranging child marriages and having sex with a minor."

The arrest also was covered extensively on cable news. CNN's Live From (8/29) and Fox News' News Live (8/29) aired the press conference announcing Jeffs' arrest, and FBI Las Vegas SAC Steve Martinez and FBI Phoenix SAC John W. Lewis were interviewed on CNN's Larry King Live (8/29), which dedicated the entire hour to Jeffs' arrest. Martinez said that the arrest "went without incident, and we're very, very pleased that that was the case. We certainly didn't want any violence." King later said to Martinez, "He's on the top ten. Is he dangerous?" Martinez: "Well, I think the nature of the charges would indicate that he does present a danger to children, and for that reason he did wind up on the list as a top ten fugitive."

King asked Lewis, "What made this so tough a chase?" Lewis: "Well, it's a very large country. … If somebody wants to stay hidden – particularly when they're protected by a large group of people with whom they associate with regularly – it makes our job a little more difficult. That's why we involve 'America's Most Wanted.' That's why we involve top ten fugitive publicity. That's why the local authorities in this case came to the FBI to take advantage of our 56 field office reach…throughout the United States."

The story was reported on CNN and Fox news programs throughout the day and evening – although MSNBC

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generally ignored it – including CNN's Your World Today, CNN's The Situation Room, CNN's Anderson Cooper 360, Fox News' Hannity and Colmes, Fox News' The O'Reilly Factor, Fox News' Fox Report with Shepard Smith and CNBC's Big Idea with Donny Deutsch.

In a widely-distributed story, the AP (8/30, Ritter) reports, "No weapons were found, but the 2007 red Cadillac Escalade he was riding in contained more than $50,000 in cash, cell phones, laptop computers, a police scanner and wigs, authorities said. … Jeffs brother, Isaac Steed Jeffs, was driving the SUV," and one of Warren Jeffs' wives also was in the vehicle. "Jeffs identified himself as John Findley, using a contact lens receipt from Florida as identification." However, Nevada Highway Patrol Trooper Eddie Dutchover noted, "Once the FBI got there, he gave his full name, Warren Jeffs, and kind of gave a sigh." Special Agent Lewis "characterized Jeffs as cordial but uncooperative. 'He did not respond to any questions that were posed to him concerning his whereabouts,' Lewis said. 'He did indicate to the interviewing agents that he was being subject to what he termed religious prosecutions.'"

The Deseret Morning News (8/30, Perkins, Winslow) reports from Los Vegas, "Top law enforcement here praised the efforts of a state trooper" who stopped Jeffs, "crediting the professionalism of the officer for orchestrating a routine traffic stop that ended without incident. At a joint press conference outside the Las Vegas FBI headquarters, Steve Martinez, FBI special agent in charge, was joined by the director of the Nevada Department of Public Safety George Togliatti in an official announcement of Jeffs' apprehension." The Salt Lake Tribune (8/30, Adams, Manson) notes FBI Special Agent David Staretz said that "Jeffs was being held in federal custody in Las Vegas pending a court hearing on a federal charge of unlawful flight to avoid prosecution," but "it was not immediately clear if Jeffs would face extradition to Arizona or Utah."

The Arizona Daily Star (8/30, Fisher, 123K) reports that when the Nevada police stopped the vehicle, "'The three individuals were separated,' Lewis explained, and questioned. 'That is a tactic commonly used to see if the stories are consistent,' he continued. 'And, in fact, the responses that were provided to the officers on the side of the road were not consistent.' Only after FBI officers arrived on the scene did Jeffs confess to his real identity. But Lewis said that Jeffs, questioned for hours in Las Vegas, has refused to provide any information -- including where he has been hiding for the past year. Jeffs' brother and wife were released without being charged." The Washington Post (8/30, A6, Cooperman, 748K) notes that Jeffs' "ability to elude justice, together with the hit TV show and a national debate over the definition of marriage, have combined in the past year to dramatically raise the profile of polygamy in the United States. Nine days before his arrest, about 300 children of polygamous relationships rallied in Salt Lake City in a rare public defense of 'plural marriage.'"

The New York Times (8/30, Johnson, 1.21M) reports, "To some extent, law enforcement officials and former church members say, the church structure that Mr. Jeffs dominated has already fractured. A former teenage bride has cooperated with investigations against him, Utah prosecutors said. In addition, in a series of trials in Arizona, former church members — some of them excommunicated by Mr. Jeffs — are testifying for the prosecution regarding sect members' sexual conduct with under-age wives." The Times notes Special Agent Martinez "said a search of the vehicle uncovered laptop computers, cellphones, the wigs and $50,000."

Under the headline "Fate Of Polygamy Sect Unclear As Leader Held," USA Today (8/30, 3A, Wagner, 2.27M) notes, "In June, FBI Director Robert Mueller said Jeffs belonged on the list because he preys on children." USA also includes Lewis' description of Jeffs' arrest and attempt to hide his identity, as well as the items seized from the vehicle. The Los Angeles Times (8/30, Woutat, Schmitt, 918K), Dow Jones Newswires (8/29), NPR's All Things Considered (8/29, Berkes) also reported the arrest, as do the major UK dailies: The Independent (8/30, Buncombe), The Daily Telegraph (8/30, Mount), The Guardian (8/30, Borger), The Sun (8/30, Smith) and The Times (8/30).

RCMP Says Arrest's Effect On Canadian Probe Unclear. The Canadian Press (8/30, Bains) reports, "It's too early to say whether the U.S. arrest…will have an impact in Canada on an investigation into the sect's Bountiful, B.C. community, says an RCMP spokesman. Sgt. John Ward said Warren Jeffs is not facing any charges in Canada, nor is he a suspect in the Mounties' ongoing investigation in Bountiful, where allegations of child abuse surfaced years ago. Allegations of human trafficking, involving young girls being moved across U.S. borders and into Canada so they can be married off to older men, have also come up." The CP notes, "Last month, the attorneys general of B.C., Arizona and Utah met to discuss the polygamy situation in their jurisdictions.

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However, any investigations into the polygamous activities of the sect have been hampered by the lack of witnesses wanting to testify."

Colorado DA Defends Karr Arrest. ABC World News Tonight (8/29, story 6, 1:15, Gibson) reported, "On this day after John Mark Karr was ruled out as a suspect in the JonBenet Ramsey murder, the prosecutor who had him arrested explained her actions. … Boulder DA Mary Lacy today defended the dramatic arrest of… Karr." Mary Lacy: "We felt that we could not ignore this. We had to follow it." ABC continues, "Saying there was no other way to get an uncontaminated DNA sample from him," Lacy said "her office would do the same thing over again, especially considering Karr's detailed accounts of JonBenet's murder."

CBS Evening News (8/27, story 5, 0:10, Schieffer) reported that Lacy "said without the tests, it was impossible to know the truth about Karr's claim that he killed the child. Karr is still jailed in boulder await extradition to California on child pornography charges there."

NBC Nightly News (8/29, story 6, 2:00, Williams) reported, "Mary Lacy said pursuing John Karr as a murder suspect only to dismiss the case later made her an easy target for many critics. She described one." Mary Lacy: "This was a voicemail. He said you should be tarred and feathered and run out of town." NBC adds, "Even the state's governor weighed in, calling the DNA test that cleared Karr the most extravagant and expensive DNA test in the Colorado history. But the DA said that in hundreds of emails and 11 taped phone calls to a local college professor, Karr did in fact confess to killing the 6-year-old beauty queen he was obsessed with."

The Washington Post (8/30, A3, Reid) reports, "Prosecutors said Tuesday that they pursued the now-collapsed case against John Mark Karr in the JonBenet Ramsey murder mystery because of his graphic e-mails about the 1996 killing and because Karr was targeting a 5-year-old girl at the elementary school where he taught this summer in Thailand." The Post continues, "Speaking with reporters a day after announcing she would not bring criminal charges against Karr, Boulder County District Attorney Mary Lacy said that investigators had followed him for at least a few days in Thailand, secretly listening to his telephone conversations and surreptitiously trying to take DNA samples that might link him to JonBenet's killing. Those samples proved unreliable, Lacy said, but while Karr was being followed investigators and police in Thailand became concerned over his interest in a girl who was to be a student in his class in Bangkok. … That concern prompted Thai police to expel Karr, 41, from the country and Boulder prosecutors to bring him to Colorado before they had completed their investigation."

The Washington Times (8/30, Richardson) reports, "Also yesterday, District Judge Roxanne Bailin ordered Karr sent by Sept. 13 to Sonoma County, Calif., where he is wanted as a fugitive on five misdemeanor counts of child pornography possession. Karr fled the U.S. in 2001 to avoid a hearing on those charges, scratching out a living as a schoolteacher in Europe and Southeast Asia."

The Los Angeles Times (8/30, Riccardi, Simon) reports that Lacy said "she deemed Karr credible, in part because he was truthful when discussing other aspects of his life and in part because she mistakenly believed that he had disclosed information only the killer would know. Those details, such as a description of JonBenet's gold bracelet, turned out to be in the publicly available autopsy report." The Times adds, "Ever since Karr's arrest in Thailand two weeks ago — which Lacy followed with a news conference in Boulder — critics have suggested that she could have found much quieter ways to detain her suspect while evidence was gathered. … For example, Karr was facing child pornography charges in California that dated to 2001. That to many seemed to offer an ideal way to get Karr in custody without publicly linking him to JonBenet's murder. .. . Lacy said today that such a course was not feasible. Picking him up on a federal charge of fleeing prosecution in a 5-year-old misdemeanor case would not only have been highly unusual, but also costly and time-consuming. Authorities would have had to work through international treaties, attend extradition hearings and pay to translate every document into Thai, she said. … Instead, she picked Karr up on a sealed arrest warrant and flew him to Los Angeles and then to Boulder, accompanied by an investigator from her office. She estimated the total public cost of the investigation at about $13,000."

The New York Times (8/30, Sink) reports, "Ms. Lacy is facing a storm of criticism from scores of local residents who have been calling her and sending her e-mail messages to tell her she should be 'tarred and feathered.' Gov. Bill Owens, a Republican, said that she should be 'held responsible for the most expensive DNA test in Colorado history.' … Ms. Lacy estimated the cost of Mr. Karr's arrest at just under $10,000, which did not include his incarceration. But at the news

DOJ_NMG_0055379

conference on Tuesday, the district attorney and her investigators emphasized that they were not looking to make excuses, but to explain how the case against Mr. Karr unfolded and collapsed. … 'I want to make it absolutely clear up front the decisions were mine, the responsibility is mine, and I should be held accountable for all decisions in this case,' Ms. Lacy said."

The Christian Science Monitor (8/30, Axtman) reports, "After DNA testing failed to link John Mark Karr to JonBenet Ramsey's murder this week, many might wonder: Why would somebody confess to a crime they didn't commit? … Experts say, while still fairly unusual, it does happen and there are two basic reasons why: the first is fame and the second, more frequent reason, is police coercion. … 'In high-profile cases, one common reason is that some people have this pathological need for attention or recognition, a desire to get their names in the newspaper,' says Saul Kassin, a psychology professor at John Jay College of Criminal Justice in New York and an expert in confessions. 'And this may be one of those types of cases.' … Indeed, Mr. Karr, who was arrested in Bangkok, Thailand, earlier this month, appeared to enjoy the attention he was getting from all the publicity."

Experts Say Some Evidence Looked Flimsy. USA Today (8/30, Willing) reports, "In the 12 frantic days between his arrest in Bangkok and his release after DNA testing in Boulder, Colo., John Mark Karr was linked to JonBenét Ramsey's slaying by his public confession, handwriting and an especially eerie connection: The letters 'SBTC' found on a ransom note at the crime scene in 1996 seemed to match a phrase Karr had inscribed in a high school yearbook 23 years ago. … Until DNA testing failed to put Karr at the scene, the other evidence looked 'a whole lot worse for Karr,' says James Cohen, who teaches criminal law at Fordham University in New York City. 'You could see it being used to try and possibly to convict someone who turns out to be a false confessor.'" USA adds, "Some criminal law specialists say that even before the DNA test, the confession, handwriting and 'SBTC' were weak links in the case against Karr, 41. .. . Karr's confession after his arrest in Bangkok, in which he said he was present when the child was killed and said he was not 'innocent,' struck some veteran detectives, prosecutors and defense lawyers as 'suspect,' former San Diego homicide investigator Tom Streed says. … 'When a guy confesses, you're asking yourself, "Is what he saying reasonable, is he telling you something only you and the killer know, and is he leading you to some new piece of evidence?"' says Streed, a private detective who teaches homicide investigation at San Jose State University. 'With this guy, the answers were "no, no, no"' .. . Last week, Texas handwriting analyst Curtis Baggett told reporters he was '99.9%' certain that Karr had written the ransom note found at the house. Other experts disagreed, noting that Baggett had worked with copies of documents, not the originals, and the technique's accuracy is uncertain."

More Commentary. In an op-ed in the Wall Street Journal (8/30), Dorothy Rabinowitz writes, "The growing sense that the confessor's claims were at best highly dubious only grew stronger in the next days as his family told roughly the same story, repeatedly. (In this family nobody misses Christmas.) It was, in truth, a peculiarly convincing assertion in its simplicity. A star television lineup of forensic specialists, lawyers and similar advisers in high-profile cases added their doubts that John Karr could have committed the crime. All told, a tale whose wild improbabilities were obvious -- one that seemed to violate the laws of time, space and reason itself -- had been, with few exceptions, roundly rejected. A pity -- or so some witnessing this bracing display of skepticism must have thought -- that so little of that showed itself when Americans by the score were prosecuted, convicted and carted off to do 40 or 60 years, or life in prison, on the basis of child sex abuse testimony far more obviously at odds with reality than anything in John Karr's own bizarre confession." Rabinowitz adds, "Which isn't to say that he didn't find believers, or that there were no supporting witnesses, with alleged evidence in support of his self-incriminating claims. All had their moment on-screen, including the handwriting analysts who provided lovingly detailed instruction in their art. … It was impossible, during the last weeks of the John Karr drama, not to be reminded of the bitterness of this saga -- the books written, the libel suits filed and, not least, the unsolved murder. Impossible not to be reminded, too, of what the prosperous and influential Ramseys could achieve, by way of legal protection. Impossible to imagine, either, any one of those scores of accused citizens of modest means, facing investigations of child abuse filed by ambitious prosecutors, doing what the Ramseys could do -- namely, refuse to meet with police and submit to questioning other than on their own terms. … It is possible no one will ever know who killed JonBenet Ramsey. We can know, with certainty, as that case among others has proved, how much legal protection enough money can buy."

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Tennessee Lawmaker Pleads Not Guilty To Fraud Charges. The Chattanoogan (8/30) reports Tennessee State Sen. Jerry Wayne Cooper "entered not guilty pleas on Tuesday afternoon on federal charges in a land deal. Appearing in Chattanooga…he pleaded not guilty to one count each of bank fraud, mail fraud and conspiracy to commit bank and mail fraud. The indictment says he used his political ties while trying to sell a lumber mill he owned." Cooper allegedly "was deeply in debt and trying to avoid bankruptcy." The Chattanooga Times Free Press (8/30, Lazenby) adds that Cooper "is accused of inflating the value of a lumber mill he was attempting to sell by acquiring a fraudulent appraisal that falsely claimed the property contained a railroad spur." He "used his influence to contact Lt. Gov. John Wilder…who co-owns BankTennessee in Collierville, Tenn., to help get a loan approved for a potential buyer, according to court testimony." WTVF-TV Chattanooga (8/29) also reported on Cooper's plea.

Prison Official Testifies Mob Associates Tended To Gotti's Every Need. The New York Post (8/30, Cornell, 608K) reports, "Mob prince John 'Junior' Gotti got the royal treatment at an upstate federal prison where a posse of jailed mobsters were at his beck and call -- cooking, cleaning his cell and even doing his laundry, a prison official testified yesterday." Prison intelligence unit supervisor Robert Helms "said Gotti was always accompanied by a particular inmate, Michael Bolino, a reputed Colombo associate. During cross-examination, Helms conceded that Gotti and Bolino had a common interest in working out," and he added "that it is common for prisoners to hang around members of their own ethnic group while behind bars." The Post notes, "Helms said the prison helped the FBI record Gotti's periodic visits with three underlings and a lawyer, directing the mob scion to sit near recording devices disguised as computer jacks that had been installed in the visiting areas specifically for the investigation."

The New York Daily News (8/30, Zambito, 729K) also reports on Helms' testimony and adds, "Stunning photos of a bulked-up…Gotti were shown to jurors yesterday as the feds presented evidence the mob scion lived the easy life while doing hard time at an upstate New York prison. … The photographs were taken by prisoners who earned money by snapping pictures and selling them to fellow inmates under a program called the Inmate Photo Project. … In one photo, Gotti poses with a Rhode Island bank robber named Anthony Fiore. In others, he's seen with…Ballino and several others Helms identified as organized crime figures." The Daily News notes, "Gotti appeared to be aware that his visits were being recorded, Helms said. And prosecutors contend Gotti…made self-serving statements on the tapes because he knew the feds were listening."

Accountant Testifes Gotti Kept Finances To Himself. The New York Times (8/30, Williams, 1.21M) reports, "What transpires between a wealthy man and his accountant is sometimes as brutally frank as the conversations that can take place between a man and his priest. Except in the case of John A. Gotti, a prosperous man who, as his continuing federal racketeering trial would suggest, kept his business dealings and his accountant, Paul Tong, in two separate worlds." Still, "Mr. Tong is a key witness in Mr. Gotti's third racketeering trial." He "did not testify at the previous trials, in which the juries failed to reach a verdict, and appeared this week only because he was subpoenaed by federal prosecutors." The Times notes, "Mr. Tong said he never asked Mr. Gotti what he did for a living and said he took Mr. Gotti at his word about various expenses, which were usually unaccompanied by receipts or invoices."

Gotti Lawyers Subpoena Sliwa, Kuby. The New York Daily News (8/30, Zambito, 729K) reports, "The feds may not want Curtis Sliwa to testify for their side -- but now John A. (Junior) Gotti is happy to have the radio host on his team. Defense attorneys yesterday subpoenaed the Guardian Angels founder to testify about the June 1992 assault on Sliwa, who was attacked as he entered a cab by thugs allegedly sent by Gotti." The Daily News notes, "Gotti's lawyers say their client never ordered the attack and may call Sliwa to impeach his credibility. … Also receiving a subpoena yesterday was Sliwa's WABC radio partner, Ron Kuby," who "testified for the defense at Gotti's second trial and said Gotti told him in 1998 that he'd quit the mob."

Attorney For Aryan Brotherhood Leader Argues Against Death Penalty. The New York Times (8/30, Richards) reports, "Barry B. Mills is not the vicious killer portrayed by prosecutors but is living out his federal prison term in a quiet, exemplary manner, his lawyer told jurors on Tuesday in a quest to spare Mr. Mills, a leader of the Aryan Brotherhood prison gang, from execution." The Times continues, "Reading through three reports written by prison psychologists in the late 90's, the lawyer, Dean Steward, noted his client was deemed not to have 'significant

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mental health problems' and said the threat of harming other inmates was low. .. . 'He was civil, seemed to be cheerful and did not have any problems or issues that he needed to talk over with others,' Mr. Steward read." The Times adds, "Mr. Mills and three other Aryan Brotherhood members were convicted of racketeering, conspiracy and committing murders going back decades. Mr. Mills, 57, and his top lieutenant, Tyler D. Bingham, 58, could be sentenced to death. The other two men face life sentences. … On Monday one of the prosecutors, Joey Blanch, an assistant United States attorney, went through a shopping list of evils perpetrated by the two leaders in an effort to show that they have left a legacy of violence and murder behind bars."

South Dakota Governor Halts Execution. The AP (8/30, Kafka) reports that South Dakota Governor Mike Rounds "halted South Dakota's first execution in 59 years just hours before it was scheduled Tuesday, saying the state law detailing how to administer lethal drugs is obsolete." The AP continues, "Elijah Page, 24, had asked to be put to death by lethal injection for the 2000 torture murder of a Spearfish man. It had been scheduled for 10 p.m. … Rounds and Attorney General Larry Long said that a 1984 law requires the state to use two drugs to kill a condemned person _ but state prison officials planned to use the standard three-drug combination, putting them at legal risk. … 'I will not have the individuals responsible for carrying out this execution to be placed in a position to where they would be or could be in violation of a state statute in the carrying out of an execution,' Rounds said. 'We could have had people wondering for the rest of their lives if they did the right thing.'" The AP notes, "The delay is in place until July 1, 2007, he said. That would give lawmakers time during the next legislative session to review the law and bring it into line with most other states that use lethal injection. … Rounds said he learned of the legal problem last week after reading an Aug. 14 transcript of a competency hearing for Page. Another death row inmate also raised the issue in June as part of his appeal."

Son Of Pennsylvania Lawmaker Reportedly Kidnapped. The Washington Times/AP (8/30) reports, "The adult son of a Pennsylvania lawmaker was missing yesterday after reportedly being abducted on a street at gunpoint in the hours before his mother and sister were shot and wounded in their home." State Rep. John Myers, "a Philadelphia Democrat who has advocated gun control, issued a statement asking for the public's help in locating his 26-year-old son, Shamari Taylor." A female companion "of Mr. Taylor's told police that she and Mr. Taylor were abducted as they were out walking late Saturday. She said she was later released, according to police." Myers' Republican opponent "in the November election, Joseph L. Messa, is suspending his campaign indefinitely out of respect for the Myers family."

AT&T Says Hackers Stole Credit Card Numbers. The Wall Street Journal (8/30, Young) reports, "AT&T Inc. said Tuesday that hackers broke into one of its computer systems and stole credit-card numbers and other personal information from about 18,000 to 19,000 customers." The Journal continues, "AT&T, the nation's largest phone company by revenue and number of customers, said it is offering free credit-monitoring service to customers whose credit-card numbers were exposed after they went online to order equipment such as modems related to high-speed Internet service. … 'We have forensic teams looking into how this happened,' said a spokesman for AT&T, which is based in San Antonio. He added the company is evaluating its security systems." The Journal adds, "Although no suspects have yet been identified and the investigation isn't complete, AT&T said the theft didn't appear to have been the work of an insider. … In a statement, AT&T said it has shut down the online-ordering system that was breached and informed the customers who were affected and their credit-card providers. The company said the breach occurred over the weekend and was discovered within a few hours."

Final Defendant In DC Mall Attacks Pleads Guilty. The Washington Post (8/30, B1, Cauvin) reports, "The last defendant facing charges in several attacks this year on tourists on the Mall pleaded guilty yesterday in D.C. Superior Court, bringing the case to a close without any trials." The Post continues, "His voice barely audible, Ryan A. Newman, 17, stood before Judge Hiram E. Puig-Lugo and pleaded guilty to six counts of robbery, four counts of firearms possession and one count of first-degree sexual abuse. … Prosecutors portrayed Newman, who was 16 at the time of the first robberies, as the ringleader in a string of crimes committed by him and four accomplices in May and July. In a May 27 attack, Newman raped a teenager as her companion was being robbed nearby." The Post adds, "Newman, of the 1300 block of Fifth Street NW, was charged as an adult. He

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faces a maximum sentence of 180 years under the statutes, but the court's voluntary guidelines call for a term of 41 to 83 years. Sentencing is scheduled for Nov. 8. … Last week, defendant Zachary Bright, 19, pleaded guilty to charges stemming from two of the robberies, both July 11. The three other defendants -- Michael Bright, 16; Marcus Brown, 22; and Trayvon Thomas, 18 -- pleaded guilty before or soon after their arrests were announced by authorities Aug. 11. … With yesterday's guilty plea, police and prosecutors have wrapped up a case that drew national attention and marred the Mall's reputation as an urban sanctuary, safe at almost any hour of the day. There were a total of five incidents on three nights."

CIVIL LAW:

DOJ Settles Drug Price Charges With Schering-Plough For $435 Million. The Boston Globe (8/30, Krasner) reports, "Schering-Plough Corp. paid $435 million in fines and pleaded guilty to criminal conspiracy charges to settle Justice Department charges that it lied to the government about drug prices and improperly marketed cancer drugs for uses that were not approved by the Food and Drug Administration." The Globe continues, "The case marks the third multi-million government settlement in five years for the Kenilworth, N.J., pharmaceutical company, which has annual sales of about $10 billion. Counting today's settlement, Schering-Plough has paid about $1.3 billion in civil and criminal fines. … 'In most cases of healthcare fraud, the conduct is driven by a bottom-line mentality,' said Michael J. Sullivan, the US Attorney for Massachusetts, whose office conducted the investigation. Sullivan announced the settlement at a press conference in Boston today." The Globe adds, "Paul J. McNulty, US deputy attorney general, said in a statement, 'This settlement sends a clear message to the pharmaceutical industry that the Justice Department will not tolerate these deceptive and illegal marketing practices.'"

Market Watch (8/30, Kennedy) reports, "In a statement, the Kenilworth, N.J.-based drugmaker said that the settlement, which is subject to court approval, calls for the company's Schering Sales Corp. division to plead guilty to 'one count of conspiracy to make false statements to the government,' as well as pay $180 million in criminal fines. The parent, Schering-Plough, will pay an additional $255 million to 'resolve civil aspects of the investigation.'" MarketWatch adds, "According to the Massachusetts U.S. attorney's office, the civil damages include losses suffered by various agencies -- such as the Veteran's Administration, Defense Department, Medicaid and the Federal Employees Health Benefits program -- for false claims submitted for the company's medications that were not eligible for reimbursement. .. . As a result of the criminal charges, the Schering Sales Corp. unit would no longer be able to participate in federal health-care programs, the U.S. Attorney's Office said."

The AP (8/30) reports, "Schering-Plough said it had adequate cash in a litigation reserve to cover the settlement costs. … As part of the settlement, the drugmaker also said it would add a section to an existing corporate integrity agreement it has with the Office of Inspector General of the U.S. Department of Health and Human Services."

AFP (8/30) reports, "Officials said Schering-Plough had falsified price quotes to a government agency which oversees the financing of federal health insurance for poor and disabled Americans, including military veterans. … Justice Department investigators claimed Schering-Plough did this to hide the lower prices it was charging non-government health providers, and thereby avoid paying additional rebates to the government healthcare program, called Medicaid."

CIVIL RIGHTS:

Kim Tours Mississippi Training Schools. The Jackson Clarion-Ledger (8/30, Mitchell) reports, "Justice Department officials are visiting the state's two training schools this week, and Assistant U.S. Attorney General Wan J. Kim vowed to ensure the schools are safe places for troubled youths." The Clarion-Ledger continues, "In May 2005, Mississippi entered a four-year consent decree to end a Justice Department lawsuit over abuse allegations at the training schools. … 'You don't owe many people in society more than we owe kids, especially once you take them into custody,' said Kim, who heads the Justice Department's civil rights division." The Clarion-Ledger adds, "The Oakley Training School in Hinds County serves male offenders ages 10 to 17, and Columbia serves female offenders ages 10 to 18."

Jury Deliberates Rape Charge Against Officer. The San Antonio Express-News (8/30, Contreras) reports, "Federal jurors are expected to resume deliberating today whether fired San Antonio Police Officer Dean Gutierrez

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raped a transsexual while the officer was on duty. … The jury deliberated for about three hours Tuesday afternoon before breaking for the day." The Express-News continues, "Gutierrez's lawyers decided not to call him as a witness, and chose instead to focus on trying to dismantle the testimony of Gutierrez's accuser, Gabriel Bernal, who prefers to be referred to as a woman named Starlight. They also reached for explanations that would create reasonable doubt in the minds of jurors. … And for the first time during the six days of trial, the defense lawyers claimed Gutierrez had consensual oral sex with Bernal, but denied Gutierrez raped or sodomized Bernal, 23. … 'There's no doubt there was sexual activity, but the government needs more than that,' Ben Sifuentes Jr., one of Gutierrez's lawyers, said in closing arguments. 'The defense does not dispute there was oral sex, but we dispute there was (sodomy). ... In this case, the only person who can prove the case beyond a reasonable doubt is Gabriel Bernal, and you know he lied.'" The Express-News notes, "Gutierrez's lawyers said Bernal made up the rape allegations to pursue a civil claim three days after the June 10, 2005, incident. Prosecutors countered that no lawsuit has been filed."

Starr Asks SCOTUS To Hear "Bong Hits 4 Jesus" Case. The AP (8/30) reports, "Former Whitewater special counsel Kenneth Starr petitioned the U.S. Supreme Court to take up Alaska's "Bong Hits 4 Jesus" case, a dispute involving a high school student, a banner and a tough school policy." The AP continues, "Starr, who gained national prominence while investigating former President Clinton's Whitewater land deal and relationship with Monica Lewinsky, filed the petition Monday on behalf of the Juneau School District in response to a March ruling by the 9th U.S. Circuit Court of Appeals." The AP adds, "The appeals court sided with a high school student who displayed a banner reading 'Bong Hits 4 Jesus' during an Olympic torch relay in 2002. It ruled former Juneau-Douglas High School principal Deborah Morse violated former student Joseph Frederick's free speech rights. … The U.S. Supreme Court petition must receive a minimum of four of the nine justices' votes to be heard. … Frederick, then a senior, was off school property when he hoisted the banner but was suspended for violating the school's policy against promoting illegal substances at a school-sanctioned event."

ANTITRUST:

Antitrust Experts Decry Deal On Texas Airfield. The Fort Worth Star-Telegram (8/30, Banstetter, Wethe) reports, "A group of antitrust experts from across the nation is urging Congress to reject the proposed Wright Amendment compromise, blasting the deal as anti-competitive and bad for consumers." The Star-Telegram continues, "Nine antitrust scholars affiliated with various universities sent a letter on the issue Tuesday to the chairmen and ranking members of the judiciary committees in the House and Senate. … 'The agreement utterly fails to help DFW-area passengers, and most likely will cause them injury in the way of higher fares and reduced service,' the letter stated. Shubha Ghosh, a professor at the Dedman School of Law at Southern Methodist University in Dallas, was one of the signers." The Star-Telegram adds, "The group was organized by Darren Bush, an assistant professor of law at the University of Houston. Bush, who formerly worked on antitrust issues for the Justice Department, said he has been following the issue closely. … 'The more I thought about it, the more it troubled me,' he said. 'The costs of this outweigh the benefits substantially.' … The Wright Amendment is a 1979 federal law that restricts flights from Dallas Love Field to Texas and a handful of nearby states. Since 2004, Dallas-based Southwest Airlines, which operates at Love, has been fighting to repeal the law. Fort Worth-based American Airlines, which operates a hub at Dallas/Fort Worth Airport, has battled to keep the restrictions intact."

The Dallas Business Journal (8/30) reports, "The seven-page letter says that repealing the Wright Amendment would be good for air passengers and doesn't require new statutory restrictions articulated in the locally crafted compromise. … 'The proposed agreement and legislation confers few, if any benefits to consumers, while producing significant anticompetitive effects,' the letter states." The Journal adds, "American Airlines Inc., Southwest Airlines Co. and the mayors of Dallas and Fort Worth crafted an agreement to phase out the 1979 law that blocks most long-haul commercial flights from Dallas Love Field. … The local compromise calls for ending Wright restrictions by 2014. In return, the city of Dallas will use eminent domain to demolish a privately owned passenger terminal at Love Field, reducing the number of gates there to 20, down from 32. American and

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Southwest both accepted that compromise, which has been debated in Congress."

ENVIRONMENT:

Federal Dam Relicensing Rules Meet With Legal Challenge. The AP (8/30, Johnson) reports, "Many utilities and power companies that operate dams will be allowed to do less to protect salmon and other fish if the Bush administration's interpretation of the 2005 Energy Policy Act is allowed to stand, a lawyer for several environmental groups told a federal judge Tuesday. … 'The end result is that measures to protect wildlife ... are being weakened as we speak,' Earthjustice lawyer Jan Hasselman told U.S. District Judge Marsha Pechman." The AP continues, "The Federal Energy Regulatory Commission issues licenses to operate dams, and often those licenses incorporate conditions set by other federal agencies to protect wildlife — building fish ladders, maintaining minimum river flows and monitoring water quality, for example. … The Energy Policy Act, signed by President Bush a year ago, allows dam operators to challenge such conditions in a hearing before an administrative law judge. It also allows the dam operators to suggest alternative environmental measures, and requires the judge to approve those measures if they are 'adequate' and will be less expensive or allow for greater electricity production." The AP adds, "The environmental groups, led by Washington, D.C.-based American Rivers, are not challenging the law itself. Instead, they're challenging the Bush administration's decision to apply it to dam relicensing applications that were already under way when the law took effect. They also say the administration did not conduct a proper public notice period before implementing the law. .. . Justice Department lawyer John Most argued in court Tuesday that there's no reason the law shouldn't apply retroactively. He said the lawsuit should be dismissed and that the Energy Policy Act simply made the dam licensing process "a little more robust" by allowing dam operators to request hearings."

Johanns Promises Drought-Stricken Farmers Almost $800 Million In Aid. The New York Times/AP (8/30) reports the "government promised nearly $800 million in aid Tuesday to ranchers and farmers stricken by a near-record drought." Agriculture Secretary Mike Johanns "announced the aid while visiting a ranch in South Dakota, one of the states hardest hit by drought and heat. Farmers are struggling in the Plains, the South and, to a lesser degree, the Upper Midwest."

NYTimes Opposes Development Of Colorado Highway. The New York Times (8/30, 1.21M) says in an editorial, "As if there were not enough poorly conceived and environmentally devastating developments in the American West, now we have Super Slab. The location of this latest struggle between nature and money is the Bijou Basin, southeast of Denver in Elbert County. It doesn't have the staggering majesty of the Rocky Mountains, but it does have the delicate beauty of a rural, ranching grassland. In the entire county — one of the largest in the state — there are only some 200 miles of paved roads. And that, according to the Front Range Toll Road Corporation, headed by the developer Ray Wells, makes the Bijou Basin a perfect place to put a new high-speed toll road, called, colloquially, Super Slab." What the road "is really meant to do, of course, is serve as the spine for yet another wave of the uncontrolled development that Colorado residents and all Americans should be sick of. By nearly every measure this project is a boondoggle." Super Slab "should be stopped before the planning goes any further."

FBI/DEA/ATF/USMS:

FBI Demonstrates New Interagency Counter-Terrorism Database. The Washington Post (8/30, A6, Nakashima, 748K) reports, "The FBI has built a database with more than 659 million records -- including terrorist watch lists, intelligence cables and financial transactions -- culled from more than 50 FBI and other government agency sources. … The FBI demonstrated the database to reporters yesterday in part to address criticism that its technology was failing and outdated as the fifth anniversary" of 9/11 approaches, but "privacy advocates said the Investigative Data Warehouse…raises concerns about how long the government stores such information and about the right of citizens to know what records are kept and correct information that is wrong." FBI Foreign Terrorist Tracking Task Force Acting Director Gurvais Grigg noted "that before 2002, it would take 32,222 hours to run 1,000 names and birth dates across 50 databases. Now agents can make such a search in 30 minutes or less, he said."

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FBI Agent 13 Others Injured In San Francisco Hit-And-Run Rampage. Bay City News (8/29) reported, "An FBI agent on his lunch break, a cyclist, a teenager and a 52-year-old woman are among the 14 victims of today's hit-and-run spree in San Francisco, authorities said. … San Francisco Mayor Gavin Newsom said this afternoon, 'The investigation is occurring as we speak. At this stage, it's an indiscriminate act with no pattern. The victims are of all ages and all races.'" BCN noted, "The victims' injuries range from minor to life threatening." FBI spokesman Ryan Butler said that the agent "just happened to be in the wrong place at the wrong time." Butler added that "the agent suffered 'very minor injuries' and was treated and released."

In one of its several stories on the incident, the San Francisco Chronicle (8/30, A13, Buchanan, Rubenstein, Wildermuth, 405K) also notes that the FBI agent was slightly injured and reports, "Police identified the sport utility vehicle driver as Omeed Aziz Popal, 29, who had just gotten married in his native Afghanistan, was living with his parents in Fremont, and had nothing on his criminal record except a handful of minor traffic violations. … Some family members said Popal had mental problems and lived in fear of the devil; others said his recent, arranged marriage may have made him stressed. A source close to the investigation in San Francisco, however, said Popal showed no signs of mental illness or remorse in his initial interviews with authorities.'" The Los Angeles Times (8/30, Romney, La Ganga, 918K) adds, "Officials said they have not determined a motive for the attacks, but they said there is no evidence of a link to terrorism."

Fentanyl Linked To 17 Fatal Overdoses In New York City. Long Island Newsday (8/30, Clancy) reports officials warned Tuesday that fentanyl-laced heroin has caused 17 fatal overdoses in New York City during the past 15 months. City health officials "warn that the drug that has killed clusters of people in Philadelphia, Detroit and Chicago is making inroads in New York City, claiming overdose victims in the Bronx, Brooklyn and Queens. … Most of the fentanyl victims in New York City were men between the ages of 30 and 53 years. One victim was a woman, 43."

However, the AP (8/29) reports the drug mixture "has killed at least 17 people in the city over the last four months, and doctors are being told to report suspected overdoses." The city's health department said Tuesday that drug users "are mixing…fentanyl with heroin or cocaine. … New York police were making special efforts to track down the sources behind the local fentanyl-laced mixture."

The New York Times (8/30) also writes that the fatal overdoses took place in the past four months and adds that Police Commissioner Raymond W. Kelly "said in a statement that he had warned police officers to take special precautions, including using rubber gloves, when handling drugs that may contain fentanyl, because it can be absorbed through the skin and cause illness. He said the police believed that most of the fentanyl found in the drugs used by the victims was manufactured illicitly, not in legitimate pharmaceutcal laboratories. … In June, 400 federal and local law enforcement officials raided a public housing project in Chicago, hoping to disrupt what they said was a sophisticated drug ring. The officials said they believed the ring was responsible for providing drugs that killed more than 100 people in and around that city."

Illinois Coroner Notes Spread Of Heroin Use. The Morris (IL) Daily Herald (8/29) reports Grundy County Coroner John Callahan "said heroin has become one of the leading drugs of choice in the area, and noted the use is spreading downward to junior-high-school-age youth. Heroin is rather easily obtainable and a relatively inexpensive drug, said Callahan. Now, however, some dealers are cutting heroin with fentanyl. 'There are different theories behind this,' he noted. 'One theory is that when drug dealers get a weak batch of heroin, they add fentanyl, which is 50 to 80 times more potent than morphine, to give it an added punch.'"

Two Former Air Marshals Sentenced To Prison For Cocaine Smuggling. The Houston Chronicle (8/30, Lezon) reports two former federal air marshals from Houston "are headed to prison for conspiring to bypass airport security and smuggle about 33 pounds of cocaine. Burlie L. Sholar III and Shawn Ray Nguyen, who accepted a plea agreement with prosecutors in April, were sentenced Monday. Nguyen…must serve seven years and three months in prison, and Sholar…got nine years. … The men admitted talking with an FBI informant about plans to smuggle 15 kilograms of cocaine past security at Bush Intercontinental Airport and onto a flight bound for Las Vegas."

Seven Arrested For Ecstasy Smuggling At JFK Airport. The AP (8/29, Pyle) reports customs officials "said tourists have smuggled $4.3 million worth of Ecstasy pills into the country in false-bottomed suitcases,

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raising concern about a new surge of the illicit drug from Europe rather than across the United States' northern and southern borders. Since early July, authorities at John F. Kennedy International Airport have seized 77 pounds of the tablets, more than 170,000 of them, and have arrested seven people, all identified as Spanish citizens."

Another Guilty Plea Expected In Tennessee Marijuana-Trafficking Case. Knoxville (TN) News Sentinel (8/29, Satterfield) reports Knoxville entrepreneur Scott West "is scheduled to plead guilty Sept. 11 to conspiracy to commit drug trafficking and money laundering charges. … His brother, James Michael West, 42, pleaded guilty Aug. 24 in U.S. District Court to charges he bought and peddled tons of marijuana in more than a decade and invested millions in drug proceeds into Market Square properties at the request of his brother and sister-in-law, Bernadette Trent West. … The pleas come just weeks after a federal grand jury issued a beefed-up indictment in the case, investigated by agencies including the U.S. Drug Enforcement Administration and the Internal Revenue Service."

Turf War Spreads Violence Of Mexico's Drug Cartels. BusinessWeek (8/29, Smith) reports for years, Mexico's drug cartels "have shot it out among themselves, usually in rough cities along the U.S. border or on the Pacific coast, where most of the cocaine, heroin, marijuana, and methamphetamine consumed by Americans enters the U.S. But a bloody turf war among traffickers is spreading the violence to cities that have rarely seen it before. Now they are targeting police and judges in response to the government crackdown. … The U.S. Drug Enforcement Agency (DEA) says that while most of the cocaine entering the U.S. still originates in Colombia, Mexican groups that once served as mere conduits for the Colombian cartels today are the dominant traffickers and control most of the distribution points in major American cities."

IMMIGRATION:

Kennedy Says Bush Help Needed In Immigration Reform Negotiations. CNN's The Situation Room (8/29, King) reported, "A new warning today about the future of immigration reform -- Democratic Senator Edward Kennedy says legislation will not be able to get through the Congress, unless President Bush becomes more involved in negotiating a compromise. Those negotiations are at an impasse over the House enforcement-only bill and a Senate measure that gives some illegal immigrants a path to citizenship."

Conservative Activists' Documentary Highlights Negative Side Of Immigration. The Washington Post (8/30, A17, Fletcher, 748K) reports David N. Bossie "earned a reputation as a relentless sleuth -- or right-wing hit man, depending on one's political persuasion -- during his years as a high-profile Republican congressional investigator and conservative activist." No longer "content to merely unearth documents, Bossie, president of Citizens United, a conservative advocacy group, has turned to documentary-style films to push his causes. His latest contribution to the national political debate is 'Border War,' a film he co-produced that makes the case for a serious crackdown on illegal immigration." The film "makes the case for tougher border enforcement by focusing on the most unsettling aspects of the nation's huge illegal immigration problem: the cold-hearted coyotes who guide illegal migrants across the border, sometimes abandoning them in the desert at the first sign of trouble. The illegal immigrants who proposition and even molest young girls in safe houses. Violent criminals who cross the border with impunity. And immigration activists who believe the border has no legitimacy to begin with, because much of the southwestern United States was Mexican territory more than 150 years ago."

Judge Orders New York City To Ensure Aid For Battered Immigrants. The New York Times (8/30, Bernstein) reports, "A federal judge yesterday ordered the city to stop illegally denying food stamps and other aid to battered immigrant women and children and to overhaul the error-plagued computer programs and training manuals that continue to lead welfare workers to turn them away." The Times continues, "The judge determined that high-level city policymakers had long been aware of the systemic problems, but did little or nothing to fix them until a group of battered women filed a lawsuit late last year. As a result, if the city and state continue to fight the lawsuit, the judge said, he will be highly likely to find them liable for 'deliberate indifference' to violations of the plaintiffs' federal and state rights. … 'It is not the policy of the United States, nor of the State of New York, to leave destitute the battered immigrant wives and children of lawful U.S. residents just because their abusive husbands are

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no longer supporting them or providing them with a basis for obtaining aid,' the judge, Jed S. Rakoff of United States District Court in Manhattan, wrote in his 83-page decision. He certified the lawsuit as a class action and issued a preliminary injunction against the city and state." The Times adds, "The judge commended the city for fixing some of the problems since February, when he issued a partial injunction and held nine days of hearings in the case. But he added that problems persisted because of inadequate training, poor computer design and faulty directives. … The decision is awkward for Mayor Michael R. Bloomberg, who is preparing to unveil a plan for attacking poverty in the city, a central goal of his second term. The plan is expected to focus on children, young adults and the working poor."

Afghani Immigrants Seek To Address Cultural Divisions With US-Born Children. The Washington Post (8/30, A1, Elboghdady, 748K) in a front page story reports on the struggles of Afghani immigrants Feda and his wife Samira who "launched a magazine three months ago and found themselves negotiating what one Afghan native describes as the 'cultural schizophrenia' that has plagued a community that began settling in large numbers in this country more than two decades ago, after the Soviet invasion of Afghanistan." Many of the Afghani immigrants "were well-educated professionals who scraped by as taxi drivers and beauticians when they arrived. They've raised doctors, engineers and now publishers. But calming the political tensions they brought with them, reconciling Muslim tradition with American lifestyles, and easing the resulting strain between generations proved tougher than the financial challenges they faced."

TAX:

IRS Outsourcing Of Debt Collection Said To Be "Wildly Inefficient." In a Los Angeles Times op-ed (8/30), Loyola Law School associate professor Lauren Willis says, "Unless Congress steps in to stop it, the IRS is set to begin implementing a wildly inefficient plan to outsource the collection of past-due taxes from those who owe $25,000 or less. IRS employees could collect these taxes for about three cents on the dollar, comparable to other federal programs' collection costs. But Congress has not allowed the IRS, which is eliminating some of its most efficient enforcement staff, to hire the personnel it would need to do the job. Instead, the agency has signed contracts with private debt collectors allowing them to keep about 23% of every taxpayer dollar they retrieve. Employing these firms is almost eight times more expensive than relying on the IRS, but, according to IRS Commissioner Mark Everson, it fits in with the Bush administration's efforts to reduce the size of government." Over 10 years, "the companies hired are projected to collect overdue taxes totaling $1.4 billion, $330 million of which the companies keep as fees. According to the IRS' own estimates, over those same 10 years, the agency could collect $87 billion in unpaid taxes at a cost of just under $300 million — if allowed to hire sufficient personnel. In total, utilizing the private sector instead of augmenting IRS personnel would leave in the hands of delinquent taxpayers more than $85 billion owed to the federal government."

Ruling On Damage Taxation Seen As Major Setback For IRS. In his "Tax Report" column for the Wall Street Journal (8/30), Tom Herman writes, "A recent court ruling saying a woman doesn't owe taxes on an award from her former employer for 'a nonphysical personal injury' represents a significant setback for the IRS. Even though the decision was handed down only last week, lawyers are already urging taxpayers in similar cases to take action to save taxes on their awards." Herman continues, "At issue in the case was whether a $70,000 payment that a woman received from her former employer for 'emotional distress' and 'loss of reputation' was taxable. The woman had paid $20,665 in income taxes on that award. In a decision that is sparking intense debate among lawyers, the U.S. Court of Appeals for the District of Columbia Circuit said the $70,000 award didn't represent 'income' -- and thus wasn't taxable." Herman adds, "The three-judge panel's decision is binding on the Internal Revenue Service in cases involving taxpayers in Washington, D.C., but not other parts of the country. However, the decision is likely to have 'immense implications' for many other people around the nation who expect to receive damages for 'nonphysical personal injuries' -- or who have received damages in recent years, says Todd A. Kraft, a tax lawyer in Dallas at Meadows, Owens, Collier, Reed, Cousins & Blau. … An IRS spokeswoman referred questions to the Justice Department, where a spokesman says the government hasn't decided on its next step."

DOJ_NMG_0055388

CONGRESS-ADMINISTRATION:

Investigation Finds Government Broadcasting Executive Misused Office. The Washington Post (8/30, C1, Farhi, 748K) reports a "year-long State Department investigation has found that the chairman of the agency that oversees Voice of America and other government broadcasting operations improperly used his office, putting a friend on the payroll and running a 'horse-racing operation' with government resources." The report "marks the second time in less than a year that an internal investigation has found evidence of rules violations by Kenneth Y. Tomlinson, chairman of the Broadcasting Board of Governors." In November, the Corporation for Public Broadcasting inspector general "found that Tomlinson had made improper hires, had tried to tamper with PBS's TV programming and appeared to show political favoritism in selecting CPB's president while he was chairman, Tomlinson resigned his CPB post that same month."

The Wall Street Journal/AP (8/30) reports the State Department probe found "the chairman of the Broadcasting Board of Governors misused government money on several occasions, overbilling for his time and funneling unauthorized contracts to a friend." The State Department investigation "found that Mr. Tomlinson, as a political appointee to the Broadcasting Board of Governors, signed invoices worth about $245,000 for a friend without the knowledge of other board members or staff. Mr. Tomlinson also used the board's resources to support his private horse-racing operation and overbilled the organization for his time, in some instances billing both the Broadcasting Board of Governors and the Corporation for Public Broadcasting for the same time worked."

The New York Times (8/30, Labaton, 1.21M) reports the State Department probe found Tomlinson "had repeatedly used government employees to perform personal errands and that he billed the government for more days of work than the rules permit." The summary of the report, "prepared by the State Department inspector general, said the United States attorney's office here had been given the report and decided not to conduct a criminal inquiry. The summary said the Justice Department was pursuing a civil inquiry focusing on the contract for Mr. Tomlinson's friend." Three Democratic lawmakers, "Senator Christopher J. Dodd of Connecticut and Representatives Howard L. Berman and Tom Lantos of California, requested the inquiry after a whistle-blower from the agency had approached them about the possible misuse of federal money by Mr. Tomlinson and the possible hiring of phantom or unqualified employees." Tomlinson, "a Republican with close ties to the White House, was ousted last year from another post, at the Corporation for Public Broadcasting, after another inquiry found evidence that he had violated rules meant to insulate public television and radio from political influence."

The Los Angeles Times (8/30, Levey, 918K) reports the Bush Administration's "troubled outreach efforts to the Middle East and other areas of the world were dealt more bad news Tuesday with new allegations of impropriety by the man who oversees the federal government's broadcasts to foreign countries." "This is serious stuff," said Rep. Howard L. Berman (D-Valley Village). The Times adds a White House spokeswoman "said Tuesday that Bush continued to support Tomlinson, whose renomination as chairman of the broadcasting board is pending before the Senate."

Despite Controversy, Rove Maintains White House Influence. The AP (8/30, Pickler) reports Karl Rove "was not 'frog-marched' out of the White House in handcuffs as his detractors had hoped, but the past year was certainly a low point for President Bush's close friend and chief political strategist." Special prosecutor Patrick Fitzgerald's criminal investigation of the CIA leak "put Rove under scrutiny for months, then he was forced to surrender a key policy role in a move that raised questions about his authority in the White House." But those "close to him" say he "never lost his unparalleled influence on the president." Republican National Committee Chairman Ken Mehlman said, "The history of a lot of folks in these jobs is that they are hired guns. With Karl, you have someone who has been central to what the president has been doing for decades." The AP adds Rove's "slimmed-down portfolio leaves Rove freer to focus on politics, look at the big picture and provide a gut-check in a White House that has struggled with missteps that may leave Republicans vulnerable in the midterm congressional elections." Rove is "an impressive fundraiser himself, bringing in $10.4 million in 75 events this cycle, more than any other Republican official besides the president, first lady and vice president."

Rove's Dieting Noted. The Washington Post (8/30, C3, Argetsinger, Roberts, 748K) reports in its "Reliable Source" column that with "all those campaign hot dogs and

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ice cream, most political types pack on weight in the summer -- but Karl Rove has dropped 22 pounds." Rep. Jim Moran, "who saw Rove a couple of weeks ago," said, "He has slimmed down. He looks leaner and meaner than he's ever looked -- at least leaner." The Post adds the "White House isn't commenting, but the Associated Press reported yesterday that Rove used a "liquid-based diet" (sources tell us that means protein shakes) supervised by physician Arthur Frank of the George Washington University Weight Management Program."

Bush Discusses His Reading List. NBC Nightly News (8/29, lead story, 5:25, Williams, 9.87M) interviewed President Bush last night. Asked to comment on what led to his reading Camus' "The Stranger," he said, "I was in Crawford and I said, I was looking for a book to read and Laura said you ought to try that. And I also read three of Shakespeare's [plays]." Williams: "You were on a Teddy Roosevelt kick. This is a change. Three years ago you were reading the life story of Joe DiMaggio." President Bush: "I have an eclectic reading list." Williams: "And now Camus." President Bush: "That was a couple of books ago. The key for me is to keep expectations low." Williams: "Still not watching television?" President Bush: "I watch a good baseball game." Williams: "President George W. Bush. Well-known baseball fan and, who knew, a late-in-life convert to the works of William Shakespeare."

Supreme Court Justices Hire Fewer Female Clerks. The New York Times (8/30, Greenhouse, 1.21M) reports that while "with the retirement of Justice Sandra Day O'Connor, the number of female Supreme Court justices fell by half," the "talk of the court this summer, with the arrival of the new crop of law clerks, is that the number of female clerks has fallen even more sharply." Just under "50 percent of new law school graduates in 2005 were women. Yet women account for only 7 of the 37 law clerkships for the new term, the first time the number has been in the single digits since 1994, when there were 4,000 fewer women among the country's new law school graduates than there are today." After years "in which more than a third of the clerks were women, the sudden drop was a hot topic this summer on various law-related blogs. Word of the justices' individual hiring decisions spread quickly among those for whom the comings and goings of law clerks are more riveting than any offering on reality television."

Few Senators Willing To Disclose BMI. The Washington Post (8/30, A17, Milbank, 748K) reports studies "released last week show that being just a few pounds overweight can shorten your life. By the government's method of calculation -- body mass index -- even the famously fit President Bush is overweight, with a BMI of 27.0, well above the 24.9 cutoff (but below the 30 cutoff for obesity). Former president Bill Clinton has been measured at 28.3, while older BMI calculations have put Vice President Cheney at 30.1 and Sen. Edward M. Kennedy (D-Mass.) at 34.2 (this according to the Web site DietPower.com, though Kennedy has lost weight recently)." The Washington Post "asked each Senate office to supply the senator's BMI," but "only eight of the 100 complied, and they were quite lean." Among those who responded were Sen. Orrin Hatch, at 22.2, and Sen. John Kerry, at 22.5.

OTHER NEWS:

Median Household Income Rose 1.1% Last Year. The Wall Street Journal (8/30, Matthews, 2.03M) reports, "The median income of American households rose by an inflation-adjusted 1.1% last year after falling five years in a row, the Census Bureau said in its annual report on the well-being of Americans." But "the gap between the richest and poorest Americans widened last year, continuing a trend that dates to the early 1970s with a pause in the late 1990s. The top fifth of American households claimed 50.4% of all income last year, the largest slice since the Census Bureau started tracking the data in 1967." The new data, adds the Journal, "come amid polling data that suggest concern about the economy among many middle-income Americans -- an anxiety that Democrats hope to exploit in November's congressional elections." Ron Haskins, a former Bush administration official now at the Brookings Institution, said, "There is nothing to celebrate here. … A lot of the money goes to the top, and Republicans are forever playing defense on this. The people in the middle are feeling squeezed. If Democrats aren't getting the best of the argument, they should be."

The New York Times (8/30, Lyman, 1.21M) headlines its report "Census Reports Slight Increase In '05 Incomes," and says "the rise…had little to do with bigger paychecks -- in fact, both men and women earned less in 2005 than 2004." Rather, census officials said, "more family members were

DOJ_NMG_0055390

taking jobs to make ends meet, and some people made more money from investments and other sources beyond wages." The "glimmer of improvement" came "after years in which the economy slogged through the bursting of the 1990's stock market boom, a brief economic downturn, the aftershocks from the 2001 terrorist attacks, a series of corporate scandals and growing evidence of a deepening divide between rich and poor." USA Today (8/30, Cauchon, 2.27M) runs a similar story, titled "Family Income Up, But Not Pay."

Offering a more positive assessment of the data, the Christian Science Monitor (8/30, Marks, 58K) reports, "The numbers are an indication that the benefits of the economic recovery are finally reaching some in the middle class, economists say, even as they acknowledge that large income disparities among Americans remain."

NYTimes Says Numbers "Bad News For Most Americans." In an editorial titled "Downward Mobility," the New York Times (8/30, 1.21M) says, "If you're still harboring the notion that the economy is 'good,' prepare to be disabused. Even the best number from yesterday's Census Bureau report for 2005 is bad news for most Americans. It shows that median income rose 1.1 percent last year, to $46,326, the first increase since it peaked in 1999." But "the entire increase is attributable to the 23 million households headed by someone over age 65. So the gain is likely from investment income and Social Security, not wages and salaries."

Consumer Confidence Down. The Wall Street Journal (8/30, Derby, 2.03M) reports, "Consumer confidence suffered a major blow in August amid rising anxiety over the state of the economy, and fell to its lowest level since last fall." The Conference Board "reported Tuesday that its index of consumer confidence for August fell to 99.6, from a revised 107.0 in July. August's reading was the lowest since the 98.3 seen in November, and it was well under the 102.5 reading predicted by economists."

USA Today (8/30, Hagenbaugh, 2.27M) reports the drop "came as the percentage of consumers who said jobs were 'not so plentiful' rose to 54.5%, the highest since November. And the portion who said they expected there would be 'fewer jobs' in the economy in six months rose to 18.3%, highest in six months."

Fed Minutes Show Rate Decision "A Close Call." USA Today (8/30, Kirchhoff, 2.27M) reports, "The Federal Reserve's decision to hold interest rates steady Aug. 8 was a 'close call,' with policymakers ultimately deciding they needed more time to assess the economic impact of their 17 previous rate increases since mid-2004." The Financial Times (8/30, Beales) says "most committee members also thought inflationary pressures would 'ease gradually' and that current policy could prove 'consistent with satisfactory economic performance.'" The Wall Street Journal (8/30, lp, 2.03M) runs a similar report, while the New York Times (8/30, Uchitelle, 1.21M), under the headline "Fed's Notes See Easing In Growth," says "the much-anticipated minutes of the Aug. 8 meeting, released yesterday, showed that the policy makers were hoping that a slowing economy, a deteriorating housing market and the accumulating impact of previous rate increases had mitigated the need for still higher interest rates to control inflation. Indeed, the minutes showed a general expectation that the economy would perform at a sub-par level through next year." The Washington Post (8/30, D1, Henderson, 748K) also reports the story.

Stock Markets Up. NBC Nightly News (8/29, story 8, , Williams, 9.87M) reported, "Stocks finished up after oil went down to a level under 70 dollars for the first time in months. The Dow was up at least 18 points [to close at 11,269.94]. Nasdaq up about 11 points [to close at 2,171.30]." The Financial Times (8/30, O'Doherty) says that "at the close, the S&P 500 was up 0.2 per cent, or 2.50 points, at 1,304.28." The Wall Street Journal (8/30, Browning, 2.03M), among other newspapers, also reports the stock numbers.

Housing Market Decline Seen As Prompted By End Of Speculative Era. In a Wall Street Journal op-ed (8/30), Karl Case, a professor of economics at Wellesley, and Robert Shiller, a professor of economics at Yale and chief economist at MacroMarkets LLC, say, "Looking back at past housing booms, the first sign of the end is when a goodly share of buyers stop making offers and eventually stop looking, seeming to just disappear. In the spring of 1987, during another U.S. housing-market boom that was starting to lose speed, Nora Moran, president of the Greater Boston real estate board, said 'someone blew a whistle that only dogs and buyers heard.'" Now, "it is as if the whistle has again been blown. New home sales in July are 22% below July 2005. The decrease is 43% for the Northeast over that same period, and the inventory of unsold new homes is up 22%. Existing home sales are down to 6.33 million in July from over seven million at the end of 2005. Older boomers are cashing out of valuable suburban homes and heading for condos in the city, or out of high-priced regions

DOJ_NMG_0055391

altogether." The "market spoiler was in place some two years ago. At that time, we felt that the spectacular price increases could not be justified. The psychology of that time could not continue indefinitely, and indeed it has not."

Gasoline Prices Could Keep Falling For Months. USA Today (8/30, Healy, 2.27M) reports, "Gasoline prices are falling fast and could keep dropping for months. 'The only place they have to go is down,' says Fred Rozell, gasoline analyst at the Oil Price Information Service (OPIS). 'We'll be closer to $2 than $3 come Thanksgiving.' ... AAA foresees prices 10 cents a gallon lower by the end of next week." The drop is "good news for consumers and the economy. Continued lower prices 'may act like a tax cut' and stimulate spending, says Richard DeKaser, chief economist at National City in Cleveland. He calculates that higher energy prices the first six months cut growth of consumer spending 1 percentage point." USA Today attributes the drop to the end of summer and sluggish demand, among other factors.

Attorney Charges Holland & Knight Inflated His Billing. The Wall Street Journal (8/30, Koppel) reports, "The career of Matthew Farmer, a junior partner in the Chicago law offices of Holland & Knight LLP, was on the upswing in December 2004. He had just won a monthlong trial for Pinnacle Corp., a Midwestern home builder accused of copyright infringement, and gotten kudos from many of his partners. … But weeks later, after reviewing billing records in the Pinnacle matter, he decided to leave the 1,200-lawyer firm. Mr. Farmer, 42 years old, believed his own hours on the case had been inflated by the partner in charge of billing, 62-year-old Edward Ryan. Fearing he would violate state ethics rules if he kept quiet, Mr. Farmer blew the whistle to Holland & Knight lawyers." The Journal continues, "The firm, which has 24 offices in the U.S. and abroad, took no action and denies Mr. Ryan or the firm did anything wrong. 'The amount billed by Holland & Knight in the litigation was reasonable and appropriate,' says L. Kinder Cannon III, the firm's general counsel. Mr. Ryan declines to comment." The Journal adds, "Last October, Mr. Farmer took a 7% pay cut to join Cohn Baughman & Martin, a 12-lawyer firm. He says he moved of his own accord because he was upset that Holland & Knight wasn't acting against Mr. Ryan. … While the facts of the case are still in dispute, Mr. Farmer's billing allegations offer a rare window into the tricky and emotional issue of inflated billing by law firms. It's difficult to know how widespread billing fraud is, but Stephen Gillers, an ethics professor at New York University School of Law, says 'there is a general consensus that billing fraud has increased' as law firms seek to increase profits and attract top lawyers."

Revised SAT Exam Scores Fall To 2002 Levels. USA Today (8/30, Marklein, 2.27M) reports, "National average scores for the SAT college entrance exam fell 7 points -- the biggest drop in 31 years -- for the high school class of 2006, the first to take the new version of the test. The number of test-takers also was down by about 9,600 students, to 1.47 million. Participation rates particularly fell among students who said they were low-income." Meanwhile, "girls narrowed the gender gap in math and reading from 42 to 26 points, largely because they did well in the writing section." The average decline was two points in math and five points in reading, a section previously labeled verbal. College Board officials "attributed declines to 41,000 fewer students retaking the test than last year."

The New York Times (8/30, Arenson, 1.21M) reports, "The drop confirmed earlier reports from puzzled college officials that they were seeing lower scores from applicants." Out of 800 points possible in each section, the national average in reading was 503 and 518 in math, which produced, "the lowest combined score since 2002." College Board officials "dismissed suggestions by numerous high school guidance counselors that students were getting tired out by the new three-part test which now runs three and three-quarters hours, rather than three." Girls outscored boys on the new writing section 502 to 491. That result "partly offset girls' lower scores on math and reading." College Board president Gaston Caperton "pointed out that the decline in scores represented less than one-half of a test question in reading and one-fifth of one test question in math. Still it was the largest year to year decline since 1975, and officials expressed concerns about the overall performance of American students."

The Wall Street Journal (8/30, Tomsho, 2.03M) reports in a story that focuses on the College Board's scoring problems with one of the tests taken last Fall, the scores "may raise more questions about the recently revamped exam than the students who took it." And "such sudden shifts are a rarity in college-admissions testing and this one comes at a time when the College Board is struggling to restore its own credibility after a scoring scandal." The revised test "added

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higher-level algebra and did away with analogy questions on the reading section." Caperton is quoted as saying the decline "means almost nothing."

The Washington Post (8/30, A1, Mathews, 748K) reports in a front-page story, "The first national results from the revamped SAT show the biggest annual drop in reading scores in 31 years and a significant edge for female students over males on the new writing section of the test." College Board officials said that "they were concerned that students are taking fewer composition and grammar courses. They noted that reading scores have stagnated during the past 30 years."

The AP (8/30, Pope) reports, "Experts agreed the dip in combined math and critical reading scores on the college entrance exam was related to the new version of the test -- but differed as to how." It now has "more advanced math questions and replaces analogies with more reading comprehension." The results "stand out because just two weeks ago the rival ACT exam reported its biggest score increase in 20 years."

More Commentary. The Washington Post (8/30, A18, 748K) writes in an editorial, "The dramatic decline in SAT scores announced yesterday raises the issue of whether there is something wrong with the new test or, even more worrisome, with the lessons being taught in high schools." The Post urges its readers "not to read too much into" the results, while at the same time noting the drop "was the largest in 31 years." It concludes, "Anyone concerned with education, national competitiveness and the prospects for the next generation should also take to heart the board's worry: that high school students' skills aren't moving in the right direction."

Hourly Pay For Primary Care Doctors Suggested. In a New York Times op-ed (8/30), physician Robin Cook says, "Ten-plus years ago primary care was lauded as the potential rescuer of a health care system in chaos. Primary care doctors, it was hoped, would fix what had become an expensive, fragmented specialty system geared toward treating emergencies and episodes of acute illness." But "unfortunately, primary care has not flourished, and the ranks of primary care doctors are thinning. As reported in a series of articles in The Annals of Internal Medicine in 2003, medical students are shunning residencies in primary care, and primary care doctors are migrating to other careers or retiring early. Many who have remained in primary care are…dispirited, disgruntled and disillusioned." The solution is to "make primary care a more manageable business by changing the way we pay for it. Primary care doctors should be paid by the hour."

Medical Cost "Transparency" Seen As Unlikely To Hold Down Costs. In a USA Today op-ed (8/30), Steffie Woolhandler and David Himmelstein, co-founders of Physicians for a National Health Program, say, "Nearly 47 million Americans are uninsured, and millions more have coverage so skimpy that a major illness would bankrupt them. Yet President Bush apparently thinks Americans are too well-insured. He's pushing health savings accounts — a plan to make the sick pay thousands from their own pockets before insurance kicks in. And the fig leaf for his soak-the-sick scheme is 'transparency.' Just make hospitals and doctors post their prices, he says, and the market will magically cut health costs. The president's scheme will drive millions more into medical poverty, but it won't hold down costs." The "steep out-of-pocket costs have little impact on overall spending. They discourage preventive care such as immunizations but don't affect the real cost driver -- expensive illnesses that afflict only 20% of Americans each year but account for 80% of spending."

Lack Of Cost Information Said To Limit Health Care Providers' Accountability. USA Today (8/30, 2.27M) says in an editorial, "No sensible consumers would purchase a new car or refrigerator without knowing the price, or without asking a few questions about reliability. Yet they'll undergo cardiac surgery or a hip replacement with little thought of the actual cost of treatment, and with virtually no information about their hospital's track record with that procedure." Unlike "restaurants, hospitals don't list prices on a menu. Perhaps it's time they did. Traditional insurance, whether government- or employer-based, shields patients from the true costs of care. If someone else is paying most of the bill, patients have little incentive or ability to demand lower prices. Hospitals and doctors face little pressure to publicize their fees or to lower them."

Kummant To Head Amtrak. The New York Times/AP (8/30) reports Amtrak's board of directors "announced that it had chosen Alexander K. Kummant, a veteran rail and industrial executive, as its new president and chief executive. Mr. Kummant will assume the job on Sept.

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12. He will succeed David L. Gunn, who was fired in November in a dispute over reorganizing the company."

The Washington Post/AP (8/30, D2, De La Cruz) also reports, "Amtrak supporters, who have accused the Bush administration of trying to dismantle the railroad, reacted cautiously to Kummant's appointment." Sen. Charles Schumer said, "It's good they finally appointed someone, but given this administration's record on Amtrak, we need to know whether he was brought in to build up Amtrak or tear it down."

Perry Orders Special Election For DeLay's Seat On Same Day As General Election. The AP (8/30) reports, "Gov. Rick Perry on Tuesday ordered a Nov. 7 special election to temporarily replace resigned US Rep. Tom DeLay, a date that coincides with the general election." In the general election, Nick Lampson "is the Democratic candidate. Republicans have thrown their support to Houston City Councilwoman Shelley Sekula-Gibbs as a write-in candidate after the courts refused to remove DeLay name from the ballot. Sekula-Gibbs' name will appear on a list of approved write-in candidates posted in voting booth. For the special election, candidates have until 5 p.m. Friday to pay a $3,125 filing fee and submit their paperwork to run." Lampson said that "he intends to file for the special election."

The New York Times (8/30, Blumenthal, 1.21M) reports, "Just when it looked as if the Texas race to fill Tom DeLay's vacant House seat could not get any weirder, it did." The special election "will fill Mr. DeLay's unexpired term until January." Sekula-Gibbs "said she would run in the special election. That means she will be on the ballot in the special election, but not in the general. Although some Republican strategists said that could leave voters hopelessly confused, Dr. Sekula-Gibbs, a dermatologist and member of the Houston City Council, said she believed that voters could cope with it."

Cheney Says Democrats Would Weaken Anti-Terror Measures, "Give Up The Fight" In Iraq. The Lincoln Journal Star (8/30, Walton) reports, "The Bush administration will 'keep national security at the top of the agenda this election year,' Vice President Dick Cheney told a Republican audience Tuesday" in Nebraska. Some Democratic leaders, he added, "want to weaken the tools the administration uses to identify and track terrorists, Cheney said, while others would 'give up the fight (and) retreat' from Iraq." Cheney also said "President Bush will rely on commanders in the field to determine the troop levels 'needed for victory' in Iraq…rather than listen to polls or 'artificial timelines set by politicians in Washington, D.C.'" Cheney's "four-hour visit to Nebraska dramatized his tie between election-year politics and the war on terror. After addressing a fund-raising reception for Rep. Jeff Fortenberry in downtown Omaha, the vice president journeyed to nearby Offutt Air Force Base to thank the troops for their military service."

Bush To Attend Fundraiser For Talent. The Fort Wayne Journal Gazette (8/30, 77K) reports, "President Bush will return to Missouri next week to appear at another fundraiser for Republican Sen. Jim Talent. The Sept. 8 event will be held at the Kansas City home of Scott Ward, co-president of Russell Stover Candies. Tickets cost $1,000 each." The visit "comes one day before former President Bill Clinton travels to St. Louis to speak at a fundraising brunch for Claire McCaskill, Talent's Democratic opponent."

FEC Blocks GOP Proposal To Relax Rules On Interest Group Ads. The New York Times (8/30, Phillips, 1.21M) reports a Republican-backed "proposal that would have allowed unrestricted spending on advertisements by interest groups during this fall's midterm election season was blocked Tuesday when the Federal Election Commission split evenly along party lines over the issue, shelving the plan for this campaign." Corporations, nonprofit groups and labor unions "have been prohibited under the McCain-Feingold campaign finance law from paying for commercials that name political candidates during specific periods of time before elections. Since the law was enacted, they could raise money and spend it on behalf of candidates only if they formed political action committees that could not accept more than $5,000 a year from individual donors."

FEC Rules Millionaire's Amendment Doesn't Apply To Cantwell. The New York Times/AP (8/30) reports Democratic Sen. Maria Cantwell of Washington "will have to abide by campaign finance limits even though her Republican rival, Mike McGavick, donated $2 million to his campaign, the Federal Election Commission ruled." In a unanimous decision, "the commission said the so-called millionaires' amendment, which lifts donation limits for anyone facing a candidate who self-finances a campaign, applies only to Mr. McGavick's Republican primary opponents, not to Ms. Cantwell, a Democrat. The decision

DOJ_NMG_0055394

means Ms. Cantwell will have to stick to the limits, at least until the Sept. 19 primary."

With Polls Showing Virginia Race Close, DSCC To Fund Webb Campaign. The Richmond Times-Dispatch (8/30, Hardin, Shapiro) reports that with three polls "showing the U.S. Senate race close after George Allen's alleged racial remark, national Democrats yesterday pledged dollars to Jim Webb." A recent Zogby International poll "gives Webb, once a long shot, a statistically insignificant lead over the Republican incumbent, who has been sidetracked for two weeks for addressing a Webb volunteer staff member of Indian descent as 'macaca.'" Sen. Charles E. Schumer, Chairman of the Democratic Senatorial Campaign Committee, "said his group -- the political arm of the Senate Democratic Conference -- will donate an unspecified amount to Webb."

Cardin Boosts Lead Over Mfume To 13 Points In Independent Poll. The Washington Times (8/30, Miller, 88K) reports a Gonzales Research & Marketing Strategies poll shows Rep. Benjamin L. Cardin has "increased his lead in the contest for the Democratic nomination in Maryland's U.S. Senate race and likely Republican nominee Lt. Gov. Michael S. Steele remains highly competitive in any general election matchup." Likely voters "now favor Mr. Cardin over ex-Rep. Kweisi Mfume, a former National Association for the Advancement of Colored People president, by 43 percent to 30 percent." In the general election, "the poll found Mr. Steele trailing Mr. Cardin 44 percent to 39 percent and beating Mr. Mfume 42 percent to 38 percent." However, Josh Rales "garnered just 6 percent of the Democratic primary vote in the poll, despite spending more than $4.4 million -- most of it from his personal fortune from real estate investments -- saturating the state with his TV ads since June."

Kemp To Campaign For Lieberman As Inouye Endorses Lamont. The AP (8/30) reports, "Jack Kemp will hit the campaign trail with a fellow former vice presidential candidate from another party: Sen. Joe Lieberman." Lieberman "said Tuesday that Kemp, a Republican former congressman and US housing secretary, telephoned to offer support to his independent campaign, which the three-term senator began after losing the Democratic primary to Greenwich businessman Ned Lamont. No date for the visit has been set." Meanwhile, another AP story (8/30, Miga) reports Democratic Sen. Daniel Inouye "said Tuesday he is supporting Ned Lamont over…Lieberman because of the Connecticut lawmaker's contention that the Democratic Party doesn't stand for mainstream America." Inouye, "who campaigned in Connecticut for Lieberman prior to the Aug. 8 primary, issued a statement endorsing Lamont and citing Lieberman's recent criticism of the party."

The New York Times (8/30, Medina, 1.21M) reports that in a statement from Inouye's office said, "After the primary, Senator Inouye was most disappointed and unhappy when Senator Lieberman remarked that the Democratic Party no longer represented the mainstream of America, and that the Democratic Party had lost its values. I am a proud Democrat." It was "not clear which remarks Mr. Inouye was referring to, and his aides could not cite a specific example."

Schumer Predictions On Senate Contests Called "Overly Exuberant." Dana Milbank, in his "Washington Sketch" column in the Washington Post (8/30, A2, 748K) reports, "Those who handicap Senate races say the Democrats could gain four or five seats -- just short of the six needed to gain control of the chamber. But the irrepressible" Sen. Charles Schumer, "whose position requires a certain amount of cheerleading, yesterday outlined a November conquest in which Democrats pick up nine seats. 'We're doing amazingly well and better than we ever thought,' he pronounced." Milbank adds, "Amid such unbounded optimism, it would have been churlish to point out that the experts regard this as overly exuberant. While political forecasters such as Charlie Cook and Stuart Rothenberg have switched in the past few weeks to predicting a Democratic takeover of the House, there are no such forecasts for the Senate."

Trial Lawyer Ads Target Vulnerable Republicans. The AP (8/30, Kuhnhenn) reports the Association of Trial Lawyers of America "on Tuesday launched a $500,000 television and radio ad campaign in five congressional districts blaming GOP lawmakers for not seeking lower prices for the Medicare prescription drug program." The ad campaign "targets Republican House members from Pennsylvania, Indiana, New Mexico, Ohio and North Carolina. The ads accuse the lawmakers of blocking provisions that would have required Medicare to negotiate

DOJ_NMG_0055395

with drug companies for the best prescription cost." A series of radio ads by the association "also criticizes the lawmakers for accepting contributions from the oil and gas industry, suggesting that their inaction contributed to high gas prices." The ads target Republicans Reps. Heather Wilson of New Mexico, Deborah Pryce of Ohio, Chris Chocola of Indiana, Charles Taylor of North Carolina and Don Sherwood of Pennsylvania.

McCain Trying To Dispel Concerns About Age. CNN's The Situation Room (8/29, King) reported Sen. John McCain is "spending his 70th birthday in Montenegro as part of a five-country, ten-day trip with Senate colleagues. And it's that kind of image -- someone who is always on the go -- that McCain is eager to cultivate as he gears up for a probable presidential run and faces questions about whether he's up to the challenge." Just "how old is John McCain? Get used to hearing this…" McCain: "I am older than dirt, I have more scars than Frankenstein, but I have learned a few things along the way." CNN added, "One lesson, try to turn a potential liability -- age -- into a self-deprecating punchline, much like the role model he'd like to replace in the history books." Ronald Reagan "was 69 years, 349 days old, when he took office in 1981. McCain would be 72 years, 144 days old, on Inauguration Day 2009. Reagan's former chief of staff says judge McCain by how he acts, not his age." Former Reagan Chief of Staff Kenneth Durberstein was shown saying, "You don't all of a sudden start covering yourself with a blanket and having tea at 2:00 in the afternoon just because you are 70 years old."

Warner Worries Democrats Limit Sectional Appeal. The AP (8/30, Glover) reports that during an Iowa visit, Democrat Mark Warner, the former governor of Virginia and "a potential 2008 presidential candidate, voiced growing concern Tuesday with his party's electoral strategy, arguing that Democrats' willingness to write off sections of the country could make it nearly impossible to win the White House." Warner said, "I got pretty frustrated after 2004. We are making a mistake if we put up candidates that are only competitive in 16 states and then we roll the dice and hope we win Ohio or Florida." The AP adds Warner "insisted he wasn't being critical of 2004 Democratic nominee John Kerry, whom he called 'a very strong candidate.' But Warner said Democrats must stop conceding entire regions of the country." Warner said, "We do our party and the country a disservice if we're not competitive in the South and the balance of the Midwest. I'm disappointed in campaigns that write off the South and leave behind wide swaths of our country." The AP adds Warner "has been focusing on his core appeal to Democratic activists who are hungry for a nominee who can win back the White House after two losses to President Bush."

Frist May Not Have Met Requirements To Keep Medical License Active. The New York Times/AP (8/30) reports Senate Majority Leader Bill Frist "acknowledged Tuesday that he may not have met all the requirements needed to keep his medical license active — even though he gave paperwork to Tennessee officials indicating that he had." Tennessee "requires its licensed physicians to complete 40 hours of continuing medical education every two years. Frist, a heart-lung surgeon who is considering a 2008 presidential run, submitted a license renewal with the Tennessee Health Department stating he has fulfilled that requirement." A Frist spokesman "said the Republican senator may not have done his continuing education after all, and had contacted the Tennessee Board of Medical Examiners to see if corrective steps were necessary."

Pension Reform Law Prompts More Employers To Offer 401(k) Advice. The Wall Street Journal (8/30, Opdyke, Laise, 2.03M) reports the Pension Reform Act "that President Bush signed into law earlier this month encourages employers and the financial-services firms that administer their 401(k) retirement plans to introduce advice services. The idea is to help workers navigate the myriad investment choices in many of these plans. Along with the amount of money an employee sets aside from each paycheck, the investment decisions he or she makes will help determine how much savings will be available for retirement." Many of the "new services are expected to be online computer programs, though experts say these are less effective than face-to-face sessions with an adviser at encouraging people to save more and diversify their assets. But the more-personalized services cost more. They also present potential conflicts of interest for larger firms that manage their own mutual funds."

Democratic Criticism Of Wal-Mart Seen As Diversion. In his Washington Post column (8/30, A19), Robert J. Samuelson says, "It's not surprising that, as the New

DOJ_NMG_0055396

York Times reports, leading Democratic politicians have latched on to bashing Wal-Mart as a 'new rallying cry' that 'could prove powerful in the midterm elections and in 2008.' America's political culture routinely demands at least one hideous corporate villain. In recent decades that role has fallen to General Motors, IBM, Exxon Mobil and Microsoft; now Wal-Mart has assumed the mantle. But these wishy-washy politicians have missed the obvious solution to the Wal-Mart problem: nationalization." Congress "should just buy the company and then legislate good behavior." But under Congress, Wal-Mart "would deliver more political benefits to favored constituencies -- workers, suppliers, competitors -- and fewer to the public. Retail prices would be the biggest casualty. Scholarly studies show Wal-Mart's price reductions to be sizable." These "cuts have significantly raised living standards. How much is unclear." No company "should be above public scrutiny. But much of the political criticism of Wal-Mart is shallow and, if followed, undesirable." The criticism of Wal-Mart, "though a tempting target as a symbol, is mostly a diversion from weightier issues where what politicians do really matters."

Rice Says Solution To Terrorism Is Transforming Middle East. AFP (8/30) reports, Secretary Rice "warned against a premature withdrawal of US forces from Iraq, saying it would encourage extremists at an 'immeasurable' cost." She is quoted telling the American Legion convention in Salt Lake City, Utah, "If we abandon the Iraqi people before their government is strong enough to secure the country, then we will show reformers across the region that America cannot be trusted to keep its word." She "said a premature pullout will 'embolden extremists and enemies of moderation and of democratic reform.'"

Fox News Special Report With Brit Hume (8/29, Rosen) reported, "Addressing the American Legion in Salt Lake City, Secretary of State Rice did not mention Iran by name but she sought to rally support for the Bush Administration broad effort to promote Democracy in the Middle East, where Tehran's influence is so readily, and alarmingly, apparent." Rice: "If you believe, as I do, and as President Bush does, that the root cause of September 11 was the violent expression of a global extremist ideology, an ideology that thrives on the oppression and despair of the Middle East, then we must seek to remove this source of terror by helping the people of that troubled region to transform their countries and to transform their lives."

IAEA To Disclose New Iranian Enrichment Program. The Washington Post (8/30, A12, Linzer, 748K) reports Iranian "nuclear specialists have begun enriching a new batch of uranium in an apparent act of defiance just days ahead of" the deadline for enrichment suspension. The IAEA intends "to formally disclose the new enrichment work, as well as additional Iranian nuclear advances, in a report due out [Thursday]." The Post's source "stressed that the Iranians are working at a slow pace with small quantities of uranium, and that they are enriching the material to an extremely low level that could not be used for nuclear weapons. Still, it is unlikely that the Iranians will stop the work in time to meet the Security Council's deadline." Undersecretary Burns is quoted saying, "We've seen no indication that Iran intends to comply with the U.N. Security Council's condition of suspending its nuclear program. Should it not comply by Thursday, and should the IAEA report confirm Iran's continued efforts to enrich uranium, the U.S. will move to begin sanctions discussion at the United Nations, and we expect a sanctions resolution to be passed."

Sanctions Resolution Could Be Delayed Two Weeks. The AP (8/30, Wadhams) reports remarks by UK PermRep Emy Jones-Parry that the UNSC "will need until mid-September before acting on its threat to punish Iran if Tehran's leaders flout a Thursday deadline to suspend uranium enrichment as is widely expected." That "prediction seemed to rule out the immediate threat of sanctions against Iran if it disregards the council's demands — spelled out in a resolution adopted this month — to suspend enrichment by Thursday. Iran has already said it would reject the deadline." Jones-Parry "said that before it can act, the Security Council will need to receive a report from the [IAEA] on Iran's compliance with the resolution." The AP adds, "Another obstacle to quick action will be the language that will have to be worked out in the resolution. Russia, whose support for sanctions is essential, has publicly counseled patience with Iran — a possible signal of reluctance to go along with the U.S."

Deadline Said Likely To Pass Without Immediate Action. Calling the "likely" US plan for Iran "Go Slow," the Christian Science Monitor (8/30, LaFranchi, 58K) reports, "Expect Thursday's deadline for Iran to stop enriching uranium to pass with more of a whimper than a bang. As the United States experiences what one observer calls 'confrontation fatigue,' and as international unity against a nuclear-armed Iran threatens to splinter under pressure,

DOJ_NMG_0055397

quick action against Iran is not likely - even though the Iranian leadership continues to taunt the West with rhetorical jabs." The Monitor cites analysts predicting that "patient and methodical will win out…because the US wants to preserve the semblance of international unity against Iran as long as possible." And, the Monitor says, "the likelihood of getting any sanctions soon - or any other meaningful action to pressure Iran - is not very good" because Moscow and Beijing "have cooled to such a step, which they ostensibly supported just weeks ago." Furthermore, the Israel-Hezbollah conflict "has diverted Western attention, put the wind in Iran's sails, and helped elevate the question of Iran's nuclear program to a topic of debate in the Muslim world. And it's not a debate that international powers are anxious to enter and lose in the eyes of Muslim populations - thus the likelihood of a reasoned and methodical approach."

Ahmadinejad Asks Bush To Debate, Gets Tough Questions At Press Conference. The New York Times (8/30, Slackman, 1.21M) reports extensively on President Mahmoud Ahmadinejad's Tuesday press conference. He "meant to use Tuesday to focus attention on his challenge to the president of the United States: a face-off in a live televised debate. But at a freewheeling two-hour news conference, [he] also found himself challenged by local reporters who questioned the government's economic program and its tolerance of a critical press." The Times says the event "offered a window into one of the many contradictions of Iranian politics and governance: even as the government grows more authoritarian, it is openly criticized and challenged on its performance." Ahmadinejad "used the opportunity to continue Iran's defiant posture toward the West — the United States and Britain in particular. He made it clear that Iran would not meet the deadline and that it would risk sanctions." Later, the session "veered off into an unruly question-and-answer session, with reporters praising the president, questioning him and some jumping from their seats demanding that their questions be taken. The president politely admonished one reporter, saying he needed to behave better."

The AP (8/30, Dareini) says Ahmadinejad "challenged President Bush to a televised debate, a proposal the White House immediately dismissed as a 'diversion.'" He "said no one can prevent Iran from pursuing what he called a peaceful nuclear program — not even U.N. Secretary-General Kofi Annan, who was expected to visit here Saturday." His "latest show of defiance seemed to solidify the country's determination to snub the Security Council, following a string of war games and uncompromising public statements this month on the nuclear standoff. But whether the U.S. can muster enough support on the 15-nation council to impose economic or political sanctions remains in question." The Washington Times/AP (8/30, Dareini) runs the AP story.

The Financial Times (8/30, Smyth) says Ahmadinejad "gave a press conference mixing camaraderie, defiance and homespun philosophy." After issuing his debate challenge to Bush, he "suggested the" Security Council "was allowing the US and Britain to use the body for their own interests." He "showed no concern at the looming deadline, nor at Washington urging the security council to impose sanctions if Iran does not suspend enrichment."

Carter Likely To Meet With Khatami. The Washington Post (8/30, A13, Wright, 748K) reports, "For an event that would turn a page in American history, former president Jimmy Carter has agreed in principle to host former Iranian president Mohammad Khatami for talks during his visit to the United States starting this week." The Post notes, "Despite mounting tensions between Washington and Tehran over the latter's nuclear program, the Bush administration issued a visa for Khatami yesterday, as well as for about a dozen family and staff members, for a visit lasting about two weeks, the State Department confirmed. Khatami is expected to arrive in the United States tomorrow." Khatami is scheduled to speak at the National Cathedral on September 7, and may also speak "at the University of Virginia and to an Islamic group in Chicago. He may also pay a private visit to Thomas Jefferson's home at Monticello, according to sources familiar with his trip. He will begin his visit in New York at a U.N. conference on the dialogue of civilizations." The Post adds, "Talks between Carter and Khatami, if they materialize, would be politically poignant."

Ignatius Says "Master Performer" Ahmadinejad Will Continue To Manipulate Crisis. In his column in the Washington Post (8/30, A19, 748K), David Ignatius says Ahmadinejad is playing a "high-stakes game" with the international community. "He has moved boldly -- recklessly, it seems to Americans -- into the international traffic flow. He keeps revving his motor, and it looks as if he and the West might be heading for a dangerous crackup over Iran's nuclear program. Will there be a collision, or will leaders produce a compromise at the final instant?" Ignatius calls the Iranian president "the unpredictable factor in this game of brinkmanship." His "is a formidable politician" whose "hard

DOJ_NMG_0055398

edge is never far away." He concludes, "If Ahmadinejad behaves like most local drivers, he will go as far and fast as he can. It's only when the fender is about to be crushed that he will put on the brake. That's why this crisis is so dangerous -- it's easy to miscalculate when nobody knows the rules of the road."

Pakistani Government Faces Increasing Political Pressure. The New York Times (8/30, Gall, Masood, 1.21M) reports, "The government of Pakistan came under mounting political pressure on Tuesday as rioting continued for the third day in Baluchistan after the killing of a prominent rebel tribal leader, and Prime Minister Shaukat Aziz faced a no-confidence vote lodged by an alliance of opposition parties." The no-confidence vote against Mr. Aziz failed, "garnering only 136 votes of the 172 needed to pass the measure in the 342-member Parliament. But the vote was seen as an opening maneuver by the opposition alliance in a contentious atmosphere ahead of elections in 2007.

Annan Lauds Lebanese Commitment, Asks Israel To End Blockade. The New York Times (8/30, Hoge, 1.21M) reports UN Secretary-General Kofi Annan "came to Israel late Tuesday after two intensive days in Lebanon that he said had convinced him the Lebanese were serious about preserving the cease-fire and moving to a permanent peace." Beirut is "committed, he said, to 'the idea that you cannot have a state within a state but have to have one authority, one law and one gun.'" Annan "said he hoped to speed the departure of remaining Israeli troops from southern Lebanon by getting an international force of at least 5,000 in place as soon as possible." For its part, Beirut "urged" Annan "to press the Israelis to lift a sea and air blockade that is inhibiting the country's restoration." Annan is quoted saying, "I think the time has come for the siege to be lifted. The Lebanese have shown they are serious about the implementation of 1701 in all the deployments and efforts they have made."

The AP (8/30, Teibel) says Annan "called Israel's air and sea blockade of Lebanon a 'humiliation' Tuesday and demanded it be lifted. But Israel said it first needed assurances that forces deployed on the border can stop weapons shipments to Hezbollah." Those differences are "the latest threat to the fragile cease-fire." Annan added, "We need to resolve the issue of the abducted soldiers very quickly. We need to deal with the lifting of the embargo — sea, land and air — which for the Lebanese is a humiliation and an infringement on their sovereignty." He also "said Israel was responsible for most of the violations of the cease-fire and appealed for everyone to work together to ensure peace holds and 'not risk another explosion in six years or 20 years.'" Annan asked Israeli Prime Minister Amir Peretz to end the blockade "as soon as possible in order to allow Lebanon to go on with normal commercial activities and also rebuild its economy." The Washington Times/AP (8/30, Teibel) runs the AP story.

Indonesia Could Be Significant Troop Contributor To Border Force. The Wall Street Journal (8/30, Solomon, 2.03M) reports comments from Indonesian Defense Minister Juwono Sudarsono that Jakarta "is near agreement with the United Nations on sending 1,000 peacekeepers to Lebanon for the peacekeeping force aimed at policing the cease-fire." He "said that he anticipates an announcement from the U.N. on Indonesian participation in the mission 'within days,' and that he is expecting to deploy a fully mechanized company to Lebanon's south." He later added that he "expects Muslim-majority Malaysia to send 1,000 troops, and that Bangladesh and Nepal were other likely participants." The Journal notes Tel Aviv expressed concern earlier because Jakarta does not have diplomatic relations with Israel.

Lebanon International Aid Conference Opens Tomorrow. The Financial Times (8/30, Khalaf, Biedermann) reports Beirut "will seek hundreds of millions of dollars in emergency relief and early reconstruction assistance from a conference of international donors in Stockholm on Thursday, as the country starts to rebuild after 34 days of war." Finance Minister Jihad Azour "said Lebanon needed between $400m (€314m, £212m) and $500m in short-term assistance for the quick rehabilitation of infrastructure and schools, social projects for vulnerable groups, and assistance in de-mining border areas." The Times says the "conference is expected to bring together more than 60 governments and organisations from the US, Europe, Asia and the Arab world to consider Lebanon's needs after the" recent conflict. The Times notes positively, "The economy has proved resilient to shocks in the past. But whether or how fast economic confidence can be restored hinges on progress in implementing the UN ceasefire resolution and maintaining domestic stability in the face of deep political divisions between Hizbollah and the parliamentary majority which dominates the Lebanese government."

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Jesse Jackson Told Kidnapped Israeli Soldiers Are Alive. The AP (8/30, Ghattas) reports the Rev. Jesse Jackson "said Tuesday that two Israeli soldiers who were captured by Hezbollah…are reportedly alive, as is a third soldier seized earlier by Palestinian militants." Jackson "said he received the information in meetings Monday in Damascus with Syrian President Bashar Assad and Khaled Mashaal, political leader of Hamas." Prime Minister Ehud Olmert's office "said Jackson was 'not the first international figure to have been told so, though he is the first Westerner that I can recall that actually sat down with Khaled Mashaal.'" Jackson "said Syria…wanted to be involved in a prisoner swap that included the three Israelis and Syrian nationals detained by Israel in the Golan Heights." He "is leading a 10-member ecumenical delegation on a visit to the region to meet with political and religious leaders."

Treasury Freezes Assets Of Hezbollah-Linked Group That Raised Money In Detroit. The Washington Post (8/30, A13, Kessler, 748K) reports the Administration "moved yesterday against a key fundraising arm of Hezbollah, …ordering a freeze on its assets in the United States and making it illegal for Americans to contribute to the organization." The designation of the Islamic Resistance Support Organization (IRSO) "was intended in part to demonstrate the link between Hezbollah and terrorist activities. The Treasury Department released copies of a receipt issued by the group to a donor, which on the back listed projects such as 'collection box project for the children and homes,' 'contribution to the cost of a rocket' and 'contribution to the cost of bullets.' The donor, whose name was redacted, used ink to signal his interest in helping fund a rocket." IRSO promotional literature "depicted coins going into a mosque, similar to the Dome of the Rock in Jerusalem, and emerging as rockets aimed at a battered Star of David. The Web site said that the group primarily raises money from Shiite communities in the Persian Gulf but has also raised money in the Detroit area."

The AP (8/30, Aversa) says the Administration "took steps Tuesday to financially isolate a Lebanese organization for allegedly funneling money to Hezbollah to bankroll terrorist acts." The designation of the IRSO "means any of the group's assets found in the United States must be frozen. Americans also are prohibited from giving money to the group." Treasury's statement is quoted saying, "Solicitation materials distributed by IRSO inform prospective donors that funds will be used to purchase sophisticated weapons and conduct operations. Indeed, donors can choose from a series of projects to contribute to, including, supporting and equipping fighters and purchasing rockets and ammunition."

Criticism Of Olmert's Prosecution Of War Continues. The Washington Times (8/30, Mitnick, 88K) reports Israel's "bitter domestic debate" about the handling of the conflict "shows no signs of slowing, despite embattled Prime Minister Ehud Olmert's call for a limited commission to review the government's handling of the conflict." The public "recriminations have targeted both Mr. Olmert and top commanders of the Israel Defense Forces." The Times notes some "Israelis said the country does not need to wait for Mr. Olmert's investigation, proposed Monday, to accept the resignation of top leaders for failing to deliver the decisive military victory they promised over Hezbollah." One Knesset Member is quoted saying Olmert "wavered and faltered in every step of this war," and "the way in which he conducted this war brings shame to his office." The Times adds, "Criticism in Israel's freewheeling press has also been harsh. Attila Somfalvi, a columnist with the newspaper Yediot Ahronot, said the main desire among ordinary Israelis today was for 'revenge' against the country's leadership."

Human Rights Lawyer Defends Research Suggesting Israeli War Crimes In Lebanon. In an op-ed in today's Washington Post (8/30, A19, 748K), lawyer and Human Rights Watch board member Kathleen Peratis defends HRW's report earlier this month "charging Israel with war crimes in its conduct of the war in Lebanon." Critics of the report and similar works "have not merely deployed the common defense of accusing the accusers of getting the facts wrong. They have gone much further and accused the accusers of bad intent." Peratis says "it will not do" to respond to the work "by accusing Human Rights Watch or its executive director…of anti-Semitism (or other bad motives) and let it go at that. Indeed, the critics barely mention, much less discuss, the 24 incidents described in the report." She summarizes the criticisms of the report by saying, "In other words, if the 'overwhelming price' Israel causes the enemy to pay is indiscriminate under the rules of war, Israel must do it anyway. And Human Rights Watch is worse than naive to expect otherwise." She continues, "I don't think" critics "who want selective exemption of Israel from the rules of war have faced the implications of getting what they wish for, such as: Who will decide when the law can be ignored? And: If the law is mowed down, where will we find refuge when the devil turns on us?" In conclusion, she notes, "Israel's strength lies

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not only in its might but in its moral principle, which it should not abandon, even in a time of war."

Bush Offers To Meet Sudan's Bashir At UN General Assembly. The Washington Post (8/30, A20, Kessler, 748K) reports President Bush "has proposed meeting with" Sudanese President Omar Hassan al-Bashir "as an incentive for Bashir to lift his adamant opposition to the" transition of the African Union force in Darfur into a UN force. "The offer of a high-profile meeting on the sidelines of next month's U.N. General Assembly debate was made yesterday by Assistant Secretary of State Jendayi E. Frazer in a meeting with Bashir in Khartoum." The White House "did not respond to a request for comment," but "some analysts doubted Bashir would be impressed by the offer."

Frazer Leaves Khartoum Without Deal On Darfur Force. The New York Times (8/30, Polgreen, 1.21M) reports Assistant Secretary of State Jendayi Frazer, who was "sent to Sudan to seek an understanding on a United Nations force to calm the conflict in the troubled Darfur region, left Khartoum on Tuesday without an agreement from" Bashir. She "waited two days to meet Mr. Bashir, extending her trip by a day after Mr. Bashir sent word that he was too busy to meet her. The meeting did finally take place, but appeared to have produced no change of heart from Mr. Bashir, who has said that United Nations troops will be seen as occupying forces and that Sudan's military will fight them." Embassy Khartoum spokeswoman Katharine Moseley is quoted saying, "They met, and she has left." Frazer "did not speak to reporters, boarding a plane within 30 minutes of her meeting with Mr. Bashir."

The AP (8/30, Osman) reports Bashir, in public remarks before meeting Frazer, "accused the United States and Britain Tuesday of conspiring against his country as diplomats at the United Nations said Washington and ally London want the Security Council to adopt" the Darfur force transition resolution "in two days." Ambassador Bolton "said the council does not need Sudan's acceptance to pass the resolution. The document would allow the Security Council to carry out much of the planning and logistical work for a U.N. handover even as diplomacy continues to win over al-Bashir."

AFP (8/30) carries remarks by State Department spokesman Tom Casey that Bashir "will send a representative to Washington in the near future to respond to" President Bush's message. Casey is quoted saying, "President Bashir has said, in response to the message from the president, that he would be sending an envoy to Washington and that he would then provide a direct response to that message at that time."

WPost Says Press Blackout Is Motivation For Salopek's Trial. In an editorial, the Washington Post (8/30, A18, 748K) calls the espionage charges against Chicago Tribune reporter Paul Salopek "preposterous." It "is plain that [he] isn't a spy," and Khartoum is pursing the case in the belief that, "if it can discourage reporters from visiting, it can diminish worldwide attention to government-caused suffering in Darfur." For Sudanese officials, "a press blackout now would be particularly convenient," leaving outsiders "to rely on unconfirmed, second-hand reports of refugees and misleading pronouncements from Khartoum for information on the genocide." The Post expresses "hope that quiet pressure from Assistant Secretary of State Jendayi E. Frazer…and from Sen. Barack Obama (D-Ill.) and Rep. Christopher Shays (R-Conn.), both of whom have toured Africa recently, will prevail on the Sudanese to drop their charges. If not, louder pressure from higher-ranking officials may be necessary."

US Trade Representative Encourages China To Take Leadership Role In Doha Talks. The Wall Street Journal (8/30, Batson, 2.03M) reports, "U.S. Trade Representative Susan Schwab urged China to 'step up' and play a leading role in resuscitating global trade talks that collapsed in July, but she received no assurance Beijing is willing to do so." She "said that 'China is an obvious potential player in this game' and has an interest in achieving greater trade liberalization." She "also said she is watching carefully to see whether an 'economic nationalist trend' could damp China's willingness to permit greater foreign participation in its domestic markets. Ms. Schwab cited government efforts to protect some domestic industries and delays in opening certain markets as issues of concern to the U.S."

China Shifts Strategy, Moves To Block Foreign Investment. The Wall Street Journal (8/30, A1, Batson, Fong, 2.03M) in a front page article reports, "China's government has been throwing up some new hurdles for foreign investors in recent months, including increased scrutiny of foreign-backed mergers and proposed restrictions in areas from banking to retailing to manufacturing." Chinese leaders insist they aren't "closing off its economy. But the new restrictions are particularly alarming for foreign companies because they stem not from some temporary interest in

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penalizing foreign businesses but from a broader shift in China's priorities." China currently "lets foreign businesses compete in its domestic markets to an extent that few if any developing countries have matched. Since joining the World Trade Organization in 2001, China has systematically stripped away many of the previous barriers to entry for foreign companies. … But while China continues to attract staggering amounts of new foreign investment -- on the order of $60 billion a year -- those inflows have peaked over the past couple of years and are unlikely to increase further unless a major new set of opportunities crops up."

IMF Restructuring Would Empower Developing Nations At Europe's Expense. The Financial Times (8/30, Guha) reports comments by IMF Managing Director Rodrigo Rato that China, South Korea, Turkey and Mexico "could win increases in their International Monetary Fund quotas – or shareholdings – "in a few days", as an early step towards giving big developing countries more say in the institution." Rato said the "agreement to launch a fundamental review of control and governance of the IMF was within sight, signalling the prospect of the most far-reaching reform of the fund since its foundation at the Bretton Woods conference in the US in 1944." Rato and his deputies "expected to be given a clear mandate to implement a two-stage reform at the fund's annual meeting next month in Singapore. Details of this proposal, which remain confidential, were put to the IMF's governing board last week."

The New York Times (8/30, Weisman, 1.21M) reports, "In an effort to gain Chinese cooperation on international economic issues, the Bush administration is pushing for China and other developing nations to get more power in the global institution that has played a central role in easing myriad financial crises since the end of World War II." However, that "American-led effort to increase" certain nations' "influence at the" IMF "is being resisted by several countries in Europe, which would lose power to those who would be gaining it." The Times says Washington wants the reforms "to reflect the strength of fast-growing countries in Asia, Latin America and parts of Europe so these countries have more of a stake in" the "60-year-old international" financial system.

South Korean Earthquake Center Monitors North For Nuclear Tests. The Washington Times/AP (8/30, Herman) reports, "A normally unburdened South Korean earthquake center has become the front line of the world's vigil for North Korea's first nuclear test, monitoring the peninsula's geological pulse with seismic sensors and sound detectors." It "recently was put on 24-hour watch as fears grew about a test. … Alert systems have been installed to link government institutions with the earthquake center 100 miles south of Seoul."

Human Rights Groups Alarmed By Conduct Of Chechen Security Forces. The New York Times (8/30, Chivers, 1.21M) reports that "recent brutish acts and instances of religious policing, raise questions about Chechnya's direction." The Times notes, "Since 2004, the war in Chechnya has tilted sharply in the Kremlin's favor, as open combat with separatists has declined in intensity and frequency. Moscow now administers the republic and fights the remaining insurgency largely through paramilitary forces led by Ramzan A. Kadyrov, the powerful young Chechen premier." Yet, "some of Chechnya's indigenous security forces…have demonstrated the vicious behavior that Russia has said its latest invasion of Chechnya, in 1999, was supposed to stop."

Putin Funds New Opposition Alliance. The Washington Post (8/30, A12, Finn, 748K) notes President Vladmir Putin's "powerful and pro-Kremlin United Russia party has a new opponent -- one, however, that bears all the marks of a Kremlin creation." The Motherland Party , the Party of Life and the Party of Pensionsers merged yesterday following "a series of meetings between the leaders and…Putin, who blessed a venture that appears designed to leave him with loyalists on both sides of the Russian political aisle." The move "offers new evidence of the Kremlin's intolerance of political pluralism or democratic competition in any kind of undirected manner." The new grouping "says it wants to become the country's largest opposition group after elections in 2007" but "also swears fealty to the president." The Post cites analysts who believe Putin wants the new alliance to "form the basis of a nominally two-party system in parliament" that "will give voters an alternative to United Russia and siphon off votes from the Communist Party and others while remaining subservient to the presidential administration."

LATimes Urges Democratic Reformers In Mexico To Oppose Obrador. The Los Angeles

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Times (8/30, 918K) in an editorial warns "A coup d'etat is brewing in Mexico. Even as he runs out of legal ways to challenge the July 2 presidential election results, the contest's sore loser, Andres Manuel Lopez Obrador, is planning to proclaim himself president and establish a parallel 'people's government' on the national Day of Independence, Sept. 16." But there's "been no convincing proof of any widespread fraud" and "it's time for democratic voices on the left in Mexico to distance themselves from Lopez Obrador's destructive coup attempt. The likes of Cuauhtemoc Cardenas, the PRD's founder who probably was victimized by electoral fraud in his 1988 bid for the presidency, should say basta and encourage everyone to respect the election's outcome."

WSJournal Urges Democrats To Support Provision Of African Textile Free Trade Act. The Wall Street Journal (8/30, 2.03M) editorializes, "Senator Bill Frist is trying to renew part of the African Growth and Opportunity Act (AGOA), which since 2000 has provided duty-free access to the U.S. market for substantially all products from most sub-Saharan countries." It "doesn't expire until 2015 but its textile provisions are set to expire in 2007. … If this provision lapses, Africa could lose 150,000 jobs." But Democratic support is not "a sure thing." For example, Rep. Charles Rangel "is on record favoring a replacement for the third-country provision." His "idea is to give duty-free access to African clothing only if at least 20% of the value-added comes from Africa itself. The idea is to somehow push the region toward buying locally made fabric, creating an integrated industry." But that "isn't going to work if fabric-making is not to Africa's comparative advantage right now."

South African Leaders Accused Of Blocking AIDS Relief. Tina Rosenberg in an editorial observer op-ed in the New York Times (8/30, 1.21M) writes, "South Africa is doing AIDS treatment on a mass scale even though the health system is close to nonexistent in some areas, clinics often have few nurses and no doctors, and rich countries are luring English-speaking health workers away." Yet "top officials can take little credit. They delayed the antiretroviral rollout, threw up obstacle after obstacle and have left large pots of money unspent. The program's progress so far is really a lesson in the power of balanced government and citizens' groups."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"An Outer Space Inn: Can He Manage It?"
"Legislators OK School Plan; Gov. Vows Approval."
"Polygamist Sect Leader Captured In Traffic Stop."
"Jackpot For Indian Casinos."
"Universal Music To Offer Free Downloads."
"Rumsfeld Says Critics Appeasing Fascism."

USA Today:

"Scores For Expanded Sat Show Largest Dip Since 1975."
"Family Income Up, But Not Pay."
"Gasoline Prices Could Keep Falling."
"Alcohol And Fire A Deadly Mix."

New York Times:

"Bush Repeats Vow To Help New Orleans."
"110-Building Site In New York City Goes On Market."
"Census Reports Slight Increase In '05 Incomes."
"Broadcast Chief Misused Office, Inquiry Reports."
"Women Suddenly Scarce Among Justices' Clerks."
"In Chechen's Humiliation, Questions On Rule Of Law."

Washington Post:

"Daily Misery Has a Number: Commute 2nd-Longest in U.S."
"Iraqi Hospitals Are War's New 'Killing Fields'."
"SAT Records Biggest Score Dip in 31 Years."
"Afghans Who Fled Conflict Face Cultural Divide In U.S."
"First the Flood, Now The Fight."
"D.C. Suburbs Top List Of Richest Counties."

Washington Times:

"Bush Urges New Orleanians Home."
"Rumsfeld Slams Foes of War Tack."
"Olmert Faces Flak From Israelis for Lebanon War."
"D.C. Area Students Buck Trend On SAT."
"South Korea Quake Center Watches North."
"Little Stock In Stock Car Racing."
"Southern States Loosen Belts Another Notch."

Detroit Free Press:

"More Buyouts On Way For Ford Plant."
"More Feel Pain Of Tight Economy."
"Detroit Is Charged In Deaths Of 7 Prostitutes."
"Lives Of Katrina's Victims Honored."

Atlanta Journal-Constitution:

"State SAT Rankings Look Up."

DOJ_NMG_0055403

"FAA Broke Own Rules In Tower At Lexington."
"A Year After Katrina."

Houston Chronicle:
"Slade Back At TSU But As Teacher."
"Mourning The Dead, Praying For Rebirth."
"Atlantis Still Has A 'Fighting Chance.'"
"Texas Poverty 'Has Not Gotten Better.'"
"Mexico park makes Game Out Of Illegal Crossings."

Story Lineup From Last Night's Network News:
ABC: Katrina Anniversary-New Orleans; Bush New Orleans; Katrina Anniversary-Mississippi; Polygamist Arrested; JonBenet; Comair Plane Crash; New Orleans-Racial Tension; Musicians Return-New Orleans.
CBS: Katrina Anniversary-New Orleans; Tropical Storm Ernesto; Space Shuttle; Comair Plane Crash; JonBenet.; Rumsfeld-Iraq Critics; Sectarian Violence; SAT's Future; Rebuilding-New Orleans; Musicians Return-New Orleans.
NBC: Bush-New Orleans; Rumsfeld-Iraq Critics; Tropical Storm Ernesto; Comair Plane Crash; FEMA Funds-New Orleans; JonBenet; Polygamist Arrested; Stock Market; Bush-New Orleans.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends Asa Hutchinson for Governor and Arkansas Republican Party luncheon, Private residence, Little Rock; attends Bob Corker for Senate and Tennessee Republican Party Dinner, Nashville.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at a Mike McGavick for Senate breakfast. Westin Bellevue, Bellevue, Wash.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: NUCLEAR POWER _ 9:30 a.m. Platts Energy Podium holds a discussion about NRC licensing of new nuclear power plants, with NRC Chairman Dale Klein. Location: Platts/McGraw-Hill, 1200 G St. NW, 10th floor.

AMERICAN DREAM _ 10 a.m. The Change to Win organization holds a news conference to release a poll of working Americans who say they fear the ``American Dream" is slipping away. Location: National Press Club.

MINORITY HOUSING _ 10 a.m. NAACP President and CEO Bruce S. Gordon joins National Association of Home Builders President David Pressly, NAHB Executive Vice President and CEO Jerry Howard, and HUD Assistant Secretary for Fair Housing and Equal Opportunity Kim Kendricks for a news conference on the state of minority housing. Location: National Press Club, First Amendment Room.

SPORTS-STEROIDS _ 11 a.m. Final meeting of the House Government Reform Committee Zero Tolerance Roundtable, with approval of recommendations from previous meetings concerning steroid use in sports. Location: Room 2154, Rayburn.

AFL-CIO/LABOR DAY _ 12 p.m. AFL-CIO President John J. Sweeney, other union officials, hold a Labor Day briefing to detail a $40 million member election mobilization plan. Location: AFL-CIO offices, 815 16th St. NW.

GOVERNMENT-KATRINA _ 12 p.m. The Partnership for Public Service holds a telephone briefing on government after Hurricane Katrina, featuring Donald Powell, federal coordinator for the Office of Gulf Coast Rebuilding. Contacts: Sarah Howe, 202-775-9111.

CHAO _ 12:30 p.m. Labor Secretary Chao receives the Minority Development Agency's 2006 Ronald Brown Award for advancing diversity in the domestic and worldwide economies. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, AUGUST 30, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Three More Charged In London Plot ... 3
Judge To Rule Soon On Oregon Wiretapping Suit ... 3
Attorneys Seek White House Documents On Phone Records ... 3
Navy Lawyer Charged With Copying, Transmitting Secret Information ... 3
Hayat Relatives Barred From Returning To US From Pakistan ... 4
Judge Rules Israeli Agents May Hide Identity During Salah Trial Testimony ... 4

Homeland Response:
Chertoff Seeks Greater Access To Airline Passenger Information ... 4
US Authorities Increasingly Concerned Over Threat Posed By Homegrown Terrorists ... 4
Bush Says Government Fell Short During Katrina, Reaffirms Commitment To Recovery ... 4
Fading Tropical Storm Ernesto Hits Florida ... 8

War News:
Gonzales Discusses Rule Of Law In Baghdad Visit ... 8
Bush Defends Decision To Topple Saddam ... 9
Rumsfeld Accuses Iraq Policy Opponents Of Trying To Appease Terrorists ... 10
Gonzales Discusses Rule Of Law In Baghdad Visit ... 10
Sectarian Violence Continues In Baghdad ... 11
Political Factions Reach Agreement On Iraq Oil Sharing Revenue ... 11
Marine Accused In Haditha Deaths Was Recommended For Medal ... 12
Eighteen Insurgents Killed In Afghanistan ... 12
Attorneys For Kentucky Soldier Charged With Iraqi Murder Seek Gag Order ... 12

DOJ:
East Arkansas US Attorney Says He May Step Down ... 12

Corporate Scandals:
DOJ Probing BP's Energy Trading Practices ... 12
Progress Software To Restate Financial Results ... 13
Barnes & Noble Subpoenaed In Options Probe ... 13
FBI Issues Wanted Poster For Former Comverse CEO ... 14
Judge Rules Against Privilege In Enron Fraud Case ... 14

Criminal Law:
Armitage Said To Have Acknowledged Role In Plame Disclosure ... 15
Nevada Police Arrest Jeffs During Traffic Stop ... 15
Colorado DA Defends Karr Arrest ... 17
Tennessee Lawmaker Pleads Not Guilty To Fraud Charges ... 18
Prison Official Testifies Mob Associates Tended To Gotti's Every Need ... 18
Attorney For Aryan Brotherhood Leader Argues Against Death Penalty ... 19
South Dakota Governor Halts Execution ... 19
Son Of Pennsylvania Lawmaker Reportedly Kidnapped ... 20
AT&T Says Hackers Stole Credit Card Numbers ... 20
Final Defendant In DC Mall Attacks Pleads Guilty ... 20

Civil Law:
DOJ Settles Drug Price Charges With Schering-Plough For $435 Million ... 20

Civil Rights:
Kim Tours Mississippi Training Schools ... 21
Jury Deliberates Rape Charge Against Officer ... 21
Starr Asks SCOTUS To Hear "Bong Hits 4 Jesus" Case ... 21

Antitrust:
Antitrust Experts Decry Deal On Texas Airfield ... 21

Environment:
Federal Dam Relicensing Rules Meet With Legal Challenge ... 22
Johanns Promises Drought-Stricken Farmers Almost $800 Million In Aid ... 22
NYTimes Opposes Development Of Colorado Highway ... 22

FBI/DEA/ATF/USMS:
FBI Demonstrates New Interagency Counter-Terrorism Database ... 22
FBI Agent 13 Others Injured In San Francisco Hit-And-Run Rampage ... 23
Fentanyl Linked To 17 Fatal Overdoses In New York City ... 23
Two Former Air Marshals Sentenced To Prison For Cocaine Smuggling ... 23
Seven Arrested For Ecstasy Smuggling At JFK Airport ... 24

Another Guilty Plea Expected In Tennessee Marijuana-Trafficking Case ... 24
Turf War Spreads Violence Of Mexico's Drug Cartels ... 24

Immigration:

Kennedy Says Bush Help Needed In Immigration Reform Negotiations ... 24
Judge Orders New York City To Ensure Aid For Battered Immigrants ... 24
Afghani Immigrants Seek To Address Cultural Divisions With US-Born Children ... 25

Tax:

IRS Outsourcing Of Debt Collection Said To Be "Wildly Inefficient." ... 25
Ruling On Damage Taxation Seen As Major Setback For IRS ... 25

Congress-Administration:

Investigation Finds Government Broadcasting Executive Misused Office ... 25
Despite Controversy, Rove Maintains White House Influence ... 26
Bush Discusses His Reading List ... 26
Supreme Court Justices Hire Fewer Female Clerks ... 26
Few Senators Willing To Disclose BMI ... 27

Other News:

Median Household Income Rose 1.1% Last Year ... 27
Housing Market Decline Seen As Prompted By End Of Speculative Era ... 28
Gasoline Prices Could Keep Falling For Months ... 28
Attorney Charges Holland & Knight Inflated His Billing ... 28
Revised SAT Exam Scores Fall To 2002 Levels ... 28
Hourly Pay For Primary Care Doctors Suggested ... 29
Medical Cost "Transparency" Seen As Unlikely To Hold Down Costs ... 29
Kummant To Head Amtrak ... 30
Perry Orders Special Election For DeLay's Seat On Same Day As General Election ... 30
Cheney Says Democrats Would Weaken Anti-Terror Measures, "Give Up The Fight" In Iraq ... 30
Bush To Attend Fundraiser For Talent ... 30
FEC Blocks GOP Proposal To Relax Rules On Interest Group Ads ... 30
FEC Rules Millionaire's Amendment Doesn't Apply To Cantwell 30
With Polls Showing Virginia Race Close, DSCC To Fund Webb Campaign ... 31
Cardin Boosts Lead Over Mfume To 13 Points In Independent Poll ... 31
Kemp To Campaign For Lieberman As Inouye Endorses Lamont31
Schumer Predictions On Senate Contests Called "Overly Exuberant." ... 31
Trial Lawyer Ads Target Vulnerable Republicans ... 31
McCain Trying To Dispel Concerns About Age ... 32
Warner Worries Democrats Limit Sectional Appeal ... 32
Frist May Not Have Met Requirements To Keep Medical License Active ... 32
Pension Reform Law Prompts More Employers To Offer 401(k) Advice ... 32
Democratic Criticism Of Wal-Mart Seen As Diversion ... 32
Rice Says Solution To Terrorism Is Transforming Middle East ... 33
IAEA To Disclose New Iranian Enrichment Program ... 33
Pakistani Government Faces Increasing Political Pressure ... 34
Annan Lauds Lebanese Commitment, Asks Israel To End Blockade ... 34
Bush Offers To Meet Sudan's Bashir At UN General Assembly . 36
US Trade Representative Encourages China To Take Leadership Role In Doha Talks ... 36
IMF Restructuring Would Empower Developing Nations At Europe's Expense ... 37
South Korean Earthquake Center Monitors North For Nuclear Tests ... 37
Human Rights Groups Alarmed By Conduct Of Chechen Security Forces ... 37
Putin Funds New Opposition Alliance ... 37
LATimes Urges Democratic Reformers In Mexico To Oppose Obrador ... 38
WSJournal Urges Democrats To Support Provision Of African Textile Free Trade Act ... 38
South African Leaders Accused Of Blocking AIDS Relief ... 38

The Big Picture:

Headlines From Today's Front Pages ... 38

Washington's Schedule:

Today's Events In Washington ... 39

DOJ_NMG_0055406

TERRORISM NEWS:

Three More Charged In London Plot. The AP (8/30, Moore) reports, "British anti-terrorist police charged three more people late Tuesday with conspiring to commit murder in the alleged plot to blow up US-bound airliners. The three -- Mohammed Yasar Gulzar, Mohammed Shamin Uddin and Nabeel Hussain -- were also charged with preparing to commit terrorism by helping in an alleged plan to smuggle explosives aboard the planes, police said." The New York Times (8/30, Cowell, 1.21M) says the charges "brought to 11 the number of people accused of conspiring to murder and to bomb airplanes flying to the United States -- the most serious charges brought against the suspects embroiled in the alleged conspiracy."

Taxi Driver Acquitted. The Washington Post (8/30, A15, Jordan, 748K) reports, "An Iraqi taxi driver, accused of helping make two videos of London landmarks that terrorists could use to carry out an attack in the capital, was acquitted Tuesday." Rauf Mohammed "wept when the verdict was read in a London court. He had said the footage, shot in 2003, was 'harmless,' a tourist souvenir." His attorney, Lawrence McNulty, "argued that his remarks on tape about killing Prime Minister Tony Blair and President Bush were made in an obviously joking manner and that the government had no proof Mohammed had any connection to terrorists."

Judge To Rule Soon On Oregon Wiretapping Suit. The AP (8/30, Fought) reports from Portland, OR, "A federal judge suggested Tuesday that he would try to keep alive a lawsuit that challenges President Bush's domestic wiretapping program, while taking steps not to disclose classified information." The AP continues, "U.S. District Judge Garr King said he expected to render his decision next week in a case involving an Oregon-based Islamic charity that the government said had links to al-Qaida leader Osama bin Laden. The charity believes it was illegally wiretapped and says a document the government accidentally gave to its lawyers in 2004 bolsters its case. … The government said the document must be kept secret and any further court action involving it would lead to security breaches. The government has asked King to dismiss the charity's lawsuit." The AP adds, "In a hearing, King and the charity's lawyers talked about ways to keep the lawsuit alive without disclosing information about the classified document. Government lawyers resisted the idea. … King said federal judges handling similar cases in which national security concerns and the rights of plaintiffs clashed had tried to find ways around the problem, such as editing sensitive documents. … 'It seems to me the cases have instructed the courts to be original,' King told lawyers from the Justice Department. 'I don't hear that from you at all.' … Justice Department lawyer Andrew Tannenbaum said that U.S. National Intelligence Director John Negroponte had reviewed the case and determined that the government cannot confirm or deny information about intelligence-gathering without tipping its hand to terrorists."

Attorneys Seek White House Documents On Phone Records. The AP (8/30, Caruso) reports, "A pair of public interest lawyers said Tuesday they plan to subpoena the White House for any documents showing whether the Bush administration approved a secret program to examine the phone records of millions of Americans." The AP continues, "New Jersey attorneys Carl Mayer and Bruce Afran represent more than two dozen people who have sued Verizon Communications Inc., AT&T Inc. and BellSouth, claiming the telecommunications companies violated privacy laws by turning over phone records to the National Security Agency." The AP adds, "The lawyers said they suspected the administration had begun obtaining the records even before the Sept. 11 attacks, which, if true, would raise questions about whether the program was initiated to combat terrorism. … 'We want to find out when they started going after these records. We want to find out who authorized it. Was it Dick Cheney? Was it someone else? And, frankly, we want to find out if they were using it improperly,' Mayer said." The AP notes, "Justice Department lawyers representing the administration have argued that disclosing detailed information about the government's counterterrorism efforts, or even acknowledging whether the NSA phone records program exists, would be damaging to national interests. … The attorneys said they also planned to subpoena Verizon for documents."

Navy Lawyer Charged With Copying, Transmitting Secret Information. The AP (8/30, O'Dell) reports, "A Navy lawyer has been charged with copying and transmitting secret information about Guantanamo Bay detainees to an unauthorized person." The AP continues, "Lt. Cmdr. Matthew M. Diaz, who was stationed at the U.S. base in Guantanamo Bay for six months, could face more than 36 years in prison if convicted at a military trial of the three charges he faces, Navy Mid-Atlantic Region spokeswoman Beth Baker said. … A charge sheet released Tuesday says Diaz, 40, printed out secret information related to national defense 'with intent or reason to believe that the said information was to be used to the injury of the United States or to the advantage of a foreign nation.' … The document also says Diaz 'did ... wrongfully

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and dishonorably transmit classified documents to an unauthorized individual.'" The AP adds, "Baker said that individual - a person outside the government whom she declined to identify - notified federal authorities, prompting the investigation. .. . The complaint does not specify what type of information Diaz is accused of copying and transmitting, but Baker described it as a document containing names and other identifying information about Guantanamo detainees."

Hayat Relatives Barred From Returning To US From Pakistan. NPR's All Things Considered (8/29) reported, "Two U.S. citizens have been barred from entering the United States for refusing to talk to the FBI. Both are California men of Pakistani descent who are related to a father and son who were recently convicted on a terrorism-related case in Lodi, Calif. Muhammed Ismail and his son, Jaber, were in Pakistan for four years. Both are now on the no-fly list. Neither has been charged with a crime. Robert Siegel talks with Demian Bulwa," who broke the story in the San Francisco Chronicle (8/26, A1, 405K). NPR noted that civil libertarians say the action deprives the Ismails of their Fifth Amendment rights, and they are concerned that the FBI is using the "no-flight" list to coerce cooperation.

Judge Rules Israeli Agents May Hide Identity During Salah Trial Testimony. In a widely-distributed story, the AP (8/30, Robinson) reports, "Two Israeli security agents expected to testify at the trial of two men accused of fundraising for the Palestinian militant group Hamas may wear disguises and use aliases on the witness stand, a judge ruled Tuesday. The courtroom will be cleared of everyone but the jury, attorneys, the defendants and their families while the Israeli agents testify, U.S. District Judge Amy St. Eve ruled." The AP notes Muhammad Salah and Abdelhaleem Ashquar are "accused of funneling money to Hamas to pay for murders, kidnappings and other acts of terrorism aimed at the Israeli government. Their trial on racketeering conspiracy and other charges is scheduled to start on Oct. 12."

Salah Lawyers Seek Hearing On Prosecutors' Connections To Israel. The New York Sun (8/30, Gerstein) reports Muhammad Salah's lawyers yesterday filed a motion with US District Judge Amy St. Eve, seeking "a hearing examining the prosecution's connections with the Israeli government." The attorneys "asked to call witnesses and present other evidence to prove that the criminal case is the product of 'the joint venture, cooperation, and partnership' between the American and Israeli governments." They "said Israel should be compelled to turn over evidence favorable to Mr. Salah because the Israeli and American governments have acted in lockstep in the case."

HOMELAND RESPONSE:

Chertoff Seeks Greater Access To Airline Passenger Information. The AP (8/29) ran an article on an op-ed by DHS Secretary Michael Chertoff in Tuesday's Washington Post, reporting that the secretary called for "broader access to airline passenger information to identify potential hijackers."

Europe Considering Voluntary Biometric Screening For Airline Passengers. USA Today (8/30, Stinson, 2.27M) reports, "Europe is stepping up efforts to explore the use of eye scans and other biometric technology to screen airline passengers who volunteer for background security checks. The goal is to see whether airport security can be enhanced and congestion eased by encouraging frequent fliers to undergo pre-screening. … The renewed push by European authorities to study measures similar to the USA's fledgling Registered Traveler program comes weeks after British police said that they had uncovered a plot to blow up passenger jets en route to the USA."

US Authorities Increasingly Concerned Over Threat Posed By Homegrown Terrorists. The AP (8/29, Jordan) reported, "Worried about American citizens attacking their own country, law enforcement and intelligence officials are trying to learn how and why extremist sympathizers cross a line and become operational terrorists. Intelligence officials now fear that homegrowns pose as much of a threat to the US as foreign terrorists. State and local police are being enlisted to watch for signs from people who in the past would have never gotten a second look." Though the US "has a relatively low level of extremism and has experienced fewer attacks or potential attacks from native-born citizens than many countries," according to Charles E. Allen, chief intelligence officer at DHS, the AP added that "an uptick in cases of homegrown attacks and plots — both domestically and globally — illustrates authorities' concerns."

Bush Says Government Fell Short During Katrina, Reaffirms Commitment To Recovery. Coverage of President Bush's visit to New Orleans yesterday focuses on his "rather blunt admission," as ABC World News Tonight (8/29, story 2, 2:30, Gibson, 8.78M) put it, that the Federal government had failed the citizens of the Gulf region during Katrina. ABC (Raddatz) added Bush "seemed especially somber and contrite." The President was shown saying, "Citizens drowned in their attics. Desperate mothers crying out on national TV for food and water. The breakdown of law and order. And a government, at all levels, that fell short of its responsibilities. I take full responsibility for the federal government's response." ABC added, "The slow

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response was indeed a political disaster for the President, from which he is still trying to recover. Today, the President cited the $110 billion set aside for hurricane recovery. The number of schools that have reopened. And the fact that three-fourths of the debris has been removed. But only $44 billion of the $110 billion has been spent. And the majority of that has gone to emergency response -- trailers, medical care. Few that 5% the homes that were destroyed have been rebuilt. And many hospitals and schools remain closed. It is the reconstruction money that has been slow in coming."

CNN's The Situation Room (8/29, King) also said Bush "again accepted full responsibility for the Federal Government's Katrina response and he promised lessons have been learned. But many Americans remain skeptical and that could influence how much taxpayer money is invested in the Gulf Coast future."

The New York Times (8/30, Kornblut, Nossiter, 1.21M) reports Bush "sought to do what he had not accomplished a year earlier: Demonstrate the depth of his understanding of the emotional and physical toll the hurricane took on New Orleans." Bush's speech at a New Orleans high school, "itself a carefully planned event that came after most of the victims had died, was seen as a turning point by White House advisers who recognized the political damage done by the flawed government reaction."

The Washington Post (8/30, A4, Abramowitz, Whoriskey, 748K) reports, "New Orleans has seen a flowering of such charter schools in the past year, and Bush hailed the trend, a small example of his more conservative policies taking root in the aftermath of Katrina." He also "pledged scholarships for poor children to attend the city's parochial schools. 'It's good for New Orleans to have competing school systems,' Bush said."

The Los Angeles Times (8/30, Gerstenzang, 918K) says Bush "delivered a message of perseverance and hope," and said that "as a result of the lessons learned from the hurricane and the government's efforts to act on them, 'we're better prepared' to withstand new natural assaults."

The AP (8/30, Loven) reports, "For those who are here, the city barely functions. Only 50 percent have electricity. Just one-third of the city's hospitals and fewer than half its schools are reopened. Violent crime is up. Nearly all the levees are patched, but it's unclear whether they would hold through another storm or whether they will be strengthened further as many want." Bush "acknowledged as much, saying the Gulf is 'still a mess' in an interview with 'NBC Nightly News' anchor Brian Williams." Bush's presidency "has hardly recovered, either." In his interview on NBC Nightly News (8/29, lead story, 5:25, 9.87M), Williams asked Bush, "You have apologized about the damage, but what about the damage to your presidency? Most of the analysts call it your low point. A lot of Americans are always going to believe that that weekend, that week you were watching something else on television other than what they were seeing and Professor Dyson from the University of Pennsylvania said in our broadcast last night it was because of your patrician upbringing." Bush answered, "When it's all said and done, the people down here know that I stood in Jackson Square and I said we're going to help you and we delivered."

USA Today (8/30, Jackson, 2.27M) notes Bush "renewed his pledge of federal aid and pleaded with people to return to this still-damaged city as he marked the first anniversary of Hurricane Katrina with prayers and a note of conciliation." Bush also "won applause by pledging to push Congress for energy legislation that would give Louisiana, Mississippi and other coastal states $1 billion from offshore oil and gas leases. The money would be used to restore wetlands that can provide a natural barrier to storms. The measure has passed the Senate, but not the House of Representatives." On the CBS Evening News (8/27, lead story, 3:20, Schieffer, 7.66M), Bush was shown saying, "I know you love New Orleans, and New Orleans needs you. She needs people coming home. She needs people. ... She needs those saints to come marching back is what she needs."

McClatchy (8/30, Douglas, Adams) reports that "in the Lower Ninth Ward, the president and first lady Laura Bush visited legendary musician Fats Domino's hurricane-damaged home and gave him a new National Medal of the Arts. His original medal, which President Clinton gave him, got lost in the storm."

The New Orleans Times-Picayune (8/30, Varney) reports, "Bush kicked off the morning with breakfast at Betsy's Pancake House on Canal Street. The president and Mayor Ray Nagin burst in on stunned diners around 8 a.m., shaking hands and thanking off-duty police officers for their service. Soon, however, the restaurant's renowned, blunt and salty staff made its presence felt as Bush heard a sharp voice behind him. 'Mr. President, are you going to turn your back on me?' waitress Joyce Labruzzo asked." Bush "spun around as the room broke into laughter. 'No, ma'am,' he replied. The president paused, and more laughter filled the diner. Then, more seriously, he added: 'Not again.'" Nagin "was noticeably absent for the remainder of Bush's visit, skipping a packed mass at St. Louis Cathedral and the speech at Warren Easton." Fox News' Fox Report With Shepard Smith (8/29, Baier) said, "Senior aides say President Bush prodded…Nagin to come up with a master plan and spending the current funds currently available,"

Fox News Special Report (8/29, Baier) reported, "Senior aides say the President's two-day trip to the Gulf Coast was designed in part to deflect what they called misguided criticism that the Administration has forgotten about the troubles here. Even one of the biggest critics in how this Administration has handled this relief, Senator Landrieu, said to Fox, 'The President seemed to get it more

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this time.'" MSNBC's Hardball (8/29, O'Donnell) interviewed Sen. Mary Landrieu. Asked if Louisiana was "getting everything you need from President Bush and the Federal Government," Landrieu said, "No, absolutely not. Now, I do know that the President is sincere in wanting to help. In his speech today, he hit so many points that our delegation has been trying to bring home. … The bottom line is that the Federal bureaucracies that exist today are not sufficient in any way to deal with the catastrophic situation that occurred here."

MSNBC's Hardball (8/29, O'Donnell) also interviewed Sen. David Vitter. Asked if the New Orleans levees were "ready for another hurricane," Vitter said, "They are much better than they were the day before Katrina, but that's not good enough, and we have still a long way to go. We have appropriated, through the Congress, about $7 billion in terms of emergency repair work for southeast Louisiana, but only 20 percent of that is spent. More work is being done on the ground, so we have much further to go."

The Washington Times (8/30, Dinan, 88K) reports, "Democratic Party Chairman Howard Dean said Mr. Bush is at fault for having abandoned the very relief programs he touted a year ago, during his prime-time address from Jackson Square." Dean "said Mr. Bush has failed to enact worker recovery accounts and an urban homesteading program."

ABC World News Tonight (8/29, lead story, 2:30, Gibson, 8.78M) reported that "it was difficult to tell if New Orleans was celebrating or commemorating. Maybe a little bit of both. At 9:38 this morning, there were bells at city hall. It was at 9:38, a year ago, that the first levee broke. At 9:38, President Bush was with city residents at the famous St. Louis Cathedral. As one, they knelt to mark the moment. There were no mass gathering today. Instead, people marked the anniversary in different ways. At each of the location where's the levees were breeched, local residents gathered. They tossed flowers into the water, remembering their dead. Remembering their ordeals of the last year. Or remembering what their city used to be."

Analyzing yesterday's TV coverage of the Katrina anniversary, The New York Times (8/30, Stanley, 1.21M) says, "A year ago, television coverage -- especially those split screens that showed marooned Americans screaming and dying at the Convention Center on one side and on the other officials insisting that the situation was under control -- turned a natural disaster into an international scandal. … As Mr. Bush visited New Orleans yesterday and described his commitment to help the region recover, news programs gustily relived how he had failed in the first place. … Perhaps understandably, not many other officials were eager to go on television to defend the administration's handling of the relief effort."

Barbour Dismisses Allegations Bush Visit Was Staged Photo-Op. On Fox News' Hannity & Colmes (8/29) host Alan Colmes asked Mississippi Gov. Haley Barbour whether the 'New York Times' description of President Bush's visit to Mississippi was "a carefully orchestrated backdrop of reconstructed homes while just a few feet out of range, tattered pieces of wiring hung from trees." Barbour replied, "What President Bush did is he came back and visited the neighborhood he visited the Friday after the storm. We went to a house we had gone into where three men had been pulled into the kitchen window in the house and their lives saved. That house had five feet of water in it. That house has been totally rebuilt. But there are other houses in the neighborhood that haven't had that done. So I didn't read 'The New York Times' story, but the reason the President went where he went, it's where he had gone that very first week."

Brown Says He Tried To Impress Gravity Of Disaster On Bush. CNN's The Situation Room (8/29, King) interviewed former FEMA administrator Michael Brown. Asked why, when he was "trying to get" the response to Katrina in Louisiana "Federalized," he "didn't…just go to the President of the United States, say, 'Damn it, Mr. President, we need to do this, or else we are in serious trouble?'" Brown said, "What your viewers need to know…is that is exactly what I did. I did that on numerous occasions. Prior to the storm, I did it. Everyone remembers the famous 'Heck of a job, Brownie' phrase. I had spent about three or four minutes with the President prior to that, telling him exactly how bad things were throughout the Gulf Coast region." Asked what Bush said, Brown replied, "There was just this amazing, you know, well, keep trying, and we're going to keep doing -- you know, talk to Joe and talk to Andy and the other people on the staff, and we will make things work. I talked to him again on Tuesday morning, immediately following landfall, and said, 'Mr. President, that we have lost at least 80 percent of the population of New Orleans.' And there was this astonished gasp from everybody on the conference call about, are you kidding me? And that's astonishing to me, because we had talked about it for two days prior to landfall and during landfall, and the next day."

Gallup Pollster Questions Impact Of Katrina On Bush Approval Ratings. Editor & Publisher (8/30) reports Gallup Poll director Frank Newport "disputes conventional wisdom that the Bush Administration's response to last year's Hurricane Katrina disaster had a significant effect on his declining popularity." In a report Newport points out, "Bush's job approval ratings throughout September 2005 were identical to his ratings in August, and although the president's ratings fell in October and November, they had recovered by December of last year and January of this year. Bush's major slide in the ratings occurred in late February through May of this year, and there is little evidence to suggest that this was

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a result of his handling of Katrina." He adds, "While Katrina may not have had a long-lasting impact on Bush's overall job rating, there did appear to be an impact of Katrina on Bush's image as a 'strong and decisive leader.'"

Fraud Hampers Disaster Aid. NBC Nightly News (8/29, story 5, 2:25, Quintanilla, 9.87M) reported that that Gulf Coast has received aid from donations taken following Katrina and distributed by the Bush-Clinton Katrina fund and the Red Cross. "But for all the steps forward in aid, there are steps backward due to fraud. A breathtaking amount -- one government audit this summer found 16% of FEMA aid in the first six months was obtained illegally."

New Orleans Attorneys Struggle In Post-Katrina Wake. The National Law Journal (8/30, Jones) reports, "A year after Hurricane Katrina gutted much of New Orleans and the surrounding area, business for some lawyers is flourishing from reconstruction projects, while others are still struggling to rebuild their practices and their lives." The Journal continues, "For a legal community that was home to about 7,500 lawyers, the storm wiped out communications, case files and, in some instances, entire practices, leaving their businesses in shambles and their futures uncertain." The Journal adds, "One year later, civil courts are back on line and criminal courts have begun again to hear cases on a limited basis. In addition, many lawyers have fortified their disaster recovery plans, having learned plenty from experience. … A group of New Orleans attorneys interviewed by The National Law Journal earlier this month spoke with much more certainty and strength, compared with sentiments they expressed in the days following the storm. … But much remains unresolved in the Crescent City, they said, from the basics such as traffic lights in some areas to the more severe problems, including block after block of rotting devastation that also serves as an ominous symbol of future storms."

Administration Making Changes To Improve Emergency Housing. USA Today (8/30, Wolf, 2.27M) reports that in an effort "to avoid the turmoil that followed Hurricane Katrina," the Bush administration is making changes to its emergency housing policies that "could mean less time in hotels and motels, more temporary housing alternatives and greater use of government-paid rent vouchers. … The biggest change is still being negotiated: transferring responsibility for disaster housing from FEMA to the Department of Housing and Urban Development. That agency would use government vouchers to move evacuees into apartments." Experts say the change "would enable disaster victims to move into temporary homes faster and for longer periods."

Disputes Over Spending Said To Be Slowing Gulf Coast Recovery. On its front page article, the Washington Post (8/30, A1, Hsu, 748K) reports Katrina is becoming the "most contentious" disaster in US history, "with appeals and disputes worth nearly a billion dollars bogging down repairs of critical public systems and delaying the return of residents. Current and former officials at all levels blame FEMA workers' inexperience with eligibility rules, weaknesses in US disaster laws and inconsistent treatment by Congress for much of the wrangling. The huge scale of the storm and honest disagreement over whether federal or local taxpayers should pay the tab add to the conflict." Meanwhile, David Fukutomi, a FEMA consultant who is serving as a spokesman, said the agency "has suffered a 'brain drain' of top officials familiar with the complex rules to retirements and agency upheaval in recent years." He added, however, "that experience shows that local officials spend more freely when they expect the federal government to pay their bills."

Insurers Disputing Claims, Raising Rates Along Gulf Coast. The Washington Post (8/30, D1, Starkman, 748K) reports on the insurance struggles for residents along the Gulf Coast, where disputes "over claims have clogged state and federal courts here and spilled into state legislatures." Meanwhile, "most carriers have stopped writing new policies…, forcing policyholders into state-backed insurers of last resort. … Rates, meanwhile, are soaring." The "parallel problems of shrinking insurance coverage and spiraling rates have rippled across the country. Homeowners in coastal Maryland and Virginia, for instance, can expect rate increases of 25 percent this year, said Robert Hunter, director of insurance for the Consumer Federation of America, and coastal policyholders as far north as Long Island have found themselves unable to renew policies."

More Commentary. MSNBC's Hardball (8/29, O'Donnell) interviewed author Douglas Brinkley. Asked why Mississippi was recovering more quickly than New Orleans, Brinkley said, "There are a few reasons. One is leadership. I think Governor Haley Barbour and Trent Lott, Thad Cochran, understood how to get money quickly, how to appropriate it. And also, you have a lot of medium-sized towns on the Mississippi Gulf Coast, like Biloxi, Gulfport, Bay St. Louis, Waveland, and the spirit there has always been a little more optimistic. In New Orleans, you have this major urban center, and you've got 80 percent of it flooded out, and you have entire neighborhoods that there's zero work being done, no rebuild in the Lower Ninth, or in New Orleans East." Asked what was the "biggest failure today," Brinkley said, "We all know the Federal Government had a -- did a terrible job a year ago, but the money has come down here slowly but surely. The big problem is Mayor Ray Nagin. He has no plan for New Orleans. He think that that's OK to operate without a plan. Everybody is begging for one, and he doesn't want to alienate any constituencies. He is pandering to voters, he talks out of both sides of his mouth."

The Los Angeles Times (8/30, 918K), in an editorial, says Bush was "right" to praise volunteers for their efforts to help reconstruct the Gulf Coast because they "richly deserve the president's praise. But the Gulf Coast communities

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depend on his promise that government, though late to arrive, won't walk away until the job is done. And the whole country depends on his promise that a government so clearly unprepared for that natural disaster will be ready for the next one."

Maureen Dowd writes in the New York Times (8/30, 1.21M) that the president's "anniversary contrition for the cameras was a more elaborate version of his famous Air Force One flyover a year ago, when he had to be shown a DVD of angry news coverage of apartheid suffering here before he belatedly and grudgingly broke off his five-week Crawford vacation." She goes on to compare the president's Katrina response to Hamlet, which a White House aide said Bush had read recently. "The last two days in Mississippi and New Orleans were W.'s play within the play. He took the role of the empathetic and engaged chief executive, rallying resources to save the Gulf Coast, even as the larger lens showed a sad picture of American communities that are still decrepit and hurting, while the Bush administration's billions flow to reconstructing — or rather not reconstructing — Iraq. … He was brazen enough to pose as the man of action even in a city ruined by his initial and continuing inaction."

John M. Barry, author of Rising Tide, writes in USA Today (8/30, 2.27M) that the Katrina was a "man-made disaster" in New Orleans, and not "only because the levees built by the Army Corps of Engineers…offered protection 'in name only.' It was man-made in a much larger sense, for even if the levees had kept New Orleans dry last year, eventually another hurricane would have ripped the city apart." Barry says that to protect the city "against great storms," step one is to make levees that will "survive overtopping." Next, the city needs "storm surge barriers, as the Netherlands, Great Britain, Italy and even Providence, have. Step three -- the most important and most expensive -- is restoring the coast."

In a letter to the New York Times (8/30, 1.21M) Louisiana Gov. Kathleen Babineaux Blanco expresses her state's "immense gratitude for all that has been done for us." She goes on to ask "the good people of New York not to forget us as we continue our recovery."

Fading Tropical Storm Ernesto Hits Florida. ABC World News Tonight (8/29, story 4, 0:10, Gibson, 8.78M) reported, "Rains from tropical storm Ernesto have started in South Florida. There could be 15 inches of rain in some places. But forecasters say it will not be as strong as once feared." CBS Evening News (8/27, story 2, 2:00, Schieffer, 7.66M), meanwhile, said "forecasters say it could pick up wind speed over the next two days as it leaves Florida and heads back into the Atlantic and up the East Coast." NBC Nightly News (8/29, story 3, 1:00, Williams, 9.87M) runs a similar report.

The AP (8/30, Wides-Munoz) reports "residents took no chances, though, mindful of the seven hurricanes that have hit the state since 2004 and Katrina, which struck New Orleans exactly one year ago. … By late afternoon, Ernesto had top winds of 45 mph."

The Washington Post (8/30, A4, Skipp, Kaufman, 748K) reports, "The on-again, off-again worry about Ernesto was reflected at the Kennedy Space Center, where NASA officials at first began moving the space shuttle Atlantis off its launchpad for safe haven and then, five hours later, decided to move it back to the pad. NASA officials said it was the first time that a weather-related rollback was itself rolled back." The Post adds, "For the early part of Tuesday, Miami was part snow day, part serious hurricane prep. Schools were out, and many employers let workers have the day off to get ready for the storm." Meanwhile, USA Today (8/30, Copeland, 2.27M) reports "the National Hurricane Center issued a hurricane watch for portions of the East Coast from Georgia to North Carolina."

The Wall Street Journal (8/30, Terhune, 2.03M) reports, "As Tropical Storm Ernesto pelts Florida's citrus groves and the heart of hurricane season begins, the state is already bracing for its lowest orange crop since 1990 after two years of hurricane-related losses and the spread of plant diseases." The "depleted crop has roughly doubled the prices paid to growers since 2004, but the citrus industry worries that shortages of orange juice and higher retail prices could drive away consumers. The big juice makers, PepsiCo Inc.'s Tropicana and Coca-Cola Co.'s Minute Maid, have been raising prices by up to 10% to offset the higher costs." Meanwhile, "Brazilian exports of orange juice into the US have eased as some growers there switch to sugar cane or sell to emerging markets such as Russia and China."

WAR NEWS:

Gonzales Discusses Rule Of Law In Baghdad Visit. The AP (8/30, Santana) reports, "Attorney General Alberto Gonzales said Tuesday that Iraq's future would depend on its enforcing the rule of law, but only its people and political leaders could decide what type of law that would be." The AP continues, "Gonzales said after meeting with Deputy Prime Minister Barham Saleh that they had discussed the use of 'extraordinary measures,' referring to policies toward prisoners and detainees. He added that the U.S. would not tell Iraq how to handle the issue. … 'It is difficult to decide what is appropriate now and what is allowed under the law. This decision will be made by the Iraqi government,' Gonzales said. He did not offer specifics or elaborate." The AP adds, "Gonzales is an architect of U.S. policy on the treatment of prisoners abroad and the author of a 2002 memo saying President Bush had the right to waive laws and

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treaties that protect prisoners of war. He has come under criticism for his position but has denied allegations that it helped lead to abuses in Iraq. … He bristled at reporters' suggestions that American policies might be viewed as condoning torture. … 'This president has been very clear. This government has not engaged in torture,' Gonzales said. … Gonzales made the comments after a tour of the building where Saddam Hussein has been put on trial in the heavily fortified Green Zone in the center of Baghdad. Gonzales is on a one-day visit."

The Los Angeles Times (8/30, Roug) reports, "U.S. Atty. Gen. Alberto R. Gonzales arrived (in Baghdad) Tuesday to discuss the rule of law, as the law of the street left its mark in the capital: 21 bodies bearing signs of torture." The Times continues, "Authorities said 36 other people died after a pipeline exploded as residents were siphoning fuel from it in Diwaniya, where a battle between Shiite militiamen and government forces the previous day killed at least 81 people, according to revised figures. … Elsewhere in Iraq, 27 people were killed or found dead Tuesday, including an American soldier felled by a roadside bomb in the capital." The Times adds, "Flying into the capital's heavily guarded Green Zone, Gonzales discussed detainee issues and interrogation tactics with top Iraqi security officials. … Afterward, Gonzales told reporters he had talked about the use of 'extraordinary measures' in the handling of detainees, but added that the Iraqis would have to decide for themselves what would be permissible."

AFP (8/30, Deshmukh) reports, "US Attorney General Alberto Gonzales met Iraq's Deputy Prime Minister Barham Saleh and discussed the tactics used by Iraqi security forces to combat a wave of violence, including torture. … 'It is a somewhat difficult decision as to where to draw the line,' Gonzales said, referring to possible measures that Iraqi police might use to extract information from suspected insurgents and death squad leaders." AFP continues, "Gonzales, who arrived in Baghdad Tuesday, told reporters the issue of interrogation tactics came up during his meeting with Saleh but said the techniques to be used were a decision for the Iraqi government. … But he stressed that the US government was against any kind of torture." AFP adds, "Gonzales said discussions with Iraqi officials revolved around how to establish the 'rule of law and establish greater security in Iraq.' … 'The rule of law will be systematically adopted by the representatives of the people,' he said." AFP notes, "The US justice minister was questioned about the increasing use of adhoc Islamic Sharia law courts across the country, especially by militia groups, who employ clerics to sanction extra-judicial killings. … The Mahdi Army militia loyal to radical Shiite cleric Moqtada al-Sadr, is often accused of operating such courts and executing people it finds guilty. … 'The way of thinking... the culture can't be changed overnight. The United States makes itself available by way of views and training' to establish a secure rule of law, Gonzales said."

United Press International/UPI (8/30) reports that "Gonzales paid a lightning visit to Baghdad Tuesday, meeting staff from the Department of Justice working there. … According to a statement from the department, Gonzales also met senior Iraqi officials, including Deputy Prime Minister Barham Salih and Chief Justice of the Higher Judicial Council Medhat Al-Mahmoud, as well as U.S. military personnel. … 'Freedom is best sustained by the establishment of a fair and just legal system that prioritizes the rights and liberties of its citizens,' said Gonzales in the statement. 'The Department of Justice is proud to help the Iraqi people establish the rule of law in their country, and I applaud the Department of Justice employees who are so dedicated to assisting in this historic effort.'"

Gonzales Condemns Use Of Torture In Iraq. At the end of its story on continuing violence in Iraq the New York Times (8/30, Von Zielbauer) also notes that US AG Alberto Gonzales met Iraqi deputy prime minister in charge of the economy "on Tuesday in Baghdad and discussed the tactics used by Iraqi security forces to combat a wave of violence. He condemned the use of torture." The Times says "Gonzales has found himself on the defensive in the United States regarding torture. As White House counsel, he oversaw the production of legal memorandums that appeared to condone mistreatment, perhaps even torture, of detainees." During "confirmation hearings in January 2005, critics said he was at the forefront of an effort to find legal rationales for subjecting detainees to coercive practices, putting him on the wrong side of history and in opposition to longstanding American principles." The Times adds, "In 2002, he sought clarification from the Justice Department as to the legal limits on the force that could be used on terrorist suspects in captivity. His query led to a much-disputed memorandum from the department that said torture could be said to occur only when the subject was in imminent danger of organ failure and that Mr. Bush as president could sanction coercive interrogation techniques in the name of national security. That definition was eventually renounced."

Bush Defends Decision To Topple Saddam.

NBC Nightly News (8/29, lead story, 5:25, Williams, 9.87M) interviewed President Bush. Asked, "Do you have any moments of doubt that we fought the wrong war?," referring to Iraq, the President said, "Did we fight the wrong war? I have no doubt. The war came to our shores, remember that. We had a foreign policy that basically said, let's hope calm works and we were attacked." Williams: "But those weren't Iraqis." President Bush: "They weren't -- no, I agree. They weren't Iraqis and I never said that Iraq ordered that attack. But Iraq is part of the struggle against the terrorists. In terms of image, of course I worry about American image. We're

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great at TV and we're getting crushed in the PR front. I personally do not believe Saddam Hussein picked up the phone and said al Qaeda attack America."

Rumsfeld Accuses Iraq Policy Opponents Of Trying To Appease Terrorists. Secretary Rumsfeld's remarks at the American Legion convention drew substantial coverage, with print sources that reprinted the AP story saying in their headlines that he "lashed out at" or "attacked" opponents of the policy in Iraq. Two networks reported the address as well. CBS Evening News (8/29, story 6, 0:15, Schieffer, 7.66M) reported, "Defense Secretary Donald Rumsfeld ripped into critics of the Administration's Iraq policy today, comparing them to those who tried to appease Hitler before World War II. Speaking to American Legionnaires in Salt Lake City, Rumsfeld said Islamic militants represent a new type of fascism that must be confronted. Rumsfeld said critics suffered 'moral or intellectual confusion' in believing terrorists could be appeased. Today in Iraq, the military said five more Americans, four soldiers and a Marine, have been killed in action."

NBC Nightly News (8/29, story 2, 1:30, Williams, 9.87M) reported, "While the President was here in New Orleans today, his Secretary of Defense, Donald Rumsfeld was on the road in Salt Lake City, unleashing a harsh new attack on critics of the Administration's war policy. ...The President told me here today he did not know that Rumsfeld was giving this speech today." NBC (Miklaszewski) added, "The President may not have known the particulars of today's speech, but Rumsfeld's remarks appear to be a part of a larger, carefully choreographed defense of the Administration's handling of the war in Iraq, and in his speech before the American Legion, Secretary Rumsfeld pointedly compared the critics of the war to those who tried to appease Adolf Hitler and the Nazis prior to World War II. Now Democrats quickly fired back, calling Rumsfeld's remarks a political rant to hide his own incompetence. For his part Rumsfeld only acknowledged today that mistakes are made in every war."

The AP (8/30, Burns) reports that he "said Tuesday the world faces 'a new type of fascism' and warned against repeating the pre-World War II mistake of appeasement." Rumsfeld "spoke to the American Legion as part of a coordinated White House strategy, before the fifth anniversary of the Sept. 11, 2001 terrorist attacks, to take the offensive against administration critics at a time of doubt about the future of Iraq and growing calls to withdraw U.S. troops." The AP quotes criticism by Democratic Sen. Jack Reed, Rep. John Murtha, and Sen. Christopher Dodd. The Washington Times (8/30, Burns, 88K) carries this story.

USA Today (8/30, Nichols, 2.27M) calls his American Legion speech "toughly worded" and the reaction to it by war critics "fierce." USA Today quotes Sen. Joseph Biden, retired Maj. Gen. John Batiste, and Reagan-era Asst. Secretary Lawrence Korb as denouncing the secretary's remarks.

The New York Times (8/30, Cloud, 1.21M) says that his speech "was the second unusually combative speech by Mr. Rumsfeld to a veterans group in two days and appeared to be part of a concerted administration effort to address criticism of the war's conduct. On Monday, Mr. Rumsfeld and Vice President Dick Cheney gave separate speeches to the Veterans of Foreign Wars convention in Reno, Nev. Secretary of State Condoleezza Rice spoke to the American Legion Auxiliary on Tuesday and President Bush is to address veterans later this week." The Times says that his speech "did not explicitly mention the Democrats." Like the AP, it quotes objections to the remarks by Sen. Jack Reed.

The Washington Post (8/30, A6, Tyson, 748K) reports that the secretary "spoke at the American Legion's national convention in Salt Lake City as part of a coordinated defense of Bush leading up to the fifth anniversary of the Sept. 11, 2001, attacks."

The Los Angeles Times (8/30, , 918K) runs a similar story under the headline "Rumsfeld Points to 'Appeasement.'"

Gonzales Discusses Rule Of Law In Baghdad Visit. The AP (8/30, Santana) reports, "Attorney General Alberto Gonzales said Tuesday that Iraq's future would depend on its enforcing the rule of law, but only its people and political leaders could decide what type of law that would be." The AP continues, "Gonzales said after meeting with Deputy Prime Minister Barham Saleh that they had discussed the use of 'extraordinary measures,' referring to policies toward prisoners and detainees. He added that the U.S. would not tell Iraq how to handle the issue. … 'It is difficult to decide what is appropriate now and what is allowed under the law. This decision will be made by the Iraqi government,' Gonzales said. He did not offer specifics or elaborate." The AP adds, "Gonzales is an architect of U.S. policy on the treatment of prisoners abroad and the author of a 2002 memo saying President Bush had the right to waive laws and treaties that protect prisoners of war. He has come under criticism for his position but has denied allegations that it helped lead to abuses in Iraq. … He bristled at reporters' suggestions that American policies might be viewed as condoning torture. … 'This president has been very clear. This government has not engaged in torture,' Gonzales said. … Gonzales made the comments after a tour of the building where Saddam Hussein has been put on trial in the heavily fortified Green Zone in the center of Baghdad. Gonzales is on a one-day visit."

The Los Angeles Times (8/30, Roug, 918K) reports, "Flying into the capital's heavily guarded Green Zone, Gonzales discussed detainee issues and interrogation tactics

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with top Iraqi security officials. … Afterward, Gonzales told reporters he had talked about the use of 'extraordinary measures' in the handling of detainees, but added that the Iraqis would have to decide for themselves what would be permissible."

At the end of its story on continuing violence in Iraq the New York Times (8/30, Von Zielbauer, 1.21M) reports Gonzales "met Iraqi deputy prime minister in charge of the economy "on Tuesday in Baghdad and discussed the tactics used by Iraqi security forces to combat a wave of violence. He condemned the use of torture." The Times says "Gonzales has found himself on the defensive in the United States regarding torture. As White House counsel, he oversaw the production of legal memorandums that appeared to condone mistreatment, perhaps even torture, of detainees."

Sectarian Violence Continues In Baghdad. McClatchy (8/30, Youssef, Brunswick) reports, "Armed groups of Sunni and Shiite Muslims battled Tuesday for control of several neighborhoods in southwest Baghdad, residents of those areas reported. It was another sign that security is deteriorating in the capital and that Iraq may be moving closer to a full-fledged civil war. Fighting between armed groups of Shiites and Sunnis isn't uncommon in Baghdad," but "the extent of Tuesday's fighting was unprecedented, and it raised troubling questions about the U.S. and Iraqi government effort to bring order to the capital." The US military "has been touting the effectiveness of its so-called Baghdad security plan in recent days, under which beefed-up American and Iraqi forces have cordoned off some neighborhoods and searched them in an effort to rid them of gunmen."

The New York Times (8/30, Von Zielbauer, 1.21M) reports that in addition to at least 67 people killed in an explosion accidentally set off by a cigarette lighter near a government pipeline "more than 100 people had been killed or found dead in the previous 24 hours, government officials said. In Baghdad, more than two dozen bodies were found, one Iraqi official said; about half of the victims had been bound and killed after apparently having been tortured." When Iraqi security forces were distracted by a conflict with the Mahdi Army local residents "flocked to the pipeline to illegally tap the gasoline." In addition, one US soldier was killed by a roadside IED and three others died from injuries suffered in previous attacks.

The Washington Times/AP (8/30, Becatoros) notes "US and Iraqi officials' claims that a new operation in the capital has lowered Sunni-Shiite killings there, which had risen in June and July." US military spokesman Maj. Gen. William B. Caldwell "said the murder rate in Baghdad had fallen by 46 percent from July to August and 'we are actually seeing progress out there.'" That figure "could not be independently confirmed. But an employee of the main Baghdad city morgue, Muyaid Matrood, said that as of Monday, his office had received 337 bodies of people who had died violently this month, excluding bombing victims."

Mahdi Army Accused Of Targeting Sunnis In Baghdad Hospitals. The Washington Post (8/30, A1, Paley, 748K) in a front page story reports, "In Baghdad these days, not even the hospitals are safe. In growing numbers, sick and wounded Sunnis have been abducted from public hospitals operated by Iraq's Shiite-run Health Ministry and later killed, according to patients, families of victims, doctors and government officials." They says "the primary group kidnapping Sunnis from hospitals is the Mahdi Army" which "has infiltrated the Iraqi security forces and several government ministries. The minister of health, Ali al-Shimari, is a member of Sadr's political movement. In Baghdad today, it is often impossible to tell whether someone is a government official, a militia member or, as is often the case, both."

Mahdi Militia Poses Challenge To Iraq Prime Minister's Leadership. The CBS Evening News (8/27, story 7, 1:15, Schieffer, 7.66M) reported, "Dozens of Iraqis died in attacks around the country and Iraq's government said 73 people were killed in a battle yesterday between the Iraqi army and Shiite militiamen in a town south of Baghdad." CBS (Strassmann) added that "to control Baghdad, soon Iraqi forces with needed help from US troops may have to confront the Mahdis." And "Prime Minister Maliki's government still has to tackle the issue of these militias. He's promised it will happen, but so far it hasn't. Maliki needs a number of power brokers here to hold together his fragile government and one of them is that same cleric who controls the Mahdi army."

Deputy Prime Minister Sounds Optimistic Note. The AP (8/30, Schweid) reports, "While acknowledging an uptick in violence in the past few days, one of Iraq's deputy prime ministers said Tuesday that attacks overall are declining." Barham Salih also "predicted that by the end of the year, half of the country's provinces will be controlled by Iraq's security forces." Salih "said violence had dropped by half during the past month, but that terrorists and remnants of the deposed government of Saddam Hussein remain a challenge to the government. US support will continue to be important even after Iraqi security asserts itself, he said."

Political Factions Reach Agreement On Iraq Oil Sharing Revenue. The Financial Times (8/30, Dinmore) reports, "Iraq's main political factions have hammered out an agreement on the sharing of oil and gas revenues but other contentious issues need to be resolved before a draft hydrocarbon law is completed," according to Barham Salih, deputy prime minister in charge of the economy." The Times notes, "Oil and gas revenues would be shared out at the federal level and redistributed to the regions according to population and "needs", he said. This would still provide an

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incentive to regional oil companies to maximise output, he added." He "did not elaborate on the negotiating process but the agreement would appear to be a compromise by the Kurdistan regional government."

Marine Accused In Haditha Deaths Was Recommended For Medal. The Washington Post (8/30, A5, White, 748K) reports, "The platoon commander for the squad of Marines who killed as many as two dozen Iraqi civilians during an attack in Haditha last year recommended later that the sergeant who led the attack receive a medal for his heroism that day, according to military documents." Lt. William Kallop's "praise-filled memo" says "that the incident on Nov. 19, 2005 was part of a complex insurgent ambush that included a powerful roadside bomb followed by a high volume of automatic-weapons fire from several houses in the neighborhood. He lauded Sgt. Frank Wuterich for his leadership in the 'counterattack.'" Wuterichs's lawyer Neal Puckett said documents "support his client's version of events, and show that officers in the unit believe Wuterich and the other Marines did the right thing in the Haditha attack. Wuterich has since been promoted to staff sergeant."

Treatment Of Soldiers Accused Of Murder In Hamdania Questioned. Rick Amato, a San Diego-based radio talk-show host, in an op-ed in the Washington Times (8/30, 88K) writes, "They've been shackled in chains and held in solitary confinement, their defense attorneys have been denied access to key evidence of the case and now their right to request a waiver of a pre-trial hearing -- known as an article 32 -- has also been denied. Such has been the treatment of the men known as the Pendleton 8 in their quest to receive a fair, impartial hearing with a true presumption of innocence." Amato states, "The government has just completed the construction of a brand new $800k media center at Camp Pendleton. Will this be the scene of a fair, impartial hearing with a true presumption of innocence? Or will this be the scene of a government bent on proving to the world it has the ability to police its own internal affairs? A lot is at stake here. The lives of eight young men are at stake."

Eighteen Insurgents Killed In Afghanistan. The AP (8/30, Khan) reports, "A suicide car bomber struck a NATO-Afghan military convoy Tuesday, killing two civilians and wounding one in the violence-wracked south, and a remote-controlled bomb killed two police officers on patrol." The US-led coalition "said its troops killed 18 suspected insurgents when about 60 militants attacked with heavy machine guns and rocket-propelled grenades in Cahar Cineh district of the southern Uruzgan province on Monday. No coalition troops were injured."

Attorneys For Kentucky Soldier Charged With Iraqi Murder Seek Gag Order. The AP (8/30) reports from Louisville, KY, "Federal officials should be barred from speaking publicly about the case of a former Army soldier charged with raping and killing a 14-year-old Iraqi girl, defense attorneys argued." The AP continues, 'Attorneys for former private Steven D. Green said in court documents filed Monday that a gag order is necessary because federal officials have had a "cavalier" attitude toward commenting on such high profile cases." The AP adds, "Prosecutors have said a gag order is unnecessary and would hamper the ability of administration officials to talk with Iraqi officials about the case and other incidents. … The rape and killing of Abeer Qassim al-Janabi, along with the murders of her 5-year-old sister and parents, fueled Iraqi allegations of misconduct by American soldiers. … Investigators said Green, 21, and other soldiers from the Fort Campbell-based 101st Airborne Division plotted to rape the girl. Green is accused of shooting three of the family members."

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East Arkansas US Attorney Says He May Step Down. The AP (8/30) reports, "The Bush administration may soon be looking for someone to succeed Bud Cummins as U.S. attorney for the Eastern District of Arkansas." The AP continues, "Cummins talked to reporters today at a news conference called to discuss another topic, a new cooperative effort to find and prosecute child victimizers. But, in response to a question, he said he may be leaving his post. … He said, 'I have told the White House and the Justice Department that I may be looking for something else to do, but I'm here, now.'" The AP adds, "At the recommendation of then-Senator Tim Hutchinson, a Republican, Cummins was nominated by Republican President George Bush in November 2001 for the post he now holds. He took over the job on an acting basis in December of that year. … Before taking the federal prosecutor's job, Cummins served as Governor Huckabee's chief legal counsel in 1997-98. In 1996, he ran for the 2nd District Congressional seat representing central Arkansas, but was beaten by Democrat Vic Snyder, who still holds the post."

CORPORATE SCANDALS:

DOJ Probing BP's Energy Trading Practices. The New York Times (8/30, Mouawad) reports, "BP, the giant oil company, acknowledged yesterday that federal investigators were looking into possible trading irregularities in oil and gasoline markets. … The company said yesterday that it was 'aware of investigations' by the federal authorities and was cooperating with them." The Times continues, "The agencies, the Commodity Futures Trading Commission and

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the Justice Department, are examining possible manipulation in the over-the-counter crude oil market in 2003 and 2004, and in gasoline trading in 2002, according to reports yesterday. Other trading companies may also be part of the inquiry. … News of the investigations was reported yesterday by The Wall Street Journal." The Times adds, "The accusations are the latest blow to BP, which faces a range of investigations in the United States, including claims that it failed to properly maintain pipelines in Alaska, leading to an oil spill earlier this year. It is also under scrutiny for safety failures that led to an explosion at a refinery in Texas City last year that killed 15 people, and is facing allegations that its traders manipulated the propane market. … A spokesman for BP, Ronnie Chappell, said: 'We routinely assist regulators and other authorities in their request to understand the facts related to our businesses. Having said that, we do not comment on the specifics of these requests or the agencies that make the requests.' … A spokesman for the Justice Department, Bryan Sierra, declined to comment."

The Providence Journal/Bloomberg News (8/30, Voss, Carr) reports, "The inquiries were reported yesterday by the Wall Street Journal, which said the CFTC has sent subpoenas to BP and other energy traders in its study of crude oil over-the-counter prices in 2003 and 2004. Federal authorities are also assessing whether BP used information about its pipelines and storage tanks at Cushing, Okla., the delivery point for U.S. crude futures contracts, to influence benchmark prices, the paper said." Bloomberg adds, "BP is one of the world's largest energy traders. Its profit from trading oil and natural gas rose 56 percent in 2005 to $2.9 billion as energy prices soared. It produces the equivalent of about 4 million barrels of oil and gas a day, has a stake in 24 refineries and sells fuel through some 25,000 service stations worldwide. … BP, Shell and securities firms such as Goldman Sachs Group Inc. and Morgan Stanley can have influence in energy trading and typically use derivatives such as futures and over-the-counter contracts to bet on prices, or manage the risks of cost increases. Exxon Mobil, the world's largest oil company, doesn't engage in speculative derivatives trading and is not under investigation, Exxon spokesman Mark Boudreaux said."

In an analysis, the Wall Street Journal (8/30, C1, Davis, 2.03M) says, "Government investigations into oil trading at BP PLC raise fresh questions about when a powerful energy company can legally trade on inside information about its own operations. The surprising answer: more often than you think." The Journal notes, "it generally is legal in the commodities markets to have an informational jump on others -- and to profit from that information -- as long as the behavior isn't considered price manipulation. And to prove manipulation, the government must establish that a company or trader intended to affect the price, had the ability to do so and successfully caused the price to move artificially." Because of this, regulators "have faced a high burden of proof in seeking to establish that [BP] used internal information to affect prices, rather than simply turned a profit from what it knew." The Journal says, "in general, if there is a pipeline outage, one of the first things an oil company's traders may be asked to do is buy fuel elsewhere to meet obligations to customers. The CFTC says that this action, by itself, actually helps spread the news in the marketplace that an event has occurred to change supply-and-demand fundamentals. ... What is prohibited is spread of misinformation."

Progress Software To Restate Financial Results. The AP (8/30) reports, "Progress Software Corp. said late Tuesday it no longer considers its financial statements from the past decade to be reliable and plans to restate them to correct mistakes made in accounting for stock-based compensation." The AP continues, "The company's audit committee began reviewing its accounting of the stock option program in June. The committee has found that the company should have recorded additional non-cash charges of between $20 million and $30 million for stock-based compensation between Dec. 1, 1995, and Feb. 28, 2006." The AP adds, "The company, which makes development tools for business software, said its internal review had found that the actual dates used to determine the accounting treatment of stock-option grants differed from the measurement dates the company used in preparing its financial statements. .. . Progress, based in Bedford, said it did not expect the changes to affect previously reported revenues. … Progress is one of at least 40 companies that are reviewing its stock option practices. Another 78 are being probed by the Securities and Exchange Commission or Justice Department over stock options."

Barnes & Noble Subpoenaed In Options Probe. The AP (8/30) reports, "Bookstore chain Barnes & Noble Inc. said Tuesday it received a subpoena regarding its stock option practices from the U.S. Attorney for the Southern District of New York." The AP continues, "In a regulatory filing with the Securities and Exchange Commission, the company said it received the subpoena on Aug. 25 and it intends to fully cooperate in its response. … Barnes & Noble reported in July that the SEC had launched an informal inquiry into its stock option granting practices. Earlier the bookseller said its board of directors had launched its own internal investigation."

The Wall Street Journal (8/30) reports, "Last month, Barnes & Noble's reported that a special committee of the board, assisted by independent legal counsel, began a review of its stock-option practices after a shareholder filed a lawsuit alleging that the company improperly backdated dozens of option grants to executives. … Later in July, the

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SEC began an informal inquiry into Barnes & Noble's stock-option practices, with which the company said it is fully cooperating. On July 13, the company said there was 'no merit' to the shareholder's lawsuit and that 'its practices with respect to the issuance of stock options have always been entirely appropriate and in full compliance with all applicable laws and regulations.' The company said it was investigating its practices 'as a matter of good corporate governance.' … Over the past few months, federal and corporate probes of stock-option granting practices have accelerated. A statistical examination by The Wall Street Journal found a number of companies with highly improbable patterns of options grants, similar to those of some companies already facing scrutiny from federal authorities." The Journal notes, "Separately, Novell Inc. said it began an internal review of its past stock-option grants and related accounting, and plans to delay filing its fiscal third-quarter results with regulators. … At Novell, the Waltham, Mass., company said it began a voluntary review of its past practices and accounting for stock-based compensation following news about the options practices of other companies across numerous industries."

Sonsini On Board Of Companies With Dubious Stock Awards. The California Recorder (8/30, Scheck, Pasternak) reports, "Like many other publicly traded companies, semiconductor maker LSI Logic Corp. awarded stock options to executives at regular planned intervals, a practice that leaves no room for improperly backdating options." The Recorder continues, "From 1997 to 2001, the company gave out regular executive grants in August and November, and occasionally in February. … But in February 2002, the company told the SEC that it had deviated from that practice the previous April, when it granted CEO Wilfred Corrigan an option to buy 1.5 million shares at the April 2 price." The Recorder adds, "The company had seen a long and painful descent in its stock price -- one that prompted executives to voluntarily take a 10 percent salary cut. The April 2 grant date came near the bottom. The stock was trading at $14.94 that day, then dropped to $13.97 two days later before climbing and cresting above $21 by month's end. … It was unusual for executives to receive stock options in April. That was the time of year that LSI board members -- including Larry Sonsini of Wilson Sonsini Goodrich & Rosati -- typically received their options. On that April 2, Sonsini and his law firm were awarded options to buy 10,000 shares of LSI stock. … SEC filings from two other companies where Sonsini was a board member -- Echelon Corp. and Lattice Semiconductor Corp. -- reveal stock option grants to executives at exceptionally low levels."

WSJ Columnist Blasts Options Timing Reformists. In a column for the Wall Street Journal (8/30), Holman Jenkins, Jr. writes, "With the indifference of the pure at heart to social convention, an ad hoc group has come out with a call for ending…the expensing of stock options. … Its signers include Nobel economists Milton Friedman and Harry Markowitz, former Treasury secretaries Paul O'Neill and George Schultz, along with 26 other reputable figures from finance, economics and accounting -- just the sort of names you'd have to put forward to get a hearing for an idea that contradicts shibboleths that we all have learned to affirm in order to be well thought of." Jenkins adds, "In no generic sense can one say executives 'inflated' their pay or 'stole' from shareholders. Backdated packages were not more 'lucrative' -- it's fallacious to assume that the alternative package consisted of an identical number of options at a less advantageous price. … Backdating did not provide 'guaranteed' or 'risk free' profits. It did not 'undermine the incentive purpose' of options." Jenkins adds, "Some of the claims put forward now by company directors about how they were 'fooled' by documents that accurately revealed management's intention to award 'in the money' options are hilarious. … Increasingly, it seems likely that companies, after all, did correctly report the number of options and their price to shareholders. Let it be remembered, too, that millions of these options were cancelled or expired unexercised."

FBI Issues Wanted Poster For Former Comverse CEO. Newsday (8/30, Kessler) reports, "The FBI issued a wanted poster yesterday, enlisting the international public's help in tracking down Jacob Alexander, the former head of Comverse Technology, who has failed to surrender on charges of conspiracy to commit securities, mail and wire fraud." Newsday notes, "The wanted poster said Alexander has ties in Israel and England. Other reports have speculated he might be in Germany or another country without an extradition treaty with the United States."

Judge Rules Against Privilege In Enron Fraud Case. The New York Law Journal (8/30, Bar) reports, "Enron Broadband Services' efforts to exclude testimony by executives about their communications with in-house counsel from a bond dispute have been rebuffed by a Manhattan bankruptcy judge." The Journal continues, "Judge Arthur J. Gonzalez, in In re: Enron Corp. (Enron Broadband Services LP v. Travelers Cas. and Sur. Co. of America), 01-16034, held that 'the communications at issue are not protected from disclosure by the attorney-client privilege because the crime-fraud exception applies.'" The Journal adds, "He held that Travelers had established enough evidence to provide a 'reasonable basis' to suspect the perpetration of a fraud and to establish prima facie that, at the time of the communications at issue, Enron Global Services executives were 'engaged in planning a fraudulent scheme when seeking advice from counsel.' … As a result, Travelers' motion to include evidence of communications between Enron Broadband Services' former employees and in-house

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counsel regarding the bond and its underlying transaction were granted. … Judge Gonzalez also held that 'evidence of communications between EBS's former employees and in-house counsel ... is not privileged.'"

CRIMINAL LAW:

Armitage Said To Have Acknowledged Role In Plame Disclosure. The New York Times (8/30, Lewis, 1.21M) reports former Deputy Secretary of State Richard L. Armitage "has acknowledged that he was the person whose conversation with a columnist in 2003 prompted a long, politically laden criminal investigation in what became known as the C.I.A. leak case, a lawyer involved in the case said on Tuesday." The lawyer "and other associates of Mr. Armitage have said he has confirmed that he was the initial and primary source for the columnist, Robert D. Novak, whose column of July 14, 2003, identified Valerie Wilson as a Central Intelligence Agency officer." Special prosecutor Patrick J. Fitzgerald "did not bring charges in connection with laws that prohibit the willful disclosure of the identity of an C.I.A. officer. But Mr. Fitzgerald did indict" former Cheney Chief of Staff I. Lewis "Scooter" Libby "on charges of perjury and obstruction of justice, saying Mr. Libby had testified untruthfully to a grand jury and federal agents when he said he learned about Ms. Wilson's role at the agency from reporters rather than from several officials, including Mr. Cheney."

More Commentary. In his Slate.com column (8/30), Christopher Hitchens says, "I have now presented thousands of words of evidence and argument to the effect that, yes, the Saddam Hussein regime did send an important Iraqi nuclear diplomat to Niger in early 1999. And I have not so far received any rebuttal from any source on this crucial point of contention. But there was always another layer to the Joseph Wilson fantasy. Easy enough as it was to prove that he had completely missed the West African evidence that was staring him in the face, there remained the charge that his nonreport on a real threat had led to a government-sponsored vendetta against him and his wife, Valerie Plame." But "now we have the final word on who did disclose the name and occupation of Valerie Plame, and it turns out to be someone whose opposition to the Bush policy in Iraq has -- like Robert Novak's -- long been a byword in Washington. It is particularly satisfying that this admission comes from two of the journalists -- Michael Isikoff and David Corn -- who did the most to get the story wrong in the first place and the most to keep it going long beyond the span of its natural life."

The Wall Street Journal (8/30, 2.03M) says in an editorial, "From its very start, the ballyhooed case of who leaked the name of CIA analyst Valerie Plame to columnist Robert Novak has been drenched in partisan politics and media hypocrisy. The more we learn, however, the more it also reveals about the internal dysfunction of the Bush Administration and the lack of loyalty among some of its most senior officials." The leaker "wasn't Karl Rove or Scooter Libby or anyone else in the White House who has been accused of running a conspiracy against Ms. Plame as revenge for her husband Joe Wilson's false accusations against the White House's case for war with Iraq. So what have the last three years been all about anyway? Political opportunism and internal score-settling, among other things." The revelation also "casts doubt on the thoroughness and fairness of special counsel Patrick Fitzgerald's probe that began in December 2003."

Nevada Police Arrest Jeffs During Traffic Stop. Fugitive polygamist Warren Jeffs was apprehended outside Las Vegas, after a Nevada police officer stopped the vehicle in which he was riding for having an illegible temporary license plate. The story received widespread news coverage, all of which notes he was on the FBI most wanted list and that agents responded to the scene.

ABC World News Tonight (8/29, story 5, 1:10, Gibson, 8.78M) reported, "The nationwide manhunt for a polygamist has ended. … He was considered armed and dangerous." ABC (Harris) added, "Warren Jeffs, feared leader of what some consider a mind control cult, was arrested…in a routine traffic stop." FBI Las Vegas SAC Steve Martinez: "We are very, very pleased that this was resolved without any violence." Harris: "Prosecutors say they hope Jeffs' arrest will break the fear that's kept so many people from leaving the group and reporting its crimes. … But a former child bride, who now helps women escape the community, says Jeffs' arrest might make his followers more violent." Flora Jessop: "We have the American Taliban right here, and this is jihad on the streets of America." Harris: "She and others say if history is a guide, perceived persecution may only make some believers even more devoted." NBC Nightly News (8/29, story 7, 0:10, Williams, 9.87M) reported, "A notorious polygamist who has been on the run and on the FBI's list of America's most wanted has been captured. Warren Jeffs was wanted for arranging child marriages and having sex with a minor."

The arrest also was covered extensively on cable news. CNN's Live From (8/29) and Fox News' News Live (8/29) aired the press conference announcing Jeffs' arrest, and FBI Las Vegas SAC Steve Martinez and FBI Phoenix SAC John W. Lewis were interviewed on CNN's Larry King Live (8/29), which dedicated the entire hour to Jeffs' arrest. Martinez said that the arrest "went without incident, and we're very, very pleased that that was the case. We certainly didn't want any violence." King later said to Martinez, "He's on the top ten. Is he dangerous?" Martinez: "Well, I think the nature of the charges would indicate that he does present a danger to

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children, and for that reason he did wind up on the list as a top ten fugitive."

King asked Lewis, "What made this so tough a chase?" Lewis: "Well, it's a very large country. … If somebody wants to stay hidden – particularly when they're protected by a large group of people with whom they associate with regularly – it makes our job a little more difficult. That's why we involve 'America's Most Wanted.' That's why we involve top ten fugitive publicity. That's why the local authorities in this case came to the FBI to take advantage of our 56 field office reach…throughout the United States."

The story was reported on CNN and Fox news programs throughout the day and evening – although MSNBC generally ignored it – including CNN's Your World Today, CNN's The Situation Room, CNN's Anderson Cooper 360, Fox News' Hannity and Colmes, Fox News' The O'Reilly Factor, Fox News' Fox Report with Shepard Smith and CNBC's Big Idea with Donny Deutsch.

In a widely-distributed story, the AP (8/30, Ritter) reports, "No weapons were found, but the 2007 red Cadillac Escalade he was riding in contained more than $50,000 in cash, cell phones, laptop computers, a police scanner and wigs, authorities said. … Jeffs brother, Isaac Steed Jeffs, was driving the SUV," and one of Warren Jeffs' wives also was in the vehicle. "Jeffs identified himself as John Findley, using a contact lens receipt from Florida as identification." However, Nevada Highway Patrol Trooper Eddie Dutchover noted, "Once the FBI got there, he gave his full name, Warren Jeffs, and kind of gave a sigh." Special Agent Lewis "characterized Jeffs as cordial but uncooperative. 'He did not respond to any questions that were posed to him concerning his whereabouts,' Lewis said. 'He did indicate to the interviewing agents that he was being subject to what he termed religious prosecutions.'"

The Deseret Morning News (8/30, Perkins, Winslow) reports from Los Vegas, "Top law enforcement here praised the efforts of a state trooper" who stopped Jeffs, "crediting the professionalism of the officer for orchestrating a routine traffic stop that ended without incident. At a joint press conference outside the Las Vegas FBI headquarters, Steve Martinez, FBI special agent in charge, was joined by the director of the Nevada Department of Public Safety George Togliatti in an official announcement of Jeffs' apprehension." The Salt Lake Tribune (8/30, Adams, Manson) notes FBI Special Agent David Staretz said that "Jeffs was being held in federal custody in Las Vegas pending a court hearing on a federal charge of unlawful flight to avoid prosecution," but "it was not immediately clear if Jeffs would face extradition to Arizona or Utah."

The Arizona Daily Star (8/30, Fisher, 123K) reports that when the Nevada police stopped the vehicle, "'The three individuals were separated,' Lewis explained, and questioned. 'That is a tactic commonly used to see if the stories are consistent,' he continued. 'And, in fact, the responses that were provided to the officers on the side of the road were not consistent.' Only after FBI officers arrived on the scene did Jeffs confess to his real identity. But Lewis said that Jeffs, questioned for hours in Las Vegas, has refused to provide any information -- including where he has been hiding for the past year. Jeffs' brother and wife were released without being charged." The Washington Post (8/30, A6, Cooperman, 748K) notes that Jeffs' "ability to elude justice, together with the hit TV show and a national debate over the definition of marriage, have combined in the past year to dramatically raise the profile of polygamy in the United States. Nine days before his arrest, about 300 children of polygamous relationships rallied in Salt Lake City in a rare public defense of 'plural marriage.'"

The New York Times (8/30, Johnson, 1.21M) reports, "To some extent, law enforcement officials and former church members say, the church structure that Mr. Jeffs dominated has already fractured. A former teenage bride has cooperated with investigations against him, Utah prosecutors said. In addition, in a series of trials in Arizona, former church members — some of them excommunicated by Mr. Jeffs — are testifying for the prosecution regarding sect members' sexual conduct with under-age wives." The Times notes Special Agent Martinez "said a search of the vehicle uncovered laptop computers, cellphones, the wigs and $50,000."

Under the headline "Fate Of Polygamy Sect Unclear As Leader Held," USA Today (8/30, 3A, Wagner, 2.27M) notes, "In June, FBI Director Robert Mueller said Jeffs belonged on the list because he preys on children." USA also includes Lewis' description of Jeffs' arrest and attempt to hide his identity, as well as the items seized from the vehicle. The Los Angeles Times (8/30, Woutat, Schmitt, 918K), Dow Jones Newswires (8/29), NPR's All Things Considered (8/29, Berkes) also reported the arrest, as do the major UK dailies: The Independent (8/30, Buncombe), The Daily Telegraph (8/30, Mount), The Guardian (8/30, Borger), The Sun (8/30, Smith) and The Times (8/30).

RCMP Says Arrest's Effect On Canadian Probe Unclear. The Canadian Press (8/30, Bains) reports, "It's too early to say whether the U.S. arrest…will have an impact in Canada on an investigation into the sect's Bountiful, B.C. community, says an RCMP spokesman. Sgt. John Ward said Warren Jeffs is not facing any charges in Canada, nor is he a suspect in the Mounties' ongoing investigation in Bountiful, where allegations of child abuse surfaced years ago. Allegations of human trafficking, involving young girls being moved across U.S. borders and into Canada so they can be married off to older men, have also come up." The CP notes, "Last month, the attorneys general of B.C., Arizona and Utah met to discuss the polygamy situation in their jurisdictions. However, any investigations into the

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polygamous activities of the sect have been hampered by the lack of witnesses wanting to testify."

Colorado DA Defends Karr Arrest. ABC World News Tonight (8/29, story 6, 1:15, Gibson) reported, "On this day after John Mark Karr was ruled out as a suspect in the JonBenet Ramsey murder, the prosecutor who had him arrested explained her actions. … Boulder DA Mary Lacy today defended the dramatic arrest of… Karr." Mary Lacy: "We felt that we could not ignore this. We had to follow it." ABC continues, "Saying there was no other way to get an uncontaminated DNA sample from him," Lacy said "her office would do the same thing over again, especially considering Karr's detailed accounts of JonBenet's murder."

CBS Evening News (8/27, story 5, 0:10, Schieffer) reported that Lacy "said without the tests, it was impossible to know the truth about Karr's claim that he killed the child. Karr is still jailed in boulder await extradition to California on child pornography charges there."

NBC Nightly News (8/29, story 6, 2:00, Williams) reported, "Mary Lacy said pursuing John Karr as a murder suspect only to dismiss the case later made her an easy target for many critics. She described one." Mary Lacy: "This was a voicemail. He said you should be tarred and feathered and run out of town." NBC adds, "Even the state's governor weighed in, calling the DNA test that cleared Karr the most extravagant and expensive DNA test in the Colorado history. But the DA said that in hundreds of emails and 11 taped phone calls to a local college professor, Karr did in fact confess to killing the 6-year-old beauty queen he was obsessed with."

The Washington Post (8/30, A3, Reid) reports, "Prosecutors said Tuesday that they pursued the now-collapsed case against John Mark Karr in the JonBenet Ramsey murder mystery because of his graphic e-mails about the 1996 killing and because Karr was targeting a 5-year-old girl at the elementary school where he taught this summer in Thailand." The Post continues, "Speaking with reporters a day after announcing she would not bring criminal charges against Karr, Boulder County District Attorney Mary Lacy said that investigators had followed him for at least a few days in Thailand, secretly listening to his telephone conversations and surreptitiously trying to take DNA samples that might link him to JonBenet's killing. Those samples proved unreliable, Lacy said, but while Karr was being followed investigators and police in Thailand became concerned over his interest in a girl who was to be a student in his class in Bangkok. … That concern prompted Thai police to expel Karr, 41, from the country and Boulder prosecutors to bring him to Colorado before they had completed their investigation."

The Washington Times (8/30, Richardson) reports, "Also yesterday, District Judge Roxanne Bailin ordered Karr sent by Sept. 13 to Sonoma County, Calif., where he is wanted as a fugitive on five misdemeanor counts of child pornography possession. Karr fled the U.S. in 2001 to avoid a hearing on those charges, scratching out a living as a schoolteacher in Europe and Southeast Asia."

The Los Angeles Times (8/30, Riccardi, Simon) reports that Lacy said "she deemed Karr credible, in part because he was truthful when discussing other aspects of his life and in part because she mistakenly believed that he had disclosed information only the killer would know. Those details, such as a description of JonBenet's gold bracelet, turned out to be in the publicly available autopsy report." The Times adds, "Ever since Karr's arrest in Thailand two weeks ago — which Lacy followed with a news conference in Boulder — critics have suggested that she could have found much quieter ways to detain her suspect while evidence was gathered. … For example, Karr was facing child pornography charges in California that dated to 2001. That to many seemed to offer an ideal way to get Karr in custody without publicly linking him to JonBenet's murder. .. . Lacy said today that such a course was not feasible. Picking him up on a federal charge of fleeing prosecution in a 5-year-old misdemeanor case would not only have been highly unusual, but also costly and time-consuming. Authorities would have had to work through international treaties, attend extradition hearings and pay to translate every document into Thai, she said. … Instead, she picked Karr up on a sealed arrest warrant and flew him to Los Angeles and then to Boulder, accompanied by an investigator from her office. She estimated the total public cost of the investigation at about $13,000."

The New York Times (8/30, Sink) reports, "Ms. Lacy is facing a storm of criticism from scores of local residents who have been calling her and sending her e-mail messages to tell her she should be 'tarred and feathered.' Gov. Bill Owens, a Republican, said that she should be 'held responsible for the most expensive DNA test in Colorado history.' … Ms. Lacy estimated the cost of Mr. Karr's arrest at just under $10,000, which did not include his incarceration. But at the news conference on Tuesday, the district attorney and her investigators emphasized that they were not looking to make excuses, but to explain how the case against Mr. Karr unfolded and collapsed. … 'I want to make it absolutely clear up front the decisions were mine, the responsibility is mine, and I should be held accountable for all decisions in this case,' Ms. Lacy said."

The Christian Science Monitor (8/30, Axtman) reports, "After DNA testing failed to link John Mark Karr to JonBenet Ramsey's murder this week, many might wonder: Why would somebody confess to a crime they didn't commit? … Experts say, while still fairly unusual, it does happen and there are two basic reasons why: the first is fame and the second, more frequent reason, is police coercion. … 'In high-profile cases, one common reason is that some people have this

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pathological need for attention or recognition, a desire to get their names in the newspaper,' says Saul Kassin, a psychology professor at John Jay College of Criminal Justice in New York and an expert in confessions. 'And this may be one of those types of cases.' … Indeed, Mr. Karr, who was arrested in Bangkok, Thailand, earlier this month, appeared to enjoy the attention he was getting from all the publicity."

Experts Say Some Evidence Looked Flimsy. USA Today (8/30, Willing) reports, "In the 12 frantic days between his arrest in Bangkok and his release after DNA testing in Boulder, Colo., John Mark Karr was linked to JonBenét Ramsey's slaying by his public confession, handwriting and an especially eerie connection: The letters 'SBTC' found on a ransom note at the crime scene in 1996 seemed to match a phrase Karr had inscribed in a high school yearbook 23 years ago. … Until DNA testing failed to put Karr at the scene, the other evidence looked 'a whole lot worse for Karr,' says James Cohen, who teaches criminal law at Fordham University in New York City. 'You could see it being used to try and possibly to convict someone who turns out to be a false confessor.'" USA adds, "Some criminal law specialists say that even before the DNA test, the confession, handwriting and 'SBTC' were weak links in the case against Karr, 41. .. . Karr's confession after his arrest in Bangkok, in which he said he was present when the child was killed and said he was not 'innocent,' struck some veteran detectives, prosecutors and defense lawyers as 'suspect,' former San Diego homicide investigator Tom Streed says. … 'When a guy confesses, you're asking yourself, "Is what he saying reasonable, is he telling you something only you and the killer know, and is he leading you to some new piece of evidence?"' says Streed, a private detective who teaches homicide investigation at San Jose State University. 'With this guy, the answers were "no, no, no"' .. . Last week, Texas handwriting analyst Curtis Baggett told reporters he was '99.9%' certain that Karr had written the ransom note found at the house. Other experts disagreed, noting that Baggett had worked with copies of documents, not the originals, and the technique's accuracy is uncertain."

More Commentary. In an op-ed in the Wall Street Journal (8/30), Dorothy Rabinowitz writes, "The growing sense that the confessor's claims were at best highly dubious only grew stronger in the next days as his family told roughly the same story, repeatedly. (In this family nobody misses Christmas.) It was, in truth, a peculiarly convincing assertion in its simplicity. A star television lineup of forensic specialists, lawyers and similar advisers in high-profile cases added their doubts that John Karr could have committed the crime. All told, a tale whose wild improbabilities were obvious -- one that seemed to violate the laws of time, space and reason itself -- had been, with few exceptions, roundly rejected. A pity -- or so some witnessing this bracing display of skepticism must have thought -- that so little of that showed itself when Americans by the score were prosecuted, convicted and carted off to do 40 or 60 years, or life in prison, on the basis of child sex abuse testimony far more obviously at odds with reality than anything in John Karr's own bizarre confession." Rabinowitz adds, "Which isn't to say that he didn't find believers, or that there were no supporting witnesses, with alleged evidence in support of his self-incriminating claims. All had their moment on-screen, including the handwriting analysts who provided lovingly detailed instruction in their art. … It was impossible, during the last weeks of the John Karr drama, not to be reminded of the bitterness of this saga -- the books written, the libel suits filed and, not least, the unsolved murder. Impossible not to be reminded, too, of what the prosperous and influential Ramseys could achieve, by way of legal protection. Impossible to imagine, either, any one of those scores of accused citizens of modest means, facing investigations of child abuse filed by ambitious prosecutors, doing what the Ramseys could do -- namely, refuse to meet with police and submit to questioning other than on their own terms. … It is possible no one will ever know who killed JonBenet Ramsey. We can know, with certainty, as that case among others has proved, how much legal protection enough money can buy."

Tennessee Lawmaker Pleads Not Guilty To Fraud Charges. The Chattanoogan (8/30) reports Tennessee State Sen. Jerry Wayne Cooper "entered not guilty pleas on Tuesday afternoon on federal charges in a land deal. Appearing in Chattanooga…he pleaded not guilty to one count each of bank fraud, mail fraud and conspiracy to commit bank and mail fraud. The indictment says he used his political ties while trying to sell a lumber mill he owned." Cooper allegedly "was deeply in debt and trying to avoid bankruptcy." The Chattanooga Times Free Press (8/30, Lazenby) adds that Cooper "is accused of inflating the value of a lumber mill he was attempting to sell by acquiring a fraudulent appraisal that falsely claimed the property contained a railroad spur." He "used his influence to contact Lt. Gov. John Wilder…who co-owns BankTennessee in Collierville, Tenn., to help get a loan approved for a potential buyer, according to court testimony." WTVF-TV Chattanooga (8/29) also reported on Cooper's plea.

Prison Official Testifies Mob Associates Tended To Gotti's Every Need. The New York Post (8/30, Cornell, 608K) reports, "Mob prince John 'Junior' Gotti got the royal treatment at an upstate federal prison where a posse of jailed mobsters were at his beck and call -- cooking, cleaning his cell and even doing his laundry, a prison official testified yesterday." Prison intelligence unit supervisor Robert Helms "said Gotti was always accompanied by a particular inmate, Michael Bolino, a reputed Colombo associate.

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During cross-examination, Helms conceded that Gotti and Bolino had a common interest in working out," and he added "that it is common for prisoners to hang around members of their own ethnic group while behind bars." The Post notes, "Helms said the prison helped the FBI record Gotti's periodic visits with three underlings and a lawyer, directing the mob scion to sit near recording devices disguised as computer jacks that had been installed in the visiting areas specifically for the investigation."

The New York Daily News (8/30, Zambito, 729K) also reports on Helms' testimony and adds, "Stunning photos of a bulked-up…Gotti were shown to jurors yesterday as the feds presented evidence the mob scion lived the easy life while doing hard time at an upstate New York prison. … The photographs were taken by prisoners who earned money by snapping pictures and selling them to fellow inmates under a program called the Inmate Photo Project. … In one photo, Gotti poses with a Rhode Island bank robber named Anthony Fiore. In others, he's seen with…Ballino and several others Helms identified as organized crime figures." The Daily News notes, "Gotti appeared to be aware that his visits were being recorded, Helms said. And prosecutors contend Gotti…made self-serving statements on the tapes because he knew the feds were listening."

Accountant Testifes Gotti Kept Finances To Himself. The New York Times (8/30, Williams, 1.21M) reports, "What transpires between a wealthy man and his accountant is sometimes as brutally frank as the conversations that can take place between a man and his priest. Except in the case of John A. Gotti, a prosperous man who, as his continuing federal racketeering trial would suggest, kept his business dealings and his accountant, Paul Tong, in two separate worlds." Still, "Mr. Tong is a key witness in Mr. Gotti's third racketeering trial." He "did not testify at the previous trials, in which the juries failed to reach a verdict, and appeared this week only because he was subpoenaed by federal prosecutors." The Times notes, "Mr. Tong said he never asked Mr. Gotti what he did for a living and said he took Mr. Gotti at his word about various expenses, which were usually unaccompanied by receipts or invoices."

Gotti Lawyers Subpoena Sliwa, Kuby. The New York Daily News (8/30, Zambito, 729K) reports, "The feds may not want Curtis Sliwa to testify for their side -- but now John A. (Junior) Gotti is happy to have the radio host on his team. Defense attorneys yesterday subpoenaed the Guardian Angels founder to testify about the June 1992 assault on Sliwa, who was attacked as he entered a cab by thugs allegedly sent by Gotti." The Daily News notes, "Gotti's lawyers say their client never ordered the attack and may call Sliwa to impeach his credibility. … Also receiving a subpoena yesterday was Sliwa's WABC radio partner, Ron Kuby," who "testified for the defense at Gotti's second trial and said Gotti told him in 1998 that he'd quit the mob."

Attorney For Aryan Brotherhood Leader Argues Against Death Penalty. The New York Times (8/30, Richards) reports, "Barry B. Mills is not the vicious killer portrayed by prosecutors but is living out his federal prison term in a quiet, exemplary manner, his lawyer told jurors on Tuesday in a quest to spare Mr. Mills, a leader of the Aryan Brotherhood prison gang, from execution." The Times continues, "Reading through three reports written by prison psychologists in the late 90's, the lawyer, Dean Steward, noted his client was deemed not to have 'significant mental health problems' and said the threat of harming other inmates was low. .. . 'He was civil, seemed to be cheerful and did not have any problems or issues that he needed to talk over with others,' Mr. Steward read." The Times adds, "Mr. Mills and three other Aryan Brotherhood members were convicted of racketeering, conspiracy and committing murders going back decades. Mr. Mills, 57, and his top lieutenant, Tyler D. Bingham, 58, could be sentenced to death. The other two men face life sentences. … On Monday one of the prosecutors, Joey Blanch, an assistant United States attorney, went through a shopping list of evils perpetrated by the two leaders in an effort to show that they have left a legacy of violence and murder behind bars."

South Dakota Governor Halts Execution. The AP (8/30, Kafka) reports that South Dakota Governor Mike Rounds "halted South Dakota's first execution in 59 years just hours before it was scheduled Tuesday, saying the state law detailing how to administer lethal drugs is obsolete." The AP continues, "Elijah Page, 24, had asked to be put to death by lethal injection for the 2000 torture murder of a Spearfish man. It had been scheduled for 10 p.m. … Rounds and Attorney General Larry Long said that a 1984 law requires the state to use two drugs to kill a condemned person _ but state prison officials planned to use the standard three-drug combination, putting them at legal risk. … 'I will not have the individuals responsible for carrying out this execution to be placed in a position to where they would be or could be in violation of a state statute in the carrying out of an execution,' Rounds said. 'We could have had people wondering for the rest of their lives if they did the right thing.'" The AP notes, "The delay is in place until July 1, 2007, he said. That would give lawmakers time during the next legislative session to review the law and bring it into line with most other states that use lethal injection. … Rounds said he learned of the legal problem last week after reading an Aug. 14 transcript of a competency hearing for Page. Another death row inmate also raised the issue in June as part of his appeal."

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Son Of Pennsylvania Lawmaker Reportedly Kidnapped. The Washington Times/AP (8/30) reports, "The adult son of a Pennsylvania lawmaker was missing yesterday after reportedly being abducted on a street at gunpoint in the hours before his mother and sister were shot and wounded in their home." State Rep. John Myers, "a Philadelphia Democrat who has advocated gun control, issued a statement asking for the public's help in locating his 26-year-old son, Shamari Taylor." A female companion "of Mr. Taylor's told police that she and Mr. Taylor were abducted as they were out walking late Saturday. She said she was later released, according to police." Myers' Republican opponent "in the November election, Joseph L. Messa, is suspending his campaign indefinitely out of respect for the Myers family."

AT&T Says Hackers Stole Credit Card Numbers. The Wall Street Journal (8/30, Young) reports, "AT&T Inc. said Tuesday that hackers broke into one of its computer systems and stole credit-card numbers and other personal information from about 18,000 to 19,000 customers." The Journal continues, "AT&T, the nation's largest phone company by revenue and number of customers, said it is offering free credit-monitoring service to customers whose credit-card numbers were exposed after they went online to order equipment such as modems related to high-speed Internet service. … 'We have forensic teams looking into how this happened,' said a spokesman for AT&T, which is based in San Antonio. He added the company is evaluating its security systems." The Journal adds, "Although no suspects have yet been identified and the investigation isn't complete, AT&T said the theft didn't appear to have been the work of an insider. … In a statement, AT&T said it has shut down the online-ordering system that was breached and informed the customers who were affected and their credit-card providers. The company said the breach occurred over the weekend and was discovered within a few hours."

Final Defendant In DC Mall Attacks Pleads Guilty. The Washington Post (8/30, B1, Cauvin) reports, "The last defendant facing charges in several attacks this year on tourists on the Mall pleaded guilty yesterday in D.C. Superior Court, bringing the case to a close without any trials." The Post continues, "His voice barely audible, Ryan A. Newman, 17, stood before Judge Hiram E. Puig-Lugo and pleaded guilty to six counts of robbery, four counts of firearms possession and one count of first-degree sexual abuse. … Prosecutors portrayed Newman, who was 16 at the time of the first robberies, as the ringleader in a string of crimes committed by him and four accomplices in May and July. In a May 27 attack, Newman raped a teenager as her companion was being robbed nearby." The Post adds, "Newman, of the 1300 block of Fifth Street NW, was charged as an adult. He faces a maximum sentence of 180 years under the statutes, but the court's voluntary guidelines call for a term of 41 to 83 years. Sentencing is scheduled for Nov. 8. … Last week, defendant Zachary Bright, 19, pleaded guilty to charges stemming from two of the robberies, both July 11. The three other defendants -- Michael Bright, 16; Marcus Brown, 22; and Trayvon Thomas, 18 -- pleaded guilty before or soon after their arrests were announced by authorities Aug. 11. … With yesterday's guilty plea, police and prosecutors have wrapped up a case that drew national attention and marred the Mall's reputation as an urban sanctuary, safe at almost any hour of the day. There were a total of five incidents on three nights."

CIVIL LAW:

DOJ Settles Drug Price Charges With Schering-Plough For $435 Million. The Boston Globe (8/30, Krasner) reports, "Schering-Plough Corp. paid $435 million in fines and pleaded guilty to criminal conspiracy charges to settle Justice Department charges that it lied to the government about drug prices and improperly marketed cancer drugs for uses that were not approved by the Food and Drug Administration." The Globe continues, "The case marks the third multi-million government settlement in five years for the Kenilworth, N.J., pharmaceutical company, which has annual sales of about $10 billion. Counting today's settlement, Schering-Plough has paid about $1.3 billion in civil and criminal fines. … 'In most cases of healthcare fraud, the conduct is driven by a bottom-line mentality,' said Michael J. Sullivan, the US Attorney for Massachusetts, whose office conducted the investigation. Sullivan announced the settlement at a press conference in Boston today." The Globe adds, "Paul J. McNulty, US deputy attorney general, said in a statement, 'This settlement sends a clear message to the pharmaceutical industry that the Justice Department will not tolerate these deceptive and illegal marketing practices.'"

Market Watch (8/30, Kennedy) reports, "In a statement, the Kenilworth, N.J.-based drugmaker said that the settlement, which is subject to court approval, calls for the company's Schering Sales Corp. division to plead guilty to 'one count of conspiracy to make false statements to the government,' as well as pay $180 million in criminal fines. The parent, Schering-Plough, will pay an additional $255 million to 'resolve civil aspects of the investigation.'" MarketWatch adds, "According to the Massachusetts U.S. attorney's office, the civil damages include losses suffered by various agencies -- such as the Veteran's Administration, Defense Department, Medicaid and the Federal Employees Health Benefits program -- for false claims submitted for the company's medications that were not eligible for

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reimbursement. .. . As a result of the criminal charges, the Schering Sales Corp. unit would no longer be able to participate in federal health-care programs, the U.S. Attorney's Office said."

The AP (8/30) reports, "Schering-Plough said it had adequate cash in a litigation reserve to cover the settlement costs. … As part of the settlement, the drugmaker also said it would add a section to an existing corporate integrity agreement it has with the Office of Inspector General of the U.S. Department of Health and Human Services."

AFP (8/30) reports, "Officials said Schering-Plough had falsified price quotes to a government agency which oversees the financing of federal health insurance for poor and disabled Americans, including military veterans. … Justice Department investigators claimed Schering-Plough did this to hide the lower prices it was charging non-government health providers, and thereby avoid paying additional rebates to the government healthcare program, called Medicaid."

CIVIL RIGHTS:

Kim Tours Mississippi Training Schools. The Jackson Clarion-Ledger (8/30, Mitchell) reports, "Justice Department officials are visiting the state's two training schools this week, and Assistant U.S. Attorney General Wan J. Kim vowed to ensure the schools are safe places for troubled youths." The Clarion-Ledger continues, "In May 2005, Mississippi entered a four-year consent decree to end a Justice Department lawsuit over abuse allegations at the training schools. … 'You don't owe many people in society more than we owe kids, especially once you take them into custody,' said Kim, who heads the Justice Department's civil rights division." The Clarion-Ledger adds, "The Oakley Training School in Hinds County serves male offenders ages 10 to 17, and Columbia serves female offenders ages 10 to 18."

Jury Deliberates Rape Charge Against Officer. The San Antonio Express-News (8/30, Contreras) reports, "Federal jurors are expected to resume deliberating today whether fired San Antonio Police Officer Dean Gutierrez raped a transsexual while the officer was on duty. … The jury deliberated for about three hours Tuesday afternoon before breaking for the day." The Express-News continues, "Gutierrez's lawyers decided not to call him as a witness, and chose instead to focus on trying to dismantle the testimony of Gutierrez's accuser, Gabriel Bernal, who prefers to be referred to as a woman named Starlight. They also reached for explanations that would create reasonable doubt in the minds of jurors. … And for the first time during the six days of trial, the defense lawyers claimed Gutierrez had consensual oral sex with Bernal, but denied Gutierrez raped or sodomized Bernal, 23. … 'There's no doubt there was sexual activity, but the government needs more than that,' Ben Sifuentes Jr., one of Gutierrez's lawyers, said in closing arguments. 'The defense does not dispute there was oral sex, but we dispute there was (sodomy). ... In this case, the only person who can prove the case beyond a reasonable doubt is Gabriel Bernal, and you know he lied.'" The Express-News notes, "Gutierrez's lawyers said Bernal made up the rape allegations to pursue a civil claim three days after the June 10, 2005, incident. Prosecutors countered that no lawsuit has been filed."

Starr Asks SCOTUS To Hear "Bong Hits 4 Jesus" Case. The AP (8/30) reports, "Former Whitewater special counsel Kenneth Starr petitioned the U.S. Supreme Court to take up Alaska's "Bong Hits 4 Jesus" case, a dispute involving a high school student, a banner and a tough school policy." The AP continues, "Starr, who gained national prominence while investigating former President Clinton's Whitewater land deal and relationship with Monica Lewinsky, filed the petition Monday on behalf of the Juneau School District in response to a March ruling by the 9th U.S. Circuit Court of Appeals." The AP adds, "The appeals court sided with a high school student who displayed a banner reading 'Bong Hits 4 Jesus' during an Olympic torch relay in 2002. It ruled former Juneau-Douglas High School principal Deborah Morse violated former student Joseph Frederick's free speech rights. … The U.S. Supreme Court petition must receive a minimum of four of the nine justices' votes to be heard. … Frederick, then a senior, was off school property when he hoisted the banner but was suspended for violating the school's policy against promoting illegal substances at a school-sanctioned event."

ANTITRUST:

Antitrust Experts Decry Deal On Texas Airfield. The Fort Worth Star-Telegram (8/30, Banstetter, Wethe) reports, "A group of antitrust experts from across the nation is urging Congress to reject the proposed Wright Amendment compromise, blasting the deal as anti-competitive and bad for consumers." The Star-Telegram continues, "Nine antitrust scholars affiliated with various universities sent a letter on the issue Tuesday to the chairmen and ranking members of the judiciary committees in the House and Senate. … 'The agreement utterly fails to help DFW-area passengers, and most likely will cause them injury in the way of higher fares and reduced service,' the letter stated. Shubha Ghosh, a professor at the Dedman School of Law at Southern Methodist University in Dallas, was one of the signers." The Star-Telegram adds, "The group was organized by Darren Bush, an assistant professor of law at the University of

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Houston. Bush, who formerly worked on antitrust issues for the Justice Department, said he has been following the issue closely. … 'The more I thought about it, the more it troubled me,' he said. 'The costs of this outweigh the benefits substantially.' … The Wright Amendment is a 1979 federal law that restricts flights from Dallas Love Field to Texas and a handful of nearby states. Since 2004, Dallas-based Southwest Airlines, which operates at Love, has been fighting to repeal the law. Fort Worth-based American Airlines, which operates a hub at Dallas/Fort Worth Airport, has battled to keep the restrictions intact."

The Dallas Business Journal (8/30) reports, "The seven-page letter says that repealing the Wright Amendment would be good for air passengers and doesn't require new statutory restrictions articulated in the locally crafted compromise. … 'The proposed agreement and legislation confers few, if any benefits to consumers, while producing significant anticompetitive effects,' the letter states." The Journal adds, "American Airlines Inc., Southwest Airlines Co. and the mayors of Dallas and Fort Worth crafted an agreement to phase out the 1979 law that blocks most long-haul commercial flights from Dallas Love Field. … The local compromise calls for ending Wright restrictions by 2014. In return, the city of Dallas will use eminent domain to demolish a privately owned passenger terminal at Love Field, reducing the number of gates there to 20, down from 32. American and Southwest both accepted that compromise, which has been debated in Congress."

ENVIRONMENT:

Federal Dam Relicensing Rules Meet With Legal Challenge. The AP (8/30, Johnson) reports, "Many utilities and power companies that operate dams will be allowed to do less to protect salmon and other fish if the Bush administration's interpretation of the 2005 Energy Policy Act is allowed to stand, a lawyer for several environmental groups told a federal judge Tuesday. … 'The end result is that measures to protect wildlife ... are being weakened as we speak,' Earthjustice lawyer Jan Hasselman told U.S. District Judge Marsha Pechman." The AP continues, "The Federal Energy Regulatory Commission issues licenses to operate dams, and often those licenses incorporate conditions set by other federal agencies to protect wildlife — building fish ladders, maintaining minimum river flows and monitoring water quality, for example. … The Energy Policy Act, signed by President Bush a year ago, allows dam operators to challenge such conditions in a hearing before an administrative law judge. It also allows the dam operators to suggest alternative environmental measures, and requires the judge to approve those measures if they are 'adequate' and will be less expensive or allow for greater electricity production." The AP adds, "The environmental groups, led by Washington, D.C.-based American Rivers, are not challenging the law itself. Instead, they're challenging the Bush administration's decision to apply it to dam relicensing applications that were already under way when the law took effect. They also say the administration did not conduct a proper public notice period before implementing the law. .. . Justice Department lawyer John Most argued in court Tuesday that there's no reason the law shouldn't apply retroactively. He said the lawsuit should be dismissed and that the Energy Policy Act simply made the dam licensing process "a little more robust" by allowing dam operators to request hearings."

Johanns Promises Drought-Stricken Farmers Almost $800 Million In Aid. The New York Times/AP (8/30) reports the "government promised nearly $800 million in aid Tuesday to ranchers and farmers stricken by a near-record drought." Agriculture Secretary Mike Johanns "announced the aid while visiting a ranch in South Dakota, one of the states hardest hit by drought and heat. Farmers are struggling in the Plains, the South and, to a lesser degree, the Upper Midwest."

NYTimes Opposes Development Of Colorado Highway. The New York Times (8/30, 1.21M) says in an editorial, "As if there were not enough poorly conceived and environmentally devastating developments in the American West, now we have Super Slab. The location of this latest struggle between nature and money is the Bijou Basin, southeast of Denver in Elbert County. It doesn't have the staggering majesty of the Rocky Mountains, but it does have the delicate beauty of a rural, ranching grassland. In the entire county — one of the largest in the state — there are only some 200 miles of paved roads. And that, according to the Front Range Toll Road Corporation, headed by the developer Ray Wells, makes the Bijou Basin a perfect place to put a new high-speed toll road, called, colloquially, Super Slab." What the road "is really meant to do, of course, is serve as the spine for yet another wave of the uncontrolled development that Colorado residents and all Americans should be sick of. By nearly every measure this project is a boondoggle." Super Slab "should be stopped before the planning goes any further."

FBI/DEA/ATF/USMS:

FBI Demonstrates New Interagency Counter-Terrorism Database. The Washington Post (8/30, A6, Nakashima, 748K) reports, "The FBI has built a database with more than 659 million records -- including terrorist watch

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lists, intelligence cables and financial transactions -- culled from more than 50 FBI and other government agency sources. … The FBI demonstrated the database to reporters yesterday in part to address criticism that its technology was failing and outdated as the fifth anniversary" of 9/11 approaches, but "privacy advocates said the Investigative Data Warehouse…raises concerns about how long the government stores such information and about the right of citizens to know what records are kept and correct information that is wrong." FBI Foreign Terrorist Tracking Task Force Acting Director Gurvais Grigg noted "that before 2002, it would take 32,222 hours to run 1,000 names and birth dates across 50 databases. Now agents can make such a search in 30 minutes or less, he said."

FBI Agent 13 Others Injured In San Francisco Hit-And-Run Rampage. Bay City News (8/29) reported, "An FBI agent on his lunch break, a cyclist, a teenager and a 52-year-old woman are among the 14 victims of today's hit-and-run spree in San Francisco, authorities said. … San Francisco Mayor Gavin Newsom said this afternoon, 'The investigation is occurring as we speak. At this stage, it's an indiscriminate act with no pattern. The victims are of all ages and all races.'" BCN noted, "The victims' injuries range from minor to life threatening." FBI spokesman Ryan Butler said that the agent "just happened to be in the wrong place at the wrong time." Butler added that "the agent suffered 'very minor injuries' and was treated and released."

In one of its several stories on the incident, the San Francisco Chronicle (8/30, A13, Buchanan, Rubenstein, Wildermuth, 405K) also notes that the FBI agent was slightly injured and reports, "Police identified the sport utility vehicle driver as Omeed Aziz Popal, 29, who had just gotten married in his native Afghanistan, was living with his parents in Fremont, and had nothing on his criminal record except a handful of minor traffic violations. … Some family members said Popal had mental problems and lived in fear of the devil; others said his recent, arranged marriage may have made him stressed. A source close to the investigation in San Francisco, however, said Popal showed no signs of mental illness or remorse in his initial interviews with authorities.'" The Los Angeles Times (8/30, Romney, La Ganga, 918K) adds, "Officials said they have not determined a motive for the attacks, but they said there is no evidence of a link to terrorism."

Fentanyl Linked To 17 Fatal Overdoses In New York City. Long Island Newsday (8/30, Clancy) reports officials warned Tuesday that fentanyl-laced heroin has caused 17 fatal overdoses in New York City during the past 15 months. City health officials "warn that the drug that has killed clusters of people in Philadelphia, Detroit and Chicago is making inroads in New York City, claiming overdose victims in the Bronx, Brooklyn and Queens. … Most of the fentanyl victims in New York City were men between the ages of 30 and 53 years. One victim was a woman, 43."

However, the AP (8/29) reports the drug mixture "has killed at least 17 people in the city over the last four months, and doctors are being told to report suspected overdoses." The city's health department said Tuesday that drug users "are mixing…fentanyl with heroin or cocaine. … New York police were making special efforts to track down the sources behind the local fentanyl-laced mixture."

The New York Times (8/30) also writes that the fatal overdoses took place in the past four months and adds that Police Commissioner Raymond W. Kelly "said in a statement that he had warned police officers to take special precautions, including using rubber gloves, when handling drugs that may contain fentanyl, because it can be absorbed through the skin and cause illness. He said the police believed that most of the fentanyl found in the drugs used by the victims was manufactured illicitly, not in legitimate pharmaceutcal laboratories. … In June, 400 federal and local law enforcement officials raided a public housing project in Chicago, hoping to disrupt what they said was a sophisticated drug ring. The officials said they believed the ring was responsible for providing drugs that killed more than 100 people in and around that city."

Illinois Coroner Notes Spread Of Heroin Use. The Morris (IL) Daily Herald (8/29) reports Grundy County Coroner John Callahan "said heroin has become one of the leading drugs of choice in the area, and noted the use is spreading downward to junior-high-school-age youth. Heroin is rather easily obtainable and a relatively inexpensive drug, said Callahan. Now, however, some dealers are cutting heroin with fentanyl. 'There are different theories behind this,' he noted. 'One theory is that when drug dealers get a weak batch of heroin, they add fentanyl, which is 50 to 80 times more potent than morphine, to give it an added punch.'"

Two Former Air Marshals Sentenced To Prison For Cocaine Smuggling. The Houston Chronicle (8/30, Lezon) reports two former federal air marshals from Houston "are headed to prison for conspiring to bypass airport security and smuggle about 33 pounds of cocaine. Burlie L. Sholar III and Shawn Ray Nguyen, who accepted a plea agreement with prosecutors in April, were sentenced Monday. Nguyen…must serve seven years and three months in prison, and Sholar…got nine years. … The men admitted talking with an FBI informant about plans to smuggle 15 kilograms of cocaine past security at Bush Intercontinental Airport and onto a flight bound for Las Vegas."

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Seven Arrested For Ecstasy Smuggling At JFK Airport. The AP (8/29, Pyle) reports customs officials "said tourists have smuggled $4.3 million worth of Ecstasy pills into the country in false-bottomed suitcases, raising concern about a new surge of the illicit drug from Europe rather than across the United States' northern and southern borders. Since early July, authorities at John F. Kennedy International Airport have seized 77 pounds of the tablets, more than 170,000 of them, and have arrested seven people, all identified as Spanish citizens."

Another Guilty Plea Expected In Tennessee Marijuana-Trafficking Case. Knoxville (TN) News Sentinel (8/29, Satterfield) reports Knoxville entrepreneur Scott West "is scheduled to plead guilty Sept. 11 to conspiracy to commit drug trafficking and money laundering charges. … His brother, James Michael West, 42, pleaded guilty Aug. 24 in U.S. District Court to charges he bought and peddled tons of marijuana in more than a decade and invested millions in drug proceeds into Market Square properties at the request of his brother and sister-in-law, Bernadette Trent West. … The pleas come just weeks after a federal grand jury issued a beefed-up indictment in the case, investigated by agencies including the U.S. Drug Enforcement Administration and the Internal Revenue Service."

Turf War Spreads Violence Of Mexico's Drug Cartels. BusinessWeek (8/29, Smith) reports for years, Mexico's drug cartels "have shot it out among themselves, usually in rough cities along the U.S. border or on the Pacific coast, where most of the cocaine, heroin, marijuana, and methamphetamine consumed by Americans enters the U.S. But a bloody turf war among traffickers is spreading the violence to cities that have rarely seen it before. Now they are targeting police and judges in response to the government crackdown. … The U.S. Drug Enforcement Agency (DEA) says that while most of the cocaine entering the U.S. still originates in Colombia, Mexican groups that once served as mere conduits for the Colombian cartels today are the dominant traffickers and control most of the distribution points in major American cities."

IMMIGRATION:

Kennedy Says Bush Help Needed In Immigration Reform Negotiations. CNN's The Situation Room (8/29, King) reported, "A new warning today about the future of immigration reform -- Democratic Senator Edward Kennedy says legislation will not be able to get through the Congress, unless President Bush becomes more involved in negotiating a compromise. Those negotiations are at an impasse over the House enforcement-only bill and a Senate measure that gives some illegal immigrants a path to citizenship."

Conservative Activists' Documentary Highlights Negative Side Of Immigration. The Washington Post (8/30, A17, Fletcher, 748K) reports David N. Bossie "earned a reputation as a relentless sleuth -- or right-wing hit man, depending on one's political persuasion -- during his years as a high-profile Republican congressional investigator and conservative activist." No longer "content to merely unearth documents, Bossie, president of Citizens United, a conservative advocacy group, has turned to documentary-style films to push his causes. His latest contribution to the national political debate is 'Border War,' a film he co-produced that makes the case for a serious crackdown on illegal immigration." The film "makes the case for tougher border enforcement by focusing on the most unsettling aspects of the nation's huge illegal immigration problem: the cold-hearted coyotes who guide illegal migrants across the border, sometimes abandoning them in the desert at the first sign of trouble. The illegal immigrants who proposition and even molest young girls in safe houses. Violent criminals who cross the border with impunity. And immigration activists who believe the border has no legitimacy to begin with, because much of the southwestern United States was Mexican territory more than 150 years ago."

Judge Orders New York City To Ensure Aid For Battered Immigrants. The New York Times (8/30, Bernstein) reports, "A federal judge yesterday ordered the city to stop illegally denying food stamps and other aid to battered immigrant women and children and to overhaul the error-plagued computer programs and training manuals that continue to lead welfare workers to turn them away." The Times continues, "The judge determined that high-level city policymakers had long been aware of the systemic problems, but did little or nothing to fix them until a group of battered women filed a lawsuit late last year. As a result, if the city and state continue to fight the lawsuit, the judge said, he will be highly likely to find them liable for 'deliberate indifference' to violations of the plaintiffs' federal and state rights. … 'It is not the policy of the United States, nor of the State of New York, to leave destitute the battered immigrant wives and children of lawful U.S. residents just because their abusive husbands are no longer supporting them or providing them with a basis for obtaining aid,' the judge, Jed S. Rakoff of United States District Court in Manhattan, wrote in his 83-page decision. He certified the lawsuit as a class action and issued a preliminary injunction against the city and state." The Times adds, "The judge commended the city for fixing some of the problems since February, when he issued a partial injunction and held

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nine days of hearings in the case. But he added that problems persisted because of inadequate training, poor computer design and faulty directives. … The decision is awkward for Mayor Michael R. Bloomberg, who is preparing to unveil a plan for attacking poverty in the city, a central goal of his second term. The plan is expected to focus on children, young adults and the working poor."

Afghani Immigrants Seek To Address Cultural Divisions With US-Born Children. The Washington Post (8/30, A1, Elboghdady, 748K) in a front page story reports on the struggles of Afghani immigrants Feda and his wife Samira who "launched a magazine three months ago and found themselves negotiating what one Afghan native describes as the 'cultural schizophrenia' that has plagued a community that began settling in large numbers in this country more than two decades ago, after the Soviet invasion of Afghanistan." Many of the Afghani immigrants "were well-educated professionals who scraped by as taxi drivers and beauticians when they arrived. They've raised doctors, engineers and now publishers. But calming the political tensions they brought with them, reconciling Muslim tradition with American lifestyles, and easing the resulting strain between generations proved tougher than the financial challenges they faced."

TAX:

IRS Outsourcing Of Debt Collection Said To Be "Wildly Inefficient." In a Los Angeles Times op-ed (8/30), Loyola Law School associate professor Lauren Willis says, "Unless Congress steps in to stop it, the IRS is set to begin implementing a wildly inefficient plan to outsource the collection of past-due taxes from those who owe $25,000 or less. IRS employees could collect these taxes for about three cents on the dollar, comparable to other federal programs' collection costs. But Congress has not allowed the IRS, which is eliminating some of its most efficient enforcement staff, to hire the personnel it would need to do the job. Instead, the agency has signed contracts with private debt collectors allowing them to keep about 23% of every taxpayer dollar they retrieve. Employing these firms is almost eight times more expensive than relying on the IRS, but, according to IRS Commissioner Mark Everson, it fits in with the Bush administration's efforts to reduce the size of government." Over 10 years, "the companies hired are projected to collect overdue taxes totaling $1.4 billion, $330 million of which the companies keep as fees. According to the IRS' own estimates, over those same 10 years, the agency could collect $87 billion in unpaid taxes at a cost of just under $300 million — if allowed to hire sufficient personnel. In total, utilizing the private sector instead of augmenting IRS personnel would leave in the hands of delinquent taxpayers more than $85 billion owed to the federal government."

Ruling On Damage Taxation Seen As Major Setback For IRS. In his "Tax Report" column for the Wall Street Journal (8/30), Tom Herman writes, "A recent court ruling saying a woman doesn't owe taxes on an award from her former employer for 'a nonphysical personal injury' represents a significant setback for the IRS. Even though the decision was handed down only last week, lawyers are already urging taxpayers in similar cases to take action to save taxes on their awards." Herman continues, "At issue in the case was whether a $70,000 payment that a woman received from her former employer for 'emotional distress' and 'loss of reputation' was taxable. The woman had paid $20,665 in income taxes on that award. In a decision that is sparking intense debate among lawyers, the U.S. Court of Appeals for the District of Columbia Circuit said the $70,000 award didn't represent 'income' -- and thus wasn't taxable." Herman adds, "The three-judge panel's decision is binding on the Internal Revenue Service in cases involving taxpayers in Washington, D.C., but not other parts of the country. However, the decision is likely to have 'immense implications' for many other people around the nation who expect to receive damages for 'nonphysical personal injuries' -- or who have received damages in recent years, says Todd A. Kraft, a tax lawyer in Dallas at Meadows, Owens, Collier, Reed, Cousins & Blau. … An IRS spokeswoman referred questions to the Justice Department, where a spokesman says the government hasn't decided on its next step."

CONGRESS-ADMINISTRATION:

Investigation Finds Government Broadcasting Executive Misused Office. The Washington Post (8/30, C1, Farhi, 748K) reports a "year-long State Department investigation has found that the chairman of the agency that oversees Voice of America and other government broadcasting operations improperly used his office, putting a friend on the payroll and running a 'horse-racing operation' with government resources." The report "marks the second time in less than a year that an internal investigation has found evidence of rules violations by Kenneth Y. Tomlinson, chairman of the Broadcasting Board of Governors." In November, the Corporation for Public Broadcasting inspector general "found that Tomlinson had made improper hires, had tried to tamper with PBS's TV programming and appeared to show political favoritism in selecting CPB's president while he was chairman, Tomlinson resigned his CPB post that same month."

The Wall Street Journal/AP (8/30) reports the State Department probe found "the chairman of the Broadcasting

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Board of Governors misused government money on several occasions, overbilling for his time and funneling unauthorized contracts to a friend." The State Department investigation "found that Mr. Tomlinson, as a political appointee to the Broadcasting Board of Governors, signed invoices worth about $245,000 for a friend without the knowledge of other board members or staff. Mr. Tomlinson also used the board's resources to support his private horse-racing operation and overbilled the organization for his time, in some instances billing both the Broadcasting Board of Governors and the Corporation for Public Broadcasting for the same time worked."

The New York Times (8/30, Labaton, 1.21M) reports the State Department probe found Tomlinson "had repeatedly used government employees to perform personal errands and that he billed the government for more days of work than the rules permit." The summary of the report, "prepared by the State Department inspector general, said the United States attorney's office here had been given the report and decided not to conduct a criminal inquiry. The summary said the Justice Department was pursuing a civil inquiry focusing on the contract for Mr. Tomlinson's friend." Three Democratic lawmakers, "Senator Christopher J. Dodd of Connecticut and Representatives Howard L. Berman and Tom Lantos of California, requested the inquiry after a whistle-blower from the agency had approached them about the possible misuse of federal money by Mr. Tomlinson and the possible hiring of phantom or unqualified employees." Tomlinson, "a Republican with close ties to the White House, was ousted last year from another post, at the Corporation for Public Broadcasting, after another inquiry found evidence that he had violated rules meant to insulate public television and radio from political influence."

The Los Angeles Times (8/30, Levey, 918K) reports the Bush Administration's "troubled outreach efforts to the Middle East and other areas of the world were dealt more bad news Tuesday with new allegations of impropriety by the man who oversees the federal government's broadcasts to foreign countries." "This is serious stuff," said Rep. Howard L. Berman (D-Valley Village). The Times adds a White House spokeswoman "said Tuesday that Bush continued to support Tomlinson, whose renomination as chairman of the broadcasting board is pending before the Senate."

Despite Controversy, Rove Maintains White House Influence. The AP (8/30, Pickler) reports Karl Rove "was not 'frog-marched' out of the White House in handcuffs as his detractors had hoped, but the past year was certainly a low point for President Bush's close friend and chief political strategist." Special prosecutor Patrick Fitzgerald's criminal investigation of the CIA leak "put Rove under scrutiny for months, then he was forced to surrender a key policy role in a move that raised questions about his authority in the White House." But those "close to him" say he "never lost his unparalleled influence on the president." Republican National Committee Chairman Ken Mehlman said, "The history of a lot of folks in these jobs is that they are hired guns. With Karl, you have someone who has been central to what the president has been doing for decades." The AP adds Rove's "slimmed-down portfolio leaves Rove freer to focus on politics, look at the big picture and provide a gut-check in a White House that has struggled with missteps that may leave Republicans vulnerable in the midterm congressional elections." Rove is "an impressive fundraiser himself, bringing in $10.4 million in 75 events this cycle, more than any other Republican official besides the president, first lady and vice president."

Rove's Dieting Noted. The Washington Post (8/30, C3, Argetsinger, Roberts, 748K) reports in its "Reliable Source" column that with "all those campaign hot dogs and ice cream, most political types pack on weight in the summer -- but Karl Rove has dropped 22 pounds." Rep. Jim Moran, "who saw Rove a couple of weeks ago," said, "He has slimmed down. He looks leaner and meaner than he's ever looked -- at least leaner." The Post adds the "White House isn't commenting, but the Associated Press reported yesterday that Rove used a "liquid-based diet" (sources tell us that means protein shakes) supervised by physician Arthur Frank of the George Washington University Weight Management Program."

Bush Discusses His Reading List. NBC Nightly News (8/29, lead story, 5:25, Williams, 9.87M) interviewed President Bush last night. Asked to comment on what led to his reading Camus' "The Stranger," he said, "I was in Crawford and I said, I was looking for a book to read and Laura said you ought to try that. And I also read three of Shakespeare's [plays]." Williams: "You were on a Teddy Roosevelt kick. This is a change. Three years ago you were reading the life story of Joe DiMaggio." President Bush: "I have an eclectic reading list." Williams: "And now Camus." President Bush: "That was a couple of books ago. The key for me is to keep expectations low." Williams: "Still not watching television?" President Bush: "I watch a good baseball game." Williams: "President George W. Bush. Well-known baseball fan and, who knew, a late-in-life convert to the works of William Shakespeare."

Supreme Court Justices Hire Fewer Female Clerks. The New York Times (8/30, Greenhouse, 1.21M) reports that while "with the retirement of Justice Sandra Day O'Connor, the number of female Supreme Court justices fell by half," the "talk of the court this summer, with the arrival of the new crop of law clerks, is that the number of female clerks has fallen even more sharply." Just under "50 percent of new

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law school graduates in 2005 were women. Yet women account for only 7 of the 37 law clerkships for the new term, the first time the number has been in the single digits since 1994, when there were 4,000 fewer women among the country's new law school graduates than there are today." After years "in which more than a third of the clerks were women, the sudden drop was a hot topic this summer on various law-related blogs. Word of the justices' individual hiring decisions spread quickly among those for whom the comings and goings of law clerks are more riveting than any offering on reality television."

Few Senators Willing To Disclose BMI. The Washington Post (8/30, A17, Milbank, 748K) reports studies "released last week show that being just a few pounds overweight can shorten your life. By the government's method of calculation -- body mass index -- even the famously fit President Bush is overweight, with a BMI of 27.0, well above the 24.9 cutoff (but below the 30 cutoff for obesity). Former president Bill Clinton has been measured at 28.3, while older BMI calculations have put Vice President Cheney at 30.1 and Sen. Edward M. Kennedy (D-Mass.) at 34.2 (this according to the Web site DietPower.com, though Kennedy has lost weight recently)." The Washington Post "asked each Senate office to supply the senator's BMI," but "only eight of the 100 complied, and they were quite lean." Among those who responded were Sen. Orrin Hatch, at 22.2, and Sen. John Kerry, at 22.5.

OTHER NEWS:

Median Household Income Rose 1.1% Last Year. The Wall Street Journal (8/30, Matthews, 2.03M) reports, "The median income of American households rose by an inflation-adjusted 1.1% last year after falling five years in a row, the Census Bureau said in its annual report on the well-being of Americans." But "the gap between the richest and poorest Americans widened last year, continuing a trend that dates to the early 1970s with a pause in the late 1990s. The top fifth of American households claimed 50.4% of all income last year, the largest slice since the Census Bureau started tracking the data in 1967." The new data, adds the Journal, "come amid polling data that suggest concern about the economy among many middle-income Americans -- an anxiety that Democrats hope to exploit in November's congressional elections." Ron Haskins, a former Bush administration official now at the Brookings Institution, said, "There is nothing to celebrate here. … A lot of the money goes to the top, and Republicans are forever playing defense on this. The people in the middle are feeling squeezed. If Democrats aren't getting the best of the argument, they should be."

The New York Times (8/30, Lyman, 1.21M) headlines its report "Census Reports Slight Increase In '05 Incomes," and says "the rise…had little to do with bigger paychecks -- in fact, both men and women earned less in 2005 than 2004." Rather, census officials said, "more family members were taking jobs to make ends meet, and some people made more money from investments and other sources beyond wages." The "glimmer of improvement" came "after years in which the economy slogged through the bursting of the 1990's stock market boom, a brief economic downturn, the aftershocks from the 2001 terrorist attacks, a series of corporate scandals and growing evidence of a deepening divide between rich and poor." USA Today (8/30, Cauchon, 2.27M) runs a similar story, titled "Family Income Up, But Not Pay."

Offering a more positive assessment of the data, the Christian Science Monitor (8/30, Marks, 58K) reports, "The numbers are an indication that the benefits of the economic recovery are finally reaching some in the middle class, economists say, even as they acknowledge that large income disparities among Americans remain."

NYTimes Says Numbers "Bad News For Most Americans." In an editorial titled "Downward Mobility," the New York Times (8/30, 1.21M) says, "If you're still harboring the notion that the economy is 'good,' prepare to be disabused. Even the best number from yesterday's Census Bureau report for 2005 is bad news for most Americans. It shows that median income rose 1.1 percent last year, to $46,326, the first increase since it peaked in 1999." But "the entire increase is attributable to the 23 million households headed by someone over age 65. So the gain is likely from investment income and Social Security, not wages and salaries."

Consumer Confidence Down. The Wall Street Journal (8/30, Derby, 2.03M) reports, "Consumer confidence suffered a major blow in August amid rising anxiety over the state of the economy, and fell to its lowest level since last fall." The Conference Board "reported Tuesday that its index of consumer confidence for August fell to 99.6, from a revised 107.0 in July. August's reading was the lowest since the 98.3 seen in November, and it was well under the 102.5 reading predicted by economists."

USA Today (8/30, Hagenbaugh, 2.27M) reports the drop "came as the percentage of consumers who said jobs were 'not so plentiful' rose to 54.5%, the highest since November. And the portion who said they expected there would be 'fewer jobs' in the economy in six months rose to 18.3%, highest in six months."

Fed Minutes Show Rate Decision "A Close Call." USA Today (8/30, Kirchhoff, 2.27M) reports, "The Federal Reserve's decision to hold interest rates steady Aug. 8 was a 'close call,' with policymakers ultimately deciding they needed more time to assess the economic impact of their 17 previous rate increases since mid-2004." The Financial Times (8/30,

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Beales) says "most committee members also thought inflationary pressures would 'ease gradually' and that current policy could prove 'consistent with satisfactory economic performance.'" The Wall Street Journal (8/30, lp, 2.03M) runs a similar report, while the New York Times (8/30, Uchitelle, 1.21M), under the headline "Fed's Notes See Easing In Growth," says "the much-anticipated minutes of the Aug. 8 meeting, released yesterday, showed that the policy makers were hoping that a slowing economy, a deteriorating housing market and the accumulating impact of previous rate increases had mitigated the need for still higher interest rates to control inflation. Indeed, the minutes showed a general expectation that the economy would perform at a sub-par level through next year." The Washington Post (8/30, D1, Henderson, 748K) also reports the story.

Stock Markets Up. NBC Nightly News (8/29, story 8, , Williams, 9.87M) reported, "Stocks finished up after oil went down to a level under 70 dollars for the first time in months. The Dow was up at least 18 points [to close at 11,269.94]. Nasdaq up about 11 points [to close at 2,171.30]." The Financial Times (8/30, O'Doherty) says that "at the close, the S&P 500 was up 0.2 per cent, or 2.50 points, at 1,304.28." The Wall Street Journal (8/30, Browning, 2.03M), among other newspapers, also reports the stock numbers.

Housing Market Decline Seen As Prompted By End Of Speculative Era. In a Wall Street Journal op-ed (8/30), Karl Case, a professor of economics at Wellesley, and Robert Shiller, a professor of economics at Yale and chief economist at MacroMarkets LLC, say, "Looking back at past housing booms, the first sign of the end is when a goodly share of buyers stop making offers and eventually stop looking, seeming to just disappear. In the spring of 1987, during another U.S. housing-market boom that was starting to lose speed, Nora Moran, president of the Greater Boston real estate board, said 'someone blew a whistle that only dogs and buyers heard.'" Now, "it is as if the whistle has again been blown. New home sales in July are 22% below July 2005. The decrease is 43% for the Northeast over that same period, and the inventory of unsold new homes is up 22%. Existing home sales are down to 6.33 million in July from over seven million at the end of 2005. Older boomers are cashing out of valuable suburban homes and heading for condos in the city, or out of high-priced regions altogether." The "market spoiler was in place some two years ago. At that time, we felt that the spectacular price increases could not be justified. The psychology of that time could not continue indefinitely, and indeed it has not."

Gasoline Prices Could Keep Falling For Months. USA Today (8/30, Healy, 2.27M) reports, "Gasoline prices are falling fast and could keep dropping for months. 'The only place they have to go is down,' says Fred Rozell, gasoline analyst at the Oil Price Information Service (OPIS). 'We'll be closer to $2 than $3 come Thanksgiving.' ... AAA foresees prices 10 cents a gallon lower by the end of next week." The drop is "good news for consumers and the economy. Continued lower prices 'may act like a tax cut' and stimulate spending, says Richard DeKaser, chief economist at National City in Cleveland. He calculates that higher energy prices the first six months cut growth of consumer spending 1 percentage point." USA Today attributes the drop to the end of summer and sluggish demand, among other factors.

Attorney Charges Holland & Knight Inflated His Billing. The Wall Street Journal (8/30, Koppel) reports, "The career of Matthew Farmer, a junior partner in the Chicago law offices of Holland & Knight LLP, was on the upswing in December 2004. He had just won a monthlong trial for Pinnacle Corp., a Midwestern home builder accused of copyright infringement, and gotten kudos from many of his partners. … But weeks later, after reviewing billing records in the Pinnacle matter, he decided to leave the 1,200-lawyer firm. Mr. Farmer, 42 years old, believed his own hours on the case had been inflated by the partner in charge of billing, 62-year-old Edward Ryan. Fearing he would violate state ethics rules if he kept quiet, Mr. Farmer blew the whistle to Holland & Knight lawyers." The Journal continues, "The firm, which has 24 offices in the U.S. and abroad, took no action and denies Mr. Ryan or the firm did anything wrong. 'The amount billed by Holland & Knight in the litigation was reasonable and appropriate,' says L. Kinder Cannon III, the firm's general counsel. Mr. Ryan declines to comment." The Journal adds, "Last October, Mr. Farmer took a 7% pay cut to join Cohn Baughman & Martin, a 12-lawyer firm. He says he moved of his own accord because he was upset that Holland & Knight wasn't acting against Mr. Ryan. … While the facts of the case are still in dispute, Mr. Farmer's billing allegations offer a rare window into the tricky and emotional issue of inflated billing by law firms. It's difficult to know how widespread billing fraud is, but Stephen Gillers, an ethics professor at New York University School of Law, says 'there is a general consensus that billing fraud has increased' as law firms seek to increase profits and attract top lawyers."

Revised SAT Exam Scores Fall To 2002 Levels. USA Today (8/30, Marklein, 2.27M) reports, "National average scores for the SAT college entrance exam fell 7 points -- the biggest drop in 31 years -- for the high school class of 2006, the first to take the new version of the test. The number of test-takers also was down by about 9,600 students, to 1.47 million. Participation rates particularly fell among students who said they were low-income." Meanwhile, "girls narrowed the gender gap in math and

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reading from 42 to 26 points, largely because they did well in the writing section." The average decline was two points in math and five points in reading, a section previously labeled verbal. College Board officials "attributed declines to 41,000 fewer students retaking the test than last year."

The New York Times (8/30, Arenson, 1.21M) reports, "The drop confirmed earlier reports from puzzled college officials that they were seeing lower scores from applicants." Out of 800 points possible in each section, the national average in reading was 503 and 518 in math, which produced, "the lowest combined score since 2002." College Board officials "dismissed suggestions by numerous high school guidance counselors that students were getting tired out by the new three-part test which now runs three and three-quarters hours, rather than three." Girls outscored boys on the new writing section 502 to 491. That result "partly offset girls' lower scores on math and reading." College Board president Gaston Caperton "pointed out that the decline in scores represented less than one-half of a test question in reading and one-fifth of one test question in math. Still it was the largest year to year decline since 1975, and officials expressed concerns about the overall performance of American students."

The Wall Street Journal (8/30, Tomsho, 2.03M) reports in a story that focuses on the College Board's scoring problems with one of the tests taken last Fall, the scores "may raise more questions about the recently revamped exam than the students who took it." And "such sudden shifts are a rarity in college-admissions testing and this one comes at a time when the College Board is struggling to restore its own credibility after a scoring scandal." The revised test "added higher-level algebra and did away with analogy questions on the reading section." Caperton is quoted as saying the decline "means almost nothing."

The Washington Post (8/30, A1, Mathews, 748K) reports in a front-page story, "The first national results from the revamped SAT show the biggest annual drop in reading scores in 31 years and a significant edge for female students over males on the new writing section of the test." College Board officials said that "they were concerned that students are taking fewer composition and grammar courses. They noted that reading scores have stagnated during the past 30 years."

The AP (8/30, Pope) reports, "Experts agreed the dip in combined math and critical reading scores on the college entrance exam was related to the new version of the test -- but differed as to how." It now has "more advanced math questions and replaces analogies with more reading comprehension." The results "stand out because just two weeks ago the rival ACT exam reported its biggest score increase in 20 years."

More Commentary. The Washington Post (8/30, A18, 748K) writes in an editorial, "The dramatic decline in SAT scores announced yesterday raises the issue of whether there is something wrong with the new test or, even more worrisome, with the lessons being taught in high schools." The Post urges its readers "not to read too much into" the results, while at the same time noting the drop "was the largest in 31 years." It concludes, "Anyone concerned with education, national competitiveness and the prospects for the next generation should also take to heart the board's worry: that high school students' skills aren't moving in the right direction."

Hourly Pay For Primary Care Doctors Suggested. In a New York Times op-ed (8/30), physician Robin Cook says, "Ten-plus years ago primary care was lauded as the potential rescuer of a health care system in chaos. Primary care doctors, it was hoped, would fix what had become an expensive, fragmented specialty system geared toward treating emergencies and episodes of acute illness." But "unfortunately, primary care has not flourished, and the ranks of primary care doctors are thinning. As reported in a series of articles in The Annals of Internal Medicine in 2003, medical students are shunning residencies in primary care, and primary care doctors are migrating to other careers or retiring early. Many who have remained in primary care are…dispirited, disgruntled and disillusioned." The solution is to "make primary care a more manageable business by changing the way we pay for it. Primary care doctors should be paid by the hour."

Medical Cost "Transparency" Seen As Unlikely To Hold Down Costs. In a USA Today op-ed (8/30), Steffie Woolhandler and David Himmelstein, co-founders of Physicians for a National Health Program, say, "Nearly 47 million Americans are uninsured, and millions more have coverage so skimpy that a major illness would bankrupt them. Yet President Bush apparently thinks Americans are too well-insured. He's pushing health savings accounts — a plan to make the sick pay thousands from their own pockets before insurance kicks in. And the fig leaf for his soak-the-sick scheme is 'transparency.' Just make hospitals and doctors post their prices, he says, and the market will magically cut health costs. The president's scheme will drive millions more into medical poverty, but it won't hold down costs." The "steep out-of-pocket costs have little impact on overall spending. They discourage preventive care such as immunizations but don't affect the real cost driver -- expensive illnesses that afflict only 20% of Americans each year but account for 80% of spending."

Lack Of Cost Information Said To Limit Health Care Providers' Accountability. USA Today (8/30, 2.27M) says in an editorial, "No sensible consumers would purchase a new car or refrigerator without knowing the price, or without

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asking a few questions about reliability. Yet they'll undergo cardiac surgery or a hip replacement with little thought of the actual cost of treatment, and with virtually no information about their hospital's track record with that procedure." Unlike "restaurants, hospitals don't list prices on a menu. Perhaps it's time they did. Traditional insurance, whether government- or employer-based, shields patients from the true costs of care. If someone else is paying most of the bill, patients have little incentive or ability to demand lower prices. Hospitals and doctors face little pressure to publicize their fees or to lower them."

Kummant To Head Amtrak. The New York Times/AP (8/30) reports Amtrak's board of directors "announced that it had chosen Alexander K. Kummant, a veteran rail and industrial executive, as its new president and chief executive. Mr. Kummant will assume the job on Sept. 12. He will succeed David L. Gunn, who was fired in November in a dispute over reorganizing the company."

The Washington Post/AP (8/30, D2, De La Cruz) also reports, "Amtrak supporters, who have accused the Bush administration of trying to dismantle the railroad, reacted cautiously to Kummant's appointment." Sen. Charles Schumer said, "It's good they finally appointed someone, but given this administration's record on Amtrak, we need to know whether he was brought in to build up Amtrak or tear it down."

Perry Orders Special Election For DeLay's Seat On Same Day As General Election. The AP (8/30) reports, "Gov. Rick Perry on Tuesday ordered a Nov. 7 special election to temporarily replace resigned US Rep. Tom DeLay, a date that coincides with the general election." In the general election, Nick Lampson "is the Democratic candidate. Republicans have thrown their support to Houston City Councilwoman Shelley Sekula-Gibbs as a write-in candidate after the courts refused to remove DeLay name from the ballot. Sekula-Gibbs' name will appear on a list of approved write-in candidates posted in voting booth. For the special election, candidates have until 5 p.m. Friday to pay a $3,125 filing fee and submit their paperwork to run." Lampson said that "he intends to file for the special election."

The New York Times (8/30, Blumenthal, 1.21M) reports, "Just when it looked as if the Texas race to fill Tom DeLay's vacant House seat could not get any weirder, it did." The special election "will fill Mr. DeLay's unexpired term until January." Sekula-Gibbs "said she would run in the special election. That means she will be on the ballot in the special election, but not in the general. Although some Republican strategists said that could leave voters hopelessly confused, Dr. Sekula-Gibbs, a dermatologist and member of the Houston City Council, said she believed that voters could cope with it."

Cheney Says Democrats Would Weaken Anti-Terror Measures, "Give Up The Fight" In Iraq. The Lincoln Journal Star (8/30, Walton) reports, "The Bush administration will 'keep national security at the top of the agenda this election year,' Vice President Dick Cheney told a Republican audience Tuesday" in Nebraska. Some Democratic leaders, he added, "want to weaken the tools the administration uses to identify and track terrorists, Cheney said, while others would 'give up the fight (and) retreat' from Iraq." Cheney also said "President Bush will rely on commanders in the field to determine the troop levels 'needed for victory' in Iraq…rather than listen to polls or 'artificial timelines set by politicians in Washington, D.C.'" Cheney's "four-hour visit to Nebraska dramatized his tie between election-year politics and the war on terror. After addressing a fund-raising reception for Rep. Jeff Fortenberry in downtown Omaha, the vice president journeyed to nearby Offutt Air Force Base to thank the troops for their military service."

Bush To Attend Fundraiser For Talent. The Fort Wayne Journal Gazette (8/30, 77K) reports, "President Bush will return to Missouri next week to appear at another fundraiser for Republican Sen. Jim Talent. The Sept. 8 event will be held at the Kansas City home of Scott Ward, co-president of Russell Stover Candies. Tickets cost $1,000 each." The visit "comes one day before former President Bill Clinton travels to St. Louis to speak at a fundraising brunch for Claire McCaskill, Talent's Democratic opponent."

FEC Blocks GOP Proposal To Relax Rules On Interest Group Ads. The New York Times (8/30, Phillips, 1.21M) reports a Republican-backed "proposal that would have allowed unrestricted spending on advertisements by interest groups during this fall's midterm election season was blocked Tuesday when the Federal Election Commission split evenly along party lines over the issue, shelving the plan for this campaign." Corporations, nonprofit groups and labor unions "have been prohibited under the McCain-Feingold campaign finance law from paying for commercials that name political candidates during specific periods of time before elections. Since the law was enacted, they could raise money and spend it on behalf of candidates only if they formed political action committees that could not accept more than $5,000 a year from individual donors."

FEC Rules Millionaire's Amendment Doesn't Apply To Cantwell. The New York Times/AP (8/30) reports Democratic Sen. Maria Cantwell of Washington "will have to abide by campaign finance limits even though her Republican rival, Mike McGavick, donated $2 million to his campaign, the Federal Election Commission ruled." In a

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unanimous decision, "the commission said the so-called millionaires' amendment, which lifts donation limits for anyone facing a candidate who self-finances a campaign, applies only to Mr. McGavick's Republican primary opponents, not to Ms. Cantwell, a Democrat. The decision means Ms. Cantwell will have to stick to the limits, at least until the Sept. 19 primary."

With Polls Showing Virginia Race Close, DSCC To Fund Webb Campaign. The Richmond Times-Dispatch (8/30, Hardin, Shapiro) reports that with three polls "showing the U.S. Senate race close after George Allen's alleged racial remark, national Democrats yesterday pledged dollars to Jim Webb." A recent Zogby International poll "gives Webb, once a long shot, a statistically insignificant lead over the Republican incumbent, who has been sidetracked for two weeks for addressing a Webb volunteer staff member of Indian descent as 'macaca.'" Sen. Charles E. Schumer, Chairman of the Democratic Senatorial Campaign Committee, "said his group -- the political arm of the Senate Democratic Conference -- will donate an unspecified amount to Webb."

Cardin Boosts Lead Over Mfume To 13 Points In Independent Poll. The Washington Times (8/30, Miller, 88K) reports a Gonzales Research & Marketing Strategies poll shows Rep. Benjamin L. Cardin has "increased his lead in the contest for the Democratic nomination in Maryland's U.S. Senate race and likely Republican nominee Lt. Gov. Michael S. Steele remains highly competitive in any general election matchup." Likely voters "now favor Mr. Cardin over ex-Rep. Kweisi Mfume, a former National Association for the Advancement of Colored People president, by 43 percent to 30 percent." In the general election, "the poll found Mr. Steele trailing Mr. Cardin 44 percent to 39 percent and beating Mr. Mfume 42 percent to 38 percent." However, Josh Rales "garnered just 6 percent of the Democratic primary vote in the poll, despite spending more than $4.4 million -- most of it from his personal fortune from real estate investments -- saturating the state with his TV ads since June."

Kemp To Campaign For Lieberman As Inouye Endorses Lamont. The AP (8/30) reports, "Jack Kemp will hit the campaign trail with a fellow former vice presidential candidate from another party: Sen. Joe Lieberman." Lieberman "said Tuesday that Kemp, a Republican former congressman and US housing secretary, telephoned to offer support to his independent campaign, which the three-term senator began after losing the Democratic primary to Greenwich businessman Ned Lamont. No date for the visit has been set." Meanwhile, another AP story (8/30, Miga) reports Democratic Sen. Daniel Inouye "said Tuesday he is supporting Ned Lamont over…Lieberman because of the Connecticut lawmaker's contention that the Democratic Party doesn't stand for mainstream America." Inouye, "who campaigned in Connecticut for Lieberman prior to the Aug. 8 primary, issued a statement endorsing Lamont and citing Lieberman's recent criticism of the party."

The New York Times (8/30, Medina, 1.21M) reports that in a statement from Inouye's office said, "After the primary, Senator Inouye was most disappointed and unhappy when Senator Lieberman remarked that the Democratic Party no longer represented the mainstream of America, and that the Democratic Party had lost its values. I am a proud Democrat." It was "not clear which remarks Mr. Inouye was referring to, and his aides could not cite a specific example."

Schumer Predictions On Senate Contests Called "Overly Exuberant." Dana Milbank, in his "Washington Sketch" column in the Washington Post (8/30, A2, 748K) reports, "Those who handicap Senate races say the Democrats could gain four or five seats -- just short of the six needed to gain control of the chamber. But the irrepressible" Sen. Charles Schumer, "whose position requires a certain amount of cheerleading, yesterday outlined a November conquest in which Democrats pick up nine seats. 'We're doing amazingly well and better than we ever thought,' he pronounced." Milbank adds, "Amid such unbounded optimism, it would have been churlish to point out that the experts regard this as overly exuberant. While political forecasters such as Charlie Cook and Stuart Rothenberg have switched in the past few weeks to predicting a Democratic takeover of the House, there are no such forecasts for the Senate."

Trial Lawyer Ads Target Vulnerable Republicans. The AP (8/30, Kuhnhenn) reports the Association of Trial Lawyers of America "on Tuesday launched a $500,000 television and radio ad campaign in five congressional districts blaming GOP lawmakers for not seeking lower prices for the Medicare prescription drug program." The ad campaign "targets Republican House members from Pennsylvania, Indiana, New Mexico, Ohio and North Carolina. The ads accuse the lawmakers of blocking provisions that would have required Medicare to negotiate with drug companies for the best prescription cost." A series of radio ads by the association "also criticizes the lawmakers for accepting contributions from the oil and gas industry, suggesting that their inaction contributed to high gas prices." The ads target Republicans Reps. Heather Wilson of New Mexico, Deborah Pryce of Ohio, Chris Chocola of Indiana, Charles Taylor of North Carolina and Don Sherwood of Pennsylvania.

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McCain Trying To Dispel Concerns About Age. CNN's The Situation Room (8/29, King) reported Sen. John McCain is "spending his 70th birthday in Montenegro as part of a five-country, ten-day trip with Senate colleagues. And it's that kind of image -- someone who is always on the go -- that McCain is eager to cultivate as he gears up for a probable presidential run and faces questions about whether he's up to the challenge." Just "how old is John McCain? Get used to hearing this…" McCain: "I am older than dirt, I have more scars than Frankenstein, but I have learned a few things along the way." CNN added, "One lesson, try to turn a potential liability -- age -- into a self-deprecating punchline, much like the role model he'd like to replace in the history books." Ronald Reagan "was 69 years, 349 days old, when he took office in 1981. McCain would be 72 years, 144 days old, on Inauguration Day 2009. Reagan's former chief of staff says judge McCain by how he acts, not his age." Former Reagan Chief of Staff Kenneth Durberstein was shown saying, "You don't all of a sudden start covering yourself with a blanket and having tea at 2:00 in the afternoon just because you are 70 years old."

Warner Worries Democrats Limit Sectional Appeal. The AP (8/30, Glover) reports that during an Iowa visit, Democrat Mark Warner, the former governor of Virginia and "a potential 2008 presidential candidate, voiced growing concern Tuesday with his party's electoral strategy, arguing that Democrats' willingness to write off sections of the country could make it nearly impossible to win the White House." Warner said, "I got pretty frustrated after 2004. We are making a mistake if we put up candidates that are only competitive in 16 states and then we roll the dice and hope we win Ohio or Florida." The AP adds Warner "insisted he wasn't being critical of 2004 Democratic nominee John Kerry, whom he called 'a very strong candidate.' But Warner said Democrats must stop conceding entire regions of the country." Warner said, "We do our party and the country a disservice if we're not competitive in the South and the balance of the Midwest. I'm disappointed in campaigns that write off the South and leave behind wide swaths of our country." The AP adds Warner "has been focusing on his core appeal to Democratic activists who are hungry for a nominee who can win back the White House after two losses to President Bush."

Frist May Not Have Met Requirements To Keep Medical License Active. The New York Times/AP (8/30) reports Senate Majority Leader Bill Frist "acknowledged Tuesday that he may not have met all the requirements needed to keep his medical license active — even though he gave paperwork to Tennessee officials indicating that he had." Tennessee "requires its licensed physicians to complete 40 hours of continuing medical education every two years. Frist, a heart-lung surgeon who is considering a 2008 presidential run, submitted a license renewal with the Tennessee Health Department stating he has fulfilled that requirement." A Frist spokesman "said the Republican senator may not have done his continuing education after all, and had contacted the Tennessee Board of Medical Examiners to see if corrective steps were necessary."

Pension Reform Law Prompts More Employers To Offer 401(k) Advice. The Wall Street Journal (8/30, Opdyke, Laise, 2.03M) reports the Pension Reform Act "that President Bush signed into law earlier this month encourages employers and the financial-services firms that administer their 401(k) retirement plans to introduce advice services. The idea is to help workers navigate the myriad investment choices in many of these plans. Along with the amount of money an employee sets aside from each paycheck, the investment decisions he or she makes will help determine how much savings will be available for retirement." Many of the "new services are expected to be online computer programs, though experts say these are less effective than face-to-face sessions with an adviser at encouraging people to save more and diversify their assets. But the more-personalized services cost more. They also present potential conflicts of interest for larger firms that manage their own mutual funds."

Democratic Criticism Of Wal-Mart Seen As Diversion. In his Washington Post column (8/30, A19), Robert J. Samuelson says, "It's not surprising that, as the New York Times reports, leading Democratic politicians have latched on to bashing Wal-Mart as a 'new rallying cry' that 'could prove powerful in the midterm elections and in 2008.' America's political culture routinely demands at least one hideous corporate villain. In recent decades that role has fallen to General Motors, IBM, Exxon Mobil and Microsoft; now Wal-Mart has assumed the mantle. But these wishy-washy politicians have missed the obvious solution to the Wal-Mart problem: nationalization." Congress "should just buy the company and then legislate good behavior." But under Congress, Wal-Mart "would deliver more political benefits to favored constituencies -- workers, suppliers, competitors -- and fewer to the public. Retail prices would be the biggest casualty. Scholarly studies show Wal-Mart's price reductions to be sizable." These "cuts have significantly raised living standards. How much is unclear." No company "should be above public scrutiny. But much of the political criticism of Wal-Mart is shallow and, if followed, undesirable." The criticism of Wal-Mart, "though a tempting target as a

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symbol, is mostly a diversion from weightier issues where what politicians do really matters."

Rice Says Solution To Terrorism Is Transforming Middle East. AFP (8/30) reports, Secretary Rice "warned against a premature withdrawal of US forces from Iraq, saying it would encourage extremists at an 'immeasurable' cost." She is quoted telling the American Legion convention in Salt Lake City, Utah, "If we abandon the Iraqi people before their government is strong enough to secure the country, then we will show reformers across the region that America cannot be trusted to keep its word." She "said a premature pullout will 'embolden extremists and enemies of moderation and of democratic reform.'"

Fox News Special Report With Brit Hume (8/29, Rosen) reported, "Addressing the American Legion in Salt Lake City, Secretary of State Rice did not mention Iran by name but she sought to rally support for the Bush Administration broad effort to promote Democracy in the Middle East, where Tehran's influence is so readily, and alarmingly, apparent." Rice: "If you believe, as I do, and as President Bush does, that the root cause of September 11 was the violent expression of a global extremist ideology, an ideology that thrives on the oppression and despair of the Middle East, then we must seek to remove this source of terror by helping the people of that troubled region to transform their countries and to transform their lives."

IAEA To Disclose New Iranian Enrichment Program. The Washington Post (8/30, A12, Linzer, 748K) reports Iranian "nuclear specialists have begun enriching a new batch of uranium in an apparent act of defiance just days ahead of" the deadline for enrichment suspension. The IAEA intends "to formally disclose the new enrichment work, as well as additional Iranian nuclear advances, in a report due out [Thursday]." The Post's source "stressed that the Iranians are working at a slow pace with small quantities of uranium, and that they are enriching the material to an extremely low level that could not be used for nuclear weapons. Still, it is unlikely that the Iranians will stop the work in time to meet the Security Council's deadline." Undersecretary Burns is quoted saying, "We've seen no indication that Iran intends to comply with the U.N. Security Council's condition of suspending its nuclear program. Should it not comply by Thursday, and should the IAEA report confirm Iran's continued efforts to enrich uranium, the U.S. will move to begin sanctions discussion at the United Nations, and we expect a sanctions resolution to be passed."

Sanctions Resolution Could Be Delayed Two Weeks. The AP (8/30, Wadhams) reports remarks by UK PermRep Emy Jones-Parry that the UNSC "will need until mid-September before acting on its threat to punish Iran if Tehran's leaders flout a Thursday deadline to suspend uranium enrichment as is widely expected." That "prediction seemed to rule out the immediate threat of sanctions against Iran if it disregards the council's demands — spelled out in a resolution adopted this month — to suspend enrichment by Thursday. Iran has already said it would reject the deadline." Jones-Parry "said that before it can act, the Security Council will need to receive a report from the [IAEA] on Iran's compliance with the resolution." The AP adds, "Another obstacle to quick action will be the language that will have to be worked out in the resolution. Russia, whose support for sanctions is essential, has publicly counseled patience with Iran — a possible signal of reluctance to go along with the U.S."

Deadline Said Likely To Pass Without Immediate Action. Calling the "likely" US plan for Iran "Go Slow," the Christian Science Monitor (8/30, LaFranchi, 58K) reports, "Expect Thursday's deadline for Iran to stop enriching uranium to pass with more of a whimper than a bang. As the United States experiences what one observer calls 'confrontation fatigue,' and as international unity against a nuclear-armed Iran threatens to splinter under pressure, quick action against Iran is not likely - even though the Iranian leadership continues to taunt the West with rhetorical jabs." The Monitor cites analysts predicting that "patient and methodical will win out…because the US wants to preserve the semblance of international unity against Iran as long as possible." And, the Monitor says, "the likelihood of getting any sanctions soon - or any other meaningful action to pressure Iran - is not very good" because Moscow and Beijing "have cooled to such a step, which they ostensibly supported just weeks ago." Furthermore, the Israel-Hezbollah conflict "has diverted Western attention, put the wind in Iran's sails, and helped elevate the question of Iran's nuclear program to a topic of debate in the Muslim world. And it's not a debate that international powers are anxious to enter and lose in the eyes of Muslim populations - thus the likelihood of a reasoned and methodical approach."

Ahmadinejad Asks Bush To Debate, Gets Tough Questions At Press Conference. The New York Times (8/30, Slackman, 1.21M) reports extensively on President Mahmoud Ahmadinejad's Tuesday press conference. He "meant to use Tuesday to focus attention on his challenge to the president of the United States: a face-off in a live televised debate. But at a freewheeling two-hour news conference, [he] also found himself challenged by local reporters who questioned the government's economic program and its tolerance of a critical press." The Times says the event "offered a window into one of the many contradictions of Iranian politics and governance: even as the government grows more authoritarian, it is openly criticized and challenged on its performance." Ahmadinejad "used the opportunity to continue Iran's defiant posture toward the West

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— the United States and Britain in particular. He made it clear that Iran would not meet the deadline and that it would risk sanctions." Later, the session "veered off into an unruly question-and-answer session, with reporters praising the president, questioning him and some jumping from their seats demanding that their questions be taken. The president politely admonished one reporter, saying he needed to behave better."

The AP (8/30, Dareini) says Ahmadinejad "challenged President Bush to a televised debate, a proposal the White House immediately dismissed as a 'diversion.'" He "said no one can prevent Iran from pursuing what he called a peaceful nuclear program — not even U.N. Secretary-General Kofi Annan, who was expected to visit here Saturday." His "latest show of defiance seemed to solidify the country's determination to snub the Security Council, following a string of war games and uncompromising public statements this month on the nuclear standoff. But whether the U.S. can muster enough support on the 15-nation council to impose economic or political sanctions remains in question." The Washington Times/AP (8/30, Dareini) runs the AP story.

The Financial Times (8/30, Smyth) says Ahmadinejad "gave a press conference mixing camaraderie, defiance and homespun philosophy." After issuing his debate challenge to Bush, he "suggested the" Security Council "was allowing the US and Britain to use the body for their own interests." He "showed no concern at the looming deadline, nor at Washington urging the security council to impose sanctions if Iran does not suspend enrichment."

Carter Likely To Meet With Khatami. The Washington Post (8/30, A13, Wright, 748K) reports, "For an event that would turn a page in American history, former president Jimmy Carter has agreed in principle to host former Iranian president Mohammad Khatami for talks during his visit to the United States starting this week." The Post notes, "Despite mounting tensions between Washington and Tehran over the latter's nuclear program, the Bush administration issued a visa for Khatami yesterday, as well as for about a dozen family and staff members, for a visit lasting about two weeks, the State Department confirmed. Khatami is expected to arrive in the United States tomorrow." Khatami is scheduled to speak at the National Cathedral on September 7, and may also speak "at the University of Virginia and to an Islamic group in Chicago. He may also pay a private visit to Thomas Jefferson's home at Monticello, according to sources familiar with his trip. He will begin his visit in New York at a U.N. conference on the dialogue of civilizations." The Post adds, "Talks between Carter and Khatami, if they materialize, would be politically poignant."

Ignatius Says "Master Performer" Ahmadinejad Will Continue To Manipulate Crisis. In his column in the Washington Post (8/30, A19, 748K), David Ignatius says Ahmadinejad is playing a "high-stakes game" with the international community. "He has moved boldly -- recklessly, it seems to Americans -- into the international traffic flow. He keeps revving his motor, and it looks as if he and the West might be heading for a dangerous crackup over Iran's nuclear program. Will there be a collision, or will leaders produce a compromise at the final instant?" Ignatius calls the Iranian president "the unpredictable factor in this game of brinkmanship." His "is a formidable politician" whose "hard edge is never far away." He concludes, "If Ahmadinejad behaves like most local drivers, he will go as far and fast as he can. It's only when the fender is about to be crushed that he will put on the brake. That's why this crisis is so dangerous -- it's easy to miscalculate when nobody knows the rules of the road."

Pakistani Government Faces Increasing Political Pressure. The New York Times (8/30, Gall, Masood, 1.21M) reports, "The government of Pakistan came under mounting political pressure on Tuesday as rioting continued for the third day in Baluchistan after the killing of a prominent rebel tribal leader, and Prime Minister Shaukat Aziz faced a no-confidence vote lodged by an alliance of opposition parties." The no-confidence vote against Mr. Aziz failed, "garnering only 136 votes of the 172 needed to pass the measure in the 342-member Parliament. But the vote was seen as an opening maneuver by the opposition alliance in a contentious atmosphere ahead of elections in 2007.

Annan Lauds Lebanese Commitment, Asks Israel To End Blockade. The New York Times (8/30, Hoge, 1.21M) reports UN Secretary-General Kofi Annan "came to Israel late Tuesday after two intensive days in Lebanon that he said had convinced him the Lebanese were serious about preserving the cease-fire and moving to a permanent peace." Beirut is "committed, he said, to 'the idea that you cannot have a state within a state but have to have one authority, one law and one gun.'" Annan "said he hoped to speed the departure of remaining Israeli troops from southern Lebanon by getting an international force of at least 5,000 in place as soon as possible." For its part, Beirut "urged" Annan "to press the Israelis to lift a sea and air blockade that is inhibiting the country's restoration." Annan is quoted saying, "I think the time has come for the siege to be lifted. The Lebanese have shown they are serious about the implementation of 1701 in all the deployments and efforts they have made."

The AP (8/30, Teibel) says Annan "called Israel's air and sea blockade of Lebanon a 'humiliation' Tuesday and demanded it be lifted. But Israel said it first needed assurances that forces deployed on the border can stop weapons shipments to Hezbollah." Those differences are "the latest threat to the fragile cease-fire." Annan added, "We

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need to resolve the issue of the abducted soldiers very quickly. We need to deal with the lifting of the embargo — sea, land and air — which for the Lebanese is a humiliation and an infringement on their sovereignty." He also "said Israel was responsible for most of the violations of the cease-fire and appealed for everyone to work together to ensure peace holds and 'not risk another explosion in six years or 20 years.'" Annan asked Israeli Prime Minister Amir Peretz to end the blockade "as soon as possible in order to allow Lebanon to go on with normal commercial activities and also rebuild its economy." The Washington Times/AP (8/30, Teibel) runs the AP story.

Indonesia Could Be Significant Troop Contributor To Border Force. The Wall Street Journal (8/30, Solomon, 2.03M) reports comments from Indonesian Defense Minister Juwono Sudarsono that Jakarta "is near agreement with the United Nations on sending 1,000 peacekeepers to Lebanon for the peacekeeping force aimed at policing the cease-fire." He "said that he anticipates an announcement from the U.N. on Indonesian participation in the mission 'within days,' and that he is expecting to deploy a fully mechanized company to Lebanon's south." He later added that he "expects Muslim-majority Malaysia to send 1,000 troops, and that Bangladesh and Nepal were other likely participants." The Journal notes Tel Aviv expressed concern earlier because Jakarta does not have diplomatic relations with Israel.

Lebanon International Aid Conference Opens Tomorrow. The Financial Times (8/30, Khalaf, Biedermann) reports Beirut "will seek hundreds of millions of dollars in emergency relief and early reconstruction assistance from a conference of international donors in Stockholm on Thursday, as the country starts to rebuild after 34 days of war." Finance Minister Jihad Azour "said Lebanon needed between $400m (€314m, £212m) and $500m in short-term assistance for the quick rehabilitation of infrastructure and schools, social projects for vulnerable groups, and assistance in de-mining border areas." The Times says the "conference is expected to bring together more than 60 governments and organisations from the US, Europe, Asia and the Arab world to consider Lebanon's needs after the" recent conflict. The Times notes positively, "The economy has proved resilient to shocks in the past. But whether or how fast economic confidence can be restored hinges on progress in implementing the UN ceasefire resolution and maintaining domestic stability in the face of deep political divisions between Hizbollah and the parliamentary majority which dominates the Lebanese government."

Jesse Jackson Told Kidnapped Israeli Soldiers Are Alive. The AP (8/30, Ghattas) reports the Rev. Jesse Jackson "said Tuesday that two Israeli soldiers who were captured by Hezbollah…are reportedly alive, as is a third soldier seized earlier by Palestinian militants." Jackson "said he received the information in meetings Monday in Damascus with Syrian President Bashar Assad and Khaled Mashaal, political leader of Hamas." Prime Minister Ehud Olmert's office "said Jackson was 'not the first international figure to have been told so, though he is the first Westerner that I can recall that actually sat down with Khaled Mashaal.'" Jackson "said Syria…wanted to be involved in a prisoner swap that included the three Israelis and Syrian nationals detained by Israel in the Golan Heights." He "is leading a 10-member ecumenical delegation on a visit to the region to meet with political and religious leaders."

Treasury Freezes Assets Of Hezbollah-Linked Group That Raised Money In Detroit. The Washington Post (8/30, A13, Kessler, 748K) reports the Administration "moved yesterday against a key fundraising arm of Hezbollah, …ordering a freeze on its assets in the United States and making it illegal for Americans to contribute to the organization." The designation of the Islamic Resistance Support Organization (IRSO) "was intended in part to demonstrate the link between Hezbollah and terrorist activities. The Treasury Department released copies of a receipt issued by the group to a donor, which on the back listed projects such as 'collection box project for the children and homes,' 'contribution to the cost of a rocket' and 'contribution to the cost of bullets.' The donor, whose name was redacted, used ink to signal his interest in helping fund a rocket." IRSO promotional literature "depicted coins going into a mosque, similar to the Dome of the Rock in Jerusalem, and emerging as rockets aimed at a battered Star of David. The Web site said that the group primarily raises money from Shiite communities in the Persian Gulf but has also raised money in the Detroit area."

The AP (8/30, Aversa) says the Administration "took steps Tuesday to financially isolate a Lebanese organization for allegedly funneling money to Hezbollah to bankroll terrorist acts." The designation of the IRSO "means any of the group's assets found in the United States must be frozen. Americans also are prohibited from giving money to the group." Treasury's statement is quoted saying, "Solicitation materials distributed by IRSO inform prospective donors that funds will be used to purchase sophisticated weapons and conduct operations. Indeed, donors can choose from a series of projects to contribute to, including, supporting and equipping fighters and purchasing rockets and ammunition."

Criticism Of Olmert's Prosecution Of War Continues. The Washington Times (8/30, Mitnick, 88K) reports Israel's "bitter domestic debate" about the handling of the conflict "shows no signs of slowing, despite embattled Prime Minister Ehud Olmert's call for a limited commission to review the government's handling of the conflict." The public "recriminations have targeted both Mr. Olmert and top commanders of the Israel Defense Forces." The Times notes some "Israelis said the country does not need to wait for Mr. Olmert's investigation, proposed Monday, to accept the

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resignation of top leaders for failing to deliver the decisive military victory they promised over Hezbollah." One Knesset Member is quoted saying Olmert "wavered and faltered in every step of this war," and "the way in which he conducted this war brings shame to his office." The Times adds, "Criticism in Israel's freewheeling press has also been harsh. Attila Somfalvi, a columnist with the newspaper Yediot Ahronot, said the main desire among ordinary Israelis today was for 'revenge' against the country's leadership."

Human Rights Lawyer Defends Research Suggesting Israeli War Crimes In Lebanon. In an op-ed in today's Washington Post (8/30, A19, 748K), lawyer and Human Rights Watch board member Kathleen Peratis defends HRW's report earlier this month "charging Israel with war crimes in its conduct of the war in Lebanon." Critics of the report and similar works "have not merely deployed the common defense of accusing the accusers of getting the facts wrong. They have gone much further and accused the accusers of bad intent." Peratis says "it will not do" to respond to the work "by accusing Human Rights Watch or its executive director…of anti-Semitism (or other bad motives) and let it go at that. Indeed, the critics barely mention, much less discuss, the 24 incidents described in the report." She summarizes the criticisms of the report by saying, "In other words, if the 'overwhelming price' Israel causes the enemy to pay is indiscriminate under the rules of war, Israel must do it anyway. And Human Rights Watch is worse than naive to expect otherwise." She continues, "I don't think" critics "who want selective exemption of Israel from the rules of war have faced the implications of getting what they wish for, such as: Who will decide when the law can be ignored? And: If the law is mowed down, where will we find refuge when the devil turns on us?" In conclusion, she notes, "Israel's strength lies not only in its might but in its moral principle, which it should not abandon, even in a time of war."

Bush Offers To Meet Sudan's Bashir At UN General Assembly. The Washington Post (8/30, A20, Kessler, 748K) reports President Bush "has proposed meeting with" Sudanese President Omar Hassan al-Bashir "as an incentive for Bashir to lift his adamant opposition to the" transition of the African Union force in Darfur into a UN force. "The offer of a high-profile meeting on the sidelines of next month's U.N. General Assembly debate was made yesterday by Assistant Secretary of State Jendayi E. Frazer in a meeting with Bashir in Khartoum." The White House "did not respond to a request for comment," but "some analysts doubted Bashir would be impressed by the offer."

Frazer Leaves Khartoum Without Deal On Darfur Force. The New York Times (8/30, Polgreen, 1.21M) reports Assistant Secretary of State Jendayi Frazer, who was "sent to Sudan to seek an understanding on a United Nations force to calm the conflict in the troubled Darfur region, left Khartoum on Tuesday without an agreement from" Bashir. She "waited two days to meet Mr. Bashir, extending her trip by a day after Mr. Bashir sent word that he was too busy to meet her. The meeting did finally take place, but appeared to have produced no change of heart from Mr. Bashir, who has said that United Nations troops will be seen as occupying forces and that Sudan's military will fight them." Embassy Khartoum spokeswoman Katharine Moseley is quoted saying, "They met, and she has left." Frazer "did not speak to reporters, boarding a plane within 30 minutes of her meeting with Mr. Bashir."

The AP (8/30, Osman) reports Bashir, in public remarks before meeting Frazer, "accused the United States and Britain Tuesday of conspiring against his country as diplomats at the United Nations said Washington and ally London want the Security Council to adopt" the Darfur force transition resolution "in two days." Ambassador Bolton "said the council does not need Sudan's acceptance to pass the resolution. The document would allow the Security Council to carry out much of the planning and logistical work for a U.N. handover even as diplomacy continues to win over al-Bashir."

AFP (8/30) carries remarks by State Department spokesman Tom Casey that Bashir "will send a representative to Washington in the near future to respond to" President Bush's message. Casey is quoted saying, "President Bashir has said, in response to the message from the president, that he would be sending an envoy to Washington and that he would then provide a direct response to that message at that time."

WPost Says Press Blackout Is Motivation For Salopek's Trial. In an editorial, the Washington Post (8/30, A18, 748K) calls the espionage charges against Chicago Tribune reporter Paul Salopek "preposterous." It "is plain that [he] isn't a spy," and Khartoum is pursing the case in the belief that, "if it can discourage reporters from visiting, it can diminish worldwide attention to government-caused suffering in Darfur." For Sudanese officials, "a press blackout now would be particularly convenient," leaving outsiders "to rely on unconfirmed, second-hand reports of refugees and misleading pronouncements from Khartoum for information on the genocide." The Post expresses "hope that quiet pressure from Assistant Secretary of State Jendayi E. Frazer…and from Sen. Barack Obama (D-Ill.) and Rep. Christopher Shays (R-Conn.), both of whom have toured Africa recently, will prevail on the Sudanese to drop their charges. If not, louder pressure from higher-ranking officials may be necessary."

US Trade Representative Encourages China To Take Leadership Role In Doha Talks. The Wall Street Journal (8/30, Batson, 2.03M) reports, "U.S. Trade Representative Susan Schwab urged China to 'step up' and

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play a leading role in resuscitating global trade talks that collapsed in July, but she received no assurance Beijing is willing to do so." She "said that 'China is an obvious potential player in this game' and has an interest in achieving greater trade liberalization." She "also said she is watching carefully to see whether an 'economic nationalist trend' could damp China's willingness to permit greater foreign participation in its domestic markets. Ms. Schwab cited government efforts to protect some domestic industries and delays in opening certain markets as issues of concern to the U.S."

China Shifts Strategy, Moves To Block Foreign Investment. The Wall Street Journal (8/30, A1, Batson, Fong, 2.03M) in a front page article reports, "China's government has been throwing up some new hurdles for foreign investors in recent months, including increased scrutiny of foreign-backed mergers and proposed restrictions in areas from banking to retailing to manufacturing." Chinese leaders insist they aren't "closing off its economy. But the new restrictions are particularly alarming for foreign companies because they stem not from some temporary interest in penalizing foreign businesses but from a broader shift in China's priorities." China currently "lets foreign businesses compete in its domestic markets to an extent that few if any developing countries have matched. Since joining the World Trade Organization in 2001, China has systematically stripped away many of the previous barriers to entry for foreign companies. … But while China continues to attract staggering amounts of new foreign investment -- on the order of $60 billion a year -- those inflows have peaked over the past couple of years and are unlikely to increase further unless a major new set of opportunities crops up."

IMF Restructuring Would Empower Developing Nations At Europe's Expense. The Financial Times (8/30, Guha) reports comments by IMF Managing Director Rodrigo Rato that China, South Korea, Turkey and Mexico "could win increases in their International Monetary Fund quotas – or shareholdings – "in a few days", as an early step towards giving big developing countries more say in the institution." Rato said the "agreement to launch a fundamental review of control and governance of the IMF was within sight, signalling the prospect of the most far-reaching reform of the fund since its foundation at the Bretton Woods conference in the US in 1944." Rato and his deputies "expected to be given a clear mandate to implement a two-stage reform at the fund's annual meeting next month in Singapore. Details of this proposal, which remain confidential, were put to the IMF's governing board last week."

The New York Times (8/30, Weisman, 1.21M) reports, "In an effort to gain Chinese cooperation on international economic issues, the Bush administration is pushing for China and other developing nations to get more power in the global institution that has played a central role in easing myriad financial crises since the end of World War II." However, that "American-led effort to increase" certain nations' "influence at the" IMF "is being resisted by several countries in Europe, which would lose power to those who would be gaining it." The Times says Washington wants the reforms "to reflect the strength of fast-growing countries in Asia, Latin America and parts of Europe so these countries have more of a stake in" the "60-year-old international" financial system.

South Korean Earthquake Center Monitors North For Nuclear Tests. The Washington Times/AP (8/30, Herman) reports, "A normally unburdened South Korean earthquake center has become the front line of the world's vigil for North Korea's first nuclear test, monitoring the peninsula's geological pulse with seismic sensors and sound detectors." It "recently was put on 24-hour watch as fears grew about a test. … Alert systems have been installed to link government institutions with the earthquake center 100 miles south of Seoul."

Human Rights Groups Alarmed By Conduct Of Chechen Security Forces. The New York Times (8/30, Chivers, 1.21M) reports that "recent brutish acts and instances of religious policing, raise questions about Chechnya's direction." The Times notes, "Since 2004, the war in Chechnya has tilted sharply in the Kremlin's favor, as open combat with separatists has declined in intensity and frequency. Moscow now administers the republic and fights the remaining insurgency largely through paramilitary forces led by Ramzan A. Kadyrov, the powerful young Chechen premier." Yet, "some of Chechnya's indigenous security forces…have demonstrated the vicious behavior that Russia has said its latest invasion of Chechnya, in 1999, was supposed to stop."

Putin Funds New Opposition Alliance. The Washington Post (8/30, A12, Finn, 748K) notes President Vladmir Putin's "powerful and pro-Kremlin United Russia party has a new opponent -- one, however, that bears all the marks of a Kremlin creation." The Motherland Party , the Party of Life and the Party of Pensionsers merged yesterday following "a series of meetings between the leaders and…Putin, who blessed a venture that appears designed to leave him with loyalists on both sides of the Russian political aisle." The move "offers new evidence of the Kremlin's intolerance of political pluralism or democratic competition in any kind of undirected manner." The new grouping "says it wants to become the country's largest opposition group after elections in 2007" but "also swears fealty to the president." The Post cites analysts who believe Putin wants the new

DOJ_NMG_0055441

alliance to "form the basis of a nominally two-party system in parliament" that "will give voters an alternative to United Russia and siphon off votes from the Communist Party and others while remaining subservient to the presidential administration."

LATimes Urges Democratic Reformers In Mexico To Oppose Obrador. The Los Angeles Times (8/30, 918K) in an editorial warns "A coup d'etat is brewing in Mexico. Even as he runs out of legal ways to challenge the July 2 presidential election results, the contest's sore loser, Andres Manuel Lopez Obrador, is planning to proclaim himself president and establish a parallel 'people's government' on the national Day of Independence, Sept. 16." But there's "been no convincing proof of any widespread fraud" and "it's time for democratic voices on the left in Mexico to distance themselves from Lopez Obrador's destructive coup attempt. The likes of Cuauhtemoc Cardenas, the PRD's founder who probably was victimized by electoral fraud in his 1988 bid for the presidency, should say basta and encourage everyone to respect the election's outcome."

WSJournal Urges Democrats To Support Provision Of African Textile Free Trade Act. The Wall Street Journal (8/30, 2.03M) editorializes, "Senator Bill Frist is trying to renew part of the African Growth and Opportunity Act (AGOA), which since 2000 has provided duty-free access to the U.S. market for substantially all products from most sub-Saharan countries." It "doesn't expire until 2015 but its textile provisions are set to expire in 2007. … If this provision lapses, Africa could lose 150,000 jobs." But Democratic support is not "a sure thing." For example, Rep. Charles Rangel "is on record favoring a replacement for the third-country provision." His "idea is to give duty-free access to African clothing only if at least 20% of the value-added comes from Africa itself. The idea is to somehow push the region toward buying locally made fabric, creating an integrated industry." But that "isn't going to work if fabric-making is not to Africa's comparative advantage right now."

South African Leaders Accused Of Blocking AIDS Relief. Tina Rosenberg in an editorial observer op-ed in the New York Times (8/30, 1.21M) writes, "South Africa is doing AIDS treatment on a mass scale even though the health system is close to nonexistent in some areas, clinics often have few nurses and no doctors, and rich countries are luring English-speaking health workers away." Yet "top officials can take little credit. They delayed the antiretroviral rollout, threw up obstacle after obstacle and have left large pots of money unspent. The program's progress so far is really a lesson in the power of balanced government and citizens' groups."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"An Outer Space Inn: Can He Manage It?"
"Legislators OK School Plan; Gov. Vows Approval."
"Polygamist Sect Leader Captured In Traffic Stop."
"Jackpot For Indian Casinos."
"Universal Music To Offer Free Downloads."
"Rumsfeld Says Critics Appeasing Fascism."

USA Today:
"Scores For Expanded Sat Show Largest Dip Since 1975."
"Family Income Up, But Not Pay."
"Gasoline Prices Could Keep Falling."
"Alcohol And Fire A Deadly Mix."

New York Times:
"Bush Repeats Vow To Help New Orleans."
"110-Building Site In New York City Goes On Market."
"Census Reports Slight Increase In '05 Incomes."
"Broadcast Chief Misused Office, Inquiry Reports."
"Women Suddenly Scarce Among Justices' Clerks."
"In Chechen's Humiliation, Questions On Rule Of Law."

Washington Post:
"Daily Misery Has a Number: Commute 2nd-Longest in U.S."
"Iraqi Hospitals Are War's New 'Killing Fields'."
"SAT Records Biggest Score Dip in 31 Years."
"Afghans Who Fled Conflict Face Cultural Divide In U.S."
"First the Flood, Now The Fight."
"D.C. Suburbs Top List Of Richest Counties."

Washington Times:
"Bush Urges New Orleanians Home."
"Rumsfeld Slams Foes of War Tack."
"Olmert Faces Flak From Israelis for Lebanon War."
"D.C. Area Students Buck Trend On SAT."
"South Korea Quake Center Watches North."
"Little Stock In Stock Car Racing."
"Southern States Loosen Belts Another Notch."

Detroit Free Press:
"More Buyouts On Way For Ford Plant."
"More Feel Pain Of Tight Economy."
"Detroit Is Charged In Deaths Of 7 Prostitutes."
"Lives Of Katrina's Victims Honored."

Atlanta Journal-Constitution:
"State SAT Rankings Look Up."
"FAA Broke Own Rules In Tower At Lexington."

DOJ_NMG_0055442

"A Year After Katrina."

Houston Chronicle:
"Slade Back At TSU But As Teacher."
"Mourning The Dead, Praying For Rebirth."
"Atlantis Still Has A 'Fighting Chance.'"
"Texas Poverty 'Has Not Gotten Better.'"
"Mexico park makes Game Out Of Illegal Crossings."

Story Lineup From Last Night's Network News:
ABC: Katrina Anniversary-New Orleans; Bush New Orleans; Katrina Anniversary-Mississippi; Polygamist Arrested; JonBenet; Comair Plane Crash; New Orleans-Racial Tension; Musicians Return-New Orleans.
CBS: Katrina Anniversary-New Orleans; Tropical Storm Ernesto; Space Shuttle; Comair Plane Crash; JonBenet.; Rumsfeld-Iraq Critics; Sectarian Violence; SAT's Future; Rebuilding-New Orleans; Musicians Return-New Orleans.
NBC: Bush-New Orleans; Rumsfeld-Iraq Critics; Tropical Storm Ernesto; Comair Plane Crash; FEMA Funds-New Orleans; JonBenet; Polygamist Arrested; Stock Market; Bush-New Orleans.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Attends Asa Hutchinson for Governor and Arkansas Republican Party luncheon, Private residence, Little Rock; attends Bob Corker for Senate and Tennessee Republican Party Dinner, Nashville.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at a Mike McGavick for Senate breakfast. Westin Bellevue, Bellevue, Wash.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: NUCLEAR POWER _ 9:30 a.m. Platts Energy Podium holds a discussion about NRC licensing of new nuclear power plants, with NRC Chairman Dale Klein. Location: Platts/McGraw-Hill, 1200 G St. NW, 10th floor.

AMERICAN DREAM _ 10 a.m. The Change to Win organization holds a news conference to release a poll of working Americans who say they fear the ``American Dream'' is slipping away. Location: National Press Club.

MINORITY HOUSING _ 10 a.m. NAACP President and CEO Bruce S. Gordon joins National Association of Home Builders President David Pressly, NAHB Executive Vice President and CEO Jerry Howard, and HUD Assistant Secretary for Fair Housing and Equal Opportunity Kim Kendricks for a news conference on the state of minority housing. Location: National Press Club, First Amendment Room.

SPORTS-STEROIDS _ 11 a.m. Final meeting of the House Government Reform Committee Zero Tolerance Roundtable, with approval of recommendations from previous meetings concerning steroid use in sports. Location: Room 2154, Rayburn.

AFL-CIO/LABOR DAY _ 12 p.m. AFL-CIO President John J. Sweeney, other union officials, hold a Labor Day briefing to detail a $40 million member election mobilization plan. Location: AFL-CIO offices, 815 16th St. NW.

GOVERNMENT-KATRINA _ 12 p.m. The Partnership for Public Service holds a telephone briefing on government after Hurricane Katrina, featuring Donald Powell, federal coordinator for the Office of Gulf Coast Rebuilding. Contacts: Sarah Howe, 202-775-9111.

CHAO _ 12:30 p.m. Labor Secretary Chao receives the Minority Development Agency's 2006 Ronald Brown Award for advancing diversity in the domestic and worldwide economies. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: **THE ATTORNEY GENERAL AND SENIOR STAFF**

DATE: **WEDNESDAY, AUGUST 30, 2006 7:45 AM EDT**

TODAY'S EDITION

Terrorism News:

3 More Charged In Jetliner Bomb Plot (AP) 4
Britain Charges 3 More Suspects With Plotting To Bomb Airplanes (NYT) 5
Taxi Driver In London Acquitted In Terror Case (WP) 6
Judge To Rule Soon On Wiretap Lawsuit (AP) 7
Lawyers To Seek White House Documents On Alleged Phone Spying Program (AP) 7
Navy Lawyer Charged With Transmitting Secret Information (FINDLAW/AP) 8
2 Lodi Residents Refused Entry Back Into U.S. (SFC) 8
Israeli Agents To Don Disguises At Trial (AP) 10
Accused Hamas Funder's Lawyers Request A Probe (NYS) 10

Homeland Response:

Chertoff Seeks More Air Travelers Data (AP-Y) 11
Europe Pushes For Study Of Biometrics To Screen Passengers (USAT) 11
Homegrown Terror Suspects Raise Concern (AP) 12
THE SITUATION ROOM (CNN) 13
Bush Repeats Vow To Help New Orleans (NYT) 25
New Orleans Honors Its Dead (WP) 26
Reflecting On Katrina's Wrath (LAT) 28
Bush Comforts New Orleans, Urges Hope (AP) 28
Bush, Residents Of Louisiana Recall Katrina (USAT) 30
Bush Spends Another Day Consoling Those Devastated By Katrina (MCT) 30
Many Displaced New Orleans Unsure About Coming Home (NOTP) 31
Bush Urges Orleanians: 'Come Home' (WT) 33
An Anniversary With Strong Images, Sorrow, Self-Congratulation And Blame (NYT) 35
Uneasy Times For Lawyers In The Big Easy (LAW) 36
Housing Plan For Victims Retooled (USAT) 37
First The Flood, Now The Fight (WP) 38
The Legal Storm In Katrina's Wake (WP) 40
Triumph Of The Katrina Volunteers (LAT) 42
Begat, Bothered, Bewildered (NYT) 43
A City Worth Saving (USAT) 44
One Year After Katrina, The Struggle Continues (9 Letters) (NYT) 45
Tropical Storm Drenches Southern Florida (AP) 48
Floridians Brace For A Fading Ernesto (WP) 49
Ernesto Grinds Ashore In Florida (USAT) 50
Citrus Growers Brace For Ernesto And Fallout From A Depleted Crop (WSJ) 51

War News:

Gonzales: Iraq's Future Depends On Law (AP) 52
U.S. Official Discusses Law In Lawless Capital (LAT) 53
US Attorney General Discusses Interrogation Tactics In Iraq (AFP-Y) 54
AG Gonzales Sees Police, DOJ Work In Iraq (UPI/UPI) 55
A Flick Of A Lighter Kills Scores Of Gas-Looting Iraqis (NYT) 55
Rumsfeld Warns Against Appeasement (WP/AP) 56
Rumsfeld Slams Foes Of War Tack (WT) 58
Rumsfeld: Iraq Critics Morally Confused (USAT) 59
Rumsfeld Says War Critics Ignore History (NYT) 60
Rumsfeld Assails Critics Of War Policy (WP) 60
Rumsfeld Says Critics Appeasing Fascism (LAT) 61
More Sunni-Shiite Clashes Are Reported In Baghdad (MCT) 63
Dozens Found Slain Across Baghdad (WT/AP) 64
Iraqi Hospitals Are War's New 'Killing Fields' (WP) 65
Deputy PM Optimistic About Iraq Progress (AP-Y) 67
Iraq's Parties Reach Deal On Oil-sharing (FT) 68
Marine Who Led Haditha Attack Was Recommended For A Medal (WP) 68
Inside The Camp Pendleton 8 (WT) 69
18 Insurgents Killed In Afghanistan (AP) 71

Attorneys In Kentucky Want Officials Gagged In Ex-soldier's Iraq Murder Case (FINDLAW/AP) 71

DOJ:

East Arkansas' U.S. Attorney May Leave Post Soon (AP) 72

Corporate Scandals:

U.S. Agencies Open Another Investigation Into Energy Trading At BP (NYT) 72
BP's Oil, Gasoline Trades Under Investigation (PROJO/BLOOM) 73
Street Sleuth Probes Of BP Point To Hurdles U.S. Cases Face (WSJ) 74
Progress Software To Restate Financial Results Since 1995 Over Options Accounting Errors (AP) 76
Barnes & Noble Gets Options Subpoena (AP) 76
Barnes & Noble Gets Subpoena; Novell Starts Internal Options Probe DOW JONES NEWSWIRES (WSJ) 76
Sonsini On Board Of Several Companies With Dubious Stock Awards (LAW) 77
Stock Option Fiends Revealed (WSJ) 78
FBI Puts Out Alert For Exec (NSDY) 80
Judge Rules No Privilege In Enron Fraud Case (LAW) 80

Criminal Law:

First Source Of C.I.A. Leak Admits Role, Lawyer Says (NYT) . 81
Plame Out (SC) 83
Fess Up, Mr. Armitage (WSJ) 87
Polygamist Fugitive Warren Jeffs Arrested In Nevada (AP) 88
Fugitive Polygamist Leader Warren Jeffs Arrested Near Las Vegas (DESERET) 90
Polygamist Sect Leader Warren Jeffs Arrested In Las Vegas (SLT) 91
Polygamist Fugitive Jeffs Arrested With Cash, Cell Phones (ADS) 93
Polygamist Sought For Two Years Is Arrested In Nevada (WP) 94
Leader Of Polygamist Mormon Sect Is Arrested (NYT) 95
Fate Of Polygamy Sect Unclear As Leader Held (USAT) 96
Fugitive Polygamist Cult Leader Caught Near Las Vegas (LAT) 97
Polygamist Sect Leader Is Arrested In Nevada (WSJ) 98
Legal Affairs Polygamist Church Leader Arrested In Nevada (NPR) 99
FBI's 'most Wanted' Polygamist Arrested In US (IND) 99
Mormon 'prophet' Is Arrested (DAILYT) 100
Fugitive Mormon Leader's Reign Of Fear Ended By Traffic Violation (GUARD) 100
'Prophet' Nicked By Cops (SUN) 102
Polygamous Church Leader Is Arrested (TIMES) 102
Fugitive Polygamist Captured (CP) 102
Prosecutors In Colorado Defend Karr Arrest (WP) 104
District Attorney Defends Arrest In JonBenet Case (WT) 105
Boulder D.A. Defends Karr Arrest (LAT) 106
Prosecutor Defends Actions After Ramsey Case Falls Apart (NYT) 106
Why Would John Mark Karr Lie About JonBenet? (CSM) 108
Some Say Karr Links Always Looked Flimsy (USAT) 109
JonBenet (WSJ) 110
Sen. Cooper Pleads Not Guilty To Bank Fraud, Mail Fraud (CHATT) 111
Lawmaker Pleads Not Guilty To Federal Fraud Charges (CHATTTFP) 112
Senator Cooper Pleads Guilty To Federal Charges (WTVF-TV) 112
JAILED 'JUNIOR' A KING CON (NYPOST) 113
Jr. Played King Con, Feds Say (NYDN) 113
Accountant Is Key Witness At Third Trial For Gotti (NYT) 115
Leader Of Aryan Brotherhood Deserves To Live, Lawyer Says (NYT) 116
S.D. Governor Halts Execution Of Killer (AP) 117
Lawmaker's Son Reported Abducted (WT/AP) 117
AT&T Discloses Online Break-In (WSJ) 118
Another Guilty Plea In Attacks On Mall (WP) 118

Civil Law:

Schering-Plough Settles Drug Charges Case For $435 Million (BOS) 119
Schering-Plough Settles With DOJ (MRKTWTCH) 120
Schering-Plough To Pay $435 Million, Plead Guilty To Settle Probe (LAW/AP) 120
Schering-Plough To Pay 435 Mln Dlrs For US Drug Fraud (AFP-Y) 121

Civil Rights:

Federal Official Tour Training Schools (JCL) 121
Jury Deliberates In Case Of Cop Accused Of Raping Transsexual (SAEN) 122
Ken Starr Asks U.S. Supreme Court To Hear 'Bong Hits 4 Jesus' Case (LAW/AP) 123

Antitrust:

Experts Assail Deal On Wright (FWST) 123
Antitrust Experts Decry Wright Compromise (DALLASBIZ) ... 124

DOJ_NMG_0055446

Environment:

Environmental Groups Challenge New Dam Relicensing Rules (AP) 125
U.S. Readies $780 Million For Drought Aid (NYT/AP) 126
Don't Pave It Over (NYT) 126

FBI/DEA/ATF/USMS:

FBI Shows Off Counterterrorism Database (WP) 126
UPDATE: RAMPAGE VICTIMS INCLUDE TEEN, FBI AGENT (BCN) 127
HIT AND RUN: Within Half An Hour, 14 Pedestrians Picked Off One By One On Streets Of San Francisco (SFC) .. 129
Bay Area Driver Goes On Rampage (LAT) 130
Bad Heroin Led To 17 Deaths, City Says (NSDY) 132
17 New Yorkers Dead From Potent Drug Cocktail (AP) 132
Deadly Drug Mix Resurfaces In New York (NYT) 133
Heroin Deaths Prompt Calls For Awareness (MDH) 134
2 Ex-air Marshals Sent To Prison For Cocaine Smuggling (HC) 135
7 Spanish Tourists Charged With Smuggling Ecstasy At JFK Airport (AP) 136
Plea Date Set For Scott West (KNOXNS) 137
Mexico's Drug Wars Heat Up (BSWK) 138

Immigration:

Taking The Cause To The Big Screen (WP) 139
U.S. Court Orders City To Ensure Aid For Battered Immigrants (NYT) 141
Afghans Who Fled Conflict Face Cultural Divide In U.S. (WP) 142

Tax:

The IRS' Biggest Tax Cheat: Itself (LAT) 144
Court Ruling In Damages Case Deals Big Setback To The IRS (WSJ) 145

Congress-Administration:

Tomlinson Cited For Abuses At Broadcast Board (WP) 146
Broadcasting Board Chairman Misused Funds, U.S. Probe Says (WSJ/AP) 147
Broadcast Chief Misused Office, Inquiry Reports (NYT) 148
Foreign Broadcasts' Chief Accused Of Impropriety (LAT) 150
Rove's Influence Undiminished By Scandal (AP-Y) 151
The Reliable Source (WP) 152
Women Suddenly Scarce Among Justices' Clerks (NYT) 153
Measuring The Body Politic (WP) 154

Other News:

Median Household Income Rises 1.1% (WSJ) 155
Census Reports Slight Increase In '05 Incomes (NYT) 156
Family Income Up, But Not Pay (USAT) 158
At Last, Buoyant Economy Lifts Incomes (CSM) 159
Downward Mobility (NYT) 160
Consumer Confidence Tumbles (WSJ) 161
Consumers Have A Down-in-the-dumps Outlook (USAT) 161
Holding Rates Steady Wasn't A Slam-dunk Fed Decision (USAT) 162
Fed Minutes Point To 'close Call' On Rates (FT) 163
Fed Policy Makers Saw Rate Pause As 'Close Call' (WSJ) ... 163
Fed's Notes See Easing In Growth (NYT) 164
New Minutes Show A More Fractured Fed (WP) 165
Wall Street Higher After Fed Minutes (FT) 167
Stocks Advance As Fed Minutes Ease Concerns (WSJ) 167
Full House (WSJ) 168
Gasoline Prices Could Keep Falling (USAT) 170
Lawyer's Charge Opens Window On Bill Padding (WSJ) 170
Scores For Expanded SAT Show Largest Dip Since 1975 (USAT) 172
SAT Reading And Math Scores Show A Significant Decline (NYT) 172
SAT Scores See Biggest Decline Since 1975 (WSJ) 174
SAT Records Biggest Score Dip In 31 Years (WP) 175
New Version Of SAT Cuts National Scores (DMN/AP) 177
UnSATisfactory (WP) 177
Care By The Hour (NYT) 178
Transparency Or Fig Leaf? (USAT) 179
Reveal Health Care Costs (USAT) 180
Washington: New President For Amtrak (NYT/AP) 180
Amtrak Picks Successor To Its Fired President (WP/AP) 181
Special Elections Set For DeLay's Seat (AP-Y) 181
Governor Gives Contest To Replace DeLay A New Twist (NYT) 182
Cheney Says Security Tops Election Agenda (LJS) 182
Bush To Attend Talent Fundraiser In Kansas City (FWJD) ... 184
Effort To Ease Election Spending Rules Fails (NYT) 184
Washington: Ruling On Campaign Finance Limits (NYT/AP) 185
National Democrats Pledge Funds To Webb (RTD) 186
Cardin's Lead Over Mfume Up In Poll (WT) 187
Jack Kemp To Campaign For Lieberman (AP-Y) 188
Inouye Abandons Lieberman (AP-Y) 188
Lieberman Gains G.O.P. Ally But Loses A Democratic One (NYT) 189
Schumer Has Seen The Future, And It's Democratic (WP) .. 189
Trial Lawyers Target Republicans (AP-Y) 191
Warner Voices Frustration With Dems (AP-Y) 192

DOJ_NMG_0055447

Frist Failed To Fulfill A State Requirement For Medical License (AP) 192
More Employers To Offer Advice On 401(k) Plans (WSJ) 193
Wal-Mart As Red Herring (WP) 194
Early Pullout From Iraq Will Encourage Extremists: Rice (AFP-Y) 195
Iran Enriching More Uranium (WP) 196
U.N. May Hold Off On Confronting Iran (AP) 197
The Likely US Course On Iran: Go Slow (CSM) 198
Iranian President Meets Press And Is Challenged (NYT) 199
Iran President Challenges Bush To Debate (AP) 201
President Challenges Bush To TV Debate (WT/AP) 202
Ahmadi-Nejad Challenges Bush To TV Debate (FT) 203
Carter Agrees To Hold Talks With Khatami (WP) 204
Ahmadinejad's High-Stakes Game (WP) 205
Pressures Increase On Pakistan's Government (NYT) 206
Lift Blockade Of Lebanon, Annan Urges (NYT) 207
Annan Calls On Israel To End Blockade (AP) 208
Annan Calls Israeli Blockade 'Humiliation' (WT/AP) 209
Indonesia Nears Deal To Deploy Forces To Lebanon (WSJ) 210
Lebanon To Seek Aid At Donor Conference (FT) 211
Jackson Says Captured Israelis Are Alive (AP) 212
U.S. Freezes Assets Of Hezbollah Unit (WP) 212
Treasury Targets Lebanese Group's Assets (AP-Y) 213
Olmert Faces Flak From Israelis For Lebanon War (WT) 214
Diversionary Strike On A Rights Group (WP) 215
Bush Offers To Meet With Sudan's Leader To Pave Way For U.N. Force In Darfur (WP) 216
U.S. Envoy In Sudan Fails To Get Accord (NYT) 216
Sudan President Claims West Conspiracy (AP) 217
Sudan's Beshir To Send Envoy To Meet Bush In Washington (AFP) 218
Wielding A Muzzle (WP) 218
U.S. Trade Official Prods China To Help Rekindle Doha Talks (WSJ) 219
In Strategic Shift, China Hits Foreign Investors With New Hurdles (WSJ) 219
Developing Nations To Win IMF Boost (FT) 221
U.S. Seeks Bigger China Role In I.M.F. (NYT) 222
South Korea Quake Center Watches North (WT/AP) 224
In Chechen's Humiliation, Questions On Rule Of Law (NYT) 225
Opposition Party Looks To Be A Putin Creation (WP) 227
Coup D'Etat In Mexico? (LAT) 228
Threading Africa's Needle (WSJ) 229
For People With AIDS, A Government With Two Faces (NYT) 230

TERRORISM NEWS:

3 More Charged In Jetliner Bomb Plot (AP)

By Matt Moore, Associated Press Writer

AP, August 30, 2006

British anti-terrorist police charged three more people late Tuesday with conspiring to commit murder in the alleged plot to blow up U.S.-bound airliners.

The three — Mohammed Yasar Gulzar, Mohammed Shamin Uddin and Nabeel Hussain — were also charged with preparing to commit terrorism by helping in an alleged plan to smuggle explosives aboard the planes, police said.

Eleven people have now been charged on those two counts. Four others were charged with lesser offenses, including having knowledge of a terrorist activity but not disclosing information about it.

A Scotland Yard statement said Gulzar, Uddin and Hussain conspired with eight other suspects in the alleged plot and had intended to commit "acts of terrorism engaged in conduct to give effect to their intention to smuggle the component parts of improvised explosive devices onto aircraft and assemble and detonate them on board."

All three men will be arraigned on Wednesday.

Of 25 people originally arrested, 15 have been charged and are being held by police, five others remain in custody without charge and five have been released.

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Chief Magistrate Timothy Workman earlier ordered Nabeel Hussain's brother Mehran Hussain held in custody until Sept. 19. Mehran Hussain, and his other brother, Umair, are charged with failing to tell police about Nabeel's alleged involvement in what prosecutors say was a plot to down airliners using plastic and liquid explosives.

Workman also ordered Cossar Ali, 24, held in custody until Sept. 5, when her lawyer David Gottlieb said he intends to apply for bail. Ali, the only woman charged so far in connection with the alleged plot, is accused of failing to disclose information about a possible terrorist attack.

Her husband, Ahmed Abdullah Ali, also is among the 15 people charged in the case.

Earlier in the day, a 17-year-old accused of storing an explosives manual and other documents connected to an alleged plot to blow up trans-Atlantic airliners was denied bail during a court appearance.

The teenager, who cannot be identified, was remanded until a Sept. 19 hearing at City of Westminster Magistrates' Court.

His attorney, Gareth Peirce, said the teenager intended to plead not guilty. He faces up to 10 years in jail if convicted, prosecutor Colin Gibbs told the court.

Gibbs told the court the teenager is accused of storing an explosives manual, a map of Afghanistan and five wills made out by people planning to commit suicide bombings — items police consider likely connected to planned acts of terrorism.

A deadline for the detention of the remaining five suspects held without charge expires on Wednesday, but a police spokesman said it was not yet decided whether they would be charged or if police would seek further time for questioning.

Senior police officers said last week they were analyzing thousands of pieces of evidence seized in searches of dozens of properties and two stretches of woodland.

Investigators have found chemicals that can be used to make bombs, including hydrogen peroxide, and electrical components during their searches, said Peter Clarke, head of Scotland Yard's anti-terrorist department.

Months of surveillance had produced "significant video and audio recordings" about the alleged plot, he said, including "martyrdom videos" by some of the suspects.

More than 8,000 items of data storage, such as compact discs, DVDs and memory sticks, were found, authorities said.

Associated Press writer Katie Fretland contributed to this report.

Britain Charges 3 More Suspects With Plotting To Bomb Airplanes (NYT)

By Alan Cowell

The New York Times, August 30, 2006

LONDON, Aug. 29 — The British police charged three more people on Tuesday with major terrorism and conspiracy counts after this month's alert over what the police described as a plot to bomb airliners flying from Britain to the United States.

The charges brought to 11 the number of people accused of conspiring to murder and to bomb airplanes flying to the United States — the most serious charges brought against the suspects embroiled in the alleged conspiracy.

The police announced the charges separately, saying early Tuesday evening that a man identified as Nabeel Hussain had been charged with conspiracy to murder and planning to smuggle ''improvised explosive devices onto aircraft and assemble and detonate them on board.'' As with the other suspects, Mr. Hussain, 22, had earlier been held without charge under British counterterrorism laws.

Several hours later, the police said two men identified as Mohammed Yasar Gulzar and Mohammed Shamin Uddin had been charged with the same offenses. Mr. Gulzar's name had not previously been made public in the inquiries that led to a huge roundup of suspects on Aug. 10 and set off a terror alert in Britain and the United States.

Most of the names of other people charged with offenses had been on a list released by the Bank of England on Aug. 11 when the bank announced that the assets of 19 people had been frozen. Mr. Uddin, 35, was the oldest person on the list.

Apart from the 11 people facing the most serious charges, three other people — including two of Mr. Hussain's brothers and Cossar Ali, the wife of another conspiracy suspect — are charged with lesser offenses, including withholding information from the authorities.

Several people have been released without charge since the first arrests on Aug. 10.

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The police said late Tuesday that five more suspects remained in prison under counterterrorism laws permitting detention without charge for 28 days. Those laws require the police to seek a judge's permission every seven days to continue holding suspects. That deadline falls on Wednesday, almost three weeks after the first arrests.

The tally of conspiracy suspects is complicated by the fact that a 17-year-old caught up in the initial police dragnet on Aug. 10 is now being held on a terrorism charge unrelated to the conspiracy case.

The 17-year-old is too young to be identified by name under British court rules, but he is charged with "having in his possession a book on improvised devices, some suicide notes and wills with the identities of persons prepared to commit acts of terror, and a map of Afghanistan,'' The Press Association reported. His lawyer, Gareth Peirce, indicated during a court hearing on Tuesday that her client would deny the charges.

Taxi Driver In London Acquitted In Terror Case (WP)

By Mary Jordan

The Washington Post, August 30, 2006

LONDON, Aug. 29 -- An Iraqi taxi driver, accused of helping make two videos of London landmarks that terrorists could use to carry out an attack in the capital, was acquitted Tuesday.

Rauf Mohammed, 26, wept when the verdict was read in a London court. He had said the footage, shot in 2003, was "harmless," a tourist souvenir. His attorney, Lawrence McNulty, argued that his remarks on tape about killing Prime Minister Tony Blair and President Bush were made in an obviously joking manner and that the government had no proof Mohammed had any connection to terrorists.

Muslim leaders here welcomed the verdict and said the case showed that the British government has become overzealous in prosecuting Muslims. A government spokesperson, upset with the verdict, said the acquittal demonstrates why Blair's government has recently toughened laws to make it easier to win convictions in terrorism cases.

The indictment was based on videos taken during a drive around London that Mohammed made with a friend in 2003. During the drive, video footage was shot of various landmarks, including Parliament, the London Eye Ferris wheel on the River Thames, and a police station that has figured in terrorism arrests.

The tape was played for the jury during the trial. An interpreter testified that Mohammed was heard on the tape saying in Arabic: "God willing, now we go to Tony Blair. God willing we slay him. . . . Tony Blair, George Bush, Berlusconi and Rumsfeld, all of them, God willing." The last two names referred to former Italian prime minister Silvio Berlusconi, a close U.S. ally, and Defense Secretary Donald H. Rumsfeld, prosecutors said.

The other man in the car was not charged and testified as a defense witness.

The government contended that Mohammed possessed and made two videos "likely to be useful to a person committing or preparing an act of terrorism." In trying to prove those charges, prosecutors also said that loud music playing in the car as the video camera rolled had lyrics encouraging Muslims to kill "in the name of Allah" and to pursue "wiping virtually every Jewish person off the face of the earth."

Prosecutors said Mohammed's tape included part of a speech by Osama bin Laden broadcast by the al-Jazeera television network.

An investigation by the Home Office, which oversees domestic security, found that Mohammed was an active supporter of the Iraqi insurgency, the government contended. The defense argued that there "no evidence to support" that allegation.

"Prosecution of terror suspects is our preferred option," a spokesperson for the Home Office said in response to the acquittal. "That is why we have already brought forward new legislation that will strengthen our ability to bring prosecution."

Jamal Elshayyal, a spokesman for the Muslim Association of Britain, said that he did not know the specifics of the case but that the acquittal spoke for itself. He noted that the majority of the Muslims whom British police have arrested on terrorism-related charges since the Sept. 11, 2001, attacks in the United States were either released without charge or acquitted.

He said that is why there is "outrage" among Muslims that the government recently extended to 28 days the length of time police can hold terrorism suspects without charges. The limit had been 14 days. "Twenty-eight days is still a long time -- a month of your life -- when you have done nothing," he said.

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In another terrorism development, British police said Tuesday that three more people taken into custody earlier this month had been charged with conspiracy to commit murder in the alleged plot to blow up U.S.-bound airliners. Mohammed Yasar Gulzar, Mohammed Shamin Uddin and Nabeel Hussain also were charged with helping in a plan to smuggle explosives aboard the airplanes.

Judge To Rule Soon On Wiretap Lawsuit (AP)

By Tim Fought, ASSOCIATED PRESS WRITER

AP, August 30, 2006

PORTLAND, Ore. -- A federal judge suggested Tuesday that he would try to keep alive a lawsuit that challenges President Bush's domestic wiretapping program, while taking steps not to disclose classified information.

U.S. District Judge Garr King said he expected to render his decision next week in a case involving an Oregon-based Islamic charity that the government said had links to al-Qaida leader Osama bin Laden. The charity believes it was illegally wiretapped and says a document the government accidentally gave to its lawyers in 2004 bolsters its case.

The government said the document must be kept secret and any further court action involving it would lead to security breaches. The government has asked King to dismiss the charity's lawsuit.

In a hearing, King and the charity's lawyers talked about ways to keep the lawsuit alive without disclosing information about the classified document. Government lawyers resisted the idea.

King said federal judges handling similar cases in which national security concerns and the rights of plaintiffs clashed had tried to find ways around the problem, such as editing sensitive documents.

"It seems to me the cases have instructed the courts to be original," King told lawyers from the Justice Department. "I don't hear that from you at all."

Justice Department lawyer Andrew Tannenbaum said that U.S. National Intelligence Director John Negroponte had reviewed the case and determined that the government cannot confirm or deny information about intelligence-gathering without tipping its hand to terrorists.

"That very fact - whether they were subject to surveillance - is a privileged fact," Tannenbaum said.

Lawyers for the Al-Haramain Islamic Foundation said that the domestic wiretap program has been made public, disclosed by journalists and then confirmed by President Bush.

The foundation, once based in Ashland, closed after the government identified its parent organization as a terrorist group. The organization denied wrongdoing, saying that it collected money for a prayer house and for distributing religious pamphlets to prisoners.

Lawyers To Seek White House Documents On Alleged Phone Spying Program (AP)

By DAVID B. CARUSO, Associated Press Writer

AP, August 30, 2006

NEW YORK -- A pair of public interest lawyers said Tuesday they plan to subpoena the White House for any documents showing whether the Bush administration approved a secret program to examine the phone records of millions of Americans.

New Jersey attorneys Carl Mayer and Bruce Afran represent more than two dozen people who have sued Verizon Communications Inc., AT&T Inc. and BellSouth, claiming the telecommunications companies violated privacy laws by turning over phone records to the National Security Agency.

The lawyers said they suspected the administration had begun obtaining the records even before the Sept. 11 attacks, which, if true, would raise questions about whether the program was initiated to combat terrorism.

"We want to find out when they started going after these records. We want to find out who authorized it. Was it Dick Cheney? Was it someone else? And, frankly, we want to find out if they were using it improperly," Mayer said.

Justice Department lawyers representing the administration have argued that disclosing detailed information about the government's counterterrorism efforts, or even acknowledging whether the NSA phone records program exists, would be damaging to national interests.

The attorneys said they also planned to subpoena Verizon for documents.

Similar lawsuits have been filed nationwide, some of which have now been consolidated before a federal judge in San Francisco.

A Justice Department spokesman declined to comment Tuesday on the prospect of a subpoena. A Verizon spokesman also declined to comment.

Verizon has consistently denied that it provided the NSA with customer phone records, but has declined to discuss whether such an action was taken by its newly acquired long-distance subsidiary, MCI.

BellSouth has denied participating in the NSA program. AT&T has declined to comment on whether it turned over call information to the NSA.

Navy Lawyer Charged With Transmitting Secret Information (FINDLAW/AP)

By Larry O'dell, Associated Press Writer

AP, August 30, 2006

(AP) - RICHMOND, Virginia-A Navy lawyer has been charged with copying and transmitting secret information about Guantanamo Bay detainees to an unauthorized person.

Lt. Cmdr. Matthew M. Diaz, who was stationed at the U.S. base in Guantanamo Bay for six months, could face more than 36 years in prison if convicted at a military trial of the three charges he faces, Navy Mid-Atlantic Region spokeswoman Beth Baker said.

A charge sheet released Tuesday says Diaz, 40, printed out secret information related to national defense "with intent or reason to believe that the said information was to be used to the injury of the United States or to the advantage of a foreign nation."

The document also says Diaz "did ... wrongfully and dishonorably transmit classified documents to an unauthorized individual."

Baker said that individual - a person outside the government whom she declined to identify - notified federal authorities, prompting the investigation.

The complaint does not specify what type of information Diaz is accused of copying and transmitting, but Baker described it as a document containing names and other identifying information about Guantanamo detainees.

A preliminary hearing likely will be conducted in Norfolk in October, Baker said.

Diaz's civilian attorney, Victor Kelley, did not immediately return a phone message seeking comment.

The incidents allegedly occurred between Dec. 20, 2004, and Feb. 28, 2005. Diaz, now stationed in Jacksonville, Florida, worked as a staff judge advocate at Guantanamo Bay from July 2004 until January 2005.

Since 2002, the U.S. military has held foreign nationals suspected of terrorist ties at a detention center at the base in Cuba. Diaz provided counsel to the military command in charge of the detention center, according to the Navy, but was not involved in detainees' cases.

Last spring, the military released the names of hundreds of detainees it was holding at Guantanamo as a result of Freedom of Information Act lawsuits filed by The Associated Press.

Baker said Diaz, who is not in custody and continues to work in Jacksonville, has been in the Navy for 11 years after serving eight years in the Army.

2 Lodi Residents Refused Entry Back Into U.S. (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, August 26, 2006

Sacramento -- The federal government has barred two relatives of a Lodi man convicted of supporting terrorists from returning to the country after a lengthy stay in Pakistan, placing the U.S. citizens in an extraordinary legal limbo.

Muhammad Ismail, a 45-year-old naturalized citizen born in Pakistan, and his 18-year-old son, Jaber Ismail, who was born in the United States, have not been charged with a crime. However, they are the uncle and cousin of Hamid Hayat, a 23-year-old Lodi cherry packer who was convicted in April of supporting terrorists by attending a Pakistani training camp.

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Federal authorities said Friday that the men, both Lodi residents, would not be allowed back into the country unless they agreed to FBI interrogations in Pakistan. An attorney representing the family said agents have asked whether the younger Ismail trained in terrorist camps in Pakistan.

The men and three relatives had been in Pakistan for more than four years and tried to return to the United States on April 21 as a federal jury in Sacramento deliberated Hayat's fate. But they were pulled aside during a layover in Hong Kong and told there was a problem with their passports, said Julia Harumi Mass, their attorney.

The father and son were forced to pay for a flight back to Islamabad because they were on the government's "no-fly" list, Mass said. Muhammad Ismail's wife, teenage daughter and younger son, who were not on the list, continued on to the United States.

Neither Muhammad nor Jaber Ismail holds dual Pakistani citizenship, Mass said.

"We haven't heard about this happening -- U.S. citizens being refused the right to return from abroad without any charges or any basis," said Mass, a lawyer for the American Civil Liberties Union.

McGregor Scott, the U.S. attorney for California's eastern district, confirmed Friday that the men were on the no-fly list and were being kept out of the country until they agreed to talk to federal authorities.

"They've been given the opportunity to meet with the FBI over there and answer a few questions, and they've declined to do that," Scott said.

Mass said Jaber Ismail had answered questions during an FBI interrogation at the U.S. Embassy in Islamabad soon after he was forced back to Pakistan. She said the teenager had run afoul of the FBI when he declined to be interviewed again without a lawyer and refused to take a lie-detector test.

The Ismails had been in Pakistan partly so Jaber could study the Quran, Mass said. She said that neither he nor his father had anything to do with terrorism.

"They want to come home and have an absolute right to come home," said Mass, who has filed a complaint with the Department of Homeland Security and a petition with the Transportation Security Administration.

"They can't be compelled to waive their constitutional rights under threat of banishment," Mass said. "The government is conditioning the return to their home on cooperation with law enforcement."

Aviation watch lists were created in 1990 to keep terrorists off planes and track drug smugglers and other fugitives. But since al Qaeda's attacks on Sept. 11, 2001, the government has expanded the lists significantly. Members of the public cannot find out if, or why, they are on a no-fly list.

Michael Barr, director of the aviation safety and security program at USC, said the Ismail case appears to be unusual in the realm of federal terrorism investigations.

"You become what is called a stateless person, and that would be very unprecedented," Barr said.

He said U.S. law enforcement agents have understandably been "overly cautious" in recent years. "If they're going to err, they're going to err on the side of caution," Barr said. "What's happened in a lot of these things is that you're guilty until proven innocent."

Jaber Ismail was one of several people mentioned by his cousin, Hayat, during a videotaped interview with the FBI in Sacramento in June 2005 that prompted Hayat's arrest.

Hayat himself had just returned from a two-year trip to Pakistan. His flight, too, had been diverted because Hayat was on the no-fly list as a result of conversations he had with an informant who had infiltrated the mosque in Lodi that Hayat attended.

Prosecutors said Hayat told FBI interrogators that he had trained at a terrorist camp in Pakistan, although defense attorneys argued that the videotaped confession was contradictory and suggested that agents had manipulated the interview.

When agents asked him who else had gone to training camps, Hayat said, "I can't say 100 percent, but I have a lot of, you know, names in my head," according to a transcript of the interview.

Hayat said Jaber Ismail "went, like, two years ago." Asked if his cousin had gone to the same camp he had attended, Hayat said, "I'm not sure, but I'll say he went to a camp."

Hayat later said that Ismail and another relative "didn't talk to me about going to camps or anything. But you know I'm sure they went to the camp ... 'cause they memorize the Holy Quran."

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Hayat faces up to 39 years in prison when he is sentenced. A hearing is scheduled for Nov. 17 to discuss his lawyers' motion for a new trial on a number of grounds, including juror misconduct.

On Friday, Hayat's father, ice cream truck driver Umer Hayat, 48, was formally sentenced at U.S. District Court in Sacramento.

In a deal with prosecutors, the elder Hayat pleaded guilty in June to charges of lying to customs agents about $28,000 he was carrying during a trip to his native Pakistan. He avoided a retrial on more serious charges of lying to the FBI about his son's training in Pakistan. He was sentenced to the 330 days in jail that he already served.

Speaking publicly for the first time, Umer Hayat said outside the courthouse that he "got screwed" and "hates terrorists." He said he had fabricated his own videotaped FBI confession -- in which he described visiting a militant camp in Pakistan where his son had allegedly trained -- because agents refused to believe the truth and because he was tired.

He said he had borrowed his description of masked terrorists firing guns, swinging swords and pole vaulting in a basement from "the newspaper and the TV," as well as from a Teenage Mutant Ninja Turtles video game belonging to his children. He said his ice cream truck bears a photo of one of the turtles, advertising a $1.25 ice cream bar.

"I make a story, that's all," Hayat said.

Scott, the U.S. attorney, said he would "take anything Umer Hayat says with a grain of salt. He seems capable of saying whatever needs to be said at any particular time, whether it's the truth or not."

Israeli Agents To Don Disguises At Trial (AP)

By Mike Robinson

AP, August 30, 2006

CHICAGO - Two Israeli security agents expected to testify at the trial of two men accused of fundraising for the Palestinian militant group Hamas may wear disguises and use aliases on the witness stand, a judge ruled Tuesday.

The courtroom will be cleared of everyone but the jury, attorneys, the defendants and their families while the Israeli agents testify, U.S. District Judge Amy St. Eve ruled.

The ruling came in the case of Muhammad Salah, 53, of suburban Bridgeview and Abdelhaleem Ashquar, 48, of Alexandria, Va., both accused of funneling money to Hamas to pay for murders, kidnappings and other acts of terrorism aimed at the Israeli government.

Their trial on racketeering conspiracy and other charges is scheduled to start on Oct. 12.

In her order, St. Eve agreed with federal prosecutors who have said extraordinary precautions must be taken to protect the identities of the two agents against disclosure and possible retaliation by Hamas.

Messages were left Tuesday evening at the law offices of Salah's attorney Michael E. Deutsch of Chicago and Ashquar's attorney William Moffitt of Reston, Va., who had objected to the high degree of secrecy.

The agents were among those who questioned Salah after he was arrested in Israel in 1993. Police found $97,000 in cash in his East Jerusalem hotel room and claimed he was delivering the money to Hamas terrorists.

He served almost five years in Israeli prisons on the charge.

Deutsch had argued that without knowing the true identities of the agents it would be impossible to know if they were who they claimed to be.

But St. Eve said Salah would be able to tell if they were the men who questioned him. His conviction in Israel was based on statements he made to agents. He says the statements were tortured out of him.

Accused Hamas Funder's Lawyers Request A Probe (NYS)

By Josh Gerstein

New York Sun, August 30, 2006

Lawyers for an Illinois man accused of funneling millions of dollars to a Palestinian Arab militant group, Hamas, are asking a federal judge in Chicago to hold a hearing examining the prosecution's connections with the Israeli government.

In a motion filed yesterday, attorneys for Muhammad Salah asked to call witnesses and present other evidence to prove that the criminal case is the product of "the joint venture, cooperation, and partnership" between the American and Israeli

governments. The defense lawyers said Israel should be compelled to turn over evidence favorable to Mr. Salah because the Israeli and American governments have acted in lockstep in the case.

Mr. Salah was deported to America in 1997 after spending nearly five years in jail in Israel on charges related to money he allegedly carried for Hamas. He is scheduled to go on trial in October on the new American charges.

A defense lawyer, Michael Deutsch, described a "longstanding and profound political military and law enforcement relationship" between Israel and America. One authority he cited is an academic paper published in March, "The Israel Lobby and U.S. Foreign Policy." The hotly disputed treatise by a political science professor at the University of Chicago, John Mearsheimer, and the academic dean at Harvard's Kennedy School of Government, Stephen Walt, argues that pro-Israel elements have effective control over American strategy in the Middle East.

Mr. Deutsch also asked to present evidence about the role of the Anti-Defamation League as a "conduit and facilitator" between Israeli and American authorities.

A spokesman for prosecutors on the case, Randall Samborn, declined comment.

HOMELAND RESPONSE:

Chertoff Seeks More Air Travelers Data (AP-Y)

AP, August 30, 2006

The government needs broader access to airline passenger information to identify potential hijackers, Homeland Security Secretary Michael Chertoff said in an article published Tuesday.

"How do we thwart a terrorist who has not yet been identified?" Chertoff wrote in an op-ed article in Tuesday's editions of The Washington Post.

"One way is by using more of the detailed information collected by airlines and travel agencies when an individual books a flight," Chertoff wrote. "These passenger name records contain information, such as travel itineraries and payment details, that can be analyzed in conjunction with current intelligence to identify high-risk travelers before they board planes."

The government has collected such data on travelers flying from other countries to the U.S. since the early 1990s, Chertoff wrote. But European privacy concerns have limited the ability of investigators to share such information between agencies or with their counterparts abroad, he wrote.

"Protecting personal privacy is a part of responding to the post-Sept. 11 world, but it should not reflexively block us from developing new screening tools," Chertoff wrote. "Indeed, more data sharing leads to more precisely targeted screening, which actually improves privacy by reducing questioning and searches of innocent travelers."

Europe Pushes For Study Of Biometrics To Screen Passengers (USAT)

By Jeffrey Stinson

USA Today, August 30, 2006

LONDON — Europe is stepping up efforts to explore the use of eye scans and other biometric technology to screen airline passengers who volunteer for background security checks.

The goal is to see whether airport security can be enhanced and congestion eased by encouraging frequent fliers to undergo pre-screening. In return, cleared passengers could pass through immigration and security checkpoints more easily by identifying themselves through biometric scans of their irises or fingerprints.

The renewed push by European authorities to study measures similar to the USA's fledgling Registered Traveler program comes weeks after British police said that they had uncovered a plot to blow up passenger jets en route to the USA.

“There is an urgency,” says Friso Roscam Abbing, spokesman for European Union Vice President Franco Frattini, the EU's justice commissioner. However, Roscam Abbing says, “We know that we cannot introduce any such system overnight.”

Potential obstacles: European airports use a variety of screening methods. Some nations might balk at two-tiered security checks. And privacy advocates question the reliability of biometric technology and whether any voluntary program would become mandatory.

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Roscam Abbing says the EU will assess existing programs — notably in the Netherlands and Britain — before trying to develop a Europe-wide system.

Frequent fliers cleared by police at Amsterdam's Schiphol Airport can opt for iris scans and quicker security checks for about $125 a year. More than 30,000 have registered, Schiphol spokeswoman Mirjam Snoerwang says. About 800 a month are signing up for the 5-year-old program, she says.

Britain allows frequent travelers to circumvent crowded immigration checkpoints and go through an iris scan at no charge once they've undergone background checks by security services. Almost 26,000 people have registered for the year-old program.

The British program, available at most terminals in Manchester and at London's Heathrow and Gatwick airports, is seen as a first step in plans to expand biometric identification of passengers.

In the USA, Verified Identity Pass, which operates the "Clear" program at Florida's Orlando International Airport, says it will provide similar services at the San Jose, Calif., Cincinnati and Indianapolis airports in the next several weeks. The company also has contracted with Toronto's airport.

At Orlando, where the Clear program has been operating for 13 months, more than 27,000 travelers who have been cleared by the Transportation Security Administration (TSA) pay $79.95 a year to bypass regular security checks.

They go to separate lines, insert a card, have their eyes and fingerprints scanned, then pass through body and baggage screens. "It takes only a minute or two," Clear spokeswoman Cindy Rosenthal says.

Until the alleged terror plot was disclosed on Aug. 10, passengers departing from London's Heathrow Airport did not have to remove their shoes to pass through security. Since then, passengers flying out of Britain have had to remove shoes and have been limited to one carry-on bag about the size of a briefcase. Liquids and gels have not been allowed in carry-ons.

Privacy advocates worry that pre-screening of all passengers and the use of biometric technology could become mandatory. "In Europe … any system that begins voluntary will end up mandatory," says Simon Davies, director of Privacy International, a London-based surveillance watchdog.

Davies says the accuracy of biometric identification is overstated. Iris scans, touted as nearly foolproof, can register false positives, he says. "People have been sold this lie of infallibility," he says. "It isn't."

Privacy fears are overblown, says Steven Brill, the lawyer and journalist who founded Verified Identity Pass.

Registered Traveler programs ease congestion and reduce the workload on TSA screening staff, he says.

Homegrown Terror Suspects Raise Concern (AP)

By Lara Jakes Jordan, Associated Press Writer

The AP, August 29, 2006

Born in the USA terrorists — as well as potential ones — are stirring the government's interest.

Worried about American citizens attacking their own country, law enforcement and intelligence officials are trying to learn how and why extremist sympathizers cross a line and become operational terrorists.

Intelligence officials now fear that homegrowns pose as much of a threat to the U.S. as foreign terrorists. State and local police are being enlisted to watch for signs from people who in the past would have never gotten a second look.

"We want to understand the phenomena: What causes a person from being, say, extreme in views, to moving to actually committing violence?" said Charles E. Allen, chief intelligence officer at the Homeland Security Department.

Little is known about how many homegrown terrorists are in the country — or how many sympathizers are being recruited to join their ranks. The FBI has long monitored groups that pose potential threats, from al-Qaida sympathizers to abortion clinic bombers and radical animal rights and environmental activists.

Allen said the United States has a relatively low level of extremism and has experienced fewer attacks or potential attacks from native-born citizens than many countries. But an uptick in cases of homegrown attacks and plots — both domestically and globally — illustrates authorities' concerns.

Mass transit bombings, in Madrid in 2003 and London in 2005, were carried out by self-organized cells of homegrown extremists. In June, 17 Canadian Muslims were charged with plotting to bomb targets in Ontario. British citizens are charged with conspiring earlier this month to bomb as many as 10 trans-Atlantic flights headed to the United States.

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Closer to home, five U.S. citizens were charged in June for plotting to blow up the Sears Tower in Chicago and a federal building in Miami. They allegedly took an oath to al-Qaida and sought help from the terrorist organization, although FBI Deputy Director John Pistole said the group was "more aspirational than operational."

Numbers of all federal arrests and prosecutions in homegrown terror cases were not immediately available — in part because of differing definitions of what a homegrown terrorist is, said FBI spokesman Richard Kolko.

He noted that homegrowns could include the six Yemeni-Americans from Lackawanna, N.Y., recruited to a terrorist training camp in Afghanistan before 9/11, but also the lone gunman who opened fire on a Jewish center last month, killing one woman and injuring five others.

"We consider this one of the hardest things to identify," Kolko said.

Prisons have served as one breeding ground for homegrowns, as Islamic extremists meet up with vulnerable sympathizers and goad them into violence with distorted interpretations of the Quran, said Frank Cilluffo, homeland security director at George Washington University.

"This is stuff straight out of the al-Qaida training manual," Cilluffo said. "Most of the people who are being converted — in the United Kingdom and United States — don't have any knowledge coming in about Islam. They are the most easily manipulated."

Cilluffo is working with scholars at the University of Virginia, law enforcement officials and prison counselors on a study to be released next month on homegrown terrorists. "We don't want to suggest we have an absolute epidemic on our hands; we just don't know," he said.

Allen said federal analysts will rely heavily on suspicious activity reports and other information from state and local authorities to root out homegrowns. "A lot of data flows into Washington, and we need to learn a lot more about how to read that material, and I think the answer will be at state and local governments," he said.

Local police, however, have little training to know what to look for. Since the Sept. 11, 2001 attacks, authorities have focused mostly on young Middle Eastern men.

"We need to start looking at people who look more like us," said Gaithersburg, Md., police detective Patrick Word, president of the Mid-Atlantic Regional Gang Investigators Network, which shares intelligence among law enforcement officials.

Word said the federal government also "needs to broaden the scope of what terrorism is and what homeland security is."

"Are you more worried about the plane crashing into the building or biker gangs bringing a pipe bomb to a local restaurant? Or drive-by shootings, or machete attacks by armed gang members?" he said.

Beyond carrying out devastating attacks, homegrowns also can inflict far greater psychological damage on the nation, said John Rollins, a former Homeland Security senior intelligence official. Homegrown attacks will inevitably make people become paranoid about neighbors, community members and others they've known for a long time, he said.

"It's easy for us to say it's those guys over there, or it's folks that follow a certain religious belief, but if they're Americans, it's not easy for us to keep them at arms' length," said Rollins, a terrorism specialist at the Congressional Research Service. "They're part of the makeup. They're undetected."

THE SITUATION ROOM (CNN)

CNN's The Situation Room, August 30, 2006

JOHN KING, CNN CHIEF NATIONAL CORRESPONDENT: Thank you Susan and to our viewers, you're in THE SITUATION ROOM where new pictures and information are arriving all the time. Standing by, CNN reporters across the United States and around the world to bring you today's top stories.

Happening now, hope and heartache a year after Katrina. It's 3:00 p.m. in New Orleans where President Bush joined the commemorations and revisited the federal government's failures. Will the Gulf Coast ever fully recover? We'll have brand new poll numbers and I'll talk to the former FEMA chief Michael Brown.

Also this hour, Tropical Storm Ernesto veers down on South Florida. It's 4:00 p.m. in Miami where many residents are trying to play it safe with Katrina memories on their minds. We are tracking Ernesto's power and path.

And is John McCain too old to be president? As the senator celebrates his 70th birthday, we'll get some straight talk about his health his and political future. Wolf Blitzer is off today. I'm John King, you're in THE SITUATION ROOM.

Right now, Florida is under a state of emergency as Tropical Storm Ernesto churns closer to the southern coast. It's far short of hurricane strength, but experts are warning of possible tornadoes, flooding and mud slides. The forecast ahead.

Of course on this day, much of the nation is remembering a storm of shocking strength that left so many feeling powerless. In New Orleans, Mayor Ray Nagin led a bell-ringing ceremony marking one year since Hurricane Katrina hit and he's defending his plan for rebuilding the city.

(BEGIN VIDEO CLIP)

MAYOR RAY NAGIN (D), NEW ORLEANS: The big problem that I got into with some people with this so-called we don't have a plan is because it's not their plan. And what they've been trying to get me to do is shrink the footprint of the city of New Orleans and basically say a community like the Lower Ninth Ward cannot come back.

We have restored utilities to half of the neighborhood. The other half is in such disrepair that we're working on repairing that and we will get it done. The Lower Ninth Ward will come back. Our street grids are fine and it's just a matter of getting the money to the people so that they can rebuild their homes.

(END VIDEO CLIP)

KING: President Bush is spending a second day on the Gulf Coast addressing what went wrong a year ago and what still needs to be done now. In a speech in New Orleans, he again accepted full responsibility for the federal government's Katrina response and he promised lessons have been learned. But many Americans remain skeptical and that could influence how much taxpayer money is invested in the Gulf Coast future. Our Bill Schneider is here with a new look about how the public views the Katrina recovery challenge -- Bill.

WILLIAM SCHNEIDER, CNN SR. POLITICAL ANALYST: John, you may not think of Hurricane Katrina's recovery effort as political, but it is.

(BEGIN VIDEOTAPE)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: New Orleans is going to rise again.

SCHNEIDER (voice-over): The public does not share the president's optimism. Just after Hurricane Katrina hit a year ago, 56 percent of Americans said they did not think New Orleans would ever completely recover. And now? Confidence has not gone up, 60 percent do not believe the city will completely recover.

A year ago, President Bush made a pledge.

BUSH: I came to Jackson Square. I said we could not imagine America without the Crescent City and pledged that our government would do its part.

SCHNEIDER: Do Americans believe the federal government has done its part? A majority say no, they don't. That opinion is intensely political. Only about a quarter of Republicans believe the federal government is not doing enough.

Democrats disagree overwhelmingly. Do people believe low-lying areas of New Orleans should be rebuilt? Nearly 40 percent of Americans say no. That view is held by half of Republicans, but only one-third of Democrats.

President Bush made another pledge last year.

BUSH: And a year ago, I made a pledge that we will learn the lessons of Katrina.

SCHNEIDER: The public is not sure. Just over half say the country has learned a lesson from Katrina and is much better prepared for disasters than it was a year ago. Just under half says the country has not learned a lesson and is just as vulnerable as it was a year ago. Behind that split is of course, politics.

BUSH: If there is another natural disaster, we will respond in better fashion. SCHNEIDER: Republicans agree can the president, the country has learned a lesson from Katrina and will be better prepared next time. Most Democrats are skeptical.

(END VIDEOTAPE)

SCHNEIDER: Republicans and Democrats do agree on one thing, that New Orleans is not prepared to deal with a major hurricane, 84 percent of Democrats feel that way, and so do 84 percent of Republicans -- John.

KING: An interesting snapshot one year later. Bill Schneider, thank you very much.

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And now to the coming storm as a tropical storm warning and a hurricane watch are in effect for parts of the Florida's Atlantic Coast. We're of course tracking Ernesto at CNN's hurricane headquarters. Let's go now to our meteorologist, Jacqui Jeras. Hi, Jacqui.

(WEATHER REPORT)

KING: And whether this tropical storm strengthens into a hurricane could also be influenced by the temperature of coastal waters. Our Internet reporter Abbi Tatton is standing by with more on that. Abbi?

ABBI TATTON, CNN INTERNET REPORTER: John, as Ernesto travels north towards Florida, it's these warm waters around the state that forecasters are going to be paying close attention to. These are maps from Rutgers University's coastal ocean observation lab. To orient you, here is the peninsula of Florida and it's these areas in dark red here that are the very warmest waters, temperatures of about 85 degrees.

According to the National Weather Service, hurricanes can form over waters with temperatures of at least 80 degrees. Once Ernesto makes land fall, the danger isn't entirely over. If you look at this, the cone of the storm that extends not just over land, but it extends past, over the water on both the east and the west coasts of Florida -- John.

KING: Still some questions to answer. Abbi, thank you very much -- Abbi Tatton.

And many Florida residents are lining up for gas and other staples. They are being warned to have 72 hours worth of supplies on hand just in case Ernesto packs more of a punch than is now expected. Governor Jeb Bush and Homeland Security Chief Michael Chertoff say they're looking at this storm as a test of post-Katrina hurricane readiness.

(BEGIN VIDEO CLIP)

MICHAEL CHERTOFF, HOMELAND SECURITY SECRETARY: This does not look like a catastrophic event, but we always want to be ready and we always want to test ourselves. And this is a great chance for our federal coordinating officer Tito Hernandez and his team to be seeing how all these new reforms we've put into place are actually working in the real event and we'll be tracking that as the storm impacts and goes through Florida.

(END VIDEO CLIP)

KING: Just a short while ago, and you can see it live, NASA decided Ernesto isn't a threat to the space shuttle as previously feared. It stopped moving Atlantis into its hanger and began rolling the shuttle back to its seaside launch pad at the Kennedy Space Center.

Our Zain Verjee joins us now with a closer look at other stories making news. Hi, Zain.

ZAIN VERJEE, CNN VERJEE: Hi, John.

He says he's a man of God, but police says he set up all the men with underage girls and illegal marriages. Now the man with many wives is sitting in a Nevada jail. Polygamist Warren Jeffs was arrested last night in Las Vegas. He had been on the FBI's most wanted list. Jeffs is the leader of a sect that broke away from Mormonism. One official talked about what the arrest actually means.

(BEGIN VIDEO CLIP)

MARK SHURTLEFF, UTAH ATTORNEY GENERAL: He's been so prolific in tearing families apart. And now his ability to do that is substantially altered.

(END VIDEO CLIP)

VERJEE: We're going to bring you a full report on this arrest in the next hour.

And officials say he sincerely believes he killed JonBenet Ramsey, and police once believed him. But now they're having to explain how such a high-profile, trans-Pacific capture ended up with the wrong man. The Boulder, Colorado district attorney says they needed to bring John Mark Karr from Thailand to the U.S. to obtain DNA samples directly from him.

That DNA is what later cleared him of involvement of the 1996 killing of the young beauty contestant. But the Colorado district attorney says Karr still believes that he killed JonBenet Ramsey, even though there is no physical evidence linking him to the crime -- John.

KING: Zain Verjee, see you a bit later. Thank you, Zain.

And time now for "The Cafferty File." Jack Cafferty, of course, joining us from New York.

Hi, Jack.

JACK CAFFERTY, CNN ANCHOR: How you doing, John? Fighting words out of Iran today just two days before a U.N. Security Council deadline for that country to stop enriching uranium. The country's president Mahmoud Ahmadinejad has indicated he's not going to listen. No surprise there, I guess. Ahmadinejad has indicated he's not going to listen. No surprise there, I guess. Ahmadinejad went on to question the authority of the U.N. Security Council, as well as the motives of the United States and the United Kingdom.

And he later challenged President Bush to a live televised debate so the two could focus on global affairs. Well, the White House shrugged it off, called the proposed debate a diversion. But "The Cafferty File" was intrigued by this idea.

Here's the question. Who do you think would win in a debate between President George Bush and Iranian President Mahmoud Ahmadinejad? E-mail your thoughts to CaffertyFile@CNN.com, or go to CNN.com/CaffertyFile -- John.

KING: Maybe...

CAFFERTY: I'd buy a ticket to that, I think.

KING: I was going to say, maybe that's why Wolf is out. Maybe he's negotiating to moderate.

CAFFERTY: He could be the moderator.

KING: He'd do a fine job, but you'd do a fine job, too, Jack.

CAFFERTY: Oh, stop trying to suck up to me.

KING: All right, I just stopped.

If you want a sneak preview of Jack's questions, plus an early read on the day's political news and what's ahead here in THE SITUATION ROOM, sign up for our daily e-mail alert. Just go to CNN.com/situationroom.

Coming up, John McCain turns 70 today. If the senator from Arizona does jump into the race for the White House as expected, will his age, and his health, be a major factor?

Plus, he was the first fall guy from the Katrina debacle. Former FEMA director Michael Brown speaks out on what the government did right and wrong in the wake of the storm, and what he thinks needs to be done before the next hurricane hits.

And later, new developments in the CIA leak case point to a former top State Department official.

Stick around. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

KING: This is a big day for Senator John McCain: his 70th birthday. That, of course, raises the question that could be crucial to his future in presidential politics. Does age matter? Let's talk more about McCain's milestone and whether it could keep him from the White House.

Our senior medical correspondent, Dr. Sanjay Gupta, is here, but first, our congressional correspondent, Dana Bash.

DANA BASH, CNN CONGRESSIONAL CORRESPONDENT: Well, John, Senator McCain is spending his 70th birthday in Montenegro as part of a five- country, ten-day trip with Senate colleagues. And it's that kind of image -- someone who is always on the go -- that McCain is eager to cultivate as he gears up for a probable presidential run and faces questions about whether he's up to the challenge.

(BEGIN VIDEOTAPE)

BASH (voice-over): Just how old is John McCain? Get used to hearing this ...

SEN. JOHN MCCAIN (R), ARIZONA: I am older than dirt, I have more scars than Frankenstein, but I have learned a few things along the way.

BASH: One lesson, try to turn a potential liability -- age -- into a self-deprecating punchline, much like the role model he'd like to replace in the history books.

RONALD REAGAN, FMR. PRESIDENT OF THE UNITED STATES: I am not going to exploit for political purposes my opponent's youth and inexperience.

BASH: Ronald Reagan was 69 years, 349 days old, when he took office in 1981. McCain would be 72 years, 144 days old, on Inauguration Day 2009. Reagan's former chief of staff says judge McCain by how he acts, not his age.

KEN DUBERSTEIN, FORMER REAGAN CHIEF OF STAFF: You don't all of a sudden start covering yourself with a blanket and having tea at 2:00 in the afternoon just because you are 70 years old.

BASH: McCain goes out of his way to come off more Gen-X, than geriatric.

MCCAIN: Congratulations.

BASH: Appearing in movies like "The Wedding Crashers" and hosting Saturday Night Live.

MCCAIN: (SINGING).

BASH: Aides played down the significance of 70 by playing up his tireless pace in the Senate and on the trail for GOP candidates.

SEN. SUSAN COLLINS (R), MAINE: I have traveled with Senator McCain to the far corners of the world. And I like to think I have a lot of stamina: he leaves me in the dust. BASH: But anyone McCain's age faces higher risks. The government says 88 percent of those over 65 have at least one chronic health condition. One in four older Americans suffer from a decline in cognitive health. McCain's personal history adds to the challenge -- multiple bouts of skin cancer and invasive surgery to remove it.

MCCAIN: My health is excellent.

BASH: A top aide insists McCain is now cancer-free and tells CNN he's checked at the Mayo Clinic every three months. They are preparing for the scrutiny that comes with a bid for president.

SCOTT REED, REPUBLICAN STRATEGIST: Part of the campaign strategy will be to put out the health records, probably have a more aggressive schedule of going to doctors, but open the book and show everything.

(END VIDEOTAPE)

BASH: Six years ago, McCain released some 1,500 pages of medical records in an effort to prove the former prisoner of war was physically and psychologically fit to be president. Aides say they'll have to do that again, but when it comes to the age factor, John, what you hear from his aides over and over again is one simple message -- in a post-9/11 world, they believe that voters will buy the fact that life experience matters.

KING: That is what they want. Dana Bash, stay with us.

I want to bring Dr. Gupta back into the conversation. She pointed out, anyone his age is at risk; what are we looking for?

DR. SANJAY GUPTA, CNN SENIOR MEDICAL CORRESPONDENT: A couple of things to keep in mind. We don't measure age in years so much, as doctors. We look more at physiological age. So someone can be 50, have the body of an 80-year-old, and vice-versa as well.

Also, the type of illness matters, as you might predict, John. For example, President Eisenhower had a heart attack when he was in office -- people sort of forgave that. But when he had a stroke that affected his thinking, dementia-sort-of-like symptoms, they weren't so forgiving.

McCain comes from a very strong family history, a history of military men. His mother is 95 years old, so he's got good genes in his family as well, and he's shown that he can, you know, rebound pretty quickly from this melanoma diagnosis.

KING: You say rebound pretty quickly. When you talked to the campaign age, they say five years cancer-free. They think that's the major threshold. When it comes to melanoma, is that true?

GUPTA: Well, you know, it's interesting with him in particular, because two separate diagnoses of melanoma, '93 melanoma, and then five years later, '98, his doctor comes out and says he's essentially cured, mainly because he hasn't had a recurrence. Not so. As we found out, in 2000, another case of melanoma. It's an important point, because a lot of people who have melanoma out there, you might not having anything for several years, and then it could come back up. There was seven years in between there, John. So, you know, we're at 2000 now. Seven years from then would be 2007, so could it happen again? Sure.

KING: You saw the scar on his face in Dana's piece. He was in pretty bad shape after that. You say it could come back again. Is it something that you are looking at his face, looking at his skin, or could it hide and go somewhere else on your body in five, seven, 10 years later?

GUPTA: For the most part, it's usually going to appear on the skin first, but it's a good question. It could appear on other organs, such as the lungs. It could appear on the liver as well. There are very good treatments for this, but one of the sort of hallmarks for this is to examine the skin.

He's also -- because of his previous diagnosis, he's going to get the rest of his body checked as well, so he'll get chest x-rays and scans of his abdomen and stuff like that, just routine sort of follow-up.

KING: And he's a 70-year-old man. He will be 71, almost 72 as he runs for the presidency. Let's assume he's in very good health. He's still going to have to go to the doctor from time to time. Things will happen to him that don't happen to a man who's 40, correct?

GUPTA: Absolutely. And, you know, besides the melanoma which everybody is focused on, you still have to think about the common things being common. Heart disease certainly more common. Dementia -- again, that's a big concern in someone who is older. The numbers go exponentially higher. You worry about things like Alzheimer's. He's going to need to get the preventative screenings that any older American would get.

KING: And you say, from a political standpoint, they're prepared to talk publicly about that as he goes through this process.

BASH: They know they're going to have to, but they also say that they understand that the candidate is what he is, essentially, and that as much as they want to talk about fact that he's healthy, that they're going to have to wait and see what happens, and they are going to try to let his pace speak for itself and his health speak for itself.

KING: And talk about how that's different, publicly. As a doctor and as someone who's watched this, candidates now are under a lot more pressure than candidates, say 25 years ago, to lay it all out.

GUPTA: It's remarkable. And, you know, we did a documentary called "The First Patient," actually looking at the list of the events that a president has to do, and a candidate as well. I mean, just the number of stair they are climbing every day, the amount of walking they have to do, the amount of content they have to keep in their brains from meeting to meeting, it's remarkable and it goes exponentially higher as you well know, John, as the campaign goes on. So is that harder on an older person? I think absolutely, and I think even his camp would admit that, but you know, very doable as well.

KING: Up and down the bus. But Senator McCain would find the White House complex is a lot more flat than the Capitol complex. Dana can tell you that as well.

BASH: A lot more flat.

KING: Dana Bash, Dr. Sanjay Gupta, thank you very much.

GUPTA: Thank you.

KING: And up next, he was the first political casualty from Hurricane Katrina. Now one year later, I will ask the former FEMA director, Michael Brown, if the government is ready to handle another devastating hurricane.

And later, Jesse Jackson in the Middle East, will he be able to convince Hezbollah to free the Israeli soldiers it's holding? Stay right with us. You are in THE SITUATION ROOM.

(COMMERCIAL BREAK)

KING: Welcome back to THE SITUATION ROOM. I'm John King in Washington.

On this first anniversary of the Katrina catastrophe, President Bush is promising that if and when there is a next time the federal government will do better. The Federal Emergency Management Agency, of course, was a top target of criticism under its then-director Michael Brown. Mr. Brown joins us live in just a moment, but first, is FEMA ready now? Here's our homeland security correspondent, Jeanne Meserve.

(BEGIN VIDEOTAPE)

JEANNE MESERVE, CNN HOMELAND SECURITY CORRESPONDENT (voice-over): Katrina destroyed lives, property and the reputation of FEMA. A year after the storm, the agency is still a punch line.

JON STEWART, HOST, "THE DAILY SHOW": Don (ph), the bombing campaign has not only seemingly failed to weaken Hezbollah, you're actually saying it's made them stronger.

DON, ACTOR: That's right, Jon. From what I hear, they're very keen to take on their next project, the reconstruction of New Orleans. Hezbollah may be a rag-tag group of undereducated Islamic extremist militiamen, but at least they're not FEMA.

MESERVE: FEMA's director says Katrina's lessons have been learned.

DAVID PAULISON, FEMA DIRECTOR: What we don't want to do is let all of that suffering, those fatalities, all of that damage go in vain. Shame on us if we do that.

MESERVE: Critical shortages of food and water are hopefully a thing of the past. FEMA says it has stockpiles to feed a million people for a week. And unlike last year, contracts for other critical items have been negotiated ahead of time. No more

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idling of supply trucks hundreds of miles from where they are needed, officials say, though a logistics system to track them is still a work in progress.

MICHAEL CHERTOFF, HOMELAND SECURITY SECRETARY: Eventually we'd like to have a system that could literally track packages the way FedEx or UPS does. We weren't able to get there in one year, but where we've gotten takes us very, very far ahead of where we were previously.

MESERVE: But a new report from the Department of Homeland Security inspector general says many of FEMA's urban search and rescue teams are ill-prepared because of funding and personnel shortages. And some feel the agency as a whole is not ready for the next big storm.

LEO BOSNER, FEMA EMPLOYEE: I feel our preparedness has gone down.

MESERVE: Bosner, a long-time FEMA employee and union representative, says government planning documents make bad assumptions and are too complex.

BOSNER: The plan to this day is incomprehensible. Nobody understood it under Katrina and nobody understands it today.

MESERVE: Former FEMA officials say sapped morale has led to a wave of retirements. And despite a recent hiring push, 15 percent of FEMA jobs are unfilled. Some state emergency managers worry about the agency's lack of bench strength.

COL. JEFF SMITH (RET.), LOUISIANA HOMELAND SECURITY OFFICE: But they really lack the depth of core people that are highly experienced in program management at this point.

MESERVE (on camera): No one believes FEMA is completely fixed. Many experts predict the agency will overcompensate for its past failures and try to use the next storm to repair what was damaged in the last one: its image.

Jeanne Meserve, CNN, Washington.

(END VIDEOTAPE)

KING: And joining us now, the man who was at the helm of FEMA after Katrina, and who later took the heat, and the fall, Michael Brown.

Mike Brown, thanks very much for joining us from New York.

MICHAEL BROWN, FORMER FEMA DIRECTOR: My pleasure, John.

KING: I want to begin with something you said this morning that I found quite interesting. On the "Today" show on NBC this morning, you said this: "You want to protect the president, because you're a political appointee, so you're torn between wanting to tell the absolute truth, and following those stupid talking points. To this day, that is my biggest regret."

Mike Brown, tell us on this day as the country reflects on Katrina, what is the truth about the president and his role in all of this that we don't know, that you have been reluctant to tell?

BROWN: Well, I think the administration, John, is now reaping what it sowed for the past three-and-a-half, four years with the Department of Homeland Security. All the public has to do is go back and look at the memos that I wrote in 2003 and again in 2005 warning that this was going to happen.

I think Jeanne's report that your viewers just saw is absolutely right on point. You know, it is crippled, it has suffered from the money that's been taken by Homeland Security, by the fact that, you know, Secretary Chertoff and Secretary Ridge just flatly refused to do catastrophic disaster planning. And we are now reaping the problems of that.

KING: Have they learned the lesson from that? Is there more money going into the planning now? Or do you think they are just papering this over?

BROWN: Well, that's -- I think that's going to be the role of you and me and everyone in the media and the American public, to watch and really hold their feet to the fire, that it's not just, again, talking points, that Secretary Chertoff doesn't come on and just talk about, you know, we are doing all of these things, which I hope he's doing. But we have got to hold their feet to the fire and make sure they really do implement those reforms.

KING: Many people watching this are probably asking the question, why should I listen to this guy? This is the guy who was running FEMA when this all happened.

Now, I know you think there is plenty of blame to go around. But Congress did look into it. And we had a conversation yesterday with Senator Susan Collins. She's the chairwoman of a Senate committee that looked into all this. And she says at the top of the blame list, in her view, is a guy named Michael Brown.

I want you to listen to Senator Collins.

(BEGIN VIDEO CLIP)

SEN. SUSAN COLLINS (R), MAINE: Well, I was very disappointed in the federal response. It was hesitant and halting, when it should have been crisp and competent. I think the person who is the biggest failure in this was Michael Brown, the director of FEMA, who failed to take control and deliver essential services.

(END VIDEO CLIP)

KING: Is she right, Mike Brown?

BROWN: Isn't that amazing, that the senator who oversees FEMA, the one that I went to for two years, and said, Senator, these -- this is not working; we need these things; isn't that amazing, that she now tries to deflect that blame back to the one guy who was saying, all along, we need to fix these things?

It's the same old Washington politics. And I would say to Senator Collins; Come on, Senator. Get real about this.

KING: Well, let me ask you this, and play devil's advocate. She's not here.

She's from the state of Maine. It's not going to get hit by a hurricane any time soon, or certainly not by a high-force hurricane. She is also someone who has sparred with this president and administration from time to time. She is known as a maverick. Why wouldn't she stand up and say, "I think Mike Brown is to blame, but I also think, in the year after, they haven't done X, Y and Z," if she really feels that way?

BROWN: Because I think we are too close to the '06 and the '08 elections. I think that's exactly what's going on.

And no one wants to -- look, this is all part of, as long as we can continue to blame Mike for everything that went wrong, literally for everything, then, that's the mantra they are going to stick to.

Look, when she talks about, "Why didn't he get stuff down there; why didn't he take charge?" I tried, for the first five days, to take charge. I couldn't get a unified command established, because there was this fear of, well, if we come in and federalize this, how is that going to look, if we federalize a white female Democrat governor and we don't federalize a white male Republican governor, referring to Governor Barbour in Mississippi?

It's just politics at its absolute worst.

KING: Well, then, let me go back to the first point, then.

You say that you are reluctant at times. It appears -- now, tell me if I am mischaracterizing what you are saying -- that you are reluctant to be more honest about the president and his role in all this, because you want to stick to the talking points; you want to be a loyal political appointee.

At that moment, when you are trying to get federalized, why didn't you just go to the president of the United States, say, "Damn it, Mr. President, we need to do this, or else we are in serious trouble"?

BROWN: And that's what your viewers need to know, John, is, that is exactly what I did. I did that on numerous occasions.

Prior to the storm, I did it. Everyone remembers the famous "Heck of a job, Brownie" phrase. I had spent about three or four minutes with the president prior to that, telling him exactly how bad things were throughout the Gulf Coast region.

KING: And what did he say?

BROWN: There was just this amazing, you know, well, keep trying, and we're going to keep doing -- you know, talk to Joe and talk to Andy and the other people on the staff, and we will make things work.

I talked to him again on Tuesday morning, immediately following landfall, and said, "Mr. President, that we have lost at least 80 percent of the population of New Orleans."

And there was this astonished gasp from everybody on the conference call about, are you kidding me?

And that's astonishing to me, because we had talked about it for two days prior to landfall and during landfall, and the next day.

KING: Well, let's look forward now.

And, from your perspective -- and, again, fairly or unfairly, I think many people out there will say, "Why should I listen to this guy? But give us, from your perspective, the one or two things you think the president should be doing, and any mayor should be doing, whether that is a mayor watching Ernesto tonight, a mayor knowing that there will be a hurricane a week or month down the road from now. What is the one or two recommendations Mike Brown would make on this day?

BROWN: Well, first of all, let me actually agree with Mayor Nagin on something.

I heard Mayor Nagin on the news show earlier today and yesterday, talking about, if a storm begins to approach, he is going to use every available means to get all of the people out of New Orleans. If he had done that last year, we wouldn't be having this problem. We would still have the devastation, but we wouldn't have the deaths.

I saw on the news today Governor Bush down in Florida asking people to leave. He's doing exactly what mayors and governors and leaders should be doing in times of disaster like this. And I think it's incumbent upon us, as the public, to make certain that it's not just the fluff and the talking, but are they really doing what they are saying? Are they putting the money, the personnel, and the resources into these plans?

KING: Michael Brown, the former director of the Federal Emergency Management Agency, thank you for joining us today, on what has to be a momentous day for everybody, but especially for you, the one-year anniversary of Katrina.

Michael... BROWN: Thank you, John.

KING: Michael Brown, thank you very much.

And coming up: new developments in the CIA leak case. We will tell you what they are when we come back.

And later: Iran's president challenges George W. Bush to a debate. Next hour, we will go live to Tehran for the story behind the story.

(COMMERCIAL BREAK)

KING: We have new information this hour about the leak that rocked Washington, the outing of CIA operative Valerie Plame Wilson.

Our Brian Todd is here with the new details -- Brian.

BRIAN TODD, CNN CORRESPONDENT: John, two sources familiar with former Deputy Secretary of State Richard Armitage's role in the CIA leak investigation confirmed to CNN that Armitage was the source for Robert Novak's column that revealed the identity of CIA operative Valerie Plame.

Now, Plame's identity was disclosed in a Novak column in 2003. Her husband, Joe Wilson, alleged the leak was part of a coordinated White House effort to undermine critics of the Iraq war, like him. The White House denies the claim.

And sources say Armitage revealed Plame's role at the CIA almost inadvertently in a casual conversation with Novak. It's not clear that Armitage even knew that Plame's identity was classified at the time.

In a new book entitled "Hubris," authors Michael Isikoff and David Corn write that Armitage told former Assistant Secretary of State Carl Ford -- quote -- "I'm afraid I may be the guy that caused this whole thing." According to Isikoff and Corn, Ford does not describe the disclosure as a planned leak. They quote Ford saying, "My sense from Rich is that it was just chitchat."

Calls today from CNN to Armitage and Carl Ford were not returned. Very important to note here, Armitage was not indicted by special prosecutor Patrick Fitzgerald, who has been investigating this matter -- John.

KING: Brian Todd with new details -- Brian, thank you very much.

We will continue to track this.

And coming up here: Ted Kennedy asks President Bush for help. We will tell you why the senior senator from Massachusetts is urging Mr. Bush to get involved.

A suspect on the FBI's most wanted list is behind bars this hour. But what's next for polygamist Warren Jeffs? A full report just minutes away.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

KING: And our Zain Verjee joins us now with a closer look at other stories making news.

Hi, Zain.

VERJEE: Hi, John.

An explosion that ends in tragedy, and an intense firefight that ends in executions, and hopes that all the violence will end with the rule of law. Today, in Iraq, 62 people died in a massive explosion at an oil pipeline 100 miles south of the capital.

Also, some Iraqi soldiers who recently fought followers of radical Shia cleric Muqtada al-Sadr may have been executed. An official says, they were captured, then killed, execution-style.

Meanwhile, U.S. Attorney General Alberto Gonzales visited Baghdad today. He met with Justice Department employees in Iraq to help rebuild the country's legal system and infrastructure.

The leader of the United Nations and leaders in Israel are not seeing eye to eye. U.N. Secretary-General Kofi Annan met with Israeli Defense Minister Amir Peretz today in Israel. Now, Annan is insisting that Israel lift its air and sea blockade of Lebanon. But Israel is insisting that it will only end the blockade once it feels sure that forces deployed on the Lebanese border can stop Hezbollah from importing more weapons. Annan stopped in Israel as part of an 11-day tour of the Middle East.

Meanwhile, another sticking point, in that three Israeli soldiers are still being held -- still being held captive. Two were captured by Hezbollah, and one was kidnapped by Hamas-linked militants on the 25th of June. Civil rights leader Jesse Jackson, on a mission to win their release, says that he was told the soldiers were all alive and well. Jackson says that came during meeting in Damascus with Syria's president, Bashar al-Assad, and a Hamas political leader -- John, back to you.

And I -- I shouldn't eat Twizzlers before I read.

(CROSSTALK)

KING: It's in the manual. It's right here in the manual: Do not eat Twizzlers before you read.

(LAUGHTER)

KING: Thank you. Thank you, Zain.

A quick check of our "Political Radar" this Tuesday. It turns out, not everyone in Kenya is thrilled with Senator Barack Obama's visit to his father's homeland. Today, a spokesman for the Kenyan government is quoted as blasting Senator Obama's claim that corruption has left the African nation in crisis. But another high- level Kenyan official suggests that Obama's speech is evidence that Kenya is a more open society.

Back here in Washington, a new warning today about the future of immigration reform -- Democratic Senator Edward Kennedy says legislation will not be able to get through the Congress, unless President Bush becomes more involved in negotiating a compromise. Those negotiations are at an impasse over the House enforcement-only bill and a Senate measure that gives some illegal immigrants a path to citizenship.

New evidence today that national Democratic leaders are throwing their support to Senate nominee Ned Lamont in his bid to unseat incumbent Joe Lieberman -- Senator Chuck Schumer, who runs the Senate committee -- Campaign Committee -- says he will meet with Lamont next week to discuss how that committee can help his campaign.

Lieberman lost the Democratic primary in Connecticut to Lamont -- Lieberman now running as an independent.

The idea: a searchable public database that anyone could use to review how the federal government has spent $2.5 trillion. Sounds like a good idea -- the problem, someone has put a hold on it. Who is the secret senator?

Our Internet reporter, Abbi Tatton, is following the search online -- Abbi.

TATTON: John, a Google for government spending, that's how the bill's co-sponsor, Senator Tom Coburn, describes this initiative.

It's a bill that has bipartisan support in the Senate, and also support of a broad range of groups on the left and right, who say that it will increase government transparency. But it has hit a roadblock.

A spokeswoman for the Senate majority leader's office confirms to us that a hold has been put on this bill. Any senator can put a hold on legislation anonymously, preventing a vote. The spokeswoman said, unless the senator comes forward, the public won't know who it is.

Well, not if the blogosphere has anything to do with it. The search is on online for the so-called secret senator. At the conservative-leaning anti-government-waste site Porkbusters, they have been urging their readers to contact their Senate offices and demand that these senators fess up and tell them if it's them or not.

Also, at the liberal TPMmuckraker site, they are hot on the trail as well. There are even photos posted at Porkbusters of all these senators who they say are in the clear, based on their own readers' inquiries. We cannot confirm the accuracy of those. They are readers' inquiries. And, as of today, this senator is still secret. A spokeswoman for the Senate majority leader's office says, Senator Frist does want to move forward with this legislation. And they hope to address all this when the Senate gets back into session -- John.

KING: So, the liberal blogosphere agrees with the conservative blogosphere. That's breaking news animation right there.

(LAUGHTER)

KING: Abbi Tatton, thank you very much.

Up next: Who do you think would win in a debate between President George W. Bush and Iranian President Mahmoud Ahmadinejad? Jack Cafferty is standing by with your answers.

And Ernesto closes in on Florida, but where will it hit? We are tracking the storm and awaiting a brand-new forecast from the National Hurricane Center.

You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

KING: Here's a look at some of the "Hot Shots" coming in from the Associated Press, pictures likely to be in your newspaper tomorrow.

We begin in the Middle East. A woman walks past the wreckage and rubble left behind in the suburbs south of Beirut.

Diwaniya, Iraq: Iraqi soldiers conduct a patrol from the back of a pickup truck.

New Delhi, India: a bizarre scene. Activists from People for the Ethical Treatment of Animals protest outside a livestock convention.

And, in Davie, Florida, a frustrated man shares some choice words with a gas station attendant. Gas lines are long, as Floridians gear up for Tropical Storm Ernesto.

And that's today's "Hot Shots," pictures often worth 1,000 words.

Another man who has 1,000 words -- maybe more -- is back with us now, Jack Cafferty and "The Cafferty File."

CAFFERTY: Not nearly that many.

I saw you had on the picture of the wall of Ahmadinejad, the president of Iran. He was talking with the press today. And he suggested that he would like to participate in a live television debate with President Bush.

The White House immediately shrugged off the challenge, called it a diversion. But "The Cafferty File" thought it was kind of a cool idea. We asked, what would you think -- who would win a debate between these two, President Bush and Iranian President Mahmoud Ahmadinejad.

Mary writes from Florida: "Neither one would win. By definition, a debate is a -- quote -- 'contention by words or arguments.' Neither Bush, nor Ahmadinejad, has shown the ability to defend his policies with cogent reasoning and clear language. Both are blind ideologues, driven by religious fanaticism that blinds them to reality, and controlled by more powerful and sinister forces behind the scenes."

That's a little serious for our tastes there, Mary.

Ben in Washington: "Would the outcome of the debate matter anyway? The liberal media hates Bush more than they hate Ahmadinejad. They would naturally spin it to make Bush look like an drooling idiot and Ahmadinejad a genius in all matters."

Oz writes from Washington: "The major problem with a debate like this is that one of the leaders can't make himself understood in English, and the other is Iranian."

Tom in New Jersey writes: "Talk about reality TV. This would easily outdraw 'Survivor.' My money is on the Iranian president, after the way he controlled Mike Wallace last week."

And Maurice, Two Rivers, Wisconsin: "Questions this stupid don't deserve a reply, Jack. Go back on vacation." OK.

CAFFERTY: Maybe next week.

(LAUGHTER)

KING: Paid vacation, right?

CAFFERTY: Right. Well, let's hope.

(LAUGHTER)

KING: Well, Jack Cafferty, thank you very much.

And still to come here: President Bush is still trying to recover from the failures after Hurricane Katrina. We will examine that defining moment for him and other snapshots that forever mark the president's past.

And, a year after Katrina, a tropical storm is heading for Florida. In our next hour, we will discuss storm threats then and now with the National Hurricane Center director, Max Mayfield.

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Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

KING: New information just into CNN on the path and the risks from Tropical Storm Ernesto.

Let's go straight to Jacqui Jeras in the CNN Hurricane Center -- Jacqui.

JACQUI JERAS, CNN METEOROLOGIST: Well, John, despite being over warm water, Ernesto has not gained strength today. Winds are still at 45 miles per hour. And the window of opportunity for this storm to get stronger is starting to shrink down quite a bit.

Also, hurricane watches have just been posted for about the central coast of Georgia, all the way up to Wilmington, North Carolina, because we are expecting this storm to pull offshore and strengthen here into the Atlantic, and maybe making a second landfall then. And that would be happening some time on Thursday afternoon.

Also, a tornado watch has just been issued for parts of central and southeastern Florida. And that will last throughout the evening hours, as well as into the overnight -- a lot of new information coming in on Ernesto. We will give you the latest and give you a tour of some of the heaviest bands that are moving into South Florida. That's all coming up in the next hour -- John.

KING: Looking forward to that, Jacqui. We will see you in just a few minutes.

JERAS: Yes.

KING: Thank you very much.

Now, when it comes to a president's legacy, major accomplishments sometimes pale in comparison to the power of a single image. President Bush knows that all too well, as he marks the one-year anniversary of Hurricane Katrina.

Here's our senior analyst, Jeff Greenfield.

(BEGIN VIDEOTAPE)

JEFF GREENFIELD, CNN SENIOR ANALYST: John, the president's travels to the Gulf this week are designed, in part, to replace lingering images from a year ago, images that inflicted real political damage. It's a reminder of just how often a single image can, fairly or unfairly, all but define a president.

BUSH: I can hear you.

GREENFIELD (voice-over): Here's how millions of Americans saw President Bush after September 11, comforting the fallen, vowing to strike back.

Here's how the White House tries to ensure that the public literally sees the message the president is delivering, with the theme of the day spelled out behind him. But, in the first days after Katrina struck last August, all the images seemed to be the wrong ones: a president detached, literally above the suffering, the president joking about his hell-raising partying days in New Orleans. BUSH: To enjoy myself, occasionally too much.

GREENFIELD: And, of course:

BUSH: And, Brownie, you are doing a heck of a job.

GREENFIELD: It's not as though presidential imagery began in the television age. A century ago, Theodore Roosevelt's White House welcomed press coverage of his hunting and camping trips. It underlined his youth and energy.

In the depths of the Depression, President Franklin Roosevelt was very conscious of the need to appear confident, buoyant, optimistic. He once said to Orson Welles, "You and I are the two best actors in America."

Jimmy Carter's post-Watergate anti-imperial presidency was symbolized by denim.

But, sometimes, imagery can undermine a president. Gerald Ford's occasional missteps turned one of our most athletic presidents into a bumbler, as well as making Chevy Chase's career.

When President Carter collapsed into the arms of Secret Service men during a marathon in 1979, it seemed to symbolize weakness. A much more serious image emerged in April 1980, after a failed hostage rescue mission in Iran. The crippled helicopters were a powerful image of American impotence.

And it was an inauspicious start to a reelection year in January 1992, when the first President Bush threw up on the Japanese prime minister during a state dinner.

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(on camera): So, yes, these images really do matter, which is why every White House spends so much time and trouble shaping them. But it's also worth noting that, if a president's policies and programs are working well, maybe a lot of that image-shaping might not be so necessary -- John.

(END VIDEOTAPE)

KING: Thank you, Jeff.

Bush Repeats Vow To Help New Orleans (NYT)

By Anne Kornblut, Adam Nossiter

The New York Times, August 30, 2006

NEW ORLEANS, Aug. 29 — Still at pains a year after Hurricane Katrina to demonstrate his concern over the devastation it caused, President Bush said Tuesday that he took "full responsibility" for the slow federal response to the disaster as he made a carefully choreographed pilgrimage to the city that suffered most.

As bells rang out through the streets, citizens gathered for prayer services and residents hung banners in front of their tattered homes to commemorate the anniversary of the storm, Mr. Bush sought to do what he had not accomplished a year earlier: Demonstrate the depth of his understanding of the emotional and physical toll the hurricane took on New Orleans.

"I've come back to New Orleans to tell you the words that I spoke on Jackson Square are just as true today as they were then," he told a largely friendly audience at Warren Easton Senior High School, referring to his major nighttime address on the storm last September.

That speech, itself a carefully planned event that came after most of the victims had died, was seen as a turning point by White House advisers who recognized the political damage done by the flawed government reaction.

"I have returned to make it clear to people that I understand we're marking the first anniversary of the storm,'' he said, "but this anniversary is not an end. And so I come back to say that we will stand with the people of southern Louisiana and southern Mississippi until the job is done."

Speaking at a former public school that was rebuilt as a charter school after the storm, Mr. Bush restated his acceptance that ultimately he was responsible for the federal response to the hurricane, which killed more than 1,700 people in the gulf area and left hundreds of thousands of others displaced.

"I take full responsibility for the federal government's response, and a year ago I made a pledge that we will learn the lessons of Katrina and that we will do what it takes to help you recover," Mr. Bush said, drawing applause from the crowd.

He also said he would try to get Louisiana a greater share of offshore oil revenues and urged businesses to return to the region.

In repeated nods to the city's extraordinary cultural past, Mr. Bush visited the home of the music legend Fats Domino in the Lower Ninth Ward and listened to a brass band. He talked about restoring the "soul" of New Orleans, even as he acknowledged that much of the damage had not yet been repaired.

The city, he said, was calling its children home.

"I know you love New Orleans, and New Orleans needs you," Mr. Bush said. "She needs people coming home. She needs people — she needs those saints to come marching back, is what she needs."

He did not stray far from his script nor venture out of his motorcade as it sped past some of the worst destruction in the Lower Ninth Ward, where rows of gutted homes stood along deserted streets.

Instead, in a series of upbeat events designed to underscore progress, Mr. Bush struck an optimistic — and at times almost defiant — tone. He portrayed the anniversary as a starting point, deflecting questions about slow results. And although he faced several challenges throughout the day, including a large banner that read "Bush Failure" as his motorcade passed, Mr. Bush kept his focus on future improvements. He met privately with several residents, but the White House did not disclose their conversations.

Away from the presidential tour, there was private weeping at some of the ruins of the Lower Ninth Ward, and at City Hall bereaved family members signed a giant banner with hundreds of fleurs-de-lis, the city's symbol, one for each victim. At 9:38 a.m., Mayor C. Ray Nagin sounded a large silver bell on the City Hall steps to mark a catastrophic early levee breach.

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Huddling with loved ones at home, attending a ceremony in the heat or simply working on their houses, the city's citizens, it seemed, were reflecting Tuesday on the disaster one year ago that altered a way of life here for a long while, if not forever.

In its warm and breezy quiet, the day was very unlike the one filled with violent winds and somber hints of catastrophe of a year ago. Out in the neighborhoods, work went on, painfully and defiantly, in the 100 degree-plus heat. Plunging on ahead with rebuilding, as more than one demonstrated they were doing Tuesday, was a way of remembering too — of not being conquered by the long-tentacled disaster and its aftermath. Several people said there were far more important things to be done this day than attending one of the downtown events.

"All this stuff on TV and all, nobody in this city has time to fool with that," said John Parker, a musician, outside his house, which took in over four feet of water, on a ruined block of Upperline Street. "I figured it's a good day to get the ball rolling on fixing the house. So I got up and made an appointment with our electrician."

Mr. Parker and his wife gutted their home months ago, but are still months away from moving back.

The memorial parade was just gearing up downtown, but Robert P. Davis, an electrical inspector, was having no part of it.

"I'm working on my home, that's what I'm doing," Mr. Davis said brusquely, on a block of Marengo Street where few of the neighbors have returned.

"What happened has happened," he said, proudly showing off his "totally gutted, reframed" house.

Mr. Davis is living, for now, in a FEMA trailer in the backyard. "We've got to move on," he said.

Others were not so sure that was possible just yet.

"It's been a big day for everybody," said Kirk Reasonover, a lawyer, hurrying across Camp Street downtown.

Exiled from the city and his home for nearly four months, Mr. Reasonover said he was determined to "spend time with my family" on this day. "Everybody who was here on Aug. 27 and Aug. 28, 2005, is thinking about it," he said. "It was one of those moments you will never forget."

The city does not need reminders of the storm; they are everywhere. But the date itself, so often referred to since the storm , is its own particular sharp jog to memory. Tuesday was special in that regard, and many here, including Mayor Nagin, were feeling it.

This was a rough patch for the city, the mayor said. "I am personally having a very difficult time with it," he told several hundred assembled on the steps of City Hall.

Mr. Bush's day — a whirlwind more of sights and sounds than of substance — began with a memorial Mass at the Cathedral-Basilica of St. Louis on Jackson Square and concluded with Mr. Bush returning to his ranch outside Crawford, Tex.

After giving Mr. Domino — who was feared dead for a time in the early days of the hurricane — a replica of a National Medal of Arts award that had been lost in the storm, he drove past gutted homes to arrive at a group of freshly constructed houses put together by Habitat for Humanity volunteers in recent months.

After spending the night at his ranch, Mr. Bush will spend the rest of this week shifting his focus away from Hurricane Katrina and back toward another landmark of his presidency, the Sept. 11 terrorist attacks. He is scheduled to make campaign stops in Arkansas and Tennessee on Wednesday before delivering what is expected to be a major address on terrorism in Salt Lake City on Thursday.

Mr. Bush had at least one exchange with a local resident that made reference to the flawed response last year, and his role in it.

As Mr. Bush squeezed through tables at a pancake house where he ate breakfast, , a waitress asked, "Mr. President, are you going to turn your back on me?"

"No, ma'am," he replied, with a laugh and a pause. "Not again."

New Orleans Honors Its Dead (WP)

By Michael Abramowitz, Peter Whoriskey

The Washington Post, August 30, 2006

NEW ORLEANS, Aug. 29 -- Church bells pealed at 9:38 a.m. here Tuesday, the moment floodwaters breached the city's levees a year ago, as the anniversary of Hurricane Katrina cast a funereal pall over this half-empty city.

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On his 13th trip to the Gulf Coast since the storm, President Bush joined residents in commemorating the losses with a particularly New Orleans flavor. Local dignitaries, emergency workers and politicians wended their way from the Convention Center to the Louisiana Superdome in a traditional jazz funeral procession, while during a remembrance Mass attended by Bush at the St. Louis Cathedral a clarinetist poured out a soulful version of "Just a Closer Walk With Thee."

At the Seventeenth Street Canal in the Lakeview area, where one of the most disastrous of flood-control failures occurred, a crowd of about 130 people gathered. Names of the local dead were read aloud, and a rose was thrown into the canal's water for each one. The flowers floated away in the waters, now calm.

At least for the day, it seemed that the bitter politics that have attended much of the aftermath of Katrina receded a bit. Archbishop Alfred C. Hughes told the president and other worshipers that good will have come out of the hurricane if the city can construct a better public school system, overcome racial and ethnic divisions, and eliminate an unfair health-care system. "God will have helped us to achieve a greater good," Hughes said.

Bush again accepted responsibility for the botched federal response to Katrina. "The hurricane . . . brought terrible scenes that we never thought we would see in America," Bush told a friendly audience gathered at Warren Easton Senior High School. "Citizens drowned in their attics, desperate mothers crying out on national TV for food and water, a breakdown of law and order, and a government at all levels that fell short of its responsibilities."

The White House carefully chose the scenes it wanted to highlight on this, the anniversary of one of Bush's biggest political embarrassments. Warren Easton is the city's oldest public high school and, like others, shut down after the city flooded. It has reformulated itself as a charter school, with greater leeway to set its own rules and have its own board.

In anticipation of the president's visit, school employees scrambled to complete work on plumbing and electricity, according to the principal, Alexina Medley, and the entire first floor remained gutted. Still, Warren Easton will reopen next week a year ahead of schedule, with about 800 students expected to attend, about a third fewer than before.

New Orleans has seen a flowering of such charter schools in the past year, and Bush hailed the trend, a small example of his more conservative policies taking root in the aftermath of Katrina. He also pledged scholarships for poor children to attend the city's parochial schools. "It's good for New Orleans to have competing school systems," Bush said.

After speaking at the school, Bush traveled by motorcade through the shattered Ninth Ward, and he stopped at the home of legendary singer Fats Domino, whose house was damaged by the storm. Bush presented Domino with a National Medal of Arts to replace the one the musician had lost in the storm.

Before getting on the plane to leave, Bush received a New Orleans Saints jersey from rookie running back Reggie Bush.

Elsewhere in the city, signs and T-shirts served as banners for rebuilding rallying cries. One woman waved an American flag and held a sign that read "Hold the Corps Accountable!" T-shirts read "Lakeview Lives!" and "Make Levees Not War."

"It's been a horrible year," said Carol Etter, 49, a business consultant who came out to the canal. Her T-shirt read, "Hurricane Recovery is a Marathon Not A Sprint." "When you measure progress by the fact that there's trash in the neighbor's yard -- that means they're gutting -- then it's been an awful year. It'll never be the same," Etter said.

Suzanne Kling, 36, a homemaker from the neighborhood, was wearing a T-shirt that read, "Lakeview -- If you build it, they will come." She said she is moving back to the neighborhood in a few months and believes that, of the 16 homes on the block, four others will be occupied by returning families by the end of the year.

The other 11 families, she hopes, will follow. "We're pioneers," she said, casting a gaze toward the nearly vacant blocks of homes.

Meanwhile, the jazz funeral procession moved from the Superdome to the Treme neighborhood, starting first with spirituals such as "The Old Rugged Cross" and "When I Lay My Burdens Down."

As the parade moved along, passersby jumped in behind to march, glide-step and shimmy to the music. In other cities, people might have considered them strange and crossed to the other side; in New Orleans, people jumped in behind and started moving to the music as if it were the most natural possible reaction.

By the end of the parade, the music growing increasingly joyous, a crowd of about 200 people followed, blacks and whites together. "We're burying . . . Katrina," said Okyeame Haley, 37, a lawyer who had joined in.

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Reflecting On Katrina's Wrath (LAT)

By James Gerstenzang, Times Staff Writer

The Los Angeles Times, August 30, 2006

NEW ORLEANS — Marking the first anniversary of Hurricane Katrina, President Bush today delivered a message of perseverance and hope, renewing his pledge to help New Orleans recover from the storm's still-devastating impact and, as he eventually did after the storm struck, taking responsibility for the federal government's much criticized response.

He said that as a result of the lessons learned from the hurricane and the government's efforts to act on them, "we're better prepared" to withstand new natural assaults.

"If another hurricane comes, there'll be a better and more effective response," he said in a speech to several hundred New Orleanians in the auditorium of Warren Easton Senior High School, the oldest public school in the city. It is scheduled to reopen on Sept. 7 for the first time since the hurricane hit.

Earlier, Bush attended Mass with more than 1,000 others that was celebrated beneath the carvings of the elaborate altar and the curved painted ceiling of St. Louis Roman Catholic Cathedral. At 9:39 a.m. the congregation kneeled in two minutes of silent prayer to mark the first breach of the levees.

Moments before Bush arrived, the organist slipped a few bars of "Happy Days Are Here Again" into the collection of hymns, albeit at a dirge-like tempo.

The cathedral overlooks Jackson Square in the French Quarter, from which Bush addressed the nation soon after the storm.

At the school, the president said that the 350-mile levee system had been made stronger in the past year by the Army Corps of Engineers.

Pledging to maintain the federal commitment to help Louisiana and Mississippi rebuild — the government has allocated $110 billion to the task — Bush said:

"The anniversary is not an end. We will stand with the people of southern Louisiana and southern Mississippi until the job is done."

After the speech, music filled the auditorium. But rather than the marches of John Philip Sousa, the normal accompaniment as Bush shakes hands with those at the front of the audience, this time a more localized choice was made: It was a recording of Fats Domino singing "Walking to New Orleans."

Bush Comforts New Orleans, Urges Hope (AP)

By Jennifer Loven

AP, August 29, 2006

President Bush comforted this city that lost so much in Hurricane Katrina and has regained so little in the year since. Amid the raw sorrow of Tuesday's anniversary, the president selected a few beacons of hope to give a lift to struggling Gulf communities and his own still-smarting presidency.

He scarfed hot cakes with happy patrons at Betsy's Pancake House, a reopened hangout in a downtrodden, flood-stained New Orleans neighborhood. He chose as a speech backdrop a new charter school viewed as a sign of the city's commitment to a better post-Katrina educational system.

He called on rhythm and blues legend and local favorite son Fats Domino, who is restoring his destroyed Ninth Ward home, and replaced the National Medal of Arts that got washed away with everything else. He visited a Habitat for Humanity project nearby that is building dozens of homes for displaced local musicians.

He even met the New Orleans Saints, whose return to the Superdome next month is cheered here as a symbol of normalcy in the very place that 30,000 storm victims grew increasingly desperate in the days after Katrina's strike.

"The challenge is not only to help rebuild, but the challenge is to help restore the soul," Bush said in a speech heavily laced with religious references. "Sunday has not yet come to New Orleans, but you can see it ahead."

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When Katrina roared ashore east of New Orleans last Aug. 29, it left 80 percent of New Orleans underwater, killed 1,800 people across the Gulf Coast, destroyed or severely damaged more than 204,000 homes and made more than 800,000 people homeless overnight.

A year later, New Orleans and other hard-hit parts of southeastern Louisiana haven't even emerged entirely from the cleanup phase. With insurance settlements in dispute, no master rebuilding plan from the city, and federal grants only beginning to flow to residents, significant reconstruction efforts seem a distant hope for most. Less than half of New Orleans' population has returned.

"I know you love New Orleans," Bush said to residents scattered across the nation. "And New Orleans needs you. She needs people coming home. She needs people — she needs those saints to come marching back. That's what she needs. New Orleans is calling her children home."

For those who are here, the city barely functions. Only 50 percent have electricity. Just one-third of the city's hospitals and fewer than half its schools are reopened. Violent crime is up. Nearly all the levees are patched, but it's unclear whether they would hold through another storm or whether they will be strengthened further as many want.

Bush acknowledged as much, saying the Gulf is "still a mess" in an interview with "NBC Nightly News" anchor Brian Williams.

Bush's presidency has hardly recovered, either.

He was seen as personally remote from the suffering in the immediate aftermath of the storm, and much criticized as the chief of an administration that botched its disaster response. Nationally, two-thirds of Americans still disapprove of Bush's handling of the Katrina disaster, according to an AP-Ipsos poll this month.

Democrats believe they can capitalize on this dissatisfaction with the government's performance in this fall's midterm elections.

"I take no pleasure in finding out that the president was more incompetent than I thought," Rep. Maxine Waters, D-Calif., told reporters in a teleconference.

Bush's two-day journey through storm-battered Mississippi and Louisiana was aimed in part at deflecting such criticism. He has been stressing that a one-year milestone is much too soon to judge the recovery and repeating that his administration's commitment to rebuilding has not waned.

"This anniversary is not an end," the president said, from the gymnasium of Warren Eastern Senior High School, a high-performing inner-city school that suffered extensive hurricane damage and is reopening in a week as a selective admissions charter school. "And so I come back to say that we will stand with the people of southern Louisiana and southern Mississippi until the job is done."

Outside, there was evidence many still need convincing. A man held a spray-painted banner reading, "BUSH FAILURE." Likewise, homeowners near the Habitat work site had signs on their front gate that said "Make Levees. Not War" and "Message to FEMA: Got trailers? We need one."

Habitat workers emphasized the lingering devastation. "It's like it happened yesterday," said Jim Cartin of Philadelphia. "You'll find one store maybe every three miles."

The president made clear his awareness of the government's mistakes, bringing up the "terrible scenes that we never thought we would see in America: citizens drowned in their attics, desperate mothers crying out on national TV for food and water, the breakdown of law and order and a government, at all levels, that fell short of its responsibilities."

"I take full responsibility for the federal government's response," Bush declared.

Bush offered — as he has on his 12 previous post-storm trips to the region — a raft of promises, many of them repeats from before. He said that the government will "do what it takes to help you recover"; that there will be "a better, more effective response" to the next storm, be it the looming Tropical Storm Ernesto or another; and that levees will be made stronger, schools smarter and law enforcement tougher.

He asked Congress to give Louisiana a bigger cut of royalties from offshore oil and gas production to fund restoration of storm-protecting wetlands and urged approval of federal scholarships for poor students to choose between public or private religious schools.

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He urged local authorities to make the decisions necessary so rebuilding rules are clear and to take the opportunity to overhaul its poor-performing public school system. And he pleaded with corporate America to locate businesses in the Gulf.

Also Tuesday, Bush put Homeland Security Secretary Michael Chertoff in charge of a new task force to study how to get aid to victims more quickly in future disasters. Of $110 billion in federal funds available for last year's Gulf Coast hurricane victims, only $44 billion has been spent — although another $33 billion has been released to state and local authorities.

The plan must be delivered to the White House by March 1 according to a White House notice released Tuesday.

Bush, Residents Of Louisiana Recall Katrina (USAT)

By David Jackson

USA Today, August 30, 2006

NEW ORLEANS — President Bush on Tuesday renewed his pledge of federal aid and pleaded with people to return to this still-damaged city as he marked the first anniversary of Hurricane Katrina with prayers and a note of conciliation.

"New Orleans needs you. She needs people coming home," Bush said after attending a church service and visiting the city's oldest public high school. "She needs those saints to come marching back."

He recounted the harrowing scenes of last year, televised across the country, of people trapped in their attics and mothers calling out for food and water for their children after the hurricane hit the Gulf Coast on Aug. 29, 2005, and breached levees flooded the city.

Bush called it a breakdown of "all levels" of government, and he acknowledged his administration was slow to address the disaster that left at least 1,740 dead and displaced tens of thousands of people.

"I take full responsibility for the federal government's response," he said, "and a year ago I made a pledge that we will learn the lessons of Katrina and that we will do what it takes to help you recover."

Bush won applause by pledging to push Congress for energy legislation that would give Louisiana, Mississippi and other coastal states $1 billion from offshore oil and gas leases. The money would be used to restore wetlands that can provide a natural barrier to storms. The measure has passed the Senate, but not the House of Representatives.

Bush said the federal, state and local governments must work with faith-based groups, entrepreneurs and the business community to help with tasks such as clearing rubble and reducing violent crime.

The president urged residents to heed the city's "rich past" of music, culture, food and architecture and to draw on its historic resiliency. To underscore that history, Bush visited musician Fats Domino at his home in the Lower 9th Ward to replace his National Medal of Arts, which was lost in the flooding.

New Orleans has always been "a city of second chance," Bush said, recalling its comebacks from fires, war and disease. "Every time, New Orleans came back — louder, brasher and better."

Bush Spends Another Day Consoling Those Devastated By Katrina (MCT)

By William Douglas, Chris Adams

McClatchy Newspapers, August 30, 2006

NEW ORLEANS - President Bush returned Tuesday to the city hit hardest by Hurricane Katrina one year ago to the day, accepted full blame for the federal government's failures in its early recovery efforts and implored its citizens to come home.

"I know you love New Orleans, and New Orleans needs you," Bush said in a speech at a damaged high school that's scheduled to reopen next week. "Seeing these old saints to come marching back is what you need. New Orleans is calling her children home."

The president made his impassioned plea to a New Orleans that's still very much a work in progress a year after levees gave way and flooded 80 percent of the historic Gulf Coast city, much of which lies below sea level.

Only 235,000 people - or 45 percent - of the city's 485,000 pre-Katrina residents have returned, according to estate estimates and utilities records. The New Orleans phone book has become a symbol of the shrunken city: It went from separate Yellow Pages and white pages last year to a single, thinner business and residential listings book this year.

While Bush administration officials hailed the progress New Orleans has made, public services, housing and economic conditions are rebounding slowly.

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Natural-gas service is operating in 41 percent of the homes and businesses that had it before Katrina, according to a review compiled by the Brookings Institution, a Washington research center.

Fewer than half of the routes for New Orleans' buses and famed streetcars are up and running, and only 17 percent of the buses are in use, the study said.

Huge sections of the city were under water for up to 57 days, and many of those neighborhoods are still virtually vacant. In some sections, bulldozers are tearing down houses that are too far gone. In others, homeowners plan to rebuild but for now live in government relief trailers in their front yards or have set up homes elsewhere.

"A lot of work has been accomplished, and I congratulate the people here," Bush said. "But there's more work to be done."

Though Bush spent most of his two days on the Gulf Coast touting the positive aspects of the recovery effort, he took the blame for his administration's inadequate response to the hurricane, which killed 1,695 people in the Gulf Coast, 1,464 of them in Louisiana.

"I take full responsibility for the federal government's response, and a year ago I made a pledge that we will learn the lessons of Katrina and that we will come back to New Orleans to tell you the words that I spoke on Jackson Square are true today as they were then," he said.

After his speech, the president toured the Ninth Ward, which was one of the most flooded sections after the storm.

He stopped in at the Musicians' Village, now under construction. The brainchild of New Orleans jazzmen Branford Marsalis and Harry Connick Jr., it's designed to help restore the neighborhood's cultural vitality by providing rebuilt homes for musicians and others.

In the Lower Ninth Ward, the president and first lady Laura Bush visited legendary musician Fats Domino's hurricane-damaged home and gave him a new National Medal of the Arts. His original medal, which President Clinton gave him, got lost in the storm.

Last September, in a nationally televised speech at the square, outside one of the city's landmarks, Bush vowed that the federal government would do whatever it took and stay for however long it took to make the region even better than it was before.

In a metaphoric moment before Tuesday's speech, the president attended a breakfast meeting with New Orleans Mayor Ray Nagin at Betsy's Pancake House, which had 61 inches of water gush in when the levees broke.

Bush encountered waitress Joyce Labruzzo, who was trying to negotiate the narrow spaces between tables in a restaurant packed with customers eager to mingle with the president.

"Mr. President, you're not going to turn your back on me?" she asked.

"No, ma'am," Bush said with a laugh and a pause. "Not again."

Many Displaced New Orleans Unsure About Coming Home (NOTP)

By Trymaine Lee

New Orleans Times-Picayune, August 29, 2006

In a back bedroom of an apartment in southwest Houston, New Orleanian Michael Starks laid quietly beneath a white bed sheet that his sister had carefully tucked under his chin.

His body lay still; his eyes open wide and glued to the television as year-old news footage of flooded New Orleans filled the screen.

On the eve of Hurricane Katrina's anniversary, the only thing on his mind was getting home. But for now, a homecoming remains out of reach.

Starks is a 55-year-old quadriplegic of 30 years, who relies on his sister Shelia for his day to day needs. And Shelia, 53, refuses to think about moving back to New Orleans in its present state, with its fractured health care system and inflated housing market.

"Right now we're uncertain of what to do," Shelia Starks said softly, gazing at her brother from the foot of his bed. "I can't take him to New Orleans with the hospital situation the way it is, and we don't have anywhere to live. The rents are so high now, how could we afford it?"

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Like so many of the tens of thousands evacuees still in Houston a year after the storm, the Starks' remain in limbo, unsure of if they'll ever be able to make it back to New Orleans. Stressed and financially strapped, many evacuees in Houston haven't found the jobs or stability it will take to start making steps toward moving home.

Some have jobs back home, but can't afford the higher rents. Others would return were it not for education or health care concerns. Others fear the still-weakened levees will fail again and finish off what's left of their resolve. Still others have written New Orleans off completely, saying they have no desire to return.

At the same time, many evacuees aren't exactly thriving in Houston. Some find themselves running out of government benefits without having yet secured solid employment to fill the void.

"People are getting evicted, kicked out of their apartments as we speak," said Janice Jacobs, a case manager supervisor at Houston's Journey Home Center, an office set up by Mayor Ray Nagin to help ease evacuees road back to New Orleans. "And those people desperately want to get home, and we want to help them get there."

Opened just a week ago, the center has seen between 100 and 150 people a day, Jacobs said, offering them direction on relocation and housing issues.

Deidra Willis, 37, and her daughter Ireion, 21, took the 45 minute trip from Baytown, Texas to Houston to seek help at the center. The worst part about being exiled, Deidra Willis said, is the lack of respect they're shown from employers.

"It's been hell," she said. "Pure hell. I'm not asking for any handouts. Before the storm I had never been on any type of assistance. Now I'm here, and I just want a job. I've been working since I was 17-years-old."

A former car salesperson at a Ray Brandt car dealership in New Orleans, Willis said they've offered her job back, but she can't find affordable housing in the city.

At a recent meeting at Houston's Texas Southern University, sponsored by non-profits the Jeremiah Group of New Orleans and The Metropolitan Organization of Houston, evacuees met with New Orleans City Council-sponsored city planners and espoused a mix of passion and pain, told through narratives of their struggles and sacrifices in exile.

Many vented frustration with the city's endless debates over rebuilding and repopulation plans, which have yet to show any concrete action, or even clear guidance.

"This is a year later, and we're still at the planning stage," said Donel Matthews, 38. "I can't operate on a plan, and I'm not going to move back to New Orleans on a plan. I'm not going to bring my 10-year-old daughter home and hope there is a school open for her, on a plan. I need more than a plan; I need to know what's going to happen next."

Ted Kunz, 55, blasted the lack of leadership he sees behind the slow pace of recovery.

"They say come home, come home, but come home to what?," said Ted Kunz, 55, formerly of Gentilly. "There are no places for us to live and no jobs, no real jobs where people can earn a descent living." "I feel like a lot of us are being punished. I feel that I'm being punished for doing the right thing. I paid on my flood insurance for 20 years and I didn't get a cent back."

Others rest on blind faith, refusing to believe such a sacred place that call home will die in the face of adversity.

"God wouldn't destroy what he intends on restoring," said Oliver Craumes, 78. "I want to go home. I miss the people. There are no people anywhere in the world like the people in New Orleans, and I miss it.

"I can't tell you everything I lost, but I can tell you that God spared me."

The stress of being stranded in Houston, with no way home, has taken a similar toll on Shelia Starks. Coupled with her brother's medical needs, she has needs of her own. A little more than a month before the flood, she was diagnosed with breast cancer. And two days before Katrina, she underwent the first of three surgeries to remove the cancer.

Today, Shelia is cancer free and recovering from months of chemotherapy and the latest of two surgeries she's had in Houston. The pangs of exile are wearing on her.

"It's been really rough," Shelia Starks said. "There are still so many things that we're not able to handle."

Before the catastrophe, New Orleans offered programs to help offset the costs of many of Michael's needs. Through one Louisiana program, Shelia Starks said the state paid her to be her brother's caretaker, so between his social security benefits and her paycheck, they had enough to keep a roof over their heads.

But now they're falling on tough times. The FEMA voucher they've used for their apartment and utilities is set to expire soon, and they'll have to come up with a way to pay the $639 a month rent.

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Shelia said she's better off relying on the one power that has seen her through her Katrina experience.

"I don't rely on FEMA," she said, "I rely on God."

A few miles from where the Starks live in southwest Houston, in a section of town where street signs come in two languages – Chinese and English – Hy Pham, 69, rummaged through a bag of toiletries. One by one, he pulled out nearly a dozen pill containers filled with his daily medications.

While so many New Orleanians ache to come home, an agonize over what home has become, Pham doesn't know what it means to miss New Orleans. The hurricane and displacement to Houston, he said, was the best thing that could've happened to him. In Houston, he has finally found a community to embrace him.

A former South Vietnamese soldier in the Republican Army during the Vietnam war, Pham fled his native country in 1998 and settled in eastern New Orleans. He said when he escaped the city a day before Katrina, he left nothing behind to love.

A month or so after coming to America, he fell ill, and his wife left him, taking their five children with her.

Pham said he never recovered physically from the illness or emotionally from the loss of family. Even before the storm he was unable to work, and seems almost amazed that he has survived this long.

But through a non-profit Asian outreach organization, Boat People S.O.S, Pham has found a network of people to help him navigate the arduous and often English-only FEMA applications. They help him work through the local health care system and his various medical and housing needs.

Trang Nguyen, 24, Pham's Boat People case manager and sometimes translator, said her organization was granted a $4.8 million federal grant to help displaced Katrina evacuees in Houston. Of the 300 or so evacuee clients the group has on file, some 200 are Vietnamese. The language barrier has caused them severe hardship, both in seeking federal assistance and in finding new jobs.

"It has been a struggle for many of them. Many don't know if they want to go back," Nguyen said. "We're trying to help them while they're here the best that we can."

Pham is grateful. He said no one has ever helped him like this in New Orleans.

A year after fleeing Katrina, Pham's mind is made up: "I miss New Orleans. But I want to stay in Houston.

In death, Pham said ominously through Nguyen, he might finally have a place to call home.

"I don't really know where my home is now," Pham said. "I really don't know where it is I will die. But I know that if I go to sleep tonight and I don't make it to see tomorrow, I will call that place home."

The Starks would love to come, but can't. Brother and sister agreed that the heartache they lives with everyday in Houston still pales in comparison with the hardships they would endure in today's New Orleans. The pair, bound by Michael's condition — and Shelia's vow to their dead mother that she'd always take care of him — will remain in Houston until New Orleans is ready to have them back.

"We're in limbo, we don't know from one minute to the other what we're going to do," Shelia Starks said. "I don't think anyone of us here is totally comfortable or stable."

As much as Michael would love to go home, he acknowledges that Houston is the best place for him to be right now.

"The trash is still in the streets and it would be really dangerous for me. It would be too easy for me to become sick and not be able to get served," Michael Starks said. "It's like Katrina just happened a week or two ago."

Bush Urges Orleanians: 'Come Home' (WT)

By Stephen Dinan

The Washington Times, August 30, 2006

NEW ORLEANS -- President Bush yesterday said New Orleans, a year after being devastated by what he called a disaster of "biblical scale," is rebuilding better than ever and it's now time for displaced residents to return.

"New Orleans is calling her children home," the president said as he spent the morning with local leaders, visited with Fats Domino, attended Mass at the city's Catholic cathedral and spoke at its oldest public high school, which will reopen next week as a charter school after suffering extensive water damage during last year's Hurricane Katrina.

He predicted the city will return "louder, brasher and better."

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The president said he takes "full responsibility for the federal government's response" to the hurricane, and while not promising any major new aid, he did call for Congress to extend business-friendly provisions and threw his support behind a new energy plan through Congress that would give Louisiana a bigger share of revenues from offshore oil-drilling leases.

Top Democrats said New Orleans residents are not to blame for not returning. They said the president and Republicans must do more than take the blame, by opening up the federal checkbook and making sure programs he promised last year get up and running.

"We've got the money and the brains and the heart in our country to get the Gulf Coast back on its feet. We just haven't had the leadership in our nation's Capitol," said Sen. John Kerry, Massachusetts Democrat. "No more photo ops and empty promises. No more excuses for blocking real solutions. It's long past time for action."

Outside of the politics, yesterday was filled with prayer services, remembrance of the city that was lost and taking stock of where it stands after one year.

At the Cathedral-Basilica of St. Louis, King of France, New Orleans Archbishop Alfred C. Hughes celebrated a Mass that included a pause for silent prayer at 9:38 a.m., the time of the first levee breach. In other parts of the city, bells rang to mark the anniversary.

With Mr. Bush, Louisiana Gov. Kathleen Babineaux Blanco and other officials present, Archbishop Hughes said the hurricane offers the city a chance to move from racial injustice and a culture that is "sometimes degrading of the dignity of the human person, and too prone to human violence."

"If Katrina, which means cleansing, enables us to work together to realize this vision, God will have helped us to draw a greater good out of our immense suffering," he said.

The cathedral, which stands in the middle of the historic French Quarter, had its own rebirth before. It stands on the site of another church, built in 1727, which was destroyed in the 1788 fire that burned most of the city. The church was mostly spared in last year's storm, as was much of the high-lying French Quarter, but other parts of the city remain devastated.

Still, the archbishop said there are plenty of signs for hope, particularly in the city's schools, once known as the nation's worst. The cathedral's own school changed its policies after the hurricane to open enrollment up to anyone, regardless of religion or other factors, and he said the city's schools must also move to a system of "healthy competition and open enrollment."

Mr. Bush and his wife, Laura, echoed that progress at Warren Easton Senior High School later in the day, praising leaders for "thinking differently" by designating it -- and more than half of the rest of the city's schools that will reopen -- as charter schools.

"I can't thank you enough for seizing the moment, to say to the good folks and the families, we will do a better job with the school system here in New Orleans," the president said.

Mr. Bush met with New Orleans Mayor C. Ray Nagin on Monday night and again yesterday morning. According to local reports, Mr. Nagin told Mr. Bush to accelerate the pace of federal aid coming to homeowners in the region.

While stressing that state and local governments must make plans and be responsible, Mr. Bush said yesterday that "all of us agree, at all levels of government, that we got to get the money as quickly as possible in the hands of the people."

Just how far the city has to go is clear, though, with the population estimated to have dropped to less than half of what it had been, and political squabbling between local, state and federal officials over the next steps in rebuilding.

Just behind the high school were houses still bearing the boards that are the scabs from the storm, the paint markings from rescue workers still visible on walls and piles of garbage and household debris left in uncollected piles, and the owners still living in white Federal Emergency Management Agency (FEMA) trailers parked in front yards or driveways. And those were the lucky ones who lived at their own addresses. Two blocks away from the school was a lot with about 50 more FEMA trailers, most of them still occupied.

Democratic Party Chairman Howard Dean said Mr. Bush is at fault for having abandoned the very relief programs he touted a year ago, during his prime-time address from Jackson Square. Mr. Dean said Mr. Bush has failed to enact worker recovery accounts and an urban homesteading program.

And black congressional Democrats said Mr. Bush has failed to live up to his promises of aid.

"Democrats want to lead the Gulf Coast in a new direction by working to improve housing, health care, education and other vital needs," said Rep. James E. Clyburn of South Carolina, who is touring the Gulf region with 24 other House Democrats.

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Republicans, though, warned against trying to use Katrina in this year's congressional elections.

"Campaign-style bus tours, political rallies and attacks won't build a single home or create real jobs in the Gulf Coast," said Senate Majority Whip Mitch McConnell, Kentucky Republican, who said Democrats' criticisms "would be taken a lot more seriously if their comments weren't wrapped in a political banner."

An Anniversary With Strong Images, Sorrow, Self-Congratulation And Blame (NYT)

By Alessandra Stanley

The New York Times, August 30, 2006

It was cast as a day of sorrow and remembrance, but there was still room for blame and even self-congratulation.

In New Orleans, Brian Williams of NBC News anchored his evening newscast in his shirt sleeves standing in front of the remains of a wood house blown a block off its foundation — the overturned chassis of a crushed car poking out like the witch's legs under Dorothy's house in Oz.

In an interview with President Bush taped earlier in the day, Mr. Williams asked if the president had not responded immediately to the first television images of Hurricane Katrina because he was too "patrician." Mr. Bush brushed off the question, folksily.

A year ago, television coverage — especially those split screens that showed marooned Americans screaming and dying at the Convention Center on one side and on the other officials insisting that the situation was under control — turned a natural disaster into an international scandal.

Reporters on the scene like Anderson Cooper of CNN and even the well-starched Mr. Williams made their mark by giving into emotion and lashing out at government incompetence.

As Mr. Bush visited New Orleans yesterday and described his commitment to help the region recover, news programs gustily relived how he had failed in the first place.

On "Today," Matt Lauer pressed the former — and famously disgraced — director of the Federal Emergency Management Agency, Michael D. Brown, about his greatest regrets. One was "not getting any sleep" in the crisis.

Laura Bush spoke to Harry Smith, co-anchor of "The Early Show" on CBS, from a school library in New Orleans and glowingly described residents' gratitude for the volunteers — and financial assistance — still arriving a year later.

Mr. Smith, dressed like a war correspondent in a khaki shirt, spoke to her via satellite from a more desolate part of the city. With a skeptical sigh, he replied, "The message I hear so often, people just say to me, 'Don't let America forget we are down here.' "

Perhaps understandably, not many other officials were eager to go on television to defend the administration's handling of the relief effort.

On Fox News, Neil Cavuto turned to the boxing promoter Don King, a longtime supporter of Mr. Bush who held an American flag across his chest as he praised the president. The Fox News caption read, "Don King: Stop blaming Pres. Bush for Katrina."

For advertisers, the anniversary provided an emergency relief version of product placement: credit placement.

On "Today," Procter & Gamble moved in seamlessly with panning shots of ruined houses and debris-filled streets. A woman holding a child described the devastation in her flooded house, saying, "Everything smells like mold."

Cut to cheerful young people in red T-shirts collecting laundry beneath large banners for Tide detergent. In a voiceover, a woman softly said, "In times of crisis, it seems like everybody wants to do their part," and explained that Tide had dispatched a Clean Start team to "wash nearly 10,000 loads of laundry for free."

State Farm ran a commercial that also blended into the retrospectives on the morning news programs. It featured sad-faced survivors recorded in grainy film recalling their insurance agents' benevolence.

"Without Cheryl, we would have been on the street," a middle-age woman said, tears streaking down her cheeks as the company theme, "Like a good neighbor," swelled in the background.

The images of devastation, then and still remaining, did not provide a very flattering framework for Mr. Bush's speech in a high school.

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He did catch a few breaks. News programs that had planned daylong retrospectives were somewhat sidetracked by the capture of a fugitive on the F.B.I's most-wanted list, Warren Jeffs, the leader of a polygamist sect and a suspected sex offender.

By midday, the cable news networks shifted live to a lengthy news media cross-examination of District Attorney Mary T. Lacy of Boulder County, Colo., who explained why she brought John M. Karr from Thailand as a suspect in the killing of JonBenet Ramsey, only to discover that he was not the killer.

CNN and Fox News cut from Ms. Lacy to cover Mr. Bush's speech, though CNN experienced an audio malfunction that resulted in the voice of the CNN correspondent, Kyra Phillips, overriding part of the president's remarks with a private off-air conversation. Ms. Phillips told a friend that her husband is "handsome, and he is genuinely a loving, you know, no ego — you know what I'm saying, just a really passionate, compassionate great, great human being."

She also complained that a relative was a "control freak."

MSNBC stayed on the Ramsey case and ignored the presidential appearance altogether, a decision best explained by the fact that its former on-air legal affairs anchor, Dan Abrams, was recently named general manager.

Many reporters revisited disaster sites and held bittersweet reunions with survivors they interviewed a year ago. On ABC, Robin Roberts of "Good Morning America" toured her hometown of Pass Christian, Miss.

Even nonresidents couldn't shake their sense of ownership. Mr. Lauer asked Mr. Williams, who hails from New Jersey, about his personal attachment to the story.

"If you had been with us in the Superdome, Matt,'' the anchor of "The NBC Nightly News" replied, "this would be your cause."

Uneasy Times For Lawyers In The Big Easy (LAW)

By Leigh Jones, The National Law Journal

National Law Journal, August 30, 2006

One year after Katrina, some firms flourish while others struggle

A year after Hurricane Katrina gutted much of New Orleans and the surrounding area, business for some lawyers is flourishing from reconstruction projects, while others are still struggling to rebuild their practices and their lives.

For a legal community that was home to about 7,500 lawyers, the storm wiped out communications, case files and, in some instances, entire practices, leaving their businesses in shambles and their futures uncertain.

One year later, civil courts are back on line and criminal courts have begun again to hear cases on a limited basis. In addition, many lawyers have fortified their disaster recovery plans, having learned plenty from experience.

A group of New Orleans attorneys interviewed by The National Law Journal earlier this month spoke with much more certainty and strength, compared with sentiments they expressed in the days following the storm.

But much remains unresolved in the Crescent City, they said, from the basics such as traffic lights in some areas to the more severe problems, including block after block of rotting devastation that also serves as an ominous symbol of future storms.

On the first anniversary of Hurricane Katrina, most of these attorneys conveyed resolve tinged with wariness.

"It's not certain in people's minds that we won't go through it again this year," said Richard Dicharry, chairman of the management committee at Phelps Dunbar, a 260-attorney firm based in New Orleans.

Initially, the firm moved its operations located in the New Orleans business district to its Baton Rouge, La., office after the storm. A year ago, Dicharry said he was grateful that Phelps Dunbar had seven other offices, which could help take up some of the slack created from the anticipated loss of business in New Orleans.

But the New Orleans office is faring better than he had expected, said Dicharry recently. Development triggered by some of the insurance money disbursed has spurred business, as has reconstruction bond money, he said. The New Orleans office also is busy with gaming industry work, he said.

Billable hours for the business practice at the New Orleans location were up 4 percent in year-to-date totals for July, compared with the first seven months of 2005, said Michael Hunt, a Phelps Dunbar partner. Litigation experienced "a bit of a decline," he said.

Firmwide, Phelps Dunbar has added 12 attorneys since November 2005, including two to the New Orleans office.

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However, post-Katrina the firm has found it difficult to recruit young talent, he said. Typically, it hires eight summer associates. This year, he said, they wanted to bring aboard that many but could find only half the number of students who met their qualifications.

"It's hard to get kids out of law school to commit to a future in New Orleans," he said.

Keeping focused also is a challenge, he said. The real possibility of another storm looms among New Orleans residents, who are not reassured by the strength of the rebuilt levees, he said. Furthermore, the pace of rebuilding in many areas is much slower than most expected.

"The real key is to get people forward-thinking," he said.

Small-firm practitioner Bill Rittenberg is also dismayed by the speed of rebuilding. He is earning about 60 percent of what he was making at Rittenberg & Samuel prior to Katrina, he said, adding that for eight months after the storm he did not pay himself anything.

But Rittenberg hastens to say that he feels fortunate to be working as a lawyer. A fellow New Orleans attorney he knows is working as a short-order cook, he said, and several lawyer-acquaintances have left the area because they could not support their practices.

"The good news is I'm home with my friends. The bad news is that people are still leaving," he said.

Rittenberg and his wife evacuated New Orleans on Aug. 28 last year with two days' worth of clothes. They were on the road for two months, staying with various friends before they could return home. While he was gone, his 93-year-old mother died, after having been evacuated from two different facilities following the storm.

Today, Rittenberg said he is "in much better shape," but he is exasperated by the lack of progress in his hometown.

"The country seems to have forgotten about us," he said.

According to information released this month by the Brookings Institution, the New Orleans labor force is 30 percent smaller than it was a year ago, and the unemployment rate is 7.2 percent higher than pre-Katrina. An estimated 278,000 workers are still displaced by the storm, and 23 percent of those people remain unemployed.

UPTICK IN DOMESTIC CASES

Although Rittenberg's firm is still suffering from a downturn in business that it formerly derived from the local teachers' union, he said his practice, which also focused on criminal defense, has taken in some new cases, including divorce actions.

New Orleans Bar Association President Carmelite Bertaut said that "the domestic docket is going gangbusters." In addition to an uptick in divorce cases from marriages stretched to the breaking point in Katrina's wake, child custody and relocation issues also have contributed to a rise in domestic cases, she said. Personal injury work remains strong, she said, attributing the business to people with a pioneer spirit coming into the community for reconstruction work.

"It's like the wild, wild West," she said. "There's a risk-taking mentality with folks who come here to work."

Business related to the tourism and convention industry has dropped off sharply at Rittenberg's practice, he said, a situation that he does not expect to improve given what he sees as a failure of local and federal government to orchestrate a cohesive rebuilding effort.

"The city is a mess," he said.

Attorney Gary Elkins, however, has a much different perspective. His 13-attorney firm, Elkins PLC, has recently added three lawyers to help keep pace with reconstruction work. With a practice that focuses on real estate development, housing, tax matters and bond work, he is heavily involved in work related to the Gulf Opportunity Zone Act and bonus depreciation projects.

"We hired two new secretaries this week," he said. "We're busier than ever."

Still, he, too, continues to be frustrated by a lack of progress. "There are potholes in the street, stoplights that don't work, low water pressure, that kind of thing," he said. "Basic services are still on the comeback trail."

Housing Plan For Victims Retooled (USAT)

By Richard Wolf

USA Today, August 30, 2006

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WASHINGTON — The Bush administration is revamping its emergency housing policies to avoid the turmoil that followed Hurricane Katrina one year ago.

For the victims of future hurricanes and other disasters, the changes could mean less time in hotels and motels, more temporary housing alternatives and greater use of government-paid rent vouchers.

Stung by criticism last year for the way it housed evacuees, the administration has developed a different approach. "Nearly a year later, if we had, God forbid, to do it all over again, I think we would be providing better service at less cost than we did a year ago," says Stephen McMillin, deputy White House budget director.

Thousands of people in Louisiana, Mississippi and Alabama were displaced by the hurricane, and tens of thousands of homes were destroyed in the three states. To date, the Federal Emergency Management Agency has provided nearly $4.2 billion in housing assistance to nearly 1 million people, including for temporary housing, repairs and construction.

Among the changes:

•Trailers and mobile homes would be spread around the nation for use in smaller quantities. Last year, FEMA wound up with a surplus — including nearly 10,000 mobile homes that still sit vacant in Hope, Ark. — because it lacked the necessary utility services for large sites or ran into local resistance. More than 112,000 trailers and mobile homes were still in use as of last week, according to FEMA.

•FEMA will pay landlords directly in many cases. After Katrina, the agency gave checks to nearly 800,000 disaster victims and expected them to find their own apartments. Like the cash assistance, the payments will have time limits.

The biggest change is still being negotiated: transferring responsibility for disaster housing from FEMA to the Department of Housing and Urban Development. That agency would use government vouchers to move evacuees into apartments. Last year, the government relied mostly on FEMA's system of giving checks to evacuees at three-month intervals.

Housing experts say vouchers would enable disaster victims to move into temporary homes faster and for longer periods.

Amy Liu of the Brookings Institution says HUD can better link evacuees to vacancies, and the money goes directly to the landlords, which reduces fraud.

Bush administration officials had resisted using vouchers because of the potential cost and because some landlords prefer cash. Now, David Garratt, FEMA's deputy director of recovery, says they are being reconsidered.

"Last year, we basically had to feel our way through a number of challenges," Garratt says. This year, "we believe it will be far more disciplined, far more organized."

Low-income housing advocates say that's a positive sign. Sheila Crowley, president of the National Low Income Housing Coalition, says FEMA has lost track of half a million Katrina evacuees who received rental assistance last year. "We don't know what's happened to most people," she says.

First The Flood, Now The Fight (WP)

By Spencer S. Hsu

The Washington Post, August 30, 2006

Someone had to pay to remove 3,000 dead trees in New Orleans. The trees, insisted the Federal Emergency Management Agency, couldn't have been killed by Hurricane Katrina's floodwaters because they weren't toppled to a certain angle. New Orleans would have to pay.

Nonsense, city administrators argued. Brackish water swamped the city for weeks, killing the trees where they stood. Only after months of delay did FEMA relent, adding the trees' removal to the toll of the catastrophe.

Through hundreds of such disputes large and small, the most costly disaster in U.S. history is fast becoming its most contentious, with appeals and disputes worth nearly a billion dollars bogging down repairs of critical public systems and delaying the return of residents.

Current and former officials at all levels blame FEMA workers' inexperience with eligibility rules, weaknesses in U.S. disaster laws and inconsistent treatment by Congress for much of the wrangling. The huge scale of the storm and honest disagreement over whether federal or local taxpayers should pay the tab add to the conflict.

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"Disasters should be difficult to declare. . . . But once you get them, FEMA should not worry about cutting costs," said Daniel A. Craig, who stepped down in October as head of FEMA's recovery division and is now consulting for New Orleans. "Public entities are eligible for everything they have lost due to the disaster. It is not up to FEMA to cut corners or makes sure money is saved."

Gil H. Jamieson, FEMA's deputy director for Gulf Coast recovery, agreed that "we're in this to rebuild the city" and added: "We are not in it to delay for the sake of delay. Are there folks who sometimes hose it up? Absolutely. But I think we're doing a good job of helping it recover."

The disputes come as the costliest part of the recovery begins: restoring water, power, roads, bridges, schools and other public facilities along the Gulf Coast. Agency veterans said the spending will have more impact on the physical rebuilding of the Gulf area than anything else FEMA does over the next decade, possibly eclipsing its role in aiding individual victims of the storm.

The Sewerage and Water Board of New Orleans, for instance, sustained $446 million in storm losses, said Executive Director Marcia St. Martin. But FEMA has committed just $113 million so far.

FEMA notes that New Orleans promised U.S. environmental regulators $640 million in repairs before Katrina, and that the antiquated system is too big for the Crescent City's reduced population.

"That's what makes a city -- if you don't have water, sewer and drainage, you don't have a city," lamented Robert Jackson, spokesman for the sewer board. "The money so far only scratches the surface of the devastation. In some cases you've got underground devastation that you haven't seen even in a year's time."

Jamieson acknowledged that "one of the toughest issues is: How do we not buy any city a completely new water and sewer system but in fact try to attribute how much it was damaged before the storm?"

"We want to give them what they deserve but . . . make sure they are not getting more than they deserve, at some other community's expense," Jamieson said.

In St. Tammany Parish, officials were told last year that to obtain FEMA reimbursement, they needed to prove that each tree stump was the work of Katrina before it could be removed. Cleanup waited for months while the parish photographed and obtained global positioning satellite data on each one.

When the evidence was presented to a new FEMA crew, they asked, "Why did y'all GPS all these things?" the parish president, Kevin Davis, said in an account first reported by National Journal.

FEMA's Jamieson said that inconsistent interpretation of rules has been a daunting problem and that FEMA is trying to keep senior officials in place. He also cited successes, such as the scheduled Sept. 25 reopening of the state-owned Louisiana Superdome, a $94 million FEMA project.

Still, Jamieson said, "the time is right" to hold the nation's disaster law "to the light of day."

"We need to take a look at how well the legislation has served us."

Under the law, known as the Stafford Act, FEMA exerts its greatest long-term influence over rebuilding communities by deciding which projects are eligible for funding and by negotiating reimbursement of most state and local governments' costs. Generally, the federal government will pay only to restore facilities to pre-disaster conditions, not upgrade them, as a way of protecting taxpayers. But several former federal and state officials said the rules are open to broad interpretation and congressional intervention.

In the wake of the Gulf Coast hurricanes, FEMA appears to be taking a harder line, several current and former officials said.

So far, FEMA has approved about 34,000 aid applications from state and local agencies, 16,000 of them from Louisiana. It has rejected 1,015 requests, 95 percent of them from Louisiana. The state is appealing 200 decisions. Art Jones, the state's deputy coordinating officer, said he expects state appeals to grow at least sevenfold over eight to 15 years, topping 1,000.

"It's . . . a process designed to wear you down until you finally give up," said Richard A. Andrews, former California homeland security adviser.

State and federal disaster experts said they are hindered by burdensome rules and a shortage of expertise.

In New Orleans, city officials have received only 30 percent of $394 million requested and expect their requests to roughly triple over the next three years as work goes on. The city's deputy chief administrative officer, Cary Grant, said FEMA is

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underestimating the value of buildings and presuming wrongly that the city will be able to recover $500,000 in insurance for each of 394 damaged city facilities.

Elsewhere, local officials say a parade of new FEMA officials -- the overstretched agency rotates workers every 90 days or so and relies on temporary employees as well -- leads to constantly changing decisions on project approvals and paperwork.

One reason for mistakes is that FEMA has suffered a "brain drain" of top officials familiar with the complex rules to retirements and agency upheaval in recent years, said David Fukutomi, a FEMA consultant who is serving as a spokesman. But Fukutomi, who left FEMA this spring to become director of response and recovery for contractor EG&G, noted that experience shows that local officials spend more freely when they expect the federal government to pay their bills.

The state of Louisiana had only 14 disaster recovery employees before the storm and is relying on 173 contract workers provided by James Lee Witt Associates, the firm headed by the Clinton administration FEMA director, to help it manage the process, Jones said. FEMA has more than 700 people in the Gulf states working on the program, about 90 percent of them interim or contract workers, Fukutomi said.

Inconsistencies by Congress and FEMA also feed the acrimony.

After the Northridge earthquake in 1994, for example, U.S. and California authorities struggled with engineers to reach consensus on the price tag of repairing costly structures such as the UCLA Medical Center. FEMA rejected a state attempt to repair older buildings to meet newer building safety codes, for example.

After the Sept. 11, 2001, attacks, however, Congress directly gave the city and state of New York $20 billion -- but said no more would be forthcoming -- and directed FEMA to interpret the law liberally. FEMA approved $2.8 billion to repair and improve Lower Manhattan's transit system and waived a $680 million local match requirement, both counter to its normal practice. The state reported appealing none of its 1,900 aid requests to FEMA.

So far FEMA has allotted more than $7.9 billion to reimburse states for hurricanes Katrina, Rita and Wilma, and expects that number to grow significantly. Louisiana emergency managers say they expect the toll of facilities repair, as well as emergency expenses -- currently at $3.3 billion -- to exceed $25 billion. In Mississippi, emergency managers say they expect their costs -- now at $1.6 billion -- to total about $2 billion.

Jones said that at $3.3 billion so far, Louisiana is only 10 percent into what he expects will be a final tab of $25 billion to $50 billion.

In comparison, FEMA's Public Assistance program paid $8.8 billion to help New York's recovery after the 2001 terrorist attacks, $7 billion to repair damage after the Northridge earthquake, and $1.8 billion to rebuild after Hurricane Andrew in Florida in 1992.

Andrews and other officials proposed that Congress rely more on block grants as it did for New York, allow arbitration of appeals and reduce paperwork, and give FEMA field coordinators more authority.

Craig, the New Orleans consultant, said costs will escalate as crews uncover hidden damage and the enormous reconstruction effort sends building prices soaring. He said he expects federal costs to climb by as much as $75 billion. The federal government has committed about $123 billion to the recovery so far.

"It's going to be a $200 billion disaster," he said. "The real, permanent reconstruction hasn't started yet. They're still cleaning up debris."

The Legal Storm In Katrina's Wake (WP)

By Dean Starkman

The Washington Post, August 30, 2006

SLIDELL, La. -- When Hurricane Katrina roared through Linda and Charles Spears's neighborhood one year ago, a neighbor said he saw winds virtually explode houses on their block long before Lake Pontchartrain began to rise. When the wind died down and the waters subsided, there was nothing but a slab where their house used to be.

The Spearses filed a claim with their insurer, a unit of State Farm Insurance Co., for the face value of their homeowner's policy -- $232,000.

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State Farm denied the claim, arguing that flooding -- not wind -- caused the damage. Flood damage was not covered in their policy.

After a mediation session, State Farm agreed to pay $10,000, including living expenses. The Spearses got $151,000 in taxpayer-financed flood insurance from the federal government -- leaving them at least $70,000 short of what they say they're owed and even less than what they need to rebuild under stricter building rules and with skyrocketing construction costs.

Then last month, a letter from State Farm arrived in the mailbox they'd erected on the slab that had held their house. It was a notice: Their insurance premium had been increased by 23 percent.

Struggles like theirs are going on across the Gulf Coast, where more than a million policyholders have turned to their insurers for payment on homeowner's, commercial and other insurance claims. Battles over claims have clogged state and federal courts here and spilled into state legislatures.

Reeling from the scale of the disaster, most carriers have stopped writing new policies along the Gulf of Mexico, forcing policyholders into state-backed insurers of last resort. Earlier this summer, Allstate Insurance Co. of Northbrook, Ill., tried to renounce wind and hail coverage on 30,000 existing policies in Louisiana, a move it is reconsidering after the state insurance commissioner threatened legal action. Rates, meanwhile, are soaring. In Mississippi, the state-backed insurer of last resort asked this year for rate increases of nearly 400 percent, an amount that Insurance Commissioner George Dale cut to 90 percent.

In the aftermath of last year's devastating hurricane season, these parallel problems of shrinking insurance coverage and spiraling rates have rippled across the country. Homeowners in coastal Maryland and Virginia, for instance, can expect rate increases of 25 percent this year, said Robert Hunter, director of insurance for the Consumer Federation of America, and coastal policyholders as far north as Long Island have found themselves unable to renew policies.

The rate hikes and claims fights are putting the insurance industry on the defensive. The industry's profit jumped 11.7 percent, to a record $43 billion, in 2005 from a year earlier, despite the record-setting losses, according to Insurance Services Office Inc., a firm that collects state regulatory filings from insurers.

Rep. Gene Taylor (D-Miss.), who represents the state's coastline, said the industry's strong performance is due in part to its "shamefully" ascribing damage caused by wind to floods, shifting costs to policyholders or the government-backed National Flood Insurance Program, which is expected to absorb $22 billion in claims stemming from Katrina and other storms last year.

"That's the biggest scandal of them all," Taylor said. "It's no coincidence the flood program posted a $20 billion loss the same year the insurance industry posted a $40 billion profit."

Insurance industry officials refute that assessment. "Not only isn't it a scandal, it isn't a mystery," said Robert Hartwig, chief economist for the Insurance Information Institute, a New York-based industry group. Hartwig said the profits came from product lines other than homeowner's insurance and regions other than the Gulf. Under law, he said, insurers are forbidden to subsidize losses in one state with premiums from another.

Industry representatives say more than 94 percent of Katrina-related homeowners' claims have been settled, while less than 1 percent of the claimants have entered an optional mediation program. They note that in Louisiana, only 8,000 formal complaints have been filed with the state insurance department -- a modest number compared with more than 1 million claims in that state alone.

"The complaints are coming from a very vocal but tiny minority," Hartwig said. "There are some unrealistic expectations on the part of some policyholders and trial lawyers."

But plaintiffs' attorneys and consumer advocates say there is a big difference between settling a claim and settling it to the policyholder's satisfaction. They say this could be the beginning of a flood of lawsuits that could clog courts in Mississippi and Louisiana for years.

Allan Kanner, a policyholders' lawyer in New Orleans, said that since Katrina, his firm has helped to train more than 300 local lawyers, representing 15,000 clients, in insurance law. Walt Pierce, a spokesman for Orleans Parish District Court, the main civil trial court in the city, said this week that 1,099 hurricane-related lawsuits had been filed there as of Friday-- and as he spoke, there was a line out the door to the clerk's office. "It's like we're giving away money," he said.

Frustrating efforts by all sides to draw a clear picture of claims-handling practices is a lack of concrete data. State regulators do not require insurers to disclose even the basics -- including how many claims they deny as a percentage of the

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number filed, how long it takes to pay claims and how much the insurers' eventual payout differs from what policyholders sought. Indeed, the insurance industry's own data are sometimes hard to reconcile. For instance, according to ISO, the companies have reported that they expect to pay $25.3 billion in Katrina-related claims in Louisiana. However, the Louisiana Department of Insurance reports that insurers have paid $14 billion in Katrina-related claims so far.

Told of the industry's statement that 94 percent of all claims in that state had been settled, Louisiana Insurance Commissioner James J. Donelon said: "I don't believe it." He added that he expected many claims to be reopened by policyholders who think they have been short-changed.

Most of the disputes center on whether damage was caused by flooding, which is not covered by most homeowners' policies, or wind, which is. In an early win for insurers, U.S. District Court Judge L.T. Senter Jr. ruled this month that Nationwide Mutual Insurance Co. was justified in denying most of a Pascagoula, Miss., couple's claim on the ground that the storm surge that destroyed their home was a flood and that their policy's flood exclusion is "valid and enforceable."

But Senter gave hope to policyholders like the Spearses, who had complained about carriers citing something known as an anti-concurrent causation clause in denying their claims. This obscure clause, common to homeowners' policies nationwide, under certain interpretations allows insurers to deny coverage altogether if even a small percentage of damage can be attributed to a cause other than the covered peril.

"They said, 'If a tornado came through and two days later the water came, it's all flood,' " said George Arieux, another State Farm policyholder in Slidell. A video taken by one of Arieux's neighbors shows the entire neighborhood being battered well before Lake Pontchartrain rose.

In his ruling, Senter said the anti-concurrency language in the Pascagoula couple's policy was ambiguous and therefore invalid.

Louisiana State Sen. Julie Quinn made an unsuccessful attempt to pass a bill prohibiting insurers' use of the anti-concurrency clause. But she successfully pushed through a bill earlier this spring that forbade insurers to deny wind claims solely because damage was found below the floodwater line in an insured house.

While consumer advocates and industry spokesmen trade charges, Charles and Linda Spears wait to rebuild their house. Lakeview Drive, where dozens of homes once sat on the northern edge of Lake Pontchartrain, is today a scene of FEMA trailers, bare concrete slabs and vacant pilings.

A spokesman for State Farm, based in Bloomington, Ill., says its investigators found that water caused most of the damage to the Spears's house and that engineering reports support the company's assertion.

But Gerald Ciacca disagrees. Ciacca, who lives 80 yards inland from the Spearses, stayed through the hurricane because he got a late start and feared being trapped on the clogged roads. In an interview, he said he watched from a garage as the winds abruptly shifted from the north to the southwest as the hurricane passed.

"That's when all hell broke loose," he says. "It was just unbelievable. It was like nothing I've ever seen. That's when everything come apart."

He said he saw a whole row of houses on the Spears's block literally torn apart by wind, one next to the Spears's collapsing like a "deck of cards," leaving little for the storm surge to damage.

Ciacca, who says his insurer, a unit of Liberty Mutual, paid his claim nearly in full, said the damage to his home was largely done by the time he retreated to an attic as waters rose and flooded about a foot of his first floor.

The Spears's next-door neighbor, Leon Dupreire received $75,000 for wind damage from Allstate, but only after the company initially denied the claim altogether.

"The first thing they wanted to tell me was that it was all flood, but I wasn't going to fall for that," he said. He said he told Allstate representatives: "I'm an old Marine. I'm going to follow the chain of command. I can go until we hit God."

As for Linda Spears, she's gearing up for a court fight.

"I think they should pay for my whole policy," she said. "I paid the whole premiums."

Triumph Of The Katrina Volunteers (LAT)

The Los Angeles Times, August 30, 2006

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PRESIDENT BUSH MARKED THE first anniversary of Hurricane Katrina on Tuesday with a speech in New Orleans saluting volunteers from across the country. He's right. Their overwhelming show of compassion shined a rare light in a dark time.

For the last year, college and high school students have given up holiday ski trips and spring-break beach vacations to tear down walls and shovel rubble. Churches have sent squadrons of teenagers and retirees. Individuals of all ages have taken time off from jobs and families and headed south to see what they could do to help.

Christie Tedmon, a champion gymnast who graduated from UCLA in June, was one of them. Last September she headed to Gulfport, Miss., with 13 other members of Bel Air Presbyterian Church. She unloaded trucks full of donated clothing and food, sawed fallen trees and dragged moldy furniture out of houses. The people she came to help were grateful — and surprised. "You came all the way from California to help us?" they asked.

As so often happens when volunteering, the help flowed both ways. "One of the last days we were there," Tedmon said, "we were helping to tear out the inside of a house owned by a couple in their mid-70s. They worked right alongside us. It broke my heart to stand next to this couple who had to tear down the house they'd lived in their whole lives. And yet the next morning they made us breakfast at the church at 6 in the morning before we headed to the airport."

A year later, the volunteers continue to arrive.

Earlier this month, UCLA psychology professor Vickie Mays asked fellow members of the American Psychological Assn. to arrive early for their long-scheduled annual meeting in New Orleans. They gave workshops for local mental health counselors, ministers, teachers and parents to treat the estimated half a million hurricane survivors suffering from anxiety, depression and post-traumatic stress.

Like the president, Mays was overwhelmed — though not just by the outpouring of help from youth groups, churches and her fellow psychologists. What struck her was the eerie silence in block after block of shattered homes, schools and churches in the city's Lower 9th Ward. A year after the hurricane, it was hard to believe that this was part of the United States. "Without volunteers," she said, "God knows how bad it would be."

Volunteers richly deserve the president's praise. But the Gulf Coast communities depend on his promise that government, though late to arrive, won't walk away until the job is done. And the whole country depends on his promise that a government so clearly unprepared for that natural disaster will be ready for the next one.

Begat, Bothered, Bewildered (NYT)

By Maureen Dowd

The New York Times, August 30, 2006

New Orleans

Doing his stations of the Katrina cross, President Bush went for breakfast with Mayor Ray Nagin at Betsy's Pancake House.

As Mr. Bush tried to squeeze past some tightly placed tables, a waitress, Joyce Labruzzo, teased him, saying, "Mr. President, are you going to turn your back on me?''

"No ma'am,'' he replied, with a laugh and a pause for effect. "Not again."

It was a rare unguarded moment — showing that his towering Katrina failure is lodged somewhere in the front of his cerebral cortex — in a trip of staged, studiously happy settings, steering away from the wreckage of buildings and people so searing for anyone who loved the saucy and sauce-laden New Orleans of old.

W.'s anniversary contrition for the cameras was a more elaborate version of his famous Air Force One flyover a year ago, when he had to be shown a DVD of angry news coverage of apartheid suffering here before he belatedly and grudgingly broke off his five-week Crawford vacation.

In an interview on the Upper Ninth Ward's desolate North Dorgenois Street, the president told NBC's Brian Williams that, besides Camus, he had recently read a book on the Battle of New Orleans and "three Shakespeares." A White House aide said one of them was "Hamlet."

What could be more fitting? A prince who dithers instead of acting and then acts precipitously at the wrong moment, not paying attention when someone vulnerable drowns.

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The president bristled when the anchor asked about criticism that his inept response had to do with a "patrician upbringing" and about whether he was asking the country to sacrifice enough. "Americans are sacrificing," he said. "We pay a lot of taxes."

The last two days in Mississippi and New Orleans were W.'s play within the play. He took the role of the empathetic and engaged chief executive, rallying resources to save the Gulf Coast, even as the larger lens showed a sad picture of American communities that are still decrepit and hurting, while the Bush administration's billions flow to reconstructing — or rather not reconstructing — Iraq.

You longed for this Crawford Hamlet to just go out there and say, "This just isn't good enough."

Instead, he gritted his teeth and put on his blandly optimistic cheerleader-in-chief role and talked about restoring "the soul'' of New Orleans. It always makes me nervous when W. does soul talk.

He was brazen enough to pose as the man of action even in a city ruined by his initial and continuing inaction. "I've been on the levees,'' he told a crowd at a high school here yesterday. "I've seen these good folks working.''

He spoke to a small number of residents in the boiling sun before the one house that had been tidily restored in a blighted neighborhood in Biloxi. Outside the TV frame, there was a toilet on its side in the yard of a gutted house. On one fence spoke there was a child's abandoned stuffed toy.

At a stop at a building company in Gulfport, Miss., he chirped biblically: "There will be a momentum, momentum will be gathered. Houses will begat jobs, jobs will begat houses."

Douglas Brinkley, the New Orleans writer who recounted the history of the trellis of failure, Republican and Democratic, federal, state and local, in "The Great Deluge,'' noted that Mr. Bush was merely "sweating bullets trying to get the visit over with."

"In the Republican playbook, Katrina's a loser,'' he said.

Mr. Bush tells journalists he has been reading prodigiously, 53 books so far this year, with three bios of George Washington, two of Lincoln and one of Mao. He seems more attuned to his place in history and yet he doesn't really seem to get that his presidency will be defined by rushing into one place too fast and not rushing into another fast enough.

He has let Dick Cheney and Rummy launch Category 5 attacks on critics of the war. Darth Vader reiterated his nutty pre-emption policy, and Rummy compared critics of Iraq to Chamberlains who appeased Hitler, noting that "once again we face similar challenges in efforts to confront the rising threat of a new type of fascism."

Somebody needs to corner the defense chief and explain that it's not that we don't want to fight terrorism, it's that we want to do it efficiently and effectively. Why is it necessary to scare the country, make false connections between an ill-conceived war and fighting terror, and demonize critics with outrageously careless historical references to Hitler and fascism?

W. needs to restore the soul, not merely of the Big Easy, but of the White House.

A City Worth Saving (USAT)

USA Today, August 30, 2006

Hurricane Katrina's devastation of New Orleans was not a natural disaster. It was a man-made disaster. But it wasn't man-made only because the levees built by the Army Corps of Engineers proved so flawed that, as the Corps itself said, they offered protection "in name only." It was man-made in a much larger sense, for even if the levees had kept New Orleans dry last year, eventually another hurricane would have ripped the city apart.

That will still happen unless we do something. To understand why that is, how the city can be protected against Category 5 storms, and why the national interest requires action, one has to understand the Mississippi River.

By depositing sediment into what had once been ocean, the river created about 35,000 square miles of land from Cape Girardeau, Mo., to the current mouth of the river. As recently as World War II, a land buffer kept New Orleans reasonably safe from hurricanes.

Three factors changed the geological equation. All three benefited the rest of the nation but increased New Orleans' vulnerability.

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First, the Corps of Engineers prevented the river bank from Minneapolis south from collapsing into the river by lining hundreds of miles of the Mississippi River with either riprap or concrete mats. This keeps shipping moving and provides flood protection but deprives the Mississippi of millions of tons of soil that historically built land farther south.

Second, because the river still carries enough sediment to block the mouth of the river with sandbars, closing it to shipping, the federal government maintains jetties extending more than 2 miles out into the Gulf of Mexico. The jetties escort the soil into deep water, allowing New Orleans to serve as the busiest port in the USA.

But all this deprives the coast — from Texas to Mississippi — of the soil that created it. Coupled with development and levees preventing replenishment of the land with new sediment, this caused much of the city to fall below sea level.

A century in the making

Yet these forces have been at work for a century and alone did not put New Orleans in desperate straits. Virtually all cities near mouths of deltaic rivers are below sea level. Amsterdam's Schiphol Airport lies 14 feet below sea level, lower than New Orleans. Near Sacramento, developers want to build on land 20 feet below sea level.

What has enormously increased New Orleans' vulnerability is a more recent problem: offshore oil and gas wells. These wells account for more than 30% of U.S. domestic energy production. To service them, the oil industry dug 8,000 miles of pipelines and canals through the coastal marsh; every inch of those canals and pipelines lets salt water eat away at the land.

As a result, 2,000 square miles of Louisiana's coast — some of it barrier islands, some marsh, and some once seemingly as solid as the land just below Cape Girardeau — has melted into the sea. The overwhelming majority of the loss has come in the past 50 years.

All of that land once defended New Orleans against the full force of hurricanes, soaking up many feet of storm surges. Barrier islands that no longer exist once helped defend both the Louisiana and Mississippi Gulf Coast.

So, protecting people hundreds of miles north of New Orleans from river floods, making Pittsburgh, Minneapolis and Tulsa into ports with ocean access, and supplying oil and gas to America have all made New Orleans vulnerable.

Yet New Orleans can be protected against great storms. Levees that survive overtopping is step one. Step two is building storm surge barriers, as the Netherlands, Great Britain, Italy and even Providence, have. Step three — the most important and most expensive — is restoring the coast. The river still carries enough sediment that, directed to the right places, it can provide significant protection to the city, even with the expected rise in sea level. Restoring the coast will cost an estimated $14.1 billion — spread over 25 to 30 years. By contrast, Iraq costs $6 billion a month.

Giving Louisiana the same share of tax revenue from its offshore wells that New Mexico, Wyoming and other states get from wells drilled on federal land would cover 100% of the cost. Those states justify getting their share because of the environmental and infrastructure costs that drilling causes, yet their costs are insignificant compared with Louisiana's.

Why change must come

More important, protecting New Orleans is the classic example of something we can't afford not to do. Those who believe New Orleans can survive as a smaller city and still serve the rest of the country as a port are mistaken. Louisiana continues to erode: the equivalent of roughly a football field melts into the sea every hour.

If nothing is done, the city will become a fragile walled island under constant assault. Nor can the port move to Baton Rouge. The port runs along almost 70 miles of river, much of which will be threatened.

Energy infrastructure will become even more vulnerable than the city, and we'll suffer constant supply disruptions and Katrina-like price spikes. The Strategic Petroleum Reserve won't help; Katrina knocked out its pumps and pipelines. Indeed, rebuilding Louisiana's coast might be the only thing environmentalists and the energy industry agree on.

The most important step in rebuilding New Orleans is assuring residents and investors that it will be safe. The most important part of that is committing to build Category 5 hurricane protection. It isn't just New Orleans that needs it; the national economy needs it.

John M. Barry, author of Rising Tide and The Great Influenza, is Distinguished Visiting Scholar at the Center for Bioenvironmental Research at Tulane and Xavier universities.

One Year After Katrina, The Struggle Continues (9 Letters) (NYT)

DOJ_NMG_0055489

The New York Times, August 30, 2006

To the Editor:

One year ago, Hurricane Katrina crossed the Louisiana coastline and changed us forever. As the storm shattered our lives and communities, New Yorkers were among the first people who rushed to our aid.

Few could imagine that four years after the World Trade Center attacks, two of the greatest cities in the world would share a unique appreciation for each other — as we became bound by two of the most devastating events in our nation's history.

Just as Louisianans arrived in Manhattan soon after the tragedy in 2001, New Yorkers landed in south Louisiana last August.

In one of the darkest hours of our state's proud history, we turned to New York, and its people responded with compassion, strength and generosity.

I have accepted, on behalf of all the people of Louisiana, America's astonishing generosity. I continue to express our immense gratitude for all that has been done for us.

We thank everyone who has contributed to the Louisiana Disaster Recovery Foundation, provided aid to our people and dispatched resources and first responders to our communities.

I ask the good people of New York not to forget us as we continue our recovery. Come visit us and experience our unique culture. Lend us your talents, and always keep us in your hearts and prayers.

Kathleen Babineaux Blanco

Governor

Baton Rouge, La., Aug. 28, 2006

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To the Editor:

Re "A City's Future, and a Dead Man's Lost Past" ("The Katrina Year" series, front page, Aug. 27):

After reading the latest chapters of life after Hurricane Katrina in New Orleans and the Gulf Coast, one can only wonder how much more diminished and impoverished our national pride, sense of security and care for our fellow citizens can fall.

It was not so long ago that Franklin D. Roosevelt and Dwight D. Eisenhower imagined, planned for and successfully executed enormously complex relief initiatives.

Their administrations would not have tolerated the pitiful and impotent efforts of the last year, nor would their followers have tolerated the lack of moral and civic clarity that plagues government today.

The sad performance we have witnessed is less the result of Katrina's devastation than it is a failure of will, expectation and leadership at all levels.

D. C. Montague

Chattanooga, Tenn., Aug. 28, 2006

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To the Editor:

Re "A New Orleans Home Is Reborn, With Grit and Persistence" ("The Katrina Year" series, front page, Aug. 23):

If the future of New Orleans "will be grounded in the stubborn drive of people like Artie Folse and Tonja Osborne," then the city is truly in real trouble.

How many other couples have a business that generates $50,000 a year and "allows a flexible schedule," along with a family-owned home nearby in which they can live?

That Mr. Folse and Ms. Osborne "got to work" without waiting for government help is commendable. But the city cannot possibly recover if the lights are not turned on, the schools and hospitals are not open and other public services we all take for granted are not operating.

Gregory D. Squires

Washington, Aug. 23, 2006

The writer is chairman of the sociology department, George Washington University.

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DOJ_NMG_0055490

To the Editor:

"A Year After the Storm, Business Remains Unusual" (news article, Aug. 25), detailing the trials of small-business owners here in New Orleans, astounded me by how many businesses and owners I recognized or frequent.

It helps to know that others are even aware of the situation and progress in New Orleans and Louisiana. Continue the good reporting on our region. The best to your lovely city and state.

Henri André Fourroux III

New Orleans, Aug. 25, 2006

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To the Editor:

The article about the economic struggles of New Orleans businesses didn't mention a major government-imposed barrier to their survival. The new bankruptcy laws, which went into effect after Hurricane Katrina hit, preclude people who held mortgages or loans from writing off old debts and starting anew.

Many New Orleanians, shopkeepers included, are making payments on homes and businesses that are now demolished, while trying to resuscitate their lives.

In a particularly heartless move, Congress refused pleas to exempt the residents of the storm-struck region from the onerous provisions of the new bankruptcy code.

As a native New Orleanian, I find the suffering imposed by political callousness, procrastination and ineptitude more anguishing than the original storm surge.

Christie Theriot Woodfin

Atlanta, Aug. 25, 2006

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To the Editor:

What a shock to see that there are still piles of rubbish on the streets of New Orleans one year after Hurricane Katrina.

The next time President Bush gets the urge to clear brush from his Crawford, Tex., ranch, maybe he should go to New Orleans and help remove trash.

Tom Olson

Doha, Qatar, Aug. 29, 2006

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To the Editor:

It is a disgrace that elected officials from both sides of the aisle are using the first anniversary of Hurricane Katrina as an opportunity for political posturing ("Anniversary Brings Out the Politics of Commemoration," news article, Aug. 28).

Perhaps the situation in New Orleans, Mississippi and elsewhere would be less dire if we stopped trying to bolster political careers and instead supported the lives, health, security and well-being of people in need.

I do my best to help my loved ones, as well as strangers, in the areas struck by the hurricane by giving time, money and any other resource I may have available.

It is unfortunate that those who should be leading by example demonstrate only selfishness. It is obvious that this very example is what predominates the rebuilding efforts, or lack thereof.

Brittany Turner

Saugerties, N.Y., Aug. 28, 2006

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To the Editor:

Yes, New Orleans continues to be a mess and its sensible renewal problematic. Yet one hears little about whether the city should be fully rebuilt at all.

In fact, it should not, for its physical future is questionable. The marshes, swamps and bayous to the south of New Orleans are being eroded away, so that the south side of the city will likely be open to the Gulf of Mexico by 2050.

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Even with the best of dikes and seawalls, how could it withstand, say, a hurricane like last year's with no other natural protection?

If New Orleans is to be rebuilt, it should be strictly industrial — serving the huge amount of goods that will continue to go through its port — and built for that purpose only.

Richard W. Stanley

Dellwood, Minn., Aug. 27, 2006

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To the Editor:

"A Year After Katrina Disaster, Bush Still Fights for 9/11 Image" (front page, Aug. 28) refers to President Bush's image "after the Sept. 11 terrorist attacks, bullhorn in hand, feet planted firmly in the rubble of the twin towers," contrasting it with his careless flyover in Air Force One after Katrina.

I question the comparison.

In 2001, Mr. Bush waited three days before making his way to New York. The American people desperately needed him to be presidential after 9/11; we helped make him so, even as Mayor Rudolph W. Giuliani and countless unheralded Americans did the truly brave work of relief and recovery.

President Bush and his cold, shrewd team of advisers have always had a tin ear for citizens in need.

Colleen Kyle

Deerfield, Mass., Aug. 28, 2006

Tropical Storm Drenches Southern Florida (AP)

By Laura Wides-Munoz

AP, August 29, 2006

Tropical Storm Ernesto's leading edge drenched Miami and the rest of southern Florida on Tuesday as it steamed toward the Sunshine State with a potential for more than a foot of rain. But forecasters said there was only an outside chance it would strengthen into a hurricane.

Residents took no chances, though, mindful of the seven hurricanes that have hit the state since 2004 and Katrina, which struck New Orleans exactly one year ago.

"I don't think it's going to be too big, but you never know,'" said Frankel Herad as he removed brightly colored African dresses from the walls of his store in Miami's Little Haiti neighborhood.

By late afternoon, Ernesto had top winds of 45 mph. And there was only a "remote possibility" it could become a hurricane with winds of 74 mph or greater before crossing over Florida overnight, the National Hurricane Center said.

"The storm has not been strengthening," said Max Mayfield, the center's director. "That window for it strengthening into a hurricane is definitely diminishing."

Forecasters expected 5 to 15 inches of rain, which could flood streets and homes. Residents in flood-prone areas filled thousands of sandbags in anticipation of high water.

Ernesto, briefly a hurricane Sunday, lost much of its punch crossing mountainous eastern Cuba. The storm was expected to move up the middle of the state and over the northeastern coast by early Thursday before churning into the Atlantic Ocean, where it could regain hurricane status before hitting Georgia or the Carolinas.

Florida Gov. Jeb Bush, joined by Homeland Security Secretary Michael Chertoff, said the state was ready to respond to any problems with 500 National Guardsmen and another 500 state law enforcement officers.

"This does not look like a catastrophic event, but we always want to be ready," said Chertoff, who had just come from the Katrina anniversary events in Louisiana and Mississippi.

NASA scrubbed Tuesday's launch of Atlantis. The space agency began moving the shuttle back to its hangar to protect it from the storm, then reversed course later in the day when forecasters predicted winds would not be as severe as initially feared.

At 5 p.m. EDT, Ernesto was centered over warm open water in the Florida Straits, about 105 miles south of Miami. It was moving northwest at about 13 mph.

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Across populous South Florida, residents scurried to make last-minute preparations. Most schools were closed, and lines formed early at groceries, gas stations, pharmacies and hardware stores.

Officials repeatedly urged people to have enough supplies for 72 hours, especially given the likelihood of power outages.

In Davie, Pedro Concepcion was about to leave his mobile home to get supplies, including wood to board up the windows and a tarp for his roof.

"Last year we had a lot of damage, so we want to be prepared. We still have some damage to windows," he said.

Officials in the Miami-Dade and Fort Lauderdale areas urged mobile home residents to evacuate, though not all did so.

By late afternoon, there were more than a thousand people at shelters in Broward and Miami-Dade counties. Latosha Mikell reluctantly brought her 9-month-old son to a Miami shelter.

"There is no privacy here," she said. "There is no bedding, and there are a lot of people just sleeping on the floor."

Damage from 2005 and 2004 hurricanes continues to plague many residents, with thousands still awaiting roof repairs.

In Miami, 49-year-old Luckner Senatus prepared to move his family to their nearby church. His neat beige bungalow was still covered with a blue tarp, with yellow water stains on the walls. He was still waiting for a contractor to fix his roof.

"They called last night to say maybe next week they will begin work," said Senatus, shaking his head. "We can't stay here tonight. We are all going to have to leave."

In the laid-back Florida Keys, many residents took the approaching storm in stride. Adam Bradford, a construction foreman from Marathon, helped a friend place shutters over the front windows at Dot's Tattoos and Ranee's Body Piercings. Bradford said the season's first storm, if nothing else, provided good practice.

"You got to get everything ready, make sure it works," he said. "It's like a prep storm."

Ernesto killed at least two people in Haiti, including a woman washed out to sea Sunday from a southern island, the country's civil protection agency said.

There were no reports of damage or deaths in Cuba. In an unusual public acknowledgment of the cooperation that has long existed between U.S. and Cuban weather services, the hurricane center thanked Cuba's government for permitting reconnaissance aircraft "to fly right up to their coastline to gather this critical weather data."

Meanwhile, off Mexico's west coast, Hurricane John grew into a powerful Category 3 storm, with maximum sustained winds of 115 mph. The storm threatened to cause flooding and ruin vacations in some Pacific resorts, but it was not expected to directly hit land.

John became the sixth Pacific hurricane of the season earlier in the day.

Floridians Brace For A Fading Ernesto (WP)

By Catharine Skipp, Marc Kaufman

The Washington Post, August 30, 2006

MIAMI, Aug. 29 -- Once a threatening hurricane but downgraded to tropical storm, Ernesto nonetheless drenched Miami in heavy rain and closed schools and airports Tuesday.

Skittish officials and residents, mindful that the storm was arriving on the one-year anniversary of Hurricane Katrina, took extra precautions. Many people stocked up on gasoline and water. Florida Power and Light readied more than 5,000 employees to repair downed power poles, and the Federal Emergency Management Agency prepared 120 trucks full of water and meals.

At the same time that the National Hurricane Center was downgrading the projected effects of Ernesto on Florida, however, it also placed a hurricane watch on the Atlantic coast, from Georgia to North Carolina. The center said Ernesto could possibly regain hurricane strength after it crosses Florida and reaches the warm water off the state's northeast coast.

The on-again, off-again worry about Ernesto was reflected at the Kennedy Space Center, where NASA officials at first began moving the space shuttle Atlantis off its launchpad for safe haven and then, five hours later, decided to move it back to the pad. NASA officials said it was the first time that a weather-related rollback was itself rolled back.

For the early part of Tuesday, Miami was part snow day, part serious hurricane prep. Schools were out, and many employers let workers have the day off to get ready for the storm.

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At Gardner's Market, an upscale gourmet grocer, business was up 50 percent for a weekday, manager Mike Rivo said. "Most everyone has the day off, and most businesses are closed. Everyone is here buying all the fun stuff -- chips, beer and wine," he said.

The stores that stayed opened were well-stocked, but some gas stations ran out of fuel. At one Mobil station in South Miami, motorists pulled up to the empty pumps hoping for a miracle. The station stayed open selling ice and groceries and hoping for a fuel delivery before the storm arrived.

Down the road at a Chevron station, David Friedland, a 42-year-old patent attorney, was topping off his sport-utility vehicle and filling a line of red five-gallon fuel cans. "I'm getting gas to run the generator, just in case," he said. "Even if it is only a tropical storm, it is still 70-mile-per-hour winds."

He said last year he had enough gasoline to last him until the stations reopened and lived without electricity for two or three weeks, keeping his family's freezer and a couple of lights powered with his generator.

Down the street, the CVS pharmacy was fully staffed and juggling phones, pills and customers. A young, tall pharmacist, who declined to give his name, said it had been very busy. "We have too much business. We've been filling a lot of prescriptions the last two days. People are stressed out thinking we are going to shut down for a couple of days."

After gasoline, food and water, the last must-have for a threatened power outage was cash.

"I don't want to say I'm not worried about the storm, because we thought Katrina and Wilma weren't going to be much, and they turned out to be bad for this area," said Victor Febres, 34, a systems engineer at the University of Miami, who was getting cash from an automated teller machine. "There was a lot of damage, and it took a big effort to get it cleaned up."

By early afternoon, the first of bands of rain were spitting down, and the city started battening down. The center of the storm was expected to reach the Florida Keys early Wednesday.

Rain from Ernesto could reach Virginia and Maryland by Thursday, the hurricane center said.

Meanwhile, off Mexico's west coast, Hurricane John grew into a powerful Category 3 storm, with maximum sustained winds of 115 mph. It threatened to cause flooding and ruin vacations in some Pacific resorts, but it was not expected to directly hit land. John is the sixth Pacific hurricane of the season.

Kaufman reported from Cape Canaveral.

Ernesto Grinds Ashore In Florida (USAT)

By Larry Copeland

USA Today, August 30, 2006

HIALEAH, Fla. — Hurricane Wilma shredded the roof of Joaquin Hechaverria's house when it tore through this Miami suburb last October. Hechaverria still has one of the famous blue-tarp roofs, which put him under a mandatory evacuation order Tuesday when Tropical Storm Ernesto moved into South Florida.

But Hechaverria, 57, was staying put, along with his wife Lilia Painchault, 47, and her daughter, Liliana Perinan, 15. He said they would remain to protect their home — both from the wind and rain and from possible looters.

They said they cannot afford the $23,000 it will cost to repair the roof, so Hechaverria, an electrician, is doing it himself. “He's fixing it a little at a time,” Liliana said. “He can't work on it much because he has to work.”

Ernesto never intensified as feared and was a weak tropical storm when it washed onto the South Florida mainland late Tuesday. It had top sustained winds of 45 mph and far less rain than the up to 10 inches that had been predicted — a mild event compared with the eight hurricanes that have hit this state since 2004.

“We don't know for sure why the storm didn't intensify,” said Max Mayfield, director of the National Hurricane Center in Miami. “I'm certainly glad that it didn't, but we have to do a better job of intensity forecasting.”

The National Hurricane Center issued a hurricane watch for portions of the East Coast from Georgia to North Carolina.

After leaving Florida, Ernesto was expected to drift over the Atlantic, then re-intensify and hit again near Charleston, S.C., midafternoon Thursday with 70-mph winds, said Frank Lepore, a hurricane center spokesman.

“That's close enough to a hurricane that you want to put hurricane warnings out,” he said. A hurricane has sustained winds of at least 74 mph.

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Before the storm, many people like the Hechaverria family — residents whose roofs still have not been repaired after previous storms — worried about how they might fare even in a tropical storm.

"If your house has a blue tarp, you need to make arrangements that when you start feeling the effects (of Ernesto) you need to go somewhere else," said Miami-Dade County Mayor Carlos Alvarez. He announced a mandatory evacuation order for them and for people living in mobile homes and low-lying areas.

There are 18,000-20,000 houses that still have blue-tarp roofs in Miami-Dade and Broward counties, said Miami attorney Ron Book, co-chairman of Partnership for Recovery. That private-public group's "No Blue Roofs" effort raises money to help low-income homeowners repair their houses.

Many residents who heeded the evacuation order had begun leaving shelters late Tuesday. Accidents on rain-slick roads killed at least two people.

Across South Florida, residents made last-minute preparations for the storm. They formed long lines at gas stations, snapped up generators at home-improvement stores and stocked up on water and food at grocery stores.

"I am very concerned that we are going to have people die or get seriously injured because they stay," Book said.

"These are elderly, disabled and people on fixed incomes living in $40,000-$50,000 homes that they inherited and making less than $20,000 a year. They've been turned down by FEMA, by the state, by any programs that are out there."

Citrus Growers Brace For Ernesto And Fallout From A Depleted Crop (WSJ)

By Chad Terhune

The Wall Street Journal, August 30, 2006

As Tropical Storm Ernesto pelts Florida's citrus groves and the heart of hurricane season begins, the state is already bracing for its lowest orange crop since 1990 after two years of hurricane-related losses and the spread of plant diseases.

The depleted crop has roughly doubled the prices paid to growers since 2004, but the citrus industry worries that shortages of orange juice and higher retail prices could drive away consumers. The big juice makers, PepsiCo Inc.'s Tropicana and Coca-Cola Co.'s Minute Maid, have been raising prices by up to 10% to offset the higher costs. Meanwhile, Brazilian exports of orange juice into the U.S. have eased as some growers there switch to sugar cane or sell to emerging markets such as Russia and China.

"There is a lot of concern there won't be enough orange juice" for the U.S. market, said Tom Spreen, chairman of the food and resource economics department at the University of Florida in Gainesville. "That's a good thing for growers in the short term, but in the long term you run the risk of eroding the market as availability drops. You may pay for it later."

Orange-juice futures hit their highest price since 1990 on the New York Board of Trade this week. Yesterday, the front-month contract for September closed down slightly at $1.83 per pound.

Yesterday, citrus growers in central and south Florida cleared irrigation ditches of excess water and secured equipment as Ernesto approached. Forecasters dropped hurricane watches for the state yesterday evening, but Ernesto was still expected to move through as a weak tropical storm, having crossed the Florida Straits with sustained winds of 45 mph. Rain remained a concern.

J.A. "Jay" Clark III, who has 400 acres of orange groves in Wauchula, Fla., lost 90% of his oranges to Hurricane Charley in 2004. He fears flooding from Ernesto could damage trees, and that winds could further spread citrus canker, a bacterial disease that has forced officials to destroy thousands of acres of groves.

Elizabeth Steger of Citrus Consulting International in Orlando, Fla., predicts a crop of 123 million boxes for the coming season, which will begin to be picked in October. That would be the smallest Florida crop since 110.2 million boxes in the 1989-90 season, which was hurt by a freeze. Last year's crop was about 151 million boxes.

The shortage has driven the average price paid to growers from about 65 cents per pound of solids, or the amount of juice squeezed from the fruit, during the 2003-04 season to $1.33 last season.

Mr. Spreen estimates prices could top $1.50 for the coming season. The break-even point for most growers is about 75 cents.

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Those higher costs have weighed on juice processors, which purchase about 95% of Florida's oranges. Tropicana, the biggest buyer of Florida oranges or about 40% of the overall crop, said its retail prices increased by nearly 7% in 2005. Minute Maid raised its wholesale prices for chilled orange juice last month by 8% to 10%.

The price increases and consumer concerns about the calories and carbohydrates in orange juice have taken their toll at the checkout aisle.

Sales of chilled orange juice fell 7.9% by volume in the 52 weeks ended Aug. 13, according to Information Resources Inc. And the average unit price increased 5% to $2.64 over the same period in supermarkets and other stores, excluding Wal-Mart Stores Inc.

"We expect the significant destruction over the last couple years will continue to drive higher prices because of cost and supply issues," said Pete Brace, a Tropicana spokesman.

WAR NEWS:

Gonzales: Iraq's Future Depends On Law (AP)

By Rebecca Santana, Associated Press Writer

AP, August 30, 2006

Attorney General Alberto Gonzales said Tuesday that Iraq's future would depend on its enforcing the rule of law, but only its people and political leaders could decide what type of law that would be.

Gonzales said after meeting with Deputy Prime Minister Barham Saleh that they had discussed the use of "extraordinary measures," referring to policies toward prisoners and detainees. He added that the U.S. would not tell Iraq how to handle the issue.

"It is difficult to decide what is appropriate now and what is allowed under the law. This decision will be made by the Iraqi government," Gonzales said. He did not offer specifics or elaborate.

Gonzales is an architect of U.S. policy on the treatment of prisoners abroad and the author of a 2002 memo saying President Bush had the right to waive laws and treaties that protect prisoners of war. He has come under criticism for his position but has denied allegations that it helped lead to abuses in Iraq.

He bristled at reporters' suggestions that American policies might be viewed as condoning torture.

"This president has been very clear. This government has not engaged in torture," Gonzales said.

Gonzales made the comments after a tour of the building where Saddam Hussein has been put on trial in the heavily fortified Green Zone in the center of Baghdad. Gonzales is on a one-day visit.

The attorney general said Washington is committed to helping build an Iraqi court system, pointing to $100 million that he said Congress has appropriated for the project.

The dreams of the Iraqi people, "can only be realized if there is a rule of law in their country and greater security," Gonzales said.

Asked about the conduct of U.S. troops in Iraq, he said the vast majority "meet the highest ethical standard" and those who did not would be prosecuted to the fullest extent of the law.

One case that has inflamed tempers in Iraq involves a 14-year-old Iraqi girl who was raped and murdered in Mahmoudiya, a town 20 miles south of Baghdad. Her 5-year-old sister and parents also were murdered. U.S. authorities arrested five soldiers and a former private in connection with the case. The active-duty soldiers faced a military hearing earlier this month to determine if they should be court-martialed. A decision is pending.

In another case, U.S. Marines are accused of killing 24 civilians — including women and children — in November in the city of Haditha, 140 miles northwest of Baghdad.

Saleh said after his meeting that he and Gonzales discussed the issue of including Iraqi judges in investigations of alleged atrocities by U.S. soldiers against Iraqis.

"The Iraqi side stresses the importance of participating in the investigation, that the investigation is transparent, that the Iraqi public opinion knows its developments, and that those found guilty are severely punished," Saleh said.

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U.S. Official Discusses Law In Lawless Capital (LAT)

By Louise Roug, Times Staff Writer

The Los Angeles Times, August 30, 2006

Atty. Gen. Gonzales visits the Green Zone to talk about detainees and interrogations. In surrounding Baghdad, the bodies stack up.

BAGHDAD — U.S. Atty. Gen. Alberto R. Gonzales arrived Tuesday to discuss the rule of law, as the law of the street left its mark in the capital: 21 bodies bearing signs of torture.

Authorities said 36 other people died after a pipeline exploded as residents were siphoning fuel from it in Diwaniya, where a battle between Shiite militiamen and government forces the previous day killed at least 81 people, according to revised figures.

Elsewhere in Iraq, 27 people were killed or found dead Tuesday, including an American soldier felled by a roadside bomb in the capital.

Early today, 12 Iraqi army recruits were killed in Hilla, south of the capital. Police Capt. Ahmed Muthanna said more than two dozen other prospective soldiers were wounded in the bombing at a recruitment center.

Flying into the capital's heavily guarded Green Zone, Gonzales discussed detainee issues and interrogation tactics with top Iraqi security officials.

Afterward, Gonzales told reporters he had talked about the use of "extraordinary measures" in the handling of detainees, but added that the Iraqis would have to decide for themselves what would be permissible.

"It's difficult to decide what is appropriate and what is allowed under law," Gonzales said.

In a series of memos, Gonzales helped draft the U.S. administration's torture and detention policies that critics charge contributed to abuses of prisoners held by the U.S. military in Cuba and Iraq. He dismissed Geneva Convention protections for prisoners detained in Afghanistan. Last year, he also acknowledged taking part in a meeting that discussed the legality of interrogation techniques that included the threat of live burial and simulating the sensation of drowning.

Taking questions from reporters during a brief meeting in the courthouse where former President Saddam Hussein is standing trial, Gonzales said that "the U.S. does not engage in torture."

He also said he had discussed rule-of-law issues with Iraqi officials and reiterated American support for the Iraqi judicial system.

In Iraq, torture and extrajudicial killings by militias and Shiite-dominated security forces have become a widespread problem that exacerbates the sectarian conflict.

All of the dead discovered Tuesday in various neighborhoods throughout the capital had been handcuffed and tortured before being shot execution-style. But it was unclear whether the victims were Sunni or Shiite.

Iraqi security forces on Tuesday assumed control of Diwaniya, where a battle between Shiite militia fighters and government forces raised doubts about the Iraqi army's ability to assume control of the streets.

Iraqi security forces killed 50 gunmen, but lost 23 soldiers, several of whom were executed when they ran out of ammunition. Officials in Diwaniya said that eight civilians also died during the battle.

Diwaniya, about 100 miles south of the capital, is a Shiite-dominated city and increasingly a stronghold for radical cleric Muqtada Sadr, who once clashed with U.S. troops in Najaf and is among Iraq's most powerful figures.

Tragedy in the southern city was compounded Tuesday when an explosion tore through a pipeline where Iraqis were siphoning fuel, killing at least 36 people, local officials reported.

The fire was still burning as rescue workers and locals tried to evacuate the wounded. Witnesses said the death toll was certain to climb, and described victims trapped in large pools of burning fuel. Health officials reported 30 to 40 people missing after the blast.

"I heard a big explosion and saw a huge fireball that rose 50 meters into the sky," said Mohammed Zaydi, 35.

The deputy governor of the province said the explosion was caused by fighting among pipeline guards and those siphoning the fuel.

Another official said the pipeline had been left unguarded by Iraqi soldiers deployed to fight the militias.

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U.S. military officials believe that Sadr's militia is behind much of the violence in the capital, where a massive U.S. military operation has held down the number of killings this month. But neither the U.S. military nor the Iraqi government has been able to curb his power across the south.

The provincial governor, Khalil Jalil Hamza, and local council members met Sadr in Najaf on Monday, reaching an agreement to stop the fighting.

"We exerted good efforts to stop the bloodletting and thank God we were able to stop it," Hamza told the TV channel Al Iraqiya.

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Times staff writers Saif Hameed and Raheem Salman contributed to this report.

US Attorney General Discusses Interrogation Tactics In Iraq (AFP-Y)

By Jay Deshmukh

AFP, August 30, 2006

US Attorney General Alberto Gonzales met Iraq's Deputy Prime Minister Barham Saleh and discussed the tactics used by Iraqi security forces to combat a wave of violence, including torture.

"It is a somewhat difficult decision as to where to draw the line," Gonzales said, referring to possible measures that Iraqi police might use to extract information from suspected insurgents and death squad leaders.

"It is difficult to decide what is appropriate and what is allowed under law," said Gonzales, who has drawn criticism in the past for describing the Geneva Conventions against prisoner abuse as "quaint".

Gonzales, who arrived in Baghdad Tuesday, told reporters the issue of interrogation tactics came up during his meeting with Saleh but said the techniques to be used were a decision for the Iraqi government.

But he stressed that the US government was against any kind of torture.

"Our President is very clear that government does not engage in torture. The US is not engaging in torture. We are part of a convention against torture."

Iraq is in the grip of a brutal sectarian conflict and there are frequent allegations that militias and death squads with links to state security agencies are involved in the torture and murder of detainees.

Dozens of bodies are found every week across Iraq of kidnap victims killed execution style -- bound, blind-folded and killed with gunshots to the head or beheaded. Some show signs of abuse with power tools.

On Tuesday, at least 11 such bodies were found in Baghdad, their hands bound and dumped in the street.

Gonzales said discussions with Iraqi officials revolved around how to establish the "rule of law and establish greater security in Iraq."

"The rule of law will be systematically adopted by the representatives of the people," he said.

The US justice minister was questioned about the increasing use of adhoc Islamic Sharia law courts across the country, especially by militia groups, who employ clerics to sanction extra-judicial killings.

The Mahdi Army militia loyal to radical Shiite cleric Moqtada al-Sadr, is often accused of operating such courts and executing people it finds guilty.

"The way of thinking... the culture can't be changed overnight. The United States makes itself available by way of views and training" to establish a secure rule of law, Gonzales said.

"It's an ongoing process and will take time."

Gonzales also said it was a "challenge" to control the militias roaming on the streets of the capital.

He said the US government had also approved 100 million dollars for building new prisons and training and promoting the democratic rule of law in Iraq.

Referring to allegations of a series of abuses committed by US troops in Iraq, the attorney general insisted that "99.9 percent of the men and women in uniform observed ethical standards under difficult circumstances."

"But those who do not will be held accountable."

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The US military is currently battling a series of accusations, most damaging being allegations of rape and murder of an Iraqi girl and killing of her family in the town of Mahmudiyah by a group of soldiers in March.

AG Gonzales Sees Police, DOJ Work In Iraq (UPI/UPI)

United Press International, August 30, 2006

WASHINGTON, Aug. 29 (UPI) -- U.S. Attorney General Alberto Gonzales paid a lightning visit to Baghdad Tuesday, meeting staff from the Department of Justice working there.

According to a statement from the department, Gonzales also met senior Iraqi officials, including Deputy Prime Minister Barham Salih and Chief Justice of the Higher Judicial Council Medhat Al-Mahmoud, as well as U.S. military personnel.

"Freedom is best sustained by the establishment of a fair and just legal system that prioritizes the rights and liberties of its citizens," said Gonzales in the statement. "The Department of Justice is proud to help the Iraqi people establish the rule of law in their country, and I applaud the Department of Justice employees who are so dedicated to assisting in this historic effort."

The department says it has more than 200 employees and contractor personnel in Iraq, providing special investigative training and assistance to Iraqi law enforcement, including counter-terrorism training for the police.

But more than half of them work in a special unit in Baghdad set up by the U.S. government to assist in the investigation and prosecution of charges of genocide, crimes against humanity and war crimes against former Iraqi President Saddam Hussein and other members of his inner circle.

A Flick Of A Lighter Kills Scores Of Gas-Looting Iraqis (NYT)

By Paul Von Zielbauer

The New York Times, August 30, 2006

BAGHDAD, Iraq, Aug. 29 — At least 67 people, including dozens of looters siphoning gasoline from a government pipeline, were killed in an explosion late Monday night after fuel vapor was accidentally ignited by a cigarette lighter, the Iraqi police and government officials said.

The death toll from the blast in Diwaniya might increase, said Hamid al-Shuwaili, the health director for Qadisiya Province, south of Baghdad.

As of late Tuesday night, more than 100 people had been killed or found dead in the previous 24 hours, government officials said. In Baghdad, more than two dozen bodies were found, one Iraqi official said; about half of the victims had been bound and killed after apparently having been tortured.

The pipeline explosion appeared to be a result of what one official in Diwaniya called a “power vacuum” created by a battle there on Monday between the Iraqi Army and heavily armed members of the Mahdi Army, a militia controlled by the radical anti-American cleric Moktada al-Sadr.

That battle, which killed at least 20 soldiers and militiamen and 8 civilians, drew away policemen guarding the pipeline that runs through parts of Diwaniya, said First Lt. Qaisar Rasheed of the Diwaniya police. Residents then flocked to the pipeline to illegally tap the gasoline.

Despite Iraq’s huge oil reserves, corruption, mismanagement and the lack of security have created a severe gasoline shortage that has sent prices to $3.20 per gallon and forced drivers to wait in gasoline lines for as long as 24 hours.

Lieutenant Rasheed said dozens of Diwaniya residents punctured the pipeline on Monday night.

“They were filling their jerrycans until one of the looters lit a lighter to smoke his cigarette, and that resulted in the explosion,” he said.

Dr. Hussain al-Janabi, director of Diwaniya hospital, said several bodies had arrived charred or burned beyond recognition. He said by telephone that witnesses had said that the spark that ignited the blast came from a man who used a lighter to check if his can was full.

On Tuesday, the fighting was stilled in the streets of Diwaniya after the battle on Monday, and Barham Salih, a deputy prime minister, said in an interview that “it was a very tough fight” that affirmed the government’s strength. The Mahdi Army held its own against Iraqi Army troops, however, fighting them to a truce.

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The fighting appeared to have erupted from street level, during a dispute between the Iraqi forces and the Mahdi militia over a militiaman the Iraqi Army had taken prisoner.

Mr. Salih also said the Iraqi government would soon shuffle some members of the cabinet. The transportation minister, a follower of Mr. Sadr, would be replaced, he said. “We will not tolerate people who have one foot in the government and one foot outside,” he said, referring to officials with ties to militias.

Sectarian violence soared after the appointment of the new government in late May, and the police, under the control of the Interior Ministry, have appeared powerless to stop it. When asked about the future of Interior Minister Jawad al-Bolani, which has been the subject of some speculation, Mr. Salih would not comment.

The speaker of Parliament, Mahmoud al-Mashhadani, a conservative Sunni Arab, said he might resign before Parliament reconvenes in September. He is widely disliked by Shiite and Kurdish politicians.

In Baghdad, at least 27 people were killed or found dead Tuesday.

In the Turath neighborhood, the police found the bodies of 11 people behind a school, an Interior Ministry official said. All the victims had been handcuffed and shot in the head, the official said, and their bodies showed signs of torture.

A mortar attack after nightfall killed four people and hurt six others, an official at Yarmouk Hospital here said. The police found another 12 bodies in other parts of the capital, the Interior Ministry official said.

In Baquba, a religiously mixed city northeast of Baghdad that has turned into a daily battleground between Sunni and Shiite Arabs, gunmen killed 11 people on Tuesday, a local police official said. Sunni gunmen killed two of Mr. Sadr’s militiamen during an attack on his provincial office, the official said.

Police officers also found the blindfolded bodies of two people in Buhruz, southwest of Baquba.

An American soldier died Tuesday afternoon when his vehicle was struck by a roadside bomb southwest of Baghdad, the military said.

Three other servicemen, the military said, also died on Monday: a marine with Regimental Combat Team 7, from injuries sustained in combat in Anbar Province on Monday; a Nebraska National Guard soldier from injuries suffered when his vehicle rolled over into a canal near Balad on Aug. 21; a soldier with the First Brigade, First Armored Division, from nonhostile causes; and a marine from Regimental Combat Team 5 from combat wounds suffered Monday.

Attorney General Alberto R. Gonzales met Mr. Salih on Tuesday in Baghdad and discussed the tactics used by Iraqi security forces to combat a wave of violence. He condemned the use of torture.

Mr. Gonzales has found himself on the defensive in the United States regarding torture. As White House counsel, he oversaw the production of legal memorandums that appeared to condone mistreatment, perhaps even torture, of detainees.

At his confirmation hearings in January 2005, critics said he was at the forefront of an effort to find legal rationales for subjecting detainees to coercive practices, putting him on the wrong side of history and in opposition to longstanding American principles.

In 2002, he sought clarification from the Justice Department as to the legal limits on the force that could be used on terrorist suspects in captivity. His query led to a much-disputed memorandum from the department that said torture could be said to occur only when the subject was in imminent danger of organ failure and that Mr. Bush as president could sanction coercive interrogation techniques in the name of national security. That definition was eventually renounced.

Rumsfeld Warns Against Appeasement (WP/AP)

By Robert Burns, The Associated Press

The Washington Post, August 30, 2006

SALT LAKE CITY -- Defense Secretary Donald H. Rumsfeld said Tuesday the world faces "a new type of fascism" and warned against repeating the pre-World War II mistake of appeasement.

Rumsfeld alluded to critics of the Bush administration's war policies in terms associated with the failure to stop Nazism in the 1930s, "a time when a certain amount of cynicism and moral confusion set in among the Western democracies."

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Without explicitly citing Bush critics at home or abroad, he said "it is apparent that many have still not learned history's lessons." Aides to Rumsfeld said later he was not accusing the administration's critics of trying to appease the terrorists but was cautioning against a repeat of errors made in earlier eras.

Speaking to several thousand veterans at the American Legion's national convention, Rumsfeld said that as fascism and Nazism took hold in Europe, those who warned of a coming crisis were ridiculed or ignored. He quoted Winston Churchill as observing that trying to accommodate Hitler was "a bit like feeding a crocodile, hoping it would eat you last."

"I recount this history because once again we face similar challenges in efforts to confront the rising threat of a new type of fascism," he said.

"Can we truly afford to believe that somehow, some way, vicious extremists can be appeased?" he asked.

"Can we truly afford to return to the destructive view that America _ not the enemy _ is the real source of the world's troubles?"

Rumsfeld spoke to the American Legion as part of a coordinated White House strategy, before the fifth anniversary of the Sept. 11, 2001 terrorist attacks, to take the offensive against administration critics at a time of doubt about the future of Iraq and growing calls to withdraw U.S. troops.

Addressing the same audience later Tuesday, Secretary of State Condoleezza Rice said the Bush administration is countering extremism with hope and democracy, and that history will bear out that strategy.

"If we quit before the job is done, the cost of failure will be severe, indeed immeasurable," Rice said.

"If we abandon the Iraqi people before their government is strong enough to secure the country, we will show reformers across the region that America cannot be trusted to keep its word," she added.

Bush was scheduled to speak here later in the week.

Rumsfeld recalled a string of recent terrorist attacks, from 9/11 to deadly bombings in Bali, London and Madrid, and said it should be obvious to anyone that terrorists must be confronted, not appeased.

"But some seem not to have learned history's lessons," he said, adding that part of the problem is that the American news media have tended to emphasize the negative rather than the positive.

He said, for example, that more media attention was given to U.S. soldiers' abuse of Iraqi prisoners at Abu Ghraib than to the fact that Sgt. 1st Class Paul Ray Smith received the Medal of Honor.

He did acknowledge that the U.S. military has its own "bad actors _ the ones who dominate the headlines today _ who don't live up to the standards of the oath and of our country." But he added that they are a small percentage of the hundreds of thousands of troops who have served in Iraq and Afghanistan.

"Those who know the truth need to speak out against these kinds of myths and lies and distortions being told about our troops and about our country," he said.

On Monday, Vice President Dick Cheney and Rumsfeld made separate addresses to the national convention of the Veterans of Foreign Wars in Reno, Nev.

Rumsfeld made similar arguments in Reno about doubters of the administration's approach to fighting terrorism, saying too many in this country want to "blame America first" and ignore the enemy.

Rumsfeld's remarks ignited angry rebukes from Democrats.

"It's a political rant to cover up his incompetence," said Sen. Jack Reed, D-R.I., a former Army officer and member of the Senate Armed Services Committee.

Reed said he took particular exception to the implication that critics of Pentagon policies are unpatriotic, citing "scores of patriotic Americans of both parties who are highly critical of his handling of the Department of Defense."

Rep. John Murtha, the hawkish Pennsylvania Democrat who voted in favor of the war but recently called for troops to withdraw, said in a statement: "It's interesting to me that they generalize the support for the war. They're not realistic with the fact that there's no progress."

Sen. Christopher Dodd, D-Conn., chimed in that Rumsfeld's remarks were trying to "shoot the messenger" rather than examine failed policy.

DOJ_NMG_0055501

Rumsfeld Slams Foes Of War Tack (WT)

By Robert Burns

The Washington Times, August 30, 2006

SALT LAKE CITY -- Defense Secretary Donald H. Rumsfeld said yesterday the world faces "a new type of fascism" and warned against repeating the pre-World War II mistake of appeasement.

He alluded to critics of the Bush administration's war policies in terms associated with the failure to stop Nazi Germany in the 1930s, which the Pentagon chief called "a time when a certain amount of cynicism and moral confusion set in among the Western democracies."

Without explicitly citing President Bush's critics at home or abroad, he said "it is apparent that many have still not learned history's lessons."

Aides to Mr. Rumsfeld said later he was not accusing the administration's critics of trying to appease the terrorists but was cautioning against a repeat of errors made in earlier eras.

Speaking to several thousand veterans at the American Legion's national convention, Mr. Rumsfeld recited what he called the lessons of history, including the failure to confront Adolf Hitler in the 1930s. He quoted Winston Churchill as observing that trying to accommodate Hitler was "a bit like feeding a crocodile, hoping it would eat you last."

"I recount this history because once again we face similar challenges in efforts to confront the rising threat of a new type of fascism," he said.

"Can we truly afford to believe that somehow, some way, vicious extremists can be appeased?" he asked.

"Can we truly afford to return to the destructive view that America -- not the enemy -- is the real source of the world's troubles?"

Mr. Rumsfeld spoke to the American Legion as part of a coordinated White House strategy, before the fifth anniversary of the September 11, 2001, terrorist attacks, to take the offensive against administration critics at a time of doubt about the future of Iraq and growing calls to withdraw U.S. troops.

Addressing the same audience later yesterday, Secretary of State Condoleezza Rice said the Bush administration is countering extremism with hope and democracy, and that history will bear out that strategy.

"If we quit before the job is done, the cost of failure will be severe, indeed immeasurable," Miss Rice said.

"If we abandon the Iraqi people before their government is strong enough to secure the country, we will show reformers across the region that America cannot be trusted to keep its word," she added.

Mr. Bush was scheduled to speak here later in the week.

Mr. Rumsfeld recalled a string of recent terrorist attacks, from 9/11 to deadly bombings in Bali, Indonesia, London and Madrid, and said it should be obvious to anyone that terrorists must be confronted, not appeased.

"But some seem not to have learned history's lessons," he said, adding that part of the problem is that the American press has tended to emphasize the negative rather than the positive.

He did acknowledge that the U.S. military has its own "bad actors -- the ones who dominate the headlines today -- who don't live up to the standards of the oath and of our country." But he added that they are a small percentage of the hundreds of thousands of troops who have served in Iraq and Afghanistan.

"Those who know the truth need to speak out against these kinds of myths and lies and distortions being told about our troops and about our country," he said.

On Monday, Vice President Dick Cheney and Mr. Rumsfeld made similar arguments in separate addresses to the national convention of the Veterans of Foreign Wars in Reno, Nev.

Mr. Rumsfeld said too many in this country want to "blame America first" and ignore the enemy, as Mr. Cheney linked early withdrawal from Iraq to the possibility of terrorist attacks in the United States.

The remarks have ignited angry rebukes from Democrats.

Senate Democratic Leader Harry Reid called the comments "reckless" and said "America is not as safe as it can or should be five years after 9/11."

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"The Bush White House is more interested in lashing out at its political enemies and distracting from its failures than it is in winning the war on terror and in bringing an end to the war in Iraq," the Nevada Democrat said.

"We have a choice to make today. Do we trust Secretary Rumsfeld to make the right decisions to keep us safe after he has been so consistently wrong since the start of the Iraq war? Or, do we change course in Iraq and put in place new leadership that will put the safety of the American people ahead of partisan games?"

Sen. Jack Reed, Rhode Island Democrat and a former Army officer, said he took particular exception to the implication of the remarks, citing "scores of patriotic Americans of both parties who are highly critical of his handling of the Department of Defense."

Rep. John P. Murtha, the hawkish Pennsylvania Democrat who voted in favor of the war but recently called for troops to withdraw, said: "It's interesting to me that they generalize the support for the war. They're not realistic with the fact that there's no progress."

Mr. Rumsfeld defended the war in Iraq, saying that while U.S. military tactics have changed as conditions on the ground have changed, the administration's war strategy has remained constant: "to empower the Iraqi people to defend, govern and rebuild their own country."

In arguing against giving up in Iraq, he said people should know from history that wars are never easy.

"You know from experience that in every war -- personally -- there have been mistakes and setbacks and casualties," he said. "War is," as Georges Clemenceau said, "a series of catastrophes that results in victory."

Rumsfeld: Iraq Critics Morally Confused (USAT)

By Bill Nichols

USA Today, August 30, 2006

WASHINGTON — Defense Secretary Donald Rumsfeld accused critics of the Bush administration's policies on Iraq and terrorism Tuesday of suffering from "moral or intellectual confusion about what is right or wrong."

In a toughly worded speech to the American Legion's national convention in Salt Lake City, Rumsfeld compared the current period to the 1930s, when the world failed to act against the growing menace of the Nazi movement.

"Once again, we face similar challenges in efforts to confront the rising threat of a new type of fascism," Rumsfeld said. "It seems that in some quarters, there is more of a focus on dividing our country than acting with unity against the gathering threats."

Rumsfeld recounted a string of terrorist attacks, from the Sept. 11 attacks to bombings in Bali, London and Madrid, and insisted Americans should realize that terror groups must be confronted.

"Can we truly afford to believe somehow, some way, vicious extremists can be appeased?" he asked.

The speech, part of a series of addresses by administration officials in advance of the fifth anniversary of 9/11, prompted a fierce response:

•"Secretary Rumsfeld has reminded us again why he has no credibility and why it's time he resign," said Delaware Sen. Joseph Biden, senior Democrat on the Foreign Relations Committee.

•"I take great offense," said retired Army major general John Batiste, who led the First Infantry Division at the start of the Iraq war. Batiste was one of at least six former generals who called for Rumsfeld to resign this year.

"I suspect that most Americans agree with me that we do not suffer from moral or intellectual confusion, nor do we lack the courage to fight back when we criticize Donald Rumsfeld's failure in leadership," Batiste said. "The truth is that Donald Rumsfeld's poor judgment and strategic failures set our great military and country up for the quagmire we are in now."

"It's way over the top and a sign of desperation," said Lawrence Korb, a senior fellow at the liberal Center for American Progress, a Washington think tank. Korb was an assistant secretary of Defense under President Reagan.

Rumsfeld also criticized the American media for what he characterized as a preoccupation with reporting only the negative aspects of the conflict in Iraq and the larger war against terrorism.

He said a database search of leading newspapers turned up 10 times more mentions of abuse by U.S. soldiers at Abu Ghraib prison than to the fact that Sgt. 1st Class Paul Ray Smith was awarded the Medal of Honor.

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"It's inexcusable," Rumsfeld said. "Those who know the truth need to speak out against these kinds of myths and distortions that are being told about our troops and our country."

Rumsfeld Says War Critics Ignore History (NYT)

By David S. Cloud

The New York Times, August 30, 2006

SALT LAKE CITY, Aug. 29 — Secretary of Defense Donald H. Rumsfeld said Tuesday that critics of the war in Iraq and the campaign against terror groups "seem not to have learned history's lessons," and he alluded to those in the 1930's who advocated appeasing Nazi Germany.

In a speech to thousands of veterans at the American Legion's annual convention here, Mr. Rumsfeld sharpened his rebuttal of critics of the Bush administration's Iraq strategy, some of whom have called for phased withdrawal of United States forces or partitioning of the country.

Comparing terrorist groups to a "new type of fascism," Mr. Rumsfeld said, "With the growing lethality and the increasing availability of weapons, can we truly afford to believe that somehow, some way, vicious extremists can be appeased?"

It was the second unusually combative speech by Mr. Rumsfeld to a veterans group in two days and appeared to be part of a concerted administration effort to address criticism of the war's conduct.

On Monday, Mr. Rumsfeld and Vice President Dick Cheney gave separate speeches to the Veterans of Foreign Wars convention in Reno, Nev. Secretary of State Condoleezza Rice spoke to the American Legion Auxiliary on Tuesday and President Bush is to address veterans later this week.

Mr. Cheney, too, spoke of appeasement at an appearance on Tuesday at Offutt Air Force Base in Nebraska, reciting a passage that echoed verbatim one of his stock speeches.

"This is not an enemy that can be ignored, or negotiated with, or appeased,'' he said. "And every retreat by civilized nations is an invitation to further violence against us. Men who despise freedom will attack freedom in any part of the world, and so responsible nations have a duty to stay on the offensive, together, to remove this threat."

Mr. Rumsfeld's speech on Tuesday did not explicitly mention the Democrats, and he cited only comments by human rights groups and in press reports as evidence of what he described as "moral or intellectual confusion about who or what is right or wrong."

In many previous speeches, including some before groups of veterans for whom World War II is a sacred memory, he has compared the government of Saddam Hussein, and the violent resistance since it fell, to the Nazis, and warned explicitly against appeasement there or in the broader campaign against terrorism, comparing it to the error of appeasing Hitler.

While he did not directly compare current critics of the war in Iraq to those who sought to appease Hitler, his juxtaposition of the themes led Democrats to say that he was leveling an unfair charge.

Senator Jack Reed of Rhode Island, a former Army officer and a Democratic member of the Armed Services Committee, responded that "no one has misread history more" than Mr. Rumsfeld.

"It's a political rant to cover up his incompetence," Senator Reed, a longtime critic of Mr. Rumsfeld's handling of the war, told The Associated Press.

Mr. Reed said there were "scores of patriotic Americans of both parties who are highly critical of his handling of the Department of Defense."

Mr. Rumsfeld, speaking just weeks before the fifth anniversary of 9/11, also took on criticisms of the administration's approach for combating terrorism outside Iraq, like the use of wiretaps without warrants. "This enemy is serious, lethal and relentless,'' he said. "But this is not well recognized or fully understood."

Rumsfeld Assails Critics Of War Policy (WP)

By Ann Scott Tyson

The Washington Post, August 30, 2006

DOJ_NMG_0055504

Defense Secretary Donald H. Rumsfeld warned yesterday that "moral and intellectual confusion" over the Iraq war and the broader anti-terrorism effort could sap American willpower and divide the country, and he urged renewed resolve to confront extremists waging "a new type of fascism."

Drawing parallels to efforts by some nations to appease Adolf Hitler before World War II, Rumsfeld said it would be "folly" for the United States to ignore the rising dangers posed by a new enemy that he called "serious, lethal and relentless."

In a pointed attack on the news media and critics of President Bush's war and national security policies, Rumsfeld declared: "Any kind of moral and intellectual confusion about who and what is right or wrong can severely weaken the ability of free societies to persevere."

Rumsfeld spoke at the American Legion's national convention in Salt Lake City as part of a coordinated defense of Bush leading up to the fifth anniversary of the Sept. 11, 2001, attacks. Reviving images of the president's response to the strike on the World Trade Center in New York, Rumsfeld said, "He remains the same man who stood atop the rubble of Lower Manhattan, with a bullhorn, vowing to fight back."

With polls showing that a majority of Americans believe it was a mistake for the United States to invade Iraq and with many Democrats calling for a deadline for withdrawing U.S. troops, Rumsfeld called the Iraq war the "epicenter" of the struggle against terrorism. Last week, Bush said that setting a timetable for a troop withdrawal would embolden the enemy and cause chaos in Iraq and throughout the region.

Congressional Democrats angrily responded to Rumsfeld's remarks. "There is no confusion among military experts, bipartisan members of Congress and the overwhelming majority of the American people about the need to change course in Iraq," said Sen. Edward M. Kennedy (D-Mass.). "The only person confused about how to best protect this country is Don Rumsfeld, which is why he must go."

Jack Reed (D-R.I.), a member of the Senate Armed Services Committee, said he took exception to what he considered the implication that critics of the administration's military policies are unpatriotic. He noted that there are "scores of patriotic Americans of both parties who are highly critical" of Rumsfeld's handling of the Defense Department.

Rumsfeld obliquely acknowledged mistakes and setbacks in Iraq, quoting the French statesman Georges Clemenceau as calling all wars "a series of catastrophes that results in victory." Moreover, in a reference to recent charges of war crimes against U.S. troops in Iraq, Rumsfeld said that "in every army, there are occasionally bad actors -- the ones who dominate the headlines today -- who don't live up to the standards of their oath and of our country."

Rumsfeld stressed that it is misguided for Americans to fall into self-blame and to "return to the destructive view that America -- not the enemy -- is the real source of the world's trouble." He blamed the U.S. media for spreading "myths and distortions . . . about our troops and about our country."

He said a database search of U.S. newspapers produced 10 times as many mentions of a soldier punished for misconduct at Abu Ghraib prison than of Sgt. 1st Class Paul Ray Smith, a Medal of Honor recipient.

Secretary of State Condoleezza Rice, addressing the same audience later, sounded similar themes. "The dream of some, that we could avoid this conflict, that we did not have to take sides in this battle in the Middle East, that dream was demolished on September the 11th," Rice said.

Rice said in a radio interview that "we cannot fall prey to pessimism about how this will all come out," adding that "the really devastating problem for the world would be if America loses its will."

Rumsfeld Says Critics Appeasing Fascism (LAT)

By Julian E. Barnes

The Los Angeles Times, August 30, 2006

SALT LAKE CITY — Defense Secretary Donald H. Rumsfeld on Tuesday compared critics of the Bush administration to those who sought to appease the Nazis before World War II, warning that the nation is confronting "a new type of fascism."

Speaking at the American Legion convention here, Rumsfeld delivered his most explicit and extended attacks yet on administration opponents — leading Democrats to accuse him of "campaigning on fear."

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By likening today's U.S. foreign policy to that during World War II and the Cold War, Rumsfeld sought to portray skeptics of the Bush administration as being on the wrong side of history. He ridiculed American officials who had hoped to negotiate with Adolf Hitler.

"Once again, we face similar challenges in efforts to confront the rising threat of a new type of fascism," Rumsfeld said. "But some seem not to have learned history's lessons."

He continued, "Can we truly afford to believe that, somehow or someway, vicious extremists could be appeased?"

Rumsfeld did not directly accuse any specific critic or group of advocating the appeasement of terrorists, and he did not identify the administration opponents who were the focus of his criticism. Surveys have shown that although most Americans believe the Iraq war was a mistake, they support U.S. efforts to track down terrorists.

Rumsfeld's use of the word "appease" was particularly notable, referring to the failed efforts of the pre-Churchill British government to mollify Hitler. Administration officials in the past have used the term "appeasement" to deflect criticism or justify White House policies — President Bush did so just before the U.S.-led invasion of Iraq in 2003. But Rumsfeld in his speech appeared to use the term in a markedly more pointed way.

The Defense secretary has become one of the administration's most divisive figures, and demands for his resignation have become a litmus test in congressional races around the country as Iraq confronts deepening violence and civil strife. Rumsfeld aggressively defended the war and his leadership of it in speeches to the American Legion on Tuesday, the Veterans of Foreign Wars a day earlier and in other meetings with service members this week.

In each speech, Rumsfeld has acknowledged the reality of debate in a free society. But he has attacked the media, charging that news reports have been manipulated by Iraqi insurgents or Al Qaeda terrorists. And he has suggested that negative news articles and criticism of the war threaten to sap the nation's will to continue to fight in Iraq.

Rumsfeld also warned that "moral or intellectual confusion" about which side is right or wrong "can weaken the ability of free societies to persevere."

Borrowing a phrase from the nation's most conservative commentators, Rumsfeld in a new line of attack argued that critics of the Iraq war, like critics of the Cold War before them, were part of a "blame America first" crowd.

"The struggle we are in is too important — the consequences too severe — to have the luxury of returning to the 'blame America first' mentality," he told the American Legion. "Can we truly afford to return to the destructive view that America — not the enemy — is the real source of the world's troubles?"

Rumsfeld's view of Bush administration critics contrasted with that of Secretary of State Condoleezza Rice, who took a softer tone in a speech to the convention later Tuesday. She appeared to acknowledge that many questions about the Iraq war were fair.

"On the one hand, Americans want desperately to succeed in Iraq. They want to do whatever it takes to achieve victory," Rice said. "But on the other hand, there are unsettling questions. Is success possible? Is it really worth the effort?"

Rice said she believed that the U.S. strategy was working, and that the military must remain in Iraq or risk handing a victory to violent extremists in the Middle East.

"If we abandon the Iraqi people before their government is strong enough to secure the country, then we will show reformers across the region that America cannot be trusted to keep its word," Rice said. "We will embolden extremist enemies of moderation and of democratic reform."

In recent speeches, Bush has acknowledged public concern about the war, saying last week that the conflict was "straining the psyche of our country" and that he would never question the patriotism of those who disagreed with him.

However, Bush too has drawn parallels between his Iraq policies and World War II. Before the U.S.-led invasion, he said: "In the 20th century, some chose to appease murderous dictators whose threats were allowed to grow into genocide and global war. In this century, when evil men plot chemical, biological and nuclear terror, a policy of appeasement could bring destruction of a kind never before seen on this Earth."

Rumsfeld's speech drew sharp complaints from Democrats, including Sen. Edward M. Kennedy of Massachusetts, whose father, Joseph P. Kennedy, was criticized by Rumsfeld in a speech Monday.

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The elder Kennedy, who served as a U.S. ambassador to Britain before World War II, resigned that post because he opposed British and U.S. war preparations.

"Secretary Rumsfeld is the last person who should preach the lessons of history after ignoring them for the last six years," Kennedy said in a statement. "As a result of his failures, Americans are less safe."

Both Kennedy and Senate Minority Leader Harry Reid (D-Nev.) renewed their call for Rumsfeld to be replaced.

"Secretary Rumsfeld's reckless comments show why America is not as safe as it can or should be five years after 9/11," Reid said. "If there's one person who has failed to learn the lessons of history, it's Donald Rumsfeld."

Criticizing news coverage of U.S. policies abroad, Rumsfeld pointed to "a focus on dividing our country."

For instance, he said, news outlets have carried more reports about U.S. military abuses than about Army Sgt. First Class Paul Smith, who posthumously won the Medal of Honor for heroism during the invasion of Iraq.

Rumsfeld was applauded by the American Legion convention for calling on the group's members to "set the record straight."

More Sunni-Shiite Clashes Are Reported In Baghdad (MCT)

By Nancy A. Youssef And Mark Brunswick

McClatchy Newspapers, August 30, 2006

BAGHDAD, Iraq - Armed groups of Sunni and Shiite Muslims battled Tuesday for control of several neighborhoods in southwest Baghdad, residents of those areas reported. It was another sign that security is deteriorating in the capital and that Iraq may be moving closer to a full-fledged civil war.

Fighting between armed groups of Shiites and Sunnis isn't uncommon in Baghdad, but the extent of Tuesday's fighting was unprecedented, and it raised troubling questions about the U.S. and Iraqi government effort to bring order to the capital.

The U.S. military has been touting the effectiveness of its so-called Baghdad security plan in recent days, under which beefed-up American and Iraqi forces have cordoned off some neighborhoods and searched them in an effort to rid them of gunmen. U.S. spokesman Maj. Gen. William Caldwell said Monday that attacks in Baghdad had dropped in August and the homicide rate was down 46 percent over July.

None of the neighborhoods where fighting flared Tuesday has been part of that plan, suggesting that as U.S. and Iraqi government forces crack down in one place, violence flares in another.

There was no official version of the fighting in al Ray, Shurta Rabiyah, Ghuratan and Suwaib, which are predominantly Sunni neighborhoods. Residents said an effort by supporters of militant Shiite cleric Muqtada al Sadr to seize control of the areas had triggered the fighting. A Sadr spokesman, while acknowledging battles, said no Sadr supporters were involved.

An official reached at the Interior Ministry, who refused to give his name, confirmed that fighting was taking place, but said the areas were still too dangerous for police to enter and that the ministry had no information on casualties. Lt. Col. Barry Johnson, a spokesman for the U.S. military, said he was unaware of the clashes.

Iraqi soldiers also have had recent battles with Sadr's Mahdi Army militia. On Monday, Mahdi militiamen and Iraqi soldiers battled for hours in the town of Diwaniyah, 80 miles south of Baghdad. An Iraqi army account of the fighting said 23 soldiers and 30 militiamen died. Reports said eight civilians were killed and 70 other people were wounded.

On Tuesday, the fighting there appeared to have ended under an agreement reached after a delegation that included the governor of Qadissiya province and a number of other provincial leaders met with Sadr at his home in Najaf.

Details of the agreement weren't available. The head of the Sadr office in Diwaniyah, Sheik Abdul Razaq al Nidawi, said Iraqi soldiers had withdrawn from the town and that the agreement prohibited them from returning to areas where clashes had taken place Monday.

But Muhammad Askari, a Defense Ministry spokesman, said troops of the 8th Iraqi Army Division remained in the town.

Establishing control over the country has been a key - and so far unrealized - goal of the government of Prime Minister Nouri al Maliki, who took office in May pledging to disarm militias. But he's been slow to move against Sadr, whose supporters control the largest voting bloc in parliament and lead the Ministries of Education and Trade.

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Descriptions of what happened in the Baghdad neighborhoods Tuesday fell along sectarian lines, but various accounts and reports from the human rights office of the Iraqi Islamic Party, a Sunni political party, suggested that the fighting may have been going on for at least three days.

Sunni residents described large organized groups, including Mahdi Army members, entering their communities and assassinating residents. They said members of the mostly Sunni Ghuratan tribe responded, vowing to protect the area.

Minority Shiite residents in the same areas said Ghuratan tribesmen instigated the clashes by kidnapping and killing three Shiite residents and that a rival Shiite tribe, al Boamir, which has strong ties to militias, defended them.

Leaders of the al Boamir tribe acknowledged in interviews with McClatchy Newspapers that they were fighting in southwest Baghdad, but said they were simply defending Shiites.

Both sides agreed it was a battle for control of the neighborhoods.

Because the militias, tribesmen and Sunni armed factions don't wear uniforms identifying themselves as such, it's impossible to know which groups are battling each other.

Abdel Hadi al Mohammedawiya, the head of Sadr's western Baghdad office, acknowledged fighting in southwest Baghdad but denied that the Sadrists were involved.

A man who wanted to be referred to as Abu Abdullah, a Sunni engineer who lives in Shurta Rabiyah, said this was the first time he'd taken part in fighting. He said the presence of Shiite militias had forced him to take up arms.

"There are a lot of times when I think there is no choice but to carry our weapons and fight in a civil war," he said. "It is difficult for a Sunni now; the militias are everywhere."

A housewife who asked to be identified as Umm Hussein (the mother of Hussein), said she fled al Ray on Tuesday with her husband and three children after several days of clashes. She said she'd felt helpless during the battle.

"The people don't dare shoot at the terrorists," she said. "They lock their doors, hold their Kalashnikovs to defend their families and read the Quran."

Dozens Found Slain Across Baghdad (WT/AP)

By Elena Becatoros

The Washington Times, August 30, 2006

BAGHDAD -- Police found more than two dozen bodies across the capital yesterday, and an oil pipeline exploded in southern Iraq, sparking a massive fire and killing at least 36 persons.

The pipeline was located six miles south of Diwaniyah, the scene of fierce clashes between the Iraqi army and Shi'ite militiamen on Monday that left 73 persons dead.

The reason for the explosion was not clear, but police said several people had been siphoning fuel from the pipeline when the blast occurred. Iraqis have faced severe fuel shortages since Saddam Hussein's 2003 ouster. Insurgents frequently also have targeted pipelines and oil refineries.

The U.S. military said three American soldiers and one Marine were killed the day before -- two in combat in Anbar province and two from non-hostile causes. A fourth soldier died yesterday in Baghdad. At least 13 American service members have died in Iraq since Sunday, according to the U.S. command.

A total of 27 bodies were found in three locations in Baghdad, police said. They included 11 bullet-riddled corpses discovered near a school in a Shi'ite neighborhood of south Baghdad and 13 dumped behind a Shi'ite mosque in the west of the city.

Three were found in the upscale Mansour neighborhood. In addition, four beheaded corpses, one thought to be of an Iraqi soldier, were recovered from the Tigris River about 25 miles south of Baghdad, local officials reported.

Also yesterday, seven persons were killed in three mortar attacks in Baghdad, police said. A roadside bomb killed another person in western Baghdad, and one man died in a mortar attack in Mahmoudiya south of the capital, police reported.

The killings in Baghdad occurred one day after some of the sharpest fighting in months between the Iraqi army and Shi'ite militiamen loyal to radical cleric Sheik Muqtada al-Sadr. The clashes in Diwaniyah, 50 miles south of the capital, raged for nearly 12 hours.

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Yesterday, Prime Minister Nouri al-Maliki's office announced that 73 persons had been killed in the Diwaniyah fighting -- 50 militiamen and 23 Iraqi soldiers. On Monday, local officials had reported 40 fatalities.

Tribal leaders held talks yesterday to prevent retaliatory attacks, and police said, "Life is back to normal."

Meanwhile, U.S. Attorney General Alberto R. Gonzales was in Baghdad yesterday to meet with and thank Justice Department officials working in Iraq to rebuild its legal and law-enforcement infrastructure. He also met with high-ranking Iraqi officials, including Deputy Prime Minister Barham Saleh and Chief Justice of the Higher Juridical Council Medhat Al-Mahmoud, as well as U.S. military personnel.

"Freedom is best sustained by the establishment of a fair and just legal system that prioritizes the rights and liberties of its citizens," Mr. Gonzales said. "The Department of Justice is proud to help the Iraqi people establish the rule of law in their country, and I applaud the Justice employees who are so dedicated to assisting in this historic effort."

Iraqi Hospitals Are War's New 'Killing Fields' (WP)

By Amit R. Paley

The Washington Post, August 30, 2006

BAGHDAD -- In a city with few real refuges from sectarian violence -- not government offices, not military bases, not even mosques -- one place always emerged as a safe haven: hospitals.

So Mounthir Abbas Saud, whose right arm and jaw were ripped off when a car bomb exploded six months ago, must have thought the worst was over when he arrived at Ibn al-Nafis Hospital, a major medical center here.

Instead, it had just begun. A few days into his recovery at the facility, armed Shiite Muslim militiamen dragged the 43-year-old Sunni mason down the hallway floor, snapping intravenous needles and a breathing tube out of his body, and later riddled his body with bullets, family members said.

Authorities say it was not an isolated incident. In Baghdad these days, not even the hospitals are safe. In growing numbers, sick and wounded Sunnis have been abducted from public hospitals operated by Iraq's Shiite-run Health Ministry and later killed, according to patients, families of victims, doctors and government officials.

As a result, more and more Iraqis are avoiding hospitals, making it even harder to preserve life in a city where death is seemingly everywhere. Gunshot victims are now being treated by nurses in makeshift emergency rooms set up in homes. Women giving birth are smuggled out of Baghdad and into clinics in safer provinces.

In most cases, family members and hospital workers said, the motive for the abductions appeared to be nothing more than religious affiliation. Because public hospitals here are controlled by Shiites, the killings have raised questions about whether hospital staff have allowed Shiite death squads into their facilities to slaughter Sunni Arabs.

"We would prefer now to die instead of going to the hospitals," said Abu Nasr, 25, a Sunni cousin of Saud and former security guard from al-Madaan, a Baghdad suburb. "I will never go back to one. Never. The hospitals have become killing fields."

Three Health Ministry officials, who spoke on condition of anonymity for fear of being killed for discussing such topics publicly, confirmed that Shiite militias have targeted Sunnis inside hospitals. Adel Muhsin Abdullah, the ministry's inspector general, said his investigations into complaints of hospital abductions have yielded no conclusive evidence. "But I don't deny that it may have happened," he said.

According to patients and families of victims, the primary group kidnapping Sunnis from hospitals is the Mahdi Army, a militia controlled by anti-American Shiite cleric Moqtada al-Sadr that has infiltrated the Iraqi security forces and several government ministries. The minister of health, Ali al-Shimari, is a member of Sadr's political movement. In Baghdad today, it is often impossible to tell whether someone is a government official, a militia member or, as is often the case, both.

"When their uniforms are off, they are Sadr people," said Abu Mahdi, another of Saud's cousins. "When their uniforms are on, they are Ministry of Interior or Ministry of Health people."

Abdullah said only a small percentage of the Health Ministry's 30,000 employees are known members of the Mahdi Army. But he acknowledged that militia membership among personnel in the agency's 15,000-member security force might be much higher.

"I have no way of knowing if they are related to Sadr or not," Abdullah said. "If there is no criminal record, we hire them."

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Sunnis' increasing suspicion of hospital workers is perhaps the most vivid illustration of their widespread distrust of the Shiite-led government. Suhaib al-Obeidi, 35, a supermarket owner from the heavily Sunni district of Adamiyah, said he lost his final ounce of confidence in the government during a brush with death in a hospital two weeks ago.

On a quiet weekday morning, as Obeidi unloaded canned chicken and Pepsi from a van and into his store, a gunfight broke out on the street and a spray of bullets struck him, he said -- first in his right shoulder, then in his back. As he tried to crawl away, another bored into his leg. A friend shoved his bleeding body into a taxi and took him to nearby al-Nuuman Hospital.

But when they arrived, a friendly doctor warned them that the Mahdi Army was coming to arrest Sunnis, Obeidi said. So they sneaked out to another hospital, Medical City in the Bab al-Muadam district, to get treatment.

"Tell me where you live!" a nurse at Medical City snapped at the arriving patients, Obeidi recalled, as the staff moved residents of mainly Sunni areas into a separate room.

A few moments later, he saw Mahdi Army troops handcuff five Sunni men who were donating blood -- including the friend who had brought him to the hospital -- and haul them out of the hospital, Obeidi said. A Sunni doctor ran up to him and said he would be killed unless he fled immediately.

Wearing only underwear and some bandages the doctor had applied to his wounds, Obeidi escaped in a taxi to the home of his in-laws in the upscale Mansour district. He lay in bed for an hour as he waited for the Sunni doctor to follow him from the hospital. The bed was drenched in so much blood that his family later dumped it in the trash.

"You were only a few minutes away from death," said the doctor, who arrived at the home an hour later. The doctor, one of the few Sunnis at Medical City, asked that his name not be used because he felt it would further endanger his life.

Inside an illegal clinic in a dingy apartment building, the doctor operated on Obeidi for seven hours. But Obeidi hasn't been able to get any follow-up treatment; he has vowed never to set foot in a hospital again, even if he is mortally wounded or deathly ill.

"I'd rather go to the pharmacy and take random simple medicine," he said.

The reluctance of Sunnis to enter hospitals is making it increasingly difficult to assess the number of casualties caused by sectarian violence. During a recent attack on Shiite pilgrims, a top Sunni political leader accused the Shiite-led government of ignoring large numbers of Sunnis who he said were also killed and wounded in the clash, though he was unable to offer even a rough estimate of the Sunni casualties.

"The situation is so bad that people are just treated inside their homes after being attacked by the Shia militias," said the official, Alaa Makki, a leader of the Iraqi Islamic Party, part of the largest Sunni bloc in parliament. "The miserable fact is that most of the hospitals are controlled by these militias."

Qasim Yahya, a spokesman for the health minister, said he had never heard accusations that Sunnis have been taken from hospitals by Shiite militias or Iraqi security forces.

"We are the Health Ministry for all of Iraq. Not for Sunnis, not for Shiites. For everyone," Yahya said. "If a car bomb explosion takes place, do we ask who is Sunni or Shiite? No. We treat all victims, regardless of who they are or what sect they are."

Sahib al-Amiri, a leader in the Sadr movement, said: "These things that are being said in the Baghdad street are untrue. The Mahdi Army's only role is to fight the Sunni insurgents and protect the Shiites."

But the relatives of Sunni hospital patients tell a different story. In the case of Mounthir Abbas Saud, a trip to a hospital set off a chain of events that sparked an ongoing six-month-old drama in which two of his cousins are dead and two more are missing.

It started with cigarettes. As Saud strolled down a street in the Karrada district on Feb. 27 to buy a pack, a powerful car bomb wrenched his right arm off his body, ripped off much of his face and sprayed shrapnel into his lower intestines.

His prognosis was grim. Saud could breathe only with a tube that needed to be cleaned several times an hour. His family flocked to Ibn al-Nafis to watch over him.

Two weeks later, as Saud's cousin Hazim Aboud Saud returned to the hospital after a trip to buy medication for his wounded relative, he saw the facility surrounded by militiamen carrying machine guns, the family said. He watched as the gunmen removed the still severely wounded cousin from the building -- just dragging him on the ground instead of using a stretcher, his family said. The militia members loaded Saud, his brother Khodair and a cousin, Adil Aboud Saud, into an ambulance and drove away.

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"They were screaming, 'We haven't done anything wrong! Why are you doing this?' " said Abu Nasr. "They begged the men to at least take care of my wounded cousin properly."

A few days later, Mounthir's bullet-riddled body was discovered in Sadr City, a Shiite slum controlled by the Mahdi Army. His mouth was stuffed with dirt.

When militiamen discovered that one of the cousins, Hazim Saud, a 32-year-old taxi driver, had witnessed the abductions, they quickly kidnapped him, his family said. His body was found March 27 with his hands -- broken and blue from apparent beatings -- bound behind his back and a plastic bag over his head. The death certificate said he had been suffocated.

But the family held out hope that the two men seized with Mounthir Saud -- Khodair and Adil Saud -- were still alive. When another cousin, Haithem Ali Abbas, a judge in Baghdad, received a call from the Shiite-controlled Interior Ministry that they had been located, he hurried to the ministry's headquarters to pick them up. He was shot to death by unknown gunmen shortly after he arrived.

The suffering extends even to those who now wouldn't dare enter a hospital. Abu Youssef, a cousin of Mounthir Saud who has a pea-size tumor in his right foot, now walks with a limp and acute pain because he is petrified to see a doctor. Another relative with a condition that causes overproduction of blood cells won't go for his normal treatments anymore.

On a recent weekday morning, Abu Nasr sat in a quiet restaurant in central Baghdad and pulled out a crumpled envelope filled with death certificates and photographs of his recently killed relatives. Sighing heavily and staring frequently at the dirty ground, he said he prayed that someone would rescue the country from the sectarian violence that is ravaging it.

"We don't care whether the government is Shiite, Sunni, American or Iranian. All we want is security and safety," he said. "But no one in the government represents that now."

When asked whether Iraq has already descended into civil war, he said: "Of course. All the Shiites want to do is kill all the Sunnis."

"What is going to happen to us?" he said as he clutched a tiny photo of his dead cousin Mounthir. "What is going to happen to this country?"

Special correspondent Saad Sarhan in Najaf and other Washington Post staff in Iraq contributed to this report.

Deputy PM Optimistic About Iraq Progress (AP-Y)

By Barry Schweid

AP, August 30, 2006

While acknowledging an uptick in violence in the past few days, one of Iraq's deputy prime ministers said Tuesday that attacks overall are declining.

Barham Salih also predicted that by the end of the year, half of the country's provinces will be controlled by Iraq's security forces.

Salih said violence had dropped by half during the past month, but that terrorists and remnants of the deposed government of Saddam Hussein remain a challenge to the government.

U.S. support will continue to be important even after Iraqi security asserts itself, he said.

"We are building a system that can fight off terrorism more effectively," Salih told reporters at the State Department during a video news conference from Baghdad.

According to the Pentagon, Iraqi security controls one province, Muthana, which was turned over in July.

Salih said Iraq would accelerate revival of its oil industry, which is second only to Saudi Arabia in petroleum reserves, even though facilities could become terrorist targets.

There is a risk of violence, he said, "but that should not be an inhibiting factor."

Reporting on preparations for Iraq's 2007 budget, Salih said agreement had been reached that oil revenues would be controlled by the central government and then shared by the country's regions.

The deputy prime minister said Iraq is projecting 1.7 billion to 1.8 billion barrels a day for export, and production of 2.2 billion to 2.5 billion barrels overall.

Production is expected to double to 4.3 billion barrels by 2010, he said.

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Iraq's Parties Reach Deal On Oil-sharing (FT)

By Guy Dinmore

Financial Times, August 30, 2006

Iraq's main political factions have hammered out an agreement on the sharing of oil and gas revenues but other contentious issues need to be resolved before a draft hydrocarbon law is completed, a senior Iraqi official said on Tuesday.

Barham Salih, deputy prime minister in charge of the economy, told reporters in Washington by video link from Baghdad that the revenue sharing dispute had been settled during three days of intense talks at a "retreat" last week.

"That contentious issue is out," he said. The cabinet hopes to present the draft law to parliament by the end of the year, he added.

Oil and gas revenues would be shared out at the federal level and redistributed to the regions according to population and "needs", he said. This would still provide an incentive to regional oil companies to maximise output, he added.

Mr Salih, the most senior Kurd in the cabinet, did not elaborate on the negotiating process but the agreement would appear to be a compromise by the Kurdistan regional government.

Under its own regional draft oil law published this month, Kurdistan – which has already started signing contracts with foreign companies – would have received directly the revenues from "future fields".

Hussain al-Shahristani, the oil minister from the main Shia alliance, has insisted that the federal government control all of Iraq's resources. The formerly ruling Sunni minority fears the new constitution, which could yet be amended, would hand control of future oil development to the Shia and Kurdish dominated regions.

The parties also agreed last month to set up an "oil council" that would represent all regions in Iraq, and to restructure the Iraq National Oil Company as a holding company that would incorporate "functional regional companies".

But reflecting the tensions between the regions and the strains with the federal government, Mr Salih said differences remained over who would be responsible for taking major decisions and signing contracts. He made no reference to the oil reserves of the disputed province of Kirkuk, which the Kurdish autonomous region wants to control.

Iraq, believed to hold the world's second biggest oil reserves, after Saudi Arabia, is basing its federal 2007 budget on production of 2.2 to 2.5m barrels a day and exports of 1.7 to 1.8m b/d. Production is projected to double by 2010, Mr Salih said, while acknowledging serious security problems.

Before the 2003 invasion, the Bush administration ignored the advice of experts and former senior officials, assuring the US public that Iraq's oil wealth would pay for reconstruction. But production has struggled to return to pre-war levels because of sabotage, corruption and the decrepit state of the industry.

"Iraq is a devastated economic wasteland," Mr Salih commented. Nonetheless, Iraq planned to become economically self-sufficient within four years, he said.

¦ Fighting between Iraqi government forces and Shia militiamen killed 73 people in the southern Iraqi city of Diwaniyah before calm was restored, the prime minister's office said on Tuesday. The death toll was significantly higher than the 40 people initially reported to have been killed in the 12-hour street battle over Monday night. The violence was ended by a deal between Shia militiamen loyal to the powerful cleric Moqtada al-Sadr and government forces.

Among the dead were 23 Iraqi soldiers.

Marine Who Led Haditha Attack Was Recommended For A Medal (WP)

By Josh White

The Washington Post, August 30, 2006

The platoon commander for the squad of Marines who killed as many as two dozen Iraqi civilians during an attack in Haditha last year recommended later that the sergeant who led the attack receive a medal for his heroism that day, according to military documents.

Lt. William T. Kallop wrote in a praise-filled memo that the incident on Nov. 19, 2005, was part of a complex insurgent ambush that included a powerful roadside bomb followed by a high volume of automatic-weapons fire from several houses in the

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neighborhood. He lauded Sgt. Frank Wuterich for his leadership in the "counterattack" on three houses while the unit received sporadic enemy fire.

The proposed citation indicates that Kallop -- the only Marine officer at the scene as the incident unfolded -- believed the unit was under a coordinated insurgent attack when Marines stormed civilian homes and opened fire, killing women and children. Whether Marines felt threatened and believed the homes to be hostile is a central element of their defense against potential criminal charges.

The documents offer one of the first public accounts of the incident from Kallop, 25, a University of Virginia graduate and New York City native. Kallop does not explicitly address the civilian deaths in his summary of the incident, which gives detailed support for Wuterich's combat actions from September to December 2005.

Representatives for Kallop, who was promoted to first lieutenant in May, could not be reached for comment yesterday. He is one of numerous Marines who are the subject of a Naval Criminal Investigative Service investigation into civilian deaths in the Haditha attack, which has alternately been characterized as a vengeful massacre and as the unfortunate collateral damage of war. None has been charged so far.

Neal A. Puckett, an attorney for Wuterich, provided the documents and the Marine's regular fitness report dated Jan. 19 to The Washington Post, saying they support his client's version of events, and show that officers in the unit believe Wuterich and the other Marines did the right thing in the Haditha attack. Wuterich has since been promoted to staff sergeant. The award was approved by the Kilo Company commander and was sent to battalion and, later, regimental headquarters before being put on hold at the division level, Puckett said.

Lt. Col. Scott Fazekas, a Marine Corps spokesman, said Marine officials found no record of the award. Fazekas also declined to discuss the Haditha incident.

While residents in the Iraqi neighborhood have said the Marines went from house to house in a rage, killing civilians in cold blood, Kallop complimented Wuterich on his calm demeanor and suggested that the incident led the Marines to valuable intelligence. Kallop arrived on the scene after the initial explosion.

"Sgt. Wuterich ensured that he had 360 degree security and led a counterattack on the buildings to his south where his Marines were still receiving sporadic fire from," Kallop wrote in support of a Navy and Marine Corps Achievement Medal with a combat distinguishing device for Wuterich. "That counterattack turned the tide of the ambush and killed a number of insurgents still attempting to fight or attempting to flee the area."

In a summary of the incident, officials wrote that Wuterich's decisiveness "doubtlessly prevented further injury or death to fellow Marines and innocent civilians."

Puckett said Kallop approved the assault in the midst of battle: "This was a planned and orchestrated attack by insurgents, and the Marines were responding in accordance with their rules."

While it is possible that the Marines concocted a story after the shootings, Kallop's recommendation and the fitness report were completed in January, weeks after the incident but months before a criminal investigation was launched in March. Senior officials have said an investigation looking into command responsibility has concluded that officers should have been more diligent in investigating the shootings.

John Sifton, a senior researcher at Human Rights Watch, said there is no doubt that civilians were killed in Haditha and that the real question is whether the shootings were accidental or intentional. He said Kallop's account notably does not describe the civilian deaths.

"Our concern has been that when a bunch of civilians get killed and there are a bunch of questions about it, why didn't the military ask those questions at the beginning?" Sifton said. "The issue is not solely Haditha; it's whether the military has the ability to police itself."

Kallop described the response to the bomb attack as successful, largely because it led to the arrest of 18 people, which in turn led to the capture of more insurgents who were "complicit in the ambush."

Inside The Camp Pendleton 8 (WT)

By Rick Amato

The Washington Times, August 30, 2006

They've been shackled in chains and held in solitary confinement, their defense attorneys have been denied access to key evidence of the case and now their right to request a waiver of a pre-trial hearing — known as an article 32 — has also been denied. Such has been the treatment of the men known as the Pendleton 8 in their quest to receive a fair, impartial hearing with a true presumption of innocence.

The Pendleton 8 are seven Marines and a naval corpsman being held in a brig at Camp Pendleton while waiting trial on charges of kidnapping and murder. On April 26, they were on an ambush mission in Hamdania, Iraq, designed to snare known local insurgents. The men are charged with allegedly taking an Iraqi villager, 52-year-old Hashim Ibrahim Awad, from his home, kidnapping him, placing him in a hole, shooting him repeatedly and staging the scene to make it appear he was an insurgent planting a bomb. The defendants deny the charges and claim they followed the rules of engagement. The federal government thus far has denied their defense attorneys access to evidence of the crime scene. Allegations are based upon witness accounts of Mr. Awad's neighbors. This case is separate from Haditha, Iraq, case.

"The Article 32 hearing is a sham," said defense attorney Jane Siegal, who represents PFC. John Jodka III. "Because the government has denied our opportunity to waive the 32, it is costing the Jodka family tens of thousands of additional dollars in legal fees. All this so the government can parade its coerced statements in front of the media. Coerced statements paraded in front of the media which will potentially pollute the jury pool."

Ms. Siegal's strategy to waive the article 32 hearing and go directly to trial was based upon her belief that the case is certain to go to trial anyway, so why waste time and money with a pre-trial.

As to the allegation of coerced statements, Pfc. Jodka's father, John Jr., described to me the psychological torture he believes his 20-year-old son has endured: "Immediately after my son was removed from the war zone, literally moments after his rifle was removed from his hands, he was placed in a room for 7 to 7.5 hours — no food, no water, no sleep — and he was told that he was a murderer. They hammered away at him to give statements of what it was they wanted to hear."

Mr. Jodka visits his son every Saturday at the Camp Pendleton brig while balancing his career and family obligations. "JJ has looked me straight in the eye and told me his 100 percent innocent. He continues to maintain his faith in the system and believes the truth will eventually come out."

Said Ms. Seigel of the Naval Criminal Investigative Service: "NCIS was on a mission to place blame and not find the truth. They wanted to make sure that Hamdania did not mimic Haditha. America needs to know that 'there are all kinds of rubber hoses' in the offices at NCIS, and that statements can be extracted from prisoners by using intimidation tactics other than physical force. Ask NCIS why they keep rubber hoses in their offices, and why they think it's funny?"

I did. I called NCIS and asked if rubber hoses were located in their offices and if so, why? NCIS at Camp Pendleton referred me to NCIS headquarters in Washington. NCIS headquarters in Washington told me I would receive an e-mail statement over the weekend. I have yet to receive it. Meanwhile, Ms. Siegal will enter in to evidence a photograph taken at NCIS-Camp Pendleton of a rubber hose on a white board, with the words "my psychological friend" written underneath.

Public perception has been another problem for the imprisoned Marines. First off, with the busy lives we live these days how many people know a Haditha from a Hamdania? Secondly, there is the steady rhetoric of Rep. John Murtha, Pennsylvania Democrat, and the New York Times along with the absolute deafening silence of Republican members of Congress. If it weren't for conservative radio talk-show host Michael Savage and journalist Michelle Malkin there would be no other high-profile voices to counter Mr. Murtha and the NYT.

The government has just completed the construction of a brand new $800k media center at Camp Pendleton. Will this be the scene of a fair, impartial hearing with a true presumption of innocence? Or will this be the scene of a government bent on proving to the world it has the ability to police its own internal affairs? A lot is at stake here. The lives of eight young men are at stake.

Possibly too is the morale of our military. As former marine Leo Chapinsky wrote in this e-mail to me: They recruit you. They train you. They teach you to kill. You kill the enemy and you get treated like the Pendleton 8? Is it any wonder the Marine Corps needs to call up reservists to active duty?

Rick Amato is a San Diego-based radio talk-show host and frequent guest on cable TV news programs.

18 Insurgents Killed In Afghanistan (AP)

By Noor Khan, Associated Press Writer

AP, August 30, 2006

A suicide car bomber struck a NATO-Afghan military convoy Tuesday, killing two civilians and wounding one in the violence-wracked south, and a remote-controlled bomb killed two police officers on patrol.

The U.S.-led coalition said its troops killed 18 suspected insurgents when about 60 militants attacked with heavy machine guns and rocket-propelled grenades in Cahar Cineh district of the southern Uruzgan province on Monday. No coalition troops were injured.

The Taliban have increased suicide attacks this year, borrowing tactics from militants in Iraq. The escalation in the Taliban insurgency has stoked fighting that has killed more than 1,600 people, mostly militants, across Afghanistan in the past four months, according to an Associated Press tally of reports by U.S., NATO and Afghan officials.

The suicide bomber hit the military convoy on a road linking Kandahar with the city's airport, said Maj. Scott Lundy, a NATO spokesman. A NATO statement said two Afghan civilians were killed and one wounded.

A remote-controlled bomb hit a police vehicle on patrol in Helmand province, killing two officers, said Ghulam Muhiddin, the Helmand governor's spokesman. He blamed the Taliban.

Another remote-controlled bomb went off in east Kabul shortly after a NATO vehicle patrol drove past, but there were no casualties, said Interior Ministry spokesman Yousef Stanezai.

A Monday explosion killed 21 people and wounded 43 in a market in the Helmand provincial capital of Lashkar Gah.

NATO and the United Nations characterized that bombing as a suicide attack. But Qari Yousaf Ahmadi, who claims to speak for the Taliban, said it was conducted with a remote-controlled bomb, and targeted a former Lashkar Gah police chief because he had served under the pro-Communist government during the Soviet occupation of the 1980s. The target and his son were killed.

The attack was the second major bombing to kill civilians this month in southern Afghanistan, which is undergoing its bloodiest period of fighting since U.S.-led troops ousted the hard-line Taliban regime in late 2001 for hosting Osama bin Laden.

Also Tuesday, Turkish authorities said one Turk was killed and another abducted in an attack in western Afghanistan for which the Taliban claimed responsibility.

The Turkish Foreign Ministry said a Turkish citizen, Hasan Gedik, was killed in an ambush Monday and another unidentified Turk was abducted as they traveled on the road between the cities of Kandahar and Herat.

Ahmadi said insurgents ambushed the Turks' vehicle as they were traveling in Farah province.

Ahmadi often calls journalists to claim responsibility for attacks. His exact ties to the Taliban leadership are unclear.

Attorneys In Kentucky Want Officials Gagged In Ex-soldier's Iraq Murder Case (FINDLAW/AP)

AP, August 30, 2006

(AP) - LOUISVILLE, Kentucky-Federal officials should be barred from speaking publicly about the case of a former Army soldier charged with raping and killing a 14-year-old Iraqi girl, defense attorneys argued.

Attorneys for former private Steven D. Green said in court documents filed Monday that a gag order is necessary because federal officials have had a "cavalier" attitude toward commenting on such high profile cases.

Prosecutors have said a gag order is unnecessary and would hamper the ability of administration officials to talk with Iraqi officials about the case and other incidents.

The rape and killing of Abeer Qassim al-Janabi, along with the murders of her 5-year-old sister and parents, fueled Iraqi allegations of misconduct by American soldiers.

Investigators said Green, 21, and other soldiers from the Fort Campbell-based 101st Airborne Division plotted to rape the girl. Green is accused of shooting three of the family members.

He was discharged in May and was arrested June 30. He has pleaded not guilty to one count of rape and four counts of murder in Kentucky.

Five soldiers still on active duty face military proceedings.

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DOJ:

East Arkansas' U.S. Attorney May Leave Post Soon (AP)

AP, August 30, 2006

LITTLE ROCK, AR - The Bush administration may soon be looking for someone to succeed Bud Cummins as U.S. attorney for the Eastern District of Arkansas.

Cummins talked to reporters today at a news conference called to discuss another topic, a new cooperative effort to find and prosecute child victimizers. But, in response to a question, he said he may be leaving his post.

He said, "I have told the White House and the Justice Department that I may be looking for something else to do, but I'm here, now."

At the recommendation of then-Senator Tim Hutchinson, a Republican, Cummins was nominated by Republican President George Bush in November 2001 for the post he now holds. He took over the job on an acting basis in December of that year.

Before taking the federal prosecutor's job, Cummins served as Governor Huckabee's chief legal counsel in 1997-98. In 1996, he ran for the 2nd District Congressional seat representing central Arkansas, but was beaten by Democrat Vic Snyder, who still holds the post.

CORPORATE SCANDALS:

U.S. Agencies Open Another Investigation Into Energy Trading At BP (NYT)

By Jad Mouawad

The New York Times, August 30, 2006

BP, the giant oil company, acknowledged yesterday that federal investigators were looking into possible trading irregularities in oil and gasoline markets.

The company said yesterday that it was "aware of investigations" by the federal authorities and was cooperating with them.

The agencies, the Commodity Futures Trading Commission and the Justice Department, are examining possible manipulation in the over-the-counter crude oil market in 2003 and 2004, and in gasoline trading in 2002, according to reports yesterday. Other trading companies may also be part of the inquiry.

News of the investigations was reported yesterday by The Wall Street Journal.

The accusations are the latest blow to BP, which faces a range of investigations in the United States, including claims that it failed to properly maintain pipelines in Alaska, leading to an oil spill earlier this year. It is also under scrutiny for safety failures that led to an explosion at a refinery in Texas City last year that killed 15 people, and is facing allegations that its traders manipulated the propane market.

A spokesman for BP, Ronnie Chappell, said: "We routinely assist regulators and other authorities in their request to understand the facts related to our businesses. Having said that, we do not comment on the specifics of these requests or the agencies that make the requests."

A spokesman for the Justice Department, Bryan Sierra, declined to comment. A spokesman for the trading commission, Dennis Holden, declined to confirm whether the agency had subpoenaed BP.

BP's troubles have led to heightened scrutiny over its practices and safety record at a time when high oil and gasoline prices have pushed energy companies into the limelight.

More than any other oil company, BP, based in London, has nurtured an image of environmental responsibility, which risks being tarnished by missteps in the United States. The company has acknowledged the problem and last month appointed a new manager for its American operations, Robert A. Malone.

BP is the largest oil and natural gas producer in America.

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Turning up the political heat on the company, lawmakers in Congress are asking BP executives to appear before the House Committee on Energy and Commerce next week to answer questions about the Alaska spill. Representative Joe Barton, the Texas Republican who is the committee's chairman, said in an Aug. 11 letter to BP's chief executive, Lord Browne, that the Alaska shutdown was a result of "chronic neglect.''

Separately, a judge in Texas has ordered Lord Browne to be available for questioning about the explosion at the BP refinery. BP said it would appeal that ruling, arguing that Lord Browne had "no unique knowledge" in the case.

In the most embarrassing, and costly, mishap to date, BP was forced to temporarily shut Alaska's biggest oil field, Prudhoe Bay, after detecting heavy corrosion and a small leak in a critical pipeline. The emergency announcement earlier this month caught oil markets by surprise and drove global prices to nearly $77 a barrel. Oil prices have since retreated to below $70 a barrel on the New York Mercantile Exchange.

The Prudhoe Bay field produces 400,000 barrels a day, or 8 percent of American crude oil, and is the largest field in North America.

But a few days later, BP said it would avert a total shutdown by keeping one side of the oil field open while it replaced 16 miles of corroded or damaged pipeline. The company is now producing about 150,000 barrels of oil and natural gas a day from the western side of the field, but aims to reach about 200,000 barrels a day until repairs are completed.

An analyst at A. G. Edwards, Bruce Lanni, said BP was being made a target by investigators, in part because its recent problems had made the company a very public entity.

"Obviously because of the number of incidents that BP has had recently and how visible they have been," Mr. Lanni said, "the company has become a focal point of a number of investigations. Their visibility has increased as a result of this."

He added, "but these problems are not just endemic to BP, they affect the entire industry."

BP has faced inquiries over its trading practices in the past. Its trading desk, which last year accounted for 13 percent of its $22 billion in profits, has a reputation for its aggressive tactics. In June, the Commodity Futures Trading Commission accused BP of trying to corner the propane market.

In 2003, the company was fined $2.5 million by the New York Mercantile Exchange to resolve charges of oil trading violations in 2001 and 2002. While it settled the charge, BP neither admitted nor denied breaking the exchange's rules.

BP also agreed that year to pay $3 million as part of a settlement to claims that it had profited from false trades in the power market during the California energy crisis of 2000 and 2001.

In London, BP's shares fell 2 percent, to 593 pence.

BP's Oil, Gasoline Trades Under Investigation (PROJO/BLOOM)

By Stephen Voss And Mathew Carr, Bloomberg News

The Providence Journal, August 30, 2006

BP is one of the world's largest energy traders. Its profit from trading oil and natural gas rose 56 percent in 2005 to $2.9 billion as energy prices soared.

London-based BP PLC, the world's third-largest oil company, is being investigated for possible manipulation of crude oil and gasoline prices, raising concern that the company has failed to closely manage its U.S. operations.

Trading of crude oil by BP is being reviewed by the U.S. Commodity Futures Trading Commission in Washington, D.C., and of gasoline by the Justice Department, BP spokesman Robert Wine said. BP is "cooperating fully," he said. The CFTC alleged in June that BP attempted to corner the propane market.

In addition, BP and chief executive officer John Browne face grand jury probes into the spill of 6,400 barrels of oil in Alaska in March and a refinery explosion in Texas City, Texas, that killed 15 people in 2005. BP shares have fallen 17 percent since April 24, compared with a 7.6-percent jump at Exxon Mobil Corp.

BP for six years has advertised itself as an environmentally friendly company, changing its corporate logo to a sunburst from the BP shield and said its initials stand for "Beyond Petroleum."

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The company is "aware of investigations being done by U.S. authorities," Wine said. "We routinely assist regulators and other authorities in their requests to understand the facts related to our business. We do not comment on the specifics of these requests."

The inquiries were reported yesterday by the Wall Street Journal, which said the CFTC has sent subpoenas to BP and other energy traders in its study of crude oil over-the-counter prices in 2003 and 2004. Federal authorities are also assessing whether BP used information about its pipelines and storage tanks at Cushing, Okla., the delivery point for U.S. crude futures contracts, to influence benchmark prices, the paper said.

The gasoline study, which has been going on for more than a year, includes a criminal probe by the Justice Department and is focused on one day's trading on the New York Mercantile Exchange in 2002, the newspaper said, citing unidentified lawyers and traders.

"The worst-case scenario is they will end up having a penalty of tens of millions of dollars," said Fadel Gheit, senior vice president of oil and gas research at Oppenheimer & Co. in New York. "Hopefully, it will be contained."

Dennis Holden, a CFTC spokesman, would neither confirm nor deny BP is under review. The Justice Department doesn't comment "at all" on criminal probes, said Bryan Sierra, a spokesman for the department.

BP in July said it will increase capital spending on U.S. refineries and pipelines by $1 billion over a four-year period ending 2010, for a total of $7 billion. BP also that month brought in Robert Malone, who used to run its tanker business, to be the president of U.S. operations, replacing Ross Pillari.

BP is one of the world's largest energy traders. Its profit from trading oil and natural gas rose 56 percent in 2005 to $2.9 billion as energy prices soared. It produces the equivalent of about 4 million barrels of oil and gas a day, has a stake in 24 refineries and sells fuel through some 25,000 service stations worldwide.

BP, Shell and securities firms such as Goldman Sachs Group Inc. and Morgan Stanley can have influence in energy trading and typically use derivatives such as futures and over-the-counter contracts to bet on prices, or manage the risks of cost increases. Exxon Mobil, the world's largest oil company, doesn't engage in speculative derivatives trading and is not under investigation, Exxon spokesman Mark Boudreaux said.

Shell spokeswoman Sarah Smallhorn said she couldn't immediately comment on whether the company has been contacted by investigators. Mary Rose Brown, a spokeswoman for Valero Energy Corp., said the largest U.S. refiner hasn't been contacted in the probe.

Street Sleuth Probes Of BP Point To Hurdles U.S. Cases Face (WSJ)

By Ann Davis

The Wall Street Journal, August 30, 2006

Government investigations into oil trading at BP PLC raise fresh questions about when a powerful energy company can legally trade on inside information about its own operations.

The surprising answer: more often than you think.

In contrast to the stock market, it generally is legal in the commodities markets to have an informational jump on others -- and to profit from that information -- as long as the behavior isn't considered price manipulation. And to prove manipulation, the government must establish that a company or trader intended to affect the price, had the ability to do so and successfully caused the price to move artificially.

As a result, regulators probing BP's behavior have faced a high burden of proof in seeking to establish that the British petroleum giant used internal information to affect prices, rather than simply turned a profit from what it knew.

If the government decides to bring civil or criminal charges, it will likely focus on manipulation itself, which commodities lawyers say is difficult to prove.

As reported yesterday in The Wall Street Journal, regulators have been examining, among other things, whether BP used information about its own pipelines and storage tanks at a key oil-delivery point in Cushing, Okla., to influence crude-oil price benchmarks that are set each day and influence billions of dollars of transactions. Regulators are also looking at other players in the crude market as part of a continuing probe. In a separate criminal probe, investigators are examining whether BP

manipulated gasoline prices on a single day's trading on the New York Mercantile Exchange in 2002, traders and lawyers contacted or briefed on their investigations said.

Historically, the commodities markets have been a place where large companies go to manage risks that only they may be aware of. Because energy companies, refiners, pipeline and storage-terminal owners have legitimate commercial reasons to supply, buy or hold large quantities of fuel, they are allowed to make trades to fulfill obligations or simply make money from what they know. Companies can even do so if they will soon announce big news, such as a refinery outage, that could move prices, legal experts say.

Commercial firms that have inside information "need to use that information to hedge their price risks, which is one of the primary purposes of the commodity markets," says Marcia Blase, counsel to Fred Hatfield, Democratic commissioner of the Commodity Futures Trading Commission, which regulates the futures markets.

In the past, the U.S. government has brought civil and criminal cases when a company allegedly took an action, such as shutting a power plant or sending out false information about their operations, in order to manipulate prices. But the legal bright line, and what crosses an ethical line, may be different. Some of the activities at issue in a recently closed energy-trading probe into BP, which didn't result in charges, put a spotlight on the limited scope of behavior that commodities-market cops can police.

BP's business activities can affect the world-wide price of crude oil, natural gas, gasoline, propane and other commodities. According to the lawyers and traders informed of the case, the CFTC and Justice Department want to know whether BP traders, who possess powerful inside information, engaged in behavior intended to influence price benchmarks.

The CFTC says it doesn't confirm or deny the existence of an investigation. The Justice Department has declined to comment on the probe. A BP spokesman has said, "We are aware of investigations being done by the authorities, and we are cooperating fully."

By definition, a big energy company always has a jump-start on information that could interest the market. When BP announced earlier this month that a pipeline it operated in Alaska was corroded and that oil shipments from Alaska would be curtailed, it caused a big jump in oil prices.

Rep. Joe Barton (R., Texas), chairman of the House Committee on Energy and Commerce, asked BP in a letter on Aug. 11 if there was "a market strategy component to BP's decisions that led up to the oil shutdown." He cited recent civil claims that the CFTC has brought in an unrelated case, pending in a Chicago federal court, accusing BP of manipulating the market for propane gas. A hearing before his committee is set for next week.

Lawmakers and regulators are likely to ask how much BP traders may have known about that outage ahead of time, and whether BP historically put any sort of internal barriers between its operational divisions and its trading desk.

BP says that it will cooperate with the committee's questioning and that it shut the pipeline to prevent a major oil spill.

Notwithstanding the legal issues, Wall Street trading desks tell traders to be cautious, for example, before trading on information about an energy disruption if it hasn't hit the broader market, several traders said.

But in general, if there is a pipeline outage, one of the first things an oil company's traders may be asked to do is buy fuel elsewhere to meet obligations to customers. The CFTC says that this action, by itself, actually helps spread the news in the marketplace that an event has occurred to change supply-and-demand fundamentals.

"One of the objectives of the futures market is price discovery. If a company is using the market to manage its risk, and it trades, it sends a signal through its trading that enables others to make informed decisions," says Michael Haigh, the CFTC's associate chief economist.

What is prohibited is spread of misinformation. In 2004, the Department of Justice, with CFTC assistance, brought criminal charges against Reliant Energy Services Inc., a unit of Reliant Energy Inc. in U.S. District Court in Northern California. Prosecutors alleged that Reliant intentionally drove up the price of electricity in California in 2000 by shutting off its power generation to create the false appearance of a shortage. Spot electricity prices soared, the government asserts.

Reliant has sought to get the indictment dismissed but a court recently denied its request, and the case is pending. Reliant has said that its unit "violated no laws" and that it intends to vigorously contest the case.

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Progress Software To Restate Financial Results Since 1995 Over Options Accounting Errors (AP)

AP, August 30, 2006

BEDFORD, Mass. (AP) -- Progress Software Corp. said late Tuesday it no longer considers its financial statements from the past decade to be reliable and plans to restate them to correct mistakes made in accounting for stock-based compensation.

The company's audit committee began reviewing its accounting of the stock option program in June. The committee has found that the company should have recorded additional non-cash charges of between $20 million and $30 million for stock-based compensation between Dec. 1, 1995, and Feb. 28, 2006.

The company, which makes development tools for business software, said its internal review had found that the actual dates used to determine the accounting treatment of stock-option grants differed from the measurement dates the company used in preparing its financial statements.

Progress, based in Bedford, said it did not expect the changes to affect previously reported revenues.

The company said it hasn't determined whether there would be an increase in tax liabilities because of the changes.

Progress Software also said Tuesday it probably would not be able to announce its third quarter results on time as it deals with the issue. The company has received notice from the Nasdaq Stock Market that its common stock could be delisted if it fa ils to file its reports on time.

Progress is one of at least 40 companies that are reviewing its stock option practices. Another 78 are being probed by the Securities and Exchange Commission or Justice Department over stock options.

Barnes & Noble Gets Options Subpoena (AP)

AP, August 30, 2006

NEW YORK (AP) — Bookstore chain Barnes & Noble Inc. said Tuesday it received a subpoena regarding its stock option practices from the U.S. Attorney for the Southern District of New York.

In a regulatory filing with the Securities and Exchange Commission, the company said it received the subpoena on Aug. 25 and it intends to fully cooperate in its response.

Barnes & Noble reported in July that the SEC had launched an informal inquiry into its stock option granting practices. Earlier the bookseller said its board of directors had launched its own internal investigation.

Numerous companies are currently investigating whether the exercise price of stock options given to employees was manipulated by changing the grant date to correspond with a low point for the company's stock price in a practice known as backdating. Such a move can fatten profits for options recipients when they sell their shares at higher market prices.

Backdating options can be legal as long as the practice is properly disclosed to investors and approved by the company's board, experts say. However, backdating practices may violate federal accounting and tax laws in some cases. More than 75 companies are under investigation by the Securities and Exchange Commission and/or Justice Department for possible irregularities.

Barnes & Noble Gets Subpoena; Novell Starts Internal Options Probe DOW JONES NEWSWIRES (WSJ)

The Wall Street Journal, August 30, 2006

WASHINGTON -- Barnes & Noble Inc. disclosed Tuesday that it received a subpoena from the U.S. Attorney for the Southern District of New York for documents regarding its stock-option practices.

Separately, Novell Inc. said it began an internal review of its past stock-option grants and related accounting, and plans to delay filing its fiscal third-quarter results with regulators.

Barnes & Noble, the New York-baed bookstore operator, said in a document filed with the Securities and Exchange Commission that it plans to cooperate fully in responding to the subpoena, which it received Friday.

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Last month, Barnes & Noble's reported that a special committee of the board, assisted by independent legal counsel, began a review of its stock-option practices after a shareholder filed a lawsuit alleging that the company improperly backdated dozens of option grants to executives.

Later in July, the SEC began an informal inquiry into Barnes & Noble's stock-option practices, with which the company said it is fully cooperating. On July 13, the company said there was "no merit" to the shareholder's lawsuit and that "its practices with respect to the issuance of stock options have always been entirely appropriate and in full compliance with all applicable laws and regulations." The company said it was investigating its practices "as a matter of good corporate governance."

Over the past few months, federal and corporate probes of stock-option granting practices have accelerated. A statistical examination by The Wall Street Journal found a number of companies with highly improbable patterns of options grants, similar to those of some companies already facing scrutiny from federal authorities.

As reported, a review of securities filings conducted by The Wall Street Journal showed that Barnes & Noble granted stock options to senior executives at monthly lows. One such grant of 700,000 options to Leonard Riggio, Barnes & Noble founder and chairman, was dated March 12, 2001, when shares plunged to $23.65. Ten trading days later, the company's shares had risen 6%. Another grant of 215,300 options for Mr. Riggio's brother, the current chief executive, Stephen Riggio, had its strike price established at the low price for the month of April in 1997.

At Novell, the Waltham, Mass., company said it began a voluntary review of its past practices and accounting for stock-based compensation following news about the options practices of other companies across numerous industries.

Novell said it would file its quarterly report, on a so-called Form 10-Q, with the Securities and Exchange Commission "as soon as practicable" following the review. The company's audit committee is carrying out the probe with the help of outside legal counsel, it said, adding that it isn't in a position to predict when the work would be completed.

Sonsini On Board Of Several Companies With Dubious Stock Awards (LAW)

By Justin Scheck And Petra Pasternak

California Recorder, August 30, 2006

Like many other publicly traded companies, semiconductor maker LSI Logic Corp. awarded stock options to executives at regular planned intervals, a practice that leaves no room for improperly backdating options.

From 1997 to 2001, the company gave out regular executive grants in August and November, and occasionally in February.

But in February 2002, the company told the SEC that it had deviated from that practice the previous April, when it granted CEO Wilfred Corrigan an option to buy 1.5 million shares at the April 2 price.

The company had seen a long and painful descent in its stock price -- one that prompted executives to voluntarily take a 10 percent salary cut. The April 2 grant date came near the bottom. The stock was trading at $14.94 that day, then dropped to $13.97 two days later before climbing and cresting above $21 by month's end (see LSI chart showing company stock price from August 2000 through July 2001).

It was unusual for executives to receive stock options in April. That was the time of year that LSI board members -- including Larry Sonsini of Wilson Sonsini Goodrich & Rosati -- typically received their options. On that April 2, Sonsini and his law firm were awarded options to buy 10,000 shares of LSI stock.

In an e-mail last week, an LSI spokeswoman said the company has voluntarily reviewed its option grants.

"The review covered the period of 1995 to 2005, and was completed by the company's internal audit group," she added. "No instances of backdating or other improprieties were found. LSI Logic has not been contacted by the SEC, or any other governmental agency, regarding its stock option practices."

SEC filings from two other companies where Sonsini was a board member -- Echelon Corp. and Lattice Semiconductor Corp. -- reveal stock option grants to executives at exceptionally low levels.

ECHELON

Like so many other tech firms, Echelon -- at least in hindsight -- was much overvalued in 2000. At one point that year, the company's stock sold for $88 a share, after having traded at $4 the prior year.

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As Echelon's paper value grew during its first two years on the market, SEC filings show that it awarded options to executives at about the same time: On June 25 in 1998, the year it went public, and on June 23, 1999.

Directors, meanwhile, received their options on the day of the annual shareholder meeting. In 1999, for example, Sonsini got options to buy 10,000 shares at the May 1 price of $8.50, which turned out to be a good thing as the price quickly rose.

The planned distribution to directors in 2000 also fell on what turned out to be a fortuitous day. The annual meeting in 2000 was April 27, when the stock was trading at $31.44, near its low.

Had executives received their options in late June of 2000 -- as they had the previous two years -- they would have received them when the stock was trading at $62, near its high.

But later that year, the company reported to the SEC that it had chosen to award the executive grants on April 27 -- the same day as the board had met -- allowing the executives to purchase shares at the lower level.

In no other year did the board line up the award date for executives with the date for board members.

An Echelon spokesman last week wouldn't say whether the company has been contacted by government investigators. "We don't have any comment on options issues," said Steve Nguyen.

LATTICE SEMICONDUCTOR

For most of the summer of 2000, Lattice Semiconductor's stock price drifted between $30 and $40 share, with one notable exception: It hit a 90-day low of $25.44 on Aug. 1.

Lattice would later tell the SEC that on that day it had chosen to award its five top executives options to buy 975,000 shares of company stock.

Two years earlier Lattice reported having awarded options to its top five executives on Nov. 10, 1998, at a share price of $31, which also coincided with a 90-day low (see Lattice chart showing company stock price from June 1998 through May 1999). Lattice reported that award to the SEC on May 19, 1999.

Lattice's Chief Financial Officer, Jan Johannessen, said the company has looked at its past options dating practices and found no irregularities.

Options, he said, were awarded to all employees at quarterly meetings scheduled months in advance, and approved and priced the same day.

A review of board minutes showed both the 1998 and 2000 grants were made at such meetings, Johannessen said, though he declined to provide copies of those minutes to The Recorder.

"We took a very conservative line from the time the company got started," he said. "We don't deviate. Other companies did it differently. I'm glad we did it this way."

And, he added, the company has not been approached by government investigators in connection with options.

"We think we're clean on this issue," he said.

As it happens, one recipient of the oddly timed options, former CEO Cyrus Tsui, was fired last year amid an SEC inquiry into the company's accounting practices. Previously, the SEC had investigated executive pay issues at the company.

Darryl Rains, a partner at Morrison & Foerster who represents Tsui, wouldn't comment last week on details of the investigation, including whether the government has asked his client about backdating issues.

Stock Option Fiends Revealed (WSJ)

By Holman W. Jenkins, Jr.

The Wall Street Journal, August 30, 2006

With the indifference of the pure at heart to social convention, an ad hoc group has come out with a call for ending (get a grip on your coffee here) the expensing of stock options.

Its signers include Nobel economists Milton Friedman and Harry Markowitz, former Treasury secretaries Paul O'Neill and George Schultz, along with 26 other reputable figures from finance, economics and accounting -- just the sort of names you'd have to put forward to get a hearing for an idea that contradicts shibboleths that we all have learned to affirm in order to be well thought of.

For, if you cared about your press in the 1990s, you favored expensing as a matter of accounting virtue. You didn't bother to understand what it entailed or ask yourself whether it clarified a company's business performance or its compensation policies. You just nodded your head and uttered a few choice mots in denunciation of greed.

Notice that Kip Hagopian, the venture capitalist who organized the manifesto and its publication in the latest issue of U.C. Berkeley's California Management Review, eschews the hysterical reasoning once common in Silicon Valley. He doesn't say expensing spells doom for America's entrepreneurial élan and technological prowess. Accounting is a matter of affixing labels. If it made sense to offer stock options before expensing, it would make sense after.

Rather, he argues that expensing is bad accounting. It misstates the nature of the transaction, which is a transfer outside the business from the owners to the employees, rather than through the business. Etc.

This will be old hat to readers of this column. How options function to transfer wealth from shareholders to employees is straightforward, and academic studies have long shown that stock prices reflect the overhang of this liability. There's no information deficit to be made up. Expensing is an abstract genuflection that tells you nothing meaningful, yet clouds the performance of the underlying business as a business.

Which brings us to the scandal du jour, over so-called backdating. The scorecard of misconceptions is a lengthy one.

In no generic sense can one say executives "inflated" their pay or "stole" from shareholders. Backdated packages were not more "lucrative" -- it's fallacious to assume that the alternative package consisted of an identical number of options at a less advantageous price.

Backdating did not provide "guaranteed" or "risk free" profits. It did not "undermine the incentive purpose" of options.

Some of the claims put forward now by company directors about how they were "fooled" by documents that accurately revealed management's intention to award "in the money" options are hilarious.

Increasingly, it seems likely that companies, after all, did correctly report the number of options and their price to shareholders. Let it be remembered, too, that millions of these options were cancelled or expired unexercised.

Verily, there's still an accounting scandal here, one whose origins can be found in a failure of will and intellect by accounting's rulemaker, the Financial Accounting Standards Board, in the 1990s. Recall that FASB was blown back and forth in the political gales over CEO pay. Recall that rather than make a coherent decision, it split the baby in 1995 by requiring expensing of "in the money" options but not "at the money" options.

You can't repeat often enough that options have vesting periods; there is no immediate ability to cash an option out for profit, so no basis for treating one kind of option contract as valuable and the other as valueless. Both have "option value" in that they allow the holder to buy shares at a fixed price for a definite number of years in the future.

Why companies might wish to issue "in the money" options rather than take potluck on the stock price on whatever day the complicated paperwork happened to be finished is not hard to fathom. It is, after all, the irreducible role of management to seek to control things, including the value of inducements dangled before employees.

Why companies preferred to leave their options unexpensed, as all their competitors were doing, and had done from time immemorial, is also not a mystery.

The mystery, which will require a historical reconstruction we're likely never to get, is how 80, 100 or 2,200 companies (depending on who is counting) managed to convince themselves that the backdating of stock-option offers was an acceptable means of reconciling these goals. The fickle finger of fate has already picked out several executives to pay a heavy personal price for this error, though there's also a debate among legal bloggers about whether jail time is really a proportionate penalty for an apparently victimless crime.

It would be fitting as well to revisit FASB's deliberations over expensing, which were -- let's not mince words -- utterly controlled by the politics of CEO pay. In the wake of Enron and WorldCom, FASB recovered its meager manhood and unsplit the baby -- requiring the expensing of all options.

This was an improvement, after a fashion. Of course, the world would have been equally well served (or better served) if FASB had ordained that no options need be expensed.

As it must, the political class always treated the expensing question as a matter of whose ox was to be gored (and, as usual, sought campaign contributions from everyone involved). If responsible persons felt a need to clear their throats and say why they

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favored expensing, they usually deferred to Warren Buffett's aphorism: If options aren't compensation, and compensation isn't an expense, what is it?

Never mind that this is such a bad argument (in form) that it has a name: equivocation fallacy. Belatedly, Mr. Hagopian and allies are trying to see if anyone is yet ready to examine the real merits of the accounting argument. Had those merits gotten the examination they deserved in the 1990s, whatever the verdict eventually might have been, there'd be no backdating scandal today.

FBI Puts Out Alert For Exec (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, August 30, 2006

Poster seeks help in finding fugitive ex-Comverse chief wanted in backdated stock options case

The FBI issued a wanted poster yesterday, enlisting the international public's help in tracking down Jacob Alexander, the former head of Comverse Technology, who has failed to surrender on charges of conspiracy to commit securities, mail and wire fraud.

Shortly before he was indicted Aug. 9 Alexander, who also uses the first name of Kobi, transferred $57 million to Israel, according to court documents. He has dual U.S. and Israeli citizenship.

A report last week in an Israeli newspaper quoted a private detective as saying he traced Alexander to Sri Lanka by monitoring his e-mails. But sources familiar with the hunt are doubtful about the claim's accuracy.

Alexander's attorney, Robert Morvillo of Manhattan, has said he last spoke with Alexander several weeks ago, before the indictment, and has no idea as to his whereabouts. Morvillo, though not commenting directly on the Alexander case, said he counsels his clients who are considering becoming fugitives to instead surrender. "I tell all my clients it's better to be inside the system so you have some voice in your destiny than being outside the system."

The wanted poster said Alexander has ties in Israel and England. Other reports have speculated he might be in Germany or another country without an extradition treaty with the United States.

Alexander helped mold Comverse, long based in Woodbury, into a billion-dollar corporation specializing in software for voice communications. The Comverse headquarters was moved to Manhattan in 2005.

The case against Alexander involves allegations that he made millions through a scheme to backdate Comverse stock options.

After Alexander was indicted, federal prosecutors seized another $45 million that remained in his financial accounts in the United States.

Judge Rules No Privilege In Enron Fraud Case (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, August 30, 2006

Enron Broadband Services' efforts to exclude testimony by executives about their communications with in-house counsel from a bond dispute have been rebuffed by a Manhattan bankruptcy judge.

Judge Arthur J. Gonzalez, in In re: Enron Corp. (Enron Broadband Services LP v. Travelers Cas. and Sur. Co. of America), 01-16034, held that "the communications at issue are not protected from disclosure by the attorney-client privilege because the crime-fraud exception applies."

He held that Travelers had established enough evidence to provide a "reasonable basis" to suspect the perpetration of a fraud and to establish prima facie that, at the time of the communications at issue, Enron Global Services executives were "engaged in planning a fraudulent scheme when seeking advice from counsel."

As a result, Travelers' motion to include evidence of communications between Enron Broadband Services' former employees and in-house counsel regarding the bond and its underlying transaction were granted.

Judge Gonzalez also held that "evidence of communications between EBS's former employees and in-house counsel ... is not privileged."

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The case arose when insurer Travelers issued a bond guaranteeing Global Crossing Bandwidth's performance in a transaction between Global Crossing and plaintiff Enron Broadband in March 2001. According to the capacity service agreement, Global Crossing was to provide broadband capacity to Enron and Enron was to prepay the entire contract price in the amount of $17.7 million. Global Crossing also had to issue a surety bond or other collateral for the full amount of the prepayment in case Global failed to perform under the capacity service agreement.

Travelers issued a bond to Global Crossing in favor of Enron Broadband. The bond, issued for a one-year term, was terminated in October 2001 by Travelers. According to Enron Broadband, Global Crossing did not take out another bond.

As part of the larger Enron Corp. bankruptcy, Enron Broadband Services filed for bankruptcy in the Southern District of New York in December 2001. Global Crossing filed for bankruptcy in January 2002, and was not able to fulfill its obligations to Enron Broadband. In February 2002, Enron demanded that Travelers make payment on the Global Crossing bond. When Travelers declined, Enron Broadband sued under the federal Bankruptcy Code and under state contract law.

Travelers responded by alleging that it was "fraudulently induced to issue a bond in connection with a loan" and, therefore, was not required to make payment on the bond.

During the ensuing discovery, Enron Broadband Services asserted its attorney-client privilege during the depositions of David Thames, the former manager of finance at Enron Broadband, and Brian Spector, a former director at the company. In both instances, Enron contended that the privilege shielded it from disclosing the deponents' communications with Enron Broadband's former general counsel Kristina Mordaunt and another in-house attorney, Cynthia Harkness.

Enron Broadband did not want to disclose any testimony with respect to the communications between their in-house lawyers and the executives.

Travelers filed a motion to compel requesting that the court overrule Enron's objection based on the attorney-client privilege. It also requested that the court permit discovery regarding such communications in future depositions of former Enron Broadband employees and that it order the reopening of depositions of Enron employees whose depositions have already occurred.

Enron Broadband Services argued that Travelers' motion to compel was untimely. In response, Travelers said that Enron was "improperly asserting the attorney-client privilege to avoid disclosures of communications between Enron employees and in-house counsel regarding the bond and its underlying transaction."

According to Travelers, Enron Broadband's objections to disclosure on privilege grounds fails because Enron's in-house counsel acted as a business advisor, and as a result the crime-fraud exception to the privilege applies and Enron Broadband has waived the privilege.

As proof that Mordaunt and Harkness provided business advice, Travelers pointed to Enron's admission in its memorandum of law that the documents produced by Enron are not privileged.

Judge Gonzalez said that, because the proposed deponents' communications with counsel related to the alleged fraud, he would grant the insurers' motion to compel deposition.

"The Court grants Travelers's request ... in order to elicit testimony as to the communications between the deponents and in-house counsel at EBS regarding the bond and the underlying transaction," Gonzalez held.

Albert Togut and Neil Berger, partners at Togut, Segal & Segal, and Sean McGrath, an associate at the firm, represented Enron Broadband Services in the case. They declined to comment.

Christopher G. Karagheuzoff, a partner at Dorsey & Whitney, and Joseph B. Shumofsky and Deirdre J. Sheridan, associates at the firm, represented Travelers in the case.

Karagheuzoff said he was pleased the court found that the insurer had made out a prima facie case of fraud necessary to invoke the crime-fraud exception to the attorney-client privilege rule.

CRIMINAL LAW:

First Source Of C.I.A. Leak Admits Role, Lawyer Says (NYT)

By Neil A. Lewis

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The New York Times, August 30, 2006

WASHINGTON, Aug. 29 — Richard L. Armitage, a former deputy secretary of state, has acknowledged that he was the person whose conversation with a columnist in 2003 prompted a long, politically laden criminal investigation in what became known as the C.I.A. leak case, a lawyer involved in the case said on Tuesday.

Mr. Armitage did not return calls for comment. But the lawyer and other associates of Mr. Armitage have said he has confirmed that he was the initial and primary source for the columnist, Robert D. Novak, whose column of July 14, 2003, identified Valerie Wilson as a Central Intelligence Agency officer.

The identification of Mr. Armitage as the original leaker to Mr. Novak ends what has been a tantalizing mystery. In recent months, however, Mr. Armitage's role had become clear to many, and it was recently reported by Newsweek magazine and The Washington Post.

In the accounts by the lawyer and associates, Mr. Armitage disclosed casually to Mr. Novak that Ms. Wilson worked for the C.I.A. at the end of an interview in his State Department office. Mr. Armitage knew that, the accounts continue, because he had seen a written memorandum by Under Secretary of State Marc Grossman.

Mr. Grossman had taken up the task of finding out about Ms. Wilson after an inquiry from I. Lewis Libby Jr., chief of staff to Vice President Dick Cheney. Mr. Libby's inquiry was prompted by an Op-Ed article on May 6, 2003, in The New York Times by Nicholas D. Kristof and an article on June 12, 2003, in The Washington Post by Walter Pincus.

The two articles reported on a trip by a former ambassador to Africa sponsored by the C.I.A. to check reports that Iraq was seeking enriched uranium to help with its nuclear arms program.

Neither article identified the ambassador, but it was known inside the government that he was Joseph C. Wilson IV, Ms. Wilson's husband. White House officials wanted to know how much of a role she had in selecting him for the assignment.

Ms. Wilson was a covert employee, and after Mr. Novak printed her identity, the agency requested an investigation to see whether her name had been leaked illegally.

Some administration critics said her name had been made public in a campaign to punish Mr. Wilson, who had written in a commentary in The Times that his investigation in Africa him to believe that the Bush administration had twisted intelligence to justify an attack on Iraq.

The complaints after Mr. Novak's column led to the appointment of a special prosecutor to investigate the disclosure of Ms. Wilson's identity.

The special prosecutor, Patrick J. Fitzgerald, did not bring charges in connection with laws that prohibit the willful disclosure of the identity of an C.I.A. officer. But Mr. Fitzgerald did indict Mr. Libby on charges of perjury and obstruction of justice, saying Mr. Libby had testified untruthfully to a grand jury and federal agents when he said he learned about Ms. Wilson's role at the agency from reporters rather than from several officials, including Mr. Cheney.

According to an account in a coming book, "Hubris, the Inside Story of Spin, Scandal and the Selling of the Iraq War'' by Michael Isikoff and David Corn, excerpts of which appeared in Newsweek this week, Mr. Armitage told a few State Department colleagues that he might have been the leaker whose identity was being sought.

The book says Mr. Armitage realized that when Mr. Novak published a second column in October 2003 that said his source had been an official who was "not a political gunslinger.''

The Justice Department was quickly informed, and Mr. Armitage disclosed his talks with Mr. Novak in subsequent interviews with the Federal Bureau of Investigation, even before Mr. Fitzgerald's appointment.

The book quotes Carl W. Ford Jr., then head of the intelligence and research bureau at the State Department, as saying that Mr. Armitage had told him, "I may be the guy who caused this whole thing,'' and that he regretted having told the columnist more than he should have.

Mr. Grossman's memorandum did not mention that Ms. Wilson had undercover status.

Apart from Mr. Ford, as quoted in the book, the lawyer and colleagues of Mr. Armitage who discussed the case have spoken insisting on anonymity, apparently because Mr. Armitage was still not comfortable with the public acknowledgment of his role.

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He was also the source for another journalist about Ms. Wilson, a reporter who did not write about her. The lawyers and associates said Mr. Armitage also told Bob Woodward, assistant managing editor of The Washington Post and a well-known author, of her identity in June 2003.

Mr. Woodward was a late player in the legal drama when he disclosed last November that he had the received the information and testified to a grand jury about it after learning that his source had disclosed the conversation to prosecutors.

Plame Out (SC)

By Christopher Hitchens

Slate column, August 30, 2006

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Posted Tuesday, Aug. 29, 2006, at 1:02 PM ET

Richard Armitage

I had a feeling that I might slightly regret the title ("Case Closed") of my July 25 column on the Niger uranium story. I have now presented thousands of words of evidence and argument to the effect that, yes, the Saddam Hussein regime did send an important Iraqi nuclear diplomat to Niger in early 1999. And I have not so far received any rebuttal from any source on this crucial point of contention. But there was always another layer to the Joseph Wilson fantasy. Easy enough as it was to prove that he had completely missed the West African evidence that was staring him in the face, there remained the charge that his nonreport on a real threat had led to a government-sponsored vendetta against him and his wife, Valerie Plame.

In his July 12 column in the Washington Post, Robert Novak had already partly exposed this paranoid myth by stating plainly that nobody had leaked anything, or outed anyone, to him. On the contrary, it was he who approached sources within the administration and the CIA and not the other way around. But now we have the final word on who did disclose the name and occupation of Valerie Plame, and it turns out to be someone whose opposition to the Bush policy in Iraq has—like Robert Novak's—long been a byword in Washington. It is particularly satisfying that this admission comes from two of the journalists—

Michael Isikoff and David Corn—who did the most to get the story wrong in the first place and the most to keep it going long beyond the span of its natural life.

As most of us have long suspected, the man who told Novak about Valerie Plame was Richard Armitage, Colin Powell's deputy at the State Department and, with his boss, an assiduous underminer of the president's war policy. (His and Powell's—and George Tenet's—fingerprints are all over Bob Woodward's "insider" accounts of post-9/11 policy planning, which helps clear up another nonmystery: Woodward's revelation several months ago that he had known all along about the Wilson-Plame connection and considered it to be no big deal.) The Isikoff-Corn book, which is amusingly titled Hubris, solves this impossible problem of its authors' original "theory" by restating it in a passive voice:

The disclosures about Armitage, gleaned from interviews with colleagues, friends and lawyers directly involved in the case, underscore one of the ironies of the Plame investigation: that the initial leak, seized on by administration critics as evidence of how far the White House was willing to go to smear an opponent, came from a man who had no apparent intention of harming anyone.

In the stylistic world where disclosures are gleaned and ironies underscored, the nullity of the prose obscures the fact that any irony here is only at the authors' expense. It was Corn in particular who asserted—in a July 16, 2003, blog post credited with starting the entire distraction—that:

The Wilson smear was a thuggish act. Bush and his crew abused and misused intelligence to make their case for war. Now there is evidence Bushies used classified information and put the nation's counter-proliferation efforts at risk merely to settle a score. It is a sign that with this gang politics trumps national security.

After you have noted that the Niger uranium connection was in fact based on intelligence that has turned out to be sound, you may also note that this heated moral tone ("thuggish," "gang") is now quite absent from the story. It turns out that the person who put Valerie Plame's identity into circulation was a staunch foe of regime change in Iraq. Oh, that's all right, then. But you have to laugh at the way Corn now so neutrally describes his own initial delusion as one that was "seized on by administration critics."

What does emerge from Hubris is further confirmation of what we knew all along: the extraordinary venom of the interdepartmental rivalry that has characterized this administration. In particular, the bureaucracy at the State Department and the CIA appear to have used the indiscretion of Armitage to revenge themselves on the "neoconservatives" who had been advocating the removal of Saddam Hussein. Armitage identified himself to Colin Powell as Novak's source before the Fitzgerald inquiry had even been set on foot. The whole thing could—and should—have ended right there. But now read this and rub your eyes: William Howard Taft, the State Department's lawyer who had been told about Armitage (and who had passed on the name to the Justice Department)

also felt obligated to inform White House counsel Alberto Gonzales. But Powell and his aides feared the White House would then leak that Armitage had been Novak's source—possibly to embarrass State Department officials who had been unenthusiastic about Bush's Iraq policy. So Taft told Gonzales the bare minimum: that the State Department had passed some information about the case to Justice. He didn't mention Armitage. Taft asked if Gonzales wanted to know the details. The president's lawyer, playing the case by the book, said no, and Taft told him nothing more.

"[P]laying the case by the book" is, to phrase it mildly, not the way in which Isikoff and Corn customarily describe the conduct of the White House. In this instance, however, the evidence allows them no other choice. But there is more than one way in which a case can be played by the book. Under the terms of the appalling and unconstitutional Intelligence Identities Protection Act (see "A Nutty Little Law," my Slate column of July 26, 2005), the CIA can, in theory, "refer" any mention of itself to the Justice Department to see if the statute—denounced by The Nation and the New York Times when it was passed—has been broken. The bar here is quite high. Perhaps for that reason, Justice sat on the referral for two months after Novak's original column. But then, rather late in the day, at the end of September 2003, then-CIA Director George Tenet himself sent a letter demanding to know whether the law had been broken.

The answer to that question, as Patrick Fitzgerald has since determined, is "no." But there were plenty of senior people who had known that all along. And can one imagine anybody with a stronger motive to change the subject from CIA incompetence and to present a widely discredited agency as, instead, a victim, than Tenet himself? The man who kept the knowledge of the Minnesota flight schools to himself and who was facing every kind of investigation and obloquy finally saw a chance to change

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the subject. If there is any "irony" in the absurd and expensive and pointless brouhaha that followed, it is that he was abetted in this by so many who consider themselves "radical."

back to top

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Christopher Hitchens is a columnist for Vanity Fair. His most recent book is Thomas Jefferson: Author of America.

Photograph of Richard Armitage by Sam Yeh/AFP/Getty Images.

What did you think of this article?

Fess Up, Mr. Armitage (WSJ)

The Wall Street Journal, August 30, 2006

From its very start, the ballyhooed case of who leaked the name of CIA analyst Valerie Plame to columnist Robert Novak has been drenched in partisan politics and media hypocrisy. The more we learn, however, the more it also reveals about the internal dysfunction of the Bush Administration and the lack of loyalty among some of its most senior officials.

The latest news is that the Bush official who first disclosed Ms. Plame's identity was none other than former Deputy Secretary of State Richard Armitage. According to a new book by liberal journalists David Corn and Michael Isikoff, Mr. Armitage was Mr. Novak's primary source for his now famous column of July 14, 2003, that first publicly revealed Ms. Plame's CIA pedigree.

In other words, the leaker wasn't Karl Rove or Scooter Libby or anyone else in the White House who has been accused of running a conspiracy against Ms. Plame as revenge for her husband Joe Wilson's false accusations against the White House's case for war with Iraq. So what have the last three years been all about anyway? Political opportunism and internal score-settling, among other things. * * *

Mr. Armitage, recall, was part of Colin Powell's team at State and well known as an internal Administration opponent of the "neo-cons" who supported the ouster of Saddam Hussein. The book alleges that Mr. Armitage knew as early as October 2003 that he was Mr. Novak's prime source, yet he kept quiet about it even as his colleagues in the Administration were dragged through years of criminal investigation and media accusations as the possible leaker. Even now Mr. Armitage hasn't admitted to being the leaker, though doing so would help to clarify several things about the case.

For starters, fessing up would put to rest the conspiracy theories once and for all. Bush opponents have continued to promote this myth, with Mr. Wilson writing in June 2004 that "the conspiracy to destroy us was most likely conceived -- and carried out -- within the office of the vice president of the United States." Not a word of that was true.

Mr. Novak hasn't himself confirmed that Mr. Armitage was his primary source, since Mr. Armitage hasn't yet given him leave to do so. But Mr. Novak has written that his source was not a "partisan gunslinger," and the columnist has also said that he himself put in the call to Mr. Rove to confirm what he'd first heard from his main source (presumably Mr. Armitage). The White House, in short, was not engaged in any campaign to "out" Ms. Plame.

All of this matters because it also casts doubt on the thoroughness and fairness of special counsel Patrick Fitzgerald's probe that began in December 2003. The prosecutor never did indict anyone for leaking Ms. Plame's name, though this was supposedly the act of "treason" that triggered the political clamor for a probe. Instead, he has indicted Mr. Libby for perjury and obstruction of justice.

Mr. Fitzgerald has nonetheless also tried to spin an aura that Mr. Libby was responsible for outing Ms. Plame. In his press conference on October 28, 2005, the prosecutor asserted that "In fact, Mr. Libby was the first official known to have told a reporter when he talked to [former New York Times reporter] Judith Miller in June of 2003 about Valerie Wilson." But we have since learned that Mr. Armitage also told Washington Post reporter Bob Woodward about Ms. Plame -- a fact that Mr. Fitzgerald never uncovered until Mr. Woodward came forward after he heard Mr. Fitzgerald make that false public assertion.

Strangely, Mr. Armitage never seems to have told Mr. Fitzgerald that he'd talked to Mr. Woodward. And Mr. Fitzgerald never seems to have asked to see Mr. Armitage's appointment calendar, which would have showed his meeting with Mr. Novak. It's all enough to make us wonder if Mr. Fitzgerald didn't buy into the liberal "conspiracy" theory of this case from the start and target the White House while giving Mr. Armitage a pass.

Meanwhile, according to the Corn-Isikoff book, Mr. Armitage never did tell the White House or his boss, the President, that he was the leaker. Instead, in October 2003 he told Mr. Powell, who told the State Department general counsel, who in turn told the Justice Department but gave the White House Counsel only the sketchiest overview of what he'd learned and didn't mention Mr. Armitage's name. So while Mr. Fitzgerald presumably knew when he began his probe two months later that Mr. Armitage was Mr. Novak's source, the President himself was apparently kept in the dark, even as he was pledging publicly to find out who the leaker was.

At a minimum, there appears to be a serious question of disloyalty here. By keeping silent, Messrs. Powell and Armitage let the President take political heat for the case, while also letting Mr. Rove, Mr. Libby and other White House officials twist in the wind for more than two years. We also know that it was the folks in Mr. Powell's shop -- including his former chief of staff Lawrence Wilkerson and intelligence officer Carl Ford Jr. -- who did so much to trash John Bolton's nomination to be Ambassador to the U.N. in 2005. The State Department clique that Mr. Bush tolerated for so long did tremendous damage to his Administration.

As for Justice, then-Attorney General John Ashcroft recused himself from the case in an act of political abdication. That left then-Deputy Attorney General James Comey in charge, and he also presumably knew by October 2003 about Mr. Armitage's role as the leaker who started it all. Yet if the book's account is correct, he too misled the White House with his silence. Mr. Comey is also the official who let Mr. Fitzgerald alter his mandate from its initial find-the-leaker charge to the obstruction and perjury raps against Mr. Libby that are all this case has come down to. Remind us never to get in a foxhole with either Mr. Comey or the Powell crowd. * * *

There is more to be said at a future date about the specific case against Mr. Libby. But for now the Armitage news should concern one man in particular, and that's the President of the United States. How much differently would he have behaved had he known about Mr. Armitage's role in 2003? Would he have kept echoing the media-liberal spin that there was some nefarious White House leaker to discover, and continue to let the aides who most believed in his policies -- Mr. Libby and Mr. Rove -- be hounded by a special counsel? And why has he tolerated so much insubordination to his policies?

Someday we hope Mr. Bush will tell us. Meantime, as he absorbs the partisan and ultimately trivial truth of this case, why shouldn't he pardon Mr. Libby and put the entire sorry saga to rest?

Polygamist Fugitive Warren Jeffs Arrested In Nevada (AP)

By Ken Ritter, ASSOCIATED PRESS

AP, August 30, 2006

LAS VEGAS (AP) - The charismatic leader of a polygamous religious sect was captured during a traffic stop three months after being put on the FBI's Most Wanted List and faces charges he arranged marriages between underage girls and older men.

Warren Steed Jeffs, 50, was arrested without incident just outside Las Vegas late Monday after more than a year on the run, the FBI said. No weapons were found, but the 2007 red Cadillac Escalade he was riding in contained more than $50,000 in cash, cell phones, laptop computers, a police scanner and wigs, authorities said.

Jeffs has led the Fundamentalist Church of Jesus Christ of Latter Day Saints since 2002 and is said to have at least 40 wives and nearly 60 children. Church dissidents say that underage marriages - some involving girls as young as 13 - escalated into the hundreds under his leadership, and that he broke apart families by casting out married men and reassigning their wives and children to others.

The FLDS Church split from the mainstream Church of Jesus Christ of Latter-day Saints when the Mormons disavowed polygamy more than 100 years ago.

Most of the church's 10,000 members live in Hildale, Utah, and adjoining Colorado City, Ariz., but authorities have said they believe Jeffs had "safe houses" in four other states - including Nevada - and Canada.

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Arizona Attorney General Terry Goddard said the arrest sent "a very important message for the people of Colorado City because many of them have lived in fear of this man, this tyrant." Goddard predicted it will lead more people to come forward with allegations of sexual abuse.

Jeffs brother, Isaac Steed Jeffs, was driving the SUV, which was stopped on Interstate 15 for having a temporary Colorado license tag that wasn't easily readable, FBI and Nevada Highway Patrol officials said.

Nevada Highway Patrol Trooper Eddie Dutchover told The Associated Press he felt something was amiss, but didn't know the man sitting silently in the back seat was the fugitive religious sect leader.

"Something was obviously wrong," said Dutchover, whose training with a Department of Public Safety suspicious vehicle task force helped him notice an artery pulsing in Warren Jeffs' neck. "I even told him, 'You're making me nervous. Is everything OK?'

"He said everything's fine," Dutchover said Tuesday. "He just stared straight ahead."

Dutchover called other troopers and a sergeant. Even when Sgt. David Miller found letters in the car addressed to "President Warren Jeffs," Jeffs refused to give his name.

Jeffs identified himself as John Findley, using a contact lens receipt from Florida as identification.

"Once the FBI got there," Dutchover said, "he gave his full name, Warren Jeffs, and kind of gave a sigh."

John E. Lewis, special agent in charge of the FBI Phoenix division, characterized Jeffs as cordial but uncooperative.

"He did not respond to any questions that were posed to him concerning his whereabouts," Lewis said. "He did indicate to the interviewing agents that he was being subject to what he termed religious prosecutions."

Inside the vehicle, authorities found $54,000, 15 cell phones, four portable radios, a duffel bag containing numerous unopened envelopes that were thought to contain more cash, three wigs, sunglasses, four laptops, a GPS device, a police scanner and gift cards totaling $10,000, Lewis said.

Jeffs was being held Tuesday without bail at the Clark County jail, pending an extradition hearing Thursday morning in a Las Vegas court. Federal and state law enforcement agencies will determine whether Jeffs should be sent first to Utah or Arizona, said Steve Sorenson, a federal prosecutor in Salt Lake City. Utah's charges are more serious.

A wife, Naomi Jeffs, also was in the vehicle. She and Isaac Jeffs, both 32, were released without being charged, said Steven Martinez, FBI special agent in charge in Las Vegas.

Jeffs is wanted in Utah and Arizona on charges of arranging two marriages between underage girls and older men. The charges include two counts of rape as an accomplice in Utah, with each count punishable by up to life in prison.

The felony charge in Arizona, conspiracy to commit sexual conduct with a minor, carries a possible penalty of up to two years in prison.

Jeffs had been on the FBI's Ten Most Wanted list since May, with a $100,000 reward offered for information leading to his capture.

Authorities said they weren't sure why Jeffs might have been in Las Vegas. Church members and affiliated businesses had reportedly been migrating to southern Nevada to escape the spotlight in Utah and Arizona.

Miller, the NHP sergeant, said another member of the Jeffs family was pulled over by troopers on July 26 about a mile from where Jeffs was arrested late Monday. Miller said no summons was issued in the earlier stop.

Jeffs has been called a dangerous extremist by those familiar with his church. Church dissidents said that while the sect has long practiced the custom of arranged marriages, young girls were rarely married off until Jeffs came to power.

Jeffs took over the church after the death of his 98-year-old father, Rulon Jeffs, who was said to have had 65 children by several women. Warren Jeffs took nearly all his father's widows as his own wives.

People expelled from the community said young men were sent away to avoid competition for brides. Older men were cast out for alleged disobedience, and their wives and children were reassigned by Jeffs to new husbands and fathers, the former members said.

"If this will bring an end to that, that will be a good thing," said Ward Jeffs, an older half brother of Warren. "We're excited for the people down there, but we're very concerned about who might step up and take the leadership role."

It remained unclear Tuesday what would happen to the leadership of the church while Jeffs was behind bars.

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Fugitive Polygamist Leader Warren Jeffs Arrested Near Las Vegas (DESERET)

By Nancy Perkins And Ben Winslow, Deseret Morning News

Deseret Morning News, August 30, 2006

LAS VEGAS — Top law enforcement here praised the efforts of a state trooper who pulled over fugitive Warren Jeffs late Monday, crediting the professionalism of the officer for orchestrating a routine traffic stop that ended without incident.

Warren Jeffs At a joint press conference outside the Las Vegas FBI headquarters, Steve Martinez, FBI special agent in charge, was joined by the director of the Nevada Department of Public Safety George Togliatti in an official announcement of Jeffs' apprehension.

Jeffs initially gave an alias to the trooper in the stop, but Togliatti said the trooper noticed the man looked similar to Jeffs, who has been on the FBI's Top 10 Most Wanted List since May. Those lists are routinely circulated to law enforcement across the country.

The stop on Interstate 15 about five miles north of the Las Vegas Speedway was prompted when the trooper saw a 2007 red Cadillac Escalade bearing a temporary tag issued in Colorado that was partially hidden.

Jeffs was a passenger in the SUV.

Two other people in the car, one of Warren Jeffs' wives, Naomi Jeffs, and his brother Isaac Jeffs, were questioned and released.

Authorities said the pair were released after consultation with FBI counterparts in Arizona and Utah.

Warren Jeffs' was fingerprinted, booked and photographed at the Clark County Detention facility in Las Vegas at 5:07 a.m. He was booked on two out-of-state warrants issued from Utah and Arizona that include charges of unlawful sexual conduct of a minor and rape as an accomplice.

Although law enforcement had feared a possible violent confrontation with Jeffs — who was said to be armed and dangerous — Martinez said a preliminary search of the vehicle revealed no weapons.

Earlier, a radio news reporter on scene when the vehicle was impounded subsequent to the arrest observed a number of items that were confiscated as possible evidence.

Among them:

- 27 stacks of money each containing $2,500
- Two female wigs — blond and brunette
- 14 cell phones
- Two GPS navigation units
- A Book of Mormon
- A picture of Warren Jeffs and his father, Rulon.

It is unclear if Jeffs will go to Utah or to Arizona, where he faces sex crimes charges accusing him of forcing teenage girls into polygamous marriages with older men.

"Like anyone else, he will have the decision of whether or not he waives or fights extradition," said Mohave County Attorney Matt Smith, who filed criminal charges against Jeffs in 2005.

If Jeffs fights extradition, Utah and Arizona authorities would have to get a governor's warrant to bring him back. If he waives extradition, Smith said he would appear in court in St. George, Utah, and Kingman, Ariz. Coincidentally, one of Jeffs' followers is going on trial in Kingman today, accused of marrying a 16-year-old girl as his second wife. It was a union that was arranged by Warren Jeffs, the man considered "prophet" by the Fundamentalist LDS Church.

Law enforcement called the arrest of Jeffs "good news" but remained leery of potential fall-out and turmoil within the polygamous border towns of Hildale, Utah, and Colorado City, Ariz.

"Hopefully, we can get some resolution to the process so that Mr. Jeffs and his followers are going to get on with their lives," said Washington County Sheriff Kirk Smith.

In Hildale today, Smith ordered increased patrols from his deputies to keep an eye out for any problems. At the FLDS Church's enclave in Eldorado, Texas, Schleicher County Sheriff David Doran said he broke the news of Jeffs' arrest to faithful followers there.

"It was very somber," he told the Deseret Morning News. "It was hard news for them to swallow."

Doran said he planned to fly over the FLDS Church's sprawling ranch sometime today to make sure there was no trouble. On the YFZ Ranch, the FLDS Church has an enormous temple that is believed to have been recently completed. YFZ stands for "Yearning for Zion," after a song Jeffs wrote.

In addition to its headquarters in Hildale and Colorado City, the FLDS Church is believed to have enclaves in Texas, South Dakota, Colorado, British Columbia (Canada) and Nevada.

Recently, many FLDS-linked businesses have begun relocating to Nevada. Several construction businesses were setting up in the Mesquite area. A major manufacturer from Hildale had relocated to Las Vegas.

The FBI has been on the tail of Warren Jeffs for some time. At first, he was placed on the "Most Wanted list." After first-degree felony charges of rape as an accomplice were filed by Washington County prosecutors in St. George, Jeffs was added to the "Ten Most Wanted" list. A $100,000 reward was offered for information leading to his arrest.

Police developed a break when they arrested Jeffs' brother, Seth Jeffs, in Pueblo, Colo., in October 2005. Stopped during a traffic stop, police discovered more than $142,000 in cash, pre-paid credit cards, cell phone cards, cell phones and documents related to the FLDS Church. Letters addressed to "The Prophet" were there as well as a change jar with Warren Jeffs' picture and a label reading "Pennies for the Prophet."

Seth Jeffs, 33, pleaded guilty in Denver's federal court to harboring a fugitive. He was sentenced to probation.

Arizona Attorney General Terry Goddard told the Deseret Morning News in June that he had information that Warren Jeffs had been in the Hildale/Colorado City area, performing more child bride marriages.

Recently, a judge in Salt Lake City's 3rd District Court indicated she was ready to reform the $110 million financial arm of the FLDS Church. The United Effort Plan (UEP) Trust was taken over by the state of Utah in 2005, amid allegations that Jeffs and some upper echelon leaders of the FLDS Church had been siphoning money from the trust, which controls homes, buildings and property in the polygamous border towns.

Polygamist Sect Leader Warren Jeffs Arrested In Las Vegas (SLT)

By Brooke Adams And Pamela Manson, The Salt Lake Tribune

Salt Lake Tribune, August 30, 2006

LAS VEGAS -- The fugitive leader of a polygamist sect has been captured in southern Nevada, the FBI said Tuesday.

Warren Steed Jeffs, 50, was taken into custody after he and two other people were pulled over late Monday by a Nevada Highway Patrol trooper on Interstate 15 just north of Las Vegas, FBI spokesman David Staretz said.

The other two people in the vehicle were identified as one of Warren Jeffs' wives, Naomi Jeffs, and a brother, Isaac Steed Jeffs, both 32, Staretz said. They were being interviewed Tuesday morning by the FBI in Las Vegas, but were not arrested.

Items in the vehicle when Jeffs was captured included: 27 stacks of $100 bills, worth $2,500 each; 14 cellular phones; a radar detector, two Global Positioning System units; two female wigs, one blonde and one brunette; several knives; several CDs; three watches; three Ipods; multiple credit cards; seven sets of keys; a photograph of Jeffs and his father; a Bible and a Book of Mormon.

The items were seen on pool video footage created with official permission.

Jeffs was being held in federal custody in Las Vegas pending a court hearing on a federal charge of unlawful flight to avoid prosecution, Staretz said. It was not immediately clear if Jeffs would face extradition to Arizona or Utah.

The traffic stop came about 9 p.m., after the NHP trooper noticed a maroon Cadillac Escalade on the freeway with temporary license tags, Staretz said.

Jeffs, the leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints, was indicted in June 2005 on an Arizona charge of arranging a marriage between a 16-year-old girl and a married man, and unlawful flight to avoid prosecution.

He is also charged in Utah with two felony counts of rape as an accomplice, for allegedly arranging the marriage of a teenage girl to an older man in Nevada. Las Vegas has become a new hub for the polygamous sect and the group recently moved Western Precision, one

Warren Steed Jeffs, FLDS leader is accused of sexual abuse

of the biggest FLDS businesses, there.

Several residents of Hildale, Utah, and Colorado City, Ariz., the twin communities where the FLDS is headquartered, said the news of the arrest spread quickly.

"I'm grateful that they got him and there was no bloodshed," Marvin Wyler, a former FLDS member, said. He added that the community was quiet on Tuesday morning.

Other former members said Isaac serves as Warren's secretary.

"It's not surprising to find those two together because Isaac had been an extention of his arm for a long time," said Ezra Draper, of Bonners Ferry, Idaho, who became disillusioned with Jeffs and the church's refusal to disavow plural marriage involving young girls to older men.

Naomi also is one of Warren's most loyal and staunch supporters, said Richard Holm, an excommunicated church member who continues to live in Colorado City. Carolyn Jessop, a Salt Lake City resident and former FLDS member, said Naomi married Rulon Jeffs when she was 17 and he was nearly 90. Later, Naomi and her sister, Paula, were the first among Rulon's wives to become Warren's wives, Jessop said.

The two sisters' father is Merrill Jessop, who is based at the FLDS ranch in Eldorado, Texas, according to Jessop. Jessop, an ex- wife of Merrill Jessop, added that Warren Jeffs is married to approximately nine of Merrill Jessop's daughters and Naomi is a favorite.

"That's one of the reasons I left. I didn't want him to marry my daughter," said Jessop.

She described Naomi as nice and extremely beautiful, with hair down to her knees. As a child, Naomi tended to be the target of other mothers' anger who seemed to resent her becaues she was so pretty, Jessop said.

Holm said that a month or two after Rulon Jeffs died in 2002, Naomi - in an unusual move - stood up at an FLDS meeting and confirmed that Warren was to be his father's successor as president and prophet of the church. At that same meeting, another wife and Isaac stood and gave the same testimony.

Jeffs has been on the FBI's Ten Most Wanted list since May, with a $100,000 reward offered for information leading to his capture.

The FLDS Church, which embraces polygamy, split from the Church of Jesus Christ of Latter-day Saints when the mainstream Mormon Church disavowed plural marriage more than 100 years ago.

The capture came more than two years after Jeffs is known to have been seen outside the polygamous community.

Charges brought: A Mohave County, Ariz., grand jury indicted the polygamous leader on June 9, 2005, on one count each of sexual conduct with a minor and conspiracy to commit sexual conduct with a minor.

The charges stem from him allegedly arranging a marriage between a 16-year-old girl and a 28-year-old man who already was married; Jeffs is not accused of having sex with the teenager. An Arizona state warrant for his arrest was issued the next day.

A federal charge of unlawful flight to avoid prosecution and an arrest warrant was issued for Jeffs on June 27, 2005. The Arizona state charges are Class 6 felonies, the next serious offense above a misdemeanor, and each are punishable by up to a year in jail.

In July 2005, the states of Utah and Arizona offered a $10,000 reward for information leading to Jeffs' arrest. In January, the FBI added $50,000 to the amount, saying it hoped the enhanced reward would encourage someone to reveal the leader's whereabouts. The agency issued an alert cautioning that Jeffs might be traveling "with a number of loyal and armed bodyguards."

After a hearing in Las Vegas, extradition proceedings could begin to return Jeffs to Arizona. Federal authorities at this point might drop the charge of unlawful flight to avoid prosecution. The extradition procedure usually takes only a few days.

The only basis to fight extradition is a claim that the detainee is not the person listed in the warrant. This legal battle generally lasts 30 to 90 days, and the time spent in jail does not count as credit against any sentence that is eventually imposed.

The demanding state pays the jail costs of the holding state and the cost of transporting the prisoner.

The United States has an extradition treaty with most other nations. In addition to asserting they are not the wanted person, detainees being held outside the United States also can argue against extradition by claiming they are political prisoners.

Search for fugitive: The hunt for Jeffs, who has been FLDS president since 2002, included what appeared to be false sightings in the months leading up to his capture. A man spotted in a Cabela's outdoor-outfitter store in Lehi turned out to be a

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brother of Jeffs. Other alerts that Jeffs visited an Albertsons grocery in Riverton, went to Strawberry Reservoir and even traveled to central Florida to buy property didn't pan out.

In addition, authorities likely looked in areas where the church has property, including Eldorado, Texas; Mancos, Colo.; and Pringle, S.D. FLDS members also live in Nevada and Canada.

An October traffic stop in Colorado looked like a break at first. A Pueblo County sheriff's deputy responding to a call of a possible drunken driver found no evidence that the two men in the SUV he pulled over were under the influence of alcohol or drugs but searched the vehicle because they acted suspiciously.

The occupants were Seth Steed Jeffs, a brother of the FLDS president, and Nathan Allred, a nephew of the Jeffs brothers. The search turned up $142,000 in cash, cellular phones, prepaid credit cards, a GPS unit, PalmPilot, computer and musical equipment, hundreds of envelopes addressed to “The Prophet” or “Warren Jeffs” and a jar with his picture and a label reading “Pennies for the Prophet.”

Seth Jeffs was charged in Colorado with a federal count of harboring and concealing his brother. However, the arrest failed to lead authorities to the FLDS leader. Seth Jeffs was sentenced in July to three years of probation and fined $2,500.

FLDS teachings: The FLDS hews to the early teachings of Joseph Smith, founder of the Mormon church, including plural marriage. The Salt Lake City-based Church of Jesus Christ of Latter-day Saints left polygamy behind in 1890 and now excommunicates members who practice it.

Jeffs' arrest is the latest in a series of events that have put the spotlight on the FLDS. In January 2004, the leader expelled 21 men from the community, exposing what some outsiders said was instability in the church. Jeffs had cast out members in the months before and more expulsions followed after the January episode. One former follower refused to leave his home and won the right in court to remain.

The past few years brought more upheaval, including a series of legal actions.

In July 2004, Brent Jeffs filed suit accusing three of his uncles, including Warren Jeffs, of sexually assaulting him when he was a child. His suit also named the FLDS Church as a defendant. A month later, a half dozen "lost boys" who say they were cast out of their homes in the Hildale-Colorado City community to reduce competition for wives sued the church and its officials, including Jeffs.

Then in August 2004, former FLDS member Shem Fischer added the church and Jeffs as defendants to a 2002 lawsuit claiming he was illegally fired from his job as a salesman at a Hildale cabinetry business because he no longer adhered to the faith.

And in December, a woman identified only as M.J. in court papers sued over her alleged forced plural marriage. Once again, Jeffs and the FLDS Church were named as defendants.

Last year, the United Effort Plan, a trust that controls most of the property in Hildale and Colorado City, was put under the control of a court-appointed special fiduciary and its trustees were stripped of power. The action came after Jeffs and the church failed to respond to the lawsuits, sparking fears that they would lose by default and put residents of the FLDS community in jeopardy of losing their homes to pay off a monetary award to the plaintiffs.

Other actions directed at the FLDS in 2005 include the state of Arizona taking control of the Colorado City school district and eight male members of the polygamous community other than Jeffs being charged with sex offenses for their alleged marriages to underage girls.

The Associated Press contributed to this report.

Polygamist Fugitive Jeffs Arrested With Cash, Cell Phones (ADS)

By Howard Fischer, capitol media services

Arizona Daily Star, August 30, 2006

PHOENIX -- Polygamist leader Warren Jeffs is behind bars after being on the run from police in Arizona and Utah for more than a year.

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Jeffs, the "prophet" of the Fundamentalist Church of Latter Day Saints, faces five counts in Arizona of having sex with a minor and three charges of conspiring to have sex with a minor. And Utah officials want Jeffs in connection with two rape charges.

Technically, Jeffs, who has been on the FBI's "most wanted" list since May, was charged with the federal crime of unlawful flight to avoid prosecution. But Paul Charlton, the U.S. Attorney for Arizona, said those will be dropped to allow Jeffs to be tried on the sex charges.

He is being held without bail pending a "removal hearing" later this week in Nevada.

Arizona Attorney General Terry Goddard said there are ongoing negotiations with Utah to determine which state will have the first shot at him. But Goddard said he believes Arizona should get priority because it already is in the middle of a trial in Kingman where the state is prosecuting another member of the FLDS church who was "married" to a girl, then age 16, and had sex with her.

The future of that case, however, was thrown in doubt after the only witness refused to testify Tuesday.

And Flora Jessup, a former FLDS church member who now works with girls who have fled, questioned Tuesday whether the charges against Jeffs could end up in similar jeopardy.

Jeffs was taken into custody late Monday after highway patrol officers stopped the vehicle in which he was driving on Interstate 15 north of Las Vegas because it did not appear the 2007 Cadillac Escalade has a license plate.

John E. Lewis, special agent in charge of the FBI office in Phoenix, said it turned out the vehicle did have temporary Colorado tags. And Lewis said that Jeffs, a passenger in the vehicle driven by his brother, Isaac, and occupied also by one of his wives, Naomi, produced a contact lens receipt from Florida with a different name.

But Lewis said the officers became suspicious and asked to search the vehicle. That turned up not only materials referring to Jeffs as the prophet of the Fundamentalist Church of Latter Day Saints but also $54,000 in cash, 15 cells phones, four portable radios, "The three individuals were separated," Lewis explained, and questioned.

"That is a tactic commonly used to see if the stories are consistent," he continued. "And, in fact, the responses that were provided to the officers on the side of the road were not consistent."

Only after FBI officers arrived on the scene did Jeffs confess to his real identity. But Lewis said that Jeffs, questioned for hours in Las Vegas, has refused to provide any information -- including where he has been hiding for the past year.

Jeffs' brother and wife were released without being charged.

Goddard said the Mohave County sheriff has put additional officers into the Colorado City area in the wake of the arrest. Church members live in that community on the state's northern border and across the line in Hilldale, Utah.

"It is clearly a potentially explosive situation," he said. "We have to take all precautions."

Jeffs had been the subject of a manhunt for more than a year, with police chasing down sightings in Texas and British Columbia, where the FLDS church has members. And there was a $100,000 reward offered for information leading to his capture.

In the end, though, none of that made a difference, with Jeffs taken into custody only because of the less-than-visible tags on his vehicle. Goddard said the arrest is "a combination of very good law enforcement and good luck."

Polygamist Sought For Two Years Is Arrested In Nevada (WP)

By Alan Cooperman

The Washington Post, August 30, 2006

When Nevada state police stopped a red Cadillac Escalade without visible license plates Monday night and asked one of its passengers for identification, he handed over a receipt for contact lenses.

Suspicions aroused, the troopers said, they asked to search the vehicle and found wigs, $54,000 in cash and mail addressed to "The Prophet."

So ended two years on the lam, and 114 days on the FBI's Ten Most Wanted list, for the nation's best-known polygamist, Warren Steed Jeffs. Yesterday he was in federal custody in Las Vegas, facing multiple charges of sexual crimes against minors, an FBI spokeswoman said.

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Tall, lanky and clean-cut, Jeffs, 50, is believed to have dozens of wives and thousands of followers -- not to mention a television series, HBO's "Big Love," loosely modeled on the sect he heads. His ability to elude justice, together with the hit TV show and a national debate over the definition of marriage, have combined in the past year to dramatically raise the profile of polygamy in the United States.

Nine days before his arrest, about 300 children of polygamous relationships rallied in Salt Lake City in a rare public defense of "plural marriage."

Jeffs is known as the Prophet to an estimated 10,000 members of the Fundamentalist Church of Jesus Christ of Latter Day Saints, which he inherited from his father, Rulon Jeffs, in 1998.

Their sect broke away when the Church of Jesus Christ of Latter-day Saints, better known as the Mormons, banned polygamy in 1890. Rulon Jeffs was excommunicated by the Mormon Church in 1941, and his son was never a member. Authorities say that both men routinely arranged marriages for underage girls with male followers.

The fundamentalist sect is notoriously secretive, but details about Rulon and Warren Jeffs's lifestyle emerged in 1999, when they sold a seven-acre, $1.9 million walled compound in Sandy, Utah, where they had lived with their wives and children since the early 1980s.

Women's bedrooms in Rulon Jeffs's main house were decorated with wallpaper saying "Keep Sweet No Matter What." Their doors were marked with red, yellow or green tags, depending on whether they were ovulating. The house had an industrial-size laundry. And there were signs of other practices shocking to Mormons: Apparently, they drank coffee and berry wine.

Loraine Sundquist, who bought the compound and is developing it into luxury condominiums, said yesterday that she remembers Jeffs as "quiet and soft-spoken," and all of his associates as friendly and polite.

"What struck me most is when one of them said to me, 'You know, we're really no different than your society. We're just honest about our affairs, and we take care of our babies and our girlfriends,' " she said.

The number of Americans who practice polygamy is unclear. A joint report by the attorneys general of Utah and Arizona put the figure at 20,000 to 40,000. Principle Voices, a pro-polygamy group, said that there are 37,000 Fundamentalist Mormons in the western United States, most of whom "profess a belief in polygamy but are not currently practicing it."

Vicky Prunty, who was in a polygamous marriage for three years and now heads an anti-polygamy group called Tapestry of Polygamy, said she believes there are closer to 100,000 Americans in secret plural marriages today, and she charged that the Mormon Church still winks at the practice.

Mike Otterson, spokesman for the Mormons, vigorously denied the allegation. "We don't countenance polygamy, and anybody in the church today who is found to be practicing polygamy will be excommunicated, which is the highest sanction we can apply," he said.

Leader Of Polygamist Mormon Sect Is Arrested (NYT)

By Kirk Johnson

The New York Times, August 30, 2006

DENVER, Aug. 29 — Warren Jeffs, the polygamist leader of a Mormon-offshoot sect and a symbol of the government's hardened line against plural marriage in the West, was arrested late Monday after a routine traffic stop near Las Vegas.

Mr. Jeffs, 50, who is wanted in Utah and Arizona on charges of arranging marriages between underage girls and older men, had with him an assortment of wigs and $50,000 in cash, but no weapons, police officials said. He was traveling with a wife and a brother, both of whom were questioned and released.

The arrest, four months after Mr. Jeffs was put on the F.B.I.'s 10-most-wanted list, brings to a head many of the issues that have been simmering in the deeply isolated polygamist communities of Utah and Arizona where Mr. Jeffs's outlaw stance — and ability to evade arrest — had bolstered his claim to be an untouchable prophet of God.

Law enforcement officials and people close to the polygamist community said that even while Mr. Jeffs was on the lam, he continued to lead a group called the Fundamentalist Church of Jesus Christ of Latter-day Saints. The group split from the main-line Mormon church decades ago when it disavowed polygamy. The fundamentalist church has about 10,000 members, mostly in and around Hildale, Utah, and Colorado City, Ariz.

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"Part of his mystique was that God was protecting him and he couldn't be taken," said Mark Shurtleff, the Utah attorney general, who has led the crackdown there.

"Our hope is that those who fear him will see he's not as fearsome as they thought, and maybe they can come forward now and provide evidence to us," he said.

Mr. Jeffs could face up to five years to life on each of the two most serious counts: that he was an accessory to rape for arranging marriages to two under-age brides in Utah. Law enforcement officials said it was still being determined whether Utah or Arizona would get a first crack at prosecuting Mr. Jeffs.

To some extent, law enforcement officials and former church members say, the church structure that Mr. Jeffs dominated has already fractured. A former teenage bride has cooperated with investigations against him, Utah prosecutors said. In addition, in a series of trials in Arizona, former church members — some of them excommunicated by Mr. Jeffs — are testifying for the prosecution regarding sect members' sexual conduct with under-age wives.

A judge in Utah has appointed an outsider as fiduciary, given the power to oversee church lands that Mr. Jeffs once controlled through a trust.

"Warren has told them to do nothing, say nothing and sign nothing with the fiduciary," said Bruce R. Wisan, the fiduciary, an accountant in Salt Lake City who was appointed last year.

Mr. Wisan — echoing comments by law enforcement officials in Utah and Arizona — said he doubted Mr. Jeffs had even established enough of a structure to lead the church towns in his absence.

"Warren has got such a control over the people, and seems to be such a dictatorial or control-type individual, I have a hard time believing he's got an organization in place to take over," Mr. Wisan said in a telephone interview.

One former church member in Utah said people in the sect were not sure yet what to do or think.

"It could be a relief to some of the people, or they could feel they're under siege and hunker down," said the man, who spoke on condition of anonymity because he is working with outsiders and feared that his effectiveness in the community would be compromised. "For now, it's very quiet."

Legal intrusion into the world of polygamy has had its own rocky history. Federal officials cracked down on the Mormon church — the Church of Jesus Christ of Latter-day Saints — in the late 1800's until it abolished polygamy in 1890. In 1953, Arizona officials led a raid against the fundamentalist offshoot that law enforcement officials now regard as a disaster because of the acrimony and mistrust it engendered.

After years of reluctance to prosecute the church members, Utah and Arizona have reinvigorated the level and number of prosecutions in the last few years. They have dealt with crimes associated with polygamy, like sexual contact with minors, but not bigamy itself.

Legal scholars say the crackdown came in part because mainstream Mormons have grown increasingly tired of the lingering association with polygamy.

"Many contemporary Mormons complain that everybody associates them with polygamy, and in fact they're the most antipolygamy people you could meet," said Sarah Barringer Gordon, a professor at the University of Pennsylvania Law School who teaches religious history and the law of church and state.

Mr. Jeffs was arrested without a struggle, police officials said.

According to George Togliatti, the director of Nevada's Department of Public Safety, a state trooper pulled over Mr. Jeffs's red 2007 Cadillac Escalade because its temporary Colorado tag was obstructed.

The trooper thought a passenger in the Escalade resembled Mr. Jeffs, whom he had seen on the F.B.I. list. Mr. Jeffs at first gave an alias, Mr. Togliatti said, then acknowledged he was Warren Jeffs and was taken into custody just after 9 p.m. on Monday.

Steve Martinez, special agent in charge of the F.B.I.'s Las Vegas field office, said a search of the vehicle uncovered laptop computers, cellphones, the wigs and $50,000.

Fate Of Polygamy Sect Unclear As Leader Held (USAT)

By Dennis Wagner, Usa Today

USA Today, August 30, 2006

The arrest of Warren Steed Jeffs late Monday represents a turning point in efforts to bring the polygamist sect he leads under "the rule of law," authorities said, but it remains unclear how his prosecution will affect followers of the Fundamentalist Church of Jesus Christ of Latter Day Saints.

Jeffs, 50, was taken into custody late Monday by FBI agents after a traffic stop on Interstate 15 north of Las Vegas.

Jeffs is president and so-called prophet of the FLDS, which has polygamous communities in Arizona, Utah, Texas and Canada. The FLDS is not affiliated with the mainstream Mormon faith.

Jeffs is wanted in Arizona and Utah on felony sex charges in connection with polygamous marriages involving minor girls.

"Capturing Warren Jeffs is not the end of the story by any means," said Arizona Attorney General Terry Goddard. "The most important point is proving to everyone that Warren Jeffs couldn't flaunt the rule of law."

The FBI had placed Jeffs on the bureau's list of the 10 most wanted fugitives in May and offered a $100,000 reward. In June, FBI Director Robert Mueller said Jeffs belonged on the list because he preys on children.

John Lewis, special agent in charge of the Phoenix FBI office, said Jeffs and one of his wives, Naomi, were passengers in a red 2007 Cadillac Escalade that was pulled over by Nevada troopers. Highway Patrol Trooper Kevin Honea said the vehicle had a temporary Colorado tag that wasn't easily readable. Jeffs' brother, Isaac, was behind the wheel.

After obtaining conflicting statements from the trio, Lewis said, officers got permission to search the SUV. They found more than $54,000, 15 cellphones, four portable radios, three wigs, numerous sunglasses, a duffle bag of envelopes, laptop computers, a Global Positioning System device, a police scanner and cash cards worth $10,000.

Lewis said Jeffs at first gave a false name but identified himself correctly after an FBI agent arrived. He was booked for unlawful flight.

Former church members suggested Jeff's arrest might increase his status.

"They believe strongly in … the one-man doctrine," Merril Stubbs, 29, a former member, said, "and, as long as he's alive, Warren Jeffs is the man."

"He's going to be a martyr, " agreed Brigham Fischer, 33, another FLDS exile who now lives in Macon, Ga.

Fugitive Polygamist Cult Leader Caught Near Las Vegas (LAT)

By Don Woutat And Richard B. Schmitt

The Los Angeles Times, August 30, 2006

LAS VEGAS — Warren Steed Jeffs, the leader of a polygamist church who was on the FBI's 10 most-wanted list, was arrested near Las Vegas after authorities pulled over a vehicle he was riding in and found three wigs, a large number of cell phones, laptop computers and more than $50,000 in cash, it was announced today.

Jeffs, 50, was stopped shortly after 9 p.m. Monday after a Nevada state trooper could not see any registration or license plate on the 2007 red Cadillac Escalade in which Jeffs was a passenger. The vehicle was northbound on Interstate 15 in southern Nevada. The driver was identified as Isaac Jeffs, 32, described by police as a brother of the fugitive.

The initial responses to the trooper's questions were "inconsistent," and he called for backup. It was unclear how the trooper suspected that Jeffs was in the car. A computer failure prevented authorities from immediately tracing the vehicle, Nevada state officials said. The SUV turned out to carry temporary registration from Colorado.

The state troopers contacted the FBI and agents dispatched to the scene made the arrest. Jeffs initially used an alias to identify himself, but then admitted who he was, said Steve Martinez, special agent in charge of the Las Vegas FBI field office. Martinez declined to say what alias was used.

Jeffs, who had a $100,000 reward offered for his capture, did not resist arrest, Martinez said. Isaac Jeffs and a 32-year-old woman identified as one of the fugitive's wives, also traveling in the vehicle, were released without charge after authorities in Arizona and Utah indicated that they would not pursue charges against them for harboring a fugitive.

Inside the SUV, authorities found a "large number" of cell phones and laptop computers, three wigs and more than $50,000 in cash, Martinez said. No weapons were found, he said.

Jeffs was being held at the Clark County Detention Center in Las Vegas on a federal warrant for flight to avoid prosecution. The main charges against Jeffs were pending by the states of Arizona and Utah, and it has not been decided in which state Jeffs

would face the initial charges, including two counts of rape as an accomplice in Utah. He faces widespread sexual abuse and civil rights violations.

Jeffs has been accused of repeatedly raping his nephew, Brent Jeffs, who was then 5 years old, in Utah. Now 23, Brent Jeffs filed a lawsuit in 2004, saying his uncle is believed to have molested other children.

Moreover, Jeffs was charged in April with rape in Washington County, Utah for allegedly encouraging a man to have sex with his underage wife without her consent.

Growing up, Jeffs was raised in the Fundamentalist Church of Jesus Christ of Latter-day Saints in Salt Lake City, an offshoot of Mormonism. He was a teacher and later principal of the sect's Alta Academy. Jeffs ascended to leader of the 10,000-member secretive sect when his father, the FLDS prophet Rulon Jeffs, died and the younger Jeffs claimed he was sent by God as a prophet, which no one disputed.

Members learn they cannot reach the highest levels of heaven without at least three wives. Women, or often girls, are "gifted" to men by the prophet, who is seen as revealing God's plan.

With most of the followers in Arizona and Utah, former members of the group, as well as state investigators, describe it as a tyrannical theocracy. Jeffs, known for wearing a white shirt and jacket, frequently issued edicts.

Certain "missionaries" were sent door to door to see whether people were engaging in forbidden acts, such as listening to music or watching television. Competitive sports were banned because he thought they bred pride.

Members lived largely rent-free, but were at the church's mercy. They were required to tithe 10% of their income and, in addition, give $1,000 per month, per family, witnesses said, as Jeffs' calls for money "to build up the kingdom" increased.

During public meetings, he had wheelbarrows placed at the podiums for members to put their cash donations as he harped on themes of absolute obedience. The only way for women to be happy, he said, according to transcripts of a 1995 lecture to students, was to "let her husband, a faithful man, rule over her."

At times, people were thrown out of their church-owned homes or the family of one man was given to another, usually without explanation. Jeffs directed people to write endless letters of repentance letters confessing their sins. Those letters, many believe, were used for blackmail or to gather intelligence about his rivals.

Jeffs equipped his compound in Hildale, Utah with a huge wall and state-of-the-art surveillance equipment. He often traveled in convoys of SUVs with armed bodyguards, but authorities said on Monday night Jeffs was unarmed and traveling without weapons, traveling quietly and trying to avoid detection.

An FBI spokesman in Washington said today that Nevada state troopers called the FBI Las Vegas office after making the initial stop.

"One or both troopers had an idea this was Jeffs," an FBI spokesman said of the fugitive who was placed on the most wanted list in May. "They detained him and called the local FBI office. As soon as the agents arrived, he readily admitted he was Jeffs."

He was then taken to the Vegas FBI office. "He submitted to having fingerprints taken and signed his true name to the fingerprint card."

"It was a routine traffic stop … and the troopers acted on it," the spokesman said.

Times staff writers Woutat reported from Las Vegas; Schmitt from Washington, D.C. Times staff writers David Kelley and Gary Cohn also contributed to this report.

Polygamist Sect Leader Is Arrested In Nevada (WSJ)

A Wall Street Journal Online News Roundup

The Wall Street Journal, August 30, 2006

LAS VEGAS -- The fugitive leader of a polygamist religious sect who was on the Federal Bureau of Investigation's 10 Most Wanted List has been arrested in southern Nevada.

Warren Steed Jeffs, 50 years old, was taken into custody after he and two other people were pulled over late Monday by a Nevada Highway Patrol trooper on Interstate 15 just north of Las Vegas, FBI spokesman David Staretz said.

DOJ_NMG_0055542

The leader of the Fundamentalist Church of Jesus Christ of Latter-day Saints was wanted in Utah and Arizona on suspicion of sexual misconduct for allegedly arranging marriages between underage girls and older men.

He assumed leadership of the sect in 2002 after the death of his 98-year-old father, Rulon Jeffs, who had 65 children by several women. Mr. Jeffs took nearly all his father's widows as his own wives. He is said to have at least 40 wives and nearly 60 children.

Since May, Jeffs has been on the FBI's Ten Most Wanted list, with a $100,000 reward offered for information leading to his capture.

He was indicted in June on an Arizona charge of arranging a marriage between a 16-year-old girl and a married man, and unlawful flight to avoid prosecution. He is charged in Utah with two felony counts of rape as an accomplice, for allegedly arranging the marriage of a teenage girl to an older man in Nevada.

The other two people in the vehicle were identified as one of Mr. Jeffs's wives, Naomi Jeffs, and a brother, Isaac Steve Jeffs, both 32, Mr. Staretz said. They were being interviewed by the FBI in Las Vegas but weren't arrested.

Mr. Jeffs was in federal custody in Las Vegas pending a court hearing on a federal charge of unlawful flight to avoid prosecution.

The FLDS Church split from the Church of Jesus Christ of Latter-day Saints when the mainstream Mormon Church disavowed plural marriage more than 100 years ago.

Legal Affairs Polygamist Church Leader Arrested In Nevada (NPR)

By Howard Berkes

NPR's All Things Considered, August 30, 2006

Warren Steed Jeffs, 50, is shown in this December 2005 photo supplied by a member of his FLDS church in Hildale, Utah. AP

All Things Considered, August 29, 2006 · The leader of the nation's largest and most controversial polygamist group is now in police custody in Las Vegas. Warren Jeffs had been on the FBI's list of 10 most-wanted fugitives, charged with facilitating polygamous marriages involving under-age girls.

Jeffs, who leads the Fundamentalist Church of Jesus Christ of Latter-day Saints, has more than 6,000 followers, most of whom believe their leader is a prophet of God. But Jeffs faces charges in Arizona and Utah.

Detained outside of Las Vegas Monday night, Jeffs was determined to avoid capture, judging by the list of items found in the red Cadillac Escalade he was driving.

George Tagliotti of the Nevada Highway Patrol says that the car contained "everything from a large number of cellular telephones, laptop computers, three wigs" to "in excess of $50,000 in cash."

Also found were sunglasses, portable radios, police scanners and unopened envelopes believed to contain cash contributions from his followers.

Jeffs had been the subject of an episode of the TV show America's Most Wanted. The reward for his capture had reached $100,000.

But it was a routine traffic stop, triggered by a temporary license tag, that transformed Jeffs from fugitive to defendant.

Jeffs is said to promote a brand of polygamy that involves underage girls -- some as young as 13, according to former members of his group. They are allegedly assigned to men decades older, who may already have other wives.

Jeffs is accused in Utah of rape as an accomplice, for facilitating under-aged marriages. He faces a similar charge in Arizona, which is also prosecuting eight of his followers.

FBI's 'most Wanted' Polygamist Arrested In US (IND)

By Andrew Buncombe In Washington

The Independent, August 30, 2006

The leader of a notorious polygamist cult and one of the FBI's most wanted fugitives was behind bars last night after being pulled over in a routine stop by a patrol officer in Nevada.

Warren Jeffs, leader of the Fundamentalist Church of Jesus Christ of Latter-day Saints, was wanted in Utah and Arizona on suspicion of arranging marriages between men and underage girls.

In May, authorities offered a $100,000 (£52,000) reward for information leading to his arrest.

On its website, the FBI yesterday posted a "captured" notice under the picture of Mr Jeffs, who is listed alongside the likes Osama Bin Laden and a series of other criminals who face accusations of murder.

An FBI spokesman, David Staretz, said that Mr Jeffs was taken into custody on Monday evening after he and two other people were pulled over north of Las Vegas. The other two people in the vehicle were identified as one of Mr Jeffs' wives, Naomi, and a brother, Isaac, said Mr Staretz. They were being interviewed by the FBI in Las Vegas but have not been arrested.

Mr Jeffs had been on the run for two years. In that time he had been able to establish compounds in Colorado, South Dakota and Texas. It is estimated that he performed scores of marriage ceremonies in his role as a self-styled prophet or "speaker of God's will" and he reputedly has as many as 80 wives of his own.

His followers are not permitted to have books, newspapers or television and they are told that much of the outside world is evil.

Mr Jeffs was indicted in June on a charge filed in Arizona of arranging a marriage between a 16-year-old girl and a married man, and taking flight to avoid prosecution. He faces two similar charges in Utah.

Kevin Honea, a Nevada State trooper, yesterday told CNN that Mr Jeffs was stopped during a routine patrol and checked for a temporary registration violation. The patrolman who stopped Mr Jeffs apparently recognised him and Mr Jeffs confirmed his identity.

Mr Jeffs became leader of his church - consisting of about 10,000 followers - in 2002 following the death of his father, Rulon Jeffs, who had previously led the group, which split from the mainstream Mormon church or Church of Jesus Christ of Latter-day Saints around a century ago when that church disavowed polygamy.

One of his first statements following his father's death was: "I won't say much, but I will say this - hands off my father's wives." He subsequently went on to marry many of his father's 75 or so wives.

The church has its headquarters on the Utah-Arizona border and has long been the focus of allegations that members are forced to obtain a supply of young brides for older members of the group - something that has also resulted in the banishment of younger male members.

Mormon 'prophet' Is Arrested (DAILYT)

By Harry Mount In New York

The Daily Telegraph, August 30, 2006

The self-proclaimed "prophet" of a notorious Mormon sect has been arrested after a year on the run evading sexual assault charges.

Warren Jeffs, 50, leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints, was classified as armed and dangerous by the FBI.

Warren Jeffs

He was caught during a routine traffic check by highway patrolmen near Las Vegas in Nevada.

Jeffs, whose sect practises polygamy and has an estimated 10,000 members, is rumoured to have as many 80 wives and 250 children.

He has been on the run after being charged with sexual assault on a minor, conspiracy to commit sexual conduct with a minor by arranging a marriage and being an accomplice in a rape. The FBI alleges that Jeffs used his position to lure young girls into sex and arrange countless marriages.

Jeffs controlled almost all the land in Colorado City and Hildale, Utah, as part of a trust estimated to be worth more than £50 million.

When his father, Rulon, died in 2002, Jeffs promptly married all but two of his 24 wives.

Fugitive Mormon Leader's Reign Of Fear Ended By Traffic Violation (GUARD)

By Julian Borger In Washington

The Guardian, August 30, 2006

Warren Jeffs led the FLDS, a fundamentalist sect based on the Utah-Arizona border. Photograph: AP

Warren Jeffs, the fugitive leader of a fanatical polygamous sect and one of the FBI's most wanted men, had told his 10,000 followers he would never be taken alive. His words raised fears that he might try to conclude his fearsome reign in a blaze of glory. But the end, when it came, was far more mundane.

After three years on the run, his red Cadillac was pulled over just north of Las Vegas late on Monday night by a traffic police officer who noticed his licence plate was not fully visible.

Article continues

The chance arrest brings to an end one of the stranger chapters in the modern history of the American west. For the past four years Mr Jeffs has run the Fundamentalist Church of Jesus Christ of Latter Day Saints (known as the FLDS) like the feudal chief of a polygamous tribe from a string of fortified compounds almost entirely outside the reach of state law, which prohibits polygamy.

The law officers who have spent the past few years trying to track him down were elated yesterday, and relieved that the hunt did not end like the fiery siege of another sect, the Branch Davidians, in their compound in Waco 13 years ago.

"It was just luck. It was a cop doing his job, and noticing that the tags on his car were hidden, and he did a routine stop," Mark Shurtleff, the Utah attorney general, told the Guardian yesterday.

"The good news is that Jeffs wasn't driving with his bodyguards. He was just with his wife and brother. If we had had ultimately to go into his compound on probable cause he was there, the outcome could have been much worse."

Culture of abuse

Mr Jeffs is wanted in Utah on charges of being an accomplice to rape for forcing an underage girl to marry an older man. He has been indicted for a similar offence in Arizona. But those formal charges are widely seen as being the tip of a particularly unpleasant iceberg.

Under Mr Jeffs' reign, a culture of abuse thrived at the FLDS. The fundamentalist sect broke away from the mainstream Mormon church in 1890 when it renounced polygamy. Warren Jeffs formally inherited command from his father, Rulon, in 2002 but he had run it for several years before. In that time, hundreds of teenage girls were allegedly shared out among Mr Jeffs and his male lieutenants. The 50-year-old leader is reported to have fathered more than 50 children by 40 wives.

Young boys, seen as potential sexual rivals to the elders, were driven outside the church's main settlement on the Utah-Arizona border and abandoned. Twenty church members who rebelled against Mr Jeffs' leadership were thrown out of the sect in 2004, and their wives and children were redistributed among the other men.

Jon Krakauer, who wrote a book on Mormon fundamentalism called Under the Banner of Heaven described Mr Jeffs as "a tall, bony man with a bulging Adam's apple, a high-pitched voice, and a frightening sense of his own perfection in the eyes of God".

Every FLDS member had to abide by an elaborate set of rules. No television, newspapers or outside influences were allowed. Long underwear had to be worn even in the ferocious heat of summer, and female members had to wear old-fashioned long gingham dresses. Children were taught to believe that Mr Jeffs was divinely ordained and infallible.

"What we hope the arrest will do is send a message to the people who lived under his thumb that he is not above the law, not protected by God, and we hope that will encourage more witnesses to come forward," Mr Shurtleff said. "Now I guess if God is protecting him he can do it in court."

Margaret Cooke, a former FLDS member, who still has relatives in the sect, said: "It makes me happy he's not in direct power any more, and I hope one day my daughters down there will see that he is not this great person.

"I feel bad that they believe in someone who is so evil ... He tears families apart and tells people how to live. He's taken innocent lives and pretended he was God and ruled over them. His crimes are against humanity - his people."

Arizona's attorney general, Terry Goddard, hailed the arrest on local radio as: "The beginning of the end of ... the tyrannical rule of a small group of people over the practically 10,000 followers of the FLDS sect."

Brainwashed

Ms Cooke was not so sure. "It doesn't change a whole lot because they are pretty stubborn people and they're pretty brainwashed," she said.

Vicky Prunty, who runs a support group for abuse victims in Salt Lake City called Tapestry against Polygamy, agreed: "This is not the end to the mindset of the cult. There are many Warren Jeffs out there. Many of the members will become splinter groups, but this is a start.

"It is a good day because it will cause his people to maybe think for themselves. When a leader is put behind bars and they don't see the bars are loosened it gives them reason to think."

'Prophet' Nicked By Cops (SUN)

By Emily Smith

The Sun, August 30, 2006

A CULT leader who has 80 wives and 250 children was arrested yesterday after a year on the FBI's "Most Wanted" list.

Sex-mad, self-proclaimed prophet Warren Jeffs, 50, was collared outside Las Vegas after going on the run with a £30,000 reward on his head.

The head of the Fundamentalist Church of Jesus Christ of Latter Day Saints had been charged with arranging marriages between girls as young as 12 and older men.

The polygamist — who believes a man must have at least three wives to get into heaven — fled in June 2005 and was among the FBI's ten most wanted men.

Jeffs was arrested after a cop recognised him during a traffic patrol. His arrest was hailed as a major blow to his cult, a breakaway group from the mainstream Latter Day Saints church, or Mormons.

Home ... leader's Utah mansion

Jeffs' followers, who number up to 11,000, are said to run whole towns in the Mormon-dominated state of Utah and recently set up a new compound in Texas.

Sex crime expert John Llwellyn last night said the arrest was "a major victory for the FBI — and a crushing defeat for his followers".

He added: "Jeffs was leader of the largest and most dangerous fundamentalist group in America. He was a vicious sexual predator."

The FBI claim Jeffs, whose church has estimated assets of £53million, used his position to lure under-age girls into sex.

Polygamous Church Leader Is Arrested (TIMES)

The Times, August 30, 2006

Las Vegas The leader of a polygamous sect has been captured three months after being put on the FBI's Most Wanted list. Warren Jeffs, 50, faces charges that he arranged marriages between underage girls and older men.

He was arrested on Monday evening just outside Las Vegas, Nevada, when his car was stopped in a routine police check. He had been on the run for more than a year, the FBI said. Police say that they found three wigs, 15 cell phones and tens of thousands of dollars in cash and gift cards in his car.

Mr Jeffs is the leader of the Fundamentalist Church of Jesus Christ of Latterday Saints, which broke away from the Mormon church a century ago. He is said to have at least 40 wives and nearly 60 children. Church dissidents say that, under his leadership, there have been hundreds of underage marriages, some involving girls as young as 13.

Most of the church's members live in Hildale, Utah, and adjoining Colorado City, Arizona, but the authorities have said that they believe Jeffs has safe houses in four other states.

Terry Goddard, the Arizona Attorney-General, told KTAR-AM radio in Phoenix that Mr Jeffs's arrest marked "the beginning of the end of . . . the tyrannical rule of a small group of people".

Mr Jeffs took over the sect in 2002 after the death of his 98-year-old father, Rulon Jeffs, who was said to have had 65 children by several women. He took nearly all his father's widows as his own wives. (AP)

Fugitive Polygamist Captured (CP)

DOJ_NMG_0055546

By Camille Bains

Canadian Press, August 30, 2006

VANCOUVER (CP) - It's too early to say whether the U.S. arrest of a polygamous leader will have an impact in Canada on an investigation into the sect's Bountiful, B.C. community, says an RCMP spokesman.

Sgt. John Ward said Warren Jeffs is not facing any charges in Canada, nor is he a suspect in the Mounties' ongoing investigation in Bountiful, where allegations of child abuse surfaced years ago. Allegations of human trafficking, involving young girls being moved across U.S. borders and into Canada so they can be married off to older men, have also come up.

Jeffs's sect is based in the state-line communities of Colorado City, Ariz. and Hildale, Utah, and he also has followers in Bountiful.

The self-proclaimed "speaker of God's will" and leader of the Fundamentalist Church of Jesus Christ of Latter-day Saints is wanted in the two states on suspicion of sexual misconduct for allegedly arranging marriages of underage girls. He is also wanted for fraud.

Ward said the Mounties' probe of Bountiful, a community south of Creston, B.C., is moving ahead.

"We are very close to being able to send a report to Crown counsel" for consideration of criminal charges, he said.

Last month, the attorneys general of B.C., Arizona and Utah met to discuss the polygamy situation in their jurisdictions.

However, any investigations into the polygamous activities of the sect have been hampered by the lack of witnesses wanting to testify.

Followers of the sect are said to be brainwashed into distrusting authorities and many of the women say they're happy sharing a husband with several other women.

Jeffs was captured Monday evening on the outskirts of Las Vegas after being on the FBI's Ten Most Wanted list since May.

Jeffs' vehicle was stopped on Interstate 15 for having a temporary Colorado licence tag that wasn't easily readable, FBI and Nevada Highway Patrol officials said.

State Trooper Eddie Dutchover said he felt something was amiss.

"Something was obviously wrong," Dutchover said.

"I even told him: 'You're making me nervous. Is everything OK?'"

"He said: 'Everything's fine,'" Dutchover said.

"He just stared straight ahead."

Dutchover called other officers. Even when Sgt. David Miller found letters in the car addressed to "President Warren Jeffs," Jeffs refused to give his name.

Jeffs identified himself as John Findley, using a contact lens receipt from Florida as identification.

"Once the FBI got there," Dutchover said, "he gave his full name, Warren Jeffs, and kind of gave a sigh."

Jeffs would not tell investigators where he had been hiding out but he did say "that he was being subject to what he termed religious prosecutions," said FBI agent John Lewis.

Jeffs was being held Tuesday in Clark County jail, awaiting a court hearing Thursday on a federal charge of unlawful flight to avoid prosecution.

Two people travelling with him, wife Naomi Jeffs and a brother, Isaac Steed Jeffs, both 32, were released and will not be charged, FBI agent Steven Martinez said. Martinez said Warren Jeffs initially used an alias but Martinez would not disclose the name.

Authorities said Jeffs was found with cellphones, laptop computers, wigs and more than $50,000 US in cash when he was captured.

Debbie Palmer, a woman who left Bountiful and has written of her experience, said Tuesday she doubted the arrest would result in other women leaving the sect.

"I'd be surprised if it does because he's been preparing for this (his arrest) one way or another for months and months," Palmer, who now lives in Prince Albert, Sask., reported.

"I've got nieces and sisters that are in some of those compounds in the States and in Canada. I cannot see his arrest helping us get to them."

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Members of the community in Bountiful are divided between those who follow Jeffs and those who follow his rival, Winston Blackmore.

The Church of Jesus Christ of Latter-day Saints, or the Mormon church, renounced polygamy in 1890, and the FDLS split from it. The Mormon church excommunicates members found to be practising polygamy.

Prosecutors In Colorado Defend Karr Arrest (WP)

By T.r. Reid

The Washington Post, August 30, 2006

BOULDER, Colo., Aug. 29 -- Prosecutors said Tuesday that they pursued the now-collapsed case against John Mark Karr in the JonBenet Ramsey murder mystery because of his graphic e-mails about the 1996 killing and because Karr was targeting a 5-year-old girl at the elementary school where he taught this summer in Thailand.

Speaking with reporters a day after announcing she would not bring criminal charges against Karr, Boulder County District Attorney Mary Lacy said that investigators had followed him for at least a few days in Thailand, secretly listening to his telephone conversations and surreptitiously trying to take DNA samples that might link him to JonBenet's killing. Those samples proved unreliable, Lacy said, but while Karr was being followed investigators and police in Thailand became concerned over his interest in a girl who was to be a student in his class in Bangkok.

That concern prompted Thai police to expel Karr, 41, from the country and Boulder prosecutors to bring him to Colorado before they had completed their investigation.

"We felt we could not ignore this," she said. "We had to follow it. There was a real public safety concern here directed at a particular child."

Lacy met with reporters Tuesday amid growing criticism, including a toughly worded attack by Colorado Gov. Bill Owens (R), over her handling of the case. The prosecutor said she would not resign. When her second term as district attorney ends in 2009, she must leave office under a term-limits law.

She calmly said at a news conference that her office "did a good job" in arresting Karr. She said the governor and other critics should "put yourself in our spot: Would you have considered [the risk of] flight and the safety of a child appropriate?"

Lacy said investigators will continue to probe the unsolved murder of the 6-year-old child pageant star, a case that became a media obsession when JonBenet was found beaten and strangled in the basement of her family's Boulder home the day after Christmas in 1996.

Although he will not be charged in JonBenet's death, Karr remained in a Boulder jail cell pending extradition to Sonoma County, Calif., on misdemeanor charges of possessing child pornography.

On Tuesday, a district court judge in Boulder ordered Karr sent to California by Sept. 13, saying he had violated terms of his bond in that state by failing to show up for a hearing on the pornography charges. If convicted, Karr could get a year in prison on each count.

Meanwhile, Lacy laid out a more detailed scenario on how and why she felt Karr needed to be taken into custody for questioning.

Lacy told reporters that in May she became aware of Karr, though she only knew him as "Daxis" -- the name he used in e-mails that he had been exchanging for four years with Michael Tracey, a University of Colorado journalism professor. In those messages, and in 11 telephone conversations secretly taped by investigators this summer, Karr repeatedly said he had an "intimate love affair" with JonBenet and killed her accidentally after a sexual encounter.

He also suggested that he could sell the movie rights to his story for a large sum.

At some point during the communications, Karr became suspicious.

"Why don't you send me a photo if you want me to know what you look like?" Tracey said to Karr in a May telephone conversation.

"That's a strange question," Karr replied. "It is one that a police informant would ask."

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Lacy and her assistants said Tuesday that some of Karr's descriptions of the killing were not accurate. Still, the prosecutors moved against Karr in part because his own belief in his guilt was convincing, particularly in telephone calls to Tracey in recent weeks.

"He had the psychopathy, the background you would expect of someone involved in this kind of crime," Lacy said. In phone conversations, the prosecutor said, "the man is sobbing, sobbing, as he tells his story" of killing JonBenet.

About two weeks ago, prosecutors, working through Tracey, offered to send "Daxis" a photo of JonBenet at a beauty contest. He accepted, and gave an address at a mail drop in Thailand. Thai police staked out the mail office and began following Karr as soon as he picked up the package.

While he was under surveillance, Lacy said, authorities took DNA samples from Karr's bicycle, a drinking cup and a napkin he used. But they did not obtain a reliable sample.

When Thai officials noted Karr's pursuit of the 5-year-old girl, they declared him an "undesirable person" and expelled him from the country, said Boulder County investigator Tom Bennett. Lacy then decided that an investigator from her office would travel with Karr when he left Thailand. As soon as Karr's plane arrived in Los Angeles, she said, he was arrested in the JonBenet case.

For security reasons, Lacy said, the district attorney bought Karr and the investigator business-class seats on the Thai Airways flight. Karr was given standard business-class amenities, including champagne and a gourmet meal.

District Attorney Defends Arrest In JonBenet Case (WT)

By Valerie Richardson

The Washington Times, August 30, 2006

BOULDER, Colo. -- Boulder County District Attorney Mary Lacy yesterday offered no apologies and said she had no regrets for arresting the wrong man in the JonBenet Ramsey murder case.

At an invitation-only press conference yesterday, Mrs. Lacy defended her decision to bring John Mark Karr from Thailand to Boulder, despite the lack of evidence against him, saying she would make the same decision again.

She also said prosecutors did everything they could to investigate Karr in Thailand, including obtaining surreptitious DNA samples from his bicycle's handle, drinking cup and discarded tissue.

"The decisions were mine," she said. "The responsibility is mine. I should be held accountable for all decisions made in this case."

Karr, 41, was arrested Aug. 16 in Bangkok and flown to Boulder after confessing to the 1996 slaying. Many legal analysts said they assumed Mrs. Lacy had more than Karr's confession to back the arrest, but she acknowledged yesterday that she didn't.

Mrs. Lacy announced Monday that she was dropping the case after Karr's DNA failed to match samples discovered on JonBenet's body at the crime scene.

She said yesterday she no longer thinks Karr killed JonBenet.

Also yesterday, District Judge Roxanne Bailin ordered Karr sent by Sept. 13 to Sonoma County, Calif., where he is wanted as a fugitive on five misdemeanor counts of child pornography possession. Karr fled the U.S. in 2001 to avoid a hearing on those charges, scratching out a living as a schoolteacher in Europe and Southeast Asia.

Mrs. Lacy rejected calls for her resignation, which mounted on Denver talk-radio stations Monday immediately after the case against Karr imploded. Some legal analysts defended her decisions, saying she had little choice. Investigators say Karr already had singled out a girl at the Bangkok school where he worked.

"I'm definitely in the camp of 'Give her a break,'" said Denver legal analyst Scott Robinson. "[Karr] had identified a specific girl he planned to swoop on. ... [Mrs. Lacy] did absolutely the right thing."

Boulder prosecutors zeroed in on Karr in May after University of Colorado journalism professor Michael Tracey produced e-mails from Karr confessing to the crime and revealing his obsession with the details of the case.

Karr also confessed to a California woman in taped phone conversations from 2001. It was based on those confessions that Boulder prosecutors pursued Karr, they said yesterday.

DOJ_NMG_0055549

Boulder Detective Mark Spray, who flew to Bangkok a week before the arrest, secretly obtained several DNA samples from Karr and shipped them to Boulder. But officials at the Denver crime lab said the samples were not sufficiently pure to determine whether they matched DNA found at the crime scene, leading Mrs. Lacy to issue the arrest warrant.

Before flying him back to the U.S., Detective Spray asked Karr several times to provide a saliva sample for DNA testing, but Karr refused.

Boulder D.A. Defends Karr Arrest (LAT)

By Nicholas Riccardi And Stephanie Simon

The Los Angeles Times, August 30, 2006

BOULDER, Colo. — The governor has ridiculed her, former colleagues have criticized her and constituents have demanded that she be tarred and feathered — or at least run out of town.

But Boulder County District Atty. Mary Lacy today defended her decision to arrest John Mark Karr on suspicion of killing 6-year-old JonBenet Ramsey, although Lacy had no evidence to go on other than Karr's repeated confessions to a journalism professor he had contacted by e-mail and phone.

Those confessions were lurid but not always accurate or telling. For instance, Karr claimed to have suspended JonBenet by her wrists as he slowly choked her for his sexual pleasure, but the autopsy noted no marks on the girl's wrists. He also said he took JonBenet's "knickers" as a souvenir, but offered no proof or description of the underwear.

Still, Lacy said, she deemed Karr credible, in part because he was truthful when discussing other aspects of his life and in part because she mistakenly believed that he had disclosed information only the killer would know. Those details, such as a description of JonBenet's gold bracelet, turned out to be in the publicly available autopsy report.

The case against Karr collapsed Saturday morning when tests showed that he was not the source of unidentified DNA found mixed with a drop of JonBenet's blood at the crime scene. Lacy kept that information quiet for two days while she contacted JonBenet's father, John Ramsey, and the journalism professor who had kept up a four-year correspondence with Karr. On Monday, she formally dropped the case against the 41-year-old teacher.

Ever since Karr's arrest in Thailand two weeks ago — which Lacy followed with a news conference in Boulder — critics have suggested that she could have found much quieter ways to detain her suspect while evidence was gathered.

For example, Karr was facing child pornography charges in California that dated to 2001. That to many seemed to offer an ideal way to get Karr in custody without publicly linking him to JonBenet's murder.

Lacy said today that such a course was not feasible. Picking him up on a federal charge of fleeing prosecution in a 5-year-old misdemeanor case would not only have been highly unusual, but also costly and time-consuming. Authorities would have had to work through international treaties, attend extradition hearings and pay to translate every document into Thai, she said.

Instead, she picked Karr up on a sealed arrest warrant and flew him to Los Angeles and then to Boulder, accompanied by an investigator from her office. She estimated the total public cost of the investigation at about $13,000.

"Every one of you here knows that hindsight is 20/20, and you know after the game is over it's easy to criticize what people have done and what decisions have been made," Lacy said. "[But] we didn't go into any of this without talking and thinking about it."

As for why she moved so quickly to arrest Karr — rather than keeping him under surveillance while she investigated his claims — Lacy said her hand was forced. Once she shared Karr's e-mails with Thai authorities, the government in Bangkok designated him "an undesirable person" and would have expelled him within days, she said. What's more, she said, Karr had begun to lavish attention on a 5-year-old girl who featured heavily in his e-mailed fantasies.

"All I ask is, before you become judgmental, place yourself in our position," Lacy said. "Would you have behaved differently?"

Prosecutor Defends Actions After Ramsey Case Falls Apart (NYT)

By Mindy Sink

The New York Times, August 30, 2006

DOJ_NMG_0055550

BOULDER, Colo., Aug. 29 — District Attorney Mary T. Lacy on Tuesday defended her decision to send her investigators halfway around the globe to arrest a man in the 1996 murder of JonBenet Ramsey, despite the disclosure Monday that DNA tests did not link him to the killing.

"Every one of you here knows that hindsight is 20/20 and that after the game is over it's easy to criticize what people have done and what decisions have been made," Ms. Lacy said at a news conference on Tuesday morning, two weeks after a similar gathering she called to announce the arrest in Bangkok of the man, John M. Karr, a 41-year-old teacher who had jumped bail after serving six months in California on a 2001 child pornography charge.

Since 2002, Mr. Karr, a twice-divorced father of three sons, had engaged in a bizarre series of e-mail messages with a journalism professor at the University of Colorado, Michael Tracey, in which he told Mr. Tracey that he was a pedophile who preferred to be romantically and sexually involved with 6-year-old girls. He also said that he loved JonBenet, a beauty pageant contestant, but killed her accidentally by leaving a garrote around her neck longer than planned and then striking her on the head.

Mr. Karr was taken into custody at his apartment in Bangkok on Aug. 16, an arrest that generated almost as much news media attention as did JonBenet's killing at her family's home in Boulder on Dec. 26, 1996. Mr. Tracey had alerted the district attorney's office to the e-mail messages in April.

Ms. Lacy is facing a storm of criticism from scores of local residents who have been calling her and sending her e-mail messages to tell her she should be "tarred and feathered." Gov. Bill Owens, a Republican, said that she should be "held responsible for the most expensive DNA test in Colorado history."

Ms. Lacy estimated the cost of Mr. Karr's arrest at just under $10,000, which did not include his incarceration. But at the news conference on Tuesday, the district attorney and her investigators emphasized that they were not looking to make excuses, but to explain how the case against Mr. Karr unfolded and collapsed.

"I want to make it absolutely clear up front the decisions were mine, the responsibility is mine, and I should be held accountable for all decisions in this case," Ms. Lacy said.

"We had probable cause to arrest him," she said, including Mr. Karr's own words in the e-mail messages and subsequent telephone calls to Mr. Tracey, and in statements to reporters in Thailand in which he said he was with JonBenet when she died, but that her death was an accident.

Ms. Lacy also said that concern for the safety of other children contributed to the urgency of the arrest of Mr. Karr, who had had been working as a teacher of young children in Bangkok.

In addition, she said that surreptitious efforts to obtain Mr. Karr's DNA before his arrest led to "mixed samples" that were unusable, and that his consent and a court order were needed to get a sample from him for an accurate test.

As soon as Mr. Karr was arrested, she said, "we checked credit cards and financial records to see if we could establish that he was in Boulder in 1996 and while we couldn't establish he was, we couldn't establish he wasn't, either."

Interviews with relatives and checks of family photographs did not show definitively that Mr. Karr was with his family in Georgia or Alabama at the time of the crime: Dec. 25 and 26, 1996. But neither did they prove that he was in Boulder, and when the DNA tests came back negative, the case fell apart.

Mr. Lacy said Mr. Karr "sincerely believes that he killed JonBenet Ramsey" but her office is now certain he did not.

The Associated Press reported that at an extradition hearing here Tuesday afternoon Mr. Karr's lawyers argued that he should not be sent back to California to face child pornography charges in Sonoma County dating from 2001. But District Judge Roxanne Bailin in Boulder ordered that Mr. Karr be sent to California by Sept. 13.

Mr. Karr's detailed knowledge of the Ramsey case illustrates how difficult it may be to successfully prosecute someone for her killing.

"As far as we can tell, there is no physical evidence in this case that has not been in the public domain," Ms. Lacy said Tuesday. "The ability of our office, or any law enforcement, to connect this crime to a person based on something they know about it that no one else knows was gone a long time ago."

Trip DeMuth, the original prosecutor assigned to the Ramsey case, said Tuesday that while he disagreed with Ms. Lacy's handling of Mr. Karr, there was no benefit on dwelling on it.

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"I hope we don't get hung up on mistakes that were made and whether she acted right or the prosecution acted wrong," Mr. DeMuth said. "That just runs the risk of damaging the case. We just have to get past this whole incident with John Mark Karr and continue going forward with the investigation."

Ms. Lacy was not getting much support from local residents interviewed here Tuesday.

"It's an embarrassment to the city," said John Borgman, 50, who runs a hot dog stand.

Michelle Beard, who was playing with her 2-year old son downtown, questioned the arrest.

"Why spend all the money and all the hype around it and bring up old memories if nothing comes from it?" Ms. Beard said. "I don't think the district attorney is going to last very long."

Nonetheless, she said, Mr. Karr's arrest left her optimistic at first that the nearly decade-old case had been solved.

"I feel like we need closure on this case," she said. "My husband thought he didn't do it, but I was hopeful."

Why Would John Mark Karr Lie About JonBenet? (CSM)

By Kris Axtman

The Christian Science Monitor, August 30, 2006

HOUSTON

After DNA testing failed to link John Mark Karr to JonBenet Ramsey's murder this week, many might wonder: Why would somebody confess to a crime they didn't commit?

Experts say, while still fairly unusual, it does happen and there are two basic reasons why: the first is fame and the second, more frequent reason, is police coercion.

"In high-profile cases, one common reason is that some people have this pathological need for attention or recognition, a desire to get their names in the newspaper," says Saul Kassin, a psychology professor at John Jay College of Criminal Justice in New York and an expert in confessions. "And this may be one of those types of cases."

Indeed, Mr. Karr, who was arrested in Bangkok, Thailand, earlier this month, appeared to enjoy the attention he was getting from all the publicity.

Six-year-old JonBenet Ramsey, a child beauty queen, was found bludgeoned to death in the basement of her Boulder, Colo., home the day after Christmas in 1996. While speculation has centered on the family for years, Karr was not the first to confess to her murder.

There have been plenty of others throughout the years who linked themselves to high-profile murders, like Ramsey's, for that same reason.

"There is a need that many of us have to be the best of the best, whether the best doctor, the best writer, or in this case, the best killer," says Ray Hays, an associate professor of psychiatry at Baylor College of Medicine in Houston. "People want to be famous, even if that means being infamous."

For instance, the 1932 kidnapping and killing of aviator Charles Lindbergh's baby led more than 200 people to falsely confess - while the man ultimately convicted of the crime, Bruno Hauptmann, maintained his innocence to his execution.

And some 500 people throughout the years have confessed to killing 22-year-old actress Elizabeth Short in 1947, known as Hollywood's "Black Dahlia" murder.

During the 1980s, Texas prisoner Henry Lee Lucas bragged about killing up to 600 people, including Teamsters boss Jimmy Hoffa. He reportedly loved the notoriety he gained from his confessions, and was given extra prison perks for doing so.

"The fact is, it's boring to be in prison," says Dr. Hays, who followed the Lucas case.

But others who admit falsely to a crime may be delusional or have some other psychological disorder, experts say. Some may have guilt over a real crime they committed or may be protecting another family member, such as a teenager confessing to protect a parent. Others may become so immersed in a case that they have confused reality with fantasy.

Karr, for example, had been studying the Ramsey case for years, writing letters of apology to the family, and corresponding with a professor who had done several documentaries on the crime.

"He was obsessed with the case," says James Alan Fox, a professor of criminal justice at Northeastern University in Boston. "But the day after his arrest, it became clear that this guy had a lot of holes in his story."

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For instance, Karr allegedly couldn't say how he knew the Ramseys, he called JonBenet's death an accident when evidence showed it was clearly not accidental, and he claimed to have had sex with her, though no semen was found on her body. Karr's family also said he was with them in either Georgia or Alabama that Christmas.

But many confession experts and psychologists are waiting to pass judgment on Karr's confession until more details about his interrogation come to light.

The most common reason for a false confession is police coercing a suspect into admitting to a crime with a long, threatening interrogation or promises of reduced sentences, experts say.

"For someone who's under stress, feels trapped, and wants out, confessing becomes almost a rational response," says Dr. Kassin. "People become very short-sighted and want to terminate that stress by any means possible."

False police-induced confessions have led almost 10 states in recent years to pass laws regarding the mandatory videotaping of the entire police interrogation process, not just the confession.

But that reform has been slow in coming and much more is needed, says Kassin.

"The problems we see in this area are just the tip of the iceberg," he says. "They continue to plague the system and, unlike the Karr case, police and prosecutors don't tend to drop those cases."

Some Say Karr Links Always Looked Flimsy (USAT)

By Richard Willing

USA Today, August 30, 2006

In the 12 frantic days between his arrest in Bangkok and his release after DNA testing in Boulder, Colo., John Mark Karr was linked to JonBenét Ramsey's slaying by his public confession, handwriting and an especially eerie connection: The letters "SBTC" found on a ransom note at the crime scene in 1996 seemed to match a phrase Karr had inscribed in a high school yearbook 23 years ago.

Until DNA testing failed to put Karr at the scene, the other evidence looked "a whole lot worse for Karr," says James Cohen, who teaches criminal law at Fordham University in New York City. "You could see it being used to try and possibly to convict someone who turns out to be a false confessor."

Some criminal law specialists say that even before the DNA test, the confession, handwriting and "SBTC" were weak links in the case against Karr, 41.

Karr's confession after his arrest in Bangkok, in which he said he was present when the child was killed and said he was not "innocent," struck some veteran detectives, prosecutors and defense lawyers as "suspect," former San Diego homicide investigator Tom Streed says.

"When a guy confesses, you're asking yourself, 'Is what he saying reasonable, is he telling you something only you and the killer know, and is he leading you to some new piece of evidence?' " says Streed, a private detective who teaches homicide investigation at San Jose State University. "With this guy, the answers were 'no, no, no.' "

Last week, Texas handwriting analyst Curtis Baggett told reporters he was "99.9%" certain that Karr had written the ransom note found at the house. Other experts disagreed, noting that Baggett had worked with copies of documents, not the originals, and the technique's accuracy is uncertain.

Handwriting analysis "is more forensic art than forensic science," says John Krebsbach, a veteran evidence analyst who is administrator of New Mexico's DNA identification system in Albuquerque. "In about 90% of the cases, anyone can look at (two handwriting) samples and get the right answer."

The initials SBTC on the Ramsey ransom note puzzled investigators. Karr's inscription in his 1983 Alabama high school yearbook "Shall Be the Conquerer" seemed to offer a clue that supported his story of being present as JonBenét Ramsey was killed.

The phrase was lifted from a longer sentence, and Karr never signed the yearbook "SBTC." Relatives of his first wife told reporters that Karr had signed letters with those initials, but they never produced any of them.

"It was always a crock," says Steven Benjamin, a Richmond, Va., defense attorney who specializes in scientific evidence.

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Handwriting analyst Baggett is standing behind his identification of Karr as the writer of the ransom note. He told the Rocky Mountain News that Karr could have been present at the crime scene without leaving DNA.

Specialists say the unanswered questions that accompany many homicide cases could keep Karr in the category of suspect, at least in the minds of some observers.

"There are always questions hanging out, things to pick at, even when a case is solved," says Streed, the former homicide detective. "If I had this guy for an hour, he'd be confessing to the Lincoln assassination. And some people would believe him."

JonBenet (WSJ)

By Dorothy Rabinowitz

The Wall Street Journal, August 30, 2006

Two days into the JonBenet Ramsey/John Karr media deluge, a mid-fortyish male in line next to me at a food shop groaned at the day's newspaper headlines. "Now," muttered this stranger -- though he wore a baseball cap with bill turned backward, which suggested a few things about him one could know right off -- ". . . now we're not going to hear about anything but this damned story for the next six weeks."

I sympathized, forbearing to tell him that it would have plenty of competition, what with the networks set to embark on round-the-clock wallowing in the Katrina anniversary. There would be other distractions to come: two kidnapped Fox News journalists forced at gunpoint to attest that they had converted to Islam -- victims who solemnly announced, upon their release on Sunday, that the 13 terrifying days of captivity they had endured should in no way discourage other journalists. On top of that, a major domestic airline disaster and 49 resulting deaths. Still, on this busiest of news days, there was plenty of room for John Karr. * * *

It wasn't till Monday's news that the suspect's DNA didn't match the genetic fingerprint found at the crime scene -- and that he would not be charged -- that the air began to go out of this strange story. Begun sensationally enough on Aug. 16, when word came that the Thai police had arrested a suspect in the Christmas 1996 murder of six-year-old JonBenet Ramsey, the story's coverage went ratcheting off the fever chart when John Karr -- the man arrested -- managed to tell reporters that JonBenet's death had been an accident, and indicated that he had been present as she died.

The general amazement at this seeming end of a haunting case didn't last long. It took only the testimony of the suspect's estranged ex-wife -- not exactly a friendly witness -- that her husband had still been married to her in 1996, had spent Christmas with the family, and could have been nowhere near Boulder at the time of JonBenet's murder, to set off the first tides of skepticism about his confession.

The growing sense that the confessor's claims were at best highly dubious only grew stronger in the next days as his family told roughly the same story, repeatedly. (In this family nobody misses Christmas.) It was, in truth, a peculiarly convincing assertion in its simplicity. A star television lineup of forensic specialists, lawyers and similar advisers in high-profile cases added their doubts that John Karr could have committed the crime. All told, a tale whose wild improbabilities were obvious -- one that seemed to violate the laws of time, space and reason itself -- had been, with few exceptions, roundly rejected. A pity -- or so some witnessing this bracing display of skepticism must have thought -- that so little of that showed itself when Americans by the score were prosecuted, convicted and carted off to do 40 or 60 years, or life in prison, on the basis of child sex abuse testimony far more obviously at odds with reality than anything in John Karr's own bizarre confession.

Which isn't to say that he didn't find believers, or that there were no supporting witnesses, with alleged evidence in support of his self-incriminating claims. All had their moment on-screen, including the handwriting analysts who provided lovingly detailed instruction in their art. One of these had little doubt, as he told the CNN audience, that John Karr had written the ransom note found at the JonBenet Ramsey crime scene. Also on hand, making the rounds of the cable news shows, was an audio tape, alleged to be of the suspect, whispering ecstatically about the joy of beholding the beautiful JonBenet, of his blissful contact with her, and the like -- a performance that bore a sharp resemblance to the sort of voice and panting sentiment to be found on standard porn films. (We cannot know, of course, whose voice that was. After a full airing of this recitative, came the network disclaimer, i.e., that it had been impossible to make independent verification of the tape's authenticity because the tape's owner demanded compensation.)

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Yet for sheer strangeness, and, as well, a memorable indicator of the media welcome afforded anyone who might offer a new nugget of information, nothing surpassed the television interview with the citizen who claimed to have seen someone resembling John Karr on a Boulder bus (presumably around Christmas) 10 years ago.

How this man happened, now, to remember a face he saw on a bus 10 years earlier, and why he did so, the imperturbable witness did not say; nor, remarkably enough, did his interviewer ask. He had little more to say, the man indicated -- just that he saw this person who looked like John Karr on that bus. Nudged to come up with something more, he allowed that he was open to information -- perhaps other people who were on that bus 10 years back, who may remember a man looking like Karr, might want to come forward. So proceeded this interview, in its madness, to a merciful conclusion.

Karr now goes off to face his misdemeanor child pornography charges, a grotesque case which -- it can come as no news -- became the instant, consuming drama it did only thanks to its seeming connection to the unforgotten, infinitely more appalling story of the murdered JonBenet Ramsey. As revolting as Karr might be -- as, indeed, his history, and the details of his fantasies of sex and accidental murder of the child, prove him to be -- little about this story can evoke the sort of revulsion that the Ramsey case did, and still does.

The passage of 10 years hasn't quite diminished the impact of those pictures of the heavily lipsticked six-year-old in eye-makeup and heels, gazing sexily into the camera in one of the beauty-queen poses her mother helped her perfect. Never had pictures of a lively and beautiful child caused so many people to want to look away, every time -- not only because the child was dead, but because to see one so tarted up was itself hard to bear. It didn't help, of course, that one's thoughts immediately following the viewing of these pictures unavoidably wandered to connections between the child's look and the cruelty that robbed her of her life.

It was not just such pictures that cast their shadow on the Ramseys once the child had been found dead by her father, a garotte (made of a cord and one of her mother's paint brushes) around her throat, her skull fractured, and, as would emerge shortly after, sexually abused. There had been the fantastic ransom letter, presumably discovered by Patsy Ramsey, the child's mother -- a two-and-a-half page message declaring the writers to be "a group of individuals that represent a small foreign faction." In language that made it altogether improbable that it had been written by extortionists -- or by anyone other than someone desperate to approximate the imagined language of such criminals -- the letter mentioned its alleged authors' respect for the Ramseys' business "but not the country it serves," then went on to demand $118,000 to be put in, yes, brown paper bags. Finally, it threatened that speaking to anyone would cause their daughter's beheading -- even if they caught the Ramseys so much as "talking to a strange dog." * * *

What ultimately caused suspicion to fall on the Ramseys, though, had to do mainly with the couple's refusal to meet with the police, after the initial interview, for months after the murder -- they did, instead, appear on the Larry King Show -- and with their instant hiring of a publicist as well as a lawyer.

In the end, no case was made against the Ramseys or any member of their family. It was impossible, during the last weeks of the John Karr drama, not to be reminded of the bitterness of this saga -- the books written, the libel suits filed and, not least, the unsolved murder. Impossible not to be reminded, too, of what the prosperous and influential Ramseys could achieve, by way of legal protection. Impossible to imagine, either, any one of those scores of accused citizens of modest means, facing investigations of child abuse filed by ambitious prosecutors, doing what the Ramseys could do -- namely, refuse to meet with police and submit to questioning other than on their own terms.

It is possible no one will ever know who killed JonBenet Ramsey. We can know, with certainty, as that case among others has proved, how much legal protection enough money can buy.

Ms. Rabinowitz is a member of The Wall Street Journal's editorial board. She is the author, most recently, of "No Crueler Tyrannies: Accusations, False Witness, and Other Terrors of Our Times" (Free Press/Wall Street Journal Books, 2003).

Sen. Cooper Pleads Not Guilty To Bank Fraud, Mail Fraud (CHATT)

The Chattanoogan, August 30, 2006

Sen. Jerry Wayne Cooper, D-Smartt, entered not guilty pleas on Tuesday afternoon on federal charges in a land deal.

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Appearing in Chattanooga before Magistrate Bill Carter, he pleaded not guilty to one count each of bank fraud, mail fraud and conspiracy to commit bank and mail fraud.

The indictment says he used his political ties while trying to sell a lumber mill he owned to Anthony and Teresa Auyer of Alabama. The Auyers were convicted earlier in the case.

Appraiser James Passons of McMinnville was also charged, but was found not guilty after a jury trial.

The trial was set for Nov. 6 before Judge Curtis Collier.

Deadline for plea bargaining is Oct. 2.

Sen. Cooper, who is represented by attorney Jerry Summers, was allowed to go free after briefly being taken into custody by marshalls.

Prosecutor Gary Humble said the 58-year-old Cooper faces up to 30 years in prison on each of the first two charges and up to five years on the conspiracy.

The indictment says Sen. Cooper was deeply in debt and trying to avoid bankruptcy. It says he was involved in a scheme to defraud Sierra West Bank.

It says he used his political influence to get Warren County and the state to agree to build a railroad spur to his lumberyard.

The indictment says he engaged an appraiser and directed him to falsely represent that a spur had already been built to the site.

It says Sen. Cooper approached "a political friend of his who was an influential person and a director of Bank Tennessee and seek to use that friend's influence to assist in obtaining a loan from Bank Tennessee." It was earlier testified that Sen. Cooper contacted Lt. Gov. John Wilder about help for a loan.

The indictment says the alleged false appraisal was used to inflate the value of the property and induce the bank to loan more than it otherwise would have.

It says he was able to obtain a loan for the Auyers and also get a $485,000 equipment loan from the state Department of Economic and Community Development.

Bank Tennessee made a loan of $1.77 million to the Auyers for the purchase of the Cooper lumberyard and pay off some debt, it was stated.

Lawmaker Pleads Not Guilty To Federal Fraud Charges (CHATTTFP)

By Brian Lazenby, Staff Writer

Chattanooga Times Free Press, August 30, 2006

State Sen. Jerry Cooper pleaded not guilty in federal court today on charges of bank fraud, mail fraud and conspiracy to commit bank and mail fraud.

Sen. Cooper, D-Smartt, is accused of inflating the value of a lumber mill he was attempting to sell by acquiring a fraudulent appraisal that falsely claimed the property contained a railroad spur.

The lawmaker used his influence to contact Lt. Gov. John Wilder, D-Mason, who co-owns BankTennessee in Collierville, Tenn., to help get a loan approved for a potential buyer, according to court testimony.

Sen. Cooper also used his influence to get money from Warren County and the Tennessee Department of Economic and Community Development for the potential buyer to build a railroad spur, but a rail spur was not built, records show.

Assistant U.S. Attorney Gary Humble said Sen. Cooper faces a maximum sentence of 30 years in prison for each of the fraud charges and up to five years for the conspiracy charge.

Sen. Cooper was released on his own recognizance after the hearing.

Senator Cooper Pleads Guilty To Federal Charges (WTVF-TV)

WTVF-TV, August 30, 2006

State Senator Jerry Cooper of Morrison pleaded guilty Tuesday in Chattanooga to federal charges in a politically linked borrowing scheme.

The 58-year-old Cooper made his first court appearance on charges of bank fraud, mail fraud and fraud conspiracy.

An August 22 indictment said Cooper was "deep in debt and trying to avoid bankruptcy" when he used political influence to help secure bank financing for a sale of his lumber mill property in Warren County to a Huntsville, Ala. businessman.

Cooper resigned Monday as chairman of the Senate's Commerce, Labor and Agriculture committee.

The buyers have pleaded guilty to several counts of fraud, conspiracy and money laundering in the case.

JAILED 'JUNIOR' A KING CON (NYPOST)

By Kati Cornell

The New York Post, August 30, 2006

Mob prince John "Junior" Gotti got the royal treatment at an upstate federal prison where a posse of jailed mobsters were at his beck and call - cooking, cleaning his cell and even doing his laundry, a prison official testified yesterday.

"He seemed to lead a pampered lifestyle," said Robert Helms, a supervisor in the intelligence unit at Ray Brook federal prison. "He wouldn't take care of his day-to-day chores like other inmates do."

During his nearly four years at the penitentiary, Helms noted that Gotti was constantly surrounded a "members and associates of organized crime" who tended to his every need.

"He rarely went to the dining hall - either inmates would bring food for him from the dining hall or cook for him," Helms said, adding that much of Gotti's grub came from the prison commissary - something most prisoners cannot afford.

"He would have his cell cleaned. He would have his laundry done by other inmates," the prison official said at Gotti's second retrial in Manhattan on racketeering charges. "Most inmates do their own."

Among the treats that Gotti could have enjoyed at the commissary are: cookies, bullion cubes, crackers, pints of ice cream, Tang, fresh fruit, Kool-Aid, powdered hot chocolate mix and peanut butter.

Assistant U.S. Attorney Miriam Rocah showed jurors photographs of a buff Gotti posing with a pal in the recreational area - sporting a tank top exposing tattooed arms - and group shots with a prison posse.

Helms said Gotti was always accompanied by a particular inmate, Michael Bolino, a reputed Colombo associate.

During cross-examination, Helms conceded that Gotti and Bolino had a common interest in working out and "spent a considerable amount of time in the weight room" together.

Helms also told defense lawyer Charles Carnesi that it is common for prisoners to hang around members of their own ethnic group while behind bars.

Helms said the prison helped the FBI record Gotti's periodic visits with three underlings and a lawyer, directing the mob scion to sit near recording devices disguised as computer jacks that had been installed in the visiting areas specifically for the investigation.

Gotti also received regular visits from his children, who typically came to the prison with mob associate Steve Dobies.

"The children would come and greet their father. Then they get antsy and want to be out and about," Helms said, adding that Gotti spent the bulk of the visits talking to Dobies.

The testimony about Gotti's life behind bars came during his third trial on racketeering charges, the most notable of which is the botched 1992 kidnapping of radio host Curtis Sliwa.

Gotti's defense lawyers yesterday issued subpoenas for Sliwa and his radio partner, civil-rights attorney Ron Kuby.

"I have been called as a hostile witness. You can't be any more hostile towards the Gottis than I am," Sliwa said yesterday.

Jurors also heard mob turncoat Michael "Mikey Scars" DiLeonardo describe how an enraged Gotti ordered the attack on Sliwa for bad-mouthing his father, "Dapper Don" John Gotti.

"John [Junior] said we were going to have to do a piece of work for the family. He wanted to give him a hospital beating," said DiLeonardo.

kati.cornell@nypost.com

Jr. Played King Con, Feds Say (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 30, 2006

DOJ_NMG_0055557

Stunning photos of a bulked-up John A. (Junior) Gotti were shown to jurors yesterday as the feds presented evidence the mob scion lived the easy life while doing hard time at an upstate New York prison.

Gotti posed with convict pals in his cellblock and in the prison yard, where the Dapper Don's son looks sweaty and buff in a sleeveless white T-shirt and bandanna, sporting what appears to be a Jesus tattoo on his right bicep.

Prosecutors displayed the pictures in Manhattan Federal Court for the first time yesterday as they tried to convince jurors that Gotti, 42, never left the Mafia as he claims - and enjoyed the trappings of a mob boss while serving a five-year hitch.

A prison official testified that fellow inmates cooked for Junior, in a scene straight out of "GoodFellas." They cleaned his cell. They even laundered his sweaty gym clothes.

"He seemed to lead a pampered life," said Lt. Robert Helms, who kept a close watch on Gotti at the Ray Brook, N.Y., federal prison from October 1999 to July 2004.

Helms added, "He wouldn't take care of his day-to-day chores like the rest of the inmates."

Helms said Gotti regularly took walks around a prison track in high-top black sneakers at a facility that housed Olympic athletes during the 1980 Winter Games in Lake Placid.

He rarely left his cell to take meals in the cafeteria with other inmates, but purchased food at a commissary and had others cook it for him, Helms testified.

Most inmates couldn't afford such luxuries, Helms added.

"He would have his cell cleaned, his laundry done," Helms said. "The rest of the inmates would do their own."

The photographs were taken by prisoners who earned money by snapping pictures and selling them to fellow inmates under a program called the Inmate Photo Project.

Apparently, prison officials stashed away a few copies for themselves.

In one photo, Gotti poses with a Rhode Island bank robber named Anthony Fiore. In others, he's seen with a barrel-chested pal named Michael Ballino and several others Helms identified as organized crime figures.

Helms said Ballino was "at [Gotti's] side at all times," suggesting that Ballino acted as his bodyguard.

But Gotti attorney Charles Carnesi countered by saying the two were just weightlifting pals.

Under questioning, Helms admitted there was nothing unusual about members of the same ethnic group hanging together in prison. "Italians may stay with Italians?" Carnesi asked.

"Yes," Helms answered.

Whatever perks he enjoyed, there seemed no question that Gotti was a model inmate.

"Was he ever disciplined for any of the pampered care you just told us about?" Carnesi asked. Helms said no.

Helms said he copied Gotti's mail and observed his visits with Howard Beach pals.

Gotti regularly scolded friend Steve Dobies, even though the 6-foot-9 former Queens College basketball player towered over him, Helms said.

"I just thought it was odd that this great big man would sit there all slumped over and appear to be scolded," Helms testified.

Gotti appeared to be aware that his visits were being recorded, Helms said. And prosecutors contend Gotti - who argues he left the mob years ago - made self-serving statements on the tapes because he knew the feds were listening.

In a July 2003 phone conversation, Gotti's mother, Victoria, cautions him about what he says in the visiting room. And in an August 2002 chat, she tells him to be careful about what he puts in his letters so that nothing is used against him.

"Take some advice," she says. "Do your time and get the hell home. ... You know what I mean. Get out. Get out."

"The day I leave here," Gotti tells his mother, "I'm gonna go out to eastern Long Island and buy a couple acres of land and never come off my property.

"I don't want nothing from nobody. I don't bother anybody. Now if they want to pick a fight with me, they are going to find a different person. This time they're going to find a more educated person, and I'm ready."

Subpoena irks 'hostile' Sliwa

Goodfella trials make for strange bedfellas.

The feds may not want Curtis Sliwa to testify for their side - but now John A. (Junior) Gotti is happy to have the radio host on his team.

Defense attorneys yesterday subpoenaed the Guardian Angels founder to testify about the June 1992 assault on Sliwa, who was attacked as he entered a cab by thugs allegedly sent by Gotti.

Sliwa, who was shot twice but survived by jumping from the speeding cab, was not thrilled to be subpoenaed by the Gotti team.

"This is like me putting on pork chop pants and walking into a den of Doberman pinschers," Sliwa said yesterday. "There could be no one more hostile to Gotti and his defense team than me."

Gotti's lawyers say their client never ordered the attack and may call Sliwa to impeach his credibility.

On cross-examination at Gotti's two previous trials, Sliwa has admitted cooking up publicity stunts to garner media attention during the early years of the Guardian Angels security patrol.

Also receiving a subpoena yesterday was Sliwa's WABC radio partner, Ron Kuby.

Kuby testified for the defense at Gotti's second trial and said Gotti told him in 1998 that he'd quit the mob.

Thomas Zambito

Accountant Is Key Witness At Third Trial For Gotti (NYT)

By Timothy Williams

The New York Times, August 30, 2006

What transpires between a wealthy man and his accountant is sometimes as brutally frank as the conversations that can take place between a man and his priest.

Except in the case of John A. Gotti, a prosperous man who, as his continuing federal racketeering trial would suggest, kept his business dealings and his accountant, Paul Tong, in two separate worlds.

For his service, Mr. Tong has received several government subpoenas, has been compelled to testify under oath, and has had his offices searched by F.B.I. agents, who confiscated his computer hard drive. And, at times, more than a few of his 150 or so lesser-known clients have become a little frightened about his connection to a man accused of being a mobster. On the other hand, Mr. Tong, who is also a lawyer, also represented Mr. Gotti when he was sent to prison in 1999 for understating income on his 1994 tax return and other crimes.

So why bother, a prosecutor asked him on the stand earlier this week.

Mr. Tong took a long pause then replied, stoically, “Mr. Gotti is a celebrity.”

Perhaps sensing that his answer seemed odd given that Mr. Gotti’s fame rests on his criminal past including a previous prison term, and that Mr. Gotti is currently accused of — among other charges — ordering the kidnapping and beating of the radio talk show host Curtis Sliwa, Mr. Tong offered a second answer. “He’s a very nice guy,” he said.

Mr. Tong’s testimony this week went, in part, like this:

“Do you know what he did to earn his paycheck?”

“No.”

“Did he supply receipts?”

“No.”

“He didn’t tell you what it was for, did he?”

“No.”

“Did he tell you he was attempting to collect money owed to his father?”

“No.”

From 2001 to 2004, Mr. Tong prepared individual and joint tax returns for Mr. Gotti. He said he gave the son of the former Gambino crime family boss, the late John J. Gotti, the choice of which tax return to file.

“Do you know if Mr. Gotti has filed any of those returns?”

“No.”

His laconic testimony notwithstanding, Mr. Tong is a key witness in Mr. Gotti’s third racketeering trial. Mr. Tong did not testify at the previous trials, in which the juries failed to reach a verdict, and appeared this week only because he was subpoenaed by federal prosecutors. The government granted him immunity for his testimony.

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Federal prosecutors are trying to establish that Mr. Gotti was a leader of the Gambino family as late as 1999, a charge Mr. Gotti denies. That date is important because there is a five-year statute of limitations on the racketeering charges.

The prosecutors have homed in on Mr. Gotti's finances, specifically, how Mr. Gotti, who was in prison for most of the period 1999 to 2004, was able to earn an average of about $180,000 a year and afford a large house with a swimming pool if he had left "the life" behind.

Among the income listed on Mr. Gotti's tax returns from 1999 to 2004 are commercial rent payments made for two buildings he owned (the rent was often paid in cash) and the sale of a beverage distribution route (also largely made in cash). The returns say he invested in his brother's bakery — about $96,000 (most of it in cash).

Mr. Tong said he never asked Mr. Gotti what he did for a living and said he took Mr. Gotti at his word about various expenses, which were usually unaccompanied by receipts or invoices. Mr. Gotti would buy and sell property without informing Mr. Tong and told him he had purchased his house on Long Island with "wedding money," which had been in cash.

Once when Mr. Tong visited Mr. Gotti at a trucking company that Mr. Gotti owned, he saw many trucks, but one employee. Still, Mr. Tong listed what Mr. Gotti told him to on the tax returns and signed his name.

During his testimony, Mr. Tong occasionally glanced nervously at Mr. Gotti, who gazed back at his accountant without expression. However, at the end of Mr. Tong's first day of testimony last week, Mr. Gotti gave him a wink as Mr. Tong left the courtroom.

Mr. Tong has been Mr. Gotti's accountant since 1986. When Mr. Tong left the accounting firm that had previously handled Mr. Gotti's taxes to start his own firm, Mr. Gotti kept using his services.

And while the two men would go out for dinner, would meet at Mr. Gotti's home instead of Mr. Tong's office, and had talked sports, Mr. Tong said he did not consider them friends.

"It was," he said, "mostly professional."

Leader Of Aryan Brotherhood Deserves To Live, Lawyer Says (NYT)

By Tori Richards

The New York Times, August 30, 2006

SANTA ANA, Calif., Aug. 29 —Barry B. Mills is not the vicious killer portrayed by prosecutors but is living out his federal prison term in a quiet, exemplary manner, his lawyer told jurors on Tuesday in a quest to spare Mr. Mills, a leader of the Aryan Brotherhood prison gang, from execution.

Reading through three reports written by prison psychologists in the late 90's, the lawyer, Dean Steward, noted his client was deemed not to have "significant mental health problems'' and said the threat of harming other inmates was low.

"He was civil, seemed to be cheerful and did not have any problems or issues that he needed to talk over with others," Mr. Steward read.

Mr. Mills and three other Aryan Brotherhood members were convicted of racketeering, conspiracy and committing murders going back decades. Mr. Mills, 57, and his top lieutenant, Tyler D. Bingham, 58, could be sentenced to death. The other two men face life sentences.

On Monday one of the prosecutors, Joey Blanch, an assistant United States attorney, went through a shopping list of evils perpetrated by the two leaders in an effort to show that they have left a legacy of violence and murder behind bars.

The men entered the California prison system as boys, Ms. Blanch said, and graduated to ruling the nation's most ruthless prison gang as a vast criminal conspiracy. The murders committed and sanctioned by the men suggest that they are beyond rehabilitation, she told the jury.

In five hours before the jury, the government presented evidence that included approximately 70 reports from prison, probation and parole officers. One prison official testified that three pieces of mail addressed to Mr. Mills had been intercepted and found to contain doses of cyanide.

But Mr. Steward disputed the notion that his client was violent and deserving of death. Rather, Mr. Mills has been trying to survive in a hellish living environment where violence is commonplace and whites are minorities.

"He has maintained clean conduct since 1999,'' Mr. Steward said.

In a recent taped telephone conversation that will be entered as evidence, Mr. Mills can be heard talking to an old friend about "the same kind of human things that you and I talk about," Mr. Steward said. Topics included getting older and contending with stiff joints, sports, family issues and finances.

S.D. Governor Halts Execution Of Killer (AP)

By Joe Kafka, Associated Press Writer

AP, August 30, 2006

PIERRE, S.D. — Gov. Mike Rounds halted South Dakota's first execution in 59 years just hours before it was scheduled Tuesday, saying the state law detailing how to administer lethal drugs is obsolete.

Elijah Page, 24, had asked to be put to death by lethal injection for the 2000 torture murder of a Spearfish man. It had been scheduled for 10 p.m.

Rounds and Attorney General Larry Long said that a 1984 law requires the state to use two drugs to kill a condemned person _ but state prison officials planned to use the standard three-drug combination, putting them at legal risk.

"I will not have the individuals responsible for carrying out this execution to be placed in a position to where they would be or could be in violation of a state statute in the carrying out of an execution," Rounds said. "We could have had people wondering for the rest of their lives if they did the right thing."

The delay is in place until July 1, 2007, he said. That would give lawmakers time during the next legislative session to review the law and bring it into line with most other states that use lethal injection.

Rounds said he learned of the legal problem last week after reading an Aug. 14 transcript of a competency hearing for Page. Another death row inmate also raised the issue in June as part of his appeal.

Rounds said he asked for a review by Long, who didn't report back until Tuesday afternoon _ about five hours before the planned execution. Long said Page had agreed to waive the two-drug protocol.

Page this year persuaded a judge to let him fire his lawyer and proceed with his execution for his role in the 2000 slaying of Chester Allan Poage, 19.

Page and two other young men killed Poage in the Black Hills so that there would be no witness to the theft of a Chevy Blazer, stereo, television, coin collection, video game and other items from the victim's home.

As Poage begged for his life, the three men made him take off most of his clothes and forced him into an icy creek. They stabbed him repeatedly, kicked him in the head 30 to 40 times, tearing his ears off, and then bashed him with large rocks. He was also forced to drink a combination of drain cleaner and beer. The torture lasted at least two hours.

Page and Briley Piper, 25, pleaded guilty, and a judge sentenced them to die. The third man, Darrell Hoadley, 26, was convicted and sentenced to life in prison with no parole.

Page's case was considered unusual because a judge, not a jury, imposed the death sentence, he had asked to die, and because of his age. Death penalty groups said only seven people younger than 25 had been executed in the United States since the U.S. Supreme Court allowed capital punishment to resume in 1976.

The last execution in South Dakota was in 1947.

Also Tuesday, an Oklahoma inmate was executed under a revised state procedure aimed at minimizing pain by delivering a larger dose of anesthesia before the fatal drugs are administered.

Lawmaker's Son Reported Abducted (WT/AP)

The Washington Times, August 30, 2006

PHILADELPHIA (AP) -- The adult son of a Pennsylvania lawmaker was missing yesterday after reportedly being abducted on a street at gunpoint in the hours before his mother and sister were shot and wounded in their home.

State Rep. John Myers, a Philadelphia Democrat who has advocated gun control, issued a statement asking for the public's help in locating his 26-year-old son, Shamari Taylor.

A female companion of Mr. Taylor's told police that she and Mr. Taylor were abducted as they were out walking late Saturday. She said she was later released, according to police.

Mr. Myers spent a long night waiting for information from police, his spokeswoman Thera Martin said yesterday.

"He's trying to be strong and stay calm, but he's waiting," Miss Martin said. "As he put it to me this morning, the longer it takes to hear anything in a situation like this, the chances are that it may not be good news."

Mr. Taylor's 56-year-old mother and his sister, 21, were shot at the family's West Philadelphia home by two intruders Sunday, authorities said. The mother, shot in the head, remained hospitalized in critical condition. The sister was treated for a shoulder wound and released. Their names were not made public.

Police consider the crimes connected, based on descriptions of the assailants provided by the female companion and the sister.

The companion reported that a group of seven to 10 men shoved them into a van at about 11 p.m., police Lt. John Walker said. She told police they were duct-taped and taken to an unknown location, possibly a warehouse.

The woman said she was released at about 5 a.m. Sunday, but did not contact police until about 5 p.m., Lt. Walker said.

Two hours later, two intruders -- who might have had a key -- entered the Taylor residence, Lt. Walker said. They shot the women and then rummaged through Mr. Taylor's bedroom, leaving with an undetermined amount of cash.

Mr. Myers last spoke with his son a few weeks ago, Miss Martin said. Nothing seemed amiss, she said.

Mr. Taylor is Mr. Myers' son from a previous relationship with Mr. Taylor's mother. Mr. Myers is not related to her 21-year-old daughter. He has been married to his wife, Joyce, for more than 20 years, his spokeswoman said.

Mr. Myers has pursued state laws that would limit people to one gun purchase per month and let Philadelphia pass local gun laws that are stricter than the state's.

His interest in gun control stemmed from the widespread violence afflicting the city, not from any personal experiences, said Philadelphia City Council member Donna Reed Miller, a close friend.

Meanwhile, Mr. Myers' Republican opponent in the November election, Joseph L. Messa, is suspending his campaign indefinitely out of respect for the Myers family.

AT&T Discloses Online Break-In (WSJ)

By Shawn Young

The Wall Street Journal, August 30, 2006

AT&T Inc. said Tuesday that hackers broke into one of its computer systems and stole credit-card numbers and other personal information from about 18,000 to 19,000 customers.

AT&T, the nation's largest phone company by revenue and number of customers, said it is offering free credit-monitoring service to customers whose credit-card numbers were exposed after they went online to order equipment such as modems related to high-speed Internet service.

"We have forensic teams looking into how this happened," said a spokesman for AT&T, which is based in San Antonio. He added the company is evaluating its security systems.

Although no suspects have yet been identified and the investigation isn't complete, AT&T said the theft didn't appear to have been the work of an insider.

In a statement, AT&T said it has shut down the online-ordering system that was breached and informed the customers who were affected and their credit-card providers. The company said the breach occurred over the weekend and was discovered within a few hours.

"We are committed to both protecting our customers' privacy and to weeding out and punishing the violators," said Priscilla Hill-Ardoin, chief privacy officer, in a statement.

Another Guilty Plea In Attacks On Mall (WP)

By Henri E. Cauvin

The Washington Post, August 30, 2006

The last defendant facing charges in several attacks this year on tourists on the Mall pleaded guilty yesterday in D.C. Superior Court, bringing the case to a close without any trials.

His voice barely audible, Ryan A. Newman, 17, stood before Judge Hiram E. Puig-Lugo and pleaded guilty to six counts of robbery, four counts of firearms possession and one count of first-degree sexual abuse.

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Prosecutors portrayed Newman, who was 16 at the time of the first robberies, as the ringleader in a string of crimes committed by him and four accomplices in May and July. In a May 27 attack, Newman raped a teenager as her companion was being robbed nearby.

Newman, of the 1300 block of Fifth Street NW, was charged as an adult. He faces a maximum sentence of 180 years under the statutes, but the court's voluntary guidelines call for a term of 41 to 83 years. Sentencing is scheduled for Nov. 8.

Last week, defendant Zachary Bright, 19, pleaded guilty to charges stemming from two of the robberies, both July 11. The three other defendants -- Michael Bright, 16; Marcus Brown, 22; and Trayvon Thomas, 18 -- pleaded guilty before or soon after their arrests were announced by authorities Aug. 11.

With yesterday's guilty plea, police and prosecutors have wrapped up a case that drew national attention and marred the Mall's reputation as an urban sanctuary, safe at almost any hour of the day. There were a total of five incidents on three nights.

After the first round of attacks, in late May, the U.S. Park Police came under local and federal pressure to find the assailants and prevent further attacks. Security was stepped up, but no arrests were made until after a second spate of robberies in July.

Park Police Chief Dwight E. Pettiford said he hopes that the convictions deter criminals thinking about setting up at the Mall. The message, he said, is that "we will pursue you relentlessly and prosecute you with the same vigilance."

Investigators said the five defendants, all friends, were bored and directionless until Newman came up with the idea of robbing tourists on the Mall. In court yesterday, Assistant U.S. Attorney Elana J. Tyrangiel outlined Newman's extensive role in the robberies.

On May 25, he and Brown and Thomas went to the Mall and robbed two couples.

On May 27, Newman returned to the Mall, this time with Thomas and Michael Bright. They robbed a teenage couple, and Newman took the female to a grassy area, ordered her to strip, forced her to perform sex acts and raped her.

On July 11, Newman returned once again to the Mall, this time with Michael Bright's cousin, Zachary Bright. They robbed two women, and a short time later, they robbed a family of four.

Lt. Scott Fear, a Park Police spokesman, said extra patrols will remain in place until at least the end of September when a routine reassessment takes place. The National Park Service is considering permanent lighting changes to improve security, Fear said.

CIVIL LAW:

Schering-Plough Settles Drug Charges Case For $435 Million (BOS)

By Jeffrey Krasner, Globe Staff

The Boston Globe, August 30, 2006

Schering-Plough Corp. paid $435 million in fines and pleaded guilty to criminal conspiracy charges to settle Justice Department charges that it lied to the government about drug prices and improperly marketed cancer drugs for uses that were not approved by the Food and Drug Administration.

The case marks the third multi-million government settlement in five years for the Kenilworth, N.J., pharmaceutical company, which has annual sales of about $10 billion. Counting today's settlement, Schering-Plough has paid about $1.3 billion in civil and criminal fines.

"In most cases of healthcare fraud, the conduct is driven by a bottom-line mentality," said Michael J. Sullivan, the US Attorney for Massachusetts, whose office conducted the investigation. Sullivan announced the settlement at a press conference in Boston today.

Paul J. McNulty, US deputy attorney general, said in a statement, "This settlement sends a clear message to the pharmaceutical industry that the Justice Department will not tolerate these deceptive and illegal marketing practices."

"This is the last of the major US attorneys' investigations that we're aware of," said Brent Saunders, Schering Plough's senior vice president for global compliance, in an interview with Bloomberg News.

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According to the government, Schering-Plough engaged in illegal sales and marketing programs for several cancer drugs. It improperly promoted Temodar for use in brain tumors and metastatic cancer, and its drug Intron A for use in superficial bladder cancer and hepatitis C, the government said.

While doctors are generally free to prescribe drugs for "off-label" uses that aren't specified in a drug's official FDA labeling, the companies that make those drugs are forbidden from marketing or promoting drugs for those unapproved uses.

Schering-Plough also failed to report a special low price it charged some customers for its Claritin allergy drug. As a result, Medicaid overpaid for that drug, costing the government millions in overpayments, according to Sullivan's office. The government requires drug companies to report the best prices given to commercial customers, and match that price for Medicaid, the federal-state program that provides healthcare to the poor and disabled.

Schering-Plough Settles With DOJ (MRKTWTCH)

By Val Brickates Kennedy, Marketwatch

Market Watch, August 30, 2006

BOSTON (MarketWatch) -- Schering-Plough Corp. said Tuesday that it agreed to plead guilty to conspiracy and pay $435 million to settle an investigation into its sales and marketing practices by the Justice Department and the U.S. Attorney's Office of Massachusetts.

In a statement, the Kenilworth, N.J.-based drugmaker said that the settlement, which is subject to court approval, calls for the company's Schering Sales Corp. division to plead guilty to "one count of conspiracy to make false statements to the government," as well as pay $180 million in criminal fines. The parent, Schering-Plough, will pay an additional $255 million to "resolve civil aspects of the investigation."

According to the Massachusetts U.S. attorney's office, the civil damages include losses suffered by various agencies -- such as the Veteran's Administration, Defense Department, Medicaid and the Federal Employees Health Benefits program -- for false claims submitted for the company's medications that were not eligible for reimbursement.

As a result of the criminal charges, the Schering Sales Corp. unit would no longer be able to participate in federal health-care programs, the U.S. Attorney's Office said.

The U.S. Attorney's Office also said that the probe involved the illegal sales and marketing of Schering-Plough's brain-cancer drug, Temodar, and the hepatitis C drug Intron A. The investigation also focused on Medicaid fraud associated with the antihistamine Claritin RediTabs and the stomach medication K-Dur.

The U.S. attorney added that the resolution "will ensure that Schering pays appropriate damages for improperly promoting its drugs for uses not approved by the FDA and from offering or paying kickbacks to physicians to prescribe those drugs."

Schering-Plough said that the probe was initiated before a new management team took over in 2003. The company also said that it already has sufficient reserves set aside to cover the settlement.

The settlement also calls for an addendum to a corporate-integrity agreement that the drugmaker had in place with the Office of the Inspector General and the U.S. Health and Human Services Department, Schering-Plough said.

"The addendum will not affect Schering-Plough Corp.'s ongoing business with any customers, including the federal government," according to the company.

The U.S. Attorney's Office pointed out that Schering-Plough had been diligently working to resolve its compliance problems.

"That amendment requires Schering to continue extensive work that the company has undertaken in the last two years to monitor and correct the shortcomings in drug sales, marketing and pricing activities," said the U.S. Attorney's Office of the corporate agreement.

"After the activities were uncovered by the government, Schering-Plough cooperated with the investigation and actively worked on compliance issues through a significantly expanded compliance department," the authorities added.

Shares of Schering-Plough closed up 2.6% at $20.94 on Tuesday.

Schering-Plough To Pay $435 Million, Plead Guilty To Settle Probe (LAW/AP)

The Associated Press

AP, August 30, 2006

Schering-Plough Corp. said Tuesday it has agreed to pay $435 million and will plead guilty to conspiracy to settle a federal investigation into its drug sales and marketing practices and its clinical trial programs.

Kenilworth, N.J.-based Schering-Plough said it will pay $255 million to resolve civil aspects of the previously disclosed investigation. A subsidiary, Schering Sales Corp., will pay a criminal fine of $180 million and plead guilty to one count of conspiracy under the agreement, which is subject to court approval.

Schering-Plough said the settlement resolves an investigation by the U.S. Department of Justice and the U.S. Attorney's Office in Boston that began before a new management team took over at the company in April 2003.

Schering-Plough said it had adequate cash in a litigation reserve to cover the settlement costs.

As part of the settlement, the drugmaker also said it would add a section to an existing corporate integrity agreement it has with the Office of Inspector General of the U.S. Department of Health and Human Services.

Schering-Plough To Pay 435 Mln Dlrs For US Drug Fraud (AFP-Y)

AFP, August 30, 2006

US pharmaceutical group Schering-Plough Corp. has agreed to pay a 435 million dollar penalty to resolve a criminal probe by the Justice Department into illegal drug marketing and sales, prosecutors said.

Officials said Schering-Plough had falsified price quotes to a government agency which oversees the financing of federal health insurance for poor and disabled Americans, including military veterans.

Justice Department investigators claimed Schering-Plough did this to hide the lower prices it was charging non-government health providers, and thereby avoid paying additional rebates to the government healthcare program, called Medicaid.

"The settlement sends a clear message to the pharmaceutical industry that the Justice Department will not tolerate these deceptive and illegal marketing practices," deputy attorney general Paul McNulty said in a statement.

Aside from the large fine, the government also permanently barred a Schering-Plough unit, Schering Sales Corp., from participating in all federal health care programs.

"With this agreement, we are putting issues from the past behind us. It is another step as we transform Schering-Plough into a high-performance competitor for the long term," said Schering-Plough vice president Brent Saunders.

The company said in a statement that a new management team was now in place and that it had agreed to plead guilty to one count of criminal conspiracy.

It also said it had set aside money to cover the cost of the fine.

The government said Schering's fraud was related to Temodar, a treatment for brain tumors and metastases, Intron A which is prescribed for superficial bladder cancer and hepatitis C, and Claritin RediTabs, a non-sedating antihistamine.

Under the deal's terms, Schering will pay a 180 million dollar criminal fine, and 255 million dollars to settle civil liabilities.

The company will also be compelled to refund just over three million dollars to government programs that were entitled to lower prices on certain drugs.

CIVIL RIGHTS:

Federal Official Tour Training Schools (JCL)

By Jerry Mitchell

Jackson Clarion-Ledger, August 30, 2006

Justice Department officials are visiting the state's two training schools this week, and Assistant U.S. Attorney General Wan J. Kim vowed to ensure the schools are safe places for troubled youths.

In May 2005, Mississippi entered a four-year consent decree to end a Justice Department lawsuit over abuse allegations at the training schools.

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"You don't owe many people in society more than we owe kids, especially once you take them into custody," said Kim, who heads the Justice Department's civil rights division.

The Oakley Training School in Hinds County serves male offenders ages 10 to 17, and Columbia serves female offenders ages 10 to 18.

Jury Deliberates In Case Of Cop Accused Of Raping Transsexual (SAEN)

By Guillermo Contreras, Express-News Staff

San Antonio Express-News, August 30, 2006

Federal jurors are expected to resume deliberating today whether fired San Antonio Police Officer Dean Gutierrez raped a transsexual while the officer was on duty.

The jury deliberated for about three hours Tuesday afternoon before breaking for the day.

Gutierrez's lawyers decided not to call him as a witness, and chose instead to focus on trying to dismantle the testimony of Gutierrez's accuser, Gabriel Bernal, who prefers to be referred to as a woman named Starlight. They also reached for explanations that would create reasonable doubt in the minds of jurors.

And for the first time during the six days of trial, the defense lawyers claimed Gutierrez had consensual oral sex with Bernal, but denied Gutierrez raped or sodomized Bernal, 23.

"There's no doubt there was sexual activity, but the government needs more than that," Ben Sifuentes Jr., one of Gutierrez's lawyers, said in closing arguments. "The defense does not dispute there was oral sex, but we dispute there was (sodomy). ... In this case, the only person who can prove the case beyond a reasonable doubt is Gabriel Bernal, and you know he lied."

Gutierrez's lawyers said Bernal made up the rape allegations to pursue a civil claim three days after the June 10, 2005, incident. Prosecutors countered that no lawsuit has been filed.

The defense had no witnesses to rebuff the testimony of a forensic serologist who testified Friday that semen found on Bernal's underwear and on the front passenger seat of Gutierrez's squad car matched Gutierrez's genetic profile.

Sifuentes, however, argued the semen might have gotten on the items by Bernal wiping his hands on them after consensual oral sex with Gutierrez.

Prosecutors had said that Bernal's inconsistent statements were a result of Bernal's limited educational background and being traumatized by having to recount the incident over and over to investigators.

"It's not a case of trauma," Sifuentes countered in closings. "It's a case of drama. Gabriel is in it for the drama."

Sifuentes later added: "It is no surprise he chose the name Starlight. ... He is putting on a production."

A 16-year police veteran, Gutierrez was placed on indefinite suspension — tantamount to being fired — because of the rape allegations.

As the defense rested its case Tuesday, Gutierrez, 46, gulped and bit his upper lip to prevent himself from crying, although he dabbed at tears that trickled out of his eyes. His family and supporters, who filled many of the benches in U.S. District Judge Xavier Rodriguez's courtroom, watched the former officer with hope that he will be acquitted.

Gutierrez is charged with deprivation of the civil rights of Bernal, 23, resulting in bodily injury, which carries a punishment of up to 10 years. Prosecutors want the jury to enhance the charge by also finding that the conduct included aggravated sexual abuse, which raises the maximum possible penalty to life in prison.

In closing arguments, the prosecution said Bernal is protected by the law like everyone else.

"She holds a lifestyle and holds values that are different from everyone else's," said Jim Felte, a trial prosecutor with the U.S. Justice Department's Office of Civil Rights. "But the Constitution protects everyone."

Bernal, who testified last week, said Gutierrez picked her up at a bus stop at Zarzamora and South Laredo streets after questioning her about a pending warrant. Gutierrez, Bernal testified, then gave her a choice: "You can go to jail or go with me."

Bernal testified she got in the police car, and that Gutierrez drove her to a darkened and secluded area southwest of downtown, where the officer forced Bernal to perform oral sex, sodomized her, punched her in the face, grabbed her so forcefully she was bruised and hit her in the leg with his police baton.

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"The government asks you to hold this defendant accountable for abusing the trust of this community and the power the state had placed on him," Felte said.

Ken Starr Asks U.S. Supreme Court To Hear 'Bong Hits 4 Jesus' Case (LAW/AP)

The Associated Press

AP, August 30, 2006

Former Whitewater special counsel Kenneth Starr petitioned the U.S. Supreme Court to take up Alaska's "Bong Hits 4 Jesus" case, a dispute involving a high school student, a banner and a tough school policy.

Starr, who gained national prominence while investigating former President Clinton's Whitewater land deal and relationship with Monica Lewinsky, filed the petition Monday on behalf of the Juneau School District in response to a March ruling by the 9th U.S. Circuit Court of Appeals.

The appeals court sided with a high school student who displayed a banner reading "Bong Hits 4 Jesus" during an Olympic torch relay in 2002. It ruled former Juneau-Douglas High School principal Deborah Morse violated former student Joseph Frederick's free speech rights.

The U.S. Supreme Court petition must receive a minimum of four of the nine justices' votes to be heard.

Frederick, then a senior, was off school property when he hoisted the banner but was suspended for violating the school's policy against promoting illegal substances at a school-sanctioned event.

"The principal's actions were so outrageous, basically leaving school grounds and punishing a student for a message that is not damaging to the school," said his attorney, Doug Mertz.

Superintendent Peggy Cowan said clarification is needed on the rights of administrators when it comes to disciplinary action of students who break the district's drug message policy.

"The district's decision to move forward is not disrespectful to the First Amendment or the rights of students," she said. "This is an important question about how the First Amendment applies to pro-drug messages in an educational setting."

Starr, of the Los Angeles-based firm Kirkland & Ellis, took the case pro bono.

The outcome could have implications on how student-conduct policies are enforced around the nation, said Eric Hagen, one of two other attorneys from Starr's office named on the petition.

"It makes it a little harder when teachers and principals in their daily duties might be subject to a damages lawsuit and be held personally liable," Hagen said.

ANTITRUST:

Experts Assail Deal On Wright (FWST)

By Trebor Banstetter And David Wethe

The Fort Worth Star-Telegram, August 30, 2006

A group of antitrust experts from across the nation is urging Congress to reject the proposed Wright Amendment compromise, blasting the deal as anti-competitive and bad for consumers.

Nine antitrust scholars affiliated with various universities sent a letter on the issue Tuesday to the chairmen and ranking members of the judiciary committees in the House and Senate.

“The agreement utterly fails to help DFW-area passengers, and most likely will cause them injury in the way of higher fares and reduced service,” the letter stated. Shubha Ghosh, a professor at the Dedman School of Law at Southern Methodist University in Dallas, was one of the signers.

The group was organized by Darren Bush, an assistant professor of law at the University of Houston. Bush, who formerly worked on antitrust issues for the Justice Department, said he has been following the issue closely.

“The more I thought about it, the more it troubled me,” he said. “The costs of this outweigh the benefits substantially.”

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The Wright Amendment is a 1979 federal law that restricts flights from Dallas Love Field to Texas and a handful of nearby states. Since 2004, Dallas-based Southwest Airlines, which operates at Love, has been fighting to repeal the law. Fort Worth-based American Airlines, which operates a hub at Dallas/Fort Worth Airport, has battled to keep the restrictions intact.

In June, officials from the two airlines, as well as the cities of Fort Worth and Dallas and D/FW Airport, met behind closed doors and hammered out a compromise that would end the restrictions after eight years. The proposal would also shrink Love to 20 gates from 32 and restrict Southwest from launching service at other area airports.

The deal must be approved by Congress before year's end. It was passed by the aviation committees of the House and Senate in July and is pending before the House Judiciary Committee.

It will be taken up after lawmakers return next week from their August recess.

Bush said eliminating Wright would help consumers by fostering competition and lowering airfares. But he said eliminating 12 gates at Love would effectively keep new airlines out of that airport.

"Competition cannot exist if potential competitors are thwarted from entering certain routes due to the demolition of gates," the letter stated. That would negate any benefits of removing the airport's geographic restrictions, Bush said.

Kevin Cox, chief operating officer for D/FW, blasted the letter as "poppycock."

"Everybody's got an opinion about the Wright Amendment, but to couch it as some sort of educated analysis is quite laughable," Cox said. "Any antitrust lawyer has to prove that there are true antitrust issues that are based on facts and figures, not speculation."

He pointed to a study by Campbell-Hill and SH&E paid for this year by American and Southwest that said through-ticketing at Love would save consumers $259 million a year and generate 2 million new passengers.

Officials with American and Southwest declined to comment on the letter.

In addition to Bush and Ghosh, the letter was signed by Mark Bauer of Stetson University College of Law, Peter Carstensen of the University of Wisconsin, John Connor of Purdue University, John Flynn of the University of Utah, Warren Grimes of Southwestern Law School in Los Angeles, Max Huffman of the University of Cincinnati and Spencer Weber Waller of Loyola University Chicago.

None of them was paid by groups supporting or fighting the proposal. Trebor Banstetter, 817-390-7064

tbanstetter@star-telegram.com

David Wethe, 817-685-3803

dwethe@star-telegram.com

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Antitrust Experts Decry Wright Compromise (DALLASBIZ)

Dallas Business Journal, August 30, 2006

A group of antitrust experts from law schools in Texas and elsewhere say in a letter to Congressional leaders that the Dallas-Fort Worth deal to end Wright Amendment flight restrictions will result in higher fares and reduced service for Dallas-Fort Worth fliers.

The seven-page letter says that repealing the Wright Amendment would be good for air passengers and doesn't require new statutory restrictions articulated in the locally crafted compromise.

"The proposed agreement and legislation confers few, if any benefits to consumers, while producing significant anticompetitive effects," the letter states.

American Airlines Inc., Southwest Airlines Co. and the mayors of Dallas and Fort Worth crafted an agreement to phase out the 1979 law that blocks most long-haul commercial flights from Dallas Love Field.

The local compromise calls for ending Wright restrictions by 2014. In return, the city of Dallas will use eminent domain to demolish a privately owned passenger terminal at Love Field, reducing the number of gates there to 20, down from 32. American (NYSE: AMR) and Southwest (NYSE: LUV) both accepted that compromise, which has been debated in Congress.

Nine academics signed their names to the letter, including Shubha Ghosh, a professor at Southern Methodist University's Dedman School of Law.

The letter was sent Tuesday to leaders of the House and Senate judiciary committees by Darren Bush, an assistant law professor at the University of Houston Law Center.

Bush first spoke out against the compromise in an Aug. 7 publication from the American Antitrust Institute, a nonprofit organization focused on antitrust analysis.

In addition to fewer flights and higher fares for consumers, the Wright compromise could create immunity from antitrust laws for Dallas-Fort Worth's two dominant airlines, the letter states.

Also signing the letter are Mark Bauer, assistant professor at Stetson University College of Law in Florida; Peter Carstensen, professor at the University of Wisconsin; John M. Connor, industrial economics professor at Purdue University; John J. Flynn, professor of law emeritus at University of Utah; Warren Grimes, professor at Southwestern Law School in Los Angeles; Max Huffman, visiting assistant professor of law at University of Cincinnati an Spencer Weber Waller, a professor and director of the Institute of Consumer Antitrust Studies at Loyola University Chicago School of Law.

ENVIRONMENT:

Environmental Groups Challenge New Dam Relicensing Rules (AP)

By Gene Johnson, Associated Press

AP, August 30, 2006

Many utilities and power companies that operate dams will be allowed to do less to protect salmon and other fish if the Bush administration's interpretation of the 2005 Energy Policy Act is allowed to stand, a lawyer for several environmental groups told a federal judge Tuesday.

"The end result is that measures to protect wildlife ... are being weakened as we speak," Earthjustice lawyer Jan Hasselman told U.S. District Judge Marsha Pechman.

The Federal Energy Regulatory Commission issues licenses to operate dams, and often those licenses incorporate conditions set by other federal agencies to protect wildlife — building fish ladders, maintaining minimum river flows and monitoring water quality, for example.

The Energy Policy Act, signed by President Bush a year ago, allows dam operators to challenge such conditions in a hearing before an administrative law judge. It also allows the dam operators to suggest alternative environmental measures, and requires the judge to approve those measures if they are "adequate" and will be less expensive or allow for greater electricity production.

The environmental groups, led by Washington, D.C.-based American Rivers, are not challenging the law itself. Instead, they're challenging the Bush administration's decision to apply it to dam relicensing applications that were already under way when the law took effect. They also say the administration did not conduct a proper public notice period before implementing the law.

Justice Department lawyer John Most argued in court Tuesday that there's no reason the law shouldn't apply retroactively. He said the lawsuit should be dismissed and that the Energy Policy Act simply made the dam licensing process "a little more robust" by allowing dam operators to request hearings.

According to FERC data, more than 70 dam relicensing applications were pending — on dams from the Merrimack River in New Hampshire to the Stanislaus River in California — when the law took effect, and in 17 of those cases, dam operators have requested hearings or proposed alternative measures.

The environmental groups fear that the Forest Service, the National Marine Fisheries Service and other agencies might seek to avoid the expense of conducting the hearings and reviewing the alternative proposals in cases that have already been pending for years. That would leave dam operators in a good position to negotiate for lesser requirements.

That's already happened at the West Fork dam on Boulder Creek in Utah, said Rebecca Sherman, of the Hydropower Reform Coalition in Portland, Ore. The Forest Service set a minimum water flow as a condition of relicensing the dam, but when

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the Garkane Energy Cooperative requested a hearing, the parties entered settlement talks, and the agency agreed to lesser flow requirements, she said.

Hasselman argued that granting dam operators new rights in the middle of a relicensing proceeding unfairly burdens the environmental groups and their interests in protecting the rivers. There's no indication Congress intended the law to be applied retroactively, he said.

Pechman said she would rule in two weeks.

U.S. Readies $780 Million For Drought Aid (NYT/AP)

By The Associated Press

The New York Times, August 30, 2006

WASHINGTON, Aug. 29 (AP) — The government on Tuesday promised $780 million in aid to ranchers and farmers hit by drought.

The aid was announced by Agriculture Secretary Mike Johanns on a visit to South Dakota, one of the states affected by a severe rainfall shortage and extreme heat.

The newly announced assistance is on top of $4 billion in crop insurance benefits that the government expects to pay out this year. Mr. Johanns said it would include acceleration of $700 million in payments already planned for farmers.

The administration has resisted a $4 billion drought-aid plan now in Congress because the assistance would go only to those who already receive government subsidies, about 4 farmers in 10. The aid announced by Mr. Johanns was not enough to satisfy some lawmakers. Senator Tim Johnson, Democrat of South Dakota, noted that barring the accelerated payments, it amounted to only 2 percent of the $4 billion proposal.

Don't Pave It Over (NYT)

The New York Times, August 30, 2006

As if there were not enough poorly conceived and environmentally devastating developments in the American West, now we have Super Slab.

The location of this latest struggle between nature and money is the Bijou Basin, southeast of Denver in Elbert County. It doesn't have the staggering majesty of the Rocky Mountains, but it does have the delicate beauty of a rural, ranching grassland. In the entire county — one of the largest in the state — there are only some 200 miles of paved roads. And that, according to the Front Range Toll Road Corporation, headed by the developer Ray Wells, makes the Bijou Basin a perfect place to put a new high-speed toll road, called, colloquially, Super Slab.

Until recently, thanks to a 19th-century quirk in Colorado mining laws, developers of private toll roads had the right to condemn property by eminent domain and were exempt from most of the laws that governed the planning of ordinary roads. Watchful citizens and legislators who oppose Super Slab have changed all that, but Mr. Wells is determined to press ahead. His private toll road would bypass Denver, running 210 miles south from near Fort Collins to a spot near Pueblo. And it is also meant to include a new rail line and a utility corridor.

What it is really meant to do, of course, is serve as the spine for yet another wave of the uncontrolled development that Colorado residents and all Americans should be sick of. By nearly every measure this project is a boondoggle. The planners say it will cost about $2 billion, a gross underestimate. There is not nearly enough north-south commercial truck traffic to begin to pay for the road, which would require condemning a three-mile wide, 210-mile strip of land through seven rural counties.

About the only one who thinks this monster is needed is the developer. Super Slab should be stopped before the planning goes any further.

FBI/DEA/ATF/USMS:

FBI Shows Off Counterterrorism Database (WP)

By Ellen Nakashima

DOJ_NMG_0055570

The Washington Post, August 30, 2006

The FBI has built a database with more than 659 million records -- including terrorist watch lists, intelligence cables and financial transactions -- culled from more than 50 FBI and other government agency sources. The system is one of the most powerful data analysis tools available to law enforcement and counterterrorism agents, FBI officials said yesterday.

The FBI demonstrated the database to reporters yesterday in part to address criticism that its technology was failing and outdated as the fifth anniversary of the Sept. 11, 2001, terrorist attacks nears.

Privacy advocates said the Investigative Data Warehouse, launched in January 2004, raises concerns about how long the government stores such information and about the right of citizens to know what records are kept and correct information that is wrong.

The data warehouse is an effort to "connect the dots" that the FBI was accused of missing in the months before the 2001 attacks, bureau officials said. About a quarter of the information comes from the FBI's records and criminal case files. The rest -- including suspicious financial activity reports, no-fly lists, and lost and stolen passport data -- comes from the Treasury, State and Homeland Security departments and the Federal Bureau of Prisons.

"That's where the real knowledge comes from . . . sharing information," said Gurvais Grigg, acting director of the FBI's Foreign Terrorist Tracking Task Force, who helped develop the system.

In a demonstration, Grigg sat at a computer and typed in the name "Mohammad Atta," one of the 19 hijackers in 2001. The system can handle variants of names and up to 29 variants on birth dates. He typed "flight training" in the query box and pulled up 250 articles relating to Atta.

The system, designed by Chiliad Inc. of Amherst, Mass., can be programmed to send alerts to agents on new information, Grigg said. Names, Social Security numbers and driver's license details can be linked and cross-matched across hundreds of millions of records.

No top secret information is in the system, officials said.

Grigg said that before 2002, it would take 32,222 hours to run 1,000 names and birth dates across 50 databases. Now agents can make such a search in 30 minutes or less, he said.

The 13,000 agents and analysts who use the system make an average 1 million queries a month, Grigg said. The system does not reach into the databases themselves but mines copies that are updated regularly, he said.

Irrelevant information can be purged or restricted, and incorrect information is corrected, he said. Willie T. Hulon, executive assistant director of the FBI's National Security Branch, said that generally information is not removed from the system unless there is "cause for removal."

Every data source is reviewed by security, legal and technology staff members, and a privacy impact statement is created, Grigg said. The FBI conducts in-house auditing so that each query can be tracked, he said.

David Sobel, senior counsel of the Electronic Frontier Foundation, said the Federal Register has no record of the creation of such a system, a basic requirement of the Privacy Act. He also said the FBI's use of an internal privacy assessment undercuts the intent of the privacy law.

FBI officials said the database is in "full compliance" with the law.

Sobel said he learned under a Freedom of Information Act disclosure last week that the system includes 250 million airline passenger records, stored permanently.

"It appears to be the largest collection of personal data ever amassed by the federal government," he said. "When they develop the capability to cross-reference and data-mine all these previously separate sources of information, there are significant new privacy issues that need to be publicly debated."

Michael Morehart, chief of the FBI's Terrorist Financing Operations Section, has testified to Congress about some aspects of the system. He said that Treasury Department documents included in the database have helped counterterrorism investigations significantly.

UPDATE: RAMPAGE VICTIMS INCLUDE TEEN, FBI AGENT (BCN)

Bay City News, August 30, 2006

SAN FRANCISCO (BCN) -- An FBI agent on his lunch break, a cyclist, a teenager and a 52-year-old woman are among the 14 victims of today's hit-and-run spree in San Francisco, authorities said.

The suspect -- a Fremont man who police are not identifying -- remains at San Francisco's Richmond District station this evening and will be booked into San Francisco Jail tonight. District attorney's office spokeswoman Debbie Mesloh said it's unlikely he will be arraigned Wednesday and may be arraigned as late as Friday.

San Francisco Mayor Gavin Newsom said this afternoon, "The investigation is occurring as we speak. At this stage, it's an indiscriminate act with no pattern. The victims are of all ages and all races."

The mayor visited three of the more seriously hurt at San Francisco General Hospital this afternoon.

"When you see the victims, you can see the depth of this callousness," he said.

The 14 victims do not include a San Francisco police officer who suffered possible whiplash and soft tissue damage when the backed up and rammed the officer's patrol car, San Francisco police Sgt. Neville Gittens said. Authorities also believe the number of victims may rise as people come forward.

The victims' injuries range from minor to life threatening. All but one was taken to a local hospital following the rampage. There are conflicting reports of the severity of their injuries, but at least one person remains in critical condition.

The youngest victim is a teenager who suffered severe lacerations and surface wounds, Newsom said. The mayor said he also spoke to an older man hospitalized with fractures. According to authorities, other victims include a 53-year-old woman who was seriously hurt and a man who was hit while riding his bicycle outside the Jewish Community Center on California Street. The cyclist was treated and released.

An FBI agent on his lunch break in the vicinity of the Federal Building was also struck by the suspect's sport utility vehicle.

"He just happened to be in the wrong place at the wrong time," FBI spokesman Ryan Butler said. The agent suffered "very minor injuries" and was treated and released, Butler said.

One of the seven patients hospitalized at San Francisco General was in the intensive care unit this afternoon. All patients taken to the county hospital are between the ages of 18 and 78 years old. One patient has already been discharged and the other five are expected to be discharged soon, according to San Francisco Public Health spokeswoman Eileen Shields.

Shields said doctors are caring for the remaining patients and violence response teams are providing counseling to the victims.

Lann Wilder, emergency preparedness coordinator for San Francisco General Hospital, said the hospital was very well staffed today to respond to what she called a trauma team level one activation.

She said the hospital frequently has multi-casualty accidents and "that's what they're trained to do."

Authorities continue to investigate the spree of collisions, which began in Fremont around noon, when the suspect drove into and killed a pedestrian on northbound Fremont Boulevard near Ferry Lane.

Some 45 minutes later, the man began plowing his black Honda Pilot into pedestrians in locations scattered throughout northern San Francisco from Pacific Heights to Presidio Heights. The man began his rampage at Sutter and Webster streets and came to a stop only when police boxed in his SUV on Spruce Street between California and Mayfair streets at 1:01 p.m. and took him into custody, San Francisco police Sgt. Neville Gittens said.

The entire attack lasted 14 minutes and created 13 crime scenes throughout the city.

Evidence of the rampage remained this afternoon. At Sutter and Steiner streets a pair of cracked eyeglasses lay in the middle of the street. At California and Laurel streets, a shoe lay in the middle of the street. The right windshield of the Pilot was smashed and the right front fender crumpled.

The suspect hit pedestrians at Sutter and Webster streets, Polk and Sacramento streets, Bush and Divisadero streets, Sutter and Steiner streets, California and Laurel streets, California and Fillmore streets, Divisadero and Pine streets, Bush and Pierce streets, at 1850 Fillmore St., at Fillmore and Bush streets, Spruce and California streets and then 3220 California St. He also rammed a motorist at Golden Gate Avenue and Larkin Street.

"In some cases he drove on the sidewalk, in some cases he drove on the street. He aimed at people in the crosswalk," Gittens said.

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So far, authorities estimate that 20 to 25 witnesses have come forward. Police are urging anyone who saw any part of the attack to call Lt. Mahoney at (415) 553-1145.

HIT AND RUN: Within Half An Hour, 14 Pedestrians Picked Off One By One On Streets Of San Francisco (SFC)

By Wyatt Buchanan, Steve Rubenstein And John Wildermuth, Chronicle Staff Writers

San Francisco Chronicle, August 30, 2006

A day of hit-and-run horror that started with the death of a Fremont pedestrian and erupted into half an hour of chaos on the streets of San Francisco ended in the arrest of a 29-year-old driver described by some relatives as mentally disturbed but by police as apparently rational and unrepentant.

At least 14 people were hospitalized Tuesday in San Francisco after the driver of a black 2004 Honda Pilot cut a path of destruction from the Tenderloin to Laurel Heights, striking pedestrians and a bicyclist in 13 locations starting at about 12:45 p.m.

Most of the injured were run down along a corridor of roughly 15 blocks starting on the west end of Pacific Heights. Witnesses said the driver sped up one street and down another, sometimes the wrong way, picking off people in crosswalks and on sidewalks. At least one victim was in critical condition Tuesday night; several others were treated and released.

"It was like 'Death Race 2000,' " firefighter Danny Bright said of the cult movie at California and Fillmore streets, where four victims were hit. "Guys were walking down the sidewalk, and the guy just came up and ran them over. The guy went crazy."

Less than an hour earlier, a black Honda Pilot had run down a 54-year-old man walking in the bike lane on Fremont Boulevard in Fremont, killing him. Police believe that the man, whose name had not been released Tuesday evening, was the San Francisco hit-and-run driver's first victim.

Police identified the sport utility vehicle driver as Omeed Aziz Popal, 29, who had just gotten married in his native Afghanistan, was living with his parents in Fremont, and had nothing on his criminal record except a handful of minor traffic violations. He was in custody Tuesday evening but had not yet been booked.

Some family members said Popal had mental problems and lived in fear of the devil; others said his recent, arranged marriage may have made him stressed.

A source close to the investigation in San Francisco, however, said Popal showed no signs of mental illness or remorse in his initial interviews with authorities. Popal reportedly told police that he had run down pedestrians "because he just wanted to."

Witnesses in San Francisco described the same unreal, terrifying scene again and again: A black SUV whose driver would chase walkers and bicyclists up the street and across lawns and slammed on the accelerator to pick off his victims.

"In some cases he drove on the sidewalk, and in some cases he drove on the street," said police Sgt. Neville Gittens, a department spokesman. "The hits were intentional with no regard in terms of who was hit."

Police finally cornered the car about 1:15 p.m. in Laurel Heights, where they stopped the driver outside a Walgreens on Spruce Street near California Street by slamming into the SUV with their squad cars. One officer suffered minor injuries in the crash.

The office manager at a dental office at 500 Spruce St., who identified herself only as Kira, saw the arrest from a second-floor window as police dragged the driver from his battered car, its windshield caved in and its hood crumpled.

"He was absolutely indifferent, no fear, no expression," she said. "He was like a zombie."

The first hint of the carnage to come came at 12:37 p.m., when police received a routine call about a black SUV that slammed into another vehicle at Larkin Street and Golden Gate Avenue, then sped off into the Western Addition.

Minutes later, the calls were anything but routine. Dozens of scared and horrified witnesses described in shaking tones what was happening.

Larry Jackson was at Pierce and Bush streets and saw the SUV approach a red light as a woman was crossing the street in the crosswalk.

"He let her go by till she got in front, and then he just punched it," speeding up and knocking her down, Jackson said.

Linda Tuttle, a stylist at a beauty salon on Fillmore Street between Bush and Sutter streets, said she had seen the driver sitting close to the steering wheel, a look of anger on his face.

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Four pedestrians were injured when the SUV roared through the intersection of California and Fillmore streets. One of them was Pedro Aglugov, 70. He was sitting at a table at a sidewalk cafe as he waited to be taken to the hospital, his head was bandaged with gauze. He was holding an ice pack to one elbow.

"I had the green light," Aglugov said. "Somebody hit me and didn't stop. He was going real fast. I was lucky I wasn't hurt more."

DuWyane Thomas, 29, of San Francisco saw one of the hit-and-runs on Bush Street.

"I saw the SUV coming 35 or 40 mph and hit the man in the crosswalk," Thomas said. "His body stuck to the grille of the car and was tossed off as the car turned right. If the guy had not turned right I believe this guy would have been run over completely."

Another woman was struck as she walked along Fillmore Street between Bush and Sutter streets. Witnesses saw the SUV drive up the sidewalk and slam into the woman in front of a nail salon.

Another victim was an FBI agent taking a walk on his lunch break. He was not badly hurt.

The SUV hit two people in front of the Jewish Community Center of San Francisco on California Street, just blocks from where the rampage ended.

Blood covered the sidewalk in front of the center's gift store entrance, and 50 feet farther down the sidewalk lay a mangled bicycle. Security cameras in front of the center captured images of the incident, which happened at 1:12 p.m., said to Aaron Rosenthal, spokesman for the community center.

"As far as we can tell, they were simply pedestrians on the street at the time," he said.

Three women and four men ranging in age from 18 to 84 were treated at San Francisco General, said Peter Ragone, spokesman for Mayor Gavin Newsom. Others were taken to St. Francis Hospital, Kaiser Medical Center and California Pacific Medical Center.

As of Tuesday night, San Francisco and Fremont police were saying little publicly about Popal or any possible motive for an SUV rampage. Police were awaiting a search warrant so they could enter Popal's home at Cabrillo Drive in a middle-class section of Fremont.

Popal's house is a beige stucco, single-family home. In a corner of the front yard is a large tree and the home is landscaped with fake flowers. Yellow police tape stretched across the front yard Tuesday as uniformed police officers gathered outside the house.

A cousin of the suspect, Zarghona Ramish, said Popal was a good guy but had mental problems.

Popal "thought the devil was coming to get him," Ramish said.

Another relative said Popal was studying to be a mechanic and had most recently worked at a Newark tire shop. He was married about a month ago in his native Afghanistan and his wife still lives there, relatives said.

Popal's lawyer, interviewed at the Richmond District police station where Popal was being held, said, "My client suffers from mental illness -- he has been in and out of the hospital."

The attorney, Majeed Samara, said Popal's condition had deteriorated about six months ago and that he suffered from paranoia.

Samara said police had not allowed him to see Popal because Popal had not invoked his right to an attorney.

It was only a few blocks from Popal's house to the spot where the 54-year-old Fremont man was struck and killed on Fremont Boulevard. The man was walking along a bike lane between Ferry Lane and Decoto Road when the Pilot swerved into the bike lane and slammed into the man, tossing the body into a field next to St. John the Apostle Church, said Fremont police Sgt. Jeff Swadener.

"Did the driver swerve on purpose or was he just fumbling with a cell phone or something and drifted out of the lane? We don't know," Swadener said.

But, he added, "I fully expect and hope that the incident in Fremont is related to the incident in San Francisco."

Page A - 13

Bay Area Driver Goes On Rampage (LAT)

By Lee Romney And Maria L. La Ganga, Times Staff Writers

DOJ_NMG_0055574

The Los Angeles Times, August 30, 2006

One person is dead, at least 14 are hurt as SUV rams a bicyclist and pedestrians in crosswalks and on sidewalks. A suspect is in custody.

SAN FRANCISCO — A motorist in a sport utility vehicle went on a hit-and-run rampage Tuesday, targeting pedestrians in a terrifying spree in the Bay Area that killed one person and injured at least 14 others.

San Francisco police captured a suspect, whom they identified as Omeed Aziz Popal, a 29-year-old Fremont man. He was arrested on suspicion of 14 counts of attempted murder.

"It's being looked at as an intentional act," said Sgt. Neville Gittens, a spokesman for the Police Department. "He was deliberately targeting pedestrians on the street, on the sidewalk, whatever."

Police said the incidents began about noon in Fremont when a suspect driving a Honda SUV mowed down a pedestrian walking in a bike lane on a busy thoroughfare, sped off with a broken windshield and left the victim lying dead in a field.

Less than an hour later, across the bay in San Francisco, a motorist in a Honda SUV began ramming into people in an onslaught that lasted 14 minutes, starting at 12:47 p.m., the time of the first of many 911 calls.

Police said the suspect hit a bicyclist and pedestrians in crosswalks and on sidewalks, striking at 13 locations from near the city's civic center to south of the Presidio. At least 13 people were sent to the hospital, three with what were believed to be serious injuries. The victims range in age from 18 to 78.

"He looked me right in the eye and showed no remorse," said Emanule Gowan, who witnessed the driver run down two pedestrians near his home in the 1800 block of Steiner Street.

Gowan saw the SUV hit a brown Buick and then hit a pedestrian, dragging him.

He "hurt him real bad," Gowan said. "The driver must have hit that man at 40 to 50 miles an hour."

Gowan said he and another man pulled the injured pedestrian out of the street.

A car started to chase the SUV, Gowan said, but the SUV backed up and hit it. Then the SUV circled again and struck another pedestrian.

"I could not believe how he hit this guy," Gowan said. "What I saw today, I could not believe a guy could do this and have no feelings."

Marc Tarasco said he was standing at the reception desk at Salon Neja Cosmetics on Fillmore Street when he saw an SUV race down the sidewalk. "He hit an old lady. I walked out and saw her on the sidewalk. She was bleeding and disoriented."

"It was very frightening," he said. "The police car was out trying to chase him. People were screaming."

Another witness, Erica Setness, said she saw the SUV moving very fast, circling around and driving the wrong way on one-way streets. "His car was all smashed up. Everyone was running down the street yelling. The cops, the helicopters and all that showed up," Setness said.

A cousin of Popal's, Hamid Nekrawesh, 43, also of Fremont, described Popal, an auto mechanic, as "very loving, caring, respecting," adding, "I don't even imagine him doing such an act as he did today."

He said, however, that Popal started to show signs of mental distress about a month ago and had visited several doctors for help.

Nekrawesh said that Popal had gone to Afghanistan two months ago for an arranged wedding and that his wife is still there, awaiting immigration clearance. He said Popal was born in Afghanistan but came to California as a young boy. He grew up in Hayward and moved about three years ago to Fremont, where he lives with his parents, a brother and two sisters.

The family, Nekrawesh said, was upset by the news. "They're all sad. The little sisters were crying. The mother was crying," he said.

Officials said they have not determined a motive for the attacks, but they said there is no evidence of a link to terrorism.

"The victims are of all ethnicities and of all ages. There seems to be no pattern. We make no assertions that this was a hate crime or that anyone else was involved," said San Francisco Mayor Gavin Newsom, after he met with police at the command post at the scene of the final incident.

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Newsom visited San Francisco General Hospital, where he met with three of the seven victims taken to the county's trauma center. The most seriously injured was a 53-year-old woman who was in critical condition in the intensive care unit. Newsom said he also saw the youngest victim, an 18-year-old with severe cuts, and an older man with fractures.

"It's impossible to read the mind of someone who could go on such a rampage," Newsom told reporters afterward. "When you see the victims you can appreciate the depth of that callousness."

Police said Popal was reported missing three days ago. One police source reported that Popal told police that he wanted to kill his family. Authorities quickly went to his home in Fremont and found his mother and sisters unharmed.

Police said they were confident the same person struck in Fremont and San Francisco. "It sure looks that way. It seems to be the same vehicle and the same method," said Sgt. Bill Veteran of the Fremont Police Department.

Newsom said the suspect appeared to have no arrest record.

Popal's driving record, however, shows convictions for six moving violations between 2003 and 2005.

The suspect was trapped in the Laurel Heights neighborhood at the intersection of California and Spruce streets when police boxed in the Honda with their patrol cars. Police said the suspect threw his car into reverse, ramming a squad car and slightly injuring an officer.

Police said they have not been able to trace the exact route the SUV took. But they said many of the neighborhoods that the suspect cut through were upscale areas in the northern part of the city, including Pacific Heights.

Late Tuesday, police were interviewing more than 40 witnesses, trying to piece together what happened.

Times staff writers Steve Chawkins, Stuart Silverstein and Tim Reiterman contributed to this report.

Bad Heroin Led To 17 Deaths, City Says (NSDY)

By Michael Clancy, Amnewyork City Editor

Long Island Newsday, August 30, 2006

A powerful drug that dealers mix with heroin has caused 17 fatal overdoses in the city during the past 15 months, officials warned Tuesday.

Fentanyl, a drug 80 times more powerful than morphine, can be lethal when combined with other drugs. The deaths of more than 500 people nationwide have been linked to fentanyl. City health officials warn that the drug that has killed clusters of people in Philadelphia, Detroit and Chicago is making inroads in New York City, claiming overdose victims in the Bronx, Brooklyn and Queens.

"Fentanyl is very potent and very small amounts have the same effects as larger amounts of other drugs," city Health Commissioner Thomas Frieden said Tuesday.

Most of the fentanyl victims in New York City were men between the ages of 30 and 53 years. One victim was a woman, 43.

"Detectives are making special efforts to identify the sources," said Police Commissioner Ray Kelly, citing the risk posed to anyone who comes in contact with the drug. Officers were instructed to take special precautions, including the use of gloves, when handling narcotics, he said.

In July, a Bronx man, 44, was found dead in his apartment with a needle stuck in his arm. Police found packets of heroin, labeled "Infinity," near his body, and tests confirmed the presence of fentanyl. It is also sold locally in packages labeled "Bonecrusher" and "MC."

Fentanyl is used in hospitals worldwide as a high-powered pain killer. "It's mysterious as to why there hasn't been a cluster of deaths, such as on the Lower East Side," said Allan Clear, executive director of the Harm Reduction Coalition, an advocacy group supporting health and justice needs for drug-users. "Usually these things happen in clusters and it not clear why it's not here."

17 New Yorkers Dead From Potent Drug Cocktail (AP)

AP, August 29, 2006

NEW YORK -- A powerful drug cocktail laced with a prescription painkiller has killed at least 17 people in the city over the last four months, and doctors are being told to report suspected overdoses.

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Drug users are mixing the morphine-like painkiller, fentanyl, with heroin or cocaine, unaware of the potentially lethal consequences, the city's health department said Tuesday.

"Fentanyl is very potent, and very small amounts have the same effects as large amounts of other drugs," health Commissioner Dr. Thomas R. Frieden said in a statement.

The deaths have occurred in different parts of the city and appear to be accidental overdoses, the health department said.

Fentanyl is an opiate used legally in anesthesia and for some cancer patients. It's cheaper than heroin and 80 times more potent than morphine. That makes it an appealing additive for heroin and cocaine distributors.

More than 500 people have died nationwide after taking the deadly cocktail. Many of the deaths were in Detroit, Philadelphia and Chicago.

A Chicago street gang member was charged last week with drug-induced homicide for selling a fatal batch of fentanyl-laced heroin to a suburban teenager, police there said.

New York police were making special efforts to track down the sources behind the local fentanyl-laced mixture, police Commissioner Ray Kelly said.

The health department issued a series of health alerts to doctors, reminding them of the symptoms and treatment for fentanyl-related overdoses and telling them to report all cases.

People suspected of suffering fentanyl-related overdoses should take naloxone, which is sold under the brand name Narcan.

Deadly Drug Mix Resurfaces In New York (NYT)

By Marc Santora

The New York Times, August 30, 2006

At least 17 people in New York City have died in the past four months after taking either cocaine or heroin laced with a powerful painkiller, health officials warned yesterday.

While this is the first reported cluster of overdoses from the lethal drug cocktail reported in the city in many years, hundreds of people across the country have died in similar overdoses in recent months. The deaths indicate a possible resurgence of the deadly practice of lacing drugs with fentanyl, a prescription painkiller that can be up to 80 times more potent than morphine.

"With some 500 deaths around the country, there is a sense that this is a growing problem," said Dr. Thomas R. Frieden, the city's health commissioner.

The deaths in New York since May have been scattered across the city. All but one of the victims were men and most were ages 30 to 53, officials said. Details of the individual cases are still being compiled and it remains unclear whether the victims knew they were taking fentanyl.

Police Commissioner Raymond W. Kelly said in a statement that he had warned police officers to take special precautions, including using rubber gloves, when handling drugs that may contain fentanyl, because it can be absorbed through the skin and cause illness. He said the police believed that most of the fentanyl found in the drugs used by the victims was manufactured illicitly, not in legitimate pharmaceutcal laboratories.

Across the country, most similar overdoses have occurred in Chicago, Detroit and Philadelphia. In June, 400 federal and local law enforcement officials raided a public housing project in Chicago, hoping to disrupt what they said was a sophisticated drug ring. The officials said they believed the ring was responsible for providing drugs that killed more than 100 people in and around that city.

Worried about the possible spread to New York after nine deaths were reported in Newark in June, the New York City Department of Health and Mental Hygiene issued an alert to doctors, asking them to report all overdoses suspected of involving fentanyl.

The alert noted that eight of the nine deaths in Newark occurred among users who snorted the drug rather than injecting it.

Fentanyl is a synthetic compound that is typically used by doctors to treat chronic pain. But since it can be made in clandestine drug labs, it has been used as either a substitute for heroin or to enhance the effects of heroin and cocaine.

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Drug dealers might want to add fentanyl to the mix because it lets them both stretch their supply and create a drug with a more intense high.

When fentanyl is laced with cocaine, it is meant to ease some of the effects of coming down off the drug.

Whatever the reason illicit drug makers may use fentanyl, it remains extremely dangerous because it is so potent, lethal in even small doses. The last time there was major concern about the use of the tranquilizer was some 15 years ago.

In 1990, a new brand of heroin laced with fentanyl, nicknamed Tango and Cash, hit the streets and almost immediately, people began to die. In one weekend alone in 1991, 12 people in the city fatally overdosed.

Perhaps because fentanyl has proved so deadly in the past, until recently it was rarely seen on the streets in any great quantity. How widespread its use is remains unknown. Since fentanyl has a biological effect similar to that of heroin and it is not detected by standard urine toxicology tests, its presence may go unnoticed, officials said.

For now, health officials say their primary concern is making sure doctors know to be alert for the drug so they can treat overdose victims.

Heroin Deaths Prompt Calls For Awareness (MDH)

By Jo Ann Hustis

Morris Daily Herald, August 29, 2006

Parents should know what's in their children's bedrooms, noted Grundy County Coroner John Callahan, who has dealt with two heroin-related deaths the past week.

"Parents need to pay attention to what's in their rooms - those things not in the normal realm of things," he said today. "Things out on the street not commonly found in bedrooms."

Callahan said neighboring county coroners have notified him of illicit heroin usage occurring in their areas the past six to eight months.

"We have seen an increase in the surrounding area the past several months, and now it is in our area," he said. "It probably has been in our area the same amount of time, however my office has not had to be involved until now."

He said heroin has become one of the leading drugs of choice in the area, and noted the use is spreading downward to junior-high-school-age youth.

Heroin is rather easily obtainable and a relatively inexpensive drug, said Callahan.

Now, however, some dealers are cutting heroin with fentanyl, a powerful pain-killer classified as a narcotic in the United States, Callahan said.

"There are different theories behind this," he noted. "One theory is that when drug dealers get a weak batch of heroin, they add fentanyl, which is 50 to 80 times more potent than morphine, to give it an added punch."

There are more than 12 different variations of analogues produced and distributed today in the U.S. drug traffic.

The biological effects of fentanyls are similar to those of heroin, except there is less of a euphoric high, and the analgesic effect is stronger. Fentanyl can be injected, smoked, or snorted. Street names for fentanyl include China White, China Girl, and Dance Fever.

Callahan said the most common form of fentanyl is found in pain patches for cancer patients and others with chronic pain who are physically tolerant to opiates.

The patches are applied for three to four consecutive days, then removed. Illicit drug dealers and users will boil discarded patches to obtain the trace amount of fentanyl still remaining, then mix the residue with heroin, the coroner said.

Callahan said even a reduced dose of street-sold heroin cut with fentanyl can result in overdose or death. A dose as small as a few grains of salt can be fatal.

The effects of an overdose occur rapidly. Sudden death occurs through respiratory or cardiac arrest, severe depression of breathing, and cardiovascular collapse.

Routine screening for opiates will not detect fentanyl.

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Callahan was to further discuss the use of heroin and fentanyl as a cutting agent during a press conference today at the Grundy County Administration Center. The event was brought about by two deaths in the past week which indicate the use of heroin cut with fentanyl, he said.By Jo Ann Hustis

jhustis@morrisdailyherald.com

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2 Ex-air Marshals Sent To Prison For Cocaine Smuggling (HC)

By Dale Lezon

Houston Chronicle, August 29, 2006

Houston men pleaded guilty to bribery, conspiring to sell the drugs

Two former federal air marshals from Houston are headed to prison for conspiring to bypass airport security and smuggle about 33 pounds of cocaine.

Burlie L. Sholar III and Shawn Ray Nguyen, who accepted a plea agreement with prosecutors in April, were sentenced Monday by U.S. District Judge Kenneth Hoyt. Nguyen, 32, must serve seven years and three months in prison, and Sholar, 38, got nine years.

They also will be under five years' supervised release after their release, Hoyt ordered. Nguyen received a shorter sentence because of his cooperation with investigators, the U.S. Attorney's Office said Tuesday.

Nguyen and Sholar pleaded guilty to bribery and conspiring to possess, with intent to distribute, cocaine.

The men admitted talking with an FBI informant about plans to smuggle 15 kilograms of cocaine past security at Bush Intercontinental Airport and onto a flight bound for Las Vegas. They said they expected to be paid $5,000 per kilogram.

Prosecutors said the pair had planned to use their positions as air marshals to get past security.

Sholar made flight and hotel arrangements and agreed to meet Nguyen at his house before the smuggling attempt, according to the plea agreements. The informant, who recorded conversations with Nguyen, delivered the cocaine and $15,000 in marked bills to his house Feb. 9, prosecutors said. Nguyen and Sholar were arrested afterward.

A third former air marshal, Patrick H. Hightower II, is to be sentenced Sept. 8 for an unrelated crime that was discovered after Sholar's arrest. Hightower pleaded guilty in June to theft of government money and faces up to one year in prison and a $100,000 fine.

Sholar and Hightower traveled together and cooperated in altering travel vouchers, authorities said.

Hightower admitted sharing a hotel room and forging expense reports more than 20 times to indicate that two rooms were rented.

7 Spanish Tourists Charged With Smuggling Ecstasy At JFK Airport (AP)

By Richard Pyle

AP, August 29, 2006

NEW YORK (AP) — Tourists have smuggled $4.3 million worth of Ecstasy pills into the country in false-bottomed suitcases, raising concern about a new surge of the illicit drug from Europe rather than across the United States' northern and southern borders, customs officials said.

Since early July, authorities at John F. Kennedy International Airport have seized 77 pounds of the tablets, more than 170,000 of them, and have arrested seven people, all identified as Spanish citizens, U.S. Customs and Border Protection spokeswoman Lucille Cirillo said Tuesday.

Three suspects were arraigned before U.S. District Court Magistrate Joan Azrack in Brooklyn on Monday, charged with conspiracy to distribute controlled substances. They were held without bail.

The three had arrived at JFK on a flight from Germany on Saturday and were found to have luggage with false bottoms containing Ecstasy, Cirillo said.

The other four suspects had arrived in New York since July 9 and were arraigned on similar charges. All were traveling as tourists on Spanish passports.

The federal charges carry a maximum penalty of 10 years in prison.

Ecstasy, a stimulant and psychedelic drug also known as MDMA, is manufactured in illicit laboratories. Most Ecstasy sold in the United States until the 1990s was imported from Europe, but this flow virtually dried up after smuggling rings in Germany were smashed, said Susan Mitchell, Customs and Border Protection director in the New York field office.

Since then, most seizures of the contraband have occurred at border crossings from Canada and Mexico, "which indicated that Ecstasy was being largely produced in North America," Mitchell said.

"These recent seizures (at JFK) demonstrate the cyclical nature of supply and demand in the narcotics trade," she said.

Nearly 900 Ecstasy seizures totaling 5,400 pounds occurred at other ports of entry between 2000 and 2005, compared to 202 seizures of 1,600 pounds at JFK. The latter spiked at 77 in 2001 and 71 in 2002 but fell sharply to 22, eight and five over the last three years.

The Ecstasy seizures at the Queens airport this year already match the 2001 high point.

Cirillo said Detroit, Buffalo, San Isidro, Calif., and Nogales, Ariz., were the principal smuggling points after the shutdown of European-originated Ecstasy.

The location of laboratories that produced the latest influx from Europe was not known, Cirillo said. Whether it marks a new trend remains to be seen, she said.

"For some time we had seen very little of this," she said. "Now, all of a sudden, we have seven arrests. That is very interesting to us."

Plea Date Set For Scott West (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), August 29, 2006

Knoxville entrepreneur Scott West is scheduled to plead guilty Sept. 11 to conspiracy to commit drug trafficking and money laundering charges.

The plea date before U.S. District Judge Thomas Phillips was entered Tuesday on the federal court docket.

West faces, under federal law, a minimum mandatory sentence of 10 years but likely will receive half that time because he has no criminal history and is not considered a leader in the drug trafficking ring.

His brother, James Michael West, 42, pleaded guilty Aug. 24 in U.S. District Court to charges he bought and peddled tons of marijuana in more than a decade and invested millions in drug proceeds into Market Square properties at the request of his brother and sister-in-law, Bernadette Trent West.

Bernadette West also is expected to enter a guilty plea in the coming weeks.

Mike West's wife, Joanne Baker West, 39, also pleaded guilty last week to money-laundering conspiracy charges.

The plea agreement in Mike West's case, hammered out between federal prosecutors Hugh Ward and David Jennings and Assistant Federal Defender Jonathan Moffatt, includes an agreed penalty range for Mike West of 210 months to 262 months.

Joanne Baker's plea deal, negotiated by defense attorney Scott Green, puts her potential penalty range at 46 to 57 months.

In both cases, the agreed penalty ranges represent a significant break given the staggering amount of dope and money involved in the long-running conspiracy that spanned more than a decade and involved pot customers in states including Arizona, Florida, Georgia and Tennessee.

The pleas come just weeks after a federal grand jury issued a beefed-up indictment in the case, investigated by agencies including the U.S. Drug Enforcement Administration and the Internal Revenue Service.

Ward told U.S. District Judge Thomas Phillips at Thursday's hearing that U.S. Attorney Russ Dedrick had pushed for a solid case that would net quick guilty pleas to ensure the viability of the Market Square businesses operated by the Wests, which include the Preservation Pub, World Grotto and Earth to Old City.

"That's why we've worked very diligently in this case, and perhaps in another week and a half, we can conclude the case as smoothly as possible so the properties on Market Square (can be sold) to a developer or any other person interested," Ward said.

The statement was confirmation that plea deals are in the works with Scott West and Bernadette West. Their respective defense attorneys, Don Bosch and David Eldridge, were present at Thursday's hearing.

Bosch said the West family would continue to operate the businesses pending seizure of the Market Square properties and the accompanying lease deal the Wests had brokered.

Prosecutors have repeatedly made it clear in court records that the U.S. Attorney's Office is seeking to seize the drug-funded properties without actually shutting down the businesses operated out of those buildings.

Court records filed as part of the plea deals for Mike West and his wife make it equally clear that Scott West and his wife relied on drug money to secure their Market Square holdings, renovate them and operate their businesses.

"In October 2001, co-conspirators Ronald Scott West and Bernadette Trent West arranged with defendant (Mike) West to invest the drug proceeds into certain properties in Market Square," court records state.

"These properties ... were and are owned or operated or controlled by ... Scott West and Bernadette Trent West and defendant (Mike) West and others," court records state. "Scott West and Bernadette Trent West knew that (Mike) West's source of these funds was (Mike) West's drug trafficking activities.

"(Mike) West's initial investment in these properties was approximately $100,000 and grew eventually to at least $2.1 million," according to the documents.

Mike West, who owned at least one art gallery in Atlanta apparently began feeling a bit left out of the Market Square action, prompting Bernadette West and her husband to draft a document known as the West Family Trust, according to court records.

"Scott's just a little too paranoid," Mike West is quoted in the documents as having said in a secretly recorded conversation. "I've already told Scott that, you know, in five or 10 years I'm going to need something back out of there ... He knows that.

"He said that, you know, he told me that a building down next to Tomato Head on Market Square ... just sold for like six hundred and something thousand dollars," Mike West continued. "So if we take that same ... figure and just figure in Earth to Old City, the building that Earth to Old City's in and the building that the Oodles (restaurant) is in, that comes to $5.4 million. And that's not including (Preservation) Pub or the four-story (building the Wests own) or the one in the Old City that we're a minority partner in, so my money is there.

"So I feel pretty good about where it's at and the fact that, essentially, a couple of million of dollars managed to get laundered, you know," Mike West stated. "It's done and no taxes were paid on it and, you know, income can be generated off of it for a long, long time."

Mexico's Drug Wars Heat Up (BSWK)

By Geri Smith

BusinessWeek, August 29, 2006

In the once-chic beach resort of Acapulco, the severed heads of two police officers who had been clamping down on drug traffickers were found a few months ago with a note attached: "So that you learn to respect." The grisly method soon caught on. In August alone, four more heads accompanied by threatening notes appeared in the central Mexican state of Michoacán.

In Mexico City, gunmen strode into an upscale restaurant on Aug. 16 and shot a businessman in the head. A few miles away, two federal judges were gunned down in the past few weeks, one of them days after he limited the visitation rights of a notorious jailed drug kingpin.

For years, Mexico's drug cartels have shot it out among themselves, usually in rough cities along the U.S. border or on the Pacific coast, where most of the cocaine, heroin, marijuana, and methamphetamine consumed by Americans enters the U.S. But a bloody turf war among traffickers is spreading the violence to cities that have rarely seen it before.

Now they are targeting police and judges in response to the government crackdown. "The Mexican government is engaged in an unprecedented, all-out fight against drug traffickers," Attorney General Daniel Cabeza de Vaca told reporters on Aug. 23. "The decapitations are a sign of the violence that these groups are showing because we have them cornered." Cornered, perhaps, but far from being vanquished.

As President Vicente Fox's six-year term in office draws to a close this year, American officials say they've enjoyed unprecedented cooperation from Mexican officials. Under Fox, Mexico has targeted the major cartels, nabbing or killing 15 top traffickers, including Osiel Cárdenas, a powerful kingpin now languishing in prison.

Record amounts of drugs have been seized, and more intelligence is being shared by drug-enforcement officials from both sides. That cooperation resulted in the Aug. 14 arrest by U.S. officials of Francisco Javier Arellano Félix, a key member of the so-called Tijuana cartel, as he cruised on a yacht in international waters near San Diego.

The crackdown has sparked a bloody competition among remaining traffickers for the country's lucrative drug routes. Over the past year around 1,000 people have died in drug-related killings nationwide.

The border city of Nuevo Laredo, just south of Laredo, Tex., has been hard hit: Last year the city's police chief was killed just eight hours after being sworn in, and his replacement lasted just a few months before throwing in the towel. Today, the city has no police chief (see BusinessWeek.com, 8/1/05, "The Mean Streets of Nuevo Laredo").

COLOMBIA COMPARISON. Some worry that Mexico is looking more and more like Colombia, where drug traffickers in the 1980s infiltrated law enforcement, blocked extraditions, and kidnapped and killed scores of judges and journalists. But Bruce Bagley, an expert on the drug trade at the University of Miami, says that Mexico's institutions are still relatively unscathed, despite the recent spike in violence.

True, local Mexican police forces show troubling signs of corruption—it's hard for a cop earning $400 a month to resist. But federal law enforcement agencies are being reinforced with better-paid, better-educated recruits who are undergoing intense training. The army has so far largely remained untainted even though its troops have been assigned to carry out many drug seizures. And the government has pledged to provide protection for judges who handle drug cases.

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The U.S. Drug Enforcement Agency (DEA) says that while most of the cocaine entering the U.S. still originates in Colombia, Mexican groups that once served as mere conduits for the Colombian cartels today are the dominant traffickers and control most of the distribution points in major American cities. Mexico also has become a major producer of heroin and marijuana, and more recently has become a big supplier of methamphetamine, which is processed in clandestine laboratories throughout the country.

The Fox administration, eager to establish closer relations with the U.S. and to reduce drug consumption within Mexico, since 2000 has seized more than 10,000 tons of marijuana, 140 tons of cocaine, 1,850 kilos of opium paste, nearly 1,700 kilos of heroin, and more than four tons of methamphetamine. That's an impressive haul, although it represents a small fraction of the $6 billion to $10 billion in drugs that slip each year across the busy border, or through tunnels underneath it.

DANGERS OF THE PROFESSION. Fox also promised to extradite top cartel leaders, but the country's slow judicial system has so far frustrated that initiative, which may help explain why it was U.S. law enforcement officers who nabbed the Tijuana cartel figure in late August even though his yacht was near Mexican territorial waters.

In American prisons, traffickers cannot operate with impunity the way they still can in many Mexican jails, where mobile phones are frequently confiscated from kingpins. To help Mexican law enforcement agencies tighten their grip on the cartels, Washington is providing them with computers, training, and surveillance helicopters.

Although Mexico has made heroic efforts in recent years to crack down on the entrenched drug trade, there's little chance it will ever choke off the flow of narcotics. "As soon as one cartel leader is captured or killed, another steps up to take his place," says Jesús Blancornelas, a muckraking Tijuana journalist who narrowly survived a 1997 machine-gun attack by hit men from the Arellano Félix cartel.

The 70-year-old founding editor of the Zeta weekly newspaper, which over the years has published numerous investigative stories about the drug trade, lost two of his fellow editors to the cartel's hired guns, including one who was slain in front of his two small children in 2004.

When he goes out, Blancornelas rides in a bulletproof vehicle, guarded by a dozen army troops in two chase cars. "Our unfortunate experiences have made other journalists afraid to write about drug trafficking," he says.

Indeed, at least four and possibly as many as 10 Mexican journalists covering crime and drugs have been killed in the past five years, according to the New York-based Committee to Protect Journalists. That means that even as Mexico's violent drug wars heat up, the country's journalists may deem it too dangerous to delve deeply into one of the biggest threats facing the young democracy's institutions.

IMMIGRATION:

Taking The Cause To The Big Screen (WP)

By Michael A. Fletcher

The Washington Post, August 30, 2006

David N. Bossie earned a reputation as a relentless sleuth -- or right-wing hit man, depending on one's political persuasion -- during his years as a high-profile Republican congressional investigator and conservative activist.

Through the 1990s, Bossie spent much of his time assembling caches of documents to push his admittedly ideological agenda. He was a ready promoter of stories about President Bill Clinton's sexual and ethical lapses, proved and otherwise.

Bossie was fired as an investigator for the House Government Reform and Oversight Committee after overseeing the release of recordings of Hillary Rodham Clinton's phone conversations with Whitewater figure Webster L. Hubbell. The tapes were edited to create the impression that Clinton was involved in billing irregularities at the Arkansas law firm where she and Hubbell worked.

No longer content to merely unearth documents, Bossie, president of Citizens United, a conservative advocacy group, has turned to documentary-style films to push his causes. His latest contribution to the national political debate is "Border War," a film he co-produced that makes the case for a serious crackdown on illegal immigration.

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The movie, which makes its national premiere in Los Angeles tomorrow, in Washington on Sept. 13 and on DVD in October, tells the story of illegal immigration -- with Bossie's unmistakable point of view. "It shows what illegal immigration means to your average person," he said.

"Border War" does not portray illegal immigrants as economically desperate people who break the law by sneaking across the border then often go on to renew the American dream with their thrift, enterprise and hustle while filling back-breaking jobs that few citizens want.

Instead, the film makes the case for tougher border enforcement by focusing on the most unsettling aspects of the nation's huge illegal immigration problem: the cold-hearted coyotes who guide illegal migrants across the border, sometimes abandoning them in the desert at the first sign of trouble. The illegal immigrants who proposition and even molest young girls in safe houses. Violent criminals who cross the border with impunity. And immigration activists who believe the border has no legitimacy to begin with, because much of the southwestern United States was Mexican territory more than 150 years ago.

"We never really crossed the border," one says. "The border crossed us."

The documentary, shot over six months, weaves this tale by following the lives of five people who embody different aspects of the difficult issue: the widow of a Los Angles County deputy sheriff killed by an illegal immigrant; an open border advocate who helps immigrants making the perilous trek into the United States; a Latina whose father helped smuggle illegal immigrants into the country but now voluntarily patrols the border with the Minutemen; an undercover Border Patrol agent; and Rep. J.D. Hayworth (R-Ariz.), a leading advocate of cracking down on illegal immigration.

"It is an exciting way to educate people about issues," Bossie said of his film. "I love any new form of communication to deliver a political message."

Bossie, who has no formal film training, calls himself an accidental moviemaker. In the years after leaving his congressional post, he wrote or co-wrote three books: one slamming former vice president Al Gore, another attacking Sen. John F. Kerry (D-Mass.) and third making a case for how President Clinton's foreign policy set the table for the Sept. 11, 2001, terrorist attacks.

When Michael Moore's 2004 documentary "Fahrenheit 9/11" proved to be a hit that rallied partisans on the left against President Bush, Bossie said he was surprised and then got on the phone looking for someone to craft a right-wing response. When he got no answer, he reached into Citizens United's deep pockets, put up about $1 million and hired Hollywood stalwarts Lionel Chetwynd, Kevin Knoblock and Ted Steinberg to help him make "Celsius 41.11."

"The contrasts are startling. 'Fahrenheit' Bush was a deer in the headlights; 'Celsius' Bush is a deer hunter," read a review in the Cleveland Plain Dealer. ". . . 'Fahrenheit' Bush barely could speak in complete sentences; 'Celsius' Bush delivers confident speeches. And so on."

The movie may not have created the buzz that "Fahrenheit 9/11" did, but it did go on to be shown in 125 theatres and to be reproduced on 200,000 DVDs, many of which were given to Citizens United supporters. "One thing I learned is you can have impact with that medium," Bossie said. "I also learned that I can make films. And you don't have to make them in Hollywood."

He had editing equipment installed in the basement of Citizens United's Capitol Hill headquarters and has gone on to make a film excoriating the United Nations, before shooting "Border War."

Films have long been used as propaganda. Frank Capra's "Why We Fight" series was commissioned to explain U.S. policy during World War II and to answer the German 1935 film, "Triumph of the Will," which glorified Adolf Hitler and the Nazi cause.

But the use of films as weapons in the political and ideological battles in Washington is a relatively new development aided by advances in digital technology, which makes editing and distribution cheap and easy. It also is being helped along by Moore's success.

"This is just an obvious outcome of the polarization that is happening in this country," said Malcolm Spaull, chairman of the film school at the Rochester Institute of Technology. "In this case, it is through the media. I only see this growing."

Bossie says he has two more film projects in the pipeline. One, about the American Civil Liberties Union, is scheduled for a fall release. The other is about Sen. Hillary Rodham Clinton (D-N.Y.), who is widely believed to be positioning herself for a 2008 presidential run. Bossie said he is teaming with Dick Morris, the former Clinton media adviser, on that one.

Asked when it will be released, Bossie said, "At the right time."

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U.S. Court Orders City To Ensure Aid For Battered Immigrants (NYT)

By Nina Bernstein

The New York Times, August 30, 2006

A federal judge yesterday ordered the city to stop illegally denying food stamps and other aid to battered immigrant women and children and to overhaul the error-plagued computer programs and training manuals that continue to lead welfare workers to turn them away.

The judge determined that high-level city policymakers had long been aware of the systemic problems, but did little or nothing to fix them until a group of battered women filed a lawsuit late last year. As a result, if the city and state continue to fight the lawsuit, the judge said, he will be highly likely to find them liable for "deliberate indifference" to violations of the plaintiffs' federal and state rights.

"It is not the policy of the United States, nor of the State of New York, to leave destitute the battered immigrant wives and children of lawful U.S. residents just because their abusive husbands are no longer supporting them or providing them with a basis for obtaining aid," the judge, Jed S. Rakoff of United States District Court in Manhattan, wrote in his 83-page decision. He certified the lawsuit as a class action and issued a preliminary injunction against the city and state.

The judge commended the city for fixing some of the problems since February, when he issued a partial injunction and held nine days of hearings in the case. But he added that problems persisted because of inadequate training, poor computer design and faulty directives.

"The simple truth, moreover, is that the ameliorative actions now taken by the city and state defendants would not likely have been taken if this lawsuit had not been brought and had the court not issued its initial injunction," he wrote.

The decision is awkward for Mayor Michael R. Bloomberg, who is preparing to unveil a plan for attacking poverty in the city, a central goal of his second term. The plan is expected to focus on children, young adults and the working poor.

Jane Tobey Momo, senior counsel for the city, said officials were reviewing the opinion to determine the city's next steps. "While we are disappointed in the court's findings," she wrote in a statement, "we are pleased that the court recognized and commended the city for the extensive recent steps taken to ameliorate the difficulties in delivering benefits to noncitizen immigrants.

"The difficult and changing federal and state statutes, regulations and policies present continuing challenges to the process," she added.

When the lawsuit was filed in December by the New York Legal Assistance Group and the Legal Aid Society, the lawyers called it a last resort, saying that officials had failed to fix problems that forced hundreds of women to choose between staying safe and feeding their families, despite government policies aimed at supporting them until they can get on their feet.

The suit seeks back benefits that range from a few hundred dollars to one or two thousand dollars per family in the class. "That represents months of being able to get by," said Ronald Abramson, a partner at Hughes Hubbard & Reed, which worked on the case for months without charge, but is now likely to be able to collect more than a million dollars in legal fees from the city.

About a dozen plaintiffs, mostly identified only by initials, include a woman from Senegal helping to prosecute the man accused of torturing her and murdering her sister; a Mexican mother of two whose husband chased her with a gun; and a Bangladeshi woman whose husband, since hospitalized for mental illness, kicked her in the abdomen while she was pregnant, cut up her clothes and threatened to kill her when she tried to go to work.

Several fled to domestic violence shelters, only to find themselves unable to buy food or medicine for their children. In an affidavit, one breast-feeding mother wrote of going hungry and of feeling powerless as she and her young children lost weight.

The abuse, documented in orders of protection, police reports and letters from domestic violence shelters, was not in question. Nor was eligibility for aid, often affirmed through administrative "fair hearings," only to be denied again or automatically cut off.

One of the basic problems lay in the pull-down computer menu that caseworkers used when entering information about a noncitizen applying for aid. The list of eligible immigration categories mistakenly omitted "battered qualified alien," the category in which these women and children fit.

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That problem was fixed recently, after Judge Rakoff's February order, but other deficiencies remain. The judge called the violations "the direct results of the flawed design of the city's computer system, the pervasive errors in the city's training materials and policy directives, and the widespread worker ignorance resulting from inadequate training of the city's employees."

"The Court readily concludes that, given the pervasive and systemic nature of the various problems resulting in the unlawful denial of benefits to plaintiffs, plaintiffs have established a very high likelihood that the city will be found liable on all the plaintiffs claims," he wrote.

In 45 pages devoted to legal findings, he determined that the plaintiffs had established "an overwhelming likelihood of success on their contention that the city, in its failure to adequately train its employees, was 'deliberately indifferent' to the violation of plaintiffs' federal rights." He added that the state was "vicariously liable" because it supervises the city's provision of public aid and had failed to change its own programming problems and faulty directives.

Jason Brown, a spokesman for Gov. George E. Pataki, said state officials would not comment until they review the decision.

Mr. Abramson said even last winter, when the judge ordered the city to provide aid to the named plaintiffs, the city's lawyers returned to court saying their efforts had been stymied because the computer system "errored-out" many of the cases.

But eventually all the families involved in the lawsuit received aid, said Caroline Jane Hickey, a lawyer with New York Legal Assistance Group. "We are thrilled with Judge Rakoff's decision to protect the rights of a population with almost no voice," she said.

She cited the case of the Mexican mother identified as J.Z. in the lawsuit, who has since been able to move into public housing in the Bronx with her two children. She has passed a high school equivalency test and found a job at her children's school.

"She has managed to completely turn her life around," Ms. Hickey said. "She plans to be a nurse."

Afghans Who Fled Conflict Face Cultural Divide In U.S. (WP)

By Dina Elboghdady

The Washington Post, August 30, 2006

Aman Feda, an Afghan-born mortgage broker, cringed at his 13-year-old niece's choice of music, the hip-hop blaring from the car radio, the lyrics grating on his nerves as they drove home after shopping at Tysons Corner.

"Why not listen to some Afghan music?" Feda asked casually.

"What music?" he remembers her saying with a shrug of her shoulders. "There's nothing."

The exchange sparked Feda's first thought of creating a magazine that showcases Afghan musicians, poets and celebrities in a way that enlightens his niece's generation about Afghan culture and engages community elders eager to reconnect with their Afghan roots.

Feda and his wife, Samira, who live in Springfield, followed through on the idea three years later. They launched a magazine three months ago and found themselves negotiating what one Afghan native describes as the "cultural schizophrenia" that has plagued a community that began settling in large numbers in this country more than two decades ago, after the Soviet invasion of Afghanistan .

As Aman Feda, 32, tells it, many of them were well-educated professionals who scraped by as taxi drivers and beauticians when they arrived. They've raised doctors, engineers and now publishers. But calming the political tensions they brought with them, reconciling Muslim tradition with American lifestyles, and easing the resulting strain between generations proved tougher than the financial challenges they faced.

Even the Fedas, who arrived as youngsters, grappled with the hyphen in Afghan-American. She was not allowed to date. So he had to ask her parents for her hand in marriage. A one-year engagement led to a wedding and then the magazine.

Samira, 23, the editor in chief, and Aman, the publisher, decided on the name ZÃ©ba -- the Dari word for beautiful. But they fretted about putting a woman on this month's cover, Miss England 2005, the Afghan knockout (and Muslim) who caused a stir when she took part in the swimsuit competition.

"We're trying to be respectful of everyone, but we're trying to push the buttons just a little bit on the social issues," Aman Feda said. "And there are a lot of social issues the Afghans here don't agree on."

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In the Washington region, home to one of the country's largest Afghan populations, "everyone" includes roughly 14,000 people who said they are of Afghan ancestry, most of them born in Afghanistan, according to a 2005 U.S. Census survey released this month. Many of them live in Northern Virginia. Some congregate at the Mustafa Center Mosque in Annandale. They have two well-established poetry reading circles and a sports federation in Fairfax that draws throngs of Afghans from around the nation to its annual Fourth of July soccer championship.

Afghans came in waves, bringing competing political ideologies, said Rameen Moshref Javid, 37, who splits time between Alexandria and New York, where he runs a nonprofit organization that promotes cultural and intellectual discourse among young Afghan professionals.

When the Soviets invaded in 1979, Afghanistan's ruling elite escaped immediately if they could. Intellectuals who refused to embrace the new party dogma followed in the 1980s. And when the communist regime collapsed in 1992, any Afghans associated with it fled and civil war broke out. Four years later, after the Taliban seized Kabul, the capital, still more left. Since 1999, about 9,100 Afghan refugees have arrived in this country, according to the Department of Homeland Security.

"Each one of those waves formed the Afghan society we see in the United States, including the one in Northern Virginia," said Javid, executive director of the nonprofit Afghan Communicator. "There is always friction between those groups. Every time there was an Afghan gathering, there was a fight going on about something, and that alienated the younger people in particular."

Ethnic tensions played a role. Pashtuns, Tajiks, Uzbeks and Hazaras who jockeyed for a larger share of power in Afghanistan found themselves at odds here, too, Javid said.

Even the poetry reading club, formed by taxi drivers, an engineer and others seven years ago, split in two because of discord in its ranks. At the Springfield Masonic Lodge, during a recent late-night poetry reading session, some members attributed the split to scholarly differences. Others say political leanings played a role. A few accused the original members, who broke away, of being chauvinists who wanted the women to wear head scarves.

Adding to the generational divide were the financial strains suffered by well-to-do families that were suddenly penniless in a new country. Mothers and daughters and sons joined the workforce for the first time, sometimes earning more than the father and undermining his traditional role as breadwinner.

"With their own money to spend, sons and daughters became more independent," Javid said. "The fathers started feeling kind of useless. That's still playing itself out. Many of our elders in their sixties and seventies have nothing to do but sit in the mosques. "

As the father's influence waned, traditional gender roles blurred and family dynamics shifted, said Fouzia Afshari, a member of the American Society of Afghan Professionals in Alexandria.

Some of that came to play in Afshari's own family when her father, a successful businessman in Afghanistan, set up a fruit stand in the District to make ends meet after arriving in this country in 1992 with his wife and six children, ages 7 to 22. Those old enough to work found odd jobs and pleaded with their father to abandon the fruit cart.

"We told him men of his stature should not do this kind of job," said Afshari, a real estate broker in her thirties. "But he didn't want to live off of us."

Besides, she said, her father, now deceased, always figured he would reclaim his life in Afghanistan one day.

That yearning for home helped spur ethnic media in this country by catering to immigrants hungry for news about goings-on in their native lands, said Sandip Roy, editor of New America Media, a consortium of ethnic publications.

The potential audience grew as the number of people of various ethnic groups who immigrated to this country legally and received green cards increased 31 percent, from 720,461 in 1995 to 946,142 in 2004, according to the most recent Department of Homeland Security data. The estimated number of illegal immigrants reached 10.5 million last year, according to the U.S. Office of Immigration Statistics.

Ethnic publications tend to evolve with the communities they target, Roy said. The first are usually launched in the native tongue by community activists passionate about politics back home. As a community settles in, publications start to reflect diversity of opinion.

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Some reinvent themselves, Roy said, as the Vietnamese Nguoi Viet Daily News did after the Vietnam War ended. Others put a greater emphasis on English, just as the bilingual Nichi Bei Times did this year when it launched an all-English weekly to target the growing number of Japanese Americans who do not read or speak Japanese. Others -- such as ZÃ©ba -- turn to new topics.

"Especially now that people can access information about their home countries on the Internet, readers are looking for more about their ethnic community here instead of what they're missing out on back there," Roy said. "That's why you'll see more about fashion, health, youth and lifestyle in ethnic publications. It's no longer about a single point of rage."

The Fedas hope their magazine, which Aman Feda is bankrolling out of his own pocket for a year, will offer a refreshing break from the rage created by Afghanistan's war-torn past. They believe ZÃ©ba can attract young and old alike because it is bilingual (half in Dari, half in English). They keep it largely free of the two most divisive topics: politics and religion.

"God knows we needed something like this, especially for the younger generation," said Diana Noory, 43, who moved to this country from Afghanistan with her husband at age 17. Noory, an Alexandria resident, said she was pleased to see ZÃ©ba's story about Afghan designer Samira Atash because it brought back fond memories of happier days in Afghanistan, when women in Kabul wore the latest Parisian fashions and beehive hairdos.

Her eldest daughter, Lida Sahar Noory, 24, said her "eyes popped open" when she saw ZÃ©ba because it captured the culture her parents identified with back then. "Our story is always told from the Islamic perspective," Lida Noory said. "It's always about the burqa. Nobody understands that it was an entirely different lifestyle before the Taliban."

Other Afghan women say they hope the publications evolve even further, not just beyond politics, but also beyond lifestyle and fashions and on to taboo subjects such as dating and cross-cultural marriages.

Samira Feda said ZÃ©ba will tackle these issues in time.

For starters, ZÃ©ba plans to launch a teen-oriented "Dear Auntie" advice column.

"It will be Islamically correct advice," she said. "We're opening the doors slowly. We have to make sure readers fall in love with the magazine first so when these sensitive issues come up, they're not turned off."

TAX:

The IRS' Biggest Tax Cheat: Itself (LAT)

By Lauren E. Willis

The Los Angeles Times, August 30, 2006

ONCE UPON a time, the Internal Revenue Service proclaimed that its mission was "to collect the proper amount of tax revenue at the least cost, serve the public by continually improving the quality of our products and services and perform in a manner warranting the highest degree of public confidence in our integrity, efficiency and fairness."

Today's mission statement says nothing about cost containment or efficiency. The IRS' purpose now is "to provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all."

Unless Congress steps in to stop it, the IRS is set to begin implementing a wildly inefficient plan to outsource the collection of past-due taxes from those who owe $25,000 or less. IRS employees could collect these taxes for about three cents on the dollar, comparable to other federal programs' collection costs. But Congress has not allowed the IRS, which is eliminating some of its most efficient enforcement staff, to hire the personnel it would need to do the job. Instead, the agency has signed contracts with private debt collectors allowing them to keep about 23% of every taxpayer dollar they retrieve. Employing these firms is almost eight times more expensive than relying on the IRS, but, according to IRS Commissioner Mark Everson, it fits in with the Bush administration's efforts to reduce the size of government.

Over 10 years, the companies hired are projected to collect overdue taxes totaling $1.4 billion, $330 million of which the companies keep as fees. According to the IRS' own estimates, over those same 10 years, the agency could collect $87 billion in unpaid taxes at a cost of just under $300 million — if allowed to hire sufficient personnel. In total, utilizing the private sector instead of augmenting IRS personnel would leave in the hands of delinquent taxpayers more than $85 billion owed to the federal government.

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If these numbers seem too big to fathom, think of it this way: It is as if you were given the choice of investing $3,300 to make $14,000, or investing $3,000 to make $870,000, and you chose the investment with the higher price and lower return.

What could $85 billion buy?

• More than 11% of the U.S. population under age 18 lacks health insurance. Using data from health insurers, the American Academy of Pediatrics estimates that the cost of a child's medical care in the U.S. averages less than $1,400 annually. Another $85 billion in the U.S. Treasury would be more than enough to cover the medical needs of all of our 8.3 million uninsured children for seven years.

• In Los Angeles County, more than 80,000 people are homeless on any given day. The cost of ending homelessness in the county has been pegged conservatively at about $28 billion over 10 years. Assuming that this cost is on average roughly equal per homeless Californian, $85 billion over 10 years could end homelessness for about two-thirds of California's more than 360,000 homeless children, women and men.

• Warren Buffett is giving $30 billion over 20 years to the Bill & Melinda Gates Foundation. If the foundation spends that money on children's vaccinations, about 30 million children and their families and communities will benefit annually. Worldwide, about 32 million children born each year receive no vaccinations; $85 billion could vaccinate virtually all of them.

• Congress has allocated about $4 billion to shore up the levees devastated by Hurricane Katrina. Experts say closer to $32 billion is needed to reconstruct and reinforce the system to protect the New Orleans area from flooding in a Category 5 storm. That $85 billion would be more than sufficient to accomplish this, with enough left over to spend about $245,000 apiece on rebuilding the approximately 220,000 houses and apartments that were destroyed or seriously damaged by the flooding.

The handful of companies chosen to round up the taxes will profit handsomely, as will the thousands of delinquent taxpayers who will evade collection. We who pay our taxes in full every year are footing the bill. The mission of today's IRS seems to be safeguarding shirking taxpayers and distributing taxpayer dollars to private corporations. That's not just mission creep; it's efficiency, integrity and fairness turned upside down.

Court Ruling In Damages Case Deals Big Setback To The IRS (WSJ)

By Tom Herman

The Wall Street Journal, August 30, 2006

A recent court ruling saying a woman doesn't owe taxes on an award from her former employer for "a nonphysical personal injury" represents a significant setback for the IRS. Even though the decision was handed down only last week, lawyers are already urging taxpayers in similar cases to take action to save taxes on their awards.

At issue in the case was whether a $70,000 payment that a woman received from her former employer for "emotional distress" and "loss of reputation" was taxable. The woman had paid $20,665 in income taxes on that award. In a decision that is sparking intense debate among lawyers, the U.S. Court of Appeals for the District of Columbia Circuit said the $70,000 award didn't represent "income" -- and thus wasn't taxable.

"Albert Einstein may have been correct that 'the hardest thing in the world to understand is the income tax,'" Chief Judge Douglas Ginsburg wrote. But "it is not hard to understand that not all receipts of money are income."

The three-judge panel's decision is binding on the Internal Revenue Service in cases involving taxpayers in Washington, D.C., but not other parts of the country. However, the decision is likely to have "immense implications" for many other people around the nation who expect to receive damages for "nonphysical personal injuries" -- or who have received damages in recent years, says Todd A. Kraft, a tax lawyer in Dallas at Meadows, Owens, Collier, Reed, Cousins & Blau.

For example, the decision could affect the way numerous settlement agreements are drafted in the future, Mr. Kraft says. Furthermore, lawyers are recommending that taxpayers who received similar awards in the past few years and paid taxes on them should consider filing amended returns seeking refunds. (Generally, taxpayers have to file a refund claim within three years from the date they filed the original return, or within two years after the date they paid the tax, whichever is later, the IRS says.)

"The likely immediate effect of this case will be to trigger thousands of refund claims," says Mary B. Hevener, a Washington lawyer at Baker & McKenzie.

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An IRS spokeswoman referred questions to the Justice Department, where a spokesman says the government hasn't decided on its next step.

The winner in the appeals court decision is Marrita Murphy, who was represented by David Colapinto, a Washington lawyer at Kohn, Kohn & Colapinto. According to the appeals court opinion, she filed a complaint in 1994 with the U.S. Labor Department alleging that her former employer, the New York Air National Guard, in violation of various whistle-blower statutes, had "blacklisted" her and given unfavorable references to potential employers after she complained to state authorities of environmental hazards at a New York Air National Guard air base.

The department said Ms. Murphy should get $70,000 in compensatory damages, of which $45,000 was for "emotional distress or mental anguish" and $25,000 for "injury to professional reputation" from having been blacklisted. None of the award was for lost wages or diminished earning capacity, the court said.

Ms. Murphy paid taxes on the award and later filed an amended return seeking a refund. The IRS said no. She lost her case at the district-court level. The appeals court rejected her argument that the award was for "physical personal injuries" -- but decided that the award didn't fall within the meaning of the term "incomes" as used in the 16th Amendment, which was ratified in 1913 and authorized Congress to collect an income tax. The court called a 1996 tax-law change "unconstitutional" insofar as it permitted taxation of damage awards for mental distress and loss of reputation.

"It's been a long, hard, uphill battle," Ms. Murphy said yesterday. "The personal cost is extremely high. It affects every area of your life. But it's going to help other people."

Some lawyers, including Donald Alexander, a former IRS commissioner, think the decision will be overturned. Meanwhile, the subject remains murky. "If Einstein was confused before Murphy, he'd be a whole lot more confused now," says Ms. Hevener of Baker & McKenzie. * * *

Taxpayers will have more choices for direct deposit of their refunds next year.

Starting in January, taxpayers will be able to split their federal income-tax refunds for 2006 among up to three financial accounts, the IRS said. An "account" can include an individual retirement account.

The IRS has posted a draft of Form 8888 on its Web site (irs.gov). * * *

Briefs: The Senate Finance Committee plans a Sept. 6 hearing called "Executive Compensation: Backdating to the Future." Among the issues: backdating of stock options.

CONGRESS-ADMINISTRATION:

Tomlinson Cited For Abuses At Broadcast Board (WP)

By Paul Farhi

The Washington Post, August 30, 2006

A year-long State Department investigation has found that the chairman of the agency that oversees Voice of America and other government broadcasting operations improperly used his office, putting a friend on the payroll and running a "horse-racing operation" with government resources.

The report, released yesterday, marks the second time in less than a year that an internal investigation has found evidence of rules violations by Kenneth Y. Tomlinson, chairman of the Broadcasting Board of Governors.

In November, the Corporation for Public Broadcasting inspector general found that Tomlinson had made improper hires, had tried to tamper with PBS's TV programming and appeared to show political favoritism in selecting CPB's president while he was chairman, Tomlinson resigned his CPB post that same month.

The new allegations against Tomlinson, 62, stem from his chairmanship of the BBG, which oversees the federal government's array of international broadcasting services, including VOA, Radio and TV Marti in Cuba and Radio Free Europe/Radio Liberty.

Tomlinson defended his performance as BBG chairman, saying, "I believe it will become clear that this [inspector general] investigation was inspired by partisan divisions."

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Although the Broadcasting Board of Governors and the Corporation for Public Broadcasting are unrelated entities, Tomlinson's alleged violations overlapped both federal agencies. He conducted CPB work and "personal matters" while working for the Broadcasting Board, and directed BBG employees to do the same, the State Department's investigation found. Investigators said he received compensation from both the BBG and CPB for the same days worked on 14 occasions, but did not specify an amount.

The investigation also found that Tomlinson -- a former Reader's Digest editor and longtime Republican ally of White House political adviser Karl Rove -- helped hire a friend as a BBG contractor without the knowledge of other board or staff members. The friend -- whose name was withheld from a public summary of the investigation but whom Tomlinson identified as retired VOA employee Les Daniels -- received nearly $245,000 for unspecified services over a two-year period. Tomlinson signed the invoices for these payments even though there was no documentation that the work had been completed, investigators said.

That accusation is similar to one made last year by CPB's inspector general, who found that Tomlinson employed contractors without documentation, including a still-mysterious Indiana man who was paid to monitor the number of conservative and liberal guests who appeared on PBS talk shows.

The most sensational complaint against Tomlinson might be that he used government resources to support his stable of thoroughbred racehorses, potentially violating federal embezzlement laws. Tomlinson has had a lifelong interest in breeding and racing horses. Upon his retirement from Reader's Digest in 1996, he began to devote himself to raising horses at his ranch, Springbrook Farm, near Middleburg.

The investigation determined that Tomlinson used his office for his thoroughbred activities, but the summary offers no details.

The State Department said it turned its report over to the Department of Justice, which has declined to bring criminal charges against Tomlinson. The allegation involving the contractor, however, is pending in DOJ's civil division.

Tomlinson, who is attending a conference in Berlin, said via e-mail yesterday that he made "diligent efforts" to bill each board for the work he did. "It is well known and accepted by all," Tomlinson wrote, "that because of the importance of what I was doing in the war on terror that I would be working more than 130 days a year," which is the statutory maximum.

He also wrote that he devoted an average of one e-mail and 2 1/2 minutes a day at the office to his horse operations. "In retrospect," he wrote, "I should have been more careful in this regard."

The inspector general's report was made public by three Democratic members of Congress: Reps. Howard Berman and Tom Lantos, both of California, and Sen. Christopher Dodd of Connecticut. The three legislators requested the investigation last year after being contacted by an anonymous BBG employee.

The lawmakers called for Tomlinson's removal yesterday and urged President Bush in a letter to "take all necessary steps to restore the integrity of the Broadcasting Board of Governors."

A White House spokeswoman, Emily Lawrimore, said Bush continues to support Tomlinson's pending renomination as BBG chairman. She had no further comment.

Broadcasting Board Chairman Misused Funds, U.S. Probe Says (WSJ/AP)

The Wall Street Journal, August 30, 2006

WASHINGTON -- The chairman of the Broadcasting Board of Governors misused government money on several occasions, overbilling for his time and funneling unauthorized contracts to a friend, State Department investigators concluded.

According to a summary of a report by the State Department's inspector general, Kenneth Tomlinson misused government funds for two years as chairman of the organization, which oversees the Voice of America, Radio Free Europe and other U.S. government broadcasting abroad.

Mr. Tomlinson stepped down last fall as a board member of the Corporation for Public Broadcasting amid allegations of promoting conservative programming.

The State Department investigation found that Mr. Tomlinson, as a political appointee to the Broadcasting Board of Governors, signed invoices worth about $245,000 for a friend without the knowledge of other board members or staff.

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Mr. Tomlinson also used the board's resources to support his private horse-racing operation and overbilled the organization for his time, in some instances billing both the Broadcasting Board of Governors and the Corporation for Public Broadcasting for the same time worked.

Investigators noted in the summary of the report that the U.S. attorney's office in Washington had decided a criminal investigation wasn't warranted. A civil investigation, however, on charges stemming from hiring his friend as a contractor was still pending, the summary said.

Mr. Tomlinson said he believed the investigation results were "inspired by partisan divisions inside the BBG." Regarding the double billing, Mr. Tomlinson said he was in the unusual position of serving as chairman of two boards at the same time but still made "diligent efforts" to properly bill each board.

On charges of using government funds for his horse farm, Mr. Tomlinson said: "I am confident that I spent far more time on broadcasting responsibilities at my farm and my private residences than I spent on my horses at the office." He didn't address the allegation of hiring a friend as a contractor.

Broadcast Chief Misused Office, Inquiry Reports (NYT)

By Stephen Labaton

The New York Times, August 30, 2006

WASHINGTON, Aug. 29 — State Department investigators have found that the head of the agency overseeing most government broadcasts to foreign countries has used his office to run a "horse racing operation" and that he improperly put a friend on the payroll, according to a summary of a report made public on Tuesday by a Democratic lawmaker.

The report said that the official, Kenneth Y. Tomlinson, had repeatedly used government employees to perform personal errands and that he billed the government for more days of work than the rules permit.

The summary of the report, prepared by the State Department inspector general, said the United States attorney's office here had been given the report and decided not to conduct a criminal inquiry.

The summary said the Justice Department was pursuing a civil inquiry focusing on the contract for Mr. Tomlinson's friend.

Through his lawyer, James Hamilton, Mr. Tomlinson issued a statement denying that he had done anything improper.

The office of the State Department inspector general presented the findings from its yearlong inquiry last week to the White House and on Monday to some members of Congress.

Three Democratic lawmakers, Senator Christopher J. Dodd of Connecticut and Representatives Howard L. Berman and Tom Lantos of California, requested the inquiry after a whistle-blower from the agency had approached them about the possible misuse of federal money by Mr. Tomlinson and the possible hiring of phantom or unqualified employees.

Mr. Tomlinson, a Republican with close ties to the White House, was ousted last year from another post, at the Corporation for Public Broadcasting, after another inquiry found evidence that he had violated rules meant to insulate public television and radio from political influence.

His renomination to a new term as chairman of the State Department office that oversees foreign broadcasts, the Broadcasting Board of Governors, is pending before the Senate.

Mr. Tomlinson's position at the broadcasting board makes him one of the administration's top officials overseeing public diplomacy and puts him in charge of the Voice of America and Radio Free Europe.

The State Department report noted his use of his office to oversee a stable of thoroughbreds but did not mention one specific way in which his professional responsibilities and personal interests appear to have intersected. The horses, according to track records, include Karzai, as in Hamid Karzai, and Massoud, from the late Ahmed Shah Massoud) references to Afghan leaders who have fought against the Taliban and the Russians, as well as Panjshair, the valley that was the base used by forces to overthrow the Taliban.

In providing the report to the members of Congress, the State Department warned that making it public could violate federal law, people who have seen the report said. On Tuesday, Mr. Berman released the summary.

The lawmakers who requested the inquiry sent a letter to the president on Tuesday urging him to remove Mr. Tomlinson from his position immediately "and take all necessary steps to restore the integrity of the Broadcasting Board of Governors."

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A spokeswoman for the White House, Emily Lawrimore, said President Bush continued to support Mr. Tomlinson's renomination. Ms. Lawrimore declined to comment on the State Department report.

In the statement issued through his lawyer, Mr. Tomlinson said that he was "proud of what I have accomplished for U.S. international broadcasting'' and that the investigation "was inspired by partisan divisions inside the Broadcasting Board of Governors.''

He implied that it was more efficient for him to work for the Corporation for Public Broadcasting at his office at the broadcasting board. About his horse racing work, he said the inspector general had concluded that it amounted to "an average of one e-mail and two and a half minutes a day'' at the office.

He also said he spent more time on broadcasting responsibilities at his farm and residences than he spent on his horses at the office.

"In retrospect, I should have been more careful in this regard,'' he said.

Mr. Tomlinson, 62, is a former editor of Reader's Digest who has close ties to Karl Rove, Mr. Bush's political strategist and senior adviser. Mr. Rove and Mr. Tomlinson were on the board of the predecessor to the broadcasting board in the 90's. Mr. Tomlinson has been chairman of the broadcasting board since 2002.

The board, whose members include the secretary of state, has a central role in public diplomacy. It supervises the government's foreign broadcasting operations, including Radio Martí, Radio Sawa and Al Hurra; transmits programs in 61 languages; and says it has more than 100 million listeners a week.

Mr. Tomlinson's ouster in November from the Corporation for Public Broadcasting was prompted by a separate investigation by that inspector general at the corporation. That inquiry found evidence that Mr. Tomlinson had violated rules as he sought more conservative programs and that he had improperly intervened to help the staff of the editorial page of The Wall Street Journal win a $4.1 million contract, one of the corporation's largest programming contracts, to finance a weekly public television program.

The heavily edited State Department report on Mr. Tomlinson's activities at the Broadcasting Board of Governors did not identify the friend who received the improper employment contract. The report said that there was no competitive bidding to hire him, that he was retired and on a government pension when Mr. Tomlinson hired him and that he never filed the required paperwork with the board.

In his statement, Mr. Tomlinson identified the man as Les Daniels and said he had worked for 35 years at the Voice of America.

Mr. Tomlinson said, Mr. Daniels did important work as a liaison aide with the public and working on significant projects. Mr. Daniels was paid nearly $250,000 over two and a half years, ending last year.

Mr. Tomlinson was rebuked in the earlier report at the Corporation for Public Broadcasting for improperly hiring an acquaintance from a journalism center founded by the American Conservative Union. The corporation paid the person more than $20,000 to monitor public radio and television programs for bias, including "Now," with Bill Moyers as host.

The State Department report said that from 2003 through 2005 Mr. Tomlinson had requested compensation in excess of the 130 days permitted by law for his post. The report said that he had requested and received pay from the broadcasting board and the Corporation for Public Broadcasting for the same days worked on 14 occasions but that investigators were unable to substantiate whether they were for the same hours worked on the same days.

Investigators who seized Mr. Tomlinson's e-mail, telephone and office records found that he had improperly and extensively used his office at the broadcasting board for nongovernmental work, including work for the Corporation for Public Broadcasting and the horse racing and breeding ventures. The material seized included racing forms and evidence that he used the office to buy and sell thoroughbreds.

Mr. Tomlinson owns Sandy Bayou Stables near Middleburg, Va., Records show that most of the horses have not been in the money, although Massoud appears to have been quite successful, earning purses of more than $140,000 over the last two years.

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People who have seen the report said it noted that Mr. Tomlinson, on his lawyer's advice, ended an interview with investigators early. One person familiar with the inquiry said Mr. Hamilton ended the interview as the investigators began to ask about using the office for horse racing business. Mr. Hamilton would not comment about the interview.

Foreign Broadcasts' Chief Accused Of Impropriety (LAT)

By Noam N. Levey

The Los Angeles Times, August 30, 2006

WASHINGTON — The Bush administration's troubled outreach efforts to the Middle East and other areas of the world were dealt more bad news Tuesday with new allegations of impropriety by the man who oversees the federal government's broadcasts to foreign countries.

Kenneth Y. Tomlinson, a Bush appointee who chairs the Broadcasting Board of Governors, directed staff to do personal work and used government resources for his private racehorse operation, a new report by the State Department's inspector general indicates.

Forced to resign last year as head of the Corporation for Public Broadcasting amid revelations of impropriety, Tomlinson also doubled-billed the Broadcasting Board of Governors for working some of the same days as at the CPB, according to the report, a summary of which was obtained by The Times.

"This is serious stuff," said Rep. Howard L. Berman (D-Valley Village), who requested the investigation last year and was among three Democratic lawmakers who on Tuesday asked President Bush to remove Tomlinson.

"The role of the Broadcasting Board of Governors in the context of the current international situation … is of the highest priority," Berman said. "This is not some backwater."

The Broadcasting Board of Governors oversees all U.S. government and government-sponsored international broadcast programming in 61 languages, including Voice of America, Radio and TV Marti and two services directed to the Middle East, Radio Sawa, or "Together" in Arabic, and the satellite television network Al Hurra, or "the Free One."

Tomlinson, who was traveling out of the country, refuted the allegations in a statement released late Tuesday.

"I am very proud of what I have accomplished for U.S. international broadcasting," said the former editor of Reader's Digest and friend of Bush political strategist Karl Rove.

"I believe it will become clear this I.G. investigation was inspired by partisan divisions inside the BBG."

A White House spokeswoman said Tuesday that Bush continued to support Tomlinson, whose renomination as chairman of the broadcasting board is pending before the Senate.

Federal prosecutors have declined to investigate the case for criminal wrongdoing, according to the State Department report. But the new allegations seemed to portend more trouble for Tomlinson and the White House.

The Bush administration's campaign to build support in the Middle East and other areas of the Islamic world have already been derided as crude propaganda by some critics.

U.S. efforts have been undermined by a series of public relations disasters, including the appearance in April 2004 of graphic photos showing abuse of detainees at Iraq's Abu Ghraib prison.

More recently, Al Hurra has been investigated for misuse of money, reportedly for procurement and contracting.

Tomlinson, 62, became the focus of unwelcome publicity last year amid allegations that he broke federal law, along with internal rules and ethics codes, in his efforts to bring more conservatives into the Corporation for Public Broadcasting.

He resigned as chairman of CPB in November ahead of an internal investigation that showed he worked with Bush administration officials, including Rove, to find a president for the agency, which is supposed to act as a buffer between Congress and public broadcasting stations.

Tomlinson denied any wrongdoing at the time.

The State Department investigation found that Tomlinson helped secure nearly $250,000 worth of business at the Broadcasting Board of Governors for a personal friend without the knowledge of other board members and staff. Investigators could find no written reports of what the friend did.

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The investigation also revealed that Tomlinson used the board's computers and telephones for work on his private racehorse business.

Investigators found that Tomlinson overbilled the Broadcasting Board of Governors for work by claiming compensation for more than the 130 days per year that the law allowed him to work and double-billed the board of governors and the CPB for work done on the same day.

Tomlinson dismissed the allegations Tuesday, noting that he "made diligent efforts to bill each board only for the work I did for each board."

He said his work on the horses while at the broadcasting board came out to "an average of one e-mail and two and a half minutes a day."

Rove's Influence Undiminished By Scandal (AP-Y)

By Nedra Pickler, Associated Press Writer

AP, August 30, 2006

Karl Rove was not "frog-marched" out of the White House in handcuffs as his detractors had hoped, but the past year was certainly a low point for President Bush's close friend and chief political strategist.

A criminal investigation put Rove under scrutiny for months, then he was forced to surrender a key policy role in a move that raised questions about his authority in the White House.

While Rove fought the allegations and kept a low public profile, he never lost his unparalleled influence on the president, say those close to him.

"The history of a lot of folks in these jobs is that they are hired guns," Republican National Committee Chairman Ken Mehlman said. "With Karl, you have someone who has been central to what the president has been doing for decades."

Mehlman and others in the White House say Rove gave up his responsibilities as chief policy coordinator in April, but remains heavily involved in all aspects of domestic and international policy.

The coordinator role had turned Rove into an internal White House diplomat, trying to coordinate different views into a coherent position while maintaining neutrality. Some felt it stretched the political strategist too thin.

The slimmed-down portfolio leaves Rove freer to focus on politics, look at the big picture and provide a gut-check in a White House that has struggled with missteps that may leave Republicans vulnerable in the midterm congressional elections.

Rove fell under a legal cloud after a grand jury, starting late in 2003, began investigating the leak of a CIA officer's identity to reporters. He learned in June that he would not be indicted.

With that threat behind him, Rove is back to his old playful self — sporting Elvis sideburns on a recent trip to Memphis with the president and traveling around the country for lucrative storytelling to GOP donors.

The Republican base never flinched at suggestions that Rove tried to smear administration critic Joe Wilson by revealing his wife's role as a CIA operative.

Publicity surrounding the case seems even to have increased Rove's stature among Republicans and contributed to an almost mystical view of the longtime Bush strategist among the party faithful because he came out on top.

At a recent presidential fundraiser near Bush's Texas ranch, a line that formed for photos with Rove was nearly as long as the line waiting to see the president.

Rove is an impressive fundraiser himself, bringing in $10.4 million in 75 events this cycle, more than any other Republican official besides the president, first lady and vice president.

"He came out clean," said Robert Pruger, one of the donors who recently paid $1,000 to hear Rove speak in Toledo. "When your opponent hits you and it doesn't stick, you end up stronger for it."

The fundraiser aided the campaign of Ohio gubernatorial candidate Ken Blackwell. Financial consultant Cleves Delp was told that if he helped stage the fundraiser, he could get any leading conservative he liked to attend.

Rove wasn't the first choice, but Supreme Court Justice Clarence Thomas couldn't raise money for the GOP, Delp learned.

Instead he got Rove, who mingled at Delp's home before the main event. Donors paid at least $10,000 each for the privilege of meeting Rove privately.

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Delp was thrilled with the stories Rove told about what happened behind the scenes following the terrorist attacks on Sept. 11, 2001. He said if more voters heard Rove's inside tales of the war on terror, Republicans might be in better shape.

"That's the problem," Delp said. "Maybe we're not feeling the sense of what happened that day. We need to be reminded of that more often."

As if on cue, Rove took to the podium and invoked the memory of Sept. 11, when his secretary called to tell him the news. "I walked five feet over and told the president of the United States that a plane had flown into the World Trade Center," Rove said. "They didn't know whether it was a big plane or a little plane, a commercial plane or a private plane."

If Rove experienced any pain from having his own reputation questioned, it hasn't stopped him from tearing down political opponents with attacks on their credibility.

Once again he's using the tactic that helped Bush win re-election in 2004 — suggesting that Democrats cannot adequately protect the country from terrorists.

"The problem for these Democrats is that their policies would have consequences and their policies would make us more, not less, vulnerable," Rove said from a podium beneath the beamed, vaulted ceilings and brass chandeliers of the Inverness Country Club in Toledo. "And in war, weakness emboldens your enemies and it's an invitation for disaster."

He even targets those who are decorated military veterans like Massachusetts Sen. John Kerry and Pennsylvania Rep. John Murtha.

Rove recently said those Democrats "may be with you at the first shots, but they are not going to be there for the last tough battles."

He criticizes the media too. A favorite target is The New York Times and its role in revealing the administration's secret tracking of terrorist financing. He recently said journalists often criticize political professionals because they want to draw attention away from the "corrosive role their coverage has played focusing attention on process and not substance."

That might offer a clue to why Rove declined to be interviewed for this article and quickly left the Toledo fundraiser — a rare public forum that attracted a media pack that chased him out to his car.

Asked about his recent weight loss, Rove, without mentioning the liquid-based diet supervised by Dr. Arthur Frank at George Washington University, smiled and told reporters he'd lost 22 pounds through "clean living."

The mischievous Rove stuck his head out of the car before it sped off to add gleefully: "And avoiding you guys."

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, August 30, 2006

'Leaner and Meaner' Rove Has Less Weight to Throw Around

With all those campaign hot dogs and ice cream, most political types pack on weight in the summer -- but Karl Rove has dropped 22 pounds. "He has slimmed down," said Rep. Jim Moran , who saw Rove a couple of weeks ago. "He looks leaner and meaner than he's ever looked -- at least leaner."

How did he do it? Last week, Rove said his diet secret was "clean living." The White House isn't commenting, but the Associated Press reported yesterday that Rove used a "liquid-based diet" (sources tell us that means protein shakes) supervised by physician Arthur Frank of the George Washington University Weight Management Program.

Moran is halfway through his own weight loss challenge; the Virginia Democrat had lost 20 pounds but slipped this week. "This trip to New Orleans was a killer," said Moran on the phone from his tour of the Gulf area. "I'm deliberately not looking at a scale until I get back." (In the "too good to resist" category: fried oysters, gumbo and pecan pie.)

Said political strategist Michael Berman , a veteran of the Beltway weight wars: "I always do better in winter -- I have no idea why; it's just easier to be disciplined." The author of "Living Large" gained and then lost 12 pounds this summer with protein powder and yogurt, fruit, and only vegetables when he dined out.

And what about President Bush, who gained five pounds with all those 60th-birthday celebrations? "We don't make him do weekly weigh-ins, but as you know, he's an avid exerciser and is in excellent health," said spokeswoman Dana Perino. "He's glad the birthday cakes have stopped coming."Love, Etc.

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Â· Matched: Rep. Steve Rothman (D-N.J.), 53, who got teased when gossip columns and his hometown paper discovered his online personal ad two years ago (brown-eyed Libra, enjoys swimming, wine and jazz), had the last laugh Aug. 18 when he married Jennifer Anne Beckenstein , 48 -- a food bank publicist whom he met through Jdate.com -- in Nyack, N.Y. The two will honeymoon later in the year, his office said; for now, they're busy combining their five teens into one household in Fair Lawn, N.J.Update

The Federal Election Commission has dismissed a conservative group's complaint against hip-hop mogul Sean Combs's 2004 "Vote or Die" initiative, after determining that Diddy indeed rocked it nonpartisan-style as promised. In a late July ruling -- disclosed recently to Combs's high-powered D.C. attorney Abbe Lowell -- the election overseers found no merit in claims that the not-for-profit Citizen Change promoted or colluded with the John Kerry campaign. Despite anti- Bush comments mouthed at get-out-the-vote rallies by Mary J. Blige and Leo DiCaprio , the FEC noted that Citizen Change also allied with prominent Republicans like Jessica Simpson and Kid Rock . The National Legal and Policy Center, which filed the complaint, is also asking the IRS to investigate the group's spending, President Peter Flaherty told us yesterday.Quote

"I only play somebody smart enough to ask those questions."

Former "West Wing" actor Rob Lowe, asked what he would say to President Bush and New Orleans Mayor Ray Nagin about the city's Ninth Ward, still devastated a year after Hurricane Katrina hit. Lowe, who's shooting a movie in New Orleans , happened to be at Mother's restaurant Monday night when Bush and Nagin dined in the next room.Quote

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Women Suddenly Scarce Among Justices' Clerks (NYT)

By Linda Greenhouse

The New York Times, August 30, 2006

WASHINGTON, Aug. 29 — Everyone knows that with the retirement of Justice Sandra Day O'Connor, the number of female Supreme Court justices fell by half. The talk of the court this summer, with the arrival of the new crop of law clerks, is that the number of female clerks has fallen even more sharply.

Just under 50 percent of new law school graduates in 2005 were women. Yet women account for only 7 of the 37 law clerkships for the new term, the first time the number has been in the single digits since 1994, when there were 4,000 fewer women among the country's new law school graduates than there are today.

Last year at this time, there were 14 female clerks, including one, Ann E. O'Connell, who was hired by William H. Rehnquist, the chief justice who died before the term began. His successor, Chief Justice John G. Roberts Jr., then hired Ms. O'Connell.

Justice Samuel A. Alito Jr., who joined the court in January, hired Hannah Smith, who had clerked for him on the appeals court where he had previously served. So by the end of the term, and counting Ms. O'Connell twice, there were 16 women among the 43 law clerks hired by last term's justices.

After years in which more than a third of the clerks were women, the sudden drop was a hot topic this summer on various law-related blogs. Word of the justices' individual hiring decisions spread quickly among those for whom the comings and goings of law clerks are more riveting than any offering on reality television.

Who are these young lawyers who are the subject of such interest? They do not, contrary to myth — propagated in part by law clerks themselves — run the court. They do play a significant role in screening new cases, though, and they help their justices in preparing for argument and in drafting opinions.

While their pay is a modest $63,335 for their year of service, a Supreme Court clerkship is money in the bank: the clerks are considered such a catch that law firms are currently paying each one they hire a signing bonus of $200,000.

In interviews, two of the justices, David H. Souter and Stephen G. Breyer, suggested that the sharp drop in women among the clerkship ranks reflected a random variation in the applicant pool.

But outside the court, those who care about what goes on inside are thirsting for more than statistical randomness as an explanation.

A post on one popular legal Web site, the Volokh Conspiracy, asked, "Why so few women Supreme Court clerks?" and drew 135 comments during a single week in July. The answers included the relative scarcity of female students among the top editors of the leading law schools' law reviews — an important preclerkship credential — and the absence of women among the "feeder judges," the dozen or so federal appeals court judges who, year in and year out, offer a reliable pipeline to the Supreme Court for their own favored law clerks.

Some speculated that Justice Antonin Scalia, who hired only two women among 28 law clerks during the last seven years and who will have none this year, could not find enough conservative women to meet his test of ideological purity. (Justice Clarence Thomas will also have no female clerks this year, but over the preceding six years hired 11.)

In a brief telephone interview, Justice O'Connor said she was "surprised" by the development, but declined to speculate on the cause.

Justice Ruth Bader Ginsburg expressed no such surprise. In a conversation the other day, she knew the numbers off the top of her head, and in fact had noted them in a speech this month in Montreal to the annual meeting of the American Sociological Association, during which she also observed with obvious regret that "I have been all alone in my corner on the bench" since Justice O'Connor's retirement in January.

Justice Ginsburg, who will have two women among her four clerks, declined during the conversation to comment further on the clerkship numbers. Why not ask a justice who has not hired any women for the coming term, she suggested.

One who is in that position, Justice Souter, said he was disappointed to find himself without any female clerks. He explained that he had hired the top four applicants, who turned out to be men.

In recent years, more than a third of Justice Souter's law clerks have been women; since women rarely make up as much as a third of the applicant pool, he said, they have been somewhat overrepresented among his hires.

"I've found that a mix is a wonderful thing," he said, speaking from his home in New Hampshire.

Unaware of the overall drop in numbers, Justice Souter said he assumed it reflected no more than a random variation among this year's applicants.

That was also the assessment offered by Justice Breyer, who nonetheless has hired his usual total of two women for his four law clerk positions.

In the last seven years, Justice Breyer has hired more women than any other member of the court; more than half his law clerks, 15 of 28, have been women, a result, he said in an interview from his chambers in Boston, not of any conscious effort but of choosing the best available candidates.

With the number of women in clerkships high by historical standards until now, attention has been focused on a lack of ethnic and racial diversity among the clerks. There are no reliable figures, but the clerkship cadre remains overwhelmingly white.

It was not until the 1940's that any justice hired either a female or black law clerk.

Justice William O. Douglas hired the first female clerk, Lucille Lomen, in 1944, and it was 22 years before Justice Hugo L. Black hired the second, Margaret Corcoran. The first black clerk, William T. Coleman Jr., who is still practicing law here, was hired by Justice Felix Frankfurter in 1948.

Justice Frankfurter was not, however, ready to hire a woman when the dean of Harvard Law School strongly recommended a former star student in 1960. He turned down Ruth Bader Ginsburg.

Measuring The Body Politic (WP)

By Dana Milbank

The Washington Post, August 30, 2006

Studies released last week show that being just a few pounds overweight can shorten your life. By the government's method of calculation -- body mass index -- even the famously fit President Bush is overweight, with a BMI of 27.0, well above the 24.9 cutoff (but below the 30 cutoff for obesity). Former president Bill Clinton has been measured at 28.3, while older BMI calculations

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have put Vice President Cheney at 30.1 and Sen. Edward M. Kennedy (D-Mass.) at 34.2 (this according to the Web site DietPower.com, though Kennedy has lost weight recently).

To get the skinny on congressional health, The Washington Post asked each Senate office to supply the senator's BMI, which is a calculation based on height and weight. Only eight of the 100 complied, and they were quite lean. An aide to Thad Cochran (R-Miss.) didn't have the senator's exact height and weight but guessed that he has a BMI of 23. "He plays tennis twice a week," said Jenny Manley, a spokeswoman. A suspicious Allyn Brooks-LaSure, spokesman for Robert Menendez, (D-N.J.), responded: "You're trying to get me fired, aren't you?"

Some of the shortest members of the Senate -- Barbara Boxer (D-Calif.), Barbara A. Mikulski (D-Md.), Mike DeWine (R-Ohio) and Herb Kohl (D-Wis.) -- did not respond. The BMI calculation tends to discriminate against the more compact among us.

"With all due respect, I have no intention of asking Senator Kohl for this information," responded spokeswoman Lynn Becker.

Here's the BMI for the skinny senators who responded:

Orrin G. Hatch (R-Utah), 22.2. John F. Kerry (D-Mass.), 22.5 (6-foot-4, 185 pounds). Thomas R. Carper (D-Del.), 23.1 (6-0, 170). "He's got my bet for the best BMI in the Senate," loyal spokesman Bill Ghent said of Carper.

Wayne Allard (R-Colo), 23.5 (6-1, 178). Bill Nelson (D-Fla.), 23.9 (5-9, 162). Nelson is "an avid runner," spokesman Bryan Gulley said.

Johnny Isakson (R-Ga.), 24.5 (5-11, 176). Craig Thomas (R-Wyo.), 24.7 (6-1, 187). Thomas "runs every morning before work," spokesman Cameron Hardy said.

George Allen (R-Va.), 26.3 (6-3 3/4 , 215). "It's all muscle!" spokesman John Reid said.

To calculate BMI: Divide your weight in pounds by your height in inches, divide the resulting number by your height in inches again, and multiply that number by 703.

OTHER NEWS:

Median Household Income Rises 1.1% (WSJ)

By Robert Guy Matthews

The Wall Street Journal, August 30, 2006

WASHINGTON -- The median income of American households rose by an inflation-adjusted 1.1% last year after falling five years in a row, the Census Bureau said in its annual report on the well-being of Americans.

But the gap between the richest and poorest Americans widened last year, continuing a trend that dates to the early 1970s with a pause in the late 1990s. The top fifth of American households claimed 50.4% of all income last year, the largest slice since the Census Bureau started tracking the data in 1967.

The new data, from telephone and in-person interviews with 114,384 households, come amid polling data that suggest concern about the economy among many middle-income Americans -- an anxiety that Democrats hope to exploit in November's congressional elections.

"There is nothing to celebrate here," said Ron Haskins, a former Bush administration official now at the Brookings Institution. "A lot of the money goes to the top, and Republicans are forever playing defense on this. The people in the middle are feeling squeezed. If Democrats aren't getting the best of the argument, they should be."

Liberal-leaning analysts yesterday emphasized that despite a robust economy, the rich are getting richer while the poor are treading water. Conservative-leaning analysts emphasized that the median household income is up and the poverty rate is flat.

The Census Bureau said the number of Americans without health insurance rose by 1.4 million last year to 46.6 million, or 15.9% of the population. The poverty rate barely budged, falling to 12.6% from 12.7%, a change the bureau said isn't statistically significant but is an early signal that the poverty rate is starting to level off after four years of increases. About 37 million Americans were living below the official poverty line in 2005. (See related article.5)

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The income of the median household -- the one at the point at which half of the households have more and half have less income -- was $46,326 in 2005, up from $45,817 the year before. Although the overall economy has grown 11.7% since the recessionary year of 2001, the income of the median household is down 0.5% in that period.

Moreover, earnings for full-time workers employed year-round dropped last year. The median man's earnings declined 1.8% to $41,386 and the median woman's earnings declined 1.3% to $31,855. The measure doesn't include employer-provided health and similar noncash benefits.

Daniel Seybert of Newton Falls in northeastern Ohio counts himself among those not seeing the robust national economy in his household finances. "We have been regressing, with higher gas prices and I am paying a lot more in county and state property taxes," said the 47-year-old Mr. Seybert, who earns about $43,000 a year after 28 years in a tire factory. "When I built my home in 1999, I paid $1,200 in property taxes. Now they are $2,400. That's just money out of pocket."

The interest on the home-equity loan on his two-story, three-bedroom colonial has risen 14 times. He has to work side jobs as a handyman to have "spending money." And because he can't afford a new car, he is driving a 1998 Pontiac Firebird with 135,000 miles. His wife, a bookkeeper for a trucking company, is about to lose her $22,000-a-year job because the company plans to leave the area.

While the median household income rose 1.1%, the average income of households in the bottom 20% rose just 0.6%. Within the top 20%, the gains were concentrated among the richest 5%. The Census Bureau's income calculations include wages, interest, dividends and government cash benefits but exclude capital gains and noncash employee and government benefits. They also exclude the effect of taxes, which tend to narrow the gap between the rich and the poor, although less so as a result of the Bush administration's tax cuts, according to some evidence.

The Census Bureau didn't try to pinpoint the source of the widening income gap. But other data suggest that the richest households have benefited from growing performance-related pay, such as bonuses and stock options, and rising executive compensation generally. In addition, the economy lately has favored workers with more education and training while unskilled workers must increasingly compete with low-wage workers in poorer countries and immigrants.

Bruce D. Meyer, a professor at the University of Chicago's Harris School of Public Policy Studies, said that the numbers are flawed. "Our official statistics are too gloomy," he said. "The middle has been doing better than the numbers suggest." Because the numbers don't reflect other income such as food stamps, housing assistance, Medicaid, mortgage deduction and other kinds of wealth transfers, they make Americans look worse off than they really are, he argued.

But Greg Hinds, a 35-year-old maintenance mechanic for a paper company in Menasha, Wis., said he isn't optimistic about prospering in coming years, because of increased health-care costs and no expected large increases in his salary. He and his wife earn about $70,000 annually and have two children, putting the family in the upper-middle-class range for the area. "I am personally holding my line at home with finances, but it is getting tough," he said.

"Our health-care costs compared to five years ago have doubled," he said. His share of health-insurance premiums rises next week to $52 a week from $19. He said he pays roughly $3,000 a year in deductibles and co-payments and expects that to rise.

The Census Bureau said much of the gains among middle-income households nationally came among foreign-born households. The median income of households headed by natives rose 0.2% to $46,897; among those foreign-born, the median income was up 3.3% to $42,040 with the strongest gains among naturalized citizens.

Median income grew strongest in the Northeast, up 2.9% to $50,882 last year, but dropped 0.4% in the Midwest, to $45,950, where the decline in manufacturing jobs continues to reduce earnings.

Census Reports Slight Increase In ’05 Incomes (NYT)

By Rick Lyman

The New York Times, August 30, 2006

The nation’s median household income rose slightly faster than inflation last year for the first time in six years, the Census Bureau reported yesterday.

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The rise, however, had little to do with bigger paychecks — in fact, both men and women earned less in 2005 than 2004. Rather, census officials said, more family members were taking jobs to make ends meet, and some people made more money from investments and other sources beyond wages.

The glimmer of improvement came after years in which the economy slogged through the bursting of the 1990's stock market boom, a brief economic downturn, the aftershocks from the 2001 terrorist attacks, a series of corporate scandals and growing evidence of a deepening divide between rich and poor.

While the economy has been strong by most statistical measures for the past several years, its benefits have not translated into improvements in the standard of living for many people. In New York, the proportion of city residents living below the poverty level has not changed in the last five years. [Page B1.]

Nationally, the small uptick in median household income reported yesterday, 1.1 percent, was not enough to offset a longer-term drop in median household income — the annual income at which half of the country's households make more and half make less.

That figure fell 5.9 percent between the 2000 census and 2005, to $46,242 from $49,133, according to an analysis of the data conducted for The New York Times by the sociology department of Queens College. The difference was so sharp, in part, because the 2000 census measured 1999 income, which was at the height of the dot-com bubble.

Still, census officials were upbeat at a news conference while announcing the new data, also pointing out that the number and percentage of those living below the poverty line held steady in 2005 after four consecutive annual increases.

The White House seized on the positive numbers, which had been in short supply in previous recent census reports.

"Unemployment is low, wages are rising, and there are more jobs in America today than at any other time in history," said Rob Portman, director of the Office of Management and Budget. "While we still have challenges ahead, our ability to bounce back is a testament to the strong work ethic of the American people, the resiliency of our economy and pro-growth economic policies, including tax relief."

Within hours of the data's release, political partisans on both sides were parsing it for advantage in the upcoming midterm elections, what with both houses of Congress in play and voters' assessments of the nation's economic health likely to play a role in the outcome.

"Today's census report confirms that most working families have not been able to make much economic progress in the last year, and they still have not made up the ground lost since President Bush took office," said Senator Jack Reed of Rhode Island, the ranking Democrat on the Joint Economic Committee.

Republicans responded in kind.

"While many Democrats have jumped on the opportunity to point out some statistics today, we can't forget that the economy remains strong," said Carolyn Weyforth, spokeswoman for the Senate Republican leader, Bill Frist. "Yes, there are some disconcerting numbers that Senator Frist feels that Congress must continue to address, but by no means do these numbers mean that the economy is anything but strong and continuing to grow."

The new data also showed continuing erosion in the percentage of Americans covered by health insurance. In 2005, an estimated 46.6 million people had no coverage, up 1.3 million since 2004 and increasing the percentage of Americans without health coverage from 15.6 percent of the population to 15.9 percent.

After recent decreases in the numbers of children without health insurance, this year's data found that their numbers grew between 2004 and 2005, rising from 10.8 percent of those under 18 to 11.2 percent.

The 5.9 percent drop in median household income since 1999 was not shared equally around the country. In Michigan, median household income fell 11.9 percent between 1999 and 2005. In North Carolina, it was 11.2 percent, in Utah 10.4 percent and in Indiana 9.5 percent.

But in some states, the impact was not nearly so great: a drop of 2.5 percent in New York, 2.4 percent in South Dakota and 1.9 percent in New Hampshire. In the District of Columbia and six states — Hawaii, Maine, Maryland, Montana, North Dakota and Virginia — the change was so small that it fell within the survey's margin of error.

David Johnson, chief of the housing and household economic statistics division, also noted some persistent signs that Americans from different income groups were not sharing equally in the country's recent economic good fortune.

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He pointed out that slightly more than half of the nation's income was going to the top 20 percent of wage earners at the same time that the number living in poverty remained essentially unchanged, at about 37 million people.

"That could represent an increase in inequality," Mr. Johnson said.

In fact, the Queens College study found that — at least between the two years studied, 1999 and 2005 — there was less economic disparity across the country. In 1999, at the height of the dot-com bubble, those in the top 20 percent in income made 19 times more than those in the bottom 20 percent, while in 2005 that gap had fallen to 14.8 times as much.

In 2005, the poor accounted for 12.6 percent of the population, roughly the same as in 2004. The only racial group that saw any improvement in their poverty rate over the year was non-Hispanic whites, a group that had 8.7 percent below the poverty line in 2004 and 8.3 percent in 2005.

And advocates for the poor pointed out that, although the numbers living below the poverty line held steady between 2004 and 2005, there has been a sharp increase in those living in extreme poverty.

The average person living in poverty actually earned $3,236 less than the poverty line — $19,971 for a household of four — in 2005, the highest such gap ever measured by the Census Bureau, said Robert Greenstein, executive director of the Center on Budget and Policy Priorities, a liberal research group. And 43 percent of the poor earned less than half of the poverty limit, Mr. Greenstein said, again the highest such percentage ever recorded.

"This is further evidence that the nation's economic recovery has had very limited reach, with many low- and medium-income families not sharing in the game," he said.

The new census data also helped paint a picture of those living at the top and bottom of the nation's income ladder in 2005.

Those in the top fifth in income were overwhelmingly more likely to live in metropolitan areas than rural ones, 90.8 percent to 9.2 percent. But within those metro areas, they were significantly more likely to be found in the suburbs, with 29.3 percent living within the dominant city limits and 61.5 percent living outside.

Wealthy Americans were also much more likely to be part of a married couple living in a single-family household (79 percent of those in the top fifth), to be a non-Hispanic white (81.2 percent) and to have two or more wage earners in the household (76.3 percent).

Meanwhile, those living in the bottom fifth in income could be found in disproportionate numbers in rural areas (21.2 percent of this group lived outside metro areas compared with 9.2 percent of the wealthiest) and to live in non-family households (59 percent of the poor compared with 12.5 percent of the wealthy).

A study of the data by the Carsey Institute at the University of New Hampshire found that children in rural areas were particularly hard hit, with the percentage living in poverty in 41 states higher in 2005 than it was five years before.

Blacks made up 20.6 percent of those living in the bottom fifth, compared with 5.8 percent of those in the top fifth. Hispanics were 13.4 percent of the bottom group and 5.9 percent of the top one.

Family Income Up, But Not Pay (USAT)

By Dennis Cauchon

USA Today, August 30, 2006

Household income rose faster than inflation last year for the first time since 1999, but families got ahead only by working at more jobs that paid less money, the Census Bureau reported Tuesday.

Median household income adjusted for inflation climbed 1.1% to $46,326 in 2005. That means half of U.S. households earned more and half earned less. Per capita income rose 1.5% to $25,036, the agency said.

The rise in income hid some somber news.

Earnings actually fell for people working full time. Household income rose because more people in the households worked, although at lower-paying jobs. Median earnings of men declined 1.8% last year. For women, the decline was 1.3%.

"It tells us the economy is still not generating the higher-paying jobs we'd like to see," says Douglas Besharov of the American Enterprise Institute, a conservative think tank in Washington. He says some of the earnings decline reflects

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demographic changes found in an aging population: older workers cutting back on hours and more women entering the workforce as their children grow up.

Immigrants made progress last year, enjoying a 3.3% increase in median household income to $42,040. For people born in the USA, income climbed 0.2%, to $46,897.

Black households fared worse: Income dropped 0.8% to $30,858. Asians did best: a 2.8% increase, to $61,094, cementing their status as the most prosperous racial or ethnic group. Hispanic income grew 1.6% to $35,967. Non-Hispanic whites had a 0.5% increase to $50,784.

The Census Bureau also reported on:

•Poverty. The portion of Americans living in poverty was 12.6% in 2005, essentially unchanged from 2004. The poverty rate had been rising since 2000. About 37 million people in 2005 lived in poverty, defined as annual income of $19,971 or less for a family of four.

•Seniors. Income jumped 2.8% for people 65 and older. Older Americans benefited from greater income from Social Security, pensions and dividends.

•Women. Wages for full-time female workers were 77% of men's wages. Women's wages have risen in relation to men's from 71% in 1995.

The Census report is an imperfect measure of income and poverty. The numbers do not include the value of food stamps, housing subsidies, Medicaid, Medicare or the earned income tax credit.

The earned income tax credit is the nation's largest cash assistance program for the poor, providing an average of $1,600 to 21 million households in 2005.

University of Notre Dame economist David Betson says the income trend is “not good news for the American worker. We keep saying, ‘You'll get yours in the future.' At some point, that future is supposed to arrive.”

At Last, Buoyant Economy Lifts Incomes (CSM)

By Alexandra Marks

The Christian Science Monitor, August 30, 2006

NEW YORK

For the first time since 1999, Americans have seen an increase in the amount of money in their pockets.

The nation's real median income was up 1.1 percent from 2004 to 2005, reaching more than $46,000, the US Census Bureau reported Tuesday. That's about $500 more than last year.

At the same time, the poverty rate has stabilized, after ticking upward for several years.

The numbers are an indication that the benefits of the economic recovery are finally reaching some in the middle class, economists say, even as they acknowledge that large income disparities among Americans remain.

"As this economic expansion has matured, wage pressures have increased and more is going out to labor," says Anthony Chan, chief economist of JPMorgan Private Client Services in New York. "But we must understand that labor has been squeezed and profit margins have gotten wider. This is not just a result of domestic forces, but mostly due to global forces that in most instances are beyond anyone's control."

Critics note that the middle class is still lagging economically from where it was in 2000, when the median household income was $47,599. That's about $1,300 more than today's median income, or about 3 percent higher. That long-term drop in income came even as productivity growth shot up 17 percent.

"While we certainly applaud the median household getting ahead, it's a day late and a dollar short," says Jared Bernstein, director of the Living Standards Program at the Economic Policy Institute, a nonprofit, nonpartisan think tank in Washington. "You've got to ask yourself, compared to what? A percentage point real gain at this stage of the recovery, which has been stellar in productivity terms, is indicative of a pretty unbalanced recovery." Poverty rate stabilizes

The Census data also show the poverty rate has stabilized over the past year at about 12 percent.

But an analysis of Census data reveals no virtually no change in the mean income of the bottom 20 percent of income earners over the past 10 years, while those in the top 20 percent saw their incomes increase by 15 percent.

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"It says for a long period we have been in an economy where economic growth is not trickling down to the poor," says Sheldon Danziger, a professor of public policy at the University of Michigan in Ann Arbor and co-director of the National Poverty Center. "The good news is poverty didn't go up, but the last time we really got significant drops in poverty was during the economic boom that ended with the recession of 2001." Fewer have health insurance

Another indication of the middle- and working-class economic squeeze is found in the health-insurance data, also released Tuesday by the Census Bureau. The number of people without health insurance in 2005 increased to 46.6 million from 45.3 million the year before. That means that almost 16 percent of Americans don't have health insurance. In 1987, about 13 percent were uninsured.

"It's terrible what's going on. We've added almost 7 million people to the ranks of the uninsured in the last five years," says Dr. Henry Simmons, president of the National Coalition on Health Care in Washington. "We're on a very frightening course, and the problem is worse than the report indicates, because people are paying more out of pocket and getting less coverage."

The Census data found that the percentage of people who got health-insurance coverage through their employers dropped from 2004 to 2005, from 59.8 percent to 59.5 percent. At the same time, the number of people covered by government insurance programs like Medicare and Medicaid rose to 80.2 million, from 79.4 million. But that increase didn't change the share of people covered by the government. That remained steady at 27.3 percent.

The greatest increase among the uninsured was among working adults. Almost 1 million more working people ages 18 to 64 were without health coverage in 2005, bringing the number to 27.3 million. The Census data underscore the challenges the deteriorating healthcare system present to many middle-income Americans, healthcare analysts say. A survey by the Commonwealth Fund earlier this month found: "Three-quarters of working-age adults say the healthcare system needs either fundamental change or complete rebuilding. Just 20 percent said only minor changes are needed."

Downward Mobility (NYT)

The New York Times, August 30, 2006

If you're still harboring the notion that the economy is "good," prepare to be disabused.

Even the best number from yesterday's Census Bureau report for 2005 is bad news for most Americans. It shows that median income rose 1.1 percent last year, to $46,326, the first increase since it peaked in 1999. But the entire increase is attributable to the 23 million households headed by someone over age 65. So the gain is likely from investment income and Social Security, not wages and salaries.

For the other 91 million households, the median dropped, by half a percent, or $275. Incomes for the under-65 crowd were hurt by a decline in wages and salaries among full-time working men for the second year in a row, and among full-time working women for the third straight year. In all, median income for the under-65 group was $2,000 lower in 2005 than in 2001, when the last recession bottomed out.

Despite the Bush-era expansion, the number of Americans living in poverty in 2005 — 37 million — was the same as in 2004. This is the first time the number has not risen since 2000. But the share of the population now in poverty — 12.6 percent — is still higher than at the trough of the last recession, when it was 11.7 percent. And among the poor, 43 percent were living below half the poverty line in 2005 — $7,800 for a family of three. That's the highest percentage of people in "deep poverty" since the government started keeping track of those numbers in 1975.

As for the uninsured, their ranks grew in 2005 by 1.3 million people, to a record 46.6 million, or 15.9 percent. That's also worse than the recession year 2001, reflecting the rising costs of health coverage and a dearth of initiatives to help families and companies cope with the burden. For the first time since 1998, the percentage of uninsured children increased in 2005.

The Census findings are yet another indication that growth alone is not the answer to the economic and social ills of poverty, income inequality and lack of insurance. Economic growth was strong in 2005, and productivity growth was impressive. What have been missing are government policies that help to ensure that the benefits of growth are broadly shared — like strong support for public education, a progressive income tax, affordable health care, a higher minimum wage and other labor protections.

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President Bush is unlikely to push for those changes, wed as he is to tax cuts that mainly benefit the wealthy. But the economic agenda for the next president couldn't be clearer.

Consumer Confidence Tumbles (WSJ)

By Michael S. Derby

The Wall Street Journal, August 30, 2006

NEW YORK -- Consumer confidence suffered a major blow in August amid rising anxiety over the state of the economy, and fell to its lowest level since last fall.

The Conference Board, a private research group, reported Tuesday that its index of consumer confidence for August fell to 99.6, from a revised 107.0 in July. August's reading was the lowest since the 98.3 seen in November, and it was well under the 102.5 reading predicted by economists.

"Consumer confidence lost significant ground in August," said Lynn Franco, who leads the group's Consumer Research Center. "Less favorable business conditions coupled with a less favorable job scenario have resulted in the largest one-month decline in confidence since Hurricane Katrina last year," she said.

The Conference Board's report comes at a time of mounting signs of an economic slowdown. Housing data have cooled markedly, while overall growth statistics also have moderated. The environment is such that the Federal Reserve felt, even in the face of elevated inflation readings, it had the room to hold interest rates steady when it meet earlier in August.

While lower confidence levels aren't by themselves a surprise, "the sharp drop is disconcerting" and August's reading "is not something that you can cavalierly dismiss," said Kathleen Stephansen, economist with Credit Suisse. "Between the labor market, the high energy prices from gasoline, and the inflation expectations having moved up, this [report] weighs on the outlook for the consumer," she said.

RBS Greenwich chief economist Stephen Stanley noted that at the time the survey was conducted, in addition to the energy related factors, there was "a war in the Middle East, and a terrorist plot to blow up trans-Atlantic flights. Is it any wonder that attitudes were sour?"

The bad news wasn't confined to the overall reading. The group's present situation index also fell, from a revised 134.2 in July to 123.4 in August. The expectations index dipped to 83.8 in August, from 88.9 the prior month.

The research group said in its release that consumers' take on current conditions was "significantly less favorable." Those calling conditions "good" fell to 26.1% of the survey, from 27.3% the month before, while those calling conditions "bad" rose to 16.7% of the survey, versus 15.0% in July.

On the employment front, those calling jobs "plentiful" fell to 24.4% in August, compared with 28.6% in July. Those who deemed jobs "hard to get" rose to 21.1%, from 19.6% who had the same view a month ago. The report also noted a more negative take on future activity, and those who expect their incomes to rise over coming months fell to 17.7%, versus 18.3% in July.

The Conference Board survey is based on a mail-in survey of 5,000 households. The cutoff date for responses was Aug. 22.

Consumers Have A Down-in-the-dumps Outlook (USAT)

By Barbara Hagenbaugh

USA Today, August 30, 2006

WASHINGTON — Consumer confidence fell in August to the lowest in nine months as concerns about the job market and the overall state of the economy weighed on people's moods.

The consumer confidence index fell 7.4 points to 99.6, the Conference Board said. That was the biggest drop since September, the month after Hurricane Katrina hit. The level in August was the lowest since November.

"Looking ahead, the glass remains half-empty as consumers are growing increasingly more pessimistic about the short-term outlook," Lynn Franco, director of The Conference Board Consumer Research Center, said in a statement.

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The drop came as the percentage of consumers who said jobs were "not so plentiful" rose to 54.5%, the highest since November. And the portion who said they expected there would be "fewer jobs" in the economy in six months rose to 18.3%, highest in six months.

"It appears the labor market is mainly to blame for consumer woes in August," says Gina Martin, financial economist at Wachovia.

Economists and investors keep a close eye on confidence because consumer spending accounts for more than two-thirds of U.S. economic activity.

Other factors likely contributing to consumers' gloomier moods include a slowing housing market, high levels of debt and elevated gasoline prices, Scott Hoyt, director of consumer economics at Moody's Economy.com, says.

But a number of economists, including Steven Wood of Insight Economics, cautioned against getting too worried. What is most important is what consumers actually do, not what they say.

"The relationship between consumer confidence and real consumer spending has been unusually weak over the past several years," Wood says.

Tuesday, the International Council of Shopping Centers and UBS Securities said sales at chain stores were up 3.6% last week from the same week last year.

From the confidence report:

•Consumers predicted a higher level of inflation in 12 months than they did in July.

•The percentage of consumers who said they expected stock prices would be higher in a year fell to 29.2%, the lowest since October.

•The portion of consumers who said they planned to buy a home, a major appliance or carpet increased in August, while expectations to buy a car dipped.

Holding Rates Steady Wasn't A Slam-dunk Fed Decision (USAT)

By Sue Kirchhoff

USA Today, August 30, 2006

WASHINGTON — The Federal Reserve's decision to hold interest rates steady Aug. 8 was a "close call," with policymakers ultimately deciding they needed more time to assess the economic impact of their 17 previous rate increases since mid-2004.

But the minutes of the Federal Open Market Committee (FOMC), released Tuesday, showed central bank officials were conflicted about policy. While the FOMC expects slower economic growth ahead will reduce inflation — and worries it could harm the economy by raising rates too high — many of the members believe that further rate boosts might still be necessary to tame inflation.

"Many members thought that the decision to keep policy unchanged at this meeting was a close call and noted that additional firming could well be needed," the minutes said.

"The full effect of previous increases in interest rates on activity and prices probably had not yet been felt, and a pause was viewed as appropriate to limit the risks of tightening too much," which could cause the economy to slow even more, the minutes said.

In the end, the majority of members voted to pause on the expectation that inflation would ease in coming months and, "The current stance of policy could well prove to be consistent with satisfactory economic performance."

The Fed at its August meeting voted 9-1 to hold tight after two years of steady rate increases. The central bank has raised its target for short-term interest rates to 5.25% from a low 1% in 2004. Short-term rates are used as a benchmark for a host of consumer and business loans.

The Fed is caught in a bind. On one side, core inflation (which excludes food and energy prices) has been running above the Fed's informal comfort range of 1% to 2%. At the same time, recent data show the economy slowing more than Fed economists previously expected. Fed officials noted a "relatively sharp fall" in new home construction in some areas and expressed "considerable uncertainty" about the housing market.

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Economists at Action Economics, in an advisory to clients, noted that the mixed Fed outlook was "consistent with the inherent uncertainties between the economy and inflation" and didn't give much insight as to what the Fed might do at its next meeting Sept. 20.

Since the Aug. 8 meeting, some measures of wholesale and retail inflation have been tamer than expected, pushing up bond and stock prices as traders bet that the Fed is done raising rates.

"In short, the FOMC appears to think it has done enough, though it is far from certain," said Ian Shepherdson of High Frequency Economics, regarding the minutes.

The minutes also shed new light on the decision of Richmond Fed President Jeffrey Lacker to vote "no" on a pause.

Lacker dissented because he thought further rate increases were needed to reduce inflation, noting that inflation appeared to be broad-based. Lacker did not think that slower growth by itself would be enough to reduce inflation. While that was not the majority opinion, the Fed minutes note that "inflation risks remain dominant."

Fed Minutes Point To 'close Call' On Rates (FT)

By Richard Beales In New York

Financial Times, August 30, 2006

Stocks and bonds rose on Tuesday afternoon after the minutes of the last Federal Reserve interest rate meeting bolstered expectations that further interest rate rises this year are unlikely.

The minutes said the Federal Open Market Committee's decision to hold rates steady earlier this month had been "a close call", and emphasised that further rate rises could be necessary to fight inflation.

But most committee members also thought inflationary pressures would "ease gradually" and that current policy could prove "consistent with satisfactory economic performance".

Ian Shepherdson, chief US economist at High Frequency Economics, said: "The FOMC appears to think it has done enough, though it is far from certain."

Stocks bounced off their lows for the day on relief that a more hawkish stance had not emerged, and closed up on the day. Treasury bonds, which had fallen in cautious trading before the release of the minutes, also regained ground to end slightly higher.

The tension between inflationary pressures and slowing economic growth resulted in one dissenting voice when the US central bank voted to keep rates on hold on August 8 after more than two years of increases.

Jeffrey Lacker, the Richmond Fed president, believed "further tightening was needed to bring inflation down more rapidly", according to the minutes.

The stock market decline earlier in the day was fuelled by a report from the Conference Board indicating US consumer confidence had tumbled to its lowest level in nine months.

Analysts pointed to a sharp slowdown in the residential housing market as a drag on consumer confidence as homeowners, accustomed to cashing out home equity to support spending, feel squeezed. The housing market was also noted in the Fed minutes as a downside risk to the outlook for US economic growth.

The minutes represented one of several important data releases this week. Traders remain wary in anticipation of the government's influential monthly employment report, due on Friday. A deterioration in consumers' outlook on jobs contributed to the drop in the Conference Board's confidence index.

"This result does provide a little reason for nervousness about Friday's employment report, though the drop in consumer sentiment on the job market has not seen much in the way of significant confirmation in other incoming data," said economists at Morgan Stanley.

Fed Policy Makers Saw Rate Pause As 'Close Call' (WSJ)

By Greg Ip

The Wall Street Journal, August 30, 2006

WASHINGTON -- Many Federal Reserve policy makers felt their decision to leave interest rates unchanged this month was a "close call" and further increases "could well be needed," minutes of the Fed's meeting show.

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At that meeting, the Fed left its short-term interest rate target unchanged at 5.25%, its first pause after 17 consecutive quarter-percentage-point increases since mid-2004.

Only one of the 10 voting members of the policy-setting Federal Open Market Committee dissented from that decision. Jeffrey Lacker, president of the Federal Reserve Bank of Richmond, advocated an additional increase. But the minutes of that discussion suggest other members may have shared his concerns, though not enough to formally dissent. Beyond the 10 voting members, seven policy makers participate in FOMC discussions but don't vote. Two additional seats are vacant.

Stocks initially sold off then rallied on release of the minutes, with the customary three-week lag. Bonds yields were little changed.

Many voting members "thought that the decision to keep policy unchanged at this meeting was a close call and noted that additional [increases] could well be needed," the minutes said. "But with economic growth having moderated some, most members anticipated that inflation pressures quite possibly would ease gradually over coming quarters and the current stance of policy could well prove to be consistent with satisfactory economic performance."

That wording suggests the Fed saw a good chance rates won't have to rise further, but officials didn't want to foreclose the possibility. They wanted their post-meeting statement to "convey that inflation risks remained dominant" and that the pause "did not necessarily mark the end of the tightening cycle." Moreover, they characterized the purpose of the pause as enabling them to "accumulate more information before judging" whether further increases would be needed and "to limit the risk of tightening too much."

In the minutes, the risk of higher inflation was described as "significant" and "appreciable," stronger than the statement released at the time, which simply said "some inflation risks remain."

Officials at that meeting confronted the twin challenges of rising inflation and labor costs and a slowing economy. Economic data since then show that housing activity has weakened faster than expected and inflation has, at least for now, stabilized. Those reports suggest that for now the case for another rate increase has weakened since the meeting. Markets see a one-in-six chance the Fed will raise rates at its next meeting, on Sept. 20.

The minutes show that the Fed's influential staff, who have generally been more pessimistic than policy makers, further lowered their growth forecast, largely due to new data that suggest the economy's long-term trend growth rate is lower than it was. The staff expect the economy to grow below trend for the next six quarters, which, along with stable energy prices, should cause underlying inflation to drop back.

Fed officials also discussed ways to improve communications, but reached no concrete conclusions. Further advances in communications "were possible," in particular in elaborating on its goals and how it expects to achieve them, but conveying the uncertainty around such projections was a "major challenge," the minutes said.

Fed's Notes See Easing In Growth (NYT)

By Louis Uchitelle

The New York Times, August 30, 2006

The Federal Reserve's policy makers, in what many described as a "close call," chose to keep interest rates unchanged at their last meeting although several thought that increases "could well be needed" in the future.

The much-anticipated minutes of the Aug. 8 meeting, released yesterday, showed that the policy makers were hoping that a slowing economy, a deteriorating housing market and the accumulating impact of previous rate increases had mitigated the need for still higher interest rates to control inflation. Indeed, the minutes showed a general expectation that the economy would perform at a sub-par level through next year.

The minutes had been expected to reveal sharp disagreements over the decision, led by the Fed's chairman, Ben S. Bernanke, to halt an unbroken string of rate increases stretching back two years.

At the meeting, one of the central bankers even voted against a pause, in an institution that makes every effort to vote unanimously as often as possible. Two others, in speeches since the meeting, have expressed concern about inflationary pressure.

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But the decision to pause seemed to have broad support. Even Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, who cast the dissenting vote, argued that his concern was not that inflation would continue to escalate. Instead, Mr. Lacker's desire, the minutes noted, was "to bring it down more rapidly than would be the case" under the Fed's plan to keep the short term rate it controls at 5.25 percent.

"Other than Lacker, no one wanted to hike rates," said Jan Hatzius, chief United States economist for Goldman Sachs. "Before the minutes came out we thought there were others who wanted to slap Bernanke in the face with a dissenting vote."

After the minutes were released in midafternoon, the bond market rallied modestly. Traders were encouraged that Fed members appeared to be less hawkish on inflation than expected. Yields on the benchmark 10-year Treasury note fell to 4.79 percent, the lowest level since late March. The Dow Jones industrial average rose slightly in the two hours of trading that remained after the minutes were released.

In speeches since the meeting, Michael H. Moskow, the Chicago regional president, and Richard W. Fisher, the Dallas bank's president, had stoked the anticipation that the minutes would reveal more dissension in the ranks. There was indeed discussion and "many members thought that the decision to keep policy unchanged at this meeting was a close call," the minutes said.

What tipped the scales was a sort of compromise: Time remained, the minutes said, "to accumulate more information before judging whether additional firming would be necessary."

Wall Street forecasters are in disagreement over what the Fed's next step will be. Mr. Hatzius, for example, anticipates a weaker economy and he expects the central bank to keep its key federal funds rate at 5.25 percent until well into next year. "The data is going to be soft enough to not hike, and then by the end of next year I have the Fed cutting rates to 4 percent," he said.

In contrast, Drew Matus, a senior economist at Lehman Brothers, expects rate increases to resume at the policy makers' next meeting, on Sept. 20. "We expect inflation to go higher because of a tight labor market and strength in the manufacturing sector," he said.

The policy makers themselves — the Fed's governors and the presidents of its regional banks — paid plenty of attention to the case for a weakening economy and a slowing inflation rate. Residential and business investment, hiring, wage growth and consumer spending all slowed in the second quarter, the minutes noted, with higher interest rates and higher energy prices "likely a restraining influence."

Much of that slowing has continued, according to third-quarter data released by the government since the Aug. 8 meeting. Housing prices and home sales, in particular, have continued to weaken, making it more difficult for people to borrow against their homes to support their spending.

But the minutes also portrayed the policy makers as paying considerable attention to the economy's strengths and to the potential for a rising inflation rate. "High levels of resource utilization and the high prices for energy and other commodities had the potential to sustain inflation pressures," the minutes said.

Such statements give the policy makers cover to raise rates in the future, although they were uncertain whether this would be necessary. Summing up the discussion about inflation, the minutes said: "Many participants noted that the extent to which the increase in core inflation so far this year reflected transitory or persistent influences remained unclear."

The minutes were more eloquent in discussing the downside risks.

"The slowdown in the housing market, the effects of higher energy prices on household purchasing power, the waning impetus of household wealth effects on consumer spending, and the effects of past policy tightening," the minutes said, "were expected to hold economic growth to below potential over the next six quarters."

New Minutes Show A More Fractured Fed (WP)

By Nell Henderson

The Washington Post, August 30, 2006

The Federal Reserve, it became plain yesterday, is a house divided.

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This month, the central bank's top policymaking committee decided to halt its long campaign of interest rate increases, betting that the economy will slow enough to cool down a worrisome level of inflation. That decision appeared to be nearly unanimous, supported by a 9 to 1 vote of the panel, known as the Federal Open Market Committee.

But the committee was more split than the lopsided vote indicated, according to minutes of the Aug. 8 meeting released yesterday.

Under the complicated logistics by which the Federal Reserve is governed, 17 committee members took part in the rate-setting meeting, but only 10 got to vote. The minutes show that many participants thought more interest rate increases might be needed to tame inflation -- suggesting that some of the seven people who did not vote might have opted for another rate bump if given a chance.

The dissenting voter, Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, wanted to raise interest rates higher, the minutes said.

And Lacker "obviously was not alone," said Mickey Levy, chief economist for Bank of America Corp. "These minutes suggest that the call to remain on hold was significantly closer than one dissent suggested."

All 17 committee members remained worried about inflation, noting that it has been higher than they prefer for more than two years and has accelerated this year, the minutes said.

But the policymakers were uncertain about whether the recent surge in inflation is a transitory, oil-related bulge that they can wait out or the beginning of a more stubborn rise in prices that might be stopped by only more aggressive credit tightening, according to the minutes, which summarize the discussions without identifying participants by name.

The minutes also underscore a debate within the group over the wisdom of allowing inflation to run for four years above many members' preferred range of 1 to 2 percent, as measured by a Commerce Department price index that excludes volatile food and energy items.

That measure shows that "core" inflation was 2.4 percent in the 12 months ended in June, and the Fed forecasts it to stay above 2 percent through next year. And revisions to data released just before the meeting surprised the Fed by showing that core prices rose faster than 2 percent a year in 2004 and 2005.

Some Fed policymakers, such as Chairman Ben S. Bernanke, believe it's all right to let inflation hover above that level for a while because it will probably drift lower over the next 18 months as the economy slows and energy prices flatten. They also worry that the Fed would have to raise interest rates much higher, choking the economy and throwing many people out of work, to force inflation down any sooner.

But other Fed policymakers are less patient, believing it's dangerous to let inflation linger so high for so long. For example, Michael H. Moskow, president of the Federal Reserve Bank of Chicago, has argued that inflation tends to get stuck at a certain rate and becomes harder to bring down because businesses and consumers get into the habit of expecting price and wage increases to continue.

"The risk of inflation remaining too high is greater than the risk of growth being too low," Moskow said in a speech two weeks after the meeting, suggesting more rate increases "may yet be necessary to bring inflation back into the comfort zone within a reasonable period of time."

Richard W. Fisher, president of the Federal Reserve Bank of Dallas, said in speech shortly after the meeting that it is too soon to know whether the central bank will raise rates again. But he echoed Moskow's concern, saying: "Once the perception of having pricing power becomes entrenched, it is difficult to alter. This is a psychological as well as an economic phenomenon. Behaviors become habits, and habits are hard to change."

Moskow and Fisher were not voters at the last meeting, and the minutes give no indication how they might have voted.

Lacker "dissented because he believed that further [credit] tightening was needed to bring inflation down more rapidly," the minutes said.

And he disagreed with Fed staff and policymakers who contend that the current flare-up in inflation is a temporary result of higher energy and import prices. He said "the recent surge in core inflation had persisted and appeared to be broad-based."

He also did not think the economy would slow enough to lower core inflation.

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The committee comprises the 12 regional Fed bank presidents and the seven members of the Board of Governors based in Washington -- usually 19 people.

The group's voting members are the board members and a rotating group of five bank presidents. Because there are two vacancies on the board, there were 17 members present, 10 of whom voted at the last meeting.

The decision to pause "was a much closer call than I thought," said Richard Yamarone, director of research at Argus Research Corp. The "hawks," the members who are more worried than others about inflation, "had their wings clipped because they're not all voting this year."

The minutes show that most committee members shared the chairman's optimism that "inflation pressures quite possibly would ease gradually over coming quarters" as the economy slows. They were content to leave their benchmark rate unchanged at 5.25 percent and even thought they might be done raising rates.

Stocks and bonds rallied after the minutes were released, in part because they also revealed that the Fed staff has lowered its forecast for economic growth over the next 18 months to below a 3 percent annual rate -- potentially bolstering the case for not raising rates any higher.

Wall Street Higher After Fed Minutes (FT)

By John O'doherty In New York

Financial Times, August 30, 2006

US stocks finished higher on Tuesday after spending much of the morning in negative territory.

Oil prices remained on a downward track as tropical storm Ernesto appeared to be heading towards Florida, avoiding oil platforms in the Gulf of Mexico. Nymex crude closed below $70 a barrel for the first time in more than two months, sending Sunoco down 1.3 per cent to $74.90 and Murphy Oil1.5 per cent lower to $49.07.

At the close, the S&P 500 was up 0.2 per cent, or 2.50 points, at 1,304.28, while the Nasdaq Composite was up 0.5 per cent, or 11.60 points, at 2,172.30. The Dow Jones Industrial Average had gained 0.2 per cent, or 17.93 points, at 11,369.94.

Consumer confidence fell more than expected in August, pushing stocks lower for the first half of the trading day.

However, markets pared much of their losses immediately after the release of minutes from the Federal Reserve's August meeting, which revealed that most members of the Fed's Open Market Committee believed that core inflation would "decline gradually" as a result of slowing economic growth, even though inflation risks remained.

Marc Pado, chief market strategist at Cantor Fitzgerald, said that investors took heart from some of the language in the Fed minutes.

"The key here is that the Fed focused on the economy instead of focusing on inflation," he said. "If they're worried about the pace of the economy, it's less of a risk of them raising rates."

Regional bank First Horizon National slipped 4 per cent to $38.47 after it said third-quarter pre-tax earnings would fall by $56m because of weakness in its mortgage banking business and a $21m charge relating to the settlement of a class action lawsuit. Mortgage lender Countrywide Financial fell 1.7 per cent to $33.02.

Brokerage stocks also suffered after equity analysts expressed pessimism about third-quarter earnings for the sector. Lehman Brothers fell 3 per cent to $62.48 and Bear Stearns also dropped 3 per cent to $129.85.

Defensive healthcare stocks were in demand. Tenet Healthcare ticked up 2.8 per cent to $7.61, and Cigna also added 2.8 per cent to reach a three-month high of $115.13. The S&P Managed Health index is up 8 per cent in August.

Graphics chip maker Nvidia rose 4.5 per cent to $28.40. Ebay followed through on Monday's bounce from its advertising deal with Google, rising 5.4 per cent to $27.17. However, Adobe Systems slid 3 per cent to $31.86.

The glum picture on consumer confidence did not stop several consumer- oriented stocks from moving higher. Jeweller Tiffany & Co climbed for a second day, adding 4 per cent to $33.17. Brown Forman, maker of Jack Daniels whisky, added 3.4 per cent to $76.84. On Monday, Brown Forman said it would buy two Mexican tequila brands for $876m.

Stocks Advance As Fed Minutes Ease Concerns (WSJ)

By E.s. Browning

The Wall Street Journal, August 30, 2006

DOJ_NMG_0055611

The minutes of the Federal Reserve's latest interest-rate meeting spurred investors to bid stocks higher, sending the Standard & Poor's 500-stock index to a new three-month high.

Investors focused on the Fed's hope, expressed in the minutes of its Aug. 8 meeting, that inflation will weaken, which would remove the need for higher rates. They looked past the policy makers' worry that, if inflation doesn't wane, more rate increases "could well be needed."

The Dow Jones Industrial Average, down 52.43 points just after the Fed minutes were released, rallied to finish up 17.93 points, or 0.16%, at 11369.94. That is less than 12 points from a new three-month high for the Dow, and less than 355 points below the industrial average's record close of 11722.98, which dates from January 2000.

The S&P 500 rose 0.19%, or 2.50 points, to 1304.28. That is its highest finish since May 11, although well below the record 1527.46 hit in March 2000.

Stocks spent the morning in the red, after the Conference Board reported that consumer confidence fell to a nine-month low in August. But investors seemed to breathe a sigh of relief after the Fed minutes came out at 2 p.m. EDT.

Investors also were heartened to see oil futures fall below $70 a barrel for the first time in two months, down 90 cents at $69.71, as Tropical Storm Ernesto appeared headed away from Gulf of Mexico oil facilities.

"When people started to dissect the Fed minutes, they saw that the Fed was talking about downside pressures on both growth and inflation," said stock trader Larry Peruzzi at Boston Company Asset Management. Investors seemed to conclude that the Fed isn't worried about recession, and "with oil pulling back, investors decided to focus on the positive and bring the market back a little," he said.

The Nasdaq Composite Index rose 0.54%, or 11.60 points, to 2172.30.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.33%, or 0.72 point, to 218.46.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.13 billion shares, as 2,255 stocks rose and 1,067 fell.

Bond prices gained. The 10-year Treasury note rose 4/32, or $1.25 for each $1,000 invested, pushing the yield down to 4.783%. The 30-year bond was up 3/32 to yield 4.929%.

The dollar weakened. Late in New York, the currency traded at 116.66 yen, down from 117.15, while the euro rose against the dollar to $1.2826 from $1.2790.

Full House (WSJ)

By Karl E. Case And Robert J. Shiller

The Wall Street Journal, August 30, 2006

Looking back at past housing booms, the first sign of the end is when a goodly share of buyers stop making offers and eventually stop looking, seeming to just disappear. In the spring of 1987, during another U.S. housing-market boom that was starting to lose speed, Nora Moran, president of the Greater Boston real estate board, said "someone blew a whistle that only dogs and buyers heard."

Across America today, it is as if the whistle has again been blown. New home sales in July are 22% below July 2005. The decrease is 43% for the Northeast over that same period, and the inventory of unsold new homes is up 22%. Existing home sales are down to 6.33 million in July from over seven million at the end of 2005. Older boomers are cashing out of valuable suburban homes and heading for condos in the city, or out of high-priced regions altogether.

Why is this happening so suddenly? It can't be interest rates alone. The 30-year mortgage rate is up less than one percentage point since this time last year, and is no higher than it was a few years ago when this boom was roaring along.

The market spoiler was in place some two years ago. At that time, we felt that the spectacular price increases could not be justified. The psychology of that time could not continue indefinitely, and indeed it has not.

In the summer of 2004, the annual rate of increase for home prices in major U.S. cities reached its peak. According to the Standard & Poor's/Case-Shiller Composite Home Price Index, based on 10 major metro areas, housing inflation reached 20.4%

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in the 12 months ending in July 2004. Now, the latest numbers announced yesterday show only an 8.2% increase in the 12 months ending June 2006, and most of that increase was in 2005. Six of the 10 cities actually fell between May and June. By simple extrapolation, if housing price changes continue to decline as they have, inflation will turn into deflation, and 12-month price changes might be squarely in negative territory by some time in 2007.

Talk is part of what changes the mood and actions of buyers, and the air is now full of talk of a bust. The covers of the New Yorker, the Economist, The Wall Street Journal and virtually every news magazine and newspaper in America has heralded the bursting of the "housing bubble."

Part of what has focused the spotlight on the housing market has been the sheer size of the boom. Ten years ago, U.S. household holdings of real estate were valued at just under $8 trillion, about 40% as large as household financial wealth. At the end of 2005, real-estate holdings were $21.6 trillion, 56% as large as financial wealth. Just in the last five years, the total market value of residential real estate alone has increased by nearly $10 trillion.

New construction, initiated in response to high home prices, has reached unprecedented levels, and new houses are still hitting the market just as demand is dropping. Between 2000 and 2005, housing starts were over two million per year, existing home sales were over six million per year, and home-improvement spending hit $162 billion in 2005. All of this generated income for millions of brokers, builders, bankers, appliance dealers and construction workers, and kept the economy growing at a strong clip. But the housing construction boom can't go on forever.

This incredible boom has been fueled in part by favorable demographics, low interest rates, a very liquid mortgage market with low down payments and borrower-friendly underwriting (option arms, interest-only, stated-income, etc.), a baby boomer generation with a special taste for housing, a substantial volume of foreign demand, and the poor overall performance of the stock market.

But beyond all these factors there is the simple psychology of expectations that is part of any speculative boom. These expectations can turn suddenly when alert home buyers get the sense that something might be amiss. Among respondents to our questionnaire survey of home buyers in April and May of this year, the median expected 12-month home price increase in Los Angeles was only 5%, compared to 10% in early 2005. In Boston, the median expectation was down to 2% from 5% last year.

Long-term expectations for home price appreciation have fallen much less. Americans haven't changed their basic views on housing as a great long-term investment. Not yet, at least. That won't happen unless there is a protracted housing price decline.

While our surveys indicate that relatively few expect prices to actually fall, buyers do not want to pay prices that are significantly higher than a year ago. Buyers are waiting and low-balling. Sellers want to get a price increase of the kind they've observed in the recent past. The result is that fewer agreements are reached, and sales fall. If the housing market were like the bond market and all houses for sale were auctioned every day, prices would indeed fall precipitously. But they are not. The aggregate indexes based on repeat sales have decelerated markedly but are not yet falling.

The U.S. now has a futures market based on home prices. The market that opened in May at the Chicago Mercantile Exchange is now showing backwardation in all 10 metropolitan areas trading. The backwardation can be expressed as implying a rate of decline of 5% a year for the S&P/Case-Shiller Composite Index by May 2007. Since the margin requirement is only about 2.5%, an investor who is sure that prices cannot actually fall by next May has, on that assumption, a sure return of at least 200% from buying a futures contract, and even more if prices rise at all. But there can't really be so much "money on the table." It must be that people really no longer see it as a sure thing that prices won't start falling across the metro areas.

As always, the future is uncertain. Many of the underpinnings of the boom are still strong, and the soft-landing scenario so widely promoted by economists and industry leaders is a possibility if the U.S. can avoid a generalized inflation, if long rates don't rise a lot, and if the rest of the economy stays strong. But that possibility is not enough to give great comfort to all those who worry today about the housing market.

Unfortunately, there is significant risk of a very bad period, with slow sales, slim commissions, falling prices, rising default and foreclosures, serious trouble in financial markets, and a possible recession sooner than most of us expected. Deterioration in that intangible housing market psychology is the most uncertain factor in the outlook today. Listen hard and watch out.

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Mr. Case is professor of economics at Wellesley. Mr. Shiller is professor of economics at Yale and chief economist at MacroMarkets LLC.

Gasoline Prices Could Keep Falling (USAT)

By James R. Healey

USA Today, August 30, 2006

Gasoline prices are falling fast and could keep dropping for months.

"The only place they have to go is down," says Fred Rozell, gasoline analyst at the Oil Price Information Service (OPIS). "We'll be closer to $2 than $3 come Thanksgiving."

Travel organization AAA foresees prices 10 cents a gallon lower by the end of next week. It reported a nationwide average of $2.84 Tuesday, the lowest since April 20.

It's good news for consumers and the economy. Continued lower prices "may act like a tax cut" and stimulate spending, says Richard DeKaser, chief economist at National City in Cleveland. He calculates that higher energy prices the first six months cut growth of consumer spending 1 percentage point.

The U.S. average for a gallon of regular peaked this year at $3.036 Aug. 10, according to OPIS/AAA daily surveys. That's slightly under the high of $3.057 Sept. 5, a week after Hurricane Katrina battered petroleum production in the Gulf of Mexico and caused fears of fuel shortages.

OPIS' Rozell figures prices will jump again next spring.

Behind the current drop:

•The end of summer. Driving slows, reducing demand for gasoline. And federal requirements for clean air, summer-blend gasoline end next month, making gasoline cheaper to refine and import.

•Sluggish demand. Gasoline use in the first eight months of the year is up 1% vs. a year ago, less than the 1.5% to 2% growth that's typical, says Michael Morris, analyst at the U.S. Energy Information Administration. "Wholesalers are trying to get rid of product. The growth in demand for gasoline has really tapered off," he says.

Wholesale prices are falling faster than retail gasoline prices, meaning stations are making more money than when prices were $3. Wholesale prices Tuesday ranged from $1.77 to $1.79 a gallon, well below the $2-plus prices typical until recently.

•Petroleum traders, worried that prices are too high to last, are selling their holdings. That pushes prices down. They also believe hurricanes won't disrupt Gulf of Mexico production, OPIS senior analyst Tom Kloza says.

Crude oil, which accounts for roughly half the price of gasoline, ended New York trading Tuesday down 90 cents, at $69.71 a barrel. That's the first time it's closed at less than $70 since May 4.

Lawyer's Charge Opens Window On Bill Padding (WSJ)

By Nathan Koppel

The Wall Street Journal, August 30, 2006

The career of Matthew Farmer, a junior partner in the Chicago law offices of Holland & Knight LLP, was on the upswing in December 2004. He had just won a monthlong trial for Pinnacle Corp., a Midwestern home builder accused of copyright infringement, and gotten kudos from many of his partners.

But weeks later, after reviewing billing records in the Pinnacle matter, he decided to leave the 1,200-lawyer firm. Mr. Farmer, 42 years old, believed his own hours on the case had been inflated by the partner in charge of billing, 62-year-old Edward Ryan. Fearing he would violate state ethics rules if he kept quiet, Mr. Farmer blew the whistle to Holland & Knight lawyers.

The firm, which has 24 offices in the U.S. and abroad, took no action and denies Mr. Ryan or the firm did anything wrong. "The amount billed by Holland & Knight in the litigation was reasonable and appropriate," says L. Kinder Cannon III, the firm's general counsel. Mr. Ryan declines to comment.

Last October, Mr. Farmer took a 7% pay cut to join Cohn Baughman & Martin, a 12-lawyer firm. He says he moved of his own accord because he was upset that Holland & Knight wasn't acting against Mr. Ryan.

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While the facts of the case are still in dispute, Mr. Farmer's billing allegations offer a rare window into the tricky and emotional issue of inflated billing by law firms. It's difficult to know how widespread billing fraud is, but Stephen Gillers, an ethics professor at New York University School of Law, says "there is a general consensus that billing fraud has increased" as law firms seek to increase profits and attract top lawyers.

"Bill-padding is the perfect crime," adds William Ross, a professor at Samford University's Cumberland School of Law in Birmingham, Ala. It is seldom detected because it is almost impossible for clients to know whether "an attorney really spent three hours doing research instead of five hours," he says. He says that in a billing survey he conducted in 1996, two-thirds of the attorneys (and three-fourths of the clients) reported knowledge of bill padding. Earlier this year, a partner at Willkie Farr & Gallagher LLP left the firm and was suspended from practicing law due to bill fraud.

Meanwhile, Mr. Farmer is still pressing his claims against Holland & Knight. In February, he sent a letter detailing his charges to a Minnesota state court judge, Janet Poston, accompanied by internal Holland & Knight billing records. Mr. Farmer's letter led Pinnacle's insurer, Connecticut Specialty Insurance Co., to file claims against Holland in May, stating that "Ryan and Holland & Knight inflated and falsified legal bills." Last month, the insurer reached a confidential settlement with Holland & Knight, withdrawing the fraud claims. But Connecticut Specialty's outside counsel, Robert Haugen, believes the original motion was credible. "I have a standard to live up to in [Minnesota] when I file pleadings," he says.

Mr. Farmer, who joined Holland & Knight in 2000, became involved in the Pinnacle case in the summer of 2002. A competitor had filed suit in Minneapolis federal court, claiming Pinnacle built homes that infringed on copyrighted designs and seeking more than $30 million in damages. (The jury's finding in favor of the defendant was later reversed due to an evidentiary ruling at trial; the case may be retried in the future by someone other than Mr. Farmer.)

After the trial, Mr. Farmer reviewed the firm's bills. The first invoice struck him as odd, he says. It claimed he worked 6.5 hours on Aug. 7, 2002, the day he learned of the suit. Mr. Farmer says he distinctly recalls hearing about the case late that day and spending only 15 minutes on it.

Over the next two days, Mr. Farmer says, he checked further to see if the first entry was an aberration. He finally quit probing, he says, after discovering some 60 instances of bill padding. Mr. Farmer believes that from August 2002 through September 2003, Mr. Ryan inflated his time -- and that of three other lawyers in the case -- by more than 450 hours, an overcharge that Mr. Farmer says exceeded $100,000. Mr. Farmer believes his discovery may have been the tip of the iceberg, for he says he analyzed only a "sampling" of the more than $3.5 million of Pinnacle bills.

In one instance, Mr. Farmer says, Mr. Ryan sent a bill to Pinnacle claiming that partner Scott Petersen had worked 89.8 hours over a 17-day period in March 2003. Mr. Farmer says internal firm records show the lawyer didn't work on the case at all during that time. Mr. Farmer also accuses Mr. Ryan of creating "fictitious" narratives using such phrases as "review key documents" and "analyze defense strategy" to describe work that Mr. Petersen never performed. Mr. Peterson didn't return calls seeking comment. The two other lawyers on the case declined to comment.

Mr. Farmer reported his findings in early 2005 to Colin Smith, a firm partner charged with ethics oversight, suggesting that Holland & Knight file a report with the state's attorney-ethics commission. "Don't go there," he says Mr. Smith warned him. "Why would you want to do this to Ed Ryan?" Mr. Smith declines to comment.

Colleagues describe the tall, white-haired Mr. Ryan as a genteel litigator. "I always found Ed to be an excellent lawyer and a gentleman of the highest character," says Michael Kanute, a former Holland & Knight partner. Another former partner, Julie Shelton, says she "can't imagine that he would do anything unethical." At Chicago office functions, another former partner recalls, Mr. Ryan liked to offer positive messages to lawyers. "He would use the sort of catch words that were expected by headquarters, like, 'We are so glad to gather together as the Holland & Knight family.' "

Soon after the meeting with Mr. Smith, Mr. Farmer says he had a "very awkward" 10-minute meeting with Mr. Ryan. He says Mr. Ryan told him that he himself had billed time internally to Pinnacle for which he hadn't charged the client and that he therefore inflated other lawyers' hours on the case to compensate for his uncharged time. In the final tally, Mr. Farmer says Mr. Ryan told him, Pinnacle's total bill reflected the actual time the firm worked on the case.

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But Mr. Farmer says he found the explanation "unpersuasive." He says Mr. Ryan occasionally offered strategic advice and edited briefs for the case but never performed routine tasks. "He never stepped foot in a courtroom, never drafted any legal papers, never deposed a witness," says Mr. Farmer, who worked full-time on the matter from the start.

"The amount billed was consistent with the value of the time worked," Mr. Cannon, Holland & Knight's general counsel, said in response to questions about Mr. Farmer's allegations.

Early last year, Pinnacle was acquired by home-builder Hovnanian Enterprises Inc. "These issues occurred well before we were associated with" Pinnacle, a Hovnanian spokesman said. "We have no independent knowledge of the facts."

After his meeting with Mr. Ryan, Mr. Farmer waited for an investigation into his allegations. "I figured at some point, someone would register disbelief or disgust," he says. When that didn't happen, Mr. Farmer moved to the less prestigious Cohn Baughman. "If you look at Matt's résumé, you realize this was not a lateral move," says William Elward, a former classmate of Mr. Farmer's at Loyola University Chicago School of Law.

Late last year, still convinced it was his ethical responsibility, Mr. Farmer reported his bill-padding claims to the Illinois Attorney Registration & Disciplinary Commission. (The commission's chief counsel, James Grogan, won't comment on the pending investigation.) Then, Mr. Farmer sent the seven-page letter and billing records to Judge Poston. "Edward F. Ryan . . . frequently inflated far beyond the hours that the timekeeping attorneys had actually recorded," he wrote the judge, who was then presiding over a lawsuit brought by Connecticut Specialty against Pinnacle regarding the legal bills.

Though Mr. Farmer says he is happy in his new job, he concedes he is dazed by the turn his life has taken. Before that, "if you told me I would be out of my firm in a handful of months, I'd never have believed it," he says.

Scores For Expanded SAT Show Largest Dip Since 1975 (USAT)

By Mary Beth Marklein

USA Today, August 30, 2006

National average scores for the SAT college entrance exam fell 7 points — the biggest drop in 31 years — for the high school class of 2006, the first to take the new version of the test.

The number of test-takers also was down by about 9,600 students, to 1.47 million. Participation rates particularly fell among students who said they were low-income. Meanwhile, more students reported family incomes of $80,000 or more.

The report by test owner The College Board also said girls narrowed the gender gap in math and reading from 42 to 26 points, largely because they did well in the writing section.

Hints of lower scores on the SAT, which has become a lightning rod for all the anxieties surrounding competitive college admissions, raised eyebrows this spring among some admissions directors.

In all, test-takers averaged a 2-point drop in math and a 5-point drop in reading from last year, College Board officials said Tuesday. They attributed declines to 41,000 fewer students retaking the test than last year.

“Whenever a new test is introduced, students usually vary their behavior in ways that affect their score,” says College Board's Gaston Caperton.

The College Board dismissed fatigue as a factor: Its analysis showed no differences in mistakes early in the test vs. later. A typical student gets three hours, 45 minutes to finish the new three-part test, which includes a writing section. The old test allowed three hours.

Officials could not explain the drop in low-income test-takers. The new test is more expensive ($41.50 vs. $29.50), but students can get two fee waivers.

Participation rates among certain minorities, including blacks and Mexican-Americans, also were down.

“Who is the kid most likely to sit it out? Probably the kid who's not sure he or she is going to go to college,” said Seppy Basili of Kaplan, a New York-based test-prep firm. And with colleges under pressure to increase opportunities for disadvantaged students, the drops “may be an early sign about some challenges in the admissions process.”

SAT Reading And Math Scores Show A Significant Decline (NYT)

By Karen W. Arenson

The New York Times, August 30, 2006

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The average score on the reading and math portions of the newly expanded SAT showed the largest decline in 31 years, according to a report released yesterday by the College Board on the performance of the high school class of 2006.

The drop confirmed earlier reports from puzzled college officials that they were seeing lower scores from applicants. The average score on the critical reading portion of the SAT, formerly known as the verbal test, fell 5 points, to 503, out of a maximum possible score of 800. The average math score fell 2 points, to 518. Together they amounted to the lowest combined score since 2002.

Officials of the College Board, the nonprofit organization that administers the SAT, dismissed suggestions by numerous high school guidance counselors that students were getting tired out by the new three-part test which now runs three and three-quarters hours, rather than three.

"Fatigue is not a factor," Wayne Camara, vice president for research and analysis at the College Board said at a news conference. "We are not trying to say that students are not tired. But it is not affecting, on the whole, student performance."

Instead, the officials attributed the drop to a decline in the number of students who took the exam more than once. The board said 47 percent of this year's students took the test only once, up from 44 percent last year. The number taking the test three times fell to less than 13 percent from nearly 15 percent.

Students typically gain 14 points a section when they take the test a second time, and another 10 or 11 points a section on the third try.

The SAT writing test includes a 25-minute essay, which counts for about 30 percent of the writing score, and 49 multiple-choice questions on grammar and usage, which count for the rest. The average score on the writing section was 497 out of a possible 800, the board said.

Girls performed better than boys on this section of the exam, averaging 502 versus 491 for boys. That partly offset girls' lower scores on math and reading, but did not close the longstanding score gap between boy and girls.

Gaston Caperton, the president of the College Board, pointed out that the decline in scores represented less than one-half of a test question in reading and one-fifth of one test question in math. Still it was the largest year to year decline since 1975, and officials expressed concerns about the overall performance of American students.

"The data does suggest that as a nation, critical reading and writing are lagging behind the progress we are making in math," Mr. Camara said.

The SAT score decline contrasted with the increase in scores on the ACT exam, the other primary college admissions test. This month, ACT reported its biggest score increase in 20 years. The ACT also has a writing section, but it is optional.

Seppy Basili, senior vice president at Kaplan Inc., the education and test preparation company, said the new SAT test undoubtedly affected scores because students were less familiar with it and because fewer students repeated it. But Mr. Basili said he thought the length played a greater role than the College Board acknowledged.

"It is not just that the test is 3 hours and 45 minutes," he said. "It is that the whole experience is five hours or more," he said, factoring in things like breaks.

Most states, including New York, New Jersey and Connecticut, saw scores decline in reading and math. In New York, average reading scores fell 4 points to 493 and math scores 1 point to 510. In Connecticut, reading was down 5 points to 512 and math 1 point to 516. In New Jersey, reading fell 7 points to 496 and math 2 points to 515.

In New York City, Joel I. Klein, the chancellor of the education department, said, "My only reaction is, it shows that we have to continue to work harder."

The number of students taking the SAT nationally fell slightly, by about 10,000 students, to just under 1.5 million, or about 48 percent of more than 3 million students who graduated from high school this year.

At a time when many elite colleges have expressed interest in recruiting more low-income students, the number of students from families earning $30,000 or less who took the SAT fell by more than 13 percent, to 183,317, while the number from families earning $100,000 or more rose 8 percent, to 225,869.

Mr. Camara said that of the information collected about students, the income data was the least reliable. He said he did not know what accounted for the decrease in low-income students taking the test.

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Counselors in high schools where the SAT has long dominated, said more of their students were taking the ACT. Some have said that in the wake of the College Board's disclosure this spring that it had mis-scored more than 5,000 exams, they have urged their students to consider the ACT.

SAT Scores See Biggest Decline Since 1975 (WSJ)

By Robert Tomsho

The Wall Street Journal, August 30, 2006

The high-school class of 2006 suffered the biggest drop in SAT scores in more than three decades -- a development that may raise more questions about the recently revamped exam than the students who took it.

The College Board, the New York nonprofit that gives the admissions test, says scores in critical reading -- formerly known as verbal -- fell by five points to 503, out of 800 possible points. Math scores slipped two points, to 518, also out of 800 points. The combined decrease of seven points is the biggest since 1975, when there was a 16-point drop. Overall, math scores had been rising in the past decade, while reading has been relatively flat; there have been occasional small declines in either or both scores.

The scores announced yesterday were the first to fully reflect the revised test introduced in March 2005. Along with a writing section that consists of an essay and multiple-choice questions, the new test added higher-level algebra and did away with analogy questions on the reading section. Requiring nearly four hours to complete, the test has a possible score of 2,400 points, up from 1,600 points with the old 2½-hour test.

Scores on the new writing tests averaged 497 points out of 800, with females averaging 502, 11 points higher than males.

Despite the decline in scores, the news may not be all bad for students and their families. Some testing-industry executives suggested that this year's high-school seniors should actually now set their sights slightly higher when choosing where to apply for college. That's because other students vying for spots may have disappointing results. Moreover, there is confusion among some college admissions officials over how to assess scores for the revised SATs, so schools may not weigh the test as heavily.

"This is not a year to be conservative," says Seppy Basili, senior vice president of Washington Post Co.'s Kaplan Inc., the test-prep concern. "I think admissions offices could look differently" at test scores.

In announcing the scores, Gaston Caperton, the College Board's president, called the revised SAT "a better measure of the skills students need to succeed in college and work," and minimized the scoring decline, saying: "Mathematically, it means almost nothing."

But such sudden shifts are a rarity in college-admissions testing and this one comes at a time when the College Board is struggling to restore its own credibility after a scoring scandal. It is also seeing a decline in the number of students taking the SAT, amid competitive pressure from ACT Inc., which reported big scoring gains on its own college-admissions test earlier this month.

Given the College Board's recent problems, some admissions professionals say they don't think the SAT results have much to do with a sudden change in the nation's public schools or the quality of this year's graduating class. "I doubt people will pin it to anything other than the test itself," says David Hawkins, director of public policy of the National Association of College Admissions Counseling.

Except for the new writing test, the College Board had promised the results could be compared with previous years, so that a 650 score in math or reading on the old test would be equivalent to that same score on the revised versions.

But the latest data contained results that some testing executives found unusual. Students from families with annually earnings of over $100,000 -- presumably best able to afford prep courses -- had a 5-point decline in critical reading; students from families earning under $10,000 had a 3-point gain. While black and Mexican-American students had average reading gains of 1 point, average scores for whites dropped by 5. The SAT was redesigned in part to reduce the impact of socio-economic issues on test takers. But a College Board spokeswoman says that it's too soon to tell if gains by minorities are due to that.

College Board officials attributed many changes to a decline of 3%, or 41,000 students, in the number of students taking the test more than once. The average score for students who took the SAT more than once was 1,068 points, compared with 968

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for one-time test takers. Asian-Americans and whites have traditionally retaken the test at higher rates than other ethnic groups. Only students' most-recent test scores were used to compile the SAT data.

The College Board's standing was shaken in March when it acknowledged errors that caused more than 4,000 test-takers to receive erroneously low scores, stopping some from getting scholarships or applying to select schools. Earlier this month, one of its contractors said it lost sections of several hundred Advanced Placement tests administered in May.

College Board officials said yesterday they are confident in the accuracy of the latest results noting that, among other changes, they now scan every test twice with different machines, on different days.

The SAT report also noted that, for the first time in 15 years, the number of students taking the test fell. The decline was only about 9,519 students, or less than 1% of the nearly 1.5 million total. But it came after the ACT reported that 1.2 million 2006 graduates took its test, up 2% or about 20,000 students from a year earlier. "Students are shifting to the ACT," says Jack Jennings, president of the Center on Education Policy, a think-tank that tracks education reform. "It's on the way up."

Indeed, with almost all universities now accepting the ACT, whose coverage was once largely confined to the Midwest and parts of the South, many guidance counselors and admissions consultants around the country say they are advising high-school students to also take the ACT.

Kira Iles, a senior at Loyola School, a private high school in Scarsdale, N.Y., says knowing that made her feel more relaxed when she took the ACT in June. "I just went in there thinking it was not as big of a deal," says Ms. Iles.

Write to Robert Tomsho at rob.tomsho@wsj.com1

SAT Records Biggest Score Dip In 31 Years (WP)

By Jay Mathews

The Washington Post, August 30, 2006

The first national results from the revamped SAT show the biggest annual drop in reading scores in 31 years and a significant edge for female students over males on the new writing section of the test, the College Board reported yesterday.

The report on SAT scores for the high school Class of 2006 illuminated how the introduction of the writing section -- including a much-dreaded essay question -- and revisions to the mathematics and reading sections have changed an assessment tool still used for admissions by most colleges and universities.

The College Board said the average score on the test's critical reading section was down five points and the average math section score was down two points, for a joint score of 1021, the lowest since 2002. The reading decline was the largest since a nine-point drop in 1975 on what was then known as the verbal section.

Average scores for public and private school students in Maryland, Virginia and the District also declined. Maryland had the largest drop, eight points in reading and six in math. As a possible factor, state officials cited a large jump in test participation among Baltimore students who had not completed a rigorous high school curriculum. Officials noted that SAT scores are nearly always higher in more affluent areas, and that participation rates can affect scores.

On the new writing section, the average score nationwide was 497, for a new total average of 1518 out of a possible 2400 points. That benchmark will help students, guidance counselors and college admissions officers nationwide gauge results for a test that previously had a perfect score of 1600 -- 800 for verbal and 800 for math.

The average writing score for females was 502, 11 points ahead of males, at 491. Female students generally do worse on math tests but better on writing tests, and the new section helped reduce the usual male lead on the overall average SAT score from 42 points to 26.

College Board officials blamed the national drop in scores on a parallel decline in the number of students taking the test more than once. Repeat test-taking, they said, can boost scores as much as 30 points combined for reading and math.

Officials also said they were concerned that students are taking fewer composition and grammar courses. They noted that reading scores have stagnated during the past 30 years.

But they rejected the view of many students, counselors and test-prep teachers that lower scores were the result of fatigue from the longer test. At 3 hours and 45 minutes, the SAT can last more than four hours with breaks.

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"I am not suggesting that students aren't tired after the test," Wayne Camara, College Board vice president for research and analysis, said at a news conference in Washington, "but our data show conclusively that student performance does not trail off at the end of the test."

Anita Kinney, a Catholic University freshman who was one of nearly 1.5 million high school seniors who took the new SAT, said it was ridiculous to discount exhaustion. "The test is four hours long. Enough said," she said. "The members of the College Board obviously have not sat down and taken the new SAT."

David Hawkins, director of public policy for the National Association for College Admission Counseling, said many counselors are lobbying for more breaks in the test, or for administering the SAT in smaller chunks over two days. The College Board, a nonprofit based in New York that sponsors the SAT and other tests, said it is studying those requests.

For the first time in about six years, fewer seniors took the SAT than the year before, a decline of about 9,800 test-takers. The drop, though small, led many counselors to suggest that the SAT is losing ground to the rival ACT. The Iowa City-based ACT, dominant in the Midwest, added about 20,000 test-takers to pass the 1.2 million mark with the Class of 2006. It has an optional writing section and is shorter than the SAT.

Camara attributed the SAT score decline in part to a decrease in the number of repeat test-takers. About 44 percent of the Class of 2005 took the SAT just once; about 47 percent did so in the Class of 2006.

"When a new test is introduced, students usually vary their test-taking behavior in a variety of ways, and this affects scores," said College Board president Gaston Caperton.

Kathryn M. Napper, admissions director for George Washington University, said many students saw less reason to impress colleges with their scores on the new test and were less likely to try again.

"Many seniors last year were being told that they were in the driver's seat with regards to the SAT -- that colleges would be more flexible in interpreting SAT results," she said.

Some counselors said a 46 percent increase in the SAT fee, to $41.50, might also have discouraged repeat business.

But other educators accepted the College Board's view that the drops in scores and in test-takers were the result of students adjusting to a new challenge.

"Anytime anybody sees something new -- a driving route, a TV remote, a football playbook -- it takes time to become familiar with it," said David J. Hamilton, director of college advising at St. Mary's Ryken High School in Leonardtown .

Doubts about the new test led many in the Class of 2006 to take the SAT before the new test was launched. Other students delayed taking the new test to see how their classmates handled it. Either strategy might have reduced the number of times the average student took the test.

The new math section had second-year algebra questions not included in previous versions, another possible factor in lower scores. The new critical reading section required more analysis of long reading passages and eliminated analogy questions that many critics said were not useful.

"It could be that this class reads less," said Robyn Lady, a counselor at McLean High School. "With each passing year, kids are more savvy with technology and engaging in multimedia learning but perhaps not reading as much as the classes before them."

Most local school systems reported score declines, although the more affluent suburbs still had very high scores. Fairfax County scores dropped a combined six points in reading and math. The county's overall average was 1643, and Fairfax officials said black and Asian American students posted gains.

Montgomery County's average was 1634. The county's scores fell two points in reading and two in math. But the system resisted year-to-year comparisons. "We're establishing this year as a new baseline because of the new SAT," said Montgomery schools spokesman Brian Edwards.

Prince George's County's combined reading and math scores fell 15 points. Officials said the county's black students were on par with other black students in the state and country, and the county's white minority equaled or bettered the average scores of white students elsewhere.

In Arlington County, reading was up three points and math up one point. D.C. public school students gained two points in reading and were unchanged in math. In Prince William County, combined math and reading scores were virtually flat. Loudoun

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County's scores dropped for the first time after five straight years of increases, with a nine-point decline in reading and an 11-point drop in math. Alexandria bucked the regional trend with reading scores up 30 points and math scores up 28 points.

Howard County reported gains for Hispanic students and slight declines for most others. Charles County reported sharp score drops. Anne Arundel County said it would release scores today.

Staff writers Lori Aratani, Tara Bahrampour, Michael Alison Chandler, Daniel de Vise, Maria Glod, V. Dion Haynes, Ian Shapira and William Wan contributed to this report.

New Version Of SAT Cuts National Scores (DMN/AP)

Associated Press

The Dallas Morning News, August 30, 2006

College Board plays down the steepest drop in years

Nationwide SAT scores fell by a total of seven points this year, the sharpest decline in a generation.

Experts agreed the dip in combined math and critical reading scores on the college entrance exam was related to the new version of the test – but differed as to how. The updated exam, with a new writing section, also features more advanced math questions and replaces analogies with more reading comprehension.

Average reading scores fell from 508 to 503, and math scores fell from 520 to 518, the College Board announced Tuesday, with the changes hurting boys more than girls. Boys' reading scores fell eight points, while girls' dropped three. And girls scored 11 points better than boys on the new writing section. Boys' and girls' math scores fell two points each to 536 and 502, respectively.

The College Board, which oversees the exam, played down the drop, saying it amounts to a fraction of one question per exam. The board noted that fewer test-takers tried to take the test a second time. Critics cited the expanded test's length and said student fatigue might be a factor, which the company disputed.

The new scores also stand out because just two weeks ago the rival ACT exam reported its biggest score increase in 20 years.

"It does show how meaningless the test is as a measure of educational quality, that technical changes in the test can significantly alter" scores, said Bob Schaeffer, an SAT critic and public education director of the group FairTest. "It's the test, not the education, that's being measured."

Christine Parker, executive director of high school program development at test-prep company Princeton Review, said the College Board has always called even small increases important, so it's surprising to see it playing down the decline.

"This is just the latest in a long line of bad news," she said. "They're in a very defensive posture."

Girls' average overall score of 1506 out of a possible 2400 remains 26 points below boys' average, but the addition of the writing section and changes in the reading section helped them narrow the gap. Ms. Parker said the shift in emphasis from vocabulary to reading comprehension favored girls.

"Interpreting language that's in front of them – girls do better at that," she said.

The College Board also released information about the new writing section, which includes a 25-minute essay. The College Board said that in 97 percent of essays, which are graded on a 12-point scale, the two readers agreed on the score or differed by just one point. Scores on the rest were resolved by a third reader.

UnSATisfactory (WP)

The Washington Post, August 30, 2006

THE DRAMATIC decline in SAT scores announced yesterday raises the issue of whether there is something wrong with the new test or, even more worrisome, with the lessons being taught in high schools.

It's important, of course, not to read too much into what may prove to be a one-year blip. The scores announced yesterday for the high school class of 2006 are the first since the College Board revamped the SAT, taking out the analogies that defined the test for generations of previous students, increasing the reading portion and adding a writing exam. Reading and math scores both dropped, to an average national score of 1021 out of 1600. The annual drop in critical reading scores, from 508 to 503, was the largest in 31 years.

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College Board officials played down the change, insisted there is nothing wrong with the new test and attributed the results to fewer students retaking the test to try to boost their scores. They may be right, but they need to be less defensive and more open to other possible explanations. Their flat-out rejection of student fatigue as a possible factor stemming from the lengthened test runs counter to the real-life experiences of many students and teachers. The board, which suffered some damage to its image with scoring errors last year, should make good on its promise to share its research with others and to consider such ideas as breaking up the test.

On the other hand, the board says students aren't being taught grammar and composition as much as in the past. Anyone concerned with education, national competitiveness and the prospects for the next generation should also take to heart the board's worry: that high school students' skills aren't moving in the right direction.

Care By The Hour (NYT)

By Robin Cook

The New York Times, August 30, 2006

Naples, Fla.

A PRIMARY care doctor I've known since we were residents 30 years ago recently described for me his typical day as foisted on him by current economic realities. He rises at 4 a.m. to make a dent in his avalanche of paperwork before dashing off to make rounds at the hospital and arrive at his office before 8. For the next 10 to 11 hours, he races through a series of patients so long, he cannot talk to any one of them as much as he believes he should, and he constantly worries he'll miss something. Worst of all, he admitted, he no longer enjoys practicing medicine.

Ten-plus years ago primary care was lauded as the potential rescuer of a health care system in chaos. Primary care doctors, it was hoped, would fix what had become an expensive, fragmented specialty system geared toward treating emergencies and episodes of acute illness. Thanks to new technologies and treatments, medicine had become a team effort, but the teams needed captains who would keep patients' overall health in mind, and that role was to be filled by the primary care doctors: internists, family physicians, general practitioners and pediatricians. We would all know our doctors, and they would know us.

But unfortunately, primary care has not flourished, and the ranks of primary care doctors are thinning. As reported in a series of articles in The Annals of Internal Medicine in 2003, medical students are shunning residencies in primary care, and primary care doctors are migrating to other careers or retiring early. Many who have remained in primary care are, like my friend, dispirited, disgruntled and disillusioned.

What is the solution? We must make primary care a more manageable business by changing the way we pay for it. Primary care doctors should be paid by the hour.

As it is now, insurance companies — following Medicare's lead — pay primary care doctors according to the number of patients they see. Each patient visit is generally reimbursed at a flat rate of slightly more than $50. The payment is the same whether the patient is a healthy, young person with a runny nose or an elderly person whose multiple chronic illnesses require many tests, referrals to specialists and detailed explanations to both the patient and his or her family.

A lawyer in general practice is not expected to accept the same low fee he gets for writing a simple will when he writes one that involves complicated business circumstances. Nor does an accountant charge the same amount for a difficult tax return as for an easy one. Why should the work of doctors be assessed this way?

A typical primary care doctor spends slightly more than half of his or her day seeing patients; the other half is spent conferring with specialists, lab technicians and patients' families, or trying to persuade health insurance companies to cover some needed treatment. This other half of his work day must be considered pro bono. Factor in rising overhead costs (office space, employees and malpractice premiums), and the situation easily becomes untenable.

No wonder hundreds of primary care doctors have switched to concierge-style practices, in which patients are charged subscription fees in return for more personal service in markedly smaller practices. But this trend only adds to the problem of accessibility by reducing the pool of regular primary care doctors.

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Ideally, the hourly rate would not be the same for all primary care physicians, but would be assessed on a sliding scale, predicated on a doctor's level of education. Internists and pediatricians — the primary care doctors who have had the most training — would receive a higher rate than general practitioners and family physicians would.

Reimbursement by the hour might not shorten my friend's day right away; his patient roster is already too large. But it would enable him to reduce his load over time. By making him feel that his sacrifices are valued, it might also help bring back the joy he used to find in practicing medicine. And by enhancing the prestige of primary care, it might reverse the exodus of doctors and encourage medical students to join the field.

Some people might fear that hourly payments for doctors would only add to the upward spiraling of health care costs. It's true that primary care physicians would stand to make more money — because work that is now pro bono would be paid.

But this expense can be balanced out by cutting the health care pie differently — as some large, multi-specialty medical groups already do. Recognizing that Medicare and health insurance companies pay disproportionately higher amounts for specialty procedures (angioplasties, for example, or colonoscopies or even freckle removal) than for consultations by primary care doctors, many practices redistribute their total income according to each doctor's contribution. Consequently, primary care doctors receive more than the amount the group is reimbursed for their services. Medicare should save them the trouble.

Medicare has made some adjustments to its reimbursement system to reflect the value of services provided, but it hasn't gone far enough. The pendulum must swing significantly farther toward primary care.

In the long run, paying by the hour could save money. It would provide doctors the time they need to investigate symptoms themselves rather than reflexively refer patients to specialists. After all, every headache doesn't need to be evaluated by a neurologist; nor does every painful shoulder require an M.R.I.

It would also increase the pool of primary care doctors, so that more health problems could be handled in doctor's offices rather than in emergency rooms, where the cost of care is more expensive. And finally, better long-term doctor-patient relationships might reduce the number of malpractice lawsuits. Paying for primary care by the hour would be better for both doctors and patients, and it would return a measure of rationality to our health care system.

Transparency Or Fig Leaf? (USAT)

USA Today, August 30, 2006

Nearly 47 million Americans are uninsured, and millions more have coverage so skimpy that a major illness would bankrupt them. Yet President Bush apparently thinks Americans are too well-insured.

He's pushing health savings accounts — a plan to make the sick pay thousands from their own pockets before insurance kicks in. And the fig leaf for his soak-the-sick scheme is "transparency." Just make hospitals and doctors post their prices, he says, and the market will magically cut health costs.

The president's scheme will drive millions more into medical poverty, but it won't hold down costs.

Insured Americans already pay bigger co-payments and deductibles than do people in any other nation. Yet our health costs are far higher than anywhere else.

Steep out-of-pocket costs have little impact on overall spending. They discourage preventive care such as immunizations but don't affect the real cost driver — expensive illnesses that afflict only 20% of Americans each year but account for 80% of spending.

A patient having a heart attack can't comparison shop among hospitals, bargain for discount clot-buster drugs, or second-guess the doctor's advice. And when steep deductibles make people delay care, the heart damage gets worse and the bill goes up.

Huge corporations like General Motors have tried for years to hold down health benefit costs by using their market muscle (and the kind of price and quality information Bush touts). They've failed. If GM can't bargain down costs, will Mrs. Smith succeed?

Transparency won't cut costs, but national health insurance would. A single-payer system could save $300 billion annually on health bureaucracy by eliminating paperwork and exorbitant CEO incomes. It could avoid the duplication of transplant facilities that raises costs and worsens quality. It would also reduce unnecessary surgery and other harmful procedures.

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Most important, national health insurance would guarantee comprehensive coverage and close the health gap with Canada and other nations where people live longer than we do.

Drs. Steffie Woolhandler and David Himmelstein teach at Harvard Medical School and co-founded Physicians for a National Health Program.

Reveal Health Care Costs (USAT)

USA Today, August 30, 2006

No sensible consumers would purchase a new car or refrigerator without knowing the price, or without asking a few questions about reliability.

Yet they'll undergo cardiac surgery or a hip replacement with little thought of the actual cost of treatment, and with virtually no information about their hospital's track record with that procedure.

Patients who try to ask about price are unlikely to get a straight answer. "It depends" is how most hospitals will reply because they have sliding scales of fees based on a patient's insurance, discounts negotiated by health plans, and potential complications in treatment. Bills are incomprehensible.

Unlike restaurants, hospitals don't list prices on a menu. Perhaps it's time they did.

Traditional insurance, whether government- or employer-based, shields patients from the true costs of care. If someone else is paying most of the bill, patients have little incentive or ability to demand lower prices. Hospitals and doctors face little pressure to publicize their fees or to lower them.

Faced with rising costs, however, employers are pushing workers to shoulder a larger share with higher premiums, deductibles and co-pays. Plans combining low premiums, high deductibles and employee-funded health savings accounts are gaining popularity. Because those plans force people to spend more of their own money, they have more incentive to shop around. But they can't do that without better data.

The medical industry has paid lip service to transparency but has been slow to act. Allen Hubbard, director of President Bush's National Economic Council, warned hospital executives in March that the administration would urge Congress to require better disclosure unless voluntary efforts start soon.

While hospitals and doctors are dragging their feet, the government and insurers are taking steps to make health care costs more transparent:

• Last week, Bush signed an executive order requiring four federal agencies to compile and release information about the quality and price of health care provided to people they cover.

• In June, Medicare started posting on its website how much it pays for 30 medical procedures in each of the nation's counties, along with data on how many of the treatments each hospital performed last year. In general, the more experience a facility has with a procedure, the better the outcome for the patient, studies show.

• Aetna, which covers 30 million beneficiaries, will make physician-specific information on fees, clinical quality and efficiency available to its members in seven states.

Critics of transparency say patients can't shop for bargains when they're ill, it's difficult to determine what constitutes high quality care, and it's a diversion from doing something to help the uninsured.

True, patients on their way to the hospital in an ambulance are in no position to haggle, but most medical services aren't emergencies. With the right tools, patients can find better values. More honesty about price and quality can lower costs and achieve better outcomes.

Washington: New President For Amtrak (NYT/AP)

By The Associated Press

The New York Times, August 30, 2006

Amtrak's board of directors announced that it had chosen Alexander K. Kummant, a veteran rail and industrial executive, as its new president and chief executive. Mr. Kummant will assume the job on Sept. 12. He will succeed David L. Gunn, who was fired in November in a dispute over reorganizing the company.

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Amtrak Picks Successor To Its Fired President (WP/AP)

By Donna De La Cruz

The Washington Post, August 30, 2006

Amtrak's board of directors yesterday selected Alexander Kummant, a veteran railroad and industrial executive, as its president and chief executive.

Kummant will assume the job Sept. 12. He will take over for David L. Gunn, who was fired last November. Kummant previously was a regional vice president of the Union Pacific Railroad. Most recently, he was executive vice president and chief marketing officer of Komatsu America Corp., a construction equipment manufacturer. David J. Hughes has been acting Amtrak president since Gunn left.

Amtrak Chairman David M. Laney said Kummant had the credentials and experience to lead "a changing Amtrak that is more customer-focused and fiscally responsible."

Amtrak supporters, who have accused the Bush administration of trying to dismantle the railroad, reacted cautiously to Kummant's appointment.

"It's good they finally appointed someone, but given this administration's record on Amtrak, we need to know whether he was brought in to build up Amtrak or tear it down," said Sen. Charles E. Schumer (D-N.Y.). "We await what he'll have to say about Amtrak's future."

Sen. Frank Lautenberg (D-N.J.) said the Amtrak board "has exercised questionable judgment in the past, so I am obviously concerned about their choice to run our nation's passenger rail system."

Kummant, a native of Ohio, earned his undergraduate degree from Case Western Reserve University, a master's degree from Carnegie Mellon University and an MBA from Stanford University. His wife, Kathleen Regan Kummant, is a former senior executive with the Santa Fe and BNSF railroads.

In a conference call with reporters, Laney also discussed Amtrak's top priorities, which include improving security and cutting costs. The board is studying Amtrak's long-distance routes and may, by the end of this year or early 2007, select routes to eliminate, expand or reduce.

Amtrak has debt of more than $3.5 billion and its operating loss for 2005 topped $550 million. It has never made a profit in its 35 years of operation.

Gunn's firing capped a bad 2005 for Amtrak. It had to suspend all high-speed Acela service in April after finding cracks in some brakes.

The Government Accountability Office said in October that Amtrak must improve how it monitors performance and oversees its finances.

In May and June this year, three power failures disrupted trains along the Northeast Corridor. Laney said a report on the cause of the outages is imminent and that he "did not think it will be seen as Amtrak's responsibility."

Under a Senate bill, Amtrak's federal subsidy would increase 8 percent, to $1.4 billion, for the fiscal year beginning Oct. 1. Amtrak received a $1.3 billion subsidy for the current fiscal year.

Special Elections Set For DeLay's Seat (AP-Y)

AP, August 30, 2006

Gov. Rick Perry on Tuesday ordered a Nov. 7 special election to temporarily replace resigned U.S. Rep. Tom DeLay, a date that coincides with the general election.

DeLay resigned in June, but his congressional term doesn't expire until January. The winner of the special election will fill his seat until then.

In the general election, Nick Lampson is the Democratic candidate. Republicans have thrown their support to Houston City Councilwoman Shelley Sekula-Gibbs as a write-in candidate after the courts refused to remove DeLay name from the ballot. Sekula-Gibbs' name will appear on a list of approved write-in candidates posted in voting booth.

For the special election, candidates have until 5 p.m. Friday to pay a $3,125 filing fee and submit their paperwork to run.

Lampson said Tuesday that he intends to file for the special election.

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Governor Gives Contest To Replace DeLay A New Twist (NYT)

By Ralph Blumenthal

The New York Times, August 30, 2006

HOUSTON, Aug. 29 — Just when it looked as if the Texas race to fill Tom DeLay's vacant House seat could not get any weirder, it did.

Already, there is a general election on Nov. 7 featuring a Republican Congressional candidate who must run as a write-in because Democrats successfully sued to keep their Republican nemesis Mr. DeLay in the spotlight on the ballot. That election will select a House member for the next two years.

Then on Tuesday, Gov. Rick Perry called a special election for the same day, for the same seat. That election will fill Mr. DeLay's unexpired term until January.

The two concurrent elections may or may not offer the same field of candidates; the filing deadline is Friday, and more candidates could emerge. But the Republican write-in candidate in the general election, Dr. Shelley Sekula-Gibbs, said she would run in the special election. That means she will be on the ballot in the special election, but not in the general.

Although some Republican strategists said that could leave voters hopelessly confused, Dr. Sekula-Gibbs, a dermatologist and member of the Houston City Council, said she believed that voters could cope with it.

"People already know it's an unusual race," she said, adding that having her name on one ballot would serve as "a memory jog."

The Democratic candidate, former Representative Nick Lampson, will run in both elections — on the ballot, said his campaign manager, Mike Malaise.

Mr. Malaise said the confusion was likely to help Mr. Lampson, who has been running essentially unopposed in the mostly Republican district since Mr. DeLay, the former House majority leader, beset with legal problems, upended Texas politics after his primary victory in March by announcing he was dropping his quest for a 12th term to move to Virginia.

Dr. Sekula-Gibbs was the choice of most of the 150 Republican precinct leaders who met Aug. 17 to choose a consensus write-in candidate. The party was not allowed to list a candidate other than Mr. DeLay on the general election ballot after courts upheld a Democratic Party lawsuit claiming that efforts by the Texas Republican chairwoman, Tina J. Benkiser, to replace Mr. DeLay with a stronger candidate amounted to ballot manipulation.

An early front-runner for the Republican nomination, Mayor David G. Wallace of Sugar Land, said Tuesday that he would not run in the special election.

The Libertarian candidate in the general election, Bob Smither, said he had not made up his mind whether to file for the special election. "It's so confusing already," Mr. Smither said. "Voters don't need more distraction."

Governor Perry, a Republican who had refused to call an emergency election after Mr. DeLay's resignation in June, said Tuesday that he was required to call a special election under the Constitution.

Boyd Richie, the Texas Democratic Party chairman, called the decision "simply too little, too late, for a district that has that been without representation in Congress longer than any other Texas district in the last 100 years."

Cheney Says Security Tops Election Agenda (LJS)

By Don Walton

Lincoln Journal Star, August 30, 2006

OMAHA -- The Bush administration will "keep national security at the top of the agenda this election year," Vice President Dick Cheney told a Republican audience Tuesday.

Some Democratic leaders want to weaken the tools the administration uses to identify and track terrorists, Cheney said, while others would "give up the fight (and) retreat" from Iraq.

President Bush will rely on commanders in the field to determine the troop levels "needed for victory" in Iraq, Cheney said, rather than listen to polls or "artificial timelines set by politicians in Washington, D.C."

The president will continue to pursue terrorists with all the tools at his disposal, the vice president said, recognizing the enemy "likely has combatants inside the United States."

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Voters will have an opportunity in some of this year's national congressional elections to "reject resignation and defeatism," Cheney said.

Cheney's four-hour visit to Nebraska dramatized his tie between election-year politics and the war on terror. After addressing a fund-raising reception for Rep. Jeff Fortenberry in downtown Omaha, the vice president journeyed to nearby Offutt Air Force Base to thank the troops for their military service.

Fortenberry, the 1st District freshman congressman, was praised by Cheney as "a dependable voice" for economic growth, job creation and national defense.

"He's off to a terrific start," Cheney said. "The president and I need Jeff to keep the economy strong."

The event at the Hilton Omaha was held in the heart of Republican Rep. Lee Terry's 2nd District rather than in the Lincoln congressman's home district. Fortenberry said an Omaha site was chosen to accommodate Cheney's desire to visit Offutt.

Terry was one of perhaps 150 people who attended the $250-per-ticket event. A VIP photo opportunity with the vice president was available to couples contributing $1,500. Proceeds will be shared with the Nebraska Republican Party.

Republican Senate nominee Pete Ricketts accompanied Cheney on Air Force Two when the vice president flew home to Wyoming after the Nebraska events. Cheney tossed in a plug for Ricketts during his 20-minute address.

While the administration is determined to protect tax cuts, control federal spending and promote immigration reform, Cheney said, "the first order of business in Washington is to protect the American people."

That determination is accompanied by support for "the men and women who defend us in a time of war," he said.

Withdrawal from Iraq at this time would "simply validate the al-Qaida strategy and invite more attacks," the vice president said.

"We must not let up for a moment," he declared.

Although the terrorist network has been "weakened and fractured," he said, it remains lethal and determined.

"With George Bush leading," Cheney promised, "we will not let down our guard."

Following the event, Fortenberry's Democratic challenger, Maxine Moul, issued a statement calling for a plan to bring U.S. troops home from Iraq safely.

"I will fight to make sure that our soldiers have clear benchmarks and goals so that we can measure our success in Iraq, complete our mission, and begin bringing our troops home," Moul said.

Reach Don Walton at 473-7248 or at dwalton@journalstar.com.

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Lucas wrote on August 29, 2006 8:12 PM:"Cheney has given his every breath and soul to the neoConservative cause...even if it damns America. Extremists use whatever it takes and in our decade that means undermining democracy itself. Liberties have been removed, as have historical documents from public access. It was an irony he shot an attorney...for he has shot down the law and would have the Attorney General first serve the king and not the Constitution. "

Stan Oswald wrote on August 29, 2006 7:49 PM:"It sickens me to hear Cheney talking so tough. He demonstated his toughness when he was of military age. "The Omaha site was chosen to accommodate Cheney's desire to visit Offut." Yeah, right. This for a guy who did everything he could to avoid setting foot on any military base when he was of age. At least he didn't come to Lincoln. Dick Cheney is a disgrace and a coward."

ready, fire, aim wrote on August 29, 2006 7:06 PM:"more of the same old rhetoric from the vice president on the occupation in Iraq with the catch phrase changed from cut and run to defeat and retreat"

Timmy wrote on August 29, 2006 6:59 PM:"So, just days ago Bush was again forced to admit that Iraq had no link to the terror attacks, yet now Cheney shows up and yet again implies that fighting in Iraq is fighting the war on terror. The old "better to fight them there than here," line of thought? How, exactly, does that work? Do those who trot out that line of thought imagine a terrorist conversation something along these lines?: Terrorist #1: "Let's go attack the U.S.!" Terrorist #2: "Yeah, sure, I'd love to,

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but you know we can't do that while the U.S. is in Iraq. Maybe later." I mean, is that pretty much it? Who makes this stuff up? The only slight justice is that historians will one day have a field day with this stuff, and students will shake their heads in disbelief that Americans in the first decade of the 21st century actually bought it. But, that's a long way off. We've wasted some $300 billion and counting on a needless war that could have been spent on needed domestic security including securing ports and borders, we've been responsible for the deaths of thousands and the debilitating injuries of many more, we've alienated our former allies and made ourselves the most hated nation on earth. Yet, Dick Cheney has the audacity to roll into the state on the anniversary of the Katrina disaster when his government proved beyond a shadow of a doubt that if any REAL security issue occurred in this country they would be completely inept and unable to deal with it, and tells Nebraskans that not voting for his party will make us less secure! Excuse me? American citizens starving to death on the streets of New Orleans because our govt. could/would not even airlift food to its own citizens, and this guy has the nerve to tell me the only way I'll be secure is with him and his gang in power? Unbelievable. Tell it to the folks in New Orleans who had loved ones die because you and your pals think government's just a joke and weren't prepared to do a damn thing (then listen to the heckler that told it to you like it is last time you were there). Thanks Dick, but given the fact that you've proven you're entirely inept, I think I'll take my chances come November. "

Dennis wrote on August 29, 2006 5:49 PM:"We're not any safer now than we were before 9/11/01 thanks to the inept policies of this Adminstration. It was Dick Cheney who ignored military experts when he rushed to war without enough troops, without sufficient body armor, and without a plan to succeed. Under this Administration's watch, terror attacks have increased, Iraq has fallen into civil war, and our military has been stretched thin. We have a choice to make today. Do we trust this Administration to make the right decisions to keep us safe after they has been so consistently wrong since the start of the Iraq War? I think the answer is obvious - it is time for new leadership to make this country safer and keep the peace."

Choice4Condition wrote on August 29, 2006 5:36 PM:"An artificial timeline has been set, everbody knows the troops won't be removed until after this President leaves office or Congress stands up to that resolve of the President. Families of soldiers, we support you, knowing the minimum time for this reckless exposure to insurgents will continue because Bush wants to be a war President must be an extra heavy burden. It is a burden you voted for, it is a burden decided by Party and the condition: occupiers will be fought. Send your loved ones there and it sets them up a condition for a target...why do you do it and then weep when they are gone? "

Native son wrote on August 29, 2006 5:07 PM:"Anyone else find it ironic that Fortenberry, native son of Loiusiana, is touting Cheney's Native Nebraska roots? "

Max wrote on August 29, 2006 4:09 PM:"And you paid the bill!"

Lex wrote on August 29, 2006 3:25 PM:"Cheney is interested in the republican votes, not Nebraska. Goes to show you, his parents had brains enough to get out of Nebraska. Probably because the taxes were too high then. What has Fortenberry done for Nebraska?? I'm still going broke. Cheney wasted government money on Rickitts."

fathead Neuman wrote on August 29, 2006 3:17 PM:"The Vice President tells people that terrorists will win if we back down, but Bush tells his fellow republicans to not focus on the war, but rather on domestic issues. Republicans tie a minimum wage increase to the permanent illimination of the estate tax (a multi-million dollar give-away to the richest Americans) to force democrats into a place they don't want to be."

Bush To Attend Talent Fundraiser In Kansas City (FWJD)

The Fort Wayne Journal Gazette, August 30, 2006

KANSAS CITY, Mo. - President Bush will return to Missouri next week to appear at another fundraiser for Republican Sen. Jim Talent.

The Sept. 8 event will be held at the Kansas City home of Scott Ward, co-president of Russell Stover Candies. Tickets cost $1,000 each.

The visit comes one day before former President Bill Clinton travels to St. Louis to speak at a fundraising brunch for Claire McCaskill, Talent's Democratic opponent.

In June, Bush appeared at a Talent fundraiser in St. Louis that raised about $1 million.

Effort To Ease Election Spending Rules Fails (NYT)

By Kate Phillips

The New York Times, August 30, 2006

WASHINGTON, Aug. 29 — A Republican-backed proposal that would have allowed unrestricted spending on advertisements by interest groups during this fall's midterm election season was blocked Tuesday when the Federal Election Commission split evenly along party lines over the issue, shelving the plan for this campaign.

Corporations, nonprofit groups and labor unions have been prohibited under the McCain-Feingold campaign finance law from paying for commercials that name political candidates during specific periods of time before elections. Since the law was enacted, they could raise money and spend it on behalf of candidates only if they formed political action committees that could not accept more than $5,000 a year from individual donors.

Hans A. von Spakovsky, one of the election commission's Republican members, had proposed relaxing the ban and allowing such groups to buy issue advertising as long as it referred only to elected officials and did not "promote, attack, support or oppose" candidates for office. Michael E. Toner, a Republican who is the commission's chairman, urged consideration of the plan, saying that its status as an interim proposal would allow it to be tested this election season.

After debating the measure at a hearing Tuesday, Mr. Toner, Mr. von Spakovsky and the commission's third Republican member voted in favor of the change. All three Democrats on the committee voted against it, reflecting a longstanding split between the two parties over how far to go in regulating money in politics.

Several major organizations at different ends of the political spectrum, including the United States Chamber of Commerce, the A.F.L.-C.I.O., the American Civil Liberties Union and the Alliance for Justice, had petitioned the agency to exempt "grass roots organizations" from the ban, saying that they were being prevented from exercising their free-speech rights to press their policy issues.

The ban applies to broadcast advertising that refers to federal candidates, aimed inside their jurisdiction within 30 days of a primary or 60 days of a general election. Often, the opposing groups contended, the time limits coincide with sessions of Congress when legislation is being debated, a time when they say they should be permitted to appeal to the public about positions taken by lawmakers.

To organizations like the chamber, which is spending heavily across the country this election season, such issues as the tax packages being considered by the Senate require lobbying elected officials and advertising.

"There are 18 legislative days left in this Congress if this issue is brought back up,'' William C. Miller, the chamber's political director, said of the tax debate. Groups on all sides, Mr. Miller said, "are now stifled,'' a result that he deemed an unintended consequence of the McCain-Feingold law, which was enacted in 2002.

But campaign finance watchdog groups, as well as the Democratic commissioners, argued that an exemption could unleash millions of dollars in unregulated money for advertising that would clearly be designed to influence the midterm elections. Commissioner Ellen L. Weintraub said it would be extremely difficult, if not impossible, to keep such advertisements neutral.

Fred Wertheimer, president of Democracy 21, a campaign finance watchdog group, called the proposal a misinterpretation of the law. Before the law was enacted, Mr. Wertheimer said, corporations, labor unions and nonprofit groups "ran ads that attacked or praised candidates, and claimed they could use unlimited soft money for the ads because they didn't say vote for or vote against a candidate.''

Current campaign financing law, upheld by the courts, still allows the groups to advertise, he said, but they must comply with the same strict limits on contributions as everyone else running campaign advertisements.

Washington: Ruling On Campaign Finance Limits (NYT/AP)

By The Associated Press

The New York Times, August 30, 2006

Senator Maria Cantwell will have to abide by campaign finance limits even though her Republican rival, Mike McGavick, donated $2 million to his campaign, the Federal Election Commission ruled. In a unanimous decision, the commission said the so-called millionaires' amendment, which lifts donation limits for anyone facing a candidate who self-finances a campaign,

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applies only to Mr. McGavick's Republican primary opponents, not to Ms. Cantwell, a Democrat. The decision means Ms. Cantwell will have to stick to the limits, at least until the Sept. 19 primary.

National Democrats Pledge Funds To Webb (RTD)

By PETER HARDIN AND JEFF E. SCHAPIRO

Richmond Times-Dispatch, August 30, 2006

With three polls showing the U.S. Senate race close after George Allen's alleged racial remark, national Democrats yesterday pledged dollars to Jim Webb.

The latest survey, by Zogby International, gives Webb, once a long shot, a statistically insignificant lead over the Republic an incumbent, who has been sidetracked for two weeks for addressing a Webb volunteer staff member of Indian descent as "macaca."

Sen. Charles E. Schumer of New York, head of the Democratic Senatorial Campaign Committee, said his group -- the political arm of the Senate Democratic Conference -- will donate an unspecified amount to Webb.

Schumer earlier this summer was noncommittal about directing cash and services to Webb.

"We think this is a neck-and-neck race," Schumer told report- ers when asked about the impact of the Allen controversy. "We plan to provide Jim Webb with the kinds of resources he needs to win."

Schumer's promise comes amid a dramatic shift in the Virginia contest, one triggered by Allen's oral blunder, which apparently has cost his re-election effort momentum and threatens to derail his presidential ambitions in 2008.

Webb has badly trailed Allen in fund raising. After the June primary, he had $424,245 in cash to $6.6 million for Allen. Webb said yesterday in Norfolk that he has collected $2 million since winning the nomination.

"We think we have a very good chance of winning in Virginia," said Schumer.

Allen strategist Dick Wadhams said his candidate has long expected that Webb would receive money from national Democratic sources.

Webb "sold his soul to the left wing of the Democratic Party, and they will reward him for doing so," said Wadhams.

Independent analysts were divided on the impact of the Schumer announcement.

Jennifer Duffy of the Cook Political Report said the pledge "puts the Webb campaign in a better position than they were a month ago. For Allen, "this is a wake-up call -- money that wasn't going to be there, is going to be there," she said.

Quentin Kidd, a political scientist at Christopher Newport University in Newport News, said a cash fix from the senatorial committee may be too late for Webb.

"I'm not sure he can raise enough money at this point to keep himself competitive," said Kidd, adding that if Webb loses narrowly, Democratic leaders in Washington can take some of the blame for not helping sooner.

Since mid-August, Allen has been on the defensive for calling a Webb staff member assigned to tail the Republican a "macaca," a genus of monkey. The word also is used by Asians and Europeans to disparage dark-skinned people. Allen apologized for the remark.

Gov. Timothy M. Kaine, who plans to meet with Webb today, said on his monthly radio appearance in Washington that Allen remark was "wrong" and "divisive."

In addition to Zogby International, two other polls -- by Survey USA and Rasmussen Reports -- suggest the Webb-Allen contest is competitive.

All three polls were conducted via the Internet, an increasingly common practice that nonetheless troubles some public-opinion experts and political operatives.

Unlike traditional polls, based on interviews usually conducted by phone, interactive surveys are not as strictly controlled. Their results may be suspect among campaign professional.

"We're not crazy about them because when we do political polling, we go to extraordinary lengths to make sure we're talking to people who are likely to vote," said Beth S. Schapiro, a Democratic poll taker in Atlanta who has worked for candidates in Virginia.

A problem with online polls, she said: They only represent the preferences of people with access to computers.

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Wadhams sharply criticized an earlier poll by Zogby International that put Webb within striking distance of Allen. Yesterday, however, Wadhams changed the subject to the candidates' schedules when asked about the latest interactive surveys.

Contact Washington correspondent Peter Hardin at phardin@mediageneral.com or (202) 662-7669.

Contact staff writer Jeff E. Schapiro at jschapiro@timesdispatch.com or (804) 649-6814.

Staff writers Tyler Whitley and Michael Hardy contributed to this report.

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Cardin's Lead Over Mfume Up In Poll (WT)

By S.a. Miller

The Washington Times, August 30, 2006

Rep. Benjamin L. Cardin has increased his lead in the contest for the Democratic nomination in Maryland's U.S. Senate race and likely Republican nominee Lt. Gov. Michael S. Steele remains highly competitive in any general election matchup, a poll released today shows.

Likely voters in the Sept. 12 Democratic primary now favor Mr. Cardin over ex-Rep. Kweisi Mfume, a former National Association for the Advancement of Colored People president, by 43 percent to 30 percent, according to a statewide poll by nonpartisan Gonzales Research & Marketing Strategies.

In the general election, the poll found Mr. Steele trailing Mr. Cardin 44 percent to 39 percent and beating Mr. Mfume 42 percent to 38 percent.

"I think it means that [Mr. Steele] is in a competitive position," said Patrick Gonzales, chief pollster and president of the Annapolis-based firm that performed the survey. "His campaign is fairly well-positioned right now."

Mr. Gonzales credited Mr. Cardin's recent TV ads with expanding his lead. "Money can make a big difference in politics if you've got it to get your message out," he said.

However, Josh Rales garnered just 6 percent of the Democratic primary vote in the poll, despite spending more than $4.4 million -- most of it from his personal fortune from real estate investments -- saturating the state with his TV ads since June.

Other polls have produced different results.

A survey in June by The Washington Post found Mr. Mfume ahead of Mr. Cardin by 6 percentage points.

A poll by Zogby International distributed through the Wall Street Journal this week showed Mr. Rales beating Mr. Steele 45.7 percent to 42.2 percent. That poll showed Mr. Cardin and Mr. Mfume beating Mr. Steele by about 9 percentage points and about 4 percentage points, respectively.

The Zogby poll did not gauge the primary contest. The Gonzales surveys of 621 likely Democratic primary voters and 843 potential general election voters was conducted Aug. 18 to 25.

The poll of likely primary voters had a margin of error of 4 percent. The general election survey had a margin of error of 3.5 percent.

The poll also showed Gov. Robert L. Ehrlich Jr., a Republican, trailing Baltimore Mayor Martin O'Malley, a Democrat, 46 percent to 42 percent in the race for governor. Those numbers are virtually unchanged since a Gonzales poll in April.

President Bush's job-approval rating was 36 percent in the current poll, up from an all-time low in Maryland of 29 percent in April.

Voter attitude toward Mr. Bush's handling of the Iraq war also improved since April, up from a 24 percent approval rating to 32 percent. Most Marylanders -- 63 percent -- still disapprove of his handling of the war.

The president's scant popularity and widespread opposition to the war in Maryland, where registered Democrats outnumber Republicans 2-to-1, have been viewed as major drawbacks for Mr. Steele and Mr. Ehrlich, who won the governor's office for their party after more than three decades of Democratic rule.

In Mr. Cardin's TV ads, he stresses that he "stood up to President Bush" on the Iraq war.

"Marylanders are sick of the president's misguided policies, and Ben Cardin is the strongest candidate to keep this seat in the Democratic column," Cardin campaign spokesman Oren Shur said.

"It's clear that Michael Steele does not want to face Ben Cardin in this November's election."

Mr. Cardin has increased his lead over Mr. Mfume from 8 percentage points in a Gonzales poll in April to 13 percentage points in the current poll.

Mr. Steele, who is the first black elected to statewide office in Maryland, has closed the gap with Mr. Cardin from 14 percentage points in the April poll to 5 percentage points in the current survey.

Mr. Steele also has overtaken Mr. Mfume after trailing him 44 percent to 39 percent in April.

Steele campaign spokeswoman Melissa Sellers said the poll confirmed his potential to be the first Republican that Maryland has sent to the Senate in 26 years.

"This will undoubtedly continue to be a close race, but more and more Marylanders are ready for change in Washington, and they are supporting Michael Steele," she said.

Jack Kemp To Campaign For Lieberman (AP-Y)

AP, August 30, 2006

Jack Kemp will hit the campaign trail with a fellow former vice presidential candidate from another party: Sen. Joe Lieberman.

Lieberman said Tuesday that Kemp, a Republican former congressman and U.S. housing secretary, telephoned to offer support to his independent campaign, which the three-term senator began after losing the Democratic primary to Greenwich businessman Ned Lamont. No date for the visit has been set.

"We've worked together for years on some good projects that got done," Lieberman told reporters while campaigning in New London.

Kemp was former Sen. Bob Dole's running mate in 1996.

Lieberman, the Democratic nominee for vice president in 2000, has seen most Democratic leaders flock to Lamont since the Aug. 8 primary. Many saw the race as a referendum on the Iraq war. Lamont harshly criticized Lieberman's support of the war and said the senator was too close to Republicans and President Bush.

A Quinnipiac University poll last week showed Lieberman with a 12-point lead over Lamont among likely voters, while an American Research Group poll showed Lieberman with only a slight advantage. Republican Alan Schlesinger received single-digit support in both polls.

Inouye Abandons Lieberman (AP-Y)

By Andrew Miga, Associated Press Writer

AP, August 30, 2006

Democratic Sen. Daniel Inouye said Tuesday he is supporting Ned Lamont over Sen. Joe Lieberman because of the Connecticut lawmaker's contention that the Democratic Party doesn't stand for mainstream America.

Inouye, who campaigned in Connecticut for Lieberman prior to the Aug. 8 primary, issued a statement endorsing Lamont and citing Lieberman's recent criticism of the party. Lamont upset Lieberman in the Democratic primary and the three-term senator is running as an independent in hopes of holding his seat.

"After the primary, Senator Inouye was most disappointed and unhappy when Senator Lieberman remarked that the Democratic Party no longer represented the mainstream of America, and that the Democratic Party had lost its values," the eight-term Hawaii senator said in the statement.

Inouye is the latest prominent Democrat to rally behind Lamont, a political newcomer whose anti-war views helped him topple Lieberman, a staunch supporter of the war.

"Senator Inouye tried his best to help ensure a victory by Senate Lieberman in Connecticut's Democratic primary," the statement said, referring to the earlier campaign appearance. "Unfortunately, that did not happen."

The Lieberman campaign had no immediate comment.

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Party officials such as Senate Democratic leader Harry Reid of Nevada, who backed Lieberman in the primary, have endorsed Lamont in the three-way race. Republican Alan Schlesinger also is seeking the Senate seat.

The Connecticut race has been cast by many as a referendum on President Bush's Iraq war policies. Lieberman has been a strong supporter of Bush's handling of Iraq, winning praise and endorsements from Republicans.

Lieberman Gains G.O.P. Ally But Loses A Democratic One (NYT)

By Jennifer Medina

The New York Times, August 30, 2006

NEW LONDON, Conn., Aug. 29 — Senator Joseph I. Lieberman picked up an endorsement from a prominent Republican on Tuesday, but he also lost the backing of a Democratic colleague who just weeks ago had said he was supporting the senator.

The Republican is Jack Kemp, his party's vice-presidential candidate in 1996, who has agreed to campaign with Mr. Lieberman as the senator runs for re-election on his own party line, Connecticut for Lieberman, against Ned Lamont, the Democratic nominee.

The Democrat is Senator Daniel K. Inouye, of Hawaii, who campaigned for Mr. Lieberman last month but said on Tuesday that he would no longer support Mr. Lieberman's bid.

Mr. Lieberman called Mr. Kemp "a good friend," and said that Mr. Kemp called a few days after the primary offering to help — joking that the offer was to speak "for or against" him, whichever would be of more help.

"Jack is a devoted Republican; I am a devoted Democrat," Mr. Lieberman said. "We've worked together for years on some good projects that got done."

Mr. Lieberman was less effusive about Mr. Inouye's decision, which he said he had not heard of.

"I'm sure people are under pressure," Mr. Lieberman said of the growing lineup of prominent Democrats who have endorsed Mr. Lamont, though he did not single out Mr. Inouye.

In a statement from his office, Mr. Inouye said he had "tried his best" to help Mr. Lieberman win the primary, adding, "Unfortunately, that did not happen."

The statement also said: "After the primary, Senator Inouye was most disappointed and unhappy when Senator Lieberman remarked that the Democratic Party no longer represented the mainstream of America, and that the Democratic Party had lost its values. I am a proud Democrat."

It was not clear which remarks Mr. Inouye was referring to, and his aides could not cite a specific example.

But Mr. Lieberman has angered many Democrats in recent days by criticizing Mr. Lamont's supporters.

Mr. Lieberman released a television advertisement on Tuesday, which is scheduled to run at least through the weekend on major networks in Hartford and cable systems in Fairfield County.

The advertisement is the first to be produced by Josh Isay, Mr. Lieberman's new media consultant, who has worked with candidates from both major parties, including Mayor Michael R. Bloomberg, a Republican, and Senator Charles E. Schumer, a Democrat from New York.

The ad features a picture of beach at sunset, while soft music plays in the background.

A woman's voice says: "Joe Lieberman thought you might enjoy a break from Ned Lamont's negative attacks. So just sit back and think about — good stuff. Like Senator Lieberman saving jobs, improving health care and keeping us safe."

Both Mr. Lieberman and Mr. Lamont attacked each other on the airwaves before the primary.

Schumer Has Seen The Future, And It's Democratic (WP)

By Dana Milbank

The Washington Post, August 30, 2006

Some see the glass as half empty, others as half full. Sen. Charles Schumer (D-N.Y.) sees it as overflowing.

Briefing reporters yesterday on Democrats' prospects in the midterm elections, Schumer, chairman of the Democratic Senatorial Campaign Committee, had trouble thinking of a single race Republicans will win.

How about Nevada, where Democrat Jack Carter trails Sen. John Ensign (R) by 21 points?

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"Jack Carter has done a very good job. . . . Nevada is moving up on our radar screen . . . We are getting more and more enthusiastic about Nevada."

And Arizona, where a poll found Sen. Jon Kyl (R) 18 points ahead of Democrat Jim Pederson?

"We're feeling better and better. . . . Our candidate Jim Pederson is running a great race. . . . The public seems to like what he says."

Or Virginia, where no conventional poll has found Democrat James Webb leading Sen. George Allen (R)?

"We think we have a good chance of winning in Virginia. . . . We regard it as a very, very good chance of a Democratic pickup."

Those who handicap Senate races say the Democrats could gain four or five seats -- just short of the six needed to gain control of the chamber. But the irrepressible Schumer, whose position requires a certain amount of cheerleading, yesterday outlined a November conquest in which Democrats pick up nine seats. "We're doing amazingly well and better than we ever thought," he pronounced.

To judge from Schumer's presentation, the Democrats will achieve this extraordinary triumph by employing an extended series of mixed metaphors. Schumer himself may have set a record in that department yesterday as he painted the electoral landscape:

"This administration is shrugging its shoulders. . . . It's like 'The Wizard of Oz' -- it showed the man behind the screen. . . . You know which way the winds are blowing. . . . There have been very few bumps in the road. . . . The wind continues to stay at our backs. . . . The idea that there should be no check and balance, no congressional oversight, just isn't flying. They want to try to bring back the 2004 playbook. . . . They're trying to find a new rabbit to pull out of the hat, but so far they've gone back to the old chestnuts."

Chestnuts? In the same hat with rabbits? With the wind at their back on a bumpy road?

"They're going to bring up the same old chestnuts in one form or other, and it's not going to work," Schumer continued. "Digging the hole deeper makes a difference. . . . The real way they can get well is a change in course. That's what America wants, a new direction. . . . We have an uphill road in the sense that the map is a tough map, but we're feeling very good. . . . The meat-and-potato issues are the Democratic base. . . . There's a big wind at Democrats' backs. . . . The national winds tend to blow better in Senate races, but we have a tougher map."

Okay, so it's definitely windy, and the Democrats have meat and potatoes, not chestnuts. But why would Republicans change course if it's the Democrats who have a tough map?

Schumer was having too much fun to explain. Forty reporters, desperate for some late-August political news, crowded around a conference table at DSCC headquarters. Schumer entered wearing cotton trousers and an open collar. "I guess nothing's doing," he surmised correctly when he saw the big crowd.

The senator, no stranger to news conferences, savored his 40-minute Q&A, resting his elbows on the table, removing his right loafer and jiggling his leg under the table as he spoke excitedly about Democratic prospects as if they were marathon runners.

Sen. Bob Menendez (D-N.J.): "Bob Menendez is running a great race."

Ohio candidate Sherrod Brown: "Sherrod Brown is running a great race."

Tennessee candidate Harold Ford: "Harold Ford is running a great race."

For the record, Schumer did not say that Pennsylvania candidate Bob Casey is running a great race. "Bob Casey is a great candidate and will be a great senator," he said.

Schumer bestowed his most generous praise on Claire McCaskill, who is challenging Sen. Jim Talent (R-Mo.). "She is just wonderful -- I just respect her so," Schumer gushed. "She is a wonderful person, a very, very smart political leader."

Maryland presented a problem for Schumer because the Democratic primary hasn't happened yet. "We have two very good candidates in Maryland," the resourceful Schumer improvised. "Extremely strong candidates. . . . We feel very good about Maryland."

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Amid such unbounded optimism, it would have been churlish to point out that the experts regard this as overly exuberant. While political forecasters such as Charlie Cook and Stuart Rothenberg have switched in the past few weeks to predicting a Democratic takeover of the House, there are no such forecasts for the Senate.

Except Schumer's. Asked if any races were not going well for Democrats, he was stumped. "Hmmmm," he replied.

"How about Maine?" a reporter offered. Polls show Sen. Olympia Snowe (R) leading Democrat Jean Hay Bright by 50 points, and Democrats have likened Snowe's popularity in Maine to that of Jesus.

"Yeah," Schumer agreed. "Maine isn't going very well at all."

Mark that one down as half empty.

Trial Lawyers Target Republicans (AP-Y)

By Jim Kuhnhenn

AP, August 30, 2006

The Association of Trial Lawyers of America on Tuesday launched a $500,000 television and radio ad campaign in five congressional districts blaming GOP lawmakers for not seeking lower prices for the Medicare prescription drug program.

The ad campaign targets Republican House members from Pennsylvania, Indiana, New Mexico, Ohio and North Carolina. The ads accuse the lawmakers of blocking provisions that would have required Medicare to negotiate with drug companies for the best prescription cost.

In a series of radio ads, the association also criticizes the lawmakers for accepting contributions from the oil and gas industry, suggesting that their inaction contributed to high gas prices.

"Be it at the gas pump, the pharmacy or in our courts, these politicians in Washington are putting corporate profits ahead of the health and well-being of their constituents," association spokeswoman Chris Mather said.

Carl Forti, a spokesman for the National Republican Campaign Committee, scoffed at the trial lawyers association's ad campaign.

"I can't figure out what angle they're going to take that they can sue somebody over," he said.

Trial lawyers are considered one of the Democrats main base of financial support and especially oppose Republican efforts to place caps on lawsuit awards and to place limits on class action lawsuits.

Republicans singled out by the ads are Reps. Heather Wilson of New Mexico, Deborah Pryce of Ohio, Chris Chocola of Indiana, Charles Taylor of North Carolina and Don Sherwood of Pennsylvania, all of whom have been targeted by Democrats for defeat. Mather said the five have "voted repeatedly to restrict access to justice."

The trial lawyers' ads, which will run through Sept. 7, coincide with a broader, $10 million U.S. Chamber of Commerce campaign that thanked Republican lawmakers who backed the drug program when it passed in November 2003. The chamber is launching a second wave in that campaign also addressing issues such as energy and health care costs for small business. Those ads are also set to end Sept. 7.

The Associated Press reported last week that the drug industry and its main advocacy group, the Pharmaceutical Research and Manufacturers of America, quietly financed at least part of the chamber's ad campaign. Chamber political director Bill Miller would not discuss details of who in the chamber's membership helped foot the bill for the ads.

"Many of the pharmaceutical companies are strong members of the chamber," he said Tuesday. He said the chamber approached drug companies and PhRMA for help "just like we continue to solicit our members at all times for activities we are undertaking."

With their focus on seniors, the chamber and the trial lawyers' ads recognize the significance of older people as a powerful voting bloc. Seniors tend to vote more frequently than other age groups and are considered especially important in this midterm election when control of Congress hangs in the balance.

The Medicare prescription drug program, backed by most Republicans and opposed by most Democrats, offers retirees subsidizes drug benefits through competing plans from health insurers. Democrats have long complained, though, that the benefit would be cheaper if the law would have allowed Medicare to negotiate with the companies for lower prices.

Still, polls show broad satisfaction with the plan, dulling its potency as a political issue.

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"By every one's measure, other than trial lawyers and those detractors who voted against the bill, this legislation has been a success," Miller said.

Warner Voices Frustration With Dems (AP-Y)

By Mike Glover, Associated Press Writer

AP, August 30, 2006

Mark Warner, a potential 2008 presidential candidate, voiced growing concern Tuesday with his party's electoral strategy, arguing that Democrats' willingness to write off sections of the country could make it nearly impossible to win the White House.

"I got pretty frustrated after 2004," said the former Virginia governor. "We are making a mistake if we put up candidates that are only competitive in 16 states and then we roll the dice and hope we win Ohio or Florida."

In an interview with The Associated Press, Warner insisted he wasn't being critical of 2004 Democratic nominee John Kerry, whom he called "a very strong candidate." But Warner said Democrats must stop conceding entire regions of the country.

"We do our party and the country a disservice if we're not competitive in the South and the balance of the Midwest," Warner said. "I'm disappointed in campaigns that write off the South and leave behind wide swaths of our country."

Democratic National Committee chairman Howard Dean has steered money and staff to all states, contending that the party needs to build its operation in Republican bastions.

Warner spoke after a campaign appearance in Ames, home of Iowa State University and a popular spot for Democratic contenders. To be successful, he said, Democrats must reach beyond bastions such as college towns.

"We've got to have candidates who can campaign not only in Ames, but at NASCAR races, candidates who can campaign in the barrio and changing communities," Warner said. "We've got to have a message that's more focused on solutions than simply focused on criticism."

Warner spoke during a two-day campaign swing in the state where caucuses traditionally launch the presidential nominating process. He has been focusing on his core appeal to Democratic activists who are hungry for a nominee who can win back the White House after two losses to President Bush.

In making his case, Warner said he was elected governor in a state that hasn't voted for a Democratic presidential candidate since 1964, and last year he helped get his Democratic lieutenant governor elected to replace him. In Virginia, a governor can only serve one term.

Warner argued that his success in Virginia came largely because he refused to give up on rural areas that traditionally vote Republican. He's taken the same approach in Iowa, spending Monday in heavily Republican — and very rural — western Iowa.

Warner also cited history, noting the success of Democratic governors Bill Clinton and Jimmy Carter.

"History has been pretty kind to Southern governors over the last 50 years," Warner said.

Frist Failed To Fulfill A State Requirement For Medical License (AP)

AP, August 30, 2006

WASHINGTON, Aug. 29 (AP) — The Senate majority leader, Bill Frist of Tennessee, did not meet all the requirements needed to keep his medical license active even though he gave paperwork to Tennessee officials indicating that he had, his office acknowledged Tuesday.

Tennessee requires its licensed physicians to complete 40 hours of continuing medical education every two years. Mr. Frist, a heart-lung surgeon, submitted a license renewal with the Tennessee Health Department stating he had fulfilled that requirement.

Responding Tuesday to repeated requests from The Associated Press, a Frist spokesman said the senator had contacted the Tennessee Board of Medical Examiners and was working to clear up the problem.

“As a result of a change in Tennessee’s regulations several years after Dr. Frist came to the Senate, he may be required to complete additional continuing medical education hours,” the spokesman, Matt Lehigh, said in a statement. “A representative of the Tennessee Board of Medical Examiners has been contacted, and Dr. Frist will meet every requirement of the board.”

Mr. Frist, who is retiring from Congress at the end of the year to consider a presidential run in 2008, does not maintain a medical practice but routinely emphasizes his experience as a doctor.

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Tennessee officials put the continuing education requirement in place in 2002. Starting with renewal applications filed in January 2005, the state required doctors to have completed 40 hours of continuing education in the two years that preceded their filing.

A renewal application that Mr. Frist filed with the medical examiners board this February specifically mentioned the continuing education requirement and was signed on his behalf by his accountant.

Mr. Lehigh said the senator might have been unaware of the change.

Tennessee law states that doctors who fail to do their continuing medical education "will be subject to disciplinary action."

More Employers To Offer Advice On 401(k) Plans (WSJ)

By Jeff D. Opdyke And Eleanor Laise

The Wall Street Journal, August 30, 2006

American workers are getting the message: They need to save more for retirement. Now, more companies plan to offer employees advice on how to invest those savings.

Pension legislation that President Bush signed into law earlier this month encourages employers and the financial-services firms that administer their 401(k) retirement plans to introduce advice services. The idea is to help workers navigate the myriad investment choices in many of these plans. Along with the amount of money an employee sets aside from each paycheck, the investment decisions he or she makes will help determine how much savings will be available for retirement.

Many of the new services are expected to be online computer programs, though experts say these are less effective than face-to-face sessions with an adviser at encouraging people to save more and diversify their assets. But the more-personalized services cost more. They also present potential conflicts of interest for larger firms that manage their own mutual funds.

Financial firms including Prudential Financial Inc., Transamerica Retirement Services, a unit of Aegon NV, and A.G. Edwards Inc. say they plan to roll out advice services in coming months for employees at companies whose 401(k) plans they administer. Catherine Collinson, a Transamerica senior vice president, says she has been receiving more emails than she can respond to from many of the firm's 15,000 small and midsize company clients that want to begin providing advice to workers.

"People feel overwhelmed" by the investment choices they have to make with their retirement savings, says Terry Pearce, vice president of human resources at Severn Trent Services, a water-treatment company in Fort Washington, Pa., that is considering using new advice services expected next year from Prudential. As traditional pension plans have gradually disappeared in favor of 401(k) plans, "employees lost that professional management of their money. They're expected to become experts themselves," she says.

About half of the nation's 401(k) plans already offer workers access to investment advice, mainly through online computer programs provided by independent firms, such as GuidedChoice Inc. and Financial Engines Inc. These employers have begun offering advice in recent years despite the fact that some companies felt they might be legally responsible for poor investment recommendations. The new pension legislation helps protect employers from liability.

General Motors Corp. currently offers 401(k) advice to its salaried employees through Financial Engines. Participants who use the tool "are both better diversified and have had better total returns," says Preston Crabill, GM's director of pension and savings plans.

At Freescale Semiconductor Inc., an Austin, Texas, technology firm, workers using advice provided by GuidedChoice have increased their savings rate by an average of two percentage points to about 7%, and have more-diversified accounts, says Matt McCoy, Freescale's director of global benefits.

Amal Shrestha, a 40-year-old applications developer at Atmos Energy Corp., a natural-gas utility in Dallas, says he managed his own retirement portfolio for years with 40% Atmos stock and 60% split among three stock mutual funds. About a year ago, he says, he began using his company's advice program, which got him to diversify his holdings more broadly. "I was tired of looking at my portfolio all the time and" wondering if it was invested correctly, Mr. Shrestha says. "I wanted to let someone else tell me what to do."

To use a computer-based advice system, participants generally enter various personal data online, including savings outside a 401(k). The programs typically provide a snapshot of how much income you'll be able to replace in retirement based

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on those current factors. Then the program crunches the numbers to generate a portfolio better suited to meeting your income-replacement needs in retirement. If you want to accept the advice, you click a button and all the changes are automatically made to your portfolio and your future contributions.

The programs generally do not automatically recalibrate your account each year as stock and bond prices fluctuate, nor do they know if you receive a big inheritance or must scale back your savings to afford a child's college costs. Workers are encouraged to return at least once a year to rerun the program in case changes need to be made to the portfolio.

The costs of advice currently range from less than $25 a year per worker, the typical cost at Financial Engines, to a couple of hundred dollars per year, as in some plans offered by GuidedChoice. Some companies pay the bill for their workers, including Charles Schwab & Co. At Atmos Energy, workers using advice pay an annual fee of 0.35%, or $35 for every $10,000 in their account, up to a maximum of $350.

Some types of advice help 401(k) participants more than others. "It's been shown that one-on-one financial advice works much better than a computer model," says Leslie Smith, director in Deloitte Consulting LLP's human capital practice, which has surveyed employers on the subject.

A number of independent advisory firms offer one-on-one advice to 401(k) participants, mainly in small plans, without relying on computer models. Advisers at Tilson Financial Group, in Watchung, N.J., will meet face to face with employees to discuss issues such as risk tolerance, financial goals and investments outside the 401(k) plan, and offer specific investment advice. "They're using our advice because we're willing to sit down with them for 20 minutes and listen to them," says Jim Miller, senior planner at Tilson. The firm says that it charges either a flat fee, ranging from $5,000 to $25,000 per company a year, or an asset-based fee, usually 0.5% to 1% of plan assets, typically paid by the employer.

But big financial firms that administer 401(k) plans say offering such personalized advice would be difficult for them under the rules of the new pension bill, which seeks to limit any conflict of interest. Because many of these firms also manage their own mutual funds, it would be unwieldy for them to equalize fees among the different investment options, they say.

One area of potential conflict is company stock in a 401(k) plan, since companies might frown on an advice provider telling an employee to ditch company shares. In the Freescale plan, GuidedChoice "ignores our stock," says Freescale's Mr. McCoy. "They never recommend to buy or sell it, they just reallocate around" whatever shares a worker might own, he says. Another advice provider, Morningstar Associates, a unit of research firm Morningstar Inc., says it handles company stock by essentially recommending that workers sell off the shares. But Morningstar will tilt its recommendations if a worker wants to keep the stock. Financial Engines says it will allow a worker to keep between 15% and 20% in company stock, if it matches that employee's risk tolerance.

A number of prominent firms, including Principal Financial Group Inc., Vanguard Group, T. Rowe Price Group Inc. and Merrill Lynch & Co., say they currently don't plan any new advice services. These firms expect to stick to their current advice offerings, which are largely generated by the independent companies. Advice offered by a firm that has branded mutual funds in a 401(k) plan that it also manages "can't provide the same level of comfort to" the employer, as does independent advice, says Charles Vieth, president of T. Rowe Price Retirement Plan Services.

Wal-Mart As Red Herring (WP)

By Robert J. Samuelson

The Washington Post, August 30, 2006

It's not surprising that, as the New York Times reports, leading Democratic politicians have latched on to bashing Wal-Mart as a "new rallying cry" that "could prove powerful in the midterm elections and in 2008." America's political culture routinely demands at least one hideous corporate villain. In recent decades that role has fallen to General Motors, IBM, Exxon Mobil and Microsoft; now Wal-Mart has assumed the mantle. But these wishy-washy politicians have missed the obvious solution to the Wal-Mart problem: nationalization.

Congress should just buy the company and then legislate good behavior. Wal-Mart executives "talk about paying [workers] $10 an hour," Sen. Joseph Biden told a rally in Iowa, according to the Times. "How can you live a middle-class life on that?"

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Well, if $10 is too little, the government could order the Department of Wal-Mart to pay more. How about $15 or $20? Similarly, if Wal-Mart's health insurance is inadequate, Congress could command more coverage. (I asked Wal-Mart for coverage figures, which it declined to provide. All a spokesperson said is that more than half of its 1.3 million U.S. employees are full-time, enjoying higher coverage rates, and that 75 percent of all workers have some coverage through the company, the government or spouses' plans.)

Okay, I jest. Congress isn't going to buy Wal-Mart -- which would cost roughly $183 billion at its current stock price of about $44 a share -- and I don't think it should. Still, pretending to nationalize Wal-Mart is a useful thought exercise. It shows why Wal-Mart as a government agency would actually provide fewer public benefits than it would as a grubby, profit-seeking colossus. The company's incentives would shift. Instead of trying to lower costs, improve efficiency and raise its profits, it would focus on pleasing its political patrons and complying with their demands.

These would doubtlessly burgeon beyond wages and benefits. Politicians would find unending opportunities for grandstanding and meddling. Does Wal-Mart import too much from China? Order it to cut back. Does it treat suppliers brutally? Require it to be nicer. Are its stores ugly? Appoint architectural advisers.

Wal-Mart would deliver more political benefits to favored constituencies -- workers, suppliers, competitors -- and fewer to the public. Retail prices would be the biggest casualty. Scholarly studies show Wal-Mart's price reductions to be sizable. Economist Emek Basker of the University of Missouri found long-term reductions of 7 to 13 percent on items such as toothpaste, shampoo and detergent. Other companies are forced to reduce their prices. On food, Wal-Mart produces consumer savings that average 20 percent, estimate Jerry Hausman of the Massachusetts Institute of Technology and Ephraim Leibtag of the Agriculture Department.

All told, these cuts have significantly raised living standards. How much is unclear. A study by the economic consulting firm Global Insight found that from 1985 to 2004, Wal-Mart's expansion lowered the consumer price index by a cumulative 3.1 percent from what it would have been. That produced savings of $263 billion in 2004, equal to $2,329 for each U.S. household. Because Wal-Mart financed this study, its results have been criticized as too high. But even if price savings are only half as much ($132 billion and $1,165 per household), they'd dwarf the benefits of all but the biggest government programs.

A collateral benefit is less understood. By restraining inflation, intense competition of the sort that Wal-Mart provides eases pressure on the Federal Reserve to do the job with higher interest rates. Note the paradox: At one level, intense competition destroys jobs, as some companies can't compete, but the larger effect is to increase total job creation by fostering favorable economic conditions.

No company should be above public scrutiny. But much of the political criticism of Wal-Mart is shallow and, if followed, undesirable. Wal-Mart doesn't pay high wages and benefits mainly because it's in an industry (retailing) where those are rare. In 2005 average hourly wages were $10.85 for food stores, $10.63 for clothing stores and $10.84 for department stores. As General Motors and Ford are discovering, companies that pay above-market labor costs ultimately shrink and destroy jobs. The efforts of some local governments -- notably the Maryland General Assembly and the Chicago City Council -- to mandate higher labor costs on Wal-Mart are shortsighted.

There may even be political pitfalls to this crusade. By Wal-Mart's estimate, 85 percent of Americans shop during the year at the chain; in opinion polls it generally receives high ratings. People are voting with their pocketbooks. On any list of major national concerns, the "Wal-Mart problem" would not rank in the first 50. Why, then, are some leading Democratic politicians spending so much time talking about it? People who ask that question may conclude that Wal-Mart, though a tempting target as a symbol, is mostly a diversion from weightier issues where what politicians do really matters.

Early Pullout From Iraq Will Encourage Extremists: Rice (AFP-Y)

AFP, August 30, 2006

US Secretary of State Condoleezza Rice warned against a premature withdrawal of US forces from Iraq, saying it would encourage extremists at an "immeasurable" cost.

If the United States pulled its troops out of Iraq before it achieves success, "the cost of failure will be severe, indeed immeasurable," she told the annual convention of the American Legion veterans in Salt Lake City, Utah.

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"If we abandon the Iraqi people before their government is strong enough to secure the country, then we will show reformers across the region that America cannot be trusted to keep its word," Rice said.

Rice was speaking as pressure rises from the US public and from opposition politicians for the government to plan a withdrawal from Iraq.

But she said a premature pullout will "embolden extremists and enemies of moderation and of democratic reform."

Such a result, she said, would leave Iraq as a "failed state" comparable to Afghanistan in the 1990s, which became a haven for Al-Qaeda and the "launching pad" for the September 11, 2001 attacks on the United States.

Iran Enriching More Uranium (WP)

By Dafna Linzer

The Washington Post, August 30, 2006

Iranian nuclear specialists have begun enriching a new batch of uranium in an apparent act of defiance just days ahead of a U.N. Security Council deadline for Tehran to stop such work or face the prospect of economic sanctions, officials in Washington and European capitals who have been monitoring Iran's efforts said yesterday.

Inspectors with the International Atomic Energy Agency plan to formally disclose the new enrichment work, as well as additional Iranian nuclear advances, in a report due out tomorrow, according to the officials, some of whom spoke on the condition of anonymity.

The officials stressed that the Iranians are working at a slow pace with small quantities of uranium, and that they are enriching the material to an extremely low level that could not be used for nuclear weapons. Still, it is unlikely that the Iranians will stop the work in time to meet the Security Council's deadline.

For three years, Iran and the United States have publicly sparred over a nuclear program that Tehran says it built to produce energy but which the Bush administration believes is a cover for nuclear weapons work. IAEA inspectors have been trying, without success, to determine the true nature of the program, which Iran kept secret for 18 years.

Last month, the Security Council ordered Iran to shutter its nuclear facilities by Aug. 31 and cooperate with inspectors or face consequences. If Iran complied, U.S. officials said they were prepared to join talks on Iran's nuclear program and the possibility of future cooperation. But, yesterday, senior Bush administration officials said they are determined to impose sanctions against the Tehran government if it fails to comply, even though Russia and other nations seem reluctant to participate.

"We've seen no indication that Iran intends to comply with the U.N. Security Council's condition of suspending its nuclear program," Undersecretary of State R. Nicholas Burns, the administration's lead diplomat on the Iran issue, said in an interview. "Should it not comply by Thursday, and should the IAEA report confirm Iran's continued efforts to enrich uranium, the U.S. will move to begin sanctions discussion at the United Nations, and we expect a sanctions resolution to be passed," he said.

Despite comments over the weekend from senior Russian officials that it is too early for sanctions, Burns said the administration would press for the commitments that it believes Moscow and others made when they passed the deadline resolution in July.

Burns said he will meet his European, Chinese and Russian counterparts next week in Berlin, and that he expects sanctions to be in place by the end of September.

But other officials seemed less certain that the Bush administration could persuade the U.N. Security Council to approve or even enforce sanctions against one of the world's major oil exporters.

"We might take another shot at a resolution that puts sanctions forward. The exact nature of that and whether it will require additional steps or not, you know, we'll just have to wait and see," State Department spokesman Tom Casey said yesterday. John R. Bolton, the U.S. ambassador to the United Nations, also indicated that the administration may work outside the council.

European officials appeared less eager to discuss sanctions and were arranging to meet later this week in Europe with Iran's chief nuclear negotiator, Ali Larijani. The Iranians put forth what they said was a new proposal last week, and said they are eager for talks with the United States and its allies but will not comply with the resolution as a precondition for those discussions.

At the United Nations, Britain's ambassador said that the Iran situation will not come up for discussion again until mid-September. In France, Foreign Minister Philippe Douste-Blazy said he hopes sanctions can be averted.

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"But Iran has less than a week to comply with the resolution. We shall make the most of the remaining time to have more detailed discussions regarding its response," he told reporters.

Privately, two senior administration officials said that if Russia or China balked at sanctions now, the United States would push a backup plan to restrict Iran's nuclear industry, freeze the assets of key members of the Tehran government, and prevent them from traveling abroad. The measures would be imposed collectively by the European Union and possibly Japan. Some hoped that the IAEA report would encourage nations to work harder on the Iran issue.

"A tough report puts the focus back on Iran, which has broken rules and has failed to cooperate, and takes it away from this perception that the U.S. is just bullying Iran," said George Perkovich, vice president at the Carnegie Endowment for International Peace. "An IAEA report that calls it like it is makes it hard for countries to walk away from the issue because it will be clear that it isn't getting better."

Several times since international pressure began to build against Iran's nuclear program in 2003, Tehran has rushed to complete small projects immediately ahead of deadlines, calculating that technical achievements would give it a tactical advantage during negotiations.

Officials familiar with the inspectors' summer findings said they will report that Iran has produced several kilograms of low-enriched uranium and as much as 145 tons of converted uranium in the past year. Iran's two main nuclear facilities, the IAEA's most heavily monitored in the world, are outfitted with dozens of cameras pointed at every piece of equipment and barrel that contains uranium.

Inspectors continue to visit certain sites as well, but Iran ended voluntary cooperation with the agency several months ago and has threatened to end it entirely if the Security Council imposes sanctions.

Much of what is known by U.S. intelligence about Iran's nuclear program comes from the inspectors. Current intelligence assessments predict that Iran could have a nuclear weapon within a decade if it vastly improves its capabilities.

U.N. May Hold Off On Confronting Iran (AP)

By Nick Wadhams, Associated Press Writer

AP, August 30, 2006

The U.N. Security Council will need until mid-September before acting on its threat to punish Iran if Tehran's leaders flout a Thursday deadline to suspend uranium enrichment as is widely expected, Britain's U.N. ambassador said Tuesday.

Ambassador Emyr Jones-Parry's prediction seemed to rule out the immediate threat of sanctions against Iran if it disregards the council's demands — spelled out in a resolution adopted this month — to suspend enrichment by Thursday. Iran has already said it would reject the deadline.

Jones-Parry said that before it can act, the Security Council will need to receive a report from the U.N. nuclear watchdog, the International Atomic Energy Agency, on Iran's compliance with the resolution.

"Once we've had the report from the agency, had a further chance to discuss that, capitals will have a clearer view of exactly how this should be carried forward, but I would expect activity here to resume toward the middle of September," Jones-Parry said.

Another obstacle to quick action will be the language that will have to be worked out in the resolution. Russia, whose support for sanctions is essential, has publicly counseled patience with Iran — a possible signal of reluctance to go along with the U.S.

For now, most discussions are taking place in the capitals of the permanent five Security Council nations, as well as Germany. A council diplomat said diplomats in New York have discussed ideas which could be included in a new resolution but that the council was a long way from a formal meeting.

The diplomat spoke on condition of anonymity because the talks were private.

The negotiations over the earlier Iran resolution took weeks, as did talks over a weaker statement passed this year in which the council also demanded Iran suspend enrichment.

In July, the five permanent members of the Security Council plus Germany offered Iran a package of incentives to entice it into clearing up questions about its nuclear program and suspending uranium enrichment.

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The council then gave Iran until Aug. 31 to suspend enrichment and warned it would consider economic and political sanctions if Iran disobeys.

Although details of Iran's response last week have not been released, officials and diplomats said it was not satisfactory. Diplomats at the U.N. said they believed Iran's response would not change between now and Thursday.

Enrichment is a process that can produce either fuel for a reactor or material for weapons. Iran says its nuclear program is intended solely to generate electricity, while the United States and Europe contend it secretly aims to develop weapons.

U.S. Ambassador John Bolton said the United States still has not decided how it will respond once the Aug. 31 deadline expires. But he reiterated that Washington will seek sanctions if Iran disregards the resolution.

"They have until the 31st of August, but we've made it very clear unless we get an unequivocal acceptance of that condition in the Security Council resolution, that sanctions would follow," Bolton said.

The Likely US Course On Iran: Go Slow (CSM)

By Howard Lafranchi

The Christian Science Monitor, August 30, 2006

WASHINGTON

Expect Thursday's deadline for Iran to stop enriching uranium to pass with more of a whimper than a bang.

As the United States experiences what one observer calls "confrontation fatigue," and as international unity against a nuclear-armed Iran threatens to splinter under pressure, quick action against Iran is not likely - even though the Iranian leadership continues to taunt the West with rhetorical jabs.

It's been a week since Iran essentially said "no" to international offers of economic incentives in exchange for curtailing its nuclear program. Since then, two scenarios have emerged - one predicting the United Nations will move swiftly toward sanctions against Iran, and the other foreseeing a slow diplomatic response.

Patient and methodical will win out, most analysts say, because the US wants to preserve the semblance of international unity against Iran as long as possible. At the same time, these observers add, the likelihood of getting any sanctions soon - or any other meaningful action to pressure Iran - is not very good.

"Slow motion is likely to prevail," says George Perkovich, a proliferation expert with particular expertise in Iran at the Carnegie Endowment for International Peace in Washington. Russia, China, and Israel developments

The key reason that a quick move to economic sanctions - something the US has hoped for - seems less likely now is that Russia and China have cooled to such a step, which they ostensibly supported just weeks ago.

In the meantime, the brief war between Israel and Hizbullah has diverted Western attention, put the wind in Iran's sails, and helped elevate the question of Iran's nuclear program to a topic of debate in the Muslim world. And it's not a debate that international powers are anxious to enter and lose in the eyes of Muslim populations - thus the likelihood of a reasoned and methodical approach.

"The argument for not taking a confrontational approach is looking right to more people, even to some hard-liners in the [Bush] administration," says Daniel Brumberg, an Iran expert at Georgetown University in Washington. "In the first place, this is an administration suffering from confrontation exhaustion or fatigue, but also this has become an image battle in some respects, and no one wants to lose that."

The Iranian leadership continues to put the nuclear question in terms of a grand Muslim-world-versus-the-West battle, insisting that Iran has a right to develop technology that traditional Western powers like the US and Britain would deny it. Iran insists its nuclear program is solely for peaceful energy development, but the US, European leaders, and many nuclear experts say its years of clandestine research and insistence on uranium enrichment suggest otherwise.

Tuesday, Iranian President Mahmoud Ahmadinejad scoffed at the looming UN Security Council deadline, calling the US and Britain the "origin of all disturbances in the world" since World War II. Although not repeating his past call for Israel to be "wiped off" the map, he did call Israel's creation a "tale" that has denied Palestinians "a single day of peace."

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Mr. Ahmadinejad also said that Iran's Aug. 22 response to the offer of incentives was an "exceptional opportunity" to end the dispute with dialogue. In Iran's response, it did offer an eventual suspension of enrichment once talks were under way, but Iran's chief nuclear negotiator, Ali Larijani, said this week that Iran's program for fully mastering the fuel cycle is "irreversible."

But Mr. Perkovich says that Iran is clearly in violation of its obligations as a signatory to the Nuclear Non-Proliferation Treaty, and should have been "hauled before the Security Council" years ago.

Still, he says the international context will probably dictate a slow approach. "We have this debate going on," he says, between those who want quick action and those who say the problem is that "right now, more people fear the US more than Iran." He adds, "So they are counseling patience."

This is not, however, the approach that Perkovich, with long experience watching nuclear developments, would like to see. "We ought to fast-forward," he says, by skipping the months of additional debate and moving to a vote on sanctions in the Security Council. "We should dare the Russians and Chinese to veto" a sanctions regime against Tehran, he says. Touchy option: military action

Perkovich admits that the problem with his argument is that a failed Security Council initiative would seem to leave military action against Iran's nuclear installations as the only option.

Indeed, one reason the Russians and Chinese are softening on pursuing sanctions is that they fear it would open the door to military action down the road. While they may also be concerned that not going along with other Security Council members could precipitate military action outside it, they are probably calculating that neither the US nor anyone else (for example, Israel) is there yet.

"The Russians and Chinese may be worried that derailing the sanctions route now could mean that [that] alternative is exhausted, and could lead to other actions they don't want to see," says Mr. Brumberg. "But they may be calculating that while that time might come, it's not now."

The US ambassador to the UN, John Bolton, has suggested that the US will come up with a resolution that will answer the worries of those fearful of an Iraq-like scenario, where resolutions are later interpreted as opening the door to the use of force. But Mr. Bolton has opened the door to another alternative to Security Council sanctions. In that scenario, countries thwarted in the Council would join the US in imposing sanctions on Iran.

On Monday, Bolton told reporters at the UN, "You can envision sanctions being imposed outside of the Security Council, as the United States has unilaterally imposed sanctions on Iran pursuant to its own statutes, and other governments can do the same."

But some experts doubt such a "sanctions regime of the willing" would have much impact, especially if it were limited to restrictions on Iranian travel and officials' bank accounts. Japan, for example, is already said to be pushing for any sanctions to exclude oil exports, since its economy depends on Iranian oil.

Iranian President Meets Press And Is Challenged (NYT)

By Michael Slackman

The New York Times, August 30, 2006

TEHRAN, Aug. 29 — President Mahmoud Ahmadinejad meant to use Tuesday to focus attention on his challenge to the president of the United States: a face-off in a live televised debate.

But at a freewheeling two-hour news conference, Mr. Ahmadinejad also found himself challenged by local reporters who questioned the government's economic program and its tolerance of a critical press.

The marathon question-and-answer session offered a window into one of the many contradictions of Iranian politics and governance: even as the government grows more authoritarian, it is openly criticized and challenged on its performance.

This was Mr. Ahmadinejad's fourth news conference since taking office a year ago, and it came just three days before a deadline set by the United Nations Security Council for Iran to suspend its enrichment of uranium.

The president used the opportunity to continue Iran's defiant posture toward the West — the United States and Britain in particular. He made it clear that Iran would not meet the deadline and that it would risk sanctions.

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"I announce that I am fully prepared to debate world and international issues with George Bush in a televised debate," he said in his prepared remarks. "Of course, only under the conditions that this debate is broadcast live and without censors, especially for the nation of U.S."

Although the White House immediately dismissed the challenge as a diversion, Mr. Ahmadinejad's remarks appeared intended to further three objectives: to position Iran as taking the moral high ground by making the United States look like the party unwilling to talk; to drive a wedge between the United States and Britain on one side and France and Germany on the other; and to reiterate Iran's determined refusal to give up its enrichment program.

"Peaceful nuclear energy is the right of the Iranian nation," he said, repeating what has become a mantra of his administration. "The Iranian nation has chosen that based upon international regulations, it wants to use it, and no one can stop it."

The news conference veered off into an unruly question-and-answer session, with reporters praising the president, questioning him and some jumping from their seats demanding that their questions be taken. The president politely admonished one reporter, saying he needed to behave better.

One reporter said he had no question but wanted to recite poetry.

A reporter for a small newspaper called The Path of the People stood to ask a question and said: "I was hoping when you arrived I would share my pain with you. Now I have no pain in my heart, only happiness."

But as the conference continued, Mr. Ahmadinejad found himself challenged on several issues of local importance, most focusing on the economy or on efforts to silence criticism of his government in the press.

One reporter said the government's decision to spend billions of dollars to subsidize gasoline amounted to welfare for the rich, an assertion the president disputed. Another said that although the president claimed to support the press, his spokesman sought to have the judiciary investigate critical reporters.

"This contradicts what you said," the reporter said into the microphone as Mr. Ahmadinejad listened. The same reporter said the president's interior minister had denied permits to 14 groups wanting to hold demonstrations.

The president responded quickly, dismissing the complaints, and he tried to move on. But the challenges kept coming — not one after the other, but more consistently as the confidence in the room seemed to grow.

"Food is very expensive to buy,"' said Nasser Alaghbandan, a reporter with the Tehran daily Jam-e-Jam, adding that whenever anyone asked the government spokesman about that issue he responded by citing government sticker prices, not actual prices.

At first Mr. Ahmadinejad responded with a quip, saying maybe the reporter should go shopping at the same store as his spokesman. He eventually said the rate of inflation was actually lower since he took office, but acknowledged that more needed to be done to bring down some specific costs, especially housing.

"I am not happy it increased," he said of the cost of housing.

As the news conference demonstrated, Iran's leadership faces two primary challenges simultaneously, its nuclear program and its economy. On the nuclear front the president was resolute. On the economy, the issue that was the core of his campaign, he cited some accomplishments but asked for patience and more time.

"I did not expect in 10, 11, 12 months, I did not expect the economic programs of the government would be tangible everywhere," he said, adding that they had been felt by some people.

The president, in his now trademark cream-colored suit and open collar with no tie, entered the packed conference hall from a side door. He climbed up onto a platform and briefly held his right hand over his head in a sort of hero's greeting to the crowd.

He smiled through much of the conference, joked with questioners, and bobbed and weaved around many questions. He avoided answering directly when asked if Iran would be willing to take steps to prove that it was not after a nuclear weapons program, or if it would be willing to have face-to-face talks with the United States.

But Mr. Ahmadinejad did give some insight into sometimes ambiguous meaning of some of his statements. On Saturday the president said, "We are not a threat for any country, even the Zionist regime that is the enemy of the countries in the region."

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A reporter asked if that represented a change in position from his earlier call for Israel to be removed from the region. He replied by saying that swatting a baby's hand to stop it from putting its fingers in a fire is not a threat.

"We are a peaceful country," he said, "but recognize legitimate defense as our legal right."

Iranian officials have also said they will be willing to hold talks on all issues regarding their nuclear program, so long as there are no preconditions. Asked if that meant that the government would be willing to consider, in the course of negotiations, suspending uranium enrichment, the president said: "We are ready to negotiate. They can put any question to us. Our response will be based on the inalienable rights of Iran."

On the topic of debating his American counterpart, Mr. Ahmadinejad's objective seemed as clear as when he sent Mr. Bush a letter last spring asking him to re-examine his foreign policies in the light of his Christian values.

While the White House dismissed the letter, and many of Iran's own intellectuals scoffed at it, the Iranian president won points among his growing legion of followers in the region. Political analysts said he was hoping for the same response with the debate proposal.

"He is saying we want to talk, but Bush is refusing," said Mustafa el-Labbad, an expert in Iranian affairs based in Cairo. "He wants to embarrass him by saying, 'We are willing to negotiate, but he is refusing.' "

Iran President Challenges Bush To Debate (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, August 30, 2006

Iran's hard-line President Mahmoud Ahmadinejad on Tuesday challenged President Bush to a televised debate, a proposal the White House immediately dismissed as a "diversion."

The challenge came during a freewheeling, 2 1/2-hour news conference and only two days before a U.N. Security Council ultimatum demanding Iran roll back its suspect nuclear program.

Ahmadinejad said no one can prevent Iran from pursuing what he called a peaceful nuclear program — not even U.N. Secretary-General Kofi Annan, who was expected to visit here Saturday.

"Mr. Annan, too, has to move within the framework of international regulations. No one has a special right or advantage," he said.

The U.N. Security Council has set Thursday as a deadline for Iran to suspend uranium enrichment — a process that can produce either fuel for a reactor or material for weapons. Iran has refused any immediate suspension, calling the deadline illegal, and instead this week offered a counterproposal that the United States and some European nations said fell short.

Ahmadinejad's latest show of defiance seemed to solidify the country's determination to snub the Security Council, following a string of war games and uncompromising public statements this month on the nuclear standoff. But whether the U.S. can muster enough support on the 15-nation council to impose economic or political sanctions remains in question.

In his criticism of the Security Council, Ahmadinejad singled out two of its permanent members with veto power — the United States and Britain — for what he called their failure to listen to the needs of other countries.

"The U.S. and Britain are the source of many tensions," he said. "At the Security Council, where they have to protect security, they enjoy the veto right. If anybody confronts them, there is no place to take complaints to."

"This (veto right) is the source of problems of the world," he said. "It is an insult to the dignity, independence, freedom and sovereignty of nations."

The United States' ambassador to the U.N., John Bolton, dismissed Ahmadinejad's remarks, and Britain's ambassador to the world body suggested, somewhat tongue-in-cheek, that the comments were mild compared to Ahmadinejad's past sharp rhetoric against Israel and others.

"Given some of the comments he makes, we should probably take that as a compliment," Ambassador Emyr Jones-Parry said.

After an opening statement, Ahmadinejad allowed Iranian reporters to ask questions. One Iranian journalist stood up and showered him with praise. The local reporters were more casually dressed than the foreign press, who later were allowed to

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question him about a range of topics. At one point, the president joked that he would call on a particular reporter because he and Ahmadinejad were wearing similar outfits.

In his challenge to Bush, Ahmadinejad said the debate should focus on "world issues and the ways of solving the problems of the international community."

He did not rule out the possibility of direct diplomatic talks with the United States, saying it could happen if unspecified conditions were met. But he criticized the United States for "living in the dream of getting the Iranian nation back to 30 years ago," before the Islamic revolution.

Earlier this year, Ahmadinejad wrote a letter to Bush portraying the world as filled with an "ever-increasing global hatred of the American government." Washington promptly dismissed the letter as irrelevant and not addressing the key issue of Iran's disputed nuclear program.

The Bush administration had a similar reaction Tuesday to the debate idea. White House spokeswoman Dana Perino said it was "just a diversion from the legitimate concerns that the international community, not just the U.S., has about Iran's behavior, from support for terrorism to pursuit of a nuclear weapons capability."

Iran offered last week to pursue negotiations on its nuclear program but declined to suspend uranium enrichment as a precondition to talks. The U.S. State Department described the Iranian proposal as serious but said it fell short of what Iran must do.

The Bush administration this week reaffirmed its intent to pursue U.N. sanctions against Iran if it defies the approaching deadline. But Russia, whose support for sanctions is essential, has publicly counseled patience with Iran — a possible signal of reluctance to go along with the U.S.

Divisions within the international community over Iran's nuclear program could hand a victory to Tehran, French Foreign Minister Philippe Douste-Blazy warned in an interview released Tuesday.

"The international community must not become divided, to cut itself in two. That would be a victory for the Iranians," Douste-Blazy told Euronews television.

Jones-Parry, the British ambassador, said the Security Council will need until mid-September before acting on its threat to punish Iran if Tehran's leaders flout the Thursday deadline. He said the council would first need to receive a report from the U.N. nuclear watchdog, the International Atomic Energy Agency, on Iran's compliance with the resolution.

Tehran has pursued a confrontational stance on the nuclear issue since Ahmadinejad's election last year. He has often used the issue to encourage a sense of national pride among Iranians by standing up to the United States and other Western countries.

He and other Iranian officials repeatedly have said the country's nuclear program is intended solely to generate electricity, while the United States and Europe contend Iran secretly aims to develop weapons.

Washington recently warned against a heavy-water plant that Iran opened over the weekend, fearing it could be used as a second track toward building a warhead.

Heavy water contains a heavier hydrogen particle that allows a nuclear reactor to run on the natural uranium mined by Iran, without undergoing the enrichment process. But the spent fuel from a heavy-water reactor can be reprocessed to extract plutonium for use in a bomb.

Large-scale military exercises also have been under way in Iran over the past month. Iran says the weaponry is intended to defend itself against the possibility of a U.S. attack and has expressed worry about Israeli threats to destroy its nuclear facilities.

Despite intense disagreement over suspected nuclear weapons programs and terrorism, the Bush administration decided Tuesday to allow former Iranian President Mohammad Khatami to visit the United States.

Khatami plans to attend a U.N. conference Sept. 5-6 in New York to promote dialogue, then speak at the Washington National Cathedral on Sept. 7 on the role of Islam, Christianity and Judaism in shaping peace.

He would be the most senior Iranian official to visit Washington since Islamic fundamentalists seized the U.S. Embassy in Tehran in 1979 and held Americans there hostage for 444 days.

President Challenges Bush To TV Debate (WT/AP)

DOJ_NMG_0055646

By Ali Akbar Dareini

The Washington Times, August 30, 2006

TEHRAN -- Iranian President Mahmoud Ahmadinejad yesterday called for a televised debate with President Bush and challenged the authority of the U.N. Security Council as Tehran faces a deadline to halt its uranium enrichment.

The White House dismissed the idea of a debate, describing it as a diversion.

The Security Council has given Iran until tomorrow to suspend enrichment or face economic and political sanctions. The enrichment process can produce either fuel for a reactor or material for weapons.

"The U.S. and Britain are the source of many tensions," Mr. Ahmadinejad said at a press conference. "At the Security Council, where they have to protect security, they enjoy the veto right. If anybody confronts them, there is no place to take complaints to.

"This [veto right] is the source of problems of the world. ... It is an insult to the dignity, independence, freedom and sovereignty of nations," he said.

Mr. Ahmadinejad challenged Mr. Bush to a live, televised debate on "world issues and the ways of solving the problems of the international community."

He said such a debate would show "the proposals of the Iranian nation on how to run the world better, different from the U.S. method of use of force."

In dismissing Mr. Ahmadinejad's proposal, White House spokeswoman Dana Perino said the United States was willing to talk to Iran in the context of a "positive response" to the package of incentives offered by the five permanent members of the U.N. Security Council and Germany.

"Talk of a debate is just a diversion from the legitimate concerns that the international community, not just the U.S., has about Iran's behavior, from support for terrorism to pursuit of a nuclear weapons capability," Mrs. Perino said.

Earlier this year, Mr. Ahmadinejad wrote a letter to Mr. Bush that Washington promptly dismissed as irrelevant and not addressing the key issue of its nuclear program.

Despite the nuclear standoff, the Bush administration yesterday granted a visa to former Iranian President Mohammed Khatami, who plans to attend a U.N. conference next Tuesday and Wednesday and speak at the Washington National Cathedral on Sept. 7. His travel will not be restricted, State Department spokesman Tom Casey said.

Iran says its nuclear program is intended solely to generate electricity. The United States and Europe contend that Tehran secretly aims to develop weapons.

Mr. Ahmadinejad has rejected any suspension of enrichment, even if U.N. Secretary-General Kofi Annan asks for it during an upcoming visit to Iran.

"The use of nuclear energy for peaceful purposes is the right of the Iranian nation. The Iranian nation has chosen this path. ... No one can prevent it," he said.

Iran last week responded to the incentives package aimed at getting Tehran to roll back its nuclear program. Iranian officials said the Islamic country did not agree to halt enrichment -- the key demand -- before engaging in further talks.

Mr. Ahmadinejad called the response an opportunity for the two sides to resolve the issue and he didn't rule out direct talks with the United States.

Ahmadi-Nejad Challenges Bush To TV Debate (FT)

By Gareth Smyth

Financial Times, August 30, 2006

Two days ahead of a crucial UN deadline for Iran to suspend uranium enrichment, President Mahmoud Ahmadi-Nejad on Tuesday gave a press conference mixing camaraderie, defiance and homespun philosophy.

After challenging George W Bush, the US president, to a live TV debate – swiftly dismissed as a distraction by the White House – Mr Ahmadi-Nejad suggested the UN security council, which set the deadline for Iran to suspend its most sensitive nuclear activity, was allowing the US and Britain to use the body for their own interests.

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As a “continuation of Second World War conditions”, which established the US and Britain among the council’s five permanent members, Washington and London could “impose their own decisions on more than 180 countries of the world and consider themselves equal to whole global community,” he said. “If they are in conflict with another nation, there is no source for that nation to complain to. Where can the Iraqis … or the Lebanese complain to?”

Mr Ahmadi-Nejad insisted Kofi Annan, the UN secretary-general, who is due to visit Tehran on Saturday, should “move within the framework of international regulations” – apparently reiterating Iran’s argument that its programme sits within the Nuclear Non-Proliferation treaty and should therefore be permitted.

The president showed no concern at the looming deadline, nor at Washington urging the security council to impose sanctions if Iran does not suspend enrichment.

During questions, he joked with one reporter wearing an “Ahmadi-Nejad jacket”, the pale sports jacket popular in Tehran after the president’s example. He praised a woman reporter for wearing ‘Ahmadi-Nejad hijab’, by which he appeared to mean full Islamic covering including the black head-to-toe chador, and he smiled broadly when a third reporter recited a poem.

But there was also one moment when Mr Ahmadi-Nejad hinted a surprise might be coming that could break the impasse over the nuclear programme. Asked by a reporter from Etelaat newspaper if Iran might announce the suspension of uranium enrichment during Mr Annan’s visit, he said: “Please accept you will receive an answer later.”

Carter Agrees To Hold Talks With Khatami (WP)

By Robin Wright

The Washington Post, August 30, 2006

For an event that would turn a page in American history, former president Jimmy Carter has agreed in principle to host former Iranian president Mohammad Khatami for talks during his visit to the United States starting this week.

Carter's term as president was dominated by the rupture in relations after the 1979 Iranian revolution and the takeover of the U.S. Embassy in Tehran, where 52 Americans were held hostage for 444 days until the day he left office.

Iranians made the overture for the meeting, and the Carter Center in Atlanta is working on the possible timing, said Phil Wise, the former president's aide.

"President Carter, in his role since leaving the White House, has made his office and services and center available to basically anybody who wants to talk. He believes that it is much better to be talking to people who you have problems with than not to, and that's the approach he takes now," Wise said. "I can confirm that President Carter is open to a meeting if the former president of Iran would like to have one."

Despite mounting tensions between Washington and Tehran over the latter's nuclear program, the Bush administration issued a visa for Khatami yesterday, as well as for about a dozen family and staff members, for a visit lasting about two weeks, the State Department confirmed. Khatami is expected to arrive in the United States tomorrow.

Khatami, a reformer who served as president from 1997 to 2005, is scheduled to speak at the Washington National Cathedral on Sept. 7. His schedule may include speeches at the University of Virginia and to an Islamic group in Chicago. He may also pay a private visit to Thomas Jefferson's home at Monticello, according to sources familiar with his trip. He will begin his visit in New York at a U.N. conference on the dialogue of civilizations.

The White House said yesterday that Khatami had been invited by private organizations and is not part of the current Iranian government.

"Mr. Khatami is free to meet with who he chooses and is able to speak freely in the United States -- the very freedoms that do not exist in Iran," a White House official said on the condition of anonymity.

"We expect that Khatami will face tough questions from his audience in the United States about the past and present behavior of the Iranian regime, especially with respect to human rights violations that occurred during his presidency," the official added.

Talks between Carter and Khatami, if they materialize, would be politically poignant.

"Carter, who has every reason to be angry about the way in which the Iranian revolution undid his presidency over the hostage affair, is willing to meet, with no hesitation, a person who was president of the Islamic republic and who has never

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disavowed Ayatollah Khomeini's actions when he was supreme leader," said William Quandt, a national security staffer in charge of the Middle East during the Carter administration.

Ahmadinejad's High-Stakes Game (WP)

By David Ignatius

The Washington Post, August 30, 2006

TEHRAN -- Drivers here play a high-risk game of chicken at every intersection. They barge into the frantic stream of traffic and you think there's going to be a crash for sure. But at the last moment someone usually gives way, and a collision is avoided.

Watching President Mahmoud Ahmadinejad at a news conference here Tuesday, I had the same mesmerizing anxiety as a passenger in a Tehran taxi. He has moved boldly -- recklessly, it seems to Americans -- into the international traffic flow. He keeps rewing his motor, and it looks as if he and the West might be heading for a dangerous crackup over Iran's nuclear program. Will there be a collision, or will leaders produce a compromise at the final instant? Normally, drivers here stop in time -- except when they don't.

"The feeling here is that Iran will go to the threshold of a serious crisis, and the government will find a solution," says Kayhan Barzegar, a professor of international relations here. "It's a cultural matter to wait until the last minute."

The unpredictable factor in this game of brinkmanship is Ahmadinejad. In another defiant move, he laid out a radical vision of an Iranian new world order. The U.N. Security Council is an outdated relic of the post-World War II era and should be abandoned, he said. On the nuclear issue, "no one can stop us." He challenged President Bush to a live debate and seemed certain he would come out the winner.

Seeing Ahmadinejad up close, you appreciate the fact that he is a formidable politician. He played the roomful of 150 journalists like a master performer. He has the look of a bantamweight fighter -- compact and agile, punching well above his weight. He's quick on his feet, answering a broad range of questions, including some critical ones about the Iranian economy, but he came away unscratched. He speaks more softly than you'd expect, making jokes and, on this occasion, avoiding some of his usual anti-Israel bombast. But the hard edge is never far away. His eyes can twinkle one moment and then suddenly become dark as night. My strongest feeling at the end of his performance was: He may be cocky and eccentric, but don't underestimate him.

With a Thursday deadline looming on the nuclear issue, you might expect that Tehran would feel like a garrison town. But it's surprisingly relaxed, and I think that's because most Iranians expect the crisis will be defused somehow. The regime has been putting on a show of defiance as the U.N. deadline approaches, shooting off new missiles in Persian Gulf war games, opening a new heavy-water reactor and festooning downtown streets with banners of Lebanon's Hezbollah leader, Hasan Nasrallah. But this isn't a militarized country, and it certainly isn't eager for confrontation with America.

"I don't think anyone can think of a way to resolve problems between the U.S. and Iran other than negotiations," says Ali Ahmadi, a 28-year-old writer at the opposition newspaper Sharq. Though he's critical of Ahmadinejad, he describes the technical achievements of Iran's nuclear program as "really satisfying," and he sums up Iran's dilemma this way: "We are watching how much it's worth to continue the nuclear program -- its price. I can see there is this ambivalence, this concern. Because people realize this choice can bring about certain harsh consequences."

Perhaps the most interesting fact of life in Tehran this week is that you can't find anyone who is opposed in principle to dialogue with the United States. Even a few months ago, that topic was almost taboo, but now here's Ahmadinejad himself calling for a public debate with Bush. "The golden key to being popular here is to normalize relations with the U.S.," says Shahriar Khateri, a former member of the Revolutionary Guards who is now a doctor and a participant in a joint project with American scientists to study the effects of chemical weapons.

Iranians are patient people, and they seem to expect this crisis will play out a while longer. They don't want sanctions, but people I talked to don't seem very worried about them, either. Iranians have been living under some form of sanctions for several decades, and they've learned how to make their own cars, steel and pharmaceuticals -- and now missiles and nuclear reactors.

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I come back to the fierce jockeying of Tehran's traffic jams. If Ahmadinejad behaves like most local drivers, he will go as far and fast as he can. It's only when the fender is about to be crushed that he will put on the brake. That's why this crisis is so dangerous -- it's easy to miscalculate when nobody knows the rules of the road.

Pressures Increase On Pakistan's Government (NYT)

By Carlotta Gall And Salman Masood

The New York Times, August 30, 2006

ISLAMABAD, Pakistan, Aug. 29 — The government of Pakistan came under mounting political pressure on Tuesday as rioting continued for the third day in Baluchistan after the killing of a prominent rebel tribal leader, and Prime Minister Shaukat Aziz faced a no-confidence vote lodged by an alliance of opposition parties.

Four people died in the protests — three in a bomb explosion and one policeman in clashes with protesters, news agencies reported.

The opposition failed in its no-confidence vote against Mr. Aziz, a former executive with Citibank, garnering only 136 votes of the 172 needed to pass the measure in the 342-member Parliament. But the vote was seen as an opening maneuver by the opposition alliance in a contentious atmosphere ahead of elections in 2007.

Angry speakers condemned the use of military force that led to the death of the 79-year-old tribal leader and former legislator, Nawab Akbar Khan Bugti, in a mountain cave in his native Baluchistan, in the south, and criticized the president, Gen. Pervez Musharraf, who is also the head of the army.

Legislators accused the prime minister of corruption, particularly in recent privatization deals, and mismanagement of the economy. More broadly and perhaps more ominously for the government, they focused on the lack of democracy under General Musharraf, who seized power in a military coup in 1999, and the dubious legitimacy of the prime minister, who was named to the post in 2004 after a politically safe seat was found for him in Parliament.

"The no-confidence vote is not just about the failures of the government of the past four years, but about the policy failures of President Musharraf over the past seven years," said the leader of the opposition, Maulana Fazlur Rehman. "The government should resign."

"It was alleged that past governments and corruption destroyed the country and a new system against corruption and new policies would be introduced, but the present government has also not lagged behind in these crimes," he said.

Mr. Fazlur Rehman also said the prime minister had failed to curb inflation and that the process of privatization has not been transparent.

His partner in a coalition of religious parties, Qazi Hussein Ahmed, weighed in against General Musharraf for his pro-American policies, entertaining guests with dancing girls, using the army against the tribes and people of Pakistan, and imposing a banker from abroad as prime minister.

Mr. Ahmed, like others, condemned Mr. Bugti's death. "Nawab Bugti was a member of Parliament and ruthlessly eliminated," he said.

"Musharraf is the root of the evil,'' he said. "Shaukat Aziz is not the main person responsible."

The opposition has been leveling corruption allegations against Mr. Aziz since the Pakistan Supreme Court rejected the government's bid to sell a majority stake of the state-owned Pakistan Steel Mills, criticizing the process as hasty.

The allegations are not baseless, said Shahid Hasan Siddiqui, an economist based in Karachi. He added that Mr. Aziz' handling of a sudden sugar shortage earlier this year, a stock market crash in 2005 and the privatization process were questionable and merited investigation.

Mr. Aziz told Parliament that the privatization process had been in accordance with international practice and that the no-confidence resolution was based on "false allegations, frivolous and selective use of distorted information designed to mislead the nation."

"My heart and hands are clean, my strength has been transparency and integrity, and this was an attempt to malign it," he said at a news conference just after the vote.

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He added that the vote showed discipline and unity among the government coalition, which has appeared fractious in recent months.

Underscoring the tempestuousness of the day was the continuing violence in the south in reaction to the death on Saturday of Mr. Bugti, who for more than 50 years had dominated the Baluchi political scene. Some 10,000 mourners turned out for prayers for Mr. Bugti at the stadium in Quetta, the capital of Baluchistan.

Townspeople observed a citywide strike and shops were shut and the streets deserted. A policeman was killed in a clash with rioters in Quetta and a bomb exploded in a town called Hub to the south, killing three people.

Tensions remained high as the government delayed handing over Mr. Bugti's body to his relatives, saying that he was buried in the rubble of the cave and that it would take days to dig him out. Yet the bodies of the six soldiers who died in the explosion were retrieved and buried Monday, the military spokesman, Maj. Gen. Shaukat Sultan, said.

General Sultan contradicted earlier claims by the government that they had not known that Mr. Bugti was in the cave, telling journalists at a news briefing on Tuesday that members of the law enforcement agencies had entered the cave to negotiate Mr. Bugti's surrender.

"The government had intended to take him into custody,'' General Sultan said. "Every effort was being made to apprehend him alive.''

An explosion caused the cave to collapse when the law enforcement officers were inside, he said.

There is widespread skepticism over the government's version of events. "I don't believe it was an accident,'' Agha Shahid Bugti, a senator and Mr. Bugti's son-in-law, said by telephone from Quetta. "With all the weapons and equipment America has given the Pakistani Army, it is not difficult for them to know the precise location of someone. It was a well planned operation to remove him from the scene."

"We think they are afraid of the public backlash,'' he said. "The people knew Bugti as a political leader, and a father figure, so I don't think things will get easy for the government.

Lift Blockade Of Lebanon, Annan Urges (NYT)

By Warren Hoge

The New York Times, August 30, 2006

JERUSALEM, Aug. 29 — United Nations Secretary General Kofi Annan came to Israel late Tuesday after two intensive days in Lebanon that he said had convinced him the Lebanese were serious about preserving the cease-fire and moving to a permanent peace.

"They believe that, handled properly, they can use this moment to strengthen their state," Mr. Annan said in an interview in his hotel room in Jerusalem.

The Lebanese were committed, he said, to "the idea that you cannot have a state within a state but have to have one authority, one law and one gun." His reference was to the dominance in southern Lebanon of the Hezbollah militia, which provoked a hugely destructive 34-day war with Israel by capturing two Israeli soldiers on July 12.

"I believe the Lebanese because they have seen what has happened to their country," he said.

Mr. Annan had spent his second day in Lebanon seeing much of that destruction on a tour of the border area in the south and a visit to the headquarters of Unifil, the 2,000-member United Nations force in Lebanon. The strength is soon to grow to 15,000, matched by a like number of Lebanese Army troops, to patrol the south.

Mr. Annan said he hoped to speed the departure of remaining Israeli troops from southern Lebanon by getting an international force of at least 5,000 in place as soon as possible. "When we get to 5,000, then we have a solid, credible force on the ground and they should be able to withdraw," he said.

The Lebanese have urged him to press the Israelis to lift a sea and air blockade that is inhibiting the country's restoration, Mr. Annan said.

"I think the time has come for the siege to be lifted," he said in Naqura, the Unifil office, two and a half miles north of the Israeli border on the Mediterranean. "The Lebanese have shown they are serious about the implementation of 1701 in all the deployments and efforts they have made."

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Security Council Resolution 1701 brought the fighting between Hezbollah and Israel to a halt on Aug. 14 and set up a buffer zone in southern Lebanon free of all weapons not authorized by the Lebanese government.

As one example of how the Lebanese were showing good faith with the demands of the measure, he noted that Hezbollah had far fewer cease-fire violations than Israel.

A daily report from Unifil that Mr. Annan gave to Israel's defense minister, Amir Peretz, Tuesday evening showed that Hezbollah had violated the cease-fire four times, while Israel had done so nearly 70 times. "Hezbollah is showing incredible discipline," Mr. Annan said.

At the Naqura base, Mr. Annan was briefed by the force commander, Maj. Gen. Alain Pellegrini of France, on how he would deploy his enlarged forces to coordinate with the 15,000 Lebanese troops that Prime Minister Fouad Siniora of Lebanon has readied to send to the south.

Mr. Annan also laid a wreath at a memorial to those killed in service to the mission, including four unarmed United Nations observers who died when their post came under repeated Israeli fire on July 25.

Later he toured the border in a helicopter, surveying flattened hilltop villages and bombed out roads and bridges from the air, and visiting four United Nations posts, including the wrecked one at Khiam where the four observers died.

Between posts, the team drove across the rocky scrubland and through largely deserted villages in white vans with black United Nations markings and blue United Nations flags flying. Posters of Sheik Hassan Nasrallah, the Hezbollah leader, and yellow banners with the group's insignia were common roadside sights. At one crossroads, sullen villagers greeted the passing convoy with handwritten signs saying, "Americans and Israelis are the terrorists."

At one post, manned by members of an Indian battalion in blue turbans, the commander laid out on a table pieces from both Hezbollah rockets and Israeli aerial bombs that had rained in on the peacekeepers during the 34-day siege.

The commander pointed with a look of helplessness to a spot just outside the post's perimeter fence where Hezbollah had set up a launching site. General Pellegrini recalled how he had sent letters of protest to the Lebanese government without getting a single reply.

Asked how he could react with the new powers conferred on the enlarged Unifil mission, he said, "Now we can use forceful means."

In the interview, Mr. Annan said he understood the concern over the ambiguity in the rules of engagement over who would be responsible for disarming Hezbollah and how it would be done, but he warned of the consequences of an overly aggressive approach.

"It's a constant balancing act in Lebanon," he said. "You have to make sure that while you try to help them, you don't destabilize them. When people say the army should go and disarm Hezbollah, you're asking for civil war."

Annan Calls On Israel To End Blockade (AP)

By Amy Teibel, Associated Press Writer

AP, August 30, 2006

U.N. Secretary-General Kofi Annan called Israel's air and sea blockade of Lebanon a "humiliation" Tuesday and demanded it be lifted. But Israel said it first needed assurances that forces deployed on the border can stop weapons shipments to Hezbollah.

The dispute was the latest threat to the fragile cease-fire that ended 34 days of fighting between Israel and Hezbollah guerrillas.

Annan arrived in Israel as part of an 11-day Mideast tour intended to shore up the truce, help Lebanon recover and secure the release of two Israeli soldiers whose capture by Hezbollah on July 12 sparked the fighting.

"We need to resolve the issue of the abducted soldiers very quickly," Annan said during a visit earlier Tuesday to a U.N. base in south Lebanon. "We need to deal with the lifting of the embargo — sea, land and air — which for the Lebanese is a humiliation and an infringement on their sovereignty."

In Israel, Annan met with Defense Minister Amir Peretz and urged the blockade be lifted "as soon as possible in order to allow Lebanon to go on with normal commercial activities and also rebuild its economy."

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Israel has said it will allow free movement once it is assured the forces deployed on Lebanon's borders can prevent Hezbollah from rearming itself. Israel wants international forces to help patrol the Lebanon-Syria border to enforce an arms embargo on Hezbollah. Lebanon says its troops can secure the border on their own.

Peretz said he told Annan about the importance of controlling the border "and the implementation of the embargo against the transfer of arms and ammunition between Syria and Lebanon."

Annan said Israel was responsible for most of the violations of the cease-fire and appealed for everyone to work together to ensure peace holds and "not risk another explosion in six years or 20 years."

Israeli troops are still occupying a security zone in southern Lebanon and have sporadically fought with Hezbollah guerrillas since the truce took effect Aug. 14. Israel says it won't leave until a sufficiently strong contingent of Lebanese and international troops arrives.

Annan said the U.N. hoped to have 5,000 soldiers in the region by Friday. That is double its prewar number, but still far short of the 15,000 international troops eventually supposed to patrol the border along with 15,000 Lebanese soldiers.

"Israel will pull out once there is a reasonable level of forces there," Peretz said without saying how many that would be.

As part of the effort to get international troops on the ground quickly, a five-ship Italian fleet departed for Lebanon on Tuesday carrying 800 soldiers.

Annan was to meet Wednesday with Israeli Prime Minister Ehud Olmert, who plans to call for "the unconditional return of our captives in Lebanon," said his spokeswoman Miri Eisin, referring to reserve soldiers Ehud Goldwasser and Eldad Regev. A third soldier, Cpl. Gilad Shalit, was captured by Hamas-linked militants from an army post near the Gaza Strip on June 25.

The soldiers' families met with Annan and said he told them he had no new information about the captives, and there were no negotiations — not even secret ones — taking place.

"But the good news was that we got a personal pledge from the secretary general of the U.N. that he accepts the mission to get the three kidnapped soldiers home and that's a really big thing," Goldwasser's wife, Karnit, told Israel TV.

"(Hezbollah) must first of all give us a sign of life. (Annan) must act toward that. It's a moral demand that's basic in any negotiations," said Regev's brother, Benny.

Shalit's father, Noam, said he asked Annan to raise his son's issue when he goes to Damascus, where Hamas' leadership is based. Annan also was to travel to Iran; Iran and Syria are the main patrons of Hezbollah.

In Beirut, the Rev. Jesse Jackson, on a mission to secure the soldiers' release, said he was told they were alive during meetings in Damascus with Syrian President Bashar Assad and Khaled Mashaal, Hamas' political leader.

"The Hamas leadership says that the soldier they are holding is alive and well," Jackson said.

"The president (Assad) believes that the two held somewhere by Hezbollah are alive," he added.

Annan visited U.N. peacekeepers in Naqoura, about 2 1/2 miles north of the Israeli border, where the base for the U.N. Interim Force in Lebanon is located.

He was briefed by French Maj. Gen. Alain Pellegrini, the UNIFIL commander, and other top officials, then reviewed an honor guard of U.N. troops in blue berets inside the U.N.'s white-walled compound.

He laid a wreath at a monument for nearly 300 peacekeepers killed in Lebanon since UNIFIL deployed there in 1978. Muslim and Christian clergymen said prayers and the U.N. chief stood in silence in front of portraits of those killed, including four UNIFIL members who died in a July 25 Israeli airstrike on their base in Khiam.

Annan told the troops their role was "misunderstood and criticized" and they were "never given credit for the wonderful things they have done and the sacrifices they have made."

Associated Press reporter Todd Pitman contributed to this report from Naqoura, Lebanon, and Ariel David from aboard the Giuseppe Garibaldi.

Annan Calls Israeli Blockade 'Humiliation' (WT/AP)

By Amy Teibel, Associated Press

The Washington Times, August 30, 2006

DOJ_NMG_0055653

JERUSALEM -- U.N. Secretary-General Kofi Annan yesterday called Israel's air and sea blockade of Lebanon a "humiliation," while Israel said it won't end the embargo until peacekeeping forces on the border can prevent Hezbollah guerrillas from importing new weapons.

Mr. Annan said the United Nations hoped to double its 2,500-member force in southern Lebanon by Friday, but that number was still far short of the 15,000 international troops authorized under a Security Council cease-fire resolution approved Aug. 11.

The U.N. chief arrived in Israel after visiting U.N. peacekeepers in southern Lebanon, who will play a key role in maintaining the fragile truce that ended 34 days of fighting between Israel and Hezbollah guerrillas.

His visits to Lebanon and Israel occurred a day after Italy and Turkey moved to join the international force in southern Lebanon.

Mr. Annan said he told Israeli Defense Minister Amir Peretz about lifting the blockade on Lebanon "as soon as possible in order to allow Lebanon to go on with normal commercial activities and also rebuild its economy."

During an earlier visit to Naqoura in south Lebanon, Mr. Annan said, "We need to deal with the lifting of the embargo -- sea, land and air -- which for the Lebanese is a humiliation and an infringement on their sovereignty."

Israel wants international forces to help patrol the Lebanon-Syria border to stop the arms flow. Lebanon has said its troops would be able to secure the border on their own.

Mr. Peretz said Israel hoped to end the blockade soon, though he did not clarify when that would happen. Israel has demanded that Lebanese and international forces take control of the Lebanon-Syria border to prevent Hezbollah guerrillas from smuggling in arms.

Mr. Annan also met last night with the relatives of the two Israeli soldiers whose capture by Hezbollah guerrillas sparked the fighting and another Israel soldier previously captured by Hamas-allied militants.

Mr. Annan earlier visited U.N. peacekeepers in Naqoura, about 2½ miles north of the Israeli border, and the base for the U.N. Interim Force in Lebanon (UNIFIL).

He laid a wreath at a monument for peacekeepers killed in Lebanon since UNIFIL deployed here in 1978.

Meanwhile, an Italian task force, led by the country's only aircraft carrier, the Giuseppe Garibaldi, sailed from southern Italy for Lebanon. Italy on Monday approved sending 2,500 troops, the largest national contingent so far.

Spain's Defense Ministry said a marine unit was ordered to prepare for deployment to Lebanon to join the U.N. peacekeeping force. The ministry would not disclose the number of troops, but Spain's Socialist government reportedly is considering sending between 700 and 1,000.

A battalion of 900 French soldiers will arrive in Lebanon in mid-September to help boost the peacekeeping force, the Defense Ministry said. France now has about 400 soldiers in the force and plans to expand that number to 2,000.

On Monday, Turkey's Cabinet decided in favor of sending peacekeepers and its parliament was to debate the deployment later this week or early next week.

Indonesia Nears Deal To Deploy Forces To Lebanon (WSJ)

By Jay Solomon

The Wall Street Journal, August 30, 2006

JAKARTA, Indonesia -- Indonesia is near agreement with the United Nations on sending 1,000 peacekeepers to Lebanon for the peacekeeping force aimed at policing the cease-fire between Israel and Hezbollah, the Indonesian defense minister said.

To date, Israel has resisted having the U.N. include troops from Muslim countries such as Indonesia, Malaysia and Pakistan, that don't have diplomatic ties with Israel. But in an interview yesterday, Defense Minister Juwono Sudarsono said that he anticipates an announcement from the U.N. on Indonesian participation in the mission "within days," and that he is expecting to deploy a fully mechanized company to Lebanon's south.

"There's a 90% chance of our people going," Mr. Sudarsono said, noting that President Susilo Bambang Yudhoyono has been laying the groundwork for the troop deployments for nearly six weeks. "I think we can more than hold our own" on the ground there, the minister said.

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In all, the U.N. is expected to deploy 15,000 troops in Lebanon to beef up the presence of a similar number of Lebanese army troops. Mr. Sudarsono said that he also expects Muslim-majority Malaysia to send 1,000 troops, and that Bangladesh and Nepal were other likely participants. Indonesia, he said, has participated in past peacekeeping missions in Cambodia, Bosnia and Congo.

Indonesia's defense minister said diplomatic relations with Israel shouldn't be a prerequisite for the peacekeeping operation, especially because Jakarta's troops participated in a peacekeeping operation in the Sinai in 1957. He said Indonesia's place as a secular state with the world's largest Muslim population should place it in a unique position to take an "even-handed" approach toward Israel and Hezbollah.

Mr. Sudarsono also said he believes the most effective way of securing southern Lebanon would be for Hezbollah's troops to be "absorbed" into the Lebanese army.

Lebanon To Seek Aid At Donor Conference (FT)

By Roula Khalaf And Ferry Biedermann

Financial Times, August 30, 2006

Lebanon will seek hundreds of millions of dollars in emergency relief and early reconstruction assistance from a conference of international donors in Stockholm on Thursday, as the country starts to rebuild after 34 days of war.

Jihad Azour, the finance minister, said Lebanon needed between $400m (€314m, £212m) and $500m in short-term assistance for the quick rehabilitation of infrastructure and schools, social projects for vulnerable groups, and assistance in de-mining border areas where Israeli-fired cluster bombs are preventing farmers from returning to their land.

“These funds are only for early recovery. Our needs are much bigger than that and reconstruction has to be shared by everyone,” Mr Azour said in an interview with the Financial Times.

The Sweden conference is expected to bring together more than 60 governments and organisations from the US, Europe, Asia and the Arab world to consider Lebanon’s needs after the war between Israel and Hizbollah.

About $800m of Arab financial aid was pledged during the conflict but will not be disbursed before the bylaws of new reconstruction funds are established.

The conference comes amid concerns in Lebanon and abroad that Hizbollah, the Shia militant group whose July 12 capture of two Israeli soldiers sparked a massive Israeli offensive, has moved much faster than the cash-strapped government to compensate families for destroyed property.

Hizbollah’s cash disbursements – which analysts and officials assume (but the Shia group denies) come from the group’s backers in Iran – has put the government, saddled with a $39bn debt, on the defensive.

The government has yet to issue an assessment of total direct and indirect damage to the economy. But in a year when the economy was picking up after a slowdown following the February 2005 killing of Rafiq Hariri, the former prime minister, economists in Beirut say the economic costs of the war could range between $9bn and $15bn.

The impact on government revenues has been enormous, with Mr Azour now estimating a huge budget deficit of 16 per cent of gross domestic product, nearly double the size projected earlier this year.

“Before the war the whole economy was doing much better than the best of our expectations and all economic indicators were showing improvements,” he said.

The government is reluctant to issue new projections for economic growth, saying it partly depends on when Israel lifts its sea and air blockade.

The economy has proved resilient to shocks in the past. But whether or how fast economic confidence can be restored hinges on progress in implementing the UN ceasefire resolution and maintaining domestic stability in the face of deep political divisions between Hizbollah and the parliamentary majority which dominates the Lebanese government.

Banque Audi, a Beirut financial institution, estimates gross domestic product growth of between zero and minus 2 per cent for 2006, instead of the 5 per cent initially expected.

Mr Azour said the government was looking to integrate the reconstruction within a broader programme of economic revival.

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In the short term, however, the government's biggest concern is to restore infrastructure devastated during an offensive that repeatedly targeted bridges and roads and to ensure that people's basic needs are addressed before winter.

Jackson Says Captured Israelis Are Alive (AP)

By Sam F. Ghattas, Associated Press Writer

AP, August 30, 2006

The Rev. Jesse Jackson said Tuesday that two Israeli soldiers who were captured by Hezbollah guerrillas in a cross-border raid that sparked 34 days of fighting are reportedly alive, as is a third soldier seized earlier by Palestinian militants.

The veteran civil rights leader, who was in Lebanon and planned to travel to Israel Wednesday, said he received the information in meetings Monday in Damascus with Syrian President Bashar Assad and Khaled Mashaal, political leader of Hamas.

"The president (Assad) believes that the two held somewhere by Hezbollah are alive," Jackson said.

None of the soldiers has been heard from since their captures.

Miri Eisen, spokeswoman for Israeli Prime Minister Ehud Olmert, said Jackson was "not the first international figure to have been told so, though he is the first Westerner that I can recall that actually sat down with Khaled Mashaal."

"Obviously under any kind of international law, we should have been given a sign of life immediately," Eisen said. "But these are terrorists, though we'd like to believe them, we continue to demand the unconditional release of all three."

The soldiers' relatives met Tuesday with U.N. Secretary-General Kofi Annan, who was visiting Israel as part of an 11-day trip through the Middle East to try to shore up the fragile cease-fire.

Karnit Goldwasser, whose husband, Ehud, was captured by Hezbollah guerrillas, told Israel TV after the meeting that Annan gave them no new information about the fate of their loved ones.

"But the good news was that we got a personal pledge from the secretary general of the U.N. that he accepts the mission to get the three kidnapped soldiers home and that's a really big thing," she said.

The relatives said they had heard lip service from many international officials about efforts to get their relatives freed.

"We asked him to be the one to start turning words into deeds and bring about their return home, all three," Karnit Goldwasser said.

Hezbollah seized the two Israeli soldiers July 12 in a cross-border raid that started the war with Israel, which ended with a U.N.-brokered cease-fire Aug. 14. Palestinian militants in Gaza captured the Israeli soldier in an earlier raid on June 25.

Jackson said Syria, a main backer of both Hamas and Hezbollah, wanted to be involved in a prisoner swap that included the three Israelis and Syrian nationals detained by Israel in the Golan Heights. Israel has ruled out negotiations or a prisoner swap to secure the men's release.

Jackson is leading a 10-member ecumenical delegation on a visit to the region to meet with political and religious leaders.

He has had success several times in the past in negotiating the release of political hostages.

In 1984, he met with President Hafez Assad of Syria and arranged the release of a Navy pilot whose plane was shot down over Lebanon during an American airstrike against a Syrian anti-aircraft position a month earlier. Also that year, Jackson traveled to Cuba and persuaded Fidel Castro to release 48 American and Cuban political prisoners.

In 1990, he helped win the release from Iraq of more than 700 foreign women and children detained as human shields against an American military attack after Iraq's invasion of Kuwait. He also persuaded Yugoslav President Slobodan Milosevic in 1999 to free three Americans he was holding prisoner.

Associated Press Writer Sarah El Deeb in Jerusalem contributed to this report.

U.S. Freezes Assets Of Hezbollah Unit (WP)

By Glenn Kessler

The Washington Post, August 30, 2006

The Bush administration moved yesterday against a key fundraising arm of Hezbollah, the militant Shiite Muslim movement that is part of Lebanon's government, ordering a freeze on its assets in the United States and making it illegal for Americans to contribute to the organization.

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Hezbollah seized two Israeli solders last month, sparking a war between Israel and the organization that left large parts of southern Lebanon devastated. The United States regards Hezbollah as a terrorist organization, but the European Union has refused to join in that designation, in part because of the group's vast array of social services.

Yesterday's action against the Islamic Resistance Support Organization was intended in part to demonstrate the link between Hezbollah and terrorist activities. The Treasury Department released copies of a receipt issued by the group to a donor, which on the back listed projects such as "collection box project for the children and homes," "contribution to the cost of a rocket" and "contribution to the cost of bullets." The donor, whose name was redacted, used ink to signal his interest in helping fund a rocket.

During the conflict with Israel, Hezbollah launched about 4,000 rockets, killing more than three dozen civilians.

"Hezbollah projects an image as a humanitarian organization," said Stuart Levey, Treasury's undersecretary for terrorism and financial intelligence. "This puts the lie to that image. This shows there is no separation, and they raise money for social services and also raise money for terrorism."

The Intelligence and Terrorism Information Center, an Israeli Web site that tracks militant groups, last week posted brochures from the group, also known as the Islamic Resistance Support Association. The materials were obtained during the conflict in Lebanon.

One brochure depicted coins going into a mosque, similar to the Dome of the Rock in Jerusalem, and emerging as rockets aimed at a battered Star of David. The Web site said that the group primarily raises money from Shiite communities in the Persian Gulf but has also raised money in the Detroit area. Congressional testimony last year cited an unclassified Israeli intelligence report that said the group raised funds in Detroit.

Levey said the group also solicits funds through Hezbollah's al-Manar television station.

Since the war in Lebanon began, U.S. officials have tried to fashion ways to cut off Hezbollah's financing, which is central to its ability to build up its stockpile of weapons. Under a U.N. Security Council resolution passed this month that called for a halt to the conflict, Hezbollah is required to give up its weapons.

But Levey acknowledged that a financial crackdown on Hezbollah is more difficult than the Treasury's successful efforts to thwart North Korean counterfeiting and preventing financial aid for the Hamas-led Palestinian government. In part, that is because Hezbollah is part of the Lebanese government, not the government itself. The European refusal to designate Hezbollah as a terrorist organization has also been a problem.

"We believe that Hezbollah meets the definition of a terrorism organization, and we have long advocated that to our colleagues in Europe," Levey said.

Iran -- which Levey called the "central banker of terrorism" -- is regarded as the biggest financial backer of Hezbollah, providing an estimated $100 million a year. The Treasury Department has been coordinating an effort to find ways to cut off Iran's support for a host of militant groups, including Hezbollah and the Islamic Resistance Movement, as Hamas is formally known.

Treasury Targets Lebanese Group's Assets (AP-Y)

By Jeannine Aversa, Ap Economics Writer

AP, August 30, 2006

The Bush administration took steps Tuesday to financially isolate a Lebanese organization for allegedly funneling money to Hezbollah to bankroll terrorist acts.

The Treasury Department's action, which covers the Islamic Resistance Support Organization, or IRSO, means any of the group's assets found in the United States must be frozen. Americans also are prohibited from giving money to the group.

Hezbollah uses the organization to solicit donations to support terrorist activities, the department alleged. The group solicits funds for Hezbollah through advertisements aired on Hezbollah's al-Manar TV, which was put on the government's asset-blocking list earlier this year, the department said in a statement.

"Solicitation materials distributed by IRSO inform prospective donors that funds will be used to purchase sophisticated weapons and conduct operations," Treasury said. "Indeed, donors can choose from a series of projects to contribute to, including, supporting and equipping fighters and purchasing rockets and ammunition."

The United States calls Lebanon-based Hezbollah a terrorist group that is suspected of involvement in terrorist attacks worldwide.

The U.S. also blamed Hezbollah for triggering recent bloodshed in the Middle East involving Lebanon, Israel and the terrorist organization.

Stuart Levey, the department's undersecretary for terrorism and financial intelligence, said the Islamic group "makes no attempt to hide its true colors."

Its "fundraising materials present donors with the option of sending funds to equip Hezbollah fighters or to purchase rockets that Hezbollah uses to target civilian populations," Levey said.

Olmert Faces Flak From Israelis For Lebanon War (WT)

By Joshua Mitnick

The Washington Times, August 30, 2006

TEL AVIV -- Israel's bitter domestic debate in the wake of the war in Lebanon shows no signs of slowing, despite embattled Prime Minister Ehud Olmert's call for a limited commission to review the government's handling of the conflict.

The internal recriminations have targeted both Mr. Olmert and top commanders of the Israel Defense Forces, long seen as a bulwark of a Jewish state surrounded by larger, hostile Arab neighbors.

"They've destroyed the best army in the world," said Assaf Davidi, a 28-year-old reservist who fought in the 34-day war. "I don't trust these people to change the mistakes that were made."

The debate raged even as U.N. Secretary-General Kofi Annan met with top Israeli officials in Jerusalem yesterday and said he hoped to quickly double the contingent of U.N. peacekeepers in southern Lebanon to 5,000.

Mr. Annan, on a diplomatic tour of the region, said he would ask Mr. Olmert in a meeting today to lift Israel's seven-week air and sea blockade of Lebanon. Israeli Defense Minister Amir Peretz told Mr. Annan Israeli forces would leave Lebanon in the next few weeks, once a "reasonable" number of international peacekeeping troops were in place.

Many Israelis said the country does not need to wait for Mr. Olmert's investigation, proposed Monday, to accept the resignation of top leaders for failing to deliver the decisive military victory they promised over Hezbollah Shi'ite Muslim guerrillas based in southern Lebanon.

Yossi Beilin, head of the leftist Meretz Party in the Knesset, said yesterday Mr. Olmert "wavered and faltered in every step of this war," while members of his party called the proposed inquiry a "fig leaf."

"The way in which he conducted this war brings shame to his office," Mr. Beilin said.

Uri Saguy, former army intelligence chief, said late last week the war effort lacked broad strategic vision and criticized the army for being disorganized and lacking discipline.

"The army has problems with organization and control," he said. "These are disturbing things that require an inquiry."

Criticism in Israel's freewheeling press has also been harsh. Attila Somfalvi, a columnist with the newspaper Yediot Ahronot, said the main desire among ordinary Israelis today was for "revenge" against the country's leadership.

"The north is bleeding, the public is turning its back on its leaders, the army is under attack, reserve soldiers are demonstrating outside the prime minister's office and overall, there is a prevailing sense of no one to rely on -- that everything is moving by sheer force of inertia."

Ha'aretz columnist Bradley Burston offered a tongue-in-cheek nomination of Hezbollah leader Sheik Hassan Nasrallah to replace Mr. Olmert and fill the leadership "vacuum" in Israeli politics.

"Olmert took Israel's last remaining expectations of him and kicked them in the teeth, by ducking a full-out probe into his handling of the war," Mr. Burston wrote.

Mr. Olmert named a commission headed by a former head of the Mossad intelligence agency. In doing so, he rejected calls for a "state inquiry," which would be presided over by an independent judge with the power to issue subpoenas.

Many are comparing the trauma triggered by the indecisive campaign against Hezbollah to the soul-searching that followed after the country was caught by surprise by Egypt and Syria in the 1973 Yom Kippur War.

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"Even though the casualties then were many times higher than they were in this war, the consequences for Israel of this failure are potentially greater," said Yossi Klein Halevi, a senior fellow at the Shalem Center, a Jerusalem research institute.

The perceived loss of deterrence has reopened a strategic debate in Israel over the wisdom of a unilateral withdrawal from the West Bank. Earlier this year, Mr. Olmert's Kadima party won election on a promise to pull back from the West Bank in the absence of a peace treaty. But Mr. Olmert has announced the shelving of that goal.

Now, critics like opposition leader Benjamin Netanyahu have argued that the withdrawal strengthens Israel's enemies. A recent poll in Yediot Ahronot indicated that if elections were held today, the balance of power in Israel's parliament would shift to right-wing parties and that Mr. Netanyahu would probably become prime minister.

Diversionary Strike On A Rights Group (WP)

By Kathleen Peratis

The Washington Post, August 30, 2006

In early August Human Rights Watch issued a 49-page report, "Fatal Strikes: Israel's Indiscriminate Attacks Against Civilians in Lebanon," charging Israel with war crimes in its conduct of the war in Lebanon. Many of the Lebanese civilian casualties could not be explained by Hezbollah soldiers' hiding among civilians, Human Rights Watch charged. Although Hezbollah fighters did hide among civilians, the rights group discovered that in about two dozen instances, involving about a third of the civilian deaths, there had been no Hezbollah presence at the time of the attacks and the targets had little or no military value.

The report was based on the same methodology that Human Rights Watch has used for more than 20 years in situations in which many witnesses have an incentive to lie: face-to-face probing and on-site inspections -- in this case in Beirut and southern Lebanon.

The critics of reports on this subject -- Amnesty International made similar charges -- have been ferocious. They have not merely deployed the common defense of accusing the accusers of getting the facts wrong. They have gone much further and accused the accusers of bad intent. For example: NGO Monitor, echoing other critics, claims that "central in the strategy" of Amnesty International is "to delegitimize Israel."

But the real vitriol has been reserved for Human Rights Watch and its executive director, Kenneth Roth. Rabbi Avi Shafran of Agudath Israel has called Roth "loathsome." An editorial in the New York Sun accused Roth of "de-legitimization of Judaism" because his group condemned Israel's strategy as "an eye for an eye." Rabbi Aryeh Spero in Human Events Online referred to Roth as a "human rights impostor," and likened him to "Nazis and Communists." On Sunday, the Jerusalem Post published an op-ed by NGO Monitor's Gerald Steinberg titled "Ken Roth's Blood Libel."

Is it possible that some of the witnesses lied? Sure it is. It's even possible, though it's something of a stretch, that many of the witnesses deliberately misled Human Rights Watch researchers. But it simply will not do to "rebut" a detailed report such as the group produced by accusing Human Rights Watch or its executive director, whose father fled Nazi Germany, of anti-Semitism (or other bad motives) and let it go at that. Indeed, the critics barely mention, much less discuss, the 24 incidents described in the report. Generally they merely assert the undisputed fact that Hezbollah did often hide among civilians. Steinberg broadly asserts, without citing any actual evidence: "When the details were examined by NGO Monitor's research staff, or Prof. Alan Dershowitz of Harvard University, the claims have often been shown to be false or unverifiable." Often? Where? When? He does not say.

No one expected the Anti-Defamation League and others to applaud the Human Rights Watch report, but one is entitled to expect something more serious by way of a response. "You're biased" is not a rebuttal.

At least some of the report's critics seem to believe that Israel should be exempted from the rules of war. Thus, Abe Foxman of the Anti-Defamation League, who has accused Human Rights Watch of "immorality at the highest level," says: "The moral issue, the human rights issue that overrides everything else in this conflict is that if Hezbollah, Syria and Iran don't understand that they will pay an overwhelming price for these rocket attacks on Israel, then eventually these rockets will be armed with chemical weapons and the warheads with nuclear weapons. In other words, the Holocaust would be in the works."

In other words, if the "overwhelming price" Israel causes the enemy to pay is indiscriminate under the rules of war, Israel must do it anyway. And Human Rights Watch is worse than naive to expect otherwise.

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I don't think Foxman and NGO Monitor and others who want selective exemption of Israel from the rules of war have faced the implications of getting what they wish for, such as: Who will decide when the law can be ignored? And: If the law is mowed down, where will we find refuge when the devil turns on us?

America's security has not been enhanced by its violation of human rights principles, from Abu Ghraib to Guantanamo Bay. Israel's strength lies not only in its might but in its moral principle, which it should not abandon, even in a time of war.

The writer, a lawyer in New York, is a member of the board of Human Rights Watch and a regular columnist for the Forward, a national Jewish newspaper.

Bush Offers To Meet With Sudan's Leader To Pave Way For U.N. Force In Darfur (WP)

By Glenn Kessler

The Washington Post, August 30, 2006

President Bush has proposed meeting with Sudan's president, Lt. Gen. Omar Hassan al-Bashir, as an incentive for Bashir to lift his adamant opposition to the introduction of U.N. peacekeeping forces in Sudan's troubled Darfur region, according to a Sudanese government spokesman and U.S. government officials.

The offer of a high-profile meeting on the sidelines of next month's U.N. General Assembly debate was made yesterday by Assistant Secretary of State Jendayi E. Frazer in a meeting with Bashir in Khartoum. The Sudanese president had kept Frazer waiting since Saturday, citing a busy schedule, even though he knew that she was bringing a message from Bush.

Two years ago, the Bush administration accused the Bashir government of genocide for allegedly abetting the atrocities in Darfur. Bush's willingness to meet with Bashir -- who human rights groups say should be charged with war crimes -- is yet another diplomatic gambit by the administration to encourage cooperation from Khartoum.

The conflict broke out in early 2003 when African rebel groups attacked police stations and military outposts. The United Nations and human rights groups accuse the Arab-led central government of supporting militiamen, called the Janjaweed, in an effort to crush the rebellion. About 2,000 villages have been destroyed across Darfur; violence and disease have left as many as 450,000 people dead and 2 million homeless.

Agence France-Presse first reported on the invitation, quoting Bashir spokesman Majoub Fadl Badri.

A State Department official, speaking on the condition of anonymity, said Frazer carried a letter from Bush to Bashir, which generally discussed Bush's concern about Darfur. She told Bashir that cooperation on Darfur could bring many benefits for Khartoum, though the official declined to specifically confirm them.

Bashir has long pushed for the lifting of economic sanctions related to Sudan's long support of terrorism. The official stressed that any incentives, such as a presidential meeting, would come only after positive actions by Sudan, such as the acceptance of a U.N. force.

The White House did not respond to a request for comment.

Some analysts doubted Bashir would be impressed by the offer.

"President Bush's expression of a willingness to meet with Khartoum's brutal leader inevitably works to confer international legitimacy upon his genocidal regime and policies," said Eric Reeves, a Smith College professor who closely tracks events in Sudan. "But the grim irony here is that this expediency, this moral capitulation, only emboldens the regime, convincing these genocidaires that they hold the upper hand and need not agree to a U.N. force."

U.S. Envoy In Sudan Fails To Get Accord (NYT)

By Lydia Polgreen

The New York Times, August 30, 2006

EL FASHER, Sudan, Aug. 29 — A senior State Department official sent to Sudan to seek an understanding on a United Nations force to calm the conflict in the troubled Darfur region left Khartoum on Tuesday without an agreement from President Omar al-Bashir.

The official, Jendayi E. Frazer, assistant secretary of state for African affairs, waited two days to meet Mr. Bashir, extending her trip by a day after Mr. Bashir sent word that he was too busy to meet her.

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The meeting did finally take place, but appeared to have produced no change of heart from Mr. Bashir, who has said that United Nations troops will be seen as occupying forces and that Sudan's military will fight them.

"They met, and she has left," said Katharine Moseley, spokeswoman for the United States Embassy in Khartoum. No further details were released, and Ms. Frazer did not speak to reporters, boarding a plane within 30 minutes of her meeting with Mr. Bashir, Ms. Moseley said.

When Ms. Frazer arrived Saturday she was greeted by a crowd chanting anti-American slogans and waving banners telling her to "Go home."

The United States and Britain have introduced a Security Council resolution calling for a 20,000-member peacekeeping force to shore up a shaky peace accord in Darfur. More than 200,000 people have died here and 2.5 million have been displaced in a conflict that has raged since 2003 between the Arab-dominated government and rebel groups fighting for more autonomy.

Sudan has resisted the force, proposing instead to have a weak and ill-equipped African Union force that is already in Darfur strengthened and to use 10,000 of its own troops to fight rebels who refused to sign the peace agreement reached in May with one of the rebel factions.

Sudan President Claims West Conspiracy (AP)

By Mohamed Osman, Associated Press Writer

AP, August 30, 2006

Sudan's president accused the United States and Britain Tuesday of conspiring against his country as diplomats at the United Nations said Washington and ally London want the Security Council to adopt a resolution in two days giving the U.N. authority over peacekeepers in Darfur.

President Omar al-Bashir staunchly opposes the deployment of U.N. peacekeeping troops in the remote, western region to replace an African Union-led force there now.

"Everybody knows the Americans and British are scheming against the Sudan," al-Bashir said at a rally to muster support for his opposition to the proposed deployment.

"We shall not be the first country to be recolonized in Africa. ... We are free and shall not be enslaved," al-Bashir told about 2,000 workers belonging to a federation of unions.

Al-Bashir spoke less than an hour before a visiting U.S. envoy delivered a written message to him from President Bush calling for better relations between the two countries and urging the Sudanese president to accept U.N. peacekeepers in Darfur, al-Bashir's spokesman Mahjud Fadul Bedry said.

More than 200,000 people have died in Darfur since 2003 when ethnic African tribes revolted against the Arab-led Khartoum government. Sudan's government is accused of unleashing Arab militiamen known as janjaweed who have been blamed for widespread atrocities.

On Monday, U.N. humanitarian chief Jan Egeland told the Security Council that since a May peace agreement was reached by the Sudanese government and one of the region's major rebel groups, violence, sexual abuse and displacement has increased dramatically. He cited a report that more than 200 women and girls in one camp have been sexually assaulted in less than two months.

The U.S. and Britain planned to introduce a draft Tuesday spelling out the transfer of authority over the peacekeepers from financially strapped African Union troops, whose mandate in the region ends Sept. 30, to the U.N. The switch is meant to inject more funding and troops into a force that has been unable to stop the humanitarian catastrophe in Darfur.

The Security Council planned to meet Wednesday to discuss the British and American draft. If no one objects, the resolution could be adopted Thursday.

U.S. Ambassador John Bolton said the council does not need Sudan's acceptance to pass the resolution. The document would allow the Security Council to carry out much of the planning and logistical work for a U.N. handover even as diplomacy continues to win over al-Bashir.

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One stumbling block to a quick adoption has been China, which wants to make sure that the troops would not come under U.N. command without Sudan's consent.

Al-Bashir has proposed sending Sudanese troops to the region instead — a step human rights groups fear could lead to more rights violations. He offered Tuesday to let the U.N. assist the African Union force.

"The Americans and the British are not seeking peace but war," he said.

Visiting U.S. Assistant Secretary of State for African Affairs Jendayi Frazer met al-Bashir Tuesday and delivered the message from Bush. Al-Bashir said he would reply in writing but reiterated his opposition to U.N. troops, his spokesman said.

The State Department said Tuesday that al-Bashir would send an envoy to Washington to discuss allowing the U.N. to take control of the troops in Darfur. The request was delivered during the meeting between al-Bashir and Frazer.

The two also discussed the case of imprisoned Pulitzer Prize-winning American journalist Paul Salopek arrested in Darfur on Aug. 6 and accused of spying. Bedry said al-Bashir would consider the case from "a humanitarian standpoint."

Salopek, who was in Sudan on assignment for National Geographic magazine, his driver and interpreter were arrested by pro-government forces. He was charged Saturday with espionage, passing information illegally, writing "false news" and entering the African country without a visa.

Associated Press reporter Nick Wadhams contributed to this report from the United Nations.

Sudan's Beshir To Send Envoy To Meet Bush In Washington (AFP)

AFP, August 30, 2006

Sudan President Omar al-Beshir will send a representative to Washington in the near future to respond to President George W. Bush's call to allow a UN peacekeeping force into Darfur, a State Department spokesman said.

Speaking after Jendayi Frazer, the US assistant secretary of state for African affairs, met with Beshir in Khartoum early Tuesday, State Department spokesman Tom Casey said the Sudanese leader had indicated he will send his answer to Bush through a personal emissary.

"President Bashir has said, in response to the message from the president, that he would be sending an envoy to Washington and that he would then provide a direct response to that message at that time," Casey said.

"I don't have a specific timetable for it. I would expect we are talking within the next couple of weeks," he added.

In the meeting with Beshir Tuesday which she had sought for days, Frazer had passed on Bush's invitation to meet the Sudanese leader on the sidelines of the UN General Assembly in New York next month, Beshir's spokesman Majoub Fadl Badri said after the talks.

But Badri said Beshir rebuffed the US plea to allow a UN force into strife-torn Darfur.

"The president reiterated the Sudanese government's position rejecting the replacement of the African Union force with a UN one," Badri said.

Wielding A Muzzle (WP)

The Washington Post, August 30, 2006

TO FIND THE TRUTH on the genocide in Darfur, reporters have sneaked across Sudan's border from Chad without visas. Often there's been no other way to witness and report on the death and desperation in the region.

About three weeks ago, Paul Salopek, a renowned Chicago Tribune reporter, did just that. A militia group captured him and turned him over to Sudanese authorities, who held him incommunicado for more than a week. Then, instead of simply deporting him, as it has done with other foreigners caught in Darfur without a visa, Sudan's government charged Mr. Salopek with espionage and writing "false news."

It is plain that Mr. Salopek isn't a spy. He is a veteran Africa correspondent who has twice won the Pulitzer Prize. When he crossed into Darfur, he was on assignment for National Geographic magazine, researching an article on Africa's Sahel region.

Also plain is why Sudan might raise such a preposterous charge. If it can discourage reporters from visiting, it can diminish worldwide attention to government-caused suffering in Darfur. A press blackout now would be particularly convenient. The State Department claims that the regime is planning a new offensive in northern Darfur. In preparation, government-backed militias are

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launching attacks on foreign aid workers, and officials in Khartoum are resisting the deployment of a U.N. peacekeeping force to replace African Union troops. And the killings and rapes go on.

If the Sudanese regime manages to eject aid workers, peacekeepers and journalists from Darfur, the world will have to rely on unconfirmed, second-hand reports of refugees and misleading pronouncements from Khartoum for information on the genocide. Focusing international attention on the humanitarian disaster in the region -- which may soon get even worse -- will be even more difficult.

We hope that quiet pressure from Assistant Secretary of State Jendayi E. Frazer, who is trying to convince Khartoum to allow U.N. peacekeepers into Darfur, and from Sen. Barack Obama (D-Ill.) and Rep. Christopher Shays (R-Conn.), both of whom have toured Africa recently, will prevail on the Sudanese to drop their charges. If not, louder pressure from higher-ranking officials may be necessary.

U.S. Trade Official Prods China To Help Rekindle Doha Talks (WSJ)

By Andrew Batson

The Wall Street Journal, August 30, 2006

BEIJING -- U.S. Trade Representative Susan Schwab urged China to "step up" and play a leading role in resuscitating global trade talks that collapsed in July, but she received no assurance Beijing is willing to do so.

Ms. Schwab, making her first visit to China since assuming the top U.S. trade job in June, said that "China is an obvious potential player in this game" and has an interest in achieving greater trade liberalization.

Known as the Doha round, after the capital of Qatar where they began nearly five years ago, the trade negotiations were suspended in July after the major participants failed to make progress on important points, primarily trade in farm products.

Ms. Schwab, who met Southeast Asian trade officials last week, said she is looking for "a small group of open-minded countries" to help re-energize the trade discussions and named Malaysia as another possibility. As the previous arrangements failed to produce a consensus, "we need to be thinking about other processes and other players," she told reporters.

China has been a low-key participant in the World Trade Organization and in the Doha trade talks has let other countries such as India and Brazil represent developing nations.

In a statement issued after his Monday meeting with Ms. Schwab, Minister of Commerce Bo Xilai said, "the Chinese side is willing to continue to constructively participate in discussions with all sides, and actively promote the progress and resumption of the Doha talks." Mr. Bo said he hopes developed nations will "take the lead in making a substantive contribution," a sign China views its own role as secondary.

One reason for China's caution could be a reluctance to take on further market-opening commitments, just as Beijing nears the completion of a five-year series of obligations it undertook when joining the WTO in 2001. Ms. Schwab said China would be expected to make significant further concessions as part of any Doha agreement. "China is not and will never be a small, defenseless developing country in the global trading system," she said.

Ms. Schwab also said she is watching carefully to see whether an "economic nationalist trend" could damp China's willingness to permit greater foreign participation in its domestic markets. Ms. Schwab cited government efforts to protect some domestic industries and delays in opening certain markets as issues of concern to the U.S.

She acknowledged that China recently has made improvements in its handling of intellectual-property rights, notably by requiring its computer makers to load their products with legitimate software at the factory. Overall, piracy and counterfeiting remain a huge problem, the U.S. trade chief said.

In Strategic Shift, China Hits Foreign Investors With New Hurdles (WSJ)

By Andrew Batson And Mei Fong

The Wall Street Journal, August 30, 2006

BEIJING -- China's government has been throwing up some new hurdles for foreign investors in recent months, including increased scrutiny of foreign-backed mergers and proposed restrictions in areas from banking to retailing to manufacturing.

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It's not a wave of popular anti-foreign sentiment, of the kind that was on display, for example, after the U.S. bombing of the Chinese Embassy in Belgrade in 1999, that is motivating Beijing. Rather, it is the government's growing preoccupation with helping China's expanding universe of domestic companies and pressing social issues such as poverty and wealth disparities.

Top leaders insist that fast-growing China, the developing world's biggest recipient of foreign investment for many years running, isn't closing off its economy. But the new restrictions are particularly alarming for foreign companies because they stem not from some temporary interest in penalizing foreign businesses but from a broader shift in China's priorities.

Increasingly savvy domestic companies -- some of whom have been stymied in their efforts to expand overseas -- are seizing the moment to push for moves they hope will strengthen them against outside competitors.

In automobile production, for instance, a business long dominated by foreign companies operating through joint ventures, the government said in March that it won't approve any new expansion of capacity unless companies meet requirements, as yet unspecified, to make local brands and support domestic product development.

That policy should give a boost to companies like Shanghai Automotive Industry Corp., which has long had ventures with General Motors Corp. and Volkswagen AG but now says it wants to make cars under its own name and challenge the big brands for a share of the market.

"As local Chinese companies become more competitive, they are becoming more sophisticated in using whatever means are available to them to maintain their position," says Henry Wang, a lawyer with DLA Piper Rudnick Gray Cary in Shanghai. "They are using a combination of the media and government help."

Another example is a proposed rule restricting the expansion of large-scale chain outlets, which is largely the result of intensive lobbying by Chinese retailers, according to people familiar with the matter. The rule, if passed, is likely to put foreign companies such as Wal-Mart Stores Inc. and Carrefour SA at a disadvantage. Another set of rules issued in July could make it more difficult for foreign companies to operate Internet businesses, while banking regulators in August circulated draft rules that are likely to make it more difficult for foreign banks to expand their retail branches.

China these days lets foreign businesses compete in its domestic markets to an extent that few if any developing countries have matched. Since joining the World Trade Organization in 2001, China has systematically stripped away many of the previous barriers to entry for foreign companies. Roughly 280,000 companies backed by foreign investors operate in China, doing everything from delivering packages to building cars and selling toothpaste. But while China continues to attract staggering amounts of new foreign investment -- on the order of $60 billion a year -- those inflows have peaked over the past couple of years and are unlikely to increase further unless a major new set of opportunities crops up.

The government's inward turn in recent months is creating questions about China's openness at a pivotal time. There is growing concern that the government's pace of market-opening reforms could slow markedly or even stop once China completes most of its obligations to the WTO at the end of this year.

Frank Lavin, U.S. undersecretary of commerce for international trade, said that the recent calls to limit foreign investment are a "worrisome trend." China's leaders may not have the appetite for further reforms that would benefit foreign business, he said in a speech this month to U.S. businesspeople in Beijing. Meanwhile, U.S. Trade Representative Susan Schwab said this week she is watching for any signs of a substantive shift toward economic nationalism in China.

That sentiment also threatens to throw up new obstacles for foreign companies interested in acquiring Chinese businesses. The China Bearing Industry Association is publicly opposing a preliminary agreement by Schaeffler Group of Germany to buy Luoyang Bearing Group, one of the major domestic firms in the sector. In August, the China Cement Association asked the government to review any foreign acquisitions of domestic cement companies that exceed $100 million in size. Even soybean processors are getting their day in the sun, as lobbyists in July asked the government to restrict any expansion of the strong foreign presence in the sector.

Though those campaigns haven't yet yielded results, there are other instances of local industry groups getting more directly involved in policymaking. One example: After the government in June published a document declaring the machinery and capital-equipment industry a "pillar" of the national economy that would receive special support, the China Machinery Industry Federation worked with officials to draft specific policies. A key provision: ensuring extra scrutiny of any foreign-led acquisitions in

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the industry. The new policy has contributed to the uncertainty around private-equity firm Carlyle Group's attempt to buy construction-equipment maker Xugong Group, which has been held up in the approval process for months.

"There's definitely a feeling that investment opportunities are tightening up, that there are more difficulties than before," said Elizabeth Knup, managing director at Kamsky Associates, a Beijing-based consultancy firm that helps foreign firms invest in China.

These different regulatory efforts haven't been particularly well-coordinated, suggesting that the government is responding ad-hoc to individual situations, rather than pursuing a broad agenda of restricting foreign business activity. And there have been recent signs that the government is trying to rein in some of the anti-foreign rhetoric, by giving prominent media exposure to those who support increased economic openness.

"Foreign companies don't need to worry about China backtracking," says Wang Zhile, director of the Research Center on Transnational Corporations, a body that advises the central government. Mr. Wang says those calling for restrictions on foreign investment do not represent mainstream opinion in the government.

Still, the succession of regulatory changes and louder criticism of foreign business coincides with a bigger shift in China's priorities. Since taking power in 2003, the administration of President Hu Jintao and Premier Wen Jiabao has said they want China's growth to be more sustainable, more domestically focused and less wasteful of resources -- a shift from the previous administration's focus on fast, export-led growth. The government also recently released its latest five-year plan -- the country's 11th -- which calls for a concerted push to make sure that Chinese companies have the trappings of 21st-century businesses, from a storehouse of patents and trademarks to recognizable brand names.

As part of that, the government is giving itself new tools to be more discriminating about foreign investment. At the end of last month, China's securities regulator published a new takeover code, which declared that acquisitions involving publicly-traded companies "must not harm national security or the public interest."

This month, the Ministry of Commerce declared that it will have to approve any foreign acquisitions that could affect economic security, or involve "key" domestic industries or well-known trademarks. Lawyers say the provisions give the government broad discretion to intervene in deals.

A think tank affiliated with the National Development and Reform Commission, the chief economic planning agency, also said in a report this month that China should "draw on international experience" and set up a government organization to assess the impact of foreign purchases of state-owned enterprises. The proposal mimics the Committee for Foreign Investment in the U.S., a panel that reviews the national-security implications of foreign transactions and can recommend that the president cancel a deal.

Analysts and industry watchers say the extent to which China has already opened its market has made local businesses fearful they cannot survive tough foreign competition. On top of that, a nascent push for Chinese businesses to expand overseas has also been stymied by political difficulties and the firms' own inexperience with international practices. Combined with the persistent criticism of China's low-cost exports for taking jobs away from U.S. and European manufacturers, there is increasingly a feeling that China owes foreign companies no favors.

"It's a comfortable time to get tougher with foreigners. Having more of them hang around is not the top priority," says Nandani Lynton, the Beijing-based vice president for Asia at Thunderbird, the business school.

Developing Nations To Win IMF Boost (FT)

By Krishna Guha

Financial Times, August 30, 2006

China, South Korea, Turkey and Mexico could win increases in their International Monetary Fund quotas – or shareholdings – “in a few days”, as an early step towards giving big developing countries more say in the institution, according to Rodrigo Rato, IMF managing director.

Mr Rato told the Financial Times that agreement to launch a fundamental review of control and governance of the IMF was within sight, signalling the prospect of the most far-reaching reform of the fund since its foundation at the Bretton Woods conference in the US in 1944.

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The reform process has been driven by the need to adapt both the governance and role of the IMF to reflect the significant shifts in global economic power, particularly since the rise of Asian and other developing economies.

Mr Rato said he expected to be given a clear mandate to implement a two-stage reform at the fund's annual meeting next month in Singapore. Details of this proposal, which remain confidential, were put to the IMF's governing board last week.

Mr Rato warned against expecting any breakthroughs on global economic imbalances resulting from the IMF's new multilateral consultation process at the Singapore meeting.

But he said agreement could be reached soon on a first stage of IMF reform, with agreement to grant modest increases in the IMF quotas for China, South Korea, Turkey and Mexico.

Some countries have been pushing for more such share increases but Mr Rato said: "I think there is consensus for four." But he added that the initial ad hoc quota increase was part of a "package" of measures and was linked to more far-reaching reform to follow in a second stage.

Mr Rato said there was agreement that the second stage of IMF reform would have to address governance and control of the fund, better to reflect "changes in world economic weight" and also to tackle the "representation of low-income countries".

"There is consensus that we should address these in a package of reforms that should be launched at Singapore," he said. Mr Rato said he would aim to complete the process within roughly two years.

The US is pushing for a new IMF formula to determine a country's shareholding based "predominantly" on gross domestic product. Such a formula would raise the relative shareholding of Asian countries and emerging markets, mostly at the expense of small European states. But such countries argue that weight in the IMF should not be based on GDP alone, and criticise the US for seeking to maintain a shareholding large enough to veto key IMF decisions.

Mr Rato said "there is consensus that the existing formula is unsatisfactory" and should be simplified. He said member governments also agreed that the new formula should be based on GDP and openness, and perhaps other criteria, but that so far no consensus had been reached on what weight to give each factor.

Mr Rato said he expected to be given the green light to start work on devising a new formula and an increase in the basic votes of poor countries "immediately after Singapore."

U.S. Seeks Bigger China Role In I.M.F. (NYT)

By Steven R. Weisman

The New York Times, August 30, 2006

WASHINGTON, Aug. 29 — In an effort to gain Chinese cooperation on international economic issues, the Bush administration is pushing for China and other developing nations to get more power in the global institution that has played a central role in easing myriad financial crises since the end of World War II.

But the American-led effort to increase influence at the International Monetary Fund for China — and for South Korea, Turkey and Mexico, as well — is being resisted by several countries in Europe, which would lose power to those who would be gaining it.

Administration officials argue that the I.M.F. has to be restructured to reflect the strength of fast-growing countries in Asia, Latin America and parts of Europe so these countries have more of a stake in a 60-year-old international system that oversees potential problems from the huge global flows of currency and capital.

"The I.M.F. has been asleep at the wheel in an era when private capital flows have been growing at an unprecedented pace," said Timothy D. Adams, under secretary of the Treasury for international affairs. "The fund needs to get back to basics to deal with the problems of the 21st century."

Mr. Adams said that China, like many other fast-developing countries, is "woefully underrepresented" at the I.M.F., with a smaller share of the total voting rights than other countries with smaller economies slower growth. The United States wants economic growth and the size of the economy to determine the scale of a nation's voice at the fund.

The proposals are to be taken up at a meeting of the I.M.F. and the World Bank late in September in Singapore, to be attended by Treasury Secretary Henry M. Paulson Jr.

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At the same time, the administration is urging China to take on a greater role in promoting an open global trading system by helping restart the aborted trade talks sponsored by the World Trade Organization.

The I.M.F., along with the World Bank and the General Agreement on Tariffs and Trade, the precursor to the W.T.O., grew out of meetings near the end of World War II at Bretton Woods, N.H. They were set up as part of a postwar financial system aimed at avoiding a repetition of the economic crises of the late 1920's and 1930's that helped lead to the war.

China is a particular focus of American interests because of the Bush administration's uneasy relationship with the Beijing government and its desire for China to become a "stakeholder" in the international system, as American officials put it.

The United States argues that China has been using its vast foreign exchange reserves, earned from trade surpluses with the United States, to intervene in the markets and keep its currency artificially low to increase its exports, contributing to the loss of American manufacturing jobs.

Critics of the Bush administration in Congress are calling on it to rebuff China's demand for more power at the I.M.F. until Beijing revalues its currency in relation to the dollar.

But Mr. Adams and other American officials say that rather than limit China's influence at the I.M.F., they want to increase its role there and make the lending institution a more aggressive monitor of currency manipulation by member nations.

"I would argue that by re-engineering the I.M.F. and giving China a bigger voice," Mr. Adams said, "China will have a greater sense of responsibility for the institution's mission."

The initial proposed increases for China, South Korea, Turkey and Mexico in voting weight and quotas — which entitle members to more borrowing in emergencies — is viewed by Washington as a "down payment" for future changes increasing the power of many other countries, including oil-producing nations.

But objections to the American proposal have come from Belgium, the Netherlands and Scandinavian countries, which might lose proportional voting shares in favor of Spain, Ireland and other rapidly growing nations of Europe. Britain is siding with these smaller countries in resisting the American proposals, officials said.

Europeans also fear that the overall weight of Europe at the fund, whose managing director has by tradition always been a European, could diminish. They want voting shares to recognize the importance of other factors, like the openness of their economies and the volume of trade between European countries.

In addition, some poor countries in Africa and elsewhere fear that a reorganized I.M.F. would further reduce their already limited power. So the administration wants to make sure that any changes do not diminish the voting rights these countries have now.

The American approach on the I.M.F. is seen as somewhat similar to the kind of changes officials want at the United Nations Security Council, where veto power is retained by the club of victors in World War II that are permanent members of the Council: the United States, China, Russia, Britain and France. Washington wants to expand the permanent membership to include Japan and at least one major developing country.

Voting at the I.M.F. is determined in part by a quota system that calculates how much a country must contribute to the fund and how much it can borrow in emergencies. The United States has 30 percent of the world economy but only a 17 percent share of the quota system.

Under the American proposal, China and the others would be given a small increase in voting share in the down payment phase and a larger share later.

But neither the initial nor the future increases in the shares of these countries would reduce the American share by more than a fraction of a percentage point below the 17 percent level.

That point is important because an 85 percent vote is required for many I.M.F. matters, including amending bylaws and changing the quota shares. Europe's combined voting share is currently about 23 percent, roughly equal to its share of the world economy.

If more power were given to the big developing countries, Europe would lose overall voting share at the I.M.F. by an unspecified amount.

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Britain is supporting the concern of the smaller European countries because its chancellor of the Exchequer, Gordon Brown, is now the chairman of a committee of European economic and finance ministers and is trying to keep the coalition of European countries together as a bloc, European and American officials said.

"The U.S. position is an honest and decent proposal, and everybody in the European community is prepared to step up to the plate," a European diplomat said. "But we need to have more flesh on the bones at the moment."

The I.M.F.'s managing director, Rodrigo de Rato, has called for an immediate increase in power for some countries, to be approved at the meeting in Singapore as part of a two-year restructuring program. Earlier this month, he said, "It is time now to recognize the rise in economic weight" of China and others.

The fund has $28 billion in loans outstanding to 74 of its 184 countries, given out over the years to avert defaults, bankruptcies and other crises. In the 1990's, the fund was involved in bailing out Mexico. Late in the decade, it helped rescue Thailand, South Korea and several other Asian countries from insolvency.

But since then, the fund has had no major crises to deal with, and many recipients of the 1990's bailouts are now sitting on large reserves that can be used to help other countries in the future. The American approach is to enlist these countries in maintaining an international system rather than having them go their own way.

But because the I.M.F. has not recently had a major crisis, some economists joke that with little to do, board members have the luxury of squabbling among themselves for power over an organization with an ill-defined mission.

Mr. Adams said that the current benign period has led to complacency, even as global capital flows and the risk of future problems increase. "Conceptually we're pretty much there," he said of the talks on I.M.F. governance. "But once you start negotiating the actual specifics, it's going to take a little time."

South Korea Quake Center Watches North (WT/AP)

By Burt Herman

The Washington Times, August 30, 2006

DAEJEON, South Korea -- A normally unburdened South Korean earthquake center has become the front line of the world's vigil for North Korea's first nuclear test, monitoring the peninsula's geological pulse with seismic sensors and sound detectors.

The Korea Earthquake Research Center recently was put on 24-hour watch as fears grew about a test. The Defense Ministry sent soldiers to scrutinize the center's wall of video screens, which display skittering graphs of data from some 90 seismic stations across South Korea. Alert systems have been installed to link government institutions with the earthquake center 100 miles south of Seoul.

U.S. and Japanese press this month reported that intelligence agencies were monitoring suspicious activity at a suspected North Korean underground nuclear-test site, detecting moving vehicles and cables that could be used to connect the test site to aboveground diagnostic equipment.

Many specialists think the North has enough radioactive material to make at least a half-dozen bombs. The North has claimed it has nuclear weapons, but no test proving it has been detected.

On Monday, the head of South Korea's intelligence agency, Kim Seung-kyu, said the North was ready to test a nuclear device at any time, but there was no direct sign that the communist nation was preparing a detonation.

Still, the South Korean center remains on the lookout using two methods: infrasound and seismic waves.

The most reliable means of confirming a nuclear test would be from infrasound -- ultralow noises from an explosion below the range of human hearing.

Such infrasound can travel up to 620 miles, depending on wind direction, and would provide a relatively quick indication of a nuclear test, said Chi Heon-cheol, director of the earthquake center at the Korea Institute of Geoscience and Mineral Resources in Daejeon.

In the demilitarized zone dividing the Koreas, the center has deployed four infrasound arrays with tubes that detect minute changes in air pressure.

The network was completed several years ago and can also be used to detect other North Korean activity, such as the movement of tanks, Mr. Chi noted.

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But even a blast as powerful as a nuclear explosion could be difficult to immediately confirm if the North thoroughly seals the underground site, he said.

So the center can also measure seismic tremors, although they would be less conclusive, he said. A North Korean nuclear explosion would likely generate the force of an earthquake measuring at least magnitude 4.2 and as strong as magnitude 5.0, he said.

The United States also is expected to be watching for any signs of a test with satellites and reconnaissance aircraft, such as high-flying U-2 spy planes that regularly draw the North's ire for flying near its territory.

The United States, China, Japan, Russia and South Korea have tried to persuade the North to abandon its nuclear program at six-party negotiations that have been on hold since November. The issue has taken on new urgency after Pyongyang raised tensions in early July by test-firing seven missiles over international objections.

In Chechen's Humiliation, Questions On Rule Of Law (NYT)

By C. J. Chivers

The New York Times, August 30, 2006

ARGUN, Russia, Aug. 26 — The humiliation of Malika Soltayeva, a pregnant Chechen woman suspected of adultery, was ferocious and swift.

Ms. Soltayeva, 23, had been away from home for a month and was reported missing by her family. When she returned, her husband accused her of infidelity and banished her from their apartment. The local authorities found her at her aunt's residence. They said they had a few questions.

What followed was no investigation. In a law enforcement compound in this town in east-central Chechnya, the men who served as Argun's police sheared away her hair and her eyebrows and painted her scalp green, the color associated with Islam. A thumb-thick cross was smeared on her brow.

Ms. Soltayeva, a Muslim, had slept with a Christian Russian serviceman, they said. Her scarlet letter would be an emerald cross. She was forced to confess, ordered to strip, and beaten with wooden rods and hoses on her buttocks, arms, legs, hands, stomach and back.

"Turn and be condemned by Allah," one of her tormentors said, demanding that she position herself so he could strike her more squarely.

The torture of Ms. Soltayeva, recorded on a video obtained by The New York Times, and other recent brutish acts and instances of religious policing, raise questions about Chechnya's direction.

Since 2004, the war in Chechnya has tilted sharply in the Kremlin's favor, as open combat with separatists has declined in intensity and frequency. Moscow now administers the republic and fights the remaining insurgency largely through paramilitary forces led by Ramzan A. Kadyrov, the powerful young Chechen premier.

Mr. Kadyrov's public persona is flamboyantly pro-Russian. He praises President Vladimir V. Putin and has pledged to rebuild Chechnya and lead it back to the Kremlin's fold. "I cannot tell you how great my love for Russia is," he said in an interview this year.

But beneath this publicly professed loyalty, some of Chechnya's indigenous security forces — with their evident anti-Slavic racism, institutionalized brutality, culture of impunity and intolerant interpretation of a pre-medieval Islamic code — have demonstrated the vicious behavior that Russia has said its latest invasion of Chechnya, in 1999, was supposed to stop.

Human rights groups and Chechen civilians say that these security forces' ambitions and loyalties are uncertain and that their actions are unchecked. The republic's course, they say, is dangerous for Russians and Chechens alike.

Few people have yet compared the current disorder with the end of the brief period of Chechen autonomy, in the late 1990's, when rebels and foreign Islamic mercenaries operated terrorist training camps in the forests, and when Islamic courts sentenced criminals to execution by firing squads, which were broadcast on Chechen television news. But Mr. Kadyrov's police and security forces, known as kadyrovsty, are staffed mostly with uneducated young men, some of whom have been fighting for years, including many former rebels who have changed sides.

Recent videos of their conduct, provided to The New York Times by outraged Chechens, show an unsettling pattern.

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One shows a man and a woman in the town of Shali, each married to someone else, who were suspected of flirting in a car this summer. The police swarmed around the couple, jeering at them, and directed the man to kick the woman. The couple was then forced to dance a brief lezginka, a traditional and often sexually charged dance. The police kicked the woman, too, and pulled her scarf and hair.

Although the faces of several of the officers are clear, they have yet to come under investigation by higher authorities.

Another instance of unrestrained behavior occurred in late July in Kurchaloi, when one of Mr. Kadyrov's units killed a rebel, Akhmad Dushayev, and beheaded his body. The severed head was displayed on a pipe in the town's center, residents said in interviews.

Videos show that, later, the kadyrovsty, many in police uniforms, casually amused themselves with the head, joking as they displayed it in a garage. Another video shows the head adorned with a cap and with a cigarette in its mouth.

Residents said the police justified the beheading by saying that Mr. Dushayev had previously cut off the head of a pro-Kremlin Chechen fighter, and that the vengeance was fair play.

Ms. Soltayeva's own experience, much of which was captured on video, was an accumulation of terror, pain and loss.

She was seized March 19, and mocked throughout a torture session that lasted nearly two hours. "Call for Sergei!" one of the policemen said, using the name of her assumed lover as he beat her. "Sergei! Help!"

Next they told her to dress, and drove her to her husband's courtyard and made her dance before her neighbors. "Look how ugly you are," another policeman said.

When she staggered away, several of them kicked her with their heavy black boots. Two days later she miscarried, and has been largely out of public view since.

The episode, which took place five months ago, was not investigated, even though videos showing the torture were passed along on cellphones throughout Argun and other Chechen towns. The videos circulated widely enough that accurate details of her abuse were known by roughly half of the Chechens interviewed by The New York Times.

"It is just outrageous lawlessness," Ms. Soltayeva said in an interview in Grozny, Chechnya's capital.

As is common in crumbling marriages, the details of Ms. Soltayeva's family life and behavior are in dispute. Her former husband's family says she had an affair with a Russian serviceman she met at a store where she worked as a cashier. She says that she did not, and that she was faithful to her husband even though he beat her.

Her whereabouts in the weeks leading up to her beating are also a source of contention.

Ms. Soltayeva said she was away from home because she had been abducted by masked men who eventually released her, a phenomenon in Chechnya that is common enough that her own family says they believe her. Her husband's family, and the police, say that she left Chechnya to try to live with her Russian lover, and that she returned when it did not work out.

Natalya Estemirova, a staff member at the Grozny office of Memorial, a private human rights group, said she tried to bring the case to the Chechen authorities, but they threatened Ms. Soltayeva with criminal charges for falsely claiming to have been kidnapped. They showed no interest in the police violence, she said.

Allegations of state-sponsored horrors, and claims that Russian and Chechen officials have allowed servicemen to commit crimes with impunity, have been a regular accompaniment to the Chechen wars.

Human rights groups have documented mass graves, extralegal executions, widespread use and tolerance of torture, illegal detention, rape, robbery and kidnapping.

Some cases have seemed a matter of policy, as when suspected rebel supporters have been abducted during police and military sweeps. Other cases appeared to flow from the rage, drunkenness or frustration of ordinary soldiers fighting a savage guerrilla war.

What has made several recent cases different is that many of the kadyrovsty, unsophisticated gunmen who have had little contact with the world beyond Chechnya, have acquired cellphones with small video cameras and have casually, even gleefully, recorded their own crimes.

The video sequences are then shared, multiplying as they swiftly pass from phone to phone.

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In a long interview earlier this year, Mr. Kadyrov said that his were being professionalized and that the armed men under his command integrated into formal government structures. He insisted that they would be able to provide security and competent policing.

[On Aug. 29, The Times provided Mr. Kadyrov's office with four videos of Ms. Soltayeva's torture. Mr. Kadyrov said through a spokeswoman that upon viewing them he had ordered the Chechen Interior Ministry to investigate. "Criminal charges will be brought against all responsible for this," said the spokeswoman, Tatyana Georgiyeva.]

Ms. Estemirova said that the unit in Argun that seized Ms. Soltayeva had been formally disbanded in the spring, but that its members were simply transferred into new "professional" battalions, known as North and South.

"They were assimilated into North and South and never checked by prosecutors," she said. "Now they are more difficult to arrest."

Opposition Party Looks To Be A Putin Creation (WP)

By Peter Finn

The Washington Post, August 30, 2006

MOSCOW, Aug. 29 -- The powerful and pro-Kremlin United Russia party has a new opponent -- one, however, that bears all the marks of a Kremlin creation.

The leaders of three small Russian parties -- Motherland, the Party of Life and the Party of Pensioners -- announced a merger Tuesday. The union followed a series of meetings between the leaders and President Vladimir Putin, who blessed a venture that appears designed to leave him with loyalists on both sides of the Russian political aisle.

The consolidation offers new evidence of the Kremlin's intolerance of political pluralism or democratic competition in any kind of undirected manner. Since Putin came to power in 2000, his government has established extensive new controls over the news media, industry and grass-roots organizations.

The United Russia party dominates the federal parliament and most of Russia's regional governments. The new party, which will have 30 seats in parliament and says it wants to become the country's largest opposition group after elections in 2007, also swears fealty to the president.

"What do we mean by political opposition in our country?" Sergei Mironov, head of the Party of Life and speaker of the upper house of parliament, asked Tuesday at a news conference in Moscow. "First of all, I would like to declare we back the course laid down [by] the president of Russia, Vladimir Putin. . . . But we do not believe that one political party, one political force should have the monopoly of implementing the presidential" program.

The Kremlin hopes the new party, which has yet to be named, will form the basis of a nominally two-party system in parliament, analysts said. It will give voters an alternative to United Russia and siphon off votes from the Communist Party and others while remaining subservient to the presidential administration, analysts said.

The leaders of the new party immediately sounded a populist note, saying in a joint statement that they would "defend and uphold the interests of the working man."

Since the fall of the Soviet Union, Russia has had a string of fake opposition parties, manufactured to create the pretense of political competition. On Tuesday, critics immediately labeled the new party a rehash of earlier efforts.

"They will dance in the left flank," said Gennady Zyuganov, leader of the Communist Party, which is now the largest opposition group in parliament. He promised that his party would "debunk this contrived creation."

Individually, the three parties that came together Tuesday have anemic support, registering in the low single digits, according to opinion polls. Whether as a unified group they can acquire a popular base remains uncertain. But with the Kremlin's backing, the new party can gain the kind of financing and media exposure that has vaulted United Russia into a dominant position and almost completely sidelined parties that oppose Putin.

"Presidential support is already a sign of our success," said Alexander Chuev, a member of parliament for Motherland in an interview Tuesday. "I don't see anything bad in the fact that the leaders of three political parties met with the president and united their positions."

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The new party is looking to the elections in 2007 to challenge United Russia's huge majority in parliament. "We need a big faction" in the future parliament, Mironov said.

But the Putin aide who is credited with fostering United Russia's near-monopoly in party politics cautioned recently that there were limits to the role that a loyal opposition would play.

"Your party could attract to its side everybody the authorities in the broad meaning of the word cannot attract," Vladislav Surkov, deputy head of the presidential administration, said in a meeting with Party of Life activists when the idea of a new configuration was floating in political circles here. "It is simply that for a long time to come United Russia should remain the largest party around which the political process will be based."

Moreover, analysts said, the new party may find itself having to line up with United Russia to back any person Putin anoints as his successor in presidential elections in 2008. "It will be completely untenable for two client parties to be fighting for the same patron," said Georgy Satarov, who heads a private group that monitors corruption in Russia.

The Motherland party, called Rodina in Russian, began life in similar fashion to Tuesday's announced alliance. With the approval of the Kremlin, it was set up to challenge the communists in a 2003 election and offered voters a socially oriented program tinged with nationalism. Over time, however, it began to steer an independent line, challenging, for instance, the Kremlin plan to replace benefits such as free transportation for the elderly with cash payments that were derided as paltry.

Since the beginning of the year, the party has been reeled back in.

In March, seven separate court decisions prevented it from fielding candidates in seven of eight regional elections, including in Moscow, where it ran an incendiary advertisement attacking immigrants.

Party leader Dmitri Rogozin said in an recent interview that after the Moscow election he was invited to a downtown hotel, where two Kremlin officials told him to resign or see the Motherland party crushed. The Kremlin denied the accusation. Rogozin resigned and was replaced by businessman Alexander Babakov.

In July, Babakov met Putin at the Kremlin in what he called a regular meeting between the president and a party leader. That night, he told the Motherland governing council that the party would unite with Mironov's Party of Life, party officials said. The next day Mironov, a presidential loyalist who like Putin comes from St. Petersburg, announced the planned merger of the two, which on Tuesday became a merger of three.

"Putin simply gave him the order," said Mikhail Delyagin, whom Babakov expelled from the Motherland party for attending an opposition conference in advance of the July meeting of the Group of Eight industrial countries in St. Petersburg. "The Kremlin is not just creating a managed party, it's also destroying Rodina for displaying some independence."

Delyagin and other Motherland dissidents predict their party will be completely absorbed into the much smaller Party of Life as will the Party of Pensioners, which analysts here say is a creation of Putin aide Surkov. They predicted Mironov would lead the new party.

"The president nodded favorably and that was that," said Andrei Savelyev, the only member of Motherland's governing council who voted against the merger. "But no artificial creation has succeeded in the past, and whatever effort the Kremlin makes, I don't think the people will support it."

At their news conference Tuesday, party leaders dismissed the charge that they were puppets of the president. "The easiest form of discrediting any organization today is saying that it is the Kremlin's project," Babakov said. "Our decision is not just a decision by leaders of our parties. It is a decision by our regional branches, party members. Believe me, all those people are very far away from the Kremlin."

Coup D'Etat In Mexico? (LAT)

The Los Angeles Times, August 30, 2006

A COUP D'ETAT IS BREWING in Mexico. Even as he runs out of legal ways to challenge the July 2 presidential election results, the contest's sore loser, Andres Manuel Lopez Obrador, is planning to proclaim himself president and establish a parallel "people's government" on the national Day of Independence, Sept. 16.

The defiance by the leftist former mayor of Mexico City comes after a unanimous ruling Monday by the nation's top electoral tribunal, which rejected claims filed by Lopez Obrador's party of massive fraud. Lopez Obrador, who finished second in

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the balloting, has been waging an increasingly desperate campaign to have the election nullified. The independent panel of seven electoral justices reviewed 9% of polling places where it had reason to suspect error, and it threw out tens of thousands of ballots.

The net result of the review was to reduce conservative candidate Felipe Calderon's nearly quarter-million-vote margin by about 4,000 votes. The tribunal has until next Wednesday to certify the election results.

Lopez Obrador's supporters have shut down much of Mexico City in acts of civil disobedience, and they appear intent on making the country ungovernable. The hope had been to pressure the tribunal into overlooking legal niceties — reformed election laws defer to the election-day count conducted by citizens chosen at random — to annul the vote.

Lopez Obrador and the Democratic Revolution Party, or PRD, are crying out against the imposition of a president backed by the nation's business elite, but the whining is misplaced. Lopez Obrador, who obtained roughly a third of the ballots cast, became an activist in the dark days of the autocratic rule of the Institutional Revolutionary Party, or PRI, but Mexico's electoral institutions are now fully independent. There has been no convincing proof of any widespread fraud. The election was conducted by nearly a million citizens selected to serve, and foreign observers have all praised the balloting as exemplary.

Indeed, if there is any threat to democracy in Mexico, it is Lopez Obrador and his sense of entitlement. The vast majority of Mexicans, including many of those who voted for him, find his antics tiresome. But even if only 10% or 15% of the population believes its candidate is being unfairly denied the presidency, it can create quite a bit of havoc if egged on by a demagogue exploiting their sense of victimization.

The next weeks and months pose a different challenge for the country's democracy, as Lopez Obrador's supporters will seek to disrupt President Vicente Fox's final State of the Union address on Friday, as well as Independence Day celebrations later in September. Fox's government has shown admirable restraint, but Lopez Obrador is hoping for some violent confrontation with federal authorities to score him sorely needed public opinion points.

Meanwhile, it's time for democratic voices on the left in Mexico to distance themselves from Lopez Obrador's destructive coup attempt. The likes of Cuauhtemoc Cardenas, the PRD's founder who probably was victimized by electoral fraud in his 1988 bid for the presidency, should say basta and encourage everyone to respect the election's outcome.

Threading Africa's Needle (WSJ)

The Wall Street Journal, August 30, 2006

Everyone talks about helping sub-Saharan Africa. Well, the chance to save more than 100,000 jobs there is on the Congressional table. We should find out some time after Labor Day whether the help-Africa talk is anything more than that.

Senator Bill Frist is trying to renew part of the African Growth and Opportunity Act (AGOA), which since 2000 has provided duty-free access to the U.S. market for substantially all products from most sub-Saharan countries. The full act doesn't expire until 2015 but its textile provisions are set to expire in 2007. These let sub-Saharan-assembled clothing that uses fabric purchased from any third country enter the American market duty-free. If this provision lapses, Africa could lose 150,000 jobs.

Mr. Frist has said he wants to extend the third-country textile provision so that goods sown in Africa will retain their duty-free access to the U.S. But to do that, he'll need Democratic support. Incredibly, it's not a sure thing.

Since the act began in 2000, two-way trade between sub-Saharan Africa and the U.S. is up 115%. In 2005 it increased by 37% to $60.6 billion. The good news is not only that in 2005 the U.S. bought more from Africa, but also that U.S. exports to Africa went up -- with "notable gains in agricultural goods, machinery and transportation equipment," according to the U.S. Trade Representative. This means Africa is opening itself to imports and modernizing, which is key to wealth creation.

Admittedly a large part of the spike in two-way trade with Africa has been in oil, and indeed AGOA non-oil exports to the U.S. were down 16% in 2005. But that doesn't tell the whole story. Africa's apparel makers battled tough circumstances in 2005. Any list would include the expiration of the multifiber agreement, subsidies to U.S. cotton-growers and China's more generalized government subsidies to its apparel manufacturers. The possibility that the textile provision won't be renewed has already caused some manufacturers to shift production out of Africa.

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The act originally hoped to push Africa toward making its own fabric, but that hasn't happened to the extent envisioned. Even though local fabric making has increased, it's still not sufficient to meet the needs of African clothing assemblers who want to sell into the U.S.

The bottom line is that if the provision on using outside fabric dies, so will Africa's assembly industry, which is a particularly important source of jobs for women. This explains why the extension is supported by Oxfam America, the Africa Society, Lesotho National Development Corporation and Education Africa USA, as well as the United States Association of Importers of Textiles and Apparel and the American Apparel & Footwear Association.

That leaves Congress. Republican House Ways and Means chairman Bill Thomas isn't likely to put an extension on the legislative agenda in a lame-duck session without assurances from the Democratic leadership. Unfortunately his Democratic counterpart, Congressman Charles Rangel, is on record favoring a replacement for the third-country provision. Mr. Rangel's idea is to give duty-free access to African clothing only if at least 20% of the value-added comes from Africa itself. The idea is to somehow push the region toward buying locally made fabric, creating an integrated industry.

This simply isn't going to work if fabric-making is not to Africa's comparative advantage right now. Meantime apparel makers likely would shift their production elsewhere because of uncertainty along the production chain. This could kill Africa's young assembly business. As one representative of a U.S. apparel importer told us, "You can't imagine how harmful the uncertainty is."

Africa needs whatever jobs it can get while it tries to pull itself up from the bottom rung of the ladder. Apparel assembly is making that possible. Cutting off a source of jobs in the hope that some new industry will spring up strikes us as risk Africans can ill-afford.

For People With AIDS, A Government With Two Faces (NYT)

By Tina Rosenberg

The New York Times, August 30, 2006

At the AIDS conference in Toronto this month, South Africa's booth included lemons, garlic and beets as part of its recommended treatment for H.I.V. South Africa's health minister has long touted salad, vitamins and assorted quack cures over antiretroviral drugs, which she has called toxic.

Such embarrassments are normal for the government of President Thabo Mbeki, who said not too long ago that he knew no one with AIDS. This in a country with the world's biggest AIDS epidemic. At the Toronto conference, Stephen Lewis, the United Nations special envoy for AIDS in Africa, broke all diplomatic conventions, saying South Africa's views were more worthy of a lunatic fringe than of a compassionate state.

And yet, more than a quarter million South Africans — more people than in any other nation — are now taking antiretroviral drugs. Most of them get the medicines free through the government health system. The AIDS budget has soared over the last two and half years. Among people being treated, deaths and hospitalizations have dropped tremendously. Can this lunatic government be compassionate as well?

South Africa is doing AIDS treatment on a mass scale even though the health system is close to nonexistent in some areas, clinics often have few nurses and no doctors, and rich countries are luring English-speaking health workers away.

But top officials can take little credit. They delayed the antiretroviral rollout, threw up obstacle after obstacle and have left large pots of money unspent. The program's progress so far is really a lesson in the power of balanced government and citizens' groups.

The courts have forced the government into action. This week an appeals court ordered officials to begin antiretroviral treatment for prisoners with AIDS and held the government in contempt for ignoring a June ruling to start doing so. Some regional governments, especially in the provinces containing Johannesburg, Cape Town and Durban, have leapt at the chance to provide antiretrovirals, and that is mainly where people are being saved.

The most important factor, however, is the Treatment Action Campaign, probably the world's most effective AIDS group. It was founded by Zackie Achmat, who chose not to take the antiretrovirals he needed until the government had agreed to make them available to all.

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The group, financed largely by international and local foundations and European governments, became famous for distributing its "H.I.V. Positive" T-shirts — Nelson Mandela wore one — and organizing mass protests like its 2003 civil disobedience campaign, which pushed the government into the antiretroviral rollout.

Mr. Mbeki and his health minister, Manto Tshabalala-Msimang, have now largely gone silent about AIDS — undoubtedly an improvement. It would be a further improvement if Mr. Mbeki fired her, as many in South Africa have long demanded. The government should also be pushing the provinces that lag behind and encouraging South Africans to get tested and take their drugs.

What the government says and doesn't say still matters, unfortunately. I met some South Africans who can get antiretrovirals free at their local clinic but still prefer herbal medicines. They could live, thanks to the government's highly reluctant actions. Instead, they will die because of its words.

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: **THE ATTORNEY GENERAL AND SENIOR STAFF**

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TODAY'S EDITION

Terrorism News:

3 More Charged In Jetliner Bomb Plot (AP) 4
Britain Charges 3 More Suspects With Plotting To Bomb Airplanes (NYT) 4
Taxi Driver In London Acquitted In Terror Case (WP) 5
Judge To Rule Soon On Wiretap Lawsuit (AP) 6
Lawyers To Seek White House Documents On Alleged Phone Spying Program (AP) 6
Navy Lawyer Charged With Transmitting Secret Information (FINDLAW/AP) 7
2 Lodi Residents Refused Entry Back Into U.S. (SFC) 7
Israeli Agents To Don Disguises At Trial (AP) 9
Accused Hamas Funder's Lawyers Request A Probe (NYS) 9

Homeland Response:

Chertoff Seeks More Air Travelers Data (AP-Y) 9
Europe Pushes For Study Of Biometrics To Screen Passengers (USAT) 10
Homegrown Terror Suspects Raise Concern (AP) 11
THE SITUATION ROOM (CNN) 12
Bush Repeats Vow To Help New Orleans (NYT) 21
New Orleans Honors Its Dead (WP) 23
Reflecting On Katrina's Wrath (LAT) 24
Bush Comforts New Orleans, Urges Hope (AP) 25
Bush, Residents Of Louisiana Recall Katrina (USAT) 26
Bush Spends Another Day Consoling Those Devastated By Katrina (MCT) 26
Many Displaced New Orleans Unsure About Coming Home (NOTP) 27
Bush Urges Orleanians: 'Come Home' (WT) 29
An Anniversary With Strong Images, Sorrow, Self-Congratulation And Blame (NYT) 30
Uneasy Times For Lawyers In The Big Easy (LAW) 31
Housing Plan For Victims Retooled (USAT) 33
First The Flood, Now The Fight (WP) 33
The Legal Storm In Katrina's Wake (WP) 35
Triumph Of The Katrina Volunteers (LAT) 37
Begat, Bothered, Bewildered (NYT) 38
A City Worth Saving (USAT) 39
One Year After Katrina, The Struggle Continues (9 Letters) (NYT) 40
Tropical Storm Drenches Southern Florida (AP) 42
Floridians Brace For A Fading Ernesto (WP) 43
Ernesto Grinds Ashore In Florida (USAT) 44
Citrus Growers Brace For Ernesto And Fallout From A Depleted Crop (WSJ) 44

War News:

Gonzales: Iraq's Future Depends On Law (AP) 45
U.S. Official Discusses Law In Lawless Capital (LAT) 46
US Attorney General Discusses Interrogation Tactics In Iraq (AFP-Y) 47
AG Gonzales Sees Police, DOJ Work In Iraq (UPI/UPI) 48
A Flick Of A Lighter Kills Scores Of Gas-Looting Iraqis (NYT) 48
Rumsfeld Warns Against Appeasement (WP/AP) 49
Rumsfeld Slams Foes Of War Tack (WT) 50
Rumsfeld: Iraq Critics Morally Confused (USAT) 51
Rumsfeld Says War Critics Ignore History (NYT) 52
Rumsfeld Assails Critics Of War Policy (WP) 53
Rumsfeld Says Critics Appeasing Fascism (LAT) 54
More Sunni-Shiite Clashes Are Reported In Baghdad (MCT) 55
Dozens Found Slain Across Baghdad (WT/AP) 56
Iraqi Hospitals Are War's New 'Killing Fields' (WP) 56
Deputy PM Optimistic About Iraq Progress (AP-Y) 59
Iraq's Parties Reach Deal On Oil-sharing (FT) 59
Marine Who Led Haditha Attack Was Recommended For A Medal (WP) 60
Inside The Camp Pendleton 8 (WT) 61
18 Insurgents Killed In Afghanistan (AP) 62
Attorneys In Kentucky Want Officials Gagged In Ex-soldier's Iraq Murder Case (FINDLAW/AP) 62

DOJ:

East Arkansas' U.S. Attorney May Leave Post Soon (AP) 63

Corporate Scandals:

U.S. Agencies Open Another Investigation Into Energy Trading At BP (NYT) 63
BP's Oil, Gasoline Trades Under Investigation (PROJO/BLOOM) 64
Street Sleuth Probes Of BP Point To Hurdles U.S. Cases Face (WSJ) 65
Progress Software To Restate Financial Results Since 1995 Over Options Accounting Errors (AP) 66
Barnes & Noble Gets Options Subpoena (AP) 66

Barnes & Noble Gets Subpoena; Novell Starts Internal Options Probe DOW JONES NEWSWIRES (WSJ) ... 67
Sonsini On Board Of Several Companies With Dubious Stock Awards (LAW) ... 67
Stock Option Fiends Revealed (WSJ) ... 68
FBI Puts Out Alert For Exec (NSDY) ... 69
Judge Rules No Privilege In Enron Fraud Case (LAW) ... 70

Criminal Law:

First Source Of C.I.A. Leak Admits Role, Lawyer Says (NYT) ... 71
Plame Out (SC) ... 72
Fess Up, Mr. Armitage (WSJ) ... 76
Polygamist Fugitive Warren Jeffs Arrested In Nevada (AP) ... 77
Fugitive Polygamist Leader Warren Jeffs Arrested Near Las Vegas (DESERET) ... 78
Polygamist Sect Leader Warren Jeffs Arrested In Las Vegas (SLT) ... 79
Polygamist Fugitive Jeffs Arrested With Cash, Cell Phones (ADS) ... 81
Polygamist Sought For Two Years Is Arrested In Nevada (WP) ... 82
Leader Of Polygamist Mormon Sect Is Arrested (NYT) ... 83
Fate Of Polygamy Sect Unclear As Leader Held (USAT) ... 84
Fugitive Polygamist Cult Leader Caught Near Las Vegas (LAT) 85
Polygamist Sect Leader Is Arrested In Nevada (WSJ) ... 86
Legal Affairs Polygamist Church Leader Arrested In Nevada (NPR) ... 86
FBI's 'most Wanted' Polygamist Arrested In US (IND) ... 87
Mormon 'prophet' Is Arrested (DAILYT) ... 87
Fugitive Mormon Leader's Reign Of Fear Ended By Traffic Violation (GUARD) ... 88
'Prophet' Nicked By Cops (SUN) ... 89
Polygamous Church Leader Is Arrested (TIMES) ... 89
Fugitive Polygamist Captured (CP) ... 89
Prosecutors In Colorado Defend Karr Arrest (WP) ... 90
District Attorney Defends Arrest In JonBenet Case (WT) ... 92
Boulder D.A. Defends Karr Arrest (LAT) ... 92
Prosecutor Defends Actions After Ramsey Case Falls Apart (NYT) ... 93
Why Would John Mark Karr Lie About JonBenet? (CSM) ... 94
Some Say Karr Links Always Looked Flimsy (USAT) ... 95
JonBenet (WSJ) ... 96
Sen. Cooper Pleads Not Guilty To Bank Fraud, Mail Fraud (CHATT) ... 97
Lawmaker Pleads Not Guilty To Federal Fraud Charges (CHATTTFP) ... 98
Senator Cooper Pleads Guilty To Federal Charges (WTVF-TV) 98
JAILED 'JUNIOR' A KING CON (NYPOST) ... 98
Jr. Played King Con, Feds Say (NYDN) ... 99
Accountant Is Key Witness At Third Trial For Gotti (NYT) ... 100
Leader Of Aryan Brotherhood Deserves To Live, Lawyer Says (NYT) ... 101
S.D. Governor Halts Execution Of Killer (AP) ... 102
Lawmaker's Son Reported Abducted (WT/AP) ... 102
AT&T Discloses Online Break-In (WSJ) ... 103
Another Guilty Plea In Attacks On Mall (WP) ... 103

Civil Law:

Schering-Plough Settles Drug Charges Case For $435 Million (BOS) ... 104
Schering-Plough Settles With DOJ (MRKTWTCH) ... 105
Schering-Plough To Pay $435 Million, Plead Guilty To Settle Probe (LAW/AP) ... 105
Schering-Plough To Pay 435 Mln Dlrs For US Drug Fraud (AFP-Y) ... 106

Civil Rights:

Federal Official Tour Training Schools (JCL) ... 106
Jury Deliberates In Case Of Cop Accused Of Raping Transsexual (SAEN) ... 106
Ken Starr Asks U.S. Supreme Court To Hear 'Bong Hits 4 Jesus' Case (LAW/AP) ... 107

Antitrust:

Experts Assail Deal On Wright (FWST) ... 108
Antitrust Experts Decry Wright Compromise (DALLASBIZ) ... 108

Environment:

Environmental Groups Challenge New Dam Relicensing Rules (AP) ... 109
U.S. Readies $780 Million For Drought Aid (NYT/AP) ... 110
Don't Pave It Over (NYT) ... 110

FBI/DEA/ATF/USMS:

FBI Shows Off Counterterrorism Database (WP) ... 111
UPDATE: RAMPAGE VICTIMS INCLUDE TEEN, FBI AGENT (BCN) ... 111
HIT AND RUN: Within Half An Hour, 14 Pedestrians Picked Off One By One On Streets Of San Francisco (SFC) ... 112
Bay Area Driver Goes On Rampage (LAT) ... 114
Bad Heroin Led To 17 Deaths, City Says (NSDY) ... 115
17 New Yorkers Dead From Potent Drug Cocktail (AP) ... 116
Deadly Drug Mix Resurfaces In New York (NYT) ... 116
Heroin Deaths Prompt Calls For Awareness (MDH) ... 117
2 Ex-air Marshals Sent To Prison For Cocaine Smuggling (HC)118
7 Spanish Tourists Charged With Smuggling Ecstasy At JFK Airport (AP) ... 119
Plea Date Set For Scott West (KNOXNS) ... 119
Mexico's Drug Wars Heat Up (BSWK) ... 120

Immigration:

Taking The Cause To The Big Screen (WP) ... 122
U.S. Court Orders City To Ensure Aid For Battered Immigrants (NYT) ... 123
Afghans Who Fled Conflict Face Cultural Divide In U.S. (WP) . 124

Tax:

The IRS' Biggest Tax Cheat: Itself (LAT) ... 126
Court Ruling In Damages Case Deals Big Setback To The IRS (WSJ) ... 127

Congress-Administration:

Tomlinson Cited For Abuses At Broadcast Board (WP) ... 128
Broadcasting Board Chairman Misused Funds, U.S. Probe Says (WSJ/AP) ... 129

DOJ_NMG_0055677

Broadcast Chief Misused Office, Inquiry Reports (NYT) 129
Foreign Broadcasts' Chief Accused Of Impropriety (LAT)..... 131
Rove's Influence Undiminished By Scandal (AP-Y) 132
The Reliable Source (WP) 133
Women Suddenly Scarce Among Justices' Clerks (NYT)..... 134
Measuring The Body Politic (WP)..... 135

Other News:

Median Household Income Rises 1.1% (WSJ)..... 136
Census Reports Slight Increase In '05 Incomes (NYT)..... 137
Family Income Up, But Not Pay (USAT) 138
At Last, Buoyant Economy Lifts Incomes (CSM)..... 139
Downward Mobility (NYT) 140
Consumer Confidence Tumbles (WSJ) 140
Consumers Have A Down-in-the-dumps Outlook (USAT) 141
Holding Rates Steady Wasn't A Slam-dunk Fed Decision (USAT) 142
Fed Minutes Point To 'close Call' On Rates (FT) 142
Fed Policy Makers Saw Rate Pause As 'Close Call' (WSJ) 143
Fed's Notes See Easing In Growth (NYT)..... 143
New Minutes Show A More Fractured Fed (WP) 145
Wall Street Higher After Fed Minutes (FT) 146
Stocks Advance As Fed Minutes Ease Concerns (WSJ)..... 146
Full House (WSJ)..... 147
Gasoline Prices Could Keep Falling (USAT) 148
Lawyer's Charge Opens Window On Bill Padding (WSJ) 149
Scores For Expanded SAT Show Largest Dip Since 1975 (USAT) 150
SAT Reading And Math Scores Show A Significant Decline (NYT) 151
SAT Scores See Biggest Decline Since 1975 (WSJ)..... 152
SAT Records Biggest Score Dip In 31 Years (WP)..... 153
New Version Of SAT Cuts National Scores (DMN/AP)..... 154
UnSATisfactory (WP)..... 155
Care By The Hour (NYT) 155
Transparency Or Fig Leaf? (USAT)..... 156
Reveal Health Care Costs (USAT) 157
Washington: New President For Amtrak (NYT/AP)..... 158
Amtrak Picks Successor To Its Fired President (WP/AP) 158
Special Elections Set For DeLay's Seat (AP-Y) 158
Governor Gives Contest To Replace DeLay A New Twist (NYT)159
Cheney Says Security Tops Election Agenda (LJS) 159
Bush To Attend Talent Fundraiser In Kansas City (FWJD)..... 161
Effort To Ease Election Spending Rules Fails (NYT) 161
Washington: Ruling On Campaign Finance Limits (NYT/AP) ... 162
National Democrats Pledge Funds To Webb (RTD) 162
Cardin's Lead Over Mfume Up In Poll (WT) 163
Jack Kemp To Campaign For Lieberman (AP-Y)..... 164
Inouye Abandons Lieberman (AP-Y)..... 164
Lieberman Gains G.O.P. Ally But Loses A Democratic One (NYT) 165
Schumer Has Seen The Future, And It's Democratic (WP) 166
Trial Lawyers Target Republicans (AP-Y) 167
Warner Voices Frustration With Dems (AP-Y) 167
Frist Failed To Fulfill A State Requirement For Medical License (AP)..... 168
More Employers To Offer Advice On 401(k) Plans (WSJ)..... 168
Wal-Mart As Red Herring (WP) 170
Early Pullout From Iraq Will Encourage Extremists: Rice (AFP-Y) 171
Iran Enriching More Uranium (WP)..... 171
U.N. May Hold Off On Confronting Iran (AP)..... 172
The Likely US Course On Iran: Go Slow (CSM)..... 173
Iranian President Meets Press And Is Challenged (NYT) 174
Iran President Challenges Bush To Debate (AP) 176
President Challenges Bush To TV Debate (WT/AP)..... 177
Ahmadi-Nejad Challenges Bush To TV Debate (FT) 178
Carter Agrees To Hold Talks With Khatami (WP) 178
Ahmadinejad's High-Stakes Game (WP)..... 179
Pressures Increase On Pakistan's Government (NYT)..... 180
Lift Blockade Of Lebanon, Annan Urges (NYT)..... 181
Annan Calls On Israel To End Blockade (AP) 182
Annan Calls Israeli Blockade 'Humiliation' (WT/AP)..... 183
Indonesia Nears Deal To Deploy Forces To Lebanon (WSJ) ... 184
Lebanon To Seek Aid At Donor Conference (FT) 184
Jackson Says Captured Israelis Are Alive (AP)..... 185
U.S. Freezes Assets Of Hezbollah Unit (WP) 186
Treasury Targets Lebanese Group's Assets (AP-Y) 186
Olmert Faces Flak From Israelis For Lebanon War (WT) 187
Diversionary Strike On A Rights Group (WP)..... 188
Bush Offers To Meet With Sudan's Leader To Pave Way For U.N. Force In Darfur (WP) 188
U.S. Envoy In Sudan Fails To Get Accord (NYT)..... 189
Sudan President Claims West Conspiracy (AP)..... 189
Sudan's Beshir To Send Envoy To Meet Bush In Washington (AFP)..... 190
Wielding A Muzzle (WP) 191
U.S. Trade Official Prods China To Help Rekindle Doha Talks (WSJ) 191
In Strategic Shift, China Hits Foreign Investors With New Hurdles (WSJ)..... 192
Developing Nations To Win IMF Boost (FT)..... 193
U.S. Seeks Bigger China Role In I.M.F. (NYT)..... 194
South Korea Quake Center Watches North (WT/AP) 196
In Chechen's Humiliation, Questions On Rule Of Law (NYT) ... 196
Opposition Party Looks To Be A Putin Creation (WP) 198
Coup D'Etat In Mexico? (LAT) 199
Threading Africa's Needle (WSJ)..... 200
For People With AIDS, A Government With Two Faces (NYT) 201

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TERRORISM NEWS:

3 More Charged In Jetliner Bomb Plot (AP)

By Matt Moore, Associated Press Writer

AP, August 30, 2006

British anti-terrorist police charged three more people late Tuesday with conspiring to commit murder in the alleged plot to blow up U.S.-bound airliners.

The three — Mohammed Yasar Gulzar, Mohammed Shamin Uddin and Nabeel Hussain — were also charged with preparing to commit terrorism by helping in an alleged plan to smuggle explosives aboard the planes, police said.

Eleven people have now been charged on those two counts. Four others were charged with lesser offenses, including having knowledge of a terrorist activity but not disclosing information about it.

A Scotland Yard statement said Gulzar, Uddin and Hussain conspired with eight other suspects in the alleged plot and had intended to commit "acts of terrorism engaged in conduct to give effect to their intention to smuggle the component parts of improvised explosive devices onto aircraft and assemble and detonate them on board."

All three men will be arraigned on Wednesday.

Of 25 people originally arrested, 15 have been charged and are being held by police, five others remain in custody without charge and five have been released.

Chief Magistrate Timothy Workman earlier ordered Nabeel Hussain's brother Mehran Hussain held in custody until Sept. 19. Mehran Hussain, and his other brother, Umair, are charged with failing to tell police about Nabeel's alleged involvement in what prosecutors say was a plot to down airliners using plastic and liquid explosives.

Workman also ordered Cossar Ali, 24, held in custody until Sept. 5, when her lawyer David Gottlieb said he intends to apply for bail. Ali, the only woman charged so far in connection with the alleged plot, is accused of failing to disclose information about a possible terrorist attack.

Her husband, Ahmed Abdullah Ali, also is among the 15 people charged in the case.

Earlier in the day, a 17-year-old accused of storing an explosives manual and other documents connected to an alleged plot to blow up trans-Atlantic airliners was denied bail during a court appearance.

The teenager, who cannot be identified, was remanded until a Sept. 19 hearing at City of Westminster Magistrates' Court.

His attorney, Gareth Peirce, said the teenager intended to plead not guilty. He faces up to 10 years in jail if convicted, prosecutor Colin Gibbs told the court.

Gibbs told the court the teenager is accused of storing an explosives manual, a map of Afghanistan and five wills made out by people planning to commit suicide bombings — items police consider likely connected to planned acts of terrorism.

A deadline for the detention of the remaining five suspects held without charge expires on Wednesday, but a police spokesman said it was not yet decided whether they would be charged or if police would seek further time for questioning.

Senior police officers said last week they were analyzing thousands of pieces of evidence seized in searches of dozens of properties and two stretches of woodland.

Investigators have found chemicals that can be used to make bombs, including hydrogen peroxide, and electrical components during their searches, said Peter Clarke, head of Scotland Yard's anti-terrorist department.

Months of surveillance had produced "significant video and audio recordings" about the alleged plot, he said, including "martyrdom videos" by some of the suspects.

More than 8,000 items of data storage, such as compact discs, DVDs and memory sticks, were found, authorities said.

Associated Press writer Katie Fretland contributed to this report.

Britain Charges 3 More Suspects With Plotting To Bomb Airplanes (NYT)

By Alan Cowell

The New York Times, August 30, 2006

LONDON, Aug. 29 — The British police charged three more people on Tuesday with major terrorism and conspiracy counts after this month's alert over what the police described as a plot to bomb airliners flying from Britain to the United States.

The charges brought to 11 the number of people accused of conspiring to murder and to bomb airplanes flying to the United States — the most serious charges brought against the suspects embroiled in the alleged conspiracy.

The police announced the charges separately, saying early Tuesday evening that a man identified as Nabeel Hussain had been charged with conspiracy to murder and planning to smuggle "improvised explosive devices onto aircraft and assemble and

detonate them on board.'' As with the other suspects, Mr. Hussain, 22, had earlier been held without charge under British counterterrorism laws.

Several hours later, the police said two men identified as Mohammed Yasar Gulzar and Mohammed Shamin Uddin had been charged with the same offenses. Mr. Gulzar's name had not previously been made public in the inquiries that led to a huge roundup of suspects on Aug. 10 and set off a terror alert in Britain and the United States.

Most of the names of other people charged with offenses had been on a list released by the Bank of England on Aug. 11 when the bank announced that the assets of 19 people had been frozen. Mr. Uddin, 35, was the oldest person on the list.

Apart from the 11 people facing the most serious charges, three other people — including two of Mr. Hussain's brothers and Cossar Ali, the wife of another conspiracy suspect — are charged with lesser offenses, including withholding information from the authorities.

Several people have been released without charge since the first arrests on Aug. 10.

The police said late Tuesday that five more suspects remained in prison under counterterrorism laws permitting detention without charge for 28 days. Those laws require the police to seek a judge's permission every seven days to continue holding suspects. That deadline falls on Wednesday, almost three weeks after the first arrests.

The tally of conspiracy suspects is complicated by the fact that a 17-year-old caught up in the initial police dragnet on Aug. 10 is now being held on a terrorism charge unrelated to the conspiracy case.

The 17-year-old is too young to be identified by name under British court rules, but he is charged with "having in his possession a book on improvised devices, some suicide notes and wills with the identities of persons prepared to commit acts of terror, and a map of Afghanistan,'' The Press Association reported. His lawyer, Gareth Peirce, indicated during a court hearing on Tuesday that her client would deny the charges.

Taxi Driver In London Acquitted In Terror Case (WP)

By Mary Jordan

The Washington Post, August 30, 2006

LONDON, Aug. 29 -- An Iraqi taxi driver, accused of helping make two videos of London landmarks that terrorists could use to carry out an attack in the capital, was acquitted Tuesday.

Rauf Mohammed, 26, wept when the verdict was read in a London court. He had said the footage, shot in 2003, was "harmless," a tourist souvenir. His attorney, Lawrence McNulty, argued that his remarks on tape about killing Prime Minister Tony Blair and President Bush were made in an obviously joking manner and that the government had no proof Mohammed had any connection to terrorists.

Muslim leaders here welcomed the verdict and said the case showed that the British government has become overzealous in prosecuting Muslims. A government spokesperson, upset with the verdict, said the acquittal demonstrates why Blair's government has recently toughened laws to make it easier to win convictions in terrorism cases.

The indictment was based on videos taken during a drive around London that Mohammed made with a friend in 2003. During the drive, video footage was shot of various landmarks, including Parliament, the London Eye Ferris wheel on the River Thames, and a police station that has figured in terrorism arrests.

The tape was played for the jury during the trial. An interpreter testified that Mohammed was heard on the tape saying in Arabic: "God willing, now we go to Tony Blair. God willing we slay him. . . . Tony Blair, George Bush, Berlusconi and Rumsfeld, all of them, God willing." The last two names referred to former Italian prime minister Silvio Berlusconi, a close U.S. ally, and Defense Secretary Donald H. Rumsfeld, prosecutors said.

The other man in the car was not charged and testified as a defense witness.

The government contended that Mohammed possessed and made two videos "likely to be useful to a person committing or preparing an act of terrorism." In trying to prove those charges, prosecutors also said that loud music playing in the car as the video camera rolled had lyrics encouraging Muslims to kill "in the name of Allah" and to pursue "wiping virtually every Jewish person off the face of the earth."

Prosecutors said Mohammed's tape included part of a speech by Osama bin Laden broadcast by the al-Jazeera television network.

An investigation by the Home Office, which oversees domestic security, found that Mohammed was an active supporter of the Iraqi insurgency, the government contended. The defense argued that there "no evidence to support" that allegation.

"Prosecution of terror suspects is our preferred option," a spokesperson for the Home Office said in response to the acquittal. "That is why we have already brought forward new legislation that will strengthen our ability to bring prosecution."

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Jamal Elshayyal, a spokesman for the Muslim Association of Britain, said that he did not know the specifics of the case but that the acquittal spoke for itself. He noted that the majority of the Muslims whom British police have arrested on terrorism-related charges since the Sept. 11, 2001, attacks in the United States were either released without charge or acquitted.

He said that is why there is "outrage" among Muslims that the government recently extended to 28 days the length of time police can hold terrorism suspects without charges. The limit had been 14 days. "Twenty-eight days is still a long time -- a month of your life -- when you have done nothing," he said.

In another terrorism development, British police said Tuesday that three more people taken into custody earlier this month had been charged with conspiracy to commit murder in the alleged plot to blow up U.S.-bound airliners. Mohammed Yasar Gulzar, Mohammed Shamin Uddin and Nabeel Hussain also were charged with helping in a plan to smuggle explosives aboard the airplanes.

Judge To Rule Soon On Wiretap Lawsuit (AP)

By Tim Fought, ASSOCIATED PRESS WRITER

AP, August 30, 2006

PORTLAND, Ore. -- A federal judge suggested Tuesday that he would try to keep alive a lawsuit that challenges President Bush's domestic wiretapping program, while taking steps not to disclose classified information.

U.S. District Judge Garr King said he expected to render his decision next week in a case involving an Oregon-based Islamic charity that the government said had links to al-Qaida leader Osama bin Laden. The charity believes it was illegally wiretapped and says a document the government accidentally gave to its lawyers in 2004 bolsters its case.

The government said the document must be kept secret and any further court action involving it would lead to security breaches. The government has asked King to dismiss the charity's lawsuit.

In a hearing, King and the charity's lawyers talked about ways to keep the lawsuit alive without disclosing information about the classified document. Government lawyers resisted the idea.

King said federal judges handling similar cases in which national security concerns and the rights of plaintiffs clashed had tried to find ways around the problem, such as editing sensitive documents.

"It seems to me the cases have instructed the courts to be original," King told lawyers from the Justice Department. "I don't hear that from you at all."

Justice Department lawyer Andrew Tannenbaum said that U.S. National Intelligence Director John Negroponte had reviewed the case and determined that the government cannot confirm or deny information about intelligence-gathering without tipping its hand to terrorists.

"That very fact - whether they were subject to surveillance - is a privileged fact," Tannenbaum said.

Lawyers for the Al-Haramain Islamic Foundation said that the domestic wiretap program has been made public, disclosed by journalists and then confirmed by President Bush.

The foundation, once based in Ashland, closed after the government identified its parent organization as a terrorist group. The organization denied wrongdoing, saying that it collected money for a prayer house and for distributing religious pamphlets to prisoners.

Lawyers To Seek White House Documents On Alleged Phone Spying Program (AP)

By DAVID B. CARUSO, Associated Press Writer

AP, August 30, 2006

NEW YORK -- A pair of public interest lawyers said Tuesday they plan to subpoena the White House for any documents showing whether the Bush administration approved a secret program to examine the phone records of millions of Americans.

New Jersey attorneys Carl Mayer and Bruce Afran represent more than two dozen people who have sued Verizon Communications Inc., AT&T Inc. and BellSouth, claiming the telecommunications companies violated privacy laws by turning over phone records to the National Security Agency.

The lawyers said they suspected the administration had begun obtaining the records even before the Sept. 11 attacks, which, if true, would raise questions about whether the program was initiated to combat terrorism.

"We want to find out when they started going after these records. We want to find out who authorized it. Was it Dick Cheney? Was it someone else? And, frankly, we want to find out if they were using it improperly," Mayer said.

Justice Department lawyers representing the administration have argued that disclosing detailed information about the government's counterterrorism efforts, or even acknowledging whether the NSA phone records program exists, would be damaging to national interests.

The attorneys said they also planned to subpoena Verizon for documents.

Similar lawsuits have been filed nationwide, some of which have now been consolidated before a federal judge in San Francisco.

A Justice Department spokesman declined to comment Tuesday on the prospect of a subpoena. A Verizon spokesman also declined to comment.

Verizon has consistently denied that it provided the NSA with customer phone records, but has declined to discuss whether such an action was taken by its newly acquired long-distance subsidiary, MCI.

BellSouth has denied participating in the NSA program. AT&T has declined to comment on whether it turned over call information to the NSA.

Navy Lawyer Charged With Transmitting Secret Information (FINDLAW/AP)

By Larry O'dell, Associated Press Writer

AP, August 30, 2006

(AP) - RICHMOND, Virginia-A Navy lawyer has been charged with copying and transmitting secret information about Guantanamo Bay detainees to an unauthorized person.

Lt. Cmdr. Matthew M. Diaz, who was stationed at the U.S. base in Guantanamo Bay for six months, could face more than 36 years in prison if convicted at a military trial of the three charges he faces, Navy Mid-Atlantic Region spokeswoman Beth Baker said.

A charge sheet released Tuesday says Diaz, 40, printed out secret information related to national defense "with intent or reason to believe that the said information was to be used to the injury of the United States or to the advantage of a foreign nation."

The document also says Diaz "did ... wrongfully and dishonorably transmit classified documents to an unauthorized individual."

Baker said that individual - a person outside the government whom she declined to identify - notified federal authorities, prompting the investigation.

The complaint does not specify what type of information Diaz is accused of copying and transmitting, but Baker described it as a document containing names and other identifying information about Guantanamo detainees.

A preliminary hearing likely will be conducted in Norfolk in October, Baker said.

Diaz's civilian attorney, Victor Kelley, did not immediately return a phone message seeking comment.

The incidents allegedly occurred between Dec. 20, 2004, and Feb. 28, 2005. Diaz, now stationed in Jacksonville, Florida, worked as a staff judge advocate at Guantanamo Bay from July 2004 until January 2005.

Since 2002, the U.S. military has held foreign nationals suspected of terrorist ties at a detention center at the base in Cuba. Diaz provided counsel to the military command in charge of the detention center, according to the Navy, but was not involved in detainees' cases.

Last spring, the military released the names of hundreds of detainees it was holding at Guantanamo as a result of Freedom of Information Act lawsuits filed by The Associated Press.

Baker said Diaz, who is not in custody and continues to work in Jacksonville, has been in the Navy for 11 years after serving eight years in the Army.

2 Lodi Residents Refused Entry Back Into U.S. (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, August 26, 2006

Sacramento -- The federal government has barred two relatives of a Lodi man convicted of supporting terrorists from returning to the country after a lengthy stay in Pakistan, placing the U.S. citizens in an extraordinary legal limbo.

Muhammad Ismail, a 45-year-old naturalized citizen born in Pakistan, and his 18-year-old son, Jaber Ismail, who was born in the United States, have not been charged with a crime. However, they are the uncle and cousin of Hamid Hayat, a 23-year-old Lodi cherry packer who was convicted in April of supporting terrorists by attending a Pakistani training camp.

Federal authorities said Friday that the men, both Lodi residents, would not be allowed back into the country unless they agreed to FBI interrogations in Pakistan. An attorney representing the family said agents have asked whether the younger Ismail trained in terrorist camps in Pakistan.

The men and three relatives had been in Pakistan for more than four years and tried to return to the United States on April 21 as a federal jury in Sacramento deliberated Hayat's fate. But they were pulled aside during a layover in Hong Kong and told there was a problem with their passports, said Julia Harumi Mass, their attorney.

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The father and son were forced to pay for a flight back to Islamabad because they were on the government's "no-fly" list, Mass said. Muhammad Ismail's wife, teenage daughter and younger son, who were not on the list, continued on to the United States.

Neither Muhammad nor Jaber Ismail holds dual Pakistani citizenship, Mass said.

"We haven't heard about this happening -- U.S. citizens being refused the right to return from abroad without any charges or any basis," said Mass, a lawyer for the American Civil Liberties Union.

McGregor Scott, the U.S. attorney for California's eastern district, confirmed Friday that the men were on the no-fly list and were being kept out of the country until they agreed to talk to federal authorities.

"They've been given the opportunity to meet with the FBI over there and answer a few questions, and they've declined to do that," Scott said.

Mass said Jaber Ismail had answered questions during an FBI interrogation at the U.S. Embassy in Islamabad soon after he was forced back to Pakistan. She said the teenager had run afoul of the FBI when he declined to be interviewed again without a lawyer and refused to take a lie-detector test.

The Ismails had been in Pakistan partly so Jaber could study the Quran, Mass said. She said that neither he nor his father had anything to do with terrorism.

"They want to come home and have an absolute right to come home," said Mass, who has filed a complaint with the Department of Homeland Security and a petition with the Transportation Security Administration.

"They can't be compelled to waive their constitutional rights under threat of banishment," Mass said. "The government is conditioning the return to their home on cooperation with law enforcement."

Aviation watch lists were created in 1990 to keep terrorists off planes and track drug smugglers and other fugitives. But since al Qaeda's attacks on Sept. 11, 2001, the government has expanded the lists significantly. Members of the public cannot find out if, or why, they are on a no-fly list.

Michael Barr, director of the aviation safety and security program at USC, said the Ismail case appears to be unusual in the realm of federal terrorism investigations.

"You become what is called a stateless person, and that would be very unprecedented," Barr said.

He said U.S. law enforcement agents have understandably been "overly cautious" in recent years. "If they're going to err, they're going to err on the side of caution," Barr said. "What's happened in a lot of these things is that you're guilty until proven innocent."

Jaber Ismail was one of several people mentioned by his cousin, Hayat, during a videotaped interview with the FBI in Sacramento in June 2005 that prompted Hayat's arrest.

Hayat himself had just returned from a two-year trip to Pakistan. His flight, too, had been diverted because Hayat was on the no-fly list as a result of conversations he had with an informant who had infiltrated the mosque in Lodi that Hayat attended.

Prosecutors said Hayat told FBI interrogators that he had trained at a terrorist camp in Pakistan, although defense attorneys argued that the videotaped confession was contradictory and suggested that agents had manipulated the interview.

When agents asked him who else had gone to training camps, Hayat said, "I can't say 100 percent, but I have a lot of, you know, names in my head," according to a transcript of the interview.

Hayat said Jaber Ismail "went, like, two years ago." Asked if his cousin had gone to the same camp he had attended, Hayat said, "I'm not sure, but I'll say he went to a camp."

Hayat later said that Ismail and another relative "didn't talk to me about going to camps or anything. But you know I'm sure they went to the camp ... 'cause they memorize the Holy Quran."

Hayat faces up to 39 years in prison when he is sentenced. A hearing is scheduled for Nov. 17 to discuss his lawyers' motion for a new trial on a number of grounds, including juror misconduct.

On Friday, Hayat's father, ice cream truck driver Umer Hayat, 48, was formally sentenced at U.S. District Court in Sacramento.

In a deal with prosecutors, the elder Hayat pleaded guilty in June to charges of lying to customs agents about $28,000 he was carrying during a trip to his native Pakistan. He avoided a retrial on more serious charges of lying to the FBI about his son's training in Pakistan. He was sentenced to the 330 days in jail that he already served.

Speaking publicly for the first time, Umer Hayat said outside the courthouse that he "got screwed" and "hates terrorists." He said he had fabricated his own videotaped FBI confession -- in which he described visiting a militant camp in Pakistan where his son had allegedly trained -- because agents refused to believe the truth and because he was tired.

He said he had borrowed his description of masked terrorists firing guns, swinging swords and pole vaulting in a basement from "the newspaper and the TV," as well as from a Teenage Mutant Ninja Turtles video game belonging to his children. He said his ice cream truck bears a photo of one of the turtles, advertising a $1.25 ice cream bar.

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"I make a story, that's all," Hayat said.

Scott, the U.S. attorney, said he would "take anything Umer Hayat says with a grain of salt. He seems capable of saying whatever needs to be said at any particular time, whether it's the truth or not."

Israeli Agents To Don Disguises At Trial (AP)

By Mike Robinson

AP, August 30, 2006

CHICAGO - Two Israeli security agents expected to testify at the trial of two men accused of fundraising for the Palestinian militant group Hamas may wear disguises and use aliases on the witness stand, a judge ruled Tuesday.

The courtroom will be cleared of everyone but the jury, attorneys, the defendants and their families while the Israeli agents testify, U.S. District Judge Amy St. Eve ruled.

The ruling came in the case of Muhammad Salah, 53, of suburban Bridgeview and Abdelhaleem Ashquar, 48, of Alexandria, Va., both accused of funneling money to Hamas to pay for murders, kidnappings and other acts of terrorism aimed at the Israeli government.

Their trial on racketeering conspiracy and other charges is scheduled to start on Oct. 12.

In her order, St. Eve agreed with federal prosecutors who have said extraordinary precautions must be taken to protect the identities of the two agents against disclosure and possible retaliation by Hamas.

Messages were left Tuesday evening at the law offices of Salah's attorney Michael E. Deutsch of Chicago and Ashquar's attorney William Moffitt of Reston, Va., who had objected to the high degree of secrecy.

The agents were among those who questioned Salah after he was arrested in Israel in 1993. Police found $97,000 in cash in his East Jerusalem hotel room and claimed he was delivering the money to Hamas terrorists.

He served almost five years in Israeli prisons on the charge.

Deutsch had argued that without knowing the true identities of the agents it would be impossible to know if they were who they claimed to be.

But St. Eve said Salah would be able to tell if they were the men who questioned him. His conviction in Israel was based on statements he made to agents. He says the statements were tortured out of him.

Accused Hamas Funder's Lawyers Request A Probe (NYS)

By Josh Gerstein

New York Sun, August 30, 2006

Lawyers for an Illinois man accused of funneling millions of dollars to a Palestinian Arab militant group, Hamas, are asking a federal judge in Chicago to hold a hearing examining the prosecution's connections with the Israeli government.

In a motion filed yesterday, attorneys for Muhammad Salah asked to call witnesses and present other evidence to prove that the criminal case is the product of "the joint venture, cooperation, and partnership" between the American and Israeli governments. The defense lawyers said Israel should be compelled to turn over evidence favorable to Mr. Salah because the Israeli and American governments have acted in lockstep in the case.

Mr. Salah was deported to America in 1997 after spending nearly five years in jail in Israel on charges related to money he allegedly carried for Hamas. He is scheduled to go on trial in October on the new American charges.

A defense lawyer, Michael Deutsch, described a "longstanding and profound political military and law enforcement relationship" between Israel and America. One authority he cited is an academic paper published in March, "The Israel Lobby and U.S. Foreign Policy." The hotly disputed treatise by a political science professor at the University of Chicago, John Mearsheimer, and the academic dean at Harvard's Kennedy School of Government, Stephen Walt, argues that pro-Israel elements have effective control over American strategy in the Middle East.

Mr. Deutsch also asked to present evidence about the role of the Anti-Defamation League as a "conduit and facilitator" between Israeli and American authorities.

A spokesman for prosecutors on the case, Randall Samborn, declined comment.

HOMELAND RESPONSE:

Chertoff Seeks More Air Travelers Data (AP-Y)

AP, August 30, 2006

DOJ_NMG_0055684

The government needs broader access to airline passenger information to identify potential hijackers, Homeland Security Secretary Michael Chertoff said in an article published Tuesday.

"How do we thwart a terrorist who has not yet been identified?" Chertoff wrote in an op-ed article in Tuesday's editions of The Washington Post.

"One way is by using more of the detailed information collected by airlines and travel agencies when an individual books a flight," Chertoff wrote. "These passenger name records contain information, such as travel itineraries and payment details, that can be analyzed in conjunction with current intelligence to identify high-risk travelers before they board planes."

The government has collected such data on travelers flying from other countries to the U.S. since the early 1990s, Chertoff wrote. But European privacy concerns have limited the ability of investigators to share such information between agencies or with their counterparts abroad, he wrote.

"Protecting personal privacy is a part of responding to the post-Sept. 11 world, but it should not reflexively block us from developing new screening tools," Chertoff wrote. "Indeed, more data sharing leads to more precisely targeted screening, which actually improves privacy by reducing questioning and searches of innocent travelers."

Europe Pushes For Study Of Biometrics To Screen Passengers (USAT)

By Jeffrey Stinson

USA Today, August 30, 2006

LONDON — Europe is stepping up efforts to explore the use of eye scans and other biometric technology to screen airline passengers who volunteer for background security checks.

The goal is to see whether airport security can be enhanced and congestion eased by encouraging frequent fliers to undergo pre-screening. In return, cleared passengers could pass through immigration and security checkpoints more easily by identifying themselves through biometric scans of their irises or fingerprints.

The renewed push by European authorities to study measures similar to the USA's fledgling Registered Traveler program comes weeks after British police said that they had uncovered a plot to blow up passenger jets en route to the USA.

“There is an urgency,” says Friso Roscam Abbing, spokesman for European Union Vice President Franco Frattini, the EU's justice commissioner. However, Roscam Abbing says, “We know that we cannot introduce any such system overnight.”

Potential obstacles: European airports use a variety of screening methods. Some nations might balk at two-tiered security checks. And privacy advocates question the reliability of biometric technology and whether any voluntary program would become mandatory.

Roscam Abbing says the EU will assess existing programs — notably in the Netherlands and Britain — before trying to develop a Europe-wide system.

Frequent fliers cleared by police at Amsterdam's Schiphol Airport can opt for iris scans and quicker security checks for about $125 a year. More than 30,000 have registered, Schiphol spokeswoman Mirjam Snoerwang says. About 800 a month are signing up for the 5-year-old program, she says.

Britain allows frequent travelers to circumvent crowded immigration checkpoints and go through an iris scan at no charge once they've undergone background checks by security services. Almost 26,000 people have registered for the year-old program.

The British program, available at most terminals in Manchester and at London's Heathrow and Gatwick airports, is seen as a first step in plans to expand biometric identification of passengers.

In the USA, Verified Identity Pass, which operates the “Clear” program at Florida's Orlando International Airport, says it will provide similar services at the San Jose, Calif., Cincinnati and Indianapolis airports in the next several weeks. The company also has contracted with Toronto's airport.

At Orlando, where the Clear program has been operating for 13 months, more than 27,000 travelers who have been cleared by the Transportation Security Administration (TSA) pay $79.95 a year to bypass regular security checks.

They go to separate lines, insert a card, have their eyes and fingerprints scanned, then pass through body and baggage screens. “It takes only a minute or two,” Clear spokeswoman Cindy Rosenthal says.

Until the alleged terror plot was disclosed on Aug. 10, passengers departing from London's Heathrow Airport did not have to remove their shoes to pass through security. Since then, passengers flying out of Britain have had to remove shoes and have been limited to one carry-on bag about the size of a briefcase. Liquids and gels have not been allowed in carry-ons.

Privacy advocates worry that pre-screening of all passengers and the use of biometric technology could become mandatory. “In Europe … any system that begins voluntary will end up mandatory,” says Simon Davies, director of Privacy International, a London-based surveillance watchdog.

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Davies says the accuracy of biometric identification is overstated. Iris scans, touted as nearly foolproof, can register false positives, he says. “People have been sold this lie of infallibility,” he says. “It isn't.”

Privacy fears are overblown, says Steven Brill, the lawyer and journalist who founded Verified Identity Pass.

Registered Traveler programs ease congestion and reduce the workload on TSA screening staff, he says.

Homegrown Terror Suspects Raise Concern (AP)

By Lara Jakes Jordan, Associated Press Writer

The AP, August 29, 2006

Born in the USA terrorists — as well as potential ones — are stirring the government's interest.

Worried about American citizens attacking their own country, law enforcement and intelligence officials are trying to learn how and why extremist sympathizers cross a line and become operational terrorists.

Intelligence officials now fear that homegrowns pose as much of a threat to the U.S. as foreign terrorists. State and local police are being enlisted to watch for signs from people who in the past would have never gotten a second look.

"We want to understand the phenomena: What causes a person from being, say, extreme in views, to moving to actually committing violence?" said Charles E. Allen, chief intelligence officer at the Homeland Security Department.

Little is known about how many homegrown terrorists are in the country — or how many sympathizers are being recruited to join their ranks. The FBI has long monitored groups that pose potential threats, from al-Qaida sympathizers to abortion clinic bombers and radical animal rights and environmental activists.

Allen said the United States has a relatively low level of extremism and has experienced fewer attacks or potential attacks from native-born citizens than many countries. But an uptick in cases of homegrown attacks and plots — both domestically and globally — illustrates authorities' concerns.

Mass transit bombings, in Madrid in 2003 and London in 2005, were carried out by self-organized cells of homegrown extremists. In June, 17 Canadian Muslims were charged with plotting to bomb targets in Ontario. British citizens are charged with conspiring earlier this month to bomb as many as 10 trans-Atlantic flights headed to the United States.

Closer to home, five U.S. citizens were charged in June for plotting to blow up the Sears Tower in Chicago and a federal building in Miami. They allegedly took an oath to al-Qaida and sought help from the terrorist organization, although FBI Deputy Director John Pistole said the group was "more aspirational than operational."

Numbers of all federal arrests and prosecutions in homegrown terror cases were not immediately available — in part because of differing definitions of what a homegrown terrorist is, said FBI spokesman Richard Kolko.

He noted that homegrowns could include the six Yemeni-Americans from Lackawanna, N.Y., recruited to a terrorist training camp in Afghanistan before 9/11, but also the lone gunman who opened fire on a Jewish center last month, killing one woman and injuring five others.

"We consider this one of the hardest things to identify," Kolko said.

Prisons have served as one breeding ground for homegrowns, as Islamic extremists meet up with vulnerable sympathizers and goad them into violence with distorted interpretations of the Quran, said Frank Cilluffo, homeland security director at George Washington University.

"This is stuff straight out of the al-Qaida training manual," Cilluffo said. "Most of the people who are being converted — in the United Kingdom and United States — don't have any knowledge coming in about Islam. They are the most easily manipulated."

Cilluffo is working with scholars at the University of Virginia, law enforcement officials and prison counselors on a study to be released next month on homegrown terrorists. "We don't want to suggest we have an absolute epidemic on our hands; we just don't know," he said.

Allen said federal analysts will rely heavily on suspicious activity reports and other information from state and local authorities to root out homegrowns. "A lot of data flows into Washington, and we need to learn a lot more about how to read that material, and I think the answer will be at state and local governments," he said.

Local police, however, have little training to know what to look for. Since the Sept. 11, 2001 attacks, authorities have focused mostly on young Middle Eastern men.

"We need to start looking at people who look more like us," said Gaithersburg, Md., police detective Patrick Word, president of the Mid-Atlantic Regional Gang Investigators Network, which shares intelligence among law enforcement officials.

Word said the federal government also "needs to broaden the scope of what terrorism is and what homeland security is."

"Are you more worried about the plane crashing into the building or biker gangs bringing a pipe bomb to a local restaurant? Or drive-by shootings, or machete attacks by armed gang members?" he said.

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Beyond carrying out devastating attacks, homegrowns also can inflict far greater psychological damage on the nation, said John Rollins, a former Homeland Security senior intelligence official. Homegrown attacks will inevitably make people become paranoid about neighbors, community members and others they've known for a long time, he said.

"It's easy for us to say it's those guys over there, or it's folks that follow a certain religious belief, but if they're Americans, it's not easy for us to keep them at arms' length," said Rollins, a terrorism specialist at the Congressional Research Service. "They're part of the makeup. They're undetected."

THE SITUATION ROOM (CNN)

CNN's The Situation Room, August 30, 2006

JOHN KING, CNN CHIEF NATIONAL CORRESPONDENT: Thank you Susan and to our viewers, you're in THE SITUATION ROOM where new pictures and information are arriving all the time. Standing by, CNN reporters across the United States and around the world to bring you today's top stories.

Happening now, hope and heartache a year after Katrina. It's 3:00 p.m. in New Orleans where President Bush joined the commemorations and revisited the federal government's failures. Will the Gulf Coast ever fully recover? We'll have brand new poll numbers and I'll talk to the former FEMA chief Michael Brown.

Also this hour, Tropical Storm Ernesto veers down on South Florida. It's 4:00 p.m. in Miami where many residents are trying to play it safe with Katrina memories on their minds. We are tracking Ernesto's power and path.

And is John McCain too old to be president? As the senator celebrates his 70th birthday, we'll get some straight talk about his health his and political future. Wolf Blitzer is off today. I'm John King, you're in THE SITUATION ROOM.

Right now, Florida is under a state of emergency as Tropical Storm Ernesto churns closer to the southern coast. It's far short of hurricane strength, but experts are warning of possible tornadoes, flooding and mud slides. The forecast ahead.

Of course on this day, much of the nation is remembering a storm of shocking strength that left so many feeling powerless. In New Orleans, Mayor Ray Nagin led a bell-ringing ceremony marking one year since Hurricane Katrina hit and he's defending his plan for rebuilding the city.

(BEGIN VIDEO CLIP)

MAYOR RAY NAGIN (D), NEW ORLEANS: The big problem that I got into with some people with this so-called we don't have a plan is because it's not their plan. And what they've been trying to get me to do is shrink the footprint of the city of New Orleans and basically say a community like the Lower Ninth Ward cannot come back.

We have restored utilities to half of the neighborhood. The other half is in such disrepair that we're working on repairing that and we will get it done. The Lower Ninth Ward will come back. Our street grids are fine and it's just a matter of getting the money to the people so that they can rebuild their homes.

(END VIDEO CLIP)

KING: President Bush is spending a second day on the Gulf Coast addressing what went wrong a year ago and what still needs to be done now. In a speech in New Orleans, he again accepted full responsibility for the federal government's Katrina response and he promised lessons have been learned. But many Americans remain skeptical and that could influence how much taxpayer money is invested in the Gulf Coast future. Our Bill Schneider is here with a new look about how the public views the Katrina recovery challenge -- Bill.

WILLIAM SCHNEIDER, CNN SR. POLITICAL ANALYST: John, you may not think of Hurricane Katrina's recovery effort as political, but it is.

(BEGIN VIDEOTAPE)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: New Orleans is going to rise again.

SCHNEIDER (voice-over): The public does not share the president's optimism. Just after Hurricane Katrina hit a year ago, 56 percent of Americans said they did not think New Orleans would ever completely recover. And now? Confidence has not gone up, 60 percent do not believe the city will completely recover.

A year ago, President Bush made a pledge.

BUSH: I came to Jackson Square. I said we could not imagine America without the Crescent City and pledged that our government would do its part.

SCHNEIDER: Do Americans believe the federal government has done its part? A majority say no, they don't. That opinion is intensely political. Only about a quarter of Republicans believe the federal government is not doing enough.

Democrats disagree overwhelmingly. Do people believe low-lying areas of New Orleans should be rebuilt? Nearly 40 percent of Americans say no. That view is held by half of Republicans, but only one-third of Democrats.

President Bush made another pledge last year.

BUSH: And a year ago, I made a pledge that we will learn the lessons of Katrina.

SCHNEIDER: The public is not sure. Just over half say the country has learned a lesson from Katrina and is much better prepared for disasters than it was a year ago. Just under half says the country has not learned a lesson and is just as vulnerable as it was a year ago. Behind that split is of course, politics.

BUSH: If there is another natural disaster, we will respond in better fashion. SCHNEIDER: Republicans agree can the president, the country has learned a lesson from Katrina and will be better prepared next time. Most Democrats are skeptical.

(END VIDEOTAPE)

SCHNEIDER: Republicans and Democrats do agree on one thing, that New Orleans is not prepared to deal with a major hurricane, 84 percent of Democrats feel that way, and so do 84 percent of Republicans -- John.

KING: An interesting snapshot one year later. Bill Schneider, thank you very much.

And now to the coming storm as a tropical storm warning and a hurricane watch are in effect for parts of the Florida's Atlantic Coast. We're of course tracking Ernesto at CNN's hurricane headquarters. Let's go now to our meteorologist, Jacqui Jeras. Hi, Jacqui.

(WEATHER REPORT)

KING: And whether this tropical storm strengthens into a hurricane could also be influenced by the temperature of coastal waters. Our Internet reporter Abbi Tatton is standing by with more on that. Abbi?

ABBI TATTON, CNN INTERNET REPORTER: John, as Ernesto travels north towards Florida, it's these warm waters around the state that forecasters are going to be paying close attention to. These are maps from Rutgers University's coastal ocean observation lab. To orient you, here is the peninsula of Florida and it's these areas in dark red here that are the very warmest waters, temperatures of about 85 degrees.

According to the National Weather Service, hurricanes can form over waters with temperatures of at least 80 degrees. Once Ernesto makes land fall, the danger isn't entirely over. If you look at this, the cone of the storm that extends not just over land, but it extends past, over the water on both the east and the west coasts of Florida -- John.

KING: Still some questions to answer. Abbi, thank you very much -- Abbi Tatton.

And many Florida residents are lining up for gas and other staples. They are being warned to have 72 hours worth of supplies on hand just in case Ernesto packs more of a punch than is now expected. Governor Jeb Bush and Homeland Security Chief Michael Chertoff say they're looking at this storm as a test of post-Katrina hurricane readiness.

(BEGIN VIDEO CLIP)

MICHAEL CHERTOFF, HOMELAND SECURITY SECRETARY: This does not look like a catastrophic event, but we always want to be ready and we always want to test ourselves. And this is a great chance for our federal coordinating officer Tito Hernandez and his team to be seeing how all these new reforms we've put into place are actually working in the real event and we'll be tracking that as the storm impacts and goes through Florida.

(END VIDEO CLIP)

KING: Just a short while ago, and you can see it live, NASA decided Ernesto isn't a threat to the space shuttle as previously feared. It stopped moving Atlantis into its hanger and began rolling the shuttle back to its seaside launch pad at the Kennedy Space Center.

Our Zain Verjee joins us now with a closer look at other stories making news. Hi, Zain.

ZAIN VERJEE, CNN VERJEE: Hi, John.

He says he's a man of God, but police says he set up all the men with underage girls and illegal marriages. Now the man with many wives is sitting in a Nevada jail. Polygamist Warren Jeffs was arrested last night in Las Vegas. He had been on the FBI's most wanted list. Jeffs is the leader of a sect that broke away from Mormonism. One official talked about what the arrest actually means.

(BEGIN VIDEO CLIP)

MARK SHURTLEFF, UTAH ATTORNEY GENERAL: He's been so prolific in tearing families apart. And now his ability to do that is substantially altered.

(END VIDEO CLIP)

VERJEE: We're going to bring you a full report on this arrest in the next hour.

And officials say he sincerely believes he killed JonBenet Ramsey, and police once believed him. But now they're having to explain how such a high-profile, trans-Pacific capture ended up with the wrong man. The Boulder, Colorado district attorney says they needed to bring John Mark Karr from Thailand to the U.S. to obtain DNA samples directly from him.

That DNA is what later cleared him of involvement of the 1996 killing of the young beauty contestant. But the Colorado district attorney says Karr still believes that he killed JonBenet Ramsey, even though there is no physical evidence linking him to the crime -- John.

KING: Zain Verjee, see you a bit later. Thank you, Zain.

And time now for "The Cafferty File." Jack Cafferty, of course, joining us from New York.

Hi, Jack.

JACK CAFFERTY, CNN ANCHOR: How you doing, John? Fighting words out of Iran today just two days before a U.N. Security Council deadline for that country to stop enriching uranium. The country's president Mahmoud Ahmadinejad has indicated he's not going to listen. No surprise there, I guess. Ahmadinejad has indicated he's not going to listen. No surprise there, I guess. Ahmadinejad went on to question the authority of the U.N. Security Council, as well as the motives of the United States and the United Kingdom.

And he later challenged President Bush to a live televised debate so the two could focus on global affairs. Well, the White House shrugged it off, called the proposed debate a diversion. But "The Cafferty File" was intrigued by this idea.

Here's the question. Who do you think would win in a debate between President George Bush and Iranian President Mahmoud Ahmadinejad? E-mail your thoughts to CaffertyFile@CNN.com, or go to CNN.com/CaffertyFile -- John.

KING: Maybe...

CAFFERTY: I'd buy a ticket to that, I think.

KING: I was going to say, maybe that's why Wolf is out. Maybe he's negotiating to moderate.

CAFFERTY: He could be the moderator.

KING: He'd do a fine job, but you'd do a fine job, too, Jack.

CAFFERTY: Oh, stop trying to suck up to me.

KING: All right, I just stopped.

If you want a sneak preview of Jack's questions, plus an early read on the day's political news and what's ahead here in THE SITUATION ROOM, sign up for our daily e-mail alert. Just go to CNN.com/situationroom.

Coming up, John McCain turns 70 today. If the senator from Arizona does jump into the race for the White House as expected, will his age, and his health, be a major factor?

Plus, he was the first fall guy from the Katrina debacle. Former FEMA director Michael Brown speaks out on what the government did right and wrong in the wake of the storm, and what he thinks needs to be done before the next hurricane hits.

And later, new developments in the CIA leak case point to a former top State Department official.

Stick around. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

KING: This is a big day for Senator John McCain: his 70th birthday. That, of course, raises the question that could be crucial to his future in presidential politics. Does age matter? Let's talk more about McCain's milestone and whether it could keep him from the White House.

Our senior medical correspondent, Dr. Sanjay Gupta, is here, but first, our congressional correspondent, Dana Bash.

DANA BASH, CNN CONGRESSIONAL CORRESPONDENT: Well, John, Senator McCain is spending his 70th birthday in Montenegro as part of a five- country, ten-day trip with Senate colleagues. And it's that kind of image -- someone who is always on the go -- that McCain is eager to cultivate as he gears up for a probable presidential run and faces questions about whether he's up to the challenge.

(BEGIN VIDEOTAPE)

BASH (voice-over): Just how old is John McCain? Get used to hearing this ...

SEN. JOHN MCCAIN (R), ARIZONA: I am older than dirt, I have more scars than Frankenstein, but I have learned a few things along the way.

BASH: One lesson, try to turn a potential liability -- age -- into a self-deprecating punchline, much like the role model he'd like to replace in the history books.

RONALD REAGAN, FMR. PRESIDENT OF THE UNITED STATES: I am not going to exploit for political purposes my opponent's youth and inexperience.

BASH: Ronald Reagan was 69 years, 349 days old, when he took office in 1981. McCain would be 72 years, 144 days old, on Inauguration Day 2009. Reagan's former chief of staff says judge McCain by how he acts, not his age.

KEN DUBERSTEIN, FORMER REAGAN CHIEF OF STAFF: You don't all of a sudden start covering yourself with a blanket and having tea at 2:00 in the afternoon just because you are 70 years old.

BASH: McCain goes out of his way to come off more Gen-X, than geriatric.

MCCAIN: Congratulations.

BASH: Appearing in movies like "The Wedding Crashers" and hosting Saturday Night Live.

MCCAIN: (SINGING).

BASH: Aides played down the significance of 70 by playing up his tireless pace in the Senate and on the trail for GOP candidates.

SEN. SUSAN COLLINS (R), MAINE: I have traveled with Senator McCain to the far corners of the world. And I like to think I have a lot of stamina: he leaves me in the dust. BASH: But anyone McCain's age faces higher risks. The government says 88 percent of those over 65 have at least one chronic health condition. One in four older Americans suffer from a decline in cognitive health. McCain's personal history adds to the challenge -- multiple bouts of skin cancer and invasive surgery to remove it.

MCCAIN: My health is excellent.

BASH: A top aide insists McCain is now cancer-free and tells CNN he's checked at the Mayo Clinic every three months. They are preparing for the scrutiny that comes with a bid for president.

SCOTT REED, REPUBLICAN STRATEGIST: Part of the campaign strategy will be to put out the health records, probably have a more aggressive schedule of going to doctors, but open the book and show everything.

(END VIDEOTAPE)

BASH: Six years ago, McCain released some 1,500 pages of medical records in an effort to prove the former prisoner of war was physically and psychologically fit to be president. Aides say they'll have to do that again, but when it comes to the age factor, John, what you hear from his aides over and over again is one simple message -- in a post-9/11 world, they believe that voters will buy the fact that life experience matters.

KING: That is what they want. Dana Bash, stay with us.

I want to bring Dr. Gupta back into the conversation. She pointed out, anyone his age is at risk; what are we looking for?

DR. SANJAY GUPTA, CNN SENIOR MEDICAL CORRESPONDENT: A couple of things to keep in mind. We don't measure age in years so much, as doctors. We look more at physiological age. So someone can be 50, have the body of an 80-year-old, and vice-versa as well.

Also, the type of illness matters, as you might predict, John. For example, President Eisenhower had a heart attack when he was in office -- people sort of forgave that. But when he had a stroke that affected his thinking, dementia-sort-of-like symptoms, they weren't so forgiving.

McCain comes from a very strong family history, a history of military men. His mother is 95 years old, so he's got good genes in his family as well, and he's shown that he can, you know, rebound pretty quickly from this melanoma diagnosis.

KING: You say rebound pretty quickly. When you talked to the campaign age, they say five years cancer-free. They think that's the major threshold. When it comes to melanoma, is that true?

GUPTA: Well, you know, it's interesting with him in particular, because two separate diagnoses of melanoma, '93 melanoma, and then five years later, '98, his doctor comes out and says he's essentially cured, mainly because he hasn't had a recurrence. Not so. As we found out, in 2000, another case of melanoma. It's an important point, because a lot of people who have melanoma out there, you might not having anything for several years, and then it could come back up. There was seven years in between there, John. So, you know, we're at 2000 now. Seven years from then would be 2007, so could it happen again? Sure.

KING: You saw the scar on his face in Dana's piece. He was in pretty bad shape after that. You say it could come back again. Is it something that you are looking at his face, looking at his skin, or could it hide and go somewhere else on your body in five, seven, 10 years later?

GUPTA: For the most part, it's usually going to appear on the skin first, but it's a good question. It could appear on other organs, such as the lungs. It could appear on the liver as well. There are very good treatments for this, but one of the sort of hallmarks for this is to examine the skin.

He's also -- because of his previous diagnosis, he's going to get the rest of his body checked as well, so he'll get chest x-rays and scans of his abdomen and stuff like that, just routine sort of follow- up.

KING: And he's a 70-year-old man. He will be 71, almost 72 as he runs for the presidency. Let's assume he's in very good health. He's still going to have to go to the doctor from time to time. Things will happen to him that don't happen to a man who's 40, correct?

GUPTA: Absolutely. And, you know, besides the melanoma which everybody is focused on, you still have to think about the common things being common. Heart disease certainly more common. Dementia -- again, that's a big concern in someone who is older. The numbers go exponentially higher. You worry about things like Alzheimer's. He's going to need to get the preventative screenings that any older American would get.

KING: And you say, from a political standpoint, they're prepared to talk publicly about that as he goes through this process.

BASH: They know they're going to have to, but they also say that they understand that the candidate is what he is, essentially, and that as much as they want to talk about fact that he's healthy, that they're going to have to wait and see what happens, and they are going to try to let his pace speak for itself and his health speak for itself.

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KING: And talk about how that's different, publicly. As a doctor and as someone who's watched this, candidates now are under a lot more pressure than candidates, say 25 years ago, to lay it all out.

GUPTA: It's remarkable. And, you know, we did a documentary called "The First Patient," actually looking at the list of the events that a president has to do, and a candidate as well. I mean, just the number of stair they are climbing every day, the amount of walking they have to do, the amount of content they have to keep in their brains from meeting to meeting, it's remarkable and it goes exponentially higher as you well know, John, as the campaign goes on. So is that harder on an older person? I think absolutely, and I think even his camp would admit that, but you know, very doable as well.

KING: Up and down the bus. But Senator McCain would find the White House complex is a lot more flat than the Capitol complex. Dana can tell you that as well.

BASH: A lot more flat.

KING: Dana Bash, Dr. Sanjay Gupta, thank you very much.

GUPTA: Thank you.

KING: And up next, he was the first political casualty from Hurricane Katrina. Now one year later, I will ask the former FEMA director, Michael Brown, if the government is ready to handle another devastating hurricane.

And later, Jesse Jackson in the Middle East, will he be able to convince Hezbollah to free the Israeli soldiers it's holding? Stay right with us. You are in THE SITUATION ROOM.

(COMMERCIAL BREAK)

KING: Welcome back to THE SITUATION ROOM. I'm John King in Washington.

On this first anniversary of the Katrina catastrophe, President Bush is promising that if and when there is a next time the federal government will do better. The Federal Emergency Management Agency, of course, was a top target of criticism under its then-director Michael Brown. Mr. Brown joins us live in just a moment, but first, is FEMA ready now? Here's our homeland security correspondent, Jeanne Meserve.

(BEGIN VIDEOTAPE)

JEANNE MESERVE, CNN HOMELAND SECURITY CORRESPONDENT (voice-over): Katrina destroyed lives, property and the reputation of FEMA. A year after the storm, the agency is still a punch line.

JON STEWART, HOST, "THE DAILY SHOW": Don (ph), the bombing campaign has not only seemingly failed to weaken Hezbollah, you're actually saying it's made them stronger.

DON, ACTOR: That's right, Jon. From what I hear, they're very keen to take on their next project, the reconstruction of New Orleans. Hezbollah may be a rag-tag group of undereducated Islamic extremist militiamen, but at least they're not FEMA.

MESERVE: FEMA's director says Katrina's lessons have been learned.

DAVID PAULISON, FEMA DIRECTOR: What we don't want to do is let all of that suffering, those fatalities, all of that damage go in vain. Shame on us if we do that.

MESERVE: Critical shortages of food and water are hopefully a thing of the past. FEMA says it has stockpiles to feed a million people for a week. And unlike last year, contracts for other critical items have been negotiated ahead of time. No more idling of supply trucks hundreds of miles from where they are needed, officials say, though a logistics system to track them is still a work in progress.

MICHAEL CHERTOFF, HOMELAND SECURITY SECRETARY: Eventually we'd like to have a system that could literally track packages the way FedEx or UPS does. We weren't able to get there in one year, but where we've gotten takes us very, very far ahead of where we were previously.

MESERVE: But a new report from the Department of Homeland Security inspector general says many of FEMA's urban search and rescue teams are ill-prepared because of funding and personnel shortages. And some feel the agency as a whole is not ready for the next big storm.

LEO BOSNER, FEMA EMPLOYEE: I feel our preparedness has gone down.

MESERVE: Bosner, a long-time FEMA employee and union representative, says government planning documents make bad assumptions and are too complex.

BOSNER: The plan to this day is incomprehensible. Nobody understood it under Katrina and nobody understands it today.

MESERVE: Former FEMA officials say sapped morale has led to a wave of retirements. And despite a recent hiring push, 15 percent of FEMA jobs are unfilled. Some state emergency managers worry about the agency's lack of bench strength.

COL. JEFF SMITH (RET.), LOUISIANA HOMELAND SECURITY OFFICE: But they really lack the depth of core people that are highly experienced in program management at this point.

MESERVE (on camera): No one believes FEMA is completely fixed. Many experts predict the agency will overcompensate for its past failures and try to use the next storm to repair what was damaged in the last one: its image.

Jeanne Meserve, CNN, Washington.

(END VIDEOTAPE)

KING: And joining us now, the man who was at the helm of FEMA after Katrina, and who later took the heat, and the fall, Michael Brown.

Mike Brown, thanks very much for joining us from New York.

MICHAEL BROWN, FORMER FEMA DIRECTOR: My pleasure, John.

KING: I want to begin with something you said this morning that I found quite interesting. On the "Today" show on NBC this morning, you said this: "You want to protect the president, because you're a political appointee, so you're torn between wanting to tell the absolute truth, and following those stupid talking points. To this day, that is my biggest regret."

Mike Brown, tell us on this day as the country reflects on Katrina, what is the truth about the president and his role in all of this that we don't know, that you have been reluctant to tell?

BROWN: Well, I think the administration, John, is now reaping what it sowed for the past three-and-a-half, four years with the Department of Homeland Security. All the public has to do is go back and look at the memos that I wrote in 2003 and again in 2005 warning that this was going to happen.

I think Jeanne's report that your viewers just saw is absolutely right on point. You know, it is crippled, it has suffered from the money that's been taken by Homeland Security, by the fact that, you know, Secretary Chertoff and Secretary Ridge just flatly refused to do catastrophic disaster planning. And we are now reaping the problems of that.

KING: Have they learned the lesson from that? Is there more money going into the planning now? Or do you think they are just papering this over?

BROWN: Well, that's -- I think that's going to be the role of you and me and everyone in the media and the American public, to watch and really hold their feet to the fire, that it's not just, again, talking points, that Secretary Chertoff doesn't come on and just talk about, you know, we are doing all of these things, which I hope he's doing. But we have got to hold their feet to the fire and make sure they really do implement those reforms.

KING: Many people watching this are probably asking the question, why should I listen to this guy? This is the guy who was running FEMA when this all happened.

Now, I know you think there is plenty of blame to go around. But Congress did look into it. And we had a conversation yesterday with Senator Susan Collins. She's the chairwoman of a Senate committee that looked into all this. And she says at the top of the blame list, in her view, is a guy named Michael Brown.

I want you to listen to Senator Collins.

(BEGIN VIDEO CLIP)

SEN. SUSAN COLLINS (R), MAINE: Well, I was very disappointed in the federal response. It was hesitant and halting, when it should have been crisp and competent. I think the person who is the biggest failure in this was Michael Brown, the director of FEMA, who failed to take control and deliver essential services.

(END VIDEO CLIP)

KING: Is she right, Mike Brown?

BROWN: Isn't that amazing, that the senator who oversees FEMA, the one that I went to for two years, and said, Senator, these -- this is not working; we need these things; isn't that amazing, that she now tries to deflect that blame back to the one guy who was saying, all along, we need to fix these things?

It's the same old Washington politics. And I would say to Senator Collins; Come on, Senator. Get real about this.

KING: Well, let me ask you this, and play devil's advocate. She's not here.

She's from the state of Maine. It's not going to get hit by a hurricane any time soon, or certainly not by a high-force hurricane. She is also someone who has sparred with this president and administration from time to time. She is known as a maverick. Why wouldn't she stand up and say, "I think Mike Brown is to blame, but I also think, in the year after, they haven't done X, Y and Z," if she really feels that way?

BROWN: Because I think we are too close to the '06 and the '08 elections. I think that's exactly what's going on.

And no one wants to -- look, this is all part of, as long as we can continue to blame Mike for everything that went wrong, literally for everything, then, that's the mantra they are going to stick to.

Look, when she talks about, "Why didn't he get stuff down there; why didn't he take charge?" I tried, for the first five days, to take charge. I couldn't get a unified command established, because there was this fear of, well, if we come in and federalize this, how is that going to look, if we federalize a white female Democrat governor and we don't federalize a white male Republican governor, referring to Governor Barbour in Mississippi?

It's just politics at its absolute worst.

KING: Well, then, let me go back to the first point, then.

You say that you are reluctant at times. It appears -- now, tell me if I am mischaracterizing what you are saying -- that you are reluctant to be more honest about the president and his role in all this, because you want to stick to the talking points; you want to be a loyal political appointee.

At that moment, when you are trying to get federalized, why didn't you just go to the president of the United States, say, "Damn it, Mr. President, we need to do this, or else we are in serious trouble"?

BROWN: And that's what your viewers need to know, John, is, that is exactly what I did. I did that on numerous occasions.

Prior to the storm, I did it. Everyone remembers the famous "Heck of a job, Brownie" phrase. I had spent about three or four minutes with the president prior to that, telling him exactly how bad things were throughout the Gulf Coast region.

KING: And what did he say?

BROWN: There was just this amazing, you know, well, keep trying, and we're going to keep doing -- you know, talk to Joe and talk to Andy and the other people on the staff, and we will make things work.

I talked to him again on Tuesday morning, immediately following landfall, and said, "Mr. President, that we have lost at least 80 percent of the population of New Orleans."

And there was this astonished gasp from everybody on the conference call about, are you kidding me?

And that's astonishing to me, because we had talked about it for two days prior to landfall and during landfall, and the next day.

KING: Well, let's look forward now.

And, from your perspective -- and, again, fairly or unfairly, I think many people out there will say, "Why should I listen to this guy? But give us, from your perspective, the one or two things you think the president should be doing, and any mayor should be doing, whether that is a mayor watching Ernesto tonight, a mayor knowing that there will be a hurricane a week or month down the road from now. What is the one or two recommendations Mike Brown would make on this day?

BROWN: Well, first of all, let me actually agree with Mayor Nagin on something.

I heard Mayor Nagin on the news show earlier today and yesterday, talking about, if a storm begins to approach, he is going to use every available means to get all of the people out of New Orleans. If he had done that last year, we wouldn't be having this problem. We would still have the devastation, but we wouldn't have the deaths.

I saw on the news today Governor Bush down in Florida asking people to leave. He's doing exactly what mayors and governors and leaders should be doing in times of disaster like this. And I think it's incumbent upon us, as the public, to make certain that it's not just the fluff and the talking, but are they really doing what they are saying? Are they putting the money, the personnel, and the resources into these plans?

KING: Michael Brown, the former director of the Federal Emergency Management Agency, thank you for joining us today, on what has to be a momentous day for everybody, but especially for you, the one-year anniversary of Katrina.

Michael... BROWN: Thank you, John.

KING: Michael Brown, thank you very much.

And coming up: new developments in the CIA leak case. We will tell you what they are when we come back.

And later: Iran's president challenges George W. Bush to a debate. Next hour, we will go live to Tehran for the story behind the story.

(COMMERCIAL BREAK)

KING: We have new information this hour about the leak that rocked Washington, the outing of CIA operative Valerie Plame Wilson.

Our Brian Todd is here with the new details -- Brian.

BRIAN TODD, CNN CORRESPONDENT: John, two sources familiar with former Deputy Secretary of State Richard Armitage's role in the CIA leak investigation confirmed to CNN that Armitage was the source for Robert Novak's column that revealed the identity of CIA operative Valerie Plame.

Now, Plame's identity was disclosed in a Novak column in 2003. Her husband, Joe Wilson, alleged the leak was part of a coordinated White House effort to undermine critics of the Iraq war, like him. The White House denies the claim.

And sources say Armitage revealed Plame's role at the CIA almost inadvertently in a casual conversation with Novak. It's not clear that Armitage even knew that Plame's identity was classified at the time.

In a new book entitled "Hubris," authors Michael Isikoff and David Corn write that Armitage told former Assistant Secretary of State Carl Ford -- quote -- "I'm afraid I may be the guy that caused this whole thing." According to Isikoff and Corn, Ford does not describe the disclosure as a planned leak. They quote Ford saying, "My sense from Rich is that it was just chitchat."

Calls today from CNN to Armitage and Carl Ford were not returned. Very important to note here, Armitage was not indicted by special prosecutor Patrick Fitzgerald, who has been investigating this matter -- John.

KING: Brian Todd with new details -- Brian, thank you very much.

We will continue to track this.

And coming up here: Ted Kennedy asks President Bush for help. We will tell you why the senior senator from Massachusetts is urging Mr. Bush to get involved.

A suspect on the FBI's most wanted list is behind bars this hour. But what's next for polygamist Warren Jeffs? A full report just minutes away.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

KING: And our Zain Verjee joins us now with a closer look at other stories making news.

Hi, Zain.

VERJEE: Hi, John.

An explosion that ends in tragedy, and an intense firefight that ends in executions, and hopes that all the violence will end with the rule of law. Today, in Iraq, 62 people died in a massive explosion at an oil pipeline 100 miles south of the capital.

Also, some Iraqi soldiers who recently fought followers of radical Shia cleric Muqtada al-Sadr may have been executed. An official says, they were captured, then killed, execution-style.

Meanwhile, U.S. Attorney General Alberto Gonzales visited Baghdad today. He met with Justice Department employees in Iraq to help rebuild the country's legal system and infrastructure.

The leader of the United Nations and leaders in Israel are not seeing eye to eye. U.N. Secretary-General Kofi Annan met with Israeli Defense Minister Amir Peretz today in Israel. Now, Annan is insisting that Israel lift its air and sea blockade of Lebanon. But Israel is insisting that it will only end the blockade once it feels sure that forces deployed on the Lebanese border can stop Hezbollah from importing more weapons. Annan stopped in Israel as part of an 11-day tour of the Middle East.

Meanwhile, another sticking point, in that three Israeli soldiers are still being held -- still being held captive. Two were captured by Hezbollah, and one was kidnapped by Hamas-linked militants on the 25th of June. Civil rights leader Jesse Jackson, on a mission to win their release, says that he was told the soldiers were all alive and well. Jackson says that came during meeting in Damascus with Syria's president, Bashar al-Assad, and a Hamas political leader -- John, back to you.

And I -- I shouldn't eat Twizzlers before I read.

(CROSSTALK)

KING: It's in the manual. It's right here in the manual: Do not eat Twizzlers before you read.

(LAUGHTER)

KING: Thank you. Thank you, Zain.

A quick check of our "Political Radar" this Tuesday. It turns out, not everyone in Kenya is thrilled with Senator Barack Obama's visit to his father's homeland. Today, a spokesman for the Kenyan government is quoted as blasting Senator Obama's claim that corruption has left the African nation in crisis. But another high- level Kenyan official suggests that Obama's speech is evidence that Kenya is a more open society.

Back here in Washington, a new warning today about the future of immigration reform -- Democratic Senator Edward Kennedy says legislation will not be able to get through the Congress, unless President Bush becomes more involved in negotiating a compromise. Those negotiations are at an impasse over the House enforcement-only bill and a Senate measure that gives some illegal immigrants a path to citizenship.

New evidence today that national Democratic leaders are throwing their support to Senate nominee Ned Lamont in his bid to unseat incumbent Joe Lieberman -- Senator Chuck Schumer, who runs the Senate committee -- Campaign Committee -- says he will meet with Lamont next week to discuss how that committee can help his campaign.

Lieberman lost the Democratic primary in Connecticut to Lamont -- Lieberman now running as an independent.

The idea: a searchable public database that anyone could use to review how the federal government has spent $2.5 trillion. Sounds like a good idea -- the problem, someone has put a hold on it. Who is the secret senator?

Our Internet reporter, Abbi Tatton, is following the search online -- Abbi.

TATTON: John, a Google for government spending, that's how the bill's co-sponsor, Senator Tom Coburn, describes this initiative.

It's a bill that has bipartisan support in the Senate, and also support of a broad range of groups on the left and right, who say that it will increase government transparency. But it has hit a roadblock.

A spokeswoman for the Senate majority leader's office confirms to us that a hold has been put on this bill. Any senator can put a hold on legislation anonymously, preventing a vote. The spokeswoman said, unless the senator comes forward, the public won't know who it is.

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Well, not if the blogosphere has anything to do with it. The search is on online for the so-called secret senator. At the conservative-leaning anti-government-waste site Porkbusters, they have been urging their readers to contact their Senate offices and demand that these senators fess up and tell them if it's them or not.

Also, at the liberal TPMmuckraker site, they are hot on the trail as well. There are even photos posted at Porkbusters of all these senators who they say are in the clear, based on their own readers' inquiries. We cannot confirm the accuracy of those. They are readers' inquiries. And, as of today, this senator is still secret. A spokeswoman for the Senate majority leader's office says, Senator Frist does want to move forward with this legislation. And they hope to address all this when the Senate gets back into session -- John.

KING: So, the liberal blogosphere agrees with the conservative blogosphere. That's breaking news animation right there.

(LAUGHTER)

KING: Abbi Tatton, thank you very much.

Up next: Who do you think would win in a debate between President George W. Bush and Iranian President Mahmoud Ahmadinejad? Jack Cafferty is standing by with your answers.

And Ernesto closes in on Florida, but where will it hit? We are tracking the storm and awaiting a brand-new forecast from the National Hurricane Center.

You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

KING: Here's a look at some of the "Hot Shots" coming in from the Associated Press, pictures likely to be in your newspaper tomorrow.

We begin in the Middle East. A woman walks past the wreckage and rubble left behind in the suburbs south of Beirut.

Diwaniya, Iraq: Iraqi soldiers conduct a patrol from the back of a pickup truck.

New Delhi, India: a bizarre scene. Activists from People for the Ethical Treatment of Animals protest outside a livestock convention.

And, in Davie, Florida, a frustrated man shares some choice words with a gas station attendant. Gas lines are long, as Floridians gear up for Tropical Storm Ernesto.

And that's today's "Hot Shots," pictures often worth 1,000 words.

Another man who has 1,000 words -- maybe more -- is back with us now, Jack Cafferty and "The Cafferty File."

CAFFERTY: Not nearly that many.

I saw you had on the picture of the wall of Ahmadinejad, the president of Iran. He was talking with the press today. And he suggested that he would like to participate in a live television debate with President Bush.

The White House immediately shrugged off the challenge, called it a diversion. But "The Cafferty File" thought it was kind of a cool idea. We asked, what would you think -- who would win a debate between these two, President Bush and Iranian President Mahmoud Ahmadinejad.

Mary writes from Florida: "Neither one would win. By definition, a debate is a -- quote -- 'contention by words or arguments.' Neither Bush, nor Ahmadinejad, has shown the ability to defend his policies with cogent reasoning and clear language. Both are blind ideologues, driven by religious fanaticism that blinds them to reality, and controlled by more powerful and sinister forces behind the scenes."

That's a little serious for our tastes there, Mary.

Ben in Washington: "Would the outcome of the debate matter anyway? The liberal media hates Bush more than they hate Ahmadinejad. They would naturally spin it to make Bush look like an drooling idiot and Ahmadinejad a genius in all matters."

Oz writes from Washington: "The major problem with a debate like this is that one of the leaders can't make himself understood in English, and the other is Iranian."

Tom in New Jersey writes: "Talk about reality TV. This would easily outdraw 'Survivor.' My money is on the Iranian president, after the way he controlled Mike Wallace last week."

And Maurice, Two Rivers, Wisconsin: "Questions this stupid don't deserve a reply, Jack. Go back on vacation." OK.

CAFFERTY: Maybe next week.

(LAUGHTER)

KING: Paid vacation, right?

CAFFERTY: Right. Well, let's hope.

(LAUGHTER)

KING: Well, Jack Cafferty, thank you very much.

And still to come here: President Bush is still trying to recover from the failures after Hurricane Katrina. We will examine that defining moment for him and other snapshots that forever mark the president's past.

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And, a year after Katrina, a tropical storm is heading for Florida. In our next hour, we will discuss storm threats then and now with the National Hurricane Center director, Max Mayfield.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

KING: New information just into CNN on the path and the risks from Tropical Storm Ernesto.

Let's go straight to Jacqui Jeras in the CNN Hurricane Center -- Jacqui.

JACQUI JERAS, CNN METEOROLOGIST: Well, John, despite being over warm water, Ernesto has not gained strength today. Winds are still at 45 miles per hour. And the window of opportunity for this storm to get stronger is starting to shrink down quite a bit.

Also, hurricane watches have just been posted for about the central coast of Georgia, all the way up to Wilmington, North Carolina, because we are expecting this storm to pull offshore and strengthen here into the Atlantic, and maybe making a second landfall then. And that would be happening some time on Thursday afternoon.

Also, a tornado watch has just been issued for parts of central and southeastern Florida. And that will last throughout the evening hours, as well as into the overnight -- a lot of new information coming in on Ernesto. We will give you the latest and give you a tour of some of the heaviest bands that are moving into South Florida. That's all coming up in the next hour -- John.

KING: Looking forward to that, Jacqui. We will see you in just a few minutes.

JERAS: Yes.

KING: Thank you very much.

Now, when it comes to a president's legacy, major accomplishments sometimes pale in comparison to the power of a single image. President Bush knows that all too well, as he marks the one-year anniversary of Hurricane Katrina.

Here's our senior analyst, Jeff Greenfield.

(BEGIN VIDEOTAPE)

JEFF GREENFIELD, CNN SENIOR ANALYST: John, the president's travels to the Gulf this week are designed, in part, to replace lingering images from a year ago, images that inflicted real political damage. It's a reminder of just how often a single image can, fairly or unfairly, all but define a president.

BUSH: I can hear you.

GREENFIELD (voice-over): Here's how millions of Americans saw President Bush after September 11, comforting the fallen, vowing to strike back.

Here's how the White House tries to ensure that the public literally sees the message the president is delivering, with the theme of the day spelled out behind him. But, in the first days after Katrina struck last August, all the images seemed to be the wrong ones: a president detached, literally above the suffering, the president joking about his hell-raising partying days in New Orleans. BUSH: To enjoy myself, occasionally too much.

GREENFIELD: And, of course:

BUSH: And, Brownie, you are doing a heck of a job.

GREENFIELD: It's not as though presidential imagery began in the television age. A century ago, Theodore Roosevelt's White House welcomed press coverage of his hunting and camping trips. It underlined his youth and energy.

In the depths of the Depression, President Franklin Roosevelt was very conscious of the need to appear confident, buoyant, optimistic. He once said to Orson Welles, "You and I are the two best actors in America."

Jimmy Carter's post-Watergate anti-imperial presidency was symbolized by denim.

But, sometimes, imagery can undermine a president. Gerald Ford's occasional missteps turned one of our most athletic presidents into a bumbler, as well as making Chevy Chase's career.

When President Carter collapsed into the arms of Secret Service men during a marathon in 1979, it seemed to symbolize weakness. A much more serious image emerged in April 1980, after a failed hostage rescue mission in Iran. The crippled helicopters were a powerful image of American impotence.

And it was an inauspicious start to a reelection year in January 1992, when the first President Bush threw up on the Japanese prime minister during a state dinner.

(on camera): So, yes, these images really do matter, which is why every White House spends so much time and trouble shaping them. But it's also worth noting that, if a president's policies and programs are working well, maybe a lot of that image-shaping might not be so necessary -- John.

(END VIDEOTAPE)

KING: Thank you, Jeff.

Bush Repeats Vow To Help New Orleans (NYT)

By Anne Kornblut, Adam Nossiter

The New York Times, August 30, 2006

NEW ORLEANS, Aug. 29 — Still at pains a year after Hurricane Katrina to demonstrate his concern over the devastation it caused, President Bush said Tuesday that he took "full responsibility" for the slow federal response to the disaster as he made a carefully choreographed pilgrimage to the city that suffered most.

As bells rang out through the streets, citizens gathered for prayer services and residents hung banners in front of their tattered homes to commemorate the anniversary of the storm, Mr. Bush sought to do what he had not accomplished a year earlier: Demonstrate the depth of his understanding of the emotional and physical toll the hurricane took on New Orleans.

"I've come back to New Orleans to tell you the words that I spoke on Jackson Square are just as true today as they were then," he told a largely friendly audience at Warren Easton Senior High School, referring to his major nighttime address on the storm last September.

That speech, itself a carefully planned event that came after most of the victims had died, was seen as a turning point by White House advisers who recognized the political damage done by the flawed government reaction.

"I have returned to make it clear to people that I understand we're marking the first anniversary of the storm,'' he said, "but this anniversary is not an end. And so I come back to say that we will stand with the people of southern Louisiana and southern Mississippi until the job is done."

Speaking at a former public school that was rebuilt as a charter school after the storm, Mr. Bush restated his acceptance that ultimately he was responsible for the federal response to the hurricane, which killed more than 1,700 people in the gulf area and left hundreds of thousands of others displaced.

"I take full responsibility for the federal government's response, and a year ago I made a pledge that we will learn the lessons of Katrina and that we will do what it takes to help you recover," Mr. Bush said, drawing applause from the crowd.

He also said he would try to get Louisiana a greater share of offshore oil revenues and urged businesses to return to the region.

In repeated nods to the city's extraordinary cultural past, Mr. Bush visited the home of the music legend Fats Domino in the Lower Ninth Ward and listened to a brass band. He talked about restoring the "soul" of New Orleans, even as he acknowledged that much of the damage had not yet been repaired.

The city, he said, was calling its children home.

"I know you love New Orleans, and New Orleans needs you," Mr. Bush said. "She needs people coming home. She needs people — she needs those saints to come marching back, is what she needs."

He did not stray far from his script nor venture out of his motorcade as it sped past some of the worst destruction in the Lower Ninth Ward, where rows of gutted homes stood along deserted streets.

Instead, in a series of upbeat events designed to underscore progress, Mr. Bush struck an optimistic — and at times almost defiant — tone. He portrayed the anniversary as a starting point, deflecting questions about slow results. And although he faced several challenges throughout the day, including a large banner that read "Bush Failure" as his motorcade passed, Mr. Bush kept his focus on future improvements. He met privately with several residents, but the White House did not disclose their conversations.

Away from the presidential tour, there was private weeping at some of the ruins of the Lower Ninth Ward, and at City Hall bereaved family members signed a giant banner with hundreds of fleurs-de-lis, the city's symbol, one for each victim. At 9:38 a.m., Mayor C. Ray Nagin sounded a large silver bell on the City Hall steps to mark a catastrophic early levee breach.

Huddling with loved ones at home, attending a ceremony in the heat or simply working on their houses, the city's citizens, it seemed, were reflecting Tuesday on the disaster one year ago that altered a way of life here for a long while, if not forever.

In its warm and breezy quiet, the day was very unlike the one filled with violent winds and somber hints of catastrophe of a year ago. Out in the neighborhoods, work went on, painfully and defiantly, in the 100 degree-plus heat. Plunging on ahead with rebuilding, as more than one demonstrated they were doing Tuesday, was a way of remembering too — of not being conquered by the long-tentacled disaster and its aftermath. Several people said there were far more important things to be done this day than attending one of the downtown events.

"All this stuff on TV and all, nobody in this city has time to fool with that," said John Parker, a musician, outside his house, which took in over four feet of water, on a ruined block of Upperline Street. "I figured it's a good day to get the ball rolling on fixing the house. So I got up and made an appointment with our electrician."

Mr. Parker and his wife gutted their home months ago, but are still months away from moving back.

The memorial parade was just gearing up downtown, but Robert P. Davis, an electrical inspector, was having no part of it.

"I'm working on my home, that's what I'm doing," Mr. Davis said brusquely, on a block of Marengo Street where few of the neighbors have returned.

"What happened has happened," he said, proudly showing off his "totally gutted, reframed" house.

Mr. Davis is living, for now, in a FEMA trailer in the backyard. "We've got to move on," he said.

Others were not so sure that was possible just yet.

"It's been a big day for everybody," said Kirk Reasonover, a lawyer, hurrying across Camp Street downtown.

Exiled from the city and his home for nearly four months, Mr. Reasonover said he was determined to "spend time with my family" on this day. "Everybody who was here on Aug. 27 and Aug. 28, 2005, is thinking about it," he said. "It was one of those moments you will never forget."

The city does not need reminders of the storm; they are everywhere. But the date itself, so often referred to since the storm, is its own particular sharp jog to memory. Tuesday was special in that regard, and many here, including Mayor Nagin, were feeling it.

This was a rough patch for the city, the mayor said. "I am personally having a very difficult time with it," he told several hundred assembled on the steps of City Hall.

Mr. Bush's day — a whirlwind more of sights and sounds than of substance — began with a memorial Mass at the Cathedral-Basilica of St. Louis on Jackson Square and concluded with Mr. Bush returning to his ranch outside Crawford, Tex.

After giving Mr. Domino — who was feared dead for a time in the early days of the hurricane — a replica of a National Medal of Arts award that had been lost in the storm, he drove past gutted homes to arrive at a group of freshly constructed houses put together by Habitat for Humanity volunteers in recent months.

After spending the night at his ranch, Mr. Bush will spend the rest of this week shifting his focus away from Hurricane Katrina and back toward another landmark of his presidency, the Sept. 11 terrorist attacks. He is scheduled to make campaign stops in Arkansas and Tennessee on Wednesday before delivering what is expected to be a major address on terrorism in Salt Lake City on Thursday.

Mr. Bush had at least one exchange with a local resident that made reference to the flawed response last year, and his role in it.

As Mr. Bush squeezed through tables at a pancake house where he ate breakfast, , a waitress asked, "Mr. President, are you going to turn your back on me?"

"No, ma'am," he replied, with a laugh and a pause. "Not again."

New Orleans Honors Its Dead (WP)

By Michael Abramowitz, Peter Whoriskey

The Washington Post, August 30, 2006

NEW ORLEANS, Aug. 29 -- Church bells pealed at 9:38 a.m. here Tuesday, the moment floodwaters breached the city's levees a year ago, as the anniversary of Hurricane Katrina cast a funereal pall over this half-empty city.

On his 13th trip to the Gulf Coast since the storm, President Bush joined residents in commemorating the losses with a particularly New Orleans flavor. Local dignitaries, emergency workers and politicians wended their way from the Convention Center to the Louisiana Superdome in a traditional jazz funeral procession, while during a remembrance Mass attended by Bush at the St. Louis Cathedral a clarinetist poured out a soulful version of "Just a Closer Walk With Thee."

At the Seventeenth Street Canal in the Lakeview area, where one of the most disastrous of flood-control failures occurred, a crowd of about 130 people gathered. Names of the local dead were read aloud, and a rose was thrown into the canal's water for each one. The flowers floated away in the waters, now calm.

At least for the day, it seemed that the bitter politics that have attended much of the aftermath of Katrina receded a bit. Archbishop Alfred C. Hughes told the president and other worshipers that good will have come out of the hurricane if the city can construct a better public school system, overcome racial and ethnic divisions, and eliminate an unfair health-care system. "God will have helped us to achieve a greater good," Hughes said.

Bush again accepted responsibility for the botched federal response to Katrina. "The hurricane . . . brought terrible scenes that we never thought we would see in America," Bush told a friendly audience gathered at Warren Easton Senior High School. "Citizens drowned in their attics, desperate mothers crying out on national TV for food and water, a breakdown of law and order, and a government at all levels that fell short of its responsibilities."

The White House carefully chose the scenes it wanted to highlight on this, the anniversary of one of Bush's biggest political embarrassments. Warren Easton is the city's oldest public high school and, like others, shut down after the city flooded. It has reformulated itself as a charter school, with greater leeway to set its own rules and have its own board.

In anticipation of the president's visit, school employees scrambled to complete work on plumbing and electricity, according to the principal, Alexina Medley, and the entire first floor remained gutted. Still, Warren Easton will reopen next week a year ahead of schedule, with about 800 students expected to attend, about a third fewer than before.

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New Orleans has seen a flowering of such charter schools in the past year, and Bush hailed the trend, a small example of his more conservative policies taking root in the aftermath of Katrina. He also pledged scholarships for poor children to attend the city's parochial schools. "It's good for New Orleans to have competing school systems," Bush said.

After speaking at the school, Bush traveled by motorcade through the shattered Ninth Ward, and he stopped at the home of legendary singer Fats Domino, whose house was damaged by the storm. Bush presented Domino with a National Medal of Arts to replace the one the musician had lost in the storm.

Before getting on the plane to leave, Bush received a New Orleans Saints jersey from rookie running back Reggie Bush.

Elsewhere in the city, signs and T-shirts served as banners for rebuilding rallying cries. One woman waved an American flag and held a sign that read "Hold the Corps Accountable!" T-shirts read "Lakeview Lives!" and "Make Levees Not War."

"It's been a horrible year," said Carol Etter, 49, a business consultant who came out to the canal. Her T-shirt read, "Hurricane Recovery is a Marathon Not A Sprint." "When you measure progress by the fact that there's trash in the neighbor's yard -- that means they're gutting -- then it's been an awful year. It'll never be the same," Etter said.

Suzanne Kling, 36, a homemaker from the neighborhood, was wearing a T-shirt that read, "Lakeview -- If you build it, they will come." She said she is moving back to the neighborhood in a few months and believes that, of the 16 homes on the block, four others will be occupied by returning families by the end of the year.

The other 11 families, she hopes, will follow. "We're pioneers," she said, casting a gaze toward the nearly vacant blocks of homes.

Meanwhile, the jazz funeral procession moved from the Superdome to the Treme neighborhood, starting first with spirituals such as "The Old Rugged Cross" and "When I Lay My Burdens Down."

As the parade moved along, passersby jumped in behind to march, glide-step and shimmy to the music. In other cities, people might have considered them strange and crossed to the other side; in New Orleans, people jumped in behind and started moving to the music as if it were the most natural possible reaction.

By the end of the parade, the music growing increasingly joyous, a crowd of about 200 people followed, blacks and whites together. "We're burying . . . Katrina," said Okyeame Haley, 37, a lawyer who had joined in.

Reflecting On Katrina's Wrath (LAT)

By James Gerstenzang, Times Staff Writer

The Los Angeles Times, August 30, 2006

NEW ORLEANS — Marking the first anniversary of Hurricane Katrina, President Bush today delivered a message of perseverance and hope, renewing his pledge to help New Orleans recover from the storm's still-devastating impact and, as he eventually did after the storm struck, taking responsibility for the federal government's much criticized response.

He said that as a result of the lessons learned from the hurricane and the government's efforts to act on them, "we're better prepared" to withstand new natural assaults.

"If another hurricane comes, there'll be a better and more effective response," he said in a speech to several hundred New Orleanians in the auditorium of Warren Easton Senior High School, the oldest public school in the city. It is scheduled to reopen on Sept. 7 for the first time since the hurricane hit.

Earlier, Bush attended Mass with more than 1,000 others that was celebrated beneath the carvings of the elaborate altar and the curved painted ceiling of St. Louis Roman Catholic Cathedral. At 9:39 a.m. the congregation kneeled in two minutes of silent prayer to mark the first breach of the levees.

Moments before Bush arrived, the organist slipped a few bars of "Happy Days Are Here Again" into the collection of hymns, albeit at a dirge-like tempo.

The cathedral overlooks Jackson Square in the French Quarter, from which Bush addressed the nation soon after the storm.

At the school, the president said that the 350-mile levee system had been made stronger in the past year by the Army Corps of Engineers.

Pledging to maintain the federal commitment to help Louisiana and Mississippi rebuild — the government has allocated $110 billion to the task — Bush said:

"The anniversary is not an end. We will stand with the people of southern Louisiana and southern Mississippi until the job is done."

After the speech, music filled the auditorium. But rather than the marches of John Philip Sousa, the normal accompaniment as Bush shakes hands with those at the front of the audience, this time a more localized choice was made: It was a recording of Fats Domino singing "Walking to New Orleans."

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Bush Comforts New Orleans, Urges Hope (AP)

By Jennifer Loven

AP, August 29, 2006

President Bush comforted this city that lost so much in Hurricane Katrina and has regained so little in the year since. Amid the raw sorrow of Tuesday's anniversary, the president selected a few beacons of hope to give a lift to struggling Gulf communities and his own still-smarting presidency.

He scarfed hot cakes with happy patrons at Betsy's Pancake House, a reopened hangout in a downtrodden, flood-stained New Orleans neighborhood. He chose as a speech backdrop a new charter school viewed as a sign of the city's commitment to a better post-Katrina educational system.

He called on rhythm and blues legend and local favorite son Fats Domino, who is restoring his destroyed Ninth Ward home, and replaced the National Medal of Arts that got washed away with everything else. He visited a Habitat for Humanity project nearby that is building dozens of homes for displaced local musicians.

He even met the New Orleans Saints, whose return to the Superdome next month is cheered here as a symbol of normalcy in the very place that 30,000 storm victims grew increasingly desperate in the days after Katrina's strike.

"The challenge is not only to help rebuild, but the challenge is to help restore the soul," Bush said in a speech heavily laced with religious references. "Sunday has not yet come to New Orleans, but you can see it ahead."

When Katrina roared ashore east of New Orleans last Aug. 29, it left 80 percent of New Orleans underwater, killed 1,800 people across the Gulf Coast, destroyed or severely damaged more than 204,000 homes and made more than 800,000 people homeless overnight.

A year later, New Orleans and other hard-hit parts of southeastern Louisiana haven't even emerged entirely from the cleanup phase. With insurance settlements in dispute, no master rebuilding plan from the city, and federal grants only beginning to flow to residents, significant reconstruction efforts seem a distant hope for most. Less than half of New Orleans' population has returned.

"I know you love New Orleans," Bush said to residents scattered across the nation. "And New Orleans needs you. She needs people coming home. She needs people — she needs those saints to come marching back. That's what she needs. New Orleans is calling her children home."

For those who are here, the city barely functions. Only 50 percent have electricity. Just one-third of the city's hospitals and fewer than half its schools are reopened. Violent crime is up. Nearly all the levees are patched, but it's unclear whether they would hold through another storm or whether they will be strengthened further as many want.

Bush acknowledged as much, saying the Gulf is "still a mess" in an interview with "NBC Nightly News" anchor Brian Williams.

Bush's presidency has hardly recovered, either.

He was seen as personally remote from the suffering in the immediate aftermath of the storm, and much criticized as the chief of an administration that botched its disaster response. Nationally, two-thirds of Americans still disapprove of Bush's handling of the Katrina disaster, according to an AP-Ipsos poll this month.

Democrats believe they can capitalize on this dissatisfaction with the government's performance in this fall's midterm elections.

"I take no pleasure in finding out that the president was more incompetent than I thought," Rep. Maxine Waters, D-Calif., told reporters in a teleconference.

Bush's two-day journey through storm-battered Mississippi and Louisiana was aimed in part at deflecting such criticism. He has been stressing that a one-year milestone is much too soon to judge the recovery and repeating that his administration's commitment to rebuilding has not waned.

"This anniversary is not an end," the president said, from the gymnasium of Warren Eastern Senior High School, a high-performing inner-city school that suffered extensive hurricane damage and is reopening in a week as a selective admissions charter school. "And so I come back to say that we will stand with the people of southern Louisiana and southern Mississippi until the job is done."

Outside, there was evidence many still need convincing. A man held a spray-painted banner reading, "BUSH FAILURE." Likewise, homeowners near the Habitat work site had signs on their front gate that said "Make Levees. Not War" and "Message to FEMA: Got trailers? We need one."

Habitat workers emphasized the lingering devastation. "It's like it happened yesterday," said Jim Cartin of Philadelphia. "You'll find one store maybe every three miles."

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The president made clear his awareness of the government's mistakes, bringing up the "terrible scenes that we never thought we would see in America: citizens drowned in their attics, desperate mothers crying out on national TV for food and water, the breakdown of law and order and a government, at all levels, that fell short of its responsibilities."

"I take full responsibility for the federal government's response," Bush declared.

Bush offered — as he has on his 12 previous post-storm trips to the region — a raft of promises, many of them repeats from before. He said that the government will "do what it takes to help you recover"; that there will be "a better, more effective response" to the next storm, be it the looming Tropical Storm Ernesto or another; and that levees will be made stronger, schools smarter and law enforcement tougher.

He asked Congress to give Louisiana a bigger cut of royalties from offshore oil and gas production to fund restoration of storm-protecting wetlands and urged approval of federal scholarships for poor students to choose between public or private religious schools.

He urged local authorities to make the decisions necessary so rebuilding rules are clear and to take the opportunity to overhaul its poor-performing public school system. And he pleaded with corporate America to locate businesses in the Gulf.

Also Tuesday, Bush put Homeland Security Secretary Michael Chertoff in charge of a new task force to study how to get aid to victims more quickly in future disasters. Of $110 billion in federal funds available for last year's Gulf Coast hurricane victims, only $44 billion has been spent — although another $33 billion has been released to state and local authorities.

The plan must be delivered to the White House by March 1 according to a White House notice released Tuesday.

Bush, Residents Of Louisiana Recall Katrina (USAT)

By David Jackson

USA Today, August 30, 2006

NEW ORLEANS — President Bush on Tuesday renewed his pledge of federal aid and pleaded with people to return to this still-damaged city as he marked the first anniversary of Hurricane Katrina with prayers and a note of conciliation.

“New Orleans needs you. She needs people coming home,” Bush said after attending a church service and visiting the city's oldest public high school. “She needs those saints to come marching back.”

He recounted the harrowing scenes of last year, televised across the country, of people trapped in their attics and mothers calling out for food and water for their children after the hurricane hit the Gulf Coast on Aug. 29, 2005, and breached levees flooded the city.

Bush called it a breakdown of “all levels” of government, and he acknowledged his administration was slow to address the disaster that left at least 1,740 dead and displaced tens of thousands of people.

“I take full responsibility for the federal government's response,” he said, “and a year ago I made a pledge that we will learn the lessons of Katrina and that we will do what it takes to help you recover.”

Bush won applause by pledging to push Congress for energy legislation that would give Louisiana, Mississippi and other coastal states $1 billion from offshore oil and gas leases. The money would be used to restore wetlands that can provide a natural barrier to storms. The measure has passed the Senate, but not the House of Representatives.

Bush said the federal, state and local governments must work with faith-based groups, entrepreneurs and the business community to help with tasks such as clearing rubble and reducing violent crime.

The president urged residents to heed the city's “rich past” of music, culture, food and architecture and to draw on its historic resiliency. To underscore that history, Bush visited musician Fats Domino at his home in the Lower 9th Ward to replace his National Medal of Arts, which was lost in the flooding.

New Orleans has always been “a city of second chance,” Bush said, recalling its comebacks from fires, war and disease. “Every time, New Orleans came back — louder, brasher and better.”

Bush Spends Another Day Consoling Those Devastated By Katrina (MCT)

By William Douglas, Chris Adams

McClatchy Newspapers, August 30, 2006

NEW ORLEANS - President Bush returned Tuesday to the city hit hardest by Hurricane Katrina one year ago to the day, accepted full blame for the federal government's failures in its early recovery efforts and implored its citizens to come home.

"I know you love New Orleans, and New Orleans needs you," Bush said in a speech at a damaged high school that's scheduled to reopen next week. "Seeing these old saints to come marching back is what you need. New Orleans is calling her children home."

The president made his impassioned plea to a New Orleans that's still very much a work in progress a year after levees gave way and flooded 80 percent of the historic Gulf Coast city, much of which lies below sea level.

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Only 235,000 people - or 45 percent - of the city's 485,000 pre-Katrina residents have returned, according to estate estimates and utilities records. The New Orleans phone book has become a symbol of the shrunken city: It went from separate Yellow Pages and white pages last year to a single, thinner business and residential listings book this year.

While Bush administration officials hailed the progress New Orleans has made, public services, housing and economic conditions are rebounding slowly.

Natural-gas service is operating in 41 percent of the homes and businesses that had it before Katrina, according to a review compiled by the Brookings Institution, a Washington research center.

Fewer than half of the routes for New Orleans' buses and famed streetcars are up and running, and only 17 percent of the buses are in use, the study said.

Huge sections of the city were under water for up to 57 days, and many of those neighborhoods are still virtually vacant. In some sections, bulldozers are tearing down houses that are too far gone. In others, homeowners plan to rebuild but for now live in government relief trailers in their front yards or have set up homes elsewhere.

"A lot of work has been accomplished, and I congratulate the people here," Bush said. "But there's more work to be done."

Though Bush spent most of his two days on the Gulf Coast touting the positive aspects of the recovery effort, he took the blame for his administration's inadequate response to the hurricane, which killed 1,695 people in the Gulf Coast, 1,464 of them in Louisiana.

"I take full responsibility for the federal government's response, and a year ago I made a pledge that we will learn the lessons of Katrina and that we will come back to New Orleans to tell you the words that I spoke on Jackson Square are true today as they were then," he said.

After his speech, the president toured the Ninth Ward, which was one of the most flooded sections after the storm.

He stopped in at the Musicians' Village, now under construction. The brainchild of New Orleans jazzmen Branford Marsalis and Harry Connick Jr., it's designed to help restore the neighborhood's cultural vitality by providing rebuilt homes for musicians and others.

In the Lower Ninth Ward, the president and first lady Laura Bush visited legendary musician Fats Domino's hurricane-damaged home and gave him a new National Medal of the Arts. His original medal, which President Clinton gave him, got lost in the storm.

Last September, in a nationally televised speech at the square, outside one of the city's landmarks, Bush vowed that the federal government would do whatever it took and stay for however long it took to make the region even better than it was before.

In a metaphoric moment before Tuesday's speech, the president attended a breakfast meeting with New Orleans Mayor Ray Nagin at Betsy's Pancake House, which had 61 inches of water gush in when the levees broke.

Bush encountered waitress Joyce Labruzzo, who was trying to negotiate the narrow spaces between tables in a restaurant packed with customers eager to mingle with the president.

"Mr. President, you're not going to turn your back on me?" she asked.

"No, ma'am," Bush said with a laugh and a pause. "Not again."

Many Displaced New Orleans Unsure About Coming Home (NOTP)

By Trymaine Lee

New Orleans Times-Picayune, August 29, 2006

In a back bedroom of an apartment in southwest Houston, New Orleanian Michael Starks laid quietly beneath a white bed sheet that his sister had carefully tucked under his chin.

His body lay still; his eyes open wide and glued to the television as year-old news footage of flooded New Orleans filled the screen.

On the eve of Hurricane Katrina's anniversary, the only thing on his mind was getting home. But for now, a homecoming remains out of reach.

Starks is a 55-year-old quadriplegic of 30 years, who relies on his sister Shelia for his day to day needs. And Shelia, 53, refuses to think about moving back to New Orleans in its present state, with its fractured health care system and inflated housing market.

"Right now we're uncertain of what to do," Shelia Starks said softly, gazing at her brother from the foot of his bed. "I can't take him to New Orleans with the hospital situation the way it is, and we don't have anywhere to live. The rents are so high now, how could we afford it?"

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Like so many of the tens of thousands evacuees still in Houston a year after the storm, the Starks' remain in limbo, unsure of if they'll ever be able to make it back to New Orleans. Stressed and financially strapped, many evacuees in Houston haven't found the jobs or stability it will take to start making steps toward moving home.

Some have jobs back home, but can't afford the higher rents. Others would return were it not for education or health care concerns. Others fear the still-weakened levees will fail again and finish off what's left of their resolve. Still others have written New Orleans off completely, saying they have no desire to return.

At the same time, many evacuees aren't exactly thriving in Houston. Some find themselves running out of government benefits without having yet secured solid employment to fill the void.

"People are getting evicted, kicked out of their apartments as we speak," said Janice Jacobs, a case manager supervisor at Houston's Journey Home Center, an office set up by Mayor Ray Nagin to help ease evacuees road back to New Orleans. "And those people desperately want to get home, and we want to help them get there."

Opened just a week ago, the center has seen between 100 and 150 people a day, Jacobs said, offering them direction on relocation and housing issues.

Deidra Willis, 37, and her daughter Ireion, 21, took the 45 minute trip from Baytown, Texas to Houston to seek help at the center. The worst part about being exiled, Deidra Willis said, is the lack of respect they're shown from employers.

"It's been hell," she said. "Pure hell. I'm not asking for any handouts. Before the storm I had never been on any type of assistance. Now I'm here, and I just want a job. I've been working since I was 17-years-old."

A former car salesperson at a Ray Brandt car dealership in New Orleans, Willis said they've offered her job back, but she can't find affordable housing in the city.

At a recent meeting at Houston's Texas Southern University, sponsored by non-profits the Jeremiah Group of New Orleans and The Metropolitan Organization of Houston, evacuees met with New Orleans City Council-sponsored city planners and espoused a mix of passion and pain, told through narratives of their struggles and sacrifices in exile.

Many vented frustration with the city's endless debates over rebuilding and repopulation plans, which have yet to show any concrete action, or even clear guidance.

"This is a year later, and we're still at the planning stage," said Donel Matthews, 38. "I can't operate on a plan, and I'm not going to move back to New Orleans on a plan. I'm not going to bring my 10-year-old daughter home and hope there is a school open for her, on a plan. I need more than a plan; I need to know what's going to happen next."

Ted Kunz, 55, blasted the lack of leadership he sees behind the slow pace of recovery.

"They say come home, come home, but come home to what?," said Ted Kunz, 55, formerly of Gentilly. "There are no places for us to live and no jobs, no real jobs where people can earn a descent living." "I feel like a lot of us are being punished. I feel that I'm being punished for doing the right thing. I paid on my flood insurance for 20 years and I didn't get a cent back."

Others rest on blind faith, refusing to believe such a sacred place that call home will die in the face of adversity.

"God wouldn't destroy what he intends on restoring," said Oliver Craumes, 78. "I want to go home. I miss the people. There are no people anywhere in the world like the people in New Orleans, and I miss it.

"I can't tell you everything I lost, but I can tell you that God spared me."

The stress of being stranded in Houston, with no way home, has taken a similar toll on Shelia Starks. Coupled with her brother's medical needs, she has needs of her own. A little more than a month before the flood, she was diagnosed with breast cancer. And two days before Katrina, she underwent the first of three surgeries to remove the cancer.

Today, Shelia is cancer free and recovering from months of chemotherapy and the latest of two surgeries she's had in Houston. The pangs of exile are wearing on her.

"It's been really rough," Shelia Starks said. "There are still so many things that we're not able to handle."

Before the catastrophe, New Orleans offered programs to help offset the costs of many of Michael's needs. Through one Louisiana program, Shelia Starks said the state paid her to be her brother's caretaker, so between his social security benefits and her paycheck, they had enough to keep a roof over their heads.

But now they're falling on tough times. The FEMA voucher they've used for their apartment and utilities is set to expire soon, and they'll have to come up with a way to pay the $639 a month rent.

Shelia said she's better off relying on the one power that has seen her through her Katrina experience.

"I don't rely on FEMA," she said, "I rely on God."

A few miles from where the Starks live in southwest Houston, in a section of town where street signs come in two languages – Chinese and English – Hy Pham, 69, rummaged through a bag of toiletries. One by one, he pulled out nearly a dozen pill containers filled with his daily medications.

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While so many New Orleanians ache to come home, an agonize over what home has become, Pham doesn't know what it means to miss New Orleans. The hurricane and displacement to Houston, he said, was the best thing that could've happened to him. In Houston, he has finally found a community to embrace him.

A former South Vietnamese soldier in the Republican Army during the Vietnam war, Pham fled his native country in 1998 and settled in eastern New Orleans. He said when he escaped the city a day before Katrina, he left nothing behind to love.

A month or so after coming to America, he fell ill, and his wife left him, taking their five children with her.

Pham said he never recovered physically from the illness or emotionally from the loss of family. Even before the storm he was unable to work, and seems almost amazed that he has survived this long.

But through a non-profit Asian outreach organization, Boat People S.O.S, Pham has found a network of people to help him navigate the arduous and often English-only FEMA applications. They help him work through the local health care system and his various medical and housing needs.

Trang Nguyen, 24, Pham's Boat People case manager and sometimes translator, said her organization was granted a $4.8 million federal grant to help displaced Katrina evacuees in Houston. Of the 300 or so evacuee clients the group has on file, some 200 are Vietnamese. The language barrier has caused them severe hardship, both in seeking federal assistance and in finding new jobs.

"It has been a struggle for many of them. Many don't know if they want to go back," Nguyen said. "We're trying to help them while they're here the best that we can."

Pham is grateful. He said no one has ever helped him like this in New Orleans.

A year after fleeing Katrina, Pham's mind is made up: "I miss New Orleans. But I want to stay in Houston.

In death, Pham said ominously through Nguyen, he might finally have a place to call home.

"I don't really know where my home is now," Pham said. "I really don't know where it is I will die. But I know that if I go to sleep tonight and I don't make it to see tomorrow, I will call that place home."

The Starks would love to come, but can't. Brother and sister agreed that the heartache they lives with everyday in Houston still pales in comparison with the hardships they would endure in today's New Orleans. The pair, bound by Michael's condition — and Shelia's vow to their dead mother that she'd always take care of him — will remain in Houston until New Orleans is ready to have them back.

"We're in limbo, we don't know from one minute to the other what we're going to do," Shelia Starks said. "I don't think anyone of us here is totally comfortable or stable."

As much as Michael would love to go home, he acknowledges that Houston is the best place for him to be right now.

"The trash is still in the streets and it would be really dangerous for me. It would be too easy for me to become sick and not be able to get served," Michael Starks said. "It's like Katrina just happened a week or two ago."

Bush Urges Orleanians: 'Come Home' (WT)

By Stephen Dinan

The Washington Times, August 30, 2006

NEW ORLEANS -- President Bush yesterday said New Orleans, a year after being devastated by what he called a disaster of "biblical scale," is rebuilding better than ever and it's now time for displaced residents to return.

"New Orleans is calling her children home," the president said as he spent the morning with local leaders, visited with Fats Domino, attended Mass at the city's Catholic cathedral and spoke at its oldest public high school, which will reopen next week as a charter school after suffering extensive water damage during last year's Hurricane Katrina.

He predicted the city will return "louder, brasher and better."

The president said he takes "full responsibility for the federal government's response" to the hurricane, and while not promising any major new aid, he did call for Congress to extend business-friendly provisions and threw his support behind a new energy plan through Congress that would give Louisiana a bigger share of revenues from offshore oil-drilling leases.

Top Democrats said New Orleans residents are not to blame for not returning. They said the president and Republicans must do more than take the blame, by opening up the federal checkbook and making sure programs he promised last year get up and running.

"We've got the money and the brains and the heart in our country to get the Gulf Coast back on its feet. We just haven't had the leadership in our nation's Capitol," said Sen. John Kerry, Massachusetts Democrat. "No more photo ops and empty promises. No more excuses for blocking real solutions. It's long past time for action."

Outside of the politics, yesterday was filled with prayer services, remembrance of the city that was lost and taking stock of where it stands after one year.

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At the Cathedral-Basilica of St. Louis, King of France, New Orleans Archbishop Alfred C. Hughes celebrated a Mass that included a pause for silent prayer at 9:38 a.m., the time of the first levee breach. In other parts of the city, bells rang to mark the anniversary.

With Mr. Bush, Louisiana Gov. Kathleen Babineaux Blanco and other officials present, Archbishop Hughes said the hurricane offers the city a chance to move from racial injustice and a culture that is "sometimes degrading of the dignity of the human person, and too prone to human violence."

"If Katrina, which means cleansing, enables us to work together to realize this vision, God will have helped us to draw a greater good out of our immense suffering," he said.

The cathedral, which stands in the middle of the historic French Quarter, had its own rebirth before. It stands on the site of another church, built in 1727, which was destroyed in the 1788 fire that burned most of the city. The church was mostly spared in last year's storm, as was much of the high-lying French Quarter, but other parts of the city remain devastated.

Still, the archbishop said there are plenty of signs for hope, particularly in the city's schools, once known as the nation's worst. The cathedral's own school changed its policies after the hurricane to open enrollment up to anyone, regardless of religion or other factors, and he said the city's schools must also move to a system of "healthy competition and open enrollment."

Mr. Bush and his wife, Laura, echoed that progress at Warren Easton Senior High School later in the day, praising leaders for "thinking differently" by designating it -- and more than half of the rest of the city's schools that will reopen -- as charter schools.

"I can't thank you enough for seizing the moment, to say to the good folks and the families, we will do a better job with the school system here in New Orleans," the president said.

Mr. Bush met with New Orleans Mayor C. Ray Nagin on Monday night and again yesterday morning. According to local reports, Mr. Nagin told Mr. Bush to accelerate the pace of federal aid coming to homeowners in the region.

While stressing that state and local governments must make plans and be responsible, Mr. Bush said yesterday that "all of us agree, at all levels of government, that we got to get the money as quickly as possible in the hands of the people."

Just how far the city has to go is clear, though, with the population estimated to have dropped to less than half of what it had been, and political squabbling between local, state and federal officials over the next steps in rebuilding.

Just behind the high school were houses still bearing the boards that are the scabs from the storm, the paint markings from rescue workers still visible on walls and piles of garbage and household debris left in uncollected piles, and the owners still living in white Federal Emergency Management Agency (FEMA) trailers parked in front yards or driveways. And those were the lucky ones who lived at their own addresses. Two blocks away from the school was a lot with about 50 more FEMA trailers, most of them still occupied.

Democratic Party Chairman Howard Dean said Mr. Bush is at fault for having abandoned the very relief programs he touted a year ago, during his prime-time address from Jackson Square. Mr. Dean said Mr. Bush has failed to enact worker recovery accounts and an urban homesteading program.

And black congressional Democrats said Mr. Bush has failed to live up to his promises of aid.

"Democrats want to lead the Gulf Coast in a new direction by working to improve housing, health care, education and other vital needs," said Rep. James E. Clyburn of South Carolina, who is touring the Gulf region with 24 other House Democrats.

Republicans, though, warned against trying to use Katrina in this year's congressional elections.

"Campaign-style bus tours, political rallies and attacks won't build a single home or create real jobs in the Gulf Coast," said Senate Majority Whip Mitch McConnell, Kentucky Republican, who said Democrats' criticisms "would be taken a lot more seriously if their comments weren't wrapped in a political banner."

An Anniversary With Strong Images, Sorrow, Self-Congratulation And Blame (NYT)

By Alessandra Stanley

The New York Times, August 30, 2006

It was cast as a day of sorrow and remembrance, but there was still room for blame and even self-congratulation.

In New Orleans, Brian Williams of NBC News anchored his evening newscast in his shirt sleeves standing in front of the remains of a wood house blown a block off its foundation — the overturned chassis of a crushed car poking out like the witch's legs under Dorothy's house in Oz.

In an interview with President Bush taped earlier in the day, Mr. Williams asked if the president had not responded immediately to the first television images of Hurricane Katrina because he was too "patrician." Mr. Bush brushed off the question, folksily.

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A year ago, television coverage — especially those split screens that showed marooned Americans screaming and dying at the Convention Center on one side and on the other officials insisting that the situation was under control — turned a natural disaster into an international scandal.

Reporters on the scene like Anderson Cooper of CNN and even the well-starched Mr. Williams made their mark by giving into emotion and lashing out at government incompetence.

As Mr. Bush visited New Orleans yesterday and described his commitment to help the region recover, news programs gustily relived how he had failed in the first place.

On "Today," Matt Lauer pressed the former — and famously disgraced — director of the Federal Emergency Management Agency, Michael D. Brown, about his greatest regrets. One was "not getting any sleep" in the crisis.

Laura Bush spoke to Harry Smith, co-anchor of "The Early Show" on CBS, from a school library in New Orleans and glowingly described residents' gratitude for the volunteers — and financial assistance — still arriving a year later.

Mr. Smith, dressed like a war correspondent in a khaki shirt, spoke to her via satellite from a more desolate part of the city. With a skeptical sigh, he replied, "The message I hear so often, people just say to me, 'Don't let America forget we are down here.' "

Perhaps understandably, not many other officials were eager to go on television to defend the administration's handling of the relief effort.

On Fox News, Neil Cavuto turned to the boxing promoter Don King, a longtime supporter of Mr. Bush who held an American flag across his chest as he praised the president. The Fox News caption read, "Don King: Stop blaming Pres. Bush for Katrina."

For advertisers, the anniversary provided an emergency relief version of product placement: credit placement.

On "Today," Procter & Gamble moved in seamlessly with panning shots of ruined houses and debris-filled streets. A woman holding a child described the devastation in her flooded house, saying, "Everything smells like mold."

Cut to cheerful young people in red T-shirts collecting laundry beneath large banners for Tide detergent. In a voiceover, a woman softly said, "In times of crisis, it seems like everybody wants to do their part," and explained that Tide had dispatched a Clean Start team to "wash nearly 10,000 loads of laundry for free."

State Farm ran a commercial that also blended into the retrospectives on the morning news programs. It featured sad-faced survivors recorded in grainy film recalling their insurance agents' benevolence.

"Without Cheryl, we would have been on the street," a middle-age woman said, tears streaking down her cheeks as the company theme, "Like a good neighbor," swelled in the background.

The images of devastation, then and still remaining, did not provide a very flattering framework for Mr. Bush's speech in a high school.

He did catch a few breaks. News programs that had planned daylong retrospectives were somewhat sidetracked by the capture of a fugitive on the F.B.I's most-wanted list, Warren Jeffs, the leader of a polygamist sect and a suspected sex offender.

By midday, the cable news networks shifted live to a lengthy news media cross-examination of District Attorney Mary T. Lacy of Boulder County, Colo., who explained why she brought John M. Karr from Thailand as a suspect in the killing of JonBenet Ramsey, only to discover that he was not the killer.

CNN and Fox News cut from Ms. Lacy to cover Mr. Bush's speech, though CNN experienced an audio malfunction that resulted in the voice of the CNN correspondent, Kyra Phillips, overriding part of the president's remarks with a private off-air conversation. Ms. Phillips told a friend that her husband is "handsome, and he is genuinely a loving, you know, no ego — you know what I'm saying, just a really passionate, compassionate great, great human being."

She also complained that a relative was a "control freak."

MSNBC stayed on the Ramsey case and ignored the presidential appearance altogether, a decision best explained by the fact that its former on-air legal affairs anchor, Dan Abrams, was recently named general manager.

Many reporters revisited disaster sites and held bittersweet reunions with survivors they interviewed a year ago. On ABC, Robin Roberts of "Good Morning America" toured her hometown of Pass Christian, Miss.

Even nonresidents couldn't shake their sense of ownership. Mr. Lauer asked Mr. Williams, who hails from New Jersey, about his personal attachment to the story.

"If you had been with us in the Superdome, Matt,'' the anchor of "The NBC Nightly News" replied, "this would be your cause."

Uneasy Times For Lawyers In The Big Easy (LAW)

By Leigh Jones, The National Law Journal

National Law Journal, August 30, 2006

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One year after Katrina, some firms flourish while others struggle

A year after Hurricane Katrina gutted much of New Orleans and the surrounding area, business for some lawyers is flourishing from reconstruction projects, while others are still struggling to rebuild their practices and their lives.

For a legal community that was home to about 7,500 lawyers, the storm wiped out communications, case files and, in some instances, entire practices, leaving their businesses in shambles and their futures uncertain.

One year later, civil courts are back on line and criminal courts have begun again to hear cases on a limited basis. In addition, many lawyers have fortified their disaster recovery plans, having learned plenty from experience.

A group of New Orleans attorneys interviewed by The National Law Journal earlier this month spoke with much more certainty and strength, compared with sentiments they expressed in the days following the storm.

But much remains unresolved in the Crescent City, they said, from the basics such as traffic lights in some areas to the more severe problems, including block after block of rotting devastation that also serves as an ominous symbol of future storms.

On the first anniversary of Hurricane Katrina, most of these attorneys conveyed resolve tinged with wariness.

"It's not certain in people's minds that we won't go through it again this year," said Richard Dicharry, chairman of the management committee at Phelps Dunbar, a 260-attorney firm based in New Orleans.

Initially, the firm moved its operations located in the New Orleans business district to its Baton Rouge, La., office after the storm. A year ago, Dicharry said he was grateful that Phelps Dunbar had seven other offices, which could help take up some of the slack created from the anticipated loss of business in New Orleans.

But the New Orleans office is faring better than he had expected, said Dicharry recently. Development triggered by some of the insurance money disbursed has spurred business, as has reconstruction bond money, he said. The New Orleans office also is busy with gaming industry work, he said.

Billable hours for the business practice at the New Orleans location were up 4 percent in year-to-date totals for July, compared with the first seven months of 2005, said Michael Hunt, a Phelps Dunbar partner. Litigation experienced "a bit of a decline," he said.

Firmwide, Phelps Dunbar has added 12 attorneys since November 2005, including two to the New Orleans office.

However, post-Katrina the firm has found it difficult to recruit young talent, he said. Typically, it hires eight summer associates. This year, he said, they wanted to bring aboard that many but could find only half the number of students who met their qualifications.

"It's hard to get kids out of law school to commit to a future in New Orleans," he said.

Keeping focused also is a challenge, he said. The real possibility of another storm looms among New Orleans residents, who are not reassured by the strength of the rebuilt levees, he said. Furthermore, the pace of rebuilding in many areas is much slower than most expected.

"The real key is to get people forward-thinking," he said.

Small-firm practitioner Bill Rittenberg is also dismayed by the speed of rebuilding. He is earning about 60 percent of what he was making at Rittenberg & Samuel prior to Katrina, he said, adding that for eight months after the storm he did not pay himself anything.

But Rittenberg hastens to say that he feels fortunate to be working as a lawyer. A fellow New Orleans attorney he knows is working as a short-order cook, he said, and several lawyer-acquaintances have left the area because they could not support their practices.

"The good news is I'm home with my friends. The bad news is that people are still leaving," he said.

Rittenberg and his wife evacuated New Orleans on Aug. 28 last year with two days' worth of clothes. They were on the road for two months, staying with various friends before they could return home. While he was gone, his 93-year-old mother died, after having been evacuated from two different facilities following the storm.

Today, Rittenberg said he is "in much better shape," but he is exasperated by the lack of progress in his hometown.

"The country seems to have forgotten about us," he said.

According to information released this month by the Brookings Institution, the New Orleans labor force is 30 percent smaller than it was a year ago, and the unemployment rate is 7.2 percent higher than pre-Katrina. An estimated 278,000 workers are still displaced by the storm, and 23 percent of those people remain unemployed.

UPTICK IN DOMESTIC CASES

Although Rittenberg's firm is still suffering from a downturn in business that it formerly derived from the local teachers' union, he said his practice, which also focused on criminal defense, has taken in some new cases, including divorce actions.

New Orleans Bar Association President Carmelite Bertaut said that "the domestic docket is going gangbusters." In addition to an uptick in divorce cases from marriages stretched to the breaking point in Katrina's wake, child custody and relocation

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issues also have contributed to a rise in domestic cases, she said. Personal injury work remains strong, she said, attributing the business to people with a pioneer spirit coming into the community for reconstruction work.

"It's like the wild, wild West," she said. "There's a risk-taking mentality with folks who come here to work."

Business related to the tourism and convention industry has dropped off sharply at Rittenberg's practice, he said, a situation that he does not expect to improve given what he sees as a failure of local and federal government to orchestrate a cohesive rebuilding effort.

"The city is a mess," he said.

Attorney Gary Elkins, however, has a much different perspective. His 13-attorney firm, Elkins PLC, has recently added three lawyers to help keep pace with reconstruction work. With a practice that focuses on real estate development, housing, tax matters and bond work, he is heavily involved in work related to the Gulf Opportunity Zone Act and bonus depreciation projects.

"We hired two new secretaries this week," he said. "We're busier than ever."

Still, he, too, continues to be frustrated by a lack of progress. "There are potholes in the street, stoplights that don't work, low water pressure, that kind of thing," he said. "Basic services are still on the comeback trail."

Housing Plan For Victims Retooled (USAT)

By Richard Wolf

USA Today, August 30, 2006

WASHINGTON — The Bush administration is revamping its emergency housing policies to avoid the turmoil that followed Hurricane Katrina one year ago.

For the victims of future hurricanes and other disasters, the changes could mean less time in hotels and motels, more temporary housing alternatives and greater use of government-paid rent vouchers.

Stung by criticism last year for the way it housed evacuees, the administration has developed a different approach. “Nearly a year later, if we had, God forbid, to do it all over again, I think we would be providing better service at less cost than we did a year ago,” says Stephen McMillin, deputy White House budget director.

Thousands of people in Louisiana, Mississippi and Alabama were displaced by the hurricane, and tens of thousands of homes were destroyed in the three states. To date, the Federal Emergency Management Agency has provided nearly $4.2 billion in housing assistance to nearly 1 million people, including for temporary housing, repairs and construction.

Among the changes:

·Trailers and mobile homes would be spread around the nation for use in smaller quantities. Last year, FEMA wound up with a surplus — including nearly 10,000 mobile homes that still sit vacant in Hope, Ark. — because it lacked the necessary utility services for large sites or ran into local resistance. More than 112,000 trailers and mobile homes were still in use as of last week, according to FEMA.

·FEMA will pay landlords directly in many cases. After Katrina, the agency gave checks to nearly 800,000 disaster victims and expected them to find their own apartments. Like the cash assistance, the payments will have time limits.

The biggest change is still being negotiated: transferring responsibility for disaster housing from FEMA to the Department of Housing and Urban Development. That agency would use government vouchers to move evacuees into apartments. Last year, the government relied mostly on FEMA's system of giving checks to evacuees at three-month intervals.

Housing experts say vouchers would enable disaster victims to move into temporary homes faster and for longer periods.

Amy Liu of the Brookings Institution says HUD can better link evacuees to vacancies, and the money goes directly to the landlords, which reduces fraud.

Bush administration officials had resisted using vouchers because of the potential cost and because some landlords prefer cash. Now, David Garratt, FEMA's deputy director of recovery, says they are being reconsidered.

“Last year, we basically had to feel our way through a number of challenges,” Garratt says. This year, “we believe it will be far more disciplined, far more organized.”

Low-income housing advocates say that's a positive sign. Sheila Crowley, president of the National Low Income Housing Coalition, says FEMA has lost track of half a million Katrina evacuees who received rental assistance last year. “We don't know what's happened to most people,” she says.

First The Flood, Now The Fight (WP)

By Spencer S. Hsu

The Washington Post, August 30, 2006

DOJ_NMG_0055708

Someone had to pay to remove 3,000 dead trees in New Orleans. The trees, insisted the Federal Emergency Management Agency, couldn't have been killed by Hurricane Katrina's floodwaters because they weren't toppled to a certain angle. New Orleans would have to pay.

Nonsense, city administrators argued. Brackish water swamped the city for weeks, killing the trees where they stood. Only after months of delay did FEMA relent, adding the trees' removal to the toll of the catastrophe.

Through hundreds of such disputes large and small, the most costly disaster in U.S. history is fast becoming its most contentious, with appeals and disputes worth nearly a billion dollars bogging down repairs of critical public systems and delaying the return of residents.

Current and former officials at all levels blame FEMA workers' inexperience with eligibility rules, weaknesses in U.S. disaster laws and inconsistent treatment by Congress for much of the wrangling. The huge scale of the storm and honest disagreement over whether federal or local taxpayers should pay the tab add to the conflict.

"Disasters should be difficult to declare. . . . But once you get them, FEMA should not worry about cutting costs," said Daniel A. Craig, who stepped down in October as head of FEMA's recovery division and is now consulting for New Orleans. "Public entities are eligible for everything they have lost due to the disaster. It is not up to FEMA to cut corners or makes sure money is saved."

Gil H. Jamieson, FEMA's deputy director for Gulf Coast recovery, agreed that "we're in this to rebuild the city" and added: "We are not in it to delay for the sake of delay. Are there folks who sometimes hose it up? Absolutely. But I think we're doing a good job of helping it recover."

The disputes come as the costliest part of the recovery begins: restoring water, power, roads, bridges, schools and other public facilities along the Gulf Coast. Agency veterans said the spending will have more impact on the physical rebuilding of the Gulf area than anything else FEMA does over the next decade, possibly eclipsing its role in aiding individual victims of the storm.

The Sewerage and Water Board of New Orleans, for instance, sustained $446 million in storm losses, said Executive Director Marcia St. Martin. But FEMA has committed just $113 million so far.

FEMA notes that New Orleans promised U.S. environmental regulators $640 million in repairs before Katrina, and that the antiquated system is too big for the Crescent City's reduced population.

"That's what makes a city -- if you don't have water, sewer and drainage, you don't have a city," lamented Robert Jackson, spokesman for the sewer board. "The money so far only scratches the surface of the devastation. In some cases you've got underground devastation that you haven't seen even in a year's time."

Jamieson acknowledged that "one of the toughest issues is: How do we not buy any city a completely new water and sewer system but in fact try to attribute how much it was damaged before the storm?"

"We want to give them what they deserve but . . . make sure they are not getting more than they deserve, at some other community's expense," Jamieson said.

In St. Tammany Parish, officials were told last year that to obtain FEMA reimbursement, they needed to prove that each tree stump was the work of Katrina before it could be removed. Cleanup waited for months while the parish photographed and obtained global positioning satellite data on each one.

When the evidence was presented to a new FEMA crew, they asked, "Why did y'all GPS all these things?" the parish president, Kevin Davis, said in an account first reported by National Journal.

FEMA's Jamieson said that inconsistent interpretation of rules has been a daunting problem and that FEMA is trying to keep senior officials in place. He also cited successes, such as the scheduled Sept. 25 reopening of the state-owned Louisiana Superdome, a $94 million FEMA project.

Still, Jamieson said, "the time is right" to hold the nation's disaster law "to the light of day."

"We need to take a look at how well the legislation has served us."

Under the law, known as the Stafford Act, FEMA exerts its greatest long-term influence over rebuilding communities by deciding which projects are eligible for funding and by negotiating reimbursement of most state and local governments' costs. Generally, the federal government will pay only to restore facilities to pre-disaster conditions, not upgrade them, as a way of protecting taxpayers. But several former federal and state officials said the rules are open to broad interpretation and congressional intervention.

In the wake of the Gulf Coast hurricanes, FEMA appears to be taking a harder line, several current and former officials said.

So far, FEMA has approved about 34,000 aid applications from state and local agencies, 16,000 of them from Louisiana. It has rejected 1,015 requests, 95 percent of them from Louisiana. The state is appealing 200 decisions. Art Jones, the state's deputy coordinating officer, said he expects state appeals to grow at least sevenfold over eight to 15 years, topping 1,000.

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"It's . . . a process designed to wear you down until you finally give up," said Richard A. Andrews, former California homeland security adviser.

State and federal disaster experts said they are hindered by burdensome rules and a shortage of expertise.

In New Orleans, city officials have received only 30 percent of $394 million requested and expect their requests to roughly triple over the next three years as work goes on. The city's deputy chief administrative officer, Cary Grant, said FEMA is underestimating the value of buildings and presuming wrongly that the city will be able to recover $500,000 in insurance for each of 394 damaged city facilities.

Elsewhere, local officials say a parade of new FEMA officials -- the overstretched agency rotates workers every 90 days or so and relies on temporary employees as well -- leads to constantly changing decisions on project approvals and paperwork.

One reason for mistakes is that FEMA has suffered a "brain drain" of top officials familiar with the complex rules to retirements and agency upheaval in recent years, said David Fukutomi, a FEMA consultant who is serving as a spokesman. But Fukutomi, who left FEMA this spring to become director of response and recovery for contractor EG&G, noted that experience shows that local officials spend more freely when they expect the federal government to pay their bills.

The state of Louisiana had only 14 disaster recovery employees before the storm and is relying on 173 contract workers provided by James Lee Witt Associates, the firm headed by the Clinton administration FEMA director, to help it manage the process, Jones said. FEMA has more than 700 people in the Gulf states working on the program, about 90 percent of them interim or contract workers, Fukutomi said.

Inconsistencies by Congress and FEMA also feed the acrimony.

After the Northridge earthquake in 1994, for example, U.S. and California authorities struggled with engineers to reach consensus on the price tag of repairing costly structures such as the UCLA Medical Center. FEMA rejected a state attempt to repair older buildings to meet newer building safety codes, for example.

After the Sept. 11, 2001, attacks, however, Congress directly gave the city and state of New York $20 billion -- but said no more would be forthcoming -- and directed FEMA to interpret the law liberally. FEMA approved $2.8 billion to repair and improve Lower Manhattan's transit system and waived a $680 million local match requirement, both counter to its normal practice. The state reported appealing none of its 1,900 aid requests to FEMA.

So far FEMA has allotted more than $7.9 billion to reimburse states for hurricanes Katrina, Rita and Wilma, and expects that number to grow significantly. Louisiana emergency managers say they expect the toll of facilities repair, as well as emergency expenses -- currently at $3.3 billion -- to exceed $25 billion. In Mississippi, emergency managers say they expect their costs -- now at $1.6 billion -- to total about $2 billion.

Jones said that at $3.3 billion so far, Louisiana is only 10 percent into what he expects will be a final tab of $25 billion to $50 billion.

In comparison, FEMA's Public Assistance program paid $8.8 billion to help New York's recovery after the 2001 terrorist attacks, $7 billion to repair damage after the Northridge earthquake, and $1.8 billion to rebuild after Hurricane Andrew in Florida in 1992.

Andrews and other officials proposed that Congress rely more on block grants as it did for New York, allow arbitration of appeals and reduce paperwork, and give FEMA field coordinators more authority.

Craig, the New Orleans consultant, said costs will escalate as crews uncover hidden damage and the enormous reconstruction effort sends building prices soaring. He said he expects federal costs to climb by as much as $75 billion. The federal government has committed about $123 billion to the recovery so far.

"It's going to be a $200 billion disaster," he said. "The real, permanent reconstruction hasn't started yet. They're still cleaning up debris."

The Legal Storm In Katrina's Wake (WP)

By Dean Starkman

The Washington Post, August 30, 2006

SLIDELL, La. -- When Hurricane Katrina roared through Linda and Charles Spears's neighborhood one year ago, a neighbor said he saw winds virtually explode houses on their block long before Lake Pontchartrain began to rise. When the wind died down and the waters subsided, there was nothing but a slab where their house used to be.

The Spearses filed a claim with their insurer, a unit of State Farm Insurance Co., for the face value of their homeowner's policy -- $232,000.

State Farm denied the claim, arguing that flooding -- not wind -- caused the damage. Flood damage was not covered in their policy.

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After a mediation session, State Farm agreed to pay $10,000, including living expenses. The Spearses got $151,000 in taxpayer-financed flood insurance from the federal government -- leaving them at least $70,000 short of what they say they're owed and even less than what they need to rebuild under stricter building rules and with skyrocketing construction costs.

Then last month, a letter from State Farm arrived in the mailbox they'd erected on the slab that had held their house. It was a notice: Their insurance premium had been increased by 23 percent.

Struggles like theirs are going on across the Gulf Coast, where more than a million policyholders have turned to their insurers for payment on homeowner's, commercial and other insurance claims. Battles over claims have clogged state and federal courts here and spilled into state legislatures.

Reeling from the scale of the disaster, most carriers have stopped writing new policies along the Gulf of Mexico, forcing policyholders into state-backed insurers of last resort. Earlier this summer, Allstate Insurance Co. of Northbrook, Ill., tried to renounce wind and hail coverage on 30,000 existing policies in Louisiana, a move it is reconsidering after the state insurance commissioner threatened legal action. Rates, meanwhile, are soaring. In Mississippi, the state-backed insurer of last resort asked this year for rate increases of nearly 400 percent, an amount that Insurance Commissioner George Dale cut to 90 percent.

In the aftermath of last year's devastating hurricane season, these parallel problems of shrinking insurance coverage and spiraling rates have rippled across the country. Homeowners in coastal Maryland and Virginia, for instance, can expect rate increases of 25 percent this year, said Robert Hunter, director of insurance for the Consumer Federation of America, and coastal policyholders as far north as Long Island have found themselves unable to renew policies.

The rate hikes and claims fights are putting the insurance industry on the defensive. The industry's profit jumped 11.7 percent, to a record $43 billion, in 2005 from a year earlier, despite the record-setting losses, according to Insurance Services Office Inc., a firm that collects state regulatory filings from insurers.

Rep. Gene Taylor (D-Miss.), who represents the state's coastline, said the industry's strong performance is due in part to its "shamefully" ascribing damage caused by wind to floods, shifting costs to policyholders or the government-backed National Flood Insurance Program, which is expected to absorb $22 billion in claims stemming from Katrina and other storms last year.

"That's the biggest scandal of them all," Taylor said. "It's no coincidence the flood program posted a $20 billion loss the same year the insurance industry posted a $40 billion profit."

Insurance industry officials refute that assessment. "Not only isn't it a scandal, it isn't a mystery," said Robert Hartwig, chief economist for the Insurance Information Institute, a New York-based industry group. Hartwig said the profits came from product lines other than homeowner's insurance and regions other than the Gulf. Under law, he said, insurers are forbidden to subsidize losses in one state with premiums from another.

Industry representatives say more than 94 percent of Katrina-related homeowners' claims have been settled, while less than 1 percent of the claimants have entered an optional mediation program. They note that in Louisiana, only 8,000 formal complaints have been filed with the state insurance department -- a modest number compared with more than 1 million claims in that state alone.

"The complaints are coming from a very vocal but tiny minority," Hartwig said. "There are some unrealistic expectations on the part of some policyholders and trial lawyers."

But plaintiffs' attorneys and consumer advocates say there is a big difference between settling a claim and settling it to the policyholder's satisfaction. They say this could be the beginning of a flood of lawsuits that could clog courts in Mississippi and Louisiana for years.

Allan Kanner, a policyholders' lawyer in New Orleans, said that since Katrina, his firm has helped to train more than 300 local lawyers, representing 15,000 clients, in insurance law. Walt Pierce, a spokesman for Orleans Parish District Court, the main civil trial court in the city, said this week that 1,099 hurricane-related lawsuits had been filed there as of Friday-- and as he spoke, there was a line out the door to the clerk's office. "It's like we're giving away money," he said.

Frustrating efforts by all sides to draw a clear picture of claims-handling practices is a lack of concrete data. State regulators do not require insurers to disclose even the basics -- including how many claims they deny as a percentage of the number filed, how long it takes to pay claims and how much the insurers' eventual payout differs from what policyholders sought. Indeed, the insurance industry's own data are sometimes hard to reconcile. For instance, according to ISO, the companies have reported that they expect to pay $25.3 billion in Katrina-related claims in Louisiana. However, the Louisiana Department of Insurance reports that insurers have paid $14 billion in Katrina-related claims so far.

Told of the industry's statement that 94 percent of all claims in that state had been settled, Louisiana Insurance Commissioner James J. Donelon said: "I don't believe it." He added that he expected many claims to be reopened by policyholders who think they have been short-changed.

Most of the disputes center on whether damage was caused by flooding, which is not covered by most homeowners' policies, or wind, which is. In an early win for insurers, U.S. District Court Judge L.T. Senter Jr. ruled this month that Nationwide

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Mutual Insurance Co. was justified in denying most of a Pascagoula, Miss., couple's claim on the ground that the storm surge that destroyed their home was a flood and that their policy's flood exclusion is "valid and enforceable."

But Senter gave hope to policyholders like the Spearses, who had complained about carriers citing something known as an anti-concurrent causation clause in denying their claims. This obscure clause, common to homeowners' policies nationwide, under certain interpretations allows insurers to deny coverage altogether if even a small percentage of damage can be attributed to a cause other than the covered peril.

"They said, 'If a tornado came through and two days later the water came, it's all flood,' " said George Arieux, another State Farm policyholder in Slidell. A video taken by one of Arieux's neighbors shows the entire neighborhood being battered well before Lake Pontchartrain rose.

In his ruling, Senter said the anti-concurrency language in the Pascagoula couple's policy was ambiguous and therefore invalid.

Louisiana State Sen. Julie Quinn made an unsuccessful attempt to pass a bill prohibiting insurers' use of the anti-concurrency clause. But she successfully pushed through a bill earlier this spring that forbade insurers to deny wind claims solely because damage was found below the floodwater line in an insured house.

While consumer advocates and industry spokesmen trade charges, Charles and Linda Spears wait to rebuild their house. Lakeview Drive, where dozens of homes once sat on the northern edge of Lake Pontchartrain, is today a scene of FEMA trailers, bare concrete slabs and vacant pilings.

A spokesman for State Farm, based in Bloomington, Ill., says its investigators found that water caused most of the damage to the Spears's house and that engineering reports support the company's assertion.

But Gerald Ciacca disagrees. Ciacca, who lives 80 yards inland from the Spearses, stayed through the hurricane because he got a late start and feared being trapped on the clogged roads. In an interview, he said he watched from a garage as the winds abruptly shifted from the north to the southwest as the hurricane passed.

"That's when all hell broke loose," he says. "It was just unbelievable. It was like nothing I've ever seen. That's when everything come apart."

He said he saw a whole row of houses on the Spears's block literally torn apart by wind, one next to the Spears's collapsing like a "deck of cards," leaving little for the storm surge to damage.

Ciacca, who says his insurer, a unit of Liberty Mutual, paid his claim nearly in full, said the damage to his home was largely done by the time he retreated to an attic as waters rose and flooded about a foot of his first floor.

The Spears's next-door neighbor, Leon Dupreire received $75,000 for wind damage from Allstate, but only after the company initially denied the claim altogether.

"The first thing they wanted to tell me was that it was all flood, but I wasn't going to fall for that," he said. He said he told Allstate representatives: "I'm an old Marine. I'm going to follow the chain of command. I can go until we hit God."

As for Linda Spears, she's gearing up for a court fight.

"I think they should pay for my whole policy," she said. "I paid the whole premiums."

Triumph Of The Katrina Volunteers (LAT)

The Los Angeles Times, August 30, 2006

PRESIDENT BUSH MARKED THE first anniversary of Hurricane Katrina on Tuesday with a speech in New Orleans saluting volunteers from across the country. He's right. Their overwhelming show of compassion shined a rare light in a dark time.

For the last year, college and high school students have given up holiday ski trips and spring-break beach vacations to tear down walls and shovel rubble. Churches have sent squadrons of teenagers and retirees. Individuals of all ages have taken time off from jobs and families and headed south to see what they could do to help.

Christie Tedmon, a champion gymnast who graduated from UCLA in June, was one of them. Last September she headed to Gulfport, Miss., with 13 other members of Bel Air Presbyterian Church. She unloaded trucks full of donated clothing and food, sawed fallen trees and dragged moldy furniture out of houses. The people she came to help were grateful — and surprised. "You came all the way from California to help us?" they asked.

As so often happens when volunteering, the help flowed both ways. "One of the last days we were there," Tedmon said, "we were helping to tear out the inside of a house owned by a couple in their mid-70s. They worked right alongside us. It broke my heart to stand next to this couple who had to tear down the house they'd lived in their whole lives. And yet the next morning they made us breakfast at the church at 6 in the morning before we headed to the airport."

A year later, the volunteers continue to arrive.

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Earlier this month, UCLA psychology professor Vickie Mays asked fellow members of the American Psychological Assn. to arrive early for their long-scheduled annual meeting in New Orleans. They gave workshops for local mental health counselors, ministers, teachers and parents to treat the estimated half a million hurricane survivors suffering from anxiety, depression and post-traumatic stress.

Like the president, Mays was overwhelmed — though not just by the outpouring of help from youth groups, churches and her fellow psychologists. What struck her was the eerie silence in block after block of shattered homes, schools and churches in the city's Lower 9th Ward. A year after the hurricane, it was hard to believe that this was part of the United States. "Without volunteers," she said, "God knows how bad it would be."

Volunteers richly deserve the president's praise. But the Gulf Coast communities depend on his promise that government, though late to arrive, won't walk away until the job is done. And the whole country depends on his promise that a government so clearly unprepared for that natural disaster will be ready for the next one.

Begat, Bothered, Bewildered (NYT)

By Maureen Dowd

The New York Times, August 30, 2006

New Orleans

Doing his stations of the Katrina cross, President Bush went for breakfast with Mayor Ray Nagin at Betsy's Pancake House.

As Mr. Bush tried to squeeze past some tightly placed tables, a waitress, Joyce Labruzzo, teased him, saying, "Mr. President, are you going to turn your back on me?''

"No ma'am,'' he replied, with a laugh and a pause for effect. "Not again."

It was a rare unguarded moment — showing that his towering Katrina failure is lodged somewhere in the front of his cerebral cortex — in a trip of staged, studiously happy settings, steering away from the wreckage of buildings and people so searing for anyone who loved the saucy and sauce-laden New Orleans of old.

W.'s anniversary contrition for the cameras was a more elaborate version of his famous Air Force One flyover a year ago, when he had to be shown a DVD of angry news coverage of apartheid suffering here before he belatedly and grudgingly broke off his five-week Crawford vacation.

In an interview on the Upper Ninth Ward's desolate North Dorgenois Street, the president told NBC's Brian Williams that, besides Camus, he had recently read a book on the Battle of New Orleans and "three Shakespeares." A White House aide said one of them was "Hamlet."

What could be more fitting? A prince who dithers instead of acting and then acts precipitously at the wrong moment, not paying attention when someone vulnerable drowns.

The president bristled when the anchor asked about criticism that his inept response had to do with a "patrician upbringing" and about whether he was asking the country to sacrifice enough. "Americans are sacrificing," he said. "We pay a lot of taxes."

The last two days in Mississippi and New Orleans were W.'s play within the play. He took the role of the empathetic and engaged chief executive, rallying resources to save the Gulf Coast, even as the larger lens showed a sad picture of American communities that are still decrepit and hurting, while the Bush administration's billions flow to reconstructing — or rather not reconstructing — Iraq.

You longed for this Crawford Hamlet to just go out there and say, "This just isn't good enough."

Instead, he gritted his teeth and put on his blandly optimistic cheerleader-in-chief role and talked about restoring "the soul'' of New Orleans. It always makes me nervous when W. does soul talk.

He was brazen enough to pose as the man of action even in a city ruined by his initial and continuing inaction. "I've been on the levees,'' he told a crowd at a high school here yesterday. "I've seen these good folks working.''

He spoke to a small number of residents in the boiling sun before the one house that had been tidily restored in a blighted neighborhood in Biloxi. Outside the TV frame, there was a toilet on its side in the yard of a gutted house. On one fence spoke there was a child's abandoned stuffed toy.

At a stop at a building company in Gulfport, Miss., he chirped biblically: "There will be a momentum, momentum will be gathered. Houses will begat jobs, jobs will begat houses."

Douglas Brinkley, the New Orleans writer who recounted the history of the trellis of failure, Republican and Democratic, federal, state and local, in "The Great Deluge,'' noted that Mr. Bush was merely "sweating bullets trying to get the visit over with."

"In the Republican playbook, Katrina's a loser,'' he said.

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Mr. Bush tells journalists he has been reading prodigiously, 53 books so far this year, with three bios of George Washington, two of Lincoln and one of Mao. He seems more attuned to his place in history and yet he doesn't really seem to get that his presidency will be defined by rushing into one place too fast and not rushing into another fast enough.

He has let Dick Cheney and Rummy launch Category 5 attacks on critics of the war. Darth Vader reiterated his nutty pre-emption policy, and Rummy compared critics of Iraq to Chamberlains who appeased Hitler, noting that "once again we face similar challenges in efforts to confront the rising threat of a new type of fascism."

Somebody needs to corner the defense chief and explain that it's not that we don't want to fight terrorism, it's that we want to do it efficiently and effectively. Why is it necessary to scare the country, make false connections between an ill-conceived war and fighting terror, and demonize critics with outrageously careless historical references to Hitler and fascism?

W. needs to restore the soul, not merely of the Big Easy, but of the White House.

A City Worth Saving (USAT)

USA Today, August 30, 2006

Hurricane Katrina's devastation of New Orleans was not a natural disaster. It was a man-made disaster. But it wasn't man-made only because the levees built by the Army Corps of Engineers proved so flawed that, as the Corps itself said, they offered protection "in name only." It was man-made in a much larger sense, for even if the levees had kept New Orleans dry last year, eventually another hurricane would have ripped the city apart.

That will still happen unless we do something. To understand why that is, how the city can be protected against Category 5 storms, and why the national interest requires action, one has to understand the Mississippi River.

By depositing sediment into what had once been ocean, the river created about 35,000 square miles of land from Cape Girardeau, Mo., to the current mouth of the river. As recently as World War II, a land buffer kept New Orleans reasonably safe from hurricanes.

Three factors changed the geological equation. All three benefited the rest of the nation but increased New Orleans' vulnerability.

First, the Corps of Engineers prevented the river bank from Minneapolis south from collapsing into the river by lining hundreds of miles of the Mississippi River with either riprap or concrete mats. This keeps shipping moving and provides flood protection but deprives the Mississippi of millions of tons of soil that historically built land farther south.

Second, because the river still carries enough sediment to block the mouth of the river with sandbars, closing it to shipping, the federal government maintains jetties extending more than 2 miles out into the Gulf of Mexico. The jetties escort the soil into deep water, allowing New Orleans to serve as the busiest port in the USA.

But all this deprives the coast — from Texas to Mississippi — of the soil that created it. Coupled with development and levees preventing replenishment of the land with new sediment, this caused much of the city to fall below sea level.

A century in the making

Yet these forces have been at work for a century and alone did not put New Orleans in desperate straits. Virtually all cities near mouths of deltaic rivers are below sea level. Amsterdam's Schiphol Airport lies 14 feet below sea level, lower than New Orleans. Near Sacramento, developers want to build on land 20 feet below sea level.

What has enormously increased New Orleans' vulnerability is a more recent problem: offshore oil and gas wells. These wells account for more than 30% of U.S. domestic energy production. To service them, the oil industry dug 8,000 miles of pipelines and canals through the coastal marsh; every inch of those canals and pipelines lets salt water eat away at the land.

As a result, 2,000 square miles of Louisiana's coast — some of it barrier islands, some marsh, and some once seemingly as solid as the land just below Cape Girardeau — has melted into the sea. The overwhelming majority of the loss has come in the past 50 years.

All of that land once defended New Orleans against the full force of hurricanes, soaking up many feet of storm surges. Barrier islands that no longer exist once helped defend both the Louisiana and Mississippi Gulf Coast.

So, protecting people hundreds of miles north of New Orleans from river floods, making Pittsburgh, Minneapolis and Tulsa into ports with ocean access, and supplying oil and gas to America have all made New Orleans vulnerable.

Yet New Orleans can be protected against great storms. Levees that survive overtopping is step one. Step two is building storm surge barriers, as the Netherlands, Great Britain, Italy and even Providence, have. Step three — the most important and most expensive — is restoring the coast. The river still carries enough sediment that, directed to the right places, it can provide significant protection to the city, even with the expected rise in sea level. Restoring the coast will cost an estimated $14.1 billion — spread over 25 to 30 years. By contrast, Iraq costs $6 billion a month.

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Giving Louisiana the same share of tax revenue from its offshore wells that New Mexico, Wyoming and other states get from wells drilled on federal land would cover 100% of the cost. Those states justify getting their share because of the environmental and infrastructure costs that drilling causes, yet their costs are insignificant compared with Louisiana's.

Why change must come

More important, protecting New Orleans is the classic example of something we can't afford not to do. Those who believe New Orleans can survive as a smaller city and still serve the rest of the country as a port are mistaken. Louisiana continues to erode: the equivalent of roughly a football field melts into the sea every hour.

If nothing is done, the city will become a fragile walled island under constant assault. Nor can the port move to Baton Rouge. The port runs along almost 70 miles of river, much of which will be threatened.

Energy infrastructure will become even more vulnerable than the city, and we'll suffer constant supply disruptions and Katrina-like price spikes. The Strategic Petroleum Reserve won't help; Katrina knocked out its pumps and pipelines. Indeed, rebuilding Louisiana's coast might be the only thing environmentalists and the energy industry agree on.

The most important step in rebuilding New Orleans is assuring residents and investors that it will be safe. The most important part of that is committing to build Category 5 hurricane protection. It isn't just New Orleans that needs it; the national economy needs it.

John M. Barry, author of Rising Tide and The Great Influenza, is Distinguished Visiting Scholar at the Center for Bioenvironmental Research at Tulane and Xavier universities.

One Year After Katrina, The Struggle Continues (9 Letters) (NYT)

The New York Times, August 30, 2006

To the Editor:

One year ago, Hurricane Katrina crossed the Louisiana coastline and changed us forever. As the storm shattered our lives and communities, New Yorkers were among the first people who rushed to our aid.

Few could imagine that four years after the World Trade Center attacks, two of the greatest cities in the world would share a unique appreciation for each other — as we became bound by two of the most devastating events in our nation's history.

Just as Louisianans arrived in Manhattan soon after the tragedy in 2001, New Yorkers landed in south Louisiana last August.

In one of the darkest hours of our state's proud history, we turned to New York, and its people responded with compassion, strength and generosity.

I have accepted, on behalf of all the people of Louisiana, America's astonishing generosity. I continue to express our immense gratitude for all that has been done for us.

We thank everyone who has contributed to the Louisiana Disaster Recovery Foundation, provided aid to our people and dispatched resources and first responders to our communities.

I ask the good people of New York not to forget us as we continue our recovery. Come visit us and experience our unique culture. Lend us your talents, and always keep us in your hearts and prayers.

Kathleen Babineaux Blanco

Governor

Baton Rouge, La., Aug. 28, 2006

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To the Editor:

Re "A City's Future, and a Dead Man's Lost Past" ("The Katrina Year" series, front page, Aug. 27):

After reading the latest chapters of life after Hurricane Katrina in New Orleans and the Gulf Coast, one can only wonder how much more diminished and impoverished our national pride, sense of security and care for our fellow citizens can fall.

It was not so long ago that Franklin D. Roosevelt and Dwight D. Eisenhower imagined, planned for and successfully executed enormously complex relief initiatives.

Their administrations would not have tolerated the pitiful and impotent efforts of the last year, nor would their followers have tolerated the lack of moral and civic clarity that plagues government today.

The sad performance we have witnessed is less the result of Katrina's devastation than it is a failure of will, expectation and leadership at all levels.

D. C. Montague

Chattanooga, Tenn., Aug. 28, 2006

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To the Editor:

DOJ_NMG_0055715

Re "A New Orleans Home Is Reborn, With Grit and Persistence" ("The Katrina Year" series, front page, Aug. 23):

If the future of New Orleans "will be grounded in the stubborn drive of people like Artie Folse and Tonja Osborne," then the city is truly in real trouble.

How many other couples have a business that generates $50,000 a year and "allows a flexible schedule," along with a family-owned home nearby in which they can live?

That Mr. Folse and Ms. Osborne "got to work" without waiting for government help is commendable. But the city cannot possibly recover if the lights are not turned on, the schools and hospitals are not open and other public services we all take for granted are not operating.

Gregory D. Squires
Washington, Aug. 23, 2006
The writer is chairman of the sociology department, George Washington University.

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To the Editor:

"A Year After the Storm, Business Remains Unusual" (news article, Aug. 25), detailing the trials of small-business owners here in New Orleans, astounded me by how many businesses and owners I recognized or frequent.

It helps to know that others are even aware of the situation and progress in New Orleans and Louisiana. Continue the good reporting on our region. The best to your lovely city and state.

Henri André Fourroux III
New Orleans, Aug. 25, 2006

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To the Editor:

The article about the economic struggles of New Orleans businesses didn't mention a major government-imposed barrier to their survival. The new bankruptcy laws, which went into effect after Hurricane Katrina hit, preclude people who held mortgages or loans from writing off old debts and starting anew.

Many New Orleanians, shopkeepers included, are making payments on homes and businesses that are now demolished, while trying to resuscitate their lives.

In a particularly heartless move, Congress refused pleas to exempt the residents of the storm-struck region from the onerous provisions of the new bankruptcy code.

As a native New Orleanian, I find the suffering imposed by political callousness, procrastination and ineptitude more anguishing than the original storm surge.

Christie Theriot Woodfin
Atlanta, Aug. 25, 2006

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To the Editor:

What a shock to see that there are still piles of rubbish on the streets of New Orleans one year after Hurricane Katrina.

The next time President Bush gets the urge to clear brush from his Crawford, Tex., ranch, maybe he should go to New Orleans and help remove trash.

Tom Olson
Doha, Qatar, Aug. 29, 2006

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To the Editor:

It is a disgrace that elected officials from both sides of the aisle are using the first anniversary of Hurricane Katrina as an opportunity for political posturing ("Anniversary Brings Out the Politics of Commemoration," news article, Aug. 28).

Perhaps the situation in New Orleans, Mississippi and elsewhere would be less dire if we stopped trying to bolster political careers and instead supported the lives, health, security and well-being of people in need.

I do my best to help my loved ones, as well as strangers, in the areas struck by the hurricane by giving time, money and any other resource I may have available.

It is unfortunate that those who should be leading by example demonstrate only selfishness. It is obvious that this very example is what predominates the rebuilding efforts, or lack thereof.

Brittany Turner
Saugerties, N.Y., Aug. 28, 2006

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To the Editor:

Yes, New Orleans continues to be a mess and its sensible renewal problematic. Yet one hears little about whether the city should be fully rebuilt at all.

In fact, it should not, for its physical future is questionable. The marshes, swamps and bayous to the south of New Orleans are being eroded away, so that the south side of the city will likely be open to the Gulf of Mexico by 2050.

Even with the best of dikes and seawalls, how could it withstand, say, a hurricane like last year's with no other natural protection?

If New Orleans is to be rebuilt, it should be strictly industrial — serving the huge amount of goods that will continue to go through its port — and built for that purpose only.

Richard W. Stanley

Dellwood, Minn., Aug. 27, 2006

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To the Editor:

"A Year After Katrina Disaster, Bush Still Fights for 9/11 Image" (front page, Aug. 28) refers to President Bush's image "after the Sept. 11 terrorist attacks, bullhorn in hand, feet planted firmly in the rubble of the twin towers," contrasting it with his careless flyover in Air Force One after Katrina.

I question the comparison.

In 2001, Mr. Bush waited three days before making his way to New York. The American people desperately needed him to be presidential after 9/11; we helped make him so, even as Mayor Rudolph W. Giuliani and countless unheralded Americans did the truly brave work of relief and recovery.

President Bush and his cold, shrewd team of advisers have always had a tin ear for citizens in need.

Colleen Kyle

Deerfield, Mass., Aug. 28, 2006

Tropical Storm Drenches Southern Florida (AP)

By Laura Wides-Munoz

AP, August 29, 2006

Tropical Storm Ernesto's leading edge drenched Miami and the rest of southern Florida on Tuesday as it steamed toward the Sunshine State with a potential for more than a foot of rain. But forecasters said there was only an outside chance it would strengthen into a hurricane.

Residents took no chances, though, mindful of the seven hurricanes that have hit the state since 2004 and Katrina, which struck New Orleans exactly one year ago.

"I don't think it's going to be too big, but you never know,'" said Frankel Herad as he removed brightly colored African dresses from the walls of his store in Miami's Little Haiti neighborhood.

By late afternoon, Ernesto had top winds of 45 mph. And there was only a "remote possibility" it could become a hurricane with winds of 74 mph or greater before crossing over Florida overnight, the National Hurricane Center said.

"The storm has not been strengthening," said Max Mayfield, the center's director. "That window for it strengthening into a hurricane is definitely diminishing."

Forecasters expected 5 to 15 inches of rain, which could flood streets and homes. Residents in flood-prone areas filled thousands of sandbags in anticipation of high water.

Ernesto, briefly a hurricane Sunday, lost much of its punch crossing mountainous eastern Cuba. The storm was expected to move up the middle of the state and over the northeastern coast by early Thursday before churning into the Atlantic Ocean, where it could regain hurricane status before hitting Georgia or the Carolinas.

Florida Gov. Jeb Bush, joined by Homeland Security Secretary Michael Chertoff, said the state was ready to respond to any problems with 500 National Guardsmen and another 500 state law enforcement officers.

"This does not look like a catastrophic event, but we always want to be ready," said Chertoff, who had just come from the Katrina anniversary events in Louisiana and Mississippi.

NASA scrubbed Tuesday's launch of Atlantis. The space agency began moving the shuttle back to its hangar to protect it from the storm, then reversed course later in the day when forecasters predicted winds would not be as severe as initially feared.

At 5 p.m. EDT, Ernesto was centered over warm open water in the Florida Straits, about 105 miles south of Miami. It was moving northwest at about 13 mph.

Across populous South Florida, residents scurried to make last-minute preparations. Most schools were closed, and lines formed early at groceries, gas stations, pharmacies and hardware stores.

Officials repeatedly urged people to have enough supplies for 72 hours, especially given the likelihood of power outages.

In Davie, Pedro Concepcion was about to leave his mobile home to get supplies, including wood to board up the windows and a tarp for his roof.

"Last year we had a lot of damage, so we want to be prepared. We still have some damage to windows," he said.

Officials in the Miami-Dade and Fort Lauderdale areas urged mobile home residents to evacuate, though not all did so.

By late afternoon, there were more than a thousand people at shelters in Broward and Miami-Dade counties. Latosha Mikell reluctantly brought her 9-month-old son to a Miami shelter.

"There is no privacy here," she said. "There is no bedding, and there are a lot of people just sleeping on the floor."

Damage from 2005 and 2004 hurricanes continues to plague many residents, with thousands still awaiting roof repairs.

In Miami, 49-year-old Luckner Senatus prepared to move his family to their nearby church. His neat beige bungalow was still covered with a blue tarp, with yellow water stains on the walls. He was still waiting for a contractor to fix his roof.

"They called last night to say maybe next week they will begin work," said Senatus, shaking his head. "We can't stay here tonight. We are all going to have to leave."

In the laid-back Florida Keys, many residents took the approaching storm in stride. Adam Bradford, a construction foreman from Marathon, helped a friend place shutters over the front windows at Dot's Tattoos and Ranee's Body Piercings. Bradford said the season's first storm, if nothing else, provided good practice.

"You got to get everything ready, make sure it works," he said. "It's like a prep storm."

Ernesto killed at least two people in Haiti, including a woman washed out to sea Sunday from a southern island, the country's civil protection agency said.

There were no reports of damage or deaths in Cuba. In an unusual public acknowledgment of the cooperation that has long existed between U.S. and Cuban weather services, the hurricane center thanked Cuba's government for permitting reconnaissance aircraft "to fly right up to their coastline to gather this critical weather data."

Meanwhile, off Mexico's west coast, Hurricane John grew into a powerful Category 3 storm, with maximum sustained winds of 115 mph. The storm threatened to cause flooding and ruin vacations in some Pacific resorts, but it was not expected to directly hit land.

John became the sixth Pacific hurricane of the season earlier in the day.

Floridians Brace For A Fading Ernesto (WP)

By Catharine Skipp, Marc Kaufman

The Washington Post, August 30, 2006

MIAMI, Aug. 29 -- Once a threatening hurricane but downgraded to tropical storm, Ernesto nonetheless drenched Miami in heavy rain and closed schools and airports Tuesday.

Skittish officials and residents, mindful that the storm was arriving on the one-year anniversary of Hurricane Katrina, took extra precautions. Many people stocked up on gasoline and water. Florida Power and Light readied more than 5,000 employees to repair downed power poles, and the Federal Emergency Management Agency prepared 120 trucks full of water and meals.

At the same time that the National Hurricane Center was downgrading the projected effects of Ernesto on Florida, however, it also placed a hurricane watch on the Atlantic coast, from Georgia to North Carolina. The center said Ernesto could possibly regain hurricane strength after it crosses Florida and reaches the warm water off the state's northeast coast.

The on-again, off-again worry about Ernesto was reflected at the Kennedy Space Center, where NASA officials at first began moving the space shuttle Atlantis off its launchpad for safe haven and then, five hours later, decided to move it back to the pad. NASA officials said it was the first time that a weather-related rollback was itself rolled back.

For the early part of Tuesday, Miami was part snow day, part serious hurricane prep. Schools were out, and many employers let workers have the day off to get ready for the storm.

At Gardner's Market, an upscale gourmet grocer, business was up 50 percent for a weekday, manager Mike Rivo said. "Most everyone has the day off, and most businesses are closed. Everyone is here buying all the fun stuff -- chips, beer and wine," he said.

The stores that stayed opened were well-stocked, but some gas stations ran out of fuel. At one Mobil station in South Miami, motorists pulled up to the empty pumps hoping for a miracle. The station stayed open selling ice and groceries and hoping for a fuel delivery before the storm arrived.

Down the road at a Chevron station, David Friedland, a 42-year-old patent attorney, was topping off his sport-utility vehicle and filling a line of red five-gallon fuel cans. "I'm getting gas to run the generator, just in case," he said. "Even if it is only a tropical storm, it is still 70-mile-per-hour winds."

He said last year he had enough gasoline to last him until the stations reopened and lived without electricity for two or three weeks, keeping his family's freezer and a couple of lights powered with his generator.

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Down the street, the CVS pharmacy was fully staffed and juggling phones, pills and customers. A young, tall pharmacist, who declined to give his name, said it had been very busy. "We have too much business. We've been filling a lot of prescriptions the last two days. People are stressed out thinking we are going to shut down for a couple of days."

After gasoline, food and water, the last must-have for a threatened power outage was cash.

"I don't want to say I'm not worried about the storm, because we thought Katrina and Wilma weren't going to be much, and they turned out to be bad for this area," said Victor Febres, 34, a systems engineer at the University of Miami, who was getting cash from an automated teller machine. "There was a lot of damage, and it took a big effort to get it cleaned up."

By early afternoon, the first of bands of rain were spitting down, and the city started battening down. The center of the storm was expected to reach the Florida Keys early Wednesday.

Rain from Ernesto could reach Virginia and Maryland by Thursday, the hurricane center said.

Meanwhile, off Mexico's west coast, Hurricane John grew into a powerful Category 3 storm, with maximum sustained winds of 115 mph. It threatened to cause flooding and ruin vacations in some Pacific resorts, but it was not expected to directly hit land. John is the sixth Pacific hurricane of the season.

Kaufman reported from Cape Canaveral.

Ernesto Grinds Ashore In Florida (USAT)

By Larry Copeland

USA Today, August 30, 2006

HIALEAH, Fla. — Hurricane Wilma shredded the roof of Joaquin Hechaverria's house when it tore through this Miami suburb last October. Hechaverria still has one of the famous blue-tarp roofs, which put him under a mandatory evacuation order Tuesday when Tropical Storm Ernesto moved into South Florida.

But Hechaverria, 57, was staying put, along with his wife Lilia Painchault, 47, and her daughter, Liliana Perinan, 15. He said they would remain to protect their home — both from the wind and rain and from possible looters.

They said they cannot afford the $23,000 it will cost to repair the roof, so Hechaverria, an electrician, is doing it himself. “He's fixing it a little at a time,” Liliana said. “He can't work on it much because he has to work.”

Ernesto never intensified as feared and was a weak tropical storm when it washed onto the South Florida mainland late Tuesday. It had top sustained winds of 45 mph and far less rain than the up to 10 inches that had been predicted — a mild event compared with the eight hurricanes that have hit this state since 2004.

“We don't know for sure why the storm didn't intensify,” said Max Mayfield, director of the National Hurricane Center in Miami. “I'm certainly glad that it didn't, but we have to do a better job of intensity forecasting.”

The National Hurricane Center issued a hurricane watch for portions of the East Coast from Georgia to North Carolina.

After leaving Florida, Ernesto was expected to drift over the Atlantic, then re-intensify and hit again near Charleston, S.C., midafternoon Thursday with 70-mph winds, said Frank Lepore, a hurricane center spokesman.

“That's close enough to a hurricane that you want to put hurricane warnings out,” he said. A hurricane has sustained winds of at least 74 mph.

Before the storm, many people like the Hechaverria family — residents whose roofs still have not been repaired after previous storms — worried about how they might fare even in a tropical storm.

“If your house has a blue tarp, you need to make arrangements that when you start feeling the effects (of Ernesto) you need to go somewhere else,” said Miami-Dade County Mayor Carlos Alvarez. He announced a mandatory evacuation order for them and for people living in mobile homes and low-lying areas.

There are 18,000-20,000 houses that still have blue-tarp roofs in Miami-Dade and Broward counties, said Miami attorney Ron Book, co-chairman of Partnership for Recovery. That private-public group's “No Blue Roofs” effort raises money to help low-income homeowners repair their houses.

Many residents who heeded the evacuation order had begun leaving shelters late Tuesday. Accidents on rain-slick roads killed at least two people.

Across South Florida, residents made last-minute preparations for the storm. They formed long lines at gas stations, snapped up generators at home-improvement stores and stocked up on water and food at grocery stores.

“I am very concerned that we are going to have people die or get seriously injured because they stay,” Book said.

“These are elderly, disabled and people on fixed incomes living in $40,000-$50,000 homes that they inherited and making less than $20,000 a year. They've been turned down by FEMA, by the state, by any programs that are out there.”

Citrus Growers Brace For Ernesto And Fallout From A Depleted Crop (WSJ)

By Chad Terhune

DOJ_NMG_0055719

The Wall Street Journal, August 30, 2006

As Tropical Storm Ernesto pelts Florida's citrus groves and the heart of hurricane season begins, the state is already bracing for its lowest orange crop since 1990 after two years of hurricane-related losses and the spread of plant diseases.

The depleted crop has roughly doubled the prices paid to growers since 2004, but the citrus industry worries that shortages of orange juice and higher retail prices could drive away consumers. The big juice makers, PepsiCo Inc.'s Tropicana and Coca-Cola Co.'s Minute Maid, have been raising prices by up to 10% to offset the higher costs. Meanwhile, Brazilian exports of orange juice into the U.S. have eased as some growers there switch to sugar cane or sell to emerging markets such as Russia and China.

"There is a lot of concern there won't be enough orange juice" for the U.S. market, said Tom Spreen, chairman of the food and resource economics department at the University of Florida in Gainesville. "That's a good thing for growers in the short term, but in the long term you run the risk of eroding the market as availability drops. You may pay for it later."

Orange-juice futures hit their highest price since 1990 on the New York Board of Trade this week. Yesterday, the front-month contract for September closed down slightly at $1.83 per pound.

Yesterday, citrus growers in central and south Florida cleared irrigation ditches of excess water and secured equipment as Ernesto approached. Forecasters dropped hurricane watches for the state yesterday evening, but Ernesto was still expected to move through as a weak tropical storm, having crossed the Florida Straits with sustained winds of 45 mph. Rain remained a concern.

J.A. "Jay" Clark III, who has 400 acres of orange groves in Wauchula, Fla., lost 90% of his oranges to Hurricane Charley in 2004. He fears flooding from Ernesto could damage trees, and that winds could further spread citrus canker, a bacterial disease that has forced officials to destroy thousands of acres of groves.

Elizabeth Steger of Citrus Consulting International in Orlando, Fla., predicts a crop of 123 million boxes for the coming season, which will begin to be picked in October. That would be the smallest Florida crop since 110.2 million boxes in the 1989-90 season, which was hurt by a freeze. Last year's crop was about 151 million boxes.

The shortage has driven the average price paid to growers from about 65 cents per pound of solids, or the amount of juice squeezed from the fruit, during the 2003-04 season to $1.33 last season.

Mr. Spreen estimates prices could top $1.50 for the coming season. The break-even point for most growers is about 75 cents.

Those higher costs have weighed on juice processors, which purchase about 95% of Florida's oranges. Tropicana, the biggest buyer of Florida oranges or about 40% of the overall crop, said its retail prices increased by nearly 7% in 2005. Minute Maid raised its wholesale prices for chilled orange juice last month by 8% to 10%.

The price increases and consumer concerns about the calories and carbohydrates in orange juice have taken their toll at the checkout aisle.

Sales of chilled orange juice fell 7.9% by volume in the 52 weeks ended Aug. 13, according to Information Resources Inc. And the average unit price increased 5% to $2.64 over the same period in supermarkets and other stores, excluding Wal-Mart Stores Inc.

"We expect the significant destruction over the last couple years will continue to drive higher prices because of cost and supply issues," said Pete Brace, a Tropicana spokesman.

WAR NEWS:

Gonzales: Iraq's Future Depends On Law (AP)

By Rebecca Santana, Associated Press Writer

AP, August 30, 2006

Attorney General Alberto Gonzales said Tuesday that Iraq's future would depend on its enforcing the rule of law, but only its people and political leaders could decide what type of law that would be.

Gonzales said after meeting with Deputy Prime Minister Barham Saleh that they had discussed the use of "extraordinary measures," referring to policies toward prisoners and detainees. He added that the U.S. would not tell Iraq how to handle the issue.

"It is difficult to decide what is appropriate now and what is allowed under the law. This decision will be made by the Iraqi government," Gonzales said. He did not offer specifics or elaborate.

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Gonzales is an architect of U.S. policy on the treatment of prisoners abroad and the author of a 2002 memo saying President Bush had the right to waive laws and treaties that protect prisoners of war. He has come under criticism for his position but has denied allegations that it helped lead to abuses in Iraq.

He bristled at reporters' suggestions that American policies might be viewed as condoning torture.

"This president has been very clear. This government has not engaged in torture," Gonzales said.

Gonzales made the comments after a tour of the building where Saddam Hussein has been put on trial in the heavily fortified Green Zone in the center of Baghdad. Gonzales is on a one-day visit.

The attorney general said Washington is committed to helping build an Iraqi court system, pointing to $100 million that he said Congress has appropriated for the project.

The dreams of the Iraqi people, "can only be realized if there is a rule of law in their country and greater security," Gonzales said.

Asked about the conduct of U.S. troops in Iraq, he said the vast majority "meet the highest ethical standard" and those who did not would be prosecuted to the fullest extent of the law.

One case that has inflamed tempers in Iraq involves a 14-year-old Iraqi girl who was raped and murdered in Mahmoudiya, a town 20 miles south of Baghdad. Her 5-year-old sister and parents also were murdered. U.S. authorities arrested five soldiers and a former private in connection with the case. The active-duty soldiers faced a military hearing earlier this month to determine if they should be court-martialed. A decision is pending.

In another case, U.S. Marines are accused of killing 24 civilians — including women and children — in November in the city of Haditha, 140 miles northwest of Baghdad.

Saleh said after his meeting that he and Gonzales discussed the issue of including Iraqi judges in investigations of alleged atrocities by U.S. soldiers against Iraqis.

"The Iraqi side stresses the importance of participating in the investigation, that the investigation is transparent, that the Iraqi public opinion knows its developments, and that those found guilty are severely punished," Saleh said.

U.S. Official Discusses Law In Lawless Capital (LAT)

By Louise Roug, Times Staff Writer

The Los Angeles Times, August 30, 2006

Atty. Gen. Gonzales visits the Green Zone to talk about detainees and interrogations. In surrounding Baghdad, the bodies stack up.

BAGHDAD — U.S. Atty. Gen. Alberto R. Gonzales arrived Tuesday to discuss the rule of law, as the law of the street left its mark in the capital: 21 bodies bearing signs of torture.

Authorities said 36 other people died after a pipeline exploded as residents were siphoning fuel from it in Diwaniya, where a battle between Shiite militiamen and government forces the previous day killed at least 81 people, according to revised figures.

Elsewhere in Iraq, 27 people were killed or found dead Tuesday, including an American soldier felled by a roadside bomb in the capital.

Early today, 12 Iraqi army recruits were killed in Hilla, south of the capital. Police Capt. Ahmed Muthanna said more than two dozen other prospective soldiers were wounded in the bombing at a recruitment center.

Flying into the capital's heavily guarded Green Zone, Gonzales discussed detainee issues and interrogation tactics with top Iraqi security officials.

Afterward, Gonzales told reporters he had talked about the use of "extraordinary measures" in the handling of detainees, but added that the Iraqis would have to decide for themselves what would be permissible.

"It's difficult to decide what is appropriate and what is allowed under law," Gonzales said.

In a series of memos, Gonzales helped draft the U.S. administration's torture and detention policies that critics charge contributed to abuses of prisoners held by the U.S. military in Cuba and Iraq. He dismissed Geneva Convention protections for prisoners detained in Afghanistan. Last year, he also acknowledged taking part in a meeting that discussed the legality of interrogation techniques that included the threat of live burial and simulating the sensation of drowning.

Taking questions from reporters during a brief meeting in the courthouse where former President Saddam Hussein is standing trial, Gonzales said that "the U.S. does not engage in torture."

He also said he had discussed rule-of-law issues with Iraqi officials and reiterated American support for the Iraqi judicial system.

In Iraq, torture and extrajudicial killings by militias and Shiite-dominated security forces have become a widespread problem that exacerbates the sectarian conflict.

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All of the dead discovered Tuesday in various neighborhoods throughout the capital had been handcuffed and tortured before being shot execution-style. But it was unclear whether the victims were Sunni or Shiite.

Iraqi security forces on Tuesday assumed control of Diwaniya, where a battle between Shiite militia fighters and government forces raised doubts about the Iraqi army's ability to assume control of the streets.

Iraqi security forces killed 50 gunmen, but lost 23 soldiers, several of whom were executed when they ran out of ammunition. Officials in Diwaniya said that eight civilians also died during the battle.

Diwaniya, about 100 miles south of the capital, is a Shiite-dominated city and increasingly a stronghold for radical cleric Muqtada Sadr, who once clashed with U.S. troops in Najaf and is among Iraq's most powerful figures.

Tragedy in the southern city was compounded Tuesday when an explosion tore through a pipeline where Iraqis were siphoning fuel, killing at least 36 people, local officials reported.

The fire was still burning as rescue workers and locals tried to evacuate the wounded. Witnesses said the death toll was certain to climb, and described victims trapped in large pools of burning fuel. Health officials reported 30 to 40 people missing after the blast.

"I heard a big explosion and saw a huge fireball that rose 50 meters into the sky," said Mohammed Zaydi, 35.

The deputy governor of the province said the explosion was caused by fighting among pipeline guards and those siphoning the fuel.

Another official said the pipeline had been left unguarded by Iraqi soldiers deployed to fight the militias.

U.S. military officials believe that Sadr's militia is behind much of the violence in the capital, where a massive U.S. military operation has held down the number of killings this month. But neither the U.S. military nor the Iraqi government has been able to curb his power across the south.

The provincial governor, Khalil Jalil Hamza, and local council members met Sadr in Najaf on Monday, reaching an agreement to stop the fighting.

"We exerted good efforts to stop the bloodletting and thank God we were able to stop it," Hamza told the TV channel Al Iraqiya.

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Times staff writers Saif Hameed and Raheem Salman contributed to this report.

US Attorney General Discusses Interrogation Tactics In Iraq (AFP-Y)

By Jay Deshmukh

AFP, August 30, 2006

US Attorney General Alberto Gonzales met Iraq's Deputy Prime Minister Barham Saleh and discussed the tactics used by Iraqi security forces to combat a wave of violence, including torture.

"It is a somewhat difficult decision as to where to draw the line," Gonzales said, referring to possible measures that Iraqi police might use to extract information from suspected insurgents and death squad leaders.

"It is difficult to decide what is appropriate and what is allowed under law," said Gonzales, who has drawn criticism in the past for describing the Geneva Conventions against prisoner abuse as "quaint".

Gonzales, who arrived in Baghdad Tuesday, told reporters the issue of interrogation tactics came up during his meeting with Saleh but said the techniques to be used were a decision for the Iraqi government.

But he stressed that the US government was against any kind of torture.

"Our President is very clear that government does not engage in torture. The US is not engaging in torture. We are part of a convention against torture."

Iraq is in the grip of a brutal sectarian conflict and there are frequent allegations that militias and death squads with links to state security agencies are involved in the torture and murder of detainees.

Dozens of bodies are found every week across Iraq of kidnap victims killed execution style -- bound, blind-folded and killed with gunshots to the head or beheaded. Some show signs of abuse with power tools.

On Tuesday, at least 11 such bodies were found in Baghdad, their hands bound and dumped in the street.

Gonzales said discussions with Iraqi officials revolved around how to establish the "rule of law and establish greater security in Iraq."

"The rule of law will be systematically adopted by the representatives of the people," he said.

The US justice minister was questioned about the increasing use of adhoc Islamic Sharia law courts across the country, especially by militia groups, who employ clerics to sanction extra-judicial killings.

The Mahdi Army militia loyal to radical Shiite cleric Moqtada al-Sadr, is often accused of operating such courts and executing people it finds guilty.

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"The way of thinking... the culture can't be changed overnight. The United States makes itself available by way of views and training" to establish a secure rule of law, Gonzales said.

"It's an ongoing process and will take time."

Gonzales also said it was a "challenge" to control the militias roaming on the streets of the capital.

He said the US government had also approved 100 million dollars for building new prisons and training and promoting the democratic rule of law in Iraq.

Referring to allegations of a series of abuses committed by US troops in Iraq, the attorney general insisted that "99.9 percent of the men and women in uniform observed ethical standards under difficult circumstances."

"But those who do not will be held accountable."

The US military is currently battling a series of accusations, most damaging being allegations of rape and murder of an Iraqi girl and killing of her family in the town of Mahmudiyah by a group of soldiers in March.

AG Gonzales Sees Police, DOJ Work In Iraq (UPI/UPI)

United Press International, August 30, 2006

WASHINGTON, Aug. 29 (UPI) -- U.S. Attorney General Alberto Gonzales paid a lightning visit to Baghdad Tuesday, meeting staff from the Department of Justice working there.

According to a statement from the department, Gonzales also met senior Iraqi officials, including Deputy Prime Minister Barham Salih and Chief Justice of the Higher Judicial Council Medhat Al-Mahmoud, as well as U.S. military personnel.

"Freedom is best sustained by the establishment of a fair and just legal system that prioritizes the rights and liberties of its citizens," said Gonzales in the statement. "The Department of Justice is proud to help the Iraqi people establish the rule of law in their country, and I applaud the Department of Justice employees who are so dedicated to assisting in this historic effort."

The department says it has more than 200 employees and contractor personnel in Iraq, providing special investigative training and assistance to Iraqi law enforcement, including counter-terrorism training for the police.

But more than half of them work in a special unit in Baghdad set up by the U.S. government to assist in the investigation and prosecution of charges of genocide, crimes against humanity and war crimes against former Iraqi President Saddam Hussein and other members of his inner circle.

A Flick Of A Lighter Kills Scores Of Gas-Looting Iraqis (NYT)

By Paul Von Zielbauer

The New York Times, August 30, 2006

BAGHDAD, Iraq, Aug. 29 — At least 67 people, including dozens of looters siphoning gasoline from a government pipeline, were killed in an explosion late Monday night after fuel vapor was accidentally ignited by a cigarette lighter, the Iraqi police and government officials said.

The death toll from the blast in Diwaniya might increase, said Hamid al-Shuwaili, the health director for Qadisiya Province, south of Baghdad.

As of late Tuesday night, more than 100 people had been killed or found dead in the previous 24 hours, government officials said. In Baghdad, more than two dozen bodies were found, one Iraqi official said; about half of the victims had been bound and killed after apparently having been tortured.

The pipeline explosion appeared to be a result of what one official in Diwaniya called a “power vacuum” created by a battle there on Monday between the Iraqi Army and heavily armed members of the Mahdi Army, a militia controlled by the radical anti-American cleric Moktada al-Sadr.

That battle, which killed at least 20 soldiers and militiamen and 8 civilians, drew away policemen guarding the pipeline that runs through parts of Diwaniya, said First Lt. Qaisar Rasheed of the Diwaniya police. Residents then flocked to the pipeline to illegally tap the gasoline.

Despite Iraq’s huge oil reserves, corruption, mismanagement and the lack of security have created a severe gasoline shortage that has sent prices to $3.20 per gallon and forced drivers to wait in gasoline lines for as long as 24 hours.

Lieutenant Rasheed said dozens of Diwaniya residents punctured the pipeline on Monday night.

“They were filling their jerrycans until one of the looters lit a lighter to smoke his cigarette, and that resulted in the explosion,” he said.

Dr. Hussain al-Janabi, director of Diwaniya hospital, said several bodies had arrived charred or burned beyond recognition. He said by telephone that witnesses had said that the spark that ignited the blast came from a man who used a lighter to check if his can was full.

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On Tuesday, the fighting was stilled in the streets of Diwaniya after the battle on Monday, and Barham Salih, a deputy prime minister, said in an interview that "it was a very tough fight" that affirmed the government's strength. The Mahdi Army held its own against Iraqi Army troops, however, fighting them to a truce.

The fighting appeared to have erupted from street level, during a dispute between the Iraqi forces and the Mahdi militia over a militiaman the Iraqi Army had taken prisoner.

Mr. Salih also said the Iraqi government would soon shuffle some members of the cabinet. The transportation minister, a follower of Mr. Sadr, would be replaced, he said. "We will not tolerate people who have one foot in the government and one foot outside," he said, referring to officials with ties to militias.

Sectarian violence soared after the appointment of the new government in late May, and the police, under the control of the Interior Ministry, have appeared powerless to stop it. When asked about the future of Interior Minister Jawad al-Bolani, which has been the subject of some speculation, Mr. Salih would not comment.

The speaker of Parliament, Mahmoud al-Mashhadani, a conservative Sunni Arab, said he might resign before Parliament reconvenes in September. He is widely disliked by Shiite and Kurdish politicians.

In Baghdad, at least 27 people were killed or found dead Tuesday.

In the Turath neighborhood, the police found the bodies of 11 people behind a school, an Interior Ministry official said. All the victims had been handcuffed and shot in the head, the official said, and their bodies showed signs of torture.

A mortar attack after nightfall killed four people and hurt six others, an official at Yarmouk Hospital here said. The police found another 12 bodies in other parts of the capital, the Interior Ministry official said.

In Baquba, a religiously mixed city northeast of Baghdad that has turned into a daily battleground between Sunni and Shiite Arabs, gunmen killed 11 people on Tuesday, a local police official said. Sunni gunmen killed two of Mr. Sadr's militiamen during an attack on his provincial office, the official said.

Police officers also found the blindfolded bodies of two people in Buhruz, southwest of Baquba.

An American soldier died Tuesday afternoon when his vehicle was struck by a roadside bomb southwest of Baghdad, the military said.

Three other servicemen, the military said, also died on Monday: a marine with Regimental Combat Team 7, from injuries sustained in combat in Anbar Province on Monday; a Nebraska National Guard soldier from injuries suffered when his vehicle rolled over into a canal near Balad on Aug. 21; a soldier with the First Brigade, First Armored Division, from nonhostile causes; and a marine from Regimental Combat Team 5 from combat wounds suffered Monday.

Attorney General Alberto R. Gonzales met Mr. Salih on Tuesday in Baghdad and discussed the tactics used by Iraqi security forces to combat a wave of violence. He condemned the use of torture.

Mr. Gonzales has found himself on the defensive in the United States regarding torture. As White House counsel, he oversaw the production of legal memorandums that appeared to condone mistreatment, perhaps even torture, of detainees.

At his confirmation hearings in January 2005, critics said he was at the forefront of an effort to find legal rationales for subjecting detainees to coercive practices, putting him on the wrong side of history and in opposition to longstanding American principles.

In 2002, he sought clarification from the Justice Department as to the legal limits on the force that could be used on terrorist suspects in captivity. His query led to a much-disputed memorandum from the department that said torture could be said to occur only when the subject was in imminent danger of organ failure and that Mr. Bush as president could sanction coercive interrogation techniques in the name of national security. That definition was eventually renounced.

Rumsfeld Warns Against Appeasement (WP/AP)

By Robert Burns, The Associated Press

The Washington Post, August 30, 2006

SALT LAKE CITY -- Defense Secretary Donald H. Rumsfeld said Tuesday the world faces "a new type of fascism" and warned against repeating the pre-World War II mistake of appeasement.

Rumsfeld alluded to critics of the Bush administration's war policies in terms associated with the failure to stop Nazism in the 1930s, "a time when a certain amount of cynicism and moral confusion set in among the Western democracies."

Without explicitly citing Bush critics at home or abroad, he said "it is apparent that many have still not learned history's lessons." Aides to Rumsfeld said later he was not accusing the administration's critics of trying to appease the terrorists but was cautioning against a repeat of errors made in earlier eras.

Speaking to several thousand veterans at the American Legion's national convention, Rumsfeld said that as fascism and Nazism took hold in Europe, those who warned of a coming crisis were ridiculed or ignored. He quoted Winston Churchill as observing that trying to accommodate Hitler was "a bit like feeding a crocodile, hoping it would eat you last."

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"I recount this history because once again we face similar challenges in efforts to confront the rising threat of a new type of fascism," he said.

"Can we truly afford to believe that somehow, some way, vicious extremists can be appeased?" he asked.

"Can we truly afford to return to the destructive view that America _ not the enemy _ is the real source of the world's troubles?"

Rumsfeld spoke to the American Legion as part of a coordinated White House strategy, before the fifth anniversary of the Sept. 11, 2001 terrorist attacks, to take the offensive against administration critics at a time of doubt about the future of Iraq and growing calls to withdraw U.S. troops.

Addressing the same audience later Tuesday, Secretary of State Condoleezza Rice said the Bush administration is countering extremism with hope and democracy, and that history will bear out that strategy.

"If we quit before the job is done, the cost of failure will be severe, indeed immeasurable," Rice said.

"If we abandon the Iraqi people before their government is strong enough to secure the country, we will show reformers across the region that America cannot be trusted to keep its word," she added.

Bush was scheduled to speak here later in the week.

Rumsfeld recalled a string of recent terrorist attacks, from 9/11 to deadly bombings in Bali, London and Madrid, and said it should be obvious to anyone that terrorists must be confronted, not appeased.

"But some seem not to have learned history's lessons," he said, adding that part of the problem is that the American news media have tended to emphasize the negative rather than the positive.

He said, for example, that more media attention was given to U.S. soldiers' abuse of Iraqi prisoners at Abu Ghraib than to the fact that Sgt. 1st Class Paul Ray Smith received the Medal of Honor.

He did acknowledge that the U.S. military has its own "bad actors _ the ones who dominate the headlines today _ who don't live up to the standards of the oath and of our country." But he added that they are a small percentage of the hundreds of thousands of troops who have served in Iraq and Afghanistan.

"Those who know the truth need to speak out against these kinds of myths and lies and distortions being told about our troops and about our country," he said.

On Monday, Vice President Dick Cheney and Rumsfeld made separate addresses to the national convention of the Veterans of Foreign Wars in Reno, Nev.

Rumsfeld made similar arguments in Reno about doubters of the administration's approach to fighting terrorism, saying too many in this country want to "blame America first" and ignore the enemy.

Rumsfeld's remarks ignited angry rebukes from Democrats.

"It's a political rant to cover up his incompetence," said Sen. Jack Reed, D-R.I., a former Army officer and member of the Senate Armed Services Committee.

Reed said he took particular exception to the implication that critics of Pentagon policies are unpatriotic, citing "scores of patriotic Americans of both parties who are highly critical of his handling of the Department of Defense."

Rep. John Murtha, the hawkish Pennsylvania Democrat who voted in favor of the war but recently called for troops to withdraw, said in a statement: "It's interesting to me that they generalize the support for the war. They're not realistic with the fact that there's no progress."

Sen. Christopher Dodd, D-Conn., chimed in that Rumsfeld's remarks were trying to "shoot the messenger" rather than examine failed policy.

Rumsfeld Slams Foes Of War Tack (WT)

By Robert Burns

The Washington Times, August 30, 2006

SALT LAKE CITY -- Defense Secretary Donald H. Rumsfeld said yesterday the world faces "a new type of fascism" and warned against repeating the pre-World War II mistake of appeasement.

He alluded to critics of the Bush administration's war policies in terms associated with the failure to stop Nazi Germany in the 1930s, which the Pentagon chief called "a time when a certain amount of cynicism and moral confusion set in among the Western democracies."

Without explicitly citing President Bush's critics at home or abroad, he said "it is apparent that many have still not learned history's lessons."

Aides to Mr. Rumsfeld said later he was not accusing the administration's critics of trying to appease the terrorists but was cautioning against a repeat of errors made in earlier eras.

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Speaking to several thousand veterans at the American Legion's national convention, Mr. Rumsfeld recited what he called the lessons of history, including the failure to confront Adolf Hitler in the 1930s. He quoted Winston Churchill as observing that trying to accommodate Hitler was "a bit like feeding a crocodile, hoping it would eat you last."

"I recount this history because once again we face similar challenges in efforts to confront the rising threat of a new type of fascism," he said.

"Can we truly afford to believe that somehow, some way, vicious extremists can be appeased?" he asked.

"Can we truly afford to return to the destructive view that America -- not the enemy -- is the real source of the world's troubles?"

Mr. Rumsfeld spoke to the American Legion as part of a coordinated White House strategy, before the fifth anniversary of the September 11, 2001, terrorist attacks, to take the offensive against administration critics at a time of doubt about the future of Iraq and growing calls to withdraw U.S. troops.

Addressing the same audience later yesterday, Secretary of State Condoleezza Rice said the Bush administration is countering extremism with hope and democracy, and that history will bear out that strategy.

"If we quit before the job is done, the cost of failure will be severe, indeed immeasurable," Miss Rice said.

"If we abandon the Iraqi people before their government is strong enough to secure the country, we will show reformers across the region that America cannot be trusted to keep its word," she added.

Mr. Bush was scheduled to speak here later in the week.

Mr. Rumsfeld recalled a string of recent terrorist attacks, from 9/11 to deadly bombings in Bali, Indonesia, London and Madrid, and said it should be obvious to anyone that terrorists must be confronted, not appeased.

"But some seem not to have learned history's lessons," he said, adding that part of the problem is that the American press has tended to emphasize the negative rather than the positive.

He did acknowledge that the U.S. military has its own "bad actors -- the ones who dominate the headlines today -- who don't live up to the standards of the oath and of our country." But he added that they are a small percentage of the hundreds of thousands of troops who have served in Iraq and Afghanistan.

"Those who know the truth need to speak out against these kinds of myths and lies and distortions being told about our troops and about our country," he said.

On Monday, Vice President Dick Cheney and Mr. Rumsfeld made similar arguments in separate addresses to the national convention of the Veterans of Foreign Wars in Reno, Nev.

Mr. Rumsfeld said too many in this country want to "blame America first" and ignore the enemy, as Mr. Cheney linked early withdrawal from Iraq to the possibility of terrorist attacks in the United States.

The remarks have ignited angry rebukes from Democrats.

Senate Democratic Leader Harry Reid called the comments "reckless" and said "America is not as safe as it can or should be five years after 9/11."

"The Bush White House is more interested in lashing out at its political enemies and distracting from its failures than it is in winning the war on terror and in bringing an end to the war in Iraq," the Nevada Democrat said.

"We have a choice to make today. Do we trust Secretary Rumsfeld to make the right decisions to keep us safe after he has been so consistently wrong since the start of the Iraq war? Or, do we change course in Iraq and put in place new leadership that will put the safety of the American people ahead of partisan games?"

Sen. Jack Reed, Rhode Island Democrat and a former Army officer, said he took particular exception to the implication of the remarks, citing "scores of patriotic Americans of both parties who are highly critical of his handling of the Department of Defense."

Rep. John P. Murtha, the hawkish Pennsylvania Democrat who voted in favor of the war but recently called for troops to withdraw, said: "It's interesting to me that they generalize the support for the war. They're not realistic with the fact that there's no progress."

Mr. Rumsfeld defended the war in Iraq, saying that while U.S. military tactics have changed as conditions on the ground have changed, the administration's war strategy has remained constant: "to empower the Iraqi people to defend, govern and rebuild their own country."

In arguing against giving up in Iraq, he said people should know from history that wars are never easy.

"You know from experience that in every war -- personally -- there have been mistakes and setbacks and casualties," he said. "War is," as Georges Clemenceau said, "a series of catastrophes that results in victory."

Rumsfeld: Iraq Critics Morally Confused (USAT)

By Bill Nichols

DOJ_NMG_0055726

USA Today, August 30, 2006

WASHINGTON — Defense Secretary Donald Rumsfeld accused critics of the Bush administration's policies on Iraq and terrorism Tuesday of suffering from "moral or intellectual confusion about what is right or wrong."

In a toughly worded speech to the American Legion's national convention in Salt Lake City, Rumsfeld compared the current period to the 1930s, when the world failed to act against the growing menace of the Nazi movement.

"Once again, we face similar challenges in efforts to confront the rising threat of a new type of fascism," Rumsfeld said. "It seems that in some quarters, there is more of a focus on dividing our country than acting with unity against the gathering threats."

Rumsfeld recounted a string of terrorist attacks, from the Sept. 11 attacks to bombings in Bali, London and Madrid, and insisted Americans should realize that terror groups must be confronted.

"Can we truly afford to believe somehow, some way, vicious extremists can be appeased?" he asked.

The speech, part of a series of addresses by administration officials in advance of the fifth anniversary of 9/11, prompted a fierce response:

·"Secretary Rumsfeld has reminded us again why he has no credibility and why it's time he resign," said Delaware Sen. Joseph Biden, senior Democrat on the Foreign Relations Committee.

·"I take great offense," said retired Army major general John Batiste, who led the First Infantry Division at the start of the Iraq war. Batiste was one of at least six former generals who called for Rumsfeld to resign this year.

"I suspect that most Americans agree with me that we do not suffer from moral or intellectual confusion, nor do we lack the courage to fight back when we criticize Donald Rumsfeld's failure in leadership," Batiste said. "The truth is that Donald Rumsfeld's poor judgment and strategic failures set our great military and country up for the quagmire we are in now."

"It's way over the top and a sign of desperation," said Lawrence Korb, a senior fellow at the liberal Center for American Progress, a Washington think tank. Korb was an assistant secretary of Defense under President Reagan.

Rumsfeld also criticized the American media for what he characterized as a preoccupation with reporting only the negative aspects of the conflict in Iraq and the larger war against terrorism.

He said a database search of leading newspapers turned up 10 times more mentions of abuse by U.S. soldiers at Abu Ghraib prison than to the fact that Sgt. 1st Class Paul Ray Smith was awarded the Medal of Honor.

"It's inexcusable," Rumsfeld said. "Those who know the truth need to speak out against these kinds of myths and distortions that are being told about our troops and our country."

Rumsfeld Says War Critics Ignore History (NYT)

By David S. Cloud

The New York Times, August 30, 2006

SALT LAKE CITY, Aug. 29 — Secretary of Defense Donald H. Rumsfeld said Tuesday that critics of the war in Iraq and the campaign against terror groups "seem not to have learned history's lessons," and he alluded to those in the 1930's who advocated appeasing Nazi Germany.

In a speech to thousands of veterans at the American Legion's annual convention here, Mr. Rumsfeld sharpened his rebuttal of critics of the Bush administration's Iraq strategy, some of whom have called for phased withdrawal of United States forces or partitioning of the country.

Comparing terrorist groups to a "new type of fascism," Mr. Rumsfeld said, "With the growing lethality and the increasing availability of weapons, can we truly afford to believe that somehow, some way, vicious extremists can be appeased?"

It was the second unusually combative speech by Mr. Rumsfeld to a veterans group in two days and appeared to be part of a concerted administration effort to address criticism of the war's conduct.

On Monday, Mr. Rumsfeld and Vice President Dick Cheney gave separate speeches to the Veterans of Foreign Wars convention in Reno, Nev. Secretary of State Condoleezza Rice spoke to the American Legion Auxiliary on Tuesday and President Bush is to address veterans later this week.

Mr. Cheney, too, spoke of appeasement at an appearance on Tuesday at Offutt Air Force Base in Nebraska, reciting a passage that echoed verbatim one of his stock speeches.

"This is not an enemy that can be ignored, or negotiated with, or appeased," he said. "And every retreat by civilized nations is an invitation to further violence against us. Men who despise freedom will attack freedom in any part of the world, and so responsible nations have a duty to stay on the offensive, together, to remove this threat."

Mr. Rumsfeld's speech on Tuesday did not explicitly mention the Democrats, and he cited only comments by human rights groups and in press reports as evidence of what he described as "moral or intellectual confusion about who or what is right or wrong."

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In many previous speeches, including some before groups of veterans for whom World War II is a sacred memory, he has compared the government of Saddam Hussein, and the violent resistance since it fell, to the Nazis, and warned explicitly against appeasement there or in the broader campaign against terrorism, comparing it to the error of appeasing Hitler.

While he did not directly compare current critics of the war in Iraq to those who sought to appease Hitler, his juxtaposition of the themes led Democrats to say that he was leveling an unfair charge.

Senator Jack Reed of Rhode Island, a former Army officer and a Democratic member of the Armed Services Committee, responded that "no one has misread history more" than Mr. Rumsfeld.

"It's a political rant to cover up his incompetence," Senator Reed, a longtime critic of Mr. Rumsfeld's handling of the war, told The Associated Press.

Mr. Reed said there were "scores of patriotic Americans of both parties who are highly critical of his handling of the Department of Defense."

Mr. Rumsfeld, speaking just weeks before the fifth anniversary of 9/11, also took on criticisms of the administration's approach for combating terrorism outside Iraq, like the use of wiretaps without warrants. "This enemy is serious, lethal and relentless,'' he said. "But this is not well recognized or fully understood."

Rumsfeld Assails Critics Of War Policy (WP)

By Ann Scott Tyson

The Washington Post, August 30, 2006

Defense Secretary Donald H. Rumsfeld warned yesterday that "moral and intellectual confusion" over the Iraq war and the broader anti-terrorism effort could sap American willpower and divide the country, and he urged renewed resolve to confront extremists waging "a new type of fascism."

Drawing parallels to efforts by some nations to appease Adolf Hitler before World War II, Rumsfeld said it would be "folly" for the United States to ignore the rising dangers posed by a new enemy that he called "serious, lethal and relentless."

In a pointed attack on the news media and critics of President Bush's war and national security policies, Rumsfeld declared: "Any kind of moral and intellectual confusion about who and what is right or wrong can severely weaken the ability of free societies to persevere."

Rumsfeld spoke at the American Legion's national convention in Salt Lake City as part of a coordinated defense of Bush leading up to the fifth anniversary of the Sept. 11, 2001, attacks. Reviving images of the president's response to the strike on the World Trade Center in New York, Rumsfeld said, "He remains the same man who stood atop the rubble of Lower Manhattan, with a bullhorn, vowing to fight back."

With polls showing that a majority of Americans believe it was a mistake for the United States to invade Iraq and with many Democrats calling for a deadline for withdrawing U.S. troops, Rumsfeld called the Iraq war the "epicenter" of the struggle against terrorism. Last week, Bush said that setting a timetable for a troop withdrawal would embolden the enemy and cause chaos in Iraq and throughout the region.

Congressional Democrats angrily responded to Rumsfeld's remarks. "There is no confusion among military experts, bipartisan members of Congress and the overwhelming majority of the American people about the need to change course in Iraq," said Sen. Edward M. Kennedy (D-Mass.). "The only person confused about how to best protect this country is Don Rumsfeld, which is why he must go."

Jack Reed (D-R.I.), a member of the Senate Armed Services Committee, said he took exception to what he considered the implication that critics of the administration's military policies are unpatriotic. He noted that there are "scores of patriotic Americans of both parties who are highly critical" of Rumsfeld's handling of the Defense Department.

Rumsfeld obliquely acknowledged mistakes and setbacks in Iraq, quoting the French statesman Georges Clemenceau as calling all wars "a series of catastrophes that results in victory." Moreover, in a reference to recent charges of war crimes against U.S. troops in Iraq, Rumsfeld said that "in every army, there are occasionally bad actors -- the ones who dominate the headlines today -- who don't live up to the standards of their oath and of our country."

Rumsfeld stressed that it is misguided for Americans to fall into self-blame and to "return to the destructive view that America -- not the enemy -- is the real source of the world's trouble." He blamed the U.S. media for spreading "myths and distortions . . . about our troops and about our country."

He said a database search of U.S. newspapers produced 10 times as many mentions of a soldier punished for misconduct at Abu Ghraib prison than of Sgt. 1st Class Paul Ray Smith, a Medal of Honor recipient.

Secretary of State Condoleezza Rice, addressing the same audience later, sounded similar themes. "The dream of some, that we could avoid this conflict, that we did not have to take sides in this battle in the Middle East, that dream was demolished on September the 11th," Rice said.

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Rice said in a radio interview that "we cannot fall prey to pessimism about how this will all come out," adding that "the really devastating problem for the world would be if America loses its will."

Rumsfeld Says Critics Appeasing Fascism (LAT)

By Julian E. Barnes

The Los Angeles Times, August 30, 2006

SALT LAKE CITY — Defense Secretary Donald H. Rumsfeld on Tuesday compared critics of the Bush administration to those who sought to appease the Nazis before World War II, warning that the nation is confronting "a new type of fascism."

Speaking at the American Legion convention here, Rumsfeld delivered his most explicit and extended attacks yet on administration opponents — leading Democrats to accuse him of "campaigning on fear."

By likening today's U.S. foreign policy to that during World War II and the Cold War, Rumsfeld sought to portray skeptics of the Bush administration as being on the wrong side of history. He ridiculed American officials who had hoped to negotiate with Adolf Hitler.

"Once again, we face similar challenges in efforts to confront the rising threat of a new type of fascism," Rumsfeld said. "But some seem not to have learned history's lessons."

He continued, "Can we truly afford to believe that, somehow or someway, vicious extremists could be appeased?"

Rumsfeld did not directly accuse any specific critic or group of advocating the appeasement of terrorists, and he did not identify the administration opponents who were the focus of his criticism. Surveys have shown that although most Americans believe the Iraq war was a mistake, they support U.S. efforts to track down terrorists.

Rumsfeld's use of the word "appease" was particularly notable, referring to the failed efforts of the pre-Churchill British government to mollify Hitler. Administration officials in the past have used the term "appeasement" to deflect criticism or justify White House policies — President Bush did so just before the U.S.-led invasion of Iraq in 2003. But Rumsfeld in his speech appeared to use the term in a markedly more pointed way.

The Defense secretary has become one of the administration's most divisive figures, and demands for his resignation have become a litmus test in congressional races around the country as Iraq confronts deepening violence and civil strife. Rumsfeld aggressively defended the war and his leadership of it in speeches to the American Legion on Tuesday, the Veterans of Foreign Wars a day earlier and in other meetings with service members this week.

In each speech, Rumsfeld has acknowledged the reality of debate in a free society. But he has attacked the media, charging that news reports have been manipulated by Iraqi insurgents or Al Qaeda terrorists. And he has suggested that negative news articles and criticism of the war threaten to sap the nation's will to continue to fight in Iraq.

Rumsfeld also warned that "moral or intellectual confusion" about which side is right or wrong "can weaken the ability of free societies to persevere."

Borrowing a phrase from the nation's most conservative commentators, Rumsfeld in a new line of attack argued that critics of the Iraq war, like critics of the Cold War before them, were part of a "blame America first" crowd.

"The struggle we are in is too important — the consequences too severe — to have the luxury of returning to the 'blame America first' mentality," he told the American Legion. "Can we truly afford to return to the destructive view that America — not the enemy — is the real source of the world's troubles?"

Rumsfeld's view of Bush administration critics contrasted with that of Secretary of State Condoleezza Rice, who took a softer tone in a speech to the convention later Tuesday. She appeared to acknowledge that many questions about the Iraq war were fair.

"On the one hand, Americans want desperately to succeed in Iraq. They want to do whatever it takes to achieve victory," Rice said. "But on the other hand, there are unsettling questions. Is success possible? Is it really worth the effort?"

Rice said she believed that the U.S. strategy was working, and that the military must remain in Iraq or risk handing a victory to violent extremists in the Middle East.

"If we abandon the Iraqi people before their government is strong enough to secure the country, then we will show reformers across the region that America cannot be trusted to keep its word," Rice said. "We will embolden extremist enemies of moderation and of democratic reform."

In recent speeches, Bush has acknowledged public concern about the war, saying last week that the conflict was "straining the psyche of our country" and that he would never question the patriotism of those who disagreed with him.

However, Bush too has drawn parallels between his Iraq policies and World War II. Before the U.S.-led invasion, he said: "In the 20th century, some chose to appease murderous dictators whose threats were allowed to grow into genocide and global war. In this century, when evil men plot chemical, biological and nuclear terror, a policy of appeasement could bring destruction of a kind never before seen on this Earth."

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Rumsfeld's speech drew sharp complaints from Democrats, including Sen. Edward M. Kennedy of Massachusetts, whose father, Joseph P. Kennedy, was criticized by Rumsfeld in a speech Monday.

The elder Kennedy, who served as a U.S. ambassador to Britain before World War II, resigned that post because he opposed British and U.S. war preparations.

"Secretary Rumsfeld is the last person who should preach the lessons of history after ignoring them for the last six years," Kennedy said in a statement. "As a result of his failures, Americans are less safe."

Both Kennedy and Senate Minority Leader Harry Reid (D-Nev.) renewed their call for Rumsfeld to be replaced.

"Secretary Rumsfeld's reckless comments show why America is not as safe as it can or should be five years after 9/11," Reid said. "If there's one person who has failed to learn the lessons of history, it's Donald Rumsfeld."

Criticizing news coverage of U.S. policies abroad, Rumsfeld pointed to "a focus on dividing our country."

For instance, he said, news outlets have carried more reports about U.S. military abuses than about Army Sgt. First Class Paul Smith, who posthumously won the Medal of Honor for heroism during the invasion of Iraq.

Rumsfeld was applauded by the American Legion convention for calling on the group's members to "set the record straight."

More Sunni-Shiite Clashes Are Reported In Baghdad (MCT)

By Nancy A. Youssef And Mark Brunswick

McClatchy Newspapers, August 30, 2006

BAGHDAD, Iraq - Armed groups of Sunni and Shiite Muslims battled Tuesday for control of several neighborhoods in southwest Baghdad, residents of those areas reported. It was another sign that security is deteriorating in the capital and that Iraq may be moving closer to a full-fledged civil war.

Fighting between armed groups of Shiites and Sunnis isn't uncommon in Baghdad, but the extent of Tuesday's fighting was unprecedented, and it raised troubling questions about the U.S. and Iraqi government effort to bring order to the capital.

The U.S. military has been touting the effectiveness of its so-called Baghdad security plan in recent days, under which beefed-up American and Iraqi forces have cordoned off some neighborhoods and searched them in an effort to rid them of gunmen. U.S. spokesman Maj. Gen. William Caldwell said Monday that attacks in Baghdad had dropped in August and the homicide rate was down 46 percent over July.

None of the neighborhoods where fighting flared Tuesday has been part of that plan, suggesting that as U.S. and Iraqi government forces crack down in one place, violence flares in another.

There was no official version of the fighting in al Ray, Shurta Rabiyah, Ghuratan and Suwaib, which are predominantly Sunni neighborhoods. Residents said an effort by supporters of militant Shiite cleric Muqtada al Sadr to seize control of the areas had triggered the fighting. A Sadr spokesman, while acknowledging battles, said no Sadr supporters were involved.

An official reached at the Interior Ministry, who refused to give his name, confirmed that fighting was taking place, but said the areas were still too dangerous for police to enter and that the ministry had no information on casualties. Lt. Col. Barry Johnson, a spokesman for the U.S. military, said he was unaware of the clashes.

Iraqi soldiers also have had recent battles with Sadr's Mahdi Army militia. On Monday, Mahdi militiamen and Iraqi soldiers battled for hours in the town of Diwaniyah, 80 miles south of Baghdad. An Iraqi army account of the fighting said 23 soldiers and 30 militiamen died. Reports said eight civilians were killed and 70 other people were wounded.

On Tuesday, the fighting there appeared to have ended under an agreement reached after a delegation that included the governor of Qadissiya province and a number of other provincial leaders met with Sadr at his home in Najaf.

Details of the agreement weren't available. The head of the Sadr office in Diwaniyah, Sheik Abdul Razaq al Nidawi, said Iraqi soldiers had withdrawn from the town and that the agreement prohibited them from returning to areas where clashes had taken place Monday.

But Muhammad Askari, a Defense Ministry spokesman, said troops of the 8th Iraqi Army Division remained in the town.

Establishing control over the country has been a key - and so far unrealized - goal of the government of Prime Minister Nouri al Maliki, who took office in May pledging to disarm militias. But he's been slow to move against Sadr, whose supporters control the largest voting bloc in parliament and lead the Ministries of Education and Trade.

Descriptions of what happened in the Baghdad neighborhoods Tuesday fell along sectarian lines, but various accounts and reports from the human rights office of the Iraqi Islamic Party, a Sunni political party, suggested that the fighting may have been going on for at least three days.

Sunni residents described large organized groups, including Mahdi Army members, entering their communities and assassinating residents. They said members of the mostly Sunni Ghuratan tribe responded, vowing to protect the area.

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Minority Shiite residents in the same areas said Ghuratan tribesmen instigated the clashes by kidnapping and killing three Shiite residents and that a rival Shiite tribe, al Boamir, which has strong ties to militias, defended them.

Leaders of the al Boamir tribe acknowledged in interviews with McClatchy Newspapers that they were fighting in southwest Baghdad, but said they were simply defending Shiites.

Both sides agreed it was a battle for control of the neighborhoods.

Because the militias, tribesmen and Sunni armed factions don't wear uniforms identifying themselves as such, it's impossible to know which groups are battling each other.

Abdel Hadi al Mohammedawiya, the head of Sadr's western Baghdad office, acknowledged fighting in southwest Baghdad but denied that the Sadrists were involved.

A man who wanted to be referred to as Abu Abdullah, a Sunni engineer who lives in Shurta Rabiyah, said this was the first time he'd taken part in fighting. He said the presence of Shiite militias had forced him to take up arms.

"There are a lot of times when I think there is no choice but to carry our weapons and fight in a civil war," he said. "It is difficult for a Sunni now; the militias are everywhere."

A housewife who asked to be identified as Umm Hussein (the mother of Hussein), said she fled al Ray on Tuesday with her husband and three children after several days of clashes. She said she'd felt helpless during the battle.

"The people don't dare shoot at the terrorists," she said. "They lock their doors, hold their Kalashnikovs to defend their families and read the Quran."

Dozens Found Slain Across Baghdad (WT/AP)

By Elena Becatoros

The Washington Times, August 30, 2006

BAGHDAD -- Police found more than two dozen bodies across the capital yesterday, and an oil pipeline exploded in southern Iraq, sparking a massive fire and killing at least 36 persons.

The pipeline was located six miles south of Diwaniyah, the scene of fierce clashes between the Iraqi army and Shi'ite militiamen on Monday that left 73 persons dead.

The reason for the explosion was not clear, but police said several people had been siphoning fuel from the pipeline when the blast occurred. Iraqis have faced severe fuel shortages since Saddam Hussein's 2003 ouster. Insurgents frequently also have targeted pipelines and oil refineries.

The U.S. military said three American soldiers and one Marine were killed the day before -- two in combat in Anbar province and two from non-hostile causes. A fourth soldier died yesterday in Baghdad. At least 13 American service members have died in Iraq since Sunday, according to the U.S. command.

A total of 27 bodies were found in three locations in Baghdad, police said. They included 11 bullet-riddled corpses discovered near a school in a Shi'ite neighborhood of south Baghdad and 13 dumped behind a Shi'ite mosque in the west of the city.

Three were found in the upscale Mansour neighborhood. In addition, four beheaded corpses, one thought to be of an Iraqi soldier, were recovered from the Tigris River about 25 miles south of Baghdad, local officials reported.

Also yesterday, seven persons were killed in three mortar attacks in Baghdad, police said. A roadside bomb killed another person in western Baghdad, and one man died in a mortar attack in Mahmoudiya south of the capital, police reported.

The killings in Baghdad occurred one day after some of the sharpest fighting in months between the Iraqi army and Shi'ite militiamen loyal to radical cleric Sheik Muqtada al-Sadr. The clashes in Diwaniyah, 50 miles south of the capital, raged for nearly 12 hours.

Yesterday, Prime Minister Nouri al-Maliki's office announced that 73 persons had been killed in the Diwaniyah fighting -- 50 militiamen and 23 Iraqi soldiers. On Monday, local officials had reported 40 fatalities.

Tribal leaders held talks yesterday to prevent retaliatory attacks, and police said, "Life is back to normal."

Meanwhile, U.S. Attorney General Alberto R. Gonzales was in Baghdad yesterday to meet with and thank Justice Department officials working in Iraq to rebuild its legal and law-enforcement infrastructure. He also met with high-ranking Iraqi officials, including Deputy Prime Minister Barham Saleh and Chief Justice of the Higher Juridical Council Medhat Al-Mahmoud, as well as U.S. military personnel.

"Freedom is best sustained by the establishment of a fair and just legal system that prioritizes the rights and liberties of its citizens," Mr. Gonzales said. "The Department of Justice is proud to help the Iraqi people establish the rule of law in their country, and I applaud the Justice employees who are so dedicated to assisting in this historic effort."

Iraqi Hospitals Are War's New 'Killing Fields' (WP)

DOJ_NMG_0055731

By Amit R. Paley

The Washington Post, August 30, 2006

BAGHDAD -- In a city with few real refuges from sectarian violence -- not government offices, not military bases, not even mosques -- one place always emerged as a safe haven: hospitals.

So Mounthir Abbas Saud, whose right arm and jaw were ripped off when a car bomb exploded six months ago, must have thought the worst was over when he arrived at Ibn al-Nafis Hospital, a major medical center here.

Instead, it had just begun. A few days into his recovery at the facility, armed Shiite Muslim militiamen dragged the 43-year-old Sunni mason down the hallway floor, snapping intravenous needles and a breathing tube out of his body, and later riddled his body with bullets, family members said.

Authorities say it was not an isolated incident. In Baghdad these days, not even the hospitals are safe. In growing numbers, sick and wounded Sunnis have been abducted from public hospitals operated by Iraq's Shiite-run Health Ministry and later killed, according to patients, families of victims, doctors and government officials.

As a result, more and more Iraqis are avoiding hospitals, making it even harder to preserve life in a city where death is seemingly everywhere. Gunshot victims are now being treated by nurses in makeshift emergency rooms set up in homes. Women giving birth are smuggled out of Baghdad and into clinics in safer provinces.

In most cases, family members and hospital workers said, the motive for the abductions appeared to be nothing more than religious affiliation. Because public hospitals here are controlled by Shiites, the killings have raised questions about whether hospital staff have allowed Shiite death squads into their facilities to slaughter Sunni Arabs.

"We would prefer now to die instead of going to the hospitals," said Abu Nasr, 25, a Sunni cousin of Saud and former security guard from al-Madaan, a Baghdad suburb. "I will never go back to one. Never. The hospitals have become killing fields."

Three Health Ministry officials, who spoke on condition of anonymity for fear of being killed for discussing such topics publicly, confirmed that Shiite militias have targeted Sunnis inside hospitals. Adel Muhsin Abdullah, the ministry's inspector general, said his investigations into complaints of hospital abductions have yielded no conclusive evidence. "But I don't deny that it may have happened," he said.

According to patients and families of victims, the primary group kidnapping Sunnis from hospitals is the Mahdi Army, a militia controlled by anti-American Shiite cleric Moqtada al-Sadr that has infiltrated the Iraqi security forces and several government ministries. The minister of health, Ali al-Shimari, is a member of Sadr's political movement. In Baghdad today, it is often impossible to tell whether someone is a government official, a militia member or, as is often the case, both.

"When their uniforms are off, they are Sadr people," said Abu Mahdi, another of Saud's cousins. "When their uniforms are on, they are Ministry of Interior or Ministry of Health people."

Abdullah said only a small percentage of the Health Ministry's 30,000 employees are known members of the Mahdi Army. But he acknowledged that militia membership among personnel in the agency's 15,000-member security force might be much higher.

"I have no way of knowing if they are related to Sadr or not," Abdullah said. "If there is no criminal record, we hire them."

Sunnis' increasing suspicion of hospital workers is perhaps the most vivid illustration of their widespread distrust of the Shiite-led government. Suhaib al-Obeidi, 35, a supermarket owner from the heavily Sunni district of Adamiyah, said he lost his final ounce of confidence in the government during a brush with death in a hospital two weeks ago.

On a quiet weekday morning, as Obeidi unloaded canned chicken and Pepsi from a van and into his store, a gunfight broke out on the street and a spray of bullets struck him, he said -- first in his right shoulder, then in his back. As he tried to crawl away, another bored into his leg. A friend shoved his bleeding body into a taxi and took him to nearby al-Nuuman Hospital.

But when they arrived, a friendly doctor warned them that the Mahdi Army was coming to arrest Sunnis, Obeidi said. So they sneaked out to another hospital, Medical City in the Bab al -Muadam district, to get treatment.

"Tell me where you live!" a nurse at Medical City snapped at the arriving patients, Obeidi recalled, as the staff moved residents of mainly Sunni areas into a separate room.

A few moments later, he saw Mahdi Army troops handcuff five Sunni men who were donating blood -- including the friend who had brought him to the hospital -- and haul them out of the hospital, Obeidi said. A Sunni doctor ran up to him and said he would be killed unless he fled immediately.

Wearing only underwear and some bandages the doctor had applied to his wounds, Obeidi escaped in a taxi to the home of his in-laws in the upscale Mansour district. He lay in bed for an hour as he waited for the Sunni doctor to follow him from the hospital. The bed was drenched in so much blood that his family later dumped it in the trash.

"You were only a few minutes away from death," said the doctor, who arrived at the home an hour later. The doctor, one of the few Sunnis at Medical City, asked that his name not be used because he felt it would further endanger his life.

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Inside an illegal clinic in a dingy apartment building, the doctor operated on Obeidi for seven hours. But Obeidi hasn't been able to get any follow-up treatment; he has vowed never to set foot in a hospital again, even if he is mortally wounded or deathly ill.

"I'd rather go to the pharmacy and take random simple medicine," he said.

The reluctance of Sunnis to enter hospitals is making it increasingly difficult to assess the number of casualties caused by sectarian violence. During a recent attack on Shiite pilgrims, a top Sunni political leader accused the Shiite-led government of ignoring large numbers of Sunnis who he said were also killed and wounded in the clash, though he was unable to offer even a rough estimate of the Sunni casualties.

"The situation is so bad that people are just treated inside their homes after being attacked by the Shia militias," said the official, Alaa Makki, a leader of the Iraqi Islamic Party, part of the largest Sunni bloc in parliament. "The miserable fact is that most of the hospitals are controlled by these militias."

Qasim Yahya, a spokesman for the health minister, said he had never heard accusations that Sunnis have been taken from hospitals by Shiite militias or Iraqi security forces.

"We are the Health Ministry for all of Iraq. Not for Sunnis, not for Shiites. For everyone," Yahya said. "If a car bomb explosion takes place, do we ask who is Sunni or Shiite? No. We treat all victims, regardless of who they are or what sect they are."

Sahib al-Amiri, a leader in the Sadr movement, said: "These things that are being said in the Baghdad street are untrue. The Mahdi Army's only role is to fight the Sunni insurgents and protect the Shiites."

But the relatives of Sunni hospital patients tell a different story. In the case of Mounthir Abbas Saud, a trip to a hospital set off a chain of events that sparked an ongoing six-month-old drama in which two of his cousins are dead and two more are missing.

It started with cigarettes. As Saud strolled down a street in the Karrada district on Feb. 27 to buy a pack, a powerful car bomb wrenched his right arm off his body, ripped off much of his face and sprayed shrapnel into his lower intestines.

His prognosis was grim. Saud could breathe only with a tube that needed to be cleaned several times an hour. His family flocked to Ibn al-Nafis to watch over him.

Two weeks later, as Saud's cousin Hazim Aboud Saud returned to the hospital after a trip to buy medication for his wounded relative, he saw the facility surrounded by militiamen carrying machine guns, the family said. He watched as the gunmen removed the still severely wounded cousin from the building -- just dragging him on the ground instead of using a stretcher, his family said. The militia members loaded Saud, his brother Khodair and a cousin, Adil Aboud Saud, into an ambulance and drove away.

"They were screaming, 'We haven't done anything wrong! Why are you doing this?' " said Abu Nasr. "They begged the men to at least take care of my wounded cousin properly."

A few days later, Mounthir's bullet-riddled body was discovered in Sadr City, a Shiite slum controlled by the Mahdi Army. His mouth was stuffed with dirt.

When militiamen discovered that one of the cousins, Hazim Saud, a 32-year-old taxi driver, had witnessed the abductions, they quickly kidnapped him, his family said. His body was found March 27 with his hands -- broken and blue from apparent beatings -- bound behind his back and a plastic bag over his head. The death certificate said he had been suffocated.

But the family held out hope that the two men seized with Mounthir Saud -- Khodair and Adil Saud -- were still alive. When another cousin, Haithem Ali Abbas, a judge in Baghdad, received a call from the Shiite-controlled Interior Ministry that they had been located, he hurried to the ministry's headquarters to pick them up. He was shot to death by unknown gunmen shortly after he arrived.

The suffering extends even to those who now wouldn't dare enter a hospital. Abu Youssef, a cousin of Mounthir Saud who has a pea-size tumor in his right foot, now walks with a limp and acute pain because he is petrified to see a doctor. Another relative with a condition that causes overproduction of blood cells won't go for his normal treatments anymore.

On a recent weekday morning, Abu Nasr sat in a quiet restaurant in central Baghdad and pulled out a crumpled envelope filled with death certificates and photographs of his recently killed relatives. Sighing heavily and staring frequently at the dirty ground, he said he prayed that someone would rescue the country from the sectarian violence that is ravaging it.

"We don't care whether the government is Shiite, Sunni, American or Iranian. All we want is security and safety," he said. "But no one in the government represents that now."

When asked whether Iraq has already descended into civil war, he said: "Of course. All the Shiites want to do is kill all the Sunnis."

"What is going to happen to us?" he said as he clutched a tiny photo of his dead cousin Mounthir. "What is going to happen to this country?"

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Special correspondent Saad Sarhan in Najaf and other Washington Post staff in Iraq contributed to this report.

Deputy PM Optimistic About Iraq Progress (AP-Y)

By Barry Schweid

AP, August 30, 2006

While acknowledging an uptick in violence in the past few days, one of Iraq's deputy prime ministers said Tuesday that attacks overall are declining.

Barham Salih also predicted that by the end of the year, half of the country's provinces will be controlled by Iraq's security forces.

Salih said violence had dropped by half during the past month, but that terrorists and remnants of the deposed government of Saddam Hussein remain a challenge to the government.

U.S. support will continue to be important even after Iraqi security asserts itself, he said.

"We are building a system that can fight off terrorism more effectively," Salih told reporters at the State Department during a video news conference from Baghdad.

According to the Pentagon, Iraqi security controls one province, Muthana, which was turned over in July.

Salih said Iraq would accelerate revival of its oil industry, which is second only to Saudi Arabia in petroleum reserves, even though facilities could become terrorist targets.

There is a risk of violence, he said, "but that should not be an inhibiting factor."

Reporting on preparations for Iraq's 2007 budget, Salih said agreement had been reached that oil revenues would be controlled by the central government and then shared by the country's regions.

The deputy prime minister said Iraq is projecting 1.7 billion to 1.8 billion barrels a day for export, and production of 2.2 billion to 2.5 billion barrels overall.

Production is expected to double to 4.3 billion barrels by 2010, he said.

Iraq's Parties Reach Deal On Oil-sharing (FT)

By Guy Dinmore

Financial Times, August 30, 2006

Iraq's main political factions have hammered out an agreement on the sharing of oil and gas revenues but other contentious issues need to be resolved before a draft hydrocarbon law is completed, a senior Iraqi official said on Tuesday.

Barham Salih, deputy prime minister in charge of the economy, told reporters in Washington by video link from Baghdad that the revenue sharing dispute had been settled during three days of intense talks at a "retreat" last week.

"That contentious issue is out," he said. The cabinet hopes to present the draft law to parliament by the end of the year, he added.

Oil and gas revenues would be shared out at the federal level and redistributed to the regions according to population and "needs", he said. This would still provide an incentive to regional oil companies to maximise output, he added.

Mr Salih, the most senior Kurd in the cabinet, did not elaborate on the negotiating process but the agreement would appear to be a compromise by the Kurdistan regional government.

Under its own regional draft oil law published this month, Kurdistan – which has already started signing contracts with foreign companies – would have received directly the revenues from "future fields".

Hussain al-Shahristani, the oil minister from the main Shia alliance, has insisted that the federal government control all of Iraq's resources. The formerly ruling Sunni minority fears the new constitution, which could yet be amended, would hand control of future oil development to the Shia and Kurdish dominated regions.

The parties also agreed last month to set up an "oil council" that would represent all regions in Iraq, and to restructure the Iraq National Oil Company as a holding company that would incorporate "functional regional companies".

But reflecting the tensions between the regions and the strains with the federal government, Mr Salih said differences remained over who would be responsible for taking major decisions and signing contracts. He made no reference to the oil reserves of the disputed province of Kirkuk, which the Kurdish autonomous region wants to control.

Iraq, believed to hold the world's second biggest oil reserves, after Saudi Arabia, is basing its federal 2007 budget on production of 2.2 to 2.5m barrels a day and exports of 1.7 to 1.8m b/d. Production is projected to double by 2010, Mr Salih said, while acknowledging serious security problems.

Before the 2003 invasion, the Bush administration ignored the advice of experts and former senior officials, assuring the US public that Iraq's oil wealth would pay for reconstruction. But production has struggled to return to pre-war levels because of sabotage, corruption and the decrepit state of the industry.

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"Iraq is a devastated economic wasteland," Mr Salih commented. Nonetheless, Iraq planned to become economically self-sufficient within four years, he said.

¦ Fighting between Iraqi government forces and Shia militiamen killed 73 people in the southern Iraqi city of Diwaniyah before calm was restored, the prime minister's office said on Tuesday. The death toll was significantly higher than the 40 people initially reported to have been killed in the 12-hour street battle over Monday night. The violence was ended by a deal between Shia militiamen loyal to the powerful cleric Moqtada al-Sadr and government forces.

Among the dead were 23 Iraqi soldiers.

Marine Who Led Haditha Attack Was Recommended For A Medal (WP)

By Josh White

The Washington Post, August 30, 2006

The platoon commander for the squad of Marines who killed as many as two dozen Iraqi civilians during an attack in Haditha last year recommended later that the sergeant who led the attack receive a medal for his heroism that day, according to military documents.

Lt. William T. Kallop wrote in a praise-filled memo that the incident on Nov. 19, 2005, was part of a complex insurgent ambush that included a powerful roadside bomb followed by a high volume of automatic-weapons fire from several houses in the neighborhood. He lauded Sgt. Frank Wuterich for his leadership in the "counterattack" on three houses while the unit received sporadic enemy fire.

The proposed citation indicates that Kallop -- the only Marine officer at the scene as the incident unfolded -- believed the unit was under a coordinated insurgent attack when Marines stormed civilian homes and opened fire, killing women and children. Whether Marines felt threatened and believed the homes to be hostile is a central element of their defense against potential criminal charges.

The documents offer one of the first public accounts of the incident from Kallop, 25, a University of Virginia graduate and New York City native. Kallop does not explicitly address the civilian deaths in his summary of the incident, which gives detailed support for Wuterich's combat actions from September to December 2005.

Representatives for Kallop, who was promoted to first lieutenant in May, could not be reached for comment yesterday. He is one of numerous Marines who are the subject of a Naval Criminal Investigative Service investigation into civilian deaths in the Haditha attack, which has alternately been characterized as a vengeful massacre and as the unfortunate collateral damage of war. None has been charged so far.

Neal A. Puckett, an attorney for Wuterich, provided the documents and the Marine's regular fitness report dated Jan. 19 to The Washington Post, saying they support his client's version of events, and show that officers in the unit believe Wuterich and the other Marines did the right thing in the Haditha attack. Wuterich has since been promoted to staff sergeant. The award was approved by the Kilo Company commander and was sent to battalion and, later, regimental headquarters before being put on hold at the division level, Puckett said.

Lt. Col. Scott Fazekas, a Marine Corps spokesman, said Marine officials found no record of the award. Fazekas also declined to discuss the Haditha incident.

While residents in the Iraqi neighborhood have said the Marines went from house to house in a rage, killing civilians in cold blood, Kallop complimented Wuterich on his calm demeanor and suggested that the incident led the Marines to valuable intelligence. Kallop arrived on the scene after the initial explosion.

"Sgt. Wuterich ensured that he had 360 degree security and led a counterattack on the buildings to his south where his Marines were still receiving sporadic fire from," Kallop wrote in support of a Navy and Marine Corps Achievement Medal with a combat distinguishing device for Wuterich. "That counterattack turned the tide of the ambush and killed a number of insurgents still attempting to fight or attempting to flee the area."

In a summary of the incident, officials wrote that Wuterich's decisiveness "doubtlessly prevented further injury or death to fellow Marines and innocent civilians."

Puckett said Kallop approved the assault in the midst of battle: "This was a planned and orchestrated attack by insurgents, and the Marines were responding in accordance with their rules."

While it is possible that the Marines concocted a story after the shootings, Kallop's recommendation and the fitness report were completed in January, weeks after the incident but months before a criminal investigation was launched in March. Senior officials have said an investigation looking into command responsibility has concluded that officers should have been more diligent in investigating the shootings.

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John Sifton, a senior researcher at Human Rights Watch, said there is no doubt that civilians were killed in Haditha and that the real question is whether the shootings were accidental or intentional. He said Kallop's account notably does not describe the civilian deaths.

"Our concern has been that when a bunch of civilians get killed and there are a bunch of questions about it, why didn't the military ask those questions at the beginning?" Sifton said. "The issue is not solely Haditha; it's whether the military has the ability to police itself."

Kallop described the response to the bomb attack as successful, largely because it led to the arrest of 18 people, which in turn led to the capture of more insurgents who were "complicit in the ambush."

Inside The Camp Pendleton 8 (WT)

By Rick Amato

The Washington Times, August 30, 2006

They've been shackled in chains and held in solitary confinement, their defense attorneys have been denied access to key evidence of the case and now their right to request a waiver of a pre-trial hearing — known as an article 32 — has also been denied. Such has been the treatment of the men known as the Pendleton 8 in their quest to receive a fair, impartial hearing with a true presumption of innocence.

The Pendleton 8 are seven Marines and a naval corpsman being held in a brig at Camp Pendleton while waiting trial on charges of kidnapping and murder. On April 26, they were on an ambush mission in Hamdania, Iraq, designed to snare known local insurgents. The men are charged with allegedly taking an Iraqi villager, 52-year-old Hashim Ibrahim Awad, from his home, kidnapping him, placing him in a hole, shooting him repeatedly and staging the scene to make it appear he was an insurgent planting a bomb. The defendants deny the charges and claim they followed the rules of engagement. The federal government thus far has denied their defense attorneys access to evidence of the crime scene. Allegations are based upon witness accounts of Mr. Awad's neighbors. This case is separate from Haditha, Iraq, case.

"The Article 32 hearing is a sham," said defense attorney Jane Siegal, who represents PFC. John Jodka III. "Because the government has denied our opportunity to waive the 32, it is costing the Jodka family tens of thousands of additional dollars in legal fees. All this so the government can parade its coerced statements in front of the media. Coerced statements paraded in front of the media which will potentially pollute the jury pool."

Ms. Siegal's strategy to waive the article 32 hearing and go directly to trial was based upon her belief that the case is certain to go to trial anyway, so why waste time and money with a pre-trial.

As to the allegation of coerced statements, Pfc. Jodka's father, John Jr., described to me the psychological torture he believes his 20-year-old son has endured: "Immediately after my son was removed from the war zone, literally moments after his rifle was removed from his hands, he was placed in a room for 7 to 7.5 hours — no food, no water, no sleep — and he was told that he was a murderer. They hammered away at him to give statements of what it was they wanted to hear."

Mr. Jodka visits his son every Saturday at the Camp Pendleton brig while balancing his career and family obligations. "JJ has looked me straight in the eye and told me his 100 percent innocent. He continues to maintain his faith in the system and believes the truth will eventually come out."

Said Ms. Seigel of the Naval Criminal Investigative Service: "NCIS was on a mission to place blame and not find the truth. They wanted to make sure that Hamdania did not mimic Haditha. America needs to know that 'there are all kinds of rubber hoses' in the offices at NCIS, and that statements can be extracted from prisoners by using intimidation tactics other than physical force. Ask NCIS why they keep rubber hoses in their offices, and why they think it's funny?"

I did. I called NCIS and asked if rubber hoses were located in their offices and if so, why? NCIS at Camp Pendleton referred me to NCIS headquarters in Washington. NCIS headquarters in Washington told me I would receive an e-mail statement over the weekend. I have yet to receive it. Meanwhile, Ms. Siegal will enter in to evidence a photograph taken at NCIS-Camp Pendleton of a rubber hose on a white board, with the words "my psychological friend" written underneath.

Public perception has been another problem for the imprisoned Marines. First off, with the busy lives we live these days how many people know a Haditha from a Hamdania? Secondly, there is the steady rhetoric of Rep. John Murtha, Pennsylvania Democrat, and the New York Times along with the absolute deafening silence of Republican members of Congress. If it weren't for conservative radio talk-show host Michael Savage and journalist Michelle Malkin there would be no other high-profile voices to counter Mr. Murtha and the NYT.

The government has just completed the construction of a brand new $800k media center at Camp Pendleton. Will this be the scene of a fair, impartial hearing with a true presumption of innocence? Or will this be the scene of a government bent on proving to the world it has the ability to police its own internal affairs? A lot is at stake here. The lives of eight young men are at stake.

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Possibly too is the morale of our military. As former marine Leo Chapinsky wrote in this e-mail to me: They recruit you. They train you. They teach you to kill. You kill the enemy and you get treated like the Pendleton 8? Is it any wonder the Marine Corps needs to call up reservists to active duty?

Rick Amato is a San Diego-based radio talk-show host and frequent guest on cable TV news programs.

18 Insurgents Killed In Afghanistan (AP)

By Noor Khan, Associated Press Writer

AP, August 30, 2006

A suicide car bomber struck a NATO-Afghan military convoy Tuesday, killing two civilians and wounding one in the violence-wracked south, and a remote-controlled bomb killed two police officers on patrol.

The U.S.-led coalition said its troops killed 18 suspected insurgents when about 60 militants attacked with heavy machine guns and rocket-propelled grenades in Cahar Cineh district of the southern Uruzgan province on Monday. No coalition troops were injured.

The Taliban have increased suicide attacks this year, borrowing tactics from militants in Iraq. The escalation in the Taliban insurgency has stoked fighting that has killed more than 1,600 people, mostly militants, across Afghanistan in the past four months, according to an Associated Press tally of reports by U.S., NATO and Afghan officials.

The suicide bomber hit the military convoy on a road linking Kandahar with the city's airport, said Maj. Scott Lundy, a NATO spokesman. A NATO statement said two Afghan civilians were killed and one wounded.

A remote-controlled bomb hit a police vehicle on patrol in Helmand province, killing two officers, said Ghulam Muhiddin, the Helmand governor's spokesman. He blamed the Taliban.

Another remote-controlled bomb went off in east Kabul shortly after a NATO vehicle patrol drove past, but there were no casualties, said Interior Ministry spokesman Yousef Stanezai.

A Monday explosion killed 21 people and wounded 43 in a market in the Helmand provincial capital of Lashkar Gah.

NATO and the United Nations characterized that bombing as a suicide attack. But Qari Yousaf Ahmadi, who claims to speak for the Taliban, said it was conducted with a remote-controlled bomb, and targeted a former Lashkar Gah police chief because he had served under the pro-Communist government during the Soviet occupation of the 1980s. The target and his son were killed.

The attack was the second major bombing to kill civilians this month in southern Afghanistan, which is undergoing its bloodiest period of fighting since U.S.-led troops ousted the hard-line Taliban regime in late 2001 for hosting Osama bin Laden.

Also Tuesday, Turkish authorities said one Turk was killed and another abducted in an attack in western Afghanistan for which the Taliban claimed responsibility.

The Turkish Foreign Ministry said a Turkish citizen, Hasan Gedik, was killed in an ambush Monday and another unidentified Turk was abducted as they traveled on the road between the cities of Kandahar and Herat.

Ahmadi said insurgents ambushed the Turks' vehicle as they were traveling in Farah province.

Ahmadi often calls journalists to claim responsibility for attacks. His exact ties to the Taliban leadership are unclear.

Attorneys In Kentucky Want Officials Gagged In Ex-soldier's Iraq Murder Case (FINDLAW/AP)

AP, August 30, 2006

(AP) - LOUISVILLE, Kentucky-Federal officials should be barred from speaking publicly about the case of a former Army soldier charged with raping and killing a 14-year-old Iraqi girl, defense attorneys argued.

Attorneys for former private Steven D. Green said in court documents filed Monday that a gag order is necessary because federal officials have had a "cavalier" attitude toward commenting on such high profile cases.

Prosecutors have said a gag order is unnecessary and would hamper the ability of administration officials to talk with Iraqi officials about the case and other incidents.

The rape and killing of Abeer Qassim al-Janabi, along with the murders of her 5-year-old sister and parents, fueled Iraqi allegations of misconduct by American soldiers.

Investigators said Green, 21, and other soldiers from the Fort Campbell-based 101st Airborne Division plotted to rape the girl. Green is accused of shooting three of the family members.

He was discharged in May and was arrested June 30. He has pleaded not guilty to one count of rape and four counts of murder in Kentucky.

Five soldiers still on active duty face military proceedings.

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East Arkansas' U.S. Attorney May Leave Post Soon (AP)

AP, August 30, 2006

LITTLE ROCK, AR - The Bush administration may soon be looking for someone to succeed Bud Cummins as U.S. attorney for the Eastern District of Arkansas.

Cummins talked to reporters today at a news conference called to discuss another topic, a new cooperative effort to find and prosecute child victimizers. But, in response to a question, he said he may be leaving his post.

He said, "I have told the White House and the Justice Department that I may be looking for something else to do, but I'm here, now."

At the recommendation of then-Senator Tim Hutchinson, a Republican, Cummins was nominated by Republican President George Bush in November 2001 for the post he now holds. He took over the job on an acting basis in December of that year.

Before taking the federal prosecutor's job, Cummins served as Governor Huckabee's chief legal counsel in 1997-98. In 1996, he ran for the 2nd District Congressional seat representing central Arkansas, but was beaten by Democrat Vic Snyder, who still holds the post.

CORPORATE SCANDALS:

U.S. Agencies Open Another Investigation Into Energy Trading At BP (NYT)

By Jad Mouawad

The New York Times, August 30, 2006

BP, the giant oil company, acknowledged yesterday that federal investigators were looking into possible trading irregularities in oil and gasoline markets.

The company said yesterday that it was "aware of investigations" by the federal authorities and was cooperating with them.

The agencies, the Commodity Futures Trading Commission and the Justice Department, are examining possible manipulation in the over-the-counter crude oil market in 2003 and 2004, and in gasoline trading in 2002, according to reports yesterday. Other trading companies may also be part of the inquiry.

News of the investigations was reported yesterday by The Wall Street Journal.

The accusations are the latest blow to BP, which faces a range of investigations in the United States, including claims that it failed to properly maintain pipelines in Alaska, leading to an oil spill earlier this year. It is also under scrutiny for safety failures that led to an explosion at a refinery in Texas City last year that killed 15 people, and is facing allegations that its traders manipulated the propane market.

A spokesman for BP, Ronnie Chappell, said: "We routinely assist regulators and other authorities in their request to understand the facts related to our businesses. Having said that, we do not comment on the specifics of these requests or the agencies that make the requests."

A spokesman for the Justice Department, Bryan Sierra, declined to comment. A spokesman for the trading commission, Dennis Holden, declined to confirm whether the agency had subpoenaed BP.

BP's troubles have led to heightened scrutiny over its practices and safety record at a time when high oil and gasoline prices have pushed energy companies into the limelight.

More than any other oil company, BP, based in London, has nurtured an image of environmental responsibility, which risks being tarnished by missteps in the United States. The company has acknowledged the problem and last month appointed a new manager for its American operations, Robert A. Malone.

BP is the largest oil and natural gas producer in America.

Turning up the political heat on the company, lawmakers in Congress are asking BP executives to appear before the House Committee on Energy and Commerce next week to answer questions about the Alaska spill. Representative Joe Barton, the Texas Republican who is the committee's chairman, said in an Aug. 11 letter to BP's chief executive, Lord Browne, that the Alaska shutdown was a result of "chronic neglect.''

Separately, a judge in Texas has ordered Lord Browne to be available for questioning about the explosion at the BP refinery. BP said it would appeal that ruling, arguing that Lord Browne had "no unique knowledge" in the case.

In the most embarrassing, and costly, mishap to date, BP was forced to temporarily shut Alaska's biggest oil field, Prudhoe Bay, after detecting heavy corrosion and a small leak in a critical pipeline. The emergency announcement earlier this month

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caught oil markets by surprise and drove global prices to nearly $77 a barrel. Oil prices have since retreated to below $70 a barrel on the New York Mercantile Exchange.

The Prudhoe Bay field produces 400,000 barrels a day, or 8 percent of American crude oil, and is the largest field in North America.

But a few days later, BP said it would avert a total shutdown by keeping one side of the oil field open while it replaced 16 miles of corroded or damaged pipeline. The company is now producing about 150,000 barrels of oil and natural gas a day from the western side of the field, but aims to reach about 200,000 barrels a day until repairs are completed.

An analyst at A. G. Edwards, Bruce Lanni, said BP was being made a target by investigators, in part because its recent problems had made the company a very public entity.

“Obviously because of the number of incidents that BP has had recently and how visible they have been,” Mr. Lanni said, “the company has become a focal point of a number of investigations. Their visibility has increased as a result of this.”

He added, “but these problems are not just endemic to BP, they affect the entire industry.”

BP has faced inquiries over its trading practices in the past. Its trading desk, which last year accounted for 13 percent of its $22 billion in profits, has a reputation for its aggressive tactics. In June, the Commodity Futures Trading Commission accused BP of trying to corner the propane market.

In 2003, the company was fined $2.5 million by the New York Mercantile Exchange to resolve charges of oil trading violations in 2001 and 2002. While it settled the charge, BP neither admitted nor denied breaking the exchange’s rules.

BP also agreed that year to pay $3 million as part of a settlement to claims that it had profited from false trades in the power market during the California energy crisis of 2000 and 2001.

In London, BP’s shares fell 2 percent, to 593 pence.

BP's Oil, Gasoline Trades Under Investigation (PROJO/BLOOM)

By Stephen Voss And Mathew Carr, Bloomberg News

The Providence Journal, August 30, 2006

BP is one of the world's largest energy traders. Its profit from trading oil and natural gas rose 56 percent in 2005 to $2.9 billion as energy prices soared.

London-based BP PLC, the world's third-largest oil company, is being investigated for possible manipulation of crude oil and gasoline prices, raising concern that the company has failed to closely manage its U.S. operations.

Trading of crude oil by BP is being reviewed by the U.S. Commodity Futures Trading Commission in Washington, D.C., and of gasoline by the Justice Department, BP spokesman Robert Wine said. BP is "cooperating fully," he said. The CFTC alleged in June that BP attempted to corner the propane market.

In addition, BP and chief executive officer John Browne face grand jury probes into the spill of 6,400 barrels of oil in Alaska in March and a refinery explosion in Texas City, Texas, that killed 15 people in 2005. BP shares have fallen 17 percent since April 24, compared with a 7.6-percent jump at Exxon Mobil Corp.

BP for six years has advertised itself as an environmentally friendly company, changing its corporate logo to a sunburst from the BP shield and said its initials stand for "Beyond Petroleum."

The company is "aware of investigations being done by U.S. authorities," Wine said. "We routinely assist regulators and other authorities in their requests to understand the facts related to our business. We do not comment on the specifics of these requests."

The inquiries were reported yesterday by the Wall Street Journal, which said the CFTC has sent subpoenas to BP and other energy traders in its study of crude oil over-the-counter prices in 2003 and 2004. Federal authorities are also assessing whether BP used information about its pipelines and storage tanks at Cushing, Okla., the delivery point for U.S. crude futures contracts, to influence benchmark prices, the paper said.

The gasoline study, which has been going on for more than a year, includes a criminal probe by the Justice Department and is focused on one day's trading on the New York Mercantile Exchange in 2002, the newspaper said, citing unidentified lawyers and traders.

"The worst-case scenario is they will end up having a penalty of tens of millions of dollars," said Fadel Gheit, senior vice president of oil and gas research at Oppenheimer & Co. in New York. "Hopefully, it will be contained."

Dennis Holden, a CFTC spokesman, would neither confirm nor deny BP is under review. The Justice Department doesn't comment "at all" on criminal probes, said Bryan Sierra, a spokesman for the department.

BP in July said it will increase capital spending on U.S. refineries and pipelines by $1 billion over a four-year period ending 2010, for a total of $7 billion. BP also that month brought in Robert Malone, who used to run its tanker business, to be the president of U.S. operations, replacing Ross Pillari.

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BP is one of the world's largest energy traders. Its profit from trading oil and natural gas rose 56 percent in 2005 to $2.9 billion as energy prices soared. It produces the equivalent of about 4 million barrels of oil and gas a day, has a stake in 24 refineries and sells fuel through some 25,000 service stations worldwide.

BP, Shell and securities firms such as Goldman Sachs Group Inc. and Morgan Stanley can have influence in energy trading and typically use derivatives such as futures and over-the-counter contracts to bet on prices, or manage the risks of cost increases. Exxon Mobil, the world's largest oil company, doesn't engage in speculative derivatives trading and is not under investigation, Exxon spokesman Mark Boudreaux said.

Shell spokeswoman Sarah Smallhorn said she couldn't immediately comment on whether the company has been contacted by investigators. Mary Rose Brown, a spokeswoman for Valero Energy Corp., said the largest U.S. refiner hasn't been contacted in the probe.

Street Sleuth Probes Of BP Point To Hurdles U.S. Cases Face (WSJ)

By Ann Davis

The Wall Street Journal, August 30, 2006

Government investigations into oil trading at BP PLC raise fresh questions about when a powerful energy company can legally trade on inside information about its own operations.

The surprising answer: more often than you think.

In contrast to the stock market, it generally is legal in the commodities markets to have an informational jump on others -- and to profit from that information -- as long as the behavior isn't considered price manipulation. And to prove manipulation, the government must establish that a company or trader intended to affect the price, had the ability to do so and successfully caused the price to move artificially.

As a result, regulators probing BP's behavior have faced a high burden of proof in seeking to establish that the British petroleum giant used internal information to affect prices, rather than simply turned a profit from what it knew.

If the government decides to bring civil or criminal charges, it will likely focus on manipulation itself, which commodities lawyers say is difficult to prove.

As reported yesterday in The Wall Street Journal, regulators have been examining, among other things, whether BP used information about its own pipelines and storage tanks at a key oil-delivery point in Cushing, Okla., to influence crude-oil price benchmarks that are set each day and influence billions of dollars of transactions. Regulators are also looking at other players in the crude market as part of a continuing probe. In a separate criminal probe, investigators are examining whether BP manipulated gasoline prices on a single day's trading on the New York Mercantile Exchange in 2002, traders and lawyers contacted or briefed on their investigations said.

Historically, the commodities markets have been a place where large companies go to manage risks that only they may be aware of. Because energy companies, refiners, pipeline and storage-terminal owners have legitimate commercial reasons to supply, buy or hold large quantities of fuel, they are allowed to make trades to fulfill obligations or simply make money from what they know. Companies can even do so if they will soon announce big news, such as a refinery outage, that could move prices, legal experts say.

Commercial firms that have inside information "need to use that information to hedge their price risks, which is one of the primary purposes of the commodity markets," says Marcia Blase, counsel to Fred Hatfield, Democratic commissioner of the Commodity Futures Trading Commission, which regulates the futures markets.

In the past, the U.S. government has brought civil and criminal cases when a company allegedly took an action, such as shutting a power plant or sending out false information about their operations, in order to manipulate prices. But the legal bright line, and what crosses an ethical line, may be different. Some of the activities at issue in a recently closed energy-trading probe into BP, which didn't result in charges, put a spotlight on the limited scope of behavior that commodities-market cops can police.

BP's business activities can affect the world-wide price of crude oil, natural gas, gasoline, propane and other commodities. According to the lawyers and traders informed of the case, the CFTC and Justice Department want to know whether BP traders, who possess powerful inside information, engaged in behavior intended to influence price benchmarks.

The CFTC says it doesn't confirm or deny the existence of an investigation. The Justice Department has declined to comment on the probe. A BP spokesman has said, "We are aware of investigations being done by the authorities, and we are cooperating fully."

By definition, a big energy company always has a jump-start on information that could interest the market. When BP announced earlier this month that a pipeline it operated in Alaska was corroded and that oil shipments from Alaska would be curtailed, it caused a big jump in oil prices.

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Rep. Joe Barton (R., Texas), chairman of the House Committee on Energy and Commerce, asked BP in a letter on Aug. 11 if there was "a market strategy component to BP's decisions that led up to the oil shutdown." He cited recent civil claims that the CFTC has brought in an unrelated case, pending in a Chicago federal court, accusing BP of manipulating the market for propane gas. A hearing before his committee is set for next week.

Lawmakers and regulators are likely to ask how much BP traders may have known about that outage ahead of time, and whether BP historically put any sort of internal barriers between its operational divisions and its trading desk.

BP says that it will cooperate with the committee's questioning and that it shut the pipeline to prevent a major oil spill.

Notwithstanding the legal issues, Wall Street trading desks tell traders to be cautious, for example, before trading on information about an energy disruption if it hasn't hit the broader market, several traders said.

But in general, if there is a pipeline outage, one of the first things an oil company's traders may be asked to do is buy fuel elsewhere to meet obligations to customers. The CFTC says that this action, by itself, actually helps spread the news in the marketplace that an event has occurred to change supply-and-demand fundamentals.

"One of the objectives of the futures market is price discovery. If a company is using the market to manage its risk, and it trades, it sends a signal through its trading that enables others to make informed decisions," says Michael Haigh, the CFTC's associate chief economist.

What is prohibited is spread of misinformation. In 2004, the Department of Justice, with CFTC assistance, brought criminal charges against Reliant Energy Services Inc., a unit of Reliant Energy Inc. in U.S. District Court in Northern California. Prosecutors alleged that Reliant intentionally drove up the price of electricity in California in 2000 by shutting off its power generation to create the false appearance of a shortage. Spot electricity prices soared, the government asserts.

Reliant has sought to get the indictment dismissed but a court recently denied its request, and the case is pending. Reliant has said that its unit "violated no laws" and that it intends to vigorously contest the case.

Progress Software To Restate Financial Results Since 1995 Over Options Accounting Errors (AP)

AP, August 30, 2006

BEDFORD, Mass. (AP) -- Progress Software Corp. said late Tuesday it no longer considers its financial statements from the past decade to be reliable and plans to restate them to correct mistakes made in accounting for stock-based compensation.

The company's audit committee began reviewing its accounting of the stock option program in June. The committee has found that the company should have recorded additional non-cash charges of between $20 million and $30 million for stock-based compensation between Dec. 1, 1995, and Feb. 28, 2006.

The company, which makes development tools for business software, said its internal review had found that the actual dates used to determine the accounting treatment of stock-option grants differed from the measurement dates the company used in preparing its financial statements.

Progress, based in Bedford, said it did not expect the changes to affect previously reported revenues.

The company said it hasn't determined whether there would be an increase in tax liabilities because of the changes.

Progress Software also said Tuesday it probably would not be able to announce its third quarter results on time as it deals with the issue. The company has received notice from the Nasdaq Stock Market that its common stock could be delisted if it fails to file its reports on time.

Progress is one of at least 40 companies that are reviewing its stock option practices. Another 78 are being probed by the Securities and Exchange Commission or Justice Department over stock options.

Barnes & Noble Gets Options Subpoena (AP)

AP, August 30, 2006

NEW YORK (AP) — Bookstore chain Barnes & Noble Inc. said Tuesday it received a subpoena regarding its stock option practices from the U.S. Attorney for the Southern District of New York.

In a regulatory filing with the Securities and Exchange Commission, the company said it received the subpoena on Aug. 25 and it intends to fully cooperate in its response.

Barnes & Noble reported in July that the SEC had launched an informal inquiry into its stock option granting practices. Earlier the bookseller said its board of directors had launched its own internal investigation.

Numerous companies are currently investigating whether the exercise price of stock options given to employees was manipulated by changing the grant date to correspond with a low point for the company's stock price in a practice known as backdating. Such a move can fatten profits for options recipients when they sell their shares at higher market prices.

Backdating options can be legal as long as the practice is properly disclosed to investors and approved by the company's board, experts say. However, backdating practices may violate federal accounting and tax laws in some cases. More than 75

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companies are under investigation by the Securities and Exchange Commission and/or Justice Department for possible irregularities.

Barnes & Noble Gets Subpoena; Novell Starts Internal Options Probe DOW JONES NEWSWIRES (WSJ)

The Wall Street Journal, August 30, 2006

WASHINGTON -- Barnes & Noble Inc. disclosed Tuesday that it received a subpoena from the U.S. Attorney for the Southern District of New York for documents regarding its stock-option practices.

Separately, Novell Inc. said it began an internal review of its past stock-option grants and related accounting, and plans to delay filing its fiscal third-quarter results with regulators.

Barnes & Noble, the New York-baed bookstore operator, said in a document filed with the Securities and Exchange Commission that it plans to cooperate fully in responding to the subpoena, which it received Friday.

Last month, Barnes & Noble's reported that a special committee of the board, assisted by independent legal counsel, began a review of its stock-option practices after a shareholder filed a lawsuit alleging that the company improperly backdated dozens of option grants to executives.

Later in July, the SEC began an informal inquiry into Barnes & Noble's stock-option practices, with which the company said it is fully cooperating. On July 13, the company said there was "no merit" to the shareholder's lawsuit and that "its practices with respect to the issuance of stock options have always been entirely appropriate and in full compliance with all applicable laws and regulations." The company said it was investigating its practices "as a matter of good corporate governance."

Over the past few months, federal and corporate probes of stock-option granting practices have accelerated. A statistical examination by The Wall Street Journal found a number of companies with highly improbable patterns of options grants, similar to those of some companies already facing scrutiny from federal authorities.

As reported, a review of securities filings conducted by The Wall Street Journal showed that Barnes & Noble granted stock options to senior executives at monthly lows. One such grant of 700,000 options to Leonard Riggio, Barnes & Noble founder and chairman, was dated March 12, 2001, when shares plunged to $23.65. Ten trading days later, the company's shares had risen 6%. Another grant of 215,300 options for Mr. Riggio's brother, the current chief executive, Stephen Riggio, had its strike price established at the low price for the month of April in 1997.

At Novell, the Waltham, Mass., company said it began a voluntary review of its past practices and accounting for stock-based compensation following news about the options practices of other companies across numerous industries.

Novell said it would file its quarterly report, on a so-called Form 10-Q, with the Securities and Exchange Commission "as soon as practicable" following the review. The company's audit committee is carrying out the probe with the help of outside legal counsel, it said, adding that it isn't in a position to predict when the work would be completed.

Sonsini On Board Of Several Companies With Dubious Stock Awards (LAW)

By Justin Scheck And Petra Pasternak

California Recorder, August 30, 2006

Like many other publicly traded companies, semiconductor maker LSI Logic Corp. awarded stock options to executives at regular planned intervals, a practice that leaves no room for improperly backdating options.

From 1997 to 2001, the company gave out regular executive grants in August and November, and occasionally in February.

But in February 2002, the company told the SEC that it had deviated from that practice the previous April, when it granted CEO Wilfred Corrigan an option to buy 1.5 million shares at the April 2 price.

The company had seen a long and painful descent in its stock price -- one that prompted executives to voluntarily take a 10 percent salary cut. The April 2 grant date came near the bottom. The stock was trading at $14.94 that day, then dropped to $13.97 two days later before climbing and cresting above $21 by month's end (see LSI chart showing company stock price from August 2000 through July 2001).

It was unusual for executives to receive stock options in April. That was the time of year that LSI board members -- including Larry Sonsini of Wilson Sonsini Goodrich & Rosati -- typically received their options. On that April 2, Sonsini and his law firm were awarded options to buy 10,000 shares of LSI stock.

In an e-mail last week, an LSI spokeswoman said the company has voluntarily reviewed its option grants.

"The review covered the period of 1995 to 2005, and was completed by the company's internal audit group," she added. "No instances of backdating or other improprieties were found. LSI Logic has not been contacted by the SEC, or any other governmental agency, regarding its stock option practices."

SEC filings from two other companies where Sonsini was a board member -- Echelon Corp. and Lattice Semiconductor Corp. -- reveal stock option grants to executives at exceptionally low levels.

ECHELON

Like so many other tech firms, Echelon -- at least in hindsight -- was much overvalued in 2000. At one point that year, the company's stock sold for $88 a share, after having traded at $4 the prior year.

As Echelon's paper value grew during its first two years on the market, SEC filings show that it awarded options to executives at about the same time: On June 25 in 1998, the year it went public, and on June 23, 1999.

Directors, meanwhile, received their options on the day of the annual shareholder meeting. In 1999, for example, Sonsini got options to buy 10,000 shares at the May 1 price of $8.50, which turned out to be a good thing as the price quickly rose.

The planned distribution to directors in 2000 also fell on what turned out to be a fortuitous day. The annual meeting in 2000 was April 27, when the stock was trading at $31.44, near its low.

Had executives received their options in late June of 2000 -- as they had the previous two years -- they would have received them when the stock was trading at $62, near its high.

But later that year, the company reported to the SEC that it had chosen to award the executive grants on April 27 -- the same day as the board had met -- allowing the executives to purchase shares at the lower level.

In no other year did the board line up the award date for executives with the date for board members.

An Echelon spokesman last week wouldn't say whether the company has been contacted by government investigators. "We don't have any comment on options issues," said Steve Nguyen.

LATTICE SEMICONDUCTOR

For most of the summer of 2000, Lattice Semiconductor's stock price drifted between $30 and $40 share, with one notable exception: It hit a 90-day low of $25.44 on Aug. 1.

Lattice would later tell the SEC that on that day it had chosen to award its five top executives options to buy 975,000 shares of company stock.

Two years earlier Lattice reported having awarded options to its top five executives on Nov. 10, 1998, at a share price of $31, which also coincided with a 90-day low (see Lattice chart showing company stock price from June 1998 through May 1999). Lattice reported that award to the SEC on May 19, 1999.

Lattice's Chief Financial Officer, Jan Johannessen, said the company has looked at its past options dating practices and found no irregularities.

Options, he said, were awarded to all employees at quarterly meetings scheduled months in advance, and approved and priced the same day.

A review of board minutes showed both the 1998 and 2000 grants were made at such meetings, Johannessen said, though he declined to provide copies of those minutes to The Recorder.

"We took a very conservative line from the time the company got started," he said. "We don't deviate. Other companies did it differently. I'm glad we did it this way."

And, he added, the company has not been approached by government investigators in connection with options.

"We think we're clean on this issue," he said.

As it happens, one recipient of the oddly timed options, former CEO Cyrus Tsui, was fired last year amid an SEC inquiry into the company's accounting practices. Previously, the SEC had investigated executive pay issues at the company.

Darryl Rains, a partner at Morrison & Foerster who represents Tsui, wouldn't comment last week on details of the investigation, including whether the government has asked his client about backdating issues.

Stock Option Fiends Revealed (WSJ)

By Holman W. Jenkins, Jr.

The Wall Street Journal, August 30, 2006

With the indifference of the pure at heart to social convention, an ad hoc group has come out with a call for ending (get a grip on your coffee here) the expensing of stock options.

Its signers include Nobel economists Milton Friedman and Harry Markowitz, former Treasury secretaries Paul O'Neill and George Schultz, along with 26 other reputable figures from finance, economics and accounting -- just the sort of names you'd have to put forward to get a hearing for an idea that contradicts shibboleths that we all have learned to affirm in order to be well thought of.

For, if you cared about your press in the 1990s, you favored expensing as a matter of accounting virtue. You didn't bother to understand what it entailed or ask yourself whether it clarified a company's business performance or its compensation policies. You just nodded your head and uttered a few choice mots in denunciation of greed.

Notice that Kip Hagopian, the venture capitalist who organized the manifesto and its publication in the latest issue of U.C. Berkeley's California Management Review, eschews the hysterical reasoning once common in Silicon Valley. He doesn't say expensing spells doom for America's entrepreneurial élan and technological prowess. Accounting is a matter of affixing labels. If it made sense to offer stock options before expensing, it would make sense after.

Rather, he argues that expensing is bad accounting. It misstates the nature of the transaction, which is a transfer outside the business from the owners to the employees, rather than through the business. Etc.

This will be old hat to readers of this column. How options function to transfer wealth from shareholders to employees is straightforward, and academic studies have long shown that stock prices reflect the overhang of this liability. There's no information deficit to be made up. Expensing is an abstract genuflection that tells you nothing meaningful, yet clouds the performance of the underlying business as a business.

Which brings us to the scandal du jour, over so-called backdating. The scorecard of misconceptions is a lengthy one.

In no generic sense can one say executives "inflated" their pay or "stole" from shareholders. Backdated packages were not more "lucrative" -- it's fallacious to assume that the alternative package consisted of an identical number of options at a less advantageous price.

Backdating did not provide "guaranteed" or "risk free" profits. It did not "undermine the incentive purpose" of options.

Some of the claims put forward now by company directors about how they were "fooled" by documents that accurately revealed management's intention to award "in the money" options are hilarious.

Increasingly, it seems likely that companies, after all, did correctly report the number of options and their price to shareholders. Let it be remembered, too, that millions of these options were cancelled or expired unexercised.

Verily, there's still an accounting scandal here, one whose origins can be found in a failure of will and intellect by accounting's rulemaker, the Financial Accounting Standards Board, in the 1990s. Recall that FASB was blown back and forth in the political gales over CEO pay. Recall that rather than make a coherent decision, it split the baby in 1995 by requiring expensing of "in the money" options but not "at the money" options.

You can't repeat often enough that options have vesting periods; there is no immediate ability to cash an option out for profit, so no basis for treating one kind of option contract as valuable and the other as valueless. Both have "option value" in that they allow the holder to buy shares at a fixed price for a definite number of years in the future.

Why companies might wish to issue "in the money" options rather than take potluck on the stock price on whatever day the complicated paperwork happened to be finished is not hard to fathom. It is, after all, the irreducible role of management to seek to control things, including the value of inducements dangled before employees.

Why companies preferred to leave their options unexpensed, as all their competitors were doing, and had done from time immemorial, is also not a mystery.

The mystery, which will require a historical reconstruction we're likely never to get, is how 80, 100 or 2,200 companies (depending on who is counting) managed to convince themselves that the backdating of stock-option offers was an acceptable means of reconciling these goals. The fickle finger of fate has already picked out several executives to pay a heavy personal price for this error, though there's also a debate among legal bloggers about whether jail time is really a proportionate penalty for an apparently victimless crime.

It would be fitting as well to revisit FASB's deliberations over expensing, which were -- let's not mince words -- utterly controlled by the politics of CEO pay. In the wake of Enron and WorldCom, FASB recovered its meager manhood and unsplit the baby -- requiring the expensing of all options.

This was an improvement, after a fashion. Of course, the world would have been equally well served (or better served) if FASB had ordained that no options need be expensed.

As it must, the political class always treated the expensing question as a matter of whose ox was to be gored (and, as usual, sought campaign contributions from everyone involved). If responsible persons felt a need to clear their throats and say why they favored expensing, they usually deferred to Warren Buffett's aphorism: If options aren't compensation, and compensation isn't an expense, what is it?

Never mind that this is such a bad argument (in form) that it has a name: equivocation fallacy. Belatedly, Mr. Hagopian and allies are trying to see if anyone is yet ready to examine the real merits of the accounting argument. Had those merits gotten the examination they deserved in the 1990s, whatever the verdict eventually might have been, there'd be no backdating scandal today.

FBI Puts Out Alert For Exec (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, August 30, 2006

DOJ_NMG_0055744

Poster seeks help in finding fugitive ex-Comverse chief wanted in backdated stock options case

The FBI issued a wanted poster yesterday, enlisting the international public's help in tracking down Jacob Alexander, the former head of Comverse Technology, who has failed to surrender on charges of conspiracy to commit securities, mail and wire fraud.

Shortly before he was indicted Aug. 9 Alexander, who also uses the first name of Kobi, transferred $57 million to Israel, according to court documents. He has dual U.S. and Israeli citizenship.

A report last week in an Israeli newspaper quoted a private detective as saying he traced Alexander to Sri Lanka by monitoring his e-mails. But sources familiar with the hunt are doubtful about the claim's accuracy.

Alexander's attorney, Robert Morvillo of Manhattan, has said he last spoke with Alexander several weeks ago, before the indictment, and has no idea as to his whereabouts. Morvillo, though not commenting directly on the Alexander case, said he counsels his clients who are considering becoming fugitives to instead surrender. "I tell all my clients it's better to be inside the system so you have some voice in your destiny than being outside the system."

The wanted poster said Alexander has ties in Israel and England. Other reports have speculated he might be in Germany or another country without an extradition treaty with the United States.

Alexander helped mold Comverse, long based in Woodbury, into a billion-dollar corporation specializing in software for voice communications. The Comverse headquarters was moved to Manhattan in 2005.

The case against Alexander involves allegations that he made millions through a scheme to backdate Comverse stock options.

After Alexander was indicted, federal prosecutors seized another $45 million that remained in his financial accounts in the United States.

Judge Rules No Privilege In Enron Fraud Case (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, August 30, 2006

Enron Broadband Services' efforts to exclude testimony by executives about their communications with in-house counsel from a bond dispute have been rebuffed by a Manhattan bankruptcy judge.

Judge Arthur J. Gonzalez, in In re: Enron Corp. (Enron Broadband Services LP v. Travelers Cas. and Sur. Co. of America), 01-16034, held that "the communications at issue are not protected from disclosure by the attorney-client privilege because the crime-fraud exception applies."

He held that Travelers had established enough evidence to provide a "reasonable basis" to suspect the perpetration of a fraud and to establish prima facie that, at the time of the communications at issue, Enron Global Services executives were "engaged in planning a fraudulent scheme when seeking advice from counsel."

As a result, Travelers' motion to include evidence of communications between Enron Broadband Services' former employees and in-house counsel regarding the bond and its underlying transaction were granted.

Judge Gonzalez also held that "evidence of communications between EBS's former employees and in-house counsel ... is not privileged."

The case arose when insurer Travelers issued a bond guaranteeing Global Crossing Bandwidth's performance in a transaction between Global Crossing and plaintiff Enron Broadband in March 2001. According to the capacity service agreement, Global Crossing was to provide broadband capacity to Enron and Enron was to prepay the entire contract price in the amount of $17.7 million. Global Crossing also had to issue a surety bond or other collateral for the full amount of the prepayment in case Global failed to perform under the capacity service agreement.

Travelers issued a bond to Global Crossing in favor of Enron Broadband. The bond, issued for a one-year term, was terminated in October 2001 by Travelers. According to Enron Broadband, Global Crossing did not take out another bond.

As part of the larger Enron Corp. bankruptcy, Enron Broadband Services filed for bankruptcy in the Southern District of New York in December 2001. Global Crossing filed for bankruptcy in January 2002, and was not able to fulfill its obligations to Enron Broadband. In February 2002, Enron demanded that Travelers make payment on the Global Crossing bond. When Travelers declined, Enron Broadband sued under the federal Bankruptcy Code and under state contract law.

Travelers responded by alleging that it was "fraudulently induced to issue a bond in connection with a loan" and, therefore, was not required to make payment on the bond.

During the ensuing discovery, Enron Broadband Services asserted its attorney-client privilege during the depositions of David Thames, the former manager of finance at Enron Broadband, and Brian Spector, a former director at the company. In both instances, Enron contended that the privilege shielded it from disclosing the deponents' communications with Enron Broadband's former general counsel Kristina Mordaunt and another in-house attorney, Cynthia Harkness.

Enron Broadband did not want to disclose any testimony with respect to the communications between their in-house lawyers and the executives.

Travelers filed a motion to compel requesting that the court overrule Enron's objection based on the attorney-client privilege. It also requested that the court permit discovery regarding such communications in future depositions of former Enron Broadband employees and that it order the reopening of depositions of Enron employees whose depositions have already occurred.

Enron Broadband Services argued that Travelers' motion to compel was untimely. In response, Travelers said that Enron was "improperly asserting the attorney-client privilege to avoid disclosures of communications between Enron employees and in-house counsel regarding the bond and its underlying transaction."

According to Travelers, Enron Broadband's objections to disclosure on privilege grounds fails because Enron's in-house counsel acted as a business advisor, and as a result the crime-fraud exception to the privilege applies and Enron Broadband has waived the privilege.

As proof that Mordaunt and Harkness provided business advice, Travelers pointed to Enron's admission in its memorandum of law that the documents produced by Enron are not privileged.

Judge Gonzalez said that, because the proposed deponents' communications with counsel related to the alleged fraud, he would grant the insurers' motion to compel deposition.

"The Court grants Travelers's request ... in order to elicit testimony as to the communications between the deponents and in-house counsel at EBS regarding the bond and the underlying transaction," Gonzalez held.

Albert Togut and Neil Berger, partners at Togut, Segal & Segal, and Sean McGrath, an associate at the firm, represented Enron Broadband Services in the case. They declined to comment.

Christopher G. Karagheuzoff, a partner at Dorsey & Whitney, and Joseph B. Shumofsky and Deirdre J. Sheridan, associates at the firm, represented Travelers in the case.

Karagheuzoff said he was pleased the court found that the insurer had made out a prima facie case of fraud necessary to invoke the crime-fraud exception to the attorney-client privilege rule.

CRIMINAL LAW:

First Source Of C.I.A. Leak Admits Role, Lawyer Says (NYT)

By Neil A. Lewis

The New York Times, August 30, 2006

WASHINGTON, Aug. 29 — Richard L. Armitage, a former deputy secretary of state, has acknowledged that he was the person whose conversation with a columnist in 2003 prompted a long, politically laden criminal investigation in what became known as the C.I.A. leak case, a lawyer involved in the case said on Tuesday.

Mr. Armitage did not return calls for comment. But the lawyer and other associates of Mr. Armitage have said he has confirmed that he was the initial and primary source for the columnist, Robert D. Novak, whose column of July 14, 2003, identified Valerie Wilson as a Central Intelligence Agency officer.

The identification of Mr. Armitage as the original leaker to Mr. Novak ends what has been a tantalizing mystery. In recent months, however, Mr. Armitage's role had become clear to many, and it was recently reported by Newsweek magazine and The Washington Post.

In the accounts by the lawyer and associates, Mr. Armitage disclosed casually to Mr. Novak that Ms. Wilson worked for the C.I.A. at the end of an interview in his State Department office. Mr. Armitage knew that, the accounts continue, because he had seen a written memorandum by Under Secretary of State Marc Grossman.

Mr. Grossman had taken up the task of finding out about Ms. Wilson after an inquiry from I. Lewis Libby Jr., chief of staff to Vice President Dick Cheney. Mr. Libby's inquiry was prompted by an Op-Ed article on May 6, 2003, in The New York Times by Nicholas D. Kristof and an article on June 12, 2003, in The Washington Post by Walter Pincus.

The two articles reported on a trip by a former ambassador to Africa sponsored by the C.I.A. to check reports that Iraq was seeking enriched uranium to help with its nuclear arms program.

Neither article identified the ambassador, but it was known inside the government that he was Joseph C. Wilson IV, Ms. Wilson's husband. White House officials wanted to know how much of a role she had in selecting him for the assignment.

Ms. Wilson was a covert employee, and after Mr. Novak printed her identity, the agency requested an investigation to see whether her name had been leaked illegally.

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Some administration critics said her name had been made public in a campaign to punish Mr. Wilson, who had written in a commentary in The Times that his investigation in Africa him to believe that the Bush administration had twisted intelligence to justify an attack on Iraq.

The complaints after Mr. Novak's column led to the appointment of a special prosecutor to investigate the disclosure of Ms. Wilson's identity.

The special prosecutor, Patrick J. Fitzgerald, did not bring charges in connection with laws that prohibit the willful disclosure of the identity of an C.I.A. officer. But Mr. Fitzgerald did indict Mr. Libby on charges of perjury and obstruction of justice, saying Mr. Libby had testified untruthfully to a grand jury and federal agents when he said he learned about Ms. Wilson's role at the agency from reporters rather than from several officials, including Mr. Cheney.

According to an account in a coming book, "Hubris, the Inside Story of Spin, Scandal and the Selling of the Iraq War'' by Michael Isikoff and David Corn, excerpts of which appeared in Newsweek this week, Mr. Armitage told a few State Department colleagues that he might have been the leaker whose identity was being sought.

The book says Mr. Armitage realized that when Mr. Novak published a second column in October 2003 that said his source had been an official who was "not a political gunslinger.''

The Justice Department was quickly informed, and Mr. Armitage disclosed his talks with Mr. Novak in subsequent interviews with the Federal Bureau of Investigation, even before Mr. Fitzgerald's appointment.

The book quotes Carl W. Ford Jr., then head of the intelligence and research bureau at the State Department, as saying that Mr. Armitage had told him, "I may be the guy who caused this whole thing,'' and that he regretted having told the columnist more than he should have.

Mr. Grossman's memorandum did not mention that Ms. Wilson had undercover status.

Apart from Mr. Ford, as quoted in the book, the lawyer and colleagues of Mr. Armitage who discussed the case have spoken insisting on anonymity, apparently because Mr. Armitage was still not comfortable with the public acknowledgment of his role.

He was also the source for another journalist about Ms. Wilson, a reporter who did not write about her. The lawyers and associates said Mr. Armitage also told Bob Woodward, assistant managing editor of The Washington Post and a well-known author, of her identity in June 2003.

Mr. Woodward was a late player in the legal drama when he disclosed last November that he had the received the information and testified to a grand jury about it after learning that his source had disclosed the conversation to prosecutors.

Plame Out (SC)

By Christopher Hitchens

Slate column, August 30, 2006

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Posted Tuesday, Aug. 29, 2006, at 1:02 PM ET

Richard Armitage

I had a feeling that I might slightly regret the title ("Case Closed") of my July 25 column on the Niger uranium story. I have now presented thousands of words of evidence and argument to the effect that, yes, the Saddam Hussein regime did send an important Iraqi nuclear diplomat to Niger in early 1999. And I have not so far received any rebuttal from any source on this crucial point of contention. But there was always another layer to the Joseph Wilson fantasy. Easy enough as it was to prove that he had completely missed the West African evidence that was staring him in the face, there remained the charge that his nonreport on a real threat had led to a government-sponsored vendetta against him and his wife, Valerie Plame.

In his July 12 column in the Washington Post, Robert Novak had already partly exposed this paranoid myth by stating plainly that nobody had leaked anything, or outed anyone, to him. On the contrary, it was he who approached sources within the administration and the CIA and not the other way around. But now we have the final word on who did disclose the name and occupation of Valerie Plame, and it turns out to be someone whose opposition to the Bush policy in Iraq has—like Robert

Novak's—long been a byword in Washington. It is particularly satisfying that this admission comes from two of the journalists—Michael Isikoff and David Corn—who did the most to get the story wrong in the first place and the most to keep it going long beyond the span of its natural life.

As most of us have long suspected, the man who told Novak about Valerie Plame was Richard Armitage, Colin Powell's deputy at the State Department and, with his boss, an assiduous underminer of the president's war policy. (His and Powell's—and George Tenet's—fingerprints are all over Bob Woodward's "insider" accounts of post-9/11 policy planning, which helps clear up another nonmystery: Woodward's revelation several months ago that he had known all along about the Wilson-Plame connection and considered it to be no big deal.) The Isikoff-Corn book, which is amusingly titled Hubris, solves this impossible problem of its authors' original "theory" by restating it in a passive voice:

The disclosures about Armitage, gleaned from interviews with colleagues, friends and lawyers directly involved in the case, underscore one of the ironies of the Plame investigation: that the initial leak, seized on by administration critics as evidence of how far the White House was willing to go to smear an opponent, came from a man who had no apparent intention of harming anyone.

In the stylistic world where disclosures are gleaned and ironies underscored, the nullity of the prose obscures the fact that any irony here is only at the authors' expense. It was Corn in particular who asserted—in a July 16, 2003, blog post credited with starting the entire distraction—that:

The Wilson smear was a thuggish act. Bush and his crew abused and misused intelligence to make their case for war. Now there is evidence Bushies used classified information and put the nation's counter-proliferation efforts at risk merely to settle a score. It is a sign that with this gang politics trumps national security.

After you have noted that the Niger uranium connection was in fact based on intelligence that has turned out to be sound, you may also note that this heated moral tone ("thuggish," "gang") is now quite absent from the story. It turns out that the person who put Valerie Plame's identity into circulation was a staunch foe of regime change in Iraq. Oh, that's all right, then. But you have to laugh at the way Corn now so neutrally describes his own initial delusion as one that was "seized on by administration critics."

What does emerge from Hubris is further confirmation of what we knew all along: the extraordinary venom of the interdepartmental rivalry that has characterized this administration. In particular, the bureaucracy at the State Department and the CIA appear to have used the indiscretion of Armitage to revenge themselves on the "neoconservatives" who had been advocating the removal of Saddam Hussein. Armitage identified himself to Colin Powell as Novak's source before the Fitzgerald inquiry had even been set on foot. The whole thing could—and should—have ended right there. But now read this and rub your eyes: William Howard Taft, the State Department's lawyer who had been told about Armitage (and who had passed on the name to the Justice Department)

also felt obligated to inform White House counsel Alberto Gonzales. But Powell and his aides feared the White House would then leak that Armitage had been Novak's source—possibly to embarrass State Department officials who had been unenthusiastic about Bush's Iraq policy. So Taft told Gonzales the bare minimum: that the State Department had passed some information about the case to Justice. He didn't mention Armitage. Taft asked if Gonzales wanted to know the details. The president's lawyer, playing the case by the book, said no, and Taft told him nothing more.

"[P]laying the case by the book" is, to phrase it mildly, not the way in which Isikoff and Corn customarily describe the conduct of the White House. In this instance, however, the evidence allows them no other choice. But there is more than one way in which a case can be played by the book. Under the terms of the appalling and unconstitutional Intelligence Identities Protection Act (see "A Nutty Little Law," my Slate column of July 26, 2005), the CIA can, in theory, "refer" any mention of itself to the Justice Department to see if the statute—denounced by The Nation and the New York Times when it was passed—has been broken. The bar here is quite high. Perhaps for that reason, Justice sat on the referral for two months after Novak's original column. But then, rather late in the day, at the end of September 2003, then-CIA Director George Tenet himself sent a letter demanding to know whether the law had been broken.

The answer to that question, as Patrick Fitzgerald has since determined, is "no." But there were plenty of senior people who had known that all along. And can one imagine anybody with a stronger motive to change the subject from CIA incompetence and to present a widely discredited agency as, instead, a victim, than Tenet himself? The man who kept the knowledge of the Minnesota flight schools to himself and who was facing every kind of investigation and obloquy finally saw a chance to change the subject. If there is any "irony" in the absurd and expensive and pointless brouhaha that followed, it is that he was abetted in this by so many who consider themselves "radical."

back to top

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Christopher Hitchens is a columnist for Vanity Fair. His most recent book is Thomas Jefferson: Author of America.

Photograph of Richard Armitage by Sam Yeh/AFP/Getty Images.

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Fess Up, Mr. Armitage (WSJ)

The Wall Street Journal, August 30, 2006

From its very start, the ballyhooed case of who leaked the name of CIA analyst Valerie Plame to columnist Robert Novak has been drenched in partisan politics and media hypocrisy. The more we learn, however, the more it also reveals about the internal dysfunction of the Bush Administration and the lack of loyalty among some of its most senior officials.

The latest news is that the Bush official who first disclosed Ms. Plame's identity was none other than former Deputy Secretary of State Richard Armitage. According to a new book by liberal journalists David Corn and Michael Isikoff, Mr. Armitage was Mr. Novak's primary source for his now famous column of July 14, 2003, that first publicly revealed Ms. Plame's CIA pedigree.

In other words, the leaker wasn't Karl Rove or Scooter Libby or anyone else in the White House who has been accused of running a conspiracy against Ms. Plame as revenge for her husband Joe Wilson's false accusations against the White House's case for war with Iraq. So what have the last three years been all about anyway? Political opportunism and internal score-settling, among other things. * * *

Mr. Armitage, recall, was part of Colin Powell's team at State and well known as an internal Administration opponent of the "neo-cons" who supported the ouster of Saddam Hussein. The book alleges that Mr. Armitage knew as early as October 2003 that he was Mr. Novak's prime source, yet he kept quiet about it even as his colleagues in the Administration were dragged through years of criminal investigation and media accusations as the possible leaker. Even now Mr. Armitage hasn't admitted to being the leaker, though doing so would help to clarify several things about the case.

For starters, fessing up would put to rest the conspiracy theories once and for all. Bush opponents have continued to promote this myth, with Mr. Wilson writing in June 2004 that "the conspiracy to destroy us was most likely conceived -- and carried out -- within the office of the vice president of the United States." Not a word of that was true.

Mr. Novak hasn't himself confirmed that Mr. Armitage was his primary source, since Mr. Armitage hasn't yet given him leave to do so. But Mr. Novak has written that his source was not a "partisan gunslinger," and the columnist has also said that he himself put in the call to Mr. Rove to confirm what he'd first heard from his main source (presumably Mr. Armitage). The White House, in short, was not engaged in any campaign to "out" Ms. Plame.

All of this matters because it also casts doubt on the thoroughness and fairness of special counsel Patrick Fitzgerald's probe that began in December 2003. The prosecutor never did indict anyone for leaking Ms. Plame's name, though this was supposedly the act of "treason" that triggered the political clamor for a probe. Instead, he has indicted Mr. Libby for perjury and obstruction of justice.

Mr. Fitzgerald has nonetheless also tried to spin an aura that Mr. Libby was responsible for outing Ms. Plame. In his press conference on October 28, 2005, the prosecutor asserted that "In fact, Mr. Libby was the first official known to have told a reporter when he talked to [former New York Times reporter] Judith Miller in June of 2003 about Valerie Wilson." But we have since learned that Mr. Armitage also told Washington Post reporter Bob Woodward about Ms. Plame -- a fact that Mr. Fitzgerald never uncovered until Mr. Woodward came forward after he heard Mr. Fitzgerald make that false public assertion.

Strangely, Mr. Armitage never seems to have told Mr. Fitzgerald that he'd talked to Mr. Woodward. And Mr. Fitzgerald never seems to have asked to see Mr. Armitage's appointment calendar, which would have showed his meeting with Mr. Novak. It's all enough to make us wonder if Mr. Fitzgerald didn't buy into the liberal "conspiracy" theory of this case from the start and target the White House while giving Mr. Armitage a pass.

Meanwhile, according to the Corn-Isikoff book, Mr. Armitage never did tell the White House or his boss, the President, that he was the leaker. Instead, in October 2003 he told Mr. Powell, who told the State Department general counsel, who in turn told the Justice Department but gave the White House Counsel only the sketchiest overview of what he'd learned and didn't mention Mr. Armitage's name. So while Mr. Fitzgerald presumably knew when he began his probe two months later that Mr. Armitage was Mr. Novak's source, the President himself was apparently kept in the dark, even as he was pledging publicly to find out who the leaker was.

At a minimum, there appears to be a serious question of disloyalty here. By keeping silent, Messrs. Powell and Armitage let the President take political heat for the case, while also letting Mr. Rove, Mr. Libby and other White House officials twist in the wind for more than two years. We also know that it was the folks in Mr. Powell's shop -- including his former chief of staff Lawrence Wilkerson and intelligence officer Carl Ford Jr. -- who did so much to trash John Bolton's nomination to be Ambassador to the U.N. in 2005. The State Department clique that Mr. Bush tolerated for so long did tremendous damage to his Administration.

As for Justice, then-Attorney General John Ashcroft recused himself from the case in an act of political abdication. That left then-Deputy Attorney General James Comey in charge, and he also presumably knew by October 2003 about Mr. Armitage's role as the leaker who started it all. Yet if the book's account is correct, he too misled the White House with his silence. Mr. Comey is also the official who let Mr. Fitzgerald alter his mandate from its initial find-the-leaker charge to the obstruction and perjury raps against Mr. Libby that are all this case has come down to. Remind us never to get in a foxhole with either Mr. Comey or the Powell crowd. * * *

There is more to be said at a future date about the specific case against Mr. Libby. But for now the Armitage news should concern one man in particular, and that's the President of the United States. How much differently would he have behaved had he known about Mr. Armitage's role in 2003? Would he have kept echoing the media-liberal spin that there was some nefarious White House leaker to discover, and continue to let the aides who most believed in his policies -- Mr. Libby and Mr. Rove -- be hounded by a special counsel? And why has he tolerated so much insubordination to his policies?

Someday we hope Mr. Bush will tell us. Meantime, as he absorbs the partisan and ultimately trivial truth of this case, why shouldn't he pardon Mr. Libby and put the entire sorry saga to rest?

Polygamist Fugitive Warren Jeffs Arrested In Nevada (AP)

By Ken Ritter, ASSOCIATED PRESS

AP, August 30, 2006

LAS VEGAS (AP) - The charismatic leader of a polygamous religious sect was captured during a traffic stop three months after being put on the FBI's Most Wanted List and faces charges he arranged marriages between underage girls and older men.

Warren Steed Jeffs, 50, was arrested without incident just outside Las Vegas late Monday after more than a year on the run, the FBI said. No weapons were found, but the 2007 red Cadillac Escalade he was riding in contained more than $50,000 in cash, cell phones, laptop computers, a police scanner and wigs, authorities said.

Jeffs has led the Fundamentalist Church of Jesus Christ of Latter Day Saints since 2002 and is said to have at least 40 wives and nearly 60 children. Church dissidents say that underage marriages - some involving girls as young as 13 - escalated into the hundreds under his leadership, and that he broke apart families by casting out married men and reassigning their wives and children to others.

The FLDS Church split from the mainstream Church of Jesus Christ of Latter-day Saints when the Mormons disavowed polygamy more than 100 years ago.

Most of the church's 10,000 members live in Hildale, Utah, and adjoining Colorado City, Ariz., but authorities have said they believe Jeffs had "safe houses" in four other states - including Nevada - and Canada.

Arizona Attorney General Terry Goddard said the arrest sent "a very important message for the people of Colorado City because many of them have lived in fear of this man, this tyrant." Goddard predicted it will lead more people to come forward with allegations of sexual abuse.

Jeffs brother, Isaac Steed Jeffs, was driving the SUV, which was stopped on Interstate 15 for having a temporary Colorado license tag that wasn't easily readable, FBI and Nevada Highway Patrol officials said.

Nevada Highway Patrol Trooper Eddie Dutchover told The Associated Press he felt something was amiss, but didn't know the man sitting silently in the back seat was the fugitive religious sect leader.

"Something was obviously wrong," said Dutchover, whose training with a Department of Public Safety suspicious vehicle task force helped him notice an artery pulsing in Warren Jeffs' neck. "I even told him, 'You're making me nervous. Is everything OK?'

"He said everything's fine," Dutchover said Tuesday. "He just stared straight ahead."

Dutchover called other troopers and a sergeant. Even when Sgt. David Miller found letters in the car addressed to "President Warren Jeffs," Jeffs refused to give his name.

Jeffs identified himself as John Findley, using a contact lens receipt from Florida as identification.

"Once the FBI got there," Dutchover said, "he gave his full name, Warren Jeffs, and kind of gave a sigh."

John E. Lewis, special agent in charge of the FBI Phoenix division, characterized Jeffs as cordial but uncooperative.

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"He did not respond to any questions that were posed to him concerning his whereabouts," Lewis said. "He did indicate to the interviewing agents that he was being subject to what he termed religious prosecutions."

Inside the vehicle, authorities found $54,000, 15 cell phones, four portable radios, a duffel bag containing numerous unopened envelopes that were thought to contain more cash, three wigs, sunglasses, four laptops, a GPS device, a police scanner and gift cards totaling $10,000, Lewis said.

Jeffs was being held Tuesday without bail at the Clark County jail, pending an extradition hearing Thursday morning in a Las Vegas court. Federal and state law enforcement agencies will determine whether Jeffs should be sent first to Utah or Arizona, said Steve Sorenson, a federal prosecutor in Salt Lake City. Utah's charges are more serious.

A wife, Naomi Jeffs, also was in the vehicle. She and Isaac Jeffs, both 32, were released without being charged, said Steven Martinez, FBI special agent in charge in Las Vegas.

Jeffs is wanted in Utah and Arizona on charges of arranging two marriages between underage girls and older men. The charges include two counts of rape as an accomplice in Utah, with each count punishable by up to life in prison.

The felony charge in Arizona, conspiracy to commit sexual conduct with a minor, carries a possible penalty of up to two years in prison.

Jeffs had been on the FBI's Ten Most Wanted list since May, with a $100,000 reward offered for information leading to his capture.

Authorities said they weren't sure why Jeffs might have been in Las Vegas. Church members and affiliated businesses had reportedly been migrating to southern Nevada to escape the spotlight in Utah and Arizona.

Miller, the NHP sergeant, said another member of the Jeffs family was pulled over by troopers on July 26 about a mile from where Jeffs was arrested late Monday. Miller said no summons was issued in the earlier stop.

Jeffs has been called a dangerous extremist by those familiar with his church. Church dissidents said that while the sect has long practiced the custom of arranged marriages, young girls were rarely married off until Jeffs came to power.

Jeffs took over the church after the death of his 98-year-old father, Rulon Jeffs, who was said to have had 65 children by several women. Warren Jeffs took nearly all his father's widows as his own wives.

People expelled from the community said young men were sent away to avoid competition for brides. Older men were cast out for alleged disobedience, and their wives and children were reassigned by Jeffs to new husbands and fathers, the former members said.

"If this will bring an end to that, that will be a good thing," said Ward Jeffs, an older half brother of Warren. "We're excited for the people down there, but we're very concerned about who might step up and take the leadership role."

It remained unclear Tuesday what would happen to the leadership of the church while Jeffs was behind bars.

Fugitive Polygamist Leader Warren Jeffs Arrested Near Las Vegas (DESERET)

By Nancy Perkins And Ben Winslow, Deseret Morning News

Deseret Morning News, August 30, 2006

LAS VEGAS — Top law enforcement here praised the efforts of a state trooper who pulled over fugitive Warren Jeffs late Monday, crediting the professionalism of the officer for orchestrating a routine traffic stop that ended without incident.

Warren Jeffs At a joint press conference outside the Las Vegas FBI headquarters, Steve Martinez, FBI special agent in charge, was joined by the director of the Nevada Department of Public Safety George Togliatti in an official announcement of Jeffs' apprehension.

Jeffs initially gave an alias to the trooper in the stop, but Togliatti said the trooper noticed the man looked similar to Jeffs, who has been on the FBI's Top 10 Most Wanted List since May. Those lists are routinely circulated to law enforcement across the country.

The stop on Interstate 15 about five miles north of the Las Vegas Speedway was prompted when the trooper saw a 2007 red Cadillac Escalade bearing a temporary tag issued in Colorado that was partially hidden.

Jeffs was a passenger in the SUV.

Two other people in the car, one of Warren Jeffs' wives, Naomi Jeffs, and his brother Isaac Jeffs, were questioned and released.

Authorities said the pair were released after consultation with FBI counterparts in Arizona and Utah.

Warren Jeffs' was fingerprinted, booked and photographed at the Clark County Detention facility in Las Vegas at 5:07 a.m. He was booked on two out-of-state warrants issued from Utah and Arizona that include charges of unlawful sexual conduct of a minor and rape as an accomplice.

Although law enforcement had feared a possible violent confrontation with Jeffs — who was said to be armed and dangerous — Martinez said a preliminary search of the vehicle revealed no weapons.

Earlier, a radio news reporter on scene when the vehicle was impounded subsequent to the arrest observed a number of items that were confiscated as possible evidence.

Among them:

· 27 stacks of money each containing $2,500
· Two female wigs — blond and brunette
· 14 cell phones
· Two GPS navigation units
· A Book of Mormon
· A picture of Warren Jeffs and his father, Rulon.

It is unclear if Jeffs will go to Utah or to Arizona, where he faces sex crimes charges accusing him of forcing teenage girls into polygamous marriages with older men.

"Like anyone else, he will have the decision of whether or not he waives or fights extradition," said Mohave County Attorney Matt Smith, who filed criminal charges against Jeffs in 2005.

If Jeffs fights extradition, Utah and Arizona authorities would have to get a governor's warrant to bring him back. If he waives extradition, Smith said he would appear in court in St. George, Utah, and Kingman, Ariz. Coincidentally, one of Jeffs' followers is going on trial in Kingman today, accused of marrying a 16-year-old girl as his second wife. It was a union that was arranged by Warren Jeffs, the man considered "prophet" by the Fundamentalist LDS Church.

Law enforcement called the arrest of Jeffs "good news" but remained leery of potential fall-out and turmoil within the polygamous border towns of Hildale, Utah, and Colorado City, Ariz.

"Hopefully, we can get some resolution to the process so that Mr. Jeffs and his followers are going to get on with their lives," said Washington County Sheriff Kirk Smith.

In Hildale today, Smith ordered increased patrols from his deputies to keep an eye out for any problems. At the FLDS Church's enclave in Eldorado, Texas, Schleicher County Sheriff David Doran said he broke the news of Jeffs' arrest to faithful followers there.

"It was very somber," he told the Deseret Morning News. "It was hard news for them to swallow."

Doran said he planned to fly over the FLDS Church's sprawling ranch sometime today to make sure there was no trouble. On the YFZ Ranch, the FLDS Church has an enormous temple that is believed to have been recently completed. YFZ stands for "Yearning for Zion," after a song Jeffs wrote.

In addition to its headquarters in Hildale and Colorado City, the FLDS Church is believed to have enclaves in Texas, South Dakota, Colorado, British Columbia (Canada) and Nevada.

Recently, many FLDS-linked businesses have begun relocating to Nevada. Several construction businesses were setting up in the Mesquite area. A major manufacturer from Hildale had relocated to Las Vegas.

The FBI has been on the tail of Warren Jeffs for some time. At first, he was placed on the "Most Wanted list." After first-degree felony charges of rape as an accomplice were filed by Washington County prosecutors in St. George, Jeffs was added to the "Ten Most Wanted" list. A $100,000 reward was offered for information leading to his arrest.

Police developed a break when they arrested Jeffs' brother, Seth Jeffs, in Pueblo, Colo., in October 2005. Stopped during a traffic stop, police discovered more than $142,000 in cash, pre-paid credit cards, cell phone cards, cell phones and documents related to the FLDS Church. Letters addressed to "The Prophet" were there as well as a change jar with Warren Jeffs' picture and a label reading "Pennies for the Prophet."

Seth Jeffs, 33, pleaded guilty in Denver's federal court to harboring a fugitive. He was sentenced to probation.

Arizona Attorney General Terry Goddard told the Deseret Morning News in June that he had information that Warren Jeffs had been in the Hildale/Colorado City area, performing more child bride marriages.

Recently, a judge in Salt Lake City's 3rd District Court indicated she was ready to reform the $110 million financial arm of the FLDS Church. The United Effort Plan (UEP) Trust was taken over by the state of Utah in 2005, amid allegations that Jeffs and some upper echelon leaders of the FLDS Church had been siphoning money from the trust, which controls homes, buildings and property in the polygamous border towns.

Polygamist Sect Leader Warren Jeffs Arrested In Las Vegas (SLT)

By Brooke Adams And Pamela Manson, The Salt Lake Tribune

Salt Lake Tribune, August 30, 2006

LAS VEGAS -- The fugitive leader of a polygamist sect has been captured in southern Nevada, the FBI said Tuesday.

Warren Steed Jeffs, 50, was taken into custody after he and two other people were pulled over late Monday by a Nevada Highway Patrol trooper on Interstate 15 just north of Las Vegas, FBI spokesman David Staretz said.

The other two people in the vehicle were identified as one of Warren Jeffs' wives, Naomi Jeffs, and a brother, Isaac Steed Jeffs, both 32, Staretz said. They were being interviewed Tuesday morning by the FBI in Las Vegas, but were not arrested.

Items in the vehicle when Jeffs was captured included: 27 stacks of $100 bills, worth $2,500 each; 14 cellular phones; a radar detector, two Global Positioning System units; two female wigs, one blonde and one brunette; several knives; several CDs; three watches; three Ipods; multiple credit cards; seven sets of keys; a photograph of Jeffs and his father; a Bible and a Book of Mormon.

The items were seen on pool video footage created with official permission.

Jeffs was being held in federal custody in Las Vegas pending a court hearing on a federal charge of unlawful flight to avoid prosecution, Staretz said. It was not immediately clear if Jeffs would face extradition to Arizona or Utah.

The traffic stop came about 9 p.m., after the NHP trooper noticed a maroon Cadillac Escalade on the freeway with temporary license tags, Staretz said.

Jeffs, the leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints, was indicted in June 2005 on an Arizona charge of arranging a marriage between a 16-year-old girl and a married man, and unlawful flight to avoid prosecution.

He is also charged in Utah with two felony counts of rape as an accomplice, for allegedly arranging the marriage of a teenage girl to an older man in Nevada. Las Vegas has become a new hub for the polygamous sect and the group recently moved Western Precision, one

Warren Steed Jeffs, FLDS leader is accused of sexual abuse

of the biggest FLDS businesses, there.

Several residents of Hildale, Utah, and Colorado City, Ariz., the twin communities where the FLDS is headquartered, said the news of the arrest spread quickly.

"I'm grateful that they got him and there was no bloodshed," Marvin Wyler, a former FLDS member, said. He added that the community was quiet on Tuesday morning.

Other former members said Isaac serves as Warren's secretary.

"It's not surprising to find those two together because Isaac had been an extention of his arm for a long time," said Ezra Draper, of Bonners Ferry, Idaho, who became disillusioned with Jeffs and the church's refusal to disavow plural marriage involving young girls to older men.

Naomi also is one of Warren's most loyal and staunch supporters, said Richard Holm, an excommunicated church member who continues to live in Colorado City. Carolyn Jessop, a Salt Lake City resident and former FLDS member, said Naomi married Rulon Jeffs when she was 17 and he was nearly 90. Later, Naomi and her sister, Paula, were the first among Rulon's wives to become Warren's wives, Jessop said.

The two sisters' father is Merrill Jessop, who is based at the FLDS ranch in Eldorado, Texas, according to Jessop. Jessop, an ex- wife of Merrill Jessop, added that Warren Jeffs is married to approximately nine of Merrill Jessop's daughters and Naomi is a favorite.

"That's one of the reasons I left. I didn't want him to marry my daughter," said Jessop.

She described Naomi as nice and extremely beautiful, with hair down to her knees. As a child, Naomi tended to be the target of other mothers' anger who seemed to resent her becaues she was so pretty, Jessop said.

Holm said that a month or two after Rulon Jeffs died in 2002, Naomi - in an unusual move - stood up at an FLDS meeting and confirmed that Warren was to be his father's successor as president and prophet of the church. At that same meeting, another wife and Isaac stood and gave the same testimony.

Jeffs has been on the FBI's Ten Most Wanted list since May, with a $100,000 reward offered for information leading to his capture.

The FLDS Church, which embraces polygamy, split from the Church of Jesus Christ of Latter-day Saints when the mainstream Mormon Church disavowed plural marriage more than 100 years ago.

The capture came more than two years after Jeffs is known to have been seen outside the polygamous community.

Charges brought: A Mohave County, Ariz., grand jury indicted the polygamous leader on June 9, 2005, on one count each of sexual conduct with a minor and conspiracy to commit sexual conduct with a minor.

The charges stem from him allegedly arranging a marriage between a 16-year-old girl and a 28-year-old man who already was married; Jeffs is not accused of having sex with the teenager. An Arizona state warrant for his arrest was issued the next day.

A federal charge of unlawful flight to avoid prosecution and an arrest warrant was issued for Jeffs on June 27, 2005. The Arizona state charges are Class 6 felonies, the next serious offense above a misdemeanor, and each are punishable by up to a year in jail.

In July 2005, the states of Utah and Arizona offered a $10,000 reward for information leading to Jeffs' arrest. In January, the FBI added $50,000 to the amount, saying it hoped the enhanced reward would encourage someone to reveal the leader's whereabouts. The agency issued an alert cautioning that Jeffs might be traveling "with a number of loyal and armed bodyguards."

After a hearing in Las Vegas, extradition proceedings could begin to return Jeffs to Arizona. Federal authorities at this point might drop the charge of unlawful flight to avoid prosecution. The extradition procedure usually takes only a few days.

The only basis to fight extradition is a claim that the detainee is not the person listed in the warrant. This legal battle generally lasts 30 to 90 days, and the time spent in jail does not count as credit against any sentence that is eventually imposed.

The demanding state pays the jail costs of the holding state and the cost of transporting the prisoner.

The United States has an extradition treaty with most other nations. In addition to asserting they are not the wanted person, detainees being held outside the United States also can argue against extradition by claiming they are political prisoners.

Search for fugitive: The hunt for Jeffs, who has been FLDS president since 2002, included what appeared to be false sightings in the months leading up to his capture. A man spotted in a Cabela's outdoor-outfitter store in Lehi turned out to be a brother of Jeffs. Other alerts that Jeffs visited an Albertsons grocery in Riverton, went to Strawberry Reservoir and even traveled to central Florida to buy property didn't pan out.

In addition, authorities likely looked in areas where the church has property, including Eldorado, Texas; Mancos, Colo.; and Pringle, S.D. FLDS members also live in Nevada and Canada.

An October traffic stop in Colorado looked like a break at first. A Pueblo County sheriff's deputy responding to a call of a possible drunken driver found no evidence that the two men in the SUV he pulled over were under the influence of alcohol or drugs but searched the vehicle because they acted suspiciously.

The occupants were Seth Steed Jeffs, a brother of the FLDS president, and Nathan Allred, a nephew of the Jeffs brothers. The search turned up $142,000 in cash, cellular phones, prepaid credit cards, a GPS unit, PalmPilot, computer and musical equipment, hundreds of envelopes addressed to “The Prophet” or “Warren Jeffs” and a jar with his picture and a label reading “Pennies for the Prophet.”

Seth Jeffs was charged in Colorado with a federal count of harboring and concealing his brother. However, the arrest failed to lead authorities to the FLDS leader. Seth Jeffs was sentenced in July to three years of probation and fined $2,500.

FLDS teachings: The FLDS hews to the early teachings of Joseph Smith, founder of the Mormon church, including plural marriage. The Salt Lake City-based Church of Jesus Christ of Latter-day Saints left polygamy behind in 1890 and now excommunicates members who practice it.

Jeffs' arrest is the latest in a series of events that have put the spotlight on the FLDS. In January 2004, the leader expelled 21 men from the community, exposing what some outsiders said was instability in the church. Jeffs had cast out members in the months before and more expulsions followed after the January episode. One former follower refused to leave his home and won the right in court to remain.

The past few years brought more upheaval, including a series of legal actions.

In July 2004, Brent Jeffs filed suit accusing three of his uncles, including Warren Jeffs, of sexually assaulting him when he was a child. His suit also named the FLDS Church as a defendant. A month later, a half dozen "lost boys" who say they were cast out of their homes in the Hildale-Colorado City community to reduce competition for wives sued the church and its officials, including Jeffs.

Then in August 2004, former FLDS member Shem Fischer added the church and Jeffs as defendants to a 2002 lawsuit claiming he was illegally fired from his job as a salesman at a Hildale cabinetry business because he no longer adhered to the faith.

And in December, a woman identified only as M.J. in court papers sued over her alleged forced plural marriage. Once again, Jeffs and the FLDS Church were named as defendants.

Last year, the United Effort Plan, a trust that controls most of the property in Hildale and Colorado City, was put under the control of a court-appointed special fiduciary and its trustees were stripped of power. The action came after Jeffs and the church failed to respond to the lawsuits, sparking fears that they would lose by default and put residents of the FLDS community in jeopardy of losing their homes to pay off a monetary award to the plaintiffs.

Other actions directed at the FLDS in 2005 include the state of Arizona taking control of the Colorado City school district and eight male members of the polygamous community other than Jeffs being charged with sex offenses for their alleged marriages to underage girls.

The Associated Press contributed to this report.

Polygamist Fugitive Jeffs Arrested With Cash, Cell Phones (ADS)

By Howard Fischer, capitol media services

Arizona Daily Star, August 30, 2006

PHOENIX -- Polygamist leader Warren Jeffs is behind bars after being on the run from police in Arizona and Utah for more than a year.

Jeffs, the "prophet" of the Fundamentalist Church of Latter Day Saints, faces five counts in Arizona of having sex with a minor and three charges of conspiring to have sex with a minor. And Utah officials want Jeffs in connection with two rape charges.

Technically, Jeffs, who has been on the FBI's "most wanted" list since May, was charged with the federal crime of unlawful flight to avoid prosecution. But Paul Charlton, the U.S. Attorney for Arizona, said those will be dropped to allow Jeffs to be tried on the sex charges.

He is being held without bail pending a "removal hearing" later this week in Nevada.

Arizona Attorney General Terry Goddard said there are ongoing negotiations with Utah to determine which state will have the first shot at him. But Goddard said he believes Arizona should get priority because it already is in the middle of a trial in Kingman where the state is prosecuting another member of the FLDS church who was "married" to a girl, then age 16, and had sex with her.

The future of that case, however, was thrown in doubt after the only witness refused to testify Tuesday.

And Flora Jessup, a former FLDS church member who now works with girls who have fled, questioned Tuesday whether the charges against Jeffs could end up in similar jeopardy.

Jeffs was taken into custody late Monday after highway patrol officers stopped the vehicle in which he was driving on Interstate 15 north of Las Vegas because it did not appear the 2007 Cadillac Escalade has a license plate.

John E. Lewis, special agent in charge of the FBI office in Phoenix, said it turned out the vehicle did have temporary Colorado tags. And Lewis said that Jeffs, a passenger in the vehicle driven by his brother, Isaac, and occupied also by one of his wives, Naomi, produced a contact lens receipt from Florida with a different name.

But Lewis said the officers became suspicious and asked to search the vehicle. That turned up not only materials referring to Jeffs as the prophet of the Fundamentalist Church of Latter Day Saints but also $54,000 in cash, 15 cells phones, four portable radios, "The three individuals were separated," Lewis explained, and questioned.

"That is a tactic commonly used to see if the stories are consistent," he continued. "And, in fact, the responses that were provided to the officers on the side of the road were not consistent."

Only after FBI officers arrived on the scene did Jeffs confess to his real identity. But Lewis said that Jeffs, questioned for hours in Las Vegas, has refused to provide any information -- including where he has been hiding for the past year.

Jeffs' brother and wife were released without being charged.

Goddard said the Mohave County sheriff has put additional officers into the Colorado City area in the wake of the arrest. Church members live in that community on the state's northern border and across the line in Hilldale, Utah.

"It is clearly a potentially explosive situation," he said. "We have to take all precautions."

Jeffs had been the subject of a manhunt for more than a year, with police chasing down sightings in Texas and British Columbia, where the FLDS church has members. And there was a $100,000 reward offered for information leading to his capture.

In the end, though, none of that made a difference, with Jeffs taken into custody only because of the less-than-visible tags on his vehicle. Goddard said the arrest is "a combination of very good law enforcement and good luck."

Polygamist Sought For Two Years Is Arrested In Nevada (WP)

By Alan Cooperman

The Washington Post, August 30, 2006

When Nevada state police stopped a red Cadillac Escalade without visible license plates Monday night and asked one of its passengers for identification, he handed over a receipt for contact lenses.

Suspicions aroused, the troopers said, they asked to search the vehicle and found wigs, $54,000 in cash and mail addressed to "The Prophet."

So ended two years on the lam, and 114 days on the FBI's Ten Most Wanted list, for the nation's best-known polygamist, Warren Steed Jeffs. Yesterday he was in federal custody in Las Vegas, facing multiple charges of sexual crimes against minors, an FBI spokeswoman said.

Tall, lanky and clean-cut, Jeffs, 50, is believed to have dozens of wives and thousands of followers -- not to mention a television series, HBO's "Big Love," loosely modeled on the sect he heads. His ability to elude justice, together with the hit TV

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show and a national debate over the definition of marriage, have combined in the past year to dramatically raise the profile of polygamy in the United States.

Nine days before his arrest, about 300 children of polygamous relationships rallied in Salt Lake City in a rare public defense of "plural marriage."

Jeffs is known as the Prophet to an estimated 10,000 members of the Fundamentalist Church of Jesus Christ of Latter Day Saints, which he inherited from his father, Rulon Jeffs, in 1998.

Their sect broke away when the Church of Jesus Christ of Latter-day Saints, better known as the Mormons, banned polygamy in 1890. Rulon Jeffs was excommunicated by the Mormon Church in 1941, and his son was never a member. Authorities say that both men routinely arranged marriages for underage girls with male followers.

The fundamentalist sect is notoriously secretive, but details about Rulon and Warren Jeffs's lifestyle emerged in 1999, when they sold a seven-acre, $1.9 million walled compound in Sandy, Utah, where they had lived with their wives and children since the early 1980s.

Women's bedrooms in Rulon Jeffs's main house were decorated with wallpaper saying "Keep Sweet No Matter What." Their doors were marked with red, yellow or green tags, depending on whether they were ovulating. The house had an industrial-size laundry. And there were signs of other practices shocking to Mormons: Apparently, they drank coffee and berry wine.

Loraine Sundquist, who bought the compound and is developing it into luxury condominiums, said yesterday that she remembers Jeffs as "quiet and soft-spoken," and all of his associates as friendly and polite.

"What struck me most is when one of them said to me, 'You know, we're really no different than your society. We're just honest about our affairs, and we take care of our babies and our girlfriends,' " she said.

The number of Americans who practice polygamy is unclear. A joint report by the attorneys general of Utah and Arizona put the figure at 20,000 to 40,000. Principle Voices, a pro-polygamy group, said that there are 37,000 Fundamentalist Mormons in the western United States, most of whom "profess a belief in polygamy but are not currently practicing it."

Vicky Prunty, who was in a polygamous marriage for three years and now heads an anti-polygamy group called Tapestry of Polygamy, said she believes there are closer to 100,000 Americans in secret plural marriages today, and she charged that the Mormon Church still winks at the practice.

Mike Otterson, spokesman for the Mormons, vigorously denied the allegation. "We don't countenance polygamy, and anybody in the church today who is found to be practicing polygamy will be excommunicated, which is the highest sanction we can apply," he said.

Leader Of Polygamist Mormon Sect Is Arrested (NYT)

By Kirk Johnson

The New York Times, August 30, 2006

DENVER, Aug. 29 — Warren Jeffs, the polygamist leader of a Mormon-offshoot sect and a symbol of the government's hardened line against plural marriage in the West, was arrested late Monday after a routine traffic stop near Las Vegas.

Mr. Jeffs, 50, who is wanted in Utah and Arizona on charges of arranging marriages between underage girls and older men, had with him an assortment of wigs and $50,000 in cash, but no weapons, police officials said. He was traveling with a wife and a brother, both of whom were questioned and released.

The arrest, four months after Mr. Jeffs was put on the F.B.I.'s 10-most-wanted list, brings to a head many of the issues that have been simmering in the deeply isolated polygamist communities of Utah and Arizona where Mr. Jeffs's outlaw stance — and ability to evade arrest — had bolstered his claim to be an untouchable prophet of God.

Law enforcement officials and people close to the polygamist community said that even while Mr. Jeffs was on the lam, he continued to lead a group called the Fundamentalist Church of Jesus Christ of Latter-day Saints. The group split from the main-line Mormon church decades ago when it disavowed polygamy. The fundamentalist church has about 10,000 members, mostly in and around Hildale, Utah, and Colorado City, Ariz.

"Part of his mystique was that God was protecting him and he couldn't be taken," said Mark Shurtleff, the Utah attorney general, who has led the crackdown there.

"Our hope is that those who fear him will see he's not as fearsome as they thought, and maybe they can come forward now and provide evidence to us," he said.

Mr. Jeffs could face up to five years to life on each of the two most serious counts: that he was an accessory to rape for arranging marriages to two under-age brides in Utah. Law enforcement officials said it was still being determined whether Utah or Arizona would get a first crack at prosecuting Mr. Jeffs.

To some extent, law enforcement officials and former church members say, the church structure that Mr. Jeffs dominated has already fractured. A former teenage bride has cooperated with investigations against him, Utah prosecutors said. In addition,

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in a series of trials in Arizona, former church members — some of them excommunicated by Mr. Jeffs — are testifying for the prosecution regarding sect members' sexual conduct with under-age wives.

A judge in Utah has appointed an outsider as fiduciary, given the power to oversee church lands that Mr. Jeffs once controlled through a trust.

"Warren has told them to do nothing, say nothing and sign nothing with the fiduciary," said Bruce R. Wisan, the fiduciary, an accountant in Salt Lake City who was appointed last year.

Mr. Wisan — echoing comments by law enforcement officials in Utah and Arizona — said he doubted Mr. Jeffs had even established enough of a structure to lead the church towns in his absence.

"Warren has got such a control over the people, and seems to be such a dictatorial or control-type individual, I have a hard time believing he's got an organization in place to take over," Mr. Wisan said in a telephone interview.

One former church member in Utah said people in the sect were not sure yet what to do or think.

"It could be a relief to some of the people, or they could feel they're under siege and hunker down," said the man, who spoke on condition of anonymity because he is working with outsiders and feared that his effectiveness in the community would be compromised. "For now, it's very quiet."

Legal intrusion into the world of polygamy has had its own rocky history. Federal officials cracked down on the Mormon church — the Church of Jesus Christ of Latter-day Saints — in the late 1800's until it abolished polygamy in 1890. In 1953, Arizona officials led a raid against the fundamentalist offshoot that law enforcement officials now regard as a disaster because of the acrimony and mistrust it engendered.

After years of reluctance to prosecute the church members, Utah and Arizona have reinvigorated the level and number of prosecutions in the last few years. They have dealt with crimes associated with polygamy, like sexual contact with minors, but not bigamy itself.

Legal scholars say the crackdown came in part because mainstream Mormons have grown increasingly tired of the lingering association with polygamy.

"Many contemporary Mormons complain that everybody associates them with polygamy, and in fact they're the most antipolygamy people you could meet," said Sarah Barringer Gordon, a professor at the University of Pennsylvania Law School who teaches religious history and the law of church and state.

Mr. Jeffs was arrested without a struggle, police officials said.

According to George Togliatti, the director of Nevada's Department of Public Safety, a state trooper pulled over Mr. Jeffs's red 2007 Cadillac Escalade because its temporary Colorado tag was obstructed.

The trooper thought a passenger in the Escalade resembled Mr. Jeffs, whom he had seen on the F.B.I. list. Mr. Jeffs at first gave an alias, Mr. Togliatti said, then acknowledged he was Warren Jeffs and was taken into custody just after 9 p.m. on Monday.

Steve Martinez, special agent in charge of the F.B.I.'s Las Vegas field office, said a search of the vehicle uncovered laptop computers, cellphones, the wigs and $50,000.

Fate Of Polygamy Sect Unclear As Leader Held (USAT)

By Dennis Wagner, Usa Today

USA Today, August 30, 2006

The arrest of Warren Steed Jeffs late Monday represents a turning point in efforts to bring the polygamist sect he leads under "the rule of law," authorities said, but it remains unclear how his prosecution will affect followers of the Fundamentalist Church of Jesus Christ of Latter Day Saints.

Jeffs, 50, was taken into custody late Monday by FBI agents after a traffic stop on Interstate 15 north of Las Vegas.

Jeffs is president and so-called prophet of the FLDS, which has polygamous communities in Arizona, Utah, Texas and Canada. The FLDS is not affiliated with the mainstream Mormon faith.

Jeffs is wanted in Arizona and Utah on felony sex charges in connection with polygamous marriages involving minor girls.

"Capturing Warren Jeffs is not the end of the story by any means," said Arizona Attorney General Terry Goddard. "The most important point is proving to everyone that Warren Jeffs couldn't flaunt the rule of law."

The FBI had placed Jeffs on the bureau's list of the 10 most wanted fugitives in May and offered a $100,000 reward. In June, FBI Director Robert Mueller said Jeffs belonged on the list because he preys on children.

John Lewis, special agent in charge of the Phoenix FBI office, said Jeffs and one of his wives, Naomi, were passengers in a red 2007 Cadillac Escalade that was pulled over by Nevada troopers. Highway Patrol Trooper Kevin Honea said the vehicle had a temporary Colorado tag that wasn't easily readable. Jeffs' brother, Isaac, was behind the wheel.

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After obtaining conflicting statements from the trio, Lewis said, officers got permission to search the SUV. They found more than $54,000, 15 cellphones, four portable radios, three wigs, numerous sunglasses, a duffle bag of envelopes, laptop computers, a Global Positioning System device, a police scanner and cash cards worth $10,000.

Lewis said Jeffs at first gave a false name but identified himself correctly after an FBI agent arrived. He was booked for unlawful flight.

Former church members suggested Jeff's arrest might increase his status.

"They believe strongly in … the one-man doctrine," Merril Stubbs, 29, a former member, said, "and, as long as he's alive, Warren Jeffs is the man."

"He's going to be a martyr, " agreed Brigham Fischer, 33, another FLDS exile who now lives in Macon, Ga.

Fugitive Polygamist Cult Leader Caught Near Las Vegas (LAT)

By Don Woutat And Richard B. Schmitt

The Los Angeles Times, August 30, 2006

LAS VEGAS — Warren Steed Jeffs, the leader of a polygamist church who was on the FBI's 10 most-wanted list, was arrested near Las Vegas after authorities pulled over a vehicle he was riding in and found three wigs, a large number of cell phones, laptop computers and more than $50,000 in cash, it was announced today.

Jeffs, 50, was stopped shortly after 9 p.m. Monday after a Nevada state trooper could not see any registration or license plate on the 2007 red Cadillac Escalade in which Jeffs was a passenger. The vehicle was northbound on Interstate 15 in southern Nevada. The driver was identified as Isaac Jeffs, 32, described by police as a brother of the fugitive.

The initial responses to the trooper's questions were "inconsistent," and he called for backup. It was unclear how the trooper suspected that Jeffs was in the car. A computer failure prevented authorities from immediately tracing the vehicle, Nevada state officials said. The SUV turned out to carry temporary registration from Colorado.

The state troopers contacted the FBI and agents dispatched to the scene made the arrest. Jeffs initially used an alias to identify himself, but then admitted who he was, said Steve Martinez, special agent in charge of the Las Vegas FBI field office. Martinez declined to say what alias was used.

Jeffs, who had a $100,000 reward offered for his capture, did not resist arrest, Martinez said. Isaac Jeffs and a 32-year-old woman identified as one of the fugitive's wives, also traveling in the vehicle, were released without charge after authorities in Arizona and Utah indicated that they would not pursue charges against them for harboring a fugitive.

Inside the SUV, authorities found a "large number" of cell phones and laptop computers, three wigs and more than $50,000 in cash, Martinez said. No weapons were found, he said.

Jeffs was being held at the Clark County Detention Center in Las Vegas on a federal warrant for flight to avoid prosecution. The main charges against Jeffs were pending by the states of Arizona and Utah, and it has not been decided in which state Jeffs would face the initial charges, including two counts of rape as an accomplice in Utah. He faces widespread sexual abuse and civil rights violations.

Jeffs has been accused of repeatedly raping his nephew, Brent Jeffs, who was then 5 years old, in Utah. Now 23, Brent Jeffs filed a lawsuit in 2004, saying his uncle is believed to have molested other children.

Moreover, Jeffs was charged in April with rape in Washington County, Utah for allegedly encouraging a man to have sex with his underage wife without her consent.

Growing up, Jeffs was raised in the Fundamentalist Church of Jesus Christ of Latter-day Saints in Salt Lake City, an offshoot of Mormonism. He was a teacher and later principal of the sect's Alta Academy. Jeffs ascended to leader of the 10,000-member secretive sect when his father, the FLDS prophet Rulon Jeffs, died and the younger Jeffs claimed he was sent by God as a prophet, which no one disputed.

Members learn they cannot reach the highest levels of heaven without at least three wives. Women, or often girls, are "gifted" to men by the prophet, who is seen as revealing God's plan.

With most of the followers in Arizona and Utah, former members of the group, as well as state investigators, describe it as a tyrannical theocracy. Jeffs, known for wearing a white shirt and jacket, frequently issued edicts.

Certain "missionaries" were sent door to door to see whether people were engaging in forbidden acts, such as listening to music or watching television. Competitive sports were banned because he thought they bred pride.

Members lived largely rent-free, but were at the church's mercy. They were required to tithe 10% of their income and, in addition, give $1,000 per month, per family, witnesses said, as Jeffs' calls for money "to build up the kingdom" increased.

During public meetings, he had wheelbarrows placed at the podiums for members to put their cash donations as he harped on themes of absolute obedience. The only way for women to be happy, he said, according to transcripts of a 1995 lecture to students, was to "let her husband, a faithful man, rule over her."

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At times, people were thrown out of their church-owned homes or the family of one man was given to another, usually without explanation. Jeffs directed people to write endless letters of repentance letters confessing their sins. Those letters, many believe, were used for blackmail or to gather intelligence about his rivals.

Jeffs equipped his compound in Hildale, Utah with a huge wall and state-of-the-art surveillance equipment. He often traveled in convoys of SUVs with armed bodyguards, but authorities said on Monday night Jeffs was unarmed and traveling without weapons, traveling quietly and trying to avoid detection.

An FBI spokesman in Washington said today that Nevada state troopers called the FBI Las Vegas office after making the initial stop.

"One or both troopers had an idea this was Jeffs," an FBI spokesman said of the fugitive who was placed on the most wanted list in May. "They detained him and called the local FBI office. As soon as the agents arrived, he readily admitted he was Jeffs."

He was then taken to the Vegas FBI office. "He submitted to having fingerprints taken and signed his true name to the fingerprint card."

"It was a routine traffic stop … and the troopers acted on it," the spokesman said.

Times staff writers Woutat reported from Las Vegas; Schmitt from Washington, D.C. Times staff writers David Kelley and Gary Cohn also contributed to this report.

Polygamist Sect Leader Is Arrested In Nevada (WSJ)

A Wall Street Journal Online News Roundup

The Wall Street Journal, August 30, 2006

LAS VEGAS -- The fugitive leader of a polygamist religious sect who was on the Federal Bureau of Investigation's 10 Most Wanted List has been arrested in southern Nevada.

Warren Steed Jeffs, 50 years old, was taken into custody after he and two other people were pulled over late Monday by a Nevada Highway Patrol trooper on Interstate 15 just north of Las Vegas, FBI spokesman David Staretz said.

The leader of the Fundamentalist Church of Jesus Christ of Latter-day Saints was wanted in Utah and Arizona on suspicion of sexual misconduct for allegedly arranging marriages between underage girls and older men.

He assumed leadership of the sect in 2002 after the death of his 98-year-old father, Rulon Jeffs, who had 65 children by several women. Mr. Jeffs took nearly all his father's widows as his own wives. He is said to have at least 40 wives and nearly 60 children.

Since May, Jeffs has been on the FBI's Ten Most Wanted list, with a $100,000 reward offered for information leading to his capture.

He was indicted in June on an Arizona charge of arranging a marriage between a 16-year-old girl and a married man, and unlawful flight to avoid prosecution. He is charged in Utah with two felony counts of rape as an accomplice, for allegedly arranging the marriage of a teenage girl to an older man in Nevada.

The other two people in the vehicle were identified as one of Mr. Jeffs's wives, Naomi Jeffs, and a brother, Isaac Steve Jeffs, both 32, Mr. Staretz said. They were being interviewed by the FBI in Las Vegas but weren't arrested.

Mr. Jeffs was in federal custody in Las Vegas pending a court hearing on a federal charge of unlawful flight to avoid prosecution.

The FLDS Church split from the Church of Jesus Christ of Latter-day Saints when the mainstream Mormon Church disavowed plural marriage more than 100 years ago.

Legal Affairs Polygamist Church Leader Arrested In Nevada (NPR)

By Howard Berkes

NPR's All Things Considered, August 30, 2006

Warren Steed Jeffs, 50, is shown in this December 2005 photo supplied by a member of his FLDS church in Hildale, Utah. AP

All Things Considered, August 29, 2006 · The leader of the nation's largest and most controversial polygamist group is now in police custody in Las Vegas. Warren Jeffs had been on the FBI's list of 10 most-wanted fugitives, charged with facilitating polygamous marriages involving under-age girls.

Jeffs, who leads the Fundamentalist Church of Jesus Christ of Latter-day Saints, has more than 6,000 followers, most of whom believe their leader is a prophet of God. But Jeffs faces charges in Arizona and Utah.

Detained outside of Las Vegas Monday night, Jeffs was determined to avoid capture, judging by the list of items found in the red Cadillac Escalade he was driving.

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George Tagliotti of the Nevada Highway Patrol says that the car contained "everything from a large number of cellular telephones, laptop computers, three wigs" to "in excess of $50,000 in cash."

Also found were sunglasses, portable radios, police scanners and unopened envelopes believed to contain cash contributions from his followers.

Jeffs had been the subject of an episode of the TV show America's Most Wanted. The reward for his capture had reached $100,000.

But it was a routine traffic stop, triggered by a temporary license tag, that transformed Jeffs from fugitive to defendant.

Jeffs is said to promote a brand of polygamy that involves underage girls -- some as young as 13, according to former members of his group. They are allegedly assigned to men decades older, who may already have other wives.

Jeffs is accused in Utah of rape as an accomplice, for facilitating under-aged marriages. He faces a similar charge in Arizona, which is also prosecuting eight of his followers.

FBI's 'most Wanted' Polygamist Arrested In US (IND)

By Andrew Buncombe In Washington

The Independent, August 30, 2006

The leader of a notorious polygamist cult and one of the FBI's most wanted fugitives was behind bars last night after being pulled over in a routine stop by a patrol officer in Nevada.

Warren Jeffs, leader of the Fundamentalist Church of Jesus Christ of Latter-day Saints, was wanted in Utah and Arizona on suspicion of arranging marriages between men and underage girls.

In May, authorities offered a $100,000 (£52,000) reward for information leading to his arrest.

On its website, the FBI yesterday posted a "captured" notice under the picture of Mr Jeffs, who is listed alongside the likes Osama Bin Laden and a series of other criminals who face accusations of murder.

An FBI spokesman, David Staretz, said that Mr Jeffs was taken into custody on Monday evening after he and two other people were pulled over north of Las Vegas. The other two people in the vehicle were identified as one of Mr Jeffs' wives, Naomi, and a brother, Isaac, said Mr Staretz. They were being interviewed by the FBI in Las Vegas but have not been arrested.

Mr Jeffs had been on the run for two years. In that time he had been able to establish compounds in Colorado, South Dakota and Texas. It is estimated that he performed scores of marriage ceremonies in his role as a self-styled prophet or "speaker of God's will" and he reputedly has as many as 80 wives of his own.

His followers are not permitted to have books, newspapers or television and they are told that much of the outside world is evil.

Mr Jeffs was indicted in June on a charge filed in Arizona of arranging a marriage between a 16-year-old girl and a married man, and taking flight to avoid prosecution. He faces two similar charges in Utah.

Kevin Honea, a Nevada State trooper, yesterday told CNN that Mr Jeffs was stopped during a routine patrol and checked for a temporary registration violation. The patrolman who stopped Mr Jeffs apparently recognised him and Mr Jeffs confirmed his identity.

Mr Jeffs became leader of his church - consisting of about 10,000 followers - in 2002 following the death of his father, Rulon Jeffs, who had previously led the group, which split from the mainstream Mormon church or Church of Jesus Christ of Latter-day Saints around a century ago when that church disavowed polygamy.

One of his first statements following his father's death was: "I won't say much, but I will say this - hands off my father's wives." He subsequently went on to marry many of his father's 75 or so wives.

The church has its headquarters on the Utah-Arizona border and has long been the focus of allegations that members are forced to obtain a supply of young brides for older members of the group - something that has also resulted in the banishment of younger male members.

Mormon 'prophet' Is Arrested (DAILYT)

By Harry Mount In New York

The Daily Telegraph, August 30, 2006

The self-proclaimed "prophet" of a notorious Mormon sect has been arrested after a year on the run evading sexual assault charges.

Warren Jeffs, 50, leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints, was classified as armed and dangerous by the FBI.

Warren Jeffs

He was caught during a routine traffic check by highway patrolmen near Las Vegas in Nevada.

Jeffs, whose sect practises polygamy and has an estimated 10,000 members, is rumoured to have as many 80 wives and 250 children.

He has been on the run after being charged with sexual assault on a minor, conspiracy to commit sexual conduct with a minor by arranging a marriage and being an accomplice in a rape. The FBI alleges that Jeffs used his position to lure young girls into sex and arrange countless marriages.

Jeffs controlled almost all the land in Colorado City and Hildale, Utah, as part of a trust estimated to be worth more than £50 million.

When his father, Rulon, died in 2002, Jeffs promptly married all but two of his 24 wives.

Fugitive Mormon Leader's Reign Of Fear Ended By Traffic Violation (GUARD)

By Julian Borger In Washington

The Guardian, August 30, 2006

Warren Jeffs led the FLDS, a fundamentalist sect based on the Utah-Arizona border. Photograph: AP

Warren Jeffs, the fugitive leader of a fanatical polygamous sect and one of the FBI's most wanted men, had told his 10,000 followers he would never be taken alive. His words raised fears that he might try to conclude his fearsome reign in a blaze of glory. But the end, when it came, was far more mundane.

After three years on the run, his red Cadillac was pulled over just north of Las Vegas late on Monday night by a traffic police officer who noticed his licence plate was not fully visible.

Article continues

The chance arrest brings to an end one of the stranger chapters in the modern history of the American west. For the past four years Mr Jeffs has run the Fundamentalist Church of Jesus Christ of Latter Day Saints (known as the FLDS) like the feudal chief of a polygamous tribe from a string of fortified compounds almost entirely outside the reach of state law, which prohibits polygamy.

The law officers who have spent the past few years trying to track him down were elated yesterday, and relieved that the hunt did not end like the fiery siege of another sect, the Branch Davidians, in their compound in Waco 13 years ago.

"It was just luck. It was a cop doing his job, and noticing that the tags on his car were hidden, and he did a routine stop," Mark Shurtleff, the Utah attorney general, told the Guardian yesterday.

"The good news is that Jeffs wasn't driving with his bodyguards. He was just with his wife and brother. If we had had ultimately to go into his compound on probable cause he was there, the outcome could have been much worse."

Culture of abuse

Mr Jeffs is wanted in Utah on charges of being an accomplice to rape for forcing an underage girl to marry an older man. He has been indicted for a similar offence in Arizona. But those formal charges are widely seen as being the tip of a particularly unpleasant iceberg.

Under Mr Jeffs' reign, a culture of abuse thrived at the FLDS. The fundamentalist sect broke away from the mainstream Mormon church in 1890 when it renounced polygamy. Warren Jeffs formally inherited command from his father, Rulon, in 2002 but he had run it for several years before. In that time, hundreds of teenage girls were allegedly shared out among Mr Jeffs and his male lieutenants. The 50-year-old leader is reported to have fathered more than 50 children by 40 wives.

Young boys, seen as potential sexual rivals to the elders, were driven outside the church's main settlement on the Utah-Arizona border and abandoned. Twenty church members who rebelled against Mr Jeffs' leadership were thrown out of the sect in 2004, and their wives and children were redistributed among the other men.

Jon Krakauer, who wrote a book on Mormon fundamentalism called Under the Banner of Heaven described Mr Jeffs as "a tall, bony man with a bulging Adam's apple, a high-pitched voice, and a frightening sense of his own perfection in the eyes of God".

Every FLDS member had to abide by an elaborate set of rules. No television, newspapers or outside influences were allowed. Long underwear had to be worn even in the ferocious heat of summer, and female members had to wear old-fashioned long gingham dresses. Children were taught to believe that Mr Jeffs was divinely ordained and infallible.

"What we hope the arrest will do is send a message to the people who lived under his thumb that he is not above the law, not protected by God, and we hope that will encourage more witnesses to come forward," Mr Shurtleff said. "Now I guess if God is protecting him he can do it in court."

Margaret Cooke, a former FLDS member, who still has relatives in the sect, said: "It makes me happy he's not in direct power any more, and I hope one day my daughters down there will see that he is not this great person.

"I feel bad that they believe in someone who is so evil ... He tears families apart and tells people how to live. He's taken innocent lives and pretended he was God and ruled over them. His crimes are against humanity - his people."

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Arizona's attorney general, Terry Goddard, hailed the arrest on local radio as: "The beginning of the end of ... the tyrannical rule of a small group of people over the practically 10,000 followers of the FLDS sect."

Brainwashed

Ms Cooke was not so sure. "It doesn't change a whole lot because they are pretty stubborn people and they're pretty brainwashed," she said.

Vicky Prunty, who runs a support group for abuse victims in Salt Lake City called Tapestry against Polygamy, agreed: "This is not the end to the mindset of the cult. There are many Warren Jeffs out there. Many of the members will become splinter groups, but this is a start.

"It is a good day because it will cause his people to maybe think for themselves. When a leader is put behind bars and they don't see the bars are loosened it gives them reason to think."

'Prophet' Nicked By Cops (SUN)

By Emily Smith

The Sun, August 30, 2006

A CULT leader who has 80 wives and 250 children was arrested yesterday after a year on the FBI's "Most Wanted" list.

Sex-mad, self-proclaimed prophet Warren Jeffs, 50, was collared outside Las Vegas after going on the run with a £30,000 reward on his head.

The head of the Fundamentalist Church of Jesus Christ of Latter Day Saints had been charged with arranging marriages between girls as young as 12 and older men.

The polygamist — who believes a man must have at least three wives to get into heaven — fled in June 2005 and was among the FBI's ten most wanted men.

Jeffs was arrested after a cop recognised him during a traffic patrol. His arrest was hailed as a major blow to his cult, a breakaway group from the mainstream Latter Day Saints church, or Mormons.

Home ... leader's Utah mansion

Jeffs' followers, who number up to 11,000, are said to run whole towns in the Mormon-dominated state of Utah and recently set up a new compound in Texas.

Sex crime expert John Llwellyn last night said the arrest was "a major victory for the FBI — and a crushing defeat for his followers".

He added: "Jeffs was leader of the largest and most dangerous fundamentalist group in America. He was a vicious sexual predator."

The FBI claim Jeffs, whose church has estimated assets of £53million, used his position to lure under-age girls into sex.

Polygamous Church Leader Is Arrested (TIMES)

The Times, August 30, 2006

Las Vegas The leader of a polygamous sect has been captured three months after being put on the FBI's Most Wanted list. Warren Jeffs, 50, faces charges that he arranged marriages between underage girls and older men.

He was arrested on Monday evening just outside Las Vegas, Nevada, when his car was stopped in a routine police check. He had been on the run for more than a year, the FBI said. Police say that they found three wigs, 15 cell phones and tens of thousands of dollars in cash and gift cards in his car.

Mr Jeffs is the leader of the Fundamentalist Church of Jesus Christ of Latterday Saints, which broke away from the Mormon church a century ago. He is said to have at least 40 wives and nearly 60 children. Church dissidents say that, under his leadership, there have been hundreds of underage marriages, some involving girls as young as 13.

Most of the church's members live in Hildale, Utah, and adjoining Colorado City, Arizona, but the authorities have said that they believe Jeffs has safe houses in four other states.

Terry Goddard, the Arizona Attorney-General, told KTAR-AM radio in Phoenix that Mr Jeffs's arrest marked "the beginning of the end of . . . the tyrannical rule of a small group of people".

Mr Jeffs took over the sect in 2002 after the death of his 98-year-old father, Rulon Jeffs, who was said to have had 65 children by several women. He took nearly all his father's widows as his own wives. (AP)

Fugitive Polygamist Captured (CP)

By Camille Bains

Canadian Press, August 30, 2006

DOJ_NMG_0055764

VANCOUVER (CP) - It's too early to say whether the U.S. arrest of a polygamous leader will have an impact in Canada on an investigation into the sect's Bountiful, B.C. community, says an RCMP spokesman.

Sgt. John Ward said Warren Jeffs is not facing any charges in Canada, nor is he a suspect in the Mounties' ongoing investigation in Bountiful, where allegations of child abuse surfaced years ago. Allegations of human trafficking, involving young girls being moved across U.S. borders and into Canada so they can be married off to older men, have also come up.

Jeffs's sect is based in the state-line communities of Colorado City, Ariz. and Hildale, Utah, and he also has followers in Bountiful.

The self-proclaimed "speaker of God's will" and leader of the Fundamentalist Church of Jesus Christ of Latter-day Saints is wanted in the two states on suspicion of sexual misconduct for allegedly arranging marriages of underage girls. He is also wanted for fraud.

Ward said the Mounties' probe of Bountiful, a community south of Creston, B.C., is moving ahead.

"We are very close to being able to send a report to Crown counsel" for consideration of criminal charges, he said.

Last month, the attorneys general of B.C., Arizona and Utah met to discuss the polygamy situation in their jurisdictions.

However, any investigations into the polygamous activities of the sect have been hampered by the lack of witnesses wanting to testify.

Followers of the sect are said to be brainwashed into distrusting authorities and many of the women say they're happy sharing a husband with several other women.

Jeffs was captured Monday evening on the outskirts of Las Vegas after being on the FBI's Ten Most Wanted list since May.

Jeffs' vehicle was stopped on Interstate 15 for having a temporary Colorado licence tag that wasn't easily readable, FBI and Nevada Highway Patrol officials said.

State Trooper Eddie Dutchover said he felt something was amiss.

"Something was obviously wrong," Dutchover said.

"I even told him: 'You're making me nervous. Is everything OK?'"

"He said: 'Everything's fine,'" Dutchover said.

"He just stared straight ahead."

Dutchover called other officers. Even when Sgt. David Miller found letters in the car addressed to "President Warren Jeffs," Jeffs refused to give his name.

Jeffs identified himself as John Findley, using a contact lens receipt from Florida as identification.

"Once the FBI got there," Dutchover said, "he gave his full name, Warren Jeffs, and kind of gave a sigh."

Jeffs would not tell investigators where he had been hiding out but he did say "that he was being subject to what he termed religious prosecutions," said FBI agent John Lewis.

Jeffs was being held Tuesday in Clark County jail, awaiting a court hearing Thursday on a federal charge of unlawful flight to avoid prosecution.

Two people travelling with him, wife Naomi Jeffs and a brother, Isaac Steed Jeffs, both 32, were released and will not be charged, FBI agent Steven Martinez said. Martinez said Warren Jeffs initially used an alias but Martinez would not disclose the name.

Authorities said Jeffs was found with cellphones, laptop computers, wigs and more than $50,000 US in cash when he was captured.

Debbie Palmer, a woman who left Bountiful and has written of her experience, said Tuesday she doubted the arrest would result in other women leaving the sect.

"I'd be surprised if it does because he's been preparing for this (his arrest) one way or another for months and months," Palmer, who now lives in Prince Albert, Sask., reported.

"I've got nieces and sisters that are in some of those compounds in the States and in Canada. I cannot see his arrest helping us get to them."

Members of the community in Bountiful are divided between those who follow Jeffs and those who follow his rival, Winston Blackmore.

The Church of Jesus Christ of Latter-day Saints, or the Mormon church, renounced polygamy in 1890, and the FDLS split from it. The Mormon church excommunicates members found to be practising polygamy.

Prosecutors In Colorado Defend Karr Arrest (WP)

By T.r. Reid

The Washington Post, August 30, 2006

BOULDER, Colo., Aug. 29 -- Prosecutors said Tuesday that they pursued the now-collapsed case against John Mark Karr in the JonBenet Ramsey murder mystery because of his graphic e-mails about the 1996 killing and because Karr was targeting a 5-year-old girl at the elementary school where he taught this summer in Thailand.

Speaking with reporters a day after announcing she would not bring criminal charges against Karr, Boulder County District Attorney Mary Lacy said that investigators had followed him for at least a few days in Thailand, secretly listening to his telephone conversations and surreptitiously trying to take DNA samples that might link him to JonBenet's killing. Those samples proved unreliable, Lacy said, but while Karr was being followed investigators and police in Thailand became concerned over his interest in a girl who was to be a student in his class in Bangkok.

That concern prompted Thai police to expel Karr, 41, from the country and Boulder prosecutors to bring him to Colorado before they had completed their investigation.

"We felt we could not ignore this," she said. "We had to follow it. There was a real public safety concern here directed at a particular child."

Lacy met with reporters Tuesday amid growing criticism, including a toughly worded attack by Colorado Gov. Bill Owens (R), over her handling of the case. The prosecutor said she would not resign. When her second term as district attorney ends in 2009, she must leave office under a term-limits law.

She calmly said at a news conference that her office "did a good job" in arresting Karr. She said the governor and other critics should "put yourself in our spot: Would you have considered [the risk of] flight and the safety of a child appropriate?"

Lacy said investigators will continue to probe the unsolved murder of the 6-year-old child pageant star, a case that became a media obsession when JonBenet was found beaten and strangled in the basement of her family's Boulder home the day after Christmas in 1996.

Although he will not be charged in JonBenet's death, Karr remained in a Boulder jail cell pending extradition to Sonoma County, Calif., on misdemeanor charges of possessing child pornography.

On Tuesday, a district court judge in Boulder ordered Karr sent to California by Sept. 13, saying he had violated terms of his bond in that state by failing to show up for a hearing on the pornography charges. If convicted, Karr could get a year in prison on each count.

Meanwhile, Lacy laid out a more detailed scenario on how and why she felt Karr needed to be taken into custody for questioning.

Lacy told reporters that in May she became aware of Karr, though she only knew him as "Daxis" -- the name he used in e-mails that he had been exchanging for four years with Michael Tracey, a University of Colorado journalism professor. In those messages, and in 11 telephone conversations secretly taped by investigators this summer, Karr repeatedly said he had an "intimate love affair" with JonBenet and killed her accidentally after a sexual encounter.

He also suggested that he could sell the movie rights to his story for a large sum.

At some point during the communications, Karr became suspicious.

"Why don't you send me a photo if you want me to know what you look like?" Tracey said to Karr in a May telephone conversation.

"That's a strange question," Karr replied. "It is one that a police informant would ask."

Lacy and her assistants said Tuesday that some of Karr's descriptions of the killing were not accurate. Still, the prosecutors moved against Karr in part because his own belief in his guilt was convincing, particularly in telephone calls to Tracey in recent weeks.

"He had the psychopathy, the background you would expect of someone involved in this kind of crime," Lacy said. In phone conversations, the prosecutor said, "the man is sobbing, sobbing, as he tells his story" of killing JonBenet.

About two weeks ago, prosecutors, working through Tracey, offered to send "Daxis" a photo of JonBenet at a beauty contest. He accepted, and gave an address at a mail drop in Thailand. Thai police staked out the mail office and began following Karr as soon as he picked up the package.

While he was under surveillance, Lacy said, authorities took DNA samples from Karr's bicycle, a drinking cup and a napkin he used. But they did not obtain a reliable sample.

When Thai officials noted Karr's pursuit of the 5-year-old girl, they declared him an "undesirable person" and expelled him from the country, said Boulder County investigator Tom Bennett. Lacy then decided that an investigator from her office would travel with Karr when he left Thailand. As soon as Karr's plane arrived in Los Angeles, she said, he was arrested in the JonBenet case.

For security reasons, Lacy said, the district attorney bought Karr and the investigator business-class seats on the Thai Airways flight. Karr was given standard business-class amenities, including champagne and a gourmet meal.

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District Attorney Defends Arrest In JonBenet Case (WT)

By Valerie Richardson

The Washington Times, August 30, 2006

BOULDER, Colo. -- Boulder County District Attorney Mary Lacy yesterday offered no apologies and said she had no regrets for arresting the wrong man in the JonBenet Ramsey murder case.

At an invitation-only press conference yesterday, Mrs. Lacy defended her decision to bring John Mark Karr from Thailand to Boulder, despite the lack of evidence against him, saying she would make the same decision again.

She also said prosecutors did everything they could to investigate Karr in Thailand, including obtaining surreptitious DNA samples from his bicycle's handle, drinking cup and discarded tissue.

"The decisions were mine," she said. "The responsibility is mine. I should be held accountable for all decisions made in this case."

Karr, 41, was arrested Aug. 16 in Bangkok and flown to Boulder after confessing to the 1996 slaying. Many legal analysts said they assumed Mrs. Lacy had more than Karr's confession to back the arrest, but she acknowledged yesterday that she didn't.

Mrs. Lacy announced Monday that she was dropping the case after Karr's DNA failed to match samples discovered on JonBenet's body at the crime scene.

She said yesterday she no longer thinks Karr killed JonBenet.

Also yesterday, District Judge Roxanne Bailin ordered Karr sent by Sept. 13 to Sonoma County, Calif., where he is wanted as a fugitive on five misdemeanor counts of child pornography possession. Karr fled the U.S. in 2001 to avoid a hearing on those charges, scratching out a living as a schoolteacher in Europe and Southeast Asia.

Mrs. Lacy rejected calls for her resignation, which mounted on Denver talk-radio stations Monday immediately after the case against Karr imploded. Some legal analysts defended her decisions, saying she had little choice. Investigators say Karr already had singled out a girl at the Bangkok school where he worked.

"I'm definitely in the camp of 'Give her a break,'" said Denver legal analyst Scott Robinson. "[Karr] had identified a specific girl he planned to swoop on. ... [Mrs. Lacy] did absolutely the right thing."

Boulder prosecutors zeroed in on Karr in May after University of Colorado journalism professor Michael Tracey produced e-mails from Karr confessing to the crime and revealing his obsession with the details of the case.

Karr also confessed to a California woman in taped phone conversations from 2001. It was based on those confessions that Boulder prosecutors pursued Karr, they said yesterday.

Boulder Detective Mark Spray, who flew to Bangkok a week before the arrest, secretly obtained several DNA samples from Karr and shipped them to Boulder. But officials at the Denver crime lab said the samples were not sufficiently pure to determine whether they matched DNA found at the crime scene, leading Mrs. Lacy to issue the arrest warrant.

Before flying him back to the U.S., Detective Spray asked Karr several times to provide a saliva sample for DNA testing, but Karr refused.

Boulder D.A. Defends Karr Arrest (LAT)

By Nicholas Riccardi And Stephanie Simon

The Los Angeles Times, August 30, 2006

BOULDER, Colo. — The governor has ridiculed her, former colleagues have criticized her and constituents have demanded that she be tarred and feathered — or at least run out of town.

But Boulder County District Atty. Mary Lacy today defended her decision to arrest John Mark Karr on suspicion of killing 6-year-old JonBenet Ramsey, although Lacy had no evidence to go on other than Karr's repeated confessions to a journalism professor he had contacted by e-mail and phone.

Those confessions were lurid but not always accurate or telling. For instance, Karr claimed to have suspended JonBenet by her wrists as he slowly choked her for his sexual pleasure, but the autopsy noted no marks on the girl's wrists. He also said he took JonBenet's "knickers" as a souvenir, but offered no proof or description of the underwear.

Still, Lacy said, she deemed Karr credible, in part because he was truthful when discussing other aspects of his life and in part because she mistakenly believed that he had disclosed information only the killer would know. Those details, such as a description of JonBenet's gold bracelet, turned out to be in the publicly available autopsy report.

The case against Karr collapsed Saturday morning when tests showed that he was not the source of unidentified DNA found mixed with a drop of JonBenet's blood at the crime scene. Lacy kept that information quiet for two days while she

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contacted JonBenet's father, John Ramsey, and the journalism professor who had kept up a four-year correspondence with Karr. On Monday, she formally dropped the case against the 41-year-old teacher.

Ever since Karr's arrest in Thailand two weeks ago — which Lacy followed with a news conference in Boulder — critics have suggested that she could have found much quieter ways to detain her suspect while evidence was gathered.

For example, Karr was facing child pornography charges in California that dated to 2001. That to many seemed to offer an ideal way to get Karr in custody without publicly linking him to JonBenet's murder.

Lacy said today that such a course was not feasible. Picking him up on a federal charge of fleeing prosecution in a 5-year-old misdemeanor case would not only have been highly unusual, but also costly and time-consuming. Authorities would have had to work through international treaties, attend extradition hearings and pay to translate every document into Thai, she said.

Instead, she picked Karr up on a sealed arrest warrant and flew him to Los Angeles and then to Boulder, accompanied by an investigator from her office. She estimated the total public cost of the investigation at about $13,000.

"Every one of you here knows that hindsight is 20/20, and you know after the game is over it's easy to criticize what people have done and what decisions have been made," Lacy said. "[But] we didn't go into any of this without talking and thinking about it."

As for why she moved so quickly to arrest Karr — rather than keeping him under surveillance while she investigated his claims — Lacy said her hand was forced. Once she shared Karr's e-mails with Thai authorities, the government in Bangkok designated him "an undesirable person" and would have expelled him within days, she said. What's more, she said, Karr had begun to lavish attention on a 5-year-old girl who featured heavily in his e-mailed fantasies.

"All I ask is, before you become judgmental, place yourself in our position," Lacy said. "Would you have behaved differently?"

Prosecutor Defends Actions After Ramsey Case Falls Apart (NYT)

By Mindy Sink

The New York Times, August 30, 2006

BOULDER, Colo., Aug. 29 — District Attorney Mary T. Lacy on Tuesday defended her decision to send her investigators halfway around the globe to arrest a man in the 1996 murder of JonBenet Ramsey, despite the disclosure Monday that DNA tests did not link him to the killing.

“Every one of you here knows that hindsight is 20/20 and that after the game is over it’s easy to criticize what people have done and what decisions have been made,” Ms. Lacy said at a news conference on Tuesday morning, two weeks after a similar gathering she called to announce the arrest in Bangkok of the man, John M. Karr, a 41-year-old teacher who had jumped bail after serving six months in California on a 2001 child pornography charge.

Since 2002, Mr. Karr, a twice-divorced father of three sons, had engaged in a bizarre series of e-mail messages with a journalism professor at the University of Colorado, Michael Tracey, in which he told Mr. Tracey that he was a pedophile who preferred to be romantically and sexually involved with 6-year-old girls. He also said that he loved JonBenet, a beauty pageant contestant, but killed her accidentally by leaving a garrote around her neck longer than planned and then striking her on the head.

Mr. Karr was taken into custody at his apartment in Bangkok on Aug. 16, an arrest that generated almost as much news media attention as did JonBenet’s killing at her family’s home in Boulder on Dec. 26, 1996. Mr. Tracey had alerted the district attorney’s office to the e-mail messages in April.

Ms. Lacy is facing a storm of criticism from scores of local residents who have been calling her and sending her e-mail messages to tell her she should be “tarred and feathered.” Gov. Bill Owens, a Republican, said that she should be “held responsible for the most expensive DNA test in Colorado history.”

Ms. Lacy estimated the cost of Mr. Karr’s arrest at just under $10,000, which did not include his incarceration. But at the news conference on Tuesday, the district attorney and her investigators emphasized that they were not looking to make excuses, but to explain how the case against Mr. Karr unfolded and collapsed.

“I want to make it absolutely clear up front the decisions were mine, the responsibility is mine, and I should be held accountable for all decisions in this case,” Ms. Lacy said.

“We had probable cause to arrest him,” she said, including Mr. Karr’s own words in the e-mail messages and subsequent telephone calls to Mr. Tracey, and in statements to reporters in Thailand in which he said he was with JonBenet when she died, but that her death was an accident.

Ms. Lacy also said that concern for the safety of other children contributed to the urgency of the arrest of Mr. Karr, who had had been working as a teacher of young children in Bangkok.

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In addition, she said that surreptitious efforts to obtain Mr. Karr's DNA before his arrest led to "mixed samples" that were unusable, and that his consent and a court order were needed to get a sample from him for an accurate test.

As soon as Mr. Karr was arrested, she said, "we checked credit cards and financial records to see if we could establish that he was in Boulder in 1996 and while we couldn't establish he was, we couldn't establish he wasn't, either."

Interviews with relatives and checks of family photographs did not show definitively that Mr. Karr was with his family in Georgia or Alabama at the time of the crime: Dec. 25 and 26, 1996. But neither did they prove that he was in Boulder, and when the DNA tests came back negative, the case fell apart.

Mr. Lacy said Mr. Karr "sincerely believes that he killed JonBenet Ramsey" but her office is now certain he did not.

The Associated Press reported that at an extradition hearing here Tuesday afternoon Mr. Karr's lawyers argued that he should not be sent back to California to face child pornography charges in Sonoma County dating from 2001. But District Judge Roxanne Bailin in Boulder ordered that Mr. Karr be sent to California by Sept. 13.

Mr. Karr's detailed knowledge of the Ramsey case illustrates how difficult it may be to successfully prosecute someone for her killing.

"As far as we can tell, there is no physical evidence in this case that has not been in the public domain," Ms. Lacy said Tuesday. "The ability of our office, or any law enforcement, to connect this crime to a person based on something they know about it that no one else knows was gone a long time ago."

Trip DeMuth, the original prosecutor assigned to the Ramsey case, said Tuesday that while he disagreed with Ms. Lacy's handling of Mr. Karr, there was no benefit on dwelling on it.

"I hope we don't get hung up on mistakes that were made and whether she acted right or the prosecution acted wrong," Mr. DeMuth said. "That just runs the risk of damaging the case. We just have to get past this whole incident with John Mark Karr and continue going forward with the investigation."

Ms. Lacy was not getting much support from local residents interviewed here Tuesday.

"It's an embarrassment to the city," said John Borgman, 50, who runs a hot dog stand.

Michelle Beard, who was playing with her 2-year old son downtown, questioned the arrest.

"Why spend all the money and all the hype around it and bring up old memories if nothing comes from it?" Ms. Beard said. "I don't think the district attorney is going to last very long."

Nonetheless, she said, Mr. Karr's arrest left her optimistic at first that the nearly decade-old case had been solved.

"I feel like we need closure on this case," she said. "My husband thought he didn't do it, but I was hopeful."

Why Would John Mark Karr Lie About JonBenet? (CSM)

By Kris Axtman

The Christian Science Monitor, August 30, 2006

HOUSTON

After DNA testing failed to link John Mark Karr to JonBenet Ramsey's murder this week, many might wonder: Why would somebody confess to a crime they didn't commit?

Experts say, while still fairly unusual, it does happen and there are two basic reasons why: the first is fame and the second, more frequent reason, is police coercion.

"In high-profile cases, one common reason is that some people have this pathological need for attention or recognition, a desire to get their names in the newspaper," says Saul Kassin, a psychology professor at John Jay College of Criminal Justice in New York and an expert in confessions. "And this may be one of those types of cases."

Indeed, Mr. Karr, who was arrested in Bangkok, Thailand, earlier this month, appeared to enjoy the attention he was getting from all the publicity.

Six-year-old JonBenet Ramsey, a child beauty queen, was found bludgeoned to death in the basement of her Boulder, Colo., home the day after Christmas in 1996. While speculation has centered on the family for years, Karr was not the first to confess to her murder.

There have been plenty of others throughout the years who linked themselves to high-profile murders, like Ramsey's, for that same reason.

"There is a need that many of us have to be the best of the best, whether the best doctor, the best writer, or in this case, the best killer," says Ray Hays, an associate professor of psychiatry at Baylor College of Medicine in Houston. "People want to be famous, even if that means being infamous."

For instance, the 1932 kidnapping and killing of aviator Charles Lindbergh's baby led more than 200 people to falsely confess - while the man ultimately convicted of the crime, Bruno Hauptmann, maintained his innocence to his execution.

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And some 500 people throughout the years have confessed to killing 22-year-old actress Elizabeth Short in 1947, known as Hollywood's "Black Dahlia" murder.

During the 1980s, Texas prisoner Henry Lee Lucas bragged about killing up to 600 people, including Teamsters boss Jimmy Hoffa. He reportedly loved the notoriety he gained from his confessions, and was given extra prison perks for doing so.

"The fact is, it's boring to be in prison," says Dr. Hays, who followed the Lucas case.

But others who admit falsely to a crime may be delusional or have some other psychological disorder, experts say. Some may have guilt over a real crime they committed or may be protecting another family member, such as a teenager confessing to protect a parent. Others may become so immersed in a case that they have confused reality with fantasy.

Karr, for example, had been studying the Ramsey case for years, writing letters of apology to the family, and corresponding with a professor who had done several documentaries on the crime.

"He was obsessed with the case," says James Alan Fox, a professor of criminal justice at Northeastern University in Boston. "But the day after his arrest, it became clear that this guy had a lot of holes in his story."

For instance, Karr allegedly couldn't say how he knew the Ramseys, he called JonBenet's death an accident when evidence showed it was clearly not accidental, and he claimed to have had sex with her, though no semen was found on her body. Karr's family also said he was with them in either Georgia or Alabama that Christmas.

But many confession experts and psychologists are waiting to pass judgment on Karr's confession until more details about his interrogation come to light.

The most common reason for a false confession is police coercing a suspect into admitting to a crime with a long, threatening interrogation or promises of reduced sentences, experts say.

"For someone who's under stress, feels trapped, and wants out, confessing becomes almost a rational response," says Dr. Kassin. "People become very short-sighted and want to terminate that stress by any means possible."

False police-induced confessions have led almost 10 states in recent years to pass laws regarding the mandatory videotaping of the entire police interrogation process, not just the confession.

But that reform has been slow in coming and much more is needed, says Kassin.

"The problems we see in this area are just the tip of the iceberg," he says. "They continue to plague the system and, unlike the Karr case, police and prosecutors don't tend to drop those cases."

Some Say Karr Links Always Looked Flimsy (USAT)

By Richard Willing

USA Today, August 30, 2006

In the 12 frantic days between his arrest in Bangkok and his release after DNA testing in Boulder, Colo., John Mark Karr was linked to JonBenét Ramsey's slaying by his public confession, handwriting and an especially eerie connection: The letters “SBTC” found on a ransom note at the crime scene in 1996 seemed to match a phrase Karr had inscribed in a high school yearbook 23 years ago.

Until DNA testing failed to put Karr at the scene, the other evidence looked “a whole lot worse for Karr,” says James Cohen, who teaches criminal law at Fordham University in New York City. “You could see it being used to try and possibly to convict someone who turns out to be a false confessor.”

Some criminal law specialists say that even before the DNA test, the confession, handwriting and “SBTC” were weak links in the case against Karr, 41.

Karr's confession after his arrest in Bangkok, in which he said he was present when the child was killed and said he was not “innocent,” struck some veteran detectives, prosecutors and defense lawyers as “suspect,” former San Diego homicide investigator Tom Streed says.

“When a guy confesses, you're asking yourself, ‘Is what he saying reasonable, is he telling you something only you and the killer know, and is he leading you to some new piece of evidence?' ” says Streed, a private detective who teaches homicide investigation at San Jose State University. “With this guy, the answers were ‘no, no, no.' ”

Last week, Texas handwriting analyst Curtis Baggett told reporters he was “99.9%” certain that Karr had written the ransom note found at the house. Other experts disagreed, noting that Baggett had worked with copies of documents, not the originals, and the technique's accuracy is uncertain.

Handwriting analysis “is more forensic art than forensic science,” says John Krebsbach, a veteran evidence analyst who is administrator of New Mexico's DNA identification system in Albuquerque. “In about 90% of the cases, anyone can look at (two handwriting) samples and get the right answer.”

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The initials SBTC on the Ramsey ransom note puzzled investigators. Karr's inscription in his 1983 Alabama high school yearbook “Shall Be the Conquerer” seemed to offer a clue that supported his story of being present as JonBenét Ramsey was killed.

The phrase was lifted from a longer sentence, and Karr never signed the yearbook “SBTC.” Relatives of his first wife told reporters that Karr had signed letters with those initials, but they never produced any of them.

“It was always a crock,” says Steven Benjamin, a Richmond, Va., defense attorney who specializes in scientific evidence.

Handwriting analyst Baggett is standing behind his identification of Karr as the writer of the ransom note. He told the Rocky Mountain News that Karr could have been present at the crime scene without leaving DNA.

Specialists say the unanswered questions that accompany many homicide cases could keep Karr in the category of suspect, at least in the minds of some observers.

“There are always questions hanging out, things to pick at, even when a case is solved,” says Streed, the former homicide detective. “If I had this guy for an hour, he'd be confessing to the Lincoln assassination. And some people would believe him.”

JonBenet (WSJ)

By Dorothy Rabinowitz

The Wall Street Journal, August 30, 2006

Two days into the JonBenet Ramsey/John Karr media deluge, a mid-fortyish male in line next to me at a food shop groaned at the day's newspaper headlines. "Now," muttered this stranger -- though he wore a baseball cap with bill turned backward, which suggested a few things about him one could know right off -- ". . . now we're not going to hear about anything but this damned story for the next six weeks."

I sympathized, forbearing to tell him that it would have plenty of competition, what with the networks set to embark on round-the-clock wallowing in the Katrina anniversary. There would be other distractions to come: two kidnapped Fox News journalists forced at gunpoint to attest that they had converted to Islam -- victims who solemnly announced, upon their release on Sunday, that the 13 terrifying days of captivity they had endured should in no way discourage other journalists. On top of that, a major domestic airline disaster and 49 resulting deaths. Still, on this busiest of news days, there was plenty of room for John Karr. * * *

It wasn't till Monday's news that the suspect's DNA didn't match the genetic fingerprint found at the crime scene -- and that he would not be charged -- that the air began to go out of this strange story. Begun sensationally enough on Aug. 16, when word came that the Thai police had arrested a suspect in the Christmas 1996 murder of six-year-old JonBenet Ramsey, the story's coverage went ratcheting off the fever chart when John Karr -- the man arrested -- managed to tell reporters that JonBenet's death had been an accident, and indicated that he had been present as she died.

The general amazement at this seeming end of a haunting case didn't last long. It took only the testimony of the suspect's estranged ex-wife -- not exactly a friendly witness -- that her husband had still been married to her in 1996, had spent Christmas with the family, and could have been nowhere near Boulder at the time of JonBenet's murder, to set off the first tides of skepticism about his confession.

The growing sense that the confessor's claims were at best highly dubious only grew stronger in the next days as his family told roughly the same story, repeatedly. (In this family nobody misses Christmas.) It was, in truth, a peculiarly convincing assertion in its simplicity. A star television lineup of forensic specialists, lawyers and similar advisers in high-profile cases added their doubts that John Karr could have committed the crime. All told, a tale whose wild improbabilities were obvious -- one that seemed to violate the laws of time, space and reason itself -- had been, with few exceptions, roundly rejected. A pity -- or so some witnessing this bracing display of skepticism must have thought -- that so little of that showed itself when Americans by the score were prosecuted, convicted and carted off to do 40 or 60 years, or life in prison, on the basis of child sex abuse testimony far more obviously at odds with reality than anything in John Karr's own bizarre confession.

Which isn't to say that he didn't find believers, or that there were no supporting witnesses, with alleged evidence in support of his self-incriminating claims. All had their moment on-screen, including the handwriting analysts who provided lovingly detailed instruction in their art. One of these had little doubt, as he told the CNN audience, that John Karr had written the ransom note found at the JonBenet Ramsey crime scene. Also on hand, making the rounds of the cable news shows, was an audio tape, alleged to be of the suspect, whispering ecstatically about the joy of beholding the beautiful JonBenet, of his blissful contact with her, and the like -- a performance that bore a sharp resemblance to the sort of voice and panting sentiment to be found on standard porn films. (We cannot know, of course, whose voice that was. After a full airing of this recitative, came the network disclaimer, i.e., that it had been impossible to make independent verification of the tape's authenticity because the tape's owner demanded compensation.)

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Yet for sheer strangeness, and, as well, a memorable indicator of the media welcome afforded anyone who might offer a new nugget of information, nothing surpassed the television interview with the citizen who claimed to have seen someone resembling John Karr on a Boulder bus (presumably around Christmas) 10 years ago.

How this man happened, now, to remember a face he saw on a bus 10 years earlier, and why he did so, the imperturbable witness did not say; nor, remarkably enough, did his interviewer ask. He had little more to say, the man indicated -- just that he saw this person who looked like John Karr on that bus. Nudged to come up with something more, he allowed that he was open to information -- perhaps other people who were on that bus 10 years back, who may remember a man looking like Karr, might want to come forward. So proceeded this interview, in its madness, to a merciful conclusion.

Karr now goes off to face his misdemeanor child pornography charges, a grotesque case which -- it can come as no news -- became the instant, consuming drama it did only thanks to its seeming connection to the unforgotten, infinitely more appalling story of the murdered JonBenet Ramsey. As revolting as Karr might be -- as, indeed, his history, and the details of his fantasies of sex and accidental murder of the child, prove him to be -- little about this story can evoke the sort of revulsion that the Ramsey case did, and still does.

The passage of 10 years hasn't quite diminished the impact of those pictures of the heavily lipsticked six-year-old in eye-makeup and heels, gazing sexily into the camera in one of the beauty-queen poses her mother helped her perfect. Never had pictures of a lively and beautiful child caused so many people to want to look away, every time -- not only because the child was dead, but because to see one so tarted up was itself hard to bear. It didn't help, of course, that one's thoughts immediately following the viewing of these pictures unavoidably wandered to connections between the child's look and the cruelty that robbed her of her life.

It was not just such pictures that cast their shadow on the Ramseys once the child had been found dead by her father, a garotte (made of a cord and one of her mother's paint brushes) around her throat, her skull fractured, and, as would emerge shortly after, sexually abused. There had been the fantastic ransom letter, presumably discovered by Patsy Ramsey, the child's mother -- a two-and-a-half page message declaring the writers to be "a group of individuals that represent a small foreign faction." In language that made it altogether improbable that it had been written by extortionists -- or by anyone other than someone desperate to approximate the imagined language of such criminals -- the letter mentioned its alleged authors' respect for the Ramseys' business "but not the country it serves," then went on to demand $118,000 to be put in, yes, brown paper bags. Finally, it threatened that speaking to anyone would cause their daughter's beheading -- even if they caught the Ramseys so much as "talking to a strange dog." * * *

What ultimately caused suspicion to fall on the Ramseys, though, had to do mainly with the couple's refusal to meet with the police, after the initial interview, for months after the murder -- they did, instead, appear on the Larry King Show -- and with their instant hiring of a publicist as well as a lawyer.

In the end, no case was made against the Ramseys or any member of their family. It was impossible, during the last weeks of the John Karr drama, not to be reminded of the bitterness of this saga -- the books written, the libel suits filed and, not least, the unsolved murder. Impossible not to be reminded, too, of what the prosperous and influential Ramseys could achieve, by way of legal protection. Impossible to imagine, either, any one of those scores of accused citizens of modest means, facing investigations of child abuse filed by ambitious prosecutors, doing what the Ramseys could do -- namely, refuse to meet with police and submit to questioning other than on their own terms.

It is possible no one will ever know who killed JonBenet Ramsey. We can know, with certainty, as that case among others has proved, how much legal protection enough money can buy.

Ms. Rabinowitz is a member of The Wall Street Journal's editorial board. She is the author, most recently, of "No Crueler Tyrannies: Accusations, False Witness, and Other Terrors of Our Times" (Free Press/Wall Street Journal Books, 2003).

Sen. Cooper Pleads Not Guilty To Bank Fraud, Mail Fraud (CHATT)

The Chattanoogan, August 30, 2006

Sen. Jerry Wayne Cooper, D-Smartt, entered not guilty pleas on Tuesday afternoon on federal charges in a land deal.

Appearing in Chattanooga before Magistrate Bill Carter, he pleaded not guilty to one count each of bank fraud, mail fraud and conspiracy to commit bank and mail fraud.

The indictment says he used his political ties while trying to sell a lumber mill he owned to Anthony and Teresa Auyer of Alabama. The Auyers were convicted earlier in the case.

Appraiser James Passons of McMinnville was also charged, but was found not guilty after a jury trial.

The trial was set for Nov. 6 before Judge Curtis Collier.

Deadline for plea bargaining is Oct. 2.

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Sen. Cooper, who is represented by attorney Jerry Summers, was allowed to go free after briefly being taken into custody by marshalls.

Prosecutor Gary Humble said the 58-year-old Cooper faces up to 30 years in prison on each of the first two charges and up to five years on the conspiracy.

The indictment says Sen. Cooper was deeply in debt and trying to avoid bankruptcy. It says he was involved in a scheme to defraud Sierra West Bank.

It says he used his political influence to get Warren County and the state to agree to build a railroad spur to his lumberyard.

The indictment says he engaged an appraiser and directed him to falsely represent that a spur had already been built to the site.

It says Sen. Cooper approached "a political friend of his who was an influential person and a director of Bank Tennessee and seek to use that friend's influence to assist in obtaining a loan from Bank Tennessee." It was earlier testified that Sen. Cooper contacted Lt. Gov. John Wilder about help for a loan.

The indictment says the alleged false appraisal was used to inflate the value of the property and induce the bank to loan more than it otherwise would have.

It says he was able to obtain a loan for the Auyers and also get a $485,000 equipment loan from the state Department of Economic and Community Development.

Bank Tennessee made a loan of $1.77 million to the Auyers for the purchase of the Cooper lumberyard and pay off some debt, it was stated.

Lawmaker Pleads Not Guilty To Federal Fraud Charges (CHATTTFP)

By Brian Lazenby, Staff Writer

Chattanooga Times Free Press, August 30, 2006

State Sen. Jerry Cooper pleaded not guilty in federal court today on charges of bank fraud, mail fraud and conspiracy to commit bank and mail fraud.

Sen. Cooper, D-Smartt, is accused of inflating the value of a lumber mill he was attempting to sell by acquiring a fraudulent appraisal that falsely claimed the property contained a railroad spur.

The lawmaker used his influence to contact Lt. Gov. John Wilder, D-Mason, who co-owns BankTennessee in Collierville, Tenn., to help get a loan approved for a potential buyer, according to court testimony.

Sen. Cooper also used his influence to get money from Warren County and the Tennessee Department of Economic and Community Development for the potential buyer to build a railroad spur, but a rail spur was not built, records show.

Assistant U.S. Attorney Gary Humble said Sen. Cooper faces a maximum sentence of 30 years in prison for each of the fraud charges and up to five years for the conspiracy charge.

Sen. Cooper was released on his own recognizance after the hearing.

Senator Cooper Pleads Guilty To Federal Charges (WTVF-TV)

WTVF-TV, August 30, 2006

State Senator Jerry Cooper of Morrison pleaded guilty Tuesday in Chattanooga to federal charges in a politically linked borrowing scheme.

The 58-year-old Cooper made his first court appearance on charges of bank fraud, mail fraud and fraud conspiracy.

An August 22 indictment said Cooper was "deep in debt and trying to avoid bankruptcy" when he used political influence to help secure bank financing for a sale of his lumber mill property in Warren County to a Huntsville, Ala. businessman.

Cooper resigned Monday as chairman of the Senate's Commerce, Labor and Agriculture committee.

The buyers have pleaded guilty to several counts of fraud, conspiracy and money laundering in the case.

JAILED 'JUNIOR' A KING CON (NYPOST)

By Kati Cornell

The New York Post, August 30, 2006

Mob prince John "Junior" Gotti got the royal treatment at an upstate federal prison where a posse of jailed mobsters were at his beck and call - cooking, cleaning his cell and even doing his laundry, a prison official testified yesterday.

"He seemed to lead a pampered lifestyle," said Robert Helms, a supervisor in the intelligence unit at Ray Brook federal prison. "He wouldn't take care of his day-to-day chores like other inmates do."

During his nearly four years at the penitentiary, Helms noted that Gotti was constantly surrounded a "members and associates of organized crime" who tended to his every need.

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"He rarely went to the dining hall - either inmates would bring food for him from the dining hall or cook for him," Helms said, adding that much of Gotti's grub came from the prison commissary - something most prisoners cannot afford.

"He would have his cell cleaned. He would have his laundry done by other inmates," the prison official said at Gotti's second retrial in Manhattan on racketeering charges. "Most inmates do their own."

Among the treats that Gotti could have enjoyed at the commissary are: cookies, bullion cubes, crackers, pints of ice cream, Tang, fresh fruit, Kool-Aid, powdered hot chocolate mix and peanut butter.

Assistant U.S. Attorney Miriam Rocah showed jurors photographs of a buff Gotti posing with a pal in the recreational area - sporting a tank top exposing tattooed arms - and group shots with a prison posse.

Helms said Gotti was always accompanied by a particular inmate, Michael Bolino, a reputed Colombo associate.

During cross-examination, Helms conceded that Gotti and Bolino had a common interest in working out and "spent a considerable amount of time in the weight room" together.

Helms also told defense lawyer Charles Carnesi that it is common for prisoners to hang around members of their own ethnic group while behind bars.

Helms said the prison helped the FBI record Gotti's periodic visits with three underlings and a lawyer, directing the mob scion to sit near recording devices disguised as computer jacks that had been installed in the visiting areas specifically for the investigation.

Gotti also received regular visits from his children, who typically came to the prison with mob associate Steve Dobies.

"The children would come and greet their father. Then they get antsy and want to be out and about," Helms said, adding that Gotti spent the bulk of the visits talking to Dobies.

The testimony about Gotti's life behind bars came during his third trial on racketeering charges, the most notable of which is the botched 1992 kidnapping of radio host Curtis Sliwa.

Gotti's defense lawyers yesterday issued subpoenas for Sliwa and his radio partner, civil-rights attorney Ron Kuby.

"I have been called as a hostile witness. You can't be any more hostile towards the Gottis than I am," Sliwa said yesterday.

Jurors also heard mob turncoat Michael "Mikey Scars" DiLeonardo describe how an enraged Gotti ordered the attack on Sliwa for bad-mouthing his father, "Dapper Don" John Gotti.

"John [Junior] said we were going to have to do a piece of work for the family. He wanted to give him a hospital beating," said DiLeonardo.

kati.cornell@nypost.com

Jr. Played King Con, Feds Say (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 30, 2006

Stunning photos of a bulked-up John A. (Junior) Gotti were shown to jurors yesterday as the feds presented evidence the mob scion lived the easy life while doing hard time at an upstate New York prison.

Gotti posed with convict pals in his cellblock and in the prison yard, where the Dapper Don's son looks sweaty and buff in a sleeveless white T-shirt and bandanna, sporting what appears to be a Jesus tattoo on his right bicep.

Prosecutors displayed the pictures in Manhattan Federal Court for the first time yesterday as they tried to convince jurors that Gotti, 42, never left the Mafia as he claims - and enjoyed the trappings of a mob boss while serving a five-year hitch.

A prison official testified that fellow inmates cooked for Junior, in a scene straight out of "GoodFellas." They cleaned his cell. They even laundered his sweaty gym clothes.

"He seemed to lead a pampered life," said Lt. Robert Helms, who kept a close watch on Gotti at the Ray Brook, N.Y., federal prison from October 1999 to July 2004.

Helms added, "He wouldn't take care of his day-to-day chores like the rest of the inmates."

Helms said Gotti regularly took walks around a prison track in high-top black sneakers at a facility that housed Olympic athletes during the 1980 Winter Games in Lake Placid.

He rarely left his cell to take meals in the cafeteria with other inmates, but purchased food at a commissary and had others cook it for him, Helms testified.

Most inmates couldn't afford such luxuries, Helms added.

"He would have his cell cleaned, his laundry done," Helms said. "The rest of the inmates would do their own."

The photographs were taken by prisoners who earned money by snapping pictures and selling them to fellow inmates under a program called the Inmate Photo Project.

Apparently, prison officials stashed away a few copies for themselves.

In one photo, Gotti poses with a Rhode Island bank robber named Anthony Fiore. In others, he's seen with a barrel-chested pal named Michael Ballino and several others Helms identified as organized crime figures.

Helms said Ballino was "at [Gotti's] side at all times," suggesting that Ballino acted as his bodyguard.

But Gotti attorney Charles Carnesi countered by saying the two were just weightlifting pals.

Under questioning, Helms admitted there was nothing unusual about members of the same ethnic group hanging together in prison. "Italians may stay with Italians?" Carnesi asked.

"Yes," Helms answered.

Whatever perks he enjoyed, there seemed no question that Gotti was a model inmate.

"Was he ever disciplined for any of the pampered care you just told us about?" Carnesi asked. Helms said no.

Helms said he copied Gotti's mail and observed his visits with Howard Beach pals.

Gotti regularly scolded friend Steve Dobies, even though the 6-foot-9 former Queens College basketball player towered over him, Helms said.

"I just thought it was odd that this great big man would sit there all slumped over and appear to be scolded," Helms testified.

Gotti appeared to be aware that his visits were being recorded, Helms said. And prosecutors contend Gotti - who argues he left the mob years ago - made self-serving statements on the tapes because he knew the feds were listening.

In a July 2003 phone conversation, Gotti's mother, Victoria, cautions him about what he says in the visiting room. And in an August 2002 chat, she tells him to be careful about what he puts in his letters so that nothing is used against him.

"Take some advice," she says. "Do your time and get the hell home. ... You know what I mean. Get out. Get out."

"The day I leave here," Gotti tells his mother, "I'm gonna go out to eastern Long Island and buy a couple acres of land and never come off my property.

"I don't want nothing from nobody. I don't bother anybody. Now if they want to pick a fight with me, they are going to find a different person. This time they're going to find a more educated person, and I'm ready."

Subpoena irks 'hostile' Sliwa

Goodfella trials make for strange bedfellas.

The feds may not want Curtis Sliwa to testify for their side - but now John A. (Junior) Gotti is happy to have the radio host on his team.

Defense attorneys yesterday subpoenaed the Guardian Angels founder to testify about the June 1992 assault on Sliwa, who was attacked as he entered a cab by thugs allegedly sent by Gotti.

Sliwa, who was shot twice but survived by jumping from the speeding cab, was not thrilled to be subpoenaed by the Gotti team.

"This is like me putting on pork chop pants and walking into a den of Doberman pinschers," Sliwa said yesterday. "There could be no one more hostile to Gotti and his defense team than me."

Gotti's lawyers say their client never ordered the attack and may call Sliwa to impeach his credibility.

On cross-examination at Gotti's two previous trials, Sliwa has admitted cooking up publicity stunts to garner media attention during the early years of the Guardian Angels security patrol.

Also receiving a subpoena yesterday was Sliwa's WABC radio partner, Ron Kuby.

Kuby testified for the defense at Gotti's second trial and said Gotti told him in 1998 that he'd quit the mob.

Thomas Zambito

Accountant Is Key Witness At Third Trial For Gotti (NYT)

By Timothy Williams

The New York Times, August 30, 2006

What transpires between a wealthy man and his accountant is sometimes as brutally frank as the conversations that can take place between a man and his priest.

Except in the case of John A. Gotti, a prosperous man who, as his continuing federal racketeering trial would suggest, kept his business dealings and his accountant, Paul Tong, in two separate worlds.

For his service, Mr. Tong has received several government subpoenas, has been compelled to testify under oath, and has had his offices searched by F.B.I. agents, who confiscated his computer hard drive. And, at times, more than a few of his 150 or so lesser-known clients have become a little frightened about his connection to a man accused of being a mobster. On the other hand, Mr. Tong, who is also a lawyer, also represented Mr. Gotti when he was sent to prison in 1999 for understating income on his 1994 tax return and other crimes.

So why bother, a prosecutor asked him on the stand earlier this week.

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Mr. Tong took a long pause then replied, stoically, "Mr. Gotti is a celebrity."

Perhaps sensing that his answer seemed odd given that Mr. Gotti's fame rests on his criminal past including a previous prison term, and that Mr. Gotti is currently accused of — among other charges — ordering the kidnapping and beating of the radio talk show host Curtis Sliwa, Mr. Tong offered a second answer. "He's a very nice guy," he said.

Mr. Tong's testimony this week went, in part, like this:

"Do you know what he did to earn his paycheck?"

"No."

"Did he supply receipts?"

"No."

"He didn't tell you what it was for, did he?"

"No."

"Did he tell you he was attempting to collect money owed to his father?"

"No."

From 2001 to 2004, Mr. Tong prepared individual and joint tax returns for Mr. Gotti. He said he gave the son of the former Gambino crime family boss, the late John J. Gotti, the choice of which tax return to file.

"Do you know if Mr. Gotti has filed any of those returns?"

"No."

His laconic testimony notwithstanding, Mr. Tong is a key witness in Mr. Gotti's third racketeering trial. Mr. Tong did not testify at the previous trials, in which the juries failed to reach a verdict, and appeared this week only because he was subpoenaed by federal prosecutors. The government granted him immunity for his testimony.

Federal prosecutors are trying to establish that Mr. Gotti was a leader of the Gambino family as late as 1999, a charge Mr. Gotti denies. That date is important because there is a five-year statute of limitations on the racketeering charges.

The prosecutors have homed in on Mr. Gotti's finances, specifically, how Mr. Gotti, who was in prison for most of the period 1999 to 2004, was able to earn an average of about $180,000 a year and afford a large house with a swimming pool if he had left "the life" behind.

Among the income listed on Mr. Gotti's tax returns from 1999 to 2004 are commercial rent payments made for two buildings he owned (the rent was often paid in cash) and the sale of a beverage distribution route (also largely made in cash). The returns say he invested in his brother's bakery — about $96,000 (most of it in cash).

Mr. Tong said he never asked Mr. Gotti what he did for a living and said he took Mr. Gotti at his word about various expenses, which were usually unaccompanied by receipts or invoices. Mr. Gotti would buy and sell property without informing Mr. Tong and told him he had purchased his house on Long Island with "wedding money," which had been in cash.

Once when Mr. Tong visited Mr. Gotti at a trucking company that Mr. Gotti owned, he saw many trucks, but one employee. Still, Mr. Tong listed what Mr. Gotti told him to on the tax returns and signed his name.

During his testimony, Mr. Tong occasionally glanced nervously at Mr. Gotti, who gazed back at his accountant without expression. However, at the end of Mr. Tong's first day of testimony last week, Mr. Gotti gave him a wink as Mr. Tong left the courtroom.

Mr. Tong has been Mr. Gotti's accountant since 1986. When Mr. Tong left the accounting firm that had previously handled Mr. Gotti's taxes to start his own firm, Mr. Gotti kept using his services.

And while the two men would go out for dinner, would meet at Mr. Gotti's home instead of Mr. Tong's office, and had talked sports, Mr. Tong said he did not consider them friends.

"It was," he said, "mostly professional."

Leader Of Aryan Brotherhood Deserves To Live, Lawyer Says (NYT)

By Tori Richards

The New York Times, August 30, 2006

SANTA ANA, Calif., Aug. 29 —Barry B. Mills is not the vicious killer portrayed by prosecutors but is living out his federal prison term in a quiet, exemplary manner, his lawyer told jurors on Tuesday in a quest to spare Mr. Mills, a leader of the Aryan Brotherhood prison gang, from execution.

Reading through three reports written by prison psychologists in the late 90's, the lawyer, Dean Steward, noted his client was deemed not to have "significant mental health problems'' and said the threat of harming other inmates was low.

"He was civil, seemed to be cheerful and did not have any problems or issues that he needed to talk over with others," Mr. Steward read.

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Mr. Mills and three other Aryan Brotherhood members were convicted of racketeering, conspiracy and committing murders going back decades. Mr. Mills, 57, and his top lieutenant, Tyler D. Bingham, 58, could be sentenced to death. The other two men face life sentences.

On Monday one of the prosecutors, Joey Blanch, an assistant United States attorney, went through a shopping list of evils perpetrated by the two leaders in an effort to show that they have left a legacy of violence and murder behind bars.

The men entered the California prison system as boys, Ms. Blanch said, and graduated to ruling the nation's most ruthless prison gang as a vast criminal conspiracy. The murders committed and sanctioned by the men suggest that they are beyond rehabilitation, she told the jury.

In five hours before the jury, the government presented evidence that included approximately 70 reports from prison, probation and parole officers. One prison official testified that three pieces of mail addressed to Mr. Mills had been intercepted and found to contain doses of cyanide.

But Mr. Steward disputed the notion that his client was violent and deserving of death. Rather, Mr. Mills has been trying to survive in a hellish living environment where violence is commonplace and whites are minorities.

"He has maintained clean conduct since 1999,'' Mr. Steward said.

In a recent taped telephone conversation that will be entered as evidence, Mr. Mills can be heard talking to an old friend about "the same kind of human things that you and I talk about," Mr. Steward said. Topics included getting older and contending with stiff joints, sports, family issues and finances.

S.D. Governor Halts Execution Of Killer (AP)

By Joe Kafka, Associated Press Writer

AP, August 30, 2006

PIERRE, S.D. — Gov. Mike Rounds halted South Dakota's first execution in 59 years just hours before it was scheduled Tuesday, saying the state law detailing how to administer lethal drugs is obsolete.

Elijah Page, 24, had asked to be put to death by lethal injection for the 2000 torture murder of a Spearfish man. It had been scheduled for 10 p.m.

Rounds and Attorney General Larry Long said that a 1984 law requires the state to use two drugs to kill a condemned person _ but state prison officials planned to use the standard three-drug combination, putting them at legal risk.

"I will not have the individuals responsible for carrying out this execution to be placed in a position to where they would be or could be in violation of a state statute in the carrying out of an execution," Rounds said. "We could have had people wondering for the rest of their lives if they did the right thing."

The delay is in place until July 1, 2007, he said. That would give lawmakers time during the next legislative session to review the law and bring it into line with most other states that use lethal injection.

Rounds said he learned of the legal problem last week after reading an Aug. 14 transcript of a competency hearing for Page. Another death row inmate also raised the issue in June as part of his appeal.

Rounds said he asked for a review by Long, who didn't report back until Tuesday afternoon _ about five hours before the planned execution. Long said Page had agreed to waive the two-drug protocol.

Page this year persuaded a judge to let him fire his lawyer and proceed with his execution for his role in the 2000 slaying of Chester Allan Poage, 19.

Page and two other young men killed Poage in the Black Hills so that there would be no witness to the theft of a Chevy Blazer, stereo, television, coin collection, video game and other items from the victim's home.

As Poage begged for his life, the three men made him take off most of his clothes and forced him into an icy creek. They stabbed him repeatedly, kicked him in the head 30 to 40 times, tearing his ears off, and then bashed him with large rocks. He was also forced to drink a combination of drain cleaner and beer. The torture lasted at least two hours.

Page and Briley Piper, 25, pleaded guilty, and a judge sentenced them to die. The third man, Darrell Hoadley, 26, was convicted and sentenced to life in prison with no parole.

Page's case was considered unusual because a judge, not a jury, imposed the death sentence, he had asked to die, and because of his age. Death penalty groups said only seven people younger than 25 had been executed in the United States since the U.S. Supreme Court allowed capital punishment to resume in 1976.

The last execution in South Dakota was in 1947.

Also Tuesday, an Oklahoma inmate was executed under a revised state procedure aimed at minimizing pain by delivering a larger dose of anesthesia before the fatal drugs are administered.

Lawmaker's Son Reported Abducted (WT/AP)

DOJ_NMG_0055777

The Washington Times, August 30, 2006

PHILADELPHIA (AP) -- The adult son of a Pennsylvania lawmaker was missing yesterday after reportedly being abducted on a street at gunpoint in the hours before his mother and sister were shot and wounded in their home.

State Rep. John Myers, a Philadelphia Democrat who has advocated gun control, issued a statement asking for the public's help in locating his 26-year-old son, Shamari Taylor.

A female companion of Mr. Taylor's told police that she and Mr. Taylor were abducted as they were out walking late Saturday. She said she was later released, according to police.

Mr. Myers spent a long night waiting for information from police, his spokeswoman Thera Martin said yesterday.

"He's trying to be strong and stay calm, but he's waiting," Miss Martin said. "As he put it to me this morning, the longer it takes to hear anything in a situation like this, the chances are that it may not be good news."

Mr. Taylor's 56-year-old mother and his sister, 21, were shot at the family's West Philadelphia home by two intruders Sunday, authorities said. The mother, shot in the head, remained hospitalized in critical condition. The sister was treated for a shoulder wound and released. Their names were not made public.

Police consider the crimes connected, based on descriptions of the assailants provided by the female companion and the sister.

The companion reported that a group of seven to 10 men shoved them into a van at about 11 p.m., police Lt. John Walker said. She told police they were duct-taped and taken to an unknown location, possibly a warehouse.

The woman said she was released at about 5 a.m. Sunday, but did not contact police until about 5 p.m., Lt. Walker said.

Two hours later, two intruders -- who might have had a key -- entered the Taylor residence, Lt. Walker said. They shot the women and then rummaged through Mr. Taylor's bedroom, leaving with an undetermined amount of cash.

Mr. Myers last spoke with his son a few weeks ago, Miss Martin said. Nothing seemed amiss, she said.

Mr. Taylor is Mr. Myers' son from a previous relationship with Mr. Taylor's mother. Mr. Myers is not related to her 21-year-old daughter. He has been married to his wife, Joyce, for more than 20 years, his spokeswoman said.

Mr. Myers has pursued state laws that would limit people to one gun purchase per month and let Philadelphia pass local gun laws that are stricter than the state's.

His interest in gun control stemmed from the widespread violence afflicting the city, not from any personal experiences, said Philadelphia City Council member Donna Reed Miller, a close friend.

Meanwhile, Mr. Myers' Republican opponent in the November election, Joseph L. Messa, is suspending his campaign indefinitely out of respect for the Myers family.

AT&T Discloses Online Break-In (WSJ)

By Shawn Young

The Wall Street Journal, August 30, 2006

AT&T Inc. said Tuesday that hackers broke into one of its computer systems and stole credit-card numbers and other personal information from about 18,000 to 19,000 customers.

AT&T, the nation's largest phone company by revenue and number of customers, said it is offering free credit-monitoring service to customers whose credit-card numbers were exposed after they went online to order equipment such as modems related to high-speed Internet service.

"We have forensic teams looking into how this happened," said a spokesman for AT&T, which is based in San Antonio. He added the company is evaluating its security systems.

Although no suspects have yet been identified and the investigation isn't complete, AT&T said the theft didn't appear to have been the work of an insider.

In a statement, AT&T said it has shut down the online-ordering system that was breached and informed the customers who were affected and their credit-card providers. The company said the breach occurred over the weekend and was discovered within a few hours.

"We are committed to both protecting our customers' privacy and to weeding out and punishing the violators," said Priscilla Hill-Ardoin, chief privacy officer, in a statement.

Another Guilty Plea In Attacks On Mall (WP)

By Henri E. Cauvin

The Washington Post, August 30, 2006

The last defendant facing charges in several attacks this year on tourists on the Mall pleaded guilty yesterday in D.C. Superior Court, bringing the case to a close without any trials.

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His voice barely audible, Ryan A. Newman, 17, stood before Judge Hiram E. Puig-Lugo and pleaded guilty to six counts of robbery, four counts of firearms possession and one count of first-degree sexual abuse.

Prosecutors portrayed Newman, who was 16 at the time of the first robberies, as the ringleader in a string of crimes committed by him and four accomplices in May and July. In a May 27 attack, Newman raped a teenager as her companion was being robbed nearby.

Newman, of the 1300 block of Fifth Street NW, was charged as an adult. He faces a maximum sentence of 180 years under the statutes, but the court's voluntary guidelines call for a term of 41 to 83 years. Sentencing is scheduled for Nov. 8.

Last week, defendant Zachary Bright, 19, pleaded guilty to charges stemming from two of the robberies, both July 11. The three other defendants -- Michael Bright, 16; Marcus Brown, 22; and Trayvon Thomas, 18 -- pleaded guilty before or soon after their arrests were announced by authorities Aug. 11.

With yesterday's guilty plea, police and prosecutors have wrapped up a case that drew national attention and marred the Mall's reputation as an urban sanctuary, safe at almost any hour of the day. There were a total of five incidents on three nights.

After the first round of attacks, in late May, the U.S. Park Police came under local and federal pressure to find the assailants and prevent further attacks. Security was stepped up, but no arrests were made until after a second spate of robberies in July.

Park Police Chief Dwight E. Pettiford said he hopes that the convictions deter criminals thinking about setting up at the Mall. The message, he said, is that "we will pursue you relentlessly and prosecute you with the same vigilance."

Investigators said the five defendants, all friends, were bored and directionless until Newman came up with the idea of robbing tourists on the Mall. In court yesterday, Assistant U.S. Attorney Elana J. Tyrangiel outlined Newman's extensive role in the robberies.

On May 25, he and Brown and Thomas went to the Mall and robbed two couples.

On May 27, Newman returned to the Mall, this time with Thomas and Michael Bright. They robbed a teenage couple, and Newman took the female to a grassy area, ordered her to strip, forced her to perform sex acts and raped her.

On July 11, Newman returned once again to the Mall, this time with Michael Bright's cousin, Zachary Bright. They robbed two women, and a short time later, they robbed a family of four.

Lt. Scott Fear, a Park Police spokesman, said extra patrols will remain in place until at least the end of September when a routine reassessment takes place. The National Park Service is considering permanent lighting changes to improve security, Fear said.

CIVIL LAW:

Schering-Plough Settles Drug Charges Case For $435 Million (BOS)

By Jeffrey Krasner, Globe Staff

The Boston Globe, August 30, 2006

Schering-Plough Corp. paid $435 million in fines and pleaded guilty to criminal conspiracy charges to settle Justice Department charges that it lied to the government about drug prices and improperly marketed cancer drugs for uses that were not approved by the Food and Drug Administration.

The case marks the third multi-million government settlement in five years for the Kenilworth, N.J., pharmaceutical company, which has annual sales of about $10 billion. Counting today's settlement, Schering-Plough has paid about $1.3 billion in civil and criminal fines.

"In most cases of healthcare fraud, the conduct is driven by a bottom-line mentality," said Michael J. Sullivan, the US Attorney for Massachusetts, whose office conducted the investigation. Sullivan announced the settlement at a press conference in Boston today.

Paul J. McNulty, US deputy attorney general, said in a statement, "This settlement sends a clear message to the pharmaceutical industry that the Justice Department will not tolerate these deceptive and illegal marketing practices."

"This is the last of the major US attorneys' investigations that we're aware of," said Brent Saunders, Schering Plough's senior vice president for global compliance, in an interview with Bloomberg News.

According to the government, Schering-Plough engaged in illegal sales and marketing programs for several cancer drugs. It improperly promoted Temodar for use in brain tumors and metastatic cancer, and its drug Intron A for use in superficial bladder cancer and hepatitis C, the government said.

While doctors are generally free to prescribe drugs for "off-label" uses that aren't specified in a drug's official FDA labeling, the companies that make those drugs are forbidden from marketing or promoting drugs for those unapproved uses.

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Schering-Plough also failed to report a special low price it charged some customers for its Claritin allergy drug. As a result, Medicaid overpaid for that drug, costing the government millions in overpayments, according to Sullivan's office. The government requires drug companies to report the best prices given to commercial customers, and match that price for Medicaid, the federal-state program that provides healthcare to the poor and disabled.

Schering-Plough Settles With DOJ (MRKTWTCH)

By Val Brickates Kennedy, Marketwatch

Market Watch, August 30, 2006

BOSTON (MarketWatch) -- Schering-Plough Corp. said Tuesday that it agreed to plead guilty to conspiracy and pay $435 million to settle an investigation into its sales and marketing practices by the Justice Department and the U.S. Attorney's Office of Massachusetts.

In a statement, the Kenilworth, N.J.-based drugmaker said that the settlement, which is subject to court approval, calls for the company's Schering Sales Corp. division to plead guilty to "one count of conspiracy to make false statements to the government," as well as pay $180 million in criminal fines. The parent, Schering-Plough, will pay an additional $255 million to "resolve civil aspects of the investigation."

According to the Massachusetts U.S. attorney's office, the civil damages include losses suffered by various agencies -- such as the Veteran's Administration, Defense Department, Medicaid and the Federal Employees Health Benefits program -- for false claims submitted for the company's medications that were not eligible for reimbursement.

As a result of the criminal charges, the Schering Sales Corp. unit would no longer be able to participate in federal health-care programs, the U.S. Attorney's Office said.

The U.S. Attorney's Office also said that the probe involved the illegal sales and marketing of Schering-Plough's brain-cancer drug, Temodar, and the hepatitis C drug Intron A. The investigation also focused on Medicaid fraud associated with the antihistamine Claritin RediTabs and the stomach medication K-Dur.

The U.S. attorney added that the resolution "will ensure that Schering pays appropriate damages for improperly promoting its drugs for uses not approved by the FDA and from offering or paying kickbacks to physicians to prescribe those drugs."

Schering-Plough said that the probe was initiated before a new management team took over in 2003. The company also said that it already has sufficient reserves set aside to cover the settlement.

The settlement also calls for an addendum to a corporate-integrity agreement that the drugmaker had in place with the Office of the Inspector General and the U.S. Health and Human Services Department, Schering-Plough said.

"The addendum will not affect Schering-Plough Corp.'s ongoing business with any customers, including the federal government," according to the company.

The U.S. Attorney's Office pointed out that Schering-Plough had been diligently working to resolve its compliance problems.

"That amendment requires Schering to continue extensive work that the company has undertaken in the last two years to monitor and correct the shortcomings in drug sales, marketing and pricing activities," said the U.S. Attorney's Office of the corporate agreement.

"After the activities were uncovered by the government, Schering-Plough cooperated with the investigation and actively worked on compliance issues through a significantly expanded compliance department," the authorities added.

Shares of Schering-Plough closed up 2.6% at $20.94 on Tuesday.

Schering-Plough To Pay $435 Million, Plead Guilty To Settle Probe (LAW/AP)

The Associated Press

AP, August 30, 2006

Schering-Plough Corp. said Tuesday it has agreed to pay $435 million and will plead guilty to conspiracy to settle a federal investigation into its drug sales and marketing practices and its clinical trial programs.

Kenilworth, N.J.-based Schering-Plough said it will pay $255 million to resolve civil aspects of the previously disclosed investigation. A subsidiary, Schering Sales Corp., will pay a criminal fine of $180 million and plead guilty to one count of conspiracy under the agreement, which is subject to court approval.

Schering-Plough said the settlement resolves an investigation by the U.S. Department of Justice and the U.S. Attorney's Office in Boston that began before a new management team took over at the company in April 2003.

Schering-Plough said it had adequate cash in a litigation reserve to cover the settlement costs.

As part of the settlement, the drugmaker also said it would add a section to an existing corporate integrity agreement it has with the Office of Inspector General of the U.S. Department of Health and Human Services.

Schering-Plough To Pay 435 Mln Dlrs For US Drug Fraud (AFP-Y)

AFP, August 30, 2006

US pharmaceutical group Schering-Plough Corp. has agreed to pay a 435 million dollar penalty to resolve a criminal probe by the Justice Department into illegal drug marketing and sales, prosecutors said.

Officials said Schering-Plough had falsified price quotes to a government agency which oversees the financing of federal health insurance for poor and disabled Americans, including military veterans.

Justice Department investigators claimed Schering-Plough did this to hide the lower prices it was charging non-government health providers, and thereby avoid paying additional rebates to the government healthcare program, called Medicaid.

"The settlement sends a clear message to the pharmaceutical industry that the Justice Department will not tolerate these deceptive and illegal marketing practices," deputy attorney general Paul McNulty said in a statement.

Aside from the large fine, the government also permanently barred a Schering-Plough unit, Schering Sales Corp., from participating in all federal health care programs.

"With this agreement, we are putting issues from the past behind us. It is another step as we transform Schering-Plough into a high-performance competitor for the long term," said Schering-Plough vice president Brent Saunders.

The company said in a statement that a new management team was now in place and that it had agreed to plead guilty to one count of criminal conspiracy.

It also said it had set aside money to cover the cost of the fine.

The government said Schering's fraud was related to Temodar, a treatment for brain tumors and metastases, Intron A which is prescribed for superficial bladder cancer and hepatitis C, and Claritin RediTabs, a non-sedating antihistamine.

Under the deal's terms, Schering will pay a 180 million dollar criminal fine, and 255 million dollars to settle civil liabilities.

The company will also be compelled to refund just over three million dollars to government programs that were entitled to lower prices on certain drugs.

CIVIL RIGHTS:

Federal Official Tour Training Schools (JCL)

By Jerry Mitchell

Jackson Clarion-Ledger, August 30, 2006

Justice Department officials are visiting the state's two training schools this week, and Assistant U.S. Attorney General Wan J. Kim vowed to ensure the schools are safe places for troubled youths.

In May 2005, Mississippi entered a four-year consent decree to end a Justice Department lawsuit over abuse allegations at the training schools.

"You don't owe many people in society more than we owe kids, especially once you take them into custody," said Kim, who heads the Justice Department's civil rights division.

The Oakley Training School in Hinds County serves male offenders ages 10 to 17, and Columbia serves female offenders ages 10 to 18.

Jury Deliberates In Case Of Cop Accused Of Raping Transsexual (SAEN)

By Guillermo Contreras, Express-News Staff

San Antonio Express-News, August 30, 2006

Federal jurors are expected to resume deliberating today whether fired San Antonio Police Officer Dean Gutierrez raped a transsexual while the officer was on duty.

The jury deliberated for about three hours Tuesday afternoon before breaking for the day.

Gutierrez's lawyers decided not to call him as a witness, and chose instead to focus on trying to dismantle the testimony of Gutierrez's accuser, Gabriel Bernal, who prefers to be referred to as a woman named Starlight. They also reached for explanations that would create reasonable doubt in the minds of jurors.

And for the first time during the six days of trial, the defense lawyers claimed Gutierrez had consensual oral sex with Bernal, but denied Gutierrez raped or sodomized Bernal, 23.

"There's no doubt there was sexual activity, but the government needs more than that," Ben Sifuentes Jr., one of Gutierrez's lawyers, said in closing arguments. "The defense does not dispute there was oral sex, but we dispute there was (sodomy). ... In this case, the only person who can prove the case beyond a reasonable doubt is Gabriel Bernal, and you know he lied."

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Gutierrez's lawyers said Bernal made up the rape allegations to pursue a civil claim three days after the June 10, 2005, incident. Prosecutors countered that no lawsuit has been filed.

The defense had no witnesses to rebuff the testimony of a forensic serologist who testified Friday that semen found on Bernal's underwear and on the front passenger seat of Gutierrez's squad car matched Gutierrez's genetic profile.

Sifuentes, however, argued the semen might have gotten on the items by Bernal wiping his hands on them after consensual oral sex with Gutierrez.

Prosecutors had said that Bernal's inconsistent statements were a result of Bernal's limited educational background and being traumatized by having to recount the incident over and over to investigators.

"It's not a case of trauma," Sifuentes countered in closings. "It's a case of drama. Gabriel is in it for the drama."

Sifuentes later added: "It is no surprise he chose the name Starlight. ... He is putting on a production."

A 16-year police veteran, Gutierrez was placed on indefinite suspension — tantamount to being fired — because of the rape allegations.

As the defense rested its case Tuesday, Gutierrez, 46, gulped and bit his upper lip to prevent himself from crying, although he dabbed at tears that trickled out of his eyes. His family and supporters, who filled many of the benches in U.S. District Judge Xavier Rodriguez's courtroom, watched the former officer with hope that he will be acquitted.

Gutierrez is charged with deprivation of the civil rights of Bernal, 23, resulting in bodily injury, which carries a punishment of up to 10 years. Prosecutors want the jury to enhance the charge by also finding that the conduct included aggravated sexual abuse, which raises the maximum possible penalty to life in prison.

In closing arguments, the prosecution said Bernal is protected by the law like everyone else.

"She holds a lifestyle and holds values that are different from everyone else's," said Jim Felte, a trial prosecutor with the U.S. Justice Department's Office of Civil Rights. "But the Constitution protects everyone."

Bernal, who testified last week, said Gutierrez picked her up at a bus stop at Zarzamora and South Laredo streets after questioning her about a pending warrant. Gutierrez, Bernal testified, then gave her a choice: "You can go to jail or go with me."

Bernal testified she got in the police car, and that Gutierrez drove her to a darkened and secluded area southwest of downtown, where the officer forced Bernal to perform oral sex, sodomized her, punched her in the face, grabbed her so forcefully she was bruised and hit her in the leg with his police baton.

"The government asks you to hold this defendant accountable for abusing the trust of this community and the power the state had placed on him," Felte said.

Ken Starr Asks U.S. Supreme Court To Hear 'Bong Hits 4 Jesus' Case (LAW/AP)

The Associated Press

AP, August 30, 2006

Former Whitewater special counsel Kenneth Starr petitioned the U.S. Supreme Court to take up Alaska's "Bong Hits 4 Jesus" case, a dispute involving a high school student, a banner and a tough school policy.

Starr, who gained national prominence while investigating former President Clinton's Whitewater land deal and relationship with Monica Lewinsky, filed the petition Monday on behalf of the Juneau School District in response to a March ruling by the 9th U.S. Circuit Court of Appeals.

The appeals court sided with a high school student who displayed a banner reading "Bong Hits 4 Jesus" during an Olympic torch relay in 2002. It ruled former Juneau-Douglas High School principal Deborah Morse violated former student Joseph Frederick's free speech rights.

The U.S. Supreme Court petition must receive a minimum of four of the nine justices' votes to be heard.

Frederick, then a senior, was off school property when he hoisted the banner but was suspended for violating the school's policy against promoting illegal substances at a school-sanctioned event.

"The principal's actions were so outrageous, basically leaving school grounds and punishing a student for a message that is not damaging to the school," said his attorney, Doug Mertz.

Superintendent Peggy Cowan said clarification is needed on the rights of administrators when it comes to disciplinary action of students who break the district's drug message policy.

"The district's decision to move forward is not disrespectful to the First Amendment or the rights of students," she said. "This is an important question about how the First Amendment applies to pro-drug messages in an educational setting."

Starr, of the Los Angeles-based firm Kirkland & Ellis, took the case pro bono.

The outcome could have implications on how student-conduct policies are enforced around the nation, said Eric Hagen, one of two other attorneys from Starr's office named on the petition.

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"It makes it a little harder when teachers and principals in their daily duties might be subject to a damages lawsuit and be held personally liable," Hagen said.

ANTITRUST:

Experts Assail Deal On Wright (FWST)

By Trebor Banstetter And David Wethe

The Fort Worth Star-Telegram, August 30, 2006

A group of antitrust experts from across the nation is urging Congress to reject the proposed Wright Amendment compromise, blasting the deal as anti-competitive and bad for consumers.

Nine antitrust scholars affiliated with various universities sent a letter on the issue Tuesday to the chairmen and ranking members of the judiciary committees in the House and Senate.

"The agreement utterly fails to help DFW-area passengers, and most likely will cause them injury in the way of higher fares and reduced service," the letter stated. Shubha Ghosh, a professor at the Dedman School of Law at Southern Methodist University in Dallas, was one of the signers.

The group was organized by Darren Bush, an assistant professor of law at the University of Houston. Bush, who formerly worked on antitrust issues for the Justice Department, said he has been following the issue closely.

"The more I thought about it, the more it troubled me," he said. "The costs of this outweigh the benefits substantially."

The Wright Amendment is a 1979 federal law that restricts flights from Dallas Love Field to Texas and a handful of nearby states. Since 2004, Dallas-based Southwest Airlines, which operates at Love, has been fighting to repeal the law. Fort Worth-based American Airlines, which operates a hub at Dallas/Fort Worth Airport, has battled to keep the restrictions intact.

In June, officials from the two airlines, as well as the cities of Fort Worth and Dallas and D/FW Airport, met behind closed doors and hammered out a compromise that would end the restrictions after eight years. The proposal would also shrink Love to 20 gates from 32 and restrict Southwest from launching service at other area airports.

The deal must be approved by Congress before year's end. It was passed by the aviation committees of the House and Senate in July and is pending before the House Judiciary Committee.

It will be taken up after lawmakers return next week from their August recess.

Bush said eliminating Wright would help consumers by fostering competition and lowering airfares. But he said eliminating 12 gates at Love would effectively keep new airlines out of that airport.

"Competition cannot exist if potential competitors are thwarted from entering certain routes due to the demolition of gates," the letter stated. That would negate any benefits of removing the airport's geographic restrictions, Bush said.

Kevin Cox, chief operating officer for D/FW, blasted the letter as "poppycock."

"Everybody's got an opinion about the Wright Amendment, but to couch it as some sort of educated analysis is quite laughable," Cox said. "Any antitrust lawyer has to prove that there are true antitrust issues that are based on facts and figures, not speculation."

He pointed to a study by Campbell-Hill and SH&E paid for this year by American and Southwest that said through-ticketing at Love would save consumers $259 million a year and generate 2 million new passengers.

Officials with American and Southwest declined to comment on the letter.

In addition to Bush and Ghosh, the letter was signed by Mark Bauer of Stetson University College of Law, Peter Carstensen of the University of Wisconsin, John Connor of Purdue University, John Flynn of the University of Utah, Warren Grimes of Southwestern Law School in Los Angeles, Max Huffman of the University of Cincinnati and Spencer Weber Waller of Loyola University Chicago.

None of them was paid by groups supporting or fighting the proposal. Trebor Banstetter, 817-390-7064

tbanstetter@star-telegram.com

David Wethe, 817-685-3803

dwethe@star-telegram.com

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Antitrust Experts Decry Wright Compromise (DALLASBIZ)

Dallas Business Journal, August 30, 2006

A group of antitrust experts from law schools in Texas and elsewhere say in a letter to Congressional leaders that the Dallas-Fort Worth deal to end Wright Amendment flight restrictions will result in higher fares and reduced service for Dallas-Fort Worth fliers.

The seven-page letter says that repealing the Wright Amendment would be good for air passengers and doesn't require new statutory restrictions articulated in the locally crafted compromise.

"The proposed agreement and legislation confers few, if any benefits to consumers, while producing significant anticompetitive effects," the letter states.

American Airlines Inc., Southwest Airlines Co. and the mayors of Dallas and Fort Worth crafted an agreement to phase out the 1979 law that blocks most long-haul commercial flights from Dallas Love Field.

The local compromise calls for ending Wright restrictions by 2014. In return, the city of Dallas will use eminent domain to demolish a privately owned passenger terminal at Love Field, reducing the number of gates there to 20, down from 32. American (NYSE: AMR) and Southwest (NYSE: LUV) both accepted that compromise, which has been debated in Congress.

Nine academics signed their names to the letter, including Shubha Ghosh, a professor at Southern Methodist University's Dedman School of Law.

The letter was sent Tuesday to leaders of the House and Senate judiciary committees by Darren Bush, an assistant law professor at the University of Houston Law Center.

Bush first spoke out against the compromise in an Aug. 7 publication from the American Antitrust Institute, a nonprofit organization focused on antitrust analysis.

In addition to fewer flights and higher fares for consumers, the Wright compromise could create immunity from antitrust laws for Dallas-Fort Worth's two dominant airlines, the letter states.

Also signing the letter are Mark Bauer, assistant professor at Stetson University College of Law in Florida; Peter Carstensen, professor at the University of Wisconsin; John M. Connor, industrial economics professor at Purdue University; John J. Flynn, professor of law emeritus at University of Utah; Warren Grimes, professor at Southwestern Law School in Los Angeles; Max Huffman, visiting assistant professor of law at University of Cincinnati an Spencer Weber Waller, a professor and director of the Institute of Consumer Antitrust Studies at Loyola University Chicago School of Law.

ENVIRONMENT:

Environmental Groups Challenge New Dam Relicensing Rules (AP)

By Gene Johnson, Associated Press

AP, August 30, 2006

Many utilities and power companies that operate dams will be allowed to do less to protect salmon and other fish if the Bush administration's interpretation of the 2005 Energy Policy Act is allowed to stand, a lawyer for several environmental groups told a federal judge Tuesday.

"The end result is that measures to protect wildlife ... are being weakened as we speak," Earthjustice lawyer Jan Hasselman told U.S. District Judge Marsha Pechman.

The Federal Energy Regulatory Commission issues licenses to operate dams, and often those licenses incorporate conditions set by other federal agencies to protect wildlife — building fish ladders, maintaining minimum river flows and monitoring water quality, for example.

The Energy Policy Act, signed by President Bush a year ago, allows dam operators to challenge such conditions in a hearing before an administrative law judge. It also allows the dam operators to suggest alternative environmental measures, and requires the judge to approve those measures if they are "adequate" and will be less expensive or allow for greater electricity production.

The environmental groups, led by Washington, D.C.-based American Rivers, are not challenging the law itself. Instead, they're challenging the Bush administration's decision to apply it to dam relicensing applications that were already under way when the law took effect. They also say the administration did not conduct a proper public notice period before implementing the law.

Justice Department lawyer John Most argued in court Tuesday that there's no reason the law shouldn't apply retroactively. He said the lawsuit should be dismissed and that the Energy Policy Act simply made the dam licensing process "a little more robust" by allowing dam operators to request hearings.

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According to FERC data, more than 70 dam relicensing applications were pending — on dams from the Merrimack River in New Hampshire to the Stanislaus River in California — when the law took effect, and in 17 of those cases, dam operators have requested hearings or proposed alternative measures.

The environmental groups fear that the Forest Service, the National Marine Fisheries Service and other agencies might seek to avoid the expense of conducting the hearings and reviewing the alternative proposals in cases that have already been pending for years. That would leave dam operators in a good position to negotiate for lesser requirements.

That's already happened at the West Fork dam on Boulder Creek in Utah, said Rebecca Sherman, of the Hydropower Reform Coalition in Portland, Ore. The Forest Service set a minimum water flow as a condition of relicensing the dam, but when the Garkane Energy Cooperative requested a hearing, the parties entered settlement talks, and the agency agreed to lesser flow requirements, she said.

Hasselman argued that granting dam operators new rights in the middle of a relicensing proceeding unfairly burdens the environmental groups and their interests in protecting the rivers. There's no indication Congress intended the law to be applied retroactively, he said.

Pechman said she would rule in two weeks.

U.S. Readies $780 Million For Drought Aid (NYT/AP)

By The Associated Press

The New York Times, August 30, 2006

WASHINGTON, Aug. 29 (AP) — The government on Tuesday promised $780 million in aid to ranchers and farmers hit by drought.

The aid was announced by Agriculture Secretary Mike Johanns on a visit to South Dakota, one of the states affected by a severe rainfall shortage and extreme heat.

The newly announced assistance is on top of $4 billion in crop insurance benefits that the government expects to pay out this year. Mr. Johanns said it would include acceleration of $700 million in payments already planned for farmers.

The administration has resisted a $4 billion drought-aid plan now in Congress because the assistance would go only to those who already receive government subsidies, about 4 farmers in 10. The aid announced by Mr. Johanns was not enough to satisfy some lawmakers. Senator Tim Johnson, Democrat of South Dakota, noted that barring the accelerated payments, it amounted to only 2 percent of the $4 billion proposal.

Don't Pave It Over (NYT)

The New York Times, August 30, 2006

As if there were not enough poorly conceived and environmentally devastating developments in the American West, now we have Super Slab.

The location of this latest struggle between nature and money is the Bijou Basin, southeast of Denver in Elbert County. It doesn't have the staggering majesty of the Rocky Mountains, but it does have the delicate beauty of a rural, ranching grassland. In the entire county — one of the largest in the state — there are only some 200 miles of paved roads. And that, according to the Front Range Toll Road Corporation, headed by the developer Ray Wells, makes the Bijou Basin a perfect place to put a new high-speed toll road, called, colloquially, Super Slab.

Until recently, thanks to a 19th-century quirk in Colorado mining laws, developers of private toll roads had the right to condemn property by eminent domain and were exempt from most of the laws that governed the planning of ordinary roads. Watchful citizens and legislators who oppose Super Slab have changed all that, but Mr. Wells is determined to press ahead. His private toll road would bypass Denver, running 210 miles south from near Fort Collins to a spot near Pueblo. And it is also meant to include a new rail line and a utility corridor.

What it is really meant to do, of course, is serve as the spine for yet another wave of the uncontrolled development that Colorado residents and all Americans should be sick of. By nearly every measure this project is a boondoggle. The planners say it will cost about $2 billion, a gross underestimate. There is not nearly enough north-south commercial truck traffic to begin to pay for the road, which would require condemning a three-mile wide, 210-mile strip of land through seven rural counties.

About the only one who thinks this monster is needed is the developer. Super Slab should be stopped before the planning goes any further.

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FBI/DEA/ATF/USMS:

FBI Shows Off Counterterrorism Database (WP)

By Ellen Nakashima

The Washington Post, August 30, 2006

The FBI has built a database with more than 659 million records -- including terrorist watch lists, intelligence cables and financial transactions -- culled from more than 50 FBI and other government agency sources. The system is one of the most powerful data analysis tools available to law enforcement and counterterrorism agents, FBI officials said yesterday.

The FBI demonstrated the database to reporters yesterday in part to address criticism that its technology was failing and outdated as the fifth anniversary of the Sept. 11, 2001, terrorist attacks nears.

Privacy advocates said the Investigative Data Warehouse, launched in January 2004, raises concerns about how long the government stores such information and about the right of citizens to know what records are kept and correct information that is wrong.

The data warehouse is an effort to "connect the dots" that the FBI was accused of missing in the months before the 2001 attacks, bureau officials said. About a quarter of the information comes from the FBI's records and criminal case files. The rest -- including suspicious financial activity reports, no-fly lists, and lost and stolen passport data -- comes from the Treasury, State and Homeland Security departments and the Federal Bureau of Prisons.

"That's where the real knowledge comes from . . . sharing information," said Gurvais Grigg, acting director of the FBI's Foreign Terrorist Tracking Task Force, who helped develop the system.

In a demonstration, Grigg sat at a computer and typed in the name "Mohammad Atta," one of the 19 hijackers in 2001. The system can handle variants of names and up to 29 variants on birth dates. He typed "flight training" in the query box and pulled up 250 articles relating to Atta.

The system, designed by Chiliad Inc. of Amherst, Mass., can be programmed to send alerts to agents on new information, Grigg said. Names, Social Security numbers and driver's license details can be linked and cross-matched across hundreds of millions of records.

No top secret information is in the system, officials said.

Grigg said that before 2002, it would take 32,222 hours to run 1,000 names and birth dates across 50 databases. Now agents can make such a search in 30 minutes or less, he said.

The 13,000 agents and analysts who use the system make an average 1 million queries a month, Grigg said. The system does not reach into the databases themselves but mines copies that are updated regularly, he said.

Irrelevant information can be purged or restricted, and incorrect information is corrected, he said. Willie T. Hulon, executive assistant director of the FBI's National Security Branch, said that generally information is not removed from the system unless there is "cause for removal."

Every data source is reviewed by security, legal and technology staff members, and a privacy impact statement is created, Grigg said. The FBI conducts in-house auditing so that each query can be tracked, he said.

David Sobel, senior counsel of the Electronic Frontier Foundation, said the Federal Register has no record of the creation of such a system, a basic requirement of the Privacy Act. He also said the FBI's use of an internal privacy assessment undercuts the intent of the privacy law.

FBI officials said the database is in "full compliance" with the law.

Sobel said he learned under a Freedom of Information Act disclosure last week that the system includes 250 million airline passenger records, stored permanently.

"It appears to be the largest collection of personal data ever amassed by the federal government," he said. "When they develop the capability to cross-reference and data-mine all these previously separate sources of information, there are significant new privacy issues that need to be publicly debated."

Michael Morehart, chief of the FBI's Terrorist Financing Operations Section, has testified to Congress about some aspects of the system. He said that Treasury Department documents included in the database have helped counterterrorism investigations significantly.

UPDATE: RAMPAGE VICTIMS INCLUDE TEEN, FBI AGENT (BCN)

Bay City News, August 30, 2006

SAN FRANCISCO (BCN) -- An FBI agent on his lunch break, a cyclist, a teenager and a 52-year-old woman are among the 14 victims of today's hit-and-run spree in San Francisco, authorities said.

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The suspect -- a Fremont man who police are not identifying -- remains at San Francisco's Richmond District station this evening and will be booked into San Francisco Jail tonight. District attorney's office spokeswoman Debbie Mesloh said it's unlikely he will be arraigned Wednesday and may be arraigned as late as Friday.

San Francisco Mayor Gavin Newsom said this afternoon, "The investigation is occurring as we speak. At this stage, it's an indiscriminate act with no pattern. The victims are of all ages and all races."

The mayor visited three of the more seriously hurt at San Francisco General Hospital this afternoon.

"When you see the victims, you can see the depth of this callousness," he said.

The 14 victims do not include a San Francisco police officer who suffered possible whiplash and soft tissue damage when the backed up and rammed the officer's patrol car, San Francisco police Sgt. Neville Gittens said. Authorities also believe the number of victims may rise as people come forward.

The victims' injuries range from minor to life threatening. All but one was taken to a local hospital following the rampage. There are conflicting reports of the severity of their injuries, but at least one person remains in critical condition.

The youngest victim is a teenager who suffered severe lacerations and surface wounds, Newsom said. The mayor said he also spoke to an older man hospitalized with fractures. According to authorities, other victims include a 53-year-old woman who was seriously hurt and a man who was hit while riding his bicycle outside the Jewish Community Center on California Street. The cyclist was treated and released.

An FBI agent on his lunch break in the vicinity of the Federal Building was also struck by the suspect's sport utility vehicle.

"He just happened to be in the wrong place at the wrong time," FBI spokesman Ryan Butler said. The agent suffered "very minor injuries" and was treated and released, Butler said.

One of the seven patients hospitalized at San Francisco General was in the intensive care unit this afternoon. All patients taken to the county hospital are between the ages of 18 and 78 years old. One patient has already been discharged and the other five are expected to be discharged soon, according to San Francisco Public Health spokeswoman Eileen Shields.

Shields said doctors are caring for the remaining patients and violence response teams are providing counseling to the victims.

Lann Wilder, emergency preparedness coordinator for San Francisco General Hospital, said the hospital was very well staffed today to respond to what she called a trauma team level one activation.

She said the hospital frequently has multi-casualty accidents and "that's what they're trained to do."

Authorities continue to investigate the spree of collisions, which began in Fremont around noon, when the suspect drove into and killed a pedestrian on northbound Fremont Boulevard near Ferry Lane.

Some 45 minutes later, the man began plowing his black Honda Pilot into pedestrians in locations scattered throughout northern San Francisco from Pacific Heights to Presidio Heights. The man began his rampage at Sutter and Webster streets and came to a stop only when police boxed in his SUV on Spruce Street between California and Mayfair streets at 1:01 p.m. and took him into custody, San Francisco police Sgt. Neville Gittens said.

The entire attack lasted 14 minutes and created 13 crime scenes throughout the city.

Evidence of the rampage remained this afternoon. At Sutter and Steiner streets a pair of cracked eyeglasses lay in the middle of the street. At California and Laurel streets, a shoe lay in the middle of the street. The right windshield of the Pilot was smashed and the right front fender crumpled.

The suspect hit pedestrians at Sutter and Webster streets, Polk and Sacramento streets, Bush and Divisadero streets, Sutter and Steiner streets, California and Laurel streets, California and Fillmore streets, Divisadero and Pine streets, Bush and Pierce streets, at 1850 Fillmore St., at Fillmore and Bush streets, Spruce and California streets and then 3220 California St. He also rammed a motorist at Golden Gate Avenue and Larkin Street.

"In some cases he drove on the sidewalk, in some cases he drove on the street. He aimed at people in the crosswalk," Gittens said.

So far, authorities estimate that 20 to 25 witnesses have come forward. Police are urging anyone who saw any part of the attack to call Lt. Mahoney at (415) 553-1145.

HIT AND RUN: Within Half An Hour, 14 Pedestrians Picked Off One By One On Streets Of San Francisco (SFC)

By Wyatt Buchanan, Steve Rubenstein And John Wildermuth, Chronicle Staff Writers

San Francisco Chronicle, August 30, 2006

DOJ_NMG_0055787

A day of hit-and-run horror that started with the death of a Fremont pedestrian and erupted into half an hour of chaos on the streets of San Francisco ended in the arrest of a 29-year-old driver described by some relatives as mentally disturbed but by police as apparently rational and unrepentant.

At least 14 people were hospitalized Tuesday in San Francisco after the driver of a black 2004 Honda Pilot cut a path of destruction from the Tenderloin to Laurel Heights, striking pedestrians and a bicyclist in 13 locations starting at about 12:45 p.m.

Most of the injured were run down along a corridor of roughly 15 blocks starting on the west end of Pacific Heights. Witnesses said the driver sped up one street and down another, sometimes the wrong way, picking off people in crosswalks and on sidewalks. At least one victim was in critical condition Tuesday night; several others were treated and released.

"It was like 'Death Race 2000,' " firefighter Danny Bright said of the cult movie at California and Fillmore streets, where four victims were hit. "Guys were walking down the sidewalk, and the guy just came up and ran them over. The guy went crazy."

Less than an hour earlier, a black Honda Pilot had run down a 54-year-old man walking in the bike lane on Fremont Boulevard in Fremont, killing him. Police believe that the man, whose name had not been released Tuesday evening, was the San Francisco hit-and-run driver's first victim.

Police identified the sport utility vehicle driver as Omeed Aziz Popal, 29, who had just gotten married in his native Afghanistan, was living with his parents in Fremont, and had nothing on his criminal record except a handful of minor traffic violations. He was in custody Tuesday evening but had not yet been booked.

Some family members said Popal had mental problems and lived in fear of the devil; others said his recent, arranged marriage may have made him stressed.

A source close to the investigation in San Francisco, however, said Popal showed no signs of mental illness or remorse in his initial interviews with authorities. Popal reportedly told police that he had run down pedestrians "because he just wanted to."

Witnesses in San Francisco described the same unreal, terrifying scene again and again: A black SUV whose driver would chase walkers and bicyclists up the street and across lawns and slammed on the accelerator to pick off his victims.

"In some cases he drove on the sidewalk, and in some cases he drove on the street," said police Sgt. Neville Gittens, a department spokesman. "The hits were intentional with no regard in terms of who was hit."

Police finally cornered the car about 1:15 p.m. in Laurel Heights, where they stopped the driver outside a Walgreens on Spruce Street near California Street by slamming into the SUV with their squad cars. One officer suffered minor injuries in the crash.

The office manager at a dental office at 500 Spruce St., who identified herself only as Kira, saw the arrest from a second-floor window as police dragged the driver from his battered car, its windshield caved in and its hood crumpled.

"He was absolutely indifferent, no fear, no expression," she said. "He was like a zombie."

The first hint of the carnage to come came at 12:37 p.m., when police received a routine call about a black SUV that slammed into another vehicle at Larkin Street and Golden Gate Avenue, then sped off into the Western Addition.

Minutes later, the calls were anything but routine. Dozens of scared and horrified witnesses described in shaking tones what was happening.

Larry Jackson was at Pierce and Bush streets and saw the SUV approach a red light as a woman was crossing the street in the crosswalk.

"He let her go by till she got in front, and then he just punched it," speeding up and knocking her down, Jackson said.

Linda Tuttle, a stylist at a beauty salon on Fillmore Street between Bush and Sutter streets, said she had seen the driver sitting close to the steering wheel, a look of anger on his face.

Four pedestrians were injured when the SUV roared through the intersection of California and Fillmore streets. One of them was Pedro Aglugov, 70. He was sitting at a table at a sidewalk cafe as he waited to be taken to the hospital, his head was bandaged with gauze. He was holding an ice pack to one elbow.

"I had the green light," Aglugov said. "Somebody hit me and didn't stop. He was going real fast. I was lucky I wasn't hurt more."

DuWyane Thomas, 29, of San Francisco saw one of the hit-and-runs on Bush Street.

"I saw the SUV coming 35 or 40 mph and hit the man in the crosswalk," Thomas said. "His body stuck to the grille of the car and was tossed off as the car turned right. If the guy had not turned right I believe this guy would have been run over completely."

Another woman was struck as she walked along Fillmore Street between Bush and Sutter streets. Witnesses saw the SUV drive up the sidewalk and slam into the woman in front of a nail salon.

Another victim was an FBI agent taking a walk on his lunch break. He was not badly hurt.

The SUV hit two people in front of the Jewish Community Center of San Francisco on California Street, just blocks from where the rampage ended.

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Blood covered the sidewalk in front of the center's gift store entrance, and 50 feet farther down the sidewalk lay a mangled bicycle. Security cameras in front of the center captured images of the incident, which happened at 1:12 p.m., said to Aaron Rosenthal, spokesman for the community center.

"As far as we can tell, they were simply pedestrians on the street at the time," he said.

Three women and four men ranging in age from 18 to 84 were treated at San Francisco General, said Peter Ragone, spokesman for Mayor Gavin Newsom. Others were taken to St. Francis Hospital, Kaiser Medical Center and California Pacific Medical Center.

As of Tuesday night, San Francisco and Fremont police were saying little publicly about Popal or any possible motive for an SUV rampage. Police were awaiting a search warrant so they could enter Popal's home at Cabrillo Drive in a middle-class section of Fremont.

Popal's house is a beige stucco, single-family home. In a corner of the front yard is a large tree and the home is landscaped with fake flowers. Yellow police tape stretched across the front yard Tuesday as uniformed police officers gathered outside the house.

A cousin of the suspect, Zarghona Ramish, said Popal was a good guy but had mental problems.

Popal "thought the devil was coming to get him," Ramish said.

Another relative said Popal was studying to be a mechanic and had most recently worked at a Newark tire shop. He was married about a month ago in his native Afghanistan and his wife still lives there, relatives said.

Popal's lawyer, interviewed at the Richmond District police station where Popal was being held, said, "My client suffers from mental illness -- he has been in and out of the hospital."

The attorney, Majeed Samara, said Popal's condition had deteriorated about six months ago and that he suffered from paranoia.

Samara said police had not allowed him to see Popal because Popal had not invoked his right to an attorney.

It was only a few blocks from Popal's house to the spot where the 54-year-old Fremont man was struck and killed on Fremont Boulevard. The man was walking along a bike lane between Ferry Lane and Decoto Road when the Pilot swerved into the bike lane and slammed into the man, tossing the body into a field next to St. John the Apostle Church, said Fremont police Sgt. Jeff Swadener.

"Did the driver swerve on purpose or was he just fumbling with a cell phone or something and drifted out of the lane? We don't know," Swadener said.

But, he added, "I fully expect and hope that the incident in Fremont is related to the incident in San Francisco."

Page A - 13

Bay Area Driver Goes On Rampage (LAT)

By Lee Romney And Maria L. La Ganga, Times Staff Writers

The Los Angeles Times, August 30, 2006

One person is dead, at least 14 are hurt as SUV rams a bicyclist and pedestrians in crosswalks and on sidewalks. A suspect is in custody.

SAN FRANCISCO — A motorist in a sport utility vehicle went on a hit-and-run rampage Tuesday, targeting pedestrians in a terrifying spree in the Bay Area that killed one person and injured at least 14 others.

San Francisco police captured a suspect, whom they identified as Omeed Aziz Popal, a 29-year-old Fremont man. He was arrested on suspicion of 14 counts of attempted murder.

"It's being looked at as an intentional act," said Sgt. Neville Gittens, a spokesman for the Police Department. "He was deliberately targeting pedestrians on the street, on the sidewalk, whatever."

Police said the incidents began about noon in Fremont when a suspect driving a Honda SUV mowed down a pedestrian walking in a bike lane on a busy thoroughfare, sped off with a broken windshield and left the victim lying dead in a field.

Less than an hour later, across the bay in San Francisco, a motorist in a Honda SUV began ramming into people in an onslaught that lasted 14 minutes, starting at 12:47 p.m., the time of the first of many 911 calls.

Police said the suspect hit a bicyclist and pedestrians in crosswalks and on sidewalks, striking at 13 locations from near the city's civic center to south of the Presidio. At least 13 people were sent to the hospital, three with what were believed to be serious injuries. The victims range in age from 18 to 78.

"He looked me right in the eye and showed no remorse," said Emanule Gowan, who witnessed the driver run down two pedestrians near his home in the 1800 block of Steiner Street.

Gowan saw the SUV hit a brown Buick and then hit a pedestrian, dragging him.

He "hurt him real bad," Gowan said. "The driver must have hit that man at 40 to 50 miles an hour."

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Gowan said he and another man pulled the injured pedestrian out of the street.

A car started to chase the SUV, Gowan said, but the SUV backed up and hit it. Then the SUV circled again and struck another pedestrian.

"I could not believe how he hit this guy," Gowan said. "What I saw today, I could not believe a guy could do this and have no feelings."

Marc Tarasco said he was standing at the reception desk at Salon Neja Cosmetics on Fillmore Street when he saw an SUV race down the sidewalk. "He hit an old lady. I walked out and saw her on the sidewalk. She was bleeding and disoriented."

"It was very frightening," he said. "The police car was out trying to chase him. People were screaming."

Another witness, Erica Setness, said she saw the SUV moving very fast, circling around and driving the wrong way on one-way streets. "His car was all smashed up. Everyone was running down the street yelling. The cops, the helicopters and all that showed up," Setness said.

A cousin of Popal's, Hamid Nekrawesh, 43, also of Fremont, described Popal, an auto mechanic, as "very loving, caring, respecting," adding, "I don't even imagine him doing such an act as he did today."

He said, however, that Popal started to show signs of mental distress about a month ago and had visited several doctors for help.

Nekrawesh said that Popal had gone to Afghanistan two months ago for an arranged wedding and that his wife is still there, awaiting immigration clearance. He said Popal was born in Afghanistan but came to California as a young boy. He grew up in Hayward and moved about three years ago to Fremont, where he lives with his parents, a brother and two sisters.

The family, Nekrawesh said, was upset by the news. "They're all sad. The little sisters were crying. The mother was crying," he said.

Officials said they have not determined a motive for the attacks, but they said there is no evidence of a link to terrorism.

"The victims are of all ethnicities and of all ages. There seems to be no pattern. We make no assertions that this was a hate crime or that anyone else was involved," said San Francisco Mayor Gavin Newsom, after he met with police at the command post at the scene of the final incident.

Newsom visited San Francisco General Hospital, where he met with three of the seven victims taken to the county's trauma center. The most seriously injured was a 53-year-old woman who was in critical condition in the intensive care unit. Newsom said he also saw the youngest victim, an 18-year-old with severe cuts, and an older man with fractures.

"It's impossible to read the mind of someone who could go on such a rampage," Newsom told reporters afterward. "When you see the victims you can appreciate the depth of that callousness."

Police said Popal was reported missing three days ago. One police source reported that Popal told police that he wanted to kill his family. Authorities quickly went to his home in Fremont and found his mother and sisters unharmed.

Police said they were confident the same person struck in Fremont and San Francisco. "It sure looks that way. It seems to be the same vehicle and the same method," said Sgt. Bill Veteran of the Fremont Police Department.

Newsom said the suspect appeared to have no arrest record.

Popal's driving record, however, shows convictions for six moving violations between 2003 and 2005.

The suspect was trapped in the Laurel Heights neighborhood at the intersection of California and Spruce streets when police boxed in the Honda with their patrol cars. Police said the suspect threw his car into reverse, ramming a squad car and slightly injuring an officer.

Police said they have not been able to trace the exact route the SUV took. But they said many of the neighborhoods that the suspect cut through were upscale areas in the northern part of the city, including Pacific Heights.

Late Tuesday, police were interviewing more than 40 witnesses, trying to piece together what happened.

Times staff writers Steve Chawkins, Stuart Silverstein and Tim Reiterman contributed to this report.

Bad Heroin Led To 17 Deaths, City Says (NSDY)

By Michael Clancy, Amnewyork City Editor

Long Island Newsday, August 30, 2006

A powerful drug that dealers mix with heroin has caused 17 fatal overdoses in the city during the past 15 months, officials warned Tuesday.

Fentanyl, a drug 80 times more powerful than morphine, can be lethal when combined with other drugs. The deaths of more than 500 people nationwide have been linked to fentanyl. City health officials warn that the drug that has killed clusters of people in Philadelphia, Detroit and Chicago is making inroads in New York City, claiming overdose victims in the Bronx, Brooklyn and Queens.

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"Fentanyl is very potent and very small amounts have the same effects as larger amounts of other drugs," city Health Commissioner Thomas Frieden said Tuesday.

Most of the fentanyl victims in New York City were men between the ages of 30 and 53 years. One victim was a woman, 43.

"Detectives are making special efforts to identify the sources," said Police Commissioner Ray Kelly, citing the risk posed to anyone who comes in contact with the drug. Officers were instructed to take special precautions, including the use of gloves, when handling narcotics, he said.

In July, a Bronx man, 44, was found dead in his apartment with a needle stuck in his arm. Police found packets of heroin, labeled "Infinity," near his body, and tests confirmed the presence of fentanyl. It is also sold locally in packages labeled "Bonecrusher" and "MC."

Fentanyl is used in hospitals worldwide as a high-powered pain killer. "It's mysterious as to why there hasn't been a cluster of deaths, such as on the Lower East Side," said Allan Clear, executive director of the Harm Reduction Coalition, an advocacy group supporting health and justice needs for drug-users. "Usually these things happen in clusters and it not clear why it's not here."

17 New Yorkers Dead From Potent Drug Cocktail (AP)

AP, August 29, 2006

NEW YORK -- A powerful drug cocktail laced with a prescription painkiller has killed at least 17 people in the city over the last four months, and doctors are being told to report suspected overdoses.

Drug users are mixing the morphine-like painkiller, fentanyl, with heroin or cocaine, unaware of the potentially lethal consequences, the city's health department said Tuesday.

"Fentanyl is very potent, and very small amounts have the same effects as large amounts of other drugs," health Commissioner Dr. Thomas R. Frieden said in a statement.

The deaths have occurred in different parts of the city and appear to be accidental overdoses, the health department said.

Fentanyl is an opiate used legally in anesthesia and for some cancer patients. It's cheaper than heroin and 80 times more potent than morphine. That makes it an appealing additive for heroin and cocaine distributors.

More than 500 people have died nationwide after taking the deadly cocktail. Many of the deaths were in Detroit, Philadelphia and Chicago.

A Chicago street gang member was charged last week with drug-induced homicide for selling a fatal batch of fentanyl-laced heroin to a suburban teenager, police there said.

New York police were making special efforts to track down the sources behind the local fentanyl-laced mixture, police Commissioner Ray Kelly said.

The health department issued a series of health alerts to doctors, reminding them of the symptoms and treatment for fentanyl-related overdoses and telling them to report all cases.

People suspected of suffering fentanyl-related overdoses should take naloxone, which is sold under the brand name Narcan.

Deadly Drug Mix Resurfaces In New York (NYT)

By Marc Santora

The New York Times, August 30, 2006

At least 17 people in New York City have died in the past four months after taking either cocaine or heroin laced with a powerful painkiller, health officials warned yesterday.

While this is the first reported cluster of overdoses from the lethal drug cocktail reported in the city in many years, hundreds of people across the country have died in similar overdoses in recent months. The deaths indicate a possible resurgence of the deadly practice of lacing drugs with fentanyl, a prescription painkiller that can be up to 80 times more potent than morphine.

“With some 500 deaths around the country, there is a sense that this is a growing problem,” said Dr. Thomas R. Frieden, the city’s health commissioner.

The deaths in New York since May have been scattered across the city. All but one of the victims were men and most were ages 30 to 53, officials said. Details of the individual cases are still being compiled and it remains unclear whether the victims knew they were taking fentanyl.

Police Commissioner Raymond W. Kelly said in a statement that he had warned police officers to take special precautions, including using rubber gloves, when handling drugs that may contain fentanyl, because it can be absorbed through the skin and

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cause illness. He said the police believed that most of the fentanyl found in the drugs used by the victims was manufactured illicitly, not in legitimate pharmaceutcal laboratories.

Across the country, most similar overdoses have occurred in Chicago, Detroit and Philadelphia. In June, 400 federal and local law enforcement officials raided a public housing project in Chicago, hoping to disrupt what they said was a sophisticated drug ring. The officials said they believed the ring was responsible for providing drugs that killed more than 100 people in and around that city.

Worried about the possible spread to New York after nine deaths were reported in Newark in June, the New York City Department of Health and Mental Hygiene issued an alert to doctors, asking them to report all overdoses suspected of involving fentanyl.

The alert noted that eight of the nine deaths in Newark occurred among users who snorted the drug rather than injecting it.

Fentanyl is a synthetic compound that is typically used by doctors to treat chronic pain. But since it can be made in clandestine drug labs, it has been used as either a substitute for heroin or to enhance the effects of heroin and cocaine.

Drug dealers might want to add fentanyl to the mix because it lets them both stretch their supply and create a drug with a more intense high.

When fentanyl is laced with cocaine, it is meant to ease some of the effects of coming down off the drug.

Whatever the reason illicit drug makers may use fentanyl, it remains extremely dangerous because it is so potent, lethal in even small doses. The last time there was major concern about the use of the tranquilizer was some 15 years ago.

In 1990, a new brand of heroin laced with fentanyl, nicknamed Tango and Cash, hit the streets and almost immediately, people began to die. In one weekend alone in 1991, 12 people in the city fatally overdosed.

Perhaps because fentanyl has proved so deadly in the past, until recently it was rarely seen on the streets in any great quantity. How widespread its use is remains unknown. Since fentanyl has a biological effect similar to that of heroin and it is not detected by standard urine toxicology tests, its presence may go unnoticed, officials said.

For now, health officials say their primary concern is making sure doctors know to be alert for the drug so they can treat overdose victims.

Heroin Deaths Prompt Calls For Awareness (MDH)

By Jo Ann Hustis

Morris Daily Herald, August 29, 2006

Parents should know what's in their children's bedrooms, noted Grundy County Coroner John Callahan, who has dealt with two heroin-related deaths the past week.

"Parents need to pay attention to what's in their rooms - those things not in the normal realm of things," he said today. "Things out on the street not commonly found in bedrooms."

Callahan said neighboring county coroners have notified him of illicit heroin usage occurring in their areas the past six to eight months.

"We have seen an increase in the surrounding area the past several months, and now it is in our area," he said. "It probably has been in our area the same amount of time, however my office has not had to be involved until now."

He said heroin has become one of the leading drugs of choice in the area, and noted the use is spreading downward to junior-high-school-age youth.

Heroin is rather easily obtainable and a relatively inexpensive drug, said Callahan.

Now, however, some dealers are cutting heroin with fentanyl, a powerful pain-killer classified as a narcotic in the United States, Callahan said.

"There are different theories behind this," he noted. "One theory is that when drug dealers get a weak batch of heroin, they add fentanyl, which is 50 to 80 times more potent than morphine, to give it an added punch."

There are more than 12 different variations of analogues produced and distributed today in the U.S. drug traffic.

The biological effects of fentanyls are similar to those of heroin, except there is less of a euphoric high, and the analgesic effect is stronger. Fentanyl can be injected, smoked, or snorted. Street names for fentanyl include China White, China Girl, and Dance Fever.

Callahan said the most common form of fentanyl is found in pain patches for cancer patients and others with chronic pain who are physically tolerant to opiates.

The patches are applied for three to four consecutive days, then removed. Illicit drug dealers and users will boil discarded patches to obtain the trace amount of fentanyl still remaining, then mix the residue with heroin, the coroner said.

Callahan said even a reduced dose of street-sold heroin cut with fentanyl can result in overdose or death. A dose as small as a few grains of salt can be fatal.

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The effects of an overdose occur rapidly. Sudden death occurs through respiratory or cardiac arrest, severe depression of breathing, and cardiovascular collapse.

Routine screening for opiates will not detect fentanyl.

Callahan was to further discuss the use of heroin and fentanyl as a cutting agent during a press conference today at the Grundy County Administration Center. The event was brought about by two deaths in the past week which indicate the use of heroin cut with fentanyl, he said.By Jo Ann Hustis

jhustis@morrisdailyherald.com

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2 Ex-air Marshals Sent To Prison For Cocaine Smuggling (HC)

By Dale Lezon

Houston Chronicle, August 29, 2006

Houston men pleaded guilty to bribery, conspiring to sell the drugs

Two former federal air marshals from Houston are headed to prison for conspiring to bypass airport security and smuggle about 33 pounds of cocaine.

Burlie L. Sholar III and Shawn Ray Nguyen, who accepted a plea agreement with prosecutors in April, were sentenced Monday by U.S. District Judge Kenneth Hoyt. Nguyen, 32, must serve seven years and three months in prison, and Sholar, 38, got nine years.

They also will be under five years' supervised release after their release, Hoyt ordered. Nguyen received a shorter sentence because of his cooperation with investigators, the U.S. Attorney's Office said Tuesday.

Nguyen and Sholar pleaded guilty to bribery and conspiring to possess, with intent to distribute, cocaine.

The men admitted talking with an FBI informant about plans to smuggle 15 kilograms of cocaine past security at Bush Intercontinental Airport and onto a flight bound for Las Vegas. They said they expected to be paid $5,000 per kilogram.

Prosecutors said the pair had planned to use their positions as air marshals to get past security.

Sholar made flight and hotel arrangements and agreed to meet Nguyen at his house before the smuggling attempt, according to the plea agreements. The informant, who recorded conversations with Nguyen, delivered the cocaine and $15,000 in marked bills to his house Feb. 9, prosecutors said. Nguyen and Sholar were arrested afterward.

A third former air marshal, Patrick H. Hightower II, is to be sentenced Sept. 8 for an unrelated crime that was discovered after Sholar's arrest. Hightower pleaded guilty in June to theft of government money and faces up to one year in prison and a $100,000 fine.

Sholar and Hightower traveled together and cooperated in altering travel vouchers, authorities said.

Hightower admitted sharing a hotel room and forging expense reports more than 20 times to indicate that two rooms were rented.

7 Spanish Tourists Charged With Smuggling Ecstasy At JFK Airport (AP)

By Richard Pyle

AP, August 29, 2006

NEW YORK (AP) — Tourists have smuggled $4.3 million worth of Ecstasy pills into the country in false-bottomed suitcases, raising concern about a new surge of the illicit drug from Europe rather than across the United States' northern and southern borders, customs officials said.

Since early July, authorities at John F. Kennedy International Airport have seized 77 pounds of the tablets, more than 170,000 of them, and have arrested seven people, all identified as Spanish citizens, U.S. Customs and Border Protection spokeswoman Lucille Cirillo said Tuesday.

Three suspects were arraigned before U.S. District Court Magistrate Joan Azrack in Brooklyn on Monday, charged with conspiracy to distribute controlled substances. They were held without bail.

The three had arrived at JFK on a flight from Germany on Saturday and were found to have luggage with false bottoms containing Ecstasy, Cirillo said.

The other four suspects had arrived in New York since July 9 and were arraigned on similar charges. All were traveling as tourists on Spanish passports.

The federal charges carry a maximum penalty of 10 years in prison.

Ecstasy, a stimulant and psychedelic drug also known as MDMA, is manufactured in illicit laboratories. Most Ecstasy sold in the United States until the 1990s was imported from Europe, but this flow virtually dried up after smuggling rings in Germany were smashed, said Susan Mitchell, Customs and Border Protection director in the New York field office.

Since then, most seizures of the contraband have occurred at border crossings from Canada and Mexico, "which indicated that Ecstasy was being largely produced in North America," Mitchell said.

"These recent seizures (at JFK) demonstrate the cyclical nature of supply and demand in the narcotics trade," she said.

Nearly 900 Ecstasy seizures totaling 5,400 pounds occurred at other ports of entry between 2000 and 2005, compared to 202 seizures of 1,600 pounds at JFK. The latter spiked at 77 in 2001 and 71 in 2002 but fell sharply to 22, eight and five over the last three years.

The Ecstasy seizures at the Queens airport this year already match the 2001 high point.

Cirillo said Detroit, Buffalo, San Isidro, Calif., and Nogales, Ariz., were the principal smuggling points after the shutdown of European-originated Ecstasy.

The location of laboratories that produced the latest influx from Europe was not known, Cirillo said. Whether it marks a new trend remains to be seen, she said.

"For some time we had seen very little of this," she said. "Now, all of a sudden, we have seven arrests. That is very interesting to us."

Plea Date Set For Scott West (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), August 29, 2006

Knoxville entrepreneur Scott West is scheduled to plead guilty Sept. 11 to conspiracy to commit drug trafficking and money laundering charges.

The plea date before U.S. District Judge Thomas Phillips was entered Tuesday on the federal court docket.

West faces, under federal law, a minimum mandatory sentence of 10 years but likely will receive half that time because he has no criminal history and is not considered a leader in the drug trafficking ring.

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His brother, James Michael West, 42, pleaded guilty Aug. 24 in U.S. District Court to charges he bought and peddled tons of marijuana in more than a decade and invested millions in drug proceeds into Market Square properties at the request of his brother and sister-in-law, Bernadette Trent West.

Bernadette West also is expected to enter a guilty plea in the coming weeks.

Mike West's wife, Joanne Baker West, 39, also pleaded guilty last week to money-laundering conspiracy charges.

The plea agreement in Mike West's case, hammered out between federal prosecutors Hugh Ward and David Jennings and Assistant Federal Defender Jonathan Moffatt, includes an agreed penalty range for Mike West of 210 months to 262 months.

Joanne Baker's plea deal, negotiated by defense attorney Scott Green, puts her potential penalty range at 46 to 57 months.

In both cases, the agreed penalty ranges represent a significant break given the staggering amount of dope and money involved in the long-running conspiracy that spanned more than a decade and involved pot customers in states including Arizona, Florida, Georgia and Tennessee.

The pleas come just weeks after a federal grand jury issued a beefed-up indictment in the case, investigated by agencies including the U.S. Drug Enforcement Administration and the Internal Revenue Service.

Ward told U.S. District Judge Thomas Phillips at Thursday's hearing that U.S. Attorney Russ Dedrick had pushed for a solid case that would net quick guilty pleas to ensure the viability of the Market Square businesses operated by the Wests, which include the Preservation Pub, World Grotto and Earth to Old City.

"That's why we've worked very diligently in this case, and perhaps in another week and a half, we can conclude the case as smoothly as possible so the properties on Market Square (can be sold) to a developer or any other person interested," Ward said.

The statement was confirmation that plea deals are in the works with Scott West and Bernadette West. Their respective defense attorneys, Don Bosch and David Eldridge, were present at Thursday's hearing.

Bosch said the West family would continue to operate the businesses pending seizure of the Market Square properties and the accompanying lease deal the Wests had brokered.

Prosecutors have repeatedly made it clear in court records that the U.S. Attorney's Office is seeking to seize the drug-funded properties without actually shutting down the businesses operated out of those buildings.

Court records filed as part of the plea deals for Mike West and his wife make it equally clear that Scott West and his wife relied on drug money to secure their Market Square holdings, renovate them and operate their businesses.

"In October 2001, co-conspirators Ronald Scott West and Bernadette Trent West arranged with defendant (Mike) West to invest the drug proceeds into certain properties in Market Square," court records state.

"These properties ... were and are owned or operated or controlled by ... Scott West and Bernadette Trent West and defendant (Mike) West and others," court records state. "Scott West and Bernadette Trent West knew that (Mike) West's source of these funds was (Mike) West's drug trafficking activities.

"(Mike) West's initial investment in these properties was approximately $100,000 and grew eventually to at least $2.1 million," according to the documents.

Mike West, who owned at least one art gallery in Atlanta apparently began feeling a bit left out of the Market Square action, prompting Bernadette West and her husband to draft a document known as the West Family Trust, according to court records.

"Scott's just a little too paranoid," Mike West is quoted in the documents as having said in a secretly recorded conversation. "I've already told Scott that, you know, in five or 10 years I'm going to need something back out of there ... He knows that.

"He said that, you know, he told me that a building down next to Tomato Head on Market Square ... just sold for like six hundred and something thousand dollars," Mike West continued. "So if we take that same ... figure and just figure in Earth to Old City, the building that Earth to Old City's in and the building that the Oodles (restaurant) is in, that comes to $5.4 million. And that's not including (Preservation) Pub or the four-story (building the Wests own) or the one in the Old City that we're a minority partner in, so my money is there.

"So I feel pretty good about where it's at and the fact that, essentially, a couple of million of dollars managed to get laundered, you know," Mike West stated. "It's done and no taxes were paid on it and, you know, income can be generated off of it for a long, long time."

Mexico's Drug Wars Heat Up (BSWK)

By Geri Smith

BusinessWeek, August 29, 2006

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In the once-chic beach resort of Acapulco, the severed heads of two police officers who had been clamping down on drug traffickers were found a few months ago with a note attached: "So that you learn to respect." The grisly method soon caught on. In August alone, four more heads accompanied by threatening notes appeared in the central Mexican state of Michoacán.

In Mexico City, gunmen strode into an upscale restaurant on Aug. 16 and shot a businessman in the head. A few miles away, two federal judges were gunned down in the past few weeks, one of them days after he limited the visitation rights of a notorious jailed drug kingpin.

For years, Mexico's drug cartels have shot it out among themselves, usually in rough cities along the U.S. border or on the Pacific coast, where most of the cocaine, heroin, marijuana, and methamphetamine consumed by Americans enters the U.S. But a bloody turf war among traffickers is spreading the violence to cities that have rarely seen it before.

Now they are targeting police and judges in response to the government crackdown. "The Mexican government is engaged in an unprecedented, all-out fight against drug traffickers," Attorney General Daniel Cabeza de Vaca told reporters on Aug. 23. "The decapitations are a sign of the violence that these groups are showing because we have them cornered." Cornered, perhaps, but far from being vanquished.

As President Vicente Fox's six-year term in office draws to a close this year, American officials say they've enjoyed unprecedented cooperation from Mexican officials. Under Fox, Mexico has targeted the major cartels, nabbing or killing 15 top traffickers, including Osiel Cárdenas, a powerful kingpin now languishing in prison.

Record amounts of drugs have been seized, and more intelligence is being shared by drug-enforcement officials from both sides. That cooperation resulted in the Aug. 14 arrest by U.S. officials of Francisco Javier Arellano Félix, a key member of the so-called Tijuana cartel, as he cruised on a yacht in international waters near San Diego.

The crackdown has sparked a bloody competition among remaining traffickers for the country's lucrative drug routes. Over the past year around 1,000 people have died in drug-related killings nationwide.

The border city of Nuevo Laredo, just south of Laredo, Tex., has been hard hit: Last year the city's police chief was killed just eight hours after being sworn in, and his replacement lasted just a few months before throwing in the towel. Today, the city has no police chief (see BusinessWeek.com, 8/1/05, "The Mean Streets of Nuevo Laredo").

COLOMBIA COMPARISON. Some worry that Mexico is looking more and more like Colombia, where drug traffickers in the 1980s infiltrated law enforcement, blocked extraditions, and kidnapped and killed scores of judges and journalists. But Bruce Bagley, an expert on the drug trade at the University of Miami, says that Mexico's institutions are still relatively unscathed, despite the recent spike in violence.

True, local Mexican police forces show troubling signs of corruption—it's hard for a cop earning $400 a month to resist. But federal law enforcement agencies are being reinforced with better-paid, better-educated recruits who are undergoing intense training. The army has so far largely remained untainted even though its troops have been assigned to carry out many drug seizures. And the government has pledged to provide protection for judges who handle drug cases.

The U.S. Drug Enforcement Agency (DEA) says that while most of the cocaine entering the U.S. still originates in Colombia, Mexican groups that once served as mere conduits for the Colombian cartels today are the dominant traffickers and control most of the distribution points in major American cities. Mexico also has become a major producer of heroin and marijuana, and more recently has become a big supplier of methamphetamine, which is processed in clandestine laboratories throughout the country.

The Fox administration, eager to establish closer relations with the U.S. and to reduce drug consumption within Mexico, since 2000 has seized more than 10,000 tons of marijuana, 140 tons of cocaine, 1,850 kilos of opium paste, nearly 1,700 kilos of heroin, and more than four tons of methamphetamine. That's an impressive haul, although it represents a small fraction of the $6 billion to $10 billion in drugs that slip each year across the busy border, or through tunnels underneath it.

DANGERS OF THE PROFESSION. Fox also promised to extradite top cartel leaders, but the country's slow judicial system has so far frustrated that initiative, which may help explain why it was U.S. law enforcement officers who nabbed the Tijuana cartel figure in late August even though his yacht was near Mexican territorial waters.

In American prisons, traffickers cannot operate with impunity the way they still can in many Mexican jails, where mobile phones are frequently confiscated from kingpins. To help Mexican law enforcement agencies tighten their grip on the cartels, Washington is providing them with computers, training, and surveillance helicopters.

Although Mexico has made heroic efforts in recent years to crack down on the entrenched drug trade, there's little chance it will ever choke off the flow of narcotics. "As soon as one cartel leader is captured or killed, another steps up to take his place," says Jesús Blancornelas, a muckraking Tijuana journalist who narrowly survived a 1997 machine-gun attack by hit men from the Arellano Félix cartel.

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The 70-year-old founding editor of the Zeta weekly newspaper, which over the years has published numerous investigative stories about the drug trade, lost two of his fellow editors to the cartel's hired guns, including one who was slain in front of his two small children in 2004.

When he goes out, Blancornelas rides in a bulletproof vehicle, guarded by a dozen army troops in two chase cars. "Our unfortunate experiences have made other journalists afraid to write about drug trafficking," he says.

Indeed, at least four and possibly as many as 10 Mexican journalists covering crime and drugs have been killed in the past five years, according to the New York-based Committee to Protect Journalists. That means that even as Mexico's violent drug wars heat up, the country's journalists may deem it too dangerous to delve deeply into one of the biggest threats facing the young democracy's institutions.

IMMIGRATION:

Taking The Cause To The Big Screen (WP)

By Michael A. Fletcher

The Washington Post, August 30, 2006

David N. Bossie earned a reputation as a relentless sleuth -- or right-wing hit man, depending on one's political persuasion -- during his years as a high-profile Republican congressional investigator and conservative activist.

Through the 1990s, Bossie spent much of his time assembling caches of documents to push his admittedly ideological agenda. He was a ready promoter of stories about President Bill Clinton's sexual and ethical lapses, proved and otherwise.

Bossie was fired as an investigator for the House Government Reform and Oversight Committee after overseeing the release of recordings of Hillary Rodham Clinton's phone conversations with Whitewater figure Webster L. Hubbell. The tapes were edited to create the impression that Clinton was involved in billing irregularities at the Arkansas law firm where she and Hubbell worked.

No longer content to merely unearth documents, Bossie, president of Citizens United, a conservative advocacy group, has turned to documentary-style films to push his causes. His latest contribution to the national political debate is "Border War," a film he co-produced that makes the case for a serious crackdown on illegal immigration.

The movie, which makes its national premiere in Los Angeles tomorrow, in Washington on Sept. 13 and on DVD in October, tells the story of illegal immigration -- with Bossie's unmistakable point of view. "It shows what illegal immigration means to your average person," he said.

"Border War" does not portray illegal immigrants as economically desperate people who break the law by sneaking across the border then often go on to renew the American dream with their thrift, enterprise and hustle while filling back-breaking jobs that few citizens want.

Instead, the film makes the case for tougher border enforcement by focusing on the most unsettling aspects of the nation's huge illegal immigration problem: the cold-hearted coyotes who guide illegal migrants across the border, sometimes abandoning them in the desert at the first sign of trouble. The illegal immigrants who proposition and even molest young girls in safe houses. Violent criminals who cross the border with impunity. And immigration activists who believe the border has no legitimacy to begin with, because much of the southwestern United States was Mexican territory more than 150 years ago.

"We never really crossed the border," one says. "The border crossed us."

The documentary, shot over six months, weaves this tale by following the lives of five people who embody different aspects of the difficult issue: the widow of a Los Angles County deputy sheriff killed by an illegal immigrant; an open border advocate who helps immigrants making the perilous trek into the United States; a Latina whose father helped smuggle illegal immigrants into the country but now voluntarily patrols the border with the Minutemen; an undercover Border Patrol agent; and Rep. J.D. Hayworth (R-Ariz.), a leading advocate of cracking down on illegal immigration.

"It is an exciting way to educate people about issues," Bossie said of his film. "I love any new form of communication to deliver a political message."

Bossie, who has no formal film training, calls himself an accidental moviemaker. In the years after leaving his congressional post, he wrote or co-wrote three books: one slamming former vice president Al Gore, another attacking Sen. John F. Kerry (D-Mass.) and third making a case for how President Clinton's foreign policy set the table for the Sept. 11, 2001, terrorist attacks.

When Michael Moore's 2004 documentary "Fahrenheit 9/11" proved to be a hit that rallied partisans on the left against President Bush, Bossie said he was surprised and then got on the phone looking for someone to craft a right-wing response.

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When he got no answer, he reached into Citizens United's deep pockets, put up about $1 million and hired Hollywood stalwarts Lionel Chetwynd, Kevin Knoblock and Ted Steinberg to help him make "Celsius 41.11."

"The contrasts are startling. 'Fahrenheit' Bush was a deer in the headlights; 'Celsius' Bush is a deer hunter," read a review in the Cleveland Plain Dealer. ". . . 'Fahrenheit' Bush barely could speak in complete sentences; 'Celsius' Bush delivers confident speeches. And so on."

The movie may not have created the buzz that "Fahrenheit 9/11" did, but it did go on to be shown in 125 theatres and to be reproduced on 200,000 DVDs, many of which were given to Citizens United supporters. "One thing I learned is you can have impact with that medium," Bossie said. "I also learned that I can make films. And you don't have to make them in Hollywood."

He had editing equipment installed in the basement of Citizens United's Capitol Hill headquarters and has gone on to make a film excoriating the United Nations, before shooting "Border War."

Films have long been used as propaganda. Frank Capra's "Why We Fight" series was commissioned to explain U.S. policy during World War II and to answer the German 1935 film, "Triumph of the Will," which glorified Adolf Hitler and the Nazi cause.

But the use of films as weapons in the political and ideological battles in Washington is a relatively new development aided by advances in digital technology, which makes editing and distribution cheap and easy. It also is being helped along by Moore's success.

"This is just an obvious outcome of the polarization that is happening in this country," said Malcolm Spaull, chairman of the film school at the Rochester Institute of Technology. "In this case, it is through the media. I only see this growing."

Bossie says he has two more film projects in the pipeline. One, about the American Civil Liberties Union, is scheduled for a fall release. The other is about Sen. Hillary Rodham Clinton (D-N.Y.), who is widely believed to be positioning herself for a 2008 presidential run. Bossie said he is teaming with Dick Morris, the former Clinton media adviser, on that one.

Asked when it will be released, Bossie said, "At the right time."

U.S. Court Orders City To Ensure Aid For Battered Immigrants (NYT)

By Nina Bernstein

The New York Times, August 30, 2006

A federal judge yesterday ordered the city to stop illegally denying food stamps and other aid to battered immigrant women and children and to overhaul the error-plagued computer programs and training manuals that continue to lead welfare workers to turn them away.

The judge determined that high-level city policymakers had long been aware of the systemic problems, but did little or nothing to fix them until a group of battered women filed a lawsuit late last year. As a result, if the city and state continue to fight the lawsuit, the judge said, he will be highly likely to find them liable for “deliberate indifference” to violations of the plaintiffs’ federal and state rights.

“It is not the policy of the United States, nor of the State of New York, to leave destitute the battered immigrant wives and children of lawful U.S. residents just because their abusive husbands are no longer supporting them or providing them with a basis for obtaining aid,” the judge, Jed S. Rakoff of United States District Court in Manhattan, wrote in his 83-page decision. He certified the lawsuit as a class action and issued a preliminary injunction against the city and state.

The judge commended the city for fixing some of the problems since February, when he issued a partial injunction and held nine days of hearings in the case. But he added that problems persisted because of inadequate training, poor computer design and faulty directives.

“The simple truth, moreover, is that the ameliorative actions now taken by the city and state defendants would not likely have been taken if this lawsuit had not been brought and had the court not issued its initial injunction,” he wrote.

The decision is awkward for Mayor Michael R. Bloomberg, who is preparing to unveil a plan for attacking poverty in the city, a central goal of his second term. The plan is expected to focus on children, young adults and the working poor.

Jane Tobey Momo, senior counsel for the city, said officials were reviewing the opinion to determine the city’s next steps. “While we are disappointed in the court’s findings,” she wrote in a statement, “we are pleased that the court recognized and commended the city for the extensive recent steps taken to ameliorate the difficulties in delivering benefits to noncitizen immigrants.

“The difficult and changing federal and state statutes, regulations and policies present continuing challenges to the process,” she added.

When the lawsuit was filed in December by the New York Legal Assistance Group and the Legal Aid Society, the lawyers called it a last resort, saying that officials had failed to fix problems that forced hundreds of women to choose between staying safe and feeding their families, despite government policies aimed at supporting them until they can get on their feet.

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The suit seeks back benefits that range from a few hundred dollars to one or two thousand dollars per family in the class. “That represents months of being able to get by,” said Ronald Abramson, a partner at Hughes Hubbard & Reed, which worked on the case for months without charge, but is now likely to be able to collect more than a million dollars in legal fees from the city.

About a dozen plaintiffs, mostly identified only by initials, include a woman from Senegal helping to prosecute the man accused of torturing her and murdering her sister; a Mexican mother of two whose husband chased her with a gun; and a Bangladeshi woman whose husband, since hospitalized for mental illness, kicked her in the abdomen while she was pregnant, cut up her clothes and threatened to kill her when she tried to go to work.

Several fled to domestic violence shelters, only to find themselves unable to buy food or medicine for their children. In an affidavit, one breast-feeding mother wrote of going hungry and of feeling powerless as she and her young children lost weight.

The abuse, documented in orders of protection, police reports and letters from domestic violence shelters, was not in question. Nor was eligibility for aid, often affirmed through administrative “fair hearings,” only to be denied again or automatically cut off.

One of the basic problems lay in the pull-down computer menu that caseworkers used when entering information about a noncitizen applying for aid. The list of eligible immigration categories mistakenly omitted “battered qualified alien,” the category in which these women and children fit.

That problem was fixed recently, after Judge Rakoff’s February order, but other deficiencies remain. The judge called the violations “the direct results of the flawed design of the city’s computer system, the pervasive errors in the city’s training materials and policy directives, and the widespread worker ignorance resulting from inadequate training of the city’s employees.”

“The Court readily concludes that, given the pervasive and systemic nature of the various problems resulting in the unlawful denial of benefits to plaintiffs, plaintiffs have established a very high likelihood that the city will be found liable on all the plaintiffs claims,” he wrote.

In 45 pages devoted to legal findings, he determined that the plaintiffs had established “an overwhelming likelihood of success on their contention that the city, in its failure to adequately train its employees, was ‘deliberately indifferent’ to the violation of plaintiffs’ federal rights.” He added that the state was “vicariously liable” because it supervises the city’s provision of public aid and had failed to change its own programming problems and faulty directives.

Jason Brown, a spokesman for Gov. George E. Pataki, said state officials would not comment until they review the decision.

Mr. Abramson said even last winter, when the judge ordered the city to provide aid to the named plaintiffs, the city’s lawyers returned to court saying their efforts had been stymied because the computer system “errored-out” many of the cases.

But eventually all the families involved in the lawsuit received aid, said Caroline Jane Hickey, a lawyer with New York Legal Assistance Group. “We are thrilled with Judge Rakoff’s decision to protect the rights of a population with almost no voice,” she said.

She cited the case of the Mexican mother identified as J.Z. in the lawsuit, who has since been able to move into public housing in the Bronx with her two children. She has passed a high school equivalency test and found a job at her children’s school.

“She has managed to completely turn her life around,” Ms. Hickey said. “She plans to be a nurse.”

Afghans Who Fled Conflict Face Cultural Divide In U.S. (WP)

By Dina Elboghdady

The Washington Post, August 30, 2006

Aman Feda, an Afghan-born mortgage broker, cringed at his 13-year-old niece's choice of music, the hip-hop blaring from the car radio, the lyrics grating on his nerves as they drove home after shopping at Tysons Corner.

"Why not listen to some Afghan music?" Feda asked casually.

"What music?" he remembers her saying with a shrug of her shoulders. "There's nothing."

The exchange sparked Feda's first thought of creating a magazine that showcases Afghan musicians, poets and celebrities in a way that enlightens his niece's generation about Afghan culture and engages community elders eager to reconnect with their Afghan roots.

Feda and his wife, Samira, who live in Springfield, followed through on the idea three years later. They launched a magazine three months ago and found themselves negotiating what one Afghan native describes as the "cultural schizophrenia" that has plagued a community that began settling in large numbers in this country more than two decades ago, after the Soviet invasion of Afghanistan .

As Aman Feda, 32, tells it, many of them were well-educated professionals who scraped by as taxi drivers and beauticians when they arrived. They've raised doctors, engineers and now publishers. But calming the political tensions they brought with

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them, reconciling Muslim tradition with American lifestyles, and easing the resulting strain between generations proved tougher than the financial challenges they faced.

Even the Fedas, who arrived as youngsters, grappled with the hyphen in Afghan-American. She was not allowed to date. So he had to ask her parents for her hand in marriage. A one-year engagement led to a wedding and then the magazine.

Samira, 23, the editor in chief, and Aman, the publisher, decided on the name ZÃ©ba -- the Dari word for beautiful. But they fretted about putting a woman on this month's cover, Miss England 2005, the Afghan knockout (and Muslim) who caused a stir when she took part in the swimsuit competition.

"We're trying to be respectful of everyone, but we're trying to push the buttons just a little bit on the social issues," Aman Feda said. "And there are a lot of social issues the Afghans here don't agree on."

In the Washington region, home to one of the country's largest Afghan populations, "everyone" includes roughly 14,000 people who said they are of Afghan ancestry, most of them born in Afghanistan, according to a 2005 U.S. Census survey released this month. Many of them live in Northern Virginia. Some congregate at the Mustafa Center Mosque in Annandale. They have two well-established poetry reading circles and a sports federation in Fairfax that draws throngs of Afghans from around the nation to its annual Fourth of July soccer championship.

Afghans came in waves, bringing competing political ideologies, said Rameen Moshref Javid, 37, who splits time between Alexandria and New York, where he runs a nonprofit organization that promotes cultural and intellectual discourse among young Afghan professionals.

When the Soviets invaded in 1979, Afghanistan's ruling elite escaped immediately if they could. Intellectuals who refused to embrace the new party dogma followed in the 1980s. And when the communist regime collapsed in 1992, any Afghans associated with it fled and civil war broke out. Four years later, after the Taliban seized Kabul, the capital, still more left. Since 1999, about 9,100 Afghan refugees have arrived in this country, according to the Department of Homeland Security.

"Each one of those waves formed the Afghan society we see in the United States, including the one in Northern Virginia," said Javid, executive director of the nonprofit Afghan Communicator. "There is always friction between those groups. Every time there was an Afghan gathering, there was a fight going on about something, and that alienated the younger people in particular."

Ethnic tensions played a role. Pashtuns, Tajiks, Uzbeks and Hazaras who jockeyed for a larger share of power in Afghanistan found themselves at odds here, too, Javid said.

Even the poetry reading club, formed by taxi drivers, an engineer and others seven years ago, split in two because of discord in its ranks. At the Springfield Masonic Lodge, during a recent late-night poetry reading session, some members attributed the split to scholarly differences. Others say political leanings played a role. A few accused the original members, who broke away, of being chauvinists who wanted the women to wear head scarves.

Adding to the generational divide were the financial strains suffered by well-to-do families that were suddenly penniless in a new country. Mothers and daughters and sons joined the workforce for the first time, sometimes earning more than the father and undermining his traditional role as breadwinner.

"With their own money to spend, sons and daughters became more independent," Javid said. "The fathers started feeling kind of useless. That's still playing itself out. Many of our elders in their sixties and seventies have nothing to do but sit in the mosques. "

As the father's influence waned, traditional gender roles blurred and family dynamics shifted, said Fouzia Afshari, a member of the American Society of Afghan Professionals in Alexandria.

Some of that came to play in Afshari's own family when her father, a successful businessman in Afghanistan, set up a fruit stand in the District to make ends meet after arriving in this country in 1992 with his wife and six children, ages 7 to 22. Those old enough to work found odd jobs and pleaded with their father to abandon the fruit cart.

"We told him men of his stature should not do this kind of job," said Afshari, a real estate broker in her thirties. "But he didn't want to live off of us."

Besides, she said, her father, now deceased, always figured he would reclaim his life in Afghanistan one day.

That yearning for home helped spur ethnic media in this country by catering to immigrants hungry for news about goings-on in their native lands, said Sandip Roy, editor of New America Media, a consortium of ethnic publications.

The potential audience grew as the number of people of various ethnic groups who immigrated to this country legally and received green cards increased 31 percent, from 720,461 in 1995 to 946,142 in 2004, according to the most recent Department of Homeland Security data. The estimated number of illegal immigrants reached 10.5 million last year, according to the U.S. Office of Immigration Statistics.

Ethnic publications tend to evolve with the communities they target, Roy said. The first are usually launched in the native tongue by community activists passionate about politics back home. As a community settles in, publications start to reflect diversity of opinion.

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Some reinvent themselves, Roy said, as the Vietnamese Nguoi Viet Daily News did after the Vietnam War ended. Others put a greater emphasis on English, just as the bilingual Nichi Bei Times did this year when it launched an all-English weekly to target the growing number of Japanese Americans who do not read or speak Japanese. Others -- such as ZÃ©ba -- turn to new topics.

"Especially now that people can access information about their home countries on the Internet, readers are looking for more about their ethnic community here instead of what they're missing out on back there," Roy said. "That's why you'll see more about fashion, health, youth and lifestyle in ethnic publications. It's no longer about a single point of rage."

The Fedas hope their magazine, which Aman Feda is bankrolling out of his own pocket for a year, will offer a refreshing break from the rage created by Afghanistan's war-torn past. They believe ZÃ©ba can attract young and old alike because it is bilingual (half in Dari, half in English). They keep it largely free of the two most divisive topics: politics and religion.

"God knows we needed something like this, especially for the younger generation," said Diana Noory, 43, who moved to this country from Afghanistan with her husband at age 17. Noory, an Alexandria resident, said she was pleased to see ZÃ©ba's story about Afghan designer Samira Atash because it brought back fond memories of happier days in Afghanistan, when women in Kabul wore the latest Parisian fashions and beehive hairdos.

Her eldest daughter, Lida Sahar Noory, 24, said her "eyes popped open" when she saw ZÃ©ba because it captured the culture her parents identified with back then. "Our story is always told from the Islamic perspective," Lida Noory said. "It's always about the burqa. Nobody understands that it was an entirely different lifestyle before the Taliban."

Other Afghan women say they hope the publications evolve even further, not just beyond politics, but also beyond lifestyle and fashions and on to taboo subjects such as dating and cross-cultural marriages.

Samira Feda said ZÃ©ba will tackle these issues in time.

For starters, ZÃ©ba plans to launch a teen-oriented "Dear Auntie" advice column.

"It will be Islamically correct advice," she said. "We're opening the doors slowly. We have to make sure readers fall in love with the magazine first so when these sensitive issues come up, they're not turned off."

TAX:

The IRS' Biggest Tax Cheat: Itself (LAT)

By Lauren E. Willis

The Los Angeles Times, August 30, 2006

ONCE UPON a time, the Internal Revenue Service proclaimed that its mission was "to collect the proper amount of tax revenue at the least cost, serve the public by continually improving the quality of our products and services and perform in a manner warranting the highest degree of public confidence in our integrity, efficiency and fairness."

Today's mission statement says nothing about cost containment or efficiency. The IRS' purpose now is "to provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all."

Unless Congress steps in to stop it, the IRS is set to begin implementing a wildly inefficient plan to outsource the collection of past-due taxes from those who owe $25,000 or less. IRS employees could collect these taxes for about three cents on the dollar, comparable to other federal programs' collection costs. But Congress has not allowed the IRS, which is eliminating some of its most efficient enforcement staff, to hire the personnel it would need to do the job. Instead, the agency has signed contracts with private debt collectors allowing them to keep about 23% of every taxpayer dollar they retrieve. Employing these firms is almost eight times more expensive than relying on the IRS, but, according to IRS Commissioner Mark Everson, it fits in with the Bush administration's efforts to reduce the size of government.

Over 10 years, the companies hired are projected to collect overdue taxes totaling $1.4 billion, $330 million of which the companies keep as fees. According to the IRS' own estimates, over those same 10 years, the agency could collect $87 billion in unpaid taxes at a cost of just under $300 million — if allowed to hire sufficient personnel. In total, utilizing the private sector instead of augmenting IRS personnel would leave in the hands of delinquent taxpayers more than $85 billion owed to the federal government.

If these numbers seem too big to fathom, think of it this way: It is as if you were given the choice of investing $3,300 to make $14,000, or investing $3,000 to make $870,000, and you chose the investment with the higher price and lower return.

What could $85 billion buy?

· More than 11% of the U.S. population under age 18 lacks health insurance. Using data from health insurers, the American Academy of Pediatrics estimates that the cost of a child's medical care in the U.S. averages less than $1,400 annually.

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Another $85 billion in the U.S. Treasury would be more than enough to cover the medical needs of all of our 8.3 million uninsured children for seven years.

· In Los Angeles County, more than 80,000 people are homeless on any given day. The cost of ending homelessness in the county has been pegged conservatively at about $28 billion over 10 years. Assuming that this cost is on average roughly equal per homeless Californian, $85 billion over 10 years could end homelessness for about two-thirds of California's more than 360,000 homeless children, women and men.

· Warren Buffett is giving $30 billion over 20 years to the Bill & Melinda Gates Foundation. If the foundation spends that money on children's vaccinations, about 30 million children and their families and communities will benefit annually. Worldwide, about 32 million children born each year receive no vaccinations; $85 billion could vaccinate virtually all of them.

· Congress has allocated about $4 billion to shore up the levees devastated by Hurricane Katrina. Experts say closer to $32 billion is needed to reconstruct and reinforce the system to protect the New Orleans area from flooding in a Category 5 storm. That $85 billion would be more than sufficient to accomplish this, with enough left over to spend about $245,000 apiece on rebuilding the approximately 220,000 houses and apartments that were destroyed or seriously damaged by the flooding.

The handful of companies chosen to round up the taxes will profit handsomely, as will the thousands of delinquent taxpayers who will evade collection. We who pay our taxes in full every year are footing the bill. The mission of today's IRS seems to be safeguarding shirking taxpayers and distributing taxpayer dollars to private corporations. That's not just mission creep; it's efficiency, integrity and fairness turned upside down.

Court Ruling In Damages Case Deals Big Setback To The IRS (WSJ)

By Tom Herman

The Wall Street Journal, August 30, 2006

A recent court ruling saying a woman doesn't owe taxes on an award from her former employer for "a nonphysical personal injury" represents a significant setback for the IRS. Even though the decision was handed down only last week, lawyers are already urging taxpayers in similar cases to take action to save taxes on their awards.

At issue in the case was whether a $70,000 payment that a woman received from her former employer for "emotional distress" and "loss of reputation" was taxable. The woman had paid $20,665 in income taxes on that award. In a decision that is sparking intense debate among lawyers, the U.S. Court of Appeals for the District of Columbia Circuit said the $70,000 award didn't represent "income" -- and thus wasn't taxable.

"Albert Einstein may have been correct that 'the hardest thing in the world to understand is the income tax,'" Chief Judge Douglas Ginsburg wrote. But "it is not hard to understand that not all receipts of money are income."

The three-judge panel's decision is binding on the Internal Revenue Service in cases involving taxpayers in Washington, D.C., but not other parts of the country. However, the decision is likely to have "immense implications" for many other people around the nation who expect to receive damages for "nonphysical personal injuries" -- or who have received damages in recent years, says Todd A. Kraft, a tax lawyer in Dallas at Meadows, Owens, Collier, Reed, Cousins & Blau.

For example, the decision could affect the way numerous settlement agreements are drafted in the future, Mr. Kraft says. Furthermore, lawyers are recommending that taxpayers who received similar awards in the past few years and paid taxes on them should consider filing amended returns seeking refunds. (Generally, taxpayers have to file a refund claim within three years from the date they filed the original return, or within two years after the date they paid the tax, whichever is later, the IRS says.)

"The likely immediate effect of this case will be to trigger thousands of refund claims," says Mary B. Hevener, a Washington lawyer at Baker & McKenzie.

An IRS spokeswoman referred questions to the Justice Department, where a spokesman says the government hasn't decided on its next step.

The winner in the appeals court decision is Marrita Murphy, who was represented by David Colapinto, a Washington lawyer at Kohn, Kohn & Colapinto. According to the appeals court opinion, she filed a complaint in 1994 with the U.S. Labor Department alleging that her former employer, the New York Air National Guard, in violation of various whistle-blower statutes, had "blacklisted" her and given unfavorable references to potential employers after she complained to state authorities of environmental hazards at a New York Air National Guard air base.

The department said Ms. Murphy should get $70,000 in compensatory damages, of which $45,000 was for "emotional distress or mental anguish" and $25,000 for "injury to professional reputation" from having been blacklisted. None of the award was for lost wages or diminished earning capacity, the court said.

Ms. Murphy paid taxes on the award and later filed an amended return seeking a refund. The IRS said no. She lost her case at the district-court level. The appeals court rejected her argument that the award was for "physical personal injuries" -- but decided that the award didn't fall within the meaning of the term "incomes" as used in the 16th Amendment, which was ratified in

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1913 and authorized Congress to collect an income tax. The court called a 1996 tax-law change "unconstitutional" insofar as it permitted taxation of damage awards for mental distress and loss of reputation.

"It's been a long, hard, uphill battle," Ms. Murphy said yesterday. "The personal cost is extremely high. It affects every area of your life. But it's going to help other people."

Some lawyers, including Donald Alexander, a former IRS commissioner, think the decision will be overturned. Meanwhile, the subject remains murky. "If Einstein was confused before Murphy, he'd be a whole lot more confused now," says Ms. Hevener of Baker & McKenzie. * * *

Taxpayers will have more choices for direct deposit of their refunds next year.

Starting in January, taxpayers will be able to split their federal income-tax refunds for 2006 among up to three financial accounts, the IRS said. An "account" can include an individual retirement account.

The IRS has posted a draft of Form 8888 on its Web site (irs.gov). * * *

Briefs: The Senate Finance Committee plans a Sept. 6 hearing called "Executive Compensation: Backdating to the Future." Among the issues: backdating of stock options.

CONGRESS-ADMINISTRATION:

Tomlinson Cited For Abuses At Broadcast Board (WP)

By Paul Farhi

The Washington Post, August 30, 2006

A year-long State Department investigation has found that the chairman of the agency that oversees Voice of America and other government broadcasting operations improperly used his office, putting a friend on the payroll and running a "horse-racing operation" with government resources.

The report, released yesterday, marks the second time in less than a year that an internal investigation has found evidence of rules violations by Kenneth Y. Tomlinson, chairman of the Broadcasting Board of Governors.

In November, the Corporation for Public Broadcasting inspector general found that Tomlinson had made improper hires, had tried to tamper with PBS's TV programming and appeared to show political favoritism in selecting CPB's president while he was chairman, Tomlinson resigned his CPB post that same month.

The new allegations against Tomlinson, 62, stem from his chairmanship of the BBG, which oversees the federal government's array of international broadcasting services, including VOA, Radio and TV Marti in Cuba and Radio Free Europe/Radio Liberty.

Tomlinson defended his performance as BBG chairman, saying, "I believe it will become clear that this [inspector general] investigation was inspired by partisan divisions."

Although the Broadcasting Board of Governors and the Corporation for Public Broadcasting are unrelated entities, Tomlinson's alleged violations overlapped both federal agencies. He conducted CPB work and "personal matters" while working for the Broadcasting Board, and directed BBG employees to do the same, the State Department's investigation found. Investigators said he received compensation from both the BBG and CPB for the same days worked on 14 occasions, but did not specify an amount.

The investigation also found that Tomlinson -- a former Reader's Digest editor and longtime Republican ally of White House political adviser Karl Rove -- helped hire a friend as a BBG contractor without the knowledge of other board or staff members. The friend -- whose name was withheld from a public summary of the investigation but whom Tomlinson identified as retired VOA employee Les Daniels -- received nearly $245,000 for unspecified services over a two-year period. Tomlinson signed the invoices for these payments even though there was no documentation that the work had been completed, investigators said.

That accusation is similar to one made last year by CPB's inspector general, who found that Tomlinson employed contractors without documentation, including a still-mysterious Indiana man who was paid to monitor the number of conservative and liberal guests who appeared on PBS talk shows.

The most sensational complaint against Tomlinson might be that he used government resources to support his stable of thoroughbred racehorses, potentially violating federal embezzlement laws. Tomlinson has had a lifelong interest in breeding and racing horses. Upon his retirement from Reader's Digest in 1996, he began to devote himself to raising horses at his ranch, Springbrook Farm, near Middleburg.

The investigation determined that Tomlinson used his office for his thoroughbred activities, but the summary offers no details.

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The State Department said it turned its report over to the Department of Justice, which has declined to bring criminal charges against Tomlinson. The allegation involving the contractor, however, is pending in DOJ's civil division.

Tomlinson, who is attending a conference in Berlin, said via e-mail yesterday that he made "diligent efforts" to bill each board for the work he did. "It is well known and accepted by all," Tomlinson wrote, "that because of the importance of what I was doing in the war on terror that I would be working more than 130 days a year," which is the statutory maximum.

He also wrote that he devoted an average of one e-mail and 2 1/2 minutes a day at the office to his horse operations. "In retrospect," he wrote, "I should have been more careful in this regard."

The inspector general's report was made public by three Democratic members of Congress: Reps. Howard Berman and Tom Lantos, both of California, and Sen. Christopher Dodd of Connecticut. The three legislators requested the investigation last year after being contacted by an anonymous BBG employee.

The lawmakers called for Tomlinson's removal yesterday and urged President Bush in a letter to "take all necessary steps to restore the integrity of the Broadcasting Board of Governors."

A White House spokeswoman, Emily Lawrimore, said Bush continues to support Tomlinson's pending renomination as BBG chairman. She had no further comment.

Broadcasting Board Chairman Misused Funds, U.S. Probe Says (WSJ/AP)

The Wall Street Journal, August 30, 2006

WASHINGTON -- The chairman of the Broadcasting Board of Governors misused government money on several occasions, overbilling for his time and funneling unauthorized contracts to a friend, State Department investigators concluded.

According to a summary of a report by the State Department's inspector general, Kenneth Tomlinson misused government funds for two years as chairman of the organization, which oversees the Voice of America, Radio Free Europe and other U.S. government broadcasting abroad.

Mr. Tomlinson stepped down last fall as a board member of the Corporation for Public Broadcasting amid allegations of promoting conservative programming.

The State Department investigation found that Mr. Tomlinson, as a political appointee to the Broadcasting Board of Governors, signed invoices worth about $245,000 for a friend without the knowledge of other board members or staff.

Mr. Tomlinson also used the board's resources to support his private horse-racing operation and overbilled the organization for his time, in some instances billing both the Broadcasting Board of Governors and the Corporation for Public Broadcasting for the same time worked.

Investigators noted in the summary of the report that the U.S. attorney's office in Washington had decided a criminal investigation wasn't warranted. A civil investigation, however, on charges stemming from hiring his friend as a contractor was still pending, the summary said.

Mr. Tomlinson said he believed the investigation results were "inspired by partisan divisions inside the BBG." Regarding the double billing, Mr. Tomlinson said he was in the unusual position of serving as chairman of two boards at the same time but still made "diligent efforts" to properly bill each board.

On charges of using government funds for his horse farm, Mr. Tomlinson said: "I am confident that I spent far more time on broadcasting responsibilities at my farm and my private residences than I spent on my horses at the office." He didn't address the allegation of hiring a friend as a contractor.

Broadcast Chief Misused Office, Inquiry Reports (NYT)

By Stephen Labaton

The New York Times, August 30, 2006

WASHINGTON, Aug. 29 — State Department investigators have found that the head of the agency overseeing most government broadcasts to foreign countries has used his office to run a “horse racing operation” and that he improperly put a friend on the payroll, according to a summary of a report made public on Tuesday by a Democratic lawmaker.

The report said that the official, Kenneth Y. Tomlinson, had repeatedly used government employees to perform personal errands and that he billed the government for more days of work than the rules permit.

The summary of the report, prepared by the State Department inspector general, said the United States attorney’s office here had been given the report and decided not to conduct a criminal inquiry.

The summary said the Justice Department was pursuing a civil inquiry focusing on the contract for Mr. Tomlinson’s friend.

Through his lawyer, James Hamilton, Mr. Tomlinson issued a statement denying that he had done anything improper.

The office of the State Department inspector general presented the findings from its yearlong inquiry last week to the White House and on Monday to some members of Congress.

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Three Democratic lawmakers, Senator Christopher J. Dodd of Connecticut and Representatives Howard L. Berman and Tom Lantos of California, requested the inquiry after a whistle-blower from the agency had approached them about the possible misuse of federal money by Mr. Tomlinson and the possible hiring of phantom or unqualified employees.

Mr. Tomlinson, a Republican with close ties to the White House, was ousted last year from another post, at the Corporation for Public Broadcasting, after another inquiry found evidence that he had violated rules meant to insulate public television and radio from political influence.

His renomination to a new term as chairman of the State Department office that oversees foreign broadcasts, the Broadcasting Board of Governors, is pending before the Senate.

Mr. Tomlinson's position at the broadcasting board makes him one of the administration's top officials overseeing public diplomacy and puts him in charge of the Voice of America and Radio Free Europe.

The State Department report noted his use of his office to oversee a stable of thoroughbreds but did not mention one specific way in which his professional responsibilities and personal interests appear to have intersected. The horses, according to track records, include Karzai, as in Hamid Karzai, and Massoud, from the late Ahmed Shah Massoud) references to Afghan leaders who have fought against the Taliban and the Russians, as well as Panjshair, the valley that was the base used by forces to overthrow the Taliban.

In providing the report to the members of Congress, the State Department warned that making it public could violate federal law, people who have seen the report said. On Tuesday, Mr. Berman released the summary.

The lawmakers who requested the inquiry sent a letter to the president on Tuesday urging him to remove Mr. Tomlinson from his position immediately "and take all necessary steps to restore the integrity of the Broadcasting Board of Governors."

A spokeswoman for the White House, Emily Lawrimore, said President Bush continued to support Mr. Tomlinson's renomination. Ms. Lawrimore declined to comment on the State Department report.

In the statement issued through his lawyer, Mr. Tomlinson said that he was "proud of what I have accomplished for U.S. international broadcasting'' and that the investigation "was inspired by partisan divisions inside the Broadcasting Board of Governors.''

He implied that it was more efficient for him to work for the Corporation for Public Broadcasting at his office at the broadcasting board. About his horse racing work, he said the inspector general had concluded that it amounted to "an average of one e-mail and two and a half minutes a day'' at the office.

He also said he spent more time on broadcasting responsibilities at his farm and residences than he spent on his horses at the office.

"In retrospect, I should have been more careful in this regard,'' he said.

Mr. Tomlinson, 62, is a former editor of Reader's Digest who has close ties to Karl Rove, Mr. Bush's political strategist and senior adviser. Mr. Rove and Mr. Tomlinson were on the board of the predecessor to the broadcasting board in the 90's. Mr. Tomlinson has been chairman of the broadcasting board since 2002.

The board, whose members include the secretary of state, has a central role in public diplomacy. It supervises the government's foreign broadcasting operations, including Radio Martí, Radio Sawa and Al Hurra; transmits programs in 61 languages; and says it has more than 100 million listeners a week.

Mr. Tomlinson's ouster in November from the Corporation for Public Broadcasting was prompted by a separate investigation by that inspector general at the corporation. That inquiry found evidence that Mr. Tomlinson had violated rules as he sought more conservative programs and that he had improperly intervened to help the staff of the editorial page of The Wall Street Journal win a $4.1 million contract, one of the corporation's largest programming contracts, to finance a weekly public television program.

The heavily edited State Department report on Mr. Tomlinson's activities at the Broadcasting Board of Governors did not identify the friend who received the improper employment contract. The report said that there was no competitive bidding to hire him, that he was retired and on a government pension when Mr. Tomlinson hired him and that he never filed the required paperwork with the board.

In his statement, Mr. Tomlinson identified the man as Les Daniels and said he had worked for 35 years at the Voice of America.

Mr. Tomlinson said, Mr. Daniels did important work as a liaison aide with the public and working on significant projects. Mr. Daniels was paid nearly $250,000 over two and a half years, ending last year.

Mr. Tomlinson was rebuked in the earlier report at the Corporation for Public Broadcasting for improperly hiring an acquaintance from a journalism center founded by the American Conservative Union. The corporation paid the person more than $20,000 to monitor public radio and television programs for bias, including "Now," with Bill Moyers as host.

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The State Department report said that from 2003 through 2005 Mr. Tomlinson had requested compensation in excess of the 130 days permitted by law for his post. The report said that he had requested and received pay from the broadcasting board and the Corporation for Public Broadcasting for the same days worked on 14 occasions but that investigators were unable to substantiate whether they were for the same hours worked on the same days.

Investigators who seized Mr. Tomlinson's e-mail, telephone and office records found that he had improperly and extensively used his office at the broadcasting board for nongovernmental work, including work for the Corporation for Public Broadcasting and the horse racing and breeding ventures. The material seized included racing forms and evidence that he used the office to buy and sell thoroughbreds.

Mr. Tomlinson owns Sandy Bayou Stables near Middleburg, Va., Records show that most of the horses have not been in the money, although Massoud appears to have been quite successful, earning purses of more than $140,000 over the last two years.

People who have seen the report said it noted that Mr. Tomlinson, on his lawyer's advice, ended an interview with investigators early. One person familiar with the inquiry said Mr. Hamilton ended the interview as the investigators began to ask about using the office for horse racing business. Mr. Hamilton would not comment about the interview.

Foreign Broadcasts' Chief Accused Of Impropriety (LAT)

By Noam N. Levey

The Los Angeles Times, August 30, 2006

WASHINGTON — The Bush administration's troubled outreach efforts to the Middle East and other areas of the world were dealt more bad news Tuesday with new allegations of impropriety by the man who oversees the federal government's broadcasts to foreign countries.

Kenneth Y. Tomlinson, a Bush appointee who chairs the Broadcasting Board of Governors, directed staff to do personal work and used government resources for his private racehorse operation, a new report by the State Department's inspector general indicates.

Forced to resign last year as head of the Corporation for Public Broadcasting amid revelations of impropriety, Tomlinson also doubled-billed the Broadcasting Board of Governors for working some of the same days as at the CPB, according to the report, a summary of which was obtained by The Times.

"This is serious stuff," said Rep. Howard L. Berman (D-Valley Village), who requested the investigation last year and was among three Democratic lawmakers who on Tuesday asked President Bush to remove Tomlinson.

"The role of the Broadcasting Board of Governors in the context of the current international situation … is of the highest priority," Berman said. "This is not some backwater."

The Broadcasting Board of Governors oversees all U.S. government and government-sponsored international broadcast programming in 61 languages, including Voice of America, Radio and TV Marti and two services directed to the Middle East, Radio Sawa, or "Together" in Arabic, and the satellite television network Al Hurra, or "the Free One."

Tomlinson, who was traveling out of the country, refuted the allegations in a statement released late Tuesday.

"I am very proud of what I have accomplished for U.S. international broadcasting," said the former editor of Reader's Digest and friend of Bush political strategist Karl Rove.

"I believe it will become clear this I.G. investigation was inspired by partisan divisions inside the BBG."

A White House spokeswoman said Tuesday that Bush continued to support Tomlinson, whose renomination as chairman of the broadcasting board is pending before the Senate.

Federal prosecutors have declined to investigate the case for criminal wrongdoing, according to the State Department report. But the new allegations seemed to portend more trouble for Tomlinson and the White House.

The Bush administration's campaign to build support in the Middle East and other areas of the Islamic world have already been derided as crude propaganda by some critics.

U.S. efforts have been undermined by a series of public relations disasters, including the appearance in April 2004 of graphic photos showing abuse of detainees at Iraq's Abu Ghraib prison.

More recently, Al Hurra has been investigated for misuse of money, reportedly for procurement and contracting.

Tomlinson, 62, became the focus of unwelcome publicity last year amid allegations that he broke federal law, along with internal rules and ethics codes, in his efforts to bring more conservatives into the Corporation for Public Broadcasting.

He resigned as chairman of CPB in November ahead of an internal investigation that showed he worked with Bush administration officials, including Rove, to find a president for the agency, which is supposed to act as a buffer between Congress and public broadcasting stations.

Tomlinson denied any wrongdoing at the time.

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The State Department investigation found that Tomlinson helped secure nearly $250,000 worth of business at the Broadcasting Board of Governors for a personal friend without the knowledge of other board members and staff. Investigators could find no written reports of what the friend did.

The investigation also revealed that Tomlinson used the board's computers and telephones for work on his private racehorse business.

Investigators found that Tomlinson overbilled the Broadcasting Board of Governors for work by claiming compensation for more than the 130 days per year that the law allowed him to work and double-billed the board of governors and the CPB for work done on the same day.

Tomlinson dismissed the allegations Tuesday, noting that he "made diligent efforts to bill each board only for the work I did for each board."

He said his work on the horses while at the broadcasting board came out to "an average of one e-mail and two and a half minutes a day."

Rove's Influence Undiminished By Scandal (AP-Y)

By Nedra Pickler, Associated Press Writer

AP, August 30, 2006

Karl Rove was not "frog-marched" out of the White House in handcuffs as his detractors had hoped, but the past year was certainly a low point for President Bush's close friend and chief political strategist.

A criminal investigation put Rove under scrutiny for months, then he was forced to surrender a key policy role in a move that raised questions about his authority in the White House.

While Rove fought the allegations and kept a low public profile, he never lost his unparalleled influence on the president, say those close to him.

"The history of a lot of folks in these jobs is that they are hired guns," Republican National Committee Chairman Ken Mehlman said. "With Karl, you have someone who has been central to what the president has been doing for decades."

Mehlman and others in the White House say Rove gave up his responsibilities as chief policy coordinator in April, but remains heavily involved in all aspects of domestic and international policy.

The coordinator role had turned Rove into an internal White House diplomat, trying to coordinate different views into a coherent position while maintaining neutrality. Some felt it stretched the political strategist too thin.

The slimmed-down portfolio leaves Rove freer to focus on politics, look at the big picture and provide a gut-check in a White House that has struggled with missteps that may leave Republicans vulnerable in the midterm congressional elections.

Rove fell under a legal cloud after a grand jury, starting late in 2003, began investigating the leak of a CIA officer's identity to reporters. He learned in June that he would not be indicted.

With that threat behind him, Rove is back to his old playful self — sporting Elvis sideburns on a recent trip to Memphis with the president and traveling around the country for lucrative storytelling to GOP donors.

The Republican base never flinched at suggestions that Rove tried to smear administration critic Joe Wilson by revealing his wife's role as a CIA operative.

Publicity surrounding the case seems even to have increased Rove's stature among Republicans and contributed to an almost mystical view of the longtime Bush strategist among the party faithful because he came out on top.

At a recent presidential fundraiser near Bush's Texas ranch, a line that formed for photos with Rove was nearly as long as the line waiting to see the president.

Rove is an impressive fundraiser himself, bringing in $10.4 million in 75 events this cycle, more than any other Republican official besides the president, first lady and vice president.

"He came out clean," said Robert Pruger, one of the donors who recently paid $1,000 to hear Rove speak in Toledo. "When your opponent hits you and it doesn't stick, you end up stronger for it."

The fundraiser aided the campaign of Ohio gubernatorial candidate Ken Blackwell. Financial consultant Cleves Delp was told that if he helped stage the fundraiser, he could get any leading conservative he liked to attend.

Rove wasn't the first choice, but Supreme Court Justice Clarence Thomas couldn't raise money for the GOP, Delp learned.

Instead he got Rove, who mingled at Delp's home before the main event. Donors paid at least $10,000 each for the privilege of meeting Rove privately.

Delp was thrilled with the stories Rove told about what happened behind the scenes following the terrorist attacks on Sept. 11, 2001. He said if more voters heard Rove's inside tales of the war on terror, Republicans might be in better shape.

"That's the problem," Delp said. "Maybe we're not feeling the sense of what happened that day. We need to be reminded of that more often."

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As if on cue, Rove took to the podium and invoked the memory of Sept. 11, when his secretary called to tell him the news. "I walked five feet over and told the president of the United States that a plane had flown into the World Trade Center," Rove said. "They didn't know whether it was a big plane or a little plane, a commercial plane or a private plane."

If Rove experienced any pain from having his own reputation questioned, it hasn't stopped him from tearing down political opponents with attacks on their credibility.

Once again he's using the tactic that helped Bush win re-election in 2004 — suggesting that Democrats cannot adequately protect the country from terrorists.

"The problem for these Democrats is that their policies would have consequences and their policies would make us more, not less, vulnerable," Rove said from a podium beneath the beamed, vaulted ceilings and brass chandeliers of the Inverness Country Club in Toledo. "And in war, weakness emboldens your enemies and it's an invitation for disaster."

He even targets those who are decorated military veterans like Massachusetts Sen. John Kerry and Pennsylvania Rep. John Murtha.

Rove recently said those Democrats "may be with you at the first shots, but they are not going to be there for the last tough battles."

He criticizes the media too. A favorite target is The New York Times and its role in revealing the administration's secret tracking of terrorist financing. He recently said journalists often criticize political professionals because they want to draw attention away from the "corrosive role their coverage has played focusing attention on process and not substance."

That might offer a clue to why Rove declined to be interviewed for this article and quickly left the Toledo fundraiser — a rare public forum that attracted a media pack that chased him out to his car.

Asked about his recent weight loss, Rove, without mentioning the liquid-based diet supervised by Dr. Arthur Frank at George Washington University, smiled and told reporters he'd lost 22 pounds through "clean living."

The mischievous Rove stuck his head out of the car before it sped off to add gleefully: "And avoiding you guys."

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, August 30, 2006

'Leaner and Meaner' Rove Has Less Weight to Throw Around

With all those campaign hot dogs and ice cream, most political types pack on weight in the summer -- but Karl Rove has dropped 22 pounds. "He has slimmed down," said Rep. Jim Moran , who saw Rove a couple of weeks ago. "He looks leaner and meaner than he's ever looked -- at least leaner."

How did he do it? Last week, Rove said his diet secret was "clean living." The White House isn't commenting, but the Associated Press reported yesterday that Rove used a "liquid-based diet" (sources tell us that means protein shakes) supervised by physician Arthur Frank of the George Washington University Weight Management Program.

Moran is halfway through his own weight loss challenge; the Virginia Democrat had lost 20 pounds but slipped this week. "This trip to New Orleans was a killer," said Moran on the phone from his tour of the Gulf area. "I'm deliberately not looking at a scale until I get back." (In the "too good to resist" category: fried oysters, gumbo and pecan pie.)

Said political strategist Michael Berman , a veteran of the Beltway weight wars: "I always do better in winter -- I have no idea why; it's just easier to be disciplined." The author of "Living Large" gained and then lost 12 pounds this summer with protein powder and yogurt, fruit, and only vegetables when he dined out.

And what about President Bush, who gained five pounds with all those 60th-birthday celebrations? "We don't make him do weekly weigh-ins, but as you know, he's an avid exerciser and is in excellent health," said spokeswoman Dana Perino. "He's glad the birthday cakes have stopped coming."Love, Etc.

Â· Matched: Rep. Steve Rothman (D-N.J.), 53, who got teased when gossip columns and his hometown paper discovered his online personal ad two years ago (brown-eyed Libra, enjoys swimming, wine and jazz), had the last laugh Aug. 18 when he married Jennifer Anne Beckenstein , 48 -- a food bank publicist whom he met through Jdate.com -- in Nyack, N.Y. The two will honeymoon later in the year, his office said; for now, they're busy combining their five teens into one household in Fair Lawn, N.J.Update

The Federal Election Commission has dismissed a conservative group's complaint against hip-hop mogul Sean Combs's 2004 "Vote or Die" initiative, after determining that Diddy indeed rocked it nonpartisan-style as promised. In a late July ruling -- disclosed recently to Combs's high-powered D.C. attorney Abbe Lowell -- the election overseers found no merit in claims that the not-for-profit Citizen Change promoted or colluded with the John Kerry campaign. Despite anti- Bush comments mouthed at get-out-the-vote rallies by Mary J. Blige and Leo DiCaprio , the FEC noted that Citizen Change also allied with prominent

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Republicans like Jessica Simpson and Kid Rock . The National Legal and Policy Center, which filed the complaint, is also asking the IRS to investigate the group's spending, President Peter Flaherty told us yesterday.Quote

"I only play somebody smart enough to ask those questions."

Former "West Wing" actor Rob Lowe, asked what he would say to President Bush and New Orleans Mayor Ray Nagin about the city's Ninth Ward, still devastated a year after Hurricane Katrina hit. Lowe, who's shooting a movie in New Orleans, happened to be at Mother's restaurant Monday night when Bush and Nagin dined in the next room.Quote

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Women Suddenly Scarce Among Justices' Clerks (NYT)

By Linda Greenhouse

The New York Times, August 30, 2006

WASHINGTON, Aug. 29 — Everyone knows that with the retirement of Justice Sandra Day O'Connor, the number of female Supreme Court justices fell by half. The talk of the court this summer, with the arrival of the new crop of law clerks, is that the number of female clerks has fallen even more sharply.

Just under 50 percent of new law school graduates in 2005 were women. Yet women account for only 7 of the 37 law clerkships for the new term, the first time the number has been in the single digits since 1994, when there were 4,000 fewer women among the country's new law school graduates than there are today.

Last year at this time, there were 14 female clerks, including one, Ann E. O'Connell, who was hired by William H. Rehnquist, the chief justice who died before the term began. His successor, Chief Justice John G. Roberts Jr., then hired Ms. O'Connell.

Justice Samuel A. Alito Jr., who joined the court in January, hired Hannah Smith, who had clerked for him on the appeals court where he had previously served. So by the end of the term, and counting Ms. O'Connell twice, there were 16 women among the 43 law clerks hired by last term's justices.

After years in which more than a third of the clerks were women, the sudden drop was a hot topic this summer on various law-related blogs. Word of the justices' individual hiring decisions spread quickly among those for whom the comings and goings of law clerks are more riveting than any offering on reality television.

Who are these young lawyers who are the subject of such interest? They do not, contrary to myth — propagated in part by law clerks themselves — run the court. They do play a significant role in screening new cases, though, and they help their justices in preparing for argument and in drafting opinions.

While their pay is a modest $63,335 for their year of service, a Supreme Court clerkship is money in the bank: the clerks are considered such a catch that law firms are currently paying each one they hire a signing bonus of $200,000.

In interviews, two of the justices, David H. Souter and Stephen G. Breyer, suggested that the sharp drop in women among the clerkship ranks reflected a random variation in the applicant pool.

But outside the court, those who care about what goes on inside are thirsting for more than statistical randomness as an explanation.

A post on one popular legal Web site, the Volokh Conspiracy, asked, "Why so few women Supreme Court clerks?" and drew 135 comments during a single week in July. The answers included the relative scarcity of female students among the top editors of the leading law schools' law reviews — an important preclerkship credential — and the absence of women among the "feeder judges," the dozen or so federal appeals court judges who, year in and year out, offer a reliable pipeline to the Supreme Court for their own favored law clerks.

Some speculated that Justice Antonin Scalia, who hired only two women among 28 law clerks during the last seven years and who will have none this year, could not find enough conservative women to meet his test of ideological purity. (Justice Clarence Thomas will also have no female clerks this year, but over the preceding six years hired 11.)

In a brief telephone interview, Justice O'Connor said she was "surprised" by the development, but declined to speculate on the cause.

Justice Ruth Bader Ginsburg expressed no such surprise. In a conversation the other day, she knew the numbers off the top of her head, and in fact had noted them in a speech this month in Montreal to the annual meeting of the American Sociological Association, during which she also observed with obvious regret that "I have been all alone in my corner on the bench" since Justice O'Connor's retirement in January.

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Justice Ginsburg, who will have two women among her four clerks, declined during the conversation to comment further on the clerkship numbers. Why not ask a justice who has not hired any women for the coming term, she suggested.

One who is in that position, Justice Souter, said he was disappointed to find himself without any female clerks. He explained that he had hired the top four applicants, who turned out to be men.

In recent years, more than a third of Justice Souter's law clerks have been women; since women rarely make up as much as a third of the applicant pool, he said, they have been somewhat overrepresented among his hires.

"I've found that a mix is a wonderful thing," he said, speaking from his home in New Hampshire.

Unaware of the overall drop in numbers, Justice Souter said he assumed it reflected no more than a random variation among this year's applicants.

That was also the assessment offered by Justice Breyer, who nonetheless has hired his usual total of two women for his four law clerk positions.

In the last seven years, Justice Breyer has hired more women than any other member of the court; more than half his law clerks, 15 of 28, have been women, a result, he said in an interview from his chambers in Boston, not of any conscious effort but of choosing the best available candidates.

With the number of women in clerkships high by historical standards until now, attention has been focused on a lack of ethnic and racial diversity among the clerks. There are no reliable figures, but the clerkship cadre remains overwhelmingly white.

It was not until the 1940's that any justice hired either a female or black law clerk.

Justice William O. Douglas hired the first female clerk, Lucille Lomen, in 1944, and it was 22 years before Justice Hugo L. Black hired the second, Margaret Corcoran. The first black clerk, William T. Coleman Jr., who is still practicing law here, was hired by Justice Felix Frankfurter in 1948.

Justice Frankfurter was not, however, ready to hire a woman when the dean of Harvard Law School strongly recommended a former star student in 1960. He turned down Ruth Bader Ginsburg.

Measuring The Body Politic (WP)

By Dana Milbank

The Washington Post, August 30, 2006

Studies released last week show that being just a few pounds overweight can shorten your life. By the government's method of calculation -- body mass index -- even the famously fit President Bush is overweight, with a BMI of 27.0, well above the 24.9 cutoff (but below the 30 cutoff for obesity). Former president Bill Clinton has been measured at 28.3, while older BMI calculations have put Vice President Cheney at 30.1 and Sen. Edward M. Kennedy (D-Mass.) at 34.2 (this according to the Web site DietPower.com, though Kennedy has lost weight recently).

To get the skinny on congressional health, The Washington Post asked each Senate office to supply the senator's BMI, which is a calculation based on height and weight. Only eight of the 100 complied, and they were quite lean. An aide to Thad Cochran (R-Miss.) didn't have the senator's exact height and weight but guessed that he has a BMI of 23. "He plays tennis twice a week," said Jenny Manley, a spokeswoman. A suspicious Allyn Brooks-LaSure, spokesman for Robert Menendez, (D-N.J.), responded: "You're trying to get me fired, aren't you?"

Some of the shortest members of the Senate -- Barbara Boxer (D-Calif.), Barbara A. Mikulski (D-Md.), Mike DeWine (R-Ohio) and Herb Kohl (D-Wis.) -- did not respond. The BMI calculation tends to discriminate against the more compact among us.

"With all due respect, I have no intention of asking Senator Kohl for this information," responded spokeswoman Lynn Becker.

Here's the BMI for the skinny senators who responded:

Orrin G. Hatch (R-Utah), 22.2. John F. Kerry (D-Mass.), 22.5 (6-foot-4, 185 pounds). Thomas R. Carper (D-Del.), 23.1 (6-0, 170). "He's got my bet for the best BMI in the Senate," loyal spokesman Bill Ghent said of Carper.

Wayne Allard (R-Colo), 23.5 (6-1, 178). Bill Nelson (D-Fla.), 23.9 (5-9, 162). Nelson is "an avid runner," spokesman Bryan Gulley said.

Johnny Isakson (R-Ga.), 24.5 (5-11, 176). Craig Thomas (R-Wyo.), 24.7 (6-1, 187). Thomas "runs every morning before work," spokesman Cameron Hardy said.

George Allen (R-Va.), 26.3 (6-3 3/4 , 215). "It's all muscle!" spokesman John Reid said.

To calculate BMI: Divide your weight in pounds by your height in inches, divide the resulting number by your height in inches again, and multiply that number by 703.

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OTHER NEWS:

Median Household Income Rises 1.1% (WSJ)

By Robert Guy Matthews

The Wall Street Journal, August 30, 2006

WASHINGTON -- The median income of American households rose by an inflation-adjusted 1.1% last year after falling five years in a row, the Census Bureau said in its annual report on the well-being of Americans.

But the gap between the richest and poorest Americans widened last year, continuing a trend that dates to the early 1970s with a pause in the late 1990s. The top fifth of American households claimed 50.4% of all income last year, the largest slice since the Census Bureau started tracking the data in 1967.

The new data, from telephone and in-person interviews with 114,384 households, come amid polling data that suggest concern about the economy among many middle-income Americans -- an anxiety that Democrats hope to exploit in November's congressional elections.

"There is nothing to celebrate here," said Ron Haskins, a former Bush administration official now at the Brookings Institution. "A lot of the money goes to the top, and Republicans are forever playing defense on this. The people in the middle are feeling squeezed. If Democrats aren't getting the best of the argument, they should be."

Liberal-leaning analysts yesterday emphasized that despite a robust economy, the rich are getting richer while the poor are treading water. Conservative-leaning analysts emphasized that the median household income is up and the poverty rate is flat.

The Census Bureau said the number of Americans without health insurance rose by 1.4 million last year to 46.6 million, or 15.9% of the population. The poverty rate barely budged, falling to 12.6% from 12.7%, a change the bureau said isn't statistically significant but is an early signal that the poverty rate is starting to level off after four years of increases. About 37 million Americans were living below the official poverty line in 2005. (See related article.5)

The income of the median household -- the one at the point at which half of the households have more and half have less income -- was $46,326 in 2005, up from $45,817 the year before. Although the overall economy has grown 11.7% since the recessionary year of 2001, the income of the median household is down 0.5% in that period.

Moreover, earnings for full-time workers employed year-round dropped last year. The median man's earnings declined 1.8% to $41,386 and the median woman's earnings declined 1.3% to $31,855. The measure doesn't include employer-provided health and similar noncash benefits.

Daniel Seybert of Newton Falls in northeastern Ohio counts himself among those not seeing the robust national economy in his household finances. "We have been regressing, with higher gas prices and I am paying a lot more in county and state property taxes," said the 47-year-old Mr. Seybert, who earns about $43,000 a year after 28 years in a tire factory. "When I built my home in 1999, I paid $1,200 in property taxes. Now they are $2,400. That's just money out of pocket."

The interest on the home-equity loan on his two-story, three-bedroom colonial has risen 14 times. He has to work side jobs as a handyman to have "spending money." And because he can't afford a new car, he is driving a 1998 Pontiac Firebird with 135,000 miles. His wife, a bookkeeper for a trucking company, is about to lose her $22,000-a-year job because the company plans to leave the area.

While the median household income rose 1.1%, the average income of households in the bottom 20% rose just 0.6%. Within the top 20%, the gains were concentrated among the richest 5%. The Census Bureau's income calculations include wages, interest, dividends and government cash benefits but exclude capital gains and noncash employee and government benefits. They also exclude the effect of taxes, which tend to narrow the gap between the rich and the poor, although less so as a result of the Bush administration's tax cuts, according to some evidence.

The Census Bureau didn't try to pinpoint the source of the widening income gap. But other data suggest that the richest households have benefited from growing performance-related pay, such as bonuses and stock options, and rising executive compensation generally. In addition, the economy lately has favored workers with more education and training while unskilled workers must increasingly compete with low-wage workers in poorer countries and immigrants.

Bruce D. Meyer, a professor at the University of Chicago's Harris School of Public Policy Studies, said that the numbers are flawed. "Our official statistics are too gloomy," he said. "The middle has been doing better than the numbers suggest." Because the numbers don't reflect other income such as food stamps, housing assistance, Medicaid, mortgage deduction and other kinds of wealth transfers, they make Americans look worse off than they really are, he argued.

But Greg Hinds, a 35-year-old maintenance mechanic for a paper company in Menasha, Wis., said he isn't optimistic about prospering in coming years, because of increased health-care costs and no expected large increases in his salary. He and his

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wife earn about $70,000 annually and have two children, putting the family in the upper-middle-class range for the area. "I am personally holding my line at home with finances, but it is getting tough," he said.

"Our health-care costs compared to five years ago have doubled," he said. His share of health-insurance premiums rises next week to $52 a week from $19. He said he pays roughly $3,000 a year in deductibles and co-payments and expects that to rise.

The Census Bureau said much of the gains among middle-income households nationally came among foreign-born households. The median income of households headed by natives rose 0.2% to $46,897; among those foreign-born, the median income was up 3.3% to $42,040 with the strongest gains among naturalized citizens.

Median income grew strongest in the Northeast, up 2.9% to $50,882 last year, but dropped 0.4% in the Midwest, to $45,950, where the decline in manufacturing jobs continues to reduce earnings.

Census Reports Slight Increase In '05 Incomes (NYT)

By Rick Lyman

The New York Times, August 30, 2006

The nation's median household income rose slightly faster than inflation last year for the first time in six years, the Census Bureau reported yesterday.

The rise, however, had little to do with bigger paychecks — in fact, both men and women earned less in 2005 than 2004. Rather, census officials said, more family members were taking jobs to make ends meet, and some people made more money from investments and other sources beyond wages.

The glimmer of improvement came after years in which the economy slogged through the bursting of the 1990's stock market boom, a brief economic downturn, the aftershocks from the 2001 terrorist attacks, a series of corporate scandals and growing evidence of a deepening divide between rich and poor.

While the economy has been strong by most statistical measures for the past several years, its benefits have not translated into improvements in the standard of living for many people. In New York, the proportion of city residents living below the poverty level has not changed in the last five years. [Page B1.]

Nationally, the small uptick in median household income reported yesterday, 1.1 percent, was not enough to offset a longer-term drop in median household income — the annual income at which half of the country's households make more and half make less.

That figure fell 5.9 percent between the 2000 census and 2005, to $46,242 from $49,133, according to an analysis of the data conducted for The New York Times by the sociology department of Queens College. The difference was so sharp, in part, because the 2000 census measured 1999 income, which was at the height of the dot-com bubble.

Still, census officials were upbeat at a news conference while announcing the new data, also pointing out that the number and percentage of those living below the poverty line held steady in 2005 after four consecutive annual increases.

The White House seized on the positive numbers, which had been in short supply in previous recent census reports.

"Unemployment is low, wages are rising, and there are more jobs in America today than at any other time in history," said Rob Portman, director of the Office of Management and Budget. "While we still have challenges ahead, our ability to bounce back is a testament to the strong work ethic of the American people, the resiliency of our economy and pro-growth economic policies, including tax relief."

Within hours of the data's release, political partisans on both sides were parsing it for advantage in the upcoming midterm elections, what with both houses of Congress in play and voters' assessments of the nation's economic health likely to play a role in the outcome.

"Today's census report confirms that most working families have not been able to make much economic progress in the last year, and they still have not made up the ground lost since President Bush took office," said Senator Jack Reed of Rhode Island, the ranking Democrat on the Joint Economic Committee.

Republicans responded in kind.

"While many Democrats have jumped on the opportunity to point out some statistics today, we can't forget that the economy remains strong," said Carolyn Weyforth, spokeswoman for the Senate Republican leader, Bill Frist. "Yes, there are some disconcerting numbers that Senator Frist feels that Congress must continue to address, but by no means do these numbers mean that the economy is anything but strong and continuing to grow."

The new data also showed continuing erosion in the percentage of Americans covered by health insurance. In 2005, an estimated 46.6 million people had no coverage, up 1.3 million since 2004 and increasing the percentage of Americans without health coverage from 15.6 percent of the population to 15.9 percent.

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After recent decreases in the numbers of children without health insurance, this year's data found that their numbers grew between 2004 and 2005, rising from 10.8 percent of those under 18 to 11.2 percent.

The 5.9 percent drop in median household income since 1999 was not shared equally around the country. In Michigan, median household income fell 11.9 percent between 1999 and 2005. In North Carolina, it was 11.2 percent, in Utah 10.4 percent and in Indiana 9.5 percent.

But in some states, the impact was not nearly so great: a drop of 2.5 percent in New York, 2.4 percent in South Dakota and 1.9 percent in New Hampshire. In the District of Columbia and six states — Hawaii, Maine, Maryland, Montana, North Dakota and Virginia — the change was so small that it fell within the survey's margin of error.

David Johnson, chief of the housing and household economic statistics division, also noted some persistent signs that Americans from different income groups were not sharing equally in the country's recent economic good fortune.

He pointed out that slightly more than half of the nation's income was going to the top 20 percent of wage earners at the same time that the number living in poverty remained essentially unchanged, at about 37 million people.

"That could represent an increase in inequality," Mr. Johnson said.

In fact, the Queens College study found that — at least between the two years studied, 1999 and 2005 — there was less economic disparity across the country. In 1999, at the height of the dot-com bubble, those in the top 20 percent in income made 19 times more than those in the bottom 20 percent, while in 2005 that gap had fallen to 14.8 times as much.

In 2005, the poor accounted for 12.6 percent of the population, roughly the same as in 2004. The only racial group that saw any improvement in their poverty rate over the year was non-Hispanic whites, a group that had 8.7 percent below the poverty line in 2004 and 8.3 percent in 2005.

And advocates for the poor pointed out that, although the numbers living below the poverty line held steady between 2004 and 2005, there has been a sharp increase in those living in extreme poverty.

The average person living in poverty actually earned $3,236 less than the poverty line — $19,971 for a household of four — in 2005, the highest such gap ever measured by the Census Bureau, said Robert Greenstein, executive director of the Center on Budget and Policy Priorities, a liberal research group. And 43 percent of the poor earned less than half of the poverty limit, Mr. Greenstein said, again the highest such percentage ever recorded.

"This is further evidence that the nation's economic recovery has had very limited reach, with many low- and medium-income families not sharing in the game," he said.

The new census data also helped paint a picture of those living at the top and bottom of the nation's income ladder in 2005.

Those in the top fifth in income were overwhelmingly more likely to live in metropolitan areas than rural ones, 90.8 percent to 9.2 percent. But within those metro areas, they were significantly more likely to be found in the suburbs, with 29.3 percent living within the dominant city limits and 61.5 percent living outside.

Wealthy Americans were also much more likely to be part of a married couple living in a single-family household (79 percent of those in the top fifth), to be a non-Hispanic white (81.2 percent) and to have two or more wage earners in the household (76.3 percent).

Meanwhile, those living in the bottom fifth in income could be found in disproportionate numbers in rural areas (21.2 percent of this group lived outside metro areas compared with 9.2 percent of the wealthiest) and to live in non-family households (59 percent of the poor compared with 12.5 percent of the wealthy).

A study of the data by the Carsey Institute at the University of New Hampshire found that children in rural areas were particularly hard hit, with the percentage living in poverty in 41 states higher in 2005 than it was five years before.

Blacks made up 20.6 percent of those living in the bottom fifth, compared with 5.8 percent of those in the top fifth. Hispanics were 13.4 percent of the bottom group and 5.9 percent of the top one.

Family Income Up, But Not Pay (USAT)

By Dennis Cauchon

USA Today, August 30, 2006

Household income rose faster than inflation last year for the first time since 1999, but families got ahead only by working at more jobs that paid less money, the Census Bureau reported Tuesday.

Median household income adjusted for inflation climbed 1.1% to $46,326 in 2005. That means half of U.S. households earned more and half earned less. Per capita income rose 1.5% to $25,036, the agency said.

The rise in income hid some somber news.

Earnings actually fell for people working full time. Household income rose because more people in the households worked, although at lower-paying jobs. Median earnings of men declined 1.8% last year. For women, the decline was 1.3%.

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"It tells us the economy is still not generating the higher-paying jobs we'd like to see," says Douglas Besharov of the American Enterprise Institute, a conservative think tank in Washington. He says some of the earnings decline reflects demographic changes found in an aging population: older workers cutting back on hours and more women entering the workforce as their children grow up.

Immigrants made progress last year, enjoying a 3.3% increase in median household income to $42,040. For people born in the USA, income climbed 0.2%, to $46,897.

Black households fared worse: Income dropped 0.8% to $30,858. Asians did best: a 2.8% increase, to $61,094, cementing their status as the most prosperous racial or ethnic group. Hispanic income grew 1.6% to $35,967. Non-Hispanic whites had a 0.5% increase to $50,784.

The Census Bureau also reported on:

·Poverty. The portion of Americans living in poverty was 12.6% in 2005, essentially unchanged from 2004. The poverty rate had been rising since 2000. About 37 million people in 2005 lived in poverty, defined as annual income of $19,971 or less for a family of four.

·Seniors. Income jumped 2.8% for people 65 and older. Older Americans benefited from greater income from Social Security, pensions and dividends.

·Women. Wages for full-time female workers were 77% of men's wages. Women's wages have risen in relation to men's from 71% in 1995.

The Census report is an imperfect measure of income and poverty. The numbers do not include the value of food stamps, housing subsidies, Medicaid, Medicare or the earned income tax credit.

The earned income tax credit is the nation's largest cash assistance program for the poor, providing an average of $1,600 to 21 million households in 2005.

University of Notre Dame economist David Betson says the income trend is "not good news for the American worker. We keep saying, 'You'll get yours in the future.' At some point, that future is supposed to arrive."

At Last, Buoyant Economy Lifts Incomes (CSM)

By Alexandra Marks

The Christian Science Monitor, August 30, 2006

NEW YORK

For the first time since 1999, Americans have seen an increase in the amount of money in their pockets.

The nation's real median income was up 1.1 percent from 2004 to 2005, reaching more than $46,000, the US Census Bureau reported Tuesday. That's about $500 more than last year.

At the same time, the poverty rate has stabilized, after ticking upward for several years.

The numbers are an indication that the benefits of the economic recovery are finally reaching some in the middle class, economists say, even as they acknowledge that large income disparities among Americans remain.

"As this economic expansion has matured, wage pressures have increased and more is going out to labor," says Anthony Chan, chief economist of JPMorgan Private Client Services in New York. "But we must understand that labor has been squeezed and profit margins have gotten wider. This is not just a result of domestic forces, but mostly due to global forces that in most instances are beyond anyone's control."

Critics note that the middle class is still lagging economically from where it was in 2000, when the median household income was $47,599. That's about $1,300 more than today's median income, or about 3 percent higher. That long-term drop in income came even as productivity growth shot up 17 percent.

"While we certainly applaud the median household getting ahead, it's a day late and a dollar short," says Jared Bernstein, director of the Living Standards Program at the Economic Policy Institute, a nonprofit, nonpartisan think tank in Washington. "You've got to ask yourself, compared to what? A percentage point real gain at this stage of the recovery, which has been stellar in productivity terms, is indicative of a pretty unbalanced recovery." Poverty rate stabilizes

The Census data also show the poverty rate has stabilized over the past year at about 12 percent.

But an analysis of Census data reveals no virtually no change in the mean income of the bottom 20 percent of income earners over the past 10 years, while those in the top 20 percent saw their incomes increase by 15 percent.

"It says for a long period we have been in an economy where economic growth is not trickling down to the poor," says Sheldon Danziger, a professor of public policy at the University of Michigan in Ann Arbor and co-director of the National Poverty Center. "The good news is poverty didn't go up, but the last time we really got significant drops in poverty was during the economic boom that ended with the recession of 2001." Fewer have health insurance

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Another indication of the middle- and working-class economic squeeze is found in the health-insurance data, also released Tuesday by the Census Bureau. The number of people without health insurance in 2005 increased to 46.6 million from 45.3 million the year before. That means that almost 16 percent of Americans don't have health insurance. In 1987, about 13 percent were uninsured.

"It's terrible what's going on. We've added almost 7 million people to the ranks of the uninsured in the last five years," says Dr. Henry Simmons, president of the National Coalition on Health Care in Washington. "We're on a very frightening course, and the problem is worse than the report indicates, because people are paying more out of pocket and getting less coverage."

The Census data found that the percentage of people who got health-insurance coverage through their employers dropped from 2004 to 2005, from 59.8 percent to 59.5 percent. At the same time, the number of people covered by government insurance programs like Medicare and Medicaid rose to 80.2 million, from 79.4 million. But that increase didn't change the share of people covered by the government. That remained steady at 27.3 percent.

The greatest increase among the uninsured was among working adults. Almost 1 million more working people ages 18 to 64 were without health coverage in 2005, bringing the number to 27.3 million. The Census data underscore the challenges the deteriorating healthcare system present to many middle-income Americans, healthcare analysts say. A survey by the Commonwealth Fund earlier this month found: "Three-quarters of working-age adults say the healthcare system needs either fundamental change or complete rebuilding. Just 20 percent said only minor changes are needed."

Downward Mobility (NYT)

The New York Times, August 30, 2006

If you're still harboring the notion that the economy is "good," prepare to be disabused.

Even the best number from yesterday's Census Bureau report for 2005 is bad news for most Americans. It shows that median income rose 1.1 percent last year, to $46,326, the first increase since it peaked in 1999. But the entire increase is attributable to the 23 million households headed by someone over age 65. So the gain is likely from investment income and Social Security, not wages and salaries.

For the other 91 million households, the median dropped, by half a percent, or $275. Incomes for the under-65 crowd were hurt by a decline in wages and salaries among full-time working men for the second year in a row, and among full-time working women for the third straight year. In all, median income for the under-65 group was $2,000 lower in 2005 than in 2001, when the last recession bottomed out.

Despite the Bush-era expansion, the number of Americans living in poverty in 2005 — 37 million — was the same as in 2004. This is the first time the number has not risen since 2000. But the share of the population now in poverty — 12.6 percent — is still higher than at the trough of the last recession, when it was 11.7 percent. And among the poor, 43 percent were living below half the poverty line in 2005 — $7,800 for a family of three. That's the highest percentage of people in "deep poverty" since the government started keeping track of those numbers in 1975.

As for the uninsured, their ranks grew in 2005 by 1.3 million people, to a record 46.6 million, or 15.9 percent. That's also worse than the recession year 2001, reflecting the rising costs of health coverage and a dearth of initiatives to help families and companies cope with the burden. For the first time since 1998, the percentage of uninsured children increased in 2005.

The Census findings are yet another indication that growth alone is not the answer to the economic and social ills of poverty, income inequality and lack of insurance. Economic growth was strong in 2005, and productivity growth was impressive. What have been missing are government policies that help to ensure that the benefits of growth are broadly shared — like strong support for public education, a progressive income tax, affordable health care, a higher minimum wage and other labor protections.

President Bush is unlikely to push for those changes, wed as he is to tax cuts that mainly benefit the wealthy. But the economic agenda for the next president couldn't be clearer.

Consumer Confidence Tumbles (WSJ)

By Michael S. Derby

The Wall Street Journal, August 30, 2006

NEW YORK -- Consumer confidence suffered a major blow in August amid rising anxiety over the state of the economy, and fell to its lowest level since last fall.

The Conference Board, a private research group, reported Tuesday that its index of consumer confidence for August fell to 99.6, from a revised 107.0 in July. August's reading was the lowest since the 98.3 seen in November, and it was well under the 102.5 reading predicted by economists.

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"Consumer confidence lost significant ground in August," said Lynn Franco, who leads the group's Consumer Research Center. "Less favorable business conditions coupled with a less favorable job scenario have resulted in the largest one-month decline in confidence since Hurricane Katrina last year," she said.

The Conference Board's report comes at a time of mounting signs of an economic slowdown. Housing data have cooled markedly, while overall growth statistics also have moderated. The environment is such that the Federal Reserve felt, even in the face of elevated inflation readings, it had the room to hold interest rates steady when it meet earlier in August.

While lower confidence levels aren't by themselves a surprise, "the sharp drop is disconcerting" and August's reading "is not something that you can cavalierly dismiss," said Kathleen Stephansen, economist with Credit Suisse. "Between the labor market, the high energy prices from gasoline, and the inflation expectations having moved up, this [report] weighs on the outlook for the consumer," she said.

RBS Greenwich chief economist Stephen Stanley noted that at the time the survey was conducted, in addition to the energy related factors, there was "a war in the Middle East, and a terrorist plot to blow up trans-Atlantic flights. Is it any wonder that attitudes were sour?"

The bad news wasn't confined to the overall reading. The group's present situation index also fell, from a revised 134.2 in July to 123.4 in August. The expectations index dipped to 83.8 in August, from 88.9 the prior month.

The research group said in its release that consumers' take on current conditions was "significantly less favorable." Those calling conditions "good" fell to 26.1% of the survey, from 27.3% the month before, while those calling conditions "bad" rose to 16.7% of the survey, versus 15.0% in July.

On the employment front, those calling jobs "plentiful" fell to 24.4% in August, compared with 28.6% in July. Those who deemed jobs "hard to get" rose to 21.1%, from 19.6% who had the same view a month ago. The report also noted a more negative take on future activity, and those who expect their incomes to rise over coming months fell to 17.7%, versus 18.3% in July.

The Conference Board survey is based on a mail-in survey of 5,000 households. The cutoff date for responses was Aug. 22.

Consumers Have A Down-in-the-dumps Outlook (USAT)

By Barbara Hagenbaugh

USA Today, August 30, 2006

WASHINGTON — Consumer confidence fell in August to the lowest in nine months as concerns about the job market and the overall state of the economy weighed on people's moods.

The consumer confidence index fell 7.4 points to 99.6, the Conference Board said. That was the biggest drop since September, the month after Hurricane Katrina hit. The level in August was the lowest since November.

“Looking ahead, the glass remains half-empty as consumers are growing increasingly more pessimistic about the short-term outlook,” Lynn Franco, director of The Conference Board Consumer Research Center, said in a statement.

The drop came as the percentage of consumers who said jobs were “not so plentiful” rose to 54.5%, the highest since November. And the portion who said they expected there would be “fewer jobs” in the economy in six months rose to 18.3%, highest in six months.

“It appears the labor market is mainly to blame for consumer woes in August,” says Gina Martin, financial economist at Wachovia.

Economists and investors keep a close eye on confidence because consumer spending accounts for more than two-thirds of U.S. economic activity.

Other factors likely contributing to consumers' gloomier moods include a slowing housing market, high levels of debt and elevated gasoline prices, Scott Hoyt, director of consumer economics at Moody's Economy.com, says.

But a number of economists, including Steven Wood of Insight Economics, cautioned against getting too worried. What is most important is what consumers actually do, not what they say.

“The relationship between consumer confidence and real consumer spending has been unusually weak over the past several years,” Wood says.

Tuesday, the International Council of Shopping Centers and UBS Securities said sales at chain stores were up 3.6% last week from the same week last year.

From the confidence report:

·Consumers predicted a higher level of inflation in 12 months than they did in July.

·The percentage of consumers who said they expected stock prices would be higher in a year fell to 29.2%, the lowest since October.

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·The portion of consumers who said they planned to buy a home, a major appliance or carpet increased in August, while expectations to buy a car dipped.

Holding Rates Steady Wasn't A Slam-dunk Fed Decision (USAT)

By Sue Kirchhoff

USA Today, August 30, 2006

WASHINGTON — The Federal Reserve's decision to hold interest rates steady Aug. 8 was a "close call," with policymakers ultimately deciding they needed more time to assess the economic impact of their 17 previous rate increases since mid-2004.

But the minutes of the Federal Open Market Committee (FOMC), released Tuesday, showed central bank officials were conflicted about policy. While the FOMC expects slower economic growth ahead will reduce inflation — and worries it could harm the economy by raising rates too high — many of the members believe that further rate boosts might still be necessary to tame inflation.

"Many members thought that the decision to keep policy unchanged at this meeting was a close call and noted that additional firming could well be needed," the minutes said.

"The full effect of previous increases in interest rates on activity and prices probably had not yet been felt, and a pause was viewed as appropriate to limit the risks of tightening too much," which could cause the economy to slow even more, the minutes said.

In the end, the majority of members voted to pause on the expectation that inflation would ease in coming months and, "The current stance of policy could well prove to be consistent with satisfactory economic performance."

The Fed at its August meeting voted 9-1 to hold tight after two years of steady rate increases. The central bank has raised its target for short-term interest rates to 5.25% from a low 1% in 2004. Short-term rates are used as a benchmark for a host of consumer and business loans.

The Fed is caught in a bind. On one side, core inflation (which excludes food and energy prices) has been running above the Fed's informal comfort range of 1% to 2%. At the same time, recent data show the economy slowing more than Fed economists previously expected. Fed officials noted a "relatively sharp fall" in new home construction in some areas and expressed "considerable uncertainty" about the housing market.

Economists at Action Economics, in an advisory to clients, noted that the mixed Fed outlook was "consistent with the inherent uncertainties between the economy and inflation" and didn't give much insight as to what the Fed might do at its next meeting Sept. 20.

Since the Aug. 8 meeting, some measures of wholesale and retail inflation have been tamer than expected, pushing up bond and stock prices as traders bet that the Fed is done raising rates.

"In short, the FOMC appears to think it has done enough, though it is far from certain," said Ian Shepherdson of High Frequency Economics, regarding the minutes.

The minutes also shed new light on the decision of Richmond Fed President Jeffrey Lacker to vote "no" on a pause.

Lacker dissented because he thought further rate increases were needed to reduce inflation, noting that inflation appeared to be broad-based. Lacker did not think that slower growth by itself would be enough to reduce inflation. While that was not the majority opinion, the Fed minutes note that "inflation risks remain dominant."

Fed Minutes Point To 'close Call' On Rates (FT)

By Richard Beales In New York

Financial Times, August 30, 2006

Stocks and bonds rose on Tuesday afternoon after the minutes of the last Federal Reserve interest rate meeting bolstered expectations that further interest rate rises this year are unlikely.

The minutes said the Federal Open Market Committee's decision to hold rates steady earlier this month had been "a close call", and emphasised that further rate rises could be necessary to fight inflation.

But most committee members also thought inflationary pressures would "ease gradually" and that current policy could prove "consistent with satisfactory economic performance".

Ian Shepherdson, chief US economist at High Frequency Economics, said: "The FOMC appears to think it has done enough, though it is far from certain."

Stocks bounced off their lows for the day on relief that a more hawkish stance had not emerged, and closed up on the day. Treasury bonds, which had fallen in cautious trading before the release of the minutes, also regained ground to end slightly higher.

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The tension between inflationary pressures and slowing economic growth resulted in one dissenting voice when the US central bank voted to keep rates on hold on August 8 after more than two years of increases.

Jeffrey Lacker, the Richmond Fed president, believed “further tightening was needed to bring inflation down more rapidly”, according to the minutes.

The stock market decline earlier in the day was fuelled by a report from the Conference Board indicating US consumer confidence had tumbled to its lowest level in nine months.

Analysts pointed to a sharp slowdown in the residential housing market as a drag on consumer confidence as homeowners, accustomed to cashing out home equity to support spending, feel squeezed. The housing market was also noted in the Fed minutes as a downside risk to the outlook for US economic growth.

The minutes represented one of several important data releases this week. Traders remain wary in anticipation of the government’s influential monthly employment report, due on Friday. A deterioration in consumers’ outlook on jobs contributed to the drop in the Conference Board’s confidence index.

“This result does provide a little reason for nervousness about Friday’s employment report, though the drop in consumer sentiment on the job market has not seen much in the way of significant confirmation in other incoming data,” said economists at Morgan Stanley.

Fed Policy Makers Saw Rate Pause As 'Close Call' (WSJ)

By Greg Ip

The Wall Street Journal, August 30, 2006

WASHINGTON -- Many Federal Reserve policy makers felt their decision to leave interest rates unchanged this month was a "close call" and further increases "could well be needed," minutes of the Fed's meeting show.

At that meeting, the Fed left its short-term interest rate target unchanged at 5.25%, its first pause after 17 consecutive quarter-percentage-point increases since mid-2004.

Only one of the 10 voting members of the policy-setting Federal Open Market Committee dissented from that decision. Jeffrey Lacker, president of the Federal Reserve Bank of Richmond, advocated an additional increase. But the minutes of that discussion suggest other members may have shared his concerns, though not enough to formally dissent. Beyond the 10 voting members, seven policy makers participate in FOMC discussions but don't vote. Two additional seats are vacant.

Stocks initially sold off then rallied on release of the minutes, with the customary three-week lag. Bonds yields were little changed.

Many voting members "thought that the decision to keep policy unchanged at this meeting was a close call and noted that additional [increases] could well be needed," the minutes said. "But with economic growth having moderated some, most members anticipated that inflation pressures quite possibly would ease gradually over coming quarters and the current stance of policy could well prove to be consistent with satisfactory economic performance."

That wording suggests the Fed saw a good chance rates won't have to rise further, but officials didn't want to foreclose the possibility. They wanted their post-meeting statement to "convey that inflation risks remained dominant" and that the pause "did not necessarily mark the end of the tightening cycle." Moreover, they characterized the purpose of the pause as enabling them to "accumulate more information before judging" whether further increases would be needed and "to limit the risk of tightening too much."

In the minutes, the risk of higher inflation was described as "significant" and "appreciable," stronger than the statement released at the time, which simply said "some inflation risks remain."

Officials at that meeting confronted the twin challenges of rising inflation and labor costs and a slowing economy. Economic data since then show that housing activity has weakened faster than expected and inflation has, at least for now, stabilized. Those reports suggest that for now the case for another rate increase has weakened since the meeting. Markets see a one-in-six chance the Fed will raise rates at its next meeting, on Sept. 20.

The minutes show that the Fed's influential staff, who have generally been more pessimistic than policy makers, further lowered their growth forecast, largely due to new data that suggest the economy's long-term trend growth rate is lower than it was. The staff expect the economy to grow below trend for the next six quarters, which, along with stable energy prices, should cause underlying inflation to drop back.

Fed officials also discussed ways to improve communications, but reached no concrete conclusions. Further advances in communications "were possible," in particular in elaborating on its goals and how it expects to achieve them, but conveying the uncertainty around such projections was a "major challenge," the minutes said.

Fed’s Notes See Easing In Growth (NYT)

DOJ_NMG_0055818

By Louis Uchitelle

The New York Times, August 30, 2006

The Federal Reserve's policy makers, in what many described as a "close call," chose to keep interest rates unchanged at their last meeting although several thought that increases "could well be needed" in the future.

The much-anticipated minutes of the Aug. 8 meeting, released yesterday, showed that the policy makers were hoping that a slowing economy, a deteriorating housing market and the accumulating impact of previous rate increases had mitigated the need for still higher interest rates to control inflation. Indeed, the minutes showed a general expectation that the economy would perform at a sub-par level through next year.

The minutes had been expected to reveal sharp disagreements over the decision, led by the Fed's chairman, Ben S. Bernanke, to halt an unbroken string of rate increases stretching back two years.

At the meeting, one of the central bankers even voted against a pause, in an institution that makes every effort to vote unanimously as often as possible. Two others, in speeches since the meeting, have expressed concern about inflationary pressure.

But the decision to pause seemed to have broad support. Even Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, who cast the dissenting vote, argued that his concern was not that inflation would continue to escalate. Instead, Mr. Lacker's desire, the minutes noted, was "to bring it down more rapidly than would be the case" under the Fed's plan to keep the short term rate it controls at 5.25 percent.

"Other than Lacker, no one wanted to hike rates," said Jan Hatzius, chief United States economist for Goldman Sachs. "Before the minutes came out we thought there were others who wanted to slap Bernanke in the face with a dissenting vote."

After the minutes were released in midafternoon, the bond market rallied modestly. Traders were encouraged that Fed members appeared to be less hawkish on inflation than expected. Yields on the benchmark 10-year Treasury note fell to 4.79 percent, the lowest level since late March. The Dow Jones industrial average rose slightly in the two hours of trading that remained after the minutes were released.

In speeches since the meeting, Michael H. Moskow, the Chicago regional president, and Richard W. Fisher, the Dallas bank's president, had stoked the anticipation that the minutes would reveal more dissension in the ranks. There was indeed discussion and "many members thought that the decision to keep policy unchanged at this meeting was a close call," the minutes said.

What tipped the scales was a sort of compromise: Time remained, the minutes said, "to accumulate more information before judging whether additional firming would be necessary."

Wall Street forecasters are in disagreement over what the Fed's next step will be. Mr. Hatzius, for example, anticipates a weaker economy and he expects the central bank to keep its key federal funds rate at 5.25 percent until well into next year. "The data is going to be soft enough to not hike, and then by the end of next year I have the Fed cutting rates to 4 percent," he said.

In contrast, Drew Matus, a senior economist at Lehman Brothers, expects rate increases to resume at the policy makers' next meeting, on Sept. 20. "We expect inflation to go higher because of a tight labor market and strength in the manufacturing sector," he said.

The policy makers themselves — the Fed's governors and the presidents of its regional banks — paid plenty of attention to the case for a weakening economy and a slowing inflation rate. Residential and business investment, hiring, wage growth and consumer spending all slowed in the second quarter, the minutes noted, with higher interest rates and higher energy prices "likely a restraining influence."

Much of that slowing has continued, according to third-quarter data released by the government since the Aug. 8 meeting. Housing prices and home sales, in particular, have continued to weaken, making it more difficult for people to borrow against their homes to support their spending.

But the minutes also portrayed the policy makers as paying considerable attention to the economy's strengths and to the potential for a rising inflation rate. "High levels of resource utilization and the high prices for energy and other commodities had the potential to sustain inflation pressures," the minutes said.

Such statements give the policy makers cover to raise rates in the future, although they were uncertain whether this would be necessary. Summing up the discussion about inflation, the minutes said: "Many participants noted that the extent to which the increase in core inflation so far this year reflected transitory or persistent influences remained unclear."

The minutes were more eloquent in discussing the downside risks.

"The slowdown in the housing market, the effects of higher energy prices on household purchasing power, the waning impetus of household wealth effects on consumer spending, and the effects of past policy tightening," the minutes said, "were expected to hold economic growth to below potential over the next six quarters."

DOJ_NMG_0055819

New Minutes Show A More Fractured Fed (WP)

By Nell Henderson

The Washington Post, August 30, 2006

The Federal Reserve, it became plain yesterday, is a house divided.

This month, the central bank's top policymaking committee decided to halt its long campaign of interest rate increases, betting that the economy will slow enough to cool down a worrisome level of inflation. That decision appeared to be nearly unanimous, supported by a 9 to 1 vote of the panel, known as the Federal Open Market Committee.

But the committee was more split than the lopsided vote indicated, according to minutes of the Aug. 8 meeting released yesterday.

Under the complicated logistics by which the Federal Reserve is governed, 17 committee members took part in the rate-setting meeting, but only 10 got to vote. The minutes show that many participants thought more interest rate increases might be needed to tame inflation -- suggesting that some of the seven people who did not vote might have opted for another rate bump if given a chance.

The dissenting voter, Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, wanted to raise interest rates higher, the minutes said.

And Lacker "obviously was not alone," said Mickey Levy, chief economist for Bank of America Corp. "These minutes suggest that the call to remain on hold was significantly closer than one dissent suggested."

All 17 committee members remained worried about inflation, noting that it has been higher than they prefer for more than two years and has accelerated this year, the minutes said.

But the policymakers were uncertain about whether the recent surge in inflation is a transitory, oil-related bulge that they can wait out or the beginning of a more stubborn rise in prices that might be stopped by only more aggressive credit tightening, according to the minutes, which summarize the discussions without identifying participants by name.

The minutes also underscore a debate within the group over the wisdom of allowing inflation to run for four years above many members' preferred range of 1 to 2 percent, as measured by a Commerce Department price index that excludes volatile food and energy items.

That measure shows that "core" inflation was 2.4 percent in the 12 months ended in June, and the Fed forecasts it to stay above 2 percent through next year. And revisions to data released just before the meeting surprised the Fed by showing that core prices rose faster than 2 percent a year in 2004 and 2005.

Some Fed policymakers, such as Chairman Ben S. Bernanke, believe it's all right to let inflation hover above that level for a while because it will probably drift lower over the next 18 months as the economy slows and energy prices flatten. They also worry that the Fed would have to raise interest rates much higher, choking the economy and throwing many people out of work, to force inflation down any sooner.

But other Fed policymakers are less patient, believing it's dangerous to let inflation linger so high for so long. For example, Michael H. Moskow, president of the Federal Reserve Bank of Chicago, has argued that inflation tends to get stuck at a certain rate and becomes harder to bring down because businesses and consumers get into the habit of expecting price and wage increases to continue.

"The risk of inflation remaining too high is greater than the risk of growth being too low," Moskow said in a speech two weeks after the meeting, suggesting more rate increases "may yet be necessary to bring inflation back into the comfort zone within a reasonable period of time."

Richard W. Fisher, president of the Federal Reserve Bank of Dallas, said in speech shortly after the meeting that it is too soon to know whether the central bank will raise rates again. But he echoed Moskow's concern, saying: "Once the perception of having pricing power becomes entrenched, it is difficult to alter. This is a psychological as well as an economic phenomenon. Behaviors become habits, and habits are hard to change."

Moskow and Fisher were not voters at the last meeting, and the minutes give no indication how they might have voted.

Lacker "dissented because he believed that further [credit] tightening was needed to bring inflation down more rapidly," the minutes said.

And he disagreed with Fed staff and policymakers who contend that the current flare-up in inflation is a temporary result of higher energy and import prices. He said "the recent surge in core inflation had persisted and appeared to be broad-based."

He also did not think the economy would slow enough to lower core inflation.

The committee comprises the 12 regional Fed bank presidents and the seven members of the Board of Governors based in Washington -- usually 19 people.

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The group's voting members are the board members and a rotating group of five bank presidents. Because there are two vacancies on the board, there were 17 members present, 10 of whom voted at the last meeting.

The decision to pause "was a much closer call than I thought," said Richard Yamarone, director of research at Argus Research Corp. The "hawks," the members who are more worried than others about inflation, "had their wings clipped because they're not all voting this year."

The minutes show that most committee members shared the chairman's optimism that "inflation pressures quite possibly would ease gradually over coming quarters" as the economy slows. They were content to leave their benchmark rate unchanged at 5.25 percent and even thought they might be done raising rates.

Stocks and bonds rallied after the minutes were released, in part because they also revealed that the Fed staff has lowered its forecast for economic growth over the next 18 months to below a 3 percent annual rate -- potentially bolstering the case for not raising rates any higher.

Wall Street Higher After Fed Minutes (FT)

By John O'doherty In New York

Financial Times, August 30, 2006

US stocks finished higher on Tuesday after spending much of the morning in negative territory.

Oil prices remained on a downward track as tropical storm Ernesto appeared to be heading towards Florida, avoiding oil platforms in the Gulf of Mexico. Nymex crude closed below $70 a barrel for the first time in more than two months, sending Sunoco down 1.3 per cent to $74.90 and Murphy Oil1.5 per cent lower to $49.07.

At the close, the S&P 500 was up 0.2 per cent, or 2.50 points, at 1,304.28, while the Nasdaq Composite was up 0.5 per cent, or 11.60 points, at 2,172.30. The Dow Jones Industrial Average had gained 0.2 per cent, or 17.93 points, at 11,369.94.

Consumer confidence fell more than expected in August, pushing stocks lower for the first half of the trading day.

However, markets pared much of their losses immediately after the release of minutes from the Federal Reserve's August meeting, which revealed that most members of the Fed's Open Market Committee believed that core inflation would "decline gradually" as a result of slowing economic growth, even though inflation risks remained.

Marc Pado, chief market strategist at Cantor Fitzgerald, said that investors took heart from some of the language in the Fed minutes.

"The key here is that the Fed focused on the economy instead of focusing on inflation," he said. "If they're worried about the pace of the economy, it's less of a risk of them raising rates."

Regional bank First Horizon National slipped 4 per cent to $38.47 after it said third-quarter pre-tax earnings would fall by $56m because of weakness in its mortgage banking business and a $21m charge relating to the settlement of a class action lawsuit. Mortgage lender Countrywide Financial fell 1.7 per cent to $33.02.

Brokerage stocks also suffered after equity analysts expressed pessimism about third-quarter earnings for the sector. Lehman Brothers fell 3 per cent to $62.48 and Bear Stearns also dropped 3 per cent to $129.85.

Defensive healthcare stocks were in demand. Tenet Healthcare ticked up 2.8 per cent to $7.61, and Cigna also added 2.8 per cent to reach a three-month high of $115.13. The S&P Managed Health index is up 8 per cent in August.

Graphics chip maker Nvidia rose 4.5 per cent to $28.40. Ebay followed through on Monday's bounce from its advertising deal with Google, rising 5.4 per cent to $27.17. However, Adobe Systems slid 3 per cent to $31.86.

The glum picture on consumer confidence did not stop several consumer- oriented stocks from moving higher. Jeweller Tiffany & Co climbed for a second day, adding 4 per cent to $33.17. Brown Forman, maker of Jack Daniels whisky, added 3.4 per cent to $76.84. On Monday, Brown Forman said it would buy two Mexican tequila brands for $876m.

Stocks Advance As Fed Minutes Ease Concerns (WSJ)

By E.s. Browning

The Wall Street Journal, August 30, 2006

The minutes of the Federal Reserve's latest interest-rate meeting spurred investors to bid stocks higher, sending the Standard & Poor's 500-stock index to a new three-month high.

Investors focused on the Fed's hope, expressed in the minutes of its Aug. 8 meeting, that inflation will weaken, which would remove the need for higher rates. They looked past the policy makers' worry that, if inflation doesn't wane, more rate increases "could well be needed."

The Dow Jones Industrial Average, down 52.43 points just after the Fed minutes were released, rallied to finish up 17.93 points, or 0.16%, at 11369.94. That is less than 12 points from a new three-month high for the Dow, and less than 355 points below the industrial average's record close of 11722.98, which dates from January 2000.

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The S&P 500 rose 0.19%, or 2.50 points, to 1304.28. That is its highest finish since May 11, although well below the record 1527.46 hit in March 2000.

Stocks spent the morning in the red, after the Conference Board reported that consumer confidence fell to a nine-month low in August. But investors seemed to breathe a sigh of relief after the Fed minutes came out at 2 p.m. EDT.

Investors also were heartened to see oil futures fall below $70 a barrel for the first time in two months, down 90 cents at $69.71, as Tropical Storm Ernesto appeared headed away from Gulf of Mexico oil facilities.

"When people started to dissect the Fed minutes, they saw that the Fed was talking about downside pressures on both growth and inflation," said stock trader Larry Peruzzi at Boston Company Asset Management. Investors seemed to conclude that the Fed isn't worried about recession, and "with oil pulling back, investors decided to focus on the positive and bring the market back a little," he said.

The Nasdaq Composite Index rose 0.54%, or 11.60 points, to 2172.30.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.33%, or 0.72 point, to 218.46.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.13 billion shares, as 2,255 stocks rose and 1,067 fell.

Bond prices gained. The 10-year Treasury note rose 4/32, or $1.25 for each $1,000 invested, pushing the yield down to 4.783%. The 30-year bond was up 3/32 to yield 4.929%.

The dollar weakened. Late in New York, the currency traded at 116.66 yen, down from 117.15, while the euro rose against the dollar to $1.2826 from $1.2790.

Full House (WSJ)

By Karl E. Case And Robert J. Shiller

The Wall Street Journal, August 30, 2006

Looking back at past housing booms, the first sign of the end is when a goodly share of buyers stop making offers and eventually stop looking, seeming to just disappear. In the spring of 1987, during another U.S. housing-market boom that was starting to lose speed, Nora Moran, president of the Greater Boston real estate board, said "someone blew a whistle that only dogs and buyers heard."

Across America today, it is as if the whistle has again been blown. New home sales in July are 22% below July 2005. The decrease is 43% for the Northeast over that same period, and the inventory of unsold new homes is up 22%. Existing home sales are down to 6.33 million in July from over seven million at the end of 2005. Older boomers are cashing out of valuable suburban homes and heading for condos in the city, or out of high-priced regions altogether.

Why is this happening so suddenly? It can't be interest rates alone. The 30-year mortgage rate is up less than one percentage point since this time last year, and is no higher than it was a few years ago when this boom was roaring along.

The market spoiler was in place some two years ago. At that time, we felt that the spectacular price increases could not be justified. The psychology of that time could not continue indefinitely, and indeed it has not.

In the summer of 2004, the annual rate of increase for home prices in major U.S. cities reached its peak. According to the Standard & Poor's/Case-Shiller Composite Home Price Index, based on 10 major metro areas, housing inflation reached 20.4% in the 12 months ending in July 2004. Now, the latest numbers announced yesterday show only an 8.2% increase in the 12 months ending June 2006, and most of that increase was in 2005. Six of the 10 cities actually fell between May and June. By simple extrapolation, if housing price changes continue to decline as they have, inflation will turn into deflation, and 12-month price changes might be squarely in negative territory by some time in 2007.

Talk is part of what changes the mood and actions of buyers, and the air is now full of talk of a bust. The covers of the New Yorker, the Economist, The Wall Street Journal and virtually every news magazine and newspaper in America has heralded the bursting of the "housing bubble."

Part of what has focused the spotlight on the housing market has been the sheer size of the boom. Ten years ago, U.S. household holdings of real estate were valued at just under $8 trillion, about 40% as large as household financial wealth. At the end of 2005, real-estate holdings were $21.6 trillion, 56% as large as financial wealth. Just in the last five years, the total market value of residential real estate alone has increased by nearly $10 trillion.

New construction, initiated in response to high home prices, has reached unprecedented levels, and new houses are still hitting the market just as demand is dropping. Between 2000 and 2005, housing starts were over two million per year, existing home sales were over six million per year, and home-improvement spending hit $162 billion in 2005. All of this generated income

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for millions of brokers, builders, bankers, appliance dealers and construction workers, and kept the economy growing at a strong clip. But the housing construction boom can't go on forever.

This incredible boom has been fueled in part by favorable demographics, low interest rates, a very liquid mortgage market with low down payments and borrower-friendly underwriting (option arms, interest-only, stated-income, etc.), a baby boomer generation with a special taste for housing, a substantial volume of foreign demand, and the poor overall performance of the stock market.

But beyond all these factors there is the simple psychology of expectations that is part of any speculative boom. These expectations can turn suddenly when alert home buyers get the sense that something might be amiss. Among respondents to our questionnaire survey of home buyers in April and May of this year, the median expected 12-month home price increase in Los Angeles was only 5%, compared to 10% in early 2005. In Boston, the median expectation was down to 2% from 5% last year.

Long-term expectations for home price appreciation have fallen much less. Americans haven't changed their basic views on housing as a great long-term investment. Not yet, at least. That won't happen unless there is a protracted housing price decline.

While our surveys indicate that relatively few expect prices to actually fall, buyers do not want to pay prices that are significantly higher than a year ago. Buyers are waiting and low-balling. Sellers want to get a price increase of the kind they've observed in the recent past. The result is that fewer agreements are reached, and sales fall. If the housing market were like the bond market and all houses for sale were auctioned every day, prices would indeed fall precipitously. But they are not. The aggregate indexes based on repeat sales have decelerated markedly but are not yet falling.

The U.S. now has a futures market based on home prices. The market that opened in May at the Chicago Mercantile Exchange is now showing backwardation in all 10 metropolitan areas trading. The backwardation can be expressed as implying a rate of decline of 5% a year for the S&P/Case-Shiller Composite Index by May 2007. Since the margin requirement is only about 2.5%, an investor who is sure that prices cannot actually fall by next May has, on that assumption, a sure return of at least 200% from buying a futures contract, and even more if prices rise at all. But there can't really be so much "money on the table." It must be that people really no longer see it as a sure thing that prices won't start falling across the metro areas.

As always, the future is uncertain. Many of the underpinnings of the boom are still strong, and the soft-landing scenario so widely promoted by economists and industry leaders is a possibility if the U.S. can avoid a generalized inflation, if long rates don't rise a lot, and if the rest of the economy stays strong. But that possibility is not enough to give great comfort to all those who worry today about the housing market.

Unfortunately, there is significant risk of a very bad period, with slow sales, slim commissions, falling prices, rising default and foreclosures, serious trouble in financial markets, and a possible recession sooner than most of us expected. Deterioration in that intangible housing market psychology is the most uncertain factor in the outlook today. Listen hard and watch out.

Mr. Case is professor of economics at Wellesley. Mr. Shiller is professor of economics at Yale and chief economist at MacroMarkets LLC.

Gasoline Prices Could Keep Falling (USAT)

By James R. Healey

USA Today, August 30, 2006

Gasoline prices are falling fast and could keep dropping for months.

“The only place they have to go is down,” says Fred Rozell, gasoline analyst at the Oil Price Information Service (OPIS). “We'll be closer to $2 than $3 come Thanksgiving.”

Travel organization AAA foresees prices 10 cents a gallon lower by the end of next week. It reported a nationwide average of $2.84 Tuesday, the lowest since April 20.

It's good news for consumers and the economy. Continued lower prices “may act like a tax cut” and stimulate spending, says Richard DeKaser, chief economist at National City in Cleveland. He calculates that higher energy prices the first six months cut growth of consumer spending 1 percentage point.

The U.S. average for a gallon of regular peaked this year at $3.036 Aug. 10, according to OPIS/AAA daily surveys. That's slightly under the high of $3.057 Sept. 5, a week after Hurricane Katrina battered petroleum production in the Gulf of Mexico and caused fears of fuel shortages.

OPIS' Rozell figures prices will jump again next spring.

Behind the current drop:

·The end of summer. Driving slows, reducing demand for gasoline. And federal requirements for clean air, summer-blend gasoline end next month, making gasoline cheaper to refine and import.

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·Sluggish demand. Gasoline use in the first eight months of the year is up 1% vs. a year ago, less than the 1.5% to 2% growth that's typical, says Michael Morris, analyst at the U.S. Energy Information Administration. “Wholesalers are trying to get rid of product. The growth in demand for gasoline has really tapered off,” he says.

Wholesale prices are falling faster than retail gasoline prices, meaning stations are making more money than when prices were $3. Wholesale prices Tuesday ranged from $1.77 to $1.79 a gallon, well below the $2-plus prices typical until recently.

·Petroleum traders, worried that prices are too high to last, are selling their holdings. That pushes prices down. They also believe hurricanes won't disrupt Gulf of Mexico production, OPIS senior analyst Tom Kloza says.

Crude oil, which accounts for roughly half the price of gasoline, ended New York trading Tuesday down 90 cents, at $69.71 a barrel. That's the first time it's closed at less than $70 since May 4.

Lawyer's Charge Opens Window On Bill Padding (WSJ)

By Nathan Koppel

The Wall Street Journal, August 30, 2006

The career of Matthew Farmer, a junior partner in the Chicago law offices of Holland & Knight LLP, was on the upswing in December 2004. He had just won a monthlong trial for Pinnacle Corp., a Midwestern home builder accused of copyright infringement, and gotten kudos from many of his partners.

But weeks later, after reviewing billing records in the Pinnacle matter, he decided to leave the 1,200-lawyer firm. Mr. Farmer, 42 years old, believed his own hours on the case had been inflated by the partner in charge of billing, 62-year-old Edward Ryan. Fearing he would violate state ethics rules if he kept quiet, Mr. Farmer blew the whistle to Holland & Knight lawyers.

The firm, which has 24 offices in the U.S. and abroad, took no action and denies Mr. Ryan or the firm did anything wrong. "The amount billed by Holland & Knight in the litigation was reasonable and appropriate," says L. Kinder Cannon III, the firm's general counsel. Mr. Ryan declines to comment.

Last October, Mr. Farmer took a 7% pay cut to join Cohn Baughman & Martin, a 12-lawyer firm. He says he moved of his own accord because he was upset that Holland & Knight wasn't acting against Mr. Ryan.

While the facts of the case are still in dispute, Mr. Farmer's billing allegations offer a rare window into the tricky and emotional issue of inflated billing by law firms. It's difficult to know how widespread billing fraud is, but Stephen Gillers, an ethics professor at New York University School of Law, says "there is a general consensus that billing fraud has increased" as law firms seek to increase profits and attract top lawyers.

"Bill-padding is the perfect crime," adds William Ross, a professor at Samford University's Cumberland School of Law in Birmingham, Ala. It is seldom detected because it is almost impossible for clients to know whether "an attorney really spent three hours doing research instead of five hours," he says. He says that in a billing survey he conducted in 1996, two-thirds of the attorneys (and three-fourths of the clients) reported knowledge of bill padding. Earlier this year, a partner at Willkie Farr & Gallagher LLP left the firm and was suspended from practicing law due to bill fraud.

Meanwhile, Mr. Farmer is still pressing his claims against Holland & Knight. In February, he sent a letter detailing his charges to a Minnesota state court judge, Janet Poston, accompanied by internal Holland & Knight billing records. Mr. Farmer's letter led Pinnacle's insurer, Connecticut Specialty Insurance Co., to file claims against Holland in May, stating that "Ryan and Holland & Knight inflated and falsified legal bills." Last month, the insurer reached a confidential settlement with Holland & Knight, withdrawing the fraud claims. But Connecticut Specialty's outside counsel, Robert Haugen, believes the original motion was credible. "I have a standard to live up to in [Minnesota] when I file pleadings," he says.

Mr. Farmer, who joined Holland & Knight in 2000, became involved in the Pinnacle case in the summer of 2002. A competitor had filed suit in Minneapolis federal court, claiming Pinnacle built homes that infringed on copyrighted designs and seeking more than $30 million in damages. (The jury's finding in favor of the defendant was later reversed due to an evidentiary ruling at trial; the case may be retried in the future by someone other than Mr. Farmer.)

After the trial, Mr. Farmer reviewed the firm's bills. The first invoice struck him as odd, he says. It claimed he worked 6.5 hours on Aug. 7, 2002, the day he learned of the suit. Mr. Farmer says he distinctly recalls hearing about the case late that day and spending only 15 minutes on it.

Over the next two days, Mr. Farmer says, he checked further to see if the first entry was an aberration. He finally quit probing, he says, after discovering some 60 instances of bill padding. Mr. Farmer believes that from August 2002 through September 2003, Mr. Ryan inflated his time -- and that of three other lawyers in the case -- by more than 450 hours, an overcharge that Mr. Farmer says exceeded $100,000. Mr. Farmer believes his discovery may have been the tip of the iceberg, for he says he analyzed only a "sampling" of the more than $3.5 million of Pinnacle bills.

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In one instance, Mr. Farmer says, Mr. Ryan sent a bill to Pinnacle claiming that partner Scott Petersen had worked 89.8 hours over a 17-day period in March 2003. Mr. Farmer says internal firm records show the lawyer didn't work on the case at all during that time. Mr. Farmer also accuses Mr. Ryan of creating "fictitious" narratives using such phrases as "review key documents" and "analyze defense strategy" to describe work that Mr. Petersen never performed. Mr. Peterson didn't return calls seeking comment. The two other lawyers on the case declined to comment.

Mr. Farmer reported his findings in early 2005 to Colin Smith, a firm partner charged with ethics oversight, suggesting that Holland & Knight file a report with the state's attorney-ethics commission. "Don't go there," he says Mr. Smith warned him. "Why would you want to do this to Ed Ryan?" Mr. Smith declines to comment.

Colleagues describe the tall, white-haired Mr. Ryan as a genteel litigator. "I always found Ed to be an excellent lawyer and a gentleman of the highest character," says Michael Kanute, a former Holland & Knight partner. Another former partner, Julie Shelton, says she "can't imagine that he would do anything unethical." At Chicago office functions, another former partner recalls, Mr. Ryan liked to offer positive messages to lawyers. "He would use the sort of catch words that were expected by headquarters, like, 'We are so glad to gather together as the Holland & Knight family.' "

Soon after the meeting with Mr. Smith, Mr. Farmer says he had a "very awkward" 10-minute meeting with Mr. Ryan. He says Mr. Ryan told him that he himself had billed time internally to Pinnacle for which he hadn't charged the client and that he therefore inflated other lawyers' hours on the case to compensate for his uncharged time. In the final tally, Mr. Farmer says Mr. Ryan told him, Pinnacle's total bill reflected the actual time the firm worked on the case.

But Mr. Farmer says he found the explanation "unpersuasive." He says Mr. Ryan occasionally offered strategic advice and edited briefs for the case but never performed routine tasks. "He never stepped foot in a courtroom, never drafted any legal papers, never deposed a witness," says Mr. Farmer, who worked full-time on the matter from the start.

"The amount billed was consistent with the value of the time worked," Mr. Cannon, Holland & Knight's general counsel, said in response to questions about Mr. Farmer's allegations.

Early last year, Pinnacle was acquired by home-builder Hovnanian Enterprises Inc. "These issues occurred well before we were associated with" Pinnacle, a Hovnanian spokesman said. "We have no independent knowledge of the facts."

After his meeting with Mr. Ryan, Mr. Farmer waited for an investigation into his allegations. "I figured at some point, someone would register disbelief or disgust," he says. When that didn't happen, Mr. Farmer moved to the less prestigious Cohn Baughman. "If you look at Matt's résumé, you realize this was not a lateral move," says William Elward, a former classmate of Mr. Farmer's at Loyola University Chicago School of Law.

Late last year, still convinced it was his ethical responsibility, Mr. Farmer reported his bill-padding claims to the Illinois Attorney Registration & Disciplinary Commission. (The commission's chief counsel, James Grogan, won't comment on the pending investigation.) Then, Mr. Farmer sent the seven-page letter and billing records to Judge Poston. "Edward F. Ryan . . . frequently inflated far beyond the hours that the timekeeping attorneys had actually recorded," he wrote the judge, who was then presiding over a lawsuit brought by Connecticut Specialty against Pinnacle regarding the legal bills.

Though Mr. Farmer says he is happy in his new job, he concedes he is dazed by the turn his life has taken. Before that, "if you told me I would be out of my firm in a handful of months, I'd never have believed it," he says.

Scores For Expanded SAT Show Largest Dip Since 1975 (USAT)

By Mary Beth Marklein

USA Today, August 30, 2006

National average scores for the SAT college entrance exam fell 7 points — the biggest drop in 31 years — for the high school class of 2006, the first to take the new version of the test.

The number of test-takers also was down by about 9,600 students, to 1.47 million. Participation rates particularly fell among students who said they were low-income. Meanwhile, more students reported family incomes of $80,000 or more.

The report by test owner The College Board also said girls narrowed the gender gap in math and reading from 42 to 26 points, largely because they did well in the writing section.

Hints of lower scores on the SAT, which has become a lightning rod for all the anxieties surrounding competitive college admissions, raised eyebrows this spring among some admissions directors.

In all, test-takers averaged a 2-point drop in math and a 5-point drop in reading from last year, College Board officials said Tuesday. They attributed declines to 41,000 fewer students retaking the test than last year.

“Whenever a new test is introduced, students usually vary their behavior in ways that affect their score,” says College Board's Gaston Caperton.

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The College Board dismissed fatigue as a factor: Its analysis showed no differences in mistakes early in the test vs. later. A typical student gets three hours, 45 minutes to finish the new three-part test, which includes a writing section. The old test allowed three hours.

Officials could not explain the drop in low-income test-takers. The new test is more expensive ($41.50 vs. $29.50), but students can get two fee waivers.

Participation rates among certain minorities, including blacks and Mexican-Americans, also were down.

"Who is the kid most likely to sit it out? Probably the kid who's not sure he or she is going to go to college," said Seppy Basili of Kaplan, a New York-based test-prep firm. And with colleges under pressure to increase opportunities for disadvantaged students, the drops "may be an early sign about some challenges in the admissions process."

SAT Reading And Math Scores Show A Significant Decline (NYT)

By Karen W. Arenson

The New York Times, August 30, 2006

The average score on the reading and math portions of the newly expanded SAT showed the largest decline in 31 years, according to a report released yesterday by the College Board on the performance of the high school class of 2006.

The drop confirmed earlier reports from puzzled college officials that they were seeing lower scores from applicants. The average score on the critical reading portion of the SAT, formerly known as the verbal test, fell 5 points, to 503, out of a maximum possible score of 800. The average math score fell 2 points, to 518. Together they amounted to the lowest combined score since 2002.

Officials of the College Board, the nonprofit organization that administers the SAT, dismissed suggestions by numerous high school guidance counselors that students were getting tired out by the new three-part test which now runs three and three-quarters hours, rather than three.

"Fatigue is not a factor," Wayne Camara, vice president for research and analysis at the College Board said at a news conference. "We are not trying to say that students are not tired. But it is not affecting, on the whole, student performance."

Instead, the officials attributed the drop to a decline in the number of students who took the exam more than once. The board said 47 percent of this year's students took the test only once, up from 44 percent last year. The number taking the test three times fell to less than 13 percent from nearly 15 percent.

Students typically gain 14 points a section when they take the test a second time, and another 10 or 11 points a section on the third try.

The SAT writing test includes a 25-minute essay, which counts for about 30 percent of the writing score, and 49 multiple-choice questions on grammar and usage, which count for the rest. The average score on the writing section was 497 out of a possible 800, the board said.

Girls performed better than boys on this section of the exam, averaging 502 versus 491 for boys. That partly offset girls' lower scores on math and reading, but did not close the longstanding score gap between boy and girls.

Gaston Caperton, the president of the College Board, pointed out that the decline in scores represented less than one-half of a test question in reading and one-fifth of one test question in math. Still it was the largest year to year decline since 1975, and officials expressed concerns about the overall performance of American students.

"The data does suggest that as a nation, critical reading and writing are lagging behind the progress we are making in math," Mr. Camara said.

The SAT score decline contrasted with the increase in scores on the ACT exam, the other primary college admissions test. This month, ACT reported its biggest score increase in 20 years. The ACT also has a writing section, but it is optional.

Seppy Basili, senior vice president at Kaplan Inc., the education and test preparation company, said the new SAT test undoubtedly affected scores because students were less familiar with it and because fewer students repeated it. But Mr. Basili said he thought the length played a greater role than the College Board acknowledged.

"It is not just that the test is 3 hours and 45 minutes," he said. "It is that the whole experience is five hours or more," he said, factoring in things like breaks.

Most states, including New York, New Jersey and Connecticut, saw scores decline in reading and math. In New York, average reading scores fell 4 points to 493 and math scores 1 point to 510. In Connecticut, reading was down 5 points to 512 and math 1 point to 516. In New Jersey, reading fell 7 points to 496 and math 2 points to 515.

In New York City, Joel I. Klein, the chancellor of the education department, said, "My only reaction is, it shows that we have to continue to work harder."

The number of students taking the SAT nationally fell slightly, by about 10,000 students, to just under 1.5 million, or about 48 percent of more than 3 million students who graduated from high school this year.

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At a time when many elite colleges have expressed interest in recruiting more low-income students, the number of students from families earning $30,000 or less who took the SAT fell by more than 13 percent, to 183,317, while the number from families earning $100,000 or more rose 8 percent, to 225,869.

Mr. Camara said that of the information collected about students, the income data was the least reliable. He said he did not know what accounted for the decrease in low-income students taking the test.

Counselors in high schools where the SAT has long dominated, said more of their students were taking the ACT. Some have said that in the wake of the College Board's disclosure this spring that it had mis-scored more than 5,000 exams, they have urged their students to consider the ACT.

SAT Scores See Biggest Decline Since 1975 (WSJ)

By Robert Tomsho

The Wall Street Journal, August 30, 2006

The high-school class of 2006 suffered the biggest drop in SAT scores in more than three decades -- a development that may raise more questions about the recently revamped exam than the students who took it.

The College Board, the New York nonprofit that gives the admissions test, says scores in critical reading -- formerly known as verbal -- fell by five points to 503, out of 800 possible points. Math scores slipped two points, to 518, also out of 800 points. The combined decrease of seven points is the biggest since 1975, when there was a 16-point drop. Overall, math scores had been rising in the past decade, while reading has been relatively flat; there have been occasional small declines in either or both scores.

The scores announced yesterday were the first to fully reflect the revised test introduced in March 2005. Along with a writing section that consists of an essay and multiple-choice questions, the new test added higher-level algebra and did away with analogy questions on the reading section. Requiring nearly four hours to complete, the test has a possible score of 2,400 points, up from 1,600 points with the old 2½-hour test.

Scores on the new writing tests averaged 497 points out of 800, with females averaging 502, 11 points higher than males.

Despite the decline in scores, the news may not be all bad for students and their families. Some testing-industry executives suggested that this year's high-school seniors should actually now set their sights slightly higher when choosing where to apply for college. That's because other students vying for spots may have disappointing results. Moreover, there is confusion among some college admissions officials over how to assess scores for the revised SATs, so schools may not weigh the test as heavily.

"This is not a year to be conservative," says Seppy Basili, senior vice president of Washington Post Co.'s Kaplan Inc., the test-prep concern. "I think admissions offices could look differently" at test scores.

In announcing the scores, Gaston Caperton, the College Board's president, called the revised SAT "a better measure of the skills students need to succeed in college and work," and minimized the scoring decline, saying: "Mathematically, it means almost nothing."

But such sudden shifts are a rarity in college-admissions testing and this one comes at a time when the College Board is struggling to restore its own credibility after a scoring scandal. It is also seeing a decline in the number of students taking the SAT, amid competitive pressure from ACT Inc., which reported big scoring gains on its own college-admissions test earlier this month.

Given the College Board's recent problems, some admissions professionals say they don't think the SAT results have much to do with a sudden change in the nation's public schools or the quality of this year's graduating class. "I doubt people will pin it to anything other than the test itself," says David Hawkins, director of public policy of the National Association of College Admissions Counseling.

Except for the new writing test, the College Board had promised the results could be compared with previous years, so that a 650 score in math or reading on the old test would be equivalent to that same score on the revised versions.

But the latest data contained results that some testing executives found unusual. Students from families with annually earnings of over $100,000 -- presumably best able to afford prep courses -- had a 5-point decline in critical reading; students from families earning under $10,000 had a 3-point gain. While black and Mexican-American students had average reading gains of 1 point, average scores for whites dropped by 5. The SAT was redesigned in part to reduce the impact of socio-economic issues on test takers. But a College Board spokeswoman says that it's too soon to tell if gains by minorities are due to that.

College Board officials attributed many changes to a decline of 3%, or 41,000 students, in the number of students taking the test more than once. The average score for students who took the SAT more than once was 1,068 points, compared with 968 for one-time test takers. Asian-Americans and whites have traditionally retaken the test at higher rates than other ethnic groups. Only students' most-recent test scores were used to compile the SAT data.

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The College Board's standing was shaken in March when it acknowledged errors that caused more than 4,000 test-takers to receive erroneously low scores, stopping some from getting scholarships or applying to select schools. Earlier this month, one of its contractors said it lost sections of several hundred Advanced Placement tests administered in May.

College Board officials said yesterday they are confident in the accuracy of the latest results noting that, among other changes, they now scan every test twice with different machines, on different days.

The SAT report also noted that, for the first time in 15 years, the number of students taking the test fell. The decline was only about 9,519 students, or less than 1% of the nearly 1.5 million total. But it came after the ACT reported that 1.2 million 2006 graduates took its test, up 2% or about 20,000 students from a year earlier. "Students are shifting to the ACT," says Jack Jennings, president of the Center on Education Policy, a think-tank that tracks education reform. "It's on the way up."

Indeed, with almost all universities now accepting the ACT, whose coverage was once largely confined to the Midwest and parts of the South, many guidance counselors and admissions consultants around the country say they are advising high-school students to also take the ACT.

Kira Iles, a senior at Loyola School, a private high school in Scarsdale, N.Y., says knowing that made her feel more relaxed when she took the ACT in June. "I just went in there thinking it was not as big of a deal," says Ms. Iles.

Write to Robert Tomsho at rob.tomsho@wsj.com1

SAT Records Biggest Score Dip In 31 Years (WP)

By Jay Mathews

The Washington Post, August 30, 2006

The first national results from the revamped SAT show the biggest annual drop in reading scores in 31 years and a significant edge for female students over males on the new writing section of the test, the College Board reported yesterday.

The report on SAT scores for the high school Class of 2006 illuminated how the introduction of the writing section -- including a much-dreaded essay question -- and revisions to the mathematics and reading sections have changed an assessment tool still used for admissions by most colleges and universities.

The College Board said the average score on the test's critical reading section was down five points and the average math section score was down two points, for a joint score of 1021, the lowest since 2002. The reading decline was the largest since a nine-point drop in 1975 on what was then known as the verbal section.

Average scores for public and private school students in Maryland, Virginia and the District also declined. Maryland had the largest drop, eight points in reading and six in math. As a possible factor, state officials cited a large jump in test participation among Baltimore students who had not completed a rigorous high school curriculum. Officials noted that SAT scores are nearly always higher in more affluent areas, and that participation rates can affect scores.

On the new writing section, the average score nationwide was 497, for a new total average of 1518 out of a possible 2400 points. That benchmark will help students, guidance counselors and college admissions officers nationwide gauge results for a test that previously had a perfect score of 1600 -- 800 for verbal and 800 for math.

The average writing score for females was 502, 11 points ahead of males, at 491. Female students generally do worse on math tests but better on writing tests, and the new section helped reduce the usual male lead on the overall average SAT score from 42 points to 26.

College Board officials blamed the national drop in scores on a parallel decline in the number of students taking the test more than once. Repeat test-taking, they said, can boost scores as much as 30 points combined for reading and math.

Officials also said they were concerned that students are taking fewer composition and grammar courses. They noted that reading scores have stagnated during the past 30 years.

But they rejected the view of many students, counselors and test-prep teachers that lower scores were the result of fatigue from the longer test. At 3 hours and 45 minutes, the SAT can last more than four hours with breaks.

"I am not suggesting that students aren't tired after the test," Wayne Camara, College Board vice president for research and analysis, said at a news conference in Washington, "but our data show conclusively that student performance does not trail off at the end of the test."

Anita Kinney, a Catholic University freshman who was one of nearly 1.5 million high school seniors who took the new SAT, said it was ridiculous to discount exhaustion. "The test is four hours long. Enough said," she said. "The members of the College Board obviously have not sat down and taken the new SAT."

David Hawkins, director of public policy for the National Association for College Admission Counseling, said many counselors are lobbying for more breaks in the test, or for administering the SAT in smaller chunks over two days. The College Board, a nonprofit based in New York that sponsors the SAT and other tests, said it is studying those requests.

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For the first time in about six years, fewer seniors took the SAT than the year before, a decline of about 9,800 test-takers. The drop, though small, led many counselors to suggest that the SAT is losing ground to the rival ACT. The Iowa City-based ACT, dominant in the Midwest, added about 20,000 test-takers to pass the 1.2 million mark with the Class of 2006. It has an optional writing section and is shorter than the SAT.

Camara attributed the SAT score decline in part to a decrease in the number of repeat test-takers. About 44 percent of the Class of 2005 took the SAT just once; about 47 percent did so in the Class of 2006.

"When a new test is introduced, students usually vary their test-taking behavior in a variety of ways, and this affects scores," said College Board president Gaston Caperton.

Kathryn M. Napper, admissions director for George Washington University, said many students saw less reason to impress colleges with their scores on the new test and were less likely to try again.

"Many seniors last year were being told that they were in the driver's seat with regards to the SAT -- that colleges would be more flexible in interpreting SAT results," she said.

Some counselors said a 46 percent increase in the SAT fee, to $41.50, might also have discouraged repeat business.

But other educators accepted the College Board's view that the drops in scores and in test-takers were the result of students adjusting to a new challenge.

"Anytime anybody sees something new -- a driving route, a TV remote, a football playbook -- it takes time to become familiar with it," said David J. Hamilton, director of college advising at St. Mary's Ryken High School in Leonardtown .

Doubts about the new test led many in the Class of 2006 to take the SAT before the new test was launched. Other students delayed taking the new test to see how their classmates handled it. Either strategy might have reduced the number of times the average student took the test.

The new math section had second-year algebra questions not included in previous versions, another possible factor in lower scores. The new critical reading section required more analysis of long reading passages and eliminated analogy questions that many critics said were not useful.

"It could be that this class reads less," said Robyn Lady, a counselor at McLean High School. "With each passing year, kids are more savvy with technology and engaging in multimedia learning but perhaps not reading as much as the classes before them."

Most local school systems reported score declines, although the more affluent suburbs still had very high scores. Fairfax County scores dropped a combined six points in reading and math. The county's overall average was 1643, and Fairfax officials said black and Asian American students posted gains.

Montgomery County's average was 1634. The county's scores fell two points in reading and two in math. But the system resisted year-to-year comparisons. "We're establishing this year as a new baseline because of the new SAT," said Montgomery schools spokesman Brian Edwards.

Prince George's County's combined reading and math scores fell 15 points. Officials said the county's black students were on par with other black students in the state and country, and the county's white minority equaled or bettered the average scores of white students elsewhere.

In Arlington County, reading was up three points and math up one point. D.C. public school students gained two points in reading and were unchanged in math. In Prince William County, combined math and reading scores were virtually flat. Loudoun County's scores dropped for the first time after five straight years of increases, with a nine-point decline in reading and an 11-point drop in math. Alexandria bucked the regional trend with reading scores up 30 points and math scores up 28 points.

Howard County reported gains for Hispanic students and slight declines for most others. Charles County reported sharp score drops. Anne Arundel County said it would release scores today.

Staff writers Lori Aratani, Tara Bahrampour, Michael Alison Chandler, Daniel de Vise, Maria Glod, V. Dion Haynes, Ian Shapira and William Wan contributed to this report.

New Version Of SAT Cuts National Scores (DMN/AP)

Associated Press

The Dallas Morning News, August 30, 2006

College Board plays down the steepest drop in years

Nationwide SAT scores fell by a total of seven points this year, the sharpest decline in a generation.

Experts agreed the dip in combined math and critical reading scores on the college entrance exam was related to the new version of the test – but differed as to how. The updated exam, with a new writing section, also features more advanced math questions and replaces analogies with more reading comprehension.

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Average reading scores fell from 508 to 503, and math scores fell from 520 to 518, the College Board announced Tuesday, with the changes hurting boys more than girls. Boys' reading scores fell eight points, while girls' dropped three. And girls scored 11 points better than boys on the new writing section. Boys' and girls' math scores fell two points each to 536 and 502, respectively.

The College Board, which oversees the exam, played down the drop, saying it amounts to a fraction of one question per exam. The board noted that fewer test-takers tried to take the test a second time. Critics cited the expanded test's length and said student fatigue might be a factor, which the company disputed.

The new scores also stand out because just two weeks ago the rival ACT exam reported its biggest score increase in 20 years.

"It does show how meaningless the test is as a measure of educational quality, that technical changes in the test can significantly alter" scores, said Bob Schaeffer, an SAT critic and public education director of the group FairTest. "It's the test, not the education, that's being measured."

Christine Parker, executive director of high school program development at test-prep company Princeton Review, said the College Board has always called even small increases important, so it's surprising to see it playing down the decline.

"This is just the latest in a long line of bad news," she said. "They're in a very defensive posture."

Girls' average overall score of 1506 out of a possible 2400 remains 26 points below boys' average, but the addition of the writing section and changes in the reading section helped them narrow the gap. Ms. Parker said the shift in emphasis from vocabulary to reading comprehension favored girls.

"Interpreting language that's in front of them – girls do better at that," she said.

The College Board also released information about the new writing section, which includes a 25-minute essay. The College Board said that in 97 percent of essays, which are graded on a 12-point scale, the two readers agreed on the score or differed by just one point. Scores on the rest were resolved by a third reader.

UnSATisfactory (WP)

The Washington Post, August 30, 2006

THE DRAMATIC decline in SAT scores announced yesterday raises the issue of whether there is something wrong with the new test or, even more worrisome, with the lessons being taught in high schools.

It's important, of course, not to read too much into what may prove to be a one-year blip. The scores announced yesterday for the high school class of 2006 are the first since the College Board revamped the SAT, taking out the analogies that defined the test for generations of previous students, increasing the reading portion and adding a writing exam. Reading and math scores both dropped, to an average national score of 1021 out of 1600. The annual drop in critical reading scores, from 508 to 503, was the largest in 31 years.

College Board officials played down the change, insisted there is nothing wrong with the new test and attributed the results to fewer students retaking the test to try to boost their scores. They may be right, but they need to be less defensive and more open to other possible explanations. Their flat-out rejection of student fatigue as a possible factor stemming from the lengthened test runs counter to the real-life experiences of many students and teachers. The board, which suffered some damage to its image with scoring errors last year, should make good on its promise to share its research with others and to consider such ideas as breaking up the test.

On the other hand, the board says students aren't being taught grammar and composition as much as in the past. Anyone concerned with education, national competitiveness and the prospects for the next generation should also take to heart the board's worry: that high school students' skills aren't moving in the right direction.

Care By The Hour (NYT)

By Robin Cook

The New York Times, August 30, 2006

Naples, Fla.

A PRIMARY care doctor I've known since we were residents 30 years ago recently described for me his typical day as foisted on him by current economic realities. He rises at 4 a.m. to make a dent in his avalanche of paperwork before dashing off to make rounds at the hospital and arrive at his office before 8. For the next 10 to 11 hours, he races through a series of patients so long, he cannot talk to any one of them as much as he believes he should, and he constantly worries he'll miss something. Worst of all, he admitted, he no longer enjoys practicing medicine.

Ten-plus years ago primary care was lauded as the potential rescuer of a health care system in chaos. Primary care doctors, it was hoped, would fix what had become an expensive, fragmented specialty system geared toward treating

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emergencies and episodes of acute illness. Thanks to new technologies and treatments, medicine had become a team effort, but the teams needed captains who would keep patients' overall health in mind, and that role was to be filled by the primary care doctors: internists, family physicians, general practitioners and pediatricians. We would all know our doctors, and they would know us.

But unfortunately, primary care has not flourished, and the ranks of primary care doctors are thinning. As reported in a series of articles in The Annals of Internal Medicine in 2003, medical students are shunning residencies in primary care, and primary care doctors are migrating to other careers or retiring early. Many who have remained in primary care are, like my friend, dispirited, disgruntled and disillusioned.

What is the solution? We must make primary care a more manageable business by changing the way we pay for it. Primary care doctors should be paid by the hour.

As it is now, insurance companies — following Medicare's lead — pay primary care doctors according to the number of patients they see. Each patient visit is generally reimbursed at a flat rate of slightly more than $50. The payment is the same whether the patient is a healthy, young person with a runny nose or an elderly person whose multiple chronic illnesses require many tests, referrals to specialists and detailed explanations to both the patient and his or her family.

A lawyer in general practice is not expected to accept the same low fee he gets for writing a simple will when he writes one that involves complicated business circumstances. Nor does an accountant charge the same amount for a difficult tax return as for an easy one. Why should the work of doctors be assessed this way?

A typical primary care doctor spends slightly more than half of his or her day seeing patients; the other half is spent conferring with specialists, lab technicians and patients' families, or trying to persuade health insurance companies to cover some needed treatment. This other half of his work day must be considered pro bono. Factor in rising overhead costs (office space, employees and malpractice premiums), and the situation easily becomes untenable.

No wonder hundreds of primary care doctors have switched to concierge-style practices, in which patients are charged subscription fees in return for more personal service in markedly smaller practices. But this trend only adds to the problem of accessibility by reducing the pool of regular primary care doctors.

Ideally, the hourly rate would not be the same for all primary care physicians, but would be assessed on a sliding scale, predicated on a doctor's level of education. Internists and pediatricians — the primary care doctors who have had the most training — would receive a higher rate than general practitioners and family physicians would.

Reimbursement by the hour might not shorten my friend's day right away; his patient roster is already too large. But it would enable him to reduce his load over time. By making him feel that his sacrifices are valued, it might also help bring back the joy he used to find in practicing medicine. And by enhancing the prestige of primary care, it might reverse the exodus of doctors and encourage medical students to join the field.

Some people might fear that hourly payments for doctors would only add to the upward spiraling of health care costs. It's true that primary care physicians would stand to make more money — because work that is now pro bono would be paid.

But this expense can be balanced out by cutting the health care pie differently — as some large, multi-specialty medical groups already do. Recognizing that Medicare and health insurance companies pay disproportionately higher amounts for specialty procedures (angioplasties, for example, or colonoscopies or even freckle removal) than for consultations by primary care doctors, many practices redistribute their total income according to each doctor's contribution. Consequently, primary care doctors receive more than the amount the group is reimbursed for their services. Medicare should save them the trouble.

Medicare has made some adjustments to its reimbursement system to reflect the value of services provided, but it hasn't gone far enough. The pendulum must swing significantly farther toward primary care.

In the long run, paying by the hour could save money. It would provide doctors the time they need to investigate symptoms themselves rather than reflexively refer patients to specialists. After all, every headache doesn't need to be evaluated by a neurologist; nor does every painful shoulder require an M.R.I.

It would also increase the pool of primary care doctors, so that more health problems could be handled in doctor's offices rather than in emergency rooms, where the cost of care is more expensive. And finally, better long-term doctor-patient relationships might reduce the number of malpractice lawsuits. Paying for primary care by the hour would be better for both doctors and patients, and it would return a measure of rationality to our health care system.

Transparency Or Fig Leaf? (USAT)

USA Today, August 30, 2006

Nearly 47 million Americans are uninsured, and millions more have coverage so skimpy that a major illness would bankrupt them. Yet President Bush apparently thinks Americans are too well-insured.

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He's pushing health savings accounts — a plan to make the sick pay thousands from their own pockets before insurance kicks in. And the fig leaf for his soak-the-sick scheme is "transparency." Just make hospitals and doctors post their prices, he says, and the market will magically cut health costs.

The president's scheme will drive millions more into medical poverty, but it won't hold down costs.

Insured Americans already pay bigger co-payments and deductibles than do people in any other nation. Yet our health costs are far higher than anywhere else.

Steep out-of-pocket costs have little impact on overall spending. They discourage preventive care such as immunizations but don't affect the real cost driver — expensive illnesses that afflict only 20% of Americans each year but account for 80% of spending.

A patient having a heart attack can't comparison shop among hospitals, bargain for discount clot-buster drugs, or second-guess the doctor's advice. And when steep deductibles make people delay care, the heart damage gets worse and the bill goes up.

Huge corporations like General Motors have tried for years to hold down health benefit costs by using their market muscle (and the kind of price and quality information Bush touts). They've failed. If GM can't bargain down costs, will Mrs. Smith succeed?

Transparency won't cut costs, but national health insurance would. A single-payer system could save $300 billion annually on health bureaucracy by eliminating paperwork and exorbitant CEO incomes. It could avoid the duplication of transplant facilities that raises costs and worsens quality. It would also reduce unnecessary surgery and other harmful procedures.

Most important, national health insurance would guarantee comprehensive coverage and close the health gap with Canada and other nations where people live longer than we do.

Drs. Steffie Woolhandler and David Himmelstein teach at Harvard Medical School and co-founded Physicians for a National Health Program.

Reveal Health Care Costs (USAT)

USA Today, August 30, 2006

No sensible consumers would purchase a new car or refrigerator without knowing the price, or without asking a few questions about reliability.

Yet they'll undergo cardiac surgery or a hip replacement with little thought of the actual cost of treatment, and with virtually no information about their hospital's track record with that procedure.

Patients who try to ask about price are unlikely to get a straight answer. "It depends" is how most hospitals will reply because they have sliding scales of fees based on a patient's insurance, discounts negotiated by health plans, and potential complications in treatment. Bills are incomprehensible.

Unlike restaurants, hospitals don't list prices on a menu. Perhaps it's time they did.

Traditional insurance, whether government- or employer-based, shields patients from the true costs of care. If someone else is paying most of the bill, patients have little incentive or ability to demand lower prices. Hospitals and doctors face little pressure to publicize their fees or to lower them.

Faced with rising costs, however, employers are pushing workers to shoulder a larger share with higher premiums, deductibles and co-pays. Plans combining low premiums, high deductibles and employee-funded health savings accounts are gaining popularity. Because those plans force people to spend more of their own money, they have more incentive to shop around. But they can't do that without better data.

The medical industry has paid lip service to transparency but has been slow to act. Allen Hubbard, director of President Bush's National Economic Council, warned hospital executives in March that the administration would urge Congress to require better disclosure unless voluntary efforts start soon.

While hospitals and doctors are dragging their feet, the government and insurers are taking steps to make health care costs more transparent:

· Last week, Bush signed an executive order requiring four federal agencies to compile and release information about the quality and price of health care provided to people they cover.

· In June, Medicare started posting on its website how much it pays for 30 medical procedures in each of the nation's counties, along with data on how many of the treatments each hospital performed last year. In general, the more experience a facility has with a procedure, the better the outcome for the patient, studies show.

· Aetna, which covers 30 million beneficiaries, will make physician-specific information on fees, clinical quality and efficiency available to its members in seven states.

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Critics of transparency say patients can't shop for bargains when they're ill, it's difficult to determine what constitutes high quality care, and it's a diversion from doing something to help the uninsured.

True, patients on their way to the hospital in an ambulance are in no position to haggle, but most medical services aren't emergencies. With the right tools, patients can find better values. More honesty about price and quality can lower costs and achieve better outcomes.

Washington: New President For Amtrak (NYT/AP)

By The Associated Press

The New York Times, August 30, 2006

Amtrak's board of directors announced that it had chosen Alexander K. Kummant, a veteran rail and industrial executive, as its new president and chief executive. Mr. Kummant will assume the job on Sept. 12. He will succeed David L. Gunn, who was fired in November in a dispute over reorganizing the company.

Amtrak Picks Successor To Its Fired President (WP/AP)

By Donna De La Cruz

The Washington Post, August 30, 2006

Amtrak's board of directors yesterday selected Alexander Kummant, a veteran railroad and industrial executive, as its president and chief executive.

Kummant will assume the job Sept. 12. He will take over for David L. Gunn, who was fired last November. Kummant previously was a regional vice president of the Union Pacific Railroad. Most recently, he was executive vice president and chief marketing officer of Komatsu America Corp., a construction equipment manufacturer. David J. Hughes has been acting Amtrak president since Gunn left.

Amtrak Chairman David M. Laney said Kummant had the credentials and experience to lead "a changing Amtrak that is more customer-focused and fiscally responsible."

Amtrak supporters, who have accused the Bush administration of trying to dismantle the railroad, reacted cautiously to Kummant's appointment.

"It's good they finally appointed someone, but given this administration's record on Amtrak, we need to know whether he was brought in to build up Amtrak or tear it down," said Sen. Charles E. Schumer (D-N.Y.). "We await what he'll have to say about Amtrak's future."

Sen. Frank Lautenberg (D-N.J.) said the Amtrak board "has exercised questionable judgment in the past, so I am obviously concerned about their choice to run our nation's passenger rail system."

Kummant, a native of Ohio, earned his undergraduate degree from Case Western Reserve University, a master's degree from Carnegie Mellon University and an MBA from Stanford University. His wife, Kathleen Regan Kummant, is a former senior executive with the Santa Fe and BNSF railroads.

In a conference call with reporters, Laney also discussed Amtrak's top priorities, which include improving security and cutting costs. The board is studying Amtrak's long-distance routes and may, by the end of this year or early 2007, select routes to eliminate, expand or reduce.

Amtrak has debt of more than $3.5 billion and its operating loss for 2005 topped $550 million. It has never made a profit in its 35 years of operation.

Gunn's firing capped a bad 2005 for Amtrak. It had to suspend all high-speed Acela service in April after finding cracks in some brakes.

The Government Accountability Office said in October that Amtrak must improve how it monitors performance and oversees its finances.

In May and June this year, three power failures disrupted trains along the Northeast Corridor. Laney said a report on the cause of the outages is imminent and that he "did not think it will be seen as Amtrak's responsibility."

Under a Senate bill, Amtrak's federal subsidy would increase 8 percent, to $1.4 billion, for the fiscal year beginning Oct. 1. Amtrak received a $1.3 billion subsidy for the current fiscal year.

Special Elections Set For DeLay's Seat (AP-Y)

AP, August 30, 2006

Gov. Rick Perry on Tuesday ordered a Nov. 7 special election to temporarily replace resigned U.S. Rep. Tom DeLay, a date that coincides with the general election.

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DeLay resigned in June, but his congressional term doesn't expire until January. The winner of the special election will fill his seat until then.

In the general election, Nick Lampson is the Democratic candidate. Republicans have thrown their support to Houston City Councilwoman Shelley Sekula-Gibbs as a write-in candidate after the courts refused to remove DeLay name from the ballot. Sekula-Gibbs' name will appear on a list of approved write-in candidates posted in voting booth.

For the special election, candidates have until 5 p.m. Friday to pay a $3,125 filing fee and submit their paperwork to run.

Lampson said Tuesday that he intends to file for the special election.

Governor Gives Contest To Replace DeLay A New Twist (NYT)

By Ralph Blumenthal

The New York Times, August 30, 2006

HOUSTON, Aug. 29 — Just when it looked as if the Texas race to fill Tom DeLay's vacant House seat could not get any weirder, it did.

Already, there is a general election on Nov. 7 featuring a Republican Congressional candidate who must run as a write-in because Democrats successfully sued to keep their Republican nemesis Mr. DeLay in the spotlight on the ballot. That election will select a House member for the next two years.

Then on Tuesday, Gov. Rick Perry called a special election for the same day, for the same seat. That election will fill Mr. DeLay's unexpired term until January.

The two concurrent elections may or may not offer the same field of candidates; the filing deadline is Friday, and more candidates could emerge. But the Republican write-in candidate in the general election, Dr. Shelley Sekula-Gibbs, said she would run in the special election. That means she will be on the ballot in the special election, but not in the general.

Although some Republican strategists said that could leave voters hopelessly confused, Dr. Sekula-Gibbs, a dermatologist and member of the Houston City Council, said she believed that voters could cope with it.

"People already know it's an unusual race," she said, adding that having her name on one ballot would serve as "a memory jog."

The Democratic candidate, former Representative Nick Lampson, will run in both elections — on the ballot, said his campaign manager, Mike Malaise.

Mr. Malaise said the confusion was likely to help Mr. Lampson, who has been running essentially unopposed in the mostly Republican district since Mr. DeLay, the former House majority leader, beset with legal problems, upended Texas politics after his primary victory in March by announcing he was dropping his quest for a 12th term to move to Virginia.

Dr. Sekula-Gibbs was the choice of most of the 150 Republican precinct leaders who met Aug. 17 to choose a consensus write-in candidate. The party was not allowed to list a candidate other than Mr. DeLay on the general election ballot after courts upheld a Democratic Party lawsuit claiming that efforts by the Texas Republican chairwoman, Tina J. Benkiser, to replace Mr. DeLay with a stronger candidate amounted to ballot manipulation.

An early front-runner for the Republican nomination, Mayor David G. Wallace of Sugar Land, said Tuesday that he would not run in the special election.

The Libertarian candidate in the general election, Bob Smither, said he had not made up his mind whether to file for the special election. "It's so confusing already," Mr. Smither said. "Voters don't need more distraction."

Governor Perry, a Republican who had refused to call an emergency election after Mr. DeLay's resignation in June, said Tuesday that he was required to call a special election under the Constitution.

Boyd Richie, the Texas Democratic Party chairman, called the decision "simply too little, too late, for a district that has that been without representation in Congress longer than any other Texas district in the last 100 years."

Cheney Says Security Tops Election Agenda (LJS)

By Don Walton

Lincoln Journal Star, August 30, 2006

OMAHA -- The Bush administration will "keep national security at the top of the agenda this election year," Vice President Dick Cheney told a Republican audience Tuesday.

Some Democratic leaders want to weaken the tools the administration uses to identify and track terrorists, Cheney said, while others would "give up the fight (and) retreat" from Iraq.

President Bush will rely on commanders in the field to determine the troop levels "needed for victory" in Iraq, Cheney said, rather than listen to polls or "artificial timelines set by politicians in Washington, D.C."

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The president will continue to pursue terrorists with all the tools at his disposal, the vice president said, recognizing the enemy "likely has combatants inside the United States."

Voters will have an opportunity in some of this year's national congressional elections to "reject resignation and defeatism," Cheney said.

Cheney's four-hour visit to Nebraska dramatized his tie between election-year politics and the war on terror. After addressing a fund-raising reception for Rep. Jeff Fortenberry in downtown Omaha, the vice president journeyed to nearby Offutt Air Force Base to thank the troops for their military service.

Fortenberry, the 1st District freshman congressman, was praised by Cheney as "a dependable voice" for economic growth, job creation and national defense.

"He's off to a terrific start," Cheney said. "The president and I need Jeff to keep the economy strong."

The event at the Hilton Omaha was held in the heart of Republican Rep. Lee Terry's 2nd District rather than in the Lincoln congressman's home district. Fortenberry said an Omaha site was chosen to accommodate Cheney's desire to visit Offutt.

Terry was one of perhaps 150 people who attended the $250-per-ticket event. A VIP photo opportunity with the vice president was available to couples contributing $1,500. Proceeds will be shared with the Nebraska Republican Party.

Republican Senate nominee Pete Ricketts accompanied Cheney on Air Force Two when the vice president flew home to Wyoming after the Nebraska events. Cheney tossed in a plug for Ricketts during his 20-minute address.

While the administration is determined to protect tax cuts, control federal spending and promote immigration reform, Cheney said, "the first order of business in Washington is to protect the American people."

That determination is accompanied by support for "the men and women who defend us in a time of war," he said.

Withdrawal from Iraq at this time would "simply validate the al-Qaida strategy and invite more attacks," the vice president said.

"We must not let up for a moment," he declared.

Although the terrorist network has been "weakened and fractured," he said, it remains lethal and determined.

"With George Bush leading," Cheney promised, "we will not let down our guard."

Following the event, Fortenberry's Democratic challenger, Maxine Moul, issued a statement calling for a plan to bring U.S. troops home from Iraq safely.

"I will fight to make sure that our soldiers have clear benchmarks and goals so that we can measure our success in Iraq, complete our mission, and begin bringing our troops home," Moul said.

Reach Don Walton at 473-7248 or at dwalton@journalstar.com.

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Comments:

Lucas wrote on August 29, 2006 8:12 PM:"Cheney has given his every breath and soul to the neoConservative cause...even if it damns America. Extremists use whatever it takes and in our decade that means undermining democracy itself. Liberties have been removed, as have historical documents from public access. It was an irony he shot an attorney...for he has shot down the law and would have the Attorney General first serve the king and not the Constitution. "

Stan Oswald wrote on August 29, 2006 7:49 PM:"It sickens me to hear Cheney talking so tough. He demonstated his toughness when he was of military age. "The Omaha site was chosen to accommodate Cheney's desire to visit Offut." Yeah, right. This for a guy who did everything he could to avoid setting foot on any military base when he was of age. At least he didn't come to Lincoln. Dick Cheney is a disgrace and a coward."

ready, fire, aim wrote on August 29, 2006 7:06 PM:"more of the same old rhetoric from the vice president on the occupation in Iraq with the catch phrase changed from cut and run to defeat and retreat"

Timmy wrote on August 29, 2006 6:59 PM:"So, just days ago Bush was again forced to admit that Iraq had no link to the terror attacks, yet now Cheney shows up and yet again implies that fighting in Iraq is fighting the war on terror. The old "better to fight them there than here," line of thought? How, exactly, does that work? Do those who trot out that line of thought imagine a terrorist conversation something along these lines?: Terrorist #1: "Let's go attack the U.S.!" Terrorist #2: "Yeah, sure, I'd love to, but you know we can't do that while the U.S. is in Iraq. Maybe later." I mean, is that pretty much it? Who makes this stuff up? The only slight justice is that historians will one day have a field day with this stuff, and students will shake their heads in disbelief that Americans in the first decade of the 21st century actually bought it. But, that's a long way off. We've wasted some $300 billion and counting on a needless war that could have been spent on needed domestic security including securing ports and borders, we've been responsible for the deaths of thousands and the debilitating injuries of many more, we've alienated our former allies

and made ourselves the most hated nation on earth. Yet, Dick Cheney has the audacity to roll into the state on the anniversary of the Katrina disaster when his government proved beyond a shadow of a doubt that if any REAL security issue occurred in this country they would be completely inept and unable to deal with it, and tells Nebraskans that not voting for his party will make us less secure! Excuse me? American citizens starving to death on the streets of New Orleans because our govt. could/would not even airlift food to its own citizens, and this guy has the nerve to tell me the only way I'll be secure is with him and his gang in power? Unbelievable. Tell it to the folks in New Orleans who had loved ones die because you and your pals think government's just a joke and weren't prepared to do a damn thing (then listen to the heckler that told it to you like it is last time you were there). Thanks Dick, but given the fact that you've proven you're entirely inept, I think I'll take my chances come November. "

Dennis wrote on August 29, 2006 5:49 PM:"We're not any safer now than we were before 9/11/01 thanks to the inept policies of this Adminstration. It was Dick Cheney who ignored military experts when he rushed to war without enough troops, without sufficient body armor, and without a plan to succeed. Under this Administration's watch, terror attacks have increased, Iraq has fallen into civil war, and our military has been stretched thin. We have a choice to make today. Do we trust this Administration to make the right decisions to keep us safe after they has been so consistently wrong since the start of the Iraq War? I think the answer is obvious - it is time for new leadership to make this country safer and keep the peace."

Choice4Condition wrote on August 29, 2006 5:36 PM:"An artificial timeline has been set, everbody knows the troops won't be removed until after this President leaves office or Congress stands up to that resolve of the President. Families of soldiers, we support you, knowing the minimum time for this reckless exposure to insurgents will continue because Bush wants to be a war President must be an extra heavy burden. It is a burden you voted for, it is a burden decided by Party and the condition: occupiers will be fought. Send your loved ones there and it sets them up a condition for a target...why do you do it and then weep when they are gone? "

Native son wrote on August 29, 2006 5:07 PM:"Anyone else find it ironic that Fortenberry, native son of Loiusiana, is touting Cheney's Native Nebraska roots? "

Max wrote on August 29, 2006 4:09 PM:"And you paid the bill!"

Lex wrote on August 29, 2006 3:25 PM:"Cheney is interested in the republican votes, not Nebraska. Goes to show you, his parents had brains enough to get out of Nebraska. Probably because the taxes were too high then. What has Fortenberry done for Nebraska?? I'm still going broke. Cheney wasted government money on Rickitts."

fathead Neuman wrote on August 29, 2006 3:17 PM:"The Vice President tells people that terrorists will win if we back down, but Bush tells his fellow republicans to not focus on the war, but rather on domestic issues. Republicans tie a minimum wage increase to the permanent illimination of the estate tax (a multi-million dollar give-away to the richest Americans) to force democrats into a place they don't want to be."

Bush To Attend Talent Fundraiser In Kansas City (FWJD)

The Fort Wayne Journal Gazette, August 30, 2006

KANSAS CITY, Mo. - President Bush will return to Missouri next week to appear at another fundraiser for Republican Sen. Jim Talent.

The Sept. 8 event will be held at the Kansas City home of Scott Ward, co-president of Russell Stover Candies. Tickets cost $1,000 each.

The visit comes one day before former President Bill Clinton travels to St. Louis to speak at a fundraising brunch for Claire McCaskill, Talent's Democratic opponent.

In June, Bush appeared at a Talent fundraiser in St. Louis that raised about $1 million.

Effort To Ease Election Spending Rules Fails (NYT)

By Kate Phillips

The New York Times, August 30, 2006

WASHINGTON, Aug. 29 — A Republican-backed proposal that would have allowed unrestricted spending on advertisements by interest groups during this fall's midterm election season was blocked Tuesday when the Federal Election Commission split evenly along party lines over the issue, shelving the plan for this campaign.

Corporations, nonprofit groups and labor unions have been prohibited under the McCain-Feingold campaign finance law from paying for commercials that name political candidates during specific periods of time before elections. Since the law was enacted, they could raise money and spend it on behalf of candidates only if they formed political action committees that could not accept more than $5,000 a year from individual donors.

Hans A. von Spakovsky, one of the election commission's Republican members, had proposed relaxing the ban and allowing such groups to buy issue advertising as long as it referred only to elected officials and did not "promote, attack, support

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or oppose" candidates for office. Michael E. Toner, a Republican who is the commission's chairman, urged consideration of the plan, saying that its status as an interim proposal would allow it to be tested this election season.

After debating the measure at a hearing Tuesday, Mr. Toner, Mr. von Spakovsky and the commission's third Republican member voted in favor of the change. All three Democrats on the committee voted against it, reflecting a longstanding split between the two parties over how far to go in regulating money in politics.

Several major organizations at different ends of the political spectrum, including the United States Chamber of Commerce, the A.F.L.-C.I.O., the American Civil Liberties Union and the Alliance for Justice, had petitioned the agency to exempt "grass roots organizations" from the ban, saying that they were being prevented from exercising their free-speech rights to press their policy issues.

The ban applies to broadcast advertising that refers to federal candidates, aimed inside their jurisdiction within 30 days of a primary or 60 days of a general election. Often, the opposing groups contended, the time limits coincide with sessions of Congress when legislation is being debated, a time when they say they should be permitted to appeal to the public about positions taken by lawmakers.

To organizations like the chamber, which is spending heavily across the country this election season, such issues as the tax packages being considered by the Senate require lobbying elected officials and advertising.

"There are 18 legislative days left in this Congress if this issue is brought back up,'' William C. Miller, the chamber's political director, said of the tax debate. Groups on all sides, Mr. Miller said, "are now stifled,'' a result that he deemed an unintended consequence of the McCain-Feingold law, which was enacted in 2002.

But campaign finance watchdog groups, as well as the Democratic commissioners, argued that an exemption could unleash millions of dollars in unregulated money for advertising that would clearly be designed to influence the midterm elections. Commissioner Ellen L. Weintraub said it would be extremely difficult, if not impossible, to keep such advertisements neutral.

Fred Wertheimer, president of Democracy 21, a campaign finance watchdog group, called the proposal a misinterpretation of the law. Before the law was enacted, Mr. Wertheimer said, corporations, labor unions and nonprofit groups "ran ads that attacked or praised candidates, and claimed they could use unlimited soft money for the ads because they didn't say vote for or vote against a candidate.''

Current campaign financing law, upheld by the courts, still allows the groups to advertise, he said, but they must comply with the same strict limits on contributions as everyone else running campaign advertisements.

Washington: Ruling On Campaign Finance Limits (NYT/AP)

By The Associated Press

The New York Times, August 30, 2006

Senator Maria Cantwell will have to abide by campaign finance limits even though her Republican rival, Mike McGavick, donated $2 million to his campaign, the Federal Election Commission ruled. In a unanimous decision, the commission said the so-called millionaires' amendment, which lifts donation limits for anyone facing a candidate who self-finances a campaign, applies only to Mr. McGavick's Republican primary opponents, not to Ms. Cantwell, a Democrat. The decision means Ms. Cantwell will have to stick to the limits, at least until the Sept. 19 primary.

National Democrats Pledge Funds To Webb (RTD)

By PETER HARDIN AND JEFF E. SCHAPIRO

Richmond Times-Dispatch, August 30, 2006

With three polls showing the U.S. Senate race close after George Allen's alleged racial remark, national Democrats yesterday pledged dollars to Jim Webb.

The latest survey, by Zogby International, gives Webb, once a long shot, a statistically insignificant lead over the Republican incumbent, who has been sidetracked for two weeks for addressing a Webb volunteer staff member of Indian descent as "macaca."

Sen. Charles E. Schumer of New York, head of the Democratic Senatorial Campaign Committee, said his group -- the political arm of the Senate Democratic Conference -- will donate an unspecified amount to Webb.

Schumer earlier this summer was noncommittal about directing cash and services to Webb.

"We think this is a neck-and-neck race," Schumer told report- ers when asked about the impact of the Allen controversy. "We plan to provide Jim Webb with the kinds of resources he needs to win."

Schumer's promise comes amid a dramatic shift in the Virginia contest, one triggered by Allen's oral blunder, which apparently has cost his re-election effort momentum and threatens to derail his presidential ambitions in 2008.

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Webb has badly trailed Allen in fund raising. After the June primary, he had $424,245 in cash to $6.6 million for Allen. Webb said yesterday in Norfolk that he has collected $2 million since winning the nomination.

"We think we have a very good chance of winning in Virginia," said Schumer.

Allen strategist Dick Wadhams said his candidate has long expected that Webb would receive money from national Democratic sources.

Webb "sold his soul to the left wing of the Democratic Party, and they will reward him for doing so," said Wadhams.

Independent analysts were divided on the impact of the Schumer announcement.

Jennifer Duffy of the Cook Political Report said the pledge "puts the Webb campaign in a better position than they were a month ago. For Allen, "this is a wake-up call -- money that wasn't going to be there, is going to be there," she said.

Quentin Kidd, a political scientist at Christopher Newport University in Newport News, said a cash fix from the senatorial committee may be too late for Webb.

"I'm not sure he can raise enough money at this point to keep himself competitive," said Kidd, adding that if Webb loses narrowly, Democratic leaders in Washington can take some of the blame for not helping sooner.

Since mid-August, Allen has been on the defensive for calling a Webb staff member assigned to tail the Republican a "macaca," a genus of monkey. The word also is used by Asians and Europeans to disparage dark-skinned people. Allen apologized for the remark.

Gov. Timothy M. Kaine, who plans to meet with Webb today, said on his monthly radio appearance in Washington that Allen remark was "wrong" and "divisive."

In addition to Zogby International, two other polls -- by Survey USA and Rasmussen Reports -- suggest the Webb-Allen contest is competitive.

All three polls were conducted via the Internet, an increasingly common practice that nonetheless troubles some public-opinion experts and political operatives.

Unlike traditional polls, based on interviews usually conducted by phone, interactive surveys are not as strictly controlled. Their results may be suspect among campaign professional.

"We're not crazy about them because when we do political polling, we go to extraordinary lengths to make sure we're talking to people who are likely to vote," said Beth S. Schapiro, a Democratic poll taker in Atlanta who has worked for candidates in Virginia.

A problem with online polls, she said: They only represent the preferences of people with access to computers.

Wadhams sharply criticized an earlier poll by Zogby International that put Webb within striking distance of Allen. Yesterday, however, Wadhams changed the subject to the candidates' schedules when asked about the latest interactive surveys.

Contact Washington correspondent Peter Hardin at phardin@mediageneral.com or (202) 662-7669.

Contact staff writer Jeff E. Schapiro at jschapiro@timesdispatch.com or (804) 649-6814.

Staff writers Tyler Whitley and Michael Hardy contributed to this report.

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Cardin's Lead Over Mfume Up In Poll (WT)

By S.a. Miller

The Washington Times, August 30, 2006

Rep. Benjamin L. Cardin has increased his lead in the contest for the Democratic nomination in Maryland's U.S. Senate race and likely Republican nominee Lt. Gov. Michael S. Steele remains highly competitive in any general election matchup, a poll released today shows.

Likely voters in the Sept. 12 Democratic primary now favor Mr. Cardin over ex-Rep. Kweisi Mfume, a former National Association for the Advancement of Colored People president, by 43 percent to 30 percent, according to a statewide poll by nonpartisan Gonzales Research & Marketing Strategies.

In the general election, the poll found Mr. Steele trailing Mr. Cardin 44 percent to 39 percent and beating Mr. Mfume 42 percent to 38 percent.

"I think it means that [Mr. Steele] is in a competitive position," said Patrick Gonzales, chief pollster and president of the Annapolis-based firm that performed the survey. "His campaign is fairly well-positioned right now."

Mr. Gonzales credited Mr. Cardin's recent TV ads with expanding his lead. "Money can make a big difference in politics if you've got it to get your message out," he said.

However, Josh Rales garnered just 6 percent of the Democratic primary vote in the poll, despite spending more than $4.4 million -- most of it from his personal fortune from real estate investments -- saturating the state with his TV ads since June.

Other polls have produced different results.

A survey in June by The Washington Post found Mr. Mfume ahead of Mr. Cardin by 6 percentage points.

A poll by Zogby International distributed through the Wall Street Journal this week showed Mr. Rales beating Mr. Steele 45.7 percent to 42.2 percent. That poll showed Mr. Cardin and Mr. Mfume beating Mr. Steele by about 9 percentage points and about 4 percentage points, respectively.

The Zogby poll did not gauge the primary contest. The Gonzales surveys of 621 likely Democratic primary voters and 843 potential general election voters was conducted Aug. 18 to 25.

The poll of likely primary voters had a margin of error of 4 percent. The general election survey had a margin of error of 3.5 percent.

The poll also showed Gov. Robert L. Ehrlich Jr., a Republican, trailing Baltimore Mayor Martin O'Malley, a Democrat, 46 percent to 42 percent in the race for governor. Those numbers are virtually unchanged since a Gonzales poll in April.

President Bush's job-approval rating was 36 percent in the current poll, up from an all-time low in Maryland of 29 percent in April.

Voter attitude toward Mr. Bush's handling of the Iraq war also improved since April, up from a 24 percent approval rating to 32 percent. Most Marylanders -- 63 percent -- still disapprove of his handling of the war.

The president's scant popularity and widespread opposition to the war in Maryland, where registered Democrats outnumber Republicans 2-to-1, have been viewed as major drawbacks for Mr. Steele and Mr. Ehrlich, who won the governor's office for their party after more than three decades of Democratic rule.

In Mr. Cardin's TV ads, he stresses that he "stood up to President Bush" on the Iraq war.

"Marylanders are sick of the president's misguided policies, and Ben Cardin is the strongest candidate to keep this seat in the Democratic column," Cardin campaign spokesman Oren Shur said.

"It's clear that Michael Steele does not want to face Ben Cardin in this November's election."

Mr. Cardin has increased his lead over Mr. Mfume from 8 percentage points in a Gonzales poll in April to 13 percentage points in the current poll.

Mr. Steele, who is the first black elected to statewide office in Maryland, has closed the gap with Mr. Cardin from 14 percentage points in the April poll to 5 percentage points in the current survey.

Mr. Steele also has overtaken Mr. Mfume after trailing him 44 percent to 39 percent in April.

Steele campaign spokeswoman Melissa Sellers said the poll confirmed his potential to be the first Republican that Maryland has sent to the Senate in 26 years.

"This will undoubtedly continue to be a close race, but more and more Marylanders are ready for change in Washington, and they are supporting Michael Steele," she said.

Jack Kemp To Campaign For Lieberman (AP-Y)

AP, August 30, 2006

Jack Kemp will hit the campaign trail with a fellow former vice presidential candidate from another party: Sen. Joe Lieberman.

Lieberman said Tuesday that Kemp, a Republican former congressman and U.S. housing secretary, telephoned to offer support to his independent campaign, which the three-term senator began after losing the Democratic primary to Greenwich businessman Ned Lamont. No date for the visit has been set.

"We've worked together for years on some good projects that got done," Lieberman told reporters while campaigning in New London.

Kemp was former Sen. Bob Dole's running mate in 1996.

Lieberman, the Democratic nominee for vice president in 2000, has seen most Democratic leaders flock to Lamont since the Aug. 8 primary. Many saw the race as a referendum on the Iraq war. Lamont harshly criticized Lieberman's support of the war and said the senator was too close to Republicans and President Bush.

A Quinnipiac University poll last week showed Lieberman with a 12-point lead over Lamont among likely voters, while an American Research Group poll showed Lieberman with only a slight advantage. Republican Alan Schlesinger received single-digit support in both polls.

Inouye Abandons Lieberman (AP-Y)

By Andrew Miga, Associated Press Writer

DOJ_NMG_0055839

AP, August 30, 2006

Democratic Sen. Daniel Inouye said Tuesday he is supporting Ned Lamont over Sen. Joe Lieberman because of the Connecticut lawmaker's contention that the Democratic Party doesn't stand for mainstream America.

Inouye, who campaigned in Connecticut for Lieberman prior to the Aug. 8 primary, issued a statement endorsing Lamont and citing Lieberman's recent criticism of the party. Lamont upset Lieberman in the Democratic primary and the three-term senator is running as an independent in hopes of holding his seat.

"After the primary, Senator Inouye was most disappointed and unhappy when Senator Lieberman remarked that the Democratic Party no longer represented the mainstream of America, and that the Democratic Party had lost its values," the eight-term Hawaii senator said in the statement.

Inouye is the latest prominent Democrat to rally behind Lamont, a political newcomer whose anti-war views helped him topple Lieberman, a staunch supporter of the war.

"Senator Inouye tried his best to help ensure a victory by Senate Lieberman in Connecticut's Democratic primary," the statement said, referring to the earlier campaign appearance. "Unfortunately, that did not happen."

The Lieberman campaign had no immediate comment.

Party officials such as Senate Democratic leader Harry Reid of Nevada, who backed Lieberman in the primary, have endorsed Lamont in the three-way race. Republican Alan Schlesinger also is seeking the Senate seat.

The Connecticut race has been cast by many as a referendum on President Bush's Iraq war policies. Lieberman has been a strong supporter of Bush's handling of Iraq, winning praise and endorsements from Republicans.

Lieberman Gains G.O.P. Ally But Loses A Democratic One (NYT)

By Jennifer Medina

The New York Times, August 30, 2006

NEW LONDON, Conn., Aug. 29 — Senator Joseph I. Lieberman picked up an endorsement from a prominent Republican on Tuesday, but he also lost the backing of a Democratic colleague who just weeks ago had said he was supporting the senator.

The Republican is Jack Kemp, his party's vice-presidential candidate in 1996, who has agreed to campaign with Mr. Lieberman as the senator runs for re-election on his own party line, Connecticut for Lieberman, against Ned Lamont, the Democratic nominee.

The Democrat is Senator Daniel K. Inouye, of Hawaii, who campaigned for Mr. Lieberman last month but said on Tuesday that he would no longer support Mr. Lieberman's bid.

Mr. Lieberman called Mr. Kemp "a good friend," and said that Mr. Kemp called a few days after the primary offering to help — joking that the offer was to speak "for or against" him, whichever would be of more help.

"Jack is a devoted Republican; I am a devoted Democrat," Mr. Lieberman said. "We've worked together for years on some good projects that got done."

Mr. Lieberman was less effusive about Mr. Inouye's decision, which he said he had not heard of.

"I'm sure people are under pressure," Mr. Lieberman said of the growing lineup of prominent Democrats who have endorsed Mr. Lamont, though he did not single out Mr. Inouye.

In a statement from his office, Mr. Inouye said he had "tried his best" to help Mr. Lieberman win the primary, adding, "Unfortunately, that did not happen."

The statement also said: "After the primary, Senator Inouye was most disappointed and unhappy when Senator Lieberman remarked that the Democratic Party no longer represented the mainstream of America, and that the Democratic Party had lost its values. I am a proud Democrat."

It was not clear which remarks Mr. Inouye was referring to, and his aides could not cite a specific example.

But Mr. Lieberman has angered many Democrats in recent days by criticizing Mr. Lamont's supporters.

Mr. Lieberman released a television advertisement on Tuesday, which is scheduled to run at least through the weekend on major networks in Hartford and cable systems in Fairfield County.

The advertisement is the first to be produced by Josh Isay, Mr. Lieberman's new media consultant, who has worked with candidates from both major parties, including Mayor Michael R. Bloomberg, a Republican, and Senator Charles E. Schumer, a Democrat from New York.

The ad features a picture of beach at sunset, while soft music plays in the background.

A woman's voice says: "Joe Lieberman thought you might enjoy a break from Ned Lamont's negative attacks. So just sit back and think about — good stuff. Like Senator Lieberman saving jobs, improving health care and keeping us safe."

Both Mr. Lieberman and Mr. Lamont attacked each other on the airwaves before the primary.

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Schumer Has Seen The Future, And It's Democratic (WP)

By Dana Milbank

The Washington Post, August 30, 2006

Some see the glass as half empty, others as half full. Sen. Charles Schumer (D-N.Y.) sees it as overflowing.

Briefing reporters yesterday on Democrats' prospects in the midterm elections, Schumer, chairman of the Democratic Senatorial Campaign Committee, had trouble thinking of a single race Republicans will win.

How about Nevada, where Democrat Jack Carter trails Sen. John Ensign (R) by 21 points?

"Jack Carter has done a very good job. . . . Nevada is moving up on our radar screen . . . We are getting more and more enthusiastic about Nevada."

And Arizona, where a poll found Sen. Jon Kyl (R) 18 points ahead of Democrat Jim Pederson?

"We're feeling better and better. . . . Our candidate Jim Pederson is running a great race. . . . The public seems to like what he says."

Or Virginia, where no conventional poll has found Democrat James Webb leading Sen. George Allen (R)?

"We think we have a good chance of winning in Virginia. . . . We regard it as a very, very good chance of a Democratic pickup."

Those who handicap Senate races say the Democrats could gain four or five seats -- just short of the six needed to gain control of the chamber. But the irrepressible Schumer, whose position requires a certain amount of cheerleading, yesterday outlined a November conquest in which Democrats pick up nine seats. "We're doing amazingly well and better than we ever thought," he pronounced.

To judge from Schumer's presentation, the Democrats will achieve this extraordinary triumph by employing an extended series of mixed metaphors. Schumer himself may have set a record in that department yesterday as he painted the electoral landscape:

"This administration is shrugging its shoulders. . . . It's like 'The Wizard of Oz' -- it showed the man behind the screen. . . . You know which way the winds are blowing. . . . There have been very few bumps in the road. . . . The wind continues to stay at our backs. . . . The idea that there should be no check and balance, no congressional oversight, just isn't flying. They want to try to bring back the 2004 playbook. . . . They're trying to find a new rabbit to pull out of the hat, but so far they've gone back to the old chestnuts."

Chestnuts? In the same hat with rabbits? With the wind at their back on a bumpy road?

"They're going to bring up the same old chestnuts in one form or other, and it's not going to work," Schumer continued. "Digging the hole deeper makes a difference. . . . The real way they can get well is a change in course. That's what America wants, a new direction. . . . We have an uphill road in the sense that the map is a tough map, but we're feeling very good. . . . The meat-and-potato issues are the Democratic base. . . . There's a big wind at Democrats' backs. . . . The national winds tend to blow better in Senate races, but we have a tougher map."

Okay, so it's definitely windy, and the Democrats have meat and potatoes, not chestnuts. But why would Republicans change course if it's the Democrats who have a tough map?

Schumer was having too much fun to explain. Forty reporters, desperate for some late-August political news, crowded around a conference table at DSCC headquarters. Schumer entered wearing cotton trousers and an open collar. "I guess nothing's doing," he surmised correctly when he saw the big crowd.

The senator, no stranger to news conferences, savored his 40-minute Q&A, resting his elbows on the table, removing his right loafer and jiggling his leg under the table as he spoke excitedly about Democratic prospects as if they were marathon runners.

Sen. Bob Menendez (D-N.J.): "Bob Menendez is running a great race."

Ohio candidate Sherrod Brown: "Sherrod Brown is running a great race."

Tennessee candidate Harold Ford: "Harold Ford is running a great race."

For the record, Schumer did not say that Pennsylvania candidate Bob Casey is running a great race. "Bob Casey is a great candidate and will be a great senator," he said.

Schumer bestowed his most generous praise on Claire McCaskill, who is challenging Sen. Jim Talent (R-Mo.). "She is just wonderful -- I just respect her so," Schumer gushed. "She is a wonderful person, a very, very smart political leader."

Maryland presented a problem for Schumer because the Democratic primary hasn't happened yet. "We have two very good candidates in Maryland," the resourceful Schumer improvised. "Extremely strong candidates. . . . We feel very good about Maryland."

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Amid such unbounded optimism, it would have been churlish to point out that the experts regard this as overly exuberant. While political forecasters such as Charlie Cook and Stuart Rothenberg have switched in the past few weeks to predicting a Democratic takeover of the House, there are no such forecasts for the Senate.

Except Schumer's. Asked if any races were not going well for Democrats, he was stumped. "Hmmmm," he replied.

"How about Maine?" a reporter offered. Polls show Sen. Olympia Snowe (R) leading Democrat Jean Hay Bright by 50 points, and Democrats have likened Snowe's popularity in Maine to that of Jesus.

"Yeah," Schumer agreed. "Maine isn't going very well at all."

Mark that one down as half empty.

Trial Lawyers Target Republicans (AP-Y)

By Jim Kuhnhenn

AP, August 30, 2006

The Association of Trial Lawyers of America on Tuesday launched a $500,000 television and radio ad campaign in five congressional districts blaming GOP lawmakers for not seeking lower prices for the Medicare prescription drug program.

The ad campaign targets Republican House members from Pennsylvania, Indiana, New Mexico, Ohio and North Carolina. The ads accuse the lawmakers of blocking provisions that would have required Medicare to negotiate with drug companies for the best prescription cost.

In a series of radio ads, the association also criticizes the lawmakers for accepting contributions from the oil and gas industry, suggesting that their inaction contributed to high gas prices.

"Be it at the gas pump, the pharmacy or in our courts, these politicians in Washington are putting corporate profits ahead of the health and well-being of their constituents," association spokeswoman Chris Mather said.

Carl Forti, a spokesman for the National Republican Campaign Committee, scoffed at the trial lawyers association's ad campaign.

"I can't figure out what angle they're going to take that they can sue somebody over," he said.

Trial lawyers are considered one of the Democrats main base of financial support and especially oppose Republican efforts to place caps on lawsuit awards and to place limits on class action lawsuits.

Republicans singled out by the ads are Reps. Heather Wilson of New Mexico, Deborah Pryce of Ohio, Chris Chocola of Indiana, Charles Taylor of North Carolina and Don Sherwood of Pennsylvania, all of whom have been targeted by Democrats for defeat. Mather said the five have "voted repeatedly to restrict access to justice."

The trial lawyers' ads, which will run through Sept. 7, coincide with a broader, $10 million U.S. Chamber of Commerce campaign that thanked Republican lawmakers who backed the drug program when it passed in November 2003. The chamber is launching a second wave in that campaign also addressing issues such as energy and health care costs for small business. Those ads are also set to end Sept. 7.

The Associated Press reported last week that the drug industry and its main advocacy group, the Pharmaceutical Research and Manufacturers of America, quietly financed at least part of the chamber's ad campaign. Chamber political director Bill Miller would not discuss details of who in the chamber's membership helped foot the bill for the ads.

"Many of the pharmaceutical companies are strong members of the chamber," he said Tuesday. He said the chamber approached drug companies and PhRMA for help "just like we continue to solicit our members at all times for activities we are undertaking."

With their focus on seniors, the chamber and the trial lawyers' ads recognize the significance of older people as a powerful voting bloc. Seniors tend to vote more frequently than other age groups and are considered especially important in this midterm election when control of Congress hangs in the balance.

The Medicare prescription drug program, backed by most Republicans and opposed by most Democrats, offers retirees subsidizes drug benefits through competing plans from health insurers. Democrats have long complained, though, that the benefit would be cheaper if the law would have allowed Medicare to negotiate with the companies for lower prices.

Still, polls show broad satisfaction with the plan, dulling its potency as a political issue.

"By every one's measure, other than trial lawyers and those detractors who voted against the bill, this legislation has been a success," Miller said.

Warner Voices Frustration With Dems (AP-Y)

By Mike Glover, Associated Press Writer

AP, August 30, 2006

DOJ_NMG_0055842

Mark Warner, a potential 2008 presidential candidate, voiced growing concern Tuesday with his party's electoral strategy, arguing that Democrats' willingness to write off sections of the country could make it nearly impossible to win the White House.

"I got pretty frustrated after 2004," said the former Virginia governor. "We are making a mistake if we put up candidates that are only competitive in 16 states and then we roll the dice and hope we win Ohio or Florida."

In an interview with The Associated Press, Warner insisted he wasn't being critical of 2004 Democratic nominee John Kerry, whom he called "a very strong candidate." But Warner said Democrats must stop conceding entire regions of the country.

"We do our party and the country a disservice if we're not competitive in the South and the balance of the Midwest," Warner said. "I'm disappointed in campaigns that write off the South and leave behind wide swaths of our country."

Democratic National Committee chairman Howard Dean has steered money and staff to all states, contending that the party needs to build its operation in Republican bastions.

Warner spoke after a campaign appearance in Ames, home of Iowa State University and a popular spot for Democratic contenders. To be successful, he said, Democrats must reach beyond bastions such as college towns.

"We've got to have candidates who can campaign not only in Ames, but at NASCAR races, candidates who can campaign in the barrio and changing communities," Warner said. "We've got to have a message that's more focused on solutions than simply focused on criticism."

Warner spoke during a two-day campaign swing in the state where caucuses traditionally launch the presidential nominating process. He has been focusing on his core appeal to Democratic activists who are hungry for a nominee who can win back the White House after two losses to President Bush.

In making his case, Warner said he was elected governor in a state that hasn't voted for a Democratic presidential candidate since 1964, and last year he helped get his Democratic lieutenant governor elected to replace him. In Virginia, a governor can only serve one term.

Warner argued that his success in Virginia came largely because he refused to give up on rural areas that traditionally vote Republican. He's taken the same approach in Iowa, spending Monday in heavily Republican — and very rural — western Iowa.

Warner also cited history, noting the success of Democratic governors Bill Clinton and Jimmy Carter.

"History has been pretty kind to Southern governors over the last 50 years," Warner said.

Frist Failed To Fulfill A State Requirement For Medical License (AP)

AP, August 30, 2006

WASHINGTON, Aug. 29 (AP) — The Senate majority leader, Bill Frist of Tennessee, did not meet all the requirements needed to keep his medical license active even though he gave paperwork to Tennessee officials indicating that he had, his office acknowledged Tuesday.

Tennessee requires its licensed physicians to complete 40 hours of continuing medical education every two years. Mr. Frist, a heart-lung surgeon, submitted a license renewal with the Tennessee Health Department stating he had fulfilled that requirement.

Responding Tuesday to repeated requests from The Associated Press, a Frist spokesman said the senator had contacted the Tennessee Board of Medical Examiners and was working to clear up the problem.

“As a result of a change in Tennessee’s regulations several years after Dr. Frist came to the Senate, he may be required to complete additional continuing medical education hours,” the spokesman, Matt Lehigh, said in a statement. “A representative of the Tennessee Board of Medical Examiners has been contacted, and Dr. Frist will meet every requirement of the board.”

Mr. Frist, who is retiring from Congress at the end of the year to consider a presidential run in 2008, does not maintain a medical practice but routinely emphasizes his experience as a doctor.

Tennessee officials put the continuing education requirement in place in 2002. Starting with renewal applications filed in January 2005, the state required doctors to have completed 40 hours of continuing education in the two years that preceded their filing.

A renewal application that Mr. Frist filed with the medical examiners board this February specifically mentioned the continuing education requirement and was signed on his behalf by his accountant.

Mr. Lehigh said the senator might have been unaware of the change.

Tennessee law states that doctors who fail to do their continuing medical education ”will be subject to disciplinary action.”

More Employers To Offer Advice On 401(k) Plans (WSJ)

By Jeff D. Opdyke And Eleanor Laise

The Wall Street Journal, August 30, 2006

DOJ_NMG_0055843

American workers are getting the message: They need to save more for retirement. Now, more companies plan to offer employees advice on how to invest those savings.

Pension legislation that President Bush signed into law earlier this month encourages employers and the financial-services firms that administer their 401(k) retirement plans to introduce advice services. The idea is to help workers navigate the myriad investment choices in many of these plans. Along with the amount of money an employee sets aside from each paycheck, the investment decisions he or she makes will help determine how much savings will be available for retirement.

Many of the new services are expected to be online computer programs, though experts say these are less effective than face-to-face sessions with an adviser at encouraging people to save more and diversify their assets. But the more-personalized services cost more. They also present potential conflicts of interest for larger firms that manage their own mutual funds.

Financial firms including Prudential Financial Inc., Transamerica Retirement Services, a unit of Aegon NV, and A.G. Edwards Inc. say they plan to roll out advice services in coming months for employees at companies whose 401(k) plans they administer. Catherine Collinson, a Transamerica senior vice president, says she has been receiving more emails than she can respond to from many of the firm's 15,000 small and midsize company clients that want to begin providing advice to workers.

"People feel overwhelmed" by the investment choices they have to make with their retirement savings, says Terry Pearce, vice president of human resources at Severn Trent Services, a water-treatment company in Fort Washington, Pa., that is considering using new advice services expected next year from Prudential. As traditional pension plans have gradually disappeared in favor of 401(k) plans, "employees lost that professional management of their money. They're expected to become experts themselves," she says.

About half of the nation's 401(k) plans already offer workers access to investment advice, mainly through online computer programs provided by independent firms, such as GuidedChoice Inc. and Financial Engines Inc. These employers have begun offering advice in recent years despite the fact that some companies felt they might be legally responsible for poor investment recommendations. The new pension legislation helps protect employers from liability.

General Motors Corp. currently offers 401(k) advice to its salaried employees through Financial Engines. Participants who use the tool "are both better diversified and have had better total returns," says Preston Crabill, GM's director of pension and savings plans.

At Freescale Semiconductor Inc., an Austin, Texas, technology firm, workers using advice provided by GuidedChoice have increased their savings rate by an average of two percentage points to about 7%, and have more-diversified accounts, says Matt McCoy, Freescale's director of global benefits.

Amal Shrestha, a 40-year-old applications developer at Atmos Energy Corp., a natural-gas utility in Dallas, says he managed his own retirement portfolio for years with 40% Atmos stock and 60% split among three stock mutual funds. About a year ago, he says, he began using his company's advice program, which got him to diversify his holdings more broadly. "I was tired of looking at my portfolio all the time and" wondering if it was invested correctly, Mr. Shrestha says. "I wanted to let someone else tell me what to do."

To use a computer-based advice system, participants generally enter various personal data online, including savings outside a 401(k). The programs typically provide a snapshot of how much income you'll be able to replace in retirement based on those current factors. Then the program crunches the numbers to generate a portfolio better suited to meeting your income-replacement needs in retirement. If you want to accept the advice, you click a button and all the changes are automatically made to your portfolio and your future contributions.

The programs generally do not automatically recalibrate your account each year as stock and bond prices fluctuate, nor do they know if you receive a big inheritance or must scale back your savings to afford a child's college costs. Workers are encouraged to return at least once a year to rerun the program in case changes need to be made to the portfolio.

The costs of advice currently range from less than $25 a year per worker, the typical cost at Financial Engines, to a couple of hundred dollars per year, as in some plans offered by GuidedChoice. Some companies pay the bill for their workers, including Charles Schwab & Co. At Atmos Energy, workers using advice pay an annual fee of 0.35%, or $35 for every $10,000 in their account, up to a maximum of $350.

Some types of advice help 401(k) participants more than others. "It's been shown that one-on-one financial advice works much better than a computer model," says Leslie Smith, director in Deloitte Consulting LLP's human capital practice, which has surveyed employers on the subject.

A number of independent advisory firms offer one-on-one advice to 401(k) participants, mainly in small plans, without relying on computer models. Advisers at Tilson Financial Group, in Watchung, N.J., will meet face to face with employees to discuss issues such as risk tolerance, financial goals and investments outside the 401(k) plan, and offer specific investment advice. "They're using our advice because we're willing to sit down with them for 20 minutes and listen to them," says Jim Miller,

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senior planner at Tilson. The firm says that it charges either a flat fee, ranging from $5,000 to $25,000 per company a year, or an asset-based fee, usually 0.5% to 1% of plan assets, typically paid by the employer.

But big financial firms that administer 401(k) plans say offering such personalized advice would be difficult for them under the rules of the new pension bill, which seeks to limit any conflict of interest. Because many of these firms also manage their own mutual funds, it would be unwieldy for them to equalize fees among the different investment options, they say.

One area of potential conflict is company stock in a 401(k) plan, since companies might frown on an advice provider telling an employee to ditch company shares. In the Freescale plan, GuidedChoice "ignores our stock," says Freescale's Mr. McCoy. "They never recommend to buy or sell it, they just reallocate around" whatever shares a worker might own, he says. Another advice provider, Morningstar Associates, a unit of research firm Morningstar Inc., says it handles company stock by essentially recommending that workers sell off the shares. But Morningstar will tilt its recommendations if a worker wants to keep the stock. Financial Engines says it will allow a worker to keep between 15% and 20% in company stock, if it matches that employee's risk tolerance.

A number of prominent firms, including Principal Financial Group Inc., Vanguard Group, T. Rowe Price Group Inc. and Merrill Lynch & Co., say they currently don't plan any new advice services. These firms expect to stick to their current advice offerings, which are largely generated by the independent companies. Advice offered by a firm that has branded mutual funds in a 401(k) plan that it also manages "can't provide the same level of comfort to" the employer, as does independent advice, says Charles Vieth, president of T. Rowe Price Retirement Plan Services.

Wal-Mart As Red Herring (WP)

By Robert J. Samuelson

The Washington Post, August 30, 2006

It's not surprising that, as the New York Times reports, leading Democratic politicians have latched on to bashing Wal-Mart as a "new rallying cry" that "could prove powerful in the midterm elections and in 2008." America's political culture routinely demands at least one hideous corporate villain. In recent decades that role has fallen to General Motors, IBM, Exxon Mobil and Microsoft; now Wal-Mart has assumed the mantle. But these wishy-washy politicians have missed the obvious solution to the Wal-Mart problem: nationalization.

Congress should just buy the company and then legislate good behavior. Wal-Mart executives "talk about paying [workers] $10 an hour," Sen. Joseph Biden told a rally in Iowa, according to the Times. "How can you live a middle-class life on that?"

Well, if $10 is too little, the government could order the Department of Wal-Mart to pay more. How about $15 or $20? Similarly, if Wal-Mart's health insurance is inadequate, Congress could command more coverage. (I asked Wal-Mart for coverage figures, which it declined to provide. All a spokesperson said is that more than half of its 1.3 million U.S. employees are full-time, enjoying higher coverage rates, and that 75 percent of all workers have some coverage through the company, the government or spouses' plans.)

Okay, I jest. Congress isn't going to buy Wal-Mart -- which would cost roughly $183 billion at its current stock price of about $44 a share -- and I don't think it should. Still, pretending to nationalize Wal-Mart is a useful thought exercise. It shows why Wal-Mart as a government agency would actually provide fewer public benefits than it would as a grubby, profit-seeking colossus. The company's incentives would shift. Instead of trying to lower costs, improve efficiency and raise its profits, it would focus on pleasing its political patrons and complying with their demands.

These would doubtlessly burgeon beyond wages and benefits. Politicians would find unending opportunities for grandstanding and meddling. Does Wal-Mart import too much from China? Order it to cut back. Does it treat suppliers brutally? Require it to be nicer. Are its stores ugly? Appoint architectural advisers.

Wal-Mart would deliver more political benefits to favored constituencies -- workers, suppliers, competitors -- and fewer to the public. Retail prices would be the biggest casualty. Scholarly studies show Wal-Mart's price reductions to be sizable. Economist Emek Basker of the University of Missouri found long-term reductions of 7 to 13 percent on items such as toothpaste, shampoo and detergent. Other companies are forced to reduce their prices. On food, Wal-Mart produces consumer savings that average 20 percent, estimate Jerry Hausman of the Massachusetts Institute of Technology and Ephraim Leibtag of the Agriculture Department.

All told, these cuts have significantly raised living standards. How much is unclear. A study by the economic consulting firm Global Insight found that from 1985 to 2004, Wal-Mart's expansion lowered the consumer price index by a cumulative 3.1 percent from what it would have been. That produced savings of $263 billion in 2004, equal to $2,329 for each U.S. household. Because Wal-Mart financed this study, its results have been criticized as too high. But even if price savings are only half as much ($132 billion and $1,165 per household), they'd dwarf the benefits of all but the biggest government programs.

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A collateral benefit is less understood. By restraining inflation, intense competition of the sort that Wal-Mart provides eases pressure on the Federal Reserve to do the job with higher interest rates. Note the paradox: At one level, intense competition destroys jobs, as some companies can't compete, but the larger effect is to increase total job creation by fostering favorable economic conditions.

No company should be above public scrutiny. But much of the political criticism of Wal-Mart is shallow and, if followed, undesirable. Wal-Mart doesn't pay high wages and benefits mainly because it's in an industry (retailing) where those are rare. In 2005 average hourly wages were $10.85 for food stores, $10.63 for clothing stores and $10.84 for department stores. As General Motors and Ford are discovering, companies that pay above-market labor costs ultimately shrink and destroy jobs. The efforts of some local governments -- notably the Maryland General Assembly and the Chicago City Council -- to mandate higher labor costs on Wal-Mart are shortsighted.

There may even be political pitfalls to this crusade. By Wal-Mart's estimate, 85 percent of Americans shop during the year at the chain; in opinion polls it generally receives high ratings. People are voting with their pocketbooks. On any list of major national concerns, the "Wal-Mart problem" would not rank in the first 50. Why, then, are some leading Democratic politicians spending so much time talking about it? People who ask that question may conclude that Wal-Mart, though a tempting target as a symbol, is mostly a diversion from weightier issues where what politicians do really matters.

Early Pullout From Iraq Will Encourage Extremists: Rice (AFP-Y)

AFP, August 30, 2006

US Secretary of State Condoleezza Rice warned against a premature withdrawal of US forces from Iraq, saying it would encourage extremists at an "immeasurable" cost.

If the United States pulled its troops out of Iraq before it achieves success, "the cost of failure will be severe, indeed immeasurable," she told the annual convention of the American Legion veterans in Salt Lake City, Utah.

"If we abandon the Iraqi people before their government is strong enough to secure the country, then we will show reformers across the region that America cannot be trusted to keep its word," Rice said.

Rice was speaking as pressure rises from the US public and from opposition politicians for the government to plan a withdrawal from Iraq.

But she said a premature pullout will "embolden extremists and enemies of moderation and of democratic reform."

Such a result, she said, would leave Iraq as a "failed state" comparable to Afghanistan in the 1990s, which became a haven for Al-Qaeda and the "launching pad" for the September 11, 2001 attacks on the United States.

Iran Enriching More Uranium (WP)

By Dafna Linzer

The Washington Post, August 30, 2006

Iranian nuclear specialists have begun enriching a new batch of uranium in an apparent act of defiance just days ahead of a U.N. Security Council deadline for Tehran to stop such work or face the prospect of economic sanctions, officials in Washington and European capitals who have been monitoring Iran's efforts said yesterday.

Inspectors with the International Atomic Energy Agency plan to formally disclose the new enrichment work, as well as additional Iranian nuclear advances, in a report due out tomorrow, according to the officials, some of whom spoke on the condition of anonymity.

The officials stressed that the Iranians are working at a slow pace with small quantities of uranium, and that they are enriching the material to an extremely low level that could not be used for nuclear weapons. Still, it is unlikely that the Iranians will stop the work in time to meet the Security Council's deadline.

For three years, Iran and the United States have publicly sparred over a nuclear program that Tehran says it built to produce energy but which the Bush administration believes is a cover for nuclear weapons work. IAEA inspectors have been trying, without success, to determine the true nature of the program, which Iran kept secret for 18 years.

Last month, the Security Council ordered Iran to shutter its nuclear facilities by Aug. 31 and cooperate with inspectors or face consequences. If Iran complied, U.S. officials said they were prepared to join talks on Iran's nuclear program and the possibility of future cooperation. But, yesterday, senior Bush administration officials said they are determined to impose sanctions against the Tehran government if it fails to comply, even though Russia and other nations seem reluctant to participate.

"We've seen no indication that Iran intends to comply with the U.N. Security Council's condition of suspending its nuclear program," Undersecretary of State R. Nicholas Burns, the administration's lead diplomat on the Iran issue, said in an interview. "Should it not comply by Thursday, and should the IAEA report confirm Iran's continued efforts to enrich uranium, the U.S. will move to begin sanctions discussion at the United Nations, and we expect a sanctions resolution to be passed," he said.

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Despite comments over the weekend from senior Russian officials that it is too early for sanctions, Burns said the administration would press for the commitments that it believes Moscow and others made when they passed the deadline resolution in July.

Burns said he will meet his European, Chinese and Russian counterparts next week in Berlin, and that he expects sanctions to be in place by the end of September.

But other officials seemed less certain that the Bush administration could persuade the U.N. Security Council to approve or even enforce sanctions against one of the world's major oil exporters.

"We might take another shot at a resolution that puts sanctions forward. The exact nature of that and whether it will require additional steps or not, you know, we'll just have to wait and see," State Department spokesman Tom Casey said yesterday. John R. Bolton, the U.S. ambassador to the United Nations, also indicated that the administration may work outside the council.

European officials appeared less eager to discuss sanctions and were arranging to meet later this week in Europe with Iran's chief nuclear negotiator, Ali Larijani. The Iranians put forth what they said was a new proposal last week, and said they are eager for talks with the United States and its allies but will not comply with the resolution as a precondition for those discussions.

At the United Nations, Britain's ambassador said that the Iran situation will not come up for discussion again until mid-September. In France, Foreign Minister Philippe Douste-Blazy said he hopes sanctions can be averted.

"But Iran has less than a week to comply with the resolution. We shall make the most of the remaining time to have more detailed discussions regarding its response," he told reporters.

Privately, two senior administration officials said that if Russia or China balked at sanctions now, the United States would push a backup plan to restrict Iran's nuclear industry, freeze the assets of key members of the Tehran government, and prevent them from traveling abroad. The measures would be imposed collectively by the European Union and possibly Japan. Some hoped that the IAEA report would encourage nations to work harder on the Iran issue.

"A tough report puts the focus back on Iran, which has broken rules and has failed to cooperate, and takes it away from this perception that the U.S. is just bullying Iran," said George Perkovich, vice president at the Carnegie Endowment for International Peace. "An IAEA report that calls it like it is makes it hard for countries to walk away from the issue because it will be clear that it isn't getting better."

Several times since international pressure began to build against Iran's nuclear program in 2003, Tehran has rushed to complete small projects immediately ahead of deadlines, calculating that technical achievements would give it a tactical advantage during negotiations.

Officials familiar with the inspectors' summer findings said they will report that Iran has produced several kilograms of low-enriched uranium and as much as 145 tons of converted uranium in the past year. Iran's two main nuclear facilities, the IAEA's most heavily monitored in the world, are outfitted with dozens of cameras pointed at every piece of equipment and barrel that contains uranium.

Inspectors continue to visit certain sites as well, but Iran ended voluntary cooperation with the agency several months ago and has threatened to end it entirely if the Security Council imposes sanctions.

Much of what is known by U.S. intelligence about Iran's nuclear program comes from the inspectors. Current intelligence assessments predict that Iran could have a nuclear weapon within a decade if it vastly improves its capabilities.

U.N. May Hold Off On Confronting Iran (AP)

By Nick Wadhams, Associated Press Writer

AP, August 30, 2006

The U.N. Security Council will need until mid-September before acting on its threat to punish Iran if Tehran's leaders flout a Thursday deadline to suspend uranium enrichment as is widely expected, Britain's U.N. ambassador said Tuesday.

Ambassador Emyr Jones-Parry's prediction seemed to rule out the immediate threat of sanctions against Iran if it disregards the council's demands — spelled out in a resolution adopted this month — to suspend enrichment by Thursday. Iran has already said it would reject the deadline.

Jones-Parry said that before it can act, the Security Council will need to receive a report from the U.N. nuclear watchdog, the International Atomic Energy Agency, on Iran's compliance with the resolution.

"Once we've had the report from the agency, had a further chance to discuss that, capitals will have a clearer view of exactly how this should be carried forward, but I would expect activity here to resume toward the middle of September," Jones-Parry said.

Another obstacle to quick action will be the language that will have to be worked out in the resolution. Russia, whose support for sanctions is essential, has publicly counseled patience with Iran — a possible signal of reluctance to go along with the U.S.

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For now, most discussions are taking place in the capitals of the permanent five Security Council nations, as well as Germany. A council diplomat said diplomats in New York have discussed ideas which could be included in a new resolution but that the council was a long way from a formal meeting.

The diplomat spoke on condition of anonymity because the talks were private.

The negotiations over the earlier Iran resolution took weeks, as did talks over a weaker statement passed this year in which the council also demanded Iran suspend enrichment.

In July, the five permanent members of the Security Council plus Germany offered Iran a package of incentives to entice it into clearing up questions about its nuclear program and suspending uranium enrichment.

The council then gave Iran until Aug. 31 to suspend enrichment and warned it would consider economic and political sanctions if Iran disobeys.

Although details of Iran's response last week have not been released, officials and diplomats said it was not satisfactory. Diplomats at the U.N. said they believed Iran's response would not change between now and Thursday.

Enrichment is a process that can produce either fuel for a reactor or material for weapons. Iran says its nuclear program is intended solely to generate electricity, while the United States and Europe contend it secretly aims to develop weapons.

U.S. Ambassador John Bolton said the United States still has not decided how it will respond once the Aug. 31 deadline expires. But he reiterated that Washington will seek sanctions if Iran disregards the resolution.

"They have until the 31st of August, but we've made it very clear unless we get an unequivocal acceptance of that condition in the Security Council resolution, that sanctions would follow," Bolton said.

The Likely US Course On Iran: Go Slow (CSM)

By Howard Lafranchi

The Christian Science Monitor, August 30, 2006

WASHINGTON

Expect Thursday's deadline for Iran to stop enriching uranium to pass with more of a whimper than a bang.

As the United States experiences what one observer calls "confrontation fatigue," and as international unity against a nuclear-armed Iran threatens to splinter under pressure, quick action against Iran is not likely - even though the Iranian leadership continues to taunt the West with rhetorical jabs.

It's been a week since Iran essentially said "no" to international offers of economic incentives in exchange for curtailing its nuclear program. Since then, two scenarios have emerged - one predicting the United Nations will move swiftly toward sanctions against Iran, and the other foreseeing a slow diplomatic response.

Patient and methodical will win out, most analysts say, because the US wants to preserve the semblance of international unity against Iran as long as possible. At the same time, these observers add, the likelihood of getting any sanctions soon - or any other meaningful action to pressure Iran - is not very good.

"Slow motion is likely to prevail," says George Perkovich, a proliferation expert with particular expertise in Iran at the Carnegie Endowment for International Peace in Washington. Russia, China, and Israel developments

The key reason that a quick move to economic sanctions - something the US has hoped for - seems less likely now is that Russia and China have cooled to such a step, which they ostensibly supported just weeks ago.

In the meantime, the brief war between Israel and Hizbullah has diverted Western attention, put the wind in Iran's sails, and helped elevate the question of Iran's nuclear program to a topic of debate in the Muslim world. And it's not a debate that international powers are anxious to enter and lose in the eyes of Muslim populations - thus the likelihood of a reasoned and methodical approach.

"The argument for not taking a confrontational approach is looking right to more people, even to some hard-liners in the [Bush] administration," says Daniel Brumberg, an Iran expert at Georgetown University in Washington. "In the first place, this is an administration suffering from confrontation exhaustion or fatigue, but also this has become an image battle in some respects, and no one wants to lose that."

The Iranian leadership continues to put the nuclear question in terms of a grand Muslim-world-versus-the-West battle, insisting that Iran has a right to develop technology that traditional Western powers like the US and Britain would deny it. Iran insists its nuclear program is solely for peaceful energy development, but the US, European leaders, and many nuclear experts say its years of clandestine research and insistence on uranium enrichment suggest otherwise.

Tuesday, Iranian President Mahmoud Ahmadinejad scoffed at the looming UN Security Council deadline, calling the US and Britain the "origin of all disturbances in the world" since World War II. Although not repeating his past call for Israel to be "wiped off" the map, he did call Israel's creation a "tale" that has denied Palestinians "a single day of peace."

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Mr. Ahmadinejad also said that Iran's Aug. 22 response to the offer of incentives was an "exceptional opportunity" to end the dispute with dialogue. In Iran's response, it did offer an eventual suspension of enrichment once talks were under way, but Iran's chief nuclear negotiator, Ali Larijani, said this week that Iran's program for fully mastering the fuel cycle is "irreversible."

But Mr. Perkovich says that Iran is clearly in violation of its obligations as a signatory to the Nuclear Non-Proliferation Treaty, and should have been "hauled before the Security Council" years ago.

Still, he says the international context will probably dictate a slow approach. "We have this debate going on," he says, between those who want quick action and those who say the problem is that "right now, more people fear the US more than Iran." He adds, "So they are counseling patience."

This is not, however, the approach that Perkovich, with long experience watching nuclear developments, would like to see. "We ought to fast-forward," he says, by skipping the months of additional debate and moving to a vote on sanctions in the Security Council. "We should dare the Russians and Chinese to veto" a sanctions regime against Tehran, he says. Touchy option: military action

Perkovich admits that the problem with his argument is that a failed Security Council initiative would seem to leave military action against Iran's nuclear installations as the only option.

Indeed, one reason the Russians and Chinese are softening on pursuing sanctions is that they fear it would open the door to military action down the road. While they may also be concerned that not going along with other Security Council members could precipitate military action outside it, they are probably calculating that neither the US nor anyone else (for example, Israel) is there yet.

"The Russians and Chinese may be worried that derailing the sanctions route now could mean that [that] alternative is exhausted, and could lead to other actions they don't want to see," says Mr. Brumberg. "But they may be calculating that while that time might come, it's not now."

The US ambassador to the UN, John Bolton, has suggested that the US will come up with a resolution that will answer the worries of those fearful of an Iraq-like scenario, where resolutions are later interpreted as opening the door to the use of force. But Mr. Bolton has opened the door to another alternative to Security Council sanctions. In that scenario, countries thwarted in the Council would join the US in imposing sanctions on Iran.

On Monday, Bolton told reporters at the UN, "You can envision sanctions being imposed outside of the Security Council, as the United States has unilaterally imposed sanctions on Iran pursuant to its own statutes, and other governments can do the same."

But some experts doubt such a "sanctions regime of the willing" would have much impact, especially if it were limited to restrictions on Iranian travel and officials' bank accounts. Japan, for example, is already said to be pushing for any sanctions to exclude oil exports, since its economy depends on Iranian oil.

Iranian President Meets Press And Is Challenged (NYT)

By Michael Slackman

The New York Times, August 30, 2006

TEHRAN, Aug. 29 — President Mahmoud Ahmadinejad meant to use Tuesday to focus attention on his challenge to the president of the United States: a face-off in a live televised debate.

But at a freewheeling two-hour news conference, Mr. Ahmadinejad also found himself challenged by local reporters who questioned the government's economic program and its tolerance of a critical press.

The marathon question-and-answer session offered a window into one of the many contradictions of Iranian politics and governance: even as the government grows more authoritarian, it is openly criticized and challenged on its performance.

This was Mr. Ahmadinejad's fourth news conference since taking office a year ago, and it came just three days before a deadline set by the United Nations Security Council for Iran to suspend its enrichment of uranium.

The president used the opportunity to continue Iran's defiant posture toward the West — the United States and Britain in particular. He made it clear that Iran would not meet the deadline and that it would risk sanctions.

"I announce that I am fully prepared to debate world and international issues with George Bush in a televised debate," he said in his prepared remarks. "Of course, only under the conditions that this debate is broadcast live and without censors, especially for the nation of U.S."

Although the White House immediately dismissed the challenge as a diversion, Mr. Ahmadinejad's remarks appeared intended to further three objectives: to position Iran as taking the moral high ground by making the United States look like the party unwilling to talk; to drive a wedge between the United States and Britain on one side and France and Germany on the other; and to reiterate Iran's determined refusal to give up its enrichment program.

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"Peaceful nuclear energy is the right of the Iranian nation," he said, repeating what has become a mantra of his administration. "The Iranian nation has chosen that based upon international regulations, it wants to use it, and no one can stop it."

The news conference veered off into an unruly question-and-answer session, with reporters praising the president, questioning him and some jumping from their seats demanding that their questions be taken. The president politely admonished one reporter, saying he needed to behave better.

One reporter said he had no question but wanted to recite poetry.

A reporter for a small newspaper called The Path of the People stood to ask a question and said: "I was hoping when you arrived I would share my pain with you. Now I have no pain in my heart, only happiness."

But as the conference continued, Mr. Ahmadinejad found himself challenged on several issues of local importance, most focusing on the economy or on efforts to silence criticism of his government in the press.

One reporter said the government's decision to spend billions of dollars to subsidize gasoline amounted to welfare for the rich, an assertion the president disputed. Another said that although the president claimed to support the press, his spokesman sought to have the judiciary investigate critical reporters.

"This contradicts what you said," the reporter said into the microphone as Mr. Ahmadinejad listened. The same reporter said the president's interior minister had denied permits to 14 groups wanting to hold demonstrations.

The president responded quickly, dismissing the complaints, and he tried to move on. But the challenges kept coming — not one after the other, but more consistently as the confidence in the room seemed to grow.

"Food is very expensive to buy,"' said Nasser Alaghbandan, a reporter with the Tehran daily Jam-e-Jam, adding that whenever anyone asked the government spokesman about that issue he responded by citing government sticker prices, not actual prices.

At first Mr. Ahmadinejad responded with a quip, saying maybe the reporter should go shopping at the same store as his spokesman. He eventually said the rate of inflation was actually lower since he took office, but acknowledged that more needed to be done to bring down some specific costs, especially housing.

"I am not happy it increased," he said of the cost of housing.

As the news conference demonstrated, Iran's leadership faces two primary challenges simultaneously, its nuclear program and its economy. On the nuclear front the president was resolute. On the economy, the issue that was the core of his campaign, he cited some accomplishments but asked for patience and more time.

"I did not expect in 10, 11, 12 months, I did not expect the economic programs of the government would be tangible everywhere," he said, adding that they had been felt by some people.

The president, in his now trademark cream-colored suit and open collar with no tie, entered the packed conference hall from a side door. He climbed up onto a platform and briefly held his right hand over his head in a sort of hero's greeting to the crowd.

He smiled through much of the conference, joked with questioners, and bobbed and weaved around many questions. He avoided answering directly when asked if Iran would be willing to take steps to prove that it was not after a nuclear weapons program, or if it would be willing to have face-to-face talks with the United States.

But Mr. Ahmadinejad did give some insight into sometimes ambiguous meaning of some of his statements. On Saturday the president said, "We are not a threat for any country, even the Zionist regime that is the enemy of the countries in the region."

A reporter asked if that represented a change in position from his earlier call for Israel to be removed from the region. He replied by saying that swatting a baby's hand to stop it from putting its fingers in a fire is not a threat.

"We are a peaceful country," he said, "but recognize legitimate defense as our legal right."

Iranian officials have also said they will be willing to hold talks on all issues regarding their nuclear program, so long as there are no preconditions. Asked if that meant that the government would be willing to consider, in the course of negotiations, suspending uranium enrichment, the president said: "We are ready to negotiate. They can put any question to us. Our response will be based on the inalienable rights of Iran."

On the topic of debating his American counterpart, Mr. Ahmadinejad's objective seemed as clear as when he sent Mr. Bush a letter last spring asking him to re-examine his foreign policies in the light of his Christian values.

While the White House dismissed the letter, and many of Iran's own intellectuals scoffed at it, the Iranian president won points among his growing legion of followers in the region. Political analysts said he was hoping for the same response with the debate proposal.

"He is saying we want to talk, but Bush is refusing," said Mustafa el-Labbad, an expert in Iranian affairs based in Cairo. "He wants to embarrass him by saying, 'We are willing to negotiate, but he is refusing.' "

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Iran President Challenges Bush To Debate (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, August 30, 2006

Iran's hard-line President Mahmoud Ahmadinejad on Tuesday challenged President Bush to a televised debate, a proposal the White House immediately dismissed as a "diversion."

The challenge came during a freewheeling, 2 1/2-hour news conference and only two days before a U.N. Security Council ultimatum demanding Iran roll back its suspect nuclear program.

Ahmadinejad said no one can prevent Iran from pursuing what he called a peaceful nuclear program — not even U.N. Secretary-General Kofi Annan, who was expected to visit here Saturday.

"Mr. Annan, too, has to move within the framework of international regulations. No one has a special right or advantage," he said.

The U.N. Security Council has set Thursday as a deadline for Iran to suspend uranium enrichment — a process that can produce either fuel for a reactor or material for weapons. Iran has refused any immediate suspension, calling the deadline illegal, and instead this week offered a counterproposal that the United States and some European nations said fell short.

Ahmadinejad's latest show of defiance seemed to solidify the country's determination to snub the Security Council, following a string of war games and uncompromising public statements this month on the nuclear standoff. But whether the U.S. can muster enough support on the 15-nation council to impose economic or political sanctions remains in question.

In his criticism of the Security Council, Ahmadinejad singled out two of its permanent members with veto power — the United States and Britain — for what he called their failure to listen to the needs of other countries.

"The U.S. and Britain are the source of many tensions," he said. "At the Security Council, where they have to protect security, they enjoy the veto right. If anybody confronts them, there is no place to take complaints to."

"This (veto right) is the source of problems of the world," he said. "It is an insult to the dignity, independence, freedom and sovereignty of nations."

The United States' ambassador to the U.N., John Bolton, dismissed Ahmadinejad's remarks, and Britain's ambassador to the world body suggested, somewhat tongue-in-cheek, that the comments were mild compared to Ahmadinejad's past sharp rhetoric against Israel and others.

"Given some of the comments he makes, we should probably take that as a compliment," Ambassador Emyr Jones-Parry said.

After an opening statement, Ahmadinejad allowed Iranian reporters to ask questions. One Iranian journalist stood up and showered him with praise. The local reporters were more casually dressed than the foreign press, who later were allowed to question him about a range of topics. At one point, the president joked that he would call on a particular reporter because he and Ahmadinejad were wearing similar outfits.

In his challenge to Bush, Ahmadinejad said the debate should focus on "world issues and the ways of solving the problems of the international community."

He did not rule out the possibility of direct diplomatic talks with the United States, saying it could happen if unspecified conditions were met. But he criticized the United States for "living in the dream of getting the Iranian nation back to 30 years ago," before the Islamic revolution.

Earlier this year, Ahmadinejad wrote a letter to Bush portraying the world as filled with an "ever-increasing global hatred of the American government." Washington promptly dismissed the letter as irrelevant and not addressing the key issue of Iran's disputed nuclear program.

The Bush administration had a similar reaction Tuesday to the debate idea. White House spokeswoman Dana Perino said it was "just a diversion from the legitimate concerns that the international community, not just the U.S., has about Iran's behavior, from support for terrorism to pursuit of a nuclear weapons capability."

Iran offered last week to pursue negotiations on its nuclear program but declined to suspend uranium enrichment as a precondition to talks. The U.S. State Department described the Iranian proposal as serious but said it fell short of what Iran must do.

The Bush administration this week reaffirmed its intent to pursue U.N. sanctions against Iran if it defies the approaching deadline. But Russia, whose support for sanctions is essential, has publicly counseled patience with Iran — a possible signal of reluctance to go along with the U.S.

Divisions within the international community over Iran's nuclear program could hand a victory to Tehran, French Foreign Minister Philippe Douste-Blazy warned in an interview released Tuesday.

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"The international community must not become divided, to cut itself in two. That would be a victory for the Iranians," Douste-Blazy told Euronews television.

Jones-Parry, the British ambassador, said the Security Council will need until mid-September before acting on its threat to punish Iran if Tehran's leaders flout the Thursday deadline. He said the council would first need to receive a report from the U.N. nuclear watchdog, the International Atomic Energy Agency, on Iran's compliance with the resolution.

Tehran has pursued a confrontational stance on the nuclear issue since Ahmadinejad's election last year. He has often used the issue to encourage a sense of national pride among Iranians by standing up to the United States and other Western countries.

He and other Iranian officials repeatedly have said the country's nuclear program is intended solely to generate electricity, while the United States and Europe contend Iran secretly aims to develop weapons.

Washington recently warned against a heavy-water plant that Iran opened over the weekend, fearing it could be used as a second track toward building a warhead.

Heavy water contains a heavier hydrogen particle that allows a nuclear reactor to run on the natural uranium mined by Iran, without undergoing the enrichment process. But the spent fuel from a heavy-water reactor can be reprocessed to extract plutonium for use in a bomb.

Large-scale military exercises also have been under way in Iran over the past month. Iran says the weaponry is intended to defend itself against the possibility of a U.S. attack and has expressed worry about Israeli threats to destroy its nuclear facilities.

Despite intense disagreement over suspected nuclear weapons programs and terrorism, the Bush administration decided Tuesday to allow former Iranian President Mohammad Khatami to visit the United States.

Khatami plans to attend a U.N. conference Sept. 5-6 in New York to promote dialogue, then speak at the Washington National Cathedral on Sept. 7 on the role of Islam, Christianity and Judaism in shaping peace.

He would be the most senior Iranian official to visit Washington since Islamic fundamentalists seized the U.S. Embassy in Tehran in 1979 and held Americans there hostage for 444 days.

President Challenges Bush To TV Debate (WT/AP)

By Ali Akbar Dareini

The Washington Times, August 30, 2006

TEHRAN -- Iranian President Mahmoud Ahmadinejad yesterday called for a televised debate with President Bush and challenged the authority of the U.N. Security Council as Tehran faces a deadline to halt its uranium enrichment.

The White House dismissed the idea of a debate, describing it as a diversion.

The Security Council has given Iran until tomorrow to suspend enrichment or face economic and political sanctions. The enrichment process can produce either fuel for a reactor or material for weapons.

"The U.S. and Britain are the source of many tensions," Mr. Ahmadinejad said at a press conference. "At the Security Council, where they have to protect security, they enjoy the veto right. If anybody confronts them, there is no place to take complaints to.

"This [veto right] is the source of problems of the world. ... It is an insult to the dignity, independence, freedom and sovereignty of nations," he said.

Mr. Ahmadinejad challenged Mr. Bush to a live, televised debate on "world issues and the ways of solving the problems of the international community."

He said such a debate would show "the proposals of the Iranian nation on how to run the world better, different from the U.S. method of use of force."

In dismissing Mr. Ahmadinejad's proposal, White House spokeswoman Dana Perino said the United States was willing to talk to Iran in the context of a "positive response" to the package of incentives offered by the five permanent members of the U.N. Security Council and Germany.

"Talk of a debate is just a diversion from the legitimate concerns that the international community, not just the U.S., has about Iran's behavior, from support for terrorism to pursuit of a nuclear weapons capability," Mrs. Perino said.

Earlier this year, Mr. Ahmadinejad wrote a letter to Mr. Bush that Washington promptly dismissed as irrelevant and not addressing the key issue of its nuclear program.

Despite the nuclear standoff, the Bush administration yesterday granted a visa to former Iranian President Mohammed Khatami, who plans to attend a U.N. conference next Tuesday and Wednesday and speak at the Washington National Cathedral on Sept. 7. His travel will not be restricted, State Department spokesman Tom Casey said.

Iran says its nuclear program is intended solely to generate electricity. The United States and Europe contend that Tehran secretly aims to develop weapons.

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Mr. Ahmadinejad has rejected any suspension of enrichment, even if U.N. Secretary-General Kofi Annan asks for it during an upcoming visit to Iran.

"The use of nuclear energy for peaceful purposes is the right of the Iranian nation. The Iranian nation has chosen this path. ... No one can prevent it," he said.

Iran last week responded to the incentives package aimed at getting Tehran to roll back its nuclear program. Iranian officials said the Islamic country did not agree to halt enrichment -- the key demand -- before engaging in further talks.

Mr. Ahmadinejad called the response an opportunity for the two sides to resolve the issue and he didn't rule out direct talks with the United States.

Ahmadi-Nejad Challenges Bush To TV Debate (FT)

By Gareth Smyth

Financial Times, August 30, 2006

Two days ahead of a crucial UN deadline for Iran to suspend uranium enrichment, President Mahmoud Ahmadi-Nejad on Tuesday gave a press conference mixing camaraderie, defiance and homespun philosophy.

After challenging George W Bush, the US president, to a live TV debate – swiftly dismissed as a distraction by the White House – Mr Ahmadi-Nejad suggested the UN security council, which set the deadline for Iran to suspend its most sensitive nuclear activity, was allowing the US and Britain to use the body for their own interests.

As a "continuation of Second World War conditions", which established the US and Britain among the council's five permanent members, Washington and London could "impose their own decisions on more than 180 countries of the world and consider themselves equal to whole global community," he said. "If they are in conflict with another nation, there is no source for that nation to complain to. Where can the Iraqis … or the Lebanese complain to?"

Mr Ahmadi-Nejad insisted Kofi Annan, the UN secretary-general, who is due to visit Tehran on Saturday, should "move within the framework of international regulations" – apparently reiterating Iran's argument that its programme sits within the Nuclear Non-Proliferation treaty and should therefore be permitted.

The president showed no concern at the looming deadline, nor at Washington urging the security council to impose sanctions if Iran does not suspend enrichment.

During questions, he joked with one reporter wearing an "Ahmadi-Nejad jacket", the pale sports jacket popular in Tehran after the president's example. He praised a woman reporter for wearing 'Ahmadi-Nejad hijab', by which he appeared to mean full Islamic covering including the black head-to-toe chador, and he smiled broadly when a third reporter recited a poem.

But there was also one moment when Mr Ahmadi-Nejad hinted a surprise might be coming that could break the impasse over the nuclear programme. Asked by a reporter from Etelaat newspaper if Iran might announce the suspension of uranium enrichment during Mr Annan's visit, he said: "Please accept you will receive an answer later."

Carter Agrees To Hold Talks With Khatami (WP)

By Robin Wright

The Washington Post, August 30, 2006

For an event that would turn a page in American history, former president Jimmy Carter has agreed in principle to host former Iranian president Mohammad Khatami for talks during his visit to the United States starting this week.

Carter's term as president was dominated by the rupture in relations after the 1979 Iranian revolution and the takeover of the U.S. Embassy in Tehran, where 52 Americans were held hostage for 444 days until the day he left office.

Iranians made the overture for the meeting, and the Carter Center in Atlanta is working on the possible timing, said Phil Wise, the former president's aide.

"President Carter, in his role since leaving the White House, has made his office and services and center available to basically anybody who wants to talk. He believes that it is much better to be talking to people who you have problems with than not to, and that's the approach he takes now," Wise said. "I can confirm that President Carter is open to a meeting if the former president of Iran would like to have one."

Despite mounting tensions between Washington and Tehran over the latter's nuclear program, the Bush administration issued a visa for Khatami yesterday, as well as for about a dozen family and staff members, for a visit lasting about two weeks, the State Department confirmed. Khatami is expected to arrive in the United States tomorrow.

Khatami, a reformer who served as president from 1997 to 2005, is scheduled to speak at the Washington National Cathedral on Sept. 7. His schedule may include speeches at the University of Virginia and to an Islamic group in Chicago. He may also pay a private visit to Thomas Jefferson's home at Monticello, according to sources familiar with his trip. He will begin his visit in New York at a U.N. conference on the dialogue of civilizations.

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The White House said yesterday that Khatami had been invited by private organizations and is not part of the current Iranian government.

"Mr. Khatami is free to meet with who he chooses and is able to speak freely in the United States -- the very freedoms that do not exist in Iran," a White House official said on the condition of anonymity.

"We expect that Khatami will face tough questions from his audience in the United States about the past and present behavior of the Iranian regime, especially with respect to human rights violations that occurred during his presidency," the official added.

Talks between Carter and Khatami, if they materialize, would be politically poignant.

"Carter, who has every reason to be angry about the way in which the Iranian revolution undid his presidency over the hostage affair, is willing to meet, with no hesitation, a person who was president of the Islamic republic and who has never disavowed Ayatollah Khomeini's actions when he was supreme leader," said William Quandt, a national security staffer in charge of the Middle East during the Carter administration.

Ahmadinejad's High-Stakes Game (WP)

By David Ignatius

The Washington Post, August 30, 2006

TEHRAN -- Drivers here play a high-risk game of chicken at every intersection. They barge into the frantic stream of traffic and you think there's going to be a crash for sure. But at the last moment someone usually gives way, and a collision is avoided.

Watching President Mahmoud Ahmadinejad at a news conference here Tuesday, I had the same mesmerizing anxiety as a passenger in a Tehran taxi. He has moved boldly -- recklessly, it seems to Americans -- into the international traffic flow. He keeps revving his motor, and it looks as if he and the West might be heading for a dangerous crackup over Iran's nuclear program. Will there be a collision, or will leaders produce a compromise at the final instant? Normally, drivers here stop in time -- except when they don't.

"The feeling here is that Iran will go to the threshold of a serious crisis, and the government will find a solution," says Kayhan Barzegar, a professor of international relations here. "It's a cultural matter to wait until the last minute."

The unpredictable factor in this game of brinkmanship is Ahmadinejad. In another defiant move, he laid out a radical vision of an Iranian new world order. The U.N. Security Council is an outdated relic of the post-World War II era and should be abandoned, he said. On the nuclear issue, "no one can stop us." He challenged President Bush to a live debate and seemed certain he would come out the winner.

Seeing Ahmadinejad up close, you appreciate the fact that he is a formidable politician. He played the roomful of 150 journalists like a master performer. He has the look of a bantamweight fighter -- compact and agile, punching well above his weight. He's quick on his feet, answering a broad range of questions, including some critical ones about the Iranian economy, but he came away unscratched. He speaks more softly than you'd expect, making jokes and, on this occasion, avoiding some of his usual anti-Israel bombast. But the hard edge is never far away. His eyes can twinkle one moment and then suddenly become dark as night. My strongest feeling at the end of his performance was: He may be cocky and eccentric, but don't underestimate him.

With a Thursday deadline looming on the nuclear issue, you might expect that Tehran would feel like a garrison town. But it's surprisingly relaxed, and I think that's because most Iranians expect the crisis will be defused somehow. The regime has been putting on a show of defiance as the U.N. deadline approaches, shooting off new missiles in Persian Gulf war games, opening a new heavy-water reactor and festooning downtown streets with banners of Lebanon's Hezbollah leader, Hasan Nasrallah. But this isn't a militarized country, and it certainly isn't eager for confrontation with America.

"I don't think anyone can think of a way to resolve problems between the U.S. and Iran other than negotiations," says Ali Ahmadi, a 28-year-old writer at the opposition newspaper Sharq. Though he's critical of Ahmadinejad, he describes the technical achievements of Iran's nuclear program as "really satisfying," and he sums up Iran's dilemma this way: "We are watching how much it's worth to continue the nuclear program -- its price. I can see there is this ambivalence, this concern. Because people realize this choice can bring about certain harsh consequences."

Perhaps the most interesting fact of life in Tehran this week is that you can't find anyone who is opposed in principle to dialogue with the United States. Even a few months ago, that topic was almost taboo, but now here's Ahmadinejad himself calling for a public debate with Bush. "The golden key to being popular here is to normalize relations with the U.S.," says Shahriar Khateri, a former member of the Revolutionary Guards who is now a doctor and a participant in a joint project with American scientists to study the effects of chemical weapons.

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Iranians are patient people, and they seem to expect this crisis will play out a while longer. They don't want sanctions, but people I talked to don't seem very worried about them, either. Iranians have been living under some form of sanctions for several decades, and they've learned how to make their own cars, steel and pharmaceuticals -- and now missiles and nuclear reactors.

I come back to the fierce jockeying of Tehran's traffic jams. If Ahmadinejad behaves like most local drivers, he will go as far and fast as he can. It's only when the fender is about to be crushed that he will put on the brake. That's why this crisis is so dangerous -- it's easy to miscalculate when nobody knows the rules of the road.

Pressures Increase On Pakistan's Government (NYT)

By Carlotta Gall And Salman Masood

The New York Times, August 30, 2006

ISLAMABAD, Pakistan, Aug. 29 — The government of Pakistan came under mounting political pressure on Tuesday as rioting continued for the third day in Baluchistan after the killing of a prominent rebel tribal leader, and Prime Minister Shaukat Aziz faced a no-confidence vote lodged by an alliance of opposition parties.

Four people died in the protests — three in a bomb explosion and one policeman in clashes with protesters, news agencies reported.

The opposition failed in its no-confidence vote against Mr. Aziz, a former executive with Citibank, garnering only 136 votes of the 172 needed to pass the measure in the 342-member Parliament. But the vote was seen as an opening maneuver by the opposition alliance in a contentious atmosphere ahead of elections in 2007.

Angry speakers condemned the use of military force that led to the death of the 79-year-old tribal leader and former legislator, Nawab Akbar Khan Bugti, in a mountain cave in his native Baluchistan, in the south, and criticized the president, Gen. Pervez Musharraf, who is also the head of the army.

Legislators accused the prime minister of corruption, particularly in recent privatization deals, and mismanagement of the economy. More broadly and perhaps more ominously for the government, they focused on the lack of democracy under General Musharraf, who seized power in a military coup in 1999, and the dubious legitimacy of the prime minister, who was named to the post in 2004 after a politically safe seat was found for him in Parliament.

"The no-confidence vote is not just about the failures of the government of the past four years, but about the policy failures of President Musharraf over the past seven years," said the leader of the opposition, Maulana Fazlur Rehman. "The government should resign."

"It was alleged that past governments and corruption destroyed the country and a new system against corruption and new policies would be introduced, but the present government has also not lagged behind in these crimes," he said.

Mr. Fazlur Rehman also said the prime minister had failed to curb inflation and that the process of privatization has not been transparent.

His partner in a coalition of religious parties, Qazi Hussein Ahmed, weighed in against General Musharraf for his pro-American policies, entertaining guests with dancing girls, using the army against the tribes and people of Pakistan, and imposing a banker from abroad as prime minister.

Mr. Ahmed, like others, condemned Mr. Bugti's death. "Nawab Bugti was a member of Parliament and ruthlessly eliminated," he said.

"Musharraf is the root of the evil,'' he said. "Shaukat Aziz is not the main person responsible."

The opposition has been leveling corruption allegations against Mr. Aziz since the Pakistan Supreme Court rejected the government's bid to sell a majority stake of the state-owned Pakistan Steel Mills, criticizing the process as hasty.

The allegations are not baseless, said Shahid Hasan Siddiqui, an economist based in Karachi. He added that Mr. Aziz' handling of a sudden sugar shortage earlier this year, a stock market crash in 2005 and the privatization process were questionable and merited investigation.

Mr. Aziz told Parliament that the privatization process had been in accordance with international practice and that the no-confidence resolution was based on "false allegations, frivolous and selective use of distorted information designed to mislead the nation."

"My heart and hands are clean, my strength has been transparency and integrity, and this was an attempt to malign it," he said at a news conference just after the vote.

He added that the vote showed discipline and unity among the government coalition, which has appeared fractious in recent months.

Underscoring the tempestuousness of the day was the continuing violence in the south in reaction to the death on Saturday of Mr. Bugti, who for more than 50 years had dominated the Baluchi political scene. Some 10,000 mourners turned out for prayers for Mr. Bugti at the stadium in Quetta, the capital of Baluchistan.

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Townspeople observed a citywide strike and shops were shut and the streets deserted. A policeman was killed in a clash with rioters in Quetta and a bomb exploded in a town called Hub to the south, killing three people.

Tensions remained high as the government delayed handing over Mr. Bugti's body to his relatives, saying that he was buried in the rubble of the cave and that it would take days to dig him out. Yet the bodies of the six soldiers who died in the explosion were retrieved and buried Monday, the military spokesman, Maj. Gen. Shaukat Sultan, said.

General Sultan contradicted earlier claims by the government that they had not known that Mr. Bugti was in the cave, telling journalists at a news briefing on Tuesday that members of the law enforcement agencies had entered the cave to negotiate Mr. Bugti's surrender.

"The government had intended to take him into custody,'' General Sultan said. "Every effort was being made to apprehend him alive.''

An explosion caused the cave to collapse when the law enforcement officers were inside, he said.

There is widespread skepticism over the government's version of events. "I don't believe it was an accident,'' Agha Shahid Bugti, a senator and Mr. Bugti's son-in-law, said by telephone from Quetta. "With all the weapons and equipment America has given the Pakistani Army, it is not difficult for them to know the precise location of someone. It was a well planned operation to remove him from the scene."

"We think they are afraid of the public backlash,'' he said. "The people knew Bugti as a political leader, and a father figure, so I don't think things will get easy for the government.

Lift Blockade Of Lebanon, Annan Urges (NYT)

By Warren Hoge

The New York Times, August 30, 2006

JERUSALEM, Aug. 29 — United Nations Secretary General Kofi Annan came to Israel late Tuesday after two intensive days in Lebanon that he said had convinced him the Lebanese were serious about preserving the cease-fire and moving to a permanent peace.

"They believe that, handled properly, they can use this moment to strengthen their state," Mr. Annan said in an interview in his hotel room in Jerusalem.

The Lebanese were committed, he said, to "the idea that you cannot have a state within a state but have to have one authority, one law and one gun." His reference was to the dominance in southern Lebanon of the Hezbollah militia, which provoked a hugely destructive 34-day war with Israel by capturing two Israeli soldiers on July 12.

"I believe the Lebanese because they have seen what has happened to their country," he said.

Mr. Annan had spent his second day in Lebanon seeing much of that destruction on a tour of the border area in the south and a visit to the headquarters of Unifil, the 2,000-member United Nations force in Lebanon. The strength is soon to grow to 15,000, matched by a like number of Lebanese Army troops, to patrol the south.

Mr. Annan said he hoped to speed the departure of remaining Israeli troops from southern Lebanon by getting an international force of at least 5,000 in place as soon as possible. "When we get to 5,000, then we have a solid, credible force on the ground and they should be able to withdraw," he said.

The Lebanese have urged him to press the Israelis to lift a sea and air blockade that is inhibiting the country's restoration, Mr. Annan said.

"I think the time has come for the siege to be lifted," he said in Naqura, the Unifil office, two and a half miles north of the Israeli border on the Mediterranean. "The Lebanese have shown they are serious about the implementation of 1701 in all the deployments and efforts they have made."

Security Council Resolution 1701 brought the fighting between Hezbollah and Israel to a halt on Aug. 14 and set up a buffer zone in southern Lebanon free of all weapons not authorized by the Lebanese government.

As one example of how the Lebanese were showing good faith with the demands of the measure, he noted that Hezbollah had far fewer cease-fire violations than Israel.

A daily report from Unifil that Mr. Annan gave to Israel's defense minister, Amir Peretz, Tuesday evening showed that Hezbollah had violated the cease-fire four times, while Israel had done so nearly 70 times. "Hezbollah is showing incredible discipline," Mr. Annan said.

At the Naqura base, Mr. Annan was briefed by the force commander, Maj. Gen. Alain Pellegrini of France, on how he would deploy his enlarged forces to coordinate with the 15,000 Lebanese troops that Prime Minister Fouad Siniora of Lebanon has readied to send to the south.

Mr. Annan also laid a wreath at a memorial to those killed in service to the mission, including four unarmed United Nations observers who died when their post came under repeated Israeli fire on July 25.

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Later he toured the border in a helicopter, surveying flattened hilltop villages and bombed out roads and bridges from the air, and visiting four United Nations posts, including the wrecked one at Khiam where the four observers died.

Between posts, the team drove across the rocky scrubland and through largely deserted villages in white vans with black United Nations markings and blue United Nations flags flying. Posters of Sheik Hassan Nasrallah, the Hezbollah leader, and yellow banners with the group's insignia were common roadside sights. At one crossroads, sullen villagers greeted the passing convoy with handwritten signs saying, "Americans and Israelis are the terrorists."

At one post, manned by members of an Indian battalion in blue turbans, the commander laid out on a table pieces from both Hezbollah rockets and Israeli aerial bombs that had rained in on the peacekeepers during the 34-day siege.

The commander pointed with a look of helplessness to a spot just outside the post's perimeter fence where Hezbollah had set up a launching site. General Pellegrini recalled how he had sent letters of protest to the Lebanese government without getting a single reply.

Asked how he could react with the new powers conferred on the enlarged Unifil mission, he said, "Now we can use forceful means."

In the interview, Mr. Annan said he understood the concern over the ambiguity in the rules of engagement over who would be responsible for disarming Hezbollah and how it would be done, but he warned of the consequences of an overly aggressive approach.

"It's a constant balancing act in Lebanon," he said. "You have to make sure that while you try to help them, you don't destabilize them. When people say the army should go and disarm Hezbollah, you're asking for civil war."

Annan Calls On Israel To End Blockade (AP)

By Amy Teibel, Associated Press Writer

AP, August 30, 2006

U.N. Secretary-General Kofi Annan called Israel's air and sea blockade of Lebanon a "humiliation" Tuesday and demanded it be lifted. But Israel said it first needed assurances that forces deployed on the border can stop weapons shipments to Hezbollah.

The dispute was the latest threat to the fragile cease-fire that ended 34 days of fighting between Israel and Hezbollah guerrillas.

Annan arrived in Israel as part of an 11-day Mideast tour intended to shore up the truce, help Lebanon recover and secure the release of two Israeli soldiers whose capture by Hezbollah on July 12 sparked the fighting.

"We need to resolve the issue of the abducted soldiers very quickly," Annan said during a visit earlier Tuesday to a U.N. base in south Lebanon. "We need to deal with the lifting of the embargo — sea, land and air — which for the Lebanese is a humiliation and an infringement on their sovereignty."

In Israel, Annan met with Defense Minister Amir Peretz and urged the blockade be lifted "as soon as possible in order to allow Lebanon to go on with normal commercial activities and also rebuild its economy."

Israel has said it will allow free movement once it is assured the forces deployed on Lebanon's borders can prevent Hezbollah from rearming itself. Israel wants international forces to help patrol the Lebanon-Syria border to enforce an arms embargo on Hezbollah. Lebanon says its troops can secure the border on their own.

Peretz said he told Annan about the importance of controlling the border "and the implementation of the embargo against the transfer of arms and ammunition between Syria and Lebanon."

Annan said Israel was responsible for most of the violations of the cease-fire and appealed for everyone to work together to ensure peace holds and "not risk another explosion in six years or 20 years."

Israeli troops are still occupying a security zone in southern Lebanon and have sporadically fought with Hezbollah guerrillas since the truce took effect Aug. 14. Israel says it won't leave until a sufficiently strong contingent of Lebanese and international troops arrives.

Annan said the U.N. hoped to have 5,000 soldiers in the region by Friday. That is double its prewar number, but still far short of the 15,000 international troops eventually supposed to patrol the border along with 15,000 Lebanese soldiers.

"Israel will pull out once there is a reasonable level of forces there," Peretz said without saying how many that would be.

As part of the effort to get international troops on the ground quickly, a five-ship Italian fleet departed for Lebanon on Tuesday carrying 800 soldiers.

Annan was to meet Wednesday with Israeli Prime Minister Ehud Olmert, who plans to call for "the unconditional return of our captives in Lebanon," said his spokeswoman Miri Eisin, referring to reserve soldiers Ehud Goldwasser and Eldad Regev. A third soldier, Cpl. Gilad Shalit, was captured by Hamas-linked militants from an army post near the Gaza Strip on June 25.

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The soldiers' families met with Annan and said he told them he had no new information about the captives, and there were no negotiations — not even secret ones — taking place.

"But the good news was that we got a personal pledge from the secretary general of the U.N. that he accepts the mission to get the three kidnapped soldiers home and that's a really big thing," Goldwasser's wife, Karnit, told Israel TV.

"(Hezbollah) must first of all give us a sign of life. (Annan) must act toward that. It's a moral demand that's basic in any negotiations," said Regev's brother, Benny.

Shalit's father, Noam, said he asked Annan to raise his son's issue when he goes to Damascus, where Hamas' leadership is based. Annan also was to travel to Iran; Iran and Syria are the main patrons of Hezbollah.

In Beirut, the Rev. Jesse Jackson, on a mission to secure the soldiers' release, said he was told they were alive during meetings in Damascus with Syrian President Bashar Assad and Khaled Mashaal, Hamas' political leader.

"The Hamas leadership says that the soldier they are holding is alive and well," Jackson said.

"The president (Assad) believes that the two held somewhere by Hezbollah are alive," he added.

Annan visited U.N. peacekeepers in Naqoura, about 2 1/2 miles north of the Israeli border, where the base for the U.N. Interim Force in Lebanon is located.

He was briefed by French Maj. Gen. Alain Pellegrini, the UNIFIL commander, and other top officials, then reviewed an honor guard of U.N. troops in blue berets inside the U.N.'s white-walled compound.

He laid a wreath at a monument for nearly 300 peacekeepers killed in Lebanon since UNIFIL deployed there in 1978. Muslim and Christian clergymen said prayers and the U.N. chief stood in silence in front of portraits of those killed, including four UNIFIL members who died in a July 25 Israeli airstrike on their base in Khiam.

Annan told the troops their role was "misunderstood and criticized" and they were "never given credit for the wonderful things they have done and the sacrifices they have made."

Associated Press reporter Todd Pitman contributed to this report from Naqoura, Lebanon, and Ariel David from aboard the Giuseppe Garibaldi.

Annan Calls Israeli Blockade 'Humiliation' (WT/AP)

By Amy Teibel, Associated Press

The Washington Times, August 30, 2006

JERUSALEM -- U.N. Secretary-General Kofi Annan yesterday called Israel's air and sea blockade of Lebanon a "humiliation," while Israel said it won't end the embargo until peacekeeping forces on the border can prevent Hezbollah guerrillas from importing new weapons.

Mr. Annan said the United Nations hoped to double its 2,500-member force in southern Lebanon by Friday, but that number was still far short of the 15,000 international troops authorized under a Security Council cease-fire resolution approved Aug. 11.

The U.N. chief arrived in Israel after visiting U.N. peacekeepers in southern Lebanon, who will play a key role in maintaining the fragile truce that ended 34 days of fighting between Israel and Hezbollah guerrillas.

His visits to Lebanon and Israel occurred a day after Italy and Turkey moved to join the international force in southern Lebanon.

Mr. Annan said he told Israeli Defense Minister Amir Peretz about lifting the blockade on Lebanon "as soon as possible in order to allow Lebanon to go on with normal commercial activities and also rebuild its economy."

During an earlier visit to Naqoura in south Lebanon, Mr. Annan said, "We need to deal with the lifting of the embargo -- sea, land and air -- which for the Lebanese is a humiliation and an infringement on their sovereignty."

Israel wants international forces to help patrol the Lebanon-Syria border to stop the arms flow. Lebanon has said its troops would be able to secure the border on their own.

Mr. Peretz said Israel hoped to end the blockade soon, though he did not clarify when that would happen. Israel has demanded that Lebanese and international forces take control of the Lebanon-Syria border to prevent Hezbollah guerrillas from smuggling in arms.

Mr. Annan also met last night with the relatives of the two Israeli soldiers whose capture by Hezbollah guerrillas sparked the fighting and another Israel soldier previously captured by Hamas-allied militants.

Mr. Annan earlier visited U.N. peacekeepers in Naqoura, about 2½ miles north of the Israeli border, and the base for the U.N. Interim Force in Lebanon (UNIFIL).

He laid a wreath at a monument for peacekeepers killed in Lebanon since UNIFIL deployed here in 1978.

Meanwhile, an Italian task force, led by the country's only aircraft carrier, the Giuseppe Garibaldi, sailed from southern Italy for Lebanon. Italy on Monday approved sending 2,500 troops, the largest national contingent so far.

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Spain's Defense Ministry said a marine unit was ordered to prepare for deployment to Lebanon to join the U.N. peacekeeping force. The ministry would not disclose the number of troops, but Spain's Socialist government reportedly is considering sending between 700 and 1,000.

A battalion of 900 French soldiers will arrive in Lebanon in mid-September to help boost the peacekeeping force, the Defense Ministry said. France now has about 400 soldiers in the force and plans to expand that number to 2,000.

On Monday, Turkey's Cabinet decided in favor of sending peacekeepers and its parliament was to debate the deployment later this week or early next week.

Indonesia Nears Deal To Deploy Forces To Lebanon (WSJ)

By Jay Solomon

The Wall Street Journal, August 30, 2006

JAKARTA, Indonesia -- Indonesia is near agreement with the United Nations on sending 1,000 peacekeepers to Lebanon for the peacekeeping force aimed at policing the cease-fire between Israel and Hezbollah, the Indonesian defense minister said.

To date, Israel has resisted having the U.N. include troops from Muslim countries such as Indonesia, Malaysia and Pakistan, that don't have diplomatic ties with Israel. But in an interview yesterday, Defense Minister Juwono Sudarsono said that he anticipates an announcement from the U.N. on Indonesian participation in the mission "within days," and that he is expecting to deploy a fully mechanized company to Lebanon's south.

"There's a 90% chance of our people going," Mr. Sudarsono said, noting that President Susilo Bambang Yudhoyono has been laying the groundwork for the troop deployments for nearly six weeks. "I think we can more than hold our own" on the ground there, the minister said.

In all, the U.N. is expected to deploy 15,000 troops in Lebanon to beef up the presence of a similar number of Lebanese army troops. Mr. Sudarsono said that he also expects Muslim-majority Malaysia to send 1,000 troops, and that Bangladesh and Nepal were other likely participants. Indonesia, he said, has participated in past peacekeeping missions in Cambodia, Bosnia and Congo.

Indonesia's defense minister said diplomatic relations with Israel shouldn't be a prerequisite for the peacekeeping operation, especially because Jakarta's troops participated in a peacekeeping operation in the Sinai in 1957. He said Indonesia's place as a secular state with the world's largest Muslim population should place it in a unique position to take an "even-handed" approach toward Israel and Hezbollah.

Mr. Sudarsono also said he believes the most effective way of securing southern Lebanon would be for Hezbollah's troops to be "absorbed" into the Lebanese army.

Lebanon To Seek Aid At Donor Conference (FT)

By Roula Khalaf And Ferry Biedermann

Financial Times, August 30, 2006

Lebanon will seek hundreds of millions of dollars in emergency relief and early reconstruction assistance from a conference of international donors in Stockholm on Thursday, as the country starts to rebuild after 34 days of war.

Jihad Azour, the finance minister, said Lebanon needed between $400m (€314m, £212m) and $500m in short-term assistance for the quick rehabilitation of infrastructure and schools, social projects for vulnerable groups, and assistance in de-mining border areas where Israeli-fired cluster bombs are preventing farmers from returning to their land.

“These funds are only for early recovery. Our needs are much bigger than that and reconstruction has to be shared by everyone,” Mr Azour said in an interview with the Financial Times.

The Sweden conference is expected to bring together more than 60 governments and organisations from the US, Europe, Asia and the Arab world to consider Lebanon’s needs after the war between Israel and Hizbollah.

About $800m of Arab financial aid was pledged during the conflict but will not be disbursed before the bylaws of new reconstruction funds are established.

The conference comes amid concerns in Lebanon and abroad that Hizbollah, the Shia militant group whose July 12 capture of two Israeli soldiers sparked a massive Israeli offensive, has moved much faster than the cash-strapped government to compensate families for destroyed property.

Hizbollah’s cash disbursements – which analysts and officials assume (but the Shia group denies) come from the group’s backers in Iran – has put the government, saddled with a $39bn debt, on the defensive.

The government has yet to issue an assessment of total direct and indirect damage to the economy. But in a year when the economy was picking up after a slowdown following the February 2005 killing of Rafiq Hariri, the former prime minister, economists in Beirut say the economic costs of the war could range between $9bn and $15bn.

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The impact on government revenues has been enormous, with Mr Azour now estimating a huge budget deficit of 16 per cent of gross domestic product, nearly double the size projected earlier this year.

"Before the war the whole economy was doing much better than the best of our expectations and all economic indicators were showing improvements," he said.

The government is reluctant to issue new projections for economic growth, saying it partly depends on when Israel lifts its sea and air blockade.

The economy has proved resilient to shocks in the past. But whether or how fast economic confidence can be restored hinges on progress in implementing the UN ceasefire resolution and maintaining domestic stability in the face of deep political divisions between Hizbollah and the parliamentary majority which dominates the Lebanese government.

Banque Audi, a Beirut financial institution, estimates gross domestic product growth of between zero and minus 2 per cent for 2006, instead of the 5 per cent initially expected.

Mr Azour said the government was looking to integrate the reconstruction within a broader programme of economic revival.

In the short term, however, the government's biggest concern is to restore infrastructure devastated during an offensive that repeatedly targeted bridges and roads and to ensure that people's basic needs are addressed before winter.

Jackson Says Captured Israelis Are Alive (AP)

By Sam F. Ghattas, Associated Press Writer

AP, August 30, 2006

The Rev. Jesse Jackson said Tuesday that two Israeli soldiers who were captured by Hezbollah guerrillas in a cross-border raid that sparked 34 days of fighting are reportedly alive, as is a third soldier seized earlier by Palestinian militants.

The veteran civil rights leader, who was in Lebanon and planned to travel to Israel Wednesday, said he received the information in meetings Monday in Damascus with Syrian President Bashar Assad and Khaled Mashaal, political leader of Hamas.

"The president (Assad) believes that the two held somewhere by Hezbollah are alive," Jackson said.

None of the soldiers has been heard from since their captures.

Miri Eisen, spokeswoman for Israeli Prime Minister Ehud Olmert, said Jackson was "not the first international figure to have been told so, though he is the first Westerner that I can recall that actually sat down with Khaled Mashaal."

"Obviously under any kind of international law, we should have been given a sign of life immediately," Eisen said. "But these are terrorists, though we'd like to believe them, we continue to demand the unconditional release of all three."

The soldiers' relatives met Tuesday with U.N. Secretary-General Kofi Annan, who was visiting Israel as part of an 11-day trip through the Middle East to try to shore up the fragile cease-fire.

Karnit Goldwasser, whose husband, Ehud, was captured by Hezbollah guerrillas, told Israel TV after the meeting that Annan gave them no new information about the fate of their loved ones.

"But the good news was that we got a personal pledge from the secretary general of the U.N. that he accepts the mission to get the three kidnapped soldiers home and that's a really big thing," she said.

The relatives said they had heard lip service from many international officials about efforts to get their relatives freed.

"We asked him to be the one to start turning words into deeds and bring about their return home, all three," Karnit Goldwasser said.

Hezbollah seized the two Israeli soldiers July 12 in a cross-border raid that started the war with Israel, which ended with a U.N.-brokered cease-fire Aug. 14. Palestinian militants in Gaza captured the Israeli soldier in an earlier raid on June 25.

Jackson said Syria, a main backer of both Hamas and Hezbollah, wanted to be involved in a prisoner swap that included the three Israelis and Syrian nationals detained by Israel in the Golan Heights. Israel has ruled out negotiations or a prisoner swap to secure the men's release.

Jackson is leading a 10-member ecumenical delegation on a visit to the region to meet with political and religious leaders.

He has had success several times in the past in negotiating the release of political hostages.

In 1984, he met with President Hafez Assad of Syria and arranged the release of a Navy pilot whose plane was shot down over Lebanon during an American airstrike against a Syrian anti-aircraft position a month earlier. Also that year, Jackson traveled to Cuba and persuaded Fidel Castro to release 48 American and Cuban political prisoners.

In 1990, he helped win the release from Iraq of more than 700 foreign women and children detained as human shields against an American military attack after Iraq's invasion of Kuwait. He also persuaded Yugoslav President Slobodan Milosevic in 1999 to free three Americans he was holding prisoner.

Associated Press Writer Sarah El Deeb in Jerusalem contributed to this report.

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U.S. Freezes Assets Of Hezbollah Unit (WP)

By Glenn Kessler

The Washington Post, August 30, 2006

The Bush administration moved yesterday against a key fundraising arm of Hezbollah, the militant Shiite Muslim movement that is part of Lebanon's government, ordering a freeze on its assets in the United States and making it illegal for Americans to contribute to the organization.

Hezbollah seized two Israeli solders last month, sparking a war between Israel and the organization that left large parts of southern Lebanon devastated. The United States regards Hezbollah as a terrorist organization, but the European Union has refused to join in that designation, in part because of the group's vast array of social services.

Yesterday's action against the Islamic Resistance Support Organization was intended in part to demonstrate the link between Hezbollah and terrorist activities. The Treasury Department released copies of a receipt issued by the group to a donor, which on the back listed projects such as "collection box project for the children and homes," "contribution to the cost of a rocket" and "contribution to the cost of bullets." The donor, whose name was redacted, used ink to signal his interest in helping fund a rocket.

During the conflict with Israel, Hezbollah launched about 4,000 rockets, killing more than three dozen civilians.

"Hezbollah projects an image as a humanitarian organization," said Stuart Levey, Treasury's undersecretary for terrorism and financial intelligence. "This puts the lie to that image. This shows there is no separation, and they raise money for social services and also raise money for terrorism."

The Intelligence and Terrorism Information Center, an Israeli Web site that tracks militant groups, last week posted brochures from the group, also known as the Islamic Resistance Support Association. The materials were obtained during the conflict in Lebanon.

One brochure depicted coins going into a mosque, similar to the Dome of the Rock in Jerusalem, and emerging as rockets aimed at a battered Star of David. The Web site said that the group primarily raises money from Shiite communities in the Persian Gulf but has also raised money in the Detroit area. Congressional testimony last year cited an unclassified Israeli intelligence report that said the group raised funds in Detroit.

Levey said the group also solicits funds through Hezbollah's al-Manar television station.

Since the war in Lebanon began, U.S. officials have tried to fashion ways to cut off Hezbollah's financing, which is central to its ability to build up its stockpile of weapons. Under a U.N. Security Council resolution passed this month that called for a halt to the conflict, Hezbollah is required to give up its weapons.

But Levey acknowledged that a financial crackdown on Hezbollah is more difficult than the Treasury's successful efforts to thwart North Korean counterfeiting and preventing financial aid for the Hamas-led Palestinian government. In part, that is because Hezbollah is part of the Lebanese government, not the government itself. The European refusal to designate Hezbollah as a terrorist organization has also been a problem.

"We believe that Hezbollah meets the definition of a terrorism organization, and we have long advocated that to our colleagues in Europe," Levey said.

Iran -- which Levey called the "central banker of terrorism" -- is regarded as the biggest financial backer of Hezbollah, providing an estimated $100 million a year. The Treasury Department has been coordinating an effort to find ways to cut off Iran's support for a host of militant groups, including Hezbollah and the Islamic Resistance Movement, as Hamas is formally known.

Treasury Targets Lebanese Group's Assets (AP-Y)

By Jeannine Aversa, Ap Economics Writer

AP, August 30, 2006

The Bush administration took steps Tuesday to financially isolate a Lebanese organization for allegedly funneling money to Hezbollah to bankroll terrorist acts.

The Treasury Department's action, which covers the Islamic Resistance Support Organization, or IRSO, means any of the group's assets found in the United States must be frozen. Americans also are prohibited from giving money to the group.

Hezbollah uses the organization to solicit donations to support terrorist activities, the department alleged. The group solicits funds for Hezbollah through advertisements aired on Hezbollah's al-Manar TV, which was put on the government's asset-blocking list earlier this year, the department said in a statement.

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"Solicitation materials distributed by IRSO inform prospective donors that funds will be used to purchase sophisticated weapons and conduct operations," Treasury said. "Indeed, donors can choose from a series of projects to contribute to, including, supporting and equipping fighters and purchasing rockets and ammunition."

The United States calls Lebanon-based Hezbollah a terrorist group that is suspected of involvement in terrorist attacks worldwide.

The U.S. also blamed Hezbollah for triggering recent bloodshed in the Middle East involving Lebanon, Israel and the terrorist organization.

Stuart Levey, the department's undersecretary for terrorism and financial intelligence, said the Islamic group "makes no attempt to hide its true colors."

Its "fundraising materials present donors with the option of sending funds to equip Hezbollah fighters or to purchase rockets that Hezbollah uses to target civilian populations," Levey said.

Olmert Faces Flak From Israelis For Lebanon War (WT)

By Joshua Mitnick

The Washington Times, August 30, 2006

TEL AVIV -- Israel's bitter domestic debate in the wake of the war in Lebanon shows no signs of slowing, despite embattled Prime Minister Ehud Olmert's call for a limited commission to review the government's handling of the conflict.

The internal recriminations have targeted both Mr. Olmert and top commanders of the Israel Defense Forces, long seen as a bulwark of a Jewish state surrounded by larger, hostile Arab neighbors.

"They've destroyed the best army in the world," said Assaf Davidi, a 28-year-old reservist who fought in the 34-day war. "I don't trust these people to change the mistakes that were made."

The debate raged even as U.N. Secretary-General Kofi Annan met with top Israeli officials in Jerusalem yesterday and said he hoped to quickly double the contingent of U.N. peacekeepers in southern Lebanon to 5,000.

Mr. Annan, on a diplomatic tour of the region, said he would ask Mr. Olmert in a meeting today to lift Israel's seven-week air and sea blockade of Lebanon. Israeli Defense Minister Amir Peretz told Mr. Annan Israeli forces would leave Lebanon in the next few weeks, once a "reasonable" number of international peacekeeping troops were in place.

Many Israelis said the country does not need to wait for Mr. Olmert's investigation, proposed Monday, to accept the resignation of top leaders for failing to deliver the decisive military victory they promised over Hezbollah Shi'ite Muslim guerrillas based in southern Lebanon.

Yossi Beilin, head of the leftist Meretz Party in the Knesset, said yesterday Mr. Olmert "wavered and faltered in every step of this war," while members of his party called the proposed inquiry a "fig leaf."

"The way in which he conducted this war brings shame to his office," Mr. Beilin said.

Uri Saguy, former army intelligence chief, said late last week the war effort lacked broad strategic vision and criticized the army for being disorganized and lacking discipline.

"The army has problems with organization and control," he said. "These are disturbing things that require an inquiry."

Criticism in Israel's freewheeling press has also been harsh. Attila Somfalvi, a columnist with the newspaper Yediot Ahronot, said the main desire among ordinary Israelis today was for "revenge" against the country's leadership.

"The north is bleeding, the public is turning its back on its leaders, the army is under attack, reserve soldiers are demonstrating outside the prime minister's office and overall, there is a prevailing sense of no one to rely on -- that everything is moving by sheer force of inertia."

Ha'aretz columnist Bradley Burston offered a tongue-in-cheek nomination of Hezbollah leader Sheik Hassan Nasrallah to replace Mr. Olmert and fill the leadership "vacuum" in Israeli politics.

"Olmert took Israel's last remaining expectations of him and kicked them in the teeth, by ducking a full-out probe into his handling of the war," Mr. Burston wrote.

Mr. Olmert named a commission headed by a former head of the Mossad intelligence agency. In doing so, he rejected calls for a "state inquiry," which would be presided over by an independent judge with the power to issue subpoenas.

Many are comparing the trauma triggered by the indecisive campaign against Hezbollah to the soul-searching that followed after the country was caught by surprise by Egypt and Syria in the 1973 Yom Kippur War.

"Even though the casualties then were many times higher than they were in this war, the consequences for Israel of this failure are potentially greater," said Yossi Klein Halevi, a senior fellow at the Shalem Center, a Jerusalem research institute.

The perceived loss of deterrence has reopened a strategic debate in Israel over the wisdom of a unilateral withdrawal from the West Bank. Earlier this year, Mr. Olmert's Kadima party won election on a promise to pull back from the West Bank in the absence of a peace treaty. But Mr. Olmert has announced the shelving of that goal.

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Now, critics like opposition leader Benjamin Netanyahu have argued that the withdrawal strengthens Israel's enemies. A recent poll in Yediot Ahronot indicated that if elections were held today, the balance of power in Israel's parliament would shift to right-wing parties and that Mr. Netanyahu would probably become prime minister.

Diversionary Strike On A Rights Group (WP)

By Kathleen Peratis

The Washington Post, August 30, 2006

In early August Human Rights Watch issued a 49-page report, "Fatal Strikes: Israel's Indiscriminate Attacks Against Civilians in Lebanon," charging Israel with war crimes in its conduct of the war in Lebanon. Many of the Lebanese civilian casualties could not be explained by Hezbollah soldiers' hiding among civilians, Human Rights Watch charged. Although Hezbollah fighters did hide among civilians, the rights group discovered that in about two dozen instances, involving about a third of the civilian deaths, there had been no Hezbollah presence at the time of the attacks and the targets had little or no military value.

The report was based on the same methodology that Human Rights Watch has used for more than 20 years in situations in which many witnesses have an incentive to lie: face-to-face probing and on-site inspections -- in this case in Beirut and southern Lebanon.

The critics of reports on this subject -- Amnesty International made similar charges -- have been ferocious. They have not merely deployed the common defense of accusing the accusers of getting the facts wrong. They have gone much further and accused the accusers of bad intent. For example: NGO Monitor, echoing other critics, claims that "central in the strategy" of Amnesty International is "to delegitimize Israel."

But the real vitriol has been reserved for Human Rights Watch and its executive director, Kenneth Roth. Rabbi Avi Shafran of Agudath Israel has called Roth "loathsome." An editorial in the New York Sun accused Roth of "de-legitimization of Judaism" because his group condemned Israel's strategy as "an eye for an eye." Rabbi Aryeh Spero in Human Events Online referred to Roth as a "human rights impostor," and likened him to "Nazis and Communists." On Sunday, the Jerusalem Post published an op-ed by NGO Monitor's Gerald Steinberg titled "Ken Roth's Blood Libel."

Is it possible that some of the witnesses lied? Sure it is. It's even possible, though it's something of a stretch, that many of the witnesses deliberately misled Human Rights Watch researchers. But it simply will not do to "rebut" a detailed report such as the group produced by accusing Human Rights Watch or its executive director, whose father fled Nazi Germany, of anti-Semitism (or other bad motives) and let it go at that. Indeed, the critics barely mention, much less discuss, the 24 incidents described in the report. Generally they merely assert the undisputed fact that Hezbollah did often hide among civilians. Steinberg broadly asserts, without citing any actual evidence: "When the details were examined by NGO Monitor's research staff, or Prof. Alan Dershowitz of Harvard University, the claims have often been shown to be false or unverifiable." Often? Where? When? He does not say.

No one expected the Anti-Defamation League and others to applaud the Human Rights Watch report, but one is entitled to expect something more serious by way of a response. "You're biased" is not a rebuttal.

At least some of the report's critics seem to believe that Israel should be exempted from the rules of war. Thus, Abe Foxman of the Anti-Defamation League, who has accused Human Rights Watch of "immorality at the highest level," says: "The moral issue, the human rights issue that overrides everything else in this conflict is that if Hezbollah, Syria and Iran don't understand that they will pay an overwhelming price for these rocket attacks on Israel, then eventually these rockets will be armed with chemical weapons and the warheads with nuclear weapons. In other words, the Holocaust would be in the works."

In other words, if the "overwhelming price" Israel causes the enemy to pay is indiscriminate under the rules of war, Israel must do it anyway. And Human Rights Watch is worse than naive to expect otherwise.

I don't think Foxman and NGO Monitor and others who want selective exemption of Israel from the rules of war have faced the implications of getting what they wish for, such as: Who will decide when the law can be ignored? And: If the law is mowed down, where will we find refuge when the devil turns on us?

America's security has not been enhanced by its violation of human rights principles, from Abu Ghraib to Guantanamo Bay. Israel's strength lies not only in its might but in its moral principle, which it should not abandon, even in a time of war.

The writer, a lawyer in New York, is a member of the board of Human Rights Watch and a regular columnist for the Forward, a national Jewish newspaper.

Bush Offers To Meet With Sudan's Leader To Pave Way For U.N. Force In Darfur (WP)

By Glenn Kessler

The Washington Post, August 30, 2006

DOJ_NMG_0055863

President Bush has proposed meeting with Sudan's president, Lt. Gen. Omar Hassan al-Bashir, as an incentive for Bashir to lift his adamant opposition to the introduction of U.N. peacekeeping forces in Sudan's troubled Darfur region, according to a Sudanese government spokesman and U.S. government officials.

The offer of a high-profile meeting on the sidelines of next month's U.N. General Assembly debate was made yesterday by Assistant Secretary of State Jendayi E. Frazer in a meeting with Bashir in Khartoum. The Sudanese president had kept Frazer waiting since Saturday, citing a busy schedule, even though he knew that she was bringing a message from Bush.

Two years ago, the Bush administration accused the Bashir government of genocide for allegedly abetting the atrocities in Darfur. Bush's willingness to meet with Bashir -- who human rights groups say should be charged with war crimes -- is yet another diplomatic gambit by the administration to encourage cooperation from Khartoum.

The conflict broke out in early 2003 when African rebel groups attacked police stations and military outposts. The United Nations and human rights groups accuse the Arab-led central government of supporting militiamen, called the Janjaweed, in an effort to crush the rebellion. About 2,000 villages have been destroyed across Darfur; violence and disease have left as many as 450,000 people dead and 2 million homeless.

Agence France-Presse first reported on the invitation, quoting Bashir spokesman Majoub Fadl Badri.

A State Department official, speaking on the condition of anonymity, said Frazer carried a letter from Bush to Bashir, which generally discussed Bush's concern about Darfur. She told Bashir that cooperation on Darfur could bring many benefits for Khartoum, though the official declined to specifically confirm them.

Bashir has long pushed for the lifting of economic sanctions related to Sudan's long support of terrorism. The official stressed that any incentives, such as a presidential meeting, would come only after positive actions by Sudan, such as the acceptance of a U.N. force.

The White House did not respond to a request for comment.

Some analysts doubted Bashir would be impressed by the offer.

"President Bush's expression of a willingness to meet with Khartoum's brutal leader inevitably works to confer international legitimacy upon his genocidal regime and policies," said Eric Reeves, a Smith College professor who closely tracks events in Sudan. "But the grim irony here is that this expediency, this moral capitulation, only emboldens the regime, convincing these genocidaires that they hold the upper hand and need not agree to a U.N. force."

U.S. Envoy In Sudan Fails To Get Accord (NYT)

By Lydia Polgreen

The New York Times, August 30, 2006

EL FASHER, Sudan, Aug. 29 — A senior State Department official sent to Sudan to seek an understanding on a United Nations force to calm the conflict in the troubled Darfur region left Khartoum on Tuesday without an agreement from President Omar al-Bashir.

The official, Jendayi E. Frazer, assistant secretary of state for African affairs, waited two days to meet Mr. Bashir, extending her trip by a day after Mr. Bashir sent word that he was too busy to meet her.

The meeting did finally take place, but appeared to have produced no change of heart from Mr. Bashir, who has said that United Nations troops will be seen as occupying forces and that Sudan's military will fight them.

"They met, and she has left," said Katharine Moseley, spokeswoman for the United States Embassy in Khartoum. No further details were released, and Ms. Frazer did not speak to reporters, boarding a plane within 30 minutes of her meeting with Mr. Bashir, Ms. Moseley said.

When Ms. Frazer arrived Saturday she was greeted by a crowd chanting anti-American slogans and waving banners telling her to "Go home."

The United States and Britain have introduced a Security Council resolution calling for a 20,000-member peacekeeping force to shore up a shaky peace accord in Darfur. More than 200,000 people have died here and 2.5 million have been displaced in a conflict that has raged since 2003 between the Arab-dominated government and rebel groups fighting for more autonomy.

Sudan has resisted the force, proposing instead to have a weak and ill-equipped African Union force that is already in Darfur strengthened and to use 10,000 of its own troops to fight rebels who refused to sign the peace agreement reached in May with one of the rebel factions.

Sudan President Claims West Conspiracy (AP)

By Mohamed Osman, Associated Press Writer

AP, August 30, 2006

DOJ_NMG_0055864

Sudan's president accused the United States and Britain Tuesday of conspiring against his country as diplomats at the United Nations said Washington and ally London want the Security Council to adopt a resolution in two days giving the U.N. authority over peacekeepers in Darfur.

President Omar al-Bashir staunchly opposes the deployment of U.N. peacekeeping troops in the remote, western region to replace an African Union-led force there now.

"Everybody knows the Americans and British are scheming against the Sudan," al-Bashir said at a rally to muster support for his opposition to the proposed deployment.

"We shall not be the first country to be recolonized in Africa. ... We are free and shall not be enslaved," al-Bashir told about 2,000 workers belonging to a federation of unions.

Al-Bashir spoke less than an hour before a visiting U.S. envoy delivered a written message to him from President Bush calling for better relations between the two countries and urging the Sudanese president to accept U.N. peacekeepers in Darfur, al-Bashir's spokesman Mahjud Fadul Bedry said.

More than 200,000 people have died in Darfur since 2003 when ethnic African tribes revolted against the Arab-led Khartoum government. Sudan's government is accused of unleashing Arab militiamen known as janjaweed who have been blamed for widespread atrocities.

On Monday, U.N. humanitarian chief Jan Egeland told the Security Council that since a May peace agreement was reached by the Sudanese government and one of the region's major rebel groups, violence, sexual abuse and displacement has increased dramatically. He cited a report that more than 200 women and girls in one camp have been sexually assaulted in less than two months.

The U.S. and Britain planned to introduce a draft Tuesday spelling out the transfer of authority over the peacekeepers from financially strapped African Union troops, whose mandate in the region ends Sept. 30, to the U.N. The switch is meant to inject more funding and troops into a force that has been unable to stop the humanitarian catastrophe in Darfur.

The Security Council planned to meet Wednesday to discuss the British and American draft. If no one objects, the resolution could be adopted Thursday.

U.S. Ambassador John Bolton said the council does not need Sudan's acceptance to pass the resolution. The document would allow the Security Council to carry out much of the planning and logistical work for a U.N. handover even as diplomacy continues to win over al-Bashir.

One stumbling block to a quick adoption has been China, which wants to make sure that the troops would not come under U.N. command without Sudan's consent.

Al-Bashir has proposed sending Sudanese troops to the region instead — a step human rights groups fear could lead to more rights violations. He offered Tuesday to let the U.N. assist the African Union force.

"The Americans and the British are not seeking peace but war," he said.

Visiting U.S. Assistant Secretary of State for African Affairs Jendayi Frazer met al-Bashir Tuesday and delivered the message from Bush. Al-Bashir said he would reply in writing but reiterated his opposition to U.N. troops, his spokesman said.

The State Department said Tuesday that al-Bashir would send an envoy to Washington to discuss allowing the U.N. to take control of the troops in Darfur. The request was delivered during the meeting between al-Bashir and Frazer.

The two also discussed the case of imprisoned Pulitzer Prize-winning American journalist Paul Salopek arrested in Darfur on Aug. 6 and accused of spying. Bedry said al-Bashir would consider the case from "a humanitarian standpoint."

Salopek, who was in Sudan on assignment for National Geographic magazine, his driver and interpreter were arrested by pro-government forces. He was charged Saturday with espionage, passing information illegally, writing "false news" and entering the African country without a visa.

Associated Press reporter Nick Wadhams contributed to this report from the United Nations.

Sudan's Beshir To Send Envoy To Meet Bush In Washington (AFP)

AFP, August 30, 2006

Sudan President Omar al-Beshir will send a representative to Washington in the near future to respond to President George W. Bush's call to allow a UN peacekeeping force into Darfur, a State Department spokesman said.

Speaking after Jendayi Frazer, the US assistant secretary of state for African affairs, met with Beshir in Khartoum early Tuesday, State Department spokesman Tom Casey said the Sudanese leader had indicated he will send his answer to Bush through a personal emissary.

"President Bashir has said, in response to the message from the president, that he would be sending an envoy to Washington and that he would then provide a direct response to that message at that time," Casey said.

"I don't have a specific timetable for it. I would expect we are talking within the next couple of weeks," he added.

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In the meeting with Beshir Tuesday which she had sought for days, Frazer had passed on Bush's invitation to meet the Sudanese leader on the sidelines of the UN General Assembly in New York next month, Beshir's spokesman Majoub Fadl Badri said after the talks.

But Badri said Beshir rebuffed the US plea to allow a UN force into strife-torn Darfur.

"The president reiterated the Sudanese government's position rejecting the replacement of the African Union force with a UN one," Badri said.

Wielding A Muzzle (WP)

The Washington Post, August 30, 2006

TO FIND THE TRUTH on the genocide in Darfur, reporters have sneaked across Sudan's border from Chad without visas. Often there's been no other way to witness and report on the death and desperation in the region.

About three weeks ago, Paul Salopek, a renowned Chicago Tribune reporter, did just that. A militia group captured him and turned him over to Sudanese authorities, who held him incommunicado for more than a week. Then, instead of simply deporting him, as it has done with other foreigners caught in Darfur without a visa, Sudan's government charged Mr. Salopek with espionage and writing "false news."

It is plain that Mr. Salopek isn't a spy. He is a veteran Africa correspondent who has twice won the Pulitzer Prize. When he crossed into Darfur, he was on assignment for National Geographic magazine, researching an article on Africa's Sahel region.

Also plain is why Sudan might raise such a preposterous charge. If it can discourage reporters from visiting, it can diminish worldwide attention to government-caused suffering in Darfur. A press blackout now would be particularly convenient. The State Department claims that the regime is planning a new offensive in northern Darfur. In preparation, government-backed militias are launching attacks on foreign aid workers, and officials in Khartoum are resisting the deployment of a U.N. peacekeeping force to replace African Union troops. And the killings and rapes go on.

If the Sudanese regime manages to eject aid workers, peacekeepers and journalists from Darfur, the world will have to rely on unconfirmed, second-hand reports of refugees and misleading pronouncements from Khartoum for information on the genocide. Focusing international attention on the humanitarian disaster in the region -- which may soon get even worse -- will be even more difficult.

We hope that quiet pressure from Assistant Secretary of State Jendayi E. Frazer, who is trying to convince Khartoum to allow U.N. peacekeepers into Darfur, and from Sen. Barack Obama (D-Ill.) and Rep. Christopher Shays (R-Conn.), both of whom have toured Africa recently, will prevail on the Sudanese to drop their charges. If not, louder pressure from higher-ranking officials may be necessary.

U.S. Trade Official Prods China To Help Rekindle Doha Talks (WSJ)

By Andrew Batson

The Wall Street Journal, August 30, 2006

BEIJING -- U.S. Trade Representative Susan Schwab urged China to "step up" and play a leading role in resuscitating global trade talks that collapsed in July, but she received no assurance Beijing is willing to do so.

Ms. Schwab, making her first visit to China since assuming the top U.S. trade job in June, said that "China is an obvious potential player in this game" and has an interest in achieving greater trade liberalization.

Known as the Doha round, after the capital of Qatar where they began nearly five years ago, the trade negotiations were suspended in July after the major participants failed to make progress on important points, primarily trade in farm products.

Ms. Schwab, who met Southeast Asian trade officials last week, said she is looking for "a small group of open-minded countries" to help re-energize the trade discussions and named Malaysia as another possibility. As the previous arrangements failed to produce a consensus, "we need to be thinking about other processes and other players," she told reporters.

China has been a low-key participant in the World Trade Organization and in the Doha trade talks has let other countries such as India and Brazil represent developing nations.

In a statement issued after his Monday meeting with Ms. Schwab, Minister of Commerce Bo Xilai said, "the Chinese side is willing to continue to constructively participate in discussions with all sides, and actively promote the progress and resumption of the Doha talks." Mr. Bo said he hopes developed nations will "take the lead in making a substantive contribution," a sign China views its own role as secondary.

One reason for China's caution could be a reluctance to take on further market-opening commitments, just as Beijing nears the completion of a five-year series of obligations it undertook when joining the WTO in 2001. Ms. Schwab said China would be expected to make significant further concessions as part of any Doha agreement. "China is not and will never be a small, defenseless developing country in the global trading system," she said.

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Ms. Schwab also said she is watching carefully to see whether an "economic nationalist trend" could damp China's willingness to permit greater foreign participation in its domestic markets. Ms. Schwab cited government efforts to protect some domestic industries and delays in opening certain markets as issues of concern to the U.S.

She acknowledged that China recently has made improvements in its handling of intellectual-property rights, notably by requiring its computer makers to load their products with legitimate software at the factory. Overall, piracy and counterfeiting remain a huge problem, the U.S. trade chief said.

In Strategic Shift, China Hits Foreign Investors With New Hurdles (WSJ)

By Andrew Batson And Mei Fong

The Wall Street Journal, August 30, 2006

BEIJING -- China's government has been throwing up some new hurdles for foreign investors in recent months, including increased scrutiny of foreign-backed mergers and proposed restrictions in areas from banking to retailing to manufacturing.

It's not a wave of popular anti-foreign sentiment, of the kind that was on display, for example, after the U.S. bombing of the Chinese Embassy in Belgrade in 1999, that is motivating Beijing. Rather, it is the government's growing preoccupation with helping China's expanding universe of domestic companies and pressing social issues such as poverty and wealth disparities.

Top leaders insist that fast-growing China, the developing world's biggest recipient of foreign investment for many years running, isn't closing off its economy. But the new restrictions are particularly alarming for foreign companies because they stem not from some temporary interest in penalizing foreign businesses but from a broader shift in China's priorities.

Increasingly savvy domestic companies -- some of whom have been stymied in their efforts to expand overseas -- are seizing the moment to push for moves they hope will strengthen them against outside competitors.

In automobile production, for instance, a business long dominated by foreign companies operating through joint ventures, the government said in March that it won't approve any new expansion of capacity unless companies meet requirements, as yet unspecified, to make local brands and support domestic product development.

That policy should give a boost to companies like Shanghai Automotive Industry Corp., which has long had ventures with General Motors Corp. and Volkswagen AG but now says it wants to make cars under its own name and challenge the big brands for a share of the market.

"As local Chinese companies become more competitive, they are becoming more sophisticated in using whatever means are available to them to maintain their position," says Henry Wang, a lawyer with DLA Piper Rudnick Gray Cary in Shanghai. "They are using a combination of the media and government help."

Another example is a proposed rule restricting the expansion of large-scale chain outlets, which is largely the result of intensive lobbying by Chinese retailers, according to people familiar with the matter. The rule, if passed, is likely to put foreign companies such as Wal-Mart Stores Inc. and Carrefour SA at a disadvantage. Another set of rules issued in July could make it more difficult for foreign companies to operate Internet businesses, while banking regulators in August circulated draft rules that are likely to make it more difficult for foreign banks to expand their retail branches.

China these days lets foreign businesses compete in its domestic markets to an extent that few if any developing countries have matched. Since joining the World Trade Organization in 2001, China has systematically stripped away many of the previous barriers to entry for foreign companies. Roughly 280,000 companies backed by foreign investors operate in China, doing everything from delivering packages to building cars and selling toothpaste. But while China continues to attract staggering amounts of new foreign investment -- on the order of $60 billion a year -- those inflows have peaked over the past couple of years and are unlikely to increase further unless a major new set of opportunities crops up.

The government's inward turn in recent months is creating questions about China's openness at a pivotal time. There is growing concern that the government's pace of market-opening reforms could slow markedly or even stop once China completes most of its obligations to the WTO at the end of this year.

Frank Lavin, U.S. undersecretary of commerce for international trade, said that the recent calls to limit foreign investment are a "worrisome trend." China's leaders may not have the appetite for further reforms that would benefit foreign business, he said in a speech this month to U.S. businesspeople in Beijing. Meanwhile, U.S. Trade Representative Susan Schwab said this week she is watching for any signs of a substantive shift toward economic nationalism in China.

That sentiment also threatens to throw up new obstacles for foreign companies interested in acquiring Chinese businesses. The China Bearing Industry Association is publicly opposing a preliminary agreement by Schaeffler Group of Germany to buy Luoyang Bearing Group, one of the major domestic firms in the sector. In August, the China Cement Association asked the government to review any foreign acquisitions of domestic cement companies that exceed $100 million in size. Even soybean processors are getting their day in the sun, as lobbyists in July asked the government to restrict any expansion of the strong foreign presence in the sector.

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Though those campaigns haven't yet yielded results, there are other instances of local industry groups getting more directly involved in policymaking. One example: After the government in June published a document declaring the machinery and capital-equipment industry a "pillar" of the national economy that would receive special support, the China Machinery Industry Federation worked with officials to draft specific policies. A key provision: ensuring extra scrutiny of any foreign-led acquisitions in the industry. The new policy has contributed to the uncertainty around private-equity firm Carlyle Group's attempt to buy construction-equipment maker Xugong Group, which has been held up in the approval process for months.

"There's definitely a feeling that investment opportunities are tightening up, that there are more difficulties than before," said Elizabeth Knup, managing director at Kamsky Associates, a Beijing-based consultancy firm that helps foreign firms invest in China.

These different regulatory efforts haven't been particularly well-coordinated, suggesting that the government is responding ad-hoc to individual situations, rather than pursuing a broad agenda of restricting foreign business activity. And there have been recent signs that the government is trying to rein in some of the anti-foreign rhetoric, by giving prominent media exposure to those who support increased economic openness.

"Foreign companies don't need to worry about China backtracking," says Wang Zhile, director of the Research Center on Transnational Corporations, a body that advises the central government. Mr. Wang says those calling for restrictions on foreign investment do not represent mainstream opinion in the government.

Still, the succession of regulatory changes and louder criticism of foreign business coincides with a bigger shift in China's priorities. Since taking power in 2003, the administration of President Hu Jintao and Premier Wen Jiabao has said they want China's growth to be more sustainable, more domestically focused and less wasteful of resources -- a shift from the previous administration's focus on fast, export-led growth. The government also recently released its latest five-year plan -- the country's 11th -- which calls for a concerted push to make sure that Chinese companies have the trappings of 21st-century businesses, from a storehouse of patents and trademarks to recognizable brand names.

As part of that, the government is giving itself new tools to be more discriminating about foreign investment. At the end of last month, China's securities regulator published a new takeover code, which declared that acquisitions involving publicly-traded companies "must not harm national security or the public interest."

This month, the Ministry of Commerce declared that it will have to approve any foreign acquisitions that could affect economic security, or involve "key" domestic industries or well-known trademarks. Lawyers say the provisions give the government broad discretion to intervene in deals.

A think tank affiliated with the National Development and Reform Commission, the chief economic planning agency, also said in a report this month that China should "draw on international experience" and set up a government organization to assess the impact of foreign purchases of state-owned enterprises. The proposal mimics the Committee for Foreign Investment in the U.S., a panel that reviews the national-security implications of foreign transactions and can recommend that the president cancel a deal.

Analysts and industry watchers say the extent to which China has already opened its market has made local businesses fearful they cannot survive tough foreign competition. On top of that, a nascent push for Chinese businesses to expand overseas has also been stymied by political difficulties and the firms' own inexperience with international practices. Combined with the persistent criticism of China's low-cost exports for taking jobs away from U.S. and European manufacturers, there is increasingly a feeling that China owes foreign companies no favors.

"It's a comfortable time to get tougher with foreigners. Having more of them hang around is not the top priority," says Nandani Lynton, the Beijing-based vice president for Asia at Thunderbird, the business school.

Developing Nations To Win IMF Boost (FT)

By Krishna Guha

Financial Times, August 30, 2006

China, South Korea, Turkey and Mexico could win increases in their International Monetary Fund quotas – or shareholdings – “in a few days”, as an early step towards giving big developing countries more say in the institution, according to Rodrigo Rato, IMF managing director.

Mr Rato told the Financial Times that agreement to launch a fundamental review of control and governance of the IMF was within sight, signalling the prospect of the most far-reaching reform of the fund since its foundation at the Bretton Woods conference in the US in 1944.

The reform process has been driven by the need to adapt both the governance and role of the IMF to reflect the significant shifts in global economic power, particularly since the rise of Asian and other developing economies.

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Mr Rato said he expected to be given a clear mandate to implement a two-stage reform at the fund's annual meeting next month in Singapore. Details of this proposal, which remain confidential, were put to the IMF's governing board last week.

Mr Rato warned against expecting any breakthroughs on global economic imbalances resulting from the IMF's new multilateral consultation process at the Singapore meeting.

But he said agreement could be reached soon on a first stage of IMF reform, with agreement to grant modest increases in the IMF quotas for China, South Korea, Turkey and Mexico.

Some countries have been pushing for more such share increases but Mr Rato said: "I think there is consensus for four." But he added that the initial ad hoc quota increase was part of a "package" of measures and was linked to more far-reaching reform to follow in a second stage.

Mr Rato said there was agreement that the second stage of IMF reform would have to address governance and control of the fund, better to reflect "changes in world economic weight" and also to tackle the "representation of low-income countries".

"There is consensus that we should address these in a package of reforms that should be launched at Singapore," he said. Mr Rato said he would aim to complete the process within roughly two years.

The US is pushing for a new IMF formula to determine a country's shareholding based "predominantly" on gross domestic product. Such a formula would raise the relative shareholding of Asian countries and emerging markets, mostly at the expense of small European states. But such countries argue that weight in the IMF should not be based on GDP alone, and criticise the US for seeking to maintain a shareholding large enough to veto key IMF decisions.

Mr Rato said "there is consensus that the existing formula is unsatisfactory" and should be simplified. He said member governments also agreed that the new formula should be based on GDP and openness, and perhaps other criteria, but that so far no consensus had been reached on what weight to give each factor.

Mr Rato said he expected to be given the green light to start work on devising a new formula and an increase in the basic votes of poor countries "immediately after Singapore."

U.S. Seeks Bigger China Role In I.M.F. (NYT)

By Steven R. Weisman

The New York Times, August 30, 2006

WASHINGTON, Aug. 29 — In an effort to gain Chinese cooperation on international economic issues, the Bush administration is pushing for China and other developing nations to get more power in the global institution that has played a central role in easing myriad financial crises since the end of World War II.

But the American-led effort to increase influence at the International Monetary Fund for China — and for South Korea, Turkey and Mexico, as well — is being resisted by several countries in Europe, which would lose power to those who would be gaining it.

Administration officials argue that the I.M.F. has to be restructured to reflect the strength of fast-growing countries in Asia, Latin America and parts of Europe so these countries have more of a stake in a 60-year-old international system that oversees potential problems from the huge global flows of currency and capital.

"The I.M.F. has been asleep at the wheel in an era when private capital flows have been growing at an unprecedented pace," said Timothy D. Adams, under secretary of the Treasury for international affairs. "The fund needs to get back to basics to deal with the problems of the 21st century."

Mr. Adams said that China, like many other fast-developing countries, is "woefully underrepresented" at the I.M.F., with a smaller share of the total voting rights than other countries with smaller economies slower growth. The United States wants economic growth and the size of the economy to determine the scale of a nation's voice at the fund.

The proposals are to be taken up at a meeting of the I.M.F. and the World Bank late in September in Singapore, to be attended by Treasury Secretary Henry M. Paulson Jr.

At the same time, the administration is urging China to take on a greater role in promoting an open global trading system by helping restart the aborted trade talks sponsored by the World Trade Organization.

The I.M.F., along with the World Bank and the General Agreement on Tariffs and Trade, the precursor to the W.T.O., grew out of meetings near the end of World War II at Bretton Woods, N.H. They were set up as part of a postwar financial system aimed at avoiding a repetition of the economic crises of the late 1920's and 1930's that helped lead to the war.

China is a particular focus of American interests because of the Bush administration's uneasy relationship with the Beijing government and its desire for China to become a "stakeholder" in the international system, as American officials put it.

The United States argues that China has been using its vast foreign exchange reserves, earned from trade surpluses with the United States, to intervene in the markets and keep its currency artificially low to increase its exports, contributing to the loss of American manufacturing jobs.

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Critics of the Bush administration in Congress are calling on it to rebuff China's demand for more power at the I.M.F. until Beijing revalues its currency in relation to the dollar.

But Mr. Adams and other American officials say that rather than limit China's influence at the I.M.F., they want to increase its role there and make the lending institution a more aggressive monitor of currency manipulation by member nations.

"I would argue that by re-engineering the I.M.F. and giving China a bigger voice," Mr. Adams said, "China will have a greater sense of responsibility for the institution's mission."

The initial proposed increases for China, South Korea, Turkey and Mexico in voting weight and quotas — which entitle members to more borrowing in emergencies — is viewed by Washington as a "down payment" for future changes increasing the power of many other countries, including oil-producing nations.

But objections to the American proposal have come from Belgium, the Netherlands and Scandinavian countries, which might lose proportional voting shares in favor of Spain, Ireland and other rapidly growing nations of Europe. Britain is siding with these smaller countries in resisting the American proposals, officials said.

Europeans also fear that the overall weight of Europe at the fund, whose managing director has by tradition always been a European, could diminish. They want voting shares to recognize the importance of other factors, like the openness of their economies and the volume of trade between European countries.

In addition, some poor countries in Africa and elsewhere fear that a reorganized I.M.F. would further reduce their already limited power. So the administration wants to make sure that any changes do not diminish the voting rights these countries have now.

The American approach on the I.M.F. is seen as somewhat similar to the kind of changes officials want at the United Nations Security Council, where veto power is retained by the club of victors in World War II that are permanent members of the Council: the United States, China, Russia, Britain and France. Washington wants to expand the permanent membership to include Japan and at least one major developing country.

Voting at the I.M.F. is determined in part by a quota system that calculates how much a country must contribute to the fund and how much it can borrow in emergencies. The United States has 30 percent of the world economy but only a 17 percent share of the quota system.

Under the American proposal, China and the others would be given a small increase in voting share in the down payment phase and a larger share later.

But neither the initial nor the future increases in the shares of these countries would reduce the American share by more than a fraction of a percentage point below the 17 percent level.

That point is important because an 85 percent vote is required for many I.M.F. matters, including amending bylaws and changing the quota shares. Europe's combined voting share is currently about 23 percent, roughly equal to its share of the world economy.

If more power were given to the big developing countries, Europe would lose overall voting share at the I.M.F. by an unspecified amount.

Britain is supporting the concern of the smaller European countries because its chancellor of the Exchequer, Gordon Brown, is now the chairman of a committee of European economic and finance ministers and is trying to keep the coalition of European countries together as a bloc, European and American officials said.

"The U.S. position is an honest and decent proposal, and everybody in the European community is prepared to step up to the plate," a European diplomat said. "But we need to have more flesh on the bones at the moment."

The I.M.F.'s managing director, Rodrigo de Rato, has called for an immediate increase in power for some countries, to be approved at the meeting in Singapore as part of a two-year restructuring program. Earlier this month, he said, "It is time now to recognize the rise in economic weight" of China and others.

The fund has $28 billion in loans outstanding to 74 of its 184 countries, given out over the years to avert defaults, bankruptcies and other crises. In the 1990's, the fund was involved in bailing out Mexico. Late in the decade, it helped rescue Thailand, South Korea and several other Asian countries from insolvency.

But since then, the fund has had no major crises to deal with, and many recipients of the 1990's bailouts are now sitting on large reserves that can be used to help other countries in the future. The American approach is to enlist these countries in maintaining an international system rather than having them go their own way.

But because the I.M.F. has not recently had a major crisis, some economists joke that with little to do, board members have the luxury of squabbling among themselves for power over an organization with an ill-defined mission.

Mr. Adams said that the current benign period has led to complacency, even as global capital flows and the risk of future problems increase. "Conceptually we're pretty much there," he said of the talks on I.M.F. governance. "But once you start negotiating the actual specifics, it's going to take a little time."

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South Korea Quake Center Watches North (WT/AP)

By Burt Herman

The Washington Times, August 30, 2006

DAEJEON, South Korea -- A normally unburdened South Korean earthquake center has become the front line of the world's vigil for North Korea's first nuclear test, monitoring the peninsula's geological pulse with seismic sensors and sound detectors.

The Korea Earthquake Research Center recently was put on 24-hour watch as fears grew about a test. The Defense Ministry sent soldiers to scrutinize the center's wall of video screens, which display skittering graphs of data from some 90 seismic stations across South Korea. Alert systems have been installed to link government institutions with the earthquake center 100 miles south of Seoul.

U.S. and Japanese press this month reported that intelligence agencies were monitoring suspicious activity at a suspected North Korean underground nuclear-test site, detecting moving vehicles and cables that could be used to connect the test site to aboveground diagnostic equipment.

Many specialists think the North has enough radioactive material to make at least a half-dozen bombs. The North has claimed it has nuclear weapons, but no test proving it has been detected.

On Monday, the head of South Korea's intelligence agency, Kim Seung-kyu, said the North was ready to test a nuclear device at any time, but there was no direct sign that the communist nation was preparing a detonation.

Still, the South Korean center remains on the lookout using two methods: infrasound and seismic waves.

The most reliable means of confirming a nuclear test would be from infrasound -- ultralow noises from an explosion below the range of human hearing.

Such infrasound can travel up to 620 miles, depending on wind direction, and would provide a relatively quick indication of a nuclear test, said Chi Heon-cheol, director of the earthquake center at the Korea Institute of Geoscience and Mineral Resources in Daejeon.

In the demilitarized zone dividing the Koreas, the center has deployed four infrasound arrays with tubes that detect minute changes in air pressure.

The network was completed several years ago and can also be used to detect other North Korean activity, such as the movement of tanks, Mr. Chi noted.

But even a blast as powerful as a nuclear explosion could be difficult to immediately confirm if the North thoroughly seals the underground site, he said.

So the center can also measure seismic tremors, although they would be less conclusive, he said. A North Korean nuclear explosion would likely generate the force of an earthquake measuring at least magnitude 4.2 and as strong as magnitude 5.0, he said.

The United States also is expected to be watching for any signs of a test with satellites and reconnaissance aircraft, such as high-flying U-2 spy planes that regularly draw the North's ire for flying near its territory.

The United States, China, Japan, Russia and South Korea have tried to persuade the North to abandon its nuclear program at six-party negotiations that have been on hold since November. The issue has taken on new urgency after Pyongyang raised tensions in early July by test-firing seven missiles over international objections.

In Chechen's Humiliation, Questions On Rule Of Law (NYT)

By C. J. Chivers

The New York Times, August 30, 2006

ARGUN, Russia, Aug. 26 — The humiliation of Malika Soltayeva, a pregnant Chechen woman suspected of adultery, was ferocious and swift.

Ms. Soltayeva, 23, had been away from home for a month and was reported missing by her family. When she returned, her husband accused her of infidelity and banished her from their apartment. The local authorities found her at her aunt's residence. They said they had a few questions.

What followed was no investigation. In a law enforcement compound in this town in east-central Chechnya, the men who served as Argun's police sheared away her hair and her eyebrows and painted her scalp green, the color associated with Islam. A thumb-thick cross was smeared on her brow.

Ms. Soltayeva, a Muslim, had slept with a Christian Russian serviceman, they said. Her scarlet letter would be an emerald cross. She was forced to confess, ordered to strip, and beaten with wooden rods and hoses on her buttocks, arms, legs, hands, stomach and back.

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"Turn and be condemned by Allah," one of her tormentors said, demanding that she position herself so he could strike her more squarely.

The torture of Ms. Soltayeva, recorded on a video obtained by The New York Times, and other recent brutish acts and instances of religious policing, raise questions about Chechnya's direction.

Since 2004, the war in Chechnya has tilted sharply in the Kremlin's favor, as open combat with separatists has declined in intensity and frequency. Moscow now administers the republic and fights the remaining insurgency largely through paramilitary forces led by Ramzan A. Kadyrov, the powerful young Chechen premier.

Mr. Kadyrov's public persona is flamboyantly pro-Russian. He praises President Vladimir V. Putin and has pledged to rebuild Chechnya and lead it back to the Kremlin's fold. "I cannot tell you how great my love for Russia is," he said in an interview this year.

But beneath this publicly professed loyalty, some of Chechnya's indigenous security forces — with their evident anti-Slavic racism, institutionalized brutality, culture of impunity and intolerant interpretation of a pre-medieval Islamic code — have demonstrated the vicious behavior that Russia has said its latest invasion of Chechnya, in 1999, was supposed to stop.

Human rights groups and Chechen civilians say that these security forces' ambitions and loyalties are uncertain and that their actions are unchecked. The republic's course, they say, is dangerous for Russians and Chechens alike.

Few people have yet compared the current disorder with the end of the brief period of Chechen autonomy, in the late 1990's, when rebels and foreign Islamic mercenaries operated terrorist training camps in the forests, and when Islamic courts sentenced criminals to execution by firing squads, which were broadcast on Chechen television news. But Mr. Kadyrov's police and security forces, known as kadyrovsty, are staffed mostly with uneducated young men, some of whom have been fighting for years, including many former rebels who have changed sides.

Recent videos of their conduct, provided to The New York Times by outraged Chechens, show an unsettling pattern.

One shows a man and a woman in the town of Shali, each married to someone else, who were suspected of flirting in a car this summer. The police swarmed around the couple, jeering at them, and directed the man to kick the woman. The couple was then forced to dance a brief lezginka, a traditional and often sexually charged dance. The police kicked the woman, too, and pulled her scarf and hair.

Although the faces of several of the officers are clear, they have yet to come under investigation by higher authorities.

Another instance of unrestrained behavior occurred in late July in Kurchaloi, when one of Mr. Kadyrov's units killed a rebel, Akhmad Dushayev, and beheaded his body. The severed head was displayed on a pipe in the town's center, residents said in interviews.

Videos show that, later, the kadyrovsty, many in police uniforms, casually amused themselves with the head, joking as they displayed it in a garage. Another video shows the head adorned with a cap and with a cigarette in its mouth.

Residents said the police justified the beheading by saying that Mr. Dushayev had previously cut off the head of a pro-Kremlin Chechen fighter, and that the vengeance was fair play.

Ms. Soltayeva's own experience, much of which was captured on video, was an accumulation of terror, pain and loss.

She was seized March 19, and mocked throughout a torture session that lasted nearly two hours. "Call for Sergei!" one of the policemen said, using the name of her assumed lover as he beat her. "Sergei! Help!"

Next they told her to dress, and drove her to her husband's courtyard and made her dance before her neighbors. "Look how ugly you are," another policeman said.

When she staggered away, several of them kicked her with their heavy black boots. Two days later she miscarried, and has been largely out of public view since.

The episode, which took place five months ago, was not investigated, even though videos showing the torture were passed along on cellphones throughout Argun and other Chechen towns. The videos circulated widely enough that accurate details of her abuse were known by roughly half of the Chechens interviewed by The New York Times.

"It is just outrageous lawlessness," Ms. Soltayeva said in an interview in Grozny, Chechnya's capital.

As is common in crumbling marriages, the details of Ms. Soltayeva's family life and behavior are in dispute. Her former husband's family says she had an affair with a Russian serviceman she met at a store where she worked as a cashier. She says that she did not, and that she was faithful to her husband even though he beat her.

Her whereabouts in the weeks leading up to her beating are also a source of contention.

Ms. Soltayeva said she was away from home because she had been abducted by masked men who eventually released her, a phenomenon in Chechnya that is common enough that her own family says they believe her. Her husband's family, and the police, say that she left Chechnya to try to live with her Russian lover, and that she returned when it did not work out.

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Natalya Estemirova, a staff member at the Grozny office of Memorial, a private human rights group, said she tried to bring the case to the Chechen authorities, but they threatened Ms. Soltayeva with criminal charges for falsely claiming to have been kidnapped. They showed no interest in the police violence, she said.

Allegations of state-sponsored horrors, and claims that Russian and Chechen officials have allowed servicemen to commit crimes with impunity, have been a regular accompaniment to the Chechen wars.

Human rights groups have documented mass graves, extralegal executions, widespread use and tolerance of torture, illegal detention, rape, robbery and kidnapping.

Some cases have seemed a matter of policy, as when suspected rebel supporters have been abducted during police and military sweeps. Other cases appeared to flow from the rage, drunkenness or frustration of ordinary soldiers fighting a savage guerrilla war.

What has made several recent cases different is that many of the kadyrovsty, unsophisticated gunmen who have had little contact with the world beyond Chechnya, have acquired cellphones with small video cameras and have casually, even gleefully, recorded their own crimes.

The video sequences are then shared, multiplying as they swiftly pass from phone to phone.

In a long interview earlier this year, Mr. Kadyrov said that his were being professionalized and that the armed men under his command integrated into formal government structures. He insisted that they would be able to provide security and competent policing.

[On Aug. 29, The Times provided Mr. Kadyrov's office with four videos of Ms. Soltayeva's torture. Mr. Kadyrov said through a spokeswoman that upon viewing them he had ordered the Chechen Interior Ministry to investigate. "Criminal charges will be brought against all responsible for this," said the spokeswoman, Tatyana Georgiyeva.]

Ms. Estemirova said that the unit in Argun that seized Ms. Soltayeva had been formally disbanded in the spring, but that its members were simply transferred into new "professional" battalions, known as North and South.

"They were assimilated into North and South and never checked by prosecutors," she said. "Now they are more difficult to arrest."

Opposition Party Looks To Be A Putin Creation (WP)

By Peter Finn

The Washington Post, August 30, 2006

MOSCOW, Aug. 29 -- The powerful and pro-Kremlin United Russia party has a new opponent -- one, however, that bears all the marks of a Kremlin creation.

The leaders of three small Russian parties -- Motherland, the Party of Life and the Party of Pensioners -- announced a merger Tuesday. The union followed a series of meetings between the leaders and President Vladimir Putin, who blessed a venture that appears designed to leave him with loyalists on both sides of the Russian political aisle.

The consolidation offers new evidence of the Kremlin's intolerance of political pluralism or democratic competition in any kind of undirected manner. Since Putin came to power in 2000, his government has established extensive new controls over the news media, industry and grass-roots organizations.

The United Russia party dominates the federal parliament and most of Russia's regional governments. The new party, which will have 30 seats in parliament and says it wants to become the country's largest opposition group after elections in 2007, also swears fealty to the president.

"What do we mean by political opposition in our country?" Sergei Mironov, head of the Party of Life and speaker of the upper house of parliament, asked Tuesday at a news conference in Moscow. "First of all, I would like to declare we back the course laid down [by] the president of Russia, Vladimir Putin. . . . But we do not believe that one political party, one political force should have the monopoly of implementing the presidential" program.

The Kremlin hopes the new party, which has yet to be named, will form the basis of a nominally two-party system in parliament, analysts said. It will give voters an alternative to United Russia and siphon off votes from the Communist Party and others while remaining subservient to the presidential administration, analysts said.

The leaders of the new party immediately sounded a populist note, saying in a joint statement that they would "defend and uphold the interests of the working man."

Since the fall of the Soviet Union, Russia has had a string of fake opposition parties, manufactured to create the pretense of political competition. On Tuesday, critics immediately labeled the new party a rehash of earlier efforts.

"They will dance in the left flank," said Gennady Zyuganov, leader of the Communist Party, which is now the largest opposition group in parliament. He promised that his party would "debunk this contrived creation."

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Individually, the three parties that came together Tuesday have anemic support, registering in the low single digits, according to opinion polls. Whether as a unified group they can acquire a popular base remains uncertain. But with the Kremlin's backing, the new party can gain the kind of financing and media exposure that has vaulted United Russia into a dominant position and almost completely sidelined parties that oppose Putin.

"Presidential support is already a sign of our success," said Alexander Chuev, a member of parliament for Motherland in an interview Tuesday. "I don't see anything bad in the fact that the leaders of three political parties met with the president and united their positions."

The new party is looking to the elections in 2007 to challenge United Russia's huge majority in parliament. "We need a big faction" in the future parliament, Mironov said.

But the Putin aide who is credited with fostering United Russia's near-monopoly in party politics cautioned recently that there were limits to the role that a loyal opposition would play.

"Your party could attract to its side everybody the authorities in the broad meaning of the word cannot attract," Vladislav Surkov, deputy head of the presidential administration, said in a meeting with Party of Life activists when the idea of a new configuration was floating in political circles here. "It is simply that for a long time to come United Russia should remain the largest party around which the political process will be based."

Moreover, analysts said, the new party may find itself having to line up with United Russia to back any person Putin anoints as his successor in presidential elections in 2008. "It will be completely untenable for two client parties to be fighting for the same patron," said Georgy Satarov, who heads a private group that monitors corruption in Russia.

The Motherland party, called Rodina in Russian, began life in similar fashion to Tuesday's announced alliance. With the approval of the Kremlin, it was set up to challenge the communists in a 2003 election and offered voters a socially oriented program tinged with nationalism. Over time, however, it began to steer an independent line, challenging, for instance, the Kremlin plan to replace benefits such as free transportation for the elderly with cash payments that were derided as paltry.

Since the beginning of the year, the party has been reeled back in.

In March, seven separate court decisions prevented it from fielding candidates in seven of eight regional elections, including in Moscow, where it ran an incendiary advertisement attacking immigrants.

Party leader Dmitri Rogozin said in an recent interview that after the Moscow election he was invited to a downtown hotel, where two Kremlin officials told him to resign or see the Motherland party crushed. The Kremlin denied the accusation. Rogozin resigned and was replaced by businessman Alexander Babakov.

In July, Babakov met Putin at the Kremlin in what he called a regular meeting between the president and a party leader. That night, he told the Motherland governing council that the party would unite with Mironov's Party of Life, party officials said. The next day Mironov, a presidential loyalist who like Putin comes from St. Petersburg, announced the planned merger of the two, which on Tuesday became a merger of three.

"Putin simply gave him the order," said Mikhail Delyagin, whom Babakov expelled from the Motherland party for attending an opposition conference in advance of the July meeting of the Group of Eight industrial countries in St. Petersburg. "The Kremlin is not just creating a managed party, it's also destroying Rodina for displaying some independence."

Delyagin and other Motherland dissidents predict their party will be completely absorbed into the much smaller Party of Life as will the Party of Pensioners, which analysts here say is a creation of Putin aide Surkov. They predicted Mironov would lead the new party.

"The president nodded favorably and that was that," said Andrei Savelyev, the only member of Motherland's governing council who voted against the merger. "But no artificial creation has succeeded in the past, and whatever effort the Kremlin makes, I don't think the people will support it."

At their news conference Tuesday, party leaders dismissed the charge that they were puppets of the president. "The easiest form of discrediting any organization today is saying that it is the Kremlin's project," Babakov said. "Our decision is not just a decision by leaders of our parties. It is a decision by our regional branches, party members. Believe me, all those people are very far away from the Kremlin."

Coup D'Etat In Mexico? (LAT)

The Los Angeles Times, August 30, 2006

A COUP D'ETAT IS BREWING in Mexico. Even as he runs out of legal ways to challenge the July 2 presidential election results, the contest's sore loser, Andres Manuel Lopez Obrador, is planning to proclaim himself president and establish a parallel "people's government" on the national Day of Independence, Sept. 16.

The defiance by the leftist former mayor of Mexico City comes after a unanimous ruling Monday by the nation's top electoral tribunal, which rejected claims filed by Lopez Obrador's party of massive fraud. Lopez Obrador, who finished second in

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the balloting, has been waging an increasingly desperate campaign to have the election nullified. The independent panel of seven electoral justices reviewed 9% of polling places where it had reason to suspect error, and it threw out tens of thousands of ballots.

The net result of the review was to reduce conservative candidate Felipe Calderon's nearly quarter-million-vote margin by about 4,000 votes. The tribunal has until next Wednesday to certify the election results.

Lopez Obrador's supporters have shut down much of Mexico City in acts of civil disobedience, and they appear intent on making the country ungovernable. The hope had been to pressure the tribunal into overlooking legal niceties — reformed election laws defer to the election-day count conducted by citizens chosen at random — to annul the vote.

Lopez Obrador and the Democratic Revolution Party, or PRD, are crying out against the imposition of a president backed by the nation's business elite, but the whining is misplaced. Lopez Obrador, who obtained roughly a third of the ballots cast, became an activist in the dark days of the autocratic rule of the Institutional Revolutionary Party, or PRI, but Mexico's electoral institutions are now fully independent. There has been no convincing proof of any widespread fraud. The election was conducted by nearly a million citizens selected to serve, and foreign observers have all praised the balloting as exemplary.

Indeed, if there is any threat to democracy in Mexico, it is Lopez Obrador and his sense of entitlement. The vast majority of Mexicans, including many of those who voted for him, find his antics tiresome. But even if only 10% or 15% of the population believes its candidate is being unfairly denied the presidency, it can create quite a bit of havoc if egged on by a demagogue exploiting their sense of victimization.

The next weeks and months pose a different challenge for the country's democracy, as Lopez Obrador's supporters will seek to disrupt President Vicente Fox's final State of the Union address on Friday, as well as Independence Day celebrations later in September. Fox's government has shown admirable restraint, but Lopez Obrador is hoping for some violent confrontation with federal authorities to score him sorely needed public opinion points.

Meanwhile, it's time for democratic voices on the left in Mexico to distance themselves from Lopez Obrador's destructive coup attempt. The likes of Cuauhtemoc Cardenas, the PRD's founder who probably was victimized by electoral fraud in his 1988 bid for the presidency, should say basta and encourage everyone to respect the election's outcome.

Threading Africa's Needle (WSJ)

The Wall Street Journal, August 30, 2006

Everyone talks about helping sub-Saharan Africa. Well, the chance to save more than 100,000 jobs there is on the Congressional table. We should find out some time after Labor Day whether the help-Africa talk is anything more than that.

Senator Bill Frist is trying to renew part of the African Growth and Opportunity Act (AGOA), which since 2000 has provided duty-free access to the U.S. market for substantially all products from most sub-Saharan countries. The full act doesn't expire until 2015 but its textile provisions are set to expire in 2007. These let sub-Saharan-assembled clothing that uses fabric purchased from any third country enter the American market duty-free. If this provision lapses, Africa could lose 150,000 jobs.

Mr. Frist has said he wants to extend the third-country textile provision so that goods sown in Africa will retain their duty-free access to the U.S. But to do that, he'll need Democratic support. Incredibly, it's not a sure thing.

Since the act began in 2000, two-way trade between sub-Saharan Africa and the U.S. is up 115%. In 2005 it increased by 37% to $60.6 billion. The good news is not only that in 2005 the U.S. bought more from Africa, but also that U.S. exports to Africa went up -- with "notable gains in agricultural goods, machinery and transportation equipment," according to the U.S. Trade Representative. This means Africa is opening itself to imports and modernizing, which is key to wealth creation.

Admittedly a large part of the spike in two-way trade with Africa has been in oil, and indeed AGOA non-oil exports to the U.S. were down 16% in 2005. But that doesn't tell the whole story. Africa's apparel makers battled tough circumstances in 2005. Any list would include the expiration of the multifiber agreement, subsidies to U.S. cotton-growers and China's more generalized government subsidies to its apparel manufacturers. The possibility that the textile provision won't be renewed has already caused some manufacturers to shift production out of Africa.

The act originally hoped to push Africa toward making its own fabric, but that hasn't happened to the extent envisioned. Even though local fabric making has increased, it's still not sufficient to meet the needs of African clothing assemblers who want to sell into the U.S.

The bottom line is that if the provision on using outside fabric dies, so will Africa's assembly industry, which is a particularly important source of jobs for women. This explains why the extension is supported by Oxfam America, the Africa Society, Lesotho National Development Corporation and Education Africa USA, as well as the United States Association of Importers of Textiles and Apparel and the American Apparel & Footwear Association.

That leaves Congress. Republican House Ways and Means chairman Bill Thomas isn't likely to put an extension on the legislative agenda in a lame-duck session without assurances from the Democratic leadership. Unfortunately his Democratic

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counterpart, Congressman Charles Rangel, is on record favoring a replacement for the third-country provision. Mr. Rangel's idea is to give duty-free access to African clothing only if at least 20% of the value-added comes from Africa itself. The idea is to somehow push the region toward buying locally made fabric, creating an integrated industry.

This simply isn't going to work if fabric-making is not to Africa's comparative advantage right now. Meantime apparel makers likely would shift their production elsewhere because of uncertainty along the production chain. This could kill Africa's young assembly business. As one representative of a U.S. apparel importer told us, "You can't imagine how harmful the uncertainty is."

Africa needs whatever jobs it can get while it tries to pull itself up from the bottom rung of the ladder. Apparel assembly is making that possible. Cutting off a source of jobs in the hope that some new industry will spring up strikes us as risk Africans can ill-afford.

For People With AIDS, A Government With Two Faces (NYT)

By Tina Rosenberg

The New York Times, August 30, 2006

At the AIDS conference in Toronto this month, South Africa's booth included lemons, garlic and beets as part of its recommended treatment for H.I.V. South Africa's health minister has long touted salad, vitamins and assorted quack cures over antiretroviral drugs, which she has called toxic.

Such embarrassments are normal for the government of President Thabo Mbeki, who said not too long ago that he knew no one with AIDS. This in a country with the world's biggest AIDS epidemic. At the Toronto conference, Stephen Lewis, the United Nations special envoy for AIDS in Africa, broke all diplomatic conventions, saying South Africa's views were more worthy of a lunatic fringe than of a compassionate state.

And yet, more than a quarter million South Africans — more people than in any other nation — are now taking antiretroviral drugs. Most of them get the medicines free through the government health system. The AIDS budget has soared over the last two and half years. Among people being treated, deaths and hospitalizations have dropped tremendously. Can this lunatic government be compassionate as well?

South Africa is doing AIDS treatment on a mass scale even though the health system is close to nonexistent in some areas, clinics often have few nurses and no doctors, and rich countries are luring English-speaking health workers away.

But top officials can take little credit. They delayed the antiretroviral rollout, threw up obstacle after obstacle and have left large pots of money unspent. The program's progress so far is really a lesson in the power of balanced government and citizens' groups.

The courts have forced the government into action. This week an appeals court ordered officials to begin antiretroviral treatment for prisoners with AIDS and held the government in contempt for ignoring a June ruling to start doing so. Some regional governments, especially in the provinces containing Johannesburg, Cape Town and Durban, have leapt at the chance to provide antiretrovirals, and that is mainly where people are being saved.

The most important factor, however, is the Treatment Action Campaign, probably the world's most effective AIDS group. It was founded by Zackie Achmat, who chose not to take the antiretrovirals he needed until the government had agreed to make them available to all.

The group, financed largely by international and local foundations and European governments, became famous for distributing its "H.I.V. Positive" T-shirts — Nelson Mandela wore one — and organizing mass protests like its 2003 civil disobedience campaign, which pushed the government into the antiretroviral rollout.

Mr. Mbeki and his health minister, Manto Tshabalala-Msimang, have now largely gone silent about AIDS — undoubtedly an improvement. It would be a further improvement if Mr. Mbeki fired her, as many in South Africa have long demanded. The government should also be pushing the provinces that lag behind and encouraging South Africans to get tested and take their drugs.

What the government says and doesn't say still matters, unfortunately. I met some South Africans who can get antiretrovirals free at their local clinic but still prefer herbal medicines. They could live, thanks to the government's highly reluctant actions. Instead, they will die because of its words.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Gonzales Says Guantanamo Detention Camp Will Eventually Be Closed 4
Padilla Trial Seen As Legal Test For Anti-Terror Tactics 4
UK Court Rules Police May Hold Uncharged Terror Plot Suspects For Another Week....4

Homeland Response:

Chertoff Backs Registered Traveler Program 4
Truckers, Bus Drivers Enlisted To Watch For Suspicious Activity On Highways....5
WTC Flag Still Missing 5
Welcome For Katrina Evacuees In Houston "No Longer Warm." 5

War News:

Bush Speeches Will Cast Iraq As Central Front In Global War On Terror....6
Spike Of Sectarian Violence Continues In Iraq 8
Pentagon Will Not Seek Death Penalty For Marine Charged With Murder Of Iraqi....9
European Allies Hesitant To Reinforce "Lawless" Afghan Province 9
Afghan Rebels Behead Two Suspected Spies 9
Professor Argues Against "Coalition Warfare" In Iraq, Afghanistan 9
Lehman Says US Losing War Against Jihadists....9
Lack Of Student Protests Against Iraq War Lamented 9

Corporate Scandals:

Former Brocade Officials Plead Not Guilty In Options Case . 10
US Seen Shifting Away From White-Collar Prosecutions 10
SEC Drops Probe Of Former Shell Executives 10
Attorneys Often Avoid Punishment In Corporate Prosecutions 11
Canadian Court Freezes Conrad Black's Assets 11

Criminal Law:

Armitage Revelation Raises More Questions About Plame Case 11
Sex Offender Convicted Of Killing North Dakota College Student....12
New Jersey City Officials, Contractor Plead Guilty To Bribery Charges....12
Law Firm Begins Texas School Credit Card Fraud Probe 13
Former NOAA Employee Sentenced To 15 Years For Child Pornography....13
Jeffs To Be Prosecuted In Utah, Then Arizona....14
Mob Turncoat Testifies Gotti Sought Illegal Weapons In 2002 14
Violent Crime Up In 2006 14
Judge To Consider Legality Of Online Gambling 15
Oklahoma Executes Man With New Injection Procedure....15
80 Louisiana Sex Offenders Arrested In "Operation Safe Neighborhood." 15
Illinois Child Pornographer Sentenced To 100 Years In Prison 16
Former FEMA Employees Sentenced To Prison For Katrina Contract Bribery....16

Civil Law:

Nicotine Content In Cigarettes Increases Sharply 16

Civil Rights:

Texas Officer Convicted Of Civil Rights Violation In Transsexual Rape Case 17
Kim Expects Improvement At Mississippi Training Schools ..17
DOJ Subpoenas Former, Current DC Officials In Group Home Suit 17
S FBI Investigating Alleged Civil Rights Violation By Louisiana School Bus Driver 18
ome Groups Oppose New California Anti-Bias Law 18

California Judge Rules District May Consider Race In Setting School Attendance Boundaries 18
Judge Criticized For Ruling On Michigan Initiative To Ban Racial Preferences 18

Antitrust:

Exelon Acquisition Of PSEG Seen As Less Likely 19
California Newspaper Suit Put On Fast Track 19
Senate Hearing On Texas Airfield Agreement Seen Likely 19
Valassis Sues To Rescind Advo Offer 20
TiVo's Patent Litigation Costs Widen Corporate Losses 20
Shareholders Approve Electron's Bid For Fisher 20

Environment/Indian Affairs:

EPA Working On Wetlands Guidelines 20
3rd Circuit Rules For US In DuPont Cleanup Case 21
Report Questions Ethanol's Suitability As Replacement For Gasoline 21
New Park Service Rules Emphasize Conservation Over Recreation 21
Schwarzenegger, Legislature Reach Deal On Global Warming Bill 22
LATimes Praises Schwarzenegger's Handling Of Tribal Casinos 22

FBI/DEA/ATF/USMS:

McNulty Pledges More Cooperation To Fight Street Crime 22
FBI Officials Tout Post-9/11 Tech Upgrades, New Investigative Database 23
Authorities Report Record Meth Seizure In Georgia 23
More Than 70 Arrested In West Virginia Drug Sweep 24
DEA Agents Intervene In Undercover Operation At California Marijuana Dispensary 24
College Student In New York Accused Of Impersonating Federal Agent 24
Buffalo Launches New "Weed & Seed" Initiative 25

Immigration:

Pro Bono Project Matches Immigration Appellants With Lawyers, Students 25
Immigration Reform Supporters Plan More Protests In DC, Other Cities 25

Tax:

DOJ Sues To Stop California Man From Preparing Tax Returns 25
2nd Circuit Sides With US In Tax-Shelter Abuse Case 26

Congress-Administration:

Bush To Revive "Controversial" Judicial Nominations 26
Bush Says Entitlement Reform, Energy Dependence Key Issues For Next Two Years 26
Stevens Blocking Bill To Create Federal Spending Database 27
Spellings Says NCLB Has Improved Schools, Should Be Expanded 27
Democratic Agenda Includes Iraq Withdrawal, Oversight Investigations, Social Legislation 27
Gingrich Says Prospect Of "Speaker Pelosi" Is Frightening 28
Pentagon Report Finds Service Members "Preyed On" By Payday Lenders 28
NYTimes Calls For "Honest Assessment" Of Missile Defense System 29
Goldberg Says Criticism Of Bush Overblown 29
NYTimes Says Senate Should Not Confirm Tomlinson's Reappointment 29
LATimes Says Congress Should Resist If Kummant Seeks To End Amtrak 29

Other News:

Second Quarter GDP Revised Up To 2.9% 29
WPost Says Maryland Constitution Too Restrictive On AG-Eligibility Requirement 30
Bush Raises Funds For Hutchinson, Corker 30
AFL-CIO To Spend $40 Million On "Voter Protection" Program 31
Novak Calls Scope Of House Seats Targeted By Republicans "Pitiful." 31
Wilson Could Be Hurt By Support For Bush On Iraq 31
Facing Tough Reelection, Shays Undergoes "Conversion" On Iraq Troop Withdrawal 32
Pryce Facing Unexpectedly Difficult Environment In OH15 32
NRCC Backs Huffman In AZ8 GOP Primary 32
Jeb Bush Floated As Write-In Candidate In Florida Senate Race 32
Allen Downplays Poll Showing Him Trailing Webb 33
Poll Shows Menendez Trailing Kean By Four Points 33
Black Incumbents Facing More Challenges From Left 33
Will Calls Missouri Senate Race "Emblematic." 33
Critics Of Ohio Vote Count Want '04 Presidential Ballots Preserved 33
Broder Says Democratic 2008 Calendar Change Will Limit Candidate Exposure 34
Rice Again Says She Will Not Run For President 34
Oracle Offers Executives Legal Advice On Political Contributions 34
FDA Warns Canadian Pharmacies About Shipping Counterfeit Drugs 34

DOJ_NMG_0055879

Study Says Medical Spending Related To Life Expectancy .. 35
BP May Resume Eastern Prudhoe Bay Production Soon 35
Plains States Said To Be Enjoying Economic Renaissance . 35
US, Allies Assembling List Of Sanctions On Iran 36
Olmert Rejects Annan Call To End Blockade Of Lebanon 38
Chavez Sounds Anti-US Message In Visit To Syria 40
Bush's "Instincts" Said To Dictate Policy Towards India 40
Darfur On "Edge Of A New Abyss." 40
Paulson Cancels Planned Trip To Tokyo 41
Upheaval Continues In Mexico As López-Obrador Refuses To Concede Election 41
Bolivia's Morales Suffers Setbacks Since Taking Power 41
Monitors In Sri Lanka Say Government Forces Killed Aid Workers 41
Merkel Sees Popularity Fade 41
WPost Condemns China's Crackdown On Dissent 42
WSJournal Eulogizes Naguib Mahfouz 42

The Big Picture:

Headlines From Today's Front Pages 42

Washington's Schedule:

Today's Events In Washington 43

DOJ_NMG_0055880

TERRORISM NEWS:

Gonzales Says Guantanamo Detention Camp Will Eventually Be Closed. AFP (8/31) reports, "US Attorney General Alberto Gonzales said during a visit to Qatar that the controversial US detention camp at Guantanamo Bay in Cuba will eventually be closed. … 'I think that Guantanamo will be shut down one day. Guantanamo exists because it is necessary -- we are engaged in a war on terror,' Gonzales told reporters in Doha. … 'As soon as Guantanamo is no more necessary, I think that the expectation is that it will be shut down,' said Gonzales, who met with Qatar's Crown Prince Sheikh Tamim bin Hamad al-Thani and his Qatari counterpart Ali bin Futais al-Merri." AFP adds, "Gonzales, who came to Qatar from Iraq, said he had discussed reports about 'serious violations of human rights' by Iraqi security forces during his talks in Baghdad Tuesday. … 'I was assured that these reports have been taken seriously,' he said. … Gonzales met with Iraqi Deputy Prime Minister Barham Saleh and discussed the tactics used by Iraqi security forces to combat a wave of violence, allegedly including torture."

Padilla Trial Seen As Legal Test For Anti-Terror Tactics. The Christian Science Monitor (8/31, Richey) reports, "Jose Padilla, the former Chicago street thug who allegedly turned Al Qaeda sympathizer, is best known for reportedly plotting to explode a radiological 'dirty bomb[in a major US city. … But that alarming allegation is noticeably absent from Mr. Padilla's terror conspiracy indictment in federal court here. Instead, the most explosive allegation in the government's case is that Padilla broke US law by becoming an Al Qaeda recruit and filling out an application to be a holy warrior." The Monitor continues, "Ahead of Padilla's trial, set for Jan. 22, defense lawyers are filing a flurry of pretrial motions seeking to establish that the government engaged in outrageous conduct by having the military detain and interrogate Padilla. The conduct was so outrageous, they say, that all charges against him must be dropped." The Monitor adds, "What makes Padilla's case potentially so important is that he is the first person designated by President Bush as an enemy combatant to later face criminal charges in a civilian court. … As such, his case exists at the murky intersection of two contrasting systems. On one side is the criminal-justice system, which operates under established rules and constitutional mandates designed to protect the rights of American citizens. On the other is a military interrogation system run exclusively by the executive branch and designed to extract confessions from Al Qaeda suspects through methods that violate many of the fundamental rules of the criminal-justice system. … No matter how Padilla's case ends - with a conviction, an acquittal, or a plea bargain - his case is an important test of whether the government will be able to avoid legal consequences for the tactics it used during Padilla's military detention and interrogation."

UK Court Rules Police May Hold Uncharged Terror Plot Suspects For Another Week. The Washington Post (8/31, A20, Sullivan, 748K) reports, "A British court on Wednesday gave police one more week to consider charges against five suspects held in an alleged plot to blow up US-bound jetliners." The five "were among 25 people arrested in raids in London, Birmingham and High Wycombe, west of London, this month. Police have alleged that the suspects intended to smuggle liquid explosives onto airliners for detonation in flight. Their arrests caused disruptions to air traffic around the world and resulted in strict new rules for carry-on baggage." The five suspects "are being held under a new British law that allows detention of terrorism suspects for up to 28 days without charge, provided a judge reviews their detention every seven days." The Los Angeles Times (8/31, Rotella, 918K) runs a similar story.

HOMELAND RESPONSE:

Chertoff Backs Registered Traveler Program. USA Today (8/31, 1A, Frank, 2.27M) is offering extensive coverage of an interview with DHS Secretary Michael Chertoff this morning, reporting on its first page that he "strongly backed" the Registered Traveler program. "Chertoff told USA TODAY that checking air travelers' backgrounds, including phone numbers and travel histories, would improve security by allowing the department to focus on passengers with unknown backgrounds. 'Probably Registered Traveler will be the first step because it's voluntary,' Chertoff said." USA Today added that the secretary's comments were "among the strongest yet by the

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administration in support of" the "long-delayed program." Chertoff said Registered Traveler's main benefit for passengers is that they "would 'by and large' be exempted from additional searches and questioning at checkpoints."

USA Today (8/31, 11A, 2.27M) also runs the transcript of the interview, dealing with post 9/11 air security in general. After saying he was "hesitant to say that we should focus only on males, or Muslims of a particular age," Chertoff was asked what "an airport screener look for?" Chertoff said, "We are training our screening officers in behavioral pattern recognition, looking at ways people behave that will actually suggest they're trying to hide something. That's a positive step that does not require ethnic profiling but looks to the pattern of behavior." Asked whether progress was being made towards being able "to fine-tune the ban on liquids and gels?" Chertoff said that the technology available to screen for dangerous liquids "takes a long time. … And sometimes it turns out that a more comprehensive ban is clearer, more easy to enforce and more efficient for the traveler."

On the same page, USA Today (8/31, 11A, 2.27M) lists selected quotes from Chertoff regarding the war on terror. Chertoff said the US will only avoid another "attack if we are not only constantly vigilant but always adaptable in trying to look around the corner and see not only what happened before but what's going to happen next." Chertoff is also quoted as saying, "At Homeland Security, we have to bat a thousand. We have to stop everything. And particularly as you get into low-level, homegrown types of plots that don't require much planning, the odds are against us."

EU Says Original Data Sharing Deal Must Be Maintained Before It Can Be Expanded. Dow Jones (8/30, Echikson) reported, "US calls to expand a post-September 11 data sharing deal on air passengers are premature, the European Commission said Wednesday. Negotiations must aim instead to keep the original deal, said European Union spokesman Friso Roscam Abbing." He "said the Commission next week will ask the governments to open negotiations to approve a new data deal by mid October. The new treaty will last a year. 'After we get this in place, then in the following agreement we can speak to the Americans about what they want to add,' Abbing said. In an article published in The Washington Post Tuesday, US Homeland Security Chief Michael Chertoff called for lifting the restrictions on how data can be shared with other agencies."

Irish Airline To Allow Cell Phone Use During Flights. The Washington Times (8/31, Rowland, 88K) reports that while Irish airline Ryanair is planning "to let passengers use their cell phones during flights starting next year, …it could be awhile before US carriers get the green light from federal officials." The Times does not mention the security implications of the move, continuing that "cell-phone service on airborne aircraft is not specifically barred by the Federal Aviation Administration, but -- as with all portable electronic devices -- airlines would need to demonstrate that it does not interfere with a plane's communication and navigation systems, FAA spokesman Les Dorr said. … In the meantime, the issue of cell phones onboard is moot since a Federal Communications Commission ban prevents it for fear that air-to-ground calls would overload the ground-based cell-phone system. However, the commission is reviewing proposals to relax the ban, since new technology can ensure that in-flight networks do not disrupt ground networks."

Truckers, Bus Drivers Enlisted To Watch For Suspicious Activity On Highways. USA Today (8/31, Keen, 2.27M) reports that "a rapidly growing army of truckers and bus drivers…have been trained by Highway Watch to spot suspicious activity on the highways. The program is run by the American Trucking Association with funds from the Department of Homeland Security. Drivers take a class or watch a one-hour DVD to qualify. Almost 400,000 people…have been trained since 2004." USA notes, "No terrorists have been nabbed, but tips helped find a missing truck carrying fertilizer, which can be used in bombs, and identified illegal immigrants at a truck-driving school. Critics say Highway Watch is creating snoops and could lead to racial profiling."

WTC Flag Still Missing. USA Today (8/31, Hampson, 2.27M) reports, "On April 1, 2002, a flag that had become the emblem of American resilience was unfurled in a solemn, wordless ceremony outside City Hall. Hours after the 9/11 attacks, three firefighters had spontaneously used a US flag taken off a yacht and raised it in the wreckage of the World Trade Center. A newspaper photographer captured the scene, creating a classic image." The flag was later stolen, and "five years after 9/11, the day's most famous artifact is still missing."

Welcome For Katrina Evacuees In Houston "No Longer Warm." Continuing its Katrina anniversary coverage, ABC World News (8/30, story 10, 2:50, Pinto) examined the situation in Houston, where the "murder rate

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has spiked" since the hurricane. "Police say in the past year, Katrina evacuees were involved in more than 17% of murders in the city, 41% felony crimes. … Prosecuting and incarcerating those suspects has cost the city more than $18 million so far. Providing health care to the uninsured, another $20 million. The city's already overcrowded. Schools have added 3,500 students this year. And then, there are jobs. Half of the evacuees surveyed by the city are still looking for work." Meanwhile, "FEMA will quit paying for housing in just a few months. So, for many, the welcome Houston once offered is no longer warm."

WAR NEWS:

Bush Speeches Will Cast Iraq As Central Front In Global War On Terror. Over the next few weeks President Bush will deliver a series of speeches on Iraq and the global war on terror. The first one will come today, at an American Legion Convention in Salt Lake City. The President arrived there last night. The Deseret Morning News (8/31, Roche, Loftin) says "thousands of Utahns cheered" him at the Utah Air National Guard Airport. Bush "launched into a preview of why he came to talk to the American Legion. 'These are challenging times, and I wish I could report to you that all is well. But there are still enemies who still want to hurt America." He added, "We will defeat the terrorists abroad so we do not have to fight them at home."

The New York Times (8/31, Kornblut, 1.21M) reports, "Advisers said Mr. Bush would continue his speeches on Iraq and the broader struggle against terrorism for several weeks, keying off the five-year anniversary of the Sept. 11, 2001, attacks." The White House "has made national security and Iraq the centerpieces of its strategy to help Republicans retain control of Congress. Nonetheless, as Mr. Bush went to Arkansas and Tennessee on Wednesday to raise money for Republican candidates, he said of his series of speeches, 'They're not political speeches.'"

The speeches come at a time in which media commentators are detecting a new tone in the Administration's rhetoric on Iraq – one that some believe has a familiar ring. CNN's The Situation Room (8/30, King), for example, reported that the Bush Administration "is launching a new effort to defend the war in Iraq and to cast it as part of a greater war of survival against a worldwide threat." CNN (Henry) added, "If that sounds familiar, it's because it is. The President has gone down this road before. This seems to be a tacit acknowledgement by the White House that it just hasn't sold."

Likewise, NBC Nightly News (8/30, story 2, 2:10, Gregory, 9.87M) reported, "The President and his top advisors find themselves in a familiar position, not talking about progress in Iraq as much as arguing the dangers of backing down now. … With his party anxious about the war's impact on the fall campaign the White House returned to an old theme, blurring the lines between Iraq and 9/11." Vice President Dick Chaney: "The terrorists regard the entire world as their battle field. That is why al Qaeda has operatives in Iraq today." Condoleezza Rice, Secretary of State: "That is why President Bush calls Iraq a central front in the war on terror." Donald Rumsfeld, Secretary of Defense: "Can we truly afford to believe somehow, someway vicious extremists can be appeased?" But "Democrats fired back today arguing White House attempts to paint war critics as advocates of a cut and run policy will not work." Sen. Jack Reed: "I think the American people when they see what is going on are not persuaded by the slogan." NBC Nightly News (8/30, story 3, 3:10, Williams, 9.87M) went on to air "more…from our exclusive interview with President Bush." Asked, "Do you see the argument that some on the left make that the war in Iraq has amounted to a colossal recruitment poster in the fundamentalist world?," Bush replied, "I don't see that at all. The fundamentalist world attacked the United States and killed 3,000 people before I even thought about removing Saddam Hussein from power. I don't buy that argument. It is an argument that's not based upon fact."

ABC World News (8/30, story 4, 2:40, Raddatz) said Bush "is going to emphasize this global war on terrorism. … He will say that Iraq is part of this global war on terrorism. In the past, and all through the fall, he gave nearly a dozen speeches, talking about progress in Iraq. But the realities on the ground caught up with him. There hasn't been a lot of progress, as far as violence and security. And there has been no drawdown of troops. So, he will de-emphasize Iraq in a way, but emphasize that it is part of this greater global war on terrorism."

The AP (8/31, Riechmann) also says "it is the third time in less than a year that Bush has launched a public relations offensive to try to rally support for the war in Iraq and his effort to spread democracy in the Middle East. … The new addresses come two months before congressional elections and at a point when Bush's approval rate is at 33 percent in

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the August AP-Ipsos poll. His approval on handling of Iraq also was at 33 percent in the poll."

The Wall Street Journal (8/30, McKinnon, 2.03M) quotes a "senior administration official" saying, "Terrorism is on the minds of Americans, and as we go into the fifth anniversary of the Sept. 11 attacks, it's appropriate and necessary that the nation continue to hear about the state of the war and the nature of our enemy. … This is a long fight that we're going to have to sustain." The Journal adds Defense Secretary Donald Rumsfeld "appeared to preview yesterday the rhetoric of the new administration approach, underscoring what he portrayed as the stakes in the war against terrorism in a strongly worded speech of his own, saying proponents of withdrawal are effectively promoting appeasement of 'a new type of fascism' similar to that of Nazi Germany in the 1930s."

White House Said To Present No Evidence Backing Assertions About Democrats' Stance. The Washington Post (8/31, A1, Baker, VandeHei, 748K) headlines its front-page story "Bush Team Casts Foes As Defeatist," and says "Bush and his surrogates are launching a new campaign intended to rebuild support for the war in Iraq by accusing the opposition of aiming to appease terrorists and cut off funding for troops on the battlefield, charges that many Democrats say distort their stated positions." Bush "suggested last week that Democrats are promising voters to block additional money for continuing the war. Vice President Cheney this week said critics 'claim retreat from Iraq would satisfy the appetite of the terrorists and get them to leave us alone.' And Defense Secretary Donald H. Rumsfeld, citing passivity toward Nazi Germany before World War II, said that 'many have still not learned history's lessons" and "believe that somehow vicious extremists can be appeased.'" The Post adds, "Pressed to support these allegations, the White House yesterday could cite no major Democrat who has proposed cutting off funds or suggested that withdrawing from Iraq would persuade terrorists to leave Americans alone. But White House and Republican officials said those are logical interpretations of the most common Democratic position favoring a timetable for withdrawing troops from Iraq." White House spokeswoman Dana Perino "said it is reasonable for Bush to presume that Democrats will try to cut off funding for the war if they take over Congress, noting that 54 House Democrats voted against a spending bill for military operations last year. 'How would they force the president to withdraw troops?' she asked. 'Yell?'"

Rumsfeld Speech Comes Under Fire. The AP (8/31, Flaherty) reports, "Democrats chastised Defense Secretary Donald H. Rumsfeld for questioning the historical grasp of those who criticize the Bush administration's handling of war, accusing him Wednesday of engaging in 'dangerous business.'" In his speech in Salt Lake Cit, Rumsfeld "warned against repeating the pre-World War II mistake of appeasement," adding that "administration critics suffered from 'moral confusion.'" This resulted in :angry reactions from Democrats," many of whom "viewed Rumsfeld's remarks as fighting words." House Minority Leader Nancy Pelosi said, "If Mr. Rumsfeld is so concerned with comparisons to World War II, he should explain why our troops have now been fighting in Iraq longer than it took our forces to defeat the Nazis in Europe." Also, Sen. Charles E. Schumer "called Rumsfeld's portrayal of Democrats a 'strawman'," and Sen. Jack Reed "said Rumsfeld has been 'substituting sloganing for strategy.'"

The Washington Times (8/31, Dinan, 88K) reports "the White House didn't back away from Mr. Rumsfeld's comments, but neither did officials embrace them. White House spokeswoman Dana Perino said the Defense Department issued a statement challenging one version of the Associated Press' story of Mr. Rumsfeld's speech, and said, 'I'll let [the Defense Department] and the reporters who covered that sort that out.'" Still, "she said that in general Mr. Rumsfeld and the president are on the same message."

On MSNBC's Hardball (8/30, O'Donnell), host Norah O'Donnell said the Administration's message on Iraq is "clearly…a new strategy that's being directed from the White House." Evan Thomas of Newsweek said, "It's kind of a last refuge, actually, to insult your opponents as being unpatriotic. It's not a new tactic in American political life, but it has a slight whiff -- not desperation, necessarily but of urgency." O'Donnell added, "Right. And someone said to me today when you start having to compare your opponents to Hitler, that's sort of like the last -- you know you're in big trouble." Roger Simon of Bloomberg News added, "I'm tempted to say it's always a mistake to bring Hitler into any argument in modern politics, because it just ratchets the argument into an emotional reaction and you're no longer talking about the issue. The interesting thing to me is when Rumsfeld had chosen to deliver this. When Rumsfeld knows that if the numbers get bad enough and Bush needs to throw someone off the sled, it's going to be Don Rumsfeld."

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In an editorial titled "Pipe Down, Rummy," the Los Angeles Times (8/31, 918K) writes, "Apparently President Bush has decided to let Rumsfeld be Rumsfeld, even when Bush himself is no longer the Bush who taunted Iraqi insurgents with 'Bring 'em on!' and posed in front of a banner proclaiming 'Mission Accomplished.'" The Times goes on to describe Rumsfeld's speech as "cranky," adding that "one effect of Rumsfeld's outburst was to serve as a reminder that he is still in office. Once the public face of the war in Iraq, he lately has been AWOL from the administration's public advocacy, ceding the spotlight to Secretary of State Condoleezza Rice." The speech "was vintage Rumsfeld. It was also unfair and, in places, inane." Rumsfeld "is obviously unwilling to step down. Could he at least pipe down?"

Mehlman Defends Use Of Term "Islamic Fascism." RNC Chairman Ken Mehlman was asked on MSNBC's Hardball (8/30) why the Bush Administration has begun using the term "Islamic fascism" to describe the enemy in the war on terror. Mehlman said, "I can't explain why Secretary Rumsfeld used it. I've used it too. I think it's very much accurate, and here's why, I think, it is important to explain it in those terms. What we face today is a movement that's united by ideology and that's empowered by technology, and the American people need to understand that." Asked why "fascism" has become "the new word for the Republican Party, with just 10 weeks before Election Day," Mehlman said, "I think it's a very apt description of what we face. The fact is, like earlier fascists -- there were fascists in Italy and there were fascists in Nazi Germany -- here are folks who want to subordinate the freedom all over the place."

US Military Launches Initiative To Promote Positive Press On Iraq. The Washington Post (8/31, A20, Pincus, 748K) reports that "at a time when Bush administration officials are publicly criticizing media coverage of the war in Iraq," military leaders in Iraq "have put out for bid a two-year, $20 million public relations contract that calls for extensive monitoring of US and Middle Eastern media in an effort to promote more positive coverage of news from Iraq." The contractor will be "assembling a database of selected news stories and assessing their tone as part of a program to provide 'public relations products' that would improve coverage of the military command's performance." The media would be "monitored for how they present coalition or anti-Iraqi force operations. That part of the proposal could reflect Defense Secretary Donald H. Rumsfeld's often-stated concern that the media does not cover positive aspects of Iraq."

Spike Of Sectarian Violence Continues In Iraq. ABC World News (8/30, story 3, 0:15, Gibson) reported, "It has been a particularly violent day in Iraq. At least 52 people have been killed. The worst attack in Baghdad. A roadside bomb exploded in a market district. 24 people died and 35 were injured. And south of Baghdad, in Hillah, a bicycle bomb blew up outside an army recruit center. A man put it there as recruits were outside."

CBS Evening News (8/30, story 4, 2:25, Schieffer, 7.66M) reported, "Critics of the Administration's Iraq policy have been demanding some kind of withdrawal schedule for American troops got some news from America's top general there today: It's going to be a while. General George Casey said Iraqi forces will eventually be able to handle the country's security needs, but not for a year and a half. If this week is any indication, even that could be too optimistic." CBS (Strassmann) added, "Chaos returned with a vengeance this morning in Iraq. … Despite the chaos, US commanders say the recent crackdown has cut Baghdad's murder rate by almost half, one step toward progress in what some analysts say is now a race against the clock." NBC Nightly News (8/30, lead story, 2:05, Williams, 9.87M) also reported on the "awful spike in violence in Iraq."

The Washington Post (8/31, A16, Paley, Sarhan, 748K) reports, "Wednesday night in Baghdad, intense clashes broke out in neighborhoods east of Sadr City, a Shiite Muslim slum controlled by radical anti-American cleric Moqtada al-Sadr. Witnesses in the nearby Obaydi and Kamaliyah areas reported as many as seven loud explosions at about 9:30 p.m., followed by the sound of US helicopters and fighter planes overhead. Then shooting broke out." The Christian Science Monitor (8/31, Murphy, 58K) runs a similar report titled "Firefights Mark Further Splintering In Iraq." The New York Times (8/31, Cave, 1.21M) also reports the story.

Casey Says Iraqi Troops Ready To Provide Security Within 18 Months. CNN's The Situation Room (8/30, McIntyre) reported that Gen. George Casey, the top commander in Iraq, "says Iraqi security forces are basically trained and equipped in assuming a lead role about 75 percent of time. But he says they are not yet ready to be left on their own." The AP (8/31, Becatoros) says Casey "expressed optimism Wednesday that Iraqi forces are making enough progress to provide their own security within 18 months."

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Pentagon Will Not Seek Death Penalty For Marine Charged With Murder Of Iraqi. The Los Angeles Times (8/31, Perry, 918K) reports, "Two Marines have confessed to kidnapping and killing a 52-year-old Iraqi, a prosecutor said today at the preliminary hearing for another Marine accused in the case." Capt. Nicholas Gannon, a prosecutor, "said that Sgt. Lawrence Hutchins III and Cpl. Trent Thomas have confessed to killing Hashim Ibrahim Awad. Hutchins was the senior enlisted man during the incident and has been charged with organizing a coverup." But "the defense attorney for Cpl. Marshall Magincalda said he planned to argue that the two 'merely (gave) a statement' and did not confess."

Meanwhile, the AP (8/31, Deutsch) reports, "The government will not seek the death penalty against a Marine Corps private who is among eight service members charged with murder and other crimes in the shooting of an Iraqi civilian, a military prosecutor said Wednesday." Lt. Col. John Baker "announced the prosecution's position." The New York Times (8/31, Marshall, 1.21M) and Washington Post (8/31, A11, Geis, 748K) run similar stories.

European Allies Hesitant To Reinforce "Lawless" Afghan Province. The Financial Times (8/31) reports, "Britain's Nato allies are baulking at providing reinforcements for UK troops deployed as peacekeepers in Afghanistan's southern Helmand province because of the intensity of the fighting in the lawless region." Although "A British ministry of defence official said on Wednesday the UK had no need of further troops 'at the moment'," and no "formal request been made," Nato officials are studying "whether deployments in Afghanistan need to be increased."

Afghan Rebels Behead Two Suspected Spies. The New York Times/AP (8/31) reports, "Militants in northwestern Pakistan decapitated two Afghans, including an Islamic cleric, whom they accused of spying for American and Afghan authorities." They "were found…in two villages near Miran Shah," with notes that "accused them of spying."

Professor Argues Against "Coalition Warfare" In Iraq, Afghanistan. Patricia Weitsman, professor of political science at Ohio University, and the author of "Dangerous Alliances: Proponents of Peace, Weapons of War," writes in an op-ed in the New York Times (8/31, 1.21M), "When waged for the wrong reasons, coalition warfare is more costly and less effective than fighting alone." It "requires a high degree of joint planning, consultation and cooperation," with a presumed compensation of "having coalition partners provide additional troops…and share the burden of fighting." However, in Iraq the US "used its partners to garner legitimacy for its foreign policy objectives." Weitsman notes the US is paying millions to countries with less than 200 troops on the ground, and suggest it is "a high price for the right to call the war multinational," especially as "It's not as if our investment is yielding great returns. In Iraq, our coalition has neither increased the likelihood of victory nor reduced costs" even though "the resources devoted to our coalition have done little to help the United States gain legitimacy," as "In the international community, the perception of America as unilateralist is pervasive." After this war, "Congress must find a way to keep a more watchful eye on coalition size and side payments to our partners," and "the United States should use coalition warfare when it reduces the costs of prosecuting war, not when it greatly increases them. If a coalition is to serve any function other than augmenting one's war-fighting capacity, we should think twice before forming it.

Lehman Says US Losing War Against Jihadists. John Lehman, secretary of the Navy in the Reagan administration and later served as a member of the Sept. 11 commission, writes in the Washington Post (8/31, A25, 748K), "Are we winning the war? The first question to ask is, what war? The Bush administration continues to muddle a national understanding of the conflict we are in by calling it the 'war on terror.' This political correctness presumably seeks to avoid hurting the feelings of the Saudis and other Muslims, but it comes at high cost. This not a war against terror any more than World War II was a war against kamikazes. We are at war with jihadists motivated by a violent ideology based on an extremist interpretation of the Islamic faith. This enemy is decentralized and geographically dispersed around the world. Its organizations range from a fully functioning state such as Iran to small groups of individuals in American cities. … In reviewing progress on the three fronts of this war, even the most sanguine optimist cannot yet conclude that we are winning or that we can win without some significant changes of policy."

Lack Of Student Protests Against Iraq War Lamented. In a New York Times editorial observer

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column (8/31), Andrew Rosenthal says the "ultimate difference between the Vietnam generation and the Iraq generation" is that "when you hear Young and Company sing of 'four dead in Ohio,' their Kent State anthem, it's hard to imagine anyone on today's campuses willing to face armed troops. Is there anything they care about that much?" If there is "a college movement against the war, it's hiding pretty well. Vietnam never had the moral clarity that the 9/11 attacks provided to this generation's war. But in Iraq that proved to be a false clarity, and a majority of Americans now say they oppose the war and no longer trust Mr. Bush's leadership of it. But because there is no draft — a fact that Graham Nash noted sardonically on Sunday night — no young person has to fear being conscripted into the fight. It is hard to escape the conclusion that Americans find it much easier to stay silent when there is no shared sacrifice."

CORPORATE SCANDALS:

Former Brocade Officials Plead Not Guilty In Options Case. The AP (8/31, Kravets) reports, "The first two executives ensnared in the nation's stock options scandal pleaded not guilty Wednesday in federal court to charges of making false statements to securities regulators, falsifying records and other charges." The AP continues, "Gregory Reyes, former chief executive of Brocade Communications Systems Inc. and Stephanie Jensen, Brocade's former vice president of human resources, were originally charged with one count each of securities fraud in a criminal complaint on July 20 and indicted with additional charges Aug. 10." The AP adds, "Authorities allege the backdating of stock options was, in part, cause for the company to restate financial results for fiscal years 1999 through 2004, shaving 20 cents off previously reported earnings per share figures. … Reyes is free on $2 million bail and Jensen on $500,000 bail. They face as many as 20 years in prison if convicted. The pair have argued that any backdating was meant to attract employees to the San Jose, Calif.-based maker of data storage devices, not to skew financial results."

US Seen Shifting Away From White-Collar Prosecutions. The Christian Science Monitor (8/31, Marks) reports, "It's the kind of announcement that should put white-collar criminals on notice. The Securities and Exchange Commission (SEC) is now investigating more than 80 companies in the growing stock-option scandal." The Monitor continues, "The government has charged officials at two companies for backdating options - a practice that funneled guaranteed profits to executives. More indictments are expected. … But far from ratcheting up the fight against financial wrongdoing, the federal government is actually shifting resources away from it. The number of white-collar crime prosecutions is down 28 percent from five years ago, according to an analysis of federal data by the Transactional Records Access Clearinghouse at Syracuse University. … The reason? The government's focus on homeland security, experts say. In the same period white-collar crime prosecutions fell, for instance, immigration prosecutions more than doubled. … 'There's been a shift of priorities since Sept. 11 at the [Federal Bureau of Investigation], in the sense that they've moved bodies from fraud and white-collar crime units to terrorism units,' says James Sanders, a partner at McDermott Will & Emery in Los Angeles and a former federal prosecutor. 'At the same time, the [white-collar crime] cases have gotten bigger and more complex.[… During the 1980s and 1990s, many of the white-collar crime cases involved things like bank fraud, insider trading, and stock manipulation, many of which were not document-intensive. Trials could take as little as four or five days, says Mr. Sanders. But cases like Enron and WorldCom involved complex financial manipulations at high levels. Prosecutors had millions of documents to wade through, which in some cases took years to do. … The Enron and WorldCom convictions, as well as the passage of the Sarbanes-Oxley Act in 2002, which holds CEOs directly accountable for their public financial statements, may have had a deterrent effect on some wrongdoers in corporate America, say experts. But they doubt that the drop in white-collar prosecutions reflects an equivalent drop in financial wrongdoing. … Instead, they say, the drop is a reflection of changed priorities. One key factor: The staff available to investigate such cases has shrunk. According to the Justice Department's Office of the Inspector General, the FBI had 2,385 agents engaged in fighting financial crimes in 2000. By 2004, that number had dropped to 1,882."

SEC Drops Probe Of Former Shell Executives. The Wall Street Journal (8/31, Biers) reports the SEC "has decided to take no action against Philip Watts, the former top executive at what is now Royal Dutch Shell PLC, over the 2004 reserves-overbooking scandal, according to his lawyer. The SEC conducted a two-year joint

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investigation with the United Kingdom Financial Services Authority and concluded that no action should be taken against Sir Philip , the former chairman of Shell's committee of managing directors, the lawyer said. Shell said the SEC also cleared former Finance Chief Judy Boynton and Walter van de Vijver, former head of exploration and production." The Journal notes, "The Justice Department in June 2005 said it closed a criminal investigation into Shell over the problem. Shell shocked the market with a series of reserves downgrades in 2004 that cumulatively slashed about one-fourth of its oil and gas reserves. Shell executives, including Sir Philip, initially expressed shock about the problem, but a subsequent probe showed that Sir Philip and Mr. van de Vijver had been weighing the issue for months."

Attorneys Often Avoid Punishment In Corporate Prosecutions. The Washington Post (8/31, D1, Johnson) reports, "Four years after regulators launched a task force to stamp out business corruption, numerous chief executives are on their way to prison, two of the nation's biggest accounting firms are defunct or on probation, and investment banks have shelled out billions of dollars in settlements. … But lawyers serving fraud-ridden companies have emerged relatively unscathed." The Post continues, "Unlike the accounting profession, forced by the Sarbanes-Oxley Act in 2002 to submit to independent oversight, lawyers have generally ducked proposals that would have forced them to blow the whistle to outsiders. … On an individual level, law firms that dispensed bad advice or failed to act on red flags mostly have avoided prosecution, in contrast to their brethren in the accounting industry. Arthur Andersen LLP met its demise after a 2002 conviction, later overturned, of obstructing justice in the Enron Corp. case. Rival KPMG LLP operates under a form of probation for selling abusive tax shelters. … Nor have securities regulators pursued sweeping civil cases against groups of law firms, seeking to determine if they may have performed shoddy work or ignored fraud under their noses. Compare that with a group of leading investment banks, including Merrill Lynch & Co. and J.P. Morgan Chase, that handed over $1.4 billion in 2002 to settle accusations that their analysts produced overly optimistic research reports to help win business for the banks. Several banks later ponied up billions of dollars more to resolve shareholder accusations that they had helped companies disguise financial problems." The Post notes, "To hear many lawyers tell it, the regulatory environment has grown far more harsh in recent years. … Yet compared with the treatment of accountants, investment bankers and corporate leaders, very few lawyers have been sanctioned, and they have been among the last to be called to account."

Canadian Court Freezes Conrad Black's Assets. The Wall Street Journal (8/31, Cherney) reports, "A Canadian court has frozen all the assets of former media tycoon Conrad Black and his socialite wife, Barbara Amiel Black, putting the couple on an allowance of about $20,000 a month, according to a person familiar with the matter." The Journal continues, "Judge Colin Campbell of the Ontario Superior Court issued the freeze, known as a Mareva order, under seal last week in response to a request from Hollinger Inc., the Toronto company through which Mr. Black owns his controlling stake in Chicago Sun-Times publisher Sun-Times Media Group Inc., according to the person familiar with the matter. Sun-Times Media recently changed its name from Hollinger International Inc." The Journal adds, "Mr. Black is to stand trial next year on charges he and other Hollinger executives looted the company of $84 million while Mr. Black was chairman and chief executive officer. He no longer exerts control over his Sun-Times Media shares. … The court-ordered asset freeze could further crimp the Blacks' highflying style, which already has been curtailed by their legal troubles and Mr. Black's ouster 2½ years ago from the company he founded and built into a trans-Atlantic publisher. Since his indictment last year in federal court in Chicago, Mr. Black's bail conditions have allowed him to travel between his home in Toronto and his mansion in Palm Beach, Fla., and to attend court dates in Chicago."

CRIMINAL LAW:

Armitage Revelation Raises More Questions About Plame Case. The Los Angeles Times (8/31, Schmitt, Hamburger, 918K) reports the disclosure that former Deputy Secretary of State Richard L. Armitage was the Bush Administration official who revealed the identity of CIA officer Valerie Plame to columnist Robert Novak "has also stirred up partisan passions, raising allegations about betrayal within the Bush administration and drawing new criticism of a special prosecutor's investigation that has been politically damaging to the White House." The report "was seized upon by GOP loyalists who said it showed that the administration did not conspire to silence a war critic. Defenders of Plame

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and her husband, former envoy Joseph C. Wilson IV, said the report did nothing of the sort and vowed to press ahead with a civil suit." The disclosure "about Armitage raised tantalizing questions as well. Among them: Why would Armitage, a close aide to former Secretary of State Colin L. Powell who was often at loggerheads with the administration over war policy, not go public with his involvement for more than three years while the White House and President Bush twisted in the wind of a damaging Justice Department investigation?" Some said "the revelation could aide the cause of former vice presidential aide I. Lewis 'Scooter' Libby, the only person Special Prosecutor Patrick J. Fitzgerald has charged in the case."

Conservatives See Armitage Role As Proof There Was No Conspiracy. CNN's The Situation Room (8/30, Greenfield) reported that in a new book, Newsweek's Michael Isikoff and The Nation's David Corn report that Robert Novak's source that Valerie Plame was a CIA agent "was, in fact, former Secretary of State Richard Armitage, a longtime top aide to Colin Powell. Other organizations, including CNN, have confirmed the report. Far from being one of the Bush administration hawks, Armitage spent much of the first term in bitter bureaucratic turf wars with Cheney and Defense Secretary Rumsfeld. To many conservatives, this is proof that there was never any effort to smear Joseph Wilson or to injure Valerie Plame. The Wall Street Journal editorial page today pointedly asks why Armitage never let Fitzgerald know of his role. The National Review says the whole controversy was much ado about nothing. But does this revelation in fact put an end to the matter? Liberal bloggers say, maybe not. Maybe others were out to punish Wilson and his wife, even if Armitage's talk with Novak was wholly innocent. And there is this curious report from a Washington Post piece way back in September 2003. 'Before the Novak column was published,' The Post said, quoting a senior administration official, 'two top White House officials called at least six Washington journalists and disclosed the identity and occupation of Wilson's wife' -- unquote. If that reporting is right, the questions remain."

Brooks Notes Lack Of Outrage Over Revelation Plame Was Outed By Armitage. In his New York Times column (8/31), David Brooks says, "Perhaps, dear reader, you are perplexed. Perhaps you remember the scandal surrounding the outing of the C.I.A. agent Valerie Plame, a crime so heinous that her husband was forced to endure repeated magazine photo-shoots. Perhaps you remember Karl Rove's face on the covers of magazines and newspapers, along with hundreds of stories and driveway stakeouts. Perhaps you remember the left-wing bloggers foaming so uncontrollably at the thought of Rove's coming imprisonment that they looked like little Chia Pets of glee. Perhaps you remember a city of TV bookers periodically canceling their lunch plans because of rumors that the Rove indictment was imminent, thus leaving behind a dangerous oversupply of salad entrees. Perhaps you remember how much this all mattered. And yet now it has been revealed that the primary leaker was not Rove at all, but Richard Armitage, a former deputy secretary of state. And this news produces no outrage at all. Nothing. A piffle." Brooks cites four reasons, including the "big difference between politically useful wrongdoing and politically useless wrongdoing, the core of which is that politically useless wrongdoing is not really wrongdoing at all." Back in "its glory days, the Plame affair was a way to expose the black heart of the Bush administration."

Sex Offender Convicted Of Killing North Dakota College Student. The AP (8/31, Kolpack) reports, "A federal jury declared a convicted sex offender guilty Wednesday in the kidnapping and killing of a college student whose body was found abandoned in a ravine." The AP continues, "The verdict against Alfonso Rodriguez Jr. clears the way for the first death penalty deliberations in the state of North Dakota in more than a century." The AP adds, "Dru Sjodin, 22, a University of North Dakota student from Pequot Lakes, Minnesota, was abducted from the parking lot of a Grand Forks shopping mall on Nov. 22, 2003. Her body was found the following April in a ravine near Crookston, Minnesota. Rodriguez lived in Crookston at the time. … Prosecutors said Sjodin was stabbed, raped and left to die. … The jurors deliberated for less than four hours before returning the verdict. They are to reconvene next Tuesday to deliberate on Rodriguez's eligibility for the death penalty. North Dakota does not have the death penalty, but it is allowed in federal cases."

New Jersey City Officials, Contractor Plead Guilty To Bribery Charges. The Newark Star-Ledger (8/31, Martin) reports, "The city council president of Atlantic City admitted yesterday accepting $36,000 in bribes from a contractor and signaled he has been secretly cooperating with a long-running FBI investigation into

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corruption in South Jersey. Craig Callaway immediately resigned his office after pleading guilty to attempted extortion," and "his surprise plea was the first of three that are expected to launch a wave of corruption charges against officials in and around Atlantic City. … In the other cases disclosed yesterday, former Camden City Councilman Ali Sloan-El admitted taking $36,000 in kickbacks for his vote on development matters and an Atlantic City contractor, Terry Jacobs, acknowledged that he funneled bribes to Callaway, Sloan-El and other unnamed officials." The Press of Atlantic City (8/31, Harper, McAleer, Vitale) adds, "Callaway admitted he took the bribes from an undercover FBI agent, posing as a Wall Street moneyman, in return for steering a contract for the development of the Garwood Mills site in the resort's Northeast Inlet. … He and the others will be sentenced Dec. 12. Sentencing guidelines suggest a prison term between 30 to 37 months in federal prison, but Callaway's attorney…said he believes Callaway will serve less."

The Philadelphia Inquirer (8/31, Graham, Anastasia, 399K) reports, "The pleas, in federal court in Camden, were believed to be part of a far-reaching, three-year investigation of Atlantic City officials and businessmen. … Atlantic City Mayor Robert J. Levy said yesterday that his Police Department and Detectives Bureau had been assisting the FBI since January, when he took office. He said he could not comment further because the case was continuing." The New York Times (8/31, Smothers, 1.21M) notes, "The charges grew out of a sting operation in which" Callaway and Sloan-El took kickbacks from Jacobs "and an F.B.I. agent posing as an investor in his company." Callaway's "was the first corruption conviction involving Atlantic City officials in 22 years, according to law enforcement officials. It comes as federal corruption investigations have resulted in the indictments of more than two dozen elected and appointed officials in Monmouth and Hudson Counties to the north."

The AP (8/31, Mulvihill) also reports on the charges, and the Gloucester County Times (8/31, Six) notes that Jacobs "was arrested on drug charges in Monroe Township in January 2004," along with "Herman 'Sonny' Winters, the husband of former Monroe Township councilwoman Loretta Winters, who runs the state Motor Vehicle Commission office in Washington Township. A third man, from Philadelphia, was not identified. According to a law-enforcement source, Jacobs introduced Sloan-El and Callaway to an FBI undercover agent in 2003 without knowing the man was an agent."

Law Firm Begins Texas School Credit Card Fraud Probe. The Dallas Morning News (8/31, Fischer, 500K) reports, "The law firm hired to investigate potential fraud and misuse of school district credit cards has begun interviewing employees about their expenditures. Paul Coggins, a former U.S. attorney and principal with the firm Fish & Richardson, said his investigative team has collected and organized 400 file boxes of receipts and other documents relating to more than two years of credit card spending. … He cautioned that the investigation is still in its earliest stages, though he said it is moving ahead quickly." The Morning News adds, "Mr. Coggins said his investigative team will turn over instances of fraud to the FBI, which has subpoenaed the credit card spending records."

New Jersey Contractor Sentenced To Two Years In Prison For Bribery Scheme. The Newark Star-Ledger (8/25, Mooney) reported, "The ongoing Paterson school corruption scandal has reaped its first jail sentence." Former Olympic Window Installers executive Carl Babb was "sentenced to two years in federal prison for his involvement in a bribery scheme that reached up to the district's top facilities director. … In addition, Babb was ordered to repay Paterson for $750,000 in overpayments." US District Judge Jose Linares "also sentenced Louis Milone, the district's former director of maintenance, to five years' probation, including six months of home confinement, for his role in the scheme. Milone was among the officials who was paid by Babb, including with two cruise line vacations and free home improvements." The Bergen Record (8/25, Haddon) also reported on the sentencings.

Former NOAA Employee Sentenced To 15 Years For Child Pornography. AFP (8/31) reports, "A former US government employee was sentenced to 15 years in prison for possessing more than one million child sex images, including those of a young relative he abused, the US Department of Justice announced." AFP continues, "Robert Carey, 52, who had worked at the National Oceanographic and Atmospheric Administration (NOAA) since 1974, used government computers at his office and home in Bowie, Maryland (just outside Washington) to access child porn over the Internet, the Justice Department said in a release." AFP adds, "During a August 2005 federal law enforcement agents searched Carey's office and home and retrieved more than one million images of prepubescent girls and girls in their early teens in erotic or sexually graphic poses, the statement

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read. … The pictures were in photo albums and on DVDs, CD-ROMs and on the computers. … Carey admitted to downloading child pornography for approximately 10 years at work."

Jeffs To Be Prosecuted In Utah, Then Arizona. In a widely-distributed story, the AP (8/31, Foy) reports, "Polygamist leader Warren Jeffs will be prosecuted first in Utah, then in Arizona, on charges that he arranged marriages between underage girls and older men, authorities said Wednesday. Arizona authorities filed charges first, but Utah prosecutors worked out an agreement to try Jeffs first because they have a stronger case and more serious charges, Washington County Attorney Brock Belnap said." The Salt Lake Tribune (8/31, Adams, Carlisle) notes that unlike in Arizona, "finding a willing witness is not an obstacle in Utah, where Washington County authorities charged Jeffs in April for allegedly arranging the underage marriage. … In court documents filed in April, the girl, identified only as 'Jane Doe,' recounted being told by Jeffs to marry a much older man or risk jeopardizing her salvation. The girl, who…was between 14 and 18 at the time of plural marriage, told Jeffs she was too young to marry and didn't want to have sexual relations. He told her the assignment came from God and she had a duty to comply, according to court documents."

The Deseret Morning News (8/31, Winslow) reports, "Jeffs will go before a judge in the Las Vegas Justice Court at 9:30 a.m. … 'We need to make arrangements to have him transported here safely,' Washington County Deputy Attorney Jerry Jaeger told the Deseret Morning News. 'Once we get him here we'll have our initial appearance, probably the next day.'" In a story focusing on the effect of Jeffs' arrest on the FDLS, Time (8/30, Owens-Liston, 4.03M) notes on its Web site, "In Utah, Jeffs faces two felony counts of rape as an accomplice, for allegedly arranging the marriage of a teenage girl to an older man. … 'Everyone will get their turn with Jeffs,' said Tim Fuhrman, Special Agent in charge of the FBI field Office. Charges against Jeffs in Utah are most likely to carry the longest sentence." Court TV (8/30, Ryan) adds, "It was unclear Wednesday whether Jeffs plans to waive or fight extradition. A spokesman for the court said no attorney had filed papers to represent Jeffs at the hearing."

Meanwhile, the search for Jeffs, his arrest, and speculation about the future of FLDS again received heavy coverage on cable news programs throughout the day and evening yesterday, including CNN's American Morning, CNN's Live From, CNN's Larry King Live, CNN's Anderson Cooper 360, Fox News' Fox and Friends, Fox News' Dayside, Fox News' On the Record with Greta Van Susteren, Fox News' Fox Report with Shepard Smith, MSNBC's Rita Cosby Live and Direct and MSNBC's Abrams Report.

Mob Turncoat Testifies Gotti Sought Illegal Weapons In 2002. The New York Daily News (8/31, Zambito, 729K) reports, "Looking like just another high-flying CEO, a photograph of" John "Junior" Gotti "hitting the links for Harlem's Hale House was unveiled at his racketeering trial yesterday." Mob turncoat Michael 'Mikey Scars' DiLeonardo was "one of the Mafia pals in the picture," and in his testimony yesterday, "DiLeonardo told the jury that the other mobster was Tommy Cherubino, a man whom DiLeonardo identified as a Gambino crime family associate. DiLeonardo testified that Cherubino -- at Gotti's behest -- accepted a handoff of machine guns belonging to Junior in 1997, and stashed them for five years. While Gotti was still in prison on an unrelated racketeering charge -- a period during which the mob scion says he quit the Mafia -- he asked for the guns back, DiLeonardo said. Cherubino retrieved the guns and gave them to Gotti pal John (Johnny Boy) Ruggiero in 2002, DiLeonardo said."

The New York Post (8/31, Cornell, 608K) reports that the "star turncoat" DiLeonardo "detailed how…Gotti once orchestrated a botched hit on a trio of gangsters who skimmed cash -- the same men the mob scion reportedly fingered in a secret meeting with the feds last year. DiLeonardo testified that Gotti became enraged at Gambino soldier John 'Johnny G' Gammarano, his capo Daniel Marino and mob associate Joseph Watts because they pocketed extra cash from a construction-industry extortion in the early 1990s." The Post adds, "DiLeonardo testified that soon after word of his defection hit the street, Gotti had an underling bring Michael DiLeonardo Jr. to Ray Brook federal prison…in order to send a veiled threat."

Violent Crime Up In 2006. USA Today (8/31, Willing, 2.27M) reports, "Violent crime continued to increase in the first six months of this year, highlighted by a growing trend of teenagers shooting robbery victims even if they surrender their valuables. That was the message from Wednesday's National Violent Crime Summit, at which 170 police chiefs, mayors and other government officials compared local crime statistics that they have not yet shared with the FBI." The

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Police Executive Research Forum (PERF), "an organization of law enforcement officials from large cities and counties, sponsored the summit." The group "was unable to provide crime statistics from all major cities, but it offered more than two dozen examples of cities where violent crime has spiked this year." The Washington Post (8/31, A13, Klein, 748K) runs a similar report under the headline "Police Chiefs Cite Youths In Crime Rise, Call For More Federal Funds."

Judge To Consider Legality Of Online Gambling. The Legal Times (8/31, Schwartz) reports, "Federal investigators have been chasing Billy Scott and his online-gambling empire for nearly a decade. But the Toledo-born betting czar has evaded law enforcement every step of the way." The Times continues, "A short, balding man with a deep and raspy voice, William Scott, 65, has dodged two sets of criminal charges for online gambling, safely ensconced on the Caribbean island of Antigua. He renounced his U.S. citizenship two years ago, and because the United States has no extradition treaty with the tiny island nation, prosecutors have little chance of nabbing Scott as long as he stays off American soil. The company he founded, Worldwide Tele-sports, is still running smoothly despite the Department of Justice's claims earlier this year that by indicting Scott, it had 'dismantled' the $2.5 billion offshore gambling operation. . So the feds have targeted Scott on another front — his money. Using the USA Patriot Act, federal officials seized nearly $7 million from a company called Soulbury Ltd., which they believe Scott used to transfer gambling proceeds through a U.S.-affiliated bank to an account in Guernsey, an island off the northern coast of France. … But even the money grab hasn't been as simple as Justice Department officials might have hoped. For one, the government isn't even sure who represents Scott. And though Scott has never made a claim on the funds, which were seized in 2003, a team of lawyers from McDermott, Will & Emery claiming to represent Soulbury have. In court papers filed in the U.S. District Court for the District of Columbia in May, they attacked the government's civil forfeiture case with a provocative and bold claim: that online gambling isn't against the law." The Times notes, "The argument is risky, not just for Soulbury but for the government, as well. Judge Royce Lamberth is expected to rule on the motion in the coming months, and his decision is likely to weigh heavily on the government's efforts to curtail Internet gambling."

Oklahoma Executes Man With New Injection Procedure. The AP (8/31, Murphy) reports, "A man condemned for the 1994 death of a woman during a burglary was executed under a new state procedure that delivers a larger dose of anesthesia before the fatal drugs are administered." The AP continues, "Eric Allen Patton, 49, had sued to stop Tuesday's execution, arguing that inmates may be subjected to pain during lethal injections in Oklahoma. A federal judge rejected that argument, although the Department of Corrections revised its procedures. … Earlier this year, the U.S. Supreme Court blocked an execution in Florida in a case in which that state's injection method was challenged." The AP adds, "In South Dakota, Governor Mike Rounds halted the state's first execution in 59 years just hours before it was scheduled Tuesday, saying the 1984 state law detailing how to administer lethal drugs is obsolete. … Rounds and the attorney general said the law requires the state to use two drugs to kill a condemned person - but that prison officials planned to use a three-drug combination, potentially putting them in legal trouble. … The Oklahoma Court of Criminal Appeals has upheld the state's current execution procedure as humane."

80 Louisiana Sex Offenders Arrested In "Operation Safe Neighborhood." The AP (8/31) reports, "Eighty sex offenders who failed to properly register their whereabouts after Hurricanes Katrina and Rita were arrested Wednesday" across Louisiana. "The roundup was part of Operation Safe Neighborhood, an initiative by law enforcement agencies statewide to track down sex offenders who have not complied with registration laws. … The multi-agency campaign involved 44 law enforcement agencies, including state police, the attorney general's office, the FBI, the U.S. Marshals Service and the state Division of Probation and Parole." The Baton Rouge Advocate (8/31, Bridges) notes, "In hopes of preventing repeat sex crimes, West Baton Rouge Parish Sheriff's deputies are going after some of the 185 sex offenders statewide who have failed to register with authorities. … Warrants have been issued for 31 known offenders living in the Baton Rouge area who are not registered. Statewide, authorities are still looking for 110 offenders, having already located 75 of them."

GAO Report Questions Accuracy Of Sex Offender Registries. The Washington Times (8/31, Seper) reports, "The accuracy of the information in national and state sex offender registries -- the primary tools to track convicted sex

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offenders -- can be questionable, a government report said yesterday." The Times continues, "The Government Accountability Office, in a report requested by two House Ways and Means subcommittees, said the value of the data in the registry is undermined by the dependence on sex offenders self-reporting updated address information. … 'While most convicted sex offenders are registered when they are released from prison, some fail to update their registration information on a timely basis, as required by law,' the GAO said in report given to Rep. Wally Herger, California Republican and chairman of the subcommittee on human resources, and Rep. Jim Ramstad, Minnesota Republican and chairman of the subcommittee on oversight." The Times adds, "The report said a separate database, the National Directory of New Hires that has been used to verify eligibility for federal benefit programs and collect debt owed to the federal government, could be useful in tracking down sexual predators who fail to update their information. … But, the report said, existing law does not authorize the Justice Department to receive NDNH data to locate convicted sex offenders. … It urged Congress to consider granting authority to the Department of Health and Human Services, which maintains the NDNH, to share information contained in it with the FBI to locate convicted predators being sought by law-enforcement officials but whose addresses in the sex offender registry are incorrect, out of date or missing."

Illinois Child Pornographer Sentenced To 100 Years In Prison. The AP (8/31, Robinson) reports, "A professional portrait photographer convicted of taking photos described by a government witness as 'the holy grail' of child pornography was sentenced Wednesday to 100 years in federal prison. Charles A. Burt III, 57, of downstate Streator must serve at least 85 years of his sentence, meaning he most likely is going to prison for life. U.S. District Judge Wayne R. Andersen said he imposed the heavy sentence out of concern that Burt would harm more boys if ever freed. Andersen said Burt had a high intelligence that would make him all the more dangerous if he ever were back on the street seeking victims." The AP notes, "FBI agents said they got on Burt's trail after finding the video that later was shown to the jury in the home of a Wisconsin sex offender."

Former FEMA Employees Sentenced To Prison For Katrina Contract Bribery. The New Orleans Times-Picayune (8/31) reports former FEMA employees Andrew Rose and Loyd Holliman "were sentenced Wednesday to 21 months in federal prison for soliciting bribes while managing a FEMA base camp in Algiers. … According to U.S. Attorney Jim Letten's office, the two men met on Dec. 7 with a Louisiana businessman who won a $1 million contract to provide meals at the camp through Feb. 28. Rose and Holliman told the contractor that in exchange for payments from him, they would inflate the head count for the contract. The contractor reported the bribe solicitation to the Department of Homeland Security's inspector general's office, which notified the FBI and Letten's office. The businessman agreed to wear a hidden recorder and recorded subsequent meetings with the pair." The AP (8/31) adds, "Letten, in a statement, said the sentences 'embody the type of corrupt conduct that, if left unchecked, could threaten the recovery of our region.'"

CIVIL LAW:

Nicotine Content In Cigarettes Increases Sharply. The Washington Post (8/31, A1, Brown) reports, "The amount of nicotine in most cigarettes rose an average of almost 10 percent from 1998 to 2004, with brands most popular with young people and minorities registering the biggest increases and highest nicotine content, according to a new study." The Post continues, "Nicotine is highly addictive, and while no one has studied the effect of the increases on smokers, the higher levels theoretically could make new smokers more easily addicted and make it harder for established smokers to quit. … The trend was discovered by the Massachusetts Department of Public Health, which requires that tobacco companies measure the nicotine content of cigarettes each year and report the results." The Post adds, "As measured using a method that mimics actual smoking, the nicotine delivered per cigarette -- the 'yield' -- rose 9.9 percent from 1998 to 2004 -- from 1.72 milligrams to 1.89. The total nicotine content increased an average of 16.6 percent in that period, and the amount of nicotine per gram of tobacco increased 11.3 percent. … The study, reported by the Boston Globe, found that 92 of 116 brands tested had higher nicotine yields in 2004 than in 1998, and 52 had increases of more than 10 percent."

NYTimes Says Congress Should Regulate Tobacco Industry. The New York Times (8/31, 1.21M) says in an editorial, "While most of us thought the country was trying to curb smoking, and the rapacious habits of the

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tobacco companies, it turns out the industry has been sneakily making cigarettes more addictive. Evidence of what looks like an increasingly desperate effort to hook new young smokers and prevent older ones from quitting has been uncovered by a Massachusetts law that forces tobacco companies to report test results showing how much nicotine is inhaled by typical smokers of their various brands." The Massachusetts Department of Public Health "revealed that from 1998 through 2004, as public health campaigns were mounted to curb smoking, the manufacturers increased the amount of addictive nicotine delivered to the average smoker by 10 percent." It is "long past time for Congress to bring this damaging and deceitful industry under federal regulatory control. If the companies had to justify to the Food and Drug Administration why they should be allowed to increase the nicotine inhaled by smokers, you can bet they wouldn't even try."

CIVIL RIGHTS:

Texas Officer Convicted Of Civil Rights Violation In Transsexual Rape Case. The AP (8/31) reports, "A San Antonio police officer was convicted Wednesday of violating the civil rights of a transsexual who said the officer raped and beat her during a traffic stop." The AP continues, "The jury found that Officer Dean Gutierrez's conduct violated Gabriel Bernal's rights through aggravated sexual assault. A sentencing hearing is set for Dec. 1. The felony carries a sentence of up to life in prison and as much as $250,000 in fines, the U.S. Justice Department said." The AP adds, "Although the names of sexual assault victims are usually withheld, Bernal has consented to have her name made public. Bernal goes by the name of Starlight and prefers to be addressed as a woman, the San Antonio Express-News reported. … In the trial, prosecutors presented DNA evidence and the testimony of Bernal, 23. Prosecutors said Gutierrez, 46, stopped Bernal on June 10, 2005, ordered her into his car and drove her to a remote location where he physically and sexually assaulted her. … The defense argued in the trial that Bernal had consensual oral sex with Gutierrez and was lying about the incident in order to later win money in a civil lawsuit. Prosecutors said no suit had been filed. … 'Using one's official authority to forcibly violate another individual, as the defendant did in this case, is disturbing and abhorrent,' Wan J. Kim, assistant attorney general for the Civil Rights Division of the U.S. Department of Justice, said in a news release."

Kim Expects Improvement At Mississippi Training Schools. The AP (8/31) reports, "Officials with the U.S. Department of Justice say they want Mississippi's two training schools to be safe places for the juveniles they house. … 'You don't owe many people in society more than we owe kids, especially once you take them into custody,' said Assistant U.S. Attorney General Wan J. Kim, who heads the Justice Department's civil rights division." The AP continues, "Kim and other Justice Department officials toured Oakley Training facility on Tuesday. They also will visit Columbia Training School. .. . Oakley in Hinds County serves male offenders ages 10 to 17, and Columbia serves female offenders ages 10 to 18."

The Jackson Clarion-Ledger (8/31, Mitchell) reports, "In May 2005, Mississippi entered a four-year consent decree to end a Justice Department lawsuit over abuse allegations at the training schools. … The monitor's latest report concluded most conditions hadn't been met: 'Although some progress was definitely made during this period, there were definite setbacks during this reporting period caused by the inability to hire enough staff and numerous complaints of abuse at the Oakley Training School.' … The report found unsanitary bathrooms, insufficient numbers of trained staff - even disagreement about what constituted abuse by the staff."

DOJ Subpoenas Former, Current DC Officials In Group Home Suit. The Washington Times (8/31, Mcelhatton) reports, "The U.S. Department of Justice has issued more than two dozen subpoenas, mostly to former and current D.C. officials, in connection with a lawsuit that claims the District broke federal housing law by blocking the opening on Capitol Hill of group homes for disabled children." The Times continues, "The D.C. government is fighting to block several depositions. A court filing said the Justice Department is on "a fishing expedition" and already has deposed more than two dozen officials. … Among those who have testified after receiving subpoenas were D.C. Council member Sharon Ambrose, Ward 6 Democrat, and former D.C. Deputy Mayor Carolyn N. Graham, who is running for president of the D.C. Board of Education." The Times adds, "The Justice Department filed suit two years ago, claiming D.C. officials unlawfully prevented the operation of four group homes for children with disabilities by the nonprofit

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Father Flanagan's Girls and Boys Home, also known as Boys Town, at Potomac and Pennsylvania avenues in Southeast. … In recent weeks, the Justice Department has sought to depose D.C. Board of Education member Tommy Wells, a leading candidate in the D.C. Council race in Ward 6, and Geoffrey Griffis, chairman of the D.C. Board of Zoning Adjustment. … Mr. Wells said Tuesday that he received a subpoena about two weeks but that his deposition wasn't required. He said the Justice Department did not say why it sought his testimony. … Justice Department attorneys said in court records that Mr. Wells, as a member of Advisory Neighborhood Commission 6B, had knowledge about community opposition to the Boys Town project."

S FBI Investigating Alleged Civil Rights Violation By Louisiana School Bus Driver. The Shreveport Times (8/31, Welborn) reports, "The FBI is looking into allegations that the civil rights of nine black Red River Parish schoolchildren have been violated by a white school bus driver. Mike Kinder, resident agent-in-charge of the FBI's Shreveport office, confirmed today that a civil rights allegation was made to his office. An agent interviewed some of the family members Tuesday. … The investigation will not be prolonged, Kinder said. 'But we do what to look at it for the best interest of the citizens.'" The Times adds, "The inquiry stems from allegations made last week that the children were assigned to the two rear seats of Delores Davis' school bus while white children filled the remaining seats, sometimes two or one to a seat."

ome Groups Oppose New California Anti-Bias Law. The Washington Times (8/31, Wetzstein) reports, "California Gov. Arnold Schwarzenegger this week made it illegal for state-funded service providers, such as police and fire departments and universities, to discriminate against homosexuals, bisexuals and transgendered persons." The Times continues, "Senate Bill 1441, signed into law Monday by Mr. Schwarzenegger, 'closes a crucial gap' in state civil rights law, said lead sponsor state Sen. Sheila Kuehl, who was backed by Equality California, a homosexual rights group. … But conservative groups say it will allow attacks on organizations that believe homosexuality is unnatural or sinful, and is an 'assault' on religious freedom. … The new law will 'force religious colleges to either abandon their biblical standards on sexuality or reject students with state financial aid,' said Randy Thomasson, president of the Campaign for Children and Families. … Numerous Christian colleges, such as Westmont College, Shasta Bible College, Trinity Law School and William Jessup University, asked Mr. Schwarzenegger to veto the bill, he said."

California Judge Rules District May Consider Race In Setting School Attendance Boundaries. The New York Times (8/31) reports Judge Gail A. Andler of Orange County Superior Court ruled that Capistrano Unified School District "may consider race in setting school attendance boundaries, setting up the question for an almost certain appeal." The judge also ruled that the district's plan "impermissibly used race because it contained a 'guiding principle' that the minority student population at any school could not exceed 35 percent."

Judge Criticized For Ruling On Michigan Initiative To Ban Racial Preferences. In a Wall Street Journal op-ed (8/31), Terrence Pell, president of the Center for Individual Rights, says, "A decision Tuesday by a federal judge in Detroit could set the stage for a sweeping expansion of the Voting Rights Act, which would turn the federal courts into a national campaign police." The issue concerns a "last-ditch effort by a group trying to prevent citizens from voting on an amendment to the Michigan constitution. Styled after similar campaigns in California and Washington, the Michigan Civil Rights Initiative would outlaw the use of racial preferences by state agencies and universities." Just a "few weeks before the deadline for Proposal 2 to get onto the state ballot, the 'Coalition to Defend Affirmative Action By Any Means Necessary' (BAMN, loosely) argued that the signature gathering process used to qualify the referendum was tainted by racially targeted fraud." But "even if state officials had struck every single signature BAMN claims came from a majority black city (124,000), there still were more than enough signers to get onto the ballot. In light of all this, the Michigan courts -- as well as the secretary of state and the attorney general -- rightly rebuffed BAMN's litigation." BAMN "filed a new lawsuit in federal court. Although the purpose of the Voting Rights Act is to eliminate procedures that diminish participation in elections because of race, BAMN asked the courts to rule that states must invent new procedures: Namely, they must strike black participation whenever officials have an inkling some blacks might have been confused about what they were doing." Judge Arthur J. Tarnow "concluded that the initiative sponsors and the state

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had been right all along: There was no legal basis for a claim under the Voting Rights Act." But "without the benefit of even a short trial, Judge Tarnow made the incendiary finding that 'evidence overwhelmingly favors a finding that [petition sponsors] engaged in voter fraud' and that state officials had exhibited 'an almost complete institutional indifference.'"

ANTITRUST:

Exelon Acquisition Of PSEG Seen As Less Likely. The Wall Street Journal (8/31, Buurma) reports, "Exelon Corp. said the likelihood has decreased that it can complete its proposed $16 billion acquisition of energy holding company Public Service Enterprise Group Inc." The Journal continues, "The Chicago electric and gas utility said in a Securities and Exchange Commission filing that it remains committed to its efforts to complete the acquisition, but that the probability for completing the transaction is no longer 'more likely than not,' based on the status of settlement discussions before the New Jersey Board of Public Utilities. The state regulatory panel's approval is needed for the acquisition to be completed." The Journal adds, "Approval of the acquisition, which would create one of the largest U.S. utilities, has been held up for more than 20 months by concerns in New Jersey that the combined company would own so many power plants around the state that it could effectively corner the region's electricity market. PSEG, based in Newark, N.J., is the parent of New Jersey's largest electric utility. … The Justice Department recently approved the acquisition, as have the Federal Energy Regulatory Commission and several regulatory bodies in other states, but New Jersey has yet to act."

Bloomberg (8/31, Polson, Lonkevich) reports, "The acquisition of Newark, New Jersey-based Public Service would expand Exelon's group of cheaply fueled nuclear-power plants, already the largest in the U.S. The company expected regulatory approval within 18 months, even though New Jersey's top regulator said then it could take up to two years because of the transaction's size. … The U.S. Justice Department on July 22 gave antitrust approval to the transaction on the condition that Exelon sell 5,600 megawatts of power plants. The Federal Energy Regulatory Commission gave approval a year earlier. … Exelon, owner of utilities in Chicago and Philadelphia, withdrew an offer for Dynegy Inc.'s Illinois Power Co. in 2003 after Illinois lawmakers rejected its terms."

California Newspaper Suit Put On Fast Track. The Tri-Valley (CA) Herald (8/31, Richman) reports, "A federal judge in San Francisco has agreed to fast-track a lawsuit challenging the already-consummated $1 billion deal involving the sale of the San Jose Mercury News and Contra Costa Times." The Herald continues, "U.S. District Judge Susan Illston OKd an agreement between lawyers from both sides to take depositions, exchange documents and file motions on an accelerated schedule so Clint Reillys lawsuit against MediaNews Group, the Hearst Corp. and other newspaper companies can go to trial Feb. 26." The Herald adds, "Sacramento-based McClatchy Co. this year bought the now-defunct Knight Ridder Corp.s 32 newspapers for $6.5 billion. From among those, the Mercury News and the Contra Costa Times were sold Aug. 2 for $736.8 million to Denver-based MediaNews — which owns this newspaper — and the Monterey County Herald and the St. Paul (Minn.) Pioneer Press were sold for $263.2 million to New York City-based Hearst, owner of the San Francisco Chronicle. … In a separate, simultaneous pact, Hearst agreed it will give the St. Paul and Monterey papers to MediaNews in return for an equity investment in MediaNews non-Bay Area assets; if the government wont OK that, MediaNews will simply buy those two papers from Hearst. Either way, MediaNews will wind up with all four papers."

Senate Hearing On Texas Airfield Agreement Seen Likely. The Fort Worth Star-Telegram (8/31, Batheja) reports, "The Senate Judiciary Committee is likely to review the Wright Amendment compromise once Congress reconvenes next month, Sen. John Cornyn said Wednesday." The Star-Telegram continues, "Cornyn, who is on the Judiciary Committee, said the compromise contains 'a few small short words' regarding antitrust jurisdiction that probably will push the bill into the committee's jurisdiction. … Cornyn spoke about the issue before delivering a speech at the Texas Competitiveness Summit at the University of Texas-Dallas in Richardson." The Star-Telegram adds, "Hammered out by the cities of Fort Worth and Dallas, American Airlines, Southwest Airlines and Dallas/Fort Worth Airport this summer, the Wright Amendment deal calls for closing 12 of Dallas Love Field's 32 gates, immediately allowing through-ticketing, and repealing restrictions after eight years that permit flights from Love to only Texas and eight other states. The accord also stipulates that the deal must not be changed and must be passed by Congress by

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year's end. … The agreement has sparked criticism as being anti-competitive, because all 20 remaining gates at Love Field would go to American, Southwest and Continental Airlines."

Valassis Sues To Rescind Advo Offer. The Wall Street Journal (8/31, Steinberg) reports, "Marketing concern Valassis Communications Inc. sued to rescind its proposed $1.3 billion merger with Advo Inc., alleging Advo 'materially misrepresented the financial health of the company and failed to reveal internal control deficiencies.'" The Journal continues, "Advo countered that the Valassis lawsuit was 'baseless and without merit,' calling the action 'merely a smokescreen to hide the fact that Valassis is suffering from an extreme case of buyer's remorse.' The company said it 'remains committed to the transactions contemplated by the binding merger agreement, and will take action to enforce that agreement and vigorously defend itself against Valassis' claims.'" The Journal adds, "The lawsuit, filed yesterday in the Delaware Chancery Court, came nearly two months after the companies struck the merger deal that united two stalwarts of the direct-marketing and advertising businesses. Valassis and Advo both specialize in print-based advertising services including distribution of advertising inserts and coupons in newspapers. … In the deal, Valassis agreed to pay a roughly 50% premium for Advo. It offered $37 a share in cash, compared with Advo's price of $24.26 the day before the deal was announced. But Valassis shares fell about 20% in the days following the deal's disclosure, although Valassis stock has since recovered part of the ground it lost."

TiVo's Patent Litigation Costs Widen Corporate Losses. The Wall Street Journal (8/31) reports, "TiVo Inc. posted a wider second-quarter loss, weighed down largely by legal costs related to its high-stakes patent dispute with EchoStar Communications Corp." The Journal continues, "TiVo, a pioneer of digital video-recording technology, posted a net loss of $6.5 million, or seven cents a share, for the quarter ended July 31, compared with a loss of $892,000, or one cent a share, a year earlier. Revenue rose 50% to $59.2 million, with service and technology revenue climbing to $52.9 million from $40.7 million." The Journal adds, "The Alviso, Calif., company said it added 30,000 net new subscribers in the quarter, ending the period with more than 4.4 million customers. TiVo-owned gross subscriber additions came to 74,000, down from 77,000 a year ago. … 'Despite a traditionally slower summer consumer electronics selling period, coupled with no exceptional advertising spend, we were able to continue to build momentum relative to last year's results,' said CEO Tom Rogers in a press release. … The company has seen its competitive position shrink as cable companies, satellite television operators and electronics makers scramble to offer a version of the DVR. But TiVo has claimed successor models infringe its 2001 patent on the underlying technology and that makers should license the technology."

Shareholders Approve Electron's Bid For Fisher. The AP (8/31) reports, "Shareholders have approved Thermo Electron's $10.6 billion acquisition of Fisher Scientific International, a deal that pairs two New England makers of scientific equipment." The AP continues, "Shareholders of Waltham, Massachusetts-based Thermo Electron and Hampton-based Fisher Scientific overwhelmingly approved the deal in separate votes today. … It's still subject to regulatory approval, and is expected to close in the fourth quarter." The AP adds, "The shareholder votes came nearly four months after the transaction was first announced. Last week, the companies said they would sell off a Fisher product line to satisfy regulators' antitrust concerns."

ENVIRONMENT/INDIAN AFFAIRS:

EPA Working On Wetlands Guidelines. The AP (8/31, Flesher) reports, "The Bush administration is preparing instructions for regulators puzzling over which wetlands are covered by federal clean water law, a top Environmental Protection Agency official said Wednesday. … But the EPA hasn't decided whether to issue a comprehensive regulation on the issue in the wake of a confusing U.S. Supreme Court ruling in two Michigan wetlands cases, said Benjamin Grumbles, assistant administrator for water. … 'Our overarching goal is to continue to protect wetlands under the Clean Water Act to the maximum extent allowable since the decision,' Grumbles told The Associated Press in an interview. 'Which tools are the best to use is a policy decision we haven't made yet.'" The AP continues, "The high court took up the Michigan cases in hopes of settling a long-running debate concerning federal jurisdiction over wetlands. But the June 19 decision muddied

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the waters further. … The justices split three ways, with none of their five written opinions drawing majority support. Several urged Congress or federal agencies to deal with the issue, saying they were best suited to handle its complexities." The AP adds, "Courts have agreed the Clean Water Act requires permits to degrade wetlands alongside navigable waterways such as lakes and rivers. The question is whether the law also applies to tributaries of those waters and their adjacent wetlands -- and if so, how far upstream. … The agency soon will issue a 'guidance' document that will offer the EPA's interpretation of what the Supreme Court decided, Grumbles said. The agency is working with the Justice Department to determine 'how much stature to give certain pieces of the various five opinions,' he said."

3rd Circuit Rules For US In DuPont Cleanup Case. The Legal Intelligencer (8/31, Duffy) reports, "A polluter that voluntarily takes on the duty to clean up a toxic waste site cannot later seek contributions from the federal government -- even if the government itself was also a polluter at the site -- the 3rd U.S. Circuit Court of Appeals has ruled. … But a dissenting judge complained that the majority was relying on two 3rd Circuit precedents that she believes have been effectively overruled by the U.S. Supreme Court, and that a ruling in favor of the government would discourage voluntary cleanups. … 'I am concerned that the effect of the majority's opinion will be that parties will be reluctant to engage in voluntary cleanups for fear that they may not be able to obtain contribution,' U.S. Circuit Judge Dolores K. Sloviter wrote in her dissent in E.I. du Pont de Nemours Co. v. United States. … 'Spills that could be most efficaciously dealt with if cleaned up immediately will remain untouched while parties attempt to settle with the government,' Sloviter wrote." The Intelligencer adds, "In the suit, three companies -- DuPont, Conoco Inc. and Sporting Goods Properties Inc. -- sought contributions from the government for cleanups at 15 sites. … Each of the sites was owned or operated by the United States at various times during World War I, World War II and the Korean War, the suit said, during which time the United States was responsible for some contamination. … But U.S. District Judge William J. Martini of the District of New Jersey granted summary judgment in favor of the government, holding that a 'responsible party' that conducts a voluntary, unsupervised cleanup cannot assert a claim for contribution. … On appeal, lawyers for the three companies urged the 3rd Circuit to reconsider two of its environmental law precedents -- New Castle County v. Halliburton NUS Corp. and In re Matter of Reading Co. -- in light of the U.S. Supreme Court's 2004 decision in Cooper Industries Inc. v. Aviall Services Inc. … But Circuit Judge Thomas L. Ambro, in an opinion joined by visiting Judge Paul R. Michel of the U.S. Court of Appeals for the Federal Circuit, found that both of the 3rd Circuit's decisions remain good law and are consistent with the intent of Congress."

Report Questions Ethanol's Suitability As Replacement For Gasoline. The CBS Evening News (8/30, story 3, 2:40, Schieffer, 7.66M) reported, "We keep hearing that one way to use less gasoline is to drive a car that can run on ethanol. A new Consumer Reports survey out tomorrow finds that ethanol may not be all it's cracked up to be." CBS (Regan) added, "Carmakers are jumping on the ethanol bandwagon…but a new study from Consumer Reports casts doubt on the whole notion of ethanol as an alternative to gasoline." David Champion of Consumer Reports said ethanol is "not a panacea to replace gasoline…because ethanol is not as efficient as gasoline." Another problem with ethanol, CBS said, many consumers cannot "even find the fuel."

The New York Times (8/31, C1, Barrionuevo, 1.21M) reports that in order to "assess just how efforts to help E-85 catch on were going," it sent a reporter to drive through "the region where its popularity is greatest. They found that despite all the good will toward ethanol, success is far from assured." Although the fuel has "plenty of powerful supporters," including General Motors and Ford, "most oil companies want nothing to do with E-85, which they see as a money-losing alternative to their own petroleum-based products." And "without help from the oil industry or a lot more flexible-fuel cars on the road," the Times says gasoline retailers are "hesitant to install the expensive pumps, which can cost up to $200,000 with a new underground storage tank."

New Park Service Rules Emphasize Conservation Over Recreation. The New York Times (8/31, Barringer, 1.21M) reports the National Park Service "is about to adopt a policy emphasizing conservation of natural and cultural resources over recreation when they are in conflict. Interior Secretary Dirk Kempthorne is expected to announce the new policy on Thursday." The new regulations "on park management give barely a nod to

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most of the concerns of the recreation industry and its Congressional champion, Representative Steve Pearce, Republican of New Mexico." The new policy "makes a few concessions to the recreation industry, like ensuring that so-called 'gateway' communities — close neighbors to the large national parks that draw tens of thousands of visitors each year — have a role in park managers' decision making."

Schwarzenegger, Legislature Reach Deal On Global Warming Bill. CBS Evening News (8/30, story 8, 0:15, Schieffer, 7.66M) reported, "Governor Arnold Schwarzenegger announced a deal with state legislators today to make California the first state with a cap on industrial gases blamed for global warming. The bill would limit emissions from power plants and refineries. It's designed to cut so-called greenhouse gases 25 percent by the year 2020."

ABC World News (8/30, story 9, 0:15, Gibson) referred to "a landmark deal," while NBC Nightly News (8/30, story 6, Williams, 9.87M) described it as a "history making deal."

The Los Angeles Times (8/31, Lifsher, 918K) says "the measure, AB 32, is expected to win passage from the state Senate this evening and by the Assembly on Thursday. The bill is designed to cut the amount of carbon dioxide and other greenhouse gases 25% by 2020."

CNN's The Situation Room (8/30, King) says the agreement represents "a clear break from the Bush Administration ."

The Wall Street Journal (8/31, Ball, Carlton, 2.03M) says "the effort faces almost certain legal challenges. Business groups have said such restrictions will boost production costs and make the state less competitive." California, "the world's sixth-largest economy, accounts for only about 2% of the world's annual global-warming emissions." But "California leaders made clear their intent is to spur other states, and ultimately the federal government, to follow the state's lead. That has happened with a string of past environmental regulations, notably restrictions on automotive pollution." The Bush Administration "reacted tepidly to word of the California push. 'The states are free to make their own decisions about their policies,' said Kristen Hellmer, a spokeswoman for the White House Council on Environmental Quality." But "she reiterated the administration's philosophical opposition to global-warming caps, saying a cap imposed in one state or country simply causes industry to move to another location. 'They're going to still produce greenhouse gas,' she said."

The New York Times (8/31, Barringer, 1.21M) reports, "The Bush administration has rejected the idea of similar national controls on carbon dioxide emissions, and efforts to get Congressional approval for such firm caps on emissions have repeatedly been defeated."

LATimes Praises Schwarzenegger's Handling Of Tribal Casinos. The Los Angeles Times (8/31, 918K) says in an editorial that two years ago, California voters "tried to end their gambling addiction, overwhelmingly rejecting Proposition 70, which would have allowed unlimited expansion of Indian-owned casinos. In the interim, Gov. Arnold Schwarzenegger has been playing with the state's money, cutting deals with several tribes that allow them to build giant gambling palaces far bigger than anything in Las Vegas. Against the odds, so far he appears to be winning — for himself and for the state."

FBI/DEA/ATF/USMS:

McNulty Pledges More Cooperation To Fight Street Crime. The AP (8/31, Yen) reports, "A top Justice Department official said Wednesday the government would strive to work better with cities to stem crime on the streets." The AP continues, "Deputy Attorney General Paul J. McNulty told a gathering of mayors and police chiefs from 50 cities that he was concerned about reports of growing violent crime - including homicides, robberies and aggravated assault - in cities nationwide. He acknowledged difficulties due to demands with fighting terror and wars abroad. … 'I'm well aware that there are many needs and desires on the part of law enforcement that we have not been able to serve well,' McNulty said at the national crime summit organized by the Police Executive Research Forum." The AP adds, "He said the Justice Department was seeking more funds for its Bureau of Alcohol, Tobacco, Firearms and Explosives division to stem gun trafficking. But reclaiming money that was diverted from crime-fighting to anti-terror efforts may be difficult, he said. … 'I wish I could stand here and say all that will be restored in the next year or two,' McNulty said. 'We are facing some big challenges. I see the challenges in fighting the war on terror. I see it is very expensive to fund soldiers overseas. At the same time, we have to find ways to get resources to win here at home.'" The AP notes, "Several city

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officials blamed a more single-minded approach on the war on terror that they said came at the cost of millions of violent-crime victims. … At the summit, city officials shared stories about their challenges in fighting growing crime, particularly among juveniles, amid cuts in community programs for youths as well as an uneven economic recovery."

In an article headlined "DOJ Official Skewered At Crime Forum" posted on its website, CBS News (8/31, Lumpkin) reports that McNulty "was barraged with a series of highly critical questions from some very unhappy police chiefs and mayors. … McNulty clearly knew coming in that he was going to be grilled. But the criticism was much stronger than he seemed to have anticipated, and he did not seem to be very well-briefed on some issues of prime importance to the attendees." CBS adds, "Before McNulty began speaking at the forum, where no cameras were allowed, there was a summary of statistics. The numbers clearly reflected an increase in crime nearly everywhere across the country. The spikes were notable and alarming, and PERF head Chuck Wexler said they reflected that the rise in crime 'Is not about one city; it's about the country.' … With that kind of preamble, when McNulty opened his remarks and quickly mentioned the 'potential rise in crime,' he was already off on the wrong foot."

The Washington Post (8/31, A13, Klein, 748K) reports, "Crime is at a 'tipping point' in America, said Chuck Wexler, executive director of the Police Executive Research Forum, which organized the National Violent Crime Summit. … One after another, participants recited grim statistics." The Post notes, "The chiefs also complained about shrinking police forces and said dwindling federal funds have contributed to the problem." McNulty "assured the chiefs that he wanted to work with them. 'I see competing demands on resources,' McNulty said. 'It is expensive to fund our soldiers overseas, and we have to be successful here at home also.'"

The New York Times (8/31, Files, 1.21M) adds Seattle Police Chief R. Gil Kerlikowske "said part of the problem was that Washington had primarily focused on terrorism and domestic security since" 9/11. Kerlikowske said, "This administration is tone deaf to what is going on." He "and others pointed to the anticrime bills approved in the Clinton administration that provided money to hire thousands of police officers as an example of success reached through talks among local, state and federal officials." The Times also notes McNulty "acknowledged that the government had struggled to balance its needs at home and abroad."

FBI Officials Tout Post-9/11 Tech Upgrades, New Investigative Database. Under the headline "FBI's New Data Warehouse A Powerhouse," CBS News (8/30, Hendin) reported on its Web site, "It's been five years since 9/11 — and since then, the FBI has done a lot of expensive work to upgrade its troubled computer systems. … Sure, it has taken five years for the FBI to get as high-tech as most high school libraries, but the bureau has accomplished that and a lot more in a short period of time, according to senior FBI officials who briefed reporters for the five-year anniversary of the attacks. The FBI has been plagued by missteps in upgrading its computers for the past five years but according to officials, they have a system, never before publicly demonstrated, that connects the dots in its fight in the war on terrorism. Called the Investigative Data Warehouse (IDW) computer system, they describe it as 'one-stop shopping' for FBI agents. … One person even called it 'uber-Google.'" CBS added, "Zal Azmi, the FBI's chief information officer, described IDW as the central database in the FBI's information-sharing approach in the post-9/11 world." Additionally, "Azmi said that 3,300 computers had been deployed to access secure systems."

InformationWeek/TechWeb (8/30, Gardner) reported, "Still smarting from the failure of its old IT systems, the Federal Bureau of Investigation Tuesday gave a public demonstration of its Investigative Data Warehouse," developed by Chiliad Inc., "and bragged that the 659 million-record counterterrorism database functions well." In a Wednesday interview, Chilead CEO Paul McOwen "said the 'enormously scalable' system represents a productivity improvement of 60,000 times over previous law enforcement database systems. 'It scales to the size of the entire Internet,' he said."

Authorities Report Record Meth Seizure In Georgia. The Atlanta Business Chronicle (8/30) reports federal, state, and local law enforcement authorities in North Georgia "have reported a record seizure of about 341 pounds of suspected crystal methamphetamine at a residence in Gainesville, Ga. The find breaks a previous record seizure of 187 pounds of meth made just two weeks ago in Buford, Ga. A federal criminal complaint has been filed against three brothers...charging them with possession with intent to distribute methamphetamine." At a news conference Wednesday, law enforcement officials "said this was the largest meth seizure in Georgia history. The suspected

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crystal methamphetamine in uncut form has a minimum estimated street value of $17 million, and depending on how many times it is 'cut,' DEA estimates that the street value could be over $50 million."

The Atlanta Journal Constitution (8/30) reports, "Two men have been arrested and two more are being sought following the seizure of 341 pounds of methamphetamine in northeast Georgia."

The New York Times (8/31) reports, "The stash was the sixth-largest supply of methamphetamine confiscated in the United States since 1970, said Ruth Porter-Whipple, the group supervisor of the Atlanta field division of the Drug Enforcement Agency. The discovery and the brazenness with which drug dealers seem to operate in North Georgia have alarmed drug enforcement agents and confirmed Atlanta's emerging role as a hub for the distribution of crystal methamphetamine, called ice."

The AP (8/30) reports the investigation "began when U.S. Forest Service officials spotted four people cultivating a marijuana field inside Chattahoochee National Forest in Union County.
Authorities searched a house connected to the suspects where they found the meth."

Black Hills Today (8/30) reports Russ Arthur, supervisory special agent with the U.S. Forest Service in Atlanta, Georgia said, "Through the assistance of the Union County Sheriff's Office, the Bureau of Alcohol, Tobacco, Firearms and Explosives, Gainesville Police Department, Drug Enforcement Administration, Hall County Sheriff's Office and the Federal Bureau of Investigation, we have removed an incredible amount of suspected crystal methamphetamine from the streets."

Local TV Coverage. WGCL-TV, Atlanta (8/30, 4:00 p.m.) reported, "Federal agents unveiled a record amount of drugs seized in Georgia. Approximately 341 pounds of suspected crystal methamphetamine also known as ice, with a street value of at least $50 million."

WXIA-TV, Atlanta (8/30, 7:00 p.m.) reported, "An investigation into a marijuana field on US forestry land ended in the largest methamphetamine seizure in Georgia history. Federal and local law enforcement agencies uncovered 341 pounds of ice. That's the crystallized form of methamphetamine. They led agents to a home in Gainesville. The amount of ice shattered the record in Georgia, which was set two weeks ago when 187 pounds of ice were seized."

WXTX-TV, Columbus (8/30, 10:00 p.m.) reported, "Federal agents seized more than three hundred and forty pounds of methamphetamine from a home in Gainesville last week. The drugs are worth fifty million dollars."

More Than 70 Arrested In West Virginia Drug Sweep. The Huntington (WV) Herald Dispatch (8/30) reports at least 74 people "were arrested Tuesday as part of Huntington's largest one-day drug sweep this year. The daylong series of raids focused on residences throughout Huntington, where police say they confiscated large amounts of crack cocaine, guns and other items. Authorities say they organized 'Operation Moneyton' with hopes of nabbing 73 suspected drug dealers operating within the city. More than half of those targets were arrested Tuesday, with other people being charged with unrelated offenses." Toward the end of the story, the Herald Dispatch notes the DEA's participation in the operation.

DEA Agents Intervene In Undercover Operation At California Marijuana Dispensary. In Van Nuys, the Los Angeles Daily News (8/30) reports DEA agents "entered a medical-marijuana dispensary Wednesday to free an undercover colleague who was not being allowed to leave by workers who discovered he was not a real customer. No one was injured, and no arrests were made as of Wednesday evening after the incident at the Trichome Healing Center…said DEA spokeswoman Sarah Pullen." Pullen "said an investigation is ongoing."

College Student In New York Accused Of Impersonating Federal Agent. The AP (8/30) reports a Queens college student "has been charged with impersonating a federal agent after a routine traffic stop led police to a cache of weapons and forged law enforcement paraphernalia in his bedroom." Prosecutors said Stephan M. Kishore's "masquerade came to an end after a Port Authority of New York and New Jersey police officer stopped his minivan Monday afternoon on an expressway near John F. Kennedy International Airport for changing lanes without signaling. … Police said they recovered the guns, a laptop computer, a laminator and blank ID cards during the execution of a search warrant at his home. They also said they found 32 federal police ID cards, including ones for the U.S. Marshals Service, the Drug Enforcement Administration,

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the FBI and U.S. Customs and Border Protection, and shields for city departments including police and correction."

Buffalo Launches New "Weed & Seed" Initiative. The Buffalo News (8/31, Rey) reports, "Buffalo is working on a strategy to weed out the gangs and drugs on the lower East Side." The News continues, "U.S. Attorney Terrance P. Flynn joined Mayor Byron W. Brown on Monday at the Col. Matt Urban Center on Broadway to announce an initiative for a new 'Weed and Seed' program, targeting the Broadway-Fillmore neighborhood, one of the city's most violent. … 'This will be an additional tool in our arsenal to reduce crime and violence in our city,' Brown said." The News adds, "Buffalo has had 51 murders so far this year, compared with 56 during all of last year. Police blame the spike in violence on drug warfare and a resurgence in gang activity. … Weed and Seed programs, created by the Justice Department, combine the efforts of the police, prosecutors and community activists to 'weed' out violent crime in neighborhoods and 'seed' it with social and redevelopment opportunities, Flynn said."

IMMIGRATION:

Pro Bono Project Matches Immigration Appellants With Lawyers, Students. The AP (8/31, Anna) reports on the Washington, DC-based Pro Bono Appeals Project that matches "immigrants at the appeals level with hundreds of volunteer lawyers. Some of its most enthusiastic members are the students at nine law schools, from Mississippi to Massachusetts, who often are working with a real client for the first time." The AP continues, "One of the first things students learn about an immigration case is that, unlike others detained in the United States, immigrants facing deportation are largely on their own. The government doesn't provide legal help and they don't have a right to appointed counsel. … Almost two-thirds of cases in immigration court have no representation, no matter the person's grasp of law, or English. Even the government says it's a problem, and it helped set up the pro bono project to make the system less confusing to immigrants and less frustrating for judges." The AP adds, "Each week, the government goes through new cases from immigration court and takes the first 12 that meet the project's criteria. The project chooses the most promising of the 12 cases and matches them with participating lawyers and law schools. When a match can't be found, the case is left to proceed alone, said coordinator Molly McKenna. … Almost two-thirds of the more than 240,000 cases in immigration court had no representation last year, according to the Executive Office for Immigration Review, part of the Justice Department. At the appeals level, 31 percent of the more than 42,000 cases last year had no lawyer."

Immigration Reform Supporters Plan More Protests In DC, Other Cities. The Washington Post (8/31, A12, Brulliard, 748K) reports after "four months of relative quiet, immigration reform advocates are mobilizing a new round of protests in Washington and other cities to put pressure on a returning Congress and reinvigorate a Latino movement that awakened in massive demonstrations this spring." The events "will begin tomorrow in Chicago, where demonstrators plan to set out on a four-day march to the district offices of House Speaker J. Dennis Hastert (R) in Batavia, Ill., and will continue with one-day rallies throughout next week in Phoenix, Washington and Los Angeles." In the Washington region, "activists are distributing leaflets, and Spanish-language radio is buzzing about a Sept. 7 rally that organizers hope will be the biggest yet. Organizers say their goal is 1 million protesters from up and down the East Coast for a rally on the Mall and a march to the White House."

TAX:

DOJ Sues To Stop California Man From Preparing Tax Returns. The Fresno Bee (8/31, Rodriguez) reports, "A former Internal Revenue Service employee turned tax preparer may have filed his last return. … The U.S. Department of Justice is asking a federal judge to bar David Meals of Dinuba from preparing another federal tax return after he allegedly prepared or supervised the preparation of 103 Tachi Yokut tribe tax returns that claimed casino-gaming proceeds were tax-exempt." The Bee continues, "The government, in a civil lawsuit filed Tuesday in U.S. District Court in Fresno, argues the proceeds are not tax-exempt and that the returns improperly asked for more than $826,000 in tax refunds. … The tribe operates the Tachi Palace Hotel and Casino in Lemoore. … 'We want the judge to block him from ever preparing taxes in the future,' said Charles Miller, a Department of Justice spokesman in Washington, D.C." The Bee adds, "Meals…worked as the manager of the Jackson Hewitt Tax Services franchise in

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Hanford last year when the improper returns were completed. He no longer works for the company. … He personally prepared 40 of the erroneous tax returns. … The lawsuit alleges Meals told members of the tribe that the gaming proceeds paid to tribal members were not taxable because of a Native American treaty. … But the lawsuit states there is no such treaty exempting distributions of casino earnings from federal income tax. … 'People who prepare fraudulent tax returns expose themselves and their customers to risk of civil penalties and criminal prosecution,' said Eileen J. O'Connor, assistant attorney general for the Justice Department's Tax Division. … 'The IRS and the Justice Department are working to diligently stop their activities.'"

2nd Circuit Sides With US In Tax-Shelter Abuse Case. The Wall Street Journal (8/31, Wessel) reports, "It can take a long time for the U.S. government to nail a big company that has stretched the law too far in its quest to avoid paying taxes. Sometimes, it's worth the wait." The Journal continues, "Thirteen years ago, General Electric Capital Corp., the finance arm of the big company, set up an extraordinarily complex partnership with a couple of Dutch banks. Mellifluously dubbed Castle Harbour, the deal saved General Electric $62.2 million in taxes over five years in the 1990s. … In 2001, the Internal Revenue Service said the deal was basically a bank loan, secured by 63 airplanes, that had been dressed up as a partnership to dodge taxes. It demanded the $62.2 million. In 2004, GE persuaded a federal district judge in New Haven, Conn., that the IRS was wrong." The Journal adds, "A few weeks ago, in a searing 34-page opinion, the Second U.S. Circuit Court of Appeals in New York said it was the lower court that got it wrong 'primarily by accepting at face value the appearances and labels created by the partnership, rather than assessing the underlying economic realities.' … The ruling is the latest in a series of appellate-court wins in corporate tax-shelter cases for the IRS and Justice Department as they continue to battle corporate excesses of the 1990s. The government recently has prevailed over Dow Chemical, Coltec Industries and Black & Decker in decisions that are, or should be, scrutinized by executives pondering the wisdom of overly creative tax shelters."

CONGRESS-ADMINISTRATION:

Bush To Revive "Controversial" Judicial Nominations. The New York Times (8/31, Stolberg, 1.21M) reports, "The White House announced Wednesday that President Bush would revive the expired nominations of five controversial appeals court candidates. The move sets the stage for yet another election-year battle over the federal judiciary." The White House action "was in one sense a formality. Under Senate rules, nominations automatically expire and are sent back to the White House if the lawmakers are out of session for more than 30 days, as they will have been when they return after Labor Day. Such nominations are ordinarily kept alive by unanimous consent of the Senate, but this time Democrats objected, forcing Mr. Bush to renew them. … Even so, the White House move cheered conservatives, who make up an important part of Mr. Bush's political base and are passionate about putting conservatives on the bench. The battle over the judiciary was a big feature of the 2004 Congressional campaigns, and conservatives are eager to replay that fight. … Liberals said Mr. Bush was picking a fight." The candidates "are Terrence W. Boyle, a federal district judge in North Carolina, and William James Haynes II of Virginia, general counsel at the Defense Department, both nominated for the United States Court of Appeals for the Fourth Circuit; William Gerry Myers III and Norman Randy Smith, both of Idaho, for the Ninth Circuit; and Michael Brunson Wallace of Mississippi, for the Fifth Circuit."

The Washington Post/AP (8/31, A13) says the list includes one nominee "whom Democrats have threatened to block with a filibuster." In July, "Boyle acknowledged missing the appearance of a conflict of interest in four cases in which he is accused of issuing rulings involving litigants in whose companies his family held stock. Boyle said then that his aides, who do routine screening of cases for conflicts of interest, missed the appearance." Jim Manley, a spokesman for Senate Minority Leader Harry M. Reid, called the nominations "extremely divisive."

Bush Says Entitlement Reform, Energy Dependence Key Issues For Next Two Years. NBC Nightly News (8/30, story 3, 3:10, Williams, 9.87M) last night aired additional parts of its "exclusive interview with President Bush." Asked, "What will be your domestic Apollo program? Will you have one?," Bush

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responded, "I think the two biggest challenges I would like to see solved in the next two and a half years are the unfunded liabilities inherent in Social Security and Medicare. Baby boomers are retiring. Fewer people are paying into the system, and the system is going broke. It will require Republicans and Democrats coming together to reform the systems so they keep their promise. The other is energy. … We are addicted to oil. That's a pretty strong statement for a guy from Texas to make." Asked how far he is "willing to go," the President said, "As far as practical."

Stevens Blocking Bill To Create Federal Spending Database. The Washington Times (8/31, Carr, 88K) reports Sen. Ted Stevens "acknowledged holding up legislation that would open federal spending practices to public scrutiny, ending speculation about the identity of the bill's blocker swirling around Capitol Hill and the blogosphere." Stevens spokesman Aaron Saunders "said Mr. Stevens wants a cost-benefit analysis of the measure, which would create a searchable database of about $2.5 trillion in government expenditures, before granting approval." The bill, "supported by leaders of both parties and more than 100 conservative and liberal-leaning groups, was on the fast track for a floor vote before Mr. Stevens used a procedure known as a 'secret hold' to delay it just before lawmakers left town on Aug. 4." The "cost-benefit information that Mr. Stevens is seeking is already part of the public record, said Gary Bass, executive director of OMB Watch, a federal spending watchdog group based in Washington."

The Los Angeles Times (8/31, Havemann, 918K) reports, "Ending a mystery that had captivated conservative and liberal Internet activists, Sen. Ted Stevens (R-Alaska) emerged Wednesday as the senator who secretly held up action on a bill to create a searchable online catalog of federal grants and contracts aimed at helping the general public find out who receives government support." The acknowledgment by Stevens "ended an innovative exercise in Internet-based political activism. Several blogs had urged readers to call senators and ask whether they had placed a 'hold' on the legislation to create the online database. Many activists believed the catalog would make it easier to root out pork-barrel spending." As "of midday Wednesday, the blogs had been able to obtain denials from 97 senators that they had placed the hold, which under unwritten Senate rules prevented the legislation from moving to a floor vote. With the suspects narrowed to a small group, Stevens' office acknowledged that he had blocked the bill."

Spellings Says NCLB Has Improved Schools, Should Be Expanded. The AP (8/31, Feller) reports U.S. Secretary of Education Margaret Spellings "said Wednesday the No Child Left Behind Act is close to perfect and needs little change as its first major update draws near." That view is called "the Bush administration's starting position" in preparation for reauthorization expected "as soon as next year." But that position "is notable because it differs so sharply from others with a stake, including many teachers, school administrators and lawmakers." Spellings defended NCLB by saying that "states and schools are debating how better to help children with limited English skills and students with disabilities." That is, Spellings said, "the big news out of No Child Left Behind." USA Today (8/31, 2.27M) runs a brief form of this story.

The Washington Post (8/31, A4, Romano, 748K) adds Spellings also said, "We've come a long way in a short time in a big system affecting 50 million kids." She further said that "states need to do much of the remaining work on NCLB in order to meet the goal of reading proficiency by 2014" particularly emphasizing "school structure."

US Chamber Hires Lobbyists For Reauthorization Of NCLB. The Washington Post (8/31, A23, 748K) reports the U.S. Chamber of Commerce "is getting involved in a big way" in the run-up to reauthorization of the Elementary and Secondary Education Act including No Child Left Behind. In pursuit of that, the chamber has hired Akin, Gump, Strauss, Hauer & Feld which employs Sandy Kress, "who helped craft" NCLB, Beth Ann Bryan, "a senior adviser to then-education secretary Roderick Paige and adviser to Bush when he was governor of Texas; and Krisann Pearce, a former teacher and deputy director of education and human resources policy for the House Education and the Workforce Committee." The chamber "generally believes in a rigorous curriculum and more accountability to ensure that the nation has a workforce that is prepared to compete."

Democratic Agenda Includes Iraq Withdrawal, Oversight Investigations, Social Legislation. McClatchy (8/31, Talev) reports that if Democrats "win one or both houses of Congress in November's elections, as polls suggest is increasingly likely, President Bush's Washington will change dramatically."

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Democrats will "press to get out of Iraq. They'll mount investigations into the Bush administration's record that could rival those of Presidents Nixon in Watergate and Clinton in the Monica Lewinsky affair. They'll push a boatload of social-welfare legislation, such as raising the minimum wage, that reflects their pent-up priorities, while blocking the Republican agenda on social issues such as gay marriage, abortion and religion." Those are "some of the top plans that Democrats would pursue if they won power, according to interviews with Democratic lawmakers, strategists, staff aides and lobbyists." Analysts agree the House "is more likely to turn Democratic than the Senate." Should Democrats win a House majority, "the next speaker will be Rep. Nancy Pelosi, a liberal feminist from San Francisco who decries virtually everything Bush does. Issue one would be the war." Republican National Committee Chairman Ken Mehlman "predicts that Republicans will hold their majority by convincing voters that Democrats will raise taxes, compound energy shortages through their environmental policies and weaken national security."

Democrats Testing "New Direction" Slogan. The White House Bulletin/US News (8/30) reported Democratic strategists "are road-testing their latest slogan for the congressional campaigns this fall: 'Time for a change and a new direction.' The phrase is popping up in the language used publicly and privately by party leaders, who are increasingly convinced that they can make the November elections a referendum on President Bush." The strategists say "many swing voters are still making up their minds whether to vote for Democrats, but Bush remains unpopular and this could result in an anti-incumbent, anti-Republican movement in the next two months that could remove majority Republicans from control of the House. Many voters believe that their incomes aren't growing, their schools aren't any better, their health care is more costly, their gasoline prices are higher, crime is up, and, overall, their lives are worse than when Bush took office nearly five-and-a-half years ago, according to Democratic polls and focus groups." A senior Democratic strategist told US News and the Bulletin: "People have lost confidence in this administration's capacity to lead."

Gingrich Says Prospect Of "Speaker Pelosi" Is Frightening. The AP (8/31, Davenport) reports that during a visit to Columbia, South Carolina, former House Speaker Newt Gingrich said "the thought of California Rep. Nancy Pelosi becoming the next leader of the House and being third in line to the presidency is frightening." Gingrich said, "The prospect of her bringing San Francisco values and a whole attitude on foreign policy that is, I think, an attitude of weakness and appeasement and surrender, I think, would be a disaster for the country." Gingrich said "keeping power out of the hands of Pelosi, the House minority leader, and other Democrats is one of the reasons he was in South Carolina this week raising money for the GOP." On Thursday, Gingrich "was at a fundraiser for Ralph Norman, the White House's chosen opponent for U.S. Rep. John Spratt, the 5th District Democrat who is Pelosi's assistant minority leader."

WSJournal Says Democratic Chairmen Would Be "Going Back To The Future." The Wall Street Journal (8/31, 2.03M) says in an editorial that if Democrats win the House, "While Democratic Leader Nancy Pelosi would be a new Speaker of the House, the 19 primary committee chairmen who would dominate hearings, issue subpoenas and write legislation are agents of change only in the sense of going back to the future. They represent the same liberal priorities that bedeviled Bill Clinton's attempt to govern as a New Democrat from 1993-94, and before that Jimmy Carter in the 1970s. To pick one example, 13 of the 19 voted against the welfare reform that Mr. Clinton signed in 1996 and hailed this month as a triumph of 'bipartisanship.'" The Journal examines the senior Democrats in line for chairmanships, such as Rep. John Conyers, Judiciary; Rep. David Obey, Appropriations; Rep. Charles Rangel, Ways and Means; Rep. John Dingell, Energy and Commerce; Rep. George Miller, Education and Labor; Rep. Henry Waxman, Government Reform; Rep. Alcee Hastings, Intelligence.

Pentagon Report Finds Service Members "Preyed On" By Payday Lenders. USA Today (8/31, Welch, 2.27M) reports that a new Pentagon report has found "As many as one in five members of the armed services are being preyed on by loan centers set up near military bases that can charge cash-strapped military families interest of 400% or more." This "has become a more urgent concern," as "debt troubles can keep troops from going overseas" and "cost some servicemembers their security clearances." The report adds that this kind of lending "hurts readiness and morale and 'adds to the cost of fielding an all-volunteer fighting force.'" Darrin Andersen, president of the Community Financial Services Association of America, calls the report "a misguided critique of a valuable service" and adds that "the industry does not target military personnel."

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However, "the Pentagon report says those stores 'are heavily concentrated around military bases.'"

NYTimes Calls For "Honest Assessment" Of Missile Defense System. The New York Times (8/31, 1.21M) editorializes, "In a rare moment of candor this week, Defense Secretary Donald Rumsfeld acknowledged that he's not sure if the United States missile defense system is ready to work," and "his comments should invite a serious discussion on Capitol Hill about what the country is getting for the nearly $9 billion it is spending this year to develop ballistic missile defenses and the $9 billion it is likely to spend next year." At issue is "whether the Pentagon's rush to put interceptors into the ground, rather than spend more time at the drawing board, makes sense." Because "switching technologies or killing off a bad system when you've already sunk billions into hardware" can be "a very hard thing to do," we need "an honest assessment of whether the current system has any chance of working and how much more will have to be spent before it does."

Goldberg Says Criticism Of Bush Overblown. In a Los Angeles Times column (8/31), Jonah Goldberg says "it's time to cut" President Bush "some slack." The "Bush-bashers have lost credibility. The most delicious example came this week when it was finally revealed that Colin Powell's oak-necked major-domo Richard Armitage — and not some star chamber neocon — 'outed' Valerie Plame, the spousal prop of Washington's biggest ham, Joe Wilson. Now it turns out that instead of 'Bush blows CIA agent's cover to silence a brave dissenter' — as Wilson practices saying into the mirror every morning — the story is, 'One Bush enemy inadvertently taken out by another's friendly fire.'" And "then there's Hurricane Katrina. Yes, the federal government could have responded better. And of course there were real tragedies involved in that disaster. But you know what? Bad stuff happens during disasters, which is why we don't call them tickle-parties." The "devastation in Mississippi was in many respects more severe. And you know what? Mississippi has the same federal government as Louisiana, and reconstruction there is going gangbusters while, after more than $120 billion in federal spending, New Orleans remains a basket case. Here's a wacky idea: Maybe it's not all Bush's fault." Goldberg concludes, "Look, things could obviously be a lot better. But they could be a lot worse too. John Kerry could be president."

NYTimes Says Senate Should Not Confirm Tomlinson's Reappointment. The New York Times (8/31, 1.21M) says in an editorial that the "spectacle of a high federal appointee brazenly pleading preoccupation with the war on terror when called to account for billing for unwarranted paydays — while running a horse racing operation from his State Department office — sounds like the stuff of a wise-guy Broadway musical. Or an indictment. So far neither is in the cards for Kenneth Tomlinson, the Republican ideologue ousted last November in an earlier ethics scandal at the Corporation for Public Broadcasting. Once again Mr. Tomlinson has been caught up to his old tricks, this time as chairman of the separate agency that runs the Voice of America." The Senate "should immediately show him the barn door as he comes up for reappointment at the State Department."

LATimes Says Congress Should Resist If Kummant Seeks To End Amtrak. The Los Angeles Times (8/31, 918K) says in an editorial, "Amtrak's chronic problems, and a lack of rider interest, have forced the federal government to subsidize it to the tune of $30 billion since its founding in 1971 — and have led many to ask why Amtrak still exists. Such questions take on heightened urgency with Amtrak's hiring Tuesday of a new president, appointed by a board that seems to think the operation has reached the end of the line." So little "is known about Alexander Kummant that the National Assn. of Railroad Passengers withheld comment on his appointment until it could find out more about him." There is "room for improvement at Amtrak. The board may be on the right track by aiming to close some unprofitable routes. But if Kummant's mission is to eliminate the national long-distance passenger rail system, Congress should stop him. With gas prices soaring and stricter emission controls likely, that system has never been more necessary."

OTHER NEWS:

Second Quarter GDP Revised Up To 2.9%. Under the headline "Economic Picture Improves Slightly," the Washington Post (8/31, D1, Henderson, 748K) reports, "Economic growth did slow sharply from April through June, as the housing market cooled and rising energy prices and interest rates pinched consumer spending. The nation's output of goods and services, or gross domestic product, rose

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at a 2.9 percent annual rate in the second quarter after expanding at a torrid 5.6 percent pace in the first three months of the year, the Commerce Department reported yesterday." The 2.9 percent annual rate "was better than the department's earlier estimate of 2.5 percent, a difference worth $12.3 billion in annual economic output."

The Financial Times (8/31, Pimlott) reports that "the current rate of growth, which is above the Fed's estimates for the period, combined with rising labour costs, may mean that the Fed will have to raise rates, analysts said. 'In the later part of the year, if growth hasn't slowed substantially, and labour cost pressures remain, the Fed is likely to swing to more tightening, said Ted Wieseman, an economist at Morgan Stanley." Consumer spending growth "was revised upwards by 1 basis point to 2.6 per cent, but remained a significant drag on GDP, falling from 4.8 per cent in the first quarter."

The New York Times (8/31, Leonhardt, 1.21M) reports, "Perhaps the biggest surprise in yesterday's report was new evidence of a surge in wage-and-salary income in the first half of this year. Between the fourth quarter of last year and the second quarter of 2006, pay grew at an annual pace around 7 percent after adjusting for inflation, up from an earlier estimate of 4 percent, according to an economic consulting firm, MFR." As a result, "wages and salaries no longer make up the smallest share of the gross domestic product since World War II. They accounted for 46.1 percent of all economic output in the second quarter, down from a high of 53.6 percent in 1970 but up from 45.4 percent in the spring of 2005."

Moreover, says USA Today (8/31, Hagenbaugh, 2.27M), "corporate profits rose swiftly in the second quarter, the government said Wednesday in a report that suggested businesses are in a solid position to help offset a slowdown in consumer spending." Meanwhile, the Wall Street Journal (8/31, Conkey, 2.03M) titles its story "Corporate Profit Growth Slows In Step With Economy," and says "a slowing economy put the brakes on torrid growth of corporate profits in the second quarter, and rising labor costs could increasingly limit earnings growth in the months ahead." The Commerce Department "said pretax corporate profits in April, May and June collectively rose 3.2% from the previous quarter, much slower than the 12.6% jump in the first quarter or the 10% jump in the fourth quarter of 2005. Nonetheless, profits in the second quarter were 20.5% higher than a year ago and accounted for 12.2% of gross domestic product in the second quarter, the highest level in 40 years."

Stocks Largely Unchanged. The Wall Street Journal (8/31, McKay, 2.03M) reports, "An afternoon rally in crude oil kept the stock market in check, but the Dow Jones Industrial Average still eked out its third straight day of gains. The blue-chip average nudged up 12.97 points, or 0.1%, to 11382.91, up 6.2% on the year. … The broad Standard & Poor's 500-stock index was little changed, off 0.01 point, to close at 1304.27, up 4.5% on the year. But the technology-heavy Nasdaq Composite Index rose 0.6%, or 13.43 points, to 2185.73, trimming its year-to-date decline to 0.9%."

WPost Says Maryland Constitution Too Restrictive On AG-Eligibility Requirement.

The Washington Post (8/31, A24) editorializes, It's too bad that the Maryland Court of Appeals declared Tom Perez ineligible to serve as state attorney general, effectively kicking him out of the Democratic primary race for that position. … If the Maryland constitution really forbids his service, its eligibility strictures warrant rethinking. The constitution requires that 'No person shall be eligible to the office of Attorney General, who…has not…practiced law in this State for at least ten years.' Mr. Perez only joined the Maryland bar in 2001. But before that, he spent much of the 1990s working on civil rights cases as a prosecutor for the federal government." The Post adds, "Construing 'practiced law in this state' as synonymous with being a member of the state bar -- something explicitly required by other state constitutions -- needlessly restricts voter choice by excluding qualified people such as Mr. Perez."

Bush Raises Funds For Hutchinson, Corker.

The AP (8/31, DeMillo) reports, "President Bush's visit to Arkansas on Wednesday helped Republican gubernatorial candidate Asa Hutchinson raise more money in a day than he has in any month, but his Democratic Party opponent has his own big-name campaigner due for a visit next week. About 850 people paid at least $500 to attend a luncheon at the home of former Arkansas and NBA basketball player Joe Kleine, and the event brought in more than $650,000 overall, Republican Party of Arkansas executive director Clint Reed said. About $400,000 of that will go toward Hutchinson's campaign and the rest to the state party, Reed said." Bush's appearance "pumps more money into Hutchinson's campaign as he faces Democratic nominee Mike Beebe, the state's attorney general."

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After his trip to Arkansas, the President flew to Nashville. There, says the AP (8/31, Rucker), Bush "praised Republican U.S. Senate candidate Bob Corker's background as a businessman and former mayor while helping Corker raise more than $1.5 million at a fund-raising dinner Wednesday evening." The President also "praised the man Corker and Democratic US Rep. Harold Ford Jr. are running to replace -- Senate Majority Leader Bill Frist -- calling him 'one of the finest citizens your state has ever produced.'"

After noting Bush's appearance for Corker, the Chicago Tribune (8/31, Silva, 623K) reports, "Even among Republicans who support Bush, many are seeking a certain distance this fall -- such as the Republican congressmen in suburban Philadelphia facing stiff challenges in a similar struggle for control of the House. One has aired ads asserting that he supports Bush when he is right and tells him when he's not. Running with, and sometimes from, the president poses the greatest balancing act for Republicans in this potentially pivotal year when control of one or possibly even both chambers of Congress is at stake.

Bush Fundraising Trips Said To Be "Bankrolled Almost Entirely By Taxpayers." The AP (8/31, Loven) reports, "Bankrolled almost entirely by taxpayers…Bush is roaming far and wide on Air Force One to help Republicans retain control of Congress and capture statehouse contests in high-stakes midterm elections. In 15 months, including back-to-back fundraisers Wednesday in Little Rock, Ark., and Nashville, Tenn., Bush has collected $166 million for the campaign accounts of 27 Republican candidates, the national GOP and its state counterparts across the country, according to the Republican National Committee." Bush "is not the first president to operate this way. The federal regulations governing reimbursement for political travel have been on the books at least since the Reagan administration, and the White House said Bush adheres to all rules."

AFL-CIO To Spend $40 Million On "Voter Protection" Program. In its "Washington Wire" column on its web site, the Wall Street Journal (8/30, 2.03M) reported that the AFL-CIO "will use part of a $40 million political account to finance a 'voter protection' program, including posting lawyers and observers at precincts to ensure low-income and minority voters are able to cast ballots."

Novak Calls Scope Of House Seats Targeted By Republicans "Pitiful." In the Evans-Novak Political Report (8/30), columnist Robert Novak says previously, the report has "mentioned Republican fears that, as one House committee chairman has said privately, Republicans will lose 25 seats -- or as we were told that national internal polls suggested, they could lose as many as 26 seats. From here in, now that primary season has approached its end, we will resist such broad prognostication, particularly since we have not yet seen evidence that such huge losses are imminent when looking at the races as we always have in past cycles -- on a district-by-district basis. As we noted last week, 'it is still at least challenging to construct a scenario of a 15-seat Democratic gain without positing some improbable upsets.'" The "first word that comes to mind" in a seat-by-seat analysis of the congressional districts targeted by Republicans "is 'pitiful.'" There is "not one easy takeover target for the Republicans this year. Republicans have failed to expand the playing field on the Democrats' side." On the list of Republican-held seats, there is a "very rich environment of Democratic takeover targets. Admittedly, some are less realistic than others, but the fact that there are so many, compared to so few on the Democratic chart, illustrates the problem Republicans face this year. Any way one looks at it, the odds are clearly stacked against the GOP and in favor of Democrats. Republicans are certain to lose House seats this year, even under the best scenario they can envision."

Mehlman Says Novak Is Wrong. MSNBC's Hardball (8/30, O'Donnell) interviewed Republican National Committee Chairman Ken Mehlman. Asked about Bob Novak's column in which he said Republicans "are likely going to lose 25 seats in the House," Mehlman said, "I disagree with Bob Novak. I think that if you look at it race by race -- I spent yesterday -- I had our entire field team in from all over the country, went through race by race, and the way I looked at it today, we would keep both the House and keep both the Senate."

Wilson Could Be Hurt By Support For Bush On Iraq. USA Today (8/31, Stone, 2.27M) reports Rep. Heather Wilson is "a rarity in the Republican-led Congress, one of a few in the GOP openly embracing President Bush on the war in Iraq. Her resolve belies the disillusionment with the war: More than six in 10 people say they disapprove of the way Bush is handling the situation in Iraq, according to a USA

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TODAY/Gallup Poll this month." Yet it also "presents a political dilemma for Wilson, only the second female veteran in Congress and one who represents a district with more registered Democrats than Republicans. The USA TODAY poll found that 35% of registered voters nationally are more likely to vote for a candidate for Congress who opposes Bush's handling of the war, compared with 26% more likely to back a candidate who supports Bush on Iraq." Albuquerque pollster Brian Sanderoff says "emphasizing the war in Iraq 'has the risk of tying her to the president in a war that hasn't gone well.'"

Facing Tough Reelection, Shays Undergoes "Conversion" On Iraq Troop Withdrawal. The New York Times (8/31, Hernandez, 1.21M) reports, "Only a few weeks ago, Representative Christopher Shays, a Republican from Connecticut, minced no words in responding to calls led by Democrats for a phased withdrawal from Iraq. 'To have a timetable is absolutely foolish,' he said." But "now, as he faces an increasingly tough re-election battle against an antiwar Democrat, Diane G. Farrell, Mr. Shays has undergone a conversion: He is proposing a timetable for a withdrawal of American troops, an idea derided by the Bush administration and many Republicans. … How Mr. Shays came to this change of heart is, he says, a matter of a newfound substantive belief that Iraqis need to be prodded into taking greater control of their own destiny under the country's newly formed government." But "it also comes amid growing signs of strong antiwar sentiment in his state." The Times adds, "Political analysts say Republicans in other states may be feeling similar pressures. At least two other House Republicans who strongly support the war -- Representative Gil Gutknecht of Minnesota and Representative Walter B. Jones of North Carolina -- now embrace the idea of a timetable for withdrawal, according to strategists in both parties."

Pryce Facing Unexpectedly Difficult Environment In OH15. The Wall Street Journal (8/31, Rogers, 2.03M) reports "after years of only token opposition" in Ohio's 15th CD, Rep. Deborah Pryce "is imperiled by economic pessimism, the Iraq war and others' political scandals, which together could bring about an Election Day upset." Pryce, who faces Democrat Mary Jo Kilroy, said, "It's a knife fight." The Journal adds Kilroy, "a Franklin County commissioner, gives no quarter. 'It's about change... People are fed up with Congress,' she says. 'We are going to put 'Kilroy is here' on the Capitol.'" The Journal adds Pryce's "standing, as chair of the House Republican Conference and friend of Speaker Dennis Hastert, elevates the stakes. Outside groups from the left and right are spending heavily. Cabinet secretaries have come to her aid. And for the entire House Republican leadership, which is heavily rooted in the Midwest, the race is a barometer of how much political fallout they will sustain from economic pessimism in this political battleground."

NRCC Backs Huffman In AZ8 GOP Primary. In its "Washington Wire" column on its web site, the Wall Street Journal (8/30, 2.03M) reported that in an unusual move, the NRCC is supporting GOP candidate Steve Huffman in AZ8 before the September 12 primary. While the NRCC would not ordinarily get into a race this early, "a crowded Republican field was posing a problem for Huffman, a moderate who in a recent poll was behind conservative and immigration hardliner Randy Graf among Republican voters. And Graf is seen by some political types -- including moderate Rep. Jim Kolbe, who is retiring from the Tucson-area seat and backs Huffman -- as too conservative to win the Tucson-area district in the general election." The Times adds that "House leaders' political action committees are poring money into Huffman's campaign. Committees led by Speaker Dennis Hastert, Majority Leader John Boehner and Majority Whip Roy Blunt each gave $5,000 to Huffman within the last week. The 21st Century PAC, chaired by Rep. Howard 'Buck' McKeon, also gave Huffman $5,000."

Jeb Bush Floated As Write-In Candidate In Florida Senate Race. In a Washington Times op-ed (8/31), Florida journalist A.G. Gancarski said, "It's impossible to overstate the feelings of respect and affection almost all Florida Republicans have for the outgoing Gov. Jeb Bush." But "it must be argued that Florida's governor has one more duty to Floridians interested in the best possible conservative representation. It is time for Floridians, those interested in the future of the state and those interested in maintaining the Republican Party majority in the Senate, to draft Mr. Bush to run against" Sen. Bill Nelson, "if only as a write-in, on November's ballot." The "likely Republican nominee, Sarasota Republican Rep. Katherine Harris, has no chance whatsoever to even run a competitive race." How "bad is it? Though Florida House districts are traditionally 'safe' seats,

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many Republican seats could be thrown into play by the absolute competitive imbalance in the Senate race."

Allen Downplays Poll Showing Him Trailing Webb. Fox News' Your World With Neil Cavuto (8/30) interviewed Sen. George Allen. Asked about the recent Zogby poll that showed his challenger, Democrat James Webb, leading him, Allen said, "Oh, heck, I have been behind in polls. I was running for governor. I was 31 percent behind. What matters to the people of Virginia is a record of performance, knowing Virginia, and somebody who's going to lead with the values that are shared by Virginians, as well as their vision. … That remark I made was a mistake. I have apologized for it. But people care -- only the media asks about it. The people care about high gas prices. They care about security, winning this war on terrorism, making sure that smaller businesses have access to more affordable health plans."

Webb Backs Lamont Over Lieberman. The AP (8/31) reports that Democratic Senate candidate Jim Webb, "for years a Republican, said Wednesday he would not hesitate to support Democrat Ned Lamont over Democrat-turned-independent Joe Lieberman in Connecticut this year." Webb, running against Virginia Sen. George Allen (R), "was emphatic in backing his new party's nominee over Lieberman. 'Joe Lieberman got too close to this administration,' said Webb, who bolted the GOP in part because of President Bush's decision to invade Iraq and his handling of the war since then." Webb "served as a top military aide in the Reagan administration, including a year as Navy secretary. Webb wrote before the 2003 invasion that an Iraq invasion would destabilize the Middle East, empower Iran and lock the United States into a long-running Vietnam-style quagmire."

Poll Shows Menendez Trailing Kean By Four Points. CNN's The Situation Room (8/30, King) reported, "A new poll shows Democratic incumbent Bob Menendez now trailing GOP challenger Tom Kean by four percentage points. Menendez had been leading by three points in the Fairleigh Dickinson University poll just last month."

Black Incumbents Facing More Challenges From Left. The Washington Times (8/31, Debose, 88K) reports the "trend of incumbent Democratic lawmakers facing primary challenges from the left is not sparing black lawmakers, despite their generally being among the party's more liberal representatives and blacks being the party's most loyal constituency." Democratic Rep. Albert R. Wynn of Maryland "is facing a strong primary challenge from Prince George's County lawyer Donna Edwards, who says he is too conservative to represent his predominantly black constituency. The most unlikely Congressional Black Caucus member, Rep. Bobby L. Rush, Illinois Democrat, faced similar charges from his opponent Philip Jackson in the primary." Rush is "a former Black Panther and recognized as one of the most liberal members of Congress yet he and Mr. Wynn were both attacked by their opponents for supporting the energy bill, a choice both men said they made after they successfully worked out a deal in committee to increase federal low-income home energy assistance program (LIHEAP) by $3 billion."

Will Calls Missouri Senate Race "Emblematic." In his Washington Post column (8/31, A25), George Will profiles the Missouri Senate race between Republican Sen. Jim Talent and Democratic state auditor Claire McCaskill, which is "this year's emblematic election." Talent is "running statewide for the third time in six years. In 2002 President Bush made five trips to Missouri on his behalf. This year Talent, like most Republican candidates, is stressing his independence, but Bush is coming Sept. 8 for a third visit anyway." McCaskill is "imprudently forthright." She "says Missourians are angry about gasoline prices, but she opposes drilling in the Arctic National Wildlife Refuge and on the outer continental shelf. She opposed last year's energy bill -- a measure supported, Talent notes, by every Midwestern senator because of provisions promoting the use of agricultural commodities in ethanol and other fuels."

Critics Of Ohio Vote Count Want '04 Presidential Ballots Preserved. The New York Times (8/31, Urbina, 1.21M) reports that with the "paper ballots from the 2004 presidential election in Ohio scheduled to be destroyed next week, the secretary of state in Columbus, under pressure from critics, said yesterday that he would move to delay the destruction at least for several months." Since the election, "questions have been raised about how votes were tallied in Ohio, a battleground state that helped deliver the election to President Bush over Senator John Kerry." Critics, "including an independent candidate for governor and a team of statisticians and lawyers, say

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preliminary results from their ballot inspections show signs of more widespread irregularities than previously known." The critics "say the ballots should be saved pending an investigation. They also say the secretary of state's proposal to delay the destruction does not go far enough, and they intend to sue to preserve the ballots."

Broder Says Democratic 2008 Calendar Change Will Limit Candidate Exposure. In his Washington Post column (8/31, A25), David Broder says, "Well, the Democrats have gone and messed it up again." The Democratic National Committee "in its wisdom had further muddled the calendar of events for choosing the 2008 presidential nominee. At a meeting in Chicago Aug. 19, the committee decided by voice vote to insert Nevada between Iowa and New Hampshire and to follow New Hampshire with a contest in South Carolina." The revised calendar, "at least tentatively, has the Iowa caucuses on Monday, Jan. 14, 2008, with Nevada holding its caucuses five days later, on Saturday, Jan. 19. Then it would be back across the country for the New Hampshire primary on Tuesday, Jan. 22, with South Carolina voting in a primary one week later, on Tuesday, Jan. 29." All this effort "to force-feed four contests in four different parts of the country into a two-week period at the start of the year is designed, the sponsors say, to make the presidential nominating process more 'representative.'" What they "mean is that Iowa and New Hampshire, which have led the nominating process since 1976, are overwhelmingly white -- and notably short of the African American and Latino voters on whom Democrats depend in the general election." Whatever New Hampshire does, "the country will be forced to witness the huge field of candidates flashing by in perpetual motion during the December holidays and the frantic first weeks of January, not standing still anywhere long enough to be measured for the job they are trying to win. Thanks a lot, Democrats."

Rice Again Says She Will Not Run For President. The AP (8/31, Gearan) reports that Secretary of State Condoleezza Rice "keeps trying, but she can't put those questions about presidential ambitions to rest. Rice didn't appear to leave much wiggle room during interviews Tuesday with local newspapers and broadcasters in Salt Lake City. 'Will you run for president?' an interviewer from KUT asked Rice at the end of a brief interview. … 'No,' she replied. 'That's an easy one.' The Salt Lake Tribune asked Rice what she makes of polls that place her among the top three potential Republican candidates for 2008. 'It's flattering but that's not for me,' Rice said. 'I know what my strengths are and I know what I want to do with my life and I'm hoping that in the last two and a half years as secretary of state that I can help to advance the president's vision for democracy.'"

Oracle Offers Executives Legal Advice On Political Contributions. The Financial Times (8/31, Kirchgaessner) reports Oracle has "started offering its executives legal 'assistance' on the preparation and filing of their personal political campaign contributions following a recommendation by the software company's compensation committee." The new policy, "which Oracle said would cost less than $1,000 per executive each year, represents one example of how corporate America is rethinking its policies on political donations and lobbying after a spate of scandals in Washington." Oracle, whose employees "have donated $159,530 in the current election cycle," declined "to comment on the reason for the new policy, but in a recent regulatory filing it said the board's compensation committee believed 'there is benefit' in ensuring executives comply with reporting requirements." While many companies, "from Amgen to Bank of America, already have compliance policies in place to handle political donations, legal experts in Washington say corporate requests for advice on political giving and lobbying have markedly increased in recent months, partly because companies realise that deficiencies in their compliance programmes represent a potential liability in a town that is tightly regulated by rules governing how companies may interact with elected officials."

FDA Warns Canadian Pharmacies About Shipping Counterfeit Drugs. USA Today (8/31, Appleby, 2.27M) reported FDA said yesterday that Mediplan Prescription Plus Pharmacy, "one of Canada's largest Internet pharmacies…is selling counterfeit drugs to U.S. consumers." The FDA "warned consumers that sub-par versions of Lipitor, Crestor, Celebrex and seven other drugs shipped by" the Pharmacy "were seized en route to Americans during the past few weeks." With that warning, the FDA "jumps back into the debate over the importation of prescription drugs." Meanwhile, Andrew Strempler, founder of Mediplan, "says the FDA allegations are false: 'We test our products and stand behind our products.'"

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WSJournal Poll Finds Most Americans Support Drug Importations From Canada. The Wall Street Journal (8/31, Bright, 2.03M) reports a WSJ.com/Harris Interactive poll, conducted Aug. 23-25, shows that "two-thirds of Americans strongly believe a law prohibiting pharmaceutical imports from Canada and other countries is intended to protect drug-company profits and only 9% feel strongly that it helps protect Americans from potentially harmful drugs." The poll "shows 80% of Americans favor allowing people to import prescription drugs from Canada and other countries if they are much less expensive there."

Study Says Medical Spending Related To Life Expectancy. The Wall Street Journal (8/31, Westphal, 2.03M) reports a new study by Harvard University and the University of Michigan "argues" that "health-care spending may be soaring, but the increased outlays over the last 40 years are worth the price in terms of extended U.S. life expectancy." But "that conclusion…may surprise patients and employers alarmed by their health-care bills. Government figures show health-care outlays have risen at better than twice the inflation rate in recent years."

The Washington Post (8/31, Lee, 748K) adds the study notes "that a baby born in 2000 can expect to live for 76.9 years, compared with 69.9 years for a newborn in 1960." Still, the conclusions of the study "run counter to the arguments by analysts who question whether health-care costs should consume 16 percent of the nation's economic output. Such critics point out that in longevity and infant mortality, the United States ranks below other countries that spend far less."

The AP (8/31) notes the study "calculated, however, that Americans of all ages spent an average of $19,900 on medical care for each extra year of life expectancy gained over the last four decades of the 20th century. And that cost is worth it, the study authors say."

WPost Offers "Imaginative" Remedy To Health Care's "Vicious Cycle." In an editorial, the Washington Post (8/31, 748K) says, "Tuesday's report from the Census Bureau adds to the fear that the employer-based insurance system is in long-term decline." The decline "is particularly striking because it took place despite a strong economy. It cries out for an imaginative policy remedy." One "successful" option "is for government to backstop private insurers that sell coverage to small firms and individuals. … That way the high risk of offering insurance to small firms and individuals can be removed. Premiums will fall back to around the level offered for workers at large firms, and the vicious cycle will be broken."

BP May Resume Eastern Prudhoe Bay Production Soon. The AP (8/31, Hebert) reports a senior BP executive "said a way might be found to return to full oil production before having to replace 16 miles of pipes. David Peattie, a vice president at [BP], said the company hopes to begin constructing the new pipeline system early next year and complete it in several months. But he said full production, to 400,000 barrels a day, might resume earlier than that." The AP says, "The western leg of the pipeline system has resumed production by bypassing the damaged pipes." Peattie "said a similar bypass strategy could result in production returning to normal in the eastern leg as well. He said the company also was testing the corrosion-troubled pipes to determine whether they could be patched temporarily and meet federal requirements." He "declined to estimate how quickly full production might resume with the temporary fixes." Interior Secretary Dirk Kempthorne Wednesday "visited the pipeline site where BP in early August discovered extensive corrosion."

BP America President To Testify At Senate Hearing On Pipeline Corrosion. The Wall Street Journal (8/31, A4, 2.03M) reports, "BP America President Bob Malone will testify at a Sept. 12 U.S. Senate Energy and Natural Resources Committee hearing, a week after lawmakers in the U.S. House examine the BP PLC unit's pipeline failure in Alaska, a BP spokesman said." He "will first appear on Capitol Hill on Sep. 7 to answer the House Energy and Commerce Committee's concerns about pipeline woes in Alaska … . The following week, the Senate Energy Committee will hold a hearing to examine the impact the pipeline corrosion issues will have on U.S. oil supply." Other committees "are planning to hold hearings as well, according to people familiar with the situation, which could again lead to Mr. Malone sitting in the hot seat in front of angry lawmakers looking to beef up pipeline safety regulations and criticize Big Oil in a time of record profits and high prices at the pump."

Plains States Said To Be Enjoying Economic Renaissance. In an Wall Street Journal op-ed (8/31), Joel Kotkin of the New America Foundation says, "At a time when the much-celebrated coasts creak from rising interest rates, faltering income levels and soaring energy prices," Bismark, the "windswept, energy-rich city of 57,000 on the

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western edge of the Dakota plains is experiencing the best of times. Cities like this one out in the far-off hinterland -- Iowa City, Sioux Falls, Fargo, Grand Forks, Rapid City -- now are enjoying job growth rates that, if they don't rival Las Vegas, certainly put to shame those of most major metropolitan areas. Unemployment is negligible and wages are rising across virtually all job categories." Behind the "good times are numerous factors, such as an Internet-enabled shift of technology and business service firms into the region, and a growing migration of downshifting boomers and young families. But perhaps the most dramatic change has come from an upsurge of energy prices that is turning places like North Dakota into a Nordic Abu Dhabi." Four ethanol facilities "are already in operation and a new biodiesel plant in Minot has just been announced; 11 wind power plants have been put into operation since 1997. But it's still fossil fuels that are driving things the most in North Dakota. Huge deposits of lignite coal, estimated at 35 billion tons, remain a primary source of electrical generation and synthetic natural gas. This makes the cost of energy half as expensive or less than in New York or California. Oil, as well, is booming."

US, Allies Assembling List Of Sanctions On Iran. The New York Times (8/31, Cooper, Sanger, 1.21M) reports, "With Iran defying a Thursday deadline to halt production of nuclear fuel, the United States and three European allies are assembling a list of sanctions they would seek in the" UN Security Council, "beginning with restrictions on imports of nuclear-related equipment and material." The "list of proposed sanctions…would begin with low-impact measures like an embargo on the sale of nuclear-related goods to Iran, and the freezing of overseas assets and a ban on travel for Iranian officials directly involved in the nuclear program." The Times says "the push for sanctions faces a high hurdle in the Council, given Russia and China's possession of veto power and their opposition to discussion of serious punishment for Iran." Also, that "effort" might "be hampered" by today's IAEA report detailing "only slow progress by Iran in enriching uranium." Of the report, Undersecretary Burns said "the American argument will focus on Iran's official refusal this month to stop enriching uranium despite an international ultimatum. 'The only criterion that matters is whether they met the conditions that the Security Council said they had to meet. And they haven't done it.'" US "officials expect the debate within the Council to take weeks and say it could extend through the opening of the" UNGA. "The administration is preparing to use those meetings to press for the sanctions resolution." Moscow and Beijing remain "concerned about any American-led escalation of a confrontation."

In extensive reporting, the AP (8/31, Jahn) adds, "A defiant Iran kept on enriching uranium in advance of the UN Security Council's Thursday deadline for Tehran to freeze such activity or face the threat of sanctions." President Mahmoud Ahmadinejad "urged European members of the council against resorting to sanctions, saying punishment would not dissuade his country from pursuing its disputed nuclear program." The AP says a complete suspension of enrichment activities "appeared unlikely, considering Tehran's past refusal to consider such a move and findings by the [IAEA] that it was enriching small quantities of uranium as late as Tuesday." Ambassador Bolton "said the U.S. still has not decided how it will formally respond once the deadline expires, though he will likely make some sort of statement on Thursday afternoon. He repeated, however, that Washington would seek sanctions if Iran disregards the resolution."

McClatchy Newspapers (8/31, Strobel) notes, "With Iran expected to ignore a U.N. deadline Thursday to halt uranium-enrichment experiments, the Bush administration faces an uphill battle to convince other world powers to impose significant costs on Tehran." The move towards sanctioning Tehran "faces strong opposition from U.N. Security Council member Russia, a major supplier of arms and nuclear technology to Iran, and has only the lukewarm enthusiasm of France and Germany." McClatchy says "Washington's sway has dwindled as a result of its predicament in Iraq and its backing of Israel's attempt to wipe out" Hezbollah.

Undersecretary of State Nicholas Burns was asked on CNN's The Situation Room (8/30) if the US has the votes to get a tough resolution on Iran through the UNSC. Burns said, "I think it's abundantly clear now we're a day before the deadline that Iran has no intention of meeting that deadline and meeting the condition that the current five countries put down three months ago. And that is, if Iran would suspend its nuclear efforts…we would all negotiate. The Europeans have negotiated for the last several years to no avail. They've done a very good job. But the Iranians haven't met them half way. So President Ahmadinejad should not be surprised that the United States will obviously move very quickly to bring this to the Security Council and to press forward with the sanctions regime. That is what we all said we'd do."

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Fox News' Special Report (8/30, Rosen) reported, "The UN Security Council set an August 31 deadline for Iran to stop enriching uranium. A senior Bush Administration official confirmed that Iran has actively continued enrichment program. The International Atomic Energy Agency is expected to report as much on Thursday." Fox added, "Aides are considering two courses of action, pressing for two or more rounds of sanctions or trying to impose the toughest measures they can get right up front, fearing there might only be one round of sanctions. Either way, an official tells Fox News the US won't settle for 'cosmetic sanctions.'"

In an analysis piece, the AP (8/31, Keath) says Tehran "isn't blinking in the face of Thursday's U.N. deadline for it to halt uranium enrichment or else finally face the possibility of sanctions the United States has sought for years. Tehran appears confident it can withstand any punishment — if it comes at all." The AP sees no chance of a suspension in the near term, and says Tehran's "behavior is not just defiant but mystifying" to outsiders. The UNSC will soon "start up a potentially divisive debate among the big powers" in which "Russia and China have so far opposed any sanctions." Washington "will likely push for economic sanctions against Tehran. But it could avoid seeking harsh punishment to start with in hopes of getting Moscow and Beijing's support, then increase the pressure later."

Pentagon Estimates Iran Will Not Have Nuclear Weapon Before 2011. The Washington Times (8/31, Scarborough, 88K) says the Pentagon "is operating under the assumption that Iran is five to eight years away from being able to build its first nuclear weapon, a time span that explains a general lack of urgency within the Bush administration to use air strikes to disable Tehran's atomic program." That assessment "has been discussed inside the Pentagon, which is updating its war plan for Iran. The time frame is generally in line with last year's intelligence community estimate that Iran could have the capability to produce a nuclear weapon by the beginning or middle of the next decade." However, the Times says its sources claim "that while the five-year window provides President Bush additional time to decide on whether to launch military strikes, they suspect it underestimates Iran's determination to build a bomb as quickly as possible." Retired Air Force Lt. Gen. Thomas McInerney, "a prominent proponent in Washington of air strikes against Iran, said that whether the estimate is five years or 10 years, the time span instills complacency in war planning. He said that Mr. Bush is now following the State Department's diplomatic path, without a clear policy."

Hoekstra Says Sanctions Won't Work If Russia, China Support Iran. House Intelligence Committee Chairman Peter Hoekstra was asked on CNN's The Situation Room (8/30) what the US should do now that "Iran has essentially thumbed its nose at the world." Hoekstra said, "I think the first thing that we need to do on this, is we need to go back to the other folks on the UN Security Council. One of the reasons that Iran is going to thumb their nose at us again tonight or tomorrow morning is because the Russians and the Chinese are not going to hold Iran accountable for its activities." Hoekstra added that "economic sanctions are not going to work against Iran if you're going to have a great big sieve, big holes in it because of Russia and China, and perhaps some of our allies are going to be, you know, providing economic support to Iran. It's the same thing that we saw with Iraq. Economic sanctions, the oil or the embargo against Iraq did not work because there were so many countries willing to ship materials into Iraq and to support Saddam's regime."

Journalist Says Sanctions Will Fail. In an op-ed in today's "Wall Street Journal (8/31, Rosett, 2.03M), journalist Claudia Rosett says imposing sanctions on Tehran "won't work." The Security Council's "extant" resolution did not "prevent Tehran's A-team terrorist affiliate in Lebanon, Hezbollah, from launching a war this summer while Mr. Ahmadinejad pondered his options." Iran's president has made "a highly rational calculation about the ease with which the U.N. can be corrupted, divided, delayed and defied -- without serious penalty." Sanctions will fail, Rosett says, because "the general greasing of Iran's important U.N. connections is already well advanced. …Tehran has already cultivated a global web of current and prospective business partners." Iran's "current and would-be business partners include some of the most seasoned smugglers and veteran cheats of the Iraq sanctions experience." Rosett cites several Security Council members who, she says, are not likely to push for sanctions enforcement. Of the UN staff who would enforce any sanctions, she says they has learned from the OFF scandal "that inside the U.N.'s opaque and diplomatically immune bubble, there are no real penalties for dereliction, duplicity or even graft." Rosett says there is likely "no initiative that will by now stop Iran short of direct military force. But whatever the solution, it is clearly the U.S. that will have to do the bulk of the cajoling, prodding and backroom

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bargaining to put together any coalition both able and willing, in whatever way necessary, to get the job done. That is a challenge urgent and daunting enough, without trying to drag along the entire baggage of the U.N."

Ros-Lehtinen Blasts Khatami Visit. The AP (8/31, Schweid) reports House International Relations Subcommittee On The Middle East And Central Asia Chair Ileana Ros-Lehtinen (R) "protested on Wednesday the Bush administration's decision to let former Iranian President Mohammad Khatami visit the United States for speeches and conferences." She "she was circulating a letter among members of Congress that contended Khatami should be treated as a threat to U.S. national security interests and Middle East policy objectives." Ros-Lehtinen is quoted saying, "It is mystifying that we would roll out the red carpet to a person who has incited violence against civilians and who has expressed incendiary rhetoric against the United States and our allies." Sen. Rick Santorum (R) "said he was outraged that Khatami had received a visa. He called the former Iranian president 'one of the chief propagandists of the Islamic Fascist regime.'" Khatami "would be the most senior Iranian official to visit Washington since" the attack on the US Embassy in Tehran in 1979.

Olmert Rejects Annan Call To End Blockade Of Lebanon. The Washington Post (8/31, A18, Wilson, 748K) reports Israeli Prime Minister Ehud Olmert "said Wednesday he would not lift Israel's six-week-old blockade of Lebanon despite appeals from" UN Secretary General Kofi Annan. Olmert told reporters that "Israel would restrict passage to Lebanon by land, sea and air until a multinational peacekeeping force arrived in southern Lebanon and the remaining terms of a U.N.-brokered cease-fire were fulfilled." The Post notes Olmert is "suffering politically at home for his handling of the war" and remains "concerned" about Hezbollah's ability to import arms. Annan had "suggested lifting [the blockade] would help consolidate a cease-fire that has been tested by both sides since taking hold just over two weeks ago." He also told Tel Aviv "that Israel has violated the terms of the cease-fire far more often than Hezbollah."

The New York Times (8/31, Hoge, 1.21M) says Olmert "rebuffed a request on Wednesday from" Annan "for even a partial lifting of the seven-week-old blockade of Lebanon." Annan had told Olmert "that while he would prefer that Israel completely lift its blockade…, he wanted Mr. Olmert at least to allow Beirut's airport to resume normal operations." Olmert "rejected that idea. In doing so, he referred to Mr. Annan's previous insistence that all parties to the United Nations-brokered cease-fire on Aug. 14 abide by all of its provisions." Speaking to reporters, Olmert "recycled for his own purposes the same metaphor Mr. Annan had used moments before to say the cease-fire resolution was not a smorgasbord." The Times notes Olmert's "domestic popularity has suffered from widespread dissatisfaction with his handling of the war." The AP (8/31, Nessman) adds Olmert "rejected demands from" Annan that" Israel "immediately lift its sea and air blockade of Lebanon and withdraw its forces once 5,000 international troops are deployed."

The Los Angeles Times (8/31, King, 918K) adds Tel Aviv "signaled today that it would not lift its air and sea blockade of Lebanon or withdraw the rest of its troops until two Israeli soldiers seized by Hezbollah are freed." Annan "called for an immediate easing of Israel's embargo and a withdrawal of its troops once about one-third of a promised 15,000-member international force has been deployed in south Lebanon. But the Israeli leader responded to Annan's appeal by saying that the U.N. cease-fire resolution must first be fully implemented." Olmert's office later clarified that that benchmark included the return of the two kidnapped IDF soldiers. The Times further notes that Annan and Olmert "were apparently unable to reach an accord on whether the Syrian border, which has been a prime conduit for the shipment of arms to the Hezbollah militia, will be policed by the international force or the Lebanese army."

Syria Has Supplied Weapons Directly To Hezbollah. The Los Angeles Times (8/31, Spiegel, King, 918K) reports, "New postwar intelligence indicates that the militant group Hezbollah had broader access to sophisticated weaponry than was publicly known — including large numbers of medium-range rockets made in Syria." The scope of that "arsenal and the direct role of Syria in supplying it will complicate the daunting task of keeping Hezbollah from rearming, the officials said." Despite clear political support from Damascus to southern Lebanon, US analysts "thought Syria for the most part was not supplying munitions directly." The Times continues, "The disclosures about Syria's role in supplying Hezbollah dovetail with postwar diplomatic strategies," with Western nations' "plans for stabilizing Lebanon resting heavily on preventing Hezbollah from rearming."

Egeland Calls Israeli Tactics "Completely Immoral." The Financial Times (8/31, Turner, Morris, Peel)

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reports UN humanitarian chief Jan Egeland "described as 'shocking and immoral' the fact that Israel dropped well over 90 per cent of its cluster munitions in Lebanon during the last three days of the conflict – when it was already clear there would be a cessation of hostilities." Egeland is quoted saying, "Civilians will die disproportionately again, after the war. This should not have happened. It's an outrage." He later "added that countries which had supplied Israel with the munitions, including the US, should take the matter up with" Tel Aviv. The AP (8/31, Dilorenzo) adds Egeland "said Israel had either made a 'terribly wrong decision' or had 'started thinking afterwards.' The remarks were unusually harsh even for Egeland, who often ignores an unwritten rule that U.N. officials should not criticize member states too severely."

In a piece on Lebanese children, the CBS Evening News (8/30, story 9, 2:00, Schieffer, 7.66M) reported, "The cease-fire in south Lebanon continues to hold, but only now that the shooting has stopped are we coming to understand the true cost of what happened there. We know about the losses the armies suffered, but only now are we coming to understand the losses suffered by the innocent, the children."

Siniora Announces Government Aid To Displaced Families. The Washington Post (8/31, A18, Boustany, 748K) notes Lebanese Prime Minister Fouad Siniora "on Wednesday unveiled a $33,000 compensation package for Lebanese whose homes were destroyed in the" recent conflict. His "compensation plan comes amid domestic and regional criticism for what some say has been a slow response to the needs of the people, and three days after Hezbollah's leader, Hasan Nasrallah, suggested that the government was not meeting the expectations of the Shiite Muslim community." Experts "have warned that the public's frustration with the government's lagging efforts, when compared with Hezbollah's swift delivery of stacks of U.S. $100 bills, could lead to instability." The Post also details international aid commitments and plans for this week's donors conference.

Siniora Rejects Any Peace Deal Unless Palestinian Conflict Resolved. The AP (8/31, Dakroub) reports Siniora "said Wednesday that he refused to have any direct contact with Israel and Lebanon would be the last Arab country to ever sign a peace deal with the Jewish state. 'Let it be clear, we are not seeking any agreement until there is just and comprehensive peace based on the Arab initiative,' he said." The AP explains that Tel Aviv "has long sought a peace deal with Lebanon, but Beirut has hesitated as long as Israel's conflicts with the Palestinians and Syria remained unresolved. Siniora said Lebanon wants to go back to the 1949 armistice agreement that formally ended the Arab-Israeli war over Israel's creation."

After 50 Years, Israel's Magen David Adom Joins Red Cross/Red Crescent. In a 1,050-word piece, the Washington Post (8/31, A23, Goldfarb, 748K) details the story behind Magen David Adom's recent alliance with the International Red Cross and Red Crescent Movement." The June agreement was "the result of a year and a half of diplomatic effort by the State Department working with American Red Cross, Israeli, Palestinian, Swiss government and international Red Cross officials." Diplomats' initial rejection of MDA "loomed symbolically over the next half-century as Israelis felt excluded from the international humanitarian movement. Periodic efforts to address the situation were begun, but they were always postponed because of concerns about the latest conflict in the Middle East."

Lebanese Shiites, Minorities Split Over Hezbollah Disarmament. The Washington Times (8/31, Sands, 88K) reports a French-language newspaper's poll conducted August 14-17 suggesting "Lebanese are sharply divided along religious lines over whether Hezbollah guerrillas should be forced to disarm" even though most respondents gave them "high marks for its performance in the recent conflict with Israel." While 84 percent of Shiites "think Hezbollah should hold on to its arms in defiance of" the ceasefire, over 75 percent of Christians and Druze "want to see Hezbollah disarmed. Opinion was more evenly split among Lebanon's Sunni Muslims, with 54 percent favoring disarmament." The Times adds, "A poll by the Beirut Center for Research and Information, conducted Aug. 18 to 20, found that a majority of Lebanese think Hezbollah had 'won' the war with Israel, surviving a fierce ground and air attack by one of the world's most potent militaries. That poll found that 84.6 percent think Israel had planned the war long before and had used the raid as a pretext."

Jackson Says Talks Would Lead To IDF Soldiers' Release. The AP (8/31, Heller) reports the Rev. Jesse Jackson "said Wednesday he was convinced that if Israel and the Islamic militant groups holding three Israeli soldiers would hold talks it would lead to the soldiers' release." He is quoted telling CNN, "I'm convinced that if we have the capacity to talk, we could bring this matter ... to a head. I think we're right at the precipice of being able to make a

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breakthrough if we, in fact, are able to talk." Jackson "arrived in Israel on Wednesday as head of a 10-member ecumenical delegation representing Jewish, Muslim, Roman Catholic and Protestant groups on a mission to try to get the soldiers released." The AP notes, "Jackson has had success several times in the past in negotiating the release of political hostages, including in 1984, 1990 and 1999.

Chavez Sounds Anti-US Message In Visit To Syria. The New York Times and Washington Times run an AP story (8/31) that reports, "President Hugo Chávez of Venezuela received a hero's welcome on Wednesday in Syria, where he said the two countries would 'build a new world' free of domination by the United States and vowed to 'dig the grave of US imperialism.'" The AP adds, "Thousands of Syrians waved banners and Venezuelan flags along Mr. Chávez's route to a meeting with President Bashar al-Assad."

Bush's "Instincts" Said To Dictate Policy Towards India. In an analysis piece by their Washington Bureau chief, the Financial Times (8/31, Luce) reports, "When" President Bush "was taking foreign policy lessons from the so-called 'vulcans' (a group of advisers led by Condoleezza Rice) in the 2000 US presidential campaign, the subject of India arose." Bush immediately made "an instinctive statement of support for a nation that Washington now routinely describes as a 'natural ally.' In spite of its continuing prickliness over sovereignty and a residual sense of anti-Americanism, India has returned Mr Bush's overtures with interest." The Times notes a "burgeoning US-India relationship" and the "unprecedented deal that permits India to derive all the advantages of being a signatory to the nuclear non-proliferation treaty without actually joining it." The Times adds, "In diplomatic terms, what Mr Bush did amounts to a sharp course correction. When observers point to Mr Bush's tendency to follow his instincts, they point to his administration's unquestioning support for Israel. They could just as persuasively point to the US-India nuclear deal." Despite opposition in Washington and New Delhi, "neither set of domestic opponents is likely to derail the deal." The Times says this case "has larger significance still. For the first time in US history, Washington has declared specifically that it will sponsor another country's rise to 'great power' status – a slightly antiquated phrase but a clear statement nonetheless of Mr Bush's aims." The US' "sponsorship of India" is likely to "outlast Mr Bush's tenure in the White House."

US Defense Contractors See Opportunity In Closer India Ties. The Washington Post (8/31, D1, Merle, 748K) reports, "After decades on the sidelines, US defense contractors are eyeing India's growing military budget and aging arsenal as a multibillion-dollar opportunity that could help offset a projected slowdown in Pentagon weapons spending and extend production lines for such items as the F-16 fighter." India "has been effectively closed to US defense firms since the 1960s, initially because of its ties with the Soviet Union, and later under formal sanctions imposed in response to nuclear weapons tests in 1998. Those sanctions were lifted in 2001, a decision given impetus by the Sept. 11 attacks and the growing strategic alliance between the two countries." The Post adds, "Several of the Pentagon's largest contractors, including Lockheed Martin Corp. and Boeing Co., have either opened new offices or beefed up existing ones in India and are part of an industry-wide wooing of military officials and business leaders there. … The Aerospace Industries Association, a lobbying group, is planning a trip there in December with executives from up to 20 companies."

Darfur On "Edge Of A New Abyss." The New York Times (8/31, Polgreen, 1.21M) reports from Sudan that so far, "negotiations over a proposed United Nations force to shore up the shaky peace in Darfur have limped along with no sign of compromise. The opposing sides in the conflict now seem headed toward a large-scale military confrontation, bringing Darfur to the edge of a new abyss -- perhaps the deepest it has faced. … Nearly four months after signing the agreement, the government is preparing a fresh assault against the rebel groups that refused to sign. Years of conflict have already killed hundreds of thousands of people here and sent 2.5 million fleeing their homes. But that may be a prelude of the death likely to come from further fighting, hunger and disease. In the past few months, killings of aid workers and hijackings of their vehicles, mostly by rebel groups, have forced aid groups to curtail programs to feed, clothe and shelter hundreds of thousands of people." The United Nations Security Council "plans to vote Thursday on a resolution that would replace the 7,000 African Union troops with some 21,000 United Nations troops and police officers, but the resolution specifies that the troops will not deploy without the consent of the Sudanese government." A visit to Khartoum this week by Jendayi E. Frazer, "assistant secretary of state for African affairs, failed to produce an agreement,

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potentially leaving the people of Darfur without any international peacekeepers to protect them."

Paulson Cancels Planned Trip To Tokyo. In its "Washington Wire" column on its web site, the Wall Street Journal (8/30, 2.03M) reported that Treasury Secretary Henry Paulson has canceled a planned visit to Tokyo next month "because it would have overlapped with leadership elections in the ruling Liberal Democratic Party." Paulson "still plans to visit Vietnam for the Asia-Pacific Economic Cooperation forum next week, return to the US and then turn around almost immediately to attend the International Monetary Fund/World Bank annual meetings in Singapore and to visit China."

Upheaval Continues In Mexico As López-Obrador Refuses To Concede Election. The Wall Street Journal (8/31, Luhnow, Lyons, 2.03M) reports, "With conservative Felipe Calderón now all but certain to become Mexico's next president, he faces a critical issue that will determine the success of his six-year term: How to prevent growing political confrontation from undermining the country's transition to democracy and free markets." Mexico "is coming off its version of the Florida 2000 election battle. Mr. Calderón's narrow July 2 defeat of his leftist opponent Andrés Manuel López Obrador also landed in a court, which this week rejected Mr. López Obrador's contention that the balloting was marked by fraud." The electoral court "is now widely expected to name Mr. Calderón the president by the legal deadline of Sept. 6." But "unlike 2000, when former vice president Al Gore accepted the Supreme Court's ruling on the election, Mr. López Obrador refuses to recognize judicial power. Instead, the former Mexico City mayor is promising to make the country ungovernable. It's as if Al Gore had called for revolution instead of calm."

Bolivia's Morales Suffers Setbacks Since Taking Power. The Washington Post (8/31, A16, Reel, 748K) reports, "Intensifying labor strife, political infighting and budgetary pressures are threatening to chip away at the domestic support of Bolivian President Evo Morales, who took office in January promising to nationalize the natural gas industry and to achieve social equality for the country's indigenous majority." Upon assuming power, Morales "announced a series of sweeping reforms that have helped make him one of the most popular presidents in modern Bolivian history," but soon thereafter his "government quietly issued a statement announcing the temporary suspension of the 'full effect' of the nationalization program because of a lack of funds. On Monday, the president of the state energy company resigned," and "a day later, members of the Constituent Assembly suspended voting amid tense debate." The Post says Morales is now "on the receiving end of the same sort of social and labor protests that he used to organize." The "pressure is building quickly" for renewed and sustained action.

Monitors In Sri Lanka Say Government Forces Killed Aid Workers. The New York Times (8/31, Senanayake, Sengupta, 1.21M) reports, "In a searing indictment of the Sri Lankan government, Swedish-led cease-fire monitors on Wednesday accused government security forces of killing 17 aid workers early this month in Mutur in one of the worst attacks against humanitarian workers worldwide in recent years." The conclusion was based on three reasons: security forces had been in Mutur at the time of the killings. Second, the government had barred the monitors from the scene immediately after the bodies had been discovered. Third, confidential conversations with 'highly reliable sources' had pointed to the culpability of the security forces." In response, the government "reacted angrily, saying it 'regrets the unprofessional and rather irresponsible stand' by the truce mission. It said the determination lacked any factual evidence to substantiate its conclusion and was based on misleading inferences, denying that the authorities prevented monitors from visiting the scene."

Merkel Sees Popularity Fade. The Wall Street Journal (8/31, Walker, 2.03M) reports, "German Chancellor Angela Merkel's authority is in decline as her fragile coalition government proves unable to capitalize on an economic upswing to introduce badly needed" economic changes. However, her "government is unlikely to fall because neither" her Christian Democratic Union or the Social Democrats "can assemble a viable alternative majority in Germany's fractured parliament." Meanwhile, her supporters "are growing frustrated" saying that "compromises with the left are slowing market-oriented changes to the economy." Her falling popularity is further "compounding the problem by making it harder for the already fractious coalition to agree on how to create jobs and turn the economic improvement into better growth over a longer period."

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WPost Condemns China's Crackdown On Dissent. The Washington Post (8/31, A24, 748K) editorializes, "This has become a landmark month in China's ongoing crackdown on free expression and peaceful dissent. Just 10 days ago we wrote about the trial of Hong Kong journalist Ching Cheong on patently bogus charges of espionage. Mr. Ching hasn't been sentenced yet, but last Friday another journalist, Zhao Yan, was given a term of three years on fraud charges. A day earlier, one of the country's bravest human rights lawyers, Chen Guangcheng, was sentenced to four years. A week before that, another prominent lawyer, Gao Zhisheng, was abducted without a warrant by security forces; he was later reported to be detained for unspecified 'criminal activities.' … That's a strange policy for a regime that hopes to host the world at the Olympic Games just two years from now -- and it's something that democratic governments ought to start talking more about."

WSJournal Eulogizes Naguib Mahfouz. The Wall Street Journal (8/31, 2.03M) editorializes that Egyptian writer Naguib Mahfouz "survived…'censure,'" of a stabbing, "as he did so many others until his death this week." He received "a well-deserved Literature Nobel Prize in 1988," but "perhaps Mahfouz's most important legacy is as a model of Arab intellectual life at its best -- critical and playful, sensual and moderate, authentically Egyptian but seriously engaged with the better currents of Western intellectual life" – "qualities, it sometimes seems, are in short supply in Arab life today." The Journal would have Mahfouz's "memory inspire such changes that hope in the Middle East be something other than a sentence."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"State On Verge Of Greenhouse Gas Restrictions."
"Nobelist's Fiction Brought To Life His Beloved Cairo."
"Phd In Patience Required."
"Sweeping Changes In Elder Care Pass."
"Israel Says Syria, Not Just Iran, Supplied Missiles To Hezbollah."
"Mayor Urges Peace, District Prepares For Legal Battle."
"In Caracas, The Poor Shall Inherit The Golf Course."

USA Today:
"Chertoff Backs Air Traveler Registry."
"Are Out-Of-State Students Crowding Out In-Staters?"
"Pentagon Sees Risk In Troops' Loan Debt."
"Legislation."

New York Times:
"Leaders Accept California Bill To Cut Emissions."
"Shaky Darfur Peace At Risk As New Fighting Looms."
"U.S. Drafts List Of Sanctions As Iran Ignores Deadline."
"Man From Google Joins Apple's Board."
"Live Long? Die Young? Answer Isn't Just In Genes."
"Students' Paths To Small Colleges Can Bypass SAT."

Washington Post:
"Nicotine Up Sharply In Many Cigarettes."
"In Search of a Past."
"Japanese Women Catch The 'Korean Wave.'"
"Leading Arab Novelist Gave Streets A Voice."
"Bush Team Casts Foes As Defeatist."
"Medical Practices Blend Health and Faith."

Washington Times:
"Are Black Democrats Liberal Enough For The Left."
"Bush Seeks To Bolster War On Terror."
"Chavez, Assad Join Hands Against U.S."
"Irish Airlines To Allow Cell Phones On Flights."
"Sports Clubs Bulk Up In D.C. Area."

Detroit Free Press:
"Highway Headache Clears up Early."
"7 Models That Matter."
"Live Ammo On Great lakes U.S. Plan Blindsides Boaters."

Atlanta Journal-Constitution:
"State SAT Ranking Look Up."
"FAA Broke Own Rules In Tower At Lexington."
"A Year After Katrina."
"Tech Tickets For Saturday Hotter Than Irish Coffee."

Houston Chronicle:
"Getting There: It Could be Worse."
"Secrets Linger On Old Cell Phones."
"Pair Who Starved Boys Get Decades In Prison."
"A Landmark Deal On Global Warning."
"Confronted With An Agony No family Can Prepare For."

Story Lineup From Last Night's Network News:
ABC: Tropical Storm Ernesto; Hurricane John; Sectarian Violence; Bush-Iraq Critics; Veterans-Brain Injuries;

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Parkinsons Breakthrough; More Nicotine-Cigarettes; SAT-Girls; Global Warming; Naguib Mahfouz Obit; Youtube Usage.

CBS: More Nicotine-Cigarettes; Gas Prices-Auto Sales; Ethanol Alternative; Sectarian Violence; Storm Watch; Comair Plane Crash; New Marine Vehicle; Global Warming; Cease-Fire.

NBC: Sectarian Violence; Bush-Iraq Critics; Bush-Critics; Strom Watch; City Violence; Global Warming; Comair Plane Crash; Stock Market; Baby Boomers-Continued Work.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Tropical Storm Ernesto; NC-High School Shooting; Ford Obit.

CBS: Ford Obit; CA-Greenhouse Gas Limits; KY-Plane Crash; Tropical Storm Ernesto.

NPR: CA-Greenhouse Gas Limits; Tropical Storm Ernesto; Marines-Iraq Murder Investigation; Ford Obit; Wall Street; Chavez-Syria Trip; Iran-Nuclear Program.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the First Presidency of the Church of Jesus Christ of Latter-day Saints, Salt Lake City; speaks to the 88th Annual American Legion National Convention, Salt Lake City; speaks at an Orrin Hatch for Senate luncheon, Salt Lake City; arrives at Camp David.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: MINORITY BUSINESSES _ The U.S. Small Business Administration and the Department of Commerce's Minority Business Development Agency will take part in the 24th National Minority Enterprise Development (MED) Week Conference. Highlights: 12 a.m. - 2 a.m. State of Commerce Luncheon with Ben S. Bernanke, Chairman and member of the Board of Governors of the Federal Reserve System; and Elaine Chao, Secretary of Labor. 7:30 a.m. - 8:45 a.m. ``Meet Your White House Breakfast with Sen. Olympia J. Snow, R-Maine. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

AGENT ORANGE _ 9:30 a.m. South Korean veterans of the Vietnam War hold a rally to bring attention to the problems of troops who fought with U.S. soldiers in Vietnam. Location: Lafayette Park.

ECONOMY-CHAMBER _ 10 a.m. The US Chamber of Commerce holds a briefing to discuss the economic outlook, immigration reform and pensions. Location: 1615 H St. NW.

NAACP-IRS _ 10 a.m. NAACP President Bruce Gordon and Board Chairman Julian Bond hold a news conference to discuss the investigation of the NAACP by the IRS. Location: National Press Club.

NUCLEAR TERRORISM _ 10 a.m. Physicians for Social Responsibility holds a briefing to release a study on US nuclear terrorism preparedness. Location: National Press Club.

LADIES OF DISTINICTION _ 11 a.m. The Fourth Annual First Ladies Benefit Luncheon will be held to honor ``First Ladies of Distinction." The honorees are: Alexine Clement Jackson, First African American Woman National President of YWCA of USA; Janet Murguia, President/CEO, National Council of LaRaza, First Woman President of a national Hispanic organization; Kyle Zimmer, President/Co-founder, First Book, an award-winning non profit organization that provides thousands of low-income children with their first new books; Renee Poussaint, journalist, CEO/Co-founder with Dr. Camille Cosby of The National Visionary Leadership Project. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

WORKING AMERICA _ 11 a.m. The Economic Policy Institute holds a telephone briefing to release the 10th edition of its report, ``The State of Working America." Contacts: n/a, 202-775-8810.

MINORITY BUSINESS _ 11:45 a.m. Commerce Secretary Gutierrez speaks on minority business development and the economy at the 24th Annual National Minority Enterprise Development Week Conference. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

9/11 AVAILABILITIES _ 1 p.m. The Defense Department's Washington Headquarters Services Communications Department holds the last in a series of availabilities to assist media organizations with Sept. 11 fifth anniversary efforts, such as getting B roll, interviews, etc. Location: Pentagon.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, AUGUST 31, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Gonzales Says Guantanamo Detention Camp Will Eventually Be Closed ... 3
Padilla Trial Seen As Legal Test For Anti-Terror Tactics ... 3
UK Court Rules Police May Hold Uncharged Terror Plot Suspects For Another Week ... 3

Homeland Response:

Chertoff Backs Registered Traveler Program ... 3
Truckers, Bus Drivers Enlisted To Watch For Suspicious Activity On Highways ... 4
WTC Flag Still Missing ... 4
Welcome For Katrina Evacuees In Houston "No Longer Warm." .. 4

War News:

Bush Speeches Will Cast Iraq As Central Front In Global War On Terror ... 4
Spike Of Sectarian Violence Continues In Iraq ... 6
Pentagon Will Not Seek Death Penalty For Marine Charged With Murder Of Iraqi ... 7
European Allies Hesitant To Reinforce "Lawless" Afghan Province ... 7
Afghan Rebels Behead Two Suspected Spies ... 7
Professor Argues Against "Coalition Warfare" In Iraq, Afghanistan ... 7
Lehman Says US Losing War Against Jihadists ... 8
Lack Of Student Protests Against Iraq War Lamented ... 8

Corporate Scandals:

Former Brocade Officials Plead Not Guilty In Options Case ... 8
US Seen Shifting Away From White-Collar Prosecutions ... 8
SEC Drops Probe Of Former Shell Executives ... 9
Attorneys Often Avoid Punishment In Corporate Prosecutions ... 9
Canadian Court Freezes Conrad Black's Assets ... 9

Criminal Law:

Armitage Revelation Raises More Questions About Plame Case. 9
Sex Offender Convicted Of Killing North Dakota College Student10
New Jersey City Officials, Contractor Plead Guilty To Bribery Charges ... 10
Law Firm Begins Texas School Credit Card Fraud Probe ... 11
Former NOAA Employee Sentenced To 15 Years For Child Pornography ... 11
Jeffs To Be Prosecuted In Utah, Then Arizona ... 11
Mob Turncoat Testifies Gotti Sought Illegal Weapons In 2002 ... 12
Violent Crime Up In 2006 ... 12
Judge To Consider Legality Of Online Gambling ... 12
Oklahoma Executes Man With New Injection Procedure ... 13
80 Louisiana Sex Offenders Arrested In "Operation Safe Neighborhood." ... 13
Illinois Child Pornographer Sentenced To 100 Years In Prison .. 13
Former FEMA Employees Sentenced To Prison For Katrina Contract Bribery ... 13

Civil Law:

Nicotine Content In Cigarettes Increases Sharply ... 14

Civil Rights:

Texas Officer Convicted Of Civil Rights Violation In Transsexual Rape Case ... 14
Kim Expects Improvement At Mississippi Training Schools ... 14
DOJ Subpoenas Former, Current DC Officials In Group Home Suit ... 15
S FBI Investigating Alleged Civil Rights Violation By Louisiana School Bus Driver ... 15
ome Groups Oppose New California Anti-Bias Law ... 15
California Judge Rules District May Consider Race In Setting School Attendance Boundaries ... 15
Judge Criticized For Ruling On Michigan Initiative To Ban Racial Preferences ... 15

Antitrust:

Exelon Acquisition Of PSEG Seen As Less Likely ... 16
California Newspaper Suit Put On Fast Track ... 16
Senate Hearing On Texas Airfield Agreement Seen Likely ... 16
Valassis Sues To Rescind Advo Offer ... 17
TiVo's Patent Litigation Costs Widen Corporate Losses ... 17
Shareholders Approve Electron's Bid For Fisher ... 17

Environment/Indian Affairs:

EPA Working On Wetlands Guidelines ... 17
3rd Circuit Rules For US In DuPont Cleanup Case ... 18
Report Questions Ethanol's Suitability As Replacement For Gasoline ... 18
New Park Service Rules Emphasize Conservation Over Recreation ... 18

Schwarzenegger, Legislature Reach Deal On Global Warming Bill ... 18
LATimes Praises Schwarzenegger's Handling Of Tribal Casinos 19

FBI/DEA/ATF/USMS:

McNulty Pledges More Cooperation To Fight Street Crime ... 19
FBI Officials Tout Post-9/11 Tech Upgrades, New Investigative Database ... 20
Authorities Report Record Meth Seizure In Georgia ... 20
More Than 70 Arrested In West Virginia Drug Sweep ... 21
DEA Agents Intervene In Undercover Operation At California Marijuana Dispensary ... 21
College Student In New York Accused Of Impersonating Federal Agent ... 21
Buffalo Launches New "Weed & Seed" Initiative ... 21

Immigration:

Pro Bono Project Matches Immigration Appellants With Lawyers, Students ... 21
Immigration Reform Supporters Plan More Protests In DC, Other Cities ... 22

Tax:

DOJ Sues To Stop California Man From Preparing Tax Returns 22
2nd Circuit Sides With US In Tax-Shelter Abuse Case ... 22

Congress-Administration:

Bush To Revive "Controversial" Judicial Nominations ... 22
Bush Says Entitlement Reform, Energy Dependence Key Issues For Next Two Years ... 23
Stevens Blocking Bill To Create Federal Spending Database ... 23
Spellings Says NCLB Has Improved Schools, Should Be Expanded ... 23
Democratic Agenda Includes Iraq Withdrawal, Oversight Investigations, Social Legislation ... 24
Gingrich Says Prospect Of "Speaker Pelosi" Is Frightening ... 24
Pentagon Report Finds Service Members "Preyed On" By Payday Lenders ... 24
NYTimes Calls For "Honest Assessment" Of Missile Defense System ... 25
Goldberg Says Criticism Of Bush Overblown ... 25
NYTimes Says Senate Should Not Confirm Tomlinson's Reappointment ... 25
LATimes Says Congress Should Resist If Kummant Seeks To End Amtrak ... 25

Other News:

Second Quarter GDP Revised Up To 2.9% ... 25
WPost Says Maryland Constitution Too Restrictive On AG-Eligibility Requirement ... 26
Bush Raises Funds For Hutchinson, Corker ... 26
AFL-CIO To Spend $40 Million On "Voter Protection" Program ... 27
Novak Calls Scope Of House Seats Targeted By Republicans "Pitiful." ... 27
Wilson Could Be Hurt By Support For Bush On Iraq ... 27
Facing Tough Reelection, Shays Undergoes "Conversion" On Iraq Troop Withdrawal ... 27
Pryce Facing Unexpectedly Difficult Environment In OH15 ... 27
NRCC Backs Huffman In AZ8 GOP Primary ... 28
Jeb Bush Floated As Write-In Candidate In Florida Senate Race 28
Allen Downplays Poll Showing Him Trailing Webb ... 28
Poll Shows Menendez Trailing Kean By Four Points ... 28
Black Incumbents Facing More Challenges From Left ... 28
Will Calls Missouri Senate Race "Emblematic." ... 29
Critics Of Ohio Vote Count Want '04 Presidential Ballots Preserved ... 29
Broder Says Democratic 2008 Calendar Change Will Limit Candidate Exposure ... 29
Rice Again Says She Will Not Run For President ... 29
Oracle Offers Executives Legal Advice On Political Contributions 29
FDA Warns Canadian Pharmacies About Shipping Counterfeit Drugs ... 30
Study Says Medical Spending Related To Life Expectancy ... 30
BP May Resume Eastern Prudhoe Bay Production Soon ... 30
Plains States Said To Be Enjoying Economic Renaissance ... 31
US, Allies Assembling List Of Sanctions On Iran ... 31
Olmert Rejects Annan Call To End Blockade Of Lebanon ... 33
Chavez Sounds Anti-US Message In Visit To Syria ... 34
Bush's "Instincts" Said To Dictate Policy Towards India ... 34
Darfur On "Edge Of A New Abyss." ... 35
Paulson Cancels Planned Trip To Tokyo ... 35
Upheaval Continues In Mexico As López-Obrador Refuses To Concede Election ... 35
Bolivia's Morales Suffers Setbacks Since Taking Power ... 35
Monitors In Sri Lanka Say Government Forces Killed Aid Workers ... 36
Merkel Sees Popularity Fade ... 36
WPost Condemns China's Crackdown On Dissent ... 36
WSJournal Eulogizes Naguib Mahfouz ... 36

The Big Picture:

Headlines From Today's Front Pages ... 36

Washington's Schedule:

Today's Events In Washington ... 37

DOJ_NMG_0055923

TERRORISM NEWS:

Gonzales Says Guantanamo Detention Camp Will Eventually Be Closed. AFP (8/31) reports, "US Attorney General Alberto Gonzales said during a visit to Qatar that the controversial US detention camp at Guantanamo Bay in Cuba will eventually be closed. … 'I think that Guantanamo will be shut down one day. Guantanamo exists because it is necessary -- we are engaged in a war on terror,' Gonzales told reporters in Doha. … 'As soon as Guantanamo is no more necessary, I think that the expectation is that it will be shut down,' said Gonzales, who met with Qatar's Crown Prince Sheikh Tamim bin Hamad al-Thani and his Qatari counterpart Ali bin Futais al-Merri." AFP adds, "Gonzales, who came to Qatar from Iraq, said he had discussed reports about 'serious violations of human rights' by Iraqi security forces during his talks in Baghdad Tuesday. … 'I was assured that these reports have been taken seriously,' he said. … Gonzales met with Iraqi Deputy Prime Minister Barham Saleh and discussed the tactics used by Iraqi security forces to combat a wave of violence, allegedly including torture."

Padilla Trial Seen As Legal Test For Anti-Terror Tactics. The Christian Science Monitor (8/31, Richey) reports, "Jose Padilla, the former Chicago street thug who allegedly turned Al Qaeda sympathizer, is best known for reportedly plotting to explode a radiological 'dirty bomb[in a major US city. … But that alarming allegation is noticeably absent from Mr. Padilla's terror conspiracy indictment in federal court here. Instead, the most explosive allegation in the government's case is that Padilla broke US law by becoming an Al Qaeda recruit and filling out an application to be a holy warrior." The Monitor continues, "Ahead of Padilla's trial, set for Jan. 22, defense lawyers are filing a flurry of pretrial motions seeking to establish that the government engaged in outrageous conduct by having the military detain and interrogate Padilla. The conduct was so outrageous, they say, that all charges against him must be dropped." The Monitor adds, "What makes Padilla's case potentially so important is that he is the first person designated by President Bush as an enemy combatant to later face criminal charges in a civilian court. … As such, his case exists at the murky intersection of two contrasting systems. On one side is the criminal-justice system, which operates under established rules and constitutional mandates designed to protect the rights of American citizens. On the other is a military interrogation system run exclusively by the executive branch and designed to extract confessions from Al Qaeda suspects through methods that violate many of the fundamental rules of the criminal-justice system. … No matter how Padilla's case ends - with a conviction, an acquittal, or a plea bargain - his case is an important test of whether the government will be able to avoid legal consequences for the tactics it used during Padilla's military detention and interrogation."

UK Court Rules Police May Hold Uncharged Terror Plot Suspects For Another Week. The Washington Post (8/31, A20, Sullivan, 748K) reports, "A British court on Wednesday gave police one more week to consider charges against five suspects held in an alleged plot to blow up US-bound jetliners." The five "were among 25 people arrested in raids in London, Birmingham and High Wycombe, west of London, this month. Police have alleged that the suspects intended to smuggle liquid explosives onto airliners for detonation in flight. Their arrests caused disruptions to air traffic around the world and resulted in strict new rules for carry-on baggage." The five suspects "are being held under a new British law that allows detention of terrorism suspects for up to 28 days without charge, provided a judge reviews their detention every seven days." The Los Angeles Times (8/31, Rotella, 918K) runs a similar story.

HOMELAND RESPONSE:

Chertoff Backs Registered Traveler Program. USA Today (8/31, 1A, Frank, 2.27M) is offering extensive coverage of an interview with DHS Secretary Michael Chertoff this morning, reporting on its first page that he "strongly backed" the Registered Traveler program. "Chertoff told USA TODAY that checking air travelers' backgrounds, including phone numbers and travel histories, would improve security by allowing the department to focus on passengers with unknown backgrounds. 'Probably Registered Traveler will be the first step because it's voluntary,' Chertoff said." USA Today added that the secretary's comments were "among the strongest yet by the administration in support of" the "long-delayed program." Chertoff said Registered Traveler's main benefit for passengers is that they "would 'by and large' be exempted from additional searches and questioning at checkpoints."

USA Today (8/31, 11A, 2.27M) also runs the transcript of the interview, dealing with post 9/11 air security in general. After saying he was "hesitant to say that we should focus only on males, or Muslims of a particular age," Chertoff was asked what "an airport screener look for?" Chertoff said, "We are training our screening officers in behavioral pattern recognition, looking at ways people behave that will actually suggest they're trying to hide something. That's a positive

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step that does not require ethnic profiling but looks to the pattern of behavior." Asked whether progress was being made towards being able "to fine-tune the ban on liquids and gels?" Chertoff said that the technology available to screen for dangerous liquids "takes a long time. … And sometimes it turns out that a more comprehensive ban is clearer, more easy to enforce and more efficient for the traveler."

On the same page, USA Today (8/31, 11A, 2.27M) lists selected quotes from Chertoff regarding the war on terror. Chertoff said the US will only avoid another "attack if we are not only constantly vigilant but always adaptable in trying to look around the corner and see not only what happened before but what's going to happen next." Chertoff is also quoted as saying, "At Homeland Security, we have to bat a thousand. We have to stop everything. And particularly as you get into low-level, homegrown types of plots that don't require much planning, the odds are against us."

EU Says Original Data Sharing Deal Must Be Maintained Before It Can Be Expanded. Dow Jones (8/30, Echikson) reported, "US calls to expand a post-September 11 data sharing deal on air passengers are premature, the European Commission said Wednesday. Negotiations must aim instead to keep the original deal, said European Union spokesman Friso Roscam Abbing." He "said the Commission next week will ask the governments to open negotiations to approve a new data deal by mid October. The new treaty will last a year. 'After we get this in place, then in the following agreement we can speak to the Americans about what they want to add,' Abbing said. In an article published in The Washington Post Tuesday, US Homeland Security Chief Michael Chertoff called for lifting the restrictions on how data can be shared with other agencies."

Irish Airline To Allow Cell Phone Use During Flights. The Washington Times (8/31, Rowland, 88K) reports that while Irish airline Ryanair is planning "to let passengers use their cell phones during flights starting next year, …it could be awhile before US carriers get the green light from federal officials." The Times does not mention the security implications of the move, continuing that "cell-phone service on airborne aircraft is not specifically barred by the Federal Aviation Administration, but -- as with all portable electronic devices -- airlines would need to demonstrate that it does not interfere with a plane's communication and navigation systems, FAA spokesman Les Dorr said. … In the meantime, the issue of cell phones onboard is moot since a Federal Communications Commission ban prevents it for fear that air-to-ground calls would overload the ground-based cell-phone system. However, the commission is reviewing proposals to relax the ban, since new technology can ensure that in-flight networks do not disrupt ground networks."

Truckers, Bus Drivers Enlisted To Watch For Suspicious Activity On Highways. USA Today (8/31, Keen, 2.27M) reports that "a rapidly growing army of truckers and bus drivers…have been trained by Highway Watch to spot suspicious activity on the highways. The program is run by the American Trucking Association with funds from the Department of Homeland Security. Drivers take a class or watch a one-hour DVD to qualify. Almost 400,000 people…have been trained since 2004." USA notes, "No terrorists have been nabbed, but tips helped find a missing truck carrying fertilizer, which can be used in bombs, and identified illegal immigrants at a truck-driving school. Critics say Highway Watch is creating snoops and could lead to racial profiling."

WTC Flag Still Missing. USA Today (8/31, Hampson, 2.27M) reports, "On April 1, 2002, a flag that had become the emblem of American resilience was unfurled in a solemn, wordless ceremony outside City Hall. Hours after the 9/11 attacks, three firefighters had spontaneously used a US flag taken off a yacht and raised it in the wreckage of the World Trade Center. A newspaper photographer captured the scene, creating a classic image." The flag was later stolen, and "five years after 9/11, the day's most famous artifact is still missing."

Welcome For Katrina Evacuees In Houston "No Longer Warm." Continuing its Katrina anniversary coverage, ABC World News (8/30, story 10, 2:50, Pinto) examined the situation in Houston, where the "murder rate has spiked" since the hurricane. "Police say in the past year, Katrina evacuees were involved in more than 17% of murders in the city, 41% felony crimes. … Prosecuting and incarcerating those suspects has cost the city more than $18 million so far. Providing health care to the uninsured, another $20 million. The city's already overcrowded. Schools have added 3,500 students this year. And then, there are jobs. Half of the evacuees surveyed by the city are still looking for work." Meanwhile, "FEMA will quit paying for housing in just a few months. So, for many, the welcome Houston once offered is no longer warm."

WAR NEWS:

Bush Speeches Will Cast Iraq As Central Front In Global War On Terror. Over the next few weeks President Bush will deliver a series of speeches on Iraq and the global war on terror. The first one will come today, at an American Legion Convention in Salt Lake City. The President arrived there last night. The Deseret Morning News (8/31, Roche, Loftin) says "thousands of Utahns cheered" him at the Utah Air National Guard Airport. Bush "launched into a preview of why he came to talk to the American Legion. 'These are challenging times, and I wish I

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could report to you that all is well. But there are still enemies who still want to hurt America." He added, "We will defeat the terrorists abroad so we do not have to fight them at home."

The New York Times (8/31, Kornblut, 1.21M) reports, "Advisers said Mr. Bush would continue his speeches on Iraq and the broader struggle against terrorism for several weeks, keying off the five-year anniversary of the Sept. 11, 2001, attacks." The White House "has made national security and Iraq the centerpieces of its strategy to help Republicans retain control of Congress. Nonetheless, as Mr. Bush went to Arkansas and Tennessee on Wednesday to raise money for Republican candidates, he said of his series of speeches, 'They're not political speeches.'"

The speeches come at a time in which media commentators are detecting a new tone in the Administration's rhetoric on Iraq – one that some believe has a familiar ring. CNN's The Situation Room (8/30, King), for example, reported that the Bush Administration "is launching a new effort to defend the war in Iraq and to cast it as part of a greater war of survival against a worldwide threat." CNN (Henry) added, "If that sounds familiar, it's because it is. The President has gone down this road before. This seems to be a tacit acknowledgement by the White House that it just hasn't sold."

Likewise, NBC Nightly News (8/30, story 2, 2:10, Gregory, 9.87M) reported, "The President and his top advisors find themselves in a familiar position, not talking about progress in Iraq as much as arguing the dangers of backing down now. … With his party anxious about the war's impact on the fall campaign the White House returned to an old theme, blurring the lines between Iraq and 9/11." Vice President Dick Chaney: "The terrorists regard the entire world as their battle field. That is why al Qaeda has operatives in Iraq today." Condoleezza Rice, Secretary of State: "That is why President Bush calls Iraq a central front in the war on terror." Donald Rumsfeld, Secretary of Defense: "Can we truly afford to believe somehow, someway vicious extremists can be appeased?" But "Democrats fired back today arguing White House attempts to paint war critics as advocates of a cut and run policy will not work." Sen. Jack Reed: "I think the American people when they see what is going on are not persuaded by the slogan." NBC Nightly News (8/30, story 3, 3:10, Williams, 9.87M) went on to air "more…from our exclusive interview with President Bush." Asked, "Do you see the argument that some on the left make that the war in Iraq has amounted to a colossal recruitment poster in the fundamentalist world?," Bush replied, "I don't see that at all. The fundamentalist world attacked the United States and killed 3,000 people before I even thought about removing Saddam Hussein from power. I don't buy that argument. It is an argument that's not based upon fact."

ABC World News (8/30, story 4, 2:40, Raddatz) said Bush "is going to emphasize this global war on terrorism. … He will say that Iraq is part of this global war on terrorism. In the past, and all through the fall, he gave nearly a dozen speeches, talking about progress in Iraq. But the realities on the ground caught up with him. There hasn't been a lot of progress, as far as violence and security. And there has been no drawdown of troops. So, he will de-emphasize Iraq in a way, but emphasize that it is part of this greater global war on terrorism."

The AP (8/31, Riechmann) also says "it is the third time in less than a year that Bush has launched a public relations offensive to try to rally support for the war in Iraq and his effort to spread democracy in the Middle East. … The new addresses come two months before congressional elections and at a point when Bush's approval rate is at 33 percent in the August AP-Ipsos poll. His approval on handling of Iraq also was at 33 percent in the poll."

The Wall Street Journal (8/30, McKinnon, 2.03M) quotes a "senior administration official" saying, "Terrorism is on the minds of Americans, and as we go into the fifth anniversary of the Sept. 11 attacks, it's appropriate and necessary that the nation continue to hear about the state of the war and the nature of our enemy. … This is a long fight that we're going to have to sustain." The Journal adds Defense Secretary Donald Rumsfeld "appeared to preview yesterday the rhetoric of the new administration approach, underscoring what he portrayed as the stakes in the war against terrorism in a strongly worded speech of his own, saying proponents of withdrawal are effectively promoting appeasement of 'a new type of fascism' similar to that of Nazi Germany in the 1930s."

White House Said To Present No Evidence Backing Assertions About Democrats' Stance. The Washington Post (8/31, A1, Baker, VandeHei, 748K) headlines its front-page story "Bush Team Casts Foes As Defeatist," and says "Bush and his surrogates are launching a new campaign intended to rebuild support for the war in Iraq by accusing the opposition of aiming to appease terrorists and cut off funding for troops on the battlefield, charges that many Democrats say distort their stated positions." Bush "suggested last week that Democrats are promising voters to block additional money for continuing the war. Vice President Cheney this week said critics 'claim retreat from Iraq would satisfy the appetite of the terrorists and get them to leave us alone.' And Defense Secretary Donald H. Rumsfeld, citing passivity toward Nazi Germany before World War II, said that 'many have still not learned history's lessons" and "believe that somehow vicious extremists can be appeased.'" The Post adds, "Pressed to support these allegations, the White House yesterday could cite no major Democrat who has proposed cutting off funds or suggested that withdrawing from Iraq would persuade terrorists to leave Americans alone. But White House and Republican officials said those are logical interpretations of the most common Democratic position

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favoring a timetable for withdrawing troops from Iraq." White House spokeswoman Dana Perino "said it is reasonable for Bush to presume that Democrats will try to cut off funding for the war if they take over Congress, noting that 54 House Democrats voted against a spending bill for military operations last year. 'How would they force the president to withdraw troops?' she asked. 'Yell?'"

Rumsfeld Speech Comes Under Fire. The AP (8/31, Flaherty) reports, "Democrats chastised Defense Secretary Donald H. Rumsfeld for questioning the historical grasp of those who criticize the Bush administration's handling of war, accusing him Wednesday of engaging in 'dangerous business.'" In his speech in Salt Lake Cit, Rumsfeld "warned against repeating the pre-World War II mistake of appeasement," adding that "administration critics suffered from 'moral confusion.'" This resulted in :angry reactions from Democrats," many of whom "viewed Rumsfeld's remarks as fighting words." House Minority Leader Nancy Pelosi said, "If Mr. Rumsfeld is so concerned with comparisons to World War II, he should explain why our troops have now been fighting in Iraq longer than it took our forces to defeat the Nazis in Europe." Also, Sen. Charles E. Schumer "called Rumsfeld's portrayal of Democrats a 'strawman'," and Sen. Jack Reed "said Rumsfeld has been 'substituting sloganing for strategy.'"

The Washington Times (8/31, Dinan, 88K) reports "the White House didn't back away from Mr. Rumsfeld's comments, but neither did officials embrace them. White House spokeswoman Dana Perino said the Defense Department issued a statement challenging one version of the Associated Press' story of Mr. Rumsfeld's speech, and said, 'I'll let [the Defense Department] and the reporters who covered that sort that out.'" Still, "she said that in general Mr. Rumsfeld and the president are on the same message."

On MSNBC's Hardball (8/30, O'Donnell), host Norah O'Donnell said the Administration's message on Iraq is "clearly…a new strategy that's being directed from the White House." Evan Thomas of Newsweek said, "It's kind of a last refuge, actually, to insult your opponents as being unpatriotic. It's not a new tactic in American political life, but it has a slight whiff -- not desperation, necessarily but of urgency." O'Donnell added, "Right. And someone said to me today when you start having to compare your opponents to Hitler, that's sort of like the last -- you know you're in big trouble." Roger Simon of Bloomberg News added, "I'm tempted to say it's always a mistake to bring Hitler into any argument in modern politics, because it just ratchets the argument into an emotional reaction and you're no longer talking about the issue. The interesting thing to me is when Rumsfeld had chosen to deliver this. When Rumsfeld knows that if the numbers get bad enough and Bush needs to throw someone off the sled, it's going to be Don Rumsfeld."

In an editorial titled "Pipe Down, Rummy," the Los Angeles Times (8/31, 918K) writes, "Apparently President Bush has decided to let Rumsfeld be Rumsfeld, even when Bush himself is no longer the Bush who taunted Iraqi insurgents with 'Bring 'em on!' and posed in front of a banner proclaiming 'Mission Accomplished.'" The Times goes on to describe Rumsfeld's speech as "cranky," adding that "one effect of Rumsfeld's outburst was to serve as a reminder that he is still in office. Once the public face of the war in Iraq, he lately has been AWOL from the administration's public advocacy, ceding the spotlight to Secretary of State Condoleezza Rice." The speech "was vintage Rumsfeld. It was also unfair and, in places, inane." Rumsfeld "is obviously unwilling to step down. Could he at least pipe down?"

Mehlman Defends Use Of Term "Islamic Fascism." RNC Chairman Ken Mehlman was asked on MSNBC's Hardball (8/30) why the Bush Administration has begun using the term "Islamic fascism" to describe the enemy in the war on terror. Mehlman said, "I can't explain why Secretary Rumsfeld used it. I've used it too. I think it's very much accurate, and here's why, I think, it is important to explain it in those terms. What we face today is a movement that's united by ideology and that's empowered by technology, and the American people need to understand that." Asked why "fascism" has become "the new word for the Republican Party, with just 10 weeks before Election Day," Mehlman said, "I think it's a very apt description of what we face. The fact is, like earlier fascists -- there were fascists in Italy and there were fascists in Nazi Germany -- here are folks who want to subordinate the freedom all over the place."

US Military Launches Initiative To Promote Positive Press On Iraq. The Washington Post (8/31, A20, Pincus, 748K) reports that "at a time when Bush administration officials are publicly criticizing media coverage of the war in Iraq," military leaders in Iraq "have put out for bid a two-year, $20 million public relations contract that calls for extensive monitoring of US and Middle Eastern media in an effort to promote more positive coverage of news from Iraq." The contractor will be "assembling a database of selected news stories and assessing their tone as part of a program to provide 'public relations products' that would improve coverage of the military command's performance." The media would be "monitored for how they present coalition or anti-Iraqi force operations. That part of the proposal could reflect Defense Secretary Donald H. Rumsfeld's often-stated concern that the media does not cover positive aspects of Iraq."

Spike Of Sectarian Violence Continues In Iraq.

ABC World News (8/30, story 3, 0:15, Gibson) reported, "It has been a particularly violent day in Iraq. At least 52 people have been killed. The worst attack in Baghdad. A roadside bomb exploded in a market district. 24 people died and 35

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were injured. And south of Baghdad, in Hillah, a bicycle bomb blew up outside an army recruit center. A man put it there as recruits were outside."

CBS Evening News (8/30, story 4, 2:25, Schieffer, 7.66M) reported, "Critics of the Administration's Iraq policy have been demanding some kind of withdrawal schedule for American troops got some news from America's top general there today: It's going to be a while. General George Casey said Iraqi forces will eventually be able to handle the country's security needs, but not for a year and a half. If this week is any indication, even that could be too optimistic." CBS (Strassmann) added, "Chaos returned with a vengeance this morning in Iraq. … Despite the chaos, US commanders say the recent crackdown has cut Baghdad's murder rate by almost half, one step toward progress in what some analysts say is now a race against the clock." NBC Nightly News (8/30, lead story, 2:05, Williams, 9.87M) also reported on the "awful spike in violence in Iraq."

The Washington Post (8/31, A16, Paley, Sarhan, 748K) reports, "Wednesday night in Baghdad, intense clashes broke out in neighborhoods east of Sadr City, a Shiite Muslim slum controlled by radical anti-American cleric Moqtada al-Sadr. Witnesses in the nearby Obaydi and Kamaliyah areas reported as many as seven loud explosions at about 9:30 p.m., followed by the sound of US helicopters and fighter planes overhead. Then shooting broke out." The Christian Science Monitor (8/31, Murphy, 58K) runs a similar report titled "Firefights Mark Further Splintering In Iraq." The New York Times (8/31, Cave, 1.21M) also reports the story.

Casey Says Iraqi Troops Ready To Provide Security Within 18 Months. CNN's The Situation Room (8/30, McIntyre) reported that Gen. George Casey, the top commander in Iraq, "says Iraqi security forces are basically trained and equipped in assuming a lead role about 75 percent of time. But he says they are not yet ready to be left on their own." The AP (8/31, Becatoros) says Casey "expressed optimism Wednesday that Iraqi forces are making enough progress to provide their own security within 18 months."

Pentagon Will Not Seek Death Penalty For Marine Charged With Murder Of Iraqi. The Los Angeles Times (8/31, Perry, 918K) reports, "Two Marines have confessed to kidnapping and killing a 52-year-old Iraqi, a prosecutor said today at the preliminary hearing for another Marine accused in the case." Capt. Nicholas Gannon, a prosecutor, "said that Sgt. Lawrence Hutchins III and Cpl. Trent Thomas have confessed to killing Hashim Ibrahim Awad. Hutchins was the senior enlisted man during the incident and has been charged with organizing a coverup." But "the defense attorney for Cpl. Marshall Magincalda said he planned to argue that the two 'merely (gave) a statement' and did not confess."

Meanwhile, the AP (8/31, Deutsch) reports, "The government will not seek the death penalty against a Marine Corps private who is among eight service members charged with murder and other crimes in the shooting of an Iraqi civilian, a military prosecutor said Wednesday." Lt. Col. John Baker "announced the prosecution's position." The New York Times (8/31, Marshall, 1.21M) and Washington Post (8/31, A11, Geis, 748K) run similar stories.

European Allies Hesitant To Reinforce "Lawless" Afghan Province. The Financial Times (8/31) reports, "Britain's Nato allies are baulking at providing reinforcements for UK troops deployed as peacekeepers in Afghanistan's southern Helmand province because of the intensity of the fighting in the lawless region." Although "A British ministry of defence official said on Wednesday the UK had no need of further troops 'at the moment'," and no "formal request been made," Nato officials are studying "whether deployments in Afghanistan need to be increased."

Afghan Rebels Behead Two Suspected Spies. The New York Times/AP (8/31) reports, "Militants in northwestern Pakistan decapitated two Afghans, including an Islamic cleric, whom they accused of spying for American and Afghan authorities." They "were found…in two villages near Miran Shah," with notes that "accused them of spying."

Professor Argues Against "Coalition Warfare" In Iraq, Afghanistan. Patricia Weitsman, professor of political science at Ohio University, and the author of "Dangerous Alliances: Proponents of Peace, Weapons of War," writes in an op-ed in the New York Times (8/31, 1.21M), "When waged for the wrong reasons, coalition warfare is more costly and less effective than fighting alone." It "requires a high degree of joint planning, consultation and cooperation," with a presumed compensation of "having coalition partners provide additional troops…and share the burden of fighting." However, in Iraq the US "used its partners to garner legitimacy for its foreign policy objectives." Weitsman notes the US is paying millions to countries with less than 200 troops on the ground, and suggest it is "a high price for the right to call the war multinational," especially as "It's not as if our investment is yielding great returns. In Iraq, our coalition has neither increased the likelihood of victory nor reduced costs" even though "the resources devoted to our coalition have done little to help the United States gain legitimacy," as "In the international community, the perception of America as unilateralist is pervasive." After this war, "Congress must find a way to keep a more watchful eye on coalition size and side payments to our partners," and "the United States should use coalition warfare when it reduces

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the costs of prosecuting war, not when it greatly increases them. If a coalition is to serve any function other than augmenting one's war-fighting capacity, we should think twice before forming it.

Lehman Says US Losing War Against Jihadists. John Lehman, secretary of the Navy in the Reagan administration and later served as a member of the Sept. 11 commission, writes in the Washington Post (8/31, A25, 748K), "Are we winning the war? The first question to ask is, what war? The Bush administration continues to muddle a national understanding of the conflict we are in by calling it the 'war on terror.' This political correctness presumably seeks to avoid hurting the feelings of the Saudis and other Muslims, but it comes at high cost. This not a war against terror any more than World War II was a war against kamikazes. We are at war with jihadists motivated by a violent ideology based on an extremist interpretation of the Islamic faith. This enemy is decentralized and geographically dispersed around the world. Its organizations range from a fully functioning state such as Iran to small groups of individuals in American cities. … In reviewing progress on the three fronts of this war, even the most sanguine optimist cannot yet conclude that we are winning or that we can win without some significant changes of policy."

Lack Of Student Protests Against Iraq War Lamented. In a New York Times editorial observer column (8/31), Andrew Rosenthal says the "ultimate difference between the Vietnam generation and the Iraq generation" is that "when you hear Young and Company sing of 'four dead in Ohio,' their Kent State anthem, it's hard to imagine anyone on today's campuses willing to face armed troops. Is there anything they care about that much?" If there is "a college movement against the war, it's hiding pretty well. Vietnam never had the moral clarity that the 9/11 attacks provided to this generation's war. But in Iraq that proved to be a false clarity, and a majority of Americans now say they oppose the war and no longer trust Mr. Bush's leadership of it. But because there is no draft — a fact that Graham Nash noted sardonically on Sunday night — no young person has to fear being conscripted into the fight. It is hard to escape the conclusion that Americans find it much easier to stay silent when there is no shared sacrifice."

CORPORATE SCANDALS:

Former Brocade Officials Plead Not Guilty In Options Case. The AP (8/31, Kravets) reports, "The first two executives ensnared in the nation's stock options scandal pleaded not guilty Wednesday in federal court to charges of making false statements to securities regulators, falsifying records and other charges." The AP continues, "Gregory Reyes, former chief executive of Brocade Communications Systems Inc. and Stephanie Jensen, Brocade's former vice president of human resources, were originally charged with one count each of securities fraud in a criminal complaint on July 20 and indicted with additional charges Aug. 10." The AP adds, "Authorities allege the backdating of stock options was, in part, cause for the company to restate financial results for fiscal years 1999 through 2004, shaving 20 cents off previously reported earnings per share figures. … Reyes is free on $2 million bail and Jensen on $500,000 bail. They face as many as 20 years in prison if convicted. The pair have argued that any backdating was meant to attract employees to the San Jose, Calif.-based maker of data storage devices, not to skew financial results."

US Seen Shifting Away From White-Collar Prosecutions. The Christian Science Monitor (8/31, Marks) reports, "It's the kind of announcement that should put white-collar criminals on notice. The Securities and Exchange Commission (SEC) is now investigating more than 80 companies in the growing stock-option scandal." The Monitor continues, "The government has charged officials at two companies for backdating options - a practice that funneled guaranteed profits to executives. More indictments are expected. … But far from ratcheting up the fight against financial wrongdoing, the federal government is actually shifting resources away from it. The number of white-collar crime prosecutions is down 28 percent from five years ago, according to an analysis of federal data by the Transactional Records Access Clearinghouse at Syracuse University. … The reason? The government's focus on homeland security, experts say. In the same period white-collar crime prosecutions fell, for instance, immigration prosecutions more than doubled. … 'There's been a shift of priorities since Sept. 11 at the [Federal Bureau of Investigation], in the sense that they've moved bodies from fraud and white-collar crime units to terrorism units,' says James Sanders, a partner at McDermott Will & Emery in Los Angeles and a former federal prosecutor. 'At the same time, the [white-collar crime] cases have gotten bigger and more complex.[… During the 1980s and 1990s, many of the white-collar crime cases involved things like bank fraud, insider trading, and stock manipulation, many of which were not document-intensive. Trials could take as little as four or five days, says Mr. Sanders. But cases like Enron and WorldCom involved complex financial manipulations at high levels. Prosecutors had millions of documents to wade through, which in some cases took years to do. … The Enron and WorldCom convictions, as well as the passage of the Sarbanes-Oxley Act in 2002, which holds CEOs directly accountable for their public financial statements, may have had a deterrent effect on some

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wrongdoers in corporate America, say experts. But they doubt that the drop in white-collar prosecutions reflects an equivalent drop in financial wrongdoing. … Instead, they say, the drop is a reflection of changed priorities. One key factor: The staff available to investigate such cases has shrunk. According to the Justice Department's Office of the Inspector General, the FBI had 2,385 agents engaged in fighting financial crimes in 2000. By 2004, that number had dropped to 1,882."

SEC Drops Probe Of Former Shell Executives. The Wall Street Journal (8/31, Biers) reports the SEC "has decided to take no action against Philip Watts, the former top executive at what is now Royal Dutch Shell PLC, over the 2004 reserves-overbooking scandal, according to his lawyer. The SEC conducted a two-year joint investigation with the United Kingdom Financial Services Authority and concluded that no action should be taken against Sir Philip , the former chairman of Shell's committee of managing directors, the lawyer said. Shell said the SEC also cleared former Finance Chief Judy Boynton and Walter van de Vijver, former head of exploration and production." The Journal notes, "The Justice Department in June 2005 said it closed a criminal investigation into Shell over the problem. Shell shocked the market with a series of reserves downgrades in 2004 that cumulatively slashed about one-fourth of its oil and gas reserves. Shell executives, including Sir Philip, initially expressed shock about the problem, but a subsequent probe showed that Sir Philip and Mr. van de Vijver had been weighing the issue for months."

Attorneys Often Avoid Punishment In Corporate Prosecutions. The Washington Post (8/31, D1, Johnson) reports, "Four years after regulators launched a task force to stamp out business corruption, numerous chief executives are on their way to prison, two of the nation's biggest accounting firms are defunct or on probation, and investment banks have shelled out billions of dollars in settlements. … But lawyers serving fraud-ridden companies have emerged relatively unscathed." The Post continues, "Unlike the accounting profession, forced by the Sarbanes-Oxley Act in 2002 to submit to independent oversight, lawyers have generally ducked proposals that would have forced them to blow the whistle to outsiders. … On an individual level, law firms that dispensed bad advice or failed to act on red flags mostly have avoided prosecution, in contrast to their brethren in the accounting industry. Arthur Andersen LLP met its demise after a 2002 conviction, later overturned, of obstructing justice in the Enron Corp. case. Rival KPMG LLP operates under a form of probation for selling abusive tax shelters. … Nor have securities regulators pursued sweeping civil cases against groups of law firms, seeking to determine if they may have performed shoddy work or ignored fraud under their noses. Compare that with a group of leading investment banks, including Merrill Lynch & Co. and J.P. Morgan Chase, that handed over $1.4 billion in 2002 to settle accusations that their analysts produced overly optimistic research reports to help win business for the banks. Several banks later ponied up billions of dollars more to resolve shareholder accusations that they had helped companies disguise financial problems." The Post notes, "To hear many lawyers tell it, the regulatory environment has grown far more harsh in recent years. … Yet compared with the treatment of accountants, investment bankers and corporate leaders, very few lawyers have been sanctioned, and they have been among the last to be called to account."

Canadian Court Freezes Conrad Black's Assets. The Wall Street Journal (8/31, Cherney) reports, "A Canadian court has frozen all the assets of former media tycoon Conrad Black and his socialite wife, Barbara Amiel Black, putting the couple on an allowance of about $20,000 a month, according to a person familiar with the matter." The Journal continues, "Judge Colin Campbell of the Ontario Superior Court issued the freeze, known as a Mareva order, under seal last week in response to a request from Hollinger Inc., the Toronto company through which Mr. Black owns his controlling stake in Chicago Sun-Times publisher Sun-Times Media Group Inc., according to the person familiar with the matter. Sun-Times Media recently changed its name from Hollinger International Inc." The Journal adds, "Mr. Black is to stand trial next year on charges he and other Hollinger executives looted the company of $84 million while Mr. Black was chairman and chief executive officer. He no longer exerts control over his Sun-Times Media shares. … The court-ordered asset freeze could further crimp the Blacks' highflying style, which already has been curtailed by their legal troubles and Mr. Black's ouster 2½ years ago from the company he founded and built into a trans-Atlantic publisher. Since his indictment last year in federal court in Chicago, Mr. Black's bail conditions have allowed him to travel between his home in Toronto and his mansion in Palm Beach, Fla., and to attend court dates in Chicago."

CRIMINAL LAW:

Armitage Revelation Raises More Questions About Plame Case. The Los Angeles Times (8/31, Schmitt, Hamburger, 918K) reports the disclosure that former Deputy Secretary of State Richard L. Armitage was the Bush Administration official who revealed the identity of CIA officer Valerie Plame to columnist Robert Novak "has also stirred up partisan passions, raising allegations about betrayal within the Bush administration and drawing new criticism of a special prosecutor's investigation that has been politically

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damaging to the White House." The report "was seized upon by GOP loyalists who said it showed that the administration did not conspire to silence a war critic. Defenders of Plame and her husband, former envoy Joseph C. Wilson IV, said the report did nothing of the sort and vowed to press ahead with a civil suit." The disclosure "about Armitage raised tantalizing questions as well. Among them: Why would Armitage, a close aide to former Secretary of State Colin L. Powell who was often at loggerheads with the administration over war policy, not go public with his involvement for more than three years while the White House and President Bush twisted in the wind of a damaging Justice Department investigation?" Some said "the revelation could aide the cause of former vice presidential aide I. Lewis 'Scooter' Libby, the only person Special Prosecutor Patrick J. Fitzgerald has charged in the case."

Conservatives See Armitage Role As Proof There Was No Conspiracy. CNN's The Situation Room (8/30, Greenfield) reported that in a new book, Newsweek's Michael Isikoff and The Nation's David Corn report that Robert Novak's source that Valerie Plame was a CIA agent "was, in fact, former Secretary of State Richard Armitage, a longtime top aide to Colin Powell. Other organizations, including CNN, have confirmed the report. Far from being one of the Bush administration hawks, Armitage spent much of the first term in bitter bureaucratic turf wars with Cheney and Defense Secretary Rumsfeld. To many conservatives, this is proof that there was never any effort to smear Joseph Wilson or to injure Valerie Plame. The Wall Street Journal editorial page today pointedly asks why Armitage never let Fitzgerald know of his role. The National Review says the whole controversy was much ado about nothing. But does this revelation in fact put an end to the matter? Liberal bloggers say, maybe not. Maybe others were out to punish Wilson and his wife, even if Armitage's talk with Novak was wholly innocent. And there is this curious report from a Washington Post piece way back in September 2003. 'Before the Novak column was published,' The Post said, quoting a senior administration official, 'two top White House officials called at least six Washington journalists and disclosed the identity and occupation of Wilson's wife' -- unquote. If that reporting is right, the questions remain."

Brooks Notes Lack Of Outrage Over Revelation Plame Was Outed By Armitage. In his New York Times column (8/31), David Brooks says, "Perhaps, dear reader, you are perplexed. Perhaps you remember the scandal surrounding the outing of the C.I.A. agent Valerie Plame, a crime so heinous that her husband was forced to endure repeated magazine photo-shoots. Perhaps you remember Karl Rove's face on the covers of magazines and newspapers, along with hundreds of stories and driveway stakeouts. Perhaps you remember the left-wing bloggers foaming so uncontrollably at the thought of Rove's coming imprisonment that they looked like little Chia Pets of glee. Perhaps you remember a city of TV bookers periodically canceling their lunch plans because of rumors that the Rove indictment was imminent, thus leaving behind a dangerous oversupply of salad entrees. Perhaps you remember how much this all mattered. And yet now it has been revealed that the primary leaker was not Rove at all, but Richard Armitage, a former deputy secretary of state. And this news produces no outrage at all. Nothing. A piffle." Brooks cites four reasons, including the "big difference between politically useful wrongdoing and politically useless wrongdoing, the core of which is that politically useless wrongdoing is not really wrongdoing at all." Back in "its glory days, the Plame affair was a way to expose the black heart of the Bush administration."

Sex Offender Convicted Of Killing North Dakota College Student. The AP (8/31, Kolpack) reports, "A federal jury declared a convicted sex offender guilty Wednesday in the kidnapping and killing of a college student whose body was found abandoned in a ravine." The AP continues, "The verdict against Alfonso Rodriguez Jr. clears the way for the first death penalty deliberations in the state of North Dakota in more than a century." The AP adds, "Dru Sjodin, 22, a University of North Dakota student from Pequot Lakes, Minnesota, was abducted from the parking lot of a Grand Forks shopping mall on Nov. 22, 2003. Her body was found the following April in a ravine near Crookston, Minnesota. Rodriguez lived in Crookston at the time. … Prosecutors said Sjodin was stabbed, raped and left to die. … The jurors deliberated for less than four hours before returning the verdict. They are to reconvene next Tuesday to deliberate on Rodriguez's eligibility for the death penalty. North Dakota does not have the death penalty, but it is allowed in federal cases."

New Jersey City Officials, Contractor Plead Guilty To Bribery Charges. The Newark Star-Ledger (8/31, Martin) reports, "The city council president of Atlantic City admitted yesterday accepting $36,000 in bribes from a contractor and signaled he has been secretly cooperating with a long-running FBI investigation into corruption in South Jersey. Craig Callaway immediately resigned his office after pleading guilty to attempted extortion," and "his surprise plea was the first of three that are expected to launch a wave of corruption charges against officials in and around Atlantic City. … In the other cases disclosed yesterday, former Camden City Councilman Ali Sloan-El admitted taking $36,000 in kickbacks for his vote on development matters and an Atlantic City contractor, Terry Jacobs, acknowledged that he funneled bribes to Callaway, Sloan-El and other unnamed officials." The Press of Atlantic City (8/31, Harper,

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McAleer, Vitale) adds, "Callaway admitted he took the bribes from an undercover FBI agent, posing as a Wall Street moneyman, in return for steering a contract for the development of the Garwood Mills site in the resort's Northeast Inlet. … He and the others will be sentenced Dec. 12. Sentencing guidelines suggest a prison term between 30 to 37 months in federal prison, but Callaway's attorney…said he believes Callaway will serve less."

The Philadelphia Inquirer (8/31, Graham, Anastasia, 399K) reports, "The pleas, in federal court in Camden, were believed to be part of a far-reaching, three-year investigation of Atlantic City officials and businessmen. … Atlantic City Mayor Robert J. Levy said yesterday that his Police Department and Detectives Bureau had been assisting the FBI since January, when he took office. He said he could not comment further because the case was continuing." The New York Times (8/31, Smothers, 1.21M) notes, "The charges grew out of a sting operation in which" Callaway and Sloan-El took kickbacks from Jacobs "and an F.B.I. agent posing as an investor in his company." Callaway's "was the first corruption conviction involving Atlantic City officials in 22 years, according to law enforcement officials. It comes as federal corruption investigations have resulted in the indictments of more than two dozen elected and appointed officials in Monmouth and Hudson Counties to the north."

The AP (8/31, Mulvihill) also reports on the charges, and the Gloucester County Times (8/31, Six) notes that Jacobs "was arrested on drug charges in Monroe Township in January 2004," along with "Herman 'Sonny' Winters, the husband of former Monroe Township councilwoman Loretta Winters, who runs the state Motor Vehicle Commission office in Washington Township. A third man, from Philadelphia, was not identified. According to a law-enforcement source, Jacobs introduced Sloan-El and Callaway to an FBI undercover agent in 2003 without knowing the man was an agent."

Law Firm Begins Texas School Credit Card Fraud Probe. The Dallas Morning News (8/31, Fischer, 500K) reports, "The law firm hired to investigate potential fraud and misuse of school district credit cards has begun interviewing employees about their expenditures. Paul Coggins, a former U.S. attorney and principal with the firm Fish & Richardson, said his investigative team has collected and organized 400 file boxes of receipts and other documents relating to more than two years of credit card spending. … He cautioned that the investigation is still in its earliest stages, though he said it is moving ahead quickly." The Morning News adds, "Mr. Coggins said his investigative team will turn over instances of fraud to the FBI, which has subpoenaed the credit card spending records."

New Jersey Contractor Sentenced To Two Years In Prison For Bribery Scheme. The Newark Star-Ledger (8/25, Mooney) reported, "The ongoing Paterson school corruption scandal has reaped its first jail sentence." Former Olympic Window Installers executive Carl Babb was "sentenced to two years in federal prison for his involvement in a bribery scheme that reached up to the district's top facilities director. … In addition, Babb was ordered to repay Paterson for $750,000 in overpayments." US District Judge Jose Linares "also sentenced Louis Milone, the district's former director of maintenance, to five years' probation, including six months of home confinement, for his role in the scheme. Milone was among the officials who was paid by Babb, including with two cruise line vacations and free home improvements." The Bergen Record (8/25, Haddon) also reported on the sentencings.

Former NOAA Employee Sentenced To 15 Years For Child Pornography. AFP (8/31) reports, "A former US government employee was sentenced to 15 years in prison for possessing more than one million child sex images, including those of a young relative he abused, the US Department of Justice announced." AFP continues, "Robert Carey, 52, who had worked at the National Oceanographic and Atmospheric Administration (NOAA) since 1974, used government computers at his office and home in Bowie, Maryland (just outside Washington) to access child porn over the Internet, the Justice Department said in a release." AFP adds, "During a August 2005 federal law enforcement agents searched Carey's office and home and retrieved more than one million images of prepubescent girls and girls in their early teens in erotic or sexually graphic poses, the statement read. … The pictures were in photo albums and on DVDs, CD-ROMs and on the computers. … Carey admitted to downloading child pornography for approximately 10 years at work."

Jeffs To Be Prosecuted In Utah, Then Arizona. In a widely-distributed story, the AP (8/31, Foy) reports, "Polygamist leader Warren Jeffs will be prosecuted first in Utah, then in Arizona, on charges that he arranged marriages between underage girls and older men, authorities said Wednesday. Arizona authorities filed charges first, but Utah prosecutors worked out an agreement to try Jeffs first because they have a stronger case and more serious charges, Washington County Attorney Brock Belnap said." The Salt Lake Tribune (8/31, Adams, Carlisle) notes that unlike in Arizona, "finding a willing witness is not an obstacle in Utah, where Washington County authorities charged Jeffs in April for allegedly arranging the underage marriage. … In court documents filed in April, the girl, identified only as 'Jane Doe,' recounted being told by Jeffs to marry a much older man or risk jeopardizing her salvation. The girl, who…was

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between 14 and 18 at the time of plural marriage, told Jeffs she was too young to marry and didn't want to have sexual relations. He told her the assignment came from God and she had a duty to comply, according to court documents."

The Deseret Morning News (8/31, Winslow) reports, "Jeffs will go before a judge in the Las Vegas Justice Court at 9:30 a.m. … 'We need to make arrangements to have him transported here safely,' Washington County Deputy Attorney Jerry Jaeger told the Deseret Morning News. 'Once we get him here we'll have our initial appearance, probably the next day.'" In a story focusing on the effect of Jeffs' arrest on the FDLS, Time (8/30, Owens-Liston, 4.03M) notes on its Web site, "In Utah, Jeffs faces two felony counts of rape as an accomplice, for allegedly arranging the marriage of a teenage girl to an older man. … 'Everyone will get their turn with Jeffs,' said Tim Fuhrman, Special Agent in charge of the FBI field Office. Charges against Jeffs in Utah are most likely to carry the longest sentence." Court TV (8/30, Ryan) adds, "It was unclear Wednesday whether Jeffs plans to waive or fight extradition. A spokesman for the court said no attorney had filed papers to represent Jeffs at the hearing."

Meanwhile, the search for Jeffs, his arrest, and speculation about the future of FLDS again received heavy coverage on cable news programs throughout the day and evening yesterday, including CNN's American Morning, CNN's Live From, CNN's Larry King Live, CNN's Anderson Cooper 360, Fox News' Fox and Friends, Fox News' Dayside, Fox News' On the Record with Greta Van Susteren, Fox News' Fox Report with Shepard Smith, MSNBC's Rita Cosby Live and Direct and MSNBC's Abrams Report.

Mob Turncoat Testifies Gotti Sought Illegal Weapons In 2002. The New York Daily News (8/31, Zambito, 729K) reports, "Looking like just another high-flying CEO, a photograph of" John "Junior" Gotti "hitting the links for Harlem's Hale House was unveiled at his racketeering trial yesterday." Mob turncoat Michael 'Mikey Scars' DiLeonardo was "one of the Mafia pals in the picture," and in his testimony yesterday, "DiLeonardo told the jury that the other mobster was Tommy Cherubino, a man whom DiLeonardo identified as a Gambino crime family associate. DiLeonardo testified that Cherubino -- at Gotti's behest -- accepted a handoff of machine guns belonging to Junior in 1997, and stashed them for five years. While Gotti was still in prison on an unrelated racketeering charge -- a period during which the mob scion says he quit the Mafia -- he asked for the guns back, DiLeonardo said. Cherubino retrieved the guns and gave them to Gotti pal John (Johnny Boy) Ruggiero in 2002, DiLeonardo said."

The New York Post (8/31, Cornell, 608K) reports that the "star turncoat" DiLeonardo "detailed how…Gotti once orchestrated a botched hit on a trio of gangsters who skimmed cash -- the same men the mob scion reportedly fingered in a secret meeting with the feds last year. DiLeonardo testified that Gotti became enraged at Gambino soldier John 'Johnny G' Gammarano, his capo Daniel Marino and mob associate Joseph Watts because they pocketed extra cash from a construction-industry extortion in the early 1990s." The Post adds, "DiLeonardo testified that soon after word of his defection hit the street, Gotti had an underling bring Michael DiLeonardo Jr. to Ray Brook federal prison…in order to send a veiled threat."

Violent Crime Up In 2006. USA Today (8/31, Willing, 2.27M) reports, "Violent crime continued to increase in the first six months of this year, highlighted by a growing trend of teenagers shooting robbery victims even if they surrender their valuables. That was the message from Wednesday's National Violent Crime Summit, at which 170 police chiefs, mayors and other government officials compared local crime statistics that they have not yet shared with the FBI." The Police Executive Research Forum (PERF), "an organization of law enforcement officials from large cities and counties, sponsored the summit." The group "was unable to provide crime statistics from all major cities, but it offered more than two dozen examples of cities where violent crime has spiked this year." The Washington Post (8/31, A13, Klein, 748K) runs a similar report under the headline "Police Chiefs Cite Youths In Crime Rise, Call For More Federal Funds."

Judge To Consider Legality Of Online Gambling. The Legal Times (8/31, Schwartz) reports, "Federal investigators have been chasing Billy Scott and his online-gambling empire for nearly a decade. But the Toledo-born betting czar has evaded law enforcement every step of the way." The Times continues, "A short, balding man with a deep and raspy voice, William Scott, 65, has dodged two sets of criminal charges for online gambling, safely ensconced on the Caribbean island of Antigua. He renounced his U.S. citizenship two years ago, and because the United States has no extradition treaty with the tiny island nation, prosecutors have little chance of nabbing Scott as long as he stays off American soil. The company he founded, Worldwide Tele-sports, is still running smoothly despite the Department of Justice's claims earlier this year that by indicting Scott, it had 'dismantled' the $2.5 billion offshore gambling operation. . So the feds have targeted Scott on another front — his money. Using the USA Patriot Act, federal officials seized nearly $7 million from a company called Soulbury Ltd., which they believe Scott used to transfer gambling proceeds through a U.S.-affiliated bank to an account in Guernsey, an island off the northern coast of France. … But even the money grab hasn't been as simple as Justice Department officials might have hoped. For one, the government isn't even sure who represents Scott. And though Scott has never made a claim

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on the funds, which were seized in 2003, a team of lawyers from McDermott, Will & Emery claiming to represent Soulbury have. In court papers filed in the U.S. District Court for the District of Columbia in May, they attacked the government's civil forfeiture case with a provocative and bold claim: that online gambling isn't against the law." The Times notes, "The argument is risky, not just for Soulbury but for the government, as well. Judge Royce Lamberth is expected to rule on the motion in the coming months, and his decision is likely to weigh heavily on the government's efforts to curtail Internet gambling."

Oklahoma Executes Man With New Injection Procedure. The AP (8/31, Murphy) reports, "A man condemned for the 1994 death of a woman during a burglary was executed under a new state procedure that delivers a larger dose of anesthesia before the fatal drugs are administered." The AP continues, "Eric Allen Patton, 49, had sued to stop Tuesday's execution, arguing that inmates may be subjected to pain during lethal injections in Oklahoma. A federal judge rejected that argument, although the Department of Corrections revised its procedures. … Earlier this year, the U.S. Supreme Court blocked an execution in Florida in a case in which that state's injection method was challenged." The AP adds, "In South Dakota, Governor Mike Rounds halted the state's first execution in 59 years just hours before it was scheduled Tuesday, saying the 1984 state law detailing how to administer lethal drugs is obsolete. … Rounds and the attorney general said the law requires the state to use two drugs to kill a condemned person - but that prison officials planned to use a three-drug combination, potentially putting them in legal trouble. … The Oklahoma Court of Criminal Appeals has upheld the state's current execution procedure as humane."

80 Louisiana Sex Offenders Arrested In "Operation Safe Neighborhood." The AP (8/31) reports, "Eighty sex offenders who failed to properly register their whereabouts after Hurricanes Katrina and Rita were arrested Wednesday" across Louisiana. "The roundup was part of Operation Safe Neighborhood, an initiative by law enforcement agencies statewide to track down sex offenders who have not complied with registration laws. … The multi-agency campaign involved 44 law enforcement agencies, including state police, the attorney general's office, the FBI, the U.S. Marshals Service and the state Division of Probation and Parole." The Baton Rouge Advocate (8/31, Bridges) notes, "In hopes of preventing repeat sex crimes, West Baton Rouge Parish Sheriff's deputies are going after some of the 185 sex offenders statewide who have failed to register with authorities. … Warrants have been issued for 31 known offenders living in the Baton Rouge area who are not registered. Statewide, authorities are still looking for 110 offenders, having already located 75 of them."

GAO Report Questions Accuracy Of Sex Offender Registries. The Washington Times (8/31, Seper) reports, "The accuracy of the information in national and state sex offender registries -- the primary tools to track convicted sex offenders -- can be questionable, a government report said yesterday." The Times continues, "The Government Accountability Office, in a report requested by two House Ways and Means subcommittees, said the value of the data in the registry is undermined by the dependence on sex offenders self-reporting updated address information. … 'While most convicted sex offenders are registered when they are released from prison, some fail to update their registration information on a timely basis, as required by law,' the GAO said in report given to Rep. Wally Herger, California Republican and chairman of the subcommittee on human resources, and Rep. Jim Ramstad, Minnesota Republican and chairman of the subcommittee on oversight." The Times adds, "The report said a separate database, the National Directory of New Hires that has been used to verify eligibility for federal benefit programs and collect debt owed to the federal government, could be useful in tracking down sexual predators who fail to update their information. … But, the report said, existing law does not authorize the Justice Department to receive NDNH data to locate convicted sex offenders. … It urged Congress to consider granting authority to the Department of Health and Human Services, which maintains the NDNH, to share information contained in it with the FBI to locate convicted predators being sought by law-enforcement officials but whose addresses in the sex offender registry are incorrect, out of date or missing."

Illinois Child Pornographer Sentenced To 100 Years In Prison. The AP (8/31, Robinson) reports, "A professional portrait photographer convicted of taking photos described by a government witness as 'the holy grail' of child pornography was sentenced Wednesday to 100 years in federal prison. Charles A. Burt III, 57, of downstate Streator must serve at least 85 years of his sentence, meaning he most likely is going to prison for life. U.S. District Judge Wayne R. Andersen said he imposed the heavy sentence out of concern that Burt would harm more boys if ever freed. Andersen said Burt had a high intelligence that would make him all the more dangerous if he ever were back on the street seeking victims." The AP notes, "FBI agents said they got on Burt's trail after finding the video that later was shown to the jury in the home of a Wisconsin sex offender."

Former FEMA Employees Sentenced To Prison For Katrina Contract Bribery. The New Orleans Times-Picayune (8/31) reports former FEMA employees

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Andrew Rose and Loyd Holliman "were sentenced Wednesday to 21 months in federal prison for soliciting bribes while managing a FEMA base camp in Algiers. … According to U.S. Attorney Jim Letten's office, the two men met on Dec. 7 with a Louisiana businessman who won a $1 million contract to provide meals at the camp through Feb. 28. Rose and Holliman told the contractor that in exchange for payments from him, they would inflate the head count for the contract. The contractor reported the bribe solicitation to the Department of Homeland Security's inspector general's office, which notified the FBI and Letten's office. The businessman agreed to wear a hidden recorder and recorded subsequent meetings with the pair." The AP (8/31) adds, "Letten, in a statement, said the sentences 'embody the type of corrupt conduct that, if left unchecked, could threaten the recovery of our region.'"

CIVIL LAW:

Nicotine Content In Cigarettes Increases Sharply. The Washington Post (8/31, A1, Brown) reports, "The amount of nicotine in most cigarettes rose an average of almost 10 percent from 1998 to 2004, with brands most popular with young people and minorities registering the biggest increases and highest nicotine content, according to a new study." The Post continues, "Nicotine is highly addictive, and while no one has studied the effect of the increases on smokers, the higher levels theoretically could make new smokers more easily addicted and make it harder for established smokers to quit. … The trend was discovered by the Massachusetts Department of Public Health, which requires that tobacco companies measure the nicotine content of cigarettes each year and report the results." The Post adds, "As measured using a method that mimics actual smoking, the nicotine delivered per cigarette -- the 'yield' -- rose 9.9 percent from 1998 to 2004 -- from 1.72 milligrams to 1.89. The total nicotine content increased an average of 16.6 percent in that period, and the amount of nicotine per gram of tobacco increased 11.3 percent. … The study, reported by the Boston Globe, found that 92 of 116 brands tested had higher nicotine yields in 2004 than in 1998, and 52 had increases of more than 10 percent."

NYTimes Says Congress Should Regulate Tobacco Industry. The New York Times (8/31, 1.21M) says in an editorial, "While most of us thought the country was trying to curb smoking, and the rapacious habits of the tobacco companies, it turns out the industry has been sneakily making cigarettes more addictive. Evidence of what looks like an increasingly desperate effort to hook new young smokers and prevent older ones from quitting has been uncovered by a Massachusetts law that forces tobacco companies to report test results showing how much nicotine is inhaled by typical smokers of their various brands." The Massachusetts Department of Public Health "revealed that from 1998 through 2004, as public health campaigns were mounted to curb smoking, the manufacturers increased the amount of addictive nicotine delivered to the average smoker by 10 percent." It is "long past time for Congress to bring this damaging and deceitful industry under federal regulatory control. If the companies had to justify to the Food and Drug Administration why they should be allowed to increase the nicotine inhaled by smokers, you can bet they wouldn't even try."

CIVIL RIGHTS:

Texas Officer Convicted Of Civil Rights Violation In Transsexual Rape Case. The AP (8/31) reports, "A San Antonio police officer was convicted Wednesday of violating the civil rights of a transsexual who said the officer raped and beat her during a traffic stop." The AP continues, "The jury found that Officer Dean Gutierrez's conduct violated Gabriel Bernal's rights through aggravated sexual assault. A sentencing hearing is set for Dec. 1. The felony carries a sentence of up to life in prison and as much as $250,000 in fines, the U.S. Justice Department said." The AP adds, "Although the names of sexual assault victims are usually withheld, Bernal has consented to have her name made public. Bernal goes by the name of Starlight and prefers to be addressed as a woman, the San Antonio Express-News reported. … In the trial, prosecutors presented DNA evidence and the testimony of Bernal, 23. Prosecutors said Gutierrez, 46, stopped Bernal on June 10, 2005, ordered her into his car and drove her to a remote location where he physically and sexually assaulted her. … The defense argued in the trial that Bernal had consensual oral sex with Gutierrez and was lying about the incident in order to later win money in a civil lawsuit. Prosecutors said no suit had been filed. … 'Using one's official authority to forcibly violate another individual, as the defendant did in this case, is disturbing and abhorrent,' Wan J. Kim, assistant attorney general for the Civil Rights Division of the U.S. Department of Justice, said in a news release."

Kim Expects Improvement At Mississippi Training Schools. The AP (8/31) reports, "Officials with the U.S. Department of Justice say they want Mississippi's two training schools to be safe places for the juveniles they house. … 'You don't owe many people in society more than we owe kids, especially once you take them into custody,' said Assistant U.S. Attorney General Wan J. Kim, who heads the Justice Department's civil rights division." The AP continues, "Kim and other Justice Department officials toured Oakley Training facility on Tuesday. They also will visit

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Columbia Training School. .. . Oakley in Hinds County serves male offenders ages 10 to 17, and Columbia serves female offenders ages 10 to 18."

The Jackson Clarion-Ledger (8/31, Mitchell) reports, "In May 2005, Mississippi entered a four-year consent decree to end a Justice Department lawsuit over abuse allegations at the training schools. … The monitor's latest report concluded most conditions hadn't been met: 'Although some progress was definitely made during this period, there were definite setbacks during this reporting period caused by the inability to hire enough staff and numerous complaints of abuse at the Oakley Training School.' … The report found unsanitary bathrooms, insufficient numbers of trained staff - even disagreement about what constituted abuse by the staff."

DOJ Subpoenas Former, Current DC Officials In Group Home Suit. The Washington Times (8/31, Mcelhatton) reports, "The U.S. Department of Justice has issued more than two dozen subpoenas, mostly to former and current D.C. officials, in connection with a lawsuit that claims the District broke federal housing law by blocking the opening on Capitol Hill of group homes for disabled children." The Times continues, "The D.C. government is fighting to block several depositions. A court filing said the Justice Department is on "a fishing expedition" and already has deposed more than two dozen officials. … Among those who have testified after receiving subpoenas were D.C. Council member Sharon Ambrose, Ward 6 Democrat, and former D.C. Deputy Mayor Carolyn N. Graham, who is running for president of the D.C. Board of Education." The Times adds, "The Justice Department filed suit two years ago, claiming D.C. officials unlawfully prevented the operation of four group homes for children with disabilities by the nonprofit Father Flanagan's Girls and Boys Home, also known as Boys Town, at Potomac and Pennsylvania avenues in Southeast. … In recent weeks, the Justice Department has sought to depose D.C. Board of Education member Tommy Wells, a leading candidate in the D.C. Council race in Ward 6, and Geoffrey Griffis, chairman of the D.C. Board of Zoning Adjustment. … Mr. Wells said Tuesday that he received a subpoena about two weeks but that his deposition wasn't required. He said the Justice Department did not say why it sought his testimony. … Justice Department attorneys said in court records that Mr. Wells, as a member of Advisory Neighborhood Commission 6B, had knowledge about community opposition to the Boys Town project."

S FBI Investigating Alleged Civil Rights Violation By Louisiana School Bus Driver. The Shreveport Times (8/31, Welborn) reports, "The FBI is looking into allegations that the civil rights of nine black Red River Parish schoolchildren have been violated by a white school bus driver. Mike Kinder, resident agent-in-charge of the FBI's Shreveport office, confirmed today that a civil rights allegation was made to his office. An agent interviewed some of the family members Tuesday. … The investigation will not be prolonged, Kinder said. 'But we do what to look at it for the best interest of the citizens.'" The Times adds, "The inquiry stems from allegations made last week that the children were assigned to the two rear seats of Delores Davis' school bus while white children filled the remaining seats, sometimes two or one to a seat."

ome Groups Oppose New California Anti-Bias Law. The Washington Times (8/31, Wetzstein) reports, "California Gov. Arnold Schwarzenegger this week made it illegal for state-funded service providers, such as police and fire departments and universities, to discriminate against homosexuals, bisexuals and transgendered persons." The Times continues, "Senate Bill 1441, signed into law Monday by Mr. Schwarzenegger, 'closes a crucial gap' in state civil rights law, said lead sponsor state Sen. Sheila Kuehl, who was backed by Equality California, a homosexual rights group. … But conservative groups say it will allow attacks on organizations that believe homosexuality is unnatural or sinful, and is an 'assault' on religious freedom. … The new law will 'force religious colleges to either abandon their biblical standards on sexuality or reject students with state financial aid,' said Randy Thomasson, president of the Campaign for Children and Families. … Numerous Christian colleges, such as Westmont College, Shasta Bible College, Trinity Law School and William Jessup University, asked Mr. Schwarzenegger to veto the bill, he said."

California Judge Rules District May Consider Race In Setting School Attendance Boundaries. The New York Times (8/31) reports Judge Gail A. Andler of Orange County Superior Court ruled that Capistrano Unified School District "may consider race in setting school attendance boundaries, setting up the question for an almost certain appeal." The judge also ruled that the district's plan "impermissibly used race because it contained a 'guiding principle' that the minority student population at any school could not exceed 35 percent."

Judge Criticized For Ruling On Michigan Initiative To Ban Racial Preferences. In a Wall Street Journal op-ed (8/31), Terrence Pell, president of the Center for Individual Rights, says, "A decision Tuesday by a federal judge in Detroit could set the stage for a sweeping expansion of the Voting Rights Act, which would turn the federal courts into a national campaign police." The issue concerns a "last-ditch effort by a group trying to prevent citizens from voting on an amendment to the Michigan

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constitution. Styled after similar campaigns in California and Washington, the Michigan Civil Rights Initiative would outlaw the use of racial preferences by state agencies and universities." Just a "few weeks before the deadline for Proposal 2 to get onto the state ballot, the 'Coalition to Defend Affirmative Action By Any Means Necessary' (BAMN, loosely) argued that the signature gathering process used to qualify the referendum was tainted by racially targeted fraud." But "even if state officials had struck every single signature BAMN claims came from a majority black city (124,000), there still were more than enough signers to get onto the ballot. In light of all this, the Michigan courts -- as well as the secretary of state and the attorney general -- rightly rebuffed BAMN's litigation." BAMN "filed a new lawsuit in federal court. Although the purpose of the Voting Rights Act is to eliminate procedures that diminish participation in elections because of race, BAMN asked the courts to rule that states must invent new procedures: Namely, they must strike black participation whenever officials have an inkling some blacks might have been confused about what they were doing." Judge Arthur J. Tarnow "concluded that the initiative sponsors and the state had been right all along: There was no legal basis for a claim under the Voting Rights Act." But "without the benefit of even a short trial, Judge Tarnow made the incendiary finding that 'evidence overwhelmingly favors a finding that [petition sponsors] engaged in voter fraud' and that state officials had exhibited 'an almost complete institutional indifference.'"

ANTITRUST:

Exelon Acquisition Of PSEG Seen As Less Likely. The Wall Street Journal (8/31, Buurma) reports, "Exelon Corp. said the likelihood has decreased that it can complete its proposed $16 billion acquisition of energy holding company Public Service Enterprise Group Inc." The Journal continues, "The Chicago electric and gas utility said in a Securities and Exchange Commission filing that it remains committed to its efforts to complete the acquisition, but that the probability for completing the transaction is no longer 'more likely than not,' based on the status of settlement discussions before the New Jersey Board of Public Utilities. The state regulatory panel's approval is needed for the acquisition to be completed." The Journal adds, "Approval of the acquisition, which would create one of the largest U.S. utilities, has been held up for more than 20 months by concerns in New Jersey that the combined company would own so many power plants around the state that it could effectively corner the region's electricity market. PSEG, based in Newark, N.J., is the parent of New Jersey's largest electric utility. … The Justice Department recently approved the acquisition, as have the Federal Energy Regulatory Commission and several regulatory bodies in other states, but New Jersey has yet to act."

Bloomberg (8/31, Polson, Lonkevich) reports, "The acquisition of Newark, New Jersey-based Public Service would expand Exelon's group of cheaply fueled nuclear-power plants, already the largest in the U.S. The company expected regulatory approval within 18 months, even though New Jersey's top regulator said then it could take up to two years because of the transaction's size. … The U.S. Justice Department on July 22 gave antitrust approval to the transaction on the condition that Exelon sell 5,600 megawatts of power plants. The Federal Energy Regulatory Commission gave approval a year earlier. … Exelon, owner of utilities in Chicago and Philadelphia, withdrew an offer for Dynegy Inc.'s Illinois Power Co. in 2003 after Illinois lawmakers rejected its terms."

California Newspaper Suit Put On Fast Track. The Tri-Valley (CA) Herald (8/31, Richman) reports, "A federal judge in San Francisco has agreed to fast-track a lawsuit challenging the already-consummated $1 billion deal involving the sale of the San Jose Mercury News and Contra Costa Times." The Herald continues, "U.S. District Judge Susan Illston OKd an agreement between lawyers from both sides to take depositions, exchange documents and file motions on an accelerated schedule so Clint Reillys lawsuit against MediaNews Group, the Hearst Corp. and other newspaper companies can go to trial Feb. 26." The Herald adds, "Sacramento-based McClatchy Co. this year bought the now-defunct Knight Ridder Corp.s 32 newspapers for $6.5 billion. From among those, the Mercury News and the Contra Costa Times were sold Aug. 2 for $736.8 million to Denver-based MediaNews — which owns this newspaper — and the Monterey County Herald and the St. Paul (Minn.) Pioneer Press were sold for $263.2 million to New York City-based Hearst, owner of the San Francisco Chronicle. … In a separate, simultaneous pact, Hearst agreed it will give the St. Paul and Monterey papers to MediaNews in return for an equity investment in MediaNews non-Bay Area assets; if the government wont OK that, MediaNews will simply buy those two papers from Hearst. Either way, MediaNews will wind up with all four papers."

Senate Hearing On Texas Airfield Agreement Seen Likely. The Fort Worth Star-Telegram (8/31, Batheja) reports, "The Senate Judiciary Committee is likely to review the Wright Amendment compromise once Congress reconvenes next month, Sen. John Cornyn said Wednesday." The Star-Telegram continues, "Cornyn, who is on the Judiciary Committee, said the compromise contains 'a few small short words' regarding antitrust jurisdiction that probably will push the bill into the committee's jurisdiction. … Cornyn spoke about the issue before delivering a speech at the

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Texas Competitiveness Summit at the University of Texas-Dallas in Richardson." The Star-Telegram adds, "Hammered out by the cities of Fort Worth and Dallas, American Airlines, Southwest Airlines and Dallas/Fort Worth Airport this summer, the Wright Amendment deal calls for closing 12 of Dallas Love Field's 32 gates, immediately allowing through-ticketing, and repealing restrictions after eight years that permit flights from Love to only Texas and eight other states. The accord also stipulates that the deal must not be changed and must be passed by Congress by year's end. … The agreement has sparked criticism as being anti-competitive, because all 20 remaining gates at Love Field would go to American, Southwest and Continental Airlines."

Valassis Sues To Rescind Advo Offer. The Wall Street Journal (8/31, Steinberg) reports, "Marketing concern Valassis Communications Inc. sued to rescind its proposed $1.3 billion merger with Advo Inc., alleging Advo 'materially misrepresented the financial health of the company and failed to reveal internal control deficiencies.'" The Journal continues, "Advo countered that the Valassis lawsuit was 'baseless and without merit,' calling the action 'merely a smokescreen to hide the fact that Valassis is suffering from an extreme case of buyer's remorse.' The company said it 'remains committed to the transactions contemplated by the binding merger agreement, and will take action to enforce that agreement and vigorously defend itself against Valassis' claims.'" The Journal adds, "The lawsuit, filed yesterday in the Delaware Chancery Court, came nearly two months after the companies struck the merger deal that united two stalwarts of the direct-marketing and advertising businesses. Valassis and Advo both specialize in print-based advertising services including distribution of advertising inserts and coupons in newspapers. … In the deal, Valassis agreed to pay a roughly 50% premium for Advo. It offered $37 a share in cash, compared with Advo's price of $24.26 the day before the deal was announced. But Valassis shares fell about 20% in the days following the deal's disclosure, although Valassis stock has since recovered part of the ground it lost."

TiVo's Patent Litigation Costs Widen Corporate Losses. The Wall Street Journal (8/31) reports, "TiVo Inc. posted a wider second-quarter loss, weighed down largely by legal costs related to its high-stakes patent dispute with EchoStar Communications Corp." The Journal continues, "TiVo, a pioneer of digital video-recording technology, posted a net loss of $6.5 million, or seven cents a share, for the quarter ended July 31, compared with a loss of $892,000, or one cent a share, a year earlier. Revenue rose 50% to $59.2 million, with service and technology revenue climbing to $52.9 million from $40.7 million." The Journal adds, "The Alviso, Calif., company said it added 30,000 net new subscribers in the quarter, ending the period with more than 4.4 million customers. TiVo-owned gross subscriber additions came to 74,000, down from 77,000 a year ago. … 'Despite a traditionally slower summer consumer electronics selling period, coupled with no exceptional advertising spend, we were able to continue to build momentum relative to last year's results,' said CEO Tom Rogers in a press release. … The company has seen its competitive position shrink as cable companies, satellite television operators and electronics makers scramble to offer a version of the DVR. But TiVo has claimed successor models infringe its 2001 patent on the underlying technology and that makers should license the technology."

Shareholders Approve Electron's Bid For Fisher. The AP (8/31) reports, "Shareholders have approved Thermo Electron's $10.6 billion acquisition of Fisher Scientific International, a deal that pairs two New England makers of scientific equipment." The AP continues, "Shareholders of Waltham, Massachusetts-based Thermo Electron and Hampton-based Fisher Scientific overwhelmingly approved the deal in separate votes today. … It's still subject to regulatory approval, and is expected to close in the fourth quarter." The AP adds, "The shareholder votes came nearly four months after the transaction was first announced. Last week, the companies said they would sell off a Fisher product line to satisfy regulators' antitrust concerns."

ENVIRONMENT/INDIAN AFFAIRS:

EPA Working On Wetlands Guidelines. The AP (8/31, Flesher) reports, "The Bush administration is preparing instructions for regulators puzzling over which wetlands are covered by federal clean water law, a top Environmental Protection Agency official said Wednesday. … But the EPA hasn't decided whether to issue a comprehensive regulation on the issue in the wake of a confusing U.S. Supreme Court ruling in two Michigan wetlands cases, said Benjamin Grumbles, assistant administrator for water. … 'Our overarching goal is to continue to protect wetlands under the Clean Water Act to the maximum extent allowable since the decision,' Grumbles told The Associated Press in an interview. 'Which tools are the best to use is a policy decision we haven't made yet.'" The AP continues, "The high court took up the Michigan cases in hopes of settling a long-running debate concerning federal jurisdiction over wetlands. But the June 19 decision muddied the waters further. … The justices split three ways, with none of their five written opinions drawing majority support. Several urged Congress or federal agencies to deal with the issue, saying they were best suited to handle its complexities." The AP adds, "Courts have agreed the Clean Water Act requires permits to degrade

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wetlands alongside navigable waterways such as lakes and rivers. The question is whether the law also applies to tributaries of those waters and their adjacent wetlands -- and if so, how far upstream. … The agency soon will issue a 'guidance' document that will offer the EPA's interpretation of what the Supreme Court decided, Grumbles said. The agency is working with the Justice Department to determine 'how much stature to give certain pieces of the various five opinions,' he said."

3rd Circuit Rules For US In DuPont Cleanup Case. The Legal Intelligencer (8/31, Duffy) reports, "A polluter that voluntarily takes on the duty to clean up a toxic waste site cannot later seek contributions from the federal government -- even if the government itself was also a polluter at the site -- the 3rd U.S. Circuit Court of Appeals has ruled. … But a dissenting judge complained that the majority was relying on two 3rd Circuit precedents that she believes have been effectively overruled by the U.S. Supreme Court, and that a ruling in favor of the government would discourage voluntary cleanups. … 'I am concerned that the effect of the majority's opinion will be that parties will be reluctant to engage in voluntary cleanups for fear that they may not be able to obtain contribution,' U.S. Circuit Judge Dolores K. Sloviter wrote in her dissent in E.I. du Pont de Nemours Co. v. United States. … 'Spills that could be most efficaciously dealt with if cleaned up immediately will remain untouched while parties attempt to settle with the government,' Sloviter wrote." The Intelligencer adds, "In the suit, three companies -- DuPont, Conoco Inc. and Sporting Goods Properties Inc. -- sought contributions from the government for cleanups at 15 sites. … Each of the sites was owned or operated by the United States at various times during World War I, World War II and the Korean War, the suit said, during which time the United States was responsible for some contamination. … But U.S. District Judge William J. Martini of the District of New Jersey granted summary judgment in favor of the government, holding that a 'responsible party' that conducts a voluntary, unsupervised cleanup cannot assert a claim for contribution. … On appeal, lawyers for the three companies urged the 3rd Circuit to reconsider two of its environmental law precedents -- New Castle County v. Halliburton NUS Corp. and In re Matter of Reading Co. -- in light of the U.S. Supreme Court's 2004 decision in Cooper Industries Inc. v. Aviall Services Inc. … But Circuit Judge Thomas L. Ambro, in an opinion joined by visiting Judge Paul R. Michel of the U.S. Court of Appeals for the Federal Circuit, found that both of the 3rd Circuit's decisions remain good law and are consistent with the intent of Congress."

Report Questions Ethanol's Suitability As Replacement For Gasoline. The CBS Evening News (8/30, story 3, 2:40, Schieffer, 7.66M) reported, "We keep hearing that one way to use less gasoline is to drive a car that can run on ethanol. A new Consumer Reports survey out tomorrow finds that ethanol may not be all it's cracked up to be." CBS (Regan) added, "Carmakers are jumping on the ethanol bandwagon…but a new study from Consumer Reports casts doubt on the whole notion of ethanol as an alternative to gasoline." David Champion of Consumer Reports said ethanol is "not a panacea to replace gasoline…because ethanol is not as efficient as gasoline." Another problem with ethanol, CBS said, many consumers cannot "even find the fuel."

The New York Times (8/31, C1, Barrionuevo, 1.21M) reports that in order to "assess just how efforts to help E-85 catch on were going," it sent a reporter to drive through "the region where its popularity is greatest. They found that despite all the good will toward ethanol, success is far from assured." Although the fuel has "plenty of powerful supporters," including General Motors and Ford, "most oil companies want nothing to do with E-85, which they see as a money-losing alternative to their own petroleum-based products." And "without help from the oil industry or a lot more flexible-fuel cars on the road," the Times says gasoline retailers are "hesitant to install the expensive pumps, which can cost up to $200,000 with a new underground storage tank."

New Park Service Rules Emphasize Conservation Over Recreation. The New York Times (8/31, Barringer, 1.21M) reports the National Park Service "is about to adopt a policy emphasizing conservation of natural and cultural resources over recreation when they are in conflict. Interior Secretary Dirk Kempthorne is expected to announce the new policy on Thursday." The new regulations "on park management give barely a nod to most of the concerns of the recreation industry and its Congressional champion, Representative Steve Pearce, Republican of New Mexico." The new policy "makes a few concessions to the recreation industry, like ensuring that so-called 'gateway' communities — close neighbors to the large national parks that draw tens of thousands of visitors each year — have a role in park managers' decision making."

Schwarzenegger, Legislature Reach Deal On Global Warming Bill. CBS Evening News (8/30, story 8, 0:15, Schieffer, 7.66M) reported, "Governor Arnold Schwarzenegger announced a deal with state legislators today to make California the first state with a cap on industrial gases blamed for global warming. The bill would limit emissions from power plants and refineries. It's designed to cut so-called greenhouse gases 25 percent by the year 2020."

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ABC World News (8/30, story 9, 0:15, Gibson) referred to "a landmark deal," while NBC Nightly News (8/30, story 6, Williams, 9.87M) described it as a "history making deal."

The Los Angeles Times (8/31, Lifsher, 918K) says "the measure, AB 32, is expected to win passage from the state Senate this evening and by the Assembly on Thursday. The bill is designed to cut the amount of carbon dioxide and other greenhouse gases 25% by 2020."

CNN's The Situation Room (8/30, King) says the agreement represents "a clear break from the Bush Administration ."

The Wall Street Journal (8/31, Ball, Carlton, 2.03M) says "the effort faces almost certain legal challenges. Business groups have said such restrictions will boost production costs and make the state less competitive." California, "the world's sixth-largest economy, accounts for only about 2% of the world's annual global-warming emissions." But "California leaders made clear their intent is to spur other states, and ultimately the federal government, to follow the state's lead. That has happened with a string of past environmental regulations, notably restrictions on automotive pollution." The Bush Administration "reacted tepidly to word of the California push. 'The states are free to make their own decisions about their policies,' said Kristen Hellmer, a spokeswoman for the White House Council on Environmental Quality." But "she reiterated the administration's philosophical opposition to global-warming caps, saying a cap imposed in one state or country simply causes industry to move to another location. 'They're going to still produce greenhouse gas,' she said."

The New York Times (8/31, Barringer, 1.21M) reports, "The Bush administration has rejected the idea of similar national controls on carbon dioxide emissions, and efforts to get Congressional approval for such firm caps on emissions have repeatedly been defeated."

LATimes Praises Schwarzenegger's Handling Of Tribal Casinos. The Los Angeles Times (8/31, 918K) says in an editorial that two years ago, California voters "tried to end their gambling addiction, overwhelmingly rejecting Proposition 70, which would have allowed unlimited expansion of Indian-owned casinos. In the interim, Gov. Arnold Schwarzenegger has been playing with the state's money, cutting deals with several tribes that allow them to build giant gambling palaces far bigger than anything in Las Vegas. Against the odds, so far he appears to be winning — for himself and for the state."

FBI/DEA/ATF/USMS:

McNulty Pledges More Cooperation To Fight Street Crime. The AP (8/31, Yen) reports, "A top Justice Department official said Wednesday the government would strive to work better with cities to stem crime on the streets." The AP continues, "Deputy Attorney General Paul J. McNulty told a gathering of mayors and police chiefs from 50 cities that he was concerned about reports of growing violent crime - including homicides, robberies and aggravated assault - in cities nationwide. He acknowledged difficulties due to demands with fighting terror and wars abroad. … 'I'm well aware that there are many needs and desires on the part of law enforcement that we have not been able to serve well,' McNulty said at the national crime summit organized by the Police Executive Research Forum." The AP adds, "He said the Justice Department was seeking more funds for its Bureau of Alcohol, Tobacco, Firearms and Explosives division to stem gun trafficking. But reclaiming money that was diverted from crime-fighting to anti-terror efforts may be difficult, he said. … 'I wish I could stand here and say all that will be restored in the next year or two,' McNulty said. 'We are facing some big challenges. I see the challenges in fighting the war on terror. I see it is very expensive to fund soldiers overseas. At the same time, we have to find ways to get resources to win here at home.'" The AP notes, "Several city officials blamed a more single-minded approach on the war on terror that they said came at the cost of millions of violent-crime victims. … At the summit, city officials shared stories about their challenges in fighting growing crime, particularly among juveniles, amid cuts in community programs for youths as well as an uneven economic recovery."

In an article headlined "DOJ Official Skewered At Crime Forum" posted on its website, CBS News (8/31, Lumpkin) reports that McNulty "was barraged with a series of highly critical questions from some very unhappy police chiefs and mayors. … McNulty clearly knew coming in that he was going to be grilled. But the criticism was much stronger than he seemed to have anticipated, and he did not seem to be very well-briefed on some issues of prime importance to the attendees." CBS adds, "Before McNulty began speaking at the forum, where no cameras were allowed, there was a summary of statistics. The numbers clearly reflected an increase in crime nearly everywhere across the country. The spikes were notable and alarming, and PERF head Chuck Wexler said they reflected that the rise in crime 'Is not about one city; it's about the country.' … With that kind of preamble, when McNulty opened his remarks and quickly mentioned the 'potential rise in crime,' he was already off on the wrong foot."

The Washington Post (8/31, A13, Klein, 748K) reports, "Crime is at a 'tipping point' in America, said Chuck Wexler, executive director of the Police Executive Research Forum, which organized the National Violent Crime Summit. … One after another, participants recited grim statistics." The Post notes, "The chiefs also complained about shrinking police forces and said dwindling federal funds have contributed to

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the problem." McNulty "assured the chiefs that he wanted to work with them. 'I see competing demands on resources,' McNulty said. 'It is expensive to fund our soldiers overseas, and we have to be successful here at home also.'"

The New York Times (8/31, Files, 1.21M) adds Seattle Police Chief R. Gil Kerlikowske "said part of the problem was that Washington had primarily focused on terrorism and domestic security since" 9/11. Kerlikowske said, "This administration is tone deaf to what is going on." He "and others pointed to the anticrime bills approved in the Clinton administration that provided money to hire thousands of police officers as an example of success reached through talks among local, state and federal officials." The Times also notes McNulty "acknowledged that the government had struggled to balance its needs at home and abroad."

FBI Officials Tout Post-9/11 Tech Upgrades, New Investigative Database. Under the headline "FBI's New Data Warehouse A Powerhouse," CBS News (8/30, Hendin) reported on its Web site, "It's been five years since 9/11 — and since then, the FBI has done a lot of expensive work to upgrade its troubled computer systems. … Sure, it has taken five years for the FBI to get as high-tech as most high school libraries, but the bureau has accomplished that and a lot more in a short period of time, according to senior FBI officials who briefed reporters for the five-year anniversary of the attacks. The FBI has been plagued by missteps in upgrading its computers for the past five years but according to officials, they have a system, never before publicly demonstrated, that connects the dots in its fight in the war on terrorism. Called the Investigative Data Warehouse (IDW) computer system, they describe it as 'one-stop shopping' for FBI agents. … One person even called it 'uber-Google.'" CBS added, "Zal Azmi, the FBI's chief information officer, described IDW as the central database in the FBI's information-sharing approach in the post-9/11 world." Additionally, "Azmi said that 3,300 computers had been deployed to access secure systems."

InformationWeek/TechWeb (8/30, Gardner) reported, "Still smarting from the failure of its old IT systems, the Federal Bureau of Investigation Tuesday gave a public demonstration of its Investigative Data Warehouse," developed by Chiliad Inc., "and bragged that the 659 million-record counterterrorism database functions well." In a Wednesday interview, Chilead CEO Paul McOwen "said the 'enormously scalable' system represents a productivity improvement of 60,000 times over previous law enforcement database systems. 'It scales to the size of the entire Internet,' he said."

Authorities Report Record Meth Seizure In Georgia. The Atlanta Business Chronicle (8/30) reports federal, state, and local law enforcement authorities in North Georgia "have reported a record seizure of about 341 pounds of suspected crystal methamphetamine at a residence in Gainesville, Ga. The find breaks a previous record seizure of 187 pounds of meth made just two weeks ago in Buford, Ga. A federal criminal complaint has been filed against three brothers...charging them with possession with intent to distribute methamphetamine." At a news conference Wednesday, law enforcement officials "said this was the largest meth seizure in Georgia history. The suspected crystal methamphetamine in uncut form has a minimum estimated street value of $17 million, and depending on how many times it is 'cut,' DEA estimates that the street value could be over $50 million."

The Atlanta Journal Constitution (8/30) reports, "Two men have been arrested and two more are being sought following the seizure of 341 pounds of methamphetamine in northeast Georgia."

The New York Times (8/31) reports, "The stash was the sixth-largest supply of methamphetamine confiscated in the United States since 1970, said Ruth Porter-Whipple, the group supervisor of the Atlanta field division of the Drug Enforcement Agency. The discovery and the brazenness with which drug dealers seem to operate in North Georgia have alarmed drug enforcement agents and confirmed Atlanta's emerging role as a hub for the distribution of crystal methamphetamine, called ice."

The AP (8/30) reports the investigation "began when U.S. Forest Service officials spotted four people cultivating a marijuana field inside Chattahoochee National Forest in Union County.
Authorities searched a house connected to the suspects where they found the meth."

Black Hills Today (8/30) reports Russ Arthur, supervisory special agent with the U.S. Forest Service in Atlanta, Georgia said, "Through the assistance of the Union County Sheriff's Office, the Bureau of Alcohol, Tobacco, Firearms and Explosives, Gainesville Police Department, Drug Enforcement Administration, Hall County Sheriff's Office and the Federal Bureau of Investigation, we have removed an incredible amount of suspected crystal methamphetamine from the streets."

Local TV Coverage. WGCL-TV, Atlanta (8/30, 4:00 p.m.) reported, "Federal agents unveiled a record amount of drugs seized in Georgia. Approximately 341 pounds of suspected crystal methamphetamine also known as ice, with a street value of at least $50 million."

WXIA-TV, Atlanta (8/30, 7:00 p.m.) reported, "An investigation into a marijuana field on US forestry land ended in the largest methamphetamine seizure in Georgia history. Federal and local law enforcement agencies uncovered 341 pounds of ice. That's the crystallized form of methamphetamine. They led agents to a home in

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Gainesville. The amount of ice shattered the record in Georgia, which was set two weeks ago when 187 pounds of ice were seized."

WXTX-TV, Columbus (8/30, 10:00 p.m.) reported, "Federal agents seized more than three hundred and forty pounds of methamphetamine from a home in Gainesville last week. The drugs are worth fifty million dollars."

More Than 70 Arrested In West Virginia Drug Sweep. The Huntington (WV) Herald Dispatch (8/30) reports at least 74 people "were arrested Tuesday as part of Huntington's largest one-day drug sweep this year. The daylong series of raids focused on residences throughout Huntington, where police say they confiscated large amounts of crack cocaine, guns and other items. Authorities say they organized 'Operation Moneyton' with hopes of nabbing 73 suspected drug dealers operating within the city. More than half of those targets were arrested Tuesday, with other people being charged with unrelated offenses." Toward the end of the story, the Herald Dispatch notes the DEA's participation in the operation.

DEA Agents Intervene In Undercover Operation At California Marijuana Dispensary. In Van Nuys, the Los Angeles Daily News (8/30) reports DEA agents "entered a medical-marijuana dispensary Wednesday to free an undercover colleague who was not being allowed to leave by workers who discovered he was not a real customer. No one was injured, and no arrests were made as of Wednesday evening after the incident at the Trichome Healing Center…said DEA spokeswoman Sarah Pullen." Pullen "said an investigation is ongoing."

College Student In New York Accused Of Impersonating Federal Agent. The AP (8/30) reports a Queens college student "has been charged with impersonating a federal agent after a routine traffic stop led police to a cache of weapons and forged law enforcement paraphernalia in his bedroom." Prosecutors said Stephan M. Kishore's "masquerade came to an end after a Port Authority of New York and New Jersey police officer stopped his minivan Monday afternoon on an expressway near John F. Kennedy International Airport for changing lanes without signaling. … Police said they recovered the guns, a laptop computer, a laminator and blank ID cards during the execution of a search warrant at his home. They also said they found 32 federal police ID cards, including ones for the U.S. Marshals Service, the Drug Enforcement Administration, the FBI and U.S. Customs and Border Protection, and shields for city departments including police and correction."

Buffalo Launches New "Weed & Seed" Initiative. The Buffalo News (8/31, Rey) reports, "Buffalo is working on a strategy to weed out the gangs and drugs on the lower East Side." The News continues, "U.S. Attorney Terrance P. Flynn joined Mayor Byron W. Brown on Monday at the Col. Matt Urban Center on Broadway to announce an initiative for a new 'Weed and Seed' program, targeting the Broadway-Fillmore neighborhood, one of the city's most violent. … 'This will be an additional tool in our arsenal to reduce crime and violence in our city,' Brown said." The News adds, "Buffalo has had 51 murders so far this year, compared with 56 during all of last year. Police blame the spike in violence on drug warfare and a resurgence in gang activity. … Weed and Seed programs, created by the Justice Department, combine the efforts of the police, prosecutors and community activists to 'weed' out violent crime in neighborhoods and 'seed' it with social and redevelopment opportunities, Flynn said."

IMMIGRATION:

Pro Bono Project Matches Immigration Appellants With Lawyers, Students. The AP (8/31, Anna) reports on the Washington, DC-based Pro Bono Appeals Project that matches "immigrants at the appeals level with hundreds of volunteer lawyers. Some of its most enthusiastic members are the students at nine law schools, from Mississippi to Massachusetts, who often are working with a real client for the first time." The AP continues, "One of the first things students learn about an immigration case is that, unlike others detained in the United States, immigrants facing deportation are largely on their own. The government doesn't provide legal help and they don't have a right to appointed counsel. … Almost two-thirds of cases in immigration court have no representation, no matter the person's grasp of law, or English. Even the government says it's a problem, and it helped set up the pro bono project to make the system less confusing to immigrants and less frustrating for judges." The AP adds, "Each week, the government goes through new cases from immigration court and takes the first 12 that meet the project's criteria. The project chooses the most promising of the 12 cases and matches them with participating lawyers and law schools. When a match can't be found, the case is left to proceed alone, said coordinator Molly McKenna. … Almost two-thirds of the more than 240,000 cases in immigration court had no representation last year, according to the Executive Office for Immigration Review, part of the Justice Department. At the appeals level, 31 percent of the more than 42,000 cases last year had no lawyer."

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Immigration Reform Supporters Plan More Protests In DC, Other Cities. The Washington Post (8/31, A12, Brulliard, 748K) reports after "four months of relative quiet, immigration reform advocates are mobilizing a new round of protests in Washington and other cities to put pressure on a returning Congress and reinvigorate a Latino movement that awakened in massive demonstrations this spring." The events "will begin tomorrow in Chicago, where demonstrators plan to set out on a four-day march to the district offices of House Speaker J. Dennis Hastert (R) in Batavia, Ill., and will continue with one-day rallies throughout next week in Phoenix, Washington and Los Angeles." In the Washington region, "activists are distributing leaflets, and Spanish-language radio is buzzing about a Sept. 7 rally that organizers hope will be the biggest yet. Organizers say their goal is 1 million protesters from up and down the East Coast for a rally on the Mall and a march to the White House."

TAX:

DOJ Sues To Stop California Man From Preparing Tax Returns. The Fresno Bee (8/31, Rodriguez) reports, "A former Internal Revenue Service employee turned tax preparer may have filed his last return. … The U.S. Department of Justice is asking a federal judge to bar David Meals of Dinuba from preparing another federal tax return after he allegedly prepared or supervised the preparation of 103 Tachi Yokut tribe tax returns that claimed casino-gaming proceeds were tax-exempt." The Bee continues, "The government, in a civil lawsuit filed Tuesday in U.S. District Court in Fresno, argues the proceeds are not tax-exempt and that the returns improperly asked for more than $826,000 in tax refunds. … The tribe operates the Tachi Palace Hotel and Casino in Lemoore. … 'We want the judge to block him from ever preparing taxes in the future,' said Charles Miller, a Department of Justice spokesman in Washington, D.C." The Bee adds, "Meals…worked as the manager of the Jackson Hewitt Tax Services franchise in Hanford last year when the improper returns were completed. He no longer works for the company. … He personally prepared 40 of the erroneous tax returns. … The lawsuit alleges Meals told members of the tribe that the gaming proceeds paid to tribal members were not taxable because of a Native American treaty. … But the lawsuit states there is no such treaty exempting distributions of casino earnings from federal income tax. … 'People who prepare fraudulent tax returns expose themselves and their customers to risk of civil penalties and criminal prosecution,' said Eileen J. O'Connor, assistant attorney general for the Justice Department's Tax Division. … 'The IRS and the Justice Department are working to diligently stop their activities.'"

2nd Circuit Sides With US In Tax-Shelter Abuse Case. The Wall Street Journal (8/31, Wessel) reports, "It can take a long time for the U.S. government to nail a big company that has stretched the law too far in its quest to avoid paying taxes. Sometimes, it's worth the wait." The Journal continues, "Thirteen years ago, General Electric Capital Corp., the finance arm of the big company, set up an extraordinarily complex partnership with a couple of Dutch banks. Mellifluously dubbed Castle Harbour, the deal saved General Electric $62.2 million in taxes over five years in the 1990s. … In 2001, the Internal Revenue Service said the deal was basically a bank loan, secured by 63 airplanes, that had been dressed up as a partnership to dodge taxes. It demanded the $62.2 million. In 2004, GE persuaded a federal district judge in New Haven, Conn., that the IRS was wrong." The Journal adds, "A few weeks ago, in a searing 34-page opinion, the Second U.S. Circuit Court of Appeals in New York said it was the lower court that got it wrong 'primarily by accepting at face value the appearances and labels created by the partnership, rather than assessing the underlying economic realities.' … The ruling is the latest in a series of appellate-court wins in corporate tax-shelter cases for the IRS and Justice Department as they continue to battle corporate excesses of the 1990s. The government recently has prevailed over Dow Chemical, Coltec Industries and Black & Decker in decisions that are, or should be, scrutinized by executives pondering the wisdom of overly creative tax shelters."

CONGRESS-ADMINISTRATION:

Bush To Revive "Controversial" Judicial Nominations. The New York Times (8/31, Stolberg, 1.21M) reports, "The White House announced Wednesday that President Bush would revive the expired nominations of five controversial appeals court candidates. The move sets the stage for yet another election-year battle over the federal judiciary." The White House action "was in one sense a formality. Under Senate rules, nominations automatically expire and are sent back to the White House if the lawmakers are out of session for more than 30 days, as they will have been when they return after Labor Day. Such nominations are ordinarily kept alive by unanimous consent of the Senate, but this time Democrats objected, forcing Mr. Bush to renew them. … Even so, the White House move cheered conservatives, who make up an important part of Mr. Bush's political base and are passionate about putting conservatives on the bench. The battle over the judiciary was a big feature of the 2004 Congressional campaigns, and conservatives are eager to replay that fight. … Liberals said Mr. Bush was picking a fight." The candidates "are Terrence W. Boyle, a

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federal district judge in North Carolina, and William James Haynes II of Virginia, general counsel at the Defense Department, both nominated for the United States Court of Appeals for the Fourth Circuit; William Gerry Myers III and Norman Randy Smith, both of Idaho, for the Ninth Circuit; and Michael Brunson Wallace of Mississippi, for the Fifth Circuit."

The Washington Post/AP (8/31, A13) says the list includes one nominee "whom Democrats have threatened to block with a filibuster." In July, "Boyle acknowledged missing the appearance of a conflict of interest in four cases in which he is accused of issuing rulings involving litigants in whose companies his family held stock. Boyle said then that his aides, who do routine screening of cases for conflicts of interest, missed the appearance." Jim Manley, a spokesman for Senate Minority Leader Harry M. Reid, called the nominations "extremely divisive."

Bush Says Entitlement Reform, Energy Dependence Key Issues For Next Two Years. NBC Nightly News (8/30, story 3, 3:10, Williams, 9.87M) last night aired additional parts of its "exclusive interview with President Bush." Asked, "What will be your domestic Apollo program? Will you have one?," Bush responded, "I think the two biggest challenges I would like to see solved in the next two and a half years are the unfunded liabilities inherent in Social Security and Medicare. Baby boomers are retiring. Fewer people are paying into the system, and the system is going broke. It will require Republicans and Democrats coming together to reform the systems so they keep their promise. The other is energy. … We are addicted to oil. That's a pretty strong statement for a guy from Texas to make." Asked how far he is "willing to go," the President said, "As far as practical."

Stevens Blocking Bill To Create Federal Spending Database. The Washington Times (8/31, Carr, 88K) reports Sen. Ted Stevens "acknowledged holding up legislation that would open federal spending practices to public scrutiny, ending speculation about the identity of the bill's blocker swirling around Capitol Hill and the blogosphere." Stevens spokesman Aaron Saunders "said Mr. Stevens wants a cost-benefit analysis of the measure, which would create a searchable database of about $2.5 trillion in government expenditures, before granting approval." The bill, "supported by leaders of both parties and more than 100 conservative and liberal-leaning groups, was on the fast track for a floor vote before Mr. Stevens used a procedure known as a 'secret hold' to delay it just before lawmakers left town on Aug. 4." The "cost-benefit information that Mr. Stevens is seeking is already part of the public record, said Gary Bass, executive director of OMB Watch, a federal spending watchdog group based in Washington."

The Los Angeles Times (8/31, Havemann, 918K) reports, "Ending a mystery that had captivated conservative and liberal Internet activists, Sen. Ted Stevens (R-Alaska) emerged Wednesday as the senator who secretly held up action on a bill to create a searchable online catalog of federal grants and contracts aimed at helping the general public find out who receives government support." The acknowledgment by Stevens "ended an innovative exercise in Internet-based political activism. Several blogs had urged readers to call senators and ask whether they had placed a 'hold' on the legislation to create the online database. Many activists believed the catalog would make it easier to root out pork-barrel spending." As "of midday Wednesday, the blogs had been able to obtain denials from 97 senators that they had placed the hold, which under unwritten Senate rules prevented the legislation from moving to a floor vote. With the suspects narrowed to a small group, Stevens' office acknowledged that he had blocked the bill."

Spellings Says NCLB Has Improved Schools, Should Be Expanded. The AP (8/31, Feller) reports U.S. Secretary of Education Margaret Spellings "said Wednesday the No Child Left Behind Act is close to perfect and needs little change as its first major update draws near." That view is called "the Bush administration's starting position" in preparation for reauthorization expected "as soon as next year." But that position "is notable because it differs so sharply from others with a stake, including many teachers, school administrators and lawmakers." Spellings defended NCLB by saying that "states and schools are debating how better to help children with limited English skills and students with disabilities." That is, Spellings said, "the big news out of No Child Left Behind." USA Today (8/31, 2.27M) runs a brief form of this story.

The Washington Post (8/31, A4, Romano, 748K) adds Spellings also said, "We've come a long way in a short time in a big system affecting 50 million kids." She further said that "states need to do much of the remaining work on NCLB in order to meet the goal of reading proficiency by 2014" particularly emphasizing "school structure."

US Chamber Hires Lobbyists For Reauthorization Of NCLB. The Washington Post (8/31, A23, 748K) reports the U.S. Chamber of Commerce "is getting involved in a big way" in the run-up to reauthorization of the Elementary and Secondary Education Act including No Child Left Behind. In pursuit of that, the chamber has hired Akin, Gump, Strauss, Hauer & Feld which employs Sandy Kress, "who helped craft" NCLB, Beth Ann Bryan, "a senior adviser to then-education secretary Roderick Paige and adviser to Bush when he was governor of Texas; and Krisann Pearce, a former teacher and deputy director of education and human resources policy for the House Education and the Workforce Committee." The

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chamber "generally believes in a rigorous curriculum and more accountability to ensure that the nation has a workforce that is prepared to compete."

Democratic Agenda Includes Iraq Withdrawal, Oversight Investigations, Social Legislation. McClatchy (8/31, Talev) reports that if Democrats "win one or both houses of Congress in November's elections, as polls suggest is increasingly likely, President Bush's Washington will change dramatically." Democrats will "press to get out of Iraq. They'll mount investigations into the Bush administration's record that could rival those of Presidents Nixon in Watergate and Clinton in the Monica Lewinsky affair. They'll push a boatload of social-welfare legislation, such as raising the minimum wage, that reflects their pent-up priorities, while blocking the Republican agenda on social issues such as gay marriage, abortion and religion." Those are "some of the top plans that Democrats would pursue if they won power, according to interviews with Democratic lawmakers, strategists, staff aides and lobbyists." Analysts agree the House "is more likely to turn Democratic than the Senate." Should Democrats win a House majority, "the next speaker will be Rep. Nancy Pelosi, a liberal feminist from San Francisco who decries virtually everything Bush does. Issue one would be the war." Republican National Committee Chairman Ken Mehlman "predicts that Republicans will hold their majority by convincing voters that Democrats will raise taxes, compound energy shortages through their environmental policies and weaken national security."

Democrats Testing "New Direction" Slogan. The White House Bulletin/US News (8/30) reported Democratic strategists "are road-testing their latest slogan for the congressional campaigns this fall: 'Time for a change and a new direction.' The phrase is popping up in the language used publicly and privately by party leaders, who are increasingly convinced that they can make the November elections a referendum on President Bush." The strategists say "many swing voters are still making up their minds whether to vote for Democrats, but Bush remains unpopular and this could result in an anti-incumbent, anti-Republican movement in the next two months that could remove majority Republicans from control of the House. Many voters believe that their incomes aren't growing, their schools aren't any better, their health care is more costly, their gasoline prices are higher, crime is up, and, overall, their lives are worse than when Bush took office nearly five-and-a-half years ago, according to Democratic polls and focus groups." A senior Democratic strategist told US News and the Bulletin: "People have lost confidence in this administration's capacity to lead."

Gingrich Says Prospect Of "Speaker Pelosi" Is Frightening. The AP (8/31, Davenport) reports that during a visit to Columbia, South Carolina, former House Speaker Newt Gingrich said "the thought of California Rep. Nancy Pelosi becoming the next leader of the House and being third in line to the presidency is frightening." Gingrich said, "The prospect of her bringing San Francisco values and a whole attitude on foreign policy that is, I think, an attitude of weakness and appeasement and surrender, I think, would be a disaster for the country." Gingrich said "keeping power out of the hands of Pelosi, the House minority leader, and other Democrats is one of the reasons he was in South Carolina this week raising money for the GOP." On Thursday, Gingrich "was at a fundraiser for Ralph Norman, the White House's chosen opponent for U.S. Rep. John Spratt, the 5th District Democrat who is Pelosi's assistant minority leader."

WSJournal Says Democratic Chairmen Would Be "Going Back To The Future." The Wall Street Journal (8/31, 2.03M) says in an editorial that if Democrats win the House, "While Democratic Leader Nancy Pelosi would be a new Speaker of the House, the 19 primary committee chairmen who would dominate hearings, issue subpoenas and write legislation are agents of change only in the sense of going back to the future. They represent the same liberal priorities that bedeviled Bill Clinton's attempt to govern as a New Democrat from 1993-94, and before that Jimmy Carter in the 1970s. To pick one example, 13 of the 19 voted against the welfare reform that Mr. Clinton signed in 1996 and hailed this month as a triumph of 'bipartisanship.'" The Journal examines the senior Democrats in line for chairmanships, such as Rep. John Conyers, Judiciary; Rep. David Obey, Appropriations; Rep. Charles Rangel, Ways and Means; Rep. John Dingell, Energy and Commerce; Rep. George Miller, Education and Labor; Rep. Henry Waxman, Government Reform; Rep. Alcee Hastings, Intelligence.

Pentagon Report Finds Service Members "Preyed On" By Payday Lenders. USA Today (8/31, Welch, 2.27M) reports that a new Pentagon report has found "As many as one in five members of the armed services are being preyed on by loan centers set up near military bases that can charge cash-strapped military families interest of 400% or more." This "has become a more urgent concern," as "debt troubles can keep troops from going overseas" and "cost some servicemembers their security clearances." The report adds that this kind of lending "hurts readiness and morale and 'adds to the cost of fielding an all-volunteer fighting force.'" Darrin Andersen, president of the Community Financial Services Association of America, calls the report "a misguided critique of a valuable service" and adds that "the industry does not target military personnel." However, "the Pentagon report says those stores 'are heavily concentrated around military bases.'"

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NYTimes Calls For "Honest Assessment" Of Missile Defense System. The New York Times (8/31, 1.21M) editorializes, "In a rare moment of candor this week, Defense Secretary Donald Rumsfeld acknowledged that he's not sure if the United States missile defense system is ready to work," and "his comments should invite a serious discussion on Capitol Hill about what the country is getting for the nearly $9 billion it is spending this year to develop ballistic missile defenses and the $9 billion it is likely to spend next year." At issue is "whether the Pentagon's rush to put interceptors into the ground, rather than spend more time at the drawing board, makes sense." Because "switching technologies or killing off a bad system when you've already sunk billions into hardware" can be "a very hard thing to do," we need "an honest assessment of whether the current system has any chance of working and how much more will have to be spent before it does."

Goldberg Says Criticism Of Bush Overblown. In a Los Angeles Times column (8/31), Jonah Goldberg says "it's time to cut" President Bush "some slack." The "Bush-bashers have lost credibility. The most delicious example came this week when it was finally revealed that Colin Powell's oak-necked major-domo Richard Armitage — and not some star chamber neocon — 'outed' Valerie Plame, the spousal prop of Washington's biggest ham, Joe Wilson. Now it turns out that instead of 'Bush blows CIA agent's cover to silence a brave dissenter' — as Wilson practices saying into the mirror every morning — the story is, 'One Bush enemy inadvertently taken out by another's friendly fire.'" And "then there's Hurricane Katrina. Yes, the federal government could have responded better. And of course there were real tragedies involved in that disaster. But you know what? Bad stuff happens during disasters, which is why we don't call them tickle-parties." The "devastation in Mississippi was in many respects more severe. And you know what? Mississippi has the same federal government as Louisiana, and reconstruction there is going gangbusters while, after more than $120 billion in federal spending, New Orleans remains a basket case. Here's a wacky idea: Maybe it's not all Bush's fault." Goldberg concludes, "Look, things could obviously be a lot better. But they could be a lot worse too. John Kerry could be president."

NYTimes Says Senate Should Not Confirm Tomlinson's Reappointment. The New York Times (8/31, 1.21M) says in an editorial that the "spectacle of a high federal appointee brazenly pleading preoccupation with the war on terror when called to account for billing for unwarranted paydays — while running a horse racing operation from his State Department office — sounds like the stuff of a wise-guy Broadway musical. Or an indictment. So far neither is in the cards for Kenneth Tomlinson, the Republican ideologue ousted last November in an earlier ethics scandal at the Corporation for Public Broadcasting. Once again Mr. Tomlinson has been caught up to his old tricks, this time as chairman of the separate agency that runs the Voice of America." The Senate "should immediately show him the barn door as he comes up for reappointment at the State Department."

LATimes Says Congress Should Resist If Kummant Seeks To End Amtrak. The Los Angeles Times (8/31, 918K) says in an editorial, "Amtrak's chronic problems, and a lack of rider interest, have forced the federal government to subsidize it to the tune of $30 billion since its founding in 1971 — and have led many to ask why Amtrak still exists. Such questions take on heightened urgency with Amtrak's hiring Tuesday of a new president, appointed by a board that seems to think the operation has reached the end of the line." So little "is known about Alexander Kummant that the National Assn. of Railroad Passengers withheld comment on his appointment until it could find out more about him." There is "room for improvement at Amtrak. The board may be on the right track by aiming to close some unprofitable routes. But if Kummant's mission is to eliminate the national long-distance passenger rail system, Congress should stop him. With gas prices soaring and stricter emission controls likely, that system has never been more necessary."

OTHER NEWS:

Second Quarter GDP Revised Up To 2.9%. Under the headline "Economic Picture Improves Slightly," the Washington Post (8/31, D1, Henderson, 748K) reports, "Economic growth did slow sharply from April through June, as the housing market cooled and rising energy prices and interest rates pinched consumer spending. The nation's output of goods and services, or gross domestic product, rose at a 2.9 percent annual rate in the second quarter after expanding at a torrid 5.6 percent pace in the first three months of the year, the Commerce Department reported yesterday." The 2.9 percent annual rate "was better than the department's earlier estimate of 2.5 percent, a difference worth $12.3 billion in annual economic output."

The Financial Times (8/31, Pimlott) reports that "the current rate of growth, which is above the Fed's estimates for the period, combined with rising labour costs, may mean that the Fed will have to raise rates, analysts said. 'In the later part of the year, if growth hasn't slowed substantially, and labour cost pressures remain, the Fed is likely to swing to more tightening, said Ted Wieseman, an economist at Morgan Stanley." Consumer spending growth "was revised upwards by 1 basis point to 2.6 per cent, but remained a

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significant drag on GDP, falling from 4.8 per cent in the first quarter."

The New York Times (8/31, Leonhardt, 1.21M) reports, "Perhaps the biggest surprise in yesterday's report was new evidence of a surge in wage-and-salary income in the first half of this year. Between the fourth quarter of last year and the second quarter of 2006, pay grew at an annual pace around 7 percent after adjusting for inflation, up from an earlier estimate of 4 percent, according to an economic consulting firm, MFR." As a result, "wages and salaries no longer make up the smallest share of the gross domestic product since World War II. They accounted for 46.1 percent of all economic output in the second quarter, down from a high of 53.6 percent in 1970 but up from 45.4 percent in the spring of 2005."

Moreover, says USA Today (8/31, Hagenbaugh, 2.27M), "corporate profits rose swiftly in the second quarter, the government said Wednesday in a report that suggested businesses are in a solid position to help offset a slowdown in consumer spending." Meanwhile, the Wall Street Journal (8/31, Conkey, 2.03M) titles its story "Corporate Profit Growth Slows In Step With Economy," and says "a slowing economy put the brakes on torrid growth of corporate profits in the second quarter, and rising labor costs could increasingly limit earnings growth in the months ahead." The Commerce Department "said pretax corporate profits in April, May and June collectively rose 3.2% from the previous quarter, much slower than the 12.6% jump in the first quarter or the 10% jump in the fourth quarter of 2005. Nonetheless, profits in the second quarter were 20.5% higher than a year ago and accounted for 12.2% of gross domestic product in the second quarter, the highest level in 40 years."

Stocks Largely Unchanged. The Wall Street Journal (8/31, McKay, 2.03M) reports, "An afternoon rally in crude oil kept the stock market in check, but the Dow Jones Industrial Average still eked out its third straight day of gains. The blue-chip average nudged up 12.97 points, or 0.1%, to 11382.91, up 6.2% on the year. … The broad Standard & Poor's 500-stock index was little changed, off 0.01 point, to close at 1304.27, up 4.5% on the year. But the technology-heavy Nasdaq Composite Index rose 0.6%, or 13.43 points, to 2185.73, trimming its year-to-date decline to 0.9%."

WPost Says Maryland Constitution Too Restrictive On AG-Eligibility Requirement. The Washington Post (8/31, A24) editorializes, It's too bad that the Maryland Court of Appeals declared Tom Perez ineligible to serve as state attorney general, effectively kicking him out of the Democratic primary race for that position. … If the Maryland constitution really forbids his service, its eligibility strictures warrant rethinking. The constitution requires that 'No person shall be eligible to the office of Attorney General, who…has not…practiced law in this State for at least ten years.' Mr. Perez only joined the Maryland bar in 2001. But before that, he spent much of the 1990s working on civil rights cases as a prosecutor for the federal government." The Post adds, "Construing 'practiced law in this state' as synonymous with being a member of the state bar -- something explicitly required by other state constitutions -- needlessly restricts voter choice by excluding qualified people such as Mr. Perez."

Bush Raises Funds For Hutchinson, Corker. The AP (8/31, DeMillo) reports, "President Bush's visit to Arkansas on Wednesday helped Republican gubernatorial candidate Asa Hutchinson raise more money in a day than he has in any month, but his Democratic Party opponent has his own big-name campaigner due for a visit next week. About 850 people paid at least $500 to attend a luncheon at the home of former Arkansas and NBA basketball player Joe Kleine, and the event brought in more than $650,000 overall, Republican Party of Arkansas executive director Clint Reed said. About $400,000 of that will go toward Hutchinson's campaign and the rest to the state party, Reed said." Bush's appearance "pumps more money into Hutchinson's campaign as he faces Democratic nominee Mike Beebe, the state's attorney general."

After his trip to Arkansas, the President flew to Nashville. There, says the AP (8/31, Rucker), Bush "praised Republican U.S. Senate candidate Bob Corker's background as a businessman and former mayor while helping Corker raise more than $1.5 million at a fund-raising dinner Wednesday evening." The President also "praised the man Corker and Democratic US Rep. Harold Ford Jr. are running to replace --- Senate Majority Leader Bill Frist -- calling him 'one of the finest citizens your state has ever produced.'"

After noting Bush's appearance for Corker, the Chicago Tribune (8/31, Silva, 623K) reports, "Even among Republicans who support Bush, many are seeking a certain distance this fall -- such as the Republican congressmen in suburban Philadelphia facing stiff challenges in a similar struggle for control of the House. One has aired ads asserting that he supports Bush when he is right and tells him when he's not. Running with, and sometimes from, the president poses the greatest balancing act for Republicans in this potentially pivotal year when control of one or possibly even both chambers of Congress is at stake.

Bush Fundraising Trips Said To Be "Bankrolled Almost Entirely By Taxpayers." The AP (8/31, Loven) reports, "Bankrolled almost entirely by taxpayers…Bush is roaming far and wide on Air Force One to help Republicans retain control of Congress and capture statehouse contests in high-stakes midterm elections. In 15 months, including back-to-back fundraisers Wednesday in Little Rock, Ark., and Nashville, Tenn., Bush has collected $166 million for the

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campaign accounts of 27 Republican candidates, the national GOP and its state counterparts across the country, according to the Republican National Committee." Bush "is not the first president to operate this way. The federal regulations governing reimbursement for political travel have been on the books at least since the Reagan administration, and the White House said Bush adheres to all rules."

AFL-CIO To Spend $40 Million On "Voter Protection" Program. In its "Washington Wire" column on its web site, the Wall Street Journal (8/30, 2.03M) reported that the AFL-CIO "will use part of a $40 million political account to finance a 'voter protection' program, including posting lawyers and observers at precincts to ensure low-income and minority voters are able to cast ballots."

Novak Calls Scope Of House Seats Targeted By Republicans "Pitiful." In the Evans-Novak Political Report (8/30), columnist Robert Novak says previously, the report has "mentioned Republican fears that, as one House committee chairman has said privately, Republicans will lose 25 seats -- or as we were told that national internal polls suggested, they could lose as many as 26 seats. From here in, now that primary season has approached its end, we will resist such broad prognostication, particularly since we have not yet seen evidence that such huge losses are imminent when looking at the races as we always have in past cycles -- on a district-by-district basis. As we noted last week, 'it is still at least challenging to construct a scenario of a 15-seat Democratic gain without positing some improbable upsets.'" The "first word that comes to mind" in a seat-by-seat analysis of the congressional districts targeted by Republicans "is 'pitiful.'" There is "not one easy takeover target for the Republicans this year. Republicans have failed to expand the playing field on the Democrats' side." On the list of Republican-held seats, there is a "very rich environment of Democratic takeover targets. Admittedly, some are less realistic than others, but the fact that there are so many, compared to so few on the Democratic chart, illustrates the problem Republicans face this year. Any way one looks at it, the odds are clearly stacked against the GOP and in favor of Democrats. Republicans are certain to lose House seats this year, even under the best scenario they can envision."

Mehlman Says Novak Is Wrong. MSNBC's Hardball (8/30, O'Donnell) interviewed Republican National Committee Chairman Ken Mehlman. Asked about Bob Novak's column in which he said Republicans "are likely going to lose 25 seats in the House," Mehlman said, "I disagree with Bob Novak. I think that if you look at it race by race -- I spent yesterday -- I had our entire field team in from all over the country, went through race by race, and the way I looked at it today, we would keep both the House and keep both the Senate."

Wilson Could Be Hurt By Support For Bush On Iraq. USA Today (8/31, Stone, 2.27M) reports Rep. Heather Wilson is "a rarity in the Republican-led Congress, one of a few in the GOP openly embracing President Bush on the war in Iraq. Her resolve belies the disillusionment with the war: More than six in 10 people say they disapprove of the way Bush is handling the situation in Iraq, according to a USA TODAY/Gallup Poll this month." Yet it also "presents a political dilemma for Wilson, only the second female veteran in Congress and one who represents a district with more registered Democrats than Republicans. The USA TODAY poll found that 35% of registered voters nationally are more likely to vote for a candidate for Congress who opposes Bush's handling of the war, compared with 26% more likely to back a candidate who supports Bush on Iraq." Albuquerque pollster Brian Sanderoff says "emphasizing the war in Iraq 'has the risk of tying her to the president in a war that hasn't gone well.'"

Facing Tough Reelection, Shays Undergoes "Conversion" On Iraq Troop Withdrawal. The New York Times (8/31, Hernandez, 1.21M) reports, "Only a few weeks ago, Representative Christopher Shays, a Republican from Connecticut, minced no words in responding to calls led by Democrats for a phased withdrawal from Iraq. 'To have a timetable is absolutely foolish,' he said." But "now, as he faces an increasingly tough re-election battle against an antiwar Democrat, Diane G. Farrell, Mr. Shays has undergone a conversion: He is proposing a timetable for a withdrawal of American troops, an idea derided by the Bush administration and many Republicans. … How Mr. Shays came to this change of heart is, he says, a matter of a newfound substantive belief that Iraqis need to be prodded into taking greater control of their own destiny under the country's newly formed government." But "it also comes amid growing signs of strong antiwar sentiment in his state." The Times adds, "Political analysts say Republicans in other states may be feeling similar pressures. At least two other House Republicans who strongly support the war -- Representative Gil Gutknecht of Minnesota and Representative Walter B. Jones of North Carolina -- now embrace the idea of a timetable for withdrawal, according to strategists in both parties."

Pryce Facing Unexpectedly Difficult Environment In OH15. The Wall Street Journal (8/31, Rogers, 2.03M) reports "after years of only token opposition" in Ohio's 15th CD, Rep. Deborah Pryce "is imperiled by economic pessimism, the Iraq war and others' political

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scandals, which together could bring about an Election Day upset." Pryce, who faces Democrat Mary Jo Kilroy, said, "It's a knife fight." The Journal adds Kilroy, "a Franklin County commissioner, gives no quarter. 'It's about change... People are fed up with Congress,' she says. 'We are going to put 'Kilroy is here' on the Capitol.'" The Journal adds Pryce's "standing, as chair of the House Republican Conference and friend of Speaker Dennis Hastert, elevates the stakes. Outside groups from the left and right are spending heavily. Cabinet secretaries have come to her aid. And for the entire House Republican leadership, which is heavily rooted in the Midwest, the race is a barometer of how much political fallout they will sustain from economic pessimism in this political battleground."

NRCC Backs Huffman In AZ8 GOP Primary. In its "Washington Wire" column on its web site, the Wall Street Journal (8/30, 2.03M) reported that in an unusual move, the NRCC is supporting GOP candidate Steve Huffman in AZ8 before the September 12 primary. While the NRCC would not ordinarily get into a race this early, "a crowded Republican field was posing a problem for Huffman, a moderate who in a recent poll was behind conservative and immigration hardliner Randy Graf among Republican voters. And Graf is seen by some political types -- including moderate Rep. Jim Kolbe, who is retiring from the Tucson-area seat and backs Huffman -- as too conservative to win the Tucson-area district in the general election." The Times adds that "House leaders' political action committees are poring money into Huffman's campaign. Committees led by Speaker Dennis Hastert, Majority Leader John Boehner and Majority Whip Roy Blunt each gave $5,000 to Huffman within the last week. The 21st Century PAC, chaired by Rep. Howard 'Buck' McKeon, also gave Huffman $5,000."

Jeb Bush Floated As Write-In Candidate In Florida Senate Race. In a Washington Times op-ed (8/31), Florida journalist A.G. Gancarski said, "It's impossible to overstate the feelings of respect and affection almost all Florida Republicans have for the outgoing Gov. Jeb Bush." But "it must be argued that Florida's governor has one more duty to Floridians interested in the best possible conservative representation. It is time for Floridians, those interested in the future of the state and those interested in maintaining the Republican Party majority in the Senate, to draft Mr. Bush to run against" Sen. Bill Nelson, "if only as a write-in, on November's ballot." The "likely Republican nominee, Sarasota Republican Rep. Katherine Harris, has no chance whatsoever to even run a competitive race." How "bad is it? Though Florida House districts are traditionally 'safe' seats, many Republican seats could be thrown into play by the absolute competitive imbalance in the Senate race."

Allen Downplays Poll Showing Him Trailing Webb. Fox News' Your World With Neil Cavuto (8/30) interviewed Sen. George Allen. Asked about the recent Zogby poll that showed his challenger, Democrat James Webb, leading him, Allen said, "Oh, heck, I have been behind in polls. I was running for governor. I was 31 percent behind. What matters to the people of Virginia is a record of performance, knowing Virginia, and somebody who's going to lead with the values that are shared by Virginians, as well as their vision. … That remark I made was a mistake. I have apologized for it. But people care -- only the media asks about it. The people care about high gas prices. They care about security, winning this war on terrorism, making sure that smaller businesses have access to more affordable health plans."

Webb Backs Lamont Over Lieberman. The AP (8/31) reports that Democratic Senate candidate Jim Webb, "for years a Republican, said Wednesday he would not hesitate to support Democrat Ned Lamont over Democrat-turned-independent Joe Lieberman in Connecticut this year." Webb, running against Virginia Sen. George Allen (R), "was emphatic in backing his new party's nominee over Lieberman. 'Joe Lieberman got too close to this administration,' said Webb, who bolted the GOP in part because of President Bush's decision to invade Iraq and his handling of the war since then." Webb "served as a top military aide in the Reagan administration, including a year as Navy secretary. Webb wrote before the 2003 invasion that an Iraq invasion would destabilize the Middle East, empower Iran and lock the United States into a long-running Vietnam-style quagmire."

Poll Shows Menendez Trailing Kean By Four Points. CNN's The Situation Room (8/30, King) reported, "A new poll shows Democratic incumbent Bob Menendez now trailing GOP challenger Tom Kean by four percentage points. Menendez had been leading by three points in the Fairleigh Dickinson University poll just last month."

Black Incumbents Facing More Challenges From Left. The Washington Times (8/31, Debose, 88K) reports the "trend of incumbent Democratic lawmakers facing primary challenges from the left is not sparing black lawmakers, despite their generally being among the party's more liberal representatives and blacks being the party's most loyal constituency." Democratic Rep. Albert R. Wynn of Maryland "is facing a strong primary challenge from Prince George's County lawyer Donna Edwards, who says he is too conservative to represent his predominantly black constituency. The most unlikely Congressional Black Caucus member, Rep. Bobby L. Rush, Illinois Democrat, faced similar charges from his opponent Philip Jackson in the primary." Rush is "a former Black Panther and recognized as one of

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the most liberal members of Congress yet he and Mr. Wynn were both attacked by their opponents for supporting the energy bill, a choice both men said they made after they successfully worked out a deal in committee to increase federal low-income home energy assistance program (LIHEAP) by $3 billion."

Will Calls Missouri Senate Race "Emblematic." In his Washington Post column (8/31, A25), George Will profiles the Missouri Senate race between Republican Sen. Jim Talent and Democratic state auditor Claire McCaskill, which is "this year's emblematic election." Talent is "running statewide for the third time in six years. In 2002 President Bush made five trips to Missouri on his behalf. This year Talent, like most Republican candidates, is stressing his independence, but Bush is coming Sept. 8 for a third visit anyway." McCaskill is "imprudently forthright." She "says Missourians are angry about gasoline prices, but she opposes drilling in the Arctic National Wildlife Refuge and on the outer continental shelf. She opposed last year's energy bill -- a measure supported, Talent notes, by every Midwestern senator because of provisions promoting the use of agricultural commodities in ethanol and other fuels."

Critics Of Ohio Vote Count Want '04 Presidential Ballots Preserved. The New York Times (8/31, Urbina, 1.21M) reports that with the "paper ballots from the 2004 presidential election in Ohio scheduled to be destroyed next week, the secretary of state in Columbus, under pressure from critics, said yesterday that he would move to delay the destruction at least for several months." Since the election, "questions have been raised about how votes were tallied in Ohio, a battleground state that helped deliver the election to President Bush over Senator John Kerry." Critics, "including an independent candidate for governor and a team of statisticians and lawyers, say preliminary results from their ballot inspections show signs of more widespread irregularities than previously known." The critics "say the ballots should be saved pending an investigation. They also say the secretary of state's proposal to delay the destruction does not go far enough, and they intend to sue to preserve the ballots."

Broder Says Democratic 2008 Calendar Change Will Limit Candidate Exposure. In his Washington Post column (8/31, A25), David Broder says, "Well, the Democrats have gone and messed it up again." The Democratic National Committee "in its wisdom had further muddled the calendar of events for choosing the 2008 presidential nominee. At a meeting in Chicago Aug. 19, the committee decided by voice vote to insert Nevada between Iowa and New Hampshire and to follow New Hampshire with a contest in South Carolina." The revised calendar, "at least tentatively, has the Iowa caucuses on Monday, Jan. 14, 2008, with Nevada holding its caucuses five days later, on Saturday, Jan. 19. Then it would be back across the country for the New Hampshire primary on Tuesday, Jan. 22, with South Carolina voting in a primary one week later, on Tuesday, Jan. 29." All this effort "to force-feed four contests in four different parts of the country into a two-week period at the start of the year is designed, the sponsors say, to make the presidential nominating process more 'representative.'" What they "mean is that Iowa and New Hampshire, which have led the nominating process since 1976, are overwhelmingly white -- and notably short of the African American and Latino voters on whom Democrats depend in the general election." Whatever New Hampshire does, "the country will be forced to witness the huge field of candidates flashing by in perpetual motion during the December holidays and the frantic first weeks of January, not standing still anywhere long enough to be measured for the job they are trying to win. Thanks a lot, Democrats."

Rice Again Says She Will Not Run For President. The AP (8/31, Gearan) reports that Secretary of State Condoleezza Rice "keeps trying, but she can't put those questions about presidential ambitions to rest. Rice didn't appear to leave much wiggle room during interviews Tuesday with local newspapers and broadcasters in Salt Lake City. 'Will you run for president?' an interviewer from KUT asked Rice at the end of a brief interview. … 'No,' she replied. 'That's an easy one.' The Salt Lake Tribune asked Rice what she makes of polls that place her among the top three potential Republican candidates for 2008. 'It's flattering but that's not for me,' Rice said. 'I know what my strengths are and I know what I want to do with my life and I'm hoping that in the last two and a half years as secretary of state that I can help to advance the president's vision for democracy.'"

Oracle Offers Executives Legal Advice On Political Contributions. The Financial Times (8/31, Kirchgaessner) reports Oracle has "started offering its executives legal 'assistance' on the preparation and filing of their personal political campaign contributions following a recommendation by the software company's compensation committee." The new policy, "which Oracle said would cost less than $1,000 per executive each year, represents one example of how corporate America is rethinking its policies on political donations and lobbying after a spate of scandals in Washington." Oracle, whose employees "have donated $159,530 in the current election cycle," declined "to comment on the reason for the new policy, but in a recent regulatory filing it said the board's compensation committee believed 'there is benefit' in ensuring executives comply with reporting requirements." While many companies, "from Amgen to

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Bank of America, already have compliance policies in place to handle political donations, legal experts in Washington say corporate requests for advice on political giving and lobbying have markedly increased in recent months, partly because companies realise that deficiencies in their compliance programmes represent a potential liability in a town that is tightly regulated by rules governing how companies may interact with elected officials."

FDA Warns Canadian Pharmacies About Shipping Counterfeit Drugs. USA Today (8/31, Appleby, 2.27M) reported FDA said yesterday that Mediplan Prescription Plus Pharmacy, "one of Canada's largest Internet pharmacies…is selling counterfeit drugs to U.S. consumers." The FDA "warned consumers that sub-par versions of Lipitor, Crestor, Celebrex and seven other drugs shipped by" the Pharmacy "were seized en route to Americans during the past few weeks." With that warning, the FDA "jumps back into the debate over the importation of prescription drugs." Meanwhile, Andrew Strempler, founder of Mediplan, "says the FDA allegations are false: 'We test our products and stand behind our products.'"

WSJournal Poll Finds Most Americans Support Drug Importations From Canada. The Wall Street Journal (8/31, Bright, 2.03M) reports a WSJ.com/Harris Interactive poll, conducted Aug. 23-25, shows that "two-thirds of Americans strongly believe a law prohibiting pharmaceutical imports from Canada and other countries is intended to protect drug-company profits and only 9% feel strongly that it helps protect Americans from potentially harmful drugs." The poll "shows 80% of Americans favor allowing people to import prescription drugs from Canada and other countries if they are much less expensive there."

Study Says Medical Spending Related To Life Expectancy. The Wall Street Journal (8/31, Westphal, 2.03M) reports a new study by Harvard University and the University of Michigan "argues" that "health-care spending may be soaring, but the increased outlays over the last 40 years are worth the price in terms of extended U.S. life expectancy." But "that conclusion…may surprise patients and employers alarmed by their health-care bills. Government figures show health-care outlays have risen at better than twice the inflation rate in recent years."

The Washington Post (8/31, Lee, 748K) adds the study notes "that a baby born in 2000 can expect to live for 76.9 years, compared with 69.9 years for a newborn in 1960." Still, the conclusions of the study "run counter to the arguments by analysts who question whether health-care costs should consume 16 percent of the nation's economic output. Such critics point out that in longevity and infant mortality, the United States ranks below other countries that spend far less."

The AP (8/31) notes the study "calculated, however, that Americans of all ages spent an average of $19,900 on medical care for each extra year of life expectancy gained over the last four decades of the 20th century. And that cost is worth it, the study authors say."

WPost Offers "Imaginative" Remedy To Health Care's "Vicious Cycle." In an editorial, the Washington Post (8/31, 748K) says, "Tuesday's report from the Census Bureau adds to the fear that the employer-based insurance system is in long-term decline." The decline "is particularly striking because it took place despite a strong economy. It cries out for an imaginative policy remedy." One "successful" option "is for government to backstop private insurers that sell coverage to small firms and individuals. … That way the high risk of offering insurance to small firms and individuals can be removed. Premiums will fall back to around the level offered for workers at large firms, and the vicious cycle will be broken."

BP May Resume Eastern Prudhoe Bay Production Soon. The AP (8/31, Hebert) reports a senior BP executive "said a way might be found to return to full oil production before having to replace 16 miles of pipes. David Peattie, a vice president at [BP], said the company hopes to begin constructing the new pipeline system early next year and complete it in several months. But he said full production, to 400,000 barrels a day, might resume earlier than that." The AP says, "The western leg of the pipeline system has resumed production by bypassing the damaged pipes." Peattie "said a similar bypass strategy could result in production returning to normal in the eastern leg as well. He said the company also was testing the corrosion-troubled pipes to determine whether they could be patched temporarily and meet federal requirements." He "declined to estimate how quickly full production might resume with the temporary fixes." Interior Secretary Dirk Kempthorne Wednesday "visited the pipeline site where BP in early August discovered extensive corrosion."

BP America President To Testify At Senate Hearing On Pipeline Corrosion. The Wall Street Journal (8/31, A4, 2.03M) reports, "BP America President Bob Malone will testify at a Sept. 12 U.S. Senate Energy and Natural Resources Committee hearing, a week after lawmakers in the U.S. House examine the BP PLC unit's pipeline failure in Alaska, a BP spokesman said." He "will first appear on Capitol Hill on Sep. 7 to answer the House Energy and Commerce Committee's concerns about pipeline woes in Alaska ... . The following week, the Senate Energy Committee will hold a hearing to examine the impact the pipeline corrosion issues will have on U.S. oil supply." Other committees "are planning to hold hearings as well, according to people familiar with the

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situation, which could again lead to Mr. Malone sitting in the hot seat in front of angry lawmakers looking to beef up pipeline safety regulations and criticize Big Oil in a time of record profits and high prices at the pump."

Plains States Said To Be Enjoying Economic Renaissance. In an Wall Street Journal op-ed (8/31), Joel Kotkin of the New America Foundation says, "At a time when the much-celebrated coasts creak from rising interest rates, faltering income levels and soaring energy prices," Bismark, the "windswept, energy-rich city of 57,000 on the western edge of the Dakota plains is experiencing the best of times. Cities like this one out in the far-off hinterland -- Iowa City, Sioux Falls, Fargo, Grand Forks, Rapid City -- now are enjoying job growth rates that, if they don't rival Las Vegas, certainly put to shame those of most major metropolitan areas. Unemployment is negligible and wages are rising across virtually all job categories." Behind the "good times are numerous factors, such as an Internet-enabled shift of technology and business service firms into the region, and a growing migration of downshifting boomers and young families. But perhaps the most dramatic change has come from an upsurge of energy prices that is turning places like North Dakota into a Nordic Abu Dhabi." Four ethanol facilities "are already in operation and a new biodiesel plant in Minot has just been announced; 11 wind power plants have been put into operation since 1997. But it's still fossil fuels that are driving things the most in North Dakota. Huge deposits of lignite coal, estimated at 35 billion tons, remain a primary source of electrical generation and synthetic natural gas. This makes the cost of energy half as expensive or less than in New York or California. Oil, as well, is booming."

US, Allies Assembling List Of Sanctions On Iran. The New York Times (8/31, Cooper, Sanger, 1.21M) reports, "With Iran defying a Thursday deadline to halt production of nuclear fuel, the United States and three European allies are assembling a list of sanctions they would seek in the" UN Security Council, "beginning with restrictions on imports of nuclear-related equipment and material." The "list of proposed sanctions…would begin with low-impact measures like an embargo on the sale of nuclear-related goods to Iran, and the freezing of overseas assets and a ban on travel for Iranian officials directly involved in the nuclear program." The Times says "the push for sanctions faces a high hurdle in the Council, given Russia and China's possession of veto power and their opposition to discussion of serious punishment for Iran." Also, that "effort" might "be hampered" by today's IAEA report detailing "only slow progress by Iran in enriching uranium." Of the report, Undersecretary Burns said "the American argument will focus on Iran's official refusal this month to stop enriching uranium despite an international ultimatum. 'The only criterion that matters is whether they met the conditions that the Security Council said they had to meet. And they haven't done it.'" US "officials expect the debate within the Council to take weeks and say it could extend through the opening of the" UNGA. "The administration is preparing to use those meetings to press for the sanctions resolution." Moscow and Beijing remain "concerned about any American-led escalation of a confrontation."

In extensive reporting, the AP (8/31, Jahn) adds, "A defiant Iran kept on enriching uranium in advance of the UN Security Council's Thursday deadline for Tehran to freeze such activity or face the threat of sanctions." President Mahmoud Ahmadinejad "urged European members of the council against resorting to sanctions, saying punishment would not dissuade his country from pursuing its disputed nuclear program." The AP says a complete suspension of enrichment activities "appeared unlikely, considering Tehran's past refusal to consider such a move and findings by the [IAEA] that it was enriching small quantities of uranium as late as Tuesday." Ambassador Bolton "said the U.S. still has not decided how it will formally respond once the deadline expires, though he will likely make some sort of statement on Thursday afternoon. He repeated, however, that Washington would seek sanctions if Iran disregards the resolution."

McClatchy Newspapers (8/31, Strobel) notes, "With Iran expected to ignore a U.N. deadline Thursday to halt uranium-enrichment experiments, the Bush administration faces an uphill battle to convince other world powers to impose significant costs on Tehran." The move towards sanctioning Tehran "faces strong opposition from U.N. Security Council member Russia, a major supplier of arms and nuclear technology to Iran, and has only the lukewarm enthusiasm of France and Germany." McClatchy says "Washington's sway has dwindled as a result of its predicament in Iraq and its backing of Israel's attempt to wipe out" Hezbollah.

Undersecretary of State Nicholas Burns was asked on CNN's The Situation Room (8/30) if the US has the votes to get a tough resolution on Iran through the UNSC. Burns said, "I think it's abundantly clear now we're a day before the deadline that Iran has no intention of meeting that deadline and meeting the condition that the current five countries put down three months ago. And that is, if Iran would suspend its nuclear efforts…we would all negotiate. The Europeans have negotiated for the last several years to no avail. They've done a very good job. But the Iranians haven't met them half way. So President Ahmadinejad should not be surprised that the United States will obviously move very quickly to bring this to the Security Council and to press forward with the sanctions regime. That is what we all said we'd do."

Fox News' Special Report (8/30, Rosen) reported, "The UN Security Council set an August 31 deadline for Iran to stop enriching uranium. A senior Bush Administration official

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confirmed that Iran has actively continued enrichment program. The International Atomic Energy Agency is expected to report as much on Thursday." Fox added, "Aides are considering two courses of action, pressing for two or more rounds of sanctions or trying to impose the toughest measures they can get right up front, fearing there might only be one round of sanctions. Either way, an official tells Fox News the US won't settle for 'cosmetic sanctions.'"

In an analysis piece, the AP (8/31, Keath) says Tehran "isn't blinking in the face of Thursday's U.N. deadline for it to halt uranium enrichment or else finally face the possibility of sanctions the United States has sought for years. Tehran appears confident it can withstand any punishment — if it comes at all." The AP sees no chance of a suspension in the near term, and says Tehran's "behavior is not just defiant but mystifying" to outsiders. The UNSC will soon "start up a potentially divisive debate among the big powers" in which "Russia and China have so far opposed any sanctions." Washington "will likely push for economic sanctions against Tehran. But it could avoid seeking harsh punishment to start with in hopes of getting Moscow and Beijing's support, then increase the pressure later."

Pentagon Estimates Iran Will Not Have Nuclear Weapon Before 2011. The Washington Times (8/31, Scarborough, 88K) says the Pentagon "is operating under the assumption that Iran is five to eight years away from being able to build its first nuclear weapon, a time span that explains a general lack of urgency within the Bush administration to use air strikes to disable Tehran's atomic program." That assessment "has been discussed inside the Pentagon, which is updating its war plan for Iran. The time frame is generally in line with last year's intelligence community estimate that Iran could have the capability to produce a nuclear weapon by the beginning or middle of the next decade." However, the Times says its sources claim "that while the five-year window provides President Bush additional time to decide on whether to launch military strikes, they suspect it underestimates Iran's determination to build a bomb as quickly as possible." Retired Air Force Lt. Gen. Thomas McInerney, "a prominent proponent in Washington of air strikes against Iran, said that whether the estimate is five years or 10 years, the time span instills complacency in war planning. He said that Mr. Bush is now following the State Department's diplomatic path, without a clear policy."

Hoekstra Says Sanctions Won't Work If Russia, China Support Iran. House Intelligence Committee Chairman Peter Hoekstra was asked on CNN's The Situation Room (8/30) what the US should do now that "Iran has essentially thumbed its nose at the world." Hoekstra said, "I think the first thing that we need to do on this, is we need to go back to the other folks on the UN Security Council. One of the reasons that Iran is going to thumb their nose at us again tonight or tomorrow morning is because the Russians and the Chinese are not going to hold Iran accountable for its activities." Hoekstra added that "economic sanctions are not going to work against Iran if you're going to have a great big sieve, big holes in it because of Russia and China, and perhaps some of our allies are going to be, you know, providing economic support to Iran. It's the same thing that we saw with Iraq. Economic sanctions, the oil or the embargo against Iraq did not work because there were so many countries willing to ship materials into Iraq and to support Saddam's regime."

Journalist Says Sanctions Will Fail. In an op-ed in today's "Wall Street Journal (8/31, Rosett, 2.03M), journalist Claudia Rosett says imposing sanctions on Tehran "won't work." The Security Council's "extant" resolution did not "prevent Tehran's A-team terrorist affiliate in Lebanon, Hezbollah, from launching a war this summer while Mr. Ahmadinejad pondered his options." Iran's president has made "a highly rational calculation about the ease with which the U.N. can be corrupted, divided, delayed and defied -- without serious penalty." Sanctions will fail, Rosett says, because "the general greasing of Iran's important U.N. connections is already well advanced. …Tehran has already cultivated a global web of current and prospective business partners." Iran's "current and would-be business partners include some of the most seasoned smugglers and veteran cheats of the Iraq sanctions experience." Rosett cites several Security Council members who, she says, are not likely to push for sanctions enforcement. Of the UN staff who would enforce any sanctions, she says they has learned from the OFF scandal "that inside the U.N.'s opaque and diplomatically immune bubble, there are no real penalties for dereliction, duplicity or even graft." Rosett says there is likely "no initiative that will by now stop Iran short of direct military force. But whatever the solution, it is clearly the U.S. that will have to do the bulk of the cajoling, prodding and backroom bargaining to put together any coalition both able and willing, in whatever way necessary, to get the job done. That is a challenge urgent and daunting enough, without trying to drag along the entire baggage of the U.N."

Ros-Lehtinen Blasts Khatami Visit. The AP (8/31, Schweid) reports House International Relations Subcommittee On The Middle East And Central Asia Chair Ileana Ros-Lehtinen (R) "protested on Wednesday the Bush administration's decision to let former Iranian President Mohammad Khatami visit the United States for speeches and conferences." She "she was circulating a letter among members of Congress that contended Khatami should be treated as a threat to U.S. national security interests and Middle East policy objectives." Ros-Lehtinen is quoted saying, "It is mystifying that we would roll out the red carpet to a person who has incited violence against civilians and who has expressed incendiary rhetoric against the United States and our allies." Sen. Rick Santorum (R) "said he was

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outraged that Khatami had received a visa. He called the former Iranian president 'one of the chief propagandists of the Islamic Fascist regime.'" Khatami "would be the most senior Iranian official to visit Washington since" the attack on the US Embassy in Tehran in 1979.

Olmert Rejects Annan Call To End Blockade Of Lebanon. The Washington Post (8/31, A18, Wilson, 748K) reports Israeli Prime Minister Ehud Olmert "said Wednesday he would not lift Israel's six-week-old blockade of Lebanon despite appeals from" UN Secretary General Kofi Annan. Olmert told reporters that "Israel would restrict passage to Lebanon by land, sea and air until a multinational peacekeeping force arrived in southern Lebanon and the remaining terms of a U.N.-brokered cease-fire were fulfilled." The Post notes Olmert is "suffering politically at home for his handling of the war" and remains "concerned" about Hezbollah's ability to import arms. Annan had "suggested lifting [the blockade] would help consolidate a cease-fire that has been tested by both sides since taking hold just over two weeks ago." He also told Tel Aviv "that Israel has violated the terms of the cease-fire far more often than Hezbollah."

The New York Times (8/31, Hoge, 1.21M) says Olmert "rebuffed a request on Wednesday from" Annan "for even a partial lifting of the seven-week-old blockade of Lebanon." Annan had told Olmert "that while he would prefer that Israel completely lift its blockade…, he wanted Mr. Olmert at least to allow Beirut's airport to resume normal operations." Olmert "rejected that idea. In doing so, he referred to Mr. Annan's previous insistence that all parties to the United Nations-brokered cease-fire on Aug. 14 abide by all of its provisions." Speaking to reporters, Olmert "recycled for his own purposes the same metaphor Mr. Annan had used moments before to say the cease-fire resolution was not a smorgasbord." The Times notes Olmert's "domestic popularity has suffered from widespread dissatisfaction with his handling of the war." The AP (8/31, Nessman) adds Olmert "rejected demands from" Annan that" Israel "immediately lift its sea and air blockade of Lebanon and withdraw its forces once 5,000 international troops are deployed."

The Los Angeles Times (8/31, King, 918K) adds Tel Aviv "signaled today that it would not lift its air and sea blockade of Lebanon or withdraw the rest of its troops until two Israeli soldiers seized by Hezbollah are freed." Annan "called for an immediate easing of Israel's embargo and a withdrawal of its troops once about one-third of a promised 15,000-member international force has been deployed in south Lebanon. But the Israeli leader responded to Annan's appeal by saying that the U.N. cease-fire resolution must first be fully implemented." Olmert's office later clarified that that benchmark included the return of the two kidnapped IDF soldiers. The Times further notes that Annan and Olmert "were apparently unable to reach an accord on whether the Syrian border, which has been a prime conduit for the shipment of arms to the Hezbollah militia, will be policed by the international force or the Lebanese army."

Syria Has Supplied Weapons Directly To Hezbollah. The Los Angeles Times (8/31, Spiegel, King, 918K) reports, "New postwar intelligence indicates that the militant group Hezbollah had broader access to sophisticated weaponry than was publicly known — including large numbers of medium-range rockets made in Syria." The scope of that "arsenal and the direct role of Syria in supplying it will complicate the daunting task of keeping Hezbollah from rearming, the officials said." Despite clear political support from Damascus to southern Lebanon, US analysts "thought Syria for the most part was not supplying munitions directly." The Times continues, "The disclosures about Syria's role in supplying Hezbollah dovetail with postwar diplomatic strategies," with Western nations' "plans for stabilizing Lebanon resting heavily on preventing Hezbollah from rearming."

Egeland Calls Israeli Tactics "Completely Immoral." The Financial Times (8/31, Turner, Morris, Peel) reports UN humanitarian chief Jan Egeland "described as 'shocking and immoral' the fact that Israel dropped well over 90 per cent of its cluster munitions in Lebanon during the last three days of the conflict – when it was already clear there would be a cessation of hostilities." Egeland is quoted saying, "Civilians will die disproportionately again, after the war. This should not have happened. It's an outrage." He later "added that countries which had supplied Israel with the munitions, including the US, should take the matter up with" Tel Aviv. The AP (8/31, Dilorenzo) adds Egeland "said Israel had either made a 'terribly wrong decision' or had 'started thinking afterwards.' The remarks were unusually harsh even for Egeland, who often ignores an unwritten rule that U.N. officials should not criticize member states too severely."

In a piece on Lebanese children, the CBS Evening News (8/30, story 9, 2:00, Schieffer, 7.66M) reported, "The cease-fire in south Lebanon continues to hold, but only now that the shooting has stopped are we coming to understand the true cost of what happened there. We know about the losses the armies suffered, but only now are we coming to understand the losses suffered by the innocent, the children."

Siniora Announces Government Aid To Displaced Families. The Washington Post (8/31, A18, Boustany, 748K) notes Lebanese Prime Minister Fouad Siniora "on Wednesday unveiled a $33,000 compensation package for Lebanese whose homes were destroyed in the" recent conflict. His "compensation plan comes amid domestic and regional criticism for what some say has been a slow response to the needs of the people, and three days after Hezbollah's leader, Hasan Nasrallah, suggested that the government was not meeting the expectations of the Shiite

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Muslim community." Experts "have warned that the public's frustration with the government's lagging efforts, when compared with Hezbollah's swift delivery of stacks of U.S. $100 bills, could lead to instability." The Post also details international aid commitments and plans for this week's donors conference.

Siniora Rejects Any Peace Deal Unless Palestinian Conflict Resolved. The AP (8/31, Dakroub) reports Siniora "said Wednesday that he refused to have any direct contact with Israel and Lebanon would be the last Arab country to ever sign a peace deal with the Jewish state. 'Let it be clear, we are not seeking any agreement until there is just and comprehensive peace based on the Arab initiative,' he said." The AP explains that Tel Aviv "has long sought a peace deal with Lebanon, but Beirut has hesitated as long as Israel's conflicts with the Palestinians and Syria remained unresolved. Siniora said Lebanon wants to go back to the 1949 armistice agreement that formally ended the Arab-Israeli war over Israel's creation."

After 50 Years, Israel's Magen David Adom Joins Red Cross/Red Crescent. In a 1,050-word piece, the Washington Post (8/31, A23, Goldfarb, 748K) details the story behind Magen David Adom's recent alliance with the International Red Cross and Red Crescent Movement." The June agreement was "the result of a year and a half of diplomatic effort by the State Department working with American Red Cross, Israeli, Palestinian, Swiss government and international Red Cross officials." Diplomats' initial rejection of MDA "loomed symbolically over the next half-century as Israelis felt excluded from the international humanitarian movement. Periodic efforts to address the situation were begun, but they were always postponed because of concerns about the latest conflict in the Middle East."

Lebanese Shiites, Minorities Split Over Hezbollah Disarmament. The Washington Times (8/31, Sands, 88K) reports a French-language newspaper's poll conducted August 14-17 suggesting "Lebanese are sharply divided along religious lines over whether Hezbollah guerrillas should be forced to disarm" even though most respondents gave them "high marks for its performance in the recent conflict with Israel." While 84 percent of Shiites "think Hezbollah should hold on to its arms in defiance of" the ceasefire, over 75 percent of Christians and Druze "want to see Hezbollah disarmed. Opinion was more evenly split among Lebanon's Sunni Muslims, with 54 percent favoring disarmament." The Times adds, "A poll by the Beirut Center for Research and Information, conducted Aug. 18 to 20, found that a majority of Lebanese think Hezbollah had 'won' the war with Israel, surviving a fierce ground and air attack by one of the world's most potent militaries. That poll found that 84.6 percent think Israel had planned the war long before and had used the raid as a pretext."

Jackson Says Talks Would Lead To IDF Soldiers' Release. The AP (8/31, Heller) reports the Rev. Jesse Jackson "said Wednesday he was convinced that if Israel and the Islamic militant groups holding three Israeli soldiers would hold talks it would lead to the soldiers' release." He is quoted telling CNN, "I'm convinced that if we have the capacity to talk, we could bring this matter ... to a head. I think we're right at the precipice of being able to make a breakthrough if we, in fact, are able to talk." Jackson "arrived in Israel on Wednesday as head of a 10-member ecumenical delegation representing Jewish, Muslim, Roman Catholic and Protestant groups on a mission to try to get the soldiers released." The AP notes, "Jackson has had success several times in the past in negotiating the release of political hostages, including in 1984, 1990 and 1999.

Chavez Sounds Anti-US Message In Visit To Syria. The New York Times and Washington Times run an AP story (8/31) that reports, "President Hugo Chávez of Venezuela received a hero's welcome on Wednesday in Syria, where he said the two countries would 'build a new world' free of domination by the United States and vowed to 'dig the grave of US imperialism.'" The AP adds, "Thousands of Syrians waved banners and Venezuelan flags along Mr. Chávez's route to a meeting with President Bashar al-Assad."

Bush's "Instincts" Said To Dictate Policy Towards India. In an analysis piece by their Washington Bureau chief, the Financial Times (8/31, Luce) reports, "When" President Bush "was taking foreign policy lessons from the so-called 'vulcans' (a group of advisers led by Condoleezza Rice) in the 2000 US presidential campaign, the subject of India arose." Bush immediately made "an instinctive statement of support for a nation that Washington now routinely describes as a 'natural ally.' In spite of its continuing prickliness over sovereignty and a residual sense of anti-Americanism, India has returned Mr Bush's overtures with interest." The Times notes a "burgeoning US-India relationship" and the "unprecedented deal that permits India to derive all the advantages of being a signatory to the nuclear non-proliferation treaty without actually joining it." The Times adds, "In diplomatic terms, what Mr Bush did amounts to a sharp course correction. When observers point to Mr Bush's tendency to follow his instincts, they point to his administration's unquestioning support for Israel. They could just as persuasively point to the US-India nuclear deal." Despite opposition in Washington and New Delhi, "neither set of domestic opponents is likely to derail the deal." The Times says this case "has larger significance still. For the first time in US history, Washington has declared specifically that it will sponsor another country's rise to 'great power' status – a slightly antiquated phrase but a clear statement nonetheless

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of Mr Bush's aims." The US' "sponsorship of India" is likely to "outlast Mr Bush's tenure in the White House."

US Defense Contractors See Opportunity In Closer India Ties. The Washington Post (8/31, D1, Merle, 748K) reports, "After decades on the sidelines, US defense contractors are eyeing India's growing military budget and aging arsenal as a multibillion-dollar opportunity that could help offset a projected slowdown in Pentagon weapons spending and extend production lines for such items as the F-16 fighter." India "has been effectively closed to US defense firms since the 1960s, initially because of its ties with the Soviet Union, and later under formal sanctions imposed in response to nuclear weapons tests in 1998. Those sanctions were lifted in 2001, a decision given impetus by the Sept. 11 attacks and the growing strategic alliance between the two countries." The Post adds, "Several of the Pentagon's largest contractors, including Lockheed Martin Corp. and Boeing Co., have either opened new offices or beefed up existing ones in India and are part of an industry-wide wooing of military officials and business leaders there. … The Aerospace Industries Association, a lobbying group, is planning a trip there in December with executives from up to 20 companies."

Darfur On "Edge Of A New Abyss." The New York Times (8/31, Polgreen, 1.21M) reports from Sudan that so far, "negotiations over a proposed United Nations force to shore up the shaky peace in Darfur have limped along with no sign of compromise. The opposing sides in the conflict now seem headed toward a large-scale military confrontation, bringing Darfur to the edge of a new abyss -- perhaps the deepest it has faced. … Nearly four months after signing the agreement, the government is preparing a fresh assault against the rebel groups that refused to sign. Years of conflict have already killed hundreds of thousands of people here and sent 2.5 million fleeing their homes. But that may be a prelude of the death likely to come from further fighting, hunger and disease. In the past few months, killings of aid workers and hijackings of their vehicles, mostly by rebel groups, have forced aid groups to curtail programs to feed, clothe and shelter hundreds of thousands of people." The United Nations Security Council "plans to vote Thursday on a resolution that would replace the 7,000 African Union troops with some 21,000 United Nations troops and police officers, but the resolution specifies that the troops will not deploy without the consent of the Sudanese government." A visit to Khartoum this week by Jendayi E. Frazer, "assistant secretary of state for African affairs, failed to produce an agreement, potentially leaving the people of Darfur without any international peacekeepers to protect them."

Paulson Cancels Planned Trip To Tokyo. In its "Washington Wire" column on its web site, the Wall Street Journal (8/30, 2.03M) reported that Treasury Secretary Henry Paulson has canceled a planned visit to Tokyo next month "because it would have overlapped with leadership elections in the ruling Liberal Democratic Party." Paulson "still plans to visit Vietnam for the Asia-Pacific Economic Cooperation forum next week, return to the US and then turn around almost immediately to attend the International Monetary Fund/World Bank annual meetings in Singapore and to visit China."

Upheaval Continues In Mexico As López-Obrador Refuses To Concede Election. The Wall Street Journal (8/31, Luhnow, Lyons, 2.03M) reports, "With conservative Felipe Calderón now all but certain to become Mexico's next president, he faces a critical issue that will determine the success of his six-year term: How to prevent growing political confrontation from undermining the country's transition to democracy and free markets." Mexico "is coming off its version of the Florida 2000 election battle. Mr. Calderón's narrow July 2 defeat of his leftist opponent Andrés Manuel López Obrador also landed in a court, which this week rejected Mr. López Obrador's contention that the balloting was marked by fraud." The electoral court "is now widely expected to name Mr. Calderón the president by the legal deadline of Sept. 6." But "unlike 2000, when former vice president Al Gore accepted the Supreme Court's ruling on the election, Mr. López Obrador refuses to recognize judicial power. Instead, the former Mexico City mayor is promising to make the country ungovernable. It's as if Al Gore had called for revolution instead of calm."

Bolivia's Morales Suffers Setbacks Since Taking Power. The Washington Post (8/31, A16, Reel, 748K) reports, "Intensifying labor strife, political infighting and budgetary pressures are threatening to chip away at the domestic support of Bolivian President Evo Morales, who took office in January promising to nationalize the natural gas industry and to achieve social equality for the country's indigenous majority." Upon assuming power, Morales "announced a series of sweeping reforms that have helped make him one of the most popular presidents in modern Bolivian history," but soon thereafter his "government quietly issued a statement announcing the temporary suspension of the 'full effect' of the nationalization program because of a lack of funds. On Monday, the president of the state energy company resigned," and "a day later, members of the Constituent Assembly suspended voting amid tense debate." The Post says Morales is now "on the receiving end of the same sort of social and labor protests that he used to organize." The "pressure is building quickly" for renewed and sustained action.

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Monitors In Sri Lanka Say Government Forces Killed Aid Workers. The New York Times (8/31, Senanayake, Sengupta, 1.21M) reports, "In a searing indictment of the Sri Lankan government, Swedish-led cease-fire monitors on Wednesday accused government security forces of killing 17 aid workers early this month in Mutur in one of the worst attacks against humanitarian workers worldwide in recent years." The conclusion was based on three reasons: security forces had been in Mutur at the time of the killings. Second, the government had barred the monitors from the scene immediately after the bodies had been discovered. Third, confidential conversations with 'highly reliable sources' had pointed to the culpability of the security forces." In response, the government "reacted angrily, saying it 'regrets the unprofessional and rather irresponsible stand' by the truce mission. It said the determination lacked any factual evidence to substantiate its conclusion and was based on misleading inferences, denying that the authorities prevented monitors from visiting the scene."

Merkel Sees Popularity Fade. The Wall Street Journal (8/31, Walker, 2.03M) reports, "German Chancellor Angela Merkel's authority is in decline as her fragile coalition government proves unable to capitalize on an economic upswing to introduce badly needed" economic changes. However, her "government is unlikely to fall because neither" her Christian Democratic Union or the Social Democrats "can assemble a viable alternative majority in Germany's fractured parliament." Meanwhile, her supporters "are growing frustrated" saying that "compromises with the left are slowing market-oriented changes to the economy." Her falling popularity is further "compounding the problem by making it harder for the already fractious coalition to agree on how to create jobs and turn the economic improvement into better growth over a longer period."

WPost Condemns China's Crackdown On Dissent. The Washington Post (8/31, A24, 748K) editorializes, "This has become a landmark month in China's ongoing crackdown on free expression and peaceful dissent. Just 10 days ago we wrote about the trial of Hong Kong journalist Ching Cheong on patently bogus charges of espionage. Mr. Ching hasn't been sentenced yet, but last Friday another journalist, Zhao Yan, was given a term of three years on fraud charges. A day earlier, one of the country's bravest human rights lawyers, Chen Guangcheng, was sentenced to four years. A week before that, another prominent lawyer, Gao Zhisheng, was abducted without a warrant by security forces; he was later reported to be detained for unspecified 'criminal activities.' … That's a strange policy for a regime that hopes to host the world at the Olympic Games just two years from now -- and it's something that democratic governments ought to start talking more about."

WSJournal Eulogizes Naguib Mahfouz. The Wall Street Journal (8/31, 2.03M) editorializes that Egyptian writer Naguib Mahfouz "survived…'censure,'" of a stabbing, "as he did so many others until his death this week." He received "a well-deserved Literature Nobel Prize in 1988," but "perhaps Mahfouz's most important legacy is as a model of Arab intellectual life at its best -- critical and playful, sensual and moderate, authentically Egyptian but seriously engaged with the better currents of Western intellectual life" – "qualities, it sometimes seems, are in short supply in Arab life today." The Journal would have Mahfouz's "memory inspire such changes that hope in the Middle East be something other than a sentence."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"State On Verge Of Greenhouse Gas Restrictions."
"Nobelist's Fiction Brought To Life His Beloved Cairo."
"Phd In Patience Required."
"Sweeping Changes In Elder Care Pass."
"Israel Says Syria, Not Just Iran, Supplied Missiles To Hezbollah."
"Mayor Urges Peace, District Prepares For Legal Battle."
"In Caracas, The Poor Shall Inherit The Golf Course."

USA Today:
"Chertoff Backs Air Traveler Registry."
"Are Out-Of-State Students Crowding Out In-Staters?"
"Pentagon Sees Risk In Troops' Loan Debt."
"Legislation."

New York Times:
"Leaders Accept California Bill To Cut Emissions."
"Shaky Darfur Peace At Risk As New Fighting Looms."
"U.S. Drafts List Of Sanctions As Iran Ignores Deadline."
"Man From Google Joins Apple's Board."
"Live Long? Die Young? Answer Isn't Just In Genes."
"Students' Paths To Small Colleges Can Bypass SAT."

Washington Post:
"Nicotine Up Sharply In Many Cigarettes."
"In Search of a Past."
"Japanese Women Catch The 'Korean Wave.'"
"Leading Arab Novelist Gave Streets A Voice."
"Bush Team Casts Foes As Defeatist."
"Medical Practices Blend Health and Faith."

DOJ_NMG_0055957

Washington Times:
"Are Black Democrats Liberal Enough For The Left."
"Bush Seeks To Bolster War On Terror."
"Chavez, Assad Join Hands Against U.S."
"Irish Airlines To Allow Cell Phones On Flights."
"Sports Clubs Bulk Up In D.C. Area."

Detroit Free Press:
"Highway Headache Clears up Early."
"7 Models That Matter."
"Live Ammo On Great lakes U.S. Plan Blindsides Boaters."

Atlanta Journal-Constitution:
"State SAT Ranking Look Up."
"FAA Broke Own Rules In Tower At Lexington."
"A Year After Katrina."
"Tech Tickets For Saturday Hotter Than Irish Coffee."

Houston Chronicle:
"Getting There: It Could be Worse."
"Secrets Linger On Old Cell Phones."
"Pair Who Starved Boys Get Decades In Prison."
"A Landmark Deal On Global Warning."
"Confronted With An Agony No family Can Prepare For."

Story Lineup From Last Night's Network News:
ABC: Tropical Storm Ernesto; Hurricane John; Sectarian Violence; Bush-Iraq Critics; Veterans-Brain Injuries; Parkinsons Breakthrough; More Nicotine-Cigarettes; SAT-Girls; Global Warming; Naguib Mahfouz Obit; Youtube Usage.
CBS: More Nicotine-Cigarettes; Gas Prices-Auto Sales; Ethanol Alternative; Sectarian Violence; Storm Watch; Comair Plane Crash; New Marine Vehicle; Global Warming; Cease-Fire.
NBC: Sectarian Violence; Bush-Iraq Critics; Bush-Critics; Strom Watch; City Violence; Global Warming; Comair Plane Crash; Stock Market; Baby Boomers-Continued Work.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Tropical Storm Ernesto; NC-High School Shooting; Ford Obit.
CBS: Ford Obit; CA-Greenhouse Gas Limits; KY-Plane Crash; Tropical Storm Ernesto.
NPR: CA-Greenhouse Gas Limits; Tropical Storm Ernesto; Marines-Iraq Murder Investigation; Ford Obit; Wall Street; Chavez-Syria Trip; Iran-Nuclear Program.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the First Presidency of the Church of Jesus Christ of Latter-day Saints, Salt Lake City; speaks to the 88th Annual American Legion National Convention, Salt Lake City; speaks at an Orrin Hatch for Senate luncheon, Salt Lake City; arrives at Camp David.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: MINORITY BUSINESSES _ The U.S. Small Business Administration and the Department of Commerce's Minority Business Development Agency will take part in the 24th National Minority Enterprise Development (MED) Week Conference. Highlights: 12 a.m. - 2 a.m. State of Commerce Luncheon with Ben S. Bernanke, Chairman and member of the Board of Governors of the Federal Reserve System; and Elaine Chao, Secretary of Labor. 7:30 a.m. - 8:45 a.m. ``Meet Your White House Breakfast with Sen. Olympia J. Snow, R-Maine. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

AGENT ORANGE _ 9:30 a.m. South Korean veterans of the Vietnam War hold a rally to bring attention to the problems of troops who fought with U.S. soldiers in Vietnam. Location: Lafayette Park.

ECONOMY-CHAMBER _ 10 a.m. The US Chamber of Commerce holds a briefing to discuss the economic outlook, immigration reform and pensions. Location: 1615 H St. NW.

NAACP-IRS _ 10 a.m. NAACP President Bruce Gordon and Board Chairman Julian Bond hold a news conference to discuss the investigation of the NAACP by the IRS. Location: National Press Club.

NUCLEAR TERRORISM _ 10 a.m. Physicians for Social Responsibility holds a briefing to release a study on US nuclear terrorism preparedness. Location: National Press Club.

LADIES OF DISTINICTION _ 11 a.m. The Fourth Annual First Ladies Benefit Luncheon will be held to honor ``First Ladies of Distinction." The honorees are: Alexine Clement Jackson, First African American Woman National President of YWCA of USA; Janet Murguia, President/CEO, National Council of LaRaza, First Woman President of a national Hispanic organization; Kyle Zimmer, President/Co-founder, First Book, an award-winning non profit organization that provides thousands of low-income children with their first new books; Renee Poussaint, journalist, CEO/Co-founder with Dr. Camille Cosby of The National Visionary Leadership Project. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

WORKING AMERICA _ 11 a.m. The Economic Policy Institute holds a telephone briefing to release the 10th edition of its report, ``The State of Working America." Contacts: n/a, 202-775-8810.

MINORITY BUSINESS _ 11:45 a.m. Commerce Secretary Gutierrez speaks on minority business development and the economy at the 24th Annual National

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Minority Enterprise Development Week Conference. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

9/11 AVAILABILITIES _ 1 p.m. The Defense Department's Washington Headquarters Services Communications Department holds the last in a series of availabilities to assist media organizations with Sept. 11 fifth anniversary efforts, such as getting B roll, interviews, etc. Location: Pentagon.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, AUGUST 31, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Guantanamo To Close 'One Day': US Attorney General (AFP-Y) 5
Legal Landmines Emerge In 'Dirty Bomber' Case (CSM) 5
Five Plot Suspects To Remain In British Jail (WP) 7
Britain Extends Detentions In Alleged Plot (LAT) 8

Homeland Response:

Chertoff Backs Air Traveler Registry (USAT) 9
The 'Why' Behind Air Security (USAT) 9
Chertoff Reflects On 5 Years Since 9/11 (USAT) 11
EU: US Call For Extra Air Passenger Data Are Premature (DJ) 11
Irish Airline To Allow Cell Phones On Flights (WT) 12
Truckers, Bus Drivers On Lookout For Suspicious Activity On Roads (USAT) 13
Mystery Drapes Flag's Disappearance (USAT) 14

War News:

Bush Wows S.L. Crowd (DESMN) 16
Bush Shifting Public Focus To Terrorism And Iraq War (NYT) 17
Bush Links Iraq Success To U.S. Safety (AP-Y) 19
Bush Speeches To Stress Stakes In Iraq (WSJ) 19
Bush Team Casts Foes As Defeatist (WP) 21
Democrats Take Fire At Rumsfeld (AP-Y) 23
Bush Seeks To Bolster War On Terror (WT) 24
Pipe Down, Rummy (LAT) 25
Positive Press On Iraq Is Aim Of U.S. Contract (WP) 26
Violence In Iraq Kills 60 As Market, Recruits Hit (WP) 27
Firefights Mark Further Splintering In Iraq (CSM) 28
Violence Grows, Killing 52 Iraqis, In Face Of Security Plan (NYT) 29
Iraqi Forces Give Gen. Casey Optimism (AP) 31
2 Marines Confess To Killing Iraqi Man (LAT) 32
No Death Penalty For Marine Charged (AP-Y) 33
Marine Accused Of Murder In Iraq Will Not Face The Death Penalty (NYT) 34
Hearings Begin For Marines Accused Of Killing Iraqi (WP) 34
Allies Balk At More Troops For Afghanistan (FT) 35
Rebels Behead 2 Afghans (NYT/AP) 36
The High Price Of Friendship (NYT) 36
We're Not Winning This War (WP) 37
There Is Silence In The Streets; Where Have All The Protesters Gone? (NYT) 38

Corporate Scandals:

Former Brocade Execs Plead Not Guilty In Stock Options Case (LAW/AP) 39
Prosecutions Drop For US White-collar Crime (CSM) 40
SEC Drops Probe Of Former Officers In Shell Oil Case (WSJ) 41
Look Who's Left Standing (WP) 41
Canadian Court Freezes Assets Of Former Hollinger CEO Black (WSJ) 43

Criminal Law:

Ex-State Department Official Said To Be Source Of Plame Leak (LAT) 44
A Guide For The Perplexed (NYT) 46
Jury Finds Sex Offender Guilty In Killing Of University Student (FINDLAW/AP) 47
A Plea Deal Signals Wave Of Graft Cases Around A.C. (NSL) 47
Callaway And Two Others Plead Guilty (PAC) 49
Sloan El, A.C. Official Plead Guilty (PHI) 49
City Officials In New Jersey Plead Guilty To Corruption (NYT) 51
2 Politicians, Contractor Plead Guilty In Corruption Case (MH) 52

Key Figure Arrested In Monroe Twp. In 2004 (GLOUCOTMSNJ) 53
DISD Workers Asked About Expenses (DMN) 53
Vendor Sentenced To 2 Years In Paterson Schools Bribery (NSL) 54
2 Guilty In Billing Scam Are Sentenced (BERGREC) 54
American Gets 15 Years For Downloading Child Sex Images (AFP-Y) 54
Captured Polygamist Leader Will Go To Utah For Prosecution (AP) 55
Utah Will Take First Crack At The Challenge Of Prosecuting Jeffs (SLT) 56
Jeffs Facing Extradition Hearing Today (DESERET) 57
Who Will Be The Next Polygamist Prophet? (TIME) 59
To Keep Sect Leader Warren Jeffs In Jail, Prosecutors Plan To Push Utah Rape Charges First (CTV) 60
Golfin' Gotti & Mob Links (NYDN) 61
JUNIOR HIT WAS A MISS - MAFIA ROGUE (NYPOST) 62
Violent Crime On The Rise, Summit Participants Say (USAT) 63
Police Chiefs Cite Youths In Crime Rise, Call For More Federal Funds (WP) 64
Legality Of Online Gambling Debated In Case (LAW) 65
US Inmate Executed With A New Lethal Injection Procedure (FINDLAW/AP) 68
Dozens Of Sex Offenders Arrested In Multi-agency Roundup (AP) 68
Police Crackdown On Sex Offenders (BRADV) 68
GAO Questions Accuracy Of Sex-offender Registries (WT) 69
Streator Man Gets 100 Years In Prison For Kiddie Porn (AP) 70
2 Ex-FEMA Workers Sentenced For Bribes (NOTP) 70
FEMA Officials Sentenced In Bribery Case (AP) 71

Civil Law:

Nicotine Up Sharply In Many Cigarettes (WP) 71
Raising Nicotine Doses, On The Sly (NYT) 72

Civil Rights:

San Antonio Officer Convicted Of Violating Transsexual's Rights (AP) 73
Justice Dept. Expects Miss. Training Schools Improvements (AP) 73
Justice Official Vows Safety In Training Schools (JCL) 74
Dozens Of Officials Subpoenaed In Suit Over Group Homes (WT) 75
FBI Looking Into Red River School Bus Incident (SHREVET) 76
New California Gay Anti-bias Law Assailed (WT) 76
Judge Allows Race As Factor In Schools (NYT) 77
By Any Means Necessary (WSJ) 77

Antitrust:

Exelon Says Deal To Acquire PSEG Is Less Likely Now (WSJ) 79
Exelon Says Delay May Scuttle Public Service Purchase (Update6) (BLOOM) 80
Newspaper Suit Put On Legal Fast Track (TRIVH) 81
Cornyn: Wright Hearing Is Likely (FWST) 82
Valassis Files Suit To Rescind Offer For Rival Advo (WSJ) 82
TiVo's Loss Widens With Litigation Costs (WSJ) 83
Shareholders OK Thermo Electron's $10.6 Billion Deal For Fisher (AP) 83

Environment/Indian Affairs:

AP Interview: EPA Official Promises Wetlands Guidelines (AP) 83
3rd Circuit: DuPont Can't Get Help From U.S. For Voluntary Cleanup (LAW) 85
Fill Up On Corn If You Can (NYT) 86
Park Service To Emphasize Conservation In New Rules (NYT) 89
Gov. Reaches Landmark Deal On Greenhouse Gas Emissions (LAT) 90
California Pact Would Place Cap On Emissions (WSJ) 91
Leaders Accept California Bill To Cut Emissions (NYT) 92
The Governor's Good Deal (LAT) 94

FBI/DEA/ATF/USMS:

Justice Department Targets Street Crime (AP) 95
DOJ Official Skewered At Crime Forum (CBS) 96
Police Chiefs Want U.S. Aid In Crime Fight (NYT) 97
FBI's New Data Warehouse A Powerhouse (CBS) 98
FBI Shows Off Counterterrorism Database (INFOWEEK) 99
Record Meth Seizure Made In Gainesville; Case Involves An Illegal Alien (ABCH) 100
Two Arrested, Two Sought In Meth Bust (AJC) 101
2nd Huge Georgia Drug Find Points To Pattern, Officials Say (NYT) 101
Two Arrested, Two Sought In Meth Bust (MACT) 102
Huge Meth Seizure Shatters Georgia Record Set Just Two Weeks Ago (BHT) 102
Drug Bust Nabs At Least 80 (HHD) 104
DEA Agents Rescue Undercover Cop (LADN) 105
Queens College Student Charged With Impersonating Federal Agent (AP) 105
New Initiative Targets Lower East Side Gangs (BUFFNEWS) 106

DOJ_NMG_0055962

Immigration:

Law Students Giving Immigrants Rare Legal Aid (AP).....107
More Immigration Demonstrations Planned (WP) 108

Tax:

Feds Sue To Keep Man From Preparing Tax Returns (FRESBEE).....109
U.S. Scores A Win Against Tax-Shelter Abuse (WSJ).....110

Congress-Administration:

President Set To Renominate Five For Appeals Courts (NYT) 112
Boyle Included In Nominees For Appeals Court (WP/AP).....112
Stevens Admits To Blocking Bill (WT) 113
Alaska's Stevens Put A Hold On Pork-Barrel Transparency Bill (LAT) 114
Education Secretary Defends School Law (AP).....115
Education Chief Says Law Close To Perfect (USAT) 116
Tweaking Of 'No Child' Seen (WP).....116
No Chamber Left Behind (WP).....117
Democrats Thinking Ahead To Possible Victory This Fall (MCT).....118
Gingrich On Pelosi (AP).....120
Back To The Congressional Future (WSJ) 121
Pentagon Sees Risk In Troops' Loan Debt (USAT) 122
Stars In Their Eyes (NYT).....123
Jonah Goldberg: Give Bush A Break (LAT).....123
Homestretch For A Hack (NYT) 124
New Chief For Troubled Amtrak (LAT).....125

Other News:

Economic Picture Improves Slightly (WP).....125
US Growth Revised Up To 2.9% (FT) 126
Revision Lifts Pace Of Growth (NYT).....127
Corporate Profits Up In 2nd Quarter (USAT) 128
Corporate Profit Growth Slows In Step With Economy (WSJ)128
Dow Industrials Post Small Gain Along With Oil (WSJ).....129
Mr. Perez's Disqualification (WP).....130
Bush Visits Arkansas For Hutchinson Reception (AP).....130
Bush Stumps For Corker (AP).....131
Bush Appearance Pleases Candidate And Opponent (CHIT)132
Taxpayers Pay For Bush's Campaign Travel (AP) 134
What Worries Economists? (WSJ).....135
Text Size: S M L View Archives Week Of August 30, 2006 (HEN).....139
Race Tests Value, Or Cost, Of Loyalty (USAT) 142
G.O.P. Congressman Shifts To Favor An Iraq Timetable (NYT) 143
Ohio House Race Is Brutal Test (WSJ).....144
Sun Belt Politics (WT).....146
Ex-Republican Favors Lamont Over Lieberman In Connecticut (DPHR/AP).....147
Are Black Democrats Liberal Enough For The Left? (WT)...147
Bellwether For A Bitter Election (WP) 148
Ohio To Delay Destruction Of Presidential Ballots (NYT).....150
The Democrats' Dysfunctional Calendar (WP) 151
Rice Keeps Saying No To White House Bid (AP-Y).....152
Oracle Tackles Concerns About Political Giving (FT).....153
FDA: Tests Of Cross-border Drugs Found Counterfeits (USAT).....154
Most Americans Support Legalizing Drug Imports From Canada, Poll Finds (WSJ).....155
Value Of Health Care Is Tallied In Growth Of Life Expectancy (WSJ).....157
Study Finds Health Care Good Value Despite Costs (WP) ...158
Study Finds Medical Spending Is Generally Worth The Cost (NYT/AP).....159
Health Care's Vicious Cycle (WP) 159
BP May Resume Pipeline Production Soon (WP/AP) 160
BP America President To Testify In Congress (WSJ) 161
The Great Plains (WSJ) 161
U.S. Drafts List Of Sanctions As Iran Ignores Deadline (NYT)163
Iran Ignores Powers, U.N. On Enrichment (AP).....165
Bush Faces An Uphill Battle To Impose Meaningful Sanctions On Iran (MCT) 167
Analysis: Iran Won't Back Down From U.N. (AP) 168
U.S. Military Sees Iran's Nuke Bomb 5 Years Away (WT).....169
Excess Baggage (WSJ).....170
Senior House Member Faults Khatami Visit (AP-Y).....171
Israel Rebuffs U.N. On Blockade (WP).....172
Israel Says It Will Continue Blockade Of Lebanon (NYT).....173
Israel Rejects Annan Demand On Blockade (AP-Y).....174
Israel Says Lebanon Blockade Will Stand (LAT).....175
Israel Says Syria, Not Just Iran, Supplied Missiles To Hezbollah (LAT).....176
UN Condemns Israeli Strategy As 'immoral' (FT).....178
Israeli Cluster-bombing Deemed 'Immoral' (AP).....179
Lebanon Offers Aid For Rebuilding (WP) 180
Lebanon Refuses Contact With Israel (AP) 181
For Israeli Aid Group, Long Road To Inclusion (WP).....181
Poll Shows Split On Arms Issue (WT) 183
Jackson Has Plan For Soldiers' Release (AP).....184
Venezuelan Seeks Another Anti-U.S. Ally In Syria (NYT/AP)..184
Chavez, Assad Join Hands Against U.S. (WT/AP) 185

DOJ_NMG_0055963

Bush's Love Of India Will Outlast Him (FT) 186
As U.S.-Indian Alliance Grows, Defense Firms Seek To Profit (WP) 187
Shaky Darfur Peace At Risk As New Fighting Looms (NYT) 189
Disorderly Conduct: As Mexico Awaits Vote Decision, Social Upheaval Is On The Rise (WSJ) 191
In Bolivia, New Setbacks To A Leader's Lofty Vision (WP) 193
Monitors Say Troops Killed Aid Workers In Sri Lanka (NYT) 195
Merkel's Star Fades As Economic Plan Stalls (WSJ) 196
Kangaroo Express (WP) 197
Naguib Mahfouz (WSJ) 197

DOJ_NMG_0055964

TERRORISM NEWS:

Guantanamo To Close 'One Day': US Attorney General (AFP-Y)

AFP, August 31, 2006

US Attorney General Alberto Gonzales said during a visit to Qatar that the controversial US detention camp at Guantanamo Bay in Cuba will eventually be closed.

"I think that Guantanamo will be shut down one day. Guantanamo exists because it is necessary -- we are engaged in a war on terror," Gonzales told reporters in Doha.

"As soon as Guantanamo is no more necessary, I think that the expectation is that it will be shut down," said Gonzales, who met with Qatar's Crown Prince Sheikh Tamim bin Hamad al-Thani and his Qatari counterpart Ali bin Futais al-Merri.

Around 450 prisoners continue to be held at the prison camp at Guantanamo Bay without charges being brought against them. Some have been detained there for years.

Human rights and civil rights lawyers have brought suits on behalf of detainees, many of whom were seized in Afghanistan as suspected Al-Qaeda or Taliban fighters.

Gonzales told the US Senate Armed Services Committee earlier this month that the US government could "indefinitely" hold foreign "enemy combatants" at sites such as the Guantanamo base, which opened in early 2002.

Gonzales, who came to Qatar from Iraq, said he had discussed reports about "serious violations of human rights" by Iraqi security forces during his talks in Baghdad Tuesday.

"I was assured that these reports have been taken seriously," he said.

Gonzales met with Iraqi Deputy Prime Minister Barham Saleh and discussed the tactics used by Iraqi security forces to combat a wave of violence, allegedly including torture.

The US military itself is currently battling a series of accusations about abuses by US troops in Iraq, including allegations of the rape and murder of an Iraqi girl and the killing of her family in the town of Mahmudiyah by a group of American soldiers in March.

Legal Landmines Emerge In 'Dirty Bomber' Case (CSM)

By Warren Richey

The Christian Science Monitor, August 31, 2006

MIAMI

Jose Padilla, the former Chicago street thug who allegedly turned Al Qaeda sympathizer, is best known for reportedly plotting to explode a radiological "dirty bomb" in a major US city.

But that alarming allegation is noticeably absent from Mr. Padilla's terror conspiracy indictment in federal court here. Instead, the most explosive allegation in the government's case is that Padilla broke US law by becoming an Al Qaeda recruit and filling out an application to be a holy warrior.

Ahead of Padilla's trial, set for Jan. 22, defense lawyers are filing a flurry of pretrial motions seeking to establish that the government engaged in outrageous conduct by having the military detain and interrogate Padilla. The conduct was so outrageous, they say, that all charges against him must be dropped.

What makes Padilla's case potentially so important is that he is the first person designated by President Bush as an enemy combatant to later face criminal charges in a civilian court.

As such, his case exists at the murky intersection of two contrasting systems. On one side is the criminal-justice system, which operates under established rules and constitutional mandates designed to protect the rights of American citizens. On the

DOJ_NMG_0055965

other is a military interrogation system run exclusively by the executive branch and designed to extract confessions from Al Qaeda suspects through methods that violate many of the fundamental rules of the criminal-justice system.

No matter how Padilla's case ends - with a conviction, an acquittal, or a plea bargain - his case is an important test of whether the government will be able to avoid legal consequences for the tactics it used during Padilla's military detention and interrogation.

In effect, the Padilla case may ultimately help make the world safer for use of coercive interrogation tactics. It could do so, analysts say, by establishing legal precedents that insulate military interrogations from scrutiny by civilian judges in federal courts.

"This is one of the first cases with this overlap of military custody and civilian custody," says Timothy Lynch of the libertarian Cato Institute in Washington.

Padilla's treatment raises a "profound" legal issue, he says. "What can our military do to an American citizen held in military custody? Our legal system is not poised to confront that and resolve it," Mr. Lynch says.

In June 2002, Mr. Bush designated Padilla an enemy combatant. He was held in a military brig in South Carolina for more than 3-1/2 years without being charged with a crime or told how long his detention might last. For nearly two years he was not allowed to consult with a lawyer or to contact friends or family. He was told he had no right to remain silent.

It was all done by the US government for a good cause: Intelligence officials wanted to learn as quickly as possible everything Padilla knew about Al Qaeda's plans and operations, to help shield the country from future attacks. But at the same time, administration officials admitted that Padilla's harsh treatment and his forced confession would probably make it impossible to ever bring criminal charges against him. In fact, until Padilla's November 2005 indictment, the administration did all it could to prevent Padilla from having his day in court.

When lawyers working on Padilla's behalf in New York and South Carolina appeared to be on the verge of winning favorable rulings, administration officials moved Padilla to a different jurisdiction, each time mooting the pending legal challenge and further insulating Padilla's plight from judicial oversight.

Now, his case is before US District Judge Marcia Cooke in Miami, and Padilla's appointed lawyers are working to defend their client in part by trying to put the government itself on trial.

"The government's interrogation strategies and isolation techniques with regard to Mr. Padilla during his incarceration at the brig are at the outer limits of civilized propriety," writes Michael Caruso, acting federal public defender, in a recent brief.

"The government concedes that Mr. Padilla's constitutional rights were knowingly and intentionally violated during his incarceration at the brig in order for various agencies to collect evidence against him," he writes. "It is also beyond dispute that the government used extreme interrogation and isolation strategies in this effort."

Federal prosecutors have responded by arguing that allegations concerning Padilla's treatment while in military custody are irrelevant to the narrow set of charges filed in the Miami federal court case.

"Padilla's position is a thinly veiled attempt to conduct a fishing expedition," writes Assistant US Attorney Russell Killinger in a brief.

The Miami charges are based on evidence obtained through investigative efforts independent of Padilla's military interrogation, and presumably in full compliance with constitutional and other safeguards of the criminal-justice system. This explains why the Miami indictment makes no mention of dirty bombs or any of the other more sensational allegations uncovered through Padilla's military interrogation.

But that may not be enough to insulate the government from scrutiny and possible sanctions. The judicial test, according to Supreme Court precedent, is whether the government's conduct is so outrageous that it violates fundamental fairness and is "shocking to the universal sense of justice."

"It is a well-established principle of the criminal law that conduct which 'shocks the conscience' can be sanctioned by dismissal of the charges," says Joseph Margulies, a professor at Northwestern University School of Law and author of "Guantánamo and the Abuse of Presidential Power." But such rulings are rare, he says.

Legal analysts say it is significantly more difficult to persuade a judge to authorize an inquiry or dismiss charges when there is no direct connection between the alleged abuse and the evidence being offered at trial. For example, if federal prosecutors try

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to introduce evidence from the military interrogation to beef up their indictment in Miami, that action would clearly open the door for extensive scrutiny of Padilla's treatment by the military, they say.

In addition, judicial approval of the use of evidence from Padilla's military interrogation for use by prosecutors in the criminal trial would raise a red flag, says Cato's Lynch. "Then we would have a precedent that says that military interrogators can do things to Americans that law-enforcement and FBI agents cannot," he says.

The more probable course, Lynch says, is that the judge in Miami will avoid the military-detention issue. "So long as it proceeds as a fairly ordinary criminal case, I think the judge is going to keep the focus on the criminal charges and is not going to let issues involving military custody seep in."

Five Plot Suspects To Remain In British Jail (WP)

By Kevin Sullivan

The Washington Post, August 31, 2006

LONDON, Aug. 30 -- A British court on Wednesday gave police one more week to consider charges against five suspects held in an alleged plot to blow up U.S.-bound jetliners.

The five were among 25 people arrested in raids in London, Birmingham and High Wycombe, west of London, this month. Police have alleged that the suspects intended to smuggle liquid explosives onto airliners for detonation in flight. Their arrests caused disruptions to air traffic around the world and resulted in strict new rules for carry-on baggage.

The five suspects whose detention was extended Wednesday are being held under a new British law that allows detention of terrorism suspects for up to 28 days without charge, provided a judge reviews their detention every seven days.

Fifteen other suspects in the case have been charged with terrorism-related offenses and five have been released without charge. Of those charged, 11 face the most serious allegations of conspiracy to murder and four face lesser charges, including withholding information from authorities. The charged suspects are all British Muslims, ages 17 to 35; police have not publicly identified those still being held without charge.

On Wednesday, three men charged on Tuesday made their first appearance at City of Westminster Magistrates' Court in Central London. Mohammed Yasar Gulzar, 25, Mohammed Shamin Uddin, 35, and Nabeel Hussain, 22, were charged with conspiracy to commit murder and preparing to commit terrorism by planning to smuggle explosives aboard planes. A judge ordered all three held until their next court appearance on Sept. 18.

British police contend the suspects were plotting an attack that would result in "unimaginable" loss of life. Searches of more than 69 houses, businesses, vehicles and open spaces have yielded more than 400 computers, 200 cellphones and 8,000 computer-related items such as memory sticks, CDs and DVDs. Police have also said they confiscated several "martyrdom videos," which generally refer to videotaped declarations by people planning suicide attacks.

Nabeel Hussain, who appeared in court Wednesday, has two brothers also charged. Mehran Hussain, 23, and Umain Hussain, 24, are both charged with failing to alert authorities to their brother's alleged intention to commit a terrorist act.

Cossar Ali, 24 , the mother of an 8-month-old child, is charged with failing to report potential terrorist activity by her husband, Ahmed Abdullah Ali, 25, who is charged with conspiracy to commit murder.

The others charged with conspiring to murder are: Tanvir Hussain, 25; Arafat Waheed Khan, 25; Assad Ali Sarwar, 26; Adam Khatib, 19; Ibrahim Savant, 25; Waheed Zaman, 25; and Umar Islam, 28, also known as Brian Young.

Police have also charged a 17-year-old London youth, who has not been identified, with possession of items useful "to a person committing or preparing an act of terrorism." Police said those items included "a book on improvised explosives devices, some suicide notes and wills with the identities of persons prepared to commit acts of terrorism and a map of Afghanistan."

British police are also seeking the extradition of a suspect arrested in Pakistan, Rashid Rauf, 25, whom Pakistani officials have called a central figure in the alleged plot. His return is being sought in connection with the April 2002 murder of his uncle. Police declined to say whether the extradition request was also related to the alleged bomb conspiracy.

Rauf is from a Birmingham family that runs a bakery. His younger brother Tayib Rauf, 22, was among those arrested, but British media reported he was released without charge.

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British media have also linked the Rauf family to Crescent Relief, an Islamic charity that is under investigation by British officials. The group was reportedly established in 2000 by the Raufs' father, Abdul Rauf, 54. The Charity Commission, Britain's charity watchdog, announced last week it had frozen the charity's bank accounts pending the investigation.

Britain Extends Detentions In Alleged Plot (LAT)

By Sebastian Rotella

The Los Angeles Times, August 31, 2006

LONDON — British courts on Wednesday extended the deadline to bring charges against five suspects in connection with an alleged conspiracy to bomb U.S.-bound planes in midair, and ordered three other suspects held without bail.

Police will have another week to develop their case against the five suspects, or the court will release them. So far, 15 suspects have been charged, including the three denied bail Wednesday: Mohammed Yasar Gulzar, 25; Mohammed Shamin Uddin, 35; and Nabeel Hussain, 22.

British and European counter-terrorism officials said they now believe the suspects planned to down about six jets, perhaps fewer. In interviews, officials also revealed that the decision to launch a roundup this month came after suspects under surveillance learned of the arrest in Pakistan of another suspect.

The arrest, officials said, spurred suspects to film so-called martyrdom videos, considered a telltale sign that a terrorist attack could be looming.

"Things moved quicker than anyone expected because of the detention in Pakistan," said a British counter-terrorism official, who asked not to be identified.

"There will prove to be a link between the arrests here, the videos and the detention in Pakistan," the official said.

Dozens of searches turned up six videos in which suspects described their reasons for participating in a plot to smuggle aboard materials to make liquid explosives while in flight, British and European officials said.

"It is certain that they were making videotapes," said a senior European counter-terrorism official with access to information about the case. "That's a classic moment in investigations when you feel great pressure to move in."

Authorities have said previously that searches netted large quantities of potential bomb-making materials at locations including an apartment in East London that served as a headquarters for the group.

Moreover, the British official said police conducting audio and video surveillance felt "there was no doubt" that the group had the technical ability to smuggle the ingredients through airport security, mix them on board and set off the explosives using makeshift detonators such as batteries.

"This is an ability that is new and that should have huge implications for the way people see the threat," the British official said.

But officials acknowledged that the number of planes targeted might have been overstated in the aftermath of the arrests Aug. 10. Rather than nine or 10 planes, as some officials previously said, the British official put the number at "half a dozen maybe, at a maximum. I think the numbers got exaggerated. The notion of nine is too much."

Soon after the arrests, officials told The Times that any attack was at least weeks away and that the suspects had not purchased airline tickets.

The suspect group "had a very serious project, but the reaction seems a bit exaggerated," the European official said. "They did not have a date [for the attack]. And above all, the dimensions weren't so big, not as many flights," as had been first reported.

Top investigators in neighboring countries were reluctant to criticize British counterparts, saying they knew the challenges of running surveillance operations, assessing risk and keeping the public safe and informed.

Nonetheless, a high-ranking French anti-terrorism official said the resulting chaos in airports and draconian bans on many carry-on items had created a "psychosis" about flying.

"The reaction is a real gift to Al Qaeda," the French official said.

Key questions remain about alleged links to Al Qaeda or its allied networks in Pakistan.

Although Pakistani authorities have described Rashid Rauf, the Briton in Pakistan whose arrest triggered the raids here, as a central figure who met with top militants, his role remains "very unclear," the British official said.

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"I don't think there's clarity on how directive the Pakistani networks are," the official said.

Police have requested Rauf's extradition in connection with the 2002 slaying of his uncle in Birmingham, a suspected family "honor" killing, rather than on terrorism charges, because the evidence in the murder case was collected in Britain and will be looked on more favorably in a British court, the official said.

British authorities have yet to discuss allegations by Pakistani officials linking the suspects to South Africa. Several previous terrorism cases here have featured links to the South Asian diaspora communities of southern Africa.

HOMELAND RESPONSE:

Chertoff Backs Air Traveler Registry (USAT)

By Thomas Frank, Usa Today

USA Today, August 31, 2006

McLEAN, Va. — Homeland Security Secretary Michael Chertoff strongly backed a program Wednesday that would ease airport security for passengers who pass voluntary background checks to show they aren't terrorists.

Q&A: Chertoff explains the 'why' behind security rules

Chertoff told USA TODAY that checking air travelers' backgrounds, including phone numbers and travel histories, would improve security by allowing the department to focus on passengers with unknown backgrounds.

"Probably Registered Traveler will be the first step because it's voluntary," Chertoff said, referring to a long-delayed program that would ease checkpoint scrutiny of approved travelers.

Registered Traveler would be a private program run entirely by airports, airlines and contractors that would register pre-screened flyers and usher them through security. Homeland Security would oversee the programs at airports, but so far the department has been cautious about publicly supporting the idea.

Chertoff's comments Wednesday are among the strongest yet by the administration in support of Registered Traveler and come weeks after authorities foiled a plot to bomb U.S.-bound airlines.

The plot "may have refocused people's attention on the importance" of background checks, Chertoff said.

A Homeland Security effort to check the backgrounds of all domestic passengers for terrorism ties has been stalled by congressional leaders who fear intrusion into personal and financial records. That makes Registered Traveler more viable, Chertoff said.

"When there is a real privacy concern with a measure we take, the easiest way to address it is to say, 'Fine, we'll make it voluntary,'" Chertoff said.

The Transportation Security Administration (TSA) — part of Homeland Security — is evaluating about 20 proposals to start Registered Traveler programs this year. Travelers approved for enrollment would pay $80 to $100 a year.

Steven Brill, whose Manhattan company Verified Identity Pass would manage Registered Traveler programs, said it's "terrific" that Chertoff is "now so strongly behind" Registered Traveler.

Brill recently signed a contract to run Registered Traveler at one of the nine terminals at New York's Kennedy International Airport, pending TSA approval.

Chertoff said Registered Travelers might not get faster security lines if enrollment is too high. The main benefit, he said, would be that travelers would "by and large" be exempted from additional searches and questioning at checkpoints. They may not initially have other security procedures waived, such as removing shoes and coats.

The 'Why' Behind Air Security (USAT)

USA Today, August 31, 2006

Traveling by plane in the USA, especially in the wake of the disrupted London airliner bombing plot earlier this month, looks nothing like it before the 9/11 attacks. Liquids or gels aren't allowed in carry-ons (with a few exceptions). The rules have adapted to emerging threats (remember when nail files were forbidden?). Shoe removal is required at every airport. Air marshals have become frequent fliers, and your pilot might be armed with a gun. The government also moved to centralize the defense of the

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nation with the creation of the Department of Homeland Security. Its secretary, Michael Chertoff, discussed air security and other issues with USA TODAY's editorial board. His comments were edited for length and clarity.

Question:The terrorism threat comes predominantly from young, Muslim male extremists. Without racial or ethnic profiling, are there ways to make airport security better match this threat?

Answer: Yes. At the extreme, 3-year-olds are not probably a threat we need to worry about, and 75-year-old grandmothers are probably not a threat. But if you look at the experience of watching suicide bombers in other parts of the world, saying those can't be women is just not factually correct. So I'm hesitant to say that we should focus only on males, or Muslims of a particular age.

Q: So what might an airport screener look for?

A: We are training our screening officers in behavioral pattern recognition, looking at ways people behave that will actually suggest they're trying to hide something. That's a positive step that does not require ethnic profiling but looks to the pattern of behavior. I think some element of that is talking to people when they come through, asking them a few basic questions: Where are you going? What are you doing? Why are you going there? These are tools that would allow us to be more precise, but without getting into racial profiling, which is a bad thing.

Q: Have you learned any more about the chemistry of the London plot that might enable you to fine-tune the ban on liquids and gels?

A: The chemistry's still being looked at. But I actually want to come at it a different way. The question becomes not only is there a more precise way to screen out liquids you're worried about, the question is whether doing so would actually be more inconvenient than having an absolute ban. There is technology that would allow you to screen — bottle by bottle — whether something is dangerous. The problem is that it takes a long time. If everybody carries four bottles and it takes 15 seconds, that's a minute per person. Well, if you have 300 people boarding a jet, that's 300 minutes to board. Nobody wants to do that. The trick for us is to find a system that keeps out bad stuff and is as efficient and as convenient as possible. And sometimes it turns out that a more comprehensive ban is clearer, more easy to enforce and more efficient for the traveler.

Q: Had you identified the threat of liquids before the London plot and considered how to combat it?

A: We were aware of this as an issue, and what was particularly troubling about this scheme is how hard these guys worked to come up with ways to conceal liquids. That is what made us see the need to go to this total ban. I had actually thought of a total ban, but I had a real concern about whether it was something that would work. What alarmed me about this was that it was a very, very sophisticated way to bring components in.

Q: What role, if any, did the National Security Agency (NSA) terrorist surveillance program or the banking surveillance program play in thwarting the British terror plot?

A: I can just tell you at a very general level, the ability to monitor communications, or movement of money, is in my experience the single most important tool in stopping terrorist attacks. It's a very important tool.

Q: There is a very obvious security gap regarding a less stringent screening of cargo shipments that are placed on passenger planes. Why has this not been a bigger priority?

A: It is a big priority. First, if you come to the airport or you go to the airline and you want to ship a package on a particular airline in the passenger hold, it's going to go through screening the same as a checked bag will. So people who say we don't screen that are just wrong. Now the (shipping companies) have to verify the person who's bringing the package in. Most of the FedEx and UPS stuff that the ordinary person sends doesn't go on passenger airlines. And I do think that the threat to cargo jets blowing up is not one that I think is probably a likely terrorist target given what we currently know.

Q: But what if someone landed a low-level job at a known shipper? Isn't that still a vulnerability?

A: Here's the problem they would have. They would really have no way of knowing in advance whether a particular package would wind up on a passenger plane. So as a threat vector, it would be hard for somebody to plan, to be able to put something on a passenger jet. Now, that's not to say that we don't want to make it tougher. But the idea that anybody can come up and stick something in a passenger plane and know it's going to go there is actually not true.

Q: The Registered Traveler program, which asks passengers to volunteer information ahead of time, would smooth the screening process in exchange for faster screening, yet it hasn't happened. Why?

A: The airline industry at some point in the last year became somewhat less enthused about Registered Traveler because I think they came to the conclusion that it actually was not going to be something a lot of people would sign up for. I disagree with that. Frankly, there are privacy advocates who are strongly against it. We need to obviously make sure that we're obeying the privacy rules, but I think a Registered Traveler and some form of domestic Secure Flight (a similar government-sponsored program) is still the way to go. It still is better to get a little more information about people, and certainly on a voluntary basis, and then not have to put them into secondary (searches) than to put more people into secondary and have their stuff searched and have them asked questions.

Q: Will the flying public embrace such voluntary screening?

A:Those who choose to do it will get the benefit of it and those who choose not to can weigh their own convenience.

Q:There are significant civil liberties concerns associated with the war on terror as the government collects more and more information about its citizens. What will protect Americans from an encroachment by government in the future?

A: What we'd want to do would actually enhance civil liberties. For example, if we had more specific information about travel history and things of that sort — this is not deep secret stuff, this is stuff that you give to your travel agent — that data allows us to focus on people that we are really more worried about. I actually view that as a plus to civil liberties. I dare say if you asked most people, they'd rather give you a little more information and avoid getting padded down and having their bags gone through than have no information given out so we'd have to wind up doing searches of everybody.

Chertoff Reflects On 5 Years Since 9/11 (USAT)

USA Today, August 31, 2006

'Constantly vigilant':

Obviously, we are happy that there has not been a successful attack on the United States soil since 9/11, but that is not a cause for complacency. It's a cause for redoubled effort. Because I think it would be foolish to presume that that's going to continue forever. We will only avoid an attack if we are not only constantly vigilant but always adaptable in trying to look around the corner and see not only what happened before but what's going to happen next.

'A great deterrent':

The big danger is the unknown terrorist, or the unidentified terrorist. And these guys leave fingerprints. They leave them on bomb fragments, they leave them in training camps, they leave them in apartments where terrorist planning takes place. We capture these. If we have 10-finger prints from everyone seeking to enter the country, we can run them against each other. The real beauty of this is, it's a great deterrent because now, as this gets rolled out over the next couple of years, every terrorist is going to have to ask himself, "Did I ever leave a fingerprint in a safe house or on some artifact that was found in a battlefield." And they're going to know that if they did, and they come across that border, we can catch them.

'The odds are against us':

At Homeland Security, we have to bat a thousand. We have to stop everything. And particularly as you get into low-level, homegrown types of plots that don't require much planning, the odds are against us. A lone wolf can work without ever dealing with other people. It's going to be very hard to detect those.

'We can't go back':

We need to get in a place that we can sustain over a long period of time. That means not overreaction, but also, not underreaction. We can't live in a state of constant paranoia or a feeling that we're in an armed camp because that would not be a sustainable way to lead our lives, and it would cause enormous damage to our freedoms. But we also can't go back to pre-Sept. 11 thinking, that these matters are going to take care of themselves and we do not have to adjust the way we live to take account of this very significant, ongoing threat. So the challenge is to proceed in a way that will get us a balanced approach to security — finding ways to be more precise in targeting the threat and eliminating it, with less inconvenience to innocent people and less disruption of our daily lives.

EU: US Call For Extra Air Passenger Data Are Premature (DJ)

By William Echikson

Dow Jones, August 30, 2006

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BRUSSELS (Dow Jones)--U.S. calls to expand a post-September 11 data sharing deal on air passengers are premature, the European Commission said Wednesday.

Negotiations must aim instead to keep the original deal, said European Union spokesman Friso Roscam Abbing.

"The Americans say, we want to keep data flowing and planes flying," Abbing said. "We don't want to disrupt transatlantic air traffic and there is not enough time to put in new measures."

The European Commission and the U.S. agreed in 2004 that airlines would turn over 34 pieces of information about each passenger flying from Europe to the U.S. - including name, address and credit-card details - within 15 minutes of departure.

The European Parliament challenged the deal, saying it violated strict European privacy rules. On May 30, the European Court of Justice ruled the scheme illegal. Judges said E.U. privacy rules deny the use of such commercial data for crime-fighting purposes.

However, the judges avoided weighing in on whether the data itself violated E.U. privacy laws, which means the content and effect of the revised treaty should be the same. This allowed the Commission to revise the agreement on security rules, commission officials said.

Spokesman Abbing said the Commission next week will ask ask the governments to open negotiations to approve a new data deal by mid October.

The new treaty will last a year.

"After we get this in place, then in the following agreement we can speak to the Americans about what they want to add," Abbing said.

In an article published in The Washington Post Tuesday, U.S. Homeland Security Chief Michael Chertoff called for lifting the restrictions on how data can be shared with other agencies. If, for instance, the Homeland Security Department learned a suspected terrorist used a certain cellphone to purchase plane tickets, the agency wants to be able to share that phone number with other intelligence agencies.

"European privacy concerns have limited the ability of counterterrorism officials to gain broad access to data of this sort," Chertoff complained.

Irish Airline To Allow Cell Phones On Flights (WT)

By Kara Rowland, The Washington Times

The Washington Times, August 31, 2006

A European airline plans to let passengers use their cell phones during flights starting next year, but it could be awhile before U.S. carriers get the green light from federal officials.

Ryanair, the Irish budget airline and Europe's biggest low-cost carrier, intends to outfit 50 aircraft, or about a quarter of its fleet, with OnAir mobile technology by the end of next year, allowing passengers to call, text message and e-mail during flight. Ryanair's remaining fleet will be equipped starting in 2008.

The company said it expects to receive regulatory approval, which would make Ryanair the first European airline to let passengers use their cell phones in flight.

In the United States, cell-phone service on airborne aircraft is not specifically barred by the Federal Aviation Administration, but -- as with all portable electronic devices -- airlines would need to demonstrate that it does not interfere with a plane's communication and navigation systems, FAA spokesman Les Dorr said.

"That can be a tall order," he said.

The agency allows portable devices without radio transmitters, such as laptops or mp3 players, to be used at altitudes above 10,000 feet.

In the meantime, the issue of cell phones onboard is moot since a Federal Communications Commission ban prevents it for fear that air-to-ground calls would overload the ground-based cell-phone system.

However, the commission is reviewing proposals to relax the ban, since new technology can ensure that in-flight networks do not disrupt ground networks.

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For its part, the FAA in 2003 asked RTCA, a D.C. company that advises the federal government on aviation issues, to study the impact of in-flight mobile access on airline safety. RTCA is slated to issue a report later this year.

But even if cell-phone use aboard aircraft were approved, some airlines are more eager than others to embrace the new technology.

"We're very interested in offering our customers wireless access," said Tim Wagner, a spokesman for American Airlines, which has conducted tests with wireless technology company Qualcomm to prove the technology works. "If the approvals went through, we would be right on top of it."

United Airlines would provide wireless Internet access but does not intend to offer in-flight cell-phone access, spokeswoman Robin Urbanski said.

"Right now, our customers are telling us that they would much rather have the ability to communicate via data communications rather than voice communications," she explained.

Asked why customers don't favor cell-phone access, she replied: "Etiquette."

The notion of aircraft equipped with in-flight calling is a nightmare for many passengers, who are wary of listening to their neighbors' loud and potentially intimate conversations during a flight, explained David Stempler, president of the Air Travelers Association in Potomac.

"Sometimes people don't even realize how loudly they're speaking and how disturbing it can be," he said, noting that the association does not have a position on the issue.

On the other hand, Mr. Stempler pointed out, "I've had occasions where plans have changed and I wish that I could call ahead."

The cost of air-to-ground calls might be enough to dissuade passengers from making frivolous calls: Ryanair's rates will "mirror" international roaming charges, the company said.

Truckers, Bus Drivers On Lookout For Suspicious Activity On Roads (USAT)

By Judy Keen, Usa Today

USA Today, August 31, 2006

CHICAGO — Truck driver Bill Adams scans the traffic on Harlem Avenue. "That Pepsi truck's no risk. Two empty flatbeds up there are no risk," he says. "Garbage truck is probably not a risk, but it might be if it were there at the wrong time — if it's 5 on a Sunday afternoon. You've got to think."

Adams, who drives for UPS Freight, isn't scouting Chicago's west side only for traffic hazards. He's on the lookout for terrorists.

Adams is part of a rapidly growing army of truckers and bus drivers who have been trained by Highway Watch to spot suspicious activity on the highways. The program is run by the American Trucking Association with funds from the Department of Homeland Security. Drivers take a class or watch a one-hour DVD to qualify.

Almost 400,000 people — mostly commercial truck drivers — have been trained since 2004. Membership is likely to top 1 million by March 2007. This summer, Georgia began requiring all 300,000 of its drivers with commercial licenses to be trained.

No terrorists have been nabbed, but tips helped find a missing truck carrying fertilizer, which can be used in bombs, and identified illegal immigrants at a truck-driving school.

Critics say Highway Watch is creating snoops and could lead to racial profiling. "This has the potential to be vigilante justice," says Barry Steinhardt, director of the American Civil Liberties Union's technology and liberty project. "We are in danger of turning truck drivers into barely trained, inadequate police intelligence officials" who focus on "people of color."

Hundreds of calls each month

Jim Sutton, who runs Highway Watch's analysis center, says it avoids "uncorroborated information or its use against innocent people."

Proving the value of the program is "more difficult if nothing has occurred," says Lane Kidd of the Arkansas Trucking Association. "One has to assume it lessens the likelihood" of terrorism.

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Ed Crowell, president of the Georgia Motor Trucking Association, says the training not only makes drivers aware of possible terrorist threats but also helps "protect their vehicle and protect themselves from thieves."

Members phone in an average of 272 reports each month to a private toll-free number. More than half are related to security. Highway Watch analysts assess reports and share them with local and federal law enforcement.

The Highway Watch training began as a safety program and shifted its focus to terrorism after the 9/11 attacks. The program has received $45.8 million in federal grants since fiscal 2003 and expects $4.8 million this year.

Some citizens' watch programs proposed after 9/11 were abandoned. One of them, Operation TIPS, would have recruited letter carriers, meter readers and cable TV installers to report suspicious activity to the Justice Department.

Whether Adams is on his weekly runs between Harrisburg, Pa., and Sacramento or on a short trip like this one to pick up a load of kitchen fixtures, he looks for people photographing tunnels or bridges, as well as abandoned vehicles that might be packed with explosives.

He once spotted a pickup in Arizona loaded with red cans of gas. He called the toll-free number to report the truck incident. He never did find out why the driver was hauling all that gas.

"Before 9/11, you didn't pay a lot of attention to what was going on around you," he says. "You saw something unusual, you never gave a second thought that it might be a risk to security."

Adams, 43, of Willow Hill, Pa., has been driving trucks for 24 years and took the training in 2002. He now teaches the program to other drivers and trainers.

Most truckers are eager to contribute to homeland security, he says. Their No. 1 question during training sessions: "Are they going to take us seriously?"

Tracking potential terrorists

Very seriously, says Sutton, a former FBI agent who runs the program's analysis center. Using reports from drivers across the USA, Sutton says, analysts with intelligence and law-enforcement backgrounds track potential terrorist activity. For example, if several truckers report seeing someone photographing a bridge over a period of time, the analysts spot the pattern and alert law enforcement.

Sutton and four analysts on Highway Watch's payroll work at the Transportation Security Administration's operations center outside Washington. Operators in Kentucky take truckers' calls, then send details to the operations center.

Adams is wary of people who ask what he's carrying in his truck and where he's going. When he pulls behind another vehicle in traffic or a parking lot, he leaves a gap so he has an escape route if someone approaches.

He's on alert even when driving across empty stretches of Iowa. "If something changes, it stands out like a sore thumb," he says.

From the seat high in his truck's cab, Adams can see inside most cars and small trucks. He doesn't necessarily check out the occupants, he says, "but you look for what's in them."

He spots a car filled with cleaning supplies and figures the passengers work for a cleaning service. He has seen people drinking and doing drugs in their vehicles and sometimes calls 911 to report them.

Since he joined the program, Adams has called the number four times. Before the training, he says he occasionally saw activities that he now wishes he had reported.

"I don't want to be a pain in anybody's behind," he says, "so you make sure it really is a risk before you call. You use your common sense. If you aren't sure, dial the 800 number."

Adams says it also makes sense to be more vigilant on the road. "You have to have a head's up that things have changed," he says. "We all need to be aware of our surroundings."

As he maneuvers his truck along Chicago's Pulaski Road, which is teeming with people and cars, he points down a residential street. If a fuel tanker truck emerged from there, he says, he would "pick up the phone, because what in the world is a fuel tanker doing here?"

Mystery Drapes Flag's Disappearance (USAT)

By Rick Hampson

DOJ_NMG_0055974

USA Today, August 31, 2006

NEW YORK — On April 1, 2002, a flag that had become the emblem of American resilience was unfurled in a solemn, wordless ceremony outside City Hall.

Hours after the 9/11 attacks, three firefighters had spontaneously used a U.S. flag taken off a yacht and raised it in the wreckage of the World Trade Center. A newspaper photographer captured the scene, creating a classic image.

Seven months later, the three firemen were guests of honor as the flag was run up the City Hall pole. But Dan McWilliams, one of the firemen, said softly, "That's not the flag."

Bill Kelly, the firefighters' lawyer, stared at him. "That's much bigger than the one we put up," McWilliams explained. Kelly says he looked at the other two firemen: "They said, 'No, that's not it.' " The men said nothing more, and the flag flew at City Hall for a week before beginning a tour of police stations and firehouses.

It was an impostor. Five years after 9/11, the day's most famous artifact is still missing.

"It's a piece of history," says Shirley Dreifus, owner of the yacht from which one of the firemen took the flag. "I don't think the average citizen knows it's missing."

The flag in the photograph taken on 9/11 by Thomas Franklin of The Record of Bergen County, N.J., was 3 feet by 5 feet. The one raised at City Hall — and flown at Yankee Stadium and on warships and once destined for the Smithsonian — is 5 by 8.

How did the flags get switched? Did someone replace the smaller with the larger at Ground Zero? If so, why? And what happened to the original?

The three firemen raised the flag at the darkest hour of one of the darkest days in U.S. history. The twin towers were in smithereens. After six hours of searching, it was apparent there were few survivors.

As McWilliams walked past a yacht docked on the Hudson River, he spotted an American flag attached to a broken wooden pole. He grabbed it and walked back toward Ground Zero, joined en route by George Johnson, a member of his Brooklyn ladder company, and Billy Eisengrein, whom he'd known since they were kids on Staten Island.

At Ground Zero, the firefighters found a long metal flagpole jutting at a 45-degree angle from a ledge about 20 feet above the ground. They climbed up and began rigging the flag to the pole.

They never saw Franklin, who took the picture from about 100 feet away. As he was shooting, he thought of the famous photo of the flag-raising on Iwo Jima in 1945.

The Record sent the photo to the Associated Press — and through its network to the world. Over the next year the image appeared on U.S. commandos' "calling cards" on the battlefields of Afghanistan, on a postage stamp, on the side of a barn in Upstate New York.

Within 10 days after it was raised, the flag — or rather, a flag — was taken down by the fire department; the Navy wanted to borrow it for display on the carrier Theodore Roosevelt, heading to the Arabian Sea for operations in Afghanistan.

On Sept. 23, the same flag appeared at a service at Yankee Stadium, where it was signed by Gov. George Pataki, Mayor Rudy Giuliani and the fire and police commissioners. Then it was flown off to the Roosevelt.

In January 2002, Dreifus called USA TODAY to say the flag came from the yacht Star of America, owned by her and her husband. The firefighters signed an affidavit confirming that claim.

In March, as the carrier returned to Norfolk, Va., Johnson and Eisengrein were flown onboard to accept the flag, folded in a triangle, on behalf of the city.

That summer, Dreifus asked the city to borrow the flag for a firefighters' fundraiser on the yacht. When she got the flag, she realized it was too big to have been the yacht's.

"I don't doubt it flew at Ground Zero," Dreifus says of the larger flag — it even smelled of smoke. "It just wasn't the one from our boat."

They demanded that the city find the right one. In what Dreifus describes as an attempt to "put some energy" behind the search, they sued the city for $525,000 — the price at which appraisers valued the flag, which originally cost $50.

The city couldn't find the flag, and the suit was dropped. Mayor Michael Bloomberg said he didn't know where the flag was: "I don't know where Osama bin Laden is, either."

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Coincidentally, two flags also were raised on Iwo Jima by different groups of servicemen. The second, larger one was in the Associated Press photo; both are in the Marine Corps collection in Quantico, Va.

David Friend, a Vanity Fair editor and author of a new book on the visual images of 9/11, says he believes the flag was switched within days.

The three firemen have declined interview requests over the past five years. But Friend's book, Watching the World Change, quotes Billy Eisengrein as saying that while working at Ground Zero a few days after9/11, he noticed the flag was gone from the pole: "Who took it down, I have no idea."

Was the first flag replaced because it was too small? Was it lowered when it began to rain and innocently switched with another flag found at the site? Did someone in the fire department not want to let the Navy borrow it? Once the photo appeared on the front page of the New York Post on Sept. 13, did a thief realize its value? Was Ground Zero in the week after the attack still sufficiently chaotic to allow someone to take the flag unnoticed?

Dreifus keeps an eye on the Internet to make sure no one tries to sell it: "I think whoever took it down must know what it was."

WAR NEWS:

Bush Wows S.L. Crowd (DESMN)

By Lisa Riley Roche And Josh Loftin

Deseret (UT) Morning News, August 31, 2006

Thousands of Utahns cheered Wednesday night as President Bush arrived in Salt Lake City to deliver the first of a new series of speeches aimed at shoring up support for the Iraq war.

Air Force One touched down at 8:52 p.m., and Bush stood atop the stairway waving to supporters, estimated at 3,000 by the Secret Service. Gov. Jon Huntsman Jr. stood on the tarmac with his youngest daughter, Gracie Mei, 7, to greet the president along with Utah's congressional delegation, other officials and Sam Delis of Saratoga Springs, who was recognized for helping organize a clothing drive last year for Hurricane Katrina evacuees.

Bush thanked the throngs for "a fantastic Utah welcome," saying he wished first lady Laura Bush could have come. The president then launched into a preview of why he came to talk to the American Legion.

"These are challenging times, and I wish I could report to you that all is well. But there are still enemies who still want to hurt America," he said, referring to terrorists. "Our most important duty is to protect American people from further attack."

He then responded to critics calling for the troops to come home.

"We will defeat the terrorists abroad so we do not have to fight them at home," the president said.

As a band played patriotic music, Bush shook hands with those standing on the tarmac of the Utah Air National Guard runway east of Salt Lake City International Airport.

"I got to shake his hand. It was squishy," Bethanne Bissell, 9, of Layton said. Her mother, Utah Air National Guard Master Sgt. Rebecca Bissell, said she thought the president's speech was great.

Many people snapped photos while the president was there and stayed behind to take shots in front of the presidential plane, Air Force One, as did Darin Engh of Draper and his family.

"I thought it was wonderful. I enjoyed the part where he talked about the Almighty," Engh said, calling the speech "very passionate, very animated."

Bush will address the American Legion convention today and attend a fund-raiser for Sen. Orrin Hatch, R-Utah, at the Grand America Hotel before leaving the state at noon. He will begin the day with a private visit to the First Presidency of The Church of Jesus Christ of Latter-day Saints.

Even before Air Force One touched down, protests and rallies both supporting and opposing the administration and its policies on the war on terror were held. An anti-war rally was led by Salt Lake City Mayor Rocky Anderson.

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The president told reporters Wednesday during an earlier stop in Little Rock, Ark., that his speeches will be "about the future of this country, and they're speeches to make it clear that if we retreat before the job is done, this nation would become even more in jeopardy."

Bush also said there that the speeches shouldn't be politicized. "We have a duty in this country to defeat terrorists. That's why we'll stay on the offense and bring them to justice before they hurt us, and that's why we'll work to spread liberty in order to spread the peace."

According to White House deputy press secretary Dana Perino, his speech in Salt Lake City "will put the violence that Americans are seeing on their TV screens and reading in their papers into a larger context" while acknowledging "that these are unsettling times in Iraq."

His address to the military veterans will mark the start of a series of speeches on the global war on terrorism, she said, that will continue through the fifth anniversary of the Sept. 11 attacks on the United States and a Sept. 19 meeting of the United Nations General Assembly.

Bush follows two top administration officials on the American Legion agenda. Both Defense Secretary Donald Rumsfeld and Secretary of State Condoleezza Rice spoke to convention delegates on Tuesday, offering a similar message of support for the war.

Kim Raff, Deseret Morning News

President Bush is cheered Wednesday night as he exits Air Force One in Salt Lake City. He thanks the crowd for "a fantastic Utah welcome." The president chose one of the most Republican states in the nation to begin what will be his third set of speeches on the war in less than a year. While his approval rating has stayed strong in Utah, it was at just 33 percent nationwide in an August Associated Press-Ipsos poll.

Twice as many Utahns — 66 percent — supported Bush in the most recent Deseret Morning News/KSL-TV poll on the president's approval rating. When the survey was taken last month, only Utah, Idaho, Wyoming and Texas were giving Bush a favorable rating.

Bush, who won Utah by the largest margin of any state in both the 2000 and 2004 elections, chose the state a year ago to make another speech in favor of the war, before the Veterans of Foreign Wars.

Three hours before Bush arrived, a few hundred supporters gathered to voice their support for the president at Washington Square, the same location where earlier in the day thousands protested against Bush's policies.

Signs scribbled with pro-Bush sentiments were ample at the rally. There were also a handful of people who showed up to express their dislike for the president and the war.

Salt Lake City police were summoned to a few minor scuffles — one in which a protester had his sign torn and another where police escorted a man away from the rally.

The Republican Party-organized event boasted a number of prominent GOP speakers — a few who publicly expressed their sentiments about Salt Lake City Mayor Rocky Anderson, who keynoted the anti-Bush rally.

"I stayed quiet last fall because I wanted to be nice," said Utah Attorney General Mark Shurtleff. "I'm done being nice today. Rocky, there is no honor in what you did today."

"There are too many people against the war," said Joan Foote of Springville, who has two sons serving in Kuwait and Iraq. "We are hear to show our support."

Bush Shifting Public Focus To Terrorism And Iraq War (NYT)

By Anne E. Kornblut

The New York Times, August 31, 2006

NASHVILLE, Aug. 30 — With the midterm elections approaching, President Bush is beginning an extended tour to draw attention to the threat of terrorism and the Iraq war, quickly pivoting to more comfortable territory after the focus on the Hurricane Katrina anniversary.

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Starting with an address to veterans on Thursday, Mr. Bush intends to outline what one adviser described as the "consequences of victory and defeat," a theme he conveyed here on Wednesday night, when he warned that a hasty departure from Iraq would create a terrorist state in the heart of the Middle East.

Advisers said Mr. Bush would continue his speeches on Iraq and the broader struggle against terrorism for several weeks, keying off the five-year anniversary of the Sept. 11, 2001, attacks.

The White House has made national security and Iraq the centerpieces of its strategy to help Republicans retain control of Congress. Nonetheless, as Mr. Bush went to Arkansas and Tennessee on Wednesday to raise money for Republican candidates, he said of his series of speeches, "They're not political speeches."

"These are important times, and I seriously hope people wouldn't politicize these issues I'm going to talk about," Mr. Bush said after a fund-raiser at a house in Little Rock, Ark.

A short time later, at a fund-raiser here, the president urged an audience to vote for a Republican Senate candidate to help keep the nation safe. Declaring his "message of optimism," Mr. Bush said he needed colleagues on Capitol Hill who understood the importance of tools like the USA Patriot Act and domestic surveillance to help stop terrorism.

"I need people in the United States Senate standing side by side who understand our most important task is the security of the United States of America," he said.

"We face an enemy that has an ideology,'' Mr. Bush continued. "They believe things. The best way to describe their ideology is to relate to you the fact that they think the opposite of the way we think."

He criticized detractors who have sought to withdraw troops from Iraq, saying that to leave that country "before the job is done" could lead to a much worse terrorist state. But Mr. Bush did not emphasize signs of progress in Iraq as he had in the past.

The focus is shifting as other senior members of the administration have been attacking Democrats over the war and national security in general.

In the most combative instance, Defense Secretary Donald H. Rumsfeld set off a partisan battle by saying on Tuesday that critics of the war had not "learned history's lessons" and going on to allude to appeasement of the Nazis in the 1930's.

The Senate Democratic leader, Harry Reid of Nevada, called Mr. Rumsfeld's comments reckless on Wednesday.

Representative Rahm Emanuel of Illinois, who is in charge of helping elect Democrats to the House, criticized the defense secretary as taking on a political role.

"Donald Rumsfeld should spend less time thinking about the midterm elections and more time figuring out how to clean up the mess this administration made in Iraq," Mr. Emanuel said in a statement.

It is unclear whether Mr. Bush and his top officials can translate support for combating terrorism into political points in the fall.

Unlike the last two election cycles, when the threat of another attack helped bolster support for Republicans, strategists believe that the increasingly unpopular American presence in Iraq could hurt the governing party.

Mr. Bush's personal popularity remains low, with his approval ratings hovering at less than 40 percent. That has led some Republicans to distance themselves from the president and the war, raising questions about how Mr. Bush can be an effective advocate in the fall campaign.

On Wednesday, Mr. Bush played the role of fund-raiser relatively quietly.

Traveling from his ranch outside Crawford, Tex., in the morning, he appeared in Arkansas at a private event for Asa Hutchinson, the former Republican congressman who is running for governor.

Mr. Hutchinson is trailing his Democratic opponent, Mike Beebe, the Arkansas attorney general, according to polling data.

The governor's seat is now held by a Republican, Mike Huckabee, but term limits prevent Mr. Huckabee from running again.

In the Tennessee race to fill the seat held by the departing Senate majority leader, Bill Frist, the Republican, Bob Corker, leads the Democrat, Representative Harold E. Ford Jr., in polls by a slight margin.

Republicans view victory here as critical to retaining control of the Senate. They have a six-seat margin, and at least four seats are considered highly likely to fall to the Democrats.

Organizers said they raised more than $1.5 million from the dinner on Wednesday.

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Bush Links Iraq Success To U.S. Safety (AP-Y)

By Deb Riechmann

AP, August 31, 2006

Linking success in Iraq with the future safety of America, President Bush said Wednesday that withdrawing U.S. troops too quickly would lead to a terrorist state more dangerous than Afghanistan in the grip of the repressive Taliban regime.

Bush, who is beginning a series of speeches on Thursday to counter opposition to the war, spoke at a political fundraiser, which raised more than $1.5 million for the Tennessee GOP and Bob Corker, who faces a tough Senate race against Democratic nominee Harold Ford Jr.

If the United States leaves Iraq prematurely, Bush said, it would embolden an enemy that wants to harm Americans and shred U.S. credibility internationally.

"If we leave Iraq before the job is done, it will create a terrorist state in the heart of the Middle East, a terrorist state much more dangerous than Afghanistan was before we removed the Taliban, a terrorist state with the capacity to fund its activities because of the oil reserves of Iraq," Bush said.

Promising victory in Iraq, Bush said: "The stakes are high. it's very important for the American people to understand that the security of the United States of America, the capacity of our children to grow up in a peaceful world, in large part depends on our willingness to help this young Iraq democracy succeed. And we will succeed."

Bush delivers the first in a series of speeches on the war on terror at the annual American Legion convention in Salt Lake City. The appearances will continue through the fifth anniversary of the Sept. 11 attacks and culminate on Sept. 19 when Bush addresses the U.N. Security Council.

It is the third time in less than a year that Bush has launched a public relations offensive to try to rally support for the war in Iraq and his effort to spread democracy in the Middle East. He did it in November and December 2005 and again in March on the third anniversary of the U.S.-led invasion of Iraq.

Back then, the speeches were aimed at countering news reports of daily bombings in Iraq, where more than 2,300 U.S. troops had died. The death toll has risen to more than 2,630 and in July, about 3,500 Iraqis died violently — the highest monthly civilian toll since the war began.

The new addresses come two months before congressional elections and at a point when Bush's approval rate is at 33 percent in the August AP-Ipsos poll. His approval on handling of Iraq also was at 33 percent in the poll.

"They are not political speeches," Bush said earlier Wednesday outside a restaurant in Little Rock, Ark., where he made his first campaign stop of the day. "They're speeches about the future of this country and they're speeches to make it clear that if we retreat before the job is done, this nation will become even more in jeopardy.

"These are important times, and I would seriously hope people wouldn't politicize these issues that I'm going to talk about."

While Bush said Iraq and terrorism shouldn't be politicized, Defense Secretary Donald H. Rumsfeld, only a day earlier, attacked critics of the administration's war policies and suggested they suffered from "cynicism and moral confusion."

Before traveling to Nashville, Bush attended a fundraiser in Little Rock for GOP gubernatorial candidate Asa Hutchinson, a former congressman running against Democrat Mike Beebe. The fundraiser, at the home of former pro basketball player Joe Kleine, raised $650,000 for Hutchinson and the Arkansas GOP.

But after the fundraiser, Bush and Hutchinson stopped to hobnob with customers at Cotham's Restaurant, which has political signs plastered across the walls. It is home to the $9.15 oversized "Hubcap Hamburger," but Bush was toting a piece of fried chocolate pie in a takeout bag when he climbed back in his limousine.

Bush Speeches To Stress Stakes In Iraq (WSJ)

By John D. McKinnon

The Wall Street Journal, August 30, 2006

President Bush will launch another major public-relations offensive to strengthen support for the Iraq war -- this time likely emphasizing the high stakes and changing nature of the battle more than the progress being made. The series of speeches

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begins tomorrow at the annual American Legion convention in Utah and will continue through the anniversary of the Sept. 11 terrorist attacks and on into the middle of next month.

The new campaign is aimed at framing the Iraq debate over what the White House considers the vital stakes involved in the war and reinforcing public sentiment that favors sticking it out. The speeches will be aimed at rebutting mounting public calls -- from Democrats and even a few Republicans -- for setting some kind of timetable for at least a limited troop withdrawal.

Still, the new series of speeches -- the president's third major round of Iraq addresses in less than a year -- might in some ways sound less upbeat than prior rhetorical campaigns on the issue. While past addresses often stressed improvements on the ground, that theme is likely to be less prominent in coming weeks. Instead, Mr. Bush is likely to talk more about the importance of winning and how the U.S. is adapting to the changing nature of the struggle against terrorism in Iraq and beyond, stressing the continuing violence in Baghdad and the recent Israel-Hezbollah conflict.

The speeches also could help Republican candidates in the fall congressional campaign, despite the flagging popularity of both Mr. Bush and the war. Advisers to the president believe -- and polls reflect -- that while most people say they are unhappy about the way the war is going, they still oppose the immediate withdrawal that high-profile Democrats increasingly favor.

The plans were outlined by a senior administration official. "Terrorism is on the minds of Americans, and as we go into the fifth anniversary of the Sept. 11 attacks, it's appropriate and necessary that the nation continue to hear about the state of the war and the nature of our enemy," the official said. "This is a long fight that we're going to have to sustain."

Jim Manley, a spokesman for Senate Democratic Leader Harry Reid, said last night that the changing White House rhetoric shows that "the administration's real plan has become one of trying to avoid defeat ... We need to take a new direction, one that involves an effective alternative to the current open-ended commitment that this country is facing in Iraq."

Defense Secretary Donald Rumsfeld appeared to preview yesterday the rhetoric of the new administration approach, underscoring what he portrayed as the stakes in the war against terrorism in a strongly worded speech of his own, saying proponents of withdrawal are effectively promoting appeasement of "a new type of fascism" similar to that of Nazi Germany in the 1930s.

When Mr. Bush has, in the past, made an impassioned plea for support for the Iraq venture, he has sometimes made progress in boosting support among the public, at least temporarily, and shoring up backing among fellow Republicans. This time he faces the added pressures of a midterm election campaign, but also has seen at least a small uptick in his ratings lately.

The White House decision to highlight the war could prove problematic for a few moderate Republicans facing tough re-election campaigns who have been seeking to narrow differences with Democrats. For example, Rep. Chris Shays of Connecticut recently has begun advocating a timeline for troop withdrawals, in order to encourage stronger security efforts by the Iraqis themselves. Mr. Shays's Democratic opponent has called for a "full exit strategy."

Mr. Shays said in an interview yesterday that a new outreach by the president could be helpful to Republicans if the White House is honest about past mistakes and future prospects. But overemphasizing differences with Democrats could hurt, he said.

Mr. Bush "needs to bring the country together," Mr. Shays said. "I don't think approaching this in a partisan way helps."

The new rhetorical pivot could bolster Republicans in the November elections. Research by Duke University political scientists consulted last year by the White House shows that people's support for the war depends heavily on whether they think it is winnable. By contrast, their likelihood of supporting Republican candidates depends more on whether they think the war is a good idea.

"Their strategy makes sense if they're focused on the fall elections," Christopher Gelpi, one of the Duke professors, said yesterday. However, he noted that if Mr. Bush de-emphasizes the war's progress too much, he could risk eroding long-term support for the conflict.

Perhaps anticipating Democratic attacks that Mr. Bush is portraying the war in a partisan way, Republicans argue that Democrats have played politics with the war for months. Mr. Bush is likely to point out that the day-to-day conduct of the war is being run by military officers, and not by the White House.

Mr. Bush gave his first major series of speeches to boost sagging support for the war in November and December. In those he argued that the war is winnable and released a "Strategy for Victory." In the first speech, at the U.S. Naval Academy in

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Annapolis, Md., he argued that "Iraqi forces have made real progress" and that "they're helping to turn the tide of this struggle in freedom's favor."

A second series of speeches beginning in March elaborated on the progress in Iraq. In the first of those speeches, on March 13 at George Washington University, Mr. Bush was able to note that in the wake of the bombing of the Golden Mosque in Samarra, "we saw the capability of the Iraqi security forces [and] the determination of many of Iraq's leaders" in preventing an all-out civil war.

But since then, Iraqi security forces have proved unable to prevent major outbreaks of violence in Baghdad and elsewhere, and U.S. troops eventually were put back in charge of security in the capital. And the threat of civil war has only grown, as attacks on civilians have escalated. That has made it more difficult for Mr. Bush to make the case for the success of the war effort.

Instead, he is now returning to the simple urgency of the fight and the importance of not abandoning it.

To make that point, Mr. Bush recently has increasingly emphasized that if the U.S. withdraws from Iraq, the "enemy will follow us home," as he said at a fund-raiser for former football star Lynn Swann's Pennsylvania gubernatorial campaign.

Bush Team Casts Foes As Defeatist (WP)

By Peter Baker And Jim Vandehei

The Washington Post, August 31, 2006

President Bush and his surrogates are launching a new campaign intended to rebuild support for the war in Iraq by accusing the opposition of aiming to appease terrorists and cut off funding for troops on the battlefield, charges that many Democrats say distort their stated positions.

With an appearance before the American Legion in Salt Lake City today, Bush will begin a series of speeches over 20 days centered on the fifth anniversary of the Sept. 11, 2001, attacks. But he and his top lieutenants have foreshadowed in recent days the thrust of the effort to put Democrats on the defensive with rhetoric that has further inflamed an already emotional debate.

Bush suggested last week that Democrats are promising voters to block additional money for continuing the war. Vice President Cheney this week said critics "claim retreat from Iraq would satisfy the appetite of the terrorists and get them to leave us alone." And Defense Secretary Donald H. Rumsfeld, citing passivity toward Nazi Germany before World War II, said that "many have still not learned history's lessons" and "believe that somehow vicious extremists can be appeased."

Pressed to support these allegations, the White House yesterday could cite no major Democrat who has proposed cutting off funds or suggested that withdrawing from Iraq would persuade terrorists to leave Americans alone. But White House and Republican officials said those are logical interpretations of the most common Democratic position favoring a timetable for withdrawing troops from Iraq.

"A lot of the people who say we need to withdraw from Iraq say we'll be safer, and I don't think that's accurate," said Republican National Committee Chairman Ken Mehlman, a key architect of the party's strategy heading into the fall congressional campaign. Mehlman noted that al-Qaeda leaders and other Islamic radicals have said they want to drive Americans out of Iraq and use it as a base. "We ought to not ignore when they say they're going to do that."

White House spokeswoman Dana Perino said it is reasonable for Bush to presume that Democrats will try to cut off funding for the war if they take over Congress, noting that 54 House Democrats voted against a spending bill for military operations last year. "How would they force the president to withdraw troops?" she asked. "Yell?"

Democrats contended that the statements went too far. "Maybe there are some people in America who do not want to fight the war on terror, but I do not know them," Sen. Charles E. Schumer (N.Y.), chairman of the Democratic Senatorial Campaign Committee, said yesterday. "We Democrats want to fight a very strong war on terror. No one has talked about appeasement."

The White House strategy of equating Democratic dissent with defeatism worked during the 2002 and 2004 elections, but it could prove more difficult this time. Some Republicans, such as Rep. Christopher Shays (Conn.), line up with Democrats in seeking a timetable for a withdrawal from Iraq. When Bush and his allies accuse those favoring such a timetable of "self-defeating pessimism," as Cheney put it this week, they risk spraying friendly fire on some of their own candidates.

In an interview yesterday, Shays said the charges by Cheney and Rumsfeld are "over the top" and unhelpful. "The president should be trying to bring the country together and not trying to divide us," he said. Shays, a longtime supporter of the war who just

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returned from his 14th trip to Iraq and faces a tough reelection battle, said he plans to outline next month a deadline for replacing U.S. troops doing police-style patrols with Iraqi forces. But he fears the Bush administration might not be supportive.

Other GOP incumbents, such as Reps. Gil Gutknecht (Minn.) and Michael G. Fitzpatrick (Pa.), are also raising serious concerns about Bush's Iraq policy.

But many embattled Republicans remain reluctant to break with the administration's current approach. Rep. Rob Simmons, another Connecticut Republican facing a difficult campaign in a Democratic-leaning district, said he will oppose any effort by Shays to establish a pullout deadline. "I don't think that is a good idea," Simmons said.

Instead, Simmons highlights his military service and initial objections to invading Iraq three years ago. "I am a Connecticut Republican, and the environment in which I operate is quite different from elsewhere in the country," Simmons said. As for the emerging Bush political strategy on terrorism and the war, it "is hard to judge whether it helps or hurts," he said. "It may help candidates elsewhere in the country more than it helps me."

While no Democrat has the powerful platform that the White House affords Bush and Cheney, the complaints about the mischaracterizing of positions on the war flow in both directions. Many Democrats accuse the president of advocating "stay the course" in Iraq, but the White House rejects the phrase and regularly emphasizes that it is adapting tactics to changing circumstances, such as moving more U.S. troops into Baghdad recently after a previous security strategy appeared to fail.

"Strategically, we are staying committed to the fact that this is an important mission and one that should be accomplished," said a senior administration official, who spoke on the condition of anonymity. Democrats, this adviser said, say "we're 'doing the same thing over and over' when that's not the case."

The intensity of the exchanges underscores the power of the issue. Although memories of Hurricane Katrina and disputes over the reconstruction of the Gulf Coast generated heated debate in recent days, strategists in both parties believe that the coming congressional elections will turn in large part on the Iraq war and whether voters believe it is part of the global battle against terrorism or a distraction from it. Bush advisers hope that the legacy of Sept. 11 will rally the public back to the unpopular president and his party, while Democrats are trying to tap into broad discontent with the Iraq war.

Republicans plan to load the congressional agenda with national security issues, including votes on spending for the military, terrorism-fighting measures and symbolic bills supporting U.S. troops. Democrats plan to force votes on providing more equipment to U.S. troops, implementing the recommendations of the bipartisan Sept. 11 commission and condemning Bush's Iraq policy.

Bush's speech to the American Legion this morning will launch his third intensive campaign in the past year to address public anxiety over the war. Aides said he will tackle the perception that the world is in chaos and tie together the conflicts in Iraq, Lebanon, Afghanistan and elsewhere into the common ideological thread of fighting "Islamic fascism."

The effort will continue with other speeches in Washington and around the country, followed by a whirlwind tour of the Sept. 11 attack sites and a Sept. 19 address to the U.N. General Assembly. During a campaign stop in Arkansas yesterday, Bush denied that the efforts are connected to the election campaign.

"They're not political speeches," he said. "They're speeches about the future of this country, and they're speeches to make it clear that if we retreat before the job is done, this nation would become even more in jeopardy. These are important times, and I seriously hope people wouldn't politicize these issues that I'm going to talk about."

The Democratic strategy for the next few weeks is twofold: First, punch back every time Republicans challenge their commitment to national security. Yesterday, for instance, House Minority Leader Nancy Pelosi (Calif.) was among the half-dozen leading Democrats to strike back at Rumsfeld by noontime. "Secretary Rumsfeld's efforts to smear critics of the Bush administration's Iraq policy are a pathetic attempt to shift the public's attention from his repeated failure to manage the conduct of the war competently," she said.

At the same time, Democrats plan a series of events in which to condemn Bush's Iraq policy and amplify their charge that Iraq is not a central front in the campaign against terrorism. In a late-morning conference call, Sen. Jack Reed (R.I.), the Democrats' leading spokesman on national security issues, said only a small minority of those involved in the bloodshed in Iraq are the kind of international terrorists the United States should be hunting down.

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Unlike in the past two elections, it is not clear which party benefits most from these debates. Most polls show that the public is essentially split over which party will keep the United States safe from terrorists. Both sides anticipate that Bush and other Republicans will get a slight bump from the Sept. 11 anniversary and the public's renewed focus on terrorism on that day, but that will not end the focus. "Over the next 69 days," Mehlman said, "there will be an important discussion in America over what it takes to make America safe."

Democrats Take Fire At Rumsfeld (AP-Y)

By Anne Plummer Flaherty

AP, August 31, 2006

Democrats chastised Defense Secretary Donald H. Rumsfeld for questioning the historical grasp of those who criticize the Bush administration's handling of war, accusing him Wednesday of engaging in "dangerous business."

Several members of Congress had been urging Rumsfeld's to resign long before he asserted to the American Legion on Tuesday that war opponents displayed the kind of thinking that delayed military action against Adolf Hitler's Nazi Germany.

Rumsfeld said the world faces "a new type of fascism." And he warned against repeating the pre-World War II mistake of appeasement.

His speech in Salt Lake City, in which he also said administration critics suffered from "moral confusion," prompted angry reactions from Democrats hoping to win back control of Congress.

"It is a dangerous business to accuse those who disagree with you of moral and intellectual confusion," said Rep. Ike Skelton of Missouri, the top Democrat on the House Armed Services Committee. "Debate in our democracy is based upon respect, not vilification."

Said House Minority Leader Nancy Pelosi, D-Calif.: "If Mr. Rumsfeld is so concerned with comparisons to World War II, he should explain why our troops have now been fighting in Iraq longer than it took our forces to defeat the Nazis in Europe."

Responding Wednesday, Pentagon press secretary Eric Ruff said, "Facts are facts. As the secretary said in his speech, America and the free world face a gathering threat of challenges from a vicious enemy that is serious, lethal and relentless. There are important lessons from history that we ought to be mindful of as we talk about how we are going to meet the challenges extremist terror organizations present."

In his speech, Rumsfeld said it "was apparent that many have still not learned history's lessons." Aides later said he was not accusing the administration's critics of trying to appease the terrorists but was cautioning against a repeat of errors made in earlier eras.

Nevertheless, many Democrats in Congress viewed Rumsfeld's remarks as fighting words.

Sen. Jack Reed, a member of the Armed Services Committee, said Rumsfeld has been "substituting sloganing for strategy" and delivered a "calculated political argument" to make people believe that to support a war against terror requires support of the administration's policies.

"I think the analogy is very, very weak," Reed, D-R.I., said of Rumsfeld's comparison of Iraq to World War II.

It is time Rumsfeld "should be departing" the Pentagon, Reed added. Reed, Pelosi and other Democrats have been calling for the defense secretary's resignation for more than a year.

Sen. Charles E. Schumer of New York called Rumsfeld's portrayal of Democrats a "strawman" and said Americans need answers on how to deal with a looming civil war in Iraq.

Senate Majority Leader Bill Frist, R-Tenn., shot back, saying Democrats were not committed to winning the war on terror. If they were, he asked, "Why does (Schumer's) party attack the president over and over again for using all the tools necessary to identify, track down and stop those who want to do us harm?" Democrats have objected to aspects of the president's terrorist surveillance program.

Also Wednesday, a New York Democratic House candidate, Navy veteran Eric Massa, accused Rumsfeld of lying about progress in Iraq.

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Massa, who is challenging one-term Republican Rep. Randy Kuhl, said he was outraged by Rumsfeld's comments and faulted him for blaming the media for his own misstatements and missteps. He said the Bush administration has no effective plan to secure the country.

"This thing has disintegrated," Tim Walz, a Minnessota Democrat running for a House seat, said of Iraq.

Tracey Schmitt, a spokeswoman for the Republican National Committee, said the Democratic candidates' strategy is to criticize Republican efforts to win the war on terror, while elected Democrats are "committed to a strategy that will weaken our ability to defend America and make us less safe at home and abroad."

Bush Seeks To Bolster War On Terror (WT)

By Stephen Dinan

The Washington Times, August 31, 2006

NASHVILLE, Tenn. -- The White House and Republicans are setting the stage for a security-heavy September, with President Bush preparing a series of speeches to bolster the war on terror and with Congress ready to debate defense spending and terrorist detention.

Mr. Bush begins his campaign today with a speech to the American Legion designed to drive a pointed message of standing firm against terrorism amid recent violence in Iraq, Afghanistan and Lebanon, and the foiled London terrorist plot. He will also talk about the progress made through the Patriot Act and other intelligence reforms, the White House said.

Mr. Bush yesterday insisted the upcoming speeches aren't about politics, but Democrats said the well was already poisoned by Defense Secretary Donald H. Rumsfeld's speech Tuesday to the American Legion, in which he warned against repeating the mistakes of pre-World War II appeasement and, without explicitly citing Mr. Bush's critics, said "it is apparent that many have still not learned history's lessons."

Those remarks outraged Democratic politicians, who said Mr. Rumsfeld was equating them and other critics with Nazi sympathizers.

"Maybe there are some people who don't want to fight the war on terror, but I don't know them," said Sen. Charles E. Schumer, New York Democrat, who said "99 percent" of Democrats, as well as Republicans, support fighting terrorists.

The White House didn't back away from Mr. Rumsfeld's comments, but neither did officials embrace them. White House spokeswoman Dana Perino said the Defense Department issued a statement challenging one version of the Associated Press' story of Mr. Rumsfeld's speech, and said, "I'll let [the Defense Department] and the reporters who covered that sort that out."

Still, she said that in general Mr. Rumsfeld and the president are on the same message.

"What Rumsfeld was talking about was clearly making the case that we remain vigilant in fighting the war on terror and confronting the threats to free societies," Mrs. Perino said.

House Minority Leader Nancy Pelosi, California Democrat, called the defense secretary's speech "a fresh embarrassment to the nation" and Sen. Jack Reed, Rhode Island Democrat, called it a "calculated political argument."

Just hours later, Mr. Bush made his call to keep politics out of his speeches.

"These are important times, and I seriously hope people wouldn't politicize these issues that I'm going to talk about," he said.

Less than two hours later, the Republican National Committee fired off a memo questioning "Defeatocrat division" among Democrats, and pointing to lawmakers such as Senate Minority Leader Harry Reid, Nevada Democrat, who led a filibuster of the Patriot Act before later allowing it to pass.

Mr. Schumer, who is in charge of the Democratic Senatorial Campaign Committee, the campaign arm of Senate Democrats, said Republicans used the same national security arguments with some success in the 2002 and 2004 campaigns. But he said 2006 is different.

"Back then, most Americans were content with the direction the war in Iraq and the war on terror were taking. Now they're not content," he said.

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Coupled with Congress' plans to debate treatment of detainees at Guantanamo Bay, defense and homeland security spending bills, and the possibility of a debate on the administration's terrorist surveillance program, Republicans say they are happy to find themselves talking security just weeks before the midterm congressional elections.

"If they want to even further delineate the bright line between where they are and where the rest of the country is on that issue, be my guest," one Senate Republican leadership aide said.

But the administration may be facing an uphill battle in trying to make its case on Iraq. Just last week a CBS-New York Times poll found that a majority of Americans no longer say the war in Iraq is part of the war on terror, which means they disagree with the central argument the administration makes for remaining engaged in Iraq.

The politics trickles down to this year's battle for Congress. As Mr. Bush came to Nashville for a fundraiser for Republican Senate candidate Bob Corker and state Republicans, the front page of the Tennessean carried an article examining whether Mr. Bush's fundraising help -- more than $1 million -- would be outweighed by support lost from voters upset over the Iraq war.

Speaking at the fundraiser, Mr. Bush said Americans must understand the stakes in Iraq.

"The security of the United States of America, the capacity for our children to grow up in a peaceful world, in large part depends on our willingness to help this young Iraqi democracy succeed," he said.

He also brought the war on terror into his campaign rhetoric, calling for Mr. Corker's election because "I need people in Washington, D.C., who are willing to give those who are responsible for protecting America all the tools they need -- tools such as the Patriot Act."

The war-on-terror speeches will culminate in Mr. Bush's annual address to the United Nations General Assembly, scheduled for Sept. 19. Mr. Bush hopes to have better luck this time than the last series of speeches about the war on terror he did in the spring.

The CBS-New York Times poll found that 45 percent of those surveyed in early March approved of Mr. Bush's handling of the war on terror, and after two months of speeches, that had risen just one percentage point.

His handling of the war in Iraq was at 31 percent before that series of speeches, and was still at 31 percent after them.

Pipe Down, Rummy (LAT)

The Los Angeles Times, August 31, 2006

TWO REPUBLICAN ADMINISTRATIONS ago, the mantra of conservatives was "Let Reagan be Reagan." Apparently President Bush has decided to let Rumsfeld be Rumsfeld — even when Bush himself is no longer the Bush who taunted Iraqi insurgents with "Bring 'em on!" and posed in front of a banner proclaiming "Mission Accomplished."

In a cranky speech Tuesday to an American Legion audience, Secretary of Defense Donald H. Rumsfeld compared critics of U.S. policy in Iraq to those who sought to appease Hitler before World War II. For good measure, Rumsfeld suggested (echoing Jeane Kirkpatrick's liberal-bashing speech at the 1984 Republican National Convention) that those same critics "blame America first."

One effect of Rumsfeld's outburst was to serve as a reminder that he is still in office. Once the public face of the war in Iraq, he lately has been AWOL from the administration's public advocacy, ceding the spotlight to Secretary of State Condoleezza Rice. The assumption was that, although Rumsfeld remained fireproof, his cocksure contempt for criticism was out of favor now that Bush has acknowledged that the prolonged U.S. presence in Iraq is "straining the psyche of our country."

Maybe Rumsfeld never got the memo, or, if he did, he crumpled it up. His speech was vintage Rumsfeld. It was also unfair and, in places, inane.

Take the suggestion that critics of Bush's Iraq policy are the moral equivalent of those who refused to stop Hitler. There's a reason why high school debaters are warned away from Nazi analogies: They're almost always disproportionate. Even Bush, who recently raised eyebrows by identifying "Islamic fascism" as America's enemy, stopped short of referring to critics of his policies as latter-day Neville Chamberlains.

Even more offensive is Rumsfeld's "blame America first" canard. Who exactly has been pushing what he called "the destructive view that America — not the enemy — is the real source of the world's troubles"? Certainly no one in mainstream American political discourse, not even those members of Congress who want to set a date for the withdrawal of U.S. forces from

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Iraq. Their argument, right or wrong, is that Iraq is descending into civil war and that the U.S. presence there is unavailing and a drain on resources better expended elsewhere, including on counter-terrorism at home.

The Bush administration can and should respond to that argument without recourse to overheated analogies and straw men like the "blame America first" crowd. Rumsfeld is obviously unwilling to step down. Could he at least pipe down?

Positive Press On Iraq Is Aim Of U.S. Contract (WP)

By Walter Pincus

The Washington Post, August 31, 2006

U.S. military leaders in Baghdad have put out for bid a two-year, $20 million public relations contract that calls for extensive monitoring of U.S. and Middle Eastern media in an effort to promote more positive coverage of news from Iraq.

The contract calls for assembling a database of selected news stories and assessing their tone as part of a program to provide "public relations products" that would improve coverage of the military command's performance, according to a statement of work attached to the proposal.

The request for bids comes at a time when Bush administration officials are publicly criticizing media coverage of the war in Iraq.

The proposal, which calls in part for extensive monitoring and analysis of Iraqi, Middle Eastern and American media, is designed to help the coalition forces understand "the communications environment." Its goal is to "develop communication strategies and tactics, identify opportunities, and execute events . . . to effectively communicate Iraqi government and coalition's goals, and build support among our strategic audiences in achieving these goals," according to the statement of work that is publicly available through the Web site http://www.fbodaily.com .

A public relations practitioner who asked for anonymity because he may be involved in a bid on the contract said that military commanders "are overwhelmed by the media out there and are trying to understand how to get their information out.

"They want it [news] to be received by audiences as it is transmitted [by them], but they don't like how it turns out," he said. As an example, he said, there are complaints that reports from Iraq sometimes quote Shiite cleric and militia leader Moqtada al-Sadr more than military commanders.

The proposal calls for monitoring "Iraqi, pan-Arabic, international and U.S. national and regional markets media in both Arabic and English." That includes broadcast and cable television outlets, the Pentagon channel, two wire services and three major U.S. newspapers: The Washington Post, New York Times and Los Angeles Times.

Monitors are to select stories that deal with specific issues, such as security, reconstruction activities, "high profile" coalition force activities and events in which Iraqi security forces are "in the lead." The monitors are to analyze stories to determine the "dissemination of key themes and messages" along with whether the "tone" is positive, neutral or negative.

The media outlets would be monitored for how they present coalition or anti-Iraqi force operations. That part of the proposal could reflect Defense Secretary Donald H. Rumsfeld's often-stated concern that the media does not cover positive aspects of Iraq.

In a speech before the American Legion on Tuesday, Rumsfeld said that a search of leading newspapers revealed that a soldier punished for misconduct was written about "10 times" as often as the first recipient of the Medal of Honor in anti-terrorism efforts.

The proposal suggests a team of 12 to 18 people who would provide support for the coalition military command as well as the Iraqi government leadership.

Prospective contractors are also asked to propose four to eight public relations events per month, such as speeches or news conferences, including "preparation of likely questions and suggested answers, themes and messages as well as background, talking points."

An attempt yesterday to reach the contracting officer for this project was not successful. Bids are due Sept. 6, and the 24-month contract is scheduled to begin on Oct. 28.

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The Rendon Group, which has represented organizations such as the Iraqi National Congress, currently holds a much smaller year-to-year contract with the military command in Iraq. That contract includes creating an Arabic version of the command's Web site, http://www.mnf-iraq.com .

Violence In Iraq Kills 60 As Market, Recruits Hit (WP)

By Amit R. Paley And Saad Sarhan

The Washington Post, August 31, 2006

BAGHDAD, Aug. 31 -- The Yogurt Father hawks his gloopy snack every day in the city's biggest market. No exceptions.

So when an enormous bomb exploded Wednesday 20 yards away from him at Shorja market, the largest and oldest bazaar in Baghdad, and killed 27 people, including several of his friends, he spent only a half-hour tending to the wounded and clearing debris. Then he washed the blood off his hands and resumed selling yogurt.

"We are used to seeing blood and death. It's routine now," said the 50-year-old Iraqi, who is known to customers as Abu Leben -- Yogurt Father -- and to friends and family as Abu Ali -- Father of Ali, his eldest son. He stirred a big vat of curdled milk as people nearby frantically sifted through blood-soaked rubble mixed with bits of human tissue. "I helped move some bodies," he explained, "but the only thing that I care about is how to get money for my family."

He scooped out a glass of yogurt for a customer. "If I don't die today, I might die tomorrow," he said.

The bloodshed in Iraq has become so common that it barely registers for some, even on a day like Wednesday, when violence across the country killed at least 60 people despite heightened efforts by the U.S. military to clamp down on sectarian strife.

The day's first major attack occurred in the southern city of Hilla, where a bicycle rigged with explosives detonated at 8 a.m. across the street from an Iraqi army recruiting center, killing 17 recruits and wounding 39, said police Capt. Muthanna Ahmed. The bicycle exploded next to a shack that sells biscuits and soda, a hangout where dozens of recruits gather every day before they are allowed to enter the army facility.

Bloody sandals and shoes and bits of fabric littered the road. An old woman searching for her child stopped in her tracks when she apparently recognized a piece of his pajamas.

"Oh, my son, my son!" the woman wailed as she pounded her face.

The explosion sparked chaos as looters, including a number of Iraqi army recruits, ransacked cars after drivers fled in fear of further attacks, said Basim Zien of the Hilla traffic police. The police eventually shot at the looters to stop the pillaging, he said.

Police and several recruits blamed the Iraqi army for making the recruits wait outside the base to register instead of allowing them in. Hassanien Jasim, a 24-year-old recruit, said no one enlisting for the army during the rule of Saddam Hussein had to wait in the street the way recruits do now. He said he held apathetic politicians responsible for Wednesday's violence.

"Is it too much for them to take us inside so they can protect us, when though they know that the Iraqi army is targeted?" Jasim said as he lay on a stretcher in the main hospital in Hilla, 60 miles south of Baghdad, while doctors removed ball bearings from his chest. "They don't care about the people."

In Baghdad, the bomb in Shorja market detonated at about 9:45 a.m. in front of a kebab restaurant, killing 27 people and wounding 35, said Brig. Gen. Abdul Wahid Saleh of the Interior Ministry.

On the sidewalk, the blood of Hussam Abdul Kareem, 25, who was a married father of two, mixed with the peanuts and pistachios he had been selling. The henna and oil lamps sold by Um Satar, a widow responsible for 12 children, lay buried in rubble. The Yogurt Father said both were killed instantly.

"Shouldn't there be some part for the government to play in reducing these explosions?" asked Nuri Hammed, a 40-year-old teacher, after he bought a small cup of yogurt for 250 dinars, less than 20 cents. He complained that politicians promised reconciliation but didn't take effective measures to reduce violence. "This government is carrying a rose in one hand and a knife in the other hand."

Later in the day, in Baghdad's Karrada section, a bomb exploded at a gas station as a police patrol passed. "Run away from your cars! Leave the gas station!" shouted Abu Hamza, the gas station manager, as people flocked to restaurants across the street. As they did, a car parked there earlier by two men exploded, said Alaa Hussein, who owns two of the restaurants.

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The explosions killed two police officers and a gas station security guard and wounded nine people, hospital officials said.

Wednesday night in Baghdad, intense clashes broke out in neighborhoods east of Sadr City, a Shiite Muslim slum controlled by radical anti-American cleric Moqtada al-Sadr. Witnesses in the nearby Obaydi and Kamaliyah areas reported as many as seven loud explosions at about 9:30 p.m., followed by the sound of U.S. helicopters and fighter planes overhead. Then shooting broke out. Some streets were filled with members of the Mahdi Army, a militia controlled by Sadr, residents said.

" Allahu akbar !" blared loudspeakers on mosques in some areas after the shooting began. "God is great!"

Mohammed al-Askari, an Iraqi Defense Ministry spokesman, said Iraqi and U.S.-led forces carried out a raid in those neighborhoods and were shot at, but he would not provide any other details.

Early Thursday morning, a U.S. military spokesman in Baghdad also confirmed a significant operation in the area but would not elaborate.

A U.S. military official said the operation involved American forces and gunmen believed to be members of the Mahdi Army. He spoke on condition of anonymity because he was not authorized to discuss the matter publicly.

In Najaf, police Lt. Muayed Shuker said a rocket fired from a neighborhood dominated by Sadr loyalists struck a nearby U.S. military base. A U.S. military spokesman said he had no information about such an incident.

The U.S. military also said Wednesday that a Marine assigned to the 1st Brigade of the Army's 1st Armored Division died Tuesday in Anbar province, a volatile stronghold for Sunni insurgents.

Despite the violence, the top U.S. commander in Iraq said he hoped Iraqi forces could take control of security in the country as early as next year without substantial help from the U.S. military.

"I don't have a date," Gen. George W. Casey Jr. said in Baghdad. "But I can see -- over the next 12 to 18 months -- I can see the Iraqi security forces progressing to a point where they can take on the security responsibilities for the country with very little coalition support."

Firefights Mark Further Splintering In Iraq (CSM)

By Dan Murphy

The Christian Science Monitor, August 31, 2006

CAIRO

Two days this week of fierce firefights between a Shiite militia and government forces in a usually calm town south of Baghdad left at least 80 dead and an unknown number wounded.

While the top US commander in Iraq said the battle came as a "surprise," it underscores a proliferation of militia groups throughout the country that is making central government control in many places merely notional, many Iraqis and foreign experts say.

The fight in Diwaniyah, 80 miles south of Baghdad, between militiamen loyal to Shiite cleric Moqtada al-Sadr and local forces led by the country's most powerful Shiite parties, demonstrates the growing atomization in Iraq's war. Local politicians, gangsters, and would-be warlords are emerging around the country and taking up arms in service of local ambitions that frequently have little to do with Iraq's sectarian war.

The battle in Diwaniyah, which ended Tuesday when the US Air Force dropped a 500-lb. bomb on what it called a militia position, started just three days after Prime Minister Nouri al-Maliki led a peace conference among tribal leaders designed mostly to undercut Sunni-Shiite sectarian tensions. But, as Diwaniyah demonstrates, sectarian fighting is far from the central government's only security challenge.

"When you say 'civil war' it makes it sound like there are two sides fighting in Iraq," says Juan Cole, a professor of modern Middle Eastern history at the University of Michigan. "There aren't two sides - there are lots of sides."

In much of the Shiite south, local leaders increasingly seek to carve out their own fiefdoms and the economic opportunities they generate.

In Sunni provinces, insurgents continue to feed Iraq's sectarian war, as demonstrated by the Sunni mortar attack on a Shiite neighborhood in the town of Khan Beni Saad, north of Baghdad, that drove 30 Shiite families from their homes. And in the

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contested northern town of Kirkuk, militiamen loyal to the autonomous Kurdish government continue to seek to create "facts on the ground" to press their claims to the oil-rich city.

The most disturbing recent development for the central government may well be the increasing radicalization and splintering among followers of what many Iraqis refer to as the "Sadr stream."

While Mr. Sadr is generally acknowledged as the head of this movement and its Mahdi Army, it looks increasingly as if centralized command and control within the organization is breaking down. That appears to be causing a great deal of confusion and alarm within the Iraqi government.

Sadr's father was Mohammed Sadek al-Sadr, who was killed by Saddam Hussein's regime in 1999. The elder Sadr advocated a militant version of Shiism, and appealed specifically to Iraq's dispossessed Shiite poor with a rhetoric that was equal parts salvation and a call for Iraq's traditional underclass to rise up.

Now, original followers of Moqtada's father are seeking to "out-militant" the younger Sadr on a local basis, jockeying for prestige and control, argues Mr. Cole.

"The Sadr movement has spread like lightning through almost all of the southern provinces" since Iraq's elections in January 2005, when followers of less militant Shiite Islamist groups like the SCIRI won power in many of these provinces.

"So there's a big disjunction between who has power in the south and the mind-set of the people. Now the Sadrists have so much popular support, but they're locked out of local government and patronage.

"It's essentially a class war. The Sadr guys are pressing ... for a kind of Shiite Maoism. SCIRI represents what's left of the Shiite middle classes," Cole says.

Mahdi Army members in Sadr City, the poor Shiite neighborhood on Baghdad's northeastern edge that serves as Sadr's stronghold, claimed that the fighting was not at Sadr's behest, but also said that some of their ranks went south to participate in the fighting there.

They claimed anger at the recent arrest of a local Shiite preacher who had called for attacks on US forces, and said they felt they had no choice but to fight. "We're the ones resisting the occupiers and the officials who serve them," said one, asking that his name not be used. "We're the ones fighting for our people and protecting them. The government is failing."

Nevertheless, Cole and others see economic issues as driving much of the conflict in the south. The deterioration of basic services in the past few years, joblessness estimated at around 60 percent, and rising inflation have left militias squabbling over a shrinking economic pie.

Dominic Asquith, the new British ambassador to Iraq, said that economic stagnation was a crucial component of the collapse of security in Basra in an article he contributed to Al-Sharq al-Awsat newspaper Monday.

"Basra ... until not long ago enjoyed a stable security climate. However, one of the reasons for the unrest is that there has been no perceptible improvement in the quality and extent of the services," he wrote. "This has made the Basra residents restless, and led to a band of criminals exploiting such restlessness in order to undermine the stability of the city and provoke sedition."

Even in peaceful regions, Iraqi government control is eroding. In Iraqi Kurdistan, local Kurdish officials allow members of the Kurdistan Workers Party (PKK) - a group fighting for an independent Kurdish state inside Turkey that the State Department has labeled a terrorist group - are allowed to live and infiltrate into Turkey, even though Prime Minister Maliki wants good relations with Ankara and has promised to shut the group down.

Turkey has continued to complain that little has been done against the group, and a week ago, Turkish planes attacked what it alleged were rebel positions inside Iraqi Kurdistan.

Violence Grows, Killing 52 Iraqis, In Face Of Security Plan (NYT)

By Damien Cave

The New York Times, August 31, 2006

BAGHDAD, Iraq, Aug. 30 — Shootings and hidden bombs at a market, a gas station and an army recruiting center killed at least 52 Iraqis on Wednesday, continuing a wave of sectarian violence that has defied stepped-up efforts to halt its spread.

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In the deadliest attack, a bomb inside a vendor's cart exploded just after 10 a.m. in the Shorja market, Baghdad's oldest and largest bazaar, killing at least 24 civilians and wounding 35, Interior Ministry officials said.

Earlier, just south of the capital, in Hilla, a bicycle rigged with explosives blew up near an army recruiting center, killing at least 12 people, the authorities said. A car bomb near a gas station in Baghdad also killed two civilians and wounded 21 people, including five policemen, who had rushed to the scene in response to a blast a few minutes earlier.

Gunmen in Baghdad killed a senior Justice Ministry official, Nadiya Muhammad Hasan, her driver and a guard. The motive was unclear, but senior officials have frequently been targets of killings in recent months.

The authorities also found 13 other bodies in various locations in the city. With at least 11 additional civilians killed throughout the country, the tally of Iraqis killed or found dead on Wednesday reached 65, according to Iraqi officials.

The rash of attacks — reflecting a spike in violence that has claimed roughly 200 lives since Sunday — came despite a new security plan for the capital, on a day when the top United States general, George W. Casey Jr., in Iraq said Iraqi forces could take over security as early as next year.

"I don't have a date," General Casey said in Baghdad. "But I can see — over the next 12 to 18 months — I can see the Iraqi security forces progressing to a point where they can take on the security responsibilities for the country, with very little coalition support."

Three years into the war, American and Iraqi officials have grown increasingly eager to show progress. In recent weeks, they have repeatedly trumpeted evidence of a decline in killings this month after increases in June and July.

Yet the bloodshed of the past few days suggests that the gains might be temporary.

Americans have not been spared. The United States military said Wednesday that a marine from the First Armored Division was killed in action on Tuesday in Anbar Province.

Military officials also said two American soldiers were killed in an attack on a Stryker vehicle on Sunday in western Baghdad, not four as it had reported earlier. The total number of American service members killed that day remained at nine, though.

This month, 60 American service members have been killed in Iraq, up from 43 in July and nearly even with the 61 killed in June, according to Coalition Casualty Count, a Web site that tracks military fatalities. In all, more than 2,600 American men and women in uniform have been killed in Iraq since the start of the war, according to the Department of Defense.

The toll for Iraqis is far higher, with an average of more than 100 killed a day in June and July by spreading sectarian violence, according to Iraqi government figures.

Statistics for August have not been released, but the attack at the Shorja market was just the latest attack in a crowded area that seemed aimed at killing as many civilians as possible.

The explosion destroyed scores of makeshift stalls, sent smoke towering over buildings and spread body parts through the streets.

Ali Jasim, 47, a yogurt vendor at the market, said that he narrowly missed being killed and that two brothers of a restaurant owner and four cardamom vendors were among those killed. "One of the women's sons was getting married tomorrow," he said.

A few hours after the explosion, piles of debris had been swept to the curb. A funeral procession flowed through the street, carrying one of the victims of the bombing.

Some of the mourners and bystanders blamed the United States, echoing a belief among some groups of Iraqis that the American government initiates the violence to justify its occupation. Others, like Raheem Kadem, 44, a high school gym teacher from Sadr City, a Shiite neighborhood, blamed Iraqi officials.

"Where is government?" he asked. "Why have the politicians left the people to face their destiny while the government hides behind the walls of the heavily protected Green Zone?"

"Things are getting worse," he said.

Iraq's defense minister, Abdul Qader Mohammed Jassim, met with the governor of Diwaniya and other local leaders in an effort to shore up support for the government after his troops clashed for 14 hours on Monday with Shiite militias.

He announced that there would be a ban on weapons, though he offered no plan for enforcing it, and said that when rival Shiite factions had disputes with forces in the area, they should ask him to intervene.

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The battle was one of the worst internal conflicts in recent memory, pitting Iraqi troops against members of the Mahdi Army, loyal to the Shiite cleric Moktada al-Sadr, and other militias.

The Iraqi police and army officials said Wednesday that the death toll from that battle had increased, to 23 soldiers and 13 civilians.

General Casey said Iraqi forces "gave much better than they got," but his assessment could not be verified. He said the clash was not a setback for the army and the government did not intend to back down.

"The battle may be over," he said. "But the campaign to clean that city up and to restore it to Iraqi government control isn't finished."

Iraqi Forces Give Gen. Casey Optimism (AP)

By Elena Becatoros, Associated Press Writer

AP, August 31, 2006

The top U.S. commander in Iraq expressed optimism Wednesday that Iraqi forces are making enough progress to provide their own security within 18 months. But violence showed no sign of abating, with 66 people killed nationwide, including 24 in a Baghdad market bombing.

The U.S. military also reported Wednesday that a Marine was killed in action the day before in the volatile western Anbar province.

Gen. George Casey said Iraqi troops were on course to take over security control from U.S.-led coalition forces, a move that would bring the foreign forces a step closer to withdrawal from the country.

"I don't have a date, but I can see over the next 12 to 18 months, the Iraqi security forces progressing to a point where they can take on the security responsibilities for the country, with very little coalition support," he said.

That takeover would not mean U.S. troops leaving immediately. It is part of a U.S. military plan to hand over responsibilities, move into large bases and provide support while Iraqis take the lead. A U.S. drawdown would start after that occurred.

His comments came even as violence surged in the capital and elsewhere, undercutting claims by U.S. and Iraqi officials that a Baghdad security crackdown has lowered Sunni-Shiite killings, which had risen in June and July.

On Monday, U.S. military spokesman Maj. Gen. William B. Caldwell said the murder rate in Baghdad had fallen by 46 percent from July to August and "we are actually seeing progress out there." That figure could not be independently confirmed.

U.S. officials attributed the fall in sectarian killings to a major security crackdown launched Aug. 7. About 8,000 U.S. troops and 3,000 Iraqi soldiers were sent to the capital to search homes systematically and patrol the streets.

Similar operations have curbed violence for limited periods of time in the past, only to have killings flare again once American forces left.

A bomb struck one of Baghdad's largest market areas, where food, clothing and household goods are sold, killing at least 24 people and wounding 35, police said.

In Hillah, 60 miles south of the capital, a man posing as a potential army cadet left a bomb-laden bicycle outside a recruiting center, killing 12 people, police said. Insurgents often target Iraqi army and police recruits as a way to discourage volunteers.

Elsewhere, a roadside bomb killed a family of five in Buhriz, 35 miles north of the capital, when a roadside bomb struck their car. Bombings and shootings elsewhere in the country killed another 25 people, according to police.

Ten bodies also were found — five dumped in Suwayrah, 25 miles south of Baghdad, and the others in the capital.

Still, Casey said he was optimistic about security in Iraq and he said an operation to crack down on violence in the capital was producing results — although more needed to be done.

"I'm pleased with the progress to date, but we have a long way to go," Casey said. "And we're not going to let up until we get where we're going and bring security to the neighborhoods of Baghdad."

Asked if Iraqi forces were capable of taking over completely after the 12 to 18 month period, allowing U.S.-led coalition forces to withdraw, Casey said that would depend on the situation at that time.

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"I'm not sure yet," he said of the Iraqi security capability. "And we'll adjust that as we go. But a lot of that, in fact the future coalition presence, 12 to 18 months from now, is going to be decided by the Iraqi government."

The coalition has been training and equipping Iraqi forces, and Casey said they are now "75 percent" along the path of being able to operate alone.

"There's still more work to do for them to become independent," he said, adding that "during that process, they will still have our support and our substantial presence here to assist them."

Casey also said the U.S. was troubled by an incident in which Iraqi soldiers in the south mutinied and refused to be deployed to Baghdad for a massive security operation under way in the capital, and by the looting last week of a base that British forces had turned over to Iraqi authorities.

This week's bloodshed included some of the fiercest fighting in months between the Iraqi army and Shiite militiamen loyal to radical cleric Muqtada al-Sadr. Monday's battle in the town of Diwaniyah left 73 people dead — 50 militia and 23 soldiers, the prime minister has said.

Al-Sadr led two uprisings against U.S. forces in 2004 but later emerged as a major political figure. His influence has gradually been increasing in Shiite-dominated Diwaniyah, although he appeared to distance himself from Monday's fighting, describing it during a meeting in Najaf as "individual acts."

Casey said disarming militias was essential.

"The primary threats to Iraq's security are the terrorists and the death squads. And both of those threats have to be addressed if Iraq is going to progress," he said.

Associated Press reporters Qais al-Bashir, Sinan Salaheddin, Rebecca Santana and Patrick Quinn contributed to this report from Baghdad.

2 Marines Confess To Killing Iraqi Man (LAT)

By Tony Perry

The Los Angeles Times, August 31, 2006

CAMP PENDLETON — Two Marines have confessed to kidnapping and killing a 52-year-old Iraqi, a prosecutor said today at the preliminary hearing for another Marine accused in the case.

Capt. Nicholas Gannon, a prosecutor, said that Sgt. Lawrence Hutchins III and Cpl. Trent Thomas have confessed to killing Hashim Ibrahim Awad. Hutchins was the senior enlisted man during the incident and has been charged with organizing a coverup.

But the defense attorney for Cpl. Marshall Magincalda said he planned to argue that the two "merely (gave) a statement" and did not confess.

Magincalda and Pfc. John Jodka were the first of eight defendants to undergo an Article 32 hearing, the military's equivalent of a preliminary hearing. The evidence presented allows the commanding general to decide if a court-martial is warranted. Jodka's hearing was underway in a separate courtroom.

In a hearing that lasted less than 15 minutes, Magincalda's civilian attorney, Joseph Low, said his client was willing to let the hearing officer, Col. Robert Chester, make his recommendation by reading investigative documents, including statements by the eight troops accused.

No witnesses will be called, defense and prosecuting attorneys agreed.

Chester gave no indication when he will make his recommendation to Lt. Gen. James N. Mattis Jr., who will decide whether the charges should be dismissed or referred to a court martial.

Magincalda, 20, who was serving his second tour in Iraq when Awad was killed, gave only meek replies, "Yes, sir," when asked several questions by Chester to determine if he understood the charges and the legal process.

Chester turned down a request from Magincalda's attorney to close the hearing to the media.

The defendants, all from the same platoon in Kilo Company, 3rd battalion, 5th regiment, have been accused of dragging Awad from his home, shooting him, and then leaving an AK-47 and shovel near the body to suggest he was an insurgent caught burying a roadside bomb in Hamandiya, west of Baghdad.

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The killing occurred April 26. The defendants have been held in detention since being brought back to this base in May.

A dozen Marines from a different battalion have been suspected of killing 24 Iraqi civilians in Haditha in November after a roadside bomb killed one Marine and injured another. Charges in that case were expected to be filed in September.

Also facing charges were Lance Cpl. Tyler Jackson; Lance Cpl. Jerry Shumate Jr.; Lance Cpl. Robert Pennington; and Navy Corpsman Melson Bacos. The murder charge could carry the death penalty.

According to the charges, Marines stormed into Awad's home after failing to find a suspected insurgent thought to be living next door.

Awad was slammed to the ground in front of his family and then had his feet and hands bound. Five of the Marines allegedly killed him with blasts from their M-16 and M-249 rifles.

Hutchins, the squad leader, allegedly phoned a false story to his superiors and urged his squad members to tell superiors that Awad died in a firefight.

The Marines began an investigation after Awad's family protested that he had been killed without provocation.

The Marines and corpsman are also charged with lying to agents of the Naval Criminal Investigative Service by insisting that Awad was killed during a firefight.

No Death Penalty For Marine Charged (AP-Y)

By Linda Deutsch

AP, August 31, 2006

The government will not seek the death penalty against a Marine Corps private who is among eight service members charged with murder and other crimes in the shooting of an Iraqi civilian, a military prosecutor said Wednesday.

Lt. Col. John Baker announced the prosecution's position during a hearing for Pfc. John J. Jodka III, 20. It was not clear whether the recommendation applied to the six other Marines and one Navy corpsman also charged.

The hearing for Jodka and a separate one for another Marine, Cpl. Marshall Magincalda, 23, are part of the process to determine whether the defendants should face courts-martial.

The Marines and corpsman are charged in the shooting of Hashim Ibrahim Awad, 52, in the village of Hamdania. Iraqi witnesses told the military that Marines and a sailor kidnapped Awad on April 26, bound his feet, dragged him from his home and shot him to death in a roadside hole.

Jodka is accused of firing on Awad. Magincalda is suspected of binding Awad's feet and kidnapping him.

Earlier, lawyers for Jodka argued vehemently that "inflammatory" statements made by the private and other Marines should be kept secret before trial.

Retired Col. Jane Siegel, who represents Jodka, said disclosing the 16 statements about the incident during a highly publicized hearing would hurt jury selection for Jodka's expected court martial.

"To openly discuss contents will completely pollute the local and national jury pool," Siegel said. "Some of it is very inflammatory."

A separate proceeding on Wednesday for Magincalda lasted only 30 minutes.

Investigating officer Col. Robert S. Chester, who is hearing the case, said the defense had asked for the hearing to be closed to the public, fearing publicity might hurt Magincalda's ability to receive a fair trial.

Chester opposed the request, saying the public has a "very compelling right to hear these proceedings."

Chester said he would tell prosecutors by Friday whether he had questions about any of their evidence.

Prosecutor Capt. Nicholas L. Gannon urged Chester to focus on statements by three members of the squad, including an alleged confession by squad leader Sgt. Lawrence G. Hutchins III.

The hearings held under Article 32 of the Uniform Code of Military Justice are equivalent to civilian preliminary or grand jury hearings.

Both defendants have been held in the Camp Pendleton brig since returning from Iraq.

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The Marines have the opportunity to mount a defense, call witnesses or even testify themselves. Their lawyers were expected to challenge use of the defendants' pretrial statements by contending they were subjected to heavy-handed inquiries with threats of the death penalty.

The other defendants, all members of the Camp Pendleton-based 3rd Battalion, 5th Marine Regiment, are expected to have separate hearings in coming weeks. The charges include kidnapping, murder and conspiracy.

Marine Accused Of Murder In Iraq Will Not Face The Death Penalty (NYT)

By Carolyn Marshall

The New York Times, August 31, 2006

CAMP PENDLETON, Calif., Aug. 30 — The government will not seek the death penalty against a marine charged in the shooting death of an Iraqi civilian in April, a military prosecutor said Wednesday.

Lt. Col. John Baker, the prosecutor, made the recommendation at a pretrial hearing for Pfc. John J. Jodka III, 20, who is charged along with six other marines and a Navy corpsman in the death of Hashim Ibrahim Awad in Hamdania, a Sunni stronghold west of Baghdad. The charges against them include murder, kidnapping and conspiracy.

As the hearing for Private Jodka was under way, defense lawyers for another marine charged in the case, Cpl. Marshall L. Magincalda, 23, urged officials in a nearby courtroom to close the proceedings because of concern that pretrial publicity could bias potential jurors.

The hearing adjourned after the corporal's lawyers asked the hearing officer to review newly submitted evidence in private.

The hearings, conducted under Article 32 of the Uniform Code of Military Justice, are the equivalent of grand-jury proceedings in a civilian court.

Throughout the day, lawyers returned to the theme of pretrial publicity.

The lawyer for Private Jodka, Jane Siegel, a retired colonel, approached the prosecution lawyers during a break to request that the court keep secret both the names of Iraqi witnesses, at risk of retaliation from insurgents, and the testimony of Private Jodka.

"To openly discuss contents will completely pollute the local and national jury pool," she said. "Some of it is very inflammatory."

At least two other hearings are scheduled in late September and mid-October for the other men charged. They are Hospital Corpsman Third Class Melson J. Bacos and five marines, Sgt. Lawrence G. Hutchins III, Cpl. Trent D. Thomas, Lance Cpl. Tyler A. Jackson, Lance Cpl. Jerry E. Shumate Jr. and Lance Cpl. Robert B. Pennington.

All eight men are members of the same squad in Company K, of the Third Battalion, Fifth Marine Regiment, based here.

Military prosecutors have accused the men of dragging Mr. Awad from his home, binding his hands and feet and shooting him point blank.

The charges say that some of the marines then stole a shovel and an AK-47 assault rifle and planted them next to Mr. Awad's body, trying to make it look as if he were an insurgent digging a hole for a roadside bomb.

Hearings Begin For Marines Accused Of Killing Iraqi (WP)

By Sonya Geis

The Washington Post, August 31, 2006

CAMP PENDLETON, Calif., Aug. 30 -- Military prosecutors submitted maps, letters from Iraq and incriminating statements to military courts Wednesday as they argued that two Marines should be tried in the killing of an Iraqi civilian and its alleged coverup. Defense attorneys said the government's case is thin.

"At the end of the day, all we have are unreliable, uncorroborated statements and no physical evidence," said Joseph Casas, the civilian lawyer for Pfc. John J. Jodka, 20. "What the government says happened, didn't happen."

Seven Marines and a Navy corpsman are being held in the Camp Pendleton brig on charges that they bound the hands and feet of Hashim Ibrahim Awad, 52, then shot him on April 26 in Hamdaniyah. Prosecutors say they planted a shovel and AK-47 rifle near his body to make him look like an insurgent.

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Awad's neighbors told The Washington Post that he was known as "Awad the Lame," because he had a metal bar implanted in his leg. They said Marines shot him four times in the face.

Wednesday's proceedings were the first of eight Article 32 hearings -- the military equivalent of a grand jury proceeding -- that will be held as prosecutors argue each of the defendants should be court-martialed. They are charged with murder, kidnapping, assault, larceny, conspiracy, housebreaking and making a false official statement.

None of the evidence prosecutors submitted Wednesday was made public, and witnesses did not testify in open court.

The defendants are among 17 U.S. troops charged since March with killing Iraqi civilians. Three of this group, known locally as the "Pendleton 8," plus four others, are charged with assaulting a civilian in Hamdaniyah on April 10. All of the accused are members of a fire team with Kilo Company, 3rd Battalion, 5th Marine Regiment.

Beginning in April, when the killings of 24 civilians in Haditha came to light, officers in Iraq have been under orders to investigate every escalation-of-force incident that led to civilian casualties.

Defense attorneys wanted to close Wednesday's proceedings to prevent the open reading of defendants' statements. "To openly discuss the contents [of the statements] will completely pollute the local and national jury pool," Jane Siegel, another of Jodka's civilian attorneys, argued in court. "Some of it is very inflammatory."

At least two statements are confessions, say prosecutors in the case of another accused, Cpl. Marshall L. Magincalda, 23. Magincalda is accused of binding Awad's feet and kidnapping him; Jodka is accused of firing on Awad.

The other defendants are Sgt. Lawrence G. Hutchins III, Cpl. Trent D. Thomas, Hosp. 3rd Class Melson J. Bacos, Lance Cpl. Tyler A. Jackson, Lance Cpl. Jerry E. Shumate Jr. and Lance Cpl. Robert B. Pennington.

All eight defendants had faced the death penalty, but prosecutors decided Tuesday not to seek capital punishment for Jodka. They called the death penalty "inappropriate" for him but did not say why.

Allies Balk At More Troops For Afghanistan (FT)

Financial Times, August 31, 2006

Britain's Nato allies are baulking at providing reinforcements for UK troops deployed as peacekeepers in Afghanistan's southern Helmand province because of the intensity of the fighting in the lawless region.

A British ministry of defence official said on Wednesday the UK had no need of further troops "at the moment", neither has any formal request been made. But Nato officials continue to study whether deployments in Afghanistan need to be increased.

Germany and the Netherlands may only redeploy soldiers from elsewhere in Afghanistan on an ad hoc basis. The two countries, which maintain 2,700 and 1,400 troops in Afghanistan respectively, have concerns about dispatching troops to areas such as Helmand, where the strength of a Taliban-led insurgency has surprised military planners.

Eight British soldiers have been killed in combat in Afghanistan this month, in what Lieutenant General David Richards, commander of the Nato force, calls the worst sustained fighting the British army has faced since the Korean war during 1950-53.

On Wednesday British officials added that poppy cultivation in Helmand and other turbulent regions would take the Afghan opium crop to a new high, according to United Nations figures expected shortly. The officials also called for Pakistan to "do more" to act against the Taliban leadership in the Pakistani city of Quetta, across the border from Afghanistan.

In July, amid fighting that took officers by surprise, Britain announced it was dispatching an extra 900 soldiers to bring its Helmand force up to 4,500.

Franz Josef Jung, Germany's defence minister, said this week that "Germany would continue to focus its stabilisation efforts in Afghanistan in the north".

A spokesman for Angela Merkel, the German chancellor, said no formal request for reinforcements had been received from Nato commanders, but confirmed that, as part of their existing deployment, some German troops could be redeployed "on an exceptional and temporary basis" to other parts of the country.

German defence experts said a longer-term redeployment to the south could figure in parliamentary discussions, due early October, about the extension of the German mission in Afghanistan. The cabinet is to address this on September 13.

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Henk Kamp, Dutch defence minister, said this week Dutch forces stationed in nearby Uruzghan could assist British and Canadian troops serving in Helmand and elsewhere on an "incidental" basis, but ruled out a redeployment without parliamentary approval.

Reporting by Daniel Dombey in London, Rachel Morarjee in Kabul, Hugh Williamson in Berlin and Ian Bickerton in Amsterdam

Rebels Behead 2 Afghans (NYT/AP)

By The Associated Press

The New York Times, August 31, 2006

MIRAN SHAH, Pakistan, Aug. 30 — Militants in northwestern Pakistan decapitated two Afghans, including an Islamic cleric, whom they accused of spying for American and Afghan authorities, an intelligence official said Wednesday.

The men's bodies were found Wednesday in two villages near Miran Shah, the main town in the North Waziristan region, the official said, speaking on condition of anonymity because of the secretive nature of his work. Notes on the bodies accused them of spying, he said. The cleric was identified as Noor Wali and the other man as Hak Nawaz.

The High Price Of Friendship (NYT)

By Patricia Weitsman

The New York Times, August 31, 2006

Athens, Ohio - ACCORDING to the chairman of the Joint Chiefs of Staff, the United States has engaged in more multinational operations since the end of the cold war than it did in the preceding 90 years. Relying on one's partners to fight wars makes sense. After all, it is better to fight with your friends at your side than alone, right?

Wrong.

When waged for the wrong reasons, coalition warfare is more costly and less effective than fighting alone. Coalition warfare requires a high degree of joint planning, consultation and cooperation. The presumption is that this loss of autonomy is more than compensated by having coalition partners provide additional troops on the ground and share the burden of fighting.

Are these in fact the reasons the United States has been using coalition warfare to prosecute wars in the contemporary era? Not exactly. Rather, the United States has used its partners to garner legitimacy for its foreign policy objectives.

This partnership has come at a price. At President Bush's request, in May 2005 Congress created a $200 million Coalition Solidarity Fund that supports coalition partners in Afghanistan and Iraq. For example, Estonia received $2.5 million in Coalition Solidarity Fund money to support its troops — about 40 in Iraq and 80 in Afghanistan. Albania, with its 120 or so troops in Iraq and 35 or so in Afghanistan, received $6 million, as did the Czech Republic, which has roughly 100 troops in Iraq and 60 in Afghanistan. (The Czechs are expected to withdraw their troops from Iraq by the end of the year while sending approximately 100 new troops to Afghanistan.)

Last year, the United States paid to airlift Poland's 2,400 troops to Iraq, built their camps and provided equipment. Poland also received $57 million in solidarity funds, although this has not stopped it from drawing down its troops in Iraq. (While Poland recently added 50 troops to its force of 100 in Afghanistan, it may completely withdraw its military from Iraq in 2007.) Mongolia's contribution of roughly 180 troops in Iraq and Afghanistan earned the country its first presidential visit and a possible free trade agreement.

In addition to the roughly 130,000 American and 7,500 British forces, there are approximately 12,000 coalition troops in Iraq now. We should be grateful to countries that have agreed to sacrifice their soldiers' lives in pursuit of the administration's foreign policy objectives in Iraq. But aren't we paying a high price for the right to call the war multinational? (Should we even be in the position of paying countries to be our partners?)

It's not as if our investment is yielding great returns. In Iraq, our coalition has neither increased the likelihood of victory nor reduced costs.

What's more, the resources devoted to our coalition have done little to help the United States gain legitimacy. According to a recent Pew Global Attitudes survey, few people worldwide believe that the United States pays attention to the interests of others when making policy decisions. In the international community, the perception of America as unilateralist is pervasive.

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Once the United States — and its remaining coalition partners — emerge from Iraq, we would do well to re-examine our growing reliance on coalition warfare and develop benchmarks to help us determine whether building a coalition makes sense.

While we cannot legislate the circumstances under which coalition warfare should be used, Congress must find a way to keep a more watchful eye on coalition size and side payments to our partners. For states whose participation is largely symbolic — those with troop deployments of less than one percent of the total war effort — subsidies should be limited.

Yes, wartime situations are fluid and troop deployments are not the sum total of partners' contributions. But a new standard shouldn't be hard to discern: the United States should use coalition warfare when it reduces the costs of prosecuting war, not when it greatly increases them. If a coalition is to serve any function other than augmenting one's war-fighting capacity, we should think twice before forming it.

We're Not Winning This War (WP)

By John Lehman

The Washington Post, August 31, 2006

Are we winning the war? The first question to ask is, what war? The Bush administration continues to muddle a national understanding of the conflict we are in by calling it the "war on terror." This political correctness presumably seeks to avoid hurting the feelings of the Saudis and other Muslims, but it comes at high cost. This not a war against terror any more than World War II was a war against kamikazes.

We are at war with jihadists motivated by a violent ideology based on an extremist interpretation of the Islamic faith. This enemy is decentralized and geographically dispersed around the world. Its organizations range from a fully functioning state such as Iran to small groups of individuals in American cities.

We are fighting this war on three distinct fronts: the home front, the operational front and the strategic-political front. Let us look first at the home front. The Bush administration deserves much credit for the fact that, despite determined efforts to carry them out, there have been no successful Islamist attacks within the United States since Sept. 11, 2001. This is a significant achievement, but there are growing dangers and continuing vulnerabilities.

One of the most deep-seated of these problems is the U.S. government's tendency to treat this war as a law enforcement issue. Following a recommendation of the Sept. 11 commission, Congress sought to remedy this problem by creating a national security service within the FBI to focus on preventive intelligence rather than forensic evidence. This has proved to be a complete failure. As late as June of this year, Mark Mershon of the FBI testified that the bureau will not monitor or surveil any Islamist unless there is a "criminal predicate." Thus the large Islamist support infrastructure that the commission identified here in the United States is free to operate until its members actually commit a crime.

Our attempt to reform the FBI has failed. What is needed now is a separate domestic intelligence service without police powers, like the British MI-5.

The Sept. 11 commission catalogued in detail how our intelligence establishment simply does not function. We made priority recommendations to rebuild the 15 bloated and failed intelligence bureaucracies by creating a strong national intelligence director to smash bureaucratic layers, to tear down the walls preventing intelligence-sharing among agencies, and to rewrite personnel policy with the goal of bringing in new blood not just from the career bureaucracy but from the private sector as well. This approach was completely rejected by the Bush administration, which decided instead to leave this sprawling mess untouched and to create yet another bureaucracy of more than 1,000 people in the Office of the Director of National Intelligence. It was the exact opposite of what we had recommended.

The greatest terrorist threat on the home front is, of course, the use of weapons of mass destruction by Islamists. Here the president has moved to establish a national counter-proliferation center to share and act on intelligence, and he has recently initiated a cooperation agreement with Russia and our allies to work together in preventing nuclear materials from getting into the hands of the Islamists and to undertake joint crisis management if such an attack takes place. These are real accomplishments.

Turning to the operational front, our objectives are to destroy the capability of Islamist organizations to attack us and to deny them geographic sanctuaries in which they can recruit, train and operate.

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The post-Sept. 11 threat demanded preemptive attack against Islamist bases, and this was done without delay in the invasion of Afghanistan to destroy al-Qaeda and remove the Taliban government, its ally and supporter. It was a brilliantly executed operation in which all our armed forces and CIA operatives combined in a ruthlessly efficient victory. In the succeeding years, however, the Taliban and al-Qaeda have been able to regroup, rebuild and re-attack because they enjoy a secure sanctuary largely free from attack within the border areas of Pakistan.

The next military operation of the war was, of course, the invasion of Iraq. Here again the combined military operations of the United States and Britain were brilliantly successful in defeating Iraqi forces and removing Saddam Hussein and his regime. But in the aftermath of that victory, grave blunders were made. There was a total misunderstanding of the requirements for successful occupation.

Defense Secretary Donald Rumsfeld was proved right in his keeping the initial invasion force small and agile, but desperately wrong in disbanding all Iraqi security forces and civil service with no plan to fill the resulting vacuum. Certainly it is hard now to understand the logic of that decision.

The military occupation in Iraq is consuming practically the entire defense budget and stretching the Army to its operational limits. This is understood quite clearly by both our friends and our enemies, and as a result, our ability to deter enemies around the world is disintegrating.

This brings us to the third front, the strategic-political. The jihadist regime in Iran feels no reservation about flaunting its policy to go nuclear, and it unleashed Hezbollah, its client terrorist organization, to attack Israel. In Somalia a jihadist group has seized control of the government. In Pakistan, Islamists are becoming more powerful, and attacks within India are increasing. Governments in Indonesia, Malaysia, Egypt, Algeria and Jordan are under increasing Islamist pressure. In the Pacific, North Korea now feels free to rattle its missile sabers, firing seven on America's Independence Day. China is rapidly building its 600-ship navy to fill the military vacuum that we are creating in the Pacific as our fleet shrinks well below critical mass. Not one of these states believes that we can undertake any credible additional military operations while we are bogged down in Iraq.

The indoctrination and recruiting of jihadists from Indonesia, South Asia and the Middle East are carried out through religious establishments that are supported overwhelmingly by the Saudi and Iranian governments. Even in the United States, some 80 percent of Islamic mosques and schools are closely aligned with the Wahhabist sect and heavily dependent on Saudi funding. Five years after Sept. 11, nothing has been done to materially affect this root source of jihadism. The movement continues to grow, fueled by an ever-increasing flow of petrodollars from the Persian Gulf.

There is no evidence that the administration has ever raised this matter with the Saudi government as a high-level issue, and -- just as damaging -- it has never acknowledged it as an issue to the American people. Thus Rumsfeld's question -- are we killing, capturing or deterring jihadists faster than they are being produced? -- must be answered with an emphatic no.

In reviewing progress on the three fronts of this war, even the most sanguine optimist cannot yet conclude that we are winning or that we can win without some significant changes of policy.

The writer was secretary of the Navy in the Reagan administration and later served as a member of the Sept. 11 commission. This is a condensed version of an article that appears in the September issue of the U.S. Naval Institute's Proceedings magazine.

There Is Silence In The Streets; Where Have All The Protesters Gone? (NYT)

By Andrew Rosenthal

The New York Times, August 31, 2006

It was almost painful the other night to hear Crosby, Stills, Nash and Young sing about a war whose purpose Americans never really understood, started by a president who didn't tell the truth and then waged the war ineptly. And that was before they sang about Iraq.

The audience rose for Neil Young's blast at George Bush, "Let's Impeach the President," and sang the words displayed on a huge TV screen, even the 20-something in front of us who had been text-messaging throughout the concert. That same screen also displayed thumbnail photos of slain soldiers while a counter ran up the most recent toll. It takes longer than you might think to count to 2,600.

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It was a surprisingly political moment for a rock concert in 2006. But when those four men sang their protest songs four decades ago, their lyrics echoed and personified a powerful political movement sweeping America. Now they are entertainment, something to leave behind in the concert hall.

There were a few political booths outside the Theater at Madison Square Garden. But the concert-tour T-shirt salesmen were getting all the business. The most noticeable sound was the cellphones being restarted by those few who had bothered to turn them off during the concert.

This, perhaps, is the ultimate difference between the Vietnam generation and the Iraq generation: When you hear Young and Company sing of "four dead in Ohio," their Kent State anthem, it's hard to imagine anyone on today's campuses willing to face armed troops. Is there anything they care about that much?

Student protesters helped drive Lyndon Johnson — in so many ways a powerful, progressive president — out of office because of his war. In 2004, George W. Bush — in so many ways a weak, regressive president — was re-elected despite his war. And the campuses were silent.

There was a brief burst of protest when America first invaded Iraq. But if there is a college movement against the war, it's hiding pretty well. Vietnam never had the moral clarity that the 9/11 attacks provided to this generation's war. But in Iraq that proved to be a false clarity, and a majority of Americans now say they oppose the war and no longer trust Mr. Bush's leadership of it.

But because there is no draft — a fact that Graham Nash noted sardonically on Sunday night — no young person has to fear being conscripted into the fight. It is hard to escape the conclusion that Americans find it much easier to stay silent when there is no shared sacrifice.

This war is also largely hidden from American eyes. Unlike Vietnam, when journalists were free to witness and record combat operations, the Pentagon controls access to American troops in Iraq and the images that come with it. The Pentagon banned press coverage of the flag-draped coffins returning home from Iraq. The president refused to attend the funerals of soldiers. Even the cost of this war was tucked from the very start into "supplemental bills" that magically don't count toward the budget deficit.

The pressure to be silent is great. This week, Defense Secretary Donald Rumsfeld compared critics of Mr. Bush's Iraq policy to those who appeased Adolf Hitler. And antiwar protesters are told they're un-American, cowardly and lending aid and comfort to terrorists.

But in the 1960's and 1970's, antiwar protesters were told they were un-American, cowardly and lending aid and comfort to Communists. Then, the personal and national cost of war grew so great that public outrage drowned out this sort of propaganda. Now, people find protesters vaguely embarrassing and don't want to make too much noise. Outside the concert hall, a soldier who served in Iraq and now opposes the war said he wished Neil Young could be more "subtle."

Mr. Young's call for impeachment is over the top, and it's certainly not subtle. But the anti-Vietnam protesters were not exactly masters of subtlety either. Bloggers say there is an antiwar movement online. Perhaps, but it takes crowds to get America's attention. Just look at the immigration debate.

The noisy, annoying, unsubtle leaders of the protest lent courage to the rest of us to cut school and march in a few rallies.

CORPORATE SCANDALS:

Former Brocade Execs Plead Not Guilty In Stock Options Case (LAW/AP)

By David Kravets, The Associated Press

AP, August 31, 2006

The first two executives ensnared in the nation's stock options scandal pleaded not guilty Wednesday in federal court to charges of making false statements to securities regulators, falsifying records and other charges.

Gregory Reyes, former chief executive of Brocade Communications Systems Inc. and Stephanie Jensen, Brocade's former vice president of human resources, were originally charged with one count each of securities fraud in a criminal complaint on July 20 and indicted with additional charges Aug. 10.

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Authorities allege the backdating of stock options was, in part, cause for the company to restate financial results for fiscal years 1999 through 2004, shaving 20 cents off previously reported earnings per share figures.

Reyes is free on $2 million bail and Jensen on $500,000 bail. They face as many as 20 years in prison if convicted. The pair have argued that any backdating was meant to attract employees to the San Jose, Calif.-based maker of data storage devices, not to skew financial results.

A trial date was not immediately set.

Dozens of U.S. companies have disclosed that their stock options practices are being investigated by the Department of Justice or the Securities and Exchange Commission. Three other executives at New York-based Comverse Technology Inc., a leading maker of voicemail software, are accused of hatching a scheme to pocket millions by secretly manipulating and backdating stock options -- bringing to five the number of executives caught in the government's backdating dragnet.

The case is United States v. Reyes, 06-556.

Prosecutions Drop For US White-collar Crime (CSM)

By Alexandra Marks

The Christian Science Monitor, August 31, 2006

NEW YORK

It's the kind of announcement that should put white-collar criminals on notice. The Securities and Exchange Commission (SEC) is now investigating more than 80 companies in the growing stock-option scandal.

The government has charged officials at two companies for backdating options - a practice that funneled guaranteed profits to executives. More indictments are expected.

But far from ratcheting up the fight against financial wrongdoing, the federal government is actually shifting resources away from it. The number of white-collar crime prosecutions is down 28 percent from five years ago, according to an analysis of federal data by the Transactional Records Access Clearinghouse at Syracuse University.

The reason? The government's focus on homeland security, experts say. In the same period white-collar crime prosecutions fell, for instance, immigration prosecutions more than doubled.

"There's been a shift of priorities since Sept. 11 at the [Federal Bureau of Investigation], in the sense that they've moved bodies from fraud and white-collar crime units to terrorism units," says James Sanders, a partner at McDermott Will & Emery in Los Angeles and a former federal prosecutor. "At the same time, the [white-collar crime] cases have gotten bigger and more complex."

During the 1980s and 1990s, many of the white-collar crime cases involved things like bank fraud, insider trading, and stock manipulation, many of which were not document-intensive. Trials could take as little as four or five days, says Mr. Sanders. But cases like Enron and WorldCom involved complex financial manipulations at high levels. Prosecutors had millions of documents to wade through, which in some cases took years to do.

"Those are very, very complex, document-intensive cases," says J. Boyd Page, senior partner at Page Perry LLC in Atlanta, which was involved in some civil litigation connected to the WorldCom case. "The documents that were made available for our review were something like 1,250 boxes packed one end to the other."

The Enron and WorldCom convictions, as well as the passage of the Sarbanes-Oxley Act in 2002, which holds CEOs directly accountable for their public financial statements, may have had a deterrent effect on some wrongdoers in corporate America, say experts. But they doubt that the drop in white-collar prosecutions reflects an equivalent drop in financial wrongdoing.

Instead, they say, the drop is a reflection of changed priorities. One key factor: The staff available to investigate such cases has shrunk. According to the Justice Department's Office of the Inspector General, the FBI had 2,385 agents engaged in fighting financial crimes in 2000. By 2004, that number had dropped to 1,882.

"There's always been a serious limitation of resources that has caused the government to focus on only the most egregious, large-scale fraudulent schemes," says Christopher Bebel, former federal prosecutor and specialist in securities fraud.

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"This continuing diversion of resources toward perceived immigration and terrorism threats greatly heightens the dilemma associated with that problem."

That's become particularly apparent in the current stock-option scandal, say experts, because of the scandal's extensiveness. Corporate lawyers say the SEC is relying on companies themselves to do independent investigations, to act as screeners of a kind, and then share with government lawyers if any egregious behavior turns up.

"The US Attorneys offices don't have the prosecutorial resources to truly investigate each one of these cases separately themselves," says Sanders. "They're basically saying to law firms like mine, 'We want you to be independent and come back to us and tell us if there's been an offense here.' "

If an offense is found, Sanders says, the government will do its own investigation.

A spokesman for the SEC declined to comment on the nature of its investigations. But he did note that the number of agents working on the "prevention and suppression of fraud" increased from 981 in 2001 to 1,232 in 2005.

The Justice Department also defends its success in fighting corporate crime, noting that it's cyclical in nature. "We had an extremely high number of convictions from 2001 to 2004, which rose from years prior to 2001 and is typical of these kinds of investigations and prosecutions because they are cyclical," says Brian Roehrkasse, a Department of Justice spokesman. "Since July of 2002, we've had 1,063 corporate fraud convictions, which is a significant amount of work in a four-year period."

White-collar crime experts don't fault the Justice Department for lack of zeal in its work, but do worry about the shrinking resources devoted to keeping corporate America on its ethical toes.

"People can steal a much greater amount of money with a pen than they can with a gun," says Mr. Page. "If we don't take a stand to say, 'Look, this is wrong' ... then we turn our head, and it results in a lot of people thinking it's OK."

SEC Drops Probe Of Former Officers In Shell Oil Case (WSJ)

By John M. Biers

The Wall Street Journal, August 31, 2006

The Securities and Exchange Commission has decided to take no action against Philip Watts, the former top executive at what is now Royal Dutch Shell PLC, over the 2004 reserves-overbooking scandal, according to his lawyer.

The SEC conducted a two-year joint investigation with the United Kingdom Financial Services Authority and concluded that no action should be taken against Sir Philip, the former chairman of Shell's committee of managing directors, the lawyer said.

OIL WOES

Shell Will Take Quarterly Charge of $330 Million1

See key moments in Royal Dutch/Shell's energy-reserves controversy.

Shell said the SEC also cleared former Finance Chief Judy Boynton and Walter van de Vijver, former head of exploration and production. An SEC spokesman declined to comment.

Sir Philip is still a defendant in civil litigation related to the reserves scandal but no longer faces regulatory scrutiny, said his lawyer, Adriaen Morse.

The Justice Department in June 2005 said it closed a criminal investigation into Shell over the problem. Shell shocked the market with a series of reserves downgrades in 2004 that cumulatively slashed about one-fourth of its oil and gas reserves.

Shell executives, including Sir Philip, initially expressed shock about the problem, but a subsequent probe showed that Sir Philip and Mr. van de Vijver had been weighing the issue for months.

The scandal led to the resignations of many executives, including Sir Philip, Mr. van de Vijver and Ms. Boynton. Shell also streamlined its corporate structure, compressing the Anglo-Dutch conglomerate into a single corporate entity with one board.

A Shell spokeswoman said, "We are pleased that the SEC decided not to pursue this matter further with Philip Watts, Judy Boynton and Walter van de Vijver." She said, "We can confirm that none of our current directors are being investigated by the SEC or the Department of Justice on this matter."

At the time of the reserves-overbooking scandal, Shell was controlled by two holding companies, Royal Dutch Petroleum Co. of The Hague and London-based Shell Transport & Trading Co.

Look Who's Left Standing (WP)

DOJ_NMG_0056001

By Carrie Johnson

The Washington Post, August 31, 2006

Four years after regulators launched a task force to stamp out business corruption, numerous chief executives are on their way to prison, two of the nation's biggest accounting firms are defunct or on probation, and investment banks have shelled out billions of dollars in settlements.

But lawyers serving fraud-ridden companies have emerged relatively unscathed.

Unlike the accounting profession, forced by the Sarbanes-Oxley Act in 2002 to submit to independent oversight, lawyers have generally ducked proposals that would have forced them to blow the whistle to outsiders.

On an individual level, law firms that dispensed bad advice or failed to act on red flags mostly have avoided prosecution, in contrast to their brethren in the accounting industry. Arthur Andersen LLP met its demise after a 2002 conviction, later overturned, of obstructing justice in the Enron Corp. case. Rival KPMG LLP operates under a form of probation for selling abusive tax shelters.

Nor have securities regulators pursued sweeping civil cases against groups of law firms, seeking to determine if they may have performed shoddy work or ignored fraud under their noses. Compare that with a group of leading investment banks, including Merrill Lynch & Co. and J.P. Morgan Chase, that handed over $1.4 billion in 2002 to settle accusations that their analysts produced overly optimistic research reports to help win business for the banks. Several banks later ponied up billions of dollars more to resolve shareholder accusations that they had helped companies disguise financial problems.

"There's every reason why lawyers acting as gatekeepers ought to be held responsible for failures to carry out clear legal mandates," said Harvey J. Goldschmid, a former member of the Securities and Exchange Commission who now teaches at Columbia University School of Law.

Lawyers, of course, enjoy broad privileges that prevent them from sharing client confidences. But courts have held that exceptions can be made in cases where fraud or other crimes have taken place. And the legal privilege would give little cover to attorneys if they broke the law by actively covering up accounting schemes, funneling money to themselves and their bosses or tampering with documents.

To hear many lawyers tell it, the regulatory environment has grown far more harsh in recent years. Indeed, the former general counsel of Computer Associates International Inc. pleaded guilty in 2004 to conspiracy and obstruction of justice in part for misleading investigators, and the former top lawyer at Rite Aid Corp. was convicted by a jury in 2003 for helping his boss backdate compensation documents. Onetime lawyers at General Re Corp. and Hollinger International Inc. are awaiting trial on charges that they failed to blow the whistle on problems that came to their attention.

"The trend line evident in the last 12 months is that both SEC regulatory sanctions and criminal prosecution of inside counsel are increasing sharply," John K. Villa, a defense lawyer at Washington's Williams & Connolly LLP, wrote in a recent trade journal article.

Yet compared with the treatment of accountants, investment bankers and corporate leaders, very few lawyers have been sanctioned, and they have been among the last to be called to account.

For example, Villa compiled statistics showing that the SEC's enforcement unit pursued civil charges against 34 lawyers between 2002 and mid-2006, and prosecutors filed criminal charges against 13 in-house lawyers during the same period.

In comparison, nearly three dozen executives, accountants and bankers have faced charges in connection with the Enron case alone since the Houston energy trader collapsed in December 2001.

To date, no high-ranking internal lawyers and none of Enron's outside legal advisers have faced either civil or criminal charges. The lawyers' actions drew the interest of a bankruptcy trustee, however. The trustee concluded in 2003 that Enron could bring a case against five attorneys who likely had violated their professional responsibilities and failed to sound alarms about improper business practices. One of the lawyers, Kristina Mordaunt, personally profited by nearly $1 million after investing in questionable deals arranged by Enron's finance chief.

Former general counsel James V. Derrick Jr., testifying for his former bosses Kenneth L. Lay and Jeffrey K. Skilling this year, told a jury he had done nothing wrong during his tenure at the company and said he was proud of his service. Derrick, who has been dismissed as a defendant from most of the shareholder lawsuits filed against Enron executives, also said he had been

questioned under oath by SEC lawyers earlier this year, a signal that regulators still may be reviewing the conduct of lawyers who worked at Enron and those who acted as outside advisers.

Separately, Vinson & Elkins LLP, a law firm that Derrick hired to vet many of Enron's deals, is facing a lawsuit alleging that it whitewashed the internal investigation into claims by former executive Sherron Watkins, who warned Lay that the company could "implode in a wave of accounting scandals."

Between 1997 and 2001, Vinson & Elkins earned $162 million in fees from Enron, according to trial testimony. Vinson lawyers privately expressed concerns about some of the Enron deals they reviewed, according to e-mail and voice mail messages cited in the shareholder lawsuit. Earlier this year, without admitting wrongdoing, Vinson agreed to pay Enron a total of $30 million to avert another lawsuit over its past work for the company.

Several lawyers employed by or doing work for these companies declined to comment through their own attorneys or other representatives, preferring to remain silent or let the public record speak for them.

Experts say there are significant obstacles to bringing charges against a lawyer or a law firm. First among them: Lawyers often are a layer or two removed from the decision-making roles in striking deals, dictating accounting policy or preparing corporate financial statements, said Michael J. Missal, a partner at Kirkpatrick & Lockhart Nicholson Graham LLP in Washington.

Moreover, at companies engaging in fraud, there may be a push to conceal information from lawyers so as to avoid detection. Lawyers also can defend themselves by saying that they relied on the word of top executives in collecting bonuses and other payments, as former Tyco International Ltd. general counsel Mark A. Belnick successfully argued to a New York jury that acquitted him of larceny two years ago.

The law itself poses complications. In order to protect communications between lawyers and their clients and to preserve the flow of information, attorneys enjoy broad protection from claims that they gave bad advice so long as they offered it honestly. That means prosecutors usually must seek cases with evidence of clear criminal intent: ones when lawyers personally profited, destroyed documents or misled auditors (as court papers say in the case of former Comverse Technology Inc. general counsel William F. Sorin, who was charged this month in a criminal complaint).

"People perceive the law as being certain and precise and mathematical, but it's really not," said Deborah J. Jeffrey, a defense lawyer at Zuckerman Spaeder LLP in Washington who also serves on a local disciplinary board for attorneys.

Moreover, federal authorities often defer to the states, which regulate attorney conduct, said Lawrence Byrne, a defense lawyer at White & Case LLP in New York. The local authorities, in turn, tend to focus on cases in which impoverished or elderly clients complain about poor service or inflated fees.

The only large law firm to face criminal charges in recent years, New York-based Milberg Weiss Bershad & Schulman LLP, is not under fire for its legal advice, but rather for a system in which it allegedly paid a small group of people to serve as plaintiffs. Milberg is fighting the charges, even as many of its lawyers have fled to other firms.

Canadian Court Freezes Assets Of Former Hollinger CEO Black (WSJ)

By Elena Cherney

The Wall Street Journal, August 31, 2006

TORONTO -- A Canadian court has frozen all the assets of former media tycoon Conrad Black and his socialite wife, Barbara Amiel Black, putting the couple on an allowance of about $20,000 a month, according to a person familiar with the matter.

Judge Colin Campbell of the Ontario Superior Court issued the freeze, known as a Mareva order, under seal last week in response to a request from Hollinger Inc., the Toronto company through which Mr. Black owns his controlling stake in Chicago Sun-Times publisher Sun-Times Media Group Inc., according to the person familiar with the matter. Sun-Times Media recently changed its name from Hollinger International Inc.

Mr. Black is to stand trial next year on charges he and other Hollinger executives looted the company of $84 million while Mr. Black was chairman and chief executive officer. He no longer exerts control over his Sun-Times Media shares.

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The court-ordered asset freeze could further crimp the Blacks' highflying style, which already has been curtailed by their legal troubles and Mr. Black's ouster 2½ years ago from the company he founded and built into a trans-Atlantic publisher. Since his indictment last year in federal court in Chicago, Mr. Black's bail conditions have allowed him to travel between his home in Toronto and his mansion in Palm Beach, Fla., and to attend court dates in Chicago.

The couple once owned four homes, including one in London, where Hollinger's ownership of the Daily and Sunday Telegraph newspapers afforded them an entree into London society and earned Mr. Black a lordship.

Still, the couple continue to enjoy luxuries that a $20,000-a-month budget won't cover. They pay mortgage and tax payments of $95,000 a month to live on 6½ acres in one of Toronto's toniest areas and spend $7,900 a month on gardening bills, according to financial documents discussed in U.S. District Court by Judge Amy St. Eve earlier this summer. Their living expenses, according to the judge's discussion of the financial documents, total more than $200,000 a month.

Mr. Black, whose bail is backed by his equity in the couple's Palm Beach estate, has faced continuing demands from U.S. prosecutors to surrender control of more of his assets. Earlier this summer, Judge St. Eve increased his bail bond to $21 million from $20 million after prosecutors questioned whether Mr. Black was tapping into hidden assets to keep up his lifestyle. Prosecutors are now seeking forfeiture of a $2.6 million, 26-carat diamond ring. They also are demanding antiques and jewelry purchased for more than $600,000.

The Canadian court's move to freeze the assets of Mrs. Black could make Mr. Black's financial squeeze more difficult. In court filings in Chicago related to his bail bond, Mr. Black's lawyers said he was relying at times on borrowing money from his wife. Mrs. Black is a newspaper and magazine columnist in Canada and the United Kingdom.

Mr. Black will have the right under Canadian law to challenge the court freeze on his assets.

News of the Ontario court order was published in the Chicago Sun-Times yesterday. Mr. Black and his lawyer couldn't be reached for comment. A spokesman for Hollinger Inc. couldn't be reached.

CRIMINAL LAW:

Ex-State Department Official Said To Be Source Of Plame Leak (LAT)

By Richard B. Schmitt And Tom Hamburger

The Los Angeles Times, August 31, 2006

WASHINGTON — A new book identifying a former high-ranking State Department official as the source who leaked the name of a CIA operative has apparently solved one of Washington's longest-running whodunits.

The disclosure about former Deputy Secretary of State Richard L. Armitage has also stirred up partisan passions, raising allegations about betrayal within the Bush administration and drawing new criticism of a special prosecutor's investigation that has been politically damaging to the White House.

The report that Armitage, not a White House source, identified Valerie Plame to syndicated columnist Robert Novak was seized upon by GOP loyalists who said it showed that the administration did not conspire to silence a war critic.

Defenders of Plame and her husband, former envoy Joseph C. Wilson IV, said the report did nothing of the sort and vowed to press ahead with a civil suit.

The disclosure about Armitage raised tantalizing questions as well. Among them: Why would Armitage, a close aide to former Secretary of State Colin L. Powell who was often at loggerheads with the administration over war policy, not go public with his involvement for more than three years while the White House and President Bush twisted in the wind of a damaging Justice Department investigation?

Some said the revelation could aide the cause of former vice presidential aide I. Lewis "Scooter" Libby, the only person Special Prosecutor Patrick J. Fitzgerald has charged in the case. Libby was indicted last year for allegedly lying to FBI agents and a grand jury about conversations he had with reporters about Plame.

Others said it could increase pressure on Bush to pardon Libby before leaving office. Libby's trial on perjury and obstruction charges is to begin in January.

A spokesman for Armitage said he had no comment.

White House spokeswoman Dana Perino declined to comment about the report. A lawyer for Libby, William Jeffress, also declined to comment.

The Wall Street Journal editorial page said Wednesday that the leak by Armitage and his subsequent reticence raised "a serious case of disloyalty" and called for the former official to "fess up." It said that Armitage and Powell had "let the president take political heat for the case" while leaving other officials under a cloud of suspicion.

Armitage, 61, a barrel-chested veteran of three tours of duty in Vietnam and a longtime Republican foreign policy warrior in the capital, operates an international consulting firm in the Washington suburbs.

A centrist Republican, Armitage was considered a leader among half a dozen foreign policy advisors known as the Vulcans, a group that, starting in 2000, guided George W. Bush in an area in which the then-presidential candidate had little experience.

During Bush's first term, Armitage was highly regarded by some in this close-knit group of advisors that included his boss in the State Department, Powell, and then-national security advisor Condoleezza Rice.

The identity of Novak's source has been one of the most enduring mysteries in Washington since the "Deep Throat" days of Watergate.

Novak first revealed that Plame worked for the CIA in a July 14, 2003, column.

Novak's article appeared eight days after a column by Wilson in the New York Times describing a trip he took to Niger for the CIA in February 2002 to assess a report that the African nation was selling nuclear materials to Iraq. Bush referenced the report in his 2003 State of the Union address.

Wilson asserted in his column that the report's claims were baseless.

Novak suggested Wilson's trip was the product of nepotism, citing his wife's connection to the CIA.

White House political advisor Karl Rove, whom Novak has named as a source, has acknowledged that he spoke with the columnist but that it was only after Novak had obtained information about Plame elsewhere.

Novak has remained mum about his primary source, although he described that person in an October 2003 column as "no partisan gunslinger."

Armitage's alleged role is described in a coming book, "Hubris: The Inside Story of Spin, Scandal and the Selling of the Iraq War" by Michael Isikoff and David Corn. Excerpts appear in the current issue of Newsweek.

By the authors' account, Armitage told Novak that Plame worked for the CIA at the end of a July 8, 2003, interview in his State Department office. He was said to later contact State Department officials about his role after reading Novak's October column, fearing, as he reportedly told one colleague, that "I may be the guy who caused this whole thing."

Armitage reportedly was told in February that he would not be charged in the case.

Some GOP lawyers and observers said the new information about Armitage's involvement cast the case and investigation in a new light.

Fitzgerald, who was appointed to spearhead the probe in December 2003, reportedly knew of Armitage's involvement from the first days of the investigation but continued to seek culprits. He has not charged anyone with the crime for which he was appointed to investigate: breaking a federal law that protects the identity of covert agents.

"One really has to question … the nature and extent of an investigation such as this if the sources were known and it was clear that these were basically the product of offhand remarks, not some studied effort to discredit somebody," said George Terwilliger, a former Justice Department official under President George H.W. Bush. "If, in fact, Armitage was the other source, it seems to me that it does completely debunk the idea that there was some White House cabal that was seeking to discredit Wilson."

But lawyers for Wilson and Plame disagreed.

The couple recently filed a suit in federal court in Washington against Rove, Libby and Cheney, alleging that they conspired to deprive them of their constitutional rights by leaking Plame's CIA connection.

"Whatever Armitage did is entirely separate," said Melanie Sloan, the lead attorney in the case. "Our case is about the deliberate and unlawful actions of top White House officials to retaliate against Joe Wilson by disclosing the classified identity" of his wife.

The disclosure of Armitage's alleged role could prove particularly helpful to Libby's defense team.

The substance of conversations Armitage reportedly had with Novak and others may be less important than the fact that Armitage supposedly did not initially recall being Novak's source.

Libby's defense partly rests on a claim that he was so busy with his "focus on urgent national security matters" that a jury might "appreciate how Mr. Libby may have forgotten or misremembered the snippets of conversation the government alleges were so memorable," his lawyers wrote in a March 17, 2006, court motion.

Plame's affiliation, the filing says, was a "peripheral issue."

Reports that Armitage did not initially recall discussing the matter might be used to support the "peripheral issue" defense and the notion that those distracted by urgent issues could easily forget such details.

A Guide For The Perplexed (NYT)

By David Brooks

The New York Times, August 31, 2006

Perhaps, dear reader, you are perplexed. Perhaps you remember the scandal surrounding the outing of the C.I.A. agent Valerie Plame, a crime so heinous that her husband was forced to endure repeated magazine photo-shoots. Perhaps you remember Karl Rove's face on the covers of magazines and newspapers, along with hundreds of stories and driveway stakeouts.

Perhaps you remember the left-wing bloggers foaming so uncontrollably at the thought of Rove's coming imprisonment that they looked like little Chia Pets of glee. Perhaps you remember a city of TV bookers periodically canceling their lunch plans because of rumors that the Rove indictment was imminent, thus leaving behind a dangerous oversupply of salad entrees.

Perhaps you remember how much this all mattered.

And yet now it has been revealed that the primary leaker was not Rove at all, but Richard Armitage, a former deputy secretary of state. And this news produces no outrage at all. Nothing. A piffle. Perhaps you are wondering how this could happen.

Well, dear reader, there are four things you must remember about your political class. First, there is a big difference between politically useful wrongdoing and politically useless wrongdoing, the core of which is that politically useless wrongdoing is not really wrongdoing at all.

Back in its glory days, the Plame affair was a way to expose the black heart of the Bush administration. It was used to support accusations by John Kerry, Barbara Boxer and other truth-seekers that the Bushies were so vicious they would use classified information to discredit anyone who dared to criticize them.

Senator Frank Lautenberg accused Rove of treason. Howard Dean and a cast of thousands called for his firing. But now it turns out that the leaker cannot be used to discredit the president, that he was a critic of the Iraq war. And with the political usefulness of the scandal dissolving, a sweet cloud of indifference has settled upon the metropolis.

Second, you must remember that a scandal is like a shipboard romance, and once it is gone, the magic can never return. Back at the height of the frenzy, big-time TV personalities were wondering if it was worse than Watergate (of sacred memory). They were spinning impenetrable data points into conspiracy theories of calculus-level complexity. Of anonymous sources and wild allegations there was no shortage. Alleged felons were lined up and rhetorically shot.

The capital rode for a time on the delirious rapids of speculation. Everybody was wrapped in the Christmas Eve anticipation that comes over those who suspect that somebody more powerful than themselves is about to be brought low. But once the crack-buzz of scandal wears off, once the details are forgotten, the excitement can never be brought back. New information, even vital information, just seems like pointless residue from an embarrassing binge.

Third, character matters. Richard Armitage, as is often made clear, is the very emblem of martial virtue. Unlike the pencil-necked chicken hawks that used to bedevil him, he had his character forged in the heat of battle, amid the whir of bullets. And what he apparently learned is that if you keep quiet while your comrades are being put through the ringer, then you will come out fine in the end. Armitage did keep quiet as the frenzy boiled, and he will come out fine.

Finally, you must always remember that it's better to be One of Us than One of Them. Washington attracts a community of smart public-service-oriented people. This permanent community has its own set of mores. It's important to be politically temperate. It's important, even though you supported the Iraq war in 2003, to act as if you opposed it all along. Above all one must

engage in the off-the-record gossip and background leaking that important people use to spin each other while pretending they are not spinning.

Members of the Washington community, like members of all decent communities, protect one another. Richard Armitage is a member of this community. Karl Rove is not. When a scandal hits One of Us, it is like Pepto-Bismol on an upset stomach. When a scandal hits One of Them, it's like a match on gasoline.

I hope, dear reader, I have explained some of the rituals of our political culture. And I hope you will not judge us harshly. We only destroy those who are unfashionable.

Jury Finds Sex Offender Guilty In Killing Of University Student (FINDLAW/AP)

By Dave Kolpack, Associated Press Writer

AP, August 31, 2006

(AP) - FARGO, North Dakota-A federal jury declared a convicted sex offender guilty Wednesday in the kidnapping and killing of a college student whose body was found abandoned in a ravine.

The verdict against Alfonso Rodriguez Jr. clears the way for the first death penalty deliberations in the state of North Dakota in more than a century.

Rodriguez stared straight ahead as the verdict was read.

Dru Sjodin, 22, a University of North Dakota student from Pequot Lakes, Minnesota, was abducted from the parking lot of a Grand Forks shopping mall on Nov. 22, 2003. Her body was found the following April in a ravine near Crookston, Minnesota. Rodriguez lived in Crookston at the time.

Prosecutors said Sjodin was stabbed, raped and left to die.

The jurors deliberated for less than four hours before returning the verdict. They are to reconvene next Tuesday to deliberate on Rodriguez's eligibility for the death penalty. North Dakota does not have the death penalty, but it is allowed in federal cases.

Sjodin's mother and father stared straight ahead as the verdict was read, but family members shared hugs later outside the courtroom.

Rodriguez' mother, Dolores, wiped her face with a tissue.

In closing arguments Tuesday, U.S. Attorney Drew Wrigley told jurors Sjodin fought for her life and left "unmistakable" evidence about the crime.

Rodriguez's attorney, Robert Hoy, said the government failed to prove its case. He said a medical examiner called to testify by prosecutors could not say for certain where Sjodin died, when she died, or the cause of her death.

But Wrigley told jurors that blood found in Rodriguez's car matched Sjodin's DNA. He said it was found in a mist pattern, indicating Sjodin fought her attacker and was beaten.

"Ladies and gentlemen, Dru Sjodin battled him every step of the way, and she left us unmistakable messages," Wrigley said.

A Plea Deal Signals Wave Of Graft Cases Around A.C. (NSL)

By John P. Martin, Star-ledger Staff

Newark Star-Ledger (NJ), August 31, 2006

The city council president of Atlantic City admitted yesterday accepting $36,000 in bribes from a contractor and signaled he has been secretly cooperating with a long-running FBI investigation into corruption in South Jersey.

Craig Callaway immediately resigned his office after pleading guilty to attempted extortion before Senior U.S. District Judge Joseph Rodriguez in Camden.

His surprise plea was the first of three that are expected to launch a wave of corruption charges against officials in and around Atlantic City. Sources including a defense attorney and an investigator briefed on aspects of the case say FBI stings in the past three years netted targets who then became secret cooperating witnesses.

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In the other cases disclosed yesterday, former Camden City Councilman Ali Sloan-El admitted taking $36,000 in kickbacks for his vote on development matters and an Atlantic City contractor, Terry Jacobs, acknowledged that he funneled bribes to Callaway, Sloan-El and other unnamed officials.

For Callaway, a brash 47-year-old Democrat from a politically active family, the conviction brought a screeching end to a public career that soared since his election four years ago.

After assuming the presidency of the nine-member council, Callaway built a political machine that had drawn comparisons to an old-time party boss in the casino resort town. Two of his siblings have since won office and a third is a behind-the-scenes political organizer in Atlantic City.

Last year, Callaway was a leading contender for Atlantic City mayor but abruptly abandoned the race weeks before the primary, citing unspecified medical reasons.

Neither he nor his attorney, Jeremy Frey, would say yesterday if he had been cooperating with the FBI.

But Frey told the judge that Callaway "has known about this (case) for years" and later told reporters he anticipates Callaway "will get substantially less" than the 30- to 37-month prison term recommended in the plea agreement, though he wouldn't say why.

Callaway, who earlier this month told The Star-Ledger he was unaware of any corruption probe, declined to answer questions after the hearing. Flanked by his wife and brother outside the courthouse, he read a page-long statement apologizing to his constituents and vowing to make amends.

"The process of atonement began long ago for me," he said without elaborating.

The prosecutors, Assistant U.S. Attorneys Thomas Eicher and Judith Germano, declined to say if Callaway had cooperated.

The investigation spanned nearly three years but the information disclosed in court yesterday showed it followed a typical path for corruption cases: someone got caught and led agents up the ladder.

Jacobs, 42, who lives in Pleasantville, ran an Atlantic City construction company, and let it be known he could buy influence for municipal contracts. In late 2003, an undercover FBI agent posing as a Wall Street financier approached Jacobs as a potential partner in development projects, according to statements read aloud in court.

In a recorded meeting that December, Callaway accepted $10,000 from the agent and said he would support Jacobs' hiring as the construction manager on a proposal to develop a 6.4-acre waterfront parcel in the city.

Six weeks later, Jacobs was arrested for possession of more than five kilograms of cocaine, he acknowledged in court yesterday.

Prosecutors would not discuss the drug bust, but said it wasn't related to their corruption case. It did, however, give them more leverage against Jacobs. Not long after, he began working for the FBI, according to documents prepared for the hearings.

Callaway admitted yesterday that he accepted six more cash payoffs from the contractor or the undercover agent, the last one coming in January 2005, or nine weeks before he abandoned the mayor's race.

The city's current mayor, Bob Levy, said in a statement that he was "saddened and disappointed" by the news. Levy's office had previously denied any knowledge of the probe, but yesterday declared that the mayor and the police "have been aware of this investigation and have been actively working with the FBI" since January.

The case against Sloan-El, a veteran Camden councilman, was identical. Under questioning by the judge, he admitted that he took six bribes between October 2003 and April 2005 from Jacobs and the undercover agent in return for his help in getting Jacobs hired on two construction projects in the city.

Sloan-El, 52, resigned in June after a decade on the city council, admitting at the time that he had been snared in an FBI sting. He pleaded guilty to a single count of attempted extortion, and faces as much as two years in prison under federal sentencing guidelines.

Outside the courthouse, he apologized to his family and constituents, and his attorney argued that the councilman wanted the money only so he could challenge what he said was the "machine" politics in Camden County.

"It does not diminish the criminality of his conduct, but he was not fully motivated by avarice," said the attorney, Rocco Cipparone Jr.

Each of the men was freed on unsecured bail, and the judge ordered them to return Dec. 12 for sentencing.

U.S. Attorney Christopher Christie said the pleas were "just more of the same of what we see all over New Jersey -- public officials selling their offices, lining their pockets and making a mockery of their service to the public."

Callaway And Two Others Plead Guilty (PAC)

By DEREK HARPER, PETE McALEER AND MADELAINE VITALE

Press of Atlantic City, August 31, 2006

CAMDEN -- Atlantic City Council President Craig Callaway pleaded guilty to accepting $36,000 in bribes between December 2003 and January 2005 in court Wednesday morning. Callaway admitted he took the bribes from an undercover FBI agent, posing as a Wall Street moneyman, in return for steering a contract for the development of the Garwood Mills site in the resort's Northeast Inlet. The site is named for a former department store which once sat on the empty waterfront site.

In a brief post-hearing statement in front of Camden's U.S. District Courthouse, Callaway said he was resigning from City Council, where he has held the top post since January 2003.

Callaway said, "I stand before you today with a heavy heart and take full responsibility for my mistakes." But he said he would still work to improve Atlantic City for its residents.

He and the others will be sentenced Dec. 12. Sentencing guidelines suggest a prison term between 30 to 37 months in federal prison, but Callaway's attorney Jeremy Frey said he believes Callaway will serve less.

Former Camden City Councilman Ali Sloan-El pleaded guilty to accepting $13,000 for agreeing to steer work to a contractor involved with the Camden waterfront. He faces between 24 and 30 months when sentenced.

Afterwards, the watery-eyed Sloan-El apologized to family, his community and the state. He said "I want to put this behind me so I can continue on my work with the community."

Southern New Jersey contractor Terry Jacobs also pleaded guilty to possessing and distributing between 5 and 10 kilograms of cocaine. It is believed that he worked with federal officials after his initial January 2003 arrest to build a case against the other defendants. He faces between 10 years and life in prison when sentenced.

He did not speak with reporters afterwards, walking soundlessly to his nearby car.

See Thursday editions of The Press for complete coverage, including details of all court proceedings, profiles of the major players and reactions from Atlantic City officials and residents.

Sloan El, A.C. Official Plead Guilty (PHI)

By Troy Graham And George Anastasia

The Philadelphia Inquirer, August 31, 2006

The latest political-corruption scandal swirling around South Jersey broke into the open yesterday as two iconoclastic public figures - Camden's Ali Sloan El and Atlantic City's Craig Callaway - pleaded guilty to attempted-extortion charges.

Each admitted accepting $36,000 in bribes from an Atlantic County contractor, Terry Jacobs, who became a government informant after a 2004 drug arrest in Gloucester County.

The pleas, in federal court in Camden, were believed to be part of a far-reaching, three-year investigation of Atlantic City officials and businessmen.

Jacobs, who pleaded guilty yesterday to cocaine conspiracy, admitted paying bribes to Callaway, Sloan El "and others."

Atlantic City Mayor Robert J. Levy said yesterday that his Police Department and Detectives Bureau had been assisting the FBI since January, when he took office. He said he could not comment further because the case was continuing.

"My key administrators and I are not involved in these allegations," Levy added. "Our city will assist in any capacity in the name of justice."

Callaway, the Atlantic City Council president since 2003, announced his resignation outside the courthouse, moments after entering his plea.

"I have a heavy heart laden with remorse, repentance and regrets," he said. "I take full responsibility for my mistakes."

Sloan El, who resigned from Camden's City Council in June, saying he had moved out of his district, told reporters in July that he had been caught taking a bribe in a hotel room at the Trump Taj Mahal Casino Resort in Atlantic City.

He said he had taken the money to pay expenses from a 2003 state Senate campaign and to fund his long political fight against what he called the "Camden County Democratic machine."

Sloan El emerged from the courthouse yesterday to apologize to his family and community.

"I pled guilty today because it's in the best interest of Camden," he said. "I want to put this behind me so I can continue my work for the community... after this is over."

Sloan El, 52, faces 24 to 30 months in prison. Callaway, 47, faces 30 to 37 months in prison. Both will be sentenced Dec. 12, and both could seek lesser sentences if they cooperated with authorities.

Sloan El previously acknowledged wearing a wire in investigations against Atlantic City figures. Callaway would not say yesterday whether he had cooperated, but his attorney, Jeremy Frey, said he expected Callaway's sentence to be lowered "under the circumstances of this case."

Jacobs faces a mandatory minimum of 10 years in prison.

His attorney, Christopher O'Malley, would not answer questions or identify Jacobs' contracting firm.

Assistant U.S. Attorney Thomas J. Eicher also said he could not identify the firm, but said Jacobs may have operated under more than one company name. Eicher said Jacobs' 2004 drug arrest was not part of any federal corruption probe.

In fact, Jacobs' first bribery payments to the politicians came before his arrest. He paid Sloan El $13,000 in October 2003, and Callaway $10,000 in December 2003.

Those payments were made through an FBI agent posing as a Wall Street financier trying to win contracts for Jacobs.

The bribes to Callaway were meant to secure construction work at a 6.4-acre waterfront site known as Garwood Mills, on Atlantic City's northeast inlet. The bribes to Sloan El were intended to help Jacobs get work on the Cooper's Ferry project and on parking-lot construction at Adventure Aquarium, both on Camden's waterfront.

"Unfortunately, this is just more of the same of what we see all over New Jersey," U.S. Attorney Christopher J. Christie said. "Public officials selling their offices, lining their pockets and making a mockery of their service to the public. This investigation is continuing."

Camden and Atlantic City have long histories of political corruption. Three of the last six Camden mayors have gone to prison, and, in the 1970s and '80s, three Atlantic City mayors were convicted of corruption in 12 years.

"It hurts the city for sure," said Frank Fulbrook, a Camden activist and longtime Sloan El ally. "The city's reputation has been bad for a long time for political corruption."

"It saddens my heart that something like this has happened to our city again," Levy said during a news conference, surrounded by portraits of past Atlantic City leaders. "I served in various capacities under nine different mayors, some of whom went to jail."

Sloan El and Callaway were regarded not only as politicians but as activists. Sloan El, a councilman since 1996, dubbed himself as "the people's champ," and often took unpopular positions against powerful enemies - such as his lawsuit to stop a $175 million state aid package to Camden because it required Council to give up much of its governing authority. He also briefly switched his party affiliation to Republican in 2003 to run against powerful State Sen. Wayne Bryant.

Before becoming a councilman in 2002, Callaway was a Third Ward activist noted for leading protests at public events, armed with a bullhorn to shout down opponents.

Callaway ran for mayor in 2005, but stepped aside, citing health reasons. Levy, a fellow Democrat, took his place and won.

Callaway pledged yesterday "to continue to help rebuild Atlantic City... but from another level."

Sloan El's attorney, Rocco Cipparone, said his client would consider his options after serving his sentence. He said Sloan El was relieved to finally get to court.

"It was a long time coming," Cipparone said. "He knew this was coming for 15 months now."

Sloan El's supporters said that his conviction saddened them, but that they believed his explanation that the money had been used for political battles, not his own enrichment.

Sloan El and Callaway submitted paperwork yesterday to qualify for court-appointed lawyers, and Sloan El often pointed out his poverty, evident by the unreliable $500 junker he drove.

"I'm really heartbroken, really sad for him personally," Fulbrook said. "My closest friend in politics has fallen."

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City Officials In New Jersey Plead Guilty To Corruption (NYT)

By Ronald Smothers

The New York Times, August 31, 2006

CAMDEN, N.J., Aug. 30 — The powerful president of Atlantic City's City Council and a former Camden councilman pleaded guilty on Wednesday to federal corruption and bribery charges.

The charges grew out of a sting operation in which the two men took thousands of dollars from a local contractor and an F.B.I. agent posing as an investor in his company. In return, the two officials agreed to get them public contracts.

Craig Callaway, 47, the president of Atlantic City's City Council since 2003 and part of a family that has long been involved in politics in the city, pleaded guilty to a single bribery count.

In a hearing before Judge Joseph H. Rodriguez of Federal District Court, he said that he had taken about $36,000 from the contractor over a two-year period. As part of his plea agreement, he said he had accepted the money with the understanding that he would help get the contractor work on one of the city's development projects in the northeast section of Atlantic City.

In a statement on the steps of the federal courthouse in Camden after his plea, Mr. Callaway said he was resigning from the City Council.

His was the first corruption conviction involving Atlantic City officials in 22 years, according to law enforcement officials. It comes as federal corruption investigations have resulted in the indictments of more than two dozen elected and appointed officials in Monmouth and Hudson Counties to the north. It also comes at a prosperous time for Atlantic City's gambling industry, which has been adding new casinos.

Also pleading guilty was Ali Sloan El, 52, a longtime veteran of Camden politics who resigned his City Council post last month as federal investigators were closing in. Under his plea agreement, he admitted to accepting about $36,000 in exchange for promises to steer work on city projects to the contractor. In the past decade, he had been a vocal critic of what he called cozy relationships between the Camden County Democratic organization and businesses receiving public contracts.

No political figures associated with the county Democratic machine, led by George E. Norcross III, have been charged in any federal corruption cases. However, the chairman of the Senate Budget Committee, State Senator Wayne Bryant, also from Camden County, has been the subject of subpoenas and search warrants in connection with an unrelated federal investigation of his real estate transactions.

The United States attorney for New Jersey, Christopher J. Christie, speaking of the guilty pleas by Mr. Callaway and Mr. Sloan El, said: "Unfortunately, this is just more of the same of what we see all over New Jersey, north and south. Public officials sell their offices, lining their pockets and making a mockery of their service to the public."

The contractor who figured in the case, Terry Jacobs, 43, pleaded guilty on Wednesday as well, but to unrelated charges of conspiring to distribute more than five kilograms of cocaine.

Thomas J. Eicher, an assistant United States attorney, would not give details of Mr. Jacobs's role in the corruption case. But a law enforcement official familiar with it confirmed that it was only after Mr. Jacobs's arrest by another law enforcement agency on the drug charges, nearly a month after he and the F.B.I. agent paid an initial bribe to Mr. Callaway, that the contractor became a knowing participant in the sting operation.

Under his plea agreement, Mr. Callaway could face up to three years in prison when he is sentenced on Dec. 12, if the judge accepts the recommendation of prosecutors. The prosecutors are expected to seek a sentence of up to 30 months for Mr. Sloan El. Mr. Jacobs faces seven to 10 years under his plea agreement. All three remain free on bond pending sentencing.

Mr. Callaway got his start in Atlantic City politics in the 1980's when he took to the streets to protest the barriers that black residents and black contractors like his family-owned company faced in getting work on much of the new casino construction. He and his family members built a grassroots organization, which many in the city said would continue to have political influence.

Mayor Robert W. Levy, who was elected in 2005 after Mr. Callaway dropped out of the race and threw his support behind him, said in a statement that he was "both saddened and disappointed by today's news."

In Camden, the reaction to Mr. Sloan El's guilty plea was disbelief among those who recalled his outspoken criticism of the county's Democratic organization and its relationship with businesses that contributed to the party.

Frank Fulbrook, president of the Camden Neighborhood Revitalization Corporation, a frequent ally of Mr. Sloan El in those fights, said it meant the loss of "a good politician and street organizer."

"But he used bad judgment and made a mistake," he said.

2 Politicians, Contractor Plead Guilty In Corruption Case (MH)

By Geoff Mulvihill

The Miami Herald, August 31, 2006

CAMDEN, N.J. - Two New Jersey politicians known for their populism and bare-knuckle styles in different gritty cities pleaded guilty Wednesday to attempted extortion in schemes to aid a contractor-turned FBI informant with development projects.

The pleas of Atlantic City City Council President Craig Callaway and former Camden City Councilman Ali Sloan El were not unexpected - though the link between them was mysterious until Wednesday.

The connection turned out to be Terry Jacobs, an Atlantic City contractor-turned-FBI informant with links to both men. He pleaded guilty Wednesday to conspiracy to distribute cocaine. In court, he admitted that he made payments to Callaway, Sloan El and others - a sign that there might be more prosecutions to come out of an investigation that began in 2003.

The money was supplied by the FBI through an agent who posed as a Wall Street financier trying to help Jacobs.

Callaway admitted he helped the contractor in his efforts to redevelop Garwood Mills, the site of a former department store; Sloan El said he was helping with a deal to build a parking lot for the Adventure Aquarium.

Though they pleaded guilty to the same charges and have similar political styles, the two politicians have said that they have met only to work on legislation to allow needle exchanges for intravenous drug users in their cities.

On Wednesday, Callaway resigned from the city council, apologized to his supporters and pledged to stay involved in Atlantic City after he completes his prison term, which is expected to last 30 to 36 months.

"I stand before you today with a heavy heart," he said.

Callaway, 47, rose from gadfly to one of the most powerful political forces in the city. He was elected to the city council in 2002 and became president of it the next year.

Last year, he abruptly backed out of the mayoral race and threw his support to Bob Levy, who won with Callaway's help, then broke with him.

In a release, Levy said no key members of his administration would be implicated in the case. "I can assure you that this matter will not affect the Levy administration's goals or our vision. This city is moving forward and we will not allow this issue to slow us down," he said.

In Atlantic City politics, Callaway was a polarizing figure for whom the political was also the personal.

After shootings in his ward, he was known to show up at crime scenes to offer support to victims and to show up at opponents' political events with a bullhorn.

Earlier this month, he was convicted in municipal court of throwing a brick at the van of a political opponent during the nasty 2005 mayoral race. He said the case was politically motivated and planned to appeal.

Ali Sloan El, 52, long ago broke with influential Camden County Democratic Party leaders who have a heavy hand in the impoverished city's political dealings. He used to call himself "the people's champ" and was often the loan dissenter on key city council votes. Though he is a lifelong Democrat, once ran for state Senate as a Republican in an attempt to jab the dominant party.

"I apologize to my family, community and supporters," he said Wednesday. "I want to put this aberrational mistake behind me."

Sloan El's lawyer, Rocco Cipparone Jr., said the councilman, who is often in financial straits, used some of the ill-gotten money for political purposes and some for personal expenses.

In a city that holds the titles as the poorest and most dangerous in the nation and where three of the last five mayors have been convicted of crimes committed while on office, Sloan El's accepting bribes was particularly disturbing, said Frank Fulbrook, a community activist and longtime ally of Sloan El.

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"Maybe his motive had some elements that were defensible," said Fulbrook. "But his actions to get the money was indefensible."

When he resigned earlier this summer, Sloan El said it was because he had moved out of the district he represents. But last month, he met with reporters and told them there was more to the story. He had taken bribes, he said, and would plead guilty in the case.

Sloan El faces 24 to 30 months in federal prison. Both he and Callaway are to be sentenced Sept. 12.

Key Figure Arrested In Monroe Twp. In 2004 (GLOUCOTMSNJ)

By Jim Six, Jimsix@sjnewsco.com

Gloucester County Times (NJ), August 31, 2006

Pleasantville contractor Terry Jacobs, from whom Camden Councilman Ali Sloan-El and Atlantic City Council President Craig Callaway admitted they took bribes in 2003, was arrested on drug charges in Monroe Township in January 2004.

A DEA/New Jersey State Police task force arrested three men at that time and charged them with possession and distribution of five kilograms of cocaine, valued at more than $100,000, authorities said.

Arrested with Jacobs, who is from Pleasantville, was Herman "Sonny" Winters, the husband of former Monroe Township councilwoman Loretta Winters, who runs the state Motor Vehicle Commission office in Washington Township.

A third man, from Philadelphia, was not identified.

According to a law-enforcement source, Jacobs introduced Sloan-El and Callaway to an FBI undercover agent in 2003 without knowing the man was an agent.

Jacobs, 42, a contractor in Atlantic City, Camden and elsewhere, admitted during his guilty plea that he paid bribes - independently and later as a cooperating witness for federal authorities - to public officials including Callaway and Sloan El in exchange for preferential treatment on city contracts.

Federal and state authorities were unable to provide information on the status of the charges against Winters on Wednesday.

DISD Workers Asked About Expenses (DMN)

By Kent Fischer, The Dallas Morning News

The Dallas Morning News, August 31, 2006

Interviews begin in law firm's investigation into credit card use

The law firm hired to investigate potential fraud and misuse of school district credit cards has begun interviewing employees about their expenditures.

Paul Coggins, a former U.S. attorney and principal with the firm Fish & Richardson, said his investigative team has collected and organized 400 file boxes of receipts and other documents relating to more than two years of credit card spending.

Also Online

DISD creates watchdog post

Mr. Coggins said some initial investigative interviews have taken place. He cautioned that the investigation is still in its earliest stages, though he said it is moving ahead quickly.

"It's a needle in the haystack type of investigation," Mr. Coggins said. "That's why you need a plan. It's fair to say that we're moving much quicker than we thought we would be in terms of putting the team together and determining who we need to interview."

Mr. Coggins said his investigative team will turn over instances of fraud to the FBI, which has subpoenaed the credit card spending records. Instances of policy violations or other inappropriate, but not illegal, purchases will be handed off to the district, he said.

It's those policy violations that will be trickiest to document and prove, he said.

"Who was overseeing the purchases? Who was supposed to be approving them? Those are some of the toughest questions we're looking at."

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Vendor Sentenced To 2 Years In Paterson Schools Bribery (NSL)

By John Mooney, Star-ledger Staff

Newark Star-Ledger (NJ), August 31, 2006

The ongoing Paterson school corruption scandal has reaped its first jail sentence, with a construction vendor yesterday sentenced to two years in federal prison for his involvement in a bribery scheme that reached up to the district's top facilities director.

U.S. District Judge Jose Linares in Newark yesterday sentenced Carl Babb, former principal in Olympic Window Installers Inc. of Paterson and Hawthorne, after Babb pleaded guilty in April to bribing Paterson officials in exchange for contracting work and overbilling.

In addition, Babb was ordered to repay Paterson for $750,000 in overpayments.

Linares also sentenced Louis Milone, the district's former director of maintenance, to five years' probation, including six months of home confinement, for his role in the scheme. Milone was among the officials who was paid by Babb, including with two cruise line vacations and free home improvements.

Next up in the nearly three-year probe is the sentencing of James Cummings, Paterson's former facilities director, who pleaded guilty in February to also accepting bribes from Babb and another contractor.

Cummings, the highest-ranking Paterson official yet to be implicated, is scheduled to be sentenced Sept. 19. In accordance with his plea, Cummings is likely to face up to five years of jail time, prosecutors said.

"Any time you have important resources diverted, it impacts on the educational opportunities afforded to children," Assistant U.S. Attorney Jeffrey Chiesa said. "A case of widespread fraud such as this had a wide impact on the district of Paterson."

Chiesa said the investigation in the state-run Paterson schools is "ongoing," but he declined to say whether higher ranking officials could be targeted.

The district's former state-appointed superintendent, Edwin Duroy, resigned under pressure in 2004 when questions were first raised about waste and mismanagement in the facilities office.

John Mooney covers education. He may be reached at jmooney@starledger.com,
or (973) 392-1548.

2 Guilty In Billing Scam Are Sentenced (BERGREC)

Bergen Record, August 25, 2006

A contractor and a Paterson school facilities employee were sentenced by a federal judge on Thursday for colluding to over-bill the city school district.

Carl Babb, 67, of Elmwood Park, was sentenced by U.S. District Judge Jose L. Lanares in Newark to two years in prison for paying school officials in exchange for contracts to his company. Babb also will pay $750,000 in restitution to the school district.

Between 1999 and 2002, Babb gave two school officials Caribbean cruises and home improvement jobs in exchange for contracts and inspection-free work for Olympic Windows Installers, his Hawthorne- and Paterson-based company. Babb, whose company's work was not regularly inspected, used this lack of oversight to over-charge the district by 10 percent and 15 percent.

Louis Malone, 47, of Pompton Lakes, helped steer contracts to Babb in his capacity as maintenance director for Paterson schools. Malone was sentenced to five years' probation with six months of home confinement, and will pay $13,000 in fines.

James Cummings, 57, of Sparta, the district's former director of facilities, will be sentenced in the case on Sept. 19.

American Gets 15 Years For Downloading Child Sex Images (AFP-Y)

AFP, August 31, 2006

A former US government employee was sentenced to 15 years in prison for possessing more than one million child sex images, including those of a young relative he abused, the US Department of Justice announced.

Robert Carey, 52, who had worked at the National Oceanographic and Atmospheric Administration (NOAA) since 1974, used government computers at his office and home in Bowie, Maryland (just outside Washington) to access child porn over the Internet, the Justice Department said in a release.

During a August 2005 federal law enforcement agents searched Carey's office and home and retrieved more than one million images of prepubescent girls and girls in their early teens in erotic or sexually graphic poses, the statement read.

The pictures were in photo albums and on DVDs, CD-ROMs and on the computers.

Carey admitted to downloading child pornography for approximately 10 years at work.

Among the pictures "were images of a family member taken when the minor female was between eight and 13 years old. Many of these images were sexually explicit, and included photographs taken at Carey's NOAA office. These images also included photographs of sexual acts between Carey and the minor."

Carey was indicted in December 2005, fled the country, and was featured on the popular television show "America's Most Wanted" in January 2006. He surrendered three days later to US officials in Rome and was arrested.

Carey, who pleaded guilty in May, must also pay more than 50,000 dollars in restitution to his young victim.

Captured Polygamist Leader Will Go To Utah For Prosecution (AP)

By Paul Foy, ASSOCIATED PRESS

AP, August 31, 2006

SALT LAKE CITY (AP) - Polygamist leader Warren Jeffs will be prosecuted first in Utah, then in Arizona, on charges that he arranged marriages between underage girls and older men, authorities said Wednesday.

Arizona authorities filed charges first, but Utah prosecutors worked out an agreement to try Jeffs first because they have a stronger case and more serious charges, Washington County Attorney Brock Belnap said.

The two counts of rape by accomplice in Utah accuse Jeffs of forcing a girl to marry an older man and submit to him sexually.

"We have the gravity of the charges here," Belnap said.

The victim says Jeffs performed the wedding over her repeated objections. After the girl continued to resist the man for a month Jeffs ordered her to "give your mind, body and soul to your husband like you're supposed to," according to a court affidavit obtained by The Associated Press.

"Go back and do what he tells you to do," the affidavit quotes Jeffs saying.

Jeffs, 50, is the leader of the Fundamentalist Church of Jesus Christ of Latter-day Saints, a group that broke away from the mainline Mormon church a century ago. He is said to have at least 40 wives and nearly 60 children.

He was captured late Monday after a traffic stop north of Las Vegas. He had been on the run for more than a year and on the FBI's Ten Most Wanted list since May.

Jeffs, who refused jailhouse interviews Wednesday, was scheduled to appear Thursday at an extradition hearing in Nevada.

Jeffs didn't have a lawyer Wednesday, according to prosecutors and court officials in Las Vegas, and one former church member predicted Jeffs would refuse to say anything in court on Thursday.

"He won't even recognize their authority," Andrew Chatwin said by telephone from the sect's community of Hildale, Utah. "Warren's done away with the Constitution in this part of the land."

Chatwin said he believed Jeffs was in Las Vegas to check on a church-owned machine shop, Western Precision Inc., that moved from Hildale earlier this year.

Jeffs won't be able to post bail in Utah, while Arizona had posted bail at $500,000 for the wealthy polygamous recluse - another factor in the decision to send him to Utah, Belnap said.

In Utah, 5th District Judge James L. Shumate signed an arrest warrant Wednesday for Jeffs and a prosecution motion denying him bail.

Belnap said the decision to send Jeffs to Utah first instead of Arizona came after a conference call among state and federal prosecutors in both states.

Belnap said Mohave County Attorney Matt Smith, who obtained Arizona's indictment against Jeff, "expressed that he was on board with the decision." Smith didn't return repeated calls Wednesday from The Associated Press.

"This is not a turf thing," Belnap said.

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Arizona's charges accuse Jeffs of sexual misconduct involving another arranged marriage.

Jeffs was captured by chance Monday by a Nevada Highway Patrol trooper who couldn't make out the temporary Colorado paper license tag on a 2007 Cadillac Escalade driven by his most loyal brother.

Jeffs was being held Wednesday at the Clark County jail in Las Vegas, police Officer Jose Montoya said.

"His brother was here and saw him for 30 minutes," Montoya said of a late Tuesday visit from Isaac Jeffs, who was released by authorities after the freeway traffic stop. "That was his only visitor."

Associated Press writer Ken Ritter in Las Vegas contributed to this story.

Utah Will Take First Crack At The Challenge Of Prosecuting Jeffs (SLT)

By Brooke Adams And Nate Carlisle, The Salt Lake Tribune

Salt Lake Tribune, August 31, 2006

LAS VEGAS - A cooperative victim, a tougher penalty and a shot at higher bail have given Utah authorities the first crack at prosecuting polygamous prophet Warren Steed Jeffs.

The state will request during a hearing Thursday in Las Vegas that Jeffs be extradited to Utah to face two counts of rape, a first- degree felony, for his alleged accomplice role in arranging an underage marriage within the last four years.

Jeffs, leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints, was arrested Monday night after a routine traffic stop by a Nevada Highway Patrol trooper just outside of Las Vegas on Interstate 15.

He is being held without bail at the Clark County Detention Center, where his brother Issac, who had been with him at his arrest, visited Jeffs late Tuesday. On Wednesday, the center said Jeffs was no longer being allowed visitors and had refused to grant interviews.

He is in a single cell, without a roommate, a spokeswoman said.

In Thursday's hearing, expected to last no more than 15 minutes, Jeffs has two options: waive his right to an extradition hearing or fight it. He can fight the extradition only by arguing that he is not the person charged in the case.

By late Wednesday, no counsel was listed for him and Nevada is not required to provide him with an attorney for an extradition hearing.

Who's on first? After Jeffs' capture, Utah and Arizona authorities began strategizing about his prosecution. In a conference call Wednesday, Utah took the lead, at least for now.

Washington County Attorney Brock Belnap said prosecutors agreed to seek extradition to Utah first because Jeffs is charged with first- degree felonies in Utah, which carry sentences of five years to life in prison. Those are much tougher than the four-month to two-year penalty possible under the Arizona charges.

The stiffer charges mean Jeffs could be required to post a larger bail in Utah, Belnap said, or a judge could decide not to grant bail.

Bail "was obviously a concern because of the amount of effort that went into locating him and finding him," Belnap said. "We don't want to lose him again." The $500,000 bail previously set for the Utah charges was revoked by a 5th District judge Wednesday. It is possible the Arizona charges could still go to trial first, depending on court calendars and other issues, he noted.

An Arizona case stalls: The decision to let Utah proceed first came a day after one case against Jeffs may have unraveled in a separate proceeding in a Mohave County courtroom.

In that case, a woman whom Jeffs allegedly assigned as a plural wife to Randolph Barlow when she was a minor refused to answer all but the most rudimentary questions, prompting the judge to find her in contempt of court.

"If she is not going to testify against Randy Barlow, it's even less likely she is going to testify against Warren Jeffs," said Mohave County Attorney Matt Smith.

The woman told a grand jury last May that she opposed the marriage in part because, at age 16, she was not ready to become a mother. In Arizona, it is a crime to engage in sexual conduct with anyone under age 18, and Jeffs was indicted on two sex crime charges for allegedly arranging the spiritual marriage.

Now 20, the woman had negotiated to have two

Advertisement

sexual assault charges against Barlow dropped before the trial. But as it began Tuesday, it was clear the woman had heard of Jeffs' arrest, Smith said. As she began answering questions, her mother, a faithful FLDS member, moved into her line of sight and the woman fell silent.

"If that [Jeffs' capture] hadn't happened I think it is way more likely she would have testified," a disappointed Smith said Wednesday.

"You need ... live witnesses." Barlow's trial has been continued until Sept. 26. If the woman continues to refuse to testify, he could be acquitted, Smith said.

Seven other men have been indicted on the same charges. Barlow was the second man to go to trial. The first, Kelly Fischer, has been convicted and sentenced to 45 days in jail.

In the Fischer and other cases, Smith has relied on birth certificates to prove the men fathered children with minors.

"That doesn't work for Warren," he admitted Wednesday. "You need some people who are actually live witnesses" to the marriages.

Smith said he has one other "somewhat willing" alleged victim - Ruth Stubbs, a former plural wife of ex-Hildale police officer Rodney Holm. She is prepared to testify about Jeffs' role in conducting her plural marriage in 1998, when Jeffs' father, Rulon T. Jeffs, was the FLDS prophet but had been disabled by a stroke.

"Ready and willing to testify." Finding a willing witness is not an obstacle in Utah, where Washington County authorities charged Jeffs in April for allegedly arranging the underage marriage.

"I'm confident she [the alleged victim] is going to be prepared and ready and willing to testify when that time comes," Belnap said.

In court documents filed in April, the girl, identified only as "Jane Doe," recounted being told by Jeffs to marry a much older man or risk jeopardizing her salvation.

The girl, who was a resident of Hildale and was between 14 and 18 at the time of plural marriage, told Jeffs she was too young to marry and didn't want to have sexual relations. He told her the assignment came from God and she had a duty to comply, according to court documents.

She and the man, identified only as "John Doe," went to Caliente, Nev., where Jeffs performed a marriage ceremony at a motel. Belnap said photographs document her account.

The trial in the Utah case would be held in 5th District Court in St. George, about 40 miles south of the polygamous sect's homebase of Hildale, Utah, and Colorado City, Ariz. About 6,000 Jeffs' followers live in the twin towns.

Jeffs Facing Extradition Hearing Today (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, August 31, 2006

Captured polygamist leader Warren Jeffs will appear before a judge in Las Vegas today to face extradition back to Utah on charges of arranging a child-bride marriage.

Jeffs will go before a judge in the Las Vegas Justice Court at 9:30 a.m. He has been held in the Clark County Jail in isolation, officials said. He has refused all jailhouse interview requests.

The Washington County Attorney's Office said Wednesday it would proceed first with its rape-as-an-accomplice case against Jeffs.

"We need to make arrangements to have him transported here safely," Washington County Deputy Attorney Jerry Jaeger told the Deseret Morning News. "Once we get him here we'll have our initial appearance, probably the next day."

Prosecutors filed a motion in St. George's 5th District Court asking a judge to deny bail to Jeffs pending his return to Utah. Currently, the bail set on the arrest warrant for Jeffs is $500,000. The judge signed the temporary order, but a bail hearing will need to be held before any denial of bail becomes permanent.

Federal prosecutors held off on filing formal charges of unlawful flight to avoid prosecution against the man once on the FBI's Ten Most Wanted list but also refused to drop their warrant. The U.S. Attorney's Office in Utah said it was an "option" they would keep should Jeffs be granted bail in St. George.

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"He should remain in custody, and to the extent that federal charges will help that, it's something we can certainly look at," U.S. attorney's spokeswoman Melodie Rydalch said.

The polygamist leader is accused of performing child-bride marriages, which led to a pair of criminal cases being filed in Utah and Arizona.

In Utah, he is charged with rape as an accomplice, a first-degree felony. In 2002, criminal charges state Jeffs forced a teenage girl into a polygamous marriage with an older man.

Washington County prosecutors said Wednesday they were taking steps to ensure the safety of their star witness. They declined to specify what is being done.

"We've taken steps to help protect her. We've tried to think ahead and finds ways to keep her protected," Jaeger told the Deseret Morning News. "We are concerned for her safety, and that's one thing that we're making a No. 1 priority."

In Arizona, Jeffs is charged with sexual conduct with a minor and conspiracy to commit sexual conduct with a minor.

"We are doing all we can, and the less media attention on the witnesses is the best protection," Mohave County Attorney Matt Smith said Wednesday.

FLDS in Nevada

It remains unclear why Warren Jeffs was in Nevada, but the FLDS Church has been quietly expanding across the border. Some of the major businesses with ties to the group have left the polygamous border towns of Hildale, Utah, and Colorado City, Ariz., and moved to places like Mesquite and Las Vegas.

FLDS faithful have also relocated.

"Maybe it's a good place for them to hide out," said a woman who lives near a group of polygamists in Henderson, Nev.

Declining to give her name, she said she noticed her new neighbors about six months ago.

"There's a lot of kids, and we've seen a couple of different wives, I would assume. I could tell they were polygamists just from the way they dressed — the long sleeves, the dresses with the girls, the hair in braids," she said.

A hay farm near Pioche, Nev., has been investigated for ties to the FLDS Church to determine if millions of dollars generated from that farm went to the church.

Investigations continue

Jeffs, 50, was arrested during a traffic stop on I-15 just outside Las Vegas Monday night. Nevada Highway Patrol trooper Eddie Dutchover stopped a red 2007 Cadillac Escalade after he was unable to read the temporary tags on the car.

Trooper Eddie Dutchover pulled over Jeffs. Jeffs was inside the car along with one of his wives, Naomi Jessop Jeffs, and a brother, Isaac. The brother and wife were questioned and released.

Washington County Attorney Brock Belnap said the two remain under investigation.

"We are still looking at all the possibilities that could come from the discovery of Warren Jeffs," he said Wednesday. "People shouldn't draw any conclusions regarding the fact that nothing's happened."

Police, federal agents and prosecutors in several states huddled on Wednesday to discuss where the investigation goes from here.

"Investigations are still pending as to Warren Jeffs and where he's been for the last two years," Belnap said.

Currently, the Utah Attorney General's Office has an organized crime investigation involving Jeffs and the FLDS Church. A federal grand jury in Phoenix is reportedly investigating the sect. Several FLDS members have been jailed for refusing to testify. The Arizona Attorney General's Office has been investigating the FLDS Church and a troubled school district in Colorado City. Mohave County prosecutors are going forward with the trials of eight polygamist men.

Hildale and Colorado City remain quiet. The court-appointed special fiduciary of the FLDS Church's United Effort Plan (UEP) Trust is expected to be in Hildale today to see for himself what is happening.

"It will be interesting to see how the church functions without him," Bruce Wisan said.

In 2005, a judge took control of the UEP Trust that controls homes, businesses and property in the towns amid allegations that Jeffs and other top FLDS leaders were siphoning funds from the people. The UEP Trust has an estimated $110 million in assets.

A legacy of ruined lives

One of the former leaders of the FLDS Church said Jeffs' legacy is ruined lives. Winston Blackmore, who was the bishop of the polygamous group's Canadian enclave in Bountiful, British Columbia, was ousted by Jeffs in 2002.

"All that I can think of when I think of Warren Jeffs is the hundreds of people's lives that he's ruined," Blackmore said in an e-mail to the Deseret Morning News. "Warren will be given a chance to be heard before a judge and have legal advice to argue his cause, a luxury that he never extended to the people that he ruined. Funny thing is that the man has contempt for the system that will grant him this privilege."

Who Will Be The Next Polygamist Prophet? (TIME)

By Peta Owens-liston

Time, August 31, 2006

Fugitive leader Warren Jeffs is arrested, but that doesn't necessarily mean the end of his sect

During his 14 months in hiding from the FBI, Warren Jeffs managed to continue controlling and directing his followers — members of the Fundamentalist Church of Jesus Christ of Latter Day Saints who number an estimated 10,000, most based in the border towns of Hildale, UT and Colorado City, AZ. Although wanted for unlawful flight to avoid prosecution charges of forcing underage marriages, he conducted even more underage unions, exiled men from their homes and families who were considered "unworthy," and ordered followers not to pay their taxes. Some fear that his arrest could now create a power vacuum within his sect and attract other Jeffs-minded leaders interested in doing it their own way. There is also the possibility of an exiled member returning to establish new leadership.

Carolyn Jessop, a former member of Jeffs' sect, points out that there are two high-powered, charismatic men who could possibly move back to Colorado City and take Jeffs place: one is her ex-husband, Merrell Jessop, who oversees the sect's compound in Texas; the other is Wendell Neilson, who likely oversees another compound. But she considers this unlikely. "I don't think Warren would give away any of his power — he's too controlling and hungry for it and these men would be threats to his leadership. Plus they would never go against Jeffs' wishes." Jessop predicts that Jeffs will rely on his full-brother, Lyle Jeffs, to act as his puppet and carry out his "revelations" from prison. "He has had it too good for too long to let this thing go — he would rather watch the whole church dissipate than let someone else take over power," says Jessop.

Rod Parker, an attorney who has represented the sect's members including Jeffs, believes that Jeffs will maintain his leadership status. "The whole premise of their beliefs is that Jeffs has been chosen by God to be their leader and the fact that he is in custody doesn't change that — he is still going to be viewed as their prophet." Although, logistically carrying out his role may mean relying on a hierarchy of power. "Being a fugitive never stopped him from running the church, so why would it now?" asks Parker.

Historically, when Mormon leaders have been jailed or hidden as has happened twice in the past, it has unified members and enhanced the stature of the leaders. The view is that a leader who remains firm and resolute in his beliefs despite serious consequences to himself is a leader to look up to.

But Jeff's trial could also provide positive change for many of his followers. "The authorities have been extremely secretive about what they have on [Jeffs]," says Jessop, "and when it goes to court, a lot of crimes and illegal activity are going to go public and make people realize that these fundamentalist communities need to be handled." (Jeffs' lawyer could not be reached for comment.)

The sect follows the original fundamental teachings of Joseph Smith, the founder of Mormonism, which include the practice of polygamy. The Salt Lake City-based Church of Jesus Christ of Latter-day Saints left polygamy behind in 1890 and now excommunicates members who practice it.

While on the run from the law for more than a year, Jeffs told his followers that authorities would never capture him, because God was protecting him. Members of the church believed him; after all, he was their prophet — the "speaker of God's will." But on Monday night, Jeffs' faith bumped into the law, when a Las Vegas trooper pulled over a burgundy Escalade on a routine traffic stop. Sitting in the back was Jeffs, who has been on the FBI's Most Wanted List since May with a $100,000 reward for any tips leading to his capture. One of his estimated 40 wives, Naomi Jeffs, and his brother Isaac Steed Jeffs were with him as

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well as a number of on-the-run travel essentials, including: several wigs, $67,500 in cash, 14 cell phones, a radar detector, two GPS systems, seven sets of keys, a photograph of Jeffs and his father, and a Bible and a Book of Mormon.

In Utah, Jeffs faces two felony counts of rape as an accomplice, for allegedly arranging the marriage of a teenage girl to an older man. In Arizona he faces multiple counts of sexual conduct with a minor and multiple counts of conspiracy to commit sexual conduct with a minor. Jeffs is being held in federal custody in a Las Vegas county jail pending a court hearing on a federal charge of unlawful flight to avoid prosecution. It is not yet clear whether Jeffs will face extradition to Arizona or Utah. "Everyone will get their turn with Jeffs," said Tim Fuhrman, Special Agent in charge of the FBI field Office. Charges against Jeffs in Utah are most likely to carry the longest sentence.

Like most Westerns, a shoot out or some form of violence was expected in Jeffs' capture. The FBI had warned that Jeffs typically travels with armed bodyguards and some of his followers had vowed to die or kill for him. Nobody wanted another Waco. Catching Jeffs on the road, where he would have little protection outside his bodyguards, was the most favored approach. Since he is the only one allowed to perform marriages and is responsible for assigning wives to husbands, traveling was likely. It is unknown where Jeffs spent his time while hiding out, but he has ties to Texas, Colorado, South Dakota, British Columbia and Quintana Roo, Mexico. "He never had to appear in public, he had people who did that for him," points out Utah Attorney General Mark Shurtleff.

The peaceful conclusion to Jeffs' capture has left Shurtleff hopeful. "This should send a message that nobody is above the law and hopefully it will encourage some [victims] to come forward." Shurleff anticipates changes in the group's community, especially in the twin cities of Hildale, UT and Colorado City, AZ, where the sect is based. "Their feelings about him, their fear of him, their loyalty to him — we're hoping will start to crumble."

"This is a very historical move on the FBI's part," says former polygamist Rowenna Erickson, who hails from the Kingston polygamy group, which is unrelated to Jeffs' and has its own lawsuits related to abuse. "There are a lot of groups that need to be addressed and this will ripple out and have a negative impact on those polygamy groups."

Born premature, Jeffs was favored by his father, former sect leader, Rulon Jeffs; with some 60 siblings, being singled out was a rare treat. "He was considered the golden boy and never had to work a day in his life," says investigator Sam Brower who has been working on polygamy civil cases for the past three years. Jeffs was known to be the primary gatekeeper for access to the prophet, his father, when he was alive but ailing in health. "I'm convinced he's also a sociopathic narcissist who is extremely cunning," says Brower. It is estimated, that Jeffs now has 80 wives, some 250 children and millions of dollars at his disposal.

"Money, sex, and power is what fundamentalist polygamy is about and that is what Warren Jeffs represents," says John Llewelln, who points out that Jeffs is the leader of the largest and most secretive of the fundamentalist polygamy groups. Llewelln has authored four books on polygamy and is a former polygamist himself; he also worked as Salt Lake County's deputy sheriff, specializing in sex crimes investigations. "From the fundamentalist Mormon polygamist point of view, Jeffs is the quintessential Mormon polygamist because he does not hold himself accountable to any government or societal rules — only his religion. His followers view him as having done nothing wrong except to live his religion and do what a prophet does."

To Keep Sect Leader Warren Jeffs In Jail, Prosecutors Plan To Push Utah Rape Charges First (CTV)

By Harriet Ryan

Court TV, August 31, 2006

KINGMAN, Ariz. — Warren Jeffs, the polygamist leader captured this week after four months on the FBI's Most Wanted list, will face charges of arranging the marriages of underage girls first in Utah and then in Arizona, federal and state officials agreed Wednesday morning.

The decision on venue is an effort by prosecutors to prevent Jeffs, set to make his first court appearance here Thursday morning, from posting bail and returning to the life of a fugitive, authorities said.

The charges awaiting Jeffs in Washington County, Utah, two counts of rape as an accomplice, carry significantly more prison time than the statutory rape and conspiracy charges he faces in Mohave County, Ariz.

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"We have more serious charges here in Washington County and flowing from that is an opportunity to have a higher bail amount and make it less likely he would get bail," said Brock Belnap, the county attorney in St. George.

The sentence for rape in Utah is five years to life. In Arizona, the statutory rape and conspiracy charges each carry a maximum of two years and a minimum of probation.

When he was arrested following a routine traffic stop Tuesday, Jeffs, 50, was carrying stacks of $100 bills and authorities said they believed he had easy access to large sums of money collected from followers.

"With his resources, no matter what the bond is, I think he could make it," said Matt Smith, Mohave County attorney, noting that Jeffs' current bail on the Arizona charges was $700,000. Under Arizona law, only defendants accused of very serious crimes such as murder could be held without bail.

A Utah judge fixed bail at $500,000 shortly after Jeffs' April indictment, but Belnap said he would be asking for a steep increase when Jeffs is brought to St. George.

The decision to bring Jeffs to Utah first does not mean necessarily that he will go to trial there first, Belnap and Smith said. Both prosecutors said the cases could move forward separately with Jeffs being moved back and forth between the jurisdictions for hearings.

Because of the concerns about bail, federal prosecutors in Arizona said they would not drop charges of unlawful flight to avoid prosecution as is often done after the capture of a fugitive from state charges.

Ann Harwood, a spokeswoman for the U.S. Attorney in Phoenix, said the charges would remain pending so federal authorities could hold Jeffs if a state court released him.

"He's obviously a flight risk and we want to have a mechanism in place to keep him in custody if by chance a judge sets the bond low enough for him to make bail," she said.

At the hearing Thursday morning, Judge James Bixler of the Las Vegas Township Justice Court will inform Jeffs of the charges in both states. It was unclear Wednesday whether Jeffs plans to waive or fight extradition. A spokesman for the court said no attorney had filed papers to represent Jeffs at the hearing. Fugitives in Nevada are not entitled to a public defender at extradition hearings.

Jeffs is the Prophet or spiritual leader of the Fundamentalist Church of Jesus Christ of the Latter-day Saints, a sect that broke away from the mainstream Mormon church in the 1890s when it abandoned polygamy.

Most of the church's estimated 10,000 members live in the twin border towns of Colorado City, Ariz., and Hildale, Utah.

The Utah rape charges concern a teenaged girl whom Jeffs allegedly compelled to marry an older man. According to an affidavit filed by an investigator, the man forced the girl to have sex and when she complained to Jeffs, he prohibited her from leaving the marriage, saying, "if you do you'll lose your salvation."

The Arizona charges concern two other women allegedly married by Jeffs as minors to older men. One of those cases, however, seems to be in jeopardy after the alleged victim refused to testify Tuesday at the statutory rape trial of the man she married as a 16-year-old. A judge found Candi Shapley, 20, in contempt and ordered her held in a domestic violence shelter until she agrees to testify.

Shapley's account is the basis for two of the four counts against Warren Jeffs. Smith, the prosecutor, acknowledged that if she continues refusing to testify, part of his case is threatened.

"It effects it greatly," he said, adding, however, that the counts based on the other woman's statements are still viable.

Golfin' Gotti & Mob Links (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 31, 2006

Just call him the Duffer Don.

John A. (Junior) Gotti has denied ordering the baseball bat attack on Curtis Sliwa, but there's no denying the mob scion has swung some clubs - for charity.

Looking like just another high-flying CEO, a photograph of Junior hitting the links for Harlem's Hale House was unveiled at his racketeering trial yesterday.

And it wasn't that prosecutors were trying to show Gotti's charitable side.

The picture, taken sometime in the mid-1990s, shows a beaming Junior, then boss of the Gambino crime family, with two mob pals and Dave Meggett, the ex-New York Giant football star whose career was undone by his run-ins with the law.

This was years before the storied Harlem charity, a refuge for abandoned babies, was rocked by scandal after a Daily News probe revealed executive director Lorraine Hale and her husband stole and misused millions of dollars in donations.

Hale House was a favorite charity of Junior Gotti and his father, the Dapper Don John Gotti.

One of the Mafia pals in the picture was mob informer Michael (Mikey Scars) DiLeonardo, who was on the witness stand yesterday at Gotti's racketeering trial in Manhattan Federal Court.

DiLeonardo told the jury that the other mobster was Tommy Cherubino, a man whom DiLeonardo identified as a Gambino crime family associate.

DiLeonardo testified that Cherubino - at Gotti's behest - accepted a handoff of machine guns belonging to Junior in 1997, and stashed them for five years.

While Gotti was still in prison on an unrelated racketeering charge - a period during which the mob scion says he quit the Mafia - he asked for the guns back, DiLeonardo said.

Cherubino retrieved the guns and gave them to Gotti pal John (Johnny Boy) Ruggiero in 2002, DiLeonardo said.

Cherubino has not been accused of any crime related to Gotti.

Meggett, the elusive punt returner who also played for the Jets, also has no connection to the racketeering charges Gotti is fighting.

Meggett spent nine years in the NFL and was released by the New England Patriots in 1998 after being accused in the sexual assault of a prostitute in a Toronto hotel room. While with the Giants, Meggett was also charged with lewdness after allegedly soliciting sex from an undercover Baltimore cop.

A lifelong Giants fan, DiLeonardo has already testified at Gotti's first two trials, which ended in hung juries.

He decided to turn against the man he once considered "a brother" after Gotti summoned his son to an upstate prison in 2003 in an effort to get him to talk his father out of testifying.

DiLeonardo also testified yesterday that Junior Gotti's brother, Peter, acted as his bagman while Junior was in prison.

He said Peter came to him in early 2000 with word that his brother was low on cash and needed some of the $185,000 in loansharking money that DiLeonardo collected from clients of Salvatore (Sammy Bull) Gravano.

"He said he needed some money and I was holding some of the Gravano shylocking money at the time," DiLeonardo testified.

DiLeonardo said he gave Peter Gotti roughly $50,000 to give to his brother.

JUNIOR HIT WAS A MISS - MAFIA ROGUE (NYPOST)

By Kati Cornell

The New York Post, August 31, 2006

Star turncoat Michael "Mikey Scars" DiLeonardo yesterday detailed how John "Junior" Gotti once orchestrated a botched hit on a trio of gangsters who skimmed cash - the same men the mob scion reportedly fingered in a secret meeting with the feds last year.

DiLeonardo testified that Gotti became enraged at Gambino soldier John "Johnny G" Gammarano, his capo Daniel Marino and mob associate Joseph Watts because they pocketed extra cash from a construction-industry extortion in the early 1990s.

"He said he was going to set up an appointment . . . to talk about this," DiLeonardo said under questioning by Assistant U.S. Attorney Victor Hou. "If these guys gave the wrong answer when we asked them about this, we were going to kill [them]."

DiLeonardo said he stocked a Bensonhurst apartment with body bags and instructed a pair of gunmen to hide in a bedroom - but Gotti was forced to scrap the plot when the trio arrived in a chauffeur-driven limousine with a fourth man in tow.

"We knew at that point we're not killing anyone that night, because there's too many people. A civilian was there. They've got a limousine driver," said DiLeonardo.

During the meeting, Watts claimed Gotti's father, Gambino boss John "Dapper Don" Gotti, "had given him carte blanche when it came to construction . . . that he had permission to do this," the turncoat testified.

"We took Joe Watts' word for it, and Junior was happy with it at that point," said DiLeonardo, who estimated that the Gambinos raked in "tens of millions" of dollars from the construction industry during the elder Gotti's reign.

DiLeonardo said Watts was "startled" when two gunmen later sauntered out of the bedroom.

"He knew what could have happened at that point," he said and recalled Gotti quipping, "Joe, you knew better. You bring a limousine driver . . . we would have had to get more body bags."

Gotti later sought a different type of revenge against the trio in January 2005, when he secretly met with the feds in a failed bid to get out from under racketeering charges, breaking the Mafia oath of "omerta."

During the proffer session, Gotti detailed crimes that Marino, Gammarano and Watts committed prior to 1999, according to a recent online column in Gang Land News.

Gotti is on trial for a third time in Manhattan federal court after two previous juries failed to reach a verdict on racketeering charges - most notably the sensational kidnapping of radio host Curtis Sliwa.

The feds added new charges to the case in May, including a witness-tampering scheme in which Gotti allegedly tried to intimidate DiLeonardo by meeting with the turncoat's teenaged son in 2003.

DiLeonardo testified that soon after word of his defection hit the street, Gotti had an underling bring Michael DiLeonardo Jr. to Ray Brook federal prison - the facility where Gotti was then housed - in order to send a veiled threat.

DiLeonardo said, "John had spoken very highly to Michael about me on that visit," and promised they would all go to a California vineyard together.

"He said he'd stick by me. If I didn't cooperate, he would pay for my lawyer and mortgage his house. He said he would forgive me . . . which I thought was not reality," DiLeonardo testified.

"I got so furious I tried to put my fist in my mouth . . . I thought it was a major breach on his part. You manipulate my son," DiLeonardo said. "I know John wouldn't hurt my son, but still, he's letting me know he had access to my son."

kati.cornell@nypost.com

Violent Crime On The Rise, Summit Participants Say (USAT)

By Richard Willing

USA Today, August 31, 2006

WASHINGTON — Violent crime continued to increase in the first six months of this year, highlighted by a growing trend of teenagers shooting robbery victims even if they surrender their valuables.

That was the message from Wednesday's National Violent Crime Summit, at which 170 police chiefs, mayors and other government officials compared local crime statistics that they have not yet shared with the FBI.

The conclusion: Preliminary data released by the FBI in June — which showed violent crime rising slightly in 2005 after five years of decline — were no fluke.

“Crime is coming back, and it has a new and troubling element,” said Los Angeles Police Chief William Bratton. That is “a youthful population that is largely disassociated from the mainstream of America.”

The Police Executive Research Forum (PERF), an organization of law enforcement officials from large cities and counties, sponsored the summit. The group was unable to provide crime statistics from all major cities, but it offered more than two dozen examples of cities where violent crime has spiked this year.

Philadelphia saw a 14% increase in robberies compared with the first six months of 2005, PERF reported. In the same period, Atlanta had 26% more assaults.

Summit participants said the crimes they are seeing contain new elements:

•Robbers, especially juveniles, are more likely than ever to shoot victims, even when they do not resist. “There's almost a different code on the street, that it's not a robbery unless you shoot somebody,” said Thomas Streicher, police chief in Cincinnati.

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•Among youth gangs, shootings are more often tied to “disrespect” or perceived slights than drugs or territory. In Trenton, N.J., seven people were shot in a 24-hour period after an argument by girlfriends of rival gang members, public safety director Joseph Santiago said.

•Robberies and shootings increasingly involve members of the same racial or ethnic minority. In Boston, a study by the police department and Harvard University's Kennedy School of Government found that 33% of the city's gun crimes were committed in 10 locations, mostly public housing projects where minorities live.

Police Chiefs Cite Youths In Crime Rise, Call For More Federal Funds (WP)

By Allison Klein

The Washington Post, August 31, 2006

Cincinnati had a 30-year high in homicides last year. Philadelphia recorded the city's most killings in 10 years. And Orlando logged its most slayings ever.

Violent crime is rising in many communities across the country, including the Washington area, and police chiefs and mayors from about 50 cities and counties gathered in the District yesterday to discuss, and vent about, the trend.

"We are here to say, America, we have a problem," Los Angeles Police Chief William Bratton told the group. "We need to refocus on this gathering storm of crime."

Crime is at a "tipping point" in America, said Chuck Wexler, executive director of the Police Executive Research Forum, which organized the National Violent Crime Summit.

"We are turning the country over to our young people, and they are killing each other," said Dean Esserman, police chief of Providence, R.I., where robberies have increased. "Violence has become gratuitous. Where is the moral outrage?"

One after another, participants recited grim statistics.

In Washington, Police Chief Charles H. Ramsey declared a crime emergency last month after the city had 11 homicides in 13 days, on top of a 15 percent increase in robberies.

Suburban Washington has been struggling with some of the same trends. Robbery hit an all-time high in Montgomery County last year and is up 10 percent this year. Crime has dipped this year in Prince George's County, but last year the county logged a record number of homicides.

In Alexandria, robberies are up 24 percent, and in Fairfax County they jumped by 25 percent.

Across the country, crime has slowed significantly since the crack cocaine wars of the 1990s, which brought an explosion of slayings and violence. But in the past 18 months, officials say, they have seen gunplay, robberies and other violence returning to the streets.

Last year, about 16,000 people were slain across the nation.

The killings are fueled by everything from methamphetamines in Las Vegas to gangs in Sacramento, Calif., officials said.

Houston officials attribute their recent spike in homicides in part to a handful of destructive people who moved there after Hurricane Katrina, saying they were involved in 60 slayings.

Anthony Braga, criminologist at the John F. Kennedy School of Government at Harvard University, said criminals' "rules of engagement" changed in the 1990s, when teenagers were increasingly shooting each other over petty disputes and perceived slights.

"The youth are clearly driving this," he said. "The age of these kids is going down as the years pass."

The police chiefs talked about a culture that threatens, and sometimes kills, people who cooperate with police. Robert Dunford, a superintendent in Boston, said police are solving fewer crimes and continuing to lose the confidence of the community. Boston solved about 70 percent of its homicides in years past but solved about 29 percent last year, he said.

The chiefs also complained about shrinking police forces and said dwindling federal funds have contributed to the problem.

Some chiefs said law enforcement is suffering as federal funds are diverted to homeland security and the war in Iraq.

Edward A. Flynn, police chief of Springfield, Mass., and former Arlington County chief, said the country has created a "zero sum game, where we have a choice between funding homeland security and criminal justice."

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Detroit Mayor Kwame M. Kilpatrick said the scope of the cities represented at the summit was telling.

"When you start seeing cities like Fort Wayne in this room, the problem is bigger than the rhetoric," Kilpatrick said. "Everything is exploding again. We need effective, efficient emergency federal response."

Deputy Attorney General Paul J. McNulty assured the chiefs that he wanted to work with them.

"I see competing demands on resources," McNulty said. "It is expensive to fund our soldiers overseas, and we have to be successful here at home also."

The program also included a session on tactics to combat crime. Neither Ramsey nor D.C. Mayor Anthony A. Williams (D) attended the forum. Nola Joyce, chief administrative officer for the D.C. police, talked about the crime emergency, the city's 10 p.m. curfew for juveniles, police overtime and surveillance cameras in neighborhoods.

Since the crime emergency went into effect July 11, crime has dipped, she said.

Legality Of Online Gambling Debated In Case (LAW)

By Emma Schwartz, Legal Times

Legal Times, August 31, 2006

Federal investigators have been chasing Billy Scott and his online-gambling empire for nearly a decade. But the Toledo-born betting czar has evaded law enforcement every step of the way.

A short, balding man with a deep and raspy voice, William Scott, 65, has dodged two sets of criminal charges for online gambling, safely ensconced on the Caribbean island of Antigua. He renounced his U.S. citizenship two years ago, and because the United States has no extradition treaty with the tiny island nation, prosecutors have little chance of nabbing Scott as long as he stays off American soil. The company he founded, Worldwide Tele-sports, is still running smoothly despite the Department of Justice's claims earlier this year that by indicting Scott, it had "dismantled" the $2.5 billion offshore gambling operation.

So the feds have targeted Scott on another front — his money. Using the USA Patriot Act, federal officials seized nearly $7 million from a company called Soulbury Ltd., which they believe Scott used to transfer gambling proceeds through a U.S.-affiliated bank to an account in Guernsey, an island off the northern coast of France.

But even the money grab hasn't been as simple as Justice Department officials might have hoped. For one, the government isn't even sure who represents Scott. And though Scott has never made a claim on the funds, which were seized in 2003, a team of lawyers from McDermott, Will & Emery claiming to represent Soulbury have. In court papers filed in the U.S. District Court for the District of Columbia in May, they attacked the government's civil forfeiture case with a provocative and bold claim: that online gambling isn't against the law.

The argument is risky, not just for Soulbury but for the government, as well. Judge Royce Lamberth is expected to rule on the motion in the coming months, and his decision is likely to weigh heavily on the government's efforts to curtail Internet gambling.

Michael Sommer, one of the McDermott partners representing Soulbury, a company registered in the British Virgin Islands, says his team is "cautiously optimistic that the arguments we've made are correct." Scott could not be reached for comment. A Justice Department spokesperson declined to comment.

The case, or cases, aimed at Scott illustrates the challenges the government faces in its attempts to curb Internet gambling, which has expanded since the United States began cracking down on online casinos in the late 1990s. The Internet has always been an elusive arena for prosecutors and is particularly so with gambling businesses, which can remain squarely out of reach from U.S. authorities by relocating offshore.

"It's like trying to empty the ocean with a teaspoon," says Joseph Kelly, a law professor at SUNY Buffalo who has represented the government of Antigua and who has met Scott. "It's [government prosecutions] going to have no impact [on the gambling industry]."

The government has had some success, most notably in 2002 when it won the conviction of Jay Cohen, former president of the offshore World Sports Exchange, for illegally running an online-gambling business. After that victory, the Justice Department took a more aggressive tact and even warned media outlets to stop accepting advertisements from online-gambling companies.

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But the United States has found little support from other close allies such as England and Australia, which have responded to the industry's expansion with fresh regulations, rather than an outright ban. More recently, the government of Antigua filed a complaint against the United States with the World Trade Organization, arguing that the prosecution of Cohen violated trade rules.

Antigua hasn't been pleased with the case against Scott, either. As Antigua's ambassador to the WTO, John Ashe, told the local press: "It is more than just a little ironic that the US DOJ has chosen to single out for prosecution a well-known gaming service provider from Antigua, a jurisdiction that has been leading global efforts to license, regulate, supervise and oversee a robust yet clean and safe gaming industry over the Internet."

From Toledo to Antigua

Before Las Vegas became a bettor's paradise, gamblers across the Midwest traipsed to cities like Toledo for weekend jaunts at the casino. Small but bustling, Toledo was a hub of this underground industry until the end of World War II, when prosperous Americans boosted the struggling Vegas industry. The Scott family was one of the more well-known proprietors of Toledo's infamous trade, and both Scott's father and uncle had run-ins with the law for their involvement in gambling enterprises.

"Billy Paul," as the younger Scott was known around town, came into the business through his family. He also owned an upscale restaurant where he would dote on favored customers. "He always treated me very well at his restaurant," recalls Toledo attorney Harland Britz, who represented Scott in some of his criminal cases. "I'm sure he had another side, but I never saw it."

Those who know him say Scott is a gregarious man, someone with street savvy, who seems to relish in his swashbuckling persona more than most. "He's one of these old-school gambling types," says Mark Mendel, an attorney representing Antigua in the WTO case.

That image, however, won Scott little admiration inside government quarters, and he quickly fell into a cat-and-mouse game with law enforcement. In 1966 the feds charged him with violating the wagering tax law and took his 1967 Pontiac Bonneville. (That conviction was later overturned, and a federal court in Ohio ordered the government to return the vehicle and pay Scott for the cost of depreciation.)

Scott didn't flinch and was soon back in the business, running a betting operation out of his home. In 1970, Toledo officials caught him tallying bets. But unbeknownst to Scott, a bigger sting was on the way. The U.S. Attorney's Office began wiretapping Scott, and in 1972 charged him and 17 others with one count of illegal sports gambling. A jury convicted 14 members of the crew, but in 1973 the U.S. Court of Appeals for the 6th Circuit overturned the conviction because the wiretaps used to collect evidence for the trial had been improperly obtained.

But Scott remained on law enforcement's radar. State prosecutors also arrested him for gambling violations in 1972. Two years later, he was charged with attempted misuse of a credit card. He faced charges for casino operations again in 1976. Then, in 1978, he was convicted of using his residence to conduct meetings for his gambling operation and was put on probation. Three years later, state prosecutors caught him working in the trade once again, but this time they also charged him with possession of cocaine. He pleaded guilty in 1982 and began serving time behind bars.

The next year, federal investigators charged Scott with six counts of collecting credit through extortionist means and other violations. He was transferred to federal custody, at which time he pleaded guilty to three counts and was sentenced to eight years in prison. For all his aversion to the law, Scott was a help to federal prosecutors in at least one case. During an interview by a DOJ Strike Force Team, Scott told investigators about a $40,000 loan he gave to a local attorney, Arthur James, who needed the money to cover what he had stolen from a trust account for his clients.

While behind bars, Scott planned his future, inquiring about the extradition treaties of foreign governments, including Ecuador and Peru, the Canadian television news program "The Fifth Estate" reported in October 2001.

Scott chose Antigua, a tiny Caribbean island with fewer than 70,000 residents. Best known for its beaches, the former British colony began to embrace gambling in the 1990s as a source of economic development.

Scott opened one of the island's first online-gambling companies, Worldwide Tele-sports, in 1996. In just eight years it became a more than $1 billion operation with 145 employees, according to an e-mail one of Scott's associates supplied to a bank in 2002. "We brought gambling to the island," Scott told the Canadian broadcasting show.

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Back in the United States, however, law enforcement was beginning to catch up with Scott once again. In 1998 the U.S. Attorney's Office for the Southern District of New York charged him and business partner Jessica Davis with illegal gambling as part of an investigation that ensnared almost two dozen individuals.

But Scott remained virtually untouchable in Antigua. And in January 2003 he cashed in on his gambling operation, selling it for $56 million to the publicly traded Australian company Betcorp.

Following the money

The DOJ was still watching Scott. And in December 2003 it moved to seize $6.9 million being held in the name of Soulbury with the Royal Bank of Scotland.

In its 2003 filing the Justice Department alleged that Scott had made eight transfers to the Soulbury account from various shell companies using proceeds from Worldwide Tele-sports. During approximately the same period, the government said, Worldwide accepted at least $1.6 billion in sports bets, largely from the United States.

Under more expansive seizure rules put in place through the USA Patriot Act, the Justice Department argues that because of the bank's relationship with the U.S.-based Harris Bank International in New York, the funds fall under U.S. jurisdiction.

In March 2004 three McDermott, Will partners — Sommer, Charles Work, and Michael Nadel — filed a claim for the funds on behalf of Soulbury and requested the government return the money. The DOJ responded by having the civil forfeiture case stayed, claiming it was part of an ongoing criminal probe.

Scott renounced his U.S. citizenship in 2004 in favor of a passport from Antigua. A federal grand jury in Washington indicted Scott and his partner Davis on 12 counts of money laundering and illegal gambling in April 2005, but the criminal case remained sealed for nearly a year so that federal officials could check into a tip that Davis planned to visit her North Dakota home.

Then, in May 2006, the government unsealed the indictment and asked the court to rule in its favor on the civil forfeiture case.

The McDermott lawyers claim in court filings that the government cannot prove that Scott runs Soulbury, but bank records the government submitted show that Scott opened the bank account in 2002. The defense also argues that because Scott had transferred $10,000 from the Soulbury account to an investment company affiliated with the bank in March 2002, the funds were beyond U.S. reach.

But the McDermott attorneys' most prominent argument relies on a November 2002 opinion from the U.S. Court of Appeals for the 5th Circuit, which states that all Internet gambling is not against the law. The decision upheld a lower court ruling that credit-card companies could not be held responsible for online gamblers' debts. The case distinguished between two kinds of Internet gambling. There is the illegal kind, such as sports betting, which the statute explicitly bans. And then there is the legal kind, which includes all other forms of casino games.

Although Worldwide Tele-sports offers sports betting, the defense claims the funds came largely from casino gambling.

"Soulbury has denied that the operation of Internet casinos is illegal," McDermott attorneys wrote in a court filing. "The Government, however, continues to turn a deaf ear to the courts, insisting that such conduct is unlawful."

The appeals court decision is also the key reason government officials have pushed recent legislation in Congress that would ban all online gambling. The House passed a bill earlier this year, but the Senate is unlikely to move forward on its half of the legislation anytime soon.

Scott is not likely to return to the United States, and he continues to frustrate U.S. officials.

In order to prevail in the civil forfeiture case, the government must show that Scott is aware of the criminal charges against him.

A month before the Justice Department unsealed its indictment, a DOJ lawyer sent Sommer, Soulbury's attorney, an e-mail asking whom the government should go to if there is a "need to contact Mr. Scott." Sommer replied the next day, saying that "at this point it would make the most sense for any contacts you wish to have to go through us."

After all, Sommer had received the Soulbury work through Scott's longtime Toledo-based attorney, John Czarnecki, with whom he tried a case in Ohio in the late 1990s, Czarnecki says.

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But when the government unsealed the indictment on May 17, DOJ lawyers again attempted to confirm Scott's attorney. At that time, Sommer told the government he did not represent Scott and added that he wouldn't tell the government who Scott's lawyer was "unless he was under a legal obligation" to do so, according to a DOJ brief.

So far, Sommer has kept to his word.

US Inmate Executed With A New Lethal Injection Procedure (FINDLAW/AP)

By Sean Murphy, Associated Press Writer

AP, August 31, 2006

(AP) - McALESTER, Oklahoma-A man condemned for the 1994 death of a woman during a burglary was executed under a new state procedure that delivers a larger dose of anesthesia before the fatal drugs are administered.

Eric Allen Patton, 49, had sued to stop Tuesday's execution, arguing that inmates may be subjected to pain during lethal injections in Oklahoma. A federal judge rejected that argument, although the Department of Corrections revised its procedures.

Earlier this year, the U.S. Supreme Court blocked an execution in Florida in a case in which that state's injection method was challenged.

In South Dakota, Governor Mike Rounds halted the state's first execution in 59 years just hours before it was scheduled Tuesday, saying the 1984 state law detailing how to administer lethal drugs is obsolete.

Rounds and the attorney general said the law requires the state to use two drugs to kill a condemned person - but that prison officials planned to use a three-drug combination, potentially putting them in legal trouble.

The Oklahoma Court of Criminal Appeals has upheld the state's current execution procedure as humane.

Richard Kirby, the general counsel for the Oklahoma Department of Corrections, said the changes were the result of recommendations by an expert who testified during Patton's challenge.

The old process called for inmates to receive a second dose of the sedative thiopental after two injections of sodium chloride already had caused their heart to stop.

Now, an inmate will be injected with a double dose of the sedative at the beginning, reducing the chance that a condemned inmate could wake up.

Patton, who had a lengthy criminal record of burglaries and robberies in Oklahoma and California, was accused of attacking Charlene Kauer, 56, after he knocked on her door and asked her for money.

Her husband found her nude body with multiple stab wounds from several knives, a barbecue fork and a pair of scissors that were left protruding from her chest, court records show.

Patton later confessed to the crime, but claimed in his appeals that he was so intoxicated and high on cocaine that he could not form the intent to kill.

Dozens Of Sex Offenders Arrested In Multi-agency Roundup (AP)

AP, August 31, 2006

BATON ROUGE, La. -- Eighty sex offenders who failed to properly register their whereabouts after Hurricanes Katrina and Rita were arrested Wednesday, the state attorney general's office said.

The roundup was part of Operation Safe Neighborhood, an initiative by law enforcement agencies statewide to track down sex offenders who have not complied with registration laws. Under those laws, sex offenders must register once a year with state police, the local sheriff and, if they live in a major metropolitan area, the local police department.

Warrants were issued Wednesday for 185 people who have failed to follow those laws, officials said.

The multi-agency campaign involved 44 law enforcement agencies, including state police, the attorney general's office, the FBI, the U.S. Marshals Service and the state Division of Probation and Parole.

Police Crackdown On Sex Offenders (BRADV)

By Jeremy Bridges, 2theadvocate.com Staff Writer

Baton Rouge Advocate, August 31, 2006

DOJ_NMG_0056028

In hopes of preventing repeat sex crimes, West Baton Rouge Parish Sheriff's deputies are going after some of the 185 sex offenders statewide who have failed to register with authorities.

The roundup of these individuals is part of Operation Safe Neighborhood, an initiative by law enforcement agencies throughout the state to track down sex offenders who do not comply with registration laws.

Warrants have been issued for 31 known offenders living in the Baton Rouge area who are not registered. Statewide, authorities are still looking for 110 offenders, having already located 75 of them.

"The sweet talkers, the gentleman-type person who gives the little girls candy or the little boys candy or whatever to get their attention, and bam, next thing you know, it's over with," said Sheriff Mike Cazes of West Baton Rouge Parish. "And nobody deserves to be involved with a sex offender."

Many parents feel strongly that when sex offenders live in their neighborhoods, public knowledge of those situations is vital.

"I think that they should be registering, and if they're not registering then certainly police need to follow up on that," said Baton Rouge parent Stella Watkins. "Considering what we've learned about sex offenders in the past, that it can be a repeated crime, and that happens so often. I think, specifically, with sex offenders, that it's very important to know where they're living."

State law requires sex offenders to register once a year with State Police, the local sheriff and, if they live in a major metropolitan area, the local police department.

As reported on WBRZ News 2 Louisiana at 5 p.m.

GAO Questions Accuracy Of Sex-offender Registries (WT)

By Jerry Seper

The Washington Times, August 31, 2006

The accuracy of the information in national and state sex offender registries -- the primary tools to track convicted sex offenders -- can be questionable, a government report said yesterday.

The Government Accountability Office, in a report requested by two House Ways and Means subcommittees, said the value of the data in the registry is undermined by the dependence on sex offenders self-reporting updated address information.

"While most convicted sex offenders are registered when they are released from prison, some fail to update their registration information on a timely basis, as required by law," the GAO said in report given to Rep. Wally Herger, California Republican and chairman of the subcommittee on human resources, and Rep. Jim Ramstad, Minnesota Republican and chairman of the subcommittee on oversight.

The report said a separate database, the National Directory of New Hires that has been used to verify eligibility for federal benefit programs and collect debt owed to the federal government, could be useful in tracking down sexual predators who fail to update their information.

But, the report said, existing law does not authorize the Justice Department to receive NDNH data to locate convicted sex offenders.

It urged Congress to consider granting authority to the Department of Health and Human Services, which maintains the NDNH, to share information contained in it with the FBI to locate convicted predators being sought by law-enforcement officials but whose addresses in the sex offender registry are incorrect, out of date or missing.

The report noted that beginning in the 1990s several heinous crimes put the issue of the sexual abuse of children on the nation's policy agenda. To safeguard children and their families, Congress enacted laws between 1994 and 2003 requiring sex offenders to register with law-enforcement agencies.

The laws also required that states establish sex offender registries and the Justice Department establish a national sex offender database.

The National Sex Offender Public Registry is maintained by the FBI and is compiled from information in state sex-offender registries. It lists more than 400,000 convicted offenders.

The NDNH has 1.35 billion employment, unemployment insurance and wage data records culled from state directories of new hires, state work force agencies and federal agencies. The report said the NDNH contains information on most of the nation's work force, including residential and employer addresses, and is updated at least quarterly.

"The NDNH is used primarily to assist state child-support agencies in locating parents and enforcing child-support orders," the report said, adding that the Justice Department has access to the database for cases involving the abduction of a child or for enforcing child-custody determinations.

Streator Man Gets 100 Years In Prison For Kiddie Porn (AP)

By Mike Robinson

AP, August 31, 2006

CHICAGO - A professional portrait photographer convicted of taking photos described by a government witness as "the holy grail" of child pornography was sentenced Wednesday to 100 years in federal prison.

Charles A. Burt III, 57, of downstate Streator must serve at least 85 years of his sentence, meaning he most likely is going to prison for life.

U.S. District Judge Wayne R. Andersen said he imposed the heavy sentence out of concern that Burt would harm more boys if ever freed.

Andersen said Burt had a high intelligence that would make him all the more dangerous if he ever were back on the street seeking victims.

Burt was convicted by a federal court jury in December of making and distributing child pornography out of a studio his Streator home.

Defense attorney J. Clifford Greene said at the trial that some witnesses were lying and there was no proof Burt took the photos.

But Assistant U.S. Attorneys Monika Bickert and Virginia Kendall, who since then has become a U.S. District Court judge for Northern Illinois, showed jurors a video in which Burt himself appeared to be participating.

Two government witnesses who themselves had been convicted of similar offenses said Burt's photographs were highly prized by an underground network of pedophiles.

"It's like the holy grail - everybody wanted Chuck's pictures," witness Brian Urbanawiz told the jury.

Three boys took the witness stand at the week-long trial and testified that while they were staying in Burt's home he entered their room at night and took sexually oriented pictures of them.

The boys were ages 7, 8 and 10 at the time the photos were taken.

FBI agents said they got on Burt's trail after finding the video that later was shown to the jury in the home of a Wisconsin sex offender.

2 Ex-FEMA Workers Sentenced For Bribes (NOTP)

New Orleans Times-Picayune, August 31, 2006

Pair sought payoffs to inflate contract

Two former Federal Emergency Management Agency employees were sentenced Wednesday to 21 months in federal prison for soliciting bribes while managing a FEMA base camp in Algiers.

Andrew Rose and Loyd Holliman, identified by their attorneys following their arrest in February as Colorado firefighters who came to New Orleans to help with search-and-rescue operations after Hurricane Katrina, pleaded guilty in April to public bribery.

U.S. District Judge Mary Ann Vial Lemmon sentenced the two within the recommended sentencing guideline ranges outlined by the U.S. Probation Service -- 18 to 24 months in prison.

She also imposed a $20,000 fine on each.

According to U.S. Attorney Jim Letten's office, the two men met on Dec. 7 with a Louisiana businessman who won a $1 million contract to provide meals at the camp through Feb. 28. Rose and Holliman told the contractor that in exchange for payments from him, they would inflate the head count for the contract.

The contractor reported the bribe solicitation to the Department of Homeland Security's inspector general's office, which notified the FBI and Letten's office. The businessman agreed to wear a hidden recorder and recorded subsequent meetings with the pair.

DOJ_NMG_0056030

Rose met with the contractor on Jan. 19 and asked for an initial $20,000 to be split evenly between him and Holliman as a reward for getting the contract and for inflating the meal count, prosecutors said. Both defendants, at a meeting later in January, told the contractor they wanted an additional $2,500 a week each for the length of the contract, prosecutors said.

At a Jan. 27 meeting, the contractor gave each man an envelope containing $10,000, and the two were arrested immediately after that meeting.

In a statement Wednesday following the sentence, Letten said, "I want to recognize and thank the courageous Louisiana businessman who wasted no time in reporting the illegal and corrupt conduct of these two government representatives to federal authorities."

FEMA Officials Sentenced In Bribery Case (AP)

AP, August 31, 2006

NEW ORLEANS - A federal judge sentenced two FEMA employees to almost two years in prison for soliciting bribes from a food contractor, the U.S. attorney's office said Wednesday.

Andrew Rose and Loyd Holliman pleaded guilty earlier this year to public bribery. Prosecutors said the men, who were working for the Federal Emergency Management Agency in New Orleans, solicited bribes from a contractor to inflate the head-count on which the men's meal contract was based.

Rose, of Trinidad, Colo., and Holliman of Weston, Colo., each face fines, in addition to 21-month prison sentences, according to Jim Letten, U.S. attorney for Louisiana's eastern district.

During an undercover investigation, the men were caught on tape demanding bribes and arrested after accepting $20,000 from a contractor, Letten's office said.

Letten, in a statement, said the sentences "embody the type of corrupt conduct that, if left unchecked, could threaten the recovery of our region."

Attorney Vinny Mosca, who represented Rose, said Rose accepted responsibility for his conduct and looked forward to the chance to move on with his life.

CIVIL LAW:

Nicotine Up Sharply In Many Cigarettes (WP)

By David Brown

The Washington Post, August 31, 2006

The amount of nicotine in most cigarettes rose an average of almost 10 percent from 1998 to 2004, with brands most popular with young people and minorities registering the biggest increases and highest nicotine content, according to a new study.

Nicotine is highly addictive, and while no one has studied the effect of the increases on smokers, the higher levels theoretically could make new smokers more easily addicted and make it harder for established smokers to quit.

The trend was discovered by the Massachusetts Department of Public Health, which requires that tobacco companies measure the nicotine content of cigarettes each year and report the results.

As measured using a method that mimics actual smoking, the nicotine delivered per cigarette -- the "yield" -- rose 9.9 percent from 1998 to 2004 -- from 1.72 milligrams to 1.89. The total nicotine content increased an average of 16.6 percent in that period, and the amount of nicotine per gram of tobacco increased 11.3 percent.

The study, reported by the Boston Globe, found that 92 of 116 brands tested had higher nicotine yields in 2004 than in 1998, and 52 had increases of more than 10 percent.

Boxes of Doral lights, a low-tar brand made by R.J. Reynolds Tobacco Co., had the biggest increase in yield, 36 percent. Some of this may have been the result of an increase in the total amount of tobacco put in that brand's cigarettes, one expert said.

DOJ_NMG_0056031

The nicotine in Marlboro products, preferred by two-thirds of high school smokers, increased 12 percent. Kool lights increased 30 percent. Two-thirds of African American smokers use menthol brands.

Not only did most brands have more nicotine in 2004, the number of brands with very high nicotine yields also rose.

In 1998, Newport 100s and unfiltered Camels were tied for highest nicotine yield at 2.9 milligrams. In 2004, Newport had risen to 3.2 milligrams, and five brands measured 3 milligrams or higher.

"The reports are stunning," said Matthew L. Myers, president of the Campaign for Tobacco-Free Kids. "What's critical is the consistency of the increase, which leads to the conclusion that it has to have been conscious and deliberate."

"People need to be aware of this," said Sally Fogerty, Massachusetts's associate commissioner for community health. "If a person is trying to quit and is having a hard time, it's not just them. There is an increasing percentage of nicotine that they are ingesting, and that may make it more difficult."

The Centers for Disease Control and Prevention also focused on the potential behavioral consequences of the finding.

"We know nicotine is addictive, so if the amount of nicotine in cigarettes is increasing, it could make it even harder for the 70 percent of smokers who want to quit and the more than 40 percent who try to quit every year," Corinne Husten, acting director of the CDC's Office on Smoking and Health, said in an e-mail message.

No spokesman for a tobacco company would speak on the record about the Massachusetts findings yesterday.

One company official, speaking on the condition of anonymity, said that while the nicotine content measured by smoking machines can vary by up to 6 percent between individual cigarettes of the same brand, "we don't know" whether an entire brand's production could differ that much from year to year.

But in a 1,653-page opinion released two weeks ago in a landmark suit against the major tobacco companies by the federal government and several anti-smoking organizations, the judge found that cigarette makers adjusted nicotine levels with great care.

"Using the knowledge produced by that research, defendants have designed their cigarettes to precisely control nicotine delivery levels and provide doses of nicotine sufficient to create and sustain addiction," wrote U.S. District Judge Gladys Kessler.

The ruling enjoined the companies from misinforming the public about tobacco's hazards. The companies are uncertain what that means and cited the ruling yesterday as the chief reason for their silence. Reynolds and Lorillard Tobacco Co. have also temporarily shut down their Web sites.

Reginald V. Fant, a clinical pharmacologist and nicotine expert at Pinney Associates, a consulting firm in Bethesda, said increasing nicotine content by 10 percent "would not be expected" to change how much a person smokes but could affect his ability to quit.

"We know that physiologically the changes in the nicotine receptors in the brain are related to the amount of nicotine consumed," he said.

Neal Benowitz, a physician and pharmacologist at the University of California at San Francisco, said, "I don't think we know what the consequences are for the population in terms of addictive behavior and how hard it is for people to quit."

Myers said the Massachusetts findings are evidence that tobacco products should be more strictly regulated.

"The only way the companies were able to secretly increase nicotine levels without anyone knowing about it is because no federal agency regulates tobacco products," he said.

Raising Nicotine Doses, On The Sly (NYT)

The New York Times, August 31, 2006

While most of us thought the country was trying to curb smoking, and the rapacious habits of the tobacco companies, it turns out the industry has been sneakily making cigarettes more addictive.

Evidence of what looks like an increasingly desperate effort to hook new young smokers and prevent older ones from quitting has been uncovered by a Massachusetts law that forces tobacco companies to report test results showing how much nicotine is inhaled by typical smokers of their various brands.

This week, the Massachusetts Department of Public Health revealed that from 1998 through 2004, as public health campaigns were mounted to curb smoking, the manufacturers increased the amount of addictive nicotine delivered to the

average smoker by 10 percent. Of 179 cigarette brands tested in 2004, an astonishing 166 brands fell into the state's highest nicotine yield range, including 59 brands that the manufacturers had labeled "light" and 14 described as "ultra-light." The three most popular brands chosen by young smokers — Marlboro, Newport and Camel — all delivered significantly more nicotine as the years passed. Virtually all brands were found to deliver a high enough nicotine dose to cause heavy dependence.

This trend has escaped notice because the standard government test uses a smoking machine that fails to mimic real-life smoking. A manufacturer, for example, can design a cigarette that will score low in nicotine delivery to the machine by placing tiny ventilation holes in the filter to dilute the smoke. But in real life a smoker will often cover the vents with lips or fingers, thereby inhaling a higher dose of nicotine. When Massachusetts required the manufacturers to use what it considered a more realistic method, the nicotine yields were more than twice those found on the standard test. The Massachusetts approach may not be perfect, but it is surely a lot more accurate than the traditional test, which virtually all independent experts consider deficient.

It is stunning to discover how easily this rogue industry was able to increase public consumption of nicotine without anyone knowing about it until Massachusetts blew the whistle. The Massachusetts report bears out the conclusions of a federal judge in Washington, who recently concluded that the companies have designed cigarettes to produce low nicotine readings on the standard test while delivering enough nicotine to create and sustain addiction. It is long past time for Congress to bring this damaging and deceitful industry under federal regulatory control. If the companies had to justify to the Food and Drug Administration why they should be allowed to increase the nicotine inhaled by smokers, you can bet they wouldn't even try.

CIVIL RIGHTS:

San Antonio Officer Convicted Of Violating Transsexual's Rights (AP)

AP, August 31, 2006

A San Antonio police officer was convicted Wednesday of violating the civil rights of a transsexual who said the officer raped and beat her during a traffic stop.

The jury found that Officer Dean Gutierrez's conduct violated Gabriel Bernal's rights through aggravated sexual assault. A sentencing hearing is set for Dec. 1. The felony carries a sentence of up to life in prison and as much as $250,000 in fines, the U.S. Justice Department said.

Although the names of sexual assault victims are usually withheld, Bernal has consented to have her name made public. Bernal goes by the name of Starlight and prefers to be addressed as a woman, the San Antonio Express-News reported.

In the trial, prosecutors presented DNA evidence and the testimony of Bernal, 23. Prosecutors said Gutierrez, 46, stopped Bernal on June 10, 2005, ordered her into his car and drove her to a remote location where he physically and sexually assaulted her.

The defense argued in the trial that Bernal had consensual oral sex with Gutierrez and was lying about the incident in order to later win money in a civil lawsuit. Prosecutors said no suit had been filed.

"Using one's official authority to forcibly violate another individual, as the defendant did in this case, is disturbing and abhorrent," Wan J. Kim, assistant attorney general for the Civil Rights Division of the U.S. Department of Justice, said in a news release.

Gutierrez, a 16-year police veteran who previously had been placed on indefinite suspension, was taken into custody following the verdict.

Justice Dept. Expects Miss. Training Schools Improvements (AP)

AP, August 31, 2006

JACKSON, Miss. - Officials with the U.S. Department of Justice say they want Mississippi's two training schools to be safe places for the juveniles they house.

"You don't owe many people in society more than we owe kids, especially once you take them into custody," said Assistant U.S. Attorney General Wan J. Kim, who heads the Justice Department's civil rights division.

DOJ_NMG_0056033

Kim and other Justice Department officials toured Oakley Training facility on Tuesday. They also will visit Columbia Training School.

Oakley in Hinds County serves male offenders ages 10 to 17, and Columbia serves female offenders ages 10 to 18.

In May 2005, Mississippi entered a four-year consent decree to end a Justice Department lawsuit over abuse allegations at the training schools.

The monitor's latest report concluded most conditions hadn't been met although it noted some progress had been made.

The report found unsanitary bathrooms, insufficient numbers of trained staff - and disagreement about what constituted abuse by the staff.

Don Taylor, executive director of the Mississippi Department of Human Services, said improvements have been slow but are continuing.

Others don't agree.

Juvenile schools don't reduce crime, said Sheila Bedi, co-director of the Mississippi Youth Justice Project.

"We're wedded to this archaic model when everybody else is moving away from it," she said.

A 2005 Justice Department study concluded military models don't work, she said.

"Eighty-five percent of those now in training schools could be kept in their communities," Bedi said.

Taylor said the schools no longer house runaways, truants or the mentally ill.

"The kids who are there need to be there," he said.

Taylor said more than 18,000 children are taken to youth courts in Mississippi and only 5 percent wind up at training schools.

These schools help to instill purpose and discipline, he said.

"I'd like to keep them (young offenders) long enough so that we're more confident they're rehabilitated," he said. "Right now, I'm not keeping them long enough."

In July, a $10 million lawsuit was filed, alleging a male employee of Columbia sexually assaulted a 14-year-old girl multiple times in August 2005.

If such allegations are true, they simply won't be tolerated, Kim said.

The department is continuing to monitor the situation but is avoiding additional litigation because the state is working on reforms, he said.

"We've had problems with Oakley and Columbia, and we're going to work through them," Kim said. "We don't want to drain the state of resources that could be better used on the problem."

Justice Official Vows Safety In Training Schools (JCL)

By Jerry Mitchell

Jackson Clarion-Ledger, August 31, 2006

Assistant U.S. Attorney General Wan J. Kim toured Oakley Training facility on Tuesday and vowed he'll ensure Mississippi's training schools are safe places for troubled youths.

"You don't owe many people in society more than we owe kids, especially once you take them into custody," said Kim, who heads the Justice Department's civil rights division.

Department officials are visiting the state's two training schools this week. Oakley in Hinds County serves male offenders ages 10 to 17, and Columbia serves female offenders ages 10 to 18.

In May 2005, Mississippi entered a four-year consent decree to end a Justice Department lawsuit over abuse allegations at the training schools.

The monitor's latest report concluded most conditions hadn't been met: "Although some progress was definitely made during this period, there were definite setbacks during this reporting period caused by the inability to hire enough staff and numerous complaints of abuse at the Oakley Training School."

The report found unsanitary bathrooms, insufficient numbers of trained staff - even disagreement about what constituted abuse by the staff.

Don Taylor, executive director of the state Department of Human Services, said improvements have been slow but are continuing. "We have turned a corner unquestionably," he said.

Advocates say the philosophy behind the training schools is wrong-headed.

"It doesn't reduce crime," said Sheila Bedi, co-director of the Mississippi Youth Justice Project. "We're wedded to this archaic model when everybody else is moving away from it."

A 2005 Justice Department study concluded military models don't work, she said. "Eighty-five percent of those now in training schools could be kept in their communities."

Taylor disagreed, saying the schools no longer house runaways, truants or the mentally ill: "The kids who are there need to be there."

According to the report last December by the Joint Committee on Performance Evaluation and Expenditure Review, or PEER, 65 percent of Columbia cadets and 76 percent of Oakley cadets were confined for nonviolent offenses.

The monitor's report shows two-thirds of those at Oakley and half the girls at Columbus take at least one medication for mental health.

Taylor pointed out that of the more than 18,000 children referred to youth courts in Mississippi, only 5 percent wind up at training schools.

These schools help to instill purpose and discipline, he said. "You get peer pressure working for you. It's worked very well for us."

He said the recidivism rate is 25 percent for those who graduate from the schools compared to 34 percent for non-graduates.

And many graduates take and pass the GED, he said.

Taylor defended the use of training schools. "I'd like to keep them (young offenders) long enough so that we're more confident they're rehabilitated," he said. "Right now, I'm not keeping them long enough."

The reason for longer stays is to change the culture in which children have grown up, he said.

These schools don't work, Bedi said. "It actually gets them used to being institutionalized. It's a training ground for Parchman."

In July, a $10 million lawsuit was filed, alleging a male employee of Columbia sexually assaulted a 14-year-old girl multiple times in August 2005.

If such allegations are true, they simply won't be tolerated, Kim said.

On Tuesday morning, he took the time to visit with some of the cadets at Oakley.

"It's just heartbreaking," he said. "You understand the focus of the Department of Justice is on reform because these are kids. Some I'm sure are not going to make it."

The department is continuing to monitor the situation but is avoiding additional litigation because the state is working on reforms, he said.

"We've had problems with Oakley and Columbia, and we're going to work through them," Kim said. "We don't want to drain the state of resources that could be better used on the problem."

Dozens Of Officials Subpoenaed In Suit Over Group Homes (WT)

By Jim Mcelhatton

The Washington Times, August 31, 2006

The U.S. Department of Justice has issued more than two dozen subpoenas, mostly to former and current D.C. officials, in connection with a lawsuit that claims the District broke federal housing law by blocking the opening on Capitol Hill of group homes for disabled children.

The D.C. government is fighting to block several depositions. A court filing said the Justice Department is on "a fishing expedition" and already has deposed more than two dozen officials.

Among those who have testified after receiving subpoenas were D.C. Council member Sharon Ambrose, Ward 6 Democrat, and former D.C. Deputy Mayor Carolyn N. Graham, who is running for president of the D.C. Board of Education.

The Justice Department filed suit two years ago, claiming D.C. officials unlawfully prevented the operation of four group homes for children with disabilities by the nonprofit Father Flanagan's Girls and Boys Home, also known as Boys Town, at Potomac and Pennsylvania avenues in Southeast.

In recent weeks, the Justice Department has sought to depose D.C. Board of Education member Tommy Wells, a leading candidate in the D.C. Council race in Ward 6, and Geoffrey Griffis, chairman of the D.C. Board of Zoning Adjustment.

Mr. Wells said Tuesday that he received a subpoena about two weeks but that his deposition wasn't required. He said the Justice Department did not say why it sought his testimony.

"I received a subpoena but it was withdrawn. I've not testified, been deposed or anything," he said.

Justice Department attorneys said in court records that Mr. Wells, as a member of Advisory Neighborhood Commission 6B, had knowledge about community opposition to the Boys Town project.

The lawsuit says the city imposed "unreasonable and unlawful" conditions on building permits. As one example, the lawsuit said city officials told the group to obtain an archaeological survey when other homes under similar zoning faced no such requirement.

A judge has blocked an attempt to depose Mr. Griffis. D.C. attorneys said Mr. Griffis has immunity because of his position on the Board of Zoning Adjustment, a quasi-government agency.

Mrs. Graham said in a February deposition that she encouraged the Boys Town project when she served as deputy mayor for children, youth, families and elders.

A court memo filed last month by the D.C. Office of the Attorney General said the District "should not have to subject itself to the plaintiffs' unnecessary fishing expedition to depose as many parties as they like in their desperate attempt to support their claims of discrimination in this lawsuit."

City attorneys also say the housing discrimination case, scheduled for trial in October, has put a burden on the District's legal department.

"The District's resources have been stretched to the limit," said another memo filed by the attorney general, and the Justice Department is seeking to conduct "an abusive amount of depositions."

FBI Looking Into Red River School Bus Incident (SHREVET)

Shreveport Times, August 31, 2006

COUSHATTA – The FBI is looking into allegations that the civil rights of nine black Red River Parish schoolchildren have been violated by a white school bus driver.

Mike Kinder, resident agent-in-charge of the FBI's Shreveport office, confirmed today that a civil rights allegation was made to his office. An agent interviewed some of the family members Tuesday.

"We're looking into it to see if an actual civil rights violation is involved."

The investigation will not be prolonged, Kinder said. "But we do what to look at it for the best interest of the citizens."

The inquiry stems from allegations made last week that the children were assigned to the two rear seats of Delores Davis' school bus while white children filled the remaining seats, sometimes two or one to a seat.

As a result of the allegations, Davis has been suspended without pay. And Red River schools Superintendent Kay Easley has given her several options, including resigning or retiring. Davis has done neither.

The veteran bus driver told Easley the seat assignments on her bus were established last year and were not an attempt by her to segregate the students along racial lines.

The Red River School Board is expected to consider a recommendation from Easley when it meets at 7 p.m. Tuesday.

New California Gay Anti-bias Law Assailed (WT)

By Cheryl Wetzstein

The Washington Times, August 31, 2006

California Gov. Arnold Schwarzenegger this week made it illegal for state-funded service providers, such as police and fire departments and universities, to discriminate against homosexuals, bisexuals and transgendered persons.

DOJ_NMG_0056036

Senate Bill 1441, signed into law Monday by Mr. Schwarzenegger, "closes a crucial gap" in state civil rights law, said lead sponsor state Sen. Sheila Kuehl, who was backed by Equality California, a homosexual rights group.

But conservative groups say it will allow attacks on organizations that believe homosexuality is unnatural or sinful, and is an "assault" on religious freedom.

The new law will "force religious colleges to either abandon their biblical standards on sexuality or reject students with state financial aid," said Randy Thomasson, president of the Campaign for Children and Families.

Numerous Christian colleges, such as Westmont College, Shasta Bible College, Trinity Law School and William Jessup University, asked Mr. Schwarzenegger to veto the bill, he said.

Day care centers, businesses and nonprofits that contract with the state or take state vouchers will be forced to choose between promoting homosexuality, bisexuality and transsexuality within their operations and work forces, including hiring practices, or forfeiting state funding, said Ron Prentice, chief executive of the California Family Council.

Miss Kuehl said the new law should ensure that homosexuals, bisexuals and transgendered persons can get state-funded services -- including health care, recreational programs, financial aid, child support and food stamps -- without bias.

She said "a person may still be denied crucial public services on those bases" and that the new law bolsters existing protections.

State law forbids discrimination based on sexual orientation and gender identity in housing, employment, education and public accommodations.

The new law "is an outright, blatant assault on religious freedom in California," said Karen England, executive director of Capitol Resource Institute.

It will inevitably lead to a "legal assault against religious institutions," said Brad Dacus, president of the Pacific Justice Institute.

The tumult is far from over: The Democrat-led California Legislature passed a bill this week that would prohibit public schools from using textbooks or sponsoring activities that "reflect adversely" on homosexuality. Mr. Schwarzenegger, a Republican, hasn't said if he will sign it.

The newly passed bill, Senate Bill 1437, also sponsored by Miss Kuehl, would prohibit public schools from using textbooks or sponsoring activities that reflect "adversely" upon people because of their sexual orientation.

"[N]egative and hateful messages" about homosexual, bisexual and transgendered people "are still plaguing our schools," said Geoff Kors of Equality California.

Conservative groups said the new bill would force schools to promote homosexual lifestyles and same-sex "marriage."

Judge Allows Race As Factor In Schools (NYT)

The New York Times, August 31, 2006

A state court judge in California has ruled that a school district may consider race in setting school attendance boundaries, setting up the question for an almost certain appeal.

But the judge, Gail A. Andler of Orange County Superior Court, also decided that the Capistrano Unified School District's specific plan for attendance boundaries impermissibly used race because it contained a "guiding principle" that the minority student population at any school could not exceed 35 percent.

A conservative public interest law firm, the Pacific Legal Foundation, filed the suit last year on behalf of parents opposed to the school district's plan. The foundation charged that under California law, race could not be used as a criterion since voters approved Proposition 209 in 1996. The vote amended the State Constitution to ban discrimination or preferential treatment on "the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting."

In resolving motions for summary judgment, Judge Andler wrote that "the mere 'consideration' or 'taking into account' of racial/ethnic composition does not necessarily seem to 'discriminate' or grant 'preferences' based on race."

By Any Means Necessary (WSJ)

By Terrence Pell

The Wall Street Journal, August 31, 2006

DETROIT -- A decision Tuesday by a federal judge in Detroit could set the stage for a sweeping expansion of the Voting Rights Act, which would turn the federal courts into a national campaign police.

At issue is a last-ditch effort by a group trying to prevent citizens from voting on an amendment to the Michigan constitution. Styled after similar campaigns in California and Washington, the Michigan Civil Rights Initiative would outlaw the use of racial preferences by state agencies and universities.

Just a few weeks before the deadline for Proposal 2 to get onto the state ballot, the "Coalition to Defend Affirmative Action By Any Means Necessary" (BAMN, loosely) argued that the signature gathering process used to qualify the referendum was tainted by racially targeted fraud. From the beginning, BAMN has claimed the initiative disguised an anti-black and racist agenda. But because many black individuals had signed the petition, BAMN had to show they'd been duped.

So the group launched an "investigation." They systematically called and personally visited blacks who'd signed the petition. In some cities, they had friendly talk show hosts read the names of black signers over the radio. In all cases BAMN's message was the same: How could you, a black person, sign a petition to roll back affirmative action?

BAMN's high-pressure tactics worked. Some signers and even gatherers decided they'd been deceived. In some cases they recalled being told that the petition was to "support affirmative action" and to help get their "children into college." Using pre-printed affidavits (some "signed" over the phone), BAMN collected statements from dozens of individuals and started a legal campaign to get the referendum pulled.

BAMN's claims were hardly credible. The Michigan constitution explicitly guarantees the right of citizens to put issues on the ballot, so long as they can collect signatures of registered voters equal to 10% of the last gubernatorial election. And, in accordance with state law, the language of the referendum was printed in full at the top of each signature page, so that voters had the opportunity to read it for themselves.

In any case, even if state officials had struck every single signature BAMN claims came from a majority black city (124,000), there still were more than enough signers to get onto the ballot. In light of all this, the Michigan courts -- as well as the secretary of state and the attorney general -- rightly rebuffed BAMN's litigation.

BAMN filed a new lawsuit in federal court. Although the purpose of the Voting Rights Act is to eliminate procedures that diminish participation in elections because of race, BAMN asked the courts to rule that states must invent new procedures: Namely, they must strike black participation whenever officials have an inkling some blacks might have been confused about what they were doing.

It's hard to think of a more perverse reading of the law. Imagine if officials of Southern states had ever conducted after-the-fact telephone campaigns to make sure black voters understood what they were voting for? Or tried to filter black votes by looking into conversations they might have had in the moments before they entered the voting booth?

None of this much mattered to the federal judge assigned to the case, Arthur J. Tarnow, a Democratic appointment. He scheduled a two-day hearing last month to consider BAMN's request for a preliminary injunction, and allowed dozens of BAMN witnesses to testify in front of a gallery packed with BAMN supporters, while just outside BAMN protesters staged a noisy demonstration.

In Tuesday's ruling, Judge Tarnow concluded that the initiative sponsors and the state had been right all along: There was no legal basis for a claim under the Voting Rights Act. But Judge Tarnow was not convinced by any principled view of that act's purpose and limits. Rather, he concluded that there was no violation because initiative sponsors "targeted all Michigan voters for deception without regard to race"!

In fact, Judge Tarnow gave himself the authority, even the duty, to "serve as a 'referee'" for all kinds of state political "processes" -- not just elections. In that capacity, he didn't hesitate to give BAMN's political campaign a big helping hand, despite his legal ruling against it.

Without the benefit of even a short trial, Judge Tarnow made the incendiary finding that "evidence overwhelmingly favors a finding that [petition sponsors] engaged in voter fraud" and that state officials had exhibited "an almost complete institutional indifference." His Honor went on to smear the initiative's executive director, Jennifer Gratz, by gratuitously asserting that "her lack

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of clarity and forthrightness seems typical of the [initiative's] approach, which is best characterized by the use of deception and connivance."

BAMN correctly figures that Judge Tarnow's sweeping declaration of widespread fraud will pressure the Sixth Circuit Court of Appeals to reverse his legal ruling that the Voting Rights Act doesn't reach fraud targeted against both blacks and whites. Even if the circuit doesn't reverse, BAMN no doubt hopes it will grant a preliminary injunction prohibiting the state from moving forward with the referendum while Judge Tarnow's reading of the Voting Rights Act gets sorted out.

Judge Tarnow's willingness to mount a political campaign from the bench makes clear just where BAMN's reading of the Voting Rights Act will lead. For if the federal courts get to settle this particular dispute, then, by the same logic, they would have been responsible for adjudicating, for instance, the many disputes of the 2004 elections: Swift boats, National Guard service, ad nauseum.

No one should invite that prospect, least of all organizations like BAMN. But as its name implies -- any means necessary -- BAMN's legal strategy is oblivious to long-term consequences.

Mr. Pell is the president of the Center for Individual Rights, which represents the Michigan Civil Rights Initiative.

ANTITRUST:

Exelon Says Deal To Acquire PSEG Is Less Likely Now (WSJ)

By Christine Buurma

The Wall Street Journal, August 31, 2006

Exelon Corp. said the likelihood has decreased that it can complete its proposed $16 billion acquisition of energy holding company Public Service Enterprise Group Inc.

The Chicago electric and gas utility said in a Securities and Exchange Commission filing that it remains committed to its efforts to complete the acquisition, but that the probability for completing the transaction is no longer "more likely than not," based on the status of settlement discussions before the New Jersey Board of Public Utilities. The state regulatory panel's approval is needed for the acquisition to be completed.

Approval of the acquisition, which would create one of the largest U.S. utilities, has been held up for more than 20 months by concerns in New Jersey that the combined company would own so many power plants around the state that it could effectively corner the region's electricity market. PSEG, based in Newark, N.J., is the parent of New Jersey's largest electric utility.

The Justice Department recently approved the acquisition, as have the Federal Energy Regulatory Commission and several regulatory bodies in other states, but New Jersey has yet to act.

PSEG shares fell $2.32, or 3.3%, to $68.58, while Exelon was off 18 cents at $60.12, both as of 4 p.m. in New York Stock Exchange composite trading.

The filing "does highlight the potential risk to the transaction," said Raymond Leung, an analyst with Bear Stearns in New York. "It's clearly a much more pessimistic viewpoint on Exelon's part."

But Mr. Leung said the disparity between Exelon's offer to the New Jersey Board of Public Utilities and the board's counterproposal isn't large enough to make a completion of the acquisition out of the question. "If you spread it out over a long period of time, it's probably not as big of a gap," he said.

In July, the companies offered $600 million in rate relief, a freeze in electricity rates and other incentives for New Jersey customers in a final effort to win state approval. Exelon and PSEG said they would walk away from the transaction if New Jersey didn't make a decision by Aug. 4. When the state board refused to back that offer, however, negotiations between the companies and regulators continued.

On Aug. 17, New Jersey regulators set more stringent conditions for approval of the transaction, requiring $220 million more in refunds to consumers and two more power plant sales than what the companies had offered.

Doyle Siddell, a spokesman with the New Jersey Board of Public Utilities, said negotiations with the companies are continuing. He declined to comment further, and representatives for Exelon and PSEG also declined to comment.

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Exelon also said in the SEC filing that it will record a $35 million charge in the third quarter related to the decreased probability of completing the acquisition.

Exelon Says Delay May Scuttle Public Service Purchase (Update6) (BLOOM)

By Jim Polson And Dan Lonkevich

Bloomberg, August 31, 2006

Aug. 30 (Bloomberg) -- Exelon Corp. stepped up pressure on New Jersey regulators to approve its $18.7 billion acquisition of Public Service Enterprise Group Inc., saying delays may scuttle the largest utility merger in U.S. history.

``Completion of the merger is no longer `more likely than not,'" Chicago-based Exelon, the largest U.S. utility owner by market value, said today in a public filing. The company said it will write off $35 million in costs associated with the transaction this quarter.

Shares of Public Service fell 3.2 percent, the biggest drop in almost four weeks, on concern demands from the New Jersey Board of Public Utilities might kill the acquisition. The takeover, announced in December 2004, is opposed by some state lawmakers and hedge-fund manager Stanley Druckenmiller, who held 3.28 million shares of Exelon as of June 30.

``The probability of completing the deal has dropped a lot, and it is certainly not in the bag for the end of this month," said Daniele Seitz, an analyst at Dahlman Rose & Co. in New York who rates Exelon shares a ``buy" and owns none. ``There must have been an additional request or requirement on behalf of the utility board, and the company didn't go for it."

Shares of Public Service fell $2.25 to $68.65 at 1:41 p.m. in New York Stock Exchange composite trading, the biggest decline since Aug. 4, and Exelon rose 7 cents to $60.37. Public Service's stock still is up 51 percent since a news report on Dec. 17, 2004, that talks for the acquisition were underway, and Exelon has gained 42 percent.

Commonwealth Edison

Also this quarter, Exelon said it will record costs of $741 million because of a July 26 ruling in which the Illinois Commerce Commission allowed the company's Commonwealth Edison utility to collect $8 million in increased rates for electricity delivery, less than the $317 million it had sought.

The acquisition of Newark, New Jersey-based Public Service would expand Exelon's group of cheaply fueled nuclear-power plants, already the largest in the U.S. The company expected regulatory approval within 18 months, even though New Jersey's top regulator said then it could take up to two years because of the transaction's size.

The U.S. Justice Department on July 22 gave antitrust approval to the transaction on the condition that Exelon sell 5,600 megawatts of power plants. The Federal Energy Regulatory Commission gave approval a year earlier.

Exelon, owner of utilities in Chicago and Philadelphia, withdrew an offer for Dynegy Inc.'s Illinois Power Co. in 2003 after Illinois lawmakers rejected its terms.

No Penalty

Either company can walk away from the takeover without penalty because the merger agreement containing a $400 million breakup fee expired on June 20. Lehman Brothers Holdings Inc. and JPMorgan Chase & Co. are advising Exelon, and Morgan Stanley is advising Public Service.

Exelon's filing today with the U.S. Securities and Exchange Commission doesn't mean the deal is dead, said Jim Halloran, who manages $33 billion at National City Private Client Group in Cleveland including 1.16 million shares of Exelon.

``It's a negotiating tactic," Halloran said. ``Otherwise, they'd say, 'We've walked away.'"

Exelon's biggest obstacle to acquiring Public Service had been overcoming concern that the combined company would drive up power prices. Susan J. Vercheak, a staff attorney for the New Jersey Board of Public Utilities, estimated in a January public hearing that Exelon could inflate prices by $2.3 billion a year.

Concessions

On July 31, Exelon offered $600 million in cash refunds to New Jersey customers through 2008 to help win the board's approval for the acquisition. Without a preliminary agreement ``within the next week or so," the transaction might collapse, the company said. Exelon later agreed to extend negotiations with the state until Aug. 21.

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New Jersey stands to lose $1.46 billion over the next four years if the acquisition is rejected, Exelon said in a July 26 letter to state officials. The estimate includes the planned refunds, $220 million in rate increases the company promised to forego and $465 million in reduced power prices as Exelon increases the efficiency of the state's nuclear plants.

Public Service shares today sold for $5.30 less than the value of the Exelon deal, a measure of investor confidence that the purchase will be completed at the agreed-upon price. That was the widest spread since Aug. 4, when the New Jersey regulators requested more time to consider the deal.

The Board of Public Utilities won't comment on Exelon's filing because negotiations still are underway, spokesman Doyle Siddell said. Exelon won't comment beyond the filing, company spokeswoman Jennifer Medley said in an e-mailed statement, and Public Service spokesman Paul Rosengren declined to comment.

Resolutions

Resolutions opposing the acquisition were introduced earlier this year in the New Jersey General Assembly and Senate, sponsored by 53 lawmakers. The measures haven't come to a vote.

New Jersey Governor Jon Corzine, a Democrat, said at an Aug. 17 news conference that he hadn't decided whether to support the deal. It should be fair to customers, he said.

``The governor's office is aware of the events and we remain in contact with all the principal parties," Ivette Mendez, a spokeswoman for the governor, said today in an interview.

To contact the reporters on this story: Jim Polson in New York at jpolson@bloomberg.net ; Dan Lonkevich in New York at dlonkevich@bloomberg.net .

Newspaper Suit Put On Legal Fast Track (TRIVH)

By Josh Richman

Tri-Valley (CA) Herald, August 31, 2006

A federal judge in San Francisco has agreed to fast-track a lawsuit challenging the already-consummated $1 billion deal involving the sale of the San Jose Mercury News and Contra Costa Times.

U.S. District Judge Susan Illston OKd an agreement between lawyers from both sides to take depositions, exchange documents and file motions on an accelerated schedule so Clint Reillys lawsuit against MediaNews Group, the Hearst Corp. and other newspaper companies can go to trial Feb. 26.

Sacramento-based McClatchy Co. this year bought the now-defunct Knight Ridder Corp.s 32 newspapers for

$6.5 billion. From among those, the Mercury News and the Contra Costa Times were sold Aug. 2 for $736.8 million to Denver-based MediaNews — which owns this newspaper — and the Monterey County Herald and the St. Paul (Minn.) Pioneer Press were sold for $263.2 million to New York City-based Hearst, owner of the San Francisco Chronicle.

In a separate, simultaneous pact, Hearst agreed it will give the St. Paul and Monterey papers to MediaNews in return for an equity investment in MediaNews non-Bay Area assets; if the government wont OK that, MediaNews will simply buy those two papers from Hearst. Either way, MediaNews will wind up with all four papers.

Reilly, a San Francisco businessman, political consultant and 1999 mayoral candidate, sued July 14 to halt the deal, which he says would create a Bay Area newspaper monopoly with higher subscription and advertising rates and diminished journalistic quality, jobs and union contracts.

Illston in July refused

Advertisement

to grant Reilly a temporary restraining order to keep the deal from going through, but cautioned the newspaper companies that if he eventually prevails, part or all of it might have to be undone.

Reillys lawyer, Joseph M. Alioto, issued a statement Monday saying he and his client are grateful that the court has ordered an expedited trial date in this very important antitrust case which seeks to prevent the monopolization of newspapers in the Bay Area.

MediaNews President Jody Lodovic offered no comment Monday except to note the case was accelerated by mutual agreement. Hearst spokesman Paul Luthringer said his company wouldnt comment.

The U.S. Justice Departments antitrust division cleared the deal last month, and California Attorney General Bill Lockyers office wrapped up its probe last week; both concluded the deal wont harm competition.

Reilly filed a similar lawsuit against Hearst in 2000 to halt its purchase of the San Francisco Chronicle. After a trial in which Hearst executives and others were compelled to testify under oath, a federal judge let the sale proceed.

Cornyn: Wright Hearing Is Likely (FWST)

By Aman Batheja

The Fort Worth Star-Telegram, August 31, 2006

The Senate Judiciary Committee is likely to review the Wright Amendment compromise once Congress reconvenes next month, Sen. John Cornyn said Wednesday.

Cornyn, who is on the Judiciary Committee, said the compromise contains "a few small short words" regarding antitrust jurisdiction that probably will push the bill into the committee's jurisdiction.

Cornyn spoke about the issue before delivering a speech at the Texas Competitiveness Summit at the University of Texas-Dallas in Richardson.

Hammered out by the cities of Fort Worth and Dallas, American Airlines, Southwest Airlines and Dallas/Fort Worth Airport this summer, the Wright Amendment deal calls for closing 12 of Dallas Love Field's 32 gates, immediately allowing through-ticketing, and repealing restrictions after eight years that permit flights from Love to only Texas and eight other states. The accord also stipulates that the deal must not be changed and must be passed by Congress by year's end.

The agreement has sparked criticism as being anti-competitive, because all 20 remaining gates at Love Field would go to American, Southwest and Continental Airlines.

Sen. Arlen Specter, R-Pa., head of the Judiciary Committee, has said he has not decided whether to hold a hearing on the bill. A spokesman from his office Wednesday directed questions on the issue to the committee office, which did not return a call seeking comment.

The House Judiciary Committee has already announced plans to review the bill. A hearing in the Senate would further delay a vote on an already tight congressional calendar.

Despite these hurdles, Cornyn said chances were "pretty good" the bill will pass this year, although he added, "Nothing happens very quickly in the Senate." Aman Batheja, 817-390-7695

abatheja@star-telegram.com

Valassis Files Suit To Rescind Offer For Rival Advo (WSJ)

By Brian Steinberg

The Wall Street Journal, August 31, 2006

Marketing concern Valassis Communications Inc. sued to rescind its proposed $1.3 billion merger with Advo Inc., alleging Advo "materially misrepresented the financial health of the company and failed to reveal internal control deficiencies."

Advo countered that the Valassis lawsuit was "baseless and without merit," calling the action "merely a smokescreen to hide the fact that Valassis is suffering from an extreme case of buyer's remorse." The company said it "remains committed to the transactions contemplated by the binding merger agreement, and will take action to enforce that agreement and vigorously defend itself against Valassis' claims."

The lawsuit, filed yesterday in the Delaware Chancery Court, came nearly two months after the companies struck the merger deal that united two stalwarts of the direct-marketing and advertising businesses. Valassis and Advo both specialize in print-based advertising services including distribution of advertising inserts and coupons in newspapers.

In the deal, Valassis agreed to pay a roughly 50% premium for Advo. It offered $37 a share in cash, compared with Advo's price of $24.26 the day before the deal was announced. But Valassis shares fell about 20% in the days following the deal's disclosure, although Valassis stock has since recovered part of the ground it lost.

Advo shares were unchanged yesterday before the news came out, at $36.80 in 4 p.m. composite trading on the New York Stock Exchange. In after-hours trading, they fell $14.30 or 39% to $22.50. The after-hours decline represents a loss of $450

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million in market capitalization. Valassis shares were up 22 cents to $20.87 in New York Stock Exchange 4 p.m. composite trading. The shares rose to $22.30 in after-hours trading.

Advo, of Windsor, Conn., is best known for its packets of local advertising delivered via home mail. On average, the company has said it reaches about 67 million households each week. Valassis, Livonia, Mich., is a leader in coupons, printing and distributing them in newspapers as well as online. The company also creates printed "door hangers," promotional fliers placed on doorknobs.

Newspaper advertising has been under pressure, as readers and advertisers shift time and money to the Internet and as some major advertisers who have relied on newspapers have begun to consolidate, cutting back ad spending in the process. Retailers and telecommunications companies have long used newspapers because they grant access to audiences in specific cities and towns. In some areas, the local newspaper is one of the dominant media outlets.

Valassis in late June cut its earnings projections for 2006, citing softness and pricing pressure in two of its main operations. Valassis also said it was voluntarily suspending a share-repurchase program.

TiVo's Loss Widens With Litigation Costs (WSJ)

The Wall Street Journal, August 31, 2006

TiVo Inc. posted a wider second-quarter loss, weighed down largely by legal costs related to its high-stakes patent dispute with EchoStar Communications Corp.

TiVo, a pioneer of digital video-recording technology, posted a net loss of $6.5 million, or seven cents a share, for the quarter ended July 31, compared with a loss of $892,000, or one cent a share, a year earlier. Revenue rose 50% to $59.2 million, with service and technology revenue climbing to $52.9 million from $40.7 million.

The Alviso, Calif., company said it added 30,000 net new subscribers in the quarter, ending the period with more than 4.4 million customers. TiVo-owned gross subscriber additions came to 74,000, down from 77,000 a year ago.

"Despite a traditionally slower summer consumer electronics selling period, coupled with no exceptional advertising spend, we were able to continue to build momentum relative to last year's results," said CEO Tom Rogers in a press release.

The company has seen its competitive position shrink as cable companies, satellite television operators and electronics makers scramble to offer a version of the DVR. But TiVo has claimed successor models infringe its 2001 patent on the underlying technology and that makers should license the technology.

In its long-running dispute with EchoStar, a Texas judge recently ordered EchoStar to stop selling digital-video recorders and turn off more than three million of the devices already installed in subscriber homes nationwide. An appeals court has stayed the ruling, pending further hearings.

Shareholders OK Thermo Electron's $10.6 Billion Deal For Fisher (AP)

AP, August 31, 2006

HAMPTON, N.H. --Shareholders have approved Thermo Electron's ten-point-six (b) billion-dollar acquisition of Fisher Scientific International, a deal that pairs two New England makers of scientific equipment.

Shareholders of Waltham, Massachusetts-based Thermo Electron and Hampton-based Fisher Scientific overwhelmingly approved the deal in separate votes today.

It's still subject to regulatory approval, and is expected to close in the fourth quarter.

The shareholder votes came nearly four months after the transaction was first announced. Last week, the companies said they would sell off a Fisher product line to satisfy regulators' antitrust concerns.

Thermo Electron is buying the bigger Fisher Scientific to carve out a bigger share of the laboratory supplies business by offering the market's broadest range of products.

ENVIRONMENT/INDIAN AFFAIRS:

AP Interview: EPA Official Promises Wetlands Guidelines (AP)

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By John Flesher, Associated Press

AP, August 31, 2006

TRAVERSE CITY, Mich. (AP) -- The Bush administration is preparing instructions for regulators puzzling over which wetlands are covered by federal clean water law, a top Environmental Protection Agency official said Wednesday.

But the EPA hasn't decided whether to issue a comprehensive regulation on the issue in the wake of a confusing U.S. Supreme Court ruling in two Michigan wetlands cases, said Benjamin Grumbles, assistant administrator for water.

"Our overarching goal is to continue to protect wetlands under the Clean Water Act to the maximum extent allowable since the decision," Grumbles told The Associated Press in an interview. "Which tools are the best to use is a policy decision we haven't made yet."

The high court took up the Michigan cases in hopes of settling a long-running debate concerning federal jurisdiction over wetlands. But the June 19 decision muddied the waters further.

The justices split three ways, with none of their five written opinions drawing majority support. Several urged Congress or federal agencies to deal with the issue, saying they were best suited to handle its complexities.

Courts have agreed the Clean Water Act requires permits to degrade wetlands alongside navigable waterways such as lakes and rivers. The question is whether the law also applies to tributaries of those waters and their adjacent wetlands -- and if so, how far upstream.

The Army Corps of Engineers, which issues the permits, has contended the law's protections extend to virtually all "waters of the United States," including wetlands. Environmentalists agree, while developers and property rights advocates contend government jurisdiction is far more limited.

The key Supreme Court opinion, written by Justice Anthony M. Kennedy, said a permit could be required if there's a "significant nexus" between a wetland and a navigable waterway. The wetland must "significantly affect the chemical, physical, and biological integrity" of nearby navigable waters, he wrote.

After the ruling, the EPA -- which oversees the federal wetlands program -- instructed regulators to delay action on contentious permit applications while it analyzed the justices' opinions.

The agency soon will issue a "guidance" document that will offer the EPA's interpretation of what the Supreme Court decided, Grumbles said. The agency is working with the Justice Department to determine "how much stature to give certain pieces of the various five opinions," he said.

"We have no doubt that this interim guidance will help add clarity," he said. "We also have no doubt ... it won't be the end of the story either. We'll need to provide more details, and we're still reviewing whether or not to pursue a regulation in addition to the guidance."

Wetlands are valuable because they provide some of the planet's most diverse wildlife habitat. They also control floods and filter out pollutants.

The lower 48 states had over 220 million acres of wetlands in pre-colonial days. The total had shrunk to about 105 million by the late 1990s as wetlands were drained and filled for farming and other development.

Grumbles discussed the Supreme Court ruling Wednesday during the annual meeting of a group representing state wetland regulators. Members said they were anxiously awaiting the federal guidance.

Wetland protection "is a hot button and it always has been and it probably always will be, because you have to balance public and private interests," said Jeanne Christie, executive director of the Association of State Wetland Managers.

Michigan and New Jersey handle federal wetland permitting within their borders. But most other states likely will want a new regulation clarifying where federal jurisdiction applies, said Peg Bostwick, wetland specialist with the Michigan Department of Environmental Quality.

"My concern is that we do rulemaking sufficient to satisfy the Supreme Court but still straightforward enough to be comprehensible to the public," Bostwick said. "That's going to be a real fine line to walk."------

EDITOR'S NOTE -- John Flesher is the AP correspondent in Traverse City and has covered environmental issues since 1992.

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3rd Circuit: DuPont Can't Get Help From U.S. For Voluntary Cleanup (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, August 31, 2006

A polluter that voluntarily takes on the duty to clean up a toxic waste site cannot later seek contributions from the federal government -- even if the government itself was also a polluter at the site -- the 3rd U.S. Circuit Court of Appeals has ruled.

But a dissenting judge complained that the majority was relying on two 3rd Circuit precedents that she believes have been effectively overruled by the U.S. Supreme Court, and that a ruling in favor of the government would discourage voluntary cleanups.

"I am concerned that the effect of the majority's opinion will be that parties will be reluctant to engage in voluntary cleanups for fear that they may not be able to obtain contribution," U.S. Circuit Judge Dolores K. Sloviter wrote in her dissent in E.I. du Pont de Nemours Co. v. United States.

"Spills that could be most efficaciously dealt with if cleaned up immediately will remain untouched while parties attempt to settle with the government," Sloviter wrote.

In the suit, three companies -- DuPont, Conoco Inc. and Sporting Goods Properties Inc. -- sought contributions from the government for cleanups at 15 sites.

Each of the sites was owned or operated by the United States at various times during World War I, World War II and the Korean War, the suit said, during which time the United States was responsible for some contamination.

But U.S. District Judge William J. Martini of the District of New Jersey granted summary judgment in favor of the government, holding that a "responsible party" that conducts a voluntary, unsupervised cleanup cannot assert a claim for contribution.

On appeal, lawyers for the three companies urged the 3rd Circuit to reconsider two of its environmental law precedents -- New Castle County v. Halliburton NUS Corp. and In re Matter of Reading Co. -- in light of the U.S. Supreme Court's 2004 decision in Cooper Industries Inc. v. Aviall Services Inc.

But Circuit Judge Thomas L. Ambro, in an opinion joined by visiting Judge Paul R. Michel of the U.S. Court of Appeals for the Federal Circuit, found that both of the 3rd Circuit's decisions remain good law and are consistent with the intent of Congress.

"Cooper Industries did not explicitly or implicitly overrule our precedents; indeed, the Supreme Court expressly declined to consider the very questions at issue here," Ambro wrote.

In his opening paragraphs, Ambro said the appeal "requires us to dive head-first into a particularly convoluted area of the law: apportionment of cleanup costs among potentially responsible parties."

Ambro sketched the history of Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA, and the 1986 law that amended it, the Superfund Amendments and Reauthorization Act, or SARA.

After SARA was passed, Ambro said, the courts "retreated from implied causes of action" for contribution under CERCLA's §107(a).

Instead, he said, they interpreted §107 and the newly added §113 as establishing two "clearly distinct" remedies -- "cost recovery" under §107(a), and "contribution" under §113(f).

In its 1997 decision in New Castle County, Ambro said, the 3rd Circuit held that a cost recovery action under §107 may be brought only by "innocent parties" that have undertaken cleanups, and that an action brought by a "potentially responsible person" must be brought as a §113 action for contribution.

The court's rationale, Ambro said, was that since §107 imposes strict joint, and several liability on all PRPs for the costs of cleanup, a PRP allowed to bring a cost recovery action under §107 against another PRP "could recoup all of its expenditures regardless of fault" -- a result which the New Castle County court said "strains logic."

In Reading, decided just a few weeks after New Castle County, Ambro said, the 3rd Circuit held that a PRP also may not invoke the pre-SARA implied cause of action for contribution under §107.

But in Cooper Industries, Ambro said, "the Supreme Court significantly altered this understanding."

Looking to the "plain language" of §113(f), the justices held that a pre-existing civil action -- either pending or completed -- must exist before a PRP could seek contribution from other PRPs.

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But Ambro said the Cooper Industries decision "left open the questions of whether a PRP may seek cost recovery under Section 107, and whether that section includes an implied cause of action for contribution on which a PRP may rely independently of Section 113."

In doing so, Ambro said, the justices explicitly noted that numerous decisions from the circuit courts -- including New Castle County -- had held that a §107 cost recovery action is only available to an innocent party, but said that question had not been briefed and therefore would not be decided.

DuPont argued that the 3rd Circuit should reconsider its precedents in light of Cooper Industries, and should now hold that §107 expressly provides PRPs a cause of action to seek contribution from other PRPs independent of the remedy provided by §113.

Ambro disagreed, saying "our holdings in New Castle County and Reading -- based on our interpretation of the statute -- are broad, and nothing in those cases suggests that the results would have been different if the plaintiffs had undertaken voluntary cleanups."

DuPont lawyers insisted that the two decisions are in direct opposition to CERCLA's broad remedial purpose, and that the 3rd Circuit should recognize an implied cause of action for contribution, available to PRPs that voluntarily clean up contaminated sites, to fill the gaps that the Cooper Industries recognized in Congress' remedial scheme.

But Ambro rejected the argument, saying it would be better to aim it at Congress than the courts.

"The fact that DuPont and the other appellants, if they are allowed contribution for response costs voluntarily incurred, may be capable of reaching a good result without the government oversight provided for in SARA, is not a reason to reconsider our prior holdings that the statute precludes such causes of action," Ambro wrote.

"In any event, the debate over whether our national environmental cleanup laws should favor prompt and effective cleanups in any manner (including sua sponte voluntary cleanups by PRPs), or should favor settlements and other enforcement actions to ensure that wrongdoers admit their fault and fix the problem under the aegis of government oversight, is a matter for Congress, not our court," Ambro wrote.

But in dissent, Sloviter said she agreed with DuPont's argument that Copper Industries is an "intervening authority" that forces the 3rd Circuit to reconsider its precedents.

"Cooper Industries weakens the conceptual underpinnings of our decisions in Reading and New Castle County. For that reason, and because our holdings in Reading and New Castle County cannot be reconciled with the policies Congress sought to encourage when it enacted CERCLA, I believe this court can and should reconsider those opinions," Sloviter wrote.

Sloviter noted that two other federal circuits have done exactly what DuPont urged the 3rd Circuit to do.

In decisions from the 2nd and 8th circuits, Sloviter said, unanimous three-judge panels concluded that, in light of Cooper Industries, courts must now allow responsible parties to seek contribution from other responsible parties under §107.

Sloviter said she would have followed her sister circuits because their decisions promote the goals of Congress.

"I believe that permitting parties who voluntarily incur cleanup costs to bring suit under Section 107 comports with the fundamental purposes of CERCLA," Sloviter wrote.

Fill Up On Corn If You Can (NYT)

By Alexei Barrionuevo

The New York Times, August 31, 2006

SPRINGFIELD, Ill. — Standing next to his pickup truck at a service station here, Robert Beck squeezed a yellow nozzle and filled up with the corn-based fuel blend of 85 percent ethanol and 15 percent gasoline that car companies, farmers and politicians alike love to promote as a way out of America's oil addiction.

Mr. Beck, a bearded agronomist who travels throughout the Midwest, likes the idea of E-85, as the fuel blend is known, because it is made mostly from a domestic crop. But he still finds that buying the fuel is almost more trouble than it is worth.

"Everyone talks about it, but exactly where is it?" he said. "You have to have more fuel out there for consumers to buy.''

That could take a while.

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To assess just how efforts to help E-85 catch on were going, a New York Times reporter, accompanied part of the time by a photographer, drove through the region where its popularity is greatest. They found that despite all the good will toward ethanol, success is far from assured.

The fuel does have plenty of powerful supporters. General Motors used the Super Bowl this year to kick off its "Live Green, Go Yellow" campaign to encourage Americans to buy vehicles that can run on either E-85 or conventional gasoline. Ford Motor and VeraSun Energy, the second-largest ethanol producer after Archer Daniels Midland, christened 300 miles of highway from Chicago to St. Louis the "Midwest Ethanol Corridor" in a marketing campaign that began in June.

But it also has plenty of drawbacks. Most oil companies want nothing to do with E-85, which they see as a money-losing alternative to their own petroleum-based products. Without help from the oil industry or a lot more flexible-fuel cars on the road, gasoline retailers are hesitant to install the expensive pumps, which can cost up to $200,000 with a new underground storage tank.

"There is no way E-85 can survive on its own without massive government subsidies at the state and federal levels,'' said Lawrence J. Goldstein, president of the Petroleum Industry Research Foundation, an energy consultancy in New York.

Many drivers whose vehicles can run on ethanol will not buy E-85 unless it is markedly cheaper than regular gasoline, which has not always been the case. Part of the reason is basic economics: E-85 delivers only three-quarters as much energy per gallon as gasoline, meaning drivers will have to fill up their tanks more often if they choose to use the fuel.

More than 850 service stations now carry E-85, an increase from 350 since the beginning of 2005, but the fuel is still unavailable at most of the 169,000 stations in the United States. Sales are so slim that some retailers count their regular E-85 customers on one hand.

Customers like Mr. Beck, who want the fuel, struggle to find it: in Illinois, 135 stations carry it, but in neighboring Missouri only 54 stations have E-85 pumps. Kansas has 13.

None of this has discouraged E-85's supporters, who are relentlessly pushing to expand use of the fuel, which already benefits from a tax credit of 51 cents a gallon for producers of all forms of ethanol.

And in states like Illinois, the country's second-biggest corn producer, after Iowa, politicians are lining up state financing to subsidize the installation of pumps at service stations, while offering rebate incentives to customers who use the fuel.

"E-85 is really I-85 — it's about energy independence," said Daniel Yergin, chairman of Cambridge Energy Research Associates, an energy consultancy.

But that dream remains far out of reach. For one thing, E-85 barely exists outside the Corn Belt. You cannot fuel up on it in New York or New England. California has only one station.

And even in Chicago, at the entrance to the ethanol corridor, it was hard to find a flexible-fuel car for the road trip. When Janet Conlon, a travel agent from Garber Travel, contacted four major rental car agencies, none said they had such cars available.

"Nobody had a clue what I was talking about," Ms. Conlon said. The Times ended up renting a flexible-fuel Chevrolet Impala from a company affiliated with General Motors.

At the first stop, Becker's Hotrod BP in Dwight, Ill., 75 miles south of Chicago, E-85 was selling for $2.70 a gallon, 50 cents cheaper than the station's regular unleaded.

Four years ago, the Illinois Corn Growers Association approached Phillip E. Becker, the station's owner and a longtime gasoline retailer, with an offer to pay to install an E-85 pump, an investment of about $100,000. Because the alcohol in E-85 corrodes traditional gasoline storage tanks, a new underground one was necessary, along with special fuel lines and a special dispenser.

Mr. Becker, wanting to help local farmers, accepted the deal, agreeing to sell the E-85 at no profit for at least five years so he could offer it at a price lower than gasoline.

"I am selling this at cost as a good-will thing," Mr. Becker said. The E-85, he said, also helps bring passengers into his store for sodas and collectible toy cars, and into an adjoining Burger King, in which he has a business interest. But without the help of the growers' association, he said, he probably would not have made the investment.

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Mr. Becker has enjoyed the local celebrity his E-85 pump has brought him. Officials from the state of Illinois have even shot photos there for postcards that are placed in the vehicles of state employees, urging them to stop at Becker's.

E-85 sales at his service station, though, have proved erratic. They rose as high as 9,000 gallons a month in September last year when gasoline prices climbed over $3 a gallon, widening the spread with ethanol prices. But in July, Becker's pumped only 3,010 gallons of E-85, after gasoline prices dropped and ethanol prices rose.

Mr. Becker said he had "four really good customers," two of them believing so strongly in E-85 that they traded in their vehicles for flexible-fuel ones. "E-85 is all they burn, no matter what the price is," he said.

The farmers continue to champion their project. In June, they parked a small 1940's-era corn wagon at a highway ramp near Mr. Becker's stations to advertise the E-85 price. General Motors included him in a recent regional promotion in which the company gave away $1,000 in free fuel — E-85 or gasoline — to purchasers of flexible-fuel vehicles.

The three-month promotion, however, did not help overall sales at nearby Tyler Chevrolet/Buick, said Byron Moore, the new-car sales manager. At best, it may have caused some buyers already set on certain truck models to choose the flexible-fuel engine to grab the free fuel.

But Mr. Moore said he doubted the buyers would actually fill up on E-85 very often, because "the word is out" that the fuel offered less mileage per gallon than gasoline. Ethanol is made up mostly of alcohol and yields less energy.

Mr. Becker said he saw E-85 sales slip when the price got to within a dime of gasoline. Mr. Beck, the E-85 customer in Springfield, said he had decided that E-85 was worth buying for his Ford truck only if the price was at least 30 cents lower than gasoline.

Volatile ethanol prices in recent months, driven by a regulatory change that has led to its increased use as a 10 percent additive in more states, have stymied the goals of E-85's supporters. The National Ethanol Vehicle Coalition, a lobby group founded by corn growers, had estimated the number of stations would grow to 2,500 this year. Now, the coalition is willing to settle for 1,200, said Michelle Kautz, a spokeswoman for the group.

Still, the buzz over E-85 is growing — where it is available. Further south along Interstate 55, Theresa Kight, a cashier at a Qik-n-EZ in Normal, Ill., said more customers were asking about the station's E-85 pumps. "A lot of them that are interested buy it just to support the farmers," Ms. Kight said.

Outside the station, though, Kevin Hart, a heating and air-conditioning service contractor, was fueling up his van on gasoline. "Using more E-85 won't solve the problem" of too much oil consumption and too little conservation, he said. "People will just think they are helping the environment, so now 'I can burn more fuel.' "

But the owners of Qik-n-EZ said they believed in E-85's potential to diversify the country's fuel sources — and help the Midwest's economy. Grady Chronister, the president and founder of the company, said the stations, which get all their ethanol from VeraSun, were selling the E-85 very close to cost.

"This is not a product that warrants the financial investment at this time," said Mr. Chronister, who added that his family owns farms that grow corn, giving them extra incentive to support E-85. "But we are glad we did it. We are in favor of alternative energy forms, especially those produced here in the United States."

Along the ethanol corridor very few people were actually buying E-85. At a Qik-n-EZ in Springfield, there was a 45-minute wait before the first customer, Mr. Beck, arrived to refuel his 2006 Ford F-150 truck at the lone E-85 pump set well away from the four rows of gasoline pumps.

After buying his truck in April, Mr. Beck discovered only two months ago that it was dual-fuel. In the past, most drivers did not even know they had flexible-fuel vehicles because the car companies did not bother to tell them and the engines are virtually indistinguishable.

But from now on, "we're going to do more to let people know what they have," said Susan Cischke, vice president for environmental and energy engineering at Ford. She said Ford marked its flexible-fuel vehicles on the hood and fuel cap.

American automakers hope to double annual production of flexible-fuel vehicles, to two million, by 2010. There are now about 5 million on the road, out of 238 million total vehicles.

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Detroit has much to gain from producing E-85-ready vehicles. In addition to acting as a positive diversion from their broader financial problems, the flexible-fuel vehicles help them meet federal standards for average fuel economy without having to build far more expensive hybrid cars.

But car companies bristle at the notion that they alone can make E-85 a national or even regional success. "This is a bigger problem than one industry can solve," Frederick Henderson, the chief financial officer at General Motors, said recently.

Major oil companies, which own fewer than 10 percent of the country's gasoline stations, say they will not stand in the way of retailers who want to put in E-85 pumps. But they will not help, either.

That has placed the burden on the states where E-85 is linked with the success of ethanol. This year, Iowa, the country's biggest corn producer, began giving its retailers a 25-cent-a-gallon credit for selling E-85 and is providing up to half the cost of installing E-85 pumps. The governor of Illinois, Rod R. Blagojevich, just proposed spending $30 million to add 900 pumps over the next five years, a sevenfold increase.

At the retail level, however, the effort to trumpet E-85 is inconsistent at best. Mr. Beck said he found the Springfield station only after doing some research, because the E-85 Web site run by the National Ethanol Vehicle Coalition lists pumps only by city, with a limited mapping function that fails to show drivers their location in relation to each other.

Unlike the standard gasoline pumps, the E-85 pump at the Qik-n-EZ did not take credit cards, forcing Mr. Beck to stand in line for 15 minutes behind customers buying beer, cigarettes and lottery tickets.

"You would think it would be as easy as buying fuel,'' he said, "but it is a pain in the fanny."

And there is no room for error when trying to drive only on E-85. Do not leave Emporia, Kan., for instance, without fueling up a nearly empty tank first. Otherwise, somewhere on the Kansas Turnpike the fuel gauge needle goes below empty.

What then? Turn off the air-conditioning, coast part of the way in neutral and, finally, a service station — the only one for another 30 miles — has gasoline. But no E-85.

Park Service To Emphasize Conservation In New Rules (NYT)

By Felicity Barringer

The New York Times, August 31, 2006

WASHINGTON, Aug. 30 — Ending a yearlong debate over its management and guiding philosophy, the National Park Service is about to adopt a policy emphasizing conservation of natural and cultural resources over recreation when they are in conflict. Interior Secretary Dirk Kempthorne is expected to announce the new policy on Thursday.

The new regulations on park management give barely a nod to most of the concerns of the recreation industry and its Congressional champion, Representative Steve Pearce, Republican of New Mexico.

The Park Service would not make official comments on the new policy until it was made final, but a draft of the policy was provided to The New York Times by a group favoring the conservation framework.

The new policy makes a few concessions to the recreation industry, like ensuring that so-called "gateway" communities — close neighbors to the large national parks that draw tens of thousands of visitors each year — have a role in park managers' decision making.

It generally rejects proposals that would pave the way for increased use of Jet Skis, snowmobiles and off-road vehicles. Commercial activities like mining and construction of cellphone towers, which would have been easier under the suggested revisions of a year ago, will continue to face the same high hurdles as in the past.

Laura Loomis, a policy analyst for the National Parks Conservation Association, said, "The new draft gives much greater guidance on what constitutes an appropriate use and what constitutes an inappropriate use of the parks."

Ms. Loomis said the current draft restored the Park Service's ability to push the Environmental Protection Agency to act when pollution, often emanating from industrial and power plants, fouled park air.

In this respect, as in many others, including the emphasis on conservation, the final policy echoes the one in effect at the end of the Clinton administration.

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In an e-mail message, Andrea Keller, the spokeswoman for the conservation association, said the regulations to be signed this week "reinforce the agency's commitment to protect park resources such as air quality, and ensure that visitors this year and for generations to come will be welcomed to our parks and offered a memorable, inspiring experience."

For five years, a variety of industries have lobbied assertively and often successfully on issues like park management, interpretation of the Endangered Species Act, expansion of oil and gas drilling across the Rocky Mountain West and policies on livestock grazing. Therefore, Mr. Kempthorne's rejection of the more industry-friendly draft policies turned heads among environmentalists and industry groups alike.

It remains unclear, however, whether Mr. Kempthorne, who replaced Gale A. Norton in May, is considering changing course on other issues.

Derrick Crandall, the president of the American Recreation Coalition, a group representing the recreation industry, was conciliatory in his comments on the new regulations and cautioned that he had not seen the final draft.

"In this world in politics you rarely get 100 percent victories," Mr. Crandall said. "We are convinced our concerns were looked at, some changes have been made and we're prepared to work with the agency to move to other kinds of important issues."

Among such concerns, he said, had been the role of gateway communities like West Yellowstone, Mont., which has many snowmobile rental businesses, in the formulation of policies for particular parks. In a July letter to the outgoing director of the Park Service, Fran Mainella, Larry E. Smith, president of Americans for Responsible Recreational Access, wrote, "Trying to accommodate the existing generation of Americans should be as worthy a goal as is preserving our parks for future generations."

Americans for Responsible Recreational Access says on its Web site that it was formed "to ensure that outdoor enthusiasts can keep their right to enjoy and use public lands and waterways."

Gov. Reaches Landmark Deal On Greenhouse Gas Emissions (LAT)

By Marc Lifsher

The Los Angeles Times, August 31, 2006

SACRAMENTO — Gov. Arnold Schwarzenegger and top Democrats in the Legislature agreed today on a bill that would make California the first state to slap strict limits on the emission of greenhouse gases that contribute to global warming.

The measure, AB 32, is expected to win passage from the state Senate this evening and by the Assembly on Thursday.

The bill is designed to cut the amount of carbon dioxide and other greenhouse gases 25% by 2020.

The Republican governor, who has made combating global warming the centerpiece of his reelection campaign, immediately announced he would sign the measure.

"The state is the 12th largest carbon emitter in the world despite leading the nation in energy efficiency," Schwarzenegger said in a statement released by his office. "Reducing greenhouse gas emissions is an issue we must show leadership on."

The bill authorizes the California Air Resources Board to begin a process of measuring the amount of carbon dioxide and other greenhouse gases coming from electric power plants, oil refineries, cement kilns and other industries. Once a tally is taken, regulators would set limits for each facility and industry that would take effect beginning in 2012.

Assembly Speaker Fabian Nunez, the co-author of the bill, predicted that creation of a pioneering program in California would be followed by similar initiatives in other states and in Washington.

"We're the first to step up to the plate in a real way," he said.

Environmentalists praised the agreement with the governor for providing the state with a range of tools for cutting greenhouse gas emissions. Regulators will be able to enforce limits with financial penalties as well as provide market-based incentives to industry. The bill creates a new market that would allow industries that reduce emissions to below their limits to sell credits to other companies that need to exceed their caps.

Major business groups, however, said they were concerned that the requirement to create a system of market-based pollution credit trading is not strong enough.

Dorothy Rothrock, vice president of the California Manufacturers & Technology Assn., also said her members are worried that the legislation gives too much power to the Air Resources Board.

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"The authority given the agencies is vast," she said.

California Pact Would Place Cap On Emissions (WSJ)

By Jeffrey Ball And Jim Carlton

The Wall Street Journal, August 31, 2006

California, the nation's most populous state and a longtime bellwether on environmental policy, will impose the first broad cap in the U.S. on greenhouse-gas emissions, in a clear break with the federal government over global warming.

Leaders of the state legislature and Gov. Arnold Schwarzenegger announced a deal yesterday under which California will mandate a reduction in the state's emissions of gases contributing to global warming to 1990 levels by 2020. The cut would target the state's biggest industrial emitters of greenhouse gases, such as power plants, oil refineries and cement factories. California already has passed a law requiring greenhouse-gas-emission cuts from cars and light trucks sold in the state.

The cut's effect on individual industries, companies and consumers is unclear, because the state has yet to work out details of how it will implement the broad emissions mandate. But backers of the measure, including Gov. Schwarzenegger, said it won't unduly harm business in the state.

Still, the effort faces almost certain legal challenges. Business groups have said such restrictions will boost production costs and make the state less competitive. "We don't think it looks like a very good deal for business and industry in California," said Jack Stewart, president of the California Manufacturers and Technology Association, an industry trade group in Sacramento.

The measure still must pass both houses of the state legislature to become law, but the agreement by Gov. Schwarzenegger and the majority leaders of both houses all but ensures that outcome. "We can now move forward with developing a market-based system that makes California a world leader in the effort to reduce carbon emissions," Gov. Schwarzenegger, who is running for re-election this year, said yesterday, when the agreement was announced.

California, the world's sixth-largest economy, accounts for only about 2% of the world's annual global-warming emissions. But California leaders made clear their intent is to spur other states, and ultimately the federal government, to follow the state's lead. That has happened with a string of past environmental regulations, notably restrictions on automotive pollution.

"Today it feels as if the whole world is watching, and I hope they are. This shows California knows how to do it right," said Ann Notthoff, California advocacy director for the environmental group Natural Resources Defense Council.

Addressing global warming is more difficult than addressing air pollution. Rather than bolting a filter onto a smokestack or auto tailpipe to reduce the emissions when fuel is burned, it requires re-engineering factories and cars so they burn less fuel in the first place. The main greenhouse gas, carbon dioxide, is produced when fossil fuels like coal and gasoline are burned.

The Bush administration -- which has rejected the international Kyoto Protocol emissions-reduction treaty -- reacted tepidly to word of the California push. "The states are free to make their own decisions about their policies," said Kristen Hellmer, a spokeswoman for the White House Council on Environmental Quality. But she reiterated the administration's philosophical opposition to global-warming caps, saying a cap imposed in one state or country simply causes industry to move to another location. "They're going to still produce greenhouse gas," she said.

California's goal is less ambitious than the cut envisioned in the Kyoto Protocol. Industrialized countries that ratified Kyoto have pledged to reduce their global-warming emissions a collective 5% below 1990 levels between 2008 and 2012. The U.S. has declined to ratify Kyoto, saying it would hobble the nation's economy. California's goal equates to cutting its emissions by 25% in 2020 below the level the state projects it would otherwise reach that year.

This isn't the first attempt by a U.S. state to mandate global-warming reductions in the absence of federal efforts to require emissions cuts. California itself has passed a law mandating a cut of about 30% in global-warming emissions from new cars and light trucks sold in the state by 2016. The auto industry has sued to block that measure, saying it violates federal law because it amounts to a back-door state effort to go beyond federal fuel-economy measures. The case is pending in federal court in California.

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In addition, seven New England states have adopted a regulatory scheme that covers carbon dioxide emissions from power plants and California, Oregon and Washington are considering a similar measure. But the law announced by California leaders yesterday would go far beyond those measures, applying to all sectors of the economy.

Industrialized countries that have ratified the Kyoto Protocol have found that agreeing to a broad reduction target is just the first step. Far more difficult is apportioning responsibility for coming up with those cuts among politically powerful businesses -- let alone individual car-driving voters -- within their borders. Many countries that have ratified the treaty have struggled to reduce emissions.

California's effort would direct the California Air Resources Board, the state agency that enforces California's clean-air rules, to come up with the details. The broad requirements of agreement stipulate that, by January 2008, the air board start requiring the state's major greenhouse-gas producers to report their greenhouse-gas output. By January 2009, the air board is to develop a plan outlining how to achieve the emissions cuts. By January 2011, the air board is to adopt actual rules to take effect a year later.

One major source of disagreement during negotiations involving lawmakers, business groups and others was the degree of flexibility California would offer businesses. Business representatives wanted a guarantee that the state would include a mechanism allowing companies to buy and sell carbon-dioxide-emission permits among each other as needed, to soften the potential financial blow. But some environmentalists argued that would make it too easy for California businesses to avoid cleaning up their own operations. The final legislation says the state "may" include such a trading mechanism in its final plan.

On the federal level, Republican Party leaders and President Bush have opposed adding carbon dioxide to the list of air pollutants regulated by the government. But that could change if Democrats take control of the House and Republican control over the Senate is weakened in November elections, as some political analysts now predict.

One reason Gov. Schwarzenegger ended up agreeing to the bill was that some of California's business community supported it. He began tipping his support toward the bill after a delegation of executives from Silicon Valley last week told him many businesses wanted the bill as a way to provide them regulatory certainty and for other reasons, say lobbyists in the statehouse.

"This bill provides a new opportunity here in California," said Bob Epstein, cofounder of Sybase Inc., a software maker in Dublin, Calif., and a leader of a group that represents businesses that support environmental action.

The bill's opponents included oil and natural gas companies. They also oppose an initiative set for the state's November ballot that would tax oil produced in California to fund alternative energy efforts. Yesterday's agreement "will have a severely negative effect on the affordability and reliability of California's energy supply, jeopardizing California's economy and our global competitiveness," said Allan Zaremberg, president and chief executive of the California Chamber of Commerce.

California has lost jobs in many of the industries that likely would face the effects of emissions caps, even as total private-sector employment has risen, according to Bureau of Labor Statistics data. For example, employment in the primary metals manufacturing industry fell 14% last year compared with 2001.

The Republican governor took on liberal constituencies last year but he has been tacking left in recent months to shore up his political support in this Democratic-leaning state. He recently authorized a $150 million loan to California's stem-cell program that will allow it to begin funding research restricted by the federal government, handing a lifeline to the initiative while the courts resolve lawsuits that question its legitimacy.

Leaders Accept California Bill To Cut Emissions (NYT)

By Felicity Barringer

The New York Times, August 31, 2006

SACRAMENTO, Aug. 30 — California's political leaders announced an agreement on Wednesday that imposes the most sweeping controls on carbon dioxide emissions in the nation, putting the state at the forefront of a broad campaign to curb the man-made causes of climate change despite resistance in Washington.

The deal between the Democratic-controlled Legislature and the Republican governor, Arnold Schwarzenegger, calls for a 25 percent reduction in carbon dioxide emissions by 2020, and could establish controls on the largest industrial sectors,

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including utilities, oil refineries and cement plants. The state has already placed strict limits on automobile emissions, although that move is being challenged in federal court.

The Bush administration has rejected the idea of similar national controls on carbon dioxide emissions, and efforts to get Congressional approval for such firm caps on emissions have repeatedly been defeated.

Although the deal in California is strongly opposed by Republicans in the Legislature and many business leaders across the state, it assures that a bill on the restrictions will be passed before the legislative session ends Thursday and will be signed by Mr. Schwarzenegger, the leaders said Wednesday.

The first major controls are scheduled to begin in 2012, with the aim of reducing the emissions to their level in 1990. The legislation allows for incentives to businesses to help reach the goals, but opponents warn that the state may be sacrificing its economic interests for a quixotic goal.

"If our manufacturers leave, whether for North Carolina or China, and they take their greenhouse gases with them, we might not have solved the problem but exacerbated it instead," said Allan Zaremberg, the president of the state's Chamber of Commerce.

Since taking office in 2003, Mr. Schwarzenegger, who is seeking reelection in November, has supported efforts to fight climate change, most recently by signing an agreement with Prime Minister Tony Blair of Britain to do cooperative research on new clean-energy technologies.

The governor said Wednesday that the deal struck with Democrats would make "California a world leader in the effort to reduce carbon emissions."

"The success of our system will be an example for other states and nations to follow as the fight against climate change continues," Mr. Schwarzenegger added.

The Assembly speaker, Fabian Núñez, who sponsored the bill along with Assemblywoman Fran Pavley, said at a news conference here, "We feel that California has always been a leader in protecting the environment."

"We now have moved it to the next level,'' said Mr. Núñez, a Los Angeles Democrat. "We'd all like to see California one day be carbon free."

The state's action, he said, could set off a "bottom-up" movement for curbs of heat-trapping gases in states around the country.

That has been the goal of national environmental groups like Environmental Defense and the Natural Resources Defense Counsel, which helped sponsor the California legislation. It has also been the goal of Ms. Pavley, a Democrat from Agoura Hills and the author, in 2002, of a groundbreaking law reducing tailpipe emissions of heat-trapping gases.

Already, the governors of New York, New Jersey, Delaware and four New England states have signed an agreement to curb power-plant emissions, cutting them by 10 percent by 2019. That would amount to about 24 million tons, said Dale Bryk of the New York office of the Natural Resources Defense Counsel, about one-seventh of the total envisioned in the California legislation, which will be an estimated 174 million tons.

Ms. Bryk added that Massachusetts and New Hampshire had enacted some emissions curbs, but that the number of power plants involved was minuscule compared with the California effort.

A recent poll of Californians by the Public Policy Institute of California showed nearly four of five respondents said urgent action on climate change was needed.

Aside from its long coastline, which could be vulnerable to sea-level rises due to global warming, the state depends on the Sierra Nevada snow pack for much of its water.

A study in 2004 by the National Academy of Science showed that unchecked global warming would cut the size of the snow pack by at least 29 percent by the end of the century. It also predicted a doubling in the number of heat waves, like the record-breaking one in July that killed 139 people statewide.

The deal on Wednesday on the emissions legislation nearly foundered at least three times in the past week as Mr. Schwarzenegger's negotiators reached seeming impasses with the Legislature over important issues: whether the bill would require the creation of market mechanisms like emissions credits to help industries meet the new standards; how broad to make exemptions during emergencies like the state's electricity crisis six years ago, and how to administer and enforce the law.

In the end, after three weeks filled with late-night sessions, according to legislative staffers who were not authorized to speak for attribution, Mr. Núñez met with Mr. Schwarzenegger on Wednesday morning and said that the Assembly and the Senate had agreed on final language and intended to enact the legislation with or without his consent.

That left the governor to decide whether the final language fell so far short of his wishes that he could take the political risk during an election year of vetoing a signature piece of environmental legislation whose aims he had supported.

In the end, the governor and the legislative leaders, including the Senate president, Don Perata, Democrat of Oakland, announced their agreement.

Ralph Cavanagh, the co-director of the energy program of the Natural Resources Defense Council, said in a telephone interview: "This is not an act of altruism. This is an act of enlightened self-interest. By accelerating the effort to reduce global warming pollution, California will benefit its own economy and environment and in so doing will set the best possible example for other states and nations."

Business leaders had been divided on the climate-change measure, with leading venture capitalists from Silicon Valley openly stumping for passage, saying the measure will create new industries and new jobs. The state's Chamber of Commerce led the opposition, saying that the measure would prompt an exodus of industry to other states without emission controls, while California would be hamstrung in trying to attract out-of-state businesses.

The bill gives the California Air Resources Board, which enforces the state's air pollution controls, the lead authority for generally establishing how much industry groups contribute to global warming pollution, for assigning emission targets, and for setting noncompliance penalties. It sets out a two-year time frame, until 2009, to establish how the system will operate and then allows three years, until 2012, for the industries to start their cutbacks.

Peter Darbee, the chairman and chief executive of Pacific Gas and Electric, broke with his industry as PG&E became the first and possibly only major utility in the state to support the legislation, called the Global Warming Solutions Act.

"The issue of climate change is important and needs to be dealt with," Mr. Darbee said. "We need a pragmatic and practical result. Since the bill has a market-based program, it will work efficiently and effectively for businesses."

A safety-valve provision that, in an emergency, could give companies a year's hiatus in complying with their mandates, was also key, he said.

Wednesday's announcement is significant for Mr. Schwarzenegger's re-election campaign, potentially vaulting the governor beyond his Democratic challenger's reach.

Mr. Schwarzenegger, whose popularity plummeted after a group of polarizing ballot initiatives failed at the polls last year, has been steadily pedaling to the left for months, supporting legislation to increase the state's minimum wage, to make some prescription drugs more accessible and to improve the state's environment by adding thousands of subsidized solar roofs over the next decade.

His strategy seems to be to appeal to the sensibilities of voters that have long driven the state's politics and to distance himself openly from President Bush. Recent polls suggest that Mr. Schwarzenegger enjoys a wide lead.

The Governor's Good Deal (LAT)

The Los Angeles Times, August 31, 2006

TWO YEARS AGO, CALIFORNIA VOTERS tried to end their gambling addiction, overwhelmingly rejecting Proposition 70, which would have allowed unlimited expansion of Indian-owned casinos. In the interim, Gov. Arnold Schwarzenegger has been playing with the state's money, cutting deals with several tribes that allow them to build giant gambling palaces far bigger than anything in Las Vegas. Against the odds, so far he appears to be winning — for himself and for the state.

Most recently, as Times staff writer Dan Morain reported Wednesday, the governor has reached agreements that would authorize up to 19,500 more slot machines in Southern California. That's worrisome for communities surrounding these potential mega-casinos. But Schwarzenegger has managed to get the state a better deal with the tribes than it had before.

The bad news about such casino pacts is that although they must be approved by the Legislature, they are negotiated without public input, without uniform standards and without any restrictions on a casino's size or location. In the past Schwarzenegger has approved monstrous developments such as a 2,500-slot casino in the Bay Area town of San Pablo, which

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was later rejected by the Legislature after a public outcry. Such large urban casinos were not what voters envisioned when they approved tribal gambling in 2000.

Also problematic is that Indian casinos, because they are on sovereign territory, are not subject to ordinary taxation or regulation. That can lead to improprieties such as those revealed by The Times two years ago at the Chumash Casino in Santa Ynez, where some overseers had criminal histories and slots were allegedly fixed. The casinos also place burdens on local police and fire departments.

The good news is that the governor is making an effort to address these issues. For instance, the bill approving his pact with the Agua Caliente band of Cahuilla Indians, based near Palm Springs, requires the tribe to allow regular inspection of slot machines, prepare an environmental study before expanding and negotiate with Riverside County to mitigate any effects, such as increased demand for public services. In exchange, the tribe gets the right to expand from two casinos to three and to add 3,000 slots, while paying the state 15% of the profits on the new slots.

Since his election, Schwarzenegger has seen tribal casinos as an untapped source of revenue, with the potential to generate hundreds of millions of dollars for the state. And surely it has occurred to him that his agreements put his Democratic rivals in an awkward position. They must choose between two potentially lucrative groups of campaign donors: the labor movement, which opposes these casinos because they are non-union, and the tribal lobby. If only all election-year politics had such a favorable effect on state revenue.

FBI/DEA/ATF/USMS:

Justice Department Targets Street Crime (AP)

By Hope Yen, Associated Press Writer

AP, August 31, 2006

WASHINGTON (AP) - A top Justice Department official said Wednesday the government would strive to work better with cities to stem crime on the streets.

Deputy Attorney General Paul J. McNulty told a gathering of mayors and police chiefs from 50 cities that he was concerned about reports of growing violent crime - including homicides, robberies and aggravated assault - in cities nationwide. He acknowledged difficulties due to demands with fighting terror and wars abroad.

"I'm well aware that there are many needs and desires on the part of law enforcement that we have not been able to serve well," McNulty said at the national crime summit organized by the Police Executive Research Forum.

He said the Justice Department was seeking more funds for its Bureau of Alcohol, Tobacco, Firearms and Explosives division to stem gun trafficking. But reclaiming money that was diverted from crime-fighting to anti-terror efforts may be difficult, he said.

"I wish I could stand here and say all that will be restored in the next year or two," McNulty said. "We are facing some big challenges. I see the challenges in fighting the war on terror. I see it is very expensive to fund soldiers overseas. At the same time, we have to find ways to get resources to win here at home."

Several city officials blamed a more single-minded approach on the war on terror that they said came at the cost of millions of violent-crime victims.

"Where is the moral outrage?" asked Dean Esserman, the chief of police in Providence, R.I., which has seen a rise in robberies. While the U.S. is fighting in Iraq, "we are at home killing ourselves," he said.

After years in which violent crime fell or was stable, the FBI in June reported a 2.5 percent rise last year in violent crimes, the largest percentage increase since 1991.

In Philadelphia, homicides jumped from 330 in 2004 to 377 in 2005, a 14 percent increase. Murders climbed from 272 to 334 in Houston, a 23 percent rise, and from 131 to 144 in Las Vegas, a 10 percent increase.

In Washington, D.C., police chief Charles H. Ramsey declared a crime emergency because of a spike in violence, setting a 10 p.m. curfew for youths 16 and younger as well as stepping up policing in crime hot spots.

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The FBI has said it is not yet clear whether the numbers reflect a real increase or ordinary year-to-year variations. But some criminal justice experts have said the statistics reflect the nation's complacency in fighting crime.

At the summit, city officials shared stories about their challenges in fighting growing crime, particularly among juveniles, amid cuts in community programs for youths as well as an uneven economic recovery.

Philadelphia police commissioner Sylvester Johnson expressed his frustration that his department couldn't stop the homicides, blaming a Congress that he said was beholden to special interest groups such as the National Rifle Association.

Crime, he said, was no longer a local issue but a national problem that will play a factor in congressional and presidential elections.

"Capitol Hill doesn't get it," Johnson said. "They need to make a call to a parent whose kid got shot in the face. I know the NRA is strong, but we can be stronger."

DOJ Official Skewered At Crime Forum (CBS)

By Beverley Lumpkin, CBS News producer

CBS News, August 31, 2006

Mayors, Police Chiefs Rip Feds' Lack Of Help In Stopping Crime

Deputy Attorney General Paul McNulty spoke Wednesday at the Police Executive Research Forum, where he was barraged with a series of highly critical questions from some very unhappy police chiefs and mayors.

McNulty clearly knew coming in that he was going to be grilled. But the criticism was much stronger than he seemed to have anticipated, and he did not seem to be very well-briefed on some issues of prime importance to the attendees.

Before McNulty began speaking at the forum, where no cameras were allowed, there was a summary of statistics. The numbers clearly reflected an increase in crime nearly everywhere across the country. The spikes were notable and alarming, and PERF head Chuck Wexler said they reflected that the rise in crime "Is not about one city; it's about the country."

With that kind of preamble, when McNulty opened his remarks and quickly mentioned the "potential rise in crime," he was already off on the wrong foot.

He spoke of how much he likes getting together with law enforcement personnel and how important it is to have working partnerships with state and local agencies. He stated several times how anxious he was to hear from them what the feds can do to help. He also delivered an apologia, saying he was "well aware there are many needs and desires on the part of law enforcement that we are not able to address," and adding that the challenge is to look for ways that the feds can help.

The first question went right to the heart of the Bush administration's policy on guns — and the fact that Congress "is making it harder for the police and ATF to track" them. The questioner begged McNulty's aid in making it easier to trace the guns, making the point that the problem is kids with guns and tracing them would make their partnerships work more easily. McNulty seemed unaware of the issue. What in particular, he asked, was the problem?

Trenton, N.J., Mayor Doug Trenton spoke up, citing restrictions on the use of data. He noted that his state has one of the nation's toughest gun laws, but said Pennsylvania has one of the most liberal, and thus guns come into his state far too easily.

"I know the NRA is strong, but we're stronger," Palmer said. In addition, he noted, members of Congress don't have to call a parent whose child has been shot in the face.

McNulty mentioned that he'd recently visited the ATF's tracing center in West Virginia and said that they're making great progress. But, he added, he had to "confess" he was "not familiar" with the issue.

Detroit Mayor Kwame Kilpatrick seemed to have heard all he could take.

"What you see is a national evasion of the gun problem. ... The problem has become bigger than Capitol Hill. … We really need a national response," Kilpatrick said.

He added that when he took office, homicides were down but "now everything is exploding again." He "thought it was a Detroit problem" until he got to the meeting. His police chief had been assuring him Detroit was not alone, but he didn't believe it until now.

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Kilpatrick argued the need for an effective, national emergency response. It's "the NRA versus the rest of everybody else," he lamented, adding that help is necessary now that "every city in the country is saying I got 13-year-olds with guns" robbing and killing.

The room burst into loud applause when Kilpatrick pointed out that there is $386 billion going to the fighting in Afghanistan and Iraq, but that local law enforcement needed a substantial amount of that money, plus a national plan.

Providence, R.I., Mayor David Cicilline complained that President Bush had never met with police chiefs. "There's a war on the streets and the President doesn't meet with us. The federal government has given up on us," Cicilline said.

He also indicated that the feds "came up with a remarkable solution 10 years ago — to send money to locals to take care of crime — but now they've given up on that," referring to the COPS program, launched during the Clinton administration. COPS aimed to send money to states and local entities to hire, train and equip police officers. The goal was to get 100,000 police on the street.

McNulty seemed taken aback, but said he understood very well how significant that funding had been.

"You say there's less police on the streets than before 9/11. That's an important thing to know," McNulty noted.

Bill Bratton, Police Chief of Los Angeles, then noted that the surge in crime has a new and troubling element — it's largely driven by young people who are disassociated from mainstream America. Bratton advised McNulty to relay that message to Attorney General Alberto Gonzales, and to President Bush and Congress. Bratton said the COPS program had "gotten it right" and asked for the federal government's involvement anew.

"Homeland security has become the monster that ate criminal justice!" Springfield, Mass., Police Commissioner Edward Flynn added.

The COPS grants have disappeared, but there's no single guilty party, Flynn lamented. What's gradually happened, he said, is that "we've got a zero-sum game.

"Doing our core mission, we can be more effective homeland security partners. But if we are overwhelmed with our core mission, we can't be good homeland security partners," Flynn said. But he added that there can't be a "forced choice" between homeland security and criminal justice "resulting in more dead bodies."

Police Chiefs Want U.S. Aid In Crime Fight (NYT)

By John Files

The New York Times, August 31, 2006

WASHINGTON, Aug. 30 — Mayors and top police officials from around the nation urged the federal government on Wednesday to engage in a more coordinated effort to combat a recent increase in violent crime.

At a meeting here organized by the Police Executive Research Forum, a research and public policy group, the officials said a spike in the rate of violent crime, for aggravated assaults, robberies and murders, reflected a growing crisis.

“Crime is coming back,” said Chief William J. Bratton of Los Angeles, who was formerly police commissioner in New York City.

Violent crime increased last year for the first time in four years, up 2.5 percent from 2004. The biggest increases in murder were reported in medium-size cities and the Midwest.

Chief R. Gil Kerlikowske of the Seattle police said part of the problem was that Washington had primarily focused on terrorism and domestic security since the Sept. 11, 2001, attacks.

“This administration is tone deaf to what is going on,” Chief Kerlikowske said. “Rightly so, they've been focused on terrorism. But this is a wake-up call to begin rebuilding partnerships.”

Chief Kerlikowske and others pointed to the anticrime bills approved in the Clinton administration that provided money to hire thousands of police officers as an example of success reached through talks among local, state and federal officials.

Deputy Attorney General Paul J. McNulty acknowledged that the government had struggled to balance its needs at home and abroad.

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"I'm well aware that there are many needs and desires on the part of law enforcement that we have not been able to serve well," Mr. McNulty said. "We're facing some big challenges. I see the challenges in fighting the war on terror. I see that it is very expensive to fund soldiers overseas. At the same time, we have to find ways to get resources to win here at home."

Mayor Douglas H. Palmer of Trenton, vice president of the United States Conference of Mayors, called for more debate on crime.

"We need a national movement that recognizes that while homeland security is important, hometown security is equally important," Mr. Palmer said. "I'm hopeful that we can come up with a blueprint for making violent crime an issue in the 2008 presidential election. We want to put this on the front burner so that candidates will talk about it with the same focus that they put on terrorism."

Some of the mayors and police officials said an important factor was the number of weapons on the streets and looser firearms laws.

Mayor Kwame M. Kilpatrick of Detroit said: "We need a serious strong national engagement on this problem. Gun crime is a national issue, not just a local one."

A preliminary crime report for 2005 that the Federal Bureau of Investigation issued in June said murders increased 4.8 percent over 2004. St. Louis, Houston, Philadelphia and Milwaukee reported increases, and cities including New York, Los Angeles and Miami had declines.

Among violent crimes, the lone decrease was in rapes, which fell 1.9 percent. Robberies increased over all 4.5 percent.

The figures are considered preliminary until the final statistics are released in October.

The Police Executive Research Forum released information from police departments showing continued increases in violent crimes in some places.

In Boston, murders increased 28 percent in the first six months of 2006, compared with the same period last year. Robberies soared 37 percent in Minneapolis and 35 percent in Denver. Assaults increased 24 percent in Charleston, S.C., and 26 percent in Atlanta.

"We see this as the front end of an epidemic, if you will, of violence that seems to be gripping many parts of the country," Chuck Wexler, executive director of the forum, said. "The good news is that we're much more sensitive to picking up on these trends quicker."

FBI's New Data Warehouse A Powerhouse (CBS)

CBS News, August 31, 2006

Five Years After 9/11, Bureau Has Upgraded Databases, Gotten Most Employees Online

It's been five years since 9/11 — and since then, the FBI has done a lot of expensive work to upgrade its troubled computer systems.

For the first time, nearly all FBI employees have access to the Internet. Sure, it has taken five years for the FBI to get as high-tech as most high school libraries, but the bureau has accomplished that and a lot more in a short period of time, according to senior FBI officials who briefed reporters for the five-year anniversary of the attacks.

The FBI has been plagued by missteps in upgrading its computers for the past five years but according to officials, they have a system, never before publicly demonstrated, that connects the dots in its fight in the war on terrorism.

Called the Investigative Data Warehouse (IDW) computer system, they describe it as "one-stop shopping" for FBI agents. Imagine it as a Google search engine for more than 650 million records. One person even called it "uber-Google."

An FBI agent anywhere in the world can type in any information, such as "Mohammed Atta" and "student pilot," and within five seconds, thousands of documents, FBI cables, memos, analytical reports and case information, with those search terms will appear on the screen. IDW has been online since early 2004, and agents say it works like a charm.

After 9/11, the FBI was faulted for not having any computer ability to connect the dots. There was no system in place that allowed an agent to share information with other offices or departments within the FBI.

Infamously, a memo about students at flight schools having ties to al Qaeda, written by an agent in Phoenix two months before 9/11, was never able to be seen by Minneapolis FBI agents. Minneapolis agents grew concerned about that threat after a

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flying instructor alerted them to a suspicious man taking flying lessons. Critics claim that if the FBI had been able to link al Qaeda foot soldier Zacarias Moussaoui's flying lesson in August 2001 to the Phoenix memo, 9/11 might have been prevented.

IDW is also very fast. An agent who has to run a search of a thousand names of potential suspects, for example, can now do so in 30 minutes, even with all variations of names, dates of birth and Social Security numbers. That same search, through the once-separate 18 databases, used to take 32,000 hours.

The system is also set up so that variations in names and dates, which differ from agency to agency, and country to country, can be searched easily. This means that leaving off the "19" in a year of birth, for example, won't keep the FBI from missing a huge lead.

Zal Azmi, the FBI's chief information officer, described IDW as the central database in the FBI's information-sharing approach in the post-9/11 world. The system is connected to the National Counterterrorism Center and to databases of the Department of Homeland Security, the CIA, the NSA and the Pentagon.

Those agencies now have to send data to the FBI, but within two years, FBI agents will be able to search those complete databases instantly. The FBI system is also connected to foreign law enforcement partners in Britain, Canada, Australia and New Zealand.

Beyond the new system, common-sense solutions have been made in the FBI's computer capabilities. Prior to 9/11, not a single FBI agent had Internet access, now most do.

Also, before 9/11, each of the FBI's 18 divisions had its own computer system and even its own make and model of desktop computers — and many of those were old computers, nearly obsolete. Now, computers and systems are standardized around the world for the FBI. Azmi said that 3,300 computers had been deployed to access secure systems. Prior to 9/11, top-secret cables from around the world and other agencies had to be printed out and hand-delivered to agents and supervisors of terrorism cases. Those cables now come right into their computers.

Also, the BlackBerry has made its way into the FBI's hands; most senior agents have the simple tool. Under the new system, an FBI agent on a stakeout of a suspect anywhere in the country will be able to search motor vehicle licenses, registrations and terrorist watch lists, and send pictures and information from their BlackBerrys to agents anywhere in the world. The system is being tested in Washington and New York.

While the bureau says it has made huge strides, agents still lack the system that they call Sentinel — a system to manage its active investigations. When up and running, Sentinel will provide more current case information, audio, video, pictures and multimedia into the IDW system. Sentinel is still three years away, and its development has been troublesome. Previous versions, called Trilogy and the Virtual Case File, had taken years to develop, cost over $170 million and ended up fruitless endeavors.

After years of struggling at information-sharing and processing, the FBI has finally gotten on the right track and finally gotten a comprehensive, effective and efficient computer system that, in the words of one senior FBI agent, "makes our jobs easier."

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FBI Shows Off Counterterrorism Database (INFOWEEK)

By W. David Gardner

InformationWeek, August 31, 2006

The FBI demonstrates its 659 million-record Investigative Data Warehouse and boasts about its speed.

Still smarting from the failure of its old IT systems, the Federal Bureau of Investigation Tuesday gave a public demonstration of its Investigative Data Warehouse (IDW) and bragged that the 659 million-record counterterrorism database functions well.

At a meeting in Washington, the FBI said the system had been developed by Chiliad Inc. of Amherst, Mass., whose president and CEO Paul McOwen attended the demonstration.

"It was developed over the course of many years," said McOwen in an interview Wednesday. "In a nutshell, (IDW) has an ability to analyze data, both structured and unstructured, as well as relational databases. It goes across all major platforms, across entirely separate systems."

Noting that the sensitive nature of the intelligence system keeps him from discussing many details, McOwen said the "enormously scalable" system represents a productivity improvement of 60,000 times over previous law enforcement database systems. "It scales to the size of the entire Internet," he said.

By showcasing the counterterrorism database, the FBI was trying in part to offset criticism of its Virtual Case File (VCF), which was supposed to replace aging paper files. The VCF system never worked properly and critics excoriated the FBI for wasting $170 million on it before it was scuttled.

At Tuesday's demo, FBI officials noted that the system can match and cross-link social security numbers and drivers license information and tie disparate data together -- all across hundreds of millions of records. Press reports observed that a search of 1,000 names across 50 databases, which took 32,000 hours to run on old search systems, can be performed in less than a half-hour with the Chiliad-built system.

Chiliad was organized in the late 1990s by former University of Massachusetts academics. McOwen is a former deputy chairman of the university's Computer Science Department.

Chiliad -- the name represents the cardinal number which is the product of 10 and 100 -- was partially financed by a $24 million investment by Hewlett Packard. HP owns less than 15 percent of Chiliad.

McOwen said Chiliad does business with other agencies in the "intelligence world."

Record Meth Seizure Made In Gainesville; Case Involves An Illegal Alien (ABCH)

Atlanta Business Chronicle, August 30, 2006

Federal, state, and local law enforcement authorities in North Georgia have reported a record seizure of about 341 pounds of suspected crystal methamphetamine at a residence in Gainesville, Ga.

The find breaks a previous record seizure of 187 pounds of meth made just two weeks ago in Buford, Ga., officials said.

A federal criminal complaint has been filed against three brothers, Alejandro Martinez-Menera, 23, Socorro Martinez-Menera, 25, and Sacarias Martinez-Menera, 21, charging them with possession with intent to distribute methamphetamine. Sacarias Martinez-Menera and a fourth defendant, Arnulfo Pineda-Rivera, 32, are also charged with growing a large number of marijuana plants. Pineda-Rivera is further charged with being an illegal alien who re-entered the United States after being deported. All four defendants lived in Gainesville.

Alejandro Martinez-Menera and Arnulfo Pineda-Rivera have been arrested and made their initial appearance in federal court on Tuesday. Socorro Martinez-Menera and Sacarias Martinez-Menera are considered fugitives.

The seizure was the result of a three-month, multi-agency investigation, which started in the Chattahoochee National Forest with the discovery of a large marijuana field. It was led by the USDA Forest Service and involved the Union County Sheriff's Department and the Bureau of Alcohol, Tobacco, Firearms and Explosives. The investigation began on June 29, when a helicopter pilot flying for the Governor's Drug Task Force spotted about 300 marijuana plants growing cultivated on Chattahoochee National Forest land in Union County. The U.S. Forest Service, Union County Sheriff's Office and ATF began a joint investigation and were able to determine four people living in Hall County were tending the marijuana plants.

The marijuana cultivation site was off of Forest Route 39, Duncan Ridge Road, on Chattahoochee National Forest Service property in Union County. Human and electronic surveillance allegedly identified Alejandro Martinez-Menera, Socorro Martinez-Menera, Sacarias Martinez-Menera and Arnulfo Pineda-Rivera cultivating the marijuana.

Further investigation allegedly showed Alejandro Martinez-Menera and his brothers were also operating out of a home at 2416 Crossgate Court in Gainesville. On Aug. 21, agents of the U.S. Forest Service, ATF, FBI, the Union County Sheriff's Office and the Hall County Major Offender's Task Force executed a federal search warrant at that residence; they obtained a second search warrant for the residence the following day. Agents found a large quantity of methamphetamine and processed marijuana leaves in the garage and in a closet inside the house. Some of the methamphetamine (41 packages) was located in a closet

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inside a gray cooler. Agents also located a 9mm semi-automatic Baretta pistol in a closet. In drawers in the kitchen, agents located two sets of digital scales and three different packages of a cutting agent.

Agents saw freshly disturbed dirt in a number of areas of the backyard, as well as shovels with fresh dirt on them. While digging down into one site, agents located a piece of wood which was covering a gray cooler with a white lid, with gray duct tape running the entire circumference of the cooler. After a second search warrant was issued, agents opened the cooler and discovered 41 packages of methamphetamine. The agents discovered a second buried cooler which contained another 17 packages. The methamphetamine appears to be uncut crystal meth, or "ice."

At a news conference Wednesday at ATF-Atlanta, law enforcement officials said this was the largest meth seizure in Georgia history. The suspected crystal methamphetamine in uncut form has a minimum estimated street value of $17 million, and depending on how many times it is "cut," DEA estimates that the street value could be over $50 million.

"Each record meth seizure we make is an unfortunate reminder that North Georgia has become a central hub for the meth epidemic that is afflicting not just our communities but much of the nation," said U.S. Attorney David E. Nahmias. "The only good news is that through close cooperation and hard work by our law enforcement agencies, we are seizing more and more drugs and putting more and more drug dealers behind bars where they belong. Our hope is that they will get the message that they don't want to operate here in Georgia."

Two Arrested, Two Sought In Meth Bust (AJC)

The Atlanta Journal-Constitution, August 31, 2006

A week ago, federal officials announced the seizure of 174 pounds of crystal methamphetamine, saying it was one of the largest ever on the East Coast. Today, they announced a bust that doubled that.

In the latest case, law enforcement agents seized 341 pounds of the highly addictive crystal meth â€" or ice â€" in a Gainesville home. They said it is further evidence of the growing impact of Mexican drug organizations in the area. The two busts have nothing to do with each other.

Two men were arrested and two others are wanted. All are illegal aliens.

â€œThe problem is enormous and growing,â€• U.S. Attorney David Nahmias said in a press conference surrounded by federal and local officials. â€œAtlanta has become a prime shipment hub for these organizations.

â€œWe ship drugs to Miami, which is an astounding thing,â€• he said.

Nahmias would not comment on the origin of the latest meth seizure but said most methamphetamine in the U.S. now is cooked in clandestine labs in Mexico and then smuggled into the Southwest U.S. and then to other destinations.

He said that the Mexican drug organizations, by sheer volume of their product, have pushed the â€œmom and popâ€• operations out of business. â€œThey realize meth is a booming business,â€ he said. â€œThey are taking over this business.â€

Alejandro Martinez-Menera, 23, and Arnulfo Pineda-Rivera, 32, have been arrested and Matinez-Meneraâ€™s brothers Socorro, 25, and Sacarias, 21, are being sought. Officials say the investigation is continuing.

The seizure, which occurred Aug. 21, came nearly two months after a helicopter from the Governorâ€™s Task Force spotted a marijuana field in the Chattahoochee National Forest in the north Georgia mountains.

Agents from the U.S. Forest Service and the Department of Alcohol Tobacco and Firearms started watching the field over the next month and spotted four men using hoes to clear vegetation from around the plants.

â€œYou can imagine that in the summertime in North Georgia it can be very gruelingâ€• to run a stakeout,â€• said Russ Arthur, a Forest Service supervising agent.

A license plate run of the menâ€™s vehicle led agents to the Gainesville home. A search warrant found three separate coolers â€" two buried outside â€" filled with the meth. It was tightly wrapped in plastic containers â€" 99 in all.

Officials estimate the value of the drug from $17 million to $50 million when cut and sold on the street.

Drug Enforcement Agent Stephen Murphy said that Mexican drug operators have chosen metro Atlanta because itâ€™s a good transportation hub for any product and the large Hispanic population.

â€œThey are able to hide, blend in among other immigrants,â€• he said.

2nd Huge Georgia Drug Find Points To Pattern, Officials Say (NYT)

By Brenda Goodman

The New York Times, August 31, 2006

ATLANTA, Aug. 30 — Just six days after federal agents set a Georgia record by confiscating 187 pounds of crystal methamphetamine buried behind a home in Buford, federal, state and local law enforcement officers found 341 pounds of the crystals in Gainesville, Ga., the authorities announced Wednesday.

Executing a search warrant on Aug. 22, officers found packages of methamphetamine crystals, which look like broken rock candy, hidden in the closets and the garage and under freshly disturbed mounds of dirt in the backyard. They also found 300 marijuana plants, three sets of digital scales and a gun.

The stash was the sixth-largest supply of methamphetamine confiscated in the United States since 1970, said Ruth Porter-Whipple, the group supervisor of the Atlanta field division of the Drug Enforcement Agency.

The discovery and the brazenness with which drug dealers seem to operate in North Georgia have alarmed drug enforcement agents and confirmed Atlanta's emerging role as a hub for the distribution of crystal methamphetamine, called ice.

"What we're seeing a flood of, particularly in Georgia, is the ice," Ms. Porter-Whipple said. "We have watched the seizures steadily increase, which would be indicative of what's out there and available."

Large shipments of mass-produced crystal methamphetamine, almost exclusively imported from Mexico by large drug cartels, have all but erased gains made by new state drugs laws that limit the sale of cold medicines and other household ingredients used to make the drug in the United States, according to the 2006 National Drug Threat Assessment, an annual report released by the National Drug Intelligence Center, the federal agency that documents the traffic patterns of illegal drugs through the United States.

"Mexican criminal groups appear to be using Atlanta as an emerging distribution center from which methamphetamine shipments are transported primarily to Midwestern and Southeastern drug markets," said Michael F. Walther, director of the center.

The primary entry points for Mexican drug runners had been Arizona and California, and the distribution of methamphetamine, a highly addictive nervous system stimulant that causes euphoria and appetite loss, had been mostly concentrated in the West and Midwest.

That pattern, though, has started to change as the drug networks have taken note of Atlanta's central location and "demographic significance," Ms. Porter-Whipple said.

In the Gainesville case, prosecutors have charged three brothers, Alejandro, Socorro and Sacarias Martinez-Menera, and a fourth man, Arnulfo Pineda-Rivera, with possession with intent to distribute methamphetamine. Alejandro Martinez-Menera and Mr. Pineda-Rivera have been arrested.

Agents are still looking for Socorro and Sacarias Martinez-Menera.

Two Arrested, Two Sought In Meth Bust (MACT)

The Macon Telegraph, August 31, 2006

ATLANTA - Two men have been arrested and two more are being sought following the seizure of more than 300 pounds of methamphetamine in northeast Georgia, federal authorities announced Wednesday.

Authorities seized 341 pounds of meth in Gainesville on Aug. 21 and 22, U.S. Attorney David Nahmias' office said in a statement.

The investigation began when U.S. Forest Service officials spotted four people cultivating a marijuana field inside Chattahoochee National Forest in Union County, the statement said.

Authorities searched a house connected to the suspects where they found the meth. The investigation turned up 300 marijuana plants.

Two people were arrested and two others are considered fugitives.

Huge Meth Seizure Shatters Georgia Record Set Just Two Weeks Ago (BHT)

Black Hills Today, August 30, 2006

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August 30, 2006 -- ATLANTA, GA. Federal, state, and local law enforcement authorities in North Georgia today announced the record seizure of approximately 341 pounds of suspected crystal methamphetamine ("ice") in Gainesville, Georgia, on August 21 and 22, 2006. A federal criminal complaint has been filed against three brothers, ALEJANDRO MARTINEZ - MENERA, 23, SOCORRO MARTINEZ-MENERA, 25, and SACARIAS MARTINEZ- MENERA, 21, charging them with possession with intent to distribute methamphetamine. The three and a fourth defendant, ARNULFO PINEDA-RIVERA, 32, are also charged with possession with growing a large number of marijuana plants, and PINEDA-RIVERA is also charged with being an illegal alien who re-entered the United States after being deported. All four defendants resided in Gainesville.

ALEJANDRO MARTINEZ-MENERA and ARNULFO PINEDA-RIVERA have been arrested and made their initial appearance in federal court yesterday. SOCORRO and SACARIAS MARTINEZ-MENERA are considered fugitives.

"Each record meth seizure we make is an unfortunate reminder that North Georgia has become a central hub for the meth epidemic that is afflicting not just our communities but much of the nation," said United States Attorney David E. Nahmias, noting that a separate seizure of 187 pounds of ice was made just two weeks ago in Buford, Georgia. "The only good news is that through close cooperation and hard work by our law enforcement agencies, we are seizing more and more drugs and putting more and more drug dealers behind bars where they belong. Our hope is that they will get the message that they don't want to operate here in Georgia."

"We want to recognize the important cooperative effort that took place during this investigation and seizure of evidence," noted Russ Arthur, Supervisory Special Agent with the U.S. Forest Service in Atlanta, Georgia. "Through the assistance of the Union County Sheriff's Office, the Bureau of Alcohol, Tobacco, Firearms and Explosives, Gainesville Police Department, Drug Enforcement Administration, Hall County Sheriff's Office and the Federal Bureau of Investigation, we have removed an incredible amount of suspected crystal methamphetamine from the streets," Arthur said. "The Forest Service has limited investigative resources, so without this team effort with all the agencies involved, this significant drug seizure would not have happened. While the USDA Forest Service is not normally a lead agency in investigations involving such a large amount of drugs, our officers do deal with a multitude of crimes faced in the metropolitan areas. We are grateful for the efforts of this multi-agency effort in this investigation."

The seizure of approximately 341 pounds of suspected crystal methamphetamine from a residence in Gainesville, Georgia was the result of a three-month, multi-agency investigation. The investigation, which originated in the Chattahoochee National Forest with the discovery of a large marijuana field, was led by the USDA Forest Service and involved the Union County Sheriff's Department and the Bureau of Alcohol, Tobacco, Firearms and Explosives. The investigation began on June 29, 2006, when a helicopter pilot flying for the Governor's Drug Task Force spotted marijuana plants growing cultivated on Chattahoochee National Forest land in Union County. The U.S. Forest Service, Union County Sheriff's Office and ATF began a joint investigation to determine who was cultivating these illegal plants. Through surveillance and other investigative techniques, agents were able to determine that four individuals living in Hall County, Georgia, were tending the marijuana plants.

According to Nahmias and the criminal complaints filed in the case: The marijuana cultivation site on which approximately 300 marijuana plants had originally been planted was located off of Forest Route 39, Duncan Ridge Road, on Chattahoochee National Forest Service property in Union County. Subsequent human and electronic surveillance allegedly identified ALEJANDRO MARTINEZ-MENERA, SOCORRO MARTINEZ-MENERA, SACARIAS MARTINEZ-MENERA and ARNULFO PINEDA-RIVERA cultivating the marijuana.

Further investigation allegedly showed that ALEJANDRO MARTINEZ-MANERA and his brothers were also operating out of a home at 2416 Crossgate Court in Gainesville. On August 21, 2006, agents of the U.S. Forest Service, ATF, FBI, the Union County Sheriff's Office and the Hall County Major Offender's Task Force executed a federal search warrant at that residence; they obtained a second search warrant for the residence the following day. Agents found a large quantity of methamphetamine and processed marijuana leaves in the garage and in a closet inside the house. Some of the methamphetamine (41 packages) was located in a closet inside a gray cooler. Agents also located a 9mm semi- automatic Baretta pistol in a closet. In drawers in the kitchen, agents located two sets of digital scales and three different packages of a cutting agent.

Agents saw freshly disturbed dirt in a number of areas of the backyard, as well as shovels with fresh dirt on them. While digging down into one site, agents located a piece of wood which was covering a gray cooler with a white lid, with gray duct tape

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running the entire circumference of the cooler. After a second search warrant was issued, agents opened the cooler and discovered 41 packages of methamphetamine. The agents discovered a second buried cooler which contained an additional 17 packages. The methamphetamine appears to be uncut crystal meth, or "ice." In all, an estimated 341 pounds of ice were found.

At a press conference in Atlanta this morning ATF-Atlanta, law enforcement officials said that this was the largest meth seizure in Georgia history. The suspected crystal methamphetamine in uncut form has a minimum estimated street value of $17 million, and depending on how many times it is "cut," DEA estimates that the street value could be over $50 million.

Two of the defendants, SOCORRO MARTINEZ-MENERA, and his brother SACARIAS MARTINEZ-MENERA, have not yet been arrested and are considered fugitives. Law enforcement is asking anyone with information to call any of the federal, state or local agencies involved in this investigation. (NEWS MEDIA NOTE: photos of the fugitives are available and are electronically attached.) The investigation is continuing.

At the news conference, ATF Special Agent In Charge Vanessa McLemore said of the case, "The identification of four defendants and the recovery of this massive amount of meth by the US Forest Service, ATF and the Union County Sheriff's Department is a tribute to the force behind law enforcement team work and dedication to mission. The criminal element needs to take note that all Georgia law enforcement, federal, state and local, is stepping up to investigate and dismantle illegal drug and firearms organizations."

Members of the public are reminded that the criminal complaint contains only allegations. A defendant is presumed innocent of the charges and it will be the government's burden to prove a defendant's guilt beyond a reasonable doubt at trial.

This case is being investigated by the U.S. Forest Service, along with the Union County Sheriff's Office and the ATF. Additional valuable assistance in this case is being provided by the DEA, the Georgia Governor's Drug Task Force, the Gainesville Police Department, the FBI and the Hall County Sheriff's Office.

Assistant United States Attorney Allen Moye is prosecuting the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan

Drug Bust Nabs At Least 80 (HHD)

Huntington Herald Dispatch, August 30, 2006

HUNTINGTON -- At least 74 people were arrested Tuesday as part of Huntington's largest one-day drug sweep this year.

The daylong series of raids focused on residences throughout Huntington, where police say they confiscated large amounts of crack cocaine, guns and other items.

Authorities say they organized "Operation Moneyton" with hopes of nabbing 73 suspected drug dealers operating within the city. More than half of those targets were arrested Tuesday, with other people being charged with unrelated offenses.

The operation gained its name because drug dealers often refer to Huntington as Moneyton, because they see the city as a place to make large sums of quick money.

Authorities say they hope to reverse that trend, and Huntington resident Gary Turner praised their efforts as he watched them in action near 19th Street.

"Too much violence comes out of these drugs," he said.

The day of police activity also attracted the attention of Gov. Joe Manchin, who visited Huntington on Tuesday morning.

Manchin said Tuesday's raid is just part of a statewide crackdown already credited with seizing more than $53 million in illegal drugs.

"We must win it," he said of the state's war on drugs. "I want to send a strong message that West Virginia is a state where we will not tolerate drug activity, and where strong, swift justice will be delivered to those individuals who try to distribute illegal drugs."

Manchin said the West Virginia State Police also were looking for drug suspects in Kanawha, Jackson and Calhoun counties Tuesday.

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In Huntington's operation, authorities focused attention in several locations, including an apartment building near 8th Street and 9th Avenue. Other spots included addresses near the intersection of 9th Street and Artisan Avenue; the 600 block of 14th Street and the 900 block of 22nd Street.

Kim Miller, who manages a drug treatment facility near one of Tuesday's raids, said she is pleased with the police activity.

"I think we all have to work together," she said. "(Law enforcement) is a necessary component to getting the criminals off the street, and then keeping them off the street becomes the challenge."

Manchin said his office will continue working with the Legislature in hopes of passing tougher sentences for drug trafficking.

In the meantime, Cabell County Assistant Prosecutor Sean Hammers said his office would be attending some of the arraignments Tuesday with hopes of influencing magistrates to set appropriate bonds.

As of Tuesday evening, Hammers' office said only one person arrested in Tuesday's sweep had posted bond.

However, not all the arrestees had been processed by early Tuesday evening.

Information obtained from the Western Regional Jail indicated only 37 inmates had been booked into the facility as of Tuesday evening.

About 110 law enforcement officers, troopers and agents participated.

Authorities say such a large presence is needed so they can hit as many targets at one time without losing their element of surprise.

Tuesday's police presence consisted of resources from the Huntington Police Department, West Virginia State Police, FBI, DEA, Marshall University Police Department and the Cabell County Prosecutor's Office.

DEA Agents Rescue Undercover Cop (LADN)

Los Angeles Daily News, August 30, 2006

VAN NUYS - DEA agents entered a medical-marijuana dispensary Wednesday to free an undercover colleague who was not being allowed to leave by workers who discovered he was not a real customer, a Drug Enforcement Administration spokeswoman said.

No one was injured and no arrests were made as of Wednesday evening after the incident at the Trichome Healing Center at 7100 Van Nuys Blvd., said DEA spokeswoman Sarah Pullen.

The center was under surveillance when an undercover agent entered the business, Pullen said.

While inside, the agent became aware that his identity may have been compromised and when he attempted to leave the business, employees stopped him.

"They blocked the exit and at that point the surveillance agents became aware that the officer inside was not being allowed to leave so they entered the premises and were able to secure his exit," she said.

An investigation is ongoing, she said.

Queens College Student Charged With Impersonating Federal Agent (AP)

AP, August 30, 2006

(New York- AP, August 30, 2006) - A college student has been charged with impersonating a federal agent after a routine traffic stop led police to a cache of weapons and forged law enforcement paraphernalia in his bedroom, prosecutors said Wednesday.

Stephan M. Kishore's masquerade came to an end after a Port Authority of New York and New Jersey police officer stopped his minivan Monday afternoon on an expressway near John F. Kennedy International Airport for changing lanes without signaling, prosecutors said.

The officer said he noticed a large police decal on a rear door of the minivan and red and blue strobe lights on the dashboard. There also were two U.S. Department of Homeland Security parking placards on the dashboard, prosecutors said.

Kishore, who is from Trinidad but lives in the Bronx, then showed the officer a phony Homeland Security ID card and shield, prosecutors said. When asked if he was a police officer, Kishore replied, "Yes, and I'm on duty," they said.

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However, the officer became suspicious when he read on the back of the shield: "CopShop.com, Collectible Badge, Not For Official Use." CopShop, based in Umatilla, Fla., calls itself the online mall for cops, selling sheriff's office badges, state trooper patches, collectible pins and law enforcement apparel.

Kishore later admitted he was not a police officer and had made the ID card on his home computer, prosecutors said.

Kishore, 20, was arraigned Tuesday night in Queens Criminal Court on charges of criminal impersonation, forgery and criminal possession of a weapon, a forged instrument and forgery devices, District Attorney Richard Brown said.

"The victim's alleged conduct in this era of heightened security was both dangerous and reprehensible because it exploited the public's trust in the police and placed both his life and those of actual police officers in possible jeopardy," Brown said in a statement.

Kishore, a student at York College in Queens, was being held Wednesday on $50,000 bail. His next court date is Sept. 5. He could face up to seven years in prison if convicted.

Bernice Kishore, his aunt, reached by phone at her home in central Trinidad, said the young man was a 4.0 student on scholarship and had always dreamed of being a police officer.

"He has always been obsessed with being a cop and had decals all over his room," she said.

She added that her nephew, who was licensed as a locksmith at age 18, had been taking flying lessons at LaGuardia Airport.

"But he isn't political. He would never be a threat like a terrorist," she said. "He's really more of a big kid. He's kind of childish."

Stephan Kishore admitted he had templates to make insignia and credentials for numerous police agencies and had several federal and local police ID cards, two stun guns, two pellet guns and two starter pistols in his bedroom, prosecutors said.

Police said they recovered the guns, a laptop computer, a laminator and blank ID cards during the execution of a search warrant at his home. They also said they found 32 federal police ID cards, including ones for the U.S. Marshals Service, the Drug Enforcement Administration, the FBI and U.S. Customs and Border Protection, and shields for city departments including police and correction.

Kishore also is charged with changing the expiration date of his temporary visitor's status on his driver's license from August 2005 to 2006 with a red pen and with violating the city's Administrative Code relating to firearms, using police uniforms or emblems and placing state seals and insignia on private vehicles.

New Initiative Targets Lower East Side Gangs (BUFFNEWS)

By Jay Rey, News Staff Reporter

Buffalo News, August 31, 2006

Broadway-Fillmore will be the focus

Buffalo is working on a strategy to weed out the gangs and drugs on the lower East Side.

U.S. Attorney Terrance P. Flynn joined Mayor Byron W. Brown on Monday at the Col. Matt Urban Center on Broadway to announce an initiative for a new "Weed and Seed" program, targeting the Broadway-Fillmore neighborhood, one of the city's most violent.

"This will be an additional tool in our arsenal to reduce crime and violence in our city," Brown said.

Buffalo has had 51 murders so far this year, compared with 56 during all of last year. Police blame the spike in violence on drug warfare and a resurgence in gang activity.

Weed and Seed programs, created by the Justice Department, combine the efforts of the police, prosecutors and community activists to "weed" out violent crime in neighborhoods and "seed" it with social and redevelopment opportunities, Flynn said.

Sen. Charles E. Schumer, D-N.Y., announced nearly two weeks ago that Buffalo had received a $175,000 Weed and Seed grant from the Justice Department.

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Officials gave no specifics Monday on how they would use the funds or tackle the neighborhood problems, but spoke, in general, about boosting police presence, stepping up federal prosecution and creating more social events and safe havens for neighborhood young people, among other efforts.

Buffalo has used the Weed and Seed program the past five years to take guns off the streets in two city neighborhoods, one on the East Side, another on the West Side.

This new effort, the city's third Weed and Seed program, involves a five-year strategy broadly focused on suppressing gang activity in the target area bounded by Sycamore Street on the north, Bailey Avenue on the east, William Street on the south and Jefferson Avenue on the west, said Oswaldo Mestre Jr., Buffalo's director of the Division of Citizen Services.

Mestre described it as the part of the city with the most violent crime and the most drug-related incidents.

"This is an area where we have seen a level of crime activity that we are concerned about," Brown said, "but it is also an area where we have active block clubs and enormous community support."

A program like this is a long time coming in Broadway-Fillmore, said Marlies A. Wesolowski, executive director of the Col. Matt Urban Center.

The Broadway-Fillmore neighborhood has high unemployment, high poverty and a large number of single-parent households, she said.

"We need to get the kids off the street and into community centers," she said. "We need to get the drugs and the gangs under control. We need more police presence and tougher prosecution.

"The problem we have in this part of the community," Wesolowski said, "is when they shut down a drug house it just moves down the street."

IMMIGRATION:

Law Students Giving Immigrants Rare Legal Aid (AP)

By Cara Anna, Associated Press Writer

AP, August 31, 2006

ITHACA, N.Y. -- She needed a dictionary to understand what she was reading, but when she did, Viravyne Chhim put down the case file and cried.

The words were crude. Infibulation: The sewing of skin to close off a female's genital area. Defibulation: The cutting open of those scars.

Chhim was a law student at Cornell University. Her African client was in detention in Arizona, hoping for asylum. Tying them together was a unique program that gives a small number of immigrants legal aid when they face deportation.

The Washington-based Pro Bono Appeals Project is the only one of its kind, matching immigrants at the appeals level with hundreds of volunteer lawyers. Some of its most enthusiastic members are the students at nine law schools, from Mississippi to Massachusetts, who often are working with a real client for the first time.

One of the first things students learn about an immigration case is that, unlike others detained in the United States, immigrants facing deportation are largely on their own. The government doesn't provide legal help and they don't have a right to appointed counsel.

Almost two-thirds of cases in immigration court have no representation, no matter the person's grasp of law, or English. Even the government says it's a problem, and it helped set up the pro bono project to make the system less confusing to immigrants and less frustrating for judges.

The African woman was lucky. As Chhim prepared to graduate this spring, she worked on the case four hours a day, searching legal databases for rape and mutilation. She needed to show that if the woman returned to Liberia, she risked such things again.

"I don't know how she'd have been able to do that in detention," Chhim said. The case was successful.

Of the 67 appeals the project took on last year, students like Chhim worked on 18.

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"Students love working on these cases," said Steven Goldblatt, a law professor at Georgetown University. "They get totally wrapped up because the stakes are so high."

Each week, the government goes through new cases from immigration court and takes the first 12 that meet the project's criteria. The project chooses the most promising of the 12 cases and matches them with participating lawyers and law schools. When a match can't be found, the case is left to proceed alone, said coordinator Molly McKenna.

Almost two-thirds of the more than 240,000 cases in immigration court had no representation last year, according to the Executive Office for Immigration Review, part of the Justice Department. At the appeals level, 31 percent of the more than 42,000 cases last year had no lawyer.

"We will not stop thinking of ways to extend pro bono access for anybody," said Steven Lang, who became the EOIR's first pro bono coordinator in 2000 and helped set up the appeals project.

Some project lawyers said it's ironic that the strictest immigration proposal now in Congress would give more immigrants a lawyer. The bill sponsored by Wisconsin Republican John Sensenbrenner would make illegal immigrants felons, giving them the right to court-appointed counsel. For now, cases in immigration court are civil.

The difference is lost on some immigrants, especially the ones who fear anything official. Cornell won another case this spring even after the client went into hiding. The former child soldier from Uganda had won asylum, but when the government appealed his case, he disappeared.

"I think he thought he had lost," said Stephen Taeusch, a student on the case.

When the Department of Justice studied 281 pro bono project cases two years ago, it found 40 percent were successful.

Students rarely get to meet their clients. But during spring break in 2004, Cornell students Evan Fan and Victoria Hadfield drove to a detention center near Philadelphia. They had been working all spring with a man who had been caught with marijuana while re-entering the United States from Laos.

The students had talked with him by phone every week, through a translator. Just before driving down, they turned in a legal brief arguing he would be tortured back home because of his role with a Hmong army during the Vietnam War.

They knew he was worried. As they greeted him in the detention center, he broke down.

Then Hadfield did, too. "I started to see how much we can do as lawyers to change a person's life," Fan said.

Two weeks later, they heard they had won the appeal.

More Immigration Demonstrations Planned (WP)

By Karin Brulliard

The Washington Post, August 31, 2006

After four months of relative quiet, immigration reform advocates are mobilizing a new round of protests in Washington and other cities to put pressure on a returning Congress and reinvigorate a Latino movement that awakened in massive demonstrations this spring.

The events will begin tomorrow in Chicago, where demonstrators plan to set out on a four-day march to the district offices of House Speaker J. Dennis Hastert (R) in Batavia, Ill., and will continue with one-day rallies throughout next week in Phoenix, Washington and Los Angeles.

In the Washington region, activists are distributing leaflets, and Spanish-language radio is buzzing about a Sept. 7 rally that organizers hope will be the biggest yet. Organizers say their goal is 1 million protesters from up and down the East Coast for a rally on the Mall and a march to the White House.

"We want to make sure that Congress and this administration get a very clear message that the immigrant community is still paying attention to what's happening in the immigration debate and that we know that it's election time," said Jaime Contreras, chairman of the National Capital Immigration Coalition, the rally's organizer.

Local organizers said they are improving on spring rallies that were hastily planned amid a spontaneous groundswell of activism. To avoid a backlash against foreign flags, they are directing all protesters to carry U.S. flags. They are starting the rally at 4 p.m. so student demonstrators, who frustrated school administrators by walking out earlier this year, can participate. And organizers have nearly tripled their budget for portable toilets.

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In media interviews and on fliers, they have simplified their focus to key demands: legalization for the unauthorized and an end to stepped-up arrests of illegal immigrants.

"We are learning," said Juan Carlos Ruiz, general coordinator of the regional coalition.

The return to street protest, a tactic that galvanized millions this spring, comes after public discord among activists over a May 1 work boycott and a summer when their focus turned to immigrant voter registration drives. At the same time, new immigration legislation grew even more elusive in Congress, which is deadlocked on the issue.

Some believe it could be risky. The spring protests roused supporters but also stirred fierce hostility, said Steven A. Camarota of the Center for Immigration Studies, which favors lower levels of immigration. That kind of intensity might make members of Congress, which is approaching midterm elections, even less likely to touch the immigration issue.

"They want to energize the community . . . to put the issue on the agenda and make it clear that look, it's not going away," Camarota said. "By doing all that, they may also hurt the prospect of the legislation passing."

The immigrant movement is still developing. Regional coalitions are trying to figure out how to work together nationally, and no clear leader has emerged. Locally, the National Capital Immigration Coalition -- a network of about 60 organizations that has existed for four years -- is just now defining the qualifications for formal membership.

As for immigrant voter registration, national figures are not yet compiled, said Germonique R. Jones of the Center for Community Change in the District, but anecdotal evidence points to success in some areas. She said Phoenix organizers, for example, are en route to meeting a summer goal of registering 20,000 voters.

Local results have been tepid. Northern Virginia immigrant organizations had no drives. Groups in the District registered 200 voters, said Kim Propeack, advocacy director for CASA of Maryland. In Maryland, Korean organizations registered 350, while CASA of Maryland registered 425 and quadrupled enrollment in its citizenship workshops, Propeack said.

But organizers say the movement has not lost steam. Immigrants, they said, are enthusiastic about the coming protests, believing the demonstrations empower them and weaken support for an enforcement-only House proposal.

"If that's what we accomplished with marches, then let's keep marching," said Jorge Mujica, a rally organizer in Chicago.

Other observers are uncertain. Carlos Aragon, general manager of Radio Fiesta (1480 AM), a Woodbridge station that has been broadcasting information about the Sept. 7 rally, said the event is a hot topic among listeners -- but they now sound more cautious.

"Nothing happened in regard to immigration in Congress," Aragon said. "People are just not sure if it will help."

This week's Chicago march will be followed by protests Sept. 4 in Phoenix and Sept. 9 in Los Angeles.

Unlike previous rallies that drew people from the Washington region, the Sept. 7 event will include participants from along the East Coast. Organizers said at least 100 busloads of marchers will roll in.

To encourage local turnout, organizers are intensifying the strategies they used in the spring. They are playing radio promotional spots each hour on some Spanish-language stations. Volunteers are distributing fliers at churches, soccer fields, Metro stations and construction sites.

With the responsibility of having a demonstration for out-of-towners upon them, local leaders are striving to plan a smoother -- and savvier -- event.

On a recent night, organizer Edgar Rivera led a planning meeting at the Alexandria offices of Tenants and Workers United. He listed all that will be different about this march: After rallying, demonstrators will proceed to the White House for the first time, he said.

Organizers will dispatch Spanish-speaking volunteers to Metro stations to direct demonstrators, Rivera told those gathered. And more high-profile speakers will be included -- maybe Jesse L. Jackson and a Catholic cardinal, he said -- but fewer politicians.

"It's the community that should be out there," Rivera said.

TAX:

Feds Sue To Keep Man From Preparing Tax Returns (FRESBEE)

By Robert Rodriguez, The Fresno Bee

Fresno Bee, August 31, 2006

A former Internal Revenue Service employee turned tax preparer may have filed his last return.

The U.S. Department of Justice is asking a federal judge to bar David Meals of Dinuba from preparing another federal tax return after he allegedly prepared or supervised the preparation of 103 Tachi Yokut tribe tax returns that claimed casino-gaming proceeds were tax-exempt.

The government, in a civil lawsuit filed Tuesday in U.S. District Court in Fresno, argues the proceeds are not tax-exempt and that the returns improperly asked for more than $826,000 in tax refunds.

The tribe operates the Tachi Palace Hotel and Casino in Lemoore.

"We want the judge to block him from ever preparing taxes in the future," said Charles Miller, a Department of Justice spokesman in Washington, D.C.

Meals, who could not be reached for comment Tuesday, worked as the manager of the Jackson Hewitt Tax Services franchise in Hanford last year when the improper returns were completed. He no longer works for the company.

He personally prepared 40 of the erroneous tax returns.

The lawsuit alleges Meals told members of the tribe that the gaming proceeds paid to tribal members were not taxable because of a Native American treaty.

But the lawsuit states there is no such treaty exempting distributions of casino earnings from federal income tax.

Federal officials also point out that there are two publications on the Internal Revenue Service's Web site that clearly state the law regarding gaming proceeds.

A representative of the IRS even met with the tribal members in March 2005 to explain the rule. Meals also attended the meeting and, during a question-and-answer period, continued to voice his opinion that the proceeds were exempt, the lawsuit states.

As a result of the "frivolous" tax returns, the IRS issued refunds of about $688,500 to tribal members.

And Meals may not be the only one in hot water.

Of the 103 Jackson Hewitt customers who filed the questionable returns, only 11 have filed corrected tax returns.

The government says the remainder are still liable for federal income taxes, interest and penalties related to their incorrect filings.

Along with preventing Meals from preparing federal returns, the government also asked him to provide a list of all his customers who claimed the gaming proceeds are tax exempt.

"People who prepare fraudulent tax returns expose themselves and their customers to risk of civil penalties and criminal prosecution," said Eileen J. O'Connor, assistant attorney general for the Justice Department's Tax Division.

"The IRS and the Justice Department are working to diligently stop their activities." The reporter can be reached at brodriguez@fresnobee.com or (559) 441-6327.

U.S. Scores A Win Against Tax-Shelter Abuse (WSJ)

By David Wessel

The Wall Street Journal, August 31, 2006

It can take a long time for the U.S. government to nail a big company that has stretched the law too far in its quest to avoid paying taxes. Sometimes, it's worth the wait.

Thirteen years ago, General Electric Capital Corp., the finance arm of the big company, set up an extraordinarily complex partnership with a couple of Dutch banks. Mellifluously dubbed Castle Harbour, the deal saved General Electric $62.2 million in taxes over five years in the 1990s.

In 2001, the Internal Revenue Service said the deal was basically a bank loan, secured by 63 airplanes, that had been dressed up as a partnership to dodge taxes. It demanded the $62.2 million. In 2004, GE persuaded a federal district judge in New Haven, Conn., that the IRS was wrong.

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A few weeks ago, in a searing 34-page opinion, the Second U.S. Circuit Court of Appeals in New York said it was the lower court that got it wrong "primarily by accepting at face value the appearances and labels created by the partnership, rather than assessing the underlying economic realities."

CAPITAL EXCHANGE

Send comments on this week's column to capital@wsj.com1.

The ruling is the latest in a series of appellate-court wins in corporate tax-shelter cases for the IRS and Justice Department as they continue to battle corporate excesses of the 1990s. The government recently has prevailed over Dow Chemical, Coltec Industries and Black & Decker in decisions that are, or should be, scrutinized by executives pondering the wisdom of overly creative tax shelters.

With the perspective that comes from moving between representing the IRS and representing companies over a 30-year career as a tax lawyer, IRS Chief Counsel Donald Korb says the wind is shifting in the government's direction now, as it often does after a period in which taxpayers go too far. The 1969 disclosure that 21 millionaires hadn't paid any income tax for 1967 led to the alternative minimum tax to limit the use of tax breaks. The spread of cattle-breeding, oil-drilling, grape-growing and other tax shelters for individuals in the 1970s and early 1980s led first to the government fighting hard in court and then, in the 1986 Tax Reform Act, to legislative curbs on individual tax shelters.

The 1990s brought something new. "The widespread use of computers and the exotica of modern corporate finance, coupled with the desire of the Big Six public accounting firms, investment bankers and some law firms to generate revenues not based on traditional billable hours, but instead based on...fees, led to a new phenomenon, commonly called corporate tax shelters," Mr. Korb observed in a recent lecture.

Tax cops were outmanned and outmaneuvered. Congress was beating up on the IRS in the 1990s as too tough on taxpayers. And, as we know now, an anything-goes attitude prevailed in many corporate boardrooms with too many lawyers and accountants becoming accomplices instead of obstacles.

The Castle Harbour tax shelter is noteworthy not because it was exceptional, but because it was so typical. Airlines typically don't own aircraft because they don't make enough profit to take advantage of the depreciation tax breaks. GE Capital and others own planes and lease them to airlines. In the early 1990s, as the appeals court put it, "GE Capital found itself in the position of owning a fleet of aircraft that had been fully depreciated and could thus no longer serve as the basis for depreciation deductions."

So it paid $9 million to Babcock & Brown, an investment bank then very active in promoting such tax shelters. The firm structured a deal that described the Dutch banks as equity partners and, for U.S. tax purposes only, attributed taxable income from the deal to them, which was convenient since Dutch banks don't pay U.S. taxes.

Stripped of the bells and whistles, though, the banks didn't make an equity investment. They were lending money at an interest rate set precisely in the deal as 9.03587% (or, in some circumstances, 8.53587%). The banks, inconveniently for GE, called the deal a loan on their books and for Dutch tax purposes.

Each piece of the intricate construct was crafted to meet tax rules, and that was enough to satisfy U.S. District Judge Stefan R. Underhill. Finding that GE had some financial motives beyond just avoiding taxes, he declared the deal kosher. But U.S. Circuit Judge Pierre Leval, writing for a three-judge panel, scoffed, saying that conclusion "depended on the fictions projected by the partnership agreement, rather than on an assessment of the practical realities."

In short, the court said, embellishing a tax shelter or saying it wasn't exclusively designed to dodge taxes isn't enough to make it legitimate. By that standard, a lot of the corporate tax sheltering of the 1990s is legally suspect.

GE hasn't surrendered. A spokesman says the company is "disappointed" in the decision, notes that it won't have any adverse financial impact and adds, "We're continuing to analyze the opinion and look at our options. We expect to return to the trial court for further proceedings." Babcock wouldn't talk. (Historical footnote: Babcock and the lawyers who blessed the GE deal were the same ones who did the notorious tax shelter for partners in Long-Term Capital Management, which the courts rejected.)

William Nelson of McKee & Nelson, one of GE's tax lawyers, said he couldn't talk about Castle Harbour while the case is pending. Speaking generically, Mr. Nelson, who did a stint in the 1980s as chief IRS counsel, says "The tax law is undergoing a recalibration. The courts are all over the lot. There is a lot of confusion...and lack of consistency."

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But when the courts, for whatever reasons, come down on the side of the IRS repeatedly, a lot of corporate executives, tax lawyers and accountants grow wary -- at least for a while -- about tax shelters that stretch the laws beyond recognition. Some stories have happy endings.

CONGRESS-ADMINISTRATION:

President Set To Renominate Five For Appeals Courts (NYT)

By Sheryl Gay Stolberg

The New York Times, August 31, 2006

WASHINGTON, Aug. 30 — The White House announced Wednesday that President Bush would revive the expired nominations of five controversial appeals court candidates. The move sets the stage for yet another election-year battle over the federal judiciary.

The White House action was in one sense a formality. Under Senate rules, nominations automatically expire and are sent back to the White House if the lawmakers are out of session for more than 30 days, as they will have been when they return after Labor Day. Such nominations are ordinarily kept alive by unanimous consent of the Senate, but this time Democrats objected, forcing Mr. Bush to renew them.

With just a few weeks to go before lawmakers break for their fall campaigns, and with Democrats and even some Republicans objecting to the nominees, their confirmation is in doubt.

Even so, the White House move cheered conservatives, who make up an important part of Mr. Bush's political base and are passionate about putting conservatives on the bench. The battle over the judiciary was a big feature of the 2004 Congressional campaigns, and conservatives are eager to replay that fight.

"We think all five of these nominees have been delayed unfairly and certainly deserve hearings and final votes on the Senate floor," said Sean Rushton, executive director of the Committee for Justice, a conservative advocacy group. "This is an important step towards putting them back in play in September," just in time for the election season.

Liberals said Mr. Bush was picking a fight.

"This is nothing more than a ploy to gin up the base in this critical election year," Nan Aron, president of the Alliance for Justice, said in a statement. "Rather than playing politics with our nation's courts, the president should send up nominees who are fair, just and qualified."

The candidates are Terrence W. Boyle, a federal district judge in North Carolina, and William James Haynes II of Virginia, general counsel at the Defense Department, both nominated for the United States Court of Appeals for the Fourth Circuit; William Gerry Myers III and Norman Randy Smith, both of Idaho, for the Ninth Circuit; and Michael Brunson Wallace of Mississippi, for the Fifth Circuit.

Of the five, Judge Boyle has come closest to a Senate vote. But his nomination is complicated by conflict-of-interest accusations, and Democrats, who also object to his record on civil rights, have been threatening to block it by filibuster. The Senate majority leader, Bill Frist of Tennessee, has said that if Democrats try a filibuster, he will invoke a rule change known as "the nuclear option," which would bar the filibustering of judicial nominations.

The two sides agree that this step would lead to a virtual shutdown of Senate business, and so the chamber has been locked in a kind of holding pattern, with leaders of each party reluctant to push the issue. With the Senate in recess until next week, it is unclear whether the White House move will now lead to confrontation.

A Senate Republican aide, granted anonymity because the leaders had not given permission to speak about their plans, said that once Congress reconvened next week, only three weeks would remain before the fall break, "and we have security issues on the forefront."

"It's very possible we could spend a couple of days on judges," the aide said, "but we'll just have to see how things go."

Boyle Included In Nominees For Appeals Court (WP/AP)

The Washington Post, August 31, 2006

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NASHVILLE, Aug. 30 -- Bucking opposition in the Senate, President Bush on Wednesday nominated five people for the U.S. Court of Appeals, including one whom Democrats have threatened to block with a filibuster.

News that Bush had decided to nominate the conservative jurists came before Bush spoke at a fundraiser for Bob Corker, who faces a tough Senate race against Democratic nominee Harold Ford Jr.

"I need a U.S. senator who understands that we need people on the bench who will strictly interpret the Constitution and not use the bench to legislate," Bush said.

A White House statement said Bush was nominating Terrence Boyle of North Carolina and William James Haynes II of Virginia to the U.S. Court of Appeals for the 4th Circuit, Michael Brunson Wallace of Mississippi for the 5th Circuit, and William Gerry Myers III of Idaho and Norman Randy Smith of Idaho for the 9th Circuit.

In July, Boyle acknowledged missing the appearance of a conflict of interest in four cases in which he is accused of issuing rulings involving litigants in whose companies his family held stock. Boyle said then that his aides, who do routine screening of cases for conflicts of interest, missed the appearance.

"These situations were an oversight, an inadvertent mistake," Boyle wrote in a letter responding to questions by Senate Majority Leader Bill Frist (R-Tenn.) and Senate Judiciary Committee Chairman Arlen Specter (R-Pa.).

Jim Manley, a spokesman for Senate Minority Leader Harry M. Reid (D-Nev.), called the judicial nominations -- an issue that has been a rallying cry of the conservative wing of the Republican Party -- "extremely divisive."

Stevens Admits To Blocking Bill (WT)

By Rebecca Carr

The Washington Times, August 31, 2006

Alaska Sen. Ted Stevens yesterday acknowledged holding up legislation that would open federal spending practices to public scrutiny, ending speculation about the identity of the bill's blocker swirling around Capitol Hill and the blogosphere.

Aaron Saunders, a spokesman for the Republican, said Mr. Stevens wants a cost-benefit analysis of the measure, which would create a searchable database of about $2.5 trillion in government expenditures, before granting approval.

The legislation, supported by leaders of both parties and more than 100 conservative and liberal-leaning groups, was on the fast track for a floor vote before Mr. Stevens used a procedure known as a "secret hold" to delay it just before lawmakers left town on Aug. 4.

In the past week, conservative and liberal bloggers have unleashed an army of citizens to "out" the senator responsible for the hold. They have kept running tallies of senators who have denied responsibility and those who have refused to comment.

Under Senate rules, the only person who can lift the hold is the senator responsible for placing it.

"Senator Stevens has always preferred to handle this at the staff level or member-to-member," said Mr. Saunders, referring to the hold. "He doesn't like running to the blogosphere or the media."

In addition to concerns about its costs, Mr. Stevens is worried that it would create more bureaucracy to create and maintain such a massive database, Mr. Saunders said.

Mr. Saunders said Sen. Tom Coburn, Oklahoma Republican and one of the bill's sponsors, was informed two weeks ago of Mr. Stevens' concerns. Now it is up to Mr. Coburn's staff to satisfy those concerns before Mr. Stevens will lift the hold, Mr. Saunders said.

Mr. Coburn's staff disputes that they were informed about the hold, saying they had to ask Mr. Stevens if he had placed it. They have yet to meet to discuss those concerns.

But Mr. Stevens could have raised those concerns as a member of the Senate Homeland Security and Governmental Affairs Committee, which approved the bill by voice vote on July 27. He is also a member of the panel's subcommittee, which held an extensive hearing on the measure earlier in July.

Mr. Stevens did not attend either hearing.

The cost-benefit information that Mr. Stevens is seeking is already part of the public record, said Gary Bass, executive director of OMB Watch, a federal spending watchdog group based in Washington.

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The Congressional Budget Office reported that the database would cost $4 million to create and $2 million annually to maintain.

The cost of the government-run database is nominal considering that it will help identify waste and abuse as well as where tax dollars are actually going, Mr. Bass said.

Perhaps Mr. Stevens doesn't like the idea because Mr. Coburn attempted to block funding last year for Mr. Stevens' "Bridge to Nowhere," an Alaskan bridge that would link Ketchikan (population 8,900) with its airport on Gravina Island (population 50), Mr. Bass said.

The database would include details about government contracts, grants, insurance, loans and financial assistance.

The bill also was sponsored by Sen. Barack Obama, Illinois Democrat, and is backed by heavy hitters including Senate Majority Leader Bill Frist, Tennessee Republican, Sen. John McCain, Arizona Republican, Minority Leader Harry Reid, Nevada Democrat, and Hillary Rodham Clinton, New York Democrat.

Alaska's Stevens Put A Hold On Pork-Barrel Transparency Bill (LAT)

By Joel Havemann

The Los Angeles Times, August 31, 2006

WASHINGTON — Ending a mystery that had captivated conservative and liberal Internet activists, Sen. Ted Stevens (R-Alaska) emerged Wednesday as the senator who secretly held up action on a bill to create a searchable online catalog of federal grants and contracts aimed at helping the general public find out who receives government support.

The acknowledgment by Stevens ended an innovative exercise in Internet-based political activism. Several blogs had urged readers to call senators and ask whether they had placed a "hold" on the legislation to create the online database. Many activists believed the catalog would make it easier to root out pork-barrel spending.

As of midday Wednesday, the blogs had been able to obtain denials from 97 senators that they had placed the hold, which under unwritten Senate rules prevented the legislation from moving to a floor vote. With the suspects narrowed to a small group, Stevens' office acknowledged that he had blocked the bill.

The bill was drafted by Sen. Tom Coburn (R-Okla.) in response to public concerns about the size of the federal deficit generally and, more specifically, the tendency of lawmakers to earmark funds in spending bills for favored projects back home.

"Why shouldn't the American people know where their money is being spent?" Coburn asked in defense of his bill. He predicted that lawmakers would approve less spending if voters knew what the spending was for.

Stevens' spokesman, Aaron Saunders, said Stevens merely wanted the bill delayed until he could be convinced that it would not create another unnecessary layer of bureaucracy.

"We explained our position to Sen. Coburn," Saunders said. "From our perspective, it hasn't been a secret hold."

Stevens took advantage of a Senate tradition that allows a member or group of members with concerns about legislation to put a private hold on it by issuing a request — anonymously, if desired — to their party's Senate leader.

The petitioners do not have to tell the sponsor of the legislation they are challenging, and the leader keeps the bill from coming to a vote until the concerns are met.

Enter the blogs, with their opposition to pork-barrel congressional spending and their desire for greater government openness.

"We had the perfect irony of a senator's putting a secret hold on legislation designed to guarantee public transparency about pork," said Paul Kiel, a blogger-reporter for the website TPMmuckraker.com.

The first blog to take up the cause of Coburn's bill was Porkbusters.org, which seeks to control federal spending. It said its readers gathered denials from 27 senators that they had placed the hold.

Then readers of TPMmuckraker.com, a site that reports on public corruption, and GOPprogress.com joined the campaign. Kiel, at TPMmuckraker.com, said the three had received satisfactory denials from all but three of the 100 senators.

Saunders said Stevens had not acknowledged his role sooner because he had been traveling during the August congressional recess.

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"More important, the senator doesn't pursue his legislative goals through the media," Saunders said. "He didn't think there was a whole lot of value in turning this into a media circus."

Saunders said the hold was not meant as retribution for Coburn's opposition last year to $223 million for a much-derided "bridge to nowhere" in Alaska that Stevens sought to include in a massive highway bill.

The bridge would link the island city of Ketchikan, Alaska, to another island with 50 residents that is also home to the city's airport. The Senate ultimately authorized the $223 million, not for the bridge but for the state to spend as it saw fit. Though the blogs had been urging readers for days to help hunt down the senator who had placed the hold, it emerged Wednesday that Coburn had publicly identified Stevens on Aug. 17 as having placed the hold. That fact was little noticed until TPMmuckraker mentioned it Wednesday morning.

The Times Record, a newspaper in Fort Smith, Ark., had reported that Coburn had discussed the situation at a town hall meeting in Sallisaw, Okla. "He's the only senator blocking it," Coburn was quoted as saying of Stevens.

Hours after the TPMmuckraker report, Stevens' office acknowledged that he was the one.

Time is running out for lawmakers to act on Coburn's bill.

Days before Congress began its August recess, the Senate Homeland Security and Governmental Affairs Committee cleared the legislation for action by the full Senate.

But Congress wants to adjourn for the year early in October so that its members can campaign full time for reelection.

Senators still have to devote significant time to must-pass legislation, such as the 12 annual spending bills for the budget year that begins Oct. 1. The Senate has approved only one of those bills.

Education Secretary Defends School Law (AP)

By Ben Feller

AP, August 31, 2006

WASHINGTON -- Education Secretary Margaret Spellings said Wednesday the No Child Left Behind Act is close to perfect and needs little change as its first major update draws near.

"I talk about No Child Left Behind like Ivory soap: It's 99.9 percent pure or something," Spellings told reporters. "There's not much needed in the way of change."

Spellings' comments signal what amounts to the Bush administration's starting position as the law comes up for renewal. That is scheduled to happen as soon as next year.

It is unsurprising that Spellings strongly supports the law. She helped craft it as President Bush's domestic policy chief and now enforces it as the top education official.

Yet her view that the law needs little change is notable because it differs so sharply from others with a stake, including many teachers, school administrators and lawmakers.

Already, the House education committee is holding hearings on how to improve the law. So is a prominent bipartisan commission, which is touring the nation to gather opinions.

More than 80 organizations have signed a statement urging fundamental changes, in areas such as how student progress is measured and how schools are penalized when they fall short. And the National Conference of State Legislatures has given the law a scathing rebuke.

"You cannot ignore reality," said Reg Weaver, president of the National Education Association, the largest teachers union in the country.

"The reality is that poll after poll speaks to the concerns that people have," Weaver said. "They are not arguing with the goals. They are not arguing with accountability. But they say something needs to be done to fix this law."

Signed by Bush in 2002, the law is widely considered the most significant federal education act since Congress approved its original version in 1965.

It aims to ensure that all children can read and do math at grade level by 2014, an aspiration that has placed unprecedented demands on schools. The law requires states to increase testing, raise teacher quality and give more attention to minority children.

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Poor schools that get federal aid but don't make enough progress face consequences.

Spellings has made her mark as secretary by enforcing the law with flexibility.

In areas such as tutoring and testing, she has approved experiments to see what may work better _ an approach that has won her praise.

"I think it would be foolhardy for me to sit up here and just say we're not going to react to anything that we're learning over time," she said in an interview with reporters at the Education Department.

Spellings said her job is to present Congress with good data to help lawmakers do their job. She said she is open-minded about ways to improve the law.

But when asked if she meant the law is truly "99.9 percent" close to working properly, she said, "I think it is that close."

She pointed as much to attitudes as test scores.

Now, she said, states and schools are debating how better to help children with limited English skills and students with disabilities.

"Just the level of sophistication of the conversation around these issues is, to me, the big news out of No Child Left Behind ," she said.

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On The Net:

Education Department: http://www.ed.gov

National Education Association: http://www.nea.org

Education Chief Says Law Close To Perfect (USAT)

USA Today, August 31, 2006

Education Secretary Margaret Spellings said Wednesday that the No Child Left Behind Act is close to perfect and needs little change as its first major update draws near. “I talk about No Child Left Behind like Ivory soap: It's 99.9% pure or something,” Spellings said. “There's not much needed in the way of change.”

Congress has begun examining how the 2002 law is working toward its goal of ensuring that by 2014 all students can read and do math at their grade level.

Critics such as the National Conference of State Legislatures and the National Education Association, the largest teachers union, say changes are needed in areas such as how student progress is measured and how schools that perform poorly are penalized. The law requires states to increase testing, raise teacher quality and give more attention to minority children.

Tweaking Of 'No Child' Seen (WP)

By Lois Romano

The Washington Post, August 31, 2006

As schools nationwide open for business, Education Secretary Margaret Spellings took the opportunity yesterday to compare the centerpiece of the administration's education policy to soap.

"I like to talk about No Child Left Behind as Ivory soap. It's 99.9 percent pure," Spellings told reporters over coffee. "There's not much needed in the way of changes. . . . As much grist as there was for the mill five years ago on various fronts . . . we've come a long way in a short time in a big system affecting 50 million kids."

In a casual meeting at the agency, and with no particular agenda, Spellings said she believes NCLB -- a law that requires annual student assessments -- simply needs tweaking, and she emphasized that it is time to take it to the next level of development. Critics have long complained that the compliance requirements for NCLB puts too much stress on state resources and educators, many of whom say they must teach to the test at the expense of other learning.

"We need to take a look at our data across the whole spectrum and we ought to say -- for people who say, 'Wah, wah, we can't have spelling bees because we have to focus on math and reading' -- let's measure the spelling," she said.

"Let's ask ourselves not how many are barely getting over the bar, but how many are acing the test. . . . Now that we have the infrastructure in place, we can ask ourselves a fuller range of questions about kids and how they are doing."

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Saying that the federal government has "done about as much" as it can in many ways, Spellings noted that states need to do much of the remaining work on NCLB in order to meet the goal of reading proficiency by 2014.

"They have made a lot of progress on standards, measurement, data and focusing on teachers' credentials," she said, adding that there is still work to be done involving school structure. Among areas for focus, she cited how courses are allocated, the use of personnel and academic rigor.

"There are a lot of issues that relate to the grown-ups and that is the next big thing. I mean, how is Joel Klein going to do school restructuring in low-performing schools?" she said, referring to the chancellor of New York City schools.

Spellings was pressed to address a report released last week that showed fourth-graders in traditional public schools performing significantly better in reading and math than comparable children attending charter schools, which are funded by taxpayers but operate somewhat independently.

The Bush administration is a booster of charter schools as an alternative to poorly performing public schools; critics say the charters gut the schools by allowing good students to leave.

Spellings acknowledged that the federal clearinghouse to screen charter schools needs work, but she all but dismissed the study, saying it has only "modest utility" when parents look for options.

"Some charter schools are fine, excellent, do great work -- some less so," she said. "The difference between charter and public schools doesn't have anything to do with method of instruction or curriculum. It's just a different governance model. What charter schools need to do and what public schools need to do is figure out how we make any classroom work."

Spellings said she will give a speech next month addressing issues tackled by the Commission on the Future of Higher Education. Yesterday, she defended one of the commission's more controversial recommendations, a proposal to create a national student "unit" tracking system that proponents say would push colleges to be more accountable to the public.

Critics have called it an invasion of privacy, but Spellings said a student's identity would be protected.

No Chamber Left Behind (WP)

The Washington Post, August 31, 2006

Several years ago, the U.S. Chamber of Commerce wasn't particularly active in the No Child Left Behind legislative effort. But education is now one of its top issues, and the chamber is getting involved in a big way.

And to help it develop a strong position and be a major player on the reauthorization of the law next year, the chamber has turned to Akin, Gump, Strauss, Hauer & Feld . Akin Gump is one of the legal and lobbying powerhouses in town, but perhaps more important, it is home to Sandy Kress , a former senior adviser to President Bush who helped craft the president's No Child Left Behind initiative and get Democratic support for it.

Kress, a Democrat and former president of the board of trustees of the Dallas school system -- he works out of Akin Gump's Austin office -- recently registered to lobby on behalf of the chamber on No Child Left Behind and other education issues, such as the math and science initiative pending in Congress.

Also on the Akin Gump team: Beth Ann Bryan , a senior adviser to then-education secretary Roderick Paige and adviser to Bush when he was governor of Texas; and Krisann Pearce , a former teacher and deputy director of education and human resources policy for the House Education and the Workforce Committee.

Arthur J. Rothkopf , senior vice president of the chamber, said the organization chose Akin Gump for its strong education expertise and particularly because of Kress. The chamber generally believes in a rigorous curriculum and more accountability to ensure that the nation has a workforce that is prepared to compete, Rothkopf said.

"We're very concerned about the state of K through 12 because of its impact on U.S. competitiveness," Rothkopf said. "We now think it's crucial. You can't compete unless you have an educated workforce."

Rothkopf, a former president of Lafayette College, noted that the chamber also will be using its in-house lobbyists as well as getting assistance from lobbyist D'Arcy G. Philps of Van Scoyoc Associates . Philps is also a former Education and the Workforce staffer.

Kress, who is also advising the Business Roundtable on education issues, noted that the reauthorization next year is for the entire Elementary and Secondary Education Act, which includes No Child Left Behind provisions.

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At this point, he said the Akin Gump team is advising the chamber on education policies it might consider. "The happy news is we share a lot of views. . . . I believe we see the world the same way," Kress said.Navigation for Civilians

Lobbyists and observers of the industry often say a lawmaker's constituent -- be it a "civilian" or a corporate executive -- can be the best kind of lobbyist, having more influence than a hired gun with a member of Congress. But what if that amateur lobbyist doesn't know how to get his message across to the media?

That's where the specialty of "media training" comes in -- teaching the un-media-savvy how to behave and stay on message with the media. DC Navigators , a lobby, issue-advertising, public relations and grass-roots shop, has entered a "strategic partnership" with Vest Communications to bring in that kind of capability.

" Ken [Vest] knows how the Washington and national media work. His training programs have been especially helpful for top executives who must deal with the media in times of crisis with little time to prepare," Phil Anderson , one of Navigators' founders, said in a statement.

Anderson and Vest, who left Powell Tate six years ago to set up his own shop, worked together in the late 1990s at the American Council of Life Insurers under former South Carolina governor Carroll Campbell Jr.

Vest has done work for Prudential Financial and other financial services companies. Navigators' clients have included Mass Mutual, the American International Group, New York Life Insurance Co., Wal-Mart Stores and a host of Republican candidates, including California Gov. Arnold Schwarzenegger.

Among Navigators' partners are Republican strategist Mike Murphy and Jim Pitts , former executive director of the Financial Services Coordinating Council.Getting the Business

Chet Lott of Lott & Associates -- and, by the way, son of Sen. Trent Lott (R-Miss.) -- filed with Congress recently for some lobbying business. He registered to lobby on behalf of Secondary Life Capital on insurance-related issues and for Five Star Financial Consulting on charitable insurance and fundraising for charities concerns. For the Perry Institute for Marine Science of Jupiter, Fla., Lott said the specific lobbying issues involve marine fisheries research funding.Here and There

William R. Nordwind , counsel and policy coordinator for the House Energy and Commerce subcommittee on telecommunications and the Internet and a Capitol Hill denizen for 15 years, is joining Venable on Sept. 7 as a partner in the law firm's legislative and government affairs group. Much of the time on the Hill, he worked for Rep. Fred Upton (R-Mich.), chairman of the subcommittee, and he also served as legislative director for Rep. Deborah Pryce (R-Ohio).

Democrats Thinking Ahead To Possible Victory This Fall (MCT)

By Margaret Talev

McClatchy Newspapers, August 31, 2006

WASHINGTON - If Democrats win one or both houses of Congress in November's elections, as polls suggest is increasingly likely, President Bush's Washington will change dramatically.

Democrats will press to get out of Iraq. They'll mount investigations into the Bush administration's record that could rival those of Presidents Nixon in Watergate and Clinton in the Monica Lewinsky affair. They'll push a boatload of social-welfare legislation, such as raising the minimum wage, that reflects their pent-up priorities, while blocking the Republican agenda on social issues such as gay marriage, abortion and religion.

Those are some of the top plans that Democrats would pursue if they won power, according to interviews with Democratic lawmakers, strategists, staff aides and lobbyists. The tone and temper of the Democrats were reflected well by Rep. Henry Waxman, D-Calif., the ranking Democrat on the House Government Reform Committee, in a conference call in late August. He'll become the panel's chairman if Democrats take the House.

"The Republican-controlled Congress has worked with the White House to shield them and the government from any scrutiny of corruption and abuse," Waxman said. Democrats "plan to expose the truth about billions of taxpayers' dollars."

That's the flavor that Democrats savor as they return to Congress after Labor Day following a monthlong recess, eagerly anticipating the elections two months away. National polls strongly suggest that they could ride widespread voter discontent with the war in Iraq and Bush into control of one or both houses of Congress for the first time since 1994.

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The House of Representatives is more likely to turn Democratic than the Senate, analysts agree. The transition would be symbolized vividly in the change of hands that hold the gavel wielded by the speaker of the House. Now it's Republican Dennis Hastert of Illinois, a loyal supporter of President Bush. If Democrats take the House, the next speaker will be Rep. Nancy Pelosi, a liberal feminist from San Francisco who decries virtually everything Bush does.

Issue one would be the war.

"If the Democrats take the House back, pressure to find a way to withdraw from Iraq will greatly increase," said Rep. Barney Frank, an outspoken liberal Democrat from Massachusetts.

Democrats also could challenge the administration's war strategy at oversight hearings and by threatening to clamp conditions on war appropriations, although they'd take care to do it responsibly, said Rep. Steny Hoyer of Maryland, the House's third-ranking Democrat. He'll run for majority leader if the Democrats take control.

"You're not going to see the Congress - Democrats or Republicans - while troops are still deployed, withdrawing support of those troops," Hoyer said. "We want to make sure the troops are kept as safe and supplied as possible."

That caution reflects Democrats' recognition that they might scare voters if they're perceived as favoring a too-radical agenda, a threat that Republicans trumpet in hopes of rallying their own supporters.

Rep. John Conyers, D-Mich., for example, could take over as the chairman of the House Judiciary Committee. In June 2005 Conyers held an unofficial Democrats-only hearing on Iraq prewar intelligence that many saw as a potential building block for impeaching Bush. Now Conyers is backing off such talk, while Republicans warn that he'd pursue it if he gets power.

"It's something you have to take seriously," Republican National Committee Chairman Ken Mehlman said.

Pelosi has said she doesn't support impeaching Bush. Democratic strategist Steve Elmendorf says impeachment is a "Republican bogeyman" and "a ridiculous notion that's not going to happen."

But there's no guarantee of restraint from a freshly empowered Democratic caucus after 12 years of snubs by Republicans.

Democrats should strive for civility if they take power, said Rep. John Murtha, D-Pa., but he acknowledged that many of them "are going to want some retribution." Murtha, a leading critic of the Iraq war, will challenge Hoyer for majority leader if the Democrats win.

Mehlman predicts that Republicans will hold their majority by convincing voters that Democrats will raise taxes, compound energy shortages through their environmental policies and weaken national security.

Democrats already are encouraging their top-ranking committee members to think big. Their staffs for several key panels are considering how they'd investigate the Bush administration's preparation for and execution of the Iraq war, Hurricane Katrina, regulatory decisions involving contraception and science versus religion, and administration ties to energy and drug companies, government contractors and individual lobbyists.

Winning even one chamber of Congress would give Democrats a bully pulpit and enable them to hold hearings, issue subpoenas, put witnesses under oath and block Republican legislation. Controlling both chambers would allow Democrats to pass some legislation that Republicans have bottled up for years, although Bush still holds veto power.

Democrats say they'd raise the minimum wage for the first time in a decade and force Bush to accept or veto it.

Here's a partial list of other priorities they'd like to pursue:

-Tax cuts for top earners and multimillion-dollar inheritances could be scrapped.

-Oil company tax breaks could end.

-Pharmaceutical companies would be pressed to lower domestic prices.

-The Medicare prescription-drug benefit could be retooled to help seniors more and benefit the drug industry less.

-Another bill promoting embryonic stem-cell research, such as the one the president vetoed this year, could pass.

- Global warming could drive environmental and energy policy.

- Spending on welfare and affordable-housing programs would expand.

If Democrats take the Senate, many of Bush's judicial nominees could be blocked and the calculus of any new Supreme Court nomination would change.

For all their hopes and dreams, Democrats recognize that there are limits on what they can do so long as Bush remains president.

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Rep. Charles Rangel, D-N.Y. - who'd become the chairman of the House Ways and Means Committee, which oversees tax policy - warns that even if Democrats capture a majority in Congress, Republicans "have still got the executive branch, and we've got to work with them. We would be a disappointment to the voters if all we want is retaliation."

Some Democrats are talking about major overhauls to simplify taxes, tackle Social Security's solvency problem and enact universal health coverage. While Bush's new treasury secretary, Henry Paulson, vows to press for big changes too, it's unlikely that such thorny issues would be addressed immediately or that Democrats would compromise much with a lame-duck Republican president.

In the end, University of Virginia political scientist Larry Sabato doesn't expect that Democrats will accomplish many policy priorities in the near term.

"If the Republicans have one (chamber of Congress) and the Democrats have another, hardly anything is going to reach Bush," he said. "If Democrats take both, then Bush will probably set an all-time record for vetoes."

Gingrich On Pelosi (AP)

AP, August 31, 2006

COLUMBIA, S.C. - Ex-U.S. House Speaker Newt Gingrich said Wednesday that the thought of California Rep. Nancy Pelosi becoming the next leader of the House and being third in line to the presidency is frightening.

"The prospect of her bringing San Francisco values and a whole attitude on foreign policy that is, I think, an attitude of weakness and appeasement and surrender, I think, would be a disaster for the country," the outspoken Republican said.

Gingrich said keeping power out of the hands of Pelosi, the House minority leader, and other Democrats is one of the reasons he was in South Carolina this week raising money for the GOP.

On Thursday, Gingrich was at a fundraiser for Ralph Norman, the White House's chosen opponent for U.S. Rep. John Spratt, the 5th District Democrat who is Pelosi's assistant minority leader.

To suggest that "any Democrat is for appeasement is ridiculous" and "shows how desperate the Republicans are," Pelosi spokesman Brendan Daly said. "We know we have a dangerous world out there," he said, but "fear-mongering is not helpful to the situation."

The former Georgia congressman said he wakes up every day worried about national security and the potential loss of U.S. cities to nuclear attacks.

"If you think, as I do, that we're in the early stages of an emerging third world war, the world is truly dangerous on a scale that I think, in a worst case, could lead to losing several American cities to nuclear weapons in our lifetime," he said.

Gingrich, who says his decision on seeking the Republican presidential nomination in 2008 will wait until late next year, says there are plenty of reasons to worry about nuclear bombs destroying U.S. cities.

"Start with the North Korean drive to get nuclear weapons and ICBMs (intercontinental ballistic missiles), then go to the Iranian drive to get nuclear weapons, then go to the fact that Pakistan has probably between 50 and 100 nuclear weapons with an unstable dictatorship," he said. Then, look at al-Qaida's willingness to "kill as many Americans as they can find" and Iran's recruitment of suicide bombers, he said.

"If you have active, overt enemies who are religiously different and who believe that killing you would be a good thing in their religious terms and they're willing to die in order to kill you," Gingrich said, "how hard is it to imagine a suicide bomber willing to walk in with a nuclear weapon?"

To deal with the threat, he said, "we want to replace the North Korean regime. We want to replace the Iranian regime and the Syrian regime. We would like to replace them without using military force if we can."

Last week, U.S. Sen. Joe Biden, D-Del., was in Greenville and touched on nuclear threats in an interview.

Biden, who is seeking his party's nomination in 2008, said the Bush administration is getting diplomacy wrong on dealing with those threats. Iran, he said, is a decade-away threat but North Korea is far more urgent.

"The prospects of Iran having a deliverable nuclear weapon that can endanger U.S. interests in the region or here in the next foreseeable future is very, very, very low," Biden said.

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With time, the United States has options from diplomacy to political changes within Iran, Biden said. But the Bush administration isn't talking directly with Iran or North Korea, he said.

"Since when was America was so weak that we have to fear talk?" Biden said.

Back To The Congressional Future (WSJ)

The Wall Street Journal, August 31, 2006

With a little more than two months to go before midterm elections, the polls show Democrats well positioned to win the House after 12 years out of power. So it's not too soon to consider who these Democrats are and how they would govern.

All the more so because we've seen most of these faces and their agenda before. While Democratic Leader Nancy Pelosi would be a new Speaker of the House, the 19 primary committee chairmen who would dominate hearings, issue subpoenas and write legislation are agents of change only in the sense of going back to the future. They represent the same liberal priorities that bedeviled Bill Clinton's attempt to govern as a New Democrat from 1993-94, and before that Jimmy Carter in the 1970s. To pick one example, 13 of the 19 voted against the welfare reform that Mr. Clinton signed in 1996 and hailed this month as a triumph of "bipartisanship."

Republicans have done little to deserve re-election, and so perhaps voters will ignore Democratic priorities. But one of the ironies of current politics is that a swing in only 15 House seats would result in a huge ideological shift in the legislative agenda. Most of the House seats in play are "swing" districts held by political moderates. The most liberal seats also tend to be the safest and thus are held by Members who can stay around for the decades needed to become chairmen. Their agenda is not the one those "swing" voters would be endorsing. * * *

Consider the man likely to run the Judiciary Committee, Michigan's John Conyers, from the Congressional class of 1964. He recently made his plans clear in a 370-page report, "The Constitution in Crisis: The Downing Street Minutes and Deception, Manipulation, Torture, Retribution and Coverup in the Iraq War, and Illegal Domestic Surveillance." The report accuses the Administration of violating no fewer than 26 laws and regulations, and is a road map of Mr. Conyers's explicit intention to investigate grounds for impeaching President Bush.

If you think Republicans have been spendthrift, don't expect much change from Wisconsin's David Obey (class of 1969) at Appropriations. Mr. Obey was one of those Democrats who ripped Mr. Clinton for endorsing a balanced budget in 1995. Rather than cut spending, his goal would be to spend less on defense and more on domestic programs and entitlements.

Ways and Means, the chief economic policy panel, would go to New York's Charlie Rangel (1970), who opposed the Bush tax cuts and recently voted against free trade with tiny Oman. His committee's crucial health care subcommittee would be run by California's Pete Stark (1972), who in 1993 criticized Hillary Clinton's health care proposal because the government wasn't dominant enough. Over at Financial Services, the ascension of Barney Frank (1980) would mean a reprieve for Fannie Mae and Freddie Mac, despite $16 billion in accounting scandals. His main reform priority has been to carve out a new affordable housing fund from the two companies' profits. And forget about any major review of Sarbanes-Oxley.

Energy and Commerce would return to the untender mercies of John Dingell, the longest-serving Member first elected in 1955, who was a selective scourge of business when he ran the committee before 1994. The Michigan Congressman would do his best to provide taxpayer help to GM and Ford. But telecom companies would probably get more regulation in the form of Net neutrality rules, and a windfall profits tax on oil would be a real possibility.

Remember organized labor? Their champion would be George Miller (1974), who as the man in line to run the education and labor committee is the chief sponsor of the "Employee Free Choice Act," which would make it much easier for unions to organize by largely banning secret elections. Instead, union operatives would be allowed to publicly hound workers into signing "cards" that are counted as votes toward unionization. The Californian also wants to raise the minimum wage and fulfill the National Education Association wish to spend more federal dollars on local school construction.

We also can't forget California's Henry Waxman (1974), among the most partisan liberals and who at Government Reform would compete with Mr. Conyers to see who could issue the most subpoenas to the Bush Administration. And then there's Alcee Hastings, who, should Ms. Pelosi succeed in pushing aside current ranking Member Jane Harman, would take over the House

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Intelligence Committee. Before he won his Florida seat in 1992, Mr. Hastings had been a federal judge who was impeached and convicted by a Democratic Congress for lying to beat a bribery rap. He would handle America's most vital national secrets.

There would certainly be exceptions to this left-wing revival. Missouri's Ike Skelton (1976) supports a larger military and wouldn't mean much of a change at Armed Services. Colin Peterson (1990) of Minnesota wouldn't change the pro-subsidy bent of the GOP at Agriculture, and Minnesota's James Oberstar (1974) couldn't possibly be worse at Transportation than Alaska Republican Don Young. * * *

The House is only one half of Capitol Hill, and Republicans stand a better chance of holding the Senate, albeit with some losses there too. Mr. Bush will also retain his veto power, and he would finally have to use it. So the amount of liberal legislation that actually became law might not be all that extensive. But the national debate would nonetheless shift notably left. Voters looking to send a message to Republicans this fall may be surprised at their return mail from Washington.

Pentagon Sees Risk In Troops' Loan Debt (USAT)

By William M. Welch

USA Today, August 31, 2006

As many as one in five members of the armed services are being preyed on by loan centers set up near military bases that can charge cash-strapped military families interest of 400% or more, a new Pentagon report has found.

Steep lending charges have long plagued servicemembers, but the problem has become a more urgent concern to the military as it has struggled to fill its ranks during the Iraq war. That's because debt troubles can keep troops from going overseas.

"We're seeing a growing trend of folks who are not eligible to deploy because of financial problems," says Capt. Mark Patton, commander of Naval Base Point Loma in California. Patton says debt problems can cost some servicemembers their security clearances.

The report says "payday loan" stores (so named because their loans are often due on a borrower's next payday) have sprung up by the thousands around military bases and elsewhere in the past decade.

Lenders typically charge $15 to $25 per $100 loan for two weeks, and most loans are extended for several weeks. The report says the average loan is $350 and has an annual interest rate of 390% to 780%. The average borrower, it says, pays back $834 for a $339 loan.

The report cites estimates that 13% to 19% of servicemembers — at least 175,000 people — took out high-interest, short-term loans last year. It said nine out of 10 loans go to borrowers who get five or more over a year.

Congress ordered the Pentagon to conduct the lending study. This year, the Senate passed an amendment to its annual defense spending bill that calls for a 36% cap on interest for loans to servicemembers. It would not affect loans to civilians.

The House version of the defense bill doesn't include the amendment. A joint committee will begin working out differences between the two versions next month.

Such lending, the report says, hurts readiness and morale and "adds to the cost of fielding an all-volunteer fighting force."

That's a misguided critique of a valuable service, says Darrin Andersen, president of the Community Financial Services Association of America, the payday lenders' trade group. The Pentagon, he says, "is in over its heads when it comes to … complex personal finance and lending issues."

Master Sgt. Leah Caldwell, who manages training and deployment for a squadron of the Missouri Air National Guard, says she has had several airmen get so deep into debt with the loans that they lost their security clearances, jeopardizing their deployment. One airman, she says, took out a $500 loan and after refinancing it several times saw it grow to a $2,600 debt.

Troops with debt problems are often embarrassed and fear damage to their careers if they tell their commanders, says retired Navy captain John Irons, director of the San Diego office of the Navy-Marine Corps Relief Society, which helps servicemembers in money jams.

The lending practices are illegal in 11 states, the Pentagon says. Patton says the military is asking legislatures in California and other states where the practice is legal to limit the interest that can be charged.

Andersen says the industry does not target military personnel. He says the trade group's members have more than 15,000 locations around the country.

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The Pentagon report says those stores "are heavily concentrated around military bases." It says they could be found in heavy numbers around Camp Pendleton, Calif.; Fort Campbell, Ky.; naval installations at Newport News and Norfolk, Va.; and McChord Air Force Base and Fort Lewis in Washington.

Stars In Their Eyes (NYT)

The New York Times, August 31, 2006

In a rare moment of candor this week, Defense Secretary Donald Rumsfeld acknowledged that he's not sure if the United States missile defense system is ready to work. When asked if the shield could protect the United States from a North Korean missile attack, Mr. Rumsfeld said he'd need to see a full test of the system "end to end" before he could answer.

Mr. Rumsfeld, we suspect, may have been trying to lower expectations as the Pentagon prepares for its first significant test of the troubled system in 18 months. But his comments should invite a serious discussion on Capitol Hill about what the country is getting for the nearly $9 billion it is spending this year to develop ballistic missile defenses and the $9 billion it is likely to spend next year.

The once highly public debate over missile defense has gone quiet since President Bush pulled out of the ABM treaty and — as missile defense hawks like to point out — the Russians did not counter with a new arms race.

But talk to Russian and Chinese officials about why they are so relaxed and they will tell you that they don't believe the technology is anywhere close to working. (As it turns out, the Pentagon is right when it says each failed interception is a learning experience.)

Just in case, Russia's defense minister, Sergei Ivanov, told Mr. Rumsfeld when they met this week that he'd like more "transparency" about the program, a fine idea for all.

Mr. Rumsfeld got his job in good part by raising alarms about the ballistic missile threat. The 1998 bipartisan commission he headed warned that Iran and North Korea could deploy missiles capable of hitting the United States within five years.

Eight years later, there is no question that both countries are eager to belatedly live up to that prediction. The issue is how fast they're getting there and whether the Pentagon's rush to put interceptors into the ground, rather than spend more time at the drawing board, makes sense. North Korea's most recent test of a long-range missile was, thankfully, a total fizzle.

Stopping a ballistic missile in midflight is a very hard thing to do. So is switching technologies or killing off a bad system when you've already sunk billions into hardware. What's needed here is an honest assessment of whether the current system has any chance of working and how much more will have to be spent before it does.

As the Pentagon prepared to launch a target missile from Alaska and an interceptor from California this week, defense contractors and Pentagon officials were insisting that the goal was not to shoot anything down, just to make sure the "kill vehicle" could find what it was looking for. No matter how that turns out, we're hoping that Mr. Rumsfeld's sudden candor about the program starts to catch on.

Jonah Goldberg: Give Bush A Break (LAT)

The Los Angeles Times, August 31, 2006

LORD KNOWS I have my problems with President Bush. He taps the federal coffers like a monkey smacking the bar for another cocaine pellet in an addiction study. Some of his sentences give me the same sensation as falling backward in one of those "trust" exercises, in which you just have to hope things work out. Yes, the Iraq invasion has gone badly, and to deny this is to suggest that Bush meant for things to turn out this way, which is even crueler than saying he failed to get it right.

But you know what? It's time to cut the guy some slack.

Of course, I will get hippo-choking amounts of e-mail from Bush-haters telling me that all I ever do is cut Bush slack. But these folks grade on the curve. By their standards, anything short of demanding that a live, half-starved badger be sewn into his belly flunks.

Besides, the Bush-bashers have lost credibility. The most delicious example came this week when it was finally revealed that Colin Powell's oak-necked major-domo Richard Armitage — and not some star chamber neocon — "outed" Valerie Plame, the spousal prop of Washington's biggest ham, Joe Wilson. Now it turns out that instead of "Bush blows CIA agent's cover to

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silence a brave dissenter" — as Wilson practices saying into the mirror every morning — the story is, "One Bush enemy inadvertently taken out by another's friendly fire."

And then there's Hurricane Katrina. Yes, the federal government could have responded better. And of course there were real tragedies involved in that disaster. But you know what? Bad stuff happens during disasters, which is why we don't call them tickle-parties.

The anti-Bush chorus, including enormous segments of the mainstream media, see Katrina as nothing more than a good stick for beating on piñata Bush's "competence." The hypocrisy is astounding because the media did such an abysmal job covering the reality of New Orleans (contrary to their reports, there were no bands of rapists, no disproportionate deaths of poor blacks, nothing close to 10,000 dead, etc.). It seems indisputable that Katrina highlighted the tragedy of New Orleans rather than create it. Long before Katrina, New Orleans was a dysfunctional city in a state with famously corrupt and incompetent leadership, many of whose residents think that it is the job of the federal government to make everyone whole.

The Mississippi coast was hit harder by Katrina than New Orleans was. And although New Orleans' levee failure was a unique problem — one the local leadership ignored for decades — the devastation in Mississippi was in many respects more severe. And you know what? Mississippi has the same federal government as Louisiana, and reconstruction there is going gangbusters while, after more than $120 billion in federal spending, New Orleans remains a basket case. Here's a wacky idea: Maybe it's not all Bush's fault.

Then, of course, there's the war on terror. Democrats love to note that Bush hasn't caught Osama bin Laden yet, as if this is the most vital metric for success. Yes, it'd be nice to catch Bin Laden — no doubt Ramsey Clark, the top legal gun for both LBJ and Saddam Hussein, will be looking for a new client soon. But even nicer than catching Bin Laden is not having thousands of dead Americans in New York, Washington and L.A. Contrary to all expert predictions, there hasn't been a successful attack on the homeland since 9/11. Indeed, the current issue of the Atlantic Monthly contains a (typically) long, exhaustively reported cover story by James Fallows about how the U.S. is in fact winning the war on terror, thanks largely to Bush's policies (though Fallows works hard not to credit Bush).

Political dissatisfaction with the president rests entirely on Iraq and overall Bush fatigue. The rest amounts to little more than Iraq-motivated brickbats gussied up to look like free-standing complaints. That's how hate works: It looks for more excuses to hate in the same way that fire looks for more stuff to burn.

That's why Bush's Democratic critics flit about like bilious butterflies, exploiting each superficial or transient problem just long enough to score some points in the polls and then moving on. Bush's Medicare plan was an egregious corporate giveaway, they cried, until seniors overwhelmingly reported that they like it. And the Patriot Act? Can anyone even remember what the Democrats were whining about? I think it had something to do with libraries that were never searched.

Look, things could obviously be a lot better. But they could be a lot worse too. John Kerry could be president.

Homestretch For A Hack (NYT)

The New York Times, August 31, 2006

The spectacle of a high federal appointee brazenly pleading preoccupation with the war on terror when called to account for billing for unwarranted paydays — while running a horse racing operation from his State Department office — sounds like the stuff of a wise-guy Broadway musical. Or an indictment. So far neither is in the cards for Kenneth Tomlinson, the Republican ideologue ousted last November in an earlier ethics scandal at the Corporation for Public Broadcasting. Once again Mr. Tomlinson has been caught up to his old tricks, this time as chairman of the separate agency that runs the Voice of America.

Investigators found that Mr. Tomlinson, who owns a thoroughbred stable, used office time tending to Karzai, Massoud and his other horses and still had the temerity to bill the government for more than the 130 workdays he was limited to by law. He also hired a friend and signed off on $244,000 in two years' undocumented compensation.

Mr. Tomlinson should have been humbled by his previous troubles. Investigators found he repeatedly broke ethics rules by packing the Public Broadcasting payroll with Republican partisans and pushing for a $4 million deal to "balance" public television with conservative polemicists. But Mr. Tomlinson, who has close ties to the White House, double-billed the government for 14 workdays on which investigators discovered his two broadcasting jobs somehow overlapping.

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Mr. Tomlinson says he is proud of his work, assuring taxpayers that he spent far more time working the broadcast job from his horse farm than working the horses from his government post. It's inexplicable why the White House maintains confidence in Mr. Tomlinson. The Senate should immediately show him the barn door as he comes up for reappointment at the State Department.

New Chief For Troubled Amtrak (LAT)

The Los Angeles Times, August 31, 2006

TRAIN TRAVEL LOSES A LOT of its romance when the train pulls into the station half a day late. That, sadly, is more the rule than the exception on certain Amtrak lines, particularly the historic Coast Starlight run from Los Angeles to Seattle, now dubbed the "Coast Star-late" because it is routinely between five to 15 hours — that's right, hours — behind schedule.

Amtrak's chronic problems, and a lack of rider interest, have forced the federal government to subsidize it to the tune of $30 billion since its founding in 1971 — and have led many to ask why Amtrak still exists. Such questions take on heightened urgency with Amtrak's hiring Tuesday of a new president, appointed by a board that seems to think the operation has reached the end of the line.

So little is known about Alexander Kummant that the National Assn. of Railroad Passengers withheld comment on his appointment until it could find out more about him. Kummant, meanwhile, didn't even show up for the news conference announcing he'd won the job. He has been a top executive for a variety of heavy-equipment manufacturers and was a regional vice president at Union Pacific Railroad. He replaces David Gunn, a rail turnaround specialist almost universally admired as Amtrak's best president in years. Gunn was fired in November mostly because he resisted efforts by Amtrak's board — whose members were appointed by President Bush — to dismantle the railroad, consistent with the Bush administration's desire to eventually privatize it.

Amtrak is unquestionably a troubled system. Yet not all its problems are of its own making. The abysmal performance of the Coast Starlight, for example, has more to do with Union Pacific than with Amtrak; most of the 22,000 miles of track traveled by Amtrak trains are owned by private rail companies such as Union Pacific, which often fail to maintain them properly or force Amtrak trains to wait while their own freight trains rumble past on shared rails.

Amtrak's opponents are outraged at the taxpayer money spent to maintain a system they say should be self-sufficient, ignoring the fact that all modes of transportation make use of public subsidies, whether for roads or airports. The Bush administration, which in 2005 proposed eliminating federal funding for Amtrak, envisions a scheme in which the states share ownership of the rails on which private companies operate, though there is no evidence that all states would be willing to take on that burden.

There is room for improvement at Amtrak. The board may be on the right track by aiming to close some unprofitable routes. But if Kummant's mission is to eliminate the national long-distance passenger rail system, Congress should stop him. With gas prices soaring and stricter emission controls likely, that system has never been more necessary.

OTHER NEWS:

Economic Picture Improves Slightly (WP)

By Nell Henderson

The Washington Post, August 31, 2006

The U.S. economy lost some steam in the spring, but not as much as the government first thought.

Economic growth did slow sharply from April through June, as the housing market cooled and rising energy prices and interest rates pinched consumer spending. The nation's output of goods and services, or gross domestic product, rose at a 2.9 percent annual rate in the second quarter after expanding at a torrid 5.6 percent pace in the first three months of the year, the Commerce Department reported yesterday.

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The 2.9 percent annual rate was better than the department's earlier estimate of 2.5 percent, a difference worth $12.3 billion in annual economic output. Commerce economists revise their figures as more data become available, providing a picture of the economy that comes into sharper focus over time.

Financial markets showed little reaction to the new growth estimate, which had been anticipated and did not alter investors' expectations that the economy will continue to slow modestly this year. Nor did it change their bets that the Federal Reserve will hold off on raising interest rates for a while in hopes that the slowdown will weaken inflation.

The report "doesn't change the picture that much," said Eugenio J. AlemÃ¡n, a senior economist at Wells Fargo Economics. "It just reflects the fact that the increases in interest rates are doing the job" of slowing the economy, he said.

Many Fed policymakers and private economists think the economy is headed for a "soft landing," in which economic growth will slow from an unsustainably rapid pace -- more than 3 percent over each of the past two years -- to around a 2 percent pace through next year. These economists hope that will be slow enough to tamp down inflation without triggering a recession.

But other Fed policymakers and economists are not so sure, worrying that interest rates may be high enough now to slow the economy a bit but not high enough to restrain price increases.

"I'm not that convinced this [slowdown] will be enough to put a lid on inflation," AlemÃ¡n said, noting rising wages, exports and business spending and still-solid consumer spending.

Inflation quickened in the second quarter, the Commerce Department said. Consumer prices rose at a 4.1 percent annual rate in the spring quarter, or more than twice as fast as their 2 percent annualized increase in the first three months of the year. After excluding volatile food and energy prices, so-called core prices rose at a 2.8 percent rate in the second quarter, up from the 2.1 percent pace in the first quarter.

That's higher than the 1 to 2 percent range for core inflation preferred by several Fed policymakers, including Chairman Ben S. Bernanke.

Much of the improvement in the second-quarter growth figure came from U.S. exports that were stronger than earlier estimated, plus stronger spending on construction of factories, offices and other commercial structures.

Meanwhile, spending on home construction fell more steeply than earlier reported, at a 9.8 percent annual rate from April to June. That was greater than the department's earlier estimate of a 6.3 percent pace of decline in that quarter and far weaker than the 0.3 percent pace of decline in the first quarter.

The second-quarter drop in home building was the largest since the same three-month period of 1995, when it fell 12.2 percent, Commerce Department data show. Such spending has fallen for three consecutive quarters; the last time that happened was in 1994-95.

But consumer spending, which accounts for about two-thirds of the nation's economic activity, also grew a tad more quickly than earlier estimated, at a 2.6 percent annual rate in the second quarter, up from the 2.5 percent pace earlier reported.

That was a sharp slowdown from the first quarter, when consumer spending rose at a 4.8 percent annual rate, but was still reasonably good, AlemÃ¡n said. "The economy is not going to plunge into a recession."

US Growth Revised Up To 2.9% (FT)

By Daniel Pimlott In New York

Financial Times, August 31, 2006

The rate of US economic growth fell by almost half in the second quarter, although it expanded faster than originally reported, the Commerce Department said on Wednesday.

Gross domestic product grew at an annualised 2.9 per cent between April and June, higher than the earlier estimate of 2.5 per cent, and largely bringing it into line with Wall Street expectations of 3 per cent growth. The economy grew at 5.6 per cent in the first quarter.

The slowdown was driven in part by faltering corporate profit growth, which rose 2.1 per cent after taxes, down from 14.8 per cent growth in the first quarter, and the biggest decline in homebuilding since 1995. Overall growth was lower than in any quarter since the end of 2004.

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The Federal Reserve has said it believes a slowing rate of economic growth will help to bring down inflation. On Tuesday, the minutes of the Fed's interest rate-setting committee showed that their August decision to hold rates steady was a "close call".

"This plays into the Fed's preferred path of a soft landing for the economy. The economy isn't falling apart and its showing pretty good growth overall," said Brian Bethune, chief US economist at Global Insight.

However, the current rate of growth, which is above the Fed's estimates for the period, combined with rising labour costs, may mean that the Fed will have to raise rates, analysts said.

"In the later part of the year, if growth hasn't slowed substantially, and labour cost pressures remain, the Fed is likely to swing to more tightening," said Ted Wieseman, an economist at Morgan Stanley.

Consumer spending growth was revised upwards by 1 basis point to 2.6 per cent, but remained a significant drag on GDP, falling from 4.8 per cent in the first quarter.

GDP was revised upwards on raised estimates of exports, nonresidential building, private inventory investment, and state and local government spending. These were partly offset by a downward revision to residential fixed investment.

US stocks rose on the data, with the S&P 500 reaching its highest in three months.

Treasury prices gained sharply with the yield on the benchmark 10-year note falling to its lowest level since March.

Revision Lifts Pace Of Growth (NYT)

By David Leonhardt

The New York Times, August 31, 2006

The economy grew more quickly in the second quarter than initially estimated and inflation was slightly lower, the Commerce Department reported yesterday.

While the revisions were largely in line with expectations, economists said the report was a welcome sign at a time of significant uncertainty about the economy's direction.

"Steady as she goes," said Brian Bethune of Global Insight, an economic and financial research company in Lexington, Mass. "The economy is in reasonably good health."

The gross domestic product, adjusted for inflation, increased at an annual rate of 2.9 percent, up from an earlier estimate of 2.5 percent, while a closely watched measure of prices that excludes food and energy rose 2.8 percent, rather than 2.9 percent. But the growth rate for the economy still slowed sharply from the 5.6 percent pace of the first quarter.

Stocks closed with modest gains for the day, though they fell after the release of the economic report in the morning before rallying in the afternoon.

Perhaps the biggest surprise in yesterday's report was new evidence of a surge in wage-and-salary income in the first half of this year. Between the fourth quarter of last year and the second quarter of 2006, pay grew at an annual pace around 7 percent after adjusting for inflation, up from an earlier estimate of 4 percent, according to an economic consulting firm, MFR.

As a result, wages and salaries no longer make up the smallest share of the gross domestic product since World War II. They accounted for 46.1 percent of all economic output in the second quarter, down from a high of 53.6 percent in 1970 but up from 45.4 percent in the spring of 2005.

Total compensation — including employee health benefits, which have risen in cost in recent years — equaled 57.1 percent of the economy, down from 59.8 percent in 1970. Still, compensation makes up a larger share of the economy than it did through the 1950's and early 60's, as well as during parts of the mid-1990's and the last couple of years.

Economists said this increase in income reduced the risk that the recent economic slowdown would turn into something more dangerous, because households might have more money to spend than earlier estimated.

Joshua Shapiro, chief United States economist at MFR, said that much of the income increase probably went to people who work on Wall Street or for hedge funds. The biggest spike occurred in the first quarter, when financial companies typically pay bonuses. Other data, including Labor Department figures on wage growth and private-sector surveys on consumer confidence, suggested that most families were not receiving pay increases that outpaced inflation.

"If this were more widely spread around," Mr. Shapiro said, "we would be seeing it in readings on confidence and sentiment. It tends to indicate this is pretty concentrated on the upper end."

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Even concentrated income growth, however, may help the economy in coming months. Research by Federal Reserve economists suggests that upper-income households spend a larger share of their incomes than they once did.

In the second quarter, consumer spending — the bulk of economic activity — grew at an annual pace of 2.6 percent, down from 4.8 percent in the first quarter and 3.5 percent in 2005.

At the same time, one of the main drivers of the economy's recent growth now looks weaker than before. Home building and other residential investment fell even more quickly than the government said earlier — at an annual pace of 9.8 percent.

But that drop was offset by a 22 percent rise in construction spending by businesses. The value of goods stockpiled in company warehouses also grew more quickly than reported earlier, which helped lift growth but can be a worrisome sign for the future if it is not supported by healthy consumer spending.

For the first time in a year, foreign trade helped lift overall growth as the value of imports rose just 0.6 percent while the value of exports grew 5.1 percent.

With the housing market weakening, economic growth has slowed markedly this year, posing a greater challenge for the Fed in its effort to contain inflation without throwing the economy into a recession. Three weeks ago, the Fed held its benchmark interest rate steady at 5.25 percent; that was the first meeting since summer 2004 that did not include a rate increase.

Corporate Profits Up In 2nd Quarter (USAT)

By Barbara Hagenbaugh

USA Today, August 31, 2006

WASHINGTON — Corporate profits rose swiftly in the second quarter, the government said Wednesday in a report that suggested businesses are in a solid position to help offset a slowdown in consumer spending.

In the same report, the government said the economy grew faster than initially thought from April to June, while inflation, although the highest in more than a decade, was slightly lower than earlier estimated.

After-tax corporate profits rose 19.5% in the second quarter from the same time a year ago, the Commerce Department said. That follows a 21% gain in the first quarter.

Corporate profits as a percentage of total U.S. economic activity was the highest in four decades.

That data, along with other numbers showing businesses have near-record amounts of cash on hand, suggest companies will be able to continue to spend on equipment, buildings and other investments, Bear Stearns senior economist Conrad DeQuadros says: "Businesses remain well-positioned to continue to invest."

Businesses are expected to play an increasingly important role in the U.S. economy as consumers, hit with rising interest rates and a slowing housing market, pull back. Consumer spending, which accounts for more than two-thirds of U.S. economic activity, rose 2.6% in the second quarter, down from a large 4.8% gain in the first quarter, the Commerce Department said.

Gross domestic product, the broadest measure of U.S. economic activity, rose 2.9% at a seasonally adjusted annual rate in the second quarter. Although that is far below the 5.6% increase seen in the first three months of the year, it was faster than the department's initial estimate of a 2.5% gain.

"The economy is still growing and is doing pretty well, considering the kind of pressures that are out there," Global Insight U.S. economist Brian Bethune says. He notes higher interest rates and high gasoline prices as two factors that have squeezed consumers and businesses in recent months.

But Bethune and PNC senior economist Richard Moody say the large gains in corporate profits may not last into 2007.

"With energy and commodity prices still elevated, the recent acceleration in labor compensation costs … will lead to a more rapid erosion of profit margins, and could ultimately lead to more aggressive pricing behavior," Moody says.

Inflation could pick up if businesses raise prices. Commerce said the Federal Reserve's favored inflation measure, based on consumer spending excluding food and energy, rose 2.8% at a seasonally adjusted annual rate in the second quarter. Although a bit lower than the initial estimate, that was up from a 2.1% gain in the first quarter and was the biggest rise in nearly 12 years.

Corporate Profit Growth Slows In Step With Economy (WSJ)

By Christopher Conkey

DOJ_NMG_0056088

The Wall Street Journal, August 31, 2006

A slowing economy put the brakes on torrid growth of corporate profits in the second quarter, and rising labor costs could increasingly limit earnings growth in the months ahead.

The Commerce Department said pretax corporate profits in April, May and June collectively rose 3.2% from the previous quarter, much slower than the 12.6% jump in the first quarter or the 10% jump in the fourth quarter of 2005. Nonetheless, profits in the second quarter were 20.5% higher than a year ago and accounted for 12.2% of gross domestic product in the second quarter, the highest level in 40 years.

Many economists said it was unusual to see such solid growth in corporate profits five years into an economic expansion, and predicted more modest gains in the months ahead. "With the U.S. economy set to slow further, profit margins will be under downward pressure," wrote economists at BCA Research, Montreal.

One reason for the measured outlook is overall growth. The Commerce Department said the economy expanded at an inflation-adjusted annual rate of 2.9% in the second quarter, up from an earlier 2.5% estimate but considerably slower than the 5.6% pace in the first quarter. Although a number of crosscurrents are at work -- among them a weakening housing market and volatile energy prices -- many economists expect economic growth to continue along a stable path similar to the second quarter's slower pace for the foreseeable future.

But profit margins may also come under increasing pressure from rising labor costs. Yesterday's report contained sharp upward revisions to wages and other employee compensation for the first half of the year, a development that led economists to speculate that unit labor costs will be higher in the months ahead. That is good news for workers and potentially a boost for consumer spending, but rising labor costs pose a direct challenge to corporate profit margins at a time when productivity growth is slowing and other inflationary pressures are still rising.

"The net result is it's going to cost more per unit of output to produce any given product or service," said John Silvia, chief economist at Wachovia Corp. "Your cost structure is starting to move up."

One upside to the recent growth in corporate profits is that many companies have money to invest, and economists are figuring that greater business investment will provide a cushion for economic growth in the months ahead. Inventory buildups and business spending on structures were greater than initially thought in the second quarter, two factors behind the upward revision to growth.

Banks and other financial firms have enjoyed the strongest profit growth in recent quarters. Profits at financial corporations rose by nearly $35 billion in the second quarter to account for roughly 29% of total profits. Profits at nonfinancial firms rose by less than $6 billion.

The Commerce Department report also showed that a key measure of consumer prices -- the core personal-consumption index, which excludes food and energy -- rose at an annual rate of 2.8% in the second quarter, slightly below the initial estimate of 2.9%, but still well above the range preferred by central bankers.

Dow Industrials Post Small Gain Along With Oil (WSJ)

By Peter A. Mckay

The Wall Street Journal, August 31, 2006

An afternoon rally in crude oil kept the stock market in check, but the Dow Jones Industrial Average still eked out its third straight day of gains.

The blue-chip average nudged up 12.97 points, or 0.1%, to 11382.91, up 6.2% on the year. Among its 30 components, Boeing, Walt Disney and Altria Group led the rally. Each rose more than 1%.

Other stock indicators were mixed. The broad Standard & Poor's 500-stock index was little changed, off 0.01 point, to close at 1304.27, up 4.5% on the year. But the technology-heavy Nasdaq Composite Index rose 0.6%, or 13.43 points, to 2185.73, trimming its year-to-date decline to 0.9%.

The trading day started on a promising note, as fresh data from the federal Energy Information Administration showed surprisingly large U.S. inventories of crude oil and fuels refined from it. That initially pushed energy prices lower, including a drop below $69 a barrel for crude-oil futures, and in turn strengthened stocks.

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But after midday, buyers rushed into the energy markets, emboldened by a potential strike by Nigerian oil workers and political tension over Iran's nuclear program. Crude futures finished the day up 32 cents, or 0.5%, at $70.03, up 14.7% on the year at the New York Mercantile Exchange.

The Commerce Department revised its tally of second-quarter gross-domestic-product growth to 2.9%, up from the growth rate of 2.5% originally reported. Despite the better reading on economic activity, inflation fears seemed to remain in check, allowing bond prices to rise along with stocks.

Tobias Levkovich, chief U.S. equity strategist with Citigroup, pointed out that Wall Street was expecting the GDP tally to be revised higher. But it still came in well below the first-quarter growth of 5.6%.

Investing pros want to see the economy slow gradually, enough to keep inflation at bay but not cause employment or consumer spending to fall sharply.

"Having less pressure from oil helps a lot," said Mr. Levkovich, referring to worries about a dropoff in consumer spending. "On the other hand, the oil companies have been leading the stock market the last few years. You wonder what will step into a leadership role if those companies' profits start to wane."

In major U.S. market action:

Stocks gained and bond prices rose. The 10-year note gained 6/32 point, or $1.88 for each $1,000 invested, pushing the yield down to 4.761. The 30-year bond rose 8/32 to yield 4.912%.

The dollar was mixed. Against the Japanese currency, the dollar rose to 117.07 yen, compared with 116.66. The euro rose to $1.2837, compared with $1.2826.

Mr. Perez's Disqualification (WP)

The Washington Post, August 31, 2006

IT'S TOO BAD that the Maryland Court of Appeals declared Tom Perez ineligible to serve as state attorney general, effectively kicking him out of the Democratic primary race for that position. The court has not yet issued a written opinion justifying its action, so it's hard to judge the legal merits of its move. What isn't hard to evaluate is whether voters ought to have the ability, if they want, to elect someone like Mr. Perez. We didn't endorse him, but there's no doubt he's a talented and well-qualified lawyer. If the Maryland constitution really forbids his service, its eligibility strictures warrant rethinking.

The constitution requires that "No person shall be eligible to the office of Attorney General, who . . . has not . . . practiced law in this State for at least ten years." Mr. Perez only joined the Maryland bar in 2001. But before that, he spent much of the 1990s working on civil rights cases as a prosecutor for the federal government. Between 1989 and 1994, his court filings say, he handled 42 Maryland matters for the Justice Department. After his promotion in 1994, he says, he supervised cases in a variety of states, including more than 100 in Maryland. Construing "practiced law in this state" as synonymous with being a member of the state bar -- something explicitly required by other state constitutions -- needlessly restricts voter choice by excluding qualified people such as Mr. Perez. By contrast, such a reading could perversely allow someone to take office who joined the state bar and maintained his membership for a decade but engaged in little or no real legal practice during that time.

Maryland Democrats had a happy choice this year among three well-qualified candidates for attorney general. As a result of the Court of Appeals' action last week, they now have a less rich choice between two. Whenever reasonable, the law should expand, not narrow, electoral competitiveness.

Bush Visits Arkansas For Hutchinson Reception (AP)

By ANDREW DeMILLO

The Associated Press, August 31, 2006

LITTLE ROCK - President Bush's visit to Arkansas on Wednesday helped Republican gubernatorial candidate Asa Hutchinson raise more money in a day than he has in any month, but his Democratic Party opponent has his own big-name campaigner due for a visit next week.

About 850 people paid at least $500 to attend a luncheon at the home of former Arkansas and NBA basketball player Joe Kleine, and the event brought in more than $650,000 overall, Republican Party of Arkansas executive director Clint Reed said. About $400,000 of that will go toward Hutchinson's campaign and the rest to the state party, Reed said.

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Since the start of the year, when he had to begin filing campaign finance reports monthly, Hutchinson's best month was July, when he raised $262,907, compared to $225,226 raised by Beebe. It was the only month to date in which Hutchinson raised more money than his main opponent.

In September 2005, Hutchinson raised $286,000, which was detailed in a quarterly report.

Overall through July, Beebe had raised $4.32 million for the race, compared to $2.33 million for Hutchinson, and Beebe expects to get a boost next month as former president Bill Clinton will campaign for him in a Sept. 7 "fish and frog leg" fundraiser in North Little Rock.

Hutchinson's Wednesday fundraiser wasn't open to the public, but Bush praised Hutchinson to reporters outside a Little Rock restaurant after the event. Hutchinson served as a federal Homeland Security undersecretary and Drug Enforcement Administration head under Bush.

"He's the kind of fellow who will set an agenda and then achieve the results necessary to get the job done," Bush said. "I've seen him first-hand in Washington. He's a fellow I called upon to get the Homeland Security department up and running."

Hutchinson said Bush's far-ranging address covered the war in Iraq as well as Arkansas' response to Hurricane Katrina. Bush adviser Karl Rove also attended the event, Hutchinson said.

"It was great for our campaign," Hutchinson said.

Gov. Mike Huckabee, U.S. Rep. John Boozman and Little Rock boxer Jermain Taylor also attended the event.

About three dozen people lined the street outside Kleine's gated community before and after the roughly 90-minute event in west Little Rock. Kleine owns a barbecue restaurant, but the lunch was catered by Little Rock businessman Jennings Osborne.

Bush's appearance pumps more money into Hutchinson's campaign as he faces Democratic nominee Mike Beebe, the state's attorney general. Independent candidate Rod Bryan and Green Party nominee Jim Lendall are also on the Nov. 7 ballot for governor.

After Bush's Little Rock stop, he was scheduled to attend a $2,100-a-plate fundraiser for Republican U.S. Senate candidate Bob Corker in Nashville.

The president's visit to Arkansas caps two months of high-profile visits by Hutchinson supporters, including Sen. John McCain, Vice President Dick Cheney and former New York Mayor Rudolph Giuliani. The trips narrowed Beebe's fundraising lead slightly.

At Wednesday's fundraiser, guests had to pay $500 to eat, plus the party also accepted donations of $10,000 or $25,000, organizers said.

Before lunch, in a brief presentation at the Little Rock airport, Bush awarded a Presidential Call to Service Award to Joy Cameron of Sherwood for hurricane relief work.

The state Democratic party used Bush's visit to question Hutchinson's performance at Homeland Security and said Hutchinson viewed the governor's office as a consolation prize for other federal appointments he didn't receive.

"It seems Bush doesn't think too highly of Hutchinson's work," Democratic Party Chairman Jason Willett said in a news release.

Hutchinson spokesman David Kinkade dismissed Willett's criticism as "silly."

"Early in the process, Asa made it clear to Karl Rove that he and Susan wanted to come home to Arkansas to be nearer their children and grandchildren and to join the race for governor," Kinkade said. "Why the Democrats would see that as a negative is beyond me."

Bush Stumps For Corker (AP)

By Beth Rucker

AP, August 31, 2006

NASHVILLE - President Bush praised Republican U.S. Senate candidate Bob Corker's background as a businessman and former mayor while helping Corker raise more than $1.5 million at a fund-raising dinner Wednesday evening.

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"I think it makes sense to send someone to Washington who's not a lawyer," Bush said in a speech to about 500 people at the $2,100-a-plate event at the Loews Vanderbilt Hotel. "It makes sense to send a man who understands the economy because he was a businessman.

"It makes sense to send a man who understands how local communities work because he was the mayor of an important Tennessee city," Bush said.

The president also praised the man Corker and Democratic U.S. Rep. Harold Ford Jr. are running to replace - Senate Majority Leader Bill Frist - calling him "one of the finest citizens your state has ever produced."

Bush discussed a variety of foreign and domestic policy issues, and said he needed someone like Corker in the Senate to support his agenda, including keeping tax cuts under his administration permanent and increasing the use of faith-based organizations to conduct charitable work for communities.

He linked success in Iraq with the future safety of America, saying that withdrawing U.S. troops too quickly would lead to a terrorist state more dangerous than Afghanistan in the grip of the repressive Taliban regime.

"If we leave Iraq before the job is done, it will create a terrorist state in the heart of the Middle East, a terrorist state much more dangerous than Afghanistan was before we removed the Taliban, a terrorist state with the capacity to fund its activities because of the oil reserves of Iraq," Bush said.

Promising victory in Iraq, Bush said, "The stakes are high. It's very important for the American people to understand that the security of the United States of America, the capacity of our children to grow up in a peaceful world, in large part depends on our willingness to help this young Iraq democracy succeed. And we will succeed."

Shortly after speaking, Bush left for the Nashville airport and was scheduled to fly to Salt Lake City to speak Thursday to veterans of the American Legion and attend a re-election campaign event for U.S. Sen. Orrin Hatch. He arrived in Nashville after attending a campaign event in Little Rock, Ark., for Republican gubernatorial candidate Asa Hutchinson.

Wednesday's speech was the latest of several Bush has made on behalf of Republican candidates in Tennessee. He participated in 2002 fund-raisers for then-U.S. Senate candidate Lamar Alexander and gubernatorial candidate Van Hilleary, netting about $1 million for each.

Democrats sought to use the visit to link Corker to Bush's sagging popularity nationwide and across the South.

The president has seen his approval ratings among Tennessee voters drop from about 67 percent in the fall of 2002 to 43 percent in July, according to polls by Mason-Dixon Polling & Research Inc. for the Chattanooga Times Free Press.

Nationally, Bush's job approval rating has dropped to 33 percent, according to an Associated Press-Ipsos poll conducted this month. In the South, Bush's approval ratings dropped from 43 percent last month to 34 percent, the poll showed.

Corker's Democratic opponent, in a live interview with WTVF-TV in Nashville just moments after Bush's speech, said the president "is a dear friend."

"I notice he didn't say anything personally or negative about me," Ford said.

Nevertheless, he said, a change in the Senate is needed.

"The reason there is traction in our campaign .... is that people see that I'm not hostile to national security. No one in the Congress has a stronger record of supporting the troops in the war than me," Ford said.

When he arrived in Nashville, Bush presented the President's Volunteer Service Award to Patricia Gray, coordinator of disaster volunteers for the Nashville Area Red Cross. Bush regularly honors volunteers when he travels across the country to thank them for making a difference in the lives of others, according to information from the White House.

Bush Appearance Pleases Candidate And Opponent (CHIT)

By Mark Silva

Chicago Tribune, August 31, 2006

NASHVILLE -- President Bush headlined a $2,100-per-head fundraiser here Wednesday night and the Republican candidate for the U.S. Senate couldn't be happier.

Neither could his Democratic opponent.

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With the war in Iraq and high gas prices there is a repel-and-attract power to the president these days. And some Republicans are even keeping a healthy distance, fearing their own fortunes could be tainted by too close an association.

In Tennessee, Republican Bob Corker, a millionaire builder and former mayor of Chattanooga, was happy to host the president for his fundraiser in his bid to replace retiring Sen. Bill Frist (R-Tenn.).

But his opponent, Democrat Harold Ford Jr., could reap at least equal benefits, banking on an unusual form of negative coattails because of the president's low standing in polls, and thus help his party retake control of the Senate.

Even among Republicans who support Bush, many are seeking a certain distance this fall—such as the Republican congressmen in suburban Philadelphia facing stiff challenges in a similar struggle for control of the House. One has aired ads asserting that he supports Bush when he is right and tells him when he's not.

Running with, and sometimes from, the president poses the greatest balancing act for Republicans in this potentially pivotal year when control of one or possibly even both chambers of Congress is at stake.

"Even though the president is unpopular, rank-and-file Republicans still hold him in pretty high regard—he can raise money," said John Geer, professor of political science at Vanderbilt University in Nashville, calling the Tennessee Senate race one that's likely to attract big national money.

"This race is pretty competitive at this point," Geer says of the bruising contest between Corker and Ford. "Nationally, Tennessee is the sixth state. If it fell, the Democrats might well take the Senate."

The president has raised more than $150 million for his party and its candidates in more than 40 events such as the dinner for Corker, who also has funneled nearly $2 million of his own fortune into this Senate race.

"We face historic times here in this country... difficult times, because we face an enemy that longs to hurt America," said Bush, addressing a few hundred people at a dinner that raised more than $1.5 million for Corker and the state GOP. "I need people in Washington, D.C., who are willing to give those who are responsible for protecting America all that they need, tools such as the Patriot Act."

Yet some of the Republicans who have benefited from Bush's fundraising have quickly pivoted on the president's controversial policies.

Bush raised money for Rep. Heather Wilson (R, Ariz.) in June—"I cannot tell you how important it is to reelect Heather Wilson," Bush said then. Yet she has distanced herself from the president on several fronts, calling for an investigation of the National Security Agency's domestic wiretapping program, criticizing the administration's attempt to hand management of American ports to a Dubai firm and voicing skepticism over the deployment of the National Guard to the Mexican border.

Rep. Christopher Shays, a Connecticut Republican who has supported the war and faces a tough re-election contest, returned from a trip to Iraq last week saying he now supports a timetable for withdrawal of American troops.

In Pennsylvania, Rep. Jim Gerlach has aired a TV ad stating, in part: "When I believe President Bush is right, I'm behind him. And when I think he's wrong, I let him know that, too. The president wants a guest worker program. That may lead to amnesty for illegal immigrants."

Sen. John McCain (R-Ariz.) and former New York Mayor Rudy Giuliani, two of the party's more moderate leaders, have campaigned for Gerlach.

"My voting record is independent and centrist," Gerlach said in an interview. "We want to make sure the voters understand that I've agreed with the president on some issues and I've disagreed with him on some issues, like stem cell [research], Social Security, drilling in ANWR [the Arctic National Wildlife Refuge]."

Terry Madonna, director of the Center for Politics and Public Affairs at Franklin and Marshall College in Pennsylvania, calls this "a tap dance."

"We hear about Republicans all around the country, particularly in the suburbs, doing this tap dance," Madonna said. "The low approval rating of the president in many of these places is dragging the ticket down…. These folks know they can't be hypocritical about it. They can't do a 180, so they have to find a way to demonstrate their independence."

Tennessee's Corker, an entrepreneur and former mayor, has stood by Bush, voicing support for staying the course in Iraq, for instance.

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Yet even in Tennessee, which sided with Bush over the home-state candidate for president, Al Gore, in 2000 and then backed Bush's re-election in 2004 by a 14 percentage point margin, Democrats believe Ford, a five-term member of Congress from Memphis, has an even chance of winning the seat that Frist, the Senate majority leader, has held.

So, while importing Bush for a fundraiser at the Loews Vanderbilt Plaza Hotel in Nashville may have boosted Corker's campaign coffers, Democrats have found new campaign fodder in the president's appearance.

"Tennessee is no different than any other state in the country, in the sense that people are looking for new leadership and new direction in Washington," said Phil Singer, spokesman for the Democratic Senate Campaign Committee.

"The more that Bob Corker and other Senate Republican candidates associate themselves with the status quo, the clearer the choice in November is going to become for voters," Singer said. "He is raising money for them because he is going to want them to back the agenda that he is pushing in Washington."

Dan Ronayne, spokesman for the National Republican Senatorial Committee, maintains that Tennesseeans have backed Bush before and will stand by him and his party's candidate again this year.

"We have to do our work there to win the seat," Ronayne said. But "they have got to string together a pretty good amount of races to get to six [Senate-seat victories and regain control of the Senate]. You are left with arguing that a congressman from Memphis with a message that matches up well with his district can sell it statewide. That's tough."

The contest for the only open seat this fall currently held by Republicans is getting "scrappy," by one campaign's account, with the Democratic Senate Campaign Committee airing TV ads in Tennessee accusing Corker of currying the favor of "Big Oil." His campaign finance chairman and college roommate is CEO of the state's biggest company, Pilot Oil, a gasoline retailer. "The gas station king" has raised millions of dollars for Corker, the Democratic Party's ad says.

The Republicans, attempting to paint Ford as a liberal and someone who, like Gore, has lost his Tennessee roots, are portraying the 36-year-old African-American as a Washingtonian with "fancy" taste in food and cigars.

The National Republican Senatorial Committee operates a Web site, FancyFord.com, which tallies some of Ford's outings, including his attendance at a Playboy Super Bowl party—"parties with Playboy playmates," the site notes. Critics see racial overtones in the site displaying a photograph of four glamorous blonds and brunettes, but the party adamantly denies any such intentions.

"That is preposterous," Ronayne said. "It's a light-hearted way of making a greater point… that Harold Ford is probably a little more D.C. than Tennessee."

The Democrats take heart in the GOP's attack: "If you had asked the NRSC back in January if they would have to spend time in Tennessee, they would have laughed at you," Singer said. "The sign of how concerned they are is that they are attacking him. That's what FancyFord is all about."

Naftali Bendavid of the Tribune's Washington Bureau contributed to this report.

Taxpayers Pay For Bush's Campaign Travel (AP)

By Jennifer Loven

The Associated Press, August 31, 2006

Bankrolled almost entirely by taxpayers, President Bush is roaming far and wide on Air Force One to help Republicans retain control of Congress and capture statehouse contests in high-stakes midterm elections.

In 15 months, including back-to-back fundraisers Wednesday in Little Rock, Ark., and Nashville, Tenn., Bush has collected $166 million for the campaign accounts of 27 Republican candidates, the national GOP and its state counterparts across the country, according to the Republican National Committee.

High-dollar Washington galas headlined by the fundraiser-in-chief brought in a big share of the total. The president also has scooped up campaign cash in 36 cities, travels that have taken him as near as McLean, Va., in the Washington suburbs and as far as Medina, Wash., 2,800 miles to the west. On Thursday, Bush adds yet another locale to the list: Salt Lake City.

All this to-and-fro presidential politicking is only expected to increase as November draws closer. And it is the taxpayers, not the campaigns or political parties, who foot most of the travel bill.

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When Bush, Vice President Dick Cheney, first lady Laura Bush or any federal official helps a candidate, Federal Election Commission guidelines say the campaign must reimburse the government only the equivalent of a first-class fare for each political traveler on each leg of the trip. Typically, that means paying a few hundred or at most a few thousand dollars to cover the president and a couple of aides from the White House Office of Political Affairs.

The White House deems staffers from any other office "official," eliminating any need for campaigns to cover their travel.

And the White House requires reimbursement only if the president specifically advocates a candidate's election, for instance by headlining a fundraiser or a rally on their behalf. That means that staging appearances alongside the president — from Air Force One's jetway or at a policy event — costs a candidate nothing even though they can bask in the media spotlight.

Bush is not the first president to operate this way. The federal regulations governing reimbursement for political travel have been on the books at least since the Reagan administration, and the White House said Bush adheres to all rules.

Pete Sepp, spokesman for the National Taxpayers Union, a taxpayers advocacy organization, suggested at least requiring campaigns to cover the actual cost of fueling and providing a crew to Air Force One, which runs to tens of thousands of dollars each hour for the specially retrofitted Boeing 747-200B Bush usually uses.

But Massie Ritsch, spokesman for the Center for Responsive Politics, which tracks money's impact on politics, said that seems unrealistic. "You would bankrupt the campaign," he said.

Ritsch said the system is likely to remain for the foreseeable future — mostly because both Democrats and Republicans have benefited, leaving little will on either side to change it.

"Having a member of your party in the White House is a perk for any candidate in that party," he said. "He comes with all the trappings of the president and you as a candidate really don't have to pay for any of it."

Beside the substantial Air Force One costs, other expenses not covered by the airfare reimbursement are extensive.

The Secret Service provides massive presidential protection. Advance teams fan out before trips to map every move. Overnight stays bring hotel costs for the large presidential entourage. Duplicate motorcades of well over a dozen vehicles each, including armored limousines and sometimes several helicopters, must be shipped ahead on cargo planes to every city.

Like others before it, the White House often transfers more of the bill-paying burden onto taxpayers by pairing an "official" event with the political one. Then, the percentage of time spent on official and political duties is calculated to determine what portion of the first-class fare is owed by the campaign.

Nearly two-thirds of Bush's travel days outside of Washington for political appearances this election cycle have included an "official" event. Most of the time, the two events are near enough not to require a separate flight, making it even more economical for the campaign.

At the beginning of August, for instance, Bush stopped briefly at a county emergency operations center outside Cleveland to commemorate routine disaster declarations for the area's heavy rains. It was a stop added only at the last minute, and just five minutes from a home where he was scheduled to raise $1.5 million for Ohio's Republican candidate for governor, Kenneth Blackwell.

An increasingly common approach is to pick a local business for Bush to tour and use as a backdrop for casual remarks on the economy. A visit earlier this month to a York, Pa., Harley-Davidson plant preceded a fundraiser for Republican gubernatorial candidate Lynn Swann.

In July, Bush chatted with workers at a Wisconsin Allen-Edmonds shoe factory before helping GOP Rep. Mark Green's gubernatorial campaign. And in mid-August, the president raised money for Republican congressional candidate John Gard in Oneida, Wis., following a brief stop at a nearby metal plant.

A president's unique ability to attract large donations from party faithful, and to do it on the cheap for the benefiting campaign, help explain why Bush is in demand as a fundraiser despite low approval ratings. Many candidates, however, are choosing this year to set up their Bush-headlined donor receptions in private homes, where the media is barred.

What Worries Economists? (WSJ)

WSJ Online's "Washington Wire", August 28, 2006

DOJ_NMG_0056095

Terrorism and energy prices top the worry list, according to a biannual survey of nearly 200 economists released Monday by the National Association for Business Economics. With the foiled plot to bomb U.S.-bound airlines raising security concerns, 34% said terrorism posed the greatest short-term risk to economic growth, up from 26% in March. Nearly 30% cited energy prices, up from 23% in March, although they say it would take the unlikely scenario of prices rising to $100 a barrel to spark a recession. Inflation came in third among the most frequently cited threats to short-term economic health.

With Treasury coffers filling up with higher-than-expected tax revenue, only 2% of the economists cited government spending and the federal deficit as a short-term risk, down from 14% in March. The deficit, however, was cited as the biggest threat to the economy's long-term health. Three-quarters said the government should be spending less and have a narrower deficit at the end of the Bush presidency in two years, but only 17% think it will.

With early signs suggesting Federal Reserve Chairman Ben Bernanke and his policymaking colleagues may be able to tame inflation without causing inflation, 71% of economists surveyed said monetary policy was "about right." There's no consensus on where the Fed will take interest rates from here. According to 14% of those surveyed, rates are still too low, but 13% said they're too high. – Christopher Conkey

Permalink | Trackbacks

August 28, 2006, 12:06 am Gone but Not Forgotten

Though he wasn't in attendance, the work of Princeton University economist and New York Times columnist Paul Krugman was a recurrent theme in the Federal Reserve's Jackson Hole symposium this year.

The event's title, "The New Economic Geography," was the name given to work Mr. Krugman pioneered in 1991 in his book, "Geography and Trade." Anthony Venables of the London School of Economics, the first academic presenter at the event, has been a co-author of Mr. Krugman. Another speaker, Doug Irwin of Dartmouth College, recommended participants read Mr. Krugman's essay, "Competitiveness: A Dangerous Obsession." Later, during a whimsical discussion on the potential for interplanetary trade, the Bank of England's Charlie Bean noted Mr. Krugman had written an article called "The pure theory of interstellar trade," which Mr. Krugman had called a "serious analysis of a silly problem," according to Mr. Bean.

Mr. Krugman is an accomplished economist who won the American Economic Association's prestigious John Bates Clark Medal in 1991. But in recent years he has become better known, even among many of his academic peers, for his popular writings, in particular his Times columns which are often harshly critical of the Bush administration, than for his academic research. He has presented papers at the Jackson Hole conference in previous years, but wasn't invited to this year's. Mr. Krugman, in an email, said he would have attended, had he been invited. "After all, a lot of people give me credit or blame for founding the new economic geography, and it would have been interesting to join a discussion on the state of the field, even though I haven't done a lot of new research in the area since the late 90s."

Officials of the Kansas City Fed, which hosts the event, declined to comment on why Mr. Krugman wasn't invited. That said, there are only a few slots for academics at the event and hundreds of logical candidates to fill them. Moreover, when the term "new economic geography" was coined in the early 1990s, it referred to how local agglomerations of skills, talent and other assets can given a country a comparative advantage in a particular industry. At this weekend's conference, the term referred more to how the rise of China, India and other developing nations is reshaping the world economy. – Greg Ip

Permalink | Trackbacks

August 27, 2006, 8:22 pm Gov. Schwarzenegger Is Standout as GOP Stumbles

Democrats lead in most of 19 hotly contested gubernatorial races, including seven now held by Republican incumbents, according to the most recent set of Battlegrounds polls from Zogby Interactive, conducted in cooperation with The Wall Street Journal Online. In Pennsylvania, incumbent Ed Rendell remained locked in a tight race with Republican Lynn Swann, a former Pittsburgh Steelers wide receiver and sports announcer. Rendell's lead was four percentage points in the latest poll, down from seven points in July. California Gov. Arnold Schwarzenegger climbed to a five percentage point lead over Democratic challenger Phil Angelides. It was the first time that Schwarzenegger led in that matchup since the polling project began, though he has generally gained ground throughout the year. Meanwhile, the race between Republican Rep. Jim Nussle and Democratic Iowa Secretary of State Chet Culver continues to be one of the hottest contests in the nation. While Culver edged into the lead in the latest poll, Zogby says the race is too close to call for either side. The polls were conducted Aug. 15-21. See the full results.

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Permalink | Trackbacks

August 27, 2006, 8:20 pm Zogby Polls Show Dems Gaining in Senate

Democrats picked up ground in a new set of polls of hotly contested Senate races, now leading in 12 of the 18 races tracked, up from 10 of 17 last time. In Virginia, the "macaca" comment appear to have hurt incumbent George Allen, who went from a comfortable lead in previous Zogby polls to now trailing Democrat James Webb, a former secretary of the Navy under President Reagan. Among other races, Robert Menendez's lead over Republican Tom Kean Jr. narrowed to just two percentage points in New Jersey, while incumbent John Ensign's advantage over Democrat Jack Carter narrowed in Nevada.

Although Republicans are ahead in fewer of the battlegrounds than Democrats, the party would still maintain control of the 100-seat Senate if the election results match Zogby's results. Taking into account the 40 Republican seats not up for re-election and seven that weren't included in the polling because Republicans are expected to win handily, Republicans would retain a 52-46 majority in the Senate, though Mr. Lieberman and another independent, Jim Jeffords of Vermont, would be expected to vote frequently with the Democrats. See the full results.

Permalink | Trackbacks

August 27, 2006, 2:41 pm Starr Goes From Cigars to Bongs

President Clinton's impeachment nemesis Kenneth Starr is staying busy. Monday, the former Independent Counsel is expected to file a petition asking the U.S. Supreme Court to uphold the suspension of a high school student disciplined for holding a banner across the street from campus reading, "BONG HITS 4 JESUS."

The incident occurred in January 2002, as the Olympic torch relay wound through Juneau, Alaska, en route to the winter games in Salt Lake City. As the torch passed by the school, student Joseph Frederick and friends unfurled the banner across the street from campus apparently to attract the attention of television cameras.

A bong is a popular device used to smoke marijuana, inhalation from which is commonly known as a "bong hit." The school principal suspended Mr. Frederick — allegedly the only student who disobeyed her command to put down the banner — for 10 days. Mr. Frederick claimed the suspension violated his First Amendment right to freedom of speech. A federal district judge sided with the school, but a panel on the U.S. Court of Appeals for the Ninth Circuit unanimously reversed.

Mr. Starr and other attorneys in the Los Angeles office of Kirkland & Ellis have accepted the case pro bono. Should the court grant the petition, the outcome could hinge on whether the banner disrupted the educational process, whether watching the relay was a school-sponsored event, and whether Mr. Frederick — who had yet to enter school property that morning because his car had been stuck in the snow — was officially on campus. –Ben Winograd

Read the petition to be filed with the Supreme Court.

Permalink | Trackbacks (1)

August 27, 2006, 2:01 pm On Call, On the Spot

Does trouble follow National Safety Transportation Board member Debbie Hersman? She was the NTSB member on call when a Comair commuter jet fatally crashed at the Lexington , Ky., airport early Sunday morning. Board members take turns being on call and that person becomes the NTSB's spokesman on the accident scene.

When Ms. Hersman joined the NTSB, some aviation safety officials grumbled she was part of a new wave of NTSB officials who didn't have enough technical knowledge of aviation to be effective. But she's certainly had plenty of exposure to safety issues since then, because major accidents seem to have had a way of happening when she's on call.

Since joining the NTSB in June 2004 from her previous job as a Senate staffer, Ms. Hersman has been on scene at five transportation accidents, including the nonfatal November 2004 collision of two subway cars in Washington, the February 2005 crash of a private jet into an airport warehouse in Teterboro, N.J., and the July 2005 head-on collision of two freight trains in Anding, Miss.

The crash Sunday morning ended what government safety officials dubbed the "safest period in aviation history." The last major fatal airline accident in the U.S. happened in November 2001, when American Airlines Fight 587 crashed soon after take-off in Queens, N.Y., killing 265 people. –Amy Schatz

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August 26, 2006, 6:54 pm Anecdotes on Education From Jackson Hole

DOJ_NMG_0056097

It's long been accepted that emerging Asian economies owe much of their success to an emphasis on education, but a few anecdotes aired at Jackson Hole underlined the point. Arminio Frago, a former governor of Brazil's central bank who now runs a hedge fund, noted that Brazil and South Korea once had the same per-capita gross domestic product. Now, South Korea's is over twice that of Brazil's. By way of explanation, he noted that the average Korean has 13 years of school, while in Brazil the figure is six years, and the education is not very high quality. Rakesh Mohan, deputy governor of the Reserve Bank of India, noted that Tokyo has 113 universities; Beijing has 59. – Greg Ip

Permalink | Trackbacks

August 26, 2006, 6:51 pm Feldstein Speaks Up at Jackson Hole

Harvard University's Martin Feldstein is traditionally an active participant at the Fed's annual Jackson Hole conference. Last year, he was unusually quiet, a result of the fact he was under consideration to succeed Alan Greenspan as chairman of the Fed. Since then, the job went to Ben Bernanke and this year Mr. Feldstein seemed more willing to speak his mind. His views, had they come from a Fed chairman, would have sent the markets into a tizzy. First, Mr. Feldstein repeated his long-standing view that the U.S. dollar has to fall a lot to rein in the U.S.'s massive trade deficit. It's not clear when or how fast, "but I have no doubt it will be coming." A lower dollar, he said, will result in "higher inflation." Furthermore, U.S. interest rates will have to rise to entice foreigners to hold onto some of their dollar holdings. So "the most likely response [is] some combination of higher real interest rates and a falling value of the dollar, further complicating the problem for monetary policy." Alternatively, Americans could cut their consumption, leading to a narrower trade deficit and higher saving, perhaps because of lower house prices. Then the Fed has the delicate job of "balancing the decline in domestic demand and the process of international adjustment." – Greg Ip

Permalink | Trackbacks

August 26, 2006, 6:50 pm Jackson Hole's Sleeper Hit

At a conference dominated by discussion of the rise of India and China and their impact on the U.S. and Europe, the sleeper hit of the Federal Reserve Bank of Kansas City's annual conference in Jackson Hole, Wyo., was a short presentation on why Africa has fallen so far behind the rest of the developed world, especially Asia, in recent decades.

Reflecting the conference theme — "The New Economic Geography" — Paul Collier of Oxford University made a persuasive case that nowhere more than in Africa has geography undermined economic progress. Statistically, a country's growth is more likely to lag if it is landlocked, resource-poor or small, and Africa, which is divided into over 40 countries, has an unusually large number of countries that are all three. Many African countries are resource rich but are unable to efficiently spend those resources because, while democratic, they lack effective checks and balances. By contrast, countries that must rely on taxes are more likely to face demands for accountability. African countries, despite being small, are also ethnically diverse. The more diverse a society, the smaller the share of the population represented by the ruling group, he notes. "A minority in power has an incentive to distribute to itself at the expense of the public good of national economic growth." Finally, he says, Africa has missed the globalization boat: at the time Asia was opening up to foreign investment, Africa was saddled with overvalued currencies, civil war, experiments with socialism, or apartheid. Almost all these problems have been solved, but in the meantime Asia has acquired a formidable critical mass of local skills and infrastructure that make it difficult for Africa to compete for foreign investment. Mr. Collier's presentation was perhaps the most eye-opening to the crowd of academics, Wall Streeters and central bankers at the Fed conference, perhaps because so much of it was new to them. (Only one central banker from Africa was on the list of attendees: South Africa's. There were six from Latin America.) But perhaps it was welcomed because it presented a persuasive, systematic explanation for the continent's troubles that didn't have to argue that Africa was somehow different. "African performance has been far worse than that of any other region," Mr. Collier has written. "The explanation for this is not that African economic behavior is fundamentally different from elsewhere, but rather that African geographic endowments are distinctive." He sharply disagreed with economist-celebrity Jeffrey Sachs's view that disease and climate are the principal reasons for Africa's underdevelopment. Sachs, he said, is "barking up the wrong tree." – Greg Ip

Anecdotes on Education From Jackson Hole

Aug.26, 2006

Feldstein Speaks Up at Jackson Hole

Aug.26, 2006

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ABOUT THIS BLOG

The Washington Wire, which is among the most venerated products of the Journal's Washington bureau, also is one of the oldest standing features in American journalism. Since the Wire was launched on Sept. 20, 1940, the Journal has offered readers an informal look at the capital's comings and goings in a series of newsy, and sometimes even gossipy, items. Now online each weekday, the Wire provides a succession of glimpses at what's happening behind hot stories and early warnings of what to watch for in the days ahead. The Wire is the collective product of the Washington bureau, some 40 journalists strong. Write to Washington Wire at washwire@wsj.com.

Text Size: S M L View Archives Week Of August 30, 2006 (HEN)

By Robert Novak

Human Events Novak: House Outlook "Pitiful", August 31, 2006

Newt Gingrich: Worthy of note, as Washington prepares to exit its summer doldrums, is the effective and omnipresent public relations campaign being waged by the former Speaker of the House. But in his recent appearances, Gingrich has been less than scrupulous about getting the facts right.

Gingrich wants a more resolute U.S. stance in what he considers the "Third World War." As an example, he depicts failed efforts to broadcast the truth to Iran and North Korea. On NBC's "Meet the Press" July 16, Gingrich declared: "We're sending signals today that no matter how much you provoke us, no matter how viciously you describe things in public, no matter how many things you're doing with missiles and nuclear weapons, the most you'll get out of us is talk."

When moderator Tim Russert asked what he would do, Gingrich replied that "we are currently broadcasting I think it's 90 minutes a week into North Korea. We're currently broadcasting a trivial amount into Iran." He painted a picture of discontented populations in both countries ripe for American broadcasts.

The problem is that Gingrich vastly understated the actual U.S. effort. Kenneth Tomlinson, chairman of the U.S. Broadcasting Board of Governors (BBG) and a piñata for the Left in that capacity, corrected Gingrich personally, informing him that his agency began live satellite television broadcasts to Iran in 2003 for 12 daily TV hours in all. The BBG's Radio Farda is broadcasting more than eight hours of news in Iran each day. Tomlinson said that VOA and Radio Free Asia are on the air three and one-half hours a day, not 90 minutes a week as claimed by Gingrich.

But even after getting the correction, Gingrich persisted in the misrepresentation. On Fox News Sunday August 6, Gingrich complained about "how many things we could be doing" to undermine the Iranian regime "if we were broadcasting more than three hours a week" -- disregarding Tomlinson's letter. Gingrich and his staff did not provide a satisfactory account of the discrepancy.

Newt Gingrich is a rare charismatic Republican, making his remarkable political comeback. But unfounded accusations about U.S. international broadcasts point to a longtime carelessness with facts. The broader problem is his implication that oppressed millions in Iran and North Korea, even the sympathetic ones, can be programmed by the Voice of America into overthrowing their rogue governments.

House 2006

If The Election Were Held Today: To date, we have discussed this election in terms of what the final outcome will look like in November. We have also mentioned Republican fears that, as one House committee chairman has said privately, Republicans will lose 25 seats -- or as we were told that national internal polls suggested, they could lose as many as 26 seats.

From here in, now that primary season has approached its end, we will resist such broad prognostication, particularly since we have not yet seen evidence that such huge losses are imminent when looking at the races as we always have in past cycles -- on a district-by-district basis. As we noted last week, "it is still at least challenging to construct a scenario of a 15-seat Democratic gain without positing some improbable upsets."

Today we begin a new, seat-by-seat look at this year's competitive House races, based solely on how each would turn out if the election were held today. As promised, we take a look this week at Democrat-held seats in the U.S. House and Democrats' chances of a takeover, and compare them to the Republican-held seats they will be targeting.

PA-12 (Murtha)

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SC-5 (Spratt)
TX-17 (Edwards)
VT-AL (Open)
WV-1 (Mollohan)

The first word that comes to mind with this chart is "pitiful." Most striking is the small space it takes up on the page and the emptiness of the category to the right -- "Likely Republican Takeover" -- and the near emptiness of "Leans GOP." There is not one easy takeover target for the Republicans this year. Republicans have failed to expand the playing field on the Democrats' side.

There are several reasons for this, including failure to recruit good candidates.

Only one seat appears to be truly vulnerable for takeover, the Republican-heavy seat taken in 2004 by Rep. Melissa Bean (D-Ill.). We continue to believe that former Rep. Phil Crane (R) lost this 56 percent Bush seat, and not that Bean really won it. Voters will probably make a correction this year, but not without a heroic Republican effort. Despite a financial advantage, Bean suffers from a massive defection of organized labor and the presence of a pro-labor third-party candidate in her race against businessman David McSweeney (R).

Republicans have touted their chances in Georgia, but there is no overwhelming reason for optimism at this point. Rep. John Barrow (D-Ga.) could be defeated in a political comeback story for former Rep. Max Burns (R), especially since the district has been redrawn since Burns lost to Barrow in 2004. Former Rep. Mac Collins (R-Ga.), although a strong and able candidate (who is running a much better race than his 2004 Senate candidacy), faces an even tougher prospect in challenging Rep. Jim Marshall (D-Ga.).

We have added the district of Rep. Lloyd Doggett (D-Tex.) to the chart only because his new district boundaries make him potentially vulnerable to a wealthy, self-funding Republican challenger who hails from the rural parts of Travis County. He will be forced to run a special election race due to court-ordered redistricting.

Some of the Republicans' best hopes have also been dampened by events. State Sen. Craig Romero (R-La.) in Louisiana is not viewed now as likely to unseat Rep. Charles Melancon (D). State Senate President Jeff Lamberti (R-Iowa) still has a shot against Rep. Leonard Boswell (D), but Boswell has clearly recovered from his earlier sluggishness and health problems, and Democrats now feel confident that he can win without help from the DCCC, which has pulled its planned ads.

Also striking about the Democratic chart is its asymmetry with the chart of Republican-held seats. Below, we present a chart slightly different from last week's, based on what we believe would happen if the election were held today. This makes the situation appear bleaker for the GOP.

PA-8 (Fitzpatrick)
WI-8 (Open)
WA-8 (Reichert)
PA-10 (Sherwood)
WY-AL (Cubin)

On the Republican-held chart, we see a very rich environment of Democratic takeover targets. Admittedly, some are less realistic than others, but the fact that there are so many, compared to so few on the Democratic chart, illustrates the problem Republicans face this year. Any way one looks at it, the odds are clearly stacked against the GOP and in favor of Democrats. Republicans are certain to lose House seats this year, even under the best scenario they can envision.

If Democrats prove that they can hold their leads against the vulnerable GOP districts in the third and fourth columns, then they will press their advantage effectively and probe for more weaknesses until they start winning in seats in the second column of the chart (leans GOP) and even the first (likely Republican Retention). If this happens, it will be like a dike bursting for the GOP. Too many holes will appear to be plugged up, and Democrats will almost certainly take the House. Then we will have concrete reasons to expect a 25 or 26 seat GOP loss.

Key to Democrats' victory, again, will be the removal of their own marginal incumbents from their endangered condition. The less spent by Democrats on their own seats, the more they can spend unseating the many marginal Republicans. No matter how they play it, Republican strategists cannot effectively play defense everywhere.

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From the perspective of contested races, Democrats are clearly at the controls. They have two main obstacles to overcome, from a big-picture perspective: The first is their decisive technological and methodological disadvantage when it comes to voter turnout, demonstrated in the 2004 election. The second is the irrelevance of the Democratic National Committee, whose cash-on-hand total is currently less than that of some Senate campaigns.

Still, the money they do have is in the competent hands of DCCC chairman Rahm Emanuel (D-Ill.) and DSCC chairman Chuck Schumer (D-N.Y.), not those of Howard Dean.

$34,147,575

National Republican Senatorial Committee (NRSC)

$20,570,361

Republicans Total

$98,340,041

As we noted last week, we still believe that the GOP can recover enough by Election Day to avoid this disaster, but can they recover enough to keep the House? Most candidates are just now beginning to spend serious money, and the races will start to move soon.

Democrats need a net gain of 15 seats to win control of the House. At this point, our seat-by-seat analysis suggests that they are very close. To repeat: They will attain their goal if they can keep their own members safe and spend the money to attack a greater number of Republican incumbents, to create more holes in the dike as Election Day approaches. Democrats +14, Republicans -14.

Florida-13: Auto dealer Vern Buchanan (R) remains the favorite to succeed Rep. Katherine Harris (R). The likely second-place finisher is Tramm Hudson (R). Leaning Buchanan.

Pennsylvania-8: Rep. Mike Fitzpatrick (R) scored a coup with the endorsement of the League of Conservation Voters. This is not the kind of thing that will send voters to him in droves, but it will at least make moderate Republicans in the Philadelphia suburbs feel more comfortable voting for him.

Fitzpatrick is significantly more conservative than his predecessor, Jim Greenwood (R), and neither his opposition to Bush's Iraq policy nor his embrace of carbon dioxide caps is unlikely to sour conservatives on his candidacy. Fitzpatrick's opponent, Iraq War veteran and Democrat activist Patrick Murphy (D), trails in finances. Leaning Republican Retention.

Senate 2006

Florida: In spite of her odd behavior and controversial statements, Rep. Katherine Harris (R) is still the favorite to win the GOP Senate nomination. Her victory would effectively take this race off the table for November, but it is probably off the table anyway.

The Republican most likely to upset Harris next Tuesday is attorney Will McBride, who has an excellent ad running right now portraying himself as the Republican "who can win," and urging Republicans not to "throw in the towel." Leaning Harris.

Maryland: Events have conspired somewhat against Rep. Ben Cardin (D) on his way to the nomination. After long-shot self-funder Josh Rales (D) began his enormous expenditures on television advertising -- more than $4.4 million already -- Cardin was forced to respond in kind. Rales will likely draw from the same white suburban liberals as Cardin is counting on to give him the nomination. Still, all of Rales's money has only brought him a mere six percent in the latest poll, released today.

This means that the Democratic nominee, whether it is Cardin or former Rep. Kweisi Mfume (D), will be short of cash by the time of the September 12 primary. It also means an advantage for Mfume, who is counting for victory on strong black turnout rather than on having the big money.

But despite Mfume's extremely late endorsements from Reps. Al Wynn (D) and Elijah Cummings, and former Gov. Parris Glendening (D), he trails by 13 points in today's poll. Mfume cannot win solely on the basis of a ground game -- he must also put together a serious air game in the final two weeks. His opponents, including Lt. Gov. Michael Steele (R), unopposed for the GOP nomination, are on the air right now. Leaning Cardin.

Rhode Island: Cranston Mayor Stephen Laffey (R) now has an excellent chance of ending the career of Sen. Lincoln Chafee (R) in two weeks. The Sept. 12 primary is extremely unpredictable because of the large number of independents who can vote in Republican primaries, but it is clear that Republican voters will support Laffey overwhelmingly. Laffey has effectively

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made his name known throughout the small state, and the expected high turnout will work to his advantage. He has bested Chafee in debate, and has kept close enough in cash-on-hand.

Unlike the Lieberman-Lamont race in neighboring Connecticut, this primary is genuinely an ideological battle, and it will bring many committed conservatives out to vote. Laffey, however, likes to downplay his conservatism and campaign on issues such as government waste and high gas prices. Leaning Laffey.

Sincerely,

Robert D. Novak

Mr. Novak is a syndicated columnist and editor of the Evans-Novak Political Report, a political newsletter he founded in 1967 with Roland Evans. Click here to get a free subscription.

Race Tests Value, Or Cost, Of Loyalty (USAT)

By Andrea Stone

USA Today, August 31, 2006

ALBUQUERQUE — Silent auction bidding was brisk for The Bush Family Cookbook as Heather Wilson strode in to applause at the Federated Republican Women's luncheon here last week.

The Republican congresswoman told 100 supporters that there were "profound differences" between herself and Democrat Patricia Madrid, especially when it comes to the Iraq war.

"Patsy Madrid wanted to quit and walk away a year ago," said Wilson, a former Air Force officer. "We won't be safe if we pick up our ball and go home. … It's a choice between resolve and retreat, and … I choose resolve."

Wilson is a rarity in the Republican-led Congress, one of a few in the GOP openly embracing President Bush on the war in Iraq. Her resolve belies the disillusionment with the war: More than six in 10 people say they disapprove of the way Bush is handling the situation in Iraq, according to a USA TODAY/Gallup Poll this month.

Yet it also presents a political dilemma for Wilson, only the second female veteran in Congress and one who represents a district with more registered Democrats than Republicans. The USA TODAY poll found that 35% of registered voters nationally are more likely to vote for a candidate for Congress who opposes Bush's handling of the war, compared with 26% more likely to back a candidate who supports Bush on Iraq.

Emphasizing the war in Iraq "has the risk of tying her to the president in a war that hasn't gone well," says Albuquerque pollster Brian Sanderoff, who is not linked to either candidate's campaign.

In a sign that Iraq is a difficult campaign issue for Republicans, lawmakers such as Christopher Shays of Connecticut, Mike Fitzpatrick of Pennsylvania and Gil Gutknecht of Minnesota have begun to distance themselves from the president and his handling of the war. Shays, for example, said it's time for a "realistic" timetable to be set for U.S. troop withdrawals.

Wilson's supporters are concerned about damage from ties to Bush and his handling of the war.

"There's a groundswell of disenchantment," said Ann Hogue, 72, a GOP activist. "It's a real dilemma, the war."

Iraq was a major reason Madrid, the state attorney general, entered the race. Top Democrats — including Rep. Rahm Emanuel of Illinois, the party's House campaign chairman, and House Minority Leader Nancy Pelosi — recruited Madrid, one of the highest-ranking Hispanic officials in the state. They see the district, which is 43% Hispanic and whose local officials are mostly Democrats, as one of the 15 GOP-held House seats within reach to give them back the majority they lost in 1994.

Madrid, 59, called last year for U.S. troop withdrawals by this December. "We need to have a responsible exit plan to get our troops home," she said, offering no specifics.

Last week, Wilson began using a phrase favored by Bush to describe Democratic calls to pull out troops. "It would be a disaster for America to cut and run," she said at the GOP women's lunch. She had previously shied away from such rhetoric but has long tied the fighting in Iraq to the global war on terror, much as Bush has done in speeches.

Still, Wilson has yet to use Iraq in TV ads. She has focused on assailing Madrid for not investigating alleged corruption by Democratic state officials. Madrid has rebutted the charges, saying in TV spots that she was "falsely" accused and reminding voters that Wilson took contributions from "indicted Republican leader Tom DeLay."

Madrid calls Wilson's ethics charges "a diversionary tactic." She says: "In the end, people will vote on the war."

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New Mexico's 1st Congressional District includes Kirtland Air Force Base, the federal Sandia nuclear research facility and many military families. Local political observers say Democrats here tend to be moderate to conservative and often cross party lines at the polls.

"A lot are against the war," says Joe Monahan, a blogger on state politics, "but they are not gleeful about it."

Interviews with three dozen voters here point to a close race and confirm Iraq is a top concern. Some Republicans agree with Bush's position and will vote for Wilson, who once worked on the National Security Council. Others are wavering. Most Democrats and independents interviewed support Madrid.

Norma Uber, who gave her age as "over 50," is a Democrat who has voted for Wilson but won't this time. She said Iraq has drained money from health care, education and other priorities. "The war has caused all of the other problems. The president spent all our money on the war," she said. "It's time for the Democrats to take over."

Carol Jones, 62, disagrees. The Republican investment adviser in Albuquerque's Old Town was so incensed over Bush's recent veto of a bill to expand embryonic stem cell research that she called the national party to take her name off fundraising lists. Although she calls the war a mistake, she's sticking with Wilson because the congresswoman is "not a rubber stamp" for Bush.

Some here say Madrid has been slow to capitalize on angst over the war. Madrid should "pin Wilson to the endless war in Iraq, one she's supported to the fullest," wrote Albuquerque Tribune editor Phill Casaus.

She heeded the call last week in her first TV spot on Iraq. It noted that Wilson, 45, sits on the House Intelligence Committee, "but she never questioned George Bush on the war. And she never said a word about how we've spent $300 billion there. … That's not independence."

An early critic of the administration's domestic surveillance program, Wilson also has taken Pentagon leaders to task over abuses at Iraq's Abu Ghraib prison.

At a fundraiser for Wilson in June, Bush said he appreciates the occasional challenge from the congresswoman. "Heather is an independent soul, and that's what you want," he said.

Wilson stressed in her first campaign ad in July that she's not wedded to party orthodoxy. She's won five times in this district, which voted for John Kerry for president in 2004 and Al Gore in 2000.

"Sometimes I'm working with people who are in my party. Sometimes they're not in my party. But that's OK," Wilson says in the ad, without saying she's a Republican.

G.O.P. Congressman Shifts To Favor An Iraq Timetable (NYT)

By Raymond Hernandez

The New York Times, August 31, 2006

WASHINGTON, Aug. 30 — Only a few weeks ago, Representative Christopher Shays, a Republican from Connecticut, minced no words in responding to calls led by Democrats for a phased withdrawal from Iraq. "To have a timetable is absolutely foolish," he said.

But now, as he faces an increasingly tough re-election battle against an antiwar Democrat, Diane G. Farrell, Mr. Shays has undergone a conversion: He is proposing a timetable for a withdrawal of American troops, an idea derided by the Bush administration and many Republicans.

"A lot of thought has gone into this," the congressman explained in a lengthy interview this week. "I had a lot of resistance in my own office in moving forward with this."

How Mr. Shays came to this change of heart is, he says, a matter of a newfound substantive belief that Iraqis need to be prodded into taking greater control of their own destiny under the country's newly formed government.

But it also comes amid growing signs of strong antiwar sentiment in his state. Earlier this month, Senator Joseph I. Lieberman, a centrist Democrat who supports the war in Iraq and opposes a timetable for withdrawal, was defeated in the Connecticut primary by an antiwar candidate, Ned Lamont. Mr. Lieberman is now running as an independent.

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Political analysts say Republicans in other states may be feeling similar pressures. At least two other House Republicans who strongly support the war — Representative Gil Gutknecht of Minnesota and Representative Walter B. Jones of North Carolina — now embrace the idea of a timetable for withdrawal, according to strategists in both parties.

While Mr. Shays made his new position known recently in comments to reporters after returning from his 14th trip to Iraq, he said he planned to follow that up with a series of hearings in September, suggesting that he wants the issue to be at the center of his agenda during the election season.

Mr. Shays, the chairman of the House Government Reform subcommittee on national security, said he planned to draft a timetable for a phased withdrawal and then push for its adoption.

In the interview, Mr. Shays sought to distance himself from both President Bush and antiwar Democrats, a position not unlike that of Mr. Lieberman, whom he considers a political ally. Mr. Shays and Mr. Lieberman appeared together at an event this past weekend.

"The administration wants an open-ended commitment and that sends a wrong message to the Iraqis," he said after describing how Iraq's leaders had failed to take steps that would lead their country toward full-fledged political independence.

"I want the Iraqis to know that they do not have an open checkbook," Mr. Shays continued. "I also want the Iraqis to know that our troops will not be there in the numbers they are now."

But he also dismissed Democratic timetables for a speedy withdrawal as "arbitrary" and asserted that it would be a disaster to reduce the American presence in Iraq before the Iraqi government had the capacity to protect its citizens. "It would be obscene for us to leave before the Iraqis are able to defend themselves," he said. "We completely dismantled their security forces."

Republican officials have sought to minimize the political significance of Mr. Shays's position. "The president still has a lot of support for the war," said Carl Forti, a spokesman for the Republican Congressional Campaign Committee. "What you are seeing is certain members express their own opinion."

Democrats, in turn, have sharply questioned Mr. Shays's motives, arguing that his conversion had less to do with principle than with the realization that he could no longer afford to vigorously support a war and a president who, polls show, are not popular in Connecticut.

Ms. Farrell, Mr. Shays's Democratic challenger, described the congressman's shift as a desperate attempt to divert attention from his record of support for the war.

"Chris Shays knows he is in the fight of his life," she said. "And it appears that he will say anything in the hope that voters will forget his past record."

Charlie Cook, a nonpartisan political analyst, argued that more Republicans are likely to begin giving serious thought to embracing a timetable for troop withdrawal given that opposition to the war remains deep as Election Day draws closer.

He noted that in Mr. Shays's case, his shift came around the same time polls began to show the congressman in an increasingly tight race against Ms. Farrell, who has drawn comparison between Iraq and Vietnam. Ms. Farrell came within five percentage points of defeating Mr. Shays in 2004.

"If you're a Republican in a tough re-election, you have to stop and reexamine your position," Mr. Cook said.

Mr. Shays cautioned against reading too much into Mr. Lamont's victory. He said that Mr. Lieberman did not lose simply because of his war position. He argued, among other things, that Mr. Lieberman had run a "terrible campaign" and that he had alienated many Connecticut Democrats by becoming too close to Republican leaders in Washington.

Mr. Shays said that his plan for withdrawing troops from Iraq would not necessarily reduce the American presence there quickly. "Americans may not like the timeline," he said. "It may be too slow." He said the withdrawal would be based on recommendations from military commanders, as well as on a monthly inventory of the number of Iraqi troops that are trained.

Ohio House Race Is Brutal Test (WSJ)

By David Rogers

The Wall Street Journal, August 31, 2006

COLUMBUS, Ohio -- There's a lot of America packed into Ohio's 15th congressional district, including what could become the most significant race in this fall's battle for the House of Representatives.

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This district doesn't offer a homogenous landscape, but rather is home to African refugees, a growing Latino community, university students and urban gays, all thrown together with corporate Columbus, upscale suburbs and century-old farmhouses, including one in London where President McKinley once spoke from the front porch.

It's a mix that suits the moderate image of Rep. Deborah Pryce, the fourth-ranking Republican in the House. But after years of only token opposition in this district, the seven-term congresswoman is imperiled by economic pessimism, the Iraq war and others' political scandals, which together could bring about an Election Day upset.

"It's a knife fight," Ms. Pryce says of her race against Democratic challenger Mary Jo Kilroy. Ms. Kilroy, a Franklin County commissioner, gives no quarter. "It's about change... People are fed up with Congress," she says. "We are going to put 'Kilroy is here' on the Capitol."

Ms. Pryce's standing, as chair of the House Republican Conference and friend of Speaker Dennis Hastert, elevates the stakes. Outside groups from the left and right are spending heavily. Cabinet secretaries have come to her aid. And for the entire House Republican leadership, which is heavily rooted in the Midwest, the race is a barometer of how much political fallout they will sustain from economic pessimism in this political battleground.

When compared with residents of the South and West, Midwesterners are more likely to answer that their personal economic situation has gotten worse -- not better -- in the past 12 months, according to a recent Wall Street Journal/NBC News poll. Corruption scandals and the Iraq war -- which both have taken a toll in Ohio -- also increase the challenge for Republicans here.

Columbus, the state capital and once a major Republican stronghold, amplifies the results. The city, located in the heart of Ms. Pryce's district, is home to the Marine reserve unit, Lima Company, which saw nearly a third of its men killed or wounded in Iraq. After 16 years in power, state Republicans are at risk of losing the governorship amid state scandals of their own. Ms. Pryce isn't involved in any of the wrongdoing, but her House neighbor and ally, Ohio Rep. Bob Ney, recently announced he wouldn't seek another term, amid the Jack Abramoff lobbying scandal in Congress.

Unaccustomed to challengers, Ms. Pryce, 55 years old, has scrambled to put together a campaign organization. "It's like riding a bike, it all comes back pretty easy," she says. But one of her early television ads even misspelled Deborah. When asked about the recent departure of her young political director, she jokes of having a "rolling staff."

Sam Dawson, a hard-edged Republican consultant and onetime political adviser to Newt Gingrich, has taken control of her campaign. New TV ads are highlighting Ms. Pryce's independence from President Bush and conservative Republicans on stem-cell research. And beneath black-and-white photos of Ohio State football greats at the "Buckeye Hall of Fame," Ms. Pryce tells female supporters, "I promise you, I'm not going to lose this race."

A $1.8 million television buy this week exceeds spending in past Pryce campaigns. But Ms. Kilroy is also the first woman Democratic challenger Ms. Pryce has faced, and Republicans admit Franklin County is moving away from their party. Social Security, the minimum wage and immigration are hot issues, and interviews with voters reflect a hunger for a more independent, assertive representative in Congress.

"They're following party lines instead of being able to think on their own two feet," says David Collins of Madison County, explaining his frustration with Ms. Pryce's loyalty to her party leadership.

A former municipal-court judge, Ms. Pryce was spotted by Mr. Gingrich soon after her 1992 election and then blended easily into the leadership of Mr. Hastert. But it has always been a marriage of convenience in which Ms. Pryce plays the role of the moderate woman in a male-dominated, increasingly conservative leadership. Her power has helped her secure millions of dollars for Columbus hospitals and medical institutes -- a personal crusade after the death of her daughter from cancer in 1999. But often Ms. Pryce can seem shy and retiring, turning the stage over to others at Capitol press events.

That could hurt now and contrasts with her challenger. On Iraq, for example, Ms. Pryce says: "People know there's no real answer. They don't really ask about it unless they want to complain about it."

On the future of Defense Secretary Donald Rumsfeld she says: "He knows the intricacies of this war, it's his war, why put somebody else in there to finish it up?"

When her words are read back to her, Ms. Pryce says, "Please understand I am not passive about it at all."

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About conversations with the White House, she says, "If I did see something glaringly wrong, I would not hesitate to bring it up." Yet when pressed, she admits: "I can't say I have called them out on how they are conducting the war. No I haven't."

The 57-year-old Ms. Kilroy is more outspoken -- perhaps enough to make her an easy target for the Pryce campaign. The daughter of a Cleveland pipefitter, she was raised in a tradition of liberal working-class Catholic activism, finished college 10 years after high school and went on to get a law degree from Ohio State. She has leaned left in Democratic presidential politics, backing Jerry Brown in 1992, and later Howard Dean and then John Edwards in 2004.

When U.S. troops went into Iraq, Ms. Kilroy joined neighborhood vigils against the war. She says if elected to Congress, she would vote to demand that Mr. Bush forge a plan to bring the troops home.

"She's an unreconstructed '60s campus radical," says George Rasley, a Pryce adviser and former Dan Quayle aide. Ms. Pryce says: "She is very liberal. She's a tax raiser; she has issues with the flag. She has problems with being particularly patriotic and God-loving, right? That's my impression."

As a county commissioner, Ms. Kilroy voted last August to take advantage of a cut in the state sales tax to add half a penny to Franklin County's share to offset costs and keep the budget balanced. Part of the increase will be rolled back at the end of the next year, but she anticipates she will be attacked on taxes -- a reliable political gambit.

"We needed to build up our reserves," she says. "I think people understood we were doing it because it was the right thing to keep our investments in our county."

The American flag is figuring in the race because in 2002, a Republican county commissioner proposed a resolution critical of a federal appeals-court ruling challenging the constitutionality of the "under God" phrase in the Pledge of Allegiance. Ms. Kilroy abstained from the commission vote, and now is being criticized. "That just encapsulates how desperate the Pryce campaign is that they would resort to such tired old personal attacks," says Scott Kozar, Ms. Kilroy's campaign manager

On his desk, Mr. Kozar, a young Ohio native, keeps bobble-head dolls of Ohio State football legend Woody Hayes and Jim Tressel, the current coach. "He's my new hero. He wins the close ones," Mr. Kozar laughs, pointing to Mr. Tressel. "And this will be a close one."

Sun Belt Politics (WT)

By A.g. Gancarski

The Washington Times, August 31, 2006

It's impossible to overstate the feelings of respect and affection almost all Florida Republicans have for the outgoing Gov. Jeb Bush. We here in the Sunshine State understand intuitively why our governor is touted as presidential or vice presidential material in 2008 and beyond. When it comes to be Jeb's time in the Oval Office, we undoubtedly will support him without reservation. That said, it must be argued that Florida's governor has one more duty to Floridians interested in the best possible conservative representation.

It is time for Floridians, those interested in the future of the state and those interested in maintaining the Republican Party majority in the Senate, to draft Mr. Bush to run against him, if only as a write-in, on November's ballot.

The likely Republican nominee, Sarasota Republican Rep. Katherine Harris, has no chance whatsoever to even run a competitive race against incumbent Sen. Bill Nelson. Polls have her at 30 points down, and given her well-documented history of staff turnover and bizarre statements to the media, she has no chance of making up much more than a fraction of the gap.

Mrs. Harris does face some opposition in the primary, but she by far has the best name recognition of the slate of four candidates, and the general feeling among Florida Republicans is that, however nobly intentioned the candidates might be, the candidates got into the scrum a bit too late, and only after it became clear that the Harris campaign was floundering.

How bad is it? Though Florida House districts are traditionally "safe" seats, many Republican seats could be thrown into play by the absolute competitive imbalance in the Senate race. With the governorship of the state very much in the balance, likely Republican nominee Charlie Crist could use some force designed to galvanize Republicans and get them to the polls in a year where there might otherwise be a certain miasma in the grass-roots.

If Mrs. Harris had a record of strong constituent service or played an ideologically important role during her brief tenure in Congress, it might be easier to overlook her naked opportunism in managing to turn what could have been a competitive race

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into a likely obliteration of both her own political career and her party's established gains in the Sunshine State. Sadly, though, the congresswoman has failed to distinguish herself in a way that would resonate with many in the Republican base, never mind the swing voters.

Repeatedly, Mrs. Harris has gone on the record saying things that a candidate ready for the national stage or a real leadership position would never say. Speaking to a Florida Baptist newsletter, the congresswoman offered this wisdom: "If you're not electing Christians, then in essence you are going to legislate sin." With that deft stroke, who knows how many voters she alienated?

In addition to unnecessarily offending undecideds and those who otherwise would happily support her, the congresswoman apparently sees her own rivals with contempt. She tells people at her rallies to disregard her awful poll numbers, while not even mentioning the intraparty debate the primary is supposed to cap off. It is reasonable to expect at least one vanquished primary opponent to endorse the incumbent.

Time after time, Florida Republicans have signaled distress at the idea of this misbegotten and hopeless general election campaign going forward. In a few days, it will likely be official. Katherine Harris, a national laughingstock, will be the poster child for Sun Belt Republicanism. She will be waxed like a tile floor in a Mop-n-Glo ad, and the beneficiary will be those elements who staunchly oppose President Bush's policies.

All will be lost, unless, somehow, Jeb Bush is convinced to do right by Florida, run for the Senate and come to his brother's aid.

A.G. Gancarski is a journalist and critic based in Jacksonville, Fla.

Ex-Republican Favors Lamont Over Lieberman In Connecticut (DPHR/AP)

By The Associated Press

Daily Press, August 31, 2006

RICHMOND, Va. -- Democratic Senate candidate Jim Webb, for years a Republican, said Wednesday he would not hesitate to support Democrat Ned Lamont over Democrat-turned-independent Joe Lieberman in Connecticut this year.

Webb, who is challenging Republican Sen. George Allen's bid for a second term, was emphatic in backing his new party's nominee over Lieberman.

"Joe Lieberman got too close to this administration," said Webb, who bolted the GOP in part because of President Bush's decision to invade Iraq and his handling of the war since then.

Webb, a decorated Marine rifle company commander in Vietnam and author of six novels based on his combat there, served as a top military aide in the Reagan administration, including a year as Navy secretary.

Webb wrote before the 2003 invasion that an Iraq invasion would destabilize the Middle East, empower Iran and lock the United States into a long-running Vietnam-style quagmire.

Connecticut Democrats, unhappy with Lieberman's support for Bush's resolve to keep U.S. troops in Iraq indefinitely, nominated Lamont over Lieberman in a primary earlier this month. Lieberman is running as an independent in the Nov. 7 election.

Lieberman was Al Gore's running mate in the 2000 presidential race.

Are Black Democrats Liberal Enough For The Left? (WT)

By Brian Debose

The Washington Times, August 31, 2006

The trend of incumbent Democratic lawmakers facing primary challenges from the left is not sparing black lawmakers, despite their generally being among the party's more liberal representatives and blacks being the party's most loyal constituency.

Rep. Albert R. Wynn, Maryland Democrat, is facing a strong primary challenge from Prince George's County lawyer Donna Edwards, who says he is too conservative to represent his predominantly black constituency. The most unlikely Congressional Black Caucus member, Rep. Bobby L. Rush, Illinois Democrat, faced similar charges from his opponent Philip Jackson in the primary.

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"Our opponent in the primary attempted to use that strategy against Mr. Rush in relation to his vote for the energy bill last year," said a staffer for Mr. Rush.

Mr. Rush is a former Black Panther and recognized as one of the most liberal members of Congress yet he and Mr. Wynn were both attacked by their opponents for supporting the energy bill, a choice both men said they made after they successfully worked out a deal in committee to increase federal low-income home energy assistance program (LIHEAP) by $3 billion.

"My general view is that the Democratic Party used to be the big tent party where everyone is allowed to express their views; now it is being taken over by these bloggers and purists who can only see one way of thinking," Mr. Wynn said. "We can think for ourselves and not for somebody else's idea of what a liberal is supposed to be."

Some members of the Congressional Black Caucus, such as the group's chairman Rep. Melvin Watt of North Carolina, will face black Republicans in November, but the most serious challengers have been fellow party members using this new strategy of tagging their opponents as "conservative sympathizers."

"The policy frame of reference has changed," said Ronald Walters, professor of political science at the University of Maryland. The party "has shifted to the left." While he said he doubts black candidates will lose an election due to this shift, "they will get a lot of questions about it."

Notions that Mr. Rush is a Republican ally were laughable to Black Caucus members, but support for anything perceived to be Republican-led is being used this year by some to target Democrats as enemies of the party.

Democratic consultant Donna Brazile said black politicians cannot afford to allow themselves to be stereotyped or forced into one mold.

"Some liberals are asking black members to vote 100 percent of the time with the party with no flexibility," she said, despite their constituency or offices they are seeking.

Mr. Wynn said he was surprised that his voting with the party 88 percent of the time could be considered not good enough. He called the criticism from the left "a very district-to-district strategy; it takes a lot of different forms."

The Edwards Web site features endorsements from Gloria Steinem and Danny Glover, and a cartoon portraying Mr. Wynn's pockets stuffed with money and bragging on his "new friends" -- "Halliburton" and "big banks." Such important liberal bloggers as FireDogLake and MyDD also have boosted Mrs. Edwards' candidacy.

Former Democrat and lobbyist Oliver Kellman said this leftward surge has been coming on for a few years and is the reason he left the party.

"This happens when any change of view comes up within the Democratic Party; it is close-minded to other people having a different idea," said Mr. Kellman, who once served as chief of staff to Democratic Rep. Sheila Jackson-Lee of Texas.

He said the shift has undercut the true nature of the party: "The Democratic Party is no longer the voice of the people. But a group of folks are standing up and saying they are going to speak for the people, and that is why you are seeing Al Wynn and Bobby Rush being targeted."

He said the unwillingness of some Democrats to let Black Caucus members moderate their voting records could hurt the futures of black politicians such Rep. Harold E. Ford Jr., Tennessee Democrat, who is running for the U.S. Senate in the Republican-leaning state.

Rep. David Scott, Georgia Democrat, is also a champion of business development and economic empowerment. His voting record is similar to Mr. Ford, Mr. Wynn and many others who have voted for policies now being characterized as Republican agenda items, like eliminating the death tax, the Terri Schiavo protection bill, and an energy bill for which 75 Democrats voted.

"We shouldn't have to just be about social programs, but we should also be able to talk about employment, job creation, business development and economic empowerment," Mr. Wynn said.

Bellwether For A Bitter Election (WP)

By George F. Will

The Washington Post, August 31, 2006

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KANSAS CITY -- If you seek this year's emblematic election, look at Missouri. In this bellwether state, which has voted with the winner in 25 of the past 26 presidential elections, the U.S. Senate contest between incumbent Republican Jim Talent and state auditor Claire McCaskill encompasses today's political controversies.

Talent, 49, lost a race for governor in 2000 by 21,445 votes, and won two-thirds of a Senate term in 2002 by 21,254 (defeating Sen. Jean Carnahan, who was appointed to the Senate in 2000 when her husband, Mel, was elected 22 days after dying in a plane crash). So he is running statewide for the third time in six years. In 2002 President Bush made five trips to Missouri on his behalf. This year Talent, like most Republican candidates, is stressing his independence, but Bush is coming Sept. 8 for a third visit anyway.

McCaskill, 53, defeated an incumbent governor in the Democratic primary in 2004, then lost the governorship race by 80,977 votes out of 2.7 million cast. Talent believes McCaskill is having trouble raising campaign money in Missouri because "governors have friends." Perhaps. Talent has moved into a small lead in recent polls.

McCaskill will carry the St. Louis and Kansas City metropolitan areas, which cast 57 percent of Missouri's votes. To win, however, she must prevent huge Talent majorities in what she calls "Ashcroftland" -- rural and very religious areas, especially southwest Missouri, which sent John Ashcroft to the Senate to replace Republican Jack Danforth when he retired in 1994 after three terms.

McCaskill is imprudently forthright. One advantage of not being the incumbent is that she has not had to cast Senate votes on contentious matters. She takes positions anyway. She says Missourians are angry about gasoline prices, but she opposes drilling in the Arctic National Wildlife Refuge and on the outer continental shelf. She opposed last year's energy bill -- a measure supported, Talent notes, by every Midwestern senator because of provisions promoting the use of agricultural commodities in ethanol and other fuels. She opposed estate tax reform, which Talent says is important to Missouri's farmers and small-business owners. When Howard Dean campaigned for her, before the Senate had confirmed Justice Sam Alito, the Democratic National Committee chairman said her election would mean "one less vote for Judge Alito." First she said Dean did not speak for her. Then she came out against Alito.

Regarding immigration, both candidates stress enforcement -- Talent at the border, McCaskill in workplaces. With characteristic tartness, she says that to get in trouble for hiring illegal immigrants, "You have to have a flashing marquee sign outside your business that says 'I'm hiring a lot of illegal immigrants -- please arrest me.' "

Regarding Iraq, McCaskill says Talent's position is "we've got to build a democracy at the barrel of a gun, no matter what." Talent says his position is "we have to see it through and win it," and defines winning as helping to "create a multiethnic democracy that can be reasonably successful, more or less on its own. Kind of like Vietnamization." McCaskill, speaking in Independence -- hometown of Harry Truman, another former occupant of the Senate seat she seeks -- called for creation of (and offered to chair) something like the Truman Committee that investigated the war effort during World War II and made Truman a national figure.

Talent, a right-to-life evangelical Christian, removed himself as a sponsor of a Senate bill to ban cloning because he thought it might outlaw research he considers ethically acceptable. The Missouri Baptist Convention's newspaper expressed "fire-spittin' disbelief" that Talent has embraced "pagan ideas" at the behest of "the clone-to-kill movement," and hence can no longer be considered pro-life. Such invective motivated Danforth, a right-to-life Episcopal priest, to write a book, "Faith and Politics," due out in mid-September. It deplores the religious right's power to drive Republican behavior in matters such as stem cells and Congress's intervention in the Terri Schiavo case.

Danforth, one of whose brothers died of Lou Gehrig's disease and who hopes that embryonic stem cell research might hasten discovery of cures for that and other diseases, is honorary co-chairman of a lavishly funded -- and, so far, popular -- campaign to amend Missouri's constitution this November to protect the right to conduct such research. Such research is important to Washington University in St. Louis, and a private philanthropist is promising to fund substantial research in Kansas City, but only if the amendment passes. McCaskill supports it. Talent opposes it.

Democrats think this issue will drive up suburban turnout. Republicans think it will do so in Ashcroftland. Both are probably correct in the polarized politics of 2006.

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Ohio To Delay Destruction Of Presidential Ballots (NYT)

By Ian Urbina

The New York Times, August 31, 2006

With paper ballots from the 2004 presidential election in Ohio scheduled to be destroyed next week, the secretary of state in Columbus, under pressure from critics, said yesterday that he would move to delay the destruction at least for several months.

Since the election, questions have been raised about how votes were tallied in Ohio, a battleground state that helped deliver the election to President Bush over Senator John Kerry.

The critics, including an independent candidate for governor and a team of statisticians and lawyers, say preliminary results from their ballot inspections show signs of more widespread irregularities than previously known.

The critics say the ballots should be saved pending an investigation. They also say the secretary of state's proposal to delay the destruction does not go far enough, and they intend to sue to preserve the ballots.

In Florida in 2003, historians and lawyers persuaded state officials not to destroy the ballots in the 2000 presidential election, and those ballots are stored at the state archive.

Lawyers for J. Kenneth Blackwell, the Ohio secretary of state, said although he did not have the authority to preserve the ballots, Mr. Blackwell would issue an order in a day or two that delays the destruction and that reminds local elections officials that they have to consult the public records commissions in each county.

Federal law permits, but does not require, destroying paper ballots from federal elections 22 months after Election Day.

The critics say their sole interest in the question is to improve the voting system.

"This is not about Mr. Kerry or Mr. Bush or who should be president,'' said Bill Goodman, legal director of the Center for Constitutional Rights, a New York group that is part of the lawsuit. "This is about figuring out what is not working in our election system and ensuring that every cast vote counts.

"There is a gap between the numbers provided in the local level records, which until recently no one has been allowed to see, and the official final tallies that were publicly released after this election, and we want to figure out why that gap is there."

The planned action of Mr. Blackwell, a Republican who is running for governor, and the threatened suit could draw attention to possible irregularities in the election that he supervised.

The suit would follow what researchers call the first time anyone other than county and state officials in Ohio have been given such extensive access to the main material from the previous presidential election.

After eight months inspecting 35,000 ballots from 75 rural and urban precincts, the critics say that they have found many with signs of tampering and that in some precincts the number of voters differs significantly from the certified results.

In Miami County, in southwestern Ohio, official tallies in one precinct recorded about 550 votes. Ballots and signature books indicated that 450 people voted.

The investigation has not inspected all 5.6 million ballots in the election because the critics were not given access to them until January. That followed an agreement by the League of Women Voters, a plaintiff in another election suit against the state, that it was not contesting the 2004 results, Mr. Goodman said.

The new suit, to be filed in Federal District Court in Columbus, would be argued on civil rights grounds, saying the state deprived voters of equal treatment.

Last week, lawyers sent a legal notice to Mr. Blackwell notifying him that suit was pending and asking him to issue an administrative order directing the 88 county election boards to retain the 2004 records.

"The decision of who decides whether the records will be preserved is quite simply not the secretary's to make," said Robert A. Destro, a lawyer for the secretary of state's office.

Mr. Destro said preservation decisions belonged to the county public records commissions, the county boards of elections and the Ohio Historical Society.

"But by issuing this order," Mr. Destro added, "the secretary of state will prevent any records from being destroyed for at least several months while this matter is studied more closely."

Steven Rosenfeld, a freelance reporter formerly with National Public Radio, said the investigative team analyzed three types of sources. They are poll books used by officials to record the names of voters casting ballots, signature books signed by voters

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and used to verify that signatures match registration records, and optical scan and punch card ballots, used by 85 percent of the voters in the state. The rest used touch-screen machines.

"We're not claiming that what we found reveals a huge conspiracy," Mr. Rosenfeld said. "What we're claiming is that what we found at least reveals extremely shoddy handling of ballots, and there are some initial indications of local-level ballot stuffing."

In Miami County, Mr. Rosenfeld said, the team found discrepancies of 5 percent or more in some precincts between the people in the signature books and the certified results.

In 10 southwestern counties, he said, the team found thousands of punch card ballots that lacked codes identifying the precinct where the ballot was cast. The codes are typically necessary for the machines processing the ballots to "know'' to record which candidate receives the votes.

Mr. Rosenfeld is a co-author of a book that The New Press is to publish next month, "What Happened in Ohio?: A Documentary Record of Theft and Fraud in the 2004 Election." The other co-authors are Harvey Wasserman, an election rights advocate and an adjunct professor of history at Columbus State Community College, and Robert J. Fitrakis, a lawyer who is running for governor as an independent.

Robert F. Bauer, a lawyer from Washington who represented Mr. Kerry and the Democratic National Committee on voting issues before the 2004 election, was skeptical about the critics' case.

"The major discrepancies that they are identifying are not materially different than what has already been highlighted," Mr. Bauer said.

On Tuesday, Mr. Kerry sent a fund-raising e-mail message calling for support for Representative Ted Strickland, the Democrat who is running for governor. Mr. Kerry wrote that Mr. Blackwell "used his office to abuse our democracy and threaten basic voting rights" in 2004.

Multiple suits failed in challenging the 2004 election in Ohio, and most studies after the election concluded that irregularities existed, but that they would not have changed the outcome.

In January 2005, the Democratic members of the House Judiciary Committee issued a report finding "massive and unprecedented voter irregularities and anomalies" in the election.

In March 2005, the Democratic National Committee issued a report that said 2 percent of the Ohio electorate, or "approximately 129,543 voters," had intended to vote but did not do so because of long lines and other problems at polling stations.

But the report said those and other frustrated voters "would not have erased Bush's 118,000 vote margin in the state."

The Democrats' Dysfunctional Calendar (WP)

By David S. Broder

The Washington Post, August 31, 2006

Well, the Democrats have gone and messed it up again.

I came back from a one-week vacation, out of reach of the news, to learn that the Democratic National Committee in its wisdom had further muddled the calendar of events for choosing the 2008 presidential nominee.

At a meeting in Chicago Aug. 19, the committee decided by voice vote to insert Nevada between Iowa and New Hampshire and to follow New Hampshire with a contest in South Carolina.

The revised calendar, at least tentatively, has the Iowa caucuses on Monday, Jan. 14, 2008, with Nevada holding its caucuses five days later, on Saturday, Jan. 19. Then it would be back across the country for the New Hampshire primary on Tuesday, Jan. 22, with South Carolina voting in a primary one week later, on Tuesday, Jan. 29.

All this effort to force-feed four contests in four different parts of the country into a two-week period at the start of the year is designed, the sponsors say, to make the presidential nominating process more "representative."

What they mean is that Iowa and New Hampshire, which have led the nominating process since 1976, are overwhelmingly white -- and notably short of the African American and Latino voters on whom Democrats depend in the general election.

So Nevada, with a growing Hispanic population, was inserted before New Hampshire, thanks also to a boost from Senate Minority Leader Harry Reid, Nevada's senior senator. And South Carolina was an easy choice to fill the need for a state with lots of

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black voters, pleasing native son and former North Carolina senator John Edwards, an unannounced contender for the nomination that eluded him last time.

This Democratic version of affirmative action leaves a lot to be desired. Unions are a major source of Democratic votes and money. Maybe Rhode Island should be rewarded for being a stronghold of union activity at a time when labor elsewhere is beleaguered. And gays vote Democratic; shouldn't the states that are home to San Francisco and Key West be allowed to vote early? And if Jewish contributors keep the party solvent, shouldn't New York be up there with the other pacesetters?

This way lies madness, and madness is what the Democrats have wrought. When they started tinkering with their rules after the 1968 election disaster, they unleashed a fierce competition among the states to be at the head of the line, where the contests have the greatest impact on weeding the field and crowning the eventual winner.

New Hampshire was already there, thanks to a state law that had given it the first primary since 1952. Iowa jumped in with its caucuses, which launched Jimmy Carter in 1976. And then came the deluge. When state after state moved up primaries from April, May and June into early March, the "front-loading" problem became acute.

What was lost in all this was any sense of public deliberation about the choice of the next president. In the general election, people have two months or more to evaluate two or maybe three candidates. In the early primaries, eight or 10 people may be vying. What is most needed is time -- and a place -- for them to be carefully examined.

Historically, New Hampshire has fulfilled that responsibility. Voters there -- in both parties and especially among the numerous independents who also vote in the primary -- take their role seriously. They turn up at town meetings and they ask probing questions. So do the interviewers at local papers and broadcast stations. So do high school students.

New Hampshire voters don't need -- or particularly want -- guidance from Iowa, and frequently they ignore the Iowa results. But they are stuck with Iowa. Now, thanks to the Democrats, they may be stuck with Nevada as well, and crowded from behind by South Carolina.

The governor of New Hampshire, Democrat John Lynch, told me his state might defy the party rules and move its primary even earlier -- despite a threat to strip the winner of any delegates New Hampshire could deliver. That is a terrible remedy -- but one the Democrats have forced New Hampshire to consider.

Whatever New Hampshire does, the country will be forced to witness the huge field of candidates flashing by in perpetual motion during the December holidays and the frantic first weeks of January, not standing still anywhere long enough to be measured for the job they are trying to win.

Rice Keeps Saying No To White House Bid (AP-Y)

By Anne Gearan

AP, August 31, 2006

Secretary of State Condoleezza Rice keeps trying, but she can't put those questions about presidential ambitions to rest.

Rice didn't appear to leave much wiggle room during interviews Tuesday with local newspapers and broadcasters in Salt Lake City.

"Will you run for president?" an interviewer from KUT asked Rice at the end of a brief interview on Iraq and other subjects.

"No," she replied. "That's an easy one."

The Salt Lake Tribune asked Rice what she makes of polls that place her among the top three potential Republican candidates for 2008.

"It's flattering but that's not for me," Rice said. "I know what my strengths are and I know what I want to do with my life and I'm hoping that in the last two and a half years as secretary of state that I can help to advance the president's vision for democracy."

President Bush will leave office after eight years in 2009. The potential Republican field includes governors and senators, although Rice is better known and better liked than most of the hopefuls. She is also sometimes mentioned as a possible vice presidential pick.

Rice was in Utah to address the American Legion's national convention. Her speech was part of a coordinated effort to reframe the Bush administration's campaign against Islamist terrorism five years after the Sept. 11 attacks, and to answer critics of the Iraq war ahead of midterm elections.

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Polls show a majority of Americans no longer think Bush made the right decision in leading the Iraq invasion three years ago, and the Republican incumbent is at a low point in his popularity.

For all her protestations about a political bid, Rice sounded as much a politician as diplomat during portions of her American Legion speech and in the seven interviews she gave.

"I'm the chief diplomat, but I do believe I have a role at home too to talk about the policies, to discuss them, to debate them," Rice told the Deseret Morning News. "I have no problem encountering people who disagree and debate them."

Rice has given a string of recent speeches before foreign policy scholars that argue the world cannot afford to lose Iraq to chaos and terrorism, including one in April in Chicago.

She also is sitting for an unusual number of interviews with television stations and other news outlets outside Washington, in hopes of taking the case for perseverance in Iraq directly to local audiences.

The White House has long employed a similar strategy of bypassing the Washington media. It is a somewhat unusual choice for a secretary of state, whose primary duties concern U.S. goals and relations overseas.

Rice's interviews have touched on domestic U.S. politics and concerns, such as questions Tuesday about the political prospects for Utah's Republican governor and an April sit-down with a television station in Steubenville, Ohio, about the future of the steel industry.

Rice has said she intends to return to Stanford University, where she was a professor and provost before becoming Bush's first-term national security adviser. She took over the top diplomatic job last year.

Rice has allowed a rare window into her personal life in the past couple of months, reviving discussion of her political prospects.

The fit, 51-year-old diplomat ran through her daily workout for a series of television spots and allowed a New York Times reporter to sit in as she practiced piano at home with a group of friends.

She added another job possibility in the Tribune interview.

"Back to Stanford and teach and write or become president of the 49ers or something like that because I love sports," Rice said.

Rice missed a chance this year to pursue what she had considered a dream job as commissioner of the NFL, because she did not want to leave her current post so soon.

KTVX-TV asked the lifelong football fan if she has any regrets.

"Just came up a little too early," Rice said of the NFL job. "I had to let that ship come in and leave, I'm afraid. But there are other great sports jobs and after I'm done with this, we'll see what else is out there."

Oracle Tackles Concerns About Political Giving (FT)

By Stephanie Kirchgaessner In Washington

Financial Times, August 31, 2006

Oracle has started offering its executives legal “assistance” on the preparation and filing of their personal political campaign contributions following a recommendation by the software company’s compensation committee.

The new policy, which Oracle said would cost less than $1,000 per executive each year, represents one example of how corporate America is rethinking its policies on political donations and lobbying after a spate of scandals in Washington.

Oracle employees have donated $159,530 in the current election cycle, according to data compiled by the Center for Responsive Politics, which tracks political donations. The company declined to comment on the reason for the new policy, but in a recent regulatory filing it said the board’s compensation committee believed “there is benefit” in ensuring executives comply with reporting requirements.

While many companies, from Amgen to Bank of America, already have compliance policies in place to handle political donations, legal experts in Washington say corporate requests for advice on political giving and lobbying have markedly increased in recent months, partly because companies realise that deficiencies in their compliance programmes represent a potential liability in a town that is tightly regulated by rules governing how companies may interact with elected officials.

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Kenneth Gross, a partner at Skadden Arps in Washington who specialises in advising corporate clients on campaign finance rules, says that, given increased scrutiny of companies' activities in Washington by regulators, prosecutors, and the press, it is no longer good enough for executives to simply believe they know what the rules are.

"People are confused about where you draw the line between a political contribution, illegal gratuity [involving entertainment of public officials] and a bribe," Mr Gross says. "Companies ask us to draw the line, and then we take three steps back from that line, to the point where I'm not even close enough to the foul line to get chalk on my shoes."

He and other experts cite Altria, the tobacco group, as one company that has developed a good model for its compliance programme, including the use of elaborate role-playing exercises for senior executives that address some of the ambiguities of what is, and is not, permissible when it comes to dealing with current or former public officials.

While Mr Gross says he believes companies are generally sensitive to rules involving their political action committees, or PACs – highly-regulated funds companies set up to donate to candidates or causes – compliance sometimes falls short when it comes to fund- raisers for candidates that are organised by executives and corporate lobbying disclosures.

If, for example, a chief executive seeks to raise $100,000 (£52,500) for a candidate, he or she can only seek the help of a company secretary if the activity is limited to other corporate employees.

"If the CEO goes to the country club to fundraise, you can't use your own secretary," Mr Gross says, citing a record fine brought by the Federal Election Commission against Freddie Mac.

The federal home mortgage company was forced to pay a $3.8m penalty in April because it used corporate resources to facilitate 85 fundraisers.

In another example, involving lobbying, Mr Gross says companies do not always realise that the resources spent by a company lobbying public officials – even by employees who are not technically lobbyists – must be recorded in disclosure forms.

"Let's say you are an engineer accompanying your in-house counsel to [discuss pollution standards with a member of Congress]. Just because you are wearing a plastic pocket protector doesn't mean you aren't lobbying. His time and expenses has to be included in lobbying forms," he says.

Another expert, Jan Baran of Wiley Rein & Fielding, says that while companies most frequently make administrative errors in connection to their political giving, there has also been a recent uptick in the number of instances where corporate officials are found siphoning funds for themselves.

In one case this month, Lockheed Martin's political action committee agreed to pay $27,000 to the Federal Election Commission after it emerged the the committee's former treasurer had allegedly embezzled tens of thousands of dollars from the committee.

Keith Darcy, executive director of the Ethics and Compliance Officers Association, says that while companies have in recent years devoted much attention to compliance with Sarbanes-Oxley corporate governance legislation, that the scandal surrounding Jack Abramoff, the former Republican super lobbyist who has pleaded guilty to corruption charges, has forced members of his organisation to pay closer attention to the complexities of lobbying and campaign finance rules.

FDA: Tests Of Cross-border Drugs Found Counterfeits (USAT)

By Julie Appleby

USA Today, August 31, 2006

One of Canada's largest Internet pharmacies — the one credited as the birthplace of the cross-border drug industry — is selling counterfeit drugs to U.S. consumers, the FDA said Wednesday.

The Food and Drug Administration warned consumers that sub-par versions of Lipitor, Crestor, Celebrex and seven other drugs shipped by Mediplan Prescription Plus Pharmacy were seized en route to Americans during the past few weeks.

With that warning, the FDA jumps back into the debate over the importation of prescription drugs. In doing so, it takes on one of the most well-known leaders of the industry: Andrew Strempler, founder of Mediplan, considered the first Internet pharmacy.

Strempler says the FDA allegations are false: "We test our products and stand behind our products."

The company, founded in Manitoba in 1999 when he was 25, has dispensed about 2 million prescriptions and saved Americans at least $100 million, by his reckoning. It has also made him a wealthy man and helped spawn competitors in the cross-border pharmacy industry, which does an estimated $1 billion in business annually with customers in the USA.

"We were the first to do this," Strempler says of his Internet pharmacy, which he says did more than $50 million in business last year. "So we've created quite a stir with the pharmaceutical industry."

The FDA says it tested products sold by Mediplan and its related websites, including RxNorth.com and Canadiandrugstore.com, finding that the drugs were shipped from countries other than Canada, do not contain the proper amount of active ingredients and are considered counterfeit because they are sold as brand-name products and are not.

"All of these products are intrinsically deceitful," says Randall Lutter, the FDA's associate commissioner for policy and planning.

The other drugs tested are Diovan, Actonel, Nexium, Hyzaar, Zetia, Arimidex and Propecia.

Lutter would not give specifics on how far short the drugs fell from manufacturer specifications. He also declined to name the countries from which the drugs were shipped.

Strempler says his main sources of drugs are Canada, the United Kingdom and Australia.

The FDA has long warned American consumers that drugs purchased on the Internet may not be the real thing. Critics, however, say the FDA has sometimes raised concerns solely because a drug is not FDA-approved but may have approval from equivalent agencies in other countries.

"The FDA … has tended to take the evidence and skew it in a fashion to say Canadian pharmaceuticals are unsafe, which is completely contrary to the evidence," says Andy Troszok, immediate past president of the Canadian International Pharmacy Association.

He says Mediplan is a member in good standing with the association, has followed its guidelines and is a strong supporter "of doing everything ethically."

While he says the association takes "very seriously any allegation of counterfeiting," he could not comment on the FDA allegations until he learns more: "We'd like to see the evidence behind the charges."

Most Americans Support Legalizing Drug Imports From Canada, Poll Finds (WSJ)

By Beckey Bright

The Wall Street Journal, August 31, 2006

Two-thirds of Americans strongly believe a law prohibiting pharmaceutical imports from Canada and other countries is intended to protect drug-company profits and only 9% feel strongly that it helps protect Americans from potentially harmful drugs, a WSJ.com/Harris Interactive polls shows.

The online poll, conducted Aug. 23-25, shows 80% of Americans favor allowing people to import prescription drugs from Canada and other countries if they are much less expensive there.

More than three-quarters of those polled said they believe confiscating drugs at the Canadian border jeopardizes the health of some Americans, compared with 15% who disagree. And 84% of those surveyed said they agree with making it legal to import drugs from Canada if they are approved and vetted by that country's drug regulatory agency, Health Canada, compared with 9% who disagree.

The percentage of Americans who report having purchased drugs from a foreign country -- by going there, on the Internet, or by mail -- to save money, is small (11%), according to the survey of 2,295 adults. But that percentage has doubled since 2002, the poll found, and varies among segments of the U.S. population; 16% of Americans living in the West and 23% of Hispanics surveyed in the poll said they have bought drugs from another country, compared with 8% of those living in the East or Midwest and only 2% of Blacks.

"Which one of the following do you think is the most urgent health care issue which needs to be addressed in the next four years?"

Base: All Adults

Total

2004 2006

Reducing the number of people without health insurance 39% 44%

Reducing the cost of prescription drugs 39 36

Improving the quality of medical care 17 13

Not sure 5 7

"Do you favor or oppose allowing people to import prescription drugs from Canada and other countries if they are much less expensive there?"

Base: All Adults

Total

2004 2006

Favor 84% 80%

Oppose 7 7

Not sure 10 14

"Have you ever bought prescription drugs from a pharmacy in Canada or another foreign country – by going there, on the Internet, or by mail – to save money?"

Base: All Adults

Have bought drugs from foreign country Total

November 2002 5%

September 2003 7%

August 2006 11%

"Have you ever bought prescription drugs from a pharmacy in Canada or another foreign country – by going there, on the Internet, or by mail – to save money?"

Base: All Adults

Total By Region By Race/Ethnicity

East Midwest South West White Black Hispanic

Yes 11% 8% 8% 11% 16% 11% 2% 23%

No 89 92 92 89 84 89 98 77

"Some pharmaceutical companies want to make it impossible for Canadian pharmacies to sell drugs over the Internet so that Americans will have to buy all their drugs at higher U.S. prices. Do you think this policy of pharmaceutical companies . . . ?"

Base: All Adults

2003 2006

Reasonable (NET) 16% 19%

Very reasonable 7 8

Somewhat reasonable 8 11

Unreasonable (NET) 77% 72%

Somewhat unreasonable 22 20

Very unreasonable 55 51

Not sure 7 9

Note: Percentages may not add up to exactly 100% due to rounding.

"Since last year U.S. Customs hasbeen systematically confiscating packages mailed to U.S. consumers by Canadian pharmacies. The number of seized packages had reached 37,154 by July of this year. How do you feel about the following statements?"

Base: All Adults

Strongly/ Somewhat Agree (NET) Strongly Agree Somewhat Agree Strongly/ Somewhat Disagree(NET) Somewhat Disagree Strongly Disagree Not Sure

Those who regularly order pharmaceuticals from Canada should be fined /arrested. 6% 1 5 88% 15 73 6

The law banning pharmaceutical imports from Canada and other countries helps protect Americans from potentially harmful drugs. 36% 9 27 57% 26 30 7

The law banning pharmaceutical imports from Canada and other countries is intended to protect drug companies' profits. 84% 65 18 9% 5 4 8

Confiscating drugs at the Canadian border jeopardizes the health of some Americans. 77% 48 29 15% 8 6 8

It should be legal to import drugs from Canada that are approved and vetted by Health Canada, Canada's equivalent of the FDA. 83% 65 19 9% 4 5 7

Note: Percentages may not add up to exactly 100% due to rounding.

Methodology: Harris Interactive conducted this online survey within the U.S. Aug. 23-25, 2006, among a national cross section of 2,295 adults. Figures for age, gender, race/ethnicity, education, income and region were weighted where necessary to align with population proportions. Figures for age, sex, race, education, region and household income were weighted where necessary to align them with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents' propensity to be online. In theory, with a probability sample of this size, one can say with 95% certainty that the results have a sampling error of +/- 3 percentage points of what they would be if the entire adult population had been polled with complete accuracy.

Value Of Health Care Is Tallied In Growth Of Life Expectancy (WSJ)

By Sylvia Pagán Westphal

The Wall Street Journal, August 31, 2006

Health-care spending may be soaring, but the increased outlays over the last 40 years are worth the price in terms of extended U.S. life expectancy, a new study argues.

That conclusion, reached by researchers at Harvard University and the University of Michigan, may surprise patients and employers alarmed by their health-care bills. Government figures show health-care outlays have risen at better than twice the inflation rate in recent years.

The university researchers attempted to tackle the question of whether the spending is worth it by looking at how much more Americans spend today on health care compared with past decades, and how that relates to the number of years of life gained.

Overall, the increases in spending over the last 40 years have provided "reasonably good value," according to the University of Michigan's Sandeep Vijan, one author of the study that appears in today's New England Journal of Medicine.

The authors examined life expectancy figures from the Centers for Disease Control and Prevention as well as government surveys on medical spending. They found that, on average, a person born in 1960 could expect to live 70 years, whereas someone born in 2000 has a life expectancy of 77 years, a gain of seven years. But for the person born in 1960, lifetime medical spending was only $13,943; the figure for someone born in 2000 was $83,307. (To make each year comparable, the study adjusted amounts to the dollar's inflation-adjusted value in 2002.)

Of course, healthier behavior could also account for longevity gains. So the researchers estimated that about half of the years gained -- about 3.5 -- were directly due to medical care. Based on their analysis, each one of those extra 3.5 years cost about $19,900. The cost of each added year of life went up from $7,400 in the 1970s to $36,300 in the 1990s.

This, say the authors, is a good value -- based on health economists' widely accepted figures of cost effectiveness in health care that consider a person's lifetime of economic productivity and the value placed on staying alive. In general, treatments that extend life for a cost below $100,000 a year are deemed acceptable, says Dr. Vijan.

However, the study found that as one gets older, gains in life expectancy are not as steep, and costs start to pile up. For example, a person aged 65 in 1960 could have expected to live an additional 14.4 years, whereas a 65-year-old in 2000 can expect an extra 18 years, a gain of about 3.5 years. But the cost per year of life gained through medical care was, on average, $84,700. The cost between 1960 and 1970 was $75,100, whereas between 1990 and 2000 it was $145,000.

Kenneth Thorpe, chairman of the department of health policy and management at Emory University's Rollins School of Public Health in Atlanta, praised the study, but says it leaves unanswered the question of what exactly is producing the increased

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life expectancy. "I worry that it gives the impression that the spending is worth it," he says. "We're still spending way too much on health care."

Study Finds Health Care Good Value Despite Costs (WP)

By Christopher Lee

The Washington Post, August 31, 2006

The dramatic increase in health-care spending in the United States since 1960 is a major reason that Americans are living longer, making the world's most expensive health-care system a good value despite its high costs, according to an academic study being released today.

The study notes that a baby born in 2000 can expect to live for 76.9 years, compared with 69.9 years for a newborn in 1960. While some of the gain is because of declines in rates of smoking and fatal accidents, it is reasonable to attribute at least half of it to more and better health care, said Harvard University economist David M. Cutler, the study's lead author.

"If you want to evaluate whether we're spending too much, you have to know what we're getting for it," Cutler said in a telephone interview. "And when you look at what we're getting for it, the return actually looks to be pretty high. . . . The presumption that most people have is that it's obvious that we're spending way too much."

The conclusions of the study, published in the New England Journal of Medicine, run counter to the arguments by analysts who question whether health-care costs should consume 16 percent of the nation's economic output. Such critics point out that in longevity and infant mortality, the United States ranks below other countries that spend far less.

All sides agree the United States spends more on health care than any other country does -- more than twice as much per person as Britain and Japan, for instance, and nearly 30 percent more than second-ranking Monaco, according to the World Health Organization.

And the amount has risen steadily. Annual medical spending in the nation stood at more than $6,000 per person in 2005, up from about $700 per person in 1960, the researchers said. To Cutler and fellow researchers Allison B. Rosen and Sandeep Vijan of the University of Michigan Health System, that is a good thing.

They examined the relationship between changes in life expectancy and increases in medical costs over a 40-year period, and attempted to screen out the influence of factors such as declines in smoking and changes in homicide and accident rates, things that had little to do with medical advances. The study did not consider quality of life.

From 1960 to 2000, the increased spending on health care at birth meant that each year of added life expectancy cost an average of $19,900, the study found. The gains were much more expensive for older people, with the average cost per additional year of life about $84,500 for a 65-year-old.

Big reasons for the increase in longevity were the reduction in infant mortality and the toll of heart disease. Both are at least partly attributable to medical advances, such as better drugs and more effective surgical procedures in the case of heart disease, Cutler said. While some drugs and procedures are prescribed when they are of little benefit, overall, they improve health and longevity, he said.

"On net, it's actually been a very good deal," Cutler said. "It's very clear that we don't need to spend every penny we do spend. What's also clear is that there's a lot of stuff that is worth it."

But we are wasting a lot of it, said Gerard Anderson, director of the Center for Hospital Finance and Management at Johns Hopkins University's Bloomberg School of Public Health. Despite spending more than any other country, the United States ranks 31st in longevity, behind such countries as Australia, Canada and Malta. It ranks 40th in the probability that a child will die before age 5, with nations such as Estonia, Portugal and Slovenia doing better.

"The United States is very bad in value for dollar, in terms of the health-care dollar," Anderson said.

Anderson said the health-care system is expensive partly because it focuses too much on treating illness rather than on preventive care. And Americans pay more for drugs, procedures and doctors than do residents of many other nations.

"The reason why we're spending so much isn't that we're getting more services," he said. "The reason is we're paying much higher prices for the same services that other countries get."

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Joseph P. Newhouse, a professor of health policy and medicine at Harvard, said the U.S. health-care system can both have benefited from big increases in expenditures over decades and yet also have a problem with wasteful spending at any given moment.

"It's hard for people to get their minds around both of those concepts at the same time," he said. "The natural instinct is to say, 'Don't talk to me about paying more until you can get rid of the waste and bad stuff.' "

Study Finds Medical Spending Is Generally Worth The Cost (NYT/AP)

By The Associated Press

The New York Times, August 31, 2006

BOSTON, Aug. 30 (AP) — Despite sharply rising costs, most Americans have gotten sizable life-extending bang for their medical bucks over recent decades, according to one of the most sweeping studies ever of health care value.

That may come as a surprise to anyone who has ever shuddered over a medical bill, and the report itself raises questions about why costs have risen so quickly.

The study calculated, however, that Americans of all ages spent an average of $19,900 on medical care for each extra year of life expectancy gained over the last four decades of the 20th century. And that cost is worth it, the study authors say.

“On average, the return is very high,” said the study leader, David Cutler, a Harvard health economist. But the situation is getting worse, Mr. Cutler said, especially for the elderly.

The federally financed study, by researchers at Harvard and the University of Michigan, is being published Thursday in The New England Journal of Medicine.

The researchers measured value by the cost of care that extends the average person’s life by one year. The $19,900 spent for each extra year of life, when averaged over 40 years, would be widely considered a reasonable value. Many public and private insurers routinely pay for treatments that cost up to roughly $100,000 for each additional year of life.

The study attributes this relatively low cost for longer lifespan to things like cheap blood-pressure drugs that help prevent heart attacks.

But the study also outlines disquieting trends. It found that inflation-adjusted costs from birth rose fivefold from the 1970’s to the 1990’s, when the cost of an additional year of life span peaked at $36,300. That means each health care dollar of the 1990’s, when expensive drugs made modest impact on cancer, bought a fifth as much real value as 20 years before, when cheaper medicines saved many lives.

And values deteriorated seriously for older people, the study finds. By the 1990’s, 65-year-olds paid $145,000 for each additional year of life gained, a value that would be challenged for many individual treatments. These higher costs presumably come largely from end-of-life care that does not extend life much.

Kathleen Stoll, health policy chief of the advocacy group Families U.S.A., said she believed that the study suggested real value anyway. “Each increment of gain is more expensive now, but certainly very valuable to the person involved and their family,” Ms. Stoll said.

Others were troubled.

“The fact that someone is writing this paper shows how desperate the health care system is to justify these out-of-control increases in health spending,” said Dr. Sidney Wolfe, who heads health research at Public Citizen, a public-interest watchdog organization.

Many factors apart from medical care extend life, like not smoking or keeping off extra weight. So the researchers turned to previous studies suggesting that about half of all gains in lifetime stem from medical care and adjusted their findings accordingly.

Health Care's Vicious Cycle (WP)

The Washington Post, August 31, 2006

TUESDAY'S REPORT from the Census Bureau adds to the fear that the employer-based insurance system is in long-term decline. The share of people without medical insurance edged up from 15.6 percent in 2004 to 15.9 percent last year, bringing the number of uninsured to a record 46.6 million. That increase is particularly striking because it took place despite a strong economy. It cries out for an imaginative policy remedy.

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Even before the appearance of Tuesday's data, the trends in the health insurance market were disturbing. The total share of the uninsured has risen steadily from around 14 percent in the late 1980s to just under 16 percent now. But this slow shift has masked faster changes deeper down. Because public health programs such as Medicaid and the State Children's Health Insurance Program for poor children have expanded, fewer poor people are uninsured. But the share of middle-class workers without coverage has shot up. Among workers ages 25-34 who earn the median income or more, the proportion of those without insurance stands at 26 percent, twice what it was in 1979, according to Harvard's Katherine Swartz. In the 35-44 cohort earning the median or more, the percentage of the uninsured stands at 19 percent, also a near doubling.

Poor Americans remain far more likely than rich ones to be without insurance. But the decline of insurance coverage among the middle class reflects pressures that weaken the system for everyone, and that are likely to get stronger. As health care has grown more sophisticated, health spending per American has doubled since 1975 in inflation-adjusted terms, driving up insurance premiums correspondingly. As a result, small companies and self-employed people think twice before buying insurance; companies that hire mainly young and healthy workers, or self-employed people who are young and healthy, frequently decide that insurance is not worth paying for. This exit of inexpensive patients from insurance pools drives up premiums for patients who remain, forcing yet more exits. Because of this vicious cycle, insurance for small firms or individuals grows prohibitively expensive. Add in the trend toward self-employment and the outsourcing of work to small contracting firms, and you can see why the traditional health insurance market is allowing a growing number of workers to fall through the cracks.

Congressional Republicans offer one reasonable idea to make health insurance more affordable: reduce the number of mandates requiring insurers to cover particular medical conditions. This would free insurers to offer slimmed-down policies that might appeal to healthy workers who now opt not to buy coverage. Unfortunately, too much slimming down can create fresh problems. Excluding coverage of a condition such as mental illness from most policies could drive up the cost of policies that do cover mental health, harming a vulnerable minority.

A second option, which has been tried successfully in New York state and is being considered in Vermont and Massachusetts, is for government to backstop private insurers that sell coverage to small firms and individuals. To get around the problem that the customers who have not exited these markets are sicker than average, government can promise to reimburse insurers when the bills generated by a patient rise above, say, $50,000 in one year. That way the high risk of offering insurance to small firms and individuals can be removed. Premiums will fall back to around the level offered for workers at large firms, and the vicious cycle will be broken.

BP May Resume Pipeline Production Soon (WP/AP)

By H. Josef Hebert, The Associated Press

The Washington Post, August 31, 2006

PRUDHOE BAY, Alaska -- Interior Secretary Dirk Kempthorne got his first look Wednesday at BP's pipeline corrosion at Prudhoe Bay as one of the company's senior executives said a way might be found to return to full oil production before having to replace 16 miles of pipes.

David Peattie, a vice president at London-based BP PLC, said the company hopes to begin constructing the new pipeline system early next year and complete it in several months. But he said full production, to 400,000 barrels a day, might resume earlier than that.

The flow of Prudhoe Bay oil has been cut in half, to 200,000 barrels a day, because of the pipe corrosion that surfaced in early August. The western leg of the pipeline system has resumed production by bypassing the damaged pipes.

But Peattie, who accompanied Kempthorne to the site where corrosion caused an oil spill in early August, said a similar bypass strategy could result in production returning to normal in the eastern leg as well. He said the company also was testing the corrosion-troubled pipes to determine whether they could be patched temporarily and meet federal requirements.

Peattie declined to estimate how quickly full production might resume with the temporary fixes.

"The commitment is to do it as quickly as possible," BP Alaska spokesman Daren Beaudo said.

Kempthorne, on a three-day visit to Alaska's oil fields, toured the ConocoPhillips Alpine oil field 60 miles west of Prudhoe Bay on Wednesday and then flew to the BP facility.

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He visited the pipeline site where BP in early August discovered extensive corrosion along a three-mile stretch, forcing a shutdown of production that would later partially resume. BP officials have acknowledged they did not test the pipes adequately using a so-called pig device which is run through a pipe to gauge corrosion.

The company relied on ultrasound tests. "The most obvious gap in the system was a the lack of a consistent pigging program," Beaudo said.

Beaudo said that one leg of the pipeline system had been corrosion-tested using a pig device in 1992 and 1998. The other leg had never been tested that way, he said.

Operators of the ConocoPhillips facility told Kempthorne that its practice was to run pipeline pig tests every two years.

Later, visiting the Trans Alaska pipeline site, officials told Kempthorne that tests to monitor corrosion inside the pipe were conducted every three years and cleaning-pig devices were run through every two weeks.

"We have a very aggressive pigging program," said Jim Johnson, a vice president of the Trans Alaska Pipeline System.

ConocoPhillips' Alpine field is the most modern on the North Slope and uses directional drilling to limit the surface footprint of its drilling wells. Also, while the Prudhoe Bay pipes are 30 years old, those linking the Alpine field to Prudhoe are only six to seven years old.

ConocoPhillips, co-owner of the Alpine field with Anadarko Petroleum Corp., plans aggressive exploration on the North Slope, holding significant leases in the National Petroleum Reserve Alaska, including one on the verge of production.

"We are going to be active on the exploration side," said George Storaker, vice president for North Slope operations for ConocoPhillips Alaska Inc. He said the Alpine field, which produced 130,000 barrels a day, "is on the decline" and new resources must be developed.

ConocoPhillips has its eye on the NPRA, an area the government set aside in 1923 for energy development, including the potential 2 billion barrels of oil beneath an environmentally sensitive area near Lake Teshekpuk. Environmentalists want to keep the area off-limits to oil companies.

Kempthorne on Tuesday took a helicopter ride over the lake area that has become the focus of a new dispute over Alaska oil drilling. He said afterward that he's convinced a restricted drilling plan can accommodate energy development and wildlife protection.

"We're set to go forward," said Kempthorne, whose department will sell oil leases to nearly 500,000 acres north and east of Lake Teshekpuk late next month. It will probably be a decade before oil is actually taken from the area.

The lease plan includes limits on surface footprints, creation of corridors that will be off-limits to drilling to allow for caribou migration and buffers to protect geese molting areas, said Henri Bisson, the Bureau of Land Management's Alaska director.

BP America President To Testify In Congress (WSJ)

The Wall Street Journal, August 31, 2006

WASHINGTON -- BP America President Bob Malone will testify at a Sept. 12 U.S. Senate Energy and Natural Resources Committee hearing, a week after lawmakers in the U.S. House examine the BP PLC unit's pipeline failure in Alaska, a BP spokesman said.

Mr. Malone will first appear on Capitol Hill on Sep. 7 to answer the House Energy and Commerce Committee's concerns about pipeline woes in Alaska that have partially shut down the largest oil field in the nation. The following week, the Senate Energy Committee will hold a hearing to examine the impact the pipeline corrosion issues will have on U.S. oil supply.

Meanwhile, other congressional panels are planning to hold hearings as well, according to people familiar with the situation, which could again lead to Mr. Malone sitting in the hot seat in front of angry lawmakers looking to beef up pipeline safety regulations and criticize Big Oil in a time of record profits and high prices at the pump.

The Great Plains (WSJ)

By Joel Kotkin

The Wall Street Journal, August 31, 2006

BISMARCK, N.D. -- At a time when the much-celebrated coasts creak from rising interest rates, faltering income levels and soaring energy prices, this windswept, energy-rich city of 57,000 on the western edge of the Dakota plains is experiencing the

best of times. Cities like this one out in the far-off hinterland -- Iowa City, Sioux Falls, Fargo, Grand Forks, Rapid City -- now are enjoying job growth rates that, if they don't rival Las Vegas, certainly put to shame those of most major metropolitan areas. Unemployment is negligible and wages are rising across virtually all job categories.

Over the past five years, the fastest growth in per capita income has taken place in energy-rich Wyoming, Montana, North Dakota, New Mexico and West Virginia, while highly urbanized places like California, New York, Michigan and Illinois gather dust at the bottom of the pack. Tax revenues in these once hard-pressed states are also soaring; North Dakota's surplus is now estimated at $527 million, representing more than a quarter of the state's $2 billion annual budget.

Behind the good times are numerous factors, such as an Internet-enabled shift of technology and business service firms into the region, and a growing migration of downshifting boomers and young families. But perhaps the most dramatic change has come from an upsurge of energy prices that is turning places like North Dakota into a Nordic Abu Dhabi.

"We're on the verge of a gold rush driven by energy," crows Bob Valeu, state coordinator for North Dakota Sen. Byron Dorgan. Mr. Valeu and other leaders here in both political parties see their state as a growing bastion of energy production for the U.S. Already North Dakota is among the major exporters of energy to the rest of the country, exporting roughly three-fourths of its 4,000 megawatts of electricity.

Mr. Valeu and other boosters see this as just the beginning -- particularly if more transmission lines to the rest of the country can be built. Unlike in Malibu or Manhattan, renewable energy here makes for more than cocktail party chatter. Four ethanol facilities are already in operation and a new biodiesel plant in Minot has just been announced; 11 wind power plants have been put into operation since 1997.

But it's still fossil fuels that are driving things the most in North Dakota. Huge deposits of lignite coal, estimated at 35 billion tons, remain a primary source of electrical generation and synthetic natural gas. This makes the cost of energy half as expensive or less than in New York or California. Oil, as well, is booming. Five years ago, with oil prices low, notes Ron Ness, president of the North Dakota Petroleum Council, there were virtually no rigs operating in the state's Williston Basin. Today his members, consisting of around 140 oil and gas firms of all sizes, are on a hiring spree. They've added 1,500 new jobs -- most paying $23 an hour and up -- and have still another 200 openings to fill.

This spike in employment could just be the beginning if the largely untapped Bakken oil formation proves to have the reserves, upwards of 200 and 300 billion barrels of crude, that some geologists expect. Development of the Bakken could turn western North Dakota, as well as parts of Montana and Canada, into one of the world's largest new energy centers. Even without it, things are busy as can be in places like Dickinson, located in Stark County, population 25,000, not far from rugged Badlands country. The county now has over 800 job openings, not all of them energy-related. Unemployment barely exists -- under 3% -- notes Gaylon Baker, a director of the Stark County Development Corporation. "Anyone who wants to show up for work around here," he told me, "has a job." * * *

Two decades ago the academics Frank and Deborah Popper described the development of the Great Plains as a mistake -- an expansion of too many people and farms into an environment unable to support them. They pointed, with some justification, to the depopulation of much of the area and suggested that it be "de-privatized," brought back to its "original pre-white state" and turned into "the ultimate national park." This notion was widely described as the "buffalo commons," and it gained some traction among environmentalists -- many of whom seem to regard people as a kind of blot on the landscape. Indeed the Plains -- parts of which are now suffering from a severe drought -- as a kind of human disaster area remains a popular theme among Eastern journalists: irresistible decline, dying towns, aging populations, a place to visit now before it all blows away.

The portraits of a dying region are increasingly dated; last year North Dakota gained population while Massachusetts, Rhode Island and the District of Columbia all lost people. More to the point, although some parts of the Plains, particularly small towns, continue to lose people, others are enjoying growth in jobs, population and income -- in many cases more so than parts of urban, coastal America.

Fargo-Moorhead, the pair of cities straddling the Red River (the boundary between North Dakota and Minnesota), is a thriving metropolis of slightly less than 200,000 that grew by over 20% between 1990 and 2000 and has added an additional 4,300 people over the past five years. One in five newcomers was an immigrant. Bismarck has seen a similar surge in population, growing by 3% over the past five years.

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This resurgence has its basis in some often underestimated assets that are reasserting themselves in the Great Plains. For one thing, as Alexis de Tocqueville observed, the rural American was never a pliant peasant. Rather he was an entrepreneur whose restless "industrial pursuits" demanded he improve his land, or sell his farm and move on. Almost all the farmers of the U.S., Tocqueville wrote, "combine some trade with agriculture; most of them make agriculture itself a trade."

Such characteristics were, if anything, more evident later on, when the Great Plains experienced a sudden and highly speculative agricultural explosion. In the great expansion of the area around the turn of the last century, farmers and ranchers often went into processing and land speculation; they readily abandoned one profession or one homestead for a more promising one. When the market for grain dissipated in the 1920s, and even the land itself seem to give way to the "dust bowl," the region's residents experienced a crisis of confidence. Once fiercely independent, many Plains farmers were forced to look to Washington for subsidies.

Yet it is clear now that decades of dependence did not erase the entrepreneurial spirit of the Great Plains. As early as the 1980s lower business costs helped spark the growth of companies -- covering everything from business and financial services to manufacturing and high-tech. Later, new telecommunications technology would play the decisive role. Native sons like Doug Burgum and Mike Chambers found they could return home again and, through the use of telecommunications technology, run a world-wide business from places such as Fargo.

Today the Fargo facility of Great Plains Software -- the firm Doug Burgum founded -- serves as the headquarters for Microsoft's business systems division. It employs over 2,000 people and helped spawn a statewide mini-boom in new technology firms in everything from biotechnology and aerospace. According to the National Science Foundation, North Dakota ranks No. 2 in academic R&D dollars per $1,000 of gross state product, right behind Maryland and right ahead of Massachusetts. It ranks fourth in technology companies as a percentage of all business startups.

As entrepreneurial activity has expanded, Fargo in particular is being transformed. A decade ago, it was just another fading Plains town, with a doughty downtown, few decent restaurants and almost no good coffee houses. Today Fargo-Moorhead boasts the complete opposite. And while it may not be Soho, its downtown is home to hip clothing stores and a great boutique hotel. There's even a thriving local arts scene.

Microsoft's Mr. Burgum, Mr. Chambers -- president of Aldevron, a growing biotech firm -- and other North Dakota employers welcome these changes but, unlike their competitors in places like Boston or San Francisco, have no illusions that being "cool" constitutes their competitive edge. Instead they pitch employees based on such often underestimated factors like good schools, reasonable housing prices (the median home price is under $150,000), short commutes, the nation's lowest crime rate and ample outdoor recreation.

If the energy and technology booms bring more high-end workers to Bismarck, the broader labor shortages are driving up salaries, on average some 15% across the board between 2002 and 2005. This movement is even helping those workers who have historically had the lowest salaries. Bismark's McDonald's restaurants now start pay at upwards of $8 an hour, with some stores offering "signing bonuses" of between $100 and $150 to work under yellow arches.

Even the most sickly of industries, like the newspaper business, are thriving in Bismarck. Unlike most editors around the country, the Bismarck Tribune's Dave Bundy hasn't had to think about layoffs. Instead he still actually adds new staff on occasion, while circulation and advertising sales at the paper continue to rise at a healthy clip.

"The newspaper that is growing and doing well is a rarity, but we're feeling pretty solid," Mr. Bundy explained from his newsroom. "There's a bigger city feel here than when I got here a decade ago. We're not the middle of nowhere anymore."

Mr. Kotkin is an Irvine Senior Fellow at the New America Foundation and author of "The City: A Global History," to be released next month in paperback by Modern Library.

U.S. Drafts List Of Sanctions As Iran Ignores Deadline (NYT)

By Helene Cooper And David E. Sanger

The New York Times, August 31, 2006

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WASHINGTON, Aug. 30 — With Iran defying a Thursday deadline to halt production of nuclear fuel, the United States and three European allies are assembling a list of sanctions they would seek in the United Nations Security Council, beginning with restrictions on imports of nuclear-related equipment and material.

Eventually, punitive measures might expand to restrict travel by Iran's leaders and limit the country's access to global financial markets, according to diplomatic officials involved in the talks who spoke only on condition of anonymity.

Aside from the effort in the Council, the Bush administration is also seeking to persuade European financial institutions to end new lending to Iran. Some Swiss banks have already quietly agreed to limit their lending, American officials say.

Even as an agreement shapes up among the United States, Britain, France and Germany, the push for sanctions faces a high hurdle in the Council, given Russia and China's possession of veto power and their opposition to discussion of serious punishment for Iran.

In addition, the sanctions effort may also be hampered by a report to be issued Thursday by the International Atomic Energy Agency, in which inspectors will describe only slow progress by Iran in enriching uranium.

The report, according to diplomats familiar with its contents, will describe how Iran has resumed producing small amounts of enriched uranium since temporarily stopping in the spring, but has not increased the rate of production.

Furthermore, the report is expected to say that the purity of the uranium enrichment would not be high enough for use in nuclear weapons, but only for power plants. Iran has long insisted that its program is for peaceful purposes only.

"The big question is why they appear to be moving so slowly," said one European official who has been involved in monitoring Iran's progress. One explanation, the official said, is that the Iranians have not wanted to escalate tensions by appearing to be racing ahead in the production of uranium.

Alternative explanations, offered by some American officials, are that the country's scientists have run into technical problems or that they are hiding some facilities. The mystery has been deepened by Iran's recent restrictions on where international inspectors can roam, and its refusal to allow them to see facilities that Iran has not declared to be related to its nuclear program.

The atomic agency's report is also expected to detail questions that Iran has failed to answer about suspected nuclear activities that it has declined to show to international inspectors.

European and American officials say, for example, that Iran has refused to elaborate on President Mahmoud Ahmadinejad's claim earlier this year that the country has an active research project under way using an advanced type of enrichment centrifuge that it obtained from the Pakistani nuclear scientist Abdul Qadeer Khan.

In an interview, R. Nicholas Burns, the under secretary of state for political affairs, said that when the agency's report comes out on Thursday the American argument will focus on Iran's official refusal this month to stop enriching uranium despite an international ultimatum.

"The only criterion that matters is whether they met the conditions that the Security Council said they had to meet," he said. "And they haven't done it."

The list of proposed sanctions, according to American and European officials, would begin with low-impact measures like an embargo on the sale of nuclear-related goods to Iran, and the freezing of overseas assets and a ban on travel for Iranian officials directly involved in the nuclear program.

American sales to Iran have been restricted ever since the Iran hostage crisis. But European and Russian companies have sold technology for Iran's budding civilian nuclear program, and American officials said Wednesday that it was unclear whether the sanctions would force Russia to stop helping Iran complete its nuclear reactor at Bushehr.

The Bushehr project is worth hundreds of millions of dollars to Russia, and the government of President Vladimir V. Putin is expected to argue that sanctions should not affect civilian projects that are already under way. "Stopping Bushehr would be the biggest impact of a nuclear-related sanction," said Robert J. Einhorn, a senior adviser at the Center for Strategic and International Studies and former assistant secretary of state for nonproliferation under President Bill Clinton.

American officials expect the debate within the Council to take weeks and say it could extend through the opening of the United Nations General Assembly in mid-September, an event that will include a speech by President Bush and meetings with

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other heads of state. The administration is preparing to use those meetings to press for the sanctions resolution, just as it used the same meeting four years ago to begin to build its case for demands against Iraq.

But Russia and China, among other countries, are concerned about any American-led escalation of a confrontation. Unlike the Bush administration's effort four years ago, however, American officials appear to be shying from using intelligence information to build their case. Instead, they are citing Mr. Ahmadinejad's public statements and Iran's refusal to comply with the Council resolution passed in July, with support from Russia and China, that demanded full suspension of enrichment by Aug. 31.

"Russia and China can't claim they didn't agree to impose some nonmilitary sanctions" if Iran refused to comply, Mr. Einhorn noted. American officials said Secretary of State Condoleezza Rice had received assurances in June that Russia would, at a minimum, sign on to a first phase of weak sanctions.

But it is unclear whether Russia or China will sign on to sanctions if they believe that commits them to voting in favor of further pressure.

Yet that is exactly the American strategy, as described by administration and European officials. If Iran still has not suspended uranium enrichment in a few weeks, the sanctions proposed by the United States and Europe would progress to a broader travel ban and freezing of assets for government members, a senior administration official said.

Continued noncompliance would bring a ratcheting up of sanctions to include restrictions on commercial flights and on World Bank loans.

Iran has hinted at various times in recent months that it would respond to sanctions with actions of its own, from cutting oil production to threatening to withdraw from the Nuclear Nonproliferation Treaty, as North Korea did.

Other American officials said they feared that sanctions could prompt Iran to spur the insurgency in Iraq or sponsor terrorism by Hezbollah. But Mr. Burns said on Wednesday, "We're not going to be intimidated by the Iranians."

He is expected to travel to Berlin next week to begin work on drafting a Security Council resolution, administration officials said.

But despite the private assurances American officials say they have received, the public comments of senior Russian and Chinese officials have remained ambiguous. Russia's defense minister said last Friday that it was premature to consider punitive actions against Iran, adding that the issue was not "so urgent" that the Council should consider sanctions and expressing doubt that they would work in any case.

Iran Ignores Powers, U.N. On Enrichment (AP)

By George Jahn, Associated Press Writer

AP, August 31, 2006

A defiant Iran kept on enriching uranium in advance of the U.N. Security Council's Thursday deadline for Tehran to freeze such activity or face the threat of sanctions, U.N. and European officials said.

Iranian President Mahmoud Ahmadinejad urged European members of the council against resorting to sanctions, saying punishment would not dissuade his country from pursuing its disputed nuclear program.

"Sanctions cannot dissuade the Iranian nation from achieving our lofty goals of progress. So it's better for Europe to be independent (of the U.S.) in decision-making and to settle problems through negotiations," Ahmadinejad said Wednesday, according to state-run television.

Iran could theoretically still announce a full stop to enrichment before the deadline set by the Security Council. But that appeared unlikely, considering Tehran's past refusal to consider such a move and findings by the International Atomic Energy Agency that it was enriching small quantities of uranium as late as Tuesday.

Iran's refusal to heed the Security Council up to now will be detailed in a confidential IAEA report to be completed Thursday and circulated among the Vienna-based agency's 35 board member nations. The report also will include new details on Tehran's research into advanced enrichment equipment, and other points, diplomats accredited to the agency told The Associated Press.

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The report, also scheduled to go to the Security Council on Thursday, would likely trigger council members to consider economic and political sanctions. Russia and China, however, were likely to resist U.S.-led efforts for a quick response, which likely means sanctions do not loom immediately.

An earlier resolution on Iran took weeks for the Security Council members to negotiate, as did talks over a weaker council statement earlier this year demanding that Iran suspend enrichment. As well, the IAEA report may not be formally considered by the Security Council before the agency's board meets and approves it in mid-September.

It's not even clear when exactly the deadline will run out. The U.S. ambassador to the United Nations, John Bolton, said Wednesday that he believed it would end at 12:01 a.m. Friday in Tehran — or 3:31 p.m. Thursday at the Security Council in New York.

But diplomats said the exact timing was not particularly relevant for two reasons: They believe Iran already has given its answer; and they would almost certainly abandon their sanctions threat if Iran decides to suspend enrichment after the deadline.

Bolton said the U.S. still has not decided how it will formally respond once the deadline expires, though he will likely make some sort of statement on Thursday afternoon. He repeated, however, that Washington would seek sanctions if Iran disregards the resolution.

"That has been our intention for some months, it remains our intention, it'll be our intention on September the first if the Iranians don't comply with the resolution," he said.

Even Moscow and Beijing, which have traditional economic and strategic ties with Tehran, are increasingly vexed at what world powers consider Iranian intransigence on enrichment — a process that generates nuclear energy but also creates the fissile core of warheads.

In another sign of Iran's willingness to confront the international community, a senior European government said Tehran had not responded to a recent European Union offer on behalf of the five Security Council members plus Germany to discuss Tehran's terms for new nuclear talks. Such behavior would likely strengthen Washington's push to move more quickly toward economic sanctions.

IAEA inspectors remained in Iran on Wednesday, gathering information to go into Thursday's confidential report. While their most recent findings were not available by Wednesday afternoon, a senior U.N. official said Wednesday that Iranian centrifuges were enriching small quantities of uranium gas as late as Tuesday.

The latest enrichment — in a series of such activities over the past few months — was first reported Wednesday by The Washington Post.

Iran insists it has a right to enrich for what it says is a future nuclear power program. The concern, however, is that Tehran could misuse the technology to aim for material enriched to the level required for weapons.

The United States, Russia, China, Britain, France and Germany offered Iran on June 1 a package of technological and political incentives in exchange for a commitment from Tehran to freeze enrichment before talks began.

Tehran's response Aug. 21 has been characterized by heads of governments and senior diplomats as inadequate because it makes no mention of any willingness to suspend enrichment before talks, let alone consider a long-term moratorium on such activity. Senior diplomats have told The Associated Press it will be rejected.

Senior EU foreign policy official Javier Solana has nevertheless offered to meet with Iranian nuclear negotiator Ali Larijani to explore if there is common ground, the diplomats said. But up to now Iran has snubbed that overture, a senior European official said from outside Vienna.

A European official in another capital agreed: "Nothing has moved over the past few days."

The IAEA report will contain other information the U.S. and its allies would likely seize on, diplomats said, including confirmation that:

• IAEA inspectors were recently refused onsite inspections of a vast underground facility being built at Natanz to house up to 54,000 centrifuges, which spin uranium gas into enriched material. While Tehran's centrifuge program is hamstrung by technical problems, the Washington-based Institute for Science and International Security has suggested that — if it were interested in producing bombs — Iran could create a basic small plant of 1,500 centrifuges to make enough bomb fuel for one weapon within three years.

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• For now, Iran's known enrichment capabilities consist of 164 interconnected centrifuges at its surface pilot plant at Natanz, which has been used to turn out small quantities of low-enriched uranium. But the report will reveal new details of the country's centrifuge program, including confirmation from Larijani that scientists are doing computer-based research on a more advanced type of centrifuge that works faster and turns out larger quantities of enriched uranium.

The report will also focus on lack of progress in investigating suspicious findings — because of Iran's refusal to provide information — such as diagrams showing how to mold fissile uranium into the shape of warheads.

Iran has been under IAEA investigation since 2003, with inspectors turning up evidence of clandestine plutonium experiments, black market centrifuge purchases and links to the military of what Iran says is a civilian nuclear program.

Bush Faces An Uphill Battle To Impose Meaningful Sanctions On Iran (MCT)

By Warren P. Strobel

McClatchy Newspapers, August 31, 2006

WASHINGTON - With Iran expected to ignore a U.N. deadline Thursday to halt uranium-enrichment experiments, the Bush administration faces an uphill battle to convince other world powers to impose significant costs on Tehran.

The U.S. drive to punish Tehran faces strong opposition from U.N. Security Council member Russia, a major supplier of arms and nuclear technology to Iran, and has only the lukewarm enthusiasm of France and Germany.

Moreover, Washington's sway has dwindled as a result of its predicament in Iraq and its backing of Israel's attempt to wipe out Iranian-backed Hezbollah militants in southern Lebanon, analysts and some U.S. officials said.

Under a Security Council resolution that passed in late July, Iran has until Thursday to stop enriching uranium, which could be used for nuclear weapons, and to end related activities or face unspecified economic sanctions.

Iran says its nuclear research is aimed at producing civilian nuclear power, not bombs.

Its leaders appear confident that they can avoid paying for their defiance of the U.N. demand.

"Sanctions cannot dissuade the Iranian nation from achieving our lofty goals of progress," President Mahmoud Ahmadinejad was quoted as saying Wednesday by Iran's state-run television. He urged European countries not to support the U.S. drive for sanctions.

Iran has continued enriching uranium this week, according to officials in Washington and at the International Atomic Energy Agency in Vienna, Austria. Iran has taken other potentially provocative steps, including temporarily restricting IAEA inspectors' access to an underground nuclear site under construction.

The IAEA is expected to formally report Thursday that Iran hasn't complied with the deadline. The agency has said that Iran hasn't fully cooperated with its inspectors, making it impossible for it to determine whether the country's nuclear program is peaceful.

Tehran isn't yet thought to have the technological know-how to enrich uranium in large amounts or to make it pure enough for a nuclear device.

Russia and China agreed in July to support sanctions on Iran if it refused to temporarily suspend its suspected nuclear-weapons work as a condition for talks on economic and security incentives.

Iran offered its formal response last week, saying it was open to negotiations on a range of issues but wouldn't suspend uranium enrichment first.

The U.S. drive for sanctions will begin early next week, when Undersecretary of State Nicholas Burns, the State Department's point man on Iran, meets his counterparts in Europe to discuss strategy.

The Security Council "should send a substantial signal to the Iranian regime that this is serious business," State Department spokesman Sean McCormack said Wednesday.

He said Washington would like to act quickly on a sanctions resolution, but he acknowledged that there will be "hard-fought, tough diplomacy" that could take some time.

Britain's ambassador to the United Nations, Emyr Jones-Parry, said Tuesday that the Security Council wouldn't take up the issue until mid-September.

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Russia - along with China, which increasingly relies on Iran for its energy needs - remains leery of a confrontation with Iran, despite the July agreement.

Russian Defense Minister Sergei Ivanov, who's also the deputy prime minister, said last week that "speculations about sanctions are premature and inexpedient, to say the least."

Russian President Vladimir Putin "has little interest or intention of voting" for significant sanctions on Iran, said proliferation expert George Perkovich, the vice president of the Washington-based Carnegie Endowment for International Peace, a nonpartisan research organization.

The Russians won't agree to an embargo of arms supplies to Iran because Russia is Iran's main arms supplier, Perkovich said. Nor will Moscow, which is helping Iran build a nuclear power plant, agree to cut off nuclear technology, he said.

The most it might agree to are minor measures such as a ban on travel by some Iranian government officials, Perkovich predicted.

John Bolton, the U.S. ambassador to the United Nations, said recently that if the Security Council couldn't agree on sanctions, the United States might work independently with like-minded countries to punish Iran.

Already talking publicly about such a strategy "seems to me is a sign of weakness," Perkovich said.

Analysis: Iran Won't Back Down From U.N. (AP)

By Lee Keath, Associated Press Writer

AP, August 31, 2006

Iran isn't blinking in the face of Thursday's U.N. deadline for it to halt uranium enrichment or else finally face the possibility of sanctions the United States has sought for years.

Tehran appears confident it can withstand any punishment — if it comes at all.

There seems to be no question of Iran's bending to the U.N. demand. It was enriching small amounts of uranium gas at its facility in Natanz as recently as Tuesday, U.N. and European officials in Vienna, Austria, said Wednesday. Iran's nuclear chief spoke over the weekend of expanding the enrichment program.

For many in the West, Iran's behavior is not just defiant but mystifying.

The U.N. deadline could be a crucial moment in the nuclear standoff. But on Tuesday, Iranian President Mahmoud Ahmadinejad hardly even mentioned it during a 2 1/2-hour news conference and instead changed the subject, challenging President Bush to a debate.

The West has struggled for years over carrots and sticks to persuade Iran to roll back a program the United States says is aimed at producing nuclear weapons.

But Tehran, which insists its program is peaceful, has time after time played the game by its rules and kept its eyes constantly on a long-term prize: forcing the world to accept its nuclear ambitions on its terms.

Barring a last-minute surprise, the passing of Thursday's deadline will start up a potentially divisive debate among the big powers at the U.N. Security Council, where Russia and China have so far opposed any sanctions.

The United States will likely push for economic sanctions against Tehran. But it could avoid seeking harsh punishment to start with in hopes of getting Moscow and Beijing's support, then increase the pressure later.

Some initial ideas that have been touted are a travel ban on Iranian officials or a ban on sale of dual-use technology to Iran. More extreme would be a freeze on Iranian assets or a broader trade ban — although opposition to that would be strong, particularly since it could cut off badly needed oil exports from Iran.

Russia and China, which both have veto powers on the council and have close economic ties to Iran, are likely to stop any punishment they feel is too harsh or would wreck what they say are hopes for a diplomatic solution to the standoff.

The United States, in turn, may try to rally other countries to impose economic sanctions of their own, independent of the U.N. Security Council.

In any case, a council decision on sanctions won't come for weeks.

Ahmadinejad tried Wednesday to weaken European support for sanctions, saying punishment would do nothing to dissuade Iran.

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"So it's better for Europe to be independent (of the U.S.) in decision-making and to settle problems through negotiations," he said during talks with former Spanish premier Felipe Gonzales, according to state-run television.

The United Nations has focused on stopping enrichment because the key process can produce either fuel for a nuclear reactor or the material for a warhead.

"The problem is the U.S. has very few cards," said Anthony Cordesman, a Middle East analyst at the Washington-based Center for Strategic and International Studies.

"Iran may well have some concerns over sanctions, but as of yet they've seen no evidence that sanctions would do it great harm," he said. "Low-level damage will not lead them to change their behavior."

In part, Iran has felt free to be defiant, knowing it has the protection of Russia and China.

It has succeeded in keeping that umbrella by repeatedly insisting it is open to a diplomatic solution to the standoff. "Iran is ready to offer guarantees that (technology) won't be diverted toward building a weapon," top nuclear negotiator, Ali Larijani, was quoted as saying in Iranian newspapers Wednesday.

But it has insisted it has a right to develop uranium enrichment, making it an issue of national pride in a campaign to create a new "high-tech" Iran.

Iranian leaders have made clear they're willing to bear the economic blow of whatever sanctions are passed rather than give up enrichment.

"We don't know with what language to tell the Europeans and Americans that Iran is not afraid of the U.N. Security Council," Foreign Ministry spokesman Hamid Reza Asefi said.

That means Thursday will hardly be a climactic milestone in the tussle between Iran and the West. Iran can go on putting forward diplomatic initiatives to try to divide the big powers and keep its room for maneuver, Cordesman said.

"This deadline will invariably be followed by another deadline and another," he said. "This is a game that will play out over five years, not a game that will play out tomorrow."

Lee Keath covers the Middle East from Cairo, Egypt. AP correspondent Ali Akbar Dareini contributed to this report from Tehran.

U.S. Military Sees Iran's Nuke Bomb 5 Years Away (WT)

By Rowan Scarborough

The Washington Times, August 31, 2006

The U.S. military is operating under the assumption that Iran is five to eight years away from being able to build its first nuclear weapon, a time span that explains a general lack of urgency within the Bush administration to use air strikes to disable Tehran's atomic program.

Defense sources familiar with discussions of senior military commanders say the five- to eight-year projection has been discussed inside the Pentagon, which is updating its war plan for Iran. The time frame is generally in line with last year's intelligence community estimate that Iran could have the capability to produce a nuclear weapon by the beginning or middle of the next decade.

But the sources said that while the five-year window provides President Bush additional time to decide on whether to launch military strikes, they suspect it underestimates Iran's determination to build a bomb as quickly as possible.

Iran faces a United Nations Security Council deadline today to stop enriching uranium or face economic sanctions.

Advocates of stopping Iran's nuclear ambitions point to gaps in what the U.S. intelligence community really knows about Iran's secretive process. They also point to the fact that Iraq was much closer to building the bomb than the U.S. thought in 1991, when Operation Desert Storm air strikes destroyed much of Baghdad's atomic capability.

Some of this impatience was revealed in a bipartisan report Aug. 23 from the House Permanent Select Committee on Intelligence. The report, which dealt with Iran's support for terrorism and quest for weapons of mass destruction, chastised the U.S. intelligence community for not devoting sufficient resources to Tehran. It also indirectly criticized current intelligence reporting on Iran as too timid.

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"An important dimension of the detection of Iran's WMD program is how intelligence analysts use intelligence to characterize these programs in their analysis," the report said. "Intelligence community managers and analysts must provide their best analytic judgments about Iranian WMD programs and not shy away from provocative conclusions or bury disagreements in consensus assessments."

Concerning intelligence resources for Iran, the report said, "The national security community must dedicate the personnel and resources necessary to better assess Iran's plans, capabilities and intentions, and the Director of National Intelligence (DNI) must identify, establish, and report on intelligence goals and performance metrics to measure progress on critical fronts."

Retired Air Force Lt. Gen. Thomas McInerney, a prominent proponent in Washington of air strikes against Iran, said that whether the estimate is five years or 10 years, the time span instills complacency in war planning. He said that Mr. Bush is now following the State Department's diplomatic path, without a clear policy.

"Everyone is in the Jergens lotion mode -- 'woe is me.' Wringing our hands," the former fighter pilot said.

Gen. McInerney advocates using B-2 stealth bombers, cruise missiles and jet fighters to conduct a one- or two-day bombing campaign to take out Iran's air defenses, military facilities and about 40 nuclear targets, which includes a Russian-built reactor and an enrichment plant.

The Washington Times has previously reported that Israel has drafted plans for air strikes using long-range versions of the F-15 and F-16 fighters. Iranian President Mahmoud Ahmadinejad has often threatened to destroy Israel, which is within range of Iran's Shahab-3 ballistic missile.

The Times also reported that U.S. Central Command is updating a target list for Iran.

The House report said Iran owns the largest ballistic missile arsenal in the Middle East, and is also working on a missile re-entry vehicle that could carry a nuclear warhead.

Excess Baggage (WSJ)

By Claudia Rosett

The Wall Street Journal, August 31, 2006

Despite today's United Nations deadline for Iran to give up its nuclear bomb program, Iran has done no such thing. The next diplomatic move is supposed to be for the U.N. to impose sanctions on Iran. That won't work, either.

Certainly Iranian President Mahmoud Ahmadinejad does not seem deeply worried about the prospect of U.N. sanctions. Apart from some throwaway lines about his government's peace-loving ways, he has rejected U.N. demands, blocked U.N. inspectors, brandished samples of enriched uranium, and last week inaugurated an Iranian heavy water plant that could be used to produce plutonium. Nor did a series of extant U.N. resolutions prevent Tehran's A-team terrorist affiliate in Lebanon, Hezbollah, from launching a war this summer while Mr. Ahmadinejad pondered his options.

Some of Mr. Ahmadinejad's behavior can be discounted on grounds that he is a messianic crackpot. But there is plenty of evidence that he is making a highly rational calculation about the ease with which the U.N. can be corrupted, divided, delayed and defied -- without serious penalty.

U.N. sanctions programs depend on the agreement and cooperation of member states under a set of rules dictated not by the interests of the modern free world, but by the decayed, despot-infested collective that is the contemporary U.N. And, as prefigured under U.N. sanctions on Saddam Hussein's Iraq, major players, like Russia and China, will almost certainly cheat. Iran, with 10% of the world's known oil reserves, and the world's second largest proven reserves of natural gas, has enough resources to grease the way.

Indeed, the general greasing of Iran's important U.N. connections is already well advanced. Much as Saddam fought sanctions by dangling fat oil development deals and doling out lucrative Oil for Food contracts to win friends and influence politicians, Tehran has already cultivated a global web of current and prospective business partners. Were Iran a more benign energy-rich state, such activity might pass for nothing more than normal enterprise. But under U.N. sanctions, this setup would translate into a constant fount of pro-Iranian lobbying pressure, and incentives to cheat, within a slew of U.N. member states.

A new country survey of Iran from the U.S. Department of Energy helps illustrate the problem. Along with Iran's $100 billion, 25-year bargain with China to develop natural gas, there are deals either signed or in the offing with the following list of countries:

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France, Turkey, Pakistan, India, Greece, Australia, Austria, Bulgaria, Romania, Hungary, Ukraine, Armenia, Norway, Kuwait, Turkmenistan and Iraq. Projects on the table range from huge oil and gas field investments, to pipelines, oil swaps and Indian service contracts. And for the blame-America-first crowd, the survey even mentions that "a foreign subsidiary of Halliburton Co. reportedly reached agreement," along with an Iranian partner, to help develop some of Iran's natural gas fields.

Tallied against the findings of congressional inquiries, and of the U.N.'s own probe into Oil for Food, Iran's current and would-be business partners include some of the most seasoned smugglers and veteran cheats of the Iraq sanctions experience. To be sure, democracies such as India, Australia, the U.S. and France have investigated at least some of the officially documented allegations of Iraq sanctions-busting among their own citizens. Many of the chart-topping violators, notably Russia and China, have done no such thing. Damascus -- Tehran's chief terror partner -- served as a thruway for billions of dollars worth of Saddam's U.N.-prohibited traffic in oil, military imports and cash. Significantly, Iran itself enjoyed a bustling trade in forbidden Iraqi oil during the era of U.N. sanctions on Saddam -- with Iranian smuggling boats plying the coastlines of the Gulf. There is no reason to expect Iran's smugglers would do any less on behalf of their own country.

Who at the U.N., exactly, would stop violations of its sanctions, should these be imposed? On the Security Council, veto-wielding Russia -- now counseling "patience" -- has already stressed its opposition to sanctions on Iran, with China slipstreaming along. Let's just pass by France without further comment. And among those now angling for one of the 10 rotating seats on the Security Council is Venezuela's President Hugo Chavez. In his recent tours of the world's thugocracies Mr. Chavez has reportedly garnered a boost from China for his U.N. bid, as well as a medal and the promise of a $4 billion investment in Venezuela's oil fields -- from Iran.

As for the U.N. Secretariat, which would be involved in administering any U.N. sanctions, if staffers have learned anything from the multibillion dollar Oil for Food scandal, it is that inside the U.N.'s opaque and diplomatically immune bubble, there are no real penalties for dereliction, duplicity or even graft. Not a single U.N. staffer has been fired, let alone charged with a crime. Secretary-General Kofi Annan is due to step down at the end of this year; but his would be the presiding presence during the shaping of any U.N. sanctions on Iran, and his successor will inherit both the same bureaucracy and a General Assembly which -- if you believe Deputy Secretary-General Mark Malloch Brown -- shot down an administrative reform package earlier this year mainly for the perverse pleasure of sticking a thumb in the eye of the U.S.

It is quite possible that -- after years of delay and dithering by the U.N.'s International Atomic Energy Agency, the European Union and the U.S. itself -- there is no initiative that will by now stop Iran short of direct military force. But whatever the solution, it is clearly the U.S. that will have to do the bulk of the cajoling, prodding and backroom bargaining to put together any coalition both able and willing, in whatever way necessary, to get the job done. That is a challenge urgent and daunting enough, without trying to drag along the entire baggage of the U.N.

Ms. Rosett is a journalist in residence with the Foundation for Defense of Democracies.

Senior House Member Faults Khatami Visit (AP-Y)

By Barry Schweid

AP, August 31, 2006

The head of the House Middle East subcommittee protested on Wednesday the Bush administration's decision to let former Iranian President Mohammad Khatami visit the United States for speeches and conferences.

"It is mystifying that we would roll out the red carpet to a person who has incited violence against civilians and who has expressed incendiary rhetoric against the United States and our allies," said Rep. Ileana Ros-Lehtinen, R-Fla.

In a statement, Ros-Lehtinen said she was circulating a letter among members of Congress that contended Khatami should be treated as a threat to U.S. national security interests and Middle East policy objectives.

Khatami, whose receipt of a visa was announced Tuesday at the State Department, plans to attend a U.N. conference Sept. 5-6 in New York to promote dialogue and to speak on religion's role in promoting peace at the Washington National Cathedral on Sept. 7.

Former President Carter is reported to be interested in meeting with Khatami, but his assistants declined to provide any information.

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Khatami would be the most senior Iranian official to visit Washington since Islamic fundamentalists seized the U.S. Embassy in Tehran in 1979 during the Carter administration and held Americans hostage for 444 days.

The Iranian Embassy in Washington closed in April 1980. There have been no formal relations between the two countries since then, although U.S. and Iranian diplomats have participated in multinational meetings.

State Department spokesman Sean McCormack reiterated on Wednesday there would be no meetings with U.S. officials.

"Nobody should take the fact that there was a decision to issue this visa that we have any illusions about the nature of the Iranian regime," McCormack said.

Declining to place Khatami along a political spectrum — some analysts consider him to be moderate in his views — McCormack said, "The fact of the matter is Iran is and was a state sponsor of terror."

And, he said, Iran "is now and was seeking nuclear weapons" in defiance of international obligations.

On Tuesday, Sen. Rich Santorum, R-Pa., said he was outraged that Khatami had received a visa. He called the former Iranian president "one of the chief propagandists of the Islamic Fascist regime."

Israel Rebuffs U.N. On Blockade (WP)

By Scott Wilson

The Washington Post, August 31, 2006

JERUSALEM, Aug. 30 -- Israeli Prime Minister Ehud Olmert said Wednesday he would not lift Israel's six-week-old blockade of Lebanon despite appeals from visiting U.N. Secretary General Kofi Annan that he do so to help the country's government and economy recover from a devastating war.

In a news conference here following a meeting between the two men, Olmert said Israel would restrict passage to Lebanon by land, sea and air until a multinational peacekeeping force arrived in southern Lebanon and the remaining terms of a U.N.-brokered cease-fire were fulfilled.

The prime minister, suffering politically at home for his handling of the war, is concerned the Shiite militia Hezbollah could replenish its arsenal if the blockade is lifted too early. But Annan, who on Tuesday called the blockade "a humiliation" for Lebanon, suggested lifting it would help consolidate a cease-fire that has been tested by both sides since taking hold just over two weeks ago.

"It is important not only because of the economic effect it is having on the country, but it is also important to strengthen the democratic government of Lebanon, with which Israel has repeatedly said it had no problems," Annan said. Annan's visit to the region was designed to give momentum to efforts to implement the cease-fire resolution that ended 33 days of war. An estimated 1,200 Lebanese were killed in the fighting, most of them civilians, while 117 Israeli soldiers and 41 civilians died in combat and from Hezbollah rocket fire.

But the multinational force at the heart of the agreement has been slow in deploying across a region of southern Lebanon that stretches from the Litani River to the Israeli border, a strip roughly 18 miles wide. Annan sought here, as well as in Lebanon during his visit there the previous day, to focus international attention on the war's aftermath at a precarious moment for the truce.

During his stop here, Annan informed Israeli Defense Minister Amir Peretz that Israel has violated the terms of the cease-fire far more often than Hezbollah, according to a U.N. official who spoke on condition of anonymity.

The secretary general drew on reports compiled by U.N. monitors that cite Israel for roughly 64 violations, which include overflights, resupplying forces and attacks on Hezbollah positions. Hezbollah has broken the truce four times, according to the reports. Nonetheless, Annan said, his meetings with Israeli and Lebanese officials indicated that both sides appeared committed to maintaining the truce.

After morning meetings in Jerusalem, Annan traveled to the West Bank city of Ramallah to meet with Palestinian leaders as violence in the Gaza Strip mounted. Israeli forces are continuing a military operation inside Gaza that began after Palestinian gunmen, including members of the governing Hamas movement's military wing, captured an Israeli soldier in a June 25 cross-border raid.

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Palestinian health officials said eight Palestinians, most of them armed, were killed in a morning missile strike and gun battles later in the Shijaiyeh neighborhood of Gaza City. At least 14 Palestinians have been killed in Gaza over the past two days, most of them members of armed factions.

The Israeli military also announced the discovery of a 165-yard tunnel from Gaza into Israel near the Karni crossing, the main passage for goods to and from Gaza. Military officials said the tunnel was to be used in an attack on the crossing, which Israel has kept closed for much of the year, citing security concerns. Annan, following his meeting with Palestinian leader Mahmoud Abbas, called on Israel to keep the Gaza crossings open.

Israel Says It Will Continue Blockade Of Lebanon (NYT)

By Warren Hoge

The New York Times, August 31, 2006

AMMAN, Jordan, Aug. 30 — Israel's prime minister, Ehud Olmert, rebuffed a request on Wednesday from Secretary General Kofi Annan of the United Nations for even a partial lifting of the seven-week-old blockade of Lebanon.

Mr. Annan told Mr. Olmert in a breakfast meeting at the prime minister's residence in Jerusalem that while he would prefer that Israel completely lift its blockade of air, sea and land traffic into Lebanon, he wanted Mr. Olmert at least to allow Beirut's airport to resume normal operations.

But Mr. Olmert rejected that idea. In doing so, he referred to Mr. Annan's previous insistence that all parties to the United Nations-brokered cease-fire on Aug. 14 abide by all of its provisions.

Speaking at a joint news conference, Mr. Olmert recycled for his own purposes the same metaphor Mr. Annan had used moments before to say the cease-fire resolution was not a smorgasbord.

"As far as we are concerned," Mr. Olmert said, "we entirely accept that it is a fixed menu and that everything will be implemented, including the lifting of the blockade, as part of the entire implementation."

Therefore, he said, Israel cannot lift the blockade, imposed to prevent the smuggling of arms to Hezbollah, on one part of Lebanon and not on others.

Mr. Annan argued that reopening the airport carried particular importance "not only because of the economic effect it is having on the country, but it is also important to strengthen the democratic government of Lebanon, with which Israel has repeatedly said it has no problems."

On arrival in Amman on Wednesday night, Mr. Annan said through a spokesman that he was not discouraged by Mr. Olmert's rebuff. "The secretary general remains optimistic that the Israeli authorities will reconsider his appeal for the lifting of at least the airport blockade as a first step," said the spokesman, Ahmad Fawzi.

Mr. Olmert's domestic popularity has suffered from widespread dissatisfaction with his handling of the war, which failed to achieve the broad goal he set at its outset: dismantling or at least disarming Hezbollah.

Mr. Olmert reiterated his call for the United Nations force to be posted not just in southern Lebanon but also along the border with Syria, a deployment that the United Nations resolution makes dependent on a request from the Lebanese government.

Fouad Siniora, the Lebanese prime minister, said Monday that he had stationed 8,600 soldiers along the Syrian border, but that he would not authorize foreign troops there.

Mr. Olmert also rejected a request by Mr. Annan that Israeli troops withdraw completely from southern Lebanon once the United Nations force there reaches 5,000, rather than waiting for its full planned strength of 15,000.

"Israel will pull out of Lebanon once the resolution is implemented," Mr. Olmert said.

From Jerusalem, Mr. Annan went to Ramallah on the West Bank, where he met with Mahmoud Abbas, the Palestinian president. Mr. Annan noted that the continuing conflict in the Palestinian areas had been overshadowed by the fighting between Israel and Hezbollah in Lebanon.

Mr. Annan's stop in Israel and the West Bank was part of a Middle East trip that began with a two-day visit to Lebanon and continues with a meeting here on Thursday with King Abdullah II and includes talks in Damascus with President Bashar al-Assad and in Tehran with President Mahmoud Ahmadinejad, who has called for the destruction of Israel.

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An Israeli questioner at the news conference at Mr. Olmert's residence challenged Mr. Annan on why he was meeting with a man who had proposed the elimination of another United Nations member state.

"As secretary general of the United Nations, I have no other means of influencing people except through dialogue, through persuasion and through honest discussion," Mr. Annan said. "And if I am not allowed to see them and talk to them, how do I do this? How do I explain that Israel is a state that is a member state of the U.N. and that there should not be any incitement against Israel?"

Mr. Annan said he had told Mr. Olmert that his talks with Lebanese leaders had convinced him that they were serious about enforcing an embargo on illegal arms to Hezbollah and dedicated to seeking a lasting peace.

Mr. Olmert said: "I would like to emphasize that Israel has no conflict with the people or the government of Lebanon. I would hope that conditions would change rapidly in order to allow direct contact between the government of Israel and the government of Lebanon in order to hopefully soon reach an agreement between the two countries."

But Mr. Siniora dashed that idea in a news conference in Beirut.

"Lebanon will be the last Arab country that could sign a peace agreement with Israel," he said. "There will be no agreement with Israel before there is a global peace deal that is just and lasting."

Israel Rejects Annan Demand On Blockade (AP-Y)

By Ravi Nessman

AP, August 31, 2006

Israel on Wednesday rejected demands from visiting U.N. Secretary-General Kofi Annan that it immediately lift its sea and air blockade of Lebanon and withdraw its forces once 5,000 international troops are deployed.

Prime Minister Ehud Olmert indicated Israel would only allow free movement after the full implementation of a U.N.-brokered cease-fire that ended 34 days of fighting between Israel and Lebanon's Hezbollah guerrillas that killed 854 Lebanese and 159 Israelis.

Under the truce, 15,000 Lebanese soldiers and 15,000 international troops are to be deployed in southern Lebanon and to enforce an arms embargo on Hezbollah.

Olmert, Annan and Israeli Foreign Minister Tzipi Livni all expressed hope Wednesday that the cease-fire deal would evolve into a full-fledged peace accord, which Israeli leaders have long hoped to reach with Lebanon. But Lebanon's premier rebuffed the idea, saying his country would be the last Arab nation to make peace with the Jewish state.

The vastly different visions of future relations between the two nations reflect their conflicting priorities. Israel wants to prevent future attacks from its northern neighbor, while Lebanon is focused on rebuilding from the recent fighting and trying to maintain peace between its fractious religious groups, some of whom are sworn enemies of Israel.

The cease-fire deal could be "a cornerstone to build a new reality between Israel and Lebanon," Olmert said at a news conference with Annan.

Implementation of the truce "gives us a foundation to move forward and settle the differences between Israel and Lebanon once and for all, to establish a durable peace," Annan said after meeting with Livni.

But Lebanon has hesitated in reaching a separate agreement with Israel as long as Israel's conflicts with the Palestinians and Syria are not resolved.

Lebanese Prime Minister Fuad Saniora quashed hopes of a peace deal any time soon, saying Lebanon "will be the last Arab country that could sign a peace agreement with Israel."

"Let it be clear, we are not seeking any agreement until there is just and comprehensive peace based on the Arab initiative," he said in Beirut.

The Arab initiative calls for an Israeli withdrawal from all territories captured in the 1967 Middle East war and the establishment of a Palestinian state with east Jerusalem as its capital — demands Israel rejects.

A Hezbollah legislator also ruled out talks toward a wider peace deal.

"The Lebanese reject negotiations with the Zionist enemy. They consider these negotiations unnecessary, worthless and have no basis or place," Hussein Haj Hassan told Al-Jazeera television.

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The fighting between Israel and Hezbollah began July 12 when Hezbollah guerrillas crossed into Israel and attacked an army patrol, killing three soldiers and capturing two others. Israel has rejected calls for a prisoner swap to secure their freedom.

Both Annan and Olmert demanded the soldiers' unconditional release, but Mohammed Fneish, a Hezbollah minister in the Lebanese Cabinet, said that would not happen.

"There will be no unconditional release. This is not possible," he said. "There should be a (prisoner) exchange through indirect negotiations."

A third Israeli soldier, Cpl. Gilad Shalit, was seized by Hamas militants in late June and is being held in the Gaza Strip. His capture touched off a 2-month-old Israeli military offensive in Gaza.

Annan said he would do everything in his power to win the soldiers' release. He said that during his visit to Lebanon, which ended Tuesday, he discussed their fate. "I did not get the impression that they are not alive. I believe they are alive," he said.

Annan also called on Olmert to end the blockade of Lebanon, which is preventing the country from rebuilding. Lifting the blockade would also strengthen Lebanon's government.

"I do believe the blockade should be lifted," he said at a news conference with Olmert.

Israel has said it would lift the blockade when international forces, along with Lebanese troops, are deployed on Lebanon's border with Syria to prevent the flow of weapons to Hezbollah from its Syrian and Iranian patrons.

Syria has said it would consider the presence of international troops on its border a hostile act, and Lebanon has said it would secure the border itself.

Annan said Lebanese authorities assured him they were serious about enforcing the arms embargo on Hezbollah.

"We need to be flexible, because I don't think there's ever only one way of solving a problem. We shouldn't insist that the only way to do it is by deploying international forces," Annan said.

Asked by reporters whether Israel would lift the blockade, Olmert was evasive, saying only that Israel wanted a full implementation of the cease-fire.

Annan also said he was working to expand the international force in Lebanon "as rapidly as possible" and to quickly double its current number to 5,000.

"We hope that as we do that, the Israeli withdrawal (from Lebanon) will continue and by the time we are at that level, Israel will have fully withdrawn," Annan said.

While Olmert said Israel hoped to leave Lebanon "as soon as possible," he did not embrace Annan's proposal.

"It isn't on one day the 5,000 come in and on one day all the Israelis depart," Israeli government spokeswoman Miri Eisin explained later. "It's something in between, and it's something that has to be ironed out, and it is being ironed out."

In a meeting later with Palestinian President Mahmoud Abbas, Annan said Israel also must lift its closure of the Gaza Strip and open crossing points there. He called for an end to the bloodshed that has killed more than 200 Palestinians since the end of June.

Israel Says Lebanon Blockade Will Stand (LAT)

By Laura King

The Los Angeles Times, August 31, 2006

JERUSALEM — Israel signaled today that it would not lift its air and sea blockade of Lebanon or withdraw the rest of its troops until two Israeli soldiers seized by Hezbollah are freed.

Meanwhile, new violence flared in the Gaza Strip, where at least eight Palestinians, four of them gunmen, were killed in confrontations with Israeli troops. The 9-week-old Israeli offensive in Gaza has left nearly 250 Palestinians dead.

Some of that fighting overlapped with Israel's 34-day conflict with Hezbollah guerrillas in Lebanon, which ended with a cease-fire on Aug. 14. However, the two sides balked at fulfilling some of the truce's main provisions.

Visiting U.N. Secretary-General Kofi Annan, who met today with Israeli Prime Minister Ehud Olmert, called for an immediate easing of Israel's embargo and a withdrawal of its troops once about one-third of a promised 15,000-member international force has been deployed in south Lebanon.

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But the Israeli leader responded to Annan's appeal by saying that the U.N. cease-fire resolution must first be fully implemented. His office said later that Israel would not consider the terms of the resolution to have been met until the two captured servicemen, whose seizure sparked the current conflict, are freed.

Speaking at a joint news conference with Annan, Olmert called the resolution a "fixed buffet," adding: "Everything will be implemented, including the lifting of the blockade, as part of the entire implementation of the different articles."

Annan and Olmert also were apparently unable to reach an accord on whether the Syrian border, which has been a prime conduit for the shipment of arms to the Hezbollah militia, will be policed by the international force or the Lebanese army.

Lebanon has said its army would patrol the frontier, but Israel demands that the international force deploy along the border to prevent a renewed flow of weaponry to the Shiite Muslim militants.

"We need to be flexible, because I don't think there's ever only one way of solving a problem," Annan said at the news conference. "We shouldn't insist that the only way to do it is by deploying international forces."

Even though little progress appeared to have been made in his talks with the Israeli leader, Annan sought to play down their disagreements.

"There isn't that much of a difference" of opinion between Prime Minister Olmert and himself, Annan later told reporters in the West Bank city of Ramallah, where he met with Palestinian Authority President Mahmoud Abbas.

Both Annan and Olmert expressed hopes for a comprehensive peace accord between Lebanon and Israel. The Israeli leader said the cease-fire could serve as the "cornerstone to build a new reality between Israel and Lebanon."

But in Lebanon, Prime Minister Fuad Siniora said his country would be "the last Arab country that could sign a peace agreement with Israel."

Israel held the Lebanese government responsible for Hezbollah's cross-border raid on July 12 that left eight Israeli soldiers dead and the two others in Hezbollah's hands, triggering the fighting.

Further dampening hopes for a break in the impasse over the captured Israeli soldiers, a Hezbollah member of the Lebanese Cabinet said they would only be freed as part of a prisoner exchange. "There will be no unconditional release; this is not possible," said Energy Minister Mohammed Fneish.

Annan said an easing of Israel's blockade would help strengthen Lebanon's government and allow the start of a recovery from the devastating destruction wrought during the conflict.

"I do believe the blockade should be lifted," the U.N. chief said.

In talks with Abbas, Annan also called on Israel to open crossing points into the Gaza Strip, which even before the recent outbreak of fighting was largely isolated. Israel says it has been forced to sharply limit the passage of people and goods in and out of Gaza due to security threats.

Underscoring that, the Israeli military said today that troops had discovered a large tunnel, 150 yards long, stretching from the outskirts of Gaza City toward the main Karni commercial crossing, apparently built by Palestinian militants to be used for weapons-smuggling or attacks against Israeli troops.

Karni, which has been the target of repeated attacks by militant groups, has been closed for much of this year. Israel has agreed, however, to weigh a U.S. proposal to station international observers at Karni to bolster security so the crossing could be open more often.

Times staff writer Megan K. Stack in Beirut and special correspondent Maher Abukhater in Ramallah contributed to this report.

Israel Says Syria, Not Just Iran, Supplied Missiles To Hezbollah (LAT)

By Peter Spiegel And Laura King

The Los Angeles Times, August 31, 2006

WASHINGTON — New postwar intelligence indicates that the militant group Hezbollah had broader access to sophisticated weaponry than was publicly known — including large numbers of medium-range rockets made in Syria, said U.S. and Israeli government officials and military analysts.

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The size of the Hezbollah arsenal and the direct role of Syria in supplying it will complicate the daunting task of keeping Hezbollah from rearming, the officials said.

Before the war, Hezbollah's access to weapons supplied by Iran and shipped through other countries was well documented. So was Syria's political support for Hezbollah and its role in allowing shipments of arms into Lebanon from Iran. But Washington thought Syria for the most part was not supplying munitions directly.

The new weapons data indicating a broader Syrian role were gathered by Israel largely by examining debris left by shells that hit the country during the conflict. The examination uncovered the serial numbers and other defining characteristics of the weapons. Israel's postwar forensics have shown some of the rockets were manufactured by the Syrian munitions industry, military sources said.

Hezbollah fired between 3,700 and 3,800 rockets at Israel during the 34 days of fighting. The rockets, which landed across northern Israel and killed 43 civilians, were the most sustained attack on Israeli towns and cities since the war that greeted the country's founding in 1948, and highlighted a significant vulnerability for the Jewish state.

The disclosures about Syria's role in supplying Hezbollah dovetail with postwar diplomatic strategies.

Israel, backed by the Bush administration, would like to see international peacekeepers deployed along the Syria-Lebanon border — a step it says is needed to prevent arms shipments to Hezbollah. Lebanon, backed by U.N. Secretary-General Kofi Annan, has resisted that idea, as have the Syrians.

Syrian officials would not confirm or deny the reports.

"These are just accusations," said a spokesman for the Syrian Embassy in Washington, who requested anonymity because only the ambassador was allowed to discuss official Syrian policy. "If they have evidence, they should make it clear."

U.S. and European plans for stabilizing Lebanon rest heavily on preventing Hezbollah from rearming. Although a U.N. peacekeeping force still being formed will not be asked to disarm the militia, it will try to prevent flows of new arms to militants.

Israel asserts that in the weeks since the cease-fire, Iran and Syria have tried to resupply Hezbollah, primarily via Syria's long border with Lebanon. Iran is seeking to send in long-range rockets but has been hampered by Israel's sea and air embargo, Israeli officials said. Syria's attempts to send in shorter-range rockets via land routes may prove more successful because of the porousness of the frontier, the officials said.

"There's a limit to what we can do in response to this," said Miri Eisen, a senior advisor to Israeli Prime Minister Ehud Olmert.

The forensic evidence from shell debris bolstered what Israeli officials said they had long known about Syria's role in helping to arm Hezbollah.

"Syria has been a direct supplier of rockets, as well as a safe haven and weapons conduit," Eisen said.

"The short- to medium-range rockets that hit Tiberias and Haifa turned out to have been directly supplied by Syria — just as we said all along," Eisen said, referring to the northern Israeli cities targeted by Hezbollah.

Analysts said Syria's role in directly arming Hezbollah marked a shift in Damascus' strategy toward Lebanon. Syria was forced to withdraw its military from Lebanon last year after the assassination of former Lebanese Prime Minister Rafik Hariri.

"I don't believe these kinds of technologies passed to Hezbollah under the regime of Hafez al Assad," Syria's longtime leader who died in 2000, said David Schenker, a former Pentagon official now at the Washington Institute for Near East Policy.

Referring to Assad's son and successor, Bashar Assad, Schenker said, "The father saw Hezbollah as a tool; Bashar sees them differently."

In addition to evidence of Syrian-made weapons, Israel also said it found evidence that Hezbollah used advanced, Russian-made Kornet antitank weapons. Israeli intelligence contends that serial numbers found on spent Kornets show they were originally supplied by Russia to Syria, although others may have come from Iran.

Russia has disputed the claims, saying it keeps tight restrictions on reshipments.

The U.S. and Israel in recent weeks have pressured nations that sell weapons to Iran and Syria to tighten restrictions on their transfer to third parties, an effort aimed at curtailing Hezbollah's arsenal. China, which has substantial economic interests in the region, is considered unlikely to stop its shipments, experts said, though the lobbying may have more effect on Russia.

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"The Russians are probably not pleased their Kornets got into the hands of Hezbollah," said one former administration official familiar with Russian thinking.

Even without stepped-up involvement by Syria and Iran, military experts said, the ability of United Nations and Lebanese troops to track and halt arms shipments was likely to be limited.

The U.S. has identified nine Syrian border crossings that it thinks are large enough to ship medium- and long-range rockets.

Knowing likely shipment routes may not be enough to block them, analysts said, pointing to U.S. failure to prevent arms shipments to Iraqi insurgents from Iran and Syria — or, in an earlier conflict, to the Viet Cong along the infamous Ho Chi Minh Trail from Laos and Cambodia during the Vietnam War.

"The bar is set very low, but it's still a very difficult bar to reach," said a U.S. defense official, referring to U.N. interdiction goals. "That border is still very porous."

Experts said Hezbollah retained significant weaponry even after the monthlong Israeli bombardment. Israeli intelligence officials think they destroyed a large number of Hezbollah's longer-range missiles, but do not know how many remain. The number of medium-range rockets in Hezbollah's possession also is unclear.

In addition to the 3,700 to 3,800 rockets fired by Hezbollah, the Israeli military said it destroyed about 1,600. Together, that would account for fewer than half of the rockets that Israeli and U.S. intelligence officials think Hezbollah had at the start of the conflict.

Israel said it had underestimated the number of Hezbollah fighters. The military said it killed about 500 Hezbollah guerrillas, a figure that the militia has not confirmed. Some of the fighters who were killed or captured were using sophisticated equipment, including sniper rifles and night-vision goggles.

"At most, if you take the most dramatic claim we heard, they probably got about 15% of Hezbollah strength, and that includes wounded as well as killed in the forward area, which is not a decisive type of battle," said Anthony Cordesman of the Center for Strategic and International Studies, a U.S. military analyst who recently returned from meetings with Israeli military and intelligence officials.

"If anything, you now have very large numbers of very experienced combat people who have spent more than six weeks in active engagement with the [Israeli military] and have, if not won, learned enough so they will be a far more serious problem in the future."

UN Condemns Israeli Strategy As 'immoral' (FT)

By Mark Turner, Harvey Morris And Quentin Peel

Financial Times, August 31, 2006

The United Nations on Wednesday described as "shocking and immoral" the fact that Israel dropped well over 90 per cent of its cluster munitions in Lebanon during the last three days of the conflict – when it was already clear there would be a cessation of hostilities.

Jan Egeland, UN humanitarian chief, made his comments just hours after Kofi Annan, UN secretary-general, left Israel after talks with Ehud Olmert, prime minister, and other government members. The UN said Mr Annan had asked Israel to provide a map of where cluster weapons were used but did not raise Mr Egeland's concerns because he was unaware of the details during his Jerusalem visit.

Israel intensified its military offensive in southern Lebanon in the 72 hours between Security Resolution 1701 being signed in New York and the ceasefire on August 14.

Cluster weapons contain dozens of small explosives which spread over a wide area and are either air-dropped or ground launched.

The UN said it had identified 359 cluster bomb-strike locations, and that 102,000 unexploded small bombs continued to maim and kill people every day.

"Civilians will die disproportionately again, after the war," he said. "This should not have happened. It's an outrage."

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He added that countries which had supplied Israel with the munitions, including the US, should take the matter up with the Israeli government.

Mr Olmert and Mr Annan had earlier held talks on the implementation of resolution 1701.

But after the meeting Mr Olmert did not respond to the secretary-general's call for a lifting of the air and sea blockade that the UN official had called a humiliation for the Lebanese.

UN officials travelling with Mr Annan said later he was still optimistic that Israel would reconsider its position, and repeated his call for a first gesture to be made by lifting the air blockade of the country.

"The government of Lebanon is one we wish to support," said Ahmad Fawzi, the secretary-general's spokes-man. "By continuing this blockade we are not doing so. On the contrary, we are undermining this government."

The Israelis are also still insisting that the expanded UN force, which Mr Annan said would soon double to 5,000, must deploy along the Syrian-Lebanese border and at Lebanon's sea and airports to prevent weapon supplies reaching Hizbollah.

Mr Annan said the Lebanese authorities had assured him they were serious about enforcing the arms embargo.

Israel still has troops in southern Lebanon and Amir Peretz, defence minister, told Mr Annan: "Israel will pull out once there is a reasonable level of forces there."

Israeli Cluster-bombing Deemed 'Immoral' (AP)

By Sarah Dilorenzo, Associated Press Writer

AP, August 31, 2006

The U.N. humanitarian chief on Wednesday accused Israel of "shocking" and "completely immoral" behavior for dropping large numbers of cluster bombs on Lebanon when a cease-fire in its war with Hezbollah was in sight.

Jan Egeland said Israel had either made a "terribly wrong decision" or had "started thinking afterwards." The remarks were unusually harsh even for Egeland, who often ignores an unwritten rule that U.N. officials should not criticize member states too severely.

"What's shocking and I would say, to me, completely immoral is that 90 percent of the cluster bomb strikes occurred in the last 72 hours of the conflict, when we knew there would be a resolution," Jan Egeland said at a news conference.

The spokeswoman for Israel's mission to the U.N., Anat Friedman, said she had no immediate comment on Egeland's remarks. In Israel, the Israeli army referred to its earlier statement that all the weapons it uses "are legal under international law and their use conforms with international standards."

An unusual number of cluster bombs used in the war did not detonate on impact, possibly because they were old, Egeland said. Usually 10 percent to 15 percent of the bomblets fail to explode immediately. According to some estimates, up to 70 percent of the Israeli bomblets failed to explode on impact.

Civilians returning to their homes in southern Lebanon are experiencing "massive problems," as a result of these unexploded munitions, Egeland said.

Approximately 250,000 Lebanese, of the 1 million displaced, cannot move back into their homes, many because of unexploded munitions.

"Every day people are maimed, wounded and are killed by these ordnance," Egeland said.

U.N. and human rights organizations said Wednesday that 13 people, including three children, had been killed between the Aug. 14 cease-fire and Tuesday, and 46 people had been wounded.

"Every day we have to revise our count of what the scope of the problem is," said Chris Clark, program manager of the U.N. Mine Action Coordination Center in southern Lebanon. "We just don't know how big the problem is, only that it is huge at the moment and getting bigger every day."

Human Rights Watch researchers have said the density of cluster bombs in southern Lebanon was higher than in any place they had seen.

Egeland urged countries that sold cluster bombs to the Israelis, including the United States, to have "serious talks with Israel."

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The U.N. Mine Action Coordination Center, which has so far assessed 85 percent of the bombed areas in Lebanon, has identified 379 bomb strike areas that are contaminated with as many as 100,000 unexploded bomblets.

Egeland said about 750,000 people had managed to return home, which he called "remarkable."

Egeland will travel to Stockholm on Thursday to launch a revised humanitarian appeal for Lebanon.

The appeal has raised about $90 million, which Egeland indicated would be enough for the initial, emergency response. The Lebanese government will launch its own appeal for several hundred million dollars to continue the rebuilding.

Lebanon Offers Aid For Rebuilding (WP)

By Nora Boustany

The Washington Post, August 31, 2006

BEIRUT, Aug. 30 -- Prime Minister Fouad Siniora on Wednesday unveiled a $33,000 compensation package for Lebanese whose homes were destroyed in the fighting between Hezbollah and Israel.

The announcement came on the eve of a donor conference in Stockholm aimed at raising $500 million to jump-start Lebanon's recovery. Siniora said the money would be used to rebuild roads and vital infrastructure damaged in southern Lebanon and in the southern suburbs of Beirut during the 33-day conflict.

Siniora said he would ask countries represented at the conference to sponsor the rebuilding of villages hardest hit by Israel's military action, which followed Hezbollah's capture of two Israeli soldiers on July 12. The small, oil-rich state of Qatar, for example, already has pledged to rebuild the southern town of Bint Jbeil, where entire neighborhoods were destroyed in intense shelling, bombing and rocket attacks.

The European Commission said Wednesday that it would add about $53 million to its pledge of $64 million for emergency relief and to assist Lebanese businesses. Kuwait has pledged $800 million, Saudi Arabia $500 million and the Bush administration has promised to earmark $230 million in aid to Lebanon.

The Lebanese government's compensation plan comes amid domestic and regional criticism for what some say has been a slow response to the needs of the people, and three days after Hezbollah's leader, Hasan Nasrallah, suggested that the government was not meeting the expectations of the Shiite Muslim community.

Days after a Aug. 14 cease-fire took effect between Israel and Hezbollah, the Shiite militia began giving $12,000 in cash to Lebanese who had lost their homes. The assistance raised concerns in Lebanon and abroad that an already indebted government would not be able to match Hezbollah's largess.

Analysts have warned that the public's frustration with the government's lagging efforts, when compared with Hezbollah's swift delivery of stacks of U.S. $100 bills, could lead to instability.

In Bint Jbeil, huge yellow signs in the name of the municipality thanking the emir of Qatar compete with yellow Hezbollah banners taped to slabs of wrecked buildings.

One Hezbollah sign reads: "Your Democracy, USA," an apparent reference to the destruction caused by U.S.-supplied Israeli weaponry. "You destroyed the bridges. We crossed through people's hearts," reads another yellow banner, taped across the debris of collapsed bridges and overpasses knocked down by the Israeli bombing.

Hani Hammoud, an adviser to parliament member Saad Hariri, said that Hezbollah had informed government officials that it could not afford to finance a comprehensive rebuilding effort, as initially promised. Hariri is also the son of a former prime minister who was assassinated last year.

"The government is simply doing its duty," Hammoud said. "It is not the fault of ordinary citizens if an armed group did something foolish, and it is not their fault if someone promised money that is not going to come."

"What is needed is far more than what they expected, and they simply don't have it," he added.

Last weekend, Nasrallah said that if the government compensated those whose homes were damaged or destroyed, he would pay them whatever else was needed for reconstruction.

The governor of Lebanon's Central Bank, Riad Salameh, said 10 days ago that the banknotes Hezbollah was distributing had not gone through the Lebanese banking system and that they must have been transported across the border by land. "This is a customs problem, not a Central Bank issue," he said at the time.

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Lebanese officials have vowed that border controls would be tightened. Siniora told a group of foreign journalists Tuesday that the government had deployed 8,600 soldiers along its eastern border.

Four days ago, a truck was seized in Janta, just west of the Syrian border in the western Bekaa region, security officials said. The truck was loaded with more than 1 1/2 tons of explosives, and its target was unknown.

Lebanon Refuses Contact With Israel (AP)

By Hussein Dakroub, Associated Press Writer

AP, August 31, 2006

Lebanese Prime Minister Fuad Saniora said Wednesday that he refused to have any direct contact with Israel and Lebanon would be the last Arab country to ever sign a peace deal with the Jewish state.

"Let it be clear, we are not seeking any agreement until there is just and comprehensive peace based on the Arab initiative," he said.

He was referring to a plan that came out of a 2002 Arab League summit in Beirut. It calls for Israel to return all territories it conquered in the 1967 Mideast war, the establishment of a Palestinian state with Jerusalem as its capital and a solution to the Palestinian refugee problem — all in exchange for peace and full normalization of Arab relations with Israel.

Israel has long sought a peace deal with Lebanon, but Beirut has hesitated as long as Israel's conflicts with the Palestinians and Syria remained unresolved.

Saniora said Lebanon wants to go back to the 1949 armistice agreement that formally ended the Arab-Israeli war over Israel's creation.

Also on Wednesday, a Hezbollah cabinet minister said that the guerrilla group will not release two captured Israeli soldiers unconditionally, and that they would only be freed in a prisoner exchange.

"There will be no unconditional release. This is not possible," Minister of Energy and Hydraulic Resources Mohammed Fneish said in Beirut. He is one of two Hezbollah members in Lebanon's Cabinet.

"There should be an exchange through indirect negotiations. This is the principle to which Hezbollah and the resistance are adhering," he said.

Israeli Prime Minister Ehud Olmert said earlier Wednesday that the Israel-Hezbollah cease-fire could be "a cornerstone to build a new reality between Israel and Lebanon."

Israeli Foreign Minister Tzipi Livni and U.N. Secretary-General Kofi Annan also said they hoped the cease-fire deal could evolve into a full-fledged peace agreement between Israel and Lebanon.

Implementation of the cease-fire "gives us a foundation to move forward and settle the differences between Israel and Lebanon once and for all, to establish a durable peace," Annan said.

Also Wednesday, Saniora said that his government would pay $33,000 per house to compensate residents whose homes were destroyed by Israeli attacks. The government has been criticized for being slow to respond with financial support for people who lost homes in the fighting.

Saniora said 130,000 housing units had been destroyed or damaged in more than a month of Israeli airstrikes and ground fighting with Hezbollah guerrillas, mostly in south Lebanon. He did not give a breakdown of the completely destroyed houses.

Hezbollah launched rebuilding campaigns in its strongholds within days of the Aug. 14 cease-fire, burnishing its support among residents.

Saniora said he would ask delegates to an international donors' conference in Sweden on Thursday to take responsibility for rebuilding specific villages hit by Israeli attacks. Organizers of the conference are aiming to raise $500 million in aid for Lebanon, Sweden's aid minister said Tuesday.

The European Commission said Wednesday it will pledge $54 million at the conference on top of the $64 million that the European Union's head office has already earmarked for emergency relief to Lebanon.

For Israeli Aid Group, Long Road To Inclusion (WP)

By Zachary A. Goldfarb

The Washington Post, August 31, 2006

DOJ_NMG_0056141

For more than half a century, Israel's humanitarian relief society was not a member of the International Red Cross and Red Crescent Movement, the network of organizations that provide aid to people affected by war and disaster.

In June, Magen David Adom finally joined -- the result of a year and a half of diplomatic effort by the State Department working with American Red Cross, Israeli, Palestinian, Swiss government and international Red Cross officials.

"In some respects, the MDA issue was a very small microcosm, albeit without the violence, of the problems that have been going on in the Middle East for decades," said John B. Bellinger III, the State Department legal adviser who served as chief U.S. diplomat on the matter.

Just after Israel's founding in 1948, MDA sought for the first time to join the international movement. Joining the movement required that MDA use one of the emblems -- the red cross, the red crescent, and the red lion and sun -- defined by the Geneva Conventions as signifying humanitarian relief.

But MDA wanted to use its emblem: the red Star of David.

In 1949, diplomats rejected a proposal, 22 to 21, to recognize the Star of David, ending MDA's initial bid for inclusion. The international community had long resisted attempts to change its emblems.

Not being a member did not affect MDA's operations significantly, but it loomed symbolically over the next half-century as Israelis felt excluded from the international humanitarian movement. Periodic efforts to address the situation were begun, but they were always postponed because of concerns about the latest conflict in the Middle East.

In the 1990s, the idea of a new emblem was floated for nations that did not want to use the red cross or the red crescent. In early 2000, the American Red Cross, an ally of MDA frustrated by continued postponements, announced it would withhold its dues to the international group until the matter was resolved.

An October 2000 conference to begin the process of admitting MDA was scheduled. But it was derailed when violence broke out between the Israelis and Palestinians in September 2000 in the second intifada.

For the next few years, the issue was dormant.

When Condoleezza Rice became secretary of state in January 2005, the Israelis and Palestinians were at a relatively peaceful period. Rice sensed it was an opportune time to renew focus on the issue. The Swiss government, which serves as a coordinator for the Geneva Conventions and the international Red Cross, and foreign diplomats agreed.

Next came a flurry of diplomatic activity to bring MDA into the international movement.

"It's been a huge amount of effort over the last 18 months," Bellinger said. "I've almost never seen anything like it. . . . We have sent out more than 1,000 cables urging countries to move beyond politics and treat this as a humanitarian gesture."

At each step along the way, however, the effort nearly unraveled.

The first step was allaying the concerns of the Palestinian Red Crescent. MDA and the Palestinian Red Crescent forged an agreement to make it easier for Palestinian humanitarian personnel to do their work in areas controlled by the Israelis.

Also, international Red Cross officials planned an exception to a rule that only national societies could join the international movement. The Palestinians do not have a state.

A news conference to announce the agreement between Magen David Adom and Palestinian Red Crescent was planned in Geneva for Nov. 28. But it almost did not happen. On the previous evening, back in the States, American Red Cross chairwoman Bonnie McElveen-Hunter received a call from MDA chairman Noam Yifrach, anxious and awake at 1 a.m. in Geneva. He told her the Israeli government had said at the last minute that MDA could not sign the agreement.

Days earlier, Israeli politics were shaken up when Prime Minister Ariel Sharon left his political party. As McElveen-Hunter saw it, Sharon's new party wanted to play a role in the negotiations -- and be able to take credit for the outcome. She next made a round of frantic calls that led her to Shalom Turgeman, Sharon's diplomatic adviser. He brought up the matter with Sharon. Just after 3 a.m. Eastern time, McElveen-Hunter heard that the agreement had been signed.

That cleared the way for the next step: adopting an additional emblem, a red crystal in which a cross, crescent or Star of David could be placed. But, as in 1949, this required updating the Geneva Conventions.

In early December 2005, diplomats gathered in Geneva for 31/2 days to adopt the new symbol. Most of the work happened in backrooms. In one quarter, the Organization of Islamic States devised strategy about how "to exact as many political concessions as they can," Bellinger said. In another quarter, the United States tried to persuade Israel to accept concessions.

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The goal of these types of negotiations is to avoid a contentious vote, and to form consensus among the diplomats. But as the discussions dragged late into the night on the last day, it became clear to participants that consensus was not possible, and a vote would have to be taken. "We were worried that the conference would fail altogether," Bellinger said.

At the end, Islamic countries offered various amendments about the situation in the Middle East. Each was defeated. Then a final vote on the new emblem was taken. It passed with the support of more than two-thirds of the countries present.

The United States thought the process of MDA joining would go smoothly, until June 2006, when a final conference to admit the two organizations was planned.

Not so. Sharon suffered an incapacitating stroke. The Palestinians elected Hamas to lead their government. The Israeli government had yet to meet all of the terms it agreed to.

"We went into the final conference looking like the one in December," Bellinger said.

And the same things happened: The Islamic states sought political concessions, and the United States and international Red Cross representatives argued that the purpose of the conference was humanitarian -- not a forum for political discussion. In the end, that position prevailed.

On June 21, by a vote of 237 to 54, a resolution was passed enabling Magen David Adom and the Palestinian Red Crescent to join the international network.

Poll Shows Split On Arms Issue (WT)

By David R. Sands

The Washington Times, August 31, 2006

Lebanese are sharply divided along religious lines over whether Hezbollah guerrillas should be forced to disarm, despite giving the Shi'ite Islamist force high marks for its performance in the recent conflict with Israel.

A poll released this week by L'Orient Le Jour, a French-language Beirut daily, found that 84 percent of Lebanon's Shi'ite Muslims, the largest religious grouping in the country, think Hezbollah should hold on to its arms in defiance of a U.N. cease-fire agreement that is being implemented.

By contrast, more than three-quarters of Lebanon's Christian and Druze communities -- the two largest religious minorities -- said they want to see Hezbollah disarmed. Opinion was more evenly split among Lebanon's Sunni Muslims, with 54 percent favoring disarmament.

Overall, 51 percent of those polled were in favor of disarming Hezbollah, and 49 percent were opposed -- a statistical tie given the survey's margin of error.

The poll, conducted Aug. 14 to 17 by the French firm Ipsos-Stat, comes amid a fierce domestic debate over Hezbollah's role in provoking the war with Israel and in Lebanon's fragmented political system.

More than 1,100 Lebanese civilians died in the monthlong war, which the government estimates caused nearly $4 billion in damage to Lebanon's infrastructure.

Despite winning praise across the Muslim world during the fighting, Hezbollah leader Sheik Hassan Nasrallah has moved to address anger inside Lebanon over the devastation caused by the war.

He said Hezbollah officials did not count on Israel's overwhelming military response to a July 12 cross-border raid in which three Israeli soldiers were killed and two were captured.

"Had we known that the kidnapping of the soldiers would have led to this, we would definitely not have done it," Mr. Nasrallah said in an interview on Lebanese television broadcast Sunday.

A poll by the Beirut Center for Research and Information, conducted Aug. 18 to 20, found that a majority of Lebanese think Hezbollah had "won" the war with Israel, surviving a fierce ground and air attack by one of the world's most potent militaries.

That poll found that 84.6 percent think Israel had planned the war long before and had used the raid as a pretext.

Opinion has been far more divided in Israel, where the government of Prime Minister Ehud Olmert faces sharp questioning over its handling of the war.

A mid-August survey by the polling firm Teleseker for the Israeli newspaper Ma'ariv found that 28 percent of Israelis think their country had won the war, and 24 percent think Hezbollah had won.

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Thirty-six percent of the respondents said neither side had prevailed, and 12 percent expressed no opinion.

Jackson Has Plan For Soldiers' Release (AP)

By Aron Heller

AP, August 31, 2006

Veteran civil rights leader the Rev. Jesse Jackson said Wednesday he was convinced that if Israel and the Islamic militant groups holding three Israeli soldiers would hold talks it would lead to the soldiers' release.

Jackson spoke after earlier meetings with government officials and militant leaders in Syria and Lebanon. He said he believed the soldiers were alive.

"I'm convinced that if we have the capacity to talk, we could bring this matter ... to a head," Jackson told CNN. "I think we're right at the precipice of being able to make a breakthrough if we, in fact, are able to talk."

The religious leader arrived in Israel on Wednesday as head of a 10-member ecumenical delegation representing Jewish, Muslim, Roman Catholic and Protestant groups on a mission to try to get the soldiers' released.

Israeli has refused calls to make a prisoner swap to get the soldiers back, calling for their unconditional release.

The 34-day war between Israel and Lebanon began after Hezbollah fighters attacked an Israeli army patrol on July 12, killing three soldiers and capturing two others, Ehud Goldwasser and Eldad Regev. Their capture followed the June 25 abduction of Cpl. Gilad Shalit by Hamas-linked militants, an attack that sparked a major Israeli offensive in Gaza.

Jackson met with the soldiers' families on Wednesday and warmly clutched the hands of Goldwasser's wife, Karnit, as he spoke at a news conference.

"We got the clear impression, it was corroborated, though not proven, that the soldiers are alive, that somehow they were captured and not killed in action, that somehow there is a desire to negotiate or leverage their security and freedom for their other issues," Jackson said.

While Jackson's message held promise, it wasn't enough, Karnit Goldwasser said.

"We are still living off rumors, and if these rumors are true, they are encouraging. But we have no certainty they are true," she said. "We need the solid proof that they are alive."

Jackson has had success several times in the past in negotiating the release of political hostages.

In 1984, he met with then-President Hafez Assad of Syria and arranged the release of a Navy pilot whose plane was shot down over Lebanon. Also that year, Jackson persuaded Fidel Castro to release 48 American and Cuban political prisoners.

In 1990, he helped win the release from Iraq of more than 700 foreign women and children detained as human shields against an American military attack after Iraq's invasion of Kuwait. He also persuaded Yugoslav President Slobodan Milosevic in 1999 to free three Americans he was holding prisoner.

Venezuelan Seeks Another Anti-U.S. Ally In Syria (NYT/AP)

By The Associated Press

The New York Times, August 31, 2006

DAMASCUS, Syria, Aug. 30 (AP) — President Hugo Chávez of Venezuela received a hero's welcome on Wednesday in Syria, where he said the two countries would "build a new world" free of domination by the United States and vowed to "dig the grave of U.S. imperialism."

Thousands of Syrians waved banners and Venezuelan flags along Mr. Chávez's route to a meeting with President Bashar al-Assad.

His visit was the latest in a series of international stops where he has emphasized his opposition to Washington's global influence and advanced what he calls a multipolar vision of world affairs. His trips also coincide with Venezuela's push to win a rotating seat on the United Nations Security Council despite opposition from the United States.

Venezuela, the world's fifth-largest oil exporter, is consistently among the top sources of imported oil to the United States. But Mr. Chávez has cultivated close ties with Iran, Syria and Cuba, while his relations with the Bush administration have grown more tense.

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On Wednesday he against emphasized the role that cooperation between Venezuela and Syria, which is under increasing pressure from the Bush administration, could play in curbing ambitions by the United States.

"No matter how strong the American empire becomes and no matter how much force it uses, it will be defeated," he said. "We and Syria as well as other countries will be an army of tigers, struggling and strong."

Speaking at the airport shortly after Mr. Chávez arrived, President Assad said the two countries shared a common stand, "rejection of international hegemony," Syria's official news agency said.

Mr. Assad expressed support for Venezuela's bid to obtain the Security Council seat. The United States is supporting Guatemala.

Mr. Chávez also called for Israeli troops to withdraw from Lebanon and demanded the lifting of the Israeli blockade against Lebanon.

The Venezuelan leader has compared Israel's airstrikes in Lebanon to the Holocaust, and earlier this month withdrew his country's top diplomat from Israel to protest those attacks and Israel's actions toward the Palestinians.

Mr. Chávez and Mr. Assad met for two and a half hours at the presidential palace in Damascus. With the two leaders looking on, delegates from the two countries signed 13 political and economic agreements. Mr. Chávez also said Venezuela was willing to help construct an oil refinery that Syria is considering, with a capacity of 200,000 barrels a day.

An audience of students and dignitaries applauded Mr. Chávez's 10-minute speech after he received an honorary doctorate in international relations.

Asked about the visit to Syria, a spokesman for the United States State Department, Tom Casey, said Mr. Chávez should remind Damascus about preventing Hezbollah from receiving weapons.

"We think what's important for anyone having discussions with the Syrian government to do, is to emphasize the need for Syria to meet its international obligations," he said.

Chavez, Assad Join Hands Against U.S. (WT/AP)

By Albert Aji

The Washington Times, August 31, 2006

DAMASCUS, Syria -- Venezuelan President Hugo Chavez received a hero's welcome in Syria, where he said yesterday that the two countries will "build a new world" free of U.S. domination and vowed to one day "dig the grave of U.S. imperialism."

Thousands of Syrians waved banners and Venezuelan flags along Mr. Chavez's route to a meeting with President Bashar Assad.

His visit was the latest in a series of international stops where he has trumpeted his opposition to Washington's global influence and advanced what he calls a "multipolar" vision of world affairs. His trips also coincide with Venezuela's push to win a rotating seat on the U.N. Security Council, over U.S. opposition.

Venezuela, the world's fifth-largest oil exporter, is consistently among the top five sources of imported oil to the United States. But Mr. Chavez has built close ties with Iran, Syria and other Mideast countries while his relations have grown tense with the U.S. and Israel.

Mr. Chavez is courting a Syrian regime that is under U.S. pressure to police its border and stop the flow of arms to Hezbollah guerrillas in Lebanon.

"No matter how strong the American empire becomes and no matter how much force it uses, it will be defeated," Mr. Chavez said. "We and Syria as well as other countries will be an army of tigers, struggling and strong."

Speaking at the airport shortly after Mr. Chavez arrived, Mr. Assad said the two countries shared a common stand: "rejection of international hegemony," Syria's official news agency said. The remark was an apparent reference to the United States.

Mr. Assad expressed support for Venezuela's bid to obtain a rotating Security Council seat, a race in which the U.S. government is supporting Guatemala.

Mr. Chavez also called for Israeli troops to withdraw from Lebanon and demanded the lifting of an Israeli blockade against Lebanon.

A truce ended the monthlong war between Israel and Hezbollah on Aug. 14.

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The Venezuelan leader has compared Israel's strikes in Lebanon to the Holocaust, and earlier this month withdrew his country's top diplomat from Israel to protest those attacks as well as Israel's actions toward the Palestinians.

Mr. Chavez and Mr. Assad spoke for 2½ hours at the presidential palace.

With the two leaders looking on, delegates from the two countries signed 13 political and economic agreements. Mr. Chavez also said Venezuela was willing to participate in the construction of a domestic oil refinery that Syria is considering building with a capacity of 200,000 barrels a day.

An audience of students and dignitaries applauded the 10-minute speech after Mr. Chavez received an honorary doctorate in international relations.

Asked about Mr. Chavez's visit to Syria, State Department spokesman Tom Casey said the Venezuelan leader should remind Damascus about its international obligations to prevent Hezbollah from receiving weapons.

"We think what's important for anyone having discussions with the Syrian government to do is to emphasize the need for Syria to meet its international obligations," Mr. Casey said.

Mr. Chavez shrugged off the U.S. comments.

"I did not come here to offer any advice to my brother," he said, referring to Mr. Assad. "We came here to strengthen our will and stick together in opposing imperialism."

Bush's Love Of India Will Outlast Him (FT)

By Edward Luce

Financial Times, August 31, 2006

When George W. Bush was taking foreign policy lessons from the so-called "vulcans" (a group of advisers led by Condoleezza Rice) in the 2000 US presidential campaign, the subject of India arose: "A billion people and it's a democracy. Ain't that something?" said the then-governor of Texas.

What to some might have been a throwaway line about a faraway country was to Mr Bush an instinctive statement of support for a nation that Washington now routinely describes as a "natural ally". In spite of its continuing prickliness over sovereignty and a residual sense of anti-Americanism, India has returned Mr Bush's overtures with interest.

The burgeoning US-India relationship reached a high point early this year when Mr Bush visited New Delhi for the first time and concluded an unprecedented deal that permits India to derive all the advantages of being a signatory to the nuclear non-proliferation treaty without actually joining it. In other words, Mr Bush signalled that the US attached greater importance to India's emergence as a civil and weapons nuclear power – and thus implicitly endorses New Delhi's view of the NPT as a form of "nuclear apartheid" – than it did to the principal mechanism for containing the spread of the world's chief weapon of mass destruction.

In diplomatic terms, what Mr Bush did amounts to a sharp course correction. When observers point to Mr Bush's tendency to follow his instincts, they point to his administration's unquestioning support for Israel. They could just as persuasively point to the US-India nuclear deal.

It is true that many in both the US and India have expressed outrage at the deal, which non-proliferation experts in Washington say will act as an incentive to other non-signatories to acquire nuclear weapons and encourage existing ones, such as Iran, to persist with their clandestine programmes.

In India, Manmohan Singh's Congress party-led coalition has been assailed by the opposition Hindu nationalist BJP, which wishes it had concluded the deal so that it could take the credit, and by the prime minister's allies in the communist bloc of parties, which – being pro-China and anti-US – take a somewhat eccentric view of the world. They oppose nuclear weapons for all countries (including India) but make an exception for China and Iran.

However, neither set of domestic opponents is likely to derail the deal. In the US, the House of Representatives last month waved it through and the Senate will probably do so later this year. In India, the government does not require parliamentary approval for the deal and can probably hold its line without having to put it to a vote.

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But the issue has larger significance still. For the first time in US history, Washington has declared specifically that it will sponsor another country's rise to "great power" status – a slightly antiquated phrase but a clear statement nonetheless of Mr Bush's aims.

There are three reasons to believe America's sponsorship of India will outlast Mr Bush's tenure in the White House. First, India is emerging rapidly as an economic powerhouse. It is true that Mr Singh's government has been unable to advance New Delhi's economic reform agenda very radically, partly because of resistance from the communist parties

But the limitations imposed by India's complex system of multiparty coalition matter less nowadays to the country's overall economic performance than they used to. In spite of achieving relatively little in office, Mr Singh has happily pocketed annual growth rates of 8 per cent or more.

Partly because of India's booming services sector and an increasingly competitive manufacturing export base, 7 to 8 per cent growth looks sustainable even in years when the annual monsoon fails. This is good news for US exporters, who have lobbying power in Washington.

Second, India is a frontline ally in what looks to be America's increasingly long-term battle with Islamist terrorist groups around the world. Many of the Pakistan-based groups that target Indian security forces in the contested province of Kashmir, and also civilians in cities such as Mumbai and New Delhi, are linked to al-Qaeda.

Thankfully for those who cherish India's system of secular democracy, the increasingly fratricidal opposition BJP has been unable to capitalise on Mr Singh's weaknesses in government. But to an America with an increasingly Manichean view of the world, the return of the BJP to power would make little difference to its valuation of India as an ally. Increasingly, Washington sees India as the middle portion of a democratic axis of friends that stretches from Israel to Japan.

Finally, a rising India is seen as the best counterbalance to China, which is emerging rapidly as a world power – without the assistance of external sponsors. With the approaching fifth anniversary of the September 11 terrorist attacks on America, many forget that Mr Bush spent his first nine months in office thinking up ways to contain China, which he branded a "strategic competitor". One such method was to boost funding for Star Wars II, an anti-ballistic missile system that – if it ever worked – would partly be aimed at blunting China's nuclear reach. India was one of the first countries to welcome the system and request its protection whenever – or if ever – the much-derided programme bore fruit. Mr Bush did not forget New Delhi's immediate offer of support.

Five years later, New Delhi presides over a growing economy that is exciting US investors. India also possesses a growing nuclear arsenal (thought to be at least 100 warheads) that will expand with the help of Mr Bush's deal. There are many peculiarities to this strange relationship – and many critics as well. One certainty is that it will be an increasingly important fixture on the global stage in years to come.

The writer is the FT's Washington bureau chief and author of In Spite of the Gods: The Strange Rise of Modern India (just published in the UK by Little, Brown and to be published in the US in January by Doubleday)

As U.S.-Indian Alliance Grows, Defense Firms Seek To Profit (WP)

By Renae Merle

The Washington Post, August 31, 2006

After decades on the sidelines, U.S. defense contractors are eyeing India's growing military budget and aging arsenal as a multibillion-dollar opportunity that could help offset a projected slowdown in Pentagon weapons spending and extend production lines for such items as the F-16 fighter.

India has been effectively closed to U.S. defense firms since the 1960s, initially because of its ties with the Soviet Union, and later under formal sanctions imposed in response to nuclear weapons tests in 1998. Those sanctions were lifted in 2001, a decision given impetus by the Sept. 11 attacks and the growing strategic alliance between the two countries.

Several of the Pentagon's largest contractors, including Lockheed Martin Corp. and Boeing Co., have either opened new offices or beefed up existing ones in India and are part of an industry-wide wooing of military officials and business leaders there. Sikorsky Aircraft Corp., maker of the Black Hawk helicopter, opened an office in India in April and is competing for a contract for

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200 helicopters potentially worth more than $3 billion. General Dynamics Corp., based in Falls Church, bought an Indian company in 2004 and is using it to sell communications equipment.

The Aerospace Industries Association, a lobbying group, is planning a trip there in December with executives from up to 20 companies.

"The biggest hurdle is going to be patience," Torkel Patterson, president of Raytheon International Inc., said of joining the market. "We're getting to know each other." The company is hoping to sell Patriot missiles to India and to help it upgrade its missile defense system.

At stake are contracts worth billions from a country with expanding economic and strategic ties to the United States. While not the largest foreign defense market, industry officials and analysts consider it one of the fastest growing as it replaces fleets of Soviet-era planes and goes shopping for new radar and missile systems. India's defense budget is expected to reach more than $23 billion this year, compared with about $13 billion in 2000, according to Teal Group Corp., a Fairfax research firm.

"It's an untapped market that nobody has the inside track on yet," said Joel L. Johnson, a Teal Group analyst. "The Indians have money, their economy is growing and, so, U.S. companies are guessing that when our own defense budget finally gets crunched" the Indian market will be profitable.

Even after the arms embargo was lifted, hurdles to doing business remained. Indian officials worried that if the relationship soured again they could be left without critical spare parts, analysts said.

Last year, however, Indian Prime Minister Manmohan Singh and President Bush signed a joint statement that envisioned more defense cooperation and exchanges of technology. That, combined with White House and congressional support for the sale of nuclear technology to India, has made defense contractors confident that business will pick up.

The Indian Embassy declined to comment for this article, citing a policy against speaking about military acquisitions.

"India is clearly a nation we think we can build a lasting relationship with," Lockheed chief executive Robert J. Stevens said in a speech in London last month.

Overseas sales have become an increasingly important part of revenue for U.S. defense contractors. Lockheed, headquartered in Bethesda, aims to increase its foreign business to 20 percent of revenue by the end of the decade, up from about 14 percent now.

Lockheed got a "toe" into the Indian market this year when it was hired to supply parts for submarines. "It's modest, but part of confidence building," said Ron Covais, Lockheed's vice president for corporate international business development.

Developing a significant presence in India will not be easy. The country has traditionally bought its weapons from Europe or Russia and has a complicated and lengthy procurement process, industry insiders say. "The cost of marketing could equal 5 to 10 percent of contract. You're looking at a lot of upfront costs," said Richard Aboulafia, an aviation analyst for Teal Group.

Los Angeles-based Northrop Grumman, the maker of the Global Hawk, has tapped the Maryland Department of Business and Economic Development for help, as it prepares to open an office in New Delhi, the Indian capital, next year. The agency has arranged meetings for the firm and introduced them to Indian military officials, company officials said. "They have been educating us on how the Indian aerospace business has been developing," said Scott Porter, a Northrop vice president.

Critical to any contract, industry officials acknowledge, will be partnerships with Indian businesses. The Indian government is expected to require contractors to do about 30 percent of the work in the country, aiding local businesses and ensuring that they will have access to critical technologies. Northrop and Boeing sponsored an event on the topic last month, drawing more than 300 attendees, including India's defense secretary, Shekhar Dutt. Tata Group, a $42 billion Indian conglomerate, receives several calls a month from defense contractors considering partnerships, said David Good, the company's North American representative.

The Confederation of Indian Industry has led three delegations of U.S. companies to India to meet with potential partners this year.

"It will help build the confidence that the U.S. is a reliable supplier," said Kiran Pasricha, the groups' deputy director general. "I don't want U.S. companies to be just a supplier, what we really need is co-production and investment by the U.S. and India to show a long-term commitment."

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The largest near-term opportunity is India's plan to buy 126 fighter aircraft, which would replace their older Russian MiGs. Lockheed and Boeing are marketing their F-16 and F-18 aircraft respectively, squaring off against Britain's Eurofighter and Israel's Rafael. "That will be the bellwether. How serious is India in looking at us as a supplier, how serious is the U.S. in releasing technology?" Teal Group's Johnson said.

For both Lockheed and Boeing the orders could help extend their production lines. Lockheed has supported the F-16 line for years with international orders, but recently began laying off hundreds of workers as it prepared for demand to dwindle.

"If they pick us to recapitalize their Air Force, you're talking about 25 years of relationship," Lockheed's Covais said.

Shaky Darfur Peace At Risk As New Fighting Looms (NYT)

By Lydia Polgreen

The New York Times, August 31, 2006

EL FASHER, Sudan, Aug. 30 — At the airstrip here in the heart of Darfur, the Ilyushin cargo planes fly in day after day, their holds packed with the stuff of war: troops, trucks, bombs and guns.

So far, negotiations over a proposed United Nations force to shore up the shaky peace in Darfur have limped along with no sign of compromise. The opposing sides in the conflict now seem headed toward a large-scale military confrontation, bringing Darfur to the edge of a new abyss — perhaps the deepest it has faced.

“Unfortunately, things seem to be headed in that direction,” said Gen. Collins Ihekire, commander of the beleaguered 7,000-member African Union force that is enforcing a fragile peace agreement between the government and one rebel group.

Nearly four months after signing the agreement, the government is preparing a fresh assault against the rebel groups that refused to sign. Years of conflict have already killed hundreds of thousands of people here and sent 2.5 million fleeing their homes. But that may be a prelude of the death likely to come from further fighting, hunger and disease. In the past few months, killings of aid workers and hijackings of their vehicles, mostly by rebel groups, have forced aid groups to curtail programs to feed, clothe and shelter hundreds of thousands of people.

“We have less access now than we did in 2004 when things were really bad,” said one senior aid official in El Fasher, speaking on the condition of anonymity because outspoken aid workers have been penalized and expelled by the government. “If there were a major military offensive you could be looking at a complete evacuation of humanitarian workers in Northern Darfur, which would leave millions without a lifeline.”

Diplomatically, Sudan has taken a hard line, refusing to allow any international peacekeepers other than the small and relatively powerless African Union force already in place.

The United Nations Security Council plans to vote Thursday on a resolution that would replace the 7,000 African Union troops with some 21,000 United Nations troops and police officers, but the resolution specifies that the troops will not deploy without the consent of the Sudanese government.

A visit to Khartoum this week by Jendayi E. Frazer, assistant secretary of state for African affairs, failed to produce an agreement, potentially leaving the people of Darfur without any international peacekeepers to protect them. The African Union force has only enough money to keep going until Sept. 30, when its mandate officially ends. As it is now, its troops have not been paid, in some cases for months. It is perpetually running short of fuel, food and equipment, and its suppliers, who also have waited months for payment, are reluctant to make new deliveries. Helicopter flights that deliver all but the most essential goods — food and medicine for the troops — have been canceled.

Beyond that, the force is finding itself increasingly drawn into the battle between the government and the rebels. An attack on a fuel convoy earlier this month was suspected to be the work of rebels. Two Rwandan soldiers were killed in an intense firefight that lasted hours. Rebel leaders deny that they were involved in the ambush, but nevertheless say that the African Union is biased because it brokered a peace agreement that they reject.

Most ominous is the looming confrontation between government troops and rebel holdouts, which is set to take place on a battlefield that is home to a quarter of a million people, and could easily set off a chain of battles across Darfur. “It would be catastrophic,” said another senior aid official with a different agency, asking not to be identified for fear of retribution from the Sudanese government. “In terms of loss of life it could dwarf the killings in 2003 and 2004.”

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In that period alone, at least 180,000 people died from attacks on villages by government forces and their allied Arab militias, known as the janjaweed, and in battles with non-Arab rebel groups seeking greater power in the region. The violence brought on widespread hunger and disease, often the most lethal killers here.

El Fasher was once a sleepy state capital in an impoverished, backward part of Sudan. Now it is a garrison town swarming with government troops in crisp new uniforms, driving shiny trucks mounted with 50-millimeter guns. The trucks are so new that their spare tires still bear the white and blue marks from the factory along the grooves of their deep treads.

The government has made no secret of its intentions — it submitted a plan to the Security Council earlier this month stating its plan to use 10,500 of its own troops to crush the rebellion, a move that would violate the peace agreement it just signed, according to General Ihekire.

In an interview in Khartoum last week, Lam Akol, the foreign minister, said the government was simply trying to secure peace.

"We have the duty to secure our territory," he said. "We have signed a peace agreement, and if the holdouts don't want to join it then what can we do? How else can we return the region to normal life?"

The rebel movements that refused to sign the Darfur peace agreement have massed in a vast swath of territory north of here, gaining strength and flexing their muscle in attacks on government troops and its allies, as well as on the African Union force.

In an interview deep in the territory they hold, commanders of the new rebel alliance, the National Redemption Front, said they were ready for a fight.

"Our capabilities are unlimited, on the air and on the ground, to repel them," said Jarnabi Abdul Kareem, a top rebel commander.

In Umm Sidir, more than 100 rebel soldiers preened with their Kalashnikov rifles for visiting journalists. Many seemed barely in their teens, with amulets encasing Koranic verses slung across their narrow, boyish chests. Their battered pickup trucks were mounted with heavy weaponry — gleaming anti-aircraft guns and shoulder-fired missiles. The splintering and reforming of the rebel groups since the peace agreement was evident in their makeshift logos. On one truck, the initials had been changed so many times that the jumble of abbreviations — SLA, JEM, NFR, G-19 — had become a collection of illegible smears.

Seated in a circle under a thorny tree, leaders of the front, joined in collective hatred for the signers of the peace agreement, said they came back to the battlefield reluctantly.

"We are holding arms in our left hand but an olive branch in our right," said Abubakar Hamid Nour, a commander of the Justice and Equality Movement, an Islamist group that has joined with a faction of the Sudan Liberation Army to fight against the government and the rebel faction that signed the agreement.

"But the government selected the way of force, the way of arms," he continued. "The government has dispersed our people, burned 4,000 villages, raped the women of Darfur. This peace agreement will never answer to the people of Darfur who carried arms to win their rights."

The battles over this patch of earth have already exacted a terrible toll.

On the outskirts of Hashaba, people displaced by the fighting as far back as 2003 have settled, their camps becoming semipermanent villages. There are few men here — just a handful among dozens of drawn-faced women and wiry children with ochre-tinted hair, a telltale sign of malnourishment.

"We used to get food here, but no one comes anymore," said Aisha Adbul Rahman. In her hut were the ingredients for that night's dinner — a calabash of brown, silted water and half a bowl of millet.

In Hashaba, at a clinic run by the International Rescue Committee, an aid organization, Dr. Hassan Ibrahim Isaac said he wrote prescriptions for the banal sicknesses that killed here — malaria, diarrhea, pneumonia. But these bits of paper are like scrip at a bankrupt company's store. The clinic's pharmacy ran out of antibiotics and antimalarial drugs long ago.

"I still come because I don't want people to give up hope," Dr. Isaac said. "But now fewer people come. They know I have nothing to give them."

This is the planting season, when rains coax skeins of green from the dun-colored earth. Once-bleak hills bristle with grassy stubble. Wadis, seasonal rivers, snake across the landscape like aortas, veins and capillaries. But they bleed into empty

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fields across much of Northern Darfur — violence has kept many villagers from their fields. And so the earth foretells more hunger when harvest time comes.

Military officials for the African Union said the government troops could build up along an axis between El Fasher and the towns of Mellit and Kutum, using Antonov bombers and attack helicopters to wipe out as many rebels as they can, then force the rest to flee north. Another possibility is that the government will attack from the south, and airlift troops to swoop down from the north as well.

Already, bombing attacks on Kulkul have pushed rebels north to Umm Sidir and beyond, African Union military commanders said.

Open armed conflict on a vast scale seems so likely, and the hope of a United Nations peacekeeping force arriving to ease the tensions so distant, that a joke has been making the rounds of military and aid officials here: The most important peacekeeper in Darfur right now is the rain.

It turns the rough, dusty tracks that crisscross the arid plains and mountains into impassable bogs, and swells once-dry riverbeds into rivers easily capable of carrying off a Toyota Land Cruiser, the military vehicle of choice.

But the rains end in the next couple of weeks.

Disorderly Conduct: As Mexico Awaits Vote Decision, Social Upheaval Is On The Rise (WSJ)

By David Luhnow And John Lyons

The Wall Street Journal, August 31, 2006

MEXICO CITY -- With conservative Felipe Calderón now all but certain to become Mexico's next president, he faces a critical issue that will determine the success of his six-year term: How to prevent growing political confrontation from undermining the country's transition to democracy and free markets.

Mexico is coming off its version of the Florida 2000 election battle. Mr. Calderón's narrow July 2 defeat of his leftist opponent Andrés Manuel López Obrador also landed in a court, which this week rejected Mr. López Obrador's contention that the balloting was marked by fraud. The electoral court is now widely expected to name Mr. Calderón the president by the legal deadline of Sept. 6. But unlike 2000, when former vice president Al Gore accepted the Supreme Court's ruling on the election, Mr. López Obrador refuses to recognize judicial power. Instead, the former Mexico City mayor is promising to make the country ungovernable. It's as if Al Gore had called for revolution instead of calm.

On top of dealing with his election opponent, Mr. Calderón faces other violent challenges. Radical leftist groups have taken control of Oaxaca, one of Mexico's most famous Colonial-era cities, shutting down the local government in an attempt to force out the elected governor. And in a sign of the growing reach of the drug trade, decapitated bodies turn up regularly in cities where frightened local authorities have largely given up police work.

The 44-year-old Mr. Calderón promises to deal with these challenges through a combination of carrots and sticks. He wants to reach out to Mr. López Obrador's supporters among the poor by promoting policies aimed at creating a more equal society, including expanding to poor urban areas a successful rural-welfare program that requires families to keep their children in school to receive aid. At the same time, he vows to strengthen a weakened Mexican state by confronting growing mob rule, using police to crack down on political and drug-related lawlessness around the country.

"I understand that people have the right to protest things, but only so long as they don't infringe upon the rights of others," Mr. Calderón said this week in a speech to women business leaders. During his campaign, he promised he would not let groups of people "with machetes" interfere with his government.

Mr. Calderón's first challenge will be simply getting to the presidential chair. Mr. López Obrador's supporters have blockaded key roads in Mexico City for the past month, and plan to step up their campaign of civil disobedience. They pledge to block the country's annual armed forces parade during Independence Day celebrations on Sept. 16, and to prevent Mr. Calderón from being sworn in at Congress on Dec. 1.

Mr. Calderón's success in toning down political confrontation will shape his presidency, and determine whether he has the political skills to tackle some of the long-term problems that have stunted Mexico's development. Among them: reforming the energy sector, confronting monopolists and union bosses who have an iron grip on the country's largest industries, and asserting

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the rule of law in a country where police, courts and Congress are often dismissed as unjust or corrupt. The outcome will also determine whether the U.S. has a politically stable and prosperous neighbor next door or has yet another headache in its growing list of global problems.

Despite hard talk by the former energy minister, his camp is still debating how tough to get with Mr. López Obrador's protest movement, according to people familiar with the discussions. One key issue on the table: Whether to urge President Vicente Fox to use force to clear Mr. López Obrador's tent villages from Mexico City's main boulevard and the central square.

While some advisers think a crackdown could ease Mr. Calderón's transition to government, others worry that confrontation would play into his rival's hands by inflaming a movement that is losing public support. Polls show support for the protest movement waning and moderates in Mr. Calderón's camp believe Mr. López Obrador's supporters in his Party of the Democratic Revolution, or PRD, are likely to distance themselves from the increasingly unpopular leader.

Meanwhile, Mr. Calderón faces some political weakness himself. Polls show that a third of the voters believe he won through fraud. And ideological inclusiveness doesn't come naturally to his National Action Party, or PAN, a buttoned-down Catholic organization that's tight with the business elite and often criticized as out of touch with broader Mexico.

Before the vote, Mexicans and foreigners alike assumed that Mexico's peaceful transition to a democracy was a done deal, completed when President Fox ousted the former ruling party six years ago. The prevailing wisdom was that the next government's challenge was how to transform a sluggish economy to compete with more dynamic Asian rivals. Even with Mr. López Obrador's ongoing challenge, the peso and stock markets remain firm and foreign investors don't seem overly concerned.

But the bitter post-electoral fight has revealed a side of Mexico that many assumed was the stuff of history books. Mexico's political transformation during the past decade is the country's third attempt to build a lasting democracy, says Enrique Krauze, one of Mexico's most prominent historians and a López Obrador critic. The first attempt, by President Benito Juárez, lasted nearly a decade but didn't survive his 1872 death in office. The second was the brief tenure of Francisco Madero, which ended in 1913 with his assassination and a complete breakdown in order, sparking one of the most violent stretches of the period Mexicans now call their "revolution."

"There should be no doubt that Mr. López Obrador represents a revolutionary threat," Mr. Krauze argues. "This is no joke. I hope that he will not succeed and democracy will prevail. But nevertheless, it's important that people realize what the stakes are."

Political analysts say the provincial politician from the rural state of Tabasco is looking to re-enact recent events in Latin American nations like Bolivia and Ecuador, where radical protest movements forced out democratically elected leaders. In Bolivia, the leader of those protests, Evo Morales, went on to win an election last year and is now that country's president.

Indeed, Mr. López Obrador, 52, openly says Mexico "needs a revolution" and has vowed to keep his protest movement going until the nation's "simulated republic" is brought down. He has promised to use mass protests to prevent Mr. Calderón from carrying out his agenda -- saying, for instance, that he will block moves to allow private industry to have a greater participation in everything from oil and electricity production to pension funds. According to polls, about 16% of Mexicans say they would be willing to take part in actions like blockading roads or airports to help Mr. López Obrador.

César Yáñez, a spokesman for Mr. López Obrador, says the movement intends to use street protests to force Mr. Calderón to respond to the leftist's goals, such as ensuring that natural resources like oil remain in the hands of the state. He rejected comparisons with Bolivia and said there are no plans to use violence to bring down the Calderón government. "For us, the Calderón government will be illegitimate, but that's not the same thing as saying there will be violence," he said.

Protest movements like Mr. López Obrador's have flourished in recent years, finding fertile territory in a new democratic landscape swept clean of the harsh tactics of the old authoritarian regime. The graceful colonial city of Oaxaca offers a glimpse of the kinds of tactics available to Mr. López Obrador. There, a protest movement is trying to force out a democratically elected governor. For the past three months, the 70,000-strong teacher union has laid siege to the city demanding a wage hike. It has occupied the downtown area with roadblocks and prevented all three branches of government from working by blocking government buildings with protesters armed with sticks, pipes and machetes.

Hotels in the one-time tourism magnet are largely empty and the city is lawless. Small gangs of student radicals, their faces covered in bandanas, roam the city center and question passersby whom they deem "suspicious." Taking photographs is now

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banned. Police don't dare work -- no one answers the local equivalent of 911 -- the state Congress meets secretly at a hotel, and judges stay at home.

Oaxaca state governor Ulises Ruiz, from the former ruling PRI party, tried to clear the protesters from the city in mid-June, but the mob easily beat back his police, several of whom were briefly taken hostage. After the attempted crackdown, the protesters got more radical, demanding the governor resign as a precondition for talks. They also burned buses and cars, stormed eight privately run radio stations to urge citizens to take to the streets, briefly blockaded the city airport and set a 10 p.m. curfew. Mr. Ruiz now wants federal police to intervene, but Mr. Fox has indicated he doesn't want to get involved.

"This place is no man's land," says Elpirio Velázquez, who owns a stall that sells school supplies in the city's central market. Mr. Velázquez says he supported the teachers' wage demands but thinks they've gone way too far in taking up violence and calling for the governor's ouster. "If they kick him out, then what happens? They just kick out any governor they don't like?"

The parallels are striking between the Oaxaca protests and Mr. López Obrador's Mexico City sit-in. Mr. Ruiz won a 2004 gubernatorial race by a very narrow margin over his rival, a candidate of Mr. López Obrador's PRD, which claimed the loss was due to fraud and threatened to organize street protests.

Mr. Calderón's PAN party supported the PRD's candidate in the state race two years ago against Mr. Ruiz, but is now throwing its weight behind the embattled governor, arguing that his resignation would undermine the rule of law. Top PAN officials also argue allowing Mr. Ruiz to step down might encourage Mr. López Obrador to continue his protests in the hopes of eventually forcing Mr. Calderón from office. "What's happening in Oaxaca is a blueprint for the PRD to try to force Calderón from office," says Dagoberto Carreño, the PAN's secretary general in Oaxaca.

Mr. Calderón will have to make some tough decisions about the use of public force that his recent predecessors have shied away from. The government's reluctance to use force is partly explained by history. A 1968 massacre of hundreds of protesters in Mexico City is the country's version of Tiananmen Square. Mexicans tend to view the use of force by the government as repression rather than law and order. When President Fox took power in 2000, polls showed that 80% of Mexicans were opposed to the government's use of force to put down dissent. That figure has since dropped, but is still high at 60%.

Under Mr. Fox, the government's unwillingness to consider force had its cost. Consider what happened to Mr. Fox's plans for a new six-runway airport near Mexico City, a glittering symbol of Mexico's climb into the global economy. Shortly after work on the project began in 2002, peasants who were due to be relocated to make room for the airport picked up machetes, blocked construction crews and took 15 state officials hostage, threatening to set them ablaze unless construction was halted. They won.

After Mr. Fox killed the project, the Mexican press was rich with debate about whether the move was a win for democracy or set a troubling precedent for mob rule. Emboldened by their win, the airport protesters next ran the mayor and police force out of the nearby town of Atenco, and started a regular campaign of highway blockades to demand goods and services. But when a newly elected governor, Enrique Peña, decided to end the airport group's road blockades with force this year, results were mixed. Ill-trained and under-equipped police battled protesters for two days in a bloody confrontation. The protest leaders were later jailed, but Mr. Peña's career suffered after he was forced to respond to charges of brutality and even sexual assaults by the police.

Mr. Calderón hopes to set a different tone, starting in the interim period before his Dec. 1 inauguration. During that time, Mr. Fox remains as a lame-duck president but must work with a new Congress, which will be sworn in Sept. 1. Mr. Calderón wants to work with Mr. Fox to pass some high-profile measures and show he can govern despite the turmoil on the streets. Among the possibilities are a reform of the state-owned oil company's corporate finances and a shake-up in the federal police.

Many political observers say he must go far beyond that to send strong signals that he is serious about addressing the core issues of poverty and scarce job opportunity that gave rise to Mr. López Obrador's movement. In private conversations, some business executives are even urging Mr. Calderón to go after some of the sacred cows of the Mexican economy, such as limiting the reach of the privately held Mexican monopolies. They argue that this would prove that he is not afraid to disappoint constituents in order to unblock logjams to entrepreneurship and growth.

In Bolivia, New Setbacks To A Leader's Lofty Vision (WP)

By Monte Reel, Washington Post Foreign Service

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The Washington Post, August 31, 2006

Morales Faces Budget Shortfalls, Labor Strife

BUENOS AIRES, Aug. 30 -- Intensifying labor strife, political infighting and budgetary pressures are threatening to chip away at the domestic support of Bolivian President Evo Morales, who took office in January promising to nationalize the natural gas industry and to achieve social equality for the country's indigenous majority.

During his first months in office, Morales announced a series of sweeping reforms that have helped make him one of the most popular presidents in modern Bolivian history and heightened expectations in a country eager to shed its label as South America's poorest. In May, he donned a hard hat and announced that all foreign energy companies had to surrender operational control to the state's energy company. This month, he celebrated the creation of a newly elected assembly to rewrite the country's constitution, a key demand of indigenous supporters who view Morales, of Aymara Indian heritage, as an advocate.

But days after that celebration, the government quietly issued a statement announcing the temporary suspension of the "full effect" of the nationalization program because of a lack of funds. On Monday, the president of the state energy company resigned after being accused of violating the nationalization decree by exporting oil through a Brazilian firm. A day later, members of the Constituent Assembly suspended voting amid tense debate over charges that Morales and his supporters were trying to manipulate the assembly to circumvent Congress and the courts.

Before he was elected president, Morales was the leader of a coca growers' union and was known for leading public demonstrations, including some that helped topple two presidents between 2003 and 2005. But this week, Morales found himself on the receiving end of the same sort of social and labor protests that he used to organize.

"The honeymoon that this government has had with the social movements is starting to come to an end," said Gonzalo ChÃ¡vez, an economist and political analyst at the Bolivian Catholic University in La Paz. "The movements are now asking for results, such as more employment and better income distribution. It is causing some problems for the government, but Morales still has very strong support -- his popularity rating is at about 70 percent, according to the most recent polls, which is enormous support for a president in Bolivia. So I think he still has a lot of room to maneuver to avoid serious conflicts."

But the pressure is building quickly. Teachers this week began a strike to protest plans to make indigenous languages compulsory. Bus drivers launched a two-day walkout to protest one plan that would require drivers to re-register and another that would increase fines for traffic violations. Postal workers continued a week-long strike aimed at securing the resignation of a top official, and public health workers took to the streets to demand the reinstatement of several officials fired recently over corruption allegations.

Near the border with Argentina, a group of Guarani Indians briefly turned off a natural gas pipeline that supplies Argentina to protest that country's recent hike in customs and border-crossing fees.

Strikes and protests are nothing new here. But Morales's policies have underscored the long-standing divisions in Bolivia that are at the heart of the most recent controversies.

The Constituent Assembly was set up to eliminate the inequalities suffered over the years by the indigenous population. Given its importance, Morales and his supporters have pushed for the power of the assembly to supersede that of Congress and the judiciary. But opposition members have balked, saying they fear that the president could use the assembly to significantly weaken the branches of government he doesn't control.

Meanwhile, the government has blamed its bitter relationship with the opposition for the delays in the nationalization program, which Morales said in May would probably take six months. When the president of Bolivia's state-run energy company resigned this week, he labeled accusations that he violated the nationalization program "an attack by the oligarchy and the reactionary right wing."

Critics of the program, however, said the problems faced by the energy company prove that the government is not prepared to take over the sector.

The delay in the nationalization program "was a recognition that they may have bitten off more than they could chew," said Carlos Alberto LÃ³pez, a former vice minister of energy who is now an energy industry consultant based in La Paz. "This had been, pretty much, the main campaign measure they had proposed, and all of a sudden they realize that they can't go forward as they had expected."

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Last week, the Bolivian Senate -- which is controlled by a narrow majority of members opposed to Morales -- voted to censure Energy Minister AndrÃ©s Soliz, forcing him to offer a letter of resignation. Morales rejected the resignation and reiterated that the nationalization program would proceed once emergency financing became available.

"This vote is a shameful act against our national dignity by a group of sellouts," Morales said in a televised speech last week, according to the Associated Press. "The nationalization and industrialization of our natural resources will not stop."

Monitors Say Troops Killed Aid Workers In Sri Lanka (NYT)

By Shimali Senanayake And Somini Sengupta

The New York Times, August 31, 2006

COLOMBO, Sri Lanka, Aug. 30 — In a searing indictment of the Sri Lankan government, Swedish-led cease-fire monitors on Wednesday accused government security forces of killing 17 aid workers early this month in Mutur in one of the worst attacks against humanitarian workers worldwide in recent years.

The statement, issued by the Sri Lanka Monitoring Mission, cited three reasons for its conclusion. First, it noted, security forces had been in Mutur at the time of the killings. Second, the government had barred the monitors from the scene immediately after the bodies had been discovered. Third, confidential conversations with "highly reliable sources" had pointed to the culpability of the security forces.

No other group, the Monitoring Mission concluded, would have been in a position to carry out the killings, which it called a "gross violation" of the tattered cease-fire.

"The Security Forces of Sri Lanka are widely and consistently deemed to be responsible for the incident," the statement read. Such executions are considered a war crime, the New York-based group Human Rights Watch noted in a statement on Aug. 11, referring to the episode.

The 17 employees of the French branch of the international aid agency Action Against Hunger were found dead on Aug. 6 in the agency's office in Mutur. Fifteen of the employees had been shot in the head. Two had been shot in the back, as though they had been trying to escape their attackers, agency officials said at the time.

They all wore T-shirts bearing the agency's name. Action Against Hunger worked on tsunami reconstruction and provided water and sanitation services to people displaced by war.

The government has said it would conduct an inquiry, but has made no announcements about its investigation yet.

In a statement, it reacted angrily, saying it "regrets the unprofessional and rather irresponsible stand" by the truce mission. It said the determination lacked any factual evidence to substantiate its conclusion and was based on misleading inferences, denying that the authorities prevented monitors from visiting the scene.

The government "categorically rejects this sweeping generalization of a very speculative conclusion reached even before the necessary forensic and other investigations have been concluded," the statement added.

The findings of the truce monitors were issued on the eve of the departure of its Swedish chief, Maj. Gen. Ulf Henricsson, and several others who are from European Union countries. The rebel Liberation Tigers of Tamil Eelam demanded that European Union citizens leave the mission after the European Union added the group to its list of banned terrorists in May.

The move effectively forced the ouster of monitors from Denmark, Finland and Sweden. Monitors from Norway and Iceland, non-European Union countries, will remain in Sri Lanka. The size of the mission will shrink by half, to about 30.

The monitors on Wednesday also blamed the rebels for a mine attack on a civilian bus that killed 68 people in June, while holding the government responsible for mine attacks in rebel-held territory from April through June in what it called "a deliberate strategy against'' rebel cadres and civilians in rebel-controlled areas.

A long-fragile cease-fire agreement, signed in 2002, has since deteriorated to a resumption of conventional warfare between Sri Lankan military and rebel troops.

The latest fighting began about a month ago, ostensibly over control of an irrigation channel in the east, and has since spread to the strategic largely Tamil Jaffna peninsula in the north.

By this week, the fighting had blocked access in and out of Jaffna, leaving it perilously short of food staples. About 200,000 people have been displaced by the latest fighting, the United Nations refugee agency says.

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Clashes continued this week, with the Sri Lankan military pounding rebel positions in the east with mortar and artillery fire. The rebels said on Tuesday that 22 Tamil civilians had been killed in troop attacks, a charge the military has denied.

Earlier on Wednesday, an ethnic Tamil journalist who was abducted a day earlier, was freed unharmed. The journalist, Nadaraja Guruparan, 39, who leads the news division of a privately owned Tamil-language radio station Sooriyan FM, had been abducted by an armed group on his way to work.

Five journalists have been killed in the last 16 months, four of them ethnic Tamils. None of the cases have been solved.

Merkel's Star Fades As Economic Plan Stalls (WSJ)

By Marcus Walker

The Wall Street Journal, August 31, 2006

BERLIN -- German Chancellor Angela Merkel's authority is in decline as her fragile coalition government proves unable to capitalize on an economic upswing to introduce badly needed changes in the world's third-biggest national economy.

Falling approval ratings for Ms. Merkel and her government are compounding the problem by making it harder for the already fractious coalition to agree on how to create jobs and turn the economic improvement into better growth over a longer period.

Ms. Merkel is playing down the negative. She promised this week that her left-right coalition government would push forward long-promised overhauls of the health-care system and business taxes. At the same time, however, she was forced to admit: "Citizen support isn't there."

Indeed, her approval rating has declined to 56%, far below the 80% approval she enjoyed early this year. Voter support is falling for her conservative Christian Democratic Union and its coalition partner, the left-leaning Social Democrats. That, in turn, is leading to squabbling inside the government about the pace and direction of economic retooling at a critical time. Germany, the powerhouse of the European economy, is enjoying a moderate economic recovery driven by improved efficiency in German industry. The economy is expected to expand by more than 2% this year after five years of stagnation.

But faster growth is only slowly lowering the country's high unemployment rate of more than 10% amid continuing labor-market weaknesses, including strict regulations on layoffs and high payroll taxes used to fund welfare supports.

Some German business leaders fear improved growth could reduce the pressure on politicians to make unpopular changes, such as loosening labor laws. "The present cyclical upturn is no reason to lean back, but rather a chance to introduce reforms quickly," Jürgen Thumann, the influential head of the Federation of German Industries, said. He attacked the government for proposing no new major initiatives, beyond implementing policies already agreed upon.

The longer-term outlook for Germany's economy, with its relatively generous social-safety net, remains bleak because of the surging cost of health care and pensions as the population ages, combined with a steady loss of jobs in manufacturing to lower-cost countries in Eastern Europe and Asia.

Ms. Merkel isn't alone in her difficulties. Governments in France and Italy also have had problems enacting economic changes, particularly regarding labor. Long a model for its neighbors, in recent years Germany has become a warning to the rest of Europe about the consequences of adapting too slowly to a changing world by failing to help new industries expand to replace manufacturing-job losses.

Ms. Merkel ran for office a year ago as a free-market economic radical in the mold of Britain's former prime minister Margaret Thatcher, promising to renew Germany's economic dynamism by deregulating the labor market. But a disappointing showing in national elections forced her into a coalition with her main rivals, the Social Democrats. They have strong ties to labor unions and mostly oppose freer markets and fewer protections for workers.

Since taking office in November, Ms. Merkel has sought to forge compromises. Many Germans initially warmed to their new chancellor's pragmatic, low-key style.

Now, they increasingly are unsure of what she really stands for.

"She has no identity. This is her main problem," said Manfred Güllner, head of market-research institute Forsa in Berlin. "The early euphoria about her is subsiding as people look at what is actually being achieved."

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Supporters of Ms. Merkel's conservatives are growing frustrated. They say compromises with the left are slowing market-oriented changes to the economy. Business leaders welcomed the government's plan to cut the headline rate of tax on corporate income from nearly 39% to less than 30%, but were angered by a proposal to recoup some lost revenue by taxing companies' interest expenses.

Voter support for Ms. Merkel's Christian Democratic Union has fallen to 30%, according to a Forsa poll this week, down from an election result of 35% last year. The party would need well more than 40% support to form a government without an alliance with another major party.

The CDU's partners in power, the Social Democrats, have the support of 29% of voters, Forsa found.

Still, the government is unlikely to fall because neither party can assemble a viable alternative majority in Germany's fractured parliament."The two parties are welded together, whatever conflicts arise," Mr. Güllner said.

Ms. Merkel's efforts this summer to fix Germany's costly health-care system have hurt her badly. Her plan: Encourage hiring by shifting some of the burden of funding health services away from payroll taxes. But conservatives' preference for individual insurance clashed with Social Democrats' preference for collective insurance. After tortuous negotiations, Ms. Merkel produced a compromise in July that merely tinkered with the current, mixed system.

The government has said payroll taxes will have to rise by half a percentage point next year to cover rising costs. "The proposal has nothing to do with the far-reaching reform the public expected," said Jürgen Michels, an economist with Citigroup Inc. in London.

Kangaroo Express (WP)

The Washington Post, August 31, 2006

THIS HAS become a landmark month in China's ongoing crackdown on free expression and peaceful dissent. Just 10 days ago we wrote about the trial of Hong Kong journalist Ching Cheong on patently bogus charges of espionage. Mr. Ching hasn't been sentenced yet, but last Friday another journalist, Zhao Yan, was given a term of three years on fraud charges. A day earlier, one of the country's bravest human rights lawyers, Chen Guangcheng, was sentenced to four years. A week before that, another prominent lawyer, Gao Zhisheng, was abducted without a warrant by security forces; he was later reported to be detained for unspecified "criminal activities."

These cases follow a predictable pattern. Journalists and lawyers are abruptly arrested and held incommunicado for months, or longer: Mr. Zhao has been in jail since late 2004. Eventually their "trials" are staged in a matter of hours in closed courts. Mr. Chen's proceeding lasted two hours, and his own lawyers were not present -- one had been arrested the day before. Chinese media are banned from reporting on either the trials or the sentences.

The charges in these cases tend to be fluid. Mr. Zhao, a researcher for the New York Times, was originally accused of revealing state secrets; authorities were annoyed with a Times scoop on a change of jobs by former president Jiang Zemin. When that charge proved impossible to substantiate, the fraud rap appeared. Mr. Chen angered local officials in Shandong province by revealing an illegal campaign of forced abortions. When central government investigators confirmed that his allegations were correct, the self-schooled lawyer -- who is blind -- was charged with organizing a mob and blocking traffic.

It's not that the world doesn't notice these cases. President Bush himself lobbied for Mr. Zhao. But the government of Hu Jintao isn't listening. As international lawyer Jerome Cohen told The Post's Maureen Fan, "the Communist Party has decided to thumb its nose at the world." That's a strange policy for a regime that hopes to host the world at the Olympic Games just two years from now -- and it's something that democratic governments ought to start talking more about.

Naguib Mahfouz (WSJ)

The Wall Street Journal, August 31, 2006

"It became apparent to me that between me and death there was censure, but that I was condemned to hope." So wrote the Egyptian writer Naguib Mahfouz in 1994, the same year he was stabbed in the neck by an Islamic fanatic who took offense at a religious allegory Mahfouz had penned 40 years earlier.

Mahfouz survived that "censure," as he did so many others until his death this week (of natural causes) at the age of 94. He leaves behind some 50 novels, including the "Cairo Trilogy," which earned him a well-deserved Literature Nobel Prize in 1988.

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But perhaps Mahfouz's most important legacy is as a model of Arab intellectual life at its best -- critical and playful, sensual and moderate, authentically Egyptian but seriously engaged with the better currents of Western intellectual life.

These qualities, it sometimes seems, are in short supply in Arab life today. But we have spent time in Egypt -- and in Lebanon, Palestine and Iraq -- and met others who, like Mahfouz, are also "condemned to hope." Would that the writer's memory inspire such changes that hope in the Middle East be something other than a sentence.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: **THE ATTORNEY GENERAL AND SENIOR STAFF**

DATE: **THURSDAY, AUGUST 31, 2006 7:45 AM EDT**

TODAY'S EDITION

Terrorism News:

Guantanamo To Close 'One Day': US Attorney General (AFP-Y) 4
Legal Landmines Emerge In 'Dirty Bomber' Case (CSM) 4
Five Plot Suspects To Remain In British Jail (WP)..... 5
Britain Extends Detentions In Alleged Plot (LAT) 6

Homeland Response:

Chertoff Backs Air Traveler Registry (USAT) 7
The 'Why' Behind Air Security (USAT) 8
Chertoff Reflects On 5 Years Since 9/11 (USAT)..... 9
EU: US Call For Extra Air Passenger Data Are Premature (DJ) . 10
Irish Airline To Allow Cell Phones On Flights (WT) 10
Truckers, Bus Drivers On Lookout For Suspicious Activity On Roads (USAT) 11
Mystery Drapes Flag's Disappearance (USAT)..... 12

War News:

Bush Wows S.L. Crowd (DESMN) 13
Bush Shifting Public Focus To Terrorism And Iraq War (NYT) ... 15
Bush Links Iraq Success To U.S. Safety (AP-Y) 16
Bush Speeches To Stress Stakes In Iraq (WSJ)..... 16
Bush Team Casts Foes As Defeatist (WP) 18
Democrats Take Fire At Rumsfeld (AP-Y)..... 19
Bush Seeks To Bolster War On Terror (WT)..... 20
Pipe Down, Rummy (LAT) 21
Positive Press On Iraq Is Aim Of U.S. Contract (WP) 22
Violence In Iraq Kills 60 As Market, Recruits Hit (WP) 23
Firefights Mark Further Splintering In Iraq (CSM)..... 24
Violence Grows, Killing 52 Iraqis, In Face Of Security Plan (NYT) 25
Iraqi Forces Give Gen. Casey Optimism (AP)..... 26
2 Marines Confess To Killing Iraqi Man (LAT) 27
No Death Penalty For Marine Charged (AP-Y) 28
Marine Accused Of Murder In Iraq Will Not Face The Death Penalty (NYT) 29
Hearings Begin For Marines Accused Of Killing Iraqi (WP) 29
Allies Balk At More Troops For Afghanistan (FT) 30
Rebels Behead 2 Afghans (NYT/AP)..... 31
The High Price Of Friendship (NYT)..... 31
We're Not Winning This War (WP) 32
There Is Silence In The Streets; Where Have All The Protesters Gone? (NYT) 33

Corporate Scandals:

Former Brocade Execs Plead Not Guilty In Stock Options Case (LAW/AP)..... 34
Prosecutions Drop For US White-collar Crime (CSM)..... 34
SEC Drops Probe Of Former Officers In Shell Oil Case (WSJ) .. 35
Look Who's Left Standing (WP)..... 36
Canadian Court Freezes Assets Of Former Hollinger CEO Black (WSJ) 37

Criminal Law:

Ex-State Department Official Said To Be Source Of Plame Leak (LAT)..... 38
A Guide For The Perplexed (NYT) 39
Jury Finds Sex Offender Guilty In Killing Of University Student (FINDLAW/AP) 40
A Plea Deal Signals Wave Of Graft Cases Around A.C. (NSL) .. 41
Callaway And Two Others Plead Guilty (PAC)..... 42
Sloan El, A.C. Official Plead Guilty (PHI)..... 42
City Officials In New Jersey Plead Guilty To Corruption (NYT)... 44
2 Politicians, Contractor Plead Guilty In Corruption Case (MH) .. 45
Key Figure Arrested In Monroe Twp. In 2004 (GLOUCOTMSNJ)46
DISD Workers Asked About Expenses (DMN)..... 46
Vendor Sentenced To 2 Years In Paterson Schools Bribery (NSL)..... 46
2 Guilty In Billing Scam Are Sentenced (BERGREC)..... 47
American Gets 15 Years For Downloading Child Sex Images (AFP-Y) 47
Captured Polygamist Leader Will Go To Utah For Prosecution (AP)..... 47
Utah Will Take First Crack At The Challenge Of Prosecuting Jeffs (SLT) 48
Jeffs Facing Extradition Hearing Today (DESERET) 49
Who Will Be The Next Polygamist Prophet? (TIME) 51
To Keep Sect Leader Warren Jeffs In Jail, Prosecutors Plan To Push Utah Rape Charges First (CTV)..... 52
Golfin' Gotti & Mob Links (NYDN)..... 53
JUNIOR HIT WAS A MISS - MAFIA ROGUE (NYPOST)..... 54
Violent Crime On The Rise, Summit Participants Say (USAT) ... 55
Police Chiefs Cite Youths In Crime Rise, Call For More Federal Funds (WP)..... 55
Legality Of Online Gambling Debated In Case (LAW) 56

US Inmate Executed With A New Lethal Injection Procedure (FINDLAW/AP) ... 59
Dozens Of Sex Offenders Arrested In Multi-agency Roundup (AP) ... 59
Police Crackdown On Sex Offenders (BRADV) ... 59
GAO Questions Accuracy Of Sex-offender Registries (WT) ... 60
Streator Man Gets 100 Years In Prison For Kiddie Porn (AP) ... 60
2 Ex-FEMA Workers Sentenced For Bribes (NOTP) ... 61
FEMA Officials Sentenced In Bribery Case (AP) ... 61

Civil Law:

Nicotine Up Sharply In Many Cigarettes (WP) ... 62
Raising Nicotine Doses, On The Sly (NYT) ... 63

Civil Rights:

San Antonio Officer Convicted Of Violating Transsexual's Rights (AP) ... 63
Justice Dept. Expects Miss. Training Schools Improvements (AP) ... 64
Justice Official Vows Safety In Training Schools (JCL) ... 64
Dozens Of Officials Subpoenaed In Suit Over Group Homes (WT) ... 65
FBI Looking Into Red River School Bus Incident (SHREVET) ... 66
New California Gay Anti-bias Law Assailed (WT) ... 66
Judge Allows Race As Factor In Schools (NYT) ... 67
By Any Means Necessary (WSJ) ... 67

Antitrust:

Exelon Says Deal To Acquire PSEG Is Less Likely Now (WSJ). 68
Exelon Says Delay May Scuttle Public Service Purchase (Update6) (BLOOM) ... 69
Newspaper Suit Put On Legal Fast Track (TRIVH) ... 70
Cornyn: Wright Hearing Is Likely (FWST) ... 71
Valassis Files Suit To Rescind Offer For Rival Advo (WSJ) ... 71
TiVo's Loss Widens With Litigation Costs (WSJ) ... 72
Shareholders OK Thermo Electron's $10.6 Billion Deal For Fisher (AP) ... 72

Environment/Indian Affairs:

AP Interview: EPA Official Promises Wetlands Guidelines (AP). 72
3rd Circuit: DuPont Can't Get Help From U.S. For Voluntary Cleanup (LAW) ... 73
Fill Up On Corn If You Can (NYT) ... 75
Park Service To Emphasize Conservation In New Rules (NYT). 77
Gov. Reaches Landmark Deal On Greenhouse Gas Emissions (LAT) ... 78
California Pact Would Place Cap On Emissions (WSJ) ... 78
Leaders Accept California Bill To Cut Emissions (NYT) ... 80
The Governor's Good Deal (LAT) ... 82

FBI/DEA/ATF/USMS:

Justice Department Targets Street Crime (AP) ... 82
DOJ Official Skewered At Crime Forum (CBS) ... 83
Police Chiefs Want U.S. Aid In Crime Fight (NYT) ... 84
FBI's New Data Warehouse A Powerhouse (CBS) ... 85
FBI Shows Off Counterterrorism Database (INFOWEEK) ... 86
Record Meth Seizure Made In Gainesville; Case Involves An Illegal Alien (ABCH) ... 87
Two Arrested, Two Sought In Meth Bust (AJC) ... 87
2nd Huge Georgia Drug Find Points To Pattern, Officials Say (NYT) ... 88
Two Arrested, Two Sought In Meth Bust (MACT) ... 89
Huge Meth Seizure Shatters Georgia Record Set Just Two Weeks Ago (BHT) ... 89
Drug Bust Nabs At Least 80 (HHD) ... 90
DEA Agents Rescue Undercover Cop (LADN) ... 91
Queens College Student Charged With Impersonating Federal Agent (AP) ... 91
New Initiative Targets Lower East Side Gangs (BUFFNEWS) ... 92

Immigration:

Law Students Giving Immigrants Rare Legal Aid (AP) ... 93
More Immigration Demonstrations Planned (WP) ... 94

Tax:

Feds Sue To Keep Man From Preparing Tax Returns (FRESBEE) ... 95
U.S. Scores A Win Against Tax-Shelter Abuse (WSJ) ... 96

Congress-Administration:

President Set To Renominate Five For Appeals Courts (NYT) ... 97
Boyle Included In Nominees For Appeals Court (WP/AP) ... 98
Stevens Admits To Blocking Bill (WT) ... 98
Alaska's Stevens Put A Hold On Pork-Barrel Transparency Bill (LAT) ... 99
Education Secretary Defends School Law (AP) ... 100
Education Chief Says Law Close To Perfect (USAT) ... 101
Tweaking Of 'No Child' Seen (WP) ... 101
No Chamber Left Behind (WP) ... 102
Democrats Thinking Ahead To Possible Victory This Fall (MCT)103
Gingrich On Pelosi (AP) ... 104
Back To The Congressional Future (WSJ) ... 105
Pentagon Sees Risk In Troops' Loan Debt (USAT) ... 106
Stars In Their Eyes (NYT) ... 107
Jonah Goldberg: Give Bush A Break (LAT) ... 107
Homestretch For A Hack (NYT) ... 108
New Chief For Troubled Amtrak (LAT) ... 108

Other News:

Economic Picture Improves Slightly (WP) ... 109
US Growth Revised Up To 2.9% (FT) ... 110
Revision Lifts Pace Of Growth (NYT) ... 110
Corporate Profits Up In 2nd Quarter (USAT) ... 111
Corporate Profit Growth Slows In Step With Economy (WSJ) .. 112
Dow Industrials Post Small Gain Along With Oil (WSJ) ... 112
Mr. Perez's Disqualification (WP) ... 113
Bush Visits Arkansas For Hutchinson Reception (AP) ... 113
Bush Stumps For Corker (AP) ... 114
Bush Appearance Pleases Candidate And Opponent (CHIT) ... 115
Taxpayers Pay For Bush's Campaign Travel (AP) ... 117
What Worries Economists? (WSJ) ... 118
Text Size: S M L View Archives Week Of August 30, 2006 (HEN) ... 121

DOJ_NMG_0056160

Race Tests Value, Or Cost, Of Loyalty (USAT)..... 123
G.O.P. Congressman Shifts To Favor An Iraq Timetable (NYT)124
Ohio House Race Is Brutal Test (WSJ) 126
Sun Belt Politics (WT) 127
Ex-Republican Favors Lamont Over Lieberman In Connecticut (DPHR/AP)..... 128
Are Black Democrats Liberal Enough For The Left? (WT)..... 128
Bellwether For A Bitter Election (WP)..... 129
Ohio To Delay Destruction Of Presidential Ballots (NYT) 130
The Democrats' Dysfunctional Calendar (WP)..... 131
Rice Keeps Saying No To White House Bid (AP-Y)..... 132
Oracle Tackles Concerns About Political Giving (FT) 133
FDA: Tests Of Cross-border Drugs Found Counterfeits (USAT)134
Most Americans Support Legalizing Drug Imports From Canada, Poll Finds (WSJ) 135
Value Of Health Care Is Tallied In Growth Of Life Expectancy (WSJ) 136
Study Finds Health Care Good Value Despite Costs (WP)..... 137
Study Finds Medical Spending Is Generally Worth The Cost (NYT/AP)..... 138
Health Care's Vicious Cycle (WP) 139
BP May Resume Pipeline Production Soon (WP/AP)..... 139
BP America President To Testify In Congress (WSJ) 140
The Great Plains (WSJ)..... 140
U.S. Drafts List Of Sanctions As Iran Ignores Deadline (NYT).. 142
Iran Ignores Powers, U.N. On Enrichment (AP)..... 144
Bush Faces An Uphill Battle To Impose Meaningful Sanctions On Iran (MCT)..... 145
Analysis: Iran Won't Back Down From U.N. (AP)..... 146
U.S. Military Sees Iran's Nuke Bomb 5 Years Away (WT)..... 147
Excess Baggage (WSJ)..... 148
Senior House Member Faults Khatami Visit (AP-Y)..... 149
Israel Rebuffs U.N. On Blockade (WP)..... 149
Israel Says It Will Continue Blockade Of Lebanon (NYT) 150
Israel Rejects Annan Demand On Blockade (AP-Y) 151
Israel Says Lebanon Blockade Will Stand (LAT)..... 152
Israel Says Syria, Not Just Iran, Supplied Missiles To Hezbollah (LAT) 153
UN Condemns Israeli Strategy As ‘immoral’ (FT)..... 155
Israeli Cluster-bombing Deemed 'Immoral' (AP)..... 156
Lebanon Offers Aid For Rebuilding (WP) 156
Lebanon Refuses Contact With Israel (AP)..... 157
For Israeli Aid Group, Long Road To Inclusion (WP) 158
Poll Shows Split On Arms Issue (WT) 159
Jackson Has Plan For Soldiers' Release (AP) 160
Venezuelan Seeks Another Anti-U.S. Ally In Syria (NYT/AP)... 160
Chavez, Assad Join Hands Against U.S. (WT/AP)..... 161
Bush’s Love Of India Will Outlast Him (FT) 162
As U.S.-Indian Alliance Grows, Defense Firms Seek To Profit (WP)..... 163
Shaky Darfur Peace At Risk As New Fighting Looms (NYT).... 164
Disorderly Conduct: As Mexico Awaits Vote Decision, Social Upheaval Is On The Rise (WSJ) 166
In Bolivia, New Setbacks To A Leader's Lofty Vision (WP)..... 168
Monitors Say Troops Killed Aid Workers In Sri Lanka (NYT).... 169
Merkel's Star Fades As Economic Plan Stalls (WSJ)..... 170
Kangaroo Express (WP) 171
Naguib Mahfouz (WSJ)..... 172

DOJ_NMG_0056161

TERRORISM NEWS:

Guantanamo To Close 'One Day': US Attorney General (AFP-Y)

AFP, August 31, 2006

US Attorney General Alberto Gonzales said during a visit to Qatar that the controversial US detention camp at Guantanamo Bay in Cuba will eventually be closed.

"I think that Guantanamo will be shut down one day. Guantanamo exists because it is necessary -- we are engaged in a war on terror," Gonzales told reporters in Doha.

"As soon as Guantanamo is no more necessary, I think that the expectation is that it will be shut down," said Gonzales, who met with Qatar's Crown Prince Sheikh Tamim bin Hamad al-Thani and his Qatari counterpart Ali bin Futais al-Merri.

Around 450 prisoners continue to be held at the prison camp at Guantanamo Bay without charges being brought against them. Some have been detained there for years.

Human rights and civil rights lawyers have brought suits on behalf of detainees, many of whom were seized in Afghanistan as suspected Al-Qaeda or Taliban fighters.

Gonzales told the US Senate Armed Services Committee earlier this month that the US government could "indefinitely" hold foreign "enemy combatants" at sites such as the Guantanamo base, which opened in early 2002.

Gonzales, who came to Qatar from Iraq, said he had discussed reports about "serious violations of human rights" by Iraqi security forces during his talks in Baghdad Tuesday.

"I was assured that these reports have been taken seriously," he said.

Gonzales met with Iraqi Deputy Prime Minister Barham Saleh and discussed the tactics used by Iraqi security forces to combat a wave of violence, allegedly including torture.

The US military itself is currently battling a series of accusations about abuses by US troops in Iraq, including allegations of the rape and murder of an Iraqi girl and the killing of her family in the town of Mahmudiyah by a group of American soldiers in March.

Legal Landmines Emerge In 'Dirty Bomber' Case (CSM)

By Warren Richey

The Christian Science Monitor, August 31, 2006

MIAMI

Jose Padilla, the former Chicago street thug who allegedly turned Al Qaeda sympathizer, is best known for reportedly plotting to explode a radiological "dirty bomb" in a major US city.

But that alarming allegation is noticeably absent from Mr. Padilla's terror conspiracy indictment in federal court here. Instead, the most explosive allegation in the government's case is that Padilla broke US law by becoming an Al Qaeda recruit and filling out an application to be a holy warrior.

Ahead of Padilla's trial, set for Jan. 22, defense lawyers are filing a flurry of pretrial motions seeking to establish that the government engaged in outrageous conduct by having the military detain and interrogate Padilla. The conduct was so outrageous, they say, that all charges against him must be dropped.

What makes Padilla's case potentially so important is that he is the first person designated by President Bush as an enemy combatant to later face criminal charges in a civilian court.

As such, his case exists at the murky intersection of two contrasting systems. On one side is the criminal-justice system, which operates under established rules and constitutional mandates designed to protect the rights of American citizens. On the other is a military interrogation system run exclusively by the executive branch and designed to extract confessions from Al Qaeda suspects through methods that violate many of the fundamental rules of the criminal-justice system.

No matter how Padilla's case ends - with a conviction, an acquittal, or a plea bargain - his case is an important test of whether the government will be able to avoid legal consequences for the tactics it used during Padilla's military detention and interrogation.

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In effect, the Padilla case may ultimately help make the world safer for use of coercive interrogation tactics. It could do so, analysts say, by establishing legal precedents that insulate military interrogations from scrutiny by civilian judges in federal courts.

"This is one of the first cases with this overlap of military custody and civilian custody," says Timothy Lynch of the libertarian Cato Institute in Washington.

Padilla's treatment raises a "profound" legal issue, he says. "What can our military do to an American citizen held in military custody? Our legal system is not poised to confront that and resolve it," Mr. Lynch says.

In June 2002, Mr. Bush designated Padilla an enemy combatant. He was held in a military brig in South Carolina for more than 3-1/2 years without being charged with a crime or told how long his detention might last. For nearly two years he was not allowed to consult with a lawyer or to contact friends or family. He was told he had no right to remain silent.

It was all done by the US government for a good cause: Intelligence officials wanted to learn as quickly as possible everything Padilla knew about Al Qaeda's plans and operations, to help shield the country from future attacks. But at the same time, administration officials admitted that Padilla's harsh treatment and his forced confession would probably make it impossible to ever bring criminal charges against him. In fact, until Padilla's November 2005 indictment, the administration did all it could to prevent Padilla from having his day in court.

When lawyers working on Padilla's behalf in New York and South Carolina appeared to be on the verge of winning favorable rulings, administration officials moved Padilla to a different jurisdiction, each time mooting the pending legal challenge and further insulating Padilla's plight from judicial oversight.

Now, his case is before US District Judge Marcia Cooke in Miami, and Padilla's appointed lawyers are working to defend their client in part by trying to put the government itself on trial.

"The government's interrogation strategies and isolation techniques with regard to Mr. Padilla during his incarceration at the brig are at the outer limits of civilized propriety," writes Michael Caruso, acting federal public defender, in a recent brief.

"The government concedes that Mr. Padilla's constitutional rights were knowingly and intentionally violated during his incarceration at the brig in order for various agencies to collect evidence against him," he writes. "It is also beyond dispute that the government used extreme interrogation and isolation strategies in this effort."

Federal prosecutors have responded by arguing that allegations concerning Padilla's treatment while in military custody are irrelevant to the narrow set of charges filed in the Miami federal court case.

"Padilla's position is a thinly veiled attempt to conduct a fishing expedition," writes Assistant US Attorney Russell Killinger in a brief.

The Miami charges are based on evidence obtained through investigative efforts independent of Padilla's military interrogation, and presumably in full compliance with constitutional and other safeguards of the criminal-justice system. This explains why the Miami indictment makes no mention of dirty bombs or any of the other more sensational allegations uncovered through Padilla's military interrogation.

But that may not be enough to insulate the government from scrutiny and possible sanctions. The judicial test, according to Supreme Court precedent, is whether the government's conduct is so outrageous that it violates fundamental fairness and is "shocking to the universal sense of justice."

"It is a well-established principle of the criminal law that conduct which 'shocks the conscience' can be sanctioned by dismissal of the charges," says Joseph Margulies, a professor at Northwestern University School of Law and author of "Guantánamo and the Abuse of Presidential Power." But such rulings are rare, he says.

Legal analysts say it is significantly more difficult to persuade a judge to authorize an inquiry or dismiss charges when there is no direct connection between the alleged abuse and the evidence being offered at trial. For example, if federal prosecutors try to introduce evidence from the military interrogation to beef up their indictment in Miami, that action would clearly open the door for extensive scrutiny of Padilla's treatment by the military, they say.

In addition, judicial approval of the use of evidence from Padilla's military interrogation for use by prosecutors in the criminal trial would raise a red flag, says Cato's Lynch. "Then we would have a precedent that says that military interrogators can do things to Americans that law-enforcement and FBI agents cannot," he says.

The more probable course, Lynch says, is that the judge in Miami will avoid the military-detention issue. "So long as it proceeds as a fairly ordinary criminal case, I think the judge is going to keep the focus on the criminal charges and is not going to let issues involving military custody seep in."

Five Plot Suspects To Remain In British Jail (WP)

By Kevin Sullivan

The Washington Post, August 31, 2006

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LONDON, Aug. 30 -- A British court on Wednesday gave police one more week to consider charges against five suspects held in an alleged plot to blow up U.S.-bound jetliners.

The five were among 25 people arrested in raids in London, Birmingham and High Wycombe, west of London, this month. Police have alleged that the suspects intended to smuggle liquid explosives onto airliners for detonation in flight. Their arrests caused disruptions to air traffic around the world and resulted in strict new rules for carry-on baggage.

The five suspects whose detention was extended Wednesday are being held under a new British law that allows detention of terrorism suspects for up to 28 days without charge, provided a judge reviews their detention every seven days.

Fifteen other suspects in the case have been charged with terrorism-related offenses and five have been released without charge. Of those charged, 11 face the most serious allegations of conspiracy to murder and four face lesser charges, including withholding information from authorities. The charged suspects are all British Muslims, ages 17 to 35; police have not publicly identified those still being held without charge.

On Wednesday, three men charged on Tuesday made their first appearance at City of Westminster Magistrates' Court in Central London. Mohammed Yasar Gulzar, 25, Mohammed Shamin Uddin, 35, and Nabeel Hussain, 22, were charged with conspiracy to commit murder and preparing to commit terrorism by planning to smuggle explosives aboard planes. A judge ordered all three held until their next court appearance on Sept. 18.

British police contend the suspects were plotting an attack that would result in "unimaginable" loss of life. Searches of more than 69 houses, businesses, vehicles and open spaces have yielded more than 400 computers, 200 cellphones and 8,000 computer-related items such as memory sticks, CDs and DVDs. Police have also said they confiscated several "martyrdom videos," which generally refer to videotaped declarations by people planning suicide attacks.

Nabeel Hussain, who appeared in court Wednesday, has two brothers also charged. Mehran Hussain, 23, and Umain Hussain, 24, are both charged with failing to alert authorities to their brother's alleged intention to commit a terrorist act.

Cossar Ali, 24 , the mother of an 8-month-old child, is charged with failing to report potential terrorist activity by her husband, Ahmed Abdullah Ali, 25, who is charged with conspiracy to commit murder.

The others charged with conspiring to murder are: Tanvir Hussain, 25; Arafat Waheed Khan, 25; Assad Ali Sarwar, 26; Adam Khatib, 19; Ibrahim Savant, 25; Waheed Zaman, 25; and Umar Islam, 28, also known as Brian Young.

Police have also charged a 17-year-old London youth, who has not been identified, with possession of items useful "to a person committing or preparing an act of terrorism." Police said those items included "a book on improvised explosives devices, some suicide notes and wills with the identities of persons prepared to commit acts of terrorism and a map of Afghanistan."

British police are also seeking the extradition of a suspect arrested in Pakistan, Rashid Rauf, 25, whom Pakistani officials have called a central figure in the alleged plot. His return is being sought in connection with the April 2002 murder of his uncle. Police declined to say whether the extradition request was also related to the alleged bomb conspiracy.

Rauf is from a Birmingham family that runs a bakery. His younger brother Tayib Rauf, 22, was among those arrested, but British media reported he was released without charge.

British media have also linked the Rauf family to Crescent Relief, an Islamic charity that is under investigation by British officials. The group was reportedly established in 2000 by the Raufs' father, Abdul Rauf, 54. The Charity Commission, Britain's charity watchdog, announced last week it had frozen the charity's bank accounts pending the investigation.

Britain Extends Detentions In Alleged Plot (LAT)

By Sebastian Rotella

The Los Angeles Times, August 31, 2006

LONDON — British courts on Wednesday extended the deadline to bring charges against five suspects in connection with an alleged conspiracy to bomb U.S.-bound planes in midair, and ordered three other suspects held without bail.

Police will have another week to develop their case against the five suspects, or the court will release them. So far, 15 suspects have been charged, including the three denied bail Wednesday: Mohammed Yasar Gulzar, 25; Mohammed Shamin Uddin, 35; and Nabeel Hussain, 22.

British and European counter-terrorism officials said they now believe the suspects planned to down about six jets, perhaps fewer. In interviews, officials also revealed that the decision to launch a roundup this month came after suspects under surveillance learned of the arrest in Pakistan of another suspect.

The arrest, officials said, spurred suspects to film so-called martyrdom videos, considered a telltale sign that a terrorist attack could be looming.

"Things moved quicker than anyone expected because of the detention in Pakistan," said a British counter-terrorism official, who asked not to be identified.

"There will prove to be a link between the arrests here, the videos and the detention in Pakistan," the official said.

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Dozens of searches turned up six videos in which suspects described their reasons for participating in a plot to smuggle aboard materials to make liquid explosives while in flight, British and European officials said.

"It is certain that they were making videotapes," said a senior European counter-terrorism official with access to information about the case. "That's a classic moment in investigations when you feel great pressure to move in."

Authorities have said previously that searches netted large quantities of potential bomb-making materials at locations including an apartment in East London that served as a headquarters for the group.

Moreover, the British official said police conducting audio and video surveillance felt "there was no doubt" that the group had the technical ability to smuggle the ingredients through airport security, mix them on board and set off the explosives using makeshift detonators such as batteries.

"This is an ability that is new and that should have huge implications for the way people see the threat," the British official said.

But officials acknowledged that the number of planes targeted might have been overstated in the aftermath of the arrests Aug. 10. Rather than nine or 10 planes, as some officials previously said, the British official put the number at "half a dozen maybe, at a maximum. I think the numbers got exaggerated. The notion of nine is too much."

Soon after the arrests, officials told The Times that any attack was at least weeks away and that the suspects had not purchased airline tickets.

The suspect group "had a very serious project, but the reaction seems a bit exaggerated," the European official said. "They did not have a date [for the attack]. And above all, the dimensions weren't so big, not as many flights," as had been first reported.

Top investigators in neighboring countries were reluctant to criticize British counterparts, saying they knew the challenges of running surveillance operations, assessing risk and keeping the public safe and informed.

Nonetheless, a high-ranking French anti-terrorism official said the resulting chaos in airports and draconian bans on many carry-on items had created a "psychosis" about flying.

"The reaction is a real gift to Al Qaeda," the French official said.

Key questions remain about alleged links to Al Qaeda or its allied networks in Pakistan.

Although Pakistani authorities have described Rashid Rauf, the Briton in Pakistan whose arrest triggered the raids here, as a central figure who met with top militants, his role remains "very unclear," the British official said.

"I don't think there's clarity on how directive the Pakistani networks are," the official said.

Police have requested Rauf's extradition in connection with the 2002 slaying of his uncle in Birmingham, a suspected family "honor" killing, rather than on terrorism charges, because the evidence in the murder case was collected in Britain and will be looked on more favorably in a British court, the official said.

British authorities have yet to discuss allegations by Pakistani officials linking the suspects to South Africa. Several previous terrorism cases here have featured links to the South Asian diaspora communities of southern Africa.

HOMELAND RESPONSE:

Chertoff Backs Air Traveler Registry (USAT)

By Thomas Frank, Usa Today

USA Today, August 31, 2006

McLEAN, Va. — Homeland Security Secretary Michael Chertoff strongly backed a program Wednesday that would ease airport security for passengers who pass voluntary background checks to show they aren't terrorists.

Q&A : Chertoff explains the 'why' behind security rules

Chertoff told USA TODAY that checking air travelers' backgrounds, including phone numbers and travel histories, would improve security by allowing the department to focus on passengers with unknown backgrounds.

"Probably Registered Traveler will be the first step because it's voluntary," Chertoff said, referring to a long-delayed program that would ease checkpoint scrutiny of approved travelers.

Registered Traveler would be a private program run entirely by airports, airlines and contractors that would register pre-screened flyers and usher them through security. Homeland Security would oversee the programs at airports, but so far the department has been cautious about publicly supporting the idea.

Chertoff's comments Wednesday are among the strongest yet by the administration in support of Registered Traveler and come weeks after authorities foiled a plot to bomb U.S.-bound airlines.

The plot "may have refocused people's attention on the importance" of background checks, Chertoff said.

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A Homeland Security effort to check the backgrounds of all domestic passengers for terrorism ties has been stalled by congressional leaders who fear intrusion into personal and financial records. That makes Registered Traveler more viable, Chertoff said.

"When there is a real privacy concern with a measure we take, the easiest way to address it is to say, 'Fine, we'll make it voluntary,'" Chertoff said.

The Transportation Security Administration (TSA) — part of Homeland Security — is evaluating about 20 proposals to start Registered Traveler programs this year. Travelers approved for enrollment would pay $80 to $100 a year.

Steven Brill, whose Manhattan company Verified Identity Pass would manage Registered Traveler programs, said it's "terrific" that Chertoff is "now so strongly behind" Registered Traveler.

Brill recently signed a contract to run Registered Traveler at one of the nine terminals at New York's Kennedy International Airport, pending TSA approval.

Chertoff said Registered Travelers might not get faster security lines if enrollment is too high. The main benefit, he said, would be that travelers would "by and large" be exempted from additional searches and questioning at checkpoints. They may not initially have other security procedures waived, such as removing shoes and coats.

The 'Why' Behind Air Security (USAT)

USA Today, August 31, 2006

Traveling by plane in the USA, especially in the wake of the disrupted London airliner bombing plot earlier this month, looks nothing like it before the 9/11 attacks. Liquids or gels aren't allowed in carry-ons (with a few exceptions). The rules have adapted to emerging threats (remember when nail files were forbidden?). Shoe removal is required at every airport. Air marshals have become frequent fliers, and your pilot might be armed with a gun. The government also moved to centralize the defense of the nation with the creation of the Department of Homeland Security. Its secretary, Michael Chertoff, discussed air security and other issues with USA TODAY's editorial board. His comments were edited for length and clarity.

Question:The terrorism threat comes predominantly from young, Muslim male extremists. Without racial or ethnic profiling, are there ways to make airport security better match this threat?

Answer: Yes. At the extreme, 3-year-olds are not probably a threat we need to worry about, and 75-year-old grandmothers are probably not a threat. But if you look at the experience of watching suicide bombers in other parts of the world, saying those can't be women is just not factually correct. So I'm hesitant to say that we should focus only on males, or Muslims of a particular age.

Q: So what might an airport screener look for?

A: We are training our screening officers in behavioral pattern recognition, looking at ways people behave that will actually suggest they're trying to hide something. That's a positive step that does not require ethnic profiling but looks to the pattern of behavior. I think some element of that is talking to people when they come through, asking them a few basic questions: Where are you going? What are you doing? Why are you going there? These are tools that would allow us to be more precise, but without getting into racial profiling, which is a bad thing.

Q: Have you learned any more about the chemistry of the London plot that might enable you to fine-tune the ban on liquids and gels?

A: The chemistry's still being looked at. But I actually want to come at it a different way. The question becomes not only is there a more precise way to screen out liquids you're worried about, the question is whether doing so would actually be more inconvenient than having an absolute ban. There is technology that would allow you to screen — bottle by bottle — whether something is dangerous. The problem is that it takes a long time. If everybody carries four bottles and it takes 15 seconds, that's a minute per person. Well, if you have 300 people boarding a jet, that's 300 minutes to board. Nobody wants to do that. The trick for us is to find a system that keeps out bad stuff and is as efficient and as convenient as possible. And sometimes it turns out that a more comprehensive ban is clearer, more easy to enforce and more efficient for the traveler.

Q: Had you identified the threat of liquids before the London plot and considered how to combat it?

A: We were aware of this as an issue, and what was particularly troubling about this scheme is how hard these guys worked to come up with ways to conceal liquids. That is what made us see the need to go to this total ban. I had actually thought of a total ban, but I had a real concern about whether it was something that would work. What alarmed me about this was that it was a very, very sophisticated way to bring components in.

Q: What role, if any, did the National Security Agency (NSA) terrorist surveillance program or the banking surveillance program play in thwarting the British terror plot?

A: I can just tell you at a very general level, the ability to monitor communications, or movement of money, is in my experience the single most important tool in stopping terrorist attacks. It's a very important tool.

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Q: There is a very obvious security gap regarding a less stringent screening of cargo shipments that are placed on passenger planes. Why has this not been a bigger priority?

A: It is a big priority. First, if you come to the airport or you go to the airline and you want to ship a package on a particular airline in the passenger hold, it's going to go through screening the same as a checked bag will. So people who say we don't screen that are just wrong. Now the (shipping companies) have to verify the person who's bringing the package in. Most of the FedEx and UPS stuff that the ordinary person sends doesn't go on passenger airlines. And I do think that the threat to cargo jets blowing up is not one that I think is probably a likely terrorist target given what we currently know.

Q: But what if someone landed a low-level job at a known shipper? Isn't that still a vulnerability?

A: Here's the problem they would have. They would really have no way of knowing in advance whether a particular package would wind up on a passenger plane. So as a threat vector, it would be hard for somebody to plan, to be able to put something on a passenger jet. Now, that's not to say that we don't want to make it tougher. But the idea that anybody can come up and stick something in a passenger plane and know it's going to go there is actually not true.

Q: The Registered Traveler program, which asks passengers to volunteer information ahead of time, would smooth the screening process in exchange for faster screening, yet it hasn't happened. Why?

A: The airline industry at some point in the last year became somewhat less enthused about Registered Traveler because I think they came to the conclusion that it actually was not going to be something a lot of people would sign up for. I disagree with that. Frankly, there are privacy advocates who are strongly against it. We need to obviously make sure that we're obeying the privacy rules, but I think a Registered Traveler and some form of domestic Secure Flight (a similar government-sponsored program) is still the way to go. It still is better to get a little more information about people, and certainly on a voluntary basis, and then not have to put them into secondary (searches) than to put more people into secondary and have their stuff searched and have them asked questions.

Q: Will the flying public embrace such voluntary screening?

A:Those who choose to do it will get the benefit of it and those who choose not to can weigh their own convenience.

Q:There are significant civil liberties concerns associated with the war on terror as the government collects more and more information about its citizens. What will protect Americans from an encroachment by government in the future?

A: What we'd want to do would actually enhance civil liberties. For example, if we had more specific information about travel history and things of that sort — this is not deep secret stuff, this is stuff that you give to your travel agent — that data allows us to focus on people that we are really more worried about. I actually view that as a plus to civil liberties. I dare say if you asked most people, they'd rather give you a little more information and avoid getting padded down and having their bags gone through than have no information given out so we'd have to wind up doing searches of everybody.

Chertoff Reflects On 5 Years Since 9/11 (USAT)

USA Today, August 31, 2006

'Constantly vigilant':

Obviously, we are happy that there has not been a successful attack on the United States soil since 9/11, but that is not a cause for complacency. It's a cause for redoubled effort. Because I think it would be foolish to presume that that's going to continue forever. We will only avoid an attack if we are not only constantly vigilant but always adaptable in trying to look around the corner and see not only what happened before but what's going to happen next.

'A great deterrent':

The big danger is the unknown terrorist, or the unidentified terrorist. And these guys leave fingerprints. They leave them on bomb fragments, they leave them in training camps, they leave them in apartments where terrorist planning takes place. We capture these. If we have 10-finger prints from everyone seeking to enter the country, we can run them against each other. The real beauty of this is, it's a great deterrent because now, as this gets rolled out over the next couple of years, every terrorist is going to have to ask himself, "Did I ever leave a fingerprint in a safe house or on some artifact that was found in a battlefield." And they're going to know that if they did, and they come across that border, we can catch them.

'The odds are against us':

At Homeland Security, we have to bat a thousand. We have to stop everything. And particularly as you get into low-level, homegrown types of plots that don't require much planning, the odds are against us. A lone wolf can work without ever dealing with other people. It's going to be very hard to detect those.

'We can't go back':

We need to get in a place that we can sustain over a long period of time. That means not overreaction, but also, not underreaction. We can't live in a state of constant paranoia or a feeling that we're in an armed camp because that would not be a sustainable way to lead our lives, and it would cause enormous damage to our freedoms. But we also can't go back to pre-Sept.

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11 thinking, that these matters are going to take care of themselves and we do not have to adjust the way we live to take account of this very significant, ongoing threat. So the challenge is to proceed in a way that will get us a balanced approach to security — finding ways to be more precise in targeting the threat and eliminating it, with less inconvenience to innocent people and less disruption of our daily lives.

EU: US Call For Extra Air Passenger Data Are Premature (DJ)

By William Echikson

Dow Jones, August 30, 2006

BRUSSELS (Dow Jones)--U.S. calls to expand a post-September 11 data sharing deal on air passengers are premature, the European Commission said Wednesday.

Negotiations must aim instead to keep the original deal, said European Union spokesman Friso Roscam Abbing.

"The Americans say, we want to keep data flowing and planes flying," Abbing said. "We don't want to disrupt transatlantic air traffic and there is not enough time to put in new measures."

The European Commission and the U.S. agreed in 2004 that airlines would turn over 34 pieces of information about each passenger flying from Europe to the U.S. - including name, address and credit-card details - within 15 minutes of departure.

The European Parliament challenged the deal, saying it violated strict European privacy rules. On May 30, the European Court of Justice ruled the scheme illegal. Judges said E.U. privacy rules deny the use of such commercial data for crime-fighting purposes.

However, the judges avoided weighing in on whether the data itself violated E.U. privacy laws, which means the content and effect of the revised treaty should be the same. This allowed the Commission to revise the agreement on security rules, commission officials said.

Spokesman Abbing said the Commission next week will ask ask the governments to open negotiations to approve a new data deal by mid October.

The new treaty will last a year.

"After we get this in place, then in the following agreement we can speak to the Americans about what they want to add," Abbing said.

In an article published in The Washington Post Tuesday, U.S. Homeland Security Chief Michael Chertoff called for lifting the restrictions on how data can be shared with other agencies. If, for instance, the Homeland Security Department learned a suspected terrorist used a certain cellphone to purchase plane tickets, the agency wants to be able to share that phone number with other intelligence agencies.

"European privacy concerns have limited the ability of counterterrorism officials to gain broad access to data of this sort," Chertoff complained.

Irish Airline To Allow Cell Phones On Flights (WT)

By Kara Rowland, The Washington Times

The Washington Times, August 31, 2006

A European airline plans to let passengers use their cell phones during flights starting next year, but it could be awhile before U.S. carriers get the green light from federal officials.

Ryanair, the Irish budget airline and Europe's biggest low-cost carrier, intends to outfit 50 aircraft, or about a quarter of its fleet, with OnAir mobile technology by the end of next year, allowing passengers to call, text message and e-mail during flight. Ryanair's remaining fleet will be equipped starting in 2008.

The company said it expects to receive regulatory approval, which would make Ryanair the first European airline to let passengers use their cell phones in flight.

In the United States, cell-phone service on airborne aircraft is not specifically barred by the Federal Aviation Administration, but -- as with all portable electronic devices -- airlines would need to demonstrate that it does not interfere with a plane's communication and navigation systems, FAA spokesman Les Dorr said.

"That can be a tall order," he said.

The agency allows portable devices without radio transmitters, such as laptops or mp3 players, to be used at altitudes above 10,000 feet.

In the meantime, the issue of cell phones onboard is moot since a Federal Communications Commission ban prevents it for fear that air-to-ground calls would overload the ground-based cell-phone system.

However, the commission is reviewing proposals to relax the ban, since new technology can ensure that in-flight networks do not disrupt ground networks.

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For its part, the FAA in 2003 asked RTCA, a D.C. company that advises the federal government on aviation issues, to study the impact of in-flight mobile access on airline safety. RTCA is slated to issue a report later this year.

But even if cell-phone use aboard aircraft were approved, some airlines are more eager than others to embrace the new technology.

"We're very interested in offering our customers wireless access," said Tim Wagner, a spokesman for American Airlines, which has conducted tests with wireless technology company Qualcomm to prove the technology works. "If the approvals went through, we would be right on top of it."

United Airlines would provide wireless Internet access but does not intend to offer in-flight cell-phone access, spokeswoman Robin Urbanski said.

"Right now, our customers are telling us that they would much rather have the ability to communicate via data communications rather than voice communications," she explained.

Asked why customers don't favor cell-phone access, she replied: "Etiquette."

The notion of aircraft equipped with in-flight calling is a nightmare for many passengers, who are wary of listening to their neighbors' loud and potentially intimate conversations during a flight, explained David Stempler, president of the Air Travelers Association in Potomac.

"Sometimes people don't even realize how loudly they're speaking and how disturbing it can be," he said, noting that the association does not have a position on the issue.

On the other hand, Mr. Stempler pointed out, "I've had occasions where plans have changed and I wish that I could call ahead."

The cost of air-to-ground calls might be enough to dissuade passengers from making frivolous calls: Ryanair's rates will "mirror" international roaming charges, the company said.

Truckers, Bus Drivers On Lookout For Suspicious Activity On Roads (USAT)

By Judy Keen, Usa Today

USA Today, August 31, 2006

CHICAGO — Truck driver Bill Adams scans the traffic on Harlem Avenue. "That Pepsi truck's no risk. Two empty flatbeds up there are no risk," he says. "Garbage truck is probably not a risk, but it might be if it were there at the wrong time — if it's 5 on a Sunday afternoon. You've got to think."

Adams, who drives for UPS Freight, isn't scouting Chicago's west side only for traffic hazards. He's on the lookout for terrorists.

Adams is part of a rapidly growing army of truckers and bus drivers who have been trained by Highway Watch to spot suspicious activity on the highways. The program is run by the American Trucking Association with funds from the Department of Homeland Security. Drivers take a class or watch a one-hour DVD to qualify.

Almost 400,000 people — mostly commercial truck drivers — have been trained since 2004. Membership is likely to top 1 million by March 2007. This summer, Georgia began requiring all 300,000 of its drivers with commercial licenses to be trained.

No terrorists have been nabbed, but tips helped find a missing truck carrying fertilizer, which can be used in bombs, and identified illegal immigrants at a truck-driving school.

Critics say Highway Watch is creating snoops and could lead to racial profiling. "This has the potential to be vigilante justice," says Barry Steinhardt, director of the American Civil Liberties Union's technology and liberty project. "We are in danger of turning truck drivers into barely trained, inadequate police intelligence officials" who focus on "people of color."

Hundreds of calls each month

Jim Sutton, who runs Highway Watch's analysis center, says it avoids "uncorroborated information or its use against innocent people."

Proving the value of the program is "more difficult if nothing has occurred," says Lane Kidd of the Arkansas Trucking Association. "One has to assume it lessens the likelihood" of terrorism.

Ed Crowell, president of the Georgia Motor Trucking Association, says the training not only makes drivers aware of possible terrorist threats but also helps "protect their vehicle and protect themselves from thieves."

Members phone in an average of 272 reports each month to a private toll-free number. More than half are related to security. Highway Watch analysts assess reports and share them with local and federal law enforcement.

The Highway Watch training began as a safety program and shifted its focus to terrorism after the 9/11 attacks. The program has received $45.8 million in federal grants since fiscal 2003 and expects $4.8 million this year.

Some citizens' watch programs proposed after 9/11 were abandoned. One of them, Operation TIPS, would have recruited letter carriers, meter readers and cable TV installers to report suspicious activity to the Justice Department.

Whether Adams is on his weekly runs between Harrisburg, Pa., and Sacramento or on a short trip like this one to pick up a load of kitchen fixtures, he looks for people photographing tunnels or bridges, as well as abandoned vehicles that might be packed with explosives.

He once spotted a pickup in Arizona loaded with red cans of gas. He called the toll-free number to report the truck incident. He never did find out why the driver was hauling all that gas.

"Before 9/11, you didn't pay a lot of attention to what was going on around you," he says. "You saw something unusual, you never gave a second thought that it might be a risk to security."

Adams, 43, of Willow Hill, Pa., has been driving trucks for 24 years and took the training in 2002. He now teaches the program to other drivers and trainers.

Most truckers are eager to contribute to homeland security, he says. Their No. 1 question during training sessions: "Are they going to take us seriously?"

Tracking potential terrorists

Very seriously, says Sutton, a former FBI agent who runs the program's analysis center. Using reports from drivers across the USA, Sutton says, analysts with intelligence and law-enforcement backgrounds track potential terrorist activity. For example, if several truckers report seeing someone photographing a bridge over a period of time, the analysts spot the pattern and alert law enforcement.

Sutton and four analysts on Highway Watch's payroll work at the Transportation Security Administration's operations center outside Washington. Operators in Kentucky take truckers' calls, then send details to the operations center.

Adams is wary of people who ask what he's carrying in his truck and where he's going. When he pulls behind another vehicle in traffic or a parking lot, he leaves a gap so he has an escape route if someone approaches.

He's on alert even when driving across empty stretches of Iowa. "If something changes, it stands out like a sore thumb," he says.

From the seat high in his truck's cab, Adams can see inside most cars and small trucks. He doesn't necessarily check out the occupants, he says, "but you look for what's in them."

He spots a car filled with cleaning supplies and figures the passengers work for a cleaning service. He has seen people drinking and doing drugs in their vehicles and sometimes calls 911 to report them.

Since he joined the program, Adams has called the number four times. Before the training, he says he occasionally saw activities that he now wishes he had reported.

"I don't want to be a pain in anybody's behind," he says, "so you make sure it really is a risk before you call. You use your common sense. If you aren't sure, dial the 800 number."

Adams says it also makes sense to be more vigilant on the road. "You have to have a head's up that things have changed," he says. "We all need to be aware of our surroundings."

As he maneuvers his truck along Chicago's Pulaski Road, which is teeming with people and cars, he points down a residential street. If a fuel tanker truck emerged from there, he says, he would "pick up the phone, because what in the world is a fuel tanker doing here?"

Mystery Drapes Flag's Disappearance (USAT)

By Rick Hampson

USA Today, August 31, 2006

NEW YORK — On April 1, 2002, a flag that had become the emblem of American resilience was unfurled in a solemn, wordless ceremony outside City Hall.

Hours after the 9/11 attacks, three firefighters had spontaneously used a U.S. flag taken off a yacht and raised it in the wreckage of the World Trade Center. A newspaper photographer captured the scene, creating a classic image.

Seven months later, the three firemen were guests of honor as the flag was run up the City Hall pole. But Dan McWilliams, one of the firemen, said softly, “That's not the flag.”

Bill Kelly, the firefighters' lawyer, stared at him. “That's much bigger than the one we put up,” McWilliams explained. Kelly says he looked at the other two firemen: “They said, ‘No, that's not it.' ” The men said nothing more, and the flag flew at City Hall for a week before beginning a tour of police stations and firehouses.

It was an impostor. Five years after 9/11, the day's most famous artifact is still missing.

“It's a piece of history,” says Shirley Dreifus, owner of the yacht from which one of the firemen took the flag. “I don't think the average citizen knows it's missing.”

The flag in the photograph taken on 9/11 by Thomas Franklin of The Record of Bergen County, N.J., was 3 feet by 5 feet. The one raised at City Hall — and flown at Yankee Stadium and on warships and once destined for the Smithsonian — is 5 by 8.

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How did the flags get switched? Did someone replace the smaller with the larger at Ground Zero? If so, why? And what happened to the original?

The three firemen raised the flag at the darkest hour of one of the darkest days in U.S. history. The twin towers were in smithereens. After six hours of searching, it was apparent there were few survivors.

As McWilliams walked past a yacht docked on the Hudson River, he spotted an American flag attached to a broken wooden pole. He grabbed it and walked back toward Ground Zero, joined en route by George Johnson, a member of his Brooklyn ladder company, and Billy Eisengrein, whom he'd known since they were kids on Staten Island.

At Ground Zero, the firefighters found a long metal flagpole jutting at a 45-degree angle from a ledge about 20 feet above the ground. They climbed up and began rigging the flag to the pole.

They never saw Franklin, who took the picture from about 100 feet away. As he was shooting, he thought of the famous photo of the flag-raising on Iwo Jima in 1945.

The Record sent the photo to the Associated Press — and through its network to the world. Over the next year the image appeared on U.S. commandos' "calling cards" on the battlefields of Afghanistan, on a postage stamp, on the side of a barn in Upstate New York.

Within 10 days after it was raised, the flag — or rather, a flag — was taken down by the fire department; the Navy wanted to borrow it for display on the carrier Theodore Roosevelt, heading to the Arabian Sea for operations in Afghanistan.

On Sept. 23, the same flag appeared at a service at Yankee Stadium, where it was signed by Gov. George Pataki, Mayor Rudy Giuliani and the fire and police commissioners. Then it was flown off to the Roosevelt.

In January 2002, Dreifus called USA TODAY to say the flag came from the yacht Star of America, owned by her and her husband. The firefighters signed an affidavit confirming that claim.

In March, as the carrier returned to Norfolk, Va., Johnson and Eisengrein were flown onboard to accept the flag, folded in a triangle, on behalf of the city.

That summer, Dreifus asked the city to borrow the flag for a firefighters' fundraiser on the yacht. When she got the flag, she realized it was too big to have been the yacht's.

"I don't doubt it flew at Ground Zero," Dreifus says of the larger flag — it even smelled of smoke. "It just wasn't the one from our boat."

They demanded that the city find the right one. In what Dreifus describes as an attempt to "put some energy" behind the search, they sued the city for $525,000 — the price at which appraisers valued the flag, which originally cost $50.

The city couldn't find the flag, and the suit was dropped. Mayor Michael Bloomberg said he didn't know where the flag was: "I don't know where Osama bin Laden is, either."

Coincidentally, two flags also were raised on Iwo Jima by different groups of servicemen. The second, larger one was in the Associated Press photo; both are in the Marine Corps collection in Quantico, Va.

David Friend, a Vanity Fair editor and author of a new book on the visual images of 9/11, says he believes the flag was switched within days.

The three firemen have declined interview requests over the past five years. But Friend's book, Watching the World Change, quotes Billy Eisengrein as saying that while working at Ground Zero a few days after9/11, he noticed the flag was gone from the pole: "Who took it down, I have no idea."

Was the first flag replaced because it was too small? Was it lowered when it began to rain and innocently switched with another flag found at the site? Did someone in the fire department not want to let the Navy borrow it? Once the photo appeared on the front page of the New York Post on Sept. 13, did a thief realize its value? Was Ground Zero in the week after the attack still sufficiently chaotic to allow someone to take the flag unnoticed?

Dreifus keeps an eye on the Internet to make sure no one tries to sell it: "I think whoever took it down must know what it was."

WAR NEWS:

Bush Wows S.L. Crowd (DESMN)

By Lisa Riley Roche And Josh Loftin

Deseret (UT) Morning News, August 31, 2006

Thousands of Utahns cheered Wednesday night as President Bush arrived in Salt Lake City to deliver the first of a new series of speeches aimed at shoring up support for the Iraq war.

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Air Force One touched down at 8:52 p.m., and Bush stood atop the stairway waving to supporters, estimated at 3,000 by the Secret Service. Gov. Jon Huntsman Jr. stood on the tarmac with his youngest daughter, Gracie Mei, 7, to greet the president along with Utah's congressional delegation, other officials and Sam Delis of Saratoga Springs, who was recognized for helping organize a clothing drive last year for Hurricane Katrina evacuees.

Bush thanked the throngs for "a fantastic Utah welcome," saying he wished first lady Laura Bush could have come. The president then launched into a preview of why he came to talk to the American Legion.

"These are challenging times, and I wish I could report to you that all is well. But there are still enemies who still want to hurt America," he said, referring to terrorists. "Our most important duty is to protect American people from further attack."

He then responded to critics calling for the troops to come home.

"We will defeat the terrorists abroad so we do not have to fight them at home," the president said.

As a band played patriotic music, Bush shook hands with those standing on the tarmac of the Utah Air National Guard runway east of Salt Lake City International Airport.

"I got to shake his hand. It was squishy," Bethanne Bissell, 9, of Layton said. Her mother, Utah Air National Guard Master Sgt. Rebecca Bissell, said she thought the president's speech was great.

Many people snapped photos while the president was there and stayed behind to take shots in front of the presidential plane, Air Force One, as did Darin Engh of Draper and his family.

"I thought it was wonderful. I enjoyed the part where he talked about the Almighty," Engh said, calling the speech "very passionate, very animated."

Bush will address the American Legion convention today and attend a fund-raiser for Sen. Orrin Hatch, R-Utah, at the Grand America Hotel before leaving the state at noon. He will begin the day with a private visit to the First Presidency of The Church of Jesus Christ of Latter-day Saints.

Even before Air Force One touched down, protests and rallies both supporting and opposing the administration and its policies on the war on terror were held. An anti-war rally was led by Salt Lake City Mayor Rocky Anderson.

The president told reporters Wednesday during an earlier stop in Little Rock, Ark., that his speeches will be "about the future of this country, and they're speeches to make it clear that if we retreat before the job is done, this nation would become even more in jeopardy."

Bush also said there that the speeches shouldn't be politicized. "We have a duty in this country to defeat terrorists. That's why we'll stay on the offense and bring them to justice before they hurt us, and that's why we'll work to spread liberty in order to spread the peace."

According to White House deputy press secretary Dana Perino, his speech in Salt Lake City "will put the violence that Americans are seeing on their TV screens and reading in their papers into a larger context" while acknowledging "that these are unsettling times in Iraq."

His address to the military veterans will mark the start of a series of speeches on the global war on terrorism, she said, that will continue through the fifth anniversary of the Sept. 11 attacks on the United States and a Sept. 19 meeting of the United Nations General Assembly.

Bush follows two top administration officials on the American Legion agenda. Both Defense Secretary Donald Rumsfeld and Secretary of State Condoleezza Rice spoke to convention delegates on Tuesday, offering a similar message of support for the war.

Kim Raff, Deseret Morning News

President Bush is cheered Wednesday night as he exits Air Force One in Salt Lake City. He thanks the crowd for "a fantastic Utah welcome." The president chose one of the most Republican states in the nation to begin what will be his third set of speeches on the war in less than a year. While his approval rating has stayed strong in Utah, it was at just 33 percent nationwide in an August Associated Press-Ipsos poll.

Twice as many Utahns — 66 percent — supported Bush in the most recent Deseret Morning News/KSL-TV poll on the president's approval rating. When the survey was taken last month, only Utah, Idaho, Wyoming and Texas were giving Bush a favorable rating.

Bush, who won Utah by the largest margin of any state in both the 2000 and 2004 elections, chose the state a year ago to make another speech in favor of the war, before the Veterans of Foreign Wars.

Three hours before Bush arrived, a few hundred supporters gathered to voice their support for the president at Washington Square, the same location where earlier in the day thousands protested against Bush's policies.

Signs scribbled with pro-Bush sentiments were ample at the rally. There were also a handful of people who showed up to express their dislike for the president and the war.

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Salt Lake City police were summoned to a few minor scuffles — one in which a protester had his sign torn and another where police escorted a man away from the rally.

The Republican Party-organized event boasted a number of prominent GOP speakers — a few who publicly expressed their sentiments about Salt Lake City Mayor Rocky Anderson, who keynoted the anti-Bush rally.

"I stayed quiet last fall because I wanted to be nice," said Utah Attorney General Mark Shurtleff. "I'm done being nice today. Rocky, there is no honor in what you did today."

"There are too many people against the war," said Joan Foote of Springville, who has two sons serving in Kuwait and Iraq. "We are hear to show our support."

Bush Shifting Public Focus To Terrorism And Iraq War (NYT)

By Anne E. Kornblut

The New York Times, August 31, 2006

NASHVILLE, Aug. 30 — With the midterm elections approaching, President Bush is beginning an extended tour to draw attention to the threat of terrorism and the Iraq war, quickly pivoting to more comfortable territory after the focus on the Hurricane Katrina anniversary.

Starting with an address to veterans on Thursday, Mr. Bush intends to outline what one adviser described as the "consequences of victory and defeat," a theme he conveyed here on Wednesday night, when he warned that a hasty departure from Iraq would create a terrorist state in the heart of the Middle East.

Advisers said Mr. Bush would continue his speeches on Iraq and the broader struggle against terrorism for several weeks, keying off the five-year anniversary of the Sept. 11, 2001, attacks.

The White House has made national security and Iraq the centerpieces of its strategy to help Republicans retain control of Congress. Nonetheless, as Mr. Bush went to Arkansas and Tennessee on Wednesday to raise money for Republican candidates, he said of his series of speeches, "They're not political speeches."

"These are important times, and I seriously hope people wouldn't politicize these issues I'm going to talk about," Mr. Bush said after a fund-raiser at a house in Little Rock, Ark.

A short time later, at a fund-raiser here, the president urged an audience to vote for a Republican Senate candidate to help keep the nation safe. Declaring his "message of optimism," Mr. Bush said he needed colleagues on Capitol Hill who understood the importance of tools like the USA Patriot Act and domestic surveillance to help stop terrorism.

"I need people in the United States Senate standing side by side who understand our most important task is the security of the United States of America," he said.

"We face an enemy that has an ideology,'' Mr. Bush continued. "They believe things. The best way to describe their ideology is to relate to you the fact that they think the opposite of the way we think."

He criticized detractors who have sought to withdraw troops from Iraq, saying that to leave that country "before the job is done" could lead to a much worse terrorist state. But Mr. Bush did not emphasize signs of progress in Iraq as he had in the past.

The focus is shifting as other senior members of the administration have been attacking Democrats over the war and national security in general.

In the most combative instance, Defense Secretary Donald H. Rumsfeld set off a partisan battle by saying on Tuesday that critics of the war had not "learned history's lessons" and going on to allude to appeasement of the Nazis in the 1930's.

The Senate Democratic leader, Harry Reid of Nevada, called Mr. Rumsfeld's comments reckless on Wednesday.

Representative Rahm Emanuel of Illinois, who is in charge of helping elect Democrats to the House, criticized the defense secretary as taking on a political role.

"Donald Rumsfeld should spend less time thinking about the midterm elections and more time figuring out how to clean up the mess this administration made in Iraq," Mr. Emanuel said in a statement.

It is unclear whether Mr. Bush and his top officials can translate support for combating terrorism into political points in the fall.

Unlike the last two election cycles, when the threat of another attack helped bolster support for Republicans, strategists believe that the increasingly unpopular American presence in Iraq could hurt the governing party.

Mr. Bush's personal popularity remains low, with his approval ratings hovering at less than 40 percent. That has led some Republicans to distance themselves from the president and the war, raising questions about how Mr. Bush can be an effective advocate in the fall campaign.

On Wednesday, Mr. Bush played the role of fund-raiser relatively quietly.

Traveling from his ranch outside Crawford, Tex., in the morning, he appeared in Arkansas at a private event for Asa Hutchinson, the former Republican congressman who is running for governor.

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Mr. Hutchinson is trailing his Democratic opponent, Mike Beebe, the Arkansas attorney general, according to polling data.

The governor's seat is now held by a Republican, Mike Huckabee, but term limits prevent Mr. Huckabee from running again.

In the Tennessee race to fill the seat held by the departing Senate majority leader, Bill Frist, the Republican, Bob Corker, leads the Democrat, Representative Harold E. Ford Jr., in polls by a slight margin.

Republicans view victory here as critical to retaining control of the Senate. They have a six-seat margin, and at least four seats are considered highly likely to fall to the Democrats.

Organizers said they raised more than $1.5 million from the dinner on Wednesday.

Bush Links Iraq Success To U.S. Safety (AP-Y)

By Deb Riechmann

AP, August 31, 2006

Linking success in Iraq with the future safety of America, President Bush said Wednesday that withdrawing U.S. troops too quickly would lead to a terrorist state more dangerous than Afghanistan in the grip of the repressive Taliban regime.

Bush, who is beginning a series of speeches on Thursday to counter opposition to the war, spoke at a political fundraiser, which raised more than $1.5 million for the Tennessee GOP and Bob Corker, who faces a tough Senate race against Democratic nominee Harold Ford Jr.

If the United States leaves Iraq prematurely, Bush said, it would embolden an enemy that wants to harm Americans and shred U.S. credibility internationally.

"If we leave Iraq before the job is done, it will create a terrorist state in the heart of the Middle East, a terrorist state much more dangerous than Afghanistan was before we removed the Taliban, a terrorist state with the capacity to fund its activities because of the oil reserves of Iraq," Bush said.

Promising victory in Iraq, Bush said: "The stakes are high. it's very important for the American people to understand that the security of the United States of America, the capacity of our children to grow up in a peaceful world, in large part depends on our willingness to help this young Iraq democracy succeed. And we will succeed."

Bush delivers the first in a series of speeches on the war on terror at the annual American Legion convention in Salt Lake City. The appearances will continue through the fifth anniversary of the Sept. 11 attacks and culminate on Sept. 19 when Bush addresses the U.N. Security Council.

It is the third time in less than a year that Bush has launched a public relations offensive to try to rally support for the war in Iraq and his effort to spread democracy in the Middle East. He did it in November and December 2005 and again in March on the third anniversary of the U.S.-led invasion of Iraq.

Back then, the speeches were aimed at countering news reports of daily bombings in Iraq, where more than 2,300 U.S. troops had died. The death toll has risen to more than 2,630 and in July, about 3,500 Iraqis died violently — the highest monthly civilian toll since the war began.

The new addresses come two months before congressional elections and at a point when Bush's approval rate is at 33 percent in the August AP-Ipsos poll. His approval on handling of Iraq also was at 33 percent in the poll.

"They are not political speeches," Bush said earlier Wednesday outside a restaurant in Little Rock, Ark., where he made his first campaign stop of the day. "They're speeches about the future of this country and they're speeches to make it clear that if we retreat before the job is done, this nation will become even more in jeopardy.

"These are important times, and I would seriously hope people wouldn't politicize these issues that I'm going to talk about."

While Bush said Iraq and terrorism shouldn't be politicized, Defense Secretary Donald H. Rumsfeld, only a day earlier, attacked critics of the administration's war policies and suggested they suffered from "cynicism and moral confusion."

Before traveling to Nashville, Bush attended a fundraiser in Little Rock for GOP gubernatorial candidate Asa Hutchinson, a former congressman running against Democrat Mike Beebe. The fundraiser, at the home of former pro basketball player Joe Kleine, raised $650,000 for Hutchinson and the Arkansas GOP.

But after the fundraiser, Bush and Hutchinson stopped to hobnob with customers at Cotham's Restaurant, which has political signs plastered across the walls. It is home to the $9.15 oversized "Hubcap Hamburger," but Bush was toting a piece of fried chocolate pie in a takeout bag when he climbed back in his limousine.

Bush Speeches To Stress Stakes In Iraq (WSJ)

By John D. McKinnon

The Wall Street Journal, August 30, 2006

DOJ_NMG_0056174

President Bush will launch another major public-relations offensive to strengthen support for the Iraq war -- this time likely emphasizing the high stakes and changing nature of the battle more than the progress being made. The series of speeches begins tomorrow at the annual American Legion convention in Utah and will continue through the anniversary of the Sept. 11 terrorist attacks and on into the middle of next month.

The new campaign is aimed at framing the Iraq debate over what the White House considers the vital stakes involved in the war and reinforcing public sentiment that favors sticking it out. The speeches will be aimed at rebutting mounting public calls -- from Democrats and even a few Republicans -- for setting some kind of timetable for at least a limited troop withdrawal.

Still, the new series of speeches -- the president's third major round of Iraq addresses in less than a year -- might in some ways sound less upbeat than prior rhetorical campaigns on the issue. While past addresses often stressed improvements on the ground, that theme is likely to be less prominent in coming weeks. Instead, Mr. Bush is likely to talk more about the importance of winning and how the U.S. is adapting to the changing nature of the struggle against terrorism in Iraq and beyond, stressing the continuing violence in Baghdad and the recent Israel-Hezbollah conflict.

The speeches also could help Republican candidates in the fall congressional campaign, despite the flagging popularity of both Mr. Bush and the war. Advisers to the president believe -- and polls reflect -- that while most people say they are unhappy about the way the war is going, they still oppose the immediate withdrawal that high-profile Democrats increasingly favor.

The plans were outlined by a senior administration official. "Terrorism is on the minds of Americans, and as we go into the fifth anniversary of the Sept. 11 attacks, it's appropriate and necessary that the nation continue to hear about the state of the war and the nature of our enemy," the official said. "This is a long fight that we're going to have to sustain."

Jim Manley, a spokesman for Senate Democratic Leader Harry Reid, said last night that the changing White House rhetoric shows that "the administration's real plan has become one of trying to avoid defeat ... We need to take a new direction, one that involves an effective alternative to the current open-ended commitment that this country is facing in Iraq."

Defense Secretary Donald Rumsfeld appeared to preview yesterday the rhetoric of the new administration approach, underscoring what he portrayed as the stakes in the war against terrorism in a strongly worded speech of his own, saying proponents of withdrawal are effectively promoting appeasement of "a new type of fascism" similar to that of Nazi Germany in the 1930s.

When Mr. Bush has, in the past, made an impassioned plea for support for the Iraq venture, he has sometimes made progress in boosting support among the public, at least temporarily, and shoring up backing among fellow Republicans. This time he faces the added pressures of a midterm election campaign, but also has seen at least a small uptick in his ratings lately.

The White House decision to highlight the war could prove problematic for a few moderate Republicans facing tough re-election campaigns who have been seeking to narrow differences with Democrats. For example, Rep. Chris Shays of Connecticut recently has begun advocating a timeline for troop withdrawals, in order to encourage stronger security efforts by the Iraqis themselves. Mr. Shays's Democratic opponent has called for a "full exit strategy."

Mr. Shays said in an interview yesterday that a new outreach by the president could be helpful to Republicans if the White House is honest about past mistakes and future prospects. But overemphasizing differences with Democrats could hurt, he said.

Mr. Bush "needs to bring the country together," Mr. Shays said. "I don't think approaching this in a partisan way helps."

The new rhetorical pivot could bolster Republicans in the November elections. Research by Duke University political scientists consulted last year by the White House shows that people's support for the war depends heavily on whether they think it is winnable. By contrast, their likelihood of supporting Republican candidates depends more on whether they think the war is a good idea.

"Their strategy makes sense if they're focused on the fall elections," Christopher Gelpi, one of the Duke professors, said yesterday. However, he noted that if Mr. Bush de-emphasizes the war's progress too much, he could risk eroding long-term support for the conflict.

Perhaps anticipating Democratic attacks that Mr. Bush is portraying the war in a partisan way, Republicans argue that Democrats have played politics with the war for months. Mr. Bush is likely to point out that the day-to-day conduct of the war is being run by military officers, and not by the White House.

Mr. Bush gave his first major series of speeches to boost sagging support for the war in November and December. In those he argued that the war is winnable and released a "Strategy for Victory." In the first speech, at the U.S. Naval Academy in Annapolis, Md., he argued that "Iraqi forces have made real progress" and that "they're helping to turn the tide of this struggle in freedom's favor."

A second series of speeches beginning in March elaborated on the progress in Iraq. In the first of those speeches, on March 13 at George Washington University, Mr. Bush was able to note that in the wake of the bombing of the Golden Mosque in Samarra, "we saw the capability of the Iraqi security forces [and] the determination of many of Iraq's leaders" in preventing an all-out civil war.

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But since then, Iraqi security forces have proved unable to prevent major outbreaks of violence in Baghdad and elsewhere, and U.S. troops eventually were put back in charge of security in the capital. And the threat of civil war has only grown, as attacks on civilians have escalated. That has made it more difficult for Mr. Bush to make the case for the success of the war effort.

Instead, he is now returning to the simple urgency of the fight and the importance of not abandoning it.

To make that point, Mr. Bush recently has increasingly emphasized that if the U.S. withdraws from Iraq, the "enemy will follow us home," as he said at a fund-raiser for former football star Lynn Swann's Pennsylvania gubernatorial campaign.

Bush Team Casts Foes As Defeatist (WP)

By Peter Baker And Jim Vandehei

The Washington Post, August 31, 2006

President Bush and his surrogates are launching a new campaign intended to rebuild support for the war in Iraq by accusing the opposition of aiming to appease terrorists and cut off funding for troops on the battlefield, charges that many Democrats say distort their stated positions.

With an appearance before the American Legion in Salt Lake City today, Bush will begin a series of speeches over 20 days centered on the fifth anniversary of the Sept. 11, 2001, attacks. But he and his top lieutenants have foreshadowed in recent days the thrust of the effort to put Democrats on the defensive with rhetoric that has further inflamed an already emotional debate.

Bush suggested last week that Democrats are promising voters to block additional money for continuing the war. Vice President Cheney this week said critics "claim retreat from Iraq would satisfy the appetite of the terrorists and get them to leave us alone." And Defense Secretary Donald H. Rumsfeld, citing passivity toward Nazi Germany before World War II, said that "many have still not learned history's lessons" and "believe that somehow vicious extremists can be appeased."

Pressed to support these allegations, the White House yesterday could cite no major Democrat who has proposed cutting off funds or suggested that withdrawing from Iraq would persuade terrorists to leave Americans alone. But White House and Republican officials said those are logical interpretations of the most common Democratic position favoring a timetable for withdrawing troops from Iraq.

"A lot of the people who say we need to withdraw from Iraq say we'll be safer, and I don't think that's accurate," said Republican National Committee Chairman Ken Mehlman, a key architect of the party's strategy heading into the fall congressional campaign. Mehlman noted that al-Qaeda leaders and other Islamic radicals have said they want to drive Americans out of Iraq and use it as a base. "We ought to not ignore when they say they're going to do that."

White House spokeswoman Dana Perino said it is reasonable for Bush to presume that Democrats will try to cut off funding for the war if they take over Congress, noting that 54 House Democrats voted against a spending bill for military operations last year. "How would they force the president to withdraw troops?" she asked. "Yell?"

Democrats contended that the statements went too far. "Maybe there are some people in America who do not want to fight the war on terror, but I do not know them," Sen. Charles E. Schumer (N.Y.), chairman of the Democratic Senatorial Campaign Committee, said yesterday. "We Democrats want to fight a very strong war on terror. No one has talked about appeasement."

The White House strategy of equating Democratic dissent with defeatism worked during the 2002 and 2004 elections, but it could prove more difficult this time. Some Republicans, such as Rep. Christopher Shays (Conn.), line up with Democrats in seeking a timetable for a withdrawal from Iraq. When Bush and his allies accuse those favoring such a timetable of "self-defeating pessimism," as Cheney put it this week, they risk spraying friendly fire on some of their own candidates.

In an interview yesterday, Shays said the charges by Cheney and Rumsfeld are "over the top" and unhelpful. "The president should be trying to bring the country together and not trying to divide us," he said. Shays, a longtime supporter of the war who just returned from his 14th trip to Iraq and faces a tough reelection battle, said he plans to outline next month a deadline for replacing U.S. troops doing police-style patrols with Iraqi forces. But he fears the Bush administration might not be supportive.

Other GOP incumbents, such as Reps. Gil Gutknecht (Minn.) and Michael G. Fitzpatrick (Pa.), are also raising serious concerns about Bush's Iraq policy.

But many embattled Republicans remain reluctant to break with the administration's current approach. Rep. Rob Simmons, another Connecticut Republican facing a difficult campaign in a Democratic-leaning district, said he will oppose any effort by Shays to establish a pullout deadline. "I don't think that is a good idea," Simmons said.

Instead, Simmons highlights his military service and initial objections to invading Iraq three years ago. "I am a Connecticut Republican, and the environment in which I operate is quite different from elsewhere in the country," Simmons said. As for the emerging Bush political strategy on terrorism and the war, it "is hard to judge whether it helps or hurts," he said. "It may help candidates elsewhere in the country more than it helps me."

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While no Democrat has the powerful platform that the White House affords Bush and Cheney, the complaints about the mischaracterizing of positions on the war flow in both directions. Many Democrats accuse the president of advocating "stay the course" in Iraq, but the White House rejects the phrase and regularly emphasizes that it is adapting tactics to changing circumstances, such as moving more U.S. troops into Baghdad recently after a previous security strategy appeared to fail.

"Strategically, we are staying committed to the fact that this is an important mission and one that should be accomplished," said a senior administration official, who spoke on the condition of anonymity. Democrats, this adviser said, say "we're 'doing the same thing over and over' when that's not the case."

The intensity of the exchanges underscores the power of the issue. Although memories of Hurricane Katrina and disputes over the reconstruction of the Gulf Coast generated heated debate in recent days, strategists in both parties believe that the coming congressional elections will turn in large part on the Iraq war and whether voters believe it is part of the global battle against terrorism or a distraction from it. Bush advisers hope that the legacy of Sept. 11 will rally the public back to the unpopular president and his party, while Democrats are trying to tap into broad discontent with the Iraq war.

Republicans plan to load the congressional agenda with national security issues, including votes on spending for the military, terrorism-fighting measures and symbolic bills supporting U.S. troops. Democrats plan to force votes on providing more equipment to U.S. troops, implementing the recommendations of the bipartisan Sept. 11 commission and condemning Bush's Iraq policy.

Bush's speech to the American Legion this morning will launch his third intensive campaign in the past year to address public anxiety over the war. Aides said he will tackle the perception that the world is in chaos and tie together the conflicts in Iraq, Lebanon, Afghanistan and elsewhere into the common ideological thread of fighting "Islamic fascism."

The effort will continue with other speeches in Washington and around the country, followed by a whirlwind tour of the Sept. 11 attack sites and a Sept. 19 address to the U.N. General Assembly. During a campaign stop in Arkansas yesterday, Bush denied that the efforts are connected to the election campaign.

"They're not political speeches," he said. "They're speeches about the future of this country, and they're speeches to make it clear that if we retreat before the job is done, this nation would become even more in jeopardy. These are important times, and I seriously hope people wouldn't politicize these issues that I'm going to talk about."

The Democratic strategy for the next few weeks is twofold: First, punch back every time Republicans challenge their commitment to national security. Yesterday, for instance, House Minority Leader Nancy Pelosi (Calif.) was among the half-dozen leading Democrats to strike back at Rumsfeld by noontime. "Secretary Rumsfeld's efforts to smear critics of the Bush administration's Iraq policy are a pathetic attempt to shift the public's attention from his repeated failure to manage the conduct of the war competently," she said.

At the same time, Democrats plan a series of events in which to condemn Bush's Iraq policy and amplify their charge that Iraq is not a central front in the campaign against terrorism. In a late-morning conference call, Sen. Jack Reed (R.I.), the Democrats' leading spokesman on national security issues, said only a small minority of those involved in the bloodshed in Iraq are the kind of international terrorists the United States should be hunting down.

Unlike in the past two elections, it is not clear which party benefits most from these debates. Most polls show that the public is essentially split over which party will keep the United States safe from terrorists. Both sides anticipate that Bush and other Republicans will get a slight bump from the Sept. 11 anniversary and the public's renewed focus on terrorism on that day, but that will not end the focus. "Over the next 69 days," Mehlman said, "there will be an important discussion in America over what it takes to make America safe."

Democrats Take Fire At Rumsfeld (AP-Y)

By Anne Plummer Flaherty

AP, August 31, 2006

Democrats chastised Defense Secretary Donald H. Rumsfeld for questioning the historical grasp of those who criticize the Bush administration's handling of war, accusing him Wednesday of engaging in "dangerous business."

Several members of Congress had been urging Rumsfeld's to resign long before he asserted to the American Legion on Tuesday that war opponents displayed the kind of thinking that delayed military action against Adolf Hitler's Nazi Germany.

Rumsfeld said the world faces "a new type of fascism." And he warned against repeating the pre-World War II mistake of appeasement.

His speech in Salt Lake City, in which he also said administration critics suffered from "moral confusion," prompted angry reactions from Democrats hoping to win back control of Congress.

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"It is a dangerous business to accuse those who disagree with you of moral and intellectual confusion," said Rep. Ike Skelton of Missouri, the top Democrat on the House Armed Services Committee. "Debate in our democracy is based upon respect, not vilification."

Said House Minority Leader Nancy Pelosi, D-Calif.: "If Mr. Rumsfeld is so concerned with comparisons to World War II, he should explain why our troops have now been fighting in Iraq longer than it took our forces to defeat the Nazis in Europe."

Responding Wednesday, Pentagon press secretary Eric Ruff said, "Facts are facts. As the secretary said in his speech, America and the free world face a gathering threat of challenges from a vicious enemy that is serious, lethal and relentless. There are important lessons from history that we ought to be mindful of as we talk about how we are going to meet the challenges extremist terror organizations present."

In his speech, Rumsfeld said it "was apparent that many have still not learned history's lessons." Aides later said he was not accusing the administration's critics of trying to appease the terrorists but was cautioning against a repeat of errors made in earlier eras.

Nevertheless, many Democrats in Congress viewed Rumsfeld's remarks as fighting words.

Sen. Jack Reed, a member of the Armed Services Committee, said Rumsfeld has been "substituting sloganing for strategy" and delivered a "calculated political argument" to make people believe that to support a war against terror requires support of the administration's policies.

"I think the analogy is very, very weak," Reed, D-R.I., said of Rumsfeld's comparison of Iraq to World War II.

It is time Rumsfeld "should be departing" the Pentagon, Reed added. Reed, Pelosi and other Democrats have been calling for the defense secretary's resignation for more than a year.

Sen. Charles E. Schumer of New York called Rumsfeld's portrayal of Democrats a "strawman" and said Americans need answers on how to deal with a looming civil war in Iraq.

Senate Majority Leader Bill Frist, R-Tenn., shot back, saying Democrats were not committed to winning the war on terror. If they were, he asked, "Why does (Schumer's) party attack the president over and over again for using all the tools necessary to identify, track down and stop those who want to do us harm?" Democrats have objected to aspects of the president's terrorist surveillance program.

Also Wednesday, a New York Democratic House candidate, Navy veteran Eric Massa, accused Rumsfeld of lying about progress in Iraq.

Massa, who is challenging one-term Republican Rep. Randy Kuhl, said he was outraged by Rumsfeld's comments and faulted him for blaming the media for his own misstatements and missteps. He said the Bush administration has no effective plan to secure the country.

"This thing has disintegrated," Tim Walz, a Minnessota Democrat running for a House seat, said of Iraq.

Tracey Schmitt, a spokeswoman for the Republican National Committee, said the Democratic candidates' strategy is to criticize Republican efforts to win the war on terror, while elected Democrats are "committed to a strategy that will weaken our ability to defend America and make us less safe at home and abroad."

Bush Seeks To Bolster War On Terror (WT)

By Stephen Dinan

The Washington Times, August 31, 2006

NASHVILLE, Tenn. -- The White House and Republicans are setting the stage for a security-heavy September, with President Bush preparing a series of speeches to bolster the war on terror and with Congress ready to debate defense spending and terrorist detention.

Mr. Bush begins his campaign today with a speech to the American Legion designed to drive a pointed message of standing firm against terrorism amid recent violence in Iraq, Afghanistan and Lebanon, and the foiled London terrorist plot. He will also talk about the progress made through the Patriot Act and other intelligence reforms, the White House said.

Mr. Bush yesterday insisted the upcoming speeches aren't about politics, but Democrats said the well was already poisoned by Defense Secretary Donald H. Rumsfeld's speech Tuesday to the American Legion, in which he warned against repeating the mistakes of pre-World War II appeasement and, without explicitly citing Mr. Bush's critics, said "it is apparent that many have still not learned history's lessons."

Those remarks outraged Democratic politicians, who said Mr. Rumsfeld was equating them and other critics with Nazi sympathizers.

"Maybe there are some people who don't want to fight the war on terror, but I don't know them," said Sen. Charles E. Schumer, New York Democrat, who said "99 percent" of Democrats, as well as Republicans, support fighting terrorists.

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The White House didn't back away from Mr. Rumsfeld's comments, but neither did officials embrace them. White House spokeswoman Dana Perino said the Defense Department issued a statement challenging one version of the Associated Press' story of Mr. Rumsfeld's speech, and said, "I'll let [the Defense Department] and the reporters who covered that sort that out."

Still, she said that in general Mr. Rumsfeld and the president are on the same message.

"What Rumsfeld was talking about was clearly making the case that we remain vigilant in fighting the war on terror and confronting the threats to free societies," Mrs. Perino said.

House Minority Leader Nancy Pelosi, California Democrat, called the defense secretary's speech "a fresh embarrassment to the nation" and Sen. Jack Reed, Rhode Island Democrat, called it a "calculated political argument."

Just hours later, Mr. Bush made his call to keep politics out of his speeches.

"These are important times, and I seriously hope people wouldn't politicize these issues that I'm going to talk about," he said.

Less than two hours later, the Republican National Committee fired off a memo questioning "Defeatocrat division" among Democrats, and pointing to lawmakers such as Senate Minority Leader Harry Reid, Nevada Democrat, who led a filibuster of the Patriot Act before later allowing it to pass.

Mr. Schumer, who is in charge of the Democratic Senatorial Campaign Committee, the campaign arm of Senate Democrats, said Republicans used the same national security arguments with some success in the 2002 and 2004 campaigns. But he said 2006 is different.

"Back then, most Americans were content with the direction the war in Iraq and the war on terror were taking. Now they're not content," he said.

Coupled with Congress' plans to debate treatment of detainees at Guantanamo Bay, defense and homeland security spending bills, and the possibility of a debate on the administration's terrorist surveillance program, Republicans say they are happy to find themselves talking security just weeks before the midterm congressional elections.

"If they want to even further delineate the bright line between where they are and where the rest of the country is on that issue, be my guest," one Senate Republican leadership aide said.

But the administration may be facing an uphill battle in trying to make its case on Iraq. Just last week a CBS-New York Times poll found that a majority of Americans no longer say the war in Iraq is part of the war on terror, which means they disagree with the central argument the administration makes for remaining engaged in Iraq.

The politics trickles down to this year's battle for Congress. As Mr. Bush came to Nashville for a fundraiser for Republican Senate candidate Bob Corker and state Republicans, the front page of the Tennessean carried an article examining whether Mr. Bush's fundraising help -- more than $1 million -- would be outweighed by support lost from voters upset over the Iraq war.

Speaking at the fundraiser, Mr. Bush said Americans must understand the stakes in Iraq.

"The security of the United States of America, the capacity for our children to grow up in a peaceful world, in large part depends on our willingness to help this young Iraqi democracy succeed," he said.

He also brought the war on terror into his campaign rhetoric, calling for Mr. Corker's election because "I need people in Washington, D.C., who are willing to give those who are responsible for protecting America all the tools they need -- tools such as the Patriot Act."

The war-on-terror speeches will culminate in Mr. Bush's annual address to the United Nations General Assembly, scheduled for Sept. 19. Mr. Bush hopes to have better luck this time than the last series of speeches about the war on terror he did in the spring.

The CBS-New York Times poll found that 45 percent of those surveyed in early March approved of Mr. Bush's handling of the war on terror, and after two months of speeches, that had risen just one percentage point.

His handling of the war in Iraq was at 31 percent before that series of speeches, and was still at 31 percent after them.

Pipe Down, Rummy (LAT)

The Los Angeles Times, August 31, 2006

TWO REPUBLICAN ADMINISTRATIONS ago, the mantra of conservatives was "Let Reagan be Reagan." Apparently President Bush has decided to let Rumsfeld be Rumsfeld — even when Bush himself is no longer the Bush who taunted Iraqi insurgents with "Bring 'em on!" and posed in front of a banner proclaiming "Mission Accomplished."

In a cranky speech Tuesday to an American Legion audience, Secretary of Defense Donald H. Rumsfeld compared critics of U.S. policy in Iraq to those who sought to appease Hitler before World War II. For good measure, Rumsfeld suggested (echoing Jeane Kirkpatrick's liberal-bashing speech at the 1984 Republican National Convention) that those same critics "blame America first."

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One effect of Rumsfeld's outburst was to serve as a reminder that he is still in office. Once the public face of the war in Iraq, he lately has been AWOL from the administration's public advocacy, ceding the spotlight to Secretary of State Condoleezza Rice. The assumption was that, although Rumsfeld remained fireproof, his cocksure contempt for criticism was out of favor now that Bush has acknowledged that the prolonged U.S. presence in Iraq is "straining the psyche of our country."

Maybe Rumsfeld never got the memo, or, if he did, he crumpled it up. His speech was vintage Rumsfeld. It was also unfair and, in places, inane.

Take the suggestion that critics of Bush's Iraq policy are the moral equivalent of those who refused to stop Hitler. There's a reason why high school debaters are warned away from Nazi analogies: They're almost always disproportionate. Even Bush, who recently raised eyebrows by identifying "Islamic fascism" as America's enemy, stopped short of referring to critics of his policies as latter-day Neville Chamberlains.

Even more offensive is Rumsfeld's "blame America first" canard. Who exactly has been pushing what he called "the destructive view that America — not the enemy — is the real source of the world's troubles"? Certainly no one in mainstream American political discourse, not even those members of Congress who want to set a date for the withdrawal of U.S. forces from Iraq. Their argument, right or wrong, is that Iraq is descending into civil war and that the U.S. presence there is unavailing and a drain on resources better expended elsewhere, including on counter-terrorism at home.

The Bush administration can and should respond to that argument without recourse to overheated analogies and straw men like the "blame America first" crowd. Rumsfeld is obviously unwilling to step down. Could he at least pipe down?

Positive Press On Iraq Is Aim Of U.S. Contract (WP)

By Walter Pincus

The Washington Post, August 31, 2006

U.S. military leaders in Baghdad have put out for bid a two-year, $20 million public relations contract that calls for extensive monitoring of U.S. and Middle Eastern media in an effort to promote more positive coverage of news from Iraq.

The contract calls for assembling a database of selected news stories and assessing their tone as part of a program to provide "public relations products" that would improve coverage of the military command's performance, according to a statement of work attached to the proposal.

The request for bids comes at a time when Bush administration officials are publicly criticizing media coverage of the war in Iraq.

The proposal, which calls in part for extensive monitoring and analysis of Iraqi, Middle Eastern and American media, is designed to help the coalition forces understand "the communications environment." Its goal is to "develop communication strategies and tactics, identify opportunities, and execute events . . . to effectively communicate Iraqi government and coalition's goals, and build support among our strategic audiences in achieving these goals," according to the statement of work that is publicly available through the Web site http://www.fbodaily.com .

A public relations practitioner who asked for anonymity because he may be involved in a bid on the contract said that military commanders "are overwhelmed by the media out there and are trying to understand how to get their information out.

"They want it [news] to be received by audiences as it is transmitted [by them], but they don't like how it turns out," he said. As an example, he said, there are complaints that reports from Iraq sometimes quote Shiite cleric and militia leader Moqtada al-Sadr more than military commanders.

The proposal calls for monitoring "Iraqi, pan-Arabic, international and U.S. national and regional markets media in both Arabic and English." That includes broadcast and cable television outlets, the Pentagon channel, two wire services and three major U.S. newspapers: The Washington Post, New York Times and Los Angeles Times.

Monitors are to select stories that deal with specific issues, such as security, reconstruction activities, "high profile" coalition force activities and events in which Iraqi security forces are "in the lead." The monitors are to analyze stories to determine the "dissemination of key themes and messages" along with whether the "tone" is positive, neutral or negative.

The media outlets would be monitored for how they present coalition or anti-Iraqi force operations. That part of the proposal could reflect Defense Secretary Donald H. Rumsfeld's often-stated concern that the media does not cover positive aspects of Iraq.

In a speech before the American Legion on Tuesday, Rumsfeld said that a search of leading newspapers revealed that a soldier punished for misconduct was written about "10 times" as often as the first recipient of the Medal of Honor in anti-terrorism efforts.

The proposal suggests a team of 12 to 18 people who would provide support for the coalition military command as well as the Iraqi government leadership.

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Prospective contractors are also asked to propose four to eight public relations events per month, such as speeches or news conferences, including "preparation of likely questions and suggested answers, themes and messages as well as background, talking points."

An attempt yesterday to reach the contracting officer for this project was not successful. Bids are due Sept. 6, and the 24-month contract is scheduled to begin on Oct. 28.

The Rendon Group, which has represented organizations such as the Iraqi National Congress, currently holds a much smaller year-to-year contract with the military command in Iraq. That contract includes creating an Arabic version of the command's Web site, http://www.mnf-iraq.com .

Violence In Iraq Kills 60 As Market, Recruits Hit (WP)

By Amit R. Paley And Saad Sarhan

The Washington Post, August 31, 2006

BAGHDAD, Aug. 31 -- The Yogurt Father hawks his gloopy snack every day in the city's biggest market. No exceptions.

So when an enormous bomb exploded Wednesday 20 yards away from him at Shorja market, the largest and oldest bazaar in Baghdad, and killed 27 people, including several of his friends, he spent only a half-hour tending to the wounded and clearing debris. Then he washed the blood off his hands and resumed selling yogurt.

"We are used to seeing blood and death. It's routine now," said the 50-year-old Iraqi, who is known to customers as Abu Leben -- Yogurt Father -- and to friends and family as Abu Ali -- Father of Ali, his eldest son. He stirred a big vat of curdled milk as people nearby frantically sifted through blood-soaked rubble mixed with bits of human tissue. "I helped move some bodies," he explained, "but the only thing that I care about is how to get money for my family."

He scooped out a glass of yogurt for a customer. "If I don't die today, I might die tomorrow," he said.

The bloodshed in Iraq has become so common that it barely registers for some, even on a day like Wednesday, when violence across the country killed at least 60 people despite heightened efforts by the U.S. military to clamp down on sectarian strife.

The day's first major attack occurred in the southern city of Hilla, where a bicycle rigged with explosives detonated at 8 a.m. across the street from an Iraqi army recruiting center, killing 17 recruits and wounding 39, said police Capt. Muthanna Ahmed. The bicycle exploded next to a shack that sells biscuits and soda, a hangout where dozens of recruits gather every day before they are allowed to enter the army facility.

Bloody sandals and shoes and bits of fabric littered the road. An old woman searching for her child stopped in her tracks when she apparently recognized a piece of his pajamas.

"Oh, my son, my son!" the woman wailed as she pounded her face.

The explosion sparked chaos as looters, including a number of Iraqi army recruits, ransacked cars after drivers fled in fear of further attacks, said Basim Zien of the Hilla traffic police. The police eventually shot at the looters to stop the pillaging, he said.

Police and several recruits blamed the Iraqi army for making the recruits wait outside the base to register instead of allowing them in. Hassanien Jasim, a 24-year-old recruit, said no one enlisting for the army during the rule of Saddam Hussein had to wait in the street the way recruits do now. He said he held apathetic politicians responsible for Wednesday's violence.

"Is it too much for them to take us inside so they can protect us, when though they know that the Iraqi army is targeted?" Jasim said as he lay on a stretcher in the main hospital in Hilla, 60 miles south of Baghdad, while doctors removed ball bearings from his chest. "They don't care about the people."

In Baghdad, the bomb in Shorja market detonated at about 9:45 a.m. in front of a kebab restaurant, killing 27 people and wounding 35, said Brig. Gen. Abdul Wahid Saleh of the Interior Ministry.

On the sidewalk, the blood of Hussam Abdul Kareem, 25, who was a married father of two, mixed with the peanuts and pistachios he had been selling. The henna and oil lamps sold by Um Satar, a widow responsible for 12 children, lay buried in rubble. The Yogurt Father said both were killed instantly.

"Shouldn't there be some part for the government to play in reducing these explosions?" asked Nuri Hammed, a 40-year-old teacher, after he bought a small cup of yogurt for 250 dinars, less than 20 cents. He complained that politicians promised reconciliation but didn't take effective measures to reduce violence. "This government is carrying a rose in one hand and a knife in the other hand."

Later in the day, in Baghdad's Karrada section, a bomb exploded at a gas station as a police patrol passed. "Run away from your cars! Leave the gas station!" shouted Abu Hamza, the gas station manager, as people flocked to restaurants across the street. As they did, a car parked there earlier by two men exploded, said Alaa Hussein, who owns two of the restaurants.

The explosions killed two police officers and a gas station security guard and wounded nine people, hospital officials said.

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Wednesday night in Baghdad, intense clashes broke out in neighborhoods east of Sadr City, a Shiite Muslim slum controlled by radical anti-American cleric Moqtada al-Sadr. Witnesses in the nearby Obaydi and Kamaliyah areas reported as many as seven loud explosions at about 9:30 p.m., followed by the sound of U.S. helicopters and fighter planes overhead. Then shooting broke out. Some streets were filled with members of the Mahdi Army, a militia controlled by Sadr, residents said.

" Allahu akbar !" blared loudspeakers on mosques in some areas after the shooting began. "God is great!"

Mohammed al-Askari, an Iraqi Defense Ministry spokesman, said Iraqi and U.S.-led forces carried out a raid in those neighborhoods and were shot at, but he would not provide any other details.

Early Thursday morning, a U.S. military spokesman in Baghdad also confirmed a significant operation in the area but would not elaborate.

A U.S. military official said the operation involved American forces and gunmen believed to be members of the Mahdi Army. He spoke on condition of anonymity because he was not authorized to discuss the matter publicly.

In Najaf, police Lt. Muayed Shuker said a rocket fired from a neighborhood dominated by Sadr loyalists struck a nearby U.S. military base. A U.S. military spokesman said he had no information about such an incident.

The U.S. military also said Wednesday that a Marine assigned to the 1st Brigade of the Army's 1st Armored Division died Tuesday in Anbar province, a volatile stronghold for Sunni insurgents.

Despite the violence, the top U.S. commander in Iraq said he hoped Iraqi forces could take control of security in the country as early as next year without substantial help from the U.S. military.

"I don't have a date," Gen. George W. Casey Jr. said in Baghdad. "But I can see -- over the next 12 to 18 months -- I can see the Iraqi security forces progressing to a point where they can take on the security responsibilities for the country with very little coalition support."

Firefights Mark Further Splintering In Iraq (CSM)

By Dan Murphy

The Christian Science Monitor, August 31, 2006

CAIRO

Two days this week of fierce firefights between a Shiite militia and government forces in a usually calm town south of Baghdad left at least 80 dead and an unknown number wounded.

While the top US commander in Iraq said the battle came as a "surprise," it underscores a proliferation of militia groups throughout the country that is making central government control in many places merely notional, many Iraqis and foreign experts say.

The fight in Diwaniyah, 80 miles south of Baghdad, between militiamen loyal to Shiite cleric Moqtada al-Sadr and local forces led by the country's most powerful Shiite parties, demonstrates the growing atomization in Iraq's war. Local politicians, gangsters, and would-be warlords are emerging around the country and taking up arms in service of local ambitions that frequently have little to do with Iraq's sectarian war.

The battle in Diwaniyah, which ended Tuesday when the US Air Force dropped a 500-lb. bomb on what it called a militia position, started just three days after Prime Minister Nouri al-Maliki led a peace conference among tribal leaders designed mostly to undercut Sunni-Shiite sectarian tensions. But, as Diwaniyah demonstrates, sectarian fighting is far from the central government's only security challenge.

"When you say 'civil war' it makes it sound like there are two sides fighting in Iraq," says Juan Cole, a professor of modern Middle Eastern history at the University of Michigan. "There aren't two sides - there are lots of sides."

In much of the Shiite south, local leaders increasingly seek to carve out their own fiefdoms and the economic opportunities they generate.

In Sunni provinces, insurgents continue to feed Iraq's sectarian war, as demonstrated by the Sunni mortar attack on a Shiite neighborhood in the town of Khan Beni Saad, north of Baghdad, that drove 30 Shiite families from their homes. And in the contested northern town of Kirkuk, militiamen loyal to the autonomous Kurdish government continue to seek to create "facts on the ground" to press their claims to the oil-rich city.

The most disturbing recent development for the central government may well be the increasing radicalization and splintering among followers of what many Iraqis refer to as the "Sadr stream."

While Mr. Sadr is generally acknowledged as the head of this movement and its Mahdi Army, it looks increasingly as if centralized command and control within the organization is breaking down. That appears to be causing a great deal of confusion and alarm within the Iraqi government.

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Sadr's father was Mohammed Sadek al-Sadr, who was killed by Saddam Hussein's regime in 1999. The elder Sadr advocated a militant version of Shiism, and appealed specifically to Iraq's dispossessed Shiite poor with a rhetoric that was equal parts salvation and a call for Iraq's traditional underclass to rise up.

Now, original followers of Moqtada's father are seeking to "out-militant" the younger Sadr on a local basis, jockeying for prestige and control, argues Mr. Cole.

"The Sadr movement has spread like lightning through almost all of the southern provinces" since Iraq's elections in January 2005, when followers of less militant Shiite Islamist groups like the SCIRI won power in many of these provinces.

"So there's a big disjunction between who has power in the south and the mind-set of the people. Now the Sadrists have so much popular support, but they're locked out of local government and patronage.

"It's essentially a class war. The Sadr guys are pressing ... for a kind of Shiite Maoism. SCIRI represents what's left of the Shiite middle classes," Cole says.

Mahdi Army members in Sadr City, the poor Shiite neighborhood on Baghdad's northeastern edge that serves as Sadr's stronghold, claimed that the fighting was not at Sadr's behest, but also said that some of their ranks went south to participate in the fighting there.

They claimed anger at the recent arrest of a local Shiite preacher who had called for attacks on US forces, and said they felt they had no choice but to fight. "We're the ones resisting the occupiers and the officials who serve them," said one, asking that his name not be used. "We're the ones fighting for our people and protecting them. The government is failing."

Nevertheless, Cole and others see economic issues as driving much of the conflict in the south. The deterioration of basic services in the past few years, joblessness estimated at around 60 percent, and rising inflation have left militias squabbling over a shrinking economic pie.

Dominic Asquith, the new British ambassador to Iraq, said that economic stagnation was a crucial component of the collapse of security in Basra in an article he contributed to Al-Sharq al-Awsat newspaper Monday.

"Basra ... until not long ago enjoyed a stable security climate. However, one of the reasons for the unrest is that there has been no perceptible improvement in the quality and extent of the services," he wrote. "This has made the Basra residents restless, and led to a band of criminals exploiting such restlessness in order to undermine the stability of the city and provoke sedition."

Even in peaceful regions, Iraqi government control is eroding. In Iraqi Kurdistan, local Kurdish officials allow members of the Kurdistan Workers Party (PKK) - a group fighting for an independent Kurdish state inside Turkey that the State Department has labeled a terrorist group - are allowed to live and infiltrate into Turkey, even though Prime Minister Maliki wants good relations with Ankara and has promised to shut the group down.

Turkey has continued to complain that little has been done against the group, and a week ago, Turkish planes attacked what it alleged were rebel positions inside Iraqi Kurdistan.

Violence Grows, Killing 52 Iraqis, In Face Of Security Plan (NYT)

By Damien Cave

The New York Times, August 31, 2006

BAGHDAD, Iraq, Aug. 30 — Shootings and hidden bombs at a market, a gas station and an army recruiting center killed at least 52 Iraqis on Wednesday, continuing a wave of sectarian violence that has defied stepped-up efforts to halt its spread.

In the deadliest attack, a bomb inside a vendor's cart exploded just after 10 a.m. in the Shorja market, Baghdad's oldest and largest bazaar, killing at least 24 civilians and wounding 35, Interior Ministry officials said.

Earlier, just south of the capital, in Hilla, a bicycle rigged with explosives blew up near an army recruiting center, killing at least 12 people, the authorities said. A car bomb near a gas station in Baghdad also killed two civilians and wounded 21 people, including five policemen, who had rushed to the scene in response to a blast a few minutes earlier.

Gunmen in Baghdad killed a senior Justice Ministry official, Nadiya Muhammad Hasan, her driver and a guard. The motive was unclear, but senior officials have frequently been targets of killings in recent months.

The authorities also found 13 other bodies in various locations in the city. With at least 11 additional civilians killed throughout the country, the tally of Iraqis killed or found dead on Wednesday reached 65, according to Iraqi officials.

The rash of attacks — reflecting a spike in violence that has claimed roughly 200 lives since Sunday — came despite a new security plan for the capital, on a day when the top United States general, George W. Casey Jr., in Iraq said Iraqi forces could take over security as early as next year.

"I don't have a date," General Casey said in Baghdad. "But I can see — over the next 12 to 18 months — I can see the Iraqi security forces progressing to a point where they can take on the security responsibilities for the country, with very little coalition support."

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Three years into the war, American and Iraqi officials have grown increasingly eager to show progress. In recent weeks, they have repeatedly trumpeted evidence of a decline in killings this month after increases in June and July.

Yet the bloodshed of the past few days suggests that the gains might be temporary.

Americans have not been spared. The United States military said Wednesday that a marine from the First Armored Division was killed in action on Tuesday in Anbar Province.

Military officials also said two American soldiers were killed in an attack on a Stryker vehicle on Sunday in western Baghdad, not four as it had reported earlier. The total number of American service members killed that day remained at nine, though.

This month, 60 American service members have been killed in Iraq, up from 43 in July and nearly even with the 61 killed in June, according to Coalition Casualty Count, a Web site that tracks military fatalities. In all, more than 2,600 American men and women in uniform have been killed in Iraq since the start of the war, according to the Department of Defense.

The toll for Iraqis is far higher, with an average of more than 100 killed a day in June and July by spreading sectarian violence, according to Iraqi government figures.

Statistics for August have not been released, but the attack at the Shorja market was just the latest attack in a crowded area that seemed aimed at killing as many civilians as possible.

The explosion destroyed scores of makeshift stalls, sent smoke towering over buildings and spread body parts through the streets.

Ali Jasim, 47, a yogurt vendor at the market, said that he narrowly missed being killed and that two brothers of a restaurant owner and four cardamom vendors were among those killed. “One of the women’s sons was getting married tomorrow,” he said.

A few hours after the explosion, piles of debris had been swept to the curb. A funeral procession flowed through the street, carrying one of the victims of the bombing.

Some of the mourners and bystanders blamed the United States, echoing a belief among some groups of Iraqis that the American government initiates the violence to justify its occupation. Others, like Raheem Kadem, 44, a high school gym teacher from Sadr City, a Shiite neighborhood, blamed Iraqi officials.

“Where is government?” he asked. “Why have the politicians left the people to face their destiny while the government hides behind the walls of the heavily protected Green Zone?”

“Things are getting worse,” he said.

Iraq’s defense minister, Abdul Qader Mohammed Jassim, met with the governor of Diwaniya and other local leaders in an effort to shore up support for the government after his troops clashed for 14 hours on Monday with Shiite militias.

He announced that there would be a ban on weapons, though he offered no plan for enforcing it, and said that when rival Shiite factions had disputes with forces in the area, they should ask him to intervene.

The battle was one of the worst internal conflicts in recent memory, pitting Iraqi troops against members of the Mahdi Army, loyal to the Shiite cleric Moktada al-Sadr, and other militias.

The Iraqi police and army officials said Wednesday that the death toll from that battle had increased, to 23 soldiers and 13 civilians.

General Casey said Iraqi forces “gave much better than they got,” but his assessment could not be verified. He said the clash was not a setback for the army and the government did not intend to back down.

“The battle may be over,” he said. “But the campaign to clean that city up and to restore it to Iraqi government control isn’t finished.”

Iraqi Forces Give Gen. Casey Optimism (AP)

By Elena Becatoros, Associated Press Writer

AP, August 31, 2006

The top U.S. commander in Iraq expressed optimism Wednesday that Iraqi forces are making enough progress to provide their own security within 18 months. But violence showed no sign of abating, with 66 people killed nationwide, including 24 in a Baghdad market bombing.

The U.S. military also reported Wednesday that a Marine was killed in action the day before in the volatile western Anbar province.

Gen. George Casey said Iraqi troops were on course to take over security control from U.S.-led coalition forces, a move that would bring the foreign forces a step closer to withdrawal from the country.

"I don't have a date, but I can see over the next 12 to 18 months, the Iraqi security forces progressing to a point where they can take on the security responsibilities for the country, with very little coalition support," he said.

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That takeover would not mean U.S. troops leaving immediately. It is part of a U.S. military plan to hand over responsibilities, move into large bases and provide support while Iraqis take the lead. A U.S. drawdown would start after that occurred.

His comments came even as violence surged in the capital and elsewhere, undercutting claims by U.S. and Iraqi officials that a Baghdad security crackdown has lowered Sunni-Shiite killings, which had risen in June and July.

On Monday, U.S. military spokesman Maj. Gen. William B. Caldwell said the murder rate in Baghdad had fallen by 46 percent from July to August and "we are actually seeing progress out there." That figure could not be independently confirmed.

U.S. officials attributed the fall in sectarian killings to a major security crackdown launched Aug. 7. About 8,000 U.S. troops and 3,000 Iraqi soldiers were sent to the capital to search homes systematically and patrol the streets.

Similar operations have curbed violence for limited periods of time in the past, only to have killings flare again once American forces left.

A bomb struck one of Baghdad's largest market areas, where food, clothing and household goods are sold, killing at least 24 people and wounding 35, police said.

In Hillah, 60 miles south of the capital, a man posing as a potential army cadet left a bomb-laden bicycle outside a recruiting center, killing 12 people, police said. Insurgents often target Iraqi army and police recruits as a way to discourage volunteers.

Elsewhere, a roadside bomb killed a family of five in Buhriz, 35 miles north of the capital, when a roadside bomb struck their car. Bombings and shootings elsewhere in the country killed another 25 people, according to police.

Ten bodies also were found — five dumped in Suwayrah, 25 miles south of Baghdad, and the others in the capital.

Still, Casey said he was optimistic about security in Iraq and he said an operation to crack down on violence in the capital was producing results — although more needed to be done.

"I'm pleased with the progress to date, but we have a long way to go," Casey said. "And we're not going to let up until we get where we're going and bring security to the neighborhoods of Baghdad."

Asked if Iraqi forces were capable of taking over completely after the 12 to 18 month period, allowing U.S.-led coalition forces to withdraw, Casey said that would depend on the situation at that time.

"I'm not sure yet," he said of the Iraqi security capability. "And we'll adjust that as we go. But a lot of that, in fact the future coalition presence, 12 to 18 months from now, is going to be decided by the Iraqi government."

The coalition has been training and equipping Iraqi forces, and Casey said they are now "75 percent" along the path of being able to operate alone.

"There's still more work to do for them to become independent," he said, adding that "during that process, they will still have our support and our substantial presence here to assist them."

Casey also said the U.S. was troubled by an incident in which Iraqi soldiers in the south mutinied and refused to be deployed to Baghdad for a massive security operation under way in the capital, and by the looting last week of a base that British forces had turned over to Iraqi authorities.

This week's bloodshed included some of the fiercest fighting in months between the Iraqi army and Shiite militiamen loyal to radical cleric Muqtada al-Sadr. Monday's battle in the town of Diwaniyah left 73 people dead — 50 militia and 23 soldiers, the prime minister has said.

Al-Sadr led two uprisings against U.S. forces in 2004 but later emerged as a major political figure. His influence has gradually been increasing in Shiite-dominated Diwaniyah, although he appeared to distance himself from Monday's fighting, describing it during a meeting in Najaf as "individual acts."

Casey said disarming militias was essential.

"The primary threats to Iraq's security are the terrorists and the death squads. And both of those threats have to be addressed if Iraq is going to progress," he said.

Associated Press reporters Qais al-Bashir, Sinan Salaheddin, Rebecca Santana and Patrick Quinn contributed to this report from Baghdad.

2 Marines Confess To Killing Iraqi Man (LAT)

By Tony Perry

The Los Angeles Times, August 31, 2006

CAMP PENDLETON — Two Marines have confessed to kidnapping and killing a 52-year-old Iraqi, a prosecutor said today at the preliminary hearing for another Marine accused in the case.

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Capt. Nicholas Gannon, a prosecutor, said that Sgt. Lawrence Hutchins III and Cpl. Trent Thomas have confessed to killing Hashim Ibrahim Awad. Hutchins was the senior enlisted man during the incident and has been charged with organizing a coverup.

But the defense attorney for Cpl. Marshall Magincalda said he planned to argue that the two "merely (gave) a statement" and did not confess.

Magincalda and Pfc. John Jodka were the first of eight defendants to undergo an Article 32 hearing, the military's equivalent of a preliminary hearing. The evidence presented allows the commanding general to decide if a court-martial is warranted. Jodka's hearing was underway in a separate courtroom.

In a hearing that lasted less than 15 minutes, Magincalda's civilian attorney, Joseph Low, said his client was willing to let the hearing officer, Col. Robert Chester, make his recommendation by reading investigative documents, including statements by the eight troops accused.

No witnesses will be called, defense and prosecuting attorneys agreed.

Chester gave no indication when he will make his recommendation to Lt. Gen. James N. Mattis Jr., who will decide whether the charges should be dismissed or referred to a court martial.

Magincalda, 20, who was serving his second tour in Iraq when Awad was killed, gave only meek replies, "Yes, sir," when asked several questions by Chester to determine if he understood the charges and the legal process.

Chester turned down a request from Magincalda's attorney to close the hearing to the media.

The defendants, all from the same platoon in Kilo Company, 3rd battalion, 5th regiment, have been accused of dragging Awad from his home, shooting him, and then leaving an AK-47 and shovel near the body to suggest he was an insurgent caught burying a roadside bomb in Hamandiya, west of Baghdad.

The killing occurred April 26. The defendants have been held in detention since being brought back to this base in May.

A dozen Marines from a different battalion have been suspected of killing 24 Iraqi civilians in Haditha in November after a roadside bomb killed one Marine and injured another. Charges in that case were expected to be filed in September.

Also facing charges were Lance Cpl. Tyler Jackson; Lance Cpl. Jerry Shumate Jr.; Lance Cpl. Robert Pennington; and Navy Corpsman Melson Bacos. The murder charge could carry the death penalty.

According to the charges, Marines stormed into Awad's home after failing to find a suspected insurgent thought to be living next door.

Awad was slammed to the ground in front of his family and then had his feet and hands bound. Five of the Marines allegedly killed him with blasts from their M-16 and M-249 rifles.

Hutchins, the squad leader, allegedly phoned a false story to his superiors and urged his squad members to tell superiors that Awad died in a firefight.

The Marines began an investigation after Awad's family protested that he had been killed without provocation.

The Marines and corpsman are also charged with lying to agents of the Naval Criminal Investigative Service by insisting that Awad was killed during a firefight.

No Death Penalty For Marine Charged (AP-Y)

By Linda Deutsch

AP, August 31, 2006

The government will not seek the death penalty against a Marine Corps private who is among eight service members charged with murder and other crimes in the shooting of an Iraqi civilian, a military prosecutor said Wednesday.

Lt. Col. John Baker announced the prosecution's position during a hearing for Pfc. John J. Jodka III, 20. It was not clear whether the recommendation applied to the six other Marines and one Navy corpsman also charged.

The hearing for Jodka and a separate one for another Marine, Cpl. Marshall Magincalda, 23, are part of the process to determine whether the defendants should face courts-martial.

The Marines and corpsman are charged in the shooting of Hashim Ibrahim Awad, 52, in the village of Hamdania. Iraqi witnesses told the military that Marines and a sailor kidnapped Awad on April 26, bound his feet, dragged him from his home and shot him to death in a roadside hole.

Jodka is accused of firing on Awad. Magincalda is suspected of binding Awad's feet and kidnapping him.

Earlier, lawyers for Jodka argued vehemently that "inflammatory" statements made by the private and other Marines should be kept secret before trial.

Retired Col. Jane Siegel, who represents Jodka, said disclosing the 16 statements about the incident during a highly publicized hearing would hurt jury selection for Jodka's expected court martial.

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"To openly discuss contents will completely pollute the local and national jury pool," Siegel said. "Some of it is very inflammatory."

A separate proceeding on Wednesday for Magincalda lasted only 30 minutes.

Investigating officer Col. Robert S. Chester, who is hearing the case, said the defense had asked for the hearing to be closed to the public, fearing publicity might hurt Magincalda's ability to receive a fair trial.

Chester opposed the request, saying the public has a "very compelling right to hear these proceedings."

Chester said he would tell prosecutors by Friday whether he had questions about any of their evidence.

Prosecutor Capt. Nicholas L. Gannon urged Chester to focus on statements by three members of the squad, including an alleged confession by squad leader Sgt. Lawrence G. Hutchins III.

The hearings held under Article 32 of the Uniform Code of Military Justice are equivalent to civilian preliminary or grand jury hearings.

Both defendants have been held in the Camp Pendleton brig since returning from Iraq.

The Marines have the opportunity to mount a defense, call witnesses or even testify themselves. Their lawyers were expected to challenge use of the defendants' pretrial statements by contending they were subjected to heavy-handed inquiries with threats of the death penalty.

The other defendants, all members of the Camp Pendleton-based 3rd Battalion, 5th Marine Regiment, are expected to have separate hearings in coming weeks. The charges include kidnapping, murder and conspiracy.

Marine Accused Of Murder In Iraq Will Not Face The Death Penalty (NYT)

By Carolyn Marshall

The New York Times, August 31, 2006

CAMP PENDLETON, Calif., Aug. 30 — The government will not seek the death penalty against a marine charged in the shooting death of an Iraqi civilian in April, a military prosecutor said Wednesday.

Lt. Col. John Baker, the prosecutor, made the recommendation at a pretrial hearing for Pfc. John J. Jodka III, 20, who is charged along with six other marines and a Navy corpsman in the death of Hashim Ibrahim Awad in Hamdania, a Sunni stronghold west of Baghdad. The charges against them include murder, kidnapping and conspiracy.

As the hearing for Private Jodka was under way, defense lawyers for another marine charged in the case, Cpl. Marshall L. Magincalda, 23, urged officials in a nearby courtroom to close the proceedings because of concern that pretrial publicity could bias potential jurors.

The hearing adjourned after the corporal's lawyers asked the hearing officer to review newly submitted evidence in private.

The hearings, conducted under Article 32 of the Uniform Code of Military Justice, are the equivalent of grand-jury proceedings in a civilian court.

Throughout the day, lawyers returned to the theme of pretrial publicity.

The lawyer for Private Jodka, Jane Siegel, a retired colonel, approached the prosecution lawyers during a break to request that the court keep secret both the names of Iraqi witnesses, at risk of retaliation from insurgents, and the testimony of Private Jodka.

"To openly discuss contents will completely pollute the local and national jury pool," she said. "Some of it is very inflammatory."

At least two other hearings are scheduled in late September and mid-October for the other men charged. They are Hospital Corpsman Third Class Melson J. Bacos and five marines, Sgt. Lawrence G. Hutchins III, Cpl. Trent D. Thomas, Lance Cpl. Tyler A. Jackson, Lance Cpl. Jerry E. Shumate Jr. and Lance Cpl. Robert B. Pennington.

All eight men are members of the same squad in Company K, of the Third Battalion, Fifth Marine Regiment, based here.

Military prosecutors have accused the men of dragging Mr. Awad from his home, binding his hands and feet and shooting him point blank.

The charges say that some of the marines then stole a shovel and an AK-47 assault rifle and planted them next to Mr. Awad's body, trying to make it look as if he were an insurgent digging a hole for a roadside bomb.

Hearings Begin For Marines Accused Of Killing Iraqi (WP)

By Sonya Geis

The Washington Post, August 31, 2006

CAMP PENDLETON, Calif., Aug. 30 -- Military prosecutors submitted maps, letters from Iraq and incriminating statements to military courts Wednesday as they argued that two Marines should be tried in the killing of an Iraqi civilian and its alleged coverup. Defense attorneys said the government's case is thin.

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"At the end of the day, all we have are unreliable, uncorroborated statements and no physical evidence," said Joseph Casas, the civilian lawyer for Pfc. John J. Jodka, 20. "What the government says happened, didn't happen."

Seven Marines and a Navy corpsman are being held in the Camp Pendleton brig on charges that they bound the hands and feet of Hashim Ibrahim Awad, 52, then shot him on April 26 in Hamdaniyah. Prosecutors say they planted a shovel and AK-47 rifle near his body to make him look like an insurgent.

Awad's neighbors told The Washington Post that he was known as "Awad the Lame," because he had a metal bar implanted in his leg. They said Marines shot him four times in the face.

Wednesday's proceedings were the first of eight Article 32 hearings -- the military equivalent of a grand jury proceeding -- that will be held as prosecutors argue each of the defendants should be court-martialed. They are charged with murder, kidnapping, assault, larceny, conspiracy, housebreaking and making a false official statement.

None of the evidence prosecutors submitted Wednesday was made public, and witnesses did not testify in open court.

The defendants are among 17 U.S. troops charged since March with killing Iraqi civilians. Three of this group, known locally as the "Pendleton 8," plus four others, are charged with assaulting a civilian in Hamdaniyah on April 10. All of the accused are members of a fire team with Kilo Company, 3rd Battalion, 5th Marine Regiment.

Beginning in April, when the killings of 24 civilians in Haditha came to light, officers in Iraq have been under orders to investigate every escalation-of-force incident that led to civilian casualties.

Defense attorneys wanted to close Wednesday's proceedings to prevent the open reading of defendants' statements. "To openly discuss the contents [of the statements] will completely pollute the local and national jury pool," Jane Siegel, another of Jodka's civilian attorneys, argued in court. "Some of it is very inflammatory."

At least two statements are confessions, say prosecutors in the case of another accused, Cpl. Marshall L. Magincalda, 23. Magincalda is accused of binding Awad's feet and kidnapping him; Jodka is accused of firing on Awad.

The other defendants are Sgt. Lawrence G. Hutchins III, Cpl. Trent D. Thomas, Hosp. 3rd Class Melson J. Bacos, Lance Cpl. Tyler A. Jackson, Lance Cpl. Jerry E. Shumate Jr. and Lance Cpl. Robert B. Pennington.

All eight defendants had faced the death penalty, but prosecutors decided Tuesday not to seek capital punishment for Jodka. They called the death penalty "inappropriate" for him but did not say why.

Allies Balk At More Troops For Afghanistan (FT)

Financial Times, August 31, 2006

Britain's Nato allies are baulking at providing reinforcements for UK troops deployed as peacekeepers in Afghanistan's southern Helmand province because of the intensity of the fighting in the lawless region.

A British ministry of defence official said on Wednesday the UK had no need of further troops "at the moment", neither has any formal request been made. But Nato officials continue to study whether deployments in Afghanistan need to be increased.

Germany and the Netherlands may only redeploy soldiers from elsewhere in Afghanistan on an ad hoc basis. The two countries, which maintain 2,700 and 1,400 troops in Afghanistan respectively, have concerns about dispatching troops to areas such as Helmand, where the strength of a Taliban-led insurgency has surprised military planners.

Eight British soldiers have been killed in combat in Afghanistan this month, in what Lieutenant General David Richards, commander of the Nato force, calls the worst sustained fighting the British army has faced since the Korean war during 1950-53.

On Wednesday British officials added that poppy cultivation in Helmand and other turbulent regions would take the Afghan opium crop to a new high, according to United Nations figures expected shortly. The officials also called for Pakistan to "do more" to act against the Taliban leadership in the Pakistani city of Quetta, across the border from Afghanistan.

In July, amid fighting that took officers by surprise, Britain announced it was dispatching an extra 900 soldiers to bring its Helmand force up to 4,500.

Franz Josef Jung, Germany's defence minister, said this week that "Germany would continue to focus its stabilisation efforts in Afghanistan in the north".

A spokesman for Angela Merkel, the German chancellor, said no formal request for reinforcements had been received from Nato commanders, but confirmed that, as part of their existing deployment, some German troops could be redeployed "on an exceptional and temporary basis" to other parts of the country.

German defence experts said a longer-term redeployment to the south could figure in parliamentary discussions, due early October, about the extension of the German mission in Afghanistan. The cabinet is to address this on September 13.

Henk Kamp, Dutch defence minister, said this week Dutch forces stationed in nearby Uruzghan could assist British and Canadian troops serving in Helmand and elsewhere on an "incidental" basis, but ruled out a redeployment without parliamentary approval.

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Reporting by Daniel Dombey in London, Rachel Morarjee in Kabul, Hugh Williamson in Berlin and Ian Bickerton in Amsterdam

Rebels Behead 2 Afghans (NYT/AP)

By The Associated Press

The New York Times, August 31, 2006

MIRAN SHAH, Pakistan, Aug. 30 — Militants in northwestern Pakistan decapitated two Afghans, including an Islamic cleric, whom they accused of spying for American and Afghan authorities, an intelligence official said Wednesday.

The men's bodies were found Wednesday in two villages near Miran Shah, the main town in the North Waziristan region, the official said, speaking on condition of anonymity because of the secretive nature of his work. Notes on the bodies accused them of spying, he said. The cleric was identified as Noor Wali and the other man as Hak Nawaz.

The High Price Of Friendship (NYT)

By Patricia Weitsman

The New York Times, August 31, 2006

Athens, Ohio - ACCORDING to the chairman of the Joint Chiefs of Staff, the United States has engaged in more multinational operations since the end of the cold war than it did in the preceding 90 years. Relying on one's partners to fight wars makes sense. After all, it is better to fight with your friends at your side than alone, right?

Wrong.

When waged for the wrong reasons, coalition warfare is more costly and less effective than fighting alone. Coalition warfare requires a high degree of joint planning, consultation and cooperation. The presumption is that this loss of autonomy is more than compensated by having coalition partners provide additional troops on the ground and share the burden of fighting.

Are these in fact the reasons the United States has been using coalition warfare to prosecute wars in the contemporary era? Not exactly. Rather, the United States has used its partners to garner legitimacy for its foreign policy objectives.

This partnership has come at a price. At President Bush's request, in May 2005 Congress created a $200 million Coalition Solidarity Fund that supports coalition partners in Afghanistan and Iraq. For example, Estonia received $2.5 million in Coalition Solidarity Fund money to support its troops — about 40 in Iraq and 80 in Afghanistan. Albania, with its 120 or so troops in Iraq and 35 or so in Afghanistan, received $6 million, as did the Czech Republic, which has roughly 100 troops in Iraq and 60 in Afghanistan. (The Czechs are expected to withdraw their troops from Iraq by the end of the year while sending approximately 100 new troops to Afghanistan.)

Last year, the United States paid to airlift Poland's 2,400 troops to Iraq, built their camps and provided equipment. Poland also received $57 million in solidarity funds, although this has not stopped it from drawing down its troops in Iraq. (While Poland recently added 50 troops to its force of 100 in Afghanistan, it may completely withdraw its military from Iraq in 2007.) Mongolia's contribution of roughly 180 troops in Iraq and Afghanistan earned the country its first presidential visit and a possible free trade agreement.

In addition to the roughly 130,000 American and 7,500 British forces, there are approximately 12,000 coalition troops in Iraq now. We should be grateful to countries that have agreed to sacrifice their soldiers' lives in pursuit of the administration's foreign policy objectives in Iraq. But aren't we paying a high price for the right to call the war multinational? (Should we even be in the position of paying countries to be our partners?)

It's not as if our investment is yielding great returns. In Iraq, our coalition has neither increased the likelihood of victory nor reduced costs.

What's more, the resources devoted to our coalition have done little to help the United States gain legitimacy. According to a recent Pew Global Attitudes survey, few people worldwide believe that the United States pays attention to the interests of others when making policy decisions. In the international community, the perception of America as unilateralist is pervasive.

Once the United States — and its remaining coalition partners — emerge from Iraq, we would do well to re-examine our growing reliance on coalition warfare and develop benchmarks to help us determine whether building a coalition makes sense.

While we cannot legislate the circumstances under which coalition warfare should be used, Congress must find a way to keep a more watchful eye on coalition size and side payments to our partners. For states whose participation is largely symbolic — those with troop deployments of less than one percent of the total war effort — subsidies should be limited.

Yes, wartime situations are fluid and troop deployments are not the sum total of partners' contributions. But a new standard shouldn't be hard to discern: the United States should use coalition warfare when it reduces the costs of prosecuting war, not when it greatly increases them. If a coalition is to serve any function other than augmenting one's war-fighting capacity, we should think twice before forming it.

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We're Not Winning This War (WP)

By John Lehman

The Washington Post, August 31, 2006

Are we winning the war? The first question to ask is, what war? The Bush administration continues to muddle a national understanding of the conflict we are in by calling it the "war on terror." This political correctness presumably seeks to avoid hurting the feelings of the Saudis and other Muslims, but it comes at high cost. This not a war against terror any more than World War II was a war against kamikazes.

We are at war with jihadists motivated by a violent ideology based on an extremist interpretation of the Islamic faith. This enemy is decentralized and geographically dispersed around the world. Its organizations range from a fully functioning state such as Iran to small groups of individuals in American cities.

We are fighting this war on three distinct fronts: the home front, the operational front and the strategic-political front. Let us look first at the home front. The Bush administration deserves much credit for the fact that, despite determined efforts to carry them out, there have been no successful Islamist attacks within the United States since Sept. 11, 2001. This is a significant achievement, but there are growing dangers and continuing vulnerabilities.

One of the most deep-seated of these problems is the U.S. government's tendency to treat this war as a law enforcement issue. Following a recommendation of the Sept. 11 commission, Congress sought to remedy this problem by creating a national security service within the FBI to focus on preventive intelligence rather than forensic evidence. This has proved to be a complete failure. As late as June of this year, Mark Mershon of the FBI testified that the bureau will not monitor or surveil any Islamist unless there is a "criminal predicate." Thus the large Islamist support infrastructure that the commission identified here in the United States is free to operate until its members actually commit a crime.

Our attempt to reform the FBI has failed. What is needed now is a separate domestic intelligence service without police powers, like the British MI-5.

The Sept. 11 commission catalogued in detail how our intelligence establishment simply does not function. We made priority recommendations to rebuild the 15 bloated and failed intelligence bureaucracies by creating a strong national intelligence director to smash bureaucratic layers, to tear down the walls preventing intelligence-sharing among agencies, and to rewrite personnel policy with the goal of bringing in new blood not just from the career bureaucracy but from the private sector as well. This approach was completely rejected by the Bush administration, which decided instead to leave this sprawling mess untouched and to create yet another bureaucracy of more than 1,000 people in the Office of the Director of National Intelligence. It was the exact opposite of what we had recommended.

The greatest terrorist threat on the home front is, of course, the use of weapons of mass destruction by Islamists. Here the president has moved to establish a national counter-proliferation center to share and act on intelligence, and he has recently initiated a cooperation agreement with Russia and our allies to work together in preventing nuclear materials from getting into the hands of the Islamists and to undertake joint crisis management if such an attack takes place. These are real accomplishments.

Turning to the operational front, our objectives are to destroy the capability of Islamist organizations to attack us and to deny them geographic sanctuaries in which they can recruit, train and operate.

The post-Sept. 11 threat demanded preemptive attack against Islamist bases, and this was done without delay in the invasion of Afghanistan to destroy al-Qaeda and remove the Taliban government, its ally and supporter. It was a brilliantly executed operation in which all our armed forces and CIA operatives combined in a ruthlessly efficient victory. In the succeeding years, however, the Taliban and al-Qaeda have been able to regroup, rebuild and re-attack because they enjoy a secure sanctuary largely free from attack within the border areas of Pakistan.

The next military operation of the war was, of course, the invasion of Iraq. Here again the combined military operations of the United States and Britain were brilliantly successful in defeating Iraqi forces and removing Saddam Hussein and his regime. But in the aftermath of that victory, grave blunders were made. There was a total misunderstanding of the requirements for successful occupation.

Defense Secretary Donald Rumsfeld was proved right in his keeping the initial invasion force small and agile, but desperately wrong in disbanding all Iraqi security forces and civil service with no plan to fill the resulting vacuum. Certainly it is hard now to understand the logic of that decision.

The military occupation in Iraq is consuming practically the entire defense budget and stretching the Army to its operational limits. This is understood quite clearly by both our friends and our enemies, and as a result, our ability to deter enemies around the world is disintegrating.

This brings us to the third front, the strategic-political. The jihadist regime in Iran feels no reservation about flaunting its policy to go nuclear, and it unleashed Hezbollah, its client terrorist organization, to attack Israel. In Somalia a jihadist group has

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seized control of the government. In Pakistan, Islamists are becoming more powerful, and attacks within India are increasing. Governments in Indonesia, Malaysia, Egypt, Algeria and Jordan are under increasing Islamist pressure. In the Pacific, North Korea now feels free to rattle its missile sabers, firing seven on America's Independence Day. China is rapidly building its 600-ship navy to fill the military vacuum that we are creating in the Pacific as our fleet shrinks well below critical mass. Not one of these states believes that we can undertake any credible additional military operations while we are bogged down in Iraq.

The indoctrination and recruiting of jihadists from Indonesia, South Asia and the Middle East are carried out through religious establishments that are supported overwhelmingly by the Saudi and Iranian governments. Even in the United States, some 80 percent of Islamic mosques and schools are closely aligned with the Wahhabist sect and heavily dependent on Saudi funding. Five years after Sept. 11, nothing has been done to materially affect this root source of jihadism. The movement continues to grow, fueled by an ever-increasing flow of petrodollars from the Persian Gulf.

There is no evidence that the administration has ever raised this matter with the Saudi government as a high-level issue, and -- just as damaging -- it has never acknowledged it as an issue to the American people. Thus Rumsfeld's question -- are we killing, capturing or deterring jihadists faster than they are being produced? -- must be answered with an emphatic no.

In reviewing progress on the three fronts of this war, even the most sanguine optimist cannot yet conclude that we are winning or that we can win without some significant changes of policy.

The writer was secretary of the Navy in the Reagan administration and later served as a member of the Sept. 11 commission. This is a condensed version of an article that appears in the September issue of the U.S. Naval Institute's Proceedings magazine.

There Is Silence In The Streets; Where Have All The Protesters Gone? (NYT)

By Andrew Rosenthal

The New York Times, August 31, 2006

It was almost painful the other night to hear Crosby, Stills, Nash and Young sing about a war whose purpose Americans never really understood, started by a president who didn't tell the truth and then waged the war ineptly. And that was before they sang about Iraq.

The audience rose for Neil Young's blast at George Bush, "Let's Impeach the President," and sang the words displayed on a huge TV screen, even the 20-something in front of us who had been text-messaging throughout the concert. That same screen also displayed thumbnail photos of slain soldiers while a counter ran up the most recent toll. It takes longer than you might think to count to 2,600.

It was a surprisingly political moment for a rock concert in 2006. But when those four men sang their protest songs four decades ago, their lyrics echoed and personified a powerful political movement sweeping America. Now they are entertainment, something to leave behind in the concert hall.

There were a few political booths outside the Theater at Madison Square Garden. But the concert-tour T-shirt salesmen were getting all the business. The most noticeable sound was the cellphones being restarted by those few who had bothered to turn them off during the concert.

This, perhaps, is the ultimate difference between the Vietnam generation and the Iraq generation: When you hear Young and Company sing of "four dead in Ohio," their Kent State anthem, it's hard to imagine anyone on today's campuses willing to face armed troops. Is there anything they care about that much?

Student protesters helped drive Lyndon Johnson — in so many ways a powerful, progressive president — out of office because of his war. In 2004, George W. Bush — in so many ways a weak, regressive president — was re-elected despite his war. And the campuses were silent.

There was a brief burst of protest when America first invaded Iraq. But if there is a college movement against the war, it's hiding pretty well. Vietnam never had the moral clarity that the 9/11 attacks provided to this generation's war. But in Iraq that proved to be a false clarity, and a majority of Americans now say they oppose the war and no longer trust Mr. Bush's leadership of it.

But because there is no draft — a fact that Graham Nash noted sardonically on Sunday night — no young person has to fear being conscripted into the fight. It is hard to escape the conclusion that Americans find it much easier to stay silent when there is no shared sacrifice.

This war is also largely hidden from American eyes. Unlike Vietnam, when journalists were free to witness and record combat operations, the Pentagon controls access to American troops in Iraq and the images that come with it. The Pentagon banned press coverage of the flag-draped coffins returning home from Iraq. The president refused to attend the funerals of soldiers. Even the cost of this war was tucked from the very start into "supplemental bills" that magically don't count toward the budget deficit.

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The pressure to be silent is great. This week, Defense Secretary Donald Rumsfeld compared critics of Mr. Bush's Iraq policy to those who appeased Adolf Hitler. And antiwar protesters are told they're un-American, cowardly and lending aid and comfort to terrorists.

But in the 1960's and 1970's, antiwar protesters were told they were un-American, cowardly and lending aid and comfort to Communists. Then, the personal and national cost of war grew so great that public outrage drowned out this sort of propaganda. Now, people find protesters vaguely embarrassing and don't want to make too much noise. Outside the concert hall, a soldier who served in Iraq and now opposes the war said he wished Neil Young could be more "subtle."

Mr. Young's call for impeachment is over the top, and it's certainly not subtle. But the anti-Vietnam protesters were not exactly masters of subtlety either. Bloggers say there is an antiwar movement online. Perhaps, but it takes crowds to get America's attention. Just look at the immigration debate.

The noisy, annoying, unsubtle leaders of the protest lent courage to the rest of us to cut school and march in a few rallies.

CORPORATE SCANDALS:

Former Brocade Execs Plead Not Guilty In Stock Options Case (LAW/AP)

By David Kravets, The Associated Press

AP, August 31, 2006

The first two executives ensnared in the nation's stock options scandal pleaded not guilty Wednesday in federal court to charges of making false statements to securities regulators, falsifying records and other charges.

Gregory Reyes, former chief executive of Brocade Communications Systems Inc. and Stephanie Jensen, Brocade's former vice president of human resources, were originally charged with one count each of securities fraud in a criminal complaint on July 20 and indicted with additional charges Aug. 10.

Authorities allege the backdating of stock options was, in part, cause for the company to restate financial results for fiscal years 1999 through 2004, shaving 20 cents off previously reported earnings per share figures.

Reyes is free on $2 million bail and Jensen on $500,000 bail. They face as many as 20 years in prison if convicted. The pair have argued that any backdating was meant to attract employees to the San Jose, Calif.-based maker of data storage devices, not to skew financial results.

A trial date was not immediately set.

Dozens of U.S. companies have disclosed that their stock options practices are being investigated by the Department of Justice or the Securities and Exchange Commission. Three other executives at New York-based Comverse Technology Inc., a leading maker of voicemail software, are accused of hatching a scheme to pocket millions by secretly manipulating and backdating stock options -- bringing to five the number of executives caught in the government's backdating dragnet.

The case is United States v. Reyes, 06-556.

Prosecutions Drop For US White-collar Crime (CSM)

By Alexandra Marks

The Christian Science Monitor, August 31, 2006

NEW YORK

It's the kind of announcement that should put white-collar criminals on notice. The Securities and Exchange Commission (SEC) is now investigating more than 80 companies in the growing stock-option scandal.

The government has charged officials at two companies for backdating options - a practice that funneled guaranteed profits to executives. More indictments are expected.

But far from ratcheting up the fight against financial wrongdoing, the federal government is actually shifting resources away from it. The number of white-collar crime prosecutions is down 28 percent from five years ago, according to an analysis of federal data by the Transactional Records Access Clearinghouse at Syracuse University.

The reason? The government's focus on homeland security, experts say. In the same period white-collar crime prosecutions fell, for instance, immigration prosecutions more than doubled.

"There's been a shift of priorities since Sept. 11 at the [Federal Bureau of Investigation], in the sense that they've moved bodies from fraud and white-collar crime units to terrorism units," says James Sanders, a partner at McDermott Will & Emery in Los Angeles and a former federal prosecutor. "At the same time, the [white-collar crime] cases have gotten bigger and more complex."

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During the 1980s and 1990s, many of the white-collar crime cases involved things like bank fraud, insider trading, and stock manipulation, many of which were not document-intensive. Trials could take as little as four or five days, says Mr. Sanders. But cases like Enron and WorldCom involved complex financial manipulations at high levels. Prosecutors had millions of documents to wade through, which in some cases took years to do.

"Those are very, very complex, document-intensive cases," says J. Boyd Page, senior partner at Page Perry LLC in Atlanta, which was involved in some civil litigation connected to the WorldCom case. "The documents that were made available for our review were something like 1,250 boxes packed one end to the other."

The Enron and WorldCom convictions, as well as the passage of the Sarbanes-Oxley Act in 2002, which holds CEOs directly accountable for their public financial statements, may have had a deterrent effect on some wrongdoers in corporate America, say experts. But they doubt that the drop in white-collar prosecutions reflects an equivalent drop in financial wrongdoing.

Instead, they say, the drop is a reflection of changed priorities. One key factor: The staff available to investigate such cases has shrunk. According to the Justice Department's Office of the Inspector General, the FBI had 2,385 agents engaged in fighting financial crimes in 2000. By 2004, that number had dropped to 1,882.

"There's always been a serious limitation of resources that has caused the government to focus on only the most egregious, large-scale fraudulent schemes," says Christopher Bebel, former federal prosecutor and specialist in securities fraud. "This continuing diversion of resources toward perceived immigration and terrorism threats greatly heightens the dilemma associated with that problem."

That's become particularly apparent in the current stock-option scandal, say experts, because of the scandal's extensiveness. Corporate lawyers say the SEC is relying on companies themselves to do independent investigations, to act as screeners of a kind, and then share with government lawyers if any egregious behavior turns up.

"The US Attorneys offices don't have the prosecutorial resources to truly investigate each one of these cases separately themselves," says Sanders. "They're basically saying to law firms like mine, 'We want you to be independent and come back to us and tell us if there's been an offense here.' "

If an offense is found, Sanders says, the government will do its own investigation.

A spokesman for the SEC declined to comment on the nature of its investigations. But he did note that the number of agents working on the "prevention and suppression of fraud" increased from 981 in 2001 to 1,232 in 2005.

The Justice Department also defends its success in fighting corporate crime, noting that it's cyclical in nature. "We had an extremely high number of convictions from 2001 to 2004, which rose from years prior to 2001 and is typical of these kinds of investigations and prosecutions because they are cyclical," says Brian Roehrkasse, a Department of Justice spokesman. "Since July of 2002, we've had 1,063 corporate fraud convictions, which is a significant amount of work in a four-year period."

White-collar crime experts don't fault the Justice Department for lack of zeal in its work, but do worry about the shrinking resources devoted to keeping corporate America on its ethical toes.

"People can steal a much greater amount of money with a pen than they can with a gun," says Mr. Page. "If we don't take a stand to say, 'Look, this is wrong' ... then we turn our head, and it results in a lot of people thinking it's OK."

SEC Drops Probe Of Former Officers In Shell Oil Case (WSJ)

By John M. Biers

The Wall Street Journal, August 31, 2006

The Securities and Exchange Commission has decided to take no action against Philip Watts, the former top executive at what is now Royal Dutch Shell PLC, over the 2004 reserves-overbooking scandal, according to his lawyer.

The SEC conducted a two-year joint investigation with the United Kingdom Financial Services Authority and concluded that no action should be taken against Sir Philip, the former chairman of Shell's committee of managing directors, the lawyer said.

OIL WOES

Shell Will Take Quarterly Charge of $330 Million1

See key moments in Royal Dutch/Shell's energy-reserves controversy.

Shell said the SEC also cleared former Finance Chief Judy Boynton and Walter van de Vijver, former head of exploration and production. An SEC spokesman declined to comment.

Sir Philip is still a defendant in civil litigation related to the reserves scandal but no longer faces regulatory scrutiny, said his lawyer, Adriaen Morse.

The Justice Department in June 2005 said it closed a criminal investigation into Shell over the problem. Shell shocked the market with a series of reserves downgrades in 2004 that cumulatively slashed about one-fourth of its oil and gas reserves.

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Shell executives, including Sir Philip, initially expressed shock about the problem, but a subsequent probe showed that Sir Philip and Mr. van de Vijver had been weighing the issue for months.

The scandal led to the resignations of many executives, including Sir Philip, Mr. van de Vijver and Ms. Boynton. Shell also streamlined its corporate structure, compressing the Anglo-Dutch conglomerate into a single corporate entity with one board.

A Shell spokeswoman said, "We are pleased that the SEC decided not to pursue this matter further with Philip Watts, Judy Boynton and Walter van de Vijver." She said, "We can confirm that none of our current directors are being investigated by the SEC or the Department of Justice on this matter."

At the time of the reserves-overbooking scandal, Shell was controlled by two holding companies, Royal Dutch Petroleum Co. of The Hague and London-based Shell Transport & Trading Co.

Look Who's Left Standing (WP)

By Carrie Johnson

The Washington Post, August 31, 2006

Four years after regulators launched a task force to stamp out business corruption, numerous chief executives are on their way to prison, two of the nation's biggest accounting firms are defunct or on probation, and investment banks have shelled out billions of dollars in settlements.

But lawyers serving fraud-ridden companies have emerged relatively unscathed.

Unlike the accounting profession, forced by the Sarbanes-Oxley Act in 2002 to submit to independent oversight, lawyers have generally ducked proposals that would have forced them to blow the whistle to outsiders.

On an individual level, law firms that dispensed bad advice or failed to act on red flags mostly have avoided prosecution, in contrast to their brethren in the accounting industry. Arthur Andersen LLP met its demise after a 2002 conviction, later overturned, of obstructing justice in the Enron Corp. case. Rival KPMG LLP operates under a form of probation for selling abusive tax shelters.

Nor have securities regulators pursued sweeping civil cases against groups of law firms, seeking to determine if they may have performed shoddy work or ignored fraud under their noses. Compare that with a group of leading investment banks, including Merrill Lynch & Co. and J.P. Morgan Chase, that handed over $1.4 billion in 2002 to settle accusations that their analysts produced overly optimistic research reports to help win business for the banks. Several banks later ponied up billions of dollars more to resolve shareholder accusations that they had helped companies disguise financial problems.

"There's every reason why lawyers acting as gatekeepers ought to be held responsible for failures to carry out clear legal mandates," said Harvey J. Goldschmid, a former member of the Securities and Exchange Commission who now teaches at Columbia University School of Law.

Lawyers, of course, enjoy broad privileges that prevent them from sharing client confidences. But courts have held that exceptions can be made in cases where fraud or other crimes have taken place. And the legal privilege would give little cover to attorneys if they broke the law by actively covering up accounting schemes, funneling money to themselves and their bosses or tampering with documents.

To hear many lawyers tell it, the regulatory environment has grown far more harsh in recent years. Indeed, the former general counsel of Computer Associates International Inc. pleaded guilty in 2004 to conspiracy and obstruction of justice in part for misleading investigators, and the former top lawyer at Rite Aid Corp. was convicted by a jury in 2003 for helping his boss backdate compensation documents. Onetime lawyers at General Re Corp. and Hollinger International Inc. are awaiting trial on charges that they failed to blow the whistle on problems that came to their attention.

"The trend line evident in the last 12 months is that both SEC regulatory sanctions and criminal prosecution of inside counsel are increasing sharply," John K. Villa, a defense lawyer at Washington's Williams & Connolly LLP, wrote in a recent trade journal article.

Yet compared with the treatment of accountants, investment bankers and corporate leaders, very few lawyers have been sanctioned, and they have been among the last to be called to account.

For example, Villa compiled statistics showing that the SEC's enforcement unit pursued civil charges against 34 lawyers between 2002 and mid-2006, and prosecutors filed criminal charges against 13 in-house lawyers during the same period.

In comparison, nearly three dozen executives, accountants and bankers have faced charges in connection with the Enron case alone since the Houston energy trader collapsed in December 2001.

To date, no high-ranking internal lawyers and none of Enron's outside legal advisers have faced either civil or criminal charges. The lawyers' actions drew the interest of a bankruptcy trustee, however. The trustee concluded in 2003 that Enron could bring a case against five attorneys who likely had violated their professional responsibilities and failed to sound alarms

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about improper business practices. One of the lawyers, Kristina Mordaunt, personally profited by nearly $1 million after investing in questionable deals arranged by Enron's finance chief.

Former general counsel James V. Derrick Jr., testifying for his former bosses Kenneth L. Lay and Jeffrey K. Skilling this year, told a jury he had done nothing wrong during his tenure at the company and said he was proud of his service. Derrick, who has been dismissed as a defendant from most of the shareholder lawsuits filed against Enron executives, also said he had been questioned under oath by SEC lawyers earlier this year, a signal that regulators still may be reviewing the conduct of lawyers who worked at Enron and those who acted as outside advisers.

Separately, Vinson & Elkins LLP, a law firm that Derrick hired to vet many of Enron's deals, is facing a lawsuit alleging that it whitewashed the internal investigation into claims by former executive Sherron Watkins, who warned Lay that the company could "implode in a wave of accounting scandals."

Between 1997 and 2001, Vinson & Elkins earned $162 million in fees from Enron, according to trial testimony. Vinson lawyers privately expressed concerns about some of the Enron deals they reviewed, according to e-mail and voice mail messages cited in the shareholder lawsuit. Earlier this year, without admitting wrongdoing, Vinson agreed to pay Enron a total of $30 million to avert another lawsuit over its past work for the company.

Several lawyers employed by or doing work for these companies declined to comment through their own attorneys or other representatives, preferring to remain silent or let the public record speak for them.

Experts say there are significant obstacles to bringing charges against a lawyer or a law firm. First among them: Lawyers often are a layer or two removed from the decision-making roles in striking deals, dictating accounting policy or preparing corporate financial statements, said Michael J. Missal, a partner at Kirkpatrick & Lockhart Nicholson Graham LLP in Washington.

Moreover, at companies engaging in fraud, there may be a push to conceal information from lawyers so as to avoid detection. Lawyers also can defend themselves by saying that they relied on the word of top executives in collecting bonuses and other payments, as former Tyco International Ltd. general counsel Mark A. Belnick successfully argued to a New York jury that acquitted him of larceny two years ago.

The law itself poses complications. In order to protect communications between lawyers and their clients and to preserve the flow of information, attorneys enjoy broad protection from claims that they gave bad advice so long as they offered it honestly. That means prosecutors usually must seek cases with evidence of clear criminal intent: ones when lawyers personally profited, destroyed documents or misled auditors (as court papers say in the case of former Comverse Technology Inc. general counsel William F. Sorin, who was charged this month in a criminal complaint).

"People perceive the law as being certain and precise and mathematical, but it's really not," said Deborah J. Jeffrey, a defense lawyer at Zuckerman Spaeder LLP in Washington who also serves on a local disciplinary board for attorneys.

Moreover, federal authorities often defer to the states, which regulate attorney conduct, said Lawrence Byrne, a defense lawyer at White & Case LLP in New York. The local authorities, in turn, tend to focus on cases in which impoverished or elderly clients complain about poor service or inflated fees.

The only large law firm to face criminal charges in recent years, New York-based Milberg Weiss Bershad & Schulman LLP, is not under fire for its legal advice, but rather for a system in which it allegedly paid a small group of people to serve as plaintiffs. Milberg is fighting the charges, even as many of its lawyers have fled to other firms.

Canadian Court Freezes Assets Of Former Hollinger CEO Black (WSJ)

By Elena Cherney

The Wall Street Journal, August 31, 2006

TORONTO -- A Canadian court has frozen all the assets of former media tycoon Conrad Black and his socialite wife, Barbara Amiel Black, putting the couple on an allowance of about $20,000 a month, according to a person familiar with the matter.

Judge Colin Campbell of the Ontario Superior Court issued the freeze, known as a Mareva order, under seal last week in response to a request from Hollinger Inc., the Toronto company through which Mr. Black owns his controlling stake in Chicago Sun-Times publisher Sun-Times Media Group Inc., according to the person familiar with the matter. Sun-Times Media recently changed its name from Hollinger International Inc.

Mr. Black is to stand trial next year on charges he and other Hollinger executives looted the company of $84 million while Mr. Black was chairman and chief executive officer. He no longer exerts control over his Sun-Times Media shares.

The court-ordered asset freeze could further crimp the Blacks' highflying style, which already has been curtailed by their legal troubles and Mr. Black's ouster 2½ years ago from the company he founded and built into a trans-Atlantic publisher. Since his indictment last year in federal court in Chicago, Mr. Black's bail conditions have allowed him to travel between his home in Toronto and his mansion in Palm Beach, Fla., and to attend court dates in Chicago.

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The couple once owned four homes, including one in London, where Hollinger's ownership of the Daily and Sunday Telegraph newspapers afforded them an entree into London society and earned Mr. Black a lordship.

Still, the couple continue to enjoy luxuries that a $20,000-a-month budget won't cover. They pay mortgage and tax payments of $95,000 a month to live on 6½ acres in one of Toronto's toniest areas and spend $7,900 a month on gardening bills, according to financial documents discussed in U.S. District Court by Judge Amy St. Eve earlier this summer. Their living expenses, according to the judge's discussion of the financial documents, total more than $200,000 a month.

Mr. Black, whose bail is backed by his equity in the couple's Palm Beach estate, has faced continuing demands from U.S. prosecutors to surrender control of more of his assets. Earlier this summer, Judge St. Eve increased his bail bond to $21 million from $20 million after prosecutors questioned whether Mr. Black was tapping into hidden assets to keep up his lifestyle. Prosecutors are now seeking forfeiture of a $2.6 million, 26-carat diamond ring. They also are demanding antiques and jewelry purchased for more than $600,000.

The Canadian court's move to freeze the assets of Mrs. Black could make Mr. Black's financial squeeze more difficult. In court filings in Chicago related to his bail bond, Mr. Black's lawyers said he was relying at times on borrowing money from his wife. Mrs. Black is a newspaper and magazine columnist in Canada and the United Kingdom.

Mr. Black will have the right under Canadian law to challenge the court freeze on his assets.

News of the Ontario court order was published in the Chicago Sun-Times yesterday. Mr. Black and his lawyer couldn't be reached for comment. A spokesman for Hollinger Inc. couldn't be reached.

CRIMINAL LAW:

Ex-State Department Official Said To Be Source Of Plame Leak (LAT)

By Richard B. Schmitt And Tom Hamburger

The Los Angeles Times, August 31, 2006

WASHINGTON — A new book identifying a former high-ranking State Department official as the source who leaked the name of a CIA operative has apparently solved one of Washington's longest-running whodunits.

The disclosure about former Deputy Secretary of State Richard L. Armitage has also stirred up partisan passions, raising allegations about betrayal within the Bush administration and drawing new criticism of a special prosecutor's investigation that has been politically damaging to the White House.

The report that Armitage, not a White House source, identified Valerie Plame to syndicated columnist Robert Novak was seized upon by GOP loyalists who said it showed that the administration did not conspire to silence a war critic.

Defenders of Plame and her husband, former envoy Joseph C. Wilson IV, said the report did nothing of the sort and vowed to press ahead with a civil suit.

The disclosure about Armitage raised tantalizing questions as well. Among them: Why would Armitage, a close aide to former Secretary of State Colin L. Powell who was often at loggerheads with the administration over war policy, not go public with his involvement for more than three years while the White House and President Bush twisted in the wind of a damaging Justice Department investigation?

Some said the revelation could aide the cause of former vice presidential aide I. Lewis "Scooter" Libby, the only person Special Prosecutor Patrick J. Fitzgerald has charged in the case. Libby was indicted last year for allegedly lying to FBI agents and a grand jury about conversations he had with reporters about Plame.

Others said it could increase pressure on Bush to pardon Libby before leaving office. Libby's trial on perjury and obstruction charges is to begin in January.

A spokesman for Armitage said he had no comment.

White House spokeswoman Dana Perino declined to comment about the report. A lawyer for Libby, William Jeffress, also declined to comment.

The Wall Street Journal editorial page said Wednesday that the leak by Armitage and his subsequent reticence raised "a serious case of disloyalty" and called for the former official to "fess up." It said that Armitage and Powell had "let the president take political heat for the case" while leaving other officials under a cloud of suspicion.

Armitage, 61, a barrel-chested veteran of three tours of duty in Vietnam and a longtime Republican foreign policy warrior in the capital, operates an international consulting firm in the Washington suburbs.

A centrist Republican, Armitage was considered a leader among half a dozen foreign policy advisors known as the Vulcans, a group that, starting in 2000, guided George W. Bush in an area in which the then-presidential candidate had little experience.

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During Bush's first term, Armitage was highly regarded by some in this close-knit group of advisors that included his boss in the State Department, Powell, and then-national security advisor Condoleezza Rice.

The identity of Novak's source has been one of the most enduring mysteries in Washington since the "Deep Throat" days of Watergate.

Novak first revealed that Plame worked for the CIA in a July 14, 2003, column.

Novak's article appeared eight days after a column by Wilson in the New York Times describing a trip he took to Niger for the CIA in February 2002 to assess a report that the African nation was selling nuclear materials to Iraq. Bush referenced the report in his 2003 State of the Union address.

Wilson asserted in his column that the report's claims were baseless.

Novak suggested Wilson's trip was the product of nepotism, citing his wife's connection to the CIA.

White House political advisor Karl Rove, whom Novak has named as a source, has acknowledged that he spoke with the columnist but that it was only after Novak had obtained information about Plame elsewhere.

Novak has remained mum about his primary source, although he described that person in an October 2003 column as "no partisan gunslinger."

Armitage's alleged role is described in a coming book, "Hubris: The Inside Story of Spin, Scandal and the Selling of the Iraq War" by Michael Isikoff and David Corn. Excerpts appear in the current issue of Newsweek.

By the authors' account, Armitage told Novak that Plame worked for the CIA at the end of a July 8, 2003, interview in his State Department office. He was said to later contact State Department officials about his role after reading Novak's October column, fearing, as he reportedly told one colleague, that "I may be the guy who caused this whole thing."

Armitage reportedly was told in February that he would not be charged in the case.

Some GOP lawyers and observers said the new information about Armitage's involvement cast the case and investigation in a new light.

Fitzgerald, who was appointed to spearhead the probe in December 2003, reportedly knew of Armitage's involvement from the first days of the investigation but continued to seek culprits. He has not charged anyone with the crime for which he was appointed to investigate: breaking a federal law that protects the identity of covert agents.

"One really has to question … the nature and extent of an investigation such as this if the sources were known and it was clear that these were basically the product of offhand remarks, not some studied effort to discredit somebody," said George Terwilliger, a former Justice Department official under President George H.W. Bush. "If, in fact, Armitage was the other source, it seems to me that it does completely debunk the idea that there was some White House cabal that was seeking to discredit Wilson."

But lawyers for Wilson and Plame disagreed.

The couple recently filed a suit in federal court in Washington against Rove, Libby and Cheney, alleging that they conspired to deprive them of their constitutional rights by leaking Plame's CIA connection.

"Whatever Armitage did is entirely separate," said Melanie Sloan, the lead attorney in the case. "Our case is about the deliberate and unlawful actions of top White House officials to retaliate against Joe Wilson by disclosing the classified identity" of his wife.

The disclosure of Armitage's alleged role could prove particularly helpful to Libby's defense team.

The substance of conversations Armitage reportedly had with Novak and others may be less important than the fact that Armitage supposedly did not initially recall being Novak's source.

Libby's defense partly rests on a claim that he was so busy with his "focus on urgent national security matters" that a jury might "appreciate how Mr. Libby may have forgotten or misremembered the snippets of conversation the government alleges were so memorable," his lawyers wrote in a March 17, 2006, court motion.

Plame's affiliation, the filing says, was a "peripheral issue."

Reports that Armitage did not initially recall discussing the matter might be used to support the "peripheral issue" defense and the notion that those distracted by urgent issues could easily forget such details.

A Guide For The Perplexed (NYT)

By David Brooks

The New York Times, August 31, 2006

Perhaps, dear reader, you are perplexed. Perhaps you remember the scandal surrounding the outing of the C.I.A. agent Valerie Plame, a crime so heinous that her husband was forced to endure repeated magazine photo-shoots. Perhaps you remember Karl Rove's face on the covers of magazines and newspapers, along with hundreds of stories and driveway stakeouts.

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Perhaps you remember the left-wing bloggers foaming so uncontrollably at the thought of Rove's coming imprisonment that they looked like little Chia Pets of glee. Perhaps you remember a city of TV bookers periodically canceling their lunch plans because of rumors that the Rove indictment was imminent, thus leaving behind a dangerous oversupply of salad entrees.

Perhaps you remember how much this all mattered.

And yet now it has been revealed that the primary leaker was not Rove at all, but Richard Armitage, a former deputy secretary of state. And this news produces no outrage at all. Nothing. A piffle. Perhaps you are wondering how this could happen.

Well, dear reader, there are four things you must remember about your political class. First, there is a big difference between politically useful wrongdoing and politically useless wrongdoing, the core of which is that politically useless wrongdoing is not really wrongdoing at all.

Back in its glory days, the Plame affair was a way to expose the black heart of the Bush administration. It was used to support accusations by John Kerry, Barbara Boxer and other truth-seekers that the Bushies were so vicious they would use classified information to discredit anyone who dared to criticize them.

Senator Frank Lautenberg accused Rove of treason. Howard Dean and a cast of thousands called for his firing. But now it turns out that the leaker cannot be used to discredit the president, that he was a critic of the Iraq war. And with the political usefulness of the scandal dissolving, a sweet cloud of indifference has settled upon the metropolis.

Second, you must remember that a scandal is like a shipboard romance, and once it is gone, the magic can never return. Back at the height of the frenzy, big-time TV personalities were wondering if it was worse than Watergate (of sacred memory). They were spinning impenetrable data points into conspiracy theories of calculus-level complexity. Of anonymous sources and wild allegations there was no shortage. Alleged felons were lined up and rhetorically shot.

The capital rode for a time on the delirious rapids of speculation. Everybody was wrapped in the Christmas Eve anticipation that comes over those who suspect that somebody more powerful than themselves is about to be brought low. But once the crack-buzz of scandal wears off, once the details are forgotten, the excitement can never be brought back. New information, even vital information, just seems like pointless residue from an embarrassing binge.

Third, character matters. Richard Armitage, as is often made clear, is the very emblem of martial virtue. Unlike the pencil-necked chicken hawks that used to bedevil him, he had his character forged in the heat of battle, amid the whir of bullets. And what he apparently learned is that if you keep quiet while your comrades are being put through the ringer, then you will come out fine in the end. Armitage did keep quiet as the frenzy boiled, and he will come out fine.

Finally, you must always remember that it's better to be One of Us than One of Them. Washington attracts a community of smart public-service-oriented people. This permanent community has its own set of mores. It's important to be politically temperate. It's important, even though you supported the Iraq war in 2003, to act as if you opposed it all along. Above all one must engage in the off-the-record gossip and background leaking that important people use to spin each other while pretending they are not spinning.

Members of the Washington community, like members of all decent communities, protect one another. Richard Armitage is a member of this community. Karl Rove is not. When a scandal hits One of Us, it is like Pepto-Bismol on an upset stomach. When a scandal hits One of Them, it's like a match on gasoline.

I hope, dear reader, I have explained some of the rituals of our political culture. And I hope you will not judge us harshly. We only destroy those who are unfashionable.

Jury Finds Sex Offender Guilty In Killing Of University Student (FINDLAW/AP)

By Dave Kolpack, Associated Press Writer

AP, August 31, 2006

(AP) - FARGO, North Dakota-A federal jury declared a convicted sex offender guilty Wednesday in the kidnapping and killing of a college student whose body was found abandoned in a ravine.

The verdict against Alfonso Rodriguez Jr. clears the way for the first death penalty deliberations in the state of North Dakota in more than a century.

Rodriguez stared straight ahead as the verdict was read.

Dru Sjodin, 22, a University of North Dakota student from Pequot Lakes, Minnesota, was abducted from the parking lot of a Grand Forks shopping mall on Nov. 22, 2003. Her body was found the following April in a ravine near Crookston, Minnesota. Rodriguez lived in Crookston at the time.

Prosecutors said Sjodin was stabbed, raped and left to die.

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The jurors deliberated for less than four hours before returning the verdict. They are to reconvene next Tuesday to deliberate on Rodriguez's eligibility for the death penalty. North Dakota does not have the death penalty, but it is allowed in federal cases.

Sjodin's mother and father stared straight ahead as the verdict was read, but family members shared hugs later outside the courtroom.

Rodriguez' mother, Dolores, wiped her face with a tissue.

In closing arguments Tuesday, U.S. Attorney Drew Wrigley told jurors Sjodin fought for her life and left "unmistakable" evidence about the crime.

Rodriguez's attorney, Robert Hoy, said the government failed to prove its case. He said a medical examiner called to testify by prosecutors could not say for certain where Sjodin died, when she died, or the cause of her death.

But Wrigley told jurors that blood found in Rodriguez's car matched Sjodin's DNA. He said it was found in a mist pattern, indicating Sjodin fought her attacker and was beaten.

"Ladies and gentlemen, Dru Sjodin battled him every step of the way, and she left us unmistakable messages," Wrigley said.

A Plea Deal Signals Wave Of Graft Cases Around A.C. (NSL)

By John P. Martin, Star-ledger Staff

Newark Star-Ledger (NJ), August 31, 2006

The city council president of Atlantic City admitted yesterday accepting $36,000 in bribes from a contractor and signaled he has been secretly cooperating with a long-running FBI investigation into corruption in South Jersey.

Craig Callaway immediately resigned his office after pleading guilty to attempted extortion before Senior U.S. District Judge Joseph Rodriguez in Camden.

His surprise plea was the first of three that are expected to launch a wave of corruption charges against officials in and around Atlantic City. Sources including a defense attorney and an investigator briefed on aspects of the case say FBI stings in the past three years netted targets who then became secret cooperating witnesses.

In the other cases disclosed yesterday, former Camden City Councilman Ali Sloan-El admitted taking $36,000 in kickbacks for his vote on development matters and an Atlantic City contractor, Terry Jacobs, acknowledged that he funneled bribes to Callaway, Sloan-El and other unnamed officials.

For Callaway, a brash 47-year-old Democrat from a politically active family, the conviction brought a screeching end to a public career that soared since his election four years ago.

After assuming the presidency of the nine-member council, Callaway built a political machine that had drawn comparisons to an old-time party boss in the casino resort town. Two of his siblings have since won office and a third is a behind-the-scenes political organizer in Atlantic City.

Last year, Callaway was a leading contender for Atlantic City mayor but abruptly abandoned the race weeks before the primary, citing unspecified medical reasons.

Neither he nor his attorney, Jeremy Frey, would say yesterday if he had been cooperating with the FBI.

But Frey told the judge that Callaway "has known about this (case) for years" and later told reporters he anticipates Callaway "will get substantially less" than the 30- to 37-month prison term recommended in the plea agreement, though he wouldn't say why.

Callaway, who earlier this month told The Star-Ledger he was unaware of any corruption probe, declined to answer questions after the hearing. Flanked by his wife and brother outside the courthouse, he read a page-long statement apologizing to his constituents and vowing to make amends.

"The process of atonement began long ago for me," he said without elaborating.

The prosecutors, Assistant U.S. Attorneys Thomas Eicher and Judith Germano, declined to say if Callaway had cooperated.

The investigation spanned nearly three years but the information disclosed in court yesterday showed it followed a typical path for corruption cases: someone got caught and led agents up the ladder.

Jacobs, 42, who lives in Pleasantville, ran an Atlantic City construction company, and let it be known he could buy influence for municipal contracts. In late 2003, an undercover FBI agent posing as a Wall Street financier approached Jacobs as a potential partner in development projects, according to statements read aloud in court.

In a recorded meeting that December, Callaway accepted $10,000 from the agent and said he would support Jacobs' hiring as the construction manager on a proposal to develop a 6.4-acre waterfront parcel in the city.

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Six weeks later, Jacobs was arrested for possession of more than five kilograms of cocaine, he acknowledged in court yesterday.

Prosecutors would not discuss the drug bust, but said it wasn't related to their corruption case. It did, however, give them more leverage against Jacobs. Not long after, he began working for the FBI, according to documents prepared for the hearings.

Callaway admitted yesterday that he accepted six more cash payoffs from the contractor or the undercover agent, the last one coming in January 2005, or nine weeks before he abandoned the mayor's race.

The city's current mayor, Bob Levy, said in a statement that he was "saddened and disappointed" by the news. Levy's office had previously denied any knowledge of the probe, but yesterday declared that the mayor and the police "have been aware of this investigation and have been actively working with the FBI" since January.

The case against Sloan-El, a veteran Camden councilman, was identical. Under questioning by the judge, he admitted that he took six bribes between October 2003 and April 2005 from Jacobs and the undercover agent in return for his help in getting Jacobs hired on two construction projects in the city.

Sloan-El, 52, resigned in June after a decade on the city council, admitting at the time that he had been snared in an FBI sting. He pleaded guilty to a single count of attempted extortion, and faces as much as two years in prison under federal sentencing guidelines.

Outside the courthouse, he apologized to his family and constituents, and his attorney argued that the councilman wanted the money only so he could challenge what he said was the "machine" politics in Camden County.

"It does not diminish the criminality of his conduct, but he was not fully motivated by avarice," said the attorney, Rocco Cipparone Jr.

Each of the men was freed on unsecured bail, and the judge ordered them to return Dec. 12 for sentencing.

U.S. Attorney Christopher Christie said the pleas were "just more of the same of what we see all over New Jersey -- public officials selling their offices, lining their pockets and making a mockery of their service to the public."

Callaway And Two Others Plead Guilty (PAC)

By DEREK HARPER, PETE McALEER AND MADELAINE VITALE

Press of Atlantic City, August 31, 2006

CAMDEN -- Atlantic City Council President Craig Callaway pleaded guilty to accepting $36,000 in bribes between December 2003 and January 2005 in court Wednesday morning. Callaway admitted he took the bribes from an undercover FBI agent, posing as a Wall Street moneyman, in return for steering a contract for the development of the Garwood Mills site in the resort's Northeast Inlet. The site is named for a former department store which once sat on the empty waterfront site.

In a brief post-hearing statement in front of Camden's U.S. District Courthouse, Callaway said he was resigning from City Council, where he has held the top post since January 2003.

Callaway said, "I stand before you today with a heavy heart and take full responsibility for my mistakes." But he said he would still work to improve Atlantic City for its residents.

He and the others will be sentenced Dec. 12. Sentencing guidelines suggest a prison term between 30 to 37 months in federal prison, but Callaway's attorney Jeremy Frey said he believes Callaway will serve less.

Former Camden City Councilman Ali Sloan-El pleaded guilty to accepting $13,000 for agreeing to steer work to a contractor involved with the Camden waterfront. He faces between 24 and 30 months when sentenced.

Afterwards, the watery-eyed Sloan-El apologized to family, his community and the state. He said "I want to put this behind me so I can continue on my work with the community."

Southern New Jersey contractor Terry Jacobs also pleaded guilty to possessing and distributing between 5 and 10 kilograms of cocaine. It is believed that he worked with federal officials after his initial January 2003 arrest to build a case against the other defendants. He faces between 10 years and life in prison when sentenced.

He did not speak with reporters afterwards, walking soundlessly to his nearby car.

See Thursday editions of The Press for complete coverage, including details of all court proceedings, profiles of the major players and reactions from Atlantic City officials and residents.

Sloan El, A.C. Official Plead Guilty (PHI)

By Troy Graham And George Anastasia

The Philadelphia Inquirer, August 31, 2006

The latest political-corruption scandal swirling around South Jersey broke into the open yesterday as two iconoclastic public figures - Camden's Ali Sloan El and Atlantic City's Craig Callaway - pleaded guilty to attempted-extortion charges.

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Each admitted accepting $36,000 in bribes from an Atlantic County contractor, Terry Jacobs, who became a government informant after a 2004 drug arrest in Gloucester County.

The pleas, in federal court in Camden, were believed to be part of a far-reaching, three-year investigation of Atlantic City officials and businessmen.

Jacobs, who pleaded guilty yesterday to cocaine conspiracy, admitted paying bribes to Callaway, Sloan El "and others."

Atlantic City Mayor Robert J. Levy said yesterday that his Police Department and Detectives Bureau had been assisting the FBI since January, when he took office. He said he could not comment further because the case was continuing.

"My key administrators and I are not involved in these allegations," Levy added. "Our city will assist in any capacity in the name of justice."

Callaway, the Atlantic City Council president since 2003, announced his resignation outside the courthouse, moments after entering his plea.

"I have a heavy heart laden with remorse, repentance and regrets," he said. "I take full responsibility for my mistakes."

Sloan El, who resigned from Camden's City Council in June, saying he had moved out of his district, told reporters in July that he had been caught taking a bribe in a hotel room at the Trump Taj Mahal Casino Resort in Atlantic City.

He said he had taken the money to pay expenses from a 2003 state Senate campaign and to fund his long political fight against what he called the "Camden County Democratic machine."

Sloan El emerged from the courthouse yesterday to apologize to his family and community.

"I pled guilty today because it's in the best interest of Camden," he said. "I want to put this behind me so I can continue my work for the community... after this is over."

Sloan El, 52, faces 24 to 30 months in prison. Callaway, 47, faces 30 to 37 months in prison. Both will be sentenced Dec. 12, and both could seek lesser sentences if they cooperated with authorities.

Sloan El previously acknowledged wearing a wire in investigations against Atlantic City figures. Callaway would not say yesterday whether he had cooperated, but his attorney, Jeremy Frey, said he expected Callaway's sentence to be lowered "under the circumstances of this case."

Jacobs faces a mandatory minimum of 10 years in prison.

His attorney, Christopher O'Malley, would not answer questions or identify Jacobs' contracting firm.

Assistant U.S. Attorney Thomas J. Eicher also said he could not identify the firm, but said Jacobs may have operated under more than one company name. Eicher said Jacobs' 2004 drug arrest was not part of any federal corruption probe.

In fact, Jacobs' first bribery payments to the politicians came before his arrest. He paid Sloan El $13,000 in October 2003, and Callaway $10,000 in December 2003.

Those payments were made through an FBI agent posing as a Wall Street financier trying to win contracts for Jacobs.

The bribes to Callaway were meant to secure construction work at a 6.4-acre waterfront site known as Garwood Mills, on Atlantic City's northeast inlet. The bribes to Sloan El were intended to help Jacobs get work on the Cooper's Ferry project and on parking-lot construction at Adventure Aquarium, both on Camden's waterfront.

"Unfortunately, this is just more of the same of what we see all over New Jersey," U.S. Attorney Christopher J. Christie said. "Public officials selling their offices, lining their pockets and making a mockery of their service to the public. This investigation is continuing."

Camden and Atlantic City have long histories of political corruption. Three of the last six Camden mayors have gone to prison, and, in the 1970s and '80s, three Atlantic City mayors were convicted of corruption in 12 years.

"It hurts the city for sure," said Frank Fulbrook, a Camden activist and longtime Sloan El ally. "The city's reputation has been bad for a long time for political corruption."

"It saddens my heart that something like this has happened to our city again," Levy said during a news conference, surrounded by portraits of past Atlantic City leaders. "I served in various capacities under nine different mayors, some of whom went to jail."

Sloan El and Callaway were regarded not only as politicians but as activists. Sloan El, a councilman since 1996, dubbed himself as "the people's champ," and often took unpopular positions against powerful enemies - such as his lawsuit to stop a $175 million state aid package to Camden because it required Council to give up much of its governing authority. He also briefly switched his party affiliation to Republican in 2003 to run against powerful State Sen. Wayne Bryant.

Before becoming a councilman in 2002, Callaway was a Third Ward activist noted for leading protests at public events, armed with a bullhorn to shout down opponents.

Callaway ran for mayor in 2005, but stepped aside, citing health reasons. Levy, a fellow Democrat, took his place and won.

Callaway pledged yesterday "to continue to help rebuild Atlantic City... but from another level."

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Sloan El's attorney, Rocco Cipparone, said his client would consider his options after serving his sentence. He said Sloan El was relieved to finally get to court.

"It was a long time coming," Cipparone said. "He knew this was coming for 15 months now."

Sloan El's supporters said that his conviction saddened them, but that they believed his explanation that the money had been used for political battles, not his own enrichment.

Sloan El and Callaway submitted paperwork yesterday to qualify for court-appointed lawyers, and Sloan El often pointed out his poverty, evident by the unreliable $500 junker he drove.

"I'm really heartbroken, really sad for him personally," Fulbrook said. "My closest friend in politics has fallen."

City Officials In New Jersey Plead Guilty To Corruption (NYT)

By Ronald Smothers

The New York Times, August 31, 2006

CAMDEN, N.J., Aug. 30 — The powerful president of Atlantic City's City Council and a former Camden councilman pleaded guilty on Wednesday to federal corruption and bribery charges.

The charges grew out of a sting operation in which the two men took thousands of dollars from a local contractor and an F.B.I. agent posing as an investor in his company. In return, the two officials agreed to get them public contracts.

Craig Callaway, 47, the president of Atlantic City's City Council since 2003 and part of a family that has long been involved in politics in the city, pleaded guilty to a single bribery count.

In a hearing before Judge Joseph H. Rodriguez of Federal District Court, he said that he had taken about $36,000 from the contractor over a two-year period. As part of his plea agreement, he said he had accepted the money with the understanding that he would help get the contractor work on one of the city's development projects in the northeast section of Atlantic City.

In a statement on the steps of the federal courthouse in Camden after his plea, Mr. Callaway said he was resigning from the City Council.

His was the first corruption conviction involving Atlantic City officials in 22 years, according to law enforcement officials. It comes as federal corruption investigations have resulted in the indictments of more than two dozen elected and appointed officials in Monmouth and Hudson Counties to the north. It also comes at a prosperous time for Atlantic City's gambling industry, which has been adding new casinos.

Also pleading guilty was Ali Sloan El, 52, a longtime veteran of Camden politics who resigned his City Council post last month as federal investigators were closing in. Under his plea agreement, he admitted to accepting about $36,000 in exchange for promises to steer work on city projects to the contractor. In the past decade, he had been a vocal critic of what he called cozy relationships between the Camden County Democratic organization and businesses receiving public contracts.

No political figures associated with the county Democratic machine, led by George E. Norcross III, have been charged in any federal corruption cases. However, the chairman of the Senate Budget Committee, State Senator Wayne Bryant, also from Camden County, has been the subject of subpoenas and search warrants in connection with an unrelated federal investigation of his real estate transactions.

The United States attorney for New Jersey, Christopher J. Christie, speaking of the guilty pleas by Mr. Callaway and Mr. Sloan El, said: "Unfortunately, this is just more of the same of what we see all over New Jersey, north and south. Public officials sell their offices, lining their pockets and making a mockery of their service to the public."

The contractor who figured in the case, Terry Jacobs, 43, pleaded guilty on Wednesday as well, but to unrelated charges of conspiring to distribute more than five kilograms of cocaine.

Thomas J. Eicher, an assistant United States attorney, would not give details of Mr. Jacobs's role in the corruption case. But a law enforcement official familiar with it confirmed that it was only after Mr. Jacobs's arrest by another law enforcement agency on the drug charges, nearly a month after he and the F.B.I. agent paid an initial bribe to Mr. Callaway, that the contractor became a knowing participant in the sting operation.

Under his plea agreement, Mr. Callaway could face up to three years in prison when he is sentenced on Dec. 12, if the judge accepts the recommendation of prosecutors. The prosecutors are expected to seek a sentence of up to 30 months for Mr. Sloan El. Mr. Jacobs faces seven to 10 years under his plea agreement. All three remain free on bond pending sentencing.

Mr. Callaway got his start in Atlantic City politics in the 1980's when he took to the streets to protest the barriers that black residents and black contractors like his family-owned company faced in getting work on much of the new casino construction. He and his family members built a grassroots organization, which many in the city said would continue to have political influence.

Mayor Robert W. Levy, who was elected in 2005 after Mr. Callaway dropped out of the race and threw his support behind him, said in a statement that he was "both saddened and disappointed by today's news."

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In Camden, the reaction to Mr. Sloan El's guilty plea was disbelief among those who recalled his outspoken criticism of the county's Democratic organization and its relationship with businesses that contributed to the party.

Frank Fulbrook, president of the Camden Neighborhood Revitalization Corporation, a frequent ally of Mr. Sloan El in those fights, said it meant the loss of "a good politician and street organizer."

"But he used bad judgment and made a mistake," he said.

2 Politicians, Contractor Plead Guilty In Corruption Case (MH)

By Geoff Mulvihill

The Miami Herald, August 31, 2006

CAMDEN, N.J. - Two New Jersey politicians known for their populism and bare-knuckle styles in different gritty cities pleaded guilty Wednesday to attempted extortion in schemes to aid a contractor-turned FBI informant with development projects.

The pleas of Atlantic City City Council President Craig Callaway and former Camden City Councilman Ali Sloan El were not unexpected - though the link between them was mysterious until Wednesday.

The connection turned out to be Terry Jacobs, an Atlantic City contractor-turned-FBI informant with links to both men. He pleaded guilty Wednesday to conspiracy to distribute cocaine. In court, he admitted that he made payments to Callaway, Sloan El and others - a sign that there might be more prosecutions to come out of an investigation that began in 2003.

The money was supplied by the FBI through an agent who posed as a Wall Street financier trying to help Jacobs.

Callaway admitted he helped the contractor in his efforts to redevelop Garwood Mills, the site of a former department store; Sloan El said he was helping with a deal to build a parking lot for the Adventure Aquarium.

Though they pleaded guilty to the same charges and have similar political styles, the two politicians have said that they have met only to work on legislation to allow needle exchanges for intravenous drug users in their cities.

On Wednesday, Callaway resigned from the city council, apologized to his supporters and pledged to stay involved in Atlantic City after he completes his prison term, which is expected to last 30 to 36 months.

"I stand before you today with a heavy heart," he said.

Callaway, 47, rose from gadfly to one of the most powerful political forces in the city. He was elected to the city council in 2002 and became president of it the next year.

Last year, he abruptly backed out of the mayoral race and threw his support to Bob Levy, who won with Callaway's help, then broke with him.

In a release, Levy said no key members of his administration would be implicated in the case. "I can assure you that this matter will not affect the Levy administration's goals or our vision. This city is moving forward and we will not allow this issue to slow us down," he said.

In Atlantic City politics, Callaway was a polarizing figure for whom the political was also the personal.

After shootings in his ward, he was known to show up at crime scenes to offer support to victims and to show up at opponents' political events with a bullhorn.

Earlier this month, he was convicted in municipal court of throwing a brick at the van of a political opponent during the nasty 2005 mayoral race. He said the case was politically motivated and planned to appeal.

Ali Sloan El, 52, long ago broke with influential Camden County Democratic Party leaders who have a heavy hand in the impoverished city's political dealings. He used to call himself "the people's champ" and was often the loan dissenter on key city council votes. Though he is a lifelong Democrat, once ran for state Senate as a Republican in an attempt to jab the dominant party.

"I apologize to my family, community and supporters," he said Wednesday. "I want to put this aberrational mistake behind me."

Sloan El's lawyer, Rocco Cipparone Jr., said the councilman, who is often in financial straits, used some of the ill-gotten money for political purposes and some for personal expenses.

In a city that holds the titles as the poorest and most dangerous in the nation and where three of the last five mayors have been convicted of crimes committed while on office, Sloan El's accepting bribes was particularly disturbing, said Frank Fulbrook, a community activist and longtime ally of Sloan El.

"Maybe his motive had some elements that were defensible," said Fulbrook. "But his actions to get the money was indefensible."

When he resigned earlier this summer, Sloan El said it was because he had moved out of the district he represents. But last month, he met with reporters and told them there was more to the story. He had taken bribes, he said, and would plead guilty in the case.

Sloan El faces 24 to 30 months in federal prison. Both he and Callaway are to be sentenced Sept. 12.

Key Figure Arrested In Monroe Twp. In 2004 (GLOUCOTMSNJ)

By Jim Six, Jimsix@sjnewsco.com

Gloucester County Times (NJ), August 31, 2006

Pleasantville contractor Terry Jacobs, from whom Camden Councilman Ali Sloan-El and Atlantic City Council President Craig Callaway admitted they took bribes in 2003, was arrested on drug charges in Monroe Township in January 2004.

A DEA/New Jersey State Police task force arrested three men at that time and charged them with possession and distribution of five kilograms of cocaine, valued at more than $100,000, authorities said.

Arrested with Jacobs, who is from Pleasantville, was Herman "Sonny" Winters, the husband of former Monroe Township councilwoman Loretta Winters, who runs the state Motor Vehicle Commission office in Washington Township.

A third man, from Philadelphia, was not identified.

According to a law-enforcement source, Jacobs introduced Sloan-El and Callaway to an FBI undercover agent in 2003 without knowing the man was an agent.

Jacobs, 42, a contractor in Atlantic City, Camden and elsewhere, admitted during his guilty plea that he paid bribes - independently and later as a cooperating witness for federal authorities - to public officials including Callaway and Sloan El in exchange for preferential treatment on city contracts.

Federal and state authorities were unable to provide information on the status of the charges against Winters on Wednesday.

DISD Workers Asked About Expenses (DMN)

By Kent Fischer, The Dallas Morning News

The Dallas Morning News, August 31, 2006

Interviews begin in law firm's investigation into credit card use

The law firm hired to investigate potential fraud and misuse of school district credit cards has begun interviewing employees about their expenditures.

Paul Coggins, a former U.S. attorney and principal with the firm Fish & Richardson, said his investigative team has collected and organized 400 file boxes of receipts and other documents relating to more than two years of credit card spending.

Also Online

DISD creates watchdog post

Mr. Coggins said some initial investigative interviews have taken place. He cautioned that the investigation is still in its earliest stages, though he said it is moving ahead quickly.

"It's a needle in the haystack type of investigation," Mr. Coggins said. "That's why you need a plan. It's fair to say that we're moving much quicker than we thought we would be in terms of putting the team together and determining who we need to interview."

Mr. Coggins said his investigative team will turn over instances of fraud to the FBI, which has subpoenaed the credit card spending records. Instances of policy violations or other inappropriate, but not illegal, purchases will be handed off to the district, he said.

It's those policy violations that will be trickiest to document and prove, he said.

"Who was overseeing the purchases? Who was supposed to be approving them? Those are some of the toughest questions we're looking at."

Vendor Sentenced To 2 Years In Paterson Schools Bribery (NSL)

By John Mooney, Star-ledger Staff

Newark Star-Ledger (NJ), August 31, 2006

The ongoing Paterson school corruption scandal has reaped its first jail sentence, with a construction vendor yesterday sentenced to two years in federal prison for his involvement in a bribery scheme that reached up to the district's top facilities director.

U.S. District Judge Jose Linares in Newark yesterday sentenced Carl Babb, former principal in Olympic Window Installers Inc. of Paterson and Hawthorne, after Babb pleaded guilty in April to bribing Paterson officials in exchange for contracting work and overbilling.

In addition, Babb was ordered to repay Paterson for $750,000 in overpayments.

Linares also sentenced Louis Milone, the district's former director of maintenance, to five years' probation, including six months of home confinement, for his role in the scheme. Milone was among the officials who was paid by Babb, including with two cruise line vacations and free home improvements.

Next up in the nearly three-year probe is the sentencing of James Cummings, Paterson's former facilities director, who pleaded guilty in February to also accepting bribes from Babb and another contractor.

Cummings, the highest-ranking Paterson official yet to be implicated, is scheduled to be sentenced Sept. 19. In accordance with his plea, Cummings is likely to face up to five years of jail time, prosecutors said.

"Any time you have important resources diverted, it impacts on the educational opportunities afforded to children," Assistant U.S. Attorney Jeffrey Chiesa said. "A case of widespread fraud such as this had a wide impact on the district of Paterson."

Chiesa said the investigation in the state-run Paterson schools is "ongoing," but he declined to say whether higher ranking officials could be targeted.

The district's former state-appointed superintendent, Edwin Duroy, resigned under pressure in 2004 when questions were first raised about waste and mismanagement in the facilities office.

John Mooney covers education. He may be reached at jmooney@starledger.com,
or (973) 392-1548.

2 Guilty In Billing Scam Are Sentenced (BERGREC)

Bergen Record, August 25, 2006

A contractor and a Paterson school facilities employee were sentenced by a federal judge on Thursday for colluding to over-bill the city school district.

Carl Babb, 67, of Elmwood Park, was sentenced by U.S. District Judge Jose L. Lanares in Newark to two years in prison for paying school officials in exchange for contracts to his company. Babb also will pay $750,000 in restitution to the school district.

Between 1999 and 2002, Babb gave two school officials Caribbean cruises and home improvement jobs in exchange for contracts and inspection-free work for Olympic Windows Installers, his Hawthorne- and Paterson-based company. Babb, whose company's work was not regularly inspected, used this lack of oversight to over-charge the district by 10 percent and 15 percent.

Louis Malone, 47, of Pompton Lakes, helped steer contracts to Babb in his capacity as maintenance director for Paterson schools. Malone was sentenced to five years' probation with six months of home confinement, and will pay $13,000 in fines.

James Cummings, 57, of Sparta, the district's former director of facilities, will be sentenced in the case on Sept. 19.

American Gets 15 Years For Downloading Child Sex Images (AFP-Y)

AFP, August 31, 2006

A former US government employee was sentenced to 15 years in prison for possessing more than one million child sex images, including those of a young relative he abused, the US Department of Justice announced.

Robert Carey, 52, who had worked at the National Oceanographic and Atmospheric Administration (NOAA) since 1974, used government computers at his office and home in Bowie, Maryland (just outside Washington) to access child porn over the Internet, the Justice Department said in a release.

During a August 2005 federal law enforcement agents searched Carey's office and home and retrieved more than one million images of prepubescent girls and girls in their early teens in erotic or sexually graphic poses, the statement read.

The pictures were in photo albums and on DVDs, CD-ROMs and on the computers.

Carey admitted to downloading child pornography for approximately 10 years at work.

Among the pictures "were images of a family member taken when the minor female was between eight and 13 years old. Many of these images were sexually explicit, and included photographs taken at Carey's NOAA office. These images also included photographs of sexual acts between Carey and the minor."

Carey was indicted in December 2005, fled the country, and was featured on the popular television show "America's Most Wanted" in January 2006. He surrendered three days later to US officials in Rome and was arrested.

Carey, who pleaded guilty in May, must also pay more than 50,000 dollars in restitution to his young victim.

Captured Polygamist Leader Will Go To Utah For Prosecution (AP)

By Paul Foy, ASSOCIATED PRESS

AP, August 31, 2006

SALT LAKE CITY (AP) - Polygamist leader Warren Jeffs will be prosecuted first in Utah, then in Arizona, on charges that he arranged marriages between underage girls and older men, authorities said Wednesday.

Arizona authorities filed charges first, but Utah prosecutors worked out an agreement to try Jeffs first because they have a stronger case and more serious charges, Washington County Attorney Brock Belnap said.

The two counts of rape by accomplice in Utah accuse Jeffs of forcing a girl to marry an older man and submit to him sexually.

"We have the gravity of the charges here," Belnap said.

The victim says Jeffs performed the wedding over her repeated objections. After the girl continued to resist the man for a month Jeffs ordered her to "give your mind, body and soul to your husband like you're supposed to," according to a court affidavit obtained by The Associated Press.

"Go back and do what he tells you to do," the affidavit quotes Jeffs saying.

Jeffs, 50, is the leader of the Fundamentalist Church of Jesus Christ of Latter-day Saints, a group that broke away from the mainline Mormon church a century ago. He is said to have at least 40 wives and nearly 60 children.

He was captured late Monday after a traffic stop north of Las Vegas. He had been on the run for more than a year and on the FBI's Ten Most Wanted list since May.

Jeffs, who refused jailhouse interviews Wednesday, was scheduled to appear Thursday at an extradition hearing in Nevada.

Jeffs didn't have a lawyer Wednesday, according to prosecutors and court officials in Las Vegas, and one former church member predicted Jeffs would refuse to say anything in court on Thursday.

"He won't even recognize their authority," Andrew Chatwin said by telephone from the sect's community of Hildale, Utah. "Warren's done away with the Constitution in this part of the land."

Chatwin said he believed Jeffs was in Las Vegas to check on a church-owned machine shop, Western Precision Inc., that moved from Hildale earlier this year.

Jeffs won't be able to post bail in Utah, while Arizona had posted bail at $500,000 for the wealthy polygamous recluse - another factor in the decision to send him to Utah, Belnap said.

In Utah, 5th District Judge James L. Shumate signed an arrest warrant Wednesday for Jeffs and a prosecution motion denying him bail.

Belnap said the decision to send Jeffs to Utah first instead of Arizona came after a conference call among state and federal prosecutors in both states.

Belnap said Mohave County Attorney Matt Smith, who obtained Arizona's indictment against Jeff, "expressed that he was on board with the decision." Smith didn't return repeated calls Wednesday from The Associated Press.

"This is not a turf thing," Belnap said.

Arizona's charges accuse Jeffs of sexual misconduct involving another arranged marriage.

Jeffs was captured by chance Monday by a Nevada Highway Patrol trooper who couldn't make out the temporary Colorado paper license tag on a 2007 Cadillac Escalade driven by his most loyal brother.

Jeffs was being held Wednesday at the Clark County jail in Las Vegas, police Officer Jose Montoya said.

"His brother was here and saw him for 30 minutes," Montoya said of a late Tuesday visit from Isaac Jeffs, who was released by authorities after the freeway traffic stop. "That was his only visitor."

Associated Press writer Ken Ritter in Las Vegas contributed to this story.

Utah Will Take First Crack At The Challenge Of Prosecuting Jeffs (SLT)

By Brooke Adams And Nate Carlisle, The Salt Lake Tribune

Salt Lake Tribune, August 31, 2006

LAS VEGAS - A cooperative victim, a tougher penalty and a shot at higher bail have given Utah authorities the first crack at prosecuting polygamous prophet Warren Steed Jeffs.

The state will request during a hearing Thursday in Las Vegas that Jeffs be extradited to Utah to face two counts of rape, a first- degree felony, for his alleged accomplice role in arranging an underage marriage within the last four years.

Jeffs, leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints, was arrested Monday night after a routine traffic stop by a Nevada Highway Patrol trooper just outside of Las Vegas on Interstate 15.

He is being held without bail at the Clark County Detention Center, where his brother Issac, who had been with him at his arrest, visited Jeffs late Tuesday. On Wednesday, the center said Jeffs was no longer being allowed visitors and had refused to grant interviews.

He is in a single cell, without a roommate, a spokeswoman said.

In Thursday's hearing, expected to last no more than 15 minutes, Jeffs has two options: waive his right to an extradition hearing or fight it. He can fight the extradition only by arguing that he is not the person charged in the case.

By late Wednesday, no counsel was listed for him and Nevada is not required to provide him with an attorney for an extradition hearing.

Who's on first? After Jeffs' capture, Utah and Arizona authorities began strategizing about his prosecution. In a conference call Wednesday, Utah took the lead, at least for now.

Washington County Attorney Brock Belnap said prosecutors agreed to seek extradition to Utah first because Jeffs is charged with first- degree felonies in Utah, which carry sentences of five years to life in prison. Those are much tougher than the four-month to two-year penalty possible under the Arizona charges.

The stiffer charges mean Jeffs could be required to post a larger bail in Utah, Belnap said, or a judge could decide not to grant bail.

Bail "was obviously a concern because of the amount of effort that went into locating him and finding him," Belnap said. "We don't want to lose him again." The $500,000 bail previously set for the Utah charges was revoked by a 5th District judge Wednesday. It is possible the Arizona charges could still go to trial first, depending on court calendars and other issues, he noted.

An Arizona case stalls: The decision to let Utah proceed first came a day after one case against Jeffs may have unraveled in a separate proceeding in a Mohave County courtroom.

In that case, a woman whom Jeffs allegedly assigned as a plural wife to Randolph Barlow when she was a minor refused to answer all but the most rudimentary questions, prompting the judge to find her in contempt of court.

"If she is not going to testify against Randy Barlow, it's even less likely she is going to testify against Warren Jeffs," said Mohave County Attorney Matt Smith.

The woman told a grand jury last May that she opposed the marriage in part because, at age 16, she was not ready to become a mother. In Arizona, it is a crime to engage in sexual conduct with anyone under age 18, and Jeffs was indicted on two sex crime charges for allegedly arranging the spiritual marriage.

Now 20, the woman had negotiated to have two

Advertisement

sexual assault charges against Barlow dropped before the trial. But as it began Tuesday, it was clear the woman had heard of Jeffs' arrest, Smith said. As she began answering questions, her mother, a faithful FLDS member, moved into her line of sight and the woman fell silent.

"If that [Jeffs' capture] hadn't happened I think it is way more likely she would have testified," a disappointed Smith said Wednesday.

"You need ... live witnesses." Barlow's trial has been continued until Sept. 26. If the woman continues to refuse to testify, he could be acquitted, Smith said.

Seven other men have been indicted on the same charges. Barlow was the second man to go to trial. The first, Kelly Fischer, has been convicted and sentenced to 45 days in jail.

In the Fischer and other cases, Smith has relied on birth certificates to prove the men fathered children with minors.

"That doesn't work for Warren," he admitted Wednesday. "You need some people who are actually live witnesses" to the marriages.

Smith said he has one other "somewhat willing" alleged victim - Ruth Stubbs, a former plural wife of ex-Hildale police officer Rodney Holm. She is prepared to testify about Jeffs' role in conducting her plural marriage in 1998, when Jeffs' father, Rulon T. Jeffs, was the FLDS prophet but had been disabled by a stroke.

"Ready and willing to testify." Finding a willing witness is not an obstacle in Utah, where Washington County authorities charged Jeffs in April for allegedly arranging the underage marriage.

"I'm confident she [the alleged victim] is going to be prepared and ready and willing to testify when that time comes," Belnap said.

In court documents filed in April, the girl, identified only as "Jane Doe," recounted being told by Jeffs to marry a much older man or risk jeopardizing her salvation.

The girl, who was a resident of Hildale and was between 14 and 18 at the time of plural marriage, told Jeffs she was too young to marry and didn't want to have sexual relations. He told her the assignment came from God and she had a duty to comply, according to court documents.

She and the man, identified only as "John Doe," went to Caliente, Nev., where Jeffs performed a marriage ceremony at a motel. Belnap said photographs document her account.

The trial in the Utah case would be held in 5th District Court in St. George, about 40 miles south of the polygamous sect's homebase of Hildale, Utah, and Colorado City, Ariz. About 6,000 Jeffs' followers live in the twin towns.

Jeffs Facing Extradition Hearing Today (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, August 31, 2006

Captured polygamist leader Warren Jeffs will appear before a judge in Las Vegas today to face extradition back to Utah on charges of arranging a child-bride marriage.

Jeffs will go before a judge in the Las Vegas Justice Court at 9:30 a.m. He has been held in the Clark County Jail in isolation, officials said. He has refused all jailhouse interview requests.

The Washington County Attorney's Office said Wednesday it would proceed first with its rape-as-an-accomplice case against Jeffs.

"We need to make arrangements to have him transported here safely," Washington County Deputy Attorney Jerry Jaeger told the Deseret Morning News. "Once we get him here we'll have our initial appearance, probably the next day."

Prosecutors filed a motion in St. George's 5th District Court asking a judge to deny bail to Jeffs pending his return to Utah. Currently, the bail set on the arrest warrant for Jeffs is $500,000. The judge signed the temporary order, but a bail hearing will need to be held before any denial of bail becomes permanent.

Federal prosecutors held off on filing formal charges of unlawful flight to avoid prosecution against the man once on the FBI's Ten Most Wanted list but also refused to drop their warrant. The U.S. Attorney's Office in Utah said it was an "option" they would keep should Jeffs be granted bail in St. George.

"He should remain in custody, and to the extent that federal charges will help that, it's something we can certainly look at," U.S. attorney's spokeswoman Melodie Rydalch said.

The polygamist leader is accused of performing child-bride marriages, which led to a pair of criminal cases being filed in Utah and Arizona.

In Utah, he is charged with rape as an accomplice, a first-degree felony. In 2002, criminal charges state Jeffs forced a teenage girl into a polygamous marriage with an older man.

Washington County prosecutors said Wednesday they were taking steps to ensure the safety of their star witness. They declined to specify what is being done.

"We've taken steps to help protect her. We've tried to think ahead and finds ways to keep her protected," Jaeger told the Deseret Morning News. "We are concerned for her safety, and that's one thing that we're making a No. 1 priority."

In Arizona, Jeffs is charged with sexual conduct with a minor and conspiracy to commit sexual conduct with a minor.

"We are doing all we can, and the less media attention on the witnesses is the best protection," Mohave County Attorney Matt Smith said Wednesday.

FLDS in Nevada

It remains unclear why Warren Jeffs was in Nevada, but the FLDS Church has been quietly expanding across the border. Some of the major businesses with ties to the group have left the polygamous border towns of Hildale, Utah, and Colorado City, Ariz., and moved to places like Mesquite and Las Vegas.

FLDS faithful have also relocated.

"Maybe it's a good place for them to hide out," said a woman who lives near a group of polygamists in Henderson, Nev.

Declining to give her name, she said she noticed her new neighbors about six months ago.

"There's a lot of kids, and we've seen a couple of different wives, I would assume. I could tell they were polygamists just from the way they dressed — the long sleeves, the dresses with the girls, the hair in braids," she said.

A hay farm near Pioche, Nev., has been investigated for ties to the FLDS Church to determine if millions of dollars generated from that farm went to the church.

Investigations continue

Jeffs, 50, was arrested during a traffic stop on I-15 just outside Las Vegas Monday night. Nevada Highway Patrol trooper Eddie Dutchover stopped a red 2007 Cadillac Escalade after he was unable to read the temporary tags on the car.

Trooper Eddie Dutchover pulled over Jeffs. Jeffs was inside the car along with one of his wives, Naomi Jessop Jeffs, and a brother, Isaac. The brother and wife were questioned and released.

Washington County Attorney Brock Belnap said the two remain under investigation.

"We are still looking at all the possibilities that could come from the discovery of Warren Jeffs," he said Wednesday. "People shouldn't draw any conclusions regarding the fact that nothing's happened."

Police, federal agents and prosecutors in several states huddled on Wednesday to discuss where the investigation goes from here.

"Investigations are still pending as to Warren Jeffs and where he's been for the last two years," Belnap said.

Currently, the Utah Attorney General's Office has an organized crime investigation involving Jeffs and the FLDS Church. A federal grand jury in Phoenix is reportedly investigating the sect. Several FLDS members have been jailed for refusing to testify.

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The Arizona Attorney General's Office has been investigating the FLDS Church and a troubled school district in Colorado City. Mohave County prosecutors are going forward with the trials of eight polygamist men.

Hildale and Colorado City remain quiet. The court-appointed special fiduciary of the FLDS Church's United Effort Plan (UEP) Trust is expected to be in Hildale today to see for himself what is happening.

"It will be interesting to see how the church functions without him," Bruce Wisan said.

In 2005, a judge took control of the UEP Trust that controls homes, businesses and property in the towns amid allegations that Jeffs and other top FLDS leaders were siphoning funds from the people. The UEP Trust has an estimated $110 million in assets.

A legacy of ruined lives

One of the former leaders of the FLDS Church said Jeffs' legacy is ruined lives. Winston Blackmore, who was the bishop of the polygamous group's Canadian enclave in Bountiful, British Columbia, was ousted by Jeffs in 2002.

"All that I can think of when I think of Warren Jeffs is the hundreds of people's lives that he's ruined," Blackmore said in an e-mail to the Deseret Morning News. "Warren will be given a chance to be heard before a judge and have legal advice to argue his cause, a luxury that he never extended to the people that he ruined. Funny thing is that the man has contempt for the system that will grant him this privilege."

Who Will Be The Next Polygamist Prophet? (TIME)

By Peta Owens-liston

Time, August 31, 2006

Fugitive leader Warren Jeffs is arrested, but that doesn't necessarily mean the end of his sect

During his 14 months in hiding from the FBI, Warren Jeffs managed to continue controlling and directing his followers — members of the Fundamentalist Church of Jesus Christ of Latter Day Saints who number an estimated 10,000, most based in the border towns of Hildale, UT and Colorado City, AZ. Although wanted for unlawful flight to avoid prosecution charges of forcing underage marriages, he conducted even more underage unions, exiled men from their homes and families who were considered "unworthy," and ordered followers not to pay their taxes. Some fear that his arrest could now create a power vacuum within his sect and attract other Jeffs-minded leaders interested in doing it their own way. There is also the possibility of an exiled member returning to establish new leadership.

Carolyn Jessop, a former member of Jeffs' sect, points out that there are two high-powered, charismatic men who could possibly move back to Colorado City and take Jeffs place: one is her ex-husband, Merrell Jessop, who oversees the sect's compound in Texas; the other is Wendell Neilson, who likely oversees another compound. But she considers this unlikely. "I don't think Warren would give away any of his power — he's too controlling and hungry for it and these men would be threats to his leadership. Plus they would never go against Jeffs' wishes." Jessop predicts that Jeffs will rely on his full-brother, Lyle Jeffs, to act as his puppet and carry out his "revelations" from prison. "He has had it too good for too long to let this thing go — he would rather watch the whole church dissipate than let someone else take over power," says Jessop.

Rod Parker, an attorney who has represented the sect's members including Jeffs, believes that Jeffs will maintain his leadership status. "The whole premise of their beliefs is that Jeffs has been chosen by God to be their leader and the fact that he is in custody doesn't change that — he is still going to be viewed as their prophet." Although, logistically carrying out his role may mean relying on a hierarchy of power. "Being a fugitive never stopped him from running the church, so why would it now?" asks Parker.

Historically, when Mormon leaders have been jailed or hidden as has happened twice in the past, it has unified members and enhanced the stature of the leaders. The view is that a leader who remains firm and resolute in his beliefs despite serious consequences to himself is a leader to look up to.

But Jeff's trial could also provide positive change for many of his followers. "The authorities have been extremely secretive about what they have on [Jeffs]," says Jessop, "and when it goes to court, a lot of crimes and illegal activity are going to go public and make people realize that these fundamentalist communities need to be handled." (Jeffs' lawyer could not be reached for comment.)

The sect follows the original fundamental teachings of Joseph Smith, the founder of Mormonism, which include the practice of polygamy. The Salt Lake City-based Church of Jesus Christ of Latter-day Saints left polygamy behind in 1890 and now excommunicates members who practice it.

While on the run from the law for more than a year, Jeffs told his followers that authorities would never capture him, because God was protecting him. Members of the church believed him; after all, he was their prophet — the "speaker of God's will." But on Monday night, Jeffs' faith bumped into the law, when a Las Vegas trooper pulled over a burgundy Escalade on a routine traffic stop. Sitting in the back was Jeffs, who has been on the FBI's Most Wanted List since May with a $100,000 reward

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for any tips leading to his capture. One of his estimated 40 wives, Naomi Jeffs, and his brother Isaac Steed Jeffs were with him as well as a number of on-the-run travel essentials, including: several wigs, $67,500 in cash, 14 cell phones, a radar detector, two GPS systems, seven sets of keys, a photograph of Jeffs and his father, and a Bible and a Book of Mormon.

In Utah, Jeffs faces two felony counts of rape as an accomplice, for allegedly arranging the marriage of a teenage girl to an older man. In Arizona he faces multiple counts of sexual conduct with a minor and multiple counts of conspiracy to commit sexual conduct with a minor. Jeffs is being held in federal custody in a Las Vegas county jail pending a court hearing on a federal charge of unlawful flight to avoid prosecution. It is not yet clear whether Jeffs will face extradition to Arizona or Utah. "Everyone will get their turn with Jeffs," said Tim Fuhrman, Special Agent in charge of the FBI field Office. Charges against Jeffs in Utah are most likely to carry the longest sentence.

Like most Westerns, a shoot out or some form of violence was expected in Jeffs' capture. The FBI had warned that Jeffs typically travels with armed bodyguards and some of his followers had vowed to die or kill for him. Nobody wanted another Waco. Catching Jeffs on the road, where he would have little protection outside his bodyguards, was the most favored approach. Since he is the only one allowed to perform marriages and is responsible for assigning wives to husbands, traveling was likely. It is unknown where Jeffs spent his time while hiding out, but he has ties to Texas, Colorado, South Dakota, British Columbia and Quintana Roo, Mexico. "He never had to appear in public, he had people who did that for him," points out Utah Attorney General Mark Shurtleff.

The peaceful conclusion to Jeffs' capture has left Shurtleff hopeful. "This should send a message that nobody is above the law and hopefully it will encourage some [victims] to come forward." Shurleff anticipates changes in the group's community, especially in the twin cities of Hildale, UT and Colorado City, AZ, where the sect is based. "Their feelings about him, their fear of him, their loyalty to him — we're hoping will start to crumble."

"This is a very historical move on the FBI's part," says former polygamist Rowenna Erickson, who hails from the Kingston polygamy group, which is unrelated to Jeffs' and has its own lawsuits related to abuse. "There are a lot of groups that need to be addressed and this will ripple out and have a negative impact on those polygamy groups."

Born premature, Jeffs was favored by his father, former sect leader, Rulon Jeffs; with some 60 siblings, being singled out was a rare treat. "He was considered the golden boy and never had to work a day in his life," says investigator Sam Brower who has been working on polygamy civil cases for the past three years. Jeffs was known to be the primary gatekeeper for access to the prophet, his father, when he was alive but ailing in health. "I'm convinced he's also a sociopathic narcissist who is extremely cunning," says Brower. It is estimated, that Jeffs now has 80 wives, some 250 children and millions of dollars at his disposal.

"Money, sex, and power is what fundamentalist polygamy is about and that is what Warren Jeffs represents," says John Llewelln, who points out that Jeffs is the leader of the largest and most secretive of the fundamentalist polygamy groups. Llewelln has authored four books on polygamy and is a former polygamist himself; he also worked as Salt Lake County's deputy sheriff, specializing in sex crimes investigations. "From the fundamentalist Mormon polygamist point of view, Jeffs is the quintessential Mormon polygamist because he does not hold himself accountable to any government or societal rules — only his religion. His followers view him as having done nothing wrong except to live his religion and do what a prophet does."

To Keep Sect Leader Warren Jeffs In Jail, Prosecutors Plan To Push Utah Rape Charges First (CTV)

By Harriet Ryan

Court TV, August 31, 2006

KINGMAN, Ariz. — Warren Jeffs, the polygamist leader captured this week after four months on the FBI's Most Wanted list, will face charges of arranging the marriages of underage girls first in Utah and then in Arizona, federal and state officials agreed Wednesday morning.

The decision on venue is an effort by prosecutors to prevent Jeffs, set to make his first court appearance here Thursday morning, from posting bail and returning to the life of a fugitive, authorities said.

The charges awaiting Jeffs in Washington County, Utah, two counts of rape as an accomplice, carry significantly more prison time than the statutory rape and conspiracy charges he faces in Mohave County, Ariz.

"We have more serious charges here in Washington County and flowing from that is an opportunity to have a higher bail amount and make it less likely he would get bail," said Brock Belnap, the county attorney in St. George.

The sentence for rape in Utah is five years to life. In Arizona, the statutory rape and conspiracy charges each carry a maximum of two years and a minimum of probation.

When he was arrested following a routine traffic stop Tuesday, Jeffs, 50, was carrying stacks of $100 bills and authorities said they believed he had easy access to large sums of money collected from followers.

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"With his resources, no matter what the bond is, I think he could make it," said Matt Smith, Mohave County attorney, noting that Jeffs' current bail on the Arizona charges was $700,000. Under Arizona law, only defendants accused of very serious crimes such as murder could be held without bail.

A Utah judge fixed bail at $500,000 shortly after Jeffs' April indictment, but Belnap said he would be asking for a steep increase when Jeffs is brought to St. George.

The decision to bring Jeffs to Utah first does not mean necessarily that he will go to trial there first, Belnap and Smith said. Both prosecutors said the cases could move forward separately with Jeffs being moved back and forth between the jurisdictions for hearings.

Because of the concerns about bail, federal prosecutors in Arizona said they would not drop charges of unlawful flight to avoid prosecution as is often done after the capture of a fugitive from state charges.

Ann Harwood, a spokeswoman for the U.S. Attorney in Phoenix, said the charges would remain pending so federal authorities could hold Jeffs if a state court released him.

"He's obviously a flight risk and we want to have a mechanism in place to keep him in custody if by chance a judge sets the bond low enough for him to make bail," she said.

At the hearing Thursday morning, Judge James Bixler of the Las Vegas Township Justice Court will inform Jeffs of the charges in both states. It was unclear Wednesday whether Jeffs plans to waive or fight extradition. A spokesman for the court said no attorney had filed papers to represent Jeffs at the hearing. Fugitives in Nevada are not entitled to a public defender at extradition hearings.

Jeffs is the Prophet or spiritual leader of the Fundamentalist Church of Jesus Christ of the Latter-day Saints, a sect that broke away from the mainstream Mormon church in the 1890s when it abandoned polygamy.

Most of the church's estimated 10,000 members live in the twin border towns of Colorado City, Ariz., and Hildale, Utah.

The Utah rape charges concern a teenaged girl whom Jeffs allegedly compelled to marry an older man. According to an affidavit filed by an investigator, the man forced the girl to have sex and when she complained to Jeffs, he prohibited her from leaving the marriage, saying, "if you do you'll lose your salvation."

The Arizona charges concern two other women allegedly married by Jeffs as minors to older men. One of those cases, however, seems to be in jeopardy after the alleged victim refused to testify Tuesday at the statutory rape trial of the man she married as a 16-year-old. A judge found Candi Shapley, 20, in contempt and ordered her held in a domestic violence shelter until she agrees to testify.

Shapley's account is the basis for two of the four counts against Warren Jeffs. Smith, the prosecutor, acknowledged that if she continues refusing to testify, part of his case is threatened.

"It effects it greatly," he said, adding, however, that the counts based on the other woman's statements are still viable.

Golfin' Gotti & Mob Links (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, August 31, 2006

Just call him the Duffer Don.

John A. (Junior) Gotti has denied ordering the baseball bat attack on Curtis Sliwa, but there's no denying the mob scion has swung some clubs - for charity.

Looking like just another high-flying CEO, a photograph of Junior hitting the links for Harlem's Hale House was unveiled at his racketeering trial yesterday.

And it wasn't that prosecutors were trying to show Gotti's charitable side.

The picture, taken sometime in the mid-1990s, shows a beaming Junior, then boss of the Gambino crime family, with two mob pals and Dave Meggett, the ex-New York Giant football star whose career was undone by his run-ins with the law.

This was years before the storied Harlem charity, a refuge for abandoned babies, was rocked by scandal after a Daily News probe revealed executive director Lorraine Hale and her husband stole and misused millions of dollars in donations.

Hale House was a favorite charity of Junior Gotti and his father, the Dapper Don John Gotti.

One of the Mafia pals in the picture was mob informer Michael (Mikey Scars) DiLeonardo, who was on the witness stand yesterday at Gotti's racketeering trial in Manhattan Federal Court.

DiLeonardo told the jury that the other mobster was Tommy Cherubino, a man whom DiLeonardo identified as a Gambino crime family associate.

DiLeonardo testified that Cherubino - at Gotti's behest - accepted a handoff of machine guns belonging to Junior in 1997, and stashed them for five years.

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While Gotti was still in prison on an unrelated racketeering charge - a period during which the mob scion says he quit the Mafia - he asked for the guns back, DiLeonardo said.

Cherubino retrieved the guns and gave them to Gotti pal John (Johnny Boy) Ruggiero in 2002, DiLeonardo said.

Cherubino has not been accused of any crime related to Gotti.

Meggett, the elusive punt returner who also played for the Jets, also has no connection to the racketeering charges Gotti is fighting.

Meggett spent nine years in the NFL and was released by the New England Patriots in 1998 after being accused in the sexual assault of a prostitute in a Toronto hotel room. While with the Giants, Meggett was also charged with lewdness after allegedly soliciting sex from an undercover Baltimore cop.

A lifelong Giants fan, DiLeonardo has already testified at Gotti's first two trials, which ended in hung juries.

He decided to turn against the man he once considered "a brother" after Gotti summoned his son to an upstate prison in 2003 in an effort to get him to talk his father out of testifying.

DiLeonardo also testified yesterday that Junior Gotti's brother, Peter, acted as his bagman while Junior was in prison.

He said Peter came to him in early 2000 with word that his brother was low on cash and needed some of the $185,000 in loansharking money that DiLeonardo collected from clients of Salvatore (Sammy Bull) Gravano.

"He said he needed some money and I was holding some of the Gravano shylocking money at the time," DiLeonardo testified.

DiLeonardo said he gave Peter Gotti roughly $50,000 to give to his brother.

JUNIOR HIT WAS A MISS - MAFIA ROGUE (NYPOST)

By Kati Cornell

The New York Post, August 31, 2006

Star turncoat Michael "Mikey Scars" DiLeonardo yesterday detailed how John "Junior" Gotti once orchestrated a botched hit on a trio of gangsters who skimmed cash - the same men the mob scion reportedly fingered in a secret meeting with the feds last year.

DiLeonardo testified that Gotti became enraged at Gambino soldier John "Johnny G" Gammarano, his capo Daniel Marino and mob associate Joseph Watts because they pocketed extra cash from a construction-industry extortion in the early 1990s.

"He said he was going to set up an appointment . . . to talk about this," DiLeonardo said under questioning by Assistant U.S. Attorney Victor Hou. "If these guys gave the wrong answer when we asked them about this, we were going to kill [them]."

DiLeonardo said he stocked a Bensonhurst apartment with body bags and instructed a pair of gunmen to hide in a bedroom - but Gotti was forced to scrap the plot when the trio arrived in a chauffeur-driven limousine with a fourth man in tow.

"We knew at that point we're not killing anyone that night, because there's too many people. A civilian was there. They've got a limousine driver," said DiLeonardo.

During the meeting, Watts claimed Gotti's father, Gambino boss John "Dapper Don" Gotti, "had given him carte blanche when it came to construction . . . that he had permission to do this," the turncoat testified.

"We took Joe Watts' word for it, and Junior was happy with it at that point," said DiLeonardo, who estimated that the Gambinos raked in "tens of millions" of dollars from the construction industry during the elder Gotti's reign.

DiLeonardo said Watts was "startled" when two gunmen later sauntered out of the bedroom.

"He knew what could have happened at that point," he said and recalled Gotti quipping, "Joe, you knew better. You bring a limousine driver . . . we would have had to get more body bags."

Gotti later sought a different type of revenge against the trio in January 2005, when he secretly met with the feds in a failed bid to get out from under racketeering charges, breaking the Mafia oath of "omerta."

During the proffer session, Gotti detailed crimes that Marino, Gammarano and Watts committed prior to 1999, according to a recent online column in Gang Land News.

Gotti is on trial for a third time in Manhattan federal court after two previous juries failed to reach a verdict on racketeering charges - most notably the sensational kidnapping of radio host Curtis Sliwa.

The feds added new charges to the case in May, including a witness-tampering scheme in which Gotti allegedly tried to intimidate DiLeonardo by meeting with the turncoat's teenaged son in 2003.

DiLeonardo testified that soon after word of his defection hit the street, Gotti had an underling bring Michael DiLeonardo Jr. to Ray Brook federal prison - the facility where Gotti was then housed - in order to send a veiled threat.

DiLeonardo said, "John had spoken very highly to Michael about me on that visit," and promised they would all go to a California vineyard together.

"He said he'd stick by me. If I didn't cooperate, he would pay for my lawyer and mortgage his house. He said he would forgive me . . . which I thought was not reality," DiLeonardo testified.

"I got so furious I tried to put my fist in my mouth . . . I thought it was a major breach on his part. You manipulate my son," DiLeonardo said. "I know John wouldn't hurt my son, but still, he's letting me know he had access to my son."

kati.cornell@nypost.com

Violent Crime On The Rise, Summit Participants Say (USAT)

By Richard Willing

USA Today, August 31, 2006

WASHINGTON — Violent crime continued to increase in the first six months of this year, highlighted by a growing trend of teenagers shooting robbery victims even if they surrender their valuables.

That was the message from Wednesday's National Violent Crime Summit, at which 170 police chiefs, mayors and other government officials compared local crime statistics that they have not yet shared with the FBI.

The conclusion: Preliminary data released by the FBI in June — which showed violent crime rising slightly in 2005 after five years of decline — were no fluke.

“Crime is coming back, and it has a new and troubling element,” said Los Angeles Police Chief William Bratton. That is “a youthful population that is largely disassociated from the mainstream of America.”

The Police Executive Research Forum (PERF), an organization of law enforcement officials from large cities and counties, sponsored the summit. The group was unable to provide crime statistics from all major cities, but it offered more than two dozen examples of cities where violent crime has spiked this year.

Philadelphia saw a 14% increase in robberies compared with the first six months of 2005, PERF reported. In the same period, Atlanta had 26% more assaults.

Summit participants said the crimes they are seeing contain new elements:

·Robbers, especially juveniles, are more likely than ever to shoot victims, even when they do not resist. “There's almost a different code on the street, that it's not a robbery unless you shoot somebody,” said Thomas Streicher, police chief in Cincinnati.

·Among youth gangs, shootings are more often tied to “disrespect” or perceived slights than drugs or territory. In Trenton, N.J., seven people were shot in a 24-hour period after an argument by girlfriends of rival gang members, public safety director Joseph Santiago said.

·Robberies and shootings increasingly involve members of the same racial or ethnic minority. In Boston, a study by the police department and Harvard University's Kennedy School of Government found that 33% of the city's gun crimes were committed in 10 locations, mostly public housing projects where minorities live.

Police Chiefs Cite Youths In Crime Rise, Call For More Federal Funds (WP)

By Allison Klein

The Washington Post, August 31, 2006

Cincinnati had a 30-year high in homicides last year. Philadelphia recorded the city's most killings in 10 years. And Orlando logged its most slayings ever.

Violent crime is rising in many communities across the country, including the Washington area, and police chiefs and mayors from about 50 cities and counties gathered in the District yesterday to discuss, and vent about, the trend.

"We are here to say, America, we have a problem," Los Angeles Police Chief William Bratton told the group. "We need to refocus on this gathering storm of crime."

Crime is at a "tipping point" in America, said Chuck Wexler, executive director of the Police Executive Research Forum, which organized the National Violent Crime Summit.

"We are turning the country over to our young people, and they are killing each other," said Dean Esserman, police chief of Providence, R.I., where robberies have increased. "Violence has become gratuitous. Where is the moral outrage?"

One after another, participants recited grim statistics.

In Washington, Police Chief Charles H. Ramsey declared a crime emergency last month after the city had 11 homicides in 13 days, on top of a 15 percent increase in robberies.

Suburban Washington has been struggling with some of the same trends. Robbery hit an all-time high in Montgomery County last year and is up 10 percent this year. Crime has dipped this year in Prince George's County, but last year the county logged a record number of homicides.

In Alexandria, robberies are up 24 percent, and in Fairfax County they jumped by 25 percent.

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Across the country, crime has slowed significantly since the crack cocaine wars of the 1990s, which brought an explosion of slayings and violence. But in the past 18 months, officials say, they have seen gunplay, robberies and other violence returning to the streets.

Last year, about 16,000 people were slain across the nation.

The killings are fueled by everything from methamphetamines in Las Vegas to gangs in Sacramento, Calif., officials said.

Houston officials attribute their recent spike in homicides in part to a handful of destructive people who moved there after Hurricane Katrina, saying they were involved in 60 slayings.

Anthony Braga, criminologist at the John F. Kennedy School of Government at Harvard University, said criminals' "rules of engagement" changed in the 1990s, when teenagers were increasingly shooting each other over petty disputes and perceived slights.

"The youth are clearly driving this," he said. "The age of these kids is going down as the years pass."

The police chiefs talked about a culture that threatens, and sometimes kills, people who cooperate with police. Robert Dunford, a superintendent in Boston, said police are solving fewer crimes and continuing to lose the confidence of the community. Boston solved about 70 percent of its homicides in years past but solved about 29 percent last year, he said.

The chiefs also complained about shrinking police forces and said dwindling federal funds have contributed to the problem.

Some chiefs said law enforcement is suffering as federal funds are diverted to homeland security and the war in Iraq.

Edward A. Flynn, police chief of Springfield, Mass., and former Arlington County chief, said the country has created a "zero sum game, where we have a choice between funding homeland security and criminal justice."

Detroit Mayor Kwame M. Kilpatrick said the scope of the cities represented at the summit was telling.

"When you start seeing cities like Fort Wayne in this room, the problem is bigger than the rhetoric," Kilpatrick said. "Everything is exploding again. We need effective, efficient emergency federal response."

Deputy Attorney General Paul J. McNulty assured the chiefs that he wanted to work with them.

"I see competing demands on resources," McNulty said. "It is expensive to fund our soldiers overseas, and we have to be successful here at home also."

The program also included a session on tactics to combat crime. Neither Ramsey nor D.C. Mayor Anthony A. Williams (D) attended the forum. Nola Joyce, chief administrative officer for the D.C. police, talked about the crime emergency, the city's 10 p.m. curfew for juveniles, police overtime and surveillance cameras in neighborhoods.

Since the crime emergency went into effect July 11, crime has dipped, she said.

Legality Of Online Gambling Debated In Case (LAW)

By Emma Schwartz, Legal Times

Legal Times, August 31, 2006

Federal investigators have been chasing Billy Scott and his online-gambling empire for nearly a decade. But the Toledo-born betting czar has evaded law enforcement every step of the way.

A short, balding man with a deep and raspy voice, William Scott, 65, has dodged two sets of criminal charges for online gambling, safely ensconced on the Caribbean island of Antigua. He renounced his U.S. citizenship two years ago, and because the United States has no extradition treaty with the tiny island nation, prosecutors have little chance of nabbing Scott as long as he stays off American soil. The company he founded, Worldwide Tele-sports, is still running smoothly despite the Department of Justice's claims earlier this year that by indicting Scott, it had "dismantled" the $2.5 billion offshore gambling operation.

So the feds have targeted Scott on another front — his money. Using the USA Patriot Act, federal officials seized nearly $7 million from a company called Soulbury Ltd., which they believe Scott used to transfer gambling proceeds through a U.S.-affiliated bank to an account in Guernsey, an island off the northern coast of France.

But even the money grab hasn't been as simple as Justice Department officials might have hoped. For one, the government isn't even sure who represents Scott. And though Scott has never made a claim on the funds, which were seized in 2003, a team of lawyers from McDermott, Will & Emery claiming to represent Soulbury have. In court papers filed in the U.S. District Court for the District of Columbia in May, they attacked the government's civil forfeiture case with a provocative and bold claim: that online gambling isn't against the law.

The argument is risky, not just for Soulbury but for the government, as well. Judge Royce Lamberth is expected to rule on the motion in the coming months, and his decision is likely to weigh heavily on the government's efforts to curtail Internet gambling.

Michael Sommer, one of the McDermott partners representing Soulbury, a company registered in the British Virgin Islands, says his team is "cautiously optimistic that the arguments we've made are correct." Scott could not be reached for comment. A Justice Department spokesperson declined to comment.

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The case, or cases, aimed at Scott illustrates the challenges the government faces in its attempts to curb Internet gambling, which has expanded since the United States began cracking down on online casinos in the late 1990s. The Internet has always been an elusive arena for prosecutors and is particularly so with gambling businesses, which can remain squarely out of reach from U.S. authorities by relocating offshore.

"It's like trying to empty the ocean with a teaspoon," says Joseph Kelly, a law professor at SUNY Buffalo who has represented the government of Antigua and who has met Scott. "It's [government prosecutions] going to have no impact [on the gambling industry]."

The government has had some success, most notably in 2002 when it won the conviction of Jay Cohen, former president of the offshore World Sports Exchange, for illegally running an online-gambling business. After that victory, the Justice Department took a more aggressive tact and even warned media outlets to stop accepting advertisements from online-gambling companies.

But the United States has found little support from other close allies such as England and Australia, which have responded to the industry's expansion with fresh regulations, rather than an outright ban. More recently, the government of Antigua filed a complaint against the United States with the World Trade Organization, arguing that the prosecution of Cohen violated trade rules.

Antigua hasn't been pleased with the case against Scott, either. As Antigua's ambassador to the WTO, John Ashe, told the local press: "It is more than just a little ironic that the US DOJ has chosen to single out for prosecution a well-known gaming service provider from Antigua, a jurisdiction that has been leading global efforts to license, regulate, supervise and oversee a robust yet clean and safe gaming industry over the Internet."

From Toledo to Antigua

Before Las Vegas became a bettor's paradise, gamblers across the Midwest traipsed to cities like Toledo for weekend jaunts at the casino. Small but bustling, Toledo was a hub of this underground industry until the end of World War II, when prosperous Americans boosted the struggling Vegas industry. The Scott family was one of the more well-known proprietors of Toledo's infamous trade, and both Scott's father and uncle had run-ins with the law for their involvement in gambling enterprises.

"Billy Paul," as the younger Scott was known around town, came into the business through his family. He also owned an upscale restaurant where he would dote on favored customers. "He always treated me very well at his restaurant," recalls Toledo attorney Harland Britz, who represented Scott in some of his criminal cases. "I'm sure he had another side, but I never saw it."

Those who know him say Scott is a gregarious man, someone with street savvy, who seems to relish in his swashbuckling persona more than most. "He's one of these old-school gambling types," says Mark Mendel, an attorney representing Antigua in the WTO case.

That image, however, won Scott little admiration inside government quarters, and he quickly fell into a cat-and-mouse game with law enforcement. In 1966 the feds charged him with violating the wagering tax law and took his 1967 Pontiac Bonneville. (That conviction was later overturned, and a federal court in Ohio ordered the government to return the vehicle and pay Scott for the cost of depreciation.)

Scott didn't flinch and was soon back in the business, running a betting operation out of his home. In 1970, Toledo officials caught him tallying bets. But unbeknownst to Scott, a bigger sting was on the way. The U.S. Attorney's Office began wiretapping Scott, and in 1972 charged him and 17 others with one count of illegal sports gambling. A jury convicted 14 members of the crew, but in 1973 the U.S. Court of Appeals for the 6th Circuit overturned the conviction because the wiretaps used to collect evidence for the trial had been improperly obtained.

But Scott remained on law enforcement's radar. State prosecutors also arrested him for gambling violations in 1972. Two years later, he was charged with attempted misuse of a credit card. He faced charges for casino operations again in 1976. Then, in 1978, he was convicted of using his residence to conduct meetings for his gambling operation and was put on probation. Three years later, state prosecutors caught him working in the trade once again, but this time they also charged him with possession of cocaine. He pleaded guilty in 1982 and began serving time behind bars.

The next year, federal investigators charged Scott with six counts of collecting credit through extortionist means and other violations. He was transferred to federal custody, at which time he pleaded guilty to three counts and was sentenced to eight years in prison. For all his aversion to the law, Scott was a help to federal prosecutors in at least one case. During an interview by a DOJ Strike Force Team, Scott told investigators about a $40,000 loan he gave to a local attorney, Arthur James, who needed the money to cover what he had stolen from a trust account for his clients.

While behind bars, Scott planned his future, inquiring about the extradition treaties of foreign governments, including Ecuador and Peru, the Canadian television news program "The Fifth Estate" reported in October 2001.

Scott chose Antigua, a tiny Caribbean island with fewer than 70,000 residents. Best known for its beaches, the former British colony began to embrace gambling in the 1990s as a source of economic development.

Scott opened one of the island's first online-gambling companies, Worldwide Tele-sports, in 1996. In just eight years it became a more than $1 billion operation with 145 employees, according to an e-mail one of Scott's associates supplied to a bank in 2002. "We brought gambling to the island," Scott told the Canadian broadcasting show.

Back in the United States, however, law enforcement was beginning to catch up with Scott once again. In 1998 the U.S. Attorney's Office for the Southern District of New York charged him and business partner Jessica Davis with illegal gambling as part of an investigation that ensnared almost two dozen individuals.

But Scott remained virtually untouchable in Antigua. And in January 2003 he cashed in on his gambling operation, selling it for $56 million to the publicly traded Australian company Betcorp.

Following the money

The DOJ was still watching Scott. And in December 2003 it moved to seize $6.9 million being held in the name of Soulbury with the Royal Bank of Scotland.

In its 2003 filing the Justice Department alleged that Scott had made eight transfers to the Soulbury account from various shell companies using proceeds from Worldwide Tele-sports. During approximately the same period, the government said, Worldwide accepted at least $1.6 billion in sports bets, largely from the United States.

Under more expansive seizure rules put in place through the USA Patriot Act, the Justice Department argues that because of the bank's relationship with the U.S.-based Harris Bank International in New York, the funds fall under U.S. jurisdiction.

In March 2004 three McDermott, Will partners — Sommer, Charles Work, and Michael Nadel — filed a claim for the funds on behalf of Soulbury and requested the government return the money. The DOJ responded by having the civil forfeiture case stayed, claiming it was part of an ongoing criminal probe.

Scott renounced his U.S. citizenship in 2004 in favor of a passport from Antigua. A federal grand jury in Washington indicted Scott and his partner Davis on 12 counts of money laundering and illegal gambling in April 2005, but the criminal case remained sealed for nearly a year so that federal officials could check into a tip that Davis planned to visit her North Dakota home.

Then, in May 2006, the government unsealed the indictment and asked the court to rule in its favor on the civil forfeiture case.

The McDermott lawyers claim in court filings that the government cannot prove that Scott runs Soulbury, but bank records the government submitted show that Scott opened the bank account in 2002. The defense also argues that because Scott had transferred $10,000 from the Soulbury account to an investment company affiliated with the bank in March 2002, the funds were beyond U.S. reach.

But the McDermott attorneys' most prominent argument relies on a November 2002 opinion from the U.S. Court of Appeals for the 5th Circuit, which states that all Internet gambling is not against the law. The decision upheld a lower court ruling that credit-card companies could not be held responsible for online gamblers' debts. The case distinguished between two kinds of Internet gambling. There is the illegal kind, such as sports betting, which the statute explicitly bans. And then there is the legal kind, which includes all other forms of casino games.

Although Worldwide Tele-sports offers sports betting, the defense claims the funds came largely from casino gambling.

"Soulbury has denied that the operation of Internet casinos is illegal," McDermott attorneys wrote in a court filing. "The Government, however, continues to turn a deaf ear to the courts, insisting that such conduct is unlawful."

The appeals court decision is also the key reason government officials have pushed recent legislation in Congress that would ban all online gambling. The House passed a bill earlier this year, but the Senate is unlikely to move forward on its half of the legislation anytime soon.

Scott is not likely to return to the United States, and he continues to frustrate U.S. officials.

In order to prevail in the civil forfeiture case, the government must show that Scott is aware of the criminal charges against him.

A month before the Justice Department unsealed its indictment, a DOJ lawyer sent Sommer, Soulbury's attorney, an e-mail asking whom the government should go to if there is a "need to contact Mr. Scott." Sommer replied the next day, saying that "at this point it would make the most sense for any contacts you wish to have to go through us."

After all, Sommer had received the Soulbury work through Scott's longtime Toledo-based attorney, John Czarnecki, with whom he tried a case in Ohio in the late 1990s, Czarnecki says.

But when the government unsealed the indictment on May 17, DOJ lawyers again attempted to confirm Scott's attorney. At that time, Sommer told the government he did not represent Scott and added that he wouldn't tell the government who Scott's lawyer was "unless he was under a legal obligation" to do so, according to a DOJ brief.

So far, Sommer has kept to his word.

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US Inmate Executed With A New Lethal Injection Procedure (FINDLAW/AP)

By Sean Murphy, Associated Press Writer

AP, August 31, 2006

(AP) - McALESTER, Oklahoma-A man condemned for the 1994 death of a woman during a burglary was executed under a new state procedure that delivers a larger dose of anesthesia before the fatal drugs are administered.

Eric Allen Patton, 49, had sued to stop Tuesday's execution, arguing that inmates may be subjected to pain during lethal injections in Oklahoma. A federal judge rejected that argument, although the Department of Corrections revised its procedures.

Earlier this year, the U.S. Supreme Court blocked an execution in Florida in a case in which that state's injection method was challenged.

In South Dakota, Governor Mike Rounds halted the state's first execution in 59 years just hours before it was scheduled Tuesday, saying the 1984 state law detailing how to administer lethal drugs is obsolete.

Rounds and the attorney general said the law requires the state to use two drugs to kill a condemned person - but that prison officials planned to use a three-drug combination, potentially putting them in legal trouble.

The Oklahoma Court of Criminal Appeals has upheld the state's current execution procedure as humane.

Richard Kirby, the general counsel for the Oklahoma Department of Corrections, said the changes were the result of recommendations by an expert who testified during Patton's challenge.

The old process called for inmates to receive a second dose of the sedative thiopental after two injections of sodium chloride already had caused their heart to stop.

Now, an inmate will be injected with a double dose of the sedative at the beginning, reducing the chance that a condemned inmate could wake up.

Patton, who had a lengthy criminal record of burglaries and robberies in Oklahoma and California, was accused of attacking Charlene Kauer, 56, after he knocked on her door and asked her for money.

Her husband found her nude body with multiple stab wounds from several knives, a barbecue fork and a pair of scissors that were left protruding from her chest, court records show.

Patton later confessed to the crime, but claimed in his appeals that he was so intoxicated and high on cocaine that he could not form the intent to kill.

Dozens Of Sex Offenders Arrested In Multi-agency Roundup (AP)

AP, August 31, 2006

BATON ROUGE, La. -- Eighty sex offenders who failed to properly register their whereabouts after Hurricanes Katrina and Rita were arrested Wednesday, the state attorney general's office said.

The roundup was part of Operation Safe Neighborhood, an initiative by law enforcement agencies statewide to track down sex offenders who have not complied with registration laws. Under those laws, sex offenders must register once a year with state police, the local sheriff and, if they live in a major metropolitan area, the local police department.

Warrants were issued Wednesday for 185 people who have failed to follow those laws, officials said.

The multi-agency campaign involved 44 law enforcement agencies, including state police, the attorney general's office, the FBI, the U.S. Marshals Service and the state Division of Probation and Parole.

Police Crackdown On Sex Offenders (BRADV)

By Jeremy Bridges, 2theadvocate.com Staff Writer

Baton Rouge Advocate, August 31, 2006

In hopes of preventing repeat sex crimes, West Baton Rouge Parish Sheriff's deputies are going after some of the 185 sex offenders statewide who have failed to register with authorities.

The roundup of these individuals is part of Operation Safe Neighborhood, an initiative by law enforcement agencies throughout the state to track down sex offenders who do not comply with registration laws.

Warrants have been issued for 31 known offenders living in the Baton Rouge area who are not registered. Statewide, authorities are still looking for 110 offenders, having already located 75 of them.

"The sweet talkers, the gentleman-type person who gives the little girls candy or the little boys candy or whatever to get their attention, and bam, next thing you know, it's over with," said Sheriff Mike Cazes of West Baton Rouge Parish. "And nobody deserves to be involved with a sex offender."

Many parents feel strongly that when sex offenders live in their neighborhoods, public knowledge of those situations is vital.

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"I think that they should be registering, and if they're not registering then certainly police need to follow up on that," said Baton Rouge parent Stella Watkins. "Considering what we've learned about sex offenders in the past, that it can be a repeated crime, and that happens so often. I think, specifically, with sex offenders, that it's very important to know where they're living."

State law requires sex offenders to register once a year with State Police, the local sheriff and, if they live in a major metropolitan area, the local police department.

As reported on WBRZ News 2 Louisiana at 5 p.m.

GAO Questions Accuracy Of Sex-offender Registries (WT)

By Jerry Seper

The Washington Times, August 31, 2006

The accuracy of the information in national and state sex offender registries -- the primary tools to track convicted sex offenders -- can be questionable, a government report said yesterday.

The Government Accountability Office, in a report requested by two House Ways and Means subcommittees, said the value of the data in the registry is undermined by the dependence on sex offenders self-reporting updated address information.

"While most convicted sex offenders are registered when they are released from prison, some fail to update their registration information on a timely basis, as required by law," the GAO said in report given to Rep. Wally Herger, California Republican and chairman of the subcommittee on human resources, and Rep. Jim Ramstad, Minnesota Republican and chairman of the subcommittee on oversight.

The report said a separate database, the National Directory of New Hires that has been used to verify eligibility for federal benefit programs and collect debt owed to the federal government, could be useful in tracking down sexual predators who fail to update their information.

But, the report said, existing law does not authorize the Justice Department to receive NDNH data to locate convicted sex offenders.

It urged Congress to consider granting authority to the Department of Health and Human Services, which maintains the NDNH, to share information contained in it with the FBI to locate convicted predators being sought by law-enforcement officials but whose addresses in the sex offender registry are incorrect, out of date or missing.

The report noted that beginning in the 1990s several heinous crimes put the issue of the sexual abuse of children on the nation's policy agenda. To safeguard children and their families, Congress enacted laws between 1994 and 2003 requiring sex offenders to register with law-enforcement agencies.

The laws also required that states establish sex offender registries and the Justice Department establish a national sex offender database.

The National Sex Offender Public Registry is maintained by the FBI and is compiled from information in state sex-offender registries. It lists more than 400,000 convicted offenders.

The NDNH has 1.35 billion employment, unemployment insurance and wage data records culled from state directories of new hires, state work force agencies and federal agencies. The report said the NDNH contains information on most of the nation's work force, including residential and employer addresses, and is updated at least quarterly.

"The NDNH is used primarily to assist state child-support agencies in locating parents and enforcing child-support orders," the report said, adding that the Justice Department has access to the database for cases involving the abduction of a child or for enforcing child-custody determinations.

Streator Man Gets 100 Years In Prison For Kiddie Porn (AP)

By Mike Robinson

AP, August 31, 2006

CHICAGO - A professional portrait photographer convicted of taking photos described by a government witness as "the holy grail" of child pornography was sentenced Wednesday to 100 years in federal prison.

Charles A. Burt III, 57, of downstate Streator must serve at least 85 years of his sentence, meaning he most likely is going to prison for life.

U.S. District Judge Wayne R. Andersen said he imposed the heavy sentence out of concern that Burt would harm more boys if ever freed.

Andersen said Burt had a high intelligence that would make him all the more dangerous if he ever were back on the street seeking victims.

Burt was convicted by a federal court jury in December of making and distributing child pornography out of a studio his Streator home.

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Defense attorney J. Clifford Greene said at the trial that some witnesses were lying and there was no proof Burt took the photos.

But Assistant U.S. Attorneys Monika Bickert and Virginia Kendall, who since then has become a U.S. District Court judge for Northern Illinois, showed jurors a video in which Burt himself appeared to be participating.

Two government witnesses who themselves had been convicted of similar offenses said Burt's photographs were highly prized by an underground network of pedophiles.

"It's like the holy grail - everybody wanted Chuck's pictures," witness Brian Urbanawiz told the jury.

Three boys took the witness stand at the week-long trial and testified that while they were staying in Burt's home he entered their room at night and took sexually oriented pictures of them.

The boys were ages 7, 8 and 10 at the time the photos were taken.

FBI agents said they got on Burt's trail after finding the video that later was shown to the jury in the home of a Wisconsin sex offender.

2 Ex-FEMA Workers Sentenced For Bribes (NOTP)

New Orleans Times-Picayune, August 31, 2006

Pair sought payoffs to inflate contract

Two former Federal Emergency Management Agency employees were sentenced Wednesday to 21 months in federal prison for soliciting bribes while managing a FEMA base camp in Algiers.

Andrew Rose and Loyd Holliman, identified by their attorneys following their arrest in February as Colorado firefighters who came to New Orleans to help with search-and-rescue operations after Hurricane Katrina, pleaded guilty in April to public bribery.

U.S. District Judge Mary Ann Vial Lemmon sentenced the two within the recommended sentencing guideline ranges outlined by the U.S. Probation Service -- 18 to 24 months in prison.

She also imposed a $20,000 fine on each.

According to U.S. Attorney Jim Letten's office, the two men met on Dec. 7 with a Louisiana businessman who won a $1 million contract to provide meals at the camp through Feb. 28. Rose and Holliman told the contractor that in exchange for payments from him, they would inflate the head count for the contract.

The contractor reported the bribe solicitation to the Department of Homeland Security's inspector general's office, which notified the FBI and Letten's office. The businessman agreed to wear a hidden recorder and recorded subsequent meetings with the pair.

Rose met with the contractor on Jan. 19 and asked for an initial $20,000 to be split evenly between him and Holliman as a reward for getting the contract and for inflating the meal count, prosecutors said. Both defendants, at a meeting later in January, told the contractor they wanted an additional $2,500 a week each for the length of the contract, prosecutors said.

At a Jan. 27 meeting, the contractor gave each man an envelope containing $10,000, and the two were arrested immediately after that meeting.

In a statement Wednesday following the sentence, Letten said, "I want to recognize and thank the courageous Louisiana businessman who wasted no time in reporting the illegal and corrupt conduct of these two government representatives to federal authorities."

FEMA Officials Sentenced In Bribery Case (AP)

AP, August 31, 2006

NEW ORLEANS - A federal judge sentenced two FEMA employees to almost two years in prison for soliciting bribes from a food contractor, the U.S. attorney's office said Wednesday.

Andrew Rose and Loyd Holliman pleaded guilty earlier this year to public bribery. Prosecutors said the men, who were working for the Federal Emergency Management Agency in New Orleans, solicited bribes from a contractor to inflate the head-count on which the men's meal contract was based.

Rose, of Trinidad, Colo., and Holliman of Weston, Colo., each face fines, in addition to 21-month prison sentences, according to Jim Letten, U.S. attorney for Louisiana's eastern district.

During an undercover investigation, the men were caught on tape demanding bribes and arrested after accepting $20,000 from a contractor, Letten's office said.

Letten, in a statement, said the sentences "embody the type of corrupt conduct that, if left unchecked, could threaten the recovery of our region."

Attorney Vinny Mosca, who represented Rose, said Rose accepted responsibility for his conduct and looked forward to the chance to move on with his life.

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CIVIL LAW:

Nicotine Up Sharply In Many Cigarettes (WP)

By David Brown

The Washington Post, August 31, 2006

The amount of nicotine in most cigarettes rose an average of almost 10 percent from 1998 to 2004, with brands most popular with young people and minorities registering the biggest increases and highest nicotine content, according to a new study.

Nicotine is highly addictive, and while no one has studied the effect of the increases on smokers, the higher levels theoretically could make new smokers more easily addicted and make it harder for established smokers to quit.

The trend was discovered by the Massachusetts Department of Public Health, which requires that tobacco companies measure the nicotine content of cigarettes each year and report the results.

As measured using a method that mimics actual smoking, the nicotine delivered per cigarette -- the "yield" -- rose 9.9 percent from 1998 to 2004 -- from 1.72 milligrams to 1.89. The total nicotine content increased an average of 16.6 percent in that period, and the amount of nicotine per gram of tobacco increased 11.3 percent.

The study, reported by the Boston Globe, found that 92 of 116 brands tested had higher nicotine yields in 2004 than in 1998, and 52 had increases of more than 10 percent.

Boxes of Doral lights, a low-tar brand made by R.J. Reynolds Tobacco Co., had the biggest increase in yield, 36 percent. Some of this may have been the result of an increase in the total amount of tobacco put in that brand's cigarettes, one expert said.

The nicotine in Marlboro products, preferred by two-thirds of high school smokers, increased 12 percent. Kool lights increased 30 percent. Two-thirds of African American smokers use menthol brands.

Not only did most brands have more nicotine in 2004, the number of brands with very high nicotine yields also rose.

In 1998, Newport 100s and unfiltered Camels were tied for highest nicotine yield at 2.9 milligrams. In 2004, Newport had risen to 3.2 milligrams, and five brands measured 3 milligrams or higher.

"The reports are stunning," said Matthew L. Myers, president of the Campaign for Tobacco-Free Kids. "What's critical is the consistency of the increase, which leads to the conclusion that it has to have been conscious and deliberate."

"People need to be aware of this," said Sally Fogerty, Massachusetts's associate commissioner for community health. "If a person is trying to quit and is having a hard time, it's not just them. There is an increasing percentage of nicotine that they are ingesting, and that may make it more difficult."

The Centers for Disease Control and Prevention also focused on the potential behavioral consequences of the finding.

"We know nicotine is addictive, so if the amount of nicotine in cigarettes is increasing, it could make it even harder for the 70 percent of smokers who want to quit and the more than 40 percent who try to quit every year," Corinne Husten, acting director of the CDC's Office on Smoking and Health, said in an e-mail message.

No spokesman for a tobacco company would speak on the record about the Massachusetts findings yesterday.

One company official, speaking on the condition of anonymity, said that while the nicotine content measured by smoking machines can vary by up to 6 percent between individual cigarettes of the same brand, "we don't know" whether an entire brand's production could differ that much from year to year.

But in a 1,653-page opinion released two weeks ago in a landmark suit against the major tobacco companies by the federal government and several anti-smoking organizations, the judge found that cigarette makers adjusted nicotine levels with great care.

"Using the knowledge produced by that research, defendants have designed their cigarettes to precisely control nicotine delivery levels and provide doses of nicotine sufficient to create and sustain addiction," wrote U.S. District Judge Gladys Kessler.

The ruling enjoined the companies from misinforming the public about tobacco's hazards. The companies are uncertain what that means and cited the ruling yesterday as the chief reason for their silence. Reynolds and Lorillard Tobacco Co. have also temporarily shut down their Web sites.

Reginald V. Fant, a clinical pharmacologist and nicotine expert at Pinney Associates, a consulting firm in Bethesda, said increasing nicotine content by 10 percent "would not be expected" to change how much a person smokes but could affect his ability to quit.

"We know that physiologically the changes in the nicotine receptors in the brain are related to the amount of nicotine consumed," he said.

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Neal Benowitz, a physician and pharmacologist at the University of California at San Francisco, said, "I don't think we know what the consequences are for the population in terms of addictive behavior and how hard it is for people to quit."

Myers said the Massachusetts findings are evidence that tobacco products should be more strictly regulated.

"The only way the companies were able to secretly increase nicotine levels without anyone knowing about it is because no federal agency regulates tobacco products," he said.

Raising Nicotine Doses, On The Sly (NYT)

The New York Times, August 31, 2006

While most of us thought the country was trying to curb smoking, and the rapacious habits of the tobacco companies, it turns out the industry has been sneakily making cigarettes more addictive.

Evidence of what looks like an increasingly desperate effort to hook new young smokers and prevent older ones from quitting has been uncovered by a Massachusetts law that forces tobacco companies to report test results showing how much nicotine is inhaled by typical smokers of their various brands.

This week, the Massachusetts Department of Public Health revealed that from 1998 through 2004, as public health campaigns were mounted to curb smoking, the manufacturers increased the amount of addictive nicotine delivered to the average smoker by 10 percent. Of 179 cigarette brands tested in 2004, an astonishing 166 brands fell into the state's highest nicotine yield range, including 59 brands that the manufacturers had labeled "light" and 14 described as "ultra-light." The three most popular brands chosen by young smokers — Marlboro, Newport and Camel — all delivered significantly more nicotine as the years passed. Virtually all brands were found to deliver a high enough nicotine dose to cause heavy dependence.

This trend has escaped notice because the standard government test uses a smoking machine that fails to mimic real-life smoking. A manufacturer, for example, can design a cigarette that will score low in nicotine delivery to the machine by placing tiny ventilation holes in the filter to dilute the smoke. But in real life a smoker will often cover the vents with lips or fingers, thereby inhaling a higher dose of nicotine. When Massachusetts required the manufacturers to use what it considered a more realistic method, the nicotine yields were more than twice those found on the standard test. The Massachusetts approach may not be perfect, but it is surely a lot more accurate than the traditional test, which virtually all independent experts consider deficient.

It is stunning to discover how easily this rogue industry was able to increase public consumption of nicotine without anyone knowing about it until Massachusetts blew the whistle. The Massachusetts report bears out the conclusions of a federal judge in Washington, who recently concluded that the companies have designed cigarettes to produce low nicotine readings on the standard test while delivering enough nicotine to create and sustain addiction. It is long past time for Congress to bring this damaging and deceitful industry under federal regulatory control. If the companies had to justify to the Food and Drug Administration why they should be allowed to increase the nicotine inhaled by smokers, you can bet they wouldn't even try.

CIVIL RIGHTS:

San Antonio Officer Convicted Of Violating Transsexual's Rights (AP)

AP, August 31, 2006

A San Antonio police officer was convicted Wednesday of violating the civil rights of a transsexual who said the officer raped and beat her during a traffic stop.

The jury found that Officer Dean Gutierrez's conduct violated Gabriel Bernal's rights through aggravated sexual assault. A sentencing hearing is set for Dec. 1. The felony carries a sentence of up to life in prison and as much as $250,000 in fines, the U.S. Justice Department said.

Although the names of sexual assault victims are usually withheld, Bernal has consented to have her name made public. Bernal goes by the name of Starlight and prefers to be addressed as a woman, the San Antonio Express-News reported.

In the trial, prosecutors presented DNA evidence and the testimony of Bernal, 23. Prosecutors said Gutierrez, 46, stopped Bernal on June 10, 2005, ordered her into his car and drove her to a remote location where he physically and sexually assaulted her.

The defense argued in the trial that Bernal had consensual oral sex with Gutierrez and was lying about the incident in order to later win money in a civil lawsuit. Prosecutors said no suit had been filed.

"Using one's official authority to forcibly violate another individual, as the defendant did in this case, is disturbing and abhorrent," Wan J. Kim, assistant attorney general for the Civil Rights Division of the U.S. Department of Justice, said in a news release.

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Gutierrez, a 16-year police veteran who previously had been placed on indefinite suspension, was taken into custody following the verdict.

Justice Dept. Expects Miss. Training Schools Improvements (AP)

AP, August 31, 2006

JACKSON, Miss. - Officials with the U.S. Department of Justice say they want Mississippi's two training schools to be safe places for the juveniles they house.

"You don't owe many people in society more than we owe kids, especially once you take them into custody," said Assistant U.S. Attorney General Wan J. Kim, who heads the Justice Department's civil rights division.

Kim and other Justice Department officials toured Oakley Training facility on Tuesday. They also will visit Columbia Training School.

Oakley in Hinds County serves male offenders ages 10 to 17, and Columbia serves female offenders ages 10 to 18.

In May 2005, Mississippi entered a four-year consent decree to end a Justice Department lawsuit over abuse allegations at the training schools.

The monitor's latest report concluded most conditions hadn't been met although it noted some progress had been made.

The report found unsanitary bathrooms, insufficient numbers of trained staff - and disagreement about what constituted abuse by the staff.

Don Taylor, executive director of the Mississippi Department of Human Services, said improvements have been slow but are continuing.

Others don't agree.

Juvenile schools don't reduce crime, said Sheila Bedi, co-director of the Mississippi Youth Justice Project.

"We're wedded to this archaic model when everybody else is moving away from it," she said.

A 2005 Justice Department study concluded military models don't work, she said.

"Eighty-five percent of those now in training schools could be kept in their communities," Bedi said.

Taylor said the schools no longer house runaways, truants or the mentally ill.

"The kids who are there need to be there," he said.

Taylor said more than 18,000 children are taken to youth courts in Mississippi and only 5 percent wind up at training schools.

These schools help to instill purpose and discipline, he said.

"I'd like to keep them (young offenders) long enough so that we're more confident they're rehabilitated," he said. "Right now, I'm not keeping them long enough."

In July, a $10 million lawsuit was filed, alleging a male employee of Columbia sexually assaulted a 14-year-old girl multiple times in August 2005.

If such allegations are true, they simply won't be tolerated, Kim said.

The department is continuing to monitor the situation but is avoiding additional litigation because the state is working on reforms, he said.

"We've had problems with Oakley and Columbia, and we're going to work through them," Kim said. "We don't want to drain the state of resources that could be better used on the problem."

Justice Official Vows Safety In Training Schools (JCL)

By Jerry Mitchell

Jackson Clarion-Ledger, August 31, 2006

Assistant U.S. Attorney General Wan J. Kim toured Oakley Training facility on Tuesday and vowed he'll ensure Mississippi's training schools are safe places for troubled youths.

"You don't owe many people in society more than we owe kids, especially once you take them into custody," said Kim, who heads the Justice Department's civil rights division.

Department officials are visiting the state's two training schools this week. Oakley in Hinds County serves male offenders ages 10 to 17, and Columbia serves female offenders ages 10 to 18.

In May 2005, Mississippi entered a four-year consent decree to end a Justice Department lawsuit over abuse allegations at the training schools.

The monitor's latest report concluded most conditions hadn't been met: "Although some progress was definitely made during this period, there were definite setbacks during this reporting period caused by the inability to hire enough staff and numerous complaints of abuse at the Oakley Training School."

DOJ_NMG_0056222

The report found unsanitary bathrooms, insufficient numbers of trained staff - even disagreement about what constituted abuse by the staff.

Don Taylor, executive director of the state Department of Human Services, said improvements have been slow but are continuing. "We have turned a corner unquestionably," he said.

Advocates say the philosophy behind the training schools is wrong-headed.

"It doesn't reduce crime," said Sheila Bedi, co-director of the Mississippi Youth Justice Project. "We're wedded to this archaic model when everybody else is moving away from it."

A 2005 Justice Department study concluded military models don't work, she said. "Eighty-five percent of those now in training schools could be kept in their communities."

Taylor disagreed, saying the schools no longer house runaways, truants or the mentally ill: "The kids who are there need to be there."

According to the report last December by the Joint Committee on Performance Evaluation and Expenditure Review, or PEER, 65 percent of Columbia cadets and 76 percent of Oakley cadets were confined for nonviolent offenses.

The monitor's report shows two-thirds of those at Oakley and half the girls at Columbus take at least one medication for mental health.

Taylor pointed out that of the more than 18,000 children referred to youth courts in Mississippi, only 5 percent wind up at training schools.

These schools help to instill purpose and discipline, he said. "You get peer pressure working for you. It's worked very well for us."

He said the recidivism rate is 25 percent for those who graduate from the schools compared to 34 percent for non-graduates.

And many graduates take and pass the GED, he said.

Taylor defended the use of training schools. "I'd like to keep them (young offenders) long enough so that we're more confident they're rehabilitated," he said. "Right now, I'm not keeping them long enough."

The reason for longer stays is to change the culture in which children have grown up, he said.

These schools don't work, Bedi said. "It actually gets them used to being institutionalized. It's a training ground for Parchman."

In July, a $10 million lawsuit was filed, alleging a male employee of Columbia sexually assaulted a 14-year-old girl multiple times in August 2005.

If such allegations are true, they simply won't be tolerated, Kim said.

On Tuesday morning, he took the time to visit with some of the cadets at Oakley.

"It's just heartbreaking," he said. "You understand the focus of the Department of Justice is on reform because these are kids. Some I'm sure are not going to make it."

The department is continuing to monitor the situation but is avoiding additional litigation because the state is working on reforms, he said.

"We've had problems with Oakley and Columbia, and we're going to work through them," Kim said. "We don't want to drain the state of resources that could be better used on the problem."

Dozens Of Officials Subpoenaed In Suit Over Group Homes (WT)

By Jim Mcelhatton

The Washington Times, August 31, 2006

The U.S. Department of Justice has issued more than two dozen subpoenas, mostly to former and current D.C. officials, in connection with a lawsuit that claims the District broke federal housing law by blocking the opening on Capitol Hill of group homes for disabled children.

The D.C. government is fighting to block several depositions. A court filing said the Justice Department is on "a fishing expedition" and already has deposed more than two dozen officials.

Among those who have testified after receiving subpoenas were D.C. Council member Sharon Ambrose, Ward 6 Democrat, and former D.C. Deputy Mayor Carolyn N. Graham, who is running for president of the D.C. Board of Education.

The Justice Department filed suit two years ago, claiming D.C. officials unlawfully prevented the operation of four group homes for children with disabilities by the nonprofit Father Flanagan's Girls and Boys Home, also known as Boys Town, at Potomac and Pennsylvania avenues in Southeast.

In recent weeks, the Justice Department has sought to depose D.C. Board of Education member Tommy Wells, a leading candidate in the D.C. Council race in Ward 6, and Geoffrey Griffis, chairman of the D.C. Board of Zoning Adjustment.

Mr. Wells said Tuesday that he received a subpoena about two weeks but that his deposition wasn't required. He said the Justice Department did not say why it sought his testimony.

"I received a subpoena but it was withdrawn. I've not testified, been deposed or anything," he said.

Justice Department attorneys said in court records that Mr. Wells, as a member of Advisory Neighborhood Commission 6B, had knowledge about community opposition to the Boys Town project.

The lawsuit says the city imposed "unreasonable and unlawful" conditions on building permits. As one example, the lawsuit said city officials told the group to obtain an archaeological survey when other homes under similar zoning faced no such requirement.

A judge has blocked an attempt to depose Mr. Griffis. D.C. attorneys said Mr. Griffis has immunity because of his position on the Board of Zoning Adjustment, a quasi-government agency.

Mrs. Graham said in a February deposition that she encouraged the Boys Town project when she served as deputy mayor for children, youth, families and elders.

A court memo filed last month by the D.C. Office of the Attorney General said the District "should not have to subject itself to the plaintiffs' unnecessary fishing expedition to depose as many parties as they like in their desperate attempt to support their claims of discrimination in this lawsuit."

City attorneys also say the housing discrimination case, scheduled for trial in October, has put a burden on the District's legal department.

"The District's resources have been stretched to the limit," said another memo filed by the attorney general, and the Justice Department is seeking to conduct "an abusive amount of depositions."

FBI Looking Into Red River School Bus Incident (SHREVET)

Shreveport Times, August 31, 2006

COUSHATTA – The FBI is looking into allegations that the civil rights of nine black Red River Parish schoolchildren have been violated by a white school bus driver.

Mike Kinder, resident agent-in-charge of the FBI's Shreveport office, confirmed today that a civil rights allegation was made to his office. An agent interviewed some of the family members Tuesday.

"We're looking into it to see if an actual civil rights violation is involved."

The investigation will not be prolonged, Kinder said. "But we do what to look at it for the best interest of the citizens."

The inquiry stems from allegations made last week that the children were assigned to the two rear seats of Delores Davis' school bus while white children filled the remaining seats, sometimes two or one to a seat.

As a result of the allegations, Davis has been suspended without pay. And Red River schools Superintendent Kay Easley has given her several options, including resigning or retiring. Davis has done neither.

The veteran bus driver told Easley the seat assignments on her bus were established last year and were not an attempt by her to segregate the students along racial lines.

The Red River School Board is expected to consider a recommendation from Easley when it meets at 7 p.m. Tuesday.

New California Gay Anti-bias Law Assailed (WT)

By Cheryl Wetzstein

The Washington Times, August 31, 2006

California Gov. Arnold Schwarzenegger this week made it illegal for state-funded service providers, such as police and fire departments and universities, to discriminate against homosexuals, bisexuals and transgendered persons.

Senate Bill 1441, signed into law Monday by Mr. Schwarzenegger, "closes a crucial gap" in state civil rights law, said lead sponsor state Sen. Sheila Kuehl, who was backed by Equality California, a homosexual rights group.

But conservative groups say it will allow attacks on organizations that believe homosexuality is unnatural or sinful, and is an "assault" on religious freedom.

The new law will "force religious colleges to either abandon their biblical standards on sexuality or reject students with state financial aid," said Randy Thomasson, president of the Campaign for Children and Families.

Numerous Christian colleges, such as Westmont College, Shasta Bible College, Trinity Law School and William Jessup University, asked Mr. Schwarzenegger to veto the bill, he said.

Day care centers, businesses and nonprofits that contract with the state or take state vouchers will be forced to choose between promoting homosexuality, bisexuality and transsexuality within their operations and work forces, including hiring practices, or forfeiting state funding, said Ron Prentice, chief executive of the California Family Council.

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Miss Kuehl said the new law should ensure that homosexuals, bisexuals and transgendered persons can get state-funded services -- including health care, recreational programs, financial aid, child support and food stamps -- without bias.

She said "a person may still be denied crucial public services on those bases" and that the new law bolsters existing protections.

State law forbids discrimination based on sexual orientation and gender identity in housing, employment, education and public accommodations.

The new law "is an outright, blatant assault on religious freedom in California," said Karen England, executive director of Capitol Resource Institute.

It will inevitably lead to a "legal assault against religious institutions," said Brad Dacus, president of the Pacific Justice Institute.

The tumult is far from over: The Democrat-led California Legislature passed a bill this week that would prohibit public schools from using textbooks or sponsoring activities that "reflect adversely" on homosexuality. Mr. Schwarzenegger, a Republican, hasn't said if he will sign it.

The newly passed bill, Senate Bill 1437, also sponsored by Miss Kuehl, would prohibit public schools from using textbooks or sponsoring activities that reflect "adversely" upon people because of their sexual orientation.

"[N]egative and hateful messages" about homosexual, bisexual and transgendered people "are still plaguing our schools," said Geoff Kors of Equality California.

Conservative groups said the new bill would force schools to promote homosexual lifestyles and same-sex "marriage."

Judge Allows Race As Factor In Schools (NYT)

The New York Times, August 31, 2006

A state court judge in California has ruled that a school district may consider race in setting school attendance boundaries, setting up the question for an almost certain appeal.

But the judge, Gail A. Andler of Orange County Superior Court, also decided that the Capistrano Unified School District's specific plan for attendance boundaries impermissibly used race because it contained a "guiding principle" that the minority student population at any school could not exceed 35 percent.

A conservative public interest law firm, the Pacific Legal Foundation, filed the suit last year on behalf of parents opposed to the school district's plan. The foundation charged that under California law, race could not be used as a criterion since voters approved Proposition 209 in 1996. The vote amended the State Constitution to ban discrimination or preferential treatment on "the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting."

In resolving motions for summary judgment, Judge Andler wrote that "the mere 'consideration' or 'taking into account' of racial/ethnic composition does not necessarily seem to 'discriminate' or grant 'preferences' based on race."

By Any Means Necessary (WSJ)

By Terrence Pell

The Wall Street Journal, August 31, 2006

DETROIT -- A decision Tuesday by a federal judge in Detroit could set the stage for a sweeping expansion of the Voting Rights Act, which would turn the federal courts into a national campaign police.

At issue is a last-ditch effort by a group trying to prevent citizens from voting on an amendment to the Michigan constitution. Styled after similar campaigns in California and Washington, the Michigan Civil Rights Initiative would outlaw the use of racial preferences by state agencies and universities.

Just a few weeks before the deadline for Proposal 2 to get onto the state ballot, the "Coalition to Defend Affirmative Action By Any Means Necessary" (BAMN, loosely) argued that the signature gathering process used to qualify the referendum was tainted by racially targeted fraud. From the beginning, BAMN has claimed the initiative disguised an anti-black and racist agenda. But because many black individuals had signed the petition, BAMN had to show they'd been duped.

So the group launched an "investigation." They systematically called and personally visited blacks who'd signed the petition. In some cities, they had friendly talk show hosts read the names of black signers over the radio. In all cases BAMN's message was the same: How could you, a black person, sign a petition to roll back affirmative action?

BAMN's high-pressure tactics worked. Some signers and even gatherers decided they'd been deceived. In some cases they recalled being told that the petition was to "support affirmative action" and to help get their "children into college." Using pre-printed affidavits (some "signed" over the phone), BAMN collected statements from dozens of individuals and started a legal campaign to get the referendum pulled.

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BAMN's claims were hardly credible. The Michigan constitution explicitly guarantees the right of citizens to put issues on the ballot, so long as they can collect signatures of registered voters equal to 10% of the last gubernatorial election. And, in accordance with state law, the language of the referendum was printed in full at the top of each signature page, so that voters had the opportunity to read it for themselves.

In any case, even if state officials had struck every single signature BAMN claims came from a majority black city (124,000), there still were more than enough signers to get onto the ballot. In light of all this, the Michigan courts -- as well as the secretary of state and the attorney general -- rightly rebuffed BAMN's litigation.

BAMN filed a new lawsuit in federal court. Although the purpose of the Voting Rights Act is to eliminate procedures that diminish participation in elections because of race, BAMN asked the courts to rule that states must invent new procedures: Namely, they must strike black participation whenever officials have an inkling some blacks might have been confused about what they were doing.

It's hard to think of a more perverse reading of the law. Imagine if officials of Southern states had ever conducted after-the-fact telephone campaigns to make sure black voters understood what they were voting for? Or tried to filter black votes by looking into conversations they might have had in the moments before they entered the voting booth?

None of this much mattered to the federal judge assigned to the case, Arthur J. Tarnow, a Democratic appointment. He scheduled a two-day hearing last month to consider BAMN's request for a preliminary injunction, and allowed dozens of BAMN witnesses to testify in front of a gallery packed with BAMN supporters, while just outside BAMN protesters staged a noisy demonstration.

In Tuesday's ruling, Judge Tarnow concluded that the initiative sponsors and the state had been right all along: There was no legal basis for a claim under the Voting Rights Act. But Judge Tarnow was not convinced by any principled view of that act's purpose and limits. Rather, he concluded that there was no violation because initiative sponsors "targeted all Michigan voters for deception without regard to race"!

In fact, Judge Tarnow gave himself the authority, even the duty, to "serve as a 'referee'" for all kinds of state political "processes" -- not just elections. In that capacity, he didn't hesitate to give BAMN's political campaign a big helping hand, despite his legal ruling against it.

Without the benefit of even a short trial, Judge Tarnow made the incendiary finding that "evidence overwhelmingly favors a finding that [petition sponsors] engaged in voter fraud" and that state officials had exhibited "an almost complete institutional indifference." His Honor went on to smear the initiative's executive director, Jennifer Gratz, by gratuitously asserting that "her lack of clarity and forthrightness seems typical of the [initiative's] approach, which is best characterized by the use of deception and connivance."

BAMN correctly figures that Judge Tarnow's sweeping declaration of widespread fraud will pressure the Sixth Circuit Court of Appeals to reverse his legal ruling that the Voting Rights Act doesn't reach fraud targeted against both blacks and whites. Even if the circuit doesn't reverse, BAMN no doubt hopes it will grant a preliminary injunction prohibiting the state from moving forward with the referendum while Judge Tarnow's reading of the Voting Rights Act gets sorted out.

Judge Tarnow's willingness to mount a political campaign from the bench makes clear just where BAMN's reading of the Voting Rights Act will lead. For if the federal courts get to settle this particular dispute, then, by the same logic, they would have been responsible for adjudicating, for instance, the many disputes of the 2004 elections: Swift boats, National Guard service, ad nauseum.

No one should invite that prospect, least of all organizations like BAMN. But as its name implies -- any means necessary -- BAMN's legal strategy is oblivious to long-term consequences.

Mr. Pell is the president of the Center for Individual Rights, which represents the Michigan Civil Rights Initiative.

ANTITRUST:

Exelon Says Deal To Acquire PSEG Is Less Likely Now (WSJ)

By Christine Buurma

The Wall Street Journal, August 31, 2006

Exelon Corp. said the likelihood has decreased that it can complete its proposed $16 billion acquisition of energy holding company Public Service Enterprise Group Inc.

The Chicago electric and gas utility said in a Securities and Exchange Commission filing that it remains committed to its efforts to complete the acquisition, but that the probability for completing the transaction is no longer "more likely than not," based

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on the status of settlement discussions before the New Jersey Board of Public Utilities. The state regulatory panel's approval is needed for the acquisition to be completed.

Approval of the acquisition, which would create one of the largest U.S. utilities, has been held up for more than 20 months by concerns in New Jersey that the combined company would own so many power plants around the state that it could effectively corner the region's electricity market. PSEG, based in Newark, N.J., is the parent of New Jersey's largest electric utility.

The Justice Department recently approved the acquisition, as have the Federal Energy Regulatory Commission and several regulatory bodies in other states, but New Jersey has yet to act.

PSEG shares fell $2.32, or 3.3%, to $68.58, while Exelon was off 18 cents at $60.12, both as of 4 p.m. in New York Stock Exchange composite trading.

The filing "does highlight the potential risk to the transaction," said Raymond Leung, an analyst with Bear Stearns in New York. "It's clearly a much more pessimistic viewpoint on Exelon's part."

But Mr. Leung said the disparity between Exelon's offer to the New Jersey Board of Public Utilities and the board's counterproposal isn't large enough to make a completion of the acquisition out of the question. "If you spread it out over a long period of time, it's probably not as big of a gap," he said.

In July, the companies offered $600 million in rate relief, a freeze in electricity rates and other incentives for New Jersey customers in a final effort to win state approval. Exelon and PSEG said they would walk away from the transaction if New Jersey didn't make a decision by Aug. 4. When the state board refused to back that offer, however, negotiations between the companies and regulators continued.

On Aug. 17, New Jersey regulators set more stringent conditions for approval of the transaction, requiring $220 million more in refunds to consumers and two more power plant sales than what the companies had offered.

Doyle Siddell, a spokesman with the New Jersey Board of Public Utilities, said negotiations with the companies are continuing. He declined to comment further, and representatives for Exelon and PSEG also declined to comment.

Exelon also said in the SEC filing that it will record a $35 million charge in the third quarter related to the decreased probability of completing the acquisition.

Exelon Says Delay May Scuttle Public Service Purchase (Update6) (BLOOM)

By Jim Polson And Dan Lonkevich

Bloomberg, August 31, 2006

Aug. 30 (Bloomberg) -- Exelon Corp. stepped up pressure on New Jersey regulators to approve its $18.7 billion acquisition of Public Service Enterprise Group Inc., saying delays may scuttle the largest utility merger in U.S. history.

``Completion of the merger is no longer `more likely than not,'" Chicago-based Exelon, the largest U.S. utility owner by market value, said today in a public filing. The company said it will write off $35 million in costs associated with the transaction this quarter.

Shares of Public Service fell 3.2 percent, the biggest drop in almost four weeks, on concern demands from the New Jersey Board of Public Utilities might kill the acquisition. The takeover, announced in December 2004, is opposed by some state lawmakers and hedge-fund manager Stanley Druckenmiller, who held 3.28 million shares of Exelon as of June 30.

``The probability of completing the deal has dropped a lot, and it is certainly not in the bag for the end of this month," said Daniele Seitz, an analyst at Dahlman Rose & Co. in New York who rates Exelon shares a ``buy" and owns none. ``There must have been an additional request or requirement on behalf of the utility board, and the company didn't go for it."

Shares of Public Service fell $2.25 to $68.65 at 1:41 p.m. in New York Stock Exchange composite trading, the biggest decline since Aug. 4, and Exelon rose 7 cents to $60.37. Public Service's stock still is up 51 percent since a news report on Dec. 17, 2004, that talks for the acquisition were underway, and Exelon has gained 42 percent.

Commonwealth Edison

Also this quarter, Exelon said it will record costs of $741 million because of a July 26 ruling in which the Illinois Commerce Commission allowed the company's Commonwealth Edison utility to collect $8 million in increased rates for electricity delivery, less than the $317 million it had sought.

The acquisition of Newark, New Jersey-based Public Service would expand Exelon's group of cheaply fueled nuclear-power plants, already the largest in the U.S. The company expected regulatory approval within 18 months, even though New Jersey's top regulator said then it could take up to two years because of the transaction's size.

The U.S. Justice Department on July 22 gave antitrust approval to the transaction on the condition that Exelon sell 5,600 megawatts of power plants. The Federal Energy Regulatory Commission gave approval a year earlier.

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Exelon, owner of utilities in Chicago and Philadelphia, withdrew an offer for Dynegy Inc.'s Illinois Power Co. in 2003 after Illinois lawmakers rejected its terms.

No Penalty

Either company can walk away from the takeover without penalty because the merger agreement containing a $400 million breakup fee expired on June 20. Lehman Brothers Holdings Inc. and JPMorgan Chase & Co. are advising Exelon, and Morgan Stanley is advising Public Service.

Exelon's filing today with the U.S. Securities and Exchange Commission doesn't mean the deal is dead, said Jim Halloran, who manages $33 billion at National City Private Client Group in Cleveland including 1.16 million shares of Exelon.

``It's a negotiating tactic," Halloran said. ``Otherwise, they'd say, 'We've walked away.'"

Exelon's biggest obstacle to acquiring Public Service had been overcoming concern that the combined company would drive up power prices. Susan J. Vercheak, a staff attorney for the New Jersey Board of Public Utilities, estimated in a January public hearing that Exelon could inflate prices by $2.3 billion a year.

Concessions

On July 31, Exelon offered $600 million in cash refunds to New Jersey customers through 2008 to help win the board's approval for the acquisition. Without a preliminary agreement ``within the next week or so," the transaction might collapse, the company said. Exelon later agreed to extend negotiations with the state until Aug. 21.

New Jersey stands to lose $1.46 billion over the next four years if the acquisition is rejected, Exelon said in a July 26 letter to state officials. The estimate includes the planned refunds, $220 million in rate increases the company promised to forego and $465 million in reduced power prices as Exelon increases the efficiency of the state's nuclear plants.

Public Service shares today sold for $5.30 less than the value of the Exelon deal, a measure of investor confidence that the purchase will be completed at the agreed-upon price. That was the widest spread since Aug. 4, when the New Jersey regulators requested more time to consider the deal.

The Board of Public Utilities won't comment on Exelon's filing because negotiations still are underway, spokesman Doyle Siddell said. Exelon won't comment beyond the filing, company spokeswoman Jennifer Medley said in an e-mailed statement, and Public Service spokesman Paul Rosengren declined to comment.

Resolutions

Resolutions opposing the acquisition were introduced earlier this year in the New Jersey General Assembly and Senate, sponsored by 53 lawmakers. The measures haven't come to a vote.

New Jersey Governor Jon Corzine, a Democrat, said at an Aug. 17 news conference that he hadn't decided whether to support the deal. It should be fair to customers, he said.

``The governor's office is aware of the events and we remain in contact with all the principal parties," Ivette Mendez, a spokeswoman for the governor, said today in an interview.

To contact the reporters on this story: Jim Polson in New York at jpolson@bloomberg.net ; Dan Lonkevich in New York at dlonkevich@bloomberg.net .

Newspaper Suit Put On Legal Fast Track (TRIVH)

By Josh Richman

Tri-Valley (CA) Herald, August 31, 2006

A federal judge in San Francisco has agreed to fast-track a lawsuit challenging the already-consummated $1 billion deal involving the sale of the San Jose Mercury News and Contra Costa Times.

U.S. District Judge Susan Illston OKd an agreement between lawyers from both sides to take depositions, exchange documents and file motions on an accelerated schedule so Clint Reillys lawsuit against MediaNews Group, the Hearst Corp. and other newspaper companies can go to trial Feb. 26.

Sacramento-based McClatchy Co. this year bought the now-defunct Knight Ridder Corp.s 32 newspapers for

$6.5 billion. From among those, the Mercury News and the Contra Costa Times were sold Aug. 2 for $736.8 million to Denver-based MediaNews — which owns this newspaper — and the Monterey County Herald and the St. Paul (Minn.) Pioneer Press were sold for $263.2 million to New York City-based Hearst, owner of the San Francisco Chronicle.

In a separate, simultaneous pact, Hearst agreed it will give the St. Paul and Monterey papers to MediaNews in return for an equity investment in MediaNews non-Bay Area assets; if the government wont OK that, MediaNews will simply buy those two papers from Hearst. Either way, MediaNews will wind up with all four papers.

Reilly, a San Francisco businessman, political consultant and 1999 mayoral candidate, sued July 14 to halt the deal, which he says would create a Bay Area newspaper monopoly with higher subscription and advertising rates and diminished journalistic quality, jobs and union contracts.

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Illston in July refused

Advertisement

to grant Reilly a temporary restraining order to keep the deal from going through, but cautioned the newspaper companies that if he eventually prevails, part or all of it might have to be undone.

Reillys lawyer, Joseph M. Alioto, issued a statement Monday saying he and his client are grateful that the court has ordered an expedited trial date in this very important antitrust case which seeks to prevent the monopolization of newspapers in the Bay Area.

MediaNews President Jody Lodovic offered no comment Monday except to note the case was accelerated by mutual agreement. Hearst spokesman Paul Luthringer said his company wouldnt comment.

The U.S. Justice Departments antitrust division cleared the deal last month, and California Attorney General Bill Lockyers office wrapped up its probe last week; both concluded the deal wont harm competition.

Reilly filed a similar lawsuit against Hearst in 2000 to halt its purchase of the San Francisco Chronicle. After a trial in which Hearst executives and others were compelled to testify under oath, a federal judge let the sale proceed.

Cornyn: Wright Hearing Is Likely (FWST)

By Aman Batheja

The Fort Worth Star-Telegram, August 31, 2006

The Senate Judiciary Committee is likely to review the Wright Amendment compromise once Congress reconvenes next month, Sen. John Cornyn said Wednesday.

Cornyn, who is on the Judiciary Committee, said the compromise contains “a few small short words” regarding antitrust jurisdiction that probably will push the bill into the committee’s jurisdiction.

Cornyn spoke about the issue before delivering a speech at the Texas Competitiveness Summit at the University of Texas-Dallas in Richardson.

Hammered out by the cities of Fort Worth and Dallas, American Airlines, Southwest Airlines and Dallas/Fort Worth Airport this summer, the Wright Amendment deal calls for closing 12 of Dallas Love Field’s 32 gates, immediately allowing through-ticketing, and repealing restrictions after eight years that permit flights from Love to only Texas and eight other states. The accord also stipulates that the deal must not be changed and must be passed by Congress by year’s end.

The agreement has sparked criticism as being anti-competitive, because all 20 remaining gates at Love Field would go to American, Southwest and Continental Airlines.

Sen. Arlen Specter, R-Pa., head of the Judiciary Committee, has said he has not decided whether to hold a hearing on the bill. A spokesman from his office Wednesday directed questions on the issue to the committee office, which did not return a call seeking comment.

The House Judiciary Committee has already announced plans to review the bill. A hearing in the Senate would further delay a vote on an already tight congressional calendar.

Despite these hurdles, Cornyn said chances were “pretty good” the bill will pass this year, although he added, “Nothing happens very quickly in the Senate.” Aman Batheja, 817-390-7695

abatheja@star-telegram.com

Valassis Files Suit To Rescind Offer For Rival Advo (WSJ)

By Brian Steinberg

The Wall Street Journal, August 31, 2006

Marketing concern Valassis Communications Inc. sued to rescind its proposed $1.3 billion merger with Advo Inc., alleging Advo "materially misrepresented the financial health of the company and failed to reveal internal control deficiencies."

Advo countered that the Valassis lawsuit was "baseless and without merit," calling the action "merely a smokescreen to hide the fact that Valassis is suffering from an extreme case of buyer's remorse." The company said it "remains committed to the transactions contemplated by the binding merger agreement, and will take action to enforce that agreement and vigorously defend itself against Valassis' claims."

The lawsuit, filed yesterday in the Delaware Chancery Court, came nearly two months after the companies struck the merger deal that united two stalwarts of the direct-marketing and advertising businesses. Valassis and Advo both specialize in print-based advertising services including distribution of advertising inserts and coupons in newspapers.

In the deal, Valassis agreed to pay a roughly 50% premium for Advo. It offered $37 a share in cash, compared with Advo's price of $24.26 the day before the deal was announced. But Valassis shares fell about 20% in the days following the deal's disclosure, although Valassis stock has since recovered part of the ground it lost.

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Advo shares were unchanged yesterday before the news came out, at $36.80 in 4 p.m. composite trading on the New York Stock Exchange. In after-hours trading, they fell $14.30 or 39% to $22.50. The after-hours decline represents a loss of $450 million in market capitalization. Valassis shares were up 22 cents to $20.87 in New York Stock Exchange 4 p.m. composite trading. The shares rose to $22.30 in after-hours trading.

Advo, of Windsor, Conn., is best known for its packets of local advertising delivered via home mail. On average, the company has said it reaches about 67 million households each week. Valassis, Livonia, Mich., is a leader in coupons, printing and distributing them in newspapers as well as online. The company also creates printed "door hangers," promotional fliers placed on doorknobs.

Newspaper advertising has been under pressure, as readers and advertisers shift time and money to the Internet and as some major advertisers who have relied on newspapers have begun to consolidate, cutting back ad spending in the process. Retailers and telecommunications companies have long used newspapers because they grant access to audiences in specific cities and towns. In some areas, the local newspaper is one of the dominant media outlets.

Valassis in late June cut its earnings projections for 2006, citing softness and pricing pressure in two of its main operations. Valassis also said it was voluntarily suspending a share-repurchase program.

TiVo's Loss Widens With Litigation Costs (WSJ)

The Wall Street Journal, August 31, 2006

TiVo Inc. posted a wider second-quarter loss, weighed down largely by legal costs related to its high-stakes patent dispute with EchoStar Communications Corp.

TiVo, a pioneer of digital video-recording technology, posted a net loss of $6.5 million, or seven cents a share, for the quarter ended July 31, compared with a loss of $892,000, or one cent a share, a year earlier. Revenue rose 50% to $59.2 million, with service and technology revenue climbing to $52.9 million from $40.7 million.

The Alviso, Calif., company said it added 30,000 net new subscribers in the quarter, ending the period with more than 4.4 million customers. TiVo-owned gross subscriber additions came to 74,000, down from 77,000 a year ago.

"Despite a traditionally slower summer consumer electronics selling period, coupled with no exceptional advertising spend, we were able to continue to build momentum relative to last year's results," said CEO Tom Rogers in a press release.

The company has seen its competitive position shrink as cable companies, satellite television operators and electronics makers scramble to offer a version of the DVR. But TiVo has claimed successor models infringe its 2001 patent on the underlying technology and that makers should license the technology.

In its long-running dispute with EchoStar, a Texas judge recently ordered EchoStar to stop selling digital-video recorders and turn off more than three million of the devices already installed in subscriber homes nationwide. An appeals court has stayed the ruling, pending further hearings.

Shareholders OK Thermo Electron's $10.6 Billion Deal For Fisher (AP)

AP, August 31, 2006

HAMPTON, N.H. --Shareholders have approved Thermo Electron's ten-point-six (b) billion-dollar acquisition of Fisher Scientific International, a deal that pairs two New England makers of scientific equipment.

Shareholders of Waltham, Massachusetts-based Thermo Electron and Hampton-based Fisher Scientific overwhelmingly approved the deal in separate votes today.

It's still subject to regulatory approval, and is expected to close in the fourth quarter.

The shareholder votes came nearly four months after the transaction was first announced. Last week, the companies said they would sell off a Fisher product line to satisfy regulators' antitrust concerns.

Thermo Electron is buying the bigger Fisher Scientific to carve out a bigger share of the laboratory supplies business by offering the market's broadest range of products.

ENVIRONMENT/INDIAN AFFAIRS:

AP Interview: EPA Official Promises Wetlands Guidelines (AP)

By John Flesher, Associated Press

AP, August 31, 2006

TRAVERSE CITY, Mich. (AP) -- The Bush administration is preparing instructions for regulators puzzling over which wetlands are covered by federal clean water law, a top Environmental Protection Agency official said Wednesday.

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But the EPA hasn't decided whether to issue a comprehensive regulation on the issue in the wake of a confusing U.S. Supreme Court ruling in two Michigan wetlands cases, said Benjamin Grumbles, assistant administrator for water.

"Our overarching goal is to continue to protect wetlands under the Clean Water Act to the maximum extent allowable since the decision," Grumbles told The Associated Press in an interview. "Which tools are the best to use is a policy decision we haven't made yet."

The high court took up the Michigan cases in hopes of settling a long-running debate concerning federal jurisdiction over wetlands. But the June 19 decision muddied the waters further.

The justices split three ways, with none of their five written opinions drawing majority support. Several urged Congress or federal agencies to deal with the issue, saying they were best suited to handle its complexities.

Courts have agreed the Clean Water Act requires permits to degrade wetlands alongside navigable waterways such as lakes and rivers. The question is whether the law also applies to tributaries of those waters and their adjacent wetlands -- and if so, how far upstream.

The Army Corps of Engineers, which issues the permits, has contended the law's protections extend to virtually all "waters of the United States," including wetlands. Environmentalists agree, while developers and property rights advocates contend government jurisdiction is far more limited.

The key Supreme Court opinion, written by Justice Anthony M. Kennedy, said a permit could be required if there's a "significant nexus" between a wetland and a navigable waterway. The wetland must "significantly affect the chemical, physical, and biological integrity" of nearby navigable waters, he wrote.

After the ruling, the EPA -- which oversees the federal wetlands program -- instructed regulators to delay action on contentious permit applications while it analyzed the justices' opinions.

The agency soon will issue a "guidance" document that will offer the EPA's interpretation of what the Supreme Court decided, Grumbles said. The agency is working with the Justice Department to determine "how much stature to give certain pieces of the various five opinions," he said.

"We have no doubt that this interim guidance will help add clarity," he said. "We also have no doubt ... it won't be the end of the story either. We'll need to provide more details, and we're still reviewing whether or not to pursue a regulation in addition to the guidance."

Wetlands are valuable because they provide some of the planet's most diverse wildlife habitat. They also control floods and filter out pollutants.

The lower 48 states had over 220 million acres of wetlands in pre-colonial days. The total had shrunk to about 105 million by the late 1990s as wetlands were drained and filled for farming and other development.

Grumbles discussed the Supreme Court ruling Wednesday during the annual meeting of a group representing state wetland regulators. Members said they were anxiously awaiting the federal guidance.

Wetland protection "is a hot button and it always has been and it probably always will be, because you have to balance public and private interests," said Jeanne Christie, executive director of the Association of State Wetland Managers.

Michigan and New Jersey handle federal wetland permitting within their borders. But most other states likely will want a new regulation clarifying where federal jurisdiction applies, said Peg Bostwick, wetland specialist with the Michigan Department of Environmental Quality.

"My concern is that we do rulemaking sufficient to satisfy the Supreme Court but still straightforward enough to be comprehensible to the public," Bostwick said. "That's going to be a real fine line to walk."------

EDITOR'S NOTE -- John Flesher is the AP correspondent in Traverse City and has covered environmental issues since 1992.

3rd Circuit: DuPont Can't Get Help From U.S. For Voluntary Cleanup (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, August 31, 2006

A polluter that voluntarily takes on the duty to clean up a toxic waste site cannot later seek contributions from the federal government -- even if the government itself was also a polluter at the site -- the 3rd U.S. Circuit Court of Appeals has ruled.

But a dissenting judge complained that the majority was relying on two 3rd Circuit precedents that she believes have been effectively overruled by the U.S. Supreme Court, and that a ruling in favor of the government would discourage voluntary cleanups.

"I am concerned that the effect of the majority's opinion will be that parties will be reluctant to engage in voluntary cleanups for fear that they may not be able to obtain contribution," U.S. Circuit Judge Dolores K. Sloviter wrote in her dissent in E.I. du Pont de Nemours Co. v. United States.

"Spills that could be most efficaciously dealt with if cleaned up immediately will remain untouched while parties attempt to settle with the government," Sloviter wrote.

In the suit, three companies -- DuPont, Conoco Inc. and Sporting Goods Properties Inc. -- sought contributions from the government for cleanups at 15 sites.

Each of the sites was owned or operated by the United States at various times during World War I, World War II and the Korean War, the suit said, during which time the United States was responsible for some contamination.

But U.S. District Judge William J. Martini of the District of New Jersey granted summary judgment in favor of the government, holding that a "responsible party" that conducts a voluntary, unsupervised cleanup cannot assert a claim for contribution.

On appeal, lawyers for the three companies urged the 3rd Circuit to reconsider two of its environmental law precedents -- New Castle County v. Halliburton NUS Corp. and In re Matter of Reading Co. -- in light of the U.S. Supreme Court's 2004 decision in Cooper Industries Inc. v. Aviall Services Inc.

But Circuit Judge Thomas L. Ambro, in an opinion joined by visiting Judge Paul R. Michel of the U.S. Court of Appeals for the Federal Circuit, found that both of the 3rd Circuit's decisions remain good law and are consistent with the intent of Congress.

"Cooper Industries did not explicitly or implicitly overrule our precedents; indeed, the Supreme Court expressly declined to consider the very questions at issue here," Ambro wrote.

In his opening paragraphs, Ambro said the appeal "requires us to dive head-first into a particularly convoluted area of the law: apportionment of cleanup costs among potentially responsible parties."

Ambro sketched the history of Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA, and the 1986 law that amended it, the Superfund Amendments and Reauthorization Act, or SARA.

After SARA was passed, Ambro said, the courts "retreated from implied causes of action" for contribution under CERCLA's §107(a).

Instead, he said, they interpreted §107 and the newly added §113 as establishing two "clearly distinct" remedies -- "cost recovery" under §107(a), and "contribution" under §113(f).

In its 1997 decision in New Castle County, Ambro said, the 3rd Circuit held that a cost recovery action under §107 may be brought only by "innocent parties" that have undertaken cleanups, and that an action brought by a "potentially responsible person" must be brought as a §113 action for contribution.

The court's rationale, Ambro said, was that since §107 imposes strict joint, and several liability on all PRPs for the costs of cleanup, a PRP allowed to bring a cost recovery action under §107 against another PRP "could recoup all of its expenditures regardless of fault" -- a result which the New Castle County court said "strains logic."

In Reading, decided just a few weeks after New Castle County, Ambro said, the 3rd Circuit held that a PRP also may not invoke the pre-SARA implied cause of action for contribution under §107.

But in Cooper Industries, Ambro said, "the Supreme Court significantly altered this understanding."

Looking to the "plain language" of §113(f), the justices held that a pre-existing civil action -- either pending or completed -- must exist before a PRP could seek contribution from other PRPs.

But Ambro said the Cooper Industries decision "left open the questions of whether a PRP may seek cost recovery under Section 107, and whether that section includes an implied cause of action for contribution on which a PRP may rely independently of Section 113."

In doing so, Ambro said, the justices explicitly noted that numerous decisions from the circuit courts -- including New Castle County -- had held that a §107 cost recovery action is only available to an innocent party, but said that question had not been briefed and therefore would not be decided.

DuPont argued that the 3rd Circuit should reconsider its precedents in light of Cooper Industries, and should now hold that §107 expressly provides PRPs a cause of action to seek contribution from other PRPs independent of the remedy provided by §113.

Ambro disagreed, saying "our holdings in New Castle County and Reading -- based on our interpretation of the statute -- are broad, and nothing in those cases suggests that the results would have been different if the plaintiffs had undertaken voluntary cleanups."

DuPont lawyers insisted that the two decisions are in direct opposition to CERCLA's broad remedial purpose, and that the 3rd Circuit should recognize an implied cause of action for contribution, available to PRPs that voluntarily clean up contaminated sites, to fill the gaps that the Cooper Industries recognized in Congress' remedial scheme.

But Ambro rejected the argument, saying it would be better to aim it at Congress than the courts.

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"The fact that DuPont and the other appellants, if they are allowed contribution for response costs voluntarily incurred, may be capable of reaching a good result without the government oversight provided for in SARA, is not a reason to reconsider our prior holdings that the statute precludes such causes of action," Ambro wrote.

"In any event, the debate over whether our national environmental cleanup laws should favor prompt and effective cleanups in any manner (including sua sponte voluntary cleanups by PRPs), or should favor settlements and other enforcement actions to ensure that wrongdoers admit their fault and fix the problem under the aegis of government oversight, is a matter for Congress, not our court," Ambro wrote.

But in dissent, Sloviter said she agreed with DuPont's argument that Copper Industries is an "intervening authority" that forces the 3rd Circuit to reconsider its precedents.

"Cooper Industries weakens the conceptual underpinnings of our decisions in Reading and New Castle County. For that reason, and because our holdings in Reading and New Castle County cannot be reconciled with the policies Congress sought to encourage when it enacted CERCLA, I believe this court can and should reconsider those opinions," Sloviter wrote.

Sloviter noted that two other federal circuits have done exactly what DuPont urged the 3rd Circuit to do.

In decisions from the 2nd and 8th circuits, Sloviter said, unanimous three-judge panels concluded that, in light of Cooper Industries, courts must now allow responsible parties to seek contribution from other responsible parties under §107.

Sloviter said she would have followed her sister circuits because their decisions promote the goals of Congress.

"I believe that permitting parties who voluntarily incur cleanup costs to bring suit under Section 107 comports with the fundamental purposes of CERCLA," Sloviter wrote.

Fill Up On Corn If You Can (NYT)

By Alexei Barrionuevo

The New York Times, August 31, 2006

SPRINGFIELD, Ill. — Standing next to his pickup truck at a service station here, Robert Beck squeezed a yellow nozzle and filled up with the corn-based fuel blend of 85 percent ethanol and 15 percent gasoline that car companies, farmers and politicians alike love to promote as a way out of America's oil addiction.

Mr. Beck, a bearded agronomist who travels throughout the Midwest, likes the idea of E-85, as the fuel blend is known, because it is made mostly from a domestic crop. But he still finds that buying the fuel is almost more trouble than it is worth.

"Everyone talks about it, but exactly where is it?" he said. "You have to have more fuel out there for consumers to buy.''

That could take a while.

To assess just how efforts to help E-85 catch on were going, a New York Times reporter, accompanied part of the time by a photographer, drove through the region where its popularity is greatest. They found that despite all the good will toward ethanol, success is far from assured.

The fuel does have plenty of powerful supporters. General Motors used the Super Bowl this year to kick off its "Live Green, Go Yellow" campaign to encourage Americans to buy vehicles that can run on either E-85 or conventional gasoline. Ford Motor and VeraSun Energy, the second-largest ethanol producer after Archer Daniels Midland, christened 300 miles of highway from Chicago to St. Louis the "Midwest Ethanol Corridor" in a marketing campaign that began in June.

But it also has plenty of drawbacks. Most oil companies want nothing to do with E-85, which they see as a money-losing alternative to their own petroleum-based products. Without help from the oil industry or a lot more flexible-fuel cars on the road, gasoline retailers are hesitant to install the expensive pumps, which can cost up to $200,000 with a new underground storage tank.

"There is no way E-85 can survive on its own without massive government subsidies at the state and federal levels,'' said Lawrence J. Goldstein, president of the Petroleum Industry Research Foundation, an energy consultancy in New York.

Many drivers whose vehicles can run on ethanol will not buy E-85 unless it is markedly cheaper than regular gasoline, which has not always been the case. Part of the reason is basic economics: E-85 delivers only three-quarters as much energy per gallon as gasoline, meaning drivers will have to fill up their tanks more often if they choose to use the fuel.

More than 850 service stations now carry E-85, an increase from 350 since the beginning of 2005, but the fuel is still unavailable at most of the 169,000 stations in the United States. Sales are so slim that some retailers count their regular E-85 customers on one hand.

Customers like Mr. Beck, who want the fuel, struggle to find it: in Illinois, 135 stations carry it, but in neighboring Missouri only 54 stations have E-85 pumps. Kansas has 13.

None of this has discouraged E-85's supporters, who are relentlessly pushing to expand use of the fuel, which already benefits from a tax credit of 51 cents a gallon for producers of all forms of ethanol.

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And in states like Illinois, the country's second-biggest corn producer, after Iowa, politicians are lining up state financing to subsidize the installation of pumps at service stations, while offering rebate incentives to customers who use the fuel.

"E-85 is really I-85 — it's about energy independence," said Daniel Yergin, chairman of Cambridge Energy Research Associates, an energy consultancy.

But that dream remains far out of reach. For one thing, E-85 barely exists outside the Corn Belt. You cannot fuel up on it in New York or New England. California has only one station.

And even in Chicago, at the entrance to the ethanol corridor, it was hard to find a flexible-fuel car for the road trip. When Janet Conlon, a travel agent from Garber Travel, contacted four major rental car agencies, none said they had such cars available.

"Nobody had a clue what I was talking about," Ms. Conlon said. The Times ended up renting a flexible-fuel Chevrolet Impala from a company affiliated with General Motors.

At the first stop, Becker's Hotrod BP in Dwight, Ill., 75 miles south of Chicago, E-85 was selling for $2.70 a gallon, 50 cents cheaper than the station's regular unleaded.

Four years ago, the Illinois Corn Growers Association approached Phillip E. Becker, the station's owner and a longtime gasoline retailer, with an offer to pay to install an E-85 pump, an investment of about $100,000. Because the alcohol in E-85 corrodes traditional gasoline storage tanks, a new underground one was necessary, along with special fuel lines and a special dispenser.

Mr. Becker, wanting to help local farmers, accepted the deal, agreeing to sell the E-85 at no profit for at least five years so he could offer it at a price lower than gasoline.

"I am selling this at cost as a good-will thing," Mr. Becker said. The E-85, he said, also helps bring passengers into his store for sodas and collectible toy cars, and into an adjoining Burger King, in which he has a business interest. But without the help of the growers' association, he said, he probably would not have made the investment.

Mr. Becker has enjoyed the local celebrity his E-85 pump has brought him. Officials from the state of Illinois have even shot photos there for postcards that are placed in the vehicles of state employees, urging them to stop at Becker's.

E-85 sales at his service station, though, have proved erratic. They rose as high as 9,000 gallons a month in September last year when gasoline prices climbed over $3 a gallon, widening the spread with ethanol prices. But in July, Becker's pumped only 3,010 gallons of E-85, after gasoline prices dropped and ethanol prices rose.

Mr. Becker said he had "four really good customers," two of them believing so strongly in E-85 that they traded in their vehicles for flexible-fuel ones. "E-85 is all they burn, no matter what the price is," he said.

The farmers continue to champion their project. In June, they parked a small 1940's-era corn wagon at a highway ramp near Mr. Becker's stations to advertise the E-85 price. General Motors included him in a recent regional promotion in which the company gave away $1,000 in free fuel — E-85 or gasoline — to purchasers of flexible-fuel vehicles.

The three-month promotion, however, did not help overall sales at nearby Tyler Chevrolet/Buick, said Byron Moore, the new-car sales manager. At best, it may have caused some buyers already set on certain truck models to choose the flexible-fuel engine to grab the free fuel.

But Mr. Moore said he doubted the buyers would actually fill up on E-85 very often, because "the word is out" that the fuel offered less mileage per gallon than gasoline. Ethanol is made up mostly of alcohol and yields less energy.

Mr. Becker said he saw E-85 sales slip when the price got to within a dime of gasoline. Mr. Beck, the E-85 customer in Springfield, said he had decided that E-85 was worth buying for his Ford truck only if the price was at least 30 cents lower than gasoline.

Volatile ethanol prices in recent months, driven by a regulatory change that has led to its increased use as a 10 percent additive in more states, have stymied the goals of E-85's supporters. The National Ethanol Vehicle Coalition, a lobby group founded by corn growers, had estimated the number of stations would grow to 2,500 this year. Now, the coalition is willing to settle for 1,200, said Michelle Kautz, a spokeswoman for the group.

Still, the buzz over E-85 is growing — where it is available. Further south along Interstate 55, Theresa Kight, a cashier at a Qik-n-EZ in Normal, Ill., said more customers were asking about the station's E-85 pumps. "A lot of them that are interested buy it just to support the farmers," Ms. Kight said.

Outside the station, though, Kevin Hart, a heating and air-conditioning service contractor, was fueling up his van on gasoline. "Using more E-85 won't solve the problem" of too much oil consumption and too little conservation, he said. "People will just think they are helping the environment, so now 'I can burn more fuel.' "

But the owners of Qik-n-EZ said they believed in E-85's potential to diversify the country's fuel sources — and help the Midwest's economy. Grady Chronister, the president and founder of the company, said the stations, which get all their ethanol from VeraSun, were selling the E-85 very close to cost.

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"This is not a product that warrants the financial investment at this time," said Mr. Chronister, who added that his family owns farms that grow corn, giving them extra incentive to support E-85. "But we are glad we did it. We are in favor of alternative energy forms, especially those produced here in the United States."

Along the ethanol corridor very few people were actually buying E-85. At a Qik-n-EZ in Springfield, there was a 45-minute wait before the first customer, Mr. Beck, arrived to refuel his 2006 Ford F-150 truck at the lone E-85 pump set well away from the four rows of gasoline pumps.

After buying his truck in April, Mr. Beck discovered only two months ago that it was dual-fuel. In the past, most drivers did not even know they had flexible-fuel vehicles because the car companies did not bother to tell them and the engines are virtually indistinguishable.

But from now on, "we're going to do more to let people know what they have," said Susan Cischke, vice president for environmental and energy engineering at Ford. She said Ford marked its flexible-fuel vehicles on the hood and fuel cap.

American automakers hope to double annual production of flexible-fuel vehicles, to two million, by 2010. There are now about 5 million on the road, out of 238 million total vehicles.

Detroit has much to gain from producing E-85-ready vehicles. In addition to acting as a positive diversion from their broader financial problems, the flexible-fuel vehicles help them meet federal standards for average fuel economy without having to build far more expensive hybrid cars.

But car companies bristle at the notion that they alone can make E-85 a national or even regional success. "This is a bigger problem than one industry can solve," Frederick Henderson, the chief financial officer at General Motors, said recently.

Major oil companies, which own fewer than 10 percent of the country's gasoline stations, say they will not stand in the way of retailers who want to put in E-85 pumps. But they will not help, either.

That has placed the burden on the states where E-85 is linked with the success of ethanol. This year, Iowa, the country's biggest corn producer, began giving its retailers a 25-cent-a-gallon credit for selling E-85 and is providing up to half the cost of installing E-85 pumps. The governor of Illinois, Rod R. Blagojevich, just proposed spending $30 million to add 900 pumps over the next five years, a sevenfold increase.

At the retail level, however, the effort to trumpet E-85 is inconsistent at best. Mr. Beck said he found the Springfield station only after doing some research, because the E-85 Web site run by the National Ethanol Vehicle Coalition lists pumps only by city, with a limited mapping function that fails to show drivers their location in relation to each other.

Unlike the standard gasoline pumps, the E-85 pump at the Qik-n-EZ did not take credit cards, forcing Mr. Beck to stand in line for 15 minutes behind customers buying beer, cigarettes and lottery tickets.

"You would think it would be as easy as buying fuel,'' he said, "but it is a pain in the fanny."

And there is no room for error when trying to drive only on E-85. Do not leave Emporia, Kan., for instance, without fueling up a nearly empty tank first. Otherwise, somewhere on the Kansas Turnpike the fuel gauge needle goes below empty.

What then? Turn off the air-conditioning, coast part of the way in neutral and, finally, a service station — the only one for another 30 miles — has gasoline. But no E-85.

Park Service To Emphasize Conservation In New Rules (NYT)

By Felicity Barringer

The New York Times, August 31, 2006

WASHINGTON, Aug. 30 — Ending a yearlong debate over its management and guiding philosophy, the National Park Service is about to adopt a policy emphasizing conservation of natural and cultural resources over recreation when they are in conflict. Interior Secretary Dirk Kempthorne is expected to announce the new policy on Thursday.

The new regulations on park management give barely a nod to most of the concerns of the recreation industry and its Congressional champion, Representative Steve Pearce, Republican of New Mexico.

The Park Service would not make official comments on the new policy until it was made final, but a draft of the policy was provided to The New York Times by a group favoring the conservation framework.

The new policy makes a few concessions to the recreation industry, like ensuring that so-called "gateway" communities — close neighbors to the large national parks that draw tens of thousands of visitors each year — have a role in park managers' decision making.

It generally rejects proposals that would pave the way for increased use of Jet Skis, snowmobiles and off-road vehicles. Commercial activities like mining and construction of cellphone towers, which would have been easier under the suggested revisions of a year ago, will continue to face the same high hurdles as in the past.

Laura Loomis, a policy analyst for the National Parks Conservation Association, said, "The new draft gives much greater guidance on what constitutes an appropriate use and what constitutes an inappropriate use of the parks."

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Ms. Loomis said the current draft restored the Park Service's ability to push the Environmental Protection Agency to act when pollution, often emanating from industrial and power plants, fouled park air.

In this respect, as in many others, including the emphasis on conservation, the final policy echoes the one in effect at the end of the Clinton administration.

In an e-mail message, Andrea Keller, the spokeswoman for the conservation association, said the regulations to be signed this week "reinforce the agency's commitment to protect park resources such as air quality, and ensure that visitors this year and for generations to come will be welcomed to our parks and offered a memorable, inspiring experience."

For five years, a variety of industries have lobbied assertively and often successfully on issues like park management, interpretation of the Endangered Species Act, expansion of oil and gas drilling across the Rocky Mountain West and policies on livestock grazing. Therefore, Mr. Kempthorne's rejection of the more industry-friendly draft policies turned heads among environmentalists and industry groups alike.

It remains unclear, however, whether Mr. Kempthorne, who replaced Gale A. Norton in May, is considering changing course on other issues.

Derrick Crandall, the president of the American Recreation Coalition, a group representing the recreation industry, was conciliatory in his comments on the new regulations and cautioned that he had not seen the final draft.

"In this world in politics you rarely get 100 percent victories," Mr. Crandall said. "We are convinced our concerns were looked at, some changes have been made and we're prepared to work with the agency to move to other kinds of important issues."

Among such concerns, he said, had been the role of gateway communities like West Yellowstone, Mont., which has many snowmobile rental businesses, in the formulation of policies for particular parks. In a July letter to the outgoing director of the Park Service, Fran Mainella, Larry E. Smith, president of Americans for Responsible Recreational Access, wrote, "Trying to accommodate the existing generation of Americans should be as worthy a goal as is preserving our parks for future generations."

Americans for Responsible Recreational Access says on its Web site that it was formed "to ensure that outdoor enthusiasts can keep their right to enjoy and use public lands and waterways."

Gov. Reaches Landmark Deal On Greenhouse Gas Emissions (LAT)

By Marc Lifsher

The Los Angeles Times, August 31, 2006

SACRAMENTO — Gov. Arnold Schwarzenegger and top Democrats in the Legislature agreed today on a bill that would make California the first state to slap strict limits on the emission of greenhouse gases that contribute to global warming.

The measure, AB 32, is expected to win passage from the state Senate this evening and by the Assembly on Thursday.

The bill is designed to cut the amount of carbon dioxide and other greenhouse gases 25% by 2020.

The Republican governor, who has made combating global warming the centerpiece of his reelection campaign, immediately announced he would sign the measure.

"The state is the 12th largest carbon emitter in the world despite leading the nation in energy efficiency," Schwarzenegger said in a statement released by his office. "Reducing greenhouse gas emissions is an issue we must show leadership on."

The bill authorizes the California Air Resources Board to begin a process of measuring the amount of carbon dioxide and other greenhouse gases coming from electric power plants, oil refineries, cement kilns and other industries. Once a tally is taken, regulators would set limits for each facility and industry that would take effect beginning in 2012.

Assembly Speaker Fabian Nunez, the co-author of the bill, predicted that creation of a pioneering program in California would be followed by similar initiatives in other states and in Washington.

"We're the first to step up to the plate in a real way," he said.

Environmentalists praised the agreement with the governor for providing the state with a range of tools for cutting greenhouse gas emissions. Regulators will be able to enforce limits with financial penalties as well as provide market-based incentives to industry. The bill creates a new market that would allow industries that reduce emissions to below their limits to sell credits to other companies that need to exceed their caps.

Major business groups, however, said they were concerned that the requirement to create a system of market-based pollution credit trading is not strong enough.

Dorothy Rothrock, vice president of the California Manufacturers & Technology Assn., also said her members are worried that the legislation gives too much power to the Air Resources Board.

"The authority given the agencies is vast," she said.

California Pact Would Place Cap On Emissions (WSJ)

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By Jeffrey Ball And Jim Carlton

The Wall Street Journal, August 31, 2006

California, the nation's most populous state and a longtime bellwether on environmental policy, will impose the first broad cap in the U.S. on greenhouse-gas emissions, in a clear break with the federal government over global warming.

Leaders of the state legislature and Gov. Arnold Schwarzenegger announced a deal yesterday under which California will mandate a reduction in the state's emissions of gases contributing to global warming to 1990 levels by 2020. The cut would target the state's biggest industrial emitters of greenhouse gases, such as power plants, oil refineries and cement factories. California already has passed a law requiring greenhouse-gas-emission cuts from cars and light trucks sold in the state.

The cut's effect on individual industries, companies and consumers is unclear, because the state has yet to work out details of how it will implement the broad emissions mandate. But backers of the measure, including Gov. Schwarzenegger, said it won't unduly harm business in the state.

Still, the effort faces almost certain legal challenges. Business groups have said such restrictions will boost production costs and make the state less competitive. "We don't think it looks like a very good deal for business and industry in California," said Jack Stewart, president of the California Manufacturers and Technology Association, an industry trade group in Sacramento.

The measure still must pass both houses of the state legislature to become law, but the agreement by Gov. Schwarzenegger and the majority leaders of both houses all but ensures that outcome. "We can now move forward with developing a market-based system that makes California a world leader in the effort to reduce carbon emissions," Gov. Schwarzenegger, who is running for re-election this year, said yesterday, when the agreement was announced.

California, the world's sixth-largest economy, accounts for only about 2% of the world's annual global-warming emissions. But California leaders made clear their intent is to spur other states, and ultimately the federal government, to follow the state's lead. That has happened with a string of past environmental regulations, notably restrictions on automotive pollution.

"Today it feels as if the whole world is watching, and I hope they are. This shows California knows how to do it right," said Ann Notthoff, California advocacy director for the environmental group Natural Resources Defense Council.

Addressing global warming is more difficult than addressing air pollution. Rather than bolting a filter onto a smokestack or auto tailpipe to reduce the emissions when fuel is burned, it requires re-engineering factories and cars so they burn less fuel in the first place. The main greenhouse gas, carbon dioxide, is produced when fossil fuels like coal and gasoline are burned.

The Bush administration -- which has rejected the international Kyoto Protocol emissions-reduction treaty -- reacted tepidly to word of the California push. "The states are free to make their own decisions about their policies," said Kristen Hellmer, a spokeswoman for the White House Council on Environmental Quality. But she reiterated the administration's philosophical opposition to global-warming caps, saying a cap imposed in one state or country simply causes industry to move to another location. "They're going to still produce greenhouse gas," she said.

California's goal is less ambitious than the cut envisioned in the Kyoto Protocol. Industrialized countries that ratified Kyoto have pledged to reduce their global-warming emissions a collective 5% below 1990 levels between 2008 and 2012. The U.S. has declined to ratify Kyoto, saying it would hobble the nation's economy. California's goal equates to cutting its emissions by 25% in 2020 below the level the state projects it would otherwise reach that year.

This isn't the first attempt by a U.S. state to mandate global-warming reductions in the absence of federal efforts to require emissions cuts. California itself has passed a law mandating a cut of about 30% in global-warming emissions from new cars and light trucks sold in the state by 2016. The auto industry has sued to block that measure, saying it violates federal law because it amounts to a back-door state effort to go beyond federal fuel-economy measures. The case is pending in federal court in California.

In addition, seven New England states have adopted a regulatory scheme that covers carbon dioxide emissions from power plants and California, Oregon and Washington are considering a similar measure. But the law announced by California leaders yesterday would go far beyond those measures, applying to all sectors of the economy.

Industrialized countries that have ratified the Kyoto Protocol have found that agreeing to a broad reduction target is just the first step. Far more difficult is apportioning responsibility for coming up with those cuts among politically powerful businesses -- let alone individual car-driving voters -- within their borders. Many countries that have ratified the treaty have struggled to reduce emissions.

California's effort would direct the California Air Resources Board, the state agency that enforces California's clean-air rules, to come up with the details. The broad requirements of agreement stipulate that, by January 2008, the air board start requiring the state's major greenhouse-gas producers to report their greenhouse-gas output. By January 2009, the air board is to develop a plan outlining how to achieve the emissions cuts. By January 2011, the air board is to adopt actual rules to take effect a year later.

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One major source of disagreement during negotiations involving lawmakers, business groups and others was the degree of flexibility California would offer businesses. Business representatives wanted a guarantee that the state would include a mechanism allowing companies to buy and sell carbon-dioxide-emission permits among each other as needed, to soften the potential financial blow. But some environmentalists argued that would make it too easy for California businesses to avoid cleaning up their own operations. The final legislation says the state "may" include such a trading mechanism in its final plan.

On the federal level, Republican Party leaders and President Bush have opposed adding carbon dioxide to the list of air pollutants regulated by the government. But that could change if Democrats take control of the House and Republican control over the Senate is weakened in November elections, as some political analysts now predict.

One reason Gov. Schwarzenegger ended up agreeing to the bill was that some of California's business community supported it. He began tipping his support toward the bill after a delegation of executives from Silicon Valley last week told him many businesses wanted the bill as a way to provide them regulatory certainty and for other reasons, say lobbyists in the statehouse.

"This bill provides a new opportunity here in California," said Bob Epstein, cofounder of Sybase Inc., a software maker in Dublin, Calif., and a leader of a group that represents businesses that support environmental action.

The bill's opponents included oil and natural gas companies. They also oppose an initiative set for the state's November ballot that would tax oil produced in California to fund alternative energy efforts. Yesterday's agreement "will have a severely negative effect on the affordability and reliability of California's energy supply, jeopardizing California's economy and our global competitiveness," said Allan Zaremberg, president and chief executive of the California Chamber of Commerce.

California has lost jobs in many of the industries that likely would face the effects of emissions caps, even as total private-sector employment has risen, according to Bureau of Labor Statistics data. For example, employment in the primary metals manufacturing industry fell 14% last year compared with 2001.

The Republican governor took on liberal constituencies last year but he has been tacking left in recent months to shore up his political support in this Democratic-leaning state. He recently authorized a $150 million loan to California's stem-cell program that will allow it to begin funding research restricted by the federal government, handing a lifeline to the initiative while the courts resolve lawsuits that question its legitimacy.

Leaders Accept California Bill To Cut Emissions (NYT)

By Felicity Barringer

The New York Times, August 31, 2006

SACRAMENTO, Aug. 30 — California's political leaders announced an agreement on Wednesday that imposes the most sweeping controls on carbon dioxide emissions in the nation, putting the state at the forefront of a broad campaign to curb the man-made causes of climate change despite resistance in Washington.

The deal between the Democratic-controlled Legislature and the Republican governor, Arnold Schwarzenegger, calls for a 25 percent reduction in carbon dioxide emissions by 2020, and could establish controls on the largest industrial sectors, including utilities, oil refineries and cement plants. The state has already placed strict limits on automobile emissions, although that move is being challenged in federal court.

The Bush administration has rejected the idea of similar national controls on carbon dioxide emissions, and efforts to get Congressional approval for such firm caps on emissions have repeatedly been defeated.

Although the deal in California is strongly opposed by Republicans in the Legislature and many business leaders across the state, it assures that a bill on the restrictions will be passed before the legislative session ends Thursday and will be signed by Mr. Schwarzenegger, the leaders said Wednesday.

The first major controls are scheduled to begin in 2012, with the aim of reducing the emissions to their level in 1990. The legislation allows for incentives to businesses to help reach the goals, but opponents warn that the state may be sacrificing its economic interests for a quixotic goal.

"If our manufacturers leave, whether for North Carolina or China, and they take their greenhouse gases with them, we might not have solved the problem but exacerbated it instead," said Allan Zaremberg, the president of the state's Chamber of Commerce.

Since taking office in 2003, Mr. Schwarzenegger, who is seeking reelection in November, has supported efforts to fight climate change, most recently by signing an agreement with Prime Minister Tony Blair of Britain to do cooperative research on new clean-energy technologies.

The governor said Wednesday that the deal struck with Democrats would make "California a world leader in the effort to reduce carbon emissions."

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"The success of our system will be an example for other states and nations to follow as the fight against climate change continues," Mr. Schwarzenegger added.

The Assembly speaker, Fabian Núñez, who sponsored the bill along with Assemblywoman Fran Pavley, said at a news conference here, "We feel that California has always been a leader in protecting the environment."

"We now have moved it to the next level,'' said Mr. Núñez, a Los Angeles Democrat. "We'd all like to see California one day be carbon free."

The state's action, he said, could set off a "bottom-up" movement for curbs of heat-trapping gases in states around the country.

That has been the goal of national environmental groups like Environmental Defense and the Natural Resources Defense Counsel, which helped sponsor the California legislation. It has also been the goal of Ms. Pavley, a Democrat from Agoura Hills and the author, in 2002, of a groundbreaking law reducing tailpipe emissions of heat-trapping gases.

Already, the governors of New York, New Jersey, Delaware and four New England states have signed an agreement to curb power-plant emissions, cutting them by 10 percent by 2019. That would amount to about 24 million tons, said Dale Bryk of the New York office of the Natural Resources Defense Counsel, about one-seventh of the total envisioned in the California legislation, which will be an estimated 174 million tons.

Ms. Bryk added that Massachusetts and New Hampshire had enacted some emissions curbs, but that the number of power plants involved was minuscule compared with the California effort.

A recent poll of Californians by the Public Policy Institute of California showed nearly four of five respondents said urgent action on climate change was needed.

Aside from its long coastline, which could be vulnerable to sea-level rises due to global warming, the state depends on the Sierra Nevada snow pack for much of its water.

A study in 2004 by the National Academy of Science showed that unchecked global warming would cut the size of the snow pack by at least 29 percent by the end of the century. It also predicted a doubling in the number of heat waves, like the record-breaking one in July that killed 139 people statewide.

The deal on Wednesday on the emissions legislation nearly foundered at least three times in the past week as Mr. Schwarzenegger's negotiators reached seeming impasses with the Legislature over important issues: whether the bill would require the creation of market mechanisms like emissions credits to help industries meet the new standards; how broad to make exemptions during emergencies like the state's electricity crisis six years ago, and how to administer and enforce the law.

In the end, after three weeks filled with late-night sessions, according to legislative staffers who were not authorized to speak for attribution, Mr. Núñez met with Mr. Schwarzenegger on Wednesday morning and said that the Assembly and the Senate had agreed on final language and intended to enact the legislation with or without his consent.

That left the governor to decide whether the final language fell so far short of his wishes that he could take the political risk during an election year of vetoing a signature piece of environmental legislation whose aims he had supported.

In the end, the governor and the legislative leaders, including the Senate president, Don Perata, Democrat of Oakland, announced their agreement.

Ralph Cavanagh, the co-director of the energy program of the Natural Resources Defense Council, said in a telephone interview: "This is not an act of altruism. This is an act of enlightened self-interest. By accelerating the effort to reduce global warming pollution, California will benefit its own economy and environment and in so doing will set the best possible example for other states and nations."

Business leaders had been divided on the climate-change measure, with leading venture capitalists from Silicon Valley openly stumping for passage, saying the measure will create new industries and new jobs. The state's Chamber of Commerce led the opposition, saying that the measure would prompt an exodus of industry to other states without emission controls, while California would be hamstrung in trying to attract out-of-state businesses.

The bill gives the California Air Resources Board, which enforces the state's air pollution controls, the lead authority for generally establishing how much industry groups contribute to global warming pollution, for assigning emission targets, and for setting noncompliance penalties. It sets out a two-year time frame, until 2009, to establish how the system will operate and then allows three years, until 2012, for the industries to start their cutbacks.

Peter Darbee, the chairman and chief executive of Pacific Gas and Electric, broke with his industry as PG&E became the first and possibly only major utility in the state to support the legislation, called the Global Warming Solutions Act.

"The issue of climate change is important and needs to be dealt with," Mr. Darbee said. "We need a pragmatic and practical result. Since the bill has a market-based program, it will work efficiently and effectively for businesses."

A safety-valve provision that, in an emergency, could give companies a year's hiatus in complying with their mandates, was also key, he said.

Wednesday's announcement is significant for Mr. Schwarzenegger's re-election campaign, potentially vaulting the governor beyond his Democratic challenger's reach.

Mr. Schwarzenegger, whose popularity plummeted after a group of polarizing ballot initiatives failed at the polls last year, has been steadily pedaling to the left for months, supporting legislation to increase the state's minimum wage, to make some prescription drugs more accessible and to improve the state's environment by adding thousands of subsidized solar roofs over the next decade.

His strategy seems to be to appeal to the sensibilities of voters that have long driven the state's politics and to distance himself openly from President Bush. Recent polls suggest that Mr. Schwarzenegger enjoys a wide lead.

The Governor's Good Deal (LAT)

The Los Angeles Times, August 31, 2006

TWO YEARS AGO, CALIFORNIA VOTERS tried to end their gambling addiction, overwhelmingly rejecting Proposition 70, which would have allowed unlimited expansion of Indian-owned casinos. In the interim, Gov. Arnold Schwarzenegger has been playing with the state's money, cutting deals with several tribes that allow them to build giant gambling palaces far bigger than anything in Las Vegas. Against the odds, so far he appears to be winning — for himself and for the state.

Most recently, as Times staff writer Dan Morain reported Wednesday, the governor has reached agreements that would authorize up to 19,500 more slot machines in Southern California. That's worrisome for communities surrounding these potential mega-casinos. But Schwarzenegger has managed to get the state a better deal with the tribes than it had before.

The bad news about such casino pacts is that although they must be approved by the Legislature, they are negotiated without public input, without uniform standards and without any restrictions on a casino's size or location. In the past Schwarzenegger has approved monstrous developments such as a 2,500-slot casino in the Bay Area town of San Pablo, which was later rejected by the Legislature after a public outcry. Such large urban casinos were not what voters envisioned when they approved tribal gambling in 2000.

Also problematic is that Indian casinos, because they are on sovereign territory, are not subject to ordinary taxation or regulation. That can lead to improprieties such as those revealed by The Times two years ago at the Chumash Casino in Santa Ynez, where some overseers had criminal histories and slots were allegedly fixed. The casinos also place burdens on local police and fire departments.

The good news is that the governor is making an effort to address these issues. For instance, the bill approving his pact with the Agua Caliente band of Cahuilla Indians, based near Palm Springs, requires the tribe to allow regular inspection of slot machines, prepare an environmental study before expanding and negotiate with Riverside County to mitigate any effects, such as increased demand for public services. In exchange, the tribe gets the right to expand from two casinos to three and to add 3,000 slots, while paying the state 15% of the profits on the new slots.

Since his election, Schwarzenegger has seen tribal casinos as an untapped source of revenue, with the potential to generate hundreds of millions of dollars for the state. And surely it has occurred to him that his agreements put his Democratic rivals in an awkward position. They must choose between two potentially lucrative groups of campaign donors: the labor movement, which opposes these casinos because they are non-union, and the tribal lobby. If only all election-year politics had such a favorable effect on state revenue.

FBI/DEA/ATF/USMS:

Justice Department Targets Street Crime (AP)

By Hope Yen, Associated Press Writer

AP, August 31, 2006

WASHINGTON (AP) - A top Justice Department official said Wednesday the government would strive to work better with cities to stem crime on the streets.

Deputy Attorney General Paul J. McNulty told a gathering of mayors and police chiefs from 50 cities that he was concerned about reports of growing violent crime - including homicides, robberies and aggravated assault - in cities nationwide. He acknowledged difficulties due to demands with fighting terror and wars abroad.

"I'm well aware that there are many needs and desires on the part of law enforcement that we have not been able to serve well," McNulty said at the national crime summit organized by the Police Executive Research Forum.

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He said the Justice Department was seeking more funds for its Bureau of Alcohol, Tobacco, Firearms and Explosives division to stem gun trafficking. But reclaiming money that was diverted from crime-fighting to anti-terror efforts may be difficult, he said.

"I wish I could stand here and say all that will be restored in the next year or two," McNulty said. "We are facing some big challenges. I see the challenges in fighting the war on terror. I see it is very expensive to fund soldiers overseas. At the same time, we have to find ways to get resources to win here at home."

Several city officials blamed a more single-minded approach on the war on terror that they said came at the cost of millions of violent-crime victims.

"Where is the moral outrage?" asked Dean Esserman, the chief of police in Providence, R.I., which has seen a rise in robberies. While the U.S. is fighting in Iraq, "we are at home killing ourselves," he said.

After years in which violent crime fell or was stable, the FBI in June reported a 2.5 percent rise last year in violent crimes, the largest percentage increase since 1991.

In Philadelphia, homicides jumped from 330 in 2004 to 377 in 2005, a 14 percent increase. Murders climbed from 272 to 334 in Houston, a 23 percent rise, and from 131 to 144 in Las Vegas, a 10 percent increase.

In Washington, D.C., police chief Charles H. Ramsey declared a crime emergency because of a spike in violence, setting a 10 p.m. curfew for youths 16 and younger as well as stepping up policing in crime hot spots.

The FBI has said it is not yet clear whether the numbers reflect a real increase or ordinary year-to-year variations. But some criminal justice experts have said the statistics reflect the nation's complacency in fighting crime.

At the summit, city officials shared stories about their challenges in fighting growing crime, particularly among juveniles, amid cuts in community programs for youths as well as an uneven economic recovery.

Philadelphia police commissioner Sylvester Johnson expressed his frustration that his department couldn't stop the homicides, blaming a Congress that he said was beholden to special interest groups such as the National Rifle Association.

Crime, he said, was no longer a local issue but a national problem that will play a factor in congressional and presidential elections.

"Capitol Hill doesn't get it," Johnson said. "They need to make a call to a parent whose kid got shot in the face. I know the NRA is strong, but we can be stronger."

DOJ Official Skewered At Crime Forum (CBS)

By Beverley Lumpkin, CBS News producer

CBS News, August 31, 2006

Mayors, Police Chiefs Rip Feds' Lack Of Help In Stopping Crime

Deputy Attorney General Paul McNulty spoke Wednesday at the Police Executive Research Forum, where he was barraged with a series of highly critical questions from some very unhappy police chiefs and mayors.

McNulty clearly knew coming in that he was going to be grilled. But the criticism was much stronger than he seemed to have anticipated, and he did not seem to be very well-briefed on some issues of prime importance to the attendees.

Before McNulty began speaking at the forum, where no cameras were allowed, there was a summary of statistics. The numbers clearly reflected an increase in crime nearly everywhere across the country. The spikes were notable and alarming, and PERF head Chuck Wexler said they reflected that the rise in crime "Is not about one city; it's about the country."

With that kind of preamble, when McNulty opened his remarks and quickly mentioned the "potential rise in crime," he was already off on the wrong foot.

He spoke of how much he likes getting together with law enforcement personnel and how important it is to have working partnerships with state and local agencies. He stated several times how anxious he was to hear from them what the feds can do to help. He also delivered an apologia, saying he was "well aware there are many needs and desires on the part of law enforcement that we are not able to address," and adding that the challenge is to look for ways that the feds can help.

The first question went right to the heart of the Bush administration's policy on guns — and the fact that Congress "is making it harder for the police and ATF to track" them. The questioner begged McNulty's aid in making it easier to trace the guns, making the point that the problem is kids with guns and tracing them would make their partnerships work more easily. McNulty seemed unaware of the issue. What in particular, he asked, was the problem?

Trenton, N.J., Mayor Doug Trenton spoke up, citing restrictions on the use of data. He noted that his state has one of the nation's toughest gun laws, but said Pennsylvania has one of the most liberal, and thus guns come into his state far too easily.

"I know the NRA is strong, but we're stronger," Palmer said. In addition, he noted, members of Congress don't have to call a parent whose child has been shot in the face.

McNulty mentioned that he'd recently visited the ATF's tracing center in West Virginia and said that they're making great progress. But, he added, he had to "confess" he was "not familiar" with the issue.

Detroit Mayor Kwame Kilpatrick seemed to have heard all he could take.

"What you see is a national evasion of the gun problem. ... The problem has become bigger than Capitol Hill. … We really need a national response," Kilpatrick said.

He added that when he took office, homicides were down but "now everything is exploding again." He "thought it was a Detroit problem" until he got to the meeting. His police chief had been assuring him Detroit was not alone, but he didn't believe it until now.

Kilpatrick argued the need for an effective, national emergency response. It's "the NRA versus the rest of everybody else," he lamented, adding that help is necessary now that "every city in the country is saying I got 13-year-olds with guns" robbing and killing.

The room burst into loud applause when Kilpatrick pointed out that there is $386 billion going to the fighting in Afghanistan and Iraq, but that local law enforcement needed a substantial amount of that money, plus a national plan.

Providence, R.I., Mayor David Cicilline complained that President Bush had never met with police chiefs. "There's a war on the streets and the President doesn't meet with us. The federal government has given up on us," Cicilline said.

He also indicated that the feds "came up with a remarkable solution 10 years ago — to send money to locals to take care of crime — but now they've given up on that," referring to the COPS program, launched during the Clinton administration. COPS aimed to send money to states and local entities to hire, train and equip police officers. The goal was to get 100,000 police on the street.

McNulty seemed taken aback, but said he understood very well how significant that funding had been.

"You say there's less police on the streets than before 9/11. That's an important thing to know," McNulty noted.

Bill Bratton, Police Chief of Los Angeles, then noted that the surge in crime has a new and troubling element — it's largely driven by young people who are disassociated from mainstream America. Bratton advised McNulty to relay that message to Attorney General Alberto Gonzales, and to President Bush and Congress. Bratton said the COPS program had "gotten it right" and asked for the federal government's involvement anew.

"Homeland security has become the monster that ate criminal justice!" Springfield, Mass., Police Commissioner Edward Flynn added.

The COPS grants have disappeared, but there's no single guilty party, Flynn lamented. What's gradually happened, he said, is that "we've got a zero-sum game.

"Doing our core mission, we can be more effective homeland security partners. But if we are overwhelmed with our core mission, we can't be good homeland security partners," Flynn said. But he added that there can't be a "forced choice" between homeland security and criminal justice "resulting in more dead bodies."

Police Chiefs Want U.S. Aid In Crime Fight (NYT)

By John Files

The New York Times, August 31, 2006

WASHINGTON, Aug. 30 — Mayors and top police officials from around the nation urged the federal government on Wednesday to engage in a more coordinated effort to combat a recent increase in violent crime.

At a meeting here organized by the Police Executive Research Forum, a research and public policy group, the officials said a spike in the rate of violent crime, for aggravated assaults, robberies and murders, reflected a growing crisis.

“Crime is coming back,” said Chief William J. Bratton of Los Angeles, who was formerly police commissioner in New York City.

Violent crime increased last year for the first time in four years, up 2.5 percent from 2004. The biggest increases in murder were reported in medium-size cities and the Midwest.

Chief R. Gil Kerlikowske of the Seattle police said part of the problem was that Washington had primarily focused on terrorism and domestic security since the Sept. 11, 2001, attacks.

“This administration is tone deaf to what is going on,” Chief Kerlikowske said. “Rightly so, they’ve been focused on terrorism. But this is a wake-up call to begin rebuilding partnerships.”

Chief Kerlikowske and others pointed to the anticrime bills approved in the Clinton administration that provided money to hire thousands of police officers as an example of success reached through talks among local, state and federal officials.

Deputy Attorney General Paul J. McNulty acknowledged that the government had struggled to balance its needs at home and abroad.

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"I'm well aware that there are many needs and desires on the part of law enforcement that we have not been able to serve well," Mr. McNulty said. "We're facing some big challenges. I see the challenges in fighting the war on terror. I see that it is very expensive to fund soldiers overseas. At the same time, we have to find ways to get resources to win here at home."

Mayor Douglas H. Palmer of Trenton, vice president of the United States Conference of Mayors, called for more debate on crime.

"We need a national movement that recognizes that while homeland security is important, hometown security is equally important," Mr. Palmer said. "I'm hopeful that we can come up with a blueprint for making violent crime an issue in the 2008 presidential election. We want to put this on the front burner so that candidates will talk about it with the same focus that they put on terrorism."

Some of the mayors and police officials said an important factor was the number of weapons on the streets and looser firearms laws.

Mayor Kwame M. Kilpatrick of Detroit said: "We need a serious strong national engagement on this problem. Gun crime is a national issue, not just a local one."

A preliminary crime report for 2005 that the Federal Bureau of Investigation issued in June said murders increased 4.8 percent over 2004. St. Louis, Houston, Philadelphia and Milwaukee reported increases, and cities including New York, Los Angeles and Miami had declines.

Among violent crimes, the lone decrease was in rapes, which fell 1.9 percent. Robberies increased over all 4.5 percent.

The figures are considered preliminary until the final statistics are released in October.

The Police Executive Research Forum released information from police departments showing continued increases in violent crimes in some places.

In Boston, murders increased 28 percent in the first six months of 2006, compared with the same period last year. Robberies soared 37 percent in Minneapolis and 35 percent in Denver. Assaults increased 24 percent in Charleston, S.C., and 26 percent in Atlanta.

"We see this as the front end of an epidemic, if you will, of violence that seems to be gripping many parts of the country," Chuck Wexler, executive director of the forum, said. "The good news is that we're much more sensitive to picking up on these trends quicker."

FBI's New Data Warehouse A Powerhouse (CBS)

CBS News, August 31, 2006

Five Years After 9/11, Bureau Has Upgraded Databases, Gotten Most Employees Online

It's been five years since 9/11 — and since then, the FBI has done a lot of expensive work to upgrade its troubled computer systems.

For the first time, nearly all FBI employees have access to the Internet. Sure, it has taken five years for the FBI to get as high-tech as most high school libraries, but the bureau has accomplished that and a lot more in a short period of time, according to senior FBI officials who briefed reporters for the five-year anniversary of the attacks.

The FBI has been plagued by missteps in upgrading its computers for the past five years but according to officials, they have a system, never before publicly demonstrated, that connects the dots in its fight in the war on terrorism.

Called the Investigative Data Warehouse (IDW) computer system, they describe it as "one-stop shopping" for FBI agents. Imagine it as a Google search engine for more than 650 million records. One person even called it "uber-Google."

An FBI agent anywhere in the world can type in any information, such as "Mohammed Atta" and "student pilot," and within five seconds, thousands of documents, FBI cables, memos, analytical reports and case information, with those search terms will appear on the screen. IDW has been online since early 2004, and agents say it works like a charm.

After 9/11, the FBI was faulted for not having any computer ability to connect the dots. There was no system in place that allowed an agent to share information with other offices or departments within the FBI.

Infamously, a memo about students at flight schools having ties to al Qaeda, written by an agent in Phoenix two months before 9/11, was never able to be seen by Minneapolis FBI agents. Minneapolis agents grew concerned about that threat after a flying instructor alerted them to a suspicious man taking flying lessons. Critics claim that if the FBI had been able to link al Qaeda foot soldier Zacarias Moussaoui's flying lesson in August 2001 to the Phoenix memo, 9/11 might have been prevented.

IDW is also very fast. An agent who has to run a search of a thousand names of potential suspects, for example, can now do so in 30 minutes, even with all variations of names, dates of birth and Social Security numbers. That same search, through the once-separate 18 databases, used to take 32,000 hours.

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The system is also set up so that variations in names and dates, which differ from agency to agency, and country to country, can be searched easily. This means that leaving off the "19" in a year of birth, for example, won't keep the FBI from missing a huge lead.

Zal Azmi, the FBI's chief information officer, described IDW as the central database in the FBI's information-sharing approach in the post-9/11 world. The system is connected to the National Counterterrorism Center and to databases of the Department of Homeland Security, the CIA, the NSA and the Pentagon.

Those agencies now have to send data to the FBI, but within two years, FBI agents will be able to search those complete databases instantly. The FBI system is also connected to foreign law enforcement partners in Britain, Canada, Australia and New Zealand.

Beyond the new system, common-sense solutions have been made in the FBI's computer capabilities. Prior to 9/11, not a single FBI agent had Internet access, now most do.

Also, before 9/11, each of the FBI's 18 divisions had its own computer system and even its own make and model of desktop computers — and many of those were old computers, nearly obsolete. Now, computers and systems are standardized around the world for the FBI. Azmi said that 3,300 computers had been deployed to access secure systems. Prior to 9/11, top-secret cables from around the world and other agencies had to be printed out and hand-delivered to agents and supervisors of terrorism cases. Those cables now come right into their computers.

Also, the BlackBerry has made its way into the FBI's hands; most senior agents have the simple tool. Under the new system, an FBI agent on a stakeout of a suspect anywhere in the country will be able to search motor vehicle licenses, registrations and terrorist watch lists, and send pictures and information from their BlackBerrys to agents anywhere in the world. The system is being tested in Washington and New York.

While the bureau says it has made huge strides, agents still lack the system that they call Sentinel — a system to manage its active investigations. When up and running, Sentinel will provide more current case information, audio, video, pictures and multimedia into the IDW system. Sentinel is still three years away, and its development has been troublesome. Previous versions, called Trilogy and the Virtual Case File, had taken years to develop, cost over $170 million and ended up fruitless endeavors.

After years of struggling at information-sharing and processing, the FBI has finally gotten on the right track and finally gotten a comprehensive, effective and efficient computer system that, in the words of one senior FBI agent, "makes our jobs easier."

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FBI Shows Off Counterterrorism Database (INFOWEEK)

By W. David Gardner

InformationWeek, August 31, 2006

The FBI demonstrates its 659 million-record Investigative Data Warehouse and boasts about its speed.

Still smarting from the failure of its old IT systems, the Federal Bureau of Investigation Tuesday gave a public demonstration of its Investigative Data Warehouse (IDW) and bragged that the 659 million-record counterterrorism database functions well.

At a meeting in Washington, the FBI said the system had been developed by Chiliad Inc. of Amherst, Mass., whose president and CEO Paul McOwen attended the demonstration.

"It was developed over the course of many years," said McOwen in an interview Wednesday. "In a nutshell, (IDW) has an ability to analyze data, both structured and unstructured, as well as relational databases. It goes across all major platforms, across entirely separate systems."

Noting that the sensitive nature of the intelligence system keeps him from discussing many details, McOwen said the "enormously scalable" system represents a productivity improvement of 60,000 times over previous law enforcement database systems. "It scales to the size of the entire Internet," he said.

By showcasing the counterterrorism database, the FBI was trying in part to offset criticism of its Virtual Case File (VCF), which was supposed to replace aging paper files. The VCF system never worked properly and critics excoriated the FBI for wasting $170 million on it before it was scuttled.

At Tuesday's demo, FBI officials noted that the system can match and cross-link social security numbers and drivers license information and tie disparate data together -- all across hundreds of millions of records. Press reports observed that a

search of 1,000 names across 50 databases, which took 32,000 hours to run on old search systems, can be performed in less than a half-hour with the Chiliad-built system.

Chiliad was organized in the late 1990s by former University of Massachusetts academics. McOwen is a former deputy chairman of the university's Computer Science Department.

Chiliad -- the name represents the cardinal number which is the product of 10 and 100 -- was partially financed by a $24 million investment by Hewlett Packard. HP owns less than 15 percent of Chiliad.

McOwen said Chiliad does business with other agencies in the "intelligence world."

Record Meth Seizure Made In Gainesville; Case Involves An Illegal Alien (ABCH)

Atlanta Business Chronicle, August 30, 2006

Federal, state, and local law enforcement authorities in North Georgia have reported a record seizure of about 341 pounds of suspected crystal methamphetamine at a residence in Gainesville, Ga.

The find breaks a previous record seizure of 187 pounds of meth made just two weeks ago in Buford, Ga., officials said.

A federal criminal complaint has been filed against three brothers, Alejandro Martinez-Menera, 23, Socorro Martinez-Menera, 25, and Sacarias Martinez-Menera, 21, charging them with possession with intent to distribute methamphetamine. Sacarias Martinez-Menera and a fourth defendant, Arnulfo Pineda-Rivera, 32, are also charged with growing a large number of marijuana plants. Pineda-Rivera is further charged with being an illegal alien who re-entered the United States after being deported. All four defendants lived in Gainesville.

Alejandro Martinez-Menera and Arnulfo Pineda-Rivera have been arrested and made their initial appearance in federal court on Tuesday. Socorro Martinez-Menera and Sacarias Martinez-Menera are considered fugitives.

The seizure was the result of a three-month, multi-agency investigation, which started in the Chattahoochee National Forest with the discovery of a large marijuana field. It was led by the USDA Forest Service and involved the Union County Sheriff's Department and the Bureau of Alcohol, Tobacco, Firearms and Explosives. The investigation began on June 29, when a helicopter pilot flying for the Governor's Drug Task Force spotted about 300 marijuana plants growing cultivated on Chattahoochee National Forest land in Union County. The U.S. Forest Service, Union County Sheriff's Office and ATF began a joint investigation and were able to determine four people living in Hall County were tending the marijuana plants.

The marijuana cultivation site was off of Forest Route 39, Duncan Ridge Road, on Chattahoochee National Forest Service property in Union County. Human and electronic surveillance allegedly identified Alejandro Martinez-Menera, Socorro Martinez-Menera, Sacarias Martinez-Menera and Arnulfo Pineda-Rivera cultivating the marijuana.

Further investigation allegedly showed Alejandro Martinez-Menera and his brothers were also operating out of a home at 2416 Crossgate Court in Gainesville. On Aug. 21, agents of the U.S. Forest Service, ATF, FBI, the Union County Sheriff's Office and the Hall County Major Offender's Task Force executed a federal search warrant at that residence; they obtained a second search warrant for the residence the following day. Agents found a large quantity of methamphetamine and processed marijuana leaves in the garage and in a closet inside the house. Some of the methamphetamine (41 packages) was located in a closet inside a gray cooler. Agents also located a 9mm semi-automatic Baretta pistol in a closet. In drawers in the kitchen, agents located two sets of digital scales and three different packages of a cutting agent.

Agents saw freshly disturbed dirt in a number of areas of the backyard, as well as shovels with fresh dirt on them. While digging down into one site, agents located a piece of wood which was covering a gray cooler with a white lid, with gray duct tape running the entire circumference of the cooler. After a second search warrant was issued, agents opened the cooler and discovered 41 packages of methamphetamine. The agents discovered a second buried cooler which contained another 17 packages. The methamphetamine appears to be uncut crystal meth, or "ice."

At a news conference Wednesday at ATF-Atlanta, law enforcement officials said this was the largest meth seizure in Georgia history. The suspected crystal methamphetamine in uncut form has a minimum estimated street value of $17 million, and depending on how many times it is "cut," DEA estimates that the street value could be over $50 million.

"Each record meth seizure we make is an unfortunate reminder that North Georgia has become a central hub for the meth epidemic that is afflicting not just our communities but much of the nation," said U.S. Attorney David E. Nahmias. "The only good news is that through close cooperation and hard work by our law enforcement agencies, we are seizing more and more drugs and putting more and more drug dealers behind bars where they belong. Our hope is that they will get the message that they don't want to operate here in Georgia."

Two Arrested, Two Sought In Meth Bust (AJC)

The Atlanta Journal-Constitution, August 31, 2006

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A week ago, federal officials announced the seizure of 174 pounds of crystal methamphetamine, saying it was one of the largest ever on the East Coast. Today, they announced a bust that doubled that.

In the latest case, law enforcement agents seized 341 pounds of the highly addictive crystal meth â€" or ice â€" in a Gainesville home. They said it is further evidence of the growing impact of Mexican drug organizations in the area. The two busts have nothing to do with each other.

Two men were arrested and two others are wanted. All are illegal aliens.

â€œThe problem is enormous and growing,â€ U.S. Attorney David Nahmias said in a press conference surrounded by federal and local officials. â€œAtlanta has become a prime shipment hub for these organizations.

â€œWe ship drugs to Miami, which is an astounding thing,â€ he said.

Nahmias would not comment on the origin of the latest meth seizure but said most methamphetamine in the U.S. now is cooked in clandestine labs in Mexico and then smuggled into the Southwest U.S. and then to other destinations.

He said that the Mexican drug organizations, by sheer volume of their product, have pushed the â€œmom and popâ€ operations out of business. â€œThey realize meth is a booming business,â€ he said. â€œThey are taking over this business.â€

Alejandro Martinez-Menera, 23, and Arnulfo Pineda-Rivera, 32, have been arrested and Matinez-Meneraâ€™s brothers Socorro, 25, and Sacarias, 21, are being sought. Officials say the investigation is continuing.

The seizure, which occurred Aug. 21, came nearly two months after a helicopter from the Governorâ€™s Task Force spotted a marijuana field in the Chattahoochee National Forest in the north Georgia mountains.

Agents from the U.S. Forest Service and the Department of Alcohol Tobacco and Firearms started watching the field over the next month and spotted four men using hoes to clear vegetation from around the plants.

â€œYou can imagine that in the summertime in North Georgia it can be very gruelingâ€ to run a stakeout,â€ said Russ Arthur, a Forest Service supervising agent.

A license plate run of the menâ€™s vehicle led agents to the Gainesville home. A search warrant found three separate coolers â€" two buried outside â€" filled with the meth. It was tightly wrapped in plastic containers â€" 99 in all.

Officials estimate the value of the drug from $17 million to $50 million when cut and sold on the street.

Drug Enforcement Agent Stephen Murphy said that Mexican drug operators have chosen metro Atlanta because itâ€™s a good transportation hub for any product and the large Hispanic population.

â€œThey are able to hide, blend in among other immigrants,â€ he said.

2nd Huge Georgia Drug Find Points To Pattern, Officials Say (NYT)

By Brenda Goodman

The New York Times, August 31, 2006

ATLANTA, Aug. 30 — Just six days after federal agents set a Georgia record by confiscating 187 pounds of crystal methamphetamine buried behind a home in Buford, federal, state and local law enforcement officers found 341 pounds of the crystals in Gainesville, Ga., the authorities announced Wednesday.

Executing a search warrant on Aug. 22, officers found packages of methamphetamine crystals, which look like broken rock candy, hidden in the closets and the garage and under freshly disturbed mounds of dirt in the backyard. They also found 300 marijuana plants, three sets of digital scales and a gun.

The stash was the sixth-largest supply of methamphetamine confiscated in the United States since 1970, said Ruth Porter-Whipple, the group supervisor of the Atlanta field division of the Drug Enforcement Agency.

The discovery and the brazenness with which drug dealers seem to operate in North Georgia have alarmed drug enforcement agents and confirmed Atlanta's emerging role as a hub for the distribution of crystal methamphetamine, called ice.

"What we're seeing a flood of, particularly in Georgia, is the ice," Ms. Porter-Whipple said. "We have watched the seizures steadily increase, which would be indicative of what's out there and available."

Large shipments of mass-produced crystal methamphetamine, almost exclusively imported from Mexico by large drug cartels, have all but erased gains made by new state drugs laws that limit the sale of cold medicines and other household ingredients used to make the drug in the United States, according to the 2006 National Drug Threat Assessment, an annual report released by the National Drug Intelligence Center, the federal agency that documents the traffic patterns of illegal drugs through the United States.

"Mexican criminal groups appear to be using Atlanta as an emerging distribution center from which methamphetamine shipments are transported primarily to Midwestern and Southeastern drug markets," said Michael F. Walther, director of the center.

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The primary entry points for Mexican drug runners had been Arizona and California, and the distribution of methamphetamine, a highly addictive nervous system stimulant that causes euphoria and appetite loss, had been mostly concentrated in the West and Midwest.

That pattern, though, has started to change as the drug networks have taken note of Atlanta's central location and "demographic significance," Ms. Porter-Whipple said.

In the Gainesville case, prosecutors have charged three brothers, Alejandro, Socorro and Sacarias Martinez-Menera, and a fourth man, Arnulfo Pineda-Rivera, with possession with intent to distribute methamphetamine. Alejandro Martinez-Menera and Mr. Pineda-Rivera have been arrested.

Agents are still looking for Socorro and Sacarias Martinez-Menera.

Two Arrested, Two Sought In Meth Bust (MACT)

The Macon Telegraph, August 31, 2006

ATLANTA - Two men have been arrested and two more are being sought following the seizure of more than 300 pounds of methamphetamine in northeast Georgia, federal authorities announced Wednesday.

Authorities seized 341 pounds of meth in Gainesville on Aug. 21 and 22, U.S. Attorney David Nahmias' office said in a statement.

The investigation began when U.S. Forest Service officials spotted four people cultivating a marijuana field inside Chattahoochee National Forest in Union County, the statement said.

Authorities searched a house connected to the suspects where they found the meth. The investigation turned up 300 marijuana plants.

Two people were arrested and two others are considered fugitives.

Huge Meth Seizure Shatters Georgia Record Set Just Two Weeks Ago (BHT)

Black Hills Today, August 30, 2006

August 30, 2006 -- ATLANTA, GA. Federal, state, and local law enforcement authorities in North Georgia today announced the record seizure of approximately 341 pounds of suspected crystal methamphetamine ("ice") in Gainesville, Georgia, on August 21 and 22, 2006. A federal criminal complaint has been filed against three brothers, ALEJANDRO MARTINEZ-MENERA, 23, SOCORRO MARTINEZ-MENERA, 25, and SACARIAS MARTINEZ- MENERA, 21, charging them with possession with intent to distribute methamphetamine. The three and a fourth defendant, ARNULFO PINEDA-RIVERA, 32, are also charged with possession with growing a large number of marijuana plants, and PINEDA-RIVERA is also charged with being an illegal alien who re-entered the United States after being deported. All four defendants resided in Gainesville.

ALEJANDRO MARTINEZ-MENERA and ARNULFO PINEDA-RIVERA have been arrested and made their initial appearance in federal court yesterday. SOCORRO and SACARIAS MARTINEZ-MENERA are considered fugitives.

"Each record meth seizure we make is an unfortunate reminder that North Georgia has become a central hub for the meth epidemic that is afflicting not just our communities but much of the nation," said United States Attorney David E. Nahmias, noting that a separate seizure of 187 pounds of ice was made just two weeks ago in Buford, Georgia. "The only good news is that through close cooperation and hard work by our law enforcement agencies, we are seizing more and more drugs and putting more and more drug dealers behind bars where they belong. Our hope is that they will get the message that they don't want to operate here in Georgia."

"We want to recognize the important cooperative effort that took place during this investigation and seizure of evidence," noted Russ Arthur, Supervisory Special Agent with the U.S. Forest Service in Atlanta, Georgia. "Through the assistance of the Union County Sheriff's Office, the Bureau of Alcohol, Tobacco, Firearms and Explosives, Gainesville Police Department, Drug Enforcement Administration, Hall County Sheriff's Office and the Federal Bureau of Investigation, we have removed an incredible amount of suspected crystal methamphetamine from the streets," Arthur said. "The Forest Service has limited investigative resources, so without this team effort with all the agencies involved, this significant drug seizure would not have happened. While the USDA Forest Service is not normally a lead agency in investigations involving such a large amount of drugs, our officers do deal with a multitude of crimes faced in the metropolitan areas. We are grateful for the efforts of this multi-agency effort in this investigation."

The seizure of approximately 341 pounds of suspected crystal methamphetamine from a residence in Gainesville, Georgia was the result of a three-month, multi-agency investigation. The investigation, which originated in the Chattahoochee National Forest with the discovery of a large marijuana field, was led by the USDA Forest Service and involved the Union County Sheriff's Department and the Bureau of Alcohol, Tobacco, Firearms and Explosives. The investigation began on June 29, 2006, when a helicopter pilot flying for the Governor's Drug Task Force spotted marijuana plants growing cultivated on Chattahoochee National

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Forest land in Union County. The U.S. Forest Service, Union County Sheriff's Office and ATF began a joint investigation to determine who was cultivating these illegal plants. Through surveillance and other investigative techniques, agents were able to determine that four individuals living in Hall County, Georgia, were tending the marijuana plants.

According to Nahmias and the criminal complaints filed in the case: The marijuana cultivation site on which approximately 300 marijuana plants had originally been planted was located off of Forest Route 39, Duncan Ridge Road, on Chattahoochee National Forest Service property in Union County. Subsequent human and electronic surveillance allegedly identified ALEJANDRO MARTINEZ-MENERA, SOCORRO MARTINEZ-MENERA, SACARIAS MARTINEZ-MENERA and ARNULFO PINEDA-RIVERA cultivating the marijuana.

Further investigation allegedly showed that ALEJANDRO MARTINEZ-MANERA and his brothers were also operating out of a home at 2416 Crossgate Court in Gainesville. On August 21, 2006, agents of the U.S. Forest Service, ATF, FBI, the Union County Sheriff's Office and the Hall County Major Offender's Task Force executed a federal search warrant at that residence; they obtained a second search warrant for the residence the following day. Agents found a large quantity of methamphetamine and processed marijuana leaves in the garage and in a closet inside the house. Some of the methamphetamine (41 packages) was located in a closet inside a gray cooler. Agents also located a 9mm semi- automatic Baretta pistol in a closet. In drawers in the kitchen, agents located two sets of digital scales and three different packages of a cutting agent.

Agents saw freshly disturbed dirt in a number of areas of the backyard, as well as shovels with fresh dirt on them. While digging down into one site, agents located a piece of wood which was covering a gray cooler with a white lid, with gray duct tape running the entire circumference of the cooler. After a second search warrant was issued, agents opened the cooler and discovered 41 packages of methamphetamine. The agents discovered a second buried cooler which contained an additional 17 packages. The methamphetamine appears to be uncut crystal meth, or "ice." In all, an estimated 341 pounds of ice were found.

At a press conference in Atlanta this morning ATF-Atlanta, law enforcement officials said that this was the largest meth seizure in Georgia history. The suspected crystal methamphetamine in uncut form has a minimum estimated street value of $17 million, and depending on how many times it is "cut," DEA estimates that the street value could be over $50 million.

Two of the defendants, SOCORRO MARTINEZ-MENERA, and his brother SACARIAS MARTINEZ-MENERA, have not yet been arrested and are considered fugitives. Law enforcement is asking anyone with information to call any of the federal, state or local agencies involved in this investigation. (NEWS MEDIA NOTE: photos of the fugitives are available and are electronically attached.) The investigation is continuing.

At the news conference, ATF Special Agent In Charge Vanessa McLemore said of the case, "The identification of four defendants and the recovery of this massive amount of meth by the US Forest Service, ATF and the Union County Sheriff's Department is a tribute to the force behind law enforcement team work and dedication to mission. The criminal element needs to take note that all Georgia law enforcement, federal, state and local, is stepping up to investigate and dismantle illegal drug and firearms organizations."

Members of the public are reminded that the criminal complaint contains only allegations. A defendant is presumed innocent of the charges and it will be the government's burden to prove a defendant's guilt beyond a reasonable doubt at trial.

This case is being investigated by the U.S. Forest Service, along with the Union County Sheriff's Office and the ATF. Additional valuable assistance in this case is being provided by the DEA, the Georgia Governor's Drug Task Force, the Gainesville Police Department, the FBI and the Hall County Sheriff's Office.

Assistant United States Attorney Allen Moye is prosecuting the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan

Drug Bust Nabs At Least 80 (HHD)

Huntington Herald Dispatch, August 30, 2006

HUNTINGTON -- At least 74 people were arrested Tuesday as part of Huntington's largest one-day drug sweep this year.

The daylong series of raids focused on residences throughout Huntington, where police say they confiscated large amounts of crack cocaine, guns and other items.

Authorities say they organized "Operation Moneyton" with hopes of nabbing 73 suspected drug dealers operating within the city. More than half of those targets were arrested Tuesday, with other people being charged with unrelated offenses.

The operation gained its name because drug dealers often refer to Huntington as Moneyton, because they see the city as a place to make large sums of quick money.

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Authorities say they hope to reverse that trend, and Huntington resident Gary Turner praised their efforts as he watched them in action near 19th Street.

"Too much violence comes out of these drugs," he said.

The day of police activity also attracted the attention of Gov. Joe Manchin, who visited Huntington on Tuesday morning.

Manchin said Tuesday's raid is just part of a statewide crackdown already credited with seizing more than $53 million in illegal drugs.

"We must win it," he said of the state's war on drugs. "I want to send a strong message that West Virginia is a state where we will not tolerate drug activity, and where strong, swift justice will be delivered to those individuals who try to distribute illegal drugs."

Manchin said the West Virginia State Police also were looking for drug suspects in Kanawha, Jackson and Calhoun counties Tuesday.

In Huntington's operation, authorities focused attention in several locations, including an apartment building near 8th Street and 9th Avenue. Other spots included addresses near the intersection of 9th Street and Artisan Avenue; the 600 block of 14th Street and the 900 block of 22nd Street.

Kim Miller, who manages a drug treatment facility near one of Tuesday's raids, said she is pleased with the police activity.

"I think we all have to work together," she said. "(Law enforcement) is a necessary component to getting the criminals off the street, and then keeping them off the street becomes the challenge."

Manchin said his office will continue working with the Legislature in hopes of passing tougher sentences for drug trafficking.

In the meantime, Cabell County Assistant Prosecutor Sean Hammers said his office would be attending some of the arraignments Tuesday with hopes of influencing magistrates to set appropriate bonds.

As of Tuesday evening, Hammers' office said only one person arrested in Tuesday's sweep had posted bond.

However, not all the arrestees had been processed by early Tuesday evening.

Information obtained from the Western Regional Jail indicated only 37 inmates had been booked into the facility as of Tuesday evening.

About 110 law enforcement officers, troopers and agents participated.

Authorities say such a large presence is needed so they can hit as many targets at one time without losing their element of surprise.

Tuesday's police presence consisted of resources from the Huntington Police Department, West Virginia State Police, FBI, DEA, Marshall University Police Department and the Cabell County Prosecutor's Office.

DEA Agents Rescue Undercover Cop (LADN)

Los Angeles Daily News, August 30, 2006

VAN NUYS - DEA agents entered a medical-marijuana dispensary Wednesday to free an undercover colleague who was not being allowed to leave by workers who discovered he was not a real customer, a Drug Enforcement Administration spokeswoman said.

No one was injured and no arrests were made as of Wednesday evening after the incident at the Trichome Healing Center at 7100 Van Nuys Blvd., said DEA spokeswoman Sarah Pullen.

The center was under surveillance when an undercover agent entered the business, Pullen said.

While inside, the agent became aware that his identity may have been compromised and when he attempted to leave the business, employees stopped him.

"They blocked the exit and at that point the surveillance agents became aware that the officer inside was not being allowed to leave so they entered the premises and were able to secure his exit," she said.

An investigation is ongoing, she said.

Queens College Student Charged With Impersonating Federal Agent (AP)

AP, August 30, 2006

(New York- AP, August 30, 2006) - A college student has been charged with impersonating a federal agent after a routine traffic stop led police to a cache of weapons and forged law enforcement paraphernalia in his bedroom, prosecutors said Wednesday.

Stephan M. Kishore's masquerade came to an end after a Port Authority of New York and New Jersey police officer stopped his minivan Monday afternoon on an expressway near John F. Kennedy International Airport for changing lanes without signaling, prosecutors said.

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The officer said he noticed a large police decal on a rear door of the minivan and red and blue strobe lights on the dashboard. There also were two U.S. Department of Homeland Security parking placards on the dashboard, prosecutors said.

Kishore, who is from Trinidad but lives in the Bronx, then showed the officer a phony Homeland Security ID card and shield, prosecutors said. When asked if he was a police officer, Kishore replied, "Yes, and I'm on duty," they said.

However, the officer became suspicious when he read on the back of the shield: "CopShop.com, Collectible Badge, Not For Official Use." CopShop, based in Umatilla, Fla., calls itself the online mall for cops, selling sheriff's office badges, state trooper patches, collectible pins and law enforcement apparel.

Kishore later admitted he was not a police officer and had made the ID card on his home computer, prosecutors said.

Kishore, 20, was arraigned Tuesday night in Queens Criminal Court on charges of criminal impersonation, forgery and criminal possession of a weapon, a forged instrument and forgery devices, District Attorney Richard Brown said.

"The victim's alleged conduct in this era of heightened security was both dangerous and reprehensible because it exploited the public's trust in the police and placed both his life and those of actual police officers in possible jeopardy," Brown said in a statement.

Kishore, a student at York College in Queens, was being held Wednesday on $50,000 bail. His next court date is Sept. 5. He could face up to seven years in prison if convicted.

Bernice Kishore, his aunt, reached by phone at her home in central Trinidad, said the young man was a 4.0 student on scholarship and had always dreamed of being a police officer.

"He has always been obsessed with being a cop and had decals all over his room," she said.

She added that her nephew, who was licensed as a locksmith at age 18, had been taking flying lessons at LaGuardia Airport.

"But he isn't political. He would never be a threat like a terrorist," she said. "He's really more of a big kid. He's kind of childish."

Stephan Kishore admitted he had templates to make insignia and credentials for numerous police agencies and had several federal and local police ID cards, two stun guns, two pellet guns and two starter pistols in his bedroom, prosecutors said.

Police said they recovered the guns, a laptop computer, a laminator and blank ID cards during the execution of a search warrant at his home. They also said they found 32 federal police ID cards, including ones for the U.S. Marshals Service, the Drug Enforcement Administration, the FBI and U.S. Customs and Border Protection, and shields for city departments including police and correction.

Kishore also is charged with changing the expiration date of his temporary visitor's status on his driver's license from August 2005 to 2006 with a red pen and with violating the city's Administrative Code relating to firearms, using police uniforms or emblems and placing state seals and insignia on private vehicles.

New Initiative Targets Lower East Side Gangs (BUFFNEWS)

By Jay Rey, News Staff Reporter

Buffalo News, August 31, 2006

Broadway-Fillmore will be the focus

Buffalo is working on a strategy to weed out the gangs and drugs on the lower East Side.

U.S. Attorney Terrance P. Flynn joined Mayor Byron W. Brown on Monday at the Col. Matt Urban Center on Broadway to announce an initiative for a new "Weed and Seed" program, targeting the Broadway-Fillmore neighborhood, one of the city's most violent.

"This will be an additional tool in our arsenal to reduce crime and violence in our city," Brown said.

Buffalo has had 51 murders so far this year, compared with 56 during all of last year. Police blame the spike in violence on drug warfare and a resurgence in gang activity.

Weed and Seed programs, created by the Justice Department, combine the efforts of the police, prosecutors and community activists to "weed" out violent crime in neighborhoods and "seed" it with social and redevelopment opportunities, Flynn said.

Sen. Charles E. Schumer, D-N.Y., announced nearly two weeks ago that Buffalo had received a $175,000 Weed and Seed grant from the Justice Department.

Officials gave no specifics Monday on how they would use the funds or tackle the neighborhood problems, but spoke, in general, about boosting police presence, stepping up federal prosecution and creating more social events and safe havens for neighborhood young people, among other efforts.

Buffalo has used the Weed and Seed program the past five years to take guns off the streets in two city neighborhoods, one on the East Side, another on the West Side.

This new effort, the city's third Weed and Seed program, involves a five-year strategy broadly focused on suppressing gang activity in the target area bounded by Sycamore Street on the north, Bailey Avenue on the east, William Street on the south and Jefferson Avenue on the west, said Oswaldo Mestre Jr., Buffalo's director of the Division of Citizen Services.

Mestre described it as the part of the city with the most violent crime and the most drug-related incidents.

"This is an area where we have seen a level of crime activity that we are concerned about," Brown said, "but it is also an area where we have active block clubs and enormous community support."

A program like this is a long time coming in Broadway-Fillmore, said Marlies A. Wesolowski, executive director of the Col. Matt Urban Center.

The Broadway-Fillmore neighborhood has high unemployment, high poverty and a large number of single-parent households, she said.

"We need to get the kids off the street and into community centers," she said. "We need to get the drugs and the gangs under control. We need more police presence and tougher prosecution.

"The problem we have in this part of the community," Wesolowski said, "is when they shut down a drug house it just moves down the street."

IMMIGRATION:

Law Students Giving Immigrants Rare Legal Aid (AP)

By Cara Anna, Associated Press Writer

AP, August 31, 2006

ITHACA, N.Y. -- She needed a dictionary to understand what she was reading, but when she did, Viravyne Chhim put down the case file and cried.

The words were crude. Infibulation: The sewing of skin to close off a female's genital area. Defibulation: The cutting open of those scars.

Chhim was a law student at Cornell University. Her African client was in detention in Arizona, hoping for asylum. Tying them together was a unique program that gives a small number of immigrants legal aid when they face deportation.

The Washington-based Pro Bono Appeals Project is the only one of its kind, matching immigrants at the appeals level with hundreds of volunteer lawyers. Some of its most enthusiastic members are the students at nine law schools, from Mississippi to Massachusetts, who often are working with a real client for the first time.

One of the first things students learn about an immigration case is that, unlike others detained in the United States, immigrants facing deportation are largely on their own. The government doesn't provide legal help and they don't have a right to appointed counsel.

Almost two-thirds of cases in immigration court have no representation, no matter the person's grasp of law, or English. Even the government says it's a problem, and it helped set up the pro bono project to make the system less confusing to immigrants and less frustrating for judges.

The African woman was lucky. As Chhim prepared to graduate this spring, she worked on the case four hours a day, searching legal databases for rape and mutilation. She needed to show that if the woman returned to Liberia, she risked such things again.

"I don't know how she'd have been able to do that in detention," Chhim said. The case was successful.

Of the 67 appeals the project took on last year, students like Chhim worked on 18.

"Students love working on these cases," said Steven Goldblatt, a law professor at Georgetown University. "They get totally wrapped up because the stakes are so high."

Each week, the government goes through new cases from immigration court and takes the first 12 that meet the project's criteria. The project chooses the most promising of the 12 cases and matches them with participating lawyers and law schools. When a match can't be found, the case is left to proceed alone, said coordinator Molly McKenna.

Almost two-thirds of the more than 240,000 cases in immigration court had no representation last year, according to the Executive Office for Immigration Review, part of the Justice Department. At the appeals level, 31 percent of the more than 42,000 cases last year had no lawyer.

"We will not stop thinking of ways to extend pro bono access for anybody," said Steven Lang, who became the EOIR's first pro bono coordinator in 2000 and helped set up the appeals project.

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Some project lawyers said it's ironic that the strictest immigration proposal now in Congress would give more immigrants a lawyer. The bill sponsored by Wisconsin Republican John Sensenbrenner would make illegal immigrants felons, giving them the right to court-appointed counsel. For now, cases in immigration court are civil.

The difference is lost on some immigrants, especially the ones who fear anything official. Cornell won another case this spring even after the client went into hiding. The former child soldier from Uganda had won asylum, but when the government appealed his case, he disappeared.

"I think he thought he had lost," said Stephen Taeusch, a student on the case.

When the Department of Justice studied 281 pro bono project cases two years ago, it found 40 percent were successful.

Students rarely get to meet their clients. But during spring break in 2004, Cornell students Evan Fan and Victoria Hadfield drove to a detention center near Philadelphia. They had been working all spring with a man who had been caught with marijuana while re-entering the United States from Laos.

The students had talked with him by phone every week, through a translator. Just before driving down, they turned in a legal brief arguing he would be tortured back home because of his role with a Hmong army during the Vietnam War.

They knew he was worried. As they greeted him in the detention center, he broke down.

Then Hadfield did, too. "I started to see how much we can do as lawyers to change a person's life," Fan said.

Two weeks later, they heard they had won the appeal.

More Immigration Demonstrations Planned (WP)

By Karin Brulliard

The Washington Post, August 31, 2006

After four months of relative quiet, immigration reform advocates are mobilizing a new round of protests in Washington and other cities to put pressure on a returning Congress and reinvigorate a Latino movement that awakened in massive demonstrations this spring.

The events will begin tomorrow in Chicago, where demonstrators plan to set out on a four-day march to the district offices of House Speaker J. Dennis Hastert (R) in Batavia, Ill., and will continue with one-day rallies throughout next week in Phoenix, Washington and Los Angeles.

In the Washington region, activists are distributing leaflets, and Spanish-language radio is buzzing about a Sept. 7 rally that organizers hope will be the biggest yet. Organizers say their goal is 1 million protesters from up and down the East Coast for a rally on the Mall and a march to the White House.

"We want to make sure that Congress and this administration get a very clear message that the immigrant community is still paying attention to what's happening in the immigration debate and that we know that it's election time," said Jaime Contreras, chairman of the National Capital Immigration Coalition, the rally's organizer.

Local organizers said they are improving on spring rallies that were hastily planned amid a spontaneous groundswell of activism. To avoid a backlash against foreign flags, they are directing all protesters to carry U.S. flags. They are starting the rally at 4 p.m. so student demonstrators, who frustrated school administrators by walking out earlier this year, can participate. And organizers have nearly tripled their budget for portable toilets.

In media interviews and on fliers, they have simplified their focus to key demands: legalization for the unauthorized and an end to stepped-up arrests of illegal immigrants.

"We are learning," said Juan Carlos Ruiz, general coordinator of the regional coalition.

The return to street protest, a tactic that galvanized millions this spring, comes after public discord among activists over a May 1 work boycott and a summer when their focus turned to immigrant voter registration drives. At the same time, new immigration legislation grew even more elusive in Congress, which is deadlocked on the issue.

Some believe it could be risky. The spring protests roused supporters but also stirred fierce hostility, said Steven A. Camarota of the Center for Immigration Studies, which favors lower levels of immigration. That kind of intensity might make members of Congress, which is approaching midterm elections, even less likely to touch the immigration issue.

"They want to energize the community . . . to put the issue on the agenda and make it clear that look, it's not going away," Camarota said. "By doing all that, they may also hurt the prospect of the legislation passing."

The immigrant movement is still developing. Regional coalitions are trying to figure out how to work together nationally, and no clear leader has emerged. Locally, the National Capital Immigration Coalition -- a network of about 60 organizations that has existed for four years -- is just now defining the qualifications for formal membership.

As for immigrant voter registration, national figures are not yet compiled, said Germonique R. Jones of the Center for Community Change in the District, but anecdotal evidence points to success in some areas. She said Phoenix organizers, for example, are en route to meeting a summer goal of registering 20,000 voters.

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Local results have been tepid. Northern Virginia immigrant organizations had no drives. Groups in the District registered 200 voters, said Kim Propeack, advocacy director for CASA of Maryland. In Maryland, Korean organizations registered 350, while CASA of Maryland registered 425 and quadrupled enrollment in its citizenship workshops, Propeack said.

But organizers say the movement has not lost steam. Immigrants, they said, are enthusiastic about the coming protests, believing the demonstrations empower them and weaken support for an enforcement-only House proposal.

"If that's what we accomplished with marches, then let's keep marching," said Jorge Mujica, a rally organizer in Chicago.

Other observers are uncertain. Carlos Aragon, general manager of Radio Fiesta (1480 AM), a Woodbridge station that has been broadcasting information about the Sept. 7 rally, said the event is a hot topic among listeners -- but they now sound more cautious.

"Nothing happened in regard to immigration in Congress," Aragon said. "People are just not sure if it will help."

This week's Chicago march will be followed by protests Sept. 4 in Phoenix and Sept. 9 in Los Angeles.

Unlike previous rallies that drew people from the Washington region, the Sept. 7 event will include participants from along the East Coast. Organizers said at least 100 busloads of marchers will roll in.

To encourage local turnout, organizers are intensifying the strategies they used in the spring. They are playing radio promotional spots each hour on some Spanish-language stations. Volunteers are distributing fliers at churches, soccer fields, Metro stations and construction sites.

With the responsibility of having a demonstration for out-of-towners upon them, local leaders are striving to plan a smoother -- and savvier -- event.

On a recent night, organizer Edgar Rivera led a planning meeting at the Alexandria offices of Tenants and Workers United. He listed all that will be different about this march: After rallying, demonstrators will proceed to the White House for the first time, he said.

Organizers will dispatch Spanish-speaking volunteers to Metro stations to direct demonstrators, Rivera told those gathered. And more high-profile speakers will be included -- maybe Jesse L. Jackson and a Catholic cardinal, he said -- but fewer politicians.

"It's the community that should be out there," Rivera said.

TAX:

Feds Sue To Keep Man From Preparing Tax Returns (FRESBEE)

By Robert Rodriguez, The Fresno Bee

Fresno Bee, August 31, 2006

A former Internal Revenue Service employee turned tax preparer may have filed his last return.

The U.S. Department of Justice is asking a federal judge to bar David Meals of Dinuba from preparing another federal tax return after he allegedly prepared or supervised the preparation of 103 Tachi Yokut tribe tax returns that claimed casino-gaming proceeds were tax-exempt.

The government, in a civil lawsuit filed Tuesday in U.S. District Court in Fresno, argues the proceeds are not tax-exempt and that the returns improperly asked for more than $826,000 in tax refunds.

The tribe operates the Tachi Palace Hotel and Casino in Lemoore.

"We want the judge to block him from ever preparing taxes in the future," said Charles Miller, a Department of Justice spokesman in Washington, D.C.

Meals, who could not be reached for comment Tuesday, worked as the manager of the Jackson Hewitt Tax Services franchise in Hanford last year when the improper returns were completed. He no longer works for the company.

He personally prepared 40 of the erroneous tax returns.

The lawsuit alleges Meals told members of the tribe that the gaming proceeds paid to tribal members were not taxable because of a Native American treaty.

But the lawsuit states there is no such treaty exempting distributions of casino earnings from federal income tax.

Federal officials also point out that there are two publications on the Internal Revenue Service's Web site that clearly state the law regarding gaming proceeds.

A representative of the IRS even met with the tribal members in March 2005 to explain the rule. Meals also attended the meeting and, during a question-and-answer period, continued to voice his opinion that the proceeds were exempt, the lawsuit states.

As a result of the "frivolous" tax returns, the IRS issued refunds of about $688,500 to tribal members.

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And Meals may not be the only one in hot water.

Of the 103 Jackson Hewitt customers who filed the questionable returns, only 11 have filed corrected tax returns.

The government says the remainder are still liable for federal income taxes, interest and penalties related to their incorrect filings.

Along with preventing Meals from preparing federal returns, the government also asked him to provide a list of all his customers who claimed the gaming proceeds are tax exempt.

"People who prepare fraudulent tax returns expose themselves and their customers to risk of civil penalties and criminal prosecution," said Eileen J. O'Connor, assistant attorney general for the Justice Department's Tax Division.

"The IRS and the Justice Department are working to diligently stop their activities." The reporter can be reached at brodriguez@fresnobee.com or (559) 441-6327.

U.S. Scores A Win Against Tax-Shelter Abuse (WSJ)

By David Wessel

The Wall Street Journal, August 31, 2006

It can take a long time for the U.S. government to nail a big company that has stretched the law too far in its quest to avoid paying taxes. Sometimes, it's worth the wait.

Thirteen years ago, General Electric Capital Corp., the finance arm of the big company, set up an extraordinarily complex partnership with a couple of Dutch banks. Mellifluously dubbed Castle Harbour, the deal saved General Electric $62.2 million in taxes over five years in the 1990s.

In 2001, the Internal Revenue Service said the deal was basically a bank loan, secured by 63 airplanes, that had been dressed up as a partnership to dodge taxes. It demanded the $62.2 million. In 2004, GE persuaded a federal district judge in New Haven, Conn., that the IRS was wrong.

A few weeks ago, in a searing 34-page opinion, the Second U.S. Circuit Court of Appeals in New York said it was the lower court that got it wrong "primarily by accepting at face value the appearances and labels created by the partnership, rather than assessing the underlying economic realities."

CAPITAL EXCHANGE

Send comments on this week's column to capital@wsj.com1.

The ruling is the latest in a series of appellate-court wins in corporate tax-shelter cases for the IRS and Justice Department as they continue to battle corporate excesses of the 1990s. The government recently has prevailed over Dow Chemical, Coltec Industries and Black & Decker in decisions that are, or should be, scrutinized by executives pondering the wisdom of overly creative tax shelters.

With the perspective that comes from moving between representing the IRS and representing companies over a 30-year career as a tax lawyer, IRS Chief Counsel Donald Korb says the wind is shifting in the government's direction now, as it often does after a period in which taxpayers go too far. The 1969 disclosure that 21 millionaires hadn't paid any income tax for 1967 led to the alternative minimum tax to limit the use of tax breaks. The spread of cattle-breeding, oil-drilling, grape-growing and other tax shelters for individuals in the 1970s and early 1980s led first to the government fighting hard in court and then, in the 1986 Tax Reform Act, to legislative curbs on individual tax shelters.

The 1990s brought something new. "The widespread use of computers and the exotica of modern corporate finance, coupled with the desire of the Big Six public accounting firms, investment bankers and some law firms to generate revenues not based on traditional billable hours, but instead based on...fees, led to a new phenomenon, commonly called corporate tax shelters," Mr. Korb observed in a recent lecture.

Tax cops were outmanned and outmaneuvered. Congress was beating up on the IRS in the 1990s as too tough on taxpayers. And, as we know now, an anything-goes attitude prevailed in many corporate boardrooms with too many lawyers and accountants becoming accomplices instead of obstacles.

The Castle Harbour tax shelter is noteworthy not because it was exceptional, but because it was so typical. Airlines typically don't own aircraft because they don't make enough profit to take advantage of the depreciation tax breaks. GE Capital and others own planes and lease them to airlines. In the early 1990s, as the appeals court put it, "GE Capital found itself in the position of owning a fleet of aircraft that had been fully depreciated and could thus no longer serve as the basis for depreciation deductions."

So it paid $9 million to Babcock & Brown, an investment bank then very active in promoting such tax shelters. The firm structured a deal that described the Dutch banks as equity partners and, for U.S. tax purposes only, attributed taxable income from the deal to them, which was convenient since Dutch banks don't pay U.S. taxes.

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Stripped of the bells and whistles, though, the banks didn't make an equity investment. They were lending money at an interest rate set precisely in the deal as 9.03587% (or, in some circumstances, 8.53587%). The banks, inconveniently for GE, called the deal a loan on their books and for Dutch tax purposes.

Each piece of the intricate construct was crafted to meet tax rules, and that was enough to satisfy U.S. District Judge Stefan R. Underhill. Finding that GE had some financial motives beyond just avoiding taxes, he declared the deal kosher. But U.S. Circuit Judge Pierre Leval, writing for a three-judge panel, scoffed, saying that conclusion "depended on the fictions projected by the partnership agreement, rather than on an assessment of the practical realities."

In short, the court said, embellishing a tax shelter or saying it wasn't exclusively designed to dodge taxes isn't enough to make it legitimate. By that standard, a lot of the corporate tax sheltering of the 1990s is legally suspect.

GE hasn't surrendered. A spokesman says the company is "disappointed" in the decision, notes that it won't have any adverse financial impact and adds, "We're continuing to analyze the opinion and look at our options. We expect to return to the trial court for further proceedings." Babcock wouldn't talk. (Historical footnote: Babcock and the lawyers who blessed the GE deal were the same ones who did the notorious tax shelter for partners in Long-Term Capital Management, which the courts rejected.)

William Nelson of McKee & Nelson, one of GE's tax lawyers, said he couldn't talk about Castle Harbour while the case is pending. Speaking generically, Mr. Nelson, who did a stint in the 1980s as chief IRS counsel, says "The tax law is undergoing a recalibration. The courts are all over the lot. There is a lot of confusion...and lack of consistency."

But when the courts, for whatever reasons, come down on the side of the IRS repeatedly, a lot of corporate executives, tax lawyers and accountants grow wary -- at least for a while -- about tax shelters that stretch the laws beyond recognition. Some stories have happy endings.

CONGRESS-ADMINISTRATION:

President Set To Renominate Five For Appeals Courts (NYT)

By Sheryl Gay Stolberg

The New York Times, August 31, 2006

WASHINGTON, Aug. 30 — The White House announced Wednesday that President Bush would revive the expired nominations of five controversial appeals court candidates. The move sets the stage for yet another election-year battle over the federal judiciary.

The White House action was in one sense a formality. Under Senate rules, nominations automatically expire and are sent back to the White House if the lawmakers are out of session for more than 30 days, as they will have been when they return after Labor Day. Such nominations are ordinarily kept alive by unanimous consent of the Senate, but this time Democrats objected, forcing Mr. Bush to renew them.

With just a few weeks to go before lawmakers break for their fall campaigns, and with Democrats and even some Republicans objecting to the nominees, their confirmation is in doubt.

Even so, the White House move cheered conservatives, who make up an important part of Mr. Bush's political base and are passionate about putting conservatives on the bench. The battle over the judiciary was a big feature of the 2004 Congressional campaigns, and conservatives are eager to replay that fight.

"We think all five of these nominees have been delayed unfairly and certainly deserve hearings and final votes on the Senate floor," said Sean Rushton, executive director of the Committee for Justice, a conservative advocacy group. "This is an important step towards putting them back in play in September," just in time for the election season.

Liberals said Mr. Bush was picking a fight.

"This is nothing more than a ploy to gin up the base in this critical election year," Nan Aron, president of the Alliance for Justice, said in a statement. "Rather than playing politics with our nation's courts, the president should send up nominees who are fair, just and qualified."

The candidates are Terrence W. Boyle, a federal district judge in North Carolina, and William James Haynes II of Virginia, general counsel at the Defense Department, both nominated for the United States Court of Appeals for the Fourth Circuit; William Gerry Myers III and Norman Randy Smith, both of Idaho, for the Ninth Circuit; and Michael Brunson Wallace of Mississippi, for the Fifth Circuit.

Of the five, Judge Boyle has come closest to a Senate vote. But his nomination is complicated by conflict-of-interest accusations, and Democrats, who also object to his record on civil rights, have been threatening to block it by filibuster. The Senate majority leader, Bill Frist of Tennessee, has said that if Democrats try a filibuster, he will invoke a rule change known as "the nuclear option," which would bar the filibustering of judicial nominations.

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The two sides agree that this step would lead to a virtual shutdown of Senate business, and so the chamber has been locked in a kind of holding pattern, with leaders of each party reluctant to push the issue. With the Senate in recess until next week, it is unclear whether the White House move will now lead to confrontation.

A Senate Republican aide, granted anonymity because the leaders had not given permission to speak about their plans, said that once Congress reconvened next week, only three weeks would remain before the fall break, "and we have security issues on the forefront."

"It's very possible we could spend a couple of days on judges," the aide said, "but we'll just have to see how things go."

Boyle Included In Nominees For Appeals Court (WP/AP)

The Washington Post, August 31, 2006

NASHVILLE, Aug. 30 -- Bucking opposition in the Senate, President Bush on Wednesday nominated five people for the U.S. Court of Appeals, including one whom Democrats have threatened to block with a filibuster.

News that Bush had decided to nominate the conservative jurists came before Bush spoke at a fundraiser for Bob Corker, who faces a tough Senate race against Democratic nominee Harold Ford Jr.

"I need a U.S. senator who understands that we need people on the bench who will strictly interpret the Constitution and not use the bench to legislate," Bush said.

A White House statement said Bush was nominating Terrence Boyle of North Carolina and William James Haynes II of Virginia to the U.S. Court of Appeals for the 4th Circuit, Michael Brunson Wallace of Mississippi for the 5th Circuit, and William Gerry Myers III of Idaho and Norman Randy Smith of Idaho for the 9th Circuit.

In July, Boyle acknowledged missing the appearance of a conflict of interest in four cases in which he is accused of issuing rulings involving litigants in whose companies his family held stock. Boyle said then that his aides, who do routine screening of cases for conflicts of interest, missed the appearance.

"These situations were an oversight, an inadvertent mistake," Boyle wrote in a letter responding to questions by Senate Majority Leader Bill Frist (R-Tenn.) and Senate Judiciary Committee Chairman Arlen Specter (R-Pa.).

Jim Manley, a spokesman for Senate Minority Leader Harry M. Reid (D-Nev.), called the judicial nominations -- an issue that has been a rallying cry of the conservative wing of the Republican Party -- "extremely divisive."

Stevens Admits To Blocking Bill (WT)

By Rebecca Carr

The Washington Times, August 31, 2006

Alaska Sen. Ted Stevens yesterday acknowledged holding up legislation that would open federal spending practices to public scrutiny, ending speculation about the identity of the bill's blocker swirling around Capitol Hill and the blogosphere.

Aaron Saunders, a spokesman for the Republican, said Mr. Stevens wants a cost-benefit analysis of the measure, which would create a searchable database of about $2.5 trillion in government expenditures, before granting approval.

The legislation, supported by leaders of both parties and more than 100 conservative and liberal-leaning groups, was on the fast track for a floor vote before Mr. Stevens used a procedure known as a "secret hold" to delay it just before lawmakers left town on Aug. 4.

In the past week, conservative and liberal bloggers have unleashed an army of citizens to "out" the senator responsible for the hold. They have kept running tallies of senators who have denied responsibility and those who have refused to comment.

Under Senate rules, the only person who can lift the hold is the senator responsible for placing it.

"Senator Stevens has always preferred to handle this at the staff level or member-to-member," said Mr. Saunders, referring to the hold. "He doesn't like running to the blogosphere or the media."

In addition to concerns about its costs, Mr. Stevens is worried that it would create more bureaucracy to create and maintain such a massive database, Mr. Saunders said.

Mr. Saunders said Sen. Tom Coburn, Oklahoma Republican and one of the bill's sponsors, was informed two weeks ago of Mr. Stevens' concerns. Now it is up to Mr. Coburn's staff to satisfy those concerns before Mr. Stevens will lift the hold, Mr. Saunders said.

Mr. Coburn's staff disputes that they were informed about the hold, saying they had to ask Mr. Stevens if he had placed it. They have yet to meet to discuss those concerns.

But Mr. Stevens could have raised those concerns as a member of the Senate Homeland Security and Governmental Affairs Committee, which approved the bill by voice vote on July 27. He is also a member of the panel's subcommittee, which held an extensive hearing on the measure earlier in July.

Mr. Stevens did not attend either hearing.

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The cost-benefit information that Mr. Stevens is seeking is already part of the public record, said Gary Bass, executive director of OMB Watch, a federal spending watchdog group based in Washington.

The Congressional Budget Office reported that the database would cost $4 million to create and $2 million annually to maintain.

The cost of the government-run database is nominal considering that it will help identify waste and abuse as well as where tax dollars are actually going, Mr. Bass said.

Perhaps Mr. Stevens doesn't like the idea because Mr. Coburn attempted to block funding last year for Mr. Stevens' "Bridge to Nowhere," an Alaskan bridge that would link Ketchikan (population 8,900) with its airport on Gravina Island (population 50), Mr. Bass said.

The database would include details about government contracts, grants, insurance, loans and financial assistance.

The bill also was sponsored by Sen. Barack Obama, Illinois Democrat, and is backed by heavy hitters including Senate Majority Leader Bill Frist, Tennessee Republican, Sen. John McCain, Arizona Republican, Minority Leader Harry Reid, Nevada Democrat, and Hillary Rodham Clinton, New York Democrat.

Alaska's Stevens Put A Hold On Pork-Barrel Transparency Bill (LAT)

By Joel Havemann

The Los Angeles Times, August 31, 2006

WASHINGTON — Ending a mystery that had captivated conservative and liberal Internet activists, Sen. Ted Stevens (R-Alaska) emerged Wednesday as the senator who secretly held up action on a bill to create a searchable online catalog of federal grants and contracts aimed at helping the general public find out who receives government support.

The acknowledgment by Stevens ended an innovative exercise in Internet-based political activism. Several blogs had urged readers to call senators and ask whether they had placed a "hold" on the legislation to create the online database. Many activists believed the catalog would make it easier to root out pork-barrel spending.

As of midday Wednesday, the blogs had been able to obtain denials from 97 senators that they had placed the hold, which under unwritten Senate rules prevented the legislation from moving to a floor vote. With the suspects narrowed to a small group, Stevens' office acknowledged that he had blocked the bill.

The bill was drafted by Sen. Tom Coburn (R-Okla.) in response to public concerns about the size of the federal deficit generally and, more specifically, the tendency of lawmakers to earmark funds in spending bills for favored projects back home.

"Why shouldn't the American people know where their money is being spent?" Coburn asked in defense of his bill. He predicted that lawmakers would approve less spending if voters knew what the spending was for.

Stevens' spokesman, Aaron Saunders, said Stevens merely wanted the bill delayed until he could be convinced that it would not create another unnecessary layer of bureaucracy.

"We explained our position to Sen. Coburn," Saunders said. "From our perspective, it hasn't been a secret hold."

Stevens took advantage of a Senate tradition that allows a member or group of members with concerns about legislation to put a private hold on it by issuing a request — anonymously, if desired — to their party's Senate leader.

The petitioners do not have to tell the sponsor of the legislation they are challenging, and the leader keeps the bill from coming to a vote until the concerns are met.

Enter the blogs, with their opposition to pork-barrel congressional spending and their desire for greater government openness.

"We had the perfect irony of a senator's putting a secret hold on legislation designed to guarantee public transparency about pork," said Paul Kiel, a blogger-reporter for the website TPMmuckraker.com.

The first blog to take up the cause of Coburn's bill was Porkbusters.org, which seeks to control federal spending. It said its readers gathered denials from 27 senators that they had placed the hold.

Then readers of TPMmuckraker.com, a site that reports on public corruption, and GOPprogress.com joined the campaign. Kiel, at TPMmuckraker.com, said the three had received satisfactory denials from all but three of the 100 senators.

Saunders said Stevens had not acknowledged his role sooner because he had been traveling during the August congressional recess.

"More important, the senator doesn't pursue his legislative goals through the media," Saunders said. "He didn't think there was a whole lot of value in turning this into a media circus."

Saunders said the hold was not meant as retribution for Coburn's opposition last year to $223 million for a much-derided "bridge to nowhere" in Alaska that Stevens sought to include in a massive highway bill.

The bridge would link the island city of Ketchikan, Alaska, to another island with 50 residents that is also home to the city's airport. The Senate ultimately authorized the $223 million, not for the bridge but for the state to spend as it saw fit. Though the

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blogs had been urging readers for days to help hunt down the senator who had placed the hold, it emerged Wednesday that Coburn had publicly identified Stevens on Aug. 17 as having placed the hold. That fact was little noticed until TPMmuckraker mentioned it Wednesday morning.

The Times Record, a newspaper in Fort Smith, Ark., had reported that Coburn had discussed the situation at a town hall meeting in Sallisaw, Okla. "He's the only senator blocking it," Coburn was quoted as saying of Stevens.

Hours after the TPMmuckraker report, Stevens' office acknowledged that he was the one.

Time is running out for lawmakers to act on Coburn's bill.

Days before Congress began its August recess, the Senate Homeland Security and Governmental Affairs Committee cleared the legislation for action by the full Senate.

But Congress wants to adjourn for the year early in October so that its members can campaign full time for reelection.

Senators still have to devote significant time to must-pass legislation, such as the 12 annual spending bills for the budget year that begins Oct. 1. The Senate has approved only one of those bills.

Education Secretary Defends School Law (AP)

By Ben Feller

AP, August 31, 2006

WASHINGTON -- Education Secretary Margaret Spellings said Wednesday the No Child Left Behind Act is close to perfect and needs little change as its first major update draws near.

"I talk about No Child Left Behind like Ivory soap: It's 99.9 percent pure or something," Spellings told reporters. "There's not much needed in the way of change."

Spellings' comments signal what amounts to the Bush administration's starting position as the law comes up for renewal. That is scheduled to happen as soon as next year.

It is unsurprising that Spellings strongly supports the law. She helped craft it as President Bush's domestic policy chief and now enforces it as the top education official.

Yet her view that the law needs little change is notable because it differs so sharply from others with a stake, including many teachers, school administrators and lawmakers.

Already, the House education committee is holding hearings on how to improve the law. So is a prominent bipartisan commission, which is touring the nation to gather opinions.

More than 80 organizations have signed a statement urging fundamental changes, in areas such as how student progress is measured and how schools are penalized when they fall short. And the National Conference of State Legislatures has given the law a scathing rebuke.

"You cannot ignore reality," said Reg Weaver, president of the National Education Association, the largest teachers union in the country.

"The reality is that poll after poll speaks to the concerns that people have," Weaver said. "They are not arguing with the goals. They are not arguing with accountability. But they say something needs to be done to fix this law."

Signed by Bush in 2002, the law is widely considered the most significant federal education act since Congress approved its original version in 1965.

It aims to ensure that all children can read and do math at grade level by 2014, an aspiration that has placed unprecedented demands on schools. The law requires states to increase testing, raise teacher quality and give more attention to minority children.

Poor schools that get federal aid but don't make enough progress face consequences.

Spellings has made her mark as secretary by enforcing the law with flexibility.

In areas such as tutoring and testing, she has approved experiments to see what may work better _ an approach that has won her praise.

"I think it would be foolhardy for me to sit up here and just say we're not going to react to anything that we're learning over time," she said in an interview with reporters at the Education Department.

Spellings said her job is to present Congress with good data to help lawmakers do their job. She said she is open-minded about ways to improve the law.

But when asked if she meant the law is truly "99.9 percent" close to working properly, she said, "I think it is that close."

She pointed as much to attitudes as test scores.

Now, she said, states and schools are debating how better to help children with limited English skills and students with disabilities.

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"Just the level of sophistication of the conversation around these issues is, to me, the big news out of No Child Left Behind," she said.

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On The Net:
Education Department: http://www.ed.gov
National Education Association: http://www.nea.org

Education Chief Says Law Close To Perfect (USAT)

USA Today, August 31, 2006

Education Secretary Margaret Spellings said Wednesday that the No Child Left Behind Act is close to perfect and needs little change as its first major update draws near. “I talk about No Child Left Behind like Ivory soap: It's 99.9% pure or something,” Spellings said. “There's not much needed in the way of change.”

Congress has begun examining how the 2002 law is working toward its goal of ensuring that by 2014 all students can read and do math at their grade level.

Critics such as the National Conference of State Legislatures and the National Education Association, the largest teachers union, say changes are needed in areas such as how student progress is measured and how schools that perform poorly are penalized. The law requires states to increase testing, raise teacher quality and give more attention to minority children.

Tweaking Of 'No Child' Seen (WP)

By Lois Romano

The Washington Post, August 31, 2006

As schools nationwide open for business, Education Secretary Margaret Spellings took the opportunity yesterday to compare the centerpiece of the administration's education policy to soap.

"I like to talk about No Child Left Behind as Ivory soap. It's 99.9 percent pure," Spellings told reporters over coffee. "There's not much needed in the way of changes. . . . As much grist as there was for the mill five years ago on various fronts . . . we've come a long way in a short time in a big system affecting 50 million kids."

In a casual meeting at the agency, and with no particular agenda, Spellings said she believes NCLB -- a law that requires annual student assessments -- simply needs tweaking, and she emphasized that it is time to take it to the next level of development. Critics have long complained that the compliance requirements for NCLB puts too much stress on state resources and educators, many of whom say they must teach to the test at the expense of other learning.

"We need to take a look at our data across the whole spectrum and we ought to say -- for people who say, 'Wah, wah, we can't have spelling bees because we have to focus on math and reading' -- let's measure the spelling," she said.

"Let's ask ourselves not how many are barely getting over the bar, but how many are acing the test. . . . Now that we have the infrastructure in place, we can ask ourselves a fuller range of questions about kids and how they are doing."

Saying that the federal government has "done about as much" as it can in many ways, Spellings noted that states need to do much of the remaining work on NCLB in order to meet the goal of reading proficiency by 2014.

"They have made a lot of progress on standards, measurement, data and focusing on teachers' credentials," she said, adding that there is still work to be done involving school structure. Among areas for focus, she cited how courses are allocated, the use of personnel and academic rigor.

"There are a lot of issues that relate to the grown-ups and that is the next big thing. I mean, how is Joel Klein going to do school restructuring in low-performing schools?" she said, referring to the chancellor of New York City schools.

Spellings was pressed to address a report released last week that showed fourth-graders in traditional public schools performing significantly better in reading and math than comparable children attending charter schools, which are funded by taxpayers but operate somewhat independently.

The Bush administration is a booster of charter schools as an alternative to poorly performing public schools; critics say the charters gut the schools by allowing good students to leave.

Spellings acknowledged that the federal clearinghouse to screen charter schools needs work, but she all but dismissed the study, saying it has only "modest utility" when parents look for options.

"Some charter schools are fine, excellent, do great work -- some less so," she said. "The difference between charter and public schools doesn't have anything to do with method of instruction or curriculum. It's just a different governance model. What charter schools need to do and what public schools need to do is figure out how we make any classroom work."

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Spellings said she will give a speech next month addressing issues tackled by the Commission on the Future of Higher Education. Yesterday, she defended one of the commission's more controversial recommendations, a proposal to create a national student "unit" tracking system that proponents say would push colleges to be more accountable to the public.

Critics have called it an invasion of privacy, but Spellings said a student's identity would be protected.

No Chamber Left Behind (WP)

The Washington Post, August 31, 2006

Several years ago, the U.S. Chamber of Commerce wasn't particularly active in the No Child Left Behind legislative effort. But education is now one of its top issues, and the chamber is getting involved in a big way.

And to help it develop a strong position and be a major player on the reauthorization of the law next year, the chamber has turned to Akin, Gump, Strauss, Hauer & Feld . Akin Gump is one of the legal and lobbying powerhouses in town, but perhaps more important, it is home to Sandy Kress , a former senior adviser to President Bush who helped craft the president's No Child Left Behind initiative and get Democratic support for it.

Kress, a Democrat and former president of the board of trustees of the Dallas school system -- he works out of Akin Gump's Austin office -- recently registered to lobby on behalf of the chamber on No Child Left Behind and other education issues, such as the math and science initiative pending in Congress.

Also on the Akin Gump team: Beth Ann Bryan , a senior adviser to then-education secretary Roderick Paige and adviser to Bush when he was governor of Texas; and Krisann Pearce , a former teacher and deputy director of education and human resources policy for the House Education and the Workforce Committee.

Arthur J. Rothkopf , senior vice president of the chamber, said the organization chose Akin Gump for its strong education expertise and particularly because of Kress. The chamber generally believes in a rigorous curriculum and more accountability to ensure that the nation has a workforce that is prepared to compete, Rothkopf said.

"We're very concerned about the state of K through 12 because of its impact on U.S. competitiveness," Rothkopf said. "We now think it's crucial. You can't compete unless you have an educated workforce."

Rothkopf, a former president of Lafayette College, noted that the chamber also will be using its in-house lobbyists as well as getting assistance from lobbyist D'Arcy G. Philps of Van Scoyoc Associates . Philps is also a former Education and the Workforce staffer.

Kress, who is also advising the Business Roundtable on education issues, noted that the reauthorization next year is for the entire Elementary and Secondary Education Act, which includes No Child Left Behind provisions.

At this point, he said the Akin Gump team is advising the chamber on education policies it might consider. "The happy news is we share a lot of views. . . . I believe we see the world the same way," Kress said.Navigation for Civilians

Lobbyists and observers of the industry often say a lawmaker's constituent -- be it a "civilian" or a corporate executive -- can be the best kind of lobbyist, having more influence than a hired gun with a member of Congress. But what if that amateur lobbyist doesn't know how to get his message across to the media?

That's where the specialty of "media training" comes in -- teaching the un-media-savvy how to behave and stay on message with the media. DC Navigators , a lobby, issue-advertising, public relations and grass-roots shop, has entered a "strategic partnership" with Vest Communications to bring in that kind of capability.

" Ken [Vest] knows how the Washington and national media work. His training programs have been especially helpful for top executives who must deal with the media in times of crisis with little time to prepare," Phil Anderson , one of Navigators' founders, said in a statement.

Anderson and Vest, who left Powell Tate six years ago to set up his own shop, worked together in the late 1990s at the American Council of Life Insurers under former South Carolina governor Carroll Campbell Jr.

Vest has done work for Prudential Financial and other financial services companies. Navigators' clients have included Mass Mutual, the American International Group, New York Life Insurance Co., Wal-Mart Stores and a host of Republican candidates, including California Gov. Arnold Schwarzenegger.

Among Navigators' partners are Republican strategist Mike Murphy and Jim Pitts , former executive director of the Financial Services Coordinating Council.Getting the Business

Chet Lott of Lott & Associates -- and, by the way, son of Sen. Trent Lott (R-Miss.) -- filed with Congress recently for some lobbying business. He registered to lobby on behalf of Secondary Life Capital on insurance-related issues and for Five Star Financial Consulting on charitable insurance and fundraising for charities concerns. For the Perry Institute for Marine Science of Jupiter, Fla., Lott said the specific lobbying issues involve marine fisheries research funding.Here and There

William R. Nordwind , counsel and policy coordinator for the House Energy and Commerce subcommittee on telecommunications and the Internet and a Capitol Hill denizen for 15 years, is joining Venable on Sept. 7 as a partner in the law

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firm's legislative and government affairs group. Much of the time on the Hill, he worked for Rep. Fred Upton (R-Mich.), chairman of the subcommittee, and he also served as legislative director for Rep. Deborah Pryce (R-Ohio).

Democrats Thinking Ahead To Possible Victory This Fall (MCT)

By Margaret Talev

McClatchy Newspapers, August 31, 2006

WASHINGTON - If Democrats win one or both houses of Congress in November's elections, as polls suggest is increasingly likely, President Bush's Washington will change dramatically.

Democrats will press to get out of Iraq. They'll mount investigations into the Bush administration's record that could rival those of Presidents Nixon in Watergate and Clinton in the Monica Lewinsky affair. They'll push a boatload of social-welfare legislation, such as raising the minimum wage, that reflects their pent-up priorities, while blocking the Republican agenda on social issues such as gay marriage, abortion and religion.

Those are some of the top plans that Democrats would pursue if they won power, according to interviews with Democratic lawmakers, strategists, staff aides and lobbyists. The tone and temper of the Democrats were reflected well by Rep. Henry Waxman, D-Calif., the ranking Democrat on the House Government Reform Committee, in a conference call in late August. He'll become the panel's chairman if Democrats take the House.

"The Republican-controlled Congress has worked with the White House to shield them and the government from any scrutiny of corruption and abuse," Waxman said. Democrats "plan to expose the truth about billions of taxpayers' dollars."

That's the flavor that Democrats savor as they return to Congress after Labor Day following a monthlong recess, eagerly anticipating the elections two months away. National polls strongly suggest that they could ride widespread voter discontent with the war in Iraq and Bush into control of one or both houses of Congress for the first time since 1994.

The House of Representatives is more likely to turn Democratic than the Senate, analysts agree. The transition would be symbolized vividly in the change of hands that hold the gavel wielded by the speaker of the House. Now it's Republican Dennis Hastert of Illinois, a loyal supporter of President Bush. If Democrats take the House, the next speaker will be Rep. Nancy Pelosi, a liberal feminist from San Francisco who decries virtually everything Bush does.

Issue one would be the war.

"If the Democrats take the House back, pressure to find a way to withdraw from Iraq will greatly increase," said Rep. Barney Frank, an outspoken liberal Democrat from Massachusetts.

Democrats also could challenge the administration's war strategy at oversight hearings and by threatening to clamp conditions on war appropriations, although they'd take care to do it responsibly, said Rep. Steny Hoyer of Maryland, the House's third-ranking Democrat. He'll run for majority leader if the Democrats take control.

"You're not going to see the Congress - Democrats or Republicans - while troops are still deployed, withdrawing support of those troops," Hoyer said. "We want to make sure the troops are kept as safe and supplied as possible."

That caution reflects Democrats' recognition that they might scare voters if they're perceived as favoring a too-radical agenda, a threat that Republicans trumpet in hopes of rallying their own supporters.

Rep. John Conyers, D-Mich., for example, could take over as the chairman of the House Judiciary Committee. In June 2005 Conyers held an unofficial Democrats-only hearing on Iraq prewar intelligence that many saw as a potential building block for impeaching Bush. Now Conyers is backing off such talk, while Republicans warn that he'd pursue it if he gets power.

"It's something you have to take seriously," Republican National Committee Chairman Ken Mehlman said.

Pelosi has said she doesn't support impeaching Bush. Democratic strategist Steve Elmendorf says impeachment is a "Republican bogeyman" and "a ridiculous notion that's not going to happen."

But there's no guarantee of restraint from a freshly empowered Democratic caucus after 12 years of snubs by Republicans.

Democrats should strive for civility if they take power, said Rep. John Murtha, D-Pa., but he acknowledged that many of them "are going to want some retribution." Murtha, a leading critic of the Iraq war, will challenge Hoyer for majority leader if the Democrats win.

Mehlman predicts that Republicans will hold their majority by convincing voters that Democrats will raise taxes, compound energy shortages through their environmental policies and weaken national security.

Democrats already are encouraging their top-ranking committee members to think big. Their staffs for several key panels are considering how they'd investigate the Bush administration's preparation for and execution of the Iraq war, Hurricane Katrina, regulatory decisions involving contraception and science versus religion, and administration ties to energy and drug companies, government contractors and individual lobbyists.

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Winning even one chamber of Congress would give Democrats a bully pulpit and enable them to hold hearings, issue subpoenas, put witnesses under oath and block Republican legislation. Controlling both chambers would allow Democrats to pass some legislation that Republicans have bottled up for years, although Bush still holds veto power.

Democrats say they'd raise the minimum wage for the first time in a decade and force Bush to accept or veto it.

Here's a partial list of other priorities they'd like to pursue:

-Tax cuts for top earners and multimillion-dollar inheritances could be scrapped.

-Oil company tax breaks could end.

-Pharmaceutical companies would be pressed to lower domestic prices.

-The Medicare prescription-drug benefit could be retooled to help seniors more and benefit the drug industry less.

-Another bill promoting embryonic stem-cell research, such as the one the president vetoed this year, could pass.

- Global warming could drive environmental and energy policy.

- Spending on welfare and affordable-housing programs would expand.

If Democrats take the Senate, many of Bush's judicial nominees could be blocked and the calculus of any new Supreme Court nomination would change.

For all their hopes and dreams, Democrats recognize that there are limits on what they can do so long as Bush remains president.

Rep. Charles Rangel, D-N.Y. - who'd become the chairman of the House Ways and Means Committee, which oversees tax policy - warns that even if Democrats capture a majority in Congress, Republicans "have still got the executive branch, and we've got to work with them. We would be a disappointment to the voters if all we want is retaliation."

Some Democrats are talking about major overhauls to simplify taxes, tackle Social Security's solvency problem and enact universal health coverage. While Bush's new treasury secretary, Henry Paulson, vows to press for big changes too, it's unlikely that such thorny issues would be addressed immediately or that Democrats would compromise much with a lame-duck Republican president.

In the end, University of Virginia political scientist Larry Sabato doesn't expect that Democrats will accomplish many policy priorities in the near term.

"If the Republicans have one (chamber of Congress) and the Democrats have another, hardly anything is going to reach Bush," he said. "If Democrats take both, then Bush will probably set an all-time record for vetoes."

Gingrich On Pelosi (AP)

AP, August 31, 2006

COLUMBIA, S.C. - Ex-U.S. House Speaker Newt Gingrich said Wednesday that the thought of California Rep. Nancy Pelosi becoming the next leader of the House and being third in line to the presidency is frightening.

"The prospect of her bringing San Francisco values and a whole attitude on foreign policy that is, I think, an attitude of weakness and appeasement and surrender, I think, would be a disaster for the country," the outspoken Republican said.

Gingrich said keeping power out of the hands of Pelosi, the House minority leader, and other Democrats is one of the reasons he was in South Carolina this week raising money for the GOP.

On Thursday, Gingrich was at a fundraiser for Ralph Norman, the White House's chosen opponent for U.S. Rep. John Spratt, the 5th District Democrat who is Pelosi's assistant minority leader.

To suggest that "any Democrat is for appeasement is ridiculous" and "shows how desperate the Republicans are," Pelosi spokesman Brendan Daly said. "We know we have a dangerous world out there," he said, but "fear-mongering is not helpful to the situation."

The former Georgia congressman said he wakes up every day worried about national security and the potential loss of U.S. cities to nuclear attacks.

"If you think, as I do, that we're in the early stages of an emerging third world war, the world is truly dangerous on a scale that I think, in a worst case, could lead to losing several American cities to nuclear weapons in our lifetime," he said.

Gingrich, who says his decision on seeking the Republican presidential nomination in 2008 will wait until late next year, says there are plenty of reasons to worry about nuclear bombs destroying U.S. cities.

"Start with the North Korean drive to get nuclear weapons and ICBMs (intercontinental ballistic missiles), then go to the Iranian drive to get nuclear weapons, then go to the fact that Pakistan has probably between 50 and 100 nuclear weapons with an unstable dictatorship," he said. Then, look at al-Qaida's willingness to "kill as many Americans as they can find" and Iran's recruitment of suicide bombers, he said.

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"If you have active, overt enemies who are religiously different and who believe that killing you would be a good thing in their religious terms and they're willing to die in order to kill you," Gingrich said, "how hard is it to imagine a suicide bomber willing to walk in with a nuclear weapon?"

To deal with the threat, he said, "we want to replace the North Korean regime. We want to replace the Iranian regime and the Syrian regime. We would like to replace them without using military force if we can."

Last week, U.S. Sen. Joe Biden, D-Del., was in Greenville and touched on nuclear threats in an interview.

Biden, who is seeking his party's nomination in 2008, said the Bush administration is getting diplomacy wrong on dealing with those threats. Iran, he said, is a decade-away threat but North Korea is far more urgent.

"The prospects of Iran having a deliverable nuclear weapon that can endanger U.S. interests in the region or here in the next foreseeable future is very, very, very low," Biden said.

With time, the United States has options from diplomacy to political changes within Iran, Biden said. But the Bush administration isn't talking directly with Iran or North Korea, he said.

"Since when was America was so weak that we have to fear talk?" Biden said.

Back To The Congressional Future (WSJ)

The Wall Street Journal, August 31, 2006

With a little more than two months to go before midterm elections, the polls show Democrats well positioned to win the House after 12 years out of power. So it's not too soon to consider who these Democrats are and how they would govern.

All the more so because we've seen most of these faces and their agenda before. While Democratic Leader Nancy Pelosi would be a new Speaker of the House, the 19 primary committee chairmen who would dominate hearings, issue subpoenas and write legislation are agents of change only in the sense of going back to the future. They represent the same liberal priorities that bedeviled Bill Clinton's attempt to govern as a New Democrat from 1993-94, and before that Jimmy Carter in the 1970s. To pick one example, 13 of the 19 voted against the welfare reform that Mr. Clinton signed in 1996 and hailed this month as a triumph of "bipartisanship."

Republicans have done little to deserve re-election, and so perhaps voters will ignore Democratic priorities. But one of the ironies of current politics is that a swing in only 15 House seats would result in a huge ideological shift in the legislative agenda. Most of the House seats in play are "swing" districts held by political moderates. The most liberal seats also tend to be the safest and thus are held by Members who can stay around for the decades needed to become chairmen. Their agenda is not the one those "swing" voters would be endorsing. * * *

Consider the man likely to run the Judiciary Committee, Michigan's John Conyers, from the Congressional class of 1964. He recently made his plans clear in a 370-page report, "The Constitution in Crisis: The Downing Street Minutes and Deception, Manipulation, Torture, Retribution and Coverup in the Iraq War, and Illegal Domestic Surveillance." The report accuses the Administration of violating no fewer than 26 laws and regulations, and is a road map of Mr. Conyers's explicit intention to investigate grounds for impeaching President Bush.

If you think Republicans have been spendthrift, don't expect much change from Wisconsin's David Obey (class of 1969) at Appropriations. Mr. Obey was one of those Democrats who ripped Mr. Clinton for endorsing a balanced budget in 1995. Rather than cut spending, his goal would be to spend less on defense and more on domestic programs and entitlements.

Ways and Means, the chief economic policy panel, would go to New York's Charlie Rangel (1970), who opposed the Bush tax cuts and recently voted against free trade with tiny Oman. His committee's crucial health care subcommittee would be run by California's Pete Stark (1972), who in 1993 criticized Hillary Clinton's health care proposal because the government wasn't dominant enough. Over at Financial Services, the ascension of Barney Frank (1980) would mean a reprieve for Fannie Mae and Freddie Mac, despite $16 billion in accounting scandals. His main reform priority has been to carve out a new affordable housing fund from the two companies' profits. And forget about any major review of Sarbanes-Oxley.

Energy and Commerce would return to the untender mercies of John Dingell, the longest-serving Member first elected in 1955, who was a selective scourge of business when he ran the committee before 1994. The Michigan Congressman would do his best to provide taxpayer help to GM and Ford. But telecom companies would probably get more regulation in the form of Net neutrality rules, and a windfall profits tax on oil would be a real possibility.

Remember organized labor? Their champion would be George Miller (1974), who as the man in line to run the education and labor committee is the chief sponsor of the "Employee Free Choice Act," which would make it much easier for unions to organize by largely banning secret elections. Instead, union operatives would be allowed to publicly hound workers into signing "cards" that are counted as votes toward unionization. The Californian also wants to raise the minimum wage and fulfill the National Education Association wish to spend more federal dollars on local school construction.

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We also can't forget California's Henry Waxman (1974), among the most partisan liberals and who at Government Reform would compete with Mr. Conyers to see who could issue the most subpoenas to the Bush Administration. And then there's Alcee Hastings, who, should Ms. Pelosi succeed in pushing aside current ranking Member Jane Harman, would take over the House Intelligence Committee. Before he won his Florida seat in 1992, Mr. Hastings had been a federal judge who was impeached and convicted by a Democratic Congress for lying to beat a bribery rap. He would handle America's most vital national secrets.

There would certainly be exceptions to this left-wing revival. Missouri's Ike Skelton (1976) supports a larger military and wouldn't mean much of a change at Armed Services. Colin Peterson (1990) of Minnesota wouldn't change the pro-subsidy bent of the GOP at Agriculture, and Minnesota's James Oberstar (1974) couldn't possibly be worse at Transportation than Alaska Republican Don Young. * * *

The House is only one half of Capitol Hill, and Republicans stand a better chance of holding the Senate, albeit with some losses there too. Mr. Bush will also retain his veto power, and he would finally have to use it. So the amount of liberal legislation that actually became law might not be all that extensive. But the national debate would nonetheless shift notably left. Voters looking to send a message to Republicans this fall may be surprised at their return mail from Washington.

Pentagon Sees Risk In Troops' Loan Debt (USAT)

By William M. Welch

USA Today, August 31, 2006

As many as one in five members of the armed services are being preyed on by loan centers set up near military bases that can charge cash-strapped military families interest of 400% or more, a new Pentagon report has found.

Steep lending charges have long plagued servicemembers, but the problem has become a more urgent concern to the military as it has struggled to fill its ranks during the Iraq war. That's because debt troubles can keep troops from going overseas.

"We're seeing a growing trend of folks who are not eligible to deploy because of financial problems," says Capt. Mark Patton, commander of Naval Base Point Loma in California. Patton says debt problems can cost some servicemembers their security clearances.

The report says "payday loan" stores (so named because their loans are often due on a borrower's next payday) have sprung up by the thousands around military bases and elsewhere in the past decade.

Lenders typically charge $15 to $25 per $100 loan for two weeks, and most loans are extended for several weeks. The report says the average loan is $350 and has an annual interest rate of 390% to 780%. The average borrower, it says, pays back $834 for a $339 loan.

The report cites estimates that 13% to 19% of servicemembers — at least 175,000 people — took out high-interest, short-term loans last year. It said nine out of 10 loans go to borrowers who get five or more over a year.

Congress ordered the Pentagon to conduct the lending study. This year, the Senate passed an amendment to its annual defense spending bill that calls for a 36% cap on interest for loans to servicemembers. It would not affect loans to civilians.

The House version of the defense bill doesn't include the amendment. A joint committee will begin working out differences between the two versions next month.

Such lending, the report says, hurts readiness and morale and "adds to the cost of fielding an all-volunteer fighting force."

That's a misguided critique of a valuable service, says Darrin Andersen, president of the Community Financial Services Association of America, the payday lenders' trade group. The Pentagon, he says, "is in over its heads when it comes to … complex personal finance and lending issues."

Master Sgt. Leah Caldwell, who manages training and deployment for a squadron of the Missouri Air National Guard, says she has had several airmen get so deep into debt with the loans that they lost their security clearances, jeopardizing their deployment. One airman, she says, took out a $500 loan and after refinancing it several times saw it grow to a $2,600 debt.

Troops with debt problems are often embarrassed and fear damage to their careers if they tell their commanders, says retired Navy captain John Irons, director of the San Diego office of the Navy-Marine Corps Relief Society, which helps servicemembers in money jams.

The lending practices are illegal in 11 states, the Pentagon says. Patton says the military is asking legislatures in California and other states where the practice is legal to limit the interest that can be charged.

Andersen says the industry does not target military personnel. He says the trade group's members have more than 15,000 locations around the country.

The Pentagon report says those stores "are heavily concentrated around military bases." It says they could be found in heavy numbers around Camp Pendleton, Calif.; Fort Campbell, Ky.; naval installations at Newport News and Norfolk, Va.; and McChord Air Force Base and Fort Lewis in Washington.

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Stars In Their Eyes (NYT)

The New York Times, August 31, 2006

In a rare moment of candor this week, Defense Secretary Donald Rumsfeld acknowledged that he's not sure if the United States missile defense system is ready to work. When asked if the shield could protect the United States from a North Korean missile attack, Mr. Rumsfeld said he'd need to see a full test of the system "end to end" before he could answer.

Mr. Rumsfeld, we suspect, may have been trying to lower expectations as the Pentagon prepares for its first significant test of the troubled system in 18 months. But his comments should invite a serious discussion on Capitol Hill about what the country is getting for the nearly $9 billion it is spending this year to develop ballistic missile defenses and the $9 billion it is likely to spend next year.

The once highly public debate over missile defense has gone quiet since President Bush pulled out of the ABM treaty and — as missile defense hawks like to point out — the Russians did not counter with a new arms race.

But talk to Russian and Chinese officials about why they are so relaxed and they will tell you that they don't believe the technology is anywhere close to working. (As it turns out, the Pentagon is right when it says each failed interception is a learning experience.)

Just in case, Russia's defense minister, Sergei Ivanov, told Mr. Rumsfeld when they met this week that he'd like more "transparency" about the program, a fine idea for all.

Mr. Rumsfeld got his job in good part by raising alarms about the ballistic missile threat. The 1998 bipartisan commission he headed warned that Iran and North Korea could deploy missiles capable of hitting the United States within five years.

Eight years later, there is no question that both countries are eager to belatedly live up to that prediction. The issue is how fast they're getting there and whether the Pentagon's rush to put interceptors into the ground, rather than spend more time at the drawing board, makes sense. North Korea's most recent test of a long-range missile was, thankfully, a total fizzle.

Stopping a ballistic missile in midflight is a very hard thing to do. So is switching technologies or killing off a bad system when you've already sunk billions into hardware. What's needed here is an honest assessment of whether the current system has any chance of working and how much more will have to be spent before it does.

As the Pentagon prepared to launch a target missile from Alaska and an interceptor from California this week, defense contractors and Pentagon officials were insisting that the goal was not to shoot anything down, just to make sure the "kill vehicle" could find what it was looking for. No matter how that turns out, we're hoping that Mr. Rumsfeld's sudden candor about the program starts to catch on.

Jonah Goldberg: Give Bush A Break (LAT)

The Los Angeles Times, August 31, 2006

LORD KNOWS I have my problems with President Bush. He taps the federal coffers like a monkey smacking the bar for another cocaine pellet in an addiction study. Some of his sentences give me the same sensation as falling backward in one of those "trust" exercises, in which you just have to hope things work out. Yes, the Iraq invasion has gone badly, and to deny this is to suggest that Bush meant for things to turn out this way, which is even crueler than saying he failed to get it right.

But you know what? It's time to cut the guy some slack.

Of course, I will get hippo-choking amounts of e-mail from Bush-haters telling me that all I ever do is cut Bush slack. But these folks grade on the curve. By their standards, anything short of demanding that a live, half-starved badger be sewn into his belly flunks.

Besides, the Bush-bashers have lost credibility. The most delicious example came this week when it was finally revealed that Colin Powell's oak-necked major-domo Richard Armitage — and not some star chamber neocon — "outed" Valerie Plame, the spousal prop of Washington's biggest ham, Joe Wilson. Now it turns out that instead of "Bush blows CIA agent's cover to silence a brave dissenter" — as Wilson practices saying into the mirror every morning — the story is, "One Bush enemy inadvertently taken out by another's friendly fire."

And then there's Hurricane Katrina. Yes, the federal government could have responded better. And of course there were real tragedies involved in that disaster. But you know what? Bad stuff happens during disasters, which is why we don't call them tickle-parties.

The anti-Bush chorus, including enormous segments of the mainstream media, see Katrina as nothing more than a good stick for beating on piñata Bush's "competence." The hypocrisy is astounding because the media did such an abysmal job covering the reality of New Orleans (contrary to their reports, there were no bands of rapists, no disproportionate deaths of poor blacks, nothing close to 10,000 dead, etc.). It seems indisputable that Katrina highlighted the tragedy of New Orleans rather than

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create it. Long before Katrina, New Orleans was a dysfunctional city in a state with famously corrupt and incompetent leadership, many of whose residents think that it is the job of the federal government to make everyone whole.

The Mississippi coast was hit harder by Katrina than New Orleans was. And although New Orleans' levee failure was a unique problem — one the local leadership ignored for decades — the devastation in Mississippi was in many respects more severe. And you know what? Mississippi has the same federal government as Louisiana, and reconstruction there is going gangbusters while, after more than $120 billion in federal spending, New Orleans remains a basket case. Here's a wacky idea: Maybe it's not all Bush's fault.

Then, of course, there's the war on terror. Democrats love to note that Bush hasn't caught Osama bin Laden yet, as if this is the most vital metric for success. Yes, it'd be nice to catch Bin Laden — no doubt Ramsey Clark, the top legal gun for both LBJ and Saddam Hussein, will be looking for a new client soon. But even nicer than catching Bin Laden is not having thousands of dead Americans in New York, Washington and L.A. Contrary to all expert predictions, there hasn't been a successful attack on the homeland since 9/11. Indeed, the current issue of the Atlantic Monthly contains a (typically) long, exhaustively reported cover story by James Fallows about how the U.S. is in fact winning the war on terror, thanks largely to Bush's policies (though Fallows works hard not to credit Bush).

Political dissatisfaction with the president rests entirely on Iraq and overall Bush fatigue. The rest amounts to little more than Iraq-motivated brickbats gussied up to look like free-standing complaints. That's how hate works: It looks for more excuses to hate in the same way that fire looks for more stuff to burn.

That's why Bush's Democratic critics flit about like bilious butterflies, exploiting each superficial or transient problem just long enough to score some points in the polls and then moving on. Bush's Medicare plan was an egregious corporate giveaway, they cried, until seniors overwhelmingly reported that they like it. And the Patriot Act? Can anyone even remember what the Democrats were whining about? I think it had something to do with libraries that were never searched.

Look, things could obviously be a lot better. But they could be a lot worse too. John Kerry could be president.

Homestretch For A Hack (NYT)

The New York Times, August 31, 2006

The spectacle of a high federal appointee brazenly pleading preoccupation with the war on terror when called to account for billing for unwarranted paydays — while running a horse racing operation from his State Department office — sounds like the stuff of a wise-guy Broadway musical. Or an indictment. So far neither is in the cards for Kenneth Tomlinson, the Republican ideologue ousted last November in an earlier ethics scandal at the Corporation for Public Broadcasting. Once again Mr. Tomlinson has been caught up to his old tricks, this time as chairman of the separate agency that runs the Voice of America.

Investigators found that Mr. Tomlinson, who owns a thoroughbred stable, used office time tending to Karzai, Massoud and his other horses and still had the temerity to bill the government for more than the 130 workdays he was limited to by law. He also hired a friend and signed off on $244,000 in two years' undocumented compensation.

Mr. Tomlinson should have been humbled by his previous troubles. Investigators found he repeatedly broke ethics rules by packing the Public Broadcasting payroll with Republican partisans and pushing for a $4 million deal to "balance" public television with conservative polemicists. But Mr. Tomlinson, who has close ties to the White House, double-billed the government for 14 workdays on which investigators discovered his two broadcasting jobs somehow overlapping.

Mr. Tomlinson says he is proud of his work, assuring taxpayers that he spent far more time working the broadcast job from his horse farm than working the horses from his government post. It's inexplicable why the White House maintains confidence in Mr. Tomlinson. The Senate should immediately show him the barn door as he comes up for reappointment at the State Department.

New Chief For Troubled Amtrak (LAT)

The Los Angeles Times, August 31, 2006

TRAIN TRAVEL LOSES A LOT of its romance when the train pulls into the station half a day late. That, sadly, is more the rule than the exception on certain Amtrak lines, particularly the historic Coast Starlight run from Los Angeles to Seattle, now dubbed the "Coast Star-late" because it is routinely between five to 15 hours — that's right, hours — behind schedule.

Amtrak's chronic problems, and a lack of rider interest, have forced the federal government to subsidize it to the tune of $30 billion since its founding in 1971 — and have led many to ask why Amtrak still exists. Such questions take on heightened urgency with Amtrak's hiring Tuesday of a new president, appointed by a board that seems to think the operation has reached the end of the line.

So little is known about Alexander Kummant that the National Assn. of Railroad Passengers withheld comment on his appointment until it could find out more about him. Kummant, meanwhile, didn't even show up for the news conference

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announcing he'd won the job. He has been a top executive for a variety of heavy-equipment manufacturers and was a regional vice president at Union Pacific Railroad. He replaces David Gunn, a rail turnaround specialist almost universally admired as Amtrak's best president in years. Gunn was fired in November mostly because he resisted efforts by Amtrak's board — whose members were appointed by President Bush — to dismantle the railroad, consistent with the Bush administration's desire to eventually privatize it.

Amtrak is unquestionably a troubled system. Yet not all its problems are of its own making. The abysmal performance of the Coast Starlight, for example, has more to do with Union Pacific than with Amtrak; most of the 22,000 miles of track traveled by Amtrak trains are owned by private rail companies such as Union Pacific, which often fail to maintain them properly or force Amtrak trains to wait while their own freight trains rumble past on shared rails.

Amtrak's opponents are outraged at the taxpayer money spent to maintain a system they say should be self-sufficient, ignoring the fact that all modes of transportation make use of public subsidies, whether for roads or airports. The Bush administration, which in 2005 proposed eliminating federal funding for Amtrak, envisions a scheme in which the states share ownership of the rails on which private companies operate, though there is no evidence that all states would be willing to take on that burden.

There is room for improvement at Amtrak. The board may be on the right track by aiming to close some unprofitable routes. But if Kummant's mission is to eliminate the national long-distance passenger rail system, Congress should stop him. With gas prices soaring and stricter emission controls likely, that system has never been more necessary.

OTHER NEWS:

Economic Picture Improves Slightly (WP)

By Nell Henderson

The Washington Post, August 31, 2006

The U.S. economy lost some steam in the spring, but not as much as the government first thought.

Economic growth did slow sharply from April through June, as the housing market cooled and rising energy prices and interest rates pinched consumer spending. The nation's output of goods and services, or gross domestic product, rose at a 2.9 percent annual rate in the second quarter after expanding at a torrid 5.6 percent pace in the first three months of the year, the Commerce Department reported yesterday.

The 2.9 percent annual rate was better than the department's earlier estimate of 2.5 percent, a difference worth $12.3 billion in annual economic output. Commerce economists revise their figures as more data become available, providing a picture of the economy that comes into sharper focus over time.

Financial markets showed little reaction to the new growth estimate, which had been anticipated and did not alter investors' expectations that the economy will continue to slow modestly this year. Nor did it change their bets that the Federal Reserve will hold off on raising interest rates for a while in hopes that the slowdown will weaken inflation.

The report "doesn't change the picture that much," said Eugenio J. AlemÃ¡n, a senior economist at Wells Fargo Economics. "It just reflects the fact that the increases in interest rates are doing the job" of slowing the economy, he said.

Many Fed policymakers and private economists think the economy is headed for a "soft landing," in which economic growth will slow from an unsustainably rapid pace -- more than 3 percent over each of the past two years -- to around a 2 percent pace through next year. These economists hope that will be slow enough to tamp down inflation without triggering a recession.

But other Fed policymakers and economists are not so sure, worrying that interest rates may be high enough now to slow the economy a bit but not high enough to restrain price increases.

"I'm not that convinced this [slowdown] will be enough to put a lid on inflation," AlemÃ¡n said, noting rising wages, exports and business spending and still-solid consumer spending.

Inflation quickened in the second quarter, the Commerce Department said. Consumer prices rose at a 4.1 percent annual rate in the spring quarter, or more than twice as fast as their 2 percent annualized increase in the first three months of the year. After excluding volatile food and energy prices, so-called core prices rose at a 2.8 percent rate in the second quarter, up from the 2.1 percent pace in the first quarter.

That's higher than the 1 to 2 percent range for core inflation preferred by several Fed policymakers, including Chairman Ben S. Bernanke.

Much of the improvement in the second-quarter growth figure came from U.S. exports that were stronger than earlier estimated, plus stronger spending on construction of factories, offices and other commercial structures.

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Meanwhile, spending on home construction fell more steeply than earlier reported, at a 9.8 percent annual rate from April to June. That was greater than the department's earlier estimate of a 6.3 percent pace of decline in that quarter and far weaker than the 0.3 percent pace of decline in the first quarter.

The second-quarter drop in home building was the largest since the same three-month period of 1995, when it fell 12.2 percent, Commerce Department data show. Such spending has fallen for three consecutive quarters; the last time that happened was in 1994-95.

But consumer spending, which accounts for about two-thirds of the nation's economic activity, also grew a tad more quickly than earlier estimated, at a 2.6 percent annual rate in the second quarter, up from the 2.5 percent pace earlier reported.

That was a sharp slowdown from the first quarter, when consumer spending rose at a 4.8 percent annual rate, but was still reasonably good, AlemÃ¡n said. "The economy is not going to plunge into a recession."

US Growth Revised Up To 2.9% (FT)

By Daniel Pimlott In New York

Financial Times, August 31, 2006

The rate of US economic growth fell by almost half in the second quarter, although it expanded faster than originally reported, the Commerce Department said on Wednesday.

Gross domestic product grew at an annualised 2.9 per cent between April and June, higher than the earlier estimate of 2.5 per cent, and largely bringing it into line with Wall Street expectations of 3 per cent growth. The economy grew at 5.6 per cent in the first quarter.

The slowdown was driven in part by faltering corporate profit growth, which rose 2.1 per cent after taxes, down from 14.8 per cent growth in the first quarter, and the biggest decline in homebuilding since 1995. Overall growth was lower than in any quarter since the end of 2004.

The Federal Reserve has said it believes a slowing rate of economic growth will help to bring down inflation. On Tuesday, the minutes of the Fed's interest rate-setting committee showed that their August decision to hold rates steady was a "close call".

"This plays into the Fed's preferred path of a soft landing for the economy. The economy isn't falling apart and its showing pretty good growth overall," said Brian Bethune, chief US economist at Global Insight.

However, the current rate of growth, which is above the Fed's estimates for the period, combined with rising labour costs, may mean that the Fed will have to raise rates, analysts said.

"In the later part of the year, if growth hasn't slowed substantially, and labour cost pressures remain, the Fed is likely to swing to more tightening," said Ted Wieseman, an economist at Morgan Stanley.

Consumer spending growth was revised upwards by 1 basis point to 2.6 per cent, but remained a significant drag on GDP, falling from 4.8 per cent in the first quarter.

GDP was revised upwards on raised estimates of exports, nonresidential building, private inventory investment, and state and local government spending. These were partly offset by a downward revision to residential fixed investment.

US stocks rose on the data, with the S&P 500 reaching its highest in three months.

Treasury prices gained sharply with the yield on the benchmark 10-year note falling to its lowest level since March.

Revision Lifts Pace Of Growth (NYT)

By David Leonhardt

The New York Times, August 31, 2006

The economy grew more quickly in the second quarter than initially estimated and inflation was slightly lower, the Commerce Department reported yesterday.

While the revisions were largely in line with expectations, economists said the report was a welcome sign at a time of significant uncertainty about the economy's direction.

"Steady as she goes," said Brian Bethune of Global Insight, an economic and financial research company in Lexington, Mass. "The economy is in reasonably good health."

The gross domestic product, adjusted for inflation, increased at an annual rate of 2.9 percent, up from an earlier estimate of 2.5 percent, while a closely watched measure of prices that excludes food and energy rose 2.8 percent, rather than 2.9 percent. But the growth rate for the economy still slowed sharply from the 5.6 percent pace of the first quarter.

Stocks closed with modest gains for the day, though they fell after the release of the economic report in the morning before rallying in the afternoon.

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Perhaps the biggest surprise in yesterday's report was new evidence of a surge in wage-and-salary income in the first half of this year. Between the fourth quarter of last year and the second quarter of 2006, pay grew at an annual pace around 7 percent after adjusting for inflation, up from an earlier estimate of 4 percent, according to an economic consulting firm, MFR.

As a result, wages and salaries no longer make up the smallest share of the gross domestic product since World War II. They accounted for 46.1 percent of all economic output in the second quarter, down from a high of 53.6 percent in 1970 but up from 45.4 percent in the spring of 2005.

Total compensation — including employee health benefits, which have risen in cost in recent years — equaled 57.1 percent of the economy, down from 59.8 percent in 1970. Still, compensation makes up a larger share of the economy than it did through the 1950's and early 60's, as well as during parts of the mid-1990's and the last couple of years.

Economists said this increase in income reduced the risk that the recent economic slowdown would turn into something more dangerous, because households might have more money to spend than earlier estimated.

Joshua Shapiro, chief United States economist at MFR, said that much of the income increase probably went to people who work on Wall Street or for hedge funds. The biggest spike occurred in the first quarter, when financial companies typically pay bonuses. Other data, including Labor Department figures on wage growth and private-sector surveys on consumer confidence, suggested that most families were not receiving pay increases that outpaced inflation.

"If this were more widely spread around," Mr. Shapiro said, "we would be seeing it in readings on confidence and sentiment. It tends to indicate this is pretty concentrated on the upper end."

Even concentrated income growth, however, may help the economy in coming months. Research by Federal Reserve economists suggests that upper-income households spend a larger share of their incomes than they once did.

In the second quarter, consumer spending — the bulk of economic activity — grew at an annual pace of 2.6 percent, down from 4.8 percent in the first quarter and 3.5 percent in 2005.

At the same time, one of the main drivers of the economy's recent growth now looks weaker than before. Home building and other residential investment fell even more quickly than the government said earlier — at an annual pace of 9.8 percent.

But that drop was offset by a 22 percent rise in construction spending by businesses. The value of goods stockpiled in company warehouses also grew more quickly than reported earlier, which helped lift growth but can be a worrisome sign for the future if it is not supported by healthy consumer spending.

For the first time in a year, foreign trade helped lift overall growth as the value of imports rose just 0.6 percent while the value of exports grew 5.1 percent.

With the housing market weakening, economic growth has slowed markedly this year, posing a greater challenge for the Fed in its effort to contain inflation without throwing the economy into a recession. Three weeks ago, the Fed held its benchmark interest rate steady at 5.25 percent; that was the first meeting since summer 2004 that did not include a rate increase.

Corporate Profits Up In 2nd Quarter (USAT)

By Barbara Hagenbaugh

USA Today, August 31, 2006

WASHINGTON — Corporate profits rose swiftly in the second quarter, the government said Wednesday in a report that suggested businesses are in a solid position to help offset a slowdown in consumer spending.

In the same report, the government said the economy grew faster than initially thought from April to June, while inflation, although the highest in more than a decade, was slightly lower than earlier estimated.

After-tax corporate profits rose 19.5% in the second quarter from the same time a year ago, the Commerce Department said. That follows a 21% gain in the first quarter.

Corporate profits as a percentage of total U.S. economic activity was the highest in four decades.

That data, along with other numbers showing businesses have near-record amounts of cash on hand, suggest companies will be able to continue to spend on equipment, buildings and other investments, Bear Stearns senior economist Conrad DeQuadros says: "Businesses remain well-positioned to continue to invest."

Businesses are expected to play an increasingly important role in the U.S. economy as consumers, hit with rising interest rates and a slowing housing market, pull back. Consumer spending, which accounts for more than two-thirds of U.S. economic activity, rose 2.6% in the second quarter, down from a large 4.8% gain in the first quarter, the Commerce Department said.

Gross domestic product, the broadest measure of U.S. economic activity, rose 2.9% at a seasonally adjusted annual rate in the second quarter. Although that is far below the 5.6% increase seen in the first three months of the year, it was faster than the department's initial estimate of a 2.5% gain.

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"The economy is still growing and is doing pretty well, considering the kind of pressures that are out there," Global Insight U.S. economist Brian Bethune says. He notes higher interest rates and high gasoline prices as two factors that have squeezed consumers and businesses in recent months.

But Bethune and PNC senior economist Richard Moody say the large gains in corporate profits may not last into 2007.

"With energy and commodity prices still elevated, the recent acceleration in labor compensation costs … will lead to a more rapid erosion of profit margins, and could ultimately lead to more aggressive pricing behavior," Moody says.

Inflation could pick up if businesses raise prices. Commerce said the Federal Reserve's favored inflation measure, based on consumer spending excluding food and energy, rose 2.8% at a seasonally adjusted annual rate in the second quarter. Although a bit lower than the initial estimate, that was up from a 2.1% gain in the first quarter and was the biggest rise in nearly 12 years.

Corporate Profit Growth Slows In Step With Economy (WSJ)

By Christopher Conkey

The Wall Street Journal, August 31, 2006

A slowing economy put the brakes on torrid growth of corporate profits in the second quarter, and rising labor costs could increasingly limit earnings growth in the months ahead.

The Commerce Department said pretax corporate profits in April, May and June collectively rose 3.2% from the previous quarter, much slower than the 12.6% jump in the first quarter or the 10% jump in the fourth quarter of 2005. Nonetheless, profits in the second quarter were 20.5% higher than a year ago and accounted for 12.2% of gross domestic product in the second quarter, the highest level in 40 years.

Many economists said it was unusual to see such solid growth in corporate profits five years into an economic expansion, and predicted more modest gains in the months ahead. "With the U.S. economy set to slow further, profit margins will be under downward pressure," wrote economists at BCA Research, Montreal.

One reason for the measured outlook is overall growth. The Commerce Department said the economy expanded at an inflation-adjusted annual rate of 2.9% in the second quarter, up from an earlier 2.5% estimate but considerably slower than the 5.6% pace in the first quarter. Although a number of crosscurrents are at work -- among them a weakening housing market and volatile energy prices -- many economists expect economic growth to continue along a stable path similar to the second quarter's slower pace for the foreseeable future.

But profit margins may also come under increasing pressure from rising labor costs. Yesterday's report contained sharp upward revisions to wages and other employee compensation for the first half of the year, a development that led economists to speculate that unit labor costs will be higher in the months ahead. That is good news for workers and potentially a boost for consumer spending, but rising labor costs pose a direct challenge to corporate profit margins at a time when productivity growth is slowing and other inflationary pressures are still rising.

"The net result is it's going to cost more per unit of output to produce any given product or service," said John Silvia, chief economist at Wachovia Corp. "Your cost structure is starting to move up."

One upside to the recent growth in corporate profits is that many companies have money to invest, and economists are figuring that greater business investment will provide a cushion for economic growth in the months ahead. Inventory buildups and business spending on structures were greater than initially thought in the second quarter, two factors behind the upward revision to growth.

Banks and other financial firms have enjoyed the strongest profit growth in recent quarters. Profits at financial corporations rose by nearly $35 billion in the second quarter to account for roughly 29% of total profits. Profits at nonfinancial firms rose by less than $6 billion.

The Commerce Department report also showed that a key measure of consumer prices -- the core personal-consumption index, which excludes food and energy -- rose at an annual rate of 2.8% in the second quarter, slightly below the initial estimate of 2.9%, but still well above the range preferred by central bankers.

Dow Industrials Post Small Gain Along With Oil (WSJ)

By Peter A. Mckay

The Wall Street Journal, August 31, 2006

An afternoon rally in crude oil kept the stock market in check, but the Dow Jones Industrial Average still eked out its third straight day of gains.

The blue-chip average nudged up 12.97 points, or 0.1%, to 11382.91, up 6.2% on the year. Among its 30 components, Boeing, Walt Disney and Altria Group led the rally. Each rose more than 1%.

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Other stock indicators were mixed. The broad Standard & Poor's 500-stock index was little changed, off 0.01 point, to close at 1304.27, up 4.5% on the year. But the technology-heavy Nasdaq Composite Index rose 0.6%, or 13.43 points, to 2185.73, trimming its year-to-date decline to 0.9%.

The trading day started on a promising note, as fresh data from the federal Energy Information Administration showed surprisingly large U.S. inventories of crude oil and fuels refined from it. That initially pushed energy prices lower, including a drop below $69 a barrel for crude-oil futures, and in turn strengthened stocks.

But after midday, buyers rushed into the energy markets, emboldened by a potential strike by Nigerian oil workers and political tension over Iran's nuclear program. Crude futures finished the day up 32 cents, or 0.5%, at $70.03, up 14.7% on the year at the New York Mercantile Exchange.

The Commerce Department revised its tally of second-quarter gross-domestic-product growth to 2.9%, up from the growth rate of 2.5% originally reported. Despite the better reading on economic activity, inflation fears seemed to remain in check, allowing bond prices to rise along with stocks.

Tobias Levkovich, chief U.S. equity strategist with Citigroup, pointed out that Wall Street was expecting the GDP tally to be revised higher. But it still came in well below the first-quarter growth of 5.6%.

Investing pros want to see the economy slow gradually, enough to keep inflation at bay but not cause employment or consumer spending to fall sharply.

"Having less pressure from oil helps a lot," said Mr. Levkovich, referring to worries about a dropoff in consumer spending. "On the other hand, the oil companies have been leading the stock market the last few years. You wonder what will step into a leadership role if those companies' profits start to wane."

In major U.S. market action:

Stocks gained and bond prices rose. The 10-year note gained 6/32 point, or $1.88 for each $1,000 invested, pushing the yield down to 4.761. The 30-year bond rose 8/32 to yield 4.912%.

The dollar was mixed. Against the Japanese currency, the dollar rose to 117.07 yen, compared with 116.66. The euro rose to $1.2837, compared with $1.2826.

Mr. Perez's Disqualification (WP)

The Washington Post, August 31, 2006

IT'S TOO BAD that the Maryland Court of Appeals declared Tom Perez ineligible to serve as state attorney general, effectively kicking him out of the Democratic primary race for that position. The court has not yet issued a written opinion justifying its action, so it's hard to judge the legal merits of its move. What isn't hard to evaluate is whether voters ought to have the ability, if they want, to elect someone like Mr. Perez. We didn't endorse him, but there's no doubt he's a talented and well-qualified lawyer. If the Maryland constitution really forbids his service, its eligibility strictures warrant rethinking.

The constitution requires that "No person shall be eligible to the office of Attorney General, who . . . has not . . . practiced law in this State for at least ten years." Mr. Perez only joined the Maryland bar in 2001. But before that, he spent much of the 1990s working on civil rights cases as a prosecutor for the federal government. Between 1989 and 1994, his court filings say, he handled 42 Maryland matters for the Justice Department. After his promotion in 1994, he says, he supervised cases in a variety of states, including more than 100 in Maryland. Construing "practiced law in this state" as synonymous with being a member of the state bar -- something explicitly required by other state constitutions -- needlessly restricts voter choice by excluding qualified people such as Mr. Perez. By contrast, such a reading could perversely allow someone to take office who joined the state bar and maintained his membership for a decade but engaged in little or no real legal practice during that time.

Maryland Democrats had a happy choice this year among three well-qualified candidates for attorney general. As a result of the Court of Appeals' action last week, they now have a less rich choice between two. Whenever reasonable, the law should expand, not narrow, electoral competitiveness.

Bush Visits Arkansas For Hutchinson Reception (AP)

By ANDREW DeMILLO

The Associated Press, August 31, 2006

LITTLE ROCK - President Bush's visit to Arkansas on Wednesday helped Republican gubernatorial candidate Asa Hutchinson raise more money in a day than he has in any month, but his Democratic Party opponent has his own big-name campaigner due for a visit next week.

About 850 people paid at least $500 to attend a luncheon at the home of former Arkansas and NBA basketball player Joe Kleine, and the event brought in more than $650,000 overall, Republican Party of Arkansas executive director Clint Reed said. About $400,000 of that will go toward Hutchinson's campaign and the rest to the state party, Reed said.

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Since the start of the year, when he had to begin filing campaign finance reports monthly, Hutchinson's best month was July, when he raised $262,907, compared to $225,226 raised by Beebe. It was the only month to date in which Hutchinson raised more money than his main opponent.

In September 2005, Hutchinson raised $286,000, which was detailed in a quarterly report.

Overall through July, Beebe had raised $4.32 million for the race, compared to $2.33 million for Hutchinson, and Beebe expects to get a boost next month as former president Bill Clinton will campaign for him in a Sept. 7 "fish and frog leg" fundraiser in North Little Rock.

Hutchinson's Wednesday fundraiser wasn't open to the public, but Bush praised Hutchinson to reporters outside a Little Rock restaurant after the event. Hutchinson served as a federal Homeland Security undersecretary and Drug Enforcement Administration head under Bush.

"He's the kind of fellow who will set an agenda and then achieve the results necessary to get the job done," Bush said. "I've seen him first-hand in Washington. He's a fellow I called upon to get the Homeland Security department up and running."

Hutchinson said Bush's far-ranging address covered the war in Iraq as well as Arkansas' response to Hurricane Katrina. Bush adviser Karl Rove also attended the event, Hutchinson said.

"It was great for our campaign," Hutchinson said.

Gov. Mike Huckabee, U.S. Rep. John Boozman and Little Rock boxer Jermain Taylor also attended the event.

About three dozen people lined the street outside Kleine's gated community before and after the roughly 90-minute event in west Little Rock. Kleine owns a barbecue restaurant, but the lunch was catered by Little Rock businessman Jennings Osborne.

Bush's appearance pumps more money into Hutchinson's campaign as he faces Democratic nominee Mike Beebe, the state's attorney general. Independent candidate Rod Bryan and Green Party nominee Jim Lendall are also on the Nov. 7 ballot for governor.

After Bush's Little Rock stop, he was scheduled to attend a $2,100-a-plate fundraiser for Republican U.S. Senate candidate Bob Corker in Nashville.

The president's visit to Arkansas caps two months of high-profile visits by Hutchinson supporters, including Sen. John McCain, Vice President Dick Cheney and former New York Mayor Rudolph Giuliani. The trips narrowed Beebe's fundraising lead slightly.

At Wednesday's fundraiser, guests had to pay $500 to eat, plus the party also accepted donations of $10,000 or $25,000, organizers said.

Before lunch, in a brief presentation at the Little Rock airport, Bush awarded a Presidential Call to Service Award to Joy Cameron of Sherwood for hurricane relief work.

The state Democratic party used Bush's visit to question Hutchinson's performance at Homeland Security and said Hutchinson viewed the governor's office as a consolation prize for other federal appointments he didn't receive.

"It seems Bush doesn't think too highly of Hutchinson's work," Democratic Party Chairman Jason Willett said in a news release.

Hutchinson spokesman David Kinkade dismissed Willett's criticism as "silly."

"Early in the process, Asa made it clear to Karl Rove that he and Susan wanted to come home to Arkansas to be nearer their children and grandchildren and to join the race for governor," Kinkade said. "Why the Democrats would see that as a negative is beyond me."

Bush Stumps For Corker (AP)

By Beth Rucker

AP, August 31, 2006

NASHVILLE - President Bush praised Republican U.S. Senate candidate Bob Corker's background as a businessman and former mayor while helping Corker raise more than $1.5 million at a fund-raising dinner Wednesday evening.

"I think it makes sense to send someone to Washington who's not a lawyer," Bush said in a speech to about 500 people at the $2,100-a-plate event at the Loews Vanderbilt Hotel. "It makes sense to send a man who understands the economy because he was a businessman.

"It makes sense to send a man who understands how local communities work because he was the mayor of an important Tennessee city," Bush said.

The president also praised the man Corker and Democratic U.S. Rep. Harold Ford Jr. are running to replace - Senate Majority Leader Bill Frist - calling him "one of the finest citizens your state has ever produced."

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Bush discussed a variety of foreign and domestic policy issues, and said he needed someone like Corker in the Senate to support his agenda, including keeping tax cuts under his administration permanent and increasing the use of faith-based organizations to conduct charitable work for communities.

He linked success in Iraq with the future safety of America, saying that withdrawing U.S. troops too quickly would lead to a terrorist state more dangerous than Afghanistan in the grip of the repressive Taliban regime.

"If we leave Iraq before the job is done, it will create a terrorist state in the heart of the Middle East, a terrorist state much more dangerous than Afghanistan was before we removed the Taliban, a terrorist state with the capacity to fund its activities because of the oil reserves of Iraq," Bush said.

Promising victory in Iraq, Bush said, "The stakes are high. It's very important for the American people to understand that the security of the United States of America, the capacity of our children to grow up in a peaceful world, in large part depends on our willingness to help this young Iraq democracy succeed. And we will succeed."

Shortly after speaking, Bush left for the Nashville airport and was scheduled to fly to Salt Lake City to speak Thursday to veterans of the American Legion and attend a re-election campaign event for U.S. Sen. Orrin Hatch. He arrived in Nashville after attending a campaign event in Little Rock, Ark., for Republican gubernatorial candidate Asa Hutchinson.

Wednesday's speech was the latest of several Bush has made on behalf of Republican candidates in Tennessee. He participated in 2002 fund-raisers for then-U.S. Senate candidate Lamar Alexander and gubernatorial candidate Van Hilleary, netting about $1 million for each.

Democrats sought to use the visit to link Corker to Bush's sagging popularity nationwide and across the South.

The president has seen his approval ratings among Tennessee voters drop from about 67 percent in the fall of 2002 to 43 percent in July, according to polls by Mason-Dixon Polling & Research Inc. for the Chattanooga Times Free Press.

Nationally, Bush's job approval rating has dropped to 33 percent, according to an Associated Press-Ipsos poll conducted this month. In the South, Bush's approval ratings dropped from 43 percent last month to 34 percent, the poll showed.

Corker's Democratic opponent, in a live interview with WTVF-TV in Nashville just moments after Bush's speech, said the president "is a dear friend."

"I notice he didn't say anything personally or negative about me," Ford said.

Nevertheless, he said, a change in the Senate is needed.

"The reason there is traction in our campaign .... is that people see that I'm not hostile to national security. No one in the Congress has a stronger record of supporting the troops in the war than me," Ford said.

When he arrived in Nashville, Bush presented the President's Volunteer Service Award to Patricia Gray, coordinator of disaster volunteers for the Nashville Area Red Cross. Bush regularly honors volunteers when he travels across the country to thank them for making a difference in the lives of others, according to information from the White House.

Bush Appearance Pleases Candidate And Opponent (CHIT)

By Mark Silva

Chicago Tribune, August 31, 2006

NASHVILLE -- President Bush headlined a $2,100-per-head fundraiser here Wednesday night and the Republican candidate for the U.S. Senate couldn't be happier.

Neither could his Democratic opponent.

With the war in Iraq and high gas prices there is a repel-and-attract power to the president these days. And some Republicans are even keeping a healthy distance, fearing their own fortunes could be tainted by too close an association.

In Tennessee, Republican Bob Corker, a millionaire builder and former mayor of Chattanooga, was happy to host the president for his fundraiser in his bid to replace retiring Sen. Bill Frist (R-Tenn.).

But his opponent, Democrat Harold Ford Jr., could reap at least equal benefits, banking on an unusual form of negative coattails because of the president's low standing in polls, and thus help his party retake control of the Senate.

Even among Republicans who support Bush, many are seeking a certain distance this fall—such as the Republican congressmen in suburban Philadelphia facing stiff challenges in a similar struggle for control of the House. One has aired ads asserting that he supports Bush when he is right and tells him when he's not.

Running with, and sometimes from, the president poses the greatest balancing act for Republicans in this potentially pivotal year when control of one or possibly even both chambers of Congress is at stake.

"Even though the president is unpopular, rank-and-file Republicans still hold him in pretty high regard—he can raise money," said John Geer, professor of political science at Vanderbilt University in Nashville, calling the Tennessee Senate race one that's likely to attract big national money.

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"This race is pretty competitive at this point," Geer says of the bruising contest between Corker and Ford. "Nationally, Tennessee is the sixth state. If it fell, the Democrats might well take the Senate."

The president has raised more than $150 million for his party and its candidates in more than 40 events such as the dinner for Corker, who also has funneled nearly $2 million of his own fortune into this Senate race.

"We face historic times here in this country... difficult times, because we face an enemy that longs to hurt America," said Bush, addressing a few hundred people at a dinner that raised more than $1.5 million for Corker and the state GOP. "I need people in Washington, D.C., who are willing to give those who are responsible for protecting America all that they need, tools such as the Patriot Act."

Yet some of the Republicans who have benefited from Bush's fundraising have quickly pivoted on the president's controversial policies.

Bush raised money for Rep. Heather Wilson (R, Ariz.) in June—"I cannot tell you how important it is to reelect Heather Wilson," Bush said then. Yet she has distanced herself from the president on several fronts, calling for an investigation of the National Security Agency's domestic wiretapping program, criticizing the administration's attempt to hand management of American ports to a Dubai firm and voicing skepticism over the deployment of the National Guard to the Mexican border.

Rep. Christopher Shays, a Connecticut Republican who has supported the war and faces a tough re-election contest, returned from a trip to Iraq last week saying he now supports a timetable for withdrawal of American troops.

In Pennsylvania, Rep. Jim Gerlach has aired a TV ad stating, in part: "When I believe President Bush is right, I'm behind him. And when I think he's wrong, I let him know that, too. The president wants a guest worker program. That may lead to amnesty for illegal immigrants."

Sen. John McCain (R-Ariz.) and former New York Mayor Rudy Giuliani, two of the party's more moderate leaders, have campaigned for Gerlach.

"My voting record is independent and centrist," Gerlach said in an interview. "We want to make sure the voters understand that I've agreed with the president on some issues and I've disagreed with him on some issues, like stem cell [research], Social Security, drilling in ANWR [the Arctic National Wildlife Refuge]."

Terry Madonna, director of the Center for Politics and Public Affairs at Franklin and Marshall College in Pennsylvania, calls this "a tap dance."

"We hear about Republicans all around the country, particularly in the suburbs, doing this tap dance," Madonna said. "The low approval rating of the president in many of these places is dragging the ticket down…. These folks know they can't be hypocritical about it. They can't do a 180, so they have to find a way to demonstrate their independence."

Tennessee's Corker, an entrepreneur and former mayor, has stood by Bush, voicing support for staying the course in Iraq, for instance.

Yet even in Tennessee, which sided with Bush over the home-state candidate for president, Al Gore, in 2000 and then backed Bush's re-election in 2004 by a 14 percentage point margin, Democrats believe Ford, a five-term member of Congress from Memphis, has an even chance of winning the seat that Frist, the Senate majority leader, has held.

So, while importing Bush for a fundraiser at the Loews Vanderbilt Plaza Hotel in Nashville may have boosted Corker's campaign coffers, Democrats have found new campaign fodder in the president's appearance.

"Tennessee is no different than any other state in the country, in the sense that people are looking for new leadership and new direction in Washington," said Phil Singer, spokesman for the Democratic Senate Campaign Committee.

"The more that Bob Corker and other Senate Republican candidates associate themselves with the status quo, the clearer the choice in November is going to become for voters," Singer said. "He is raising money for them because he is going to want them to back the agenda that he is pushing in Washington."

Dan Ronayne, spokesman for the National Republican Senatorial Committee, maintains that Tennesseeans have backed Bush before and will stand by him and his party's candidate again this year.

"We have to do our work there to win the seat," Ronayne said. But "they have got to string together a pretty good amount of races to get to six [Senate-seat victories and regain control of the Senate]. You are left with arguing that a congressman from Memphis with a message that matches up well with his district can sell it statewide. That's tough."

The contest for the only open seat this fall currently held by Republicans is getting "scrappy," by one campaign's account, with the Democratic Senate Campaign Committee airing TV ads in Tennessee accusing Corker of currying the favor of "Big Oil." His campaign finance chairman and college roommate is CEO of the state's biggest company, Pilot Oil, a gasoline retailer. "The gas station king" has raised millions of dollars for Corker, the Democratic Party's ad says.

The Republicans, attempting to paint Ford as a liberal and someone who, like Gore, has lost his Tennessee roots, are portraying the 36-year-old African-American as a Washingtonian with "fancy" taste in food and cigars.

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The National Republican Senatorial Committee operates a Web site, FancyFord.com, which tallies some of Ford's outings, including his attendance at a Playboy Super Bowl party—"parties with Playboy playmates," the site notes. Critics see racial overtones in the site displaying a photograph of four glamorous blonds and brunettes, but the party adamantly denies any such intentions.

"That is preposterous," Ronayne said. "It's a light-hearted way of making a greater point… that Harold Ford is probably a little more D.C. than Tennessee."

The Democrats take heart in the GOP's attack: "If you had asked the NRSC back in January if they would have to spend time in Tennessee, they would have laughed at you," Singer said. "The sign of how concerned they are is that they are attacking him. That's what FancyFord is all about."

Naftali Bendavid of the Tribune's Washington Bureau contributed to this report.

Taxpayers Pay For Bush's Campaign Travel (AP)

By Jennifer Loven

The Associated Press, August 31, 2006

Bankrolled almost entirely by taxpayers, President Bush is roaming far and wide on Air Force One to help Republicans retain control of Congress and capture statehouse contests in high-stakes midterm elections.

In 15 months, including back-to-back fundraisers Wednesday in Little Rock, Ark., and Nashville, Tenn., Bush has collected $166 million for the campaign accounts of 27 Republican candidates, the national GOP and its state counterparts across the country, according to the Republican National Committee.

High-dollar Washington galas headlined by the fundraiser-in-chief brought in a big share of the total. The president also has scooped up campaign cash in 36 cities, travels that have taken him as near as McLean, Va., in the Washington suburbs and as far as Medina, Wash., 2,800 miles to the west. On Thursday, Bush adds yet another locale to the list: Salt Lake City.

All this to-and-fro presidential politicking is only expected to increase as November draws closer. And it is the taxpayers, not the campaigns or political parties, who foot most of the travel bill.

When Bush, Vice President Dick Cheney, first lady Laura Bush or any federal official helps a candidate, Federal Election Commission guidelines say the campaign must reimburse the government only the equivalent of a first-class fare for each political traveler on each leg of the trip. Typically, that means paying a few hundred or at most a few thousand dollars to cover the president and a couple of aides from the White House Office of Political Affairs.

The White House deems staffers from any other office "official," eliminating any need for campaigns to cover their travel.

And the White House requires reimbursement only if the president specifically advocates a candidate's election, for instance by headlining a fundraiser or a rally on their behalf. That means that staging appearances alongside the president — from Air Force One's jetway or at a policy event — costs a candidate nothing even though they can bask in the media spotlight.

Bush is not the first president to operate this way. The federal regulations governing reimbursement for political travel have been on the books at least since the Reagan administration, and the White House said Bush adheres to all rules.

Pete Sepp, spokesman for the National Taxpayers Union, a taxpayers advocacy organization, suggested at least requiring campaigns to cover the actual cost of fueling and providing a crew to Air Force One, which runs to tens of thousands of dollars each hour for the specially retrofitted Boeing 747-200B Bush usually uses.

But Massie Ritsch, spokesman for the Center for Responsive Politics, which tracks money's impact on politics, said that seems unrealistic. "You would bankrupt the campaign," he said.

Ritsch said the system is likely to remain for the foreseeable future — mostly because both Democrats and Republicans have benefited, leaving little will on either side to change it.

"Having a member of your party in the White House is a perk for any candidate in that party," he said. "He comes with all the trappings of the president and you as a candidate really don't have to pay for any of it."

Beside the substantial Air Force One costs, other expenses not covered by the airfare reimbursement are extensive.

The Secret Service provides massive presidential protection. Advance teams fan out before trips to map every move. Overnight stays bring hotel costs for the large presidential entourage. Duplicate motorcades of well over a dozen vehicles each, including armored limousines and sometimes several helicopters, must be shipped ahead on cargo planes to every city.

Like others before it, the White House often transfers more of the bill-paying burden onto taxpayers by pairing an "official" event with the political one. Then, the percentage of time spent on official and political duties is calculated to determine what portion of the first-class fare is owed by the campaign.

Nearly two-thirds of Bush's travel days outside of Washington for political appearances this election cycle have included an "official" event. Most of the time, the two events are near enough not to require a separate flight, making it even more economical for the campaign.

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At the beginning of August, for instance, Bush stopped briefly at a county emergency operations center outside Cleveland to commemorate routine disaster declarations for the area's heavy rains. It was a stop added only at the last minute, and just five minutes from a home where he was scheduled to raise $1.5 million for Ohio's Republican candidate for governor, Kenneth Blackwell.

An increasingly common approach is to pick a local business for Bush to tour and use as a backdrop for casual remarks on the economy. A visit earlier this month to a York, Pa., Harley-Davidson plant preceded a fundraiser for Republican gubernatorial candidate Lynn Swann.

In July, Bush chatted with workers at a Wisconsin Allen-Edmonds shoe factory before helping GOP Rep. Mark Green's gubernatorial campaign. And in mid-August, the president raised money for Republican congressional candidate John Gard in Oneida, Wis., following a brief stop at a nearby metal plant.

A president's unique ability to attract large donations from party faithful, and to do it on the cheap for the benefiting campaign, help explain why Bush is in demand as a fundraiser despite low approval ratings. Many candidates, however, are choosing this year to set up their Bush-headlined donor receptions in private homes, where the media is barred.

What Worries Economists? (WSJ)

WSJ Online's "Washington Wire", August 28, 2006

Terrorism and energy prices top the worry list, according to a biannual survey of nearly 200 economists released Monday by the National Association for Business Economics. With the foiled plot to bomb U.S.-bound airlines raising security concerns, 34% said terrorism posed the greatest short-term risk to economic growth, up from 26% in March. Nearly 30% cited energy prices, up from 23% in March, although they say it would take the unlikely scenario of prices rising to $100 a barrel to spark a recession. Inflation came in third among the most frequently cited threats to short-term economic health.

With Treasury coffers filling up with higher-than-expected tax revenue, only 2% of the economists cited government spending and the federal deficit as a short-term risk, down from 14% in March. The deficit, however, was cited as the biggest threat to the economy's long-term health. Three-quarters said the government should be spending less and have a narrower deficit at the end of the Bush presidency in two years, but only 17% think it will.

With early signs suggesting Federal Reserve Chairman Ben Bernanke and his policymaking colleagues may be able to tame inflation without causing inflation, 71% of economists surveyed said monetary policy was "about right." There's no consensus on where the Fed will take interest rates from here. According to 14% of those surveyed, rates are still too low, but 13% said they're too high. – Christopher Conkey

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August 28, 2006, 12:06 am Gone but Not Forgotten

Though he wasn't in attendance, the work of Princeton University economist and New York Times columnist Paul Krugman was a recurrent theme in the Federal Reserve's Jackson Hole symposium this year.

The event's title, "The New Economic Geography," was the name given to work Mr. Krugman pioneered in 1991 in his book, "Geography and Trade." Anthony Venables of the London School of Economics, the first academic presenter at the event, has been a co-author of Mr. Krugman. Another speaker, Doug Irwin of Dartmouth College, recommended participants read Mr. Krugman's essay, "Competitiveness: A Dangerous Obsession." Later, during a whimsical discussion on the potential for interplanetary trade, the Bank of England's Charlie Bean noted Mr. Krugman had written an article called "The pure theory of interstellar trade," which Mr. Krugman had called a "serious analysis of a silly problem," according to Mr. Bean.

Mr. Krugman is an accomplished economist who won the American Economic Association's prestigious John Bates Clark Medal in 1991. But in recent years he has become better known, even among many of his academic peers, for his popular writings, in particular his Times columns which are often harshly critical of the Bush administration, than for his academic research. He has presented papers at the Jackson Hole conference in previous years, but wasn't invited to this year's. Mr. Krugman, in an email, said he would have attended, had he been invited. "After all, a lot of people give me credit or blame for founding the new economic geography, and it would have been interesting to join a discussion on the state of the field, even though I haven't done a lot of new research in the area since the late 90s."

Officials of the Kansas City Fed, which hosts the event, declined to comment on why Mr. Krugman wasn't invited. That said, there are only a few slots for academics at the event and hundreds of logical candidates to fill them. Moreover, when the term "new economic geography" was coined in the early 1990s, it referred to how local agglomerations of skills, talent and other assets can given a country a comparative advantage in a particular industry. At this weekend's conference, the term referred more to how the rise of China, India and other developing nations is reshaping the world economy. – Greg Ip

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August 27, 2006, 8:22 pm Gov. Schwarzenegger Is Standout as GOP Stumbles

DOJ_NMG_0056276

Democrats lead in most of 19 hotly contested gubernatorial races, including seven now held by Republican incumbents, according to the most recent set of Battlegrounds polls from Zogby Interactive, conducted in cooperation with The Wall Street Journal Online. In Pennsylvania, incumbent Ed Rendell remained locked in a tight race with Republican Lynn Swann, a former Pittsburgh Steelers wide receiver and sports announcer. Rendell's lead was four percentage points in the latest poll, down from seven points in July. California Gov. Arnold Schwarzenegger climbed to a five percentage point lead over Democratic challenger Phil Angelides. It was the first time that Schwarzenegger led in that matchup since the polling project began, though he has generally gained ground throughout the year. Meanwhile, the race between Republican Rep. Jim Nussle and Democratic Iowa Secretary of State Chet Culver continues to be one of the hottest contests in the nation. While Culver edged into the lead in the latest poll, Zogby says the race is too close to call for either side. The polls were conducted Aug. 15-21. See the full results.

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August 27, 2006, 8:20 pm Zogby Polls Show Dems Gaining in Senate

Democrats picked up ground in a new set of polls of hotly contested Senate races, now leading in 12 of the 18 races tracked, up from 10 of 17 last time. In Virginia, the "macaca" comment appear to have hurt incumbent George Allen, who went from a comfortable lead in previous Zogby polls to now trailing Democrat James Webb, a former secretary of the Navy under President Reagan. Among other races, Robert Menendez's lead over Republican Tom Kean Jr. narrowed to just two percentage points in New Jersey, while incumbent John Ensign's advantage over Democrat Jack Carter narrowed in Nevada.

Although Republicans are ahead in fewer of the battlegrounds than Democrats, the party would still maintain control of the 100-seat Senate if the election results match Zogby's results. Taking into account the 40 Republican seats not up for re-election and seven that weren't included in the polling because Republicans are expected to win handily, Republicans would retain a 52-46 majority in the Senate, though Mr. Lieberman and another independent, Jim Jeffords of Vermont, would be expected to vote frequently with the Democrats. See the full results.

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August 27, 2006, 2:41 pm Starr Goes From Cigars to Bongs

President Clinton's impeachment nemesis Kenneth Starr is staying busy. Monday, the former Independent Counsel is expected to file a petition asking the U.S. Supreme Court to uphold the suspension of a high school student disciplined for holding a banner across the street from campus reading, "BONG HITS 4 JESUS."

The incident occurred in January 2002, as the Olympic torch relay wound through Juneau, Alaska, en route to the winter games in Salt Lake City. As the torch passed by the school, student Joseph Frederick and friends unfurled the banner across the street from campus apparently to attract the attention of television cameras.

A bong is a popular device used to smoke marijuana, inhalation from which is commonly known as a "bong hit." The school principal suspended Mr. Frederick — allegedly the only student who disobeyed her command to put down the banner — for 10 days. Mr. Frederick claimed the suspension violated his First Amendment right to freedom of speech. A federal district judge sided with the school, but a panel on the U.S. Court of Appeals for the Ninth Circuit unanimously reversed.

Mr. Starr and other attorneys in the Los Angeles office of Kirkland & Ellis have accepted the case pro bono. Should the court grant the petition, the outcome could hinge on whether the banner disrupted the educational process, whether watching the relay was a school-sponsored event, and whether Mr. Frederick — who had yet to enter school property that morning because his car had been stuck in the snow — was officially on campus. –Ben Winograd

Read the petition to be filed with the Supreme Court.

Permalink | Trackbacks (1)

August 27, 2006, 2:01 pm On Call, On the Spot

Does trouble follow National Safety Transportation Board member Debbie Hersman? She was the NTSB member on call when a Comair commuter jet fatally crashed at the Lexington , Ky., airport early Sunday morning. Board members take turns being on call and that person becomes the NTSB's spokesman on the accident scene.

When Ms. Hersman joined the NTSB, some aviation safety officials grumbled she was part of a new wave of NTSB officials who didn't have enough technical knowledge of aviation to be effective. But she's certainly had plenty of exposure to safety issues since then, because major accidents seem to have had a way of happening when she's on call.

Since joining the NTSB in June 2004 from her previous job as a Senate staffer, Ms. Hersman has been on scene at five transportation accidents, including the nonfatal November 2004 collision of two subway cars in Washington, the February 2005 crash of a private jet into an airport warehouse in Teterboro, N.J., and the July 2005 head-on collision of two freight trains in Anding, Miss.

The crash Sunday morning ended what government safety officials dubbed the "safest period in aviation history." The last major fatal airline accident in the U.S. happened in November 2001, when American Airlines Fight 587 crashed soon after take-off in Queens, N.Y., killing 265 people. –Amy Schatz

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August 26, 2006, 6:54 pm Anecdotes on Education From Jackson Hole

It's long been accepted that emerging Asian economies owe much of their success to an emphasis on education, but a few anecdotes aired at Jackson Hole underlined the point. Arminio Frago, a former governor of Brazil's central bank who now runs a hedge fund, noted that Brazil and South Korea once had the same per-capita gross domestic product. Now, South Korea's is over twice that of Brazil's. By way of explanation, he noted that the average Korean has 13 years of school, while in Brazil the figure is six years, and the education is not very high quality. Rakesh Mohan, deputy governor of the Reserve Bank of India, noted that Tokyo has 113 universities; Beijing has 59. – Greg Ip

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August 26, 2006, 6:51 pm Feldstein Speaks Up at Jackson Hole

Harvard University's Martin Feldstein is traditionally an active participant at the Fed's annual Jackson Hole conference. Last year, he was unusually quiet, a result of the fact he was under consideration to succeed Alan Greenspan as chairman of the Fed. Since then, the job went to Ben Bernanke and this year Mr. Feldstein seemed more willing to speak his mind. His views, had they come from a Fed chairman, would have sent the markets into a tizzy. First, Mr. Feldstein repeated his long-standing view that the U.S. dollar has to fall a lot to rein in the U.S.'s massive trade deficit. It's not clear when or how fast, "but I have no doubt it will be coming." A lower dollar, he said, will result in "higher inflation." Furthermore, U.S. interest rates will have to rise to entice foreigners to hold onto some of their dollar holdings. So "the most likely response [is] some combination of higher real interest rates and a falling value of the dollar, further complicating the problem for monetary policy." Alternatively, Americans could cut their consumption, leading to a narrower trade deficit and higher saving, perhaps because of lower house prices. Then the Fed has the delicate job of "balancing the decline in domestic demand and the process of international adjustment." – Greg Ip

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August 26, 2006, 6:50 pm Jackson Hole's Sleeper Hit

At a conference dominated by discussion of the rise of India and China and their impact on the U.S. and Europe, the sleeper hit of the Federal Reserve Bank of Kansas City's annual conference in Jackson Hole, Wyo., was a short presentation on why Africa has fallen so far behind the rest of the developed world, especially Asia, in recent decades.

Reflecting the conference theme — "The New Economic Geography" — Paul Collier of Oxford University made a persuasive case that nowhere more than in Africa has geography undermined economic progress. Statistically, a country's growth is more likely to lag if it is landlocked, resource-poor or small, and Africa, which is divided into over 40 countries, has an unusually large number of countries that are all three. Many African countries are resource rich but are unable to efficiently spend those resources because, while democratic, they lack effective checks and balances. By contrast, countries that must rely on taxes are more likely to face demands for accountability. African countries, despite being small, are also ethnically diverse. The more diverse a society, the smaller the share of the population represented by the ruling group, he notes. "A minority in power has an incentive to distribute to itself at the expense of the public good of national economic growth." Finally, he says, Africa has missed the globalization boat: at the time Asia was opening up to foreign investment, Africa was saddled with overvalued currencies, civil war, experiments with socialism, or apartheid. Almost all these problems have been solved, but in the meantime Asia has acquired a formidable critical mass of local skills and infrastructure that make it difficult for Africa to compete for foreign investment. Mr. Collier's presentation was perhaps the most eye-opening to the crowd of academics, Wall Streeters and central bankers at the Fed conference, perhaps because so much of it was new to them. (Only one central banker from Africa was on the list of attendees: South Africa's. There were six from Latin America.) But perhaps it was welcomed because it presented a persuasive, systematic explanation for the continent's troubles that didn't have to argue that Africa was somehow different. "African performance has been far worse than that of any other region," Mr. Collier has written. "The explanation for this is not that African economic behavior is fundamentally different from elsewhere, but rather that African geographic endowments are distinctive." He sharply disagreed with economist-celebrity Jeffrey Sachs's view that disease and climate are the principal reasons for Africa's underdevelopment. Sachs, he said, is "barking up the wrong tree." – Greg Ip

Anecdotes on Education From Jackson Hole

Aug.26, 2006

Feldstein Speaks Up at Jackson Hole

Aug.26, 2006

ABOUT THIS BLOG

The Washington Wire, which is among the most venerated products of the Journal's Washington bureau, also is one of the oldest standing features in American journalism. Since the Wire was launched on Sept. 20, 1940, the Journal has offered readers an informal look at the capital's comings and goings in a series of newsy, and sometimes even gossipy, items. Now

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online each weekday, the Wire provides a succession of glimpses at what's happening behind hot stories and early warnings of what to watch for in the days ahead. The Wire is the collective product of the Washington bureau, some 40 journalists strong. Write to Washington Wire at washwire@wsj.com.

Text Size: S M L View Archives Week Of August 30, 2006 (HEN)

By Robert Novak

Human Events Novak: House Outlook "Pitiful", August 31, 2006

Newt Gingrich: Worthy of note, as Washington prepares to exit its summer doldrums, is the effective and omnipresent public relations campaign being waged by the former Speaker of the House. But in his recent appearances, Gingrich has been less than scrupulous about getting the facts right.

Gingrich wants a more resolute U.S. stance in what he considers the "Third World War." As an example, he depicts failed efforts to broadcast the truth to Iran and North Korea. On NBC's "Meet the Press" July 16, Gingrich declared: "We're sending signals today that no matter how much you provoke us, no matter how viciously you describe things in public, no matter how many things you're doing with missiles and nuclear weapons, the most you'll get out of us is talk."

When moderator Tim Russert asked what he would do, Gingrich replied that "we are currently broadcasting I think it's 90 minutes a week into North Korea. We're currently broadcasting a trivial amount into Iran." He painted a picture of discontented populations in both countries ripe for American broadcasts.

The problem is that Gingrich vastly understated the actual U.S. effort. Kenneth Tomlinson, chairman of the U.S. Broadcasting Board of Governors (BBG) and a piñata for the Left in that capacity, corrected Gingrich personally, informing him that his agency began live satellite television broadcasts to Iran in 2003 for 12 daily TV hours in all. The BBG's Radio Farda is broadcasting more than eight hours of news in Iran each day. Tomlinson said that VOA and Radio Free Asia are on the air three and one-half hours a day, not 90 minutes a week as claimed by Gingrich.

But even after getting the correction, Gingrich persisted in the misrepresentation. On Fox News Sunday August 6, Gingrich complained about "how many things we could be doing" to undermine the Iranian regime "if we were broadcasting more than three hours a week" -- disregarding Tomlinson's letter. Gingrich and his staff did not provide a satisfactory account of the discrepancy.

Newt Gingrich is a rare charismatic Republican, making his remarkable political comeback. But unfounded accusations about U.S. international broadcasts point to a longtime carelessness with facts. The broader problem is his implication that oppressed millions in Iran and North Korea, even the sympathetic ones, can be programmed by the Voice of America into overthrowing their rogue governments.

House 2006

If The Election Were Held Today: To date, we have discussed this election in terms of what the final outcome will look like in November. We have also mentioned Republican fears that, as one House committee chairman has said privately, Republicans will lose 25 seats -- or as we were told that national internal polls suggested, they could lose as many as 26 seats.

From here in, now that primary season has approached its end, we will resist such broad prognostication, particularly since we have not yet seen evidence that such huge losses are imminent when looking at the races as we always have in past cycles -- on a district-by-district basis. As we noted last week, "it is still at least challenging to construct a scenario of a 15-seat Democratic gain without positing some improbable upsets."

Today we begin a new, seat-by-seat look at this year's competitive House races, based solely on how each would turn out if the election were held today. As promised, we take a look this week at Democrat-held seats in the U.S. House and Democrats' chances of a takeover, and compare them to the Republican-held seats they will be targeting.

PA-12 (Murtha)
SC-5 (Spratt)
TX-17 (Edwards)
VT-AL (Open)
WV-1 (Mollohan)

The first word that comes to mind with this chart is "pitiful." Most striking is the small space it takes up on the page and the emptiness of the category to the right -- "Likely Republican Takeover" -- and the near emptiness of "Leans GOP." There is not one easy takeover target for the Republicans this year. Republicans have failed to expand the playing field on the Democrats' side.

There are several reasons for this, including failure to recruit good candidates.

Only one seat appears to be truly vulnerable for takeover, the Republican-heavy seat taken in 2004 by Rep. Melissa Bean (D-Ill.). We continue to believe that former Rep. Phil Crane (R) lost this 56 percent Bush seat, and not that Bean really won it.

Voters will probably make a correction this year, but not without a heroic Republican effort. Despite a financial advantage, Bean suffers from a massive defection of organized labor and the presence of a pro-labor third-party candidate in her race against businessman David McSweeney (R).

Republicans have touted their chances in Georgia, but there is no overwhelming reason for optimism at this point. Rep. John Barrow (D-Ga.) could be defeated in a political comeback story for former Rep. Max Burns (R), especially since the district has been redrawn since Burns lost to Barrow in 2004. Former Rep. Mac Collins (R-Ga.), although a strong and able candidate (who is running a much better race than his 2004 Senate candidacy), faces an even tougher prospect in challenging Rep. Jim Marshall (D-Ga.).

We have added the district of Rep. Lloyd Doggett (D-Tex.) to the chart only because his new district boundaries make him potentially vulnerable to a wealthy, self-funding Republican challenger who hails from the rural parts of Travis County. He will be forced to run a special election race due to court-ordered redistricting.

Some of the Republicans' best hopes have also been dampened by events. State Sen. Craig Romero (R-La.) in Louisiana is not viewed now as likely to unseat Rep. Charles Melancon (D). State Senate President Jeff Lamberti (R-Iowa) still has a shot against Rep. Leonard Boswell (D), but Boswell has clearly recovered from his earlier sluggishness and health problems, and Democrats now feel confident that he can win without help from the DCCC, which has pulled its planned ads.

Also striking about the Democratic chart is its asymmetry with the chart of Republican-held seats. Below, we present a chart slightly different from last week's, based on what we believe would happen if the election were held today. This makes the situation appear bleaker for the GOP.

PA-8 (Fitzpatrick)
WI-8 (Open)
WA-8 (Reichert)
PA-10 (Sherwood)
WY-AL (Cubin)

On the Republican-held chart, we see a very rich environment of Democratic takeover targets. Admittedly, some are less realistic than others, but the fact that there are so many, compared to so few on the Democratic chart, illustrates the problem Republicans face this year. Any way one looks at it, the odds are clearly stacked against the GOP and in favor of Democrats. Republicans are certain to lose House seats this year, even under the best scenario they can envision.

If Democrats prove that they can hold their leads against the vulnerable GOP districts in the third and fourth columns, then they will press their advantage effectively and probe for more weaknesses until they start winning in seats in the second column of the chart (leans GOP) and even the first (likely Republican Retention). If this happens, it will be like a dike bursting for the GOP. Too many holes will appear to be plugged up, and Democrats will almost certainly take the House. Then we will have concrete reasons to expect a 25 or 26 seat GOP loss.

Key to Democrats' victory, again, will be the removal of their own marginal incumbents from their endangered condition. The less spent by Democrats on their own seats, the more they can spend unseating the many marginal Republicans. No matter how they play it, Republican strategists cannot effectively play defense everywhere.

From the perspective of contested races, Democrats are clearly at the controls. They have two main obstacles to overcome, from a big-picture perspective: The first is their decisive technological and methodological disadvantage when it comes to voter turnout, demonstrated in the 2004 election. The second is the irrelevance of the Democratic National Committee, whose cash-on-hand total is currently less than that of some Senate campaigns.

Still, the money they do have is in the competent hands of DCCC chairman Rahm Emanuel (D-Ill.) and DSCC chairman Chuck Schumer (D-N.Y.), not those of Howard Dean.

$34,147,575
National Republican Senatorial Committee (NRSC)
$20,570,361
Republicans Total
$98,340,041

As we noted last week, we still believe that the GOP can recover enough by Election Day to avoid this disaster, but can they recover enough to keep the House? Most candidates are just now beginning to spend serious money, and the races will start to move soon.

Democrats need a net gain of 15 seats to win control of the House. At this point, our seat-by-seat analysis suggests that they are very close. To repeat: They will attain their goal if they can keep their own members safe and spend the money to attack a greater number of Republican incumbents, to create more holes in the dike as Election Day approaches. Democrats +14, Republicans -14.

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Florida-13: Auto dealer Vern Buchanan (R) remains the favorite to succeed Rep. Katherine Harris (R). The likely second-place finisher is Tramm Hudson (R). Leaning Buchanan.

Pennsylvania-8: Rep. Mike Fitzpatrick (R) scored a coup with the endorsement of the League of Conservation Voters. This is not the kind of thing that will send voters to him in droves, but it will at least make moderate Republicans in the Philadelphia suburbs feel more comfortable voting for him.

Fitzpatrick is significantly more conservative than his predecessor, Jim Greenwood (R), and neither his opposition to Bush's Iraq policy nor his embrace of carbon dioxide caps is unlikely to sour conservatives on his candidacy. Fitzpatrick's opponent, Iraq War veteran and Democrat activist Patrick Murphy (D), trails in finances. Leaning Republican Retention.

Senate 2006

Florida: In spite of her odd behavior and controversial statements, Rep. Katherine Harris (R) is still the favorite to win the GOP Senate nomination. Her victory would effectively take this race off the table for November, but it is probably off the table anyway.

The Republican most likely to upset Harris next Tuesday is attorney Will McBride, who has an excellent ad running right now portraying himself as the Republican "who can win," and urging Republicans not to "throw in the towel." Leaning Harris.

Maryland: Events have conspired somewhat against Rep. Ben Cardin (D) on his way to the nomination. After long-shot self-funder Josh Rales (D) began his enormous expenditures on television advertising -- more than $4.4 million already -- Cardin was forced to respond in kind. Rales will likely draw from the same white suburban liberals as Cardin is counting on to give him the nomination. Still, all of Rales's money has only brought him a mere six percent in the latest poll, released today.

This means that the Democratic nominee, whether it is Cardin or former Rep. Kweisi Mfume (D), will be short of cash by the time of the September 12 primary. It also means an advantage for Mfume, who is counting for victory on strong black turnout rather than on having the big money.

But despite Mfume's extremely late endorsements from Reps. Al Wynn (D) and Elijah Cummings, and former Gov. Parris Glendening (D), he trails by 13 points in today's poll. Mfume cannot win solely on the basis of a ground game -- he must also put together a serious air game in the final two weeks. His opponents, including Lt. Gov. Michael Steele (R), unopposed for the GOP nomination, are on the air right now. Leaning Cardin.

Rhode Island: Cranston Mayor Stephen Laffey (R) now has an excellent chance of ending the career of Sen. Lincoln Chafee (R) in two weeks. The Sept. 12 primary is extremely unpredictable because of the large number of independents who can vote in Republican primaries, but it is clear that Republican voters will support Laffey overwhelmingly. Laffey has effectively made his name known throughout the small state, and the expected high turnout will work to his advantage. He has bested Chafee in debate, and has kept close enough in cash-on-hand.

Unlike the Lieberman-Lamont race in neighboring Connecticut, this primary is genuinely an ideological battle, and it will bring many committed conservatives out to vote. Laffey, however, likes to downplay his conservatism and campaign on issues such as government waste and high gas prices. Leaning Laffey.

Sincerely,

Robert D. Novak

Mr. Novak is a syndicated columnist and editor of the Evans-Novak Political Report, a political newsletter he founded in 1967 with Roland Evans. Click here to get a free subscription.

Race Tests Value, Or Cost, Of Loyalty (USAT)

By Andrea Stone

USA Today, August 31, 2006

ALBUQUERQUE — Silent auction bidding was brisk for The Bush Family Cookbook as Heather Wilson strode in to applause at the Federated Republican Women's luncheon here last week.

The Republican congresswoman told 100 supporters that there were “profound differences” between herself and Democrat Patricia Madrid, especially when it comes to the Iraq war.

“Patsy Madrid wanted to quit and walk away a year ago,” said Wilson, a former Air Force officer. “We won't be safe if we pick up our ball and go home. … It's a choice between resolve and retreat, and … I choose resolve.”

Wilson is a rarity in the Republican-led Congress, one of a few in the GOP openly embracing President Bush on the war in Iraq. Her resolve belies the disillusionment with the war: More than six in 10 people say they disapprove of the way Bush is handling the situation in Iraq, according to a USA TODAY/Gallup Poll this month.

Yet it also presents a political dilemma for Wilson, only the second female veteran in Congress and one who represents a district with more registered Democrats than Republicans. The USA TODAY poll found that 35% of registered voters nationally

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are more likely to vote for a candidate for Congress who opposes Bush's handling of the war, compared with 26% more likely to back a candidate who supports Bush on Iraq.

Emphasizing the war in Iraq "has the risk of tying her to the president in a war that hasn't gone well," says Albuquerque pollster Brian Sanderoff, who is not linked to either candidate's campaign.

In a sign that Iraq is a difficult campaign issue for Republicans, lawmakers such as Christopher Shays of Connecticut, Mike Fitzpatrick of Pennsylvania and Gil Gutknecht of Minnesota have begun to distance themselves from the president and his handling of the war. Shays, for example, said it's time for a "realistic" timetable to be set for U.S. troop withdrawals.

Wilson's supporters are concerned about damage from ties to Bush and his handling of the war.

"There's a groundswell of disenchantment," said Ann Hogue, 72, a GOP activist. "It's a real dilemma, the war."

Iraq was a major reason Madrid, the state attorney general, entered the race. Top Democrats — including Rep. Rahm Emanuel of Illinois, the party's House campaign chairman, and House Minority Leader Nancy Pelosi — recruited Madrid, one of the highest-ranking Hispanic officials in the state. They see the district, which is 43% Hispanic and whose local officials are mostly Democrats, as one of the 15 GOP-held House seats within reach to give them back the majority they lost in 1994.

Madrid, 59, called last year for U.S. troop withdrawals by this December. "We need to have a responsible exit plan to get our troops home," she said, offering no specifics.

Last week, Wilson began using a phrase favored by Bush to describe Democratic calls to pull out troops. "It would be a disaster for America to cut and run," she said at the GOP women's lunch. She had previously shied away from such rhetoric but has long tied the fighting in Iraq to the global war on terror, much as Bush has done in speeches.

Still, Wilson has yet to use Iraq in TV ads. She has focused on assailing Madrid for not investigating alleged corruption by Democratic state officials. Madrid has rebutted the charges, saying in TV spots that she was "falsely" accused and reminding voters that Wilson took contributions from "indicted Republican leader Tom DeLay."

Madrid calls Wilson's ethics charges "a diversionary tactic." She says: "In the end, people will vote on the war."

New Mexico's 1st Congressional District includes Kirtland Air Force Base, the federal Sandia nuclear research facility and many military families. Local political observers say Democrats here tend to be moderate to conservative and often cross party lines at the polls.

"A lot are against the war," says Joe Monahan, a blogger on state politics, "but they are not gleeful about it."

Interviews with three dozen voters here point to a close race and confirm Iraq is a top concern. Some Republicans agree with Bush's position and will vote for Wilson, who once worked on the National Security Council. Others are wavering. Most Democrats and independents interviewed support Madrid.

Norma Uber, who gave her age as "over 50," is a Democrat who has voted for Wilson but won't this time. She said Iraq has drained money from health care, education and other priorities. "The war has caused all of the other problems. The president spent all our money on the war," she said. "It's time for the Democrats to take over."

Carol Jones, 62, disagrees. The Republican investment adviser in Albuquerque's Old Town was so incensed over Bush's recent veto of a bill to expand embryonic stem cell research that she called the national party to take her name off fundraising lists. Although she calls the war a mistake, she's sticking with Wilson because the congresswoman is "not a rubber stamp" for Bush.

Some here say Madrid has been slow to capitalize on angst over the war. Madrid should "pin Wilson to the endless war in Iraq, one she's supported to the fullest," wrote Albuquerque Tribune editor Phill Casaus.

She heeded the call last week in her first TV spot on Iraq. It noted that Wilson, 45, sits on the House Intelligence Committee, "but she never questioned George Bush on the war. And she never said a word about how we've spent $300 billion there. … That's not independence."

An early critic of the administration's domestic surveillance program, Wilson also has taken Pentagon leaders to task over abuses at Iraq's Abu Ghraib prison.

At a fundraiser for Wilson in June, Bush said he appreciates the occasional challenge from the congresswoman. "Heather is an independent soul, and that's what you want," he said.

Wilson stressed in her first campaign ad in July that she's not wedded to party orthodoxy. She's won five times in this district, which voted for John Kerry for president in 2004 and Al Gore in 2000.

"Sometimes I'm working with people who are in my party. Sometimes they're not in my party. But that's OK," Wilson says in the ad, without saying she's a Republican.

G.O.P. Congressman Shifts To Favor An Iraq Timetable (NYT)

By Raymond Hernandez

The New York Times, August 31, 2006

DOJ_NMG_0056282

WASHINGTON, Aug. 30 — Only a few weeks ago, Representative Christopher Shays, a Republican from Connecticut, minced no words in responding to calls led by Democrats for a phased withdrawal from Iraq. “To have a timetable is absolutely foolish,” he said.

But now, as he faces an increasingly tough re-election battle against an antiwar Democrat, Diane G. Farrell, Mr. Shays has undergone a conversion: He is proposing a timetable for a withdrawal of American troops, an idea derided by the Bush administration and many Republicans.

“A lot of thought has gone into this,” the congressman explained in a lengthy interview this week. “I had a lot of resistance in my own office in moving forward with this.”

How Mr. Shays came to this change of heart is, he says, a matter of a newfound substantive belief that Iraqis need to be prodded into taking greater control of their own destiny under the country’s newly formed government.

But it also comes amid growing signs of strong antiwar sentiment in his state. Earlier this month, Senator Joseph I. Lieberman, a centrist Democrat who supports the war in Iraq and opposes a timetable for withdrawal, was defeated in the Connecticut primary by an antiwar candidate, Ned Lamont. Mr. Lieberman is now running as an independent.

Political analysts say Republicans in other states may be feeling similar pressures. At least two other House Republicans who strongly support the war — Representative Gil Gutknecht of Minnesota and Representative Walter B. Jones of North Carolina — now embrace the idea of a timetable for withdrawal, according to strategists in both parties.

While Mr. Shays made his new position known recently in comments to reporters after returning from his 14th trip to Iraq, he said he planned to follow that up with a series of hearings in September, suggesting that he wants the issue to be at the center of his agenda during the election season.

Mr. Shays, the chairman of the House Government Reform subcommittee on national security, said he planned to draft a timetable for a phased withdrawal and then push for its adoption.

In the interview, Mr. Shays sought to distance himself from both President Bush and antiwar Democrats, a position not unlike that of Mr. Lieberman, whom he considers a political ally. Mr. Shays and Mr. Lieberman appeared together at an event this past weekend.

“The administration wants an open-ended commitment and that sends a wrong message to the Iraqis,” he said after describing how Iraq’s leaders had failed to take steps that would lead their country toward full-fledged political independence.

“I want the Iraqis to know that they do not have an open checkbook,” Mr. Shays continued. “I also want the Iraqis to know that our troops will not be there in the numbers they are now.”

But he also dismissed Democratic timetables for a speedy withdrawal as “arbitrary” and asserted that it would be a disaster to reduce the American presence in Iraq before the Iraqi government had the capacity to protect its citizens. “It would be obscene for us to leave before the Iraqis are able to defend themselves,” he said. “We completely dismantled their security forces.”

Republican officials have sought to minimize the political significance of Mr. Shays’s position. “The president still has a lot of support for the war,” said Carl Forti, a spokesman for the Republican Congressional Campaign Committee. “What you are seeing is certain members express their own opinion.”

Democrats, in turn, have sharply questioned Mr. Shays’s motives, arguing that his conversion had less to do with principle than with the realization that he could no longer afford to vigorously support a war and a president who, polls show, are not popular in Connecticut.

Ms. Farrell, Mr. Shays’s Democratic challenger, described the congressman’s shift as a desperate attempt to divert attention from his record of support for the war.

“Chris Shays knows he is in the fight of his life,” she said. “And it appears that he will say anything in the hope that voters will forget his past record.”

Charlie Cook, a nonpartisan political analyst, argued that more Republicans are likely to begin giving serious thought to embracing a timetable for troop withdrawal given that opposition to the war remains deep as Election Day draws closer.

He noted that in Mr. Shays’s case, his shift came around the same time polls began to show the congressman in an increasingly tight race against Ms. Farrell, who has drawn comparison between Iraq and Vietnam. Ms. Farrell came within five percentage points of defeating Mr. Shays in 2004.

“If you’re a Republican in a tough re-election, you have to stop and reexamine your position,” Mr. Cook said.

Mr. Shays cautioned against reading too much into Mr. Lamont’s victory. He said that Mr. Lieberman did not lose simply because of his war position. He argued, among other things, that Mr. Lieberman had run a “terrible campaign” and that he had alienated many Connecticut Democrats by becoming too close to Republican leaders in Washington.

Mr. Shays said that his plan for withdrawing troops from Iraq would not necessarily reduce the American presence there quickly. “Americans may not like the timeline,” he said. “It may be too slow.” He said the withdrawal would be based on recommendations from military commanders, as well as on a monthly inventory of the number of Iraqi troops that are trained.

Ohio House Race Is Brutal Test (WSJ)

By David Rogers

The Wall Street Journal, August 31, 2006

COLUMBUS, Ohio -- There's a lot of America packed into Ohio's 15th congressional district, including what could become the most significant race in this fall's battle for the House of Representatives.

This district doesn't offer a homogenous landscape, but rather is home to African refugees, a growing Latino community, university students and urban gays, all thrown together with corporate Columbus, upscale suburbs and century-old farmhouses, including one in London where President McKinley once spoke from the front porch.

It's a mix that suits the moderate image of Rep. Deborah Pryce, the fourth-ranking Republican in the House. But after years of only token opposition in this district, the seven-term congresswoman is imperiled by economic pessimism, the Iraq war and others' political scandals, which together could bring about an Election Day upset.

"It's a knife fight," Ms. Pryce says of her race against Democratic challenger Mary Jo Kilroy. Ms. Kilroy, a Franklin County commissioner, gives no quarter. "It's about change... People are fed up with Congress," she says. "We are going to put 'Kilroy is here' on the Capitol."

Ms. Pryce's standing, as chair of the House Republican Conference and friend of Speaker Dennis Hastert, elevates the stakes. Outside groups from the left and right are spending heavily. Cabinet secretaries have come to her aid. And for the entire House Republican leadership, which is heavily rooted in the Midwest, the race is a barometer of how much political fallout they will sustain from economic pessimism in this political battleground.

When compared with residents of the South and West, Midwesterners are more likely to answer that their personal economic situation has gotten worse -- not better -- in the past 12 months, according to a recent Wall Street Journal/NBC News poll. Corruption scandals and the Iraq war -- which both have taken a toll in Ohio -- also increase the challenge for Republicans here.

Columbus, the state capital and once a major Republican stronghold, amplifies the results. The city, located in the heart of Ms. Pryce's district, is home to the Marine reserve unit, Lima Company, which saw nearly a third of its men killed or wounded in Iraq. After 16 years in power, state Republicans are at risk of losing the governorship amid state scandals of their own. Ms. Pryce isn't involved in any of the wrongdoing, but her House neighbor and ally, Ohio Rep. Bob Ney, recently announced he wouldn't seek another term, amid the Jack Abramoff lobbying scandal in Congress.

Unaccustomed to challengers, Ms. Pryce, 55 years old, has scrambled to put together a campaign organization. "It's like riding a bike, it all comes back pretty easy," she says. But one of her early television ads even misspelled Deborah. When asked about the recent departure of her young political director, she jokes of having a "rolling staff."

Sam Dawson, a hard-edged Republican consultant and onetime political adviser to Newt Gingrich, has taken control of her campaign. New TV ads are highlighting Ms. Pryce's independence from President Bush and conservative Republicans on stem-cell research. And beneath black-and-white photos of Ohio State football greats at the "Buckeye Hall of Fame," Ms. Pryce tells female supporters, "I promise you, I'm not going to lose this race."

A $1.8 million television buy this week exceeds spending in past Pryce campaigns. But Ms. Kilroy is also the first woman Democratic challenger Ms. Pryce has faced, and Republicans admit Franklin County is moving away from their party. Social Security, the minimum wage and immigration are hot issues, and interviews with voters reflect a hunger for a more independent, assertive representative in Congress.

"They're following party lines instead of being able to think on their own two feet," says David Collins of Madison County, explaining his frustration with Ms. Pryce's loyalty to her party leadership.

A former municipal-court judge, Ms. Pryce was spotted by Mr. Gingrich soon after her 1992 election and then blended easily into the leadership of Mr. Hastert. But it has always been a marriage of convenience in which Ms. Pryce plays the role of the moderate woman in a male-dominated, increasingly conservative leadership. Her power has helped her secure millions of dollars for Columbus hospitals and medical institutes -- a personal crusade after the death of her daughter from cancer in 1999. But often Ms. Pryce can seem shy and retiring, turning the stage over to others at Capitol press events.

That could hurt now and contrasts with her challenger. On Iraq, for example, Ms. Pryce says: "People know there's no real answer. They don't really ask about it unless they want to complain about it."

On the future of Defense Secretary Donald Rumsfeld she says: "He knows the intricacies of this war, it's his war, why put somebody else in there to finish it up?"

When her words are read back to her, Ms. Pryce says, "Please understand I am not passive about it at all."

About conversations with the White House, she says, "If I did see something glaringly wrong, I would not hesitate to bring it up." Yet when pressed, she admits: "I can't say I have called them out on how they are conducting the war. No I haven't."

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The 57-year-old Ms. Kilroy is more outspoken -- perhaps enough to make her an easy target for the Pryce campaign. The daughter of a Cleveland pipefitter, she was raised in a tradition of liberal working-class Catholic activism, finished college 10 years after high school and went on to get a law degree from Ohio State. She has leaned left in Democratic presidential politics, backing Jerry Brown in 1992, and later Howard Dean and then John Edwards in 2004.

When U.S. troops went into Iraq, Ms. Kilroy joined neighborhood vigils against the war. She says if elected to Congress, she would vote to demand that Mr. Bush forge a plan to bring the troops home.

"She's an unreconstructed '60s campus radical," says George Rasley, a Pryce adviser and former Dan Quayle aide. Ms. Pryce says: "She is very liberal. She's a tax raiser; she has issues with the flag. She has problems with being particularly patriotic and God-loving, right? That's my impression."

As a county commissioner, Ms. Kilroy voted last August to take advantage of a cut in the state sales tax to add half a penny to Franklin County's share to offset costs and keep the budget balanced. Part of the increase will be rolled back at the end of the next year, but she anticipates she will be attacked on taxes -- a reliable political gambit.

"We needed to build up our reserves," she says. "I think people understood we were doing it because it was the right thing to keep our investments in our county."

The American flag is figuring in the race because in 2002, a Republican county commissioner proposed a resolution critical of a federal appeals-court ruling challenging the constitutionality of the "under God" phrase in the Pledge of Allegiance. Ms. Kilroy abstained from the commission vote, and now is being criticized. "That just encapsulates how desperate the Pryce campaign is that they would resort to such tired old personal attacks," says Scott Kozar, Ms. Kilroy's campaign manager

On his desk, Mr. Kozar, a young Ohio native, keeps bobble-head dolls of Ohio State football legend Woody Hayes and Jim Tressel, the current coach. "He's my new hero. He wins the close ones," Mr. Kozar laughs, pointing to Mr. Tressel. "And this will be a close one."

Sun Belt Politics (WT)

By A.g. Gancarski

The Washington Times, August 31, 2006

It's impossible to overstate the feelings of respect and affection almost all Florida Republicans have for the outgoing Gov. Jeb Bush. We here in the Sunshine State understand intuitively why our governor is touted as presidential or vice presidential material in 2008 and beyond. When it comes to be Jeb's time in the Oval Office, we undoubtedly will support him without reservation. That said, it must be argued that Florida's governor has one more duty to Floridians interested in the best possible conservative representation.

It is time for Floridians, those interested in the future of the state and those interested in maintaining the Republican Party majority in the Senate, to draft Mr. Bush to run against him, if only as a write-in, on November's ballot.

The likely Republican nominee, Sarasota Republican Rep. Katherine Harris, has no chance whatsoever to even run a competitive race against incumbent Sen. Bill Nelson. Polls have her at 30 points down, and given her well-documented history of staff turnover and bizarre statements to the media, she has no chance of making up much more than a fraction of the gap.

Mrs. Harris does face some opposition in the primary, but she by far has the best name recognition of the slate of four candidates, and the general feeling among Florida Republicans is that, however nobly intentioned the candidates might be, the candidates got into the scrum a bit too late, and only after it became clear that the Harris campaign was floundering.

How bad is it? Though Florida House districts are traditionally "safe" seats, many Republican seats could be thrown into play by the absolute competitive imbalance in the Senate race. With the governorship of the state very much in the balance, likely Republican nominee Charlie Crist could use some force designed to galvanize Republicans and get them to the polls in a year where there might otherwise be a certain miasma in the grass-roots.

If Mrs. Harris had a record of strong constituent service or played an ideologically important role during her brief tenure in Congress, it might be easier to overlook her naked opportunism in managing to turn what could have been a competitive race into a likely obliteration of both her own political career and her party's established gains in the Sunshine State. Sadly, though, the congresswoman has failed to distinguish herself in a way that would resonate with many in the Republican base, never mind the swing voters.

Repeatedly, Mrs. Harris has gone on the record saying things that a candidate ready for the national stage or a real leadership position would never say. Speaking to a Florida Baptist newsletter, the congresswoman offered this wisdom: "If you're not electing Christians, then in essence you are going to legislate sin." With that deft stroke, who knows how many voters she alienated?

In addition to unnecessarily offending undecideds and those who otherwise would happily support her, the congresswoman apparently sees her own rivals with contempt. She tells people at her rallies to disregard her awful poll

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numbers, while not even mentioning the intraparty debate the primary is supposed to cap off. It is reasonable to expect at least one vanquished primary opponent to endorse the incumbent.

Time after time, Florida Republicans have signaled distress at the idea of this misbegotten and hopeless general election campaign going forward. In a few days, it will likely be official. Katherine Harris, a national laughingstock, will be the poster child for Sun Belt Republicanism. She will be waxed like a tile floor in a Mop-n-Glo ad, and the beneficiary will be those elements who staunchly oppose President Bush's policies.

All will be lost, unless, somehow, Jeb Bush is convinced to do right by Florida, run for the Senate and come to his brother's aid.

A.G. Gancarski is a journalist and critic based in Jacksonville, Fla.

Ex-Republican Favors Lamont Over Lieberman In Connecticut (DPHR/AP)

By The Associated Press

Daily Press, August 31, 2006

RICHMOND, Va. -- Democratic Senate candidate Jim Webb, for years a Republican, said Wednesday he would not hesitate to support Democrat Ned Lamont over Democrat-turned-independent Joe Lieberman in Connecticut this year.

Webb, who is challenging Republican Sen. George Allen's bid for a second term, was emphatic in backing his new party's nominee over Lieberman.

"Joe Lieberman got too close to this administration," said Webb, who bolted the GOP in part because of President Bush's decision to invade Iraq and his handling of the war since then.

Webb, a decorated Marine rifle company commander in Vietnam and author of six novels based on his combat there, served as a top military aide in the Reagan administration, including a year as Navy secretary.

Webb wrote before the 2003 invasion that an Iraq invasion would destabilize the Middle East, empower Iran and lock the United States into a long-running Vietnam-style quagmire.

Connecticut Democrats, unhappy with Lieberman's support for Bush's resolve to keep U.S. troops in Iraq indefinitely, nominated Lamont over Lieberman in a primary earlier this month. Lieberman is running as an independent in the Nov. 7 election.

Lieberman was Al Gore's running mate in the 2000 presidential race.

Are Black Democrats Liberal Enough For The Left? (WT)

By Brian Debose

The Washington Times, August 31, 2006

The trend of incumbent Democratic lawmakers facing primary challenges from the left is not sparing black lawmakers, despite their generally being among the party's more liberal representatives and blacks being the party's most loyal constituency.

Rep. Albert R. Wynn, Maryland Democrat, is facing a strong primary challenge from Prince George's County lawyer Donna Edwards, who says he is too conservative to represent his predominantly black constituency. The most unlikely Congressional Black Caucus member, Rep. Bobby L. Rush, Illinois Democrat, faced similar charges from his opponent Philip Jackson in the primary.

"Our opponent in the primary attempted to use that strategy against Mr. Rush in relation to his vote for the energy bill last year," said a staffer for Mr. Rush.

Mr. Rush is a former Black Panther and recognized as one of the most liberal members of Congress yet he and Mr. Wynn were both attacked by their opponents for supporting the energy bill, a choice both men said they made after they successfully worked out a deal in committee to increase federal low-income home energy assistance program (LIHEAP) by $3 billion.

"My general view is that the Democratic Party used to be the big tent party where everyone is allowed to express their views; now it is being taken over by these bloggers and purists who can only see one way of thinking," Mr. Wynn said. "We can think for ourselves and not for somebody else's idea of what a liberal is supposed to be."

Some members of the Congressional Black Caucus, such as the group's chairman Rep. Melvin Watt of North Carolina, will face black Republicans in November, but the most serious challengers have been fellow party members using this new strategy of tagging their opponents as "conservative sympathizers."

"The policy frame of reference has changed," said Ronald Walters, professor of political science at the University of Maryland. The party "has shifted to the left." While he said he doubts black candidates will lose an election due to this shift, "they will get a lot of questions about it."

Notions that Mr. Rush is a Republican ally were laughable to Black Caucus members, but support for anything perceived to be Republican-led is being used this year by some to target Democrats as enemies of the party.

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Democratic consultant Donna Brazile said black politicians cannot afford to allow themselves to be stereotyped or forced into one mold.

"Some liberals are asking black members to vote 100 percent of the time with the party with no flexibility," she said, despite their constituency or offices they are seeking.

Mr. Wynn said he was surprised that his voting with the party 88 percent of the time could be considered not good enough. He called the criticism from the left "a very district-to-district strategy; it takes a lot of different forms."

The Edwards Web site features endorsements from Gloria Steinem and Danny Glover, and a cartoon portraying Mr. Wynn's pockets stuffed with money and bragging on his "new friends" -- "Halliburton" and "big banks." Such important liberal bloggers as FireDogLake and MyDD also have boosted Mrs. Edwards' candidacy.

Former Democrat and lobbyist Oliver Kellman said this leftward surge has been coming on for a few years and is the reason he left the party.

"This happens when any change of view comes up within the Democratic Party; it is close-minded to other people having a different idea," said Mr. Kellman, who once served as chief of staff to Democratic Rep. Sheila Jackson-Lee of Texas.

He said the shift has undercut the true nature of the party: "The Democratic Party is no longer the voice of the people. But a group of folks are standing up and saying they are going to speak for the people, and that is why you are seeing Al Wynn and Bobby Rush being targeted."

He said the unwillingness of some Democrats to let Black Caucus members moderate their voting records could hurt the futures of black politicians such Rep. Harold E. Ford Jr., Tennessee Democrat, who is running for the U.S. Senate in the Republican-leaning state.

Rep. David Scott, Georgia Democrat, is also a champion of business development and economic empowerment. His voting record is similar to Mr. Ford, Mr. Wynn and many others who have voted for policies now being characterized as Republican agenda items, like eliminating the death tax, the Terri Schiavo protection bill, and an energy bill for which 75 Democrats voted.

"We shouldn't have to just be about social programs, but we should also be able to talk about employment, job creation, business development and economic empowerment," Mr. Wynn said.

Bellwether For A Bitter Election (WP)

By George F. Will

The Washington Post, August 31, 2006

KANSAS CITY -- If you seek this year's emblematic election, look at Missouri. In this bellwether state, which has voted with the winner in 25 of the past 26 presidential elections, the U.S. Senate contest between incumbent Republican Jim Talent and state auditor Claire McCaskill encompasses today's political controversies.

Talent, 49, lost a race for governor in 2000 by 21,445 votes, and won two-thirds of a Senate term in 2002 by 21,254 (defeating Sen. Jean Carnahan, who was appointed to the Senate in 2000 when her husband, Mel, was elected 22 days after dying in a plane crash). So he is running statewide for the third time in six years. In 2002 President Bush made five trips to Missouri on his behalf. This year Talent, like most Republican candidates, is stressing his independence, but Bush is coming Sept. 8 for a third visit anyway.

McCaskill, 53, defeated an incumbent governor in the Democratic primary in 2004, then lost the governorship race by 80,977 votes out of 2.7 million cast. Talent believes McCaskill is having trouble raising campaign money in Missouri because "governors have friends." Perhaps. Talent has moved into a small lead in recent polls.

McCaskill will carry the St. Louis and Kansas City metropolitan areas, which cast 57 percent of Missouri's votes. To win, however, she must prevent huge Talent majorities in what she calls "Ashcroftland" -- rural and very religious areas, especially southwest Missouri, which sent John Ashcroft to the Senate to replace Republican Jack Danforth when he retired in 1994 after three terms.

McCaskill is imprudently forthright. One advantage of not being the incumbent is that she has not had to cast Senate votes on contentious matters. She takes positions anyway. She says Missourians are angry about gasoline prices, but she opposes drilling in the Arctic National Wildlife Refuge and on the outer continental shelf. She opposed last year's energy bill -- a measure supported, Talent notes, by every Midwestern senator because of provisions promoting the use of agricultural commodities in ethanol and other fuels. She opposed estate tax reform, which Talent says is important to Missouri's farmers and small-business owners. When Howard Dean campaigned for her, before the Senate had confirmed Justice Sam Alito, the Democratic National Committee chairman said her election would mean "one less vote for Judge Alito." First she said Dean did not speak for her. Then she came out against Alito.

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Regarding immigration, both candidates stress enforcement -- Talent at the border, McCaskill in workplaces. With characteristic tartness, she says that to get in trouble for hiring illegal immigrants, "You have to have a flashing marquee sign outside your business that says 'I'm hiring a lot of illegal immigrants -- please arrest me.' "

Regarding Iraq, McCaskill says Talent's position is "we've got to build a democracy at the barrel of a gun, no matter what." Talent says his position is "we have to see it through and win it," and defines winning as helping to "create a multiethnic democracy that can be reasonably successful, more or less on its own. Kind of like Vietnamization." McCaskill, speaking in Independence -- hometown of Harry Truman, another former occupant of the Senate seat she seeks -- called for creation of (and offered to chair) something like the Truman Committee that investigated the war effort during World War II and made Truman a national figure.

Talent, a right-to-life evangelical Christian, removed himself as a sponsor of a Senate bill to ban cloning because he thought it might outlaw research he considers ethically acceptable. The Missouri Baptist Convention's newspaper expressed "fire-spittin' disbelief" that Talent has embraced "pagan ideas" at the behest of "the clone-to-kill movement," and hence can no longer be considered pro-life. Such invective motivated Danforth, a right-to-life Episcopal priest, to write a book, "Faith and Politics," due out in mid-September. It deplores the religious right's power to drive Republican behavior in matters such as stem cells and Congress's intervention in the Terri Schiavo case.

Danforth, one of whose brothers died of Lou Gehrig's disease and who hopes that embryonic stem cell research might hasten discovery of cures for that and other diseases, is honorary co-chairman of a lavishly funded -- and, so far, popular -- campaign to amend Missouri's constitution this November to protect the right to conduct such research. Such research is important to Washington University in St. Louis, and a private philanthropist is promising to fund substantial research in Kansas City, but only if the amendment passes. McCaskill supports it. Talent opposes it.

Democrats think this issue will drive up suburban turnout. Republicans think it will do so in Ashcroftland. Both are probably correct in the polarized politics of 2006.

Ohio To Delay Destruction Of Presidential Ballots (NYT)

By Ian Urbina

The New York Times, August 31, 2006

With paper ballots from the 2004 presidential election in Ohio scheduled to be destroyed next week, the secretary of state in Columbus, under pressure from critics, said yesterday that he would move to delay the destruction at least for several months.

Since the election, questions have been raised about how votes were tallied in Ohio, a battleground state that helped deliver the election to President Bush over Senator John Kerry.

The critics, including an independent candidate for governor and a team of statisticians and lawyers, say preliminary results from their ballot inspections show signs of more widespread irregularities than previously known.

The critics say the ballots should be saved pending an investigation. They also say the secretary of state's proposal to delay the destruction does not go far enough, and they intend to sue to preserve the ballots.

In Florida in 2003, historians and lawyers persuaded state officials not to destroy the ballots in the 2000 presidential election, and those ballots are stored at the state archive.

Lawyers for J. Kenneth Blackwell, the Ohio secretary of state, said although he did not have the authority to preserve the ballots, Mr. Blackwell would issue an order in a day or two that delays the destruction and that reminds local elections officials that they have to consult the public records commissions in each county.

Federal law permits, but does not require, destroying paper ballots from federal elections 22 months after Election Day.

The critics say their sole interest in the question is to improve the voting system.

"This is not about Mr. Kerry or Mr. Bush or who should be president,'' said Bill Goodman, legal director of the Center for Constitutional Rights, a New York group that is part of the lawsuit. "This is about figuring out what is not working in our election system and ensuring that every cast vote counts.

"There is a gap between the numbers provided in the local level records, which until recently no one has been allowed to see, and the official final tallies that were publicly released after this election, and we want to figure out why that gap is there."

The planned action of Mr. Blackwell, a Republican who is running for governor, and the threatened suit could draw attention to possible irregularities in the election that he supervised.

The suit would follow what researchers call the first time anyone other than county and state officials in Ohio have been given such extensive access to the main material from the previous presidential election.

After eight months inspecting 35,000 ballots from 75 rural and urban precincts, the critics say that they have found many with signs of tampering and that in some precincts the number of voters differs significantly from the certified results.

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In Miami County, in southwestern Ohio, official tallies in one precinct recorded about 550 votes. Ballots and signature books indicated that 450 people voted.

The investigation has not inspected all 5.6 million ballots in the election because the critics were not given access to them until January. That followed an agreement by the League of Women Voters, a plaintiff in another election suit against the state, that it was not contesting the 2004 results, Mr. Goodman said.

The new suit, to be filed in Federal District Court in Columbus, would be argued on civil rights grounds, saying the state deprived voters of equal treatment.

Last week, lawyers sent a legal notice to Mr. Blackwell notifying him that suit was pending and asking him to issue an administrative order directing the 88 county election boards to retain the 2004 records.

"The decision of who decides whether the records will be preserved is quite simply not the secretary's to make," said Robert A. Destro, a lawyer for the secretary of state's office.

Mr. Destro said preservation decisions belonged to the county public records commissions, the county boards of elections and the Ohio Historical Society.

"But by issuing this order," Mr. Destro added, "the secretary of state will prevent any records from being destroyed for at least several months while this matter is studied more closely."

Steven Rosenfeld, a freelance reporter formerly with National Public Radio, said the investigative team analyzed three types of sources. They are poll books used by officials to record the names of voters casting ballots, signature books signed by voters and used to verify that signatures match registration records, and optical scan and punch card ballots, used by 85 percent of the voters in the state. The rest used touch-screen machines.

"We're not claiming that what we found reveals a huge conspiracy," Mr. Rosenfeld said. "What we're claiming is that what we found at least reveals extremely shoddy handling of ballots, and there are some initial indications of local-level ballot stuffing."

In Miami County, Mr. Rosenfeld said, the team found discrepancies of 5 percent or more in some precincts between the people in the signature books and the certified results.

In 10 southwestern counties, he said, the team found thousands of punch card ballots that lacked codes identifying the precinct where the ballot was cast. The codes are typically necessary for the machines processing the ballots to "know" to record which candidate receives the votes.

Mr. Rosenfeld is a co-author of a book that The New Press is to publish next month, "What Happened in Ohio?: A Documentary Record of Theft and Fraud in the 2004 Election." The other co-authors are Harvey Wasserman, an election rights advocate and an adjunct professor of history at Columbus State Community College, and Robert J. Fitrakis, a lawyer who is running for governor as an independent.

Robert F. Bauer, a lawyer from Washington who represented Mr. Kerry and the Democratic National Committee on voting issues before the 2004 election, was skeptical about the critics' case.

"The major discrepancies that they are identifying are not materially different than what has already been highlighted," Mr. Bauer said.

On Tuesday, Mr. Kerry sent a fund-raising e-mail message calling for support for Representative Ted Strickland, the Democrat who is running for governor. Mr. Kerry wrote that Mr. Blackwell "used his office to abuse our democracy and threaten basic voting rights" in 2004.

Multiple suits failed in challenging the 2004 election in Ohio, and most studies after the election concluded that irregularities existed, but that they would not have changed the outcome.

In January 2005, the Democratic members of the House Judiciary Committee issued a report finding "massive and unprecedented voter irregularities and anomalies" in the election.

In March 2005, the Democratic National Committee issued a report that said 2 percent of the Ohio electorate, or "approximately 129,543 voters," had intended to vote but did not do so because of long lines and other problems at polling stations.

But the report said those and other frustrated voters "would not have erased Bush's 118,000 vote margin in the state."

The Democrats' Dysfunctional Calendar (WP)

By David S. Broder

The Washington Post, August 31, 2006

Well, the Democrats have gone and messed it up again.

I came back from a one-week vacation, out of reach of the news, to learn that the Democratic National Committee in its wisdom had further muddled the calendar of events for choosing the 2008 presidential nominee.

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At a meeting in Chicago Aug. 19, the committee decided by voice vote to insert Nevada between Iowa and New Hampshire and to follow New Hampshire with a contest in South Carolina.

The revised calendar, at least tentatively, has the Iowa caucuses on Monday, Jan. 14, 2008, with Nevada holding its caucuses five days later, on Saturday, Jan. 19. Then it would be back across the country for the New Hampshire primary on Tuesday, Jan. 22, with South Carolina voting in a primary one week later, on Tuesday, Jan. 29.

All this effort to force-feed four contests in four different parts of the country into a two-week period at the start of the year is designed, the sponsors say, to make the presidential nominating process more "representative."

What they mean is that Iowa and New Hampshire, which have led the nominating process since 1976, are overwhelmingly white -- and notably short of the African American and Latino voters on whom Democrats depend in the general election.

So Nevada, with a growing Hispanic population, was inserted before New Hampshire, thanks also to a boost from Senate Minority Leader Harry Reid, Nevada's senior senator. And South Carolina was an easy choice to fill the need for a state with lots of black voters, pleasing native son and former North Carolina senator John Edwards, an unannounced contender for the nomination that eluded him last time.

This Democratic version of affirmative action leaves a lot to be desired. Unions are a major source of Democratic votes and money. Maybe Rhode Island should be rewarded for being a stronghold of union activity at a time when labor elsewhere is beleaguered. And gays vote Democratic; shouldn't the states that are home to San Francisco and Key West be allowed to vote early? And if Jewish contributors keep the party solvent, shouldn't New York be up there with the other pacesetters?

This way lies madness, and madness is what the Democrats have wrought. When they started tinkering with their rules after the 1968 election disaster, they unleashed a fierce competition among the states to be at the head of the line, where the contests have the greatest impact on weeding the field and crowning the eventual winner.

New Hampshire was already there, thanks to a state law that had given it the first primary since 1952. Iowa jumped in with its caucuses, which launched Jimmy Carter in 1976. And then came the deluge. When state after state moved up primaries from April, May and June into early March, the "front-loading" problem became acute.

What was lost in all this was any sense of public deliberation about the choice of the next president. In the general election, people have two months or more to evaluate two or maybe three candidates. In the early primaries, eight or 10 people may be vying. What is most needed is time -- and a place -- for them to be carefully examined.

Historically, New Hampshire has fulfilled that responsibility. Voters there -- in both parties and especially among the numerous independents who also vote in the primary -- take their role seriously. They turn up at town meetings and they ask probing questions. So do the interviewers at local papers and broadcast stations. So do high school students.

New Hampshire voters don't need -- or particularly want -- guidance from Iowa, and frequently they ignore the Iowa results. But they are stuck with Iowa. Now, thanks to the Democrats, they may be stuck with Nevada as well, and crowded from behind by South Carolina.

The governor of New Hampshire, Democrat John Lynch, told me his state might defy the party rules and move its primary even earlier -- despite a threat to strip the winner of any delegates New Hampshire could deliver. That is a terrible remedy -- but one the Democrats have forced New Hampshire to consider.

Whatever New Hampshire does, the country will be forced to witness the huge field of candidates flashing by in perpetual motion during the December holidays and the frantic first weeks of January, not standing still anywhere long enough to be measured for the job they are trying to win.

Rice Keeps Saying No To White House Bid (AP-Y)

By Anne Gearan

AP, August 31, 2006

Secretary of State Condoleezza Rice keeps trying, but she can't put those questions about presidential ambitions to rest.

Rice didn't appear to leave much wiggle room during interviews Tuesday with local newspapers and broadcasters in Salt Lake City.

"Will you run for president?" an interviewer from KUT asked Rice at the end of a brief interview on Iraq and other subjects.

"No," she replied. "That's an easy one."

The Salt Lake Tribune asked Rice what she makes of polls that place her among the top three potential Republican candidates for 2008.

"It's flattering but that's not for me," Rice said. "I know what my strengths are and I know what I want to do with my life and I'm hoping that in the last two and a half years as secretary of state that I can help to advance the president's vision for democracy."

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President Bush will leave office after eight years in 2009. The potential Republican field includes governors and senators, although Rice is better known and better liked than most of the hopefuls. She is also sometimes mentioned as a possible vice presidential pick.

Rice was in Utah to address the American Legion's national convention. Her speech was part of a coordinated effort to reframe the Bush administration's campaign against Islamist terrorism five years after the Sept. 11 attacks, and to answer critics of the Iraq war ahead of midterm elections.

Polls show a majority of Americans no longer think Bush made the right decision in leading the Iraq invasion three years ago, and the Republican incumbent is at a low point in his popularity.

For all her protestations about a political bid, Rice sounded as much a politician as diplomat during portions of her American Legion speech and in the seven interviews she gave.

"I'm the chief diplomat, but I do believe I have a role at home too to talk about the policies, to discuss them, to debate them," Rice told the Deseret Morning News. "I have no problem encountering people who disagree and debate them."

Rice has given a string of recent speeches before foreign policy scholars that argue the world cannot afford to lose Iraq to chaos and terrorism, including one in April in Chicago.

She also is sitting for an unusual number of interviews with television stations and other news outlets outside Washington, in hopes of taking the case for perseverance in Iraq directly to local audiences.

The White House has long employed a similar strategy of bypassing the Washington media. It is a somewhat unusual choice for a secretary of state, whose primary duties concern U.S. goals and relations overseas.

Rice's interviews have touched on domestic U.S. politics and concerns, such as questions Tuesday about the political prospects for Utah's Republican governor and an April sit-down with a television station in Steubenville, Ohio, about the future of the steel industry.

Rice has said she intends to return to Stanford University, where she was a professor and provost before becoming Bush's first-term national security adviser. She took over the top diplomatic job last year.

Rice has allowed a rare window into her personal life in the past couple of months, reviving discussion of her political prospects.

The fit, 51-year-old diplomat ran through her daily workout for a series of television spots and allowed a New York Times reporter to sit in as she practiced piano at home with a group of friends.

She added another job possibility in the Tribune interview.

"Back to Stanford and teach and write or become president of the 49ers or something like that because I love sports," Rice said.

Rice missed a chance this year to pursue what she had considered a dream job as commissioner of the NFL, because she did not want to leave her current post so soon.

KTVX-TV asked the lifelong football fan if she has any regrets.

"Just came up a little too early," Rice said of the NFL job. "I had to let that ship come in and leave, I'm afraid. But there are other great sports jobs and after I'm done with this, we'll see what else is out there."

Oracle Tackles Concerns About Political Giving (FT)

By Stephanie Kirchgaessner In Washington

Financial Times, August 31, 2006

Oracle has started offering its executives legal “assistance” on the preparation and filing of their personal political campaign contributions following a recommendation by the software company’s compensation committee.

The new policy, which Oracle said would cost less than $1,000 per executive each year, represents one example of how corporate America is rethinking its policies on political donations and lobbying after a spate of scandals in Washington.

Oracle employees have donated $159,530 in the current election cycle, according to data compiled by the Center for Responsive Politics, which tracks political donations. The company declined to comment on the reason for the new policy, but in a recent regulatory filing it said the board’s compensation committee believed “there is benefit” in ensuring executives comply with reporting requirements.

While many companies, from Amgen to Bank of America, already have compliance policies in place to handle political donations, legal experts in Washington say corporate requests for advice on political giving and lobbying have markedly increased in recent months, partly because companies realise that deficiencies in their compliance programmes represent a potential liability in a town that is tightly regulated by rules governing how companies may interact with elected officials.

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Kenneth Gross, a partner at Skadden Arps in Washington who specialises in advising corporate clients on campaign finance rules, says that, given increased scrutiny of companies' activities in Washington by regulators, prosecutors, and the press, it is no longer good enough for executives to simply believe they know what the rules are.

"People are confused about where you draw the line between a political contribution, illegal gratuity [involving entertainment of public officials] and a bribe," Mr Gross says. "Companies ask us to draw the line, and then we take three steps back from that line, to the point where I'm not even close enough to the foul line to get chalk on my shoes."

He and other experts cite Altria, the tobacco group, as one company that has developed a good model for its compliance programme, including the use of elaborate role-playing exercises for senior executives that address some of the ambiguities of what is, and is not, permissible when it comes to dealing with current or former public officials.

While Mr Gross says he believes companies are generally sensitive to rules involving their political action committees, or PACs – highly-regulated funds companies set up to donate to candidates or causes – compliance sometimes falls short when it comes to fund- raisers for candidates that are organised by executives and corporate lobbying disclosures.

If, for example, a chief executive seeks to raise $100,000 (£52,500) for a candidate, he or she can only seek the help of a company secretary if the activity is limited to other corporate employees.

"If the CEO goes to the country club to fundraise, you can't use your own secretary," Mr Gross says, citing a record fine brought by the Federal Election Commission against Freddie Mac.

The federal home mortgage company was forced to pay a $3.8m penalty in April because it used corporate resources to facilitate 85 fundraisers.

In another example, involving lobbying, Mr Gross says companies do not always realise that the resources spent by a company lobbying public officials – even by employees who are not technically lobbyists – must be recorded in disclosure forms.

"Let's say you are an engineer accompanying your in-house counsel to [discuss pollution standards with a member of Congress]. Just because you are wearing a plastic pocket protector doesn't mean you aren't lobbying. His time and expenses has to be included in lobbying forms," he says.

Another expert, Jan Baran of Wiley Rein & Fielding, says that while companies most frequently make administrative errors in connection to their political giving, there has also been a recent uptick in the number of instances where corporate officials are found siphoning funds for themselves.

In one case this month, Lockheed Martin's political action committee agreed to pay $27,000 to the Federal Election Commission after it emerged the the committee's former treasurer had allegedly embezzled tens of thousands of dollars from the committee.

Keith Darcy, executive director of the Ethics and Compliance Officers Association, says that while companies have in recent years devoted much attention to compliance with Sarbanes-Oxley corporate governance legislation, that the scandal surrounding Jack Abramoff, the former Republican super lobbyist who has pleaded guilty to corruption charges, has forced members of his organisation to pay closer attention to the complexities of lobbying and campaign finance rules.

FDA: Tests Of Cross-border Drugs Found Counterfeits (USAT)

By Julie Appleby

USA Today, August 31, 2006

One of Canada's largest Internet pharmacies — the one credited as the birthplace of the cross-border drug industry — is selling counterfeit drugs to U.S. consumers, the FDA said Wednesday.

The Food and Drug Administration warned consumers that sub-par versions of Lipitor, Crestor, Celebrex and seven other drugs shipped by Mediplan Prescription Plus Pharmacy were seized en route to Americans during the past few weeks.

With that warning, the FDA jumps back into the debate over the importation of prescription drugs. In doing so, it takes on one of the most well-known leaders of the industry: Andrew Strempler, founder of Mediplan, considered the first Internet pharmacy.

Strempler says the FDA allegations are false: "We test our products and stand behind our products."

The company, founded in Manitoba in 1999 when he was 25, has dispensed about 2 million prescriptions and saved Americans at least $100 million, by his reckoning. It has also made him a wealthy man and helped spawn competitors in the cross-border pharmacy industry, which does an estimated $1 billion in business annually with customers in the USA.

"We were the first to do this," Strempler says of his Internet pharmacy, which he says did more than $50 million in business last year. "So we've created quite a stir with the pharmaceutical industry."

The FDA says it tested products sold by Mediplan and its related websites, including RxNorth.com and Canadiandrugstore.com, finding that the drugs were shipped from countries other than Canada, do not contain the proper amount of active ingredients and are considered counterfeit because they are sold as brand-name products and are not.

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"All of these products are intrinsically deceitful," says Randall Lutter, the FDA's associate commissioner for policy and planning.

The other drugs tested are Diovan, Actonel, Nexium, Hyzaar, Zetia, Arimidex and Propecia.

Lutter would not give specifics on how far short the drugs fell from manufacturer specifications. He also declined to name the countries from which the drugs were shipped.

Strempler says his main sources of drugs are Canada, the United Kingdom and Australia.

The FDA has long warned American consumers that drugs purchased on the Internet may not be the real thing. Critics, however, say the FDA has sometimes raised concerns solely because a drug is not FDA-approved but may have approval from equivalent agencies in other countries.

"The FDA … has tended to take the evidence and skew it in a fashion to say Canadian pharmaceuticals are unsafe, which is completely contrary to the evidence," says Andy Troszok, immediate past president of the Canadian International Pharmacy Association.

He says Mediplan is a member in good standing with the association, has followed its guidelines and is a strong supporter "of doing everything ethically."

While he says the association takes "very seriously any allegation of counterfeiting," he could not comment on the FDA allegations until he learns more: "We'd like to see the evidence behind the charges."

Most Americans Support Legalizing Drug Imports From Canada, Poll Finds (WSJ)

By Beckey Bright

The Wall Street Journal, August 31, 2006

Two-thirds of Americans strongly believe a law prohibiting pharmaceutical imports from Canada and other countries is intended to protect drug-company profits and only 9% feel strongly that it helps protect Americans from potentially harmful drugs, a WSJ.com/Harris Interactive polls shows.

The online poll, conducted Aug. 23-25, shows 80% of Americans favor allowing people to import prescription drugs from Canada and other countries if they are much less expensive there.

More than three-quarters of those polled said they believe confiscating drugs at the Canadian border jeopardizes the health of some Americans, compared with 15% who disagree. And 84% of those surveyed said they agree with making it legal to import drugs from Canada if they are approved and vetted by that country's drug regulatory agency, Health Canada, compared with 9% who disagree.

The percentage of Americans who report having purchased drugs from a foreign country -- by going there, on the Internet, or by mail -- to save money, is small (11%), according to the survey of 2,295 adults. But that percentage has doubled since 2002, the poll found, and varies among segments of the U.S. population; 16% of Americans living in the West and 23% of Hispanics surveyed in the poll said they have bought drugs from another country, compared with 8% of those living in the East or Midwest and only 2% of Blacks.

"Which one of the following do you think is the most urgent health care issue which needs to be addressed in the next four years?"

Base: All Adults

Total

2004 2006

Reducing the number of people without health insurance 39% 44%

Reducing the cost of prescription drugs 39 36

Improving the quality of medical care 17 13

Not sure 5 7

"Do you favor or oppose allowing people to import prescription drugs from Canada and other countries if they are much less expensive there?"

Base: All Adults

Total

2004 2006

Favor 84% 80%

Oppose 7 7

Not sure 10 14

"Have you ever bought prescription drugs from a pharmacy in Canada or another foreign country – by going there, on the Internet, or by mail – to save money?"

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Base: All Adults
Have bought drugs from foreign country Total
November 2002 5%
September 2003 7%
August 2006 11%
"Have you ever bought prescription drugs from a pharmacy in Canada or another foreign country – by going there, on the Internet, or by mail – to save money?"
Base: All Adults
Total By Region By Race/Ethnicity
East Midwest South West White Black Hispanic
Yes 11% 8% 8% 11% 16% 11% 2% 23%
No 89 92 92 89 84 89 98 77
"Some pharmaceutical companies want to make it impossible for Canadian pharmacies to sell drugs over the Internet so that Americans will have to buy all their drugs at higher U.S. prices. Do you think this policy of pharmaceutical companies . . . ?"
Base: All Adults
2003 2006
Reasonable (NET) 16% 19%
Very reasonable 7 8
Somewhat reasonable 8 11
Unreasonable (NET) 77% 72%
Somewhat unreasonable 22 20
Very unreasonable 55 51
Not sure 7 9
Note: Percentages may not add up to exactly 100% due to rounding.
"Since last year U.S. Customs hasbeen systematically confiscating packages mailed to U.S. consumers by Canadian pharmacies. The number of seized packages had reached 37,154 by July of this year. How do you feel about the following statements?"
Base: All Adults
Strongly/ Somewhat Agree (NET) Strongly Agree Somewhat Agree Strongly/ Somewhat Disagree(NET) Somewhat Disagree Strongly Disagree Not Sure
Those who regularly order pharmaceuticals from Canada should be fined /arrested. 6% 1 5 88% 15 73 6
The law banning pharmaceutical imports from Canada and other countries helps protect Americans from potentially harmful drugs. 36% 9 27 57% 26 30 7
The law banning pharmaceutical imports from Canada and other countries is intended to protect drug companies' profits. 84% 65 18 9% 5 4 8
Confiscating drugs at the Canadian border jeopardizes the health of some Americans. 77% 48 29 15% 8 6 8
It should be legal to import drugs from Canada that are approved and vetted by Health Canada, Canada's equivalent of the FDA. 83% 65 19 9% 4 5 7
Note: Percentages may not add up to exactly 100% due to rounding.
Methodology: Harris Interactive conducted this online survey within the U.S. Aug. 23-25, 2006, among a national cross section of 2,295 adults. Figures for age, gender, race/ethnicity, education, income and region were weighted where necessary to align with population proportions. Figures for age, sex, race, education, region and household income were weighted where necessary to align them with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents' propensity to be online. In theory, with a probability sample of this size, one can say with 95% certainty that the results have a sampling error of +/- 3 percentage points of what they would be if the entire adult population had been polled with complete accuracy.

Value Of Health Care Is Tallied In Growth Of Life Expectancy (WSJ)

By Sylvia Pagán Westphal
The Wall Street Journal, August 31, 2006
Health-care spending may be soaring, but the increased outlays over the last 40 years are worth the price in terms of extended U.S. life expectancy, a new study argues.

That conclusion, reached by researchers at Harvard University and the University of Michigan, may surprise patients and employers alarmed by their health-care bills. Government figures show health-care outlays have risen at better than twice the inflation rate in recent years.

The university researchers attempted to tackle the question of whether the spending is worth it by looking at how much more Americans spend today on health care compared with past decades, and how that relates to the number of years of life gained.

Overall, the increases in spending over the last 40 years have provided "reasonably good value," according to the University of Michigan's Sandeep Vijan, one author of the study that appears in today's New England Journal of Medicine.

The authors examined life expectancy figures from the Centers for Disease Control and Prevention as well as government surveys on medical spending. They found that, on average, a person born in 1960 could expect to live 70 years, whereas someone born in 2000 has a life expectancy of 77 years, a gain of seven years. But for the person born in 1960, lifetime medical spending was only $13,943; the figure for someone born in 2000 was $83,307. (To make each year comparable, the study adjusted amounts to the dollar's inflation-adjusted value in 2002.)

Of course, healthier behavior could also account for longevity gains. So the researchers estimated that about half of the years gained -- about 3.5 -- were directly due to medical care. Based on their analysis, each one of those extra 3.5 years cost about $19,900. The cost of each added year of life went up from $7,400 in the 1970s to $36,300 in the 1990s.

This, say the authors, is a good value -- based on health economists' widely accepted figures of cost effectiveness in health care that consider a person's lifetime of economic productivity and the value placed on staying alive. In general, treatments that extend life for a cost below $100,000 a year are deemed acceptable, says Dr. Vijan.

However, the study found that as one gets older, gains in life expectancy are not as steep, and costs start to pile up. For example, a person aged 65 in 1960 could have expected to live an additional 14.4 years, whereas a 65-year-old in 2000 can expect an extra 18 years, a gain of about 3.5 years. But the cost per year of life gained through medical care was, on average, $84,700. The cost between 1960 and 1970 was $75,100, whereas between 1990 and 2000 it was $145,000.

Kenneth Thorpe, chairman of the department of health policy and management at Emory University's Rollins School of Public Health in Atlanta, praised the study, but says it leaves unanswered the question of what exactly is producing the increased life expectancy. "I worry that it gives the impression that the spending is worth it," he says. "We're still spending way too much on health care."

Study Finds Health Care Good Value Despite Costs (WP)

By Christopher Lee

The Washington Post, August 31, 2006

The dramatic increase in health-care spending in the United States since 1960 is a major reason that Americans are living longer, making the world's most expensive health-care system a good value despite its high costs, according to an academic study being released today.

The study notes that a baby born in 2000 can expect to live for 76.9 years, compared with 69.9 years for a newborn in 1960. While some of the gain is because of declines in rates of smoking and fatal accidents, it is reasonable to attribute at least half of it to more and better health care, said Harvard University economist David M. Cutler, the study's lead author.

"If you want to evaluate whether we're spending too much, you have to know what we're getting for it," Cutler said in a telephone interview. "And when you look at what we're getting for it, the return actually looks to be pretty high. . . . The presumption that most people have is that it's obvious that we're spending way too much."

The conclusions of the study, published in the New England Journal of Medicine, run counter to the arguments by analysts who question whether health-care costs should consume 16 percent of the nation's economic output. Such critics point out that in longevity and infant mortality, the United States ranks below other countries that spend far less.

All sides agree the United States spends more on health care than any other country does -- more than twice as much per person as Britain and Japan, for instance, and nearly 30 percent more than second-ranking Monaco, according to the World Health Organization.

And the amount has risen steadily. Annual medical spending in the nation stood at more than $6,000 per person in 2005, up from about $700 per person in 1960, the researchers said. To Cutler and fellow researchers Allison B. Rosen and Sandeep Vijan of the University of Michigan Health System, that is a good thing.

They examined the relationship between changes in life expectancy and increases in medical costs over a 40-year period, and attempted to screen out the influence of factors such as declines in smoking and changes in homicide and accident rates, things that had little to do with medical advances. The study did not consider quality of life.

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From 1960 to 2000, the increased spending on health care at birth meant that each year of added life expectancy cost an average of $19,900, the study found. The gains were much more expensive for older people, with the average cost per additional year of life about $84,500 for a 65-year-old.

Big reasons for the increase in longevity were the reduction in infant mortality and the toll of heart disease. Both are at least partly attributable to medical advances, such as better drugs and more effective surgical procedures in the case of heart disease, Cutler said. While some drugs and procedures are prescribed when they are of little benefit, overall, they improve health and longevity, he said.

"On net, it's actually been a very good deal," Cutler said. "It's very clear that we don't need to spend every penny we do spend. What's also clear is that there's a lot of stuff that is worth it."

But we are wasting a lot of it, said Gerard Anderson, director of the Center for Hospital Finance and Management at Johns Hopkins University's Bloomberg School of Public Health. Despite spending more than any other country, the United States ranks 31st in longevity, behind such countries as Australia, Canada and Malta. It ranks 40th in the probability that a child will die before age 5, with nations such as Estonia, Portugal and Slovenia doing better.

"The United States is very bad in value for dollar, in terms of the health-care dollar," Anderson said.

Anderson said the health-care system is expensive partly because it focuses too much on treating illness rather than on preventive care. And Americans pay more for drugs, procedures and doctors than do residents of many other nations.

"The reason why we're spending so much isn't that we're getting more services," he said. "The reason is we're paying much higher prices for the same services that other countries get."

Joseph P. Newhouse, a professor of health policy and medicine at Harvard, said the U.S. health-care system can both have benefited from big increases in expenditures over decades and yet also have a problem with wasteful spending at any given moment.

"It's hard for people to get their minds around both of those concepts at the same time," he said. "The natural instinct is to say, 'Don't talk to me about paying more until you can get rid of the waste and bad stuff.' "

Study Finds Medical Spending Is Generally Worth The Cost (NYT/AP)

By The Associated Press

The New York Times, August 31, 2006

BOSTON, Aug. 30 (AP) — Despite sharply rising costs, most Americans have gotten sizable life-extending bang for their medical bucks over recent decades, according to one of the most sweeping studies ever of health care value.

That may come as a surprise to anyone who has ever shuddered over a medical bill, and the report itself raises questions about why costs have risen so quickly.

The study calculated, however, that Americans of all ages spent an average of $19,900 on medical care for each extra year of life expectancy gained over the last four decades of the 20th century. And that cost is worth it, the study authors say.

“On average, the return is very high,” said the study leader, David Cutler, a Harvard health economist. But the situation is getting worse, Mr. Cutler said, especially for the elderly.

The federally financed study, by researchers at Harvard and the University of Michigan, is being published Thursday in The New England Journal of Medicine.

The researchers measured value by the cost of care that extends the average person’s life by one year. The $19,900 spent for each extra year of life, when averaged over 40 years, would be widely considered a reasonable value. Many public and private insurers routinely pay for treatments that cost up to roughly $100,000 for each additional year of life.

The study attributes this relatively low cost for longer lifespan to things like cheap blood-pressure drugs that help prevent heart attacks.

But the study also outlines disquieting trends. It found that inflation-adjusted costs from birth rose fivefold from the 1970’s to the 1990’s, when the cost of an additional year of life span peaked at $36,300. That means each health care dollar of the 1990’s, when expensive drugs made modest impact on cancer, bought a fifth as much real value as 20 years before, when cheaper medicines saved many lives.

And values deteriorated seriously for older people, the study finds. By the 1990’s, 65-year-olds paid $145,000 for each additional year of life gained, a value that would be challenged for many individual treatments. These higher costs presumably come largely from end-of-life care that does not extend life much.

Kathleen Stoll, health policy chief of the advocacy group Families U.S.A., said she believed that the study suggested real value anyway. “Each increment of gain is more expensive now, but certainly very valuable to the person involved and their family,” Ms. Stoll said.

Others were troubled.

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"The fact that someone is writing this paper shows how desperate the health care system is to justify these out-of-control increases in health spending," said Dr. Sidney Wolfe, who heads health research at Public Citizen, a public-interest watchdog organization.

Many factors apart from medical care extend life, like not smoking or keeping off extra weight. So the researchers turned to previous studies suggesting that about half of all gains in lifetime stem from medical care and adjusted their findings accordingly.

Health Care's Vicious Cycle (WP)

The Washington Post, August 31, 2006

TUESDAY'S REPORT from the Census Bureau adds to the fear that the employer-based insurance system is in long-term decline. The share of people without medical insurance edged up from 15.6 percent in 2004 to 15.9 percent last year, bringing the number of uninsured to a record 46.6 million. That increase is particularly striking because it took place despite a strong economy. It cries out for an imaginative policy remedy.

Even before the appearance of Tuesday's data, the trends in the health insurance market were disturbing. The total share of the uninsured has risen steadily from around 14 percent in the late 1980s to just under 16 percent now. But this slow shift has masked faster changes deeper down. Because public health programs such as Medicaid and the State Children's Health Insurance Program for poor children have expanded, fewer poor people are uninsured. But the share of middle-class workers without coverage has shot up. Among workers ages 25-34 who earn the median income or more, the proportion of those without insurance stands at 26 percent, twice what it was in 1979, according to Harvard's Katherine Swartz. In the 35-44 cohort earning the median or more, the percentage of the uninsured stands at 19 percent, also a near doubling.

Poor Americans remain far more likely than rich ones to be without insurance. But the decline of insurance coverage among the middle class reflects pressures that weaken the system for everyone, and that are likely to get stronger. As health care has grown more sophisticated, health spending per American has doubled since 1975 in inflation-adjusted terms, driving up insurance premiums correspondingly. As a result, small companies and self-employed people think twice before buying insurance; companies that hire mainly young and healthy workers, or self-employed people who are young and healthy, frequently decide that insurance is not worth paying for. This exit of inexpensive patients from insurance pools drives up premiums for patients who remain, forcing yet more exits. Because of this vicious cycle, insurance for small firms or individuals grows prohibitively expensive. Add in the trend toward self-employment and the outsourcing of work to small contracting firms, and you can see why the traditional health insurance market is allowing a growing number of workers to fall through the cracks.

Congressional Republicans offer one reasonable idea to make health insurance more affordable: reduce the number of mandates requiring insurers to cover particular medical conditions. This would free insurers to offer slimmed-down policies that might appeal to healthy workers who now opt not to buy coverage. Unfortunately, too much slimming down can create fresh problems. Excluding coverage of a condition such as mental illness from most policies could drive up the cost of policies that do cover mental health, harming a vulnerable minority.

A second option, which has been tried successfully in New York state and is being considered in Vermont and Massachusetts, is for government to backstop private insurers that sell coverage to small firms and individuals. To get around the problem that the customers who have not exited these markets are sicker than average, government can promise to reimburse insurers when the bills generated by a patient rise above, say, $50,000 in one year. That way the high risk of offering insurance to small firms and individuals can be removed. Premiums will fall back to around the level offered for workers at large firms, and the vicious cycle will be broken.

BP May Resume Pipeline Production Soon (WP/AP)

By H. Josef Hebert, The Associated Press

The Washington Post, August 31, 2006

PRUDHOE BAY, Alaska -- Interior Secretary Dirk Kempthorne got his first look Wednesday at BP's pipeline corrosion at Prudhoe Bay as one of the company's senior executives said a way might be found to return to full oil production before having to replace 16 miles of pipes.

David Peattie, a vice president at London-based BP PLC, said the company hopes to begin constructing the new pipeline system early next year and complete it in several months. But he said full production, to 400,000 barrels a day, might resume earlier than that.

The flow of Prudhoe Bay oil has been cut in half, to 200,000 barrels a day, because of the pipe corrosion that surfaced in early August. The western leg of the pipeline system has resumed production by bypassing the damaged pipes.

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But Peattie, who accompanied Kempthorne to the site where corrosion caused an oil spill in early August, said a similar bypass strategy could result in production returning to normal in the eastern leg as well. He said the company also was testing the corrosion-troubled pipes to determine whether they could be patched temporarily and meet federal requirements.

Peattie declined to estimate how quickly full production might resume with the temporary fixes.

"The commitment is to do it as quickly as possible," BP Alaska spokesman Daren Beaudo said.

Kempthorne, on a three-day visit to Alaska's oil fields, toured the ConocoPhillips Alpine oil field 60 miles west of Prudhoe Bay on Wednesday and then flew to the BP facility.

He visited the pipeline site where BP in early August discovered extensive corrosion along a three-mile stretch, forcing a shutdown of production that would later partially resume. BP officials have acknowledged they did not test the pipes adequately using a so-called pig device which is run through a pipe to gauge corrosion.

The company relied on ultrasound tests. "The most obvious gap in the system was a the lack of a consistent pigging program," Beaudo said.

Beaudo said that one leg of the pipeline system had been corrosion-tested using a pig device in 1992 and 1998. The other leg had never been tested that way, he said.

Operators of the ConocoPhillips facility told Kempthorne that its practice was to run pipeline pig tests every two years.

Later, visiting the Trans Alaska pipeline site, officials told Kempthorne that tests to monitor corrosion inside the pipe were conducted every three years and cleaning-pig devices were run through every two weeks.

"We have a very aggressive pigging program," said Jim Johnson, a vice president of the Trans Alaska Pipeline System.

ConocoPhillips' Alpine field is the most modern on the North Slope and uses directional drilling to limit the surface footprint of its drilling wells. Also, while the Prudhoe Bay pipes are 30 years old, those linking the Alpine field to Prudhoe are only six to seven years old.

ConocoPhillips, co-owner of the Alpine field with Anadarko Petroleum Corp., plans aggressive exploration on the North Slope, holding significant leases in the National Petroleum Reserve Alaska, including one on the verge of production.

"We are going to be active on the exploration side," said George Storaker, vice president for North Slope operations for ConocoPhillips Alaska Inc. He said the Alpine field, which produced 130,000 barrels a day, "is on the decline" and new resources must be developed.

ConocoPhillips has its eye on the NPRA, an area the government set aside in 1923 for energy development, including the potential 2 billion barrels of oil beneath an environmentally sensitive area near Lake Teshekpuk. Environmentalists want to keep the area off-limits to oil companies.

Kempthorne on Tuesday took a helicopter ride over the lake area that has become the focus of a new dispute over Alaska oil drilling. He said afterward that he's convinced a restricted drilling plan can accommodate energy development and wildlife protection.

"We're set to go forward," said Kempthorne, whose department will sell oil leases to nearly 500,000 acres north and east of Lake Teshekpuk late next month. It will probably be a decade before oil is actually taken from the area.

The lease plan includes limits on surface footprints, creation of corridors that will be off-limits to drilling to allow for caribou migration and buffers to protect geese molting areas, said Henri Bisson, the Bureau of Land Management's Alaska director.

BP America President To Testify In Congress (WSJ)

The Wall Street Journal, August 31, 2006

WASHINGTON -- BP America President Bob Malone will testify at a Sept. 12 U.S. Senate Energy and Natural Resources Committee hearing, a week after lawmakers in the U.S. House examine the BP PLC unit's pipeline failure in Alaska, a BP spokesman said.

Mr. Malone will first appear on Capitol Hill on Sep. 7 to answer the House Energy and Commerce Committee's concerns about pipeline woes in Alaska that have partially shut down the largest oil field in the nation. The following week, the Senate Energy Committee will hold a hearing to examine the impact the pipeline corrosion issues will have on U.S. oil supply.

Meanwhile, other congressional panels are planning to hold hearings as well, according to people familiar with the situation, which could again lead to Mr. Malone sitting in the hot seat in front of angry lawmakers looking to beef up pipeline safety regulations and criticize Big Oil in a time of record profits and high prices at the pump.

The Great Plains (WSJ)

By Joel Kotkin

The Wall Street Journal, August 31, 2006

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BISMARCK, N.D. -- At a time when the much-celebrated coasts creak from rising interest rates, faltering income levels and soaring energy prices, this windswept, energy-rich city of 57,000 on the western edge of the Dakota plains is experiencing the best of times. Cities like this one out in the far-off hinterland -- Iowa City, Sioux Falls, Fargo, Grand Forks, Rapid City -- now are enjoying job growth rates that, if they don't rival Las Vegas, certainly put to shame those of most major metropolitan areas. Unemployment is negligible and wages are rising across virtually all job categories.

Over the past five years, the fastest growth in per capita income has taken place in energy-rich Wyoming, Montana, North Dakota, New Mexico and West Virginia, while highly urbanized places like California, New York, Michigan and Illinois gather dust at the bottom of the pack. Tax revenues in these once hard-pressed states are also soaring; North Dakota's surplus is now estimated at $527 million, representing more than a quarter of the state's $2 billion annual budget.

Behind the good times are numerous factors, such as an Internet-enabled shift of technology and business service firms into the region, and a growing migration of downshifting boomers and young families. But perhaps the most dramatic change has come from an upsurge of energy prices that is turning places like North Dakota into a Nordic Abu Dhabi.

"We're on the verge of a gold rush driven by energy," crows Bob Valeu, state coordinator for North Dakota Sen. Byron Dorgan. Mr. Valeu and other leaders here in both political parties see their state as a growing bastion of energy production for the U.S. Already North Dakota is among the major exporters of energy to the rest of the country, exporting roughly three-fourths of its 4,000 megawatts of electricity.

Mr. Valeu and other boosters see this as just the beginning -- particularly if more transmission lines to the rest of the country can be built. Unlike in Malibu or Manhattan, renewable energy here makes for more than cocktail party chatter. Four ethanol facilities are already in operation and a new biodiesel plant in Minot has just been announced; 11 wind power plants have been put into operation since 1997.

But it's still fossil fuels that are driving things the most in North Dakota. Huge deposits of lignite coal, estimated at 35 billion tons, remain a primary source of electrical generation and synthetic natural gas. This makes the cost of energy half as expensive or less than in New York or California. Oil, as well, is booming. Five years ago, with oil prices low, notes Ron Ness, president of the North Dakota Petroleum Council, there were virtually no rigs operating in the state's Williston Basin. Today his members, consisting of around 140 oil and gas firms of all sizes, are on a hiring spree. They've added 1,500 new jobs -- most paying $23 an hour and up -- and have still another 200 openings to fill.

This spike in employment could just be the beginning if the largely untapped Bakken oil formation proves to have the reserves, upwards of 200 and 300 billion barrels of crude, that some geologists expect. Development of the Bakken could turn western North Dakota, as well as parts of Montana and Canada, into one of the world's largest new energy centers. Even without it, things are busy as can be in places like Dickinson, located in Stark County, population 25,000, not far from rugged Badlands country. The county now has over 800 job openings, not all of them energy-related. Unemployment barely exists -- under 3% -- notes Gaylon Baker, a director of the Stark County Development Corporation. "Anyone who wants to show up for work around here," he told me, "has a job." * * *

Two decades ago the academics Frank and Deborah Popper described the development of the Great Plains as a mistake -- an expansion of too many people and farms into an environment unable to support them. They pointed, with some justification, to the depopulation of much of the area and suggested that it be "de-privatized," brought back to its "original pre-white state" and turned into "the ultimate national park." This notion was widely described as the "buffalo commons," and it gained some traction among environmentalists -- many of whom seem to regard people as a kind of blot on the landscape. Indeed the Plains -- parts of which are now suffering from a severe drought -- as a kind of human disaster area remains a popular theme among Eastern journalists: irresistible decline, dying towns, aging populations, a place to visit now before it all blows away.

The portraits of a dying region are increasingly dated; last year North Dakota gained population while Massachusetts, Rhode Island and the District of Columbia all lost people. More to the point, although some parts of the Plains, particularly small towns, continue to lose people, others are enjoying growth in jobs, population and income -- in many cases more so than parts of urban, coastal America.

Fargo-Moorhead, the pair of cities straddling the Red River (the boundary between North Dakota and Minnesota), is a thriving metropolis of slightly less than 200,000 that grew by over 20% between 1990 and 2000 and has added an additional 4,300 people over the past five years. One in five newcomers was an immigrant. Bismarck has seen a similar surge in population, growing by 3% over the past five years.

This resurgence has its basis in some often underestimated assets that are reasserting themselves in the Great Plains. For one thing, as Alexis de Tocqueville observed, the rural American was never a pliant peasant. Rather he was an entrepreneur whose restless "industrial pursuits" demanded he improve his land, or sell his farm and move on. Almost all the farmers of the U.S., Tocqueville wrote, "combine some trade with agriculture; most of them make agriculture itself a trade."

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Such characteristics were, if anything, more evident later on, when the Great Plains experienced a sudden and highly speculative agricultural explosion. In the great expansion of the area around the turn of the last century, farmers and ranchers often went into processing and land speculation; they readily abandoned one profession or one homestead for a more promising one. When the market for grain dissipated in the 1920s, and even the land itself seem to give way to the "dust bowl," the region's residents experienced a crisis of confidence. Once fiercely independent, many Plains farmers were forced to look to Washington for subsidies.

Yet it is clear now that decades of dependence did not erase the entrepreneurial spirit of the Great Plains. As early as the 1980s lower business costs helped spark the growth of companies -- covering everything from business and financial services to manufacturing and high-tech. Later, new telecommunications technology would play the decisive role. Native sons like Doug Burgum and Mike Chambers found they could return home again and, through the use of telecommunications technology, run a world-wide business from places such as Fargo.

Today the Fargo facility of Great Plains Software -- the firm Doug Burgum founded -- serves as the headquarters for Microsoft's business systems division. It employs over 2,000 people and helped spawn a statewide mini-boom in new technology firms in everything from biotechnology and aerospace. According to the National Science Foundation, North Dakota ranks No. 2 in academic R&D dollars per $1,000 of gross state product, right behind Maryland and right ahead of Massachusetts. It ranks fourth in technology companies as a percentage of all business startups.

As entrepreneurial activity has expanded, Fargo in particular is being transformed. A decade ago, it was just another fading Plains town, with a doughty downtown, few decent restaurants and almost no good coffee houses. Today Fargo-Moorhead boasts the complete opposite. And while it may not be Soho, its downtown is home to hip clothing stores and a great boutique hotel. There's even a thriving local arts scene.

Microsoft's Mr. Burgum, Mr. Chambers -- president of Aldevron, a growing biotech firm -- and other North Dakota employers welcome these changes but, unlike their competitors in places like Boston or San Francisco, have no illusions that being "cool" constitutes their competitive edge. Instead they pitch employees based on such often underestimated factors like good schools, reasonable housing prices (the median home price is under $150,000), short commutes, the nation's lowest crime rate and ample outdoor recreation.

If the energy and technology booms bring more high-end workers to Bismarck, the broader labor shortages are driving up salaries, on average some 15% across the board between 2002 and 2005. This movement is even helping those workers who have historically had the lowest salaries. Bismark's McDonald's restaurants now start pay at upwards of $8 an hour, with some stores offering "signing bonuses" of between $100 and $150 to work under yellow arches.

Even the most sickly of industries, like the newspaper business, are thriving in Bismarck. Unlike most editors around the country, the Bismarck Tribune's Dave Bundy hasn't had to think about layoffs. Instead he still actually adds new staff on occasion, while circulation and advertising sales at the paper continue to rise at a healthy clip.

"The newspaper that is growing and doing well is a rarity, but we're feeling pretty solid," Mr. Bundy explained from his newsroom. "There's a bigger city feel here than when I got here a decade ago. We're not the middle of nowhere anymore."

Mr. Kotkin is an Irvine Senior Fellow at the New America Foundation and author of "The City: A Global History," to be released next month in paperback by Modern Library.

U.S. Drafts List Of Sanctions As Iran Ignores Deadline (NYT)

By Helene Cooper And David E. Sanger

The New York Times, August 31, 2006

WASHINGTON, Aug. 30 — With Iran defying a Thursday deadline to halt production of nuclear fuel, the United States and three European allies are assembling a list of sanctions they would seek in the United Nations Security Council, beginning with restrictions on imports of nuclear-related equipment and material.

Eventually, punitive measures might expand to restrict travel by Iran's leaders and limit the country's access to global financial markets, according to diplomatic officials involved in the talks who spoke only on condition of anonymity.

Aside from the effort in the Council, the Bush administration is also seeking to persuade European financial institutions to end new lending to Iran. Some Swiss banks have already quietly agreed to limit their lending, American officials say.

Even as an agreement shapes up among the United States, Britain, France and Germany, the push for sanctions faces a high hurdle in the Council, given Russia and China's possession of veto power and their opposition to discussion of serious punishment for Iran.

In addition, the sanctions effort may also be hampered by a report to be issued Thursday by the International Atomic Energy Agency, in which inspectors will describe only slow progress by Iran in enriching uranium.

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The report, according to diplomats familiar with its contents, will describe how Iran has resumed producing small amounts of enriched uranium since temporarily stopping in the spring, but has not increased the rate of production.

Furthermore, the report is expected to say that the purity of the uranium enrichment would not be high enough for use in nuclear weapons, but only for power plants. Iran has long insisted that its program is for peaceful purposes only.

"The big question is why they appear to be moving so slowly," said one European official who has been involved in monitoring Iran's progress. One explanation, the official said, is that the Iranians have not wanted to escalate tensions by appearing to be racing ahead in the production of uranium.

Alternative explanations, offered by some American officials, are that the country's scientists have run into technical problems or that they are hiding some facilities. The mystery has been deepened by Iran's recent restrictions on where international inspectors can roam, and its refusal to allow them to see facilities that Iran has not declared to be related to its nuclear program.

The atomic agency's report is also expected to detail questions that Iran has failed to answer about suspected nuclear activities that it has declined to show to international inspectors.

European and American officials say, for example, that Iran has refused to elaborate on President Mahmoud Ahmadinejad's claim earlier this year that the country has an active research project under way using an advanced type of enrichment centrifuge that it obtained from the Pakistani nuclear scientist Abdul Qadeer Khan.

In an interview, R. Nicholas Burns, the under secretary of state for political affairs, said that when the agency's report comes out on Thursday the American argument will focus on Iran's official refusal this month to stop enriching uranium despite an international ultimatum.

"The only criterion that matters is whether they met the conditions that the Security Council said they had to meet," he said. "And they haven't done it."

The list of proposed sanctions, according to American and European officials, would begin with low-impact measures like an embargo on the sale of nuclear-related goods to Iran, and the freezing of overseas assets and a ban on travel for Iranian officials directly involved in the nuclear program.

American sales to Iran have been restricted ever since the Iran hostage crisis. But European and Russian companies have sold technology for Iran's budding civilian nuclear program, and American officials said Wednesday that it was unclear whether the sanctions would force Russia to stop helping Iran complete its nuclear reactor at Bushehr.

The Bushehr project is worth hundreds of millions of dollars to Russia, and the government of President Vladimir V. Putin is expected to argue that sanctions should not affect civilian projects that are already under way. "Stopping Bushehr would be the biggest impact of a nuclear-related sanction," said Robert J. Einhorn, a senior adviser at the Center for Strategic and International Studies and former assistant secretary of state for nonproliferation under President Bill Clinton.

American officials expect the debate within the Council to take weeks and say it could extend through the opening of the United Nations General Assembly in mid-September, an event that will include a speech by President Bush and meetings with other heads of state. The administration is preparing to use those meetings to press for the sanctions resolution, just as it used the same meeting four years ago to begin to build its case for demands against Iraq.

But Russia and China, among other countries, are concerned about any American-led escalation of a confrontation. Unlike the Bush administration's effort four years ago, however, American officials appear to be shying from using intelligence information to build their case. Instead, they are citing Mr. Ahmadinejad's public statements and Iran's refusal to comply with the Council resolution passed in July, with support from Russia and China, that demanded full suspension of enrichment by Aug. 31.

"Russia and China can't claim they didn't agree to impose some nonmilitary sanctions" if Iran refused to comply, Mr. Einhorn noted. American officials said Secretary of State Condoleezza Rice had received assurances in June that Russia would, at a minimum, sign on to a first phase of weak sanctions.

But it is unclear whether Russia or China will sign on to sanctions if they believe that commits them to voting in favor of further pressure.

Yet that is exactly the American strategy, as described by administration and European officials. If Iran still has not suspended uranium enrichment in a few weeks, the sanctions proposed by the United States and Europe would progress to a broader travel ban and freezing of assets for government members, a senior administration official said.

Continued noncompliance would bring a ratcheting up of sanctions to include restrictions on commercial flights and on World Bank loans.

Iran has hinted at various times in recent months that it would respond to sanctions with actions of its own, from cutting oil production to threatening to withdraw from the Nuclear Nonproliferation Treaty, as North Korea did.

Other American officials said they feared that sanctions could prompt Iran to spur the insurgency in Iraq or sponsor terrorism by Hezbollah. But Mr. Burns said on Wednesday, "We're not going to be intimidated by the Iranians."

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He is expected to travel to Berlin next week to begin work on drafting a Security Council resolution, administration officials said.

But despite the private assurances American officials say they have received, the public comments of senior Russian and Chinese officials have remained ambiguous. Russia's defense minister said last Friday that it was premature to consider punitive actions against Iran, adding that the issue was not "so urgent" that the Council should consider sanctions and expressing doubt that they would work in any case.

Iran Ignores Powers, U.N. On Enrichment (AP)

By George Jahn, Associated Press Writer

AP, August 31, 2006

A defiant Iran kept on enriching uranium in advance of the U.N. Security Council's Thursday deadline for Tehran to freeze such activity or face the threat of sanctions, U.N. and European officials said.

Iranian President Mahmoud Ahmadinejad urged European members of the council against resorting to sanctions, saying punishment would not dissuade his country from pursuing its disputed nuclear program.

"Sanctions cannot dissuade the Iranian nation from achieving our lofty goals of progress. So it's better for Europe to be independent (of the U.S.) in decision-making and to settle problems through negotiations," Ahmadinejad said Wednesday, according to state-run television.

Iran could theoretically still announce a full stop to enrichment before the deadline set by the Security Council. But that appeared unlikely, considering Tehran's past refusal to consider such a move and findings by the International Atomic Energy Agency that it was enriching small quantities of uranium as late as Tuesday.

Iran's refusal to heed the Security Council up to now will be detailed in a confidential IAEA report to be completed Thursday and circulated among the Vienna-based agency's 35 board member nations. The report also will include new details on Tehran's research into advanced enrichment equipment, and other points, diplomats accredited to the agency told The Associated Press.

The report, also scheduled to go to the Security Council on Thursday, would likely trigger council members to consider economic and political sanctions. Russia and China, however, were likely to resist U.S.-led efforts for a quick response, which likely means sanctions do not loom immediately.

An earlier resolution on Iran took weeks for the Security Council members to negotiate, as did talks over a weaker council statement earlier this year demanding that Iran suspend enrichment. As well, the IAEA report may not be formally considered by the Security Council before the agency's board meets and approves it in mid-September.

It's not even clear when exactly the deadline will run out. The U.S. ambassador to the United Nations, John Bolton, said Wednesday that he believed it would end at 12:01 a.m. Friday in Tehran — or 3:31 p.m. Thursday at the Security Council in New York.

But diplomats said the exact timing was not particularly relevant for two reasons: They believe Iran already has given its answer; and they would almost certainly abandon their sanctions threat if Iran decides to suspend enrichment after the deadline.

Bolton said the U.S. still has not decided how it will formally respond once the deadline expires, though he will likely make some sort of statement on Thursday afternoon. He repeated, however, that Washington would seek sanctions if Iran disregards the resolution.

"That has been our intention for some months, it remains our intention, it'll be our intention on September the first if the Iranians don't comply with the resolution," he said.

Even Moscow and Beijing, which have traditional economic and strategic ties with Tehran, are increasingly vexed at what world powers consider Iranian intransigence on enrichment — a process that generates nuclear energy but also creates the fissile core of warheads.

In another sign of Iran's willingness to confront the international community, a senior European government said Tehran had not responded to a recent European Union offer on behalf of the five Security Council members plus Germany to discuss Tehran's terms for new nuclear talks. Such behavior would likely strengthen Washington's push to move more quickly toward economic sanctions.

IAEA inspectors remained in Iran on Wednesday, gathering information to go into Thursday's confidential report. While their most recent findings were not available by Wednesday afternoon, a senior U.N. official said Wednesday that Iranian centrifuges were enriching small quantities of uranium gas as late as Tuesday.

The latest enrichment — in a series of such activities over the past few months — was first reported Wednesday by The Washington Post.

Iran insists it has a right to enrich for what it says is a future nuclear power program. The concern, however, is that Tehran could misuse the technology to aim for material enriched to the level required for weapons.

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The United States, Russia, China, Britain, France and Germany offered Iran on June 1 a package of technological and political incentives in exchange for a commitment from Tehran to freeze enrichment before talks began.

Tehran's response Aug. 21 has been characterized by heads of governments and senior diplomats as inadequate because it makes no mention of any willingness to suspend enrichment before talks, let alone consider a long-term moratorium on such activity. Senior diplomats have told The Associated Press it will be rejected.

Senior EU foreign policy official Javier Solana has nevertheless offered to meet with Iranian nuclear negotiator Ali Larijani to explore if there is common ground, the diplomats said. But up to now Iran has snubbed that overture, a senior European official said from outside Vienna.

A European official in another capital agreed: "Nothing has moved over the past few days."

The IAEA report will contain other information the U.S. and its allies would likely seize on, diplomats said, including confirmation that:

· IAEA inspectors were recently refused onsite inspections of a vast underground facility being built at Natanz to house up to 54,000 centrifuges, which spin uranium gas into enriched material. While Tehran's centrifuge program is hamstrung by technical problems, the Washington-based Institute for Science and International Security has suggested that — if it were interested in producing bombs — Iran could create a basic small plant of 1,500 centrifuges to make enough bomb fuel for one weapon within three years.

· For now, Iran's known enrichment capabilities consist of 164 interconnected centrifuges at its surface pilot plant at Natanz, which has been used to turn out small quantities of low-enriched uranium. But the report will reveal new details of the country's centrifuge program, including confirmation from Larijani that scientists are doing computer-based research on a more advanced type of centrifuge that works faster and turns out larger quantities of enriched uranium.

The report will also focus on lack of progress in investigating suspicious findings — because of Iran's refusal to provide information — such as diagrams showing how to mold fissile uranium into the shape of warheads.

Iran has been under IAEA investigation since 2003, with inspectors turning up evidence of clandestine plutonium experiments, black market centrifuge purchases and links to the military of what Iran says is a civilian nuclear program.

Bush Faces An Uphill Battle To Impose Meaningful Sanctions On Iran (MCT)

By Warren P. Strobel

McClatchy Newspapers, August 31, 2006

WASHINGTON - With Iran expected to ignore a U.N. deadline Thursday to halt uranium-enrichment experiments, the Bush administration faces an uphill battle to convince other world powers to impose significant costs on Tehran.

The U.S. drive to punish Tehran faces strong opposition from U.N. Security Council member Russia, a major supplier of arms and nuclear technology to Iran, and has only the lukewarm enthusiasm of France and Germany.

Moreover, Washington's sway has dwindled as a result of its predicament in Iraq and its backing of Israel's attempt to wipe out Iranian-backed Hezbollah militants in southern Lebanon, analysts and some U.S. officials said.

Under a Security Council resolution that passed in late July, Iran has until Thursday to stop enriching uranium, which could be used for nuclear weapons, and to end related activities or face unspecified economic sanctions.

Iran says its nuclear research is aimed at producing civilian nuclear power, not bombs.

Its leaders appear confident that they can avoid paying for their defiance of the U.N. demand.

"Sanctions cannot dissuade the Iranian nation from achieving our lofty goals of progress," President Mahmoud Ahmadinejad was quoted as saying Wednesday by Iran's state-run television. He urged European countries not to support the U.S. drive for sanctions.

Iran has continued enriching uranium this week, according to officials in Washington and at the International Atomic Energy Agency in Vienna, Austria. Iran has taken other potentially provocative steps, including temporarily restricting IAEA inspectors' access to an underground nuclear site under construction.

The IAEA is expected to formally report Thursday that Iran hasn't complied with the deadline. The agency has said that Iran hasn't fully cooperated with its inspectors, making it impossible for it to determine whether the country's nuclear program is peaceful.

Tehran isn't yet thought to have the technological know-how to enrich uranium in large amounts or to make it pure enough for a nuclear device.

Russia and China agreed in July to support sanctions on Iran if it refused to temporarily suspend its suspected nuclear-weapons work as a condition for talks on economic and security incentives.

Iran offered its formal response last week, saying it was open to negotiations on a range of issues but wouldn't suspend uranium enrichment first.

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The U.S. drive for sanctions will begin early next week, when Undersecretary of State Nicholas Burns, the State Department's point man on Iran, meets his counterparts in Europe to discuss strategy.

The Security Council "should send a substantial signal to the Iranian regime that this is serious business," State Department spokesman Sean McCormack said Wednesday.

He said Washington would like to act quickly on a sanctions resolution, but he acknowledged that there will be "hard-fought, tough diplomacy" that could take some time.

Britain's ambassador to the United Nations, Emyr Jones-Parry, said Tuesday that the Security Council wouldn't take up the issue until mid-September.

Russia - along with China, which increasingly relies on Iran for its energy needs - remains leery of a confrontation with Iran, despite the July agreement.

Russian Defense Minister Sergei Ivanov, who's also the deputy prime minister, said last week that "speculations about sanctions are premature and inexpedient, to say the least."

Russian President Vladimir Putin "has little interest or intention of voting" for significant sanctions on Iran, said proliferation expert George Perkovich, the vice president of the Washington-based Carnegie Endowment for International Peace, a nonpartisan research organization.

The Russians won't agree to an embargo of arms supplies to Iran because Russia is Iran's main arms supplier, Perkovich said. Nor will Moscow, which is helping Iran build a nuclear power plant, agree to cut off nuclear technology, he said.

The most it might agree to are minor measures such as a ban on travel by some Iranian government officials, Perkovich predicted.

John Bolton, the U.S. ambassador to the United Nations, said recently that if the Security Council couldn't agree on sanctions, the United States might work independently with like-minded countries to punish Iran.

Already talking publicly about such a strategy "seems to me is a sign of weakness," Perkovich said.

Analysis: Iran Won't Back Down From U.N. (AP)

By Lee Keath, Associated Press Writer

AP, August 31, 2006

Iran isn't blinking in the face of Thursday's U.N. deadline for it to halt uranium enrichment or else finally face the possibility of sanctions the United States has sought for years.

Tehran appears confident it can withstand any punishment — if it comes at all.

There seems to be no question of Iran's bending to the U.N. demand. It was enriching small amounts of uranium gas at its facility in Natanz as recently as Tuesday, U.N. and European officials in Vienna, Austria, said Wednesday. Iran's nuclear chief spoke over the weekend of expanding the enrichment program.

For many in the West, Iran's behavior is not just defiant but mystifying.

The U.N. deadline could be a crucial moment in the nuclear standoff. But on Tuesday, Iranian President Mahmoud Ahmadinejad hardly even mentioned it during a 2 1/2-hour news conference and instead changed the subject, challenging President Bush to a debate.

The West has struggled for years over carrots and sticks to persuade Iran to roll back a program the United States says is aimed at producing nuclear weapons.

But Tehran, which insists its program is peaceful, has time after time played the game by its rules and kept its eyes constantly on a long-term prize: forcing the world to accept its nuclear ambitions on its terms.

Barring a last-minute surprise, the passing of Thursday's deadline will start up a potentially divisive debate among the big powers at the U.N. Security Council, where Russia and China have so far opposed any sanctions.

The United States will likely push for economic sanctions against Tehran. But it could avoid seeking harsh punishment to start with in hopes of getting Moscow and Beijing's support, then increase the pressure later.

Some initial ideas that have been touted are a travel ban on Iranian officials or a ban on sale of dual-use technology to Iran. More extreme would be a freeze on Iranian assets or a broader trade ban — although opposition to that would be strong, particularly since it could cut off badly needed oil exports from Iran.

Russia and China, which both have veto powers on the council and have close economic ties to Iran, are likely to stop any punishment they feel is too harsh or would wreck what they say are hopes for a diplomatic solution to the standoff.

The United States, in turn, may try to rally other countries to impose economic sanctions of their own, independent of the U.N. Security Council.

In any case, a council decision on sanctions won't come for weeks.

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Ahmadinejad tried Wednesday to weaken European support for sanctions, saying punishment would do nothing to dissuade Iran.

"So it's better for Europe to be independent (of the U.S.) in decision-making and to settle problems through negotiations," he said during talks with former Spanish premier Felipe Gonzales, according to state-run television.

The United Nations has focused on stopping enrichment because the key process can produce either fuel for a nuclear reactor or the material for a warhead.

"The problem is the U.S. has very few cards," said Anthony Cordesman, a Middle East analyst at the Washington-based Center for Strategic and International Studies.

"Iran may well have some concerns over sanctions, but as of yet they've seen no evidence that sanctions would do it great harm," he said. "Low-level damage will not lead them to change their behavior."

In part, Iran has felt free to be defiant, knowing it has the protection of Russia and China.

It has succeeded in keeping that umbrella by repeatedly insisting it is open to a diplomatic solution to the standoff. "Iran is ready to offer guarantees that (technology) won't be diverted toward building a weapon," top nuclear negotiator, Ali Larijani, was quoted as saying in Iranian newspapers Wednesday.

But it has insisted it has a right to develop uranium enrichment, making it an issue of national pride in a campaign to create a new "high-tech" Iran.

Iranian leaders have made clear they're willing to bear the economic blow of whatever sanctions are passed rather than give up enrichment.

"We don't know with what language to tell the Europeans and Americans that Iran is not afraid of the U.N. Security Council," Foreign Ministry spokesman Hamid Reza Asefi said.

That means Thursday will hardly be a climactic milestone in the tussle between Iran and the West. Iran can go on putting forward diplomatic initiatives to try to divide the big powers and keep its room for maneuver, Cordesman said.

"This deadline will invariably be followed by another deadline and another," he said. "This is a game that will play out over five years, not a game that will play out tomorrow."

Lee Keath covers the Middle East from Cairo, Egypt. AP correspondent Ali Akbar Dareini contributed to this report from Tehran.

U.S. Military Sees Iran's Nuke Bomb 5 Years Away (WT)

By Rowan Scarborough

The Washington Times, August 31, 2006

The U.S. military is operating under the assumption that Iran is five to eight years away from being able to build its first nuclear weapon, a time span that explains a general lack of urgency within the Bush administration to use air strikes to disable Tehran's atomic program.

Defense sources familiar with discussions of senior military commanders say the five- to eight-year projection has been discussed inside the Pentagon, which is updating its war plan for Iran. The time frame is generally in line with last year's intelligence community estimate that Iran could have the capability to produce a nuclear weapon by the beginning or middle of the next decade.

But the sources said that while the five-year window provides President Bush additional time to decide on whether to launch military strikes, they suspect it underestimates Iran's determination to build a bomb as quickly as possible.

Iran faces a United Nations Security Council deadline today to stop enriching uranium or face economic sanctions.

Advocates of stopping Iran's nuclear ambitions point to gaps in what the U.S. intelligence community really knows about Iran's secretive process. They also point to the fact that Iraq was much closer to building the bomb than the U.S. thought in 1991, when Operation Desert Storm air strikes destroyed much of Baghdad's atomic capability.

Some of this impatience was revealed in a bipartisan report Aug. 23 from the House Permanent Select Committee on Intelligence. The report, which dealt with Iran's support for terrorism and quest for weapons of mass destruction, chastised the U.S. intelligence community for not devoting sufficient resources to Tehran. It also indirectly criticized current intelligence reporting on Iran as too timid.

"An important dimension of the detection of Iran's WMD program is how intelligence analysts use intelligence to characterize these programs in their analysis," the report said. "Intelligence community managers and analysts must provide their best analytic judgments about Iranian WMD programs and not shy away from provocative conclusions or bury disagreements in consensus assessments."

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Concerning intelligence resources for Iran, the report said, "The national security community must dedicate the personnel and resources necessary to better assess Iran's plans, capabilities and intentions, and the Director of National Intelligence (DNI) must identify, establish, and report on intelligence goals and performance metrics to measure progress on critical fronts."

Retired Air Force Lt. Gen. Thomas McInerney, a prominent proponent in Washington of air strikes against Iran, said that whether the estimate is five years or 10 years, the time span instills complacency in war planning. He said that Mr. Bush is now following the State Department's diplomatic path, without a clear policy.

"Everyone is in the Jergens lotion mode -- 'woe is me.' Wringing our hands," the former fighter pilot said.

Gen. McInerney advocates using B-2 stealth bombers, cruise missiles and jet fighters to conduct a one- or two-day bombing campaign to take out Iran's air defenses, military facilities and about 40 nuclear targets, which includes a Russian-built reactor and an enrichment plant.

The Washington Times has previously reported that Israel has drafted plans for air strikes using long-range versions of the F-15 and F-16 fighters. Iranian President Mahmoud Ahmadinejad has often threatened to destroy Israel, which is within range of Iran's Shahab-3 ballistic missile.

The Times also reported that U.S. Central Command is updating a target list for Iran.

The House report said Iran owns the largest ballistic missile arsenal in the Middle East, and is also working on a missile re-entry vehicle that could carry a nuclear warhead.

Excess Baggage (WSJ)

By Claudia Rosett

The Wall Street Journal, August 31, 2006

Despite today's United Nations deadline for Iran to give up its nuclear bomb program, Iran has done no such thing. The next diplomatic move is supposed to be for the U.N. to impose sanctions on Iran. That won't work, either.

Certainly Iranian President Mahmoud Ahmadinejad does not seem deeply worried about the prospect of U.N. sanctions. Apart from some throwaway lines about his government's peace-loving ways, he has rejected U.N. demands, blocked U.N. inspectors, brandished samples of enriched uranium, and last week inaugurated an Iranian heavy water plant that could be used to produce plutonium. Nor did a series of extant U.N. resolutions prevent Tehran's A-team terrorist affiliate in Lebanon, Hezbollah, from launching a war this summer while Mr. Ahmadinejad pondered his options.

Some of Mr. Ahmadinejad's behavior can be discounted on grounds that he is a messianic crackpot. But there is plenty of evidence that he is making a highly rational calculation about the ease with which the U.N. can be corrupted, divided, delayed and defied -- without serious penalty.

U.N. sanctions programs depend on the agreement and cooperation of member states under a set of rules dictated not by the interests of the modern free world, but by the decayed, despot-infested collective that is the contemporary U.N. And, as prefigured under U.N. sanctions on Saddam Hussein's Iraq, major players, like Russia and China, will almost certainly cheat. Iran, with 10% of the world's known oil reserves, and the world's second largest proven reserves of natural gas, has enough resources to grease the way.

Indeed, the general greasing of Iran's important U.N. connections is already well advanced. Much as Saddam fought sanctions by dangling fat oil development deals and doling out lucrative Oil for Food contracts to win friends and influence politicians, Tehran has already cultivated a global web of current and prospective business partners. Were Iran a more benign energy-rich state, such activity might pass for nothing more than normal enterprise. But under U.N. sanctions, this setup would translate into a constant fount of pro-Iranian lobbying pressure, and incentives to cheat, within a slew of U.N. member states.

A new country survey of Iran from the U.S. Department of Energy helps illustrate the problem. Along with Iran's $100 billion, 25-year bargain with China to develop natural gas, there are deals either signed or in the offing with the following list of countries: France, Turkey, Pakistan, India, Greece, Australia, Austria, Bulgaria, Romania, Hungary, Ukraine, Armenia, Norway, Kuwait, Turkmenistan and Iraq. Projects on the table range from huge oil and gas field investments, to pipelines, oil swaps and Indian service contracts. And for the blame-America-first crowd, the survey even mentions that "a foreign subsidiary of Halliburton Co. reportedly reached agreement," along with an Iranian partner, to help develop some of Iran's natural gas fields.

Tallied against the findings of congressional inquiries, and of the U.N.'s own probe into Oil for Food, Iran's current and would-be business partners include some of the most seasoned smugglers and veteran cheats of the Iraq sanctions experience. To be sure, democracies such as India, Australia, the U.S. and France have investigated at least some of the officially documented allegations of Iraq sanctions-busting among their own citizens. Many of the chart-topping violators, notably Russia and China, have done no such thing. Damascus -- Tehran's chief terror partner -- served as a thruway for billions of dollars worth of Saddam's U.N.-prohibited traffic in oil, military imports and cash. Significantly, Iran itself enjoyed a bustling trade in forbidden

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Iraqi oil during the era of U.N. sanctions on Saddam -- with Iranian smuggling boats plying the coastlines of the Gulf. There is no reason to expect Iran's smugglers would do any less on behalf of their own country.

Who at the U.N., exactly, would stop violations of its sanctions, should these be imposed? On the Security Council, veto-wielding Russia -- now counseling "patience" -- has already stressed its opposition to sanctions on Iran, with China slipstreaming along. Let's just pass by France without further comment. And among those now angling for one of the 10 rotating seats on the Security Council is Venezuela's President Hugo Chavez. In his recent tours of the world's thugocracies Mr. Chavez has reportedly garnered a boost from China for his U.N. bid, as well as a medal and the promise of a $4 billion investment in Venezuela's oil fields -- from Iran.

As for the U.N. Secretariat, which would be involved in administering any U.N. sanctions, if staffers have learned anything from the multibillion dollar Oil for Food scandal, it is that inside the U.N.'s opaque and diplomatically immune bubble, there are no real penalties for dereliction, duplicity or even graft. Not a single U.N. staffer has been fired, let alone charged with a crime. Secretary-General Kofi Annan is due to step down at the end of this year; but his would be the presiding presence during the shaping of any U.N. sanctions on Iran, and his successor will inherit both the same bureaucracy and a General Assembly which -- if you believe Deputy Secretary-General Mark Malloch Brown -- shot down an administrative reform package earlier this year mainly for the perverse pleasure of sticking a thumb in the eye of the U.S.

It is quite possible that -- after years of delay and dithering by the U.N.'s International Atomic Energy Agency, the European Union and the U.S. itself -- there is no initiative that will by now stop Iran short of direct military force. But whatever the solution, it is clearly the U.S. that will have to do the bulk of the cajoling, prodding and backroom bargaining to put together any coalition both able and willing, in whatever way necessary, to get the job done. That is a challenge urgent and daunting enough, without trying to drag along the entire baggage of the U.N.

Ms. Rosett is a journalist in residence with the Foundation for Defense of Democracies.

Senior House Member Faults Khatami Visit (AP-Y)

By Barry Schweid

AP, August 31, 2006

The head of the House Middle East subcommittee protested on Wednesday the Bush administration's decision to let former Iranian President Mohammad Khatami visit the United States for speeches and conferences.

"It is mystifying that we would roll out the red carpet to a person who has incited violence against civilians and who has expressed incendiary rhetoric against the United States and our allies," said Rep. Ileana Ros-Lehtinen, R-Fla.

In a statement, Ros-Lehtinen said she was circulating a letter among members of Congress that contended Khatami should be treated as a threat to U.S. national security interests and Middle East policy objectives.

Khatami, whose receipt of a visa was announced Tuesday at the State Department, plans to attend a U.N. conference Sept. 5-6 in New York to promote dialogue and to speak on religion's role in promoting peace at the Washington National Cathedral on Sept. 7.

Former President Carter is reported to be interested in meeting with Khatami, but his assistants declined to provide any information.

Khatami would be the most senior Iranian official to visit Washington since Islamic fundamentalists seized the U.S. Embassy in Tehran in 1979 during the Carter administration and held Americans hostage for 444 days.

The Iranian Embassy in Washington closed in April 1980. There have been no formal relations between the two countries since then, although U.S. and Iranian diplomats have participated in multinational meetings.

State Department spokesman Sean McCormack reiterated on Wednesday there would be no meetings with U.S. officials.

"Nobody should take the fact that there was a decision to issue this visa that we have any illusions about the nature of the Iranian regime," McCormack said.

Declining to place Khatami along a political spectrum — some analysts consider him to be moderate in his views — McCormack said, "The fact of the matter is Iran is and was a state sponsor of terror."

And, he said, Iran "is now and was seeking nuclear weapons" in defiance of international obligations.

On Tuesday, Sen. Rich Santorum, R-Pa., said he was outraged that Khatami had received a visa. He called the former Iranian president "one of the chief propagandists of the Islamic Fascist regime."

Israel Rebuffs U.N. On Blockade (WP)

By Scott Wilson

The Washington Post, August 31, 2006

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JERUSALEM, Aug. 30 -- Israeli Prime Minister Ehud Olmert said Wednesday he would not lift Israel's six-week-old blockade of Lebanon despite appeals from visiting U.N. Secretary General Kofi Annan that he do so to help the country's government and economy recover from a devastating war.

In a news conference here following a meeting between the two men, Olmert said Israel would restrict passage to Lebanon by land, sea and air until a multinational peacekeeping force arrived in southern Lebanon and the remaining terms of a U.N.-brokered cease-fire were fulfilled.

The prime minister, suffering politically at home for his handling of the war, is concerned the Shiite militia Hezbollah could replenish its arsenal if the blockade is lifted too early. But Annan, who on Tuesday called the blockade "a humiliation" for Lebanon, suggested lifting it would help consolidate a cease-fire that has been tested by both sides since taking hold just over two weeks ago.

"It is important not only because of the economic effect it is having on the country, but it is also important to strengthen the democratic government of Lebanon, with which Israel has repeatedly said it had no problems," Annan said. Annan's visit to the region was designed to give momentum to efforts to implement the cease-fire resolution that ended 33 days of war. An estimated 1,200 Lebanese were killed in the fighting, most of them civilians, while 117 Israeli soldiers and 41 civilians died in combat and from Hezbollah rocket fire.

But the multinational force at the heart of the agreement has been slow in deploying across a region of southern Lebanon that stretches from the Litani River to the Israeli border, a strip roughly 18 miles wide. Annan sought here, as well as in Lebanon during his visit there the previous day, to focus international attention on the war's aftermath at a precarious moment for the truce.

During his stop here, Annan informed Israeli Defense Minister Amir Peretz that Israel has violated the terms of the cease-fire far more often than Hezbollah, according to a U.N. official who spoke on condition of anonymity.

The secretary general drew on reports compiled by U.N. monitors that cite Israel for roughly 64 violations, which include overflights, resupplying forces and attacks on Hezbollah positions. Hezbollah has broken the truce four times, according to the reports. Nonetheless, Annan said, his meetings with Israeli and Lebanese officials indicated that both sides appeared committed to maintaining the truce.

After morning meetings in Jerusalem, Annan traveled to the West Bank city of Ramallah to meet with Palestinian leaders as violence in the Gaza Strip mounted. Israeli forces are continuing a military operation inside Gaza that began after Palestinian gunmen, including members of the governing Hamas movement's military wing, captured an Israeli soldier in a June 25 cross-border raid.

Palestinian health officials said eight Palestinians, most of them armed, were killed in a morning missile strike and gun battles later in the Shijaiyeh neighborhood of Gaza City. At least 14 Palestinians have been killed in Gaza over the past two days, most of them members of armed factions.

The Israeli military also announced the discovery of a 165-yard tunnel from Gaza into Israel near the Karni crossing, the main passage for goods to and from Gaza. Military officials said the tunnel was to be used in an attack on the crossing, which Israel has kept closed for much of the year, citing security concerns. Annan, following his meeting with Palestinian leader Mahmoud Abbas, called on Israel to keep the Gaza crossings open.

Israel Says It Will Continue Blockade Of Lebanon (NYT)

By Warren Hoge

The New York Times, August 31, 2006

AMMAN, Jordan, Aug. 30 — Israel's prime minister, Ehud Olmert, rebuffed a request on Wednesday from Secretary General Kofi Annan of the United Nations for even a partial lifting of the seven-week-old blockade of Lebanon.

Mr. Annan told Mr. Olmert in a breakfast meeting at the prime minister's residence in Jerusalem that while he would prefer that Israel completely lift its blockade of air, sea and land traffic into Lebanon, he wanted Mr. Olmert at least to allow Beirut's airport to resume normal operations.

But Mr. Olmert rejected that idea. In doing so, he referred to Mr. Annan's previous insistence that all parties to the United Nations-brokered cease-fire on Aug. 14 abide by all of its provisions.

Speaking at a joint news conference, Mr. Olmert recycled for his own purposes the same metaphor Mr. Annan had used moments before to say the cease-fire resolution was not a smorgasbord.

"As far as we are concerned," Mr. Olmert said, "we entirely accept that it is a fixed menu and that everything will be implemented, including the lifting of the blockade, as part of the entire implementation."

Therefore, he said, Israel cannot lift the blockade, imposed to prevent the smuggling of arms to Hezbollah, on one part of Lebanon and not on others.

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Mr. Annan argued that reopening the airport carried particular importance "not only because of the economic effect it is having on the country, but it is also important to strengthen the democratic government of Lebanon, with which Israel has repeatedly said it has no problems."

On arrival in Amman on Wednesday night, Mr. Annan said through a spokesman that he was not discouraged by Mr. Olmert's rebuff. "The secretary general remains optimistic that the Israeli authorities will reconsider his appeal for the lifting of at least the airport blockade as a first step," said the spokesman, Ahmad Fawzi.

Mr. Olmert's domestic popularity has suffered from widespread dissatisfaction with his handling of the war, which failed to achieve the broad goal he set at its outset: dismantling or at least disarming Hezbollah.

Mr. Olmert reiterated his call for the United Nations force to be posted not just in southern Lebanon but also along the border with Syria, a deployment that the United Nations resolution makes dependent on a request from the Lebanese government.

Fouad Siniora, the Lebanese prime minister, said Monday that he had stationed 8,600 soldiers along the Syrian border, but that he would not authorize foreign troops there.

Mr. Olmert also rejected a request by Mr. Annan that Israeli troops withdraw completely from southern Lebanon once the United Nations force there reaches 5,000, rather than waiting for its full planned strength of 15,000.

"Israel will pull out of Lebanon once the resolution is implemented," Mr. Olmert said.

From Jerusalem, Mr. Annan went to Ramallah on the West Bank, where he met with Mahmoud Abbas, the Palestinian president. Mr. Annan noted that the continuing conflict in the Palestinian areas had been overshadowed by the fighting between Israel and Hezbollah in Lebanon.

Mr. Annan's stop in Israel and the West Bank was part of a Middle East trip that began with a two-day visit to Lebanon and continues with a meeting here on Thursday with King Abdullah II and includes talks in Damascus with President Bashar al-Assad and in Tehran with President Mahmoud Ahmadinejad, who has called for the destruction of Israel.

An Israeli questioner at the news conference at Mr. Olmert's residence challenged Mr. Annan on why he was meeting with a man who had proposed the elimination of another United Nations member state.

"As secretary general of the United Nations, I have no other means of influencing people except through dialogue, through persuasion and through honest discussion," Mr. Annan said. "And if I am not allowed to see them and talk to them, how do I do this? How do I explain that Israel is a state that is a member state of the U.N. and that there should not be any incitement against Israel?"

Mr. Annan said he had told Mr. Olmert that his talks with Lebanese leaders had convinced him that they were serious about enforcing an embargo on illegal arms to Hezbollah and dedicated to seeking a lasting peace.

Mr. Olmert said: "I would like to emphasize that Israel has no conflict with the people or the government of Lebanon. I would hope that conditions would change rapidly in order to allow direct contact between the government of Israel and the government of Lebanon in order to hopefully soon reach an agreement between the two countries."

But Mr. Siniora dashed that idea in a news conference in Beirut.

"Lebanon will be the last Arab country that could sign a peace agreement with Israel," he said. "There will be no agreement with Israel before there is a global peace deal that is just and lasting."

Israel Rejects Annan Demand On Blockade (AP-Y)

By Ravi Nessman

AP, August 31, 2006

Israel on Wednesday rejected demands from visiting U.N. Secretary-General Kofi Annan that it immediately lift its sea and air blockade of Lebanon and withdraw its forces once 5,000 international troops are deployed.

Prime Minister Ehud Olmert indicated Israel would only allow free movement after the full implementation of a U.N.-brokered cease-fire that ended 34 days of fighting between Israel and Lebanon's Hezbollah guerrillas that killed 854 Lebanese and 159 Israelis.

Under the truce, 15,000 Lebanese soldiers and 15,000 international troops are to be deployed in southern Lebanon and to enforce an arms embargo on Hezbollah.

Olmert, Annan and Israeli Foreign Minister Tzipi Livni all expressed hope Wednesday that the cease-fire deal would evolve into a full-fledged peace accord, which Israeli leaders have long hoped to reach with Lebanon. But Lebanon's premier rebuffed the idea, saying his country would be the last Arab nation to make peace with the Jewish state.

The vastly different visions of future relations between the two nations reflect their conflicting priorities. Israel wants to prevent future attacks from its northern neighbor, while Lebanon is focused on rebuilding from the recent fighting and trying to maintain peace between its fractious religious groups, some of whom are sworn enemies of Israel.

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The cease-fire deal could be "a cornerstone to build a new reality between Israel and Lebanon," Olmert said at a news conference with Annan.

Implementation of the truce "gives us a foundation to move forward and settle the differences between Israel and Lebanon once and for all, to establish a durable peace," Annan said after meeting with Livni.

But Lebanon has hesitated in reaching a separate agreement with Israel as long as Israel's conflicts with the Palestinians and Syria are not resolved.

Lebanese Prime Minister Fuad Saniora quashed hopes of a peace deal any time soon, saying Lebanon "will be the last Arab country that could sign a peace agreement with Israel."

"Let it be clear, we are not seeking any agreement until there is just and comprehensive peace based on the Arab initiative," he said in Beirut.

The Arab initiative calls for an Israeli withdrawal from all territories captured in the 1967 Middle East war and the establishment of a Palestinian state with east Jerusalem as its capital — demands Israel rejects.

A Hezbollah legislator also ruled out talks toward a wider peace deal.

"The Lebanese reject negotiations with the Zionist enemy. They consider these negotiations unnecessary, worthless and have no basis or place," Hussein Haj Hassan told Al-Jazeera television.

The fighting between Israel and Hezbollah began July 12 when Hezbollah guerrillas crossed into Israel and attacked an army patrol, killing three soldiers and capturing two others. Israel has rejected calls for a prisoner swap to secure their freedom.

Both Annan and Olmert demanded the soldiers' unconditional release, but Mohammed Fneish, a Hezbollah minister in the Lebanese Cabinet, said that would not happen.

"There will be no unconditional release. This is not possible," he said. "There should be a (prisoner) exchange through indirect negotiations."

A third Israeli soldier, Cpl. Gilad Shalit, was seized by Hamas militants in late June and is being held in the Gaza Strip. His capture touched off a 2-month-old Israeli military offensive in Gaza.

Annan said he would do everything in his power to win the soldiers' release. He said that during his visit to Lebanon, which ended Tuesday, he discussed their fate. "I did not get the impression that they are not alive. I believe they are alive," he said.

Annan also called on Olmert to end the blockade of Lebanon, which is preventing the country from rebuilding. Lifting the blockade would also strengthen Lebanon's government.

"I do believe the blockade should be lifted," he said at a news conference with Olmert.

Israel has said it would lift the blockade when international forces, along with Lebanese troops, are deployed on Lebanon's border with Syria to prevent the flow of weapons to Hezbollah from its Syrian and Iranian patrons.

Syria has said it would consider the presence of international troops on its border a hostile act, and Lebanon has said it would secure the border itself.

Annan said Lebanese authorities assured him they were serious about enforcing the arms embargo on Hezbollah.

"We need to be flexible, because I don't think there's ever only one way of solving a problem. We shouldn't insist that the only way to do it is by deploying international forces," Annan said.

Asked by reporters whether Israel would lift the blockade, Olmert was evasive, saying only that Israel wanted a full implementation of the cease-fire.

Annan also said he was working to expand the international force in Lebanon "as rapidly as possible" and to quickly double its current number to 5,000.

"We hope that as we do that, the Israeli withdrawal (from Lebanon) will continue and by the time we are at that level, Israel will have fully withdrawn," Annan said.

While Olmert said Israel hoped to leave Lebanon "as soon as possible," he did not embrace Annan's proposal.

"It isn't on one day the 5,000 come in and on one day all the Israelis depart," Israeli government spokeswoman Miri Eisin explained later. "It's something in between, and it's something that has to be ironed out, and it is being ironed out."

In a meeting later with Palestinian President Mahmoud Abbas, Annan said Israel also must lift its closure of the Gaza Strip and open crossing points there. He called for an end to the bloodshed that has killed more than 200 Palestinians since the end of June.

Israel Says Lebanon Blockade Will Stand (LAT)

By Laura King

The Los Angeles Times, August 31, 2006

JERUSALEM — Israel signaled today that it would not lift its air and sea blockade of Lebanon or withdraw the rest of its troops until two Israeli soldiers seized by Hezbollah are freed.

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Meanwhile, new violence flared in the Gaza Strip, where at least eight Palestinians, four of them gunmen, were killed in confrontations with Israeli troops. The 9-week-old Israeli offensive in Gaza has left nearly 250 Palestinians dead.

Some of that fighting overlapped with Israel's 34-day conflict with Hezbollah guerrillas in Lebanon, which ended with a cease-fire on Aug. 14. However, the two sides balked at fulfilling some of the truce's main provisions.

Visiting U.N. Secretary-General Kofi Annan, who met today with Israeli Prime Minister Ehud Olmert, called for an immediate easing of Israel's embargo and a withdrawal of its troops once about one-third of a promised 15,000-member international force has been deployed in south Lebanon.

But the Israeli leader responded to Annan's appeal by saying that the U.N. cease-fire resolution must first be fully implemented. His office said later that Israel would not consider the terms of the resolution to have been met until the two captured servicemen, whose seizure sparked the current conflict, are freed.

Speaking at a joint news conference with Annan, Olmert called the resolution a "fixed buffet," adding: "Everything will be implemented, including the lifting of the blockade, as part of the entire implementation of the different articles."

Annan and Olmert also were apparently unable to reach an accord on whether the Syrian border, which has been a prime conduit for the shipment of arms to the Hezbollah militia, will be policed by the international force or the Lebanese army.

Lebanon has said its army would patrol the frontier, but Israel demands that the international force deploy along the border to prevent a renewed flow of weaponry to the Shiite Muslim militants.

"We need to be flexible, because I don't think there's ever only one way of solving a problem," Annan said at the news conference. "We shouldn't insist that the only way to do it is by deploying international forces."

Even though little progress appeared to have been made in his talks with the Israeli leader, Annan sought to play down their disagreements.

"There isn't that much of a difference" of opinion between Prime Minister Olmert and himself, Annan later told reporters in the West Bank city of Ramallah, where he met with Palestinian Authority President Mahmoud Abbas.

Both Annan and Olmert expressed hopes for a comprehensive peace accord between Lebanon and Israel. The Israeli leader said the cease-fire could serve as the "cornerstone to build a new reality between Israel and Lebanon."

But in Lebanon, Prime Minister Fuad Siniora said his country would be "the last Arab country that could sign a peace agreement with Israel."

Israel held the Lebanese government responsible for Hezbollah's cross-border raid on July 12 that left eight Israeli soldiers dead and the two others in Hezbollah's hands, triggering the fighting.

Further dampening hopes for a break in the impasse over the captured Israeli soldiers, a Hezbollah member of the Lebanese Cabinet said they would only be freed as part of a prisoner exchange. "There will be no unconditional release; this is not possible," said Energy Minister Mohammed Fneish.

Annan said an easing of Israel's blockade would help strengthen Lebanon's government and allow the start of a recovery from the devastating destruction wrought during the conflict.

"I do believe the blockade should be lifted," the U.N. chief said.

In talks with Abbas, Annan also called on Israel to open crossing points into the Gaza Strip, which even before the recent outbreak of fighting was largely isolated. Israel says it has been forced to sharply limit the passage of people and goods in and out of Gaza due to security threats.

Underscoring that, the Israeli military said today that troops had discovered a large tunnel, 150 yards long, stretching from the outskirts of Gaza City toward the main Karni commercial crossing, apparently built by Palestinian militants to be used for weapons-smuggling or attacks against Israeli troops.

Karni, which has been the target of repeated attacks by militant groups, has been closed for much of this year. Israel has agreed, however, to weigh a U.S. proposal to station international observers at Karni to bolster security so the crossing could be open more often.

Times staff writer Megan K. Stack in Beirut and special correspondent Maher Abukhater in Ramallah contributed to this report.

Israel Says Syria, Not Just Iran, Supplied Missiles To Hezbollah (LAT)

By Peter Spiegel And Laura King

The Los Angeles Times, August 31, 2006

WASHINGTON — New postwar intelligence indicates that the militant group Hezbollah had broader access to sophisticated weaponry than was publicly known — including large numbers of medium-range rockets made in Syria, said U.S. and Israeli government officials and military analysts.

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The size of the Hezbollah arsenal and the direct role of Syria in supplying it will complicate the daunting task of keeping Hezbollah from rearming, the officials said.

Before the war, Hezbollah's access to weapons supplied by Iran and shipped through other countries was well documented. So was Syria's political support for Hezbollah and its role in allowing shipments of arms into Lebanon from Iran. But Washington thought Syria for the most part was not supplying munitions directly.

The new weapons data indicating a broader Syrian role were gathered by Israel largely by examining debris left by shells that hit the country during the conflict. The examination uncovered the serial numbers and other defining characteristics of the weapons. Israel's postwar forensics have shown some of the rockets were manufactured by the Syrian munitions industry, military sources said.

Hezbollah fired between 3,700 and 3,800 rockets at Israel during the 34 days of fighting. The rockets, which landed across northern Israel and killed 43 civilians, were the most sustained attack on Israeli towns and cities since the war that greeted the country's founding in 1948, and highlighted a significant vulnerability for the Jewish state.

The disclosures about Syria's role in supplying Hezbollah dovetail with postwar diplomatic strategies.

Israel, backed by the Bush administration, would like to see international peacekeepers deployed along the Syria-Lebanon border — a step it says is needed to prevent arms shipments to Hezbollah. Lebanon, backed by U.N. Secretary-General Kofi Annan, has resisted that idea, as have the Syrians.

Syrian officials would not confirm or deny the reports.

"These are just accusations," said a spokesman for the Syrian Embassy in Washington, who requested anonymity because only the ambassador was allowed to discuss official Syrian policy. "If they have evidence, they should make it clear."

U.S. and European plans for stabilizing Lebanon rest heavily on preventing Hezbollah from rearming. Although a U.N. peacekeeping force still being formed will not be asked to disarm the militia, it will try to prevent flows of new arms to militants.

Israel asserts that in the weeks since the cease-fire, Iran and Syria have tried to resupply Hezbollah, primarily via Syria's long border with Lebanon. Iran is seeking to send in long-range rockets but has been hampered by Israel's sea and air embargo, Israeli officials said. Syria's attempts to send in shorter-range rockets via land routes may prove more successful because of the porousness of the frontier, the officials said.

"There's a limit to what we can do in response to this," said Miri Eisen, a senior advisor to Israeli Prime Minister Ehud Olmert.

The forensic evidence from shell debris bolstered what Israeli officials said they had long known about Syria's role in helping to arm Hezbollah.

"Syria has been a direct supplier of rockets, as well as a safe haven and weapons conduit," Eisen said.

"The short- to medium-range rockets that hit Tiberias and Haifa turned out to have been directly supplied by Syria — just as we said all along," Eisen said, referring to the northern Israeli cities targeted by Hezbollah.

Analysts said Syria's role in directly arming Hezbollah marked a shift in Damascus' strategy toward Lebanon. Syria was forced to withdraw its military from Lebanon last year after the assassination of former Lebanese Prime Minister Rafik Hariri.

"I don't believe these kinds of technologies passed to Hezbollah under the regime of Hafez al Assad," Syria's longtime leader who died in 2000, said David Schenker, a former Pentagon official now at the Washington Institute for Near East Policy.

Referring to Assad's son and successor, Bashar Assad, Schenker said, "The father saw Hezbollah as a tool; Bashar sees them differently."

In addition to evidence of Syrian-made weapons, Israel also said it found evidence that Hezbollah used advanced, Russian-made Kornet antitank weapons. Israeli intelligence contends that serial numbers found on spent Kornets show they were originally supplied by Russia to Syria, although others may have come from Iran.

Russia has disputed the claims, saying it keeps tight restrictions on reshipments.

The U.S. and Israel in recent weeks have pressured nations that sell weapons to Iran and Syria to tighten restrictions on their transfer to third parties, an effort aimed at curtailing Hezbollah's arsenal. China, which has substantial economic interests in the region, is considered unlikely to stop its shipments, experts said, though the lobbying may have more effect on Russia.

"The Russians are probably not pleased their Kornets got into the hands of Hezbollah," said one former administration official familiar with Russian thinking.

Even without stepped-up involvement by Syria and Iran, military experts said, the ability of United Nations and Lebanese troops to track and halt arms shipments was likely to be limited.

The U.S. has identified nine Syrian border crossings that it thinks are large enough to ship medium- and long-range rockets.

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Knowing likely shipment routes may not be enough to block them, analysts said, pointing to U.S. failure to prevent arms shipments to Iraqi insurgents from Iran and Syria — or, in an earlier conflict, to the Viet Cong along the infamous Ho Chi Minh Trail from Laos and Cambodia during the Vietnam War.

"The bar is set very low, but it's still a very difficult bar to reach," said a U.S. defense official, referring to U.N. interdiction goals. "That border is still very porous."

Experts said Hezbollah retained significant weaponry even after the monthlong Israeli bombardment. Israeli intelligence officials think they destroyed a large number of Hezbollah's longer-range missiles, but do not know how many remain. The number of medium-range rockets in Hezbollah's possession also is unclear.

In addition to the 3,700 to 3,800 rockets fired by Hezbollah, the Israeli military said it destroyed about 1,600. Together, that would account for fewer than half of the rockets that Israeli and U.S. intelligence officials think Hezbollah had at the start of the conflict.

Israel said it had underestimated the number of Hezbollah fighters. The military said it killed about 500 Hezbollah guerrillas, a figure that the militia has not confirmed. Some of the fighters who were killed or captured were using sophisticated equipment, including sniper rifles and night-vision goggles.

"At most, if you take the most dramatic claim we heard, they probably got about 15% of Hezbollah strength, and that includes wounded as well as killed in the forward area, which is not a decisive type of battle," said Anthony Cordesman of the Center for Strategic and International Studies, a U.S. military analyst who recently returned from meetings with Israeli military and intelligence officials.

"If anything, you now have very large numbers of very experienced combat people who have spent more than six weeks in active engagement with the [Israeli military] and have, if not won, learned enough so they will be a far more serious problem in the future."

UN Condemns Israeli Strategy As 'immoral' (FT)

By Mark Turner, Harvey Morris And Quentin Peel

Financial Times, August 31, 2006

The United Nations on Wednesday described as "shocking and immoral" the fact that Israel dropped well over 90 per cent of its cluster munitions in Lebanon during the last three days of the conflict – when it was already clear there would be a cessation of hostilities.

Jan Egeland, UN humanitarian chief, made his comments just hours after Kofi Annan, UN secretary-general, left Israel after talks with Ehud Olmert, prime minister, and other government members. The UN said Mr Annan had asked Israel to provide a map of where cluster weapons were used but did not raise Mr Egeland's concerns because he was unaware of the details during his Jerusalem visit.

Israel intensified its military offensive in southern Lebanon in the 72 hours between Security Resolution 1701 being signed in New York and the ceasefire on August 14.

Cluster weapons contain dozens of small explosives which spread over a wide area and are either air-dropped or ground launched.

The UN said it had identified 359 cluster bomb-strike locations, and that 102,000 unexploded small bombs continued to maim and kill people every day.

"Civilians will die disproportionately again, after the war," he said. "This should not have happened. It's an outrage."

He added that countries which had supplied Israel with the munitions, including the US, should take the matter up with the Israeli government.

Mr Olmert and Mr Annan had earlier held talks on the implementation of resolution 1701.

But after the meeting Mr Olmert did not respond to the secretary-general's call for a lifting of the air and sea blockade that the UN official had called a humiliation for the Lebanese.

UN officials travelling with Mr Annan said later he was still optimistic that Israel would reconsider its position, and repeated his call for a first gesture to be made by lifting the air blockade of the country.

"The government of Lebanon is one we wish to support," said Ahmad Fawzi, the secretary-general's spokes-man. "By continuing this blockade we are not doing so. On the contrary, we are undermining this government."

The Israelis are also still insisting that the expanded UN force, which Mr Annan said would soon double to 5,000, must deploy along the Syrian-Lebanese border and at Lebanon's sea and airports to prevent weapon supplies reaching Hizbollah.

Mr Annan said the Lebanese authorities had assured him they were serious about enforcing the arms embargo.

Israel still has troops in southern Lebanon and Amir Peretz, defence minister, told Mr Annan: "Israel will pull out once there is a reasonable level of forces there."

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Israeli Cluster-bombing Deemed 'Immoral' (AP)

By Sarah Dilorenzo, Associated Press Writer

AP, August 31, 2006

The U.N. humanitarian chief on Wednesday accused Israel of "shocking" and "completely immoral" behavior for dropping large numbers of cluster bombs on Lebanon when a cease-fire in its war with Hezbollah was in sight.

Jan Egeland said Israel had either made a "terribly wrong decision" or had "started thinking afterwards." The remarks were unusually harsh even for Egeland, who often ignores an unwritten rule that U.N. officials should not criticize member states too severely.

"What's shocking and I would say, to me, completely immoral is that 90 percent of the cluster bomb strikes occurred in the last 72 hours of the conflict, when we knew there would be a resolution," Jan Egeland said at a news conference.

The spokeswoman for Israel's mission to the U.N., Anat Friedman, said she had no immediate comment on Egeland's remarks. In Israel, the Israeli army referred to its earlier statement that all the weapons it uses "are legal under international law and their use conforms with international standards."

An unusual number of cluster bombs used in the war did not detonate on impact, possibly because they were old, Egeland said. Usually 10 percent to 15 percent of the bomblets fail to explode immediately. According to some estimates, up to 70 percent of the Israeli bomblets failed to explode on impact.

Civilians returning to their homes in southern Lebanon are experiencing "massive problems," as a result of these unexploded munitions, Egeland said.

Approximately 250,000 Lebanese, of the 1 million displaced, cannot move back into their homes, many because of unexploded munitions.

"Every day people are maimed, wounded and are killed by these ordnance," Egeland said.

U.N. and human rights organizations said Wednesday that 13 people, including three children, had been killed between the Aug. 14 cease-fire and Tuesday, and 46 people had been wounded.

"Every day we have to revise our count of what the scope of the problem is," said Chris Clark, program manager of the U.N. Mine Action Coordination Center in southern Lebanon. "We just don't know how big the problem is, only that it is huge at the moment and getting bigger every day."

Human Rights Watch researchers have said the density of cluster bombs in southern Lebanon was higher than in any place they had seen.

Egeland urged countries that sold cluster bombs to the Israelis, including the United States, to have "serious talks with Israel."

The U.N. Mine Action Coordination Center, which has so far assessed 85 percent of the bombed areas in Lebanon, has identified 379 bomb strike areas that are contaminated with as many as 100,000 unexploded bomblets.

Egeland said about 750,000 people had managed to return home, which he called "remarkable."

Egeland will travel to Stockholm on Thursday to launch a revised humanitarian appeal for Lebanon.

The appeal has raised about $90 million, which Egeland indicated would be enough for the initial, emergency response. The Lebanese government will launch its own appeal for several hundred million dollars to continue the rebuilding.

Lebanon Offers Aid For Rebuilding (WP)

By Nora Boustany

The Washington Post, August 31, 2006

BEIRUT, Aug. 30 -- Prime Minister Fouad Siniora on Wednesday unveiled a $33,000 compensation package for Lebanese whose homes were destroyed in the fighting between Hezbollah and Israel.

The announcement came on the eve of a donor conference in Stockholm aimed at raising $500 million to jump-start Lebanon's recovery. Siniora said the money would be used to rebuild roads and vital infrastructure damaged in southern Lebanon and in the southern suburbs of Beirut during the 33-day conflict.

Siniora said he would ask countries represented at the conference to sponsor the rebuilding of villages hardest hit by Israel's military action, which followed Hezbollah's capture of two Israeli soldiers on July 12. The small, oil-rich state of Qatar, for example, already has pledged to rebuild the southern town of Bint Jbeil, where entire neighborhoods were destroyed in intense shelling, bombing and rocket attacks.

The European Commission said Wednesday that it would add about $53 million to its pledge of $64 million for emergency relief and to assist Lebanese businesses. Kuwait has pledged $800 million, Saudi Arabia $500 million and the Bush administration has promised to earmark $230 million in aid to Lebanon.

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The Lebanese government's compensation plan comes amid domestic and regional criticism for what some say has been a slow response to the needs of the people, and three days after Hezbollah's leader, Hasan Nasrallah, suggested that the government was not meeting the expectations of the Shiite Muslim community.

Days after a Aug. 14 cease-fire took effect between Israel and Hezbollah, the Shiite militia began giving $12,000 in cash to Lebanese who had lost their homes. The assistance raised concerns in Lebanon and abroad that an already indebted government would not be able to match Hezbollah's largess.

Analysts have warned that the public's frustration with the government's lagging efforts, when compared with Hezbollah's swift delivery of stacks of U.S. $100 bills, could lead to instability.

In Bint Jbeil, huge yellow signs in the name of the municipality thanking the emir of Qatar compete with yellow Hezbollah banners taped to slabs of wrecked buildings.

One Hezbollah sign reads: "Your Democracy, USA," an apparent reference to the destruction caused by U.S.-supplied Israeli weaponry. "You destroyed the bridges. We crossed through people's hearts," reads another yellow banner, taped across the debris of collapsed bridges and overpasses knocked down by the Israeli bombing.

Hani Hammoud, an adviser to parliament member Saad Hariri, said that Hezbollah had informed government officials that it could not afford to finance a comprehensive rebuilding effort, as initially promised. Hariri is also the son of a former prime minister who was assassinated last year.

"The government is simply doing its duty," Hammoud said. "It is not the fault of ordinary citizens if an armed group did something foolish, and it is not their fault if someone promised money that is not going to come."

"What is needed is far more than what they expected, and they simply don't have it," he added.

Last weekend, Nasrallah said that if the government compensated those whose homes were damaged or destroyed, he would pay them whatever else was needed for reconstruction.

The governor of Lebanon's Central Bank, Riad Salameh, said 10 days ago that the banknotes Hezbollah was distributing had not gone through the Lebanese banking system and that they must have been transported across the border by land. "This is a customs problem, not a Central Bank issue," he said at the time.

Lebanese officials have vowed that border controls would be tightened. Siniora told a group of foreign journalists Tuesday that the government had deployed 8,600 soldiers along its eastern border.

Four days ago, a truck was seized in Janta, just west of the Syrian border in the western Bekaa region, security officials said. The truck was loaded with more than 1 1/2 tons of explosives, and its target was unknown.

Lebanon Refuses Contact With Israel (AP)

By Hussein Dakroub, Associated Press Writer

AP, August 31, 2006

Lebanese Prime Minister Fuad Saniora said Wednesday that he refused to have any direct contact with Israel and Lebanon would be the last Arab country to ever sign a peace deal with the Jewish state.

"Let it be clear, we are not seeking any agreement until there is just and comprehensive peace based on the Arab initiative," he said.

He was referring to a plan that came out of a 2002 Arab League summit in Beirut. It calls for Israel to return all territories it conquered in the 1967 Mideast war, the establishment of a Palestinian state with Jerusalem as its capital and a solution to the Palestinian refugee problem — all in exchange for peace and full normalization of Arab relations with Israel.

Israel has long sought a peace deal with Lebanon, but Beirut has hesitated as long as Israel's conflicts with the Palestinians and Syria remained unresolved.

Saniora said Lebanon wants to go back to the 1949 armistice agreement that formally ended the Arab-Israeli war over Israel's creation.

Also on Wednesday, a Hezbollah cabinet minister said that the guerrilla group will not release two captured Israeli soldiers unconditionally, and that they would only be freed in a prisoner exchange.

"There will be no unconditional release. This is not possible," Minister of Energy and Hydraulic Resources Mohammed Fneish said in Beirut. He is one of two Hezbollah members in Lebanon's Cabinet.

"There should be an exchange through indirect negotiations. This is the principle to which Hezbollah and the resistance are adhering," he said.

Israeli Prime Minister Ehud Olmert said earlier Wednesday that the Israel-Hezbollah cease-fire could be "a cornerstone to build a new reality between Israel and Lebanon."

Israeli Foreign Minister Tzipi Livni and U.N. Secretary-General Kofi Annan also said they hoped the cease-fire deal could evolve into a full-fledged peace agreement between Israel and Lebanon.

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Implementation of the cease-fire "gives us a foundation to move forward and settle the differences between Israel and Lebanon once and for all, to establish a durable peace," Annan said.

Also Wednesday, Saniora said that his government would pay $33,000 per house to compensate residents whose homes were destroyed by Israeli attacks. The government has been criticized for being slow to respond with financial support for people who lost homes in the fighting.

Saniora said 130,000 housing units had been destroyed or damaged in more than a month of Israeli airstrikes and ground fighting with Hezbollah guerrillas, mostly in south Lebanon. He did not give a breakdown of the completely destroyed houses.

Hezbollah launched rebuilding campaigns in its strongholds within days of the Aug. 14 cease-fire, burnishing its support among residents.

Saniora said he would ask delegates to an international donors' conference in Sweden on Thursday to take responsibility for rebuilding specific villages hit by Israeli attacks. Organizers of the conference are aiming to raise $500 million in aid for Lebanon, Sweden's aid minister said Tuesday.

The European Commission said Wednesday it will pledge $54 million at the conference on top of the $64 million that the European Union's head office has already earmarked for emergency relief to Lebanon.

For Israeli Aid Group, Long Road To Inclusion (WP)

By Zachary A. Goldfarb

The Washington Post, August 31, 2006

For more than half a century, Israel's humanitarian relief society was not a member of the International Red Cross and Red Crescent Movement, the network of organizations that provide aid to people affected by war and disaster.

In June, Magen David Adom finally joined -- the result of a year and a half of diplomatic effort by the State Department working with American Red Cross, Israeli, Palestinian, Swiss government and international Red Cross officials.

"In some respects, the MDA issue was a very small microcosm, albeit without the violence, of the problems that have been going on in the Middle East for decades," said John B. Bellinger III, the State Department legal adviser who served as chief U.S. diplomat on the matter.

Just after Israel's founding in 1948, MDA sought for the first time to join the international movement. Joining the movement required that MDA use one of the emblems -- the red cross, the red crescent, and the red lion and sun -- defined by the Geneva Conventions as signifying humanitarian relief.

But MDA wanted to use its emblem: the red Star of David.

In 1949, diplomats rejected a proposal, 22 to 21, to recognize the Star of David, ending MDA's initial bid for inclusion. The international community had long resisted attempts to change its emblems.

Not being a member did not affect MDA's operations significantly, but it loomed symbolically over the next half-century as Israelis felt excluded from the international humanitarian movement. Periodic efforts to address the situation were begun, but they were always postponed because of concerns about the latest conflict in the Middle East.

In the 1990s, the idea of a new emblem was floated for nations that did not want to use the red cross or the red crescent. In early 2000, the American Red Cross, an ally of MDA frustrated by continued postponements, announced it would withhold its dues to the international group until the matter was resolved.

An October 2000 conference to begin the process of admitting MDA was scheduled. But it was derailed when violence broke out between the Israelis and Palestinians in September 2000 in the second intifada.

For the next few years, the issue was dormant.

When Condoleezza Rice became secretary of state in January 2005, the Israelis and Palestinians were at a relatively peaceful period. Rice sensed it was an opportune time to renew focus on the issue. The Swiss government, which serves as a coordinator for the Geneva Conventions and the international Red Cross, and foreign diplomats agreed.

Next came a flurry of diplomatic activity to bring MDA into the international movement.

"It's been a huge amount of effort over the last 18 months," Bellinger said. "I've almost never seen anything like it. . . . We have sent out more than 1,000 cables urging countries to move beyond politics and treat this as a humanitarian gesture."

At each step along the way, however, the effort nearly unraveled.

The first step was allaying the concerns of the Palestinian Red Crescent. MDA and the Palestinian Red Crescent forged an agreement to make it easier for Palestinian humanitarian personnel to do their work in areas controlled by the Israelis.

Also, international Red Cross officials planned an exception to a rule that only national societies could join the international movement. The Palestinians do not have a state.

A news conference to announce the agreement between Magen David Adom and Palestinian Red Crescent was planned in Geneva for Nov. 28. But it almost did not happen. On the previous evening, back in the States, American Red Cross

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chairwoman Bonnie McElveen-Hunter received a call from MDA chairman Noam Yifrach, anxious and awake at 1 a.m. in Geneva. He told her the Israeli government had said at the last minute that MDA could not sign the agreement.

Days earlier, Israeli politics were shaken up when Prime Minister Ariel Sharon left his political party. As McElveen-Hunter saw it, Sharon's new party wanted to play a role in the negotiations -- and be able to take credit for the outcome. She next made a round of frantic calls that led her to Shalom Turgeman, Sharon's diplomatic adviser. He brought up the matter with Sharon. Just after 3 a.m. Eastern time, McElveen-Hunter heard that the agreement had been signed.

That cleared the way for the next step: adopting an additional emblem, a red crystal in which a cross, crescent or Star of David could be placed. But, as in 1949, this required updating the Geneva Conventions.

In early December 2005, diplomats gathered in Geneva for 31/2 days to adopt the new symbol. Most of the work happened in backrooms. In one quarter, the Organization of Islamic States devised strategy about how "to exact as many political concessions as they can," Bellinger said. In another quarter, the United States tried to persuade Israel to accept concessions.

The goal of these types of negotiations is to avoid a contentious vote, and to form consensus among the diplomats. But as the discussions dragged late into the night on the last day, it became clear to participants that consensus was not possible, and a vote would have to be taken. "We were worried that the conference would fail altogether," Bellinger said.

At the end, Islamic countries offered various amendments about the situation in the Middle East. Each was defeated. Then a final vote on the new emblem was taken. It passed with the support of more than two-thirds of the countries present.

The United States thought the process of MDA joining would go smoothly, until June 2006, when a final conference to admit the two organizations was planned.

Not so. Sharon suffered an incapacitating stroke. The Palestinians elected Hamas to lead their government. The Israeli government had yet to meet all of the terms it agreed to.

"We went into the final conference looking like the one in December," Bellinger said.

And the same things happened: The Islamic states sought political concessions, and the United States and international Red Cross representatives argued that the purpose of the conference was humanitarian -- not a forum for political discussion. In the end, that position prevailed.

On June 21, by a vote of 237 to 54, a resolution was passed enabling Magen David Adom and the Palestinian Red Crescent to join the international network.

Poll Shows Split On Arms Issue (WT)

By David R. Sands

The Washington Times, August 31, 2006

Lebanese are sharply divided along religious lines over whether Hezbollah guerrillas should be forced to disarm, despite giving the Shi'ite Islamist force high marks for its performance in the recent conflict with Israel.

A poll released this week by L'Orient Le Jour, a French-language Beirut daily, found that 84 percent of Lebanon's Shi'ite Muslims, the largest religious grouping in the country, think Hezbollah should hold on to its arms in defiance of a U.N. cease-fire agreement that is being implemented.

By contrast, more than three-quarters of Lebanon's Christian and Druze communities -- the two largest religious minorities -- said they want to see Hezbollah disarmed. Opinion was more evenly split among Lebanon's Sunni Muslims, with 54 percent favoring disarmament.

Overall, 51 percent of those polled were in favor of disarming Hezbollah, and 49 percent were opposed -- a statistical tie given the survey's margin of error.

The poll, conducted Aug. 14 to 17 by the French firm Ipsos-Stat, comes amid a fierce domestic debate over Hezbollah's role in provoking the war with Israel and in Lebanon's fragmented political system.

More than 1,100 Lebanese civilians died in the monthlong war, which the government estimates caused nearly $4 billion in damage to Lebanon's infrastructure.

Despite winning praise across the Muslim world during the fighting, Hezbollah leader Sheik Hassan Nasrallah has moved to address anger inside Lebanon over the devastation caused by the war.

He said Hezbollah officials did not count on Israel's overwhelming military response to a July 12 cross-border raid in which three Israeli soldiers were killed and two were captured.

"Had we known that the kidnapping of the soldiers would have led to this, we would definitely not have done it," Mr. Nasrallah said in an interview on Lebanese television broadcast Sunday.

A poll by the Beirut Center for Research and Information, conducted Aug. 18 to 20, found that a majority of Lebanese think Hezbollah had "won" the war with Israel, surviving a fierce ground and air attack by one of the world's most potent militaries.

That poll found that 84.6 percent think Israel had planned the war long before and had used the raid as a pretext.

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Opinion has been far more divided in Israel, where the government of Prime Minister Ehud Olmert faces sharp questioning over its handling of the war.

A mid-August survey by the polling firm Teleseker for the Israeli newspaper Ma'ariv found that 28 percent of Israelis think their country had won the war, and 24 percent think Hezbollah had won.

Thirty-six percent of the respondents said neither side had prevailed, and 12 percent expressed no opinion.

Jackson Has Plan For Soldiers' Release (AP)

By Aron Heller

AP, August 31, 2006

Veteran civil rights leader the Rev. Jesse Jackson said Wednesday he was convinced that if Israel and the Islamic militant groups holding three Israeli soldiers would hold talks it would lead to the soldiers' release.

Jackson spoke after earlier meetings with government officials and militant leaders in Syria and Lebanon. He said he believed the soldiers were alive.

"I'm convinced that if we have the capacity to talk, we could bring this matter ... to a head," Jackson told CNN. "I think we're right at the precipice of being able to make a breakthrough if we, in fact, are able to talk."

The religious leader arrived in Israel on Wednesday as head of a 10-member ecumenical delegation representing Jewish, Muslim, Roman Catholic and Protestant groups on a mission to try to get the soldiers' released.

Israeli has refused calls to make a prisoner swap to get the soldiers back, calling for their unconditional release.

The 34-day war between Israel and Lebanon began after Hezbollah fighters attacked an Israeli army patrol on July 12, killing three soldiers and capturing two others, Ehud Goldwasser and Eldad Regev. Their capture followed the June 25 abduction of Cpl. Gilad Shalit by Hamas-linked militants, an attack that sparked a major Israeli offensive in Gaza.

Jackson met with the soldiers' families on Wednesday and warmly clutched the hands of Goldwasser's wife, Karnit, as he spoke at a news conference.

"We got the clear impression, it was corroborated, though not proven, that the soldiers are alive, that somehow they were captured and not killed in action, that somehow there is a desire to negotiate or leverage their security and freedom for their other issues," Jackson said.

While Jackson's message held promise, it wasn't enough, Karnit Goldwasser said.

"We are still living off rumors, and if these rumors are true, they are encouraging. But we have no certainty they are true," she said. "We need the solid proof that they are alive."

Jackson has had success several times in the past in negotiating the release of political hostages.

In 1984, he met with then-President Hafez Assad of Syria and arranged the release of a Navy pilot whose plane was shot down over Lebanon. Also that year, Jackson persuaded Fidel Castro to release 48 American and Cuban political prisoners.

In 1990, he helped win the release from Iraq of more than 700 foreign women and children detained as human shields against an American military attack after Iraq's invasion of Kuwait. He also persuaded Yugoslav President Slobodan Milosevic in 1999 to free three Americans he was holding prisoner.

Venezuelan Seeks Another Anti-U.S. Ally In Syria (NYT/AP)

By The Associated Press

The New York Times, August 31, 2006

DAMASCUS, Syria, Aug. 30 (AP) — President Hugo Chávez of Venezuela received a hero's welcome on Wednesday in Syria, where he said the two countries would "build a new world" free of domination by the United States and vowed to "dig the grave of U.S. imperialism."

Thousands of Syrians waved banners and Venezuelan flags along Mr. Chávez's route to a meeting with President Bashar al-Assad.

His visit was the latest in a series of international stops where he has emphasized his opposition to Washington's global influence and advanced what he calls a multipolar vision of world affairs. His trips also coincide with Venezuela's push to win a rotating seat on the United Nations Security Council despite opposition from the United States.

Venezuela, the world's fifth-largest oil exporter, is consistently among the top sources of imported oil to the United States. But Mr. Chávez has cultivated close ties with Iran, Syria and Cuba, while his relations with the Bush administration have grown more tense.

On Wednesday he against emphasized the role that cooperation between Venezuela and Syria, which is under increasing pressure from the Bush administration, could play in curbing ambitions by the United States.

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"No matter how strong the American empire becomes and no matter how much force it uses, it will be defeated," he said. "We and Syria as well as other countries will be an army of tigers, struggling and strong."

Speaking at the airport shortly after Mr. Chávez arrived, President Assad said the two countries shared a common stand, "rejection of international hegemony," Syria's official news agency said.

Mr. Assad expressed support for Venezuela's bid to obtain the Security Council seat. The United States is supporting Guatemala.

Mr. Chávez also called for Israeli troops to withdraw from Lebanon and demanded the lifting of the Israeli blockade against Lebanon.

The Venezuelan leader has compared Israel's airstrikes in Lebanon to the Holocaust, and earlier this month withdrew his country's top diplomat from Israel to protest those attacks and Israel's actions toward the Palestinians.

Mr. Chávez and Mr. Assad met for two and a half hours at the presidential palace in Damascus. With the two leaders looking on, delegates from the two countries signed 13 political and economic agreements. Mr. Chávez also said Venezuela was willing to help construct an oil refinery that Syria is considering, with a capacity of 200,000 barrels a day.

An audience of students and dignitaries applauded Mr. Chávez's 10-minute speech after he received an honorary doctorate in international relations.

Asked about the visit to Syria, a spokesman for the United States State Department, Tom Casey, said Mr. Chávez should remind Damascus about preventing Hezbollah from receiving weapons.

"We think what's important for anyone having discussions with the Syrian government to do, is to emphasize the need for Syria to meet its international obligations," he said.

Chavez, Assad Join Hands Against U.S. (WT/AP)

By Albert Aji

The Washington Times, August 31, 2006

DAMASCUS, Syria -- Venezuelan President Hugo Chavez received a hero's welcome in Syria, where he said yesterday that the two countries will "build a new world" free of U.S. domination and vowed to one day "dig the grave of U.S. imperialism."

Thousands of Syrians waved banners and Venezuelan flags along Mr. Chavez's route to a meeting with President Bashar Assad.

His visit was the latest in a series of international stops where he has trumpeted his opposition to Washington's global influence and advanced what he calls a "multipolar" vision of world affairs. His trips also coincide with Venezuela's push to win a rotating seat on the U.N. Security Council, over U.S. opposition.

Venezuela, the world's fifth-largest oil exporter, is consistently among the top five sources of imported oil to the United States. But Mr. Chavez has built close ties with Iran, Syria and other Mideast countries while his relations have grown tense with the U.S. and Israel.

Mr. Chavez is courting a Syrian regime that is under U.S. pressure to police its border and stop the flow of arms to Hezbollah guerrillas in Lebanon.

"No matter how strong the American empire becomes and no matter how much force it uses, it will be defeated," Mr. Chavez said. "We and Syria as well as other countries will be an army of tigers, struggling and strong."

Speaking at the airport shortly after Mr. Chavez arrived, Mr. Assad said the two countries shared a common stand: "rejection of international hegemony," Syria's official news agency said. The remark was an apparent reference to the United States.

Mr. Assad expressed support for Venezuela's bid to obtain a rotating Security Council seat, a race in which the U.S. government is supporting Guatemala.

Mr. Chavez also called for Israeli troops to withdraw from Lebanon and demanded the lifting of an Israeli blockade against Lebanon.

A truce ended the monthlong war between Israel and Hezbollah on Aug. 14.

The Venezuelan leader has compared Israel's strikes in Lebanon to the Holocaust, and earlier this month withdrew his country's top diplomat from Israel to protest those attacks as well as Israel's actions toward the Palestinians.

Mr. Chavez and Mr. Assad spoke for 2½ hours at the presidential palace.

With the two leaders looking on, delegates from the two countries signed 13 political and economic agreements. Mr. Chavez also said Venezuela was willing to participate in the construction of a domestic oil refinery that Syria is considering building with a capacity of 200,000 barrels a day.

An audience of students and dignitaries applauded the 10-minute speech after Mr. Chavez received an honorary doctorate in international relations.

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Asked about Mr. Chavez's visit to Syria, State Department spokesman Tom Casey said the Venezuelan leader should remind Damascus about its international obligations to prevent Hezbollah from receiving weapons.

"We think what's important for anyone having discussions with the Syrian government to do is to emphasize the need for Syria to meet its international obligations," Mr. Casey said.

Mr. Chavez shrugged off the U.S. comments.

"I did not come here to offer any advice to my brother," he said, referring to Mr. Assad. "We came here to strengthen our will and stick together in opposing imperialism."

Bush's Love Of India Will Outlast Him (FT)

By Edward Luce

Financial Times, August 31, 2006

When George W. Bush was taking foreign policy lessons from the so-called "vulcans" (a group of advisers led by Condoleezza Rice) in the 2000 US presidential campaign, the subject of India arose: "A billion people and it's a democracy. Ain't that something?" said the then-governor of Texas.

What to some might have been a throwaway line about a faraway country was to Mr Bush an instinctive statement of support for a nation that Washington now routinely describes as a "natural ally". In spite of its continuing prickliness over sovereignty and a residual sense of anti-Americanism, India has returned Mr Bush's overtures with interest.

The burgeoning US-India relationship reached a high point early this year when Mr Bush visited New Delhi for the first time and concluded an unprecedented deal that permits India to derive all the advantages of being a signatory to the nuclear non-proliferation treaty without actually joining it. In other words, Mr Bush signalled that the US attached greater importance to India's emergence as a civil and weapons nuclear power – and thus implicitly endorses New Delhi's view of the NPT as a form of "nuclear apartheid" – than it did to the principal mechanism for containing the spread of the world's chief weapon of mass destruction.

In diplomatic terms, what Mr Bush did amounts to a sharp course correction. When observers point to Mr Bush's tendency to follow his instincts, they point to his administration's unquestioning support for Israel. They could just as persuasively point to the US-India nuclear deal.

It is true that many in both the US and India have expressed outrage at the deal, which non-proliferation experts in Washington say will act as an incentive to other non-signatories to acquire nuclear weapons and encourage existing ones, such as Iran, to persist with their clandestine programmes.

In India, Manmohan Singh's Congress party-led coalition has been assailed by the opposition Hindu nationalist BJP, which wishes it had concluded the deal so that it could take the credit, and by the prime minister's allies in the communist bloc of parties, which – being pro-China and anti-US – take a somewhat eccentric view of the world. They oppose nuclear weapons for all countries (including India) but make an exception for China and Iran.

However, neither set of domestic opponents is likely to derail the deal. In the US, the House of Representatives last month waved it through and the Senate will probably do so later this year. In India, the government does not require parliamentary approval for the deal and can probably hold its line without having to put it to a vote.

But the issue has larger significance still. For the first time in US history, Washington has declared specifically that it will sponsor another country's rise to "great power" status – a slightly antiquated phrase but a clear statement nonetheless of Mr Bush's aims.

There are three reasons to believe America's sponsorship of India will outlast Mr Bush's tenure in the White House. First, India is emerging rapidly as an economic powerhouse. It is true that Mr Singh's government has been unable to advance New Delhi's economic reform agenda very radically, partly because of resistance from the communist parties

But the limitations imposed by India's complex system of multiparty coalition matter less nowadays to the country's overall economic performance than they used to. In spite of achieving relatively little in office, Mr Singh has happily pocketed annual growth rates of 8 per cent or more.

Partly because of India's booming services sector and an increasingly competitive manufacturing export base, 7 to 8 per cent growth looks sustainable even in years when the annual monsoon fails. This is good news for US exporters, who have lobbying power in Washington.

Second, India is a frontline ally in what looks to be America's increasingly long-term battle with Islamist terrorist groups around the world. Many of the Pakistan-based groups that target Indian security forces in the contested province of Kashmir, and also civilians in cities such as Mumbai and New Delhi, are linked to al-Qaeda.

Thankfully for those who cherish India's system of secular democracy, the increasingly fratricidal opposition BJP has been unable to capitalise on Mr Singh's weaknesses in government. But to an America with an increasingly Manichean view of the

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world, the return of the BJP to power would make little difference to its valuation of India as an ally. Increasingly, Washington sees India as the middle portion of a democratic axis of friends that stretches from Israel to Japan.

Finally, a rising India is seen as the best counterbalance to China, which is emerging rapidly as a world power – without the assistance of external sponsors. With the approaching fifth anniversary of the September 11 terrorist attacks on America, many forget that Mr Bush spent his first nine months in office thinking up ways to contain China, which he branded a "strategic competitor". One such method was to boost funding for Star Wars II, an anti-ballistic missile system that – if it ever worked – would partly be aimed at blunting China's nuclear reach. India was one of the first countries to welcome the system and request its protection whenever – or if ever – the much-derided programme bore fruit. Mr Bush did not forget New Delhi's immediate offer of support.

Five years later, New Delhi presides over a growing economy that is exciting US investors. India also possesses a growing nuclear arsenal (thought to be at least 100 warheads) that will expand with the help of Mr Bush's deal. There are many peculiarities to this strange relationship – and many critics as well. One certainty is that it will be an increasingly important fixture on the global stage in years to come.

The writer is the FT's Washington bureau chief and author of In Spite of the Gods: The Strange Rise of Modern India (just published in the UK by Little, Brown and to be published in the US in January by Doubleday)

As U.S.-Indian Alliance Grows, Defense Firms Seek To Profit (WP)

By Renae Merle

The Washington Post, August 31, 2006

After decades on the sidelines, U.S. defense contractors are eyeing India's growing military budget and aging arsenal as a multibillion-dollar opportunity that could help offset a projected slowdown in Pentagon weapons spending and extend production lines for such items as the F-16 fighter.

India has been effectively closed to U.S. defense firms since the 1960s, initially because of its ties with the Soviet Union, and later under formal sanctions imposed in response to nuclear weapons tests in 1998. Those sanctions were lifted in 2001, a decision given impetus by the Sept. 11 attacks and the growing strategic alliance between the two countries.

Several of the Pentagon's largest contractors, including Lockheed Martin Corp. and Boeing Co., have either opened new offices or beefed up existing ones in India and are part of an industry-wide wooing of military officials and business leaders there. Sikorsky Aircraft Corp., maker of the Black Hawk helicopter, opened an office in India in April and is competing for a contract for 200 helicopters potentially worth more than $3 billion. General Dynamics Corp., based in Falls Church, bought an Indian company in 2004 and is using it to sell communications equipment.

The Aerospace Industries Association, a lobbying group, is planning a trip there in December with executives from up to 20 companies.

"The biggest hurdle is going to be patience," Torkel Patterson, president of Raytheon International Inc., said of joining the market. "We're getting to know each other." The company is hoping to sell Patriot missiles to India and to help it upgrade its missile defense system.

At stake are contracts worth billions from a country with expanding economic and strategic ties to the United States. While not the largest foreign defense market, industry officials and analysts consider it one of the fastest growing as it replaces fleets of Soviet-era planes and goes shopping for new radar and missile systems. India's defense budget is expected to reach more than $23 billion this year, compared with about $13 billion in 2000, according to Teal Group Corp., a Fairfax research firm.

"It's an untapped market that nobody has the inside track on yet," said Joel L. Johnson, a Teal Group analyst. "The Indians have money, their economy is growing and, so, U.S. companies are guessing that when our own defense budget finally gets crunched" the Indian market will be profitable.

Even after the arms embargo was lifted, hurdles to doing business remained. Indian officials worried that if the relationship soured again they could be left without critical spare parts, analysts said.

Last year, however, Indian Prime Minister Manmohan Singh and President Bush signed a joint statement that envisioned more defense cooperation and exchanges of technology. That, combined with White House and congressional support for the sale of nuclear technology to India, has made defense contractors confident that business will pick up.

The Indian Embassy declined to comment for this article, citing a policy against speaking about military acquisitions.

"India is clearly a nation we think we can build a lasting relationship with," Lockheed chief executive Robert J. Stevens said in a speech in London last month.

Overseas sales have become an increasingly important part of revenue for U.S. defense contractors. Lockheed, headquartered in Bethesda, aims to increase its foreign business to 20 percent of revenue by the end of the decade, up from about 14 percent now.

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Lockheed got a "toe" into the Indian market this year when it was hired to supply parts for submarines. "It's modest, but part of confidence building," said Ron Covais, Lockheed's vice president for corporate international business development.

Developing a significant presence in India will not be easy. The country has traditionally bought its weapons from Europe or Russia and has a complicated and lengthy procurement process, industry insiders say. "The cost of marketing could equal 5 to 10 percent of contract. You're looking at a lot of upfront costs," said Richard Aboulafia, an aviation analyst for Teal Group.

Los Angeles-based Northrop Grumman, the maker of the Global Hawk, has tapped the Maryland Department of Business and Economic Development for help, as it prepares to open an office in New Delhi, the Indian capital, next year. The agency has arranged meetings for the firm and introduced them to Indian military officials, company officials said. "They have been educating us on how the Indian aerospace business has been developing," said Scott Porter, a Northrop vice president.

Critical to any contract, industry officials acknowledge, will be partnerships with Indian businesses. The Indian government is expected to require contractors to do about 30 percent of the work in the country, aiding local businesses and ensuring that they will have access to critical technologies. Northrop and Boeing sponsored an event on the topic last month, drawing more than 300 attendees, including India's defense secretary, Shekhar Dutt. Tata Group, a $42 billion Indian conglomerate, receives several calls a month from defense contractors considering partnerships, said David Good, the company's North American representative.

The Confederation of Indian Industry has led three delegations of U.S. companies to India to meet with potential partners this year.

"It will help build the confidence that the U.S. is a reliable supplier," said Kiran Pasricha, the groups' deputy director general. "I don't want U.S. companies to be just a supplier, what we really need is co-production and investment by the U.S. and India to show a long-term commitment."

The largest near-term opportunity is India's plan to buy 126 fighter aircraft, which would replace their older Russian MiGs. Lockheed and Boeing are marketing their F-16 and F-18 aircraft respectively, squaring off against Britain's Eurofighter and Israel's Rafael. "That will be the bellwether. How serious is India in looking at us as a supplier, how serious is the U.S. in releasing technology?" Teal Group's Johnson said.

For both Lockheed and Boeing the orders could help extend their production lines. Lockheed has supported the F-16 line for years with international orders, but recently began laying off hundreds of workers as it prepared for demand to dwindle.

"If they pick us to recapitalize their Air Force, you're talking about 25 years of relationship," Lockheed's Covais said.

Shaky Darfur Peace At Risk As New Fighting Looms (NYT)

By Lydia Polgreen

The New York Times, August 31, 2006

EL FASHER, Sudan, Aug. 30 — At the airstrip here in the heart of Darfur, the Ilyushin cargo planes fly in day after day, their holds packed with the stuff of war: troops, trucks, bombs and guns.

So far, negotiations over a proposed United Nations force to shore up the shaky peace in Darfur have limped along with no sign of compromise. The opposing sides in the conflict now seem headed toward a large-scale military confrontation, bringing Darfur to the edge of a new abyss — perhaps the deepest it has faced.

“Unfortunately, things seem to be headed in that direction,” said Gen. Collins Ihekire, commander of the beleaguered 7,000-member African Union force that is enforcing a fragile peace agreement between the government and one rebel group.

Nearly four months after signing the agreement, the government is preparing a fresh assault against the rebel groups that refused to sign. Years of conflict have already killed hundreds of thousands of people here and sent 2.5 million fleeing their homes. But that may be a prelude of the death likely to come from further fighting, hunger and disease. In the past few months, killings of aid workers and hijackings of their vehicles, mostly by rebel groups, have forced aid groups to curtail programs to feed, clothe and shelter hundreds of thousands of people.

“We have less access now than we did in 2004 when things were really bad,” said one senior aid official in El Fasher, speaking on the condition of anonymity because outspoken aid workers have been penalized and expelled by the government. “If there were a major military offensive you could be looking at a complete evacuation of humanitarian workers in Northern Darfur, which would leave millions without a lifeline.”

Diplomatically, Sudan has taken a hard line, refusing to allow any international peacekeepers other than the small and relatively powerless African Union force already in place.

The United Nations Security Council plans to vote Thursday on a resolution that would replace the 7,000 African Union troops with some 21,000 United Nations troops and police officers, but the resolution specifies that the troops will not deploy without the consent of the Sudanese government.

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A visit to Khartoum this week by Jendayi E. Frazer, assistant secretary of state for African affairs, failed to produce an agreement, potentially leaving the people of Darfur without any international peacekeepers to protect them. The African Union force has only enough money to keep going until Sept. 30, when its mandate officially ends. As it is now, its troops have not been paid, in some cases for months. It is perpetually running short of fuel, food and equipment, and its suppliers, who also have waited months for payment, are reluctant to make new deliveries. Helicopter flights that deliver all but the most essential goods — food and medicine for the troops — have been canceled.

Beyond that, the force is finding itself increasingly drawn into the battle between the government and the rebels. An attack on a fuel convoy earlier this month was suspected to be the work of rebels. Two Rwandan soldiers were killed in an intense firefight that lasted hours. Rebel leaders deny that they were involved in the ambush, but nevertheless say that the African Union is biased because it brokered a peace agreement that they reject.

Most ominous is the looming confrontation between government troops and rebel holdouts, which is set to take place on a battlefield that is home to a quarter of a million people, and could easily set off a chain of battles across Darfur. "It would be catastrophic," said another senior aid official with a different agency, asking not to be identified for fear of retribution from the Sudanese government. "In terms of loss of life it could dwarf the killings in 2003 and 2004."

In that period alone, at least 180,000 people died from attacks on villages by government forces and their allied Arab militias, known as the janjaweed, and in battles with non-Arab rebel groups seeking greater power in the region. The violence brought on widespread hunger and disease, often the most lethal killers here.

El Fasher was once a sleepy state capital in an impoverished, backward part of Sudan. Now it is a garrison town swarming with government troops in crisp new uniforms, driving shiny trucks mounted with 50-millimeter guns. The trucks are so new that their spare tires still bear the white and blue marks from the factory along the grooves of their deep treads.

The government has made no secret of its intentions — it submitted a plan to the Security Council earlier this month stating its plan to use 10,500 of its own troops to crush the rebellion, a move that would violate the peace agreement it just signed, according to General Ihekire.

In an interview in Khartoum last week, Lam Akol, the foreign minister, said the government was simply trying to secure peace.

"We have the duty to secure our territory," he said. "We have signed a peace agreement, and if the holdouts don't want to join it then what can we do? How else can we return the region to normal life?"

The rebel movements that refused to sign the Darfur peace agreement have massed in a vast swath of territory north of here, gaining strength and flexing their muscle in attacks on government troops and its allies, as well as on the African Union force.

In an interview deep in the territory they hold, commanders of the new rebel alliance, the National Redemption Front, said they were ready for a fight.

"Our capabilities are unlimited, on the air and on the ground, to repel them," said Jarnabi Abdul Kareem, a top rebel commander.

In Umm Sidir, more than 100 rebel soldiers preened with their Kalashnikov rifles for visiting journalists. Many seemed barely in their teens, with amulets encasing Koranic verses slung across their narrow, boyish chests. Their battered pickup trucks were mounted with heavy weaponry — gleaming anti-aircraft guns and shoulder-fired missiles. The splintering and reforming of the rebel groups since the peace agreement was evident in their makeshift logos. On one truck, the initials had been changed so many times that the jumble of abbreviations — SLA, JEM, NFR, G-19 — had become a collection of illegible smears.

Seated in a circle under a thorny tree, leaders of the front, joined in collective hatred for the signers of the peace agreement, said they came back to the battlefield reluctantly.

"We are holding arms in our left hand but an olive branch in our right," said Abubakar Hamid Nour, a commander of the Justice and Equality Movement, an Islamist group that has joined with a faction of the Sudan Liberation Army to fight against the government and the rebel faction that signed the agreement.

"But the government selected the way of force, the way of arms," he continued. "The government has dispersed our people, burned 4,000 villages, raped the women of Darfur. This peace agreement will never answer to the people of Darfur who carried arms to win their rights."

The battles over this patch of earth have already exacted a terrible toll.

On the outskirts of Hashaba, people displaced by the fighting as far back as 2003 have settled, their camps becoming semipermanent villages. There are few men here — just a handful among dozens of drawn-faced women and wiry children with ochre-tinted hair, a telltale sign of malnourishment.

"We used to get food here, but no one comes anymore," said Aisha Adbul Rahman. In her hut were the ingredients for that night's dinner — a calabash of brown, silted water and half a bowl of millet.

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In Hashaba, at a clinic run by the International Rescue Committee, an aid organization, Dr. Hassan Ibrahim Isaac said he wrote prescriptions for the banal sicknesses that killed here — malaria, diarrhea, pneumonia. But these bits of paper are like scrip at a bankrupt company's store. The clinic's pharmacy ran out of antibiotics and antimalarial drugs long ago.

"I still come because I don't want people to give up hope," Dr. Isaac said. "But now fewer people come. They know I have nothing to give them."

This is the planting season, when rains coax skeins of green from the dun-colored earth. Once-bleak hills bristle with grassy stubble. Wadis, seasonal rivers, snake across the landscape like aortas, veins and capillaries. But they bleed into empty fields across much of Northern Darfur — violence has kept many villagers from their fields. And so the earth foretells more hunger when harvest time comes.

Military officials for the African Union said the government troops could build up along an axis between El Fasher and the towns of Mellit and Kutum, using Antonov bombers and attack helicopters to wipe out as many rebels as they can, then force the rest to flee north. Another possibility is that the government will attack from the south, and airlift troops to swoop down from the north as well.

Already, bombing attacks on Kulkul have pushed rebels north to Umm Sidir and beyond, African Union military commanders said.

Open armed conflict on a vast scale seems so likely, and the hope of a United Nations peacekeeping force arriving to ease the tensions so distant, that a joke has been making the rounds of military and aid officials here: The most important peacekeeper in Darfur right now is the rain.

It turns the rough, dusty tracks that crisscross the arid plains and mountains into impassable bogs, and swells once-dry riverbeds into rivers easily capable of carrying off a Toyota Land Cruiser, the military vehicle of choice.

But the rains end in the next couple of weeks.

Disorderly Conduct: As Mexico Awaits Vote Decision, Social Upheaval Is On The Rise (WSJ)

By David Luhnow And John Lyons

The Wall Street Journal, August 31, 2006

MEXICO CITY -- With conservative Felipe Calderón now all but certain to become Mexico's next president, he faces a critical issue that will determine the success of his six-year term: How to prevent growing political confrontation from undermining the country's transition to democracy and free markets.

Mexico is coming off its version of the Florida 2000 election battle. Mr. Calderón's narrow July 2 defeat of his leftist opponent Andrés Manuel López Obrador also landed in a court, which this week rejected Mr. López Obrador's contention that the balloting was marked by fraud. The electoral court is now widely expected to name Mr. Calderón the president by the legal deadline of Sept. 6. But unlike 2000, when former vice president Al Gore accepted the Supreme Court's ruling on the election, Mr. López Obrador refuses to recognize judicial power. Instead, the former Mexico City mayor is promising to make the country ungovernable. It's as if Al Gore had called for revolution instead of calm.

On top of dealing with his election opponent, Mr. Calderón faces other violent challenges. Radical leftist groups have taken control of Oaxaca, one of Mexico's most famous Colonial-era cities, shutting down the local government in an attempt to force out the elected governor. And in a sign of the growing reach of the drug trade, decapitated bodies turn up regularly in cities where frightened local authorities have largely given up police work.

The 44-year-old Mr. Calderón promises to deal with these challenges through a combination of carrots and sticks. He wants to reach out to Mr. López Obrador's supporters among the poor by promoting policies aimed at creating a more equal society, including expanding to poor urban areas a successful rural-welfare program that requires families to keep their children in school to receive aid. At the same time, he vows to strengthen a weakened Mexican state by confronting growing mob rule, using police to crack down on political and drug-related lawlessness around the country.

"I understand that people have the right to protest things, but only so long as they don't infringe upon the rights of others," Mr. Calderón said this week in a speech to women business leaders. During his campaign, he promised he would not let groups of people "with machetes" interfere with his government.

Mr. Calderón's first challenge will be simply getting to the presidential chair. Mr. López Obrador's supporters have blockaded key roads in Mexico City for the past month, and plan to step up their campaign of civil disobedience. They pledge to block the country's annual armed forces parade during Independence Day celebrations on Sept. 16, and to prevent Mr. Calderón from being sworn in at Congress on Dec. 1.

Mr. Calderón's success in toning down political confrontation will shape his presidency, and determine whether he has the political skills to tackle some of the long-term problems that have stunted Mexico's development. Among them: reforming the energy sector, confronting monopolists and union bosses who have an iron grip on the country's largest industries, and asserting

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the rule of law in a country where police, courts and Congress are often dismissed as unjust or corrupt. The outcome will also determine whether the U.S. has a politically stable and prosperous neighbor next door or has yet another headache in its growing list of global problems.

Despite hard talk by the former energy minister, his camp is still debating how tough to get with Mr. López Obrador's protest movement, according to people familiar with the discussions. One key issue on the table: Whether to urge President Vicente Fox to use force to clear Mr. López Obrador's tent villages from Mexico City's main boulevard and the central square.

While some advisers think a crackdown could ease Mr. Calderón's transition to government, others worry that confrontation would play into his rival's hands by inflaming a movement that is losing public support. Polls show support for the protest movement waning and moderates in Mr. Calderón's camp believe Mr. López Obrador's supporters in his Party of the Democratic Revolution, or PRD, are likely to distance themselves from the increasingly unpopular leader.

Meanwhile, Mr. Calderón faces some political weakness himself. Polls show that a third of the voters believe he won through fraud. And ideological inclusiveness doesn't come naturally to his National Action Party, or PAN, a buttoned-down Catholic organization that's tight with the business elite and often criticized as out of touch with broader Mexico.

Before the vote, Mexicans and foreigners alike assumed that Mexico's peaceful transition to a democracy was a done deal, completed when President Fox ousted the former ruling party six years ago. The prevailing wisdom was that the next government's challenge was how to transform a sluggish economy to compete with more dynamic Asian rivals. Even with Mr. López Obrador's ongoing challenge, the peso and stock markets remain firm and foreign investors don't seem overly concerned.

But the bitter post-electoral fight has revealed a side of Mexico that many assumed was the stuff of history books. Mexico's political transformation during the past decade is the country's third attempt to build a lasting democracy, says Enrique Krauze, one of Mexico's most prominent historians and a López Obrador critic. The first attempt, by President Benito Juárez, lasted nearly a decade but didn't survive his 1872 death in office. The second was the brief tenure of Francisco Madero, which ended in 1913 with his assassination and a complete breakdown in order, sparking one of the most violent stretches of the period Mexicans now call their "revolution."

"There should be no doubt that Mr. López Obrador represents a revolutionary threat," Mr. Krauze argues. "This is no joke. I hope that he will not succeed and democracy will prevail. But nevertheless, it's important that people realize what the stakes are."

Political analysts say the provincial politician from the rural state of Tabasco is looking to re-enact recent events in Latin American nations like Bolivia and Ecuador, where radical protest movements forced out democratically elected leaders. In Bolivia, the leader of those protests, Evo Morales, went on to win an election last year and is now that country's president.

Indeed, Mr. López Obrador, 52, openly says Mexico "needs a revolution" and has vowed to keep his protest movement going until the nation's "simulated republic" is brought down. He has promised to use mass protests to prevent Mr. Calderón from carrying out his agenda -- saying, for instance, that he will block moves to allow private industry to have a greater participation in everything from oil and electricity production to pension funds. According to polls, about 16% of Mexicans say they would be willing to take part in actions like blockading roads or airports to help Mr. López Obrador.

César Yáñez, a spokesman for Mr. López Obrador, says the movement intends to use street protests to force Mr. Calderón to respond to the leftist's goals, such as ensuring that natural resources like oil remain in the hands of the state. He rejected comparisons with Bolivia and said there are no plans to use violence to bring down the Calderón government. "For us, the Calderón government will be illegitimate, but that's not the same thing as saying there will be violence," he said.

Protest movements like Mr. López Obrador's have flourished in recent years, finding fertile territory in a new democratic landscape swept clean of the harsh tactics of the old authoritarian regime. The graceful colonial city of Oaxaca offers a glimpse of the kinds of tactics available to Mr. López Obrador. There, a protest movement is trying to force out a democratically elected governor. For the past three months, the 70,000-strong teacher union has laid siege to the city demanding a wage hike. It has occupied the downtown area with roadblocks and prevented all three branches of government from working by blocking government buildings with protesters armed with sticks, pipes and machetes.

Hotels in the one-time tourism magnet are largely empty and the city is lawless. Small gangs of student radicals, their faces covered in bandanas, roam the city center and question passersby whom they deem "suspicious." Taking photographs is now banned. Police don't dare work -- no one answers the local equivalent of 911 -- the state Congress meets secretly at a hotel, and judges stay at home.

Oaxaca state governor Ulises Ruiz, from the former ruling PRI party, tried to clear the protesters from the city in mid-June, but the mob easily beat back his police, several of whom were briefly taken hostage. After the attempted crackdown, the protesters got more radical, demanding the governor resign as a precondition for talks. They also burned buses and cars, stormed eight privately run radio stations to urge citizens to take to the streets, briefly blockaded the city airport and set a 10 p.m. curfew. Mr. Ruiz now wants federal police to intervene, but Mr. Fox has indicated he doesn't want to get involved.

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"This place is no man's land," says Elpirio Velázquez, who owns a stall that sells school supplies in the city's central market. Mr. Velázquez says he supported the teachers' wage demands but thinks they've gone way too far in taking up violence and calling for the governor's ouster. "If they kick him out, then what happens? They just kick out any governor they don't like?"

The parallels are striking between the Oaxaca protests and Mr. López Obrador's Mexico City sit-in. Mr. Ruiz won a 2004 gubernatorial race by a very narrow margin over his rival, a candidate of Mr. López Obrador's PRD, which claimed the loss was due to fraud and threatened to organize street protests.

Mr. Calderón's PAN party supported the PRD's candidate in the state race two years ago against Mr. Ruiz, but is now throwing its weight behind the embattled governor, arguing that his resignation would undermine the rule of law. Top PAN officials also argue allowing Mr. Ruiz to step down might encourage Mr. López Obrador to continue his protests in the hopes of eventually forcing Mr. Calderón from office. "What's happening in Oaxaca is a blueprint for the PRD to try to force Calderón from office," says Dagoberto Carreño, the PAN's secretary general in Oaxaca.

Mr. Calderón will have to make some tough decisions about the use of public force that his recent predecessors have shied away from. The government's reluctance to use force is partly explained by history. A 1968 massacre of hundreds of protesters in Mexico City is the country's version of Tiananmen Square. Mexicans tend to view the use of force by the government as repression rather than law and order. When President Fox took power in 2000, polls showed that 80% of Mexicans were opposed to the government's use of force to put down dissent. That figure has since dropped, but is still high at 60%.

Under Mr. Fox, the government's unwillingness to consider force had its cost. Consider what happened to Mr. Fox's plans for a new six-runway airport near Mexico City, a glittering symbol of Mexico's climb into the global economy. Shortly after work on the project began in 2002, peasants who were due to be relocated to make room for the airport picked up machetes, blocked construction crews and took 15 state officials hostage, threatening to set them ablaze unless construction was halted. They won.

After Mr. Fox killed the project, the Mexican press was rich with debate about whether the move was a win for democracy or set a troubling precedent for mob rule. Emboldened by their win, the airport protesters next ran the mayor and police force out of the nearby town of Atenco, and started a regular campaign of highway blockades to demand goods and services. But when a newly elected governor, Enrique Peña, decided to end the airport group's road blockades with force this year, results were mixed. Ill-trained and under-equipped police battled protesters for two days in a bloody confrontation. The protest leaders were later jailed, but Mr. Peña's career suffered after he was forced to respond to charges of brutality and even sexual assaults by the police.

Mr. Calderón hopes to set a different tone, starting in the interim period before his Dec. 1 inauguration. During that time, Mr. Fox remains as a lame-duck president but must work with a new Congress, which will be sworn in Sept. 1. Mr. Calderón wants to work with Mr. Fox to pass some high-profile measures and show he can govern despite the turmoil on the streets. Among the possibilities are a reform of the state-owned oil company's corporate finances and a shake-up in the federal police.

Many political observers say he must go far beyond that to send strong signals that he is serious about addressing the core issues of poverty and scarce job opportunity that gave rise to Mr. López Obrador's movement. In private conversations, some business executives are even urging Mr. Calderón to go after some of the sacred cows of the Mexican economy, such as limiting the reach of the privately held Mexican monopolies. They argue that this would prove that he is not afraid to disappoint constituents in order to unblock logjams to entrepreneurship and growth.

In Bolivia, New Setbacks To A Leader's Lofty Vision (WP)

By Monte Reel, Washington Post Foreign Service

The Washington Post, August 31, 2006

Morales Faces Budget Shortfalls, Labor Strife

BUENOS AIRES, Aug. 30 -- Intensifying labor strife, political infighting and budgetary pressures are threatening to chip away at the domestic support of Bolivian President Evo Morales, who took office in January promising to nationalize the natural gas industry and to achieve social equality for the country's indigenous majority.

During his first months in office, Morales announced a series of sweeping reforms that have helped make him one of the most popular presidents in modern Bolivian history and heightened expectations in a country eager to shed its label as South America's poorest. In May, he donned a hard hat and announced that all foreign energy companies had to surrender operational control to the state's energy company. This month, he celebrated the creation of a newly elected assembly to rewrite the country's constitution, a key demand of indigenous supporters who view Morales, of Aymara Indian heritage, as an advocate.

But days after that celebration, the government quietly issued a statement announcing the temporary suspension of the "full effect" of the nationalization program because of a lack of funds. On Monday, the president of the state energy company resigned after being accused of violating the nationalization decree by exporting oil through a Brazilian firm. A day later,

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members of the Constituent Assembly suspended voting amid tense debate over charges that Morales and his supporters were trying to manipulate the assembly to circumvent Congress and the courts.

Before he was elected president, Morales was the leader of a coca growers' union and was known for leading public demonstrations, including some that helped topple two presidents between 2003 and 2005. But this week, Morales found himself on the receiving end of the same sort of social and labor protests that he used to organize.

"The honeymoon that this government has had with the social movements is starting to come to an end," said Gonzalo ChÃ¡vez, an economist and political analyst at the Bolivian Catholic University in La Paz. "The movements are now asking for results, such as more employment and better income distribution. It is causing some problems for the government, but Morales still has very strong support -- his popularity rating is at about 70 percent, according to the most recent polls, which is enormous support for a president in Bolivia. So I think he still has a lot of room to maneuver to avoid serious conflicts."

But the pressure is building quickly. Teachers this week began a strike to protest plans to make indigenous languages compulsory. Bus drivers launched a two-day walkout to protest one plan that would require drivers to re-register and another that would increase fines for traffic violations. Postal workers continued a week-long strike aimed at securing the resignation of a top official, and public health workers took to the streets to demand the reinstatement of several officials fired recently over corruption allegations.

Near the border with Argentina, a group of Guarani Indians briefly turned off a natural gas pipeline that supplies Argentina to protest that country's recent hike in customs and border-crossing fees.

Strikes and protests are nothing new here. But Morales's policies have underscored the long-standing divisions in Bolivia that are at the heart of the most recent controversies.

The Constituent Assembly was set up to eliminate the inequalities suffered over the years by the indigenous population. Given its importance, Morales and his supporters have pushed for the power of the assembly to supersede that of Congress and the judiciary. But opposition members have balked, saying they fear that the president could use the assembly to significantly weaken the branches of government he doesn't control.

Meanwhile, the government has blamed its bitter relationship with the opposition for the delays in the nationalization program, which Morales said in May would probably take six months. When the president of Bolivia's state-run energy company resigned this week, he labeled accusations that he violated the nationalization program "an attack by the oligarchy and the reactionary right wing."

Critics of the program, however, said the problems faced by the energy company prove that the government is not prepared to take over the sector.

The delay in the nationalization program "was a recognition that they may have bitten off more than they could chew," said Carlos Alberto LÃ³pez, a former vice minister of energy who is now an energy industry consultant based in La Paz. "This had been, pretty much, the main campaign measure they had proposed, and all of a sudden they realize that they can't go forward as they had expected."

Last week, the Bolivian Senate -- which is controlled by a narrow majority of members opposed to Morales -- voted to censure Energy Minister AndrÃ©s Soliz, forcing him to offer a letter of resignation. Morales rejected the resignation and reiterated that the nationalization program would proceed once emergency financing became available.

"This vote is a shameful act against our national dignity by a group of sellouts," Morales said in a televised speech last week, according to the Associated Press. "The nationalization and industrialization of our natural resources will not stop."

Monitors Say Troops Killed Aid Workers In Sri Lanka (NYT)

By Shimali Senanayake And Somini Sengupta

The New York Times, August 31, 2006

COLOMBO, Sri Lanka, Aug. 30 — In a searing indictment of the Sri Lankan government, Swedish-led cease-fire monitors on Wednesday accused government security forces of killing 17 aid workers early this month in Mutur in one of the worst attacks against humanitarian workers worldwide in recent years.

The statement, issued by the Sri Lanka Monitoring Mission, cited three reasons for its conclusion. First, it noted, security forces had been in Mutur at the time of the killings. Second, the government had barred the monitors from the scene immediately after the bodies had been discovered. Third, confidential conversations with “highly reliable sources” had pointed to the culpability of the security forces.

No other group, the Monitoring Mission concluded, would have been in a position to carry out the killings, which it called a “gross violation” of the tattered cease-fire.

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"The Security Forces of Sri Lanka are widely and consistently deemed to be responsible for the incident," the statement read. Such executions are considered a war crime, the New York-based group Human Rights Watch noted in a statement on Aug. 11, referring to the episode.

The 17 employees of the French branch of the international aid agency Action Against Hunger were found dead on Aug. 6 in the agency's office in Mutur. Fifteen of the employees had been shot in the head. Two had been shot in the back, as though they had been trying to escape their attackers, agency officials said at the time.

They all wore T-shirts bearing the agency's name. Action Against Hunger worked on tsunami reconstruction and provided water and sanitation services to people displaced by war.

The government has said it would conduct an inquiry, but has made no announcements about its investigation yet.

In a statement, it reacted angrily, saying it "regrets the unprofessional and rather irresponsible stand" by the truce mission. It said the determination lacked any factual evidence to substantiate its conclusion and was based on misleading inferences, denying that the authorities prevented monitors from visiting the scene.

The government "categorically rejects this sweeping generalization of a very speculative conclusion reached even before the necessary forensic and other investigations have been concluded," the statement added.

The findings of the truce monitors were issued on the eve of the departure of its Swedish chief, Maj. Gen. Ulf Henricsson, and several others who are from European Union countries. The rebel Liberation Tigers of Tamil Eelam demanded that European Union citizens leave the mission after the European Union added the group to its list of banned terrorists in May.

The move effectively forced the ouster of monitors from Denmark, Finland and Sweden. Monitors from Norway and Iceland, non-European Union countries, will remain in Sri Lanka. The size of the mission will shrink by half, to about 30.

The monitors on Wednesday also blamed the rebels for a mine attack on a civilian bus that killed 68 people in June, while holding the government responsible for mine attacks in rebel-held territory from April through June in what it called "a deliberate strategy against'' rebel cadres and civilians in rebel-controlled areas.

A long-fragile cease-fire agreement, signed in 2002, has since deteriorated to a resumption of conventional warfare between Sri Lankan military and rebel troops.

The latest fighting began about a month ago, ostensibly over control of an irrigation channel in the east, and has since spread to the strategic largely Tamil Jaffna peninsula in the north.

By this week, the fighting had blocked access in and out of Jaffna, leaving it perilously short of food staples. About 200,000 people have been displaced by the latest fighting, the United Nations refugee agency says.

Clashes continued this week, with the Sri Lankan military pounding rebel positions in the east with mortar and artillery fire. The rebels said on Tuesday that 22 Tamil civilians had been killed in troop attacks, a charge the military has denied.

Earlier on Wednesday, an ethnic Tamil journalist who was abducted a day earlier, was freed unharmed. The journalist, Nadaraja Guruparan, 39, who leads the news division of a privately owned Tamil-language radio station Sooriyan FM, had been abducted by an armed group on his way to work.

Five journalists have been killed in the last 16 months, four of them ethnic Tamils. None of the cases have been solved.

Merkel's Star Fades As Economic Plan Stalls (WSJ)

By Marcus Walker

The Wall Street Journal, August 31, 2006

BERLIN -- German Chancellor Angela Merkel's authority is in decline as her fragile coalition government proves unable to capitalize on an economic upswing to introduce badly needed changes in the world's third-biggest national economy.

Falling approval ratings for Ms. Merkel and her government are compounding the problem by making it harder for the already fractious coalition to agree on how to create jobs and turn the economic improvement into better growth over a longer period.

Ms. Merkel is playing down the negative. She promised this week that her left-right coalition government would push forward long-promised overhauls of the health-care system and business taxes. At the same time, however, she was forced to admit: "Citizen support isn't there."

Indeed, her approval rating has declined to 56%, far below the 80% approval she enjoyed early this year. Voter support is falling for her conservative Christian Democratic Union and its coalition partner, the left-leaning Social Democrats. That, in turn, is leading to squabbling inside the government about the pace and direction of economic retooling at a critical time. Germany, the powerhouse of the European economy, is enjoying a moderate economic recovery driven by improved efficiency in German industry. The economy is expected to expand by more than 2% this year after five years of stagnation.

But faster growth is only slowly lowering the country's high unemployment rate of more than 10% amid continuing labor-market weaknesses, including strict regulations on layoffs and high payroll taxes used to fund welfare supports.

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Some German business leaders fear improved growth could reduce the pressure on politicians to make unpopular changes, such as loosening labor laws. "The present cyclical upturn is no reason to lean back, but rather a chance to introduce reforms quickly," Jürgen Thumann, the influential head of the Federation of German Industries, said. He attacked the government for proposing no new major initiatives, beyond implementing policies already agreed upon.

The longer-term outlook for Germany's economy, with its relatively generous social-safety net, remains bleak because of the surging cost of health care and pensions as the population ages, combined with a steady loss of jobs in manufacturing to lower-cost countries in Eastern Europe and Asia.

Ms. Merkel isn't alone in her difficulties. Governments in France and Italy also have had problems enacting economic changes, particularly regarding labor. Long a model for its neighbors, in recent years Germany has become a warning to the rest of Europe about the consequences of adapting too slowly to a changing world by failing to help new industries expand to replace manufacturing-job losses.

Ms. Merkel ran for office a year ago as a free-market economic radical in the mold of Britain's former prime minister Margaret Thatcher, promising to renew Germany's economic dynamism by deregulating the labor market. But a disappointing showing in national elections forced her into a coalition with her main rivals, the Social Democrats. They have strong ties to labor unions and mostly oppose freer markets and fewer protections for workers.

Since taking office in November, Ms. Merkel has sought to forge compromises. Many Germans initially warmed to their new chancellor's pragmatic, low-key style.

Now, they increasingly are unsure of what she really stands for.

"She has no identity. This is her main problem," said Manfred Güllner, head of market-research institute Forsa in Berlin. "The early euphoria about her is subsiding as people look at what is actually being achieved."

Supporters of Ms. Merkel's conservatives are growing frustrated. They say compromises with the left are slowing market-oriented changes to the economy. Business leaders welcomed the government's plan to cut the headline rate of tax on corporate income from nearly 39% to less than 30%, but were angered by a proposal to recoup some lost revenue by taxing companies' interest expenses.

Voter support for Ms. Merkel's Christian Democratic Union has fallen to 30%, according to a Forsa poll this week, down from an election result of 35% last year. The party would need well more than 40% support to form a government without an alliance with another major party.

The CDU's partners in power, the Social Democrats, have the support of 29% of voters, Forsa found.

Still, the government is unlikely to fall because neither party can assemble a viable alternative majority in Germany's fractured parliament."The two parties are welded together, whatever conflicts arise," Mr. Güllner said.

Ms. Merkel's efforts this summer to fix Germany's costly health-care system have hurt her badly. Her plan: Encourage hiring by shifting some of the burden of funding health services away from payroll taxes. But conservatives' preference for individual insurance clashed with Social Democrats' preference for collective insurance. After tortuous negotiations, Ms. Merkel produced a compromise in July that merely tinkered with the current, mixed system.

The government has said payroll taxes will have to rise by half a percentage point next year to cover rising costs. "The proposal has nothing to do with the far-reaching reform the public expected," said Jürgen Michels, an economist with Citigroup Inc. in London.

Kangaroo Express (WP)

The Washington Post, August 31, 2006

THIS HAS become a landmark month in China's ongoing crackdown on free expression and peaceful dissent. Just 10 days ago we wrote about the trial of Hong Kong journalist Ching Cheong on patently bogus charges of espionage. Mr. Ching hasn't been sentenced yet, but last Friday another journalist, Zhao Yan, was given a term of three years on fraud charges. A day earlier, one of the country's bravest human rights lawyers, Chen Guangcheng, was sentenced to four years. A week before that, another prominent lawyer, Gao Zhisheng, was abducted without a warrant by security forces; he was later reported to be detained for unspecified "criminal activities."

These cases follow a predictable pattern. Journalists and lawyers are abruptly arrested and held incommunicado for months, or longer: Mr. Zhao has been in jail since late 2004. Eventually their "trials" are staged in a matter of hours in closed courts. Mr. Chen's proceeding lasted two hours, and his own lawyers were not present -- one had been arrested the day before. Chinese media are banned from reporting on either the trials or the sentences.

The charges in these cases tend to be fluid. Mr. Zhao, a researcher for the New York Times, was originally accused of revealing state secrets; authorities were annoyed with a Times scoop on a change of jobs by former president Jiang Zemin. When that charge proved impossible to substantiate, the fraud rap appeared. Mr. Chen angered local officials in Shandong

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province by revealing an illegal campaign of forced abortions. When central government investigators confirmed that his allegations were correct, the self-schooled lawyer -- who is blind -- was charged with organizing a mob and blocking traffic.

It's not that the world doesn't notice these cases. President Bush himself lobbied for Mr. Zhao. But the government of Hu Jintao isn't listening. As international lawyer Jerome Cohen told The Post's Maureen Fan, "the Communist Party has decided to thumb its nose at the world." That's a strange policy for a regime that hopes to host the world at the Olympic Games just two years from now -- and it's something that democratic governments ought to start talking more about.

Naguib Mahfouz (WSJ)

The Wall Street Journal, August 31, 2006

"It became apparent to me that between me and death there was censure, but that I was condemned to hope." So wrote the Egyptian writer Naguib Mahfouz in 1994, the same year he was stabbed in the neck by an Islamic fanatic who took offense at a religious allegory Mahfouz had penned 40 years earlier.

Mahfouz survived that "censure," as he did so many others until his death this week (of natural causes) at the age of 94. He leaves behind some 50 novels, including the "Cairo Trilogy," which earned him a well-deserved Literature Nobel Prize in 1988.

But perhaps Mahfouz's most important legacy is as a model of Arab intellectual life at its best -- critical and playful, sensual and moderate, authentically Egyptian but seriously engaged with the better currents of Western intellectual life.

These qualities, it sometimes seems, are in short supply in Arab life today. But we have spent time in Egypt -- and in Lebanon, Palestine and Iraq -- and met others who, like Mahfouz, are also "condemned to hope." Would that the writer's memory inspire such changes that hope in the Middle East be something other than a sentence.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Education Department Assisted FBI (USAT) 5
Education Dept. Shared Student Data With F.B.I. (NYT) 6
College Aid Screened In Terror Probe (AP) 8
FBI Had Student Data Searched (LAT) 9
Education Department Mined Hundreds Of Students' Records As Part Of FBI Antiterrorist Operation (CHRONED) 10
Students Not Told Of Probe By FBI (DESERET) 11
Hoekstra Predicts Jailing Of Reporters (GRPRESS) 12
British Terrorism Case Parallels Others (LAT) 12
The Tribunals Fuss (WSJ) 14

Homeland Response:

EU And U.S. Plan Deal To Share Traveler Data (IHT) 16
More Airports Seek To Offer Program Of Quick Screening (WSJ) 17
Wahington wireE (WSJ) 17
Evidence Used To Convict McVeigh, Nichols In Oklahoma Bombing Goes On Display (AP) 23
Why Rebuild The Big Easy? (WP) 24
Where Katrina Lingers, Football Is A Refuge (NYT) 25

War News:

Bush: Iraq Victory Key To Global Security (USAT/AP) 28
Bush Says U.S. Must Win In Iraq (AP-Y) 28
Bush Takes His Case To Veterans (WP) 30
Bush To Vets: U.S. Involvement In Iraq At 'pivotal Moment' (UN) 31
Bush: War On Terror Is 'ideological Struggle Of The 21st Century' (CHIT) 32
In Latest Push, Bush Cites Risk In Quitting Iraq (NYT) 34
Can Bush Dodge Bullet Truman Took On Korea? (WSJ) 35
Bush Escalates War-on-terror Rhetoric (CSM) 37
Bush Ends 15-hour Utah Stay After Tough War On Terror Talk (SLT) 38
Bush Calls Terror War Battle Of The Century (LAT) 38
Bush: 'We Have Resolve' (WT) 39
Battle Weary Republican Advantage On Issue Of National Security Erodes (WSJ) 41
When Congress Reconvenes, GOP Will Be Pushing Security (MCT) 44
The Bloody Shirt: Administration Launches A Campaign Of Fear (SALT) 45
Bush Speech Does The Job (DESMN) 46
New Enemies Demand New Thinking (LAT) 47
Democrats Target Rumsfeld (WP) 48
Barrage Of Attacks Kill 47 In Baghdad (AP-Y) 49
Blasts Kill At Least 66 In Baghdad (WP) 51
Car Bomb And Rockets Kill 43 In Baghdad's Shiite Strongholds (NYT) 52
Spate Of Attacks Kills 68, Wounds Scores (WT/AP) 53
Arsenal Barrage Kills 54 In Baghdad (LAT) 54
Which Iraqi Army? (NYT) 55
Al-Qaida Group Dismisses Iraq Offer (AP) 56
In Iraq, Singing For A Chance At Hope And Glory (WP) 56
Insurgents Attack Town In Southern Afghanistan (WP/AP) 58
U.S.: 'Bad News' In Afghan Drug War (AP-Y) 59

Corporate Scandals:

Auditor Warned Of Mills' Troubles (WP) 60
Investors Demand Penn Traffic Financial Reports (NSDY/AP) 61

Criminal Law:

Man Indicted On Federal Charges In 2002 Annapolis Slaying (WP) 61
End Of An Affair (WP) 63
Judge Extends Court Order Against BetonSports (SLPD) 63

Polygamist Sect Leader Agrees To Return To Utah To Face Charges (AP) ... 64
Jeffs Will Be Returned To Utah (DESERET) ... 65
FLDS Leader Jeffs Accepts Extradition From Nevada (SLT) ... 67
Polygamist Leader Agrees To Face Utah Charges (NYT) ... 69
With Its Leader In Custody, Can Polygamous Sect Survive? (CSM) ... 69
Feds Seize Data On 29 Tied To HDO (CHIST) ... 70
Ryan Lawyers Plead For A Break, Saying His Health At Risk (AP) ... 71
Willis Dad Wants To Testify (CHIT) ... 72
Willis May Speak At Ryan Sentencing (CHIST) ... 73
Court Affirms Ex-McNamara Aide's Sentence In Corruption Case (AP) ... 74
Man Gets Sentence Of 135 Months (SDUT) ... 75
Investment Sentencing (XETV-TV) ... 76
Zubkis Guilty In Fraud, Laundering Scheme (SDUT) ... 77
Fumo To Cash Out In Sale Of Bank (PHI) ... 77
2 Edvard Munch Masterpieces Recovered (WP/AP) ... 79
Stolen 'Scream' Painting Recovered After 2-Year Search (WP) ... 80
Stolen Munch Paintings Are Recovered (NYT) ... 81
With Open Season On Past, Junior Likely To Zip It (NYDN) ... 82
Minneapolis Man Pleads Guilty In Phone Card Number Thefts (AP) ... 82

Civil Law:

Justice Dept. Sues Ditch Company Over Breach (FCCOLO) 83

Civil Rights:

Justice Department, State Enter Court-ordered Plan For Oakwood (LEXHL) ... 83
DOJ, State Reach Agreement For Improvements At Oakwood (AP) ... 84
Slavery Case Nets 28-year Sentence (DENP) ... 84
Saudi Man Gets 20 Years To Life, Denies Enslaving Nanny (RMN) ... 85
Man Gets 28 Years In Colo. Slavery Case (HC/AP) ... 85
$6 Million Awarded In False Confession Lawsuit (AP) ... 86
Verdict Attacks Police Grilling (WP) ... 87
Judge Denies Bond For Former Jailer Accused In Inmate Death (BSH) ... 88

Antitrust:

Extension On Microsoft Antitrust Settlement? (PCWORLD-Y) 88
Microsoft, DoJ Seek To Extend Antitrust Compliance Deadline (ECOMMT) ... 89
Feds Seek Formal Extension Of Microsoft Antitrust Deal (CNET) ... 90
Suit Against Qualcomm Is Dismissed (WSJ) ... 90
Qualcomm Wins Dismissal Of Antitrust Suit Over Cell-Phone Chips (BLOOM) ... 91
MLS Scraps Real Estate Rule After FTC Investigation (INMAN) ... 91
Exelon, NJ Regulators Remain Far Apart On PSEG Merger (MRKTWTCH) ... 92
Goldcorp Buys Glamis In $7.8bn Deal (FT) ... 93
Goldcorp To Buy Miner Glamis For $7.8 Billion (WSJ) ... 94
Generic Of Plavix Is Blocked (NYT) ... 95

Environment:

Judge Keeps Intact Deal To Curb Plant Emissions, Which Reach D-FW Area (DMN) ... 96
Interior Chief Kempthorne Tours Arctic Wildlife Refuge (WP/AP) ... 97
On Boosting Drought Aid, Bush Takes Wait-and-see Stance (AP) ... 97
California Plan To Cut Gases Splits Industry (NYT) ... 98
California Emission Plan Needs Allies (WSJ) ... 100
California Business Leaders Say Emissions Limit Could Harm Economy (USAT) ... 101
California Tightens Rules On Emissions (WP) ... 102
For Campaign, Governor's Hand May Be Stronger (WSJ) ... 103
From California, A Breakthrough (NYT) ... 104
Action In California (WP) ... 105
Government Sting Nabs Ocelot Traders (WP) ... 105

FBI/DEA/ATF/USMS:

Boston's U.S. Attorney Named Acting Head Of Federal Agency (AP) ... 106
FBI Agent To Retire (WUSA-TV) ... 107
FBI Agent And Friend (WP) ... 108
Alleged Gang `king' On Trial In Drug-conspiracy Case (CHIT) ... 108
Arizona Couple In Drug Case Say Marijuana Is Sacrament (AP) ... 108
Drug Czar Reclaims Land (FRESNOB) ... 109
Authorities Find Estimated $50 Million Worth Of Marijuana Gardens (AP) ... 110
About 20,000 Pot Plants Seized In Western Marin County (SFC) ... 110
40,000 Marijuana Plants Confiscated In County (REDRS) ... 110
Steroids Report Causes Stir On Hill (MCT) ... 111

DOJ_NMG_0056333

Updshaw: Player In Panthers Steroids Scandal Was In NFL Program (MCT) 112
Panthers Case Will Get More Inquiries (CO) 112
Pro Athletes Blasted For Failing In Steroid Fight (ABC) 114
Steroids Rap And All, Pete Rose Jr. Plays On (ESPN) 114
U.S.: 'Bad News' In Afghan Drug War (AP) 117
Nato Allies Balk At Reinforcing UK In Afghanistan (FT) 118

Immigration:

Tougher Audience For Immigration Rallies (LAT) 119
Immigration Rally Will Greet Congress (WT) 120
Hoffa Backs Control Of Nation's Borders (WT/BLOOM) 121

Tax:

FBI Searches 6 Alaska Lawmakers' Offices (NSDY/AP) 122
Federal Agents Raid Legislative Offices (ANCHDN) 123
Several Powerful Alaska Lawmakers' Offices Raided (KTVA-TV) 125
Oil Field Company An Active Political Contributor (ANCHDN) 125
N.A.A.C.P. Cleared Of Tax Violation (NYT/AP) 126
IRS Ends 2-Year Probe Of NAACP's Tax Status (WP) 126
NAACP Cleared Of Partisanship In 2004 Speech (WT) 127
IRS Sets Guidelines On Refunds For Discontinued Telephone Tax (WSJ) 128

Congress-Administration:

Governors Oppose National Guard Plan (USAT) 129
States Seek Aid In Fight Over Guard (WP/AP) 129
Governors Take Guard Appeal To Rumsfeld (AP-Y) 130
Senate Puts Tomlinson Nomination On Hold (AP) 130
Buyout Firms Join Lobbying Efforts (WSJ) 131
A Smaller NIH Budget Means Fewer Scientists And 'Too-Safe' Studies (WSJ) 132

Other News:

Consumer Spending In July Grew At Twice The June Rate (NYT) 133
U.S. Spending Grew In July As Inflation Gauge Creeps Up (WSJ) 134
Mixed Retail Results Breed Unease (WSJ) 136
Bernanke Defends 'Core' Focus (WSJ) 137
Markets Barely Budge As Investors Take Data In Stride, Traders Vacation (WSJ) 138
Investors Decide Glass Is Half Full For Stocks (USAT) 138
Getting Past Katrina (NYT) 139
Perfect Storm For The Poor (WP) 140
The Big Disconnect (NYT) 141
Rendezvous With Oblivion (NYT) 142
Claim Of Stem-Cell Breakthrough Attracts Scrutiny For Accuracy (WSJ) 143
GOP Lags In Key Races For Senate (USAT) 144
Why Senate Will Be Tougher For Democrats To Take Back (WSJ) 145
Inside Politics (WT) 145
Burns Says Terrorists Drive Taxis By Day (AP-Y) 147
Senate Rivals Talk Up Differences (BSUN) 148
Mfume, Cardin Stress Contrasts In TV Debate (WP) 149
Mfume Takes Jabs At Cardin Votes (WT) 150
Lieberman Expects Cool Response (AP-Y) 151
Santorum Shrinks Casey's Poll Lead (WT) 152
Democrats Hope To Reclaim GOP-controlled House (USAT) 153
Republicans Tense As Voter Disillusionment Sets In (USAT) 155
Rodriguez Flip-flops On District 23 Race (SAEN) 156
Sen. Clinton Touts Woman For President (AP-Y) 157
Voters Hearing Countless Ways Of Saying 'Sorry' (NYT) 158
DeLay Has A Deal To Publish A Book (AP-Y) 159
Merkel Overtakes Rice As World's Most Powerful Woman: Forbes (AFP) 160
Bush Assassination Drama Is Condemned As Tasteless (TO) 161
Bush Film: Original Or Outrageous? (LAT) 161
British TV Drama To Depict Bush Assassination (WP/AP) 163
Jump Into The Risk Pool (WSJ) 163
AIDS Money Suddenly At Risk (NYT) 164
Dissidents At Dartmouth (WSJ) 165
Iran Defies Deadline On Nuclear Program (WP) 165
U.S. Steps Up Pressure For Sanctions On Tehran (WSJ) 167
Iran Remains Steadfast In Pursuing Nuclear Plans As U.N. Deadline Arrives (NYT) 168
Iran Defies U.N.; Sanctions Possible (AP) 170
Bush Warns Iran Anew On Nuclear Program (AP-Y) 171
Tehran Rebuffs U.N. Deadline; Bush Fires Back (WT/AP) 172
Iran Rejects U.N. Deadline To Cease Enrichment (USAT) ..173
Highly Enriched Uranium Found At Iranian Plant (NYT) 174
U.N. Nuclear Agency Faults Iran (LAT) 176
Gingrich Opposed To U.S. Strike On Iran (WT) 178
Tehran Enforces Islamic Dress Code (WT) 179
In Tehran, This Guys' Night Out Is About Getting Down To The Hard Line (WP) 179
Former Iran President Faces Snub In US (FT) 180
Former Iranian President To Speak In Rosemont (CHIT) 181
Iran, Ready For A Test Of Wills (WP) 182
Donors Pledge $940m To Aid Lebanon (FT) 183

DOJ_NMG_0056334

Lebanon Receives $940 Million In Pledges (AP) 184
Annan To Ask Syria To Keep Arms From Crossing Its Border (NYT) 185
Symbolic Transfer Underway In Lebanon (AP) 186
Israelis Vacate Part Of Lebanon (WT/AP) 188
Germany Expected To Send Troops To Lebanon (AP) 189
View On The Ground: Israeli Reservists See Disarray In Lebanon (WSJ) 189
As Lebanon's Troops Deploy, Hezbollah Stays Put In South (WP) 191
Villagers See Violations Of A Cease-Fire That Israel Says Doesn't Exist (NYT) 193
Hezbollah's 'Victory' (WP) 194
EU Urged To Make Contact With Hamas (FT) 195
Israelis Capture Man At British Embassy (AP) 196
Palestinians Fire Rockets; Defy Abbas (AP) 197
Sudan Says No As U.N. Backs Force For Darfur (WP) 197
UN Peace Mission For Darfur Approved (FT) 199
U.N. Council Votes To Send Troops To Darfur; Sudan Objects (NYT) 199
U.N. OKs Sudan Peacekeepers Resolution (AP) 200
Inside The Ring (WT) 201
Critical Obama Loses 'Favorite Son' Status In Kenya (AFP-Y)203
Mass Graves Reported In Philippines (WP/AP) 204
Fast-Growing Countries To Gain More Clout At IMF (WP) ..205
A Younger India Is Flexing Its Industrial Brawn (NYT) 205
Where's Mao? Chinese Revise History Books (NYT) 209
Bolivian Witch Hunts (WSJ) 211
Scold War Buildup (WP) 212
Missing Children (WSJ) 213
Going Ballistic (WSJ) 215

DOJ_NMG_0056335

TERRORISM NEWS:

Education Department Assisted FBI (USAT)

By Greg Toppo

USA Today, September 1, 2006

WASHINGTON — A little-known federal program created days after Sept. 11, 2001, examined financial aid records of college students targeted by the FBI in terrorism investigations, but it's unclear whether it netted any terrorists, according to U.S. Education Department documents.

The program, called Project Strike Back, was a joint project of the department and the FBI and was created 10 days after the terrorist attacks, according to the documents from the department's Office of the Inspector General (OIG).

The documents were released to USA TODAY through Freedom of Information Act requests. They were also obtained by a Medill School of Journalism reporter working with the Associated Press.

About 14 million students apply for federal financial aid for college each year, the Education Department says. FBI spokeswoman Catherine Milhoan said the FBI gave the OIG "a small, select list of a couple of hundred names associated with ongoing investigations."

Intelligence has repeatedly indicated terrorists have exploited student-visa and financial-aid programs, and identity theft has been a factor in some student loan frauds, John Miller, FBI assistant director of public affairs, said in a statement Thursday.

The FBI asked the inspector general's office "to run names of subjects already material to counterterrorism investigations against the databases to look for evidence of either student loan fraud or identity theft," Miller said. "No records of people other than those already under investigation were called for. This was not a sweeping program, in that it involved only a few hundred names."

Milhoan said Project Strike Back "was one of many utilized by the FBI to identify potential people of interest. In the post-9/11 world, it's the job of the FBI to connect the dots and follow our investigations where they lead us. We continue to do that while adhering to FBI guidelines, Department of Justice regulations and most importantly in accordance with the United States Constitution."

The program was created, at least in part, because Bush administration officials believed that terrorists were trying to obtain money "from criminal activity such as identity theft and credit card fraud," according to one memo.

The inspector general's office investigates cases of fraud, waste and abuse in federal education programs, including student loans.

Under the program, the FBI provided the department with names of targets of FBI terrorism investigations. The department reviewed its records to determine if the students received or applied for federal aid or if the loan program had been defrauded, according to an OIG statement.

"Details developed during this project will be disclosed to the FBI and Justice Department attorneys," noted a Sept. 24, 2001, memo from Don Reid, the assistant inspector general for investigations to a Boston-based OIG special agent.

The memo notes that the FBI gave names to the OIG on Sept. 24, 2001, only three days after Project Strike Back was initiated — and 13 days after the Sept. 11 attacks. The names, however, were redacted in the memo. The other inspector general office memos, dated April 2003 and February 2006, noted the OIG was continuing the program, but most descriptive information was redacted.

According to a June 16 memo, the department said it ended Project Strike Back that month. About 10 days earlier, reporters in Northwestern University's Medill School of Journalism interviewed the special agent who oversaw the program.

Mary Mitchelson, the counsel for the inspector general's office, said the program was closed because FBI requests had been dwindling since the effort's first year.

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"We closed it because there really was no reason to keep it open," she said.

Mitchelson would not comment on whether the program netted any terrorists or suspects, nor how many names the department turned over to the FBI. She said the requests were legal because law enforcement agencies can seek an exemption to the Privacy Act, which governs student data held by the federal government.

The FBI's Milhoan said the program was not an attempt by the agency to do an end-run around the law. "That's not our job," she said. "Our job in the FBI is to uphold the law."

Katherine McLane, an Education Department spokeswoman, said, "By statute, the Office of the Inspector General operates independently of the Department of Education and can be called to cooperate with law enforcement."

Education Secretary Margaret Spellings learned of the project Wednesday, said Samara Yudof, a department spokeswoman.

Project Strike Back is virtually unknown within the higher education community, even among top financial aid and admissions officials.

"There was no attempt to conceal these efforts, in that they were referenced in publicly available briefings to Congress and to the General Accountability Office," Miller said in the FBI statement.

The program was mentioned in a September 2002 Education Department report to Congress, noting that it had been initiated. And a May 2004 report on data mining by the agency then known as the General Accounting Office noted that the program compares Department of Education and FBI data "for anomalies. Also verifies personal identifiers."

The revelations come as Spellings prepares to unveil the final report of her Commission on the Future of Higher Education, which has endorsed a national "unit records" system — basically a database that would track students throughout their academic careers.

While supporters say it would make it easier to learn how colleges and students perform, critics say such a system could violate student privacy.

Speaking to reporters about the commission's work, Spellings on Wednesday said, "There can and should be ways that we protect security — obviously this government does that at the IRS, at the Social Security Administration and, you know, a lot of places. And we work hard to do that."

She added, "Should we protect privacy and security? Heck yes. Absolutely."

Terry Hartle, senior vice president of government and public affairs for the American Council on Education, which represents colleges nationwide, likened the project to the IRS turning tax returns over to the Department of Homeland Security "for possible ties to terrorism."

"Ultimately, this is troubling but not surprising," Hartle said. "It's hard to be surprised when it has become obvious that the government is mining every database that they have. In the war on terror there are no safe harbors where federal data is concerned."

Education Dept. Shared Student Data With F.B.I. (NYT)

By Jonathan D. Glater

The New York Times, September 1, 2006

The Federal Education Department shared personal information on hundreds of student loan applicants with the Federal Bureau of Investigation across a five-year period that began after the Sept. 11 terror attacks, the agencies said yesterday.

Under the program, called Project Strikeback, the Education Department received names from the F.B.I. and checked them against its student aid database, forwarding information. Each year, the Education Department collects information from 14 million applications for federal student aid.

Neither agency would say whether any investigations resulted. The agencies said the program had been closed. The effort was reported yesterday by a graduate student, Laura McGann, at the Medill School of Journalism at Northwestern University, as part of a reporting project that focused on national security and civil liberties.

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In a statement, Mary Mitchelson, counsel to the inspector general of the Education Department, said, "Using names provided by the bureau, we examined the Department of Education's student financial aid databases to determine if the individuals received or applied for federal student financial assistance."

Information collected on federal financial aid applications includes names, addresses, Social Security numbers, incomes and, for some students, information on parents' incomes and educational backgrounds.

Generally, only United States citizens and permanent residents are eligible to apply for federal student financial aid.

An assistant director of the F.B.I., John Miller, said in a statement: "During the 9/11 investigation and continually since, much of the intelligence has indicated terrorists have exploited programs involving student visas and financial aid. In some student loan frauds, identity theft has been a factor.''

Mr. Miller said the Education Department was asked to "run names of subjects already material to counterterrorism investigations" to look for evidence of student loan fraud or identity theft.

"No records of people other than those already under investigation were called for," he said. "This was not a sweeping program, in that it involved only a few hundred names. This is part of our mission, which is to take the leads we have and investigate them."

Mr. Miller said that the effort was not concealed and that it was referred to publicly in briefings to Congress and the Government Accountability Office.

A spokeswoman for the bureau, Cathy Milhoan, said the Education Department had provided financial aid information on fewer than 1,000 names in connection with terrorism investigations.

The information sharing was disclosed as the Education Department examines a proposal by the Commission on the Future of Higher Education, established last year by Education Secretary Margaret Spellings, to create a national student database that would follow individual students' progress as a way of holding colleges accountable for students' success.

"This operation Strikeback confirms our worst fears about the uses to which these databases can be put," said David L. Warren, president of the National Association of Independent Colleges and Universities, which represents 900 institutions. "The concentration of all this data absolutely invites use by other agencies of data that had been gathered for very specific and narrow purposes, namely the granting of student aid to needy kids."

The Federal Bureau of Investigation would not discuss the specific criteria it used in seeking information on students but said the program was narrowly focused.

"People are trying to turn this into something that it wasn't," Ms. Milhoan said. "We are not out there arbitrarily running student records for the sake of running them."

Ms. Mitchelson of the Education Department said a review of the files of the people named by the F.B.I. had not led to any cases that charged student loan fraud.

Ms. Mitchelson said the information sharing was possible under a law that permits a federal agency to release personal information to another agency "for a civil or criminal law enforcement activity."

She said the department had spent fewer than 600 hours on the program, including 50 hours over the last four years.

Ms. McGann, the journalism student who reported on the program, said she saw data sharing mentioned, but not described, in a report by the Government Accountability Office that she reviewed in the spring as part of a research project after a seminar on investigative reporting.

"I thought that was pretty unexpected for the Department of Education," said Ms. McGann, 24, who graduated this year from Medill. "So I decided I would try to look into that a little more."

She said she found another mention of the program in a report from the inspector general's office in the department.

In June, Ms. McGann went directly to the Education Department.

"Eventually, I did an on-camera interview with a deputy inspector general there who did comment on the program," she said.

She said his name was Michael Deshields.

"After that,'' Ms. McGann added, "I decided I should file a Freedom of Information Act request."

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Last month, she received documents in response to her request that were heavily redacted, she said. Among them were Education Department memorandums describing F.B.I. requests for information on specific people whose names were blocked out and an internal memorandum dated June 16, 10 days after her interview, stating that the data sharing program had terminated. The name of the author of that memorandum was also redacted, she added.

"I learned that getting information from a federal agency you need to be persistent," Ms. McGann said. "And I learned that public documents are really a wealth of stories."

She said she had accepted a position at Dow Jones Newswires in Washington.

College Aid Screened In Terror Probe (AP)

By Ben Feller

AP, September 1, 2006

WASHINGTON -- Searching for terrorists, the FBI and the Education Department's investigative arm have secretly vetted people applying for college aid, documents show.

The goal of "Project Strike Back" was to determine if terrorism suspects, through identity theft or other means, illegally obtained college aid to finance their operations.

The data-mining project was first disclosed by the Medill School of Journalism.

The secret effort began right after the Sept. 11, 2001, terrorist attacks on the United States. The program was shut down this June, nearly five years later, according to documents obtained through Medill's Freedom of Information Act request.

Under the program, the FBI gave names to the Education Department's Office of Inspector General, which ran them through databases of millions of financial aid applications to determine if student aid had been sought or obtained.

Fewer than 1,000 names were checked against the databases, said Cathy Milhoan, spokeswoman for the FBI.

"In the post 9-11 world, it's the job of the FBI to connect the dots and follow our investigation wherever it leads us," Milhoan said. "We appreciate the effort of everyone -- the Department of Education, the IG, and every other citizen out there that's helped us."

She added that the data-mining is legal and limited: "We're not out there arbitrarily pulling citizens' information. We do it in accordance with the law."

Medill's disclosure of the review of students' records is the latest revelation in a broad, and controversial, effort by the Bush administration to mine data. Advocates say the work is aimed at saving lives.

But critics have accused the administration of overstepping its bounds -- such as by authorizing warrantless surveillance on some international phone calls, collecting telephone records on Americans and accessing an international database of financial information.

"This is going to be quite an unwelcome surprise to college students and their families," said Terry Hartle, senior vice president for the American Council on Education, an umbrella lobbying group for higher education.

Hartle said law enforcement owes the public an explanation.

"If it's a carefully designed, targeted initiative that really goes after people the government is concerned about, it's hard to object," he said. "But it's another case where we don't exactly know what the boundaries are of the government's activities. They have provided very little detail about who is being examined. It's the ambiguity that's troubling."

The inspector general also reviewed the records of schools and lenders to determine if the federal financial aid program has been defrauded, according to documents. Any details developed were to be turned over to the FBI and the Justice Department.

The inspector general reports directly to the deputy education secretary and the education secretary. But the office is considered an internal watchdog, and its work is independent.

To apply for federal financial aid, students fill out a form that requires such personal information as Social Security number, date of birth and financial holdings.

Federal law allows the release of that personal data for a criminal investigation, and the form makes clear to students how the information can be used.

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The data mining was focused on the Sept. 11 attacks, not terrorism in general, officials said. Most of the review of student records happened in 2002. The inspector general's office says it spent less than 600 hours on the effort, and less than 50 hours in the last four years.

Even though the "Project Strike Back" is closed, the FBI continues to submit names to be run through the financial aid databases on a case-by-case basis.

The disclosure could torpedo a recommendation now under review by Education Secretary Margaret Spellings. A federal commission appointed to review higher education says the nation should have a "privacy-protected" record system to track how students perform in college.

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On The Net:

Education Department: http://www.ed.gov

Office of Inspector General: http://www.ed.gov/about/offices/list/oig/index.html?srcoc

American Council on Education: http://www.acenet.edu/

FBI Had Student Data Searched (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, September 1, 2006

Seeking information on terror suspects, the Education Department looked at college loans.

WASHINGTON — The Education Department acknowledged Thursday that at the request of the FBI, it had scoured millions of federal student loan records for information about suspected terrorists in the five years since the Sept. 11 attacks.

The data mining — known as "Project Strike Back" — was intended to determine whether terrorism suspects had illegally obtained college aid to finance their operations through identity theft or other means.

Authorities said the program was limited to "fewer than 1,000" persons who were considered witnesses or "subjects" of federal terrorism investigations. Most of the searches were conducted in 2001 and 2002; the program ended in June of this year.

The project — first disclosed by Northwestern University's Medill School of Journalism — is similar to cooperative, sometimes secret arrangements that the FBI made with other federal agencies to gain information about terror suspects since Sept. 11.

But the idea of the government trolling through massive databases containing information on ordinary citizens has concerned privacy advocates. The sleuthing comes against a backdrop of even more aggressive moves that U.S. terror hunters have made since Sept. 11, such as monitoring phone calls without a court order.

The FBI said the searches were limited and triggered by intelligence indicating that terrorists were exploiting student visa and loan programs.

"This was not a sweeping program, in that it involved only a few hundred names," said FBI spokesman John Miller. "This is part of our mission, which is to take the leads we have and investigate them. There was no attempt to conceal these efforts, in that they were referenced in publicly available briefings to Congress and the General Accountability Office."

Under the program, the FBI gave the names to the Education Department's inspector general, which conducted the searches. The searches were limited to "names of subjects already material to counter-terrorism investigations," Miller said, adding that "no records of people other than those already under investigation were called for."

The FBI declined to say how the information was used or whether it led to arrests or prosecutions of suspects.

The Education Department said the FBI sought the information pursuant to an exemption to the federal Privacy Act that authorizes the release of personal data for purposes of a criminal investigation.

"We also analyzed the results for potential abuse of federal student aid, but no cases by our office resulted," said Mary Mitchelson, the counsel to the department's inspector general. "We cannot address whether any specific FBI cases resulted from the data we provided. Most of our efforts concluded in 2002, and we recently officially closed our effort."

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rick.schmitt@latimes.com

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Education Department Mined Hundreds Of Students' Records As Part Of FBI Antiterrorist Operation (CHRONED)

The Chronicle of Higher Education, September 1, 2006

The U.S. Education Department has given the Federal Bureau of Investigation information on hundreds of students who applied for financial aid over the past five years as part of the federal government's antiterrorism investigations following the attacks of September 11, 2001.

The program, known as Project Strike Back, was aimed at finding out if suspected terrorists were financing their operations through federal student aid obtained by using other students' identities. The secret effort was uncovered by a journalism student at Northwestern University, Laura McGann.

Under the program, the FBI provided names to the Education Department to cross-check in the department's database of applicants for student financial aid. The repository keeps information on some 14 million students per year who apply for federal financial aid by completing the Free Application for Federal Student Aid, or Fafsa, the standard application form that the federal government, state governments, and most colleges use to determine students' eligibility for financial aid. Included in the database are students' names, addresses, dates of birth, Social Security numbers, and driver's-license numbers.

Fewer than 1,000 names were checked in the database over five years, Mary Mitchelson, general counsel to the Education Department's inspector general, said in an interview today. The project was run through her office.

"It's not unusual for the inspector general to cooperate with law enforcement on a number of investigations," Ms. Mitchelson said.

Most of the program's work occurred in the months after September 11, Ms. Mitchelson said. Over all, fewer than 600 hours were spent on the program by the department, and fewer than 50 of them in the last four years. The project was stopped in June.

FBI officials would not comment on whether any official investigations were begun as a result of the project. Ms. Mitchelson said that, as part of obtaining the records, Education Department officials analyzed them for evidence of student-aid fraud, but no cases were opened on those fronts.

Catherine Milhoan, an FBI spokeswoman, said the project was started on September 22, 2001. "This project was just one of several utilized by the FBI in the process of investigations," she said. "In the wake of 9/11, it was the job of the FBI to connect the dots and conduct counterterrorism investigations."

Unit-Record Debate

News of the secret data-mining effort comes at a time when college officials are divided over a proposal to establish a so-called unit-record system to track individual students' education progress. The proposal is a key element of the final draft report issued in August by the federal Commission on the Future of Higher Education, which was convened by the secretary of education, Margaret Spellings (The Chronicle, September 1).

Private-college leaders, in particular, are worried that not enough safeguards exist to ensure the security of the data.

"This is troubling, but not surprising," said Terry W. Hartle, senior vice president for government and public affairs at the American Council on Education. "It's hard to be surprised when the government is mining every single database. In the war on terror, there are no safe harbors."

Mr. Hartle called the Education Department's project a "perfect illustration of the dangers of the unit-record system." He pointed out that, to receive federal aid, students must either be U.S. citizens or have a green card. "This is about finding Timothy McVeigh," he said. "This is not about finding Mohammed Atta."

"This case is another example of Big Brother gone wild," said Michael D. Ostrolenk, national director of the Liberty Coalition, which consists of privacy-rights organizations across the political spectrum. "In the age of everything is a national-security issue, we are destroying the very liberties and privacy rights which make our country unique and great in the history of the world."

Last year an earlier proposal for the unit-record system drew fire from Rep. John A. Boehner of Ohio, then chairman of the education committee and now majority leader in the House of Representatives (The Chronicle, June 1, 2005).

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The department's privacy notice on the Fafsa form alerts students that the data they provide may be sent to "a foreign, federal, state, or local enforcement agency if the information that you submitted indicates a violation or potential violation of law."

For the most part, the department is not covered by the Family Educational Rights and Privacy Act, known as Ferpa, which bars colleges from releasing student records that include personally identifiable information without the permission of students or their parents.

Steve McDonald, general counsel at the Rhode Island School of Design and a leading expert on federal privacy law, said Ferpa "doesn't apply directly to the department, but it could apply indirectly" if a college added information to the federal student-aid forms.

"Any records we supply to the department carry Ferpa with them," he said.

For her part, Ms. McGann will begin a full-time job at Dow Jones Newswire in September. She graduated from Northwestern's Medill School of Journalism in June and was one of several students who were part of a new venture by the Carnegie Corporation and the John S. and James L. Knight Foundation to revitalize journalism education. The Carnegie-Knight Initiative for the Future of Journalism Education, in part, seeks to develop a national investigative-reporting team with students from five participating universities (The Chronicle, February 17). The students focused on a theme: privacy and civil liberties in the wake of the September 11 terrorist attacks.

Ms. McGann said she found out about the Education Department project from a brief mention of it in a Government Accountability Office report about data-mining programs at various federal agencies. "It struck me that the Education Department was doing data mining," she said. "I thought that was sort of unusual."

She confirmed the existence of the program through a report from the Education Department's inspector general. In June she filed a request with the department seeking additional details of the project under the federal Freedom of Information Act. She received the information this month, allowing her to complete the article.

"I never would have thought in January that I would be working on a story about the Department of Education's role in the post-9/11 world," said Ms. McGann.

Students Not Told Of Probe By FBI (DESERET)

By Tiffany Erickson, Deseret Morning News

Deseret Morning News, September 1, 2006

Financial-aid data examined as part of anti-terror efforts

Officials at Utah universities, though not surprised, think students should have been informed about a secret program in which students' financial-aid records were examined by the FBI as part of anti-terrorism investigations.

The investigation, called Project Strike Back and conducted through the U.S. Department of Education, was aimed at determining if terrorists were funding operations and activities through federal financial aid. It was uncovered by a journalism student at Northwestern University.

The Chronicle of Higher Education reported Thursday that most of the project's work occurred in the months right after the Sept. 11 attacks in 2001. Fewer than 1,000 names were checked in the database over five years. The operation shut down in June.

"I think if you are applying for aid from the federal government, I would think you would expect that the data that you would provide would be scrutinized — that the government would want to ensure that the federal aid that they set aside to assist students to go to school is truly used for that benefit," said John Curl, financial aid director at the University of Utah.

"But I also think it's important that that data be used in a proper fashion and that it's evaluated for what it truly is — federal aid for students to go to school," he said.

According to Curl, when a student submits a Free Application for Federal Student Aid, the information goes into a repository that is examined by the Department of Education.

Officials check matches with the Social Security administration, verify dates of birth, names, citizenship status and Social Security numbers to determine eligibility. Information from non-citizens is also run through the Department of Homeland Security.

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According to the Chronicle of Higher Education, fewer than 600 hours were spent on the program by the education department and fewer than 50 of them in the past four years.

FBI officials aren't saying if any official investigations were started as a result of the data mining.

Curl said he believes it would have been more appropriate if students had been informed about what was going on, since their records were being turned over. He also noted that the federal government needs to take steps to prevent fraud.

"If records were obtained properly and under proper law, I would think it's appropriate," said John DeVilbiss, Utah State University spokesman. "We have no issues with the FBI doing its job if they are following proper procedures — the Department of Education has good checks in place that the FBI could benefit from."

Each FAFSA form contains a notice that informs students that the information they provide may be sent to "a foreign, federal, state or local enforcement agency if the information that you submitted indicates a violation or potential violation of the law."

The Chronicle reported that, for the most part, the education department is not covered by the Family Educational Rights and Privacy Act, which bars colleges from releasing student records that include personally identifiable information without permission of students.

But while the act may not directly apply to the department, it could apply indirectly if a college added information to the federal student-aid form.

Hoekstra Predicts Jailing Of Reporters (GRPRESS)

By Myron Kukla, The Grand Rapids Press

Grand Rapids Press (MI), September 1, 2006

HOLLAND -- New York Times reporters who broke the story of a three-year program of warrantless wiretapping of U.S. citizens will be in jail by yearend if they don't reveal their government sources, U.S. Rep. Peter Hoekstra predicted Wednesday.

The revelation last December has been a devastating blow to intelligence gathering, said Hoekstra, chairman of the House Intelligence Committee.

"If people understood the threat out there (from terrorist organizations), Americans would be absolutely furious that the tools we have to track the terrorists have been lost," said Hoekstra, R-Holland, in an address to the Holland A.M. Rotary Club.

"The Justice Department is going after those who violated their oath of office by giving classified information to reporters. Those reporters will be sitting in jail by the end of the year until they reveal their sources."

Times reporters James Risen and Eric Lichtblau in a Dec. 16, 2005, story reported President Bush secretly authorized the National Security Agency in 2002 to eavesdrop on phone and e-mail communications of thousands of Americans, seeking information about terrorist planning.

The story said nearly one dozen current and former government officials provided details, but did not identify them.

Hoekstra said the Justice Department investigation likely will lead to a grand jury questioning individuals and reporters under oath.

Since the story broke, terrorists have used more pre-paid cell phones and tossed them away, making it hard to track them, Hoekstra said.

A federal judge in Detroit has described the warrantless eavesdropping as an attack on the Constitution and U.S. Bill of Rights.

U.S. District Judge Anna Diggs Taylor this month ruled President Bush exceeded his authority, citing it as a violation of the First and Fourth amendments.

"I couldn't disagree with the ruling more. It could disarm America in a time of war," Hoekstra said, noting the Justice Department is appealing the ruling and has negotiated a deal to continue the program while the appeal is pending.

"This will likely go all the way to the Supreme Court," he said.

Send e-mail to the author: lakeshore@grpress.com

British Terrorism Case Parallels Others (LAT)

By Sebastian Rotella, Times Staff Writer

DOJ_NMG_0056343

The Los Angeles Times, September 1, 2006

Trial in a suspected plot to bomb a nightclub or mall in 2004 involves alleged home-grown Islamic radicals with ties to militants in Pakistan.

LONDON — Bent on bringing holy war to their native Britain, the young extremists journeyed to Pakistan, finding expertise at training camps and inspiration in sit-downs with Al Qaeda figures.

The group returned with a strategy for massive attacks. They stockpiled explosive materials, discussed targets and communicated with Pakistani planners as the plot gathered momentum. But security forces, which had been watching and listening for months, swooped in and rounded them up.

That sounds like the alleged plot in which nearly a dozen Britons are charged with conspiring to blow up U.S.-bound planes over the Atlantic. Instead, it describes the prosecution's case here in a trial of seven Britons charged with plotting to bomb a shopping mall or nightclub more than two years ago.

Testimony during the last five months has revealed parallels to the airline case as well as last year's London transit bombings and an alleged plot against U.S. financial institutions involving British suspects.

The trial grew out of Operation Crevice, the code name for a complex investigation stretching from North America to Britain to Pakistan. The 2004 case seems a template for a string of plots that teamed rapidly radicalized cells dominated by Pakistani Britons with hardened, Pakistani-based militants affiliated with Al Qaeda, experts and investigators say.

The idea of a series of plots contributes to debate about the nature of the Al Qaeda terrorist network, whose fugitive leadership is largely based in Pakistan. Current thinking says that the fragmented core of the network has been reduced to playing an inspirational role. But the emerging picture in the Operation Crevice trial and the other cases suggests more direct involvement by a network that regroups and tries again after failing, experts say.

"This causes a reappraisal of what Al Qaeda central is capable of doing," a British law enforcement official said. "The subway bombings raised questions … and Operation Crevice raises similar questions. We had this idea that Al Qaeda had become less a network than an ideology.… But we are now asking significant questions about how much command and control Al Qaeda might still have."

The current trial could provide insight into the airline case because of similarities in the profiles of the suspects and because of alleged international connections.

Like the airline investigation, Operation Crevice was built on countless hours of surveillance. The jury at the Old Bailey courthouse has heard dramatic evidence from wiretaps in cars and homes. In a tape played in court in May, suspects talked in street slang about carrying out a massacre at a nightclub, the Ministry of Sound, contemptuously dismissing potential female victims as "slags."

"What about easy, easy stuff where you don't need no experience?" said Jawad Akbar, 22, a student whose dorm room was bugged by police. "You could get a job like this, for example, the biggest nightclub in central London where no one could ever turn around and say, 'Oh, they were innocent,' those slags dancing around. If you went for the social structure where every Tom, Dick and Harry goes on a Saturday night, yeah, that would be crazy, crazy thing, man."

"If you got a job in a bar, yeah, or club, say the Ministry of Sound, what are you planning to do there then?" asked Omar Khyam, 24, allegedly a central figure in the group.

"Blow the whole thing up," Akbar responded, according to the tape.

At the same time, the trial paints a portrait of fervent but somewhat improvisational extremists who rambled about hijackings, mass poisonings and other scenarios. They stored explosives and poison in a bedroom armoire in Pakistan. And Akbar said on tape that he was likely to "chicken out" of any suicide attack.

The likelihood of an attack may have been remote because of the omnipresent surveillance. Police covertly replaced a stash of 1,300 pounds of ammonium nitrate — allegedly stockpiled for a vehicle bombing — with dummy explosives.

But the suspects didn't think highly of the British security services. During another bugged conversation in Akbar's room, Khyam asked, "Do you think your room is monitored?"

"Nah, do you think that?" Akbar answered, according to the recording. "Do you know, I think we give them too much credit, bruv."

In a possible preview of a defense strategy in the airline case, defense lawyers accuse prosecutors of misrepresenting vague rage as a concrete plot. Moreover, the lawyers suggest that the star prosecution witness, Pakistani American Mohammed Junaid Babar, has exaggerated things to save his skin.

The 31-year-old Babar, who was arrested in New York and agreed to a plea bargain, is key to the case — and to understanding the web of linkages to others. Babar figured in an alleged plot, revealed in 2004, to attack U.S. financial institutions on the East Coast. Babar was present in March of that year at a Pakistani "summit" of Al Qaeda operatives involved, British and U.S. authorities say.

Moreover, Babar's testimony here placed the Operation Crevice suspects at a militant training camp in Pakistan near the Afghan border in July 2003.

That is significant because Mohamed Sidique Khan, the ringleader of last year's transit bombings, also traveled to that area for terrorism training in July 2003, according to a British government report.

Authorities have not said whether Khan was at the same camp. But he and another transit bomber had links to the Operation Crevice defendants, authorities say. And British investigators are examining suspected connections between the transit bombers and the suspects in last month's alleged airline plot, officials say.

Babar's narrative on the witness stand depicted the radicalization of a group of working- and middle-class British Muslims, ages 17 to 35 and mostly of Pakistani descent, who were disciples of extremist British clerics. In addition to the seven on trial here, a suspect has been charged in Canada.

Despite the public focus on the threat from spontaneous "home-grown" militants, court evidence indicates that contacts with Al Qaeda in Pakistan were vital, operationally and ideologically, to developing the alleged terrorist cell in 2002 and 2003.

Because he had moved to the Pakistani city of Lahore from the U.S. in 2001, Babar testified, his home in Pakistan served as a hub for his British accomplices. It provided shelter for militants and storage for bomb-related equipment, he said.

In addition, Khyam and a codefendant named Wahid Mahmoud had acquired militant contacts and training during previous trips, Babar testified. During the 2003 trip to the training camp near the city of Kohat, the suspects posed as tourists, taking photos and dressing in Western-style clothes, he said.

They tested ammonium nitrate-based bombs at the training camp, according to testimony by defendant Salahuddin Amin, 31. Amin said he did not consider himself a terrorist.

Afterward, Khyam said he was working for Abdul Hadi, whom he described as the No. 3 figure in Al Qaeda, according to testimony. Khyam made a 10-day trip to meet with Hadi's deputy in Pakistan's northern tribal area, Babar testified.

The meeting was about "what they were planning in the U.K.," Babar testified, adding that the Al Qaeda leader "wanted them to do multiple bombings … either simultaneously or on the same day."

There is ambiguity about the exact role of the so-called No. 3 Al Qaeda leader. Determining the ranks of figures in the loose and unstructured network, especially as it has been damaged and transformed in recent years, is a tricky business.

In the Operation Crevice case, British counter-terrorism officials say the group relied on planners in Pakistan to advance the plot and maintain order. Babar testified that he met with Hadi in late 2003, then traveled to Britain in early 2004 to smooth over "differences" that had cropped up among the plotters.

Police rounded up the group two months later as plans allegedly advanced toward a final phase.

More than two years later, the trial has begun to shed light on the workings of the larger network. But the heart of the mystery in this case, and others, remains in Pakistan, experts say. "In most of these cases, we don't know whether it was Al Qaeda itself or groups affiliated with it," said Sajjan Gohel of the Asia-Pacific Foundation, a London think tank. "There are a lot of political games going on in that country. One doesn't know the whole picture."

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rotella@latimes.com

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Janet Stobart of The Times' London Bureau contributed to this report.

The Tribunals Fuss (WSJ)

The Wall Street Journal, September 1, 2006

Last month's foiled plot to blow up 10 airliners over the Atlantic showed the importance of intelligence and surveillance to the anti-terror fight. By extension, it also showed the need for a system to prosecute captured terrorists that doesn't require compromising intelligence sources and methods. But as Congress and the President return to work on legislation authorizing military tribunals, the usual suspects at outfits such as Human Rights Watch are saying such tribunals would create "a travesty of a fair trial." They claim anything short of the guarantees American soldiers get before courts martial will fall afoul of the Constitution and international law.

There is certainly nothing in the Supreme Court's June 29 ruling in Hamdan v. Rumsfeld to support such a contention. Although the Court put a temporary halt to the Bush Administration's plans to move forward with military tribunals, it did not object to the tribunals themselves. It said merely that the Administration erred in supposing it already had all the Congressional authorization it needed to create them. "Nothing prevents the President from returning to Congress to seek the authority he believes necessary," wrote Justice Stephen Breyer.

What's more, the allegedly problematic features of the proposed military tribunals -- such as the permissibility of "hearsay" evidence -- are little different from some of the compromises that have been made to facilitate the work of such institutions as the International Criminal Tribunal for Yugoslavia and the permanent International Criminal Court. Those two institutions enjoy the enthusiastic support of Human Rights Watch and other critics of the Bush Administration's tribunals.

Let's remember that the proposed tribunals would only be authorized to try unlawful enemy combatants who have already violated the rules of war, most likely by fighting out of uniform or deliberately targeting civilians. International law has always recognized that such people deserve fewer due-process protections than lawful combatants, never mind normal civilian defendants. It should be obvious that the primary justification for the proposed deviations from normal criminal trial procedures is precisely that the Bush Administration does not intend these to be kangaroo courts. Since the possibility is real that some unsavory characters may be set free, the defendants must not be allowed to gain access during the course of a trial to information that could help them or their associates perpetrate violence.

Take the hot-button issue of hearsay, or secondhand, evidence. This is allegedly a violation of the right to "confront one's accusers," and we'll grant that it's not a practice we'd like to see used in courts martial or the normal criminal justice system. But in these cases much of the relevant information will have been gathered on far-away battlefields and from individuals the U.S. government would have little hope of tracking down to produce at trial. In other cases where witnesses may be in U.S. custody, the risk to sources and methods of having them testify would simply be too great. So it seems like a necessary and reasonable compromise to let a CIA interrogator testify instead about what's been learned from the likes of 9/11 mastermind Khalid Sheikh Mohamed rather than put KSM himself on the witness stand.

The second major point of controversy is the proposal to allow defendants -- but not, it should be stressed, their government-appointed lawyers -- to be excluded from hearing some of the classified evidence that may be presented against them. Yes, this may impair a defendant's ability to mount an optimal defense. But again, the alternative might mean allowing the defendant to learn the identities of informants or the existence of secret surveillance or money-tracking methods to which he could alert his al Qaeda compatriots if he is set free.

Similar compromises have been made at the Yugoslavia war crimes tribunal (ICTY) on the grounds of "exceptional circumstance." The ICTY has routinely allowed the admission of hearsay evidence, for example, and has allowed witnesses to conceal their identities behind voice- and image-altering devices lest they face retribution at home. Those practices certainly compromise the right of defendants to confront their accusers, yet we haven't heard the human-rights crowd crying foul.

In fact, the proposed U.S. military tribunals actually guarantee more procedural safeguards than the ICTY. The latter has withheld information such as witness identities from both defendants and their lawyers and has frequently allowed secret communications between prosecutors and judges. The military tribunals would guarantee a defendant's court-appointed counsel access to all information. It appears that some critics of the proposed U.S. tribunals are either ignorant of existing international norms or anti-Bush partisans -- or both.

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Finally, Administration critics allege that the tribunal bill would rewrite existing Geneva Convention prohibitions against "cruel, inhuman, and degrading" treatment of detainees. In fact, it would merely offer some substantive guidance as to the meaning of those vague terms.

It strikes us as a no-brainer that the national security stakes involved in trying suspected terrorists will require some deviations from standard civilian and military rules of evidence. The Bush Administration's tribunal proposal is a reasonable compromise. It's time the government be allowed to get on with the business of processing detainees in the war on terror.

HOMELAND RESPONSE:

EU And U.S. Plan Deal To Share Traveler Data (IHT)

By Dan Bilefsky And Nicola Clark

International Herald Tribune, August 31, 2006

BRUSSELS Following the foiled trans-Atlantic terror plot in Britain last month, EU and American officials said Thursday that they were confident they could reach a deal by Sept. 30 on sharing airline passenger data.

The deal risked sparking controversy at a time of heightened concerns in Europe that civil liberties laws are being flouted in the fight against terrorism.

The EU's highest court ruled in May that the bloc had overstepped its authority in May 2004 by agreeing to give the United States personal details about airline passengers on flights to America in an effort to combat terrorism.

But EU officials, who will meet next week to recast that agreement, said that the court had ruled on procedural rather than substantive grounds and that the necessity of getting a new agreement was more essential than ever.

"To avoid disruptions in air traffic, we need to get a new deal, that is very clear," said Friso Roscam Abbing, spokesman for Franco Frattini, the EU justice and security commissioner.

He said he expected any new agreement to replicate the previous deal, which gave the U.S. authorities access to 34 categories of information - including names, addresses, phone numbers, itineraries and credit card numbers - about passengers on all flights that originate from the 25 nations in the Union.

In its May ruling, the Luxembourg- based European Court of Justice ruled that, because the information contained in passenger records is collected by airlines for their own commercial use, the EU could not legally agree to provide that data to the U.S. authorities.

To overcome this objection, Roscam Abbing said the EU would reintroduce the existing legislation as a crime-fighting measure, thereby circumventing the court's technical concerns.

"It is important to recognize that the court did not object to the content of the legislation, which is completely compatible with data protection rules," Roscam Abbing said.

But some civil libertarians in Europe remain concerned that U.S. officials could use the negotiations with the EU to press for a more far-reaching sharing of data.

In an editorial Tuesday in The Washington Post, the U.S. homeland security secretary, Michael Chertoff, described Washington as being "handcuffed" by the current trans-Atlantic agreement because it did not allow U.S. customs officials who collect data on European air passengers to share this information with other agencies like the FBI or with other governments, like Britain.

He further lamented that overly restrictive European data-sharing rules meant that if U.S. troops in Afghanistan found a Qaeda computer containing the cellphone numbers of operatives in Europe, they would find it difficult to learn whether the numbers were used to book a trans-Atlantic flight.

Roscam Abbing, Frattini's spokesman, said that, while the recent terrorism threat had created a new sense of urgency, the EU remained unprepared to sacrifice protecting civil liberties to fight terrorism.

He said the new passenger data agreement would not expand on the previous one - though the scope of the deal could be re-examined when both parties begin negotiations on a new agreement next year.

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Members of the European Parliament, which challenged the initial data- sharing agreement, said Thursday that they feared the European Commission would put the interests of the United States ahead of those of European citizens.

Sophie in 't Veld, a Dutch member from the Liberal Party and the legislature's rapporteur on the passenger data dossier, said that Washington appeared determined to use so-called passenger name records for purposes beyond those specified in the existing accord.

"This is not just going to be the re-introduction of the old agreement that we were promised," she said. "It is starting to look very clearly that the Americans are asking for more."

More Airports Seek To Offer Program Of Quick Screening (WSJ)

By Laura Meckler

The Wall Street Journal, September 1, 2006

WASHINGTON -- Major airports across the country have asked the government for permission to offer Registered Traveler programs, meant to expedite air-travel screening for those who pay a fee and undergo a background check.

The Transportation Security Administration has visited most if not all of the facilities and given informal approval to at least some of them, according to airport and other officials involved with the program. Still, it isn't certain that every airport seeking permission will move forward with the program.

Airports in Atlanta, Miami, Los Angeles, New York and Denver have told the TSA that they are interested. Also on the list are O'Hare and Midway in Chicago and Reagan National and Dulles in the Washington, D.C., area, according to interviews with airport officials.

Smaller airports that have sought approval include Reno, Nev.; Anchorage, Alaska; Huntsville, Ala.; Jacksonville, Fla.; Birmingham, Ala.; Little Rock, Ark.; and Nashville, Tenn., officials said. A handful of other airports have publicly said they would like to run Registered Traveler programs including San Jose, Calif., Cincinnati, and Indianapolis. The only airport with a program up and running is Orlando, Fla.

Airport officials said they were considering the program even before the London airline bomb plot was disclosed Aug. 10, causing huge backups in screening lines. But the security threat and benefits offered passengers under the Registered Traveler program may have increased interest among some airports.

The heightened security also may raise interest in the program among passengers, who can expect to pay $80 to $100 a year to participate. The program has "tremendous application for the customer," said Krys T. Bart, executive director of the Reno-Tahoe International Airport. "It will reduce the wait time and speed the line through the checkpoint."

The TSA has moved slowly to move this program forward, repeatedly missing its own deadlines for action. But Homeland Security Secretary Michael Chertoff said this week that he wants the program to move ahead. In an interview with USA Today he noted that some don't think the program will be popular, but added, "I disagree with that." Registered Traveler, he said, "is still the way to go." The key to the program, he said, is it is voluntary, meaning people with concerns about turning over personal information to the government don't have to participate.

The coming expansion has set off a frenzied competition among three companies vying for contracts to run the special security lines that will be open to Registered Traveler participants. The companies are Unisys Corp., Saflink Corp., and closely held Verified Identity Pass Inc. Each airport will choose its own vendor.

Wahington wireE (WSJ)

WSJ Online's, September 1, 2006

House Republicans, uninterested in dispiriting their conservative base, "consider the issue done with," a leadership aide says. A Senate Democratic strategist calls "stalemate" the most likely outcome when Congress returns.

Democratic turnout specialists won't complain. They hope state ballot initiatives on the issue rouse sympathetic voters in battlegrounds of Missouri, Montana, Nevada, Ohio, Colorado and Arizona.

Good luck, counters conservative activist Grover Norquist, since low-income workers rarely vote.

DOCTORS PUSH for pay raise, too.

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Physicians' lobby intensifies push for higher Medicare payments before October adjournment. Without response from Congress, "Medicare patients face an access crisis," says new American Medical Association radio ad.

"Our campaign is intended to spur action," says AMA board Chairman Cecil Wilson. But the effort faces election-year anti-spending sentiment. Existing law calls for a 5.1% cut across the board for 2007 payments for physicians, and congressional aides say any physician-payment boost won't likely come until after November.

REPUBLICANS FEAR Bolton can't win permanent confirmation.

The United Nations ambassador's work under Bush's recess appointment has earned him praise for loyalty to Secretary of State Rice, and gained backing of erstwhile Senate foe Voinovich. He has steered key U.N. votes on the Israeli-Hezbollah war and Iran's nuclear program.

But Senate vote counters aren't sure of 60 votes needed to overcome filibuster in floor debate this week. "It depends on whether he has won over a Democrat or two," says a Republican Senate staffer. Fall campaign pressures, fueled by setbacks in Iraq and elsewhere, won't help.

Calling for Rumsfeld to go, Tennessee Democratic Senate candidate Ford says, "We need a new management team."

BRAND CRISIS? A Johannesburg billboard touting DaimlerChrysler's new Smart car mocks U.S. side of company: "German engineering, Swiss innovation, American nothing," it read. A Washington official of the automaker says the billboard was put up by DaimlerChrysler South Africa, and taken down after parent company executives learned of it.

PILING ON: Local candidates join Democratic congressional challengers in trying to score points off Republican White House. "Hans Riemer Took on George Bush," declares direct mail appeal in Democratic primary campaign for Montgomery County Council in left-leaning Washington suburbs. Riemer says he "made sure the Bush [Social Security] plan was dead on arrival in Congress" through his work with labor unions and other administration adversaries.

BUYOUTS THIN ranks at Equal Employment Opportunity Commission, the federal government's job-discrimination watchdog agency. Union officials say half of 89 departing employees were veteran investigators who are key to pursuing bias cases. Defenders of EEOC leadership note departing Chairwoman Cari Dominguez has authorized hiring 70 employees at field offices.

LONG WEEKEND? Census says 23% of private-sector employees don't get paid holidays, and only 48% of those in service sector do. Some 7.5 million hold more than one job, and roughly 8% work more than 60 hours a week.

WHITE HOUSE LEANS toward Senate approach to offshore drilling.

Returning House and Senate leaders will try to reconcile widely varying approaches to new oil and gas exploration in coastal waters. House would open 356 million acres, partially lifting drilling bans on both coasts. Senate frees only 5.76 million acres in Gulf of Mexico.

Bush administration complains House version could cost Treasury "several hundred billion dollars over 60 years" because it would share federal royalties with states interested in drilling. House Republicans insist the measure would help domestic industries survive by reining in soaring natural-gas prices.

"It just floors me that I've gotten no help out of this White House," says Pennsylvania Republican Rep. Peterson.

MINOR MEMOS: One in 10 workers has been with current employer at least 20 years, Census says….New York state, at 25%, has highest rate of union membership; North Carolina, at 3% has lowest. – John Harwood

Read more: Global

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September 1, 2006, 12:22 am Eroding Advantage

In both national elections since the Sept. 11, 2001, terrorist attacks, President Bush and congressional Republicans successfully played the national-security card to win big victories against the odds. Now, with their party's control of Congress at stake, Republicans are betting on the issue again. But it may not be the trump card it used to be.

The public's patience has frayed as the Iraq war grows bloodier in its fourth year, eroding confidence in Mr. Bush's stewardship of national security. Mismanagement of the response to Hurricane Katrina contributed. Democrats, having ceded the security issue to Republicans in the past, now are on the offensive. They're attacking the administration's competence at home and abroad and fielding candidates with military experience.

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Democrats are also pressing an argument opposite to the president's: that Iraq isn't central to the broader war on terror but distracts from it, and breeds more terrorists. How voters ultimately decide on that issue is "one of the most important dynamics of this election," says Republican pollster David Winston. Read the full article. – Jackie Calmes

Read more: Campaign 2006, Homeland Security, Iraq, White House

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August 31, 2006, 7:03 pm Wiggle Room for the TSA

U.S. adults would support greater restrictions on carry-on luggage, if the Transporatation Security Administration deemed them necessary, a new polls finds. Of the 1,000 adults surveyed by phone byHarris Interactive , 62% said they would support a ban of all carry-on luggage, compared with 35% who would oppose such a ban. The only dissenting age group: 25-34 year olds. Just 46% would support a ban on carry-ons, vs. 51% opposed. The survey, which was conducted Aug. 18-21, indicated the recent foiled terror plot in London had little impact on American travel plans. Ten percent of respondents said they made changes to travel plans to avoid flying as a result of news of the plot, compared with 76% who didn't change travel plans.

Read more: Global, Homeland Security

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August 31, 2006, 5:52 pm Family Feud

As the hotly contested Sept. 12 Republican primary in Rhode Island draws to a close, both sides released polls showing their man is ahead.

First out today was a survey from Rhode Island College showing Cranston Mayor Steve Laffey leading Sen. Lincoln Chafee 51% to 34%. That survey was based on a random sample of 363 likely Republican primary voters and had a 5% margin of error.

A few hours later, the National Republican Senatorial Committee, which supports Mr. Chafee, released its own internal poll done by Public Opinion Strategies showing the incumbent leading 53% to 39%. That poll surveyed 400 likely Republican primary voters and also had a 5% margin of error.

Perhaps the more intriguing nugget from the Public Opinion Strategies survey: Of the 53% of respondents who could actually name the primary election date, 58% support Mr. Chafee compared to 37% who back Mr. Laffey. – Jeanne Cummings

Read more: Campaign 2006

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August 31, 2006, 5:06 pm Bush Appointment Draws Quick Fire

President Bush's recess appointment today of lawyer Paul DeCamp,to be administrator of the Wage and Hour Division at the Department of Labor drew quick fire from some Democrats, particularly those seeking to make Wal-Mart a campaign issue. Bush nominated him for the post, but the Senate hasn't acted on the confirmation. At the law firm of Gibson Dunn, DeCamp has represented employers and defended Wal-Mart in a big employment-discrimination case.

George Miller of California, senior Democrat on the House Education and the Workforce Committee, promptly fired off a statement: "As a lawyer, Paul DeCamp has never represented American workers in a single case. He has worked on behalf of Wal-Mart - a company with an abhorrent record of labor relations - and other companies against the interests of American workers and consumers in numerous cases. Yet he is the man that President Bush has chosen as one of the nation's top enforcers of workplace rights….This recess appointment is one more reminder that the President does not care about making sure that workers are treated fairly on the job or enforcing laws that he doesn't happen to like."

The Labor Department unit enforces overtime, workplace discrimination and child-labor laws.

Read more: Congress, White House, Business

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August 31, 2006, 4:10 pm World War III?

In his Salt Lake City speech to veterans, President Bush fully embraced comparisons of the current war on terrorism to 20th century battles against totalitarianism, especially Naziism in World War II. The analogies represented a further escalation of the rhetorical battle with administration critics, after Democrats protested Defense Secretary Rumsfeld's use of the idea earlier this week.

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In his speech to the American Legion convention, Bush repeatedly invoked the comparison. "As veterans, you have seen this kind of enemy before," he said at one point. "They are successors to fascists, to Nazis, to communists and other totalitarians of the 20th century. And history shows what the outcome will be." At another point, he compared the fighting in Iraq to "Omaha Beach or Guadalcanal ."

Earlier in the week, the administration appeared to hesitate after an outcry from Democrats over comments that Defense Secretary Rumsfeld made comparing Islamist terrorism to a "new type of fascism" similar to Naziism. Rumsfeld also suggested critics of the global war on terrorism were engaging in appeasement. Democratic leaders, notably Sen. Charles Schumer of New York, protested the charge, and a DOD statement later suggested some reports were overblown.

Perhaps foreshadowing future rhetoric in his upcoming series of speeches on security issues, Bush cited no less an authority than Osama bin Laden for the proposition that a "third world war is raging" in Iraq.

"With the distance of history, it can be easy to look back at the wars of the 20th century and see a straight path to victory," the president concluded. "You know better than that….You were there for dark times and the moments of uncertainty."

Democrats weren't directly addressing the outbreak of WWII rhetoric in their initial statements. Party Chairman Howard Dean, House Minority Leader Nancy Pelosi and Senate Minority Leader Harry Reid all issued statements calling Bush's policies wrong-headed and dangerous, and touting Democrats' own "tough and smart" approach.

Pelosi tried to separate the various strands of terrorism that Bush was lumping together, and focus on what she suggests is the mistake of fighting in Iraq. "Today, once again, President Bush demonstrated that he is in denial about his historic blunder in Iraq," she said. "We must win the war on terror, but the war in Iraq is the wrong war. Today, just as it has since the war began, Iraq is weakening our ability to fight the war on terrorism." –John D. McKinnon

Read more: Global, White House

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August 31, 2006, 4:02 pm Bush Uncensored

Dozens of viewers are calling on the Federal Communications Commission to order broadcast fines over President Bush's swearing at the G-8 summit in July.

Bush apparently thought a microphone was off while he was speaking privately with British Prime Minister Tony Blair during a luncheon at the leaders' meeting in St. Petersburg, Russia. Discussing fighting between Israel and Hezbollah, Bush used the word s—. His comments , picked up and carried over TV and radio feeds, came just four months after the Federal Communications Commission said that the word was one of the most vulgar, graphic and explicit words relating to excretory activity in the English language and would likely trigger fines if broadcast.

Listeners around the country heard the exchange and more than two dozen have contacted the FCC. Some demanded their broadcaster be fined under the commission's public decency standards. Others said Bush should pay.

"In the report on President Bush being caught swearing with a microphone on, your report aired the expletive, and the reporter herself even repeated it!" according to the letter to the FCC and WCSH-TV in Portland, Maine. "Every other story I saw on TV and heard on the radio earlier today had the word beeped. I'm not trying to be a prude… okay maybe I am, but I expect more from my local news station!" the person wrote, according to a letter that was one of many obtained under the Freedom of Information Act.

A group of broadcasters is challenging the FCC's profanity regulations in court amid debate within the commission over limits on indecent language. FCC Chairman Kevin Martin has cited a jump in the number of complaints filed each year as a reason to act. But others, such as Commissioner Jonathan Adelstein, have expressed concern that the FCC's policies may go too far. –Siobhan Hughes

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August 31, 2006, 7:45 am Ohio Race Test GOP's Hold in Heartland

Ohio's 15th congressional district doesn't offer a homogenous landscape, but rather is home to African refugees, a growing Latino community, university students and urban gays, all thrown together with corporate Columbus, upscale suburbs and century-old farmhouses. It's a mix that suits the moderate image of Rep. Deborah Pryce, the fourth-ranking Republican in the

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House. But after years of only token opposition in this district, the seven-term congresswoman is imperiled by economic pessimism, the Iraq war and others' political scandals, which together could bring about an Election Day upset.

"It's a knife fight," Pryce says of her race against Democratic challenger Mary Jo Kilroy. Kilroy, a Franklin County commissioner, gives no quarter. "It's about change… People are fed up with Congress," she says. "We are going to put 'Kilroy is here' on the Capitol."

Pryce's standing, as chair of the House Republican Conference and friend of Speaker Dennis Hastert, elevates the stakes. Outside groups from the left and right are spending heavily. Cabinet secretaries have come to her aid. And for the entire House Republican leadership, which is heavily rooted in the Midwest, the race is a barometer of how much political fallout they will sustain from economic pessimism in this political battleground. Read the full article. – David Rogers

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August 30, 2006, 5:46 pm Change in Plans for Paulson

Treasury Secretary Henry Paulson has canceled plans for a trip to Tokyo next month because it would have overlapped with leadership elections in the ruling Liberal Democratic Party. "The issue is is there anyone there to meet with?" explains a senior Treasury official.

The secretary still plans to visit Vietnam for the Asia-Pacific Economic Cooperation forum next week, return to the U.S. and then turn around almost immediately to attend the International Monetary Fund/World Bank annual meetings in Singapore and to visit China. –Michael M. Phillips

Read more: Economy

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August 30, 2006, 4:45 pm Wal-Mart's Other Smiley Face

Wal-Mart Stores awarded its new communications and lobbying chief $3 million in restricted stock and nearly 169,000 options.

Wal-Mart, Bentonville, Ark., hired Leslie Dach from public-relations firm Edelman, where for the past year he oversaw Edelman's work to shore up the image of the retail giant, known for its "Every Day Low Prices" motto and yellow smiley face logo. Dach's resume includes work overseeing Edelman's Washington, D.C., office; serving as senior communications advisor to the Democratic National Committee; and advising Sen. John Kerry's presidential campaign and the Clinton administration. He also has worked for environmental groups such as Environmental Defense.

Dach, 52 years old, reports directly to Wal-Mart Chief Executive Officer Lee Scott.

A company spokeswoman declined to comment on Dach's compensation. The stock awards, outlined in a filing made Tuesday with the Securities and Exchange Commission, include 67,522 restricted shares and nearly 169,000 options with a strike price of $44.43. Based on the stock's closing value on Monday, the day of the grant, the restricted stock's cumulative value was $3 million. The filing did not detail Dach's base salary or bonus. –Kris Hudson

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August 30, 2006, 4:28 pm Turning Out the Vote, Turning Up the Heat

In addition to a voter turnout operation for the mid-term elections , AFL-CIO leaders will use part of a $40 million political account to finance a "voter protection" program, including posting lawyers and observers at precincts to ensure low-income and minority voters are able to cast ballots.

Democrats created such a program 2004 after conducting field hearings into alleged voter intimidation at polls in Florida and elsewhere. The program also was institute to counter a Republican National Committee strategy of posting its own poll observers watching for evidence of voter fraud.

Republicans largely suspended their program after some party insiders complained that it gave the impression they were trying to keep minority voters away from the polls and Democrats brought suit alleging it violated the Voting Rights Act. –Jeanne Cummings

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August 30, 2006, 3:40 pm FDA: Can't We All Just Get Along?

The head of the FDA's drug center, Steven Galson, tells agency staff that he hopes his decision to approve the Plan B emergency contraceptive for prescription-free use by adults will "begin a process of healing that will put the most difficult parts of the controversy behind us and enable us to renew our focus on all the critical tasks that face us."

In an internal email sent last week to announce the approval, Dr. Galson notes that "the pathway to approval for this product has been difficult for the Center," but that "differences of opinion are a part of drug regulation." Leaked documents, legal depositions and a congressional report had all portrayed divisions among FDA staff over how to handle the long-delayed decision over whether Plan B should be sold over-the-counter. –Anna Wilde Mathews

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August 30, 2006, 2:59 pm Verizon Drops DSL Surcharge

Verizon Communications Inc. said it was dropping previously announced plans to impose a supplier surcharge for DSL-based Internet access service on its retail customers. A small number of customers who have already been billed for the surcharge will receive a credit.

"We have listened to our customers," said Bob Ingalls, chief marketing officer of Verizon Telecom, "and are eliminating this charge in response to their concerns."

Last year, the government changed telecom rules so DSL subscribers would no longer have to pay into a federal fund which subsidizes phone services in rural areas and for low-income consumers. That promised to shave a dollar or two off a typical DSL Internet bill — $1.25 a month for Verizon's slower DSL service and $2.83 a month for its faster service. –Winston Wood

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August 30, 2006, 2:40 pm Lending a Hand

The House Republican leadership's election arm, in an unusual move, is throwing its support to Arizona congressional candidate Steve Huffman — before the Sept. 12 party primary.

The National Republican Congressional Committee spent $122,292 on an issue ad backing Huffman, according to papers filed with the Federal Election Commission. The ad is set to air this week. Ordinarily, the NRCC wouldn't wade into a race this early, but a crowded Republican field was posing a problem for Huffman, a moderate who in a recent poll was behind conservative and immigration hardliner Randy Graf among Republican voters. And Graf is seen by some political types — including moderate Rep. Jim Kolbe, who is retiring from the Tucson-area seat and backs Huffman — as too conservative to win the Tucson-area district in the general election. R.T. Gregg, Graf's campaign manager, warns that NRCC involvement at this stage will "tick off a whole lot of people."

In addition, House leaders' political action committees are poring money into Huffman's campaign. Committees led by Speaker Dennis Hastert, Majority Leader John Boehner and Majority Whip Roy Blunt each gave $5,000 to Huffman within the last week. The 21st Century PAC, chaired by Rep. Howard "Buck" McKeon, also gave Huffman $5,000. –Sarah Lueck

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August 30, 2006, 12:18 pm War of Words

Ever vigilant in their quest to challenge their nemesis at every turn, an anti-Wal-Mart group has filed complaints with attorneys general in Nebraska and Arizona challenging the retailer's new political TV spots.

The Wal-Mart ads began airing Tuesday in Omaha, Neb., and Tucson, Ariz. They tout the Bentonville, Ark., retailer's record for providing health coverage to more than 1 million employees and their family members; saving shoppers an average of $2,300 a year; and creating "tens of thousands of jobs" as its opens hundreds of new stores each year. The ads are a way for the giant retailer to communicate directly with shoppers and voters as several Democratic candidates in the November elections are lambasting the company in campaign speeches.

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Andrew Grossman, executive director of Wal-Mart Watch, a group backed by the Service Employees International Union and the Sierra Club among others, late Tuesday filed complaints deeming the ads "at best misleading and at worst patently false." The complaints cite economic studies in disputing how much Wal-Mart saves shoppers and how many new jobs it creates rather than absorbs from other retailers, among other things. Wal-Mart initially had little response to the challenges. "The ads speak for themselves," spokeswoman Mona Williams said.

The retailer's critics wasted little time in assailing the ads, though. "Wal-Mart's decision to run political ads is proof positive that the Wal-Mart debate is now one of the most significant political issues in America today," Paul Blank, campaign director for WakeUpWalMart.com, said in a statement. Blank's group is backed by the United Food and Commercial Workers union, among others. –Kris Hudson

Read more: Business

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August 30, 2006, 7:52 am Bush to Stress the Iraq Stakes, Not Progress

President Bush will launch another major public-relations offensive to strengthen support for the Iraq war — this time likely emphasizing the high stakes and changing nature of the battle more than the progress being made, today's Wall Street Journal reports. The new campaign is aimed at framing the Iraq debate over what the White House considers the vital stakes involved in the war and reinforcing public sentiment that favors sticking it out. The speeches will be aimed at rebutting mounting public calls — from Democrats and even a few Republicans — for setting some kind of timetable for at least a limited troop withdrawal.

Tuesday, Defense Secretary Donald Rumsfeld appeared to preview the rhetoric of the new administration approach, underscoring what he portrayed as the stakes in the war against terrorism in a strongly worded speech of his own, saying proponents of withdrawal are effectively promoting appeasement of "a new type of fascism" similar to that of Nazi Germany in the 1930s. Read the full article. – John D. McKinnon

Bush Uncensored

Aug.31, 2006

Ohio Race Test GOP's Hold in Heartland

Aug.31, 2006

ABOUT THIS BLOG

The Washington Wire, which is among the most venerated products of the Journal's Washington bureau, also is one of the oldest standing features in American journalism. Since the Wire was launched on Sept. 20, 1940, the Journal has offered readers an informal look at the capital's comings and goings in a series of newsy, and sometimes even gossipy, items. Now online each weekday, the Wire provides a succession of glimpses at what's happening behind hot stories and early warnings of what to watch for in the days ahead. The Wire is the collective product of the Washington bureau, some 40 journalists strong. Write to Washington Wire at washwire@wsj.com.

Evidence Used To Convict McVeigh, Nichols In Oklahoma Bombing Goes On Display (AP)

AP, September 1, 2006

OKLAHOMA CITY FBI evidence used to convict Timothy McVeigh and Terry Nichols goes on display Friday at the Oklahoma City bombing memorial, even as a congressman and others continue to raise questions about the federal investigation into the 1995 explosion that killed 168 people.

The display includes everything from fingerprint and tire tread evidence, to mangled pieces of the truck used in the explosion, to the automatic Glock handgun taken from McVeigh when he was arrested by a state trooper 90 miles (145 kilometers) from the bombing site.

"Hopefully, the exhibit will answer some of the questions the public has regarding the investigation," said Nancy Coggins, spokeswoman for the Oklahoma City National Memorial and Museum. "The evidence we have on display was never viewed by the public because of the nature of the closed trials."

On April 19, 1995, the Alfred P. Murrah federal courthouse building was destroyed when a rented cargo truck packed with 4,800 pounds (2,160 kilograms) of ammonium nitrate and fuel oil was detonated.

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Besides the 168 killed, more than 800 were injured. The dead included eight law enforcement officers and 29 visitors to the courthouse, along with employees of several federal agencies.

Charlie Hangar, the trooper who stopped McVeigh because his 1977 Mercury Marquis did not have a license plate, was scheduled to be on hand for the opening of the exhibit. McVeigh was executed in 2001 after he was convicted of federal murder charges.

Kari Watkins, executive director of the museum, said conspiracy theories will always be linked to the bombing, just as they have persisted since the assassination of President John F. Kennedy in 1963.

"This exhibit is not going to make those theories go away, nor will anything else," Watkins said. "What it does show is methodical police work at all levels and how they worked together without boundaries to solve this crime."

Congressman Dana Rohrabacher, a California Republican, still plans to conduct hearings beginning about Nov. 15, with a focus on "possible foreign connections" to the Oklahoma City bombing, said his chief of staff, Rick Dykema.

Rohrabacher, chairman of the Oversight Investigations Subcommittee of the International Relations Committee, had previously said his panel would start the hearings in September, saying "some very serious questions" remain to be answered in the case.

Hundreds of FBI agents worked in the multistate investigation to link McVeigh and Nichols to the crime. The display contains several photographs of evidence taken by FBI photographer Jeanetta Clark and others in several states, including Kansas, where the truck was rented.

It also contains an interactive display where visitors can sift through debris from the bomb site and an exhibit on how victims were identified.

Nichols, who met McVeigh in the Army, was convicted on federal and state bombing charges and is serving multiple life prison sentences.

Michael Fortier, another Army buddy, pleaded guilty to not telling authorities in advance about the bomb plot and has been released after serving 85 percent of a 12-year sentence. Fortier testified against McVeigh and Nichols.

Prosecutors said the bombing was in retribution to the deaths of about 80 people in the government siege at the Branch Davidian compound in Waco, Texas, exactly two years earlier on April 19.

One conspiracy theory is that the plot involved a group of white supremacists bank robbers with ties to Elohim City, a white separatist community in eastern Oklahoma.

Jesse Trentadue, an insurance lawyer in Salt Lake City, said he supports Rohrabacher's hearings because evidence he has gathered. "I think the American people, especially the people of Oklahoma City, deserve the truth."

Trentadue has filed a federal lawsuit, trying to prove his brother was killed by federal agents during an interrogation that went awry. He contends the agents mistakenly thought his brother was involved in the bombing and beat him to death.

The attorney told The Associated Press he believes a German national and other members of a white supremacist group were involved with McVeigh in the plot to blow up the federal building.

Trentadue contends the FBI had informants in the group and knew of the bombing in advance. He wants a federal judge to require federal authorities to release documents containing the names of the alleged informants.

He said government officials, in federal hearings in Salt Lake City, "don't deny the allegations. They go before the judge and tell the judge they have guaranteed four informants confidentiality and therefore they cannot release the documents."

Trentadue said the new exhibit at the bombing memorial "is part of the continuing cover-up."

Why Rebuild The Big Easy? (WP)

By Eugene Robinson

The Washington Post, September 1, 2006

NEW ORLEANS -- Before I try my very best to make you care about levees, floodwalls and wetlands, first let's deal with a more engaging question: Why rebuild New Orleans at all?

After all they've been through, New Orleanians tend to just sputter and fume when asked whether their city hasn't somehow forfeited its right to exist. I don't blame them one bit -- they don't owe anyone an answer. But the question is out there, and ignoring

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it doesn't make it go away: Why should taxpayers spend billions to reconstruct and safeguard a city that lies below sea level, wedged between the continent's greatest river and a vast "lake" that's really an estuarine arm of the nearby Gulf of Mexico? Inevitably, skeptics point out, another Katrina or Wilma will come along and destroy New Orleans again.

Things have changed, this argument goes. It's not 1815, so we no longer need a garrison at the mouth of the Mississippi to guard against the British fleet. Before the flood, New Orleans was poor, crime-ridden and beset by all the urban pathologies you could list, a shrunken dowager trying to reverse years of decline, the Norma Desmond of American cities. Why not just start over again somewhere else?

Here's why not. As far as I'm concerned, it's enough to point out that if the essential duty of government is to protect its citizens -- as President Bush is fond of reminding us concerning his "war on terrorism" -- then our government grievously failed the people of New Orleans and has the absolute obligation not to fail them again. Then there's the cultural argument -- the fact that New Orleans is where jazz, America's greatest contribution to music, was born. And I would also submit that the world's richest, most powerful nation would be revealed as a paper tiger indeed if it couldn't summon the will and the means to resurrect one of its own great cities.

Even for hard-nosed types willing to ignore all the intangibles, there's no real choice here. Eighty percent of the city was flooded, but the most valuable real estate -- the French Quarter, the downtown business district, the Garden District -- basically remained high and dry. The Port of New Orleans is still the fifth-largest, by tonnage, in the country. To walk away from that much infrastructure would be economic insanity.

So the thing to do is rebuild, but for rebuilding to make sense you also have to protect. That's why I spent an afternoon this week at the London Avenue Canal, listening as Col. Jeffrey Bedey of the Army Corps of Engineers described the additions and repairs to New Orleans's manifestly inadequate flood-control system that crews are working around the clock to complete.

The London Avenue waterway is one of several canals that point like daggers from Lake Pontchartrain into the city. The canals were built so that when heavy rains threatened to flood the city, water could be pumped into them and ultimately into the lake. But Hurricane Katrina sent water from the lake surging the wrong way, back up the canals, whose flanking floodwalls gave way.

Now the Corps has installed massive temporary gates at the mouths of the canals that can be closed whenever a surge from the lake is expected. If the same hurricane happened again next week, much of the flooding that occurred a year ago could probably be prevented.

But not all of it. The dangers from other waterways -- such as the Industrial Canal, where levee and floodwall failures destroyed the Lower Ninth Ward -- are not so easily fixed. And, of course, the next major hurricane won't be exactly like the last one.

What I believe to be the major issue hasn't even been addressed yet. It will surprise you to learn that I am not a qualified hydrological engineer. Nonetheless, after plowing through hundreds of pages of official reports on the flood, I'm convinced the only way to really protect New Orleans is the way the Dutch protect Rotterdam -- with giant outer-zone floodgate barriers that would block a storm surge before it got anywhere near the city.

That alone is an enormous engineering challenge and doubtless would cost much more than the $5.7 billion Congress has allotted for flood-control improvements. But it would be only half the job, because there also must be a massive project to restore the disappearing wetlands south of New Orleans, which would provide natural protection.

After the Netherlands suffered a devastating flood in 1953, Dutch engineers came to New Orleans to learn state-of-the-art flood control. In 2006 could we teach them anything except how to patch and pray?

Where Katrina Lingers, Football Is A Refuge (NYT)

By Jere Longman

The New York Times, September 1, 2006

PORT SULPHUR, La., Aug. 31 — Last year, nothing floated through the goal posts of the ruined high school here but the storm surge from Hurricane Katrina. Now football is again being played in lower Plaquemines Parish, a rudder-like peninsula

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below New Orleans that steers the Mississippi River to its delta. There is a new school, South Plaquemines High, and a chance for a new start Friday night against Belle Chasse, in upper Plaquemines.

"This is bigger than us," Roger Halphen, an assistant coach at South Plaquemines, told his players at practice Wednesday, his voice low and wounded. "People want to move back. They say it's going to take three months for a FEMA trailer. They're losing hope. I've seen them crying. They don't certify the levees. Businesses don't open up. We win this game, this is going to give hope to people.

"This is for the hope of south Plaquemines."

Only four parish residents died in Katrina's pummeling wind and water, yet almost no structures survived intact in the citrus, fishing, and oil-and-gas communities of lower Plaquemines. Port Sulphur High still stands, but it remains uninhabitable except for the occasional raccoon and skittering armadillo.

Its campus is now the site of South Plaquemines High, which has consolidated wrecked schools from Port Sulphur, Buras and Boothville-Venice. The modular buildings of the new school, like the unsettled lives here, are temporary and vulnerable. Last Friday, classes were canceled when rain seeped into the improvised classrooms, which house 266 students in grades 7 through 12.

Students got to choose the new mascot, and youthful immortality prevailed. Inevitably, they chose Hurricanes.

"Two other choices were Eagles or Gators," Lance Wallace, a sophomore cornerback, said. "Hurricanes sounded better. We lived through a hurricane."

Cyril Crutchfield, who coached Port Sulphur to the 2002 small-school state championship and was runner-up in 2001, was a natural choice to become head coach at South Plaquemines. In six seasons, he did no worse than reach the state quarterfinals in Class 1A.

Stubbornly, Crutchfield refused to evacuate ahead of Katrina, sleeping in the Port Sulphur High cafeteria until waves licked at the steps and sprayed against the door. Then he fled to the gym, where water rose above the rims on the backboards.

"God, get me through this one and I'll never stay again," he prayed.

The water, brown as the tobacco that Crutchfield chews, was salty from the gulf. Then, as the eye of the storm apparently arrived, the hissing of the 120-mile-an-hour wind, and the 28-foot storm surge, began to subside. As the water receded, Crutchfield and six other men swam out, eventually alighting on the roof of the industrial arts building. Six hours later, they were rescued by boat.

"I thought I was invincible, but I wasn't," Crutchfield, 39, said. "I was scared to death."

A year later, he feels chastened about his mortality but not about his expectations for his team, which now plays in Class 2A.

Warren Mayes, a senior receiver, said, "Anything less than a state championship is unacceptable."

But the challenge will be great.

Practice is held on a borrowed field 30 miles from the school, the same distance Crutchfield must travel to wash the game uniforms. Sod for the home stadium was installed this week, but it will not be ready for play until mid- to late September. The Hurricanes have no locker room, no place at school yet to shower or even to eat a hot lunch. To get drinking water for practice, someone must make a daily run for ice at a local fishing dock.

When practices extend beyond sundown, some players step off the team bus with their helmets and shoulder pads and disappear into the inky darkness. There are few streetlights to illuminate their scattered government trailers. Others commute 80 miles or more round trip from New Orleans. Everybody lost everything.

New Start, Uncertain Future

Katrina shoved the home of the brothers Jordan and Maverick Ancar into a canal, where it sits like an artificial reef.

"They got alligators watching TV in your house," Wayne Williamson Jr., a junior receiver, said jokingly to the brothers before a recent practice. "They sitting on the couch, eating chips."

Everyone laughed, but the season remains as fragile as it is new. The FEMA trailers where many players live are not built to withstand hurricane winds. Last weekend, when Tropical Storm Ernesto was forecast to enter the gulf, another year of football seemed threatened.

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Devin Boutwell, a defensive lineman and tight end, cried at the thought of losing his senior season and his chance to receive a major-college scholarship. Other players prayed. Eventually, Ernesto swerved toward Florida.

"I was scared," Williamson said. "We can't withstand nothing here. I don't think they would pay for us again."

By they, he meant the government. Any approaching storm is sure to stir the same gale-force nervousness. Hurricane season extends for two more months, the length of football's regular season. No one needs a reminder.

Each afternoon on the way to practice, players have ridden past the detritus of Katrina: Past the parish library with its broken spine and crippled books. Past coffins that popped up like toast and floated away. Past shredded buildings with exposed ribs that suggest this rural community starved as well as drowned.

And, unavoidably, past the earthen levees that hold out the Mississippi on one side of Highway 23 and the marsh and the Gulf of Mexico on the other. Because so few people have returned to lower Plaquemines — an estimated 2,000 to 4,000 of the prestorm population of 14,000 — the federal government will not immediately spend the $1.6 billion needed to buttress the levees.

Without such bolstered protection, people have questions that waver into fears. Should they rebuild? How high? How much will flood and wind insurance cost if they can get it at all? Life here seems stuck in a kind of limbo, not unlike the coffins sheathed in cement vaults that await interment and remain anchored to the ground in the meantime, lest they wander off in the next storm.

The post office, the pharmacy and the bank have yet to reopen here. The grocery store operates out of a double-wide trailer. A boat nests like a bird in a tree, while spray paint on the side of a two-story house pleads, "Rebuildin Do Not Bulldoz."

But a medical clinic, a natural gas plant, a hardware store and a couple of restaurants are open. St. Patrick's Catholic Church is back, school is back, and so is football. Hope is budding that a village left crawling by the storm is taking baby steps toward recovery.

"Once you get school back, you get people and businesses coming back," said Stanley Gaudet, the principal at South Plaquemines High. "Then you can rebuild a community."

There's No Place Like Home

The school received a library grant from the Laura Bush Foundation, and on Tuesday, Katrina's anniversary, Gaudet met President Bush in New Orleans. On Wednesday, an 18-wheeler arrived with new weight-lifting equipment. Football has always been popular here. Now it is a refuge.

"I have a lot of stress, but football makes me happy," Jordan Ancar, a junior lineman, said.

It is comforting to be back among friends, and oddly liberating, because living amid Katrina's destruction frees everyone from having to talk about it constantly, said Rory Jones, a senior receiver who evacuated last year to Lafayette, La.

"When you're an evacuee, everybody always wants to talk about Katrina," Jones said. "They think you have it easy because everything is free. Or they think you're from New Orleans and they say, 'Our school will be better when you leave.' "

Once a company town for the now-shuttered Freeport Sulfur Company, Port Sulphur struggled economically long before Katrina struck. According to the 2000 census, about 20 percent of the 3,115 residents in this racially diverse hamlet lived below the poverty level. "It was a dying town," said Jiff Hingle, the sheriff of Plaquemines Parish.

But to the locals, census figures are merely an official skin that hides a community's heart and gristle and connective tissue.

"It's peace of mind," said Theresita Ancar, the principal at South Plaquemines Elementary School and a cousin to the Ancar brothers. "We marry each other in these little towns, and grandma is five minutes away, and you look after mine and I look after yours. You can leave your doors unlocked. If you do lock them, you don't need three bolts and a chain."

Still, Katrina imposed harsh new realities. The halting pace of recovery has spurred Coach Crutchfield to run for a seat on the parish council, the rough equivalent of a county commission. Election Day is Sept. 30. People need to have patience in lower Plaquemines, Crutchfield said, but there is a limit.

He worries that debris removal, while considerable, has begun to stagnate in and around Port Sulphur. In some areas, water comes out of the faucet rust-colored and smelly, he said, while a nearby bayou community still lacks electricity.

"People want to come home," Crutchfield said. "Dorothy of Kansas said it best. 'There's no place like home.' "

Scandal After the Storm

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It is too soon to know what home will become. Crutchfield believes the future of Port Sulphur and lower Plaquemines will be tied to the future of the levees and perhaps to whether billions are spent to restore Louisiana's subsiding wetlands.

If the levees do not meet the Federal Emergency Management Agency's standards for flood protection, Crutchfield said: "We're not going to get our community back. We're not going to get economic development."

For now, he is focused on football. But even football has brought unwelcome distractions. One of his best players, running back James Brown, faces a loss of eligibility in a hurricane-related scandal.

Brown and four other players, including the star quarterback Randall Mackey, left Port Sulphur ahead of Katrina and ended up 300 miles away, winning a Class 4A state championship at Bastrop, La. Unlike Mackey, Brown has returned home, hoping to play his senior season at South Plaquemines, but his future is as cloudy here as the afternoon skies.

The Louisiana High School Athletic Association has stripped Bastrop of the title for improperly recruiting the former Port Sulphur players by picking them up at a hurricane-evacuation center. Those involved are also accused of making false statements. Unless they prevail on appeal, Bastrop will lose its championship, and Brown and Mackey will lose any chance to play this season, according to the association.

Even if rules were technically violated, and some penalty was deserved, Crutchfield said, any player who lost everything in a storm would have been tempted by someone who offered a ride, money, a place to live, a chance to keep playing football. "I might have taken it, too," he said.

This is not how Crutchfield wanted to start the season, looking back instead of ahead. But the effects of Katrina will linger. There is no way around it. The South Plaquemines cheerleaders, with the school mascot in mind, believe this can even be an advantage. They have a new battle cry: Hurricane season never ends.

WAR NEWS:

Bush: Iraq Victory Key To Global Security (USAT/AP)

USA Today, September 1, 2006

SALT LAKE CITY — President Bush said Thursday that the war against Islamic "totalitarians and terrorists" in Iraq is like America's fight against Nazis and communists and that a withdrawal from Iraq would lead to its conquest by the United States' worst enemies.

"The security of the civilized world depends on victory in the war on terror, and that depends on victory in Iraq," Bush said before an American Legion convention.

"As veterans, you have seen this kind of enemy before," he said. "They're successors to fascists, to Nazis, to communists and other totalitarians of the 20th century. History shows what the outcome will be: This war will be difficult; this war will be long; and this war will end in the defeat of the terrorists and totalitarians, and a victory for the cause of freedom and liberty."

Nearly 4,000 anti-war protesters demonstrated downtown as the president spoke.

It was the first in a series of Iraq speeches by Bush at a time when 36% of Americans approve of his handling of the war, according to a USA TODAY/Gallup Poll.

Bush said some politicians see Iraq as a diversion in the war on terrorism, but "that would come as news to Osama bin Laden, who proclaimed that the 'third world war is raging' in Iraq."

Bush said he understood that many "sincere … patriotic" people are frustrated with conditions in Iraq and favor a timetable to withdraw U.S. troops, but "they could not be more wrong."

A U.S. pullout from Iraq would let Iranian-backed militias and al-Qaeda terrorists use Iraq as a base of operation, Bush said.

Senate Democratic leader Harry Reid said Bush was at fault for the situation in the Middle East. "No matter how many speeches the president gives, the truth is that his failed policies have taken the country in a dangerous direction."

Bush Says U.S. Must Win In Iraq (AP-Y)

By Deb Riechmann, Associated Press Writer

AP, September 1, 2006

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President Bush said Thursday the war against Islamic militants was like last century's fight against Nazis and communists and that a U.S. withdrawal from Iraq would lead to its conquest by America's worst enemies.

"The security of the civilized world depends on victory in the war on terror, and that depends on victory in Iraq," Bush said in a speech to rally support for his unpopular war strategy two months before congressional elections. The Democrats responded by accusing Bush of pursuing failed policies that have weakened the war on terrorism.

Nearly 4,000 anti-war protesters demonstrated downtown Wednesday. But there were no organized protests Thursday as Bush spoke before a friendly American Legion convention in one of the nation's most conservative states. It was the first in a series of Iraq speeches by Bush at a time when just 33 percent of Americans approve of his handling of the war, according to an AP-Ipsos poll.

"Some politicians look at our efforts in Iraq and see a diversion from the war on terror," Bush said. "That would come as news to Osama bin Laden, who proclaimed that the 'third world war is raging' in Iraq."

With national security a cornerstone of his campaign strategy, Bush will mark the fifth anniversary of the Sept. 11 attacks by visiting all three sites where terrorists crashed hijacked planes, in Washington, Pennsylvania and New York.

Bush noted that many people are frustrated with the unrelenting violence in Iraq and that some are calling for a timetable for withdrawal.

"Many of these folks are sincere and they're patriotic, but they could be — they could not be more wrong," Bush said.

Some Republicans, like Rep. Christopher Shays of Connecticut, have joined with Democrats in seeking a withdrawal timetable.

"If America were to pull out before Iraq can defend itself, the consequences would be absolutely predictable — and absolutely disastrous," Bush said. "We would be handing Iraq over to our worst enemies."

Bush said Saddam sympathizers, armed groups backed by Iran and al-Qaida terrorists from across the world would use Iraq as a base of operation.

"They would have a new sanctuary to recruit and train terrorists at the heart of the Middle East, with huge oil riches to fund their ambitions," the president said. "And we know exactly where those ambitions lead. If we give up the fight in the streets of Baghdad, we will face the terrorists in the streets of our own cities."

Senate Democratic leader Harry Reid dismissed the president's remarks, the third set of such addresses within a year.

"No matter how many speeches the president gives, the truth is that his failed policies have taken the country in a dangerous direction," Reid said. "The American people know that five years after September 11th, we are not as safe as we should and could be. Iraq is in crisis, our military is stretched thin, and terrorist groups and extremist regimes have been strengthened and emboldened across the Middle East and the world. It is time for a new direction."

Bush's series of speeches are to continue Tuesday, with remarks in Washington before the Military Officers Association of America and members of the diplomatic corps. It is to continue through Sept. 19, when the president is scheduled to address the U.N. General Assembly in New York.

The president said rising insurgency in Afghanistan would ultimately fail. He said international peacekeepers sent in to quell the conflict between Israel and Hezbollah would succeed in stopping the militant Islamic group from "acting as a state within a state."

He disputed claims that Iraq had descended into civil war, saying U.S. diplomats and military officials in Iraq say only a small fraction of Iraqis are engaged in sectarian violence.

And Bush accused Syria of sponsoring terrorism and said Iran was interfering in Iraq and pursuing nuclear weapons. The president spoke on the deadline the U.N. Security Council set for Iran to stop enriching uranium, which can be used in civilian nuclear reactions or — at greater purity — in an atomic warhead.

"There must be consequences for Iran's defiance and we must not let Iran develop a nuclear weapon," Bush said.

He said America's enemies include radical Sunnis who pledge allegiance to al-Qaida and militant Shiias who join groups like Hezbollah and take guidance from state sponsors like Syria and Iran. Yet, despite their differences, Bush said, they all subscribe to the same ideology that free societies are a threat to their "twisted view of Islam."

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"The war we fight today is more than a military conflict," the president said. "It is the decisive ideological struggle of the 21st century. On one side are those who believe in the values of freedom and moderation ... and on the other side are those driven by the values of tyranny and extremism," the president said.

"As veterans, you have seen this kind of enemy before," he said. "They're successors to Fascists, to Nazis, to communists, and other totalitarians of the 20th century. And history shows what the outcome will be: This war will be difficult; this war will be long; and this war will end in the defeat of the terrorists and totalitarians, and a victory for the cause of freedom and liberty."

Bush Takes His Case To Veterans (WP)

By Michael Abramowitz

The Washington Post, September 1, 2006

SALT LAKE CITY, Aug. 31 -- President Bush renewed his effort to shore up flagging public support for fighting the Iraq war, appearing before one of the country's major veterans groups to cast the war as part of a larger ideological struggle against radical Islamic terrorism.

In an impassioned new statement of familiar White House themes, Bush described the war in Iraq as part of the same struggle that has pitted U.S. forces against the Taliban in Afghanistan, has found Israel battling Hezbollah militants in Lebanon and has involved the administration in a so-far unsuccessful diplomatic initiative to force Iran to give up activities that the White House thinks will lead to the development of a nuclear weapon by that Islamic republic.

"The war we fight today is more than a military conflict," Bush said Thursday. "It is the decisive ideological struggle of the 21st century."

Bush's speech here before thousands of mostly supportive veterans at the annual convention of the American Legion was the first in a series of addresses that White House officials hope will rally an electorate that polls indicate is tiring of the three-year war in Iraq. While others in his administration, including Vice President Cheney and Defense Secretary Donald H. Rumsfeld, have suggested unnamed critics may be appeasing terrorists, Bush said the detractors are simply mistaken.

"Many of these folks are sincere, and they're patriotic. But they could . . . not be more wrong," the president said. "If America were to pull out before Iraq can defend itself, the consequences would be absolutely predictable and absolutely disastrous."

He said a premature withdrawal of more than 130,000 U.S. troops would "be handing Iraq over to our worst enemies: Saddam's former henchmen, armed groups with ties to Iran and al-Qaeda terrorists from all over the world who would suddenly have a base of operations far more valuable than Afghanistan under the Taliban."

Bush also repeated his assertion that the advance of democracy will bring to power in the Middle East countries that oppose terrorism, although free elections in Lebanon and the Palestinian territories have given power to Hezbollah and Hamas, both deemed by the United States to be terrorist entities.

Judging by the applause, Bush's message that the fight against Islamic radicals is akin to the battle against the Nazis and Soviet communists resonated with the legionnaires.

"If we are willing to stay the course, we will win," said Bill Osborne, a Vietnam War-era veteran from Kansas. "Perseverance is the key. . . . A job half-finished is a job not worth starting."

Clancy Lux, another Vietnam War-era veteran from Florida, whose son is serving in the Marines in Iraq, said he is discouraged that more Americans do not see the war in Iraq the way Bush does. "People need to open their eyes -- he is on the right track," Lux said. "If we quit too early before we finish the job, we will lose."

The audience was not entirely supportive. Richard Witbart, a former schoolteacher and local official from Illinois who served in the Navy in World War II, said he believes the troops should be brought home and that the United States should not have invaded Iraq. "It just wasn't the right thing to do," he said. "We were not being attacked by Iraq."

Indeed, even in a state that provided Bush his largest percentage of the vote in 2004, his presence was polarizing. Rocky Anderson, the mayor of Salt Lake City and a fierce critic of the war, led an anti-Bush rally Wednesday that drew a crowd of several thousand to deliver a symbolic indictment of the president for failing to uphold the Constitution. For their part, White House aides organized a boisterous and friendly welcoming rally with Utah's largely Republican congressional delegation for when Bush stepped off Air Force One late Wednesday.

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Although billed as a major address by his aides, Bush's speech Thursday employed rhetoric that has become a staple of his speeches on terrorism and Iraq. He said that if the country gives up the fight in Baghdad, "we will face the terrorists in the streets of our own cities."

He also repeated his mantra that the status quo in the Middle East before the Sept. 11, 2001, attacks represented a false stability -- and that "the lack of freedom in the Middle East made the region an incubator for terrorist movements." Many Middle East experts believe that the war in Iraq has radicalized the region and spawned more terrorists.

Bush also described as "encouraging" the initial results of a new U.S.-Iraqi plan to provide security for Baghdad, which has been engulfed in sectarian violence in recent months. The plan, which involved the redeployment of thousands of troops to the capital, was widely deemed a failure at first, though U.S. commanders say they have seen improved security in recent weeks.

Bush also rejected the suggestion advanced by some experts on Iraq that the country has descended into civil war. "Our commanders and our diplomats on the ground in Iraq believe that's not the case," Bush said. "They report that only a small number of Iraqis are engaged in sectarian violence, while the overwhelming majority want peace and a normal life in a unified country."

Bush To Vets: U.S. Involvement In Iraq At 'pivotal Moment' (UN)

By Bob Bernick Jr. And Stephen Speckman

Utah News, September 1, 2006

Admitting that parts of Baghdad are not in control of the American and Iraqi military, President Bush promised thousands of veterans today that the United States will stay in Iraq until "freedom prevails."

Tom Smart, Deseret Morning News

President Bush addresses the national convention of the American Legion in the Salt Palace Thursday morning. Bush said the fight against radicalism, terrorism and Nazi-like totalitarianism "is the real struggle of the 21st Century."

More photos Addressing the national convention of the American Legion in the Salt Palace, Bush was interrupted by applause and cheers a number of times.

"We are at a pivotal moment," he said, adding that the ideological war between radical, Muslim extremism and terrorism is the key battle of this century.

While some sincere people may believe that the United States should withdraw its troops from Iraq and no longer fight in the Middle East, he said, such a retreat would be disastrous.

"The world is watching," he said. And while some may say we should stop fighting the terrorists, "they won't stop fighting us."

As he's said many times, the president warned that if we don't fight terror in Iraq and other places in the world, "we will have to fight it in our own streets."

White House officials say the Salt Lake City address is the first of a number of speeches seeking support for the Iraq war. In the past, Bush has appeared before pro-military groups explaining why the war is important and why America can't leave Iraq before its citizens are ready to protect themselves.

In fact, Bush started a similar speech crusade a year ago in Utah when he addressed the Veterans of Foreign Wars at the Salt Palace.

This year's quest, however, finds more at stake. Republicans are in jeopardy of losing control of both the U.S. House and Senate in mid-term elections now just two months away.

In a speech before a fund-raising event for Sen. Orrin Hatch, R-Utah, Bush said: "People in Washsington trust Orrin. And so do I."

Hatch seeks a record-setting sixth, six-year term from Utah voters this year. A severe critic of local demonstrations against Bush, Hatch said of the president: "He doesn't buckle because of criticisms that come his way."

There is more sacrifice to come in Iraq, just as there was in WWII, Bush told a mostly-older crowd of veterans, their spouses and invited guests.

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While Americans may see on the nightly news the violence and bombings in Iraq, in reality those terrorists attacking civilians and military alike are "small in numbers" — tiny compared to the 12 million Iraqis who voted recently saying "we want to be free,"" said Bush.

Tough decisions are ahead, the president said. But he promised that America will stand by their Iraqi colleagues.

Tom Smart, Deseret Morning News

Thousands of American Legionnaires attend the Thursday morning session of their national convention as President Bush addresses delegates.

More photos "We will not let this country fall into tyranny" — defending the Iraqi people absolutely.

While some argue that Iraq has fallen into civil war, Bush said that is not the case. And U.S. and Iraqi troops and police will "break the death squads" that are preying on innocent Sunnis and Shiites alike.

After his speech, Bush walked down to speak with those in the crowd. He then left to attend a special fund-raiser for Hatch. The president was scheduled to then leave the state for a round of more speeches on the war and global terrorism.

Even though we are only in the middle of the first decade of this century, Bush said the fight against radicalism, terrorism and Nazi-like totalitarianism "is the real struggle of the 21st Century."

Calling up images of previous tough battles, like Okinawa in WWII, Bush said the United States and its heroic men and women in the military will prevail, as our forefathers have before us.

Bush said he knows some Americans are frustrated with the violence and cruelty seen in Iraq and the Middle East. "But we must not allow terrorism to decide" the outcome of this century, he said.

Toward the end of his speech, Bush recognized the family of Marine Cpl. Adam Galvez — sitting in the front row — that their son's death in Iraq, the sacrifices they've made and the sacrifices of others killed in the war against terror will not be forgotten, will not be in vain. The audience stood to cheer in honoring the Galvez family, who buried their son Wednesday.

Cpl. Galvez will leave behind "a better world," said Bush, who later shook the hands of Galvez' parents, Tony and Amy Galvez of North Salt Lake.

But only if a crucial decision is now made. What will be the future, should America leave Iraq, he asked.

The Middle East could well become home to terrorists states, run by dictators armed with nuclear weapons, he said.

Bush vowed that on his watch, Iran will not be allowed to obtain nuclear weapons. And by staying the course in Iraq, "we will deliver a crushing defeat to terrorists," he added.

As the president worked the crowd, shaking hands, veteran Bill Balser of Ohio said he agrees there is a serious threat in the Middle East and for that the United States needs to have a presence there.

"To me it's a necessary evil," said the Korean war veteran.

But not all vets agreed with their commander-in-chief. Lawrence Bastian, Puerto Rico, who served during the Korean and Vietnam wars, said the country should have left Iraq after its former president, Saddam Hussein, was taken out of office.

But Bastian is resigned with completing the job. "We created this mess, so we've got to stay and finish it."

Bush: War On Terror Is 'ideological Struggle Of The 21st Century' (CHIT)

By Mark Silva

Chicago Tribune, September 1, 2006

SALT LAKE CITY -- President Bush, framing the war against terrorism as "the decisive ideological struggle of the 21st Century" and the war in Iraq as its central front, launched a new, three-week initiative Thursday to reclaim straying public support for the conflict in Iraq.

As the Bush administration works to portray an American struggle with "radical" Islamic terrorists as the historic successor to 20th Century wars against fascism and communism, the president is pointing to the upcoming fifth anniversary of the Sept. 11 attacks as a reminder of when this 21st Century war came ashore in the U.S.

Yet observers say the president's new offensive appears more precisely timed for the start of a fall election campaign in which the war in Iraq has become a pivotal issue in congressional and Senate races as the Republican Party struggles to maintain control of Congress.

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Renewing a declaration he made in the weeks after the Sept. 11 attacks, the president vowed here that any nation that harbors terrorists also is "an enemy of the United States." And, directly accusing Iran of sponsoring terrorism in the Middle East, Bush pledged that Iran's "defiance" of demands to curtail its nuclear program will not go unpunished.

"The war we fight today is more than a military conflict," Bush told the annual convention of the American Legion. "It is the decisive ideological struggle of the 21st Century."

Maintaining that combatants in Iraq, Lebanon and elsewhere "form the outlines of a single movement, a worldwide network of radicals that use terror to kill those who stand in the way of their totalitarian ideology," the president underscored a theme senior administration officials have been crafting recently: describing terrorists as "successors to fascists, to Nazis, to communists and other totalitarians of the 20th Century."

"We're now approaching the fifth anniversary of the day this war reached our shores," said Bush, whose public approval peaked at 90 percent after Sept. 11 but has slumped below 40 percent now. "As the horror of that morning grows more distant, there is the tendency to believe that the threat is receding and this war is coming to a close. That feeling is natural and comforting—and wrong. "

While Bush has asked that people not read political motivations into this new series of addresses that will culminate with a speech to the United Nations on Sept. 19, analysts say he is playing to a keypolitical strength in the face of terrorism with a goal of rekindling fear among American voters as midterm elections near.

'Strongest suit'

John Mueller, a professor of political science and national security at Ohio State University who has examined the impact of casualties on public support for war, suggests Bush is playing his strongest hand with this new offensive but has passed the point of regaining support for the war in Iraq.

"It's his strongest suit, and terrifying people over terror can win votes for him and his party," Mueller said. "There is an election coming. … The standard thing in an election is to focus on your strongest suit."

Mueller cited the words of 20th Century social critic H.L. Mencken: "The whole aim of practical politics is to keep the populace alarmed."

Yet, "judging from polls," public support for the administration's argument that the war in Iraq is central to the war against terrorism "is starting to wane," Mueller said. "I don't think they have any new arguments."

Howard Dean, chairman of the Democratic National Committee and an early critic of the war with his 2004 campaign for president, said: "Today we only heard more of the same propaganda from a desperate Bush administration worried more about its party's political prospects this fall than about how to protect America and fight and win the real war on terror."

For the curtain-raiser of his September campaign for support for the war, Bush chose the American Legion at the Salt Palace Convention Center.

He directly confronted the campaign criticism from Democrats and a growing number of Republicans: That the U.S. took its eye off the enemy after Sept. 11 with its invasion of Iraq.

"Some politicians look at our efforts in Iraq and see a diversion from the war on terror," Bush said. "That would come as news to Osama bin Laden, who proclaimed that the third world war is raging in Iraq."

Scenes of violence

Acknowledging Americans' frustration with "sometimes unsettling" scenes of violence in Iraq, Bush said: "Some Americans didn't support my decision to remove Saddam Hussein. … But we should all agree that the battle for Iraq is now central to the ideological struggle of the 21st Century. We will not allow the terrorists to dictate the future of this century, so we will defeat them in Iraq."

If U.S. forces withdraw from Iraq, Bush maintained, the terrorists will "follow us" home.

And Bush, renewing a vow that he made after Sept. 11, took particular aim at Iran, which Thursday defied a UN Security Council deadline to cease enrichment of nuclear fuel, which Western leaders view as a bomb-building program.

"We have made it clear to all nations: If you harbor terrorists, you are just as guilty as the terrorists; you're an enemy of the United States and you will be held to account," Bush said.

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In Latest Push, Bush Cites Risk In Quitting Iraq (NYT)

By Anne E. Kornblut And Sheryl Gay Stolberg

The New York Times, September 1, 2006

SALT LAKE CITY, Aug. 31 — President Bush said Thursday that withdrawing now from Iraq would leave Americans at risk of terrorist attacks "in the streets of our own cities," and he cast the struggle against Islamic extremists as the costly but necessary successor to the battles of the last century against Nazism and Communism.

"The war we fight today is more than a military conflict,'' Mr. Bush said in a speech to veterans at an American Legion convention here. "It is the decisive ideological struggle of the 21st century.''

The speech, the first of five addresses on national security Mr. Bush plans to deliver between now and Sept. 19, was part of an orchestrated White House offensive to buttress public support for the Iraq war and portray Democrats as less capable of protecting the country, a theme that has proved effective for Republicans in the past two elections.

Even as Mr. Bush spoke, a series of explosions ripped through Baghdad, providing more images of a sort that he acknowledged have been "sometimes unsettling" to the public. [Page A6.]

The latest White House offensive — the third major public relations effort in the past year to offset a decline in public support for the Iraq war and place it in the context of a broader cause — began unfolding this week, with combative speeches to veterans groups by Vice President Dick Cheney and Secretary of Defense Donald H. Rumsfeld. Both invoked variations of the word "appease'' to characterize critics of the president's policies, with Mr. Rumsfeld saying they had not "learned history's lessons.''

That language drew an immediate backlash from Democrats on Wednesday, and Mr. Bush did not adopt it. But he did echo the allusions to the failed strategy of trying to appease Nazi Germany. He called today's terrorists ''successors to Fascists, to Nazis, to Communists and other totalitarians of the 20th century,'' and cautioned Americans against concluding that five years after the Sept. 11 attacks the threat had receded.

"That feeling,'' he said, "is natural and comforting — and wrong.''

It was an aggressive opening salvo to the midterm election season, timed to coincide with the days preceding the fifth anniversary of the Sept. 11 attacks. In forceful language, the president painted the war on terror as an epic struggle between good and evil.

While he predicted victory, resurrecting a word he had dropped months ago and using it 12 times in a 44-minute speech, Mr. Bush also cautioned that the road ahead would be fraught with obstacles.

But he put particular emphasis on what he said would be the consequences of a failure to ensure Iraq's stability, saying, "If we give up the fight in the streets of Baghdad, we will face the terrorists in the streets of our own cities."

Telling his audience that the path to a stable and peaceful Middle East would be "uphill and uneven," he invoked Thomas Jefferson, who said nations cannot move "from despotism to liberty in a featherbed."

Wiping a tear from his eye, Mr. Bush told the story of Cpl. Adam Galvez of Salt Lake City, a marine who was killed by a roadside bomb in Iraq and was buried Wednesday.

Corporal Galvez's parents attended the speech, which coupled familiar phrases about fighting terrorists "overseas so we do not have to face them here at home" with a fresh effort to lump various strains of Islamic extremism into what the president called "a worldwide network of radicals that use terror to kill those who stand in the way of their totalitarian ideology.''

Democrats said Mr. Bush's strategy of painting them as weak on national security would not work this year and accused him of trying to divert attention from his record.

"After six years,'' said Representative Rahm Emanuel of Illinois, chairman of the Democratic Congressional Campaign Committee, "they've got only fear to sell.''

Another Democrat, Senator Barbara Boxer of California, called the Bush speech "a long repetition of old messages and rhetoric to scare the American people'' and said she would push for a Senate vote calling on the president to replace Mr. Rumsfeld.

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"This latest Rumsfeld rampage cannot stand,'' Ms. Boxer said.With Congressional Republicans fighting to hold on to their majorities in the House and the Senate, the speech came at a delicate time. Many of those lawmakers view the war as a political liability and have spent the past month at home getting an earful from voters.

"Members of Congress are going to be returning next week, and they will be quite anxious because they will have been briefed by their pollsters, have spent the last three weeks with their constituents and most of them will be worried,'' said Scott Reed, a Republican strategist. "So the administration is trying to set the terms of the debate to really make this a clear choice between moving forward and the cut-and-run crowd.''

Indeed, Mr. Bush's speech made clear that he would make the issue central to his campaign on his fellow Republicans' behalf. It reflected a belief at the White House that there is no option for the administration but to convince the nation that the struggle in Iraq is necessary and worth the cost in the service of a broader goal: eradicating the threat from Islamic extremists by bringing democracy to the Middle East.

It also reflected a belief inside the White House that Republicans can once again convince voters that they can do a better job of protecting them than can Democrats.

"Between '04 and now, the Democrats have not only not provided a more united front, they are backsliding into a very irresponsible position of premature withdrawal from the fight in Iraq,'' said Dan Bartlett, counselor to Mr. Bush. "Most Americans, I think, understand the consequences of that action, and I think that will prove to be difficult for the Democrats.''

Yet even some Republicans, granted anonymity to speak freely about their criticism of the White House strategy, were skeptical, saying the public was tired not only of the war but also of politically divisive speeches on national security.

"The hard-core conservatives are already behind his Iraq policy,'' said a senior Republican Senate aide. "For him to move the numbers in a way that benefits Congressional Republicans, he needs to reach out to moderates, and it's difficult to do that when his surrogates are contradicting him and calling opponents of his policy appeasers.''

But Mr. Bartlett said the White House did not expect public opinion to change quickly.

"The goal is not to see an immediate spike in poll numbers,'' he said. "We've clearly understood that public sentiment doesn't develop overnight. It's been over a period of time, and it doesn't change overnight.''

In making the case that the war in Iraq is "the central front in our fight against terrorism,'' the president linked Iraq, the summer battles between Israel and Hezbollah in Lebanon and the growing nuclear threat in Iran under the general rubric of his freedom agenda.

At the same time, he placed various factions of terrorists — Sunnis who swear allegiance to Al Qaeda, Shiite radicals who join groups like Hezbollah and so-called homegrown terrorists — under one umbrella.

Experts said that might be overstating the facts.

" 'Network of radicals' suggests they are actually connected in some practical fashion, and that's obviously not the case,'' said Steven Simon, a State Department official in the administrations of President Bill Clinton and Mr. Bush's father.

But the comparison is central to Mr. Bush's message, said Ken Mehlman, chairman of the National Republican Committee, who has played an integral role in developing Republican strategy for the midterm elections.

"I thought linking together the different elements of this ideological movement was important to do, and was effective,'' Mr. Mehlman said.

Can Bush Dodge Bullet Truman Took On Korea? (WSJ)

By Daniel Henninger

The Wall Street Journal, September 1, 2006

Some of us have worried for years that the Bush administration wasn't making a steady public case for the war in Iraq. And that at the least, the troops fighting the war deserved it. Now in the past week alone have come major speeches on Iraq and the war on terror by Secretaries Rice, Rumsfeld, Vice President Cheney and yesterday the president himself, telling the American Legion's convention that we are engaged in the "decisive ideological struggle of the 21st century."

With expectations strong of a Republican debacle two months from now in the midterm elections, it is being widely said that the purpose of all this speechifying is to mitigate the losses. If so, that's good news. In the midterm elections of 1950,

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President Harry Truman, amid both a shooting war in Korea and the dawn of the Cold War against the Soviet Union, declined to campaign for either his party or his war. Democrats got whacked, losing a net five Senate seats and 28 in the House (though not control of either chamber). We may assume Karl Rove knows this history.

The short version runs like this: Truman embarked on a limited war in Korea, his popularity plummeted, the Democrats suffered big losses in 1950, Estes Kefauver defeated Truman in the 1952 New Hampshire primary and the Republicans gained the White House for eight years.

This is a history worth knowing; the parallels between Truman then and Bush now are eerily pertinent to what may happen when voters go to the polls this November with a war on their minds.

Truman's failures and losses are largely lost to popular historical memory. Mr. Bush himself rifled the Truman library of its foreign-policy successes this past May at the West Point commencement. He described a world beset by the new communist threat -- Greece, Turkey, Czechoslovakia and China for starters -- then noted that Truman "recognized the threat and took bold action to confront it." Citing a lengthy list of Truman's foreign-policy achievements in those unsettled years (the Soviets detonated their first atomic bomb in 1949) he said, "President Truman made clear that the Cold War was an ideological struggle between tyranny and freedom."

This Bushian turn on the parallel bars struck me as legitimate, but after he gave that speech, some liberal pundits themselves went nuclear, accusing the president of misappropriating a Democratic party saint. But the similarities are intriguing.

The Korean War sat inside the broader context of the cold war, which Truman presaged in a stirring speech to Congress in 1947. Mr. Bush's wars in Afghanistan and Iraq followed on his strong post-September 11 speech to Congress, announcing a new global war on terror. Each president in turn promised that the Cold War and the war on terror would be long, hard slogs.

The most interesting Truman ghosts, however, are interred in the purely political atmosphere of Washington back then. That tale is told in a December article by Steven Casey in the Presidential Studies Quarterly titled, "White House Publicity Operations During the Korean War, June 1950-June 1951."

As now, bipartisanship was a shambles. But then it was the GOP that dripped venom on a war commitment. Sen. Kenneth Wherry of Nebraska, in the role of John Murtha, said of Truman, "The blood of our boys in Korea is on his shoulders, and no one else." The Republican National Committee built its midterm campaign around "blundering" in Korea.

Here's where it gets interesting: Amid the opposition carping and the Democratic Party facing the likelihood of big losses in the midterm elections, calls went up from within Truman's party and indeed inside the White House to launch a public defense of the war. It didn't happen. An anti-Truman slogan of the time asked, "Why Korea?" It got no answer.

Among the reasons Steven Casey adduces for Truman's seeming passivity was a belief that it "was unseemly for the head of state to be grubbing for votes while American boys were still fighting and dying in Korea."

In any event, the absence of a P.R. counteroffensive cost Truman dearly beyond the Democratic congressional losses in 1950. A year later, some 66% of Americans wanted to withdraw from Korea, and the following year Truman's approval numbers fell to some of the lowest levels ever recorded by Gallup, staying below 30% and cratering to 22% in February 1952. Gen. Eisenhower swept into office in November.

A month ago, this war president and the Republicans were heading for a similar fall. The electronic age is hell for limited wars. But George W. Bush is one of those fellows who seem to catch lucky breaks. His latest came with the Aug. 10 London foiling of an unequivocally real plot to explode numerous U.S.-bound airliners over the Atlantic Ocean.

What occurred on 9/11 was off the charts of human experience. But not the London plot. That was a pivotal event in the politics of the war on terror. It was something most people could process and internalize. Logical conclusion: Yup, they are out there and they are trying to kill all of us. (Is there any other conclusion?)

Had London not happened, leaving only Iraq and Lebanon in front of a fatigued American public, Mr. Bush's speech yesterday to the American Legion would have been a day late and a dollar short. But London did happen, and the Bush team has taken fate's gift and used it to refocus and reframe the terror debate. Politics? Golly yes, and thank heaven for that. Unlike 1950, this public won't go to the polls without its war president giving them an explanation of the point and purpose of this grave commitment.

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A final Truman point. Notwithstanding his political collapse with Korea, surveys concluded that the American people had grown in their support of the broader Cold War. We'll know soon enough the direction of George Bush's political fortunes. But his assessment of the world-wide threat as articulated five years ago remains valid, as did Truman's of the Cold War ahead. History's treatment of Mr. Bush is likely to be about the same: He didn't flinch.

Bush Escalates War-on-terror Rhetoric (CSM)

By Linda Feldmann

The Christian Science Monitor, September 1, 2006

WASHINGTON

As the nation fights wars in Iraq and Afghanistan, and seeks to keep the American homeland safe, another sort of conflict is heating up: a war of rhetoric.

Thursday, President Bush launched a series of speeches aimed at building support for efforts to combat terrorism and for the Iraq war. His address before the American Legion in Salt Lake City followed tough speeches this week by other top administration officials that characterized Iraq war opponents as "defeatists" and "appeasers," likening the threat of Islamic fundamentalist-driven terrorism to "fascism."

With the death toll mounting in Iraq, Mr. Bush has moved away from trying to portray a sense of progress there to warning of the consequences of pulling out. On the eve of the fifth anniversary of the 9/11 attacks - and a little more than two months before crucial congressional elections - Bush appears intent on framing all the wars as part of the larger war on terrorism.

"They're playing to [an issue] that's one of the few things they've got going for them," says John Mueller, an expert on war and public opinion at Ohio State University.

Bush and the Republicans made terrorism a winning electoral issue in 2002 and 2004, but it's not clear that strategy will work for them again. A majority of Americans no longer see the Iraq war as part of the larger war on terror, according to a CBS-New York Times poll released last week. Bush: 'They dream to destroy'

In his speech Thursday, the president pushed his message on terrorism hard. He laid out differences between the Sunni Muslims of Al Qaeda and the Shiite Muslims adhering to groups like Hizbullah, noting the state sponsorship of Syria and Iran. "Still others are homegrown terrorists, fanatics who live quietly in free societies. They dream to destroy," he continued.

Despite their differences, "these groups form the outlines of a single movement: the worldwide network of radicals that use terror to kill those who stand in the way of their totalitarian ideology," the president said.

On Wednesday, Bush maintained that his series of speeches, which will culminate in an address to the United Nations General Assembly on Sept. 19, are not political. But Democrats did not buy that argument, and have come out with their own rhetorical guns blazing, denying accusations that they are "appeasers" and rejecting GOP inferences that they would vote to cut off funding to the troops when Congress comes back. The Democrats' stated plan is to leave no charge unanswered, with party leaders at the ready to respond. It's hard to reverse public opinion

Furthering the GOP's challenge, it remains an open question whether many Americans who now oppose the administration's foreign policy are listening to the arguments and are willing to change their minds. History has shown that once public opinion turns sour on a war, such as Vietnam, it is impossible to win it back.

"If he really wants to improve public support for the war, speeches alone won't do it," says Christopher Gelpi, a political scientist at Duke University who is studying this issue. "He has to improve conditions on the ground in Iraq."

Given the steepness of that task, he adds, perhaps the best Bush can hope for from his speeches - and from his surrogates' suggestions that Democrats would weaken the nation's defenses - is to keep the Republican base from getting discouraged in November and failing to vote.

"A key point in getting people to vote Republican is getting them to believe that fighting this war is the right thing to do - not so much focusing on success, but focusing on what's the reason for the mission," says Mr. Gelpi. "Shifting his rhetoric to that may help to support Republican candidates. Certainly, he wants to avoid losing control of one of the houses of Congress this fall."

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Probably the most politically pungent speech of the week came from Defense Secretary Donald Rumsfeld, who spoke of "moral and intellectual confusion" over the Iraq war and the larger war on terror as he criticized Bush's critics and the news media.

On Tuesday, Vice President Cheney spoke at Offutt Air Force Base in Nebraska, where Bush came on 9/11, right after the attacks. He sounded a familiar theme: "We have only two options in Iraq - victory or defeat."

Bush Ends 15-hour Utah Stay After Tough War On Terror Talk (SLT)

By Rebecca Walsh And Matthew D. LaPlante

Salt Lake Tribune, September 1, 2006

Posted: 12:34 PM- Flanked by sepia-toned photographs of dirty-faced World War II soldiers, Gen. Dwight Eisenhower and U.S. Navy jets dropping bombs in the Pacific, President Bush tried today to connect his nation's current pursuit of terrorists to noble past struggles.

With a cheering crowd of veterans at the American Legion national convention in Salt Lake City as backdrop, the president kicked off a series of speeches about the "global war on terror" that will culminate with an address at the United Nations later this month.

"As veterans you have seen this kind of enemy before," he said.

"They are successors to fascists, to Nazis, to communists and other totalitarians of the 20th Century." He shuffled together examples of historic World War II battles and terrorist attacks , equating, for instance, street fights in Baghdad to the D-Day invasion on Omaha and the battle of Guadalcanal.

"The war we fight today is more than a military conflict. It is the decisive ideological struggle of the 21st Century," he said.

"This war will be difficult; this war will be long; and this war will end in the defeat of the terrorists and totalitarians and a victory for the cause of freedom and liberty."

"The security of the civilized world depends on victory in the war on terror," he said. "And that depends on victory in Iraq. So the United States of America will not leave until victory is achieved."

But stepping back from the harsh rhetoric of Defense Secretary Donald Rumsfeld, who spoke on Tuesday at the same venue, the president struck a more conciliatory tone when speaking of those who believe the U.S. should withdraw from Iraq.

"Many of these folks are sincere and they are patriotic," he said. "But they cannot be more wrong."

He urged Americans to be patient. Evoking a divine role in democracy, Bush said

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the cause is a holy one.

"Freedom is always worth the sacrifice. Victory still depends on the courage and the patience and the resolve of the American people," he said.

Leaving Iraq, he said, would mean handing that war-torn country "over to our worst enemies." Bush also took aim at Iran, noting today's deadline for that country to respond to a U.N. resolution calling for cooperation with the International Atomic Energy Agency. He also blamed Iran for inciting and financing violence across the Middle East, including in Iraq, Lebanon and Israel.

But Senate Democratic leader Harry Reid, in a statement issued after the Bush speech, said "extremist regimes," such as Iran, have been "strengthened and emboldened across the Middle East and the world" due to Bush administration failures.

"The American people know that five years after Sept. 11 we are not as safe as we could and should be," Reid said. "Iraq is in crisis. Our military is stretched thin."

Following his American Legion speech, Bush visited a fundraiser for Republican Sen. Orrin Hatch, where he repeated many of the same anti-terror themes.

At 12:06 p.m., Air Force One was wheels up for its return flight to Washington, D.C.

Bush Calls Terror War Battle Of The Century (LAT)

By James Gerstenzang

The Los Angeles Times, September 1, 2006

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SALT LAKE CITY -- President Bush began a new effort Thursday to shore up flagging support for the war in Iraq, telling a veterans group that the fight against terrorism was no mere military conflict but "the decisive ideological struggle of the 21st century."

The president responded to those -- including some Republican allies in Congress -- who have questioned whether the sectarian violence in Iraq has grown into civil war, casting doubts on the U.S. role there. "Our commanders and our diplomats on the ground in Iraq believe that it's not the case," Bush said. "They report that only a small number of Iraqis are engaged in sectarian violence, while the overwhelming majority want peace and a normal life in a unified country."

Addressing the national convention of the American Legion, the president cast the fight as a successor to the grand campaigns of the 20th century, against fascism, Nazism and communism.

Repeating a past theme, he said that if the United States left Iraq before insurgents were defeated and the country was secure in its new democracy, the battle against terrorism would eventually be fought on U.S. streets.

The speech was the first in a series the president is planning to deliver in coming weeks, leading up to a Sept. 19 address to the annual meeting of the U.N. General Assembly in New York.

Public opinion polls show that U.S. support for the war continues to founder, potentially undermining what was a key element of the Republican Party's strength in the 2002 and 2004 elections.

A New York Times/CBS News poll made public last week found that Americans, more than before, do not see the war in Iraq and the war against terrorism as one battle, despite Bush's efforts to link the two. It found that 51 percent of those questioned saw no link between the two -- 10 percentage points more than in June.

Democrats on Thursday answered Bush's speech by saying his policy in Iraq had failed.

"At a time that calls for serious leadership, the president is offering yet another public-relations campaign," said Sen. Edward M. Kennedy, D-Mass., in a written statement. "His dire warnings of the cost of failure in Iraq do nothing to make success more likely, and his stubborn insistence on staying with a failed policy all but ensures continued violence and chaos."

"Iraq is in crisis, our military is stretched thin, and terrorist groups and extremist regimes have been strengthened and emboldened across the Middle East and the world," said Senate Democratic Leader Harry Reid of Nevada.

In his speech, Bush linked the fighters in Iraq to the terrorists who struck on Sept. 11, 2001, those arrested in the London plot, and Hezbollah forces that attacked Israel, and said each would "impose a dark vision of tyranny and terror across the world."

They are, he said, "successors to fascists, to Nazis, to communists, and other totalitarians of the 20th century." If the United States left Iraq before its government could defend itself, he told the veterans in a 44-minute address interrupted repeatedly by applause, the consequences would be "absolutely disastrous."

"We would be handing Iraq over to our worst enemies -- Saddam's former henchmen, armed groups with ties to Iran, and al-Qaida terrorists from all over the world, who would suddenly have a base of operations far more valuable than Afghanistan under the Taliban."

The question of whether the fighting in Iraq is a civil war has grown in prominence since February, with the bombing of one of the country's major Shiite sanctuaries, the holy shrine of Samarra.

At the start of August, two top U.S. commanders -- Army Gen. John P. Abizaid, the senior U.S. commander in the Middle East, and Gen. Peter Pace, commandant of the Marine Corps -- delivered their bleakest assessment yet of sectarian violence, saying that the need to stem violence between Sunnis and Shiites would preclude a significant reduction of U.S. troops there this year.

Abizaid said that the sectarian violence was as bad as he had seen it, particularly in Baghdad, and that "if not stopped, it is possible that Iraq would move toward civil war." While some Iraqis and others consider the violence tantamount to undeclared civil war, U.S. officials have avoided characterizing it as such.

Bush: 'We Have Resolve' (WT)

By Stephen Dinan

The Washington Times, September 1, 2006

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SALT LAKE CITY -- President Bush yesterday called the war on terror a defining "struggle" against radical Islam that can be lost only if the American people lose their will to fight in Iraq.

"We can decide to stop fighting the terrorists in Iraq and other parts of the world, but they will not decide to stop fighting us," said Mr. Bush, who received applause throughout his speech from a supportive crowd at the American Legion convention.

The president said his critics who call for withdrawal don't understand terrorists are now a global force that is the successor to Nazis, communists and fascists of the 20th century. He said the new global ideology unites radical Sunni Muslims, Shi'ite Muslims and "homegrown" fanatics opposed to free societies.

"These groups form the outlines of a single movement -- a worldwide network of radicals that use terror to kill those who stand in the way of their totalitarian ideology," said Mr. Bush in the first of a series of speeches designed to renew support for the war on terror.

The president said he will remain committed to Iraq as long as he sees Iraqis "make the hard decisions" to push for peace and preserve their new democracy. He said he tells Iraqi leaders that "America is a patient nation."

Democrats said the calls for patience are falling on deaf ears here at home.

"The American people have been patient. We have resolve, and we are patriotic Americans who because of our patriotism call on this president to change course in Iraq, face the facts on the ground, and focus on the real war on terror," said Democratic Party Chairman Howard Dean.

He said Mr. Bush offered nothing new, and said Republicans in Congress should be punished for supporting him.

"You can't trust Republicans to defend America," he said.

Rep. John P. Murtha, Pennsylvania Democrat, said Mr. Bush's speech was "high on ideological rhetoric and low on substance," and House Minority Leader Nancy Pelosi, California Democrat, said Mr. Bush continues to deny his "historic blunder" in Iraq.

"We must win the war on terror, but the war in Iraq is the wrong war," she said. "Today, just as it has since the war began, Iraq is weakening our ability to fight the war on terrorism."

Mr. Bush, though, said his opponents ignore the statements of top al Qaeda leaders who say Iraq is now their central fight and said everyone should at least agree "that the battle for Iraq is now central to the ideological struggle of the 21st century."

"It's hard to believe that these terrorists would make long journeys across dangerous borders, endure heavy fighting, or blow themselves up in the streets of Baghdad for a so-called 'diversion,'" he said.

A new AP-Ipsos poll released yesterday found that 59 percent of the nation approved of President Bush's response to the 9/11 terrorist attacks, significantly more than the 37 percent that now support the war in Iraq. It also says 35 percent fear being victims of terrorism, a number that shoots to nearly 60 percent in New York and Washington.

The legionnaires applauded often, though at times perfunctorily. And despite the focus of the speech, the biggest applause line came on a domestic topic, when Mr. Bush said he will continue to fight for an amendment to ban flag desecration.

Still, members were overwhelmingly supportive of Mr. Bush and praised his insistence on staying in Iraq until he decided the country can defend itself.

"We stand behind our president," said Bob Royland, a legionnaire from Delaware.

Last year, the American Legion passed a resolution endorsing both Mr. Bush and the war on terror. Answering those who have said they support the troops but not the war, the group's national commander, Thomas Bock, said yesterday Americans must not distinguish between "support of the war and warrior alike, for they are inseparable."

The crowd also gave a standing ovation to the family of Salt Lake City native Marine Cpl. Adam Galvez, who was killed by a roadside bomb 12 days ago and was buried here Wednesday.

The president arrived in Salt Lake City on Wednesday night to a rock-star welcome, landing to find 2,000 residents waiting at the airport in a bipartisan welcome designed to counter anti-war protester Cindy Sheehan, who had planned to attend an anti-Bush rally here championed by Mayor Rocky Anderson. In the end, Mrs. Sheehan was unable to attend.

Mr. Bush on Wednesday said he didn't want his speeches to be political, but as the major issue for Democrats heading into the November congressional elections, the debate is entwined with politics. Mr. Bush's own Republican National Committee has issued two press memos since then using the label "Defeatocrats" to describe opponents.

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In addition to pushing for passage of the flag anti-desecration amendment, which fell one vote shy of passage in the Senate this year, Mr. Bush touted his administration's veterans funding, which he said grew more in his first four years than it did under eight years of the Clinton administration.

He also said the Veterans Administration is adapting to veterans' needs by building new facilities in places where veterans are retiring.

Battle Weary Republican Advantage On Issue Of National Security Erodes (WSJ)

By Jackie Calmes

The Wall Street Journal, September 1, 2006

In both national elections since the Sept. 11, 2001, terrorist attacks, President Bush and congressional Republicans successfully played the national-security card to win big victories against the odds. Now, with their party's control of Congress at stake, Republicans are betting on the issue again. But it may not be the trump card it used to be.

The public's patience has frayed as the Iraq war grows bloodier in its fourth year, eroding confidence in Mr. Bush's stewardship of national security. Mismanagement of the response to Hurricane Katrina contributed. Democrats, having ceded the security issue to Republicans in the past, now are on the offensive. They're attacking the administration's competence at home and abroad and fielding candidates with military experience.

Democrats are also pressing an argument opposite to the president's: that Iraq isn't central to the broader war on terror but distracts from it, and breeds more terrorists. How voters ultimately decide on that issue is "one of the most important dynamics of this election," says Republican pollster David Winston.

A Wall Street Journal/NBC News poll in June, buttressed by other polls since, suggested Democrats have gained significant ground. It gave them a three-point advantage on the question of which party can best deal with Iraq, erasing Republicans' 30-point edge of October 2002. Democrats had a nine-point edge on handling foreign policy, a swing from Republicans' 18-point advantage in June 2002. Republicans did retain a 24-point advantage on "ensuring a strong national defense" -- though that was down from a high of 41 points just before 9/11.

The intensifying debate was on full display in Salt Lake City yesterday, where Mr. Bush set the theme for what will be a sustained pre-election push to make the Republicans' case on national security. He told the American Legion's national convention that leaving Iraq now would be "absolutely disastrous," providing a base of operations for global terrorists who are "successors to fascists, to Nazis, to communists and other totalitarians" the veterans helped battle. Back in Washington, the Republican National Committee struck a new political note, with a widely distributed email against Democrats titled "The Defeatocrat Playbook."

A laboratory for how that fight plays out is suburban Philadelphia. Ten-term Republican Rep. Curt Weldon, a senior member of the House Armed Services Committee, is running his toughest re-election campaign yet, with full-throated support for the Iraq war. "We either fight them there," Mr. Weldon recently said of terrorists, "or we fight them in the supermarkets and streets here." He still insists there are weapons of mass destruction in Iraq.

Stuart Rothenberg, a veteran nonpartisan handicapper of congressional races, recently rated Mr. Weldon's a tossup. The Democratic challenger is Joe Sestak, a former vice admiral who served in Afghanistan. Two weeks ago, Democratic leaders tapped him to deliver the party's weekly response to Mr. Bush's Saturday radio address. Mr. Sestak charged that the administration, by its attention to Iraq, had ignored Iran "as it developed a nuclear capability," as well as North Korea, "now launching missiles." Recalling his own stint in Afghanistan, he said that country now "is in danger of once again falling prey to terrorists." And the alleged terrorist plot in London, Mr. Sestak added, "forces us to ask: Are we doing everything possible to make America safe?"

Against this backdrop, Labor Day kicks off the candidates' traditional sprint to Election Day, Nov. 7, with Republicans increasingly fretful at the prospect of losing their House, and possibly Senate, majorities. Polls since last year have shown the public's approval ratings for Mr. Bush and the Republican-led Congress at historic lows. Voters by low double-digit margins continue to say they'd prefer Democrats to run Congress.

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Even most Republicans see little ahead that could change the picture for the better. As usual, they have more money to make their case, but Democrats have narrowed the gap. Republicans are spending millions to defend seats they thought would be safe, leaving them strapped for helping their challengers running against Democratic incumbents.

By all accounts, Republicans will suffer net losses. Both Mr. Rothenberg and Charlie Cook, another respected political analyst, now predict that Democrats will gain at least the 15 seats they need to control the House, based on current trends. That likely would mean defeats for some of the few remaining Republican moderates from New England across the Middle West. They are vulnerable this year, by association with an unpopular president and congressional leadership, among less-conservative voters who feel neither safer nor economically secure. Most analysts expect Democrats to fall short of the six-seat gain they need for a Senate majority, given that Republicans have fewer seats than Democrats to defend this year.

Many factors have combined to turn the tables against the party in power: worsening chaos and casualties in Iraq, economic insecurity and high gasoline prices, congressional corruption, conservatives mutinous about Republicans' spending record, and an anti-incumbent mood this year that gives the majority more to lose.

Republicans are left with one remaining strong suit -- voters' sense, going back a half-century to the Cold War against communism, that they are better able than Democrats to keep the nation secure.

"It's still an enormously potent issue" for Republicans, says party strategist and former Rep. Vin Weber. His party's historical advantage on national security is the wild card, he argues, that makes these midterm elections less predictable than in years past -- such as 1994, when Republicans broke Democrats' 40-year domination of Congress amid voters' disgust with Democrats' unkept promises on domestic issues, or 1974, when Democrats swept scores of Republicans from office in the wake of the Watergate scandal.

But he adds that Republicans "have to portray the Democratic Party in fairly stark terms as not being fit … to do what's necessary to protect America," because of its traditional ambivalence about use of force, civil-libertarian views against aggressive surveillance, and deference to international opinion.

How stark? "If you vote for my opponent, America will suffer," Republican challenger Max Burns said Monday of incumbent Democratic Rep. John Barrow at their debate in Georgia. The following day, Defense Secretary Donald Rumsfeld led off the administration's pitch to the American Legion convention with a speech that linked critics of the Iraq war to Europeans who gave ground to Nazi Germany in the 1930s, saying "many have still not learned history's lessons" and "believe that somehow vicious extremists can be appeased."

With Republicans' hand on the security issue weakened by Iraq, Katrina and a furor over illegal immigration, party leaders have begun emphasizing security angles where their positions remain popular -- and where they believe Democrats are vulnerable. Those include Republicans' support for the post-9/11 Patriot Act increasing federal surveillance and prosecutory powers; the administration's detainment of suspected terrorists; and its program of warrantless electronic eavesdropping.

The tactic was evident Wednesday when Senate Majority Leader Bill Frist defended Mr. Rumsfeld against Democrats' counterattacks. Mr. Frist, a Tennessee Republican, said in a statement that if Democrats support a war on terror, why do they "object to a terrorist surveillance program and other policies that are necessary to bring our adversaries to justice and to make sure that we take the fight to our enemies rather than waiting for them to attack innocent civilians?"

Republican leaders will be looking for legislative opportunities to score political points against Democrats before Congress adjourns, perhaps in late September, and both sides hit the campaign trail full time. They'll seek votes on Mr. Bush's wiretap program and treatment of alleged terrorists at Guantanamo Bay, Cuba, among others, as the Senate turns to the annual defense-spending bill.

Democrats, cautiously confident, nonetheless harbor fears of an unexpected event that up-ends the campaign landscape -- a terrorist attack, for example -- and revives the president's standing with voters. Britain's foiling of the alleged terror plot last month gave him a slight bump up. Or it could be something like the threatening videotape Osama bin Laden released just days before the 2004 presidential election, boosting Mr. Bush's narrow lead over Democratic rival John Kerry by four points in one pre-election poll.

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Back then, the president came from behind to win re-election. He and his supporters promoted his post-9/11 leadership image to offset growing unease about the Iraq war, while portraying Mr. Kerry as indecisive and questioning his decorated Vietnam combat record -- with help from the anti-Kerry "Swift Boat Veterans for Truth."

In the 2002 midterm congressional campaigns, after Sept. 11 and before the Iraq invasion, Mr. Bush used Senate Democrats' opposition to legislation creating the Homeland Security Department to question his foes' credentials on national security. They actually were first to call for a department, but opposed Mr. Bush's proposals limiting civil-service protections for federal employees who would staff it. Several Democratic senators were defeated, including Vietnam veteran and triple amputee Max Cleland of Georgia. Republicans defied the traditional pattern of midterm losses for the president's party, restoring their Senate majority to an enlarged 55-45 margin.

This year looks to be different. Recent polls and maneuverings in close congressional contests suggest some reasons the security issue may not help Republicans as much this year.

Most simply put, time has worn the public's patience on Iraq -- and with it the Republicans' edge on security issues. With Democrats noting that the war soon will exceed the length of U.S. involvement in World War II, and with Iraq on the verge of sectarian civil war, the unpopularity of the war has become the year's central issue. Not since March 2004 has a Journal/NBC poll shown that a majority believed the Iraq invasion was worth the cost and casualties. Now polls consistently show a majority thinking the war was a mistake. Majorities favor troop reductions, though not immediate withdrawal. Two-thirds of Americans disapprove of Mr. Bush's handling of foreign policy, and of Iraq specifically.

Rep. Ike Skelton, a conservative Missouri Democrat who likely would become chairman of the House Armed Services Committee if Democrats became a majority, doesn't have a tough re-election race. Yet he spent much of August campaigning at small-town coffees, Rotary clubs, youth groups and the Missouri State Fair to argue that the nation's military readiness in troops and materiel is dangerously strained, while foreign threats are multiplying.

In his Republican-leaning district, "I'm hearing great concern from everybody" about Iraq, Mr. Skelton says. "They're saying, 'How do we get out of it?'" He favors beginning redeployments this year, at the military's discretion, saying: "The Iraqis are going to have to sort this out for themselves."

In another break with recent campaign years, some conservatives have joined the chorus of war critics, providing cover for Democrats against the administration's stepped-up assaults. Mr. Skelton's comments would qualify him as a "cut-and-run Democrat" in the rhetoric that Republicans, led by the White House, took to using months ago. But lately, the phrase could apply as well to conservative pundits and Republican lawmakers seeking distance from the White House.

Moderate Republican Rep. Chris Shays of Connecticut, hammered for months by Democrat Diane Farrell for backing the war, last week returned from his 14th trip to Iraq and called for a timetable for U.S. withdrawal. "The Iraqis lack the political will to be on a time frame to get this done," he said. Minnesota's Republican Rep. Gil Gutknecht did likewise, calling the president's course in Iraq "politically unsustainable." His Democratic foe, former Army National Guard commander Tim Walz, has made Mr. Gutknecht's formerly unquestioning support for the war a major part of his challenge.

Sen. John McCain is perhaps the president's strongest Senate supporter on the war, and the Republicans' early presidential front-runner. Last week, he cited past rosy comments of the president and Vice President Cheney for misleading Americans into thinking the Iraq war would be "some kind of day at the beach." Columnist George Will recently wondered in print whether "the spectacle of America" confronting the limits of its power "has emboldened many enemies." Conservative icon William F. Buckley Jr. has declared a U.S. failure in Iraq. The Sept. 11 issue of the magazine he founded, National Review, is devoted to conservatives' musings on the headline question "Last Chance for Iraq?"

Another factor this year: The public is skeptical of Mr. Bush's linkage of Iraq and the war on terror.

Linkage has political benefits for the president. Polls show Americans still rate his handling of the broader war on terror higher than his handling of anything else -- Iraq, the economy, foreign policy and his job in general. Even so, Republicans' edge on the question of dealing with terrorism has been slipping for four years, according to Journal/NBC polls -- from a 36-point advantage over Democrats in October 2002, to 18 points in December 2004, to six points in June.

Back in April 2003, in a New York Times/CBS News poll after the overthrow of Iraqi leader Saddam Hussein, Americans agreed by two-to-one that the Iraq war was part of the overall war on terror. This week, a New York Times/CBS poll had

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Americans by 51% to 44% rejecting that idea. Nearly half said the focus on Iraq in fact is distracting attention from problems elsewhere -- a central contention of Democrats this year.

By Election Day, perhaps most decisive will be whether Democrats indeed take the offensive on the issue of defense.

In both 2002 and 2004, Democrats, in league with top party consultants, made a strategic decision -- "a terrible mistake" -- not to engage Mr. Bush on national security, says former Clinton White House Chief of Staff John Podesta. "You just cannot concede the question; he is vulnerable on it," Mr. Podesta says. "Our D.C. leaders get it now, and the candidates in the states aren't shrinking from it."

In New Mexico, for example, Democratic Attorney General Patsy Madrid has aired TV ads in her campaign to unseat Rep. Heather Wilson, lambasting the Republican for claiming to be independent but failing to question Mr. Bush on the war and its costs even though she sits on the House Intelligence Committee.

On Capitol Hill, House and Senate Democrats have their own plans to try to score points on national security, starting next week and running through the fifth anniversary commemorations of 9/11. They will step up the past months' calls for Mr. Rumsfeld's ouster, while highlighting Republicans' failure to implement many of the recommendations of the bipartisan 9/11 Commission.

As House Democratic Leader Nancy Pelosi of California likes to say, referring to Republicans' successful campaign against Mr. Kerry, "We're not going to let them Swift Boat us again." Evidence of that was Wednesday's orchestrated condemnation of Mr. Rumsfeld by an array of Democratic leaders, with statements, media conference calls and TV bookings.

So was the recent reaction in Ohio when embattled Republican Sen. Michael DeWine aired a TV ad assailing his Democratic challenger, Rep. Sherrod Brown, for voting against intelligence programs and antiterrorism laws. The ad opened with an image of the World Trade Center, one tower smoking from the terrorists' strike, and ended with the kicker "Sherrod Brown -- Weakening America's Security/Out of Touch with Ohio Values." Over the weekend, the Ohio Democratic Party in Columbus and the Democratic Senatorial Campaign Committee in Washington quickly coordinated to buy air-time and produce a counterattack ad: "It's sad," the ad opened. "Mike DeWine exploiting images of 9/11 to smear Sherrod Brown." The ad defended Mr. Brown's record while jabbing Mr. DeWine for failing to oversee the administration from the Senate intelligence committee.

"At some point Republicans always use images of 9/11, so you know it's coming and you have to be ready with a response," says Ohio Democratic Party Chairman Chris Redfern, who condemns Democrats' past failures to respond. "We knew Sherrod Brown's votes on certain intelligence votes would be questioned, so we were geared up."

Meanwhile, a Democratic staffer noticed that in the DeWine ad, the South Tower was shown burning and the North Tower unscathed, when it was the North that was first hit. Word was leaked to the media, and Mr. DeWine's media team acknowledged altering the image, embarrassing the candidate. "That was a gift," says Mr. Redfern.

When Congress Reconvenes, GOP Will Be Pushing Security (MCT)

By Matt Stearns

McClatchy Newspapers, September 1, 2006

WASHINGTON - "Security September" comes to Congress this month, courtesy of congressional Republicans groping for a winning issue. Increasingly confident Democrats say: Bring it on.

Members of Congress return to Washington next week after their August recess for four weeks of legislating before adjournment. They will then scurry home for a frantic month of campaigning leading up to the Nov. 7 midterm elections.

Facing daunting poll numbers in their quest to keep their congressional majority, Republicans hope that touting national security - their party's trump card in two elections since the Sept. 11, 2001, terrorist attacks - will once again rally voters to their side.

"Polling obviously still shows that it's their strongest card in a year where they don't have much of a hand," said Jennifer Duffy, an analyst at the nonpartisan Cook Political Report.

At the same time, congressional Republicans must try to stress national security issues outside the context of the increasingly unpopular war in Iraq, Duffy said.

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"They can point to things like London and talk about the bigger threat, and Democrats not being prepared to deal with the bigger threat," Duffy said, referring to the alleged plot to blow up several airliners over the Atlantic that was recently foiled by British authorities.

So when the Senate convenes, its first order of business will be the $453 billion defense appropriations bill. The chamber also is expected to pass the final version of the $32 billion homeland security spending bill. Plus, it's set to consider bills that would increase port security, ensure that military commissions for enemy combatants abide by a recent Supreme Court ruling and authorize the Bush administration's domestic terrorist surveillance program, which a federal judge recently struck down. The Senate also is expected to vote to make permanent John Bolton's appointment as United Nations ambassador.

Similarly, the House of Representatives is expected to take up the defense, homeland security and military quality-of-life spending bills as well as a defense authorization bill. It also will take up legislation on the surveillance program and enemy combatants.

Both houses will commemorate the fifth anniversary of Sept. 11, which could remind voters of the dangers lurking in the world.

What some have dubbed "Security September" will provide Republicans with opportunities for an endless flurry of press releases, news conferences and floor speeches to try to make their case that their approach is the best way to ensure Americans remain safe - and to push the argument that Democrats can't be trusted.

"The fact is Democrats are trying to undermine the things that keep us safe," said Jason Klindt, campaign spokesman for Sen. Conrad Burns, a Montana Republican in a hotly contested re-election fight.

The Bush administration is helping set the stage, with President Bush and other officials giving a series of national security speeches in which they seek to portray critics as naive appeasers of a murderous enemy.

"I need people in the United States Senate ... who understand our most important task is the security of the United States of America," Bush said last week at a fundraiser for Tennessee Republican Senate candidate Bob Corker. "I need people in Washington, D.C., who are willing to give those who are responsible for protecting America all the tools they need - tools such as the Patriot Act, tools such as programs that say if al-Qaida is calling into the United States, we want to know why, in order to protect the United States of America."

Whether the theme will have the desired political impact is another matter.

"It depends on events," said Norm Ornstein, a political analyst at the American Enterprise Institute. "I don't think it works if, in late October, we're in a situation like we're in now: The jolt of the London bombing threat has passed, and the stories every day are back to the wheels coming off in Iraq more than anything else."

Democrats say they're sure that what worked in 2002 and 2004 won't work again.

"They want to try to bring back the 2004 playbook," Sen. Chuck Schumer, a New York Democrat who chairs the party's senatorial campaign committee, said last week. "Here's the problem with that: In 2004, Americans were basically content with both foreign policy in terms of the war on terror and homeland security in the war on terror. Clearly, by every poll that I've seen ... the American people are no longer content with what we're doing."

Schumer said Democrats will argue in September "that in terms of homeland security, we are not doing close to what we should be doing."

Rep. Steny Hoyer of Maryland, the House Democratic whip, said Democrats also will stress "what has not been done," including energy independence, a minimum wage hike, tax reform, stem cell research and ethics reform.

The Bloody Shirt: Administration Launches A Campaign Of Fear (SALT)

Salt Lake Tribune, September 1, 2006

Thus begins the campaign of the bloody shirt.

In their remarks to the American Legion convention this week in Salt Lake City, President Bush and his Cabinet members have made it clear that their efforts to boost the administration's poll numbers and, more important, to maintain Republican control of Congress this November will be based on a campaign of fear.

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Fear of misremembered history, a misunderstood enemy and, most of all, of any suggestion that most of the American people should have to sacrifice anything at all - other than their Constitution and Bill of Rights - in this struggle.

The danger of terrorism is real. The causes are varied and complex, more so than the administration's statements would suggest. Facing the threat will require the unity of the American people and the support of the world, things that are difficult to arrange when officials confuse dissent with disloyalty, brush aside standards of international law and launch disastrous invasions of countries that had nothing to do with the attacks we have suffered.

The president, echoing the Tuesday remarks of Secretary of Defense Donald Rumsfeld and Secretary of State Condoleezza Rice, said Thursday that the war on terror generally, and the war in Iraq specifically, are the heirs of the 20th century's battles against Nazi and communist totalitarianism.

Good fodder for a convention of veterans. But despite the rhetorical appeal of comparing today's enemies to Hitler and Stalin, which allows the administration to falsely compare its critics to yesterday's appeasers and fellow travelers, the analogy does not hold.

A more apt comparison to the situation in Iraq, despite many differences, would be the quagmire of Vietnam. That war was chosen and waged in the belief that it would halt the spread of a unified, global communist conspiracy.

That was a serious misunderstanding of the situation in Vietnam, where the enemy was much more of a home-grown nationalist movement than a tentacle of Moscow or Beijing. Not that the Soviets and the Chinese weren't happy to see America's blood, treasure and global standing spent there.

Today's violence in Iraq is similar, and similarly misunderstood. It is overwhelmingly a nationalist, religious and tribal bloodletting , one which nonetheless pleases the leaders of al-Qaida and Iran no end as it again bleeds America of its might and undercuts its ability to claim the right.

The bright spot of the president's speech was his display of an understanding that today's terrorist threats are the collateral damage wrought by our strategy in the Cold War. In that global struggle, we backed any number of thuggish, repressive regimes in the Third World as long as they took our side against the thuggish, repressive regimes supported by the Soviets.

Those regimes only served as incubators for today's terrorist movements, Bush rightly noted, and he went on to say:

"So America has committed its influence in the world to advancing freedom and democracy as the great alternatives to repression and radicalism. We will take the side of democratic leaders and reformers across the Middle East."

Wise words. But, as is the case with so much of what the administration says, our actions do not match.

The United States continues to support repressive governments in Egypt, Kuwait and Saudi Arabia, the last of those being the origin of Osama and most of his hijackers.

The Iraqi elections, as amazing as they were in attracting a large turnout, so far have mostly empowered rival religious and ethnic parties with little motive or ability to build a united country.

The celebrated victory in Afghanistan is far from secure, our forces having been prematurely pulled away to fight the war of choice in Iraq, leaving the weak Afghan government harassed by Taliban and al-Qaida die-hards.

Worst of all is the stark disparity between the dark picture the president paints and our puny efforts to face it.

If the threat of global Islamic extremism is as bad as the president says it is - and it's plenty bad - then it makes no sense to starve our ability to fight with giant tax cuts. It is horribly unwise to oppose any steps to reduce our dependence on the petroleum that funds terrorist movements. It seems incoherent to refuse to consider the return of a military draft when the president celebrates a nation with willing patriots "in abundance."

And it is certainly time to clean house at the top levels of the Pentagon.

Most of all, it is wrong for the president to stand before the American Legion and defend sending the brave men and women of the armed forces into battle undermanned, under-equipped and poorly protected, extending tours of duty and imposing faith-breaking stop-loss practices, while the rest of us are encouraged to live as if nothing was amiss.

Nothing, that is, but a government that seeks to hold power, not by uniting us, but by making us afraid.

Bush Speech Does The Job (DESMN)

Deseret (UT) Morning News, September 1, 2006

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If the key to a successful speech is knowing your audience, President Bush may have been the most successful speaker in America Thursday morning. His remarks to the American Legion in Salt Lake City — remarks filled with rhetorical flourishes about past glories and future conquests — were also laced with clarion calls for freedom at home and abroad. And it hit the veterans like a half-time pep-talk at Notre Dame.

Its message was clear: Those who think the Bush presidency is on the ropes should think again. The president can still deliver a flurry of counter-punches.

The president has said in the past the enemy was "terror" — an abstract foe that is actually a tactic, not a philosophy. But before the Legion, the president painted a picture of the enemy America has in its sights: Islamic radicals who lust for totalitarian control. Yet more than putting a face on the enemy, the president also put a face on the nation's fighting men and women, expressing his admiration and gratitude to the parents of Adam Galvez, a Utah soldier recently killed in action. The parents received an extended and vigorous ovation.

In short, the president was telling the Legion and the nation, "Now, it's personal."

In the past, the president has prided himself on not "doing nuance." And he didn't disappoint in his speech. He painted a backdrop for the war in bright colors. He drew a line in the sand, and he told Americans to choose a side. And though one suspects even those present realized the situation was more complicated and confusing than such a black-and-white choice, hearing the commander in chief come down firmly on the side of the military and the war effort fell like music on the ears of most Legionnaires.

The president came to Utah to toss a little red meat to the American Legion and put the country on notice. He is not going to wither under the hot glare of criticism. In fact, he seems prepared to re-double his efforts. In that regard, this speech was "mission accomplished."

New Enemies Demand New Thinking (LAT)

By Donald H. Rumsfeld, Donald H. Rumsfeld Is The U.s. Secretary Of Defense.

The Los Angeles Times, September 1, 2006

The secretary of Defense clarifies and expands on what he said in his recent speeches about appeasing extremists.

IN THE LAST FEW DAYS I have had the opportunity to speak at the annual conventions of the Veterans of Foreign Wars and the American Legion. It is always a humbling experience to be in the presence of those who have served and fought for our country during some of our darkest, most trying times — when it was unclear whether our way of life would prevail.

We are again engaged in conflicts that are testing whether we believe that the defense of liberty is worth the cost. And again, there are those who disagree with the mission, who question whether it is worth the sacrifice. This is to be expected in a time of war.

Today, some think that World War II and the Cold War were black-and- white affairs: good versus evil. But there were always those who thought that we should retreat within our borders.

In an effort to avoid repeating the carnage of World War I, much of the Western world tried to appease the growing threats in Europe and Asia in the years before World War II. Those who warned against the rise of Nazism, fascism and communism were often ridiculed and ignored.

The enemy we face today is different from the enemies we have faced in the past, but its goal is similar: to impose its fanatical ideology of hatred on the rest of the world.

In speaking to our veterans, I suggested several questions to guide us during this struggle against violent extremists:

• With the growing lethality and availability of weapons, can we truly afford to believe that vicious extremists can somehow be appeased?

• Can we really continue to think that free countries can negotiate a separate peace with terrorists?

• Can we truly afford to pretend that the threats today are simply "law enforcement" problems rather than fundamentally different threats requiring fundamentally different approaches?

• Can we truly afford to return to the destructive view that America — not the enemy — is the real source of the world's troubles?

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These are the central questions of our time, and, as in all periods of conflict, we have no choice but to face them honestly.

The last question is particularly important, because this is the first war of the 21st century — a war that, to a great extent, will be fought in the media on a global stage. We cannot allow the terrorists' lies and myths to be repeated without question or challenge.

We also should be aware that the struggle is too important — the consequences too severe — to allow a "blame America first" mentality to overwhelm the truth that our nation, though imperfect, is a force for good in the world.

Consider that a database search of the nation's leading newspapers turns up 10 times as many mentions of one of the soldiers punished for misconduct at Abu Ghraib than of Sgt. 1st Class Paul Ray Smith, the first recipient of the Medal of Honor in the global war on terror.

Then there is the case of Amnesty International, a long-respected human-rights organization, which called the detention facility at Guantanamo Bay the "gulag of our times" — a reference to the vast system of Soviet prisons and labor camps where innocent citizens were starved, tortured and murdered. The facility at Guantanamo Bay, by contrast, includes a volleyball court, basketball court, soccer field and library (the book most requested is "Harry Potter"). The food, served in accordance with Islamic diets, costs more per detainee than the average U.S. military ration.

With examples like these prevalent in the world media, I do worry about the lack of perspective in our national dialogue — a perspective on history and the new challenges and threats that free people face today. Those who know the truth need to speak out against the myths and distortions being told about our troops and our country. My remarks at the Veterans of Foreign Wars and American Legion conventions have generated much discussion. I encourage everyone to read what I actually said at defenselink.mil/speeches.

Democrats Target Rumsfeld (WP)

By Jonathan Weisman

The Washington Post, September 1, 2006

Under assault from Republicans on issues of national security, congressional Democrats are planning to push for a vote of no confidence in Defense Secretary Donald H. Rumsfeld this month as part of a broad effort to stay on the offensive ahead of the November midterm elections.

In Rumsfeld, Democrats believe they have found both a useful antagonist and a stand-in for President Bush and what they see as his blunders in Iraq. This week, Democrats interpreted a speech of his as equating critics of the war in Iraq to appeasers of Adolf Hitler, an interpretation that Pentagon spokesman Eric Ruff disputed. But Democrats said the hyperbolic attack would backfire.

But even before that, Democrats and some Republicans had maintained that Bush has never held anyone in his administration accountable for decisions in the Iraq war that many military analysts say went disastrously wrong. The decisions include not mobilizing enough troops to keep the peace, disbanding the entire Iraqi army and purging all members of Saddam Hussein's Baath Party -- including teachers and low-level technocrats -- from the Iraqi government.

"Secretary Rumsfeld's stewardship of this effort is a failure, and he has let down our armed forces," said Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee, who is pushing for the no-confidence move.

By demanding accountability, Democrats hope to blunt what has been an all-out assault on their positions on national security. The Republican National Committee yesterday blasted Democrats again as "Defeatocrats," and the attacks will continue when Congress returns next week from its month-long recess. Republican leaders plan to consider a full slate of security-related legislation before leaving on Sept. 29 for the campaigns.

The legislative calendars in the House and Senate include defense spending bills, the annual defense policy bill, legislation to authorize the National Security Agency's warrantless wiretapping program and a measure to bring Bush's military tribunals into compliance with a Supreme Court ruling that declared the initial tribunals unconstitutional.

"Now is not the time for a weak and indecisive approach that has been offered by Capitol Hill Democrats, and that's why Republicans are working to keep America safe through policies based on strength and purpose, rather than confusion and

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defeat," House Majority Leader John A. Boehner (R-Ohio) said yesterday, as he laid out the final legislative push before the campaigns.

Rather than change the subject to domestic issues, as they have tried in past years, Democrats are hoping to confront Republicans head-on.

"We will not be Swift-boated on this issue," House Minority Leader Nancy Pelosi (D-Calif.) said in an interview, alluding to the assault by the group Swift Boat Veterans for Truth on the Vietnam war record of Democratic candidate John F. Kerry in the 2004 presidential campaign. "We will fight them on national security."

Front and center of that campaign may be the attack on Rumsfeld. Some Democratic House candidates, such as Diane Farrell in Connecticut's 4th District, have been encouraging Democratic leaders to move formally for a vote of no confidence. And party leadership aides said they are canvassing Democratic members of Congress and exploring the parliamentary mechanism to do so. Before the move is set, the aides said, they want to hear from Democrats in tough races who may feel that the move would leave them vulnerable to Republican attacks.

But Emanuel said the move is set. And he hopes to stage the resolution with as many as 12 retired generals and other military officers who have called for Rumsfeld's resignation.

"We're going to go for a no-confidence vote on Rumsfeld," Emanuel said.

Senate Democrats are considering a similar move. Next week, Sen. Barbara Boxer (Calif.) will offer a sense-of-the-Senate resolution demanding Rumsfeld's resignation.

Bush has stood strongly behind his defense secretary, and Republicans appear to relish the debate. Just 68 days before the election, many of their incumbent candidates continue to trail Democratic challengers, but GOP leadership aides say they feel more confident they can close the gap by Nov. 7 as long as terrorism and defense stay front and center.

To mark the fifth anniversary of the Sept. 11, 2001, attacks, House leaders plan a resolution both commemorating the event and putting Democrats on the spot, possibly by praising legislative efforts in the aftermath of the attacks, such as the USA Patriot Act.

A bill to clarify the legality of the NSA's wiretapping without court warrants will also force Democrats to choose between a liberal base that believes the program is an unconstitutional breach of civil rights and a majority of Americans who back the effort.

As for the resolution on Rumsfeld, Republicans will charge that Democrats are playing politics while they are trying to legislate.

Rep. Thaddeus McCotter (R-Mich.) said such a resolution will signal to swing voters and conservative Democrats that the party has become captive to a liberal wing they would not want to entrust with control of Congress.

But Democrats -- and some Republicans -- say a debate on Rumsfeld's tenure at the Pentagon will present a quandary to embattled GOP incumbents in districts that have turned solidly against the war.

"We are approaching 2,700 dead Americans, 20,000 wounded, many of them missing eyes, missing limbs, facing paralysis," said Senate Minority Leader Harry M. Reid (Nev.). "They want to debate that; we're happy to debate that."

Barrage Of Attacks Kill 47 In Baghdad (AP-Y)

By Elena Becatoros

AP, September 1, 2006

A barrage of coordinated bomb and rocket attacks on eastern Baghdad neighborhoods killed at least 47 people and wounded more than 200 within half an hour on Thursday, police and hospital officials said.

The latest spasm of violence — which included explosives planted in apartments, car bombs and several rocket and mortar attacks on mainly Shiite neighborhoods in the capital — came even as Prime Minister Nouri al-Maliki said Iraqi forces should have control over most of the country by year's end.

The Baghdad bombings — csentered on neighborhoods controlled by Shiite militias, some of which Sunni Arabs accuse of running death squads — brought the day's death toll across the country to at least 68.

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Attackers rented apartments and shops in buildings a few days ago and planted explosives in them, detonating them by remote control almost simultaneously Thursday evening, said Maj. Gen. Jihad Liaabi, director of the Interior Ministry's counterterrorism unit.

One of the targeted buildings was a medical center housing doctors' offices in al-Hamza Square on the outskirts of the Sadr City slum in east Baghdad, he told state television.

The attacks occurred between 6 p.m. and 6:30 p.m. and included a car bomb at a market, another behind a telephone exchange building and several rocket and mortar attacks, police said.

Police and witnesses said bodies, many of them charred, had still not been recovered from the buildings and the death toll could rise.

Earlier in the day, a suicide car bomber killed two people at a gas station, while a British Embassy convoy was targeted in the upscale Mansour neighborhood in western Baghdad. Two passers-by were wounded in the convoy attack, police said.

The bloodshed was part of a violent week that has left hundreds of Iraqis dead.

The U.S. military also announced that two American soldiers and a Marine were killed Wednesday. According to an Associated Press count, that death brings to 18 the number of U.S. soldiers killed since Sunday.

But authorities said they were optimistic about the handover of security control.

Al-Maliki said Iraqi forces will assume responsibility for Dhi Qar province in the south in September, making it the second of Iraq's 18 provinces that local forces would take control over.

"This makes us optimistic and proud because we managed to fulfill our promise," al-Maliki said. Iraqi authorities took over Muthanna province in the south from the British in July.

Dhi Qar is populated mainly by Shiite Muslims. Compared to more volatile areas, such as Anbar province in the west and Baghdad, it has been spared much of the sectarian violence. However, U.S. commanders recently expressed concern about the growing influence of Shiite militias in the area, many of whom they say receive support from Iran.

"This year will witness the handing over of other provinces, and we hope that by the end of the year, our security forces will take over most of the Iraqi provinces," al-Maliki said.

The Defense Ministry said it would sign a memorandum with coalition forces on Saturday "about strategic control and operations." U.S. authorities said the Defense Ministry would begin assuming direct operational control of the country's armed forces.

Handing over territory from coalition control to Iraqi control is a key part of any eventual drawdown of U.S. troops in the country.

On Wednesday, the top U.S. commander in Iraq, Gen. George Casey, said Iraqi troops were on course to take over security control from U.S.-led coalition forces over the next 12-18 months with little coalition help.

President Bush insisted American troops must remain in Iraq until the country's forces are capable of full control.

"If America were to pull out before Iraq could defend itself, the consequences would be absolutely predictable, and absolutely disastrous," Bush said as he began a pre-election series of speeches in the United States.

"We would be handing Iraq over to our worst enemies — Saddam's former henchmen, armed groups with ties to Iran and al-Qaida terrorists from all over the world who would suddenly have a base of operations far more valuable than Afghanistan under the Taliban," he said.

Despite the rash of violence over the past week, U.S. officials have lauded the results of a security crackdown in the capital that they say has resulted in a dramatic fall in sectarian killings. They reported the murder rate in Baghdad dropped almost 50 percent in August compared to July, but that figure could not be independently confirmed.

The crackdown by Iraqi and U.S. forces began Aug. 7, targeting some of the capital's most problematic neighborhoods. In the past, similar operations have lowered violence for short periods of time, but attacks then escalate after American forces leave.

In other violence Thursday, according to police:

• Gunmen in Baqouba, 35 miles northeast of Baghdad, killed two brothers in a cotton shop.

• Gunmen killed a police colonel and his bodyguard and wounded another bodyguard in Hibhib, 12 miles east of Baqouba.

• Police found the bodies of four men in southern Baqouba. All had been shot.

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• Gunmen shot and killed a member of the Oil Ministry's security service and wounded another in Baghdad.

• An Iraqi soldier in civilian clothing was shot and killed in Mosul, 225 miles northwest of Baghdad.

• In Kut, 100 miles southeast of Baghdad, the bullet-riddled body of a young woman was brought to the morgue after being dumped on a main road.

• Gunmen killed a former intelligence official in Saddam Hussein's regime as he was walking in Mahaweel area, about 35 miles south of Baghdad.

Blasts Kill At Least 66 In Baghdad (WP)

By Amit R. Paley

The Washington Post, September 1, 2006

BAGHDAD, Aug. 31 -- A string of closely timed explosions killed at least 66 people and wounded 255 in a Shiite Muslim area of Baghdad on Thursday night, one of the deadliest attacks in the capital in months despite the launch of a new security plan to stanch the sectarian carnage.

The blasts flattened a multistory apartment building, buried women and children under mounds of rubble and sent terrified shoppers fleeing out of a major bazaar, authorities and witnesses said. The booming explosions rang out within minutes of each other around 6:30 p.m. in the city's New Baghdad district, but it was not immediately clear what caused them.

Witnesses and police said some combination of rockets, mortars and car bombs caused the bloodshed. Gen. Jassem Khider of the Interior Ministry said that six rockets in the Nuairiya section of New Baghdad killed 48 people and injured 160, primarily women and children, and that 18 were killed and 92 injured by three rocket attacks on multifamily homes in the Baladiyat neighborhood.

But another senior Interior Ministry official said the attackers had instead rented homes in heavily populated neighborhoods, planted large amounts of explosives within the buildings and then detonated them.

"This is a new terrorist invention," said the official, who spoke on condition of anonymity. "The terrorist insurgents have found a new way of killing people."

Abu Zayneb, a 65-year-old landlord, recalled finding more than 20 corpses after an explosion on his block in the Baladiyat neighborhood shattered windows and blew off doors in his apartment building. At 10:20 p.m., he remained outside his home because he feared his building would collapse. The structure hit hardest by the blast was a three-story apartment building with 12 families that sits next to an Internet cafe that is usually packed at the hour the attack began.

"These are bad times," Zayneb said as he sat outside in the dark with his wife and relatives.

About five minutes after the attack on the apartment building, there was an explosion three blocks away between a primary school and a fire station in Baladiyat, said Abu Samar, 42, a taxi driver. Police Col. Hassan Jaloub said the blast was a car bomb that killed three police officers and wounded seven. Five minutes after that attack, an explosion took place about a mile and a half away at a restaurant called the Arabian House, Abu Samar said.

At almost exactly the same time, witnesses said, several missiles or mortar shells slammed into the area around a huge market in the Nuairiya section of New Baghdad. The shelling completely collapsed a multistory apartment complex and also struck a nearby parking garage, residents said. Members of the Mahdi Army, the militia of the anti-American Shiite cleric Moqtada al-Sadr, were seen rescuing residents from the rubble.

Earlier in the day, a car bomb exploded in a long gas line in New Baghdad at 12:45 p.m., killing seven people and wounding 18, police Col. Abdul Razaq Mahmoud said.

The violence in the capital coincided with Prime Minister Nouri al-Maliki's statement Thursday that Iraqi forces were prepared to take control of the southern province of Dhi Qar in September from the U.S. military and its allies. It would be the second province in which Iraqis have taken full control of security; the British handed over Muthanna province in July.

"We hope that by the end of the year, our security forces will take over most of the Iraqi provinces," Maliki said in a televised news conference.

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In Baghdad, officials from Sadr's organization said Thursday that the Mahdi Army had clashed with U.S. forces in eastern Baghdad on Wednesday night. A U.S. military spokeswoman said she had no information about fighting in the area.

Sahib al-Amiri, a close aide to Sadr in Najaf, said the fighting began after U.S.-led forces tried to raid Sadr's offices in the Kamaliyah, Obaydi and Fedaliya areas of the capital.

The Mahdi Army members blocked roads with burning tires to prevent the forces from entering, he said. Then gunfire erupted.

Sheik Hassan al-Baghdadi, head of the Sadr office in Kamaliyah, said the mood in that neighborhood had been tense for two weeks, since U.S. forces began raiding Shiite mosques and harassing residents. He said the Americans had arrested 50 local leaders and members of the Mahdi Army.

Then, on Wednesday night, residents believed the U.S. military was about to seize a prominent local imam, Ahmed al-Aboudi of the Allawi Mosque in Obaydi. Aboudi said the Mahdi Army shot at U.S. troops to prevent his arrest and set an American vehicle on fire.

An Interior Ministry official said that dozens of Mahdi Army members were killed or wounded in the clashes and that five Iraqi army officers were killed and nine wounded. He spoke on condition of anonymity because of the political sensitivity of the matter.

The American military on Thursday also announced the deaths of three service members on Wednesday. A Marine assigned to Regimental Combat Team 5 and a soldier assigned to the 1st Marine Logistics Group were killed in combat in Anbar province, and a soldier assigned to the 1st Brigade of the 34th Infantry Division was killed by a bomb in an unspecified location.

Correspondent Ellen Knickmeyer and special correspondents Naseer Nouri, Naseer Mehdawi and K.I. Ibrahim in Baghdad, special correspondent Saad Sarhan in Najaf and other Washington Post staff in Iraq contributed to this report.

Car Bomb And Rockets Kill 43 In Baghdad's Shiite Strongholds (NYT)

By Edward Wong

The New York Times, September 1, 2006

BAGHDAD, Iraq, Aug. 31 — A series of explosions ripped through predominantly Shiite neighborhoods in eastern Baghdad on Thursday evening, killing at least 43 people and pushing the death toll for the day to 53, Iraqi police officials reported. Nearly 200 people were wounded, adding to a week of bloody attacks throughout the country.

Since Sunday, more than 300 Iraqis have been killed in bombings, murders and a deadly pipeline explosion that occurred when security forces were diverted from their normal duties to fight Shiite militiamen. The violence is generally believed to be the work of insurgents, militias and criminal gangs embroiled in Sunni-Shiite sectarian strife.

The recent surge in bombings calls into question the long-term effectiveness of a joint American-Iraqi security offensive in Baghdad. The security measures are expected to contribute to a relatively low civilian death toll in August, but there are increasing questions about whether that can be sustained.

The attack in eastern Baghdad appeared to be a well-organized strike on areas controlled by the Mahdi Army, a powerful Shiite militia led by Moktada al-Sadr, the radical cleric who led two uprisings in 2004.

Iraqi officials expressed fears that Thursday's onslaught could ignite a wave of revenge killings by Shiite militiamen in the coming days, continuing a pattern of reprisals in the Sunni-Shiite conflict.

Police officials counted seven explosions from a combination of car bombs and rocket or mortar fire. They shook eastern Baghdad shortly after nightfall and were clearly aimed at civilian areas, including a crowded market. At least one explosion took place in the Sadr City district, a Mahdi Army stronghold.

Earlier on Thursday, a car bomb exploded in a line of drivers waiting for gas at a station in eastern Baghdad, killing at least four people and wounding 11, including four police commando recruits, an Interior Ministry official said. At least six other Iraqis were killed in scattered attacks across the country, The Associated Press reported.

The American military said a soldier was killed by a roadside bomb north of Baghdad on Wednesday.

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The recent attacks have also brought into question whether Iraqi forces can take control of security in the country's most troubled areas anytime soon.

Gen. George W. Casey Jr., the top American commander in Iraq, said Wednesday that Iraqi forces might be ready to take responsibility for security in 12 to 18 months. On Thursday, the office of Prime Minister Nuri Kamal al-Maliki said Iraqi forces would take over security in Dhi Qar Province in September. The province is in southern Iraq, is dominated by Shiites and has a contingent of Romanian troops operating under American guidance.

Things were somewhat brighter on the political front, where Iraqi politicians said Shiite and Kurdish leaders had put to rest, for now, their differences with the speaker of Parliament, a firebrand Sunni Arab, after weeks of pressuring him to step down.

The speaker, Mahmoud al-Mashhadani, reached an understanding with the Shiite and Kurdish leaders after meeting with several of them, the politicians said in interviews. "The whole issue has been settled," said Hassan al-Shammari, a member of the main Shiite bloc in Parliament. He declined to give details.

The position of speaker of Parliament is the third highest-ranking job in the Iraqi government, and an ouster of Mr. Mashhadani would have been the biggest shake-up in Iraqi politics since the government was installed in late May.

A senior Kurdish legislator, Mahmoud Othman, said the Kurdish parties had backed down from their call for Mr. Mashhadani to withdraw after the Shiites made peace with him. The Kurds had simply been supporting the Shiites, Mr. Othman said.

"The Kurds had nothing specific against him," he added.

He said the Shiites had become incensed over Mr. Mashhadani's criticism of a possible Shiite autonomous region in the south, an idea championed by the head of the Shiite bloc, Abdul Aziz al-Hakim. Sunni Arabs are generally opposed to carving Iraq up into autonomous regions because of the lack of oil in provinces where they are in the majority.

Mr. Mashhadani said in an interview on Aug. 14 that he might resign because of the groups' pressure.

American officials have expressed displeasure with the speaker, who earlier this summer called the American occupation "the work of butchers" and suggested that statues be built for insurgents who kill American soldiers.

Spate Of Attacks Kills 68, Wounds Scores (WT/AP)

By Rebecca Santana

The Washington Times, September 1, 2006

BAGHDAD -- A series of attacks killed at least 68 persons across Iraq yesterday, including 47 within a half-hour in a Shi'ite section of Baghdad, officials said. Scores were wounded in the attacks, part of a violent week in which hundreds have been slain.

The closely spaced attacks in an eastern part of the capital included two car bombs -- one at a popular market and one on a street about 11/2 miles away. The area also was hit by four mortar rounds, two rockets, a roadside bomb and a bomb in a building, police said.

The dead and more than 200 wounded were taken to four hospitals, and it was not clear how many casualties there were in each attack, police and hospital officials said.

Earlier, a suicide car bomber in Baghdad killed two persons and a British Embassy convoy came under attack. Two passers-by were injured in the attack on the convoy.

The U.S. military reported that an American soldier was killed in Anbar province on Wednesday by a bomb blast.

Speaking after a Cabinet meeting, Prime Minister Nouri al-Maliki said Iraqi forces will assume responsibility for Dhi Qar province in the south, making it the second out of 18 provinces that the Iraqis would control.

"This makes us optimistic and proud because we managed to fulfill our promise," Mr. al-Maliki said. The Iraqis took over Muthanna province in the south from the British in July.

"This year will witness the handing over of other provinces, and we hope that by the end of the year, our security forces will take over most of the Iraqi provinces," Mr. al-Maliki said.

Dhi Qar is populated mainly by Shi'ite Muslims. Compared with more volatile areas such as Anbar in the west and Baghdad, Dhi Qar has been spared much of the sectarian violence. However, U.S. commanders have said recently that they are worried about the growing influence of Shi'ite militias in the area, many of whom they say receive support from Iran.

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Handing over territory from coalition control to Iraqi control is a key part of any eventual drawdown of U.S. troops in the country.

On Wednesday, the top U.S. commander in Iraq, Gen. George Casey, said Iraqi troops were on course to take over security control from U.S.-led coalition forces.

"I don't have a date, but I can see over the next 12 to 18 months, the Iraqi security forces progressing to a point where they can take on the security responsibilities for the country, with very little coalition support," he said.

Despite the rash of violence in the past week, U.S. officials have lauded the results of a major security crackdown in the capital that they say has resulted in a sharp fall in sectarian killings.

Arsenal Barrage Kills 54 In Baghdad (LAT)

By Patrick J. Mcdonnell

The Los Angeles Times, September 1, 2006

BAGHDAD — Rockets slammed into buildings, bombs exploded on the streets and mortar rounds fell from the sky before nightfall Thursday in an apparently coordinated strike on this capital that killed at least 54 people and injured 196, authorities said.

The attacks, which occurred as residents were returning home on the eve of the weekly Islamic holy day, struck a broad swath of largely Shiite Muslim districts in east Baghdad, immediately raising suspicions of sectarian motives in this deeply divided city.

The arsenal unleashed on the civilian targets included at least four Katyusha rockets, two car bombs, two roadside bombs and a pair of mortar shells, police sources said. All detonated during a 25-minute period beginning at 6:05 p.m.

Those killed included at least 13 women and a dozen children, authorities said. The death toll was expected to rise. The wounded and dying were taken to five hospitals, which reportedly were overwhelmed.

The attack provided a grim end to a month in which U.S. and Iraqi authorities had been lauding the early results of a joint security crackdown in the capital involving 8,000 U.S. troops and 3,000 Iraqi soldiers. For much of August, the death toll in Baghdad appeared to have dropped substantially, but since Sunday, the number of killings has once again soared.

The explosions ended shortly before President Bush spoke at an American Legion convention in Salt Lake City, where he rejected the contention that sectarian violence in Iraq was turning into civil war.

U.S. commanders and diplomats in Iraq "report that only a small number of Iraqis are engaged in sectarian violence, while the overwhelming majority want peace and a normal life in a unified country," Bush said.

The speech was the start of a campaign designed to shore up flagging public support for the U.S. presence in Iraq.

In his address, the president linked the conflict in Iraq to the U.S.-declared war on terrorism, which he called "the decisive ideological struggle of the 21st century."

Thursday's strike, one of the most deadly in Baghdad in recent months, displayed a level of coordination not seen here in some time.

In recent months, officials have said that Shiite-led death squads had become the nation's most prolific killers, usually seeking out Sunni Arabs. But the latest attacks, targeting Shiite neighborhoods with bombs and missiles, had the hallmarks of well-organized insurgent cells working in tandem, not Shiite gunmen.

No one took responsibility for the attacks, but if they were the work of Sunni insurgent groups, that would be evidence that the groups had retained their ability to launch high-profile and well-planned operations that exact a horrific toll in civilian lives.

U.S. officials had hoped that the death in June of insurgent leader Abu Musab Zarqawi and the capture of some of his followers had disrupted guerrilla operations.

The ferocity of the blitz seemed to stun even residents of a city accustomed to a daily fare of car bombs, ambushes and artillery shots.

The targets were spread out along a 12-mile arc on the east side of the Tigris River, spanning at least half a dozen neighborhoods, including both Shiite-dominated and mixed Shiite-Sunni areas.

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The continuing sectarian violence here has prompted many residents to move from formerly integrated communities to areas where their sect predominates and militias provide some measure of protection. In general, east Baghdad is mostly Shiite, and the Sunni enclaves occupy the west bank of the Tigris.

The barrage of rockets on Thursday appear to have been synchronized with the nearly simultaneous onslaught of mortar strikes, car bombs and roadside bombs, attesting to the sophistication of the assault. Nearby rocket strikes followed the car bombings, which occurred in two neighborhoods.

The targets included a popular market and at least three buildings, authorities said.

The broad scope of the operation indicated that separate teams of assailants operating on a fixed timetable were involved in its execution. Many insurgent cell leaders are said to be former military officers under Saddam Hussein, the Iraqi president who was ousted by U.S.-led troops in 2003.

Authorities here regularly find jury-rigged rocket and mortar launching pads in backyards, in pickup trucks, on streets and even in donkey carts. Clandestine factories rig vehicle bombs and insurgent groups provide a steady stream of willing suicide attackers, including volunteers from other Muslim nations.

The attacks struck at a pivotal time for beleaguered Iraqi Prime Minister Nouri Maliki, who recently launched a national reconciliation campaign. Maliki is expected to take his message of reconciliation to parliament when it reconvenes next week after a two-month summer break, though his specific plan is not known.

The prime minister told reporters Thursday that he hoped Iraqi forces would be able to take over security responsibilities for most of the country by year's end.

Maliki said that Iraqi forces would soon take charge of security in the southern province of Dhi Qar, making it the second of 18 provinces under Iraqi authority.

The nation's military took over Muthanna province, also in the south, from the British in July.

The two southern provinces are comparatively peaceful in a nation where most violence is concentrated in and around Baghdad and in several provinces to the north and east of the capital that have large Sunni Arab populations.

On Wednesday, Army Gen. George W. Casey Jr., the top U.S. commander in Iraq, predicted that Iraqis would assume overall control of their nation's security within 12 to 18 months "with very little coalition support."

U.S. authorities announced Thursday that attacks killed two soldiers and a Marine, bringing to at least 2,635 the American death toll since the U.S.-led invasion in 2003, the Pentagon said.

Earlier in the day, police said, a suicide car bombing near a gas station in east Baghdad killed two civilians and wounded 13 others. A roadside bomb targeted a British diplomatic convoy in western Baghdad, injuring two passersby.

Which Iraqi Army? (NYT)

The New York Times, September 1, 2006

Iraq's prime minister, Nuri Kamal al-Maliki, has a problem. His power depends on two armies. One is Iraq's national army, trained and supported by the United States. The other is the Mahdi Army, a radical Shiite militia loyal to Mr. Maliki's most powerful political backer, Moktada al-Sadr.

This week, open warfare broke out between these two armies. Mr. Maliki can no longer put off making an essential choice. He can choose to be the leader of a unified Iraqi government, or he can choose to be the captive of a radical Shiite warlord. He can no longer pretend to be both.

The issue came to a head in the southern city of Diwaniya. The fighting began when the Mahdi Army took to the streets to protest the arrest of several Sadr loyalists. At one point, according to an Iraqi general, Mahdi fighters killed a group of Iraqi soldiers in a public square. After hours of fierce fighting, Shiite politicians worked out a cease-fire with Mr. Sadr. But no one sees this as an isolated incident or imagines it will not soon be repeated.

Iraq's national army is the very fragile reed on which White House hopes for an eventual American withdrawal now rest — as President Bush made clear yesterday in a speech about Iraq in which he heaped praise on Mr. Maliki but painted a picture of the Iraq war that had only the most tenuous connections to reality. The Iraqi Army was already demoralized and fragmented. Its soldiers and officers, including some courageous Sunnis who have defied the insurgency to stand with their Shiite and Kurdish

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countrymen, cannot be expected to go on risking their lives indefinitely unless Prime Minister Maliki stands up to Mr. Sadr's attacks.

But thus far, the prime minister has conspicuously stood aside, recently denouncing Washington for supporting an Iraqi Army attack on a Sadr stronghold in Baghdad. Mr. Maliki's refusal to go after the main stronghold — Sadr City — helps explain Baghdad's continued high level of violence despite the prime minister's endlessly repeated announcements of a security crackdown in the capital.

The underlying political reality is that Mr. Maliki owes his job to an alliance between his own Islamic Dawa Party and Mr. Sadr's faction. (If you see a parallel to the way Hezbollah has shielded itself from being disarmed by the Lebanese government, so does Mr. Sadr. A few weeks ago he rallied tens of thousands of his supporters in Baghdad to cheer Hezbollah's rocket attacks against Israeli cities.)

The White House and the Pentagon keep assuring Americans that despite the obvious problems, the Iraqi Army is becoming increasingly capable of taking over basic defense responsibilities. But evidence continues to mount that it is not.

In Anbar Province, the western heart of the Sunni insurgency, army desertion rates in some units have run as high as 40 percent. In Maysan, in the Shiite southeast, 100 Iraqi soldiers defied orders to deploy for Baghdad, in part out of concern they would be asked to fight Shiite militias. Days before, a former British base in Maysan that had been turned over to the Iraqi Army was overrun by looters as Iraqi soldiers and the police stood watching.

Instead of standing up to take over the defense of Iraq, the Iraqi Army is in danger of crumbling. Now, government-backed Shiite militiamen have publicly killed Iraqi soldiers and fought an army unit to a humiliating draw. And Mr. Maliki still hasn't decided where his military loyalty lies.

Al-Qaida Group Dismisses Iraq Offer (AP)

AP, September 1, 2006

An al-Qaida-affiliated group Thursday branded the Iraqi government offers of reconciliation as "futile" and called on Sunnis to fight those who "legalized the shedding of Muslim blood."

The statement appeared on a Web site used by the Mujahedeen Shura Council, an umbrella organization of Sunni extremist groups that includes al-Qaida in Iraq. The statement said Sunnis in Iraq were facing aggressive attacks by the government and the Shiite militias and called for resistance.

"The Shiite attacks on the Sunni people have been intensified these days especially in the northern parts of the capital which included mortar shelling and burning of mosques that coincided with the increase of assassination and kidnapping campaigns," the statement said.

"You the Sunni people, you have no other choice but to fight those who ... legalized the shedding of the Muslim blood. The reconciliation efforts are futile with those who adopted lies as a religion and betrayal as worship."

The statement said the attacks targeted the Sunni districts of Baghdad including Azamiyah, Dora, Amiriya and Ghazaliyah.

Those areas have been the focus of a U.S.-led crackdown on Sunni and Shiite extremists responsible for the rise in sectarian tension.

Prime Minister Nouri al-Maliki, a Shiite, has proposed a national reconciliation program which includes amnesty to unspecified groups that agree to lay down their arms.

But religious extremists and Saddam Hussein loyalists have been excluded.

In Iraq, Singing For A Chance At Hope And Glory (WP)

By Sudarsan Raghavan

The Washington Post, September 1, 2006

BAGHDAD -- In the basement of the heavily guarded Babylon Hotel, on a low, black stage lit up like an operating room, contestant No. 65 was having a bad day. In the morning, Yasser Ibrahim, 22, had passed checkpoints and closed roads, armed soldiers and traffic jams, traveling two hours on a trip that normally takes 15 minutes.

When he arrived, he found dozens of young Iraqis, neatly dressed like him, lining up for a dream that has become ever so elusive in Iraq.

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"Fame. I hope for fame," gushed Raghad Laith, 16, looking fabulous in a long, black dress, high-heeled shoes with dazzling rhinestones, red lipstick and green eye shadow. "This is a great chance to become a star."

If you thought Iraq was only a dire tableau of bloodshed and mayhem, take a closer look. Ibrahim, Laith and the others at the Babylon Hotel were auditioning for "Iraq Star," the country's version of "American Idol." It's one of a growing stream of made-in-Iraq reality television shows, produced under often-perilous conditions, that are being beamed across the Middle East.

In a nation trapped by war, the shows provide hope, opportunity, escape and psychological healing for ordinary people. Their popularity speaks to the resilience of Iraqis and their longing for normal rituals amid instability and chaos.

"Such reality programs mean a lot to Iraqis," said Haitham Shaobi, the head judge of "Iraq Star" and a music historian. "We know there's a campaign underway to freeze life in Iraq. These programs show that Iraqis are holding on to life."

There are reality shows about rebuilding bombed homes and transporting war victims to neighboring Jordan for medical care. Others follow Iraqis who are given loans to create a business, aspiring directors learning how to make films, and teachers who have had their poor eyesight corrected.

At the Babylon Hotel last weekend, some of the amateur crooners said they hoped their talents would be noticed by producers abroad and earn them a ticket out of Iraq. Others simply came to tune up their rusty voices: In checkpoint-and-curfew-riddled Baghdad, there are no places to showcase their abilities. Most contestants appeared happy just to get out of their homes and do something productive. In today's Iraq, that itself is a luxury, they said.

So there was Ibrahim on the stage with a green card painted with the number 65 dangling from his neck. Cleanshaven, with short curly hair, he wore a short-sleeved white shirt, blue jeans and white leather shoes. A thin silver chain circled his neck. His chest was exposed. Beads of sweat slid down his round face.

He stared at the three judges at the other end of the colorful but spartan set inside the hotel's former casino. There was no audience, only a group of musicians with traditional Iraqi instruments. They began to play. Microphone in hand, Ibrahim took a deep breath and launched into an Iraqi folk song.

Seconds later, his voice dropped lower. Then it started to crack.

One of the judges raised his voice. The musicians stopped.

"The song is strong, and you are losing your voice," said the judge. "Sing a little slower."

Ibrahim nodded meekly. The musicians began again.

His voice, slower now, started strong. But it soon fell again. Then it went off-key. The judges cringed. Moments later, Ibrahim abruptly stopped and gave a nervous laugh.

"I forgot the words to the song," he said sheepishly.

A few minutes later, Shaobi, the head judge, gently broke the news: "You're still in arts college. You should prepare yourself for next year's show."

Ibrahim didn't throw a tantrum. He didn't declare that the judges were wrong. He smiled and said politely, " S hukran " -- thank you.

"I don't care if I win or not. That's not the most important thing," he said afterward, surrounded by other young hopefuls. "All these young Iraqis are challenging the situation in Iraq. We are trying to show our skills and not remain stale and jobless."

To the producers of "Iraq Star," the show has a larger motive. There are no Arabic pop hits or divisive, ultra-religious hymns sung here. The producers encourage contestants to sing folk songs, poems set to music or patriotic tunes that appeal to the whole country.

They want contestants to check their sects, religions, ethnicities and tribes at the door and enter as Iraqis. To hammer their vision home, the director, cameramen, judges and stagehands wear white buttons on their chests that read: "For the Unity of Iraq."

"Once the contestants arrive here, they are disconnected from the world outside," said the show's director, Yaseen Mohammed Amin, his voice brimming with confidence.

He paused to give orders to a stagehand, then added, "Singing is the only breath of fresh air for young people suffocating in the middle of violence and bombings."

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Under the presidency of Saddam Hussein, Amin worked for Iraq's state-owned television network. He used to make nationalistic documentaries about Iraq's culture and history. In the 1990s, as tensions rose between Iraq and the West, he turned his talents to morale-boosting propaganda films. In the fourth year of the U.S.-led occupation, Iraq's television landscape is unrecognizable, he said.

"Previously, shows were directed toward the path of war," he said. "Now, with the clashes and the terrorism, they are devoted to reforming the human being and creating love and tranquillity."

That's an enormous task in a nation where blood spills daily. And the strife has taken a toll on many of Iraq's reality shows. For example, the first reality show to take Iraq by storm, in the spring of 2004, was "Labor and Materials," inspired by ABC's "Extreme Makeover: Home Edition." On the show, houses destroyed by the war are rebuilt at no cost to the victims. By the end of 2005, six houses had been rebuilt.

This year, the show has rebuilt only one house, in Sadr City, the sprawling Shiite Muslim sector of Baghdad. In the middle of the filming, clashes broke out between Iraqi security forces and Shiite militiamen loyal to radical cleric Moqtada al-Sadr. So the show's director, Ali Hanoon, handed a camera to the contractor and asked him to film some episodes.

"They were not very good," Hanoon said, forcing a weak smile. "We are still facing serious security challenges.

Baghdad's curfew and maze of checkpoints, he said, have cut short crews' time to film. And now, with sectarian tensions rising, he has to make sure he's not playing favorites. "When we rebuild a house of a Sunni, the show makes sure the next house to rebuild belongs to a Shia," said Hanoon. "Labor and Materials" runs on al-Sharqiya, a private satellite television network that broadcasts around the Middle East.

Even with the rising violence, reality shows continue to attract contestants. In one new show on which loans are handed out to poor Iraqis who want to become entrepreneurs, 10,000 people sent in applications from across the country. Only 45 were selected for the year-long season.

"We're always trying to find a solution for Iraqi citizens to live and survive," said Mustafa Khadum, director of programming at al-Sharqiya.

Another popular program, "The Light," revolves around flying teachers with poor eyesight to neighboring Jordan for corrective surgery.

"Teachers are the leaders of people," said Alla a-Salih, the show's director. "So if they have good eyesight, they can lead a whole new generation of Iraqis."

This season, more than 1,200 contestants participated in "Iraq Star," more than double the number in the previous season, said Jassim al-Lami, an executive at al-Sumaria, the satellite channel that produces the show. There are six stages, and eventually contestants are whittled down by judges and audience voting on the Internet.

The dozen contestants who make it to the final round are flown to the Lebanese capital, Beirut, where viewers from around the Middle East vote for their favorite crooner. The winner and runner-up get record deals.

Back at the Babylon Hotel, everyone has heard the story of Bilal, a 12-year-old boy from Mosul, one of Iraq's most violent cities. He sang a ditty called "Ya Iraq," about the suffering of Iraqi children. He started to cry during his performance. So did the judges.

Days later, al-Jazeera, the Qatar-based satellite channel, offered Bilal a contract to sing on their children's network. Now, he and his family are safely out of Iraq, living in the Persian Gulf.

Raghad Laith is one step closer to her own dream. She's into the second round. "I was good," she said with determination, as her mother smiled proudly. "The next stage, I must sing better than this one."

Ali Fadhil Abbas, 24, doesn't care about fame or fortune. He's simply happy to be doing what he loves: filmmaking. He's reached the semifinals of "The Young Men's Project," a show inspired by CBS's "Big Brother" on which eight aspiring filmmakers learn the business of making a movie. Each week, viewers vote one contestant off the show.

"My success as an artist is more important than winning a prize," Abbas said. "Before I joined this program, I had already given up on life."

Insurgents Attack Town In Southern Afghanistan (WP/AP)

DOJ_NMG_0056389

By Amir Shah

The Washington Post, September 1, 2006

KABUL, Afghanistan, Aug. 31 -- Taliban insurgents attacked a southern town Thursday, sparking intense fighting with government troops that left two guerrillas dead, the Defense Ministry said.

A NATO airstrike pushed back the insurgents, who used mortars, rocket-propelled grenades and heavy machine guns in the attack on Naw Zad, in Helmand province, said a ministry spokesman, Gen. Zahir Azimi.

Before dawn Thursday, two rockets slammed into central Kabul, the capital. One landed in an upscale residential neighborhood, about 10 yards from the army chief of staff's house; the other landed in a park. There were no immediate reports of damage or injuries, witnesses and NATO said.

Kabul has been spared most of the violence that has racked the south and east of the country, but occasional rocket attacks and roadside bombs have rattled it.

A Dutch F-16 fighter jet crashed in Ghazni province in central Afghanistan, killing the pilot, military officials said. Hostile fire was ruled out because the plane was flying too high to have been shot down. The 29-year-old pilot, the only person on board, was found dead at the crash site.

The Netherlands is a key contributor to a multinational force in charge of security operations in volatile southern Afghanistan.

In Zabol province, a suicide attacker plowed an explosives-filled car into a police convoy traveling on the main road, wounding three officers, said Jailan Khan, the provincial police chief.

A purported Taliban regional commander, Mullah Nazir, asserted responsibility for the blast and said the bomber was an Afghan man from Khost province. His assertion could not be independently verified.

NATO aircraft dropped six bombs on two Taliban positions in Helmand's Musa Qala district on Wednesday, but there were no reports of insurgent casualties, said Maj. Quentin Innis, a spokesman for the NATO-led force.

Helmand, particularly its three northern districts including Naw Zad, has been the site of some of the heaviest and most persistent fighting during this year's surge in violence in Afghanistan, the worst since the Taliban was driven from power by U.S.-led forces in late 2001.

In the east, gunmen shot and killed a doctor as he left his home in the Zurmat district of Paktia province, said Matiullah Rahmani, the provincial deputy police chief. He blamed Taliban insurgents.

Also in Paktia, fighters raided a police post in the Ahmad Khel district before dawn, wounding one policeman. Rahmani said the attackers left a trail of blood, suggesting they had suffered one or two dead or wounded.

U.S.: 'Bad News' In Afghan Drug War (AP-Y)

By Foster Klug

AP, September 1, 2006

The U.S.-backed strategy to fight Afghanistan's massive drug trade has been unsuccessful in stemming opium cultivation, which is expected to hit record levels this year, a senior U.S. official said Thursday.

"It's bad news and we need to improve it," said Thomas Schweich, principal deputy assistant secretary of state for international narcotics. "But we don't feel it's a hopeless situation, and we don't think the overall strategy is the wrong strategy."

Schweich spoke to reporters as Western officials in Afghanistan were forecasting a possible 40 percent increase this year in land under opium poppy cultivation, despite hundreds of millions of dollars spent in counternarcotics efforts.

Afghanistan produces more than 90 percent of the world's opium and heroin supply, and the drug trade has had a corrosive effect on President Hamid Karzai's struggling government.

"I'm not here to put a happy face on this situation. I'm not going to say anything is truly working," Schweich said. "What I'll say is that it's improving."

Schweich said recent improvements include a counternarcotics tribunal, better eradication of the crop, better distribution of funds for poppy farmers to find alternative jobs, and a public information campaign to warn people that they will be prosecuted and punished if they continue to produce drugs.

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Schweich did not have specifics on how much opium production numbers would likely rise in an upcoming report by the U.N. anti-drug agency. But he said U.S. officials were prepared for a significant increase.

The high numbers, he said, were partly a reflection of a drug strategy that was only started in 2005. Money for farmers to pursue livelihoods other than poppy production were distributed in a "spotty manner," he said. There were also failures destroying the crop, and courts struggled to prosecute drug offenders.

A more credible threat of prosecution and better eradication of crops, Schweich said, would eventually help steer people away from planting.

CORPORATE SCANDALS:

Auditor Warned Of Mills' Troubles (WP)

By David S. Hilzenrath

The Washington Post, September 1, 2006

Years before Mills Corp. disclosed damaging accounting errors, auditor Ernst & Young LLP told the shopping mall developer that its bookkeeping practices could "lead to misstatements" in its financial reports, according to a court document unsealed yesterday.

The auditor's warnings seem to have foreshadowed some of the problems that Mills has since acknowledged publicly, said Jeffrey W. Golan, an attorney for shareholders who are suing Mills and fought to have the document unsealed.

Mills, developer of such outlet malls as Potomac Mills and giant "shoppertainment" venues blending retail and entertainment, has disclosed that accounting errors will wipe out much of the profit it reported in recent years. The company has been liquidating some of its holdings to raise cash and recently enlisted new backing to complete the troubled Xanadu project in the New Jersey Meadowlands.

Mills is under investigation by the Securities and Exchange Commission, and its stock price has been battered over the past year.

A spokesman for Mills did not respond to a request for comment yesterday, and a lawyer for the company declined to comment. A spokesman for Ernst & Young also declined to comment.

Mills had sought to keep details about the auditor's comments confidential. Far from being red-flag warnings, Ernst & Young's comments were "suggestions for improvements," Mills has said in a court filing. Mills said it had acted on the auditor's advice in a timely fashion.

The document unsealed yesterday in Delaware Chancery Court is an amended lawsuit against Mills by former Mills chief executive Herbert S. Miller, who alleges that mismanagement at the troubled development company has hurt the value of his continued investments in the company's projects. The document cited records that the development firm had turned over to Miller's lawyers under a confidentiality agreement. Until yesterday, the version available to the public had sections whited out by Mills.

The newly unsealed document describes a series of letters to Mills from Ernst & Young. In a February 2003 letter, Ernst said that the company was sometimes making accounting entries "based on verbal information or drafts of agreements," some of which were out of date. In a February 2002 letter, the audit firm said Mills had been improperly capitalizing interest on some properties. In a February 2004 letter, Ernst said it found that gains from two land sales were not recorded at the right time. The 2004 letter also said there were discrepancies between leases and the "data input" on the leases.

From the limited information contained in the court document, it is hard to tell how closely the problems Ernst cited relate to the accounting errors Mills has since revealed.

Mills investors pursuing a class-action lawsuit against the company asked the Delaware court to unseal the complaint.

Mills told the court that Ernst & Young "would strongly object to the Company's publication of these management letters."

The judge sided with the investors. "It may be uncomfortable if some of this is revealed, and revealed selectively, but that is not the standard for public access," Leo E. Strine Jr., vice chancellor of the court, told lawyers in a conference call this week, according to a transcript.

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There is a history of audit firms privately telling clients that they have problems while publicly vouching for those clients' financial statements. Audit firms have argued that the problems were not significant enough to change their overall assessment.

Years before Enron Corp. collapsed, the now-defunct audit firm Arthur Andersen LLP found $51 million of problems in the company's books and let them go uncorrected. And years before regulators exposed billions of dollars of accounting errors and manipulations at mortgage finance giant Fannie Mae, auditor KPMG LLP flagged as an "audit difference" the company's decision to delay booking almost $200 million of expenses, according to a February investigative report commissioned by Fannie Mae directors.

Investors Demand Penn Traffic Financial Reports (NSDY/AP)

Long Island Newsday, September 1, 2006

SYRACUSE, N.Y. (AP) _ A shareholder's group has filed a request with the U.S. Securities Exchange Commission demanding The Penn Traffic Co. release its long-delayed financial statements.

The Syracuse-based regional grocery store chain emerged from Chapter 11 bankruptcy protection in May 2005 and has been under investigation by the SEC and the Justice Department for alleged improper promotional practices.

As a result of the joint investigations, the company has not released financial information since its reorganization. Company executives have said Penn Traffic will eventually release newly audited financial statements for the 2003 through 2005 fiscal years.

The demand for Penn Traffic's financial statements was made by Bay Harbour Management, a New York City-based investment company that said it has a 3.7 percent ownership stake in Penn Traffic.

"The refusal of the company to provide its investors with even basic financial and operating information about the company, as required by federal securities laws . . . is completely inappropriate and unacceptable," said a letter signed by Bay Harbour partner Kurt Cellar.

Additionally, Bay Harbour is seeking a stockholders' meeting within 60 days. The meeting should focus on Penn Traffic's recent financial performance, projections and the financial impact and status of internal and SEC investigations of promotional practices, Bay Harbour said.

Marc Jampole, a Penn Traffic spokesman, said the company had no comment on Bay Harbour's letter.

Penn Traffic operates 112 supermarkets in Pennsylvania, New York, Vermont and New Hampshire under the BiLo, P&C and Quality trade names. The company also runs a wholesale food distribution business serving 79 licensed franchises and 49 independent operators. Its shares trade publicly over the counter.

As part of its bankruptcy reorganization, Penn Traffic closed more than 100 stores. The company also went through bankruptcy reorganization in 1999, closing more than four dozen stores.

CRIMINAL LAW:

Man Indicted On Federal Charges In 2002 Annapolis Slaying (WP)

By Eric Rich

The Washington Post, September 1, 2006

Federal authorities announced an indictment yesterday in a widely publicized 2002 slaying in the historic district of Annapolis, charging a suspect who had avoided trial in state court despite allegedly admitting involvement in the crime.

The indictment of defendant Leeander J. Blake was returned by a grand jury in Baltimore. In the failed state prosecution of the case, courts ruled that Blake was improperly interrogated and that the statements he made to police were inadmissible.

He was released from jail in 2004, 20 months after he and an associate were accused in a carjacking and killing that stunned the city. "He can say, 'I got away with murder,' " Anne Arundel County State's Attorney Frank R. Weathersbee said at the time.

Yesterday, flanked by representatives of the FBI and other agencies, Weathersbee praised U.S. Attorney Rod J. Rosenstein for pursuing the case federally after the Supreme Court effectively ended the state's efforts to prosecute Blake last year by

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declining to intervene. "This is a day that I've been waiting for almost a year, a day in which the wheels of justice will again begin turning for Leeander J. Blake," Weathersbee said.

Blake, now 21, surrendered to authorities Wednesday to face charges in the slaying of Straughan Lee Griffin, a businessman and sailing enthusiast. Blake appeared in court briefly yesterday and was ordered held until a detention hearing Wednesday.

Regardless of whether Blake's statements are admitted in court, a law enforcement source said the government has additional evidence that was not available at the time of the state prosecution. The source, speaking on condition of anonymity because the evidence has not been publicly disclosed, declined to describe it.

Blake's attorney, Michael E. Kaminkow, said that the indictment is "re-traumatizing Mr. Blake" and that the case should not have been revived once it had been concluded in state court.

"He's devastated and terribly frustrated," said Kaminkow, who added that Blake had been working a construction job in Annapolis. "He was trying to get on with his life."

The victim's sister, Linda Griffin, who has said it would be "horrific" if Blake is not tried in her brother's death, declined to comment yesterday. But she and the family were pleased that Blake was back in custody, said Meg Hayward, a victim-witness advocate with the county state's attorney's office, who spoke with Griffin yesterday afternoon.

"They'd been hoping that something would happen that would lead to some kind of justice," Hayward said. "They've been waiting for a long time."

Griffin, 51, was killed Sept. 19, 2002, outside his home on a quiet cul-de-sac, a block from the governor's mansion and not far from the U.S. Naval Academy. He was unloading groceries when two men approached and shot him in the head. The assailants fled in Griffin's Jeep Cherokee, driving over his body.

More than a month later, police arrested Blake, then 17, and Terrence Tolbert, then 19, who were neighbors in an Annapolis public housing complex. Tolbert was convicted in Circuit Court last year and sentenced to life in prison.

According to court documents, after being arrested, Blake was taken to Annapolis police headquarters, where he told the lead detective, William Johns, that he would not speak without a lawyer present. Before a lawyer arrived, Johns returned to Blake's holding cell and presented him with a statement of the charges against him.

The papers said Blake faced the death penalty, court documents show, though he was too young for capital punishment to be considered. As Blake held the papers, an officer made a remark that eventually undid the prosecution's case.

"I bet you want to talk now, huh!" Officer Curtis Reese said.

Soon afterward, Blake asked to talk with detectives. He made a statement in which he acknowledged being at the scene of the crime but said Tolbert shot Griffin, police and the defense have said.

Blake's attorney asked to have the statement suppressed, saying Reese's remark constituted an interrogation, which is prohibited after a suspect has asserted his right to an attorney. An Anne Arundel Circuit Court judge agreed with the defense.

Weathersbee faced a difficult choice: go to trial without the statement and risk losing the case, or appeal and -- under a law that has since been changed, chiefly because of this case -- risk having to drop the case if he lost the appeal. He chose the latter, largely because the remaining evidence was, by his own account, "skimpy."

Weathersbee prevailed with the state's intermediate appellate court, but its highest court, the Court of Appeals, sided with the defense, ruling that Reese's remark tainted Blake's later statements. The Supreme Court heard the case last year but, without explanation, declined to rule. The U.S. investigation followed.

Kaminkow, Blake's attorney, said the defense was confident that Blake's statements would be excluded from the federal case as well. Rosenstein declined to comment on the statement yesterday, citing federal rules that prohibit certain public comments about evidence, but he said the earlier state court rulings do not bind federal courts. "We'd essentially start fresh," he said.

Several lawyers not involved in the case confirmed Rosenstein's analysis and said the matter will be framed by the same points of law as it was in state prosecution but will be decided by different courts.

"It's a constitutional issue," said Andrew C. White, a former federal prosecutor. "They will be faced with the same issues that were involved in the state case."

End Of An Affair (WP)

The Washington Post, September 1, 2006

WE'RE RELUCTANT to return to the subject of former CIA employee Valerie Plame because of our oft-stated belief that far too much attention and debate in Washington has been devoted to her story and that of her husband, former ambassador Joseph C. Wilson IV, over the past three years. But all those who have opined on this affair ought to take note of the not-so-surprising disclosure that the primary source of the newspaper column in which Ms. Plame's cover as an agent was purportedly blown in 2003 was former deputy secretary of state Richard L. Armitage.

Mr. Armitage was one of the Bush administration officials who supported the invasion of Iraq only reluctantly. He was a political rival of the White House and Pentagon officials who championed the war and whom Mr. Wilson accused of twisting intelligence about Iraq and then plotting to destroy him. Unaware that Ms. Plame's identity was classified information, Mr. Armitage reportedly passed it along to columnist Robert D. Novak "in an offhand manner, virtually as gossip," according to a story this week by the Post's R. Jeffrey

Smith, who quoted a former colleague of Mr. Armitage.

It follows that one of the most sensational charges leveled against the Bush White House -- that it orchestrated the leak of Ms. Plame's identity to ruin her career and thus punish Mr. Wilson -- is untrue. The partisan clamor that followed the raising of that allegation by Mr. Wilson in the summer of 2003 led to the appointment of a special prosecutor, a costly and prolonged investigation, and the indictment of Vice President Cheney's chief of staff, I. Lewis "Scooter" Libby, on charges of perjury. All of that might have been avoided had Mr. Armitage's identity been known three years ago.

That's not to say that Mr. Libby and other White House officials are blameless. As prosecutor Patrick J. Fitzgerald has reported, when Mr. Wilson charged that intelligence about Iraq had been twisted to make a case for war, Mr. Libby and Mr. Cheney reacted by inquiring about Ms. Plame's role in recommending Mr. Wilson for a CIA-sponsored trip to Niger, where he investigated reports that Iraq had sought to purchase uranium. Mr. Libby then allegedly disclosed Ms. Plame's identity to journalists and lied to a grand jury when he said he had learned of her identity from one of those reporters. Mr. Libby and his boss, Mr. Cheney, were trying to discredit Mr. Wilson; if Mr. Fitzgerald's account is correct, they were careless about handling information that was classified.

Nevertheless, it now appears that the person most responsible for the end of Ms. Plame's CIA career is Mr. Wilson. Mr. Wilson chose to go public with an explosive charge, claiming -- falsely, as it turned out -- that he had debunked reports of Iraqi uranium-shopping in Niger and that his report had circulated to senior administration officials. He ought to have expected that both those officials and journalists such as Mr. Novak would ask why a retired ambassador would have been sent on such a mission and that the answer would point to his wife. He diverted responsibility from himself and his false charges by claiming that President Bush's closest aides had engaged in an illegal conspiracy. It's unfortunate that so many people took him seriously.

Judge Extends Court Order Against BetonSports (SLPD)

By Tim O'Neil, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, September 1, 2006

A federal judge in St. Louis on Thursday extended a temporary court order against BetonSports, an Internet sports gambling operation, in hopes the London-based company would send a representative to respond to it soon.

An indictment unsealed July 17 alleges that the company took $3.7 billion in illegal bets from Americans over three years, and accuses it of mail fraud, racketeering and other crimes. Federal prosecutors sought an order prohibiting the company from selling its websites and ordering it to return bets to American players.

U.S. District Judge Carol E. Jackson has granted a temporary order to that effect, but lawyers for BetonSports have never appeared at the federal courthouse here to answer it. They didn't show up Thursday, either.

"Is anyone here from -Beton--Sports?" she asked to open a brief hearing.

"Just like the last time."

Marty Woelfle, a lawyer for the Justice Department's organized-crime unit in Washington, was in the room and told the judge the government has made some progress in formally serving papers on BetonSports' London headquarters. Woelfle said a

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process server in London expected to complete that task soon, and asked for a 30-day extension on the judge's temporary order, which would have expired today.

Jackson granted that extension. Woelfle is seeking a permanent order to bar the company from taking bets and to force it to give up $4.5 billion.

On Aug. 10, the company closed its American operations. Its website, betonsports.com, explains the change and, among other things, promises to "repay balances due to U.S. customers in an orderly manner."

David Carruthers, the company's former chief executive, was arrested July 16 in Dallas, allegedly while trying to fly to Costa Rica, where the company has an operation. The company fired him after he was arrested. He was freed on $1 million bond on Aug. 16 from the federal courthouse in St. Louis.

Polygamist Sect Leader Agrees To Return To Utah To Face Charges (AP)

By Ken Ritter, ASSOCIATED PRESS

AP, September 1, 2006

LAS VEGAS (AP) - Looking frail and timid, the leader of a breakaway polygamist sect agreed Thursday to be extradited to Utah to face rape charges that could send him to prison for the rest of his life.

Prosecutors allege Warren Jeffs arranged marriages of older men and girls, some as young as 13. The 50-year-old leader of about 10,000 members of the Fundamentalist Church of Jesus Christ of Latter Day Saints spoke almost inaudibly during his brief court appearance.

Jeffs, who was not represented by a lawyer, nodded, paused and muttered meekly when Las Vegas Justice of the Peace James Bixler asked if he wanted to contest his return to Utah, where he is charged with two counts of rape by accomplice.

"What would you like to do?" Bixler asked.

"Go ahead and be extradited," replied Jeffs, who was handcuffed and wore a blue prison jumpsuit that hung off his bony frame.

In St. George, Utah, authorities said Jeffs would remain in Las Vegas at least until Friday to plan his move.

"We're gonna play this very carefully," said Washington County Sheriff Kirk Smith, who added that he had no indication there might be violence or an attempt by Jeffs' followers to free him.

Before his capture late Monday, Jeffs had claimed to be invincible, protected by God, with bodyguards who promised to fight to the death for him, authorities said.

Jeffs was arrested without incident after a traffic stop outside Las Vegas, ending a manhunt that lasted more than a year and placed him on the FBI's Most Wanted List. The 2007 Cadillac Escalade in which Jeffs rode was carrying three wigs, 15 cell phones, several laptop computers and $54,000 in cash, police said. No weapons were found.

Gary Engels, an investigator with Arizona's Mohave County attorney's office who has tracked Jeffs for years, surmised the fugitive may have picked up the money just before he was arrested.

"I have no doubt they had couriers running money to him," Engels said of Jeffs' followers.

Engels said he thought Jeffs might have been in southern Nevada to visit sect members who moved in recent years from Hildale, Utah, and neighboring Colorado City, Ariz.

He said the SUV was owned by John Wayman, a sect official who manages a company, Western Precision Inc., that recently moved from Hildale to Las Vegas and changed its name to Newera Manufacturing Inc.

Engels had seen only photo and video images of Jeffs until Thursday's court hearing.

"He looked very thin, very gaunt," Engels said. "He looked like a man who's been on the run, a man under a lot of stress."

Two prosecutors from the Washington County attorney's office in Utah were in court, as was Jeffs' brother, Isaac Jeffs, 32, who was driving when they were stopped. Isaac Jeffs did not speak with reporters.

Smith said Jeffs would be held without bail after he arrives at the Purgatory Correctional Facility in Hurricane, Utah. He will be segregated from other inmates in a solo cell with one hour per day for recreation, the sheriff said, and up to two hours of visitation a week.

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The federal warrant on which Jeffs had been held, accusing him of unlawful flight to avoid prosecution, remained active Thursday, said Melodie Rydalch, spokeswoman for the U.S. attorney's office in Salt Lake City.

"We're waiting to see if it is needed," Rydalch said of the charge, which carries a possible penalty of up to 10 years in federal prison.

Jeffs' sect split from the mainstream Mormon Church when the Mormons disavowed polygamy more than 100 years ago. Jeffs took over in 2002 after the death of his 98-year-old father. He is said to have at least 40 wives and nearly 60 children.

Prosecutors hope the arrest will break his hold on his followers and empower them to speak out about their lives within a sect that condoned marriages of young girls.

In past attempts to prosecute polygamists within the sect, victims have faced pressure to stay quiet from insular communities in Hildale and Colorado City, where residents consider Jeffs a prophet of God.

Just this week, a sexual assault trial of another sect member was put on hold after the alleged victim, a woman married off at 16, refused to testify.

"They pretty much have to renounce their entire heritage to go against the prophet," said Arizona Attorney General Terry Goddard. "That has got to be hard to do."

One accuser in Utah said Jeffs performed a wedding over her repeated objections. After the girl continued to resist for a month, Jeffs ordered her to "give your mind, body and soul to your husband like you're supposed to," according to an affidavit obtained by The Associated Press.

"Go back and do what he tells you to do," Jeffs said, according to the affidavit.

Arizona also has a warrant for Jeffs, issued in June 2005. But Utah will prosecute him first because it has a stronger case and more serious charges of rape by accomplice.

Associated Press writers Jennifer Dobner in St. George, Utah, Paul Foy in Salt Lake City and Jacques Billeaud in Phoenix contributed to this story.

Jeffs Will Be Returned To Utah (DESERET)

By Ben Winslow And Nancy Perkins, Deseret Morning News

Deseret Morning News, September 1, 2006

Seized documents reveal details of a life on the run

ST. GEORGE — Polygamist leader Warren Jeffs, on the run from the law, had a list of safe houses and the names of people who facilitated his eluding capture.

Laura Rauch, Associated Press

Warren Jeffs appears in a courtroom in Las Vegas. Asked what he wanted to do, the polygamist leader said, "I want to go ahead and be extradited." He will likely be in Utah within four weeks. In documents seized by police when Jeffs was arrested late Monday night, details about his intricate network support were revealed, including maps, lists of individuals contributing money and a list of people providing safe houses.

Also included in the seizure was a directive from the man once on the FBI's Ten Most Wanted List; "So, I have to be hiding in my travels, not let anyone know. And when I come to a land of refuge, you must not reveal where I am in your phone calls and your letters."

That evidence, revealed in court papers filed in St. George's Fifth District Court, is what prompted Washington County prosecutors on Wednesday to seek a no-bail order on Jeffs.

Jeffs waived extradition on criminal charges of rape as an accomplice for arranging child bride marriages Thursday after a brief court appearance in a Las Vegas.

Dressed in a blue jail jumpsuit with his hands cuffed to his waist, Jeffs spoke softly as he answered questions from a Las Vegas Township Justice Court judge.

"Are you Warren Jeffs?" Judge James Bixler asked.

"Yes," Jeffs said, nodding his head.

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Bixler explained the extradition process as Jeffs stood in a jury box, surrounded by SWAT team members and facing several news cameras.

The polygamist leader appeared thin. His hair was dark with streaks of silver on the sides.

The judge finally asked Jeffs, leader of the Fundamentalist LDS Church, what he wanted to do.

"I ... go ahead and be extradited," he said after a brief pause.

After the hearing, Jeffs met with an investigator who has dogged him for years.

"I wanted to put a human being with a picture and, of course, I needed to try to talk to him," Mohave County Attorney's investigator Gary Engels told the Deseret Morning News. "We chit-chatted a little bit."

Engels has been pursuing Jeffs since being directed by the Mohave County Attorney to investigate crimes within the polygamous border town of Colorado City, Ariz. Through his investigations, prosecutors in Arizona have brought a number of charges against polygamists. The trial of one starts next week.

Engels met with Jeffs in the Clark County Jail, where he was being held after a chance arrest by a Nevada trooper Monday night. Engels declined to go into details about his conversation with Jeffs. He said the FLDS leader knew who he was.

"He was decent. Guarded," Engels said.

Trying to break the ice, Engels told Jeffs he looked thin.

"He said 'That's the way I always look,'" the investigator said.

Engels said he advised Jeffs of his rights and tried to ask about criminal investigations under way, but Jeffs wouldn't talk without an attorney.

More charges?

When Jeffs returns to Utah, he could face more criminal charges.

Washington County prosecutors confirmed to the Deseret Morning News they are screening more cases against Jeffs.

"It's a complicated case," deputy Washington County Attorney Jerry Jaeger said Thursday. "That's one thing that we have been looking at, is what else there is."

Just before Jeffs' extradition hearing, Jaeger and fellow prosecutor Ryan Shaum served Jeffs with papers indicating that a judge in St. George's 5th District Court had denied him bail.

Jeffs is charged in Utah and Arizona with sex crimes, accusing him of using his role as prophet of the FLDS Church to force teenage girls into polygamous marriages with older men. The victims say they were threatened with eternal damnation if they objected or left the unions.

The charges filed in St. George elevated Jeffs to the FBI's Ten Most Wanted list, where he remained for several months until he was arrested Monday outside Las Vegas during a simple traffic stop.

Jeffs was in the company of one of his wives, Naomi Jessop Jeffs, and Jeffs' brother, Isaac. Prosecutors said they remain under investigation for any role in harboring Jeffs.

Returning to Utah

Jeffs is expected to return to Utah within the next 28 days, where he will be booked into Purgatory Correctional Facility in Hurricane, less than 20 miles from Jeffs' former residence in Hildale.

Washington County Sheriff Kirk Smith said Jeffs would be held under administrative segregation, which means he will be housed alone.

"He will be allowed out for one hour a day to make phone calls, shower and exercise," Smith told reporters packed into the county attorney's office for a news conference on Thursday. "He will be able to read in his cell and have one to two hours of visitation each week. He will not be allowed to bring any personal effects with him into the jail, although he may request reading material."

Extraditing Jeffs from Nevada to Utah will be done in secrecy, and no details will be released to the public, Smith said. Details on the transfer must still be worked out between Smith and his counterparts in Clark County, Nev., where Jeffs is being held.

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" We have not decided how to bring Jeffs here, yet," said Smith. "We are going to play this very carefully. I don't want to do anything that would jeopardize the transport, safety or housing of Mr. Jeffs. We want to make sure he gets every opportunity offered under the legal system."

So far, no attorneys representing Jeffs have contacted prosecutors.

Authorities told the Deseret Morning News they expect that Jeffs will still be in charge of the FLDS Church and its estimated 10,000 followers — even from jail. Jeffs is considered a prophet by his faithful followers.

"I think his contact with his people is going to be limited with him in jail. It definitely will be monitored," Engels said.

Towns unsettled

Hildale and Colorado City showed some signs of activity on Thursday. People were seen coming in and out of the local mercantile; children were seen playing in their yards.

It was a much different scene earlier in the week when word reached these communities that Jeffs had been arrested.

"They're coming to grips with him being caught. They still see him as Joseph Smith all over again," ex-FLDS member Daniel Chatwin said, referring to the martyred founder of The Church of Jesus Christ of Latter-day Saints.

The FLDS Church is a breakaway religion.

Bruce Wisan, the court-appointed special fiduciary of the FLDS Church's United Effort Plan (UEP) Trust, visited the twin towns on Thursday.

" I haven't noticed a change," he said. "I talked to one person inside. He said he's not discussing it unless someone brings it up."

Wisan said FLDS members said they don't want to show disloyalty and are waiting to see what happens.

In 2005, a Utah judge took control of the UEP Trust, which controls homes, businesses and property in Hildale, Colorado City and several FLDS enclaves. The state of Utah alleged that Jeffs and top FLDS leaders were fleecing the trust. The UEP Trust has an estimated $110 million in assets.

Extra police patrols were seen in the border towns, and authorities hope that with the arrest of Jeffs, more people will come forward to report abuses within the closed societies.

" I want to see Jeffs get his day in court," Engels said.

FLDS Leader Jeffs Accepts Extradition From Nevada (SLT)

By Brooke Adams, The Salt Lake Tribune

Salt Lake Tribune, September 1, 2006

LAS VEGAS - Polygamous leader Warren Jeffs, captured Monday after years on the run, says he is "at peace," said an investigator who spoke to him Thursday.

Gary Engels, a Mohave County, Ariz., attorney's investigator, spoke with Jeffs about an hour after the former fugitive briefly appeared in a Las Vegas courtroom and agreed to be extradited to Utah.

The two men engaged in small talk, and at one point Engels asked Jeffs how he was doing and whether he was "OK."

"He said yes, and that he's 'at peace' with things," Engels said.

Meanwhile, a new court filing in Utah says police found "maps, lists of individuals whom were contributing money, and names of individuals providing 'houses of hiding' and 'hiding houses' " in the 2007 Cadillac Escalade Jeffs was riding in when caught Monday. Information on the lists was not disclosed.

Clad in a dark blue jail jumpsuit and with his arms held by two Las Vegas SWAT team officers, Jeffs appeared dazed and gaunt, his dark brown hair streaked with silver in the back. His younger brother Isaac, who had been driving the Escalade, looked on from a front row seat.

After Judge James M. Bixler explained his options,

Related Articles

'Jane Doe' ready to testify in Jeffs' felony rape case

Arizona jail releases six sect members

Ex-FLDS member visits community, finds it unchangedJeffs, speaking in a barely audible voice, said he wanted to "go ahead and be extradited."

He is charged in Utah with two counts of rape as an accomplice, a first-degree felony punishable by five years to life in prison, for arranging a plural marriage involving an underage girl.

Jeffs did not look at his brother, who rose - in an apparent sign of respect - as the sect leader was escorted out of the seventh floor courtroom in the Clark County Regional Justice Center.

Isaac Jeffs, tall and lanky like his brother and dressed in blue jeans and a long-sleeve green collared shirt, had sat silent, staring straight ahead, as media crowded into the courtroom before the hearing. He left immediately afterward and took off down the block at a fast pace, pursued by media. He did not offer any comments.

Jeffs was apprehended Monday night by a Nevada Highway Patrol trooper who made a routine traffic stop on Interstate 15 north of Las Vegas. One of his plural wives, Naomi Jessop Jeffs, also was in the vehicle with Jeffs and his brother.

The FBI's Las Vegas division released Isaac Jeffs and Naomi Jeffs on Tuesday morning after conferring with counterparts in

Warren Steed Jeffs extradition hearing

Utah and Arizona and determining there was no reason to hold them, according to Special Agent David Nanz.

Engels came out of retirement to investigate crimes allegedly committed by Jeffs and his followers in the Fundamentalist Church of Jesus Christ of Latter Day Saints, whose home base is at the Utah-Arizona state line.

As Jeffs entered an interview room Thursday in the Clark County Detention Center, Engels asked, "Do you know who I am?"

Jeffs answered, "Yeah, you're Gary," Engels said.

"It was good for me to sit down face-to-face with him. Up until then, he'd only been a picture," Engels said.

Engels tried to question Jeffs, but he invoked his Miranda right to remain silent. Engels said Jeffs had questions for him, but would not divulge what the sect leader wanted to know.

Jeffs indicated that hiring a defense attorney "was being looked at," Engels said. The men talked for 15 or 20 minutes, Engels estimated.

Engels had been allowed to inspect the maroon Escalade before the morning hearing.

"It was very obvious he was living out of his vehicle," Engels said. "It was just packed full of stuff, clothing, pots and pans, plastic silverware."

The Associated Press reported the Escalade was registered to John Wayman, a principle of NewEra Manufacturing. Formerly known as Western Precision, the company is alleged to have been a major funder of Jeffs and the FLDS church. The machining firm recently moved from Hildale to Las Vegas.

In Utah, Jeffs' bail had been revoked Wednesday. In documents requesting the change, Washington County Attorney Brock Belnap said papers found in the Escalade included this statement from Jeffs: "So I have to be hiding in my travels, not let anyone know. And when I come to a land of refuge, you must not reveal where I am in your phone calls and your letters."

Jeffs also told the officers who arrested him that he had "no fixed address."

Jeffs will now be brought to Utah by the Washington County Sheriff's Office and incarcerated at the Purgatory Jail to await legal proceedings.

Last summer in Arizona, a Mohave County grand jury indicted him on two sex crime charges related to his alleged role in arranging marriages for minors. He then became a federal fugitive.

The Utah charges were filed in April. In May, the

Isaac Jeffs, younger brother of Warren Jeffs, sits tense in the courtroom before the hearing. (Trent Nelson/The Salt Lake Tribune)

FBI placed Jeffs on its "Most Wanted" fugitives list.

The FLDS is among fundamentalist Mormon groups who believe plural marriage is necessary for exaltation. The mainstream Church of Jesus Christ of Latter-day Saints publicly renounced the practice, first instituted by church founder Joseph Smith, in 1890; it excommunicates members who support or practice it.

Unlike other polygamous groups, the FLDS has purportedly refused to stop plural marriages involving minors, which triggered investigations into the sect by authorities in Utah and Arizona. Jeffs has been on the run since late summer of 2003.

In the fall of 2003, Jeffs' followers began purchasing properties in other states, including Nevada, Colorado, South Dakota and Texas. The FLDS church also has a branch in British Columbia.

His last sighting may have been in January 2005, when he is thought to have participated in a groundbreaking ceremony for a temple at an FLDS compound in Eldorado, Texas.

Jeffs became leader of the FLDS church in September 2002, succeeding his father, Rulon T. Jeffs, whom he served alongside for years.

As a young man, Jeffs was a teacher and then principal of Alta Academy, a private FLDS school once located in the Salt Lake Valley. There, he displayed the demanding rule that would characterize his leadership of the FLDS, with zero tolerance for misbehavior or even the most minor violations of church standards.

After becoming prophet, Jeffs expelled hundreds of male followers from the faith and community without explanation, leaving them to come up with their own admissions of guilt while they repented from afar. He also began shifting their wives and children to men he deemed more worthy, a policy many followers went along with because of the belief their salvation was at stake.

Polygamist Leader Agrees To Face Utah Charges (NYT)

By Maria Newman

The New York Times, September 1, 2006

The polygamist leader of a Mormon-offshoot sect said yesterday that he would not fight extradition from Las Vegas to Utah to face charges that he arranged marriages between under-age girls and older men.

In a brief televised court hearing, the sect leader, Warren Jeffs, 50, appeared without a lawyer.

He was dressed in a blue prison jumpsuit with his hands shackled to a chain at his waist. Guards in bulletproof vests held him at the elbows. Mr. Jeffs looked steadily at the judge. When Mr. Jeffs was asked what he wanted to do, he said, “Go ahead and be extradited.”

He was arrested Monday in a routine traffic stop near Las Vegas, after spending two years on the run.

He was wanted in Utah and Arizona in connection with the arranged marriages of young girls.

The two states have agreed that he will be prosecuted first in Utah because that state has a stronger case, and more serious charges are pending against him there.

The Utah charges include two counts of rape by accomplice, accusing Mr. Jeffs of forcing a girl to marry an older man and submit to him sexually.

The arrest was made four months after Mr. Jeffs had been placed on the Federal Bureau of Investigation’s list of most wanted fugitives, a symbol of the government’s hardened line against plural marriage in the West.

Even as he evaded capture, Mr. Jeffs, who told his followers that he was a prophet of God, continued to lead a group called the Fundamentalist Church of Jesus Christ of Latter-day Saints.

The group split from the mainline Mormon Church decades ago, when the Mormons disavowed polygamy.

The fundamentalist church has about 10,000 members, mostly in and around Hildale, Utah, and Colorado City, Ariz.

With Its Leader In Custody, Can Polygamous Sect Survive? (CSM)

By Kris Axtman

The Christian Science Monitor, September 1, 2006

HOUSTON

This week's arrest of Warren Jeffs, head of America's largest polygamous group, is a law-enforcement coup, but it leaves wide open the question of whether his followers will persist in their illegal practices or rejoin mainstream society.

Federal and state authorities, elated by Mr. Jeffs's capture Monday during a traffic stop north of Las Vegas, expect the latter.

DOJ_NMG_0056400

The fugitive's arrest is "the beginning of the end of ... the tyrannical rule of a small group of people over the practically 10,000 followers" of the Fundamentalist Church of Jesus Christ of Latter Day Saints, or FLDS, said Arizona Attorney General Terry Goddard in a radio interview.

Extremist-group experts, though, caution that it's too early to predict the sect's demise. "Yes, you have an infrastructure that has been decapitated. But you also have thousands of really sincere believers, and they are not going to just disappear," says Brian Levin of the Center for the Study of Hate & Extremism and a criminal-justice professor at California State University, San Bernardino.

Most of the church's members live in the twin communities of Colorado City, Ariz., and Hildale, Utah. But in recent years, the group began building a massive compound in Eldorado, Texas, and there appears to be a large exodus of devoted followers to this new area.

FLDS adherents call Jeffs "the prophet," but they consider him God on earth. Until his death, he remains their chosen one. That means Jeffs is not likely to relinquish his power - even if convicted and sent to prison. Officials believe he led the sect while on the run this year - and for the nearly four months he was on the FBI's "Ten Most Wanted" list - from charges of arranging illegal marriages between underage girls and older men.

Even so, leading such a large group from behind bars would be trickier because of limited communications.

"His arrest could put some very serious cracks into a group like this," says Mark Potok, director of the Intelligence Project at the Southern Poverty Law Center in Montgomery, Ala. "FLDS followers may begin to see that Warren Jeffs was not the second Joseph Smith [the founder of the Mormon church], probably wasn't divine, and that he did some things that were immoral and unethical, not to mention illegal."

Cracks are already showing. A number of girls have broken away, claiming they were forcibly married and sexually abused, and boys allege they were banished from FLDS so that the older men could have more wives.

In addition, schisms exist between Jeffs supporters and other polygamist groups that have broken off from the FLDS. Jeffs's arrest may lead to further splintering, says Mr. Potok, who last year added the FLDS to the law center's hate-group list because of its racist teachings.

Divisions are not uncommon among extremist groups with strong leaders, he says. One example: The neo-Nazi National Alliance began to fall apart when its charismatic leader, William Pierce, died in 2002. Pierce worked 20 years to build a group that could survive him, says Potok. But there was not enough respect for the new leader, and the group - with one-seventh of its former members - is almost defunct.

Others say that, because the FLDS is much older than many extremist groups, it is more likely to persist. It has existed for more than a century after splitting from the mainstream Mormon faith, and was headed by Jeffs's father, Rulon Jeffs, before his death. Earlier, the FLDS was led by a small oligarchical council.

"Unlike previous leaders, Warren Jeffs controlled every aspect of the lives of his followers. But a lot of people believe in the basic teachings, so it probably has enough to survive," says Mark Pitcavage of the Anti-Defamation League. The significance of Jeffs's arrest lies in the serious nature of the allegations against him, as well as how he was apprehended, he says. Many had worried violence would ensue if Jeffs were to be trapped in a building by police.

Feds Seize Data On 29 Tied To HDO (CHIST)

By Fran Spielman, City Hall Reporter

Chicago Sun-Times, September 1, 2006

Federal agents have taken the personnel records of 29 current Streets and Sanitation employees -- ranging from laborers to top managers -- who owe their jobs and promotions to the Daley-created Hispanic Democratic Organization, City Hall sources said.

The retrieval of the records, top mayoral aides said they think, could be a prelude to more job-related indictments and took place last week with "almost no advance warning," sources said.

Virtually all of the employees involved have ties to former Streets and Sanitation Commissioner Al Sanchez, a longtime HDO lieutenant and 10th Ward coordinator, the sources said.

Federal prosecutors suggested at a city hiring corruption trial that Sanchez and HDO chief Victor Reyes were part of the scheme to reward political volunteers with city jobs or promotions. Four men, including the mayor's patronage chief, Robert Sorich, were convicted in the trial. Sanchez and Reyes have not been charged, but their names came up repeatedly at trial.

Knew what they wanted

Investigators made quick work of getting the records last week.

"They notified us they were coming to pick them up, and they arrived" within minutes, said one source familiar with the matter. The feds did not have to execute a search warrant, though, as part of the retrieval.

"They've come fishing before. But this time, they knew exactly what they were fishing for. It looks like a prelude to more job-related indictments. Based on the time of the hires and other information, it appears the focus may be HDO and Sanchez."

Sanchez served as Streets and Sanitation commissioner for six years before being forced out in June 2005 in a scandal-induced housecleaning by chief of staff Ron Huberman.

Sanchez's lawyer would not comment on the feds' latest action and said he has had no discussions with the government. Reyes' lawyer did not return a call seeking comment.

5,700 linked to sponsors

The retrieval of records last week was similar to the one at City Hall in May 2005 when the Hired Truck scandal officially branched out into city hiring.

At that time, agents descended on City Hall to seize personnel records of three city departments: Streets and Sanitation, Water Management and the Mayor's Office of Intergovernmental Affairs. One of the computer hard drives seized belonged to Sorich. Another belonged to IGA chief John Doerrer, Reyes' predecessor.

At the city hiring trial, federal prosecutors introduced a list of more than 5,700 city job applicants linked to political sponsors. Sanchez alone sponsored more than 110 applicants. The number grew to nearly 400 when combined with applicants championed by other HDO leaders, including state Sen. Tony Munoz (D-Chicago), a political patron of convicted Hired Truck czar Angelo Torres.

Ryan Lawyers Plead For A Break, Saying His Health At Risk (AP)

By Mike Robinson

AP, September 1, 2006

CHICAGO - George Ryan's lawyers urged a judge Thursday to give the former governor a break when she sentences him next week, saying he is old and sick and "has been publicly and universally humiliated."

"The public shaming that Ryan has endured combined with the impending loss of his pension greatly lessens the need for the court to punish through the sentencing process," Ryan's lawyers said in court papers.

They said the 72-year-old Ryan has reached "advanced age" and if given a sentence like the six-year term his top aide received for a similar conviction "it is highly likely that he will die in prison."

"It is not necessary to impose a life sentence to reflect the seriousness of the offense," they told U.S. District Judge Rebecca R. Pallmeyer.

Ryan was convicted April 18 along with a longtime friend, businessman Larry Warner, of engaging in corruption when he was secretary of state and later governor. The verdict followed a seven-month trial.

The husky-voiced one-time Kankakee pharmacist who rose to become the state's most powerful politician was convicted of every count against him - racketeering conspiracy, mail fraud, tax fraud, and lying to FBI agents.

Ryan was accused in the indictment of steering lucrative contracts to Warner and other insiders, using taxpayer dollars for his campaign and acting to kill investigations that could have uncovered corruption.

He still denies the allegations and says he did nothing illegal.

The trial was the climax of an eight-year investigation that has resulted in the conviction of 75 state employees, lobbyists, drivers licensing officials, driving instructors and others. No one was acquitted.

Ryan's lawyers said he should get a light sentence in part because he suffers from Crohn's disease, diabetes and diverticulitis and has multiple risk factors for heart disease including high cholesterol.

"Even a sentence of no more than 30 months could take away the last healthy years of his life," they said. They said stress resulting from the case also represents a danger to his health.

They noted that Gov. Rod Blagojevich's campaign has been attempting to discredit Republican challenger Judy Baar Topinka with television ads showing her dancing the polka with Ryan.

"His name has become synonymous with misconduct and betrayal," they said. "He has been publicly and universally humiliated as a result of this investigation, trial and conviction."

Prosecutors haven't tipped their hand as to how much time they will ask Pallmeyer to impose on Ryan, but the court papers filed by his attorneys indicated the government may seek to boost the sentence above what might normally be called for under advisory federal sentencing guidelines.

Ryan's lawyers indicated that the pre-sentence report on Ryan given to the judge - which is not public record - contains possible recommendations of extra time for obstruction of justice and other alleged conduct.

Under the letter of the law, Ryan could get 20 years on the racketeering conspiracy count alone, but it's unlikely Pallmeyer will impose such a sentence. She gave his former campaign manager and top aide, Scott Fawell, six years for racketeering and other crimes.

Ryan's lawyers also filed a motion asking Pallmeyer to allow him to stay free while appealing his case. Such appeal bonds are rarely granted.

Meanwhile, prosecutors told Pallmeyer on Thursday morning the father of six children whose death in a fiery 1994 Wisconsin expressway tragedy led to the Ryan investigation wants to speak at the sentencing.

Pallmeyer indicated she might allow the Rev. Scott Willis to address the court for no more than 15 minutes and then permit Ryan's attorneys to present witnesses to speak on his behalf.

On Election Day 1994, the Willis van was on an expressway near Milwaukee when a heavy steel part broke off the truck in front of it.

The part slid under the van and ripped into the gas tank. Sparks from the part dragging on concrete set the van ablaze, killing the six children. The driver of the truck later took the 5th Amendment when asked how he had gotten his drivers license.

Prosecutors believe it was in a batch purchased by his boss at the corruption-drenched McCook drivers testing station.

A federal investigation resulting from the Willis tragedy uncovered evidence that thousands of dollars in payoffs in exchange for licenses went into the Citizens for Ryan campaign fund.

Willis Dad Wants To Testify (CHIT)

By Rudolph Bush, Tribune Staff Reporter

Chicago Tribune, September 1, 2006

Father of van-crash victims seeks a say in Ryan sentencing

The deaths of Rev. Duane "Scott" and Janet Willis' six children in a 1994 van crash hung silently over Gov. George Ryan's monthslong corruption trial.

Now that Ryan has been convicted, Rev. Willis wants to testify before U.S. District Judge Rebecca Pallmeyer before she sentences the former governor on Wednesday.

Although jurors heard mention of the crash, which had been linked to the corruption, Pallmeyer had barred any explicit mention of the victims' names and ages because she found the issue too inflammatory for jurors to hear.

During a court hearing Thursday, prosecutors asked Pallmeyer to hear from Willis before she sentences Ryan next week.

Willis' lawyer, Joe Power, said in an interview that the family wants the judge to hear firsthand the consequences of corruption in Ryan's office.

"Scott Willis just wants the court and the public to know how they've paid the ultimate price for corruption. There's nothing more precious in society than our children," Power said.

Ryan's lawyers, meanwhile, filed two motions asking that the former governor remain free pending appeal and seeking a sentence of no more than 2½ years in federal prison.

Ryan faces as much as 8 years in prison—or possibly more—when he is sentenced Wednesday.

He was convicted in April on charges that he doled out state leases and contracts to cronies and diverted state employees and resources to political campaigns.

In a 70-page motion that detailed health problems suffered by Ryan and his wife, Lura Lynn, his attorneys argued that he shouldn't be punished for the deaths of the Willis children or an aborted internal investigation that followed the crash that killed them.

"It is hard to discuss this accident without being overwhelmed by the unimaginable loss and devastation suffered by the reverend and Mrs. Willis," wrote Ryan's attorney Bradley Lerman.

However, "the evidence does not support a conclusion that Ryan stifled the investigation."

The Willis children died as a result of an accident connected to truck driver Ricardo Guzman, who received a commercial Illinois driver's license after bribing a secretary of state official.

Federal investigators found that officials took bribes to purchase political fundraising tickets for Ryan.

Assistant U.S. Atty. Patrick Collins asked during a brief court hearing Thursday that Willis be allowed to testify about what his family has suffered. "Rev. Willis was a victim [of Ryan's corruption] in the sense that he was entitled to a good faith investigation" of the accident.

Pallmeyer asked Ryan's attorneys to object in writing to Willis' testimony before she rules on the matter.

Lerman told the court that he offered prosecutors a compromise: If prosecutors didn't call witnesses, the defense would not call witnesses on Ryan's behalf.

Meanwhile, for the first time publicly, Ryan's attorneys laid out their arguments for why the former governor shouldn't serve a lengthy prison term. At 72, he is too old to endure years in prison, they argued.

"Ryan suffers from numerous illnesses, including Crohn's disease and diabetes," his attorneys wrote. "Even a sentence of 30 months could take away the last healthy years of his life."

His wife is unhealthy too, they wrote. "She currently suffers from a brain aneurysm, is otherwise in frail health, and depends heavily on her husband to perform chores around the house."

Beyond that, Ryan has already been punished, they argued.

"He has been publicly and universally humiliated as a result of the investigation, trial and conviction," they wrote.

Ryan's defense quoted from several emotional letters his children wrote to Pallmeyer, masking who among Ryan's five daughters and one son was the author of each quotation.

"Going through all of this has been hell for him, not just for the personal hits he has taken, but especially to watch his family being dragged through everything has been devastating to him," wrote one of Ryan's children.

Another wrote about the possible separation of Ryan and his wife.

"I just cannot comprehend how two people who have walked together for over 60 years will be able to continue," the letter read.

Prosecutors are expected to ask that Ryan receive a stiff sentence as the organizer and leader of a corrupt enterprise.

Whatever sentence he receives, his attorneys argued that he should remain free pending appeal because of the irregularity of jury deliberations in the case.

During deliberations, Pallmeyer replaced two jurors with alternates after it was revealed the original jurors failed to disclose run-ins with the law.

Pallmeyer acknowledged that her unusual decision to begin deliberations anew was a "close call" and could be ruled an error on appeal.

Ryan's lawyers argued that, based on the likelihood they could win an appeal, the judge should permit Ryan to remain free. "Ryan poses no danger to any person or to the community. Apart from this prosecution, Ryan has never been convicted of a crime," they wrote.

rrbush@tribune.com

Willis May Speak At Ryan Sentencing (CHIST)

By Natasha Korecki, Federal Courts Reporter

Chicago Sun-Times, September 1, 2006

The father of six children killed in a highway accident that triggered the federal probe leading to George Ryan's downfall wants to testify at the former governor's sentencing next week.

As Ryan's attorneys pleaded for a light sentence, warning he could "die in prison," prosecutors disclosed that the Rev. Scott Willis has offered to briefly testify at Ryan's sentencing hearing, scheduled for Wednesday.

Willis, his wife, Janet, and six of their children were on a Wisconsin highway in 1994 when their van was hit by a piece of metal that fell from a semi-trailer truck. The van exploded, killing all of the children. The Illinois trucker had paid a bribe for his license while Ryan headed the secretary of state's office.

Ryan's lawyers on Thursday objected and asked that Willis instead offer written testimony. Lawyers for Ryan's co-defendant, Lawrence Warner, asked for a separate sentencing hearing if Willis testifies.

U.S. District Judge Rebecca Pallmeyer said she would consider the request and could rule on it as early as today.

If she allows it, she would limit testimony to 15 minutes. Ryan's defense will offer up "a handful" of witnesses at the sentencing as well, said Bradley Lerman, a Ryan defense lawyer.

Debate over prison term

In the meantime, in what's sure to be a hard-fought battle, Ryan's lawyers disclosed Thursday they think Ryan should spend 2-1/2 years in prison. That would be a considerable drop from the six- to 10-year sentence range recommended by the U.S. probation office. The government hasn't disclosed what sentence it is seeking but it could ask for time above the probation office's recommendation.

In arguing for a lower sentence, his lawyers said the 72-year-old Ryan has reached "advanced age" and suffers from Crohn's disease and diabetes. If given a sentence like the six-year term his top aide received for a similar conviction, "it is highly likely that he will die in prison," they said.

They also argued that Ryan's family needs him, particularly his wife, Lura Lynn, who suffers from a brain aneurysm, they said.

His lawyers cite numerous letters written by family members and friends and his work as governor and secretary of state. That includes Ryan's historic 2003 decision to clear Death Row and his funding of Illinois FIRST, a $12 billion capital construction project.

'Not a hardened criminal'

"The public shaming that Ryan has endured, combined with the impending loss of his pension, greatly lessens the need for this court to punish through the sentencing process," his lawyers wrote.

"Ryan is not a hardened criminal or a man who threatens society," his lawyers continued. "His character, his generosity, his love of family and friends -- all these fine qualities showed themselves often and in abundance throughout George Ryan's life, yet they were not the focus of the lengthy trial that resulted in his conviction."

Ryan's lawyers also argue he should not have to report immediately to prison but be free on bond as he awaits what could be a lengthy appeal.

Ryan's lawyers say this April's verdict, a sweeping conviction on racketeering, mail fraud and false statement charges, was clouded because of issues with jurors in the case. Eight days into deliberations, two jurors were swapped out after the judge learned they had not disclosed their criminal records. A new panel with two alternates later returned the verdict.

The filing also indicates the government is seeking more time for Ryan under a "bodily injury" enhancement, arguing that he knew the dangers tied to the sale of driver's licenses for bribes. His lawyers object, saying no enhancement was applied to two state officials directly tied to selling a fraudulent license to the truck driver involved in the Willis crash.

But prosecutors have argued that it was Ryan who dismantled the investigative unit of his secretary of state's office after reports of corruption.

Court Affirms Ex-McNamara Aide's Sentence In Corruption Case (AP)

AP, September 1, 2006

DOJ_NMG_0056405

DETROIT (AP) — The 6th U.S. Circuit Court of Appeals on Thursday upheld the conviction of a top aide to former Wayne County Executive Ed McNamara for taking kickbacks from contractors at Detroit Metropolitan Airport.

Wilbourne Kelley III, 71, Wayne County's former deputy chief operating officer, is currently serving a 44-month prison sentence in Morgantown, W.Va.

The court in Cincinnati also upheld the conviction of his wife, Barbara Kelley, who is serving a 41-month term.

Among the issues in their appeal, the Kelleys argued that they should have been tried separately, but a three-judge panel disagreed.

"Although both defendants did not participate in all acts detailed in the indictment, it is sufficient that they both participated in at least one act in a series of acts that constituted the offense," Senior Judge Damon J. Keith wrote for the panel, which affirmed U.S. District Judge Marianne Battani's decision.

The judges also rejected arguments that the Kelleys should have received a new trial because a juror told the Detroit Free Press that the Kelleys, who did not testify during their trial, would have done so had they been innocent.

The charges grew out of a federal and state investigation of the McNamara administration.

A jury in September 2004 found the Kelleys guilty of extortion, bribery, conspiracy and lying to the FBI. Barbara Kelley also was convicted of money laundering.

Wilbourne Kelley worked for the county from 1985 until 1999, and during most of his oversaw contracts at the airport. McNamara, county executive from 1987 to 2003, was not charged in the case.

Man Gets Sentence Of 135 Months (SDUT)

Union-tribune

The San Diego Union-Tribune, September 1, 2006

A La Jolla man who took $37.5 million from investors by fraudulently promising incredible returns in overseas bank transactions was sentenced in San Diego federal court yesterday to 135 months in prison.

James F. Garro , 61, also was ordered by Judge M. James Lorenz to repay investors $6.5 million.

Garro was convicted in April 2005 of 20 counts of fraud, money laundering and tax evasion. He raised money from several investors by promising to double their money within 15 days through what he portrayed as an exclusive banking market for people whom would use the profits for humanitarian purposes, said Assistant U.S. Attorneys Sanjay Bhandari and Timothy Salel .

Instead of investing the money, Garro spent it on himself, including more than $8 million for luxury homes in California and Mexico.

Garro testified that he acted in good faith but was unable to make good on his promises. He testified that he bought a $5.2 million beachfront La Jolla house as an investment for someone who gave him money.

When investors began demanding their money, Garro paid back some of it, prosecutors said. They said Garro also told investors that there were problems with the banks and that their money was on the way. FBI and IRS agents arrested him in 2002.

– Ray Huard

Man's body found in water by pier

OCEAN BEACH – A man's body was found floating near the rocky shoreline at the Ocean Beach Pier yesterday.

Authorities said it appeared the body had been in the water for some time. The identity was unknown. It was found about 1:30 p.m.

– Joe Hughes

Man is convicted of molesting girls

CHULA VISTA – An unemployed Chula Vista man was convicted in Superior Court yesterday of molesting two teenage girls he accosted under the guise of measuring their height with his hands.

Michael Nathaniel Allen, 50, was convicted of committing lewd acts on a child under age 14, prosecutor Marisa Di Tillio said.

In convicting Allen, jurors found that he had substantial sexual contact with a 13-year-old girl who told police he had touched her genitals through her clothing after accosting her outside the Chula Vista YMCA, where she had been watching friends at an exercise class, the prosecutor said.

Jurors also found that Allen had improperly touched the legs of the second girl while measuring her with his hands. Jurors acquitted Allen of charges involving three other girls he approached outside an apartment complex near the YMCA while they were playing.

Allen faces a maximum penalty of 60 years to life in prison at a hearing set for Oct. 19 by Judge William H. McAdam, Di Tillio said.

– Ray Huard

Brothers get prison for false tax filings

Two San Diego brothers who owned a Kearny Mesa computer company have each been sentenced in San Diego federal court to a year and a day in prison for filing false tax returns.

Sherif S. Gadalla , 40, and Samer Gadalla, 36, also were ordered by Judge Dana M. Sabraw to pay back taxes.

The brothers are former partners in Computer Depot Warehouse on Clairemont Mesa Boulevard.

Sherif Gadalla was sentenced yesterday. His brother was sentenced last week.

The two men paid the back taxes when they were sentenced – $857,041 from Sherif Gadalla and $907,788 from Samer Gadalla, Assistant U.S. Attorney George Aguilar said.

The Gadallas were accused of filing inaccurate tax returns during a five-year period from 1998 through 2002. They pleaded guilty in April to one count of filing a false tax return for 2002.

The brothers are still liable to the IRS for an undetermined amount of civil financial penalties and interest on the taxes they didn't pay, Aguilar said.

– Ray Huard

Forum to discuss plans for disasters

DOWNTOWN – Is San Diego prepared for disaster? Rep. Susan Davis, D-San Diego, will host a forum today to try to answer that question.

It will be from noon to 2 p.m. at the Downtown Information Center, 225 Broadway, between the NBC Studio and Horton Plaza.

Local officials will discuss San Diego's homeland security, emergency services and preparedness for natural disasters and terrorist attacks. Information about how residents can prepare themselves for disaster also will be available.

Among those invited are top officials from San Diego's Department of Public Safety and Homeland Security, San Diego American Red Cross, San Diego Harbor Police, San Diego's Police and Fire departments and the San Diego Community Emergency Response Team.

– Dani Dodge

Investment Sentencing (XETV-TV)

XETV-TV, September 1, 2006

A San Diego man has been sentenced to federal prison for bilking investors out of millions of dollars.

In April 2005, a jury found James F. Garro guilty of 20 counts of fraud, money laundering and tax evasion.

U.S. District Judge M. James Lorenz ordered Garro to pay $6,484,607 in restitution.

The evidence at trial established that Garro raised $37.5 million from several investors by falsely promising them 100 percent profit within 15 calendar days from the trading of bank loans in an allegedly secret, exclusive market in which only those with a humanitarian purpose for their proceeds could participate.

"Schemes that promise incredible returns, such as `prime bank' schemes, should be taken for what they are ... too good to be true," said U.S. Attorney Carol Lam.

After obtaining control of the funds, Garro never traded bank debentures as promised and instead spent the money in various unauthorized ways, including more than $8 million on luxury homes for himself in California and New Mexico, prosecutors said.

Zubkis Guilty In Fraud, Laundering Scheme (SDUT)

Signonsandiego News Services

The San Diego Union-Tribune, September 1, 2006

SAN DIEGO – A man who defrauded investors out of more than $1.8 million through misrepresentations relating to the renovation of a Las Vegas casino pleaded guilty Friday to conspiracy and money laundering charges.

Vladislav Zubkis, also known as Steven Zubkis, faces sentencing Nov. 20 by U.S. District Judge Larry Burns.

Zubkis admitted that he and his co-conspirators deliberately misled investors about his business experience, his companies, the uses to which he put investors' funds and the status and prospects of a storage facility and the casino project.

Zubkis also admitted laundering the funds he unlawfully took from investors.

"It can be devastating when the financial well-being of an individual falls into the wrong hands through deceit and trickery," said Kenneth Hines, special agent in charge of IRS Criminal Investigation. "The days are numbered for those who peddle false hopes and dreams and prey on investors for their own personal financial benefit."

Fumo To Cash Out In Sale Of Bank (PHI)

By Mario F. Cattabiani, Craig R. Mccoy And Jennifer Lin

The Philadelphia Inquirer, September 1, 2006

With the pending sale of the bank his grandfather founded eight decades ago, State Sen. Vincent J. Fumo is in line for a big payout: $24 million.

In a deal announced late Wednesday, a newly formed bank holding company in Chester County agreed to pay $94 million in cash for PSB Bancorp, the parent of First Penn Bank.

Fumo, PSB's chairman and its largest individual shareholder, will receive $18 million for his stock - plus $6.3 million in a golden parachute.

The privately owned buyer, Conestoga Bancorp, has agreed to pay $17 a share in cash for the publicly traded PSB, the two companies announced.

Conestoga is run by a seven-member board, headed by Richard A. Elko, 45, a veteran community banker. Fumo will cut all ties with the bank upon the sale, but most of PSB's 150 employees at its 13 branches will keep their jobs, Elko said yesterday.

"We are delighted to acquire one of the last remaining independent banking franchises in the Greater Philadelphia market," Elko said in a statement announcing the deal, which must be approved by regulators and PSB stockholders.

At $17 a share, the deal represents a premium of nearly 54 percent over PSB's Wednesday closing price of $11.07.

The payment price could drop if PSB were unable to shed seven construction loans. That could reduce the per-share price to $16.34, the companies announced.

In a series of articles last year, The Inquirer reported that the bank board - made up of Fumo friends and political allies - granted Fumo a generous compensation package that analysts said was startling given the bank's size and performance.

Fumo, who has represented a Philadelphia district for nearly 30 years, did not respond to a request for comment on the proposed sale. But Anthony S. DiSandro, the bank's chief executive officer, said he and Fumo deserved the payouts.

"You can look at it and say, 'These guys are making a lot of money,' " DiSandro said. "But this is business in America, and I think we earned it."

DiSandro said he and Fumo had taken the bank from humble beginnings as a neighborhood thrift, and, over three decades, positioned it for the sale.

Under the proposed sale, DiSandro, like Fumo, will get a $6.3 million exit payment. At $17 a share, DiSandro will receive almost $9 million for his shares.

The proposed sale also has a noncompete clause; DiSandro and Fumo would not work in banking for three years.

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Fumo has long been a power in Harrisburg, renowned for his political skills and influence. The bank deal comes at a tough time in his political career, as the Democrat continues to endure a three-year-old federal corruption investigation.

The FBI, federal prosecutors and the IRS are investigating whether Fumo broke the law in how he raised millions for a nonprofit organization in South Philadelphia and whether he improperly extracted personal and political benefits from the organization.

Fumo took over the bank from his father in 1976. Since then, the bank has added branches and greatly increased its deposits.

Before PSB's board put the bank up for sale last year, it awarded Fumo 600,000 shares and stock options - a benefit, it is now known, worth $5.2 million, based on the sale price announced yesterday.

In all, Fumo owns or controls about one million shares in the bank.

It also gave him a multimillion-dollar golden parachute on top of his already existing severance pact.

And it has paid him handsomely in salary and bonuses over the years. This compensation hit its peak in 2004, when Fumo was paid $709,000.

Compensation experts described the package as excessive.

"This is as far into ugly territory as I've seen in a long time," Don Delves, a Chicago consultant expert whose clients include Fortune 500 firms, said last year.

According to documents filed yesterday with federal regulators, Fumo and DiSandro deflated their parachutes "to facilitate the transaction."

DiSandro said he and Fumo agreed to accept about $1.6 million less each in severance and parachute payments.

Elko, 45, a graduate of St. Joseph's University in Philadelphia, has previously held senior positions in regional banks. He noted yesterday that he was at Patriot Bank in Pottstown when it sold for $212 million in 2004.

He promised yesterday that Conestoga would thrive by offering personal service to customers that large banks could not and by creating a workplace that drew "the absolute best bankers."

As an executive at Patriot, Elko was the driving force of a 1999 effort to create an online consortium of community banks. Four banks, including PSB, backed the venture, known as BankZip.com. It collapsed in 2001 after losing $11 million - $2.5 million of which was written off by PSB.

Conestoga and PSB announced the deal after the markets closed on Wednesday. The news triggered a torrent of trading yesterday, as 506,100 shares of PSB changed hands.

On average, only about 3,100 shares in the company are traded daily. Its stock price ended yesterday's session up $4.86, or 44 percent, to close at $15.93.

DiSandro said the deal was attractive to Conestoga because PSB's properties were in move-in condition, giving its buyer 13 functioning branches instantly.

"They don't have to start from scratch," he said.

Conestoga applied for a state charter in December, and it received preliminary approval in April. The 16-employee operation opened its first and so far only branch, on Pottstown Pike in Chester Springs, in late July. Elko said his operation would keep all PSB branches open.

He also said the bank was not formed strictly as a takeover vehicle.

Joining Elko on the Conestoga board are local executives whose business interests range from private investments to employee-benefits consulting.

While some board members have made campaign contributions, none, including Elko, has given campaign money to Fumo, records show.

With assets of just half a billion dollars, PSB has not been a major presence in the region's banking industry.

Its profits have lagged dramatically behind similar banks, according to a ranking prepared by federal regulators.

And this year, PSB reported a $6.4 million loss through the end of June.

The loss reflects its multimillion-dollar payouts to resolve lawsuits filed by investors who contended that the bank improperly voided more than $1 million in stock options in 2001. Fumo once dismissed the matter as a "nuisance."

2 Edvard Munch Masterpieces Recovered (WP/AP)

By Doug Mellgren, The Associated Press

The Washington Post, September 1, 2006

OSLO, Norway -- Police recovered the Edvard Munch masterpieces "The Scream" and "Madonna" on Thursday, two years after masked gunmen grabbed the national art treasures in front of stunned visitors at an Oslo museum.

Art lovers had feared the priceless paintings were gone for good. Norwegian news media spent the months speculating about the works' fate _ whether they had been burned to escape the police hunt, sold to a wealthy collector for private viewing or suffered harm in their hiding place.

"I saw the paintings myself today, and there was far from the damage that could have been feared," said Iver Stensrud, the police inspector who headed the investigation since the paintings were taken by masked gunmen who raided the Munch Museum on Aug. 22, 2004.

Experts from the Munch Museum confirmed that the paintings, still shielded from the public and the news media, were the real thing.

"I am almost crying from happiness," said Gro Balas, chairwoman of the Munch Museum board.

Norwegians were shocked when two or three thieves in black masks entered the museum and threatened an employee with a handgun, then wrenched the two paintings off the wall and fled. Many museumgoers panicked, thinking they were being attacked by terrorists.

Many people initially thought the paintings might be offered for ransom. Art experts said it would be nearly impossible to sell such famous pieces of art, although some people speculated an immensely rich, unscrupulous art lover might be a willing buyer.

Then at a trial this year for three men charged with minor roles in the heist, prosecutors suggested the robbery was staged to distract police from the hunt for a gang behind a commando-style bank robbery four months earlier that killed a police officer and netted $9 million.

Norwegian news media reported recently that the convicted mastermind in the bank heist, David Toska, had made a deal for milder terms in a 21-year prison sentence in exchange for the return of the paintings. Police declined comment.

The two paintings were on an FBI list last fall on the top 10 art thefts around the globe. Among still missing works are three Rembrandts, a Vermeer, a Manet and five Degas taken from Boston's Isabella Steward Gardner Museum in 1990 and a Cezanne stolen from England's Ashmolean Museum in 1999.

"The Scream" is probably the best known work in Munch's emotionally charged style, which was a major influence in the birth of the Expressionist movement. In his four versions of the painting, a waif-like figure is apparently screaming or hearing a scream. The image has become a modern icon of human anxiety.

"The Scream" and "Madonna" were part of the artist's "Frieze of Life" series, focusing on sickness, death, anxiety and love. Munch died in 1944 at the age of 80.

Hans-Martin Frydenberg Flaaten, whose University of Oslo master's thesis was on "The Scream," said the simple fact that the image has been used worldwide for everything from masks to blowup dolls to election campaign posters underscores its impact.

"There is so much appeal. The shock effect. An almost scary feeling of looking at it," Flaaten said. "If you look at children who see it, they are also fascinated."

He said part of the fascination with Munch's works, not just "The Scream," is they can look as if he just slapped paint on a canvas, but closer study reveals carefully considered detail.

"Getting it back was wonderful. I was worried when it took two years," Flaaten.

Historian Sue Prideaux, whose "Edvard Munch: Behind the Scream," came out last year, applauded the recovery.

"The Scream is one of the universal images that so vividly expressed all the uncertaintities of modern man," Prideaux said.

Stensrud, the police inspector, said authorities believed the paintings had been in Norway the whole time.

But he was cagey at a news conference in Oslo about how the paintings were recovered, saying only that "the pictures came into our hands this afternoon after a successful police action."

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He did say no reward was paid, even though the City of Oslo, which owns the paintings, offered 2 million kroner, or about $294,000, for their return. He also said three men convicted this year for roles in the theft did not provide any help.

"We built this stone for stone," Stensrud said of the investigation. "This is a joyous day for the police, and for Norway."

No new arrests were reported.

Three Norwegian men sentenced to prison in May were convicted of participating in the theft plot, but police said the masked gunmen remain at large.

Petter Tharaldsen, 34, was convicted of driving the getaway car and sentenced to eight years in prison. Bjoern Hoen, 37, was sentenced to seven years in prison, and Petter Rosenvinge, 38, to four years for providing and preparing the getaway car.

The theft of "The Scream" was the second time in a decade that a version of Munch's iconic painting was stolen. One of the other versions was taken from Oslo's National Gallery in February 1994, but recovered three months later.

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On the Net:

Munch Museum: http://www.munch.museum.no

FBI page on art theft: http://www.fbi.gov/hq/cid/arttheft/arttheft.htm

Stolen 'Scream' Painting Recovered After 2-Year Search (WP)

By Kevin Sullivan, Washington Post Foreign Service

The Washington Post, September 1, 2006

LONDON, Aug. 31 -- "The Scream" and another masterpiece by Norwegian artist Edvard Munch were recovered by police in Norway on Thursday, two years after the paintings were ripped off a wall of an Oslo museum by two armed men in black ski masks.

"For two years and nine days we have been hunting systematically for these pictures and now we've found them," Iver Stensrud, who headed the police investigation, said at a news conference in Oslo. "It is a happy day for us in the police, for the owners of the paintings, and not least for the public, which will soon be able to once again admire the paintings."

"The Scream" is one of the most familiar images in Western art. Its open-mouthed, head-clutching howl of angst has been reproduced and parodied on every manner of poster, T-shirt and inflatable sculpture.

The other painting recovered Thursday was "Madonna," a portrait of a bare-breasted woman under a red halo, which Munch painted as part of a series with "The Scream" in 1893-94.

Art experts have speculated that the two paintings together are worth $100 million or more. Both are a source of enormous national pride in Norway.

Police did not say where or how the paintings were found, but Stensrud said the damage to the stolen works was "much less than what one could have expected."

Officials at the Munch Museum in Oslo had worried that the paintings had been damaged when the robbers, who threatened a guard at gunpoint in front of terrified tourists, removed them from the wall and carried them out the door like a couple of footballs.

Police said no reward or ransom for the works had been paid. They said no new arrests had been made and the two gunmen still have not been captured.

Three men were convicted in May on charges related to the robbery. Bjoern Hoen, 37, was sentenced to seven years for planning the heist; Petter Tharaldsen, 34, received eight years for driving the getaway car; and Petter Rosenvinge, 38, was sentenced to four years for supplying the Audi station wagon that the thieves used for their getaway. Three other suspects were acquitted.

Hoen and Tharaldsen were also ordered to pay about $122 million in compensation to the city of Oslo to cover the loss of the paintings. Stensrud said the convicted men had not assisted in the operation to recover the masterpieces.

Munch, who lived from 1863 to 1944, painted several versions of "The Scream," the inspiration for which he said came one night as he walked just after sunset.

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"I felt a tinge of melancholy," he later recalled. "Suddenly the sky became a bloody red. . . . I stood there, trembling with fright. And I felt a loud, unending scream piercing nature."

The August 2004 theft was the second time in a decade that a version of Munch's most famous work had been stolen. In 1994, on the opening day of the Winter Olympics in Lillehammer, Norway, thieves broke into the National Gallery in Oslo and stole another rendering of the work.

The robbers were arrested three weeks later during a sting operation after they demanded a $1 million ransom.

Among stolen artworks still missing, the Associated Press reported, are three Rembrandts, a Vermeer, a Manet and five Degas drawings taken from Boston's Isabella Stewart Gardner Museum in 1990 and a Cezanne stolen from England's Ashmolean Museum in 1999.

Stolen Munch Paintings Are Recovered (NYT)

By Walter Gibbs

The New York Times, September 1, 2006

OSLO, Aug. 31 — Edvard Munch's paintings "The Scream" and "Madonna," which two armed robbers yanked from the wall of a museum here in August 2004, were recovered in relatively good condition in Norway today.

No new arrests were made today, and the case remains far from solved, although three of six men charged in the theft were found guilty earlier this year of minor roles. The police said little after confirming that the late-19th-century Expressionist pictures were safe. But Norwegians rejoiced in the return of two of their most treasured artworks.

"We're open for Champagne tonight to anyone who wants to come by and celebrate," said Knut Forsberg, the chairman of Blomqvist Fine Arts, which served as Munch's main gallery during his lifetime. By 9 p.m. more than 300 guests had accepted the offer.

Art lovers and public officials said they were relieved not only by the paintings' recovery but also by the relative lack of damage. Last year, the tabloid newspaper Dagbladet had quoted underworld sources as saying, "The paintings are burned up."

Iver Stensrud, the assistant chief of the Oslo police, said today, "I have seen the pictures myself, and as for damages, they are far from what we really could have feared."

Erling Lae, the commissioner of Oslo's city government, was more specific after meeting with administrators of the Munch Museum, where the pictures were stolen in broad daylight on Aug. 22, 2004, as tourists cowered on the floor.

"We know that both pictures have been handled roughly and that 'Madonna' has received a scratch or gouge, but I have been informed that the damages are not irreparable," he said. "The experience of seeing these works of art will be as great as it was before. What an incredible joy and relief."

At a news conference, the police said conservators would use scientific techniques to certify that the paintings in hand were genuine. But Gro Balas, Oslo's director of cultural affairs, told the state-run NRK television network that everyone involved was "practically certain" of the works' authenticity.

Their combined insured value had been put at $121 million, though some experts have said "The Scream" alone could bring more than $100 million if sold legitimately. Apart from being Munch's masterpiece of existentialist horror and despair, "The Scream" is one of the world's most reproduced works of art, adorning T-shirts, coffee mugs and other commercial items, usually for ironic effect.

Munch actually produced two fully realized versions of the motif, which shows an unformed man agape beneath an orange-red sky. While the Munch Museum's version has been missing, visitors have been able to see the other one across town in the National Gallery. Munch also made several less-valuable pastels and sketches of "The Scream."

The police refused to say what led to the paintings' recovery or even where in Norway it took place. NRK cited sources who said it occurred "in the Oslo area."

Reports have long circulated in the Norwegian media of a connection between the Munch robbery and a robbery four months earlier in Stavanger, in which a police officer was killed and more than $9 million in cash was stolen from a cash-handling service. There were reports last week that 30-year-old David Tosca, who was sentenced to 19 years in prison for

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organizing the Stavanger robbery, had offered to provide prosecutors with information about the Munch paintings in exchange for more favorable conditions in prison.

Morten Hojem Ervik, a police department prosecutor, said today, “We won’t comment on that kind of speculation.”

Last year, the police arrested six men in direct connection with the Munch robbery. Three of them were convicted in May of taking part in the plot, but none of actually entering the museum. One man, Petter Tharaldsen, 34, was found guilty of driving the getaway car and is appealing his sentence of eight years in prison. He and Bjorn Hoen, 38, who was convicted of trying to negotiate the sale of the paintings, were also ordered to pay $121 million in compensation. The repayment order, under Norwegian law, was to be withdrawn if the paintings were found.

Assistant Chief Stensrud said many threads of the investigation, rather than a single development, led to the recovery today. He said no reward had been paid. The city of Oslo had offered a reward of about $325,000 for assistance leading to the paintings’ recovery.

“For more than two years now — two years and nine days to be exact — the Oslo police have conducted an intensive, systematic investigation of an organized criminal milieu,” Mr. Stensrud said. “We have put stone upon stone not only to build a legal case but, just as important, to be able to bring the pictures back to their rightful owner.”

With Open Season On Past, Junior Likely To Zip It (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 1, 2006

John A. (Junior) Gotti probably won't get a chance to tell jurors why he quit the mob.

Manhattan Federal Judge Shira Scheindlin told Gotti's lawyers yesterday she's leaning toward giving prosecutors "wide latitude" to question the mob scion about his criminal past if he takes the witness stand at his racketeering trial.

"This is a broad conspiracy spanning 25 years," Scheindlin said. "It seems to me, if he takes the stand he's going to have to answer questions about any and all things cooperators say he was involved in."

And that would involve his alleged role in a failed plot in the early 1990s to whack two mobsters he thought were skimming construction money profits, Scheindlin said.

Defense attorneys haven't said whether Gotti, 42, will take the stand when they begin putting on their case next week.

Before the trial started, Gotti asked Scheindlin to limit prosecutors' questions so he wouldn't be forced into being a rat. "Mr. Gotti is indisposed to becoming a de facto cooperator by subjecting himself to the government's limitless queries about the crimes of others," Gotti attorney Sarita Kedia wrote.

At two earlier trials, Gotti toyed with the idea of taking the stand, only to back out at the last minute.

In court, mob informant Michael (Mikey Scars) DiLeonardo told jurors yesterday of his anguished attempts in 2003 to tell his teenage son, whom he taught to despise rats, why his father became one.

DiLeonardo said he told his son, Michael Jr., then 16, that word was already out on the street that he had flipped.

His son told him to do the jail time rather than fink on the mob.

"Uncle John says he forgives me," DiLeonardo said he told his son. "[But] he's going to kill me as soon as I walk out the door.

"I ratted. I cooperated."

Minneapolis Man Pleads Guilty In Phone Card Number Thefts (AP)

AP, September 1, 2006

MINNEAPOLIS - A man whose conviction on terrorism-related charges in Michigan was thrown out due to prosecutorial misconduct has pleaded guilty to stealing access codes to telephone cards at the Minneapolis-St. Paul International Airport.

Abdel-Ilah Elmardoudi, 40, pleaded guilty on Tuesday to three counts of access device fraud and one count of escape.

In 2001, after a tip from AT&T, Secret Service agents put Elmardoudi under surveillance and saw him reading over the shoulders of travelers and then recording phone-card information stolen from them - a practice called "shoulder surfing."

Authorities estimate that more than $745,000 worth of unauthorized calls to numbers in the United States, Egypt, Kuwait, East Africa, the Balkans, and the Middle East were charged to numbers stolen by Elmardoudi.

He was arrested in 2001 and ordered to a halfway house. However, he fled and was later arrested in North Carolina in November 2002.

In 2003, he and another man, Karim Koubriti, were convicted of conspiring to provide support to terrorists. It was described at the time as the first U.S. prosecution of an alleged terror cell detected after the Sept. 11 attacks.

However, a federal judge later overturned the verdicts at the Justice Department's request after prosecutors discovered that documents that could have helped the defense were not turned over by the government as required.

The lead government prosecutor in the case was indicated earlier this year.

Douglas Altman, the attorney for Elmardoudi, a legal immigrant from Morocco, said his client has been held without bail since 2002. He said he hoped U.S. District Judge John Tunheim would take that into account at sentencing.

A sentencing date has not been set.

Elmardoudi also faces federal charges in Iowa, where he was indicted Aug. 16 on charges of forging visas, alien registration cards and other documents in order to obtain Social Security cards.

CIVIL LAW:

Justice Dept. Sues Ditch Company Over Breach (FCCOLO)

Fort Collins Coloradoan, September 1, 2006

Damages sought for problems in Rocky

The United State Justice Department on Thursday filed a civil complaint in U.S. District Court asking the court to hold a ditch company responsible for damages caused when a dam was breached in Rocky Mountain Naitonal Park in 2003.

The complaint claims that in late May 2003, the Grand River Ditch, owned by Water Supply and Storage Company, breached approximately 2.4 miles south of La Poudre Pass in Rocky Mountain National Park.

The government claims WSSC is responsible for the damage under a 1907 pact signed by the ditch company and the U.S. Forest Service.

The breach was reportedly caused by water backing up in, and eventually overtopping, the ditch, as a result of excess accumulated snow, ice and other debris in the ditch. Approximately 105 cubic feet per second of water from the Grand River Ditch emptied through the breach and plunged to the valley below, according to the complaint.

Water flowing through the breach cut a gully about 167 feet wide and 60 feet deep.

A large portion of the mountainside below the breach was washed to the valley floor by the erosive power of water, rock, mud and vegetation. The breach caused significant damage to an old growth lodgepole and spruce/fir forest, Lulu Creek, the upper Colorado River, and associated wetlands within the park.

More than 60,000 cubic yards of sediment flowed into the upper Colorado River and associated wetlands, the Justice Department suit claims. Much of the upper Colorado River watershed within the Rocky Mountain National Park was closed to visitors until water levels receded and damage to trails, bridges, and campsites could be repaired.

The complaint asks the court to hold the defendant responsible for all costs and damages, including interest and costs, associated with the breach. In the event that the defendant is unable to pay to restore the damage, the government has also asked the court to condemn the Grand River Ditch so it can be sold to pay such judgment.

The case is being handled by James Freeman, with the Environmental Enforcement Section of the Department of Justice, and U.S. Attorney Troy Eid of the District of Colorado.

CIVIL RIGHTS:

Justice Department, State Enter Court-ordered Plan For Oakwood (LEXHL)

By Beth Musgrave, HERALD-LEADER STAFF WRITER

Lexington Herald-Leader (KY), September 1, 2006

DOJ_NMG_0056414

The U.S. Department of Justice and the state have entered into a court-enforced settlement to improve care and conditions at the Communities at Oakwood, the state's largest home for the mentally retarded.

The settlement, filed today in U.S. District Court in Lexington, requires the Cabinet for Health and Family Services to implement a series of improvements in medical and psychiatric care and safety for the 255 or so residents at the facility.

The five-year settlement will replace a memorandum of understanding signed by the state and the Department of Justice in 2004. That memorandum laid out steps the state would take to improve care at the home. But the Department of Justice has been unhappy with the lack of progress in recent years at the Somerset facility.

Since 2005, Oakwood has been cited 22 times by the inspector general for the Cabinet for Health and Family Services for failing to protect residents. It is currently fighting the possible termination of $43 million in federal funding.

Today's agreement gives the state five years to come into compliance with U.S. Department of Justice standards.

The Department of Justice has monitored conditions at Oakwood since 2001, when federal investigators found widespread problems there.

Reach Beth Musgrave at (859) 231-3205 or 1-800-950-6397 Ext. 3205, or bmusgrave@herald-leader.com

DOJ, State Reach Agreement For Improvements At Oakwood (AP)

By Samira Jafari, Associated Press

AP, September 1, 2006

PIKEVILLE, Ky. - The federal government and the state have reached a negotiated settlement to improve the care and living conditions at the state's largest center for mentally retarded adults.

The settlement was filed Thursday in U.S. District Court in Lexington.

Since 2002, the U.S. Department of Justice has monitored the Communities at Oakwood in Somerset, about 155 miles southwest of Pikeville, after an investigation found widespread problems at the facility.

The investigation also resulted in a series of civil rights complaints filed by the Justice Department on behalf of Oakwood patients, alleging poor health and psychological care and, at times, abuse and neglect.

If approved by a federal judge, the five-year settlement would force the Cabinet for Health and Family Services to implement major improvements, including better patient protection and behavioral treatment.

"There is a substantial level of accountability in this agreement," said Wes Butler, general counsel for the Cabinet. "Ultimately, the clients at Oakwood are the real winners from this agreement."

The Cabinet had already reached an agreement with the Justice Department on improvements at Oakwood in September 2004. That plan was similar to the current plan in that it was supposed to ensure better care and supervision over the patients.

However, the department continued to review the facility and found ongoing civil rights violations at Oakwood, such as failure to protect patients, provide adequate psychological care and ensure patients are placed in an adequate setting after they are discharged.

The difference between the first plan and the current settlement is that the latter will give the federal court authority to enforce the terms of the agreement. Also, an independent monitor will routinely evaluate Oakwood's progress and report to the court, the Cabinet and the Justice Department.

"People in the care of the Commonwealth are entitled to be safe and provided with adequate treatment," said Wan J. Kim, assistant attorney General for the Civil Rights Division of the Justice Department.

"This agreement is a very positive step in that direction," added Amul R. Thapar, U.S. attorney for the eastern district of Kentucky.

Since January 2005, the troubled facility also has received 22 citations from the state over major health and safety violations and was fined more than $1.4 million recently for not correcting most of them.

The facility may also lose its Medicaid funds over the allegations of abuse. Oakwood faces a 30-day review expected to start Sept. 9 to determine if the facility can continue to receive federal funding.

Slavery Case Nets 28-year Sentence (DENP)

By Kieran Nicholson, Denver Post Staff Writer

Denver Post, September 1, 2006

A Saudi Arabian man convicted of sexual assault and keeping a woman enslaved in his Aurora home was sentenced today to 28 years to life in prison.

Homaidan Al-Turki, 37, a linguistics doctoral candidate at the University of Colorado at Boulder, was sentenced to 20 years to life on 12 of counts of unlawful sexual contact and 8 years for theft.

Al-Turki was also sentenced for criminal extortion, false imprisonment and conspiracy to commit false imprisonment, but those sentences are concurrent to the 28 year to life sentence.

He was convicted in June of keeping a 24-year-old Indonesian woman as a slave in the family home, forcing her

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to cook and clean and take care of the family and their five children with little pay. Prosecutors say Al-Turki eventually intimidated the woman into sex acts that culminated in her rape in late 2004.

Staff writer Kieran Nicholson can be reached at 303-954-1822 or knicholson@denverpost.com.

Saudi Man Gets 20 Years To Life, Denies Enslaving Nanny (RMN)

By Felix Doligosa Jr.,, Rocky Mountain News

Rocky Mountain News, September 1, 2006

CENTENNIAL — A Saudi man convicted of sexually assaulting his Indonesian housekeeper was sentenced this morning to 20 years to life in prison.

Homaidan Al-Turki, 37, was also given an 8-year sentence on theft charges that will be served consecutively.

Al-Turki denied in Arapahoe County District court that he enslaved the woman and said authorities were prejudiced against him.

"Your honor, I am not here to apologize, for I cannot apologize for things I did not do and for crimes I did not commit," he told Judge Mark Hannen.

Al-Turki was convicted in July of 12 felony counts of unlawful sexual contact with use of force, one felony count of criminal extortion and one felony count of theft. He also was found guilty of two misdemeanors: false imprisonment and conspiracy to commit false imprisonment.

Deputies surrounded the packed courtroom and many of Al-Turki's family cried after the hearing.

Prosecutors said Al-Turki brought the victim from Saudia Arabia in 2000 to work as his family's nanny and housekeeper. Al-Turki is married and has five children.

Al-Turki allegedly took the woman's passport and sexually abused her.

"This is a clear cut example of human trafficking," Prosecutor Natalie Decker said outside the courtroom. "It's important he is put in prison."

Al-Turki worked as a linguist at a Denver publishing and translating company and is a doctoral candidate at the University of Colorado.

Al-Turki's wife, Sarah Khonaizan received a 60-day jail sentence and five years of probation when she pleaded guilty earlier this month to stealing from the housekeeper. She is expected to return to Saudi Arabia after serving her sentence.

Al-Turki also faces federal charges of forced labor, document servitude and harboring an immigrant. That case is scheduled to start in October.

-- The Associated Press contributed to this report

Man Gets 28 Years In Colo. Slavery Case (HC/AP)

By Jon Sarche, Associated Press Writer

Houston Chronicle, September 1, 2006

CENTENNIAL, Colo. — A man convicted of sexually assaulting an Indonesian housekeeper and keeping her virtually as a slave was sentenced Thursday to 28 years to life in prison.

Homaidan Al-Turki, 37, denied the charges and blamed anti-Muslim prejudice for the case against him. He said prosecutors persuaded the housekeeper to accuse him after they failed to build a case that he was a terrorist.

Al-Turki, a citizen of Saudi Arabia who lived in the Denver suburb of Aurora, was convicted June 30 of unlawful sexual contact by use of force, theft and extortion, all felonies, and misdemeanor counts of false imprisonment and conspiracy to commit false imprisonment.

Defense attorney John Richilano said he would appeal the convictions.

Prosecutors and FBI agents said Al-Turki and his wife, Sarah Khonaizan, brought the now 24-year-old woman to Colorado to care for their five children and to cook and clean for the family. An affidavit said she spent four years with the family, sleeping on a mattress on the basement floor and getting paid less than $2 a day.

Al-Turki said he treated the woman the same way any observant Muslim family would treat a daughter.

"Your honor, I am not here to apologize, for I cannot apologize for things I did not do and for crimes I did not commit," he told the judge. "The state has criminalized these basic Muslim behaviors. Attacking traditional Muslim behaviors was the focal point of the prosecution."

Al-Turki said he has been under investigation as a suspected terrorist since 1995 but has never been charged with the crime.

"I am not a terrorist and I don't advocate terrorism," he said.

Prosecutors denied Al-Turki was targeted because he was Muslim or that the woman's allegations were trumped up. Prosecutor Natalie Decker said the evidence was overwhelming.

The Associated Press is not identifying the woman because of the sexual nature of the charges.

Al-Turki, a linguist who worked at a Denver publishing and translating company, also faces trial in federal court in October on charges of forced labor, document servitude and harboring an illegal immigrant.

In April, he and Khonaizan agreed to pay the nanny about $64,000 in wages to settle a Labor Department lawsuit. He could also face restitution payments in the state case. The judge said he would rule on that later.

Khonaizan pleaded guilty to a federal immigration charge and a state theft charge. She was sentenced to home detention and probation in the federal case and two months in jail in the state case. Her attorney, Forrest Lewis, has said she wants to return to Saudi Arabia and will not fight deportation.

$6 Million Awarded In False Confession Lawsuit (AP)

AP, September 1, 2006

Innocent Md. man admitted killing wife after 38-hour grilling with no sleep

UPPER MARLBORO, Md. - A Prince George's County jury awarded $6.38 million Thursday to a man who falsely confessed to killing his wife following 38 hours of interrogation by the Prince George's County police, according to the man's attorneys.

Keith Longtin spent more than eight months in jail after he told police he killed his wife, Donna Zinetti, in 1999 following a marathon interrogation in which he wasn't allowed to sleep. DNA evidence later exonerated Longtin and led to the arrest and conviction of a Washington, D.C., man.

Longtin's case was one of several in which the Prince George's police obtained false confessions through extensive interrogations.

Story continues below ? advertisement

It also became part of the Justice Department's probe of civil rights violations and excessive force by the county police, an investigation that led to a broad swath of reforms by the county. The police said in 2002 that they would begin videotaping interrogations to cut down on abuse.

The Circuit Court jury awarded Longtin $1.18 million in punitive damages and $5.2 million in compensatory damages, according to his lawyer, Timothy Maloney. Longtin filed the lawsuit in 2001.

"He's thrilled," Maloney said of Longtin. "He hopes it will signal an end to coercive interrogations."

Zinetti was found dead in the woods near her Laurel apartment on Oct. 4, 1999, after she went jogging. She had been raped and slashed in her face and throat 13 times. At the time she was separated from Longtin, an iron worker from Laurel.

Longtin voluntarily went to the police for questioning on Oct. 5 but wasn't charged with her murder until Oct. 7. During that time, he said detectives showed him gruesome pictures of his wife's body and repeatedly told him to confess.

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Police also didn't test DNA evidence recovered from the crime scene. The DNA eventually led authorities to Antonio Oesby, who was later convicted of Zinetti's murder and raping of women in Washington and Howard County. He is serving a life term.

Verdict Attacks Police Grilling (WP)

By Ruben Castaneda

The Washington Post, September 1, 2006

A civil jury in Prince George's County awarded nearly $6.4 million yesterday to a man who spent more than eight months in jail after he was interrogated for over 38 hours by homicide detectives, who then charged him with murdering his wife based solely on statements he allegedly made during the marathon interviews.

The award to Keith Longtin after the two-week trial is believed to be the largest ever made by a jury in a civil case involving abuse by Prince George's police.

Longtin, now 50, was released from jail only after DNA evidence found in his slain wife was matched with a serial rapist. The sexual offender was later convicted of the murder.

The Circuit Court jury awarded $5.2 million in compensatory damages to Longtin. It also leveled punitive damages of nearly $1.2 million against four county homicide detectives -- one of whom is retired -- who, the jury found, violated Longtin's civil rights.

The county indemnifies police officers for their actions in the line of duty and pays civil judgments and settlements. In the fiscal year that ended in June, Prince George's paid more than $4.6 million in jury verdicts and settlements involving alleged abuse by county police.

Longtin, who now lives in Anne Arundel County, broke down and wept as the verdict was announced.

The jury found that county detectives engaged in a pattern of violating the rights of defendants, said Cary J. Hansel, one of Longtin's attorneys. "We hope this signals the end of lengthy, coercive police interrogations in Prince George's County," said Timothy F. Maloney, another Longtin attorney.

Prince George's spokesman John Erzen said County Executive Jack B. Johnson will be briefed by county attorneys on the verdict and will decide whether to appeal.

Longtin was jailed after Prince George's homicide detectives charged him with murdering his estranged wife, Donna Zinetti, 36. Her body was found on the morning of Oct. 4, 1999, in a wooded area near her Laurel apartment complex. She had been stabbed and slashed 13 times in the face, neck and chest.

Police had no eyewitnesses and no physical evidence against Longtin.

Detectives charged him based on statements he allegedly made during interrogations that occurred over a span of more than 38 hours. According to detectives' logs, Longtin slept 55 minutes during that time.

Detectives took turns questioning Longtin, who, aside from brief bathroom breaks, remained inside a small interrogation room. Eventually, detectives alleged, Longtin said he picked up a knife and chased Zinetti after arguing with her. Longtin denied he ever said that.

In a charging document, county homicide Detective Ronald Herndon wrote that Longtin admitted his involvement in Zinetti's slaying.

The investigator who took Longtin's alleged statement, now-retired sergeant Glen Clark, testified in the civil trial that after saying he chased his wife, Longtin denied killing her. After Longtin was charged with the murder, Herndon and Clark, in separate pretrial hearings, recounted Longtin's alleged statement but omitted his denial, according to testimony in the civil trial.

At the urging of a county police sex crimes detective, authorities tested the DNA found inside Zinetti's body. It matched the genetic material of a serial rapist.

That man, Nathaniel D. Oesby, 30, was convicted in 2001 of Zinetti's murder and sentenced to two terms of life in prison.

Longtin's experience was chronicled in a series of articles in The Washington Post in 2001 examining how county homicide detectives coerced false confessions from innocent people after unlawfully subjecting them to marathon interrogations, depriving them of sleep and refusing to let them speak to their lawyers.

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County homicide detectives coerced false confessions from at least three other men in addition to Longtin, the articles said.

Besides Herndon and Clark, two other homicide detectives, both still active, were named in Longtin's lawsuit: Troy Harding and Robert J. Frankenfield.

Harding and Frankenfield have found themselves in controversies before.

A year ago, Maryland's Court of Special Appeals threw out the jury convictions of a man on charges of voluntary manslaughter and a handgun violation because it ruled that Frankenfield violated his rights. The appellate court found that Frankenfield, in a videotaped interview, questioned the suspect after the man had asked for an attorney five times. Under the law, police are supposed to stop questioning a suspect when he asks for a lawyer.

In 2003, Frankenfield was part of a team of detectives that charged a woman and two teenage girls from Arizona with torturing and killing a Mitchellville woman in 2002. The woman and the teenagers were incarcerated for three weeks before a county prosecutor determined that they were innocent and had them freed.

Harding was part of a team of detectives that obtained one of the other false confessions reported by The Post. Harding has said he felt good about his conduct in the cases, saying neither man confessed to him.

Judge Denies Bond For Former Jailer Accused In Inmate Death (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, September 1, 2006

GULFPORT - U.S. Magistrate Judge John M. Roper today denied bond for former Harrison County jailer Ryan Teel pending a Nov. 6 trial in the beating death of inmate Jessie Lee Williams Jr.

Teel, 29, wept and waved to his weeping wife as he was taken out of the courtroom for return to an undisclosed location.

Teel was a Harrison County sheriff's deputy, working as a corrections officer at the time of Williams' fatal beating in the jail booking room on Feb. 4. FBI agents arrested Teel on Monday following his indictment on federal charges of deprivation of civil rights under color of law and destruction, alteration or falsification of records in a federal investigation.

Potential danger to the community or to possible witnesses and the risk of flight were among considerations the judge looked at following testimony by Teel and by his father, former Chancery Court Judge Wes Teel.

Assistant U.S. Attorney Lisa Krigsten of the Justice Department's civil rights division in Washington, D.C., urged Roper to accept the recommendation of a pre-trial services report to deny bond.

Jim Davis, Ryan Teel's court appointed attorney, maintained his client was not a flight risk or a danger. Friends of the Teel family expressed disappointment over the judge's decision.

Williams' brother, Terry, said it is a relief for the family.

Michael W. Crosby, attorney for Williams' estate, said it is a relief.

"Ryan Teel has become a lightning rod in the community," Crosby said.

The Sun Herald looks at issues raised at the hearing in Friday's editions.

ANTITRUST:

Extension On Microsoft Antitrust Settlement? (PCWORLD-Y)

By Grant Gross, Idg News Service

PC World, September 1, 2006

The U.S. Department of Justice and Microsoft filed formal paperwork Wednesday to extend part of an antitrust judgment against the company for at least two years.

The extension of U.S. District Court Judge Colleen Kollar-Kotelly's November 2002 antitrust settlement would give Microsoft more time to complete work on technical documentation for licensees of its communications protocols. The Justice Department and Microsoft filed a joint request Wednesday for Kollar-Kotelly to approve the extension, which the Justice Department proposed in May.

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The antitrust order had been scheduled to expire in November 2007. If the judge approves the two-year extension, the Justice Department and 17 state plaintiffs in the antitrust case can ask for an additional three-year extension if they still have complaints about Microsoft documentation. Microsoft has said it will not oppose a second extension.Continuing Problems With Documentation

Under the settlement, Microsoft is required to license the communication protocols to other IT vendors interested in developing server software that works with Microsoft's Windows operating system. But as of May, hundreds of bugs in the technical documentation remained.

A technical committee working with the antitrust plaintiffs identified 575 bugs in the technical documentation as of Feb. 8. By March 16, Microsoft had whittled the bugs identified by the technical committee down to 307, but the number of high-priority bugs grew from 68 to 71 in that period.

By May 8, the number of high-priority bugs with a 60-day deadline grew to 79, and the total number of bugs identified by the technical committee was 414.

Microsoft, DoJ Seek To Extend Antitrust Compliance Deadline (ECOMMT)

By Keith Regan, E-Commerce Times

E-Commerce Times, September 1, 2006

Microsoft and the Department of Justice will likely agree to extend the deadline for Microsoft to comply with all the provisions of its antitrust settlement with the federal government until 2012. The two sides said in a filing that they have reached an agreement that enables the government to unilaterally ask for up to three years more time for the agreement.

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Microsoft (Nasdaq: MSFT) appears to be in line to get more time to comply with all the provisions of its antitrust settlement with the federal government, with terms of the deal now stretching until 2012.

The U.S. Department of Justice and Microsoft have jointly filed with the court overseeing the settlement for an additional 24 months -- and with the possibility of seeking a total of five years more time -- to bring the software giant into full compliance with the 2001 settlement deal.

If the extension is granted by U.S. District Court Judge Colleen Kollar-Kotelly, Microsoft would be required to leave in place until 2009 requirements for the Microsoft Communications Protocol Program (MCPP), through which it shares some code and protocols so that rival software makers can make Windows-compatible programs.

The two sides said in a filing that they have reached an agreement that enables the government to unilaterally ask for up to three years more time for those provisions.

Other terms of the agreement, including requirements for more favorable licensing terms of some Microsoft products, will still expire in November of 2007.

The agreement, finalized by the judge in 2002, helped Microsoft avoid potentially harsher penalties, including the possible breakup of the company into separate operating units. The deal was reached after Microsoft was found to have violated antitrust laws with its behavior in the late 1990s, when it used bundling with its operating system to move its Internet Explorer browser and Media Player music and video tools into market dominant positions. On the Clock

Microsoft has agreed to the extensions, acknowledging they are necessary to enable it to provide useful documentation to third parties. The company has said it has spent millions of hours and tens of millions of dollars compiling code and protocols to be shared, but has said the complexity of the task may have been underestimated at the outset.

Complying with the protocol licensing requirements has proven easier said than done. An independent technical committee found some 575 problems or "bugs" in the technical documentation as of February of this year.

By March, Microsoft had reduced that number to 307, but as recently as May, hundreds of bugs remained, several dozen of them considered high-priority, meaning Microsoft was supposed to fix them within 60 days. On Track

Despite the technical issues, Microsoft seems to have the U.S. antitrust matter pretty much in hand, and has even managed to avoid having new issues raised under the old case, such as when the Justice Department recently declined to take up Google's (Nasdaq: GOOG) complaints about Internet Explorer 7 and its built-in search functionality.

In contrast, Microsoft continues to butt heads with European regulators administering the company's antitrust case there.

EU regulators in July slapped Microsoft with a second fine of more than US$350 million, bringing the total the software company has paid to nearly $1 billion. The threat of additional fines remains, although Microsoft met a recent deadline to provide additional documentation being sought on a similar issue to the one stretching out compliance in U.S. -- the requirement that rivals have access to enough Microsoft intellectual property to enable them to make compatible and competitive products.

"Microsoft wants to put this chapter in its history behind it, as evidenced by the massive payouts it's made to settle private antitrust suits," said Enderle Group Principal Analyst Rob Enderle.

While regulators and courts in the U.S. seem satisfied that Microsoft is making progress, the situation remains more tenuous in Europe, where regulators have already said they'll closely examine the upcoming Vista operating system for potential antitrust issues.

"Between enhanced competition and delayed product launches, even a company as large as Microsoft needs to minimize unnecessary distractions," Enderle added.

Feds Seek Formal Extension Of Microsoft Antitrust Deal (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, September 1, 2006

Judge asked to approve extra time for parts of landmark settlement critics say have been implemented too slowly.

The U.S. Department of Justice and Microsoft on Wednesday filed a formal application for a two-year extension of portions of their landmark antitrust settlement, with the possibility of stretching it until 2012.

The filing of the joint motion to a federal judge marks a largely procedural step. The government, with agreement from Microsoft, had already made its request for an extension known back in May.

U.S. District Judge Colleen Kollar-Kotelly, who approved the original consent decree in 2002, also indicated at the last periodic status conference with the parties that she would accept the changes, saying they appeared to be "the way to go" and prompted her to wonder why such a suggestion hadn't been raised earlier.

Under the proposed changes to the settlement, an expiration date of Nov. 12, 2009, would apply to provisions of the settlement relating to the Microsoft Communications Protocol Program (MCPP), which aims to help third-party developers in creating software that works with Windows through licensing access to protocols.

Microsoft would also be required, unless otherwise ordered by the court, to keep Robert Muglia, senior vice president for the company's server and tools unit, in charge of overseeing an ongoing rewrite of the technical documentation for MCPP licensees. Microsoft has taken heat in recent months from federal and state regulators and Judge Kollar-Kotelly, who accused the company of moving too slowly with that project. Muglia would have to be available to give the court periodic updates on the project's progress.

The remaining portions of the settlement, which relate to other licensing and middleware obligations, would expire, as scheduled, on Nov. 12, 2007. The government would have the "unilateral" ability to ask the court to extend the "surviving provisions" up to three more years. Microsoft has agreed not to oppose any such extensions.

The motion is likely to be addressed on Sept. 7, when parties are due back in Kollar-Kotelly's courtroom for their next status conference.

Suit Against Qualcomm Is Dismissed (WSJ)

By Don Clark

The Wall Street Journal, September 1, 2006

SAN FRANCISCO -- A federal judge in New Jersey has dismissed an antitrust suit filed by Broadcom Corp. against rival Qualcomm Inc.

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The suit, filed last year, accused Qualcomm of a series of monopolistic tactics in the market for advanced cellphones and associated semiconductors, based on a technology known variously by the acronyms UMTS and W-CDMA.

Broadcom alleged, among other things, that Qualcomm had promised to license its patents for such technology on "fair, reasonable and non-discriminatory terms," but instead used discounts on royalties and other techniques in ways that improperly gave benefits to Qualcomm's chip business.

But U.S. District Judge Mary Cooper, in a 47-page opinion, dismissed Broadcom's contentions. "The allegations in the complaint read as a whole do not support an inference that competition in the UMTS chipset market is, or will be injured by Qualcomm's licensing practices," she wrote.

"We are very pleased and very gratified with the court's very thorough and thoughtful opinion," said Louis Lupin, Qualcomm's senior vice president and general counsel.

He noted, however, that the judge dismissed the case "without prejudice," which means that Broadcom could potentially modify and refile its complaint. Alternatively, Broadcom could appeal the judge's order to a higher court, he said.

A Broadcom spokeman said the judge did not conclude that Qualcomm's activity is lawful, but had raised questions about what legal approach is the right one to stop it.

"The judge acknowledged that Broadcom could pursue breach of contract, fraud, and other causes of action against Qualcomm, and left open Broadcom's filing a new complaint," the spokesman said.

He added that "Broadcom respectfully disagrees with the court's decision, and it intends to continue to seek redress in U.S. courts and abroad."

Qualcomm Wins Dismissal Of Antitrust Suit Over Cell-Phone Chips (BLOOM)

Bloomberg, September 1, 2006

By Bob Van Voris

Aug. 31 (Bloomberg) -- Qualcomm Inc., the world's second- biggest maker of mobile-phone chips, won dismissal today of an antitrust suit claiming it stifled competition by other chipmakers.

U.S. District Judge Mary Cooper dismissed a complaint filed by Broadcom Corp., a maker of chips for TV set-top boxes. The suit claimed that Qualcomm wrongly used its patents to expand market share for chips used in so-called third-generation, or 3G, phones that allow users to download music and use the Internet.

``Qualcomm's alleged conduct does not support claims for monopolization or attempted monopolization," Cooper wrote in a decision filed in U.S. District Court in Trenton, New Jersey.

The suit was part of a wider effort by Irvine, California- based Broadcom and other competitors to prevent San Diego-based Qualcomm from dominating the 3G chip market.

Cooper said that Broadcom may amend its claims and seek to re-file the complaint. Qualcomm spokesman Jeremy James had no immediate comment. Broadcom spokesman Bill Blanning didn't immediately return a message seeking comment.

Qualcomm, led by Chief Executive Officer Paul Jacobs, holds 90 percent of the market for so-called CDMA chips, used in the U.S. by wireless companies such as Verizon Wireless and Sprint Nextel Corp. The products, found in only about a fifth of handsets worldwide, are the basis for the most-popular chips used to run the latest 3G phones.

Qualcomm's profit from royalties has tripled in the past five years, to $1.66 billion in the fiscal year through September, as demand grew for the more-expensive 3G phones. Qualcomm expects to collect royalties on 290 million handsets this calendar year, up from 210 million in 2005.

Dallas-based Texas Instruments Inc. is the biggest maker of mobile phone chips.

The case is: 05-CV-3350, U.S. District Court for the District of New Jersey (Trenton).

To contact the reporter on this story: Bob Van Voris in New York at rvanvoris@bloomberg.net .

MLS Scraps Real Estate Rule After FTC Investigation (INMAN)

By Glenn Roberts Jr., Inman News

Inman News, September 1, 2006

New England regional MLS announces agreement

A U.S. Federal Trade Commission investigation has prompted a regional multiple listing service in New England to toss out a policy that blocked some property listings from reaching some public property-search sites, including Realtor.com.

The Northern New England Real Estate Network announced today that it has reached an agreement with the FTC that resolves the investigation. The FTC last month announced a settlement with the Austin Board of Realtors in Texas relating to a similar board policy that was also rescinded (see Inman News report).

The U.S. Department of Justice and Federal Trade Commission have engaged in several other actions over the past couple of year against real estate laws, regulations and rules, charging that the measures are anti-competitive, and the leading lawyer for the National Association of Realtors in May announced a total of 14 separate government investigations that were studying whether MLSs prevent a type of property listings from reaching some public Web sites.

Federal antitrust officials have taken legal action against bans on real estate rebates to consumers; written letters in opposition to state-imposed mandates on real estate services that they said could potentially restrict consumer choice and the ability of low-cost, limited-service real estate companies to compete; and filed a lawsuit against the National Association of Realtors related to its policies for the display and sharing of online property information.

Andrew Werry, executive director for the Northern New England Real Estate Network, said in a statement, "This was a very narrow and specific investigation by the FTC into a policy ... that was in place for just six months. We are happy to have this matter amicably concluded. This was a non-public inquiry initiated last year, and what this agreement essentially does is formalize on a permanent basis our voluntary decision to rescind our policy."

The MLS, which has about 8,400 participants in a four-state area including New Hampshire, Vermont, Maine and Massachusetts, restricted exclusive agency listings from display on several property-search Web sites from May 2005 to November 2005.

Under an exclusive agency agreement between a home seller and an agent, sellers retain the right to sell their property themselves without paying a commission if the agent is not involved in the sale. The more common listing agreement is exclusive right to sell, which provides that the listing broker is guaranteed a commission.

Werry said today that the rule was intended "in general to eliminate the confusion or conflict that could arise with the display of exclusive agency listings in competition with the sellers' marketing efforts." For example, a seller could directly advertise a property on various Internet sites while the agent, too, was advertising the same property on various Internet sites under exclusive agency agreements, he said.

Under the rule that the MLS had adopted, exclusive agency listings could not be displayed on the MLS's NNEREN.com site, Realtor.com, or any MLS participant Web sites.

After the FTC approached the MLS in October about the rule, the MLS decided in November to voluntarily withdraw the rule, Werry said.

FTC officials did not immediately offer a comment about the agreement with the Northern New England Real Estate Network, and a copy of the agreement was not available on the FTC Web site.

The Northern New England Real Estate Network is a for-profit real estate corporation that is owned by 19 local Realtor boards in New Hampshire and Vermont.

According to the MLS's announcement today, the FTC will submit for 30-day public review "a complaint, consent agreement, and decision and order as part of the settlement." The network is "not afforded the opportunity to respond to the specifics of the complaint," according to the announcement.

Exelon, NJ Regulators Remain Far Apart On PSEG Merger (MRKTWTCH)

By Christine Buurma

Market Watch, September 1, 2006

NEW YORK (MarketWatch) -- Recent correspondence between Exelon Corp. (EXC), Public Service Enterprise Group (PEG) and New Jersey regulators regarding the Chicago electric and gas utility's proposed $16 billion acquisition of PSEG lends

further credence to the view that the companies are approaching a stalemate with the state's Board of Public Utilities, according to a consumer advocacy group that has seen the confidential letters.

"The parties are very far apart," said Ev Liebman, program director for New Jersey Citizen Action, which opposes the deal. "As of last Friday, it appeared as if there was not going to be an agreement."

Liebman couldn't elaborge on the nature of the sticking points citing a confidentiality agreement with New Jersey. Spokespeople for Exelon and PSEG declined to comment.

In a filing with the U.S. Securities and Exchange Commission Wednesday, Exelon suggested said the acquisition is no longer "more likely than not" based on the status of settlement discussions with New Jersey regulators.

"There is a serious gap on a number of levels, including competition and market power issues," Liebman said. "The (Board of Public Utilities) staff's proposal seems to go beyond what the companies seem to be willing to do." One sticking point is the extent of rate relief that will be passed onto consumers, she said.

The companies haven't indicated a timeline for deciding whether to terminate the deal, however, Liebman said.

New Jersey's Board of Public Utilities set tougher conditions on Aug. 17 for its approval of the deal, requiring $220 million more in refunds to consumers and two more power plant sales than what the companies had offered. Doyle Siddell, a spokesman for the board, said Thursday that negotiations with the companies are ongoing, but he declined further comment.

Exelon disclosed in the Wednesday filing that it will record a $55 million pre-tax charge in the third quarter related to the decreased likelihood of completing a deal with PSEG.

Exelon and PSEG, which announced their intentions to merge in December of 2004, had said they would abandon the multi-billion-dollar deal if the BPU did not make a decision by Aug. 4 but negotiations continued after the deadline passed.

The Federal Energy Regulatory Commission and the U.S. Justice Department have already signed off on the proposed merger, making the New Jersey BPU the last regulatory hurdle for the companies.

-Contact: 201-938-5400

Goldcorp Buys Glamis In $7.8bn Deal (FT)

By Bernard Simon In Toronto

Financial Times, September 1, 2006

Goldcorp, a medium-sized Canadian gold producer, has agreed to acquire Glamis Gold of Nevada in a friendly $7.8bn all-share deal that underlines the accelerating pace of consolidation in the mining industry.

Goldcorp and Glamis aim to create one of the world's lowest-cost and fastest-growing producers. The combined group will have 22 mines and exploration properties in North, central and South America.

It is expected to produce about 3m ounces of gold a year at an average cash cost of less than $200 a ounce – far below the current gold price of $624.

Booming metals markets have given predators the cash and rising share prices they need to pursue their targets. Metal shortages have also put a premium on mines and improved the chances of exploiting untapped reserves.

But several investors criticised the deal. Frank Holmes, chief executive of US Global Investors, a big Goldcorp shareholder, described the acquisition as "a massive shift in strategy".

He accused the company of switching from a focus on near-term cash flow to projects not yet in production that were vulnerable to risk.

The terms of the deal value Glamis shares at a third more than their average price this month. The deal will dilute Goldcorp's earnings and cash flow for the time being.

Goldcorp shares were about 9.7 per cent lower in Toronto on Thursday. Analysts raised the prospect of a bid for Goldcorp.

Kevin McArthur, Glamis chief executive who will hold the same post in the enlarged company, said the new group would remain unhedged and thus exposed to gold price changes.

Ian Telfer, Goldcorp's chief executive, defended the bid, saying that Glamis was "not going to let this go at anything like a bargain price. You couldn't have bought it cheaper."

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Goldcorp fought off a hostile offer from Glamis in February 2005. Instead, Goldcorp, which has grown rapidly through acquisitions over the past five years, took over Wheaton River Minerals of Vancouver.

Goldcorp To Buy Miner Glamis For $7.8 Billion (WSJ)

By Christopher J. Chipello

The Wall Street Journal, September 1, 2006

Goldcorp Inc., which agreed to acquire rival gold miner Glamis Gold Ltd. for stock valued at $7.8 billion, is counting on continued high gold prices and promising development projects to make up for deal terms that disappointed some investors.

The agreement, announced yesterday, would create one of the world's largest gold-mining companies. For Goldcorp, the deal represents a bet that it will be worth diluting its earnings per share in return for Glamis's developing mines. "This transaction doubles our reserves and resources" of gold, said Ian Telfer, Goldcorp's chief executive officer, who would be chairman of the combined company.

Goldcorp's shares were down 9.2% at 4 p.m. in New York Stock Exchange composite trading, and some shareholders expressed skepticism. "I just watched 10% of my share value disappear," said Rob McEwen, a former CEO of Goldcorp who owns about a 1.5% stake in the company. "I take small comfort in the fact that someone's saying maybe in the future it'll go back up."

1 HOW THEY STACK UP

• See how the mining giants compare.2

VIDEO

Goldcorp CEO Ian Telfer3 discusses the rationale behind the deal, opposition from some shareholders and what it means for gold prices.

The deal requires the support of two-thirds of Glamis shareholders but doesn't require approval from Goldcorp's shareholders. Mr. McEwen, who left Goldcorp in October, said Mr. Telfer "should be giving shareholders a vote" on the deal. Mr. McEwen said he had spoken with other disgruntled shareholders yesterday and that a possible recourse for dissidents would be to mount a proxy circular seeking a vote on the transaction.

Gold prices have doubled over the past four years to about $630 an ounce, in part because fears about inflation, terrorism and a decline in the U.S. dollar have boosted demand in what is often seen as a safe investment. But production is down because mining companies cut back capital investment during a 1990s price slump.

In reaching the deal, the companies assumed a long-range price of $550 an ounce -- lower than current levels but higher than historical averages. In another sign the two are counting on strong gold prices, the companies' executives said they wouldn't take steps to hedge -- or protect from lower prices -- their production.

"We'll have very good, low-cost new mines for the future," said Kevin McArthur, president and chief executive of Glamis, who would become Goldcorp's president and CEO. Goldcorp was attracted especially by Glamis's Penasquito project in Mexico, Mr. Telfer said.

Under terms of the agreement, Glamis shareholders would receive 1.69 Goldcorp shares for each Glamis common share -- a 33% premium based on Wednesday's closing share prices. Current Glamis shareholders would own 40% of the combined company.

Glamis shares were up 18.7% at 4 p.m. on the Big Board to $46.12. Goldcorp shares fell $2.81, to $27.66, valuing its bid at $46.75 for each Glamis share.

The merged company, which would remain in Vancouver, British Columbia, would have proven and probable reserves of about 41.1 million gold ounces, and about 11,000 employees. Its market capitalization, at $19.4 billion based on yesterday's closing prices, would be third-largest among global gold producers behind Canada's Barrick Gold Corp. and Newmont Mining Corp., of Denver.

Mr. Telfer and Mr. McArthur said the combined company would continue to focus on gold mining in the Americas. Glamis, with headquarters in Reno, Nev., has mines and development projects in Nevada, Mexico and Central America. Goldcorp has operations throughout the Americas and in Australia. The companies said the deal is expected to close in November.

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Glamis previously tried to acquire Goldcorp, but Goldcorp thwarted that effort early last year when its shareholders voted in favor of acquiring Wheaton River Minerals Ltd. in a $2.2 billion deal. Mr. Telfer, who was Wheaton's CEO, became Goldcorp's chief executive after the deal and Mr. McEwen became chairman.

Generic Of Plavix Is Blocked (NYT)

By Stephanie Saul

The New York Times, September 1, 2006

A federal judge in Manhattan ordered a Canadian company yesterday to stop distributing its generic version of the blockbuster anticlotting drug Plavix, granting a reprieve to Bristol-Myers Squibb and Sanofi-Aventis, which co-market the brand-name drug.

The Plavix marketers had seen a drastic erosion of their United States sales since the Canadian company, Apotex, introduced its generic version on Aug. 8 in a challenge to the patent held by the big companies. Analysts say that the large supplies of the generic drug already on the market could continue to impinge on sales of Plavix for several months.

While ordering Apotex to stop shipments, United States District Judge Sidney H. Stein declined a request by Bristol-Myers and Sanofi to recall the generic pills already on the market. The judge ruled that the companies had negotiated away that right in their attempts earlier this year to settle the patent dispute with Apotex.

Judge Stein did say that the patent was likely to be enforceable, based on the evidence and testimony so far. He also observed that Bristol-Myers and Sanofi had suffered "irreparable harm" as a result of the patent infringement.

He nonetheless required Bristol-Myers and Sanofi to post a $400 million bond to compensate Apotex in the event the generic company won in a trial on the validity of the patent, now set to begin in his court next January.

Shares of Bristol-Myers were up more than 9 percent in after-hours trading on the New York Stock Exchange. Shares of Sanofi were little changed.

Bernard C. Sherman, the chief executive of Apotex, a private company based in Toronto, said yesterday that it planned to appeal. "We believe that the ruling is erroneous in many respects," he said.

Mr. Sherman said that the volume of the Apotex drug already on the market amounted to about three months' worth of sales, while some analysts have estimated the amount at even more. A spokesman for Bristol-Myers, Tony Plohoros, said the company was trying to assess the amount of generic inventory in wholesale channels. Neither Sanofi nor Bristol-Myers had issued any other statement about the ruling, but in a letter to employees being sent last night, the Bristol-Myers chief executive, Peter R. Dolan, said it was "certainly good news that the preliminary injunction has been granted, but unfortunately the economic and other consequences of the intrusion of the generic product that competes with Plavix in the U.S. market are impossible to fully reverse."

A Deutsche Bank analyst, Barbara Ryan, said the ruling was relatively good news for Bristol-Myers, which derives 30 percent of its profit from sales of Plavix. The drug, used by 48 million Americans, primarily to prevent the recurrence of stroke and heart attack, had United States sales last year of $3.5 billion.

But Ms. Ryan said that Mr. Dolan remained on the hot seat. She predicted that he could be replaced or that control of the company might even change, possibly before the patent trial, partly as a result of the company's mishandling of the Plavix case.

"I think that Peter Dolan is clearly under significant pressure, and this it not an isolated situation," Ms. Ryan said, citing shareholder displeasure over Plavix as well as several other management missteps.

For Bristol-Myers, which is based in New York, the ruling very likely means the company can preserve its 5.1 percent dividends, according to David S. Moskowitz, an analyst with Friedman, Billings, Ramsey.

But the situation also seems to suggest that Bristol-Myers and Sanofi, a French company, should never have entered negotiations they began last year with Apotex, which created the opening that has allowed the generic maker to ship its product for more than three weeks.

The patent covering Plavix gives market exclusivity to Bristol-Myers and Sanofi until the end of 2011. Apotex began challenging that patent in 2002, arguing that it was not valid. The case has been pending in court ever since and originally was set to go to trial in June.

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But the dynamic changed earlier this year, after the Food and Drug Administration approved Apotex's version of the drug. Despite that approval, under federal law Apotex would have run the risk of paying financial damages amounting to three times the generic's total sales, if it brought its product to market but then eventually lost the patent case.

Bristol-Myers and Sanofi began negotiations with Mr. Sherman to settle the dispute. Under an agreement reached in March, the companies granted Apotex exclusive generic rights for a six-month period that was to begin in September 2011.

That settlement deal was rejected by the Federal Trade Commission and state attorneys general who viewed it as restricting competition.

It was during efforts to renegotiate the deal that Bristol-Myers and Sanofi agreed to provisions that made it easier for Apotex to market its generic immediately if the revised agreement was also turned down. Those concessions included a waiver by the big companies of their rights to collect triple Apotex's sales of the generic, as well as an agreement that they would not go to court to challenge distribution of the Apotex product until five days after it began shipment.

After the second agreement was also rejected, Mr. Sherman's company began shipping its product to the United States on Aug. 8.

Under terms of the agreement Mr. Sherman negotiated, Apotex is liable to repay Bristol-Myers and Sanofi for only half of the generic drug's sales should Apotex lose at the patent trial. The negotiations, and accusations by Mr. Sherman that the companies entered a secret side deal, are the subject of a Justice Department investigation.

In his 57-page ruling, Judge Stein wrote, "The public interest in lower-priced drugs is balanced by a significant public interest in encouraging the massive investment in research and development that is required before a new drug can be developed and brought to market." </NYT_TEXT>

ENVIRONMENT:

Judge Keeps Intact Deal To Curb Plant Emissions, Which Reach D-FW Area (DMN)

By Randy Lee Loftis, The Dallas Morning News

Dallas Morning News, September 1, 2006

A federal judge in Austin refused Wednesday to change the terms of a federal enforcement consent decree meant to clean up one of Texas' biggest air pollution sources.

U.S. District Judge Sam Sparks ruled that Alcoa, owner of a huge aluminum smelter in Rockdale, northeast of Austin, must comply with the deadlines laid out in a 2003 agreement between Alcoa, the Justice Department and environmental groups that sued over the smelter's pollution.

The judge also refused to change emissions limits in the agreements.

Alcoa had sought to extend the deadlines for replacing its coal-burning power plant, which supplies electricity to the smelter. Emissions from the plant drift north to the Dallas-Fort Worth area.

Alcoa argued that several circumstances prevented it from replacing its power plant with a newer, cleaner-burning generating unit by April. It sought to extend the deadline to 2010.

Dallas-based TXU would build the new unit, though the power company has not yet reached a final agreement with Alcoa. The changes that Alcoa sought were meant to smooth the way for that agreement.

The Justice Department and three environmental groups – Neighbors for Neighbors, Environmental Defense and Public Citizen – opposed the extension. Judge Sparks agreed with them, although he urged the parties to keep working on a compromise since no matter what happens in court, no replacement power units will be built by then.

Environmentalists characterized the judge's ruling as a victory.

"TXU and Alcoa asked the court to relax the requirements of the consent decree – over the objection of citizen groups and the federal government – and the court refused," said George Hays, the groups' attorney.

An Alcoa spokesman could not be reached for comment. TXU spokeswoman Kimberly Morgan said the company was disappointed because it would not be able to replace the old Alcoa units by 2009, as TXU had hoped.

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She also said the environmentalists had miscast the requested changes. "We are not trying to 'loosen up' air standards," Ms. Morgan said. "We're trying to come in under the consent to decree and build this plant, which will mean jobs and millions of dollars in economic impact to Milam County and the surrounding area."

Judge Sparks' ruling did not resolve what will happen when the April 2007 deadline for replacing the old power units isn't met. He could either decide that the companies must pay a $1,000-a-day penalty, which TXU has agreed to pay, or he could rule that Alcoa must get a new state permit.

Interior Chief Kempthorne Tours Arctic Wildlife Refuge (WP/AP)

By H. Josef Hebert

The Washington Post, September 1, 2006

KAKTOVIK, Alaska, Aug. 31 -- Interior Secretary Dirk Kempthorne made his first visit Thursday to the Arctic National Wildlife Refuge, center of a 25-year battle over whether to tap vast oil reserves under a coastal plain along the Beaufort Sea.

Kempthorne was to meet with tribal leaders and with officials in the refuge's only village before concluding a three-day tour of Alaska's North Slope that also included checking out the early warning system for detecting a deadly bird flu virus and examining a corroded pipeline that has shut down half the area's oil production.

His flight from Deadhorse, 120 miles to the west, had been turn backed earlier when a heavy fog prevented his chartered twin-engine turboprop from landing. The weather cleared later and Kempthorne continued with his schedule.

Kempthorne, a former Idaho governor and Republican senator who was confirmed as interior secretary in May, supports oil drilling in a 1.5 million-acre area of the 19 million-acre refuge and voted for it when he was in the Senate.

"There's a [wildlife] reserve there," he said before the aborted flight. "But we've seen so many different areas where we can responsibly recover resources and do it while meeting the highest environmental standards. I think it's also important to see it."

Environmentalists look at the refuge as North America's Serengeti -- inhabited by 45 species of land and marine mammals including polar, grizzly and black bears as well as musk oxen and caribous. Millions of migratory birds also use the refuge's coastal plain.

Under it is what geologists say is the nation's largest untapped oil reserve, variously estimated at between 5.6 billion and 16 billion barrels.

Kempthorne was accompanied on his North Slope tour by senior Interior officials and several of the department's regional officials, based in Anchorage.

On Wednesday, Kempthorne toured a Prudhoe Bay oil complex operated by BP PLC, including a visit to the stretch of BP pipeline where severe pipe corrosion caused Prudhoe oil production to shut down in early August.

Half the pipeline system has since been restored, bypassing a section where corrosion caused a 270,000-gallon spill in March. But the other half remains out of commission as BP engineers try to determine if part of it can be used temporarily.

BP said it is replacing the 16 miles of pipe next year.

Kempthorne, earlier on his trip, visited ConocoPhillips' Alpine oil fields, the newest on the North Slope.

On Boosting Drought Aid, Bush Takes Wait-and-see Stance (AP)

By Libby Quaid, Associated Press

AP, September 1, 2006

WASHINGTON – The Bush administration wants to wait for the harvest of this year's crops before deciding whether to increase the millions of aid dollars going to drought-stricken farmers.

Agriculture Secretary Mike Johanns said Thursday he wants to “see what the combines tell us” about the coming harvest.

Earlier this week, Johanns promised aid that includes $50 million to hard-hit livestock producers. In all, the drought money would provide $79 million in relief funds and accelerate $700 million in planned payments to cotton, grain sorghum and peanut farmers.

“I really believe this is going to help a lot of people out there in drought-affected states,” Johanns told reporters Thursday.

Some critics say the aid falls far short of the need. A separate $4 billion drought-aid plan is pending in the Senate.

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"Given the size and severity of the drought, the amount of money Secretary Johanns is talking about is going to leave many farmers and entire counties without any help at all," said Sen. Byron Dorgan, D-N.D.

The administration strongly dislikes the Senate plan, in part because it would go only to those who already get subsidies, about four in 10 farmers.

Johanns noted Thursday that drought has failed to dampen significantly overall production of major crops like corn and soybeans.

The corn crop is expected to approach records, according to the latest forecasts from the department. Soybean yields are below trend but above the five-year average, and together the crops should generate $42 billion in production, Johanns said.

"I was in eastern Iowa yesterday; the crops look really good," Johanns said. "There are parts of the country that look to me like they're going to raise a very large crop. The other thing I will offer is the value of that crop is higher this year because the prices are better."

"We've just got to see what the harvest looks like," Johanns said.

California Plan To Cut Gases Splits Industry (NYT)

By Jad Mouawad And Jeremy W. Peters

The New York Times, September 1, 2006

After becoming chief executive of PG&E last year, Peter Darbee met with a large number of leading climate scientists, he said, to make up his own mind about global warming.

As a result of his wide inquiries, PG&E, the parent of the Pacific Gas and Electric Company, which serves Northern California and is one of the nation's largest energy utilities, broke away from the industry pack to support sweeping efforts to reduce the greenhouse-gas emissions that are widely blamed for global warming.

"The evidence in the scientific community is lopsided — it's not even close," Mr. Darbee said. "Climate change is a problem."

California is once again at the forefront of the nation's environmental policy, with a far-reaching pledge to curb carbon emissions by 2020. But the deal struck on Wednesday between Democratic legislators and the Republican governor, Arnold Schwarzenegger, has divided businesses and industries in California.

While high-technology companies have lined up behind the move, arguing that it will put California at the forefront of alternative energy development, most of those representing basic industries contend that it will retard the economy, force energy-intensive businesses out of state and increase costs for all Californians.

Mr. Darbee, a former investment banker and financial expert who brings an outsider's perspective to the inbred utility industry, cuts across those lines, pointing to a potential advantage for business in California: predictability.

"The incentives really aren't there for the creation of new technologies and investments to reduce carbon dioxide unless mandatory caps are put in place,'' he said. "Now, that creates an element of certainty."

The California plan, which won final legislative approval yesterday but faces a battle in the courts before it can go into effect, calls for a 25 percent cut in carbon dioxide emissions by 2020. It envisions controls on some of the largest industrial groups — including utilities, oil refineries and cement plants.

While many of the details remain to be worked out, the law will include a mixture of mandatory regulations, incentives and market-based mechanisms, including a so-called cap-and-trade system allowing companies to buy and sell carbon allowances. The California Air Resources Board has until 2009 to draft regulations that are to become mandatory in 2012.

"The United States is the world's biggest carbon emitter, and California is a big part of it," said Jim Marston, who runs the state global warming initiative at the activist group Environmental Defense, which has played a big role in California and elsewhere in promoting alternative energy use. "The key aspect of the law is that it's multisector and it imposes hard caps."

Given a lack of national policy toward global warming, local and state authorities are increasingly taking the matter into their own hands, creating a patchwork of competing rules that will be potentially harder for businesses to navigate. Seven states in the Northeast, for example, have proposed to reduce carbon emissions from power producers 10 percent by 2019.

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Mr. Marston acknowledged that a system adopted by the European Union in response to the Kyoto Protocol to curb global warming gases had not been very effective.

"No system we have works perfectly," he said. "The cap-and-trade system in Europe has some flaws because they didn't do a great job with the baseline. California will learn from what went wrong in Europe."

California has had a long tradition of leading the way in environmental regulations that in time are adopted by other states and cities across the country. The federal Clean Air Act of 1970, for example, originated in efforts starting in the 1960's to limit smog in Southern California.

In 2004, the state became the first to adopt regulations intended to limit greenhouse gas emissions from automobiles. Several states in the Northeast, including New York, have followed suit. A coalition of the world's largest automakers, which opposed the regulations from the beginning, is suing many of these states to prevent the laws from taking effect.

The restrictions, scheduled to go into effect on 2009 model vehicles, roiled the global auto industry because automakers would have to increase fuel economy to meet them.

Unlike smog-forming pollutants, carbon dioxide and other emissions from vehicle tailpipes that are linked to global warming cannot be filtered. Reducing those emissions would therefore require redesigning engines, which would increase the cost of building a vehicle.

But for Jack Stewart, the president of the California Manufacturers and Technology Association, an industry trade group, California's go-it-alone approach risks harming the competitiveness of the economy.

"We think it is draconian,'' he said, "for the state of California to put these California-only rules when companies outside of the state will not have the same restrictions and costs imposed on them."

It is not clear how California will accomplish its goals. Companies have traditionally found that reducing their carbon emissions could be best achieved by improving energy efficiency. Large corporations, including I.B.M., DuPont and Johnson & Johnson, have found that steps to curb energy use through efficiency gains not only cut their power bills but often led to overall gains in productivity.

Mr. Stewart, though, argued that such "low-hanging fruits" were harder to find in California today because the state had long been at the forefront of the energy-efficiency effort. "California's energy costs are the highest in the country," he said. "Most manufacturers who use a lot of energy have already done a lot of conservation. This law puts us at a huge disadvantage."

Myron Ebell, director of energy policy at the Competitive Enterprise Institute, a conservative research group in Washington, and a prominent critic of efforts to curb global warming, also dismissed the California plan.

"We cannot reduce our carbon emissions by making ourselves poorer,'' he said. "That is not acceptable in a democratic society. It might work in North Korea, but it will not work here. If global warming turns out to be a problem, we have to work on technological changes. All of that is something California has tremendous capacity to do — not by going on an energy diet."

But the backers of the law said that developing new energy sources and emphasizing efficiency would actually help expand California's economy.

They cited a recently published study by researchers from the University of California, Berkeley, which argued that cutting carbon emissions back to 1990 levels would add $74 billion in value, or 3 percent, and contribute to the creation of 89,000 jobs.

"There is a great deal of energy efficiency still left in California that will produce both lower greenhouse gases and lower the consumption of fossil fuels," one of the Berkeley researchers, Alexander E. Farrell, said.

Jim Wunderman, president and chief executive of the Bay Area Council, a coalition of businesses in and around San Francisco, said the new emissions legislation would allow California businesses to be at the forefront of developing energy technology, much as they were with personal computers, semiconductors and the Internet.

"We think this is going to contribute to a boom in industries focused on alternative energy development,'' Mr. Wunderman said. "Enlightened businesses can participate in an economic boom that's going to serve both the business interest and the public's interest."

And a leading venture capitalist, John Doerr, a partner in the firm of Kleiner Perkins Caufield & Byers in Palo Alto, said the new rules would force corporations to innovate.

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"The folks who don't change, they lose, they die," he said. "I do not see it as a system that's going to encourage businesses to leave California."

Still, adapting to such new regulations should be easier for companies that make semiconductors and computer keyboards than for those that make cement or refine oil. Mr. Doerr predicted that most industries would come around in the end because they would be squeezed by the costs associated with not complying.

"Manufacturers are going to go green," he said.

There is already evidence of this in the oil industry, he continued, with companies investing in alternative forms of energy like biofuels. And technology companies are in a strong position to innovate.

"High-tech industries thrive on innovation and new technology," Mr. Doerr said. "Already, it's even easier for them to be nimble, and shift and respond to different market mechanisms."

In the end, he predicted, it will make more sense for most businesses to stay and adapt.

"It doesn't matter where they make this stuff, '' Mr. Doerr said, "because if you put the gasoline refinery across the border in Nevada, the same law applies. If you want, you can decide you don't want to sell gasoline in the sixth-largest economy in the world, but I guarantee you won't do that."

And if California succeeds, Mr. Doerr said, the rest of the nation will follow.

"Every new, important, environmentally sustainable policy has come from California and spread to other states,'' he said. "Then the federal government decides we ought to consolidate this."

California Emission Plan Needs Allies (WSJ)

The Wall Street Journal, September 1, 2006

Jeffrey Ball

California faces a tough obstacle in its efforts to curb global warming without driving away business: Success requires joining other countries, or persuading other states or the federal government to join it.

Leaders of the state Legislature and Gov. Arnold Schwarzenegger have agreed on a plan under which California would mandate a reduction in the state's emissions of the gases contributing to global warming to 1990 levels by 2020. The bill cleared the Legislature yesterday, and Gov. Schwarzenegger has indicated that he will sign it into law.

Most groups representing big industry in California remain opposed to the plan, arguing it will raise production costs and hurt the competitiveness of the state's businesses. But some California businesses expressed support for the push, arguing that restrictions on global-warming emissions across the U.S. are increasingly likely and that California companies will benefit by starting now to prepare.

"From a business perspective, the sooner we begin working on this problem, the less dramatic will be the impact on business," said Peter Darbee, chief executive of PG&E Corp, whose Pacific Gas & Electric Co. unit is a major California utility. PG&E has an additional reason to be supportive: Most of the electricity it sells comes from natural gas and nuclear and hydroelectric power, a portfolio that emits far lower levels of greenhouse gas than does coal.

California has long been a national environmental bellwether, prompting other states to follow its regulatory lead. A growing number of states are planning greenhouse-gas rules of their own, and officials in several of those states said California's move would give their efforts a boost.

"When we have a neighboring state that is taking a similar tack to us, it's very helpful," said Bill Drumheller, who works on global-warming issues at Oregon's Department of Energy. Oregon is planning rules limiting greenhouse-gas emissions from power plants.

California officials said they hope to entice other states and the federal government to follow its lead in regulating global-warming emissions. Though California is the world's sixth-largest economy, it accounts for only about 2% of the world's annual global-warming emissions.

"None of it matters or works if other states or nations don't copy us, because changing greenhouse-gas emissions is not meaningful unless we do it for the whole planet," said Catherine Witherspoon, executive officer of the California Air Resources Board, the state agency assigned to figure out how to implement California's plan.

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There is another reason California is hoping it won't have to go this road alone: Persuading other states, or the federal government, to join suit will likely lighten the financial burden on California businesses.

Central to several nascent efforts around the world to regulate greenhouse-gas emissions is a "cap and trade" system. Under such a system, a government mints a certain number of emission permits, each corresponding to a ton of carbon dioxide, the main global-warming gas. It distributes the permits among the facilities -- generally factories whose emissions it is regulating. If the factory's owner decides it is too expensive to comply with the cap by minimizing emissions at the factory itself, the owner can buy extra permits from other businesses on an emission-trading market. Such a trading system is under way in Europe, where countries have agreed to emission caps under the Kyoto Protocol, the international global-warming treaty.

The idea behind an emission-trading market is to make it as broad as possible; the more companies that are trading under the system, the theory goes, the likelier the market is to find cheaper ways to curb emissions, thus reducing everyone's cost of compliance. But assembling such a trading system raises thorny issues. Among them: which industries will be covered by the caps, how to structure the rules so they don't encourage companies simply to flee to locations where emissions aren't capped, and how to verify that companies aren't emitting more than they say they are.

California Business Leaders Say Emissions Limit Could Harm Economy (USAT)

By Edward Iwata

USA Today, September 1, 2006

SAN FRANCISCO — California business leaders warned Thursday that a deal by state lawmakers to strictly limit greenhouse gas emissions by industry could severely hurt the state economy and lead to a huge drop in its petroleum supply.

The measure, which won final legislative approval Thursday in the state's Assembly and is supported by Gov. Arnold Schwarzenegger, would make California the first state to impose caps on emissions linked to global warming. Oil-and-gas refineries, electric power plants and other manufacturers would have to slash 25% of those emissions by 2020.

While environmentalists are hailing the measure, some businesses argue that the only way for oil refineries to meet the tough caps would be to reduce production of transportation fuels by 17%, said Tupper Hull, a spokesman for the Western States Petroleum Association trade group.

“This has the potential to be very damaging to the California economy,” Hull said. “It will put a lot of strain on the marketplace.”

Already, Hull said, the state's 14 refineries are operating at capacity, producing 45 million gallons of gasoline and diesel a day. California also imports 3.5 million gallons a day from other regions.

Industry groups also cautioned that the global warming bill would lead to higher energy costs, lost jobs and corporations abandoning the region.

In a statement, CEO Allan Zaremberg of the California Chamber of Commerce said the bill will have “a severely negative effect on the affordability and reliability of California's energy supply” and would jeopardize California's economy. Global warming requires “a global solution, not a punitive cap on energy supplies in California,” he said.

Under the California measure, the state would have until 2011 to set greenhouse gas emissions limits and reduction measures, which would go into effect the next year.

Scientists and California state agencies predict that global warming will cause horrific flooding, hurricanes and other catastrophes in the coming decades. California, one of the world's top economies, also is one of the world's largest sources of greenhouse gases.

Environmentalists say that California lawmakers — longtime trendsetters in environmental issues — are sure to influence other states and businesses.

David Hawkins, who directs the climate center of the Natural Resources Defense Council, said the bill would not hurt businesses. California has boasted the nation's strongest environmental laws for decades, he said, and the economy continues to grow.

Seven Northeastern states recently agreed to seek caps on greenhouse gas emissions. Washington and Oregon lawmakers also have similar bills in the works.

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The California bill comes as a growing number of energy and technology companies have stated that they support mandatory global warming regulations.

President Bush has said capping emissions would hurt the economy. Schwarzenegger, a Republican, has parted with Bush on the global warming issue.

California Tightens Rules On Emissions (WP)

By Juliet Eilperin

The Washington Post, September 1, 2006

California's legislature approved the broadest restrictions on carbon dioxide emissions in the nation yesterday, marking a new stage in the accelerating drive for a more aggressive national response to global warming.

The California bill requires a 25 percent cut in carbon dioxide pollution produced within the state's borders by 2020 in order to bring the total down to 1990 levels. In at least eight other states, political momentum is building to take similar steps to limit emissions of greenhouse gases linked to climate change, a trend that could increase the pressure for a national system despite the Bush administration's consistent opposition to mandatory caps.

The California legislation also provides a statewide market system designed to make it easier for heavily polluting industries to meet the new limits. They would be able to buy "credits" from companies that emit lower emissions than the caps allow, rather than having to invest in cleaner new technologies.

The measure cleared the California Senate on Wednesday night. The Assembly, on a 46 to 31 vote, sent it on yesterday to Republican Gov. Arnold Schwarzenegger, who pledged this week to sign it.

"It really does point out the country needs to solve this problem in a uniform way," said William K. Reilly, who headed the Environmental Protection Agency under President George H.W. Bush and now co-chairs the bipartisan National Commission on Energy Policy. "It will rebound in Washington."

California lawmakers, along with environmental advocates and some business leaders, said they pushed the measure both to address what they see as a threat to their state's economic and environmental welfare, and to influence national energy policy.

"I really believe the effort to curb global warming is a bottom-up effort in this country," Assembly Speaker Fabian NuÃ±ez (D), who is a co-author of the bill, said in an interview Wednesday. "For us, this is not just about California. This is about making a push from the bottom up to get the Congress to take action."

Advocates would have to overcome major obstacles to bring about a national program, however. Both the House and the Senate have rejected mandatory limits on carbon dioxide. But if Democrats make gains in this fall's elections, it could bolster support on Capitol Hill for a universal cap-and-trade system.

Congress would have to hash out many more details than are spelled out in California's bill. State lawmakers left key implementation issues to be decided by the California Air Resources Board. The measure also includes an escape hatch allowing the governor to extend compliance deadlines for as much as one year "in the event of extraordinary circumstances, catastrophic events, or threat of significant economic harm."

Sen. Dianne Feinstein (D-Calif.), who has her own proposal to establish a national cap-and-trade system, said yesterday's vote "is a giant step forward toward a national cap. . . . It's only a question of time." But she said that, when it comes to details, the state bill "does not have a methodology or a process. It just caps it."

Because 40 states have coal-fired power plants that account for much of the country's carbon dioxide emissions, Feinstein added: "Forty times two, in terms of senators, makes a bill very difficult."

On that point, Sen. James M. Inhofe (R-Okla.), an implacable opponent of emissions caps, agreed, citing the Senate's record on the issue. "Cap-and-trade proposals are all cost and no reduction," Inhofe said in a statement.

Corporate opponents in California, moreover, have not given up their fight, saying the legislation could cripple their industries and raise electricity prices. Jack Stewart, president of the California Manufacturers and Technology Association, said industry is already taking steps to improve energy efficiency, and mandates will only increase the cost of doing business.

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"The economic graveyards of California are littered with the jobs that are the unintended consequences of good intentions by legislators and governors," said Stewart, adding that manufacturers and utilities have not ruled out legal action to try to block the measure.

In Washington, utilities lobbyist Scott Segal sounded a similar note, saying the measure would raise electricity prices and hurt the most vulnerable consumers: "When power shortages occur and rates go up, the people who are hurt the most are the ones least able to afford it."

Bush's top environmental adviser, James L. Connaughton, said in a statement that the administration welcomes "effective state action to complement over 60 regulatory, incentive, and voluntary federal programs working to achieve the president's goal of reducing national greenhouse gas intensity by 18 percent by 2012," but that it remains concerned about "any program that moves jobs and increases emissions in other states or other countries -- an open question for California's proposed legislation."

Still, state and local politicians across the country are pressing ahead with rules aimed at cutting emissions. Two weeks ago, seven Northeastern states approved a mandatory limit on carbon dioxide pollution from power plants, with a goal of stabilizing emissions by 2009 and reducing them by 10 percent over 10 years. Maryland has plans to adopt similar standards.

In Utah this week, Republican Gov. Jon Huntsman Jr. established an advisory panel composed of environmental activists and utilities executives to review the science on climate change and propose ways the state can curb its effects.

James D. Marston, director of state global-warming initiatives for the advocacy group Environmental Defense, said states are taking the initiative because the administration and Congress have refused to act. "It's harder for us to turn the boat around now because we've had several years of making dirtier energy investments instead of cleaner energy investments," Marston said.

In California, Republicans and Democrats have a political incentive to take bolder action on climate change. With carbon dioxide pollution rivaling Australia's, the state is the 12th-largest emitter in the world. A July poll by the Public Policy Institute of California showed that nearly two-thirds of Californians, including a large majority of Republicans and independents, wanted state legislators to address the issue.

"Because of the support in the state for doing something on global warming, both Democrats and Republicans have been trying to get out front of each other," said Mark Baldassare, director of research at the policy institute.

Some California companies broke with industry leaders, concluding that mandatory greenhouse gas reductions are smart politics and will be good for business. Pacific Gas and Electric chief executive Peter A. Darbee, whose company serves 15 million customers and ranks as California's largest utility, issued a statement last night saying, "We're supporting this legislation because we are convinced that climate change is an urgent problem and action is needed now."

"This is a bill that is really rolling down the tracks," said PG&E's vice president for government relations, Nancy E. McFadden, shortly before the state Senate vote Wednesday. "We made the judgment that we're going to be constructive and make it a bill that would protect both the environment and the economy."

For Campaign, Governor's Hand May Be Stronger (WSJ)

The Wall Street Journal, September 1, 2006

Jim Carlton

California's agreement to cut emissions tied to global warming is likely to boost a resurgence in Gov. Arnold Schwarzenegger's popularity, many political pundits say, potentially making it more difficult for Democratic challenger Phil Angelides to unseat him in November.

The same day that the governor agreed to the deal with the state legislature's Democratic leadership, a new poll of likely voters by the Public Policy Institute of California showed him with a 13-point lead over Mr. Angelides. The deal may give Gov. Schwarzenegger a decisive lead over his rival -- and possibly position him for a U.S. Senate run down the line -- because environmental issues resonate with many California voters, some political observers say. "It's not game over for Angelides, but he's now got to shore up his support among rank-and-file Democrats," said Mark DiCamillo, director of the Field Poll, a San Francisco polling firm.

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Under the deal announced Wednesday, California will mandate a reduction in the state's emissions of gases contributing to global warming to 1990 levels by 2020. The cut would target the state's biggest industrial emitters of greenhouse gases, such as power plants, oil refineries and cement factories.

But the deal also holds risks for the governor. Conservative Republicans could revolt over this pact and others he has made with the Democratic-dominated legislature. That could deprive the governor of support he may need for re-election if he fails to marshal enough Democratic voters in a state dominated by that party.

"I think the race will get much closer, and it will get down to a question of how much his moves with the legislature have hurt him with his base," said Kam Kuwata, a Democratic political consultant in Los Angeles. "Also, he could get swept out on a national rejection of Republicans."

Still, Mr. Schwarzenegger is riding high for now, having mostly rebounded from a decline in polls when he embarked on an unsuccessful campaign last year to trim the power and influence of state Democrats. Some political observers say Mr. Schwarzenegger could eventually make a successful run for the U.S. Senate. In a recent interview, however, Mr. Schwarzenegger was adamant that he would never take a position that would make him leave his adopted home state.

This year, the governor has embraced Democratic lawmakers on many issues. Over the past few weeks, he has agreed to sign bills on Democratic-backed issues like raising the state's minimum wage and providing prescription-drug relief to the uninsured and underinsured. He also forged a deal to put a mammoth bond issue on the California ballot in November to patch up the state's crumbling roads, bridges and other infrastructure.

The bipartisan cooperation has won back many of the governor's old supporters, as well as more Democrats, some pollsters say. In the Public Policy Institute poll, 82% of likely Republican voters said they planned to re-elect the governor to a second term, along with nearly half the independent voters and almost a fifth of Democrats. Mr. Angelides, the state's treasurer, won support in the poll from just 58% of likely Democratic voters -- too little, pollsters say, to overcome the governor's current advantage unless Mr. Angelides increases support rapidly. The poll of 989 likely voters has a margin of error of plus or minus three percentage points.

Strategists for Mr. Angelides, who won a hard-fought campaign in the Democratic primary to take on Mr. Schwarzenegger, say they aren't worried and plan a vigorous campaign after Labor Day. "This is a guy who switches position every 10 seconds in order to curry favor with the voters, and we are going to show that," said Bill Carrick, chief strategist for Mr. Angelides. "I think we are going to see a real dogfight here."

From California, A Breakthrough (NYT)

The New York Times, September 1, 2006

California, long a leader on environmental issues, has done it again, approving a pathbreaking bill that would impose the country's broadest and most stringent controls on emissions of carbon dioxide, the main global warming gas. California's action stands in bold and welcome contrast to the federal government's reluctance to take aggressive action on a problem of mounting concern among scientists and the general public.

The deal between the state's Democratic leadership and its Republican governor, Arnold Schwarzenegger, would reduce California's carbon dioxide emissions to 1990 levels by 2020. This is by any measure a huge undertaking. It will be up to state agencies, chiefly the California Air Resources Board, to work out the details, but the plan allows for market-based mechanisms like emissions trading to achieve the maximum possible gains at the lowest cost.

Of the bill's many architects, the most important were two Democratic members of the Assembly, Fabian Núñez and Fran Pavley. Ms. Pavley was also the author of another groundbreaking measure four years ago limiting carbon dioxide emissions from cars and light trucks. That measure, which Mr. Schwarzenegger also embraces, is now the subject of a lawsuit from the automobile companies and the Bush administration.

Taken together with other state actions — including an important agreement among several Northeastern states to limit carbon dioxide emissions from power plants — California's assertiveness has suggested to some people that the country may be at a transformational moment on climate change, with the states leading a powerful "bottom-up" movement to deal with the problem.

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That could well be so, but a global problem cannot be solved by state and regional initiatives, however admirable and necessary. There is no real substitute for determined action at the national level, since states that make the necessary capital investments to reduce emissions could well end up at a temporary economic disadvantage. Nor is there any substitute for American leadership globally; China and India, two big polluters and getting bigger, are unlikely to undertake costly controls while the world's biggest polluter sits on its hands.

Given California's size and economic reach, its initiative will surely help. But Congress and President Bush are by no means off the hook.

Action In California (WP)

The Washington Post, September 1, 2006

THE LEGISLATIVE bargain struck in California this week on global climate change is a landmark in several respects. With the Bush administration sitting on its hands, state governments are emerging as the principal actors in reducing U.S. dependence on the fossil fuels responsible for greenhouse gas emissions. California's plan, a compromise between Republican Gov. Arnold Schwarzenegger and Democratic legislators, is by far the most ambitious state initiative yet. What's more, California accounts for such a large percentage of the American economy that its regulatory actions will have large impact elsewhere. Most important, the more that states take action on their own -- and thereby create a patchwork of rules -- the more pressure will build on the federal government to create a national policy for mandatory greenhouse gas reductions.

The California plan calls for cutting greenhouse emissions to 1990 levels by 2020, which is about a 25 percent reduction. It builds on an earlier effort by the state to address greenhouse emissions by vehicles. In its ambition, scope and bipartisanship, it provides a model for federal policymaking.

It is less of a model in its specifics -- or lack thereof. The compromise does not specify any regulatory mechanisms but lays out a timetable in which, in generalities, it directs a state regulatory board to develop plans and implement them. It implies but does not explicitly require that a kind of cap-and-trade system might be used. In essence, it directs an ambitious outcome and then punts the policymaking to an unelected body. The governor's staff insists that the vagueness was deliberate, an effort to build in flexibility and make sure that complex problems got adequate technical study. And it may or may not work in California. But it would never do for Congress, which, when it finally confronts global warming seriously, will have to come up with a more specific set of proposals.

In the meantime, however, California has begun an experiment of tremendous importance to the rest of the nation. It has asserted that talk and study are no longer sufficient -- that bold action is possible and necessary.

Government Sting Nabs Ocelot Traders (WP)

By Anushka Asthana, Washington Post Staff Writer

The Washington Post, September 1, 2006

It began with a tip. A phone call from a concerned woman to a federal agency that an illegal trade was about to take place. That was in August 2004. A small player was arrested, but the call set investigators on a trail that led them from coast to coast, and they eventually arrested nine targets.

It sounds like an FBI investigation, but "Operation Cat Tale" is an effort by the U.S. Fish and Wildlife Service to end the illegal trading of ocelots, a rare and exotic breed of cat worth $5,000 each.

This month, prosecutors announced they had charged five defendants from Oregon, California, Texas and New York with crimes related to the sale of the endangered animal.

For some, owning this rare cat is a status symbol.

"The reason this is happening is greed and passion," said Crawford Allan, deputy director of Traffic North America, a unit of the World Wildlife Fund that monitors the trade of animals. "A person has a keen interest in a particular type of species and then works out a way to get their hands on them. It is like they want a piece of the wild at home."

Allan said he had seen cases of people carrying animals, including reptiles, under their clothes onto planes. He knew of times when chimpanzees were smuggled abroad. In this case, the ocelots were probably transported over land, he said.

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Four of the defendants have entered a plea agreement and face fines ranging from $10,000 to $60,000. In each case, the agency found that parties mischaracterized the sale as "donations" and the payment as "contributions." Three more people were fined for participation in illegal trafficking.

"We used standard tactics where we work with smaller players and work up the hierarchy to the main distributors," said Dwight Holton, the assistant U.S. attorney prosecuting this case. Holton previously worked as an assistant U.S. attorney in Brooklyn, prosecuting gangs involved in homicides, drugs and terrorism. "It is a technique used in the investigation of other crimes, as well," he said.

The reason this ongoing investigation is so important, Holton said, is that the sales create a market that encourages poachers to target the animals. "Part of the point of the Endangered Species Act is to end the commercialization of these animals to avoid poachers from taking them from the wild," he said.

But critics say the Endangered Species Act is out of date when it comes to the ocelot -- there have been barely any cases of poaching for decades -- and that the latest investigation has criminalized people running sanctuaries whose aim is to prevent the North American ocelot from becoming extinct.

There are fewer than 100 ocelots left in the wild in the United States. The long-tailed cats -- covered in spots and stripes -- used to be found throughout Texas, Louisiana and Arkansas. Now the few survivors can be found only in the three southernmost counties of Texas. The main reason for the decline is a loss of habitat and the building of roads.

"The number one cause of death is that they get hit by cars," said Jody Mays, wildlife biologist for Laguna Atascosa National Wildlife Refuge who tracks the remaining animals and looks for ways to prevent their demise. "They are a really beautiful animal with beautiful coloration," Mays said.

This case began with the arrest of Deborah Walding of Beaverton, Ore., in 2004. The warrant used to search her house in late March was stamped with a picture of an ocelot. U.S. Fish and Wildlife Service enforcement agents had been tipped off by Cheryl Tuller, co-founder of Wildcat Haven, a nonprofit rescue facility for captive-born wildcats where Walding was keeping two ocelots named Paris and Bellagio.

After being told of Walding's plans to sell the cats to a "private zoo" in New York, Tuller informed authorities. She went on to tape phone calls with Walding that led to her arrest. Tuller said Walding liked to impress people and wanted to own things no one else had. "The sad thing is we were trying to protect the cats, but in order to have the operation go forward we had to allow her to take them and sell them in New York," Tuller said. When they were picked up there, Bellagio had died.

The information from Walding helped authorities find others involved in the trafficking. The largest fine was imposed on the Isis Society for Inspirational Studies, an arm of the Temple of Isis -- a California church dedicated to the Isian religion.

Mona Lisa Wallace, general counsel of the nonprofit organization, said the group's "motivation was always pure and in the interest of the preservation of the last remnants of North American ocelots." She has been campaigning for a change in the endangered species law, arguing that ocelots are not a target of poachers and should be allowed to be bred in sanctuaries to save their species.

Wallace said she was shocked by how her client had been treated. "Reverend Loreon Vigne is a 74-year-old woman and is fragile. She thought [the sale] was legitimate, as this is a nonprofit. I have been shocked and disappointed by the lack of compassion and kindness in the prosecution of this matter."

FBI/DEA/ATF/USMS:

Boston's U.S. Attorney Named Acting Head Of Federal Agency (AP)

By BRANDIE M. JEFFERSON, ASSOCIATED PRESS WRITER

AP, September 1, 2006

BOSTON -- U.S. Attorney Michael J. Sullivan, who led the prosecution of would-be airplane shoe bomber Richard Reid, has been appointed acting director of the federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

Sullivan, who has served as U.S. Attorney for five years, is not resigning, but he will be considered "absent from the district," said his spokeswoman Christina Dilorio-Sterling on Thursday.

"It is certainly an honor to be afforded the opportunity to work with the men and women law enforcement professionals of the Bureau, an agency that is known for its excellence and integrity," Sullivan said in a statement. Dilorio-Sterling said Sullivan was in Washington and not immediately available for further comment.

Sullivan, a former Republican state legislator and district attorney, was appointed U.S. attorney just one week before two planes hijacked from Boston's Logan International Airport were used in the Sept. 11, 2001, terrorist attacks. When the international flight carrying Reid was diverted to Boston later that year, the case fell in Sullivan's jurisdiction.

He also formed an anti-terrorism task force.

"Gov. (Mitt) Romney and Mike Sullivan have worked particularly close on anti-terror and homeland security matters," Romney's spokesman, Eric Fehrnstrom said Thursday. "His expertise has been a real service to the governor and to the people of the Commonwealth."

As U.S. attorney, Sullivan also has been known for a tough stance on drug and gun cases, and one judge criticized him publicly for burdening the federal system with cases that could be handled by state prosecutors.

Sullivan has said gun and drug prosecutions reduce urban violence and have a big impact on people's lives. And he said President Bush made reducing those crimes a priority for federal prosecutors because federal sentencing rules for such cases carry longer prison terms than in state court.

As U.S. attorney Sullivan also has sought the federal death penalty in Massachusetts, where there is no state death penalty statute. While some people have criticized his style as too hard-lined, others have seen it as appealingly tough-on-crime.

Sullivan's office also has had a key role in several successful federal pricing and marketing fraud cases involving major pharmaceutical companies.

"I think it's a reflection of the office having had a series of successes in a number of areas including terrorism, health care fraud and inner city violence," Sullivan's former top assistant, Gerard Leone Jr., said of the appointment.

"We had one of the biggest cases in the country, which was Richard Reid, the shoe-bomber," said Leone, now a candidate for Middlesex District Attorney. Leone prosecuted Reid, now serving a life prison sentence after pleading guilty.

Sullivan was elected in 1990 to the first of three terms as a state representative from Abington. In 1995, Gov. William Weld appointed him Plymouth County district attorney after the death of William C. O'Malley, and he was elected on his own in 1996 and 1998.

"I have worked with U.S. Attorney Michael Sullivan for many years and have great respect for him and commend him for his years of service to the Commonwealth," state Attorney General Tom Reilly said in a statement.

First Assistant U.S. Attorney Mike Loucks will act in Sullivan's place when he is unavailable, Dilorio-Sterling said. Sullivan plans to commute, living in Washington, D.C. during the week and spending his weekends in Massachusetts.

Former ATF director Carl J. Truscott resigned earlier this month amid an inquiry into spending on the agency's new headquarters.

Truscott was a former senior official with the Secret Service, appointed by then-Attorney General John Ashcroft in April 2004 to head the ATF, which has about 5,000 employees, half of them agents.

His tenure was marked by complaints from within the agency that he was spending too much time and money on the agency's new headquarters building, which is expected to open later this year.

FBI Agent To Retire (WUSA-TV)

WUSA-TV, September 1, 2006

WASHINGTON - FBI Agent Brad Garrett has announced plans to retire from the agency on Thursday after 21 years. Garrett has been involved in breaking some of the biggest cases in the bureau's Washington Field Office over the past 16 years.

He got Mir Aimal Kasi to confess to firing the assault rifle that killed two CIA workers near the gate of the agency's headquarters in McLean.

He also coaxed Lee Boyd Malvo into confessing to his role in 2002's Beltway Sniper killings.

Garrett says he plans to work as a private investigator once he leaves the bureau this week.

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He tells The Washington Post that he regrets not being able to help solve several big cases before his retirement. They include the murder of congressional intern Chandra Levy whose remains were found in Rock Creek Park in 2002, and the 1995 slayings of a Vietnamese woman and her two-year-old son in Fairfax County.

Brad Garrett spoke with Mike Walter on 9News at 9am this morning and reflected on his career.

FBI Agent And Friend (WP)

The Washington Post, September 1, 2006

Regarding the Aug. 28 Metro article "Celebrated FBI Agent Will Retire Haunted by Those Who Got Away": The FBI is soon to lose one of the most outstanding agents it has ever had, Brad Garrett. As the father-in-law of Frank A. Darling, one of two men shot and killed outside CIA headquarters by a Pakistani terrorist, I and other members of the Becker and Darling families witnessed Mr. Garrett's skills firsthand. He spent many years traveling, hunting and chasing the killer, occasionally to the detriment of his health. Mr. Garrett made sure we were informed about the operation, and he met with us often. His Midwestern style came across as patient, confident and composed.

Many things could be said about this man, but at this point it's sufficient to say he will always be a friend of these families.

R.N. BECKER

Gibsonia, Pa.

Alleged Gang `king' On Trial In Drug-conspiracy Case (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, August 31, 2006

The alleged "king" of the Mafia Insane Vice Lords street gang went on trial Wednesday, with prosecutors charging that he and his associates ran a sophisticated organization that sold drugs for years across the West Side.

Troy Martin was the head of the gang, prosecutors told a jury in the courtroom of U.S. District Judge Rebecca Pallmeyer. He decided who would sell drugs at which corner and collected "street tax" for allowing them to do so, they said.

Assistant U.S. Atty. Jake Ryan told jurors that two of Martin's associates, Eddie Bell and Patrick Bray, were key players in the drug conspiracy, along with drug supplier Harry Gilmore. The trial of the four men is expected to last a month.

During that time jurors will hear from gang members who are now cooperating with the government, Ryan said, as well as one-time customers of the ring. The panel should also expect to hear recorded conversations where Martin and his associates are discussing the movement and sale of drugs in their territory, Ryan said.

The men would talk in code, Ryan said, using terms such as "baby pictures" when they were actually discussing cocaine or heroin.

Defense lawyers were critical of the government's case, saying it relies on speculation and cooperating witnesses who are trying to get themselves shorter prison terms.

Martin's lawyer, Donald Young, said many of the witnesses have extensive records and are facing their own cases.

"They're hoping to save their own skin and reduce their jail time by as much as possible," said Young, who told the jury Martin was working in construction.

The lawyer urged jurors to think about the type of person who would testify in the case and what they hoped to obtain.

Defense attorney Thomas Brandstrader, representing Gilmore, said no witness would testify that Gilmore was in the gang. When Gilmore's voice was captured on tape, he was simply talking to friends in the clipped abbreviated way of people who know each other well.

"The question is, what is Harry Gilmore doing here?" Brandstrader said.

Prosecutors said the investigation of the gang was launched by the Drug Enforcement Administration in 2002.

Pallmeyer instructed the jury to return to the Dirksen U.S. Courthouse on Thursday to hear evidence.

Arizona Couple In Drug Case Say Marijuana Is Sacrament (AP)

AP, August 31, 2006

DOJ_NMG_0056439

ALBUQUERQUE (AP) -- A couple from Pima, Ariz., arrested in a car that contained 172 pounds of marijuana say the drug is a sacrament in their religion. The U.S. attorney's office says the pair is trying to use religion as a cover for a drug organization.

Danuel and Mary Quaintance were arrested in February on drug charges in the New Mexican town of Lordsburg near the Arizona state line.

In an August hearing, the Quaintances said they have a right to marijuana as the central focus of the Church of Cognizance, founded by Danuel Quaintance in 1991 and registered as a religious organization in Arizona. The couple say the church has about 130 adherents nationwide.

Danuel Quaintance testified the Church of Cognizance is a form of Zoroastrianism, an ancient religion that holds as sacred a drink made from a mountain plant called haoma.

The Quaintances believe marijuana is haoma.

They are charged with conspiracy and possession with intent to distribute more than 50 kilograms of marijuana found in the car in which they were riding. The driver, another church member, is cooperating with prosecutors.

Jehan Bagli, a retired scientist and Zoroastrian priest, testified for the prosecution at the recent hearing that in current Zoroastrian ritual, mind-altering substances abuse the mind would not be accepted.

Bagli said haoma in the ancient Zoroastrian tradition was a deity and plant that scholars say may have had hallucinogenic properties. But he said scholars don't know what the plant was.

The judge is reviewing written arguments and will decide whether to dismiss the charges.

Drug Czar Reclaims Land (FRESNOB)

By Louis Galvan, The Fresno Bee

Fresno Bee, September 1, 2006

Federal official in Fresno fighting spread of drugs to parks.

With Mexican drug cartels linked to nearly 80% of illegal marijuana-growing operations found on state and federal public lands, national drug czar John Walters said his office is working to free those lands from drug traffickers.

Walters was in Fresno on Wednesday to join a marijuana-eradication operation near Pine Flat Reservoir in the Sierra National Forest in eastern Fresno County. He also met with top local, state and federal law enforcement officials.

According to the federal Office of National Drug Control Policy, the multibillion-dollar marijuana production industry is spreading fast across the country.

While more than 50% of the marijuana produced on public land across the U.S. is in California, operations also have been found in Hawaii, Kentucky, Oregon, Tennessee, Washington and West Virginia.

Walters said more than 1.1million marijuana plants were eradicated from state and federal public lands in California last year, with an estimated street value of $4.5 million.

And already this year, only two months into the growing season, more than 940,000 plants have been eradicated in the state.

Out of the 228 marijuana-growing operations found this year on public land, 166 were associated with Mexican national crime organizations, according to figures made public by the Office of National Drug Control Policy.

About 1,000 plants were found in Wednesday's raid near Black Rock above Pine Flat Reservoir, said Rick Oules, director of the state Department of Justice. Oules said the marijuana camp was discovered a few days ago and kept under surveillance until Wednesday's morning raid.

No arrests were made, but workers who had been growing the plants apparently left in a hurry, he said.

A vehicle with about 300 pounds of harvested plants was found abandoned near the camp.

"Mexican drug cartels are turning our national parks into centers of international drug production and trafficking," Walters said. "Every American should be outraged that parts of their public lands are being held hostage by illegal traffickers."

Drug czar John Walters, left, laughs as he stands next to McGregor Scott, U.S. Attorney for the Eastern District of California, after pulling marijuana plants while touring the pot garden above Pine Flat Reservoir.

Craig Kohlruss / The Fresno Bee

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Walters, whose office is committing an additional $2.2 million in law enforcement funding in the Central Valley, including $100,000 grants for Fresno, Tulare and Kern counties, said the battle won't be easy.

McGregor Scott, U.S. Attorney for the Eastern District of California, said marijuana production operations on public lands used to be a problem associated with "hippies," but have become more deadly with the involvement of Mexican cartels.

These operations, he said, are funded and run by violent and heavily armed individuals who have no regard for life or property.

The damage to public land and the environment is massive, he said.

"It's an environmental crisis," agreed California Attorney General Bill Lockyer.

Walters said studies show that for every acre used to grow marijuana, 10 acres are damaged or destroyed. It costs taxpayers about $11,000 per acre to repair or restore the land.

John C. Twiss, director of law enforcement and investigations for the U.S. Forest Service based in Washington, D.C., said the challenge for law enforcement is to join forces, create a wide intelligence network and be prepared to share that information.

The Mexican drug cartels, he said, are no doubt aware of efforts to curb their operations and will make adjustments to keep from getting caught.

Said Twiss: "We have to do the same thing." The reporter can be reached at lgalvan@fresnobee.com or (559) 441-6139.

Authorities Find Estimated $50 Million Worth Of Marijuana Gardens (AP)

AP, September 1, 2006

POINT REYES NATIONAL SEASHORE, Calif. (AP) - Authorities say they've discovered an estimated 50 (m) million dollars worth of marijuana plants growing in western Marin County.

During a raid yesterday, National Park Service rangers, Marin and Sonoma County sheriff's deputies, U-S Park Police and officials from the Marin Municipal Water District found about 20-thousand marijuana plants in several gardens.

The gardens were located along a stretch of land from Kent Lake to Highway One to the Olema Valley.

Some of the sites were in federal parkland, while others were on Marin Municipal Water District property.

Authorities say the find is among the largest marijuana operations uncovered in Marin County and the second in Point Reyes.

About 20,000 Pot Plants Seized In Western Marin County (SFC)

San Francisco Chronicle, September 1, 2006

(08-30) 12:24 PDT BOLINAS -- About 20,000 marijuana plants were found and confiscated this week on sites along the Bolinas Ridge in western Marin County, one of the largest seizures in county history, the National Park Service said today.

The growing operation appears to have been in place since this spring on a network of sites in secluded, wooded areas north of Bolinas, partly on Park Service land and partly on land owned by the Marin Municipal Water District, said John Dell'Osso, a Park Service spokesman.

Estimating that each plant would produce marijuana worth at least $2,500, he estimated the total street value at $50 million. The plants were ready to be harvested during a season that usually runs from Labor Day until early October, he said.

The Park Service found 2,500 marijuana plants growing nearby in July and increased its surveillance, leading to discovery of the larger operation on Monday, Dell'Osso said. He said no one had been arrested.

The growers caused extensive resource damage, Dell'Osso said. He said holding ponds to irrigate the plants were created by diverting water from streams that are home to two threatened species, the Coho salmon and the steelhead trout. Growers also used pesticides and herbicides that have entered the streams, he said.

E-mail Bob Egelko at begelko@sfchronicle.com.

40,000 Marijuana Plants Confiscated In County (REDRS)

By Lauren Brooks, Record Searchlight

Redding Record Searchlight, September 1, 2006

DOJ_NMG_0056441

A three-day drug sweep uncovered more than 40,000 marijuana plants in the Fenders Ferry Road and Rainbow Lake areas of Shasta County, the Sheriff's Department reported Wednesday.

Officials eradicated 18,591 marijuana plants in the Fenders Ferry Road area and 21,704 plants in the Rainbow Lake area, northwest of Ono, between Monday and Wednesday, sheriff's Sgt. Todd Larson said.

The Fenders Ferry Road plants were on U.S. Forest Service land, and the Rainbow Lake plants were on land belonging to a private timber company, he said. Camps were found in both areas, and there was evidence that some of the plants had been watered Wednesday morning, but nobody was seen, Larson said.

Officials pulled out the plants, which will be cut up and taken to Wheelabrator Shasta Energy Co., an energy plant in Anderson, where they will be burned, Larson said.

The marijuana sweeps were conducted by the Shasta County sheriff's office Marijuana Eradication Team, the sheriff's office Special Weapons and Tactics Team and the California Department of Justice Campaign Against Marijuana Planting.

More than 240,000 plants have been eradicated by the Marijuana Eradication Team so far this year, Larson said.

Reporter Lauren Brooks can be reached at 225-8215 or at lbrooks@redding.com.

Steroids Report Causes Stir On Hill (MCT)

By Charles Chandler

McClatchy Newspapers, August 31, 2006

The National Football League should re-open its internal investigation of steroids use by former Carolina Panthers players and improve its testing program, according to a leading member of the Congressional committee probing sports doping.

Rep. Henry Waxman of California, the ranking Democrat on the House Committee on Government Reform, said he was "stunned" by the scope of the steroid activity by the players reported by the Charlotte Observer on Sunday. That story also ran in The Sun News on the same day.

The story said medical records made public in court documents revealed players were given multiple refillable steroid prescriptions and that some suffered unwanted, appearance-altering side effects, prompting more prescriptions.

"If these allegations are true, the NFL needs to aggressively investigate this case, find out why these players weren't caught by its drug testing program, and make the necessary changes so that cheaters aren't flaunting the system," Waxman said.

The medical records were part of the case against Dr. James Shortt, a former West Columbia, S.C., physician. They included the records for six NFL players, including three starting offensive linemen on Carolina's 2004 Super Bowl team and two other Panthers. They were reviewed by steroids expert Dr. Gary Wadler for the U.S. Attorney's office as part of the prosecution.

Wadler's wide-ranging report, including the medical records, was entered into the court record during a March 6 hearing, when Shortt changed his plea to guilty.

That report came six months after NFL commissioner Paul Tagliabue announced last September that the league had completed its internal review.

At that time, the NFL gave Waxman and the House committee a copy of its review prepared by outside counsel, according to league spokesman Greg Aiello.

Aiello acknowledged Tuesday that the league did not have access to the players' medical records during its review. And it wasn't until Tuesday, two days after the Observer's story, that the league first reviewed Wadler's report, according to Aiello.

"We had not been aware of Dr. Wadler's report to the prosecutor, but we were aware of the relevant information concerning our players through our own investigation," said Aiello.

The NFL had been made aware of Wadler's report by the Observer, which published stories based on the report March 7-9. The newspaper e-mailed an NFL spokesman with questions about the report twice, on March 7 and August 14, specifically noting that it was available in court records.

Aiello said the league's review of Wadler's report Tuesday did not reveal "any new pertinent information on our players that was not already provided to Congressman Waxman and his committee by our office last September."

Asked why Waxman would say he was "stunned" by content in Wadler's report if it didn't offer much new, Aiello said: "You'd have to ask Congressman Waxman."

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Asked why the NFL didn't look at the report after those stories and inquiries by the Observer, Aiello said: "His report does not tell us anything pertinent that we did not already know."

Also Tuesday, ESPN's Chris Mortensen reported that the NFL would ask the NFL Players' Association to consider more random steroids testing. Aiello would neither confirm nor deny the ESPN report.

"We review all aspects of the program on an ongoing basis and make changes to improve it as warranted," he said. "That has been the history of the program, and that is how we will continue to approach it."

Numerous steroids experts, including Wadler, have said the NFL's testing program is inadequate. The league tests seven players per team per week randomly during the regular season and playoffs.

Today, committee chairman Sen. Tom Davis (R-Virginia) will discuss the new details about the Panthers' involvement with Shortt during a previously scheduled meeting about steroids on Capitol Hill, according to a spokesman for Davis. The meeting will feature Davis and a panel of specialists, including Wadler, assembled by the House Committee on Government Reform.

Named the "Zero Tolerance Roundtable," it will provide recommendations on how to prevent abuse by young people.

Updshaw: Player In Panthers Steroids Scandal Was In NFL Program (MCT)

By Gary Myers

McClatchy Newspapers, August 31, 2006

NEW YORK - Gene Upshaw, the executive director of the NFL Players Association, while claiming steroids cheaters in the NFL will get caught, revealed Tuesday night that one of the players in the Panthers steroids scandal was in the NFL drug program.

A league source denied a report the NFL was prepared to approach the union to increase steroid testing. Upshaw, saying he had not heard from the NFL, told the New York Daily News in an e-mail Tuesday night that more testing wasn't necessary.

His statement comes despite reports of steroid and human growth hormone use by five members of the 2003 Panthers Super Bowl team. None of the players was reported to have tested positive for steroids. The NFL and other leagues don't test for HGH. "One of the Carolina players was in the program. I will not discuss which one," Upshaw said. "However, if they were using something that could not be tested for, that is another story."

According to the Charlotte Observer, none of the Panthers involved with Dr. James Shortt tested positive while playing for the team. Regarding the need for increased testing, Upshaw said, "Our testing is sufficient and we did not discuss increasing the number of tests in our (CBA) extension. We have been very aggressive in our program and have always done what is best to protect our players' health. Our current program is working and there is no need to increase testing. . . . If you cheat in the NFL and use performance-enhancing drugs, you will get caught.' "

In the spring of 2005, the league and union agreed to increase to six the number of times a player could be randomly tested for steroids during the offseason. Each player faces one mandatory steroid test before training camp. During the season, seven players per team each week are randomly tested. Each year, the NFL administers 10,000 steroid tests. The former Panthers named: offensive linemen Todd Steussie, Kevin Donnalley and Jeff Mitchell, tight end Wesley Walls and practice squad defensive lineman Louis Williams. Steussie, with the Rams, is the only player still in the NFL.

The Committee On Government Reform will hold a "Zero Tolerance Roundtable Final Meeting," in Washington on Wednesday. It will include representatives from professional, college and high school athletics. "The purpose of this meeting is to put forward our recommendations for improving the fight against steroid use among youths," committee chairman Tom Davis said.

Panthers Case Will Get More Inquiries (CO)

By Charles Chandler

The Charlotte Observer, August 31, 2006

WASHINGTON - The federal steroids case involving former Carolina Panthers players is "the tip of the iceberg" of what might be going on in the National Football League, the chairman of a congressional committee probing sports doping said Wednesday.

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Rep. Tom Davis, R-Va., said there will be more inquiries by the House Committee on Government Reform into the matter after he read a report in Sunday's Observer detailing six NFL players' involvement with Dr. James Shortt, formerly of West Columbia, S.C. The players included three starting offensive linemen from Carolina's 2004 Super Bowl team and two other ex-Panthers.

"We see how easy it is to get around the testing regime and how widespread it was, people getting renewals on their prescriptions and everything else," Davis told the Observer after a meeting about steroids use among youths. "That is a loophole that is going to have to be closed."

Davis becomes the second high-ranking member of the committee to comment on new revelations in the case.

On Tuesday, Rep. Henry Waxman, D-Calif., said he was "stunned" and urged the NFL to reopen its internal investigation.

The NFL's Adolpho Birch, a labor relations counsel for the league's management council, denied the Shortt case was indicative of a larger problem.

"I have no information to suggest that's the case," said Birch, who is responsible for administering the league's steroids program. "We think it was an isolated incident. We're obviously going to look down the road to see if there's anything else similar, but we have no information to suggest it's a rampant problem."

NFL Players Association Executive Director Gene Upshaw and a union spokesman did not respond to the Observer's attempts to reach them Wednesday. However, Upshaw told the New York Daily News Tuesday night that the league's testing system is strong and that more frequent testing of players isn't necessary.

"If you cheat in the NFL and use performance-enhancing drugs, you will get caught," Upshaw told the Daily News.

None of the former Panthers who obtained steroids, human growth hormone and other banned substances from Shortt tested positive while in Carolina, according to team officials. Upshaw told the Daily News one of the players was in the league's substance abuse program but didn't elaborate.

Since the Shortt case surfaced, the NFL has strengthened the threshold for testing positive for testosterone to match the Olympic standard.

But the league has no test for HGH. Players' medical records in the Shortt case reviewed for the U.S. Attorney's Office by steroids expert Dr. Gary Wadler showed that five former Panthers and another ex-NFL player obtained HGH.

Birch announced at Wednesday's "Zero Tolerance Roundtable" that the NFL and NFLPA have set aside at least $500,000 to fund research for the analysis and detection of HGH. The NFL hopes to develop a urine test and said it doesn't consider reliable the blood tests used in the 2004 Olympics in Athens.

Wadler, an adviser to the World Anti-Doping Agency, was also part of the roundtable meeting and said scientists have found it almost impossible to consistently detect HGH in urine. He said the research would take millions of dollars, not hundreds of thousands.

"To have a workable urine test in the foreseeable future, you'd need special glasses," said Wadler. "It's that far away. To put all your eggs in that basket, which in essence is what they're doing, just doesn't make sense."

Wadler said he hasn't heard a sound reason that the NFL doesn't use the blood tests, which he considers reliable.

"The test is not only to detect; it's also to deter," he said. "It seems to me if you're sending a message that you are not going to test, what you're really saying is `use it with impunity.'

"The only place you may wind up getting caught is either like in the case of Dr. Shortt, when there happened to be an independent federal investigation, or (if someone) walked into a men's room and you were injecting yourself."

Wadler's court report revealed that one of the ex-Panthers claimed to be using HGH daily -- obtained from someone other than Shortt.

The NFL's Birch acknowledged that could still be happening somewhere in the league.

"The question is rhetorical," he said. "There certainly is a possibility that someone is receiving HGH from a source other than Dr. Shortt. I don't know that there's any question that might be the case.

"What we're trying to do is make our policy as effective as we can. If we find evidence of use or find information that leads us to other sources, we'll go for it. We'll take a look."

Sports doping scandals have rocked sports globally, involving sprinters Justin Gatlin and Marion Jones, Tour de France champion Floyd Landis and baseball slugger Barry Bonds.

Rep. Davis said he is reluctant to be overly critical of the NFL because it was one of the first sports leagues to aggressively try to deter steroids use, but that the league must do more to catch and discipline violators.

"It's similar to Congress when you find a member who takes money, cheats or steals," he said. " ... You've got to punish it and send a message that it won't be tolerated."

The congressional committee has threatened to enact strict uniform testing for all pro sports but relented last year after Major League Baseball strengthened its steroids policy.

Davis said the committee remains prepared to "enter the fray" if necessary to hold leagues accountable.

A Grieving Mother's Plea

Brenda Marrero of Vacaville, Calif., was the mother of Efrain Marrero, 19, whose suicide she attributes to steroids use. "I cannot emphasize enough that our fight against steroids abuse must not end here today," she said Wednesday at the "Zero Tolerance Roundtable" on Capitol Hill. "Please help us win this battle," she said, "and prevent this tremendous tragedy and the pain that I suffer every second of every day." She told the Observer she has followed the federal steroids case involving former Carolina Panthers players and wants professional athletes to speak out about steroid dangers.

Pro Athletes Blasted For Failing In Steroid Fight (ABC)

By Dean Norland

ABC News, September 1, 2006

WASHINGTON, Aug. 30, 2006 — Professional athletes have failed to take the lead in the effort to keep children from using steroids, the leader of a group that Congress created to study the growing problem said.

"I find it hard to believe that the leagues and players' associations cannot identify professional athletes who would be willing to take time out of their schedules to discuss such an important topic with their young fans," Rep. Tom Davis, R-Va., chairman of the House Government Reform Committee, said today.

What is worse, many of the people who should be role models for young athletes are still using performance-enhancing drugs, even though they know the dangers of the drugs and the stiff penalties they face if they get caught, Davis said.

Davis spoke at a meeting of the Zero Tolerance panel, a roundtable of representatives from major professional sports leagues, pro player associations, college and high school athletic associations, and anti-doping organizations.

Representatives of the National Football League and National Basketball Association argued that many stars have participated in advertising campaigns and a forthcoming DVD to discourage young athletes from turning to steroids to boost their performance.

But they all seemed to agree that while much has been accomplished since the Government Reform Committee held headline-making hearings last year into the use of steroids by Major League baseball players, there is still a lot left to do.

As examples, Davis pointed to the recent doping scandals involving cyclist Floyd Landis and sprinters Justin Gatlin, LaTasha Jenkins and Marion Jones.

"The good news is that these people are getting caught for their illicit drug use," Davis said. "The bad news is that athletes are still using steroids despite fair warnings of the penalties they could face if they're caught. One might wonder whether these penalties are enough of a deterrent, but that discussion is for another day."

But he said there is also room for optimism.

"We've got a long road ahead of us, but I think we've made a difference," Davis told the group as it gathered for the last time to vote on its recommendations.

Steroids Rap And All, Pete Rose Jr. Plays On (ESPN)

By Mike Fish, ESPN.com

ESPN.COM, September 1, 2006

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CENTRAL ISLIP, N.Y. -- It's not easy being Pete Rose Jr. Not when you can't swing the bat like the old man. Not when you're 36 years old, still busing around the independent leagues in a delusional pursuit of another big league shot. Not when you hear the nightly rags from well-lubricated fans about Charlie Hustle's banishment from the game.

Get this straight, though: The kid adores his dad. Always has and always will. His own 1-year-old son is Peter Edward Rose III. But if you listen to Petey, as he's known in baseball circles, the hot-button Rose name -- not the guilty plea Pete Jr. entered last November to distributing performance-enhancing drugs to teammates -- is the reason he spent a month earlier this summer locked up in a 10-by-10 foot jail cell in Boone County, Ky.

Dan Minicucci for ESPN.com

The son of the Hit King stands in for the Bridgeport Bluefish these days.

"Your worst nightmare and top it by 10 times," Rose Jr. says about his jail stint. "I was put in the back where I was in my cell 23 hours a day, and got to be out for an hour to shower, walk outside if I wanted to. I was back with three other guys. And those guys made it real easy on me as far as just talking to me, kind of keeping me calm. It was scary."

Rose freely admits he used GBL, a steroid alternative. He says he took it as a sleep aid to help in his recovery from a knee injury in the summer of 2001 while he was playing for the Double-A Chattanooga Lookouts in the Cincinnati Reds' farm system. But he disputes the distribution charge. Rose told ESPN.com he provided the GBL, which was legally sold in health food stores until it was banned in 2000, to only two teammates -- one nursing an elbow injury, the other a bum shoulder -- and never scored a profit.

"You know what? It stinks," says Rose Jr., who signed with the Bridgeport (Conn.) Bluefish of the independent Atlantic League after his release from jail. "But who am I? I got a name. And people tell me the only reason I am in this mess is because of my name. It kind of makes you shake your head. It is just not fair.

"From 1-to-30 in this case, I was 30 [in terms of involvement]. But now all of a sudden, they have a name in their investigation and case. There was no reason to come after me. There was no reason to send me to jail for 30 days. I wasted taxpayers' money. What did that do? Nothing. But I did it and I am accepting responsibility. But the whole thing is, I'm not a shady person. I never have been. I never will be."

The Drug Enforcement Administration described Rose as part of a larger investigation into a national GBL trafficking ring. At least 18 people were charged in the probe, including Bruce Michael Wayne, a Murfreesboro, Tenn., bodybuilder who pleaded guilty to conspiracy to distribute the steroid alternative and money laundering charges, then became a fugitive while awaiting sentencing.

Federal prosecutors said this week that aspects of the GBL investigation remain ongoing, and sternly disputed Rose's assertion that he was targeted because of his name. In his signed plea agreement, Rose admitted to supplying GBL to a "number of players" on the Chattanooga team.

Dan Minicucci for ESPN.com

Pete Rose Jr. has at least one thing in common with his famous father now: a criminal record.

"We don't charge people based on what their name is," said Zach Fardon, first assistant U. S. attorney in Nashville. "We charge people based on evidence and where the investigation naturally leads. This is an investigation that started well before we knew that Mr. Rose would ever be caught up in it. By virtue of the way the investigation evolved, we ended up at his doorstep. So the notion that he was charged or convicted because of who he is just not accurate."

On a recent afternoon as he sat by his locker inside Citibank Park before a game with the Long Island Ducks, Rose Jr. detailed his legal woes for the first time since his release from jail. Much like his famous father's tone back when he was fighting gambling charges, Rose Jr.'s words rang defiant as he rationalized his own legal scrap. Back in May, he described the judge's sentence -- which includes five months house arrest to be served after the baseball season -- as "very generous." He had faced a maximum sentence of 20 years and a $1 million fine. But Petey is bitter about the family name being publicly sullied again.

"[Prosecutors] say in court that they know you didn't make a dime off of something, [so] how do you sell something if you're not going to make any money?" Rose says, trying to minimize his role. "I helped out two of my teammates. It wasn't half of the team. And it wasn't what everybody cracked everything [up] to be. I was always taught to go to the ballpark, show up on time and play hard. And that was right before my big knee surgery. I used the stuff and that was the mistake I made. But as far as the whole

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distribution thing, it is all a bunch of crap. But it is because of the whole steroid thing, everybody thinks that I'm this big East Coast dealer of this stuff."

Rose says he was introduced by a friend to a personal trainer, who pitched him on the virtues of GBL. At the time, Rose was 31, struggling to grind through another season of Double-A ball, and desperate to stay in the game.

The left knee on which he'd had surgery in the offseason (and on which he'd eventually need more surgery following the 2001 season) had flared up, the throbbing pain keeping him awake nights. The Reds were giving him a second chance in Chattanooga. Rose said he forced himself to play through the pain, with the help of GBL.

When taken orally, GBL (Gamma-butyrolactone) converts in the body to GHB (Gamma-Hydroxybutyrate Acid), described by federal officials as a potent drug that has been promoted as a sleep aid, a sexual stimulant and a steroid alternative. Advocates claim that the drug stimulates production of human growth hormone and thus produces muscle mass and weight loss.

"It is unbelievable," Rose says of GBL. "They say a lot of body builders take it. Yeah, they do, because it puts them in such deep sleep; and they probably can't sleep from being on so much [performance-enhancing drugs]. It was sold as a cell-recovery [aid], where it helped you rest. Got a good night's sleep; woke up the next day feeling great. That is why I used it. I'm a baseball player. I wanted to do everything I could to get to the ballpark. I just got released from the Phillies' [Double-A team early in the 2001 season]. I don't want to get released by the Reds [organization] again. I want to do everything I can.

"It helps you recover. And that is what we were all looking for, helping us to recover from the day-in, day-out of the grind. You get something that can help you sleep and help you recover, why not try it? It's one of those things where you tried it, and 'Wow, this stuff is pretty good.' It is like anything else. If you drink too many beers, you're going to get in trouble. If you do too many shots of whatever, you're going to get in trouble. If you smoke too many cigarettes, you're going to get in trouble. But if you do it the right way … It is something I don't want anybody to do; but I did it because, hey, I was trying to get back to the big leagues. It helped me."

In March, Major League Baseball hired former Sen. George Mitchell to spearhead an investigation into steroid use among big-league players. To date, Rose says he hasn't heard from anyone associated with the Mitchell probe.

John Clarke Jr., an aide to Mitchell, told ESPN.com it is a matter of policy to decline comment about the investigation.

"Why I would hear from them?" Rose asks. "I'm not a steroid guy."

As for how common the use of GBL and other performance-enhancing aids is among minor-league players trying to cope with the physical daily grind, Rose told ESPN.com: "I can only speak for myself. I'm a different kind of ballplayer. I do whatever I have to do to get ready to play. I mean, that is what I was taught. I'm an old-school kind of guy. I'm sure guys do different things. But you'd have to ask different guys that, because I'm not a guy that looks around and sees what everybody else is doing. Nor do I care what everybody else is doing."

Rose Jr. has his father's stocky build, and there is a strong facial resemblance, too. As a left-handed hitter, he uses his father's famous crouched stance at the plate, although it is not quite as pronounced. And, like his father, Rose Jr. is a gregarious baseball lifer.

Dan Minicucci for ESPN.com

It's the minor leagues, but Rose is still a celebrity in Bridgeport.

He was 15 that night in September 1985 when his father laced a single to left-center that made him baseball's all-time hit king. The kid rushed from his dugout perch to embrace his dad at the first-base bag.

Since then, he's watched as his father was jailed for tax evasion and banned from baseball for betting on the sport. But his devotion has never wavered.

"You got to understand something: I got a normal dad," Rose says. "The only difference is, my dad has the most hits in the game. We talk about baseball. We talk about his grandson. We talk about everything. It is the press that makes me and my dad out to be like some kind of aliens or something. We have a normal relationship. He is my idol. I love him. If I need him for anything, he is a phone call away. And if he needs to get on a plane and come, he does.

"I am so thankful and lucky that I get to call him dad. People don't understand that, because people think he is some horrible, degenerate-type of person. And he is a great guy."

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On this August night on Long Island, as No. 10 strides to the plate, he is introduced over the PA system not as Pete Rose Jr., but as P.J. Rose. That's the way he's listed on the lineup card and stat sheet, too. He made the switch last year as a tribute to his young son, nicknamed "PJ" for Pete Jr.

Of course, it also allows him to slide under the radar of some of the hecklers, though he still catches abuse most nights on the road. It always gets back to the family name and his dad. Petey, here's 100 bucks. Want to bet on the game?

Focus on Sport/Getty Images

Pete Jr. had the stance mastered at an early age, if not the hit-machine swing.

"I have been dealing with crap about my dad since Little League," he bristles. "I'm not supposed to make an out, because I am Pete Rose's son. It's just typical too-many-drinks stuff, and non-Pete Rose fans that want to just bury you because of who you are."

The infielder with the famous name is a journeyman minor leaguer, one whose best days came at the Double-A level. Hard as he has tried, Junior has never been a carbon copy of his old man on the field. Not even close. He's bounced around a laundry list of minor-league towns for 18 years now.

His only sniff of the big leagues came in a September 1997 call-up to the Reds. Petey had two hits in 11 at-bats (a .143 average), leaving him 4,254 hits shy of his father's major-league record. Nearly a decade later, Rose Jr. gripes that he wasn't given a fair shake, that he got only one start, that he didn't get invited to the Reds' camp the following spring.

He's been begging for chances ever since. The past three years, he's played in unaffiliated independent leagues, hitting .262 with 14 homers and 55 RBI last summer for the Long Island Ducks, another Atlantic League team. After Wednesday night, he is hitting .307 with four home runs and 22 RBI in 30 games for the Bridgeport club.

"I'm like everybody else in here. I want to play in the big leagues again," says Rose, glancing around the clubhouse at a group of big-league castoffs and career minor leaguers. "Will I have the chance? I don't know. I'm here playing; and whatever happens, happens.

"This is all I have ever done in my life. I'm just playing baseball. I'm having fun. I am doing something I love to do and I have done for 18 years."

AP Photo/Al Behrman

In Pete Rose Jr.'s first-ever major league at-bat, he struck out using a bat given to him by his father.

It certainly isn't the paychecks that keep Rose & Co. suiting up every night. The average salary in the Atlantic League is around $2,000 a month. After housing and other cost-of-living expenses are factored in, there is little to bring home. And that's tough on Rose Jr.'s young family back in Cincinnati. His wife is expecting their second child around Thanksgiving.

His chances of seeing another big-league check are "probably a long shot," says Bridgeport manager Dave LaPoint, a former big-league pitcher. It helps a little that he hits left-handed and can play both first and third base. The scouting report also reveals that he's a decent clutch hitter, a contact guy who doesn't strike out a lot.

At 36, Rose still doesn't have any plans to get out of the game. LaPoint suggests it'll only happen when the uniform is yanked off his back.

"Being a celebrity is like a drug in itself," LaPoint says. " It's in your system. You're in the limelight. Even in this league, every night we're playing in front of 3,000, 4,000, 6,000 people. And there are little kids that want your autograph. You're playing under the lights against Juan Gonzalez (currently playing for the Long Island Ducks) and guys who made a name in the big leagues. And we're not prepared to do anything else, basically. This game doesn't really train you for a whole lot of occupations afterward."

And so Pete Rose's kid, tough like his old man, grinds it out and keeps waiting for a call. It isn't easy.

Mike Fish is an investigative reporter for ESPN.com. He can be reached at michaeljfish@gmail.com.

U.S.: 'Bad News' In Afghan Drug War (AP)

AP, August 31, 2006

WASHINGTON (AP) -- The U.S.-backed strategy to fight Afghanistan's massive drug trade has been unsuccessful in stemming opium cultivation, which is expected to hit record levels this year, a senior U.S. official said Thursday.

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"It's bad news and we need to improve it," said Thomas Schweich, principal deputy assistant secretary of state for international narcotics. "But we don't feel it's a hopeless situation, and we don't think the overall strategy is the wrong strategy."

Schweich spoke to reporters as Western officials in Afghanistan were forecasting a possible 40 percent increase this year in land under opium poppy cultivation, despite hundreds of millions of dollars spent in counternarcotics efforts.

Afghanistan produces more than 90 percent of the world's opium and heroin supply, and the drug trade has had a corrosive effect on President Hamid Karzai's struggling government.

"I'm not here to put a happy face on this situation. I'm not going to say anything is truly working," Schweich said. "What I'll say is that it's improving."

Schweich said recent improvements include a counternarcotics tribunal, better eradication of the crop, better distribution of funds for poppy farmers to find alternative jobs, and a public information campaign to warn people that they will be prosecuted and punished if they continue to produce drugs.

Schweich did not have specifics on how much opium production numbers would likely rise in an upcoming report by the U.N. anti-drug agency. But he said U.S. officials were prepared for a significant increase.

The high numbers, he said, were partly a reflection of a drug strategy that was only started in 2005. Money for farmers to pursue livelihoods other than poppy production were distributed in a "spotty manner," he said. There were also failures destroying the crop, and courts struggled to prosecute drug offenders.

A more credible threat of prosecution and better eradication of crops, Schweich said, would eventually help steer people away from planting.

Nato Allies Balk At Reinforcing UK In Afghanistan (FT)

By Our International Staff

Financial Times, August 31, 2006

Britain's Nato allies are balking at providing reinforcements for UK troops deployed as peacekeepers in Afghanistan's southern Helmand province because of the intensity of the fighting in the lawless region.

A British ministry of defence official said yesterday that the UK had no need of further troops "at the moment", neither has any formal request been made. But Nato officials are continuing to study whether deployments throughout Afghanistan need to be increased.

Germany and the Netherlands have indicated that they may only redeploy soldiers from elsewhere in Afghanistan on an ad hoc basis.

The two countries, which maintain 2,700 and 1,400 troops in Afghanistan respectively, have significant political and technical concerns about dispatching troops to areas such asHelmand, where the strength of a Taliban-led insurgency has surprised military planners.

Eight British soldiers have been killed in combat in Afghanistan this month, in what Lieutenant General David Richards, the commander of the Nato force, calls the worst sustained fighting the British army has had to face since the Korean war between 1950 and 1953. Yesterday, British officials added that poppy cultivation in Helmand province and other turbulent regions would take the Afghan opium crop to a record level, according to United Nations figures expected shortly.

The officials also called for Pakistan to "do more" to act against the Taliban leadership in the Pakistani city of Quetta, across the border from Afghanistan.

In July, amid fighting that took officers by surprise, Britain announced it was dispatching an extra 900 soldiers to bring its Helmand force up to 4,500.

Franz Josef Jung, Germany's defence minister, said this week that "Germany would continue to focus its stabilisation efforts in Afghanistan in the north".

A spokesman for Angela Merkel, the German chancellor, said no formal request for reinforcements had been received from Nato commanders, but confirmed that, as part of their existing deployment, some German troops could be redeployed "on an exceptional and temporary basis" to other parts of the country.

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German defence experts said a longer-term redeployment to the south could now be part of parliamentary discussions, due in early October, on the extension of the German mission in Afghanistan. The cabinet is due to address the issue on September 13.

Henk Kamp, Dutch defence minister, said this week that Dutch forces stationed in nearby Uruzghan could assist British and Canadian troops serving in Helmand and elsewhere on an "incidental" basis, but ruled out a significant redeployment without parliamentary approval.

His comments came after the commander of the Dutch task force in Uruzghangave the impression thatthe Dutch could regularly be called on to aid fellow Nato troops fighting inwar-torn neighbouring provinces.

But Canada, the other main Nato ally in the area, may be able to provide more help.

"The troops in the south are easier to move around," said one Nato source.

"The Canadians have been able to move fast to reinforce the British in operations in Helmand."

Reporting by Daniel Dombey in London, Rachel Morarjee in Kabul, Hugh Williamson in Berlin and Ian Bickerton in Amsterdam

IMMIGRATION:

Tougher Audience For Immigration Rallies (LAT)

By Nicole Gaouette

The Los Angeles Times, September 1, 2006

WASHINGTON — Immigrants and their supporters will take to the streets today to start a weeklong encore of the rallies that brought millions out in the spring. But as they prepare marches in Chicago, Washington, Phoenix and Los Angeles, immigration advocates are facing a less friendly political climate in the nation's capital.

Although Congress may take up immigration overhaul when it returns next week, few on Capitol Hill are optimistic about passing legislation before November's midterm elections. And any new initiatives are likely to focus solely on enforcement, not on providing more legal options for illegal immigrants.

In some political campaigns, immigration hard-liners are embracing the issue as a way to rally voters and target opponents who favor a broad rewrite of existing laws.

In response, advocates of a more comprehensive immigration overhaul are making the rallies more explicitly political, incorporating voter registration drives aimed at affecting tight races in November — along with reminders that the Latino community, in particular, will watch what politicians say.

"We know the issue is being used politically," said Jaime Contreras, chairman of the National Capital Immigration Coalition, which says it expects more than 500,000 demonstrators Thursday on the National Mall. "Our community understands that we haven't won the war yet, that it will probably go into next year."

House Republicans are also on the offensive, tying immigration to the larger issue of national security as part of their election-year campaign strategy.

"From homeland security to national security to border security, House Republicans will focus first and foremost on addressing the safety and security needs of the American people," House Majority Leader John A. Boehner (R-Ohio) said in announcing the GOP legislative agenda for September.

It's too early to determine how many races will feature immigration as an issue, said National Republican Congressional Committee spokesman Carl Forti. But in a few tight and closely watched contests, it is already a factor.

In the Sept. 12 Republican congressional primary to succeed retiring Arizona Rep. Jim Kolbe, a moderate on immigration who is backing a candidate with similar views, one of the contenders is former state Rep. Randy Graf, a member of the anti-illegal-immigration Minuteman Project.

In TV ads that began airing Aug. 23, Graf links illegal immigration to drugs, criminals and terrorists. "I fear not only for the safety of my family but for all Americans. National security begins with border security," Graf says.

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At the nation's northern border, Michigan's Republican Senate candidate, Mike Bouchard, told TV viewers that he was "a 20-year lawman. Anything that starts with 'illegal,' I'm going to be against."

And in a highly competitive House race in Iowa, Republican candidate Mike Whalen blasted his primary opponent's immigration record. "Illegal aliens are flooding into our country," a voice in one ad intones. "Why? Because politicians like Bill Dix give them special benefits like lowered tuition costs."

In many areas with tight races, the House GOP leadership has also held summer hearings on immigration that have helped highlight the hard-line stance of local Republican candidates.

Democrats say the GOP emphasis on immigration is misguided.

"It is a major issue, but it's not No. 1," said Bill Burton, spokesman for the Democratic Congressional Campaign Committee. He cited Iraq, healthcare and gas prices as other issues that concern voters.

Burton noted that currently only six markets are running with paid ads about immigration, though that will probably increase.

Moreover, Burton said, Republicans are vulnerable on immigration because they have controlled Congress for the last decade.

When Congress reconvenes, both sides are expected to dig in their heels.

Like President Bush, the Senate backs a broad overhaul of immigration laws, including citizenship provisions for many currently illegal immigrants.

The House passed an enforcement-only bill.

Staffers say there have been few behind-the-scenes talks to bridge the divide, and Democrats in Congress are openly skeptical.

"Without the president seriously engaging and forcing the Republican leadership on the House side to conference," the passage of legislation before November "won't happen," said Rep. Silvestre Reyes (D-Texas).

Boehner spokesman Kevin Madden disagreed. "I wouldn't count it out," he said.

Madden said that the House hearings on immigration held around the country made it clear the public wanted "a bill that puts a premium on enforcement."

The upcoming marches — which include events in Phoenix on Monday and Los Angeles on Sept. 9 — are intended to tell Congress that enforcement is not enough.

The events will kick off in Chicago today, when marchers set out from Chinatown on a four-day, 45-mile walk that will end with a rally at the Batavia, Ill., office of House Speaker J. Dennis Hastert (R-Ill.).

On Saturday, the marchers will stop in DuPage County, in a district where Rep. Henry J. Hyde (R-Ill.) is retiring. It's hotly contested by Republican state Sen. Peter J. Roskam and Army Maj. Tammy Duckworth, a Democrat, an Iraq war veteran and the daughter of a Thai immigrant.

Traditionally the heart of the Illinois Republican machine, DuPage County saw a 49% increase in immigrant citizens from 2000 to 2005. In Hyde's district, legal and illegal immigrants now comprise 44% of the population. In Hastert's district, they make up 30%.

Local advocates of comprehensive overhaul say that turning those immigrants into an electoral force is one of their biggest goals and that though the marches could prompt something of a backlash, the potential gains are worth it.

"The struggle isn't going to be won in a day," said Joshua Hoyt, executive director of the Illinois Coalition for Immigrant and Refugee Rights, a march organizer. "But because of demographic and national security reasons, some kind of status for the undocumented is inevitable."

Immigration Rally Will Greet Congress (WT)

By Keyonna Summers

The Washington Times, September 1, 2006

Advocates of immigration yesterday announced a rally in the District to "welcome back" members of Congress, who are expected to resume a heated debate about U.S. policy on illegal aliens.

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"We are unrelenting in our efforts to get comprehensive immigration reform passed," said Germonique Jones, a spokeswoman for the Center for Community Change, based in the District.

The rally Thursday on the Mall will call on lawmakers to pass legislation helping illegal aliens achieve legal status and ending deportations that split families.

"We want to make sure that right before elections [lawmakers] understand that immigrants are paying attention to the debate, and we want action from Congress and not just lip service," said Jaime Contreras, president of the National Capital Immigration Coalition, which organized the event. "We want solutions."

One of the speakers will be Bruce S. Gordon, president of the National Association for the Advancement of Colored People.

Protesters will march past the Capitol to the White House.

Participants are encouraged to wear white and discouraged from carrying foreign flags.

During several rallies this spring, immigrants skipped worked and clergymen threatened civil disobedience to protest a House bill that would outlaw day-laborer centers and made felons of illegal aliens.

Miss Jones said the rally Thursday will reflect an outreach to the black, Asian, African and Muslim communities. It also will draw on the energy created by the election season.

"We're getting down to the wire ... and I think that's going to play out in the tenor of the marches," she said.

Camp Democracy, an effort led by anti-war activist Cindy Sheehan, also will hold a rally Thursday that will include a vigil for illegal aliens who died attempting to enter the United States.

The U.S. Capitol Police, the Metropolitan Police Department and U.S. Park Police have not said whether streets will be closed or whether additional officers will be on duty.

Park Police will deploy a special detail that includes officers in cruisers and on horses and bicycles, said Lt. Scott Fear, police spokesman.

Metro will run trains at more frequent intervals starting at 2 p.m., and is providing rally organizers with 20,000 Spanish-language pocket guides.

To alleviate crowding at subway stations, Metro will add staff, sell fare cards by hand at the D.C. Stadium-Armory and other stations, make some service announcements in Spanish and place temporary Spanish instructions on fare card machines.

Spokesman Steven Taubenkibel said Metro recorded 821,283 riders during the April 10 immigration rally on the Mall, the second-highest ridership in its 30-year history.

"We advise customers to plan accordingly, possibly stagger their work times as to when they leave, be prepared for heavier volumes on the railway system and avoid transferring trains if possible," he said.

Similar demonstrations will be held Monday in Phoenix and Sept. 9 in Los Angeles.

Today, about 100,000 people in Chicago are expected to begin a four-day march to the office of House Speaker J. Dennis Hastert, Illinois Republican.

Hoffa Backs Control Of Nation's Borders (WT/BLOOM)

By Kim Chipman And Matt Nesto

The Washington Times, September 1, 2006

James P. Hoffa, president of the International Brotherhood of Teamsters, called for tighter U.S. border control yesterday, saying the country must stop illegal immigration so it can focus on the undocumented aliens already here.

"We have to control our borders," Mr. Hoffa said in an interview in Detroit. "Let's stop for a while, so that we can basically take a breath and find out what we do with the people that are here."

Mr. Hoffa, 65, has urged Congress to enact immigration legislation that includes both tighter border controls and a path to citizenship for illegal aliens already in the U.S. The Teamsters, a union of 1.4 million that includes truck drivers and loading-dock workers, opposes a guest-worker program supported by President Bush, saying it would undermine wages.

We "have to stop illegal immigration into this country," Mr. Hoffa said. "We have to have time to digest the people that are here, assimilate them into the culture."

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Mr. Hoffa is running for re-election this fall against Tom Leedham, head of a Teamsters local in Portland, Ore. Mr. Hoffa is the son of Jimmy Hoffa, the Teamsters boss who disappeared in 1975 near Detroit.

Mr. Bush has said he wants immigration laws that would better secure the border, create a guest-worker program and give some of the estimated 12 million to 20 million illegal aliens already in the country the opportunity to gain legal status.

Congress is at an impasse on final legislation because House Republicans insist that border security come first. The Senate favors a broader proposal that is aligned with what the president seeks.

The Teamsters union opposes the proposed immigration legislation from both the House and Senate.

Labor unions are split over whether the proposal to allow thousands of immigrants to enter the U.S. as temporary workers would result in a surge of potential new members or a flood of exploitable laborers who would drive down wages.

While the Teamsters and other unions representing higher-wage employees oppose the guest-worker plan, the Service Employees International Union, which represents many lower-wage workers such as janitors, and Unite Here, which serves hotel and restaurant employees, support the proposal.

"Month after month, polls continue to show that more than 60 percent of the American public supports sensible, comprehensive immigration reform that both secures our borders and creates an earned path to citizenship for millions of immigrants currently living within our borders," Eliseo Medina, executive vice president of the 1.8-million-member SEIU, said in June.

The Teamsters, SEIU and several other groups split off from the AFL-CIO last year. They said the labor federation was focusing too much on politics and not enough on organizing union workers.

Union membership and influence have been waning for years because of globalization, technology and the decline of American manufacturing, a traditional union stronghold.

Last month, the AFL-CIO labor federation said it would work with the National Day Laborer Organizing Network to improve wages and working conditions for day laborers.

The two groups will work on issues such as minimum wage, safety at construction sites and legislation to prosecute employers who don't pay day laborers.

The deal does not mean day laborers would become union members, but both organizations said it could lead to that. It allows the network's 40 nationwide centers to affiliate with the federation and receive representation on local labor councils.

TAX:

FBI Searches 6 Alaska Lawmakers' Offices (NSDY/AP)

By Matt Volz, Associated Press Writer

Long Island Newsday, September 1, 2006

JUNEAU, Alaska -- Federal agents raided the offices of at least six Alaska lawmakers Thursday in an investigation of large oil field services company, officials said.

The company named in the search warrant was VECO Corp., an Anchorage-based oil field services and construction company, said Tam Cook, the Legislature's top attorney. VECO's executives are major contributors to political campaigns.

"This morning, investigators from the FBI interviewed me in my office regarding an investigation of VECO," Republican Rep. Vic Kohring said in a statement. He said he cooperated, and was told he was not a target of the investigation.

Two legislative aides, who spoke on the condition of anonymity for fear of reprisal from federal agents who told them not to talk to reporters, said FBI agents were looking for any ties including financial information and gifts.

One aide who did not view the warrant directly but was told its contents by officials said it allowed for the search of computer files, personal diaries and other documentation.

The other aide said he read the warrant and it named VECO officials Bill Allen, Rick Smith and Pete Leathard.

A message left Thursday with VECO was not immediately returned.

FBI spokesman Eric Gonzalez said the FBI and Internal Revenue Service executed search warrants in Anchorage, Juneau, Wasilla, Eagle River and Girdwood.

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He declined to say who was served search warrants.

The warrants had not been filed with the clerk's office at the U.S. District Court by Thursday afternoon. The U.S. Attorney's office in Anchorage referred questions to a Department of Justice spokeswoman in Washington, D.C., who didn't answer her phone.

Agents conducted office searches in both Juneau and Anchorage belonging to Sen. John Cowdery, R-Anchorage, the Senate Rules chairman. The senator stood by in Anchorage as authorities sifted through documentation.

The offices of Senate President Ben Stevens, R-Anchorage; Kohring; Rep. Bruce Weyhrauch, R-Juneau; Sen. Donald Olson, D-Nome; and Rep. Pete Kott, R-Eagle River also were searched.

Four different teams of federal agents spent hours searching offices on each floor of the Capitol.

Agents left Stevens' Capitol office Thursday evening with 12 boxes of documents labeled "Evidence" and loaded them into a vehicle waiting them outside. Special Agent Wade Dudley said they were being taken to an undisclosed location in Juneau.

"I don't know what they're going to do with it," Dudley said. "We collect it for the case agent's review."

Meanwhile, outside Weyhrauch's office, agents wearing blue rubber gloves inspected documents, inventoried them and sealed them well into the night.

The blinds were mostly drawn and doors shut in most offices being searched at the Legislative Information Office in Anchorage. Agent wearing blue rubber gloves were visible through gaps in the blinds, rifling through documents in Stevens' Anchorage office.

Kohring, contacted at his legislative office in Wasilla, would not confirm that his office was part of the raid or what agents were searching for, saying "I can't talk about that right now." Agents were seen leaving his Juneau office with boxes that appeared to contain documents.

Messages left with other lawmakers and Senate Republican majority spokesman Jeff Turner were not immediately returned.

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Associated Press Writer Jeannette J. Lee in Anchorage contributed to this report.

Federal Agents Raid Legislative Offices (ANCHDN)

Anchorage Daily News, September 1, 2006

Federal agents swarmed legislative offices around the state Thursday, executing search warrants in a coordinated series of raids that appeared to target the longstanding relationship between the oil-field service company Veco and leading lawmakers.

Above Anchorage's 4th Avenue, FBI agents spent most of the afternoon behind the closed doors and drawn blinds of the fifth-floor offices of Senate President Ben Stevens and Senate Rules Committee Chairman John Cowdery, both Anchorage Republicans. Through slits in the blinds, one agent in Stevens' office, wearing rubber gloves, could be seen packing away evidence in a container.

In Juneau, tourists and residents were greeted with the extraordinary sight of FBI agents hauling out files form the Alaska State Capitol after searching offices there.

After the FBI searched his Wasilla office and questioned him, Rep. Vic Kohring, R-Wasilla, the chairman of the House Special Committee on Oil & Gas, said the investigation was focused on Veco.

"I fully cooperated and answered all their questions," Kohring said in a written statement. "I was told that I am not a target of the investigation and was asked not to discuss details of the interview."

On the 10th floor of the Frontier Building in Midtown Anchorage, where Veco has its headquarters, the FBI commandeered the glass-sided conference room of another federal agency that rents space there. In the room, Veco President Peter Leathard talked with agents from the FBI and IRS.

The FBI agent could be seen referring frequently to paperwork in a thick binder. Leathard leaned back in a chair, his back to the wall. Attorney Brian Doherty joined Leathard , first meeting with his client privately, then with the agents.

When they all emerged around 4:40 p.m., none would describe the inquiry.

"At this point, we really don't know," Leathard said, smiling as he turned to walk away. He and Doherty would not say more.

Other legislative offices known to have been searched Thursday included those of Reps. Pete Kott of Eagle River and Bruce Weyhrauch of Juneau, and Sen. Donny Olson of Nome. Kott, a former House speaker, and Weyhrauch are Republicans. Olson is the only Democrat in the group.

FBI spokesman Eric Gonzalez said federal agents executed about 20 search warrants Thursday, not all in legislative offices. The warrants were executed in Anchorage, Juneau, Wasilla, Eagle River and Girdwood, he said.

Gonzalez said he was not at liberty to disclose the target of the investigation, how or when it began, or whether it was likely to result in criminal charges.

"It's an ongoing investigation is all I can say," Gonzalez said.

No one would say what was the target of the Girdwood warrant. Ben Stevens' father, U.S. Sen. Ted Stevens, has a home and office there. Both were quiet and dark Tuesday afternoon. A neighbor said she saw no unusual activity at the Stevens home. A postal clerk reported the same for Stevens' office, which is in the Girdwood post office.

A spokesman for Ted Stevens didn't return several calls and an e-mail from a reporter.

Sen. Tom Wagoner, a Kenai Republican, arrived at the Legislative offices at 716 W. 4th Ave. in Anchorage shortly before noon for a Resources Committee meeting.

"The place was crawling with FBI," Wagoner said. When he tried to enter Cowdery's office, an agent stopped him at the door, Wagoner said.

Wagoner said a senior legislative aide who was present when the warrant was served told him they were looking for files that had to do with Veco and the oil tax legislation recently passed by lawmakers in special session.

Ray Metcalfe, a former legislator and the founder of the independent Republican Moderate Party, said he has been trying to get the authorities interested in what he described as the "corrupt" relationship between Veco and the Republican-lead legislature, principally Ben Stevens.

"I put all the stuff in front of federal prosecutors a year and a half ago," Metcalfe said Thursday, clearly relishing the turn of events. "I laid hundreds of pages of detailed information alleging bribery, and I distributed it to federal authorities, I distributed it to the U.S. Attorney's office, I distributed it to the (state attorney general's) Office of Special Prosecutions, and we held a demonstration in front of the attorney general's office that hardly anyone showed up for."

Metcalfe attempted to initiate a recall campaign against Stevens, but his effort was rejected by Lt. Gov. Loren Leman on legal grounds. After first announcing he'd run for re-election in November, Stevens changed his mind in June and opted to retire.

Ben Stevens didn't returned calls placed to his home, his personal office or his legislative office. Messages left at his attorney's office and cell phone also weren't returned.

In disclosures he was required to file as a legislator, Stevens said he was paid $243,000 over the last five years as a "consultant" to Veco. Whenever he was asked to describe what he did for the money, Stevens refused to answer. The company also refused to say.

Metcalfe has argued in his complaints that the money amounted to a bribe — that Stevens has done Veco's work on many fronts, including attempting to spend Alaska Permanent Fund earnings for state government operations to reduce the need for oil taxes and pushing the industry's favored gasline proposal.

There was no indication that the investigators were looking into bribery allegations.

Tamara Cook, a lawyer who heads the nonpartisan legal services division of the Legislature, said Thursday evening that she reviewed a couple of the search warrants at the request of legislators or aides upon whom they were served.

The search warrants allowed the FBI to search computers and office files including financial records, she said. The warrants named Veco Corp., she said, but could not say whether Veco was a target or whether the investigation concerned oil taxes, its failed push to build a private prison in Alaska or something else.

"They were fairly broad," she said.

Staff members asked her if they could open up locked legislative offices. After reviewing the warrants and believing them valid, Cook advised them to open offices either with a warrant or with a legislator's consent.

On the fifth floor of the Anchorage legislative building, reporters lingered in the hallway but were ordered by federal agents and legislative staff out of Stevens' and Cowdery's offices on the north side of the building.

Through gaps in the blinds in Cowdery's office, agents could be seen systematically going through each folder in a large file cabinet, occasionally laying documents aside and taking digital photographs of them before putting them back in place. In Stevens' office, an agent appeared drawn to something on the back of a framed picture wrapped in protective plastic.

The documents included what appeared to be printouts of e-mails, memos and other correspondence. Agents also took several photographs of various other items in Cowdery's office.

Cowdery was interviewed by several agents in a conference room around 11:30 a.m. As the elderly legislator walked back to his office with the assistance of a walker, reporters asked what he was questioned about.

"You ask them," he said.

Asked if he was under investigation himself, he said, "I don't think so."

Stevens was not in his office during the search, but his chief of staff, Cheryl Sutton, and two other aides were.

They stood by as the agents searched the office and took photographs. They aides left the office just after 6 p.m. and would not answer questions.

Olson, a pilot, was flying hunters out of Nome on Thursday when agents tried to serve warrants at offices in Anchorage and Juneau. He later gave permission for the searches, an aide said.

It was unclear how much evidence agents took out of the Anchorage offices. When they packed up and left after 6 p.m., several appeared to be carrying little more than the equipment they brought into the building earlier in the day.

Earlier in the day, agents were seen carrying a small scanner-printer between the three offices that were searched. Through the day, agents came and went. Many arrived wearing day packs and badges dangling from their belts, while others wheeled large molded containers labeled for one office or another.

Several Powerful Alaska Lawmakers' Offices Raided (KTVA-TV)

By Matthew Simon

KTVA-TV, September 1, 2006

On Thursday, several powerful lawmakers' offices--both here in Anchorage and at the capitol in Juneau--were swarming with federal agents. Those offices included Senate President Ben Stevens, Senator Donald Olson, Representatives Vic Kohring, Bruce Weyhrauch, and Pete Kott. All FBI officials will say right now is that they and IRS officials were there to execute sea rch

warrants.

CBS 11 News has confirmed these lawmakers are being investigated because of their relationship with Veco. That is the big oil company that provides services to the energy, resource and processing industries throughout the world.

All FBI officials will say is that they served warrants in Anchorage, Juneau, Eagle River, Girdwood and Wasilla. While FBI officials are not saying who those warrants have to do with, CBS 11 News has confirmed Anchorage Senators Ben Stevens, and John Cowdery, as well as Juneau Representative Bruce Weyhrauch, Eagle River Representative Pete Kott, Wasilla Representative Vic Kohring and Nome Democratic

Senator Donny Olson are all subjects of the FBI and IRS investigation.

Representative Olson's office was the one to confirm for CBS 11 News that all of this has to do with Veco--although we have no information on the specifics.

We are continuing to gather information and will update you as soon as we learn it.

Oil Field Company An Active Political Contributor (ANCHDN)

By Don Hunter, Anchorage Daily News

Anchorage Daily News, September 1, 2006

Veco Corp. has grown over the last four decades from a small oil field services company working in Cook Inlet to a giant in the industry with more than two dozen subsidiaries handling projects from Prudhoe Bay to the Russian Far East and the United Arab Emirates.

Today, according to information on its Web site, Veco offers expertise in businesses ranging from pipelines and terminals and oil refining to the chemical and pharmaceutical industries and food and beverage services. A one-time owner of the now-

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defunct Anchorage Times, Veco continues to pay for the production and publication of Voice of the Times, a half-page editorial section that runs in the Daily News.

At the same time it was emerging as a titan in Alaska business, the company became a dominant political power in the state, its executives and employees among the most regular and generous contributors to dozens of statewide and statehouse campaigns every election season.

The recipients tend to be Republicans, but Veco executives have always said they make their choices by looking for candidates who are pro-industry and pro-development.

"Those are the things that make my company go forward, and provide me a job," vice president Rick Smith said in a 2000 interview, a year in which Veco executives, employees and their family members donated almost $130,000 to candidates before the primary election.

In 2004, the last statewide election, Veco's top three donors alone — president Pete Leathard, chairman Bill Allen and chief financial officer Roger Chan — gave more than $122,000 to the Alaska Republican Party and state House and Senate candidates. The company has also employed active lawmakers as consultants and in other capacities, including Senate President Ben Stevens, R-Anchorage.

Veco's officers and executives have avoided getting cross-wise with state regulators who enforce campaign finance laws for the last 20 years.

In 1985, however, just a few years after the company had emerged from bankruptcy and boosted its political involvement, Veco was fined more than $72,000 for a scheme that funneled secret donations to a select slate of candidates through an employee payroll deduction plan. The fine was later reduced to $28,000, but it remains the largest ever levied by the Alaska Public Offices Commission.

In an interview last year, Veco president Leathard said the company's political involvement is a self-defense effort. Lots of groups from other states pour money into Alaska politics in an effort to throttle development in general and the oil industry in particular, he said.

"We could see that if somebody didn't get involved and try to make sure that we were getting the right people who had the right mind-set toward development elected into Juneau, we were going to drive the oil industry out of business," Leathard said then. "Our people are pretty well aligned in their thinking that we have to be involved in supporting the people who believe in development, sensible development. So we try to get those people elected."

N.A.A.C.P. Cleared Of Tax Violation (NYT/AP)

By The Associated Press

The New York Times, September 1, 2006

The National Association for the Advancement of Colored People did not violate the conditions of its tax-exempt status when its chairman gave a speech in 2004 that criticized President Bush, according to a newly released letter from the Internal Revenue Service to the group. The I.R.S. began looking into the N.A.A.C.P. about a month before the 2004 presidential election after a speech by the organization's chairman, Julian Bond, that was largely critical of Mr. Bush's policies. In a letter dated Aug. 9, the I.R.S. said a review had indicated that "political intervention did not occur." Bruce S. Gordon, the president of the organization, said it had been vindicated by the decision.

IRS Ends 2-Year Probe Of NAACP's Tax Status (WP)

By Darryl Fears

The Washington Post, September 1, 2006

Nearly two years after a controversial decision to investigate the NAACP for criticizing President Bush during the 2004 presidential campaign, the Internal Revenue Service has ruled that the remarks did not violate the group's tax-exempt status.

In a letter released yesterday by the NAACP, the IRS said the group, the nation's oldest and largest civil rights organization, "continued to qualify" as tax-exempt.

If the NAACP were stripped of the status, donors would not be allowed to claim contributions to the group on income tax returns.

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Federal law requires tax-exempt nonprofit organizations to be politically nonpartisan.

"It was an enormous threat," NAACP Chairman Julian Bond said of the investigation. The opposite outcome, he said, "would have reduced our income remarkably."

Bond reiterated his belief that the investigation was politically motivated. He said the decision, received by the NAACP on Aug. 9, "meant that they thought they had harassed us enough and they could stop."

In a response to lawmakers who expressed outrage over the investigation in 2004, IRS Commissioner Mark W. Everson said the agency's examinations are based on tax law, not partisanship.

The commissioner said the investigation of the NAACP was undertaken because two congressional leaders, whom he declined to name, requested it. They were unhappy because Bond criticized Bush in a speech in July 2004, saying his administration preached racial neutrality and practiced racial division.

"They write a new constitution of Iraq and they ignore the Constitution at home," Bond said.

After filing four freedom-of-information requests, NAACP lawyers discovered that far more than two members of Congress called for an investigation and that all were Republicans.

Republican Sens. Lamar Alexander (Tenn.) and Susan Collins (Maine) called for the investigation.

Others included Rep. Jo Ann S. Davis (R-Va.) and then-Rep. Larry Combest (R-Tex.). Former GOP representatives Joe Scarborough of Florida, who now hosts a talk show, and Robert L. Ehrlich Jr., currently governor of Maryland, also requested a probe.

The investigation started Oct. 8, 2004, a month before the election. As the investigation dragged on into the following February, the NAACP announced that it would not continue to cooperate.

Angela Ciccolo, an NAACP lawyer, noted that although Bond's remarks were made in July 2004, the investigation did not begin until October, just when the NAACP was attempting to register voters. "The timing of the investigation is critical," she said.

When the investigation started, Bush and the NAACP were locked in a long-running feud that started shortly before the president's first election victory in 2000.

During that campaign, the NAACP ran television spots featuring the daughter of James Byrd Jr., a black man who was dragged to death behind a pickup truck in Texas in 1998. She criticized Bush, then governor of Texas, for not signing hate-crime legislation.

The rift grew when the NAACP charged that Republicans in Florida stole the 2000 election by turning black voters away from the polls.

Recently, however, the relationship between the group and Bush has begun to warm. Bush addressed the NAACP convention in July for the first time in his six years in office, avoiding becoming the first president since Warren G. Harding to snub the group for an entire presidency.

"It's disappointing that the IRS took nearly two years to conclude what we knew from the beginning: The NAACP did not violate tax laws and continues to be politically nonpartisan," said its president, Bruce S. Gordon.

NAACP Cleared Of Partisanship In 2004 Speech (WT)

By Brian Debose

The Washington Times, September 1, 2006

The Internal Revenue Service has concluded its investigation into the activities of the NAACP, clearing the group of charges of partisan political intervention that could have threatened its nonprofit status.

In a letter to the National Association for the Advancement of Colored People's Baltimore headquarters, the IRS said it concluded its examination of the group's 501(c)(3) status for 2004 and "determined that you continue to qualify as an organization."

A speech by board Chairman Julian Bond at the annual convention of the NAACP in July 2004 prompted complaints from the "general public," according to the IRS, that the group "opposed the re-election of President George W. Bush."

"The IRS letter announcing our vindication is itself dishonest and disingenuous," Mr. Bond said yesterday. "They claim the information triggering their probe came from the general public. In fact, it came from partisan officeholders and activists."

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Mr. Bond has excoriated the president in every keynote speech he has made to the NAACP convention since the 2000 election. But he has never explicitly told anyone not to vote for Mr. Bush, which would be necessary to prove intervention charges.

The letter from the IRS, dated Aug. 9, says the investigation took nearly two years because the NAACP did not cooperate with IRS inquiries.

Marsha A. Ramirez, director of tax-exempt examinations, who signed the letter, said, "Although we would have been able to conclude this matter more expeditiously with your cooperation, we were ultimately able to obtain sufficient information to resolve the serious and credible allegation giving rise to the examination."

Attorneys for the NAACP said in February 2005 that the examination was politically motivated and that they would not respond to the initial request for information.

But yesterday, Dennis C. Hayes, the organization's chief counsel, said the IRS accusations of noncompliance are a distortion. He said the IRS refused to explain the inquiry process or what the agency was looking for, forcing the organization's attorneys to file four Freedom of Information Act (FOIA) requests to understand the investigation.

"This process has never been applied to any individual or group like the NAACP, and I think internal people at the IRS know that," Mr. Hayes said.

NAACP President Bruce S. Gordon said the IRS admitted that the focus of the examination was Mr. Bond's 2004 speech, which was a matter of public record on the group's Web site. The IRS said in the letter that it did not view the recording of the speech until July 2005.

"The speech has been live [on the Web site] since 2004, so what they are saying is that they just got around to viewing it 10 months after it was recorded when they could have gotten it any time," he said.

The NAACP has obtained copies of Republicans' requests for an IRS investigation of the group going back to 2000. Among those making such requests were Sens. Lamar Alexander of Tennessee and Susan Collins of Maine, former Sen. Strom Thurmond of South Carolina, Rep. Jo Ann Davis of Virginia, former Rep. Robert L. Ehrlich Jr. of Maryland -- now the governor -- and Joe Scarborough of Florida, who is now a cable news talk-show host.

"There are a number of documents we asked for that [the IRS has] not provided, and I think we will resubmit those FOIAs to get those documents," Mr. Bond said.

IRS Sets Guidelines On Refunds For Discontinued Telephone Tax (WSJ)

By Robert Guy Matthews

The Wall Street Journal, September 1, 2006

WASHINGTON -- The Internal Revenue Service said it will refund taxpayers up to $60 next year to reimburse them for the now-defunct long-distance telephone tax, a move expected to cost the government about $10 billion.

Taxpayers need no proof they paid the tax and can claim a refund on their 2006 federal income-tax returns. Refunds will be subtracted from the bills of taxpayers who wind up owing the government or added to the refunds for those who overpaid their taxes.

Businesses, which have paid a total of $3 billion in long-distance taxes since February 2003 -- the date back to which the refunds are being set -- must document the charges to collect refunds but aren't subject to the $60 maximum.

Individuals who think they are being shortchanged can figure out the amount owed on their own and can collect what they document above $60. But it could be a tedious and expensive process for people who don't keep their bills going back to Feb. 28, 2003, the earliest date eligible for the refund. Phone companies have said that they will charge customers to search the data, if they have it at all.

The automatic refund comes on the heels of several court decisions that struck down the collection of the tax, a 3% surcharge on consumers based on the distance of the call. The collection dispute arose after telephone companies stopped pricing the cost of calls based on distance and shifted to packaged calling plans. The government stopped collecting the tax July 31.

The exact refund amount will depend on the number of exemptions claimed on one's tax return, officials said. For the first exemption claimed, a taxpayer will receive a $30 tax credit. Each exemption after that would earn $10, to a maximum of four exemptions, or $60.

That would mean, theoretically, that a single adult who never paid the telephone tax and has three young children who don't use the phone could get the entire $60 refund. But a married couple filing jointly with no children and who each have their own phones would receive $40.

Sean Kevelighan, a spokesman for the Treasury Department, said phone companies, IRS, Treasury and others worked together to come up with pegging the refund amount to the number of exemptions.

"This was the best way for individuals to come as close as possible to the right refund amount without having to figure it out on their own."

CONGRESS-ADMINISTRATION:

Governors Oppose National Guard Plan (USAT)

USA Today, September 1, 2006

The nation's governors sought help Thursday from Defense Secretary Donald Rumsfeld in their fight against proposals in Congress to give President Bush more control over the National Guard during disasters. After delays in sending help for areas hit by Hurricane Katrina last year, Congress wants to allow the president to federalize a state Guard without the governor's consent in the event of a "serious natural or manmade disaster, accident or catastrophe."

That's a bad idea, National Governors Association leaders said in a letter to Rumsfeld. Govs. Janet Napolitano of Arizona, Tim Pawlenty of Minnesota, Mike Easley of North Carolina and Mark Sanford of South Carolina said the change "could cause confusion in the command and control of the National Guard and interfere with states' ability to respond."

Under law, governors command the Guard in their states. A president needs their consent to use the troops domestically, except in cases of rebellion.

Lieberman expects unfriendly colleagues

Sen. Joe Lieberman of Connecticut, who is running as an independent after losing the Democratic primary for renomination, said he expects a few cold shoulders when he returns to the Senate next week. He plans to attend the weekly luncheon for Democratic senators when he can. "I'm just going to do my job," he said.

Senate Minority Leader Harry Reid of Nevada and other prominent Democratic senators have rallied behind Ned Lamont, who won the primary on an anti-war campaign.

Official: Afghan opium flow continues

The U.S.-backed strategy to stem Afghanistan's opium production has been unsuccessful, a senior U.S. official said. Thomas Schweich, principal deputy assistant secretary of State for international narcotics, said, "It's bad news, and we need to improve it … but we don't feel it's a hopeless situation, and we don't think the overall strategy is the wrong strategy."

Afghanistan produces more than 90% of the world's opium. Hundreds of millions of dollars have been spent in counternarcotics efforts. Schweich said a more credible threat of prosecution and better eradication of crops would eventually help steer people away from planting.

States Seek Aid In Fight Over Guard (WP/AP)

The Washington Post, September 1, 2006

The nation's governors sought help yesterday from Defense Secretary Donald H. Rumsfeld in their ongoing fight against proposals in Congress to give President Bush more control -- and governors less -- over the National Guard during disasters.

A letter from the chairman and vice chairman of the National Governors Association, along with the two governors who head the group's work on the Guard, asked Rumsfeld to join the unanimous opposition of governors to proposed changes spurred by the chaos and delays in sending help that followed Hurricane Katrina.

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All 50 governors earlier this month signed a formal letter opposing a House provision in the National Defense Authorization Act that would let Bush federalize the Guard without governors' consent in the event of a "serious natural or manmade disaster, accident or catastrophe."

"It's a basic reshuffling of the balance between the states and the federal government," said Arizona Gov. Janet Napolitano (D), chairman of the NGA. "It's ill-advised. It's a bad idea."

A Rumsfeld spokeswoman, Cynthia Smith, said he would not comment publicly and would respond directly to the governors.

Governors Take Guard Appeal To Rumsfeld (AP-Y)

By Robert Tanner

AP, September 1, 2006

The nation's governors sought help Thursday from Defense Secretary Donald H. Rumsfeld in their ongoing fight against proposals in Congress to give President Bush more control — and governors less — over the National Guard during disasters.

A letter from the two chairpersons of the National Governors Association, along with the two governors who head the group's work on the Guard, asked Rumsfeld to join the unanimous opposition of governors to proposed changes spurred by the chaos and delays in sending help that followed Hurricane Katrina.

All 50 governors earlier this month signed a formal letter opposing a House provision in the National Defense Authorization Act that would let Bush federalize the Guard without governors' consent in the event of a "serious natural or manmade disaster, accident or catastrophe."

Adding to their worries, the NGA said, the Senate approved-version of the legislation would give Bush similar powers by redefining the Insurrection Act, a Civil War-era law that's rarely used.

"It's a basic reshuffling of the balance between the states and the federal government," said Arizona Gov. Janet Napolitano, chairwoman of the NGA. "It's ill-advised. It's a bad idea."

The letter states: "Each of these proposals represents a dramatic expansion of federal authority during natural disasters that could cause confusion in the command-and-control of the National Guard and interfere with states' ability to respond to natural disasters within their borders." It was signed by Napolitano, Tim Pawlenty of Minnesota, Mike Easley of North Carolina and Mark Sanford of South Carolina.

A Rumsfeld spokeswoman, Cynthia Smith, said he would not comment publicly and would respond directly to the governors.

The four governors also sent a letter to leaders in the House and Senate, urging them to drop the proposals.

Under current law, governors are commanders of the Guard in their states, but the president must get their consent to federalize the troops domestically, except in cases of rebellion.

Governors were particularly upset that the proposals in Congress were made without any discussion with governors.

"Governors are commanders-in-chief. They need to be consulted, they need to be part of solutions," said David Quam, the NGA's director of federal relations. "They shouldn't have to catch things coming through Congress and on their way to the president's desk."

An agreement is expected later this month on the final legislation that would go to Bush.

Senate Puts Tomlinson Nomination On Hold (AP)

By Barry Schweid

AP, September 1, 2006

The Senate Foreign Relations Committee does not plan to act on President Bush's re-nomination of an agency head accused of misusing government money.

A summary of a report by the State Department's inspector general, released Tuesday, said Kenneth Tomlinson misused government funds for two years as chairman of the Broadcasting Board of Governors. That's the agency which oversees the Voice of America, Radio Free Europe and other U.S. government broadcasting abroad.

Tomlinson is accused of overbilling for his time and hiring a friend as a consultant.

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On Wednesday, Andy Fisher, a spokesman for the Foreign Relations Committee, said the panel had taken no action on the January 2005 nomination while the investigation was under way "and does not intend to now."

Under the 1994 law that created the board, Tomlinson, who has denied the allegations, can remain at his post until a successor is confirmed.

Tish King, a spokesperson, had no immediate reaction to the committee's move.

Reps. Howard Berman and Tom Lantos, California Democrats, and Sen. Christopher Dodd, D-Conn., said in a statement Tuesday they were outraged by what has emerged from the investigation that they requested last year.

They said in a letter to President Bush that the results of the investigation left no doubt that Tomlinson violated public trust and Bush's own ethical standards.

"We urge you to immediately remove Mr. Tomlinson from his position and to take all necessary steps to restore the integrity of the Broadcasting Board of Governors," they wrote.

Tomlinson's term expired in 2004, but he stayed on under board rules which permit him to continue until a replacement is confirmed, Fisher said.

The White House has not indicated what it might do about the situation, Fisher told The Associated Press.

Berman and Lantos asked the chairman of the House International Relations Committee, Rep. Henry Hyde, R-Ill., to hold hearings on Tomlinson. Dodd asked the same of Sen. Richard Lugar, R-Ill., chairman of the Foreign Relations Committee.

Buyout Firms Join Lobbying Efforts (WSJ)

By Brody Mullins And Kara Scannell

The Wall Street Journal, September 1, 2006

Private-equity firms, flush with cash and snapping up companies, are turning their attention to the nation's capital, planning a trade group and boosting spending on lobbyists and campaign contributions.

Their goals: to pre-empt the types of moves toward federal regulation that have emerged for their hedge-fund cousins and to enlist Washington's help in battling restrictions in Europe and Asia.

This summer, representatives of Carlyle Group, Texas Pacific Group, Kohlberg Kravis Roberts & Co. and Blackstone Group joined to map out a trade group, set a budget, hire a staff and define its mission. Overseeing the effort is Harry Clark, who worked in the Nixon White House and went on to found Clark & Weinstock, a Washington lobbying firm. Mr. Clark sold the firm a decade ago, and now runs his own investment fund in Greenwich, Conn.

Firms separately have been ramping up their political activities. Private-equity firms spent $820,000 on lobbyists last year, up from $40,000 in 2001, according to the nonpartisan PoliticalMoneyLine, a group that tracks lobbying in Washington. Political contributions from the industry have ballooned. So far in the 2006 election cycle, employees of large private-equity firms have donated $1.3 million to candidates for Congress, according to the Center for Responsive Politics, a nonpartisan monitor of campaign finances. That is an 86% increase over the $700,000 the industry contributed to candidates during the 2002 campaign, the last nonpresidential election cycle.

Private-equity firms own stakes in companies that aren't publicly traded on a stock exchange. They come in two types. Venture-capital firms buy stakes in early stage companies that have little or no sales and large investment needs. Leveraged-buyout firms typically buy mature companies, either from public shareholders or corporate parents, using large dollops of debt combined with equity capital from the firm's partners and outside investors, such as endowments and pension funds. Private-equity firms are longer-term investors than hedge funds.

The political coordination by private-equity firms comes as they are playing an expanding role in global financial markets -- and as markets are betting regulation-friendly Democrats may soon make gains in Congress. Recent private-equity takeover targets have included car-rental firm Hertz Corp., fast-food chain Burger King Corp. and General Motors Acceptance Corp. VNU, parent of television-ratings service Nielsen Media Research, was acquired last month by a group of private-equity firms.

The boom is reminiscent of the leveraged-buyout craze of the 1980s. Today's private purchasers are less likely than their predecessors to restructure the companies and lay off workers. But now, like then, they leave the target companies with much more debt than before, and thus more vulnerable to a business downturn or tighter credit conditions. They have drawn criticism

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for taking large fees from the companies they buy, often long before improving the business. The increasing role of company management and investment banks as investors in buyouts has kindled concerns about possible conflicts between their personal incentives and their responsibility to shareholders. And the current boom may raise new concerns, since a growing number of small-time investors are involved, mainly through pension funds.

Private-equity firms are hardly new to the influence game. For years, such companies have hired well-connected insiders. For example, Carlyle Group, of Washington, has employed as advisers former President George Bush, former Treasury Secretary James Baker and former Securities and Exchange Commission Chairman Arthur Levitt.

But as the industry has grown in prominence, the funds -- individually and collectively -- are formalizing and ramping up their political efforts. This summer, Carlyle said it would hire its first staff lobbyist to represent the fund itself and the companies it owns on Capitol Hill and before the SEC.

As for the emerging trade group, neither Mr. Clark nor any companies involved would publicly discuss details of the project. But Woody Campbell, a private-equity counsel with the law firm Debevoise & Plimpton LLP, said, "the issue is that there is not a group out there watching out for private-equity funds."

Once launched, the trade association will talk to lawmakers on Capitol Hill, compile data on what member firms consider the economic benefits of private equity, and launch a public relations campaign. Among other things, the firms hope to shed their image as "vulture capitalists," who take over publicly held companies and slash costs and employees.

One reason private-equity firms have invested relatively little in Washington is that neither they, nor the companies they buy, are closely regulated. By contrast, mutual funds and publicly traded companies must file financial reports with the SEC and abide by its rules. But private-equity firms worry the SEC now may scrutinize them, after trying to impose registration requirements on hedge funds. The SEC had adopted rules for hedge funds that were invalidated earlier this summer by a federal appeals court.

Private-equity firms also anticipate that as they take over more public companies and receive more investments from individuals, Washington is likely to pay more attention to the industry. And they say any regulatory push could get a boost if Democrats take the House or Senate in the November elections or if Democrats win the White House in 2008.

"It's a natural progression of how things happen. If hedge funds are regulated, you don't need a lot of imagination to think that the next thing to be regulated will be buyout firms," says Mark Heesen, the president of the National Venture Capital Association.

The venture-capital industry, which is a subset of the private-equity industry, launched a trade group three decades ago when public and private pension funds were forbidden from investing in venture capital. The National Venture Capital Association was started in part to change that rule. Today, about half the money in venture capital comes from pension funds.

Aside from heading off new U.S. regulations, the private-equity industry wants the Bush administration to help remove barriers erected by foreign governments to investments overseas. In Korea, for example, U.S. funds are discouraged by high tax rates on their investments. In China, funds essentially must work with a local majority investor.

A Smaller NIH Budget Means Fewer Scientists And 'Too-Safe' Studies (WSJ)

By Sharon Begley

The Wall Street Journal, September 1, 2006

Dan Welch is too modest, not to mention too realistic, to argue that the study he planned would have meant that soon no woman would ever have to die of metastatic breast cancer. But that was his goal.

A few years ago Dr. Welch, a molecular oncologist at the University of Alabama, Birmingham, discovered a molecule that suppresses metastasis, the insidious process in which cancer cells break off from the primary tumor and seed distant sites in the body. He had planned to test whether the gene that makes this molecule, dubbed BRMS1, is turned off in women with metastatic breast cancer. If so, he hoped to design a treatment that would turn the gene back on, test it in mice and then, if all went well, in people.

But when he submitted the proposal to the National Institutes of Health, which funds most biomedical research in the U.S., he was turned down. He had gathered breast-cancer tissue samples and preliminary data from about 20 women showing that a turned-off BRMS1 gene is associated with metastatic breast cancer. A "study section" of scientists who evaluate proposals,

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however, said he needed data on hundreds of women (which he did not have the money to gather; Catch-22). Absent that, they gave his proposal too low a score to stay above the cutoff at which money ran out.

And so it has gone for an increasing number of biomedical researchers. Starting in 1995, the budget of the National Institutes of Health more than doubled, with support for scientist-initiated studies rising to $9.7 billion in fiscal 2003 from $4.3 billion in fiscal 1995.

But in 2004, Congress and the White House, calling for reduced budgets in the wake of tax cuts and a growing deficit, slammed on the brakes. Ever since then, NIH's budget has been flat or, adjusting for inflation, down. The chance that a scientist's work will be funded fell to 22% last year from 27% in 1995, and to less than 10% in some fields. Now the warnings are coming true: The plug is being pulled on promising research by scientists with solid track records.

When 27% of proposals were funded, it wasn't that hard to separate the top quarter, says molecular biologist Keith Yamamoto of the University of California, San Francisco. "There was a natural cutoff," he says. But at 10% "the ability to distinguish a grant that deserves funding from one that does not vanishes. It becomes a crapshoot, with every grant in jeopardy."

Alan Schneyer of Massachusetts General Hospital, for instance, has been funded by NIH for 17 years. He recently discovered that when a certain gene is disabled in mice, the animals become more sensitive to insulin (the opposite of what happens in Type-2 diabetes), their islet cells make more insulin and they lose abdominal fat. This was a surprise, because the gene was thought to affect reproduction, not metabolism. He wanted to identify the biochemical pathways the gene affected, hoping to develop a therapy for obesity or diabetes. In June, NIH rejected his grant proposal.

NIH was never known for supporting risky ideas, but scientists say it has become even worse with the budget crunch. Grant reviewers are increasingly unwilling to gamble scarce money on speculative/bold (pick your adjective) approaches to understanding and treating disease.

"If an idea is more than a little out of the ordinary, even if you have data to support it, they won't take a chance," says Dr. Schneyer, 52 years old. "The science they're supporting isn't bad science, but much of it is too-safe science."

His last NIH grant will run out this month. MGH has given him $50,000 in bridge funding and is trying to help other scientists who are suddenly without NIH support. Although MGH has doubled that funding to $1.5 million, says Jerrold Rosenbaum, who oversees its research, it will fall short. Dr. Schneyer estimates that some 5% of MGH scientists have only a few months left on existing grants and no new ones in sight.

"These are people who could make an important contribution to knowledge," says Dr. Rosenbaum. "It's just devastating."

Although scientists may be "geneticists at MGH" or "neuroscientists at UCSF," unless they have tenure their salary comes out of a grant, not from the ostensible employer. As grants disappear, therefore, it isn't just that studies won't be done; researchers will have to look for another line of work, especially if they are Ph.D.s rather than M.D.s, who can at least see patients to bring in income.

Among them is MGH's Jose Teixeira, 42, who had been funded by NIH since 1998. His last grant ran out in 2005, and his proposal for a study on how a disruption in the stem cells of uterine tissue can lead to fibroids was rejected. Dr. Teixeira was one of thousands of smart young Americans who, in the 1980s, heeded the call to go into science -- a call that is being sounded again. "I feel betrayed," he says.

Faced with NIH cutbacks, more biomedical scientists are pleading their case to private foundations. UAB's Dr. Welch, for instance, has a grant from the National Foundation for Cancer Research. But these groups can't make up for more than a small fraction of the NIH cutbacks, says foundation president, Franklin Salisbury. His group has received three times the number of grant requests this funding cycle that it did two years ago.

OTHER NEWS:

Consumer Spending In July Grew At Twice The June Rate (NYT)

By Jeremy W. Peters

The New York Times, September 1, 2006

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Spending by American consumers grew in July at twice the rate it did in June, suggesting that the economy may not be slowing as suddenly as some economists had thought.

Personal income also rose in July, although not as much as spending did. And a widely watched measure of consumer inflation indicated that the pace of price increases may be easing somewhat.

All together, the data provided some encouraging evidence that economic expansion may be slowing, not stalling, on its way to the soft landing that policy makers like Ben S. Bernanke, chairman of the Federal Reserve, are hoping for.

The Commerce Department reported yesterday that total personal spending rose 0.8 percent in July, adjusted for seasonal factors — the sharpest increase since January. By contrast, personal income rose 0.5 percent in July, largely in line with the pace of the last several months.

Along with gauges of inflation like the Consumer Price Index, the Federal Reserve pays attention to one derived from the monthly consumer spending figures known as the core personal consumption expenditure index.

The index, which excludes volatile food and energy prices, registered an increase of just 0.1 percent in July, the smallest this year.

Still, the core index was 2.4 percent higher in July than a year earlier; the Fed considers 2 percent annual inflation to be at the high end of what the economy can comfortably tolerate.

Wall Street seemed to take the July statistics in stride, as investors left stock prices virtually unchanged from Wednesday's close.

The data in the report showing low inflation was seen as particularly positive because the Fed has said it may be forced to quickly resume interest rate increases if any sign appears that prices are shooting up.

At the Aug. 8 meeting of the Fed's policy-setting committee, members voted to leave interest rates unchanged at 5.25 percent. But, according to minutes of the meeting released this week, some members expressed concern that inflation was still running high. The committee said its decision to hold its overnight lending rate steady was "a close call," and warned that "additional firming could well be needed," meaning another rate increase was not out of the question.

The spending and income report issued yesterday was the latest economic indicator to suggest that economic growth is not contracting too quickly. The Commerce Department said Wednesday that the United States economy grew more quickly in the second quarter than initially estimated. Revised gross domestic product figures showed that the economy expanded at a 2.9 percent pace in the quarter, not the 2.5 percent first reported. The department also said that inflation was slightly lower.

"It would appear, therefore, that some of the more pessimistic forecasts being bandied about for third-quarter G.D.P. growth will be revised up in coming days," Joshua Shapiro, chief United States economist with MFR, wrote in a report yesterday.

The Commerce Department also reported that factory orders, excluding transportation equipment, rose 1.1 percent in July.

The Labor Department, meanwhile, reported a decline in the number of Americans filing first-time claims for unemployment benefits. The number of new claims fell by 2,000, bringing the total number of claims to 316,000. The government will report today on unemployment for August.

U.S. Spending Grew In July As Inflation Gauge Creeps Up (WSJ)

By Jeff Bater And Benton Ives-halperin

The Wall Street Journal, September 1, 2006

WASHINGTON -- Spending by Americans grew twice as fast in July compared with the preceding month, suggesting the economy isn't all that weak, while income rose in line with expectations and a gauge of price inflation crept higher.

Separately, U.S. factory orders fell in July, and the number of new applicants for unemployment insurance eased last week, indicating that labor markets remain relatively healthy.

In its monthly report on what Americans earn and spend, the Commerce Department on Thursday said personal income increased at a seasonally adjusted monthly rate of 0.5%, after climbing an unrevised 0.6% in June.

Personal consumption increased 0.8% in July, after an unrevised 0.4% climb in June. It was the largest spending gain since January, when outlays rose 0.9%.

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The July rates for both income and consumption matched the median estimates of 23 economists surveyed by Dow Jones Newswires.

A price index for personal consumption expenditures excluding food and energy increased by 0.1% in July, after rising 0.2% in June. Compared with a year earlier, this core PCE price index grew 2.4% in July, after increasing by 2.3% in June. The Federal Reserve watches the year-over-year index for signs of excessive inflation; the central bank's so-called comfort zone for this gauge is considered to be 1.0% to 2.0%.

After-tax income, also known as disposable personal income, increased 0.7% in July, following a 0.5% advance in June. The gain was the biggest since January's 0.9%.

Spending on durable goods -- designed to last three years or longer -- grew by 1.6% in July, after a 0.7% advance in June. Non-durable goods spending rose 1% in July after a 0.3% increase the previous month. July spending on services rose 0.6%, after 0.4% growth in June.

Personal saving as a percentage of disposable personal income was negative 0.9% in July -- the 16th month in a row the rate has been in negative territory.

Factory Orders Decline

Factory-goods orders decreased by 0.6%, after rising 1.5% during June, the Commerce Department said Thursday. June orders were originally estimated 1.2% higher. The decline was less than the 1% expected, and spending on capital goods excluding airplanes climbed.

Orders for durable goods fell 2.5%. The Commerce Department had originally estimated a 2.4% decrease. Durables rose 3.3% in June. Nondurable goods orders climbed by 1.6% in July, after decreasing by 0.4% during June. Unfilled orders, a sign of future demand, rose 1.3%.

Nondefense capital goods orders excluding aircraft -- a key barometer of investment by businesses -- increased by 1.6%, after rising 0.9% in June. Consumer-goods orders declined by 0.5% in July, after decreasing 0.7% in June. Consumer durable goods orders went 7.8% lower; consumer non-durables rose 1.7%.

Demand for transportation-related goods decreased in July by 10.1%, after rising 7% in June. Non-defense aircraft and parts orders fell by 10.6% and defense aircraft and parts orders climbed by 2.2%. Orders for motor vehicle bodies and parts advanced by 2.2%. Ships and boats plunged 56.6% after rising 120.2% in June.

Minus transportation orders, overall factory orders would have gone 1.1% higher. Demand rose 5.9% for computers and electronic products, 1.5% for machinery, and 1.7% for primary metals.

Bookings fell 1.6% for electrical equipment and appliances and 5.9% for fabricated metals. Capital goods orders were 1.8% lower in July. Demand for all nondefense capital goods -- business equipment meant to last 10 years or more -- increased by 0.4%. Defense capital goods fell by 16.4%. Excluding defense, all other durable goods decreased 0.2% in July. The report showed factory shipments remained flat in July. Inventories increased 0.6%.

Drop in Jobless Claims

Initial jobless claims decreased 2,000 to a seasonally adjusted 316,000 in the week ending Aug. 26, the Labor Department said Thursday. New claims for the week ended Aug. 19 were revised up to 318,000 from a previously reported 313,000.

The median estimate of 14 economists surveyed by Dow Jones Newswires had signaled jobless claims would rise 2,000 last week to 315,000. The four-week moving average of new claims rose 1,000 last week to 317,500. More broadly, the labor market remains fairly robust, with an overall unemployment rate of 4.8%.

Thursday's Labor report shows the number of workers drawing unemployment benefits for more than a week grew in the week ended August 19, the latest week for which such data are available. These continuing jobless claims increased 3,000 to 2,486,000.

The jobless rate for workers with unemployment insurance was 1.9%, unchanged from the previous week.

In all, 20 states and territories reported an increase in unadjusted claims for the week ended Aug. 19, while 33 reported a decrease. Ohio had the biggest increase, while North Carolina reported the largest decrease in new claims, citing fewer layoffs in the textile, lumber and furniture industries.

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Mixed Retail Results Breed Unease (WSJ)

By James Covert And Christopher Conkey

The Wall Street Journal, September 1, 2006

Consumers spent readily in July, the government said yesterday. But the nation's retailers reported mixed sales for August, stoking worries that a slowing U.S. housing market may damp the fall and holiday shopping seasons.

A clique of teen-targeting retailers delivered stellar gains, scoring a few fashion hits with skinny jeans and longer, '80s-style tops. But mall-based chains catering to their parents -- particularly department stores -- were a mixed bag. Big discounters struggled with flat or declining traffic as their customers continued to stock up on basics and make fewer shopping trips to save on gasoline.

SUMMER SALES

Make Your Own Chart: As the back to school season moved into full swing retail sales looked healthy1 in August, especially in the teen sector. Review the latest data from major retailers, including Gap, Target, Wal-Mart, J.C. Penney and Limited.

Sales at stores open at least a year, known as same-store sales, rose 2.8% in August compared with the same month a year ago, according to an index of 48 major chains compiled by the International Council of Shopping Centers. That was well short of the 3.7% pace logged during the first half of the year.

The Commerce Department report -- which covers a broader swath of spending, from gas stations and movie theaters to autos and milk -- was more encouraging. Consumer spending in July rose 0.8% from June, the largest monthly gain this year, and personal income grew 0.5% in July. (The figures are adjusted to remove usual seasonal fluctuations, but aren't adjusted for inflation.) The increase reflected higher vehicle sales as consumers took advantage of 0% financing and cash-back offers by the nation's auto dealers. But spending on other goods and services increased as well.

The growth in consumer spending, especially for things other than energy, has been cooling off in the face of higher interest rates and a slumping housing market. The broadest measure of consumer spending advanced at an inflation-adjusted 4.8% annual rate in the first quarter and grew by a more sluggish 2.6% in the second. Economists said the latest data suggest consumer spending could grow at a 3.5% pace in the third quarter, offsetting some of the negative effects of a likely drop in home building.

Highlights of the back-to-school season • Tax holidays and summer clearances helped to drive retail traffic.

• Consumers made purchases closer to the start of school year.

• Parents were more cautious about spending, focusing on shopping-list essentials and bypassing discretionary items.

• Denim is a key item, especially slim-fit and skinny jeans, plus fleeced hoodies and striped hoodie shirts, Polo tops and screen tees, according to the International Council of Shopping Centers.

While higher gasoline prices dogged less-affluent shoppers at the height of the summer, the recent headlines about a cooling housing market and declining home prices in many regions may be having a psychological impact on the middle- and upper-income set, says Michael Niemira, chief economist for the shopping center council. "Housing ... is the story of the second half -- more so than gasoline prices -- and the picture points to a lot more weakness for the remainder of the year," he said.

Wal-Mart Stores Inc. said its same-store sales rose 2.7% in August compared with August 2005, hitting the high end of its forecast for a 1% to 3% gain. While the Bentonville, Ark., retailer said customer traffic declined, sales gained momentum throughout the month, with customers responding well to electronics items and apparel for the back-to-school season.

But Wal-Mart said it expects September same-store sales to increase just 1% to 3%.

Target Corp., Wal-Mart's smaller, trendier discount rival, reported a 2.8% increase, even though traffic in its stores was flat, perhaps a reflection of higher gasoline prices. The increase was "driven entirely" by an increase in the sum spent by each shopper, the company said.

Luxury retailers continued to prosper, though, with Neiman Marcus Group Inc. delivering a solid 4.4% same-store sales gain and Nordstrom Inc. posting a 7.1% gain. Federated Department Stores Inc.'s 3.8% increase was at the high end of its expectations. But the company's Macy's and Bloomingdale's chains likely were picking up sales lost at more than 400 stores the company purchased from May Department Stores Co., which weren't counted in the tally. Many of the May stores will be converted to Macy's next month.

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J.C. Penney Co., based in Plano, Texas, noted "softer sales of big-ticket items, particularly furniture," in reporting flat same-store sales. Kohl's Corp., Penney's archrival based in Menomonee Falls, Wis., did better, posting a 5.2% same-store sales increase.

Back-to-school sales sizzled at popular teen chains such as Abercrombie & Fitch Co., which posted a 6% same-store sales rise. Its lower-priced rival American Eagle Outfitters Inc. notched an 11% gain and Bebe Stores Inc. saw a 13% increase. Some of those gains likely came at the expense of Gap Inc., which continued to hemorrhage customers. Same-store sales rose 2% at the company's Banana Republic stores, but fell 11% and 8%, respectively, at the Gap and Old Navy chains.

Not all chains report sales on a monthly basis. Same-store sales reports, while providing one indicator of consumer-spending trends, miss many online purchases and other kinds of retail spending.

Despite the worries about housing, a recent survey by Accenture found that U.S. shoppers plan to spend "at least as much as last year" on back-to-school items, said Janet Hoffman, managing partner of the consulting firm's North American retail practice.

The Commerce Department said the Federal Reserve's preferred price gauge, the price index of personal consumption expenditures excluding food and energy, rose a less-than-expected 0.1% in July from June, adding to the conviction that the Fed won't raise rates in September. Prices in July stood 2.4% higher than a year earlier.

The Commerce Department also said factory orders in July fell 0.6% from June, largely because of a plunge in the volatile transportation sector sparked by lower bookings for aircraft. Orders for capital goods excluding defense and aircraft, a useful measure of business investment, rose 1.6%, slightly faster than the previous estimate and an encouraging sign that business may pick up the slack if consumer spending falters.

Separately, the Labor Department reported that initial unemployment claims fell by 2,000 last week to 316,000, a level that has remained consistent in recent weeks and suggests little change in the employment picture.

Write to James Covert at james.covert@dowjones.com2 and Christopher Conkey at christopher.conkey@wsj.com3

<hr/> Back-to-School Sales

With consumers taking a value-oriented approach to back-to-school shopping, here's a closer look at some retailers that are expected to do well this season based on merchandise and store traffic, and others that are likely to struggle, based on analysts forecasts.

Bernanke Defends 'Core' Focus (WSJ)

By Michael S. Derby

The Wall Street Journal, September 1, 2006

Federal Reserve Chairman Ben Bernanke said controlling what happens with "core" inflation in the near term helps contain the overall pace of inflation in the longer term.

The Fed has been criticized for being too sanguine in the face of rising energy costs. Critics also have said that by focusing on core inflation, which strips out swings in food and energy prices, monetary policy is failing to address some of most important forces facing consumers. (Read the full speech.1)

But Mr. Bernanke, in comments yesterday to the audience after a speech in Greenville, S.C., said that the central bank's focus on core inflation is more important in the short run. The Fed, in the short run, tolerates the pressure rising energy prices exert on headline price measures, Mr. Bernanke said. "Our objective is to make sure it doesn't pass though into other wages and prices, in other words, that there are not second-round effects," he said.

"In the long run, what we would like to control is headline inflation," Mr. Bernanke said, "After all, that's what is determining the value of money, and it's what people need for their planning," along with being the force that "affects real wages and real incomes," he said.

"It is very difficult to eliminate the inflationary impact of the immediate effects of an increase in energy prices," he said. "Doing so would require forcing down wages and other prices quite dramatically to keep the overall price level from rising."

Mr. Bernanke also said he expects productivity to stay at a "healthy level" that resembles the pace of recent years. He also said changing demographic patterns suggest that, over time, the potential U.S. growth rate well may be lower than it is now.

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Markets Barely Budge As Investors Take Data In Stride, Traders Vacation (WSJ)

By Peter A. Mckay

The Wall Street Journal, September 1, 2006

SO MUCH DATA, so little certainty.

Investors digested a raft of economic releases, along with a speech by Federal Reserve Chairman Ben Bernanke, who said strong productivity growth could continue "for some time." But as has been the case in recent days, investors seemed ambivalent about what it all meant with regard to inflation and the direction of interest rates.

The Dow Jones Industrial Average finished the month of August with a gain of 1.8% -- its best monthly performance since April.

For most of the day, the stock market hovered a little above where it had closed the day before. A round of selling in the last few minutes caused major market indicators to finish just a hair lower, ending a three-day winning streak.

The Dow closed 1.76 points lower at 11381.15, and is now up 6.2% on the year. The broad-based Standard & Poor's 500-stock index edged down 0.45 point to 1303.82, leaving it up 4.4% on the year. On the day, both indexes were nearly unchanged in percentage terms. The Nasdaq Composite Index fell 1.98 points, or 0.1%, to 2183.75, off 1% on the year.

The Nasdaq and S&P had their best months since January.

"Rather than getting all sussed, the market is taking things in stride for now," said Gordon Fowler, chief investment officer at Philadelphia money-management firm Glenmede Trust. "People are beginning to believe Mr. Bernanke's story about a gradual slowdown. But to be certain, they want to see more data."

In particular, Mr. Fowler said, the stock market is keen to see the next reports on changes in prices paid by consumers and producers.

Yesterday, the Commerce Department reported that personal consumption rose 0.8% in July, larger than the 0.4% rise in June. However, an index tracking personal consumption expenditures, excluding volatile food and energy prices, rose by 0.1% last month, less than the 0.2% rise in June. A closely watched inflation gauge within the consumption report, the PCE index, rose 2.4% in July, suggesting an inflation rate above the 2% considered benign by the Fed.

Separately, the Labor Department announced that first-time claims for unemployment benefits fell by 2,000 in the week ended Aug. 26 to a seasonally adjusted total of 316,000. The decline countered Wall Street expectations for a rise of 2,000 claims.

Such surprises might usually raise inflation fears and spark an avalanche of trades in response. But analysts said that so many traders are on vacation that those remaining at their desks aren't ascribing conviction to the market's daily swings.

"There's not a lot of liquidity in the market right now," said Chas Mancuso, a Treasury futures broker at Fimat USA LLC, a unit of French bank Société Générale SA. "When the summer ends, it might be a different story."

Other government releases for July showed rising disposable income, rising spending on durable goods, and falling U.S. factory orders for July.

Outside the U.S., stocks were slightly higher in dollar terms, including a 1.7% rally in Tokyo. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.07 point, or 0.03%, to 220.05.

In major U.S. market action:

Stocks fell, and bond prices rose. The 10-year note gained 6/32 point, or $1.88 for each $1,000 invested, pushing the yield down to 4.738%.

The dollar was stronger. Against the Japanese currency, the dollar rose to 117.38 yen, compared with 117.07 yen. The euro fell to $1.2812, from $1.2837.

Investors Decide Glass Is Half Full For Stocks (USAT)

By Adam Shell

USA Today, September 1, 2006

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NEW YORK — Wall Street worries a lot. For most of the summer, potential what-if worries for the stock market, such as terrorism, a housing collapse, a mistake by the Federal Reserve and a nuclear Iran, have canceled out pluses spelled out in lists of positives.

Until now. In recent weeks, the perceived minuses have not led to losses for stocks. In fact, stocks have quietly rallied since early August, in large part because investors are placing more weight on good news than bad.

For example, even though a recent report by Citigroup chief U.S. equity strategist Tobias Levkovich ticks off a dozen potential negatives, a shorter list of eight positive factors now seems to be carrying more clout with investors.

The cease-fire in Lebanon calmed some fears of escalating Middle East tensions. The Fed's decision to not raise its target for short-term interest rates in August reduced fears about future rate increases. Oil's recent dip to around $70 a barrel quieted talk of a superspike to $100. Corporate earnings and the deal market continue to chug along, dampening fears of a profit recession.

In short, investors are now focusing more on the bright side and less on potential drags ranging from an outbreak of avian flu to a world economy paralyzed by terrorism, says Peter Cardillo, chief market strategist at S.W. Bach.

Despite a limp finish, August was the best month for the Nasdaq (up 4.4%) and the S&P (up 2.1%) since January. The Dow is just 2.9% off its all-time high.

"The message of the markets is that things might be a little better than the pessimists are saying," says Michael Holland, chairman of money management firm Holland & Co.

Investors, in essence, are betting that the Fed's two-year campaign of rate increases will slow the economy but not cause a recession. Good news in the form of a so-far-mild hurricane season, a half-percentage-point drop since late June in the yield on the 10-year Treasury note to a five-month low, and moderating energy prices have offset some of the recent negativity.

While the "absence of bad news" has lifted stock prices, many investors believe the negatives still outweigh the positives. This camp won't rule out a more severe economic slowdown than optimists expect, says Hugh Johnson, chief investment officer at Johnson Illington Advisors. "I'm still guarded on the outlook," he says.

The fact that there is such lingering skepticism is another potential positive sign. "Investor sentiment has become excessively bearish," says Bruce Bittles, chief investment strategist at R.W. Baird, adding that all the angst is already reflected in stock prices.

Getting Past Katrina (NYT)

By Juan Williams

The New York Times, September 1, 2006

Washington

A YEAR ago this week, the entire nation caught a chilling look in the mirror. We watched as the citizens of New Orleans, clutching their essential belongings in plastic trash bags, struggled through fetid flood waters in search of shelter. But even with all that's been said and written on this painful anniversary, one of the real issues remains unaddressed.

The shock of Hurricane Katrina awoke many of us to the reality that poverty persists, especially among African-Americans. It persists even after the go-go 1990's, the welfare-to-work reform of the Clinton years and the passage of earned-income tax credits to put more money in the pockets of the working poor.

In fact, poverty in the United States has been on the rise since the start of the new century. The number of Americans in poverty is now 12.6 percent overall, essentially holding steady after having risen for four years. The number of the nation's children in poverty — also climbing until last year — is even more alarming, at close to 18 percent. But even before the great storm, New Orleans was a city of concentrated poverty: nearly a quarter of the population, about double the national average. And the poverty rate among New Orleans blacks (nearly 70 percent of the city's population) was a sky-high 35 percent.

For a brief time our guilt and shame seemed to put America on the political edge of a new try at something like a 1960's-era Great Society program. But that newfound energy was squandered amid racial and political arguments.

First, the left made the case that the reason the government was failing to help the desperate, bedraggled poor people left behind in New Orleans was that the faces on television were black — and a Republican administration ruled in Washington. The

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power of that argument failed when it became apparent that poor white people, both in New Orleans and throughout the Gulf Coast, had also suffered because of FEMA's incompetence.

The right, meanwhile, depicted the poor — that is to say the black poor, because TV cameras focused on the big city — as looters, rapists and criminals. But when those claims turned out not to be true, there was no return to the core issue of how to help the poor escape poverty.

A year later, the best the national political class can do with American poverty is to renew stalemated conversations about increasing the minimum wage. The will to create innovative programs is missing because of a national consensus few people dare to say out loud: Americans believe that the poor can help themselves.

A Pew Research Center poll (conducted the week after Hurricane Katrina) found that two-thirds of black Americans and three-quarters of white Americans believe that too many poor people are overly dependent on government aid. Inside those numbers is the sense that welfare programs meant to help the poor create a dependency on handouts, draining people of the confidence, will to work and values that are crucial to success.

This is telling, because people of color and especially black Americans are more likely than whites to know someone who is struggling with poverty. According to the Census Bureau, 24.7 percent of black Americans and 21.9 percent of Hispanics lived in poverty in 2004, as compared to 8.6 percent of whites. Interestingly, the same proportion of black Americans who say the black poor need to do more to help themselves also told pollsters that they felt the government would have done more to aid victims of Hurricane Katrina had those victims been white. But it's clear that even with a strong racial consciousness, black people believe that the poor bear some responsibility for their troubles.

There is good reason for a majority of Americans to hold that belief. For anyone who wants to get out of poverty, the prescription is clear.

Finish high school, at least. Wait until your 20's before marrying, and wait until you're married before having children. Once you're in the work force, stay in: take any job, because building on the experience will prepare you for a better job. Any American who follows that prescription will be at almost no risk of falling into extreme poverty. Statistics show it.

The suspicion that the poor cause problems for themselves was at the heart of President Clinton's effort to "end welfare as we know it." It is also the guiding principle in the latest wave of poverty programs. Backed by private dollars from nonprofits and foundations, these programs encourage individual responsibility by rewarding the poor for getting high school diplomas, finding jobs and being good parents. There are programs to help determined inner-city residents find good jobs in the suburbs, where they can live in neighborhoods that haven't been defined for generations by the bad schools and rampant crime that breed poverty. The emphasis is on nurturing a will to do better.

Bill Cosby's controversial appeal, in 2004, for the poor to see — and seize — the opportunities available to them is in line with the inspiring African-American tradition of self-help and reliance on strong families and neighbors. There were complaints that he was blaming the victim, minimizing the power of racism, and failing to understand that larger social forces keep the poor — especially black poor — at the bottom of the economic ladder. But Mr. Cosby's critics ignored some sound advice: getting those in need to recognize that there is a way out, and that it's in their power to find it, is the best anti-poverty program.

The crisis in New Orleans has now been reduced to a matter of government financing for rebuilding homes while reviving the business community. But the real rebuilding project on the Gulf Coast requires bringing new energy to confronting the poverty of spirit. Because that's what was tearing down the city, long before Hurricane Katrina.

Perfect Storm For The Poor (WP)

By E. J. Dionne Jr.

The Washington Post, September 1, 2006

After a week of remembering the horrors of Hurricane Katrina, the most depressing realization is how easily our leaders forgot their fervent promises to lift up our nation's poorest citizens.

All manner of politicians and columnists said in Katrina's wake that this was the time to revisit the problems of the destitute. The anguish of the people of New Orleans's Lower Ninth Ward would have at least some redemptive power if the country took poverty seriously again.

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It didn't happen. The innovative ideas that came from all sides were swept off the table. The poor became unfashionable once more. Congressional conservatives changed the conversation. A concern for the struggling gave way to debate over how to offset spending on Katrina with budget cuts -- directed in large part at programs for the needy.

Perhaps the release of the Census Bureau's annual report on income, poverty and health insurance coverage in this particular week is a sign that God and statisticians have a sense of humor. The report reinforces what we knew at the time of Katrina -- that the poor are still with us and that the middle class keeps losing ground.

The "good" news is that the poverty rate, the proportion of Americans who are poor, didn't change much between 2004 and 2005, falling in a statistically insignificant way from 12.7 percent to 12.6 percent. The bad news is that the poverty rate, having risen steadily in recent years, is still higher than it was in 2001, when it stood at 11.7 percent.

Worse is that the proportion of the poor who are very poor has risen. People are considered in deep poverty if they have half or less of the yearly income of those at the poverty line. In 2005 half the poverty line for a family of three was $7,788; for a family of four it was $9,985. (Try living on that.) According to the new report, 43.1 percent of poor people lived in that sort of deep poverty -- a record since 1975, when the government started assembling such statistics.

In the six economic recoveries since the early 1960s, this is the first time the poverty rate was higher in the recovery's fourth year than it was when the recession was at its worst.

The number of Americans without health insurance rose, too, to 46.6 million in 2005, up from 45.3 million in 2004 and 41.2 million in 2001. The proportion without insurance is up from 14.6 percent in 2001 to 15.9 percent in 2005.

What about the middle class? Yes, the median income of American households rose by 1.1 percent last year after five years of decline. But most of the growth was in households headed by Americans 65 and over -- who are helped, rightly, by substantial government benefits. In households headed by people under 65, incomes fell yet again.

Want to know why so many men out there are mad? Check out Table A-2 on Page 38 of the Census report. (I'm grateful to my friend Bill Galston for calling it to my attention.) Adjusted for inflation, men's earnings were lower in 2005 than they were in 1973.

Dear liberals, who worry about the political leanings of angry men, and dear conservatives, who exploit that anger, do you have any proposals to end this income stagnation?

Yes, women have been slowly closing the gender gap in income. Among full-time, year-round workers, women earn 77 percent of what men do, compared with 57 percent in 1973.

But in the most recent year, the gap closed because women lost income at a slightly slower rate than men did. Between 2004 and 2005, the earnings for those working full time year-round dropped 1.8 percent for men and 1.3 percent for women. That's not how most women imagine achieving equality.

The census had some very good news for the well-to-do. The top fifth of American households received 50.4 percent of all income last year, the highest proportion since 1967, when the Census Bureau started following that trend. The biggest gains were concentrated in the top 5 percent.

"The economy is growing, and someone is getting the growth," said Sharon Parrott, a senior analyst at the liberal Center on Budget and Policy Priorities. "So now we know who it is."

President Bush and the Republican Congress, take a bow: You took power to make the well-off even better off, and you have succeeded brilliantly.

As for the poor and the middle class, maybe they'll do better after the next hurricane, or the one after that.

The Big Disconnect (NYT)

By Paul Krugman

The New York Times, September 1, 2006

There are still some pundits out there lecturing people about how great the economy is. But most analysts seem to finally realize that Americans have good reasons to be unhappy with the state of the economy: although G.D.P. growth has been pretty good for the last few years, most workers have seen their wages lag behind inflation and their benefits deteriorate.

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The disconnect between overall economic growth and the growing squeeze on many working Americans will probably play a big role this November, partly because President Bush seems so out of touch: the more he insists that it's a great economy, the angrier voters seem to get. But the disconnect didn't begin with Mr. Bush, and it won't end with him, unless we have a major change in policies.

The stagnation of real wages — wages adjusted for inflation — actually goes back more than 30 years. The real wage of nonsupervisory workers reached a peak in the early 1970's, at the end of the postwar boom. Since then workers have sometimes gained ground, sometimes lost it, but they have never earned as much per hour as they did in 1973.

Meanwhile, the decline of employer benefits began in the Reagan years, although there was a temporary improvement during the Clinton-era boom. The most crucial benefit, employment-based health insurance, has been in rapid decline since 2000.

Ordinary American workers seem to understand the long-term disconnect between economic growth and their own fortunes better than most political analysts. Consider, for example, the results of a new poll of American workers by the Pew Research Center.

The center finds that workers perceive a long-term downward trend in their economic status. A majority say that it's harder to earn a decent living than it was 20 or 30 years ago, and a plurality say that job benefits are worse too.

Are workers simply viewing the past through rose-colored glasses? The report seems to imply that they are: a section pointing out that workers surveyed in 1997 also said that it had gotten harder to make a decent living is titled, "As usual, people say things were better in the good old days."

But as we've seen, real wages have been declining since the 1970's, so it makes sense that workers have consistently said that it's harder to make a living today than it was a generation ago.

On the other side, workers' concern about worsening benefits is new. In 1997, a plurality of workers said that employment benefits were better than they used to be. That made sense: in 1997, the health care crisis, which had been a big political issue a few years earlier, seemed to have gone into remission. Medical costs were relatively stable, and in a tight labor market, employers were competing to offer improved benefits. Workers felt, rightly, that benefits were pretty good by historical standards.

But now the health care crisis is back, both because medical costs are rising rapidly and because we're living in an increasingly Wal-Martized economy, in which even big, highly profitable employers offer minimal benefits. Employment-based insurance began a steep decline with the 2001 recession, and the decline has continued in spite of economic recovery.

The latest Census report on incomes, poverty and health insurance, released this week, shows that in 2005, four years into the economic expansion, the percentage of Americans with private insurance of any kind reached its lowest level since 1987. And Americans feel, again correctly, that benefits are worse than they used to be.

Why have workers done so badly in a rich nation that keeps getting richer? That's a matter of dispute, although I believe there's a large political component: what we see today is the result of a quarter-century of policies that have systematically reduced workers' bargaining power.

The important question now, however, is whether we're finally going to try to do something about the big disconnect. Wages may be difficult to raise, but we won't know until we try. And as for declining benefits — well, every other advanced country manages to provide everyone with health insurance, while spending less on health care than we do.

The big disconnect, in other words, provides as good an argument as you could possibly want for a smart, bold populism. All we need now are some smart, bold populist politicians.

Rendezvous With Oblivion (NYT)

By Thomas Frank

The New York Times, September 1, 2006

Over the last month I have tried to describe conservative power in Washington, but with a small change of emphasis I could just as well have been describing the failure of liberalism: the center-left's inability to comprehend the current political situation or to draw upon what is most vital in its own history.

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What we have watched unfold for a few decades, I have argued, is a broad reversion to 19th-century political form, with free-market economics understood as the state of nature, plutocracy as the default social condition, and, enthroned as the nation's necessary vice, an institutionalized corruption surpassing anything we have seen for 80 years. All that is missing is a return to the gold standard and a war to Christianize the Philippines.

Historically, liberalism was a fighting response to precisely these conditions. Look through the foundational texts of American liberalism and you can find everything you need to derail the conservative juggernaut. But don't expect liberal leaders in Washington to use those things. They are "New Democrats" now, enlightened and entrepreneurial and barely able to get out of bed in the morning, let alone muster the strength to deliver some Rooseveltian stemwinder against "economic royalists."

Mounting a campaign against plutocracy makes as much sense to the typical Washington liberal as would circulating a petition against gravity. What our modernized liberal leaders offer — that is, when they're not gushing about the glory of it all at Davos — is not confrontation but a kind of therapy for those flattened by the free-market hurricane: they counsel us to accept the inevitability of the situation and to try to understand how we might retrain or re-educate ourselves so we will fit in better next time.

This last point was a priority for the Clinton administration. But in "The Disposable American," a disturbing history of job security, Louis Uchitelle points out that the New Democrats' emphasis on retraining (as opposed to broader solutions that Old Democrats used to favor) is merely a kinder version of the 19th-century view of unemployment, in which economic dislocation always boils down to the fitness of the unemployed person himself.

Or take the "inevitability" of recent economic changes, a word that the centrist liberals of the Washington school like to pair with "globalization." We are told to regard the "free-trade" deals that have hammered the working class almost as acts of nature. As the economist Dean Baker points out, however, we could just as easily have crafted "free-trade" agreements that protected manufacturing while exposing professions like law, journalism and even medicine to ruinous foreign competition, losing nothing in quality but saving consumers far more than Nafta did.

When you view the world from the satisfied environs of Washington — a place where lawyers outnumber machinists 27 to 1 and where five suburban counties rank among the seven wealthiest in the nation — the fantasies of postindustrial liberalism make perfect sense. The reign of the "knowledge workers" seems noble.

Seen from almost anywhere else, however, these are lousy times. The latest data confirms that as the productivity of workers has increased, the ones reaping the benefits are stockholders. Census data tells us that the only reason family income is keeping up with inflation is that more family members are working.

Everything I have written about in this space points to the same conclusion: Democratic leaders must learn to talk about class issues again. But they won't on their own. So pressure must come from traditional liberal constituencies and the grass roots, like the much-vilified bloggers. Liberalism also needs strong, well-funded institutions fighting the rhetorical battle. Laying out policy objectives is all well and good, but the reason the right has prevailed is its army of journalists and public intellectuals. Moving the economic debate to the right are dozens if not hundreds of well-funded Washington think tanks, lobbying outfits and news media outlets. Pushing the other way are perhaps 10.

The more comfortable option for Democrats is to maintain their present course, gaming out each election with political science and a little triangulation magic, their relevance slowly ebbing as memories of the middle-class republic fade.

Claim Of Stem-Cell Breakthrough Attracts Scrutiny For Accuracy (WSJ)

By Antonio Regalado

The Wall Street Journal, September 1, 2006

A company that last week claimed a breakthrough in creating stem cells without harming embryos is coming under scrutiny for the accuracy of its statements, renewing questions about the credibility of stem-cell science.

The stock of the company, Advanced Cell Technology Inc., Alameda, Calif., soared after it issued a news release saying it had created embryonic stem cells "using an approach that does not harm embryos." The method, which appeared to short-circuit ethical concerns raised by the Bush administration over stem-cell research, was widely reported in the media.

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Yesterday, following concerns raised by critics, Advanced Cell confirmed that none of the embryos used in its experiments, published by the journal Nature, had actually survived the process. The embryos' failure to survive wasn't previously made clear by the company, and critics are now charging the company misled the public and investors.

William M. Caldwell, Advanced Cell's CEO, said its company's claims were accurate because its method of removing individual cells from embryos is used in a different field -- diagnostic testing -- without harming embryos. Therefore, in principle, he said, it could also be used to create stem cells without harming embryos.

"We did not put out anything misleading," said Mr. Caldwell, whose company announced a financing round last week to coincide with the attention created by its paper. Robert Stanislaro, an assistant vice president at Financial Dynamics, a public-relations firm with headquarters in New York and London, who said he wrote and sent the release with ACT's approval, also defended the wording, saying it was "not at all" misleading. "Technically, the embryos were disposed of," Mr. Stanislaro added.

The British journal Nature, which published the paper, added to the confusion last week by issuing a news release saying ACT had created stem cells "while leaving the embryo intact." The journal, which plays a central role in vetting and publicizing important scientific research, issued a correction to its release two days later.

Ruth Francis, a Nature spokeswoman, blamed the error on short staffing, saying editors were unavailable, and "we ended up with communication problems."

ACT's shares fell 17 cents, or 22%, to 61 cents in over-the-counter trading.

GOP Lags In Key Races For Senate (USAT)

By Susan Page And Jill Lawrence

USA Today, September 1, 2006

As the Labor Day weekend launches a final nine weeks of campaigning, USA TODAY/Gallup Polls in five key states show Democrats poised to gain Senate seats but facing an uphill battle to regain control.

Democrats seem more likely to carry the House in the Nov. 7 elections, which are being shaped by voters' unease over Iraq, jobs and health care and a sense that the nation is on the wrong track.

“The environment for the majority party is extremely bad,” says political scientist David Rohde of Duke University. “There's certainly plenty of time for things to be shaken up … (but) it would take something really huge” to turn around GOP fortunes.

In the House, the number of seats independent analysts rate as up for grabs has been swelling. Since January, Stuart Rothenberg of the non-partisan Rothenberg Political Report has doubled the number ranked “most competitive.” Of 39 seats now in that category, 35 are held by Republicans. He predicts Democrats will pick up the 15 seats they need to control the House.

In the Senate, Democrats need to gain six seats, which would require winning at least two races where Republicans are now favored. The statewide polls found some GOP senators already in trouble:

•In Pennsylvania, Sen. Rick Santorum trailed Democrat Bob Casey by 18 percentage points among likely voters, by 14 points among registered voters.

•In Ohio, Sen. Mike DeWine was behind Democrat Sherrod Brown by 6 points among likely voters, by 2 points among registered voters.

•In Montana, three-term Sen. Conrad Burns, who has faced questions in the Jack Abramoff lobbying scandal, was in a close race with Democrat Jon Tester. Tester led by 3 points among likely voters; Burns led by 2 points among registered voters.

•In Missouri, Sen. Jim Talent held a 6-point lead among likely voters over Democrat Claire McCaskill. The two were tied among registered voters.

•In Minnesota, where Republicans hope to pick up an open seat, Democrat Amy Klobuchar led Republican Mark Kennedy by 10 points among likely voters, by 7 points among registered voters.

The state's gubernatorial race was almost even: GOP incumbent Tim Pawlenty trailed Democrat Mike Hatch by a single point among likely voters but led him by 4 points among registered voters.

In other gubernatorial contests, two African-American candidates nominated by the GOP trailed by overwhelming margins. Pennsylvania Gov. Ed Rendell, a Democrat, held a 22-point lead among likely voters over Republican Lynn Swann. In Ohio, Democrat Ted Strickland led Republican Ken Blackwell by 16 points.

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Nine of 10 African-American voters were backing Rendell; six of 10 were backing Strickland.

Why Senate Will Be Tougher For Democrats To Take Back (WSJ)

By Jackie Calmes

The Wall Street Journal, September 1, 2006

WASHINGTON -- As Republicans' woes have built in the 2006 campaign season, handicappers of all stripes have been steadily raising expectations that Democrats can recapture control of the House. But few go so far as to predict Democrats will seize the Senate.

The explanation lies in the math and the map for the year's Senate races: Both are daunting for Democrats. Since Republicans now have a 55-45 majority (with 44 Democrats and a Democratic-leaning independent), Democrats need a net gain of six seats to gain a majority of 51; with a 50-50 split, Vice President Cheney, as president of the Senate, would break a tie in Republicans' favor.

With one-third of the 100 Senate seats up for election every two years, the 2006 group includes 18 now held by Democrats and 15 by Republicans. That means Democrats have more seats to defend, and fewer Republican seats they can capture. Of the 15 Republican seats, nearly half -- seven -- are out of Democrats' reach. Those are held by entrenched incumbents mostly from red-Republican states, such as Mississippi's Trent Lott, Indiana's Richard Lugar and Utah's Orrin Hatch.

Of the remaining eight Republican seats, two belong to Virginia's George Allen and Arizona's John Kyl. While both have political problems and credible rivals, they still are favored for re-election, absent a big anti-Republican wave.

That leaves six Republican targets -- exactly the number Democrats need. They would have to run the table, knocking out five well-funded incumbents and electing Rep. Harold Ford Jr. to the Tennessee seat that retiring Senate Majority Leader Bill Frist is vacating.

Even in 1994, amid Democrats' huge losses that cost them control of Congress, Republicans then were able to beat just two Democratic Senate incumbents. Mr. Ford would have to become the first African-American ever to win statewide office in Tennessee.

This year's most vulnerable Republicans are Pennsylvania's Rick Santorum, Ohio's Michael DeWine, Missouri's Jim Talent, Montana's Conrad Burns and Rhode Island's Lincoln Chafee, who first faces a tough party primary challenge Sept. 12.

Assume that Democrats do take six Republicans' seats. They still will have a Senate majority only if they also retain all 18 of their current seats. Most are safe. Yet Democrats are fretful to varying degrees over a few seats -- the ones held by Washington's Maria Cantwell, Michigan's Debbie Stabenow and New Jersey's Robert Menendez, along with open seats in Minnesota and Maryland.

Few outside the Democratic Senatorial Campaign Committee are betting money on a majority-Democratic Senate yet. One factor does argue for placing a wager on Senate Democrats: Senate races, being statewide and higher-profile, are more sensitive to national trends than locally oriented House contests. In recent years, nearly all close Senate races have tended to break one way on Election Day, depending on the prevailing national winds.

Inside Politics (WT)

By Greg Pierce

The Washington Times, September 1, 2006

Cold shoulder

Sen. Joe Lieberman, whose independent re-election bid is rankling Democrats, says he expects a cold shoulder or two from Senate colleagues when he returns to Washington next week.

"Obviously, some of my colleagues may be coming up more directly to embrace me; some may be looking to avoid eye contact," the Connecticut senator said in a telephone interview yesterday with the Associated Press. "I'm just going to do my job, and that will be that."

The three-term lawmaker is defying his party after his primary loss to Ned Lamont. Democratic leaders, including Senate Minority Leader Harry Reid of Nevada and other prominent senators, have abandoned Mr. Lieberman and rallied behind Mr. Lamont.

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Mr. Lieberman said he is determined to stay his independent course — and is careful to separate personal relations from politics.

"I'm intent on making it business as usual as much as possible, which is to do my job for the people of Connecticut," Mr. Lieberman said of his return to Capitol Hill.

"I feel like I've got good personal relations with most of my colleagues, apart from the politics," he said. "We're all pros, and campaigns come and go."

Chafee trails

A new Rhode Island College poll finds that Sen. Lincoln Chafee, a liberal Republican, is in real danger of losing the Sept. 12 primary to conservative challenger Stephen Laffey, the mayor of Cranston.

The poll, conducted Aug. 28 to30 by the Bureau of Government Research and Services at Rhode Island College, shows Mr. Laffey with a wide advantage. The poll surveyed 363 likely Republican primary voters and found that 51 percent would vote for Mr. Laffey, 34 percent would vote for Mr. Chafee and 15 percent are undecided. Mr. Laffey's lead seems to be widening — a poll conducted by the center in June showed Mr. Laffey at 39 percent and Mr. Chafee at 36 percent.

Candidate out

A Democratic former congressman has dropped out of the crowded free-for-all race against Republican incumbent Rep. Henry Bonilla for a newly drawn congressional district in Texas.

Former Rep. Ciro Rodriguez was one of six Democrats who filed to run in the special election for the 23rd Congressional District, which Mr. Bonilla has represented since 1992.

"I'm not going to be running, and that's my decision based on family and personal reasons," said Mr. Rodriguez, adding that he hadn't raised enough money to put up a competitive campaign.

A federal three-judge panel redrew five districts in August after a Supreme Court ruling that said a 2003 redistricting of Texas' congressional map created a 23rd District that violated the Voting Rights Act by diluting Hispanic voting strength.

The special races on Nov. 7 pit all certified candidates against one another in each district, regardless of party. If no one gets more than 50 percent of the vote, the two candidates who receive the most votes in each district will face off in December, the Associated Press reports.

Conspiracy theory

Ohio Secretary of State J. Kenneth Blackwell said he will do what he can to keep ballots from the 2004 presidential election beyond their scheduled destruction date in response to a federal lawsuit filed yesterday.

In an Aug. 23 letter to Mr. Blackwell, voting-rights lawyer Cliff Arnebeck asked Mr. Blackwell to preserve the ballots in connection with the legal action. He said the individuals and public-interest groups he represents have found irregularities and anomalies among the ballots they have reviewed so far, and they want to keep digging.

Federal law says the Secretary of State's Office is required to keep ballots for 22 months after a federal election.

Mr. Arnebeck's sweeping lawsuit accuses Mr. Blackwell of violating state and federal laws and the U.S. Constitution by "inequitably distributing voting resources, suppressing votes and spoiling ballots" in 2004, the letter said.

Blackwell spokesman James Lee emphasized, however, that county elections boards have the final say regarding what happens to the records.

Mr. Lee said that the lawsuit is based on a faulty understanding of Blackwell's statutory duties as the state elections chief, the Associated Press reports.

"Anyone who is objectively looking at the election system in Ohio knows that we have a bipartisan voting system that is run primarily at the county level, that bipartisan boards determined whether to place individual voting machines," he said.

Unlikely scenario

The California Legislature passed a bill that would give California's 55 electoral votes to the winner of the national popular vote, rather than the candidate who captured the state — but for now, the measure stands a slim chance of becoming reality.

That's because it could go into effect only if states with a combined total of 270 electoral votes — the number now required to win the presidency — agree to the same process.

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Similar legislation is pending in Colorado, Illinois, Louisiana and Missouri, which have a combined 50 electoral votes. With California's 55, the legislation would still be less than halfway there.

The movement is a reaction to the 2000 presidential contest, when Democrat Al Gore won the nationwide popular vote, but lost the presidency to George W. Bush.

Democrats control the California Legislature. Gov. Arnold Schwarzenegger, a Republican, has yet to take a public position on the bill, passed Wednesday.

Primary leader

Rep. Katherine Harris holds a double-digit lead in the race for Florida's Republican U.S. Senate nomination less than a week before the primary, according to a poll released yesterday.

However, the poll also indicates that a large number of Republicans haven't settled on a candidate, and about a third of those supporting Mrs. Harris said they still might change their minds.

"If Representative Harris had only one opponent, she might be in deep trouble," said Peter Brown, assistant polling director for the Quinnipiac University Polling Institute, which conducted the survey last week. "But having three candidates splitting the anti-Harris vote is a major plus for her."

Mrs. Harris was favored by 38 percent of 317 likely Republican voters.

William McBride, a 34-year-old lawyer, was supported by 22 percent; retired Navy Adm. LeRoy Collins Jr. of Tampa was backed by 11 percent; and Peter Monroe, a real estate developer from Safety Harbor, received 3 percent.

The winner of the Sept. 5 primary faces incumbent Sen. Bill Nelson, a Democrat, in the November general election.

Burns Says Terrorists Drive Taxis By Day (AP-Y)

By Matt Gouras

AP, September 1, 2006

Republican Sen. Conrad Burns, whose recent comments have stirred controversy, says the United States is up against a faceless enemy of terrorists who "drive taxi cabs in the daytime and kill at night."

During a fundraiser Wednesday with first lady Laura Bush, the three-term Montana senator talked about terrorism, tax cuts and the money he has brought to his state. Burns is one of the more vulnerable Senate incumbents, facing a tough challenge from Democrat Jon Tester.

He has drawn criticism in recent weeks for calling his house painter a "nice little Guatemalan man" during a June speech. Burns, whose re-election campaign is pressing for tighter immigration controls, also suggested that the man might be an illegal immigrant. The campaign later said the worker is legal.

Burns, 71, also had to apologize after confronting members of a firefighting team at the Billings airport and telling them they had done a "piss-poor job," according to a state report. In July, the Hotshot crew had traveled 2,000 miles from Staunton, Va., to help dig fire lines for about a week around a 143-square-mile wildfire east of Billings.

At the campaign event with Bush, Burns talked about the war on terrorism, saying a "faceless enemy" of terrorists "drive taxi cabs in the daytime and kill at night."

The campaign said Thursday that the senator was simply pointing out terrorists can be anywhere.

"The point is there are terrorists that live amongst us. Not only here, but in Britain and the entire world," said spokesman Jason Klindt. "Whether they are taxi drivers or investment bankers, the fact remains that this is a new type of enemy."

Responding to Democratic complaints about Burns' verbal gaffes, Republicans argued that a Tester comment earlier this week was derogatory toward American Indians.

In an interview with The Seattle Times, Tester talked about the faith he has in his staff, and said, "Nobody has done anything to make me think they're trying to tomahawk me."

Brock Lowrance, spokesman for the Montana Republican Party, said American Indians have long found "tomahawk" a derogatory term. American Indians are the state's largest minority group.

At the fundraiser, Bush described Burns as a strong advocate for Montana farmers and families.

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"In Washington, Senator Burns is a respected voice on the issues facing rural communities in Montana and across the nation," Bush said.

Senate Rivals Talk Up Differences (BSUN)

By Jennifer Skalka

The Baltimore Sun, September 1, 2006

Attempting to create distance between their candidacies, Kweisi Mfume criticized rival Democratic U.S. Senate candidate Benjamin L. Cardin Thursday night for voting for the Patriot Act, not setting a timetable for troop withdrawal from Iraq and taking special interest money, while Cardin insisted that his long record of service and his ability to get laws passed in Washington make him an effective leader.

During their final live television debate before the Sept. 12 Democratic primary, each of the two leading contenders pitched himself as the best person to run against Lt. Gov. Michael S. Steele, the presumptive Republican nominee. Friends since they entered Congress together in 1987, Cardin, a 10-term congressman, and Mfume, the former head of the National Association for the Advancement of Colored People, bashed President Bush far more than they criticized each other.

They stressed the need for change in Washington.

"We'll both be a vote, but I think people want a vote and a voice, and that's where I think I'm a little different," said Mfume, who represented Baltimore in Congress for a decade. "I'm an unabashed advocate. I've been that way all my life. I fight for what I believe in. I don't wait for the momentum to start. I try to create the momentum."

Cardin emphasized his bipartisan experience. "I have brought about change in Washington," he said during the hour-long forum broadcast on Maryland Public Television and WBAL-TV. "I've changed our health care system. I have taken on the drug companies. I have taken on the insurance companies. I've taken on the oil companies. I've brought about change in the pension laws in America. Legislation that I have offered is now the law of the land."

For the first time, Mfume publicly criticized several of the congressman's views and votes. Mfume said he would not have voted for the USA Patriot Act, a contentious measure that expands police powers in an effort to track down terrorists.

He said that he -- unlike Cardin -- favors a timetable for the drawdown of troops in Iraq.

Mfume attempted to paint Cardin as a Washington insider and chastised him for taking campaign donations from special interests. He called for spending caps and publicly funded campaigns. "I want to serve one master when I go to the Senate," Mfume said. "That master is the people of this state."

Cardin responded by mentioning his vote for the campaign finance reform package sponsored by Arizona Sen. John McCain and Wisconsin Sen. Russ Feingold.

"There's too much campaign money in politics today, and people who are in public life spend too much time trying to raise money," he said.

Without mentioning Cardin by name, Mfume also sought to draw a distinction between the styles of the two longtime politicians, pitching himself as more dynamic and insinuating that after Cardin's 20 years in Congress he has "Potomac fever."

"I think you've got to have passion in politics; otherwise you're just wasting your time," Mfume said.

Cardin said he is not sure why he has a reputation as a staid lawmaker; his two granddaughters, he said, think he's the "funniest person in the world."

The candidates -- vying to replace retiring Democratic Sen. Paul S. Sarbanes -- at times tried to outdo each other in their critiques of the president. Cardin, who voted against the 2002 resolution allowing the president to use force in Iraq, called the conflict a "civil war" and said 10,000 American troops should return each month.

"I think the president is just wrong in trying to cast those of us who disagree with him as somehow not interested in the security of America or not patriotic," said Cardin, 62.

Mfume, 57, said the federal government has not only botched the war but has neglected to care for the soldiers who have served in Iraq. He compared the war to Vietnam and said reservists have been assigned too many tours of duty.

Mfume also said the money spent on the war -- about $310 billion -- could have been used to keep Americans safe at home. "We've got to use those funds to fight terrorism to do real homeland security," he said.

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Both chided the Bush administration for secretly wiretapping Americans. Cardin said the country has "paid a heavy price" for the administration's use of subpoenas. He said he believes the president has violated the law.

"I've called for an investigation of the president because I believe he's abused the powers of his office," he said.

Mfume said all branches of government must be notified and a court must approve such sweeping intelligence efforts. "Otherwise we move toward a monarchy, a dictatorship," he said. "That's what McCarthyism was all about."

A year after Hurricane Katrina devastated the Gulf Coast, Cardin also called for an investigation into the federal government's slow response. "We have yet to rebuild the levees to the protection that they should be built to," he said.

Mfume said Katrina reflects a broader problem that must be addressed: poverty.

"Katrina's been blowing through this society for a long time," he said. "It didn't start with a storm a year ago."

Asked what they would bring to the general election contest against Steele, Mfume, who is black, said that if he became the nominee, the matter of race would be "off the table" and issues would have to be addressed.

"You can't play that card, because the last time I looked, we were both of the same ilk," he said.

Cardin, who is white, said he is the more viable candidate, having won in his last congressional bid in three counties that went for Republican Gov. Robert L. Ehrlich Jr. in 2002. "I believe that I am prepared not only to win the primary but to win the general," Cardin said.

There were more fireworks outside the television studio before the debate. Although 18 Democratic candidates will appear on the primary ballot, only two were invited Thursday night under guidelines set by the League of Women Voters of Maryland, a co-sponsor. League officials said candidates who had received at least 15 percent support in a political poll could participate.

Three other Democratic candidates -- American University history professor Allan Lichtman, Montgomery County businessman Josh Rales and former Baltimore County Executive Dennis Rasmussen appeared outside MPT's Owings Mills studio Thursday night to protest their exclusion. With television cameras rolling, Lichtman was arrested by Baltimore County police when he refused to leave a vestibule inside the front doors of the studio. Lichtman's wife, Karyn Strickler, and Gail Dobson, a campaign volunteer, were also arrested, said Bill Toohey, a county police spokesman.

The three were awaiting charges of criminal trespass, Toohey said. If found guilty, each faces a maxi mum sentence of 6 months in jail or a potential fine of up to $1,000. "It's not the publicity we wanted," said Lindsay Miracle, the Lichtman campaign press secretary. "This is just a sad day for democracy."

Mfume, Cardin Stress Contrasts In TV Debate (WP)

By Matthew Mosk

The Washington Post, September 1, 2006

With less than two weeks to the Democratic primary, Maryland U.S. Senate candidates Kweisi Mfume and Benjamin L. Cardin tried to draw the sharpest contrasts they could in a calm, hour-long debate last night.

Throughout, the candidates spoke in measured tones but stridently against the Iraq war. They called for energy independence and universal health care and framed almost every comment around the notion that the nation needs to change direction.

But Mfume repeatedly took subtle but unmistakable digs at Cardin for what he said was a lack of passion and for the two decades he has spent in Washington. People in Washington get Potomac fever, Mfume said. "You get so close to the shores of the Potomac, you think God put you there. Well, people put you there."

Another theme Mfume repeated: "We'll both be a vote. But I'll be a vote and a voice."

Cardin, in turn, took pains to bring the discussion back to his record. He said his young granddaughters "think I'm the funniest person in the world, so I don't understand where this criticism comes from."

"Both of us will be strong voices," he said, but his record shows he can "work in a partisan environment and get results."

The two are among the 18 seeking their party's nomination, but this was a rare televised debate in a campaign that began 18 months ago. Thirty minutes before it began, police arrested one Democratic candidate -- American University professor Allan J. Lichtman -- who was locked out of the Maryland Public Television studio in Owings Mills. After a 15-minute standoff, Baltimore

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County police dragged Lichtman and his wife in handcuffs away from the studio's front door. He was charged with criminal trespass.

"This is Democracy?" Lichtman shouted repeatedly. "Let the voters decide."

Inside, the ire seemed reserved for President Bush. The president's approval ratings are lower in Maryland than in the nation as a whole, and Democrats believe this could put a strong wind behind their efforts in the general election.

The two candidates repeatedly lashed out against the president over the wars in Iraq and on terror and over his handling of the Hurricane Katrina response.

At one point, the two were asked if there was anything about the president of which they approved. Both easily wiggled out of the question, saying they agreed with some of the promises made by Bush, but regretted his failure to deliver on them.

"This president doesn't understand diplomacy," Cardin said about the war. On taxes, Cardin said, "This administration is the most irresponsible" in history.

"This president is wrong," Mfume said when asked about the war. "Like the president, I'm old enough to remember Vietnam. We left in shame."

Mfume, who is trailing Cardin in most polls, made more efforts to draw out differences between them in their positions on the war. Mfume called for an immediate withdrawal of troops, and Cardin recommended bringing 10,000 of the 138,000 troops stationed in Iraq home each month. Mfume criticized Cardin's vote on an extension of the USA Patriot Act. Most pointedly, Mfume raised questions about what he said was the special-interest financing of Cardin's campaign.

Cardin has accepted money from political action committees, and Mfume has said he would refuse those funds. According to reports filed with the Federal Election Commission yesterday, Cardin has $1.6 million on hand, and Mfume has a little more than $300,000.

When Mfume took after Cardin over his decision to take money from special interests, Cardin responded by calling for strong campaign finance reform. But added that he had "stood up to the drug companies. I've stood up for the consumers of this country, and I'm proud of my record . . . Judge me on my record."

Cardin, in turn, tried to bring the debate back to his record, which he said distinguished him as a candidate. Though not present during the debate, several of the other Democrats seeking the nomination, as well as Green Party candidate Kevin B. Zeese, clustered outside the studio. It was their second day protesting their exclusion from the debate under rules devised by the League of Women Voters to narrow the field to only those who have consistently polled more than 15 percent.

They included Lichtman, Montgomery County businessman Josh Rales, who has invested more than $5 million of his own money in his bid and former Baltimore county executive Dennis Rasmussen.

The winner of the Democratic primary faces a tough general election challenge from a well-financed and well-known Republican, Maryland Lt. Gov. Michael S. Steele.

Mfume Takes Jabs At Cardin Votes (WT)

By S.a. Miller

The Washington Times, September 1, 2006

Kweisi Mfume, the underdog in Maryland's Democratic primary race for U.S. Senate, used a TV debate last night to criticize front-runner Rep. Benjamin L. Cardin.

Mr. Mfume, a former congressman and former president of the National Association for the Advancement of Colored People, faulted Mr. Cardin for taking special-interest money, voting against a timetable to withdraw troops from Iraq and voting to reauthorize the Patriot Act, an expansion of police powers to fight terrorism that detractors say tramples civil liberties.

"Unfortunately, my opponent voted for a Republican version of a new [Patriot Act] that was worse than the old bill," Mr. Mfume said during the live, one-hour debate. "It is extremely important that we do not throw out the Constitution ... when we are trying to find a way to protect ourselves."

Mr. Cardin defended himself by saying he "strongly supported a Patriot Act that protects civil liberties."

The debate was a rare TV opportunity for Mr. Mfume, who with roughly $170,000 in campaign funds has little money before the Sept. 12 primary to contrast himself with Mr. Cardin before a statewide audience.

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Despite the occasional jab by Mr. Mfume, the tone of the debate between the two leading Democrats in the race was cordial. They agreed in general terms on most issues, including the need to end the Iraq war and improve access to health care.

The Democratic nominee elected in the primary will likely face Republican candidate Lt. Gov. Michael S. Steele in the Nov. 7 general election.

Mr. Steele, the first black person elected to statewide office in Maryland, is the Republican Party's first truly competitive Senate candidate in the state in a quarter century, largely because of his potential to win votes from blacks usually loyal to the Democratic Party.

A victory by Mr. Mfume in the primary could set up an unprecedented race between two black candidates for Senate.

However, Mr. Cardin remains the front-runner in the primary and the favorite candidate among most of the state's Democratic Party establishment.

The event was broadcast on Maryland Public Television, WBAL-TV in Baltimore and WAMU-FM radio (88.5), and was the first time Mr. Cardin and Mr. Mfume went head-to-head.

They participated in a debate June 18 that also included several of the 16 others seeking the Democratic nomination for senator.

Outside MPT studios in Owings Mills yesterday, three other Democratic candidates -- American University history professor Allan J. Lichtman, Bethesda millionaire Josh Rales and former Baltimore County Executive Dennis F. Rasmussen -- protested their exclusion from the debate.

Mr. Lichtman, his wife, Karyn Strickler, and a campaign aide were arrested when they demanded entry to the MPT building and refused to leave when asked, said the Baltimore County Police Department.

The debate was only open to candidates who garnered at least 15 percent support in statewide polls, according to rules set by the event's sponsors, MPT and the League of Women Voters.

Mr. Cardin, who has a large enough war chest to sustain his TV ad blitz until the primary, led Mr. Mfume 43 percent to 30 percent in a recent statewide poll by nonpartisan Gonzales Research & Marketing Strategies.

Other polls have showed a much closer primary race, including a SurveyUSA poll for WUSA-TV (Channel 9) in which Mr. Mfume led Mr. Cardin 42 percent to 38 percent. Mr. Mfume has had a marked advantage among black voters in all the polls.

Lieberman Expects Cool Response (AP-Y)

By Andrew Miga, Associated Press Writer

AP, September 1, 2006

Sen. Joe Lieberman, whose independent re-election bid has rankled Democrats, says he expects a cold shoulder or two from Senate colleagues when he returns to Washington next week.

"Obviously, some of my colleagues may be coming up more directly to embrace me, some may be looking to avoid eye contact," the Connecticut senator said in a telephone interview Thursday with The Associated Press. "I'm just going to do my job and that will be that."

The three-term lawmaker is defying his party after his primary loss to Ned Lamont. Democratic leaders, including Senate Minority Leader Harry Reid of Nevada and other prominent senators, have abandoned Lieberman and rallied behind Lamont.

Lieberman said he is determined to stay his independent course — and is careful to separate personal relations from politics.

"I'm intent on making it business as usual as much as possible, which is to do my job for the people of Connecticut," Lieberman said of his return to Capitol Hill.

"I feel like I've got good personal relations with most of my colleagues, apart from the politics," he said. "We're all pros, and campaigns come and go."

He described the Senate as collegial.

"After all is said and done, I've always felt it's basically 100 people working in the same place," the veteran senator said.

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Lieberman did not say whether he would attend the traditional Tuesday luncheon with other Democratic senators. He said the demands of the campaign could limit his Washington schedule, though he stressed he would be in the Senate for key votes and other business.

Lieberman, however, said he plans to attend party luncheons when he can.

"My bottom line on the caucus is, if I'm in Washington when a caucus is being held, I will go to the caucus as I normally do," he said.

Lamont, who plans to be in Washington next week for meetings with party leaders, union leaders and business groups, will not attend next week's party luncheon.

Lieberman said he has not asked colleagues for support for his independent campaign.

"I intentionally have not done that," he said. "I know the rules of the political game as it's normally played."

The senator noted that he lost his primary despite endorsements from several prominent Democrats. The vast majority of those Democrats have spurned Lieberman and lined up behind Lamont in the general election.

But Lieberman said he was heartened by the support of five colleagues: Sens. Ken Salazar, D-Colo., Mary Landrieu, D-La., Mark Pryor, D-Ark., Thomas Carper, D-Del., and Ben Nelson, D-Neb.

"I've been really grateful for some of the Democrats who called me up and said they'd stick with me," Lieberman said. "I don't know how much that means in Connecticut, but it means a lot to me."

Lieberman also noted that Maine Republican Sen. Susan Collins, who has endorsed him, had also offered to campaign with him. She is chairman of the Homeland Security and Governmental Affairs Committee. Lieberman is the panel's ranking Democrat.

Lieberman said he was returning to Washington with a sense of optimism about his chances in the three-way race that also includes Republican Alan Schlesinger.

"I feel good about where I am in the campaign," he said. "I feel good and it's in that spirit of optimism that I return to Washington next week."

Santorum Shrinks Casey's Poll Lead (WT)

By Charles Hurt

The Washington Times, September 1, 2006

Sen. Rick Santorum, Pennsylvania Republican, has dramatically narrowed the huge poll lead held by state Treasurer Bob Casey Jr. in November's election, and Republican strategists say his tough stance on immigration has been a key factor.

"Rick's immigration message is resonating," said John Braybender, Mr. Santorum's media consultant, who has helped the campaign produce two immigration ads in recent months. "People understand that the immigration issue is much more far-reaching than just border states."

Internal polling by the Santorum campaign -- as well as by House and Senate campaigns across the country -- suggests that the immigration issue will help Republicans in November. Mr. Santorum was the highest-ranking Senate Republican to vote against a bill approved earlier this year that would grant citizenship rights to some 10 million illegal aliens. Mr. Casey has said he would have supported the bill, though he did not like everything in it.

"We did a certain amount of internal polling, and when it got to immigration, it was very clear," Mr. Braybender said. "Rick's position versus Casey's was overwhelming."

Voters, he said, see the issue as more than just illegal aliens streaming across the border. It's also about giving them Social Security benefits, waiving certain back taxes and other matters of lawfulness and fairness. In one ad released recently, Mr. Santorum tells viewers about his own immigrant background, but uses the opportunity to point out that his grandparents came here legally and obeyed all the immigration laws.

"If Casey or anyone else thinks this is not an issue in Pennsylvania, they should start talking to voters," Mr. Braybender said.

Earlier this year, polls had Mr. Santorum lagging far behind Mr. Casey, most by double-digit margins. One poll had Mr. Santorum 23 percentage points down. But in the past month, that margin has shrunk to about six percentage points, according to an average of polls compiled by the Web site RealClearPolitics.com.

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A poll conducted last month by Strategic Vision found Mr. Casey leading Mr. Santorum by 47 percent to 41 percent. That same poll found Mr. Santorum 16 points behind earlier in the year. The pollsters also asked 1,200 likely Pennsylvania voters whether they supported granting amnesty to illegal aliens and whether they favored building a wall along the U.S.-Mexico border. Seventy-nine percent of respondents said they opposed amnesty; 82 percent said they support a wall. The poll has a three-percentage-point margin of error.

While some Republicans give the immigration issue most of the credit for Mr. Santorum's gains, campaign spokeswoman Virginia Davis pointed out that Mr. Santorum has discussed a wide array of issues.

"More and more Pennsylvanians are becoming engaged in the race and seeing the contrast between Senator Santorum, who has a record of working to protect our nation's security, reduce taxes and strengthen families, and Bob Casey Jr., who's running an issueless campaign devoid of any substance," she said.

Still, Casey spokesman Larry Smar said, Mr. Santorum's poll numbers are low.

"Rick Santorum is a two-term incumbent," he said. "He and his allies have spent over $7 million on ads, and Rick Santorum is still only getting 39 percent of the vote in the latest Keystone poll. People have had enough of Rick Santorum, and they want a change."

The two candidates will appear together Sunday on NBC's "Meet the Press" for their first debate of the campaign.

Democrats Hope To Reclaim GOP-controlled House (USAT)

USA Today, September 1, 2006

The Nov. 7 elections for the House of Representatives are shaping up to be the most pivotal since 1994, when Republicans swept into power for the first time in 40 years. President Bush's sagging popularity, the Iraq war and economic concerns could help Democrats pick up the 15 seats they need for control. Independent analysts such as Stuart Rothenberg and Charlie Cook say nearly 40 seats are up for grabs, most held by Republicans. The GOP held its majority in 2002 and 2004 because voters said it was the party they could trust on terrorism, an edge which surveys show it still holds.

Number of open seats

Includes vacancies and members who are retiring or seeking other office. Twenty-one are held by Republicans, 11 by Democrats and one by an independent. They include:

•Arizona — 8th District (Jim Kolbe, R, retiring)

•Colorado — 7th District (Bob Beauprez, R, running for governor)

•Iowa — 1st District (Jim Nussle, R, running for governor)

•Illinois — 17th District (Lane Evans, D, retiring)

•Ohio — 13th District (Sherrod Brown, D, running for U.S. Senate)

•Vermont — at large (Bernie Sanders, I, running for U.S. Senate)

Economy

President Bush and other Republicans say the economy is strong, but polls show people are concerned about high gasoline prices and the cost of health care. Democratic candidates in these races stress pocketbook issues:

•Georgia — 12th District: Democratic Rep. John Barrow vs. Republican Max Burns

•Indiana — 2nd District: Republican Rep. Chris Chocola vs. Democrat Joe Donnelly

•Indiana — 8th District: Republican Rep. John Hostettler vs. Democrat Brad Ellsworth

•New York — 20th District: Republican Rep. John Sweeney vs. Democrat Kirsten Gillibrand

Ethics

Democrats hope to use Republican ties to convicted lobbyist Jack Abramoff to pick up seats. The corruption and influence-peddling scandal led to Rep. Bob Ney, R-Ohio, giving up his re-election bid last month. Ney denies wrongdoing. Races to watch:

•California — 4th District: Republican Rep. John Doolittle vs. Democrat Charlie Brown

•Louisiana — 2nd District: Democratic Rep. William Jefferson drew five primary opponents

•Pennsylvania — 10th District: Republican Rep. Don Sherwood vs. Democrat Chris Carney

•West Virginia — 1st District: Democratic Rep. Alan Mollohan vs. Republican Chris Wakim

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Illegal immigration

Some conservatives want to seal the U.S.-Mexican border. Others in the GOP and most Democrats want to create citizenship and job opportunities for illegal immigrants. Races where it's an issue:

•Arizona — 5th District: Republican Rep. J.D. Hayworth vs. Democrat Harry Mitchell

•California — 11th District: Republican Rep. Richard Pombo vs. Democrat Jerry McNerney

•Colorado — 4th District: Republican Rep. Marilyn Musgrave vs. Democrat Angie Paccione

•South Carolina — 5th District: Democratic Rep. John Spratt vs. Republican Ralph Norman

Iraq

A recent USA TODAY/Gallup Poll shows 61% disapprove of the way President Bush is handling the war in Iraq. That could make a difference in races where the war and the administration's handling of it since the U.S.-led invasion are top issues. They include:

•Connecticut — 4th District: Republican Rep. Christopher Shays vs. Democrat Diane Farrell

•Pennsylvania — 8th District: Republican Rep. Michael Fitzpatrick vs. Democrat Patrick Murphy

•Texas — 17th District: Democratic Rep. Chet Edwards vs. Republican Van Taylor

•Washington — 8th District: Republican Rep. Dave Reichert vs. Democrat Darcy Burner

Midwest

The Midwest has lagged in job creation compared with the rest of the nation. Voter worries about the economy could go against incumbents and others in their parties running for election. Races to watch:

•Iowa — 3rd District: Democratic Rep. Leonard Boswell vs. Republican Jeff Lamberti

•Indiana — 9th District: Republican Rep. Mike Sodrel vs. Democrat Baron Hill

•Ohio — 1st District: Republican Rep. Steve Chabot vs. Democrat John Cranley

•Wisconsin — 8th District. Democratic primary Sept. 12 will pick a candidate to face State Assemblyman John Gard

Northeast

Anti-Bush sentiment and opposition to the Iraq war run high in this Democratic enclave, where several moderate Republicans face tough fights. They include:

•Connecticut — 2nd District: Republican Rep. Rob Simmons vs. Democrat Joe Courtney

•New York — 29th District: Republican Rep. Randy Kuhl vs. likely Democratic nominee Eric Massa. Primary on Sept. 12.

•Pennsylvania — 6th District: Republican Rep. Jim Gerlach vs. Democrat Lois Murphy

•Pennsylvania — 7th District: Republican Rep. Curt Weldon vs. Democrat Joe Sestak

Ties to President Bush

With their party leader's approval ratings hovering in the 40s, some GOP candidates in competitive districts are trying to fend off accusations by their Democratic opponents that they are “rubber stamps” for the administration. Key races:

•Ohio — 15th District: Republican Rep. Deborah Pryce vs. Democrat Mary Jo Kilroy

•Connecticut — 5th District: Republican Rep. Nancy Johnson vs. Democrat Chris Murphy

•Florida — 22nd District: Republican Rep. Clay Shaw vs. Democrat Ron Klein

•New Mexico — 1st District: Republican Rep. Heather Wilson vs. Democrat Patricia Madrid

Election Night clues

At 7 p.m. ET, keep an eye on Kentucky's 3rd District race between Republican Rep. Anne Northup and Democrat John Yarmuth. Northup has defied predictions of defeat in the past. If she loses this time, “this is going to be an awful night for Republicans,” says Amy Walter of the independent Cook Political Report. If there's a Democratic tidal wave, it will wash over three vulnerable Republicans — Christopher Shays, Nancy Johnson and Rob Simmons — in Connecticut first, where polls close at 8 p.m. ET.

Rookie politicians

•Former Washington Redskins quarterback Heath Shuler, a Democrat, is challenging Republican Rep. Charles Taylor in North Carolina's 11th District.

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•Songwriter John Hall, a Democrat whose hits include Still the One for the band Orleans, hopes to unseat GOP Rep. Sue Kelly in New York's 19th District.

•Democrat Coleen Rowley, an ex-FBI whistleblower and Time magazine Person of the Year in 2002, is running against GOP Rep. John Kline in Minnesota's 2nd District.

Like father, like son

•Republican Gus Bilirakis in Florida and Democrat Chris Owens in New York want to succeed their retiring fathers, Mike and Major, respectively.

•Two congressional offspring are vying Sept. 12 for the Democratic nomination in Maryland's 3rd District: John Sarbanes, son of retiring Sen. Paul Sarbanes, and Peter Beilenson, son of former California representative Anthony Beilenson.

Republicans Tense As Voter Disillusionment Sets In (USAT)

By Jill Lawrence And Susan Page

USA Today, September 1, 2006

Ethical, social, economic issues — and Iraq war — have driven independents and even party's faithful away from GOP as midterm elections approach

EMMAUS, Pa. — The buzzing of 150 friends and neighbors quieted as Kathleen Miller told them about her older son, a Marine who was injured in Iraq, and her younger son, who is in the Army and has orders to go there in October.

"I am afraid," Miller said. "That's why we need Bob Casey, so he can join a Democratic Congress and help find a solution to this war."

Miller, a Democratic activist, delivered her stark message in a wood-and-brick barn decked with balloons, sparkly white lights and Casey himself. The state treasurer, son of the late governor Bob Casey, had a double-digit lead over two-term Republican Sen. Rick Santorum in a USA TODAY/Gallup Poll last week.

Iraq is one of several tides running against GOP candidates, driving away independent voters and some party faithful. Except for Missouri, independent voters in five Senate races polled by USA TODAY were swinging toward the Democrat. Party loyalty was stronger among Democrats than Republicans in every state but Ohio.

President Bush's anemic job approval, underscored this week by the anniversary of Hurricane Katrina, is a drag on Republicans almost everywhere. His rating hasn't risen above 42% in six months. Other problems facing Republicans:

•Corruption and ethics. The climate is particularly troubled for Ohio Republicans. Gov. Bob Taft last year pleaded no contest to charges that he violated state ethics laws. Rep. Bob Ney, under investigation for his ties to convicted lobbyist Jack Abramoff, said he would not seek re-election. Even Sen. Mike DeWine, not entangled in either scandal, says the issue hurts him.

In Montana, Sen. Conrad Burns was the top recipient of campaign donations from Abramoff, his clients and political allies. "Ethics is the issue" in the race, says political scientist James Lopach of the University of Montana. He says Burns is helped by his "folksy, agricultural, working-person" persona, but says Democrat Jon Tester, a farmer, is a strong challenger: "He also symbolizes what a lot of Montanans think of themselves — close to the land, hard-working, straightforward."

•Social issues. Some conservatives press views that are unpopular with a majority of Americans. Santorum, the No. 3 Senate Republican, is a national spokesman on cultural issues and helped lead last year's drive for congressional intervention in the Terri Schiavo case. He called court decisions allowing removal of the Florida woman's feeding tube "unconscionable."

In Missouri, voters will decide this fall whether to amend their constitution to protect embryonic stem cell research and ban human cloning. The initiative has thrust stem cell research, which has broad support in polls, into the forefront of the Senate race.

Democratic challenger Claire McCaskill has championed the cause. GOP Sen. Jim Talent opposes the initiative but says voters should reach their own decisions about a "very difficult moral issue."

Stem cell research divides business-oriented Republicans from the party's social conservatives, says political scientist Michael Minta of Washington University in St. Louis: "It's a dilemma" for the GOP.

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•Economic issues. Stagnant wages, high gas prices and rising health care costs are top concerns in Pennsylvania and Ohio. "For working people … all things are going pretty bad right now," says Jim Sherwood, 42, a painter and union official from Cleveland.

Sherwood and three other members of the Painters' Union were at Trinity Episcopal Cathedral in Cleveland to hear Senate candidate Sherrod Brown and others stump for a ballot initiative to increase the state minimum wage from $4.25 to $6.85 an hour.

"For 10 years, no minimum wage increase" at the federal level while members of Congress saw their pay rise six times, Brown, a seven-term House member, told the crowd. "That's not the kind of family values most of us believe in." He said later that Ohio voters feel their government "has betrayed them."

The next day, DeWine was just four blocks away to tout the jobs he's brought to Ohio. The two-term senator put on a hard hat and a safety vest to inspect work on the widening of Euclid Avenue. As a member of the Senate Appropriations Committee, DeWine says he landed $47 million for the project.

Later, sipping peppermint tea in a nearby coffee shop, DeWine acknowledged that the political climate was tough for Republicans. "We all swim in the same ocean," he said, and there are "choppy waters" this year.

Voters raised economic worries repeatedly at a Casey rally last week in Jim Thorpe, Pa. "The gap is ever-widening" between the rich and everyone else, said Ronald Rabenold, a fifth-grade teacher and union official from Lehighton.

Santorum says Casey's economic plan is higher taxes and bigger government. "He is sort of a European socialist," he said. Casey, who opposes Bush's tax cuts, laughed and called the tag "preposterous."

In the end, some experts say, national security could be the decisive issue — but unlike in most elections, it's unclear which party will benefit. "The Republicans are relying on this image of them being strong on defense and the war on terror, and their ability to portray Democrats as weak," says Bob Benenson, editor of the non-partisan CQPolitics.com. He adds: "This could be a totally different year."

The reason is Iraq. In recent USA TODAY/Gallup polls, majorities said it was a mistake to send U.S. troops and that they should come home either immediately or within a year.

Republican Peter Vaughan, an energy consultant in Pittsburgh, calls the U.S. presence in Iraq "a vexing question" and worries it will hurt Santorum. "My biggest fear is that we're not going to marshal enough support to win," he says.

Standing in Miller's barn, Casey says Santorum hasn't asked Bush the hard questions senators need to ask in a time of war. Santorum said in an interview that the tactics used to fight the war have not been "even close to perfect." But he added, "I'm perfectly happy to run this race on national security issues."

Brian Souerwine of Macungie embodies the tough electoral realities facing Santorum and his party. The retired teacher switched his registration from Republican to Democrat six months ago and plans to vote for Casey.

He doesn't like what's going on with Iraq, the economy or federal education policy. "There are a whole lot of disillusioned people in our country," Souerwine says.

Rodriguez Flip-flops On District 23 Race (SAEN)

By Greg Jefferson

San Antonio Express-News, September 1, 2006

He may be dropping back in.

Or maybe not.

Late Wednesday, Ciro Rodriguez told a group of San Antonio labor activists he was getting out of the chaotic eight-way race in the redrawn Congressional District 23 home to GOP incumbent Henry Bonilla.

Thursday morning, Rodriguez sounded even more emphatic, telling an Associated Press reporter: "I'm not going to be running and that's my decision based on family and personal reasons."

But Thursday afternoon, campaign spokeswoman Gina Castañeda called to say whoa. She said Rodriguez, a former four-term congressman, had gotten a flood of calls from supporters and, as a result, opted to give himself until 5 p.m. today to make up his mind.

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"He's mulling it over," Castañeda said. "He's talking to his family and he's talking to his supporters." When asked about his comments the night before to the San Antonio AFL-CIO Central Labor Council, she said Rodriguez "acted in some haste."

Before the meeting, local union officials told Rodriguez they might withhold an endorsement in the race, which has five other Democrats. "That's when he said, Hey, we're clearly shooting ourselves in the foot," Castañeda said, and announced his intention to withdraw.

Union endorsements are no small matter to the long-time South Sider. In past campaigns, Rodriguez relied heavily on organized labor for contributions and volunteers.

"Without them, he'd have nothing," said Andy Hernandez, a political scientist at St. Mary's University.

And union officials clearly considered Rodriguez, 59, a stand-out public servant. "Ciro has been labor's candidate since he was a school board representative" in the Harlandale Independent School District, said Alicia Garza, president of the San Antonio AFL-CIO Central Labor Council.

But if Rodriguez decides to stay in the race, he certainly didn't help himself Wednesday night. After he dropped his bombshell, the Central Labor Council threw its support to Albert Uresti, a Democratic rival and former San Antonio Fire Department district chief.

Following the local council's lead, the state AFL-CIO gave Uresti its own endorsement on Thursday. Ed Sills, spokesman for the Texas AFL-CIO, said Uresti would have had a hard time winning the endorsements if Rodriguez hadn't announced plans to withdraw.

The endorsements for the Nov. 7 special election don't come with promises of campaign contributions — those decisions are made at the national level, Sills said — but they guarantee a small army of volunteers. And Uresti likely will keep the endorsements, even if Rodriguez reverses himself.

"As far as endorsements go, it's a done deal," Garza said.

Thinking Rodriguez's word Wednesday was final, Uresti said his departure would bolster his race. "Nobody has the organization we have, and nobody has the inroads into the community that we have," said Uresti, whose younger brother, state Rep. Carlos Uresti, has a strong base on the South Side, the newest and possibly more Democrat-heavy part of District 23.

A panel of three federal judges redrew the District 23 on Aug. 4, responding to a U.S. Supreme Court ruling that Texas Republican leaders' 2003 redistricting violated the federal Voting Rights Act by removing 100,000 Hispanic voters. The new map pulled in most of southern Bexar County, making the district more competitive for Democrats.

Rodriguez represented the region from 1997 to 2004, when it was part of District 28.

The judges' decision forced a Nov. 7 special election open to all certified candidates in District 23 and four others affected by the redistricting.

Despite his high name identification in the area, Rodriguez's campaign — like most others in the race — has struggled for money. He told the Associated Press on Thursday morning that he hadn't raised enough money to put up a competitive campaign.

His campaign was $80,000 in debt at the end of June, but Rodriguez said that had been reduced to $7,000. "That's part of it, you've got to have the resources to make things happen," he said. There were "resources I was expecting to be able to kick in that I will not be able to."

Bonilla, meanwhile, is sitting on a war chest of more than $2million. Castañeda said Rodriguez is "leaning toward" withdrawal partly because of the funds at the seven-term incumbent's disposal.

But Democrat Lukin Gilliland Jr., an Alamo Heights businessman and rancher, has poured $500,000 of his own money into his campaign and says he has commitments for another $300,000.

A prodigious Democratic fundraiser, Gilliland said he also has the backing of many Democratic officeholders, including state Reps. Robert Puente of San Antonio and Pete Gallego of Alpine.

Other Democrats in the race are Rick Bolaños of El Paso, August "Augie" Beltran of San Antonio and Adrian DeLeon of Carrizo Springs. Craig T. Stephens, owner of a San Antonio engineering firm, is the lone independent in the mix.

Sen. Clinton Touts Woman For President (AP-Y)

DOJ_NMG_0056488

By Marc Humbert

AP, September 1, 2006

Sen. Hillary Rodham Clinton, standing outside an abandoned knitting mill that will become the new home of the National Women's Hall of Fame, said Thursday she hopes America is ready for its first woman president.

"It just depends on when and if that happens," the former first lady said. "Stay tuned."

Clinton continued to duck questions about whether she will run for the White House in 2008, saying yet again she is completely focused on her re-election this year.

But Clinton said that when it comes to a woman holding what she called "the toughest job in the world, some day it will happen."

Clinton was on the campaign trail Thursday reaching out to women — a core group of supporters — in her front-running bid for a second Senate term, a race many see as a prelude to a run for president in two years.

Recent polls have shown Clinton far ahead of her rivals in the New York race, and with a distinct advantage among female voters.

A poll released last week by Quinnipiac University's Polling Institute found the job approval rating for the state's junior senator at 58 percent — 53 percent among male voters and 63 percent among women.

But even some women who support Clinton's re-election this year aren't certain she should run for the White House in 2008, in large part because she is a woman.

Valerie Brechko, an elementary school teacher from Penn Yan, said Wednesday during a Clinton campaign stop that while she is a strong Clinton supporter, she doesn't want her to run in 2008 because she can't win.

"I don't feel that our country is willing or ready to vote a woman into that office," Brechko said. "I hate to say it — I'm definitely a women's libber — but they're just not ready."

Clinton faces a Sept. 12 primary against anti-Iraq war activist Jonathan Tasini. Former Yonkers Mayor John Spencer and Reagan-era Pentagon official Kathleen Troia "KT" McFarland are vying for the Republican Senate nomination.

Voters Hearing Countless Ways Of Saying 'Sorry' (NYT)

By Mark Leibovich

The New York Times, September 1, 2006

WASHINGTON, Aug. 31 — These are sorry days in American politics.

The Maryland comptroller, William Donald Schaefer, a former governor and Baltimore mayor, released a radio advertisement on Wednesday in which he apologized to anyone he had offended in his 50-year career, sins that ranged from ogling a woman at a public meeting to complaining that immigrants were not learning English fast enough.

Senator Conrad Burns, Republican of Montana, said Wednesday that the United States confronts a "faceless enemy" of terrorists who "drive cabs in the daytime and kill at night." Despite a hail of criticism on Thursday, Mr. Burns has not apologized for this remark as he did after complaining in July that a group of firefighters did not do a "goddamn thing" to stop a wildfire east of Billings.

Senator George Allen, Republican of Virginia, has been serially apologizing across Virginia since demeaning a man of Indian descent as "Macaca, or whatever his name is" at a campaign rally last month. Mr. Allen has been perhaps the most prodigious apologizer in what has been a spate of groveling across the political spectrum.

The contrite caucus includes Mayor C. Ray Nagin of New Orleans (who said he was "very sorry" after calling the site of the World Trade Center a "hole in the ground"); Senator Joseph R. Biden Jr., Democrat of Delaware, (who asked forgiveness after a C-Span microphone caught him saying "you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent"); a Florida Republican Congressional candidate, Tramm Hudson (who might have sunk his campaign by saying that blacks were bad swimmers); and Gov. Mitt Romney of Massachusetts, a Republican, (after using the term "tar baby" not long after the White House spokesman, Tony Snow, deployed the same phrase, which some consider to be a racist epithet).

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When politicians make the ruinous mistake of actually saying what they mean in public — or, at the very least, breaching the talking-point orthodoxy that is demanded of them — they crack open an unintended window into their character. Public apologies are an effort to shut this window as quickly as possible.

Politicians have been apologizing for as long as they have been getting in trouble, of course. But the recent wave has been remarkable in its frequency and sweep. A Washington Republican Senate candidate, Mike McGavick, stunned many last month when he apologized on his campaign blog for "the very worst and most embarrassing things in my life," and then catalogued a roster that included a previously undisclosed drunken-driving citation from 13 years ago and a questionable campaign advertisement he allowed 18 years ago.

"None of these apologies are effective because no one believes them anymore," said Chuck Todd, editor of the daily political tip-sheet, Hotline.

The notion of political apologies has become cheapened by the caveats that often accompany, and dilute, them, Mr. Todd said.

Mr. Allen offers something of an object lesson. "I do apologize if he's offended by that" was Mr. Allen's first attempt in L'affaire Macaca before his mea culpas spiraled into progressive handwringing and culminated in a phone call to his victim, S. R. Sidarth, a 20-year-old volunteer for his opponent, James Webb. (The Webb campaign questioned whether the remark was a racist slur because macaca can refer to a monkey.)

As a general rule, apologies lose their potency as time elapses, a principle articulated by Alben W. Barkley, Harry S. Truman's vice president, who said, "If you have to eat crow, eat it while it's hot." This is especially true in a time of bloggers, live microphones and camera-toting "trackers" from rival campaigns, when any gaffe can immediately find its way onto the Internet.

Ted Widmer, a Brown University historian who was a speechwriter in the Clinton White House, breaks political apologies into several categories. He lists one as "the expression of regret," which is not quite an apology and is often recognizable by use of the passive voice (like Ronald Reagan's "mistakes were made" during the Iran-contra scandal). A variant, he said, involves vague terms like "some people might think I've been insensitive," and is often followed by an attack on "some people," often the media for blowing the transgression out of proportion.

Mr. Widmer also describes the "surprise apology," a show of contrition that often occurs many years after the fact. The genre is epitomized by Lee Atwater, the bare-knuckled Republican operative who, just before dying of cancer, issued several apologies to opponents he had attacked during his career.

Deborah Tannen, a Georgetown University linguist who is an expert on political discourse, said public apologies began to proliferate in the Clinton era.

President Bill Clinton brought in a confessional, talk-show ethic characterized by the early acknowledgment of "causing pain" in his marriage, a precursor to a sex scandal (and apologies) that marked his second term.

President Bush, conversely, has been characterized by his refusal to admit mistakes, a quality his supporters laud as steadfastness and detractors call arrogant.

But it was noteworthy this week when Mr. Bush said "I take full responsibility for the federal government's response" to Hurricane Katrina. He did not apologize, however, as he did in June to a Los Angeles Times reporter whom he teased for wearing sunglasses at a press conference and who — unknown to Mr. Bush — was afflicted with a degenerative eye condition.

Mr. Burns, the Montana senator, is both an accomplished apologizer and non-apologizer. He demonstrated as much in June when he joked that "the nice little Guatemalan man" working on his house might be an illegal immigrant. He has not apologized for the quip, as he once did after calling Arabs "ragheads."

"I can self-destruct in one sentence," Mr. Burns, a former livestock auctioneer, recently told supporters. "Sometimes in one word."

DeLay Has A Deal To Publish A Book (AP-Y)

By Suzanne Gamboa

AP, September 1, 2006

DOJ_NMG_0056490

Former House Majority Leader Tom DeLay, with his career in elective office behind him, said Thursday he has a deal to publish a book.

"This is a book that's going to be the history of my career, how it furthered the conservative cause, with my spiritual walk and what I think the conservative cause ought to do next," DeLay, a born-again Christian, told The Associated Press.

DeLay said he'll explain how "everything I've done in my career furthered the conservative cause" and helped change the culture of Washington.

DeLay said the working title is "No Retreat, No Surrender: The American Passion of Tom DeLay." He declined to reveal how much he'll be paid. "Not as much as I wanted," he quipped.

The book will be published by Penguin and should be ready by next spring, he said. Stephen Mansfield, author of "The Faith of George W. Bush," is working on the book with DeLay.

DeLay retired in June after a 22-year career in Congress in which he rose to majority leader, the No. 2 job in the House. He represented a suburban Houston district centered in Sugar Land, Texas.

DeLay stepped down as majority leader, in compliance with Republican House rules, after he was charged in Texas with money laundering in a campaign finance investigation that he has labeled a political witch hunt. The case is pending.

He gave up efforts to reclaim the job after questions were raised about his associations with convicted ex-lobbyist Jack Abramoff in a federal influence peddling investigation. He has not been charged in that case and denies any wrongdoing.

DeLay won his March primary but withdrew from the race for his congressional seat after Democrats won several court decisions that prevented Republicans from replacing his name on the ballot. A court battle that went as high as the Supreme Court ensued over DeLay's effort to have himself declared ineligible so local party officials could pick his replacement on the ballot. The GOP lost that fight, and Republicans now hope to keep the seat in GOP hands with a write-in candidate.

More than a month out of Congress, DeLay has been speaking to conservative groups and looking for opportunities to get out his message.

"That's what I want to do, to keep pushing the conservative cause," he said.

Merkel Overtakes Rice As World's Most Powerful Woman: Forbes (AFP)

AFP, September 1, 2006

NEW YORK - German Chancellor Angela Merkel has overtaken US Secretary of State Condoleezza Rice as the world's most powerful woman, according to a Forbes Magazine list.

This time last year, Germany's first female chancellor was riding high in opinion polls as leader of the then-opposition conservative Christian Union but did not even feature in the ranks of Forbes's top 100 most powerful women.

And besides Chinese Vice President Wu Yi, who slid one place this year to number three, the rest of the top 10 are business executives, topped by the chief executive-designate of PepsiCo, Indian-born and educated Indra Nooyi.

The magazine's third annual list sees talkshow host Oprah Winfrey dropping to 14th place and New York Senator Hillary Clinton rising from 26 to 18 as her expected campaign for the US presidency in 2008 gathers pace.

The Italian-born head of India's Congress party, Sonia Gandhi, came in at number 13, while Melinda Gates, co-founder of the Bill and Melinda Gates Foundation, jumped to 16 in a year in which the organisation doubled in size.

Merkel aside, the list includes three other women who emerged within the past year to become the first females to hold such high political office in their countries: Chilean President Michelle Bachelet (17), Liberian President Ellen Johnson-Sirleaf (51) and South Korean Prime Minister Han Myung-sook (68).

Among women working in the entertainment industry, Disney co-chairman Anne Sweeney came in at 15 ahead of MTV's chief executive Judy McGrath (52), Amy Pascal, the chairman of Sony Pictures Entertainment (60), and CBS Paramount TV's president Nancy Tellem (75).

Katie Couric, a CBS television network anchor, is the highest placed journalist at 54, ahead of globe-trotting CNN correspondent Christiane Amanpour (79).

Among other notables are US First Lady Laura Bush (43), Queen Elizabeth II (46), Myanmar's opposition leader democracy icon Aung San Suu Kyi (47), Playboy chairman Christie Hefner (80) and Jordan's Queen Rania (81).

DOJ_NMG_0056491

Bush Assassination Drama Is Condemned As Tasteless (TO)

By Adam Sherwin

Times Online, September 1, 2006

Bush assassination drama is condemned as tasteless By Adam Sherwin, Media Correspondent

IT IS a shot that echoes around the world — President Bush being assassinated by a fanatical sniper in a Chicago hotel.

At least that is the story of a "shockingly real" Channel 4 film that is causing outrage among Americans.

Death of a President uses digital trickery, archive footage and actors to imagine the murder of President Bush and the descent into national paranoia that follows.

The feature-length drama will be screened on More4, Channel 4's digital sister channel, next month after a big-screen premiere at the Toronto Film Festival.

Channel 4 hopes to sell the film to US broadcasters but Americans in London declared it to be tasteless and expressed fears that it could encourage extremists in their home country.

The film is set in October next year, when "US foreign and domestic policies have polarised the country's electorate". Arriving in Chicago to make a speech to business leaders, the President is confronted by a large anti-war demonstration. He continues with his visit but as he leaves he is shot dead by a sniper.

The assassination scene explicitly recalls the attempt on President Reagan's life in 1981. John Hinckley fired six shots at close range as the President left the Washington Hilton hotel.

Americans were appalled at the Bush film. Michelle Bowman, 35, a consultant working in London, said: "Most Americans will find a film depicting the assassination of a sitting American president in very poor taste. I cannot imagine that any American broadcaster would show this film."

The White House refused to comment on the film, which it said "did not dignify a response", but a senior Republican Party official said: "It sounds like it's in very poor taste and in keeping with the tactics of liberal groups who have frequently tried to compare the president to Hitler and his policies to those of fascism."

The film is directed by Gabriel Range, who made the BBC drama The Day Britain Stopped, which imagined a chain of events that could paralyse the transport system.

Range told The Times: "We studied hours and hours of footage of Bush. The scenes are created by a mixture of special effects, stock footage and digitally compositing our actors on to the archive of Bush." He denied accusations of sensationalism. "The film is based on meticulous research and interviews with FBI agents and people on the other side of the War on Terror. It is a serious and sensitive film. There is no way that it would encourage anyone to assassinate Bush and usher in Cheney's America."

Peter Dale, the head of More4, said that the film combined a "gripping detective story" with a thought-provoking critique of contemporary US society.

He said: "It's a pointed political examination of what the War on Terror did to the American body politic. I'm sure that there will be people who will be upset by it but when you watch it you realise what a sophisticated piece of work it is."

More4 will also screen a sequel to A Very Social Secretary, its satire about David Blunkett's affairs. Robert Lindsay plays the lead role in The Trial of Tony Blair, which depicts the Prime Minister struggling to adapt to life out of office.

The comedy, written by Alistair Beaton, shows Mr Blair seeking absolution from the Roman Catholic Church as he seeks to evade a war crimes tribunal over his role in the Iraq invasion. Alexander Armstrong plays David Cameron in the satire.

Michael Howard and Charles Kennedy front The 30 Greatest Political Comedies. The duo, described by Mr Dale as "the Morecambe and Wise of politics", present the results of a poll of MPs that range from Till Death Us Do Part to The Thick of It.

Bush Film: Original Or Outrageous? (LAT)

By Tina Daunt

The Los Angeles Times, September 1, 2006

This column explores the intersection between celebrity and politics.

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A new film mixing archival footage and computer-generated special effects to portray the fictional assassination of President George W. Bush will premiere Sept. 10 at the prestigious Toronto Film Festival — and is already kicking off a firestorm of controversy.

British filmmaker Gabriel Range said "Death of a President" — which is done in a retrospective documentary style that has been described as eerily real — is intended to be a thought-provoking critique of the current political landscape.

"It's a striking premise," Range conceded in a statement. "But it's a serious film which I hope will open up the debate on where current U.S. foreign and domestic policies are taking us."

In the film, President Bush prepares to deliver a speech to business leaders in Chicago, where he is confronted by a massive antiwar demonstration. Unperturbed, Bush goes ahead with the visit, but as he leaves the venue, he is gunned down by a sniper. While the nation mourns, the hunt for his killer — a Syrian-born gunman — swings into action. Range said he reviewed hundreds of hours of footage of Bush to make the film as realistic as possible.

A call to the White House for comment was not immediately returned. Festival officials were unavailable for comment Thursday, but festival director Noah Cowan praised the film in a posting on the festival's website: "This is easily the most dangerous and breathtakingly original film I have encountered this year."

And it may be the year's most hotly debated film as well: The public relations firm representing the movie has been flooded with calls from media around the globe, and blogs are already lighting up with debate about the appropriateness of the subject matter.

This marriage

is a minefield

Celebrity divorces can get pretty messy, especially when the two sides fight over children and property.

But the pending divorce of Paul McCartney and Heather Mills McCartney may mark the first time that a charity is caught in the middle of an acrimonious split.

A charity backed by the former Beatle and his estranged wife has canceled a fundraising gala set for Oct. 11 in Los Angeles after McCartney said he would not attend, "given the current circumstances."

The gala was intended to raise money for the Adopt-a-Minefield campaign, a charity that Mills McCartney helped found. (In years past, the group's Los Angeles gala — always packed with celebs — has showcased performances by McCartney with a variety of other singers, including James Taylor, Brian Wilson and Paul Simon.)

McCartney, 64, and Mills McCartney, 38, announced their separation in May after a four-year marriage. The couple has a 2-year-old daughter, Beatrice.

A spokesman for McCartney said the singer-songwriter would be making a donation to the charity — which was expecting to raise $3 million this year — to compensate for the cancellation.

Not everyone's on Bono's bandwagon

Maybe rockers should just stay out of politics, suggests Rolling Stones guitarist Ronnie Wood.

Wood told the British tabloid the Sun that he refuses to get involved in high-profile causes like other fellow musicians do, because he doesn't think their efforts make a difference.

"I would never go into politics like Bono," the 59-year-old Wood told the paper. "[Bob] Geldof and him can keep trying until the end of the Earth, but it won't make a difference. I like to make people happy. Politics doesn't do that. Art does."

But others might beg to differ.

Bono is stepping up his push to raise money to fight AIDS and other diseases in Africa through his partnership with the American Express (Red) card. Victoria's Secret model Gisele Bündchen and Keseme Ole Parsapaet, a Masai warrior from Kenya, will appear in ads for the cause. "Being able to help and change other people's lives is wonderful and truly inspiring," Bundchen said this week.

They've got

all the answers

A list of weighty questions — submitted via Internet by people around the globe — will be addressed by 112 global leaders, artists, musicians, activists, actors and others assembled by the website http://www.droppingknowledge.org .

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Organizers for the site — which serves as a global kiosk for people seeking answers and information about pressing global issues, such as poverty in Third World countries — will hold the online town hall meeting in Berlin on Sept. 9.

Actor Willem Dafoe will moderate the event, posing the questions to panelists gathered around a huge table near Bebelplatz Square, site of Nazi book burnings in 1933. Among the participants are Cindy Sheehan, who has led grass-root protests against the U.S. war in Iraq; filmmaker Terry Gilliam ("Monty Python and the Holy Grail"); and Los Angeles guerrilla poster artist Robbie Conal.

For weeks, Internet surfers have been submitting questions — hundreds of them. The list will be narrowed to about 100.

One blogger, posting a comment on http://www.worldchanging.com , wanted the answer to only one question: "Someone should ask them where I left my keys."

Have you heard the one about … ?

The late-night talk-show hosts are back from their summer vacations, and they have lots to say about Pluto's recent demotion. Conspiracy theories were rampant.

"A panel of scientists voted to kick Pluto out of the solar system. They tried to explain the science of this to President Bush, but then they got fed up and just told him it got destroyed by the Death Star." — Bill Maher

"A bunch of astronomers got together and they have downsized the solar system. All through school as a kid didn't you think there were nine planets? No, as of today we have eight planets. They have voted Pluto out of the solar system. They have downgraded the solar system from nine to eight. It is similar to what's happened at 'The View.' " — David Letterman

"Leading astronomers have officially declared that Pluto is no longer a planet…. They think it may have something to do with Pluto's drinking and making anti-Semitic remarks." — Jay Leno

British TV Drama To Depict Bush Assassination (WP/AP)

The Washington Post, September 1, 2006

LONDON, Aug. 31 A British television network plans to broadcast a documentary-style dramatic film about a fictional assassination of President Bush, the network's head said Thursday.

The program, to be aired Oct. 9, uses actors and digital manipulation of real footage to show a fictional account of Bush being gunned down after delivering a speech in Chicago, Peter Dale, the head of More4, told a news conference. More4 is the digital offshoot of Britain's Channel 4.

"Death of a President," which will first be shown this month at the Toronto Film Festival, in September, focuses on all those linked to the pretend crime -- including nearby antiwar protesters, suspects, Secret Service guards and investigators, Dale said.

The White House declined to comment on the network's announcement, saying it would not dignify the program with a response.

"It's an extraordinarily gripping and powerful piece of work, a drama constructed like a documentary that looks back at the assassination of George Bush as the starting point for a very gripping detective story," Dale told reporters. "It's a pointed political examination of what the war on terror did to the American body politic."

Dale said he expected the film would upset some, but defended it as a sophisticated piece of work.

"It's not sensationalist or simplistic but a very thought-provoking, powerful drama," he said. "I hope people will see that the intention behind it is good."

"Death of a President" is directed by Gabriel Range, whose 2003 TV movie "The Day Britain Stopped" showed what might happen if the country's transportation network ground to a halt.

Jump Into The Risk Pool (WSJ)

By Ron Gettelfinger

The Wall Street Journal, September 1, 2006

You can find a solution to one of the most difficult problems facing American workers and employers by reading a single magazine article: "The Risk Pool" by Malcolm Gladwell, in the Aug. 28 issue of the New Yorker. Examining the roots of our current health-care and pension dilemma, Mr. Gladwell notes that when GM and the UAW were negotiating in 1950, CEO

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Charles Wilson favored a company-by-company approach to worker benefits. Walter Reuther and the UAW wanted a universal system that would include all workers and all employers.

"The labor movement," Mr. Gladwell writes, "believed that the safest and most efficient way to provide insurance against ill health or old age was to spread the costs and risks of benefits over the biggest and most diverse group possible. . . . [I]n most countries, the government, or large groups of companies, provides pensions and health insurance. The United States, by contrast, has over the past 50 years followed the lead of Charlie Wilson . . . and made individual companies responsible for the care of their retirees. It is this fact, as much as any other, that explains the current crisis. In 1950, Charlie Wilson was wrong and Walter Reuther was right."

The problems Mr. Gladwell writes about in the auto and steel industries are present throughout our economy. Starbucks, for example, operates in a competitive environment that is worlds away from manufacturing. But Starbucks now spends more money on health care than it does on coffee -- not unlike GM, which has for some time paid more money for health care than it does for steel.

Starbucks, like GM, is finding out the hard way that America's benefits crisis cannot be solved by any one company or industry. As Wilbur Ross, an investor in the steel and auto parts industries, explains to Mr. Gladwell: "Every country against which we compete has universal health care. That means we probably face a 15% cost disadvantage versus foreigners for no other reason than historical accident." Unfortunately, employers who seek to avoid the cost problems have transferred responsibility for health care and retirement to individual employees, through 401(k) plans, health savings accounts and other mechanisms.

But if pension and health benefits can't be adequately maintained by individual companies -- young retail giants like Starbucks or venerable manufacturing firms like GM -- then it makes no sense to transfer these obligations to individual households. We need to go in the opposite direction, so that we protect and develop well-funded public programs which cover every man, woman and child in America. If we don't, a writer who is not yet born will be writing 50 years from now about millions and millions of workers who once labored for firms with no pension or medical plans and now cannot afford to take care of themselves properly in their retirement years.

"The Risk Pool" is important not because of what it says about the past, but because it sets the right framework for discussing America's future. Mr. Gladwell is also author of "The Tipping Point," a book which argues that small events can have a large effect on complex systems. This Labor Day, let's hope that his recent New Yorker article becomes a tipping point in the national conversation we desperately need to have about health care and pensions.

Mr. Gettelfinger is president of the United Auto Workers.

AIDS Money Suddenly At Risk (NYT)

The New York Times, September 1, 2006

A lethal form of budgetary politics is at work in Congress. The proven formula for assisting AIDS-ridden urban areas that pioneered effective treatment programs is in danger of being radically altered to shift money to more rural states. Rather than increase spending to cover both real priorities — the cities' AIDS needs and the growing problem of H.I.V. in rural areas — current proposals would deny the cities tens of millions of dollars.

Nothing could be more foolhardy for the nation as a whole. The AIDS battle knows no boundaries and has hardly waned in New York, California, Florida, Illinois and the other states that first confronted the challenge a generation ago. The cuts being contemplated would be traumatic for the valuable mix of treatments now given to tens of thousands.

The Republican leadership hopes to rush this change through Congress soon after it returns next week in the renewal of the $2 billion AIDS spending program. A fairer formula is being sought by alarmed lawmakers from the states slated to be shortchanged. Republicans are trying to spread nonsense that this all about red state versus blue state. The real question is whether Congress would dare to turn the proven Comprehensive AIDS Resources Emergency Act into another demeaning pork-barrel competition. In effect, the potential urban losers stand to be penalized for having shown the way in fighting the AIDS scourge.

Lawmakers have been on a generous recess in which they drove spending for their own re-election lifelines to $300 million for television alone. It will take a relative pittance — perhaps $100 million more — to finance the AIDS fight across the board.

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Surely a Congress that repeatedly spends far more on favored pieces of hometown pork can find the wherewithal to see to this life-and-death issue for the entire nation.

Dissidents At Dartmouth (WSJ)

The Wall Street Journal, September 1, 2006

The left-leaning faction that dominates American higher education doesn't take kindly to strangers -- particularly those who challenge the prevailing academic orthodoxies. Just ask Harvard's Larry Summers.

Or consider the escalating governance controversy at Dartmouth College. A few reformers have achieved a bit of influence, and now the New Hampshire school's insular establishment is doing everything it can to run them out of Hanover.

Since 1891, Dartmouth has been among the handful of colleges and universities that allows alumni to elect leaders directly. At present, eight of the 18 members of the governing Board of Trustees are chosen by the popular vote of some 66,500 graduates, from a slate nominated by a small, mostly unelected committee. (The remaining seats, reserved for major donors, are filled by appointment.)

In practice, the Trustees have been largely ornamental overseers, rubber-stamping the management decisions of the "progressive" college administration and faculty. The passivity of the Trustees owes, in part, to the fact that many official alumni representatives operate as a de facto wing of the establishment, pushing candidates who won't make trouble.

In 2004 and 2005, however, Dartmouth alumni were finally offered genuine choices. Over three successive Trustee contests, independent candidates bypassed the official channels and got onto the ballot by collecting alumni signatures. Each of the petition candidates -- T.J. Rodgers, a Silicon Valley CEO; Peter Robinson, a former Reagan speechwriter and current Hoover Institution fellow; and Todd Zywicki, a law professor -- ran on explicit platforms emphasizing academic standards, free speech and Dartmouth's acute leadership crisis. All three were unexpectedly elected by wide margins despite intense institutional opposition. Not only did the trend give expression to the general alumni discontent over how Dartmouth is being run (a rare thing in academia), but a critical mass was also building for more muscular stewardship, and, with it, fundamental change.

Dartmouth's inner circles, quite naturally, loathe all of this. And so the Alumni Council -- the representative body of sorts for the whole -- decided there was nothing to be done but change the rules. At issue is a new proposed constitution, cooked up in 2004 and constantly altered in response to events, that would "reform" the incorporation of the Trustees.

Most of the details are too tedious to go into here, but the new document is plainly designed to prevent outsiders from gaining still more Trusteeships. Most significant is a provision that would require prospective candidates to submit petitions before the official nominating committee selects its candidates. Not only would this vitiate the entire rationale for petition candidacies -- a last resort to express dissatisfaction with the status quo -- but it would allow the nominating committee to shape its slate against external challengers and split votes. These rules, like those in a casino, would game the odds in any given election in favor of the house.

The constitution is promoted as a measure to increase fairness and transparency, but in reality it would do neither. While the Alumni Council -- already a bureaucratic labyrinth -- is to be reorganized, it would actually become less representative, with more unelected positions with more power to pick Trustees than under the present arrangement. The revisions would also increase set-aside seats for groups defined by race or sexual orientation.

As if to redouble the throbbing of the tell-tale heart, the alumni executives recently "postponed" the elections for their own offices, in violation of their own bylaws, until after the constitution is given an up-or-down vote by the full alumni body. If it passes, the maneuver would entrench the leadership as currently comprised until at least 2009. Alumni would be left without democratically elected executives, let alone a say in Trustee nominations.

And so a pattern emerges at Dartmouth, one interminably replicated on other campuses: The academic establishment wants to consolidate its authority and exclude those who might deviate from the party line. But in a democracy, the results are not supposed to be foreordained. The new constitution will be put up for ratification by the alumni on September 15. Despite Dartmouth's troubles in recent years, we trust its graduates are bright enough to see this power play for what it is.

Iran Defies Deadline On Nuclear Program (WP)

By Dafna Linzer

DOJ_NMG_0056496

The Washington Post, September 1, 2006

A defiant Iran faced the prospect of economic sanctions after U.N. inspectors reported that the country ignored yesterday's deadline to halt its nuclear program and has been hindering efforts to determine whether it seeks to secretly develop nuclear weapons.

President Bush, invoking the same language that he used to describe Iraq before the March 2003 invasion, called Iran a "grave threat" and said "there must be consequences" for Tehran's actions. "It is time for Iran to make a choice," Bush said in a speech to the American Legion's national convention in Salt Lake City.

His administration had offered to join talks with Iran and held out the possibility of future cooperation after 27 years' enmity, if Tehran met the United Nations' deadline for suspending its nuclear program. Yesterday, however, U.S. officials said they will demand international sanctions against the Iranian government.

"We are going to move this toward a sanctions resolution at the United Nations," said R. Nicholas Burns, undersecretary of state for political affairs. "We expect others to join us."

It is unclear how much support the White House has for the tough measures it hopes will force Iran to abandon a nuclear effort that has become a source of national pride. No world leader who commented on yesterday's events spoke in the stark terms that Bush used, and none of the president's closest allies said sanctions are certain.

European officials expressed dismay with Iran but emphasized a commitment to negotiations; they scheduled a meeting next week with Ali Larijani, the Iranian government's point man on nuclear issues. European diplomats will meet with Burns the next day in Berlin to discuss their options.

Since his 2002 State of the Union speech, when he singled out Iran as part of an "axis of evil," Bush has tried without success to roll back Tehran's nuclear energy program. He has asserted, without offering proof, that it is a cover for weapons development.

Iran has insisted that the nuclear program, which it kept hidden for 18 years, is for the production of peaceful energy that it has a right to develop.

"The Iranian nation will not accept for one moment any bullying, invasion and violation of its rights," Iranian President Mahmoud Ahmadinejad said. He called the United States government "tyrannical." His foreign minister said Iran's program is transparently peaceful and will continue.

In yesterday's report, nuclear inspectors with the International Atomic Energy Agency detailed a mountain of circumstantial evidence, collected in the last three years, that suggests Iran is still concealing aspects of its nuclear program. In just six pages, the inspectors complained 18 times about Iran's lack of cooperation, including refusing to hand over crucial documents, denying access to facilities and a new policy of rejecting certain entry visas for some inspectors. As a result, inspectors said, they could not confirm "the peaceful nature of Iran's nuclear program."

But IAEA officials noted yesterday that they have not found proof of a weapons program and said Iran is still complying with basic, mandatory inspections that allow the agency to monitor all of its work with uranium. That access enabled the IAEA to report that Iran had "not suspended its enrichment related activities," as the Security Council required it to do by yesterday.

Inspectors reported that since April, when Iran began enriching uranium in a string of centrifuges, it has produced about six kilograms of uranium to levels consistent with an energy program. The material cannot be used for a weapon.

Iran began enriching another small quantity last week, but inspectors wrote that there have been more substantial pauses than progress. They noted that the Iranians are working at a much slower pace than the IAEA, outside nuclear experts and some foreign intelligence agencies had forecast.

Iran had said it would be operating three cascades by now, each with 164 centrifuges able to enrich uranium. Instead, one cascade is assembled and is working only sporadically.

"Their progress is far less than expected," said David Albright, a nuclear expert who is president of the Institute for Science and International Security. "Whether it's because of technical problems or self-restraint it's hard to gauge, but I don't think the U.S. can deliver on its promise to get hard sanctions when Iran is barely progressing."

Russia and China were reluctant to impose sanctions even before the report came out, playing down the need just weeks after U.S. officials felt they had received assurances from both countries to support such measures. Although many countries

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appear to share U.S. suspicions about Iran's intentions, they have profound differences with the Bush administration over how to respond and are apprehensive about the goals of a U.S. president who has said that "all options are on the table" in dealing with Tehran.

"Concerns about a slippery slope toward a military conflict with Iran have hurt U.S. efforts at diplomacy," said Robert J. Einhorn, who was assistant secretary of state for nonproliferation until November 2001. "The administration approaches the idea of negotiations with Iran as if we are prepared to take yes for an answer, but also engages in activities that suggest regime change is the real objective."

U.S. officials have refused to respond to questions about whether they are seeking the removal of Iran's clerical government. But they have given private assurances to allies that they are currently committed to diplomacy.

There were signs yesterday that Europe will maintain a steady role in that process. Larijani, the Iranian official, spoke by phone Saturday and Tuesday with Javier Solana, the senior representative of the European Union, in discussions both sides described as positive.

Privately, Iranian officials have said they would resume cooperation with inspectors and even consider freezing the nuclear program, but only after they restart talks with Europe and Washington.

In addition to several unanswered questions about the history of the program, inspectors detailed new ones in yesterday's report. A cylinder filled with uranium hexafluoride was temporarily moved by a technician at a uranium conversion plant in the town of Isfahan. No materials seem to be missing from the container, but inspectors expressed concern about the incident.

Also, traces of highly enriched uranium, which can be used for the core of a weapon, were discovered through environmental samples taken at another facility. Previous traces were found to have been the result of used and discarded centrifuge equipment the Iranians bought from Pakistan. Officials at the IAEA said privately yesterday that the new contamination appears to be from old spent fuel the Iranians moved out of harm's way during their eight-year war with Iraq.

"I think the only thing that would move opponents of sanctions now is if the agency found unambiguously the 'smoking gun,' " Einhorn said.

U.S. Steps Up Pressure For Sanctions On Tehran (WSJ)

By Neil King Jr.

The Wall Street Journal, September 1, 2006

WASHINGTON -- The Bush administration faces another round of tough diplomacy over Iran's nuclear program, as other major powers appear less willing than the U.S. to impose stiff sanctions on Tehran after it spurned a United Nations deadline to end its uranium-enrichment work.

The International Atomic Energy Agency, in a report yesterday, confirmed that Iran continues to move ahead to enrich small amounts of uranium, which Iran insists are for civilian use but which have the potential to be upgraded for use in a nuclear weapon. The report also says that Tehran continues to impede the work of IAEA inspectors within Iran.

The latest assessment of Iran's nuclear program also highlights how Iran's government appears to be playing off fissures within the group of countries -- the U.S., Britain, France, Russia, China and Germany -- that will decide whether and how to punish Tehran. The first five are permanent members of the U.N. Security Council, while Germany has been deeply involved in negotiations with Iran. The IAEA report notes that, rather than pushing ahead swiftly on enrichment work, Iran in recent months has made halting and limited progress on its uranium project, thus making the need for sanctions seem less urgent.

"There must be consequences for Iran's defiance, and we must not allow Iran to develop a nuclear weapon," President Bush said in a speech to veterans in Utah. His ambassador to the U.N., John Bolton, said that Iran's refusal to give up its uranium work left no doubt that it is pursuing a nuclear weapon.

The U.S. and the other key countries passed a toughly worded U.N. resolution in late July demanding that Iran suspend its uranium work by Aug. 31 or face an increasingly stringent series of sanctions. But Russia and China have expressed reluctance to support steps that would harm Iran's economy or impede their growing trade ties with Tehran.

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European diplomats, meanwhile, intend to give Iran at least another chance to explain its intentions. The European Union's foreign-policy chief, Javier Solana, is expected next week to meet again with chief Iranian nuclear negotiator Ali Larijani, in part to discuss Iran's ambiguous response last week to a package of international incentives presented to Tehran in June.

Senior Bush administration officials say the key is to keep the focus on Iran's defiance of the U.N. demand that the country end its uranium-enrichment work. "I have been talking to all the Europeans today, and everyone agrees that we have to move now toward a sanctions regime," Undersecretary of State Nicholas Burns said.

Mr. Burns will travel to Germany next week to talk with European partners about the next U.N. resolution on Iran, with negotiations commencing later at the U.N. "It's going to be a very complex discussion," he said.

The U.S. hopes to persuade the other key countries to adopt a first package of punishments that would focus on prohibiting exports to Iran's nuclear program, including a wide array of dual-use items. The measure may also include limiting the travel privileges of key Iranian officials.

That resolution would in turn threaten to impose still stiffer penalties if Iran remains defiant. U.S. officials acknowledge that it will prove increasingly difficult to persuade other countries to back still tougher punishments, especially ones that would impose wider restrictions on trade with Iran.

Acknowledging that the U.N. route could hit an early dead end, the U.S. is also pushing to cut off bank lending to Iran from Europe, the Gulf states and Asia, though U.S. officials concede that the effort has so far had only limited success. The U.S. is also beginning early discussions of trying to impose harsher economic sanctions outside of the U.N. system, possibly among a smaller group of European and Asian countries with significant exports to Iran.

Iranian President Mahmoud Ahmadinejad, meanwhile, is clearly hoping to chip away at what cohesion exists between Europe and the U.S. In a speech this week he urged Europe "to be independent" of Washington and "to settle problems through negotiations."

Iran Remains Steadfast In Pursuing Nuclear Plans As U.N. Deadline Arrives (NYT)

By Michael Slackman

The New York Times, September 1, 2006

TEHRAN, Aug. 31 — Iran remained defiant Thursday, ignoring a deadline set by the United Nations Security Council to suspend enrichment of uranium or face the threat of economic and political sanctions, which could choke its access to international banks and block the ability of its officials to travel abroad.

As the hours ticked down to midnight, Iran's officials did not flatly reject the deadline. But for months they have remained adamant about pursuing enrichment, having turned the issue into a matter of national pride. In domestic political terms, they could hardly have reversed course at this point without risking a loss of face and credibility at home, political analysts here said.

Since his election in June 2005, Iran's president, Mahmoud Ahmadinejad, has been the public face of Iranian defiance to the West, and he was again on Thursday. As other Iranian officials worked foreign capitals to press their case and block sanctions, the president traveled to the northwest of Iran where he again denounced what he called "arrogant powers."

"They claim to be supporting freedom, but they support the most tyrannical governments in the world to pursue their own interests," he said at a crowded stadium in West Azerbaijan Province. "They talk about human rights while maintaining the most notorious prisons. Those powers that do not abide by God and follow evil are the main source of all the current problems of mankind."

In images broadcast on state television across Iran, the audience cheered the president while chanting: "Nuclear energy is our inalienable right."

The International Atomic Energy Agency confirmed in a report issued Thursday that Iran was enriching small amounts of uranium. It also deepened suspicions by reporting that inspectors had detected traces of highly enriched uranium at an Iranian nuclear facility. Iran has argued in the past that such traces came from contamination on equipment from Pakistan, but the inspectors said that these traces did not match samples provided by Pakistan.

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But the inspectors drew no conclusions, writing that because Iran had denied them access to certain facilities the inspection team was unable to make "further progress in its efforts to verify the correctness and completeness of Iran's declarations" that it is running a peaceful nuclear program — and not developing weapons.

On Thursday, Muhammad Saeedi, the deputy leader of Iran's Atomic Energy Organization, told the official Iranian news agency that Iran was not "fully satisfied with the report," but that it showed "America's propaganda and politically motivated claims over Iran's nuclear program are baseless and based on American officials' hallucinations."

As it was shaping up, deadline day was likely to be less a climactic conclusion to years of conflict than another step down a lengthy road that has seen Iran, Western Europe and the United States battling over Iran's nuclear ambitions.

Even before the deadline, the United States, Britain, France and Germany were working to build a consensus for imposing strong sanctions on Iran. At the same time, Iranian officials worked feverishly to try to split the European coalition and to curry support from Russia and China, which have economic and energy interests in Iran and wield veto power on the Security Council.

In Germany, which is not a permanent member of the Security Council, the foreign minister, Frank-Walter Steinmeier, said in an interview in the daily Bild, that Iran had no use for a uranium-enrichment program other than to build a nuclear bomb. "We must prevent an Iranian atomic bomb," he said in the interview.

From Asia to Europe, Iran tried to lobby influential capitals, insisting that it was pursuing only peaceful nuclear energy, as it says is its right under the Nuclear Non-Proliferation Treaty, which it has signed. Without publicly stating it, Iran has hinted it is using access to its lucrative oil reserves as an incentive — and threat — in pressing its case.

After a brief visit to China on Tuesday, an Iranian envoy arrived in Tokyo on Wednesday to promote its nuclear agenda with senior officials. The backdrop to the discussion was Iran's persistent haggling with Japan over a multibillion-dollar deal that would allow Tokyo to co-explore Iran's Azadegan oil fields.

"The atmosphere is suitable for reaching a fair solution if the parties are willing to return to the negotiating table," Iran's deputy foreign minister, Abbas Araqchi, said in a meeting with Japanese officials on Thursday, according to Iran's official news agency.

The West has taken two paths in trying to persuade Iran to suspend enrichment: a package of economic incentives aimed at voluntary compliance and sanctions. On Aug. 22, Iran gave its response to the incentives package, ignoring the demand that it suspend enrichment immediately and instead calling for more talks and clarification of what it called more than 50 "ambiguities" in the incentives package.

Publicly, Iranian officials have displayed confidence that the five permanent members of the Security Council would not agree, at least in the near future, on a package of tough sanctions. They also publicly expressed indifference toward the pain that sanctions might cause.

"If they refuse to be logical, we will not be fearful and concerned," Mr. Ahmadinejad said at a news conference earlier in the week, when he was asked about the threat of sanctions. "We are able to protect our rights."

But the government's public posture was not unanimously accepted, as some began to express anxiety about the drag that sanctions could impose on an already troubled economy. Iran's official inflation rate is more than 10 percent, and unemployment is widespread.

"Sanctions can face the country with serious economic pressures," said Mohammad Ali Najafi, the former chief of the Planning and Management Organization, in a daily newspaper, Kargozaran. "Sanctions by U.N. Security Council would be much more harmful."

The nuclear conflict has often been portrayed by Iranian officials as a beachhead against American influence in Iranian affairs. Officials and former officials routinely say that if Iran gives in, it would find itself pressured on many other fronts, such as human rights and support for Hezbollah in Lebanon.

Mahmoud Vaezi, a former deputy foreign minister, said that the United States appeared to want a confrontation, while Europe was signaling it might want "a kind of win-win deal." The Europeans, he said, recognize the value of offering both sides a "face-saving" deal.

"But, of course, if this kind of pressure from the U.S. continues, we must continue to resist, and we cannot draw back," he said.

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Still, for all the attention world leaders were focusing on the nuclear standoff, people across Tehran seemed hardly moved by the looming deadline as they went about their business. Many said it was not that they were unconcerned, but that after living from one crisis to the next, it was hard to find the energy to get excited.

"The public is indifferent about this," said Hassan Fashami, 70, who has sold newspapers for more than half a century at one of the busiest corners in central Tehran. "They have heard lots of noise. They are just tired."

Up the block, Ahmed Zadeh, stood outside his small shop selling electronics. He said he was a concerned about the prospect of sanctions, but that few of his customers were. His biggest disappointment, he said, was that sanctions would only make it harder to procure American-made products. He said his biggest-selling items are American brands that he can stock because they are assembled in Japan or China.

"Of course I am worried," he said. "I have been to different countries, to Rome, to Australia, to Asia. I have seen the world. I know what it is to have sanctions."

Iran Defies U.N.; Sanctions Possible (AP)

By Nasser Karimi And George Jahn, Associated Press Writers

AP, September 1, 2006

Iran defied a U.N. deadline Thursday to stop enriching uranium, opening the door for sanctions, but U.S. and other officials said no action would be sought before a key European diplomat meets with Tehran's atomic chief next week to seek a compromise.

Iran's hard-line president, Mahmoud Ahmadinejad, lashed out at the United States, calling it "tyrannical" and insisting Tehran would not be "bullied" into giving up the right to use nuclear technology. Other Iranian officials said the country could withstand any punishment.

President Bush called for "consequences to Iran's defiance," saying the "world now faces a grave threat from the radical regime in Iran."

"We must not allow Iran to develop a nuclear weapon," Bush said in a speech in Salt Lake City. He said Washington hoped for a diplomatic solution, but insisted "it is time for Iran to make a choice" whether to cooperate with the United Nations.

John Bolton, U.S. ambassador to the United Nations, said the Security Council would wait to consider possible actions until after the European Union's foreign policy chief, Javier Solana, met with Ali Larijani, Iran's top nuclear negotiator, sometime in the middle of next week.

"We're certainly ready to proceed here in New York when we're given the instructions to do so," Bolton said.

U.N. Secretary-General Kofi Annan also was expected to raise the issue during a visit to Tehran this weekend.

Midnight Thursday — the last day of the Security Council deadline — passed with no change in the Iranian position.

The formal trigger for possible sanctions was provided by the International Atomic Energy Agency, based in Vienna, Austria.

In a report Thursday, the U.N. agency confirmed Tehran had not halted uranium enrichment as demanded by the Security Council and said three years of IAEA probing had been unable to confirm "the peaceful nature of Iran's nuclear program" because of lack of cooperation from Tehran.

Iran denies it is trying to acquire atomic weapons in violation of its commitments under the Nuclear Nonproliferation Treaty. Tehran insists its nuclear program is peaceful, with the sole aim of producing electricity with nuclear reactors.

The Security Council voted July 31 to impose the Thursday deadline for Iran to suspend uranium enrichment and asked the IAEA to report on Tehran's compliance, dangling the threat of sanctions if Iran refused.

Still, with permanent council members Russia and China opposed to quick and harsh penalties, the council appeared ready to delay such action. Senior U.N. diplomats told The Associated Press that Iran had agreed to meet with European negotiators to try to find a compromise.

Confirming the plans, Bolton said the Security Council would wait to consider any action until after European Union envoy Javier Solana met with Ali Larijani, Iran's chief nuclear negotiator, sometime next week.

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An official from one nation on the council said the meeting was tentatively set for Tuesday in Berlin. The official said senior officials from the U.S., Russia, China, Britain, France and Germany would meet in the German capital the following day. Those six nations offered rewards to Iran in June if it gave up enrichment — but warned of U.N. sanctions if it didn't.

Bolton told AP that while Washington "has extensive thoughts on what a possible U.N. resolution would look like, such discussion will await the outcome of the Solana meeting with Iran."

Still, he said the IAEA report added further weight to suspicions Iran is "engaged in activities that are only consistent with a weapons program."

Bolton declined to specify what sanctions the U.S. might seek. But U.S. and European diplomats have said they are focusing on low-level punishment at first to win backing from Russia and China. Proposals include travel bans on Iranian officials or a ban on the sale of dual-use technology to Iran.

More extreme sanctions would be a freeze on Iranian assets or a broader trade ban, but those would likely be opposed by Russia, China and perhaps others, particularly since it could cut off badly needed oil exports from Iran.

In Tehran, Foreign Ministry spokesman Hamid Reza Asefi shrugged off the possibility of sanctions, telling state-run television that Iran "will find a way to avoid pressure eventually."

Ahmadinejad denounced the United States, accusing it of trying to impose its will on Iran.

"They claim to be supporting freedom but they support the most tyrannical governments in the world to pursue their own interests," he told a crowd of thousands in the northwestern town of Orumiyeh.

"The Iranian nation will not succumb to bullying, invasion and the violation of its rights," Ahmadinejad said.

While stating "Iran has not suspended its enrichment activities," the restricted IAEA report, obtained by AP, did not specifically say Iran was carrying out enrichment Thursday. It said only that Tehran started work on a new batch Aug. 24.

But a senior official close to the agency said Iran's pilot centrifuge plant was processing small quantities of uranium gas for enrichment as late as Tuesday, the last day IAEA inspectors reported back to headquarters on Tehran's nuclear program.

Iran says it wants to develop a full-scale enrichment program to produce reactor fuel, but there is growing suspicion the oil-rich country wants to use enrichment to create fissile material for nuclear warheads.

The rest of the IAEA's report essentially documented a protracted stalemate between agency inspectors trying to determine if Tehran is seeking to make weapons and Iranian officials who have repeatedly refused to provide information.

While the findings on enrichment were expected, they were important because they provided the formal trigger needed for the Security Council to take up sanctions.

IAEA officials said the six-page report was hand-carried to the council chambers at the same time it was posted on the agency's intranet site for the 35 nations on the IAEA's board of governors.

Other key findings in the report from IAEA chief Mohamed ElBaradei:

• New findings of minute particles of highly enriched uranium at an Iranian technical university implicated in possible military work, although the report did not specify whether the level was weapons-grade.

• A decision by the Iranians to cut off IAEA access to suspicious diagrams apparently showing how to mold fissile material into the shape of a warhead and to destroy notes taken on the document by agency inspectors.

• The temporary barring of U.N. inspectors from an underground facility being built to house tens of thousands of centrifuges, the backbone of Iran's future enrichment program.

• Protracted delays in granting multiple entry visas to IAEA inspectors.

U.N. officials told AP that even Olli Heinonen, deputy IAEA director-general in charge of the Iran investigation, was left dangling. In an unprecedented move, Iranian officials initially issued him only a one-month visa before relenting and giving him the usual one-year entry pass Wednesday, a day before the report was released.

Nasser Karimi reported from Tehran and George Jahn from Vienna. Associated Press writers Lee Keath in Cairo, Egypt, and Nick Wadhams at the United Nations contributed to this report.

Bush Warns Iran Anew On Nuclear Program (AP-Y)

By Nedra Pickler

DOJ_NMG_0056502

AP, September 1, 2006

President Bush said Thursday that Iran has responded with defiance and delay to demands to stop enriching uranium and said "there must be consequences" for Tehran.

Bush put the nuclear standoff with Iran in a larger context, saying the violence in Lebanon this summer makes Tehran's designs on the world stage clear. He blamed Iran for supporting the Lebanese militant group Hezbollah, for helping to destabilize Iraq by sponsoring insurgents and supplying components for improvised explosive devices, and for denying basic human rights to millions of its own people.

"The world now faces a grave threat from the radical regime in Iran," the president said. "We know the depth of suffering that Iran's sponsorship of terrorists has brought. And we can imagine how much worse it would be if Iran were allowed to acquire nuclear weapons."

Bush delivered his starkest threat yet to Tehran in a speech to thousands of veterans at the American Legion convention.

"There must be consequences for Iran's defiance," he said, "and we must not allow Iran to develop a nuclear weapons."

Thursday was the deadline for Tehran to heed the U.N. Security Council demand to stop enrichment.

Bush discussed Iran in a speech dealing largely with the war in Iraq. He said opponents of the war in Iraq who are calling for a plan to bring home troops would create a disaster in the Middle East.

"Many of these folks are sincere and they're patriotic but they could be — they could not be more wrong," Bush said. "If America were to pull out before Iraq could defend itself, the consequences would be absolutely predictable, and absolutely disastrous. We would be handing Iraq over to our worst enemies — Saddam's former henchmen, armed groups with ties to Iran, and al-Qaida terrorists from all over the world who would suddenly have a base of operations far more valuable than Afghanistan under the Taliban."

Tehran Rebuffs U.N. Deadline; Bush Fires Back (WT/AP)

By Nasser Karimi

The Washington Times, September 1, 2006

TEHRAN -- Iran's president defiantly refused to compromise as a U.N. deadline for his country to stop enriching uranium arrived yesterday, prompting the United States to threaten sanctions against the Islamist regime -- with or without unanimous approval of the U.N. Security Council.

President Mahmoud Ahmadinejad told a crowd of thousands in the northwestern city of Orumiyeh "the Iranian nation will not accept for one moment any bullying, invasion and violation of its rights."

President Bush said "there must be consequences" for Tehran, adding that "the world now faces a grave threat from the radical regime in Iran."

The U.N. nuclear watchdog, the International Atomic Energy Agency (IAEA), said Iran showed no signs of freezing enrichment, adding that Tehran started work on a new batch Aug. 24.

U.S. Ambassador John R. Bolton said that the U.N. Security Council must be ready to impose sanctions. But he also said that unanimity in the council is not needed -- a reference to continued Chinese and Russian reluctance to move quickly on sanctions.

Mr. Bolton said that any move to penalize Iran will wait until the European Union's foreign-policy chief, Javier Solana, meets with Iran's top negotiator, Ali Larijani, sometime next week.

Iran's refusal to cooperate fully with the IAEA and its continued development of nuclear technology leave no doubt that it is seeking a nuclear bomb, Mr. Bolton told reporters. Iran contends its program is for peaceful purposes.

In Washington, Robert Joseph, undersecretary of state for arms control and international security, said the IAEA report was explicit in stating that Iran has failed to meet the demands of the Security Council regarding suspension of enrichment, as well as regarding transparency of its program.

"It is the most straightforward report from the IAEA to date," Mr. Joseph told The Washington Times. "It makes clear that Iran continues to defy the Security Council and the international community."

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The report stated that Iran continues to feed uranium hexafluoride into its 164-machine centrifuge cascade and did so as late as Sunday.

It also said Iran is building additional facilities, including a second 164-centrifuge cascade and that work on a plutonium-based heavy-water reactor is continuing.

"It is a clear indictment, and the message is that Iran is moving forward with its nuclear program," Mr. Joseph said.

Mohammad Saeedi, the deputy head of Iran's Atomic Energy Organization, insisted the IAEA report showed Iran's cooperation. "Although the report does not meet our satisfaction ... it indicates that the [U.S.'s] groundless claims were based on the U.S. officials' illusions," Mr. Saeedi was quoted as saying by the state news agency.

Mr. Bush blamed Iran for supporting the Lebanese militant group Hezbollah, for helping to destabilize Iraq by sponsoring insurgents and supplying components for improvised explosive devices, and for denying basic human rights to millions of its own people.

"The world now faces a grave threat from the radical regime in Iran," he told the American Legion convention in Salt Lake City. "We know the depth of suffering that Iran's sponsorship of terrorists has brought. And we can imagine how much worse it would be if Iran were allowed to acquire nuclear weapons.

"There must be consequences for Iran's defiance," he said, "and we must not allow Iran to develop nuclear weapons."

A Bush administration official said sanctions on Iran could be imposedwithin weeks.

The sanctions will include financial measures aimed at curbing Iran's weapons of mass destruction and missile programs and at limiting travel by Iranian officials.

More extreme sanctions could include a freeze on Iranian assets or a broader trade ban -- although opposition to that by Russia, China and perhaps others would be strong, particularly since it could cut off badly needed oil exports from Iran.

The deadline was widely reported on the front pages of major Iranian newspapers. The daily Aftab said the showdown offers "the enemies" a chance to ratchet up pressure on Iran. Another newspaper, Kargozaran, expressed doubt the U.S. would muster enough support within the Security Council for punitive sanctions.

Tehran insists it wants to enrich uranium as fuel solely for civilian nuclear-power stations. However, the U.S. and other Western countries think it wants to use it in nuclear weapons.

German Foreign Minister Frank-Walter Steinmeier expressed fresh suspicion that Iran is pursuing nuclear weapons and said in remarks published yesterday that Arab governments are equally worried about Tehran's ambitions.

"At the moment, Iran has no use whatsoever for enriched uranium -- unless it is planning to build the bomb," Mr. Steinmeier was quoted as saying in the newspaper Bild.

The United States, Russia, China, Britain, France and Germany offered the incentive package in exchange for a commitment from Tehran to freeze enrichment.

Iran Rejects U.N. Deadline To Cease Enrichment (USAT)

By Bill Nichols

USA Today, September 1, 2006

WASHINGTON — Iran refused to meet a United Nations deadline to stop enriching uranium by Thursday, and President Bush said “there must be consequences” for the Islamic regime in Tehran.

Bush, speaking at the American Legion convention in Salt Lake City, said the recent war between Iran-backed Hezbollah guerrillas and Israel in Lebanon showed “the world now faces a grave threat from the radical regime in Iran.”

A new report by the U.N. nuclear watchdog, the International Atomic Energy Agency (IAEA), said Iran continues to enrich uranium.

“The Iranian nation will not accept for one moment any bullying, invasion and violation of its rights,” Iranian President Mahmoud Ahmadinejad told a crowd in Orumiyeh.

John Bolton, the U.S. ambassador to the U.N., said the U.N. Security Council must be ready to impose sanctions. He said the council wouldn't discuss specific steps until European Union foreign policy chief Javier Solana meets with Iranian nuclear negotiator Ali Larijani next week.

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In June, the United States, Britain, China, Germany, France and Russia proposed a package of incentives aimed at persuading Iran to halt research activities that could lead to the development of nuclear arms.

The Bush administration and its allies say the uranium program is making fuel for weapons. Iran says it is only for nuclear energy.

Thursday's IAEA report said that after three years of inspections, the agency still has not been able to confirm "the peaceful nature of Iran's nuclear program" because of a lack of cooperation from Iran.

The U.N. Security Council passed a resolution July 31 calling on Iran to halt its enrichment program by Aug. 31 or face possible sanctions.

Iran issued a 21-page response to the Western proposal last week. The State Department said it fell short of conditions set by the U.N.

Discussions are set to begin in Berlin next Wednesday between the United States and its allies about what kind of sanctions to push for.

Any penalties will have to be "pretty modest" in order to win support from Russia and China, said Robert Einhorn, a former assistant secretary of State for non-proliferation.

Russia and China supported the July 31 resolution, but have downplayed the need for sanctions. Both have historic economic and political ties to Iran. The two countries — along with the United States, Britain and France — hold veto power on the Security Council.

Einhorn, an analyst at the Center for Strategic and International Studies, a Washington think tank, said possible sanctions include a travel ban for Iranian officials, a freeze on Iranian investments overseas or a ban on the sale of nuclear technology to Iran.

He said tough rhetoric from Iran indicates the regime believes that opposition by Russia and China will prevent the council from imposing harsher sanctions.

"The Iranians have long calculated that this would be a modest package and have probably decided that they can weather that storm, which is not hurricane-force. … They're probably confident that much tougher sanctions won't be imposed," Einhorn said.

George Perkovich, a non-proliferation expert at the Carnegie Endowment for International Peace, said that given the reluctance of Russia and China, the United States has few options other than accepting limited sanctions. Persuading the council to take far-reaching measures to truly pinch Iran could take "a long time … a very long time," he said.

In Iran, the passage of the deadline is viewed with anxiety because of the fear of a U.S military response, said Ismael Hossein-Zadeh, an Iranian-born professor at Drake University in Des Moines who last visited Iran in early July. He said most Iranians he spoke with support the nuclear research program and believe it is for peaceful purposes.

"They see this as something quite natural," Hossein-Zadeh said. "They resent what they see as efforts to deprive them of using this progress technology."

Highly Enriched Uranium Found At Iranian Plant (NYT)

By Elaine Sciolino

The New York Times, September 1, 2006

VIENNA, Aug. 31 — The global nuclear monitoring agency deepened suspicions on Thursday about Iran's nuclear program, reporting that inspectors had discovered new traces of highly enriched uranium at an Iranian facility.

Inspectors have found such uranium, which at extreme enrichment levels can fuel bombs, twice in the past. The International Atomic Energy Agency concluded that at least some of those samples came from contaminated equipment that Iran had obtained from Pakistan.

But in this case, the nuclear fingerprint of the particles did not match the other samples, an official familiar with the inspections said, raising questions about their origin.

In a six-page report to the United Nations Security Council on Thursday, the agency withheld judgment about where the material came from and whether it could be linked to a secret nuclear program.

Iran says that its nuclear program is intended only for the production of energy, which would use uranium enriched at far lower levels than the sample described in the report.

As expected, the report confirmed that Iran had continued producing enriched uranium, but only on a small scale and at relatively low levels, at its vast Natanz facility.

Thursday was the deadline set by the Security Council for Iran to freeze its enrichment-related activities. Iran's failure to comply means that it is vulnerable to further punitive action, perhaps economic and political penalties, either by the entire Council or a smaller group of countries led by the United States.

In a speech at the American Legion national convention in Salt Lake City, President Bush ratcheted up his warning to the Iranian leadership, saying that the war in Lebanon and Iran's support for Hezbollah "made it clearer than ever that the world now faces a grave threat from the radical regime in Iran."

He concluded by saying that while he was committed to a diplomatic solution to the confrontation with Iran, "There must be consequences for Iran's defiance, and we must not allow Iran to develop a nuclear weapon."

The European Union foreign policy chief, Javier Solana, and Iran's nuclear negotiator, Ali Larijani, are to meet in Europe next week in a final attempt to seek a way out of the impasse. Afterward, the major world powers will meet in Europe to discuss Iran's case. But Russia and China are resisting sanctions and Iran has shrugged off all threats, vowing to continue its nuclear activities even as it seeks negotiations.

As in the past, the nuclear agency painted a confusing and incomplete picture of the state of Iran's nuclear program, underscoring the limits of outside inspectors whose access to Iran's nuclear sites was curtailed by Iran early this year.

On one hand, the report makes clear that, as the official familiar with the inspections said, "Inspectors have not uncovered any concrete proof that Iran's nuclear program is of a military nature."

On the other hand, the report captures the long pattern of confusion, stonewalling, partial disclosure of information and a minimum of cooperation under Iran's international obligations to the agency and details new suspicious activities.

Since February, when the agency referred the Iran dossier to the Security Council, Iran has drastically reduced the access of the international inspectors. The decision has limited or blocked inspections of hundreds of the country's atomic sites, programs and personnel; the result is more uncertainty and less information about Iran's progress in mastering the basics of uranium and plutonium, the foundations for both producing electricity and building bombs.

Most noteworthy in the report was the discovery of particles of highly enriched uranium on a container at a waste storage facility at Karaj, not far from Tehran.

The particles were taken from the container for testing a year ago, but the agency obtained the result only a few weeks ago because of the limited capacity of its verification laboratory.

In late 2003, the discovery of traces of highly enriched uranium in Iran touched off international concern about the country's nuclear intentions and raised questions about where the material had originated. Another find of the radioactive material earlier this year redoubled the sense of alarm.

But Thursday's disclosure was different, diplomats said. "This is the first case with no known linkage," said one European diplomat who could not be quoted by name because of diplomatic rules. "But we have to be careful because over time these things can be explained away, at least in theory."

Robert Joseph, the under secretary of state for arms control and international security, was cautious in talking about the new evidence, but said, "We need to be very concerned that Iran may well be undertaking experiments, and may be undertaking the construction of centrifuge machines, out of sight of I.A.E.A. inspectors."

Highly enriched uranium, containing 80 percent or more of the rare uranium-235 isotope, is considered bomb grade and can be fashioned into the core of a nuclear weapon.

Iran says its atomic program is meant to enrich uranium to the low levels of up to 5 percent for the production of nuclear power, but the United States calls that effort a cover for the acquisition of a nuclear arsenal.

The agency has written to Iran asking for an explanation of the source of the highly enriched particles, but has not received a response.

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The report did not specify the level of the particles or whether they were weapons-grade quality. The official who was discussing the report refused to be drawn into that discussion, suggesting that such a definition was meaningless. “You cannot say weapons-grade, but very high,” he said.

The report also concluded that Iran had continued to produce enriched uranium but on a modest scale, despite claims of various Iranian officials of plans to build and operate thousands of gas centrifuges on an industrial scale.

Indeed, Iran has built and operated only one 164-machine cascade or set of centrifuges, and other isolated machines.

Over the summer, the centrifuges did not produce enriched uranium continuously, but only for a few days and then often operated empty, the report said.

In addition, only a few kilograms of nuclear material was fed into the machines; only a small amount of uranium — tens of grams — was enriched, the official said.

“The qualitative and quantitative development of Iran’s enrichment program continues to be fairly limited,” the official said. He added, “From a technical point of view, we have not seen a very extensive experimentation with those machines.”

The program appears to be lagging behind Iran’s stated deadline to install 3,000 centrifuges at Natanz in the last quarter of this year.

The report documented Iran’s refusal last summer to allow inspectors into an underground part of the Natanz facility and to give inspectors multiple-entry one-year visas for easy access to the country. Iranian officials since have backed down.

The report also faulted Iran for once again failing to answer questions and provide documents and access on a wide range of issues, some of which have been outstanding for more than three years.

“There is a standstill” in resolving these issues, said the official, who spoke on condition of anonymity because of normal diplomatic rules. The agency, he added, is losing confidence that it can give the world assurances about the “completeness” of Iran’s program.

U.N. Nuclear Agency Faults Iran (LAT)

By Alissa J. Rubin And Maggie Farley

The Los Angeles Times, September 1, 2006

VIENNA — Iran has continued to enrich uranium in defiance of a United Nations deadline to halt such work and has offered minimal cooperation with inspectors trying to assess whether its program is for peaceful purposes, the U.N.'s nuclear watchdog reported Thursday.

Iran's defiance, while hardly unexpected, paves the way for the start of Security Council debate over international sanctions against the Islamic Republic; the United States has taken the lead in the campaign to penalize Tehran. China and Russia, both of which have veto power, have expressed misgivings about any move in that direction.

Iranian President Mahmoud Ahmadinejad said Thursday that his country "will not accept for one moment any bullying, invasion and violation of its rights."

Speaking to a crowd in the northwestern Iranian city of Orumiyeh, he urged defiance, and described the United States as "the main source of the problems of mankind."

President Bush, speaking in Salt Lake City, described Iran as a "grave threat" to the world and called on other nations to help stop its nuclear efforts. "There must be consequences for Iran's defiance," he said. "And we must not allow Iran to develop nuclear weapons."

U.S. Ambassador to the U.N. John R. Bolton said the Security Council would not start discussing possible sanctions until next week, after the European Union's foreign policy chief, Javier Solana, meets with Ali Larijani, Iran's top nuclear negotiator.

"We're certainly ready to proceed here in New York when we're given the instructions to do so," Bolton said.

The International Atomic Energy Agency report says Iran continues to enrich uranium at its Natanz facility and still denies inspectors access to individuals who are key to answering questions about Tehran's nuclear program.

Iran also has refused or delayed requests by inspectors to review records and take uranium samples so that experts can assess the percentage of enrichment Tehran has achieved — information necessary for evaluating whether Iran's program might have a military aspect.

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Uranium when enriched to low levels can be used to generate electricity, but when more highly enriched, it can be used as the core of an atomic weapon.

The report also raises questions about newly detected highly enriched uranium on equipment tested by inspectors.

There was "no progress at all this summer … nothing in terms of substantive progress," said a senior official close to the IAEA, referring to Iran's failure to answer long-standing questions and assuage fears that it may be attempting to gain the expertise to manufacture a nuclear weapon.

Tehran operated a clandestine nuclear program for 18 years before it was uncovered in 2002. Since then, the Vienna-based IAEA has been trying to learn if it was intended for civilian purposes including the generation of nuclear power, as Iran has said.

Many countries believe Iran is attempting to gain the capability to make a bomb.

The council had set Aug. 31 as the deadline for Iran to suspend uranium enrichment. The senior official said that as of Tuesday, when inspectors last checked, Iran was continuing to feed uranium gas into centrifuges used to isolate an isotope of uranium needed for a nuclear reaction.

So far, Iran has enriched only extremely small amounts of uranium, said the senior official, who spoke on condition of anonymity. The U.N. agency's report says Iran has reported enriching uranium to a level far below what would be required for a bomb. But inspectors have not been able to verify that assertion.

The U.S. has called for the swift enactment of economic sanctions; but with other countries leery of confrontation, it is advocating relatively mild moves initially.

The first step would be a ban on the export of nuclear- or missile-related materials to Iran and perhaps a travel ban or asset freeze for key Iranian officials, U.S. officials said.

Bolton and other State Department officials said they were optimistic about persuading Russia and China to agree to the initial sanctions, citing a July agreement that included the two nations' foreign ministers indicating support for such steps.

But Russia's defense minister, Sergei B. Ivanov, said last week that the situation in Iran was "not urgent" and that sanctions were rarely effective.

Moscow's reticence may be bolstered by the IAEA report, which indicates that Iran has moved slowly to build its pilot enrichment plant and has enriched only very small amounts of uranium.

Russia is unlikely to back a ban on nuclear-related materials because it is Iran's key partner in building nuclear power plants, diplomats said. Russia and China both have an interest in Iranian oil.

Even France and Germany, usually allied with the United States on Iran policy, appear reluctant to move quickly.

Regarding the newly discovered evidence of contamination by enriched uranium mentioned in the IAEA report, the senior official said the traces had been found on containers at a waste storage site.

The contamination did not resemble previous contamination believed to have come from equipment imported from Pakistan.

"If you're telling me it doesn't come from equipment from another country, then it shouldn't be there," said a Western diplomat familiar with Iran's program.

Thursday's report: The United Nations' nuclear watchdog agency reported that Iran had failed to halt efforts to enrich uranium by the Aug. 31 deadline set by the U.N. Security Council. The Islamic Republic insists that its program aims only to provide fuel for civilian nuclear power plants, but the U.S. and other Western powers fear it will lead to development of nuclear weapons.

Start of the crisis: In August 2002, an Iranian exile group reported the existence of a uranium enrichment facility at Natanz and a heavy-water plant at Arak. Later that year, the Bush administration accused Iran of an "across-the-board pursuit of weapons of mass destruction."

The EU-3: Three European Union nations -- Britain, France and Germany -- launched negotiations with Tehran; the Bush administration declined to join the talks. In 2003, the EU-3 won agreement from Iran to suspend enrichment activities and allow inspections of nuclear facilities. But two years later, the U.N. nuclear watchdog agency reported that Tehran had resumed the conversion of raw uranium into gas at a plant in Esfahan, a step toward enrichment.

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International action: Last February, the U.N. nuclear watchdog agency voted to report Iran's nuclear program to the Security Council. In subsequent reports, the agency told the council that it could not verify that Tehran's atomic activities were peaceful. Iran continued to insist that it had the right to pursue its nuclear program.

What's next: The U.N. is to debate imposing economic sanctions on Iran.

Gingrich Opposed To U.S. Strike On Iran (WT)

By Ralph Z. Hallow

The Washington Times, September 1, 2006

ROME -- Former House Speaker Newt Gingrich this week moved a step further toward casting himself as the conservative alternative to Sen. John McCain in a possible run for the 2008 Republican presidential nomination.

In an impromptu speech during a Mediterranean cruise that hosted scores of conservative donors and activists, the Georgia Republican expressed unexpected skepticism about prospects of military intervention to halt Iran's nuclear program.

"I am opposed to a military strike on Iran because I don't think it accomplishes very much in the long run," said Mr. Gingrich, who supported the U.S.-led invasion of Iraq and has been a strong defender of Israel.

"I think if this regime [in Iran] is so dangerous that we can't afford to let them have nuclear weapons, we need a strategy to replace the regime," Mr. Gingrich said. "And the first place you start is where Ronald Reagan did in Eastern Europe with a comprehensive strategy that relied on economic, political, diplomatic, information and intelligence" means.

The statement represented a significant modification of one of his most hawkish foreign-policy views.

Earlier this year, he said, "A nonviolent solution that allows the terrorists to become better trained, better organized, more numerous and better armed is a defeat. A nonviolent solution that leads to North Korean and Iranian nuclear weapons threatening us across the planet is a defeat."

Mr. Gingrich was a guest speaker and panelist on a 10-day "Freedom Cruise" sponsored by the Virginia-based Freedom Alliance that featured 16 other well-known conservatives, including Reagan administration Attorney General Edwin Meese, former National Review publisher William Rusher, Reagan White House national security aide Oliver L. North and former Georgia Rep. Bob Barr.

Mr. Gingrich said he has not yet decided whether to seek the presidency in 2008. But during several panel discussions open only to the Freedom Cruise audience -- about 160 donors to conservative organizations -- participants made clear their antipathy toward Mr. McCain, the Arizona senator who currently leads in polls of prospective Republican presidential candidates.

When the audience was asked at one event for a show of opposition to Mr. McCain, a sea of hands went up. Asked for a show of McCain supporters, only two hands were raised.

The conservative group also showed considerable affection toward Mr. Gingrich and a clear disinclination so far to coalesce behind any one of the other top potential 2008 Republican contenders, such as Virginia Sen. George Allen, Massachusetts Gov. Mitt Romney, former New York Mayor Rudolph W. Giuliani, Senate Majority Leader Bill Frist and Arkansas Gov. Mike Huckabee.

The unambiguity of Mr. Gingrich's own political ambition emerged when, through an intermediary, he obtained permission from the captain of the Noordam, a Holland American Line ship, to address the nearly 2,000 vacationing passengers aboard the ship.

As news spread that Mr. Gingrich was aboard the vessel and would give a half-hour speech and take questions for another half hour, the ship's largest auditorium filled with some 900 passengers.

But the response that showed the greatest change in Mr. Gingrich as a politician and public speaker came when an audience member asked, "Should we allow Iran to build nuclear weapons or should we intervene militarily?"

Rather than the quick, hawkish response for which he has been known throughout his long career in politics, Mr. Gingrich paused and appeared to weigh his answer. Finally, he said, "Iran is a very big country. They've had 20 years to hide their activities underground. I know that they have at least one facility the size of two aircraft carriers that is entirely underground."

He paused again, then said, "I don't know what will happen right now because Washington is very confused. And you have all the political pressure and the side effects of the Iraq campaign -- and you have the way the news media operates."

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After saying he opposed military action against Iran, he said that "in North Korea and Iran, we should have a conscious strategy that starts from a simple premise" that many residents of both countries hate their leaders and political system.

"I think our position should be that we don't expect Iranian President Mahmoud Ahmadinejad to be around for very long," he said. "But we think the Iranians are going to get rid of him. We're not. But then I would do everything I could to make that possible."

Tehran Enforces Islamic Dress Code (WT)

By David Blair

The Washington Times, September 1, 2006

LONDON -- Police in Iran's capital, Tehran, have stopped almost 64,000 women and warned them against breaching strict Muslim dress codes in the last month alone.

The authorities have chosen the height of summer for a new crackdown to ensure that women cover their heads with veils and their bodies with long, heavy overcoats whenever they are in public.

For years, Iran's police turned a blind eye when young women pushed the boundaries of the rules by wearing the flimsiest of veils or displaying painted toenails in open sandals.

But President Mahmoud Ahmadinejad's deeply conservative regime is steadily reversing this trend.

Police in Tehran have been given orders to caution any woman they deem to be "badly veiled." Thousands are being stopped every day.

Mohammad Reza Alipour, from the capital's police force, said that 63,963 women had been given a warning in the past month, with some making a "written pledge to dress properly."

Observers say Mr. Ahmadinejad has ordered the new, hard-line approach.

"We are certainly seeing a return to behavior we haven't seen for 10 years," said Hadi Ghaemi, the Iran researcher for Human Rights Watch. "Generally, the imposition of strict Islamic codes has been increasing under Ahmadinejad."

The fate of women who police decide are "badly veiled" depends on the whims of the officers concerned. They may be released with a caution, or taken to a police station and bailed out. Those with political connections are usually treated leniently. Others may be detained.

"The person could end up in jail depending on their relationship with the authorities," Mr. Ghaemi said.

In Tehran, This Guys' Night Out Is About Getting Down To The Hard Line (WP)

By Karl Vick

The Washington Post, September 1, 2006

TEHRAN The weekly gathering of those who still believe most in the Islamic Revolution was to start promptly at 5 p.m. The time was right there in the lower left-hand corner of Ya Lesarat al-Hussein, the hard-line weekly newspaper that sponsors the Sunday gathering.

The paper's name, which translates as "Those Who Want to Avenge the Blood of Hussein," suggests the militant flavor the gathering is intended to nurse, 27 years after the revolution that brought the clerics to power in Iran. A couple of dozen of the faithful are already in the evenly lit basement of the capital headquarters of Ansar al-Hezbollah, or Friends of the Party of God, a paramilitary group whose members were called on many a time in the previous decade to break the ranks, if not the skulls, of student protesters.

Leaving their shoes in the racks at the top of the stairs, they pad past posters trumpeting the pan-Islamic goals -- "One Day the Land of Palestine Will Be Returned to the World of Islam" -- articulated by the late Ayatollah Ruhollah Khomeini, whose virtues the guest speaker will extol when he shows up. Meanwhile, they fold their legs under themselves and read.

A slender young man moves through the silence, newsprint hung over his forearm like a waiter's towel. He hands out Partosokhan, or "In the Light of Discourse." A balding man opens to an article on the lamentable state of Iranian textiles; the world's only Islamic theocracy is importing chadors, the enveloping black robes whose name literally translates as "tent."

Another problem: Many young women aren't even wearing them, preferring fashionable scarves and snug jackets that stretch the definition of hijab , or head covering. A second young man circulates handbills announcing a march against such immodesty, on the coming Friday, after prayers. (No one will show up.)

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"Mourning songs?" asks another man, handing out CDs from a stack. His white beard is neatly trimmed and he wears a pinstriped double-breasted suit. The room he moves through has the feel of a weeknight function in a church basement, except everyone's sitting on the carpet.

The last gaps are disappearing -- elbows drawn in to make room, shoulders touched in greeting -- when Mehdi Koochakzadeh strides in on long legs. Slender, bearded, strings on his glasses, he takes the only seat in the room and commences on the advertised topic: the thoughts and character of Khomeini. He waves a thick stack of quotations by the cleric whose charisma and religious authority held the Islamic Republic together through its first decade, until his death in 1989. Since then, there's been a certain amount of improvisation.

"We have no such thing as majority rule in Islam," Koochakzadeh proclaims. "If the majority says, 'We don't want an Islamic regime,' they have no right."

If it seems a strange statement from an elected member of parliament, this goes unremarked. But when, at 6:40, Koochakzadeh announces that "someone is picking me up at 7:15," a young man in the back pipes up: "Well, that's as usual. Officials are always coming to talk to us. They never listen. They never ask our opinion."

The speaker waves another quotation. Khomeini said: "What we should have in mind is the satisfaction of God, not the satisfaction of the people." The legislator adds: "They know nothing. They have no right to make a decision."

He has an eye on the clock. It's after 7. But the crowd is restless, and before Koochakzadeh can leave, someone sets a stack of papers on the desk -- written questions from the audience.

"There are several ladies in the place where I work who are not observing hijab and who make fun of me for being a Hezbolli. What should I do?"

Koochakzadeh looks up. To maintain public peace, Iran's conservatives have given youth a measure of freedom that somehow disempowers the men seated on the floor. "I understand your suffering," he says, counseling patience and the services of his office if circumstances grow intolerable. As he recites his phone number, every man in the audience appears to jot it down.

"For 27 years, you and yours have been running this country. Why is there still so much corruption?"

The reply, which runs for several paragraphs, ends with: "Most of the trouble we have has been plotted by the United States and our enemies. And part of it is you voted for people you shouldn't have." He mentions a "stupid" presidential candidate who offered every Iranian $60 a month.

From the back, a man shoots back: "This person you're talking about was much closer to Imam Khomeini than many people in high positions."

Another man calls out: "There were others who promised to put oil money on the tablecloth!" The reference is to the candidate who won, Mahmoud Ahmadinejad.

The speaker spreads his arms wide. It's 7:20. He's late.

"See how democratic we are? When a person wants to go and make a speech, he can go to an Ansar meeting!"

In the second row, a young man in a blue blazer stands. "I was beaten up by Ansar, myself." He smiles. "They broke a tooth."

Former Iran President Faces Snub In US (FT)

By Guy Dinmore

Financial Times, September 1, 2006

Mohammad Khatami, Iran's former president, embarks on a ground-breaking tour of the US this week to promote his vision of the role of religion in east-west reconciliation. But prospects for a breakthrough in US-Iranian relations appear bleak, with the Bush administration declaring it will not speak to him or attend his events.

Mr Khatami was expected to leave Tehran on Thursday, at a crucial moment in Iran's relations with the international community because of the passing of a deadline for the Islamic republic to abide by a UN Security Council resolution calling for suspension of its controversial nuclear fuel programme.

Mr Khatami, a Muslim cleric who no longer holds an official position, will attend a UN conference in New York next week, led by Spain and Turkey under the Alliance of Civilisations initiative. He will also speak at the Washington National Cathedral,

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becoming the highest-ranking Iranian politician to visit the US capital since the 1979 Islamic revolution. Harvard and Georgetown universities will also host him.

However, Iranian sources told the FT it was unlikely that Mr Khatami would accept an invitation to meet Jimmy Carter, the former US president, even though the Iranian side had earlier indicated it would welcome such an offer.

A gesture of reconciliation between the two men would be of enormous symbolic importance. Mr Carter's presidency was tormented by the 444-day hostage-taking of US embassy staff in Tehran, led partly by Iranians still closely associated with Mr Khatami, although he played no personal role.

A former Iranian official said Mr Khatami's hesitation at meeting Mr Carter reflected the factional divisions inside Iran.

Any sort of apology for the hostage-taking "would melt a mountain of ice in Washington" but would be political suicide back home for his reformist associates.

But while conservatives in Iran are broadly in favour of launching dialogue with the US, hardliners in the US have expressed outrage at the Bush administration's granting of a visa to Mr Khatami, noting he was in office in 2002 when President George W. Bush denounced Iran as part of an "axis of evil".

Zbigniew Brzezinski, former national security adviser to Mr Carter, said diplomacy had to be reciprocal to work, and that the US could not expect one side to "demean itself to gain the forbearance of the other".

"The Bush administration has to be serious about finding a solution that avoids military confrontation," he told the FT. He said there were "significant elements" in the administration that wanted negotiations with Iran aborted to clear the way for military action, but that this faction had been weakened by the departure of key figures and the crisis in Iraq.

Analysts said it appeared that Condoleezza Rice, secretary of state, and Nicolas Burns, under-secretary, were in favour of allowing the visit to go ahead, but did not have the will or political muscle to capitalise on the opportunity presented.

US spokesmen said officials would not meet Mr Khatami and would turn down invitations by the Washington cathedral to attend his address.

The boycott is in line with the Bush administration's general rejection of high-level diplomatic engagement with countries deemed hostile to the US, notably Iran, Syria, Cuba and North Korea.

Karim Sadjadpour, Iran analyst for the International Crisis Group, said it would be a mistake to see Mr Khatami's mission as part of a public relations effort by a weakened Iran worried about international sanctions. Iran was extremely confident in its position in the region and with regard to the nuclear dispute, he said. "They believe time is on their side."

Former Iranian President To Speak In Rosemont (CHIT)

By Deborah Horan

Chicago Tribune, September 1, 2006

Mohammed Khatami, the former president of Iran who lost to hardliner Mahmoud Ahmadinejad in elections last year, will address the largest Muslim organization on the continent this weekend in Rosemont, said the organization's acting general secretary.

Khatami, a reformist, is expected to deliver the keynote address Saturday evening to about 5,000 Muslims attending the Islamic Society of North America's 43rd annual convention, which begins Friday, Ahmed el-Hattab said.

With the visit to Chicago and other U.S. cities, Khatami will become the highest-ranking Iranian to travel to the U.S. outside New York since the 1979 Iranian revolution, according to a spokesman at the Iranian consulate in Washington, D.C. Khatami was president of Iran from 1997 to 2005.

A State Department spokesman downplayed its decision to issue Khatami a visa, characterizing the trip as private and asserting that the visa did not indicate that the Bush administration had "any illusions about the nature of the Iranian regime."

The official said Khatami's visit was sparked by an invitation from UN Secretary General Kofi Annan to speak at a UN conference next week. Private organizations, including the Islamic Society, heard about the planned visit and extended an invitation to the Iranian president, the spokesman said.

"It was great timing," said Salman Azam, an Islamic Society spokesman. "Since he's here, we thought [the convention] would be a good forum for him to speak at. People are very excited. He's a big figure."

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Khatami will speak at the National Cathedral in Washington, D.C., on Thursday and at Harvard University's Kennedy School Forum on Sept. 10, in addition to the appearances at the UN and the Islamic conference, according to the cathedral and the university.

He may also visit the Bait ul Ilm Islamic Center in Streamwood on Saturday afternoon, according to a spokeswoman for the Council of Islamic Organizations of Greater Chicago.

Billed as the largest annual gathering of Muslims in North America, the Islamic Society's convention is expected to attract around 30,000 Muslims to dozens of lectures and discussion sessions on issues ranging from Internet marketing to Muslim dating.

Imams, authors and other experts will discuss such topics as requirements for Islamic banking, the challenges facing Hispanic converts to Islam and how to run a charity according to government guidelines for transparency.

"It's about how we can do better in our homes and our families," said Mukhtar Ahmad, the society's program director. "There are many things related to this—how we will be dealing within the Muslim community and outside the community."

Capt. James Yee, the former Army chaplain at Guantanamo Bay, Cuba who was acquitted on charges of mishandling classified documents, will speak at a Saturday session about his book, "For God and Country: Faith and Patriotism Under Fire."

Robert Fisk, British author of "Pity the Nation," a recounting of the Lebanese civil war, is also scheduled to speak Saturday. And Muslim comedians will take the stage Friday night for a show called "Allah Made Me Funny."

Khatami's keynote address will focus on "achieving balance in a troubled world," the theme of this year's four-day convention, Azam said. Other speakers scheduled to take the stage with the former Iranian leader include Sheikh Hamza Yusuf Hanson, a leading imam from California, and Ingrid Mattson, the newly elected president of the Islamic Society.

Deputy Secretary of Defense Gordon England is scheduled to speak at the inaugural session on Friday afternoon.

As in years past, Imam W. Deen Mohammed, son of the late Nation of Islam leader Elijah Muhammad, will hold a simultaneous convention this weekend for followers of his Hazel Crest-based ministry, The Mosque Cares. Mohammed is to speak at 2 p.m. Sunday at the UIC Pavilion on the subject of economic empowerment in the African-American community.

Iran, Ready For A Test Of Wills (WP)

By David Ignatius

The Washington Post, September 1, 2006

TEHRAN -- Behind President Mahmoud Ahmadinejad's defiant rhetoric lies a conviction that is widely shared here: Iran is a rising power in the Middle East while the United States is in decline -- and now is the moment for Iran to emerge as a regional superpower.

You hear versions of this cocky nationalism in almost every conversation. And when you look around this surprisingly modern metropolis of 12 million people, it's easy to think that Iran's time may indeed have come. The problem is that its national ambitions are wrapped today in the fanatical language of Ahmadinejad, who emerged from among the hardest of this country's hard-core Islamic revolutionaries. He and his followers seem eager for the confrontation that lies ahead.

The situation in Iraq bolsters Iranian confidence in its test of wills against America. As the Iranians view it, the United States has stumbled into a pit from which it cannot easily escape. There is a disagreement here between pragmatists who see in America's troubles an opportunity to open a mutually beneficial dialogue with the Great Satan and hard-liners who would rather let America suffer.

"Iran thinks in Iraq it has the upper hand -- that is the view of the Iranian military and political establishment," says Kayhan Barzegar, a professor of international relations here who advises some members of the leadership on Iraq. He prepared a recent paper, "Iran's Security Interest in the New Iraq," for Iran's Expediency Council, which is headed by former president Ali Akbar Hashemi Rafsanjani and is the center point for the pragmatist faction. Barzegar says that it is precisely because the United States needs Iran's assistance that a dialogue between the two over Iraq makes sense.

"Iraq is the momentous moment, where the two countries can work with each other in tangible ways," argues Barzegar. Iran can play a decisive role not just because of its links with the Shiite-led government and militia groups, he says, but also because of what he calls its "soft power" as the dominant economic, political and cultural player in the region.

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Iran officially embraced this idea of dialogue on Iraq early this year, in a statement from Ali Larijani, Iran's national security adviser. But the Bush administration pulled back, worried that talks with Tehran about Iraq would obstruct the administration's larger goal of containing the Iranian nuclear program. The failure of the initiative undercut the advocates of dialogue and emboldened the hard-liners.

Ahmadinejad dismisses the idea of talks with the United States about Iraq. When I asked the Iranian president at a news conference here Tuesday whether he thought the two countries should discuss ways to stabilize Baghdad, he responded with invective. "The people of the [Iraqi] nation hate you now. You should go out and leave them," he said. Running through all of his statements was the same supremely self-confident theme: Iran's moment has come, and America's has gone.

A more nuanced but equally tough view of Iran's "manifest destiny" in the Middle East comes from Hossein Shariatmadari, the editor of Kayhan newspaper. He meets frequently with Iran's supreme religious leader, Ayatollah Ali Khamenei, with whom he shares an interest in Persian poetry. Shariatmadari says the United States is in an impossible bind in Iraq: It has brought to power Islamic parties that are fundamentally opposed to America's interests. When Larijani announced in March that he was ready for talks about Iraq, Shariatmadari immediately countered with a critical editorial. Now, he says, Khamenei has made clear he opposes such negotiations.

How do Khamenei and the other ruling mullahs views Iran's role in the region? Shariatmadari answered thus: "Big changes are on the way. People in the region have understood that the time for bullying and military attacks has passed."

Take a stroll in Iran's old bazaar, for generations the heart of the city's business life, and you sense the public eagerness for Iran's resurgence. You hear many views about Ahmadinejad, including those of people who tell you frankly that they loathe him, but everyone seems to want a stronger Iran.

"We are a powerful country," says Mohammed Rezaie, who fought in the Iraq-Iran war and now sells fabric for men's suits. "We have 2,500 years of history and vast resources -- oil, minerals and hard-working people. If America keeps pushing us, our resistance will just be greater." Hamid Vasheghani, who has a stall selling kitchenware, agrees. In challenging American power, he says, "We are showing the world what kind of nation we are -- in culture, medicine, industry and military power. We have important things to say now."

The trick for America and its allies is somehow to recognize Iran's ambitions to be a regional power without allowing the revolutionary leadership embodied by Ahmadinejad to further destabilize the Middle East. I'm a naturally optimistic person, but right now that looks to me like Mission Impossible.

Donors Pledge $940m To Aid Lebanon (FT)

By David Ibison

Financial Times, September 1, 2006

International donors pledged $940m on Thursday to finance the near-term relief efforts for war-torn Lebanon, nearly double the sum originally targeted by organisers.

However, it emerged on Thursday night that only $765m (€598m, £402m) was new money, as $175m of the total had been previously committed by the US.

The money will be placed in a special fund to be overseen by the Lebanese government, alongside the United Nations and aid agencies. It will be used to pay for the first four months of rebuilding work in the country and will provide temporary schools and medical facilities. It will also help rebuild roads and bridges.

Jihad Azour, Lebanon's finance minister, told the Financial Times this week that the government was hoping to raise up to $500m at the Stockholm conference.

But as the greater-than-expected pledges were being received, serious questions emerged over the effectiveness of the new fund unless Israel removed its blockade of the country.

Fouad Siniora, Lebanon's prime minister, said: "If Israel does not immediately lift its humiliating siege on Lebanon . . . the recovery process, including this conference today, will be severely undermined."

His comments were echoed by Mark Malloch Brown, the deputy secretary-general of the UN. "Aid when there is a blockade is like putting someone on life support when there is a foot on their windpipe," he said. In contrast, Randal Tobias, the head of the

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US delegation, declined to call for the removal of the blockade, saying instead that it was essential Lebanon's "borders were secure and arms were not moved into the country".

Israel has stated it will not lift the blockade until a UN peacekeeping force is dep-loyed. It has also dem-anded that some of the force be used to police the border with Syria to prevent arms from coming in for Hizbollah.

As delegates discussed their contributions, there was confusion over whether the US was prepared to contribute to the Stockholm fund or operate its own separate programme. It emerged only later that $175m of the total announced on Thursday was coming from the $230m pledged by the US two weeks ago.

The specific detail on contributions from other donors was not made available.

Mr Tobias said the US contributions came under a "framework" for the recovery devised by the Lebanese government. It is understood that the US had qualms about contributing money to a fund run by the Lebanese government, two of whose cabinet members belong to Hizbollah.

But Mr Siniora rejected fears that the Shia party could get its hands on the money. "This idea, that it will be siphoned in one way or another to Hizbollah is entirely, completely, a fallacy. It is not true," he said after the meeting. Hizbollah is already providing the people of southern Lebanon with aid bought with its own funds, most of which are thought to come from Iran.

Israel began bombarding Lebanon after Hizbollah captured two Israeli soldiers. The war killed nearly 1,200 people in Lebanon, mainly civilians, and 157 Israelis, mostly soldiers. "Lebanon's well-known achievements in 15 years of postwar development have been wiped out in a matter of days by Israel's deadly military machine," Mr Siniora said.

Lebanon Receives $940 Million In Pledges (AP)

By Karl Ritter, Associated Press Writer

AP, September 1, 2006

The United States, Europe and the Gulf states pledged nearly $1 billion Thursday to help Lebanon recover from a crippling war between Israel and Hezbollah guerrillas, doubling the amount sought by an international donors' conference.

Organizers hailed the bigger-than-expected contributions as a show of strength for nations seeking to counter the influence of Hezbollah in rebuilding roads, homes and lives after the 34-day war.

Critics said it would be difficult to sidestep Hezbollah when delivering aid to southern Lebanon.

"I don't think this will help Lebanon in the long term," said Middle East expert Magnus Norell of the Swedish Defense Research Agency. "There is only one actor in southern Lebanon that can handle aid, and that's Hezbollah."

World donors who had gathered for the conference in Stockholm pledged $940 million in early reconstruction aid — nearly twice the $500 million target set by organizers. The money was earmarked for rebuilding infrastructure, clearing unexploded Israeli bombs — including cluster bombs — and restoring social services. Another donors' conference was planned later this year for long-term reconstruction.

In his opening speech, Lebanon's Prime Minister Fuad Saniora told delegates that 15 years of postwar development had been wiped out by "Israel's deadly military machine" in a matter of days. The direct damage of the conflict was in the "billions of dollars," while the indirect cost including lost tourism and industry revenue would cost billions more, Saniora said.

He praised donors for their generosity and rejected suggestions that the aid would be a boost to Hezbollah.

"This idea, that it will be siphoned in one way or another to Hezbollah is entirely, completely, a fallacy," he said.

Hezbollah is already offering hundreds of millions of dollars in aid — most of it apparently promised by Iran. And there are fears in the West that, unless donor countries provide significant amounts, sympathy for Hezbollah, Iran and Islamic radicals will grow dramatically.

Hezbollah leader Hassan Nasrallah has said the money the group is spending on rebuilding is not linked to any political conditions.

Major donations at Thursday's conference included $300 million from Qatar, $175 million from the United States, and the European Union's pledge of $54 million. The U.S. figure was part of the $230 million offered by President Bush last week, organizers said.

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Randall Tobias, director of U.S. foreign assistance, would not say whether the American contribution would be distributed through the recovery fund being set up by the Lebanese government.

"Different donors will have different needs and desires," Tobias said. "Some will want to contribute cash to some sort of mechanism. ... Some will want to implement programs of their own choosing that are consistent with the priorities of the Lebanese government."

Many delegates, with the notable exception of the United States, called for Israel to lift its air and sea blockade of Lebanon, which Saniora called "inhuman."

"Aid when there is a blockade is like putting someone on life support when there is a foot on their wind pipe," said U.N. Deputy Secretary-General Mark Malloch Brown.

Israel has said it would only allow free movement after the U.N.-brokered cease-fire deal that halted the fighting takes full effect and peacekeepers are on the ground in bigger numbers.

Adding previous pledges and commitments for longer-term reconstruction projects, organizers said a total of $1.2 billion had been promised to help Lebanon back on its feet.

"The conference has thus met its objective with a wide margin," said Swedish Foreign Minister Jan Eliasson, the conference's host.

Associated Press writers Mattias Karen and Ragwad Iwaz contributed to this report.

Annan To Ask Syria To Keep Arms From Crossing Its Border (NYT)

By Warren Hoge

The New York Times, September 1, 2006

DAMASCUS, Syria, Aug. 31 — Kofi Annan, the United Nations secretary general, plans to confront the Syrian president, Bashar al-Assad, with reports that Syria is permitting arms to cross its border illegally into Lebanon and to demand an end to the traffic when the two meet here on Friday.

Officials at the United Nations said Mr. Annan would also challenge Mr. Assad to establish diplomatic relations with Lebanon and settle a long-festering dispute over the two countries' borders.

The officials, who agreed to discuss Mr. Annan's strategy only if they were not identified, noted that all the steps were obligations of Syria's in the unanimously adopted Security Council resolution that called for a halt to the fighting between the Lebanon-based Hezbollah militia and Israel on Aug. 14.

"Because of that, the secretary general is entering with a very strong hand," one of the officials said.

Mr. Annan is in the midst of an 11-day tour of the Middle East to seek compliance with the resolution, and the officials said he was acting with unaccustomed directness in what was likely to be the last major diplomatic journey of his 10 years in office, which end on Dec. 31.

The three steps that Mr. Annan intends to press upon Mr. Assad on Friday are all aimed at shoring up Lebanon as an independent country. Syria has dominated Lebanon for most of the past three decades, and, by financing and arming the Hezbollah militia, the officials said, Damascus continues to undermine Beirut's ability to establish its own authority.

In Israel, which Mr. Annan visited on Tuesday, the officials said that Mr. Annan found a new willingness to discuss a prisoner exchange as a way of gaining the return of the two Israeli soldiers who were captured by Hezbollah on July 12. That action provoked the 34-day war.

Repatriating the two is a priority with the Israeli public, which is putting pressure on Ehud Olmert, the Israeli prime minister, for the failure to achieve the war's original goals of dismantling and disarming Hezbollah. "Getting the prisoners back has swum to the top of the agenda," one official said.

Where Israel had resisted all such talk at the outset of the war in July, the officials said, it is now interested in finding an acceptable way to negotiate the men's freedom. One possibility being explored, they said, was naming a United Nations special envoy to conduct the transaction.

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In Stockholm, where he was attending a donors' conference for Lebanon, Fouad Siniora, the country's prime minister, said a prisoner swap with Israel was being considered by his government but "nothing has materialized." He added, "I hope the Israeli government will respond to the call of reason so that we can finish with this and everybody will return to his home."

The United Nations officials asserted that Israel was more flexible on the timing of the final troop withdrawal from Lebanon than was indicated by Mr. Olmert's public rebuff on Wednesday of Mr. Annan's suggestion that the Israelis should depart once the planned 15,000-person international force reached 5,000.

In Rome on Thursday, Romano Prodi, Italy's prime minister, told reporters that Shimon Peres, the Israeli deputy prime minister, whom Mr. Annan met with on Wednesday, told him that there was support for the idea in Jerusalem.

The Israeli Army said Thursday that it had handed over more than two-thirds of the territory it captured in southern Lebanon to United Nations troops and Lebanese forces.

In Stockholm, Mr. Siniora urged world donors to help his country recover after Israeli bombing had wiped out what he called "15 years of postwar development."

About 60 governments and aid organizations were in the Swedish capital hoping to raise $500 million to help Lebanon rebuild roads, bridges and homes left shattered by the war.

Mr. Siniora disputed suggestions that the aid money would end up with Hezbollah and strengthen the group's position in southern Lebanon. "This idea, that it will be siphoned in one way or another to Hezbollah, is entirely, completely, a fallacy," he said at a news conference.

Hezbollah is already offering hundreds of millions of dollars in aid — most of it apparently from Iran — prompting Western fears that, unless donor countries provide significant help, support for Hezbollah, Iran and Islamic militancy will grow substantially. Mr. Siniora has offered more than twice as much money per family as Hezbollah to those that have lost homes.

Mr. Annan met on Thursday with King Abdullah II of Jordan at a convention center on the Dead Sea and said afterward that Israel's seven-week-old sea, air and land blockade of Lebanon should end. "It is important that it is lifted and not be seen as collective punishment of the Lebanese people," he said.

Mr. Siniora said reconstruction efforts would be severely undermined if Israel did not end the blockade, and many delegates, with the notable exception of the United States, agreed.

Mark Malloch Brown, the deputy secretary general of the United Nations, said in a speech to delegates, "Aid when there is a blockade is like putting someone on life support when there is a foot on their windpipe."

Symbolic Transfer Underway In Lebanon (AP)

By Josef Federman, Associated Press Writer

AP, September 1, 2006

The Israeli army turned over a small border area in south Lebanon to Lebanese and foreign troops Thursday, a symbolic move paving the way for U.N. peacekeepers to go into the volatile area.

The pullback came as an international donors conference in Sweden pledged nearly $1 billion to help Lebanon rebuild, after the country's prime minister told the gathering that Israel's war with Hezbollah wiped out "15 years of postwar development."

Israel sent up to 30,000 soldiers into Lebanon during the 34-day war, and when the fighting ended they occupied a zone extending about 10 miles north from the border.

Since the U.N.-brokered cease-fire took effect Aug. 14, Israel has been slowly transferring control of the area to Lebanese troops, who will be bolstered by U.N. troops equipped with tanks, howitzers and other heavy weapons not usually seen with a peacekeeping force.

The armament is meant to deter all parties from resuming the conflict, and particularly is seen as a warning to the Shiite militants of Hezbollah, who effectively ran southern Lebanon for two decades and used it as a base to launch sporadic attacks on Israel.

On Wednesday, Israel's army withdrew from a small area of the border near the Israeli town of Metulla, putting Lebanese and U.N. troops in control of a section of the border for the first time since the early 1980s, the Israeli military said. The area was roughly 12 square miles.

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Lebanon said its army sent reconnaissance teams to the area Thursday and had begun deploying troops there. The peacekeeping force, known as UNIFIL, confirmed Lebanese troops were moving into the area and said small numbers of international soldiers also were deploying.

"Over the past 24 hours, UNIFIL established checkpoints and conducted intensive patrolling confirming this morning that the IDF (Israeli Defense Force troops) were no longer present there," a UNIFIL statement said.

Lebanese security officials said about 8,500 government soldiers were now in southern Lebanon, and the United Nations says nearly 2,200 international peacekeepers are on the ground.

Under the cease-fire, 15,000 Lebanese soldiers are to be joined by a similar number of international peacekeepers in patrolling the south.

Israel, which won't say how many of its soldiers remain in Lebanon, rebuffed a request this week from the visiting U.N. secretary-general, Kofi Annan, to fully withdraw once 5,000 peacekeepers are deployed. Israel also turned down a request to immediately lift its sea and air embargo on Lebanon, which it says is needed to prevent Hezbollah from rearming.

After initial European hesitance over committing troops, the international force was quickly taking shape.

Some 1,000 Italian soldiers are expected in Lebanon over the weekend, the largest addition so far to the force, U.N. spokesman Alexander Ivanko told The Associated Press. Italy has pledged to send 2,500 in all.

In Paris, Defense Minister Michele Alliot-Marie said France would send its first battalion of soldiers, along with tanks and heavy artillery, next week. The troops will be operational Sept. 15, she said.

France, which will initially lead the strengthened U.N. force, has about 400 soldiers in UNIFIL now and plans to expand that to 2,000.

France's contribution is expected to include Leclerc tanks, howitzers, short-range anti-aircraft missiles and radar. Alliot-Marie said the heavy weaponry — rare for a U.N. force — is meant to send a signal that the cease-fire will be enforced.

The weapons "has a dissuasive character and guarantees the freedom of movement and the security of the troops," Alliot-Marie told lawmakers at a closed session Thursday, according to excerpts released by her ministry.

The veiled warning was one of the strongest statements yet from the peacekeeping nations, which have said they don't want armed conflict with Hezbollah.

Meanwhile, Turkey's premier defended his Cabinet's decision to send peacekeepers to Lebanon, warning in an address to the nation that "if we shut our doors, we can't escape the flames that are surrounding us."

Europe, the United States and Israel are keen to see peacekeepers from Muslim Turkey in Lebanon, hoping strong Muslim participation would avoid any impression that the U.N. force is primarily Christian and European. But many Turks fear their soldiers could end up facing hostile fire or clash with their fellow Muslims.

The fighting between Israel and Hezbollah devastated parts of Lebanon, which was still recovering from an earlier conflict with Israel and the country's 1975-90 civil war.

Lebanese Prime Minister Fuad Saniora told the donors conference in Sweden that the damage totaled billions of dollars.

"Moreover, Lebanon's well-known achievements in 15 years of postwar development have been wiped out in a matter of days by Israel's deadly military machine," he said.

About 60 governments and aid groups attended the meeting in Stockholm, pledging more than $940 million for reconstruction and calling on Israel to lift its blockade.

Swedish Foreign Minister Jan Eliasson said that far exceeded the goal of $500 million. Adding previous pledges for longer-term reconstruction projects, he said a total of $1.2 billion was being made available to rebuild Lebanon.

"This is a very important accomplishment that we have made today," a triumphant Saniora told reporters after the conference. "We will build on it."

He stressed that none of the aid offered was tied to any conditions. "From day one we have not taken any support from any country, any institution that is linked to any condition," he said.

Annan, who is on an 11-day Mideast trip to shore up the cease-fire, arrived in Syria to press the Damascus regime to join efforts to stop the flow of arms to Hezbollah and win the release of two Israeli soldiers captured by the guerrillas July 12. That raid sparked the fighting.

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There was no immediate comment from Syria, which along with Iran is a major backer of Hezbollah.

Addressing Syria without naming it, Annan said he "would want to see the neighboring states extend their full cooperation to resolve all outstanding issues related to the border."

Relations between Damascus and the United Nations have been tense since late 2004, when the Security Council told Syria to withdraw its army and stop interfering in Lebanon. The assassination of former Lebanese Premier Rafik Hariri in February 2005 forced Syrian troops to leave two months later, ending three decades of domination in its neighbor.

Tens of thousands of Israelis thronged a central square in Tel Aviv late Thursday in support of the two soldiers held in Lebanon as well as a third soldier captured June 25 by Gaza militants.

Israelis Vacate Part Of Lebanon (WT/AP)

By Josef Federman

The Washington Times, September 1, 2006

JERUSALEM -- The Israeli army turned over a small border area in southern Lebanon to Lebanese and foreign troops yesterday, a symbolic move paving the way for U.N. peacekeepers to go into the volatile region.

Meanwhile, an international donors conference in Sweden pledged nearly $1 billion to help Lebanon rebuild. Lebanese Prime Minister Fuad Siniora told the gathering that Israel's war with Hezbollah wiped out "15 years of postwar development."

Israel sent up to 30,000 soldiers into Lebanon during the 34-day war. When the fighting ended, the forces occupied a zone extending about 10 miles north from the border.

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The armament is meant to deter all parties from resuming the conflict. It is seen in particular as a warning to the Shi'ite militants of Hezbollah, who effectively ran southern Lebanon for two decades and used the region as a base to launch sporadic attacks on Israel.

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Israel rebuffed a request from U.N. Secretary-General Kofi Annan to fully withdraw once 5,000 peacekeepers are deployed. Israel also turned down a request to immediately lift its sea and air embargo on Lebanon, which it says is needed to prevent Hezbollah from rearming.

Mr. Annan, who is on an 11-day trip to the Middle East to shore up the cease-fire, arrived in Damascus to press Syria to join efforts to stop the flow of arms to Hezbollah and win the release of two Israeli soldiers captured by the guerrillas July 12. That raid sparked the fighting.

After initial European hesitance over committing troops, the international force was taking shape quickly.

About 1,000 Italian soldiers are expected in Lebanon over the weekend, a U.N. spokesman said. Italy has pledged to send 2,500 in all.

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In Paris, Defense Minister Michele Alliot-Marie said France would send its first battalion of soldiers, along with tanks and heavy artillery, next week. The troops will be operational Sept. 15, she said.

France, which initially will lead the strengthened U.N. force, has about 400 soldiers in UNIFIL and plans to expand that to 2,000.

France's contribution is expected to include Leclerc tanks, howitzers, short-range anti-aircraft missiles and radar. Miss Alliot-Marie said the heavy weaponry -- rare for a U.N. force -- is meant to send a signal that the cease-fire will be enforced.

The equipment "has a dissuasive character and guarantees the freedom of movement and the security of the troops," Miss Alliot-Marie told lawmakers at a closed session yesterday, according to excerpts released by her ministry.

Germany Expected To Send Troops To Lebanon (AP)

AP, September 1, 2006

Germany will likely contribute more than 1,200 service personnel to the U.N. peacekeeping force for Lebanon, its defense minister said in remarks published Thursday.

Germany has already offered warships backed by surveillance aircraft to prevent weapons being smuggled to Hezbollah guerrillas after their war with Israel. But officials have previously refused to say how many personnel Germany would send, insisting the precise mission must first be worked out.

Defense Minister Franz Josef Jung made his remarks when asked in a newspaper interview about reports that the German force would number about 1,200.

"This is still being agreed, particularly with the Lebanese government. But I expect that the number will probably be greater," Jung was quoted as saying in the Neue Presse daily.

Gernot Erler, a deputy foreign minister, said Thursday on Inforadio that officials at the U.N. in New York were discussing a naval contingent of 1,400 service personnel. Germany has offered to take the lead, but Erler noted that other nations were also offering ships.

It is not offering ground troops, given its Nazi-era past. German officials have expressed concern about deploying German troops in any situation that might bring them into confrontation with Israeli soldiers.

Jung said the German air force has made 13 flights to Lebanon to deliver nearly 100 tons of baby food, medicine and tents. Germany also is offering to repair water supplies and clean up an oil spill on the Lebanese coast.

A U.N. cease-fire resolution has authorized up to 15,000 U.N. peacekeepers to help an equal number of Lebanese troops extend their authority into south Lebanon, which has been controlled by Hezbollah, as Israel withdraws its soldiers.

View On The Ground: Israeli Reservists See Disarray In Lebanon (WSJ)

By Peter Waldman

The Wall Street Journal, September 1, 2006

ROSH HA'AYIN, Israel -- For reservist Lidor Shalman, the phone call came after midnight on July 30. A recorded message ordered him to report by dawn to a military base in southern Israel.

He kissed his wife and four sleeping children, grabbed his gear, and headed into the night to undergo a makeover from plump and balding corporate purchasing manager to army paratrooper. At the time, northern Israel was under daily rocket attack by Hezbollah guerrillas in Lebanon. Israel's ferocious bombing campaign had failed to slow the barrage. A ground offensive was in the offing.

The reservists were eager to fight, says Mr. Shalman, a 33-year-old sniper and explosives expert, who works for a cellular-phone company in this industrial town east of Tel Aviv. Years of discord within the reservist ranks over Israeli policies in the West Bank and Gaza Strip melted away on July 12, he says, when Hezbollah crossed the Israeli border, kidnapped two soldiers and killed three more.

But their determination would quickly turn to doubt, he says, and ultimately to despair.

The Israel-Hezbollah war ended in a blow to Israel's military prestige. The Hezbollah militia, backed by Iran and Syria, lived to fight another day, though it must now contend with thousands of Lebanese government soldiers and United Nations peacekeepers arriving to patrol its southern Lebanon stronghold.

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Eyewitness accounts by Israel's citizen-soldiers of critical supply shortages, leadership failures and disarray on the battlefield help explain how an estimated 1,500 guerrillas could face down the most powerful military in the Middle East, and survive.

"Israel needs to wake up," says Jonathan Davis, a 24-year-old combat engineer whose reserve infantry unit, after several days in Lebanon without food or water, refused an order to attack a hospital being used as a base by Hezbollah. "Our army is not at its best and needs to change."

The issue is especially worrisome to those in Israel who think a similar but even bloodier battle could be in store over the next few years with Syria. The Israeli army believes Syria has tens of thousands of missiles pointed at the Jewish state.

Angry reservists are demanding an independent state commission to investigate the war and many say top generals and political leaders should resign. This week, 40 reservists signed a petition renouncing future military service because of alleged mismanagement of their combat unit in Lebanon. Prime Minister Ehud Olmert says his own committee will investigate the waging of the war. He says the U.N. resolution calling for Hezbollah's disarmament and a European peacekeeping force in southern Lebanon is one of Israel's "most important" diplomatic achievements.

Israel's 500,000 reservists allow society to function relatively normally even amid perpetual tension with Arab neighbors. The nation's standing army numbers roughly 100,000 troops, mostly draftees between 18 and 21 years old. The reserves also serve as a national melting pot where the country's diverse communities come together as equals.

In Lebanon, nearly half of the 117 Israeli soldiers killed in the war were reservists. Hezbollah says it lost 81 fighters, but Israeli officers believe the number is closer to 500.

Israel's generals admit mistakes were made. In a meeting with reservists last week, Maj. Gen. Moshe Kaplinsky, the army's deputy chief of staff, vowed to fix "errors and flaws" in reservists' equipment and training that hampered combat operations in Lebanon.

"This war caught us in the middle of an organizational change and not everything was in place," says Brig. Gen. Mike Herzog, a former army chief of strategic planning and top military aide to the minister of defense. In the past six years, he says, Israel's army has tailored its tactics, training and gear to stopping Palestinian suicide bombers, not Arab armies.

"Some people in Israel didn't grasp to what extent Hezbollah had become a real military -- a full-time, fully trained, fully equipped fighting force," he says.

When Mr. Shalman's paratroop unit reported for duty in late July, the reservists felt as though they had entered a time warp, he says. There wasn't enough night-vision gear to go around, despite standing orders to wage all combat operations in Lebanon at night. Mr. Shalman says he wasn't given a night-vision scope for his sniper rifle, rendering it useless, and his backpack dated from around Israel's last invasion of Lebanon -- in 1982.

When the reservists complained about the archaic gear, a commander told them, "Fight with your teeth and knives," Mr. Shalman says. One of the reservists contacted a wealthy relative in New York, who wired $9,000 to buy new backpacks for the unit.

After more than a week of waiting in the desert, the paratroops were bused on Aug. 8 to the Lebanese border. They set off at midnight, in a brigade of about 200 troops, for a 2.5-mile hike to the Lebanese village of Debel. The terrain was unexpectedly rough, Mr. Shalman says; they didn't reach Debel until sunrise.

At that point, Mr. Shalman assumed they'd have to spend the day in the brush or turn back to Israel, because the troops were under orders never to enter buildings during daylight, lest the enemy see them. But in bright sunshine, the brigade commander ordered all 200 men to scatter among five abandoned houses on the edge of town.

At noon a Hezbollah missile struck, obliterating the first floor of a two-story house. Mr. Shalman, who was in another house, heard an Israeli commander inside the stricken house plead over the radio for a doctor and a helicopter. Then a second missile killed the commander and ignited explosives the Israelis were carrying, Mr. Shalman says. He says he saw a final missile destroy the house just as he, a doctor and other soldiers were running toward it.

The Israeli military later confirmed heavy losses in the attack, saying nine Israeli soldiers were killed and another 30 were injured. The military says it is investigating why so many soldiers were jammed into a single house, presenting an inviting target for Hezbollah.

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Mr. Shalman's unit spent the next day in Debel in the home of a Christian family, who fed them and showed them a Hezbollah rocket launcher to destroy. That weekend before the Monday, Aug. 14, cease-fire, Israel poured thousands of troops into southern Lebanon.

Amid the trees and rolling hills in the dark of night, the soldiers had no idea who was friend or foe, Mr. Shalman says. Israeli troops shouted "Tzahal! Tzahal!" as they walked, he says. The Hebrew word identified them as Israel Defense Forces, but defeated the purpose of operating at night. Hezbollah also jammed the Israelis' walkie-talkies with Arabic music, he says.

By the time Mr. Shalman's unit reached Rashaf, a Hezbollah stronghold, the reservists were out of food and water and thoroughly demoralized, he says. The closest army supply depot was over a steep ridge and too dangerous to reach. The unit spent three hungry days in the brush on the outskirts of Rashaf, too weak and upset to fight, he says. They pulled out of Lebanon on the day of the cease-fire.

Mr. Davis, the reserve combat engineer, entered Lebanon with an infantry regiment on Aug. 2, charged with clearing a safe route to the village of Maroun al-Ras. The work was expected to take two or three nights, with the soldiers returning to Israel during the day.

Instead, the unit got trapped near Maroun al-Ras for five days, with enough food and water for just two. Nearly down to their last canteen, they were ordered to walk to Bint Jbeil, a Hezbollah bastion more than a mile away, to attack a local hospital, Mr. Davis says.

The soldiers refused. "We just said, 'That's ridiculous. Forget it,' " Mr. Davis says. His unit, though celebrated during its regular army service for fighting Palestinians in Gaza, has had no heavy-combat training in recent years, Mr. Davis says. He had fired all of 15 bullets in training since completing his regular military service three years ago. "We weren't trained, prepared or equipped to walk two kilometers, through a hostile village, and take over a hospital," he says.

After a second unit declined the mission, Mr. Davis says the army sent three teams of special commandos -- roughly 60 men in all. Eight were killed, he says.

Inon, a reserve officer in an elite combat unit who asked that his last name not be published, says the Lebanon war was "complete chaos." Orders were changed up to four times a night, logistics and troop movements were poorly coordinated, and wavering by leaders in Jerusalem cost soldiers' lives, the 23-year-old platoon commander says.

"You can't go into Lebanon half-way," Inon says, referring to Mr. Olmert's reluctance to commit large numbers of ground forces until the last weekend of the war. By holding back in the area where Hezbollah was most deeply entrenched, rather than blitzing forward in a massive, preplanned invasion, Israel's ground forces found themselves caught in a deadly welter of both enemy and friendly fire, Inon says. He lost two of his own men to an Israeli tank shell and saw at least eight other Israelis killed or injured by friendly fire.

"If that many units go into a small territory and nobody knows what to do, more mistakes happen," Inon says.

Gen. Herzog, the army's former chief strategist, says Israel broke from its basic defense doctrine of advancing speedily and got bogged down trying to go after Hezbollah's fortified positions. One lesson, he says: "It's a lot easier to hit forces when they're standing still."

As Lebanon's Troops Deploy, Hezbollah Stays Put In South (WP)

By Edward Cody

The Washington Post, September 1, 2006

AL GHANDOURIYEH, Lebanon, Aug. 31 -- Backed by an M113 armored personnel carrier, Lebanese soldiers wearing flak vests and carrying M16 automatic rifles manned a checkpoint at the little crossroads marking the entrance to Al Ghandouriyeh.

On a decorative archway nearby, the Lebanese flag with its distinctive green cedar flapped proudly, proclaiming restored national authority. Just above it on the pole, however, another flag flew: the yellow and green banner of Hezbollah, with an AK-47 assault rifle depicted atop the word "God." The arrangement seemed to illustrate popular sentiment in this heavily damaged village in southern Lebanon.

Heeding the U.N. cease-fire resolution that stopped the 33-day war between Israel and Hezbollah 2 1/2 weeks ago, the Lebanese army has deployed across the rocky hillsides and stone villages between the Litani River and the Israeli border. But to

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all appearances, the deployment has not displaced Hezbollah, the militant Islamic movement that Israel and the United States say must be destroyed as an armed force if peace is to return to this tortured land.

In Al Ghandouriyeh and a number of other villages seen during a drive through the border region, Hezbollah flags flew high and wide, often alongside Lebanese flags. Hezbollah members staffed reconstruction offices, held town council meetings and stood at their own checkpoints in what seemed to be cordial coexistence with the recently arrived army troops.

No weapons were visible except those carried by the soldiers. But many of the young Hezbollah supporters were of fighting age and seemed ready for another call-up if the need arose. In the agreement that led to the army's deployment, Hezbollah pledged that its fighters would put away their weapons. But the Lebanese government promised Hezbollah in return that its soldiers would not try to find out where the arms were stored.

The deal seemed to be working Thursday in Al Ghandouriyeh, which lies about 20 miles inland from Tyre and six miles northwest of the Israeli border. Heavy fighting raged here in the final days of the war as Israeli troops who had been helicoptered in encountered unexpectedly stiff resistance from Hezbollah defenders. The men of Al Ghandouriyeh openly displayed pride in what they had accomplished on the battlefield and seemed to have nothing to fear from the army troops lounging nearby.

"Do you think the Israelis are afraid of us now?" asked a middle-aged resident. "When they came, they thought they were heading for just more Arabs. But they found out. We are poor around here, but now we are strong."

Before the war, Hezbollah members were notorious for secrecy, hiding their weapons underground and concealing their association with the organization from even their closest friends and relatives. But since the Hezbollah militia held its own against the vaunted Israeli army for more than a month, membership has become a point of pride, to be flaunted with fatigues or a yellow-and-green flag.

Ali Kandouh, an emigrant to Kuwait who returned to Al Ghandouriyeh to bury a brother killed in the fighting, said he and the rest of the village welcome the army's deployment, which amounts to about 50 soldiers and several armored vehicles headquartered in the heavily damaged local schoolhouse. Hezbollah's emergence was largely due in the first place to the government's absence over the last three decades, he said.

"I'm glad the army is here," he said, drinking coffee as a group of villagers sat nearby under Hezbollah banners. "It's good. Now I can sleep at night. Before they came, the Israelis could come in the night and take someone away. But now maybe the soldiers will protect us."

Hassan Deeb, a 17-year-old in fatigues and a T-shirt, also applauded the army's arrival, saying it was the duty of the government to protect the southern border villages. "The trouble with the army," he said, smiling, "is that they came only after the fighting stopped.

"They had to have a decision by the government to come," he added. "All the while the war was on, there was no decision. And now that it's over, they get their decision and they come."

The Lebanese government has pledged to send 15,000 soldiers to the area and to reinstate government authority after two decades during which many of the tasks of local administration -- and military preparations -- were left to Hezbollah. The United Nations Interim Force in Lebanon, or UNIFIL, which has patrolled the border for 28 years, estimated that three battalions amounting to about 5,000 soldiers have arrived so far.

Jeeps with camouflage netting were seen Thursday purring down the region's narrow roads, pockmarked by four weeks of Israeli pummeling. Schools, factories and bombed-out homes have been requisitioned as temporary quarters for the thinly equipped troops. Heavy trucks snorted up and down the hills, bringing in supplies from Beirut.

Prime Minister Fouad Siniora said Wednesday he will send 8,000 more soldiers to reinforce the border with Syria. The announcement appeared designed to meet another Israeli demand -- preventing Hezbollah from replenishing its weapons stores with Iranian-supplied arms sent through Syria.

The extent of army deployment here has been a contentious issue between Israel and Lebanon. The Israeli prime minister, Ehud Olmert, has made it clear he will lift the seven-week-old air and sea blockade of Lebanon only after all 15,000 Lebanese troops are deployed and are joined by a 15,000-member reinforced UNIFIL as outlined in the cease-fire resolution.

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The current UNIFIL strength stands at 2,000. About 900 Italian troops sailed out Tuesday on their way to southern Lebanon as the first major UNIFIL reinforcement, a down payment on a pledge of 2,500 Italian troops on the ground and hundreds more for logistics. They were expected to arrive in Tyre on Friday, according to a UNIFIL spokesman, Milos Strugar.

France has promised 2,000 troops as well, with the first contingent to arrive in the middle of September. A 200-man French engineering unit has been in Lebanon for the past two weeks preparing the way.

Several other European nations have promised to send smaller contingents. U.N. Secretary General Kofi Annan said he is eager to get Muslim troops into the UNIFIL mix as well, noting that Bangladesh, Malaysia and Indonesia have volunteered to dispatch substantial numbers of soldiers. Israel has objected to the presence of those countries in the force, however, because they do not have relations with the Jewish state.

Turkey, which maintains active economic and diplomatic relations with Israel, has decided in principle to volunteer some troops. The decision remains sensitive, however, because of the long Ottoman role in Lebanon and, internally, because of objections from Lebanon's Armenian community over the Turkish slaughter of Armenians in 1915.

Villagers See Violations Of A Cease-Fire That Israel Says Doesn't Exist (NYT)

By Robert F. Worth

The New York Times, September 1, 2006

AITA AL SHAAB, Lebanon, Aug. 29 — A group of local men were unloading bags of donated food from a truck here Tuesday morning when the tok-tok-tok of heavy machine-gun fire rang out.

Men shouted; children screamed and ran. Then, as it became clear the firing was just the Israeli tanks again up on the hillside above town, they went back to their routines.

The shooting — and occasional mortar fire — goes on regularly around this village, a Hezbollah stronghold near the border.

To local people, it is sheer provocation, and a flagrant breach of the cease-fire that ended the fighting on Aug. 14.

To the Israelis, it is legitimate self-defense. Aita al Shaab "still has many Hezbollah fighters in it," said Miri Eisin, an Israeli government spokeswoman. "They don't wear uniforms and are wary about showing their weapons, and we use all means to differentiate between those with weapons and those without."

More broadly, the shooting underscores two fundamentally different views of the uneasy truce that has held in southern Lebanon for the past two weeks. Secretary General Kofi Annan cited numbers from the United Nations forces on Tuesday indicating that Israel had violated the cease-fire nearly 70 times, while Hezbollah had done so only 4 times.

But the Israelis do not believe there is a cease-fire to violate. "We are at a cessation of hostilities in Lebanon, not a cease-fire," Ms. Eisin said. She added that Israel had the explicit right to self-defense under United Nations Resolution 1701, which does not use the term cease-fire.

That difference is apparent every day across southern Lebanon. Israeli tanks crisscross the dry brown hills, shooting into the fields and smashing up houses and stone walls. Teams of Israeli soldiers have planted their nation's flag atop bluffs here and sometimes detained Lebanese men, releasing them days later. No one seems to know where the mobile Israeli units are based, or how to avoid them.

Amid all that, the blue-helmeted United Nations soldiers sit in their vehicles like helpless tourists, many unable to speak Arabic or English.

Israel has made clear that its troops will not leave Lebanon until the Lebanese Army and a strengthened United Nations peacekeeping force are capable of taking over its positions.

But to many in this village — where the war began on July 12 when Hezbollah fighters crossed the border to kidnap two Israeli soldiers — Israel's recent actions look like intimidation.

"Israel is trying to scare us and make us leave," said Nuha Srour, a stern-faced schoolteacher in a black robe and head scarf, as machine-gun fire went on in the distance. "They were surprised we came back here after the bombing."

Perhaps no one has witnessed the confusion of south Lebanon more vividly than Muhammad al-Hussein, a 32-year-old farmer from the village of Qantara.

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Last week he and his brother were driving to a neighboring village to buy parts for a truck. They knew the Israelis had been operating a checkpoint in the area, but were told they had withdrawn and that the road — an essential link to other towns — was safe.

Instead, they found themselves passing a group of Israeli soldiers, who stopped them, Mr. Hussein recalled. The soldiers handcuffed and blindfolded the two brothers, and drove them to Israel.

For the next four days, shackled hand and foot, Mr. Hussein was interrogated about his family and village, he said. He was released Monday after United Nations and Lebanese Army officials lodged complaints with Israel.

On Monday evening, sitting on a terrace rimmed with pomegranate trees with a group of relatives and friends back home, Mr. Hussein could smile about his ordeal. He said the Israelis had fed him, and had not struck or mistreated him. But he seemed profoundly nervous about encountering them again, and unsure how to avoid it.

"Even if you gave me a truckload of gold and diamonds, I would not go back to that place," he said of the road, just a mile or so from his village, where the Israelis had picked him up.

At the same time, Mr. Hussein also appeared to be nervous about Hezbollah. Asked whether the Israelis had asked him about the militia, he said no, and then refused to say anything about the subject.

Israel's activities have mostly taken place at night with patrols staying clear of towns. But on occasion they have made themselves oddly conspicuous.

On Sunday, an Israeli flag could be seen flying prominently from a bluff just outside the Lebanese village of Shabaa, where a group of Israeli soldiers were posted with a military bulldozer. Photographers snapped pictures throughout the day, and Israeli soldiers warned approaching reporters to stay clear.

Lebanese Army officials complained about the flag to the United Nations, who contacted Israel about the matter. Israeli soldiers took the flag down, a spokesman for the United Nations force, Alexander Ivanko, said Monday.

But an hour after Mr. Ivanko spoke, the flag was still flying in the same spot. Another Israeli flag was raised over the weekend on a hilltop near the village of Marwaheen. On Tuesday, it appeared to have been removed.

The flags and the continuing presence of Israeli soldiers here have further angered villagers already stunned by the extent of the Israeli bombing. Even some Christians, whose villages were largely spared the destruction visited on Shiite areas, say the war has fueled their support for Hezbollah.

In Aita al Shaab, public support for Hezbollah is almost total. One street where a number of Hezbollah fighters lived — commonly known even before the war as Hezbollah Street — was almost totally destroyed. Several families have returned to the ruins anyway, defiantly insisting on staying in their charred, stinking homes. Others are living alongside the ruins in green tents donated by aid groups.

"They destroyed our school in the village, but we will teach the children under the trees," said Ms. Srour, the schoolteacher. "And we will teach them to hate Israel and love the resistance."

Ms. Srour said Israeli tanks had fired so close to her house on Sunday that several of her relatives — who had returned from Beirut only a week earlier — left the village again, fearing the war was on again.

As in many southern villages, the blackened and bomb-scarred ruins here are bedecked with yellow Hezbollah banners proclaiming — somewhat paradoxically — a "divine victory" for the resistance.

But not far away, Muhammad Srour, a cleric and cousin of the schoolteacher, offered a slightly different view as he poked through the shattered ruins of his house, gathering a few remaining clothes and books into plastic bags.

"We've been beaten so badly that we still don't want to admit we've been beaten," he said.

Hezbollah's 'Victory' (WP)

By Charles Krauthammer

The Washington Post, September 1, 2006

"We did not think, even 1 percent, that the capture would lead to a war at this time and of this magnitude. You ask me, if I had known on July 11 . . . that the operation would lead to such a war, would I do it? I say no, absolutely not."

-- Hasan Nasrallah,

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Hezbollah leader, Aug. 27

So much for the "strategic and historic victory" Nasrallah had claimed less than two weeks earlier. What real victor declares that, had he known, he would not have started the war that ended in triumph?

Nasrallah's admission, vastly underplayed in the West, makes clear what the Lebanese already knew. Hezbollah may have won the propaganda war, but on the ground it lost. Badly.

True, under the inept and indecisive leadership of Ehud Olmert, Israel did miss the opportunity to militarily destroy Hezbollah and make it a non-factor in Israel's security, Lebanon's politics and Iran's foreign policy. Nonetheless, Hezbollah was seriously hurt. It lost hundreds of its best fighters. A deeply entrenched infrastructure on Israel's border is in ruins. The great hero has had to go so deep into hiding that Nasrallah has been called "the underground mullah."

Most important, Hezbollah's political gains within Lebanon during the war have proved illusory. As the dust settles, the Lebanese are furious at Hezbollah for provoking a war that brought them nothing but devastation -- and then crowing about victory amid the ruins.

The Western media were once again taken in by the mystique of the "Arab street." The mob came out to cheer Hezbollah for raining rockets on Israel -- surprise! -- and the Arab governments that had initially criticized Hezbollah went conveniently silent. Now that the mob has gone home, Hezbollah is under renewed attack -- in newspapers in Saudi Arabia, Kuwait and Egypt, as well as by many Lebanese, including influential Shiite academics and clan leaders. The Arabs know where their interests lie. And they do not lie with a Shiite militia that fights for Iran.

Even before the devastation, Hezbollah in the last election garnered only about 20 percent of the vote, hardly a mandate. Hezbollah has guns, however, and that is the source of its power. But now even that is threatened. Hence Nasrallah's admission. He knows that Lebanon, however weak its army, has a deep desire to disarm him and that the arrival of Europeans in force, however weak their mandate, will make impossible the rebuilding of the vast Maginot Line he spent six years constructing.

Which is why the expected Round Two will, in fact, not happen. Hezbollah is in no position, either militarily or politically, for another round. Nasrallah's admission that the war was a mistake is an implicit pledge not to repeat it, lest he be completely finished as a Lebanese political figure.

The Lebanese know that Israel bombed easy-to-repair airport runways when it could have destroyed the new airport terminal and set Lebanon back 10 years. The Lebanese know that Israel attacked the Hezbollah TV towers when it could have pulverized Beirut's power grid, a billion-dollar reconstruction. The Lebanese know that the next time, Israel's leadership will hardly be as hesitant and restrained. Hezbollah dares not risk that next time.

Even more important is the shift once again in the internal Lebanese balance of power. With Nasrallah weakened, the other major factions are closing in around him. Even his major Christian ally, Michel Aoun, has called for Hezbollah's disarmament. The March 14 democratic movement has regained the upper hand and, with outside help, could marginalize Hezbollah.

In a country this weak, outsiders can be decisive. A strong European presence in the south, serious U.S. training and equipment for the Lebanese army, and relentless pressure at the United Nations can tip the balance. We should be especially aggressive at the United Nations in pursuing the investigation of Syria for the murder of Rafiq Hariri and in implementing resolutions mandating the disarmament of Hezbollah.

It was just 18 months ago that the democrats of the March 14 movement expelled Syria from Lebanon and rose to power, marking the apogee of the U.S. democratization project in the region. Nasrallah's temporary rise during the just-finished war marked that project's nadir. Nasrallah's crowing added to the general despair in Washington about a rising "Shiite crescent" stretching from Tehran to Beirut.

In fact, Hezbollah was seriously set back, as was Iran. In the Middle East, however, promising moments pass quickly. This one needs to be seized. We must pretend that Security Council Resolution 1701 was meant to be implemented and exert unrelieved pressure on behalf of those Lebanese -- a large majority -- who want to do the implementing.

EU Urged To Make Contact With Hamas (FT)

By Fidelius Schmid And Daniel Dombey

Financial Times, September 1, 2006

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The European Union should establish contact with Hamas, the proscribed Islamist group, the holder of the EU's presidency has proposed.

Erkki Tuomioja, Finnish foreign minister, told FT Deutschland, the Financial Times' sister paper, that the EU would have to make an important shift in policy and be prepared to enter discussions with all "relevant" parties if it were to revive the stricken Middle East peace process.

"Hamas is not the same party it was before the elections," he said, referring to what he said were the group's encouraging but insufficient steps to moderate its stance after it won control of the Palestinian Authority this year.

"We have to be able to talk to anyone who is relevant," he added. "There are many ways of having contact . . . nobody will start with press conferences and photo opportunities."

Mr Tuomioja is to chair an informal EU foreign ministers' meeting today that is intended to "update" the current international proposals for the Middle East, as well as giving the EU a greater role in the region.

Hamas remains on the EU's official list of proscribed terrorist organisations and the 25-nation bloc has repeatedly declared it would only establish political contacts with the Islamist group if it honoured past agreements, ceased violence and recognised Israel.

Any attempt to shift towards more normal relations with the group could infuriate Israel and the US and provide a dilemma for the EU's big powers – Germany, France and the UK.

The EU only added Hamas to its terrorist list after pressure from Washington and Tel Aviv and some top-level officials have held discreet consultations with people linked to the organisation in the past.

Mr Tuomioja has also already clashed with some of his colleagues – most notably at the start of August when a Finnish draft declaration calling for an immediate ceasefire in Lebanon and criticising Israel was watered down by other EU ministers.

He subsequently complained in a weblog that "for a long time it has been known that, within an hour after being distributed to the member states, all EU documents have already reached Tel Aviv, and probably Washington and Moscow".

But Jacques Chirac, the French president, has this week called for the EU to play a greater role in the Middle East. His demand is likely to be supported by Tony Blair,the UK prime minister.

France is pushing for the EU to extend a scheme under which it pays "allowances" to Palestinian doctors and nurses.

The EU has already established "non-political" links between European and Palestinian officials to coordinate the disbursement of such aid.

Mr Tuomioja called for the Palestinians to establish a national unity government to set up a "credible Palestinian partner that one can and must negotiate with".

"The EU is the only party which can talk directly and openly with everybody and everyone who is relevant for the Middle East," he said.

Israelis Capture Man At British Embassy (AP)

By Aron Heller, Associated Press Writer

AP, September 1, 2006

Police commandos stormed the British Embassy in Tel Aviv late Thursday and captured a Palestinian man who had been holed up inside for eight hours, claiming to have a gun and demanding political asylum. There were no injuries.

Police said the forces seized the man after he laid down his weapon for a split second. After the arrest, authorities discovered the weapon was plastic, police said in a statement.

Embassy spokeswoman Karen Kaufman said the arrest came after a coordinated effort with British officials. "As far as the embassy is concerned, the event is over," she said.

Nadim Injaz, 28, a resident of the West Bank city of Ramallah and suspected informer for the Israeli security services, burst the embassy by jumping a fence. In a dramatic interview on live television Thursday evening, he said he would rather die than return to the West Bank.

He remained holed up inside the compound several hours later as authorities tried to negotiate a peaceful end to the standoff.

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He said he was demanding asylum, fearing Palestinian militants will kill him, and threatened to commit suicide.

"They will either take me out of here to Europe, or as a body," Injaz, speaking Hebrew, told Channel 2 TV. He said he was forced to take the extreme step after Israeli authorities rebuffed repeated demands for help and protection. "If no one comes to help me soon to save my life, I will finish myself here."

Injaz said militants in the West Bank told him that he would only be allowed to return to Ramallah only if he attacked Israelis. He said he chose this path instead.

"I don't want to kill children," he said in tears in a separate interview with Channel 10 TV. "I want to be taken from here. I don't want to be here."

The embassy, on the Tel Aviv seafront, is ringed by a fence and visitors are normally screened by security guards at the gate. Police officials said Injaz managed to jump the fence of the compound but was stopped by security before he could enter the building.

Kaufman said an investigation would be launched into how the man breached security.

Police officials said Injaz was a Palestinian informer for Israeli security services and had encountered financial and legal troubles. Injaz said he has petitioned Israeli courts and contacted local media and human rights groups to win residency rights in Israel.

Asked by Channel 2 if he worked for the Shin Bet security service, Injaz named his handlers in the Israeli police.

Injaz said he would be killed if forced to return to Ramallah. His lawyer and human rights activists he has contacted also arrived on the scene.

Palestinians Fire Rockets; Defy Abbas (AP)

AP, September 1, 2006

Palestinian militants fired five homemade rockets into Israel on Thursday, defying the calls by Palestinian President Mahmoud Abbas to halt the attacks.

The Israeli army said four of the rockets landed near the southern border town of Sderot, while the fifth landed near the city of Ashkelon. There were no injuries, it said.

The barrage came a day after Abbas criticized Palestinian militants for continuing to fire rockets at Israeli border communities.

"What is happening in Gaza as a result of rockets fired in vain must stop right now because there is no national interest in this continuing," Abbas said in a speech Wednesday. He said dozens of Gazans have been killed and many more injured in recent months. "For what?" Abbas said.

Abbas has made similar appeals in the past, saying the rockets give Israel an excuse to attack, only to be rebuffed by militants. Islamic Jihad, which has launched hundreds of rockets at Israel, claimed responsibility for Thursday's barrage.

The rocket fire came shortly after Israeli troops withdrew from the outskirts of Gaza City on Thursday, ending a five-day operation that Palestinians said left 20 people dead and heavily damaged houses, streets and farms. The operation was aimed at finding tunnels and explosives.

Sudan Says No As U.N. Backs Force For Darfur (WP)

By Glenn Kessler And Craig Timberg

The Washington Post, September 1, 2006

The U.N. Security Council yesterday approved a long-sought resolution that would place an expanded peacekeeping force in Sudan's troubled Darfur region under U.N. authority, even as the government appeared to have begun a new offensive against rebel forces.

The new U.N. mandate would take effect only with Sudan's consent, and its president, Lt. Gen. Omar Hassan al-Bashir, immediately rejected it. Officials in Khartoum have repeatedly said that they favor the current African force, under the auspices of the African Union, instead of one from the United Nations.

The African Union, however, favors the transfer of control to the United Nations, saying it is unable to keep the peace and will soon run out of funds.

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The stalemate over the troops and the new outbreak of fighting appeared to signal the failure of a peace deal reached three months ago that was hailed by the Bush administration as the key to resolving the conflict. Only one rebel group, with little support from the population, signed the agreement, and it has joined forces with Sudanese troops in an effort to crush ethnic African tribes challenging the Arab-led Khartoum government.

The peace agreement was brokered by Deputy Secretary of State Robert B. Zoellick, but he has since left the government, as have many of his key advisers on Sudan.

The Darfur conflict broke out in early 2003 when African rebel groups attacked police stations and military outposts. The United Nations and human rights groups accuse the central government of supporting militiamen, called the Janjaweed, in an effort to crush the rebellion.

About 2,000 villages have been destroyed across Darfur; violence and disease have left as many as 450,000 people dead and 2 million homeless. Two years ago, the Bush administration accused Bashir's government of abetting genocide.

The peace agreement, rather than ending the fighting, appears to have rekindled it. There are widespread reports of the major rearming of government forces and the two rebel groups that did not sign the peace deal. They have since joined forces and have apparently acquired shoulder-fired missiles.

The rebel group led by Minni Minnawi -- who met with President Bush at the White House in July, after he signed the May peace deal -- has, in effect, become a paramilitary arm of the government. Growing numbers of Land Rover vehicles and Toyota trucks with machine guns have been reported in northern Darfur.

Assistant Secretary of State Jendayi E. Frazer flew to Khartoum this week to persuade Bashir to change his mind on the U.N. force, dangling the possibility of a meeting with Bush if Bashir accepted. Bashir made Frazer wait three days before he saw her, and he signaled that he had not changed his mind. But Frazer said yesterday that she was "very confident" Bashir would ultimately accept.

The U.N. resolution would create a peacekeeping force of as many as 22,500 military and police personnel, compared with the 7,000 currently serving under the African Union in an area the size of France. The U.N. force would also have a much stronger mandate to prevent an outbreak of violence.

About 5,000 members of the African Union force could be immediately placed under U.N. authority, but officials have not yet determined which countries would provide the rest.

The resolution was approved by a vote of 12 to 0, with China, Russia and Qatar abstaining. Assistant Secretary of State Kristen Silverberg said the abstentions were "inexplicable, in light of the very grave and serious and deteriorating security situation." But Chinese and Russian officials said they wanted Sudan's consent before the resolution was adopted, out of concern that the move might result in even more bloodshed.

John Prendergast of the nonprofit International Crisis Group, who was in Darfur over the weekend, said there has been a major new government offensive there in recent days. ""It has already started," said Prendergast, who has returned to his office in Washington.

Rebel commander Abubakar Hamid Nur, speaking by satellite phone from northern Darfur, said that government Antonov planes have been bombing villages as dozens of government gun trucks and thousands of troops have moved north from the provincial capital of El Fasher. Nur said the rebels have been retreating rather than clash with better-equipped government troops.

But he predicted an outright battle in the days ahead. Many of the civilians who were attacked have left on camels and horses to gather weapons.

"The coming days, there will be very big fighting in Darfur," Nur said. He said the government offensive is an effort to grab land in anticipation of the U.N. force eventually arriving. "They are killing and dancing over the skeletons of the people of Darfur," Nur said.

Major new fighting in northern regions of Darfur began Tuesday, according to Sam Ibok, an African Union official in Khartoum overseeing the implementation of the Darfur peace deal. Ibok said more than 20 civilians have been killed and more than 1,000 have been displaced, according to reports from affected areas. Those areas, he added, are beyond where African Union troops can travel safely.

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"It's like a 'no-go' area for our forces," he said. Ibok said the fighting of the past three days was the worst so far this year. "The magnitude of this has not been reported before. This represents some kind of escalation," he said.

Manuel da Silva, the U.N. humanitarian coordinator for Sudan, predicted a steady deterioration in food, clean water and medical care in the weeks ahead as aid groups retreat from the countryside in northern Darfur because of the growing danger.

But Rabie Abdul Atti, a senior adviser to Sudan's information minister, said the recent violence is strictly between rebel groups that signed the pact and those that had not. "The government has taken no part in the fighting at all," Atti said.

Prendergast, who said he "could not point to anything good happening now" in Darfur, criticized the administration's strategy of offering incentives to Sudan's government rather than pressuring Khartoum with sanctions or possible war crimes indictments. He said that the peace agreement is terribly flawed, and that the departure of Zoellick and his aides left U.S. policy in limbo.

"The Darfur Peace Agreement is allowing the government to resume the war," Prendergast said. "This is a grotesque abuse of the intentions of those who crafted the peace deal back in May."

Timberg reported from Khartoum, Sudan.

UN Peace Mission For Darfur Approved (FT)

By Mark Turner

Financial Times, September 1, 2006

The UN Security Council on Thursday authorised the creation of a United Nations peacekeeping mission to halt the bloodshed in Darfur, but reports of a new build-up of military forces and continued Sudanese government opposition threw its prospects into immediate doubt.

The resolution was agreed by 12 countries, but Russia, China and Qatar abstained. They said they did not object to a UN force but disagreed with the resolution's timing.

"It may trigger further misunderstandings and confrontation from the country directly involved and even cause problems on implementing the comprehensive peace agreement process," said Wang Guangya, the Chinese ambassador.

The text called for as many as 17,300 troops and 3,300 civilian police but invited the government's consent before deployment. The US said tacit acquiescence would suffice.

The UN plans to bolster the beleaguered African Union force there and begin preparations for a UN mission by December 31 – but it is still unclear who would be willing to provide troops.

With European forces on their way to Lebanon and fears of an unfriendly reception in Sudan, EU countries are unlikely to send significant ground forces.

The mission would aim to bolster the Darfur peace process, secure the camps and demilitarised zones, and ease regional tensions amid the security vacuum.

U.N. Council Votes To Send Troops To Darfur; Sudan Objects (NYT)

By Daniel B. Schneider

The New York Times, September 1, 2006

UNITED NATIONS, Aug. 31 — The Security Council passed a resolution Thursday authorizing the creation of a United Nations peacekeeping force for the ravaged Darfur region of Sudan, but the resolution calls for the consent of the Sudanese government before troops can be deployed.

Sudanese officials immediately rejected the resolution. A senior adviser to President Omar al-Bashir told Al Jazeera television that the resolution was illegal and violated the peace accord signed by the government and one of the rebel factions.

But State Department officials were quick to say the resolution did not explicitly require Sudan's consent. "This resolution invites Sudanese consent," Kristen Silverberg, assistant secretary of state for international organization affairs, said at a briefing in Washington after the vote. "Nothing requires Sudanese consent."

The proposed United Nations force is to include a military force of up to 17,300 members and a civilian police force of 3,300. It would replace or absorb the 7,000-member African Union force in Darfur, which has been hamstrung by financial and logistical problems and has failed to halt the slide into violence that President Bush has called genocide.

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Since early May, when the peace agreement was signed between the government and one of the main rebel factions fighting for greater autonomy and wealth for the region, Darfur has fallen deeper into chaos, with rebel groups splintering and forming new alliances. The government has proposed using its own troops instead of a United Nations force to quell the rebellion.

The resolution also calls for immediate air, engineering and communications support for the African Union force, whose mandate will expire on Sept. 30.

Given that deadline, the United States and Britain urged speed. “Every day we delay only adds to the suffering of the Sudanese people and extends the genocide,” said John R. Bolton, the United States ambassador to the United Nations.

Even though there is already a United Nations force in the south of Sudan — consisting of about 10,000 troops, most of them from Asian nations — the government has portrayed a potential United Nations force in Darfur as a tool in a Western effort to get access to Sudan’s oil. The government has said it will resist the proposed force.

As is the case with the current African Union force, the United Nations troops would support the fulfillment of the peace agreement. That includes investigating cease-fire violations, monitoring movement of armed groups and developing a program for the disarmament and demobilization of combatants.

Acting under Chapter 7 of the United Nations Charter, the troops will also be authorized to use force to protect civilians, relief workers and United Nations workers. The African Union has for the most part lacked such authority and has called for the United Nations to take charge of the peacekeeping mission.

Hundreds of thousands of people have died and 2.5 million have been driven from their homes since the conflict began in 2003.

Twelve of the Security Council’s 15 members voted for the resolution. Russia, China and Qatar, the Council’ s sole Arab member, abstained. They suggested that without Sudan’s consent, voting now could only make negotiations more difficult. The Chinese ambassador, Wang Guangya, said the resolution could make the violence in Darfur worse.

Mr. Bolton brushed aside the fears of Sudanese rejection. “The resolution simply said we invite their consent,’’ he said after the vote. “I think what we need is acquiescence. It would be nice to have cooperation. But the United Nations role should proceed, the planning should proceed, the operational work should be done and, as they say, silence gives consent.’’

The Sudanese ambassador to the United Nations did not speak at Thursday’s meeting. The Security Council is to meet on Sept. 8 to discuss the situation with Sudanese officials and representatives from the Arab League, the African Union and the Organization of the Islamic Conference.

U.N. OKs Sudan Peacekeepers Resolution (AP)

By Nick Wadhams, Associated Press Writer

AP, September 1, 2006

The U.N. Security Council passed a resolution Thursday that would give the United Nations authority over peacekeepers in Darfur as soon as Sudan's government gives its consent — which it has so far refused to do.

The resolution is meant to give more power and funding to a force, now run by the African Union, that has been unable to stop the humanitarian catastrophe in Darfur. The violence has killed more than 200,000 people and continues to worsen.

The document passed 12-0, with China, Russia and Qatar abstaining.

Yet the council cannot take any significant action on the resolution until Sudan reverses its opposition to a U.N. force. Dimming the prospects for the resolution to actually go into effect, Sudan President Omar Al-Bashir rejected it, the official SUNA news agency said.

"The Sudanese people will not consent to any resolution that will violate its sovereignty," the agency quoted al-Bashir's government as saying. The ruling party leadership called on the Sudanese people to "strengthen further their cohesion and ranks and prepare to face any development."

The United States and Britain, the two original sponsors of the resolution, said they hoped that the vote would help put new pressure on al-Bashir to acquiesce.

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"It is imperative that we move immediately to implement it fully to stop the tragic events unfolding in Darfur," U.S. Ambassador John Bolton said. "Every day we delay only adds to the suffering of the Sudanese people and extends the genocide."

More than 200,000 people have died in the remote Darfur region since 2003 when ethnic African tribes revolted against the Arab-led Khartoum government. The government is accused of unleashing Arab militiamen known as janjaweed who have been blamed for widespread atrocities.

A peace deal signed by the government and one of the ethnic African rebel groups operating in the region has had little effect.

U.N. officials and aid workers say the crisis has only deepened in recent months, with rape, killings and other attacks in Darfur at a new high.

China and Russia said they supported the contents of the resolution but wanted Sudan's consent before adopting it. By pushing ahead, China said, the council only risked triggering further violence in Darfur.

"This is obviously not the intended outcome of the council in adopting this resolution," U.N. Ambassador Wang Guangya said.

In Washington, Assistant Secretary of State Jendayi E. Frazer said she was "absolutely confident" the Sudanese government would accept a U.N. peacekeeping force.

Frazer, who returned Wednesday from Khartoum and talks there with Sudan's president and other senior officials, said she would call Foreign Minister Lam Akol to encourage him to come to Washington for talks "sooner rather than later."

Sudan's president had told her he would send an envoy in response to a message from President Bush requesting entry of the U.N. force into Darfur.

Kristen Silverberg, assistant secretary of state for international organizations, said "we are very pleased" with passage of the resolution.

At a joint news conference with Frazer, Silverberg called Russia's abstention "inexplicable."

One central element of the resolution would give the peacekeepers new power to intervene to protect civilians in Darfur. The current African Union force has had little authority to intervene to stop such attacks.

Peacekeeping authority for the Darfur mission would be in the hands of a separate U.N. force already deployed in Sudan's south. That peacekeeping force, which now has about 10,000 troops, would be expanded to 17,000 military personnel and up to 3,300 civilian police to cover both areas.

The African Union has called for the U.N. to take control of the peacekeeping force, whose formal mandate expires on Sept. 30.

Al-Bashir has offered to send government troops to Darfur but Western nations insist that would not help.

In a new bid to win Sudan's consent, the council has planned a high-level meeting for Sept. 8 to discuss the issue with Sudanese officials as well as representatives from the African Union, the Arab League and the Organization of the Islamic Conference.

The resolution is the first to refer to the "responsibility to protect" — a notion agreed to at a summit of world leaders a year ago, in which the international community vowed to intervene to protect civilians if their government could not.

"The test before the council today was whether it was prepared to act to mandate the resolution and assume its responsibilities to the people of Darfur," Britain's Deputy U.N. Ambassador Karen Pierce said. "The adoption of this resolution shows that it is."

Associated Press reporter Barry Schweid contributed to this report from Washington.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, September 1, 2006

Punishing Taiwan

Pentagon officials tell us President Bush has been advised to deny new sales of F-16 jets to Taiwan.

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The advice is said to have originated from White House National Security Council (NSC) staff, who convinced the president not to approve new F-16 sales to Taiwan to avoid upsetting China. It would also signal disapproval with Taipei for its failure to procure submarines, surveillance aircraft and missile defenses offered for sale since 2001.

The official response we received from NSC spokesman Frederick Jones is that: "We have not to date received a request from the Taiwan Government for F-16s. If we do, it will be considered in keeping with our Taiwan Relations Act commitments."

Other officials tell us what really happened is that Taiwan's chief representative to the United States, David Tawei Lee, was told privately that now is not the time to submit a request for F-16s, to avoid the negative publicity of turning it down. Mr. Lee is close to the acting NSC Asia director, Dennis Wilder.

News of the rejection will be greeted with toasts in Beijing as a great propaganda victory, and another example of how China uses its influence over U.S. academics, policy-makers and intelligence officials to skew U.S. policy. Chinese military officials recently pressed the Bush administration and the Pentagon to halt all arms sales to rival Taiwan.

Taiwan's government confirmed earlier this week that it plans to buy up to 66 new F-16C/D models to replace F-5s. The deal was estimated to be worth $3.1 billion.

Press reports from Taiwan also stated that the Bush administration has rejected a request from Taipei to allow Taiwanese leader Chen Shui-bian to make a transit stop on the U.S. territory of Guam during an upcoming South Pacific visit.

The snub on Guam follows a visit to the island by several Chinese military officials who were given a tour of Guam, a major hub for the U.S. military buildup in Asia, during a recent military exercise.

Asia policy reshuffle

Defense Secretary Donald H. Rumsfeld has approved a plan to reorganize the policy shop now headed by Undersecretary of Defense Eric Edelman. Parts of the plan will be implemented beginning Oct. 1, but one key change, the creation of a new assistant secretary for Asia and the Pacific Security Affairs, will require congressional action.

The Pentagon's current Asia hand, Richard Lawless, a deputy assistant secretary, is the likely choice for the new post. Mr. Lawless has an impressive record in dealing with difficult Asian issues, including upgrading the alliance with Japan and negotiating U.S. troop relocation in Korea.

Another candidate for the post is Torkel Patterson, a former National Security Council Asia hand during the first Bush administration who is considered pro-China and anti-Taiwan by conservatives. Mr. Patterson, currently president of Raytheon International, also is viewed as a protege of former Deputy Secretary of State Richard L. Armitage and someone who wants the post to capitalize later on expected lucrative U.S. arms sales to India.

In contrast to Mr. Patterson's pro-China slant, Mr. Lawless is considered neutral on China and someone who has no agenda other than Mr. Rumsfeld's and as a result is favored by conservatives in the administration.

The new Asia slot spins off Asia, Central Asia and South Asia from the current office of assistant defense secretary for international security affairs, now headed by Peter Rodman, who will keep his job along with the three other current assistant secretaries.

Asked if concerns about China's large-scale military buildup were behind that element of the reorganization, Mr. Edelman did not answer directly, other than to note to reporters that the latest Pentagon strategy report recognizes both China and India as nations at the "strategic crossroad" that could develop into friendly powers or threats to U.S. security.

"That certainly ...overall had some impact on how we decided to divide the labor, but I wouldn't say it was China-specific. It was a bit broader of a consideration than that," Mr. Edelman said.

The reorganization also downgrades the Defense Technology Security Administration to a section of a new directorate for global security affairs, that includes counternarcotics and counterproliferation, along with detainee affairs and Prisoner of War/Missing In Action affairs.

Iraqi flight

There has been little written in print about the flight of Iraqis from insurgency-torn Iraq. A former military officer forwarded us an e-mail from a contractor who lives outside the protection of the Green Zone in Baghdad.

"A lot of Iraqis have lost family members over the past month — five I have spoken to today — most have taken the immediate family to Syria and Iran as Jordan has stopped accepting them," the contractor wrote.

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He noted that thousands have left Iraq. The contractor thinks that "all indications are [that] civil war is imminent."

The new threat is "tribal killing," and several sections of the capital have been looted and stripped. In some parts of the city, electricity is turned on for one hour a day, and fuel and running water are out in 90 percent of Baghdad. Most local schools have been closed, and violence has broken out in hospitals where killings have taken place between sick and injured from rival tribes.

The main hospital in Baghdad is turning away new patients, as many are being treated on the spot and discharged because of a lack of power, since fuel for generators is in short supply.

A U.S. colonel involved in training Iraqis stated in response to the e-mail that "fuel is a problem for everyone [in Iraq] but us."

"Lines are long," the commander said, noting that in some places there are two lines, one for regular customers and one for those who can afford to offer bribes.

The commander did agree that "folks are moving their families out of Baghdad," however, he said, "this is not a civil war yet."

The operation to bring more troops to Baghdad is working to reduce murders, killings and sectarian violence. Murders during a 30-day period ending last week declined sharply but are still high. About 920 people were murdered in the most recent 30-day period compared to 1,270 the preceding month.

"Maybe I can make up some happy news like the media makes up bad news such as trying to get you to believe there is a civil war raging here," the colonel said. "Sorry to report there is not."

False charges

Amid charges in an Associated Press story that some recruiters sexually abused young women candidates, Elaine Donnelly is reminding investigators there is a history of false accusations.

"False rape accusations ... have been filed to extort money from celebrities, to gain sole custody of children divorce cases, and even to escape military deployments to war zones," Mrs. Donnelly writes in the current "CMR Notes," the news letter for her Center for Military Readiness.

"All of these possibilities and more must be objectively considered by investigators, without interference from victim advocates who wrongly insist that women can do no wrong."

The quote is from her cover story, "Sex, Lies and Rape. How to Distinguish Truthful Allegations from False Ones."

Critical Obama Loses 'Favorite Son' Status In Kenya (AFP-Y)

By Bogonko Bosire

AFP, September 1, 2006

Kenya stepped up criticism of US Senator Barack Obama, accusing him of insulting the Kenyan people and trivializing their achievements during a visit to his father's homeland.

Two days after abruptly changing its tone on Obama, who had been welcomed as a returning hero but incurred official wrath with blistering criticism of corruption and ethnic divisions, Nairobi launched a new attack on the lawmaker.

Less than 24 hours after the rising US political star left Kenya to continue an African tour, government spokesman Alfred Mutua blasted Obama for choosing "to dwell on non-issues" in a nationally televised speech on Monday.

"Senator Obama made extremely disturbing statements on issues which it is clear, he was very poorly informed, and on which he chose to lecture the government and the people on how they should manage their country," he said.

Mutua said the government would write a formal protest to the junior senator from Illinois who he suggested had falsely claimed his trip to Africa was intended to "nuture relations between the continent and the United States."

Noting the government had "spared no effort in making his stay and travel ... enjoyable and fulfilling," Mutua said Obama's criticism of Kenyan President Mwai Kibaki's administration was unfair, unwarranted and unjustified by facts.

He said Obama was wrong in asserting that Rwandan genocide fugitive Felicien Kabuga had bought protection in Kenya, that graft had plunged the country into "crisis" and that dangerous tribal divisions were on the rise.

Obama's comment about Kabuga "is an insult to the people of this country," Mutua said, adding he had "ignored" accomplishments in fighting corruption and boosting economic growth from near zero to six percent in three years.

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"This cannot be achieved in a country, which Senator Obama says, is experiencing a corruption crisis," he said, before slamming the lawmaker for allegedly "trivializing" Kenya's ethnic harmony and "magnifying tribalism."

"Senator Obama enjoyed the vibrant freedom of expression and wide democratic space in this country during his tour," Mutua said. "Instead of acknowledging this... he chose to dwell on non-issues."

A day after Obama's stinging speech at the University of Nairobi, Mutua dsmissed the lone African-American in the US Senate and potential Democratic Party presidential nominee as "immature" and an opposition stooge.

But his harsh comments on Thursday marked a new escalation in animosity between the government and Obama, who left Kenya late Wednesday after a five-day visit during which he was accorded a rock star reception.

The son of a Kenyan goat herder-turned-government economist had been greeted by cheering crowds of thousands at each of his stops here, including a visit to his paternal grandmother in his late father's home village.

In his speech, Obama rebuked Kibaki's government for failing to address corruption and said Kenya's democractic progress "is in jeopardy... being threatened by corruption."

"Here in Kenya, it is a crisis, a crisis that is robbing an honest people of the opportunities that they have fought for, the opportunity they deserve," he said, urging the citizenry to demand accountability from Kibaki's government.

His blunt criticism made front-page news and drew praise from some commentators.

On Thurday Obama made a lighting trip to a US military camp in Djibouti before proceeding to the eastern Ethiopian town of Dire Dawa, where floods killed hundreds of people and displaced at least 10,000 others, officials said.

In Djibouti, he praise the tiny country on the shores of the Red Sea as an ally of Washington.

"In Dire Dawa, the senator visited a displaced people camp and called for rapid help," an official travelling with Obama told AFP.

On Friday, he is scheduled to visit eastern Chad, where hundreds of thousands of people who have been displaced by the Darfur conflict in western Sudan have sought refuge.

Mass Graves Reported In Philippines (WP/AP)

By Jim Gomez

The Washington Post, September 1, 2006

MANILA, Aug. 31 -- Soldiers have found mass graves believed to hold the remains of up to 300 people who were allegedly killed by communist guerrillas in the 1980s during a purge of suspected spies in the Philippines' remote east, officials said Thursday.

Former New People's Army rebels and relatives are willing to testify against leaders of the Communist Party of the Philippines who allegedly ordered the purge, including one alleged former leader who is now a lawmaker, said Maj. Felix Mangyao, a regional army spokesman.

The New People's Army is the armed wing of the Communist Party of the Philippines.

Troops and relatives have dug up at least 67 bodies since the graves were recently discovered in an area called "Garden," a hilly jungle in Southern Leyte province, about 385 miles southeast of Manila, said a military spokesman, Lt. Col. Bartolome Bacarro.

The shallow graves could contain the remains of as many as 300 people, based on information from former rebels and victims' relatives, Bacarro said. The military chief of staff, Gen. Hermogenes Esperon, visited the site, accompanied by police forensic experts and victims' relatives, who wept as the remains were unearthed.

Skulls were placed beside graves marked by bamboo crucifixes and numbers. One villager, Domingo Eras, said he recognized the remains of his brother, who was abducted by the rebels, by his clothes.

Opposition Rep. Satur Ocampo, a former rebel leader linked by the army to the deadly purges, has denied any involvement in the killings.

Ocampo said he suspected the army may have announced the alleged existence of the graves to bolster police claims that communist guerrillas were behind numerous recent killings of left-wing activists.

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Leaders of the Communist Party and the New People's Army have acknowledged that a number of rebel commanders killed 600 to 900 suspected spies and government informers in the southern Mindanao region during the 1980s.

After learning of the purges, top rebel leaders ordered them stopped. The guerrillas later acknowledged the killings as among the most horrible blunders in the Marxist insurgency, which has raged for 37 years.

Fast-Growing Countries To Gain More Clout At IMF (WP)

By Paul Blustein

The Washington Post, September 1, 2006

The International Monetary Fund took a first step yesterday toward retooling itself to reflect major changes in the global economy, agreeing to increase the power that several fast-growing countries have over its policies and promising to boost their clout more in the next two years.

The IMF's executive board, which represents its 184 member countries, approved a resolution that would modesly increase the voting power of China, South Korea, Mexico and Turkey immediately. The resolution, which still must be approved at the fund's annual meeting in Singapore on Sept. 19, also sets forth a plan to the formula for determining voting shares by the 2008 annual meeting.

The vote change is the initial stage of a broader initiative aimed at refocusing the IMF's priorities and giving high-growth emerging countries, especially in Asia, a bigger say over its operations, commensurate with the size of their economies.

Known chiefly in the past decade as a financial firefighter that sought to rescue emerging countries stricken by crises, the IMF is being prodded -- in large part by the United States -- to be more active in addressing global trade imbalances and other problems that menace the world economy.

That role would presumably include confronting countries whose currency policies are contributing to the imbalances -- the most obvious example being China, which many economists criticize as keeping the value of the yuan too low and thus giving its manufacturers an unfair competitive advantage.

At the same time, the IMF is seeking to address complaints that the apportionment of individual countries' voting power has not changed in 30 years despite wide shifts in the relative size of their economies. For example, China's economy has grown to twice the size of those of Belgium and the Netherlands combined, yet Belgium and the Netherlands together have 1.5 times as many votes.

At the fund, decisions are mostly approved by consensus, so voting power has little practical importance. But given the perception that the U.S. government dominates the institution, changing voting shares "is important symbolically," said Edwin Truman, an expert on the IMF at the Institute for International Economics.

Accordingly, the board decided to increase the overall number of votes immediately by 1.8 percent, with the extra voting power divided among China, South Korea, Mexico and Turkey -- four countries whose votes have particularly lagged behind their economic clout. A resolution adopted yesterday also committed the IMF to a second stage of changes -- one expected to increase those countries' votes further, along with a few other underrepresented countries, while decreasing the votes of countries such as Belgium.

Yesterday's resolution was approved only after the objections of some poor nations, especially in Africa, were addressed. Critics have long accused the IMF of running roughshod over poor countries by insisting on harsh austerity policies in exchange for loans, and IMF managing director Rodrigo de Rato has vowed that poor countries' voting shares will increase. Under yesterday's agreement, a second stage of increases in fast-growing countries' votes would not take effect until the poor countries got their increases, too.

"We're pleased that the IMF board is moving this process forward," Brookly McLaughlin, a Treasury spokeswoman, said in a written statement. "An effective IMF needs a modern governance structure that legitimately represents its members."

A Younger India Is Flexing Its Industrial Brawn (NYT)

By Keith Bradsher

The New York Times, September 1, 2006

PUNE, India — India’s economic advancement no longer rests on telephone call centers and computer programmers.

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Among villages with thatch-roofed huts and dirt roads on the outskirts of this city in central India, John Deere and LG Electronics have recently built factories turning out tractors and color television sets for sale in India and for export to the United States.

In Hazira, in northwestern India, where some residents still rely on camels to carry traders' goods, the Essar Group is making steel to be used for ventilation shafts in Philadelphia, high-rise structural beams in Chicago and car engine mountings in Detroit.

For decades, India followed a route to economic development strikingly different from that of countries like Japan, South Korea or China. While its Asian rivals placed their bets on manufacturing and exports, India focused on its domestic economy and grew more slowly with an emphasis on services.

But all that is starting to change.

India's annual growth in manufacturing output, at 9 percent and accelerating, is close to catching growth in services, at 10 percent. Exports of manufactured goods to the United States are now rising faster in percentage terms than China's, although from a much smaller base. More than two-thirds of foreign investment in the last year has gone into manufacturing in India, not services.

"Saying we are a back office and China is a factory is a backhanded compliment," said Kamal Nath, India's minister of commerce and industry. "It's not really correct."

Indeed, in interviews at 18 Indian factories and other businesses in 10 cities and villages scattered across the length and breadth of the nation, the picture that emerges is of a country being driven by advances in manufacturing to a much brisker pace of economic growth.

A prime reason India is now developing into the world's next big industrial power is that a number of global manufacturers are already looking ahead to a serious demographic squeeze facing China. Because of China's "one child" policy, family sizes have been shrinking there since the 1980's, so fewer young people will be available soon for factory labor.

India is not expected to pass China in total population until 2030. But India will have more young workers aged 20 to 24 by 2013; the International Labor Organization predicts that by 2020, India will have 116 million workers in this age bracket to China's 94 million.

India's young population will also make it a huge and growing market for years to come, while the engineering skills and English skills of its educated elite will make it competitive across a wide range of industries. So even though India remains a difficult place to do business, several multinationals have been placing big bets on India in hopes of taking advantage of this shifting global dynamic.

General Motors and Motorola are preparing to build plants in western and southern India. Posco of South Korea and Mittal Steel of the Netherlands have each announced plans to erect giant steel mills in eastern India, where Reliance of India will soon construct one of the world's largest coal-fired power plants.

They are finding India's labor force well suited to their goals. When LG set out in 2005 to fill 458 assembly line jobs at its factory here at a starting wage of $90 a month, it required that each applicant have at least 15 years of education — usually high school plus technical college.

Seeking a young work force, the company decided that no more than 1 percent of the workers could have had any prior work experience. Despite the limitation, 55,000 young people met its criteria for interviews.

"In the villages there is little income," said Siddu Matheapattu, 24, in between applying sealant to refrigerator frames. "Here I can earn more."

By contrast, cities in the export-oriented Guangdong Province in southeastern China raised monthly minimum wages this summer by 18 percent, to $70 to $100 a month, after factories reported that they had one million more jobs than workers to fill them. Factories elsewhere in China face less severe labor shortages, but they also are being forced to raise wages.

As India has deregulated its economy, output has gradually accelerated to a growth rate of 8 percent a year, feeding a national euphoria and a few hopes of someday even beating China's annual growth of more than 10 percent.

Plenty of obstacles remain, however, notably India's weak infrastructure. China invests $7 on roads, ports, electricity and other backbones of a modern economy for every dollar spent by India — and it shows. Ports here are struggling to handle rising

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exports, blackouts are frequent and dirt roads are common even in Bangalore, the center of the country's sophisticated computer programming industry.

Pervasive corruption has slowed many efforts to fix these problems. India's labor laws, little changed since they were enacted just after independence in 1947, also continue to discourage companies from hiring workers, by making it very difficult to lay off employees even if a company's fortunes sour or the economy slows.

Still, a new optimism prevails in India, bordering at times on euphoria.

"The Chinese are very good at copying things, but Indians believe in quality work, we believe in meeting pollution norms," said S. S. Pathania, the assistant general manager of the Hero Honda motorcycle factory in Gurgaon, 30 miles south of New Delhi. "I think India will pass China very soon."

An Unexpected Boom

In Manufacturing

Sprawling across more than a square mile next to a gray tidal estuary, the scale of the Essar Group's complex in Hazira is already impressive. Essar has its own port to bring in iron ore and its own large gas-fired power plant for electricity. At the steel mill, giant buckets pour 150 tons of molten metal at a time to form slabs 2 yards wide and up to 10 yards long.

But the complex is just starting to grow. Essar is quintupling steel production and pushing forward a sevenfold increase in power generation, most of it for sale to a national grid desperately short of electricity.

Growth on that scale, especially in industries like steel and power but also in areas like car parts and household appliances, is what India has long lacked. Industrial production accounts for only a fifth of India's economic output, compared with two-fifths of China's. But this ratio is starting to rise in India as manufacturing, led by exports, grows faster than agriculture and even some service industries.

Until recently, legislation effectively barred companies with more than 100 employees from competing in many industries. The laws were intended to protect tiny businesses in villages, often employing women and minorities; high tariffs were placed on imports as well.

But a result was hundreds of thousands of businesses too small to be competitive; India lags behind even the impoverished Bangladesh next door in exports of garments, a big creator of jobs for China. The Indian government has responded by narrowing the list of protected industries to 326 categories of goods from 20,000 and has lowered tariffs.

Comparing factories in India to their competitors in China, many of the Indian factories are smaller but some appear more efficient.

India's stronger financial system demands higher interest rates than China's state-owned banks, making it costlier to hold the small mountains of components awaiting assembly that are often seen in Chinese factories. The Confederation of Indian Industry, a national trade group, has also been highly successful in pushing companies to adopt the latest Japanese lean manufacturing techniques.

The drawback is that the nation's manufacturing boom, built on higher-quality goods made under more modern conditions than in China, is not likely to create as many factory jobs as India needs.

The Essar steel mill, for example, has been replacing old, labor-intensive equipment with more modern gear. "We were having it all done manually, but because the customers demand very high quality, we have to do it automatically," yelled Rajesh Pandita, an Essar manager, over the roar of a house-size machine that was stretching a minivan-size coil of steel back and forth through large rollers until it was little thicker than plastic kitchen wrap.

The Whirlpool factory in Pune uses machines, not people, to fold the steel exteriors of refrigerators. It has some of the highest productivity per worker of any Whirlpool factory in the world, with just 208 line workers producing up to 33,000 refrigerators a month.

Labor laws, however, discourage flexibility. They still ban companies from allowing manufacturing workers to put in more than 54 hours of overtime in a three-month period even if the workers want to earn extra money. Firing workers is extremely difficult.

"Companies think twice, 10 times before they hire new people," said Sunil Kant Munjal, the chairman of the Hero Group, one of the world's largest manufacturers of inexpensive motorcycles.

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Hero in Gurgaon, on the southern outskirts of New Delhi, and its archrival, the Lifan Group in Chongqing, a city in western China, produce comparable motorcycles but the similarity ends there. Hero markets heavily to its domestic market, protected from foreign competition by high import tariffs, while Lifan emphasizes exports.

With scant ventilation, Lifan's factories are filled with diesel exhaust as workers test engines and ride finished bikes at breakneck speed out the doors, zigzagging past co-workers. Hero's factory in Gurgaon, where Honda holds a minority stake, has far better safety standards and excellent ventilation.

The Lifan factory pays less than $100 a month. The heavily unionized Hero factory pays $150 a month plus bonuses of up to $370 a month; nearly half the workers earn the top bonus, Mr. Pathania said.

Lifan's labor force is quiescent — would-be organizers of independent labor unions face long jail terms or worse in China. Hero's workers staged a successful nonviolent protest in 2005 to call for more contract workers to be eligible for the bonuses as well.

Bad Roads and Blackouts

Take a Toll on Efficiency

But the biggest question mark hanging over the rise of manufacturing in India lies in whether the country has enough roads, ports and electricity-generating plants to move huge quantities of goods and power the factories that make them.

Captain Abhay Srivastava, an operations manager at India's busiest port, was on duty on a recent afternoon when a phone call suddenly came in from the docks below. An enormous container ship from Qatar needed to slide 35 feet backward along the privately managed dock at the Nhava Sheva port near Mumbai to allow another large vessel to squeeze into the dock in front of it.

Captain Srivastava grabbed his white hard hat and dashed for the elevator. As soon as he reached the water's edge, a dozen laborers in orange jumpsuits began straining to arrange a cat's cradle of heavy, five-inch-thick ropes that would allow the ship to use its powerful winches to pull itself out of the way.

"They are efficient people; they don't speak a lot," said Captain Srivastava, who has visited most of the world's major ports either as a ship captain or for port training exercises. "You go to some places and they just stand around."

The efficiency of the Nhava Sheva port — it approaches West Coast ports in the United States in the number of containers moved per hour — shows that India is capable of producing world-class facilities.

But big as it is, Nhava Sheva is too small to handle the crush of traffic. John Deere tractors wait in a container at the dock for one to four days before being loaded on a ship.

"If this pace of growth continues, we will see more congestion at the port," said Raj Kalathur, the managing director and chief executive of Deere's operations in India.

Similar worries prevail in Chennai, formerly Madras. "Another four or five years, we'll be choked," said M. Rafeeque Ahmed, the chairman of the Farida Group, a 9,000-employee shoe manufacturer in Chennai that needs the port for exports.

Infrastructure improvements are particularly important because manufacturing companies are buying more and more components from far-flung suppliers. Making sure all those parts arrive on time requires a reliable transportation system.

"Manufacturing is no longer done all under one roof," said Victor Fung, the chairman of the Li & Fung Group, a large Hong Kong-based company that buys goods from factories across Asia for sale to retailers and wholesalers in the United States and Europe.

Indian officials are talking about expansion. Planning is under way for new wharves at Nhava Sheva, but the years-long task of construction has not yet started.

China has faced capacity problems, too. A surge in steel production in early 2004 overwhelmed bulk cargo ports. Inflation quintupled in a year, to 5.3 percent, as bottlenecks at ports, highways, railroads and elsewhere in China drove up companies' costs.

The Chinese response was swift and decisive. The pace of port investment nearly tripled in six months. Work crews labored around the clock to erect more cranes and expand wharves.

The Chinese economy grew at a breathtaking pace of 11.3 percent in the second quarter of 2006, but consumer prices were just 1 percent higher in July than a year earlier.

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By contrast, India is struggling with 8 percent inflation this summer as bottlenecks have appeared after three years of 8 percent growth.

Belatedly, India's roads and ports are improving. Just four years ago, Sona Koyo Steering Systems, an auto parts manufacturer, incurred hefty financing costs to keep a month's inventory on hand in case deliveries were delayed. Now its factory in Gurgaon makes six deliveries a day to a nearby Maruti car assembly plant; the eight-mile drive takes an hour or more because of traffic jams, but the deliveries get through.

"I'm not going to deny infrastructure is bad," said Surinder Kapur, Sona's chairman and managing director. "But a lot of our vendors are around us, a lot of our customers are close to us."

India is also starting to address chronic power shortages. But it is still a serious problem in northern India, where Mr. Kapur has his steering systems factory. He receives electricity from the national grid just seven or eight hours a day. So the factory has three enormous diesel generators, one bigger than a typical Manhattan living room, operating at four times what an industrial user in the United States usually pays.

Despite such obstacles, India's manufacturing sector appears poised for further growth. In a country where the national symbol has shifted from government bureaucrats at aging desks to call center operators in cubicles, it looks as if the next icon will be the laptop-toting engineer on a factory floor.

"The old philosophy was, 'I should work in an office, come in at 10 and leave at 4,' " said Nitin Kulkarni, 35, an engineer at the Hazira steel mill. But in recent years, he added, "there has been a revolution."

Where's Mao? Chinese Revise History Books (NYT)

By Joseph Kahn

The New York Times, September 1, 2006

BEIJING, Aug. 31 — When high school students in Shanghai crack their history textbooks this fall they may be in for a surprise. The new standard world history text drops wars, dynasties and Communist revolutions in favor of colorful tutorials on economics, technology, social customs and globalization.

Socialism has been reduced to a single, short chapter in the senior high school history course. Chinese Communism before the economic reform that began in 1979 is covered in a sentence. The text mentions Mao only once — in a chapter on etiquette.

Nearly overnight the country's most prosperous schools have shelved the Marxist template that had dominated standard history texts since the 1950's. The changes passed high-level scrutiny, the authors say, and are part of a broader effort to promote a more stable, less violent view of Chinese history that serves today's economic and political goals.

Supporters say the overhaul enlivens mandatory history courses for junior and senior high school students and better prepares them for life in the real world. The old textbooks, not unlike the ruling Communist Party, changed relatively little in the last quarter-century of market-oriented economic reforms. They were glaringly out of sync with realities students face outside the classroom. But critics say the textbooks trade one political agenda for another.

They do not so much rewrite history as diminish it. The one-party state, having largely abandoned its official ideology, prefers people to think more about the future than the past.

The new text focuses on ideas and buzzwords that dominate the state-run media and official discourse: economic growth, innovation, foreign trade, political stability, respect for diverse cultures and social harmony.

J. P. Morgan, Bill Gates, the New York Stock Exchange, the space shuttle and Japan's bullet train are all highlighted. There is a lesson on how neckties became fashionable.

The French and Bolshevik Revolutions, once seen as turning points in world history, now get far less attention. Mao, the Long March, colonial oppression of China and the Rape of Nanjing are taught only in a compressed history curriculum in junior high.

"Our traditional version of history was focused on ideology and national identity," said Zhu Xueqin, a historian at Shanghai University. "The new history is less ideological, and that suits the political goals of today."

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The changes are at least initially limited to Shanghai. That elite urban region has leeway to alter its curriculum and textbooks, and in the past it has introduced advances that the central government has instructed the rest of the country to follow.

But the textbooks have provoked a lively debate among historians ahead of their full-scale introduction in Shanghai in the fall term. Several Shanghai schools began using the texts experimentally in the last school year.

Many scholars said they did not regret leaving behind the Marxist perspective in history courses. It is still taught in required classes on politics. But some criticized what they saw as an effort to minimize history altogether. Chinese and world history in junior high have been compressed into two years from three, while the single year in senior high devoted to history now focuses on cultures, ideas and civilizations.

"The junior high textbook castrates history, while the senior high school textbook eliminates it entirely," one Shanghai history teacher wrote in an online discussion. The teacher asked to remain anonymous because he was criticizing the education authorities.

Zhou Chunsheng, a professor at Shanghai Normal University and one of the lead authors of the new textbook series, said his purpose was to rescue history from its traditional emphasis on leaders and wars and to make people and societies the central theme.

"History does not belong to emperors or generals," Mr. Zhou said in an interview. "It belongs to the people. It may take some time for others to accept this, naturally, but a similar process has long been under way in Europe and the United States."

Mr. Zhou said the new textbooks followed the ideas of the French historian Fernand Braudel. Mr. Braudel advocated including culture, religion, social customs, economics and ideology into a new "total history." That approach has been popular in many Western countries for more than half a century.

Mr. Braudel elevated history above the ideology of any nation. China has steadily moved away from its ruling ideology of Communism, but the Shanghai textbooks are the first to try examining it as a phenomenon rather than preaching it as the truth.

Socialism is still referred to as having a "glorious future." But the concept is reduced to one of 52 chapters in the senior high school text. Revolutionary socialism gets less emphasis than the Industrial Revolution and the information revolution.

Students now study Mao — still officially revered as the founding father of modern China but no longer regularly promoted as an influence on policy — only in junior high. In the senior high school text, he is mentioned fleetingly as part of a lesson on the custom of lowering flags to half-staff at state funerals, like Mao's in 1976.

Deng Xiaoping, who began China's market-oriented reforms, appears in the junior and senior high school versions, with emphasis on his economic vision.

Gerald A. Postiglione, an associate professor of education at the University of Hong Kong, said mainland Chinese education authorities had searched for ways to make the school curriculum more relevant.

"The emphasis is on producing innovative thinking and preparing students for a global discourse," he said. "It is natural that they would ask whether a history textbook that talks so much about Chinese suffering during the colonial era is really creating the kind of sophisticated talent they want for today's Shanghai."

That does not mean history and politics have been disentangled. Early this year a prominent Chinese historian, Yuan Weishi, wrote an essay that criticized Chinese textbooks for whitewashing the savagery of the Boxer Rebellion, the violent movement against foreigners in China at the beginning of the 20th century. He called for a more balanced analysis of what provoked foreign interventions at the time.

In response, the popular newspaper supplement Freezing Point, which carried his essay, was temporarily shut down and its editors were fired. When it reopened, Freezing Point ran an essay that rebuked Mr. Yuan, a warning that many historical topics remained too delicate to discuss in the popular media.

The Shanghai textbook revisions do not address many domestic and foreign concerns about the biased way Chinese schools teach recent history. Like the old textbooks, for example, the new ones play down historic errors or atrocities like the Great Leap Forward, the Cultural Revolution and the army crackdown on peaceful pro-democracy demonstrators in 1989.

The junior high school textbook still uses boilerplate idioms to condemn Japan's invasion of China in the 1930's and includes little about Tokyo's peaceful, democratic postwar development. It will do little to assuage Japanese concerns that Chinese imbibe hatred of Japan from a young age.

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Yet over all, the reduction in time spent studying history and the inclusion of new topics, like culture and technology, mean that the content of the core Chinese history course has contracted sharply.

The new textbook leaves out some milestones of ancient history. Shanghai students will no longer learn that Qin Shihuang, who unified the country and became China's first emperor, ordered a campaign to burn books and kill scholars, to wipe out intellectual resistance to his rule. The text bypasses well-known rebellions and coups that shook or toppled the Zhou, Sui, Tang and Ming dynasties.

It does not mention the resistance by Han Chinese, the country's dominant ethnic group, to Kublai Khan's invasion and the founding of the Mongol-controlled Yuan dynasty. Wen Tianxiang, a Han Chinese prime minister who became the country's most transcendent symbol of loyalty and patriotism when he refused to serve the Mongol invaders, is also left out.

Some of those historic facts and personalities have been replaced with references to old customs and fashions, prompting some critics to say that history teaching has lost focus.

"Would you rather students remember the design of ancient robes, or that the Qin dynasty unified China in 221 B.C.?" one high school teacher quipped in an online forum for history experts.

Others speculated that the Shanghai textbooks reflected the political viewpoints of China's top leaders, including Jiang Zemin, the former president and Communist Party chief, and his successor, Hu Jintao.

Mr. Jiang's "Three Represents" slogan aimed to broaden the Communist Party's mandate and dilute its traditional emphasis on class struggle. Mr. Hu coined the phrase "harmonious society," which analysts say aims to persuade people to build a stable, prosperous, unified China under one-party rule.

The new textbooks de-emphasize dynastic change, peasant struggle, ethnic rivalry and war, some critics say, because the leadership does not want people thinking that such things matter a great deal. Officials prefer to create the impression that Chinese through the ages cared more about innovation, technology and trade relationships with the outside world.

Mr. Zhou, the Shanghai scholar who helped write the textbooks, says the new history does present a more harmonious image of China's past. But he says the alterations "do not come from someone's political slogan," but rather reflect a sea change in thinking about what students need to know.

"The government has a big role in approving textbooks," he said. "But the goal of our work is not politics. It is to make the study of history more mainstream and prepare our students for a new era."

Bolivian Witch Hunts (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, September 1, 2006

There is something about Bolivian President Evo Morales that doesn't inspire confidence in a prosperous, democratic future for his country. And it's not only the fashion statement he makes with the striped sweater he wears like a uniform.

For a good many Bolivians it's the erosion of civil liberties under his leadership. Just ask Marcela Nogales, a 47-year-old mother of two pre-teens who holds a master's degree in auditing and financial control from Bolivian Catholic University in a joint program with Harvard University.

Mrs. Nogales, who was the general manager of the Central Bank of Bolivia for five years until May, has been detained in a Bolivian prison for the past six weeks at the behest of the Morales government. She has yet to be charged.

This detention, a flagrant violation of Bolivian law, appears to be part of a broader campaign against anyone connected with modernization efforts in the past decade. As such, it has further ignited the fears of Bolivian democrats who are deeply concerned that their country is heading toward an authoritarian police state under Mr. Morales.

Evo has already badly mishandled the economy. Exhibit A is his decision on May 1, amidst the biggest energy boom in the history of humankind, to nationalize the investments of foreign energy companies in his gas-rich country. Perhaps such bravado felt good to the country's first indigenous leader in modern times. But if he was making a political calculation, he left out one important variable: Bolivia is poor. So poor, it seems, that it hasn't the funding or expertise to exploit the gas itself.

On Aug. 11 the government announced the suspension of the full takeover of the oil fields "owing to a lack of economic resources." But it's a little late. Some 30 energy companies are reported to have ceased operations, and there has been no new

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investment. Bolivia has been converted into an unreliable energy supplier, badly wounding the only goose that lays hard-currency eggs.

The theory going around Bolivian circles -- that Venezuelan President Hugo Chávez used the unsophisticated Evo to destroy the country's energy sector so that Venezuela could step into the vacuum -- is something worth pondering. Meanwhile, Mr. Morales, whose poll numbers remain high, is now besieged by the same kinds of strikes, road blockades and protests that he once organized as an activist.

Yet like any self-respecting demagogue, Evo isn't about to rely on his competency to determine his fate. The best defense is a good offense and Evo is on the offensive, using his office to interrogate, investigate and even jail those who represent an alternative to his vision for a Maoist Bolivia.

In April we noted the case of 67-year-old José Maria Bakovic, who as president of Bolivia's National Highway Service (SNC) from 2001-2006 instituted a competitive, transparent bidding process for Bolivia's road works. Evo forced Mr. Bakovic to resign from his post in February and in March threw him in prison for three weeks without due process. In the same month the president signed an executive decree for a new highway project, bypassing the bidding process that Mr. Bakovic had put in place. Mr. Bakovic is out of jail now but cannot leave La Paz without permission from a judge. Meanwhile in his all-out effort toward discrediting the architects of Bolivia's limited liberalism and the ideas themselves, Mr. Morales has other fish to fry.

The whopper is Gonzalo Sánchez de Lozada (aka Goni) who was president when Mr. Morales and his minions led road blockades in October 2003 that paralyzed the nation. When Goni tried to open the highways, the deadly violence brought down his government. The same violence also killed the idea Goni was pitching to end the Argentine and Brazilian duopsony in natural gas and open markets for Bolivia to the west and north. Goni fled the country but Evo still wants his pound of flesh. This is what Mrs. Nogales's arrest is all about.

During the height of the social unrest that brought Goni down, the central bank met a government request for an emergency withdrawal from its own account in the amount of $1.8 million. A little more than half of the money was in local currency and the balance ($800,000) was in U.S. dollars.

In June two congressman in Evo's party made a big splash in the Bolivian media by alleging that the transfer was $100 million and that Goni took it with him in a helicopter when he fled La Paz. Among the accusers' more effective tools has been a video tape, illegally obtained, which shows bank employees taking cash out of the vault. This has been spun with great skill in the Bolivian media as a mega heist by the corrupt elite to accommodate Goni.

The attorney general has not only arrested Mrs. Nogales but it has also put the former president of the central bank, Juan Antonio Morales, on notice that he is under investigation and also could be jailed. Reportedly he joins scores of other former top Bolivian officials who are now threatened with criminal prosecution. Moreover, he has been defamed and slandered in the press.

Leaving aside the obvious point that if bank insiders were going to steal money they would have turned off the security cameras, the character assassination aimed at Mr. Morales is unsubstantiated. As head of the central bank from late 1995 until Evo pushed him out in May 2006, he earned an impeccable reputation by institutionalizing bank independence, transparency and accountability. The highest annual inflation rate Bolivia experienced from 1996-2005 was 4.5%.

Bolivia's controller general, independent auditors and Congress have all exonerated the bank of any criminal wrongdoing. But the government continues its political witch hunt; Mrs. Nogales languishes in prison without rights and a climate of intimidation hangs over civil society. If Evo prevails, it will mean not only the silencing of his opposition, but also the end of central-bank independence. This may explain why, despite the lack of evidence, the case has not been dropped.

Scold War Buildup (WP)

By John R. Hamilton

The Washington Post, September 1, 2006

Attempts to explain the vehemence of anti-U.S. feeling abroad correctly home in on Iraq and other unpopular policies of the current administration. But over the past three decades the kudzu-like growth of another U.S. practice, used by Congress and by Democratic and Republican administrations alike, has nurtured seething resentment abroad.

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This is what might be called "foreign policy by report card," the issuing of public assessments of the performance of other countries, with the threat of economic or political sanctions for those whose performance, in our view, doesn't make the grade. The overuse of these mandated reports makes us seem judgmental, moralistic and bullying.

The degree to which public reports accompanied by the threat of sanctions have been institutionalized in U.S. policy is stunning. A partial list:

Each year we issue detailed human rights reports on every country in the world, including those whose performance appears superior to our own. We judge whether other countries have provided sufficient cooperation in fighting illegal drugs. We place countries whose protection of intellectual property has been insufficient on "watch lists," threatening trade sanctions against those that do not improve. We judge respect for labor rights abroad through a public petition process set up under the System of Generalized (trade) Preferences. We publish annual reports on other countries' respect for religious freedom.

And more: We seek to ensure the adequacy of civil aviation oversight and the security of foreign airports through special inspections and categorizing of government performance. We ban shrimp imports from countries whose fishing fleets do not employ sea turtle extruder devices and yellowfin tuna imports where the protection of dolphins is in our view inadequate. We report on trafficking in persons and categorize the performance of every country where such trafficking is a problem, which is just about everywhere. And we withhold military education, training and materiel assistance from countries that do not enter into agreements with us to protect our nationals from the jurisdiction of the International Criminal Court.

The point is not that these goals are illegitimate. The large majority of Americans would probably support most if not all of them and would be reassured to know that the government is working assiduously to promote them. It is also true that foreign governments do sometimes improve their performance to avoid sanctions or the embarrassment of a critical public report.

But in the aggregate, our public reports have reinforced the view abroad that we set ourselves up unilaterally as police officer, judge and jury of other countries' conduct. Often, governments in developing countries in particular are committed to the objectives we are promoting, but they are overwhelmed by poverty, political instability and other existential problems that, in their view, dwarf the issues on which we would have them concentrate. Even so, they struggle to improve, say, performance on human trafficking, only to be found lacking with respect to drugs or labor rights. They may well conclude that, however much they try, their best is never good enough for us. The result is demoralization, anger and sullen resistance where we otherwise might have made common cause.

We could adjust this approach, especially where the objectives enjoy broad support in the international community, to advance them through multilateral organizations. We have effectively promoted more vigorous action against money laundering through the broadly based Financial Action Task Force. Several years ago, and as resentment over our annual narcotics certification process threatened to spin out of control, Congress softened the approach and, with modest success, we sought to make the Western Hemisphere portion of it multilateral through the Organization of American States.

Scaling back in other areas would help. It is critical, though, that we refrain from using this tool as we seek to promote new objectives -- however worthy -- in the future. The tolerance of other societies for being publicly judged by the United States has reached its limits.

The writer, who retired last year after 35 years as a Foreign Service officer, served as ambassador to Peru and Guatemala.

Missing Children (WSJ)

By Gary S. Becker

The Wall Street Journal, September 1, 2006

The 20th century was the one with the greatest decline in death rates not only in rich countries but also throughout the world. Very low birth rates in a rapidly increasing number of countries are shaping up as the defining demographic event of the 21st century. The total fertility rate, which measures the number of births to the average woman over her lifetime, must be at least 2.1 in order to prevent a country's population from declining in the long run in the absence of enough immigration. Yet there are now about 70 countries, which comprise almost half the world's population, with fertility rates below 2.1, and in many nations birth rates are far under this maintenance level. All European countries have low birth rates, and so do many Asian ones, including Japan, China, both Koreas, Hong Kong and Taiwan. Japan, Italy, Russia and Spain are the countries with the lowest birth rates,

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with the typical woman giving birth to not much more than one child during her lifetime. The last major census in Hong Kong shows an even more extreme picture, for the typical woman has less than one child over her lifetime.

When a country's birth rate is much below the replacement level, it must receive enough immigrants to maintain a stable or growing population. Since Japan has been especially reluctant to accept immigrants unless they are of Japanese descent, net immigration has been negligible. It is not surprising that Japan is among the first countries to be already experiencing a population decline. Russia, too, has a falling population because it not only has a very low birth rate, but also net outmigration of its population and high death rates -- life expectancy for males is under 60 years. The U.S., by contrast, still has a growing population because it has birth rates at about replacement levels, and because it continues to attract many immigrants (and these immigrants on average have higher birth rates).

The rate of population decline in Japan and Russia will accelerate if their low birth rates persist, and these countries do not change either their attitude toward, or their ability to attract, immigrants. The reason is that eventually low birth rates lead to smaller numbers of men and women in the child-producing ages. The larger numbers at these ages presently resulted from much higher birth rates in the past. World Bank projections are that the Russian population will decline by more than 25% to about 100 million by the year 2050 unless present birth, death and immigration trends are radically reversed. Japan's population is expected to decline by a similar percentage. * * *

Not long ago many persons were concerned, and some still are, about the rapid growth in world population. If they were right, one might have expected the specter of declining population to be welcomed. Yet most countries with low birth rates are worried about the prospects of declining population. To reverse this trend, many of them have proposed or implemented subsidies to women who have larger families. France has expensive systems of allowances to women with more than one child. Vladimir Putin proposed an even more liberal system of benefits to encourage Russian women to have additional children. Japan has been discussing greater incentives to women there to have more children.

What is concerning people about low birth rates that is overlooked by the many neo-Malthusians who continue to rail against growing population? One consequence of low birth rates and extensions of life expectancy at older ages is that fewer people are at working ages compared to the number of retirees. As a result, financing of retirement income and medical expenditures becomes more of a challenge with an aging population since most countries finance retirement income and medical spending on the elderly by social security taxes on the working population.

Fortunately, shifting away from a pay-as-you-go social security system to an individual account system can alleviate this problem. Under the latter, individuals accumulate assets over their working lives in retirement and health savings accounts. They would draw down this capital at older ages to pay for consumption and medical expenses. This system would break the link between taxes on the working population and retirement benefits, and reduce the negative consequences of having a smaller number of working people relative to retirees.

Another important negative consequence of population decline is seldom discussed, but it is not eliminated by changing the structure of taxes and saving, or even by increasing the fraction of married women and older men in the labor force. Smaller populations reduce the amount of innovation partly because it leads to fewer younger persons, both absolutely and compared to the number of older persons. This shift toward a younger population is bad for innovation because the vast majority of important new ideas come from inventors and scientists who are younger than age 50, often far younger.

Innovations also require an intense initial effort on R&D with considerable inputs of high-level personnel and capital. These costs become worthwhile only when the demand for new products and ideas is sufficiently great. The magnitude of demand obviously depends on per capita incomes, but also on the number of persons who can benefit from new consumer goods, and advances in medical and other knowledge. The number benefiting is related to population size, and possibly also to its age distribution. The 1983 Orphan Drug Act recognizes the importance of population in stimulating innovations. This Act gives pharmaceutical companies special patent protection if they produce new drugs that help persons with rare diseases; that is, diseases that affect less than 200,000 persons.

Even some frequently cited negative effects of larger populations, such as greater pollution, can be alleviated, if not fully solved, by a bigger population. Larger populations, as argued, increase incentives to innovate, which include innovations that reduce pollution and other negative effects of more dense populations.

DOJ_NMG_0056545

What does the future path of fertility look like in countries like Japan where women are producing too few children to prevent their populations from falling? Some commentators have expressed their belief that fertility rates are only temporarily low, and that before long they will increase significantly toward replacement levels. In fact, the number of births in Japan was up by about 2% in the first six months of 2006 compared to the same period a year ago. The Japanese Health Ministry has taken an optimistic view that this might be a harbinger of further fertility increases as Japan regains more rapid economic growth and lower unemployment.

I am less optimistic than this ministry about any spontaneous large increase in birth rates. Since 1970, no country has had a large increase in its total fertility rate after this rate had fallen much below the replacement level. Birth rates are low for good reasons, especially the high time cost involved in raising children, particularly the time of more educated women, and the desire of parents in knowledge-based economies to invest more in each child instead of having additional children. Births rates could be raised by increasing child allowances to mothers, establishing paid leaves to mothers, and providing subsidies to child-care facilities. However, even generous subsidies to parents appear to have only modest effects on fertility. Two French economists have studied the elaborate French system of allowances to mothers who have more than one child. Their conclusion: Even this thoroughgoing system of allowances raised the total fertility rate by no more than 0.1, from 1.7 to 1.8.

My reading of the evidence is that fertility in countries like Japan with birth rates that are far below the replacement level of 2.1 children per women will not rise to anywhere near that level in the next few decades, even with generous financial and other child-care support. If I am right, the only solution for countries that continue to be concerned about a future with declining and aging populations is to open their gates to immigration. Yet in most countries large-scale immigration creates political, economic and social problems. Immigration is an especially unwelcome alternative for Japan, given the history of Japanese reluctance to have many foreigners settling in their country. As a result, Japan, Russia and many other countries face a worrisome demographic and economic future.

Mr. Becker, the 1992 Nobel economics laureate, is professor of economics at the University of Chicago and senior fellow at the Hoover Institution.

Going Ballistic (WSJ)

The Wall Street Journal, September 1, 2006

It isn't every day that a U.S. cruiser with a proven test-record of shooting down a medium-range ballistic missile is stationed in Japan. But the arrival there on Wednesday of the USS Shiloh and its advanced Aegis missile-tracking system is much more than a symbolic first. The cruiser is capable of firing SM-3 interceptor missiles. Its deployment at the port of Yokosuka, south of Tokyo, formally puts Japan in the realm of the world's most sophisticated missile defense.

No wonder North Korea was having conniptions and spewing venom. Although the Shiloh's latest mission has been planned for months, it is a powerful reply to Pyongyang's threats. The most provocative were its July 4 test-launches of missiles -- including the long-range Taepodong-2, which theoretically could hit San Francisco. The test-firing of a Taepodong-I over Japan in 1998 -- along with alarming news of North Korea's continuing nuclear weapons programs -- intensified Japan's interest in cooperating with the U.S. on missile defense.

The Shiloh's arrival at Yokosuka, where it was greeted by U.S. Secretary of the Navy Donald Winter, underscores the deepening security partnership between the U.S. and Japan. During President Bush's trip to Tokyo last year, the two countries issued a joint report which called missile defense "essential to dissuade destabilizing military buildups" and "to deter aggression."

Wednesday brought proof that they mean business. Better yet, the enormous deterrent that just docked in Japan is part of a larger plan to keep the peace and make Asia, and the U.S., safer. As a Japanese Foreign Ministry official noted at the Yokosuka ceremony, "this is only a beginning."

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, SEPTEMBER 1, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Education Department Assisted FBI (USAT) ... 4
Education Dept. Shared Student Data With F.B.I. (NYT) ... 5
College Aid Screened In Terror Probe (AP) ... 6
FBI Had Student Data Searched (LAT) ... 7
Education Department Mined Hundreds Of Students' Records As Part Of FBI Antiterrorist Operation (CHRONED) ... 8
Students Not Told Of Probe By FBI (DESERET) ... 9
Hoekstra Predicts Jailing Of Reporters (GRPRESS) ... 10
British Terrorism Case Parallels Others (LAT) ... 10
The Tribunals Fuss (WSJ) ... 12

Homeland Response:

EU And U.S. Plan Deal To Share Traveler Data (IHT) ... 13
More Airports Seek To Offer Program Of Quick Screening (WSJ) ... 14
Wahington wireE (WSJ) ... 15
Evidence Used To Convict McVeigh, Nichols In Oklahoma Bombing Goes On Display (AP) ... 20
Why Rebuild The Big Easy? (WP) ... 21
Where Katrina Lingers, Football Is A Refuge (NYT) ... 22

War News:

Bush: Iraq Victory Key To Global Security (USAT/AP) ... 24
Bush Says U.S. Must Win In Iraq (AP-Y) ... 24
Bush Takes His Case To Veterans (WP) ... 26
Bush To Vets: U.S. Involvement In Iraq At 'pivotal Moment' (UN) 27
Bush: War On Terror Is 'ideological Struggle Of The 21st Century' (CHIT) ... 28
In Latest Push, Bush Cites Risk In Quitting Iraq (NYT) ... 29
Can Bush Dodge Bullet Truman Took On Korea? (WSJ) ... 30
Bush Escalates War-on-terror Rhetoric (CSM) ... 32
Bush Ends 15-hour Utah Stay After Tough War On Terror Talk (SLT) ... 32
Bush Calls Terror War Battle Of The Century (LAT) ... 33
Bush: 'We Have Resolve' (WT) ... 34
Battle Weary Republican Advantage On Issue Of National Security Erodes (WSJ) ... 35
When Congress Reconvenes, GOP Will Be Pushing Security (MCT) ... 38
The Bloody Shirt: Administration Launches A Campaign Of Fear (SALT) ... 39
Bush Speech Does The Job (DESMN) ... 40
New Enemies Demand New Thinking (LAT) ... 41
Democrats Target Rumsfeld (WP) ... 42
Barrage Of Attacks Kill 47 In Baghdad (AP-Y) ... 43
Blasts Kill At Least 66 In Baghdad (WP) ... 44
Car Bomb And Rockets Kill 43 In Baghdad's Shiite Strongholds (NYT) ... 45
Spate Of Attacks Kills 68, Wounds Scores (WT/AP) ... 46
Arsenal Barrage Kills 54 In Baghdad (LAT) ... 47
Which Iraqi Army? (NYT) ... 48
Al-Qaida Group Dismisses Iraq Offer (AP) ... 48
In Iraq, Singing For A Chance At Hope And Glory (WP) ... 49
Insurgents Attack Town In Southern Afghanistan (WP/AP) ... 51
U.S.: 'Bad News' In Afghan Drug War (AP-Y) ... 51

Corporate Scandals:

Auditor Warned Of Mills' Troubles (WP) ... 52
Investors Demand Penn Traffic Financial Reports (NSDY/AP) ... 53

Criminal Law:

Man Indicted On Federal Charges In 2002 Annapolis Slaying (WP) ... 53
End Of An Affair (WP) ... 54
Judge Extends Court Order Against BetonSports (SLPD) ... 55
Polygamist Sect Leader Agrees To Return To Utah To Face Charges (AP) ... 55
Jeffs Will Be Returned To Utah (DESERET) ... 57
FLDS Leader Jeffs Accepts Extradition From Nevada (SLT) ... 58
Polygamist Leader Agrees To Face Utah Charges (NYT) ... 60
With Its Leader In Custody, Can Polygamous Sect Survive? (CSM) ... 60
Feds Seize Data On 29 Tied To HDO (CHIST) ... 61
Ryan Lawyers Plead For A Break, Saying His Health At Risk (AP) ... 62
Willis Dad Wants To Testify (CHIT) ... 63
Willis May Speak At Ryan Sentencing (CHIST) ... 64
Court Affirms Ex-McNamara Aide's Sentence In Corruption Case (AP) ... 65
Man Gets Sentence Of 135 Months (SDUT) ... 65
Investment Sentencing (XETV-TV) ... 66
Zubkis Guilty In Fraud, Laundering Scheme (SDUT) ... 66
Fumo To Cash Out In Sale Of Bank (PHI) ... 67

2 Edvard Munch Masterpieces Recovered (WP/AP) 68
Stolen 'Scream' Painting Recovered After 2-Year Search (WP) . 69
Stolen Munch Paintings Are Recovered (NYT) 70
With Open Season On Past, Junior Likely To Zip It (NYDN) 71
Minneapolis Man Pleads Guilty In Phone Card Number Thefts (AP) 72

Civil Law:

Justice Dept. Sues Ditch Company Over Breach (FCCOLO) 72

Civil Rights:

Justice Department, State Enter Court-ordered Plan For Oakwood (LEXHL) 73
DOJ, State Reach Agreement For Improvements At Oakwood (AP) 73
Slavery Case Nets 28-year Sentence (DENP) 73
Saudi Man Gets 20 Years To Life, Denies Enslaving Nanny (RMN) 74
Man Gets 28 Years In Colo. Slavery Case (HC/AP) 74
$6 Million Awarded In False Confession Lawsuit (AP) 75
Verdict Attacks Police Grilling (WP) 75
Judge Denies Bond For Former Jailer Accused In Inmate Death (BSH) 76

Antitrust:

Extension On Microsoft Antitrust Settlement? (PCWORLD-Y) ... 77
Microsoft, DoJ Seek To Extend Antitrust Compliance Deadline (ECOMMT) 77
Feds Seek Formal Extension Of Microsoft Antitrust Deal (CNET)78
Suit Against Qualcomm Is Dismissed (WSJ) 79
Qualcomm Wins Dismissal Of Antitrust Suit Over Cell-Phone Chips (BLOOM) 79
MLS Scraps Real Estate Rule After FTC Investigation (INMAN) 80
Exelon, NJ Regulators Remain Far Apart On PSEG Merger (MRKTWTCH) 80
Goldcorp Buys Glamis In $7.8bn Deal (FT) 81
Goldcorp To Buy Miner Glamis For $7.8 Billion (WSJ) 81
Generic Of Plavix Is Blocked (NYT) 82

Environment:

Judge Keeps Intact Deal To Curb Plant Emissions, Which Reach D-FW Area (DMN) 84
Interior Chief Kempthorne Tours Arctic Wildlife Refuge (WP/AP)84
On Boosting Drought Aid, Bush Takes Wait-and-see Stance (AP) 85
California Plan To Cut Gases Splits Industry (NYT) 85
California Emission Plan Needs Allies (WSJ) 87
California Business Leaders Say Emissions Limit Could Harm Economy (USAT) 88
California Tightens Rules On Emissions (WP) 88
For Campaign, Governor's Hand May Be Stronger (WSJ) 90
From California, A Breakthrough (NYT) 91
Action In California (WP) 91
Government Sting Nabs Ocelot Traders (WP) 91

FBI/DEA/ATF/USMS:

Boston's U.S. Attorney Named Acting Head Of Federal Agency (AP) 93
FBI Agent To Retire (WUSA-TV) 93
FBI Agent And Friend (WP) 94
Alleged Gang `king' On Trial In Drug-conspiracy Case (CHIT) ... 94
Arizona Couple In Drug Case Say Marijuana Is Sacrament (AP) 94
Drug Czar Reclaims Land (FRESNOB) 95
Authorities Find Estimated $50 Million Worth Of Marijuana Gardens (AP) 96
About 20,000 Pot Plants Seized In Western Marin County (SFC)96
40,000 Marijuana Plants Confiscated In County (REDRS) 96
Steroids Report Causes Stir On Hill (MCT) 96
Updshaw: Player In Panthers Steroids Scandal Was In NFL Program (MCT) 97
Panthers Case Will Get More Inquiries (CO) 98
Pro Athletes Blasted For Failing In Steroid Fight (ABC) 99
Steroids Rap And All, Pete Rose Jr. Plays On (ESPN) 100
U.S.: 'Bad News' In Afghan Drug War (AP) 102
Nato Allies Balk At Reinforcing UK In Afghanistan (FT) 103

Immigration:

Tougher Audience For Immigration Rallies (LAT) 104
Immigration Rally Will Greet Congress (WT) 105
Hoffa Backs Control Of Nation's Borders (WT/BLOOM) 106

Tax:

FBI Searches 6 Alaska Lawmakers' Offices (NSDY/AP) 106
Federal Agents Raid Legislative Offices (ANCHDN) 107
Several Powerful Alaska Lawmakers' Offices Raided (KTVA-TV)109
Oil Field Company An Active Political Contributor (ANCHDN) .. 109
N.A.A.C.P. Cleared Of Tax Violation (NYT/AP) 110
IRS Ends 2-Year Probe Of NAACP's Tax Status (WP) 110
NAACP Cleared Of Partisanship In 2004 Speech (WT) 111
IRS Sets Guidelines On Refunds For Discontinued Telephone Tax (WSJ) 112

Congress-Administration:

Governors Oppose National Guard Plan (USAT) 112
States Seek Aid In Fight Over Guard (WP/AP) 113
Governors Take Guard Appeal To Rumsfeld (AP-Y) 113
Senate Puts Tomlinson Nomination On Hold (AP) 114
Buyout Firms Join Lobbying Efforts (WSJ) 114
A Smaller NIH Budget Means Fewer Scientists And 'Too-Safe' Studies (WSJ) 115

Other News:

Consumer Spending In July Grew At Twice The June Rate (NYT) 116
U.S. Spending Grew In July As Inflation Gauge Creeps Up (WSJ) 117
Mixed Retail Results Breed Unease (WSJ) 118
Bernanke Defends 'Core' Focus (WSJ) 120
Markets Barely Budge As Investors Take Data In Stride, Traders Vacation (WSJ) 120
Investors Decide Glass Is Half Full For Stocks (USAT) 121
Getting Past Katrina (NYT) 121

DOJ_NMG_0056548

Perfect Storm For The Poor (WP) 122
The Big Disconnect (NYT) 123
Rendezvous With Oblivion (NYT) 124
Claim Of Stem-Cell Breakthrough Attracts Scrutiny For Accuracy (WSJ) 125
GOP Lags In Key Races For Senate (USAT)..... 125
Why Senate Will Be Tougher For Democrats To Take Back (WSJ) 126
Inside Politics (WT) 127
Burns Says Terrorists Drive Taxis By Day (AP-Y)..... 128
Senate Rivals Talk Up Differences (BSUN)..... 129
Mfume, Cardin Stress Contrasts In TV Debate (WP)..... 130
Mfume Takes Jabs At Cardin Votes (WT) 131
Lieberman Expects Cool Response (AP-Y) 132
Santorum Shrinks Casey's Poll Lead (WT) 132
Democrats Hope To Reclaim GOP-controlled House (USAT).. 133
Republicans Tense As Voter Disillusionment Sets In (USAT) .. 135
Rodriguez Flip-flops On District 23 Race (SAEN) 136
Sen. Clinton Touts Woman For President (AP-Y) 137
Voters Hearing Countless Ways Of Saying 'Sorry' (NYT)..... 138
DeLay Has A Deal To Publish A Book (AP-Y)..... 139
Merkel Overtakes Rice As World's Most Powerful Woman: Forbes (AFP) 139
Bush Assassination Drama Is Condemned As Tasteless (TO). 140
Bush Film: Original Or Outrageous? (LAT)..... 141
British TV Drama To Depict Bush Assassination (WP/AP) 142
Jump Into The Risk Pool (WSJ)..... 142
AIDS Money Suddenly At Risk (NYT)..... 143
Dissidents At Dartmouth (WSJ) 143
Iran Defies Deadline On Nuclear Program (WP)..... 144
U.S. Steps Up Pressure For Sanctions On Tehran (WSJ)..... 146
Iran Remains Steadfast In Pursuing Nuclear Plans As U.N. Deadline Arrives (NYT)..... 146
Iran Defies U.N.; Sanctions Possible (AP)..... 148
Bush Warns Iran Anew On Nuclear Program (AP-Y)..... 149
Tehran Rebuffs U.N. Deadline; Bush Fires Back (WT/AP) 150
Iran Rejects U.N. Deadline To Cease Enrichment (USAT) 151
Highly Enriched Uranium Found At Iranian Plant (NYT) 152
U.N. Nuclear Agency Faults Iran (LAT) 153
Gingrich Opposed To U.S. Strike On Iran (WT) 155
Tehran Enforces Islamic Dress Code (WT)..... 156
In Tehran, This Guys' Night Out Is About Getting Down To The Hard Line (WP) 156
Former Iran President Faces Snub In US (FT)..... 157
Former Iranian President To Speak In Rosemont (CHIT)..... 158
Iran, Ready For A Test Of Wills (WP)..... 159
Donors Pledge $940m To Aid Lebanon (FT)..... 160
Lebanon Receives $940 Million In Pledges (AP)..... 160
Annan To Ask Syria To Keep Arms From Crossing Its Border (NYT) 161
Symbolic Transfer Underway In Lebanon (AP) 162
Israelis Vacate Part Of Lebanon (WT/AP)..... 164
Germany Expected To Send Troops To Lebanon (AP) 165
View On The Ground: Israeli Reservists See Disarray In Lebanon (WSJ)..... 165
As Lebanon's Troops Deploy, Hezbollah Stays Put In South (WP)..... 167
Villagers See Violations Of A Cease-Fire That Israel Says Doesn't Exist (NYT) 168
Hezbollah's 'Victory' (WP)..... 170
EU Urged To Make Contact With Hamas (FT)..... 170
Israelis Capture Man At British Embassy (AP) 171
Palestinians Fire Rockets; Defy Abbas (AP) 172
Sudan Says No As U.N. Backs Force For Darfur (WP) 172
UN Peace Mission For Darfur Approved (FT) 173
U.N. Council Votes To Send Troops To Darfur; Sudan Objects (NYT) 174
U.N. OKs Sudan Peacekeepers Resolution (AP)..... 175
Inside The Ring (WT)..... 176
Critical Obama Loses 'Favorite Son' Status In Kenya (AFP-Y). 177
Mass Graves Reported In Philippines (WP/AP) 178
Fast-Growing Countries To Gain More Clout At IMF (WP) 179
A Younger India Is Flexing Its Industrial Brawn (NYT) 179
Where's Mao? Chinese Revise History Books (NYT) 182
Bolivian Witch Hunts (WSJ)..... 184
Scold War Buildup (WP) 185
Missing Children (WSJ)..... 186
Going Ballistic (WSJ) 188

DOJ_NMG_0056549

TERRORISM NEWS:

Education Department Assisted FBI (USAT)

By Greg Toppo

USA Today, September 1, 2006

WASHINGTON — A little-known federal program created days after Sept. 11, 2001, examined financial aid records of college students targeted by the FBI in terrorism investigations, but it's unclear whether it netted any terrorists, according to U.S. Education Department documents.

The program, called Project Strike Back, was a joint project of the department and the FBI and was created 10 days after the terrorist attacks, according to the documents from the department's Office of the Inspector General (OIG).

The documents were released to USA TODAY through Freedom of Information Act requests. They were also obtained by a Medill School of Journalism reporter working with the Associated Press.

About 14 million students apply for federal financial aid for college each year, the Education Department says. FBI spokeswoman Catherine Milhoan said the FBI gave the OIG "a small, select list of a couple of hundred names associated with ongoing investigations."

Intelligence has repeatedly indicated terrorists have exploited student-visa and financial-aid programs, and identity theft has been a factor in some student loan frauds, John Miller, FBI assistant director of public affairs, said in a statement Thursday.

The FBI asked the inspector general's office "to run names of subjects already material to counterterrorism investigations against the databases to look for evidence of either student loan fraud or identity theft," Miller said. "No records of people other than those already under investigation were called for. This was not a sweeping program, in that it involved only a few hundred names."

Milhoan said Project Strike Back "was one of many utilized by the FBI to identify potential people of interest. In the post-9/11 world, it's the job of the FBI to connect the dots and follow our investigations where they lead us. We continue to do that while adhering to FBI guidelines, Department of Justice regulations and most importantly in accordance with the United States Constitution."

The program was created, at least in part, because Bush administration officials believed that terrorists were trying to obtain money "from criminal activity such as identity theft and credit card fraud," according to one memo.

The inspector general's office investigates cases of fraud, waste and abuse in federal education programs, including student loans.

Under the program, the FBI provided the department with names of targets of FBI terrorism investigations. The department reviewed its records to determine if the students received or applied for federal aid or if the loan program had been defrauded, according to an OIG statement.

"Details developed during this project will be disclosed to the FBI and Justice Department attorneys," noted a Sept. 24, 2001, memo from Don Reid, the assistant inspector general for investigations to a Boston-based OIG special agent.

The memo notes that the FBI gave names to the OIG on Sept. 24, 2001, only three days after Project Strike Back was initiated — and 13 days after the Sept. 11 attacks. The names, however, were redacted in the memo. The other inspector general office memos, dated April 2003 and February 2006, noted the OIG was continuing the program, but most descriptive information was redacted.

According to a June 16 memo, the department said it ended Project Strike Back that month. About 10 days earlier, reporters in Northwestern University's Medill School of Journalism interviewed the special agent who oversaw the program.

Mary Mitchelson, the counsel for the inspector general's office, said the program was closed because FBI requests had been dwindling since the effort's first year.

"We closed it because there really was no reason to keep it open," she said.

Mitchelson would not comment on whether the program netted any terrorists or suspects, nor how many names the department turned over to the FBI. She said the requests were legal because law enforcement agencies can seek an exemption to the Privacy Act, which governs student data held by the federal government.

The FBI's Milhoan said the program was not an attempt by the agency to do an end-run around the law. "That's not our job," she said. "Our job in the FBI is to uphold the law."

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Katherine McLane, an Education Department spokeswoman, said, "By statute, the Office of the Inspector General operates independently of the Department of Education and can be called to cooperate with law enforcement."

Education Secretary Margaret Spellings learned of the project Wednesday, said Samara Yudof, a department spokeswoman.

Project Strike Back is virtually unknown within the higher education community, even among top financial aid and admissions officials.

"There was no attempt to conceal these efforts, in that they were referenced in publicly available briefings to Congress and to the General Accountability Office," Miller said in the FBI statement.

The program was mentioned in a September 2002 Education Department report to Congress, noting that it had been initiated. And a May 2004 report on data mining by the agency then known as the General Accounting Office noted that the program compares Department of Education and FBI data "for anomalies. Also verifies personal identifiers."

The revelations come as Spellings prepares to unveil the final report of her Commission on the Future of Higher Education, which has endorsed a national "unit records" system — basically a database that would track students throughout their academic careers.

While supporters say it would make it easier to learn how colleges and students perform, critics say such a system could violate student privacy.

Speaking to reporters about the commission's work, Spellings on Wednesday said, "There can and should be ways that we protect security — obviously this government does that at the IRS, at the Social Security Administration and, you know, a lot of places. And we work hard to do that."

She added, "Should we protect privacy and security? Heck yes. Absolutely."

Terry Hartle, senior vice president of government and public affairs for the American Council on Education, which represents colleges nationwide, likened the project to the IRS turning tax returns over to the Department of Homeland Security "for possible ties to terrorism."

"Ultimately, this is troubling but not surprising," Hartle said. "It's hard to be surprised when it has become obvious that the government is mining every database that they have. In the war on terror there are no safe harbors where federal data is concerned."

Education Dept. Shared Student Data With F.B.I. (NYT)

By Jonathan D. Glater

The New York Times, September 1, 2006

The Federal Education Department shared personal information on hundreds of student loan applicants with the Federal Bureau of Investigation across a five-year period that began after the Sept. 11 terror attacks, the agencies said yesterday.

Under the program, called Project Strikeback, the Education Department received names from the F.B.I. and checked them against its student aid database, forwarding information. Each year, the Education Department collects information from 14 million applications for federal student aid.

Neither agency would say whether any investigations resulted. The agencies said the program had been closed. The effort was reported yesterday by a graduate student, Laura McGann, at the Medill School of Journalism at Northwestern University, as part of a reporting project that focused on national security and civil liberties.

In a statement, Mary Mitchelson, counsel to the inspector general of the Education Department, said, "Using names provided by the bureau, we examined the Department of Education's student financial aid databases to determine if the individuals received or applied for federal student financial assistance."

Information collected on federal financial aid applications includes names, addresses, Social Security numbers, incomes and, for some students, information on parents' incomes and educational backgrounds.

Generally, only United States citizens and permanent residents are eligible to apply for federal student financial aid.

An assistant director of the F.B.I., John Miller, said in a statement: "During the 9/11 investigation and continually since, much of the intelligence has indicated terrorists have exploited programs involving student visas and financial aid. In some student loan frauds, identity theft has been a factor.''

Mr. Miller said the Education Department was asked to "run names of subjects already material to counterterrorism investigations" to look for evidence of student loan fraud or identity theft.

"No records of people other than those already under investigation were called for," he said. "This was not a sweeping program, in that it involved only a few hundred names. This is part of our mission, which is to take the leads we have and investigate them."

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Mr. Miller said that the effort was not concealed and that it was referred to publicly in briefings to Congress and the Government Accountability Office.

A spokeswoman for the bureau, Cathy Milhoan, said the Education Department had provided financial aid information on fewer than 1,000 names in connection with terrorism investigations.

The information sharing was disclosed as the Education Department examines a proposal by the Commission on the Future of Higher Education, established last year by Education Secretary Margaret Spellings, to create a national student database that would follow individual students' progress as a way of holding colleges accountable for students' success.

"This operation Strikeback confirms our worst fears about the uses to which these databases can be put," said David L. Warren, president of the National Association of Independent Colleges and Universities, which represents 900 institutions. "The concentration of all this data absolutely invites use by other agencies of data that had been gathered for very specific and narrow purposes, namely the granting of student aid to needy kids."

The Federal Bureau of Investigation would not discuss the specific criteria it used in seeking information on students but said the program was narrowly focused.

"People are trying to turn this into something that it wasn't," Ms. Milhoan said. "We are not out there arbitrarily running student records for the sake of running them."

Ms. Mitchelson of the Education Department said a review of the files of the people named by the F.B.I. had not led to any cases that charged student loan fraud.

Ms. Mitchelson said the information sharing was possible under a law that permits a federal agency to release personal information to another agency "for a civil or criminal law enforcement activity."

She said the department had spent fewer than 600 hours on the program, including 50 hours over the last four years.

Ms. McGann, the journalism student who reported on the program, said she saw data sharing mentioned, but not described, in a report by the Government Accountability Office that she reviewed in the spring as part of a research project after a seminar on investigative reporting.

"I thought that was pretty unexpected for the Department of Education," said Ms. McGann, 24, who graduated this year from Medill. "So I decided I would try to look into that a little more."

She said she found another mention of the program in a report from the inspector general's office in the department.

In June, Ms. McGann went directly to the Education Department.

"Eventually, I did an on-camera interview with a deputy inspector general there who did comment on the program," she said.

She said his name was Michael Deshields.

"After that,'' Ms. McGann added, "I decided I should file a Freedom of Information Act request."

Last month, she received documents in response to her request that were heavily redacted, she said. Among them were Education Department memorandums describing F.B.I. requests for information on specific people whose names were blocked out and an internal memorandum dated June 16, 10 days after her interview, stating that the data sharing program had terminated. The name of the author of that memorandum was also redacted, she added.

"I learned that getting information from a federal agency you need to be persistent," Ms. McGann said. "And I learned that public documents are really a wealth of stories."

She said she had accepted a position at Dow Jones Newswires in Washington.

College Aid Screened In Terror Probe (AP)

By Ben Feller

AP, September 1, 2006

WASHINGTON -- Searching for terrorists, the FBI and the Education Department's investigative arm have secretly vetted people applying for college aid, documents show.

The goal of "Project Strike Back" was to determine if terrorism suspects, through identity theft or other means, illegally obtained college aid to finance their operations.

The data-mining project was first disclosed by the Medill School of Journalism.

The secret effort began right after the Sept. 11, 2001, terrorist attacks on the United States. The program was shut down this June, nearly five years later, according to documents obtained through Medill's Freedom of Information Act request.

Under the program, the FBI gave names to the Education Department's Office of Inspector General, which ran them through databases of millions of financial aid applications to determine if student aid had been sought or obtained.

Fewer than 1,000 names were checked against the databases, said Cathy Milhoan, spokeswoman for the FBI.

"In the post 9-11 world, it's the job of the FBI to connect the dots and follow our investigation wherever it leads us," Milhoan said. "We appreciate the effort of everyone -- the Department of Education, the IG, and every other citizen out there that's helped us."

She added that the data-mining is legal and limited: "We're not out there arbitrarily pulling citizens' information. We do it in accordance with the law."

Medill's disclosure of the review of students' records is the latest revelation in a broad, and controversial, effort by the Bush administration to mine data. Advocates say the work is aimed at saving lives.

But critics have accused the administration of overstepping its bounds -- such as by authorizing warrantless surveillance on some international phone calls, collecting telephone records on Americans and accessing an international database of financial information.

"This is going to be quite an unwelcome surprise to college students and their families," said Terry Hartle, senior vice president for the American Council on Education, an umbrella lobbying group for higher education.

Hartle said law enforcement owes the public an explanation.

"If it's a carefully designed, targeted initiative that really goes after people the government is concerned about, it's hard to object," he said. "But it's another case where we don't exactly know what the boundaries are of the government's activities. They have provided very little detail about who is being examined. It's the ambiguity that's troubling."

The inspector general also reviewed the records of schools and lenders to determine if the federal financial aid program has been defrauded, according to documents. Any details developed were to be turned over to the FBI and the Justice Department.

The inspector general reports directly to the deputy education secretary and the education secretary. But the office is considered an internal watchdog, and its work is independent.

To apply for federal financial aid, students fill out a form that requires such personal information as Social Security number, date of birth and financial holdings.

Federal law allows the release of that personal data for a criminal investigation, and the form makes clear to students how the information can be used.

The data mining was focused on the Sept. 11 attacks, not terrorism in general, officials said. Most of the review of student records happened in 2002. The inspector general's office says it spent less than 600 hours on the effort, and less than 50 hours in the last four years.

Even though the "Project Strike Back" is closed, the FBI continues to submit names to be run through the financial aid databases on a case-by-case basis.

The disclosure could torpedo a recommendation now under review by Education Secretary Margaret Spellings. A federal commission appointed to review higher education says the nation should have a "privacy-protected" record system to track how students perform in college.

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On The Net:

Education Department: http://www.ed.gov

Office of Inspector General: http://www.ed.gov/about/offices/list/oig/index.html?srcoc

American Council on Education: http://www.acenet.edu/

FBI Had Student Data Searched (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, September 1, 2006

Seeking information on terror suspects, the Education Department looked at college loans.

WASHINGTON — The Education Department acknowledged Thursday that at the request of the FBI, it had scoured millions of federal student loan records for information about suspected terrorists in the five years since the Sept. 11 attacks.

The data mining — known as "Project Strike Back" — was intended to determine whether terrorism suspects had illegally obtained college aid to finance their operations through identity theft or other means.

Authorities said the program was limited to "fewer than 1,000" persons who were considered witnesses or "subjects" of federal terrorism investigations. Most of the searches were conducted in 2001 and 2002; the program ended in June of this year.

The project — first disclosed by Northwestern University's Medill School of Journalism — is similar to cooperative, sometimes secret arrangements that the FBI made with other federal agencies to gain information about terror suspects since Sept. 11.

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But the idea of the government trolling through massive databases containing information on ordinary citizens has concerned privacy advocates. The sleuthing comes against a backdrop of even more aggressive moves that U.S. terror hunters have made since Sept. 11, such as monitoring phone calls without a court order.

The FBI said the searches were limited and triggered by intelligence indicating that terrorists were exploiting student visa and loan programs.

"This was not a sweeping program, in that it involved only a few hundred names," said FBI spokesman John Miller. "This is part of our mission, which is to take the leads we have and investigate them. There was no attempt to conceal these efforts, in that they were referenced in publicly available briefings to Congress and the General Accountability Office."

Under the program, the FBI gave the names to the Education Department's inspector general, which conducted the searches. The searches were limited to "names of subjects already material to counter-terrorism investigations," Miller said, adding that "no records of people other than those already under investigation were called for."

The FBI declined to say how the information was used or whether it led to arrests or prosecutions of suspects.

The Education Department said the FBI sought the information pursuant to an exemption to the federal Privacy Act that authorizes the release of personal data for purposes of a criminal investigation.

"We also analyzed the results for potential abuse of federal student aid, but no cases by our office resulted," said Mary Mitchelson, the counsel to the department's inspector general. "We cannot address whether any specific FBI cases resulted from the data we provided. Most of our efforts concluded in 2002, and we recently officially closed our effort."

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rick.schmitt@latimes.com

Education Department Mined Hundreds Of Students' Records As Part Of FBI Antiterrorist Operation (CHRONED)

The Chronicle of Higher Education, September 1, 2006

The U.S. Education Department has given the Federal Bureau of Investigation information on hundreds of students who applied for financial aid over the past five years as part of the federal government's antiterrorism investigations following the attacks of September 11, 2001.

The program, known as Project Strike Back, was aimed at finding out if suspected terrorists were financing their operations through federal student aid obtained by using other students' identities. The secret effort was uncovered by a journalism student at Northwestern University, Laura McGann.

Under the program, the FBI provided names to the Education Department to cross-check in the department's database of applicants for student financial aid. The repository keeps information on some 14 million students per year who apply for federal financial aid by completing the Free Application for Federal Student Aid, or Fafsa, the standard application form that the federal government, state governments, and most colleges use to determine students' eligibility for financial aid. Included in the database are students' names, addresses, dates of birth, Social Security numbers, and driver's-license numbers.

Fewer than 1,000 names were checked in the database over five years, Mary Mitchelson, general counsel to the Education Department's inspector general, said in an interview today. The project was run through her office.

"It's not unusual for the inspector general to cooperate with law enforcement on a number of investigations," Ms. Mitchelson said.

Most of the program's work occurred in the months after September 11, Ms. Mitchelson said. Over all, fewer than 600 hours were spent on the program by the department, and fewer than 50 of them in the last four years. The project was stopped in June.

FBI officials would not comment on whether any official investigations were begun as a result of the project. Ms. Mitchelson said that, as part of obtaining the records, Education Department officials analyzed them for evidence of student-aid fraud, but no cases were opened on those fronts.

Catherine Milhoan, an FBI spokeswoman, said the project was started on September 22, 2001. "This project was just one of several utilized by the FBI in the process of investigations," she said. "In the wake of 9/11, it was the job of the FBI to connect the dots and conduct counterterrorism investigations."

Unit-Record Debate

News of the secret data-mining effort comes at a time when college officials are divided over a proposal to establish a so-called unit-record system to track individual students' education progress. The proposal is a key element of the final draft report issued in August by the federal Commission on the Future of Higher Education, which was convened by the secretary of education, Margaret Spellings (The Chronicle, September 1).

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Private-college leaders, in particular, are worried that not enough safeguards exist to ensure the security of the data.

"This is troubling, but not surprising," said Terry W. Hartle, senior vice president for government and public affairs at the American Council on Education. "It's hard to be surprised when the government is mining every single database. In the war on terror, there are no safe harbors."

Mr. Hartle called the Education Department's project a "perfect illustration of the dangers of the unit-record system." He pointed out that, to receive federal aid, students must either be U.S. citizens or have a green card. "This is about finding Timothy McVeigh," he said. "This is not about finding Mohammed Atta."

"This case is another example of Big Brother gone wild," said Michael D. Ostrolenk, national director of the Liberty Coalition, which consists of privacy-rights organizations across the political spectrum. "In the age of everything is a national-security issue, we are destroying the very liberties and privacy rights which make our country unique and great in the history of the world."

Last year an earlier proposal for the unit-record system drew fire from Rep. John A. Boehner of Ohio, then chairman of the education committee and now majority leader in the House of Representatives (The Chronicle, June 1, 2005).

The department's privacy notice on the Fafsa form alerts students that the data they provide may be sent to "a foreign, federal, state, or local enforcement agency if the information that you submitted indicates a violation or potential violation of law."

For the most part, the department is not covered by the Family Educational Rights and Privacy Act, known as Ferpa, which bars colleges from releasing student records that include personally identifiable information without the permission of students or their parents.

Steve McDonald, general counsel at the Rhode Island School of Design and a leading expert on federal privacy law, said Ferpa "doesn't apply directly to the department, but it could apply indirectly" if a college added information to the federal student-aid forms.

"Any records we supply to the department carry Ferpa with them," he said.

For her part, Ms. McGann will begin a full-time job at Dow Jones Newswire in September. She graduated from Northwestern's Medill School of Journalism in June and was one of several students who were part of a new venture by the Carnegie Corporation and the John S. and James L. Knight Foundation to revitalize journalism education. The Carnegie-Knight Initiative for the Future of Journalism Education, in part, seeks to develop a national investigative-reporting team with students from five participating universities (The Chronicle, February 17). The students focused on a theme: privacy and civil liberties in the wake of the September 11 terrorist attacks.

Ms. McGann said she found out about the Education Department project from a brief mention of it in a Government Accountability Office report about data-mining programs at various federal agencies. "It struck me that the Education Department was doing data mining," she said. "I thought that was sort of unusual."

She confirmed the existence of the program through a report from the Education Department's inspector general. In June she filed a request with the department seeking additional details of the project under the federal Freedom of Information Act. She received the information this month, allowing her to complete the article.

"I never would have thought in January that I would be working on a story about the Department of Education's role in the post-9/11 world," said Ms. McGann.

Students Not Told Of Probe By FBI (DESERET)

By Tiffany Erickson, Deseret Morning News

Deseret Morning News, September 1, 2006

Financial-aid data examined as part of anti-terror efforts

Officials at Utah universities, though not surprised, think students should have been informed about a secret program in which students' financial-aid records were examined by the FBI as part of anti-terrorism investigations.

The investigation, called Project Strike Back and conducted through the U.S. Department of Education, was aimed at determining if terrorists were funding operations and activities through federal financial aid. It was uncovered by a journalism student at Northwestern University.

The Chronicle of Higher Education reported Thursday that most of the project's work occurred in the months right after the Sept. 11 attacks in 2001. Fewer than 1,000 names were checked in the database over five years. The operation shut down in June.

"I think if you are applying for aid from the federal government, I would think you would expect that the data that you would provide would be scrutinized — that the government would want to ensure that the federal aid that they set aside to assist students to go to school is truly used for that benefit," said John Curl, financial aid director at the University of Utah.

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"But I also think it's important that that data be used in a proper fashion and that it's evaluated for what it truly is — federal aid for students to go to school," he said.

According to Curl, when a student submits a Free Application for Federal Student Aid, the information goes into a repository that is examined by the Department of Education.

Officials check matches with the Social Security administration, verify dates of birth, names, citizenship status and Social Security numbers to determine eligibility. Information from non-citizens is also run through the Department of Homeland Security.

According to the Chronicle of Higher Education, fewer than 600 hours were spent on the program by the education department and fewer than 50 of them in the past four years.

FBI officials aren't saying if any official investigations were started as a result of the data mining.

Curl said he believes it would have been more appropriate if students had been informed about what was going on, since their records were being turned over. He also noted that the federal government needs to take steps to prevent fraud.

"If records were obtained properly and under proper law, I would think it's appropriate," said John DeVilbiss, Utah State University spokesman. "We have no issues with the FBI doing its job if they are following proper procedures — the Department of Education has good checks in place that the FBI could benefit from."

Each FAFSA form contains a notice that informs students that the information they provide may be sent to "a foreign, federal, state or local enforcement agency if the information that you submitted indicates a violation or potential violation of the law."

The Chronicle reported that, for the most part, the education department is not covered by the Family Educational Rights and Privacy Act, which bars colleges from releasing student records that include personally identifiable information without permission of students.

But while the act may not directly apply to the department, it could apply indirectly if a college added information to the federal student-aid form.

Hoekstra Predicts Jailing Of Reporters (GRPRESS)

By Myron Kukla, The Grand Rapids Press

Grand Rapids Press (MI), September 1, 2006

HOLLAND -- New York Times reporters who broke the story of a three-year program of warrantless wiretapping of U.S. citizens will be in jail by yearend if they don't reveal their government sources, U.S. Rep. Peter Hoekstra predicted Wednesday.

The revelation last December has been a devastating blow to intelligence gathering, said Hoekstra, chairman of the House Intelligence Committee.

"If people understood the threat out there (from terrorist organizations), Americans would be absolutely furious that the tools we have to track the terrorists have been lost," said Hoekstra, R-Holland, in an address to the Holland A.M. Rotary Club.

"The Justice Department is going after those who violated their oath of office by giving classified information to reporters. Those reporters will be sitting in jail by the end of the year until they reveal their sources."

Times reporters James Risen and Eric Lichtblau in a Dec. 16, 2005, story reported President Bush secretly authorized the National Security Agency in 2002 to eavesdrop on phone and e-mail communications of thousands of Americans, seeking information about terrorist planning.

The story said nearly one dozen current and former government officials provided details, but did not identify them.

Hoekstra said the Justice Department investigation likely will lead to a grand jury questioning individuals and reporters under oath.

Since the story broke, terrorists have used more pre-paid cell phones and tossed them away, making it hard to track them, Hoekstra said.

A federal judge in Detroit has described the warrantless eavesdropping as an attack on the Constitution and U.S. Bill of Rights.

U.S. District Judge Anna Diggs Taylor this month ruled President Bush exceeded his authority, citing it as a violation of the First and Fourth amendments.

"I couldn't disagree with the ruling more. It could disarm America in a time of war," Hoekstra said, noting the Justice Department is appealing the ruling and has negotiated a deal to continue the program while the appeal is pending.

"This will likely go all the way to the Supreme Court," he said.

Send e-mail to the author: lakeshore@grpress.com

British Terrorism Case Parallels Others (LAT)

By Sebastian Rotella, Times Staff Writer

DOJ_NMG_0056556

The Los Angeles Times, September 1, 2006

Trial in a suspected plot to bomb a nightclub or mall in 2004 involves alleged home-grown Islamic radicals with ties to militants in Pakistan.

LONDON — Bent on bringing holy war to their native Britain, the young extremists journeyed to Pakistan, finding expertise at training camps and inspiration in sit-downs with Al Qaeda figures.

The group returned with a strategy for massive attacks. They stockpiled explosive materials, discussed targets and communicated with Pakistani planners as the plot gathered momentum. But security forces, which had been watching and listening for months, swooped in and rounded them up.

That sounds like the alleged plot in which nearly a dozen Britons are charged with conspiring to blow up U.S.-bound planes over the Atlantic. Instead, it describes the prosecution's case here in a trial of seven Britons charged with plotting to bomb a shopping mall or nightclub more than two years ago.

Testimony during the last five months has revealed parallels to the airline case as well as last year's London transit bombings and an alleged plot against U.S. financial institutions involving British suspects.

The trial grew out of Operation Crevice, the code name for a complex investigation stretching from North America to Britain to Pakistan. The 2004 case seems a template for a string of plots that teamed rapidly radicalized cells dominated by Pakistani Britons with hardened, Pakistani-based militants affiliated with Al Qaeda, experts and investigators say.

The idea of a series of plots contributes to debate about the nature of the Al Qaeda terrorist network, whose fugitive leadership is largely based in Pakistan. Current thinking says that the fragmented core of the network has been reduced to playing an inspirational role. But the emerging picture in the Operation Crevice trial and the other cases suggests more direct involvement by a network that regroups and tries again after failing, experts say.

"This causes a reappraisal of what Al Qaeda central is capable of doing," a British law enforcement official said. "The subway bombings raised questions … and Operation Crevice raises similar questions. We had this idea that Al Qaeda had become less a network than an ideology…. But we are now asking significant questions about how much command and control Al Qaeda might still have."

The current trial could provide insight into the airline case because of similarities in the profiles of the suspects and because of alleged international connections.

Like the airline investigation, Operation Crevice was built on countless hours of surveillance. The jury at the Old Bailey courthouse has heard dramatic evidence from wiretaps in cars and homes. In a tape played in court in May, suspects talked in street slang about carrying out a massacre at a nightclub, the Ministry of Sound, contemptuously dismissing potential female victims as "slags."

"What about easy, easy stuff where you don't need no experience?" said Jawad Akbar, 22, a student whose dorm room was bugged by police. "You could get a job like this, for example, the biggest nightclub in central London where no one could ever turn around and say, 'Oh, they were innocent,' those slags dancing around. If you went for the social structure where every Tom, Dick and Harry goes on a Saturday night, yeah, that would be crazy, crazy thing, man."

"If you got a job in a bar, yeah, or club, say the Ministry of Sound, what are you planning to do there then?" asked Omar Khyam, 24, allegedly a central figure in the group.

"Blow the whole thing up," Akbar responded, according to the tape.

At the same time, the trial paints a portrait of fervent but somewhat improvisational extremists who rambled about hijackings, mass poisonings and other scenarios. They stored explosives and poison in a bedroom armoire in Pakistan. And Akbar said on tape that he was likely to "chicken out" of any suicide attack.

The likelihood of an attack may have been remote because of the omnipresent surveillance. Police covertly replaced a stash of 1,300 pounds of ammonium nitrate — allegedly stockpiled for a vehicle bombing — with dummy explosives.

But the suspects didn't think highly of the British security services. During another bugged conversation in Akbar's room, Khyam asked, "Do you think your room is monitored?"

"Nah, do you think that?" Akbar answered, according to the recording. "Do you know, I think we give them too much credit, bruv."

In a possible preview of a defense strategy in the airline case, defense lawyers accuse prosecutors of misrepresenting vague rage as a concrete plot. Moreover, the lawyers suggest that the star prosecution witness, Pakistani American Mohammed Junaid Babar, has exaggerated things to save his skin.

The 31-year-old Babar, who was arrested in New York and agreed to a plea bargain, is key to the case — and to understanding the web of linkages to others. Babar figured in an alleged plot, revealed in 2004, to attack U.S. financial institutions on the East Coast. Babar was present in March of that year at a Pakistani "summit" of Al Qaeda operatives involved, British and U.S. authorities say.

Moreover, Babar's testimony here placed the Operation Crevice suspects at a militant training camp in Pakistan near the Afghan border in July 2003.

That is significant because Mohamed Sidique Khan, the ringleader of last year's transit bombings, also traveled to that area for terrorism training in July 2003, according to a British government report.

Authorities have not said whether Khan was at the same camp. But he and another transit bomber had links to the Operation Crevice defendants, authorities say. And British investigators are examining suspected connections between the transit bombers and the suspects in last month's alleged airline plot, officials say.

Babar's narrative on the witness stand depicted the radicalization of a group of working- and middle-class British Muslims, ages 17 to 35 and mostly of Pakistani descent, who were disciples of extremist British clerics. In addition to the seven on trial here, a suspect has been charged in Canada.

Despite the public focus on the threat from spontaneous "home-grown" militants, court evidence indicates that contacts with Al Qaeda in Pakistan were vital, operationally and ideologically, to developing the alleged terrorist cell in 2002 and 2003.

Because he had moved to the Pakistani city of Lahore from the U.S. in 2001, Babar testified, his home in Pakistan served as a hub for his British accomplices. It provided shelter for militants and storage for bomb-related equipment, he said.

In addition, Khyam and a codefendant named Wahid Mahmoud had acquired militant contacts and training during previous trips, Babar testified. During the 2003 trip to the training camp near the city of Kohat, the suspects posed as tourists, taking photos and dressing in Western-style clothes, he said.

They tested ammonium nitrate-based bombs at the training camp, according to testimony by defendant Salahuddin Amin, 31. Amin said he did not consider himself a terrorist.

Afterward, Khyam said he was working for Abdul Hadi, whom he described as the No. 3 figure in Al Qaeda, according to testimony. Khyam made a 10-day trip to meet with Hadi's deputy in Pakistan's northern tribal area, Babar testified.

The meeting was about "what they were planning in the U.K.," Babar testified, adding that the Al Qaeda leader "wanted them to do multiple bombings … either simultaneously or on the same day."

There is ambiguity about the exact role of the so-called No. 3 Al Qaeda leader. Determining the ranks of figures in the loose and unstructured network, especially as it has been damaged and transformed in recent years, is a tricky business.

In the Operation Crevice case, British counter-terrorism officials say the group relied on planners in Pakistan to advance the plot and maintain order. Babar testified that he met with Hadi in late 2003, then traveled to Britain in early 2004 to smooth over "differences" that had cropped up among the plotters.

Police rounded up the group two months later as plans allegedly advanced toward a final phase.

More than two years later, the trial has begun to shed light on the workings of the larger network. But the heart of the mystery in this case, and others, remains in Pakistan, experts say. "In most of these cases, we don't know whether it was Al Qaeda itself or groups affiliated with it," said Sajjan Gohel of the Asia-Pacific Foundation, a London think tank. "There are a lot of political games going on in that country. One doesn't know the whole picture."

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rotella@latimes.com

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Janet Stobart of The Times' London Bureau contributed to this report.

The Tribunals Fuss (WSJ)

The Wall Street Journal, September 1, 2006

Last month's foiled plot to blow up 10 airliners over the Atlantic showed the importance of intelligence and surveillance to the anti-terror fight. By extension, it also showed the need for a system to prosecute captured terrorists that doesn't require compromising intelligence sources and methods. But as Congress and the President return to work on legislation authorizing military tribunals, the usual suspects at outfits such as Human Rights Watch are saying such tribunals would create "a travesty of a fair trial." They claim anything short of the guarantees American soldiers get before courts martial will fall afoul of the Constitution and international law.

There is certainly nothing in the Supreme Court's June 29 ruling in Hamdan v. Rumsfeld to support such a contention. Although the Court put a temporary halt to the Bush Administration's plans to move forward with military tribunals, it did not object to the tribunals themselves. It said merely that the Administration erred in supposing it already had all the Congressional authorization it needed to create them. "Nothing prevents the President from returning to Congress to seek the authority he believes necessary," wrote Justice Stephen Breyer.

What's more, the allegedly problematic features of the proposed military tribunals -- such as the permissibility of "hearsay" evidence -- are little different from some of the compromises that have been made to facilitate the work of such institutions as the

International Criminal Tribunal for Yugoslavia and the permanent International Criminal Court. Those two institutions enjoy the enthusiastic support of Human Rights Watch and other critics of the Bush Administration's tribunals.

Let's remember that the proposed tribunals would only be authorized to try unlawful enemy combatants who have already violated the rules of war, most likely by fighting out of uniform or deliberately targeting civilians. International law has always recognized that such people deserve fewer due-process protections than lawful combatants, never mind normal civilian defendants. It should be obvious that the primary justification for the proposed deviations from normal criminal trial procedures is precisely that the Bush Administration does not intend these to be kangaroo courts. Since the possibility is real that some unsavory characters may be set free, the defendants must not be allowed to gain access during the course of a trial to information that could help them or their associates perpetrate violence.

Take the hot-button issue of hearsay, or secondhand, evidence. This is allegedly a violation of the right to "confront one's accusers," and we'll grant that it's not a practice we'd like to see used in courts martial or the normal criminal justice system. But in these cases much of the relevant information will have been gathered on far-away battlefields and from individuals the U.S. government would have little hope of tracking down to produce at trial. In other cases where witnesses may be in U.S. custody, the risk to sources and methods of having them testify would simply be too great. So it seems like a necessary and reasonable compromise to let a CIA interrogator testify instead about what's been learned from the likes of 9/11 mastermind Khalid Sheikh Mohamed rather than put KSM himself on the witness stand.

The second major point of controversy is the proposal to allow defendants -- but not, it should be stressed, their government-appointed lawyers -- to be excluded from hearing some of the classified evidence that may be presented against them. Yes, this may impair a defendant's ability to mount an optimal defense. But again, the alternative might mean allowing the defendant to learn the identities of informants or the existence of secret surveillance or money-tracking methods to which he could alert his al Qaeda compatriots if he is set free.

Similar compromises have been made at the Yugoslavia war crimes tribunal (ICTY) on the grounds of "exceptional circumstance." The ICTY has routinely allowed the admission of hearsay evidence, for example, and has allowed witnesses to conceal their identities behind voice- and image-altering devices lest they face retribution at home. Those practices certainly compromise the right of defendants to confront their accusers, yet we haven't heard the human-rights crowd crying foul.

In fact, the proposed U.S. military tribunals actually guarantee more procedural safeguards than the ICTY. The latter has withheld information such as witness identities from both defendants and their lawyers and has frequently allowed secret communications between prosecutors and judges. The military tribunals would guarantee a defendant's court-appointed counsel access to all information. It appears that some critics of the proposed U.S. tribunals are either ignorant of existing international norms or anti-Bush partisans -- or both.

Finally, Administration critics allege that the tribunal bill would rewrite existing Geneva Convention prohibitions against "cruel, inhuman, and degrading" treatment of detainees. In fact, it would merely offer some substantive guidance as to the meaning of those vague terms.

It strikes us as a no-brainer that the national security stakes involved in trying suspected terrorists will require some deviations from standard civilian and military rules of evidence. The Bush Administration's tribunal proposal is a reasonable compromise. It's time the government be allowed to get on with the business of processing detainees in the war on terror.

HOMELAND RESPONSE:

EU And U.S. Plan Deal To Share Traveler Data (IHT)

By Dan Bilefsky And Nicola Clark

International Herald Tribune, August 31, 2006

BRUSSELS Following the foiled trans-Atlantic terror plot in Britain last month, EU and American officials said Thursday that they were confident they could reach a deal by Sept. 30 on sharing airline passenger data.

The deal risked sparking controversy at a time of heightened concerns in Europe that civil liberties laws are being flouted in the fight against terrorism.

The EU's highest court ruled in May that the bloc had overstepped its authority in May 2004 by agreeing to give the United States personal details about airline passengers on flights to America in an effort to combat terrorism.

But EU officials, who will meet next week to recast that agreement, said that the court had ruled on procedural rather than substantive grounds and that the necessity of getting a new agreement was more essential than ever.

"To avoid disruptions in air traffic, we need to get a new deal, that is very clear," said Friso Roscam Abbing, spokesman for Franco Frattini, the EU justice and security commissioner.

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He said he expected any new agreement to replicate the previous deal, which gave the U.S. authorities access to 34 categories of information - including names, addresses, phone numbers, itineraries and credit card numbers - about passengers on all flights that originate from the 25 nations in the Union.

In its May ruling, the Luxembourg- based European Court of Justice ruled that, because the information contained in passenger records is collected by airlines for their own commercial use, the EU could not legally agree to provide that data to the U.S. authorities.

To overcome this objection, Roscam Abbing said the EU would reintroduce the existing legislation as a crime-fighting measure, thereby circumventing the court's technical concerns.

"It is important to recognize that the court did not object to the content of the legislation, which is completely compatible with data protection rules," Roscam Abbing said.

But some civil libertarians in Europe remain concerned that U.S. officials could use the negotiations with the EU to press for a more far-reaching sharing of data.

In an editorial Tuesday in The Washington Post, the U.S. homeland security secretary, Michael Chertoff, described Washington as being "handcuffed" by the current trans-Atlantic agreement because it did not allow U.S. customs officials who collect data on European air passengers to share this information with other agencies like the FBI or with other governments, like Britain.

He further lamented that overly restrictive European data-sharing rules meant that if U.S. troops in Afghanistan found a Qaeda computer containing the cellphone numbers of operatives in Europe, they would find it difficult to learn whether the numbers were used to book a trans-Atlantic flight.

Roscam Abbing, Frattini's spokesman, said that, while the recent terrorism threat had created a new sense of urgency, the EU remained unprepared to sacrifice protecting civil liberties to fight terrorism.

He said the new passenger data agreement would not expand on the previous one - though the scope of the deal could be re-examined when both parties begin negotiations on a new agreement next year.

Members of the European Parliament, which challenged the initial data- sharing agreement, said Thursday that they feared the European Commission would put the interests of the United States ahead of those of European citizens.

Sophie in 't Veld, a Dutch member from the Liberal Party and the legislature's rapporteur on the passenger data dossier, said that Washington appeared determined to use so-called passenger name records for purposes beyond those specified in the existing accord.

"This is not just going to be the re-introduction of the old agreement that we were promised," she said. "It is starting to look very clearly that the Americans are asking for more."

More Airports Seek To Offer Program Of Quick Screening (WSJ)

By Laura Meckler

The Wall Street Journal, September 1, 2006

WASHINGTON -- Major airports across the country have asked the government for permission to offer Registered Traveler programs, meant to expedite air-travel screening for those who pay a fee and undergo a background check.

The Transportation Security Administration has visited most if not all of the facilities and given informal approval to at least some of them, according to airport and other officials involved with the program. Still, it isn't certain that every airport seeking permission will move forward with the program.

Airports in Atlanta, Miami, Los Angeles, New York and Denver have told the TSA that they are interested. Also on the list are O'Hare and Midway in Chicago and Reagan National and Dulles in the Washington, D.C., area, according to interviews with airport officials.

Smaller airports that have sought approval include Reno, Nev.; Anchorage, Alaska; Huntsville, Ala.; Jacksonville, Fla.; Birmingham, Ala.; Little Rock, Ark.; and Nashville, Tenn., officials said. A handful of other airports have publicly said they would like to run Registered Traveler programs including San Jose, Calif., Cincinnati, and Indianapolis. The only airport with a program up and running is Orlando, Fla.

Airport officials said they were considering the program even before the London airline bomb plot was disclosed Aug. 10, causing huge backups in screening lines. But the security threat and benefits offered passengers under the Registered Traveler program may have increased interest among some airports.

The heightened security also may raise interest in the program among passengers, who can expect to pay $80 to $100 a year to participate. The program has "tremendous application for the customer," said Krys T. Bart, executive director of the Reno-Tahoe International Airport. "It will reduce the wait time and speed the line through the checkpoint."

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The TSA has moved slowly to move this program forward, repeatedly missing its own deadlines for action. But Homeland Security Secretary Michael Chertoff said this week that he wants the program to move ahead. In an interview with USA Today he noted that some don't think the program will be popular, but added, "I disagree with that." Registered Traveler, he said, "is still the way to go." The key to the program, he said, is it is voluntary, meaning people with concerns about turning over personal information to the government don't have to participate.

The coming expansion has set off a frenzied competition among three companies vying for contracts to run the special security lines that will be open to Registered Traveler participants. The companies are Unisys Corp., Saflink Corp., and closely held Verified Identity Pass Inc. Each airport will choose its own vendor.

Wahington wireE (WSJ)

WSJ Online's, September 1, 2006

House Republicans, uninterested in dispiriting their conservative base, "consider the issue done with," a leadership aide says. A Senate Democratic strategist calls "stalemate" the most likely outcome when Congress returns.

Democratic turnout specialists won't complain. They hope state ballot initiatives on the issue rouse sympathetic voters in battlegrounds of Missouri, Montana, Nevada, Ohio, Colorado and Arizona.

Good luck, counters conservative activist Grover Norquist, since low-income workers rarely vote.

DOCTORS PUSH for pay raise, too.

Physicians' lobby intensifies push for higher Medicare payments before October adjournment. Without response from Congress, "Medicare patients face an access crisis," says new American Medical Association radio ad.

"Our campaign is intended to spur action," says AMA board Chairman Cecil Wilson. But the effort faces election-year anti-spending sentiment. Existing law calls for a 5.1% cut across the board for 2007 payments for physicians, and congressional aides say any physician-payment boost won't likely come until after November.

REPUBLICANS FEAR Bolton can't win permanent confirmation.

The United Nations ambassador's work under Bush's recess appointment has earned him praise for loyalty to Secretary of State Rice, and gained backing of erstwhile Senate foe Voinovich. He has steered key U.N. votes on the Israeli-Hezbollah war and Iran's nuclear program.

But Senate vote counters aren't sure of 60 votes needed to overcome filibuster in floor debate this week. "It depends on whether he has won over a Democrat or two," says a Republican Senate staffer. Fall campaign pressures, fueled by setbacks in Iraq and elsewhere, won't help.

Calling for Rumsfeld to go, Tennessee Democratic Senate candidate Ford says, "We need a new management team."

BRAND CRISIS? A Johannesburg billboard touting DaimlerChrysler's new Smart car mocks U.S. side of company: "German engineering, Swiss innovation, American nothing," it read. A Washington official of the automaker says the billboard was put up by DaimlerChrysler South Africa, and taken down after parent company executives learned of it.

PILING ON: Local candidates join Democratic congressional challengers in trying to score points off Republican White House. "Hans Riemer Took on George Bush," declares direct mail appeal in Democratic primary campaign for Montgomery County Council in left-leaning Washington suburbs. Riemer says he "made sure the Bush [Social Security] plan was dead on arrival in Congress" through his work with labor unions and other administration adversaries.

BUYOUTS THIN ranks at Equal Employment Opportunity Commission, the federal government's job-discrimination watchdog agency. Union officials say half of 89 departing employees were veteran investigators who are key to pursuing bias cases. Defenders of EEOC leadership note departing Chairwoman Cari Dominguez has authorized hiring 70 employees at field offices.

LONG WEEKEND? Census says 23% of private-sector employees don't get paid holidays, and only 48% of those in service sector do. Some 7.5 million hold more than one job, and roughly 8% work more than 60 hours a week.

WHITE HOUSE LEANS toward Senate approach to offshore drilling.

Returning House and Senate leaders will try to reconcile widely varying approaches to new oil and gas exploration in coastal waters. House would open 356 million acres, partially lifting drilling bans on both coasts. Senate frees only 5.76 million acres in Gulf of Mexico.

Bush administration complains House version could cost Treasury "several hundred billion dollars over 60 years" because it would share federal royalties with states interested in drilling. House Republicans insist the measure would help domestic industries survive by reining in soaring natural-gas prices.

"It just floors me that I've gotten no help out of this White House," says Pennsylvania Republican Rep. Peterson.

MINOR MEMOS: One in 10 workers has been with current employer at least 20 years, Census says….New York state, at 25%, has highest rate of union membership; North Carolina, at 3% has lowest. – John Harwood

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September 1, 2006, 12:22 am Eroding Advantage

In both national elections since the Sept. 11, 2001, terrorist attacks, President Bush and congressional Republicans successfully played the national-security card to win big victories against the odds. Now, with their party's control of Congress at stake, Republicans are betting on the issue again. But it may not be the trump card it used to be.

The public's patience has frayed as the Iraq war grows bloodier in its fourth year, eroding confidence in Mr. Bush's stewardship of national security. Mismanagement of the response to Hurricane Katrina contributed. Democrats, having ceded the security issue to Republicans in the past, now are on the offensive. They're attacking the administration's competence at home and abroad and fielding candidates with military experience.

Democrats are also pressing an argument opposite to the president's: that Iraq isn't central to the broader war on terror but distracts from it, and breeds more terrorists. How voters ultimately decide on that issue is "one of the most important dynamics of this election," says Republican pollster David Winston. Read the full article. – Jackie Calmes

Read more: Campaign 2006, Homeland Security, Iraq, White House

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August 31, 2006, 7:03 pm Wiggle Room for the TSA

U.S. adults would support greater restrictions on carry-on luggage, if the Transporatation Security Administration deemed them necessary, a new polls finds. Of the 1,000 adults surveyed by phone byHarris Interactive , 62% said they would support a ban of all carry-on luggage, compared with 35% who would oppose such a ban. The only dissenting age group: 25-34 year olds. Just 46% would support a ban on carry-ons, vs. 51% opposed. The survey, which was conducted Aug. 18-21, indicated the recent foiled terror plot in London had little impact on American travel plans. Ten percent of respondents said they made changes to travel plans to avoid flying as a result of news of the plot, compared with 76% who didn't change travel plans.

Read more: Global, Homeland Security

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August 31, 2006, 5:52 pm Family Feud

As the hotly contested Sept. 12 Republican primary in Rhode Island draws to a close, both sides released polls showing their man is ahead.

First out today was a survey from Rhode Island College showing Cranston Mayor Steve Laffey leading Sen. Lincoln Chafee 51% to 34%. That survey was based on a random sample of 363 likely Republican primary voters and had a 5% margin of error.

A few hours later, the National Republican Senatorial Committee, which supports Mr. Chafee, released its own internal poll done by Public Opinion Strategies showing the incumbent leading 53% to 39%. That poll surveyed 400 likely Republican primary voters and also had a 5% margin of error.

Perhaps the more intriguing nugget from the Public Opinion Strategies survey: Of the 53% of respondents who could actually name the primary election date, 58% support Mr. Chafee compared to 37% who back Mr. Laffey. – Jeanne Cummings

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August 31, 2006, 5:06 pm Bush Appointment Draws Quick Fire

President Bush's recess appointment today of lawyer Paul DeCamp,to be administrator of the Wage and Hour Division at the Department of Labor drew quick fire from some Democrats, particularly those seeking to make Wal-Mart a campaign issue. Bush nominated him for the post, but the Senate hasn't acted on the confirmation. At the law firm of Gibson Dunn, DeCamp has represented employers and defended Wal-Mart in a big employment-discrimination case.

George Miller of California, senior Democrat on the House Education and the Workforce Committee, promptly fired off a statement: "As a lawyer, Paul DeCamp has never represented American workers in a single case. He has worked on behalf of Wal-Mart - a company with an abhorrent record of labor relations - and other companies against the interests of American workers and consumers in numerous cases. Yet he is the man that President Bush has chosen as one of the nation's top enforcers of workplace rights….This recess appointment is one more reminder that the President does not care about making sure that workers are treated fairly on the job or enforcing laws that he doesn't happen to like."

The Labor Department unit enforces overtime, workplace discrimination and child-labor laws.

Read more: Congress, White House, Business

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August 31, 2006, 4:10 pm World War III?

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In his Salt Lake City speech to veterans, President Bush fully embraced comparisons of the current war on terrorism to 20th century battles against totalitarianism, especially Naziism in World War II. The analogies represented a further escalation of the rhetorical battle with administration critics, after Democrats protested Defense Secretary Rumsfeld's use of the idea earlier this week.

In his speech to the American Legion convention, Bush repeatedly invoked the comparison. "As veterans, you have seen this kind of enemy before," he said at one point. "They are successors to fascists, to Nazis, to communists and other totalitarians of the 20th century. And history shows what the outcome will be." At another point, he compared the fighting in Iraq to "Omaha Beach or Guadalcanal ."

Earlier in the week, the administration appeared to hesitate after an outcry from Democrats over comments that Defense Secretary Rumsfeld made comparing Islamist terrorism to a "new type of fascism" similar to Naziism. Rumsfeld also suggested critics of the global war on terrorism were engaging in appeasement. Democratic leaders, notably Sen. Charles Schumer of New York, protested the charge, and a DOD statement later suggested some reports were overblown.

Perhaps foreshadowing future rhetoric in his upcoming series of speeches on security issues, Bush cited no less an authority than Osama bin Laden for the proposition that a "third world war is raging" in Iraq.

"With the distance of history, it can be easy to look back at the wars of the 20th century and see a straight path to victory," the president concluded. "You know better than that….You were there for dark times and the moments of uncertainty."

Democrats weren't directly addressing the outbreak of WWII rhetoric in their initial statements. Party Chairman Howard Dean, House Minority Leader Nancy Pelosi and Senate Minority Leader Harry Reid all issued statements calling Bush's policies wrong-headed and dangerous, and touting Democrats' own "tough and smart" approach.

Pelosi tried to separate the various strands of terrorism that Bush was lumping together, and focus on what she suggests is the mistake of fighting in Iraq. "Today, once again, President Bush demonstrated that he is in denial about his historic blunder in Iraq," she said. "We must win the war on terror, but the war in Iraq is the wrong war. Today, just as it has since the war began, Iraq is weakening our ability to fight the war on terrorism." –John D. McKinnon

Read more: Global, White House

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August 31, 2006, 4:02 pm Bush Uncensored

Dozens of viewers are calling on the Federal Communications Commission to order broadcast fines over President Bush's swearing at the G-8 summit in July.

Bush apparently thought a microphone was off while he was speaking privately with British Prime Minister Tony Blair during a luncheon at the leaders' meeting in St. Petersburg, Russia. Discussing fighting between Israel and Hezbollah, Bush used the word s—. His comments , picked up and carried over TV and radio feeds, came just four months after the Federal Communications Commission said that the word was one of the most vulgar, graphic and explicit words relating to excretory activity in the English language and would likely trigger fines if broadcast.

Listeners around the country heard the exchange and more than two dozen have contacted the FCC. Some demanded their broadcaster be fined under the commission's public decency standards. Others said Bush should pay.

"In the report on President Bush being caught swearing with a microphone on, your report aired the expletive, and the reporter herself even repeated it!" according to the letter to the FCC and WCSH-TV in Portland, Maine. "Every other story I saw on TV and heard on the radio earlier today had the word beeped. I'm not trying to be a prude… okay maybe I am, but I expect more from my local news station!" the person wrote, according to a letter that was one of many obtained under the Freedom of Information Act.

A group of broadcasters is challenging the FCC's profanity regulations in court amid debate within the commission over limits on indecent language. FCC Chairman Kevin Martin has cited a jump in the number of complaints filed each year as a reason to act. But others, such as Commissioner Jonathan Adelstein, have expressed concern that the FCC's policies may go too far. –Siobhan Hughes

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August 31, 2006, 7:45 am Ohio Race Test GOP's Hold in Heartland

Ohio's 15th congressional district doesn't offer a homogenous landscape, but rather is home to African refugees, a growing Latino community, university students and urban gays, all thrown together with corporate Columbus, upscale suburbs and century-old farmhouses. It's a mix that suits the moderate image of Rep. Deborah Pryce, the fourth-ranking Republican in the House. But after years of only token opposition in this district, the seven-term congresswoman is imperiled by economic pessimism, the Iraq war and others' political scandals, which together could bring about an Election Day upset.

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"It's a knife fight," Pryce says of her race against Democratic challenger Mary Jo Kilroy. Kilroy, a Franklin County commissioner, gives no quarter. "It's about change… People are fed up with Congress," she says. "We are going to put 'Kilroy is here' on the Capitol."

Pryce's standing, as chair of the House Republican Conference and friend of Speaker Dennis Hastert, elevates the stakes. Outside groups from the left and right are spending heavily. Cabinet secretaries have come to her aid. And for the entire House Republican leadership, which is heavily rooted in the Midwest, the race is a barometer of how much political fallout they will sustain from economic pessimism in this political battleground. Read the full article. – David Rogers

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August 30, 2006, 5:46 pm Change in Plans for Paulson

Treasury Secretary Henry Paulson has canceled plans for a trip to Tokyo next month because it would have overlapped with leadership elections in the ruling Liberal Democratic Party. "The issue is is there anyone there to meet with?" explains a senior Treasury official.

The secretary still plans to visit Vietnam for the Asia-Pacific Economic Cooperation forum next week, return to the U.S. and then turn around almost immediately to attend the International Monetary Fund/World Bank annual meetings in Singapore and to visit China. –Michael M. Phillips

Read more: Economy

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August 30, 2006, 4:45 pm Wal-Mart's Other Smiley Face

Wal-Mart Stores awarded its new communications and lobbying chief $3 million in restricted stock and nearly 169,000 options.

Wal-Mart, Bentonville, Ark., hired Leslie Dach from public-relations firm Edelman, where for the past year he oversaw Edelman's work to shore up the image of the retail giant, known for its "Every Day Low Prices" motto and yellow smiley face logo. Dach's resume includes work overseeing Edelman's Washington, D.C., office; serving as senior communications advisor to the Democratic National Committee; and advising Sen. John Kerry's presidential campaign and the Clinton administration. He also has worked for environmental groups such as Environmental Defense.

Dach, 52 years old, reports directly to Wal-Mart Chief Executive Officer Lee Scott.

A company spokeswoman declined to comment on Dach's compensation. The stock awards, outlined in a filing made Tuesday with the Securities and Exchange Commission, include 67,522 restricted shares and nearly 169,000 options with a strike price of $44.43. Based on the stock's closing value on Monday, the day of the grant, the restricted stock's cumulative value was $3 million. The filing did not detail Dach's base salary or bonus. –Kris Hudson

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August 30, 2006, 4:28 pm Turning Out the Vote, Turning Up the Heat

In addition to a voter turnout operation for the mid-term elections , AFL-CIO leaders will use part of a $40 million political account to finance a "voter protection" program, including posting lawyers and observers at precincts to ensure low-income and minority voters are able to cast ballots.

Democrats created such a program 2004 after conducting field hearings into alleged voter intimidation at polls in Florida and elsewhere. The program also was institute to counter a Republican National Committee strategy of posting its own poll observers watching for evidence of voter fraud.

Republicans largely suspended their program after some party insiders complained that it gave the impression they were trying to keep minority voters away from the polls and Democrats brought suit alleging it violated the Voting Rights Act. –Jeanne Cummings

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August 30, 2006, 3:40 pm FDA: Can't We All Just Get Along?

The head of the FDA's drug center, Steven Galson, tells agency staff that he hopes his decision to approve the Plan B emergency contraceptive for prescription-free use by adults will "begin a process of healing that will put the most difficult parts of the controversy behind us and enable us to renew our focus on all the critical tasks that face us."

In an internal email sent last week to announce the approval, Dr. Galson notes that "the pathway to approval for this product has been difficult for the Center," but that "differences of opinion are a part of drug regulation." Leaked documents, legal depositions and a congressional report had all portrayed divisions among FDA staff over how to handle the long-delayed decision over whether Plan B should be sold over-the-counter. –Anna Wilde Mathews

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August 30, 2006, 2:59 pm Verizon Drops DSL Surcharge

Verizon Communications Inc. said it was dropping previously announced plans to impose a supplier surcharge for DSL-based Internet access service on its retail customers. A small number of customers who have already been billed for the surcharge will receive a credit.

"We have listened to our customers," said Bob Ingalls, chief marketing officer of Verizon Telecom, "and are eliminating this charge in response to their concerns."

Last year, the government changed telecom rules so DSL subscribers would no longer have to pay into a federal fund which subsidizes phone services in rural areas and for low-income consumers. That promised to shave a dollar or two off a typical DSL Internet bill — $1.25 a month for Verizon's slower DSL service and $2.83 a month for its faster service. –Winston Wood

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August 30, 2006, 2:40 pm Lending a Hand

The House Republican leadership's election arm, in an unusual move, is throwing its support to Arizona congressional candidate Steve Huffman — before the Sept. 12 party primary.

The National Republican Congressional Committee spent $122,292 on an issue ad backing Huffman, according to papers filed with the Federal Election Commission. The ad is set to air this week. Ordinarily, the NRCC wouldn't wade into a race this early, but a crowded Republican field was posing a problem for Huffman, a moderate who in a recent poll was behind conservative and immigration hardliner Randy Graf among Republican voters. And Graf is seen by some political types — including moderate Rep. Jim Kolbe, who is retiring from the Tucson-area seat and backs Huffman — as too conservative to win the Tucson-area district in the general election. R.T. Gregg, Graf's campaign manager, warns that NRCC involvement at this stage will "tick off a whole lot of people."

In addition, House leaders' political action committees are poring money into Huffman's campaign. Committees led by Speaker Dennis Hastert, Majority Leader John Boehner and Majority Whip Roy Blunt each gave $5,000 to Huffman within the last week. The 21st Century PAC, chaired by Rep. Howard "Buck" McKeon, also gave Huffman $5,000. –Sarah Lueck

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August 30, 2006, 12:18 pm War of Words

Ever vigilant in their quest to challenge their nemesis at every turn, an anti-Wal-Mart group has filed complaints with attorneys general in Nebraska and Arizona challenging the retailer's new political TV spots.

The Wal-Mart ads began airing Tuesday in Omaha, Neb., and Tucson, Ariz. They tout the Bentonville, Ark., retailer's record for providing health coverage to more than 1 million employees and their family members; saving shoppers an average of $2,300 a year; and creating "tens of thousands of jobs" as its opens hundreds of new stores each year. The ads are a way for the giant retailer to communicate directly with shoppers and voters as several Democratic candidates in the November elections are lambasting the company in campaign speeches.

Andrew Grossman, executive director of Wal-Mart Watch, a group backed by the Service Employees International Union and the Sierra Club among others, late Tuesday filed complaints deeming the ads "at best misleading and at worst patently false." The complaints cite economic studies in disputing how much Wal-Mart saves shoppers and how many new jobs it creates rather than absorbs from other retailers, among other things. Wal-Mart initially had little response to the challenges. "The ads speak for themselves," spokeswoman Mona Williams said.

The retailer's critics wasted little time in assailing the ads, though. "Wal-Mart's decision to run political ads is proof positive that the Wal-Mart debate is now one of the most significant political issues in America today," Paul Blank, campaign director for WakeUpWalMart.com, said in a statement. Blank's group is backed by the United Food and Commercial Workers union, among others. –Kris Hudson

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August 30, 2006, 7:52 am Bush to Stress the Iraq Stakes, Not Progress

President Bush will launch another major public-relations offensive to strengthen support for the Iraq war — this time likely emphasizing the high stakes and changing nature of the battle more than the progress being made, today's Wall Street Journal reports. The new campaign is aimed at framing the Iraq debate over what the White House considers the vital stakes involved in

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the war and reinforcing public sentiment that favors sticking it out. The speeches will be aimed at rebutting mounting public calls — from Democrats and even a few Republicans — for setting some kind of timetable for at least a limited troop withdrawal.

Tuesday, Defense Secretary Donald Rumsfeld appeared to preview the rhetoric of the new administration approach, underscoring what he portrayed as the stakes in the war against terrorism in a strongly worded speech of his own, saying proponents of withdrawal are effectively promoting appeasement of "a new type of fascism" similar to that of Nazi Germany in the 1930s. Read the full article. – John D. McKinnon

Bush Uncensored

Aug.31, 2006

Ohio Race Test GOP's Hold in Heartland

Aug.31, 2006

ABOUT THIS BLOG

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Evidence Used To Convict McVeigh, Nichols In Oklahoma Bombing Goes On Display (AP)

AP, September 1, 2006

OKLAHOMA CITY FBI evidence used to convict Timothy McVeigh and Terry Nichols goes on display Friday at the Oklahoma City bombing memorial, even as a congressman and others continue to raise questions about the federal investigation into the 1995 explosion that killed 168 people.

The display includes everything from fingerprint and tire tread evidence, to mangled pieces of the truck used in the explosion, to the automatic Glock handgun taken from McVeigh when he was arrested by a state trooper 90 miles (145 kilometers) from the bombing site.

"Hopefully, the exhibit will answer some of the questions the public has regarding the investigation," said Nancy Coggins, spokeswoman for the Oklahoma City National Memorial and Museum. "The evidence we have on display was never viewed by the public because of the nature of the closed trials."

On April 19, 1995, the Alfred P. Murrah federal courthouse building was destroyed when a rented cargo truck packed with 4,800 pounds (2,160 kilograms) of ammonium nitrate and fuel oil was detonated.

Besides the 168 killed, more than 800 were injured. The dead included eight law enforcement officers and 29 visitors to the courthouse, along with employees of several federal agencies.

Charlie Hangar, the trooper who stopped McVeigh because his 1977 Mercury Marquis did not have a license plate, was scheduled to be on hand for the opening of the exhibit. McVeigh was executed in 2001 after he was convicted of federal murder charges.

Kari Watkins, executive director of the museum, said conspiracy theories will always be linked to the bombing, just as they have persisted since the assassination of President John F. Kennedy in 1963.

"This exhibit is not going to make those theories go away, nor will anything else," Watkins said. "What it does show is methodical police work at all levels and how they worked together without boundaries to solve this crime."

Congressman Dana Rohrabacher, a California Republican, still plans to conduct hearings beginning about Nov. 15, with a focus on "possible foreign connections" to the Oklahoma City bombing, said his chief of staff, Rick Dykema.

Rohrabacher, chairman of the Oversight Investigations Subcommittee of the International Relations Committee, had previously said his panel would start the hearings in September, saying "some very serious questions" remain to be answered in the case.

Hundreds of FBI agents worked in the multistate investigation to link McVeigh and Nichols to the crime. The display contains several photographs of evidence taken by FBI photographer Jeanetta Clark and others in several states, including Kansas, where the truck was rented.

It also contains an interactive display where visitors can sift through debris from the bomb site and an exhibit on how victims were identified.

Nichols, who met McVeigh in the Army, was convicted on federal and state bombing charges and is serving multiple life prison sentences.

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Michael Fortier, another Army buddy, pleaded guilty to not telling authorities in advance about the bomb plot and has been released after serving 85 percent of a 12-year sentence. Fortier testified against McVeigh and Nichols.

Prosecutors said the bombing was in retribution to the deaths of about 80 people in the government siege at the Branch Davidian compound in Waco, Texas, exactly two years earlier on April 19.

One conspiracy theory is that the plot involved a group of white supremacists bank robbers with ties to Elohim City, a white separatist community in eastern Oklahoma.

Jesse Trentadue, an insurance lawyer in Salt Lake City, said he supports Rohrabacher's hearings because evidence he has gathered. "I think the American people, especially the people of Oklahoma City, deserve the truth."

Trentadue has filed a federal lawsuit, trying to prove his brother was killed by federal agents during an interrogation that went awry. He contends the agents mistakenly thought his brother was involved in the bombing and beat him to death.

The attorney told The Associated Press he believes a German national and other members of a white supremacist group were involved with McVeigh in the plot to blow up the federal building.

Trentadue contends the FBI had informants in the group and knew of the bombing in advance. He wants a federal judge to require federal authorities to release documents containing the names of the alleged informants.

He said government officials, in federal hearings in Salt Lake City, "don't deny the allegations. They go before the judge and tell the judge they have guaranteed four informants confidentiality and therefore they cannot release the documents."

Trentadue said the new exhibit at the bombing memorial "is part of the continuing cover-up."

Why Rebuild The Big Easy? (WP)

By Eugene Robinson

The Washington Post, September 1, 2006

NEW ORLEANS -- Before I try my very best to make you care about levees, floodwalls and wetlands, first let's deal with a more engaging question: Why rebuild New Orleans at all?

After all they've been through, New Orleanians tend to just sputter and fume when asked whether their city hasn't somehow forfeited its right to exist. I don't blame them one bit -- they don't owe anyone an answer. But the question is out there, and ignoring it doesn't make it go away: Why should taxpayers spend billions to reconstruct and safeguard a city that lies below sea level, wedged between the continent's greatest river and a vast "lake" that's really an estuarine arm of the nearby Gulf of Mexico? Inevitably, skeptics point out, another Katrina or Wilma will come along and destroy New Orleans again.

Things have changed, this argument goes. It's not 1815, so we no longer need a garrison at the mouth of the Mississippi to guard against the British fleet. Before the flood, New Orleans was poor, crime-ridden and beset by all the urban pathologies you could list, a shrunken dowager trying to reverse years of decline, the Norma Desmond of American cities. Why not just start over again somewhere else?

Here's why not. As far as I'm concerned, it's enough to point out that if the essential duty of government is to protect its citizens -- as President Bush is fond of reminding us concerning his "war on terrorism" -- then our government grievously failed the people of New Orleans and has the absolute obligation not to fail them again. Then there's the cultural argument -- the fact that New Orleans is where jazz, America's greatest contribution to music, was born. And I would also submit that the world's richest, most powerful nation would be revealed as a paper tiger indeed if it couldn't summon the will and the means to resurrect one of its own great cities.

Even for hard-nosed types willing to ignore all the intangibles, there's no real choice here. Eighty percent of the city was flooded, but the most valuable real estate -- the French Quarter, the downtown business district, the Garden District -- basically remained high and dry. The Port of New Orleans is still the fifth-largest, by tonnage, in the country. To walk away from that much infrastructure would be economic insanity.

So the thing to do is rebuild, but for rebuilding to make sense you also have to protect. That's why I spent an afternoon this week at the London Avenue Canal, listening as Col. Jeffrey Bedey of the Army Corps of Engineers described the additions and repairs to New Orleans's manifestly inadequate flood-control system that crews are working around the clock to complete.

The London Avenue waterway is one of several canals that point like daggers from Lake Pontchartrain into the city. The canals were built so that when heavy rains threatened to flood the city, water could be pumped into them and ultimately into the lake. But Hurricane Katrina sent water from the lake surging the wrong way, back up the canals, whose flanking floodwalls gave way.

Now the Corps has installed massive temporary gates at the mouths of the canals that can be closed whenever a surge from the lake is expected. If the same hurricane happened again next week, much of the flooding that occurred a year ago could probably be prevented.

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But not all of it. The dangers from other waterways -- such as the Industrial Canal, where levee and floodwall failures destroyed the Lower Ninth Ward -- are not so easily fixed. And, of course, the next major hurricane won't be exactly like the last one.

What I believe to be the major issue hasn't even been addressed yet. It will surprise you to learn that I am not a qualified hydrological engineer. Nonetheless, after plowing through hundreds of pages of official reports on the flood, I'm convinced the only way to really protect New Orleans is the way the Dutch protect Rotterdam -- with giant outer-zone floodgate barriers that would block a storm surge before it got anywhere near the city.

That alone is an enormous engineering challenge and doubtless would cost much more than the $5.7 billion Congress has allotted for flood-control improvements. But it would be only half the job, because there also must be a massive project to restore the disappearing wetlands south of New Orleans, which would provide natural protection.

After the Netherlands suffered a devastating flood in 1953, Dutch engineers came to New Orleans to learn state-of-the-art flood control. In 2006 could we teach them anything except how to patch and pray?

Where Katrina Lingers, Football Is A Refuge (NYT)

By Jere Longman

The New York Times, September 1, 2006

PORT SULPHUR, La., Aug. 31 — Last year, nothing floated through the goal posts of the ruined high school here but the storm surge from Hurricane Katrina. Now football is again being played in lower Plaquemines Parish, a rudder-like peninsula below New Orleans that steers the Mississippi River to its delta. There is a new school, South Plaquemines High, and a chance for a new start Friday night against Belle Chasse, in upper Plaquemines.

"This is bigger than us," Roger Halphen, an assistant coach at South Plaquemines, told his players at practice Wednesday, his voice low and wounded. "People want to move back. They say it's going to take three months for a FEMA trailer. They're losing hope. I've seen them crying. They don't certify the levees. Businesses don't open up. We win this game, this is going to give hope to people.

"This is for the hope of south Plaquemines."

Only four parish residents died in Katrina's pummeling wind and water, yet almost no structures survived intact in the citrus, fishing, and oil-and-gas communities of lower Plaquemines. Port Sulphur High still stands, but it remains uninhabitable except for the occasional raccoon and skittering armadillo.

Its campus is now the site of South Plaquemines High, which has consolidated wrecked schools from Port Sulphur, Buras and Boothville-Venice. The modular buildings of the new school, like the unsettled lives here, are temporary and vulnerable. Last Friday, classes were canceled when rain seeped into the improvised classrooms, which house 266 students in grades 7 through 12.

Students got to choose the new mascot, and youthful immortality prevailed. Inevitably, they chose Hurricanes.

"Two other choices were Eagles or Gators," Lance Wallace, a sophomore cornerback, said. "Hurricanes sounded better. We lived through a hurricane."

Cyril Crutchfield, who coached Port Sulphur to the 2002 small-school state championship and was runner-up in 2001, was a natural choice to become head coach at South Plaquemines. In six seasons, he did no worse than reach the state quarterfinals in Class 1A.

Stubbornly, Crutchfield refused to evacuate ahead of Katrina, sleeping in the Port Sulphur High cafeteria until waves licked at the steps and sprayed against the door. Then he fled to the gym, where water rose above the rims on the backboards.

"God, get me through this one and I'll never stay again," he prayed.

The water, brown as the tobacco that Crutchfield chews, was salty from the gulf. Then, as the eye of the storm apparently arrived, the hissing of the 120-mile-an-hour wind, and the 28-foot storm surge, began to subside. As the water receded, Crutchfield and six other men swam out, eventually alighting on the roof of the industrial arts building. Six hours later, they were rescued by boat.

"I thought I was invincible, but I wasn't," Crutchfield, 39, said. "I was scared to death."

A year later, he feels chastened about his mortality but not about his expectations for his team, which now plays in Class 2A.

Warren Mayes, a senior receiver, said, "Anything less than a state championship is unacceptable."

But the challenge will be great.

Practice is held on a borrowed field 30 miles from the school, the same distance Crutchfield must travel to wash the game uniforms. Sod for the home stadium was installed this week, but it will not be ready for play until mid- to late September. The

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Hurricanes have no locker room, no place at school yet to shower or even to eat a hot lunch. To get drinking water for practice, someone must make a daily run for ice at a local fishing dock.

When practices extend beyond sundown, some players step off the team bus with their helmets and shoulder pads and disappear into the inky darkness. There are few streetlights to illuminate their scattered government trailers. Others commute 80 miles or more round trip from New Orleans. Everybody lost everything.

New Start, Uncertain Future

Katrina shoved the home of the brothers Jordan and Maverick Ancar into a canal, where it sits like an artificial reef.

"They got alligators watching TV in your house," Wayne Williamson Jr., a junior receiver, said jokingly to the brothers before a recent practice. "They sitting on the couch, eating chips."

Everyone laughed, but the season remains as fragile as it is new. The FEMA trailers where many players live are not built to withstand hurricane winds. Last weekend, when Tropical Storm Ernesto was forecast to enter the gulf, another year of football seemed threatened.

Devin Boutwell, a defensive lineman and tight end, cried at the thought of losing his senior season and his chance to receive a major-college scholarship. Other players prayed. Eventually, Ernesto swerved toward Florida.

"I was scared," Williamson said. "We can't withstand nothing here. I don't think they would pay for us again."

By they, he meant the government. Any approaching storm is sure to stir the same gale-force nervousness. Hurricane season extends for two more months, the length of football's regular season. No one needs a reminder.

Each afternoon on the way to practice, players have ridden past the detritus of Katrina: Past the parish library with its broken spine and crippled books. Past coffins that popped up like toast and floated away. Past shredded buildings with exposed ribs that suggest this rural community starved as well as drowned.

And, unavoidably, past the earthen levees that hold out the Mississippi on one side of Highway 23 and the marsh and the Gulf of Mexico on the other. Because so few people have returned to lower Plaquemines — an estimated 2,000 to 4,000 of the prestorm population of 14,000 — the federal government will not immediately spend the $1.6 billion needed to buttress the levees.

Without such bolstered protection, people have questions that waver into fears. Should they rebuild? How high? How much will flood and wind insurance cost if they can get it at all? Life here seems stuck in a kind of limbo, not unlike the coffins sheathed in cement vaults that await interment and remain anchored to the ground in the meantime, lest they wander off in the next storm.

The post office, the pharmacy and the bank have yet to reopen here. The grocery store operates out of a double-wide trailer. A boat nests like a bird in a tree, while spray paint on the side of a two-story house pleads, "Rebuildin Do Not Bulldoz."

But a medical clinic, a natural gas plant, a hardware store and a couple of restaurants are open. St. Patrick's Catholic Church is back, school is back, and so is football. Hope is budding that a village left crawling by the storm is taking baby steps toward recovery.

"Once you get school back, you get people and businesses coming back," said Stanley Gaudet, the principal at South Plaquemines High. "Then you can rebuild a community."

There's No Place Like Home

The school received a library grant from the Laura Bush Foundation, and on Tuesday, Katrina's anniversary, Gaudet met President Bush in New Orleans. On Wednesday, an 18-wheeler arrived with new weight-lifting equipment. Football has always been popular here. Now it is a refuge.

"I have a lot of stress, but football makes me happy," Jordan Ancar, a junior lineman, said.

It is comforting to be back among friends, and oddly liberating, because living amid Katrina's destruction frees everyone from having to talk about it constantly, said Rory Jones, a senior receiver who evacuated last year to Lafayette, La.

"When you're an evacuee, everybody always wants to talk about Katrina," Jones said. "They think you have it easy because everything is free. Or they think you're from New Orleans and they say, 'Our school will be better when you leave.' "

Once a company town for the now-shuttered Freeport Sulfur Company, Port Sulphur struggled economically long before Katrina struck. According to the 2000 census, about 20 percent of the 3,115 residents in this racially diverse hamlet lived below the poverty level. "It was a dying town," said Jiff Hingle, the sheriff of Plaquemines Parish.

But to the locals, census figures are merely an official skin that hides a community's heart and gristle and connective tissue.

"It's peace of mind," said Theresita Ancar, the principal at South Plaquemines Elementary School and a cousin to the Ancar brothers. "We marry each other in these little towns, and grandma is five minutes away, and you look after mine and I look after yours. You can leave your doors unlocked. If you do lock them, you don't need three bolts and a chain."

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Still, Katrina imposed harsh new realities. The halting pace of recovery has spurred Coach Crutchfield to run for a seat on the parish council, the rough equivalent of a county commission. Election Day is Sept. 30. People need to have patience in lower Plaquemines, Crutchfield said, but there is a limit.

He worries that debris removal, while considerable, has begun to stagnate in and around Port Sulphur. In some areas, water comes out of the faucet rust-colored and smelly, he said, while a nearby bayou community still lacks electricity.

"People want to come home," Crutchfield said. "Dorothy of Kansas said it best. 'There's no place like home.' "

Scandal After the Storm

It is too soon to know what home will become. Crutchfield believes the future of Port Sulphur and lower Plaquemines will be tied to the future of the levees and perhaps to whether billions are spent to restore Louisiana's subsiding wetlands.

If the levees do not meet the Federal Emergency Management Agency's standards for flood protection, Crutchfield said: "We're not going to get our community back. We're not going to get economic development."

For now, he is focused on football. But even football has brought unwelcome distractions. One of his best players, running back James Brown, faces a loss of eligibility in a hurricane-related scandal.

Brown and four other players, including the star quarterback Randall Mackey, left Port Sulphur ahead of Katrina and ended up 300 miles away, winning a Class 4A state championship at Bastrop, La. Unlike Mackey, Brown has returned home, hoping to play his senior season at South Plaquemines, but his future is as cloudy here as the afternoon skies.

The Louisiana High School Athletic Association has stripped Bastrop of the title for improperly recruiting the former Port Sulphur players by picking them up at a hurricane-evacuation center. Those involved are also accused of making false statements. Unless they prevail on appeal, Bastrop will lose its championship, and Brown and Mackey will lose any chance to play this season, according to the association.

Even if rules were technically violated, and some penalty was deserved, Crutchfield said, any player who lost everything in a storm would have been tempted by someone who offered a ride, money, a place to live, a chance to keep playing football. "I might have taken it, too," he said.

This is not how Crutchfield wanted to start the season, looking back instead of ahead. But the effects of Katrina will linger. There is no way around it. The South Plaquemines cheerleaders, with the school mascot in mind, believe this can even be an advantage. They have a new battle cry: Hurricane season never ends.

WAR NEWS:

Bush: Iraq Victory Key To Global Security (USAT/AP)

USA Today, September 1, 2006

SALT LAKE CITY — President Bush said Thursday that the war against Islamic "totalitarians and terrorists" in Iraq is like America's fight against Nazis and communists and that a withdrawal from Iraq would lead to its conquest by the United States' worst enemies.

"The security of the civilized world depends on victory in the war on terror, and that depends on victory in Iraq," Bush said before an American Legion convention.

"As veterans, you have seen this kind of enemy before," he said. "They're successors to fascists, to Nazis, to communists and other totalitarians of the 20th century. History shows what the outcome will be: This war will be difficult; this war will be long; and this war will end in the defeat of the terrorists and totalitarians, and a victory for the cause of freedom and liberty."

Nearly 4,000 anti-war protesters demonstrated downtown as the president spoke.

It was the first in a series of Iraq speeches by Bush at a time when 36% of Americans approve of his handling of the war, according to a USA TODAY/Gallup Poll.

Bush said some politicians see Iraq as a diversion in the war on terrorism, but "that would come as news to Osama bin Laden, who proclaimed that the 'third world war is raging' in Iraq."

Bush said he understood that many "sincere … patriotic" people are frustrated with conditions in Iraq and favor a timetable to withdraw U.S. troops, but "they could not be more wrong."

A U.S. pullout from Iraq would let Iranian-backed militias and al-Qaeda terrorists use Iraq as a base of operation, Bush said.

Senate Democratic leader Harry Reid said Bush was at fault for the situation in the Middle East. "No matter how many speeches the president gives, the truth is that his failed policies have taken the country in a dangerous direction."

Bush Says U.S. Must Win In Iraq (AP-Y)

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By Deb Riechmann, Associated Press Writer

AP, September 1, 2006

President Bush said Thursday the war against Islamic militants was like last century's fight against Nazis and communists and that a U.S. withdrawal from Iraq would lead to its conquest by America's worst enemies.

"The security of the civilized world depends on victory in the war on terror, and that depends on victory in Iraq," Bush said in a speech to rally support for his unpopular war strategy two months before congressional elections. The Democrats responded by accusing Bush of pursuing failed policies that have weakened the war on terrorism.

Nearly 4,000 anti-war protesters demonstrated downtown Wednesday. But there were no organized protests Thursday as Bush spoke before a friendly American Legion convention in one of the nation's most conservative states. It was the first in a series of Iraq speeches by Bush at a time when just 33 percent of Americans approve of his handling of the war, according to an AP-Ipsos poll.

"Some politicians look at our efforts in Iraq and see a diversion from the war on terror," Bush said. "That would come as news to Osama bin Laden, who proclaimed that the 'third world war is raging' in Iraq."

With national security a cornerstone of his campaign strategy, Bush will mark the fifth anniversary of the Sept. 11 attacks by visiting all three sites where terrorists crashed hijacked planes, in Washington, Pennsylvania and New York.

Bush noted that many people are frustrated with the unrelenting violence in Iraq and that some are calling for a timetable for withdrawal.

"Many of these folks are sincere and they're patriotic, but they could be — they could not be more wrong," Bush said.

Some Republicans, like Rep. Christopher Shays of Connecticut, have joined with Democrats in seeking a withdrawal timetable.

"If America were to pull out before Iraq can defend itself, the consequences would be absolutely predictable — and absolutely disastrous," Bush said. "We would be handing Iraq over to our worst enemies."

Bush said Saddam sympathizers, armed groups backed by Iran and al-Qaida terrorists from across the world would use Iraq as a base of operation.

"They would have a new sanctuary to recruit and train terrorists at the heart of the Middle East, with huge oil riches to fund their ambitions," the president said. "And we know exactly where those ambitions lead. If we give up the fight in the streets of Baghdad, we will face the terrorists in the streets of our own cities."

Senate Democratic leader Harry Reid dismissed the president's remarks, the third set of such addresses within a year.

"No matter how many speeches the president gives, the truth is that his failed policies have taken the country in a dangerous direction," Reid said. "The American people know that five years after September 11th, we are not as safe as we should and could be. Iraq is in crisis, our military is stretched thin, and terrorist groups and extremist regimes have been strengthened and emboldened across the Middle East and the world. It is time for a new direction."

Bush's series of speeches are to continue Tuesday, with remarks in Washington before the Military Officers Association of America and members of the diplomatic corps. It is to continue through Sept. 19, when the president is scheduled to address the U.N. General Assembly in New York.

The president said rising insurgency in Afghanistan would ultimately fail. He said international peacekeepers sent in to quell the conflict between Israel and Hezbollah would succeed in stopping the militant Islamic group from "acting as a state within a state."

He disputed claims that Iraq had descended into civil war, saying U.S. diplomats and military officials in Iraq say only a small fraction of Iraqis are engaged in sectarian violence.

And Bush accused Syria of sponsoring terrorism and said Iran was interfering in Iraq and pursuing nuclear weapons. The president spoke on the deadline the U.N. Security Council set for Iran to stop enriching uranium, which can be used in civilian nuclear reactions or — at greater purity — in an atomic warhead.

"There must be consequences for Iran's defiance and we must not let Iran develop a nuclear weapon," Bush said.

He said America's enemies include radical Sunnis who pledge allegiance to al-Qaida and militant Shiias who join groups like Hezbollah and take guidance from state sponsors like Syria and Iran. Yet, despite their differences, Bush said, they all subscribe to the same ideology that free societies are a threat to their "twisted view of Islam."

"The war we fight today is more than a military conflict," the president said. "It is the decisive ideological struggle of the 21st century. On one side are those who believe in the values of freedom and moderation ... and on the other side are those driven by the values of tyranny and extremism," the president said.

"As veterans, you have seen this kind of enemy before," he said. "They're successors to Fascists, to Nazis, to communists, and other totalitarians of the 20th century. And history shows what the outcome will be: This war will be difficult; this war will be long; and this war will end in the defeat of the terrorists and totalitarians, and a victory for the cause of freedom and liberty."

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Bush Takes His Case To Veterans (WP)

By Michael Abramowitz

The Washington Post, September 1, 2006

SALT LAKE CITY, Aug. 31 -- President Bush renewed his effort to shore up flagging public support for fighting the Iraq war, appearing before one of the country's major veterans groups to cast the war as part of a larger ideological struggle against radical Islamic terrorism.

In an impassioned new statement of familiar White House themes, Bush described the war in Iraq as part of the same struggle that has pitted U.S. forces against the Taliban in Afghanistan, has found Israel battling Hezbollah militants in Lebanon and has involved the administration in a so-far unsuccessful diplomatic initiative to force Iran to give up activities that the White House thinks will lead to the development of a nuclear weapon by that Islamic republic.

"The war we fight today is more than a military conflict," Bush said Thursday. "It is the decisive ideological struggle of the 21st century."

Bush's speech here before thousands of mostly supportive veterans at the annual convention of the American Legion was the first in a series of addresses that White House officials hope will rally an electorate that polls indicate is tiring of the three-year war in Iraq. While others in his administration, including Vice President Cheney and Defense Secretary Donald H. Rumsfeld, have suggested unnamed critics may be appeasing terrorists, Bush said the detractors are simply mistaken.

"Many of these folks are sincere, and they're patriotic. But they could . . . not be more wrong," the president said. "If America were to pull out before Iraq can defend itself, the consequences would be absolutely predictable and absolutely disastrous."

He said a premature withdrawal of more than 130,000 U.S. troops would "be handing Iraq over to our worst enemies: Saddam's former henchmen, armed groups with ties to Iran and al-Qaeda terrorists from all over the world who would suddenly have a base of operations far more valuable than Afghanistan under the Taliban."

Bush also repeated his assertion that the advance of democracy will bring to power in the Middle East countries that oppose terrorism, although free elections in Lebanon and the Palestinian territories have given power to Hezbollah and Hamas, both deemed by the United States to be terrorist entities.

Judging by the applause, Bush's message that the fight against Islamic radicals is akin to the battle against the Nazis and Soviet communists resonated with the legionnaires.

"If we are willing to stay the course, we will win," said Bill Osborne, a Vietnam War-era veteran from Kansas. "Perseverance is the key. . . . A job half-finished is a job not worth starting."

Clancy Lux, another Vietnam War-era veteran from Florida, whose son is serving in the Marines in Iraq, said he is discouraged that more Americans do not see the war in Iraq the way Bush does. "People need to open their eyes -- he is on the right track," Lux said. "If we quit too early before we finish the job, we will lose."

The audience was not entirely supportive. Richard Witbart, a former schoolteacher and local official from Illinois who served in the Navy in World War II, said he believes the troops should be brought home and that the United States should not have invaded Iraq. "It just wasn't the right thing to do," he said. "We were not being attacked by Iraq."

Indeed, even in a state that provided Bush his largest percentage of the vote in 2004, his presence was polarizing. Rocky Anderson, the mayor of Salt Lake City and a fierce critic of the war, led an anti-Bush rally Wednesday that drew a crowd of several thousand to deliver a symbolic indictment of the president for failing to uphold the Constitution. For their part, White House aides organized a boisterous and friendly welcoming rally with Utah's largely Republican congressional delegation for when Bush stepped off Air Force One late Wednesday.

Although billed as a major address by his aides, Bush's speech Thursday employed rhetoric that has become a staple of his speeches on terrorism and Iraq. He said that if the country gives up the fight in Baghdad, "we will face the terrorists in the streets of our own cities."

He also repeated his mantra that the status quo in the Middle East before the Sept. 11, 2001, attacks represented a false stability -- and that "the lack of freedom in the Middle East made the region an incubator for terrorist movements." Many Middle East experts believe that the war in Iraq has radicalized the region and spawned more terrorists.

Bush also described as "encouraging" the initial results of a new U.S.-Iraqi plan to provide security for Baghdad, which has been engulfed in sectarian violence in recent months. The plan, which involved the redeployment of thousands of troops to the capital, was widely deemed a failure at first, though U.S. commanders say they have seen improved security in recent weeks.

Bush also rejected the suggestion advanced by some experts on Iraq that the country has descended into civil war. "Our commanders and our diplomats on the ground in Iraq believe that's not the case," Bush said. "They report that only a small

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number of Iraqis are engaged in sectarian violence, while the overwhelming majority want peace and a normal life in a unified country."

Bush To Vets: U.S. Involvement In Iraq At 'pivotal Moment' (UN)

By Bob Bernick Jr. And Stephen Speckman

Utah News, September 1, 2006

Admitting that parts of Baghdad are not in control of the American and Iraqi military, President Bush promised thousands of veterans today that the United States will stay in Iraq until "freedom prevails."

Tom Smart, Deseret Morning News

President Bush addresses the national convention of the American Legion in the Salt Palace Thursday morning. Bush said the fight against radicalism, terrorism and Nazi-like totalitarianism "is the real struggle of the 21st Century."

More photos Addressing the national convention of the American Legion in the Salt Palace, Bush was interrupted by applause and cheers a number of times.

"We are at a pivotal moment," he said, adding that the ideological war between radical, Muslim extremism and terrorism is the key battle of this century.

While some sincere people may believe that the United States should withdraw its troops from Iraq and no longer fight in the Middle East, he said, such a retreat would be disastrous.

"The world is watching," he said. And while some may say we should stop fighting the terrorists, "they won't stop fighting us."

As he's said many times, the president warned that if we don't fight terror in Iraq and other places in the world, "we will have to fight it in our own streets."

White House officials say the Salt Lake City address is the first of a number of speeches seeking support for the Iraq war. In the past, Bush has appeared before pro-military groups explaining why the war is important and why America can't leave Iraq before its citizens are ready to protect themselves.

In fact, Bush started a similar speech crusade a year ago in Utah when he addressed the Veterans of Foreign Wars at the Salt Palace.

This year's quest, however, finds more at stake. Republicans are in jeopardy of losing control of both the U.S. House and Senate in mid-term elections now just two months away.

In a speech before a fund-raising event for Sen. Orrin Hatch, R-Utah, Bush said: "People in Washsington trust Orrin. And so do I."

Hatch seeks a record-setting sixth, six-year term from Utah voters this year. A severe critic of local demonstrations against Bush, Hatch said of the president: "He doesn't buckle because of criticisms that come his way."

There is more sacrifice to come in Iraq, just as there was in WWII, Bush told a mostly-older crowd of veterans, their spouses and invited guests.

While Americans may see on the nightly news the violence and bombings in Iraq, in reality those terrorists attacking civilians and military alike are "small in numbers" — tiny compared to the 12 million Iraqis who voted recently saying "we want to be free,"" said Bush.

Tough decisions are ahead, the president said. But he promised that America will stand by their Iraqi colleagues.

Tom Smart, Deseret Morning News

Thousands of American Legionnaires attend the Thursday morning session of their national convention as President Bush addresses delegates.

More photos "We will not let this country fall into tyranny" — defending the Iraqi people absolutely.

While some argue that Iraq has fallen into civil war, Bush said that is not the case. And U.S. and Iraqi troops and police will "break the death squads" that are preying on innocent Sunnis and Shiites alike.

After his speech, Bush walked down to speak with those in the crowd. He then left to attend a special fund-raiser for Hatch. The president was scheduled to then leave the state for a round of more speeches on the war and global terrorism.

Even though we are only in the middle of the first decade of this century, Bush said the fight against radicalism, terrorism and Nazi-like totalitarianism "is the real struggle of the 21st Century."

Calling up images of previous tough battles, like Okinawa in WWII, Bush said the United States and its heroic men and women in the military will prevail, as our forefathers have before us.

Bush said he knows some Americans are frustrated with the violence and cruelty seen in Iraq and the Middle East. "But we must not allow terrorism to decide" the outcome of this century, he said.

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Toward the end of his speech, Bush recognized the family of Marine Cpl. Adam Galvez — sitting in the front row — that their son's death in Iraq, the sacrifices they've made and the sacrifices of others killed in the war against terror will not be forgotten, will not be in vain. The audience stood to cheer in honoring the Galvez family, who buried their son Wednesday.

Cpl. Galvez will leave behind "a better world," said Bush, who later shook the hands of Galvez' parents, Tony and Amy Galvez of North Salt Lake.

But only if a crucial decision is now made. What will be the future, should America leave Iraq, he asked.

The Middle East could well become home to terrorists states, run by dictators armed with nuclear weapons, he said.

Bush vowed that on his watch, Iran will not be allowed to obtain nuclear weapons. And by staying the course in Iraq, "we will deliver a crushing defeat to terrorists," he added.

As the president worked the crowd, shaking hands, veteran Bill Balser of Ohio said he agrees there is a serious threat in the Middle East and for that the United States needs to have a presence there.

"To me it's a necessary evil," said the Korean war veteran.

But not all vets agreed with their commander-in-chief. Lawrence Bastian, Puerto Rico, who served during the Korean and Vietnam wars, said the country should have left Iraq after its former president, Saddam Hussein, was taken out of office.

But Bastian is resigned with completing the job. "We created this mess, so we've got to stay and finish it."

Bush: War On Terror Is 'ideological Struggle Of The 21st Century' (CHIT)

By Mark Silva

Chicago Tribune, September 1, 2006

SALT LAKE CITY -- President Bush, framing the war against terrorism as "the decisive ideological struggle of the 21st Century" and the war in Iraq as its central front, launched a new, three-week initiative Thursday to reclaim straying public support for the conflict in Iraq.

As the Bush administration works to portray an American struggle with "radical" Islamic terrorists as the historic successor to 20th Century wars against fascism and communism, the president is pointing to the upcoming fifth anniversary of the Sept. 11 attacks as a reminder of when this 21st Century war came ashore in the U.S.

Yet observers say the president's new offensive appears more precisely timed for the start of a fall election campaign in which the war in Iraq has become a pivotal issue in congressional and Senate races as the Republican Party struggles to maintain control of Congress.

Renewing a declaration he made in the weeks after the Sept. 11 attacks, the president vowed here that any nation that harbors terrorists also is "an enemy of the United States." And, directly accusing Iran of sponsoring terrorism in the Middle East, Bush pledged that Iran's "defiance" of demands to curtail its nuclear program will not go unpunished.

"The war we fight today is more than a military conflict," Bush told the annual convention of the American Legion. "It is the decisive ideological struggle of the 21st Century."

Maintaining that combatants in Iraq, Lebanon and elsewhere "form the outlines of a single movement, a worldwide network of radicals that use terror to kill those who stand in the way of their totalitarian ideology," the president underscored a theme senior administration officials have been crafting recently: describing terrorists as "successors to fascists, to Nazis, to communists and other totalitarians of the 20th Century."

"We're now approaching the fifth anniversary of the day this war reached our shores," said Bush, whose public approval peaked at 90 percent after Sept. 11 but has slumped below 40 percent now. "As the horror of that morning grows more distant, there is the tendency to believe that the threat is receding and this war is coming to a close. That feeling is natural and comforting—and wrong. "

While Bush has asked that people not read political motivations into this new series of addresses that will culminate with a speech to the United Nations on Sept. 19, analysts say he is playing to a keypolitical strength in the face of terrorism with a goal of rekindling fear among American voters as midterm elections near.

'Strongest suit'

John Mueller, a professor of political science and national security at Ohio State University who has examined the impact of casualties on public support for war, suggests Bush is playing his strongest hand with this new offensive but has passed the point of regaining support for the war in Iraq.

"It's his strongest suit, and terrifying people over terror can win votes for him and his party," Mueller said. "There is an election coming. … The standard thing in an election is to focus on your strongest suit."

Mueller cited the words of 20th Century social critic H.L. Mencken: "The whole aim of practical politics is to keep the populace alarmed."

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Yet, "judging from polls," public support for the administration's argument that the war in Iraq is central to the war against terrorism "is starting to wane," Mueller said. "I don't think they have any new arguments."

Howard Dean, chairman of the Democratic National Committee and an early critic of the war with his 2004 campaign for president, said: "Today we only heard more of the same propaganda from a desperate Bush administration worried more about its party's political prospects this fall than about how to protect America and fight and win the real war on terror."

For the curtain-raiser of his September campaign for support for the war, Bush chose the American Legion at the Salt Palace Convention Center.

He directly confronted the campaign criticism from Democrats and a growing number of Republicans: That the U.S. took its eye off the enemy after Sept. 11 with its invasion of Iraq.

"Some politicians look at our efforts in Iraq and see a diversion from the war on terror," Bush said. "That would come as news to Osama bin Laden, who proclaimed that the third world war is raging in Iraq."

Scenes of violence

Acknowledging Americans' frustration with "sometimes unsettling" scenes of violence in Iraq, Bush said: "Some Americans didn't support my decision to remove Saddam Hussein. … But we should all agree that the battle for Iraq is now central to the ideological struggle of the 21st Century. We will not allow the terrorists to dictate the future of this century, so we will defeat them in Iraq."

If U.S. forces withdraw from Iraq, Bush maintained, the terrorists will "follow us" home.

And Bush, renewing a vow that he made after Sept. 11, took particular aim at Iran, which Thursday defied a UN Security Council deadline to cease enrichment of nuclear fuel, which Western leaders view as a bomb-building program.

"We have made it clear to all nations: If you harbor terrorists, you are just as guilty as the terrorists; you're an enemy of the United States and you will be held to account," Bush said.

In Latest Push, Bush Cites Risk In Quitting Iraq (NYT)

By Anne E. Kornblut And Sheryl Gay Stolberg

The New York Times, September 1, 2006

SALT LAKE CITY, Aug. 31 — President Bush said Thursday that withdrawing now from Iraq would leave Americans at risk of terrorist attacks “in the streets of our own cities,” and he cast the struggle against Islamic extremists as the costly but necessary successor to the battles of the last century against Nazism and Communism.

“The war we fight today is more than a military conflict,’’ Mr. Bush said in a speech to veterans at an American Legion convention here. “It is the decisive ideological struggle of the 21st century.’’

The speech, the first of five addresses on national security Mr. Bush plans to deliver between now and Sept. 19, was part of an orchestrated White House offensive to buttress public support for the Iraq war and portray Democrats as less capable of protecting the country, a theme that has proved effective for Republicans in the past two elections.

Even as Mr. Bush spoke, a series of explosions ripped through Baghdad, providing more images of a sort that he acknowledged have been “sometimes unsettling” to the public. [Page A6.]

The latest White House offensive — the third major public relations effort in the past year to offset a decline in public support for the Iraq war and place it in the context of a broader cause — began unfolding this week, with combative speeches to veterans groups by Vice President Dick Cheney and Secretary of Defense Donald H. Rumsfeld. Both invoked variations of the word “appease’’ to characterize critics of the president’s policies, with Mr. Rumsfeld saying they had not “learned history’s lessons.’’

That language drew an immediate backlash from Democrats on Wednesday, and Mr. Bush did not adopt it. But he did echo the allusions to the failed strategy of trying to appease Nazi Germany. He called today’s terrorists ‘’successors to Fascists, to Nazis, to Communists and other totalitarians of the 20th century,’’ and cautioned Americans against concluding that five years after the Sept. 11 attacks the threat had receded.

“That feeling,’’ he said, “is natural and comforting — and wrong.’’

It was an aggressive opening salvo to the midterm election season, timed to coincide with the days preceding the fifth anniversary of the Sept. 11 attacks. In forceful language, the president painted the war on terror as an epic struggle between good and evil.

While he predicted victory, resurrecting a word he had dropped months ago and using it 12 times in a 44-minute speech, Mr. Bush also cautioned that the road ahead would be fraught with obstacles.

But he put particular emphasis on what he said would be the consequences of a failure to ensure Iraq’s stability, saying, “If we give up the fight in the streets of Baghdad, we will face the terrorists in the streets of our own cities.”

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Telling his audience that the path to a stable and peaceful Middle East would be "uphill and uneven," he invoked Thomas Jefferson, who said nations cannot move "from despotism to liberty in a featherbed."

Wiping a tear from his eye, Mr. Bush told the story of Cpl. Adam Galvez of Salt Lake City, a marine who was killed by a roadside bomb in Iraq and was buried Wednesday.

Corporal Galvez's parents attended the speech, which coupled familiar phrases about fighting terrorists "overseas so we do not have to face them here at home" with a fresh effort to lump various strains of Islamic extremism into what the president called "a worldwide network of radicals that use terror to kill those who stand in the way of their totalitarian ideology.''

Democrats said Mr. Bush's strategy of painting them as weak on national security would not work this year and accused him of trying to divert attention from his record.

"After six years,'' said Representative Rahm Emanuel of Illinois, chairman of the Democratic Congressional Campaign Committee, "they've got only fear to sell.''

Another Democrat, Senator Barbara Boxer of California, called the Bush speech "a long repetition of old messages and rhetoric to scare the American people'' and said she would push for a Senate vote calling on the president to replace Mr. Rumsfeld.

"This latest Rumsfeld rampage cannot stand,'' Ms. Boxer said.With Congressional Republicans fighting to hold on to their majorities in the House and the Senate, the speech came at a delicate time. Many of those lawmakers view the war as a political liability and have spent the past month at home getting an earful from voters.

"Members of Congress are going to be returning next week, and they will be quite anxious because they will have been briefed by their pollsters, have spent the last three weeks with their constituents and most of them will be worried,'' said Scott Reed, a Republican strategist. "So the administration is trying to set the terms of the debate to really make this a clear choice between moving forward and the cut-and-run crowd.''

Indeed, Mr. Bush's speech made clear that he would make the issue central to his campaign on his fellow Republicans' behalf. It reflected a belief at the White House that there is no option for the administration but to convince the nation that the struggle in Iraq is necessary and worth the cost in the service of a broader goal: eradicating the threat from Islamic extremists by bringing democracy to the Middle East.

It also reflected a belief inside the White House that Republicans can once again convince voters that they can do a better job of protecting them than can Democrats.

"Between '04 and now, the Democrats have not only not provided a more united front, they are backsliding into a very irresponsible position of premature withdrawal from the fight in Iraq,'' said Dan Bartlett, counselor to Mr. Bush. "Most Americans, I think, understand the consequences of that action, and I think that will prove to be difficult for the Democrats.''

Yet even some Republicans, granted anonymity to speak freely about their criticism of the White House strategy, were skeptical, saying the public was tired not only of the war but also of politically divisive speeches on national security.

"The hard-core conservatives are already behind his Iraq policy,'' said a senior Republican Senate aide. "For him to move the numbers in a way that benefits Congressional Republicans, he needs to reach out to moderates, and it's difficult to do that when his surrogates are contradicting him and calling opponents of his policy appeasers.''

But Mr. Bartlett said the White House did not expect public opinion to change quickly.

"The goal is not to see an immediate spike in poll numbers,'' he said. "We've clearly understood that public sentiment doesn't develop overnight. It's been over a period of time, and it doesn't change overnight.''

In making the case that the war in Iraq is "the central front in our fight against terrorism,'' the president linked Iraq, the summer battles between Israel and Hezbollah in Lebanon and the growing nuclear threat in Iran under the general rubric of his freedom agenda.

At the same time, he placed various factions of terrorists — Sunnis who swear allegiance to Al Qaeda, Shiite radicals who join groups like Hezbollah and so-called homegrown terrorists — under one umbrella.

Experts said that might be overstating the facts.

" 'Network of radicals' suggests they are actually connected in some practical fashion, and that's obviously not the case,'' said Steven Simon, a State Department official in the administrations of President Bill Clinton and Mr. Bush's father.

But the comparison is central to Mr. Bush's message, said Ken Mehlman, chairman of the National Republican Committee, who has played an integral role in developing Republican strategy for the midterm elections.

"I thought linking together the different elements of this ideological movement was important to do, and was effective,'' Mr. Mehlman said.

Can Bush Dodge Bullet Truman Took On Korea? (WSJ)

By Daniel Henninger

DOJ_NMG_0056576

The Wall Street Journal, September 1, 2006

Some of us have worried for years that the Bush administration wasn't making a steady public case for the war in Iraq. And that at the least, the troops fighting the war deserved it. Now in the past week alone have come major speeches on Iraq and the war on terror by Secretaries Rice, Rumsfeld, Vice President Cheney and yesterday the president himself, telling the American Legion's convention that we are engaged in the "decisive ideological struggle of the 21st century."

With expectations strong of a Republican debacle two months from now in the midterm elections, it is being widely said that the purpose of all this speechifying is to mitigate the losses. If so, that's good news. In the midterm elections of 1950, President Harry Truman, amid both a shooting war in Korea and the dawn of the Cold War against the Soviet Union, declined to campaign for either his party or his war. Democrats got whacked, losing a net five Senate seats and 28 in the House (though not control of either chamber). We may assume Karl Rove knows this history.

The short version runs like this: Truman embarked on a limited war in Korea, his popularity plummeted, the Democrats suffered big losses in 1950, Estes Kefauver defeated Truman in the 1952 New Hampshire primary and the Republicans gained the White House for eight years.

This is a history worth knowing; the parallels between Truman then and Bush now are eerily pertinent to what may happen when voters go to the polls this November with a war on their minds.

Truman's failures and losses are largely lost to popular historical memory. Mr. Bush himself rifled the Truman library of its foreign-policy successes this past May at the West Point commencement. He described a world beset by the new communist threat -- Greece, Turkey, Czechoslovakia and China for starters -- then noted that Truman "recognized the threat and took bold action to confront it." Citing a lengthy list of Truman's foreign-policy achievements in those unsettled years (the Soviets detonated their first atomic bomb in 1949) he said, "President Truman made clear that the Cold War was an ideological struggle between tyranny and freedom."

This Bushian turn on the parallel bars struck me as legitimate, but after he gave that speech, some liberal pundits themselves went nuclear, accusing the president of misappropriating a Democratic party saint. But the similarities are intriguing.

The Korean War sat inside the broader context of the cold war, which Truman presaged in a stirring speech to Congress in 1947. Mr. Bush's wars in Afghanistan and Iraq followed on his strong post-September 11 speech to Congress, announcing a new global war on terror. Each president in turn promised that the Cold War and the war on terror would be long, hard slogs.

The most interesting Truman ghosts, however, are interred in the purely political atmosphere of Washington back then. That tale is told in a December article by Steven Casey in the Presidential Studies Quarterly titled, "White House Publicity Operations During the Korean War, June 1950-June 1951."

As now, bipartisanship was a shambles. But then it was the GOP that dripped venom on a war commitment. Sen. Kenneth Wherry of Nebraska, in the role of John Murtha, said of Truman, "The blood of our boys in Korea is on his shoulders, and no one else." The Republican National Committee built its midterm campaign around "blundering" in Korea.

Here's where it gets interesting: Amid the opposition carping and the Democratic Party facing the likelihood of big losses in the midterm elections, calls went up from within Truman's party and indeed inside the White House to launch a public defense of the war. It didn't happen. An anti-Truman slogan of the time asked, "Why Korea?" It got no answer.

Among the reasons Steven Casey adduces for Truman's seeming passivity was a belief that it "was unseemly for the head of state to be grubbing for votes while American boys were still fighting and dying in Korea."

In any event, the absence of a P.R. counteroffensive cost Truman dearly beyond the Democratic congressional losses in 1950. A year later, some 66% of Americans wanted to withdraw from Korea, and the following year Truman's approval numbers fell to some of the lowest levels ever recorded by Gallup, staying below 30% and cratering to 22% in February 1952. Gen. Eisenhower swept into office in November.

A month ago, this war president and the Republicans were heading for a similar fall. The electronic age is hell for limited wars. But George W. Bush is one of those fellows who seem to catch lucky breaks. His latest came with the Aug. 10 London foiling of an unequivocally real plot to explode numerous U.S.-bound airliners over the Atlantic Ocean.

What occurred on 9/11 was off the charts of human experience. But not the London plot. That was a pivotal event in the politics of the war on terror. It was something most people could process and internalize. Logical conclusion: Yup, they are out there and they are trying to kill all of us. (Is there any other conclusion?)

Had London not happened, leaving only Iraq and Lebanon in front of a fatigued American public, Mr. Bush's speech yesterday to the American Legion would have been a day late and a dollar short. But London did happen, and the Bush team has taken fate's gift and used it to refocus and reframe the terror debate. Politics? Golly yes, and thank heaven for that. Unlike 1950, this public won't go to the polls without its war president giving them an explanation of the point and purpose of this grave commitment.

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A final Truman point. Notwithstanding his political collapse with Korea, surveys concluded that the American people had grown in their support of the broader Cold War. We'll know soon enough the direction of George Bush's political fortunes. But his assessment of the world-wide threat as articulated five years ago remains valid, as did Truman's of the Cold War ahead. History's treatment of Mr. Bush is likely to be about the same: He didn't flinch.

Bush Escalates War-on-terror Rhetoric (CSM)

By Linda Feldmann

The Christian Science Monitor, September 1, 2006

WASHINGTON

As the nation fights wars in Iraq and Afghanistan, and seeks to keep the American homeland safe, another sort of conflict is heating up: a war of rhetoric.

Thursday, President Bush launched a series of speeches aimed at building support for efforts to combat terrorism and for the Iraq war. His address before the American Legion in Salt Lake City followed tough speeches this week by other top administration officials that characterized Iraq war opponents as "defeatists" and "appeasers," likening the threat of Islamic fundamentalist-driven terrorism to "fascism."

With the death toll mounting in Iraq, Mr. Bush has moved away from trying to portray a sense of progress there to warning of the consequences of pulling out. On the eve of the fifth anniversary of the 9/11 attacks - and a little more than two months before crucial congressional elections - Bush appears intent on framing all the wars as part of the larger war on terrorism.

"They're playing to [an issue] that's one of the few things they've got going for them," says John Mueller, an expert on war and public opinion at Ohio State University.

Bush and the Republicans made terrorism a winning electoral issue in 2002 and 2004, but it's not clear that strategy will work for them again. A majority of Americans no longer see the Iraq war as part of the larger war on terror, according to a CBS-New York Times poll released last week. Bush: 'They dream to destroy'

In his speech Thursday, the president pushed his message on terrorism hard. He laid out differences between the Sunni Muslims of Al Qaeda and the Shiite Muslims adhering to groups like Hizbullah, noting the state sponsorship of Syria and Iran. "Still others are homegrown terrorists, fanatics who live quietly in free societies. They dream to destroy," he continued.

Despite their differences, "these groups form the outlines of a single movement: the worldwide network of radicals that use terror to kill those who stand in the way of their totalitarian ideology," the president said.

On Wednesday, Bush maintained that his series of speeches, which will culminate in an address to the United Nations General Assembly on Sept. 19, are not political. But Democrats did not buy that argument, and have come out with their own rhetorical guns blazing, denying accusations that they are "appeasers" and rejecting GOP inferences that they would vote to cut off funding to the troops when Congress comes back. The Democrats' stated plan is to leave no charge unanswered, with party leaders at the ready to respond. It's hard to reverse public opinion

Furthering the GOP's challenge, it remains an open question whether many Americans who now oppose the administration's foreign policy are listening to the arguments and are willing to change their minds. History has shown that once public opinion turns sour on a war, such as Vietnam, it is impossible to win it back.

"If he really wants to improve public support for the war, speeches alone won't do it," says Christopher Gelpi, a political scientist at Duke University who is studying this issue. "He has to improve conditions on the ground in Iraq."

Given the steepness of that task, he adds, perhaps the best Bush can hope for from his speeches - and from his surrogates' suggestions that Democrats would weaken the nation's defenses - is to keep the Republican base from getting discouraged in November and failing to vote.

"A key point in getting people to vote Republican is getting them to believe that fighting this war is the right thing to do - not so much focusing on success, but focusing on what's the reason for the mission," says Mr. Gelpi. "Shifting his rhetoric to that may help to support Republican candidates. Certainly, he wants to avoid losing control of one of the houses of Congress this fall."

Probably the most politically pungent speech of the week came from Defense Secretary Donald Rumsfeld, who spoke of "moral and intellectual confusion" over the Iraq war and the larger war on terror as he criticized Bush's critics and the news media.

On Tuesday, Vice President Cheney spoke at Offutt Air Force Base in Nebraska, where Bush came on 9/11, right after the attacks. He sounded a familiar theme: "We have only two options in Iraq - victory or defeat."

Bush Ends 15-hour Utah Stay After Tough War On Terror Talk (SLT)

By Rebecca Walsh And Matthew D. LaPlante

DOJ_NMG_0056578

Salt Lake Tribune, September 1, 2006

Posted: 12:34 PM- Flanked by sepia-toned photographs of dirty-faced World War II soldiers, Gen. Dwight Eisenhower and U.S. Navy jets dropping bombs in the Pacific, President Bush tried today to connect his nation's current pursuit of terrorists to noble past struggles.

With a cheering crowd of veterans at the American Legion national convention in Salt Lake City as backdrop, the president kicked off a series of speeches about the "global war on terror" that will culminate with an address at the United Nations later this month.

"As veterans you have seen this kind of enemy before," he said.

"They are successors to fascists, to Nazis, to communists and other totalitarians of the 20th Century." He shuffled together examples of historic World War II battles and terrorist attacks , equating, for instance, street fights in Baghdad to the D-Day invasion on Omaha and the battle of Guadalcanal.

"The war we fight today is more than a military conflict. It is the decisive ideological struggle of the 21st Century," he said.

"This war will be difficult; this war will be long; and this war will end in the defeat of the terrorists and totalitarians and a victory for the cause of freedom and liberty."

"The security of the civilized world depends on victory in the war on terror," he said. "And that depends on victory in Iraq. So the United States of America will not leave until victory is achieved."

But stepping back from the harsh rhetoric of Defense Secretary Donald Rumsfeld, who spoke on Tuesday at the same venue, the president struck a more conciliatory tone when speaking of those who believe the U.S. should withdraw from Iraq.

"Many of these folks are sincere and they are patriotic," he said. "But they cannot be more wrong."

He urged Americans to be patient. Evoking a divine role in democracy, Bush said

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the cause is a holy one.

"Freedom is always worth the sacrifice. Victory still depends on the courage and the patience and the resolve of the American people," he said.

Leaving Iraq, he said, would mean handing that war-torn country "over to our worst enemies." Bush also took aim at Iran, noting today's deadline for that country to respond to a U.N. resolution calling for cooperation with the International Atomic Energy Agency. He also blamed Iran for inciting and financing violence across the Middle East, including in Iraq, Lebanon and Israel.

But Senate Democratic leader Harry Reid, in a statement issued after the Bush speech, said "extremist regimes," such as Iran, have been "strengthened and emboldened across the Middle East and the world" due to Bush administration failures.

"The American people know that five years after Sept. 11 we are not as safe as we could and should be," Reid said. "Iraq is in crisis. Our military is stretched thin."

Following his American Legion speech, Bush visited a fundraiser for Republican Sen. Orrin Hatch, where he repeated many of the same anti-terror themes.

At 12:06 p.m., Air Force One was wheels up for its return flight to Washington, D.C.

Bush Calls Terror War Battle Of The Century (LAT)

By James Gerstenzang

The Los Angeles Times, September 1, 2006

SALT LAKE CITY -- President Bush began a new effort Thursday to shore up flagging support for the war in Iraq, telling a veterans group that the fight against terrorism was no mere military conflict but "the decisive ideological struggle of the 21st century."

The president responded to those -- including some Republican allies in Congress -- who have questioned whether the sectarian violence in Iraq has grown into civil war, casting doubts on the U.S. role there. "Our commanders and our diplomats on the ground in Iraq believe that it's not the case," Bush said. "They report that only a small number of Iraqis are engaged in sectarian violence, while the overwhelming majority want peace and a normal life in a unified country."

Addressing the national convention of the American Legion, the president cast the fight as a successor to the grand campaigns of the 20th century, against fascism, Nazism and communism.

Repeating a past theme, he said that if the United States left Iraq before insurgents were defeated and the country was secure in its new democracy, the battle against terrorism would eventually be fought on U.S. streets.

The speech was the first in a series the president is planning to deliver in coming weeks, leading up to a Sept. 19 address to the annual meeting of the U.N. General Assembly in New York.

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Public opinion polls show that U.S. support for the war continues to founder, potentially undermining what was a key element of the Republican Party's strength in the 2002 and 2004 elections.

A New York Times/CBS News poll made public last week found that Americans, more than before, do not see the war in Iraq and the war against terrorism as one battle, despite Bush's efforts to link the two. It found that 51 percent of those questioned saw no link between the two -- 10 percentage points more than in June.

Democrats on Thursday answered Bush's speech by saying his policy in Iraq had failed.

"At a time that calls for serious leadership, the president is offering yet another public-relations campaign," said Sen. Edward M. Kennedy, D-Mass., in a written statement. "His dire warnings of the cost of failure in Iraq do nothing to make success more likely, and his stubborn insistence on staying with a failed policy all but ensures continued violence and chaos."

"Iraq is in crisis, our military is stretched thin, and terrorist groups and extremist regimes have been strengthened and emboldened across the Middle East and the world," said Senate Democratic Leader Harry Reid of Nevada.

In his speech, Bush linked the fighters in Iraq to the terrorists who struck on Sept. 11, 2001, those arrested in the London plot, and Hezbollah forces that attacked Israel, and said each would "impose a dark vision of tyranny and terror across the world."

They are, he said, "successors to fascists, to Nazis, to communists, and other totalitarians of the 20th century." If the United States left Iraq before its government could defend itself, he told the veterans in a 44-minute address interrupted repeatedly by applause, the consequences would be "absolutely disastrous."

"We would be handing Iraq over to our worst enemies -- Saddam's former henchmen, armed groups with ties to Iran, and al-Qaida terrorists from all over the world, who would suddenly have a base of operations far more valuable than Afghanistan under the Taliban."

The question of whether the fighting in Iraq is a civil war has grown in prominence since February, with the bombing of one of the country's major Shiite sanctuaries, the holy shrine of Samarra.

At the start of August, two top U.S. commanders -- Army Gen. John P. Abizaid, the senior U.S. commander in the Middle East, and Gen. Peter Pace, commandant of the Marine Corps -- delivered their bleakest assessment yet of sectarian violence, saying that the need to stem violence between Sunnis and Shiites would preclude a significant reduction of U.S. troops there this year.

Abizaid said that the sectarian violence was as bad as he had seen it, particularly in Baghdad, and that "if not stopped, it is possible that Iraq would move toward civil war." While some Iraqis and others consider the violence tantamount to undeclared civil war, U.S. officials have avoided characterizing it as such.

Bush: 'We Have Resolve' (WT)

By Stephen Dinan

The Washington Times, September 1, 2006

SALT LAKE CITY -- President Bush yesterday called the war on terror a defining "struggle" against radical Islam that can be lost only if the American people lose their will to fight in Iraq.

"We can decide to stop fighting the terrorists in Iraq and other parts of the world, but they will not decide to stop fighting us," said Mr. Bush, who received applause throughout his speech from a supportive crowd at the American Legion convention.

The president said his critics who call for withdrawal don't understand terrorists are now a global force that is the successor to Nazis, communists and fascists of the 20th century. He said the new global ideology unites radical Sunni Muslims, Shi'ite Muslims and "homegrown" fanatics opposed to free societies.

"These groups form the outlines of a single movement -- a worldwide network of radicals that use terror to kill those who stand in the way of their totalitarian ideology," said Mr. Bush in the first of a series of speeches designed to renew support for the war on terror.

The president said he will remain committed to Iraq as long as he sees Iraqis "make the hard decisions" to push for peace and preserve their new democracy. He said he tells Iraqi leaders that "America is a patient nation."

Democrats said the calls for patience are falling on deaf ears here at home.

"The American people have been patient. We have resolve, and we are patriotic Americans who because of our patriotism call on this president to change course in Iraq, face the facts on the ground, and focus on the real war on terror," said Democratic Party Chairman Howard Dean.

He said Mr. Bush offered nothing new, and said Republicans in Congress should be punished for supporting him.

"You can't trust Republicans to defend America," he said.

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Rep. John P. Murtha, Pennsylvania Democrat, said Mr. Bush's speech was "high on ideological rhetoric and low on substance," and House Minority Leader Nancy Pelosi, California Democrat, said Mr. Bush continues to deny his "historic blunder" in Iraq.

"We must win the war on terror, but the war in Iraq is the wrong war," she said. "Today, just as it has since the war began, Iraq is weakening our ability to fight the war on terrorism."

Mr. Bush, though, said his opponents ignore the statements of top al Qaeda leaders who say Iraq is now their central fight and said everyone should at least agree "that the battle for Iraq is now central to the ideological struggle of the 21st century."

"It's hard to believe that these terrorists would make long journeys across dangerous borders, endure heavy fighting, or blow themselves up in the streets of Baghdad for a so-called 'diversion,'" he said.

A new AP-Ipsos poll released yesterday found that 59 percent of the nation approved of President Bush's response to the 9/11 terrorist attacks, significantly more than the 37 percent that now support the war in Iraq. It also says 35 percent fear being victims of terrorism, a number that shoots to nearly 60 percent in New York and Washington.

The legionnaires applauded often, though at times perfunctorily. And despite the focus of the speech, the biggest applause line came on a domestic topic, when Mr. Bush said he will continue to fight for an amendment to ban flag desecration.

Still, members were overwhelmingly supportive of Mr. Bush and praised his insistence on staying in Iraq until he decided the country can defend itself.

"We stand behind our president," said Bob Royland, a legionnaire from Delaware.

Last year, the American Legion passed a resolution endorsing both Mr. Bush and the war on terror. Answering those who have said they support the troops but not the war, the group's national commander, Thomas Bock, said yesterday Americans must not distinguish between "support of the war and warrior alike, for they are inseparable."

The crowd also gave a standing ovation to the family of Salt Lake City native Marine Cpl. Adam Galvez, who was killed by a roadside bomb 12 days ago and was buried here Wednesday.

The president arrived in Salt Lake City on Wednesday night to a rock-star welcome, landing to find 2,000 residents waiting at the airport in a bipartisan welcome designed to counter anti-war protester Cindy Sheehan, who had planned to attend an anti-Bush rally here championed by Mayor Rocky Anderson. In the end, Mrs. Sheehan was unable to attend.

Mr. Bush on Wednesday said he didn't want his speeches to be political, but as the major issue for Democrats heading into the November congressional elections, the debate is entwined with politics. Mr. Bush's own Republican National Committee has issued two press memos since then using the label "Defeatocrats" to describe opponents.

In addition to pushing for passage of the flag anti-desecration amendment, which fell one vote shy of passage in the Senate this year, Mr. Bush touted his administration's veterans funding, which he said grew more in his first four years than it did under eight years of the Clinton administration.

He also said the Veterans Administration is adapting to veterans' needs by building new facilities in places where veterans are retiring.

Battle Weary Republican Advantage On Issue Of National Security Erodes (WSJ)

By Jackie Calmes

The Wall Street Journal, September 1, 2006

In both national elections since the Sept. 11, 2001, terrorist attacks, President Bush and congressional Republicans successfully played the national-security card to win big victories against the odds. Now, with their party's control of Congress at stake, Republicans are betting on the issue again. But it may not be the trump card it used to be.

The public's patience has frayed as the Iraq war grows bloodier in its fourth year, eroding confidence in Mr. Bush's stewardship of national security. Mismanagement of the response to Hurricane Katrina contributed. Democrats, having ceded the security issue to Republicans in the past, now are on the offensive. They're attacking the administration's competence at home and abroad and fielding candidates with military experience.

Democrats are also pressing an argument opposite to the president's: that Iraq isn't central to the broader war on terror but distracts from it, and breeds more terrorists. How voters ultimately decide on that issue is "one of the most important dynamics of this election," says Republican pollster David Winston.

A Wall Street Journal/NBC News poll in June, buttressed by other polls since, suggested Democrats have gained significant ground. It gave them a three-point advantage on the question of which party can best deal with Iraq, erasing Republicans' 30-point edge of October 2002. Democrats had a nine-point edge on handling foreign policy, a swing from Republicans' 18-point advantage in June 2002. Republicans did retain a 24-point advantage on "ensuring a strong national defense" -- though that was down from a high of 41 points just before 9/11.

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The intensifying debate was on full display in Salt Lake City yesterday, where Mr. Bush set the theme for what will be a sustained pre-election push to make the Republicans' case on national security. He told the American Legion's national convention that leaving Iraq now would be "absolutely disastrous," providing a base of operations for global terrorists who are "successors to fascists, to Nazis, to communists and other totalitarians" the veterans helped battle. Back in Washington, the Republican National Committee struck a new political note, with a widely distributed email against Democrats titled "The Defeatocrat Playbook."

A laboratory for how that fight plays out is suburban Philadelphia. Ten-term Republican Rep. Curt Weldon, a senior member of the House Armed Services Committee, is running his toughest re-election campaign yet, with full-throated support for the Iraq war. "We either fight them there," Mr. Weldon recently said of terrorists, "or we fight them in the supermarkets and streets here." He still insists there are weapons of mass destruction in Iraq.

Stuart Rothenberg, a veteran nonpartisan handicapper of congressional races, recently rated Mr. Weldon's a tossup. The Democratic challenger is Joe Sestak, a former vice admiral who served in Afghanistan. Two weeks ago, Democratic leaders tapped him to deliver the party's weekly response to Mr. Bush's Saturday radio address. Mr. Sestak charged that the administration, by its attention to Iraq, had ignored Iran "as it developed a nuclear capability," as well as North Korea, "now launching missiles." Recalling his own stint in Afghanistan, he said that country now "is in danger of once again falling prey to terrorists." And the alleged terrorist plot in London, Mr. Sestak added, "forces us to ask: Are we doing everything possible to make America safe?"

Against this backdrop, Labor Day kicks off the candidates' traditional sprint to Election Day, Nov. 7, with Republicans increasingly fretful at the prospect of losing their House, and possibly Senate, majorities. Polls since last year have shown the public's approval ratings for Mr. Bush and the Republican-led Congress at historic lows. Voters by low double-digit margins continue to say they'd prefer Democrats to run Congress.

Even most Republicans see little ahead that could change the picture for the better. As usual, they have more money to make their case, but Democrats have narrowed the gap. Republicans are spending millions to defend seats they thought would be safe, leaving them strapped for helping their challengers running against Democratic incumbents.

By all accounts, Republicans will suffer net losses. Both Mr. Rothenberg and Charlie Cook, another respected political analyst, now predict that Democrats will gain at least the 15 seats they need to control the House, based on current trends. That likely would mean defeats for some of the few remaining Republican moderates from New England across the Middle West. They are vulnerable this year, by association with an unpopular president and congressional leadership, among less-conservative voters who feel neither safer nor economically secure. Most analysts expect Democrats to fall short of the six-seat gain they need for a Senate majority, given that Republicans have fewer seats than Democrats to defend this year.

Many factors have combined to turn the tables against the party in power: worsening chaos and casualties in Iraq, economic insecurity and high gasoline prices, congressional corruption, conservatives mutinous about Republicans' spending record, and an anti-incumbent mood this year that gives the majority more to lose.

Republicans are left with one remaining strong suit -- voters' sense, going back a half-century to the Cold War against communism, that they are better able than Democrats to keep the nation secure.

"It's still an enormously potent issue" for Republicans, says party strategist and former Rep. Vin Weber. His party's historical advantage on national security is the wild card, he argues, that makes these midterm elections less predictable than in years past -- such as 1994, when Republicans broke Democrats' 40-year domination of Congress amid voters' disgust with Democrats' unkept promises on domestic issues, or 1974, when Democrats swept scores of Republicans from office in the wake of the Watergate scandal.

But he adds that Republicans "have to portray the Democratic Party in fairly stark terms as not being fit … to do what's necessary to protect America," because of its traditional ambivalence about use of force, civil-libertarian views against aggressive surveillance, and deference to international opinion.

How stark? "If you vote for my opponent, America will suffer," Republican challenger Max Burns said Monday of incumbent Democratic Rep. John Barrow at their debate in Georgia. The following day, Defense Secretary Donald Rumsfeld led off the administration's pitch to the American Legion convention with a speech that linked critics of the Iraq war to Europeans who gave ground to Nazi Germany in the 1930s, saying "many have still not learned history's lessons" and "believe that somehow vicious extremists can be appeased."

With Republicans' hand on the security issue weakened by Iraq, Katrina and a furor over illegal immigration, party leaders have begun emphasizing security angles where their positions remain popular -- and where they believe Democrats are vulnerable. Those include Republicans' support for the post-9/11 Patriot Act increasing federal surveillance and prosecutory powers; the administration's detainment of suspected terrorists; and its program of warrantless electronic eavesdropping.

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The tactic was evident Wednesday when Senate Majority Leader Bill Frist defended Mr. Rumsfeld against Democrats' counterattacks. Mr. Frist, a Tennessee Republican, said in a statement that if Democrats support a war on terror, why do they "object to a terrorist surveillance program and other policies that are necessary to bring our adversaries to justice and to make sure that we take the fight to our enemies rather than waiting for them to attack innocent civilians?"

Republican leaders will be looking for legislative opportunities to score political points against Democrats before Congress adjourns, perhaps in late September, and both sides hit the campaign trail full time. They'll seek votes on Mr. Bush's wiretap program and treatment of alleged terrorists at Guantanamo Bay, Cuba, among others, as the Senate turns to the annual defense-spending bill.

Democrats, cautiously confident, nonetheless harbor fears of an unexpected event that up-ends the campaign landscape -- a terrorist attack, for example -- and revives the president's standing with voters. Britain's foiling of the alleged terror plot last month gave him a slight bump up. Or it could be something like the threatening videotape Osama bin Laden released just days before the 2004 presidential election, boosting Mr. Bush's narrow lead over Democratic rival John Kerry by four points in one pre-election poll.

Back then, the president came from behind to win re-election. He and his supporters promoted his post-9/11 leadership image to offset growing unease about the Iraq war, while portraying Mr. Kerry as indecisive and questioning his decorated Vietnam combat record -- with help from the anti-Kerry "Swift Boat Veterans for Truth."

In the 2002 midterm congressional campaigns, after Sept. 11 and before the Iraq invasion, Mr. Bush used Senate Democrats' opposition to legislation creating the Homeland Security Department to question his foes' credentials on national security. They actually were first to call for a department, but opposed Mr. Bush's proposals limiting civil-service protections for federal employees who would staff it. Several Democratic senators were defeated, including Vietnam veteran and triple amputee Max Cleland of Georgia. Republicans defied the traditional pattern of midterm losses for the president's party, restoring their Senate majority to an enlarged 55-45 margin.

This year looks to be different. Recent polls and maneuverings in close congressional contests suggest some reasons the security issue may not help Republicans as much this year.

Most simply put, time has worn the public's patience on Iraq -- and with it the Republicans' edge on security issues. With Democrats noting that the war soon will exceed the length of U.S. involvement in World War II, and with Iraq on the verge of sectarian civil war, the unpopularity of the war has become the year's central issue. Not since March 2004 has a Journal/NBC poll shown that a majority believed the Iraq invasion was worth the cost and casualties. Now polls consistently show a majority thinking the war was a mistake. Majorities favor troop reductions, though not immediate withdrawal. Two-thirds of Americans disapprove of Mr. Bush's handling of foreign policy, and of Iraq specifically.

Rep. Ike Skelton, a conservative Missouri Democrat who likely would become chairman of the House Armed Services Committee if Democrats became a majority, doesn't have a tough re-election race. Yet he spent much of August campaigning at small-town coffees, Rotary clubs, youth groups and the Missouri State Fair to argue that the nation's military readiness in troops and materiel is dangerously strained, while foreign threats are multiplying.

In his Republican-leaning district, "I'm hearing great concern from everybody" about Iraq, Mr. Skelton says. "They're saying, 'How do we get out of it?'" He favors beginning redeployments this year, at the military's discretion, saying: "The Iraqis are going to have to sort this out for themselves."

In another break with recent campaign years, some conservatives have joined the chorus of war critics, providing cover for Democrats against the administration's stepped-up assaults. Mr. Skelton's comments would qualify him as a "cut-and-run Democrat" in the rhetoric that Republicans, led by the White House, took to using months ago. But lately, the phrase could apply as well to conservative pundits and Republican lawmakers seeking distance from the White House.

Moderate Republican Rep. Chris Shays of Connecticut, hammered for months by Democrat Diane Farrell for backing the war, last week returned from his 14th trip to Iraq and called for a timetable for U.S. withdrawal. "The Iraqis lack the political will to be on a time frame to get this done," he said. Minnesota's Republican Rep. Gil Gutknecht did likewise, calling the president's course in Iraq "politically unsustainable." His Democratic foe, former Army National Guard commander Tim Walz, has made Mr. Gutknecht's formerly unquestioning support for the war a major part of his challenge.

Sen. John McCain is perhaps the president's strongest Senate supporter on the war, and the Republicans' early presidential front-runner. Last week, he cited past rosy comments of the president and Vice President Cheney for misleading Americans into thinking the Iraq war would be "some kind of day at the beach." Columnist George Will recently wondered in print whether "the spectacle of America" confronting the limits of its power "has emboldened many enemies." Conservative icon William F. Buckley Jr. has declared a U.S. failure in Iraq. The Sept. 11 issue of the magazine he founded, National Review, is devoted to conservatives' musings on the headline question "Last Chance for Iraq?"

Another factor this year: The public is skeptical of Mr. Bush's linkage of Iraq and the war on terror.

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Linkage has political benefits for the president. Polls show Americans still rate his handling of the broader war on terror higher than his handling of anything else -- Iraq, the economy, foreign policy and his job in general. Even so, Republicans' edge on the question of dealing with terrorism has been slipping for four years, according to Journal/NBC polls -- from a 36-point advantage over Democrats in October 2002, to 18 points in December 2004, to six points in June.

Back in April 2003, in a New York Times/CBS News poll after the overthrow of Iraqi leader Saddam Hussein, Americans agreed by two-to-one that the Iraq war was part of the overall war on terror. This week, a New York Times/CBS poll had Americans by 51% to 44% rejecting that idea. Nearly half said the focus on Iraq in fact is distracting attention from problems elsewhere -- a central contention of Democrats this year.

By Election Day, perhaps most decisive will be whether Democrats indeed take the offensive on the issue of defense.

In both 2002 and 2004, Democrats, in league with top party consultants, made a strategic decision -- "a terrible mistake" -- not to engage Mr. Bush on national security, says former Clinton White House Chief of Staff John Podesta. "You just cannot concede the question; he is vulnerable on it," Mr. Podesta says. "Our D.C. leaders get it now, and the candidates in the states aren't shrinking from it."

In New Mexico, for example, Democratic Attorney General Patsy Madrid has aired TV ads in her campaign to unseat Rep. Heather Wilson, lambasting the Republican for claiming to be independent but failing to question Mr. Bush on the war and its costs even though she sits on the House Intelligence Committee.

On Capitol Hill, House and Senate Democrats have their own plans to try to score points on national security, starting next week and running through the fifth anniversary commemorations of 9/11. They will step up the past months' calls for Mr. Rumsfeld's ouster, while highlighting Republicans' failure to implement many of the recommendations of the bipartisan 9/11 Commission.

As House Democratic Leader Nancy Pelosi of California likes to say, referring to Republicans' successful campaign against Mr. Kerry, "We're not going to let them Swift Boat us again." Evidence of that was Wednesday's orchestrated condemnation of Mr. Rumsfeld by an array of Democratic leaders, with statements, media conference calls and TV bookings.

So was the recent reaction in Ohio when embattled Republican Sen. Michael DeWine aired a TV ad assailing his Democratic challenger, Rep. Sherrod Brown, for voting against intelligence programs and antiterrorism laws. The ad opened with an image of the World Trade Center, one tower smoking from the terrorists' strike, and ended with the kicker "Sherrod Brown -- Weakening America's Security/Out of Touch with Ohio Values." Over the weekend, the Ohio Democratic Party in Columbus and the Democratic Senatorial Campaign Committee in Washington quickly coordinated to buy air-time and produce a counterattack ad: "It's sad," the ad opened. "Mike DeWine exploiting images of 9/11 to smear Sherrod Brown." The ad defended Mr. Brown's record while jabbing Mr. DeWine for failing to oversee the administration from the Senate intelligence committee.

"At some point Republicans always use images of 9/11, so you know it's coming and you have to be ready with a response," says Ohio Democratic Party Chairman Chris Redfern, who condemns Democrats' past failures to respond. "We knew Sherrod Brown's votes on certain intelligence votes would be questioned, so we were geared up."

Meanwhile, a Democratic staffer noticed that in the DeWine ad, the South Tower was shown burning and the North Tower unscathed, when it was the North that was first hit. Word was leaked to the media, and Mr. DeWine's media team acknowledged altering the image, embarrassing the candidate. "That was a gift," says Mr. Redfern.

When Congress Reconvenes, GOP Will Be Pushing Security (MCT)

By Matt Stearns

McClatchy Newspapers, September 1, 2006

WASHINGTON - "Security September" comes to Congress this month, courtesy of congressional Republicans groping for a winning issue. Increasingly confident Democrats say: Bring it on.

Members of Congress return to Washington next week after their August recess for four weeks of legislating before adjournment. They will then scurry home for a frantic month of campaigning leading up to the Nov. 7 midterm elections.

Facing daunting poll numbers in their quest to keep their congressional majority, Republicans hope that touting national security - their party's trump card in two elections since the Sept. 11, 2001, terrorist attacks - will once again rally voters to their side.

"Polling obviously still shows that it's their strongest card in a year where they don't have much of a hand," said Jennifer Duffy, an analyst at the nonpartisan Cook Political Report.

At the same time, congressional Republicans must try to stress national security issues outside the context of the increasingly unpopular war in Iraq, Duffy said.

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"They can point to things like London and talk about the bigger threat, and Democrats not being prepared to deal with the bigger threat," Duffy said, referring to the alleged plot to blow up several airliners over the Atlantic that was recently foiled by British authorities.

So when the Senate convenes, its first order of business will be the $453 billion defense appropriations bill. The chamber also is expected to pass the final version of the $32 billion homeland security spending bill. Plus, it's set to consider bills that would increase port security, ensure that military commissions for enemy combatants abide by a recent Supreme Court ruling and authorize the Bush administration's domestic terrorist surveillance program, which a federal judge recently struck down. The Senate also is expected to vote to make permanent John Bolton's appointment as United Nations ambassador.

Similarly, the House of Representatives is expected to take up the defense, homeland security and military quality-of-life spending bills as well as a defense authorization bill. It also will take up legislation on the surveillance program and enemy combatants.

Both houses will commemorate the fifth anniversary of Sept. 11, which could remind voters of the dangers lurking in the world.

What some have dubbed "Security September" will provide Republicans with opportunities for an endless flurry of press releases, news conferences and floor speeches to try to make their case that their approach is the best way to ensure Americans remain safe - and to push the argument that Democrats can't be trusted.

"The fact is Democrats are trying to undermine the things that keep us safe," said Jason Klindt, campaign spokesman for Sen. Conrad Burns, a Montana Republican in a hotly contested re-election fight.

The Bush administration is helping set the stage, with President Bush and other officials giving a series of national security speeches in which they seek to portray critics as naive appeasers of a murderous enemy.

"I need people in the United States Senate ... who understand our most important task is the security of the United States of America," Bush said last week at a fundraiser for Tennessee Republican Senate candidate Bob Corker. "I need people in Washington, D.C., who are willing to give those who are responsible for protecting America all the tools they need - tools such as the Patriot Act, tools such as programs that say if al-Qaida is calling into the United States, we want to know why, in order to protect the United States of America."

Whether the theme will have the desired political impact is another matter.

"It depends on events," said Norm Ornstein, a political analyst at the American Enterprise Institute. "I don't think it works if, in late October, we're in a situation like we're in now: The jolt of the London bombing threat has passed, and the stories every day are back to the wheels coming off in Iraq more than anything else."

Democrats say they're sure that what worked in 2002 and 2004 won't work again.

"They want to try to bring back the 2004 playbook," Sen. Chuck Schumer, a New York Democrat who chairs the party's senatorial campaign committee, said last week. "Here's the problem with that: In 2004, Americans were basically content with both foreign policy in terms of the war on terror and homeland security in the war on terror. Clearly, by every poll that I've seen ... the American people are no longer content with what we're doing."

Schumer said Democrats will argue in September "that in terms of homeland security, we are not doing close to what we should be doing."

Rep. Steny Hoyer of Maryland, the House Democratic whip, said Democrats also will stress "what has not been done," including energy independence, a minimum wage hike, tax reform, stem cell research and ethics reform.

The Bloody Shirt: Administration Launches A Campaign Of Fear (SALT)

Salt Lake Tribune, September 1, 2006

Thus begins the campaign of the bloody shirt.

In their remarks to the American Legion convention this week in Salt Lake City, President Bush and his Cabinet members have made it clear that their efforts to boost the administration's poll numbers and, more important, to maintain Republican control of Congress this November will be based on a campaign of fear.

Fear of misremembered history, a misunderstood enemy and, most of all, of any suggestion that most of the American people should have to sacrifice anything at all - other than their Constitution and Bill of Rights - in this struggle.

The danger of terrorism is real. The causes are varied and complex, more so than the administration's statements would suggest. Facing the threat will require the unity of the American people and the support of the world, things that are difficult to arrange when officials confuse dissent with disloyalty, brush aside standards of international law and launch disastrous invasions of countries that had nothing to do with the attacks we have suffered.

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The president, echoing the Tuesday remarks of Secretary of Defense Donald Rumsfeld and Secretary of State Condoleezza Rice, said Thursday that the war on terror generally, and the war in Iraq specifically, are the heirs of the 20th century's battles against Nazi and communist totalitarianism.

Good fodder for a convention of veterans. But despite the rhetorical appeal of comparing today's enemies to Hitler and Stalin, which allows the administration to falsely compare its critics to yesterday's appeasers and fellow travelers, the analogy does not hold.

A more apt comparison to the situation in Iraq, despite many differences, would be the quagmire of Vietnam. That war was chosen and waged in the belief that it would halt the spread of a unified, global communist conspiracy.

That was a serious misunderstanding of the situation in Vietnam, where the enemy was much more of a home-grown nationalist movement than a tentacle of Moscow or Beijing. Not that the Soviets and the Chinese weren't happy to see America's blood, treasure and global standing spent there.

Today's violence in Iraq is similar, and similarly misunderstood. It is overwhelmingly a nationalist, religious and tribal bloodletting , one which nonetheless pleases the leaders of al-Qaida and Iran no end as it again bleeds America of its might and undercuts its ability to claim the right.

The bright spot of the president's speech was his display of an understanding that today's terrorist threats are the collateral damage wrought by our strategy in the Cold War. In that global struggle, we backed any number of thuggish, repressive regimes in the Third World as long as they took our side against the thuggish, repressive regimes supported by the Soviets.

Those regimes only served as incubators for today's terrorist movements, Bush rightly noted, and he went on to say:

"So America has committed its influence in the world to advancing freedom and democracy as the great alternatives to repression and radicalism. We will take the side of democratic leaders and reformers across the Middle East."

Wise words. But, as is the case with so much of what the administration says, our actions do not match.

The United States continues to support repressive governments in Egypt, Kuwait and Saudi Arabia, the last of those being the origin of Osama and most of his hijackers.

The Iraqi elections, as amazing as they were in attracting a large turnout, so far have mostly empowered rival religious and ethnic parties with little motive or ability to build a united country.

The celebrated victory in Afghanistan is far from secure, our forces having been prematurely pulled away to fight the war of choice in Iraq, leaving the weak Afghan government harassed by Taliban and al-Qaida die-hards.

Worst of all is the stark disparity between the dark picture the president paints and our puny efforts to face it.

If the threat of global Islamic extremism is as bad as the president says it is - and it's plenty bad - then it makes no sense to starve our ability to fight with giant tax cuts. It is horribly unwise to oppose any steps to reduce our dependence on the petroleum that funds terrorist movements. It seems incoherent to refuse to consider the return of a military draft when the president celebrates a nation with willing patriots "in abundance."

And it is certainly time to clean house at the top levels of the Pentagon.

Most of all, it is wrong for the president to stand before the American Legion and defend sending the brave men and women of the armed forces into battle undermanned, under-equipped and poorly protected, extending tours of duty and imposing faith-breaking stop-loss practices, while the rest of us are encouraged to live as if nothing was amiss.

Nothing, that is, but a government that seeks to hold power, not by uniting us, but by making us afraid.

Bush Speech Does The Job (DESMN)

Deseret (UT) Morning News, September 1, 2006

If the key to a successful speech is knowing your audience, President Bush may have been the most successful speaker in America Thursday morning. His remarks to the American Legion in Salt Lake City — remarks filled with rhetorical flourishes about past glories and future conquests — were also laced with clarion calls for freedom at home and abroad. And it hit the veterans like a half-time pep-talk at Notre Dame.

Its message was clear: Those who think the Bush presidency is on the ropes should think again. The president can still deliver a flurry of counter-punches.

The president has said in the past the enemy was "terror" — an abstract foe that is actually a tactic, not a philosophy. But before the Legion, the president painted a picture of the enemy America has in its sights: Islamic radicals who lust for totalitarian control. Yet more than putting a face on the enemy, the president also put a face on the nation's fighting men and women, expressing his admiration and gratitude to the parents of Adam Galvez, a Utah soldier recently killed in action. The parents received an extended and vigorous ovation.

In short, the president was telling the Legion and the nation, "Now, it's personal."

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In the past, the president has prided himself on not "doing nuance." And he didn't disappoint in his speech. He painted a backdrop for the war in bright colors. He drew a line in the sand, and he told Americans to choose a side. And though one suspects even those present realized the situation was more complicated and confusing than such a black-and-white choice, hearing the commander in chief come down firmly on the side of the military and the war effort fell like music on the ears of most Legionnaires.

The president came to Utah to toss a little red meat to the American Legion and put the country on notice. He is not going to wither under the hot glare of criticism. In fact, he seems prepared to re-double his efforts. In that regard, this speech was "mission accomplished."

New Enemies Demand New Thinking (LAT)

By Donald H. Rumsfeld, Donald H. Rumsfeld Is The U.s. Secretary Of Defense.

The Los Angeles Times, September 1, 2006

The secretary of Defense clarifies and expands on what he said in his recent speeches about appeasing extremists.

IN THE LAST FEW DAYS I have had the opportunity to speak at the annual conventions of the Veterans of Foreign Wars and the American Legion. It is always a humbling experience to be in the presence of those who have served and fought for our country during some of our darkest, most trying times — when it was unclear whether our way of life would prevail.

We are again engaged in conflicts that are testing whether we believe that the defense of liberty is worth the cost. And again, there are those who disagree with the mission, who question whether it is worth the sacrifice. This is to be expected in a time of war.

Today, some think that World War II and the Cold War were black-and- white affairs: good versus evil. But there were always those who thought that we should retreat within our borders.

In an effort to avoid repeating the carnage of World War I, much of the Western world tried to appease the growing threats in Europe and Asia in the years before World War II. Those who warned against the rise of Nazism, fascism and communism were often ridiculed and ignored.

The enemy we face today is different from the enemies we have faced in the past, but its goal is similar: to impose its fanatical ideology of hatred on the rest of the world.

In speaking to our veterans, I suggested several questions to guide us during this struggle against violent extremists:

· With the growing lethality and availability of weapons, can we truly afford to believe that vicious extremists can somehow be appeased?

· Can we really continue to think that free countries can negotiate a separate peace with terrorists?

· Can we truly afford to pretend that the threats today are simply "law enforcement" problems rather than fundamentally different threats requiring fundamentally different approaches?

· Can we truly afford to return to the destructive view that America — not the enemy — is the real source of the world's troubles?

These are the central questions of our time, and, as in all periods of conflict, we have no choice but to face them honestly.

The last question is particularly important, because this is the first war of the 21st century — a war that, to a great extent, will be fought in the media on a global stage. We cannot allow the terrorists' lies and myths to be repeated without question or challenge.

We also should be aware that the struggle is too important — the consequences too severe — to allow a "blame America first" mentality to overwhelm the truth that our nation, though imperfect, is a force for good in the world.

Consider that a database search of the nation's leading newspapers turns up 10 times as many mentions of one of the soldiers punished for misconduct at Abu Ghraib than of Sgt. 1st Class Paul Ray Smith, the first recipient of the Medal of Honor in the global war on terror.

Then there is the case of Amnesty International, a long-respected human-rights organization, which called the detention facility at Guantanamo Bay the "gulag of our times" — a reference to the vast system of Soviet prisons and labor camps where innocent citizens were starved, tortured and murdered. The facility at Guantanamo Bay, by contrast, includes a volleyball court, basketball court, soccer field and library (the book most requested is "Harry Potter"). The food, served in accordance with Islamic diets, costs more per detainee than the average U.S. military ration.

With examples like these prevalent in the world media, I do worry about the lack of perspective in our national dialogue — a perspective on history and the new challenges and threats that free people face today. Those who know the truth need to speak out against the myths and distortions being told about our troops and our country. My remarks at the Veterans of Foreign Wars and American Legion conventions have generated much discussion. I encourage everyone to read what I actually said at defenselink.mil/speeches.

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Democrats Target Rumsfeld (WP)

By Jonathan Weisman

The Washington Post, September 1, 2006

Under assault from Republicans on issues of national security, congressional Democrats are planning to push for a vote of no confidence in Defense Secretary Donald H. Rumsfeld this month as part of a broad effort to stay on the offensive ahead of the November midterm elections.

In Rumsfeld, Democrats believe they have found both a useful antagonist and a stand-in for President Bush and what they see as his blunders in Iraq. This week, Democrats interpreted a speech of his as equating critics of the war in Iraq to appeasers of Adolf Hitler, an interpretation that Pentagon spokesman Eric Ruff disputed. But Democrats said the hyperbolic attack would backfire.

But even before that, Democrats and some Republicans had maintained that Bush has never held anyone in his administration accountable for decisions in the Iraq war that many military analysts say went disastrously wrong. The decisions include not mobilizing enough troops to keep the peace, disbanding the entire Iraqi army and purging all members of Saddam Hussein's Baath Party -- including teachers and low-level technocrats -- from the Iraqi government.

"Secretary Rumsfeld's stewardship of this effort is a failure, and he has let down our armed forces," said Rep. Rahm Emanuel (Ill.), chairman of the Democratic Congressional Campaign Committee, who is pushing for the no-confidence move.

By demanding accountability, Democrats hope to blunt what has been an all-out assault on their positions on national security. The Republican National Committee yesterday blasted Democrats again as "Defeatocrats," and the attacks will continue when Congress returns next week from its month-long recess. Republican leaders plan to consider a full slate of security-related legislation before leaving on Sept. 29 for the campaigns.

The legislative calendars in the House and Senate include defense spending bills, the annual defense policy bill, legislation to authorize the National Security Agency's warrantless wiretapping program and a measure to bring Bush's military tribunals into compliance with a Supreme Court ruling that declared the initial tribunals unconstitutional.

"Now is not the time for a weak and indecisive approach that has been offered by Capitol Hill Democrats, and that's why Republicans are working to keep America safe through policies based on strength and purpose, rather than confusion and defeat," House Majority Leader John A. Boehner (R-Ohio) said yesterday, as he laid out the final legislative push before the campaigns.

Rather than change the subject to domestic issues, as they have tried in past years, Democrats are hoping to confront Republicans head-on.

"We will not be Swift-boated on this issue," House Minority Leader Nancy Pelosi (D-Calif.) said in an interview, alluding to the assault by the group Swift Boat Veterans for Truth on the Vietnam war record of Democratic candidate John F. Kerry in the 2004 presidential campaign. "We will fight them on national security."

Front and center of that campaign may be the attack on Rumsfeld. Some Democratic House candidates, such as Diane Farrell in Connecticut's 4th District, have been encouraging Democratic leaders to move formally for a vote of no confidence. And party leadership aides said they are canvassing Democratic members of Congress and exploring the parliamentary mechanism to do so. Before the move is set, the aides said, they want to hear from Democrats in tough races who may feel that the move would leave them vulnerable to Republican attacks.

But Emanuel said the move is set. And he hopes to stage the resolution with as many as 12 retired generals and other military officers who have called for Rumsfeld's resignation.

"We're going to go for a no-confidence vote on Rumsfeld," Emanuel said.

Senate Democrats are considering a similar move. Next week, Sen. Barbara Boxer (Calif.) will offer a sense-of-the-Senate resolution demanding Rumsfeld's resignation.

Bush has stood strongly behind his defense secretary, and Republicans appear to relish the debate. Just 68 days before the election, many of their incumbent candidates continue to trail Democratic challengers, but GOP leadership aides say they feel more confident they can close the gap by Nov. 7 as long as terrorism and defense stay front and center.

To mark the fifth anniversary of the Sept. 11, 2001, attacks, House leaders plan a resolution both commemorating the event and putting Democrats on the spot, possibly by praising legislative efforts in the aftermath of the attacks, such as the USA Patriot Act.

A bill to clarify the legality of the NSA's wiretapping without court warrants will also force Democrats to choose between a liberal base that believes the program is an unconstitutional breach of civil rights and a majority of Americans who back the effort.

As for the resolution on Rumsfeld, Republicans will charge that Democrats are playing politics while they are trying to legislate.

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Rep. Thaddeus McCotter (R-Mich.) said such a resolution will signal to swing voters and conservative Democrats that the party has become captive to a liberal wing they would not want to entrust with control of Congress.

But Democrats -- and some Republicans -- say a debate on Rumsfeld's tenure at the Pentagon will present a quandary to embattled GOP incumbents in districts that have turned solidly against the war.

"We are approaching 2,700 dead Americans, 20,000 wounded, many of them missing eyes, missing limbs, facing paralysis," said Senate Minority Leader Harry M. Reid (Nev.). "They want to debate that; we're happy to debate that."

Barrage Of Attacks Kill 47 In Baghdad (AP-Y)

By Elena Becatoros

AP, September 1, 2006

A barrage of coordinated bomb and rocket attacks on eastern Baghdad neighborhoods killed at least 47 people and wounded more than 200 within half an hour on Thursday, police and hospital officials said.

The latest spasm of violence — which included explosives planted in apartments, car bombs and several rocket and mortar attacks on mainly Shiite neighborhoods in the capital — came even as Prime Minister Nouri al-Maliki said Iraqi forces should have control over most of the country by year's end.

The Baghdad bombings — csentered on neighborhoods controlled by Shiite militias, some of which Sunni Arabs accuse of running death squads — brought the day's death toll across the country to at least 68.

Attackers rented apartments and shops in buildings a few days ago and planted explosives in them, detonating them by remote control almost simultaneously Thursday evening, said Maj. Gen. Jihad Liaabi, director of the Interior Ministry's counterterrorism unit.

One of the targeted buildings was a medical center housing doctors' offices in al-Hamza Square on the outskirts of the Sadr City slum in east Baghdad, he told state television.

The attacks occurred between 6 p.m. and 6:30 p.m. and included a car bomb at a market, another behind a telephone exchange building and several rocket and mortar attacks, police said.

Police and witnesses said bodies, many of them charred, had still not been recovered from the buildings and the death toll could rise.

Earlier in the day, a suicide car bomber killed two people at a gas station, while a British Embassy convoy was targeted in the upscale Mansour neighborhood in western Baghdad. Two passers-by were wounded in the convoy attack, police said.

The bloodshed was part of a violent week that has left hundreds of Iraqis dead.

The U.S. military also announced that two American soldiers and a Marine were killed Wednesday. According to an Associated Press count, that death brings to 18 the number of U.S. soldiers killed since Sunday.

But authorities said they were optimistic about the handover of security control.

Al-Maliki said Iraqi forces will assume responsibility for Dhi Qar province in the south in September, making it the second of Iraq's 18 provinces that local forces would take control over.

"This makes us optimistic and proud because we managed to fulfill our promise," al-Maliki said. Iraqi authorities took over Muthanna province in the south from the British in July.

Dhi Qar is populated mainly by Shiite Muslims. Compared to more volatile areas, such as Anbar province in the west and Baghdad, it has been spared much of the sectarian violence. However, U.S. commanders recently expressed concern about the growing influence of Shiite militias in the area, many of whom they say receive support from Iran.

"This year will witness the handing over of other provinces, and we hope that by the end of the year, our security forces will take over most of the Iraqi provinces," al-Maliki said.

The Defense Ministry said it would sign a memorandum with coalition forces on Saturday "about strategic control and operations." U.S. authorities said the Defense Ministry would begin assuming direct operational control of the country's armed forces.

Handing over territory from coalition control to Iraqi control is a key part of any eventual drawdown of U.S. troops in the country.

On Wednesday, the top U.S. commander in Iraq, Gen. George Casey, said Iraqi troops were on course to take over security control from U.S.-led coalition forces over the next 12-18 months with little coalition help.

President Bush insisted American troops must remain in Iraq until the country's forces are capable of full control.

"If America were to pull out before Iraq could defend itself, the consequences would be absolutely predictable, and absolutely disastrous," Bush said as he began a pre-election series of speeches in the United States.

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"We would be handing Iraq over to our worst enemies — Saddam's former henchmen, armed groups with ties to Iran and al-Qaida terrorists from all over the world who would suddenly have a base of operations far more valuable than Afghanistan under the Taliban," he said.

Despite the rash of violence over the past week, U.S. officials have lauded the results of a security crackdown in the capital that they say has resulted in a dramatic fall in sectarian killings. They reported the murder rate in Baghdad dropped almost 50 percent in August compared to July, but that figure could not be independently confirmed.

The crackdown by Iraqi and U.S. forces began Aug. 7, targeting some of the capital's most problematic neighborhoods. In the past, similar operations have lowered violence for short periods of time, but attacks then escalate after American forces leave.

In other violence Thursday, according to police:

· Gunmen in Baqouba, 35 miles northeast of Baghdad, killed two brothers in a cotton shop.

· Gunmen killed a police colonel and his bodyguard and wounded another bodyguard in Hibhib, 12 miles east of Baqouba.

· Police found the bodies of four men in southern Baqouba. All had been shot.

· Gunmen shot and killed a member of the Oil Ministry's security service and wounded another in Baghdad.

· An Iraqi soldier in civilian clothing was shot and killed in Mosul, 225 miles northwest of Baghdad.

· In Kut, 100 miles southeast of Baghdad, the bullet-riddled body of a young woman was brought to the morgue after being dumped on a main road.

· Gunmen killed a former intelligence official in Saddam Hussein's regime as he was walking in Mahaweel area, about 35 miles south of Baghdad.

Blasts Kill At Least 66 In Baghdad (WP)

By Amit R. Paley

The Washington Post, September 1, 2006

BAGHDAD, Aug. 31 -- A string of closely timed explosions killed at least 66 people and wounded 255 in a Shiite Muslim area of Baghdad on Thursday night, one of the deadliest attacks in the capital in months despite the launch of a new security plan to stanch the sectarian carnage.

The blasts flattened a multistory apartment building, buried women and children under mounds of rubble and sent terrified shoppers fleeing out of a major bazaar, authorities and witnesses said. The booming explosions rang out within minutes of each other around 6:30 p.m. in the city's New Baghdad district, but it was not immediately clear what caused them.

Witnesses and police said some combination of rockets, mortars and car bombs caused the bloodshed. Gen. Jassem Khider of the Interior Ministry said that six rockets in the Nuairiya section of New Baghdad killed 48 people and injured 160, primarily women and children, and that 18 were killed and 92 injured by three rocket attacks on multifamily homes in the Baladiyat neighborhood.

But another senior Interior Ministry official said the attackers had instead rented homes in heavily populated neighborhoods, planted large amounts of explosives within the buildings and then detonated them.

"This is a new terrorist invention," said the official, who spoke on condition of anonymity. "The terrorist insurgents have found a new way of killing people."

Abu Zayneb, a 65-year-old landlord, recalled finding more than 20 corpses after an explosion on his block in the Baladiyat neighborhood shattered windows and blew off doors in his apartment building. At 10:20 p.m., he remained outside his home because he feared his building would collapse. The structure hit hardest by the blast was a three-story apartment building with 12 families that sits next to an Internet cafe that is usually packed at the hour the attack began.

"These are bad times," Zayneb said as he sat outside in the dark with his wife and relatives.

About five minutes after the attack on the apartment building, there was an explosion three blocks away between a primary school and a fire station in Baladiyat, said Abu Samar, 42, a taxi driver. Police Col. Hassan Jaloub said the blast was a car bomb that killed three police officers and wounded seven. Five minutes after that attack, an explosion took place about a mile and a half away at a restaurant called the Arabian House, Abu Samar said.

At almost exactly the same time, witnesses said, several missiles or mortar shells slammed into the area around a huge market in the Nuairiya section of New Baghdad. The shelling completely collapsed a multistory apartment complex and also struck a nearby parking garage, residents said. Members of the Mahdi Army, the militia of the anti-American Shiite cleric Moqtada al-Sadr, were seen rescuing residents from the rubble.

Earlier in the day, a car bomb exploded in a long gas line in New Baghdad at 12:45 p.m., killing seven people and wounding 18, police Col. Abdul Razaq Mahmoud said.

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The violence in the capital coincided with Prime Minister Nouri al-Maliki's statement Thursday that Iraqi forces were prepared to take control of the southern province of Dhi Qar in September from the U.S. military and its allies. It would be the second province in which Iraqis have taken full control of security; the British handed over Muthanna province in July.

"We hope that by the end of the year, our security forces will take over most of the Iraqi provinces," Maliki said in a televised news conference.

...

In Baghdad, officials from Sadr's organization said Thursday that the Mahdi Army had clashed with U.S. forces in eastern Baghdad on Wednesday night. A U.S. military spokeswoman said she had no information about fighting in the area.

Sahib al-Amiri, a close aide to Sadr in Najaf, said the fighting began after U.S.-led forces tried to raid Sadr's offices in the Kamaliyah, Obaydi and Fedaliya areas of the capital.

The Mahdi Army members blocked roads with burning tires to prevent the forces from entering, he said. Then gunfire erupted.

Sheik Hassan al-Baghdadi, head of the Sadr office in Kamaliyah, said the mood in that neighborhood had been tense for two weeks, since U.S. forces began raiding Shiite mosques and harassing residents. He said the Americans had arrested 50 local leaders and members of the Mahdi Army.

Then, on Wednesday night, residents believed the U.S. military was about to seize a prominent local imam, Ahmed al-Aboudi of the Allawi Mosque in Obaydi. Aboudi said the Mahdi Army shot at U.S. troops to prevent his arrest and set an American vehicle on fire.

An Interior Ministry official said that dozens of Mahdi Army members were killed or wounded in the clashes and that five Iraqi army officers were killed and nine wounded. He spoke on condition of anonymity because of the political sensitivity of the matter.

The American military on Thursday also announced the deaths of three service members on Wednesday. A Marine assigned to Regimental Combat Team 5 and a soldier assigned to the 1st Marine Logistics Group were killed in combat in Anbar province, and a soldier assigned to the 1st Brigade of the 34th Infantry Division was killed by a bomb in an unspecified location.

Correspondent Ellen Knickmeyer and special correspondents Naseer Nouri, Naseer Mehdawi and K.I. Ibrahim in Baghdad, special correspondent Saad Sarhan in Najaf and other Washington Post staff in Iraq contributed to this report.

Car Bomb And Rockets Kill 43 In Baghdad's Shiite Strongholds (NYT)

By Edward Wong

The New York Times, September 1, 2006

BAGHDAD, Iraq, Aug. 31 — A series of explosions ripped through predominantly Shiite neighborhoods in eastern Baghdad on Thursday evening, killing at least 43 people and pushing the death toll for the day to 53, Iraqi police officials reported. Nearly 200 people were wounded, adding to a week of bloody attacks throughout the country.

Since Sunday, more than 300 Iraqis have been killed in bombings, murders and a deadly pipeline explosion that occurred when security forces were diverted from their normal duties to fight Shiite militiamen. The violence is generally believed to be the work of insurgents, militias and criminal gangs embroiled in Sunni-Shiite sectarian strife.

The recent surge in bombings calls into question the long-term effectiveness of a joint American-Iraqi security offensive in Baghdad. The security measures are expected to contribute to a relatively low civilian death toll in August, but there are increasing questions about whether that can be sustained.

The attack in eastern Baghdad appeared to be a well-organized strike on areas controlled by the Mahdi Army, a powerful Shiite militia led by Moktada al-Sadr, the radical cleric who led two uprisings in 2004.

Iraqi officials expressed fears that Thursday's onslaught could ignite a wave of revenge killings by Shiite militiamen in the coming days, continuing a pattern of reprisals in the Sunni-Shiite conflict.

Police officials counted seven explosions from a combination of car bombs and rocket or mortar fire. They shook eastern Baghdad shortly after nightfall and were clearly aimed at civilian areas, including a crowded market. At least one explosion took place in the Sadr City district, a Mahdi Army stronghold.

Earlier on Thursday, a car bomb exploded in a line of drivers waiting for gas at a station in eastern Baghdad, killing at least four people and wounding 11, including four police commando recruits, an Interior Ministry official said. At least six other Iraqis were killed in scattered attacks across the country, The Associated Press reported.

The American military said a soldier was killed by a roadside bomb north of Baghdad on Wednesday.

The recent attacks have also brought into question whether Iraqi forces can take control of security in the country's most troubled areas anytime soon.

DOJ_NMG_0056591

Gen. George W. Casey Jr., the top American commander in Iraq, said Wednesday that Iraqi forces might be ready to take responsibility for security in 12 to 18 months. On Thursday, the office of Prime Minister Nuri Kamal al-Maliki said Iraqi forces would take over security in Dhi Qar Province in September. The province is in southern Iraq, is dominated by Shiites and has a contingent of Romanian troops operating under American guidance.

Things were somewhat brighter on the political front, where Iraqi politicians said Shiite and Kurdish leaders had put to rest, for now, their differences with the speaker of Parliament, a firebrand Sunni Arab, after weeks of pressuring him to step down.

The speaker, Mahmoud al-Mashhadani, reached an understanding with the Shiite and Kurdish leaders after meeting with several of them, the politicians said in interviews. “The whole issue has been settled,” said Hassan al-Shammari, a member of the main Shiite bloc in Parliament. He declined to give details.

The position of speaker of Parliament is the third highest-ranking job in the Iraqi government, and an ouster of Mr. Mashhadani would have been the biggest shake-up in Iraqi politics since the government was installed in late May.

A senior Kurdish legislator, Mahmoud Othman, said the Kurdish parties had backed down from their call for Mr. Mashhadani to withdraw after the Shiites made peace with him. The Kurds had simply been supporting the Shiites, Mr. Othman said.

“The Kurds had nothing specific against him,” he added.

He said the Shiites had become incensed over Mr. Mashhadani’s criticism of a possible Shiite autonomous region in the south, an idea championed by the head of the Shiite bloc, Abdul Aziz al-Hakim. Sunni Arabs are generally opposed to carving Iraq up into autonomous regions because of the lack of oil in provinces where they are in the majority.

Mr. Mashhadani said in an interview on Aug. 14 that he might resign because of the groups’ pressure.

American officials have expressed displeasure with the speaker, who earlier this summer called the American occupation “the work of butchers” and suggested that statues be built for insurgents who kill American soldiers.

Spate Of Attacks Kills 68, Wounds Scores (WT/AP)

By Rebecca Santana

The Washington Times, September 1, 2006

BAGHDAD -- A series of attacks killed at least 68 persons across Iraq yesterday, including 47 within a half-hour in a Shi'ite section of Baghdad, officials said. Scores were wounded in the attacks, part of a violent week in which hundreds have been slain.

The closely spaced attacks in an eastern part of the capital included two car bombs -- one at a popular market and one on a street about 11/2 miles away. The area also was hit by four mortar rounds, two rockets, a roadside bomb and a bomb in a building, police said.

The dead and more than 200 wounded were taken to four hospitals, and it was not clear how many casualties there were in each attack, police and hospital officials said.

Earlier, a suicide car bomber in Baghdad killed two persons and a British Embassy convoy came under attack. Two passers-by were injured in the attack on the convoy.

The U.S. military reported that an American soldier was killed in Anbar province on Wednesday by a bomb blast.

Speaking after a Cabinet meeting, Prime Minister Nouri al-Maliki said Iraqi forces will assume responsibility for Dhi Qar province in the south, making it the second out of 18 provinces that the Iraqis would control.

"This makes us optimistic and proud because we managed to fulfill our promise," Mr. al-Maliki said. The Iraqis took over Muthanna province in the south from the British in July.

"This year will witness the handing over of other provinces, and we hope that by the end of the year, our security forces will take over most of the Iraqi provinces," Mr. al-Maliki said.

Dhi Qar is populated mainly by Shi'ite Muslims. Compared with more volatile areas such as Anbar in the west and Baghdad, Dhi Qar has been spared much of the sectarian violence. However, U.S. commanders have said recently that they are worried about the growing influence of Shi'ite militias in the area, many of whom they say receive support from Iran.

Handing over territory from coalition control to Iraqi control is a key part of any eventual drawdown of U.S. troops in the country.

On Wednesday, the top U.S. commander in Iraq, Gen. George Casey, said Iraqi troops were on course to take over security control from U.S.-led coalition forces.

"I don't have a date, but I can see over the next 12 to 18 months, the Iraqi security forces progressing to a point where they can take on the security responsibilities for the country, with very little coalition support," he said.

Despite the rash of violence in the past week, U.S. officials have lauded the results of a major security crackdown in the capital that they say has resulted in a sharp fall in sectarian killings.

DOJ_NMG_0056592

Arsenal Barrage Kills 54 In Baghdad (LAT)

By Patrick J. Mcdonnell

The Los Angeles Times, September 1, 2006

BAGHDAD — Rockets slammed into buildings, bombs exploded on the streets and mortar rounds fell from the sky before nightfall Thursday in an apparently coordinated strike on this capital that killed at least 54 people and injured 196, authorities said.

The attacks, which occurred as residents were returning home on the eve of the weekly Islamic holy day, struck a broad swath of largely Shiite Muslim districts in east Baghdad, immediately raising suspicions of sectarian motives in this deeply divided city.

The arsenal unleashed on the civilian targets included at least four Katyusha rockets, two car bombs, two roadside bombs and a pair of mortar shells, police sources said. All detonated during a 25-minute period beginning at 6:05 p.m.

Those killed included at least 13 women and a dozen children, authorities said. The death toll was expected to rise. The wounded and dying were taken to five hospitals, which reportedly were overwhelmed.

The attack provided a grim end to a month in which U.S. and Iraqi authorities had been lauding the early results of a joint security crackdown in the capital involving 8,000 U.S. troops and 3,000 Iraqi soldiers. For much of August, the death toll in Baghdad appeared to have dropped substantially, but since Sunday, the number of killings has once again soared.

The explosions ended shortly before President Bush spoke at an American Legion convention in Salt Lake City, where he rejected the contention that sectarian violence in Iraq was turning into civil war.

U.S. commanders and diplomats in Iraq "report that only a small number of Iraqis are engaged in sectarian violence, while the overwhelming majority want peace and a normal life in a unified country," Bush said.

The speech was the start of a campaign designed to shore up flagging public support for the U.S. presence in Iraq.

In his address, the president linked the conflict in Iraq to the U.S.-declared war on terrorism, which he called "the decisive ideological struggle of the 21st century."

Thursday's strike, one of the most deadly in Baghdad in recent months, displayed a level of coordination not seen here in some time.

In recent months, officials have said that Shiite-led death squads had become the nation's most prolific killers, usually seeking out Sunni Arabs. But the latest attacks, targeting Shiite neighborhoods with bombs and missiles, had the hallmarks of well-organized insurgent cells working in tandem, not Shiite gunmen.

No one took responsibility for the attacks, but if they were the work of Sunni insurgent groups, that would be evidence that the groups had retained their ability to launch high-profile and well-planned operations that exact a horrific toll in civilian lives.

U.S. officials had hoped that the death in June of insurgent leader Abu Musab Zarqawi and the capture of some of his followers had disrupted guerrilla operations.

The ferocity of the blitz seemed to stun even residents of a city accustomed to a daily fare of car bombs, ambushes and artillery shots.

The targets were spread out along a 12-mile arc on the east side of the Tigris River, spanning at least half a dozen neighborhoods, including both Shiite-dominated and mixed Shiite-Sunni areas.

The continuing sectarian violence here has prompted many residents to move from formerly integrated communities to areas where their sect predominates and militias provide some measure of protection. In general, east Baghdad is mostly Shiite, and the Sunni enclaves occupy the west bank of the Tigris.

The barrage of rockets on Thursday appear to have been synchronized with the nearly simultaneous onslaught of mortar strikes, car bombs and roadside bombs, attesting to the sophistication of the assault. Nearby rocket strikes followed the car bombings, which occurred in two neighborhoods.

The targets included a popular market and at least three buildings, authorities said.

The broad scope of the operation indicated that separate teams of assailants operating on a fixed timetable were involved in its execution. Many insurgent cell leaders are said to be former military officers under Saddam Hussein, the Iraqi president who was ousted by U.S.-led troops in 2003.

Authorities here regularly find jury-rigged rocket and mortar launching pads in backyards, in pickup trucks, on streets and even in donkey carts. Clandestine factories rig vehicle bombs and insurgent groups provide a steady stream of willing suicide attackers, including volunteers from other Muslim nations.

The attacks struck at a pivotal time for beleaguered Iraqi Prime Minister Nouri Maliki, who recently launched a national reconciliation campaign. Maliki is expected to take his message of reconciliation to parliament when it reconvenes next week after a two-month summer break, though his specific plan is not known.

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The prime minister told reporters Thursday that he hoped Iraqi forces would be able to take over security responsibilities for most of the country by year's end.

Maliki said that Iraqi forces would soon take charge of security in the southern province of Dhi Qar, making it the second of 18 provinces under Iraqi authority.

The nation's military took over Muthanna province, also in the south, from the British in July.

The two southern provinces are comparatively peaceful in a nation where most violence is concentrated in and around Baghdad and in several provinces to the north and east of the capital that have large Sunni Arab populations.

On Wednesday, Army Gen. George W. Casey Jr., the top U.S. commander in Iraq, predicted that Iraqis would assume overall control of their nation's security within 12 to 18 months "with very little coalition support."

U.S. authorities announced Thursday that attacks killed two soldiers and a Marine, bringing to at least 2,635 the American death toll since the U.S.-led invasion in 2003, the Pentagon said.

Earlier in the day, police said, a suicide car bombing near a gas station in east Baghdad killed two civilians and wounded 13 others. A roadside bomb targeted a British diplomatic convoy in western Baghdad, injuring two passersby.

Which Iraqi Army? (NYT)

The New York Times, September 1, 2006

Iraq's prime minister, Nuri Kamal al-Maliki, has a problem. His power depends on two armies. One is Iraq's national army, trained and supported by the United States. The other is the Mahdi Army, a radical Shiite militia loyal to Mr. Maliki's most powerful political backer, Moktada al-Sadr.

This week, open warfare broke out between these two armies. Mr. Maliki can no longer put off making an essential choice. He can choose to be the leader of a unified Iraqi government, or he can choose to be the captive of a radical Shiite warlord. He can no longer pretend to be both.

The issue came to a head in the southern city of Diwaniya. The fighting began when the Mahdi Army took to the streets to protest the arrest of several Sadr loyalists. At one point, according to an Iraqi general, Mahdi fighters killed a group of Iraqi soldiers in a public square. After hours of fierce fighting, Shiite politicians worked out a cease-fire with Mr. Sadr. But no one sees this as an isolated incident or imagines it will not soon be repeated.

Iraq's national army is the very fragile reed on which White House hopes for an eventual American withdrawal now rest — as President Bush made clear yesterday in a speech about Iraq in which he heaped praise on Mr. Maliki but painted a picture of the Iraq war that had only the most tenuous connections to reality. The Iraqi Army was already demoralized and fragmented. Its soldiers and officers, including some courageous Sunnis who have defied the insurgency to stand with their Shiite and Kurdish countrymen, cannot be expected to go on risking their lives indefinitely unless Prime Minister Maliki stands up to Mr. Sadr's attacks.

But thus far, the prime minister has conspicuously stood aside, recently denouncing Washington for supporting an Iraqi Army attack on a Sadr stronghold in Baghdad. Mr. Maliki's refusal to go after the main stronghold — Sadr City — helps explain Baghdad's continued high level of violence despite the prime minister's endlessly repeated announcements of a security crackdown in the capital.

The underlying political reality is that Mr. Maliki owes his job to an alliance between his own Islamic Dawa Party and Mr. Sadr's faction. (If you see a parallel to the way Hezbollah has shielded itself from being disarmed by the Lebanese government, so does Mr. Sadr. A few weeks ago he rallied tens of thousands of his supporters in Baghdad to cheer Hezbollah's rocket attacks against Israeli cities.)

The White House and the Pentagon keep assuring Americans that despite the obvious problems, the Iraqi Army is becoming increasingly capable of taking over basic defense responsibilities. But evidence continues to mount that it is not.

In Anbar Province, the western heart of the Sunni insurgency, army desertion rates in some units have run as high as 40 percent. In Maysan, in the Shiite southeast, 100 Iraqi soldiers defied orders to deploy for Baghdad, in part out of concern they would be asked to fight Shiite militias. Days before, a former British base in Maysan that had been turned over to the Iraqi Army was overrun by looters as Iraqi soldiers and the police stood watching.

Instead of standing up to take over the defense of Iraq, the Iraqi Army is in danger of crumbling. Now, government-backed Shiite militiamen have publicly killed Iraqi soldiers and fought an army unit to a humiliating draw. And Mr. Maliki still hasn't decided where his military loyalty lies.

Al-Qaida Group Dismisses Iraq Offer (AP)

AP, September 1, 2006

DOJ_NMG_0056594

An al-Qaida-affiliated group Thursday branded the Iraqi government offers of reconciliation as "futile" and called on Sunnis to fight those who "legalized the shedding of Muslim blood."

The statement appeared on a Web site used by the Mujahedeen Shura Council, an umbrella organization of Sunni extremist groups that includes al-Qaida in Iraq. The statement said Sunnis in Iraq were facing aggressive attacks by the government and the Shiite militias and called for resistance.

"The Shiite attacks on the Sunni people have been intensified these days especially in the northern parts of the capital which included mortar shelling and burning of mosques that coincided with the increase of assassination and kidnapping campaigns," the statement said.

"You the Sunni people, you have no other choice but to fight those who ... legalized the shedding of the Muslim blood. The reconciliation efforts are futile with those who adopted lies as a religion and betrayal as worship."

The statement said the attacks targeted the Sunni districts of Baghdad including Azamiyah, Dora, Amiriya and Ghazaliyah.

Those areas have been the focus of a U.S.-led crackdown on Sunni and Shiite extremists responsible for the rise in sectarian tension.

Prime Minister Nouri al-Maliki, a Shiite, has proposed a national reconciliation program which includes amnesty to unspecified groups that agree to lay down their arms.

But religious extremists and Saddam Hussein loyalists have been excluded.

In Iraq, Singing For A Chance At Hope And Glory (WP)

By Sudarsan Raghavan

The Washington Post, September 1, 2006

BAGHDAD -- In the basement of the heavily guarded Babylon Hotel, on a low, black stage lit up like an operating room, contestant No. 65 was having a bad day. In the morning, Yasser Ibrahim, 22, had passed checkpoints and closed roads, armed soldiers and traffic jams, traveling two hours on a trip that normally takes 15 minutes.

When he arrived, he found dozens of young Iraqis, neatly dressed like him, lining up for a dream that has become ever so elusive in Iraq.

"Fame. I hope for fame," gushed Raghad Laith, 16, looking fabulous in a long, black dress, high-heeled shoes with dazzling rhinestones, red lipstick and green eye shadow. "This is a great chance to become a star."

If you thought Iraq was only a dire tableau of bloodshed and mayhem, take a closer look. Ibrahim, Laith and the others at the Babylon Hotel were auditioning for "Iraq Star," the country's version of "American Idol." It's one of a growing stream of made-in-Iraq reality television shows, produced under often-perilous conditions, that are being beamed across the Middle East.

In a nation trapped by war, the shows provide hope, opportunity, escape and psychological healing for ordinary people. Their popularity speaks to the resilience of Iraqis and their longing for normal rituals amid instability and chaos.

"Such reality programs mean a lot to Iraqis," said Haitham Shaobi, the head judge of "Iraq Star" and a music historian. "We know there's a campaign underway to freeze life in Iraq. These programs show that Iraqis are holding on to life."

There are reality shows about rebuilding bombed homes and transporting war victims to neighboring Jordan for medical care. Others follow Iraqis who are given loans to create a business, aspiring directors learning how to make films, and teachers who have had their poor eyesight corrected.

At the Babylon Hotel last weekend, some of the amateur crooners said they hoped their talents would be noticed by producers abroad and earn them a ticket out of Iraq. Others simply came to tune up their rusty voices: In checkpoint-and-curfew-riddled Baghdad, there are no places to showcase their abilities. Most contestants appeared happy just to get out of their homes and do something productive. In today's Iraq, that itself is a luxury, they said.

So there was Ibrahim on the stage with a green card painted with the number 65 dangling from his neck. Cleanshaven, with short curly hair, he wore a short-sleeved white shirt, blue jeans and white leather shoes. A thin silver chain circled his neck. His chest was exposed. Beads of sweat slid down his round face.

He stared at the three judges at the other end of the colorful but spartan set inside the hotel's former casino. There was no audience, only a group of musicians with traditional Iraqi instruments. They began to play. Microphone in hand, Ibrahim took a deep breath and launched into an Iraqi folk song.

Seconds later, his voice dropped lower. Then it started to crack.

One of the judges raised his voice. The musicians stopped.

"The song is strong, and you are losing your voice," said the judge. "Sing a little slower."

Ibrahim nodded meekly. The musicians began again.

His voice, slower now, started strong. But it soon fell again. Then it went off-key. The judges cringed. Moments later, Ibrahim abruptly stopped and gave a nervous laugh.

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"I forgot the words to the song," he said sheepishly.

A few minutes later, Shaobi, the head judge, gently broke the news: "You're still in arts college. You should prepare yourself for next year's show."

Ibrahim didn't throw a tantrum. He didn't declare that the judges were wrong. He smiled and said politely, " S hukran " -- thank you.

"I don't care if I win or not. That's not the most important thing," he said afterward, surrounded by other young hopefuls. "All these young Iraqis are challenging the situation in Iraq. We are trying to show our skills and not remain stale and jobless."

To the producers of "Iraq Star," the show has a larger motive. There are no Arabic pop hits or divisive, ultra-religious hymns sung here. The producers encourage contestants to sing folk songs, poems set to music or patriotic tunes that appeal to the whole country.

They want contestants to check their sects, religions, ethnicities and tribes at the door and enter as Iraqis. To hammer their vision home, the director, cameramen, judges and stagehands wear white buttons on their chests that read: "For the Unity of Iraq."

"Once the contestants arrive here, they are disconnected from the world outside," said the show's director, Yaseen Mohammed Amin, his voice brimming with confidence.

He paused to give orders to a stagehand, then added, "Singing is the only breath of fresh air for young people suffocating in the middle of violence and bombings."

Under the presidency of Saddam Hussein, Amin worked for Iraq's state-owned television network. He used to make nationalistic documentaries about Iraq's culture and history. In the 1990s, as tensions rose between Iraq and the West, he turned his talents to morale-boosting propaganda films. In the fourth year of the U.S.-led occupation, Iraq's television landscape is unrecognizable, he said.

"Previously, shows were directed toward the path of war," he said. "Now, with the clashes and the terrorism, they are devoted to reforming the human being and creating love and tranquillity."

That's an enormous task in a nation where blood spills daily. And the strife has taken a toll on many of Iraq's reality shows. For example, the first reality show to take Iraq by storm, in the spring of 2004, was "Labor and Materials," inspired by ABC's "Extreme Makeover: Home Edition." On the show, houses destroyed by the war are rebuilt at no cost to the victims. By the end of 2005, six houses had been rebuilt.

This year, the show has rebuilt only one house, in Sadr City, the sprawling Shiite Muslim sector of Baghdad. In the middle of the filming, clashes broke out between Iraqi security forces and Shiite militiamen loyal to radical cleric Moqtada al-Sadr. So the show's director, Ali Hanoon, handed a camera to the contractor and asked him to film some episodes.

"They were not very good," Hanoon said, forcing a weak smile. "We are still facing serious security challenges.

Baghdad's curfew and maze of checkpoints, he said, have cut short crews' time to film. And now, with sectarian tensions rising, he has to make sure he's not playing favorites. "When we rebuild a house of a Sunni, the show makes sure the next house to rebuild belongs to a Shia," said Hanoon. "Labor and Materials" runs on al-Sharqiya, a private satellite television network that broadcasts around the Middle East.

Even with the rising violence, reality shows continue to attract contestants. In one new show on which loans are handed out to poor Iraqis who want to become entrepreneurs, 10,000 people sent in applications from across the country. Only 45 were selected for the year-long season.

"We're always trying to find a solution for Iraqi citizens to live and survive," said Mustafa Khadum, director of programming at al-Sharqiya.

Another popular program, "The Light," revolves around flying teachers with poor eyesight to neighboring Jordan for corrective surgery.

"Teachers are the leaders of people," said Alla a-Salih, the show's director. "So if they have good eyesight, they can lead a whole new generation of Iraqis."

This season, more than 1,200 contestants participated in "Iraq Star," more than double the number in the previous season, said Jassim al-Lami, an executive at al-Sumaria, the satellite channel that produces the show. There are six stages, and eventually contestants are whittled down by judges and audience voting on the Internet.

The dozen contestants who make it to the final round are flown to the Lebanese capital, Beirut, where viewers from around the Middle East vote for their favorite crooner. The winner and runner-up get record deals.

Back at the Babylon Hotel, everyone has heard the story of Bilal, a 12-year-old boy from Mosul, one of Iraq's most violent cities. He sang a ditty called "Ya Iraq," about the suffering of Iraqi children. He started to cry during his performance. So did the judges.

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Days later, al-Jazeera, the Qatar-based satellite channel, offered Bilal a contract to sing on their children's network. Now, he and his family are safely out of Iraq, living in the Persian Gulf.

Raghad Laith is one step closer to her own dream. She's into the second round. "I was good," she said with determination, as her mother smiled proudly. "The next stage, I must sing better than this one."

Ali Fadhil Abbas, 24, doesn't care about fame or fortune. He's simply happy to be doing what he loves: filmmaking. He's reached the semifinals of "The Young Men's Project," a show inspired by CBS's "Big Brother" on which eight aspiring filmmakers learn the business of making a movie. Each week, viewers vote one contestant off the show.

"My success as an artist is more important than winning a prize," Abbas said. "Before I joined this program, I had already given up on life."

Insurgents Attack Town In Southern Afghanistan (WP/AP)

By Amir Shah

The Washington Post, September 1, 2006

KABUL, Afghanistan, Aug. 31 -- Taliban insurgents attacked a southern town Thursday, sparking intense fighting with government troops that left two guerrillas dead, the Defense Ministry said.

A NATO airstrike pushed back the insurgents, who used mortars, rocket-propelled grenades and heavy machine guns in the attack on Naw Zad, in Helmand province, said a ministry spokesman, Gen. Zahir Azimi.

Before dawn Thursday, two rockets slammed into central Kabul, the capital. One landed in an upscale residential neighborhood, about 10 yards from the army chief of staff's house; the other landed in a park. There were no immediate reports of damage or injuries, witnesses and NATO said.

Kabul has been spared most of the violence that has racked the south and east of the country, but occasional rocket attacks and roadside bombs have rattled it.

A Dutch F-16 fighter jet crashed in Ghazni province in central Afghanistan, killing the pilot, military officials said. Hostile fire was ruled out because the plane was flying too high to have been shot down. The 29-year-old pilot, the only person on board, was found dead at the crash site.

The Netherlands is a key contributor to a multinational force in charge of security operations in volatile southern Afghanistan.

In Zabol province, a suicide attacker plowed an explosives-filled car into a police convoy traveling on the main road, wounding three officers, said Jailan Khan, the provincial police chief.

A purported Taliban regional commander, Mullah Nazir, asserted responsibility for the blast and said the bomber was an Afghan man from Khost province. His assertion could not be independently verified.

NATO aircraft dropped six bombs on two Taliban positions in Helmand's Musa Qala district on Wednesday, but there were no reports of insurgent casualties, said Maj. Quentin Innis, a spokesman for the NATO-led force.

Helmand, particularly its three northern districts including Naw Zad, has been the site of some of the heaviest and most persistent fighting during this year's surge in violence in Afghanistan, the worst since the Taliban was driven from power by U.S.-led forces in late 2001.

In the east, gunmen shot and killed a doctor as he left his home in the Zurmat district of Paktia province, said Matiullah Rahmani, the provincial deputy police chief. He blamed Taliban insurgents.

Also in Paktia, fighters raided a police post in the Ahmad Khel district before dawn, wounding one policeman. Rahmani said the attackers left a trail of blood, suggesting they had suffered one or two dead or wounded.

U.S.: 'Bad News' In Afghan Drug War (AP-Y)

By Foster Klug

AP, September 1, 2006

The U.S.-backed strategy to fight Afghanistan's massive drug trade has been unsuccessful in stemming opium cultivation, which is expected to hit record levels this year, a senior U.S. official said Thursday.

"It's bad news and we need to improve it," said Thomas Schweich, principal deputy assistant secretary of state for international narcotics. "But we don't feel it's a hopeless situation, and we don't think the overall strategy is the wrong strategy."

Schweich spoke to reporters as Western officials in Afghanistan were forecasting a possible 40 percent increase this year in land under opium poppy cultivation, despite hundreds of millions of dollars spent in counternarcotics efforts.

Afghanistan produces more than 90 percent of the world's opium and heroin supply, and the drug trade has had a corrosive effect on President Hamid Karzai's struggling government.

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"I'm not here to put a happy face on this situation. I'm not going to say anything is truly working," Schweich said. "What I'll say is that it's improving."

Schweich said recent improvements include a counternarcotics tribunal, better eradication of the crop, better distribution of funds for poppy farmers to find alternative jobs, and a public information campaign to warn people that they will be prosecuted and punished if they continue to produce drugs.

Schweich did not have specifics on how much opium production numbers would likely rise in an upcoming report by the U.N. anti-drug agency. But he said U.S. officials were prepared for a significant increase.

The high numbers, he said, were partly a reflection of a drug strategy that was only started in 2005. Money for farmers to pursue livelihoods other than poppy production were distributed in a "spotty manner," he said. There were also failures destroying the crop, and courts struggled to prosecute drug offenders.

A more credible threat of prosecution and better eradication of crops, Schweich said, would eventually help steer people away from planting.

CORPORATE SCANDALS:

Auditor Warned Of Mills' Troubles (WP)

By David S. Hilzenrath

The Washington Post, September 1, 2006

Years before Mills Corp. disclosed damaging accounting errors, auditor Ernst & Young LLP told the shopping mall developer that its bookkeeping practices could "lead to misstatements" in its financial reports, according to a court document unsealed yesterday.

The auditor's warnings seem to have foreshadowed some of the problems that Mills has since acknowledged publicly, said Jeffrey W. Golan, an attorney for shareholders who are suing Mills and fought to have the document unsealed.

Mills, developer of such outlet malls as Potomac Mills and giant "shoppertainment" venues blending retail and entertainment, has disclosed that accounting errors will wipe out much of the profit it reported in recent years. The company has been liquidating some of its holdings to raise cash and recently enlisted new backing to complete the troubled Xanadu project in the New Jersey Meadowlands.

Mills is under investigation by the Securities and Exchange Commission, and its stock price has been battered over the past year.

A spokesman for Mills did not respond to a request for comment yesterday, and a lawyer for the company declined to comment. A spokesman for Ernst & Young also declined to comment.

Mills had sought to keep details about the auditor's comments confidential. Far from being red-flag warnings, Ernst & Young's comments were "suggestions for improvements," Mills has said in a court filing. Mills said it had acted on the auditor's advice in a timely fashion.

The document unsealed yesterday in Delaware Chancery Court is an amended lawsuit against Mills by former Mills chief executive Herbert S. Miller, who alleges that mismanagement at the troubled development company has hurt the value of his continued investments in the company's projects. The document cited records that the development firm had turned over to Miller's lawyers under a confidentiality agreement. Until yesterday, the version available to the public had sections whited out by Mills.

The newly unsealed document describes a series of letters to Mills from Ernst & Young. In a February 2003 letter, Ernst said that the company was sometimes making accounting entries "based on verbal information or drafts of agreements," some of which were out of date. In a February 2002 letter, the audit firm said Mills had been improperly capitalizing interest on some properties. In a February 2004 letter, Ernst said it found that gains from two land sales were not recorded at the right time. The 2004 letter also said there were discrepancies between leases and the "data input" on the leases.

From the limited information contained in the court document, it is hard to tell how closely the problems Ernst cited relate to the accounting errors Mills has since revealed.

Mills investors pursuing a class-action lawsuit against the company asked the Delaware court to unseal the complaint.

Mills told the court that Ernst & Young "would strongly object to the Company's publication of these management letters."

The judge sided with the investors. "It may be uncomfortable if some of this is revealed, and revealed selectively, but that is not the standard for public access," Leo E. Strine Jr., vice chancellor of the court, told lawyers in a conference call this week, according to a transcript.

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There is a history of audit firms privately telling clients that they have problems while publicly vouching for those clients' financial statements. Audit firms have argued that the problems were not significant enough to change their overall assessment.

Years before Enron Corp. collapsed, the now-defunct audit firm Arthur Andersen LLP found $51 million of problems in the company's books and let them go uncorrected. And years before regulators exposed billions of dollars of accounting errors and manipulations at mortgage finance giant Fannie Mae, auditor KPMG LLP flagged as an "audit difference" the company's decision to delay booking almost $200 million of expenses, according to a February investigative report commissioned by Fannie Mae directors.

Investors Demand Penn Traffic Financial Reports (NSDY/AP)

Long Island Newsday, September 1, 2006

SYRACUSE, N.Y. (AP) _ A shareholder's group has filed a request with the U.S. Securities Exchange Commission demanding The Penn Traffic Co. release its long-delayed financial statements.

The Syracuse-based regional grocery store chain emerged from Chapter 11 bankruptcy protection in May 2005 and has been under investigation by the SEC and the Justice Department for alleged improper promotional practices.

As a result of the joint investigations, the company has not released financial information since its reorganization. Company executives have said Penn Traffic will eventually release newly audited financial statements for the 2003 through 2005 fiscal years.

The demand for Penn Traffic's financial statements was made by Bay Harbour Management, a New York City-based investment company that said it has a 3.7 percent ownership stake in Penn Traffic.

"The refusal of the company to provide its investors with even basic financial and operating information about the company, as required by federal securities laws . . . is completely inappropriate and unacceptable," said a letter signed by Bay Harbour partner Kurt Cellar.

Additionally, Bay Harbour is seeking a stockholders' meeting within 60 days. The meeting should focus on Penn Traffic's recent financial performance, projections and the financial impact and status of internal and SEC investigations of promotional practices, Bay Harbour said.

Marc Jampole, a Penn Traffic spokesman, said the company had no comment on Bay Harbour's letter.

Penn Traffic operates 112 supermarkets in Pennsylvania, New York, Vermont and New Hampshire under the BiLo, P&C and Quality trade names. The company also runs a wholesale food distribution business serving 79 licensed franchises and 49 independent operators. Its shares trade publicly over the counter.

As part of its bankruptcy reorganization, Penn Traffic closed more than 100 stores. The company also went through bankruptcy reorganization in 1999, closing more than four dozen stores.

CRIMINAL LAW:

Man Indicted On Federal Charges In 2002 Annapolis Slaying (WP)

By Eric Rich

The Washington Post, September 1, 2006

Federal authorities announced an indictment yesterday in a widely publicized 2002 slaying in the historic district of Annapolis, charging a suspect who had avoided trial in state court despite allegedly admitting involvement in the crime.

The indictment of defendant Leeander J. Blake was returned by a grand jury in Baltimore. In the failed state prosecution of the case, courts ruled that Blake was improperly interrogated and that the statements he made to police were inadmissible.

He was released from jail in 2004, 20 months after he and an associate were accused in a carjacking and killing that stunned the city. "He can say, 'I got away with murder,' " Anne Arundel County State's Attorney Frank R. Weathersbee said at the time.

Yesterday, flanked by representatives of the FBI and other agencies, Weathersbee praised U.S. Attorney Rod J. Rosenstein for pursuing the case federally after the Supreme Court effectively ended the state's efforts to prosecute Blake last year by declining to intervene. "This is a day that I've been waiting for almost a year, a day in which the wheels of justice will again begin turning for Leeander J. Blake," Weathersbee said.

Blake, now 21, surrendered to authorities Wednesday to face charges in the slaying of Straughan Lee Griffin, a businessman and sailing enthusiast. Blake appeared in court briefly yesterday and was ordered held until a detention hearing Wednesday.

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Regardless of whether Blake's statements are admitted in court, a law enforcement source said the government has additional evidence that was not available at the time of the state prosecution. The source, speaking on condition of anonymity because the evidence has not been publicly disclosed, declined to describe it.

Blake's attorney, Michael E. Kaminkow, said that the indictment is "re-traumatizing Mr. Blake" and that the case should not have been revived once it had been concluded in state court.

"He's devastated and terribly frustrated," said Kaminkow, who added that Blake had been working a construction job in Annapolis. "He was trying to get on with his life."

The victim's sister, Linda Griffin, who has said it would be "horrific" if Blake is not tried in her brother's death, declined to comment yesterday. But she and the family were pleased that Blake was back in custody, said Meg Hayward, a victim-witness advocate with the county state's attorney's office, who spoke with Griffin yesterday afternoon.

"They'd been hoping that something would happen that would lead to some kind of justice," Hayward said. "They've been waiting for a long time."

Griffin, 51, was killed Sept. 19, 2002, outside his home on a quiet cul-de-sac, a block from the governor's mansion and not far from the U.S. Naval Academy. He was unloading groceries when two men approached and shot him in the head. The assailants fled in Griffin's Jeep Cherokee, driving over his body.

More than a month later, police arrested Blake, then 17, and Terrence Tolbert, then 19, who were neighbors in an Annapolis public housing complex. Tolbert was convicted in Circuit Court last year and sentenced to life in prison.

According to court documents, after being arrested, Blake was taken to Annapolis police headquarters, where he told the lead detective, William Johns, that he would not speak without a lawyer present. Before a lawyer arrived, Johns returned to Blake's holding cell and presented him with a statement of the charges against him.

The papers said Blake faced the death penalty, court documents show, though he was too young for capital punishment to be considered. As Blake held the papers, an officer made a remark that eventually undid the prosecution's case.

"I bet you want to talk now, huh!" Officer Curtis Reese said.

Soon afterward, Blake asked to talk with detectives. He made a statement in which he acknowledged being at the scene of the crime but said Tolbert shot Griffin, police and the defense have said.

Blake's attorney asked to have the statement suppressed, saying Reese's remark constituted an interrogation, which is prohibited after a suspect has asserted his right to an attorney. An Anne Arundel Circuit Court judge agreed with the defense.

Weathersbee faced a difficult choice: go to trial without the statement and risk losing the case, or appeal and -- under a law that has since been changed, chiefly because of this case -- risk having to drop the case if he lost the appeal. He chose the latter, largely because the remaining evidence was, by his own account, "skimpy."

Weathersbee prevailed with the state's intermediate appellate court, but its highest court, the Court of Appeals, sided with the defense, ruling that Reese's remark tainted Blake's later statements. The Supreme Court heard the case last year but, without explanation, declined to rule. The U.S. investigation followed.

Kaminkow, Blake's attorney, said the defense was confident that Blake's statements would be excluded from the federal case as well. Rosenstein declined to comment on the statement yesterday, citing federal rules that prohibit certain public comments about evidence, but he said the earlier state court rulings do not bind federal courts. "We'd essentially start fresh," he said.

Several lawyers not involved in the case confirmed Rosenstein's analysis and said the matter will be framed by the same points of law as it was in state prosecution but will be decided by different courts.

"It's a constitutional issue," said Andrew C. White, a former federal prosecutor. "They will be faced with the same issues that were involved in the state case."

End Of An Affair (WP)

The Washington Post, September 1, 2006

WE'RE RELUCTANT to return to the subject of former CIA employee Valerie Plame because of our oft-stated belief that far too much attention and debate in Washington has been devoted to her story and that of her husband, former ambassador Joseph C. Wilson IV, over the past three years. But all those who have opined on this affair ought to take note of the not-so-surprising disclosure that the primary source of the newspaper column in which Ms. Plame's cover as an agent was purportedly blown in 2003 was former deputy secretary of state Richard L. Armitage.

Mr. Armitage was one of the Bush administration officials who supported the invasion of Iraq only reluctantly. He was a political rival of the White House and Pentagon officials who championed the war and whom Mr. Wilson accused of twisting intelligence about Iraq and then plotting to destroy him. Unaware that Ms. Plame's identity was classified information, Mr.

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Armitage reportedly passed it along to columnist Robert D. Novak "in an offhand manner, virtually as gossip," according to a story this week by the Post's R. Jeffrey

Smith, who quoted a former colleague of Mr. Armitage.

It follows that one of the most sensational charges leveled against the Bush White House -- that it orchestrated the leak of Ms. Plame's identity to ruin her career and thus punish Mr. Wilson -- is untrue. The partisan clamor that followed the raising of that allegation by Mr. Wilson in the summer of 2003 led to the appointment of a special prosecutor, a costly and prolonged investigation, and the indictment of Vice President Cheney's chief of staff, I. Lewis "Scooter" Libby, on charges of perjury. All of that might have been avoided had Mr. Armitage's identity been known three years ago.

That's not to say that Mr. Libby and other White House officials are blameless. As prosecutor Patrick J. Fitzgerald has reported, when Mr. Wilson charged that intelligence about Iraq had been twisted to make a case for war, Mr. Libby and Mr. Cheney reacted by inquiring about Ms. Plame's role in recommending Mr. Wilson for a CIA-sponsored trip to Niger, where he investigated reports that Iraq had sought to purchase uranium. Mr. Libby then allegedly disclosed Ms. Plame's identity to journalists and lied to a grand jury when he said he had learned of her identity from one of those reporters. Mr. Libby and his boss, Mr. Cheney, were trying to discredit Mr. Wilson; if Mr. Fitzgerald's account is correct, they were careless about handling information that was classified.

Nevertheless, it now appears that the person most responsible for the end of Ms. Plame's CIA career is Mr. Wilson. Mr. Wilson chose to go public with an explosive charge, claiming -- falsely, as it turned out -- that he had debunked reports of Iraqi uranium-shopping in Niger and that his report had circulated to senior administration officials. He ought to have expected that both those officials and journalists such as Mr. Novak would ask why a retired ambassador would have been sent on such a mission and that the answer would point to his wife. He diverted responsibility from himself and his false charges by claiming that President Bush's closest aides had engaged in an illegal conspiracy. It's unfortunate that so many people took him seriously.

Judge Extends Court Order Against BetonSports (SLPD)

By Tim O'Neil, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, September 1, 2006

A federal judge in St. Louis on Thursday extended a temporary court order against BetonSports, an Internet sports gambling operation, in hopes the London-based company would send a representative to respond to it soon.

An indictment unsealed July 17 alleges that the company took $3.7 billion in illegal bets from Americans over three years, and accuses it of mail fraud, racketeering and other crimes. Federal prosecutors sought an order prohibiting the company from selling its websites and ordering it to return bets to American players.

U.S. District Judge Carol E. Jackson has granted a temporary order to that effect, but lawyers for BetonSports have never appeared at the federal courthouse here to answer it. They didn't show up Thursday, either.

"Is anyone here from -Beton--Sports?" she asked to open a brief hearing.

"Just like the last time."

Marty Woelfle, a lawyer for the Justice Department's organized-crime unit in Washington, was in the room and told the judge the government has made some progress in formally serving papers on BetonSports' London headquarters. Woelfle said a process server in London expected to complete that task soon, and asked for a 30-day extension on the judge's temporary order, which would have expired today.

Jackson granted that extension. Woelfle is seeking a permanent order to bar the company from taking bets and to force it to give up $4.5 billion.

On Aug. 10, the company closed its American operations. Its website, betonsports.com, explains the change and, among other things, promises to "repay balances due to U.S. customers in an orderly manner."

David Carruthers, the company's former chief executive, was arrested July 16 in Dallas, allegedly while trying to fly to Costa Rica, where the company has an operation. The company fired him after he was arrested. He was freed on $1 million bond on Aug. 16 from the federal courthouse in St. Louis.

Polygamist Sect Leader Agrees To Return To Utah To Face Charges (AP)

By Ken Ritter, ASSOCIATED PRESS

AP, September 1, 2006

LAS VEGAS (AP) - Looking frail and timid, the leader of a breakaway polygamist sect agreed Thursday to be extradited to Utah to face rape charges that could send him to prison for the rest of his life.

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Prosecutors allege Warren Jeffs arranged marriages of older men and girls, some as young as 13. The 50-year-old leader of about 10,000 members of the Fundamentalist Church of Jesus Christ of Latter Day Saints spoke almost inaudibly during his brief court appearance.

Jeffs, who was not represented by a lawyer, nodded, paused and muttered meekly when Las Vegas Justice of the Peace James Bixler asked if he wanted to contest his return to Utah, where he is charged with two counts of rape by accomplice.

"What would you like to do?" Bixler asked.

"Go ahead and be extradited," replied Jeffs, who was handcuffed and wore a blue prison jumpsuit that hung off his bony frame.

In St. George, Utah, authorities said Jeffs would remain in Las Vegas at least until Friday to plan his move.

"We're gonna play this very carefully," said Washington County Sheriff Kirk Smith, who added that he had no indication there might be violence or an attempt by Jeffs' followers to free him.

Before his capture late Monday, Jeffs had claimed to be invincible, protected by God, with bodyguards who promised to fight to the death for him, authorities said.

Jeffs was arrested without incident after a traffic stop outside Las Vegas, ending a manhunt that lasted more than a year and placed him on the FBI's Most Wanted List. The 2007 Cadillac Escalade in which Jeffs rode was carrying three wigs, 15 cell phones, several laptop computers and $54,000 in cash, police said. No weapons were found.

Gary Engels, an investigator with Arizona's Mohave County attorney's office who has tracked Jeffs for years, surmised the fugitive may have picked up the money just before he was arrested.

"I have no doubt they had couriers running money to him," Engels said of Jeffs' followers.

Engels said he thought Jeffs might have been in southern Nevada to visit sect members who moved in recent years from Hildale, Utah, and neighboring Colorado City, Ariz.

He said the SUV was owned by John Wayman, a sect official who manages a company, Western Precision Inc., that recently moved from Hildale to Las Vegas and changed its name to Newera Manufacturing Inc.

Engels had seen only photo and video images of Jeffs until Thursday's court hearing.

"He looked very thin, very gaunt," Engels said. "He looked like a man who's been on the run, a man under a lot of stress."

Two prosecutors from the Washington County attorney's office in Utah were in court, as was Jeffs' brother, Isaac Jeffs, 32, who was driving when they were stopped. Isaac Jeffs did not speak with reporters.

Smith said Jeffs would be held without bail after he arrives at the Purgatory Correctional Facility in Hurricane, Utah. He will be segregated from other inmates in a solo cell with one hour per day for recreation, the sheriff said, and up to two hours of visitation a week.

The federal warrant on which Jeffs had been held, accusing him of unlawful flight to avoid prosecution, remained active Thursday, said Melodie Rydalch, spokeswoman for the U.S. attorney's office in Salt Lake City.

"We're waiting to see if it is needed," Rydalch said of the charge, which carries a possible penalty of up to 10 years in federal prison.

Jeffs' sect split from the mainstream Mormon Church when the Mormons disavowed polygamy more than 100 years ago. Jeffs took over in 2002 after the death of his 98-year-old father. He is said to have at least 40 wives and nearly 60 children.

Prosecutors hope the arrest will break his hold on his followers and empower them to speak out about their lives within a sect that condoned marriages of young girls.

In past attempts to prosecute polygamists within the sect, victims have faced pressure to stay quiet from insular communities in Hildale and Colorado City, where residents consider Jeffs a prophet of God.

Just this week, a sexual assault trial of another sect member was put on hold after the alleged victim, a woman married off at 16, refused to testify.

"They pretty much have to renounce their entire heritage to go against the prophet," said Arizona Attorney General Terry Goddard. "That has got to be hard to do."

One accuser in Utah said Jeffs performed a wedding over her repeated objections. After the girl continued to resist for a month, Jeffs ordered her to "give your mind, body and soul to your husband like you're supposed to," according to an affidavit obtained by The Associated Press.

"Go back and do what he tells you to do," Jeffs said, according to the affidavit.

Arizona also has a warrant for Jeffs, issued in June 2005. But Utah will prosecute him first because it has a stronger case and more serious charges of rape by accomplice.

Associated Press writers Jennifer Dobner in St. George, Utah, Paul Foy in Salt Lake City and Jacques Billeaud in Phoenix contributed to this story.

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Jeffs Will Be Returned To Utah (DESERET)

By Ben Winslow And Nancy Perkins, Deseret Morning News

Deseret Morning News, September 1, 2006

Seized documents reveal details of a life on the run

ST. GEORGE — Polygamist leader Warren Jeffs, on the run from the law, had a list of safe houses and the names of people who facilitated his eluding capture.

Laura Rauch, Associated Press

Warren Jeffs appears in a courtroom in Las Vegas. Asked what he wanted to do, the polygamist leader said, "I want to go ahead and be extradited." He will likely be in Utah within four weeks. In documents seized by police when Jeffs was arrested late Monday night, details about his intricate network support were revealed, including maps, lists of individuals contributing money and a list of people providing safe houses.

Also included in the seizure was a directive from the man once on the FBI's Ten Most Wanted List; "So, I have to be hiding in my travels, not let anyone know. And when I come to a land of refuge, you must not reveal where I am in your phone calls and your letters."

That evidence, revealed in court papers filed in St. George's Fifth District Court, is what prompted Washington County prosecutors on Wednesday to seek a no-bail order on Jeffs.

Jeffs waived extradition on criminal charges of rape as an accomplice for arranging child bride marriages Thursday after a brief court appearance in a Las Vegas.

Dressed in a blue jail jumpsuit with his hands cuffed to his waist, Jeffs spoke softly as he answered questions from a Las Vegas Township Justice Court judge.

"Are you Warren Jeffs?" Judge James Bixler asked.

"Yes," Jeffs said, nodding his head.

Bixler explained the extradition process as Jeffs stood in a jury box, surrounded by SWAT team members and facing several news cameras.

The polygamist leader appeared thin. His hair was dark with streaks of silver on the sides.

The judge finally asked Jeffs, leader of the Fundamentalist LDS Church, what he wanted to do.

"I ... go ahead and be extradited," he said after a brief pause.

After the hearing, Jeffs met with an investigator who has dogged him for years.

"I wanted to put a human being with a picture and, of course, I needed to try to talk to him," Mohave County Attorney's investigator Gary Engels told the Deseret Morning News. "We chit-chatted a little bit."

Engels has been pursuing Jeffs since being directed by the Mohave County Attorney to investigate crimes within the polygamous border town of Colorado City, Ariz. Through his investigations, prosecutors in Arizona have brought a number of charges against polygamists. The trial of one starts next week.

Engels met with Jeffs in the Clark County Jail, where he was being held after a chance arrest by a Nevada trooper Monday night. Engels declined to go into details about his conversation with Jeffs. He said the FLDS leader knew who he was.

"He was decent. Guarded," Engels said.

Trying to break the ice, Engels told Jeffs he looked thin.

"He said 'That's the way I always look,'" the investigator said.

Engels said he advised Jeffs of his rights and tried to ask about criminal investigations under way, but Jeffs wouldn't talk without an attorney.

More charges?

When Jeffs returns to Utah, he could face more criminal charges.

Washington County prosecutors confirmed to the Deseret Morning News they are screening more cases against Jeffs.

"It's a complicated case," deputy Washington County Attorney Jerry Jaeger said Thursday. "That's one thing that we have been looking at, is what else there is."

Just before Jeffs' extradition hearing, Jaeger and fellow prosecutor Ryan Shaum served Jeffs with papers indicating that a judge in St. George's 5th District Court had denied him bail.

Jeffs is charged in Utah and Arizona with sex crimes, accusing him of using his role as prophet of the FLDS Church to force teenage girls into polygamous marriages with older men. The victims say they were threatened with eternal damnation if they objected or left the unions.

The charges filed in St. George elevated Jeffs to the FBI's Ten Most Wanted list, where he remained for several months until he was arrested Monday outside Las Vegas during a simple traffic stop.

Jeffs was in the company of one of his wives, Naomi Jessop Jeffs, and Jeffs' brother, Isaac. Prosecutors said they remain under investigation for any role in harboring Jeffs.

Returning to Utah

Jeffs is expected to return to Utah within the next 28 days, where he will be booked into Purgatory Correctional Facility in Hurricane, less than 20 miles from Jeffs' former residence in Hildale.

Washington County Sheriff Kirk Smith said Jeffs would be held under administrative segregation, which means he will be housed alone.

"He will be allowed out for one hour a day to make phone calls, shower and exercise," Smith told reporters packed into the county attorney's office for a news conference on Thursday. "He will be able to read in his cell and have one to two hours of visitation each week. He will not be allowed to bring any personal effects with him into the jail, although he may request reading material."

Extraditing Jeffs from Nevada to Utah will be done in secrecy, and no details will be released to the public, Smith said. Details on the transfer must still be worked out between Smith and his counterparts in Clark County, Nev., where Jeffs is being held.

" We have not decided how to bring Jeffs here, yet," said Smith. "We are going to play this very carefully. I don't want to do anything that would jeopardize the transport, safety or housing of Mr. Jeffs. We want to make sure he gets every opportunity offered under the legal system."

So far, no attorneys representing Jeffs have contacted prosecutors.

Authorities told the Deseret Morning News they expect that Jeffs will still be in charge of the FLDS Church and its estimated 10,000 followers — even from jail. Jeffs is considered a prophet by his faithful followers.

"I think his contact with his people is going to be limited with him in jail. It definitely will be monitored," Engels said.

Towns unsettled

Hildale and Colorado City showed some signs of activity on Thursday. People were seen coming in and out of the local mercantile; children were seen playing in their yards.

It was a much different scene earlier in the week when word reached these communities that Jeffs had been arrested.

"They're coming to grips with him being caught. They still see him as Joseph Smith all over again," ex-FLDS member Daniel Chatwin said, referring to the martyred founder of The Church of Jesus Christ of Latter-day Saints.

The FLDS Church is a breakaway religion.

Bruce Wisan, the court-appointed special fiduciary of the FLDS Church's United Effort Plan (UEP) Trust, visited the twin towns on Thursday.

" I haven't noticed a change," he said. "I talked to one person inside. He said he's not discussing it unless someone brings it up."

Wisan said FLDS members said they don't want to show disloyalty and are waiting to see what happens.

In 2005, a Utah judge took control of the UEP Trust, which controls homes, businesses and property in Hildale, Colorado City and several FLDS enclaves. The state of Utah alleged that Jeffs and top FLDS leaders were fleecing the trust. The UEPTrust has an estimated $110 million in assets.

Extra police patrols were seen in the border towns, and authorities hope that with the arrest of Jeffs, more people will come forward to report abuses within the closed societies.

" I want to see Jeffs get his day in court," Engels said.

FLDS Leader Jeffs Accepts Extradition From Nevada (SLT)

By Brooke Adams, The Salt Lake Tribune

Salt Lake Tribune, September 1, 2006

LAS VEGAS - Polygamous leader Warren Jeffs, captured Monday after years on the run, says he is "at peace," said an investigator who spoke to him Thursday.

Gary Engels, a Mohave County, Ariz., attorney's investigator, spoke with Jeffs about an hour after the former fugitive briefly appeared in a Las Vegas courtroom and agreed to be extradited to Utah.

The two men engaged in small talk, and at one point Engels asked Jeffs how he was doing and whether he was "OK."

"He said yes, and that he's 'at peace' with things," Engels said.

Meanwhile, a new court filing in Utah says police found "maps, lists of individuals whom were contributing money, and names of individuals providing 'houses of hiding' and 'hiding houses' " in the 2007 Cadillac Escalade Jeffs was riding in when caught Monday. Information on the lists was not disclosed.

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Clad in a dark blue jail jumpsuit and with his arms held by two Las Vegas SWAT team officers, Jeffs appeared dazed and gaunt, his dark brown hair streaked with silver in the back. His younger brother Isaac, who had been driving the Escalade, looked on from a front row seat.

After Judge James M. Bixler explained his options,

Related Articles

'Jane Doe' ready to testify in Jeffs' felony rape case

Arizona jail releases six sect members

Ex-FLDS member visits community, finds it unchangedJeffs, speaking in a barely audible voice, said he wanted to "go ahead and be extradited."

He is charged in Utah with two counts of rape as an accomplice, a first-degree felony punishable by five years to life in prison, for arranging a plural marriage involving an underage girl.

Jeffs did not look at his brother, who rose - in an apparent sign of respect - as the sect leader was escorted out of the seventh floor courtroom in the Clark County Regional Justice Center.

Isaac Jeffs, tall and lanky like his brother and dressed in blue jeans and a long-sleeve green collared shirt, had sat silent, staring straight ahead, as media crowded into the courtroom before the hearing. He left immediately afterward and took off down the block at a fast pace, pursued by media. He did not offer any comments.

Jeffs was apprehended Monday night by a Nevada Highway Patrol trooper who made a routine traffic stop on Interstate 15 north of Las Vegas. One of his plural wives, Naomi Jessop Jeffs, also was in the vehicle with Jeffs and his brother.

The FBI's Las Vegas division released Isaac Jeffs and Naomi Jeffs on Tuesday morning after conferring with counterparts in

Warren Steed Jeffs extradition hearing

Utah and Arizona and determining there was no reason to hold them, according to Special Agent David Nanz.

Engels came out of retirement to investigate crimes allegedly committed by Jeffs and his followers in the Fundamentalist Church of Jesus Christ of Latter Day Saints, whose home base is at the Utah-Arizona state line.

As Jeffs entered an interview room Thursday in the Clark County Detention Center, Engels asked, "Do you know who I am?"

Jeffs answered, "Yeah, you're Gary," Engels said.

"It was good for me to sit down face-to-face with him. Up until then, he'd only been a picture," Engels said.

Engels tried to question Jeffs, but he invoked his Miranda right to remain silent. Engels said Jeffs had questions for him, but would not divulge what the sect leader wanted to know.

Jeffs indicated that hiring a defense attorney "was being looked at," Engels said. The men talked for 15 or 20 minutes, Engels estimated.

Engels had been allowed to inspect the maroon Escalade before the morning hearing.

"It was very obvious he was living out of his vehicle," Engels said. "It was just packed full of stuff, clothing, pots and pans, plastic silverware."

The Associated Press reported the Escalade was registered to John Wayman, a principle of NewEra Manufacturing. Formerly known as Western Precision, the company is alleged to have been a major funder of Jeffs and the FLDS church. The machining firm recently moved from Hildale to Las Vegas.

In Utah, Jeffs' bail had been revoked Wednesday. In documents requesting the change, Washington County Attorney Brock Belnap said papers found in the Escalade included this statement from Jeffs: "So I have to be hiding in my travels, not let anyone know. And when I come to a land of refuge, you must not reveal where I am in your phone calls and your letters."

Jeffs also told the officers who arrested him that he had "no fixed address."

Jeffs will now be brought to Utah by the Washington County Sheriff's Office and incarcerated at the Purgatory Jail to await legal proceedings.

Last summer in Arizona, a Mohave County grand jury indicted him on two sex crime charges related to his alleged role in arranging marriages for minors. He then became a federal fugitive.

The Utah charges were filed in April. In May, the

Isaac Jeffs, younger brother of Warren Jeffs, sits tense in the courtroom before the hearing. (Trent Nelson/The Salt Lake Tribune)

FBI placed Jeffs on its "Most Wanted" fugitives list.

The FLDS is among fundamentalist Mormon groups who believe plural marriage is necessary for exaltation. The mainstream Church of Jesus Christ of Latter-day Saints publicly renounced the practice, first instituted by church founder Joseph Smith, in 1890; it excommunicates members who support or practice it.

Unlike other polygamous groups, the FLDS has purportedly refused to stop plural marriages involving minors, which triggered investigations into the sect by authorities in Utah and Arizona. Jeffs has been on the run since late summer of 2003.

In the fall of 2003, Jeffs' followers began purchasing properties in other states, including Nevada, Colorado, South Dakota and Texas. The FLDS church also has a branch in British Columbia.

His last sighting may have been in January 2005, when he is thought to have participated in a groundbreaking ceremony for a temple at an FLDS compound in Eldorado, Texas.

Jeffs became leader of the FLDS church in September 2002, succeeding his father, Rulon T. Jeffs, whom he served alongside for years.

As a young man, Jeffs was a teacher and then principal of Alta Academy, a private FLDS school once located in the Salt Lake Valley. There, he displayed the demanding rule that would characterize his leadership of the FLDS, with zero tolerance for misbehavior or even the most minor violations of church standards.

After becoming prophet, Jeffs expelled hundreds of male followers from the faith and community without explanation, leaving them to come up with their own admissions of guilt while they repented from afar. He also began shifting their wives and children to men he deemed more worthy, a policy many followers went along with because of the belief their salvation was at stake.

Polygamist Leader Agrees To Face Utah Charges (NYT)

By Maria Newman

The New York Times, September 1, 2006

The polygamist leader of a Mormon-offshoot sect said yesterday that he would not fight extradition from Las Vegas to Utah to face charges that he arranged marriages between under-age girls and older men.

In a brief televised court hearing, the sect leader, Warren Jeffs, 50, appeared without a lawyer.

He was dressed in a blue prison jumpsuit with his hands shackled to a chain at his waist. Guards in bulletproof vests held him at the elbows. Mr. Jeffs looked steadily at the judge. When Mr. Jeffs was asked what he wanted to do, he said, “Go ahead and be extradited.”

He was arrested Monday in a routine traffic stop near Las Vegas, after spending two years on the run.

He was wanted in Utah and Arizona in connection with the arranged marriages of young girls.

The two states have agreed that he will be prosecuted first in Utah because that state has a stronger case, and more serious charges are pending against him there.

The Utah charges include two counts of rape by accomplice, accusing Mr. Jeffs of forcing a girl to marry an older man and submit to him sexually.

The arrest was made four months after Mr. Jeffs had been placed on the Federal Bureau of Investigation’s list of most wanted fugitives, a symbol of the government’s hardened line against plural marriage in the West.

Even as he evaded capture, Mr. Jeffs, who told his followers that he was a prophet of God, continued to lead a group called the Fundamentalist Church of Jesus Christ of Latter-day Saints.

The group split from the mainline Mormon Church decades ago, when the Mormons disavowed polygamy.

The fundamentalist church has about 10,000 members, mostly in and around Hildale, Utah, and Colorado City, Ariz.

With Its Leader In Custody, Can Polygamous Sect Survive? (CSM)

By Kris Axtman

The Christian Science Monitor, September 1, 2006

HOUSTON

This week's arrest of Warren Jeffs, head of America's largest polygamous group, is a law-enforcement coup, but it leaves wide open the question of whether his followers will persist in their illegal practices or rejoin mainstream society.

Federal and state authorities, elated by Mr. Jeffs's capture Monday during a traffic stop north of Las Vegas, expect the latter.

The fugitive's arrest is "the beginning of the end of ... the tyrannical rule of a small group of people over the practically 10,000 followers" of the Fundamentalist Church of Jesus Christ of Latter Day Saints, or FLDS, said Arizona Attorney General Terry Goddard in a radio interview.

Extremist-group experts, though, caution that it's too early to predict the sect's demise. "Yes, you have an infrastructure that has been decapitated. But you also have thousands of really sincere believers, and they are not going to just disappear," says Brian Levin of the Center for the Study of Hate & Extremism and a criminal-justice professor at California State University, San Bernardino.

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Most of the church's members live in the twin communities of Colorado City, Ariz., and Hildale, Utah. But in recent years, the group began building a massive compound in Eldorado, Texas, and there appears to be a large exodus of devoted followers to this new area.

FLDS adherents call Jeffs "the prophet," but they consider him God on earth. Until his death, he remains their chosen one. That means Jeffs is not likely to relinquish his power - even if convicted and sent to prison. Officials believe he led the sect while on the run this year - and for the nearly four months he was on the FBI's "Ten Most Wanted" list - from charges of arranging illegal marriages between underage girls and older men.

Even so, leading such a large group from behind bars would be trickier because of limited communications.

"His arrest could put some very serious cracks into a group like this," says Mark Potok, director of the Intelligence Project at the Southern Poverty Law Center in Montgomery, Ala. "FLDS followers may begin to see that Warren Jeffs was not the second Joseph Smith [the founder of the Mormon church], probably wasn't divine, and that he did some things that were immoral and unethical, not to mention illegal."

Cracks are already showing. A number of girls have broken away, claiming they were forcibly married and sexually abused, and boys allege they were banished from FLDS so that the older men could have more wives.

In addition, schisms exist between Jeffs supporters and other polygamist groups that have broken off from the FLDS. Jeffs's arrest may lead to further splintering, says Mr. Potok, who last year added the FLDS to the law center's hate-group list because of its racist teachings.

Divisions are not uncommon among extremist groups with strong leaders, he says. One example: The neo-Nazi National Alliance began to fall apart when its charismatic leader, William Pierce, died in 2002. Pierce worked 20 years to build a group that could survive him, says Potok. But there was not enough respect for the new leader, and the group - with one-seventh of its former members - is almost defunct.

Others say that, because the FLDS is much older than many extremist groups, it is more likely to persist. It has existed for more than a century after splitting from the mainstream Mormon faith, and was headed by Jeffs's father, Rulon Jeffs, before his death. Earlier, the FLDS was led by a small oligarchical council.

"Unlike previous leaders, Warren Jeffs controlled every aspect of the lives of his followers. But a lot of people believe in the basic teachings, so it probably has enough to survive," says Mark Pitcavage of the Anti-Defamation League. The significance of Jeffs's arrest lies in the serious nature of the allegations against him, as well as how he was apprehended, he says. Many had worried violence would ensue if Jeffs were to be trapped in a building by police.

Feds Seize Data On 29 Tied To HDO (CHIST)

By Fran Spielman, City Hall Reporter

Chicago Sun-Times, September 1, 2006

Federal agents have taken the personnel records of 29 current Streets and Sanitation employees -- ranging from laborers to top managers -- who owe their jobs and promotions to the Daley-created Hispanic Democratic Organization, City Hall sources said.

The retrieval of the records, top mayoral aides said they think, could be a prelude to more job-related indictments and took place last week with "almost no advance warning," sources said.

Virtually all of the employees involved have ties to former Streets and Sanitation Commissioner Al Sanchez, a longtime HDO lieutenant and 10th Ward coordinator, the sources said.

Federal prosecutors suggested at a city hiring corruption trial that Sanchez and HDO chief Victor Reyes were part of the scheme to reward political volunteers with city jobs or promotions. Four men, including the mayor's patronage chief, Robert Sorich, were convicted in the trial. Sanchez and Reyes have not been charged, but their names came up repeatedly at trial.

Knew what they wanted

Investigators made quick work of getting the records last week.

"They notified us they were coming to pick them up, and they arrived" within minutes, said one source familiar with the matter. The feds did not have to execute a search warrant, though, as part of the retrieval.

"They've come fishing before. But this time, they knew exactly what they were fishing for. It looks like a prelude to more job-related indictments. Based on the time of the hires and other information, it appears the focus may be HDO and Sanchez."

Sanchez served as Streets and Sanitation commissioner for six years before being forced out in June 2005 in a scandal-induced housecleaning by chief of staff Ron Huberman.

Sanchez's lawyer would not comment on the feds' latest action and said he has had no discussions with the government. Reyes' lawyer did not return a call seeking comment.

5,700 linked to sponsors

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The retrieval of records last week was similar to the one at City Hall in May 2005 when the Hired Truck scandal officially branched out into city hiring.

At that time, agents descended on City Hall to seize personnel records of three city departments: Streets and Sanitation, Water Management and the Mayor's Office of Intergovernmental Affairs. One of the computer hard drives seized belonged to Sorich. Another belonged to IGA chief John Doerrer, Reyes' predecessor.

At the city hiring trial, federal prosecutors introduced a list of more than 5,700 city job applicants linked to political sponsors. Sanchez alone sponsored more than 110 applicants. The number grew to nearly 400 when combined with applicants championed by other HDO leaders, including state Sen. Tony Munoz (D-Chicago), a political patron of convicted Hired Truck czar Angelo Torres.

Ryan Lawyers Plead For A Break, Saying His Health At Risk (AP)

By Mike Robinson

AP, September 1, 2006

CHICAGO - George Ryan's lawyers urged a judge Thursday to give the former governor a break when she sentences him next week, saying he is old and sick and "has been publicly and universally humiliated."

"The public shaming that Ryan has endured combined with the impending loss of his pension greatly lessens the need for the court to punish through the sentencing process," Ryan's lawyers said in court papers.

They said the 72-year-old Ryan has reached "advanced age" and if given a sentence like the six-year term his top aide received for a similar conviction "it is highly likely that he will die in prison."

"It is not necessary to impose a life sentence to reflect the seriousness of the offense," they told U.S. District Judge Rebecca R. Pallmeyer.

Ryan was convicted April 18 along with a longtime friend, businessman Larry Warner, of engaging in corruption when he was secretary of state and later governor. The verdict followed a seven-month trial.

The husky-voiced one-time Kankakee pharmacist who rose to become the state's most powerful politician was convicted of every count against him - racketeering conspiracy, mail fraud, tax fraud, and lying to FBI agents.

Ryan was accused in the indictment of steering lucrative contracts to Warner and other insiders, using taxpayer dollars for his campaign and acting to kill investigations that could have uncovered corruption.

He still denies the allegations and says he did nothing illegal.

The trial was the climax of an eight-year investigation that has resulted in the conviction of 75 state employees, lobbyists, drivers licensing officials, driving instructors and others. No one was acquitted.

Ryan's lawyers said he should get a light sentence in part because he suffers from Crohn's disease, diabetes and diverticulitis and has multiple risk factors for heart disease including high cholesterol.

"Even a sentence of no more than 30 months could take away the last healthy years of his life," they said. They said stress resulting from the case also represents a danger to his health.

They noted that Gov. Rod Blagojevich's campaign has been attempting to discredit Republican challenger Judy Baar Topinka with television ads showing her dancing the polka with Ryan.

"His name has become synonymous with misconduct and betrayal," they said. "He has been publicly and universally humiliated as a result of this investigation, trial and conviction."

Prosecutors haven't tipped their hand as to how much time they will ask Pallmeyer to impose on Ryan, but the court papers filed by his attorneys indicated the government may seek to boost the sentence above what might normally be called for under advisory federal sentencing guidelines.

Ryan's lawyers indicated that the pre-sentence report on Ryan given to the judge - which is not public record - contains possible recommendations of extra time for obstruction of justice and other alleged conduct.

Under the letter of the law, Ryan could get 20 years on the racketeering conspiracy count alone, but it's unlikely Pallmeyer will impose such a sentence. She gave his former campaign manager and top aide, Scott Fawell, six years for racketeering and other crimes.

Ryan's lawyers also filed a motion asking Pallmeyer to allow him to stay free while appealing his case. Such appeal bonds are rarely granted.

Meanwhile, prosecutors told Pallmeyer on Thursday morning the father of six children whose death in a fiery 1994 Wisconsin expressway tragedy led to the Ryan investigation wants to speak at the sentencing.

Pallmeyer indicated she might allow the Rev. Scott Willis to address the court for no more than 15 minutes and then permit Ryan's attorneys to present witnesses to speak on his behalf.

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On Election Day 1994, the Willis van was on an expressway near Milwaukee when a heavy steel part broke off the truck in front of it.

The part slid under the van and ripped into the gas tank. Sparks from the part dragging on concrete set the van ablaze, killing the six children. The driver of the truck later took the 5th Amendment when asked how he had gotten his drivers license.

Prosecutors believe it was in a batch purchased by his boss at the corruption-drenched McCook drivers testing station.

A federal investigation resulting from the Willis tragedy uncovered evidence that thousands of dollars in payoffs in exchange for licenses went into the Citizens for Ryan campaign fund.

Willis Dad Wants To Testify (CHIT)

By Rudolph Bush, Tribune Staff Reporter

Chicago Tribune, September 1, 2006

Father of van-crash victims seeks a say in Ryan sentencing

The deaths of Rev. Duane "Scott" and Janet Willis' six children in a 1994 van crash hung silently over Gov. George Ryan's monthslong corruption trial.

Now that Ryan has been convicted, Rev. Willis wants to testify before U.S. District Judge Rebecca Pallmeyer before she sentences the former governor on Wednesday.

Although jurors heard mention of the crash, which had been linked to the corruption, Pallmeyer had barred any explicit mention of the victims' names and ages because she found the issue too inflammatory for jurors to hear.

During a court hearing Thursday, prosecutors asked Pallmeyer to hear from Willis before she sentences Ryan next week.

Willis' lawyer, Joe Power, said in an interview that the family wants the judge to hear firsthand the consequences of corruption in Ryan's office.

"Scott Willis just wants the court and the public to know how they've paid the ultimate price for corruption. There's nothing more precious in society than our children," Power said.

Ryan's lawyers, meanwhile, filed two motions asking that the former governor remain free pending appeal and seeking a sentence of no more than 2½ years in federal prison.

Ryan faces as much as 8 years in prison—or possibly more—when he is sentenced Wednesday.

He was convicted in April on charges that he doled out state leases and contracts to cronies and diverted state employees and resources to political campaigns.

In a 70-page motion that detailed health problems suffered by Ryan and his wife, Lura Lynn, his attorneys argued that he shouldn't be punished for the deaths of the Willis children or an aborted internal investigation that followed the crash that killed them.

"It is hard to discuss this accident without being overwhelmed by the unimaginable loss and devastation suffered by the reverend and Mrs. Willis," wrote Ryan's attorney Bradley Lerman.

However, "the evidence does not support a conclusion that Ryan stifled the investigation."

The Willis children died as a result of an accident connected to truck driver Ricardo Guzman, who received a commercial Illinois driver's license after bribing a secretary of state official.

Federal investigators found that officials took bribes to purchase political fundraising tickets for Ryan.

Assistant U.S. Atty. Patrick Collins asked during a brief court hearing Thursday that Willis be allowed to testify about what his family has suffered. "Rev. Willis was a victim [of Ryan's corruption] in the sense that he was entitled to a good faith investigation" of the accident.

Pallmeyer asked Ryan's attorneys to object in writing to Willis' testimony before she rules on the matter.

Lerman told the court that he offered prosecutors a compromise: If prosecutors didn't call witnesses, the defense would not call witnesses on Ryan's behalf.

Meanwhile, for the first time publicly, Ryan's attorneys laid out their arguments for why the former governor shouldn't serve a lengthy prison term. At 72, he is too old to endure years in prison, they argued.

"Ryan suffers from numerous illnesses, including Crohn's disease and diabetes," his attorneys wrote. "Even a sentence of 30 months could take away the last healthy years of his life."

His wife is unhealthy too, they wrote. "She currently suffers from a brain aneurysm, is otherwise in frail health, and depends heavily on her husband to perform chores around the house."

Beyond that, Ryan has already been punished, they argued.

"He has been publicly and universally humiliated as a result of the investigation, trial and conviction," they wrote.

Ryan's defense quoted from several emotional letters his children wrote to Pallmeyer, masking who among Ryan's five daughters and one son was the author of each quotation.

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"Going through all of this has been hell for him, not just for the personal hits he has taken, but especially to watch his family being dragged through everything has been devastating to him," wrote one of Ryan's children.

Another wrote about the possible separation of Ryan and his wife.

"I just cannot comprehend how two people who have walked together for over 60 years will be able to continue," the letter read.

Prosecutors are expected to ask that Ryan receive a stiff sentence as the organizer and leader of a corrupt enterprise.

Whatever sentence he receives, his attorneys argued that he should remain free pending appeal because of the irregularity of jury deliberations in the case.

During deliberations, Pallmeyer replaced two jurors with alternates after it was revealed the original jurors failed to disclose run-ins with the law.

Pallmeyer acknowledged that her unusual decision to begin deliberations anew was a "close call" and could be ruled an error on appeal.

Ryan's lawyers argued that, based on the likelihood they could win an appeal, the judge should permit Ryan to remain free. "Ryan poses no danger to any person or to the community. Apart from this prosecution, Ryan has never been convicted of a crime," they wrote.

rrbush@tribune.com

Willis May Speak At Ryan Sentencing (CHIST)

By Natasha Korecki, Federal Courts Reporter

Chicago Sun-Times, September 1, 2006

The father of six children killed in a highway accident that triggered the federal probe leading to George Ryan's downfall wants to testify at the former governor's sentencing next week.

As Ryan's attorneys pleaded for a light sentence, warning he could "die in prison," prosecutors disclosed that the Rev. Scott Willis has offered to briefly testify at Ryan's sentencing hearing, scheduled for Wednesday.

Willis, his wife, Janet, and six of their children were on a Wisconsin highway in 1994 when their van was hit by a piece of metal that fell from a semi-trailer truck. The van exploded, killing all of the children. The Illinois trucker had paid a bribe for his license while Ryan headed the secretary of state's office.

Ryan's lawyers on Thursday objected and asked that Willis instead offer written testimony. Lawyers for Ryan's co-defendant, Lawrence Warner, asked for a separate sentencing hearing if Willis testifies.

U.S. District Judge Rebecca Pallmeyer said she would consider the request and could rule on it as early as today.

If she allows it, she would limit testimony to 15 minutes. Ryan's defense will offer up "a handful" of witnesses at the sentencing as well, said Bradley Lerman, a Ryan defense lawyer.

Debate over prison term

In the meantime, in what's sure to be a hard-fought battle, Ryan's lawyers disclosed Thursday they think Ryan should spend 2-1/2 years in prison. That would be a considerable drop from the six- to 10-year sentence range recommended by the U.S. probation office. The government hasn't disclosed what sentence it is seeking but it could ask for time above the probation office's recommendation.

In arguing for a lower sentence, his lawyers said the 72-year-old Ryan has reached "advanced age" and suffers from Crohn's disease and diabetes. If given a sentence like the six-year term his top aide received for a similar conviction, "it is highly likely that he will die in prison," they said.

They also argued that Ryan's family needs him, particularly his wife, Lura Lynn, who suffers from a brain aneurysm, they said.

His lawyers cite numerous letters written by family members and friends and his work as governor and secretary of state. That includes Ryan's historic 2003 decision to clear Death Row and his funding of Illinois FIRST, a $12 billion capital construction project.

'Not a hardened criminal'

"The public shaming that Ryan has endured, combined with the impending loss of his pension, greatly lessens the need for this court to punish through the sentencing process," his lawyers wrote.

"Ryan is not a hardened criminal or a man who threatens society," his lawyers continued. "His character, his generosity, his love of family and friends -- all these fine qualities showed themselves often and in abundance throughout George Ryan's life, yet they were not the focus of the lengthy trial that resulted in his conviction."

Ryan's lawyers also argue he should not have to report immediately to prison but be free on bond as he awaits what could be a lengthy appeal.

Ryan's lawyers say this April's verdict, a sweeping conviction on racketeering, mail fraud and false statement charges, was clouded because of issues with jurors in the case. Eight days into deliberations, two jurors were swapped out after the judge learned they had not disclosed their criminal records. A new panel with two alternates later returned the verdict.

The filing also indicates the government is seeking more time for Ryan under a "bodily injury" enhancement, arguing that he knew the dangers tied to the sale of driver's licenses for bribes. His lawyers object, saying no enhancement was applied to two state officials directly tied to selling a fraudulent license to the truck driver involved in the Willis crash.

But prosecutors have argued that it was Ryan who dismantled the investigative unit of his secretary of state's office after reports of corruption.

Court Affirms Ex-McNamara Aide's Sentence In Corruption Case (AP)

AP, September 1, 2006

DETROIT (AP) — The 6th U.S. Circuit Court of Appeals on Thursday upheld the conviction of a top aide to former Wayne County Executive Ed McNamara for taking kickbacks from contractors at Detroit Metropolitan Airport.

Wilbourne Kelley III, 71, Wayne County's former deputy chief operating officer, is currently serving a 44-month prison sentence in Morgantown, W.Va.

The court in Cincinnati also upheld the conviction of his wife, Barbara Kelley, who is serving a 41-month term.

Among the issues in their appeal, the Kelleys argued that they should have been tried separately, but a three-judge panel disagreed.

"Although both defendants did not participate in all acts detailed in the indictment, it is sufficient that they both participated in at least one act in a series of acts that constituted the offense," Senior Judge Damon J. Keith wrote for the panel, which affirmed U.S. District Judge Marianne Battani's decision.

The judges also rejected arguments that the Kelleys should have received a new trial because a juror told the Detroit Free Press that the Kelleys, who did not testify during their trial, would have done so had they been innocent.

The charges grew out of a federal and state investigation of the McNamara administration.

A jury in September 2004 found the Kelleys guilty of extortion, bribery, conspiracy and lying to the FBI. Barbara Kelley also was convicted of money laundering.

Wilbourne Kelley worked for the county from 1985 until 1999, and during most of his oversaw contracts at the airport. McNamara, county executive from 1987 to 2003, was not charged in the case.

Man Gets Sentence Of 135 Months (SDUT)

Union-tribune

The San Diego Union-Tribune, September 1, 2006

A La Jolla man who took $37.5 million from investors by fraudulently promising incredible returns in overseas bank transactions was sentenced in San Diego federal court yesterday to 135 months in prison.

James F. Garro , 61, also was ordered by Judge M. James Lorenz to repay investors $6.5 million.

Garro was convicted in April 2005 of 20 counts of fraud, money laundering and tax evasion. He raised money from several investors by promising to double their money within 15 days through what he portrayed as an exclusive banking market for people whom would use the profits for humanitarian purposes, said Assistant U.S. Attorneys Sanjay Bhandari and Timothy Salel .

Instead of investing the money, Garro spent it on himself, including more than $8 million for luxury homes in California and Mexico.

Garro testified that he acted in good faith but was unable to make good on his promises. He testified that he bought a $5.2 million beachfront La Jolla house as an investment for someone who gave him money.

When investors began demanding their money, Garro paid back some of it, prosecutors said. They said Garro also told investors that there were problems with the banks and that their money was on the way. FBI and IRS agents arrested him in 2002.

– Ray Huard

Man's body found in water by pier

OCEAN BEACH – A man's body was found floating near the rocky shoreline at the Ocean Beach Pier yesterday.

Authorities said it appeared the body had been in the water for some time. The identity was unknown. It was found about 1:30 p.m.

– Joe Hughes

Man is convicted of molesting girls

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CHULA VISTA – An unemployed Chula Vista man was convicted in Superior Court yesterday of molesting two teenage girls he accosted under the guise of measuring their height with his hands.

Michael Nathaniel Allen, 50, was convicted of committing lewd acts on a child under age 14, prosecutor Marisa Di Tillio said.

In convicting Allen, jurors found that he had substantial sexual contact with a 13-year-old girl who told police he had touched her genitals through her clothing after accosting her outside the Chula Vista YMCA, where she had been watching friends at an exercise class, the prosecutor said.

Jurors also found that Allen had improperly touched the legs of the second girl while measuring her with his hands. Jurors acquitted Allen of charges involving three other girls he approached outside an apartment complex near the YMCA while they were playing.

Allen faces a maximum penalty of 60 years to life in prison at a hearing set for Oct. 19 by Judge William H. McAdam, Di Tillio said.

– Ray Huard

Brothers get prison for false tax filings

Two San Diego brothers who owned a Kearny Mesa computer company have each been sentenced in San Diego federal court to a year and a day in prison for filing false tax returns.

Sherif S. Gadalla , 40, and Samer Gadalla, 36, also were ordered by Judge Dana M. Sabraw to pay back taxes.

The brothers are former partners in Computer Depot Warehouse on Clairemont Mesa Boulevard.

Sherif Gadalla was sentenced yesterday. His brother was sentenced last week.

The two men paid the back taxes when they were sentenced – $857,041 from Sherif Gadalla and $907,788 from Samer Gadalla, Assistant U.S. Attorney George Aguilar said.

The Gadallas were accused of filing inaccurate tax returns during a five-year period from 1998 through 2002. They pleaded guilty in April to one count of filing a false tax return for 2002.

The brothers are still liable to the IRS for an undetermined amount of civil financial penalties and interest on the taxes they didn't pay, Aguilar said.

– Ray Huard

Forum to discuss plans for disasters

DOWNTOWN – Is San Diego prepared for disaster? Rep. Susan Davis, D-San Diego, will host a forum today to try to answer that question.

It will be from noon to 2 p.m. at the Downtown Information Center, 225 Broadway, between the NBC Studio and Horton Plaza.

Local officials will discuss San Diego's homeland security, emergency services and preparedness for natural disasters and terrorist attacks. Information about how residents can prepare themselves for disaster also will be available.

Among those invited are top officials from San Diego's Department of Public Safety and Homeland Security, San Diego American Red Cross, San Diego Harbor Police, San Diego's Police and Fire departments and the San Diego Community Emergency Response Team.

– Dani Dodge

Investment Sentencing (XETV-TV)

XETV-TV, September 1, 2006

A San Diego man has been sentenced to federal prison for bilking investors out of millions of dollars.

In April 2005, a jury found James F. Garro guilty of 20 counts of fraud, money laundering and tax evasion.

U.S. District Judge M. James Lorenz ordered Garro to pay $6,484,607 in restitution.

The evidence at trial established that Garro raised $37.5 million from several investors by falsely promising them 100 percent profit within 15 calendar days from the trading of bank loans in an allegedly secret, exclusive market in which only those with a humanitarian purpose for their proceeds could participate.

"Schemes that promise incredible returns, such as `prime bank' schemes, should be taken for what they are ... too good to be true," said U.S. Attorney Carol Lam.

After obtaining control of the funds, Garro never traded bank debentures as promised and instead spent the money in various unauthorized ways, including more than $8 million on luxury homes for himself in California and New Mexico, prosecutors said.

Zubkis Guilty In Fraud, Laundering Scheme (SDUT)

Signonsandiego News Services
The San Diego Union-Tribune, September 1, 2006

SAN DIEGO – A man who defrauded investors out of more than $1.8 million through misrepresentations relating to the renovation of a Las Vegas casino pleaded guilty Friday to conspiracy and money laundering charges.

Vladislav Zubkis, also known as Steven Zubkis, faces sentencing Nov. 20 by U.S. District Judge Larry Burns.

Zubkis admitted that he and his co-conspirators deliberately misled investors about his business experience, his companies, the uses to which he put investors' funds and the status and prospects of a storage facility and the casino project.

Zubkis also admitted laundering the funds he unlawfully took from investors.

"It can be devastating when the financial well-being of an individual falls into the wrong hands through deceit and trickery," said Kenneth Hines, special agent in charge of IRS Criminal Investigation. "The days are numbered for those who peddle false hopes and dreams and prey on investors for their own personal financial benefit."

Fumo To Cash Out In Sale Of Bank (PHI)

By Mario F. Cattabiani, Craig R. Mccoy And Jennifer Lin
The Philadelphia Inquirer, September 1, 2006

With the pending sale of the bank his grandfather founded eight decades ago, State Sen. Vincent J. Fumo is in line for a big payout: $24 million.

In a deal announced late Wednesday, a newly formed bank holding company in Chester County agreed to pay $94 million in cash for PSB Bancorp, the parent of First Penn Bank.

Fumo, PSB's chairman and its largest individual shareholder, will receive $18 million for his stock - plus $6.3 million in a golden parachute.

The privately owned buyer, Conestoga Bancorp, has agreed to pay $17 a share in cash for the publicly traded PSB, the two companies announced.

Conestoga is run by a seven-member board, headed by Richard A. Elko, 45, a veteran community banker. Fumo will cut all ties with the bank upon the sale, but most of PSB's 150 employees at its 13 branches will keep their jobs, Elko said yesterday.

"We are delighted to acquire one of the last remaining independent banking franchises in the Greater Philadelphia market," Elko said in a statement announcing the deal, which must be approved by regulators and PSB stockholders.

At $17 a share, the deal represents a premium of nearly 54 percent over PSB's Wednesday closing price of $11.07.

The payment price could drop if PSB were unable to shed seven construction loans. That could reduce the per-share price to $16.34, the companies announced.

In a series of articles last year, The Inquirer reported that the bank board - made up of Fumo friends and political allies - granted Fumo a generous compensation package that analysts said was startling given the bank's size and performance.

Fumo, who has represented a Philadelphia district for nearly 30 years, did not respond to a request for comment on the proposed sale. But Anthony S. DiSandro, the bank's chief executive officer, said he and Fumo deserved the payouts.

"You can look at it and say, 'These guys are making a lot of money,' " DiSandro said. "But this is business in America, and I think we earned it."

DiSandro said he and Fumo had taken the bank from humble beginnings as a neighborhood thrift, and, over three decades, positioned it for the sale.

Under the proposed sale, DiSandro, like Fumo, will get a $6.3 million exit payment. At $17 a share, DiSandro will receive almost $9 million for his shares.

The proposed sale also has a noncompete clause; DiSandro and Fumo would not work in banking for three years.

Fumo has long been a power in Harrisburg, renowned for his political skills and influence. The bank deal comes at a tough time in his political career, as the Democrat continues to endure a three-year-old federal corruption investigation.

The FBI, federal prosecutors and the IRS are investigating whether Fumo broke the law in how he raised millions for a nonprofit organization in South Philadelphia and whether he improperly extracted personal and political benefits from the organization.

Fumo took over the bank from his father in 1976. Since then, the bank has added branches and greatly increased its deposits.

Before PSB's board put the bank up for sale last year, it awarded Fumo 600,000 shares and stock options - a benefit, it is now known, worth $5.2 million, based on the sale price announced yesterday.

In all, Fumo owns or controls about one million shares in the bank.

It also gave him a multimillion-dollar golden parachute on top of his already existing severance pact.

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And it has paid him handsomely in salary and bonuses over the years. This compensation hit its peak in 2004, when Fumo was paid $709,000.

Compensation experts described the package as excessive.

"This is as far into ugly territory as I've seen in a long time," Don Delves, a Chicago consultant expert whose clients include Fortune 500 firms, said last year.

According to documents filed yesterday with federal regulators, Fumo and DiSandro deflated their parachutes "to facilitate the transaction."

DiSandro said he and Fumo agreed to accept about $1.6 million less each in severance and parachute payments.

Elko, 45, a graduate of St. Joseph's University in Philadelphia, has previously held senior positions in regional banks. He noted yesterday that he was at Patriot Bank in Pottstown when it sold for $212 million in 2004.

He promised yesterday that Conestoga would thrive by offering personal service to customers that large banks could not and by creating a workplace that drew "the absolute best bankers."

As an executive at Patriot, Elko was the driving force of a 1999 effort to create an online consortium of community banks. Four banks, including PSB, backed the venture, known as BankZip.com. It collapsed in 2001 after losing $11 million - $2.5 million of which was written off by PSB.

Conestoga and PSB announced the deal after the markets closed on Wednesday. The news triggered a torrent of trading yesterday, as 506,100 shares of PSB changed hands.

On average, only about 3,100 shares in the company are traded daily. Its stock price ended yesterday's session up $4.86, or 44 percent, to close at $15.93.

DiSandro said the deal was attractive to Conestoga because PSB's properties were in move-in condition, giving its buyer 13 functioning branches instantly.

"They don't have to start from scratch," he said.

Conestoga applied for a state charter in December, and it received preliminary approval in April. The 16-employee operation opened its first and so far only branch, on Pottstown Pike in Chester Springs, in late July. Elko said his operation would keep all PSB branches open.

He also said the bank was not formed strictly as a takeover vehicle.

Joining Elko on the Conestoga board are local executives whose business interests range from private investments to employee-benefits consulting.

While some board members have made campaign contributions, none, including Elko, has given campaign money to Fumo, records show.

With assets of just half a billion dollars, PSB has not been a major presence in the region's banking industry.

Its profits have lagged dramatically behind similar banks, according to a ranking prepared by federal regulators.

And this year, PSB reported a $6.4 million loss through the end of June.

The loss reflects its multimillion-dollar payouts to resolve lawsuits filed by investors who contended that the bank improperly voided more than $1 million in stock options in 2001. Fumo once dismissed the matter as a "nuisance."

2 Edvard Munch Masterpieces Recovered (WP/AP)

By Doug Mellgren, The Associated Press

The Washington Post, September 1, 2006

OSLO, Norway -- Police recovered the Edvard Munch masterpieces "The Scream" and "Madonna" on Thursday, two years after masked gunmen grabbed the national art treasures in front of stunned visitors at an Oslo museum.

Art lovers had feared the priceless paintings were gone for good. Norwegian news media spent the months speculating about the works' fate _ whether they had been burned to escape the police hunt, sold to a wealthy collector for private viewing or suffered harm in their hiding place.

"I saw the paintings myself today, and there was far from the damage that could have been feared," said Iver Stensrud, the police inspector who headed the investigation since the paintings were taken by masked gunmen who raided the Munch Museum on Aug. 22, 2004.

Experts from the Munch Museum confirmed that the paintings, still shielded from the public and the news media, were the real thing.

"I am almost crying from happiness," said Gro Balas, chairwoman of the Munch Museum board.

Norwegians were shocked when two or three thieves in black masks entered the museum and threatened an employee with a handgun, then wrenched the two paintings off the wall and fled. Many museumgoers panicked, thinking they were being attacked by terrorists.

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Many people initially thought the paintings might be offered for ransom. Art experts said it would be nearly impossible to sell such famous pieces of art, although some people speculated an immensely rich, unscrupulous art lover might be a willing buyer.

Then at a trial this year for three men charged with minor roles in the heist, prosecutors suggested the robbery was staged to distract police from the hunt for a gang behind a commando-style bank robbery four months earlier that killed a police officer and netted $9 million.

Norwegian news media reported recently that the convicted mastermind in the bank heist, David Toska, had made a deal for milder terms in a 21-year prison sentence in exchange for the return of the paintings. Police declined comment.

The two paintings were on an FBI list last fall on the top 10 art thefts around the globe. Among still missing works are three Rembrandts, a Vermeer, a Manet and five Degas taken from Boston's Isabella Steward Gardner Museum in 1990 and a Cezanne stolen from England's Ashmolean Museum in 1999.

"The Scream" is probably the best known work in Munch's emotionally charged style, which was a major influence in the birth of the Expressionist movement. In his four versions of the painting, a waif-like figure is apparently screaming or hearing a scream. The image has become a modern icon of human anxiety.

"The Scream" and "Madonna" were part of the artist's "Frieze of Life" series, focusing on sickness, death, anxiety and love. Munch died in 1944 at the age of 80.

Hans-Martin Frydenberg Flaaten, whose University of Oslo master's thesis was on "The Scream," said the simple fact that the image has been used worldwide for everything from masks to blowup dolls to election campaign posters underscores its impact.

"There is so much appeal. The shock effect. An almost scary feeling of looking at it," Flaaten said. "If you look at children who see it, they are also fascinated."

He said part of the fascination with Munch's works, not just "The Scream," is they can look as if he just slapped paint on a canvas, but closer study reveals carefully considered detail.

"Getting it back was wonderful. I was worried when it took two years," Flaaten.

Historian Sue Prideaux, whose "Edvard Munch: Behind the Scream," came out last year, applauded the recovery.

"The Scream is one of the universal images that so vividly expressed all the uncertaintities of modern man," Prideaux said.

Stensrud, the police inspector, said authorities believed the paintings had been in Norway the whole time.

But he was cagey at a news conference in Oslo about how the paintings were recovered, saying only that "the pictures came into our hands this afternoon after a successful police action."

He did say no reward was paid, even though the City of Oslo, which owns the paintings, offered 2 million kroner, or about $294,000, for their return. He also said three men convicted this year for roles in the theft did not provide any help.

"We built this stone for stone," Stensrud said of the investigation. "This is a joyous day for the police, and for Norway."

No new arrests were reported.

Three Norwegian men sentenced to prison in May were convicted of participating in the theft plot, but police said the masked gunmen remain at large.

Petter Tharaldsen, 34, was convicted of driving the getaway car and sentenced to eight years in prison. Bjoern Hoen, 37, was sentenced to seven years in prison, and Petter Rosenvinge, 38, to four years for providing and preparing the getaway car.

The theft of "The Scream" was the second time in a decade that a version of Munch's iconic painting was stolen. One of the other versions was taken from Oslo's National Gallery in February 1994, but recovered three months later.

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On the Net:

Munch Museum: http://www.munch.museum.no

FBI page on art theft: http://www.fbi.gov/hq/cid/arttheft/arttheft.htm

Stolen 'Scream' Painting Recovered After 2-Year Search (WP)

By Kevin Sullivan, Washington Post Foreign Service

The Washington Post, September 1, 2006

LONDON, Aug. 31 -- "The Scream" and another masterpiece by Norwegian artist Edvard Munch were recovered by police in Norway on Thursday, two years after the paintings were ripped off a wall of an Oslo museum by two armed men in black ski masks.

"For two years and nine days we have been hunting systematically for these pictures and now we've found them," Iver Stensrud, who headed the police investigation, said at a news conference in Oslo. "It is a happy day for us in the police, for the owners of the paintings, and not least for the public, which will soon be able to once again admire the paintings."

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"The Scream" is one of the most familiar images in Western art. Its open-mouthed, head-clutching howl of angst has been reproduced and parodied on every manner of poster, T-shirt and inflatable sculpture.

The other painting recovered Thursday was "Madonna," a portrait of a bare-breasted woman under a red halo, which Munch painted as part of a series with "The Scream" in 1893-94.

Art experts have speculated that the two paintings together are worth $100 million or more. Both are a source of enormous national pride in Norway.

Police did not say where or how the paintings were found, but Stensrud said the damage to the stolen works was "much less than what one could have expected."

Officials at the Munch Museum in Oslo had worried that the paintings had been damaged when the robbers, who threatened a guard at gunpoint in front of terrified tourists, removed them from the wall and carried them out the door like a couple of footballs.

Police said no reward or ransom for the works had been paid. They said no new arrests had been made and the two gunmen still have not been captured.

Three men were convicted in May on charges related to the robbery. Bjoern Hoen, 37, was sentenced to seven years for planning the heist; Petter Tharaldsen, 34, received eight years for driving the getaway car; and Petter Rosenvinge, 38, was sentenced to four years for supplying the Audi station wagon that the thieves used for their getaway. Three other suspects were acquitted.

Hoen and Tharaldsen were also ordered to pay about $122 million in compensation to the city of Oslo to cover the loss of the paintings. Stensrud said the convicted men had not assisted in the operation to recover the masterpieces.

Munch, who lived from 1863 to 1944, painted several versions of "The Scream," the inspiration for which he said came one night as he walked just after sunset.

"I felt a tinge of melancholy," he later recalled. "Suddenly the sky became a bloody red. . . . I stood there, trembling with fright. And I felt a loud, unending scream piercing nature."

The August 2004 theft was the second time in a decade that a version of Munch's most famous work had been stolen. In 1994, on the opening day of the Winter Olympics in Lillehammer, Norway, thieves broke into the National Gallery in Oslo and stole another rendering of the work.

The robbers were arrested three weeks later during a sting operation after they demanded a $1 million ransom.

Among stolen artworks still missing, the Associated Press reported, are three Rembrandts, a Vermeer, a Manet and five Degas drawings taken from Boston's Isabella Stewart Gardner Museum in 1990 and a Cezanne stolen from England's Ashmolean Museum in 1999.

Stolen Munch Paintings Are Recovered (NYT)

By Walter Gibbs

The New York Times, September 1, 2006

OSLO, Aug. 31 — Edvard Munch's paintings "The Scream" and "Madonna," which two armed robbers yanked from the wall of a museum here in August 2004, were recovered in relatively good condition in Norway today.

No new arrests were made today, and the case remains far from solved, although three of six men charged in the theft were found guilty earlier this year of minor roles. The police said little after confirming that the late-19th-century Expressionist pictures were safe. But Norwegians rejoiced in the return of two of their most treasured artworks.

"We're open for Champagne tonight to anyone who wants to come by and celebrate," said Knut Forsberg, the chairman of Blomqvist Fine Arts, which served as Munch's main gallery during his lifetime. By 9 p.m. more than 300 guests had accepted the offer.

Art lovers and public officials said they were relieved not only by the paintings' recovery but also by the relative lack of damage. Last year, the tabloid newspaper Dagbladet had quoted underworld sources as saying, "The paintings are burned up."

Iver Stensrud, the assistant chief of the Oslo police, said today, "I have seen the pictures myself, and as for damages, they are far from what we really could have feared."

Erling Lae, the commissioner of Oslo's city government, was more specific after meeting with administrators of the Munch Museum, where the pictures were stolen in broad daylight on Aug. 22, 2004, as tourists cowered on the floor.

"We know that both pictures have been handled roughly and that 'Madonna' has received a scratch or gouge, but I have been informed that the damages are not irreparable," he said. "The experience of seeing these works of art will be as great as it was before. What an incredible joy and relief."

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At a news conference, the police said conservators would use scientific techniques to certify that the paintings in hand were genuine. But Gro Balas, Oslo's director of cultural affairs, told the state-run NRK television network that everyone involved was "practically certain" of the works' authenticity.

Their combined insured value had been put at $121 million, though some experts have said "The Scream" alone could bring more than $100 million if sold legitimately. Apart from being Munch's masterpiece of existentialist horror and despair, "The Scream" is one of the world's most reproduced works of art, adorning T-shirts, coffee mugs and other commercial items, usually for ironic effect.

Munch actually produced two fully realized versions of the motif, which shows an unformed man agape beneath an orange-red sky. While the Munch Museum's version has been missing, visitors have been able to see the other one across town in the National Gallery. Munch also made several less-valuable pastels and sketches of "The Scream."

The police refused to say what led to the paintings' recovery or even where in Norway it took place. NRK cited sources who said it occurred "in the Oslo area."

Reports have long circulated in the Norwegian media of a connection between the Munch robbery and a robbery four months earlier in Stavanger, in which a police officer was killed and more than $9 million in cash was stolen from a cash-handling service. There were reports last week that 30-year-old David Tosca, who was sentenced to 19 years in prison for organizing the Stavanger robbery, had offered to provide prosecutors with information about the Munch paintings in exchange for more favorable conditions in prison.

Morten Hojem Ervik, a police department prosecutor, said today, "We won't comment on that kind of speculation."

Last year, the police arrested six men in direct connection with the Munch robbery. Three of them were convicted in May of taking part in the plot, but none of actually entering the museum. One man, Petter Tharaldsen, 34, was found guilty of driving the getaway car and is appealing his sentence of eight years in prison. He and Bjorn Hoen, 38, who was convicted of trying to negotiate the sale of the paintings, were also ordered to pay $121 million in compensation. The repayment order, under Norwegian law, was to be withdrawn if the paintings were found.

Assistant Chief Stensrud said many threads of the investigation, rather than a single development, led to the recovery today. He said no reward had been paid. The city of Oslo had offered a reward of about $325,000 for assistance leading to the paintings' recovery.

"For more than two years now — two years and nine days to be exact — the Oslo police have conducted an intensive, systematic investigation of an organized criminal milieu," Mr. Stensrud said. "We have put stone upon stone not only to build a legal case but, just as important, to be able to bring the pictures back to their rightful owner."

With Open Season On Past, Junior Likely To Zip It (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 1, 2006

John A. (Junior) Gotti probably won't get a chance to tell jurors why he quit the mob.

Manhattan Federal Judge Shira Scheindlin told Gotti's lawyers yesterday she's leaning toward giving prosecutors "wide latitude" to question the mob scion about his criminal past if he takes the witness stand at his racketeering trial.

"This is a broad conspiracy spanning 25 years," Scheindlin said. "It seems to me, if he takes the stand he's going to have to answer questions about any and all things cooperators say he was involved in."

And that would involve his alleged role in a failed plot in the early 1990s to whack two mobsters he thought were skimming construction money profits, Scheindlin said.

Defense attorneys haven't said whether Gotti, 42, will take the stand when they begin putting on their case next week.

Before the trial started, Gotti asked Scheindlin to limit prosecutors' questions so he wouldn't be forced into being a rat. "Mr. Gotti is indisposed to becoming a de facto cooperator by subjecting himself to the government's limitless queries about the crimes of others," Gotti attorney Sarita Kedia wrote.

At two earlier trials, Gotti toyed with the idea of taking the stand, only to back out at the last minute.

In court, mob informant Michael (Mikey Scars) DiLeonardo told jurors yesterday of his anguished attempts in 2003 to tell his teenage son, whom he taught to despise rats, why his father became one.

DiLeonardo said he told his son, Michael Jr., then 16, that word was already out on the street that he had flipped.

His son told him to do the jail time rather than fink on the mob.

"Uncle John says he forgives me," DiLeonardo said he told his son. "[But] he's going to kill me as soon as I walk out the door.

"I ratted. I cooperated."

DOJ_NMG_0056617

Minneapolis Man Pleads Guilty In Phone Card Number Thefts (AP)

AP, September 1, 2006

MINNEAPOLIS - A man whose conviction on terrorism-related charges in Michigan was thrown out due to prosecutorial misconduct has pleaded guilty to stealing access codes to telephone cards at the Minneapolis-St. Paul International Airport.

Abdel-Ilah Elmardoudi, 40, pleaded guilty on Tuesday to three counts of access device fraud and one count of escape.

In 2001, after a tip from AT&T, Secret Service agents put Elmardoudi under surveillance and saw him reading over the shoulders of travelers and then recording phone-card information stolen from them - a practice called "shoulder surfing."

Authorities estimate that more than $745,000 worth of unauthorized calls to numbers in the United States, Egypt, Kuwait, East Africa, the Balkans, and the Middle East were charged to numbers stolen by Elmardoudi.

He was arrested in 2001 and ordered to a halfway house. However, he fled and was later arrested in North Carolina in November 2002.

In 2003, he and another man, Karim Koubriti, were convicted of conspiring to provide support to terrorists. It was described at the time as the first U.S. prosecution of an alleged terror cell detected after the Sept. 11 attacks.

However, a federal judge later overturned the verdicts at the Justice Department's request after prosecutors discovered that documents that could have helped the defense were not turned over by the government as required.

The lead government prosecutor in the case was indicated earlier this year.

Douglas Altman, the attorney for Elmardoudi, a legal immigrant from Morocco, said his client has been held without bail since 2002. He said he hoped U.S. District Judge John Tunheim would take that into account at sentencing.

A sentencing date has not been set.

Elmardoudi also faces federal charges in Iowa, where he was indicted Aug. 16 on charges of forging visas, alien registration cards and other documents in order to obtain Social Security cards.

CIVIL LAW:

Justice Dept. Sues Ditch Company Over Breach (FCCOLO)

Fort Collins Coloradoan, September 1, 2006

Damages sought for problems in Rocky

The United State Justice Department on Thursday filed a civil complaint in U.S. District Court asking the court to hold a ditch company responsible for damages caused when a dam was breached in Rocky Mountain Naitonal Park in 2003.

The complaint claims that in late May 2003, the Grand River Ditch, owned by Water Supply and Storage Company, breached approximately 2.4 miles south of La Poudre Pass in Rocky Mountain National Park.

The government claims WSSC is responsible for the damage under a 1907 pact signed by the ditch company and the U.S. Forest Service.

The breach was reportedly caused by water backing up in, and eventually overtopping, the ditch, as a result of excess accumulated snow, ice and other debris in the ditch. Approximately 105 cubic feet per second of water from the Grand River Ditch emptied through the breach and plunged to the valley below, according to the complaint.

Water flowing through the breach cut a gully about 167 feet wide and 60 feet deep.

A large portion of the mountainside below the breach was washed to the valley floor by the erosive power of water, rock, mud and vegetation. The breach caused significant damage to an old growth lodgepole and spruce/fir forest, Lulu Creek, the upper Colorado River, and associated wetlands within the park.

More than 60,000 cubic yards of sediment flowed into the upper Colorado River and associated wetlands, the Justice Department suit claims. Much of the upper Colorado River watershed within the Rocky Mountain National Park was closed to visitors until water levels receded and damage to trails, bridges, and campsites could be repaired.

The complaint asks the court to hold the defendant responsible for all costs and damages, including interest and costs, associated with the breach. In the event that the defendant is unable to pay to restore the damage, the government has also asked the court to condemn the Grand River Ditch so it can be sold to pay such judgment.

The case is being handled by James Freeman, with the Environmental Enforcement Section of the Department of Justice, and U.S. Attorney Troy Eid of the District of Colorado.

DOJ_NMG_0056618

CIVIL RIGHTS:

Justice Department, State Enter Court-ordered Plan For Oakwood (LEXHL)

By Beth Musgrave, HERALD-LEADER STAFF WRITER

Lexington Herald-Leader (KY), September 1, 2006

The U.S. Department of Justice and the state have entered into a court-enforced settlement to improve care and conditions at the Communities at Oakwood, the state's largest home for the mentally retarded.

The settlement, filed today in U.S. District Court in Lexington, requires the Cabinet for Health and Family Services to implement a series of improvements in medical and psychiatric care and safety for the 255 or so residents at the facility.

The five-year settlement will replace a memorandum of understanding signed by the state and the Department of Justice in 2004. That memorandum laid out steps the state would take to improve care at the home. But the Department of Justice has been unhappy with the lack of progress in recent years at the Somerset facility.

Since 2005, Oakwood has been cited 22 times by the inspector general for the Cabinet for Health and Family Services for failing to protect residents. It is currently fighting the possible termination of $43 million in federal funding.

Today's agreement gives the state five years to come into compliance with U.S. Department of Justice standards.

The Department of Justice has monitored conditions at Oakwood since 2001, when federal investigators found widespread problems there.

Reach Beth Musgrave at (859) 231-3205 or 1-800-950-6397 Ext. 3205, or bmusgrave@herald-leader.com

DOJ, State Reach Agreement For Improvements At Oakwood (AP)

By Samira Jafari, Associated Press

AP, September 1, 2006

PIKEVILLE, Ky. - The federal government and the state have reached a negotiated settlement to improve the care and living conditions at the state's largest center for mentally retarded adults.

The settlement was filed Thursday in U.S. District Court in Lexington.

Since 2002, the U.S. Department of Justice has monitored the Communities at Oakwood in Somerset, about 155 miles southwest of Pikeville, after an investigation found widespread problems at the facility.

The investigation also resulted in a series of civil rights complaints filed by the Justice Department on behalf of Oakwood patients, alleging poor health and psychological care and, at times, abuse and neglect.

If approved by a federal judge, the five-year settlement would force the Cabinet for Health and Family Services to implement major improvements, including better patient protection and behavioral treatment.

"There is a substantial level of accountability in this agreement," said Wes Butler, general counsel for the Cabinet. "Ultimately, the clients at Oakwood are the real winners from this agreement."

The Cabinet had already reached an agreement with the Justice Department on improvements at Oakwood in September 2004. That plan was similar to the current plan in that it was supposed to ensure better care and supervision over the patients.

However, the department continued to review the facility and found ongoing civil rights violations at Oakwood, such as failure to protect patients, provide adequate psychological care and ensure patients are placed in an adequate setting after they are discharged.

The difference between the first plan and the current settlement is that the latter will give the federal court authority to enforce the terms of the agreement. Also, an independent monitor will routinely evaluate Oakwood's progress and report to the court, the Cabinet and the Justice Department.

"People in the care of the Commonwealth are entitled to be safe and provided with adequate treatment," said Wan J. Kim, assistant attorney General for the Civil Rights Division of the Justice Department.

"This agreement is a very positive step in that direction," added Amul R. Thapar, U.S. attorney for the eastern district of Kentucky.

Since January 2005, the troubled facility also has received 22 citations from the state over major health and safety violations and was fined more than $1.4 million recently for not correcting most of them.

The facility may also lose its Medicaid funds over the allegations of abuse. Oakwood faces a 30-day review expected to start Sept. 9 to determine if the facility can continue to receive federal funding.

Slavery Case Nets 28-year Sentence (DENP)

By Kieran Nicholson, Denver Post Staff Writer

DOJ_NMG_0056619

Denver Post, September 1, 2006

A Saudi Arabian man convicted of sexual assault and keeping a woman enslaved in his Aurora home was sentenced today to 28 years to life in prison.

Homaidan Al-Turki, 37, a linguistics doctoral candidate at the University of Colorado at Boulder, was sentenced to 20 years to life on 12 of counts of unlawful sexual contact and 8 years for theft.

Al-Turki was also sentenced for criminal extortion, false imprisonment and conspiracy to commit false imprisonment, but those sentences are concurrent to the 28 year to life sentence.

He was convicted in June of keeping a 24-year-old Indonesian woman as a slave in the family home, forcing her

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to cook and clean and take care of the family and their five children with little pay. Prosecutors say Al-Turki eventually intimidated the woman into sex acts that culminated in her rape in late 2004.

Staff writer Kieran Nicholson can be reached at 303-954-1822 or knicholson@denverpost.com.

Saudi Man Gets 20 Years To Life, Denies Enslaving Nanny (RMN)

By Felix Doligosa Jr.,, Rocky Mountain News

Rocky Mountain News, September 1, 2006

CENTENNIAL — A Saudi man convicted of sexually assaulting his Indonesian housekeeper was sentenced this morning to 20 years to life in prison.

Homaidan Al-Turki, 37, was also given an 8-year sentence on theft charges that will be served consecutively.

Al-Turki denied in Arapahoe County District court that he enslaved the woman and said authorities were prejudiced against him.

"Your honor, I am not here to apologize, for I cannot apologize for things I did not do and for crimes I did not commit," he told Judge Mark Hannen.

Al-Turki was convicted in July of 12 felony counts of unlawful sexual contact with use of force, one felony count of criminal extortion and one felony count of theft. He also was found guilty of two misdemeanors: false imprisonment and conspiracy to commit false imprisonment.

Deputies surrounded the packed courtroom and many of Al-Turki's family cried after the hearing.

Prosecutors said Al-Turki brought the victim from Saudia Arabia in 2000 to work as his family's nanny and housekeeper. Al-Turki is married and has five children.

Al-Turki allegedly took the woman's passport and sexually abused her.

"This is a clear cut example of human trafficking," Prosecutor Natalie Decker said outside the courtroom. "It's important he is put in prison."

Al-Turki worked as a linguist at a Denver publishing and translating company and is a doctoral candidate at the University of Colorado.

Al-Turki's wife, Sarah Khonaizan received a 60-day jail sentence and five years of probation when she pleaded guilty earlier this month to stealing from the housekeeper. She is expected to return to Saudi Arabia after serving her sentence.

Al-Turki also faces federal charges of forced labor, document servitude and harboring an immigrant. That case is scheduled to start in October.

-- The Associated Press contributed to this report

Man Gets 28 Years In Colo. Slavery Case (HC/AP)

By Jon Sarche, Associated Press Writer

Houston Chronicle, September 1, 2006

CENTENNIAL, Colo. — A man convicted of sexually assaulting an Indonesian housekeeper and keeping her virtually as a slave was sentenced Thursday to 28 years to life in prison.

Homaidan Al-Turki, 37, denied the charges and blamed anti-Muslim prejudice for the case against him. He said prosecutors persuaded the housekeeper to accuse him after they failed to build a case that he was a terrorist.

Al-Turki, a citizen of Saudi Arabia who lived in the Denver suburb of Aurora, was convicted June 30 of unlawful sexual contact by use of force, theft and extortion, all felonies, and misdemeanor counts of false imprisonment and conspiracy to commit false imprisonment.

Defense attorney John Richilano said he would appeal the convictions.

Prosecutors and FBI agents said Al-Turki and his wife, Sarah Khonaizan, brought the now 24-year-old woman to Colorado to care for their five children and to cook and clean for the family. An affidavit said she spent four years with the family, sleeping on a mattress on the basement floor and getting paid less than $2 a day.

Al-Turki said he treated the woman the same way any observant Muslim family would treat a daughter.

"Your honor, I am not here to apologize, for I cannot apologize for things I did not do and for crimes I did not commit," he told the judge. "The state has criminalized these basic Muslim behaviors. Attacking traditional Muslim behaviors was the focal point of the prosecution."

Al-Turki said he has been under investigation as a suspected terrorist since 1995 but has never been charged with the crime.

"I am not a terrorist and I don't advocate terrorism," he said.

Prosecutors denied Al-Turki was targeted because he was Muslim or that the woman's allegations were trumped up. Prosecutor Natalie Decker said the evidence was overwhelming.

The Associated Press is not identifying the woman because of the sexual nature of the charges.

Al-Turki, a linguist who worked at a Denver publishing and translating company, also faces trial in federal court in October on charges of forced labor, document servitude and harboring an illegal immigrant.

In April, he and Khonaizan agreed to pay the nanny about $64,000 in wages to settle a Labor Department lawsuit. He could also face restitution payments in the state case. The judge said he would rule on that later.

Khonaizan pleaded guilty to a federal immigration charge and a state theft charge. She was sentenced to home detention and probation in the federal case and two months in jail in the state case. Her attorney, Forrest Lewis, has said she wants to return to Saudi Arabia and will not fight deportation.

$6 Million Awarded In False Confession Lawsuit (AP)

AP, September 1, 2006

Innocent Md. man admitted killing wife after 38-hour grilling with no sleep

UPPER MARLBORO, Md. - A Prince George's County jury awarded $6.38 million Thursday to a man who falsely confessed to killing his wife following 38 hours of interrogation by the Prince George's County police, according to the man's attorneys.

Keith Longtin spent more than eight months in jail after he told police he killed his wife, Donna Zinetti, in 1999 following a marathon interrogation in which he wasn't allowed to sleep. DNA evidence later exonerated Longtin and led to the arrest and conviction of a Washington, D.C., man.

Longtin's case was one of several in which the Prince George's police obtained false confessions through extensive interrogations.

Story continues below ? advertisement

It also became part of the Justice Department's probe of civil rights violations and excessive force by the county police, an investigation that led to a broad swath of reforms by the county. The police said in 2002 that they would begin videotaping interrogations to cut down on abuse.

The Circuit Court jury awarded Longtin $1.18 million in punitive damages and $5.2 million in compensatory damages, according to his lawyer, Timothy Maloney. Longtin filed the lawsuit in 2001.

"He's thrilled," Maloney said of Longtin. "He hopes it will signal an end to coercive interrogations."

Zinetti was found dead in the woods near her Laurel apartment on Oct. 4, 1999, after she went jogging. She had been raped and slashed in her face and throat 13 times. At the time she was separated from Longtin, an iron worker from Laurel.

Longtin voluntarily went to the police for questioning on Oct. 5 but wasn't charged with her murder until Oct. 7. During that time, he said detectives showed him gruesome pictures of his wife's body and repeatedly told him to confess.

Police also didn't test DNA evidence recovered from the crime scene. The DNA eventually led authorities to Antonio Oesby, who was later convicted of Zinetti's murder and raping of women in Washington and Howard County. He is serving a life term.

Verdict Attacks Police Grilling (WP)

By Ruben Castaneda

The Washington Post, September 1, 2006

A civil jury in Prince George's County awarded nearly $6.4 million yesterday to a man who spent more than eight months in jail after he was interrogated for over 38 hours by homicide detectives, who then charged him with murdering his wife based solely on statements he allegedly made during the marathon interviews.

The award to Keith Longtin after the two-week trial is believed to be the largest ever made by a jury in a civil case involving abuse by Prince George's police.

Longtin, now 50, was released from jail only after DNA evidence found in his slain wife was matched with a serial rapist. The sexual offender was later convicted of the murder.

The Circuit Court jury awarded $5.2 million in compensatory damages to Longtin. It also leveled punitive damages of nearly $1.2 million against four county homicide detectives -- one of whom is retired -- who, the jury found, violated Longtin's civil rights.

The county indemnifies police officers for their actions in the line of duty and pays civil judgments and settlements. In the fiscal year that ended in June, Prince George's paid more than $4.6 million in jury verdicts and settlements involving alleged abuse by county police.

Longtin, who now lives in Anne Arundel County, broke down and wept as the verdict was announced.

The jury found that county detectives engaged in a pattern of violating the rights of defendants, said Cary J. Hansel, one of Longtin's attorneys. "We hope this signals the end of lengthy, coercive police interrogations in Prince George's County," said Timothy F. Maloney, another Longtin attorney.

Prince George's spokesman John Erzen said County Executive Jack B. Johnson will be briefed by county attorneys on the verdict and will decide whether to appeal.

Longtin was jailed after Prince George's homicide detectives charged him with murdering his estranged wife, Donna Zinetti, 36. Her body was found on the morning of Oct. 4, 1999, in a wooded area near her Laurel apartment complex. She had been stabbed and slashed 13 times in the face, neck and chest.

Police had no eyewitnesses and no physical evidence against Longtin.

Detectives charged him based on statements he allegedly made during interrogations that occurred over a span of more than 38 hours. According to detectives' logs, Longtin slept 55 minutes during that time.

Detectives took turns questioning Longtin, who, aside from brief bathroom breaks, remained inside a small interrogation room. Eventually, detectives alleged, Longtin said he picked up a knife and chased Zinetti after arguing with her. Longtin denied he ever said that.

In a charging document, county homicide Detective Ronald Herndon wrote that Longtin admitted his involvement in Zinetti's slaying.

The investigator who took Longtin's alleged statement, now-retired sergeant Glen Clark, testified in the civil trial that after saying he chased his wife, Longtin denied killing her. After Longtin was charged with the murder, Herndon and Clark, in separate pretrial hearings, recounted Longtin's alleged statement but omitted his denial, according to testimony in the civil trial.

At the urging of a county police sex crimes detective, authorities tested the DNA found inside Zinetti's body. It matched the genetic material of a serial rapist.

That man, Nathaniel D. Oesby, 30, was convicted in 2001 of Zinetti's murder and sentenced to two terms of life in prison.

Longtin's experience was chronicled in a series of articles in The Washington Post in 2001 examining how county homicide detectives coerced false confessions from innocent people after unlawfully subjecting them to marathon interrogations, depriving them of sleep and refusing to let them speak to their lawyers.

County homicide detectives coerced false confessions from at least three other men in addition to Longtin, the articles said.

Besides Herndon and Clark, two other homicide detectives, both still active, were named in Longtin's lawsuit: Troy Harding and Robert J. Frankenfield.

Harding and Frankenfield have found themselves in controversies before.

A year ago, Maryland's Court of Special Appeals threw out the jury convictions of a man on charges of voluntary manslaughter and a handgun violation because it ruled that Frankenfield violated his rights. The appellate court found that Frankenfield, in a videotaped interview, questioned the suspect after the man had asked for an attorney five times. Under the law, police are supposed to stop questioning a suspect when he asks for a lawyer.

In 2003, Frankenfield was part of a team of detectives that charged a woman and two teenage girls from Arizona with torturing and killing a Mitchellville woman in 2002. The woman and the teenagers were incarcerated for three weeks before a county prosecutor determined that they were innocent and had them freed.

Harding was part of a team of detectives that obtained one of the other false confessions reported by The Post. Harding has said he felt good about his conduct in the cases, saying neither man confessed to him.

Judge Denies Bond For Former Jailer Accused In Inmate Death (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, September 1, 2006

DOJ_NMG_0056622

GULFPORT - U.S. Magistrate Judge John M. Roper today denied bond for former Harrison County jailer Ryan Teel pending a Nov. 6 trial in the beating death of inmate Jessie Lee Williams Jr.

Teel, 29, wept and waved to his weeping wife as he was taken out of the courtroom for return to an undisclosed location.

Teel was a Harrison County sheriff's deputy, working as a corrections officer at the time of Williams' fatal beating in the jail booking room on Feb. 4. FBI agents arrested Teel on Monday following his indictment on federal charges of deprivation of civil rights under color of law and destruction, alteration or falsification of records in a federal investigation.

Potential danger to the community or to possible witnesses and the risk of flight were among considerations the judge looked at following testimony by Teel and by his father, former Chancery Court Judge Wes Teel.

Assistant U.S. Attorney Lisa Krigsten of the Justice Department's civil rights division in Washington, D.C., urged Roper to accept the recommendation of a pre-trial services report to deny bond.

Jim Davis, Ryan Teel's court appointed attorney, maintained his client was not a flight risk or a danger. Friends of the Teel family expressed disappointment over the judge's decision.

Williams' brother, Terry, said it is a relief for the family.

Michael W. Crosby, attorney for Williams' estate, said it is a relief.

"Ryan Teel has become a lightning rod in the community," Crosby said.

The Sun Herald looks at issues raised at the hearing in Friday's editions.

ANTITRUST:

Extension On Microsoft Antitrust Settlement? (PCWORLD-Y)

By Grant Gross, Idg News Service

PC World, September 1, 2006

The U.S. Department of Justice and Microsoft filed formal paperwork Wednesday to extend part of an antitrust judgment against the company for at least two years.

The extension of U.S. District Court Judge Colleen Kollar-Kotelly's November 2002 antitrust settlement would give Microsoft more time to complete work on technical documentation for licensees of its communications protocols. The Justice Department and Microsoft filed a joint request Wednesday for Kollar-Kotelly to approve the extension, which the Justice Department proposed in May.

The antitrust order had been scheduled to expire in November 2007. If the judge approves the two-year extension, the Justice Department and 17 state plaintiffs in the antitrust case can ask for an additional three-year extension if they still have complaints about Microsoft documentation. Microsoft has said it will not oppose a second extension.Continuing Problems With Documentation

Under the settlement, Microsoft is required to license the communication protocols to other IT vendors interested in developing server software that works with Microsoft's Windows operating system. But as of May, hundreds of bugs in the technical documentation remained.

A technical committee working with the antitrust plaintiffs identified 575 bugs in the technical documentation as of Feb. 8. By March 16, Microsoft had whittled the bugs identified by the technical committee down to 307, but the number of high-priority bugs grew from 68 to 71 in that period.

By May 8, the number of high-priority bugs with a 60-day deadline grew to 79, and the total number of bugs identified by the technical committee was 414.

Microsoft, DoJ Seek To Extend Antitrust Compliance Deadline (ECOMMT)

By Keith Regan, E-Commerce Times

E-Commerce Times, September 1, 2006

Microsoft and the Department of Justice will likely agree to extend the deadline for Microsoft to comply with all the provisions of its antitrust settlement with the federal government until 2012. The two sides said in a filing that they have reached an agreement that enables the government to unilaterally ask for up to three years more time for the agreement.

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Microsoft (Nasdaq: MSFT) appears to be in line to get more time to comply with all the provisions of its antitrust settlement with the federal government, with terms of the deal now stretching until 2012.

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The U.S. Department of Justice and Microsoft have jointly filed with the court overseeing the settlement for an additional 24 months -- and with the possibility of seeking a total of five years more time -- to bring the software giant into full compliance with the 2001 settlement deal.

If the extension is granted by U.S. District Court Judge Colleen Kollar-Kotelly, Microsoft would be required to leave in place until 2009 requirements for the Microsoft Communications Protocol Program (MCPP), through which it shares some code and protocols so that rival software makers can make Windows-compatible programs.

The two sides said in a filing that they have reached an agreement that enables the government to unilaterally ask for up to three years more time for those provisions.

Other terms of the agreement, including requirements for more favorable licensing terms of some Microsoft products, will still expire in November of 2007.

The agreement, finalized by the judge in 2002, helped Microsoft avoid potentially harsher penalties, including the possible breakup of the company into separate operating units. The deal was reached after Microsoft was found to have violated antitrust laws with its behavior in the late 1990s, when it used bundling with its operating system to move its Internet Explorer browser and Media Player music and video tools into market dominant positions. On the Clock

Microsoft has agreed to the extensions, acknowledging they are necessary to enable it to provide useful documentation to third parties. The company has said it has spent millions of hours and tens of millions of dollars compiling code and protocols to be shared, but has said the complexity of the task may have been underestimated at the outset.

Complying with the protocol licensing requirements has proven easier said than done. An independent technical committee found some 575 problems or "bugs" in the technical documentation as of February of this year.

By March, Microsoft had reduced that number to 307, but as recently as May, hundreds of bugs remained, several dozen of them considered high-priority, meaning Microsoft was supposed to fix them within 60 days. On Track

Despite the technical issues, Microsoft seems to have the U.S. antitrust matter pretty much in hand, and has even managed to avoid having new issues raised under the old case, such as when the Justice Department recently declined to take up Google's (Nasdaq: GOOG) complaints about Internet Explorer 7 and its built-in search functionality.

In contrast, Microsoft continues to butt heads with European regulators administering the company's antitrust case there.

EU regulators in July slapped Microsoft with a second fine of more than US$350 million, bringing the total the software company has paid to nearly $1 billion. The threat of additional fines remains, although Microsoft met a recent deadline to provide additional documentation being sought on a similar issue to the one stretching out compliance in U.S. -- the requirement that rivals have access to enough Microsoft intellectual property to enable them to make compatible and competitive products.

"Microsoft wants to put this chapter in its history behind it, as evidenced by the massive payouts it's made to settle private antitrust suits," said Enderle Group Principal Analyst Rob Enderle.

While regulators and courts in the U.S. seem satisfied that Microsoft is making progress, the situation remains more tenuous in Europe, where regulators have already said they'll closely examine the upcoming Vista operating system for potential antitrust issues.

"Between enhanced competition and delayed product launches, even a company as large as Microsoft needs to minimize unnecessary distractions," Enderle added.

Feds Seek Formal Extension Of Microsoft Antitrust Deal (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, September 1, 2006

Judge asked to approve extra time for parts of landmark settlement critics say have been implemented too slowly.

The U.S. Department of Justice and Microsoft on Wednesday filed a formal application for a two-year extension of portions of their landmark antitrust settlement, with the possibility of stretching it until 2012.

The filing of the joint motion to a federal judge marks a largely procedural step. The government, with agreement from Microsoft, had already made its request for an extension known back in May.

U.S. District Judge Colleen Kollar-Kotelly, who approved the original consent decree in 2002, also indicated at the last periodic status conference with the parties that she would accept the changes, saying they appeared to be "the way to go" and prompted her to wonder why such a suggestion hadn't been raised earlier.

Under the proposed changes to the settlement, an expiration date of Nov. 12, 2009, would apply to provisions of the settlement relating to the Microsoft Communications Protocol Program (MCPP), which aims to help third-party developers in creating software that works with Windows through licensing access to protocols.

Microsoft would also be required, unless otherwise ordered by the court, to keep Robert Muglia, senior vice president for the company's server and tools unit, in charge of overseeing an ongoing rewrite of the technical documentation for MCPP

licensees. Microsoft has taken heat in recent months from federal and state regulators and Judge Kollar-Kotelly, who accused the company of moving too slowly with that project. Muglia would have to be available to give the court periodic updates on the project's progress.

The remaining portions of the settlement, which relate to other licensing and middleware obligations, would expire, as scheduled, on Nov. 12, 2007. The government would have the "unilateral" ability to ask the court to extend the "surviving provisions" up to three more years. Microsoft has agreed not to oppose any such extensions.

The motion is likely to be addressed on Sept. 7, when parties are due back in Kollar-Kotelly's courtroom for their next status conference.

Suit Against Qualcomm Is Dismissed (WSJ)

By Don Clark

The Wall Street Journal, September 1, 2006

SAN FRANCISCO -- A federal judge in New Jersey has dismissed an antitrust suit filed by Broadcom Corp. against rival Qualcomm Inc.

The suit, filed last year, accused Qualcomm of a series of monopolistic tactics in the market for advanced cellphones and associated semiconductors, based on a technology known variously by the acronyms UMTS and W-CDMA.

Broadcom alleged, among other things, that Qualcomm had promised to license its patents for such technology on "fair, reasonable and non-discriminatory terms," but instead used discounts on royalties and other techniques in ways that improperly gave benefits to Qualcomm's chip business.

But U.S. District Judge Mary Cooper, in a 47-page opinion, dismissed Broadcom's contentions. "The allegations in the complaint read as a whole do not support an inference that competition in the UMTS chipset market is, or will be injured by Qualcomm's licensing practices," she wrote.

"We are very pleased and very gratified with the court's very thorough and thoughtful opinion," said Louis Lupin, Qualcomm's senior vice president and general counsel.

He noted, however, that the judge dismissed the case "without prejudice," which means that Broadcom could potentially modify and refile its complaint. Alternatively, Broadcom could appeal the judge's order to a higher court, he said.

A Broadcom spokeman said the judge did not conclude that Qualcomm's activity is lawful, but had raised questions about what legal approach is the right one to stop it.

"The judge acknowledged that Broadcom could pursue breach of contract, fraud, and other causes of action against Qualcomm, and left open Broadcom's filing a new complaint," the spokesman said.

He added that "Broadcom respectfully disagrees with the court's decision, and it intends to continue to seek redress in U.S. courts and abroad."

Qualcomm Wins Dismissal Of Antitrust Suit Over Cell-Phone Chips (BLOOM)

Bloomberg, September 1, 2006

By Bob Van Voris

Aug. 31 (Bloomberg) -- Qualcomm Inc., the world's second- biggest maker of mobile-phone chips, won dismissal today of an antitrust suit claiming it stifled competition by other chipmakers.

U.S. District Judge Mary Cooper dismissed a complaint filed by Broadcom Corp., a maker of chips for TV set-top boxes. The suit claimed that Qualcomm wrongly used its patents to expand market share for chips used in so-called third-generation, or 3G, phones that allow users to download music and use the Internet.

``Qualcomm's alleged conduct does not support claims for monopolization or attempted monopolization," Cooper wrote in a decision filed in U.S. District Court in Trenton, New Jersey.

The suit was part of a wider effort by Irvine, California- based Broadcom and other competitors to prevent San Diego-based Qualcomm from dominating the 3G chip market.

Cooper said that Broadcom may amend its claims and seek to re-file the complaint. Qualcomm spokesman Jeremy James had no immediate comment. Broadcom spokesman Bill Blanning didn't immediately return a message seeking comment.

Qualcomm, led by Chief Executive Officer Paul Jacobs, holds 90 percent of the market for so-called CDMA chips, used in the U.S. by wireless companies such as Verizon Wireless and Sprint Nextel Corp. The products, found in only about a fifth of handsets worldwide, are the basis for the most-popular chips used to run the latest 3G phones.

Qualcomm's profit from royalties has tripled in the past five years, to $1.66 billion in the fiscal year through September, as demand grew for the more-expensive 3G phones. Qualcomm expects to collect royalties on 290 million handsets this calendar year, up from 210 million in 2005.

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Dallas-based Texas Instruments Inc. is the biggest maker of mobile phone chips.
The case is: 05-CV-3350, U.S. District Court for the District of New Jersey (Trenton).
To contact the reporter on this story: Bob Van Voris in New York at rvanvoris@bloomberg.net .

MLS Scraps Real Estate Rule After FTC Investigation (INMAN)

By Glenn Roberts Jr., Inman News
Inman News, September 1, 2006
New England regional MLS announces agreement

A U.S. Federal Trade Commission investigation has prompted a regional multiple listing service in New England to toss out a policy that blocked some property listings from reaching some public property-search sites, including Realtor.com.

The Northern New England Real Estate Network announced today that it has reached an agreement with the FTC that resolves the investigation. The FTC last month announced a settlement with the Austin Board of Realtors in Texas relating to a similar board policy that was also rescinded (see Inman News report).

The U.S. Department of Justice and Federal Trade Commission have engaged in several other actions over the past couple of year against real estate laws, regulations and rules, charging that the measures are anti-competitive, and the leading lawyer for the National Association of Realtors in May announced a total of 14 separate government investigations that were studying whether MLSs prevent a type of property listings from reaching some public Web sites.

Federal antitrust officials have taken legal action against bans on real estate rebates to consumers; written letters in opposition to state-imposed mandates on real estate services that they said could potentially restrict consumer choice and the ability of low-cost, limited-service real estate companies to compete; and filed a lawsuit against the National Association of Realtors related to its policies for the display and sharing of online property information.

Andrew Werry, executive director for the Northern New England Real Estate Network, said in a statement, "This was a very narrow and specific investigation by the FTC into a policy ... that was in place for just six months. We are happy to have this matter amicably concluded. This was a non-public inquiry initiated last year, and what this agreement essentially does is formalize on a permanent basis our voluntary decision to rescind our policy."

The MLS, which has about 8,400 participants in a four-state area including New Hampshire, Vermont, Maine and Massachusetts, restricted exclusive agency listings from display on several property-search Web sites from May 2005 to November 2005.

Under an exclusive agency agreement between a home seller and an agent, sellers retain the right to sell their property themselves without paying a commission if the agent is not involved in the sale. The more common listing agreement is exclusive right to sell, which provides that the listing broker is guaranteed a commission.

Werry said today that the rule was intended "in general to eliminate the confusion or conflict that could arise with the display of exclusive agency listings in competition with the sellers' marketing efforts." For example, a seller could directly advertise a property on various Internet sites while the agent, too, was advertising the same property on various Internet sites under exclusive agency agreements, he said.

Under the rule that the MLS had adopted, exclusive agency listings could not be displayed on the MLS's NNEREN.com site, Realtor.com, or any MLS participant Web sites.

After the FTC approached the MLS in October about the rule, the MLS decided in November to voluntarily withdraw the rule, Werry said.

FTC officials did not immediately offer a comment about the agreement with the Northern New England Real Estate Network, and a copy of the agreement was not available on the FTC Web site.

The Northern New England Real Estate Network is a for-profit real estate corporation that is owned by 19 local Realtor boards in New Hampshire and Vermont.

According to the MLS's announcement today, the FTC will submit for 30-day public review "a complaint, consent agreement, and decision and order as part of the settlement." The network is "not afforded the opportunity to respond to the specifics of the complaint," according to the announcement.

Exelon, NJ Regulators Remain Far Apart On PSEG Merger (MRKTWTCH)

By Christine Buurma
Market Watch, September 1, 2006

NEW YORK (MarketWatch) -- Recent correspondence between Exelon Corp. (EXC), Public Service Enterprise Group (PEG) and New Jersey regulators regarding the Chicago electric and gas utility's proposed $16 billion acquisition of PSEG lends

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further credence to the view that the companies are approaching a stalemate with the state's Board of Public Utilities, according to a consumer advocacy group that has seen the confidential letters.

"The parties are very far apart," said Ev Liebman, program director for New Jersey Citizen Action, which opposes the deal. "As of last Friday, it appeared as if there was not going to be an agreement."

Liebman couldn't elaborge on the nature of the sticking points citing a confidentiality agreement with New Jersey. Spokespeople for Exelon and PSEG declined to comment.

In a filing with the U.S. Securities and Exchange Commission Wednesday, Exelon suggested said the acquisition is no longer "more likely than not" based on the status of settlement discussions with New Jersey regulators.

"There is a serious gap on a number of levels, including competition and market power issues," Liebman said. "The (Board of Public Utilities) staff's proposal seems to go beyond what the companies seem to be willing to do." One sticking point is the extent of rate relief that will be passed onto consumers, she said.

The companies haven't indicated a timeline for deciding whether to terminate the deal, however, Liebman said.

New Jersey's Board of Public Utilities set tougher conditions on Aug. 17 for its approval of the deal, requiring $220 million more in refunds to consumers and two more power plant sales than what the companies had offered. Doyle Siddell, a spokesman for the board, said Thursday that negotiations with the companies are ongoing, but he declined further comment.

Exelon disclosed in the Wednesday filing that it will record a $55 million pre-tax charge in the third quarter related to the decreased likelihood of completing a deal with PSEG.

Exelon and PSEG, which announced their intentions to merge in December of 2004, had said they would abandon the multi-billion-dollar deal if the BPU did not make a decision by Aug. 4 but negotiations continued after the deadline passed.

The Federal Energy Regulatory Commission and the U.S. Justice Department have already signed off on the proposed merger, making the New Jersey BPU the last regulatory hurdle for the companies.

-Contact: 201-938-5400

Goldcorp Buys Glamis In $7.8bn Deal (FT)

By Bernard Simon In Toronto

Financial Times, September 1, 2006

Goldcorp, a medium-sized Canadian gold producer, has agreed to acquire Glamis Gold of Nevada in a friendly $7.8bn all-share deal that underlines the accelerating pace of consolidation in the mining industry.

Goldcorp and Glamis aim to create one of the world's lowest-cost and fastest-growing producers. The combined group will have 22 mines and exploration properties in North, central and South America.

It is expected to produce about 3m ounces of gold a year at an average cash cost of less than $200 a ounce – far below the current gold price of $624.

Booming metals markets have given predators the cash and rising share prices they need to pursue their targets. Metal shortages have also put a premium on mines and improved the chances of exploiting untapped reserves.

But several investors criticised the deal. Frank Holmes, chief executive of US Global Investors, a big Goldcorp shareholder, described the acquisition as "a massive shift in strategy".

He accused the company of switching from a focus on near-term cash flow to projects not yet in production that were vulnerable to risk.

The terms of the deal value Glamis shares at a third more than their average price this month. The deal will dilute Goldcorp's earnings and cash flow for the time being.

Goldcorp shares were about 9.7 per cent lower in Toronto on Thursday. Analysts raised the prospect of a bid for Goldcorp.

Kevin McArthur, Glamis chief executive who will hold the same post in the enlarged company, said the new group would remain unhedged and thus exposed to gold price changes.

Ian Telfer, Goldcorp's chief executive, defended the bid, saying that Glamis was "not going to let this go at anything like a bargain price. You couldn't have bought it cheaper."

Goldcorp fought off a hostile offer from Glamis in February 2005. Instead, Goldcorp, which has grown rapidly through acquisitions over the past five years, took over Wheaton River Minerals of Vancouver.

Goldcorp To Buy Miner Glamis For $7.8 Billion (WSJ)

By Christopher J. Chipello

The Wall Street Journal, September 1, 2006

Goldcorp Inc., which agreed to acquire rival gold miner Glamis Gold Ltd. for stock valued at $7.8 billion, is counting on continued high gold prices and promising development projects to make up for deal terms that disappointed some investors.

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The agreement, announced yesterday, would create one of the world's largest gold-mining companies. For Goldcorp, the deal represents a bet that it will be worth diluting its earnings per share in return for Glamis's developing mines. "This transaction doubles our reserves and resources" of gold, said Ian Telfer, Goldcorp's chief executive officer, who would be chairman of the combined company.

Goldcorp's shares were down 9.2% at 4 p.m. in New York Stock Exchange composite trading, and some shareholders expressed skepticism. "I just watched 10% of my share value disappear," said Rob McEwen, a former CEO of Goldcorp who owns about a 1.5% stake in the company. "I take small comfort in the fact that someone's saying maybe in the future it'll go back up."

1 HOW THEY STACK UP

· See how the mining giants compare.2

VIDEO

Goldcorp CEO Ian Telfer3 discusses the rationale behind the deal, opposition from some shareholders and what it means for gold prices.

The deal requires the support of two-thirds of Glamis shareholders but doesn't require approval from Goldcorp's shareholders. Mr. McEwen, who left Goldcorp in October, said Mr. Telfer "should be giving shareholders a vote" on the deal. Mr. McEwen said he had spoken with other disgruntled shareholders yesterday and that a possible recourse for dissidents would be to mount a proxy circular seeking a vote on the transaction.

Gold prices have doubled over the past four years to about $630 an ounce, in part because fears about inflation, terrorism and a decline in the U.S. dollar have boosted demand in what is often seen as a safe investment. But production is down because mining companies cut back capital investment during a 1990s price slump.

In reaching the deal, the companies assumed a long-range price of $550 an ounce -- lower than current levels but higher than historical averages. In another sign the two are counting on strong gold prices, the companies' executives said they wouldn't take steps to hedge -- or protect from lower prices -- their production.

"We'll have very good, low-cost new mines for the future," said Kevin McArthur, president and chief executive of Glamis, who would become Goldcorp's president and CEO. Goldcorp was attracted especially by Glamis's Penasquito project in Mexico, Mr. Telfer said.

Under terms of the agreement, Glamis shareholders would receive 1.69 Goldcorp shares for each Glamis common share -- a 33% premium based on Wednesday's closing share prices. Current Glamis shareholders would own 40% of the combined company.

Glamis shares were up 18.7% at 4 p.m. on the Big Board to $46.12. Goldcorp shares fell $2.81, to $27.66, valuing its bid at $46.75 for each Glamis share.

The merged company, which would remain in Vancouver, British Columbia, would have proven and probable reserves of about 41.1 million gold ounces, and about 11,000 employees. Its market capitalization, at $19.4 billion based on yesterday's closing prices, would be third-largest among global gold producers behind Canada's Barrick Gold Corp. and Newmont Mining Corp., of Denver.

Mr. Telfer and Mr. McArthur said the combined company would continue to focus on gold mining in the Americas. Glamis, with headquarters in Reno, Nev., has mines and development projects in Nevada, Mexico and Central America. Goldcorp has operations throughout the Americas and in Australia. The companies said the deal is expected to close in November.

Glamis previously tried to acquire Goldcorp, but Goldcorp thwarted that effort early last year when its shareholders voted in favor of acquiring Wheaton River Minerals Ltd. in a $2.2 billion deal. Mr. Telfer, who was Wheaton's CEO, became Goldcorp's chief executive after the deal and Mr. McEwen became chairman.

Generic Of Plavix Is Blocked (NYT)

By Stephanie Saul

The New York Times, September 1, 2006

A federal judge in Manhattan ordered a Canadian company yesterday to stop distributing its generic version of the blockbuster anticlotting drug Plavix, granting a reprieve to Bristol-Myers Squibb and Sanofi-Aventis, which co-market the brand-name drug.

The Plavix marketers had seen a drastic erosion of their United States sales since the Canadian company, Apotex, introduced its generic version on Aug. 8 in a challenge to the patent held by the big companies. Analysts say that the large supplies of the generic drug already on the market could continue to impinge on sales of Plavix for several months.

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While ordering Apotex to stop shipments, United States District Judge Sidney H. Stein declined a request by Bristol-Myers and Sanofi to recall the generic pills already on the market. The judge ruled that the companies had negotiated away that right in their attempts earlier this year to settle the patent dispute with Apotex.

Judge Stein did say that the patent was likely to be enforceable, based on the evidence and testimony so far. He also observed that Bristol-Myers and Sanofi had suffered "irreparable harm" as a result of the patent infringement.

He nonetheless required Bristol-Myers and Sanofi to post a $400 million bond to compensate Apotex in the event the generic company won in a trial on the validity of the patent, now set to begin in his court next January.

Shares of Bristol-Myers were up more than 9 percent in after-hours trading on the New York Stock Exchange. Shares of Sanofi were little changed.

Bernard C. Sherman, the chief executive of Apotex, a private company based in Toronto, said yesterday that it planned to appeal. "We believe that the ruling is erroneous in many respects," he said.

Mr. Sherman said that the volume of the Apotex drug already on the market amounted to about three months' worth of sales, while some analysts have estimated the amount at even more. A spokesman for Bristol-Myers, Tony Plohoros, said the company was trying to assess the amount of generic inventory in wholesale channels. Neither Sanofi nor Bristol-Myers had issued any other statement about the ruling, but in a letter to employees being sent last night, the Bristol-Myers chief executive, Peter R. Dolan, said it was "certainly good news that the preliminary injunction has been granted, but unfortunately the economic and other consequences of the intrusion of the generic product that competes with Plavix in the U.S. market are impossible to fully reverse."

A Deutsche Bank analyst, Barbara Ryan, said the ruling was relatively good news for Bristol-Myers, which derives 30 percent of its profit from sales of Plavix. The drug, used by 48 million Americans, primarily to prevent the recurrence of stroke and heart attack, had United States sales last year of $3.5 billion.

But Ms. Ryan said that Mr. Dolan remained on the hot seat. She predicted that he could be replaced or that control of the company might even change, possibly before the patent trial, partly as a result of the company's mishandling of the Plavix case.

"I think that Peter Dolan is clearly under significant pressure, and this it not an isolated situation," Ms. Ryan said, citing shareholder displeasure over Plavix as well as several other management missteps.

For Bristol-Myers, which is based in New York, the ruling very likely means the company can preserve its 5.1 percent dividends, according to David S. Moskowitz, an analyst with Friedman, Billings, Ramsey.

But the situation also seems to suggest that Bristol-Myers and Sanofi, a French company, should never have entered negotiations they began last year with Apotex, which created the opening that has allowed the generic maker to ship its product for more than three weeks.

The patent covering Plavix gives market exclusivity to Bristol-Myers and Sanofi until the end of 2011. Apotex began challenging that patent in 2002, arguing that it was not valid. The case has been pending in court ever since and originally was set to go to trial in June.

But the dynamic changed earlier this year, after the Food and Drug Administration approved Apotex's version of the drug. Despite that approval, under federal law Apotex would have run the risk of paying financial damages amounting to three times the generic's total sales, if it brought its product to market but then eventually lost the patent case.

Bristol-Myers and Sanofi began negotiations with Mr. Sherman to settle the dispute. Under an agreement reached in March, the companies granted Apotex exclusive generic rights for a six-month period that was to begin in September 2011.

That settlement deal was rejected by the Federal Trade Commission and state attorneys general who viewed it as restricting competition.

It was during efforts to renegotiate the deal that Bristol-Myers and Sanofi agreed to provisions that made it easier for Apotex to market its generic immediately if the revised agreement was also turned down. Those concessions included a waiver by the big companies of their rights to collect triple Apotex's sales of the generic, as well as an agreement that they would not go to court to challenge distribution of the Apotex product until five days after it began shipment.

After the second agreement was also rejected, Mr. Sherman's company began shipping its product to the United States on Aug. 8.

Under terms of the agreement Mr. Sherman negotiated, Apotex is liable to repay Bristol-Myers and Sanofi for only half of the generic drug's sales should Apotex lose at the patent trial. The negotiations, and accusations by Mr. Sherman that the companies entered a secret side deal, are the subject of a Justice Department investigation.

In his 57-page ruling, Judge Stein wrote, "The public interest in lower-priced drugs is balanced by a significant public interest in encouraging the massive investment in research and development that is required before a new drug can be developed and brought to market." </NYT_TEXT>

ENVIRONMENT:

Judge Keeps Intact Deal To Curb Plant Emissions, Which Reach D-FW Area (DMN)

By Randy Lee Loftis, The Dallas Morning News

Dallas Morning News, September 1, 2006

A federal judge in Austin refused Wednesday to change the terms of a federal enforcement consent decree meant to clean up one of Texas' biggest air pollution sources.

U.S. District Judge Sam Sparks ruled that Alcoa, owner of a huge aluminum smelter in Rockdale, northeast of Austin, must comply with the deadlines laid out in a 2003 agreement between Alcoa, the Justice Department and environmental groups that sued over the smelter's pollution.

The judge also refused to change emissions limits in the agreements.

Alcoa had sought to extend the deadlines for replacing its coal-burning power plant, which supplies electricity to the smelter. Emissions from the plant drift north to the Dallas-Fort Worth area.

Alcoa argued that several circumstances prevented it from replacing its power plant with a newer, cleaner-burning generating unit by April. It sought to extend the deadline to 2010.

Dallas-based TXU would build the new unit, though the power company has not yet reached a final agreement with Alcoa. The changes that Alcoa sought were meant to smooth the way for that agreement.

The Justice Department and three environmental groups – Neighbors for Neighbors, Environmental Defense and Public Citizen – opposed the extension. Judge Sparks agreed with them, although he urged the parties to keep working on a compromise since no matter what happens in court, no replacement power units will be built by then.

Environmentalists characterized the judge's ruling as a victory.

"TXU and Alcoa asked the court to relax the requirements of the consent decree – over the objection of citizen groups and the federal government – and the court refused," said George Hays, the groups' attorney.

An Alcoa spokesman could not be reached for comment. TXU spokeswoman Kimberly Morgan said the company was disappointed because it would not be able to replace the old Alcoa units by 2009, as TXU had hoped.

She also said the environmentalists had miscast the requested changes. "We are not trying to 'loosen up' air standards," Ms. Morgan said. "We're trying to come in under the consent to decree and build this plant, which will mean jobs and millions of dollars in economic impact to Milam County and the surrounding area."

Judge Sparks' ruling did not resolve what will happen when the April 2007 deadline for replacing the old power units isn't met. He could either decide that the companies must pay a $1,000-a-day penalty, which TXU has agreed to pay, or he could rule that Alcoa must get a new state permit.

Interior Chief Kempthorne Tours Arctic Wildlife Refuge (WP/AP)

By H. Josef Hebert

The Washington Post, September 1, 2006

KAKTOVIK, Alaska, Aug. 31 -- Interior Secretary Dirk Kempthorne made his first visit Thursday to the Arctic National Wildlife Refuge, center of a 25-year battle over whether to tap vast oil reserves under a coastal plain along the Beaufort Sea.

Kempthorne was to meet with tribal leaders and with officials in the refuge's only village before concluding a three-day tour of Alaska's North Slope that also included checking out the early warning system for detecting a deadly bird flu virus and examining a corroded pipeline that has shut down half the area's oil production.

His flight from Deadhorse, 120 miles to the west, had been turn backed earlier when a heavy fog prevented his chartered twin-engine turboprop from landing. The weather cleared later and Kempthorne continued with his schedule.

Kempthorne, a former Idaho governor and Republican senator who was confirmed as interior secretary in May, supports oil drilling in a 1.5 million-acre area of the 19 million-acre refuge and voted for it when he was in the Senate.

"There's a [wildlife] reserve there," he said before the aborted flight. "But we've seen so many different areas where we can responsibly recover resources and do it while meeting the highest environmental standards. I think it's also important to see it."

Environmentalists look at the refuge as North America's Serengeti -- inhabited by 45 species of land and marine mammals including polar, grizzly and black bears as well as musk oxen and caribous. Millions of migratory birds also use the refuge's coastal plain.

Under it is what geologists say is the nation's largest untapped oil reserve, variously estimated at between 5.6 billion and 16 billion barrels.

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Kempthorne was accompanied on his North Slope tour by senior Interior officials and several of the department's regional officials, based in Anchorage.

On Wednesday, Kempthorne toured a Prudhoe Bay oil complex operated by BP PLC, including a visit to the stretch of BP pipeline where severe pipe corrosion caused Prudhoe oil production to shut down in early August.

Half the pipeline system has since been restored, bypassing a section where corrosion caused a 270,000-gallon spill in March. But the other half remains out of commission as BP engineers try to determine if part of it can be used temporarily.

BP said it is replacing the 16 miles of pipe next year.

Kempthorne, earlier on his trip, visited ConocoPhillips' Alpine oil fields, the newest on the North Slope.

On Boosting Drought Aid, Bush Takes Wait-and-see Stance (AP)

By Libby Quaid, Associated Press

AP, September 1, 2006

WASHINGTON – The Bush administration wants to wait for the harvest of this year's crops before deciding whether to increase the millions of aid dollars going to drought-stricken farmers.

Agriculture Secretary Mike Johanns said Thursday he wants to "see what the combines tell us" about the coming harvest.

Earlier this week, Johanns promised aid that includes $50 million to hard-hit livestock producers. In all, the drought money would provide $79 million in relief funds and accelerate $700 million in planned payments to cotton, grain sorghum and peanut farmers.

"I really believe this is going to help a lot of people out there in drought-affected states," Johanns told reporters Thursday.

Some critics say the aid falls far short of the need. A separate $4 billion drought-aid plan is pending in the Senate.

"Given the size and severity of the drought, the amount of money Secretary Johanns is talking about is going to leave many farmers and entire counties without any help at all," said Sen. Byron Dorgan, D-N.D.

The administration strongly dislikes the Senate plan, in part because it would go only to those who already get subsidies, about four in 10 farmers.

Johanns noted Thursday that drought has failed to dampen significantly overall production of major crops like corn and soybeans.

The corn crop is expected to approach records, according to the latest forecasts from the department. Soybean yields are below trend but above the five-year average, and together the crops should generate $42 billion in production, Johanns said.

"I was in eastern Iowa yesterday; the crops look really good," Johanns said. "There are parts of the country that look to me like they're going to raise a very large crop. The other thing I will offer is the value of that crop is higher this year because the prices are better."

"We've just got to see what the harvest looks like," Johanns said.

California Plan To Cut Gases Splits Industry (NYT)

By Jad Mouawad And Jeremy W. Peters

The New York Times, September 1, 2006

After becoming chief executive of PG&E last year, Peter Darbee met with a large number of leading climate scientists, he said, to make up his own mind about global warming.

As a result of his wide inquiries, PG&E, the parent of the Pacific Gas and Electric Company, which serves Northern California and is one of the nation's largest energy utilities, broke away from the industry pack to support sweeping efforts to reduce the greenhouse-gas emissions that are widely blamed for global warming.

"The evidence in the scientific community is lopsided — it's not even close," Mr. Darbee said. "Climate change is a problem."

California is once again at the forefront of the nation's environmental policy, with a far-reaching pledge to curb carbon emissions by 2020. But the deal struck on Wednesday between Democratic legislators and the Republican governor, Arnold Schwarzenegger, has divided businesses and industries in California.

While high-technology companies have lined up behind the move, arguing that it will put California at the forefront of alternative energy development, most of those representing basic industries contend that it will retard the economy, force energy-intensive businesses out of state and increase costs for all Californians.

Mr. Darbee, a former investment banker and financial expert who brings an outsider's perspective to the inbred utility industry, cuts across those lines, pointing to a potential advantage for business in California: predictability.

"The incentives really aren't there for the creation of new technologies and investments to reduce carbon dioxide unless mandatory caps are put in place,'' he said. "Now, that creates an element of certainty."

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The California plan, which won final legislative approval yesterday but faces a battle in the courts before it can go into effect, calls for a 25 percent cut in carbon dioxide emissions by 2020. It envisions controls on some of the largest industrial groups — including utilities, oil refineries and cement plants.

While many of the details remain to be worked out, the law will include a mixture of mandatory regulations, incentives and market-based mechanisms, including a so-called cap-and-trade system allowing companies to buy and sell carbon allowances. The California Air Resources Board has until 2009 to draft regulations that are to become mandatory in 2012.

"The United States is the world's biggest carbon emitter, and California is a big part of it," said Jim Marston, who runs the state global warming initiative at the activist group Environmental Defense, which has played a big role in California and elsewhere in promoting alternative energy use. "The key aspect of the law is that it's multisector and it imposes hard caps."

Given a lack of national policy toward global warming, local and state authorities are increasingly taking the matter into their own hands, creating a patchwork of competing rules that will be potentially harder for businesses to navigate. Seven states in the Northeast, for example, have proposed to reduce carbon emissions from power producers 10 percent by 2019.

Mr. Marston acknowledged that a system adopted by the European Union in response to the Kyoto Protocol to curb global warming gases had not been very effective.

"No system we have works perfectly," he said. "The cap-and-trade system in Europe has some flaws because they didn't do a great job with the baseline. California will learn from what went wrong in Europe."

California has had a long tradition of leading the way in environmental regulations that in time are adopted by other states and cities across the country. The federal Clean Air Act of 1970, for example, originated in efforts starting in the 1960's to limit smog in Southern California.

In 2004, the state became the first to adopt regulations intended to limit greenhouse gas emissions from automobiles. Several states in the Northeast, including New York, have followed suit. A coalition of the world's largest automakers, which opposed the regulations from the beginning, is suing many of these states to prevent the laws from taking effect.

The restrictions, scheduled to go into effect on 2009 model vehicles, roiled the global auto industry because automakers would have to increase fuel economy to meet them.

Unlike smog-forming pollutants, carbon dioxide and other emissions from vehicle tailpipes that are linked to global warming cannot be filtered. Reducing those emissions would therefore require redesigning engines, which would increase the cost of building a vehicle.

But for Jack Stewart, the president of the California Manufacturers and Technology Association, an industry trade group, California's go-it-alone approach risks harming the competitiveness of the economy.

"We think it is draconian,'' he said, "for the state of California to put these California-only rules when companies outside of the state will not have the same restrictions and costs imposed on them."

It is not clear how California will accomplish its goals. Companies have traditionally found that reducing their carbon emissions could be best achieved by improving energy efficiency. Large corporations, including I.B.M., DuPont and Johnson & Johnson, have found that steps to curb energy use through efficiency gains not only cut their power bills but often led to overall gains in productivity.

Mr. Stewart, though, argued that such "low-hanging fruits" were harder to find in California today because the state had long been at the forefront of the energy-efficiency effort. "California's energy costs are the highest in the country," he said. "Most manufacturers who use a lot of energy have already done a lot of conservation. This law puts us at a huge disadvantage."

Myron Ebell, director of energy policy at the Competitive Enterprise Institute, a conservative research group in Washington, and a prominent critic of efforts to curb global warming, also dismissed the California plan.

"We cannot reduce our carbon emissions by making ourselves poorer,'' he said. "That is not acceptable in a democratic society. It might work in North Korea, but it will not work here. If global warming turns out to be a problem, we have to work on technological changes. All of that is something California has tremendous capacity to do — not by going on an energy diet."

But the backers of the law said that developing new energy sources and emphasizing efficiency would actually help expand California's economy.

They cited a recently published study by researchers from the University of California, Berkeley, which argued that cutting carbon emissions back to 1990 levels would add $74 billion in value, or 3 percent, and contribute to the creation of 89,000 jobs.

"There is a great deal of energy efficiency still left in California that will produce both lower greenhouse gases and lower the consumption of fossil fuels," one of the Berkeley researchers, Alexander E. Farrell, said.

Jim Wunderman, president and chief executive of the Bay Area Council, a coalition of businesses in and around San Francisco, said the new emissions legislation would allow California businesses to be at the forefront of developing energy technology, much as they were with personal computers, semiconductors and the Internet.

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“We think this is going to contribute to a boom in industries focused on alternative energy development,’’ Mr. Wunderman said. “Enlightened businesses can participate in an economic boom that’s going to serve both the business interest and the public’s interest."

And a leading venture capitalist, John Doerr, a partner in the firm of Kleiner Perkins Caufield & Byers in Palo Alto, said the new rules would force corporations to innovate.

“The folks who don’t change, they lose, they die,” he said. “I do not see it as a system that’s going to encourage businesses to leave California."

Still, adapting to such new regulations should be easier for companies that make semiconductors and computer keyboards than for those that make cement or refine oil. Mr. Doerr predicted that most industries would come around in the end because they would be squeezed by the costs associated with not complying.

“Manufacturers are going to go green,” he said.

There is already evidence of this in the oil industry, he continued, with companies investing in alternative forms of energy like biofuels. And technology companies are in a strong position to innovate.

“High-tech industries thrive on innovation and new technology,” Mr. Doerr said. “Already, it’s even easier for them to be nimble, and shift and respond to different market mechanisms.”

In the end, he predicted, it will make more sense for most businesses to stay and adapt.

“It doesn’t matter where they make this stuff, ’’ Mr. Doerr said, “because if you put the gasoline refinery across the border in Nevada, the same law applies. If you want, you can decide you don’t want to sell gasoline in the sixth-largest economy in the world, but I guarantee you won’t do that."

And if California succeeds, Mr. Doerr said, the rest of the nation will follow.

“Every new, important, environmentally sustainable policy has come from California and spread to other states,’’ he said. “Then the federal government decides we ought to consolidate this.”

California Emission Plan Needs Allies (WSJ)

The Wall Street Journal, September 1, 2006

Jeffrey Ball

California faces a tough obstacle in its efforts to curb global warming without driving away business: Success requires joining other countries, or persuading other states or the federal government to join it.

Leaders of the state Legislature and Gov. Arnold Schwarzenegger have agreed on a plan under which California would mandate a reduction in the state's emissions of the gases contributing to global warming to 1990 levels by 2020. The bill cleared the Legislature yesterday, and Gov. Schwarzenegger has indicated that he will sign it into law.

Most groups representing big industry in California remain opposed to the plan, arguing it will raise production costs and hurt the competitiveness of the state's businesses. But some California businesses expressed support for the push, arguing that restrictions on global-warming emissions across the U.S. are increasingly likely and that California companies will benefit by starting now to prepare.

"From a business perspective, the sooner we begin working on this problem, the less dramatic will be the impact on business," said Peter Darbee, chief executive of PG&E Corp, whose Pacific Gas & Electric Co. unit is a major California utility. PG&E has an additional reason to be supportive: Most of the electricity it sells comes from natural gas and nuclear and hydroelectric power, a portfolio that emits far lower levels of greenhouse gas than does coal.

California has long been a national environmental bellwether, prompting other states to follow its regulatory lead. A growing number of states are planning greenhouse-gas rules of their own, and officials in several of those states said California's move would give their efforts a boost.

"When we have a neighboring state that is taking a similar tack to us, it's very helpful," said Bill Drumheller, who works on global-warming issues at Oregon's Department of Energy. Oregon is planning rules limiting greenhouse-gas emissions from power plants.

California officials said they hope to entice other states and the federal government to follow its lead in regulating global-warming emissions. Though California is the world's sixth-largest economy, it accounts for only about 2% of the world's annual global-warming emissions.

"None of it matters or works if other states or nations don't copy us, because changing greenhouse-gas emissions is not meaningful unless we do it for the whole planet," said Catherine Witherspoon, executive officer of the California Air Resources Board, the state agency assigned to figure out how to implement California's plan.

There is another reason California is hoping it won't have to go this road alone: Persuading other states, or the federal government, to join suit will likely lighten the financial burden on California businesses.

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Central to several nascent efforts around the world to regulate greenhouse-gas emissions is a "cap and trade" system. Under such a system, a government mints a certain number of emission permits, each corresponding to a ton of carbon dioxide, the main global-warming gas. It distributes the permits among the facilities -- generally factories whose emissions it is regulating. If the factory's owner decides it is too expensive to comply with the cap by minimizing emissions at the factory itself, the owner can buy extra permits from other businesses on an emission-trading market. Such a trading system is under way in Europe, where countries have agreed to emission caps under the Kyoto Protocol, the international global-warming treaty.

The idea behind an emission-trading market is to make it as broad as possible; the more companies that are trading under the system, the theory goes, the likelier the market is to find cheaper ways to curb emissions, thus reducing everyone's cost of compliance. But assembling such a trading system raises thorny issues. Among them: which industries will be covered by the caps, how to structure the rules so they don't encourage companies simply to flee to locations where emissions aren't capped, and how to verify that companies aren't emitting more than they say they are.

California Business Leaders Say Emissions Limit Could Harm Economy (USAT)

By Edward Iwata

USA Today, September 1, 2006

SAN FRANCISCO — California business leaders warned Thursday that a deal by state lawmakers to strictly limit greenhouse gas emissions by industry could severely hurt the state economy and lead to a huge drop in its petroleum supply.

The measure, which won final legislative approval Thursday in the state's Assembly and is supported by Gov. Arnold Schwarzenegger, would make California the first state to impose caps on emissions linked to global warming. Oil-and-gas refineries, electric power plants and other manufacturers would have to slash 25% of those emissions by 2020.

While environmentalists are hailing the measure, some businesses argue that the only way for oil refineries to meet the tough caps would be to reduce production of transportation fuels by 17%, said Tupper Hull, a spokesman for the Western States Petroleum Association trade group.

“This has the potential to be very damaging to the California economy,” Hull said. “It will put a lot of strain on the marketplace.”

Already, Hull said, the state's 14 refineries are operating at capacity, producing 45 million gallons of gasoline and diesel a day. California also imports 3.5 million gallons a day from other regions.

Industry groups also cautioned that the global warming bill would lead to higher energy costs, lost jobs and corporations abandoning the region.

In a statement, CEO Allan Zaremberg of the California Chamber of Commerce said the bill will have “a severely negative effect on the affordability and reliability of California's energy supply” and would jeopardize California's economy. Global warming requires “a global solution, not a punitive cap on energy supplies in California,” he said.

Under the California measure, the state would have until 2011 to set greenhouse gas emissions limits and reduction measures, which would go into effect the next year.

Scientists and California state agencies predict that global warming will cause horrific flooding, hurricanes and other catastrophes in the coming decades. California, one of the world's top economies, also is one of the world's largest sources of greenhouse gases.

Environmentalists say that California lawmakers — longtime trendsetters in environmental issues — are sure to influence other states and businesses.

David Hawkins, who directs the climate center of the Natural Resources Defense Council, said the bill would not hurt businesses. California has boasted the nation's strongest environmental laws for decades, he said, and the economy continues to grow.

Seven Northeastern states recently agreed to seek caps on greenhouse gas emissions. Washington and Oregon lawmakers also have similar bills in the works.

The California bill comes as a growing number of energy and technology companies have stated that they support mandatory global warming regulations.

President Bush has said capping emissions would hurt the economy. Schwarzenegger, a Republican, has parted with Bush on the global warming issue.

California Tightens Rules On Emissions (WP)

By Juliet Eilperin

The Washington Post, September 1, 2006

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California's legislature approved the broadest restrictions on carbon dioxide emissions in the nation yesterday, marking a new stage in the accelerating drive for a more aggressive national response to global warming.

The California bill requires a 25 percent cut in carbon dioxide pollution produced within the state's borders by 2020 in order to bring the total down to 1990 levels. In at least eight other states, political momentum is building to take similar steps to limit emissions of greenhouse gases linked to climate change, a trend that could increase the pressure for a national system despite the Bush administration's consistent opposition to mandatory caps.

The California legislation also provides a statewide market system designed to make it easier for heavily polluting industries to meet the new limits. They would be able to buy "credits" from companies that emit lower emissions than the caps allow, rather than having to invest in cleaner new technologies.

The measure cleared the California Senate on Wednesday night. The Assembly, on a 46 to 31 vote, sent it on yesterday to Republican Gov. Arnold Schwarzenegger, who pledged this week to sign it.

"It really does point out the country needs to solve this problem in a uniform way," said William K. Reilly, who headed the Environmental Protection Agency under President George H.W. Bush and now co-chairs the bipartisan National Commission on Energy Policy. "It will rebound in Washington."

California lawmakers, along with environmental advocates and some business leaders, said they pushed the measure both to address what they see as a threat to their state's economic and environmental welfare, and to influence national energy policy.

"I really believe the effort to curb global warming is a bottom-up effort in this country," Assembly Speaker Fabian NuÃ±ez (D), who is a co-author of the bill, said in an interview Wednesday. "For us, this is not just about California. This is about making a push from the bottom up to get the Congress to take action."

Advocates would have to overcome major obstacles to bring about a national program, however. Both the House and the Senate have rejected mandatory limits on carbon dioxide. But if Democrats make gains in this fall's elections, it could bolster support on Capitol Hill for a universal cap-and-trade system.

Congress would have to hash out many more details than are spelled out in California's bill. State lawmakers left key implementation issues to be decided by the California Air Resources Board. The measure also includes an escape hatch allowing the governor to extend compliance deadlines for as much as one year "in the event of extraordinary circumstances, catastrophic events, or threat of significant economic harm."

Sen. Dianne Feinstein (D-Calif.), who has her own proposal to establish a national cap-and-trade system, said yesterday's vote "is a giant step forward toward a national cap. . . . It's only a question of time." But she said that, when it comes to details, the state bill "does not have a methodology or a process. It just caps it."

Because 40 states have coal-fired power plants that account for much of the country's carbon dioxide emissions, Feinstein added: "Forty times two, in terms of senators, makes a bill very difficult."

On that point, Sen. James M. Inhofe (R-Okla.), an implacable opponent of emissions caps, agreed, citing the Senate's record on the issue. "Cap-and-trade proposals are all cost and no reduction," Inhofe said in a statement.

Corporate opponents in California, moreover, have not given up their fight, saying the legislation could cripple their industries and raise electricity prices. Jack Stewart, president of the California Manufacturers and Technology Association, said industry is already taking steps to improve energy efficiency, and mandates will only increase the cost of doing business.

"The economic graveyards of California are littered with the jobs that are the unintended consequences of good intentions by legislators and governors," said Stewart, adding that manufacturers and utilities have not ruled out legal action to try to block the measure.

In Washington, utilities lobbyist Scott Segal sounded a similar note, saying the measure would raise electricity prices and hurt the most vulnerable consumers: "When power shortages occur and rates go up, the people who are hurt the most are the ones least able to afford it."

Bush's top environmental adviser, James L. Connaughton, said in a statement that the administration welcomes "effective state action to complement over 60 regulatory, incentive, and voluntary federal programs working to achieve the president's goal of reducing national greenhouse gas intensity by 18 percent by 2012," but that it remains concerned about "any program that moves jobs and increases emissions in other states or other countries -- an open question for California's proposed legislation."

Still, state and local politicians across the country are pressing ahead with rules aimed at cutting emissions. Two weeks ago, seven Northeastern states approved a mandatory limit on carbon dioxide pollution from power plants, with a goal of stabilizing emissions by 2009 and reducing them by 10 percent over 10 years. Maryland has plans to adopt similar standards.

In Utah this week, Republican Gov. Jon Huntsman Jr. established an advisory panel composed of environmental activists and utilities executives to review the science on climate change and propose ways the state can curb its effects.

James D. Marston, director of state global-warming initiatives for the advocacy group Environmental Defense, said states are taking the initiative because the administration and Congress have refused to act. "It's harder for us to turn the boat around

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now because we've had several years of making dirtier energy investments instead of cleaner energy investments," Marston said.

In California, Republicans and Democrats have a political incentive to take bolder action on climate change. With carbon dioxide pollution rivaling Australia's, the state is the 12th-largest emitter in the world. A July poll by the Public Policy Institute of California showed that nearly two-thirds of Californians, including a large majority of Republicans and independents, wanted state legislators to address the issue.

"Because of the support in the state for doing something on global warming, both Democrats and Republicans have been trying to get out front of each other," said Mark Baldassare, director of research at the policy institute.

Some California companies broke with industry leaders, concluding that mandatory greenhouse gas reductions are smart politics and will be good for business. Pacific Gas and Electric chief executive Peter A. Darbee, whose company serves 15 million customers and ranks as California's largest utility, issued a statement last night saying, "We're supporting this legislation because we are convinced that climate change is an urgent problem and action is needed now."

"This is a bill that is really rolling down the tracks," said PG&E's vice president for government relations, Nancy E. McFadden, shortly before the state Senate vote Wednesday. "We made the judgment that we're going to be constructive and make it a bill that would protect both the environment and the economy."

For Campaign, Governor's Hand May Be Stronger (WSJ)

The Wall Street Journal, September 1, 2006

Jim Carlton

California's agreement to cut emissions tied to global warming is likely to boost a resurgence in Gov. Arnold Schwarzenegger's popularity, many political pundits say, potentially making it more difficult for Democratic challenger Phil Angelides to unseat him in November.

The same day that the governor agreed to the deal with the state legislature's Democratic leadership, a new poll of likely voters by the Public Policy Institute of California showed him with a 13-point lead over Mr. Angelides. The deal may give Gov. Schwarzenegger a decisive lead over his rival -- and possibly position him for a U.S. Senate run down the line -- because environmental issues resonate with many California voters, some political observers say. "It's not game over for Angelides, but he's now got to shore up his support among rank-and-file Democrats," said Mark DiCamillo, director of the Field Poll, a San Francisco polling firm.

Under the deal announced Wednesday, California will mandate a reduction in the state's emissions of gases contributing to global warming to 1990 levels by 2020. The cut would target the state's biggest industrial emitters of greenhouse gases, such as power plants, oil refineries and cement factories.

But the deal also holds risks for the governor. Conservative Republicans could revolt over this pact and others he has made with the Democratic-dominated legislature. That could deprive the governor of support he may need for re-election if he fails to marshal enough Democratic voters in a state dominated by that party.

"I think the race will get much closer, and it will get down to a question of how much his moves with the legislature have hurt him with his base," said Kam Kuwata, a Democratic political consultant in Los Angeles. "Also, he could get swept out on a national rejection of Republicans."

Still, Mr. Schwarzenegger is riding high for now, having mostly rebounded from a decline in polls when he embarked on an unsuccessful campaign last year to trim the power and influence of state Democrats. Some political observers say Mr. Schwarzenegger could eventually make a successful run for the U.S. Senate. In a recent interview, however, Mr. Schwarzenegger was adamant that he would never take a position that would make him leave his adopted home state.

This year, the governor has embraced Democratic lawmakers on many issues. Over the past few weeks, he has agreed to sign bills on Democratic-backed issues like raising the state's minimum wage and providing prescription-drug relief to the uninsured and underinsured. He also forged a deal to put a mammoth bond issue on the California ballot in November to patch up the state's crumbling roads, bridges and other infrastructure.

The bipartisan cooperation has won back many of the governor's old supporters, as well as more Democrats, some pollsters say. In the Public Policy Institute poll, 82% of likely Republican voters said they planned to re-elect the governor to a second term, along with nearly half the independent voters and almost a fifth of Democrats. Mr. Angelides, the state's treasurer, won support in the poll from just 58% of likely Democratic voters -- too little, pollsters say, to overcome the governor's current advantage unless Mr. Angelides increases support rapidly. The poll of 989 likely voters has a margin of error of plus or minus three percentage points.

Strategists for Mr. Angelides, who won a hard-fought campaign in the Democratic primary to take on Mr. Schwarzenegger, say they aren't worried and plan a vigorous campaign after Labor Day. "This is a guy who switches position every 10 seconds in

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order to curry favor with the voters, and we are going to show that," said Bill Carrick, chief strategist for Mr. Angelides. "I think we are going to see a real dogfight here."

From California, A Breakthrough (NYT)

The New York Times, September 1, 2006

California, long a leader on environmental issues, has done it again, approving a pathbreaking bill that would impose the country's broadest and most stringent controls on emissions of carbon dioxide, the main global warming gas. California's action stands in bold and welcome contrast to the federal government's reluctance to take aggressive action on a problem of mounting concern among scientists and the general public.

The deal between the state's Democratic leadership and its Republican governor, Arnold Schwarzenegger, would reduce California's carbon dioxide emissions to 1990 levels by 2020. This is by any measure a huge undertaking. It will be up to state agencies, chiefly the California Air Resources Board, to work out the details, but the plan allows for market-based mechanisms like emissions trading to achieve the maximum possible gains at the lowest cost.

Of the bill's many architects, the most important were two Democratic members of the Assembly, Fabian Núñez and Fran Pavley. Ms. Pavley was also the author of another groundbreaking measure four years ago limiting carbon dioxide emissions from cars and light trucks. That measure, which Mr. Schwarzenegger also embraces, is now the subject of a lawsuit from the automobile companies and the Bush administration.

Taken together with other state actions — including an important agreement among several Northeastern states to limit carbon dioxide emissions from power plants — California's assertiveness has suggested to some people that the country may be at a transformational moment on climate change, with the states leading a powerful "bottom-up" movement to deal with the problem.

That could well be so, but a global problem cannot be solved by state and regional initiatives, however admirable and necessary. There is no real substitute for determined action at the national level, since states that make the necessary capital investments to reduce emissions could well end up at a temporary economic disadvantage. Nor is there any substitute for American leadership globally; China and India, two big polluters and getting bigger, are unlikely to undertake costly controls while the world's biggest polluter sits on its hands.

Given California's size and economic reach, its initiative will surely help. But Congress and President Bush are by no means off the hook.

Action In California (WP)

The Washington Post, September 1, 2006

THE LEGISLATIVE bargain struck in California this week on global climate change is a landmark in several respects. With the Bush administration sitting on its hands, state governments are emerging as the principal actors in reducing U.S. dependence on the fossil fuels responsible for greenhouse gas emissions. California's plan, a compromise between Republican Gov. Arnold Schwarzenegger and Democratic legislators, is by far the most ambitious state initiative yet. What's more, California accounts for such a large percentage of the American economy that its regulatory actions will have large impact elsewhere. Most important, the more that states take action on their own -- and thereby create a patchwork of rules -- the more pressure will build on the federal government to create a national policy for mandatory greenhouse gas reductions.

The California plan calls for cutting greenhouse emissions to 1990 levels by 2020, which is about a 25 percent reduction. It builds on an earlier effort by the state to address greenhouse emissions by vehicles. In its ambition, scope and bipartisanship, it provides a model for federal policymaking.

It is less of a model in its specifics -- or lack thereof. The compromise does not specify any regulatory mechanisms but lays out a timetable in which, in generalities, it directs a state regulatory board to develop plans and implement them. It implies but does not explicitly require that a kind of cap-and-trade system might be used. In essence, it directs an ambitious outcome and then punts the policymaking to an unelected body. The governor's staff insists that the vagueness was deliberate, an effort to build in flexibility and make sure that complex problems got adequate technical study. And it may or may not work in California. But it would never do for Congress, which, when it finally confronts global warming seriously, will have to come up with a more specific set of proposals.

In the meantime, however, California has begun an experiment of tremendous importance to the rest of the nation. It has asserted that talk and study are no longer sufficient -- that bold action is possible and necessary.

Government Sting Nabs Ocelot Traders (WP)

By Anushka Asthana, Washington Post Staff Writer

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The Washington Post, September 1, 2006

It began with a tip. A phone call from a concerned woman to a federal agency that an illegal trade was about to take place. That was in August 2004. A small player was arrested, but the call set investigators on a trail that led them from coast to coast, and they eventually arrested nine targets.

It sounds like an FBI investigation, but "Operation Cat Tale" is an effort by the U.S. Fish and Wildlife Service to end the illegal trading of ocelots, a rare and exotic breed of cat worth $5,000 each.

This month, prosecutors announced they had charged five defendants from Oregon, California, Texas and New York with crimes related to the sale of the endangered animal.

For some, owning this rare cat is a status symbol.

"The reason this is happening is greed and passion," said Crawford Allan, deputy director of Traffic North America, a unit of the World Wildlife Fund that monitors the trade of animals. "A person has a keen interest in a particular type of species and then works out a way to get their hands on them. It is like they want a piece of the wild at home."

Allan said he had seen cases of people carrying animals, including reptiles, under their clothes onto planes. He knew of times when chimpanzees were smuggled abroad. In this case, the ocelots were probably transported over land, he said.

Four of the defendants have entered a plea agreement and face fines ranging from $10,000 to $60,000. In each case, the agency found that parties mischaracterized the sale as "donations" and the payment as "contributions." Three more people were fined for participation in illegal trafficking.

"We used standard tactics where we work with smaller players and work up the hierarchy to the main distributors," said Dwight Holton, the assistant U.S. attorney prosecuting this case. Holton previously worked as an assistant U.S. attorney in Brooklyn, prosecuting gangs involved in homicides, drugs and terrorism. "It is a technique used in the investigation of other crimes, as well," he said.

The reason this ongoing investigation is so important, Holton said, is that the sales create a market that encourages poachers to target the animals. "Part of the point of the Endangered Species Act is to end the commercialization of these animals to avoid poachers from taking them from the wild," he said.

But critics say the Endangered Species Act is out of date when it comes to the ocelot -- there have been barely any cases of poaching for decades -- and that the latest investigation has criminalized people running sanctuaries whose aim is to prevent the North American ocelot from becoming extinct.

There are fewer than 100 ocelots left in the wild in the United States. The long-tailed cats -- covered in spots and stripes -- used to be found throughout Texas, Louisiana and Arkansas. Now the few survivors can be found only in the three southernmost counties of Texas. The main reason for the decline is a loss of habitat and the building of roads.

"The number one cause of death is that they get hit by cars," said Jody Mays, wildlife biologist for Laguna Atascosa National Wildlife Refuge who tracks the remaining animals and looks for ways to prevent their demise. "They are a really beautiful animal with beautiful coloration," Mays said.

This case began with the arrest of Deborah Walding of Beaverton, Ore., in 2004. The warrant used to search her house in late March was stamped with a picture of an ocelot. U.S. Fish and Wildlife Service enforcement agents had been tipped off by Cheryl Tuller, co-founder of Wildcat Haven, a nonprofit rescue facility for captive-born wildcats where Walding was keeping two ocelots named Paris and Bellagio.

After being told of Walding's plans to sell the cats to a "private zoo" in New York, Tuller informed authorities. She went on to tape phone calls with Walding that led to her arrest. Tuller said Walding liked to impress people and wanted to own things no one else had. "The sad thing is we were trying to protect the cats, but in order to have the operation go forward we had to allow her to take them and sell them in New York," Tuller said. When they were picked up there, Bellagio had died.

The information from Walding helped authorities find others involved in the trafficking. The largest fine was imposed on the Isis Society for Inspirational Studies, an arm of the Temple of Isis -- a California church dedicated to the Isian religion.

Mona Lisa Wallace, general counsel of the nonprofit organization, said the group's "motivation was always pure and in the interest of the preservation of the last remnants of North American ocelots." She has been campaigning for a change in the endangered species law, arguing that ocelots are not a target of poachers and should be allowed to be bred in sanctuaries to save their species.

Wallace said she was shocked by how her client had been treated. "Reverend Loreon Vigne is a 74-year-old woman and is fragile. She thought [the sale] was legitimate, as this is a nonprofit. I have been shocked and disappointed by the lack of compassion and kindness in the prosecution of this matter."

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FBI/DEA/ATF/USMS:

Boston's U.S. Attorney Named Acting Head Of Federal Agency (AP)

By BRANDIE M. JEFFERSON, ASSOCIATED PRESS WRITER

AP, September 1, 2006

BOSTON -- U.S. Attorney Michael J. Sullivan, who led the prosecution of would-be airplane shoe bomber Richard Reid, has been appointed acting director of the federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

Sullivan, who has served as U.S. Attorney for five years, is not resigning, but he will be considered "absent from the district," said his spokeswoman Christina Dilorio-Sterling on Thursday.

"It is certainly an honor to be afforded the opportunity to work with the men and women law enforcement professionals of the Bureau, an agency that is known for its excellence and integrity," Sullivan said in a statement. Dilorio-Sterling said Sullivan was in Washington and not immediately available for further comment.

Sullivan, a former Republican state legislator and district attorney, was appointed U.S. attorney just one week before two planes hijacked from Boston's Logan International Airport were used in the Sept. 11, 2001, terrorist attacks. When the international flight carrying Reid was diverted to Boston later that year, the case fell in Sullivan's jurisdiction.

He also formed an anti-terrorism task force.

"Gov. (Mitt) Romney and Mike Sullivan have worked particularly close on anti-terror and homeland security matters," Romney's spokesman, Eric Fehrnstrom said Thursday. "His expertise has been a real service to the governor and to the people of the Commonwealth."

As U.S. attorney, Sullivan also has been known for a tough stance on drug and gun cases, and one judge criticized him publicly for burdening the federal system with cases that could be handled by state prosecutors.

Sullivan has said gun and drug prosecutions reduce urban violence and have a big impact on people's lives. And he said President Bush made reducing those crimes a priority for federal prosecutors because federal sentencing rules for such cases carry longer prison terms than in state court.

As U.S. attorney Sullivan also has sought the federal death penalty in Massachusetts, where there is no state death penalty statute. While some people have criticized his style as too hard-lined, others have seen it as appealingly tough-on-crime.

Sullivan's office also has had a key role in several successful federal pricing and marketing fraud cases involving major pharmaceutical companies.

"I think it's a reflection of the office having had a series of successes in a number of areas including terrorism, health care fraud and inner city violence," Sullivan's former top assistant, Gerard Leone Jr., said of the appointment.

"We had one of the biggest cases in the country, which was Richard Reid, the shoe-bomber," said Leone, now a candidate for Middlesex District Attorney. Leone prosecuted Reid, now serving a life prison sentence after pleading guilty.

Sullivan was elected in 1990 to the first of three terms as a state representative from Abington. In 1995, Gov. William Weld appointed him Plymouth County district attorney after the death of William C. O'Malley, and he was elected on his own in 1996 and 1998.

"I have worked with U.S. Attorney Michael Sullivan for many years and have great respect for him and commend him for his years of service to the Commonwealth," state Attorney General Tom Reilly said in a statement.

First Assistant U.S. Attorney Mike Loucks will act in Sullivan's place when he is unavailable, Dilorio-Sterling said. Sullivan plans to commute, living in Washington, D.C. during the week and spending his weekends in Massachusetts.

Former ATF director Carl J. Truscott resigned earlier this month amid an inquiry into spending on the agency's new headquarters.

Truscott was a former senior official with the Secret Service, appointed by then-Attorney General John Ashcroft in April 2004 to head the ATF, which has about 5,000 employees, half of them agents.

His tenure was marked by complaints from within the agency that he was spending too much time and money on the agency's new headquarters building, which is expected to open later this year.

FBI Agent To Retire (WUSA-TV)

WUSA-TV, September 1, 2006

WASHINGTON - FBI Agent Brad Garrett has announced plans to retire from the agency on Thursday after 21 years. Garrett has been involved in breaking some of the biggest cases in the bureau's Washington Field Office over the past 16 years.

He got Mir Aimal Kasi to confess to firing the assault rifle that killed two CIA workers near the gate of the agency's headquarters in McLean.

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He also coaxed Lee Boyd Malvo into confessing to his role in 2002's Beltway Sniper killings.

Garrett says he plans to work as a private investigator once he leaves the bureau this week.

He tells The Washington Post that he regrets not being able to help solve several big cases before his retirement. They include the murder of congressional intern Chandra Levy whose remains were found in Rock Creek Park in 2002, and the 1995 slayings of a Vietnamese woman and her two-year-old son in Fairfax County.

Brad Garrett spoke with Mike Walter on 9News at 9am this morning and reflected on his career.

FBI Agent And Friend (WP)

The Washington Post, September 1, 2006

Regarding the Aug. 28 Metro article "Celebrated FBI Agent Will Retire Haunted by Those Who Got Away": The FBI is soon to lose one of the most outstanding agents it has ever had, Brad Garrett. As the father-in-law of Frank A. Darling, one of two men shot and killed outside CIA headquarters by a Pakistani terrorist, I and other members of the Becker and Darling families witnessed Mr. Garrett's skills firsthand. He spent many years traveling, hunting and chasing the killer, occasionally to the detriment of his health. Mr. Garrett made sure we were informed about the operation, and he met with us often. His Midwestern style came across as patient, confident and composed.

Many things could be said about this man, but at this point it's sufficient to say he will always be a friend of these families.

R.N. BECKER

Gibsonia, Pa.

Alleged Gang `king' On Trial In Drug-conspiracy Case (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, August 31, 2006

The alleged "king" of the Mafia Insane Vice Lords street gang went on trial Wednesday, with prosecutors charging that he and his associates ran a sophisticated organization that sold drugs for years across the West Side.

Troy Martin was the head of the gang, prosecutors told a jury in the courtroom of U.S. District Judge Rebecca Pallmeyer. He decided who would sell drugs at which corner and collected "street tax" for allowing them to do so, they said.

Assistant U.S. Atty. Jake Ryan told jurors that two of Martin's associates, Eddie Bell and Patrick Bray, were key players in the drug conspiracy, along with drug supplier Harry Gilmore. The trial of the four men is expected to last a month.

During that time jurors will hear from gang members who are now cooperating with the government, Ryan said, as well as one-time customers of the ring. The panel should also expect to hear recorded conversations where Martin and his associates are discussing the movement and sale of drugs in their territory, Ryan said.

The men would talk in code, Ryan said, using terms such as "baby pictures" when they were actually discussing cocaine or heroin.

Defense lawyers were critical of the government's case, saying it relies on speculation and cooperating witnesses who are trying to get themselves shorter prison terms.

Martin's lawyer, Donald Young, said many of the witnesses have extensive records and are facing their own cases.

"They're hoping to save their own skin and reduce their jail time by as much as possible," said Young, who told the jury Martin was working in construction.

The lawyer urged jurors to think about the type of person who would testify in the case and what they hoped to obtain.

Defense attorney Thomas Brandstrader, representing Gilmore, said no witness would testify that Gilmore was in the gang. When Gilmore's voice was captured on tape, he was simply talking to friends in the clipped abbreviated way of people who know each other well.

"The question is, what is Harry Gilmore doing here?" Brandstrader said.

Prosecutors said the investigation of the gang was launched by the Drug Enforcement Administration in 2002.

Pallmeyer instructed the jury to return to the Dirksen U.S. Courthouse on Thursday to hear evidence.

Arizona Couple In Drug Case Say Marijuana Is Sacrament (AP)

AP, August 31, 2006

ALBUQUERQUE (AP) -- A couple from Pima, Ariz., arrested in a car that contained 172 pounds of marijuana say the drug is a sacrament in their religion. The U.S. attorney's office says the pair is trying to use religion as a cover for a drug organization.

Danuel and Mary Quaintance were arrested in February on drug charges in the New Mexican town of Lordsburg near the Arizona state line.

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In an August hearing, the Quaintances said they have a right to marijuana as the central focus of the Church of Cognizance, founded by Danuel Quaintance in 1991 and registered as a religious organization in Arizona. The couple say the church has about 130 adherents nationwide.

Danuel Quaintance testified the Church of Cognizance is a form of Zoroastrianism, an ancient religion that holds as sacred a drink made from a mountain plant called haoma.

The Quaintances believe marijuana is haoma.

They are charged with conspiracy and possession with intent to distribute more than 50 kilograms of marijuana found in the car in which they were riding. The driver, another church member, is cooperating with prosecutors.

Jehan Bagli, a retired scientist and Zoroastrian priest, testified for the prosecution at the recent hearing that in current Zoroastrian ritual, mind-altering substances abuse the mind would not be accepted.

Bagli said haoma in the ancient Zoroastrian tradition was a deity and plant that scholars say may have had hallucinogenic properties. But he said scholars don't know what the plant was.

The judge is reviewing written arguments and will decide whether to dismiss the charges.

Drug Czar Reclaims Land (FRESNOB)

By Louis Galvan, The Fresno Bee

Fresno Bee, September 1, 2006

Federal official in Fresno fighting spread of drugs to parks.

With Mexican drug cartels linked to nearly 80% of illegal marijuana-growing operations found on state and federal public lands, national drug czar John Walters said his office is working to free those lands from drug traffickers.

Walters was in Fresno on Wednesday to join a marijuana-eradication operation near Pine Flat Reservoir in the Sierra National Forest in eastern Fresno County. He also met with top local, state and federal law enforcement officials.

According to the federal Office of National Drug Control Policy, the multibillion-dollar marijuana production industry is spreading fast across the country.

While more than 50% of the marijuana produced on public land across the U.S. is in California, operations also have been found in Hawaii, Kentucky, Oregon, Tennessee, Washington and West Virginia.

Walters said more than 1.1million marijuana plants were eradicated from state and federal public lands in California last year, with an estimated street value of $4.5 million.

And already this year, only two months into the growing season, more than 940,000 plants have been eradicated in the state.

Out of the 228 marijuana-growing operations found this year on public land, 166 were associated with Mexican national crime organizations, according to figures made public by the Office of National Drug Control Policy.

About 1,000 plants were found in Wednesday's raid near Black Rock above Pine Flat Reservoir, said Rick Oules, director of the state Department of Justice. Oules said the marijuana camp was discovered a few days ago and kept under surveillance until Wednesday's morning raid.

No arrests were made, but workers who had been growing the plants apparently left in a hurry, he said.

A vehicle with about 300 pounds of harvested plants was found abandoned near the camp.

"Mexican drug cartels are turning our national parks into centers of international drug production and trafficking," Walters said. "Every American should be outraged that parts of their public lands are being held hostage by illegal traffickers."

Drug czar John Walters, left, laughs as he stands next to McGregor Scott, U.S. Attorney for the Eastern District of California, after pulling marijuana plants while touring the pot garden above Pine Flat Reservoir.

Craig Kohlruss / The Fresno Bee

Walters, whose office is committing an additional $2.2 million in law enforcement funding in the Central Valley, including $100,000 grants for Fresno, Tulare and Kern counties, said the battle won't be easy.

McGregor Scott, U.S. Attorney for the Eastern District of California, said marijuana production operations on public lands used to be a problem associated with "hippies," but have become more deadly with the involvement of Mexican cartels.

These operations, he said, are funded and run by violent and heavily armed individuals who have no regard for life or property.

The damage to public land and the environment is massive, he said.

"It's an environmental crisis," agreed California Attorney General Bill Lockyer.

Walters said studies show that for every acre used to grow marijuana, 10 acres are damaged or destroyed. It costs taxpayers about $11,000 per acre to repair or restore the land.

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John C. Twiss, director of law enforcement and investigations for the U.S. Forest Service based in Washington, D.C., said the challenge for law enforcement is to join forces, create a wide intelligence network and be prepared to share that information.

The Mexican drug cartels, he said, are no doubt aware of efforts to curb their operations and will make adjustments to keep from getting caught.

Said Twiss: "We have to do the same thing." The reporter can be reached at lgalvan@fresnobee.com or (559) 441-6139.

Authorities Find Estimated $50 Million Worth Of Marijuana Gardens (AP)

AP, September 1, 2006

POINT REYES NATIONAL SEASHORE, Calif. (AP) - Authorities say they've discovered an estimated 50 (m) million dollars worth of marijuana plants growing in western Marin County.

During a raid yesterday, National Park Service rangers, Marin and Sonoma County sheriff's deputies, U-S Park Police and officials from the Marin Municipal Water District found about 20-thousand marijuana plants in several gardens.

The gardens were located along a stretch of land from Kent Lake to Highway One to the Olema Valley.

Some of the sites were in federal parkland, while others were on Marin Municipal Water District property.

Authorities say the find is among the largest marijuana operations uncovered in Marin County and the second in Point Reyes.

About 20,000 Pot Plants Seized In Western Marin County (SFC)

San Francisco Chronicle, September 1, 2006

(08-30) 12:24 PDT BOLINAS -- About 20,000 marijuana plants were found and confiscated this week on sites along the Bolinas Ridge in western Marin County, one of the largest seizures in county history, the National Park Service said today.

The growing operation appears to have been in place since this spring on a network of sites in secluded, wooded areas north of Bolinas, partly on Park Service land and partly on land owned by the Marin Municipal Water District, said John Dell'Osso, a Park Service spokesman.

Estimating that each plant would produce marijuana worth at least $2,500, he estimated the total street value at $50 million. The plants were ready to be harvested during a season that usually runs from Labor Day until early October, he said.

The Park Service found 2,500 marijuana plants growing nearby in July and increased its surveillance, leading to discovery of the larger operation on Monday, Dell'Osso said. He said no one had been arrested.

The growers caused extensive resource damage, Dell'Osso said. He said holding ponds to irrigate the plants were created by diverting water from streams that are home to two threatened species, the Coho salmon and the steelhead trout. Growers also used pesticides and herbicides that have entered the streams, he said.

E-mail Bob Egelko at begelko@sfchronicle.com.

40,000 Marijuana Plants Confiscated In County (REDRS)

By Lauren Brooks, Record Searchlight

Redding Record Searchlight, September 1, 2006

A three-day drug sweep uncovered more than 40,000 marijuana plants in the Fenders Ferry Road and Rainbow Lake areas of Shasta County, the Sheriff's Department reported Wednesday.

Officials eradicated 18,591 marijuana plants in the Fenders Ferry Road area and 21,704 plants in the Rainbow Lake area, northwest of Ono, between Monday and Wednesday, sheriff's Sgt. Todd Larson said.

The Fenders Ferry Road plants were on U.S. Forest Service land, and the Rainbow Lake plants were on land belonging to a private timber company, he said. Camps were found in both areas, and there was evidence that some of the plants had been watered Wednesday morning, but nobody was seen, Larson said.

Officials pulled out the plants, which will be cut up and taken to Wheelabrator Shasta Energy Co., an energy plant in Anderson, where they will be burned, Larson said.

The marijuana sweeps were conducted by the Shasta County sheriff's office Marijuana Eradication Team, the sheriff's office Special Weapons and Tactics Team and the California Department of Justice Campaign Against Marijuana Planting.

More than 240,000 plants have been eradicated by the Marijuana Eradication Team so far this year, Larson said.

Reporter Lauren Brooks can be reached at 225-8215 or at lbrooks@redding.com.

Steroids Report Causes Stir On Hill (MCT)

By Charles Chandler

McClatchy Newspapers, August 31, 2006

DOJ_NMG_0056642

The National Football League should re-open its internal investigation of steroids use by former Carolina Panthers players and improve its testing program, according to a leading member of the Congressional committee probing sports doping.

Rep. Henry Waxman of California, the ranking Democrat on the House Committee on Government Reform, said he was "stunned" by the scope of the steroid activity by the players reported by the Charlotte Observer on Sunday. That story also ran in The Sun News on the same day.

The story said medical records made public in court documents revealed players were given multiple refillable steroid prescriptions and that some suffered unwanted, appearance-altering side effects, prompting more prescriptions.

"If these allegations are true, the NFL needs to aggressively investigate this case, find out why these players weren't caught by its drug testing program, and make the necessary changes so that cheaters aren't flaunting the system," Waxman said.

The medical records were part of the case against Dr. James Shortt, a former West Columbia, S.C., physician. They included the records for six NFL players, including three starting offensive linemen on Carolina's 2004 Super Bowl team and two other Panthers. They were reviewed by steroids expert Dr. Gary Wadler for the U.S. Attorney's office as part of the prosecution.

Wadler's wide-ranging report, including the medical records, was entered into the court record during a March 6 hearing, when Shortt changed his plea to guilty.

That report came six months after NFL commissioner Paul Tagliabue announced last September that the league had completed its internal review.

At that time, the NFL gave Waxman and the House committee a copy of its review prepared by outside counsel, according to league spokesman Greg Aiello.

Aiello acknowledged Tuesday that the league did not have access to the players' medical records during its review. And it wasn't until Tuesday, two days after the Observer's story, that the league first reviewed Wadler's report, according to Aiello.

"We had not been aware of Dr. Wadler's report to the prosecutor, but we were aware of the relevant information concerning our players through our own investigation," said Aiello.

The NFL had been made aware of Wadler's report by the Observer, which published stories based on the report March 7-9. The newspaper e-mailed an NFL spokesman with questions about the report twice, on March 7 and August 14, specifically noting that it was available in court records.

Aiello said the league's review of Wadler's report Tuesday did not reveal "any new pertinent information on our players that was not already provided to Congressman Waxman and his committee by our office last September."

Asked why Waxman would say he was "stunned" by content in Wadler's report if it didn't offer much new, Aiello said: "You'd have to ask Congressman Waxman."

Asked why the NFL didn't look at the report after those stories and inquiries by the Observer, Aiello said: "His report does not tell us anything pertinent that we did not already know."

Also Tuesday, ESPN's Chris Mortensen reported that the NFL would ask the NFL Players' Association to consider more random steroids testing. Aiello would neither confirm nor deny the ESPN report.

"We review all aspects of the program on an ongoing basis and make changes to improve it as warranted," he said. "That has been the history of the program, and that is how we will continue to approach it."

Numerous steroids experts, including Wadler, have said the NFL's testing program is inadequate. The league tests seven players per team per week randomly during the regular season and playoffs.

Today, committee chairman Sen. Tom Davis (R-Virginia) will discuss the new details about the Panthers' involvement with Shortt during a previously scheduled meeting about steroids on Capitol Hill, according to a spokesman for Davis. The meeting will feature Davis and a panel of specialists, including Wadler, assembled by the House Committee on Government Reform.

Named the "Zero Tolerance Roundtable," it will provide recommendations on how to prevent abuse by young people.

Updshaw: Player In Panthers Steroids Scandal Was In NFL Program (MCT)

By Gary Myers

McClatchy Newspapers, August 31, 2006

NEW YORK - Gene Upshaw, the executive director of the NFL Players Association, while claiming steroids cheaters in the NFL will get caught, revealed Tuesday night that one of the players in the Panthers steroids scandal was in the NFL drug program.

A league source denied a report the NFL was prepared to approach the union to increase steroid testing. Upshaw, saying he had not heard from the NFL, told the New York Daily News in an e-mail Tuesday night that more testing wasn't necessary.

His statement comes despite reports of steroid and human growth hormone use by five members of the 2003 Panthers Super Bowl team. None of the players was reported to have tested positive for steroids. The NFL and other leagues don't test for

HGH. "One of the Carolina players was in the program. I will not discuss which one," Upshaw said. "However, if they were using something that could not be tested for, that is another story."

According to the Charlotte Observer, none of the Panthers involved with Dr. James Shortt tested positive while playing for the team. Regarding the need for increased testing, Upshaw said, "Our testing is sufficient and we did not discuss increasing the number of tests in our (CBA) extension. We have been very aggressive in our program and have always done what is best to protect our players' health. Our current program is working and there is no need to increase testing. . . . If you cheat in the NFL and use performance-enhancing drugs, you will get caught.' "

In the spring of 2005, the league and union agreed to increase to six the number of times a player could be randomly tested for steroids during the offseason. Each player faces one mandatory steroid test before training camp. During the season, seven players per team each week are randomly tested. Each year, the NFL administers 10,000 steroid tests. The former Panthers named: offensive linemen Todd Steussie, Kevin Donnalley and Jeff Mitchell, tight end Wesley Walls and practice squad defensive lineman Louis Williams. Steussie, with the Rams, is the only player still in the NFL.

The Committee On Government Reform will hold a "Zero Tolerance Roundtable Final Meeting," in Washington on Wednesday. It will include representatives from professional, college and high school athletics. "The purpose of this meeting is to put forward our recommendations for improving the fight against steroid use among youths," committee chairman Tom Davis said.

Panthers Case Will Get More Inquiries (CO)

By Charles Chandler

The Charlotte Observer, August 31, 2006

WASHINGTON - The federal steroids case involving former Carolina Panthers players is "the tip of the iceberg" of what might be going on in the National Football League, the chairman of a congressional committee probing sports doping said Wednesday.

Rep. Tom Davis, R-Va., said there will be more inquiries by the House Committee on Government Reform into the matter after he read a report in Sunday's Observer detailing six NFL players' involvement with Dr. James Shortt, formerly of West Columbia, S.C. The players included three starting offensive linemen from Carolina's 2004 Super Bowl team and two other ex-Panthers.

"We see how easy it is to get around the testing regime and how widespread it was, people getting renewals on their prescriptions and everything else," Davis told the Observer after a meeting about steroids use among youths. "That is a loophole that is going to have to be closed."

Davis becomes the second high-ranking member of the committee to comment on new revelations in the case.

On Tuesday, Rep. Henry Waxman, D-Calif., said he was "stunned" and urged the NFL to reopen its internal investigation.

The NFL's Adolpho Birch, a labor relations counsel for the league's management council, denied the Shortt case was indicative of a larger problem.

"I have no information to suggest that's the case," said Birch, who is responsible for administering the league's steroids program. "We think it was an isolated incident. We're obviously going to look down the road to see if there's anything else similar, but we have no information to suggest it's a rampant problem."

NFL Players Association Executive Director Gene Upshaw and a union spokesman did not respond to the Observer's attempts to reach them Wednesday. However, Upshaw told the New York Daily News Tuesday night that the league's testing system is strong and that more frequent testing of players isn't necessary.

"If you cheat in the NFL and use performance-enhancing drugs, you will get caught," Upshaw told the Daily News.

None of the former Panthers who obtained steroids, human growth hormone and other banned substances from Shortt tested positive while in Carolina, according to team officials. Upshaw told the Daily News one of the players was in the league's substance abuse program but didn't elaborate.

Since the Shortt case surfaced, the NFL has strengthened the threshold for testing positive for testosterone to match the Olympic standard.

But the league has no test for HGH. Players' medical records in the Shortt case reviewed for the U.S. Attorney's Office by steroids expert Dr. Gary Wadler showed that five former Panthers and another ex-NFL player obtained HGH.

Birch announced at Wednesday's "Zero Tolerance Roundtable" that the NFL and NFLPA have set aside at least $500,000 to fund research for the analysis and detection of HGH. The NFL hopes to develop a urine test and said it doesn't consider reliable the blood tests used in the 2004 Olympics in Athens.

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Wadler, an adviser to the World Anti-Doping Agency, was also part of the roundtable meeting and said scientists have found it almost impossible to consistently detect HGH in urine. He said the research would take millions of dollars, not hundreds of thousands.

"To have a workable urine test in the foreseeable future, you'd need special glasses," said Wadler. "It's that far away. To put all your eggs in that basket, which in essence is what they're doing, just doesn't make sense."

Wadler said he hasn't heard a sound reason that the NFL doesn't use the blood tests, which he considers reliable.

"The test is not only to detect; it's also to deter," he said. "It seems to me if you're sending a message that you are not going to test, what you're really saying is `use it with impunity.'

"The only place you may wind up getting caught is either like in the case of Dr. Shortt, when there happened to be an independent federal investigation, or (if someone) walked into a men's room and you were injecting yourself."

Wadler's court report revealed that one of the ex-Panthers claimed to be using HGH daily -- obtained from someone other than Shortt.

The NFL's Birch acknowledged that could still be happening somewhere in the league.

"The question is rhetorical," he said. "There certainly is a possibility that someone is receiving HGH from a source other than Dr. Shortt. I don't know that there's any question that might be the case.

"What we're trying to do is make our policy as effective as we can. If we find evidence of use or find information that leads us to other sources, we'll go for it. We'll take a look."

Sports doping scandals have rocked sports globally, involving sprinters Justin Gatlin and Marion Jones, Tour de France champion Floyd Landis and baseball slugger Barry Bonds.

Rep. Davis said he is reluctant to be overly critical of the NFL because it was one of the first sports leagues to aggressively try to deter steroids use, but that the league must do more to catch and discipline violators.

"It's similar to Congress when you find a member who takes money, cheats or steals," he said. " ... You've got to punish it and send a message that it won't be tolerated."

The congressional committee has threatened to enact strict uniform testing for all pro sports but relented last year after Major League Baseball strengthened its steroids policy.

Davis said the committee remains prepared to "enter the fray" if necessary to hold leagues accountable.

A Grieving Mother's Plea

Brenda Marrero of Vacaville, Calif., was the mother of Efrain Marrero, 19, whose suicide she attributes to steroids use. "I cannot emphasize enough that our fight against steroids abuse must not end here today," she said Wednesday at the "Zero Tolerance Roundtable" on Capitol Hill. "Please help us win this battle," she said, "and prevent this tremendous tragedy and the pain that I suffer every second of every day." She told the Observer she has followed the federal steroids case involving former Carolina Panthers players and wants professional athletes to speak out about steroid dangers.

Pro Athletes Blasted For Failing In Steroid Fight (ABC)

By Dean Norland

ABC News, September 1, 2006

WASHINGTON, Aug. 30, 2006 — Professional athletes have failed to take the lead in the effort to keep children from using steroids, the leader of a group that Congress created to study the growing problem said.

"I find it hard to believe that the leagues and players' associations cannot identify professional athletes who would be willing to take time out of their schedules to discuss such an important topic with their young fans," Rep. Tom Davis, R-Va., chairman of the House Government Reform Committee, said today.

What is worse, many of the people who should be role models for young athletes are still using performance-enhancing drugs, even though they know the dangers of the drugs and the stiff penalties they face if they get caught, Davis said.

Davis spoke at a meeting of the Zero Tolerance panel, a roundtable of representatives from major professional sports leagues, pro player associations, college and high school athletic associations, and anti-doping organizations.

Representatives of the National Football League and National Basketball Association argued that many stars have participated in advertising campaigns and a forthcoming DVD to discourage young athletes from turning to steroids to boost their performance.

But they all seemed to agree that while much has been accomplished since the Government Reform Committee held headline-making hearings last year into the use of steroids by Major League baseball players, there is still a lot left to do.

As examples, Davis pointed to the recent doping scandals involving cyclist Floyd Landis and sprinters Justin Gatlin, LaTasha Jenkins and Marion Jones.

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"The good news is that these people are getting caught for their illicit drug use," Davis said. "The bad news is that athletes are still using steroids despite fair warnings of the penalties they could face if they're caught. One might wonder whether these penalties are enough of a deterrent, but that discussion is for another day."

But he said there is also room for optimism.

"We've got a long road ahead of us, but I think we've made a difference," Davis told the group as it gathered for the last time to vote on its recommendations.

Steroids Rap And All, Pete Rose Jr. Plays On (ESPN)

By Mike Fish, ESPN.com

ESPN.COM, September 1, 2006

CENTRAL ISLIP, N.Y. -- It's not easy being Pete Rose Jr. Not when you can't swing the bat like the old man. Not when you're 36 years old, still busing around the independent leagues in a delusional pursuit of another big league shot. Not when you hear the nightly rags from well-lubricated fans about Charlie Hustle's banishment from the game.

Get this straight, though: The kid adores his dad. Always has and always will. His own 1-year-old son is Peter Edward Rose III. But if you listen to Petey, as he's known in baseball circles, the hot-button Rose name -- not the guilty plea Pete Jr. entered last November to distributing performance-enhancing drugs to teammates -- is the reason he spent a month earlier this summer locked up in a 10-by-10 foot jail cell in Boone County, Ky.

Dan Minicucci for ESPN.com

The son of the Hit King stands in for the Bridgeport Bluefish these days.

"Your worst nightmare and top it by 10 times," Rose Jr. says about his jail stint. "I was put in the back where I was in my cell 23 hours a day, and got to be out for an hour to shower, walk outside if I wanted to. I was back with three other guys. And those guys made it real easy on me as far as just talking to me, kind of keeping me calm. It was scary."

Rose freely admits he used GBL, a steroid alternative. He says he took it as a sleep aid to help in his recovery from a knee injury in the summer of 2001 while he was playing for the Double-A Chattanooga Lookouts in the Cincinnati Reds' farm system. But he disputes the distribution charge. Rose told ESPN.com he provided the GBL, which was legally sold in health food stores until it was banned in 2000, to only two teammates -- one nursing an elbow injury, the other a bum shoulder -- and never scored a profit.

"You know what? It stinks," says Rose Jr., who signed with the Bridgeport (Conn.) Bluefish of the independent Atlantic League after his release from jail. "But who am I? I got a name. And people tell me the only reason I am in this mess is because of my name. It kind of makes you shake your head. It is just not fair.

"From 1-to-30 in this case, I was 30 [in terms of involvement]. But now all of a sudden, they have a name in their investigation and case. There was no reason to come after me. There was no reason to send me to jail for 30 days. I wasted taxpayers' money. What did that do? Nothing. But I did it and I am accepting responsibility. But the whole thing is, I'm not a shady person. I never have been. I never will be."

The Drug Enforcement Administration described Rose as part of a larger investigation into a national GBL trafficking ring. At least 18 people were charged in the probe, including Bruce Michael Wayne, a Murfreesboro, Tenn., bodybuilder who pleaded guilty to conspiracy to distribute the steroid alternative and money laundering charges, then became a fugitive while awaiting sentencing.

Federal prosecutors said this week that aspects of the GBL investigation remain ongoing, and sternly disputed Rose's assertion that he was targeted because of his name. In his signed plea agreement, Rose admitted to supplying GBL to a "number of players" on the Chattanooga team.

Dan Minicucci for ESPN.com

Pete Rose Jr. has at least one thing in common with his famous father now: a criminal record.

"We don't charge people based on what their name is," said Zach Fardon, first assistant U. S. attorney in Nashville. "We charge people based on evidence and where the investigation naturally leads. This is an investigation that started well before we knew that Mr. Rose would ever be caught up in it. By virtue of the way the investigation evolved, we ended up at his doorstep. So the notion that he was charged or convicted because of who he is just not accurate."

On a recent afternoon as he sat by his locker inside Citibank Park before a game with the Long Island Ducks, Rose Jr. detailed his legal woes for the first time since his release from jail. Much like his famous father's tone back when he was fighting gambling charges, Rose Jr.'s words rang defiant as he rationalized his own legal scrap. Back in May, he described the judge's sentence -- which includes five months house arrest to be served after the baseball season -- as "very generous." He had faced a maximum sentence of 20 years and a $1 million fine. But Petey is bitter about the family name being publicly sullied again.

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"[Prosecutors] say in court that they know you didn't make a dime off of something, [so] how do you sell something if you're not going to make any money?" Rose says, trying to minimize his role. "I helped out two of my teammates. It wasn't half of the team. And it wasn't what everybody cracked everything [up] to be. I was always taught to go to the ballpark, show up on time and play hard. And that was right before my big knee surgery. I used the stuff and that was the mistake I made. But as far as the whole distribution thing, it is all a bunch of crap. But it is because of the whole steroid thing, everybody thinks that I'm this big East Coast dealer of this stuff."

Rose says he was introduced by a friend to a personal trainer, who pitched him on the virtues of GBL. At the time, Rose was 31, struggling to grind through another season of Double-A ball, and desperate to stay in the game.

The left knee on which he'd had surgery in the offseason (and on which he'd eventually need more surgery following the 2001 season) had flared up, the throbbing pain keeping him awake nights. The Reds were giving him a second chance in Chattanooga. Rose said he forced himself to play through the pain, with the help of GBL.

When taken orally, GBL (Gamma-butyrolactone) converts in the body to GHB (Gamma-Hydroxybutyrate Acid), described by federal officials as a potent drug that has been promoted as a sleep aid, a sexual stimulant and a steroid alternative. Advocates claim that the drug stimulates production of human growth hormone and thus produces muscle mass and weight loss.

"It is unbelievable," Rose says of GBL. "They say a lot of body builders take it. Yeah, they do, because it puts them in such deep sleep; and they probably can't sleep from being on so much [performance-enhancing drugs]. It was sold as a cell-recovery [aid], where it helped you rest. Got a good night's sleep; woke up the next day feeling great. That is why I used it. I'm a baseball player. I wanted to do everything I could to get to the ballpark. I just got released from the Phillies' [Double-A team early in the 2001 season]. I don't want to get released by the Reds [organization] again. I want to do everything I can.

"It helps you recover. And that is what we were all looking for, helping us to recover from the day-in, day-out of the grind. You get something that can help you sleep and help you recover, why not try it? It's one of those things where you tried it, and 'Wow, this stuff is pretty good.' It is like anything else. If you drink too many beers, you're going to get in trouble. If you do too many shots of whatever, you're going to get in trouble. If you smoke too many cigarettes, you're going to get in trouble. But if you do it the right way … It is something I don't want anybody to do; but I did it because, hey, I was trying to get back to the big leagues. It helped me."

In March, Major League Baseball hired former Sen. George Mitchell to spearhead an investigation into steroid use among big-league players. To date, Rose says he hasn't heard from anyone associated with the Mitchell probe.

John Clarke Jr., an aide to Mitchell, told ESPN.com it is a matter of policy to decline comment about the investigation.

"Why I would hear from them?" Rose asks. "I'm not a steroid guy."

As for how common the use of GBL and other performance-enhancing aids is among minor-league players trying to cope with the physical daily grind, Rose told ESPN.com: "I can only speak for myself. I'm a different kind of ballplayer. I do whatever I have to do to get ready to play. I mean, that is what I was taught. I'm an old-school kind of guy. I'm sure guys do different things. But you'd have to ask different guys that, because I'm not a guy that looks around and sees what everybody else is doing. Nor do I care what everybody else is doing."

Rose Jr. has his father's stocky build, and there is a strong facial resemblance, too. As a left-handed hitter, he uses his father's famous crouched stance at the plate, although it is not quite as pronounced. And, like his father, Rose Jr. is a gregarious baseball lifer.

Dan Minicucci for ESPN.com

It's the minor leagues, but Rose is still a celebrity in Bridgeport.

He was 15 that night in September 1985 when his father laced a single to left-center that made him baseball's all-time hit king. The kid rushed from his dugout perch to embrace his dad at the first-base bag.

Since then, he's watched as his father was jailed for tax evasion and banned from baseball for betting on the sport. But his devotion has never wavered.

"You got to understand something: I got a normal dad," Rose says. "The only difference is, my dad has the most hits in the game. We talk about baseball. We talk about his grandson. We talk about everything. It is the press that makes me and my dad out to be like some kind of aliens or something. We have a normal relationship. He is my idol. I love him. If I need him for anything, he is a phone call away. And if he needs to get on a plane and come, he does.

"I am so thankful and lucky that I get to call him dad. People don't understand that, because people think he is some horrible, degenerate-type of person. And he is a great guy."

On this August night on Long Island, as No. 10 strides to the plate, he is introduced over the PA system not as Pete Rose Jr., but as P.J. Rose. That's the way he's listed on the lineup card and stat sheet, too. He made the switch last year as a tribute to his young son, nicknamed "PJ" for Pete Jr.

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Of course, it also allows him to slide under the radar of some of the hecklers, though he still catches abuse most nights on the road. It always gets back to the family name and his dad. Petey, here's 100 bucks. Want to bet on the game?

Focus on Sport/Getty Images

Pete Jr. had the stance mastered at an early age, if not the hit-machine swing.

"I have been dealing with crap about my dad since Little League," he bristles. "I'm not supposed to make an out, because I am Pete Rose's son. It's just typical too-many-drinks stuff, and non-Pete Rose fans that want to just bury you because of who you are."

The infielder with the famous name is a journeyman minor leaguer, one whose best days came at the Double-A level. Hard as he has tried, Junior has never been a carbon copy of his old man on the field. Not even close. He's bounced around a laundry list of minor-league towns for 18 years now.

His only sniff of the big leagues came in a September 1997 call-up to the Reds. Petey had two hits in 11 at-bats (a .143 average), leaving him 4,254 hits shy of his father's major-league record. Nearly a decade later, Rose Jr. gripes that he wasn't given a fair shake, that he got only one start, that he didn't get invited to the Reds' camp the following spring.

He's been begging for chances ever since. The past three years, he's played in unaffiliated independent leagues, hitting .262 with 14 homers and 55 RBI last summer for the Long Island Ducks, another Atlantic League team. After Wednesday night, he is hitting .307 with four home runs and 22 RBI in 30 games for the Bridgeport club.

"I'm like everybody else in here. I want to play in the big leagues again," says Rose, glancing around the clubhouse at a group of big-league castoffs and career minor leaguers. "Will I have the chance? I don't know. I'm here playing; and whatever happens, happens.

"This is all I have ever done in my life. I'm just playing baseball. I'm having fun. I am doing something I love to do and I have done for 18 years."

AP Photo/Al Behrman

In Pete Rose Jr.'s first-ever major league at-bat, he struck out using a bat given to him by his father.

It certainly isn't the paychecks that keep Rose & Co. suiting up every night. The average salary in the Atlantic League is around $2,000 a month. After housing and other cost-of-living expenses are factored in, there is little to bring home. And that's tough on Rose Jr.'s young family back in Cincinnati. His wife is expecting their second child around Thanksgiving.

His chances of seeing another big-league check are "probably a long shot," says Bridgeport manager Dave LaPoint, a former big-league pitcher. It helps a little that he hits left-handed and can play both first and third base. The scouting report also reveals that he's a decent clutch hitter, a contact guy who doesn't strike out a lot.

At 36, Rose still doesn't have any plans to get out of the game. LaPoint suggests it'll only happen when the uniform is yanked off his back.

"Being a celebrity is like a drug in itself," LaPoint says. " It's in your system. You're in the limelight. Even in this league, every night we're playing in front of 3,000, 4,000, 6,000 people. And there are little kids that want your autograph. You're playing under the lights against Juan Gonzalez (currently playing for the Long Island Ducks) and guys who made a name in the big leagues. And we're not prepared to do anything else, basically. This game doesn't really train you for a whole lot of occupations afterward."

And so Pete Rose's kid, tough like his old man, grinds it out and keeps waiting for a call. It isn't easy.

Mike Fish is an investigative reporter for ESPN.com. He can be reached at michaeljfish@gmail.com.

U.S.: 'Bad News' In Afghan Drug War (AP)

AP, August 31, 2006

WASHINGTON (AP) -- The U.S.-backed strategy to fight Afghanistan's massive drug trade has been unsuccessful in stemming opium cultivation, which is expected to hit record levels this year, a senior U.S. official said Thursday.

"It's bad news and we need to improve it," said Thomas Schweich, principal deputy assistant secretary of state for international narcotics. "But we don't feel it's a hopeless situation, and we don't think the overall strategy is the wrong strategy."

Schweich spoke to reporters as Western officials in Afghanistan were forecasting a possible 40 percent increase this year in land under opium poppy cultivation, despite hundreds of millions of dollars spent in counternarcotics efforts.

Afghanistan produces more than 90 percent of the world's opium and heroin supply, and the drug trade has had a corrosive effect on President Hamid Karzai's struggling government.

"I'm not here to put a happy face on this situation. I'm not going to say anything is truly working," Schweich said. "What I'll say is that it's improving."

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Schweich said recent improvements include a counternarcotics tribunal, better eradication of the crop, better distribution of funds for poppy farmers to find alternative jobs, and a public information campaign to warn people that they will be prosecuted and punished if they continue to produce drugs.

Schweich did not have specifics on how much opium production numbers would likely rise in an upcoming report by the U.N. anti-drug agency. But he said U.S. officials were prepared for a significant increase.

The high numbers, he said, were partly a reflection of a drug strategy that was only started in 2005. Money for farmers to pursue livelihoods other than poppy production were distributed in a "spotty manner," he said. There were also failures destroying the crop, and courts struggled to prosecute drug offenders.

A more credible threat of prosecution and better eradication of crops, Schweich said, would eventually help steer people away from planting.

Nato Allies Balk At Reinforcing UK In Afghanistan (FT)

By Our International Staff

Financial Times, August 31, 2006

Britain's Nato allies are balking at providing reinforcements for UK troops deployed as peacekeepers in Afghanistan's southern Helmand province because of the intensity of the fighting in the lawless region.

A British ministry of defence official said yesterday that the UK had no need of further troops "at the moment", neither has any formal request been made. But Nato officials are continuing to study whether deployments throughout Afghanistan need to be increased.

Germany and the Netherlands have indicated that they may only redeploy soldiers from elsewhere in Afghanistan on an ad hoc basis.

The two countries, which maintain 2,700 and 1,400 troops in Afghanistan respectively, have significant political and technical concerns about dispatching troops to areas such asHelmand, where the strength of a Taliban-led insurgency has surprised military planners.

Eight British soldiers have been killed in combat in Afghanistan this month, in what Lieutenant General David Richards, the commander of the Nato force, calls the worst sustained fighting the British army has had to face since the Korean war between 1950 and 1953. Yesterday, British officials added that poppy cultivation in Helmand province and other turbulent regions would take the Afghan opium crop to a record level, according to United Nations figures expected shortly.

The officials also called for Pakistan to "do more" to act against the Taliban leadership in the Pakistani city of Quetta, across the border from Afghanistan.

In July, amid fighting that took officers by surprise, Britain announced it was dispatching an extra 900 soldiers to bring its Helmand force up to 4,500.

Franz Josef Jung, Germany's defence minister, said this week that "Germany would continue to focus its stabilisation efforts in Afghanistan in the north".

A spokesman for Angela Merkel, the German chancellor, said no formal request for reinforcements had been received from Nato commanders, but confirmed that, as part of their existing deployment, some German troops could be redeployed "on an exceptional and temporary basis" to other parts of the country.

German defence experts said a longer-term redeployment to the south could now be part of parliamentary discussions, due in early October, on the extension of the German mission in Afghanistan. The cabinet is due to address the issue on September 13.

Henk Kamp, Dutch defence minister, said this week that Dutch forces stationed in nearby Uruzghan could assist British and Canadian troops serving in Helmand and elsewhere on an "incidental" basis, but ruled out a significant redeployment without parliamentary approval.

His comments came after the commander of the Dutch task force in Uruzghangave the impression thatthe Dutch could regularly be called on to aid fellow Nato troops fighting inwar-torn neighbouring provinces.

But Canada, the other main Nato ally in the area, may be able to provide more help.

"The troops in the south are easier to move around," said one Nato source.

"The Canadians have been able to move fast to reinforce the British in operations in Helmand."

Reporting by Daniel Dombey in London, Rachel Morarjee in Kabul, Hugh Williamson in Berlin and Ian Bickerton in Amsterdam

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IMMIGRATION:

Tougher Audience For Immigration Rallies (LAT)

By Nicole Gaouette

The Los Angeles Times, September 1, 2006

WASHINGTON — Immigrants and their supporters will take to the streets today to start a weeklong encore of the rallies that brought millions out in the spring. But as they prepare marches in Chicago, Washington, Phoenix and Los Angeles, immigration advocates are facing a less friendly political climate in the nation's capital.

Although Congress may take up immigration overhaul when it returns next week, few on Capitol Hill are optimistic about passing legislation before November's midterm elections. And any new initiatives are likely to focus solely on enforcement, not on providing more legal options for illegal immigrants.

In some political campaigns, immigration hard-liners are embracing the issue as a way to rally voters and target opponents who favor a broad rewrite of existing laws.

In response, advocates of a more comprehensive immigration overhaul are making the rallies more explicitly political, incorporating voter registration drives aimed at affecting tight races in November — along with reminders that the Latino community, in particular, will watch what politicians say.

"We know the issue is being used politically," said Jaime Contreras, chairman of the National Capital Immigration Coalition, which says it expects more than 500,000 demonstrators Thursday on the National Mall. "Our community understands that we haven't won the war yet, that it will probably go into next year."

House Republicans are also on the offensive, tying immigration to the larger issue of national security as part of their election-year campaign strategy.

"From homeland security to national security to border security, House Republicans will focus first and foremost on addressing the safety and security needs of the American people," House Majority Leader John A. Boehner (R-Ohio) said in announcing the GOP legislative agenda for September.

It's too early to determine how many races will feature immigration as an issue, said National Republican Congressional Committee spokesman Carl Forti. But in a few tight and closely watched contests, it is already a factor.

In the Sept. 12 Republican congressional primary to succeed retiring Arizona Rep. Jim Kolbe, a moderate on immigration who is backing a candidate with similar views, one of the contenders is former state Rep. Randy Graf, a member of the anti-illegal-immigration Minuteman Project.

In TV ads that began airing Aug. 23, Graf links illegal immigration to drugs, criminals and terrorists. "I fear not only for the safety of my family but for all Americans. National security begins with border security," Graf says.

At the nation's northern border, Michigan's Republican Senate candidate, Mike Bouchard, told TV viewers that he was "a 20-year lawman. Anything that starts with 'illegal,' I'm going to be against."

And in a highly competitive House race in Iowa, Republican candidate Mike Whalen blasted his primary opponent's immigration record. "Illegal aliens are flooding into our country," a voice in one ad intones. "Why? Because politicians like Bill Dix give them special benefits like lowered tuition costs."

In many areas with tight races, the House GOP leadership has also held summer hearings on immigration that have helped highlight the hard-line stance of local Republican candidates.

Democrats say the GOP emphasis on immigration is misguided.

"It is a major issue, but it's not No. 1," said Bill Burton, spokesman for the Democratic Congressional Campaign Committee. He cited Iraq, healthcare and gas prices as other issues that concern voters.

Burton noted that currently only six markets are running with paid ads about immigration, though that will probably increase.

Moreover, Burton said, Republicans are vulnerable on immigration because they have controlled Congress for the last decade.

When Congress reconvenes, both sides are expected to dig in their heels.

Like President Bush, the Senate backs a broad overhaul of immigration laws, including citizenship provisions for many currently illegal immigrants.

The House passed an enforcement-only bill.

Staffers say there have been few behind-the-scenes talks to bridge the divide, and Democrats in Congress are openly skeptical.

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"Without the president seriously engaging and forcing the Republican leadership on the House side to conference," the passage of legislation before November "won't happen," said Rep. Silvestre Reyes (D-Texas).

Boehner spokesman Kevin Madden disagreed. "I wouldn't count it out," he said.

Madden said that the House hearings on immigration held around the country made it clear the public wanted "a bill that puts a premium on enforcement."

The upcoming marches — which include events in Phoenix on Monday and Los Angeles on Sept. 9 — are intended to tell Congress that enforcement is not enough.

The events will kick off in Chicago today, when marchers set out from Chinatown on a four-day, 45-mile walk that will end with a rally at the Batavia, Ill., office of House Speaker J. Dennis Hastert (R-Ill.).

On Saturday, the marchers will stop in DuPage County, in a district where Rep. Henry J. Hyde (R-Ill.) is retiring. It's hotly contested by Republican state Sen. Peter J. Roskam and Army Maj. Tammy Duckworth, a Democrat, an Iraq war veteran and the daughter of a Thai immigrant.

Traditionally the heart of the Illinois Republican machine, DuPage County saw a 49% increase in immigrant citizens from 2000 to 2005. In Hyde's district, legal and illegal immigrants now comprise 44% of the population. In Hastert's district, they make up 30%.

Local advocates of comprehensive overhaul say that turning those immigrants into an electoral force is one of their biggest goals and that though the marches could prompt something of a backlash, the potential gains are worth it.

"The struggle isn't going to be won in a day," said Joshua Hoyt, executive director of the Illinois Coalition for Immigrant and Refugee Rights, a march organizer. "But because of demographic and national security reasons, some kind of status for the undocumented is inevitable."

Immigration Rally Will Greet Congress (WT)

By Keyonna Summers

The Washington Times, September 1, 2006

Advocates of immigration yesterday announced a rally in the District to "welcome back" members of Congress, who are expected to resume a heated debate about U.S. policy on illegal aliens.

"We are unrelenting in our efforts to get comprehensive immigration reform passed," said Germonique Jones, a spokeswoman for the Center for Community Change, based in the District.

The rally Thursday on the Mall will call on lawmakers to pass legislation helping illegal aliens achieve legal status and ending deportations that split families.

"We want to make sure that right before elections [lawmakers] understand that immigrants are paying attention to the debate, and we want action from Congress and not just lip service," said Jaime Contreras, president of the National Capital Immigration Coalition, which organized the event. "We want solutions."

One of the speakers will be Bruce S. Gordon, president of the National Association for the Advancement of Colored People.

Protesters will march past the Capitol to the White House.

Participants are encouraged to wear white and discouraged from carrying foreign flags.

During several rallies this spring, immigrants skipped worked and clergymen threatened civil disobedience to protest a House bill that would outlaw day-laborer centers and made felons of illegal aliens.

Miss Jones said the rally Thursday will reflect an outreach to the black, Asian, African and Muslim communities. It also will draw on the energy created by the election season.

"We're getting down to the wire ... and I think that's going to play out in the tenor of the marches," she said.

Camp Democracy, an effort led by anti-war activist Cindy Sheehan, also will hold a rally Thursday that will include a vigil for illegal aliens who died attempting to enter the United States.

The U.S. Capitol Police, the Metropolitan Police Department and U.S. Park Police have not said whether streets will be closed or whether additional officers will be on duty.

Park Police will deploy a special detail that includes officers in cruisers and on horses and bicycles, said Lt. Scott Fear, police spokesman.

Metro will run trains at more frequent intervals starting at 2 p.m., and is providing rally organizers with 20,000 Spanish-language pocket guides.

To alleviate crowding at subway stations, Metro will add staff, sell fare cards by hand at the D.C. Stadium-Armory and other stations, make some service announcements in Spanish and place temporary Spanish instructions on fare card machines.

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Spokesman Steven Taubenkibel said Metro recorded 821,283 riders during the April 10 immigration rally on the Mall, the second-highest ridership in its 30-year history.

"We advise customers to plan accordingly, possibly stagger their work times as to when they leave, be prepared for heavier volumes on the railway system and avoid transferring trains if possible," he said.

Similar demonstrations will be held Monday in Phoenix and Sept. 9 in Los Angeles.

Today, about 100,000 people in Chicago are expected to begin a four-day march to the office of House Speaker J. Dennis Hastert, Illinois Republican.

Hoffa Backs Control Of Nation's Borders (WT/BLOOM)

By Kim Chipman And Matt Nesto

The Washington Times, September 1, 2006

James P. Hoffa, president of the International Brotherhood of Teamsters, called for tighter U.S. border control yesterday, saying the country must stop illegal immigration so it can focus on the undocumented aliens already here.

"We have to control our borders," Mr. Hoffa said in an interview in Detroit. "Let's stop for a while, so that we can basically take a breath and find out what we do with the people that are here."

Mr. Hoffa, 65, has urged Congress to enact immigration legislation that includes both tighter border controls and a path to citizenship for illegal aliens already in the U.S. The Teamsters, a union of 1.4 million that includes truck drivers and loading-dock workers, opposes a guest-worker program supported by President Bush, saying it would undermine wages.

We "have to stop illegal immigration into this country," Mr. Hoffa said. "We have to have time to digest the people that are here, assimilate them into the culture."

Mr. Hoffa is running for re-election this fall against Tom Leedham, head of a Teamsters local in Portland, Ore. Mr. Hoffa is the son of Jimmy Hoffa, the Teamsters boss who disappeared in 1975 near Detroit.

Mr. Bush has said he wants immigration laws that would better secure the border, create a guest-worker program and give some of the estimated 12 million to 20 million illegal aliens already in the country the opportunity to gain legal status.

Congress is at an impasse on final legislation because House Republicans insist that border security come first. The Senate favors a broader proposal that is aligned with what the president seeks.

The Teamsters union opposes the proposed immigration legislation from both the House and Senate.

Labor unions are split over whether the proposal to allow thousands of immigrants to enter the U.S. as temporary workers would result in a surge of potential new members or a flood of exploitable laborers who would drive down wages.

While the Teamsters and other unions representing higher-wage employees oppose the guest-worker plan, the Service Employees International Union, which represents many lower-wage workers such as janitors, and Unite Here, which serves hotel and restaurant employees, support the proposal.

"Month after month, polls continue to show that more than 60 percent of the American public supports sensible, comprehensive immigration reform that both secures our borders and creates an earned path to citizenship for millions of immigrants currently living within our borders," Eliseo Medina, executive vice president of the 1.8-million-member SEIU, said in June.

The Teamsters, SEIU and several other groups split off from the AFL-CIO last year. They said the labor federation was focusing too much on politics and not enough on organizing union workers.

Union membership and influence have been waning for years because of globalization, technology and the decline of American manufacturing, a traditional union stronghold.

Last month, the AFL-CIO labor federation said it would work with the National Day Laborer Organizing Network to improve wages and working conditions for day laborers.

The two groups will work on issues such as minimum wage, safety at construction sites and legislation to prosecute employers who don't pay day laborers.

The deal does not mean day laborers would become union members, but both organizations said it could lead to that. It allows the network's 40 nationwide centers to affiliate with the federation and receive representation on local labor councils.

TAX:

FBI Searches 6 Alaska Lawmakers' Offices (NSDY/AP)

By Matt Volz, Associated Press Writer

Long Island Newsday, September 1, 2006

DOJ_NMG_0056652

JUNEAU, Alaska -- Federal agents raided the offices of at least six Alaska lawmakers Thursday in an investigation of large oil field services company, officials said.

The company named in the search warrant was VECO Corp., an Anchorage-based oil field services and construction company, said Tam Cook, the Legislature's top attorney. VECO's executives are major contributors to political campaigns.

"This morning, investigators from the FBI interviewed me in my office regarding an investigation of VECO," Republican Rep. Vic Kohring said in a statement. He said he cooperated, and was told he was not a target of the investigation.

Two legislative aides, who spoke on the condition of anonymity for fear of reprisal from federal agents who told them not to talk to reporters, said FBI agents were looking for any ties including financial information and gifts.

One aide who did not view the warrant directly but was told its contents by officials said it allowed for the search of computer files, personal diaries and other documentation.

The other aide said he read the warrant and it named VECO officials Bill Allen, Rick Smith and Pete Leathard.

A message left Thursday with VECO was not immediately returned.

FBI spokesman Eric Gonzalez said the FBI and Internal Revenue Service executed search warrants in Anchorage, Juneau, Wasilla, Eagle River and Girdwood.

He declined to say who was served search warrants.

The warrants had not been filed with the clerk's office at the U.S. District Court by Thursday afternoon. The U.S. Attorney's office in Anchorage referred questions to a Department of Justice spokeswoman in Washington, D.C., who didn't answer her phone.

Agents conducted office searches in both Juneau and Anchorage belonging to Sen. John Cowdery, R-Anchorage, the Senate Rules chairman. The senator stood by in Anchorage as authorities sifted through documentation.

The offices of Senate President Ben Stevens, R-Anchorage; Kohring; Rep. Bruce Weyhrauch, R-Juneau; Sen. Donald Olson, D-Nome; and Rep. Pete Kott, R-Eagle River also were searched.

Four different teams of federal agents spent hours searching offices on each floor of the Capitol.

Agents left Stevens' Capitol office Thursday evening with 12 boxes of documents labeled "Evidence" and loaded them into a vehicle waiting them outside. Special Agent Wade Dudley said they were being taken to an undisclosed location in Juneau.

"I don't know what they're going to do with it," Dudley said. "We collect it for the case agent's review."

Meanwhile, outside Weyhrauch's office, agents wearing blue rubber gloves inspected documents, inventoried them and sealed them well into the night.

The blinds were mostly drawn and doors shut in most offices being searched at the Legislative Information Office in Anchorage. Agent wearing blue rubber gloves were visible through gaps in the blinds, rifling through documents in Stevens' Anchorage office.

Kohring, contacted at his legislative office in Wasilla, would not confirm that his office was part of the raid or what agents were searching for, saying "I can't talk about that right now." Agents were seen leaving his Juneau office with boxes that appeared to contain documents.

Messages left with other lawmakers and Senate Republican majority spokesman Jeff Turner were not immediately returned.

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Associated Press Writer Jeannette J. Lee in Anchorage contributed to this report.

Federal Agents Raid Legislative Offices (ANCHDN)

Anchorage Daily News, September 1, 2006

Federal agents swarmed legislative offices around the state Thursday, executing search warrants in a coordinated series of raids that appeared to target the longstanding relationship between the oil-field service company Veco and leading lawmakers.

Above Anchorage's 4th Avenue, FBI agents spent most of the afternoon behind the closed doors and drawn blinds of the fifth-floor offices of Senate President Ben Stevens and Senate Rules Committee Chairman John Cowdery, both Anchorage Republicans. Through slits in the blinds, one agent in Stevens' office, wearing rubber gloves, could be seen packing away evidence in a container.

In Juneau, tourists and residents were greeted with the extraordinary sight of FBI agents hauling out files form the Alaska State Capitol after searching offices there.

After the FBI searched his Wasilla office and questioned him, Rep. Vic Kohring, R-Wasilla, the chairman of the House Special Committee on Oil & Gas, said the investigation was focused on Veco.

"I fully cooperated and answered all their questions," Kohring said in a written statement. "I was told that I am not a target of the investigation and was asked not to discuss details of the interview."

On the 10th floor of the Frontier Building in Midtown Anchorage, where Veco has its headquarters, the FBI commandeered the glass-sided conference room of another federal agency that rents space there. In the room, Veco President Peter Leathard talked with agents from the FBI and IRS.

The FBI agent could be seen referring frequently to paperwork in a thick binder. Leathard leaned back in a chair, his back to the wall. Attorney Brian Doherty joined Leathard , first meeting with his client privately, then with the agents.

When they all emerged around 4:40 p.m., none would describe the inquiry.

"At this point, we really don't know," Leathard said, smiling as he turned to walk away. He and Doherty would not say more.

Other legislative offices known to have been searched Thursday included those of Reps. Pete Kott of Eagle River and Bruce Weyhrauch of Juneau, and Sen. Donny Olson of Nome. Kott, a former House speaker, and Weyhrauch are Republicans. Olson is the only Democrat in the group.

FBI spokesman Eric Gonzalez said federal agents executed about 20 search warrants Thursday, not all in legislative offices. The warrants were executed in Anchorage, Juneau, Wasilla, Eagle River and Girdwood, he said.

Gonzalez said he was not at liberty to disclose the target of the investigation, how or when it began, or whether it was likely to result in criminal charges.

"It's an ongoing investigation is all I can say," Gonzalez said.

No one would say what was the target of the Girdwood warrant. Ben Stevens' father, U.S. Sen. Ted Stevens, has a home and office there. Both were quiet and dark Tuesday afternoon. A neighbor said she saw no unusual activity at the Stevens home. A postal clerk reported the same for Stevens' office, which is in the Girdwood post office.

A spokesman for Ted Stevens didn't return several calls and an e-mail from a reporter.

Sen. Tom Wagoner, a Kenai Republican, arrived at the Legislative offices at 716 W. 4th Ave. in Anchorage shortly before noon for a Resources Committee meeting.

"The place was crawling with FBI," Wagoner said. When he tried to enter Cowdery's office, an agent stopped him at the door, Wagoner said.

Wagoner said a senior legislative aide who was present when the warrant was served told him they were looking for files that had to do with Veco and the oil tax legislation recently passed by lawmakers in special session.

Ray Metcalfe, a former legislator and the founder of the independent Republican Moderate Party, said he has been trying to get the authorities interested in what he described as the "corrupt" relationship between Veco and the Republican-lead legislature, principally Ben Stevens.

"I put all the stuff in front of federal prosecutors a year and a half ago," Metcalfe said Thursday, clearly relishing the turn of events. "I laid hundreds of pages of detailed information alleging bribery, and I distributed it to federal authorities, I distributed it to the U.S. Attorney's office, I distributed it to the (state attorney general's) Office of Special Prosecutions, and we held a demonstration in front of the attorney general's office that hardly anyone showed up for."

Metcalfe attempted to initiate a recall campaign against Stevens, but his effort was rejected by Lt. Gov. Loren Leman on legal grounds. After first announcing he'd run for re-election in November, Stevens changed his mind in June and opted to retire.

Ben Stevens didn't returned calls placed to his home, his personal office or his legislative office. Messages left at his attorney's office and cell phone also weren't returned.

In disclosures he was required to file as a legislator, Stevens said he was paid $243,000 over the last five years as a "consultant" to Veco. Whenever he was asked to describe what he did for the money, Stevens refused to answer. The company also refused to say.

Metcalfe has argued in his complaints that the money amounted to a bribe — that Stevens has done Veco's work on many fronts, including attempting to spend Alaska Permanent Fund earnings for state government operations to reduce the need for oil taxes and pushing the industry's favored gasline proposal.

There was no indication that the investigators were looking into bribery allegations.

Tamara Cook, a lawyer who heads the nonpartisan legal services division of the Legislature, said Thursday evening that she reviewed a couple of the search warrants at the request of legislators or aides upon whom they were served.

The search warrants allowed the FBI to search computers and office files including financial records, she said. The warrants named Veco Corp., she said, but could not say whether Vecowas a target or whether the investigation concerned oil taxes, its failed push to build a private prison in Alaska or something else.

"They were fairly broad," she said.

Staff members asked her if they could open up locked legislative offices. After reviewing the warrants and believing them valid, Cook advised them to open offices either with a warrant or with a legislator's consent.

On the fifth floor of the Anchorage legislative building, reporters lingered in the hallway but were ordered by federal agents and legislative staff out of Stevens' and Cowdery's offices on the north side of the building.

Through gaps in the blinds in Cowdery's office, agents could be seen systematically going through each folder in a large file cabinet, occasionally laying documents aside and taking digital photographs of them before putting them back in place. In Stevens' office, an agent appeared drawn to something on the back of a framed picture wrapped in protective plastic.

The documents included what appeared to be printouts of e-mails, memos and other correspondence. Agents also took several photographs of various other items in Cowdery's office.

Cowdery was interviewed by several agents in a conference room around 11:30 a.m. As the elderly legislator walked back to his office with the assistance of a walker, reporters asked what he was questioned about.

"You ask them," he said.

Asked if he was under investigation himself, he said, "I don't think so."

Stevens was not in his office during the search, but his chief of staff, Cheryl Sutton, and two other aides were.

They stood by as the agents searched the office and took photographs. They aides left the office just after 6 p.m. and would not answer questions.

Olson, a pilot, was flying hunters out of Nome on Thursday when agents tried to serve warrants at offices in Anchorage and Juneau. He later gave permission for the searches, an aide said.

It was unclear how much evidence agents took out of the Anchorage offices. When they packed up and left after 6 p.m., several appeared to be carrying little more than the equipment they brought into the building earlier in the day.

Earlier in the day, agents were seen carrying a small scanner-printer between the three offices that were searched. Through the day, agents came and went. Many arrived wearing day packs and badges dangling from their belts, while others wheeled large molded containers labeled for one office or another.

Several Powerful Alaska Lawmakers' Offices Raided (KTVA-TV)

By Matthew Simon

KTVA-TV, September 1, 2006

On Thursday, several powerful lawmakers' offices--both here in Anchorage and at the capitol in Juneau--were swarming with federal agents. Those offices included Senate President Ben Stevens, Senator Donald Olson, Representatives Vic Kohring, Bruce Weyhrauch, and Pete Kott. All FBI officials will say right now is that they and IRS officials were there to execute search warrants.

CBS 11 News has confirmed these lawmakers are being investigated because of their relationship with Veco. That is the big oil company that provides services to the energy, resource and processing industries throughout the world.

All FBI officials will say is that they served warrants in Anchorage, Juneau, Eagle River, Girdwood and Wasilla. While FBI officials are not saying who those warrants have to do with, CBS 11 News has confirmed Anchorage Senators Ben Stevens, and John Cowdery, as well as Juneau Representative Bruce Weyhrauch, Eagle River Representative Pete Kott, Wasilla Representative Vic Kohring and Nome Democratic

Senator Donny Olson are all subjects of the FBI and IRS investigation.

Representative Olson's office was the one to confirm for CBS 11 News that all of this has to do with Veco--although we have no information on the specifics.

We are continuing to gather information and will update you as soon as we learn it.

Oil Field Company An Active Political Contributor (ANCHDN)

By Don Hunter, Anchorage Daily News

Anchorage Daily News, September 1, 2006

Veco Corp. has grown over the last four decades from a small oil field services company working in Cook Inlet to a giant in the industry with more than two dozen subsidiaries handling projects from Prudhoe Bay to the Russian Far East and the United Arab Emirates.

Today, according to information on its Web site, Veco offers expertise in businesses ranging from pipelines and terminals and oil refining to the chemical and pharmaceutical industries and food and beverage services. A one-time owner of the now-defunct Anchorage Times, Veco continues to pay for the production and publication of Voice of the Times, a half-page editorial section that runs in the Daily News.

At the same time it was emerging as a titan in Alaska business, the company became a dominant political power in the state, its executives and employees among the most regular and generous contributors to dozens of statewide and statehouse campaigns every election season.

The recipients tend to be Republicans, but Veco executives have always said they make their choices by looking for candidates who are pro-industry and pro-development.

"Those are the things that make my company go forward, and provide me a job," vice president Rick Smith said in a 2000 interview, a year in which Veco executives, employees and their family members donated almost $130,000 to candidates before the primary election.

In 2004, the last statewide election, Veco's top three donors alone — president Pete Leathard, chairman Bill Allen and chief financial officer Roger Chan — gave more than $122,000 to the Alaska Republican Party and state House and Senate candidates. The company has also employed active lawmakers as consultants and in other capacities, including Senate President Ben Stevens, R-Anchorage.

Veco's officers and executives have avoided getting cross-wise with state regulators who enforce campaign finance laws for the last 20 years.

In 1985, however, just a few years after the company had emerged from bankruptcy and boosted its political involvement, Veco was fined more than $72,000 for a scheme that funneled secret donations to a select slate of candidates through an employee payroll deduction plan. The fine was later reduced to $28,000, but it remains the largest ever levied by the Alaska Public Offices Commission.

In an interview last year, Veco president Leathard said the company's political involvement is a self-defense effort. Lots of groups from other states pour money into Alaska politics in an effort to throttle development in general and the oil industry in particular, he said.

"We could see that if somebody didn't get involved and try to make sure that we were getting the right people who had the right mind-set toward development elected into Juneau, we were going to drive the oil industry out of business," Leathard said then. "Our people are pretty well aligned in their thinking that we have to be involved in supporting the people who believe in development, sensible development. So we try to get those people elected."

N.A.A.C.P. Cleared Of Tax Violation (NYT/AP)

By The Associated Press

The New York Times, September 1, 2006

The National Association for the Advancement of Colored People did not violate the conditions of its tax-exempt status when its chairman gave a speech in 2004 that criticized President Bush, according to a newly released letter from the Internal Revenue Service to the group. The I.R.S. began looking into the N.A.A.C.P. about a month before the 2004 presidential election after a speech by the organization's chairman, Julian Bond, that was largely critical of Mr. Bush's policies. In a letter dated Aug. 9, the I.R.S. said a review had indicated that "political intervention did not occur." Bruce S. Gordon, the president of the organization, said it had been vindicated by the decision.

IRS Ends 2-Year Probe Of NAACP's Tax Status (WP)

By Darryl Fears

The Washington Post, September 1, 2006

Nearly two years after a controversial decision to investigate the NAACP for criticizing President Bush during the 2004 presidential campaign, the Internal Revenue Service has ruled that the remarks did not violate the group's tax-exempt status.

In a letter released yesterday by the NAACP, the IRS said the group, the nation's oldest and largest civil rights organization, "continued to qualify" as tax-exempt.

If the NAACP were stripped of the status, donors would not be allowed to claim contributions to the group on income tax returns.

Federal law requires tax-exempt nonprofit organizations to be politically nonpartisan.

"It was an enormous threat," NAACP Chairman Julian Bond said of the investigation. The opposite outcome, he said, "would have reduced our income remarkably."

Bond reiterated his belief that the investigation was politically motivated. He said the decision, received by the NAACP on Aug. 9, "meant that they thought they had harassed us enough and they could stop."

In a response to lawmakers who expressed outrage over the investigation in 2004, IRS Commissioner Mark W. Everson said the agency's examinations are based on tax law, not partisanship.

The commissioner said the investigation of the NAACP was undertaken because two congressional leaders, whom he declined to name, requested it. They were unhappy because Bond criticized Bush in a speech in July 2004, saying his administration preached racial neutrality and practiced racial division.

"They write a new constitution of Iraq and they ignore the Constitution at home," Bond said.

After filing four freedom-of-information requests, NAACP lawyers discovered that far more than two members of Congress called for an investigation and that all were Republicans.

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Republican Sens. Lamar Alexander (Tenn.) and Susan Collins (Maine) called for the investigation.

Others included Rep. Jo Ann S. Davis (R-Va.) and then-Rep. Larry Combest (R-Tex.). Former GOP representatives Joe Scarborough of Florida, who now hosts a talk show, and Robert L. Ehrlich Jr., currently governor of Maryland, also requested a probe.

The investigation started Oct. 8, 2004, a month before the election. As the investigation dragged on into the following February, the NAACP announced that it would not continue to cooperate.

Angela Ciccolo, an NAACP lawyer, noted that although Bond's remarks were made in July 2004, the investigation did not begin until October, just when the NAACP was attempting to register voters. "The timing of the investigation is critical," she said.

When the investigation started, Bush and the NAACP were locked in a long-running feud that started shortly before the president's first election victory in 2000.

During that campaign, the NAACP ran television spots featuring the daughter of James Byrd Jr., a black man who was dragged to death behind a pickup truck in Texas in 1998. She criticized Bush, then governor of Texas, for not signing hate-crime legislation.

The rift grew when the NAACP charged that Republicans in Florida stole the 2000 election by turning black voters away from the polls.

Recently, however, the relationship between the group and Bush has begun to warm. Bush addressed the NAACP convention in July for the first time in his six years in office, avoiding becoming the first president since Warren G. Harding to snub the group for an entire presidency.

"It's disappointing that the IRS took nearly two years to conclude what we knew from the beginning: The NAACP did not violate tax laws and continues to be politically nonpartisan," said its president, Bruce S. Gordon.

NAACP Cleared Of Partisanship In 2004 Speech (WT)

By Brian Debose

The Washington Times, September 1, 2006

The Internal Revenue Service has concluded its investigation into the activities of the NAACP, clearing the group of charges of partisan political intervention that could have threatened its nonprofit status.

In a letter to the National Association for the Advancement of Colored People's Baltimore headquarters, the IRS said it concluded its examination of the group's 501(c)(3) status for 2004 and "determined that you continue to qualify as an organization."

A speech by board Chairman Julian Bond at the annual convention of the NAACP in July 2004 prompted complaints from the "general public," according to the IRS, that the group "opposed the re-election of President George W. Bush."

"The IRS letter announcing our vindication is itself dishonest and disingenuous," Mr. Bond said yesterday. "They claim the information triggering their probe came from the general public. In fact, it came from partisan officeholders and activists."

Mr. Bond has excoriated the president in every keynote speech he has made to the NAACP convention since the 2000 election. But he has never explicitly told anyone not to vote for Mr. Bush, which would be necessary to prove intervention charges.

The letter from the IRS, dated Aug. 9, says the investigation took nearly two years because the NAACP did not cooperate with IRS inquiries.

Marsha A. Ramirez, director of tax-exempt examinations, who signed the letter, said, "Although we would have been able to conclude this matter more expeditiously with your cooperation, we were ultimately able to obtain sufficient information to resolve the serious and credible allegation giving rise to the examination."

Attorneys for the NAACP said in February 2005 that the examination was politically motivated and that they would not respond to the initial request for information.

But yesterday, Dennis C. Hayes, the organization's chief counsel, said the IRS accusations of noncompliance are a distortion. He said the IRS refused to explain the inquiry process or what the agency was looking for, forcing the organization's attorneys to file four Freedom of Information Act (FOIA) requests to understand the investigation.

"This process has never been applied to any individual or group like the NAACP, and I think internal people at the IRS know that," Mr. Hayes said.

NAACP President Bruce S. Gordon said the IRS admitted that the focus of the examination was Mr. Bond's 2004 speech, which was a matter of public record on the group's Web site. The IRS said in the letter that it did not view the recording of the speech until July 2005.

"The speech has been live [on the Web site] since 2004, so what they are saying is that they just got around to viewing it 10 months after it was recorded when they could have gotten it any time," he said.

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The NAACP has obtained copies of Republicans' requests for an IRS investigation of the group going back to 2000. Among those making such requests were Sens. Lamar Alexander of Tennessee and Susan Collins of Maine, former Sen. Strom Thurmond of South Carolina, Rep. Jo Ann Davis of Virginia, former Rep. Robert L. Ehrlich Jr. of Maryland -- now the governor -- and Joe Scarborough of Florida, who is now a cable news talk-show host.

"There are a number of documents we asked for that [the IRS has] not provided, and I think we will resubmit those FOIAs to get those documents," Mr. Bond said.

IRS Sets Guidelines On Refunds For Discontinued Telephone Tax (WSJ)

By Robert Guy Matthews

The Wall Street Journal, September 1, 2006

WASHINGTON -- The Internal Revenue Service said it will refund taxpayers up to $60 next year to reimburse them for the now-defunct long-distance telephone tax, a move expected to cost the government about $10 billion.

Taxpayers need no proof they paid the tax and can claim a refund on their 2006 federal income-tax returns. Refunds will be subtracted from the bills of taxpayers who wind up owing the government or added to the refunds for those who overpaid their taxes.

Businesses, which have paid a total of $3 billion in long-distance taxes since February 2003 -- the date back to which the refunds are being set -- must document the charges to collect refunds but aren't subject to the $60 maximum.

Individuals who think they are being shortchanged can figure out the amount owed on their own and can collect what they document above $60. But it could be a tedious and expensive process for people who don't keep their bills going back to Feb. 28, 2003, the earliest date eligible for the refund. Phone companies have said that they will charge customers to search the data, if they have it at all.

The automatic refund comes on the heels of several court decisions that struck down the collection of the tax, a 3% surcharge on consumers based on the distance of the call. The collection dispute arose after telephone companies stopped pricing the cost of calls based on distance and shifted to packaged calling plans. The government stopped collecting the tax July 31.

The exact refund amount will depend on the number of exemptions claimed on one's tax return, officials said. For the first exemption claimed, a taxpayer will receive a $30 tax credit. Each exemption after that would earn $10, to a maximum of four exemptions, or $60.

That would mean, theoretically, that a single adult who never paid the telephone tax and has three young children who don't use the phone could get the entire $60 refund. But a married couple filing jointly with no children and who each have their own phones would receive $40.

Sean Kevelighan, a spokesman for the Treasury Department, said phone companies, IRS, Treasury and others worked together to come up with pegging the refund amount to the number of exemptions.

"This was the best way for individuals to come as close as possible to the right refund amount without having to figure it out on their own."

CONGRESS-ADMINISTRATION:

Governors Oppose National Guard Plan (USAT)

USA Today, September 1, 2006

The nation's governors sought help Thursday from Defense Secretary Donald Rumsfeld in their fight against proposals in Congress to give President Bush more control over the National Guard during disasters. After delays in sending help for areas hit by Hurricane Katrina last year, Congress wants to allow the president to federalize a state Guard without the governor's consent in the event of a “serious natural or manmade disaster, accident or catastrophe.”

That's a bad idea, National Governors Association leaders said in a letter to Rumsfeld. Govs. Janet Napolitano of Arizona, Tim Pawlenty of Minnesota, Mike Easley of North Carolina and Mark Sanford of South Carolina said the change “could cause confusion in the command and control of the National Guard and interfere with states' ability to respond.”

Under law, governors command the Guard in their states. A president needs their consent to use the troops domestically, except in cases of rebellion.

Lieberman expects unfriendly colleagues

DOJ_NMG_0056658

Sen. Joe Lieberman of Connecticut, who is running as an independent after losing the Democratic primary for renomination, said he expects a few cold shoulders when he returns to the Senate next week. He plans to attend the weekly luncheon for Democratic senators when he can. “I'm just going to do my job,” he said.

Senate Minority Leader Harry Reid of Nevada and other prominent Democratic senators have rallied behind Ned Lamont, who won the primary on an anti-war campaign.

Official: Afghan opium flow continues

The U.S.-backed strategy to stem Afghanistan's opium production has been unsuccessful, a senior U.S. official said. Thomas Schweich, principal deputy assistant secretary of State for international narcotics, said, “It's bad news, and we need to improve it … but we don't feel it's a hopeless situation, and we don't think the overall strategy is the wrong strategy.”

Afghanistan produces more than 90% of the world's opium. Hundreds of millions of dollars have been spent in counternarcotics efforts. Schweich said a more credible threat of prosecution and better eradication of crops would eventually help steer people away from planting.

States Seek Aid In Fight Over Guard (WP/AP)

The Washington Post, September 1, 2006

The nation's governors sought help yesterday from Defense Secretary Donald H. Rumsfeld in their ongoing fight against proposals in Congress to give President Bush more control -- and governors less -- over the National Guard during disasters.

A letter from the chairman and vice chairman of the National Governors Association, along with the two governors who head the group's work on the Guard, asked Rumsfeld to join the unanimous opposition of governors to proposed changes spurred by the chaos and delays in sending help that followed Hurricane Katrina.

All 50 governors earlier this month signed a formal letter opposing a House provision in the National Defense Authorization Act that would let Bush federalize the Guard without governors' consent in the event of a "serious natural or manmade disaster, accident or catastrophe."

"It's a basic reshuffling of the balance between the states and the federal government," said Arizona Gov. Janet Napolitano (D), chairman of the NGA. "It's ill-advised. It's a bad idea."

A Rumsfeld spokeswoman, Cynthia Smith, said he would not comment publicly and would respond directly to the governors.

Governors Take Guard Appeal To Rumsfeld (AP-Y)

By Robert Tanner

AP, September 1, 2006

The nation's governors sought help Thursday from Defense Secretary Donald H. Rumsfeld in their ongoing fight against proposals in Congress to give President Bush more control — and governors less — over the National Guard during disasters.

A letter from the two chairpersons of the National Governors Association, along with the two governors who head the group's work on the Guard, asked Rumsfeld to join the unanimous opposition of governors to proposed changes spurred by the chaos and delays in sending help that followed Hurricane Katrina.

All 50 governors earlier this month signed a formal letter opposing a House provision in the National Defense Authorization Act that would let Bush federalize the Guard without governors' consent in the event of a "serious natural or manmade disaster, accident or catastrophe."

Adding to their worries, the NGA said, the Senate approved-version of the legislation would give Bush similar powers by redefining the Insurrection Act, a Civil War-era law that's rarely used.

"It's a basic reshuffling of the balance between the states and the federal government," said Arizona Gov. Janet Napolitano, chairwoman of the NGA. "It's ill-advised. It's a bad idea."

The letter states: "Each of these proposals represents a dramatic expansion of federal authority during natural disasters that could cause confusion in the command-and-control of the National Guard and interfere with states' ability to respond to natural disasters within their borders." It was signed by Napolitano, Tim Pawlenty of Minnesota, Mike Easley of North Carolina and Mark Sanford of South Carolina.

A Rumsfeld spokeswoman, Cynthia Smith, said he would not comment publicly and would respond directly to the governors.

The four governors also sent a letter to leaders in the House and Senate, urging them to drop the proposals.

Under current law, governors are commanders of the Guard in their states, but the president must get their consent to federalize the troops domestically, except in cases of rebellion.

Governors were particularly upset that the proposals in Congress were made without any discussion with governors.

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"Governors are commanders-in-chief. They need to be consulted, they need to be part of solutions," said David Quam, the NGA's director of federal relations. "They shouldn't have to catch things coming through Congress and on their way to the president's desk."

An agreement is expected later this month on the final legislation that would go to Bush.

Senate Puts Tomlinson Nomination On Hold (AP)

By Barry Schweid

AP, September 1, 2006

The Senate Foreign Relations Committee does not plan to act on President Bush's re-nomination of an agency head accused of misusing government money.

A summary of a report by the State Department's inspector general, released Tuesday, said Kenneth Tomlinson misused government funds for two years as chairman of the Broadcasting Board of Governors. That's the agency which oversees the Voice of America, Radio Free Europe and other U.S. government broadcasting abroad.

Tomlinson is accused of overbilling for his time and hiring a friend as a consultant.

On Wednesday, Andy Fisher, a spokesman for the Foreign Relations Committee, said the panel had taken no action on the January 2005 nomination while the investigation was under way "and does not intend to now."

Under the 1994 law that created the board, Tomlinson, who has denied the allegations, can remain at his post until a successor is confirmed.

Tish King, a spokesperson, had no immediate reaction to the committee's move.

Reps. Howard Berman and Tom Lantos, California Democrats, and Sen. Christopher Dodd, D-Conn., said in a statement Tuesday they were outraged by what has emerged from the investigation that they requested last year.

They said in a letter to President Bush that the results of the investigation left no doubt that Tomlinson violated public trust and Bush's own ethical standards.

"We urge you to immediately remove Mr. Tomlinson from his position and to take all necessary steps to restore the integrity of the Broadcasting Board of Governors," they wrote.

Tomlinson's term expired in 2004, but he stayed on under board rules which permit him to continue until a replacement is confirmed, Fisher said.

The White House has not indicated what it might do about the situation, Fisher told The Associated Press.

Berman and Lantos asked the chairman of the House International Relations Committee, Rep. Henry Hyde, R-Ill., to hold hearings on Tomlinson. Dodd asked the same of Sen. Richard Lugar, R-Ill., chairman of the Foreign Relations Committee.

Buyout Firms Join Lobbying Efforts (WSJ)

By Brody Mullins And Kara Scannell

The Wall Street Journal, September 1, 2006

Private-equity firms, flush with cash and snapping up companies, are turning their attention to the nation's capital, planning a trade group and boosting spending on lobbyists and campaign contributions.

Their goals: to pre-empt the types of moves toward federal regulation that have emerged for their hedge-fund cousins and to enlist Washington's help in battling restrictions in Europe and Asia.

This summer, representatives of Carlyle Group, Texas Pacific Group, Kohlberg Kravis Roberts & Co. and Blackstone Group joined to map out a trade group, set a budget, hire a staff and define its mission. Overseeing the effort is Harry Clark, who worked in the Nixon White House and went on to found Clark & Weinstock, a Washington lobbying firm. Mr. Clark sold the firm a decade ago, and now runs his own investment fund in Greenwich, Conn.

Firms separately have been ramping up their political activities. Private-equity firms spent $820,000 on lobbyists last year, up from $40,000 in 2001, according to the nonpartisan PoliticalMoneyLine, a group that tracks lobbying in Washington. Political contributions from the industry have ballooned. So far in the 2006 election cycle, employees of large private-equity firms have donated $1.3 million to candidates for Congress, according to the Center for Responsive Politics, a nonpartisan monitor of campaign finances. That is an 86% increase over the $700,000 the industry contributed to candidates during the 2002 campaign, the last nonpresidential election cycle.

Private-equity firms own stakes in companies that aren't publicly traded on a stock exchange. They come in two types. Venture-capital firms buy stakes in early stage companies that have little or no sales and large investment needs. Leveraged-buyout firms typically buy mature companies, either from public shareholders or corporate parents, using large dollops of debt combined with equity capital from the firm's partners and outside investors, such as endowments and pension funds. Private-equity firms are longer-term investors than hedge funds.

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The political coordination by private-equity firms comes as they are playing an expanding role in global financial markets -- and as markets are betting regulation-friendly Democrats may soon make gains in Congress. Recent private-equity takeover targets have included car-rental firm Hertz Corp., fast-food chain Burger King Corp. and General Motors Acceptance Corp. VNU, parent of television-ratings service Nielsen Media Research, was acquired last month by a group of private-equity firms.

The boom is reminiscent of the leveraged-buyout craze of the 1980s. Today's private purchasers are less likely than their predecessors to restructure the companies and lay off workers. But now, like then, they leave the target companies with much more debt than before, and thus more vulnerable to a business downturn or tighter credit conditions. They have drawn criticism for taking large fees from the companies they buy, often long before improving the business. The increasing role of company management and investment banks as investors in buyouts has kindled concerns about possible conflicts between their personal incentives and their responsibility to shareholders. And the current boom may raise new concerns, since a growing number of small-time investors are involved, mainly through pension funds.

Private-equity firms are hardly new to the influence game. For years, such companies have hired well-connected insiders. For example, Carlyle Group, of Washington, has employed as advisers former President George Bush, former Treasury Secretary James Baker and former Securities and Exchange Commission Chairman Arthur Levitt.

But as the industry has grown in prominence, the funds -- individually and collectively -- are formalizing and ramping up their political efforts. This summer, Carlyle said it would hire its first staff lobbyist to represent the fund itself and the companies it owns on Capitol Hill and before the SEC.

As for the emerging trade group, neither Mr. Clark nor any companies involved would publicly discuss details of the project. But Woody Campbell, a private-equity counsel with the law firm Debevoise & Plimpton LLP, said, "the issue is that there is not a group out there watching out for private-equity funds."

Once launched, the trade association will talk to lawmakers on Capitol Hill, compile data on what member firms consider the economic benefits of private equity, and launch a public relations campaign. Among other things, the firms hope to shed their image as "vulture capitalists," who take over publicly held companies and slash costs and employees.

One reason private-equity firms have invested relatively little in Washington is that neither they, nor the companies they buy, are closely regulated. By contrast, mutual funds and publicly traded companies must file financial reports with the SEC and abide by its rules. But private-equity firms worry the SEC now may scrutinize them, after trying to impose registration requirements on hedge funds. The SEC had adopted rules for hedge funds that were invalidated earlier this summer by a federal appeals court.

Private-equity firms also anticipate that as they take over more public companies and receive more investments from individuals, Washington is likely to pay more attention to the industry. And they say any regulatory push could get a boost if Democrats take the House or Senate in the November elections or if Democrats win the White House in 2008.

"It's a natural progression of how things happen. If hedge funds are regulated, you don't need a lot of imagination to think that the next thing to be regulated will be buyout firms," says Mark Heesen, the president of the National Venture Capital Association.

The venture-capital industry, which is a subset of the private-equity industry, launched a trade group three decades ago when public and private pension funds were forbidden from investing in venture capital. The National Venture Capital Association was started in part to change that rule. Today, about half the money in venture capital comes from pension funds.

Aside from heading off new U.S. regulations, the private-equity industry wants the Bush administration to help remove barriers erected by foreign governments to investments overseas. In Korea, for example, U.S. funds are discouraged by high tax rates on their investments. In China, funds essentially must work with a local majority investor.

A Smaller NIH Budget Means Fewer Scientists And 'Too-Safe' Studies (WSJ)

By Sharon Begley

The Wall Street Journal, September 1, 2006

Dan Welch is too modest, not to mention too realistic, to argue that the study he planned would have meant that soon no woman would ever have to die of metastatic breast cancer. But that was his goal.

A few years ago Dr. Welch, a molecular oncologist at the University of Alabama, Birmingham, discovered a molecule that suppresses metastasis, the insidious process in which cancer cells break off from the primary tumor and seed distant sites in the body. He had planned to test whether the gene that makes this molecule, dubbed BRMS1, is turned off in women with metastatic breast cancer. If so, he hoped to design a treatment that would turn the gene back on, test it in mice and then, if all went well, in people.

But when he submitted the proposal to the National Institutes of Health, which funds most biomedical research in the U.S., he was turned down. He had gathered breast-cancer tissue samples and preliminary data from about 20 women showing that a

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turned-off BRMS1 gene is associated with metastatic breast cancer. A "study section" of scientists who evaluate proposals, however, said he needed data on hundreds of women (which he did not have the money to gather; Catch-22). Absent that, they gave his proposal too low a score to stay above the cutoff at which money ran out.

And so it has gone for an increasing number of biomedical researchers. Starting in 1995, the budget of the National Institutes of Health more than doubled, with support for scientist-initiated studies rising to $9.7 billion in fiscal 2003 from $4.3 billion in fiscal 1995.

But in 2004, Congress and the White House, calling for reduced budgets in the wake of tax cuts and a growing deficit, slammed on the brakes. Ever since then, NIH's budget has been flat or, adjusting for inflation, down. The chance that a scientist's work will be funded fell to 22% last year from 27% in 1995, and to less than 10% in some fields. Now the warnings are coming true: The plug is being pulled on promising research by scientists with solid track records.

When 27% of proposals were funded, it wasn't that hard to separate the top quarter, says molecular biologist Keith Yamamoto of the University of California, San Francisco. "There was a natural cutoff," he says. But at 10% "the ability to distinguish a grant that deserves funding from one that does not vanishes. It becomes a crapshoot, with every grant in jeopardy."

Alan Schneyer of Massachusetts General Hospital, for instance, has been funded by NIH for 17 years. He recently discovered that when a certain gene is disabled in mice, the animals become more sensitive to insulin (the opposite of what happens in Type-2 diabetes), their islet cells make more insulin and they lose abdominal fat. This was a surprise, because the gene was thought to affect reproduction, not metabolism. He wanted to identify the biochemical pathways the gene affected, hoping to develop a therapy for obesity or diabetes. In June, NIH rejected his grant proposal.

NIH was never known for supporting risky ideas, but scientists say it has become even worse with the budget crunch. Grant reviewers are increasingly unwilling to gamble scarce money on speculative/bold (pick your adjective) approaches to understanding and treating disease.

"If an idea is more than a little out of the ordinary, even if you have data to support it, they won't take a chance," says Dr. Schneyer, 52 years old. "The science they're supporting isn't bad science, but much of it is too-safe science."

His last NIH grant will run out this month. MGH has given him $50,000 in bridge funding and is trying to help other scientists who are suddenly without NIH support. Although MGH has doubled that funding to $1.5 million, says Jerrold Rosenbaum, who oversees its research, it will fall short. Dr. Schneyer estimates that some 5% of MGH scientists have only a few months left on existing grants and no new ones in sight.

"These are people who could make an important contribution to knowledge," says Dr. Rosenbaum. "It's just devastating."

Although scientists may be "geneticists at MGH" or "neuroscientists at UCSF," unless they have tenure their salary comes out of a grant, not from the ostensible employer. As grants disappear, therefore, it isn't just that studies won't be done; researchers will have to look for another line of work, especially if they are Ph.D.s rather than M.D.s, who can at least see patients to bring in income.

Among them is MGH's Jose Teixeira, 42, who had been funded by NIH since 1998. His last grant ran out in 2005, and his proposal for a study on how a disruption in the stem cells of uterine tissue can lead to fibroids was rejected. Dr. Teixeira was one of thousands of smart young Americans who, in the 1980s, heeded the call to go into science -- a call that is being sounded again. "I feel betrayed," he says.

Faced with NIH cutbacks, more biomedical scientists are pleading their case to private foundations. UAB's Dr. Welch, for instance, has a grant from the National Foundation for Cancer Research. But these groups can't make up for more than a small fraction of the NIH cutbacks, says foundation president, Franklin Salisbury. His group has received three times the number of grant requests this funding cycle that it did two years ago.

OTHER NEWS:

Consumer Spending In July Grew At Twice The June Rate (NYT)

By Jeremy W. Peters

The New York Times, September 1, 2006

Spending by American consumers grew in July at twice the rate it did in June, suggesting that the economy may not be slowing as suddenly as some economists had thought.

Personal income also rose in July, although not as much as spending did. And a widely watched measure of consumer inflation indicated that the pace of price increases may be easing somewhat.

All together, the data provided some encouraging evidence that economic expansion may be slowing, not stalling, on its way to the soft landing that policy makers like Ben S. Bernanke, chairman of the Federal Reserve, are hoping for.

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The Commerce Department reported yesterday that total personal spending rose 0.8 percent in July, adjusted for seasonal factors — the sharpest increase since January. By contrast, personal income rose 0.5 percent in July, largely in line with the pace of the last several months.

Along with gauges of inflation like the Consumer Price Index, the Federal Reserve pays attention to one derived from the monthly consumer spending figures known as the core personal consumption expenditure index.

The index, which excludes volatile food and energy prices, registered an increase of just 0.1 percent in July, the smallest this year.

Still, the core index was 2.4 percent higher in July than a year earlier; the Fed considers 2 percent annual inflation to be at the high end of what the economy can comfortably tolerate.

Wall Street seemed to take the July statistics in stride, as investors left stock prices virtually unchanged from Wednesday's close.

The data in the report showing low inflation was seen as particularly positive because the Fed has said it may be forced to quickly resume interest rate increases if any sign appears that prices are shooting up.

At the Aug. 8 meeting of the Fed's policy-setting committee, members voted to leave interest rates unchanged at 5.25 percent. But, according to minutes of the meeting released this week, some members expressed concern that inflation was still running high. The committee said its decision to hold its overnight lending rate steady was "a close call," and warned that "additional firming could well be needed," meaning another rate increase was not out of the question.

The spending and income report issued yesterday was the latest economic indicator to suggest that economic growth is not contracting too quickly. The Commerce Department said Wednesday that the United States economy grew more quickly in the second quarter than initially estimated. Revised gross domestic product figures showed that the economy expanded at a 2.9 percent pace in the quarter, not the 2.5 percent first reported. The department also said that inflation was slightly lower.

"It would appear, therefore, that some of the more pessimistic forecasts being bandied about for third-quarter G.D.P. growth will be revised up in coming days," Joshua Shapiro, chief United States economist with MFR, wrote in a report yesterday.

The Commerce Department also reported that factory orders, excluding transportation equipment, rose 1.1 percent in July.

The Labor Department, meanwhile, reported a decline in the number of Americans filing first-time claims for unemployment benefits. The number of new claims fell by 2,000, bringing the total number of claims to 316,000. The government will report today on unemployment for August.

U.S. Spending Grew In July As Inflation Gauge Creeps Up (WSJ)

By Jeff Bater And Benton Ives-halperin

The Wall Street Journal, September 1, 2006

WASHINGTON -- Spending by Americans grew twice as fast in July compared with the preceding month, suggesting the economy isn't all that weak, while income rose in line with expectations and a gauge of price inflation crept higher.

Separately, U.S. factory orders fell in July, and the number of new applicants for unemployment insurance eased last week, indicating that labor markets remain relatively healthy.

In its monthly report on what Americans earn and spend, the Commerce Department on Thursday said personal income increased at a seasonally adjusted monthly rate of 0.5%, after climbing an unrevised 0.6% in June.

Personal consumption increased 0.8% in July, after an unrevised 0.4% climb in June. It was the largest spending gain since January, when outlays rose 0.9%.

The July rates for both income and consumption matched the median estimates of 23 economists surveyed by Dow Jones Newswires.

A price index for personal consumption expenditures excluding food and energy increased by 0.1% in July, after rising 0.2% in June. Compared with a year earlier, this core PCE price index grew 2.4% in July, after increasing by 2.3% in June. The Federal Reserve watches the year-over-year index for signs of excessive inflation; the central bank's so-called comfort zone for this gauge is considered to be 1.0% to 2.0%.

After-tax income, also known as disposable personal income, increased 0.7% in July, following a 0.5% advance in June. The gain was the biggest since January's 0.9%.

Spending on durable goods -- designed to last three years or longer -- grew by 1.6% in July, after a 0.7% advance in June. Non-durable goods spending rose 1% in July after a 0.3% increase the previous month. July spending on services rose 0.6%, after 0.4% growth in June.

Personal saving as a percentage of disposable personal income was negative 0.9% in July -- the 16th month in a row the rate has been in negative territory.

Factory Orders Decline

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Factory-goods orders decreased by 0.6%, after rising 1.5% during June, the Commerce Department said Thursday. June orders were originally estimated 1.2% higher. The decline was less than the 1% expected, and spending on capital goods excluding airplanes climbed.

Orders for durable goods fell 2.5%. The Commerce Department had originally estimated a 2.4% decrease. Durables rose 3.3% in June. Nondurable goods orders climbed by 1.6% in July, after decreasing by 0.4% during June. Unfilled orders, a sign of future demand, rose 1.3%.

Nondefense capital goods orders excluding aircraft -- a key barometer of investment by businesses -- increased by 1.6%, after rising 0.9% in June. Consumer-goods orders declined by 0.5% in July, after decreasing 0.7% in June. Consumer durable goods orders went 7.8% lower; consumer non-durables rose 1.7%.

Demand for transportation-related goods decreased in July by 10.1%, after rising 7% in June. Non-defense aircraft and parts orders fell by 10.6% and defense aircraft and parts orders climbed by 2.2%. Orders for motor vehicle bodies and parts advanced by 2.2%. Ships and boats plunged 56.6% after rising 120.2% in June.

Minus transportation orders, overall factory orders would have gone 1.1% higher. Demand rose 5.9% for computers and electronic products, 1.5% for machinery, and 1.7% for primary metals.

Bookings fell 1.6% for electrical equipment and appliances and 5.9% for fabricated metals. Capital goods orders were 1.8% lower in July. Demand for all nondefense capital goods -- business equipment meant to last 10 years or more -- increased by 0.4%. Defense capital goods fell by 16.4%. Excluding defense, all other durable goods decreased 0.2% in July. The report showed factory shipments remained flat in July. Inventories increased 0.6%.

Drop in Jobless Claims

Initial jobless claims decreased 2,000 to a seasonally adjusted 316,000 in the week ending Aug. 26, the Labor Department said Thursday. New claims for the week ended Aug. 19 were revised up to 318,000 from a previously reported 313,000.

The median estimate of 14 economists surveyed by Dow Jones Newswires had signaled jobless claims would rise 2,000 last week to 315,000. The four-week moving average of new claims rose 1,000 last week to 317,500. More broadly, the labor market remains fairly robust, with an overall unemployment rate of 4.8%.

Thursday's Labor report shows the number of workers drawing unemployment benefits for more than a week grew in the week ended August 19, the latest week for which such data are available. These continuing jobless claims increased 3,000 to 2,486,000.

The jobless rate for workers with unemployment insurance was 1.9%, unchanged from the previous week.

In all, 20 states and territories reported an increase in unadjusted claims for the week ended Aug. 19, while 33 reported a decrease. Ohio had the biggest increase, while North Carolina reported the largest decrease in new claims, citing fewer layoffs in the textile, lumber and furniture industries.

Mixed Retail Results Breed Unease (WSJ)

By James Covert And Christopher Conkey

The Wall Street Journal, September 1, 2006

Consumers spent readily in July, the government said yesterday. But the nation's retailers reported mixed sales for August, stoking worries that a slowing U.S. housing market may damp the fall and holiday shopping seasons.

A clique of teen-targeting retailers delivered stellar gains, scoring a few fashion hits with skinny jeans and longer, '80s-style tops. But mall-based chains catering to their parents -- particularly department stores -- were a mixed bag. Big discounters struggled with flat or declining traffic as their customers continued to stock up on basics and make fewer shopping trips to save on gasoline.

SUMMER SALES

Make Your Own Chart: As the back to school season moved into full swing retail sales looked healthy1 in August, especially in the teen sector. Review the latest data from major retailers, including Gap, Target, Wal-Mart, J.C. Penney and Limited.

Sales at stores open at least a year, known as same-store sales, rose 2.8% in August compared with the same month a year ago, according to an index of 48 major chains compiled by the International Council of Shopping Centers. That was well short of the 3.7% pace logged during the first half of the year.

The Commerce Department report -- which covers a broader swath of spending, from gas stations and movie theaters to autos and milk -- was more encouraging. Consumer spending in July rose 0.8% from June, the largest monthly gain this year, and personal income grew 0.5% in July. (The figures are adjusted to remove usual seasonal fluctuations, but aren't adjusted for inflation.) The increase reflected higher vehicle sales as consumers took advantage of 0% financing and cash-back offers by the nation's auto dealers. But spending on other goods and services increased as well.

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The growth in consumer spending, especially for things other than energy, has been cooling off in the face of higher interest rates and a slumping housing market. The broadest measure of consumer spending advanced at an inflation-adjusted 4.8% annual rate in the first quarter and grew by a more sluggish 2.6% in the second. Economists said the latest data suggest consumer spending could grow at a 3.5% pace in the third quarter, offsetting some of the negative effects of a likely drop in home building.

Highlights of the back-to-school season · Tax holidays and summer clearances helped to drive retail traffic.

· Consumers made purchases closer to the start of school year.

· Parents were more cautious about spending, focusing on shopping-list essentials and bypassing discretionary items.

· Denim is a key item, especially slim-fit and skinny jeans, plus fleeced hoodies and striped hoodie shirts, Polo tops and screen tees, according to the International Council of Shopping Centers.

While higher gasoline prices dogged less-affluent shoppers at the height of the summer, the recent headlines about a cooling housing market and declining home prices in many regions may be having a psychological impact on the middle- and upper-income set, says Michael Niemira, chief economist for the shopping center council. "Housing ... is the story of the second half -- more so than gasoline prices -- and the picture points to a lot more weakness for the remainder of the year," he said.

Wal-Mart Stores Inc. said its same-store sales rose 2.7% in August compared with August 2005, hitting the high end of its forecast for a 1% to 3% gain. While the Bentonville, Ark., retailer said customer traffic declined, sales gained momentum throughout the month, with customers responding well to electronics items and apparel for the back-to-school season.

But Wal-Mart said it expects September same-store sales to increase just 1% to 3%.

Target Corp., Wal-Mart's smaller, trendier discount rival, reported a 2.8% increase, even though traffic in its stores was flat, perhaps a reflection of higher gasoline prices. The increase was "driven entirely" by an increase in the sum spent by each shopper, the company said.

Luxury retailers continued to prosper, though, with Neiman Marcus Group Inc. delivering a solid 4.4% same-store sales gain and Nordstrom Inc. posting a 7.1% gain. Federated Department Stores Inc.'s 3.8% increase was at the high end of its expectations. But the company's Macy's and Bloomingdale's chains likely were picking up sales lost at more than 400 stores the company purchased from May Department Stores Co., which weren't counted in the tally. Many of the May stores will be converted to Macy's next month.

J.C. Penney Co., based in Plano, Texas, noted "softer sales of big-ticket items, particularly furniture," in reporting flat same-store sales. Kohl's Corp., Penney's archrival based in Menomonee Falls, Wis., did better, posting a 5.2% same-store sales increase.

Back-to-school sales sizzled at popular teen chains such as Abercrombie & Fitch Co., which posted a 6% same-store sales rise. Its lower-priced rival American Eagle Outfitters Inc. notched an 11% gain and Bebe Stores Inc. saw a 13% increase. Some of those gains likely came at the expense of Gap Inc., which continued to hemorrhage customers. Same-store sales rose 2% at the company's Banana Republic stores, but fell 11% and 8%, respectively, at the Gap and Old Navy chains.

Not all chains report sales on a monthly basis. Same-store sales reports, while providing one indicator of consumer-spending trends, miss many online purchases and other kinds of retail spending.

Despite the worries about housing, a recent survey by Accenture found that U.S. shoppers plan to spend "at least as much as last year" on back-to-school items, said Janet Hoffman, managing partner of the consulting firm's North American retail practice.

The Commerce Department said the Federal Reserve's preferred price gauge, the price index of personal consumption expenditures excluding food and energy, rose a less-than-expected 0.1% in July from June, adding to the conviction that the Fed won't raise rates in September. Prices in July stood 2.4% higher than a year earlier.

The Commerce Department also said factory orders in July fell 0.6% from June, largely because of a plunge in the volatile transportation sector sparked by lower bookings for aircraft. Orders for capital goods excluding defense and aircraft, a useful measure of business investment, rose 1.6%, slightly faster than the previous estimate and an encouraging sign that business may pick up the slack if consumer spending falters.

Separately, the Labor Department reported that initial unemployment claims fell by 2,000 last week to 316,000, a level that has remained consistent in recent weeks and suggests little change in the employment picture.

Write to James Covert at james.covert@dowjones.com2 and Christopher Conkey at christopher.conkey@wsj.com3

<hr/> Back-to-School Sales

With consumers taking a value-oriented approach to back-to-school shopping, here's a closer look at some retailers that are expected to do well this season based on merchandise and store traffic, and others that are likely to struggle, based on analysts forecasts.

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Bernanke Defends 'Core' Focus (WSJ)

By Michael S. Derby

The Wall Street Journal, September 1, 2006

Federal Reserve Chairman Ben Bernanke said controlling what happens with "core" inflation in the near term helps contain the overall pace of inflation in the longer term.

The Fed has been criticized for being too sanguine in the face of rising energy costs. Critics also have said that by focusing on core inflation, which strips out swings in food and energy prices, monetary policy is failing to address some of most important forces facing consumers. (Read the full speech.1)

But Mr. Bernanke, in comments yesterday to the audience after a speech in Greenville, S.C., said that the central bank's focus on core inflation is more important in the short run. The Fed, in the short run, tolerates the pressure rising energy prices exert on headline price measures, Mr. Bernanke said. "Our objective is to make sure it doesn't pass though into other wages and prices, in other words, that there are not second-round effects," he said.

"In the long run, what we would like to control is headline inflation," Mr. Bernanke said, "After all, that's what is determining the value of money, and it's what people need for their planning," along with being the force that "affects real wages and real incomes," he said.

"It is very difficult to eliminate the inflationary impact of the immediate effects of an increase in energy prices," he said. "Doing so would require forcing down wages and other prices quite dramatically to keep the overall price level from rising."

Mr. Bernanke also said he expects productivity to stay at a "healthy level" that resembles the pace of recent years. He also said changing demographic patterns suggest that, over time, the potential U.S. growth rate well may be lower than it is now.

Markets Barely Budge As Investors Take Data In Stride, Traders Vacation (WSJ)

By Peter A. Mckay

The Wall Street Journal, September 1, 2006

SO MUCH DATA, so little certainty.

Investors digested a raft of economic releases, along with a speech by Federal Reserve Chairman Ben Bernanke, who said strong productivity growth could continue "for some time." But as has been the case in recent days, investors seemed ambivalent about what it all meant with regard to inflation and the direction of interest rates.

The Dow Jones Industrial Average finished the month of August with a gain of 1.8% -- its best monthly performance since April.

For most of the day, the stock market hovered a little above where it had closed the day before. A round of selling in the last few minutes caused major market indicators to finish just a hair lower, ending a three-day winning streak.

The Dow closed 1.76 points lower at 11381.15, and is now up 6.2% on the year. The broad-based Standard & Poor's 500-stock index edged down 0.45 point to 1303.82, leaving it up 4.4% on the year. On the day, both indexes were nearly unchanged in percentage terms. The Nasdaq Composite Index fell 1.98 points, or 0.1%, to 2183.75, off 1% on the year.

The Nasdaq and S&P had their best months since January.

"Rather than getting all sussed, the market is taking things in stride for now," said Gordon Fowler, chief investment officer at Philadelphia money-management firm Glenmede Trust. "People are beginning to believe Mr. Bernanke's story about a gradual slowdown. But to be certain, they want to see more data."

In particular, Mr. Fowler said, the stock market is keen to see the next reports on changes in prices paid by consumers and producers.

Yesterday, the Commerce Department reported that personal consumption rose 0.8% in July, larger than the 0.4% rise in June. However, an index tracking personal consumption expenditures, excluding volatile food and energy prices, rose by 0.1% last month, less than the 0.2% rise in June. A closely watched inflation gauge within the consumption report, the PCE index, rose 2.4% in July, suggesting an inflation rate above the 2% considered benign by the Fed.

Separately, the Labor Department announced that first-time claims for unemployment benefits fell by 2,000 in the week ended Aug. 26 to a seasonally adjusted total of 316,000. The decline countered Wall Street expectations for a rise of 2,000 claims.

Such surprises might usually raise inflation fears and spark an avalanche of trades in response. But analysts said that so many traders are on vacation that those remaining at their desks aren't ascribing conviction to the market's daily swings.

"There's not a lot of liquidity in the market right now," said Chas Mancuso, a Treasury futures broker at Fimat USA LLC, a unit of French bank Société Générale SA. "When the summer ends, it might be a different story."

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Other government releases for July showed rising disposable income, rising spending on durable goods, and falling U.S. factory orders for July.

Outside the U.S., stocks were slightly higher in dollar terms, including a 1.7% rally in Tokyo. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.07 point, or 0.03%, to 220.05.

In major U.S. market action:

Stocks fell, and bond prices rose. The 10-year note gained 6/32 point, or $1.88 for each $1,000 invested, pushing the yield down to 4.738%.

The dollar was stronger. Against the Japanese currency, the dollar rose to 117.38 yen, compared with 117.07 yen. The euro fell to $1.2812, from $1.2837.

Investors Decide Glass Is Half Full For Stocks (USAT)

By Adam Shell

USA Today, September 1, 2006

NEW YORK — Wall Street worries a lot. For most of the summer, potential what-if worries for the stock market, such as terrorism, a housing collapse, a mistake by the Federal Reserve and a nuclear Iran, have canceled out pluses spelled out in lists of positives.

Until now. In recent weeks, the perceived minuses have not led to losses for stocks. In fact, stocks have quietly rallied since early August, in large part because investors are placing more weight on good news than bad.

For example, even though a recent report by Citigroup chief U.S. equity strategist Tobias Levkovich ticks off a dozen potential negatives, a shorter list of eight positive factors now seems to be carrying more clout with investors.

The cease-fire in Lebanon calmed some fears of escalating Middle East tensions. The Fed's decision to not raise its target for short-term interest rates in August reduced fears about future rate increases. Oil's recent dip to around $70 a barrel quieted talk of a superspike to $100. Corporate earnings and the deal market continue to chug along, dampening fears of a profit recession.

In short, investors are now focusing more on the bright side and less on potential drags ranging from an outbreak of avian flu to a world economy paralyzed by terrorism, says Peter Cardillo, chief market strategist at S.W. Bach.

Despite a limp finish, August was the best month for the Nasdaq (up 4.4%) and the S&P (up 2.1%) since January. The Dow is just 2.9% off its all-time high.

“The message of the markets is that things might be a little better than the pessimists are saying,” says Michael Holland, chairman of money management firm Holland & Co.

Investors, in essence, are betting that the Fed's two-year campaign of rate increases will slow the economy but not cause a recession. Good news in the form of a so-far-mild hurricane season, a half-percentage-point drop since late June in the yield on the 10-year Treasury note to a five-month low, and moderating energy prices have offset some of the recent negativity.

While the “absence of bad news” has lifted stock prices, many investors believe the negatives still outweigh the positives. This camp won't rule out a more severe economic slowdown than optimists expect, says Hugh Johnson, chief investment officer at Johnson Illington Advisors. “I'm still guarded on the outlook,” he says.

The fact that there is such lingering skepticism is another potential positive sign. “Investor sentiment has become excessively bearish,” says Bruce Bittles, chief investment strategist at R.W. Baird, adding that all the angst is already reflected in stock prices.

Getting Past Katrina (NYT)

By Juan Williams

The New York Times, September 1, 2006

Washington

A YEAR ago this week, the entire nation caught a chilling look in the mirror. We watched as the citizens of New Orleans, clutching their essential belongings in plastic trash bags, struggled through fetid flood waters in search of shelter. But even with all that’s been said and written on this painful anniversary, one of the real issues remains unaddressed.

The shock of Hurricane Katrina awoke many of us to the reality that poverty persists, especially among African-Americans. It persists even after the go-go 1990’s, the welfare-to-work reform of the Clinton years and the passage of earned-income tax credits to put more money in the pockets of the working poor.

In fact, poverty in the United States has been on the rise since the start of the new century. The number of Americans in poverty is now 12.6 percent overall, essentially holding steady after having risen for four years. The number of the nation’s children in poverty — also climbing until last year — is even more alarming, at close to 18 percent. But even before the great

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storm, New Orleans was a city of concentrated poverty: nearly a quarter of the population, about double the national average. And the poverty rate among New Orleans blacks (nearly 70 percent of the city's population) was a sky-high 35 percent.

For a brief time our guilt and shame seemed to put America on the political edge of a new try at something like a 1960's-era Great Society program. But that newfound energy was squandered amid racial and political arguments.

First, the left made the case that the reason the government was failing to help the desperate, bedraggled poor people left behind in New Orleans was that the faces on television were black — and a Republican administration ruled in Washington. The power of that argument failed when it became apparent that poor white people, both in New Orleans and throughout the Gulf Coast, had also suffered because of FEMA's incompetence.

The right, meanwhile, depicted the poor — that is to say the black poor, because TV cameras focused on the big city — as looters, rapists and criminals. But when those claims turned out not to be true, there was no return to the core issue of how to help the poor escape poverty.

A year later, the best the national political class can do with American poverty is to renew stalemated conversations about increasing the minimum wage. The will to create innovative programs is missing because of a national consensus few people dare to say out loud: Americans believe that the poor can help themselves.

A Pew Research Center poll (conducted the week after Hurricane Katrina) found that two-thirds of black Americans and three-quarters of white Americans believe that too many poor people are overly dependent on government aid. Inside those numbers is the sense that welfare programs meant to help the poor create a dependency on handouts, draining people of the confidence, will to work and values that are crucial to success.

This is telling, because people of color and especially black Americans are more likely than whites to know someone who is struggling with poverty. According to the Census Bureau, 24.7 percent of black Americans and 21.9 percent of Hispanics lived in poverty in 2004, as compared to 8.6 percent of whites. Interestingly, the same proportion of black Americans who say the black poor need to do more to help themselves also told pollsters that they felt the government would have done more to aid victims of Hurricane Katrina had those victims been white. But it's clear that even with a strong racial consciousness, black people believe that the poor bear some responsibility for their troubles.

There is good reason for a majority of Americans to hold that belief. For anyone who wants to get out of poverty, the prescription is clear.

Finish high school, at least. Wait until your 20's before marrying, and wait until you're married before having children. Once you're in the work force, stay in: take any job, because building on the experience will prepare you for a better job. Any American who follows that prescription will be at almost no risk of falling into extreme poverty. Statistics show it.

The suspicion that the poor cause problems for themselves was at the heart of President Clinton's effort to "end welfare as we know it." It is also the guiding principle in the latest wave of poverty programs. Backed by private dollars from nonprofits and foundations, these programs encourage individual responsibility by rewarding the poor for getting high school diplomas, finding jobs and being good parents. There are programs to help determined inner-city residents find good jobs in the suburbs, where they can live in neighborhoods that haven't been defined for generations by the bad schools and rampant crime that breed poverty. The emphasis is on nurturing a will to do better.

Bill Cosby's controversial appeal, in 2004, for the poor to see — and seize — the opportunities available to them is in line with the inspiring African-American tradition of self-help and reliance on strong families and neighbors. There were complaints that he was blaming the victim, minimizing the power of racism, and failing to understand that larger social forces keep the poor — especially black poor — at the bottom of the economic ladder. But Mr. Cosby's critics ignored some sound advice: getting those in need to recognize that there is a way out, and that it's in their power to find it, is the best anti-poverty program.

The crisis in New Orleans has now been reduced to a matter of government financing for rebuilding homes while reviving the business community. But the real rebuilding project on the Gulf Coast requires bringing new energy to confronting the poverty of spirit. Because that's what was tearing down the city, long before Hurricane Katrina.

Perfect Storm For The Poor (WP)

By E. J. Dionne Jr.

The Washington Post, September 1, 2006

After a week of remembering the horrors of Hurricane Katrina, the most depressing realization is how easily our leaders forgot their fervent promises to lift up our nation's poorest citizens.

All manner of politicians and columnists said in Katrina's wake that this was the time to revisit the problems of the destitute. The anguish of the people of New Orleans's Lower Ninth Ward would have at least some redemptive power if the country took poverty seriously again.

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It didn't happen. The innovative ideas that came from all sides were swept off the table. The poor became unfashionable once more. Congressional conservatives changed the conversation. A concern for the struggling gave way to debate over how to offset spending on Katrina with budget cuts -- directed in large part at programs for the needy.

Perhaps the release of the Census Bureau's annual report on income, poverty and health insurance coverage in this particular week is a sign that God and statisticians have a sense of humor. The report reinforces what we knew at the time of Katrina -- that the poor are still with us and that the middle class keeps losing ground.

The "good" news is that the poverty rate, the proportion of Americans who are poor, didn't change much between 2004 and 2005, falling in a statistically insignificant way from 12.7 percent to 12.6 percent. The bad news is that the poverty rate, having risen steadily in recent years, is still higher than it was in 2001, when it stood at 11.7 percent.

Worse is that the proportion of the poor who are very poor has risen. People are considered in deep poverty if they have half or less of the yearly income of those at the poverty line. In 2005 half the poverty line for a family of three was $7,788; for a family of four it was $9,985. (Try living on that.) According to the new report, 43.1 percent of poor people lived in that sort of deep poverty -- a record since 1975, when the government started assembling such statistics.

In the six economic recoveries since the early 1960s, this is the first time the poverty rate was higher in the recovery's fourth year than it was when the recession was at its worst.

The number of Americans without health insurance rose, too, to 46.6 million in 2005, up from 45.3 million in 2004 and 41.2 million in 2001. The proportion without insurance is up from 14.6 percent in 2001 to 15.9 percent in 2005.

What about the middle class? Yes, the median income of American households rose by 1.1 percent last year after five years of decline. But most of the growth was in households headed by Americans 65 and over -- who are helped, rightly, by substantial government benefits. In households headed by people under 65, incomes fell yet again.

Want to know why so many men out there are mad? Check out Table A-2 on Page 38 of the Census report. (I'm grateful to my friend Bill Galston for calling it to my attention.) Adjusted for inflation, men's earnings were lower in 2005 than they were in 1973.

Dear liberals, who worry about the political leanings of angry men, and dear conservatives, who exploit that anger, do you have any proposals to end this income stagnation?

Yes, women have been slowly closing the gender gap in income. Among full-time, year-round workers, women earn 77 percent of what men do, compared with 57 percent in 1973.

But in the most recent year, the gap closed because women lost income at a slightly slower rate than men did. Between 2004 and 2005, the earnings for those working full time year-round dropped 1.8 percent for men and 1.3 percent for women. That's not how most women imagine achieving equality.

The census had some very good news for the well-to-do. The top fifth of American households received 50.4 percent of all income last year, the highest proportion since 1967, when the Census Bureau started following that trend. The biggest gains were concentrated in the top 5 percent.

"The economy is growing, and someone is getting the growth," said Sharon Parrott, a senior analyst at the liberal Center on Budget and Policy Priorities. "So now we know who it is."

President Bush and the Republican Congress, take a bow: You took power to make the well-off even better off, and you have succeeded brilliantly.

As for the poor and the middle class, maybe they'll do better after the next hurricane, or the one after that.

The Big Disconnect (NYT)

By Paul Krugman

The New York Times, September 1, 2006

There are still some pundits out there lecturing people about how great the economy is. But most analysts seem to finally realize that Americans have good reasons to be unhappy with the state of the economy: although G.D.P. growth has been pretty good for the last few years, most workers have seen their wages lag behind inflation and their benefits deteriorate.

The disconnect between overall economic growth and the growing squeeze on many working Americans will probably play a big role this November, partly because President Bush seems so out of touch: the more he insists that it's a great economy, the angrier voters seem to get. But the disconnect didn't begin with Mr. Bush, and it won't end with him, unless we have a major change in policies.

The stagnation of real wages — wages adjusted for inflation — actually goes back more than 30 years. The real wage of nonsupervisory workers reached a peak in the early 1970's, at the end of the postwar boom. Since then workers have sometimes gained ground, sometimes lost it, but they have never earned as much per hour as they did in 1973.

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Meanwhile, the decline of employer benefits began in the Reagan years, although there was a temporary improvement during the Clinton-era boom. The most crucial benefit, employment-based health insurance, has been in rapid decline since 2000.

Ordinary American workers seem to understand the long-term disconnect between economic growth and their own fortunes better than most political analysts. Consider, for example, the results of a new poll of American workers by the Pew Research Center.

The center finds that workers perceive a long-term downward trend in their economic status. A majority say that it's harder to earn a decent living than it was 20 or 30 years ago, and a plurality say that job benefits are worse too.

Are workers simply viewing the past through rose-colored glasses? The report seems to imply that they are: a section pointing out that workers surveyed in 1997 also said that it had gotten harder to make a decent living is titled, "As usual, people say things were better in the good old days."

But as we've seen, real wages have been declining since the 1970's, so it makes sense that workers have consistently said that it's harder to make a living today than it was a generation ago.

On the other side, workers' concern about worsening benefits is new. In 1997, a plurality of workers said that employment benefits were better than they used to be. That made sense: in 1997, the health care crisis, which had been a big political issue a few years earlier, seemed to have gone into remission. Medical costs were relatively stable, and in a tight labor market, employers were competing to offer improved benefits. Workers felt, rightly, that benefits were pretty good by historical standards.

But now the health care crisis is back, both because medical costs are rising rapidly and because we're living in an increasingly Wal-Martized economy, in which even big, highly profitable employers offer minimal benefits. Employment-based insurance began a steep decline with the 2001 recession, and the decline has continued in spite of economic recovery.

The latest Census report on incomes, poverty and health insurance, released this week, shows that in 2005, four years into the economic expansion, the percentage of Americans with private insurance of any kind reached its lowest level since 1987. And Americans feel, again correctly, that benefits are worse than they used to be.

Why have workers done so badly in a rich nation that keeps getting richer? That's a matter of dispute, although I believe there's a large political component: what we see today is the result of a quarter-century of policies that have systematically reduced workers' bargaining power.

The important question now, however, is whether we're finally going to try to do something about the big disconnect. Wages may be difficult to raise, but we won't know until we try. And as for declining benefits — well, every other advanced country manages to provide everyone with health insurance, while spending less on health care than we do.

The big disconnect, in other words, provides as good an argument as you could possibly want for a smart, bold populism. All we need now are some smart, bold populist politicians.

Rendezvous With Oblivion (NYT)

By Thomas Frank

The New York Times, September 1, 2006

Over the last month I have tried to describe conservative power in Washington, but with a small change of emphasis I could just as well have been describing the failure of liberalism: the center-left's inability to comprehend the current political situation or to draw upon what is most vital in its own history.

What we have watched unfold for a few decades, I have argued, is a broad reversion to 19th-century political form, with free-market economics understood as the state of nature, plutocracy as the default social condition, and, enthroned as the nation's necessary vice, an institutionalized corruption surpassing anything we have seen for 80 years. All that is missing is a return to the gold standard and a war to Christianize the Philippines.

Historically, liberalism was a fighting response to precisely these conditions. Look through the foundational texts of American liberalism and you can find everything you need to derail the conservative juggernaut. But don't expect liberal leaders in Washington to use those things. They are "New Democrats" now, enlightened and entrepreneurial and barely able to get out of bed in the morning, let alone muster the strength to deliver some Rooseveltian stemwinder against "economic royalists."

Mounting a campaign against plutocracy makes as much sense to the typical Washington liberal as would circulating a petition against gravity. What our modernized liberal leaders offer — that is, when they're not gushing about the glory of it all at Davos — is not confrontation but a kind of therapy for those flattened by the free-market hurricane: they counsel us to accept the inevitability of the situation and to try to understand how we might retrain or re-educate ourselves so we will fit in better next time.

This last point was a priority for the Clinton administration. But in "The Disposable American," a disturbing history of job security, Louis Uchitelle points out that the New Democrats' emphasis on retraining (as opposed to broader solutions that Old

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Democrats used to favor) is merely a kinder version of the 19th-century view of unemployment, in which economic dislocation always boils down to the fitness of the unemployed person himself.

Or take the "inevitability" of recent economic changes, a word that the centrist liberals of the Washington school like to pair with "globalization." We are told to regard the "free-trade" deals that have hammered the working class almost as acts of nature. As the economist Dean Baker points out, however, we could just as easily have crafted "free-trade" agreements that protected manufacturing while exposing professions like law, journalism and even medicine to ruinous foreign competition, losing nothing in quality but saving consumers far more than Nafta did.

When you view the world from the satisfied environs of Washington — a place where lawyers outnumber machinists 27 to 1 and where five suburban counties rank among the seven wealthiest in the nation — the fantasies of postindustrial liberalism make perfect sense. The reign of the "knowledge workers" seems noble.

Seen from almost anywhere else, however, these are lousy times. The latest data confirms that as the productivity of workers has increased, the ones reaping the benefits are stockholders. Census data tells us that the only reason family income is keeping up with inflation is that more family members are working.

Everything I have written about in this space points to the same conclusion: Democratic leaders must learn to talk about class issues again. But they won't on their own. So pressure must come from traditional liberal constituencies and the grass roots, like the much-vilified bloggers. Liberalism also needs strong, well-funded institutions fighting the rhetorical battle. Laying out policy objectives is all well and good, but the reason the right has prevailed is its army of journalists and public intellectuals. Moving the economic debate to the right are dozens if not hundreds of well-funded Washington think tanks, lobbying outfits and news media outlets. Pushing the other way are perhaps 10.

The more comfortable option for Democrats is to maintain their present course, gaming out each election with political science and a little triangulation magic, their relevance slowly ebbing as memories of the middle-class republic fade.

Claim Of Stem-Cell Breakthrough Attracts Scrutiny For Accuracy (WSJ)

By Antonio Regalado

The Wall Street Journal, September 1, 2006

A company that last week claimed a breakthrough in creating stem cells without harming embryos is coming under scrutiny for the accuracy of its statements, renewing questions about the credibility of stem-cell science.

The stock of the company, Advanced Cell Technology Inc., Alameda, Calif., soared after it issued a news release saying it had created embryonic stem cells "using an approach that does not harm embryos." The method, which appeared to short-circuit ethical concerns raised by the Bush administration over stem-cell research, was widely reported in the media.

Yesterday, following concerns raised by critics, Advanced Cell confirmed that none of the embryos used in its experiments, published by the journal Nature, had actually survived the process. The embryos' failure to survive wasn't previously made clear by the company, and critics are now charging the company misled the public and investors.

William M. Caldwell, Advanced Cell's CEO, said its company's claims were accurate because its method of removing individual cells from embryos is used in a different field -- diagnostic testing -- without harming embryos. Therefore, in principle, he said, it could also be used to create stem cells without harming embryos.

"We did not put out anything misleading," said Mr. Caldwell, whose company announced a financing round last week to coincide with the attention created by its paper. Robert Stanislaro, an assistant vice president at Financial Dynamics, a public-relations firm with headquarters in New York and London, who said he wrote and sent the release with ACT's approval, also defended the wording, saying it was "not at all" misleading. "Technically, the embryos were disposed of," Mr. Stanislaro added.

The British journal Nature, which published the paper, added to the confusion last week by issuing a news release saying ACT had created stem cells "while leaving the embryo intact." The journal, which plays a central role in vetting and publicizing important scientific research, issued a correction to its release two days later.

Ruth Francis, a Nature spokeswoman, blamed the error on short staffing, saying editors were unavailable, and "we ended up with communication problems."

ACT's shares fell 17 cents, or 22%, to 61 cents in over-the-counter trading.

GOP Lags In Key Races For Senate (USAT)

By Susan Page And Jill Lawrence

USA Today, September 1, 2006

As the Labor Day weekend launches a final nine weeks of campaigning, USA TODAY/Gallup Polls in five key states show Democrats poised to gain Senate seats but facing an uphill battle to regain control.

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Democrats seem more likely to carry the House in the Nov. 7 elections, which are being shaped by voters' unease over Iraq, jobs and health care and a sense that the nation is on the wrong track.

"The environment for the majority party is extremely bad," says political scientist David Rohde of Duke University. "There's certainly plenty of time for things to be shaken up … (but) it would take something really huge" to turn around GOP fortunes.

In the House, the number of seats independent analysts rate as up for grabs has been swelling. Since January, Stuart Rothenberg of the non-partisan Rothenberg Political Report has doubled the number ranked "most competitive." Of 39 seats now in that category, 35 are held by Republicans. He predicts Democrats will pick up the 15 seats they need to control the House.

In the Senate, Democrats need to gain six seats, which would require winning at least two races where Republicans are now favored. The statewide polls found some GOP senators already in trouble:

·In Pennsylvania, Sen. Rick Santorum trailed Democrat Bob Casey by 18 percentage points among likely voters, by 14 points among registered voters.

·In Ohio, Sen. Mike DeWine was behind Democrat Sherrod Brown by 6 points among likely voters, by 2 points among registered voters.

·In Montana, three-term Sen. Conrad Burns, who has faced questions in the Jack Abramoff lobbying scandal, was in a close race with Democrat Jon Tester. Tester led by 3 points among likely voters; Burns led by 2 points among registered voters.

·In Missouri, Sen. Jim Talent held a 6-point lead among likely voters over Democrat Claire McCaskill. The two were tied among registered voters.

·In Minnesota, where Republicans hope to pick up an open seat, Democrat Amy Klobuchar led Republican Mark Kennedy by 10 points among likely voters, by 7 points among registered voters.

The state's gubernatorial race was almost even: GOP incumbent Tim Pawlenty trailed Democrat Mike Hatch by a single point among likely voters but led him by 4 points among registered voters.

In other gubernatorial contests, two African-American candidates nominated by the GOP trailed by overwhelming margins. Pennsylvania Gov. Ed Rendell, a Democrat, held a 22-point lead among likely voters over Republican Lynn Swann. In Ohio, Democrat Ted Strickland led Republican Ken Blackwell by 16 points.

Nine of 10 African-American voters were backing Rendell; six of 10 were backing Strickland.

Why Senate Will Be Tougher For Democrats To Take Back (WSJ)

By Jackie Calmes

The Wall Street Journal, September 1, 2006

WASHINGTON -- As Republicans' woes have built in the 2006 campaign season, handicappers of all stripes have been steadily raising expectations that Democrats can recapture control of the House. But few go so far as to predict Democrats will seize the Senate.

The explanation lies in the math and the map for the year's Senate races: Both are daunting for Democrats. Since Republicans now have a 55-45 majority (with 44 Democrats and a Democratic-leaning independent), Democrats need a net gain of six seats to gain a majority of 51; with a 50-50 split, Vice President Cheney, as president of the Senate, would break a tie in Republicans' favor.

With one-third of the 100 Senate seats up for election every two years, the 2006 group includes 18 now held by Democrats and 15 by Republicans. That means Democrats have more seats to defend, and fewer Republican seats they can capture. Of the 15 Republican seats, nearly half -- seven -- are out of Democrats' reach. Those are held by entrenched incumbents mostly from red-Republican states, such as Mississippi's Trent Lott, Indiana's Richard Lugar and Utah's Orrin Hatch.

Of the remaining eight Republican seats, two belong to Virginia's George Allen and Arizona's John Kyl. While both have political problems and credible rivals, they still are favored for re-election, absent a big anti-Republican wave.

That leaves six Republican targets -- exactly the number Democrats need. They would have to run the table, knocking out five well-funded incumbents and electing Rep. Harold Ford Jr. to the Tennessee seat that retiring Senate Majority Leader Bill Frist is vacating.

Even in 1994, amid Democrats' huge losses that cost them control of Congress, Republicans then were able to beat just two Democratic Senate incumbents. Mr. Ford would have to become the first African-American ever to win statewide office in Tennessee.

This year's most vulnerable Republicans are Pennsylvania's Rick Santorum, Ohio's Michael DeWine, Missouri's Jim Talent, Montana's Conrad Burns and Rhode Island's Lincoln Chafee, who first faces a tough party primary challenge Sept. 12.

Assume that Democrats do take six Republicans' seats. They still will have a Senate majority only if they also retain all 18 of their current seats. Most are safe. Yet Democrats are fretful to varying degrees over a few seats -- the ones held by

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Washington's Maria Cantwell, Michigan's Debbie Stabenow and New Jersey's Robert Menendez, along with open seats in Minnesota and Maryland.

Few outside the Democratic Senatorial Campaign Committee are betting money on a majority-Democratic Senate yet. One factor does argue for placing a wager on Senate Democrats: Senate races, being statewide and higher-profile, are more sensitive to national trends than locally oriented House contests. In recent years, nearly all close Senate races have tended to break one way on Election Day, depending on the prevailing national winds.

Inside Politics (WT)

By Greg Pierce

The Washington Times, September 1, 2006

Cold shoulder

Sen. Joe Lieberman, whose independent re-election bid is rankling Democrats, says he expects a cold shoulder or two from Senate colleagues when he returns to Washington next week.

"Obviously, some of my colleagues may be coming up more directly to embrace me; some may be looking to avoid eye contact," the Connecticut senator said in a telephone interview yesterday with the Associated Press. "I'm just going to do my job, and that will be that."

The three-term lawmaker is defying his party after his primary loss to Ned Lamont. Democratic leaders, including Senate Minority Leader Harry Reid of Nevada and other prominent senators, have abandoned Mr. Lieberman and rallied behind Mr. Lamont.

Mr. Lieberman said he is determined to stay his independent course — and is careful to separate personal relations from politics.

"I'm intent on making it business as usual as much as possible, which is to do my job for the people of Connecticut," Mr. Lieberman said of his return to Capitol Hill.

"I feel like I've got good personal relations with most of my colleagues, apart from the politics," he said. "We're all pros, and campaigns come and go."

Chafee trails

A new Rhode Island College poll finds that Sen. Lincoln Chafee, a liberal Republican, is in real danger of losing the Sept. 12 primary to conservative challenger Stephen Laffey, the mayor of Cranston.

The poll, conducted Aug. 28 to30 by the Bureau of Government Research and Services at Rhode Island College, shows Mr. Laffey with a wide advantage. The poll surveyed 363 likely Republican primary voters and found that 51 percent would vote for Mr. Laffey, 34 percent would vote for Mr. Chafee and 15 percent are undecided. Mr. Laffey's lead seems to be widening — a poll conducted by the center in June showed Mr. Laffey at 39 percent and Mr. Chafee at 36 percent.

Candidate out

A Democratic former congressman has dropped out of the crowded free-for-all race against Republican incumbent Rep. Henry Bonilla for a newly drawn congressional district in Texas.

Former Rep. Ciro Rodriguez was one of six Democrats who filed to run in the special election for the 23rd Congressional District, which Mr. Bonilla has represented since 1992.

"I'm not going to be running, and that's my decision based on family and personal reasons," said Mr. Rodriguez, adding that he hadn't raised enough money to put up a competitive campaign.

A federal three-judge panel redrew five districts in August after a Supreme Court ruling that said a 2003 redistricting of Texas' congressional map created a 23rd District that violated the Voting Rights Act by diluting Hispanic voting strength.

The special races on Nov. 7 pit all certified candidates against one another in each district, regardless of party. If no one gets more than 50 percent of the vote, the two candidates who receive the most votes in each district will face off in December, the Associated Press reports.

Conspiracy theory

Ohio Secretary of State J. Kenneth Blackwell said he will do what he can to keep ballots from the 2004 presidential election beyond their scheduled destruction date in response to a federal lawsuit filed yesterday.

In an Aug. 23 letter to Mr. Blackwell, voting-rights lawyer Cliff Arnebeck asked Mr. Blackwell to preserve the ballots in connection with the legal action. He said the individuals and public-interest groups he represents have found irregularities and anomalies among the ballots they have reviewed so far, and they want to keep digging.

Federal law says the Secretary of State's Office is required to keep ballots for 22 months after a federal election.

Mr. Arnebeck's sweeping lawsuit accuses Mr. Blackwell of violating state and federal laws and the U.S. Constitution by "inequitably distributing voting resources, suppressing votes and spoiling ballots" in 2004, the letter said.

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Blackwell spokesman James Lee emphasized, however, that county elections boards have the final say regarding what happens to the records.

Mr. Lee said that the lawsuit is based on a faulty understanding of Blackwell's statutory duties as the state elections chief, the Associated Press reports.

"Anyone who is objectively looking at the election system in Ohio knows that we have a bipartisan voting system that is run primarily at the county level, that bipartisan boards determined whether to place individual voting machines," he said.

Unlikely scenario

The California Legislature passed a bill that would give California's 55 electoral votes to the winner of the national popular vote, rather than the candidate who captured the state — but for now, the measure stands a slim chance of becoming reality.

That's because it could go into effect only if states with a combined total of 270 electoral votes — the number now required to win the presidency — agree to the same process.

Similar legislation is pending in Colorado, Illinois, Louisiana and Missouri, which have a combined 50 electoral votes. With California's 55, the legislation would still be less than halfway there.

The movement is a reaction to the 2000 presidential contest, when Democrat Al Gore won the nationwide popular vote, but lost the presidency to George W. Bush.

Democrats control the California Legislature. Gov. Arnold Schwarzenegger, a Republican, has yet to take a public position on the bill, passed Wednesday.

Primary leader

Rep. Katherine Harris holds a double-digit lead in the race for Florida's Republican U.S. Senate nomination less than a week before the primary, according to a poll released yesterday.

However, the poll also indicates that a large number of Republicans haven't settled on a candidate, and about a third of those supporting Mrs. Harris said they still might change their minds.

"If Representative Harris had only one opponent, she might be in deep trouble," said Peter Brown, assistant polling director for the Quinnipiac University Polling Institute, which conducted the survey last week. "But having three candidates splitting the anti-Harris vote is a major plus for her."

Mrs. Harris was favored by 38 percent of 317 likely Republican voters.

William McBride, a 34-year-old lawyer, was supported by 22 percent; retired Navy Adm. LeRoy Collins Jr. of Tampa was backed by 11 percent; and Peter Monroe, a real estate developer from Safety Harbor, received 3 percent.

The winner of the Sept. 5 primary faces incumbent Sen. Bill Nelson, a Democrat, in the November general election.

Burns Says Terrorists Drive Taxis By Day (AP-Y)

By Matt Gouras

AP, September 1, 2006

Republican Sen. Conrad Burns, whose recent comments have stirred controversy, says the United States is up against a faceless enemy of terrorists who "drive taxi cabs in the daytime and kill at night."

During a fundraiser Wednesday with first lady Laura Bush, the three-term Montana senator talked about terrorism, tax cuts and the money he has brought to his state. Burns is one of the more vulnerable Senate incumbents, facing a tough challenge from Democrat Jon Tester.

He has drawn criticism in recent weeks for calling his house painter a "nice little Guatemalan man" during a June speech. Burns, whose re-election campaign is pressing for tighter immigration controls, also suggested that the man might be an illegal immigrant. The campaign later said the worker is legal.

Burns, 71, also had to apologize after confronting members of a firefighting team at the Billings airport and telling them they had done a "piss-poor job," according to a state report. In July, the Hotshot crew had traveled 2,000 miles from Staunton, Va., to help dig fire lines for about a week around a 143-square-mile wildfire east of Billings.

At the campaign event with Bush, Burns talked about the war on terrorism, saying a "faceless enemy" of terrorists "drive taxi cabs in the daytime and kill at night."

The campaign said Thursday that the senator was simply pointing out terrorists can be anywhere.

"The point is there are terrorists that live amongst us. Not only here, but in Britain and the entire world," said spokesman Jason Klindt. "Whether they are taxi drivers or investment bankers, the fact remains that this is a new type of enemy."

Responding to Democratic complaints about Burns' verbal gaffes, Republicans argued that a Tester comment earlier this week was derogatory toward American Indians.

In an interview with The Seattle Times, Tester talked about the faith he has in his staff, and said, "Nobody has done anything to make me think they're trying to tomahawk me."

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Brock Lowrance, spokesman for the Montana Republican Party, said American Indians have long found "tomahawk" a derogatory term. American Indians are the state's largest minority group.

At the fundraiser, Bush described Burns as a strong advocate for Montana farmers and families.

"In Washington, Senator Burns is a respected voice on the issues facing rural communities in Montana and across the nation," Bush said.

Senate Rivals Talk Up Differences (BSUN)

By Jennifer Skalka

The Baltimore Sun, September 1, 2006

Attempting to create distance between their candidacies, Kweisi Mfume criticized rival Democratic U.S. Senate candidate Benjamin L. Cardin Thursday night for voting for the Patriot Act, not setting a timetable for troop withdrawal from Iraq and taking special interest money, while Cardin insisted that his long record of service and his ability to get laws passed in Washington make him an effective leader.

During their final live television debate before the Sept. 12 Democratic primary, each of the two leading contenders pitched himself as the best person to run against Lt. Gov. Michael S. Steele, the presumptive Republican nominee. Friends since they entered Congress together in 1987, Cardin, a 10-term congressman, and Mfume, the former head of the National Association for the Advancement of Colored People, bashed President Bush far more than they criticized each other.

They stressed the need for change in Washington.

"We'll both be a vote, but I think people want a vote and a voice, and that's where I think I'm a little different," said Mfume, who represented Baltimore in Congress for a decade. "I'm an unabashed advocate. I've been that way all my life. I fight for what I believe in. I don't wait for the momentum to start. I try to create the momentum."

Cardin emphasized his bipartisan experience. "I have brought about change in Washington," he said during the hour-long forum broadcast on Maryland Public Television and WBAL-TV. "I've changed our health care system. I have taken on the drug companies. I have taken on the insurance companies. I've taken on the oil companies. I've brought about change in the pension laws in America. Legislation that I have offered is now the law of the land."

For the first time, Mfume publicly criticized several of the congressman's views and votes. Mfume said he would not have voted for the USA Patriot Act, a contentious measure that expands police powers in an effort to track down terrorists.

He said that he -- unlike Cardin -- favors a timetable for the drawdown of troops in Iraq.

Mfume attempted to paint Cardin as a Washington insider and chastised him for taking campaign donations from special interests. He called for spending caps and publicly funded campaigns. "I want to serve one master when I go to the Senate," Mfume said. "That master is the people of this state."

Cardin responded by mentioning his vote for the campaign finance reform package sponsored by Arizona Sen. John McCain and Wisconsin Sen. Russ Feingold.

"There's too much campaign money in politics today, and people who are in public life spend too much time trying to raise money," he said.

Without mentioning Cardin by name, Mfume also sought to draw a distinction between the styles of the two longtime politicians, pitching himself as more dynamic and insinuating that after Cardin's 20 years in Congress he has "Potomac fever."

"I think you've got to have passion in politics; otherwise you're just wasting your time," Mfume said.

Cardin said he is not sure why he has a reputation as a staid lawmaker; his two granddaughters, he said, think he's the "funniest person in the world."

The candidates -- vying to replace retiring Democratic Sen. Paul S. Sarbanes -- at times tried to outdo each other in their critiques of the president. Cardin, who voted against the 2002 resolution allowing the president to use force in Iraq, called the conflict a "civil war" and said 10,000 American troops should return each month.

"I think the president is just wrong in trying to cast those of us who disagree with him as somehow not interested in the security of America or not patriotic," said Cardin, 62.

Mfume, 57, said the federal government has not only botched the war but has neglected to care for the soldiers who have served in Iraq. He compared the war to Vietnam and said reservists have been assigned too many tours of duty.

Mfume also said the money spent on the war -- about $310 billion -- could have been used to keep Americans safe at home. "We've got to use those funds to fight terrorism to do real homeland security," he said.

Both chided the Bush administration for secretly wiretapping Americans. Cardin said the country has "paid a heavy price" for the administration's use of subpoenas. He said he believes the president has violated the law.

"I've called for an investigation of the president because I believe he's abused the powers of his office," he said.

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Mfume said all branches of government must be notified and a court must approve such sweeping intelligence efforts. "Otherwise we move toward a monarchy, a dictatorship," he said. "That's what McCarthyism was all about."

A year after Hurricane Katrina devastated the Gulf Coast, Cardin also called for an investigation into the federal government's slow response. "We have yet to rebuild the levees to the protection that they should be built to," he said.

Mfume said Katrina reflects a broader problem that must be addressed: poverty.

"Katrina's been blowing through this society for a long time," he said. "It didn't start with a storm a year ago."

Asked what they would bring to the general election contest against Steele, Mfume, who is black, said that if he became the nominee, the matter of race would be "off the table" and issues would have to be addressed.

"You can't play that card, because the last time I looked, we were both of the same ilk," he said.

Cardin, who is white, said he is the more viable candidate, having won in his last congressional bid in three counties that went for Republican Gov. Robert L. Ehrlich Jr. in 2002. "I believe that I am prepared not only to win the primary but to win the general," Cardin said.

There were more fireworks outside the television studio before the debate. Although 18 Democratic candidates will appear on the primary ballot, only two were invited Thursday night under guidelines set by the League of Women Voters of Maryland, a co-sponsor. League officials said candidates who had received at least 15 percent support in a political poll could participate.

Three other Democratic candidates -- American University history professor Allan Lichtman, Montgomery County businessman Josh Rales and former Baltimore County Executive Dennis Rasmussen appeared outside MPT's Owings Mills studio Thursday night to protest their exclusion. With television cameras rolling, Lichtman was arrested by Baltimore County police when he refused to leave a vestibule inside the front doors of the studio. Lichtman's wife, Karyn Strickler, and Gail Dobson, a campaign volunteer, were also arrested, said Bill Toohey, a county police spokesman.

The three were awaiting charges of criminal trespass, Toohey said. If found guilty, each faces a maxi mum sentence of 6 months in jail or a potential fine of up to $1,000. "It's not the publicity we wanted," said Lindsay Miracle, the Lichtman campaign press secretary. "This is just a sad day for democracy."

Mfume, Cardin Stress Contrasts In TV Debate (WP)

By Matthew Mosk

The Washington Post, September 1, 2006

With less than two weeks to the Democratic primary, Maryland U.S. Senate candidates Kweisi Mfume and Benjamin L. Cardin tried to draw the sharpest contrasts they could in a calm, hour-long debate last night.

Throughout, the candidates spoke in measured tones but stridently against the Iraq war. They called for energy independence and universal health care and framed almost every comment around the notion that the nation needs to change direction.

But Mfume repeatedly took subtle but unmistakable digs at Cardin for what he said was a lack of passion and for the two decades he has spent in Washington. People in Washington get Potomac fever, Mfume said. "You get so close to the shores of the Potomac, you think God put you there. Well, people put you there."

Another theme Mfume repeated: "We'll both be a vote. But I'll be a vote and a voice."

Cardin, in turn, took pains to bring the discussion back to his record. He said his young granddaughters "think I'm the funniest person in the world, so I don't understand where this criticism comes from."

"Both of us will be strong voices," he said, but his record shows he can "work in a partisan environment and get results."

The two are among the 18 seeking their party's nomination, but this was a rare televised debate in a campaign that began 18 months ago. Thirty minutes before it began, police arrested one Democratic candidate -- American University professor Allan J. Lichtman -- who was locked out of the Maryland Public Television studio in Owings Mills. After a 15-minute standoff, Baltimore County police dragged Lichtman and his wife in handcuffs away from the studio's front door. He was charged with criminal trespass.

"This is Democracy?" Lichtman shouted repeatedly. "Let the voters decide."

Inside, the ire seemed reserved for President Bush. The president's approval ratings are lower in Maryland than in the nation as a whole, and Democrats believe this could put a strong wind behind their efforts in the general election.

The two candidates repeatedly lashed out against the president over the wars in Iraq and on terror and over his handling of the Hurricane Katrina response.

At one point, the two were asked if there was anything about the president of which they approved. Both easily wiggled out of the question, saying they agreed with some of the promises made by Bush, but regretted his failure to deliver on them.

"This president doesn't understand diplomacy," Cardin said about the war. On taxes, Cardin said, "This administration is the most irresponsible" in history.

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"This president is wrong," Mfume said when asked about the war. "Like the president, I'm old enough to remember Vietnam. We left in shame."

Mfume, who is trailing Cardin in most polls, made more efforts to draw out differences between them in their positions on the war. Mfume called for an immediate withdrawal of troops, and Cardin recommended bringing 10,000 of the 138,000 troops stationed in Iraq home each month. Mfume criticized Cardin's vote on an extension of the USA Patriot Act. Most pointedly, Mfume raised questions about what he said was the special-interest financing of Cardin's campaign.

Cardin has accepted money from political action committees, and Mfume has said he would refuse those funds. According to reports filed with the Federal Election Commission yesterday, Cardin has $1.6 million on hand, and Mfume has a little more than $300,000.

When Mfume took after Cardin over his decision to take money from special interests, Cardin responded by calling for strong campaign finance reform. But added that he had "stood up to the drug companies. I've stood up for the consumers of this country, and I'm proud of my record . . . Judge me on my record."

Cardin, in turn, tried to bring the debate back to his record, which he said distinguished him as a candidate. Though not present during the debate, several of the other Democrats seeking the nomination, as well as Green Party candidate Kevin B. Zeese, clustered outside the studio. It was their second day protesting their exclusion from the debate under rules devised by the League of Women Voters to narrow the field to only those who have consistently polled more than 15 percent.

They included Lichtman, Montgomery County businessman Josh Rales, who has invested more than $5 million of his own money in his bid and former Baltimore county executive Dennis Rasmussen.

The winner of the Democratic primary faces a tough general election challenge from a well-financed and well-known Republican, Maryland Lt. Gov. Michael S. Steele.

Mfume Takes Jabs At Cardin Votes (WT)

By S.a. Miller

The Washington Times, September 1, 2006

Kweisi Mfume, the underdog in Maryland's Democratic primary race for U.S. Senate, used a TV debate last night to criticize front-runner Rep. Benjamin L. Cardin.

Mr. Mfume, a former congressman and former president of the National Association for the Advancement of Colored People, faulted Mr. Cardin for taking special-interest money, voting against a timetable to withdraw troops from Iraq and voting to reauthorize the Patriot Act, an expansion of police powers to fight terrorism that detractors say tramples civil liberties.

"Unfortunately, my opponent voted for a Republican version of a new [Patriot Act] that was worse than the old bill," Mr. Mfume said during the live, one-hour debate. "It is extremely important that we do not throw out the Constitution ... when we are trying to find a way to protect ourselves."

Mr. Cardin defended himself by saying he "strongly supported a Patriot Act that protects civil liberties."

The debate was a rare TV opportunity for Mr. Mfume, who with roughly $170,000 in campaign funds has little money before the Sept. 12 primary to contrast himself with Mr. Cardin before a statewide audience.

Despite the occasional jab by Mr. Mfume, the tone of the debate between the two leading Democrats in the race was cordial. They agreed in general terms on most issues, including the need to end the Iraq war and improve access to health care.

The Democratic nominee elected in the primary will likely face Republican candidate Lt. Gov. Michael S. Steele in the Nov. 7 general election.

Mr. Steele, the first black person elected to statewide office in Maryland, is the Republican Party's first truly competitive Senate candidate in the state in a quarter century, largely because of his potential to win votes from blacks usually loyal to the Democratic Party.

A victory by Mr. Mfume in the primary could set up an unprecedented race between two black candidates for Senate.

However, Mr. Cardin remains the front-runner in the primary and the favorite candidate among most of the state's Democratic Party establishment.

The event was broadcast on Maryland Public Television, WBAL-TV in Baltimore and WAMU-FM radio (88.5), and was the first time Mr. Cardin and Mr. Mfume went head-to-head.

They participated in a debate June 18 that also included several of the 16 others seeking the Democratic nomination for senator.

Outside MPT studios in Owings Mills yesterday, three other Democratic candidates -- American University history professor Allan J. Lichtman, Bethesda millionaire Josh Rales and former Baltimore County Executive Dennis F. Rasmussen -- protested their exclusion from the debate.

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Mr. Lichtman, his wife, Karyn Strickler, and a campaign aide were arrested when they demanded entry to the MPT building and refused to leave when asked, said the Baltimore County Police Department.

The debate was only open to candidates who garnered at least 15 percent support in statewide polls, according to rules set by the event's sponsors, MPT and the League of Women Voters.

Mr. Cardin, who has a large enough war chest to sustain his TV ad blitz until the primary, led Mr. Mfume 43 percent to 30 percent in a recent statewide poll by nonpartisan Gonzales Research & Marketing Strategies.

Other polls have showed a much closer primary race, including a SurveyUSA poll for WUSA-TV (Channel 9) in which Mr. Mfume led Mr. Cardin 42 percent to 38 percent. Mr. Mfume has had a marked advantage among black voters in all the polls.

Lieberman Expects Cool Response (AP-Y)

By Andrew Miga, Associated Press Writer

AP, September 1, 2006

Sen. Joe Lieberman, whose independent re-election bid has rankled Democrats, says he expects a cold shoulder or two from Senate colleagues when he returns to Washington next week.

"Obviously, some of my colleagues may be coming up more directly to embrace me, some may be looking to avoid eye contact," the Connecticut senator said in a telephone interview Thursday with The Associated Press. "I'm just going to do my job and that will be that."

The three-term lawmaker is defying his party after his primary loss to Ned Lamont. Democratic leaders, including Senate Minority Leader Harry Reid of Nevada and other prominent senators, have abandoned Lieberman and rallied behind Lamont.

Lieberman said he is determined to stay his independent course — and is careful to separate personal relations from politics.

"I'm intent on making it business as usual as much as possible, which is to do my job for the people of Connecticut," Lieberman said of his return to Capitol Hill.

"I feel like I've got good personal relations with most of my colleagues, apart from the politics," he said. "We're all pros, and campaigns come and go."

He described the Senate as collegial.

"After all is said and done, I've always felt it's basically 100 people working in the same place," the veteran senator said.

Lieberman did not say whether he would attend the traditional Tuesday luncheon with other Democratic senators. He said the demands of the campaign could limit his Washington schedule, though he stressed he would be in the Senate for key votes and other business.

Lieberman, however, said he plans to attend party luncheons when he can.

"My bottom line on the caucus is, if I'm in Washington when a caucus is being held, I will go to the caucus as I normally do," he said.

Lamont, who plans to be in Washington next week for meetings with party leaders, union leaders and business groups, will not attend next week's party luncheon.

Lieberman said he has not asked colleagues for support for his independent campaign.

"I intentionally have not done that," he said. "I know the rules of the political game as it's normally played."

The senator noted that he lost his primary despite endorsements from several prominent Democrats. The vast majority of those Democrats have spurned Lieberman and lined up behind Lamont in the general election.

But Lieberman said he was heartened by the support of five colleagues: Sens. Ken Salazar, D-Colo., Mary Landrieu, D-La., Mark Pryor, D-Ark., Thomas Carper, D-Del., and Ben Nelson, D-Neb.

"I've been really grateful for some of the Democrats who called me up and said they'd stick with me," Lieberman said. "I don't know how much that means in Connecticut, but it means a lot to me."

Lieberman also noted that Maine Republican Sen. Susan Collins, who has endorsed him, had also offered to campaign with him. She is chairman of the Homeland Security and Governmental Affairs Committee. Lieberman is the panel's ranking Democrat.

Lieberman said he was returning to Washington with a sense of optimism about his chances in the three-way race that also includes Republican Alan Schlesinger.

"I feel good about where I am in the campaign," he said. "I feel good and it's in that spirit of optimism that I return to Washington next week."

Santorum Shrinks Casey's Poll Lead (WT)

By Charles Hurt

DOJ_NMG_0056678

The Washington Times, September 1, 2006

Sen. Rick Santorum, Pennsylvania Republican, has dramatically narrowed the huge poll lead held by state Treasurer Bob Casey Jr. in November's election, and Republican strategists say his tough stance on immigration has been a key factor.

"Rick's immigration message is resonating," said John Braybender, Mr. Santorum's media consultant, who has helped the campaign produce two immigration ads in recent months. "People understand that the immigration issue is much more far-reaching than just border states."

Internal polling by the Santorum campaign -- as well as by House and Senate campaigns across the country -- suggests that the immigration issue will help Republicans in November. Mr. Santorum was the highest-ranking Senate Republican to vote against a bill approved earlier this year that would grant citizenship rights to some 10 million illegal aliens. Mr. Casey has said he would have supported the bill, though he did not like everything in it.

"We did a certain amount of internal polling, and when it got to immigration, it was very clear," Mr. Braybender said. "Rick's position versus Casey's was overwhelming."

Voters, he said, see the issue as more than just illegal aliens streaming across the border. It's also about giving them Social Security benefits, waiving certain back taxes and other matters of lawfulness and fairness. In one ad released recently, Mr. Santorum tells viewers about his own immigrant background, but uses the opportunity to point out that his grandparents came here legally and obeyed all the immigration laws.

"If Casey or anyone else thinks this is not an issue in Pennsylvania, they should start talking to voters," Mr. Braybender said.

Earlier this year, polls had Mr. Santorum lagging far behind Mr. Casey, most by double-digit margins. One poll had Mr. Santorum 23 percentage points down. But in the past month, that margin has shrunk to about six percentage points, according to an average of polls compiled by the Web site RealClearPolitics.com.

A poll conducted last month by Strategic Vision found Mr. Casey leading Mr. Santorum by 47 percent to 41 percent. That same poll found Mr. Santorum 16 points behind earlier in the year. The pollsters also asked 1,200 likely Pennsylvania voters whether they supported granting amnesty to illegal aliens and whether they favored building a wall along the U.S.-Mexico border. Seventy-nine percent of respondents said they opposed amnesty; 82 percent said they support a wall. The poll has a three-percentage-point margin of error.

While some Republicans give the immigration issue most of the credit for Mr. Santorum's gains, campaign spokeswoman Virginia Davis pointed out that Mr. Santorum has discussed a wide array of issues.

"More and more Pennsylvanians are becoming engaged in the race and seeing the contrast between Senator Santorum, who has a record of working to protect our nation's security, reduce taxes and strengthen families, and Bob Casey Jr., who's running an issueless campaign devoid of any substance," she said.

Still, Casey spokesman Larry Smar said, Mr. Santorum's poll numbers are low.

"Rick Santorum is a two-term incumbent," he said. "He and his allies have spent over $7 million on ads, and Rick Santorum is still only getting 39 percent of the vote in the latest Keystone poll. People have had enough of Rick Santorum, and they want a change."

The two candidates will appear together Sunday on NBC's "Meet the Press" for their first debate of the campaign.

Democrats Hope To Reclaim GOP-controlled House (USAT)

USA Today, September 1, 2006

The Nov. 7 elections for the House of Representatives are shaping up to be the most pivotal since 1994, when Republicans swept into power for the first time in 40 years. President Bush's sagging popularity, the Iraq war and economic concerns could help Democrats pick up the 15 seats they need for control. Independent analysts such as Stuart Rothenberg and Charlie Cook say nearly 40 seats are up for grabs, most held by Republicans. The GOP held its majority in 2002 and 2004 because voters said it was the party they could trust on terrorism, an edge which surveys show it still holds.

Number of open seats

Includes vacancies and members who are retiring or seeking other office. Twenty-one are held by Republicans, 11 by Democrats and one by an independent. They include:

·Arizona — 8th District (Jim Kolbe, R, retiring)
·Colorado — 7th District (Bob Beauprez, R, running for governor)
·Iowa — 1st District (Jim Nussle, R, running for governor)
·Illinois — 17th District (Lane Evans, D, retiring)
·Ohio — 13th District (Sherrod Brown, D, running for U.S. Senate)
·Vermont — at large (Bernie Sanders, I, running for U.S. Senate)

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Economy

President Bush and other Republicans say the economy is strong, but polls show people are concerned about high gasoline prices and the cost of health care. Democratic candidates in these races stress pocketbook issues:

·Georgia — 12th District: Democratic Rep. John Barrow vs. Republican Max Burns

·Indiana — 2nd District: Republican Rep. Chris Chocola vs. Democrat Joe Donnelly

·Indiana — 8th District: Republican Rep. John Hostettler vs. Democrat Brad Ellsworth

·New York — 20th District: Republican Rep. John Sweeney vs. Democrat Kirsten Gillibrand

Ethics

Democrats hope to use Republican ties to convicted lobbyist Jack Abramoff to pick up seats. The corruption and influence-peddling scandal led to Rep. Bob Ney, R-Ohio, giving up his re-election bid last month. Ney denies wrongdoing. Races to watch:

·California — 4th District: Republican Rep. John Doolittle vs. Democrat Charlie Brown

·Louisiana — 2nd District: Democratic Rep. William Jefferson drew five primary opponents

·Pennsylvania — 10th District: Republican Rep. Don Sherwood vs. Democrat Chris Carney

·West Virginia — 1st District: Democratic Rep. Alan Mollohan vs. Republican Chris Wakim

Illegal immigration

Some conservatives want to seal the U.S.-Mexican border. Others in the GOP and most Democrats want to create citizenship and job opportunities for illegal immigrants. Races where it's an issue:

·Arizona — 5th District: Republican Rep. J.D. Hayworth vs. Democrat Harry Mitchell

·California — 11th District: Republican Rep. Richard Pombo vs. Democrat Jerry McNerney

·Colorado — 4th District: Republican Rep. Marilyn Musgrave vs. Democrat Angie Paccione

·South Carolina — 5th District: Democratic Rep. John Spratt vs. Republican Ralph Norman

Iraq

A recent USA TODAY/Gallup Poll shows 61% disapprove of the way President Bush is handling the war in Iraq. That could make a difference in races where the war and the administration's handling of it since the U.S.-led invasion are top issues. They include:

·Connecticut — 4th District: Republican Rep. Christopher Shays vs. Democrat Diane Farrell

·Pennsylvania — 8th District: Republican Rep. Michael Fitzpatrick vs. Democrat Patrick Murphy

·Texas — 17th District: Democratic Rep. Chet Edwards vs. Republican Van Taylor

·Washington — 8th District: Republican Rep. Dave Reichert vs. Democrat Darcy Burner

Midwest

The Midwest has lagged in job creation compared with the rest of the nation. Voter worries about the economy could go against incumbents and others in their parties running for election. Races to watch:

·Iowa — 3rd District: Democratic Rep. Leonard Boswell vs. Republican Jeff Lamberti

·Indiana — 9th District: Republican Rep. Mike Sodrel vs. Democrat Baron Hill

·Ohio — 1st District: Republican Rep. Steve Chabot vs. Democrat John Cranley

·Wisconsin — 8th District. Democratic primary Sept. 12 will pick a candidate to face State Assemblyman John Gard

Northeast

Anti-Bush sentiment and opposition to the Iraq war run high in this Democratic enclave, where several moderate Republicans face tough fights. They include:

·Connecticut — 2nd District: Republican Rep. Rob Simmons vs. Democrat Joe Courtney

·New York — 29th District: Republican Rep. Randy Kuhl vs. likely Democratic nominee Eric Massa. Primary on Sept. 12.

·Pennsylvania — 6th District: Republican Rep. Jim Gerlach vs. Democrat Lois Murphy

·Pennsylvania — 7th District: Republican Rep. Curt Weldon vs. Democrat Joe Sestak

Ties to President Bush

With their party leader's approval ratings hovering in the 40s, some GOP candidates in competitive districts are trying to fend off accusations by their Democratic opponents that they are “rubber stamps” for the administration. Key races:

·Ohio — 15th District: Republican Rep. Deborah Pryce vs. Democrat Mary Jo Kilroy

·Connecticut — 5th District: Republican Rep. Nancy Johnson vs. Democrat Chris Murphy

·Florida — 22nd District: Republican Rep. Clay Shaw vs. Democrat Ron Klein

·New Mexico — 1st District: Republican Rep. Heather Wilson vs. Democrat Patricia Madrid

Election Night clues

At 7 p.m. ET, keep an eye on Kentucky's 3rd District race between Republican Rep. Anne Northup and Democrat John Yarmuth. Northup has defied predictions of defeat in the past. If she loses this time, “this is going to be an awful night for

Republicans," says Amy Walter of the independent Cook Political Report. If there's a Democratic tidal wave, it will wash over three vulnerable Republicans — Christopher Shays, Nancy Johnson and Rob Simmons — in Connecticut first, where polls close at 8 p.m. ET.

Rookie politicians

·Former Washington Redskins quarterback Heath Shuler, a Democrat, is challenging Republican Rep. Charles Taylor in North Carolina's 11th District.

·Songwriter John Hall, a Democrat whose hits include Still the One for the band Orleans, hopes to unseat GOP Rep. Sue Kelly in New York's 19th District.

·Democrat Coleen Rowley, an ex-FBI whistleblower and Time magazine Person of the Year in 2002, is running against GOP Rep. John Kline in Minnesota's 2nd District.

Like father, like son

·Republican Gus Bilirakis in Florida and Democrat Chris Owens in New York want to succeed their retiring fathers, Mike and Major, respectively.

·Two congressional offspring are vying Sept. 12 for the Democratic nomination in Maryland's 3rd District: John Sarbanes, son of retiring Sen. Paul Sarbanes, and Peter Beilenson, son of former California representative Anthony Beilenson.

Republicans Tense As Voter Disillusionment Sets In (USAT)

By Jill Lawrence And Susan Page

USA Today, September 1, 2006

Ethical, social, economic issues — and Iraq war — have driven independents and even party's faithful away from GOP as midterm elections approach

EMMAUS, Pa. — The buzzing of 150 friends and neighbors quieted as Kathleen Miller told them about her older son, a Marine who was injured in Iraq, and her younger son, who is in the Army and has orders to go there in October.

"I am afraid," Miller said. "That's why we need Bob Casey, so he can join a Democratic Congress and help find a solution to this war."

Miller, a Democratic activist, delivered her stark message in a wood-and-brick barn decked with balloons, sparkly white lights and Casey himself. The state treasurer, son of the late governor Bob Casey, had a double-digit lead over two-term Republican Sen. Rick Santorum in a USA TODAY/Gallup Poll last week.

Iraq is one of several tides running against GOP candidates, driving away independent voters and some party faithful. Except for Missouri, independent voters in five Senate races polled by USA TODAY were swinging toward the Democrat. Party loyalty was stronger among Democrats than Republicans in every state but Ohio.

President Bush's anemic job approval, underscored this week by the anniversary of Hurricane Katrina, is a drag on Republicans almost everywhere. His rating hasn't risen above 42% in six months. Other problems facing Republicans:

·Corruption and ethics. The climate is particularly troubled for Ohio Republicans. Gov. Bob Taft last year pleaded no contest to charges that he violated state ethics laws. Rep. Bob Ney, under investigation for his ties to convicted lobbyist Jack Abramoff, said he would not seek re-election. Even Sen. Mike DeWine, not entangled in either scandal, says the issue hurts him.

In Montana, Sen. Conrad Burns was the top recipient of campaign donations from Abramoff, his clients and political allies. "Ethics is the issue" in the race, says political scientist James Lopach of the University of Montana. He says Burns is helped by his "folksy, agricultural, working-person" persona, but says Democrat Jon Tester, a farmer, is a strong challenger: "He also symbolizes what a lot of Montanans think of themselves — close to the land, hard-working, straightforward."

·Social issues. Some conservatives press views that are unpopular with a majority of Americans. Santorum, the No. 3 Senate Republican, is a national spokesman on cultural issues and helped lead last year's drive for congressional intervention in the Terri Schiavo case. He called court decisions allowing removal of the Florida woman's feeding tube "unconscionable."

In Missouri, voters will decide this fall whether to amend their constitution to protect embryonic stem cell research and ban human cloning. The initiative has thrust stem cell research, which has broad support in polls, into the forefront of the Senate race.

Democratic challenger Claire McCaskill has championed the cause. GOP Sen. Jim Talent opposes the initiative but says voters should reach their own decisions about a "very difficult moral issue."

Stem cell research divides business-oriented Republicans from the party's social conservatives, says political scientist Michael Minta of Washington University in St. Louis: "It's a dilemma" for the GOP.

·Economic issues. Stagnant wages, high gas prices and rising health care costs are top concerns in Pennsylvania and Ohio. "For working people … all things are going pretty bad right now," says Jim Sherwood, 42, a painter and union official from Cleveland.

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Sherwood and three other members of the Painters' Union were at Trinity Episcopal Cathedral in Cleveland to hear Senate candidate Sherrod Brown and others stump for a ballot initiative to increase the state minimum wage from $4.25 to $6.85 an hour.

"For 10 years, no minimum wage increase" at the federal level while members of Congress saw their pay rise six times, Brown, a seven-term House member, told the crowd. "That's not the kind of family values most of us believe in." He said later that Ohio voters feel their government "has betrayed them."

The next day, DeWine was just four blocks away to tout the jobs he's brought to Ohio. The two-term senator put on a hard hat and a safety vest to inspect work on the widening of Euclid Avenue. As a member of the Senate Appropriations Committee, DeWine says he landed $47 million for the project.

Later, sipping peppermint tea in a nearby coffee shop, DeWine acknowledged that the political climate was tough for Republicans. "We all swim in the same ocean," he said, and there are "choppy waters" this year.

Voters raised economic worries repeatedly at a Casey rally last week in Jim Thorpe, Pa. "The gap is ever-widening" between the rich and everyone else, said Ronald Rabenold, a fifth-grade teacher and union official from Lehighton.

Santorum says Casey's economic plan is higher taxes and bigger government. "He is sort of a European socialist," he said. Casey, who opposes Bush's tax cuts, laughed and called the tag "preposterous."

In the end, some experts say, national security could be the decisive issue — but unlike in most elections, it's unclear which party will benefit. "The Republicans are relying on this image of them being strong on defense and the war on terror, and their ability to portray Democrats as weak," says Bob Benenson, editor of the non-partisan CQPolitics.com. He adds: "This could be a totally different year."

The reason is Iraq. In recent USA TODAY/Gallup polls, majorities said it was a mistake to send U.S. troops and that they should come home either immediately or within a year.

Republican Peter Vaughan, an energy consultant in Pittsburgh, calls the U.S. presence in Iraq "a vexing question" and worries it will hurt Santorum. "My biggest fear is that we're not going to marshal enough support to win," he says.

Standing in Miller's barn, Casey says Santorum hasn't asked Bush the hard questions senators need to ask in a time of war. Santorum said in an interview that the tactics used to fight the war have not been "even close to perfect." But he added, "I'm perfectly happy to run this race on national security issues."

Brian Souerwine of Macungie embodies the tough electoral realities facing Santorum and his party. The retired teacher switched his registration from Republican to Democrat six months ago and plans to vote for Casey.

He doesn't like what's going on with Iraq, the economy or federal education policy. "There are a whole lot of disillusioned people in our country," Souerwine says.

Rodriguez Flip-flops On District 23 Race (SAEN)

By Greg Jefferson

San Antonio Express-News, September 1, 2006

He may be dropping back in.

Or maybe not.

Late Wednesday, Ciro Rodriguez told a group of San Antonio labor activists he was getting out of the chaotic eight-way race in the redrawn Congressional District 23 home to GOP incumbent Henry Bonilla.

Thursday morning, Rodriguez sounded even more emphatic, telling an Associated Press reporter: "I'm not going to be running and that's my decision based on family and personal reasons."

But Thursday afternoon, campaign spokeswoman Gina Castañeda called to say whoa. She said Rodriguez, a former four-term congressman, had gotten a flood of calls from supporters and, as a result, opted to give himself until 5 p.m. today to make up his mind.

"He's mulling it over," Castañeda said. "He's talking to his family and he's talking to his supporters." When asked about his comments the night before to the San Antonio AFL-CIO Central Labor Council, she said Rodriguez "acted in some haste."

Before the meeting, local union officials told Rodriguez they might withhold an endorsement in the race, which has five other Democrats. "That's when he said, Hey, we're clearly shooting ourselves in the foot," Castañeda said, and announced his intention to withdraw.

Union endorsements are no small matter to the long-time South Sider. In past campaigns, Rodriguez relied heavily on organized labor for contributions and volunteers.

"Without them, he'd have nothing," said Andy Hernandez, a political scientist at St. Mary's University.

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And union officials clearly considered Rodriguez, 59, a stand-out public servant. "Ciro has been labor's candidate since he was a school board representative" in the Harlandale Independent School District, said Alicia Garza, president of the San Antonio AFL-CIO Central Labor Council.

But if Rodriguez decides to stay in the race, he certainly didn't help himself Wednesday night. After he dropped his bombshell, the Central Labor Council threw its support to Albert Uresti, a Democratic rival and former San Antonio Fire Department district chief.

Following the local council's lead, the state AFL-CIO gave Uresti its own endorsement on Thursday. Ed Sills, spokesman for the Texas AFL-CIO, said Uresti would have had a hard time winning the endorsements if Rodriguez hadn't announced plans to withdraw.

The endorsements for the Nov. 7 special election don't come with promises of campaign contributions — those decisions are made at the national level, Sills said — but they guarantee a small army of volunteers. And Uresti likely will keep the endorsements, even if Rodriguez reverses himself.

"As far as endorsements go, it's a done deal," Garza said.

Thinking Rodriguez's word Wednesday was final, Uresti said his departure would bolster his race. "Nobody has the organization we have, and nobody has the inroads into the community that we have," said Uresti, whose younger brother, state Rep. Carlos Uresti, has a strong base on the South Side, the newest and possibly more Democrat-heavy part of District 23.

A panel of three federal judges redrew the District 23 on Aug. 4, responding to a U.S. Supreme Court ruling that Texas Republican leaders' 2003 redistricting violated the federal Voting Rights Act by removing 100,000 Hispanic voters. The new map pulled in most of southern Bexar County, making the district more competitive for Democrats.

Rodriguez represented the region from 1997 to 2004, when it was part of District 28.

The judges' decision forced a Nov. 7 special election open to all certified candidates in District 23 and four others affected by the redistricting.

Despite his high name identification in the area, Rodriguez's campaign — like most others in the race — has struggled for money. He told the Associated Press on Thursday morning that he hadn't raised enough money to put up a competitive campaign.

His campaign was $80,000 in debt at the end of June, but Rodriguez said that had been reduced to $7,000. "That's part of it, you've got to have the resources to make things happen," he said. There were "resources I was expecting to be able to kick in that I will not be able to."

Bonilla, meanwhile, is sitting on a war chest of more than $2million. Castañeda said Rodriguez is "leaning toward" withdrawal partly because of the funds at the seven-term incumbent's disposal.

But Democrat Lukin Gilliland Jr., an Alamo Heights businessman and rancher, has poured $500,000 of his own money into his campaign and says he has commitments for another $300,000.

A prodigious Democratic fundraiser, Gilliland said he also has the backing of many Democratic officeholders, including state Reps. Robert Puente of San Antonio and Pete Gallego of Alpine.

Other Democrats in the race are Rick Bolaños of El Paso, August "Augie" Beltran of San Antonio and Adrian DeLeon of Carrizo Springs. Craig T. Stephens, owner of a San Antonio engineering firm, is the lone independent in the mix.

Sen. Clinton Touts Woman For President (AP-Y)

By Marc Humbert

AP, September 1, 2006

Sen. Hillary Rodham Clinton, standing outside an abandoned knitting mill that will become the new home of the National Women's Hall of Fame, said Thursday she hopes America is ready for its first woman president.

"It just depends on when and if that happens," the former first lady said. "Stay tuned."

Clinton continued to duck questions about whether she will run for the White House in 2008, saying yet again she is completely focused on her re-election this year.

But Clinton said that when it comes to a woman holding what she called "the toughest job in the world, some day it will happen."

Clinton was on the campaign trail Thursday reaching out to women — a core group of supporters — in her front-running bid for a second Senate term, a race many see as a prelude to a run for president in two years.

Recent polls have shown Clinton far ahead of her rivals in the New York race, and with a distinct advantage among female voters.

A poll released last week by Quinnipiac University's Polling Institute found the job approval rating for the state's junior senator at 58 percent — 53 percent among male voters and 63 percent among women.

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But even some women who support Clinton's re-election this year aren't certain she should run for the White House in 2008, in large part because she is a woman.

Valerie Brechko, an elementary school teacher from Penn Yan, said Wednesday during a Clinton campaign stop that while she is a strong Clinton supporter, she doesn't want her to run in 2008 because she can't win.

"I don't feel that our country is willing or ready to vote a woman into that office," Brechko said. "I hate to say it — I'm definitely a women's libber — but they're just not ready."

Clinton faces a Sept. 12 primary against anti-Iraq war activist Jonathan Tasini. Former Yonkers Mayor John Spencer and Reagan-era Pentagon official Kathleen Troia "KT" McFarland are vying for the Republican Senate nomination.

Voters Hearing Countless Ways Of Saying 'Sorry' (NYT)

By Mark Leibovich

The New York Times, September 1, 2006

WASHINGTON, Aug. 31 — These are sorry days in American politics.

The Maryland comptroller, William Donald Schaefer, a former governor and Baltimore mayor, released a radio advertisement on Wednesday in which he apologized to anyone he had offended in his 50-year career, sins that ranged from ogling a woman at a public meeting to complaining that immigrants were not learning English fast enough.

Senator Conrad Burns, Republican of Montana, said Wednesday that the United States confronts a "faceless enemy" of terrorists who "drive cabs in the daytime and kill at night." Despite a hail of criticism on Thursday, Mr. Burns has not apologized for this remark as he did after complaining in July that a group of firefighters did not do a "goddamn thing" to stop a wildfire east of Billings.

Senator George Allen, Republican of Virginia, has been serially apologizing across Virginia since demeaning a man of Indian descent as "Macaca, or whatever his name is" at a campaign rally last month. Mr. Allen has been perhaps the most prodigious apologizer in what has been a spate of groveling across the political spectrum.

The contrite caucus includes Mayor C. Ray Nagin of New Orleans (who said he was "very sorry" after calling the site of the World Trade Center a "hole in the ground"); Senator Joseph R. Biden Jr., Democrat of Delaware, (who asked forgiveness after a C-Span microphone caught him saying "you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent"); a Florida Republican Congressional candidate, Tramm Hudson (who might have sunk his campaign by saying that blacks were bad swimmers); and Gov. Mitt Romney of Massachusetts, a Republican, (after using the term "tar baby" not long after the White House spokesman, Tony Snow, deployed the same phrase, which some consider to be a racist epithet).

When politicians make the ruinous mistake of actually saying what they mean in public — or, at the very least, breaching the talking-point orthodoxy that is demanded of them — they crack open an unintended window into their character. Public apologies are an effort to shut this window as quickly as possible.

Politicians have been apologizing for as long as they have been getting in trouble, of course. But the recent wave has been remarkable in its frequency and sweep. A Washington Republican Senate candidate, Mike McGavick, stunned many last month when he apologized on his campaign blog for "the very worst and most embarrassing things in my life," and then catalogued a roster that included a previously undisclosed drunken-driving citation from 13 years ago and a questionable campaign advertisement he allowed 18 years ago.

"None of these apologies are effective because no one believes them anymore," said Chuck Todd, editor of the daily political tip-sheet, Hotline.

The notion of political apologies has become cheapened by the caveats that often accompany, and dilute, them, Mr. Todd said.

Mr. Allen offers something of an object lesson. "I do apologize if he's offended by that" was Mr. Allen's first attempt in L'affaire Macaca before his mea culpas spiraled into progressive handwringing and culminated in a phone call to his victim, S. R. Sidarth, a 20-year-old volunteer for his opponent, James Webb. (The Webb campaign questioned whether the remark was a racist slur because macaca can refer to a monkey.)

As a general rule, apologies lose their potency as time elapses, a principle articulated by Alben W. Barkley, Harry S. Truman's vice president, who said, "If you have to eat crow, eat it while it's hot." This is especially true in a time of bloggers, live microphones and camera-toting "trackers" from rival campaigns, when any gaffe can immediately find its way onto the Internet.

Ted Widmer, a Brown University historian who was a speechwriter in the Clinton White House, breaks political apologies into several categories. He lists one as "the expression of regret," which is not quite an apology and is often recognizable by use of the passive voice (like Ronald Reagan's "mistakes were made" during the Iran-contra scandal). A variant, he said, involves vague terms like "some people might think I've been insensitive," and is often followed by an attack on "some people," often the media for blowing the transgression out of proportion.

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Mr. Widmer also describes the “surprise apology,” a show of contrition that often occurs many years after the fact. The genre is epitomized by Lee Atwater, the bare-knuckled Republican operative who, just before dying of cancer, issued several apologies to opponents he had attacked during his career.

Deborah Tannen, a Georgetown University linguist who is an expert on political discourse, said public apologies began to proliferate in the Clinton era.

President Bill Clinton brought in a confessional, talk-show ethic characterized by the early acknowledgment of “causing pain” in his marriage, a precursor to a sex scandal (and apologies) that marked his second term.

President Bush, conversely, has been characterized by his refusal to admit mistakes, a quality his supporters laud as steadfastness and detractors call arrogant.

But it was noteworthy this week when Mr. Bush said “I take full responsibility for the federal government’s response” to Hurricane Katrina. He did not apologize, however, as he did in June to a Los Angeles Times reporter whom he teased for wearing sunglasses at a press conference and who — unknown to Mr. Bush — was afflicted with a degenerative eye condition.

Mr. Burns, the Montana senator, is both an accomplished apologizer and non-apologizer. He demonstrated as much in June when he joked that “the nice little Guatemalan man” working on his house might be an illegal immigrant. He has not apologized for the quip, as he once did after calling Arabs “ragheads.”

“I can self-destruct in one sentence,” Mr. Burns, a former livestock auctioneer, recently told supporters. “Sometimes in one word.”

DeLay Has A Deal To Publish A Book (AP-Y)

By Suzanne Gamboa

AP, September 1, 2006

Former House Majority Leader Tom DeLay, with his career in elective office behind him, said Thursday he has a deal to publish a book.

"This is a book that's going to be the history of my career, how it furthered the conservative cause, with my spiritual walk and what I think the conservative cause ought to do next," DeLay, a born-again Christian, told The Associated Press.

DeLay said he'll explain how "everything I've done in my career furthered the conservative cause" and helped change the culture of Washington.

DeLay said the working title is "No Retreat, No Surrender: The American Passion of Tom DeLay." He declined to reveal how much he'll be paid. "Not as much as I wanted," he quipped.

The book will be published by Penguin and should be ready by next spring, he said. Stephen Mansfield, author of "The Faith of George W. Bush," is working on the book with DeLay.

DeLay retired in June after a 22-year career in Congress in which he rose to majority leader, the No. 2 job in the House. He represented a suburban Houston district centered in Sugar Land, Texas.

DeLay stepped down as majority leader, in compliance with Republican House rules, after he was charged in Texas with money laundering in a campaign finance investigation that he has labeled a political witch hunt. The case is pending.

He gave up efforts to reclaim the job after questions were raised about his associations with convicted ex-lobbyist Jack Abramoff in a federal influence peddling investigation. He has not been charged in that case and denies any wrongdoing.

DeLay won his March primary but withdrew from the race for his congressional seat after Democrats won several court decisions that prevented Republicans from replacing his name on the ballot. A court battle that went as high as the Supreme Court ensued over DeLay's effort to have himself declared ineligible so local party officials could pick his replacement on the ballot. The GOP lost that fight, and Republicans now hope to keep the seat in GOP hands with a write-in candidate.

More than a month out of Congress, DeLay has been speaking to conservative groups and looking for opportunities to get out his message.

"That's what I want to do, to keep pushing the conservative cause," he said.

Merkel Overtakes Rice As World's Most Powerful Woman: Forbes (AFP)

AFP, September 1, 2006

NEW YORK - German Chancellor Angela Merkel has overtaken US Secretary of State Condoleezza Rice as the world's most powerful woman, according to a Forbes Magazine list.

This time last year, Germany's first female chancellor was riding high in opinion polls as leader of the then-opposition conservative Christian Union but did not even feature in the ranks of Forbes's top 100 most powerful women.

And besides Chinese Vice President Wu Yi, who slid one place this year to number three, the rest of the top 10 are business executives, topped by the chief executive-designate of PepsiCo, Indian-born and educated Indra Nooyi.

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The magazine's third annual list sees talkshow host Oprah Winfrey dropping to 14th place and New York Senator Hillary Clinton rising from 26 to 18 as her expected campaign for the US presidency in 2008 gathers pace.

The Italian-born head of India's Congress party, Sonia Gandhi, came in at number 13, while Melinda Gates, co-founder of the Bill and Melinda Gates Foundation, jumped to 16 in a year in which the organisation doubled in size.

Merkel aside, the list includes three other women who emerged within the past year to become the first females to hold such high political office in their countries: Chilean President Michelle Bachelet (17), Liberian President Ellen Johnson-Sirleaf (51) and South Korean Prime Minister Han Myung-sook (68).

Among women working in the entertainment industry, Disney co-chairman Anne Sweeney came in at 15 ahead of MTV's chief executive Judy McGrath (52), Amy Pascal, the chairman of Sony Pictures Entertainment (60), and CBS Paramount TV's president Nancy Tellem (75).

Katie Couric, a CBS television network anchor, is the highest placed journalist at 54, ahead of globe-trotting CNN correspondent Christiane Amanpour (79).

Among other notables are US First Lady Laura Bush (43), Queen Elizabeth II (46), Myanmar's opposition leader democracy icon Aung San Suu Kyi (47), Playboy chairman Christie Hefner (80) and Jordan's Queen Rania (81).

Bush Assassination Drama Is Condemned As Tasteless (TO)

By Adam Sherwin

Times Online, September 1, 2006

Bush assassination drama is condemned as tasteless By Adam Sherwin, Media Correspondent

IT IS a shot that echoes around the world — President Bush being assassinated by a fanatical sniper in a Chicago hotel.

At least that is the story of a "shockingly real" Channel 4 film that is causing outrage among Americans.

Death of a President uses digital trickery, archive footage and actors to imagine the murder of President Bush and the descent into national paranoia that follows.

The feature-length drama will be screened on More4, Channel 4's digital sister channel, next month after a big-screen premiere at the Toronto Film Festival.

Channel 4 hopes to sell the film to US broadcasters but Americans in London declared it to be tasteless and expressed fears that it could encourage extremists in their home country.

The film is set in October next year, when "US foreign and domestic policies have polarised the country's electorate". Arriving in Chicago to make a speech to business leaders, the President is confronted by a large anti-war demonstration. He continues with his visit but as he leaves he is shot dead by a sniper.

The assassination scene explicitly recalls the attempt on President Reagan's life in 1981. John Hinckley fired six shots at close range as the President left the Washington Hilton hotel.

Americans were appalled at the Bush film. Michelle Bowman, 35, a consultant working in London, said: "Most Americans will find a film depicting the assassination of a sitting American president in very poor taste. I cannot imagine that any American broadcaster would show this film."

The White House refused to comment on the film, which it said "did not dignify a response", but a senior Republican Party official said: "It sounds like it's in very poor taste and in keeping with the tactics of liberal groups who have frequently tried to compare the president to Hitler and his policies to those of fascism."

The film is directed by Gabriel Range, who made the BBC drama The Day Britain Stopped, which imagined a chain of events that could paralyse the transport system.

Range told The Times: "We studied hours and hours of footage of Bush. The scenes are created by a mixture of special effects, stock footage and digitally compositing our actors on to the archive of Bush." He denied accusations of sensationalism. "The film is based on meticulous research and interviews with FBI agents and people on the other side of the War on Terror. It is a serious and sensitive film. There is no way that it would encourage anyone to assassinate Bush and usher in Cheney's America."

Peter Dale, the head of More4, said that the film combined a "gripping detective story" with a thought-provoking critique of contemporary US society.

He said: "It's a pointed political examination of what the War on Terror did to the American body politic. I'm sure that there will be people who will be upset by it but when you watch it you realise what a sophisticated piece of work it is."

More4 will also screen a sequel to A Very Social Secretary, its satire about David Blunkett's affairs. Robert Lindsay plays the lead role in The Trial of Tony Blair, which depicts the Prime Minister struggling to adapt to life out of office.

The comedy, written by Alistair Beaton, shows Mr Blair seeking absolution from the Roman Catholic Church as he seeks to evade a war crimes tribunal over his role in the Iraq invasion. Alexander Armstrong plays David Cameron in the satire.

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Michael Howard and Charles Kennedy front The 30 Greatest Political Comedies. The duo, described by Mr Dale as “the Morecambe and Wise of politics”, present the results of a poll of MPs that range from Till Death Us Do Part to The Thick of It.

Bush Film: Original Or Outrageous? (LAT)

By Tina Daunt

The Los Angeles Times, September 1, 2006

This column explores the intersection between celebrity and politics.

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A new film mixing archival footage and computer-generated special effects to portray the fictional assassination of President George W. Bush will premiere Sept. 10 at the prestigious Toronto Film Festival — and is already kicking off a firestorm of controversy.

British filmmaker Gabriel Range said "Death of a President" — which is done in a retrospective documentary style that has been described as eerily real — is intended to be a thought-provoking critique of the current political landscape.

"It's a striking premise," Range conceded in a statement. "But it's a serious film which I hope will open up the debate on where current U.S. foreign and domestic policies are taking us."

In the film, President Bush prepares to deliver a speech to business leaders in Chicago, where he is confronted by a massive antiwar demonstration. Unperturbed, Bush goes ahead with the visit, but as he leaves the venue, he is gunned down by a sniper. While the nation mourns, the hunt for his killer — a Syrian-born gunman — swings into action. Range said he reviewed hundreds of hours of footage of Bush to make the film as realistic as possible.

A call to the White House for comment was not immediately returned. Festival officials were unavailable for comment Thursday, but festival director Noah Cowan praised the film in a posting on the festival's website: "This is easily the most dangerous and breathtakingly original film I have encountered this year."

And it may be the year's most hotly debated film as well: The public relations firm representing the movie has been flooded with calls from media around the globe, and blogs are already lighting up with debate about the appropriateness of the subject matter.

This marriage

is a minefield

Celebrity divorces can get pretty messy, especially when the two sides fight over children and property.

But the pending divorce of Paul McCartney and Heather Mills McCartney may mark the first time that a charity is caught in the middle of an acrimonious split.

A charity backed by the former Beatle and his estranged wife has canceled a fundraising gala set for Oct. 11 in Los Angeles after McCartney said he would not attend, "given the current circumstances."

The gala was intended to raise money for the Adopt-a-Minefield campaign, a charity that Mills McCartney helped found. (In years past, the group's Los Angeles gala — always packed with celebs — has showcased performances by McCartney with a variety of other singers, including James Taylor, Brian Wilson and Paul Simon.)

McCartney, 64, and Mills McCartney, 38, announced their separation in May after a four-year marriage. The couple has a 2-year-old daughter, Beatrice.

A spokesman for McCartney said the singer-songwriter would be making a donation to the charity — which was expecting to raise $3 million this year — to compensate for the cancellation.

Not everyone's on Bono's bandwagon

Maybe rockers should just stay out of politics, suggests Rolling Stones guitarist Ronnie Wood.

Wood told the British tabloid the Sun that he refuses to get involved in high-profile causes like other fellow musicians do, because he doesn't think their efforts make a difference.

"I would never go into politics like Bono," the 59-year-old Wood told the paper. "[Bob] Geldof and him can keep trying until the end of the Earth, but it won't make a difference. I like to make people happy. Politics doesn't do that. Art does."

But others might beg to differ.

Bono is stepping up his push to raise money to fight AIDS and other diseases in Africa through his partnership with the American Express (Red) card. Victoria's Secret model Gisele Bündchen and Keseme Ole Parsapaet, a Masai warrior from Kenya, will appear in ads for the cause. "Being able to help and change other people's lives is wonderful and truly inspiring," Bundchen said this week.

They've got

all the answers

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A list of weighty questions — submitted via Internet by people around the globe — will be addressed by 112 global leaders, artists, musicians, activists, actors and others assembled by the website http://www.droppingknowledge.org .

Organizers for the site — which serves as a global kiosk for people seeking answers and information about pressing global issues, such as poverty in Third World countries — will hold the online town hall meeting in Berlin on Sept. 9.

Actor Willem Dafoe will moderate the event, posing the questions to panelists gathered around a huge table near Bebelplatz Square, site of Nazi book burnings in 1933. Among the participants are Cindy Sheehan, who has led grass-root protests against the U.S. war in Iraq; filmmaker Terry Gilliam ("Monty Python and the Holy Grail"); and Los Angeles guerrilla poster artist Robbie Conal.

For weeks, Internet surfers have been submitting questions — hundreds of them. The list will be narrowed to about 100.

One blogger, posting a comment on http://www.worldchanging.com , wanted the answer to only one question: "Someone should ask them where I left my keys."

Have you heard the one about … ?

The late-night talk-show hosts are back from their summer vacations, and they have lots to say about Pluto's recent demotion. Conspiracy theories were rampant.

"A panel of scientists voted to kick Pluto out of the solar system. They tried to explain the science of this to President Bush, but then they got fed up and just told him it got destroyed by the Death Star." — Bill Maher

"A bunch of astronomers got together and they have downsized the solar system. All through school as a kid didn't you think there were nine planets? No, as of today we have eight planets. They have voted Pluto out of the solar system. They have downgraded the solar system from nine to eight. It is similar to what's happened at 'The View.' " — David Letterman

"Leading astronomers have officially declared that Pluto is no longer a planet…. They think it may have something to do with Pluto's drinking and making anti-Semitic remarks." — Jay Leno

British TV Drama To Depict Bush Assassination (WP/AP)

The Washington Post, September 1, 2006

LONDON, Aug. 31 A British television network plans to broadcast a documentary-style dramatic film about a fictional assassination of President Bush, the network's head said Thursday.

The program, to be aired Oct. 9, uses actors and digital manipulation of real footage to show a fictional account of Bush being gunned down after delivering a speech in Chicago, Peter Dale, the head of More4, told a news conference. More4 is the digital offshoot of Britain's Channel 4.

"Death of a President," which will first be shown this month at the Toronto Film Festival, in September, focuses on all those linked to the pretend crime -- including nearby antiwar protesters, suspects, Secret Service guards and investigators, Dale said.

The White House declined to comment on the network's announcement, saying it would not dignify the program with a response.

"It's an extraordinarily gripping and powerful piece of work, a drama constructed like a documentary that looks back at the assassination of George Bush as the starting point for a very gripping detective story," Dale told reporters. "It's a pointed political examination of what the war on terror did to the American body politic."

Dale said he expected the film would upset some, but defended it as a sophisticated piece of work.

"It's not sensationalist or simplistic but a very thought-provoking, powerful drama," he said. "I hope people will see that the intention behind it is good."

"Death of a President" is directed by Gabriel Range, whose 2003 TV movie "The Day Britain Stopped" showed what might happen if the country's transportation network ground to a halt.

Jump Into The Risk Pool (WSJ)

By Ron Gettelfinger

The Wall Street Journal, September 1, 2006

You can find a solution to one of the most difficult problems facing American workers and employers by reading a single magazine article: "The Risk Pool" by Malcolm Gladwell, in the Aug. 28 issue of the New Yorker. Examining the roots of our current health-care and pension dilemma, Mr. Gladwell notes that when GM and the UAW were negotiating in 1950, CEO Charles Wilson favored a company-by-company approach to worker benefits. Walter Reuther and the UAW wanted a universal system that would include all workers and all employers.

"The labor movement," Mr. Gladwell writes, "believed that the safest and most efficient way to provide insurance against ill health or old age was to spread the costs and risks of benefits over the biggest and most diverse group possible. . . . [I]n most countries, the government, or large groups of companies, provides pensions and health insurance. The United States, by

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contrast, has over the past 50 years followed the lead of Charlie Wilson . . . and made individual companies responsible for the care of their retirees. It is this fact, as much as any other, that explains the current crisis. In 1950, Charlie Wilson was wrong and Walter Reuther was right."

The problems Mr. Gladwell writes about in the auto and steel industries are present throughout our economy. Starbucks, for example, operates in a competitive environment that is worlds away from manufacturing. But Starbucks now spends more money on health care than it does on coffee -- not unlike GM, which has for some time paid more money for health care than it does for steel.

Starbucks, like GM, is finding out the hard way that America's benefits crisis cannot be solved by any one company or industry. As Wilbur Ross, an investor in the steel and auto parts industries, explains to Mr. Gladwell: "Every country against which we compete has universal health care. That means we probably face a 15% cost disadvantage versus foreigners for no other reason than historical accident." Unfortunately, employers who seek to avoid the cost problems have transferred responsibility for health care and retirement to individual employees, through 401(k) plans, health savings accounts and other mechanisms.

But if pension and health benefits can't be adequately maintained by individual companies -- young retail giants like Starbucks or venerable manufacturing firms like GM -- then it makes no sense to transfer these obligations to individual households. We need to go in the opposite direction, so that we protect and develop well-funded public programs which cover every man, woman and child in America. If we don't, a writer who is not yet born will be writing 50 years from now about millions and millions of workers who once labored for firms with no pension or medical plans and now cannot afford to take care of themselves properly in their retirement years.

"The Risk Pool" is important not because of what it says about the past, but because it sets the right framework for discussing America's future. Mr. Gladwell is also author of "The Tipping Point," a book which argues that small events can have a large effect on complex systems. This Labor Day, let's hope that his recent New Yorker article becomes a tipping point in the national conversation we desperately need to have about health care and pensions.

Mr. Gettelfinger is president of the United Auto Workers.

AIDS Money Suddenly At Risk (NYT)

The New York Times, September 1, 2006

A lethal form of budgetary politics is at work in Congress. The proven formula for assisting AIDS-ridden urban areas that pioneered effective treatment programs is in danger of being radically altered to shift money to more rural states. Rather than increase spending to cover both real priorities — the cities' AIDS needs and the growing problem of H.I.V. in rural areas — current proposals would deny the cities tens of millions of dollars.

Nothing could be more foolhardy for the nation as a whole. The AIDS battle knows no boundaries and has hardly waned in New York, California, Florida, Illinois and the other states that first confronted the challenge a generation ago. The cuts being contemplated would be traumatic for the valuable mix of treatments now given to tens of thousands.

The Republican leadership hopes to rush this change through Congress soon after it returns next week in the renewal of the $2 billion AIDS spending program. A fairer formula is being sought by alarmed lawmakers from the states slated to be shortchanged. Republicans are trying to spread nonsense that this all about red state versus blue state. The real question is whether Congress would dare to turn the proven Comprehensive AIDS Resources Emergency Act into another demeaning pork-barrel competition. In effect, the potential urban losers stand to be penalized for having shown the way in fighting the AIDS scourge.

Lawmakers have been on a generous recess in which they drove spending for their own re-election lifelines to $300 million for television alone. It will take a relative pittance — perhaps $100 million more — to finance the AIDS fight across the board. Surely a Congress that repeatedly spends far more on favored pieces of hometown pork can find the wherewithal to see to this life-and-death issue for the entire nation.

Dissidents At Dartmouth (WSJ)

The Wall Street Journal, September 1, 2006

The left-leaning faction that dominates American higher education doesn't take kindly to strangers -- particularly those who challenge the prevailing academic orthodoxies. Just ask Harvard's Larry Summers.

Or consider the escalating governance controversy at Dartmouth College. A few reformers have achieved a bit of influence, and now the New Hampshire school's insular establishment is doing everything it can to run them out of Hanover.

Since 1891, Dartmouth has been among the handful of colleges and universities that allows alumni to elect leaders directly. At present, eight of the 18 members of the governing Board of Trustees are chosen by the popular vote of some 66,500

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graduates, from a slate nominated by a small, mostly unelected committee. (The remaining seats, reserved for major donors, are filled by appointment.)

In practice, the Trustees have been largely ornamental overseers, rubber-stamping the management decisions of the "progressive" college administration and faculty. The passivity of the Trustees owes, in part, to the fact that many official alumni representatives operate as a de facto wing of the establishment, pushing candidates who won't make trouble.

In 2004 and 2005, however, Dartmouth alumni were finally offered genuine choices. Over three successive Trustee contests, independent candidates bypassed the official channels and got onto the ballot by collecting alumni signatures. Each of the petition candidates -- T.J. Rodgers, a Silicon Valley CEO; Peter Robinson, a former Reagan speechwriter and current Hoover Institution fellow; and Todd Zywicki, a law professor -- ran on explicit platforms emphasizing academic standards, free speech and Dartmouth's acute leadership crisis. All three were unexpectedly elected by wide margins despite intense institutional opposition. Not only did the trend give expression to the general alumni discontent over how Dartmouth is being run (a rare thing in academia), but a critical mass was also building for more muscular stewardship, and, with it, fundamental change.

Dartmouth's inner circles, quite naturally, loathe all of this. And so the Alumni Council -- the representative body of sorts for the whole -- decided there was nothing to be done but change the rules. At issue is a new proposed constitution, cooked up in 2004 and constantly altered in response to events, that would "reform" the incorporation of the Trustees.

Most of the details are too tedious to go into here, but the new document is plainly designed to prevent outsiders from gaining still more Trusteeships. Most significant is a provision that would require prospective candidates to submit petitions before the official nominating committee selects its candidates. Not only would this vitiate the entire rationale for petition candidacies -- a last resort to express dissatisfaction with the status quo -- but it would allow the nominating committee to shape its slate against external challengers and split votes. These rules, like those in a casino, would game the odds in any given election in favor of the house.

The constitution is promoted as a measure to increase fairness and transparency, but in reality it would do neither. While the Alumni Council -- already a bureaucratic labyrinth -- is to be reorganized, it would actually become less representative, with more unelected positions with more power to pick Trustees than under the present arrangement. The revisions would also increase set-aside seats for groups defined by race or sexual orientation.

As if to redouble the throbbing of the tell-tale heart, the alumni executives recently "postponed" the elections for their own offices, in violation of their own bylaws, until after the constitution is given an up-or-down vote by the full alumni body. If it passes, the maneuver would entrench the leadership as currently comprised until at least 2009. Alumni would be left without democratically elected executives, let alone a say in Trustee nominations.

And so a pattern emerges at Dartmouth, one interminably replicated on other campuses: The academic establishment wants to consolidate its authority and exclude those who might deviate from the party line. But in a democracy, the results are not supposed to be foreordained. The new constitution will be put up for ratification by the alumni on September 15. Despite Dartmouth's troubles in recent years, we trust its graduates are bright enough to see this power play for what it is.

Iran Defies Deadline On Nuclear Program (WP)

By Dafna Linzer

The Washington Post, September 1, 2006

A defiant Iran faced the prospect of economic sanctions after U.N. inspectors reported that the country ignored yesterday's deadline to halt its nuclear program and has been hindering efforts to determine whether it seeks to secretly develop nuclear weapons.

President Bush, invoking the same language that he used to describe Iraq before the March 2003 invasion, called Iran a "grave threat" and said "there must be consequences" for Tehran's actions. "It is time for Iran to make a choice," Bush said in a speech to the American Legion's national convention in Salt Lake City.

His administration had offered to join talks with Iran and held out the possibility of future cooperation after 27 years' enmity, if Tehran met the United Nations' deadline for suspending its nuclear program. Yesterday, however, U.S. officials said they will demand international sanctions against the Iranian government.

"We are going to move this toward a sanctions resolution at the United Nations," said R. Nicholas Burns, undersecretary of state for political affairs. "We expect others to join us."

It is unclear how much support the White House has for the tough measures it hopes will force Iran to abandon a nuclear effort that has become a source of national pride. No world leader who commented on yesterday's events spoke in the stark terms that Bush used, and none of the president's closest allies said sanctions are certain.

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European officials expressed dismay with Iran but emphasized a commitment to negotiations; they scheduled a meeting next week with Ali Larijani, the Iranian government's point man on nuclear issues. European diplomats will meet with Burns the next day in Berlin to discuss their options.

Since his 2002 State of the Union speech, when he singled out Iran as part of an "axis of evil," Bush has tried without success to roll back Tehran's nuclear energy program. He has asserted, without offering proof, that it is a cover for weapons development.

Iran has insisted that the nuclear program, which it kept hidden for 18 years, is for the production of peaceful energy that it has a right to develop.

"The Iranian nation will not accept for one moment any bullying, invasion and violation of its rights," Iranian President Mahmoud Ahmadinejad said. He called the United States government "tyrannical." His foreign minister said Iran's program is transparently peaceful and will continue.

In yesterday's report, nuclear inspectors with the International Atomic Energy Agency detailed a mountain of circumstantial evidence, collected in the last three years, that suggests Iran is still concealing aspects of its nuclear program. In just six pages, the inspectors complained 18 times about Iran's lack of cooperation, including refusing to hand over crucial documents, denying access to facilities and a new policy of rejecting certain entry visas for some inspectors. As a result, inspectors said, they could not confirm "the peaceful nature of Iran's nuclear program."

But IAEA officials noted yesterday that they have not found proof of a weapons program and said Iran is still complying with basic, mandatory inspections that allow the agency to monitor all of its work with uranium. That access enabled the IAEA to report that Iran had "not suspended its enrichment related activities," as the Security Council required it to do by yesterday.

Inspectors reported that since April, when Iran began enriching uranium in a string of centrifuges, it has produced about six kilograms of uranium to levels consistent with an energy program. The material cannot be used for a weapon.

Iran began enriching another small quantity last week, but inspectors wrote that there have been more substantial pauses than progress. They noted that the Iranians are working at a much slower pace than the IAEA, outside nuclear experts and some foreign intelligence agencies had forecast.

Iran had said it would be operating three cascades by now, each with 164 centrifuges able to enrich uranium. Instead, one cascade is assembled and is working only sporadically.

"Their progress is far less than expected," said David Albright, a nuclear expert who is president of the Institute for Science and International Security. "Whether it's because of technical problems or self-restraint it's hard to gauge, but I don't think the U.S. can deliver on its promise to get hard sanctions when Iran is barely progressing."

Russia and China were reluctant to impose sanctions even before the report came out, playing down the need just weeks after U.S. officials felt they had received assurances from both countries to support such measures. Although many countries appear to share U.S. suspicions about Iran's intentions, they have profound differences with the Bush administration over how to respond and are apprehensive about the goals of a U.S. president who has said that "all options are on the table" in dealing with Tehran.

"Concerns about a slippery slope toward a military conflict with Iran have hurt U.S. efforts at diplomacy," said Robert J. Einhorn, who was assistant secretary of state for nonproliferation until November 2001. "The administration approaches the idea of negotiations with Iran as if we are prepared to take yes for an answer, but also engages in activities that suggest regime change is the real objective."

U.S. officials have refused to respond to questions about whether they are seeking the removal of Iran's clerical government. But they have given private assurances to allies that they are currently committed to diplomacy.

There were signs yesterday that Europe will maintain a steady role in that process. Larijani, the Iranian official, spoke by phone Saturday and Tuesday with Javier Solana, the senior representative of the European Union, in discussions both sides described as positive.

Privately, Iranian officials have said they would resume cooperation with inspectors and even consider freezing the nuclear program, but only after they restart talks with Europe and Washington.

In addition to several unanswered questions about the history of the program, inspectors detailed new ones in yesterday's report. A cylinder filled with uranium hexafluoride was temporarily moved by a technician at a uranium conversion plant in the town of Isfahan. No materials seem to be missing from the container, but inspectors expressed concern about the incident.

Also, traces of highly enriched uranium, which can be used for the core of a weapon, were discovered through environmental samples taken at another facility. Previous traces were found to have been the result of used and discarded centrifuge equipment the Iranians bought from Pakistan. Officials at the IAEA said privately yesterday that the new contamination appears to be from old spent fuel the Iranians moved out of harm's way during their eight-year war with Iraq.

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"I think the only thing that would move opponents of sanctions now is if the agency found unambiguously the 'smoking gun,' " Einhorn said.

U.S. Steps Up Pressure For Sanctions On Tehran (WSJ)

By Neil King Jr.

The Wall Street Journal, September 1, 2006

WASHINGTON -- The Bush administration faces another round of tough diplomacy over Iran's nuclear program, as other major powers appear less willing than the U.S. to impose stiff sanctions on Tehran after it spurned a United Nations deadline to end its uranium-enrichment work.

The International Atomic Energy Agency, in a report yesterday, confirmed that Iran continues to move ahead to enrich small amounts of uranium, which Iran insists are for civilian use but which have the potential to be upgraded for use in a nuclear weapon. The report also says that Tehran continues to impede the work of IAEA inspectors within Iran.

The latest assessment of Iran's nuclear program also highlights how Iran's government appears to be playing off fissures within the group of countries -- the U.S., Britain, France, Russia, China and Germany -- that will decide whether and how to punish Tehran. The first five are permanent members of the U.N. Security Council, while Germany has been deeply involved in negotiations with Iran. The IAEA report notes that, rather than pushing ahead swiftly on enrichment work, Iran in recent months has made halting and limited progress on its uranium project, thus making the need for sanctions seem less urgent.

"There must be consequences for Iran's defiance, and we must not allow Iran to develop a nuclear weapon," President Bush said in a speech to veterans in Utah. His ambassador to the U.N., John Bolton, said that Iran's refusal to give up its uranium work left no doubt that it is pursuing a nuclear weapon.

The U.S. and the other key countries passed a toughly worded U.N. resolution in late July demanding that Iran suspend its uranium work by Aug. 31 or face an increasingly stringent series of sanctions. But Russia and China have expressed reluctance to support steps that would harm Iran's economy or impede their growing trade ties with Tehran.

European diplomats, meanwhile, intend to give Iran at least another chance to explain its intentions. The European Union's foreign-policy chief, Javier Solana, is expected next week to meet again with chief Iranian nuclear negotiator Ali Larijani, in part to discuss Iran's ambiguous response last week to a package of international incentives presented to Tehran in June.

Senior Bush administration officials say the key is to keep the focus on Iran's defiance of the U.N. demand that the country end its uranium-enrichment work. "I have been talking to all the Europeans today, and everyone agrees that we have to move now toward a sanctions regime," Undersecretary of State Nicholas Burns said.

Mr. Burns will travel to Germany next week to talk with European partners about the next U.N. resolution on Iran, with negotiations commencing later at the U.N. "It's going to be a very complex discussion," he said.

The U.S. hopes to persuade the other key countries to adopt a first package of punishments that would focus on prohibiting exports to Iran's nuclear program, including a wide array of dual-use items. The measure may also include limiting the travel privileges of key Iranian officials.

That resolution would in turn threaten to impose still stiffer penalties if Iran remains defiant. U.S. officials acknowledge that it will prove increasingly difficult to persuade other countries to back still tougher punishments, especially ones that would impose wider restrictions on trade with Iran.

Acknowledging that the U.N. route could hit an early dead end, the U.S. is also pushing to cut off bank lending to Iran from Europe, the Gulf states and Asia, though U.S. officials concede that the effort has so far had only limited success. The U.S. is also beginning early discussions of trying to impose harsher economic sanctions outside of the U.N. system, possibly among a smaller group of European and Asian countries with significant exports to Iran.

Iranian President Mahmoud Ahmadinejad, meanwhile, is clearly hoping to chip away at what cohesion exists between Europe and the U.S. In a speech this week he urged Europe "to be independent" of Washington and "to settle problems through negotiations."

Iran Remains Steadfast In Pursuing Nuclear Plans As U.N. Deadline Arrives (NYT)

By Michael Slackman

The New York Times, September 1, 2006

TEHRAN, Aug. 31 — Iran remained defiant Thursday, ignoring a deadline set by the United Nations Security Council to suspend enrichment of uranium or face the threat of economic and political sanctions, which could choke its access to international banks and block the ability of its officials to travel abroad.

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As the hours ticked down to midnight, Iran's officials did not flatly reject the deadline. But for months they have remained adamant about pursuing enrichment, having turned the issue into a matter of national pride. In domestic political terms, they could hardly have reversed course at this point without risking a loss of face and credibility at home, political analysts here said.

Since his election in June 2005, Iran's president, Mahmoud Ahmadinejad, has been the public face of Iranian defiance to the West, and he was again on Thursday. As other Iranian officials worked foreign capitals to press their case and block sanctions, the president traveled to the northwest of Iran where he again denounced what he called "arrogant powers."

"They claim to be supporting freedom, but they support the most tyrannical governments in the world to pursue their own interests," he said at a crowded stadium in West Azerbaijan Province. "They talk about human rights while maintaining the most notorious prisons. Those powers that do not abide by God and follow evil are the main source of all the current problems of mankind."

In images broadcast on state television across Iran, the audience cheered the president while chanting: "Nuclear energy is our inalienable right."

The International Atomic Energy Agency confirmed in a report issued Thursday that Iran was enriching small amounts of uranium. It also deepened suspicions by reporting that inspectors had detected traces of highly enriched uranium at an Iranian nuclear facility. Iran has argued in the past that such traces came from contamination on equipment from Pakistan, but the inspectors said that these traces did not match samples provided by Pakistan.

But the inspectors drew no conclusions, writing that because Iran had denied them access to certain facilities the inspection team was unable to make "further progress in its efforts to verify the correctness and completeness of Iran's declarations" that it is running a peaceful nuclear program — and not developing weapons.

On Thursday, Muhammad Saeedi, the deputy leader of Iran's Atomic Energy Organization, told the official Iranian news agency that Iran was not "fully satisfied with the report," but that it showed "America's propaganda and politically motivated claims over Iran's nuclear program are baseless and based on American officials' hallucinations."

As it was shaping up, deadline day was likely to be less a climactic conclusion to years of conflict than another step down a lengthy road that has seen Iran, Western Europe and the United States battling over Iran's nuclear ambitions.

Even before the deadline, the United States, Britain, France and Germany were working to build a consensus for imposing strong sanctions on Iran. At the same time, Iranian officials worked feverishly to try to split the European coalition and to curry support from Russia and China, which have economic and energy interests in Iran and wield veto power on the Security Council.

In Germany, which is not a permanent member of the Security Council, the foreign minister, Frank-Walter Steinmeier, said in an interview in the daily Bild, that Iran had no use for a uranium-enrichment program other than to build a nuclear bomb. "We must prevent an Iranian atomic bomb," he said in the interview.

From Asia to Europe, Iran tried to lobby influential capitals, insisting that it was pursuing only peaceful nuclear energy, as it says is its right under the Nuclear Non-Proliferation Treaty, which it has signed. Without publicly stating it, Iran has hinted it is using access to its lucrative oil reserves as an incentive — and threat — in pressing its case.

After a brief visit to China on Tuesday, an Iranian envoy arrived in Tokyo on Wednesday to promote its nuclear agenda with senior officials. The backdrop to the discussion was Iran's persistent haggling with Japan over a multibillion-dollar deal that would allow Tokyo to co-explore Iran's Azadegan oil fields.

"The atmosphere is suitable for reaching a fair solution if the parties are willing to return to the negotiating table," Iran's deputy foreign minister, Abbas Araqchi, said in a meeting with Japanese officials on Thursday, according to Iran's official news agency.

The West has taken two paths in trying to persuade Iran to suspend enrichment: a package of economic incentives aimed at voluntary compliance and sanctions. On Aug. 22, Iran gave its response to the incentives package, ignoring the demand that it suspend enrichment immediately and instead calling for more talks and clarification of what it called more than 50 "ambiguities" in the incentives package.

Publicly, Iranian officials have displayed confidence that the five permanent members of the Security Council would not agree, at least in the near future, on a package of tough sanctions. They also publicly expressed indifference toward the pain that sanctions might cause.

"If they refuse to be logical, we will not be fearful and concerned," Mr. Ahmadinejad said at a news conference earlier in the week, when he was asked about the threat of sanctions. "We are able to protect our rights."

But the government's public posture was not unanimously accepted, as some began to express anxiety about the drag that sanctions could impose on an already troubled economy. Iran's official inflation rate is more than 10 percent, and unemployment is widespread.

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“Sanctions can face the country with serious economic pressures,” said Mohammad Ali Najafi, the former chief of the Planning and Management Organization, in a daily newspaper, Kargozaran. “Sanctions by U.N. Security Council would be much more harmful.”

The nuclear conflict has often been portrayed by Iranian officials as a beachhead against American influence in Iranian affairs. Officials and former officials routinely say that if Iran gives in, it would find itself pressured on many other fronts, such as human rights and support for Hezbollah in Lebanon.

Mahmoud Vaezi, a former deputy foreign minister, said that the United States appeared to want a confrontation, while Europe was signaling it might want “a kind of win-win deal.” The Europeans, he said, recognize the value of offering both sides a “face-saving” deal.

“But, of course, if this kind of pressure from the U.S. continues, we must continue to resist, and we cannot draw back,” he said.

Still, for all the attention world leaders were focusing on the nuclear standoff, people across Tehran seemed hardly moved by the looming deadline as they went about their business. Many said it was not that they were unconcerned, but that after living from one crisis to the next, it was hard to find the energy to get excited.

“The public is indifferent about this,” said Hassan Fashami, 70, who has sold newspapers for more than half a century at one of the busiest corners in central Tehran. “They have heard lots of noise. They are just tired.”

Up the block, Ahmed Zadeh, stood outside his small shop selling electronics. He said he was a concerned about the prospect of sanctions, but that few of his customers were. His biggest disappointment, he said, was that sanctions would only make it harder to procure American-made products. He said his biggest-selling items are American brands that he can stock because they are assembled in Japan or China.

“Of course I am worried,” he said. “I have been to different countries, to Rome, to Australia, to Asia. I have seen the world. I know what it is to have sanctions.”

Iran Defies U.N.; Sanctions Possible (AP)

By Nasser Karimi And George Jahn, Associated Press Writers

AP, September 1, 2006

Iran defied a U.N. deadline Thursday to stop enriching uranium, opening the door for sanctions, but U.S. and other officials said no action would be sought before a key European diplomat meets with Tehran's atomic chief next week to seek a compromise.

Iran's hard-line president, Mahmoud Ahmadinejad, lashed out at the United States, calling it "tyrannical" and insisting Tehran would not be "bullied" into giving up the right to use nuclear technology. Other Iranian officials said the country could withstand any punishment.

President Bush called for "consequences to Iran's defiance," saying the "world now faces a grave threat from the radical regime in Iran."

"We must not allow Iran to develop a nuclear weapon," Bush said in a speech in Salt Lake City. He said Washington hoped for a diplomatic solution, but insisted "it is time for Iran to make a choice" whether to cooperate with the United Nations.

John Bolton, U.S. ambassador to the United Nations, said the Security Council would wait to consider possible actions until after the European Union's foreign policy chief, Javier Solana, met with Ali Larijani, Iran's top nuclear negotiator, sometime in the middle of next week.

"We're certainly ready to proceed here in New York when we're given the instructions to do so," Bolton said.

U.N. Secretary-General Kofi Annan also was expected to raise the issue during a visit to Tehran this weekend.

Midnight Thursday — the last day of the Security Council deadline — passed with no change in the Iranian position.

The formal trigger for possible sanctions was provided by the International Atomic Energy Agency, based in Vienna, Austria.

In a report Thursday, the U.N. agency confirmed Tehran had not halted uranium enrichment as demanded by the Security Council and said three years of IAEA probing had been unable to confirm "the peaceful nature of Iran's nuclear program" because of lack of cooperation from Tehran.

Iran denies it is trying to acquire atomic weapons in violation of its commitments under the Nuclear Nonproliferation Treaty. Tehran insists its nuclear program is peaceful, with the sole aim of producing electricity with nuclear reactors.

The Security Council voted July 31 to impose the Thursday deadline for Iran to suspend uranium enrichment and asked the IAEA to report on Tehran's compliance, dangling the threat of sanctions if Iran refused.

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Still, with permanent council members Russia and China opposed to quick and harsh penalties, the council appeared ready to delay such action. Senior U.N. diplomats told The Associated Press that Iran had agreed to meet with European negotiators to try to find a compromise.

Confirming the plans, Bolton said the Security Council would wait to consider any action until after European Union envoy Javier Solana met with Ali Larijani, Iran's chief nuclear negotiator, sometime next week.

An official from one nation on the council said the meeting was tentatively set for Tuesday in Berlin. The official said senior officials from the U.S., Russia, China, Britain, France and Germany would meet in the German capital the following day. Those six nations offered rewards to Iran in June if it gave up enrichment — but warned of U.N. sanctions if it didn't.

Bolton told AP that while Washington "has extensive thoughts on what a possible U.N. resolution would look like, such discussion will await the outcome of the Solana meeting with Iran."

Still, he said the IAEA report added further weight to suspicions Iran is "engaged in activities that are only consistent with a weapons program."

Bolton declined to specify what sanctions the U.S. might seek. But U.S. and European diplomats have said they are focusing on low-level punishment at first to win backing from Russia and China. Proposals include travel bans on Iranian officials or a ban on the sale of dual-use technology to Iran.

More extreme sanctions would be a freeze on Iranian assets or a broader trade ban, but those would likely be opposed by Russia, China and perhaps others, particularly since it could cut off badly needed oil exports from Iran.

In Tehran, Foreign Ministry spokesman Hamid Reza Asefi shrugged off the possibility of sanctions, telling state-run television that Iran "will find a way to avoid pressure eventually."

Ahmadinejad denounced the United States, accusing it of trying to impose its will on Iran.

"They claim to be supporting freedom but they support the most tyrannical governments in the world to pursue their own interests," he told a crowd of thousands in the northwestern town of Orumiyeh.

"The Iranian nation will not succumb to bullying, invasion and the violation of its rights," Ahmadinejad said.

While stating "Iran has not suspended its enrichment activities," the restricted IAEA report, obtained by AP, did not specifically say Iran was carrying out enrichment Thursday. It said only that Tehran started work on a new batch Aug. 24.

But a senior official close to the agency said Iran's pilot centrifuge plant was processing small quantities of uranium gas for enrichment as late as Tuesday, the last day IAEA inspectors reported back to headquarters on Tehran's nuclear program.

Iran says it wants to develop a full-scale enrichment program to produce reactor fuel, but there is growing suspicion the oil-rich country wants to use enrichment to create fissile material for nuclear warheads.

The rest of the IAEA's report essentially documented a protracted stalemate between agency inspectors trying to determine if Tehran is seeking to make weapons and Iranian officials who have repeatedly refused to provide information.

While the findings on enrichment were expected, they were important because they provided the formal trigger needed for the Security Council to take up sanctions.

IAEA officials said the six-page report was hand-carried to the council chambers at the same time it was posted on the agency's intranet site for the 35 nations on the IAEA's board of governors.

Other key findings in the report from IAEA chief Mohamed ElBaradei:

· New findings of minute particles of highly enriched uranium at an Iranian technical university implicated in possible military work, although the report did not specify whether the level was weapons-grade.

· A decision by the Iranians to cut off IAEA access to suspicious diagrams apparently showing how to mold fissile material into the shape of a warhead and to destroy notes taken on the document by agency inspectors.

· The temporary barring of U.N. inspectors from an underground facility being built to house tens of thousands of centrifuges, the backbone of Iran's future enrichment program.

· Protracted delays in granting multiple entry visas to IAEA inspectors.

U.N. officials told AP that even Olli Heinonen, deputy IAEA director-general in charge of the Iran investigation, was left dangling. In an unprecedented move, Iranian officials initially issued him only a one-month visa before relenting and giving him the usual one-year entry pass Wednesday, a day before the report was released.

Nasser Karimi reported from Tehran and George Jahn from Vienna. Associated Press writers Lee Keath in Cairo, Egypt, and Nick Wadhams at the United Nations contributed to this report.

Bush Warns Iran Anew On Nuclear Program (AP-Y)

By Nedra Pickler

AP, September 1, 2006

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President Bush said Thursday that Iran has responded with defiance and delay to demands to stop enriching uranium and said "there must be consequences" for Tehran.

Bush put the nuclear standoff with Iran in a larger context, saying the violence in Lebanon this summer makes Tehran's designs on the world stage clear. He blamed Iran for supporting the Lebanese militant group Hezbollah, for helping to destabilize Iraq by sponsoring insurgents and supplying components for improvised explosive devices, and for denying basic human rights to millions of its own people.

"The world now faces a grave threat from the radical regime in Iran," the president said. "We know the depth of suffering that Iran's sponsorship of terrorists has brought. And we can imagine how much worse it would be if Iran were allowed to acquire nuclear weapons."

Bush delivered his starkest threat yet to Tehran in a speech to thousands of veterans at the American Legion convention.

"There must be consequences for Iran's defiance," he said, "and we must not allow Iran to develop a nuclear weapons."

Thursday was the deadline for Tehran to heed the U.N. Security Council demand to stop enrichment.

Bush discussed Iran in a speech dealing largely with the war in Iraq. He said opponents of the war in Iraq who are calling for a plan to bring home troops would create a disaster in the Middle East.

"Many of these folks are sincere and they're patriotic but they could be — they could not be more wrong," Bush said. "If America were to pull out before Iraq could defend itself, the consequences would be absolutely predictable, and absolutely disastrous. We would be handing Iraq over to our worst enemies — Saddam's former henchmen, armed groups with ties to Iran, and al-Qaida terrorists from all over the world who would suddenly have a base of operations far more valuable than Afghanistan under the Taliban."

Tehran Rebuffs U.N. Deadline; Bush Fires Back (WT/AP)

By Nasser Karimi

The Washington Times, September 1, 2006

TEHRAN -- Iran's president defiantly refused to compromise as a U.N. deadline for his country to stop enriching uranium arrived yesterday, prompting the United States to threaten sanctions against the Islamist regime -- with or without unanimous approval of the U.N. Security Council.

President Mahmoud Ahmadinejad told a crowd of thousands in the northwestern city of Orumiyeh "the Iranian nation will not accept for one moment any bullying, invasion and violation of its rights."

President Bush said "there must be consequences" for Tehran, adding that "the world now faces a grave threat from the radical regime in Iran."

The U.N. nuclear watchdog, the International Atomic Energy Agency (IAEA), said Iran showed no signs of freezing enrichment, adding that Tehran started work on a new batch Aug. 24.

U.S. Ambassador John R. Bolton said that the U.N. Security Council must be ready to impose sanctions. But he also said that unanimity in the council is not needed -- a reference to continued Chinese and Russian reluctance to move quickly on sanctions.

Mr. Bolton said that any move to penalize Iran will wait until the European Union's foreign-policy chief, Javier Solana, meets with Iran's top negotiator, Ali Larijani, sometime next week.

Iran's refusal to cooperate fully with the IAEA and its continued development of nuclear technology leave no doubt that it is seeking a nuclear bomb, Mr. Bolton told reporters. Iran contends its program is for peaceful purposes.

In Washington, Robert Joseph, undersecretary of state for arms control and international security, said the IAEA report was explicit in stating that Iran has failed to meet the demands of the Security Council regarding suspension of enrichment, as well as regarding transparency of its program.

"It is the most straightforward report from the IAEA to date," Mr. Joseph told The Washington Times. "It makes clear that Iran continues to defy the Security Council and the international community."

The report stated that Iran continues to feed uranium hexafluoride into its 164-machine centrifuge cascade and did so as late as Sunday.

It also said Iran is building additional facilities, including a second 164-centrifuge cascade and that work on a plutonium-based heavy-water reactor is continuing.

"It is a clear indictment, and the message is that Iran is moving forward with its nuclear program," Mr. Joseph said.

Mohammad Saeedi, the deputy head of Iran's Atomic Energy Organization, insisted the IAEA report showed Iran's cooperation. "Although the report does not meet our satisfaction ... it indicates that the [U.S.'s] groundless claims were based on the U.S. officials' illusions," Mr. Saeedi was quoted as saying by the state news agency.

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Mr. Bush blamed Iran for supporting the Lebanese militant group Hezbollah, for helping to destabilize Iraq by sponsoring insurgents and supplying components for improvised explosive devices, and for denying basic human rights to millions of its own people.

"The world now faces a grave threat from the radical regime in Iran," he told the American Legion convention in Salt Lake City. "We know the depth of suffering that Iran's sponsorship of terrorists has brought. And we can imagine how much worse it would be if Iran were allowed to acquire nuclear weapons.

"There must be consequences for Iran's defiance," he said, "and we must not allow Iran to develop nuclear weapons."

A Bush administration official said sanctions on Iran could be imposedwithin weeks.

The sanctions will include financial measures aimed at curbing Iran's weapons of mass destruction and missile programs and at limiting travel by Iranian officials.

More extreme sanctions could include a freeze on Iranian assets or a broader trade ban -- although opposition to that by Russia, China and perhaps others would be strong, particularly since it could cut off badly needed oil exports from Iran.

The deadline was widely reported on the front pages of major Iranian newspapers. The daily Aftab said the showdown offers "the enemies" a chance to ratchet up pressure on Iran. Another newspaper, Kargozaran, expressed doubt the U.S. would muster enough support within the Security Council for punitive sanctions.

Tehran insists it wants to enrich uranium as fuel solely for civilian nuclear-power stations. However, the U.S. and other Western countries think it wants to use it in nuclear weapons.

German Foreign Minister Frank-Walter Steinmeier expressed fresh suspicion that Iran is pursuing nuclear weapons and said in remarks published yesterday that Arab governments are equally worried about Tehran's ambitions.

"At the moment, Iran has no use whatsoever for enriched uranium -- unless it is planning to build the bomb," Mr. Steinmeier was quoted as saying in the newspaper Bild.

The United States, Russia, China, Britain, France and Germany offered the incentive package in exchange for a commitment from Tehran to freeze enrichment.

Iran Rejects U.N. Deadline To Cease Enrichment (USAT)

By Bill Nichols

USA Today, September 1, 2006

WASHINGTON — Iran refused to meet a United Nations deadline to stop enriching uranium by Thursday, and President Bush said “there must be consequences” for the Islamic regime in Tehran.

Bush, speaking at the American Legion convention in Salt Lake City, said the recent war between Iran-backed Hezbollah guerrillas and Israel in Lebanon showed “the world now faces a grave threat from the radical regime in Iran.”

A new report by the U.N. nuclear watchdog, the International Atomic Energy Agency (IAEA), said Iran continues to enrich uranium.

“The Iranian nation will not accept for one moment any bullying, invasion and violation of its rights,” Iranian President Mahmoud Ahmadinejad told a crowd in Orumiyeh.

John Bolton, the U.S. ambassador to the U.N., said the U.N. Security Council must be ready to impose sanctions. He said the council wouldn't discuss specific steps until European Union foreign policy chief Javier Solana meets with Iranian nuclear negotiator Ali Larijani next week.

In June, the United States, Britain, China, Germany, France and Russia proposed a package of incentives aimed at persuading Iran to halt research activities that could lead to the development of nuclear arms.

The Bush administration and its allies say the uranium program is making fuel for weapons. Iran says it is only for nuclear energy.

Thursday's IAEA report said that after three years of inspections, the agency still has not been able to confirm “the peaceful nature of Iran's nuclear program” because of a lack of cooperation from Iran.

The U.N. Security Council passed a resolution July 31 calling on Iran to halt its enrichment program by Aug. 31 or face possible sanctions.

Iran issued a 21-page response to the Western proposal last week. The State Department said it fell short of conditions set by the U.N.

Discussions are set to begin in Berlin next Wednesday between the United States and its allies about what kind of sanctions to push for.

Any penalties will have to be “pretty modest” in order to win support from Russia and China, said Robert Einhorn, a former assistant secretary of State for non-proliferation.

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Russia and China supported the July 31 resolution, but have downplayed the need for sanctions. Both have historic economic and political ties to Iran. The two countries — along with the United States, Britain and France — hold veto power on the Security Council.

Einhorn, an analyst at the Center for Strategic and International Studies, a Washington think tank, said possible sanctions include a travel ban for Iranian officials, a freeze on Iranian investments overseas or a ban on the sale of nuclear technology to Iran.

He said tough rhetoric from Iran indicates the regime believes that opposition by Russia and China will prevent the council from imposing harsher sanctions.

"The Iranians have long calculated that this would be a modest package and have probably decided that they can weather that storm, which is not hurricane-force. … They're probably confident that much tougher sanctions won't be imposed," Einhorn said.

George Perkovich, a non-proliferation expert at the Carnegie Endowment for International Peace, said that given the reluctance of Russia and China, the United States has few options other than accepting limited sanctions. Persuading the council to take far-reaching measures to truly pinch Iran could take "a long time … a very long time," he said.

In Iran, the passage of the deadline is viewed with anxiety because of the fear of a U.S military response, said Ismael Hossein-Zadeh, an Iranian-born professor at Drake University in Des Moines who last visited Iran in early July. He said most Iranians he spoke with support the nuclear research program and believe it is for peaceful purposes.

"They see this as something quite natural," Hossein-Zadeh said. "They resent what they see as efforts to deprive them of using this progress technology."

Highly Enriched Uranium Found At Iranian Plant (NYT)

By Elaine Sciolino

The New York Times, September 1, 2006

VIENNA, Aug. 31 — The global nuclear monitoring agency deepened suspicions on Thursday about Iran's nuclear program, reporting that inspectors had discovered new traces of highly enriched uranium at an Iranian facility.

Inspectors have found such uranium, which at extreme enrichment levels can fuel bombs, twice in the past. The International Atomic Energy Agency concluded that at least some of those samples came from contaminated equipment that Iran had obtained from Pakistan.

But in this case, the nuclear fingerprint of the particles did not match the other samples, an official familiar with the inspections said, raising questions about their origin.

In a six-page report to the United Nations Security Council on Thursday, the agency withheld judgment about where the material came from and whether it could be linked to a secret nuclear program.

Iran says that its nuclear program is intended only for the production of energy, which would use uranium enriched at far lower levels than the sample described in the report.

As expected, the report confirmed that Iran had continued producing enriched uranium, but only on a small scale and at relatively low levels, at its vast Natanz facility.

Thursday was the deadline set by the Security Council for Iran to freeze its enrichment-related activities. Iran's failure to comply means that it is vulnerable to further punitive action, perhaps economic and political penalties, either by the entire Council or a smaller group of countries led by the United States.

In a speech at the American Legion national convention in Salt Lake City, President Bush ratcheted up his warning to the Iranian leadership, saying that the war in Lebanon and Iran's support for Hezbollah "made it clearer than ever that the world now faces a grave threat from the radical regime in Iran."

He concluded by saying that while he was committed to a diplomatic solution to the confrontation with Iran, "There must be consequences for Iran's defiance, and we must not allow Iran to develop a nuclear weapon."

The European Union foreign policy chief, Javier Solana, and Iran's nuclear negotiator, Ali Larijani, are to meet in Europe next week in a final attempt to seek a way out of the impasse. Afterward, the major world powers will meet in Europe to discuss Iran's case. But Russia and China are resisting sanctions and Iran has shrugged off all threats, vowing to continue its nuclear activities even as it seeks negotiations.

As in the past, the nuclear agency painted a confusing and incomplete picture of the state of Iran's nuclear program, underscoring the limits of outside inspectors whose access to Iran's nuclear sites was curtailed by Iran early this year.

On one hand, the report makes clear that, as the official familiar with the inspections said, "Inspectors have not uncovered any concrete proof that Iran's nuclear program is of a military nature."

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On the other hand, the report captures the long pattern of confusion, stonewalling, partial disclosure of information and a minimum of cooperation under Iran's international obligations to the agency and details new suspicious activities.

Since February, when the agency referred the Iran dossier to the Security Council, Iran has drastically reduced the access of the international inspectors. The decision has limited or blocked inspections of hundreds of the country's atomic sites, programs and personnel; the result is more uncertainty and less information about Iran's progress in mastering the basics of uranium and plutonium, the foundations for both producing electricity and building bombs.

Most noteworthy in the report was the discovery of particles of highly enriched uranium on a container at a waste storage facility at Karaj, not far from Tehran.

The particles were taken from the container for testing a year ago, but the agency obtained the result only a few weeks ago because of the limited capacity of its verification laboratory.

In late 2003, the discovery of traces of highly enriched uranium in Iran touched off international concern about the country's nuclear intentions and raised questions about where the material had originated. Another find of the radioactive material earlier this year redoubled the sense of alarm.

But Thursday's disclosure was different, diplomats said. "This is the first case with no known linkage," said one European diplomat who could not be quoted by name because of diplomatic rules. "But we have to be careful because over time these things can be explained away, at least in theory."

Robert Joseph, the under secretary of state for arms control and international security, was cautious in talking about the new evidence, but said, "We need to be very concerned that Iran may well be undertaking experiments, and may be undertaking the construction of centrifuge machines, out of sight of I.A.E.A. inspectors."

Highly enriched uranium, containing 80 percent or more of the rare uranium-235 isotope, is considered bomb grade and can be fashioned into the core of a nuclear weapon.

Iran says its atomic program is meant to enrich uranium to the low levels of up to 5 percent for the production of nuclear power, but the United States calls that effort a cover for the acquisition of a nuclear arsenal.

The agency has written to Iran asking for an explanation of the source of the highly enriched particles, but has not received a response.

The report did not specify the level of the particles or whether they were weapons-grade quality. The official who was discussing the report refused to be drawn into that discussion, suggesting that such a definition was meaningless. "You cannot say weapons-grade, but very high," he said.

The report also concluded that Iran had continued to produce enriched uranium but on a modest scale, despite claims of various Iranian officials of plans to build and operate thousands of gas centrifuges on an industrial scale.

Indeed, Iran has built and operated only one 164-machine cascade or set of centrifuges, and other isolated machines.

Over the summer, the centrifuges did not produce enriched uranium continuously, but only for a few days and then often operated empty, the report said.

In addition, only a few kilograms of nuclear material was fed into the machines; only a small amount of uranium — tens of grams — was enriched, the official said.

"The qualitative and quantitative development of Iran's enrichment program continues to be fairly limited," the official said. He added, "From a technical point of view, we have not seen a very extensive experimentation with those machines."

The program appears to be lagging behind Iran's stated deadline to install 3,000 centrifuges at Natanz in the last quarter of this year.

The report documented Iran's refusal last summer to allow inspectors into an underground part of the Natanz facility and to give inspectors multiple-entry one-year visas for easy access to the country. Iranian officials since have backed down.

The report also faulted Iran for once again failing to answer questions and provide documents and access on a wide range of issues, some of which have been outstanding for more than three years.

"There is a standstill" in resolving these issues, said the official, who spoke on condition of anonymity because of normal diplomatic rules. The agency, he added, is losing confidence that it can give the world assurances about the "completeness" of Iran's program.

U.N. Nuclear Agency Faults Iran (LAT)

By Alissa J. Rubin And Maggie Farley

The Los Angeles Times, September 1, 2006

VIENNA — Iran has continued to enrich uranium in defiance of a United Nations deadline to halt such work and has offered minimal cooperation with inspectors trying to assess whether its program is for peaceful purposes, the U.N.'s nuclear watchdog reported Thursday.

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Iran's defiance, while hardly unexpected, paves the way for the start of Security Council debate over international sanctions against the Islamic Republic; the United States has taken the lead in the campaign to penalize Tehran. China and Russia, both of which have veto power, have expressed misgivings about any move in that direction.

Iranian President Mahmoud Ahmadinejad said Thursday that his country "will not accept for one moment any bullying, invasion and violation of its rights."

Speaking to a crowd in the northwestern Iranian city of Orumiyeh, he urged defiance, and described the United States as "the main source of the problems of mankind."

President Bush, speaking in Salt Lake City, described Iran as a "grave threat" to the world and called on other nations to help stop its nuclear efforts. "There must be consequences for Iran's defiance," he said. "And we must not allow Iran to develop nuclear weapons."

U.S. Ambassador to the U.N. John R. Bolton said the Security Council would not start discussing possible sanctions until next week, after the European Union's foreign policy chief, Javier Solana, meets with Ali Larijani, Iran's top nuclear negotiator.

"We're certainly ready to proceed here in New York when we're given the instructions to do so," Bolton said.

The International Atomic Energy Agency report says Iran continues to enrich uranium at its Natanz facility and still denies inspectors access to individuals who are key to answering questions about Tehran's nuclear program.

Iran also has refused or delayed requests by inspectors to review records and take uranium samples so that experts can assess the percentage of enrichment Tehran has achieved — information necessary for evaluating whether Iran's program might have a military aspect.

Uranium when enriched to low levels can be used to generate electricity, but when more highly enriched, it can be used as the core of an atomic weapon.

The report also raises questions about newly detected highly enriched uranium on equipment tested by inspectors.

There was "no progress at all this summer … nothing in terms of substantive progress," said a senior official close to the IAEA, referring to Iran's failure to answer long-standing questions and assuage fears that it may be attempting to gain the expertise to manufacture a nuclear weapon.

Tehran operated a clandestine nuclear program for 18 years before it was uncovered in 2002. Since then, the Vienna-based IAEA has been trying to learn if it was intended for civilian purposes including the generation of nuclear power, as Iran has said.

Many countries believe Iran is attempting to gain the capability to make a bomb.

The council had set Aug. 31 as the deadline for Iran to suspend uranium enrichment. The senior official said that as of Tuesday, when inspectors last checked, Iran was continuing to feed uranium gas into centrifuges used to isolate an isotope of uranium needed for a nuclear reaction.

So far, Iran has enriched only extremely small amounts of uranium, said the senior official, who spoke on condition of anonymity. The U.N. agency's report says Iran has reported enriching uranium to a level far below what would be required for a bomb. But inspectors have not been able to verify that assertion.

The U.S. has called for the swift enactment of economic sanctions; but with other countries leery of confrontation, it is advocating relatively mild moves initially.

The first step would be a ban on the export of nuclear- or missile-related materials to Iran and perhaps a travel ban or asset freeze for key Iranian officials, U.S. officials said.

Bolton and other State Department officials said they were optimistic about persuading Russia and China to agree to the initial sanctions, citing a July agreement that included the two nations' foreign ministers indicating support for such steps.

But Russia's defense minister, Sergei B. Ivanov, said last week that the situation in Iran was "not urgent" and that sanctions were rarely effective.

Moscow's reticence may be bolstered by the IAEA report, which indicates that Iran has moved slowly to build its pilot enrichment plant and has enriched only very small amounts of uranium.

Russia is unlikely to back a ban on nuclear-related materials because it is Iran's key partner in building nuclear power plants, diplomats said. Russia and China both have an interest in Iranian oil.

Even France and Germany, usually allied with the United States on Iran policy, appear reluctant to move quickly.

Regarding the newly discovered evidence of contamination by enriched uranium mentioned in the IAEA report, the senior official said the traces had been found on containers at a waste storage site.

The contamination did not resemble previous contamination believed to have come from equipment imported from Pakistan.

"If you're telling me it doesn't come from equipment from another country, then it shouldn't be there," said a Western diplomat familiar with Iran's program.

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Thursday's report: The United Nations' nuclear watchdog agency reported that Iran had failed to halt efforts to enrich uranium by the Aug. 31 deadline set by the U.N. Security Council. The Islamic Republic insists that its program aims only to provide fuel for civilian nuclear power plants, but the U.S. and other Western powers fear it will lead to development of nuclear weapons.

Start of the crisis: In August 2002, an Iranian exile group reported the existence of a uranium enrichment facility at Natanz and a heavy-water plant at Arak. Later that year, the Bush administration accused Iran of an "across-the-board pursuit of weapons of mass destruction."

The EU-3: Three European Union nations -- Britain, France and Germany -- launched negotiations with Tehran; the Bush administration declined to join the talks. In 2003, the EU-3 won agreement from Iran to suspend enrichment activities and allow inspections of nuclear facilities. But two years later, the U.N. nuclear watchdog agency reported that Tehran had resumed the conversion of raw uranium into gas at a plant in Esfahan, a step toward enrichment.

International action: Last February, the U.N. nuclear watchdog agency voted to report Iran's nuclear program to the Security Council. In subsequent reports, the agency told the council that it could not verify that Tehran's atomic activities were peaceful. Iran continued to insist that it had the right to pursue its nuclear program.

What's next: The U.N. is to debate imposing economic sanctions on Iran.

Gingrich Opposed To U.S. Strike On Iran (WT)

By Ralph Z. Hallow

The Washington Times, September 1, 2006

ROME -- Former House Speaker Newt Gingrich this week moved a step further toward casting himself as the conservative alternative to Sen. John McCain in a possible run for the 2008 Republican presidential nomination.

In an impromptu speech during a Mediterranean cruise that hosted scores of conservative donors and activists, the Georgia Republican expressed unexpected skepticism about prospects of military intervention to halt Iran's nuclear program.

"I am opposed to a military strike on Iran because I don't think it accomplishes very much in the long run," said Mr. Gingrich, who supported the U.S.-led invasion of Iraq and has been a strong defender of Israel.

"I think if this regime [in Iran] is so dangerous that we can't afford to let them have nuclear weapons, we need a strategy to replace the regime," Mr. Gingrich said. "And the first place you start is where Ronald Reagan did in Eastern Europe with a comprehensive strategy that relied on economic, political, diplomatic, information and intelligence" means.

The statement represented a significant modification of one of his most hawkish foreign-policy views.

Earlier this year, he said, "A nonviolent solution that allows the terrorists to become better trained, better organized, more numerous and better armed is a defeat. A nonviolent solution that leads to North Korean and Iranian nuclear weapons threatening us across the planet is a defeat."

Mr. Gingrich was a guest speaker and panelist on a 10-day "Freedom Cruise" sponsored by the Virginia-based Freedom Alliance that featured 16 other well-known conservatives, including Reagan administration Attorney General Edwin Meese, former National Review publisher William Rusher, Reagan White House national security aide Oliver L. North and former Georgia Rep. Bob Barr.

Mr. Gingrich said he has not yet decided whether to seek the presidency in 2008. But during several panel discussions open only to the Freedom Cruise audience -- about 160 donors to conservative organizations -- participants made clear their antipathy toward Mr. McCain, the Arizona senator who currently leads in polls of prospective Republican presidential candidates.

When the audience was asked at one event for a show of opposition to Mr. McCain, a sea of hands went up. Asked for a show of McCain supporters, only two hands were raised.

The conservative group also showed considerable affection toward Mr. Gingrich and a clear disinclination so far to coalesce behind any one of the other top potential 2008 Republican contenders, such as Virginia Sen. George Allen, Massachusetts Gov. Mitt Romney, former New York Mayor Rudolph W. Giuliani, Senate Majority Leader Bill Frist and Arkansas Gov. Mike Huckabee.

The unambiguity of Mr. Gingrich's own political ambition emerged when, through an intermediary, he obtained permission from the captain of the Noordam, a Holland American Line ship, to address the nearly 2,000 vacationing passengers aboard the ship.

As news spread that Mr. Gingrich was aboard the vessel and would give a half-hour speech and take questions for another half hour, the ship's largest auditorium filled with some 900 passengers.

But the response that showed the greatest change in Mr. Gingrich as a politician and public speaker came when an audience member asked, "Should we allow Iran to build nuclear weapons or should we intervene militarily?"

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Rather than the quick, hawkish response for which he has been known throughout his long career in politics, Mr. Gingrich paused and appeared to weigh his answer. Finally, he said, "Iran is a very big country. They've had 20 years to hide their activities underground. I know that they have at least one facility the size of two aircraft carriers that is entirely underground."

He paused again, then said, "I don't know what will happen right now because Washington is very confused. And you have all the political pressure and the side effects of the Iraq campaign -- and you have the way the news media operates."

After saying he opposed military action against Iran, he said that "in North Korea and Iran, we should have a conscious strategy that starts from a simple premise" that many residents of both countries hate their leaders and political system.

"I think our position should be that we don't expect Iranian President Mahmoud Ahmadinejad to be around for very long," he said. "But we think the Iranians are going to get rid of him. We're not. But then I would do everything I could to make that possible."

Tehran Enforces Islamic Dress Code (WT)

By David Blair

The Washington Times, September 1, 2006

LONDON -- Police in Iran's capital, Tehran, have stopped almost 64,000 women and warned them against breaching strict Muslim dress codes in the last month alone.

The authorities have chosen the height of summer for a new crackdown to ensure that women cover their heads with veils and their bodies with long, heavy overcoats whenever they are in public.

For years, Iran's police turned a blind eye when young women pushed the boundaries of the rules by wearing the flimsiest of veils or displaying painted toenails in open sandals.

But President Mahmoud Ahmadinejad's deeply conservative regime is steadily reversing this trend.

Police in Tehran have been given orders to caution any woman they deem to be "badly veiled." Thousands are being stopped every day.

Mohammad Reza Alipour, from the capital's police force, said that 63,963 women had been given a warning in the past month, with some making a "written pledge to dress properly."

Observers say Mr. Ahmadinejad has ordered the new, hard-line approach.

"We are certainly seeing a return to behavior we haven't seen for 10 years," said Hadi Ghaemi, the Iran researcher for Human Rights Watch. "Generally, the imposition of strict Islamic codes has been increasing under Ahmadinejad."

The fate of women who police decide are "badly veiled" depends on the whims of the officers concerned. They may be released with a caution, or taken to a police station and bailed out. Those with political connections are usually treated leniently. Others may be detained.

"The person could end up in jail depending on their relationship with the authorities," Mr. Ghaemi said.

In Tehran, This Guys' Night Out Is About Getting Down To The Hard Line (WP)

By Karl Vick

The Washington Post, September 1, 2006

TEHRAN The weekly gathering of those who still believe most in the Islamic Revolution was to start promptly at 5 p.m. The time was right there in the lower left-hand corner of Ya Lesarat al-Hussein, the hard-line weekly newspaper that sponsors the Sunday gathering.

The paper's name, which translates as "Those Who Want to Avenge the Blood of Hussein," suggests the militant flavor the gathering is intended to nurse, 27 years after the revolution that brought the clerics to power in Iran. A couple of dozen of the faithful are already in the evenly lit basement of the capital headquarters of Ansar al-Hezbollah, or Friends of the Party of God, a paramilitary group whose members were called on many a time in the previous decade to break the ranks, if not the skulls, of student protesters.

Leaving their shoes in the racks at the top of the stairs, they pad past posters trumpeting the pan-Islamic goals -- "One Day the Land of Palestine Will Be Returned to the World of Islam" -- articulated by the late Ayatollah Ruhollah Khomeini, whose virtues the guest speaker will extol when he shows up. Meanwhile, they fold their legs under themselves and read.

A slender young man moves through the silence, newsprint hung over his forearm like a waiter's towel. He hands out Partosokhan, or "In the Light of Discourse." A balding man opens to an article on the lamentable state of Iranian textiles; the world's only Islamic theocracy is importing chadors, the enveloping black robes whose name literally translates as "tent."

Another problem: Many young women aren't even wearing them, preferring fashionable scarves and snug jackets that stretch the definition of hijab , or head covering. A second young man circulates handbills announcing a march against such immodesty, on the coming Friday, after prayers. (No one will show up.)

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"Mourning songs?" asks another man, handing out CDs from a stack. His white beard is neatly trimmed and he wears a pinstriped double-breasted suit. The room he moves through has the feel of a weeknight function in a church basement, except everyone's sitting on the carpet.

The last gaps are disappearing -- elbows drawn in to make room, shoulders touched in greeting -- when Mehdi Koochakzadeh strides in on long legs. Slender, bearded, strings on his glasses, he takes the only seat in the room and commences on the advertised topic: the thoughts and character of Khomeini. He waves a thick stack of quotations by the cleric whose charisma and religious authority held the Islamic Republic together through its first decade, until his death in 1989. Since then, there's been a certain amount of improvisation.

"We have no such thing as majority rule in Islam," Koochakzadeh proclaims. "If the majority says, 'We don't want an Islamic regime,' they have no right."

If it seems a strange statement from an elected member of parliament, this goes unremarked. But when, at 6:40, Koochakzadeh announces that "someone is picking me up at 7:15," a young man in the back pipes up: "Well, that's as usual. Officials are always coming to talk to us. They never listen. They never ask our opinion."

The speaker waves another quotation. Khomeini said: "What we should have in mind is the satisfaction of God, not the satisfaction of the people." The legislator adds: "They know nothing. They have no right to make a decision."

He has an eye on the clock. It's after 7. But the crowd is restless, and before Koochakzadeh can leave, someone sets a stack of papers on the desk -- written questions from the audience.

"There are several ladies in the place where I work who are not observing hijab and who make fun of me for being a Hezbolli. What should I do?"

Koochakzadeh looks up. To maintain public peace, Iran's conservatives have given youth a measure of freedom that somehow disempowers the men seated on the floor. "I understand your suffering," he says, counseling patience and the services of his office if circumstances grow intolerable. As he recites his phone number, every man in the audience appears to jot it down.

"For 27 years, you and yours have been running this country. Why is there still so much corruption?"

The reply, which runs for several paragraphs, ends with: "Most of the trouble we have has been plotted by the United States and our enemies. And part of it is you voted for people you shouldn't have." He mentions a "stupid" presidential candidate who offered every Iranian $60 a month.

From the back, a man shoots back: "This person you're talking about was much closer to Imam Khomeini than many people in high positions."

Another man calls out: "There were others who promised to put oil money on the tablecloth!" The reference is to the candidate who won, Mahmoud Ahmadinejad.

The speaker spreads his arms wide. It's 7:20. He's late.

"See how democratic we are? When a person wants to go and make a speech, he can go to an Ansar meeting!"

In the second row, a young man in a blue blazer stands. "I was beaten up by Ansar, myself." He smiles. "They broke a tooth."

Former Iran President Faces Snub In US (FT)

By Guy Dinmore

Financial Times, September 1, 2006

Mohammad Khatami, Iran's former president, embarks on a ground-breaking tour of the US this week to promote his vision of the role of religion in east-west reconciliation. But prospects for a breakthrough in US-Iranian relations appear bleak, with the Bush administration declaring it will not speak to him or attend his events.

Mr Khatami was expected to leave Tehran on Thursday, at a crucial moment in Iran's relations with the international community because of the passing of a deadline for the Islamic republic to abide by a UN Security Council resolution calling for suspension of its controversial nuclear fuel programme.

Mr Khatami, a Muslim cleric who no longer holds an official position, will attend a UN conference in New York next week, led by Spain and Turkey under the Alliance of Civilisations initiative. He will also speak at the Washington National Cathedral, becoming the highest-ranking Iranian politician to visit the US capital since the 1979 Islamic revolution. Harvard and Georgetown universities will also host him.

However, Iranian sources told the FT it was unlikely that Mr Khatami would accept an invitation to meet Jimmy Carter, the former US president, even though the Iranian side had earlier indicated it would welcome such an offer.

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A gesture of reconciliation between the two men would be of enormous symbolic importance. Mr Carter's presidency was tormented by the 444-day hostage-taking of US embassy staff in Tehran, led partly by Iranians still closely associated with Mr Khatami, although he played no personal role.

A former Iranian official said Mr Khatami's hesitation at meeting Mr Carter reflected the factional divisions inside Iran.

Any sort of apology for the hostage-taking "would melt a mountain of ice in Washington" but would be political suicide back home for his reformist associates.

But while conservatives in Iran are broadly in favour of launching dialogue with the US, hardliners in the US have expressed outrage at the Bush administration's granting of a visa to Mr Khatami, noting he was in office in 2002 when President George W. Bush denounced Iran as part of an "axis of evil".

Zbigniew Brzezinski, former national security adviser to Mr Carter, said diplomacy had to be reciprocal to work, and that the US could not expect one side to "demean itself to gain the forbearance of the other".

"The Bush administration has to be serious about finding a solution that avoids military confrontation," he told the FT. He said there were "significant elements" in the administration that wanted negotiations with Iran aborted to clear the way for military action, but that this faction had been weakened by the departure of key figures and the crisis in Iraq.

Analysts said it appeared that Condoleezza Rice, secretary of state, and Nicolas Burns, under-secretary, were in favour of allowing the visit to go ahead, but did not have the will or political muscle to capitalise on the opportunity presented.

US spokesmen said officials would not meet Mr Khatami and would turn down invitations by the Washington cathedral to attend his address.

The boycott is in line with the Bush administration's general rejection of high-level diplomatic engagement with countries deemed hostile to the US, notably Iran, Syria, Cuba and North Korea.

Karim Sadjadpour, Iran analyst for the International Crisis Group, said it would be a mistake to see Mr Khatami's mission as part of a public relations effort by a weakened Iran worried about international sanctions. Iran was extremely confident in its position in the region and with regard to the nuclear dispute, he said. "They believe time is on their side."

Former Iranian President To Speak In Rosemont (CHIT)

By Deborah Horan

Chicago Tribune, September 1, 2006

Mohammed Khatami, the former president of Iran who lost to hardliner Mahmoud Ahmadinejad in elections last year, will address the largest Muslim organization on the continent this weekend in Rosemont, said the organization's acting general secretary.

Khatami, a reformist, is expected to deliver the keynote address Saturday evening to about 5,000 Muslims attending the Islamic Society of North America's 43rd annual convention, which begins Friday, Ahmed el-Hattab said.

With the visit to Chicago and other U.S. cities, Khatami will become the highest-ranking Iranian to travel to the U.S. outside New York since the 1979 Iranian revolution, according to a spokesman at the Iranian consulate in Washington, D.C. Khatami was president of Iran from 1997 to 2005.

A State Department spokesman downplayed its decision to issue Khatami a visa, characterizing the trip as private and asserting that the visa did not indicate that the Bush administration had "any illusions about the nature of the Iranian regime."

The official said Khatami's visit was sparked by an invitation from UN Secretary General Kofi Annan to speak at a UN conference next week. Private organizations, including the Islamic Society, heard about the planned visit and extended an invitation to the Iranian president, the spokesman said.

"It was great timing," said Salman Azam, an Islamic Society spokesman. "Since he's here, we thought [the convention] would be a good forum for him to speak at. People are very excited. He's a big figure."

Khatami will speak at the National Cathedral in Washington, D.C., on Thursday and at Harvard University's Kennedy School Forum on Sept. 10, in addition to the appearances at the UN and the Islamic conference, according to the cathedral and the university.

He may also visit the Bait ul Ilm Islamic Center in Streamwood on Saturday afternoon, according to a spokeswoman for the Council of Islamic Organizations of Greater Chicago.

Billed as the largest annual gathering of Muslims in North America, the Islamic Society's convention is expected to attract around 30,000 Muslims to dozens of lectures and discussion sessions on issues ranging from Internet marketing to Muslim dating.

Imams, authors and other experts will discuss such topics as requirements for Islamic banking, the challenges facing Hispanic converts to Islam and how to run a charity according to government guidelines for transparency.

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"It's about how we can do better in our homes and our families," said Mukhtar Ahmad, the society's program director. "There are many things related to this—how we will be dealing within the Muslim community and outside the community."

Capt. James Yee, the former Army chaplain at Guantanamo Bay, Cuba who was acquitted on charges of mishandling classified documents, will speak at a Saturday session about his book, "For God and Country: Faith and Patriotism Under Fire."

Robert Fisk, British author of "Pity the Nation," a recounting of the Lebanese civil war, is also scheduled to speak Saturday. And Muslim comedians will take the stage Friday night for a show called "Allah Made Me Funny."

Khatami's keynote address will focus on "achieving balance in a troubled world," the theme of this year's four-day convention, Azam said. Other speakers scheduled to take the stage with the former Iranian leader include Sheikh Hamza Yusuf Hanson, a leading imam from California, and Ingrid Mattson, the newly elected president of the Islamic Society.

Deputy Secretary of Defense Gordon England is scheduled to speak at the inaugural session on Friday afternoon.

As in years past, Imam W. Deen Mohammed, son of the late Nation of Islam leader Elijah Muhammad, will hold a simultaneous convention this weekend for followers of his Hazel Crest-based ministry, The Mosque Cares. Mohammed is to speak at 2 p.m. Sunday at the UIC Pavilion on the subject of economic empowerment in the African-American community.

Iran, Ready For A Test Of Wills (WP)

By David Ignatius

The Washington Post, September 1, 2006

TEHRAN -- Behind President Mahmoud Ahmadinejad's defiant rhetoric lies a conviction that is widely shared here: Iran is a rising power in the Middle East while the United States is in decline -- and now is the moment for Iran to emerge as a regional superpower.

You hear versions of this cocky nationalism in almost every conversation. And when you look around this surprisingly modern metropolis of 12 million people, it's easy to think that Iran's time may indeed have come. The problem is that its national ambitions are wrapped today in the fanatical language of Ahmadinejad, who emerged from among the hardest of this country's hard-core Islamic revolutionaries. He and his followers seem eager for the confrontation that lies ahead.

The situation in Iraq bolsters Iranian confidence in its test of wills against America. As the Iranians view it, the United States has stumbled into a pit from which it cannot easily escape. There is a disagreement here between pragmatists who see in America's troubles an opportunity to open a mutually beneficial dialogue with the Great Satan and hard-liners who would rather let America suffer.

"Iran thinks in Iraq it has the upper hand -- that is the view of the Iranian military and political establishment," says Kayhan Barzegar, a professor of international relations here who advises some members of the leadership on Iraq. He prepared a recent paper, "Iran's Security Interest in the New Iraq," for Iran's Expediency Council, which is headed by former president Ali Akbar Hashemi Rafsanjani and is the center point for the pragmatist faction. Barzegar says that it is precisely because the United States needs Iran's assistance that a dialogue between the two over Iraq makes sense.

"Iraq is the momentous moment, where the two countries can work with each other in tangible ways," argues Barzegar. Iran can play a decisive role not just because of its links with the Shiite-led government and militia groups, he says, but also because of what he calls its "soft power" as the dominant economic, political and cultural player in the region.

Iran officially embraced this idea of dialogue on Iraq early this year, in a statement from Ali Larijani, Iran's national security adviser. But the Bush administration pulled back, worried that talks with Tehran about Iraq would obstruct the administration's larger goal of containing the Iranian nuclear program. The failure of the initiative undercut the advocates of dialogue and emboldened the hard-liners.

Ahmadinejad dismisses the idea of talks with the United States about Iraq. When I asked the Iranian president at a news conference here Tuesday whether he thought the two countries should discuss ways to stabilize Baghdad, he responded with invective. "The people of the [Iraqi] nation hate you now. You should go out and leave them," he said. Running through all of his statements was the same supremely self-confident theme: Iran's moment has come, and America's has gone.

A more nuanced but equally tough view of Iran's "manifest destiny" in the Middle East comes from Hossein Shariatmadari, the editor of Kayhan newspaper. He meets frequently with Iran's supreme religious leader, Ayatollah Ali Khamenei, with whom he shares an interest in Persian poetry. Shariatmadari says the United States is in an impossible bind in Iraq: It has brought to power Islamic parties that are fundamentally opposed to America's interests. When Larijani announced in March that he was ready for talks about Iraq, Shariatmadari immediately countered with a critical editorial. Now, he says, Khamenei has made clear he opposes such negotiations.

How do Khamenei and the other ruling mullahs views Iran's role in the region? Shariatmadari answered thus: "Big changes are on the way. People in the region have understood that the time for bullying and military attacks has passed."

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Take a stroll in Iran's old bazaar, for generations the heart of the city's business life, and you sense the public eagerness for Iran's resurgence. You hear many views about Ahmadinejad, including those of people who tell you frankly that they loathe him, but everyone seems to want a stronger Iran.

"We are a powerful country," says Mohammed Rezaie, who fought in the Iraq-Iran war and now sells fabric for men's suits. "We have 2,500 years of history and vast resources -- oil, minerals and hard-working people. If America keeps pushing us, our resistance will just be greater." Hamid Vasheghani, who has a stall selling kitchenware, agrees. In challenging American power, he says, "We are showing the world what kind of nation we are -- in culture, medicine, industry and military power. We have important things to say now."

The trick for America and its allies is somehow to recognize Iran's ambitions to be a regional power without allowing the revolutionary leadership embodied by Ahmadinejad to further destabilize the Middle East. I'm a naturally optimistic person, but right now that looks to me like Mission Impossible.

Donors Pledge $940m To Aid Lebanon (FT)

By David Ibison

Financial Times, September 1, 2006

International donors pledged $940m on Thursday to finance the near-term relief efforts for war-torn Lebanon, nearly double the sum originally targeted by organisers.

However, it emerged on Thursday night that only $765m (€598m, £402m) was new money, as $175m of the total had been previously committed by the US.

The money will be placed in a special fund to be overseen by the Lebanese government, alongside the United Nations and aid agencies. It will be used to pay for the first four months of rebuilding work in the country and will provide temporary schools and medical facilities. It will also help rebuild roads and bridges.

Jihad Azour, Lebanon's finance minister, told the Financial Times this week that the government was hoping to raise up to $500m at the Stockholm conference.

But as the greater-than-expected pledges were being received, serious questions emerged over the effectiveness of the new fund unless Israel removed its blockade of the country.

Fouad Siniora, Lebanon's prime minister, said: "If Israel does not immediately lift its humiliating siege on Lebanon . . . the recovery process, including this conference today, will be severely undermined."

His comments were echoed by Mark Malloch Brown, the deputy secretary-general of the UN. "Aid when there is a blockade is like putting someone on life support when there is a foot on their windpipe," he said. In contrast, Randal Tobias, the head of the US delegation, declined to call for the removal of the blockade, saying instead that it was essential Lebanon's "borders were secure and arms were not moved into the country".

Israel has stated it will not lift the blockade until a UN peacekeeping force is dep-loyed. It has also dem-anded that some of the force be used to police the border with Syria to prevent arms from coming in for Hizbollah.

As delegates discussed their contributions, there was confusion over whether the US was prepared to contribute to the Stockholm fund or operate its own separate programme. It emerged only later that $175m of the total announced on Thursday was coming from the $230m pledged by the US two weeks ago.

The specific detail on contributions from other donors was not made available.

Mr Tobias said the US contributions came under a "framework" for the recovery devised by the Lebanese government. It is understood that the US had qualms about contributing money to a fund run by the Lebanese government, two of whose cabinet members belong to Hizbollah.

But Mr Siniora rejected fears that the Shia party could get its hands on the money. "This idea, that it will be siphoned in one way or another to Hizbollah is entirely, completely, a fallacy. It is not true," he said after the meeting. Hizbollah is already providing the people of southern Lebanon with aid bought with its own funds, most of which are thought to come from Iran.

Israel began bombarding Lebanon after Hizbollah captured two Israeli soldiers. The war killed nearly 1,200 people in Lebanon, mainly civilians, and 157 Israelis, mostly soldiers. "Lebanon's well-known achievements in 15 years of postwar development have been wiped out in a matter of days by Israel's deadly military machine," Mr Siniora said.

Lebanon Receives $940 Million In Pledges (AP)

By Karl Ritter, Associated Press Writer

AP, September 1, 2006

The United States, Europe and the Gulf states pledged nearly $1 billion Thursday to help Lebanon recover from a crippling war between Israel and Hezbollah guerrillas, doubling the amount sought by an international donors' conference.

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Organizers hailed the bigger-than-expected contributions as a show of strength for nations seeking to counter the influence of Hezbollah in rebuilding roads, homes and lives after the 34-day war.

Critics said it would be difficult to sidestep Hezbollah when delivering aid to southern Lebanon.

"I don't think this will help Lebanon in the long term," said Middle East expert Magnus Norell of the Swedish Defense Research Agency. "There is only one actor in southern Lebanon that can handle aid, and that's Hezbollah."

World donors who had gathered for the conference in Stockholm pledged $940 million in early reconstruction aid — nearly twice the $500 million target set by organizers. The money was earmarked for rebuilding infrastructure, clearing unexploded Israeli bombs — including cluster bombs — and restoring social services. Another donors' conference was planned later this year for long-term reconstruction.

In his opening speech, Lebanon's Prime Minister Fuad Saniora told delegates that 15 years of postwar development had been wiped out by "Israel's deadly military machine" in a matter of days. The direct damage of the conflict was in the "billions of dollars," while the indirect cost including lost tourism and industry revenue would cost billions more, Saniora said.

He praised donors for their generosity and rejected suggestions that the aid would be a boost to Hezbollah.

"This idea, that it will be siphoned in one way or another to Hezbollah is entirely, completely, a fallacy," he said.

Hezbollah is already offering hundreds of millions of dollars in aid — most of it apparently promised by Iran. And there are fears in the West that, unless donor countries provide significant amounts, sympathy for Hezbollah, Iran and Islamic radicals will grow dramatically.

Hezbollah leader Hassan Nasrallah has said the money the group is spending on rebuilding is not linked to any political conditions.

Major donations at Thursday's conference included $300 million from Qatar, $175 million from the United States, and the European Union's pledge of $54 million. The U.S. figure was part of the $230 million offered by President Bush last week, organizers said.

Randall Tobias, director of U.S. foreign assistance, would not say whether the American contribution would be distributed through the recovery fund being set up by the Lebanese government.

"Different donors will have different needs and desires," Tobias said. "Some will want to contribute cash to some sort of mechanism. ... Some will want to implement programs of their own choosing that are consistent with the priorities of the Lebanese government."

Many delegates, with the notable exception of the United States, called for Israel to lift its air and sea blockade of Lebanon, which Saniora called "inhuman."

"Aid when there is a blockade is like putting someone on life support when there is a foot on their wind pipe," said U.N. Deputy Secretary-General Mark Malloch Brown.

Israel has said it would only allow free movement after the U.N.-brokered cease-fire deal that halted the fighting takes full effect and peacekeepers are on the ground in bigger numbers.

Adding previous pledges and commitments for longer-term reconstruction projects, organizers said a total of $1.2 billion had been promised to help Lebanon back on its feet.

"The conference has thus met its objective with a wide margin," said Swedish Foreign Minister Jan Eliasson, the conference's host.

Associated Press writers Mattias Karen and Ragwad Iwaz contributed to this report.

Annan To Ask Syria To Keep Arms From Crossing Its Border (NYT)

By Warren Hoge

The New York Times, September 1, 2006

DAMASCUS, Syria, Aug. 31 — Kofi Annan, the United Nations secretary general, plans to confront the Syrian president, Bashar al-Assad, with reports that Syria is permitting arms to cross its border illegally into Lebanon and to demand an end to the traffic when the two meet here on Friday.

Officials at the United Nations said Mr. Annan would also challenge Mr. Assad to establish diplomatic relations with Lebanon and settle a long-festering dispute over the two countries' borders.

The officials, who agreed to discuss Mr. Annan's strategy only if they were not identified, noted that all the steps were obligations of Syria's in the unanimously adopted Security Council resolution that called for a halt to the fighting between the Lebanon-based Hezbollah militia and Israel on Aug. 14.

"Because of that, the secretary general is entering with a very strong hand," one of the officials said.

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Mr. Annan is in the midst of an 11-day tour of the Middle East to seek compliance with the resolution, and the officials said he was acting with unaccustomed directness in what was likely to be the last major diplomatic journey of his 10 years in office, which end on Dec. 31.

The three steps that Mr. Annan intends to press upon Mr. Assad on Friday are all aimed at shoring up Lebanon as an independent country. Syria has dominated Lebanon for most of the past three decades, and, by financing and arming the Hezbollah militia, the officials said, Damascus continues to undermine Beirut's ability to establish its own authority.

In Israel, which Mr. Annan visited on Tuesday, the officials said that Mr. Annan found a new willingness to discuss a prisoner exchange as a way of gaining the return of the two Israeli soldiers who were captured by Hezbollah on July 12. That action provoked the 34-day war.

Repatriating the two is a priority with the Israeli public, which is putting pressure on Ehud Olmert, the Israeli prime minister, for the failure to achieve the war's original goals of dismantling and disarming Hezbollah. "Getting the prisoners back has swum to the top of the agenda," one official said.

Where Israel had resisted all such talk at the outset of the war in July, the officials said, it is now interested in finding an acceptable way to negotiate the men's freedom. One possibility being explored, they said, was naming a United Nations special envoy to conduct the transaction.

In Stockholm, where he was attending a donors' conference for Lebanon, Fouad Siniora, the country's prime minister, said a prisoner swap with Israel was being considered by his government but "nothing has materialized." He added, "I hope the Israeli government will respond to the call of reason so that we can finish with this and everybody will return to his home."

The United Nations officials asserted that Israel was more flexible on the timing of the final troop withdrawal from Lebanon than was indicated by Mr. Olmert's public rebuff on Wednesday of Mr. Annan's suggestion that the Israelis should depart once the planned 15,000-person international force reached 5,000.

In Rome on Thursday, Romano Prodi, Italy's prime minister, told reporters that Shimon Peres, the Israeli deputy prime minister, whom Mr. Annan met with on Wednesday, told him that there was support for the idea in Jerusalem.

The Israeli Army said Thursday that it had handed over more than two-thirds of the territory it captured in southern Lebanon to United Nations troops and Lebanese forces.

In Stockholm, Mr. Siniora urged world donors to help his country recover after Israeli bombing had wiped out what he called "15 years of postwar development."

About 60 governments and aid organizations were in the Swedish capital hoping to raise $500 million to help Lebanon rebuild roads, bridges and homes left shattered by the war.

Mr. Siniora disputed suggestions that the aid money would end up with Hezbollah and strengthen the group's position in southern Lebanon. "This idea, that it will be siphoned in one way or another to Hezbollah, is entirely, completely, a fallacy," he said at a news conference.

Hezbollah is already offering hundreds of millions of dollars in aid — most of it apparently from Iran — prompting Western fears that, unless donor countries provide significant help, support for Hezbollah, Iran and Islamic militancy will grow substantially. Mr. Siniora has offered more than twice as much money per family as Hezbollah to those that have lost homes.

Mr. Annan met on Thursday with King Abdullah II of Jordan at a convention center on the Dead Sea and said afterward that Israel's seven-week-old sea, air and land blockade of Lebanon should end. "It is important that it is lifted and not be seen as collective punishment of the Lebanese people," he said.

Mr. Siniora said reconstruction efforts would be severely undermined if Israel did not end the blockade, and many delegates, with the notable exception of the United States, agreed.

Mark Malloch Brown, the deputy secretary general of the United Nations, said in a speech to delegates, "Aid when there is a blockade is like putting someone on life support when there is a foot on their windpipe."

Symbolic Transfer Underway In Lebanon (AP)

By Josef Federman, Associated Press Writer

AP, September 1, 2006

The Israeli army turned over a small border area in south Lebanon to Lebanese and foreign troops Thursday, a symbolic move paving the way for U.N. peacekeepers to go into the volatile area.

The pullback came as an international donors conference in Sweden pledged nearly $1 billion to help Lebanon rebuild, after the country's prime minister told the gathering that Israel's war with Hezbollah wiped out "15 years of postwar development."

Israel sent up to 30,000 soldiers into Lebanon during the 34-day war, and when the fighting ended they occupied a zone extending about 10 miles north from the border.

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Since the U.N.-brokered cease-fire took effect Aug. 14, Israel has been slowly transferring control of the area to Lebanese troops, who will be bolstered by U.N. troops equipped with tanks, howitzers and other heavy weapons not usually seen with a peacekeeping force.

The armament is meant to deter all parties from resuming the conflict, and particularly is seen as a warning to the Shiite militants of Hezbollah, who effectively ran southern Lebanon for two decades and used it as a base to launch sporadic attacks on Israel.

On Wednesday, Israel's army withdrew from a small area of the border near the Israeli town of Metulla, putting Lebanese and U.N. troops in control of a section of the border for the first time since the early 1980s, the Israeli military said. The area was roughly 12 square miles.

Lebanon said its army sent reconnaissance teams to the area Thursday and had begun deploying troops there. The peacekeeping force, known as UNIFIL, confirmed Lebanese troops were moving into the area and said small numbers of international soldiers also were deploying.

"Over the past 24 hours, UNIFIL established checkpoints and conducted intensive patrolling confirming this morning that the IDF (Israeli Defense Force troops) were no longer present there," a UNIFIL statement said.

Lebanese security officials said about 8,500 government soldiers were now in southern Lebanon, and the United Nations says nearly 2,200 international peacekeepers are on the ground.

Under the cease-fire, 15,000 Lebanese soldiers are to be joined by a similar number of international peacekeepers in patrolling the south.

Israel, which won't say how many of its soldiers remain in Lebanon, rebuffed a request this week from the visiting U.N. secretary-general, Kofi Annan, to fully withdraw once 5,000 peacekeepers are deployed. Israel also turned down a request to immediately lift its sea and air embargo on Lebanon, which it says is needed to prevent Hezbollah from rearming.

After initial European hesitance over committing troops, the international force was quickly taking shape.

Some 1,000 Italian soldiers are expected in Lebanon over the weekend, the largest addition so far to the force, U.N. spokesman Alexander Ivanko told The Associated Press. Italy has pledged to send 2,500 in all.

In Paris, Defense Minister Michele Alliot-Marie said France would send its first battalion of soldiers, along with tanks and heavy artillery, next week. The troops will be operational Sept. 15, she said.

France, which will initially lead the strengthened U.N. force, has about 400 soldiers in UNIFIL now and plans to expand that to 2,000.

France's contribution is expected to include Leclerc tanks, howitzers, short-range anti-aircraft missiles and radar. Alliot-Marie said the heavy weaponry — rare for a U.N. force — is meant to send a signal that the cease-fire will be enforced.

The weapons "has a dissuasive character and guarantees the freedom of movement and the security of the troops," Alliot-Marie told lawmakers at a closed session Thursday, according to excerpts released by her ministry.

The veiled warning was one of the strongest statements yet from the peacekeeping nations, which have said they don't want armed conflict with Hezbollah.

Meanwhile, Turkey's premier defended his Cabinet's decision to send peacekeepers to Lebanon, warning in an address to the nation that "if we shut our doors, we can't escape the flames that are surrounding us."

Europe, the United States and Israel are keen to see peacekeepers from Muslim Turkey in Lebanon, hoping strong Muslim participation would avoid any impression that the U.N. force is primarily Christian and European. But many Turks fear their soldiers could end up facing hostile fire or clash with their fellow Muslims.

The fighting between Israel and Hezbollah devastated parts of Lebanon, which was still recovering from an earlier conflict with Israel and the country's 1975-90 civil war.

Lebanese Prime Minister Fuad Saniora told the donors conference in Sweden that the damage totaled billions of dollars.

"Moreover, Lebanon's well-known achievements in 15 years of postwar development have been wiped out in a matter of days by Israel's deadly military machine," he said.

About 60 governments and aid groups attended the meeting in Stockholm, pledging more than $940 million for reconstruction and calling on Israel to lift its blockade.

Swedish Foreign Minister Jan Eliasson said that far exceeded the goal of $500 million. Adding previous pledges for longer-term reconstruction projects, he said a total of $1.2 billion was being made available to rebuild Lebanon.

"This is a very important accomplishment that we have made today," a triumphant Saniora told reporters after the conference. "We will build on it."

He stressed that none of the aid offered was tied to any conditions. "From day one we have not taken any support from any country, any institution that is linked to any condition," he said.

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Annan, who is on an 11-day Mideast trip to shore up the cease-fire, arrived in Syria to press the Damascus regime to join efforts to stop the flow of arms to Hezbollah and win the release of two Israeli soldiers captured by the guerrillas July 12. That raid sparked the fighting.

There was no immediate comment from Syria, which along with Iran is a major backer of Hezbollah.

Addressing Syria without naming it, Annan said he "would want to see the neighboring states extend their full cooperation to resolve all outstanding issues related to the border."

Relations between Damascus and the United Nations have been tense since late 2004, when the Security Council told Syria to withdraw its army and stop interfering in Lebanon. The assassination of former Lebanese Premier Rafik Hariri in February 2005 forced Syrian troops to leave two months later, ending three decades of domination in its neighbor.

Tens of thousands of Israelis thronged a central square in Tel Aviv late Thursday in support of the two soldiers held in Lebanon as well as a third soldier captured June 25 by Gaza militants.

Israelis Vacate Part Of Lebanon (WT/AP)

By Josef Federman

The Washington Times, September 1, 2006

JERUSALEM -- The Israeli army turned over a small border area in southern Lebanon to Lebanese and foreign troops yesterday, a symbolic move paving the way for U.N. peacekeepers to go into the volatile region.

Meanwhile, an international donors conference in Sweden pledged nearly $1 billion to help Lebanon rebuild. Lebanese Prime Minister Fuad Siniora told the gathering that Israel's war with Hezbollah wiped out "15 years of postwar development."

Israel sent up to 30,000 soldiers into Lebanon during the 34-day war. When the fighting ended, the forces occupied a zone extending about 10 miles north from the border.

Since the U.N.-brokered cease-fire took effect Aug. 14, Israel slowly has been transferring control of the area to Lebanese troops. The force will be bolstered by U.N. troops equipped with tanks, howitzers and other heavy weapons not usually seen with a peacekeeping force.

The armament is meant to deter all parties from resuming the conflict. It is seen in particular as a warning to the Shi'ite militants of Hezbollah, who effectively ran southern Lebanon for two decades and used the region as a base to launch sporadic attacks on Israel.

On Wednesday, Israel's army withdrew from a small area of the border near the Israeli town of Metulla, putting Lebanese and U.N. troops in control of a section of the border for the first time since the early 1980s, the Israeli military said. The area was roughly 12 square miles.

Lebanon said its army sent reconnaissance teams to the area yesterday and had begun deploying troops there. The U.N. Interim Force in Lebanon (UNIFIL) confirmed that Lebanese troops were moving into the area and said small numbers of international soldiers also were deploying.

"Over the past 24 hours, UNIFIL established checkpoints and conducted intensive patrolling confirming this morning that the [Israeli Defense Force troops] were no longer present there," a UNIFIL statement stated.

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Israel rebuffed a request from U.N. Secretary-General Kofi Annan to fully withdraw once 5,000 peacekeepers are deployed. Israel also turned down a request to immediately lift its sea and air embargo on Lebanon, which it says is needed to prevent Hezbollah from rearming.

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After initial European hesitance over committing troops, the international force was taking shape quickly.

About 1,000 Italian soldiers are expected in Lebanon over the weekend, a U.N. spokesman said. Italy has pledged to send 2,500 in all.

In Paris, Defense Minister Michele Alliot-Marie said France would send its first battalion of soldiers, along with tanks and heavy artillery, next week. The troops will be operational Sept. 15, she said.

France, which initially will lead the strengthened U.N. force, has about 400 soldiers in UNIFIL and plans to expand that to 2,000.

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France's contribution is expected to include Leclerc tanks, howitzers, short-range anti-aircraft missiles and radar. Miss Alliot-Marie said the heavy weaponry -- rare for a U.N. force -- is meant to send a signal that the cease-fire will be enforced.

The equipment "has a dissuasive character and guarantees the freedom of movement and the security of the troops," Miss Alliot-Marie told lawmakers at a closed session yesterday, according to excerpts released by her ministry.

Germany Expected To Send Troops To Lebanon (AP)

AP, September 1, 2006

Germany will likely contribute more than 1,200 service personnel to the U.N. peacekeeping force for Lebanon, its defense minister said in remarks published Thursday.

Germany has already offered warships backed by surveillance aircraft to prevent weapons being smuggled to Hezbollah guerrillas after their war with Israel. But officials have previously refused to say how many personnel Germany would send, insisting the precise mission must first be worked out.

Defense Minister Franz Josef Jung made his remarks when asked in a newspaper interview about reports that the German force would number about 1,200.

"This is still being agreed, particularly with the Lebanese government. But I expect that the number will probably be greater," Jung was quoted as saying in the Neue Presse daily.

Gernot Erler, a deputy foreign minister, said Thursday on Inforadio that officials at the U.N. in New York were discussing a naval contingent of 1,400 service personnel. Germany has offered to take the lead, but Erler noted that other nations were also offering ships.

It is not offering ground troops, given its Nazi-era past. German officials have expressed concern about deploying German troops in any situation that might bring them into confrontation with Israeli soldiers.

Jung said the German air force has made 13 flights to Lebanon to deliver nearly 100 tons of baby food, medicine and tents. Germany also is offering to repair water supplies and clean up an oil spill on the Lebanese coast.

A U.N. cease-fire resolution has authorized up to 15,000 U.N. peacekeepers to help an equal number of Lebanese troops extend their authority into south Lebanon, which has been controlled by Hezbollah, as Israel withdraws its soldiers.

View On The Ground: Israeli Reservists See Disarray In Lebanon (WSJ)

By Peter Waldman

The Wall Street Journal, September 1, 2006

ROSH HA'AYIN, Israel -- For reservist Lidor Shalman, the phone call came after midnight on July 30. A recorded message ordered him to report by dawn to a military base in southern Israel.

He kissed his wife and four sleeping children, grabbed his gear, and headed into the night to undergo a makeover from plump and balding corporate purchasing manager to army paratrooper. At the time, northern Israel was under daily rocket attack by Hezbollah guerrillas in Lebanon. Israel's ferocious bombing campaign had failed to slow the barrage. A ground offensive was in the offing.

The reservists were eager to fight, says Mr. Shalman, a 33-year-old sniper and explosives expert, who works for a cellular-phone company in this industrial town east of Tel Aviv. Years of discord within the reservist ranks over Israeli policies in the West Bank and Gaza Strip melted away on July 12, he says, when Hezbollah crossed the Israeli border, kidnapped two soldiers and killed three more.

But their determination would quickly turn to doubt, he says, and ultimately to despair.

The Israel-Hezbollah war ended in a blow to Israel's military prestige. The Hezbollah militia, backed by Iran and Syria, lived to fight another day, though it must now contend with thousands of Lebanese government soldiers and United Nations peacekeepers arriving to patrol its southern Lebanon stronghold.

Eyewitness accounts by Israel's citizen-soldiers of critical supply shortages, leadership failures and disarray on the battlefield help explain how an estimated 1,500 guerrillas could face down the most powerful military in the Middle East, and survive.

"Israel needs to wake up," says Jonathan Davis, a 24-year-old combat engineer whose reserve infantry unit, after several days in Lebanon without food or water, refused an order to attack a hospital being used as a base by Hezbollah. "Our army is not at its best and needs to change."

The issue is especially worrisome to those in Israel who think a similar but even bloodier battle could be in store over the next few years with Syria. The Israeli army believes Syria has tens of thousands of missiles pointed at the Jewish state.

Angry reservists are demanding an independent state commission to investigate the war and many say top generals and political leaders should resign. This week, 40 reservists signed a petition renouncing future military service because of alleged

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mismanagement of their combat unit in Lebanon. Prime Minister Ehud Olmert says his own committee will investigate the waging of the war. He says the U.N. resolution calling for Hezbollah's disarmament and a European peacekeeping force in southern Lebanon is one of Israel's "most important" diplomatic achievements.

Israel's 500,000 reservists allow society to function relatively normally even amid perpetual tension with Arab neighbors. The nation's standing army numbers roughly 100,000 troops, mostly draftees between 18 and 21 years old. The reserves also serve as a national melting pot where the country's diverse communities come together as equals.

In Lebanon, nearly half of the 117 Israeli soldiers killed in the war were reservists. Hezbollah says it lost 81 fighters, but Israeli officers believe the number is closer to 500.

Israel's generals admit mistakes were made. In a meeting with reservists last week, Maj. Gen. Moshe Kaplinsky, the army's deputy chief of staff, vowed to fix "errors and flaws" in reservists' equipment and training that hampered combat operations in Lebanon.

"This war caught us in the middle of an organizational change and not everything was in place," says Brig. Gen. Mike Herzog, a former army chief of strategic planning and top military aide to the minister of defense. In the past six years, he says, Israel's army has tailored its tactics, training and gear to stopping Palestinian suicide bombers, not Arab armies.

"Some people in Israel didn't grasp to what extent Hezbollah had become a real military -- a full-time, fully trained, fully equipped fighting force," he says.

When Mr. Shalman's paratroop unit reported for duty in late July, the reservists felt as though they had entered a time warp, he says. There wasn't enough night-vision gear to go around, despite standing orders to wage all combat operations in Lebanon at night. Mr. Shalman says he wasn't given a night-vision scope for his sniper rifle, rendering it useless, and his backpack dated from around Israel's last invasion of Lebanon -- in 1982.

When the reservists complained about the archaic gear, a commander told them, "Fight with your teeth and knives," Mr. Shalman says. One of the reservists contacted a wealthy relative in New York, who wired $9,000 to buy new backpacks for the unit.

After more than a week of waiting in the desert, the paratroops were bused on Aug. 8 to the Lebanese border. They set off at midnight, in a brigade of about 200 troops, for a 2.5-mile hike to the Lebanese village of Debel. The terrain was unexpectedly rough, Mr. Shalman says; they didn't reach Debel until sunrise.

At that point, Mr. Shalman assumed they'd have to spend the day in the brush or turn back to Israel, because the troops were under orders never to enter buildings during daylight, lest the enemy see them. But in bright sunshine, the brigade commander ordered all 200 men to scatter among five abandoned houses on the edge of town.

At noon a Hezbollah missile struck, obliterating the first floor of a two-story house. Mr. Shalman, who was in another house, heard an Israeli commander inside the stricken house plead over the radio for a doctor and a helicopter. Then a second missile killed the commander and ignited explosives the Israelis were carrying, Mr. Shalman says. He says he saw a final missile destroy the house just as he, a doctor and other soldiers were running toward it.

The Israeli military later confirmed heavy losses in the attack, saying nine Israeli soldiers were killed and another 30 were injured. The military says it is investigating why so many soldiers were jammed into a single house, presenting an inviting target for Hezbollah.

Mr. Shalman's unit spent the next day in Debel in the home of a Christian family, who fed them and showed them a Hezbollah rocket launcher to destroy. That weekend before the Monday, Aug. 14, cease-fire, Israel poured thousands of troops into southern Lebanon.

Amid the trees and rolling hills in the dark of night, the soldiers had no idea who was friend or foe, Mr. Shalman says. Israeli troops shouted "Tzahal! Tzahal!" as they walked, he says. The Hebrew word identified them as Israel Defense Forces, but defeated the purpose of operating at night. Hezbollah also jammed the Israelis' walkie-talkies with Arabic music, he says.

By the time Mr. Shalman's unit reached Rashaf, a Hezbollah stronghold, the reservists were out of food and water and thoroughly demoralized, he says. The closest army supply depot was over a steep ridge and too dangerous to reach. The unit spent three hungry days in the brush on the outskirts of Rashaf, too weak and upset to fight, he says. They pulled out of Lebanon on the day of the cease-fire.

Mr. Davis, the reserve combat engineer, entered Lebanon with an infantry regiment on Aug. 2, charged with clearing a safe route to the village of Maroun al-Ras. The work was expected to take two or three nights, with the soldiers returning to Israel during the day.

Instead, the unit got trapped near Maroun al-Ras for five days, with enough food and water for just two. Nearly down to their last canteen, they were ordered to walk to Bint Jbeil, a Hezbollah bastion more than a mile away, to attack a local hospital, Mr. Davis says.

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The soldiers refused. "We just said, 'That's ridiculous. Forget it,' " Mr. Davis says. His unit, though celebrated during its regular army service for fighting Palestinians in Gaza, has had no heavy-combat training in recent years, Mr. Davis says. He had fired all of 15 bullets in training since completing his regular military service three years ago. "We weren't trained, prepared or equipped to walk two kilometers, through a hostile village, and take over a hospital," he says.

After a second unit declined the mission, Mr. Davis says the army sent three teams of special commandos -- roughly 60 men in all. Eight were killed, he says.

Inon, a reserve officer in an elite combat unit who asked that his last name not be published, says the Lebanon war was "complete chaos." Orders were changed up to four times a night, logistics and troop movements were poorly coordinated, and wavering by leaders in Jerusalem cost soldiers' lives, the 23-year-old platoon commander says.

"You can't go into Lebanon half-way," Inon says, referring to Mr. Olmert's reluctance to commit large numbers of ground forces until the last weekend of the war. By holding back in the area where Hezbollah was most deeply entrenched, rather than blitzing forward in a massive, preplanned invasion, Israel's ground forces found themselves caught in a deadly welter of both enemy and friendly fire, Inon says. He lost two of his own men to an Israeli tank shell and saw at least eight other Israelis killed or injured by friendly fire.

"If that many units go into a small territory and nobody knows what to do, more mistakes happen," Inon says.

Gen. Herzog, the army's former chief strategist, says Israel broke from its basic defense doctrine of advancing speedily and got bogged down trying to go after Hezbollah's fortified positions. One lesson, he says: "It's a lot easier to hit forces when they're standing still."

As Lebanon's Troops Deploy, Hezbollah Stays Put In South (WP)

By Edward Cody

The Washington Post, September 1, 2006

AL GHANDOURIYEH, Lebanon, Aug. 31 -- Backed by an M113 armored personnel carrier, Lebanese soldiers wearing flak vests and carrying M16 automatic rifles manned a checkpoint at the little crossroads marking the entrance to Al Ghandouriyeh.

On a decorative archway nearby, the Lebanese flag with its distinctive green cedar flapped proudly, proclaiming restored national authority. Just above it on the pole, however, another flag flew: the yellow and green banner of Hezbollah, with an AK-47 assault rifle depicted atop the word "God." The arrangement seemed to illustrate popular sentiment in this heavily damaged village in southern Lebanon.

Heeding the U.N. cease-fire resolution that stopped the 33-day war between Israel and Hezbollah 2 1/2 weeks ago, the Lebanese army has deployed across the rocky hillsides and stone villages between the Litani River and the Israeli border. But to all appearances, the deployment has not displaced Hezbollah, the militant Islamic movement that Israel and the United States say must be destroyed as an armed force if peace is to return to this tortured land.

In Al Ghandouriyeh and a number of other villages seen during a drive through the border region, Hezbollah flags flew high and wide, often alongside Lebanese flags. Hezbollah members staffed reconstruction offices, held town council meetings and stood at their own checkpoints in what seemed to be cordial coexistence with the recently arrived army troops.

No weapons were visible except those carried by the soldiers. But many of the young Hezbollah supporters were of fighting age and seemed ready for another call-up if the need arose. In the agreement that led to the army's deployment, Hezbollah pledged that its fighters would put away their weapons. But the Lebanese government promised Hezbollah in return that its soldiers would not try to find out where the arms were stored.

The deal seemed to be working Thursday in Al Ghandouriyeh, which lies about 20 miles inland from Tyre and six miles northwest of the Israeli border. Heavy fighting raged here in the final days of the war as Israeli troops who had been helicoptered in encountered unexpectedly stiff resistance from Hezbollah defenders. The men of Al Ghandouriyeh openly displayed pride in what they had accomplished on the battlefield and seemed to have nothing to fear from the army troops lounging nearby.

"Do you think the Israelis are afraid of us now?" asked a middle-aged resident. "When they came, they thought they were heading for just more Arabs. But they found out. We are poor around here, but now we are strong."

Before the war, Hezbollah members were notorious for secrecy, hiding their weapons underground and concealing their association with the organization from even their closest friends and relatives. But since the Hezbollah militia held its own against the vaunted Israeli army for more than a month, membership has become a point of pride, to be flaunted with fatigues or a yellow-and-green flag.

Ali Kandouh, an emigrant to Kuwait who returned to Al Ghandouriyeh to bury a brother killed in the fighting, said he and the rest of the village welcome the army's deployment, which amounts to about 50 soldiers and several armored vehicles headquartered in the heavily damaged local schoolhouse. Hezbollah's emergence was largely due in the first place to the government's absence over the last three decades, he said.

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"I'm glad the army is here," he said, drinking coffee as a group of villagers sat nearby under Hezbollah banners. "It's good. Now I can sleep at night. Before they came, the Israelis could come in the night and take someone away. But now maybe the soldiers will protect us."

Hassan Deeb, a 17-year-old in fatigues and a T-shirt, also applauded the army's arrival, saying it was the duty of the government to protect the southern border villages. "The trouble with the army," he said, smiling, "is that they came only after the fighting stopped.

"They had to have a decision by the government to come," he added. "All the while the war was on, there was no decision. And now that it's over, they get their decision and they come."

The Lebanese government has pledged to send 15,000 soldiers to the area and to reinstate government authority after two decades during which many of the tasks of local administration -- and military preparations -- were left to Hezbollah. The United Nations Interim Force in Lebanon, or UNIFIL, which has patrolled the border for 28 years, estimated that three battalions amounting to about 5,000 soldiers have arrived so far.

Jeeps with camouflage netting were seen Thursday purring down the region's narrow roads, pockmarked by four weeks of Israeli pummeling. Schools, factories and bombed-out homes have been requisitioned as temporary quarters for the thinly equipped troops. Heavy trucks snorted up and down the hills, bringing in supplies from Beirut.

Prime Minister Fouad Siniora said Wednesday he will send 8,000 more soldiers to reinforce the border with Syria. The announcement appeared designed to meet another Israeli demand -- preventing Hezbollah from replenishing its weapons stores with Iranian-supplied arms sent through Syria.

The extent of army deployment here has been a contentious issue between Israel and Lebanon. The Israeli prime minister, Ehud Olmert, has made it clear he will lift the seven-week-old air and sea blockade of Lebanon only after all 15,000 Lebanese troops are deployed and are joined by a 15,000-member reinforced UNIFIL as outlined in the cease-fire resolution.

The current UNIFIL strength stands at 2,000. About 900 Italian troops sailed out Tuesday on their way to southern Lebanon as the first major UNIFIL reinforcement, a down payment on a pledge of 2,500 Italian troops on the ground and hundreds more for logistics. They were expected to arrive in Tyre on Friday, according to a UNIFIL spokesman, Milos Strugar.

France has promised 2,000 troops as well, with the first contingent to arrive in the middle of September. A 200-man French engineering unit has been in Lebanon for the past two weeks preparing the way.

Several other European nations have promised to send smaller contingents. U.N. Secretary General Kofi Annan said he is eager to get Muslim troops into the UNIFIL mix as well, noting that Bangladesh, Malaysia and Indonesia have volunteered to dispatch substantial numbers of soldiers. Israel has objected to the presence of those countries in the force, however, because they do not have relations with the Jewish state.

Turkey, which maintains active economic and diplomatic relations with Israel, has decided in principle to volunteer some troops. The decision remains sensitive, however, because of the long Ottoman role in Lebanon and, internally, because of objections from Lebanon's Armenian community over the Turkish slaughter of Armenians in 1915.

Villagers See Violations Of A Cease-Fire That Israel Says Doesn't Exist (NYT)

By Robert F. Worth

The New York Times, September 1, 2006

AITA AL SHAAB, Lebanon, Aug. 29 — A group of local men were unloading bags of donated food from a truck here Tuesday morning when the tok-tok-tok of heavy machine-gun fire rang out.

Men shouted; children screamed and ran. Then, as it became clear the firing was just the Israeli tanks again up on the hillside above town, they went back to their routines.

The shooting — and occasional mortar fire — goes on regularly around this village, a Hezbollah stronghold near the border.

To local people, it is sheer provocation, and a flagrant breach of the cease-fire that ended the fighting on Aug. 14.

To the Israelis, it is legitimate self-defense. Aita al Shaab "still has many Hezbollah fighters in it," said Miri Eisin, an Israeli government spokeswoman. "They don't wear uniforms and are wary about showing their weapons, and we use all means to differentiate between those with weapons and those without."

More broadly, the shooting underscores two fundamentally different views of the uneasy truce that has held in southern Lebanon for the past two weeks. Secretary General Kofi Annan cited numbers from the United Nations forces on Tuesday indicating that Israel had violated the cease-fire nearly 70 times, while Hezbollah had done so only 4 times.

But the Israelis do not believe there is a cease-fire to violate. "We are at a cessation of hostilities in Lebanon, not a cease-fire," Ms. Eisin said. She added that Israel had the explicit right to self-defense under United Nations Resolution 1701, which does not use the term cease-fire.

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That difference is apparent every day across southern Lebanon. Israeli tanks crisscross the dry brown hills, shooting into the fields and smashing up houses and stone walls. Teams of Israeli soldiers have planted their nation's flag atop bluffs here and sometimes detained Lebanese men, releasing them days later. No one seems to know where the mobile Israeli units are based, or how to avoid them.

Amid all that, the blue-helmeted United Nations soldiers sit in their vehicles like helpless tourists, many unable to speak Arabic or English.

Israel has made clear that its troops will not leave Lebanon until the Lebanese Army and a strengthened United Nations peacekeeping force are capable of taking over its positions.

But to many in this village — where the war began on July 12 when Hezbollah fighters crossed the border to kidnap two Israeli soldiers — Israel's recent actions look like intimidation.

"Israel is trying to scare us and make us leave," said Nuha Srour, a stern-faced schoolteacher in a black robe and head scarf, as machine-gun fire went on in the distance. "They were surprised we came back here after the bombing."

Perhaps no one has witnessed the confusion of south Lebanon more vividly than Muhammad al-Hussein, a 32-year-old farmer from the village of Qantara.

Last week he and his brother were driving to a neighboring village to buy parts for a truck. They knew the Israelis had been operating a checkpoint in the area, but were told they had withdrawn and that the road — an essential link to other towns — was safe.

Instead, they found themselves passing a group of Israeli soldiers, who stopped them, Mr. Hussein recalled. The soldiers handcuffed and blindfolded the two brothers, and drove them to Israel.

For the next four days, shackled hand and foot, Mr. Hussein was interrogated about his family and village, he said. He was released Monday after United Nations and Lebanese Army officials lodged complaints with Israel.

On Monday evening, sitting on a terrace rimmed with pomegranate trees with a group of relatives and friends back home, Mr. Hussein could smile about his ordeal. He said the Israelis had fed him, and had not struck or mistreated him. But he seemed profoundly nervous about encountering them again, and unsure how to avoid it.

"Even if you gave me a truckload of gold and diamonds, I would not go back to that place," he said of the road, just a mile or so from his village, where the Israelis had picked him up.

At the same time, Mr. Hussein also appeared to be nervous about Hezbollah. Asked whether the Israelis had asked him about the militia, he said no, and then refused to say anything about the subject.

Israel's activities have mostly taken place at night with patrols staying clear of towns. But on occasion they have made themselves oddly conspicuous.

On Sunday, an Israeli flag could be seen flying prominently from a bluff just outside the Lebanese village of Shabaa, where a group of Israeli soldiers were posted with a military bulldozer. Photographers snapped pictures throughout the day, and Israeli soldiers warned approaching reporters to stay clear.

Lebanese Army officials complained about the flag to the United Nations, who contacted Israel about the matter. Israeli soldiers took the flag down, a spokesman for the United Nations force, Alexander Ivanko, said Monday.

But an hour after Mr. Ivanko spoke, the flag was still flying in the same spot. Another Israeli flag was raised over the weekend on a hilltop near the village of Marwaheen. On Tuesday, it appeared to have been removed.

The flags and the continuing presence of Israeli soldiers here have further angered villagers already stunned by the extent of the Israeli bombing. Even some Christians, whose villages were largely spared the destruction visited on Shiite areas, say the war has fueled their support for Hezbollah.

In Aita al Shaab, public support for Hezbollah is almost total. One street where a number of Hezbollah fighters lived — commonly known even before the war as Hezbollah Street — was almost totally destroyed. Several families have returned to the ruins anyway, defiantly insisting on staying in their charred, stinking homes. Others are living alongside the ruins in green tents donated by aid groups.

"They destroyed our school in the village, but we will teach the children under the trees," said Ms. Srour, the schoolteacher. "And we will teach them to hate Israel and love the resistance."

Ms. Srour said Israeli tanks had fired so close to her house on Sunday that several of her relatives — who had returned from Beirut only a week earlier — left the village again, fearing the war was on again.

As in many southern villages, the blackened and bomb-scarred ruins here are bedecked with yellow Hezbollah banners proclaiming — somewhat paradoxically — a "divine victory" for the resistance.

But not far away, Muhammad Srour, a cleric and cousin of the schoolteacher, offered a slightly different view as he poked through the shattered ruins of his house, gathering a few remaining clothes and books into plastic bags.

"We've been beaten so badly that we still don't want to admit we've been beaten," he said.

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Hezbollah's 'Victory' (WP)

By Charles Krauthammer

The Washington Post, September 1, 2006

"We did not think, even 1 percent, that the capture would lead to a war at this time and of this magnitude. You ask me, if I had known on July 11 . . . that the operation would lead to such a war, would I do it? I say no, absolutely not."

-- Hasan Nasrallah,

Hezbollah leader, Aug. 27

So much for the "strategic and historic victory" Nasrallah had claimed less than two weeks earlier. What real victor declares that, had he known, he would not have started the war that ended in triumph?

Nasrallah's admission, vastly underplayed in the West, makes clear what the Lebanese already knew. Hezbollah may have won the propaganda war, but on the ground it lost. Badly.

True, under the inept and indecisive leadership of Ehud Olmert, Israel did miss the opportunity to militarily destroy Hezbollah and make it a non-factor in Israel's security, Lebanon's politics and Iran's foreign policy. Nonetheless, Hezbollah was seriously hurt. It lost hundreds of its best fighters. A deeply entrenched infrastructure on Israel's border is in ruins. The great hero has had to go so deep into hiding that Nasrallah has been called "the underground mullah."

Most important, Hezbollah's political gains within Lebanon during the war have proved illusory. As the dust settles, the Lebanese are furious at Hezbollah for provoking a war that brought them nothing but devastation -- and then crowing about victory amid the ruins.

The Western media were once again taken in by the mystique of the "Arab street." The mob came out to cheer Hezbollah for raining rockets on Israel -- surprise! -- and the Arab governments that had initially criticized Hezbollah went conveniently silent. Now that the mob has gone home, Hezbollah is under renewed attack -- in newspapers in Saudi Arabia, Kuwait and Egypt, as well as by many Lebanese, including influential Shiite academics and clan leaders. The Arabs know where their interests lie. And they do not lie with a Shiite militia that fights for Iran.

Even before the devastation, Hezbollah in the last election garnered only about 20 percent of the vote, hardly a mandate. Hezbollah has guns, however, and that is the source of its power. But now even that is threatened. Hence Nasrallah's admission. He knows that Lebanon, however weak its army, has a deep desire to disarm him and that the arrival of Europeans in force, however weak their mandate, will make impossible the rebuilding of the vast Maginot Line he spent six years constructing.

Which is why the expected Round Two will, in fact, not happen. Hezbollah is in no position, either militarily or politically, for another round. Nasrallah's admission that the war was a mistake is an implicit pledge not to repeat it, lest he be completely finished as a Lebanese political figure.

The Lebanese know that Israel bombed easy-to-repair airport runways when it could have destroyed the new airport terminal and set Lebanon back 10 years. The Lebanese know that Israel attacked the Hezbollah TV towers when it could have pulverized Beirut's power grid, a billion-dollar reconstruction. The Lebanese know that the next time, Israel's leadership will hardly be as hesitant and restrained. Hezbollah dares not risk that next time.

Even more important is the shift once again in the internal Lebanese balance of power. With Nasrallah weakened, the other major factions are closing in around him. Even his major Christian ally, Michel Aoun, has called for Hezbollah's disarmament. The March 14 democratic movement has regained the upper hand and, with outside help, could marginalize Hezbollah.

In a country this weak, outsiders can be decisive. A strong European presence in the south, serious U.S. training and equipment for the Lebanese army, and relentless pressure at the United Nations can tip the balance. We should be especially aggressive at the United Nations in pursuing the investigation of Syria for the murder of Rafiq Hariri and in implementing resolutions mandating the disarmament of Hezbollah.

It was just 18 months ago that the democrats of the March 14 movement expelled Syria from Lebanon and rose to power, marking the apogee of the U.S. democratization project in the region. Nasrallah's temporary rise during the just-finished war marked that project's nadir. Nasrallah's crowing added to the general despair in Washington about a rising "Shiite crescent" stretching from Tehran to Beirut.

In fact, Hezbollah was seriously set back, as was Iran. In the Middle East, however, promising moments pass quickly. This one needs to be seized. We must pretend that Security Council Resolution 1701 was meant to be implemented and exert unrelieved pressure on behalf of those Lebanese -- a large majority -- who want to do the implementing.

EU Urged To Make Contact With Hamas (FT)

By Fidelius Schmid And Daniel Dombey

DOJ_NMG_0056716

Financial Times, September 1, 2006

The European Union should establish contact with Hamas, the proscribed Islamist group, the holder of the EU's presidency has proposed.

Erkki Tuomioja, Finnish foreign minister, told FT Deutschland, the Financial Times' sister paper, that the EU would have to make an important shift in policy and be prepared to enter discussions with all "relevant" parties if it were to revive the stricken Middle East peace process.

"Hamas is not the same party it was before the elections," he said, referring to what he said were the group's encouraging but insufficient steps to moderate its stance after it won control of the Palestinian Authority this year.

"We have to be able to talk to anyone who is relevant," he added. "There are many ways of having contact . . . nobody will start with press conferences and photo opportunities."

Mr Tuomioja is to chair an informal EU foreign ministers' meeting today that is intended to "update" the current international proposals for the Middle East, as well as giving the EU a greater role in the region.

Hamas remains on the EU's official list of proscribed terrorist organisations and the 25-nation bloc has repeatedly declared it would only establish political contacts with the Islamist group if it honoured past agreements, ceased violence and recognised Israel.

Any attempt to shift towards more normal relations with the group could infuriate Israel and the US and provide a dilemma for the EU's big powers – Germany, France and the UK.

The EU only added Hamas to its terrorist list after pressure from Washington and Tel Aviv and some top-level officials have held discreet consultations with people linked to the organisation in the past.

Mr Tuomioja has also already clashed with some of his colleagues – most notably at the start of August when a Finnish draft declaration calling for an immediate ceasefire in Lebanon and criticising Israel was watered down by other EU ministers.

He subsequently complained in a weblog that "for a long time it has been known that, within an hour after being distributed to the member states, all EU documents have already reached Tel Aviv, and probably Washington and Moscow".

But Jacques Chirac, the French president, has this week called for the EU to play a greater role in the Middle East. His demand is likely to be supported by Tony Blair,the UK prime minister.

France is pushing for the EU to extend a scheme under which it pays "allowances" to Palestinian doctors and nurses.

The EU has already established "non-political" links between European and Palestinian officials to coordinate the disbursement of such aid.

Mr Tuomioja called for the Palestinians to establish a national unity government to set up a "credible Palestinian partner that one can and must negotiate with".

"The EU is the only party which can talk directly and openly with everybody and everyone who is relevant for the Middle East," he said.

Israelis Capture Man At British Embassy (AP)

By Aron Heller, Associated Press Writer

AP, September 1, 2006

Police commandos stormed the British Embassy in Tel Aviv late Thursday and captured a Palestinian man who had been holed up inside for eight hours, claiming to have a gun and demanding political asylum. There were no injuries.

Police said the forces seized the man after he laid down his weapon for a split second. After the arrest, authorities discovered the weapon was plastic, police said in a statement.

Embassy spokeswoman Karen Kaufman said the arrest came after a coordinated effort with British officials. "As far as the embassy is concerned, the event is over," she said.

Nadim Injaz, 28, a resident of the West Bank city of Ramallah and suspected informer for the Israeli security services, burst the embassy by jumping a fence. In a dramatic interview on live television Thursday evening, he said he would rather die than return to the West Bank.

He remained holed up inside the compound several hours later as authorities tried to negotiate a peaceful end to the standoff.

He said he was demanding asylum, fearing Palestinian militants will kill him, and threatened to commit suicide.

"They will either take me out of here to Europe, or as a body," Injaz, speaking Hebrew, told Channel 2 TV. He said he was forced to take the extreme step after Israeli authorities rebuffed repeated demands for help and protection. "If no one comes to help me soon to save my life, I will finish myself here."

Injaz said militants in the West Bank told him that he would only be allowed to return to Ramallah only if he attacked Israelis. He said he chose this path instead.

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"I don't want to kill children," he said in tears in a separate interview with Channel 10 TV. "I want to be taken from here. I don't want to be here."

The embassy, on the Tel Aviv seafront, is ringed by a fence and visitors are normally screened by security guards at the gate. Police officials said Injaz managed to jump the fence of the compound but was stopped by security before he could enter the building.

Kaufman said an investigation would be launched into how the man breached security.

Police officials said Injaz was a Palestinian informer for Israeli security services and had encountered financial and legal troubles. Injaz said he has petitioned Israeli courts and contacted local media and human rights groups to win residency rights in Israel.

Asked by Channel 2 if he worked for the Shin Bet security service, Injaz named his handlers in the Israeli police.

Injaz said he would be killed if forced to return to Ramallah. His lawyer and human rights activists he has contacted also arrived on the scene.

Palestinians Fire Rockets; Defy Abbas (AP)

AP, September 1, 2006

Palestinian militants fired five homemade rockets into Israel on Thursday, defying the calls by Palestinian President Mahmoud Abbas to halt the attacks.

The Israeli army said four of the rockets landed near the southern border town of Sderot, while the fifth landed near the city of Ashkelon. There were no injuries, it said.

The barrage came a day after Abbas criticized Palestinian militants for continuing to fire rockets at Israeli border communities.

"What is happening in Gaza as a result of rockets fired in vain must stop right now because there is no national interest in this continuing," Abbas said in a speech Wednesday. He said dozens of Gazans have been killed and many more injured in recent months. "For what?" Abbas said.

Abbas has made similar appeals in the past, saying the rockets give Israel an excuse to attack, only to be rebuffed by militants. Islamic Jihad, which has launched hundreds of rockets at Israel, claimed responsibility for Thursday's barrage.

The rocket fire came shortly after Israeli troops withdrew from the outskirts of Gaza City on Thursday, ending a five-day operation that Palestinians said left 20 people dead and heavily damaged houses, streets and farms. The operation was aimed at finding tunnels and explosives.

Sudan Says No As U.N. Backs Force For Darfur (WP)

By Glenn Kessler And Craig Timberg

The Washington Post, September 1, 2006

The U.N. Security Council yesterday approved a long-sought resolution that would place an expanded peacekeeping force in Sudan's troubled Darfur region under U.N. authority, even as the government appeared to have begun a new offensive against rebel forces.

The new U.N. mandate would take effect only with Sudan's consent, and its president, Lt. Gen. Omar Hassan al-Bashir, immediately rejected it. Officials in Khartoum have repeatedly said that they favor the current African force, under the auspices of the African Union, instead of one from the United Nations.

The African Union, however, favors the transfer of control to the United Nations, saying it is unable to keep the peace and will soon run out of funds.

The stalemate over the troops and the new outbreak of fighting appeared to signal the failure of a peace deal reached three months ago that was hailed by the Bush administration as the key to resolving the conflict. Only one rebel group, with little support from the population, signed the agreement, and it has joined forces with Sudanese troops in an effort to crush ethnic African tribes challenging the Arab-led Khartoum government.

The peace agreement was brokered by Deputy Secretary of State Robert B. Zoellick, but he has since left the government, as have many of his key advisers on Sudan.

The Darfur conflict broke out in early 2003 when African rebel groups attacked police stations and military outposts. The United Nations and human rights groups accuse the central government of supporting militiamen, called the Janjaweed, in an effort to crush the rebellion.

About 2,000 villages have been destroyed across Darfur; violence and disease have left as many as 450,000 people dead and 2 million homeless. Two years ago, the Bush administration accused Bashir's government of abetting genocide.

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The peace agreement, rather than ending the fighting, appears to have rekindled it. There are widespread reports of the major rearming of government forces and the two rebel groups that did not sign the peace deal. They have since joined forces and have apparently acquired shoulder-fired missiles.

The rebel group led by Minni Minnawi -- who met with President Bush at the White House in July, after he signed the May peace deal -- has, in effect, become a paramilitary arm of the government. Growing numbers of Land Rover vehicles and Toyota trucks with machine guns have been reported in northern Darfur.

Assistant Secretary of State Jendayi E. Frazer flew to Khartoum this week to persuade Bashir to change his mind on the U.N. force, dangling the possibility of a meeting with Bush if Bashir accepted. Bashir made Frazer wait three days before he saw her, and he signaled that he had not changed his mind. But Frazer said yesterday that she was "very confident" Bashir would ultimately accept.

The U.N. resolution would create a peacekeeping force of as many as 22,500 military and police personnel, compared with the 7,000 currently serving under the African Union in an area the size of France. The U.N. force would also have a much stronger mandate to prevent an outbreak of violence.

About 5,000 members of the African Union force could be immediately placed under U.N. authority, but officials have not yet determined which countries would provide the rest.

The resolution was approved by a vote of 12 to 0, with China, Russia and Qatar abstaining. Assistant Secretary of State Kristen Silverberg said the abstentions were "inexplicable, in light of the very grave and serious and deteriorating security situation." But Chinese and Russian officials said they wanted Sudan's consent before the resolution was adopted, out of concern that the move might result in even more bloodshed.

John Prendergast of the nonprofit International Crisis Group, who was in Darfur over the weekend, said there has been a major new government offensive there in recent days. ""It has already started," said Prendergast, who has returned to his office in Washington.

Rebel commander Abubakar Hamid Nur, speaking by satellite phone from northern Darfur, said that government Antonov planes have been bombing villages as dozens of government gun trucks and thousands of troops have moved north from the provincial capital of El Fasher. Nur said the rebels have been retreating rather than clash with better-equipped government troops.

But he predicted an outright battle in the days ahead. Many of the civilians who were attacked have left on camels and horses to gather weapons.

"The coming days, there will be very big fighting in Darfur," Nur said. He said the government offensive is an effort to grab land in anticipation of the U.N. force eventually arriving. "They are killing and dancing over the skeletons of the people of Darfur," Nur said.

Major new fighting in northern regions of Darfur began Tuesday, according to Sam Ibok, an African Union official in Khartoum overseeing the implementation of the Darfur peace deal. Ibok said more than 20 civilians have been killed and more than 1,000 have been displaced, according to reports from affected areas. Those areas, he added, are beyond where African Union troops can travel safely.

"It's like a 'no-go' area for our forces," he said. Ibok said the fighting of the past three days was the worst so far this year. "The magnitude of this has not been reported before. This represents some kind of escalation," he said.

Manuel da Silva, the U.N. humanitarian coordinator for Sudan, predicted a steady deterioration in food, clean water and medical care in the weeks ahead as aid groups retreat from the countryside in northern Darfur because of the growing danger.

But Rabie Abdul Atti, a senior adviser to Sudan's information minister, said the recent violence is strictly between rebel groups that signed the pact and those that had not. "The government has taken no part in the fighting at all," Atti said.

Prendergast, who said he "could not point to anything good happening now" in Darfur, criticized the administration's strategy of offering incentives to Sudan's government rather than pressuring Khartoum with sanctions or possible war crimes indictments. He said that the peace agreement is terribly flawed, and that the departure of Zoellick and his aides left U.S. policy in limbo.

"The Darfur Peace Agreement is allowing the government to resume the war," Prendergast said. "This is a grotesque abuse of the intentions of those who crafted the peace deal back in May."

Timberg reported from Khartoum, Sudan.

UN Peace Mission For Darfur Approved (FT)

By Mark Turner

Financial Times, September 1, 2006

DOJ_NMG_0056719

The UN Security Council on Thursday authorised the creation of a United Nations peacekeeping mission to halt the bloodshed in Darfur, but reports of a new build-up of military forces and continued Sudanese government opposition threw its prospects into immediate doubt.

The resolution was agreed by 12 countries, but Russia, China and Qatar abstained. They said they did not object to a UN force but disagreed with the resolution's timing.

"It may trigger further misunderstandings and confrontation from the country directly involved and even cause problems on implementing the comprehensive peace agreement process," said Wang Guangya, the Chinese ambassador.

The text called for as many as 17,300 troops and 3,300 civilian police but invited the government's consent before deployment. The US said tacit acquiescence would suffice.

The UN plans to bolster the beleaguered African Union force there and begin preparations for a UN mission by December 31 – but it is still unclear who would be willing to provide troops.

With European forces on their way to Lebanon and fears of an unfriendly reception in Sudan, EU countries are unlikely to send significant ground forces.

The mission would aim to bolster the Darfur peace process, secure the camps and demilitarised zones, and ease regional tensions amid the security vacuum.

U.N. Council Votes To Send Troops To Darfur; Sudan Objects (NYT)

By Daniel B. Schneider

The New York Times, September 1, 2006

UNITED NATIONS, Aug. 31 — The Security Council passed a resolution Thursday authorizing the creation of a United Nations peacekeeping force for the ravaged Darfur region of Sudan, but the resolution calls for the consent of the Sudanese government before troops can be deployed.

Sudanese officials immediately rejected the resolution. A senior adviser to President Omar al-Bashir told Al Jazeera television that the resolution was illegal and violated the peace accord signed by the government and one of the rebel factions.

But State Department officials were quick to say the resolution did not explicitly require Sudan's consent. "This resolution invites Sudanese consent," Kristen Silverberg, assistant secretary of state for international organization affairs, said at a briefing in Washington after the vote. "Nothing requires Sudanese consent."

The proposed United Nations force is to include a military force of up to 17,300 members and a civilian police force of 3,300. It would replace or absorb the 7,000-member African Union force in Darfur, which has been hamstrung by financial and logistical problems and has failed to halt the slide into violence that President Bush has called genocide.

Since early May, when the peace agreement was signed between the government and one of the main rebel factions fighting for greater autonomy and wealth for the region, Darfur has fallen deeper into chaos, with rebel groups splintering and forming new alliances. The government has proposed using its own troops instead of a United Nations force to quell the rebellion.

The resolution also calls for immediate air, engineering and communications support for the African Union force, whose mandate will expire on Sept. 30.

Given that deadline, the United States and Britain urged speed. "Every day we delay only adds to the suffering of the Sudanese people and extends the genocide," said John R. Bolton, the United States ambassador to the United Nations.

Even though there is already a United Nations force in the south of Sudan — consisting of about 10,000 troops, most of them from Asian nations — the government has portrayed a potential United Nations force in Darfur as a tool in a Western effort to get access to Sudan's oil. The government has said it will resist the proposed force.

As is the case with the current African Union force, the United Nations troops would support the fulfillment of the peace agreement. That includes investigating cease-fire violations, monitoring movement of armed groups and developing a program for the disarmament and demobilization of combatants.

Acting under Chapter 7 of the United Nations Charter, the troops will also be authorized to use force to protect civilians, relief workers and United Nations workers. The African Union has for the most part lacked such authority and has called for the United Nations to take charge of the peacekeeping mission.

Hundreds of thousands of people have died and 2.5 million have been driven from their homes since the conflict began in 2003.

Twelve of the Security Council's 15 members voted for the resolution. Russia, China and Qatar, the Council's sole Arab member, abstained. They suggested that without Sudan's consent, voting now could only make negotiations more difficult. The Chinese ambassador, Wang Guangya, said the resolution could make the violence in Darfur worse.

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Mr. Bolton brushed aside the fears of Sudanese rejection. “The resolution simply said we invite their consent,’’ he said after the vote. “I think what we need is acquiescence. It would be nice to have cooperation. But the United Nations role should proceed, the planning should proceed, the operational work should be done and, as they say, silence gives consent.’’

The Sudanese ambassador to the United Nations did not speak at Thursday’s meeting. The Security Council is to meet on Sept. 8 to discuss the situation with Sudanese officials and representatives from the Arab League, the African Union and the Organization of the Islamic Conference.

U.N. OKs Sudan Peacekeepers Resolution (AP)

By Nick Wadhams, Associated Press Writer

AP, September 1, 2006

The U.N. Security Council passed a resolution Thursday that would give the United Nations authority over peacekeepers in Darfur as soon as Sudan's government gives its consent — which it has so far refused to do.

The resolution is meant to give more power and funding to a force, now run by the African Union, that has been unable to stop the humanitarian catastrophe in Darfur. The violence has killed more than 200,000 people and continues to worsen.

The document passed 12-0, with China, Russia and Qatar abstaining.

Yet the council cannot take any significant action on the resolution until Sudan reverses its opposition to a U.N. force. Dimming the prospects for the resolution to actually go into effect, Sudan President Omar Al-Bashir rejected it, the official SUNA news agency said.

"The Sudanese people will not consent to any resolution that will violate its sovereignty," the agency quoted al-Bashir's government as saying. The ruling party leadership called on the Sudanese people to "strengthen further their cohesion and ranks and prepare to face any development."

The United States and Britain, the two original sponsors of the resolution, said they hoped that the vote would help put new pressure on al-Bashir to acquiesce.

"It is imperative that we move immediately to implement it fully to stop the tragic events unfolding in Darfur," U.S. Ambassador John Bolton said. "Every day we delay only adds to the suffering of the Sudanese people and extends the genocide."

More than 200,000 people have died in the remote Darfur region since 2003 when ethnic African tribes revolted against the Arab-led Khartoum government. The government is accused of unleashing Arab militiamen known as janjaweed who have been blamed for widespread atrocities.

A peace deal signed by the government and one of the ethnic African rebel groups operating in the region has had little effect.

U.N. officials and aid workers say the crisis has only deepened in recent months, with rape, killings and other attacks in Darfur at a new high.

China and Russia said they supported the contents of the resolution but wanted Sudan's consent before adopting it. By pushing ahead, China said, the council only risked triggering further violence in Darfur.

"This is obviously not the intended outcome of the council in adopting this resolution," U.N. Ambassador Wang Guangya said.

In Washington, Assistant Secretary of State Jendayi E. Frazer said she was "absolutely confident" the Sudanese government would accept a U.N. peacekeeping force.

Frazer, who returned Wednesday from Khartoum and talks there with Sudan's president and other senior officials, said she would call Foreign Minister Lam Akol to encourage him to come to Washington for talks "sooner rather than later."

Sudan's president had told her he would send an envoy in response to a message from President Bush requesting entry of the U.N. force into Darfur.

Kristen Silverberg, assistant secretary of state for international organizations, said "we are very pleased" with passage of the resolution.

At a joint news conference with Frazer, Silverberg called Russia's abstention "inexplicable."

One central element of the resolution would give the peacekeepers new power to intervene to protect civilians in Darfur. The current African Union force has had little authority to intervene to stop such attacks.

Peacekeeping authority for the Darfur mission would be in the hands of a separate U.N. force already deployed in Sudan's south. That peacekeeping force, which now has about 10,000 troops, would be expanded to 17,000 military personnel and up to 3,300 civilian police to cover both areas.

The African Union has called for the U.N. to take control of the peacekeeping force, whose formal mandate expires on Sept. 30.

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Al-Bashir has offered to send government troops to Darfur but Western nations insist that would not help.

In a new bid to win Sudan's consent, the council has planned a high-level meeting for Sept. 8 to discuss the issue with Sudanese officials as well as representatives from the African Union, the Arab League and the Organization of the Islamic Conference.

The resolution is the first to refer to the "responsibility to protect" — a notion agreed to at a summit of world leaders a year ago, in which the international community vowed to intervene to protect civilians if their government could not.

"The test before the council today was whether it was prepared to act to mandate the resolution and assume its responsibilities to the people of Darfur," Britain's Deputy U.N. Ambassador Karen Pierce said. "The adoption of this resolution shows that it is."

Associated Press reporter Barry Schweid contributed to this report from Washington.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, September 1, 2006

Punishing Taiwan

Pentagon officials tell us President Bush has been advised to deny new sales of F-16 jets to Taiwan.

The advice is said to have originated from White House National Security Council (NSC) staff, who convinced the president not to approve new F-16 sales to Taiwan to avoid upsetting China. It would also signal disapproval with Taipei for its failure to procure submarines, surveillance aircraft and missile defenses offered for sale since 2001.

The official response we received from NSC spokesman Frederick Jones is that: "We have not to date received a request from the Taiwan Government for F-16s. If we do, it will be considered in keeping with our Taiwan Relations Act commitments."

Other officials tell us what really happened is that Taiwan's chief representative to the United States, David Tawei Lee, was told privately that now is not the time to submit a request for F-16s, to avoid the negative publicity of turning it down. Mr. Lee is close to the acting NSC Asia director, Dennis Wilder.

News of the rejection will be greeted with toasts in Beijing as a great propaganda victory, and another example of how China uses its influence over U.S. academics, policy-makers and intelligence officials to skew U.S. policy. Chinese military officials recently pressed the Bush administration and the Pentagon to halt all arms sales to rival Taiwan.

Taiwan's government confirmed earlier this week that it plans to buy up to 66 new F-16C/D models to replace F-5s. The deal was estimated to be worth $3.1 billion.

Press reports from Taiwan also stated that the Bush administration has rejected a request from Taipei to allow Taiwanese leader Chen Shui-bian to make a transit stop on the U.S. territory of Guam during an upcoming South Pacific visit.

The snub on Guam follows a visit to the island by several Chinese military officials who were given a tour of Guam, a major hub for the U.S. military buildup in Asia, during a recent military exercise.

Asia policy reshuffle

Defense Secretary Donald H. Rumsfeld has approved a plan to reorganize the policy shop now headed by Undersecretary of Defense Eric Edelman. Parts of the plan will be implemented beginning Oct. 1, but one key change, the creation of a new assistant secretary for Asia and the Pacific Security Affairs, will require congressional action.

The Pentagon's current Asia hand, Richard Lawless, a deputy assistant secretary, is the likely choice for the new post. Mr. Lawless has an impressive record in dealing with difficult Asian issues, including upgrading the alliance with Japan and negotiating U.S. troop relocation in Korea.

Another candidate for the post is Torkel Patterson, a former National Security Council Asia hand during the first Bush administration who is considered pro-China and anti-Taiwan by conservatives. Mr. Patterson, currently president of Raytheon International, also is viewed as a protege of former Deputy Secretary of State Richard L. Armitage and someone who wants the post to capitalize later on expected lucrative U.S. arms sales to India.

In contrast to Mr. Patterson's pro-China slant, Mr. Lawless is considered neutral on China and someone who has no agenda other than Mr. Rumsfeld's and as a result is favored by conservatives in the administration.

The new Asia slot spins off Asia, Central Asia and South Asia from the current office of assistant defense secretary for international security affairs, now headed by Peter Rodman, who will keep his job along with the three other current assistant secretaries.

Asked if concerns about China's large-scale military buildup were behind that element of the reorganization, Mr. Edelman did not answer directly, other than to note to reporters that the latest Pentagon strategy report recognizes both China and India as nations at the "strategic crossroad" that could develop into friendly powers or threats to U.S. security.

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"That certainly ...overall had some impact on how we decided to divide the labor, but I wouldn't say it was China-specific. It was a bit broader of a consideration than that," Mr. Edelman said.

The reorganization also downgrades the Defense Technology Security Administration to a section of a new directorate for global security affairs, that includes counternarcotics and counterproliferation, along with detainee affairs and Prisoner of War/Missing In Action affairs.

Iraqi flight

There has been little written in print about the flight of Iraqis from insurgency-torn Iraq. A former military officer forwarded us an e-mail from a contractor who lives outside the protection of the Green Zone in Baghdad.

"A lot of Iraqis have lost family members over the past month — five I have spoken to today — most have taken the immediate family to Syria and Iran as Jordan has stopped accepting them," the contractor wrote.

He noted that thousands have left Iraq. The contractor thinks that "all indications are [that] civil war is imminent."

The new threat is "tribal killing," and several sections of the capital have been looted and stripped. In some parts of the city, electricity is turned on for one hour a day, and fuel and running water are out in 90 percent of Baghdad. Most local schools have been closed, and violence has broken out in hospitals where killings have taken place between sick and injured from rival tribes.

The main hospital in Baghdad is turning away new patients, as many are being treated on the spot and discharged because of a lack of power, since fuel for generators is in short supply.

A U.S. colonel involved in training Iraqis stated in response to the e-mail that "fuel is a problem for everyone [in Iraq] but us."

"Lines are long," the commander said, noting that in some places there are two lines, one for regular customers and one for those who can afford to offer bribes.

The commander did agree that "folks are moving their families out of Baghdad," however, he said, "this is not a civil war yet."

The operation to bring more troops to Baghdad is working to reduce murders, killings and sectarian violence. Murders during a 30-day period ending last week declined sharply but are still high. About 920 people were murdered in the most recent 30-day period compared to 1,270 the preceding month.

"Maybe I can make up some happy news like the media makes up bad news such as trying to get you to believe there is a civil war raging here," the colonel said. "Sorry to report there is not."

False charges

Amid charges in an Associated Press story that some recruiters sexually abused young women candidates, Elaine Donnelly is reminding investigators there is a history of false accusations.

"False rape accusations ... have been filed to extort money from celebrities, to gain sole custody of children divorce cases, and even to escape military deployments to war zones," Mrs. Donnelly writes in the current "CMR Notes," the news letter for her Center for Military Readiness.

"All of these possibilities and more must be objectively considered by investigators, without interference from victim advocates who wrongly insist that women can do no wrong."

The quote is from her cover story, "Sex, Lies and Rape. How to Distinguish Truthful Allegations from False Ones."

Critical Obama Loses 'Favorite Son' Status In Kenya (AFP-Y)

By Bogonko Bosire

AFP, September 1, 2006

Kenya stepped up criticism of US Senator Barack Obama, accusing him of insulting the Kenyan people and trivializing their achievements during a visit to his father's homeland.

Two days after abruptly changing its tone on Obama, who had been welcomed as a returning hero but incurred official wrath with blistering criticism of corruption and ethnic divisions, Nairobi launched a new attack on the lawmaker.

Less than 24 hours after the rising US political star left Kenya to continue an African tour, government spokesman Alfred Mutua blasted Obama for choosing "to dwell on non-issues" in a nationally televised speech on Monday.

"Senator Obama made extremely disturbing statements on issues which it is clear, he was very poorly informed, and on which he chose to lecture the government and the people on how they should manage their country," he said.

Mutua said the government would write a formal protest to the junior senator from Illinois who he suggested had falsely claimed his trip to Africa was intended to "nuture relations between the continent and the United States."

Noting the government had "spared no effort in making his stay and travel ... enjoyable and fulfilling," Mutua said Obama's criticism of Kenyan President Mwai Kibaki's administration was unfair, unwarranted and unjustified by facts.

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He said Obama was wrong in asserting that Rwandan genocide fugitive Felicien Kabuga had bought protection in Kenya, that graft had plunged the country into "crisis" and that dangerous tribal divisions were on the rise.

Obama's comment about Kabuga "is an insult to the people of this country," Mutua said, adding he had "ignored" accomplishments in fighting corruption and boosting economic growth from near zero to six percent in three years.

"This cannot be achieved in a country, which Senator Obama says, is experiencing a corruption crisis," he said, before slamming the lawmaker for allegedly "trivializing" Kenya's ethnic harmony and "magnifying tribalism."

"Senator Obama enjoyed the vibrant freedom of expression and wide democratic space in this country during his tour," Mutua said. "Instead of acknowledging this... he chose to dwell on non-issues."

A day after Obama's stinging speech at the University of Nairobi, Mutua dsmissed the lone African-American in the US Senate and potential Democratic Party presidential nominee as "immature" and an opposition stooge.

But his harsh comments on Thursday marked a new escalation in animosity between the government and Obama, who left Kenya late Wednesday after a five-day visit during which he was accorded a rock star reception.

The son of a Kenyan goat herder-turned-government economist had been greeted by cheering crowds of thousands at each of his stops here, including a visit to his paternal grandmother in his late father's home village.

In his speech, Obama rebuked Kibaki's government for failing to address corruption and said Kenya's democractic progress "is in jeopardy... being threatened by corruption."

"Here in Kenya, it is a crisis, a crisis that is robbing an honest people of the opportunities that they have fought for, the opportunity they deserve," he said, urging the citizenry to demand accountability from Kibaki's government.

His blunt criticism made front-page news and drew praise from some commentators.

On Thurday Obama made a lighting trip to a US military camp in Djibouti before proceeding to the eastern Ethiopian town of Dire Dawa, where floods killed hundreds of people and displaced at least 10,000 others, officials said.

In Djibouti, he praise the tiny country on the shores of the Red Sea as an ally of Washington.

"In Dire Dawa, the senator visited a displaced people camp and called for rapid help," an official travelling with Obama told AFP.

On Friday, he is scheduled to visit eastern Chad, where hundreds of thousands of people who have been displaced by the Darfur conflict in western Sudan have sought refuge.

Mass Graves Reported In Philippines (WP/AP)

By Jim Gomez

The Washington Post, September 1, 2006

MANILA, Aug. 31 -- Soldiers have found mass graves believed to hold the remains of up to 300 people who were allegedly killed by communist guerrillas in the 1980s during a purge of suspected spies in the Philippines' remote east, officials said Thursday.

Former New People's Army rebels and relatives are willing to testify against leaders of the Communist Party of the Philippines who allegedly ordered the purge, including one alleged former leader who is now a lawmaker, said Maj. Felix Mangyao, a regional army spokesman.

The New People's Army is the armed wing of the Communist Party of the Philippines.

Troops and relatives have dug up at least 67 bodies since the graves were recently discovered in an area called "Garden," a hilly jungle in Southern Leyte province, about 385 miles southeast of Manila, said a military spokesman, Lt. Col. Bartolome Bacarro.

The shallow graves could contain the remains of as many as 300 people, based on information from former rebels and victims' relatives, Bacarro said. The military chief of staff, Gen. Hermogenes Esperon, visited the site, accompanied by police forensic experts and victims' relatives, who wept as the remains were unearthed.

Skulls were placed beside graves marked by bamboo crucifixes and numbers. One villager, Domingo Eras, said he recognized the remains of his brother, who was abducted by the rebels, by his clothes.

Opposition Rep. Satur Ocampo, a former rebel leader linked by the army to the deadly purges, has denied any involvement in the killings.

Ocampo said he suspected the army may have announced the alleged existence of the graves to bolster police claims that communist guerrillas were behind numerous recent killings of left-wing activists.

Leaders of the Communist Party and the New People's Army have acknowledged that a number of rebel commanders killed 600 to 900 suspected spies and government informers in the southern Mindanao region during the 1980s.

After learning of the purges, top rebel leaders ordered them stopped. The guerrillas later acknowledged the killings as among the most horrible blunders in the Marxist insurgency, which has raged for 37 years.

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Fast-Growing Countries To Gain More Clout At IMF (WP)

By Paul Blustein

The Washington Post, September 1, 2006

The International Monetary Fund took a first step yesterday toward retooling itself to reflect major changes in the global economy, agreeing to increase the power that several fast-growing countries have over its policies and promising to boost their clout more in the next two years.

The IMF's executive board, which represents its 184 member countries, approved a resolution that would modesly increase the voting power of China, South Korea, Mexico and Turkey immediately. The resolution, which still must be approved at the fund's annual meeting in Singapore on Sept. 19, also sets forth a plan to the formula for determining voting shares by the 2008 annual meeting.

The vote change is the initial stage of a broader initiative aimed at refocusing the IMF's priorities and giving high-growth emerging countries, especially in Asia, a bigger say over its operations, commensurate with the size of their economies.

Known chiefly in the past decade as a financial firefighter that sought to rescue emerging countries stricken by crises, the IMF is being prodded -- in large part by the United States -- to be more active in addressing global trade imbalances and other problems that menace the world economy.

That role would presumably include confronting countries whose currency policies are contributing to the imbalances -- the most obvious example being China, which many economists criticize as keeping the value of the yuan too low and thus giving its manufacturers an unfair competitive advantage.

At the same time, the IMF is seeking to address complaints that the apportionment of individual countries' voting power has not changed in 30 years despite wide shifts in the relative size of their economies. For example, China's economy has grown to twice the size of those of Belgium and the Netherlands combined, yet Belgium and the Netherlands together have 1.5 times as many votes.

At the fund, decisions are mostly approved by consensus, so voting power has little practical importance. But given the perception that the U.S. government dominates the institution, changing voting shares "is important symbolically," said Edwin Truman, an expert on the IMF at the Institute for International Economics.

Accordingly, the board decided to increase the overall number of votes immediately by 1.8 percent, with the extra voting power divided among China, South Korea, Mexico and Turkey -- four countries whose votes have particularly lagged behind their economic clout. A resolution adopted yesterday also committed the IMF to a second stage of changes -- one expected to increase those countries' votes further, along with a few other underrepresented countries, while decreasing the votes of countries such as Belgium.

Yesterday's resolution was approved only after the objections of some poor nations, especially in Africa, were addressed. Critics have long accused the IMF of running roughshod over poor countries by insisting on harsh austerity policies in exchange for loans, and IMF managing director Rodrigo de Rato has vowed that poor countries' voting shares will increase. Under yesterday's agreement, a second stage of increases in fast-growing countries' votes would not take effect until the poor countries got their increases, too.

"We're pleased that the IMF board is moving this process forward," Brookly McLaughlin, a Treasury spokeswoman, said in a written statement. "An effective IMF needs a modern governance structure that legitimately represents its members."

A Younger India Is Flexing Its Industrial Brawn (NYT)

By Keith Bradsher

The New York Times, September 1, 2006

PUNE, India — India's economic advancement no longer rests on telephone call centers and computer programmers.

Among villages with thatch-roofed huts and dirt roads on the outskirts of this city in central India, John Deere and LG Electronics have recently built factories turning out tractors and color television sets for sale in India and for export to the United States.

In Hazira, in northwestern India, where some residents still rely on camels to carry traders' goods, the Essar Group is making steel to be used for ventilation shafts in Philadelphia, high-rise structural beams in Chicago and car engine mountings in Detroit.

For decades, India followed a route to economic development strikingly different from that of countries like Japan, South Korea or China. While its Asian rivals placed their bets on manufacturing and exports, India focused on its domestic economy and grew more slowly with an emphasis on services.

But all that is starting to change.

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India's annual growth in manufacturing output, at 9 percent and accelerating, is close to catching growth in services, at 10 percent. Exports of manufactured goods to the United States are now rising faster in percentage terms than China's, although from a much smaller base. More than two-thirds of foreign investment in the last year has gone into manufacturing in India, not services.

"Saying we are a back office and China is a factory is a backhanded compliment," said Kamal Nath, India's minister of commerce and industry. "It's not really correct."

Indeed, in interviews at 18 Indian factories and other businesses in 10 cities and villages scattered across the length and breadth of the nation, the picture that emerges is of a country being driven by advances in manufacturing to a much brisker pace of economic growth.

A prime reason India is now developing into the world's next big industrial power is that a number of global manufacturers are already looking ahead to a serious demographic squeeze facing China. Because of China's "one child" policy, family sizes have been shrinking there since the 1980's, so fewer young people will be available soon for factory labor.

India is not expected to pass China in total population until 2030. But India will have more young workers aged 20 to 24 by 2013; the International Labor Organization predicts that by 2020, India will have 116 million workers in this age bracket to China's 94 million.

India's young population will also make it a huge and growing market for years to come, while the engineering skills and English skills of its educated elite will make it competitive across a wide range of industries. So even though India remains a difficult place to do business, several multinationals have been placing big bets on India in hopes of taking advantage of this shifting global dynamic.

General Motors and Motorola are preparing to build plants in western and southern India. Posco of South Korea and Mittal Steel of the Netherlands have each announced plans to erect giant steel mills in eastern India, where Reliance of India will soon construct one of the world's largest coal-fired power plants.

They are finding India's labor force well suited to their goals. When LG set out in 2005 to fill 458 assembly line jobs at its factory here at a starting wage of $90 a month, it required that each applicant have at least 15 years of education — usually high school plus technical college.

Seeking a young work force, the company decided that no more than 1 percent of the workers could have had any prior work experience. Despite the limitation, 55,000 young people met its criteria for interviews.

"In the villages there is little income," said Siddu Matheapattu, 24, in between applying sealant to refrigerator frames. "Here I can earn more."

By contrast, cities in the export-oriented Guangdong Province in southeastern China raised monthly minimum wages this summer by 18 percent, to $70 to $100 a month, after factories reported that they had one million more jobs than workers to fill them. Factories elsewhere in China face less severe labor shortages, but they also are being forced to raise wages.

As India has deregulated its economy, output has gradually accelerated to a growth rate of 8 percent a year, feeding a national euphoria and a few hopes of someday even beating China's annual growth of more than 10 percent.

Plenty of obstacles remain, however, notably India's weak infrastructure. China invests $7 on roads, ports, electricity and other backbones of a modern economy for every dollar spent by India — and it shows. Ports here are struggling to handle rising exports, blackouts are frequent and dirt roads are common even in Bangalore, the center of the country's sophisticated computer programming industry.

Pervasive corruption has slowed many efforts to fix these problems. India's labor laws, little changed since they were enacted just after independence in 1947, also continue to discourage companies from hiring workers, by making it very difficult to lay off employees even if a company's fortunes sour or the economy slows.

Still, a new optimism prevails in India, bordering at times on euphoria.

"The Chinese are very good at copying things, but Indians believe in quality work, we believe in meeting pollution norms," said S. S. Pathania, the assistant general manager of the Hero Honda motorcycle factory in Gurgaon, 30 miles south of New Delhi. "I think India will pass China very soon."

An Unexpected Boom

In Manufacturing

Sprawling across more than a square mile next to a gray tidal estuary, the scale of the Essar Group's complex in Hazira is already impressive. Essar has its own port to bring in iron ore and its own large gas-fired power plant for electricity. At the steel mill, giant buckets pour 150 tons of molten metal at a time to form slabs 2 yards wide and up to 10 yards long.

But the complex is just starting to grow. Essar is quintupling steel production and pushing forward a sevenfold increase in power generation, most of it for sale to a national grid desperately short of electricity.

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Growth on that scale, especially in industries like steel and power but also in areas like car parts and household appliances, is what India has long lacked. Industrial production accounts for only a fifth of India's economic output, compared with two-fifths of China's. But this ratio is starting to rise in India as manufacturing, led by exports, grows faster than agriculture and even some service industries.

Until recently, legislation effectively barred companies with more than 100 employees from competing in many industries. The laws were intended to protect tiny businesses in villages, often employing women and minorities; high tariffs were placed on imports as well.

But a result was hundreds of thousands of businesses too small to be competitive; India lags behind even the impoverished Bangladesh next door in exports of garments, a big creator of jobs for China. The Indian government has responded by narrowing the list of protected industries to 326 categories of goods from 20,000 and has lowered tariffs.

Comparing factories in India to their competitors in China, many of the Indian factories are smaller but some appear more efficient.

India's stronger financial system demands higher interest rates than China's state-owned banks, making it costlier to hold the small mountains of components awaiting assembly that are often seen in Chinese factories. The Confederation of Indian Industry, a national trade group, has also been highly successful in pushing companies to adopt the latest Japanese lean manufacturing techniques.

The drawback is that the nation's manufacturing boom, built on higher-quality goods made under more modern conditions than in China, is not likely to create as many factory jobs as India needs.

The Essar steel mill, for example, has been replacing old, labor-intensive equipment with more modern gear. "We were having it all done manually, but because the customers demand very high quality, we have to do it automatically," yelled Rajesh Pandita, an Essar manager, over the roar of a house-size machine that was stretching a minivan-size coil of steel back and forth through large rollers until it was little thicker than plastic kitchen wrap.

The Whirlpool factory in Pune uses machines, not people, to fold the steel exteriors of refrigerators. It has some of the highest productivity per worker of any Whirlpool factory in the world, with just 208 line workers producing up to 33,000 refrigerators a month.

Labor laws, however, discourage flexibility. They still ban companies from allowing manufacturing workers to put in more than 54 hours of overtime in a three-month period even if the workers want to earn extra money. Firing workers is extremely difficult.

"Companies think twice, 10 times before they hire new people," said Sunil Kant Munjal, the chairman of the Hero Group, one of the world's largest manufacturers of inexpensive motorcycles.

Hero in Gurgaon, on the southern outskirts of New Delhi, and its archrival, the Lifan Group in Chongqing, a city in western China, produce comparable motorcycles but the similarity ends there. Hero markets heavily to its domestic market, protected from foreign competition by high import tariffs, while Lifan emphasizes exports.

With scant ventilation, Lifan's factories are filled with diesel exhaust as workers test engines and ride finished bikes at breakneck speed out the doors, zigzagging past co-workers. Hero's factory in Gurgaon, where Honda holds a minority stake, has far better safety standards and excellent ventilation.

The Lifan factory pays less than $100 a month. The heavily unionized Hero factory pays $150 a month plus bonuses of up to $370 a month; nearly half the workers earn the top bonus, Mr. Pathania said.

Lifan's labor force is quiescent — would-be organizers of independent labor unions face long jail terms or worse in China. Hero's workers staged a successful nonviolent protest in 2005 to call for more contract workers to be eligible for the bonuses as well.

Bad Roads and Blackouts

Take a Toll on Efficiency

But the biggest question mark hanging over the rise of manufacturing in India lies in whether the country has enough roads, ports and electricity-generating plants to move huge quantities of goods and power the factories that make them.

Captain Abhay Srivastava, an operations manager at India's busiest port, was on duty on a recent afternoon when a phone call suddenly came in from the docks below. An enormous container ship from Qatar needed to slide 35 feet backward along the privately managed dock at the Nhava Sheva port near Mumbai to allow another large vessel to squeeze into the dock in front of it.

Captain Srivastava grabbed his white hard hat and dashed for the elevator. As soon as he reached the water's edge, a dozen laborers in orange jumpsuits began straining to arrange a cat's cradle of heavy, five-inch-thick ropes that would allow the ship to use its powerful winches to pull itself out of the way.

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"They are efficient people; they don't speak a lot," said Captain Srivastava, who has visited most of the world's major ports either as a ship captain or for port training exercises. "You go to some places and they just stand around."

The efficiency of the Nhava Sheva port — it approaches West Coast ports in the United States in the number of containers moved per hour — shows that India is capable of producing world-class facilities.

But big as it is, Nhava Sheva is too small to handle the crush of traffic. John Deere tractors wait in a container at the dock for one to four days before being loaded on a ship.

"If this pace of growth continues, we will see more congestion at the port," said Raj Kalathur, the managing director and chief executive of Deere's operations in India.

Similar worries prevail in Chennai, formerly Madras. "Another four or five years, we'll be choked," said M. Rafeeque Ahmed, the chairman of the Farida Group, a 9,000-employee shoe manufacturer in Chennai that needs the port for exports.

Infrastructure improvements are particularly important because manufacturing companies are buying more and more components from far-flung suppliers. Making sure all those parts arrive on time requires a reliable transportation system.

"Manufacturing is no longer done all under one roof," said Victor Fung, the chairman of the Li & Fung Group, a large Hong Kong-based company that buys goods from factories across Asia for sale to retailers and wholesalers in the United States and Europe.

Indian officials are talking about expansion. Planning is under way for new wharves at Nhava Sheva, but the years-long task of construction has not yet started.

China has faced capacity problems, too. A surge in steel production in early 2004 overwhelmed bulk cargo ports. Inflation quintupled in a year, to 5.3 percent, as bottlenecks at ports, highways, railroads and elsewhere in China drove up companies' costs.

The Chinese response was swift and decisive. The pace of port investment nearly tripled in six months. Work crews labored around the clock to erect more cranes and expand wharves.

The Chinese economy grew at a breathtaking pace of 11.3 percent in the second quarter of 2006, but consumer prices were just 1 percent higher in July than a year earlier.

By contrast, India is struggling with 8 percent inflation this summer as bottlenecks have appeared after three years of 8 percent growth.

Belatedly, India's roads and ports are improving. Just four years ago, Sona Koyo Steering Systems, an auto parts manufacturer, incurred hefty financing costs to keep a month's inventory on hand in case deliveries were delayed. Now its factory in Gurgaon makes six deliveries a day to a nearby Maruti car assembly plant; the eight-mile drive takes an hour or more because of traffic jams, but the deliveries get through.

"I'm not going to deny infrastructure is bad," said Surinder Kapur, Sona's chairman and managing director. "But a lot of our vendors are around us, a lot of our customers are close to us."

India is also starting to address chronic power shortages. But it is still a serious problem in northern India, where Mr. Kapur has his steering systems factory. He receives electricity from the national grid just seven or eight hours a day. So the factory has three enormous diesel generators, one bigger than a typical Manhattan living room, operating at four times what an industrial user in the United States usually pays.

Despite such obstacles, India's manufacturing sector appears poised for further growth. In a country where the national symbol has shifted from government bureaucrats at aging desks to call center operators in cubicles, it looks as if the next icon will be the laptop-toting engineer on a factory floor.

"The old philosophy was, 'I should work in an office, come in at 10 and leave at 4,' " said Nitin Kulkarni, 35, an engineer at the Hazira steel mill. But in recent years, he added, "there has been a revolution."

Where's Mao? Chinese Revise History Books (NYT)

By Joseph Kahn

The New York Times, September 1, 2006

BEIJING, Aug. 31 — When high school students in Shanghai crack their history textbooks this fall they may be in for a surprise. The new standard world history text drops wars, dynasties and Communist revolutions in favor of colorful tutorials on economics, technology, social customs and globalization.

Socialism has been reduced to a single, short chapter in the senior high school history course. Chinese Communism before the economic reform that began in 1979 is covered in a sentence. The text mentions Mao only once — in a chapter on etiquette.

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Nearly overnight the country's most prosperous schools have shelved the Marxist template that had dominated standard history texts since the 1950's. The changes passed high-level scrutiny, the authors say, and are part of a broader effort to promote a more stable, less violent view of Chinese history that serves today's economic and political goals.

Supporters say the overhaul enlivens mandatory history courses for junior and senior high school students and better prepares them for life in the real world. The old textbooks, not unlike the ruling Communist Party, changed relatively little in the last quarter-century of market-oriented economic reforms. They were glaringly out of sync with realities students face outside the classroom. But critics say the textbooks trade one political agenda for another.

They do not so much rewrite history as diminish it. The one-party state, having largely abandoned its official ideology, prefers people to think more about the future than the past.

The new text focuses on ideas and buzzwords that dominate the state-run media and official discourse: economic growth, innovation, foreign trade, political stability, respect for diverse cultures and social harmony.

J. P. Morgan, Bill Gates, the New York Stock Exchange, the space shuttle and Japan's bullet train are all highlighted. There is a lesson on how neckties became fashionable.

The French and Bolshevik Revolutions, once seen as turning points in world history, now get far less attention. Mao, the Long March, colonial oppression of China and the Rape of Nanjing are taught only in a compressed history curriculum in junior high.

"Our traditional version of history was focused on ideology and national identity," said Zhu Xueqin, a historian at Shanghai University. "The new history is less ideological, and that suits the political goals of today."

The changes are at least initially limited to Shanghai. That elite urban region has leeway to alter its curriculum and textbooks, and in the past it has introduced advances that the central government has instructed the rest of the country to follow.

But the textbooks have provoked a lively debate among historians ahead of their full-scale introduction in Shanghai in the fall term. Several Shanghai schools began using the texts experimentally in the last school year.

Many scholars said they did not regret leaving behind the Marxist perspective in history courses. It is still taught in required classes on politics. But some criticized what they saw as an effort to minimize history altogether. Chinese and world history in junior high have been compressed into two years from three, while the single year in senior high devoted to history now focuses on cultures, ideas and civilizations.

"The junior high textbook castrates history, while the senior high school textbook eliminates it entirely," one Shanghai history teacher wrote in an online discussion. The teacher asked to remain anonymous because he was criticizing the education authorities.

Zhou Chunsheng, a professor at Shanghai Normal University and one of the lead authors of the new textbook series, said his purpose was to rescue history from its traditional emphasis on leaders and wars and to make people and societies the central theme.

"History does not belong to emperors or generals," Mr. Zhou said in an interview. "It belongs to the people. It may take some time for others to accept this, naturally, but a similar process has long been under way in Europe and the United States."

Mr. Zhou said the new textbooks followed the ideas of the French historian Fernand Braudel. Mr. Braudel advocated including culture, religion, social customs, economics and ideology into a new "total history." That approach has been popular in many Western countries for more than half a century.

Mr. Braudel elevated history above the ideology of any nation. China has steadily moved away from its ruling ideology of Communism, but the Shanghai textbooks are the first to try examining it as a phenomenon rather than preaching it as the truth.

Socialism is still referred to as having a "glorious future." But the concept is reduced to one of 52 chapters in the senior high school text. Revolutionary socialism gets less emphasis than the Industrial Revolution and the information revolution.

Students now study Mao — still officially revered as the founding father of modern China but no longer regularly promoted as an influence on policy — only in junior high. In the senior high school text, he is mentioned fleetingly as part of a lesson on the custom of lowering flags to half-staff at state funerals, like Mao's in 1976.

Deng Xiaoping, who began China's market-oriented reforms, appears in the junior and senior high school versions, with emphasis on his economic vision.

Gerald A. Postiglione, an associate professor of education at the University of Hong Kong, said mainland Chinese education authorities had searched for ways to make the school curriculum more relevant.

"The emphasis is on producing innovative thinking and preparing students for a global discourse," he said. "It is natural that they would ask whether a history textbook that talks so much about Chinese suffering during the colonial era is really creating the kind of sophisticated talent they want for today's Shanghai."

That does not mean history and politics have been disentangled. Early this year a prominent Chinese historian, Yuan Weishi, wrote an essay that criticized Chinese textbooks for whitewashing the savagery of the Boxer Rebellion, the violent

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movement against foreigners in China at the beginning of the 20th century. He called for a more balanced analysis of what provoked foreign interventions at the time.

In response, the popular newspaper supplement Freezing Point, which carried his essay, was temporarily shut down and its editors were fired. When it reopened, Freezing Point ran an essay that rebuked Mr. Yuan, a warning that many historical topics remained too delicate to discuss in the popular media.

The Shanghai textbook revisions do not address many domestic and foreign concerns about the biased way Chinese schools teach recent history. Like the old textbooks, for example, the new ones play down historic errors or atrocities like the Great Leap Forward, the Cultural Revolution and the army crackdown on peaceful pro-democracy demonstrators in 1989.

The junior high school textbook still uses boilerplate idioms to condemn Japan's invasion of China in the 1930's and includes little about Tokyo's peaceful, democratic postwar development. It will do little to assuage Japanese concerns that Chinese imbibe hatred of Japan from a young age.

Yet over all, the reduction in time spent studying history and the inclusion of new topics, like culture and technology, mean that the content of the core Chinese history course has contracted sharply.

The new textbook leaves out some milestones of ancient history. Shanghai students will no longer learn that Qin Shihuang, who unified the country and became China's first emperor, ordered a campaign to burn books and kill scholars, to wipe out intellectual resistance to his rule. The text bypasses well-known rebellions and coups that shook or toppled the Zhou, Sui, Tang and Ming dynasties.

It does not mention the resistance by Han Chinese, the country's dominant ethnic group, to Kublai Khan's invasion and the founding of the Mongol-controlled Yuan dynasty. Wen Tianxiang, a Han Chinese prime minister who became the country's most transcendent symbol of loyalty and patriotism when he refused to serve the Mongol invaders, is also left out.

Some of those historic facts and personalities have been replaced with references to old customs and fashions, prompting some critics to say that history teaching has lost focus.

"Would you rather students remember the design of ancient robes, or that the Qin dynasty unified China in 221 B.C.?" one high school teacher quipped in an online forum for history experts.

Others speculated that the Shanghai textbooks reflected the political viewpoints of China's top leaders, including Jiang Zemin, the former president and Communist Party chief, and his successor, Hu Jintao.

Mr. Jiang's "Three Represents" slogan aimed to broaden the Communist Party's mandate and dilute its traditional emphasis on class struggle. Mr. Hu coined the phrase "harmonious society," which analysts say aims to persuade people to build a stable, prosperous, unified China under one-party rule.

The new textbooks de-emphasize dynastic change, peasant struggle, ethnic rivalry and war, some critics say, because the leadership does not want people thinking that such things matter a great deal. Officials prefer to create the impression that Chinese through the ages cared more about innovation, technology and trade relationships with the outside world.

Mr. Zhou, the Shanghai scholar who helped write the textbooks, says the new history does present a more harmonious image of China's past. But he says the alterations "do not come from someone's political slogan," but rather reflect a sea change in thinking about what students need to know.

"The government has a big role in approving textbooks," he said. "But the goal of our work is not politics. It is to make the study of history more mainstream and prepare our students for a new era."

Bolivian Witch Hunts (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, September 1, 2006

There is something about Bolivian President Evo Morales that doesn't inspire confidence in a prosperous, democratic future for his country. And it's not only the fashion statement he makes with the striped sweater he wears like a uniform.

For a good many Bolivians it's the erosion of civil liberties under his leadership. Just ask Marcela Nogales, a 47-year-old mother of two pre-teens who holds a master's degree in auditing and financial control from Bolivian Catholic University in a joint program with Harvard University.

Mrs. Nogales, who was the general manager of the Central Bank of Bolivia for five years until May, has been detained in a Bolivian prison for the past six weeks at the behest of the Morales government. She has yet to be charged.

This detention, a flagrant violation of Bolivian law, appears to be part of a broader campaign against anyone connected with modernization efforts in the past decade. As such, it has further ignited the fears of Bolivian democrats who are deeply concerned that their country is heading toward an authoritarian police state under Mr. Morales.

Evo has already badly mishandled the economy. Exhibit A is his decision on May 1, amidst the biggest energy boom in the history of humankind, to nationalize the investments of foreign energy companies in his gas-rich country. Perhaps such bravado

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felt good to the country's first indigenous leader in modern times. But if he was making a political calculation, he left out one important variable: Bolivia is poor. So poor, it seems, that it hasn't the funding or expertise to exploit the gas itself.

On Aug. 11 the government announced the suspension of the full takeover of the oil fields "owing to a lack of economic resources." But it's a little late. Some 30 energy companies are reported to have ceased operations, and there has been no new investment. Bolivia has been converted into an unreliable energy supplier, badly wounding the only goose that lays hard-currency eggs.

The theory going around Bolivian circles -- that Venezuelan President Hugo Chávez used the unsophisticated Evo to destroy the country's energy sector so that Venezuela could step into the vacuum -- is something worth pondering. Meanwhile, Mr. Morales, whose poll numbers remain high, is now besieged by the same kinds of strikes, road blockades and protests that he once organized as an activist.

Yet like any self-respecting demagogue, Evo isn't about to rely on his competency to determine his fate. The best defense is a good offense and Evo is on the offensive, using his office to interrogate, investigate and even jail those who represent an alternative to his vision for a Maoist Bolivia.

In April we noted the case of 67-year-old José Maria Bakovic, who as president of Bolivia's National Highway Service (SNC) from 2001-2006 instituted a competitive, transparent bidding process for Bolivia's road works. Evo forced Mr. Bakovic to resign from his post in February and in March threw him in prison for three weeks without due process. In the same month the president signed an executive decree for a new highway project, bypassing the bidding process that Mr. Bakovic had put in place. Mr. Bakovic is out of jail now but cannot leave La Paz without permission from a judge. Meanwhile in his all-out effort toward discrediting the architects of Bolivia's limited liberalism and the ideas themselves, Mr. Morales has other fish to fry.

The whopper is Gonzalo Sánchez de Lozada (aka Goni) who was president when Mr. Morales and his minions led road blockades in October 2003 that paralyzed the nation. When Goni tried to open the highways, the deadly violence brought down his government. The same violence also killed the idea Goni was pitching to end the Argentine and Brazilian duopsony in natural gas and open markets for Bolivia to the west and north. Goni fled the country but Evo still wants his pound of flesh. This is what Mrs. Nogales's arrest is all about.

During the height of the social unrest that brought Goni down, the central bank met a government request for an emergency withdrawal from its own account in the amount of $1.8 million. A little more than half of the money was in local currency and the balance ($800,000) was in U.S. dollars.

In June two congressman in Evo's party made a big splash in the Bolivian media by alleging that the transfer was $100 million and that Goni took it with him in a helicopter when he fled La Paz. Among the accusers' more effective tools has been a video tape, illegally obtained, which shows bank employees taking cash out of the vault. This has been spun with great skill in the Bolivian media as a mega heist by the corrupt elite to accommodate Goni.

The attorney general has not only arrested Mrs. Nogales but it has also put the former president of the central bank, Juan Antonio Morales, on notice that he is under investigation and also could be jailed. Reportedly he joins scores of other former top Bolivian officials who are now threatened with criminal prosecution. Moreover, he has been defamed and slandered in the press.

Leaving aside the obvious point that if bank insiders were going to steal money they would have turned off the security cameras, the character assassination aimed at Mr. Morales is unsubstantiated. As head of the central bank from late 1995 until Evo pushed him out in May 2006, he earned an impeccable reputation by institutionalizing bank independence, transparency and accountability. The highest annual inflation rate Bolivia experienced from 1996-2005 was 4.5%.

Bolivia's controller general, independent auditors and Congress have all exonerated the bank of any criminal wrongdoing. But the government continues its political witch hunt; Mrs. Nogales languishes in prison without rights and a climate of intimidation hangs over civil society. If Evo prevails, it will mean not only the silencing of his opposition, but also the end of central-bank independence. This may explain why, despite the lack of evidence, the case has not been dropped.

Scold War Buildup (WP)

By John R. Hamilton

The Washington Post, September 1, 2006

Attempts to explain the vehemence of anti-U.S. feeling abroad correctly home in on Iraq and other unpopular policies of the current administration. But over the past three decades the kudzu-like growth of another U.S. practice, used by Congress and by Democratic and Republican administrations alike, has nurtured seething resentment abroad.

This is what might be called "foreign policy by report card," the issuing of public assessments of the performance of other countries, with the threat of economic or political sanctions for those whose performance, in our view, doesn't make the grade. The overuse of these mandated reports makes us seem judgmental, moralistic and bullying.

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The degree to which public reports accompanied by the threat of sanctions have been institutionalized in U.S. policy is stunning. A partial list:

Each year we issue detailed human rights reports on every country in the world, including those whose performance appears superior to our own. We judge whether other countries have provided sufficient cooperation in fighting illegal drugs. We place countries whose protection of intellectual property has been insufficient on "watch lists," threatening trade sanctions against those that do not improve. We judge respect for labor rights abroad through a public petition process set up under the System of Generalized (trade) Preferences. We publish annual reports on other countries' respect for religious freedom.

And more: We seek to ensure the adequacy of civil aviation oversight and the security of foreign airports through special inspections and categorizing of government performance. We ban shrimp imports from countries whose fishing fleets do not employ sea turtle extruder devices and yellowfin tuna imports where the protection of dolphins is in our view inadequate. We report on trafficking in persons and categorize the performance of every country where such trafficking is a problem, which is just about everywhere. And we withhold military education, training and materiel assistance from countries that do not enter into agreements with us to protect our nationals from the jurisdiction of the International Criminal Court.

The point is not that these goals are illegitimate. The large majority of Americans would probably support most if not all of them and would be reassured to know that the government is working assiduously to promote them. It is also true that foreign governments do sometimes improve their performance to avoid sanctions or the embarrassment of a critical public report.

But in the aggregate, our public reports have reinforced the view abroad that we set ourselves up unilaterally as police officer, judge and jury of other countries' conduct. Often, governments in developing countries in particular are committed to the objectives we are promoting, but they are overwhelmed by poverty, political instability and other existential problems that, in their view, dwarf the issues on which we would have them concentrate. Even so, they struggle to improve, say, performance on human trafficking, only to be found lacking with respect to drugs or labor rights. They may well conclude that, however much they try, their best is never good enough for us. The result is demoralization, anger and sullen resistance where we otherwise might have made common cause.

We could adjust this approach, especially where the objectives enjoy broad support in the international community, to advance them through multilateral organizations. We have effectively promoted more vigorous action against money laundering through the broadly based Financial Action Task Force. Several years ago, and as resentment over our annual narcotics certification process threatened to spin out of control, Congress softened the approach and, with modest success, we sought to make the Western Hemisphere portion of it multilateral through the Organization of American States.

Scaling back in other areas would help. It is critical, though, that we refrain from using this tool as we seek to promote new objectives -- however worthy -- in the future. The tolerance of other societies for being publicly judged by the United States has reached its limits.

The writer, who retired last year after 35 years as a Foreign Service officer, served as ambassador to Peru and Guatemala.

Missing Children (WSJ)

By Gary S. Becker

The Wall Street Journal, September 1, 2006

The 20th century was the one with the greatest decline in death rates not only in rich countries but also throughout the world. Very low birth rates in a rapidly increasing number of countries are shaping up as the defining demographic event of the 21st century. The total fertility rate, which measures the number of births to the average woman over her lifetime, must be at least 2.1 in order to prevent a country's population from declining in the long run in the absence of enough immigration. Yet there are now about 70 countries, which comprise almost half the world's population, with fertility rates below 2.1, and in many nations birth rates are far under this maintenance level. All European countries have low birth rates, and so do many Asian ones, including Japan, China, both Koreas, Hong Kong and Taiwan. Japan, Italy, Russia and Spain are the countries with the lowest birth rates, with the typical woman giving birth to not much more than one child during her lifetime. The last major census in Hong Kong shows an even more extreme picture, for the typical woman has less than one child over her lifetime.

When a country's birth rate is much below the replacement level, it must receive enough immigrants to maintain a stable or growing population. Since Japan has been especially reluctant to accept immigrants unless they are of Japanese descent, net immigration has been negligible. It is not surprising that Japan is among the first countries to be already experiencing a population decline. Russia, too, has a falling population because it not only has a very low birth rate, but also net outmigration of its population and high death rates -- life expectancy for males is under 60 years. The U.S., by contrast, still has a growing population because it has birth rates at about replacement levels, and because it continues to attract many immigrants (and these immigrants on average have higher birth rates).

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The rate of population decline in Japan and Russia will accelerate if their low birth rates persist, and these countries do not change either their attitude toward, or their ability to attract, immigrants. The reason is that eventually low birth rates lead to smaller numbers of men and women in the child-producing ages. The larger numbers at these ages presently resulted from much higher birth rates in the past. World Bank projections are that the Russian population will decline by more than 25% to about 100 million by the year 2050 unless present birth, death and immigration trends are radically reversed. Japan's population is expected to decline by a similar percentage. * * *

Not long ago many persons were concerned, and some still are, about the rapid growth in world population. If they were right, one might have expected the specter of declining population to be welcomed. Yet most countries with low birth rates are worried about the prospects of declining population. To reverse this trend, many of them have proposed or implemented subsidies to women who have larger families. France has expensive systems of allowances to women with more than one child. Vladimir Putin proposed an even more liberal system of benefits to encourage Russian women to have additional children. Japan has been discussing greater incentives to women there to have more children.

What is concerning people about low birth rates that is overlooked by the many neo-Malthusians who continue to rail against growing population? One consequence of low birth rates and extensions of life expectancy at older ages is that fewer people are at working ages compared to the number of retirees. As a result, financing of retirement income and medical expenditures becomes more of a challenge with an aging population since most countries finance retirement income and medical spending on the elderly by social security taxes on the working population.

Fortunately, shifting away from a pay-as-you-go social security system to an individual account system can alleviate this problem. Under the latter, individuals accumulate assets over their working lives in retirement and health savings accounts. They would draw down this capital at older ages to pay for consumption and medical expenses. This system would break the link between taxes on the working population and retirement benefits, and reduce the negative consequences of having a smaller number of working people relative to retirees.

Another important negative consequence of population decline is seldom discussed, but it is not eliminated by changing the structure of taxes and saving, or even by increasing the fraction of married women and older men in the labor force. Smaller populations reduce the amount of innovation partly because it leads to fewer younger persons, both absolutely and compared to the number of older persons. This shift toward a younger population is bad for innovation because the vast majority of important new ideas come from inventors and scientists who are younger than age 50, often far younger.

Innovations also require an intense initial effort on R&D with considerable inputs of high-level personnel and capital. These costs become worthwhile only when the demand for new products and ideas is sufficiently great. The magnitude of demand obviously depends on per capita incomes, but also on the number of persons who can benefit from new consumer goods, and advances in medical and other knowledge. The number benefiting is related to population size, and possibly also to its age distribution. The 1983 Orphan Drug Act recognizes the importance of population in stimulating innovations. This Act gives pharmaceutical companies special patent protection if they produce new drugs that help persons with rare diseases; that is, diseases that affect less than 200,000 persons.

Even some frequently cited negative effects of larger populations, such as greater pollution, can be alleviated, if not fully solved, by a bigger population. Larger populations, as argued, increase incentives to innovate, which include innovations that reduce pollution and other negative effects of more dense populations.

What does the future path of fertility look like in countries like Japan where women are producing too few children to prevent their populations from falling? Some commentators have expressed their belief that fertility rates are only temporarily low, and that before long they will increase significantly toward replacement levels. In fact, the number of births in Japan was up by about 2% in the first six months of 2006 compared to the same period a year ago. The Japanese Health Ministry has taken an optimistic view that this might be a harbinger of further fertility increases as Japan regains more rapid economic growth and lower unemployment.

I am less optimistic than this ministry about any spontaneous large increase in birth rates. Since 1970, no country has had a large increase in its total fertility rate after this rate had fallen much below the replacement level. Birth rates are low for good reasons, especially the high time cost involved in raising children, particularly the time of more educated women, and the desire of parents in knowledge-based economies to invest more in each child instead of having additional children. Births rates could be raised by increasing child allowances to mothers, establishing paid leaves to mothers, and providing subsidies to child-care facilities. However, even generous subsidies to parents appear to have only modest effects on fertility. Two French economists have studied the elaborate French system of allowances to mothers who have more than one child. Their conclusion: Even this thoroughgoing system of allowances raised the total fertility rate by no more than 0.1, from 1.7 to 1.8.

My reading of the evidence is that fertility in countries like Japan with birth rates that are far below the replacement level of 2.1 children per women will not rise to anywhere near that level in the next few decades, even with generous financial and other

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child-care support. If I am right, the only solution for countries that continue to be concerned about a future with declining and aging populations is to open their gates to immigration. Yet in most countries large-scale immigration creates political, economic and social problems. Immigration is an especially unwelcome alternative for Japan, given the history of Japanese reluctance to have many foreigners settling in their country. As a result, Japan, Russia and many other countries face a worrisome demographic and economic future.

Mr. Becker, the 1992 Nobel economics laureate, is professor of economics at the University of Chicago and senior fellow at the Hoover Institution.

Going Ballistic (WSJ)

The Wall Street Journal, September 1, 2006

It isn't every day that a U.S. cruiser with a proven test-record of shooting down a medium-range ballistic missile is stationed in Japan. But the arrival there on Wednesday of the USS Shiloh and its advanced Aegis missile-tracking system is much more than a symbolic first. The cruiser is capable of firing SM-3 interceptor missiles. Its deployment at the port of Yokosuka, south of Tokyo, formally puts Japan in the realm of the world's most sophisticated missile defense.

No wonder North Korea was having conniptions and spewing venom. Although the Shiloh's latest mission has been planned for months, it is a powerful reply to Pyongyang's threats. The most provocative were its July 4 test-launches of missiles -- including the long-range Taepodong-2, which theoretically could hit San Francisco. The test-firing of a Taepodong-I over Japan in 1998 -- along with alarming news of North Korea's continuing nuclear weapons programs -- intensified Japan's interest in cooperating with the U.S. on missile defense.

The Shiloh's arrival at Yokosuka, where it was greeted by U.S. Secretary of the Navy Donald Winter, underscores the deepening security partnership between the U.S. and Japan. During President Bush's trip to Tokyo last year, the two countries issued a joint report which called missile defense "essential to dissuade destabilizing military buildups" and "to deter aggression."

Wednesday brought proof that they mean business. Better yet, the enormous deterrent that just docked in Japan is part of a larger plan to keep the peace and make Asia, and the U.S., safer. As a Japanese Foreign Ministry official noted at the Yokosuka ceremony, "this is only a beginning."

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, SEPTEMBER 1, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Holiday Publishing Notice 4
Education Department Checked Student Aid Records For FBI Terrorism Probe 4
Hoekstra Predicts Reporters Who Disclosed NSA Surveillance Will Be Jailed 5
Airliner Bomb Plot Seen As Similar To Earlier UK Cases 5
WSJournal Defends Administration's Tribunal Proposal 5

Homeland Response:

EU, US Officials Confident Air Passenger Data Deal Can Be Reached By End Of Month 6
Oklahoma City Museum To Display FBI Evidence From Bombing Investigation 6
Ernesto Expected To Be "Significant Flooding Event" In Mid-Atlantic Region 6
Robinson Urges Dutch-Type Levee System For New Orleans 7

War News:

Bush Compares Struggle Against Terrorists In Iraq To WWII, Cold War 7
Rumsfeld Criticizes Media Coverage Of War On Terror 10
Over 300 Iraqis Killed Since Sunday As Surge In Violence Continues 10
US Has 13,000 More Soldiers In Iraq Than Five Weeks Ago 11
Al Qaeda Group Turns Down Iraqi Government's Offer 11
Reality Shows Having Success In Iraq 11
Taliban Attacks Town In Southern Afghanistan 11
US Official Says Effort To Stem Afghan Drug Trade Unsuccessful 11

Corporate Scandals:

Auditor Warned Mills Corp About Financial Practices 12
Investors Seek Penn Traffic Financial Reports 12

Criminal Law:

US Indicts Maryland Man For 2002 Annapolis Slaying 12
Armitage Remains Silent About His Role In Plame Leak 13
Judge Extends Order Against BetOnSports 13
Jeffs Agrees To Extradition To Utah 13
FBI Seizes Chicago Personnel Records In Possible Prelude To More Indictments 14
Ryan Lawyers Ask Judge For Leniency In Sentencing 14
6th Circuit Upholds Michigan Corruption Convictions 14
California Man Sentenced To Prison For $37.5 Million Investment Fraud Scheme 15
Pennsylvania Lawmaker Under FBI Scrutiny To Make $24 Million On Bank Deal 15
Norwegian Police Recover Stolen Munch Masterpieces 15
Judge Grants Prosecutors Wide Latitude If Gotti Takes Stand 15
Minnesota Man Pleads Guilty To Stealing Phone Card Numbers 16

Civil Law:

DOJ Sues Colorado Firm Over Dam Breach 16

Civil Rights:

DOJ Reaches Pact With Kentucky Over Mental Retardation Facility 16
Saudi Man Sentenced To 28 Years In Prison In Colorado Slavery Case 17
Maryland Man Awarded $6.38 Million In False Confession Case 17
Judge Denies Bond For Former Mississippi Jailer Accused In Inmate Death 17

Antitrust:

DOJ, Microsoft Seek Extension Of Antitrust Settlement 18

Judge Dismisses Broadcom's Antitrust Suit Against Qualcomm 18
FTC Probe Prompts MLS To Scrap Real Estate Rule 18
Exelon, New Jersey Regulators Approaching Stalemate On PSEG Merger 19
Goldcorp To Buy Glamis For $7.8 Billion 19
Judge Blocks Sale Of Generic Plavix 19

Environment:

Judge Refuses To Change Deal On Plant Emissions 20
Bush Plans Nuclear, Alternative Energy Push Starting Next Year 20
Kempthorne Visits ANWR 20
Administration Undecided On Need For Additional Drought Aid 20
California Emissions Plan Divides Industry 20
Federal Probe Curbs Illegal Trading Of Ocelots 21

FBI/DEA/ATF/USMS:

Boston US Attorney To Head ATF 22
Renowned FBI Agent Garrett Announces Retirement 22
Drug-Conspiracy Trial Begins For Accused Chicago Gang "King" And Associates 22
Judge In New Mexico To Decide Case Involving Marijuana Use For Religious Purposes 22
Walters Focuses On Combating Marijuana Cultivation On Public Lands 23
Report: NFL Players Association Will Be Asked To Consider Drug-Testing Changes 23
Pete Rose Jr Disputes Charge Of Distributing GBL 24
Land Under Opium Poppy Cultivation Possibly Up 40% In Afghanistan 24

Immigration:

Immigration Activists To Hold Rallies In Several Cities 24

Tax:

FBI, IRS Search Offices Of Alaska Lawmakers In Oil Services Company Probe 25
NAACP Cleared In Tax Probe 25
IRS Will Refund Taxpayers Up To $60 For Phone Tax 26

Congress-Administration:

Governors Ask Rumsfeld To Oppose National Guard Measure 26
GOP Fears Bolton Can't Win Senate Confirmation 26
Tomlinson Nomination Put On Hold 26
Stalemate Expected In Battle Over Minimum Wage Hike 26
Grassley Measure Would Eliminate Secret Holds On Legislation 26
Bush Approval Rises To 38% In Fox News Poll 27
Private-Equity Firms Planning Lobbying Push 27
Smaller NIH Budget Reduces Funding For "Bold" Research 27
Viewer Emails Comment On Bush's NBC Interview 27

Other News:

Consumer Spending, Personal Income Rose In July 27
Company That Claimed Stem Cell Breakthrough Under Scrutiny 29
GOP Struggling In Key Senate Contests 29
Polls Show Conflicting Snapshots Of Rhode Island Senate Primary 30
Burns Says Some Terrorists "Drive Taxi Cabs In The Daytime And Kill At Night." 30
Democratic Senate Hopefuls Debate In Maryland 30
Lieberman Prepares To Return To Capitol Hill 30
Immigration Issue Seen As Reason Behind Santorum's Improvement In Recent Polls 30
Raft Of Competitive Races Could Lead To Democratic House Takeover 31
Rodriguez May Reverse Course, Remain In TX23 Race 31
Hillary Clinton Says US Ready For Female President 31
Recent Apologies From Politicians Noted 31
DeLay To Publish Autobiography 32
Merkel, Rice Top Forbes List Of Powerful Women 32
British Movie Features Bush Assassination Scene 32
Union President Calls For Expansion Of "Risk Pool." 32
NYTimes Blasts New Formula For Distribution Of AIDS Funds 33
WSJournal Criticizes Dartmouth Trustees 33
US Seeks Sanctions After Iran Refuses To Stop Enrichment 33
International Community Pledges $940 Million To Rebuild Lebanon 35
EU President Says EU Should Talk To Hamas 37
UNSC Authorizes Transition To UN Darfur Force Despite Khartoum's Opposition 37
Rumsfeld Approves Reorganization Of Asia Policy Shop 38
NSC Staff Advises Bush To Deny F-16 Sale To Taiwan 38
Kenyan Government Criticizes Obama 38
Mass Graves Found In Philippines 38
IMF Reform Increases Power Of China, South Korea, Mexico, Turkey 39
India's Manufacturing Growth Accelerating 39
Chinese Textbooks Downplay Mao, Communism 39

DOJ_NMG_0056737

Bolivians Concerned Morales Moving Country Toward Authoritarianism 39
Former Ambassador Says "Foreign Policy By Report Card" Damages US Image 39
Nobel Laureate Says Demographics Will Lead Some Countries To Seek Immigrants 40
WSJournal Hails Arrival Of US Cruiser In Japan 40

The Big Picture:

Headlines From Today's Front Pages 40

Washington's Schedule:

Today's Events In Washington 41

DOJ_NMG_0056738

TERRORISM NEWS:

Holiday Publishing Notice. In observance of the federal Labor Day holiday, the Attorney General's News Briefing will not be published on Monday, September 4. News from the holiday will be included in the Tuesday, September 5 briefing.

Education Department Checked Student Aid Records For FBI Terrorism Probe. USA Today (9/1, 4A, Toppo, 2.27M) reports Project Strike Back, "a little-known federal program created days after Sept. 11, 2001, examined financial aid records of college students targeted by the FBI in terrorism investigations, but it's unclear whether it netted any terrorists, according to U.S. Education Department documents" obtained by USA and AP through a FOIA request. FBI Assistant Director John Miller said in a statement that the bureau "asked the inspector general's office 'to run names of subjects already material to counterterrorism investigations against the databases to look for evidence of either student loan fraud or identity theft. … No records of people other than those already under investigation were called for. This was not a sweeping program, in that it involved only a few hundred names.'" FBI spokeswoman Catherine Milhoan "said Project Strike Back 'was one of many utilized by the FBI to identify potential people of interest. In the post-9/11 world, it's the job of the FBI to connect the dots and follow our investigations where they lead us. We continue to do that while adhering to FBI guidelines, Department of Justice regulations and most importantly in accordance with the United States Constitution.'" USA notes, "Education Secretary Margaret Spellings learned of the project Wednesday," and it "is virtually unknown within the higher education community, even among top financial aid and admissions officials. 'There was no attempt to conceal these efforts, in that they were referenced in publicly available briefings to Congress and to the General Accountability Office,' Miller said in the FBI statement."

The New York Times (9/1, Glater, 1.21M) reports Miller said in the statement, "During the 9/11 investigation and continually since, much of the intelligence has indicated terrorists have exploited programs involving student visas and financial aid. … This is part of our mission, which is to take the leads we have and investigate them." The Times adds that the FBI "would not discuss the specific criteria it used in seeking information on students but said the program was narrowly focused. 'People are trying to turn this into something that it wasn't,' Ms. Milhoan said. 'We are not out there arbitrarily running student records for the sake of running them.'" In a widely-distributed story, the AP (9/1, Feller) reports Milhoan "added that the data-mining is legal and limited: 'We're not out there arbitrarily pulling citizens' information. We do it in accordance with the law.'" The AP adds that the disclosure of the program "is the latest revelation in a broad, and controversial, effort by the Bush administration to mine data. Advocates say the work is aimed at saving lives. But critics have accused the administration of overstepping its bounds." American Council on Education senior vice president Terry Hartle said, "This is going to be quite an unwelcome surprise to college students and their families," adding that "law enforcement owes the public an explanation."

The Los Angeles Times (9/1, Schmitt, 918K) reports, "The sleuthing comes against a backdrop of even more aggressive moves that U.S. terror hunters have made since Sept. 11, such as monitoring phone calls without a court order. The FBI said the searches were limited and triggered by intelligence indicating that terrorists were exploiting student visa and loan programs." Miller said, "This was not a sweeping program, in that it involved only a few hundred names. This is part of our mission, which is to take the leads we have and investigate them. There was no attempt to conceal these efforts, in that they were referenced in publicly available briefings to Congress and the General Accountability Office." The Chronicle of Higher Education (9/1, Selingo) notes, "The secret effort was uncovered by a journalism student at Northwestern University, Laura McGann." Milhoan "said the project was started on September 22, 2001. 'This project was just one of several utilized by the FBI in the process of investigations,' she said. 'In the wake of 9/11, it was the job of the FBI to connect the dots and conduct counterterrorism investigations.'"

Utah University Officials Mixed On Appropriateness Of Program. The Deseret Morning News (9/1, Erickson) reports, "Officials at Utah universities, though not surprised, think students should have been informed about a secret program in which students' financial-aid

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records were examined by the FBI as part of anti-terrorism investigations." University of Utah financial aid director John Curl said, "I think if you are applying for aid from the federal government, I would think you would expect that the data that you would provide would be scrutinized," but "I also think it's important that that data be used in a proper fashion and that it's evaluated for what it truly is — federal aid for students to go to school." However, Utah State University spokesman John DeVilbiss said, "If records were obtained properly and under proper law, I would think it's appropriate. We have no issues with the FBI doing its job if they are following proper procedures — the Department of Education has good checks in place that the FBI could benefit from."

Hoekstra Predicts Reporters Who Disclosed NSA Surveillance Will Be Jailed. The Grand Rapids Press (MI) (9/1, Kukla) reports, "New York Times reporters who broke the story of a three-year program of warrantless wiretapping of U.S. citizens will be in jail by yearend if they don't reveal their government sources, U.S. Rep. Peter Hoekstra predicted Wednesday." The Press continues, "The revelation last December has been a devastating blow to intelligence gathering, said Hoekstra, chairman of the House Intelligence Committee. … 'If people understood the threat out there (from terrorist organizations), Americans would be absolutely furious that the tools we have to track the terrorists have been lost,' said Hoekstra, R-Holland, in an address to the Holland A.M. Rotary Club. … 'The Justice Department is going after those who violated their oath of office by giving classified information to reporters. Those reporters will be sitting in jail by the end of the year until they reveal their sources.'" The Press adds, "Times reporters James Risen and Eric Lichtblau in a Dec. 16, 2005, story reported President Bush secretly authorized the National Security Agency in 2002 to eavesdrop on phone and e-mail communications of thousands of Americans, seeking information about terrorist planning. … The story said nearly one dozen current and former government officials provided details, but did not identify them. … Hoekstra said the Justice Department investigation likely will lead to a grand jury questioning individuals and reporters under oath. … Since the story broke, terrorists have used more pre-paid cell phones and tossed them away, making it hard to track them, Hoekstra said."

Airliner Bomb Plot Seen As Similar To Earlier UK Cases. The Los Angeles Times (9/1, Rotella, 918K) reports that testimony "in a trial of seven Britons charged with plotting to bomb a shopping mall or nightclub more than two years ago" has shown "parallels to the airline case as well as last year's London transit bombings and an alleged plot against U.S. financial institutions involving British suspects. The trial grew out of Operation Crevice," and it "and the other cases suggests more direct involvement by a network that regroups and tries again after failing, experts say. 'This causes a reappraisal of what Al Qaeda central is capable of doing,' a British law enforcement official said." The Times notes, "Despite the public focus on the threat from spontaneous 'home-grown' militants, court evidence indicates that contacts with Al Qaeda in Pakistan were vital, operationally and ideologically, to developing the alleged terrorist cell in 2002 and 2003."

WSJournal Defends Administration's Tribunal Proposal. The Wall Street Journal (9/1, 2.03M) editorializes, "Last month's foiled plot to blow up 10 airliners over the Atlantic showed the importance of intelligence and surveillance to the anti-terror fight. By extension, it also showed the need for a system to prosecute captured terrorists that doesn't require compromising intelligence sources and methods." But "as Congress and the President return to work on legislation authorizing military tribunals, the usual suspects at outfits such as Human Rights Watch are saying such tribunals would create 'a travesty of a fair trial.' They claim anything short of the guarantees American soldiers get before courts martial will fall afoul of the Constitution and international law. There is certainly nothing in the Supreme Court's June 29 ruling in Hamdan v. Rumsfeld to support such a contention." The Journal adds, "It strikes us as a no-brainer that the national security stakes involved in trying suspected terrorists will require some deviations from standard civilian and military rules of evidence. The Bush Administration's tribunal proposal is a reasonable compromise. It's time the government be allowed to get on with the business of processing detainees in the war on terror."

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HOMELAND RESPONSE:

EU, US Officials Confident Air Passenger Data Deal Can Be Reached By End Of Month.

The International Herald Tribune (8/31, Bilefsky, Clark) reports "EU and American officials said Thursday that they were confident they could reach a deal by Sept. 30 on sharing airline passenger data. The deal risked sparking controversy at a time of heightened concerns in Europe that civil liberties laws are being flouted in the fight against terrorism." Friso Roscam Abbing, spokesman for Franco Frattini, the EU justice and security commissioner, "said he expected any new agreement to replicate the previous deal, which gave the US authorities access to 34 categories of information - including names, addresses, phone numbers, itineraries and credit card numbers - about passengers on all flights that originate from the 25 nations in the Union." The IHT adds that DHS Secretary Michael Chertoff wrote in the Washington Post Tuesday that the US was "'handcuffed' by the current trans-Atlantic agreement because it did not allow US customs officials who collect data on European air passengers to share this information with other agencies like the FBI or with other governments, like Britain."

Heightened Security May Increase Interest In Registered Traveler. One day after a report in USA Today that Secretary Chertoff had offered "strongly backed" the Registered Traveler program, the Wall Street Journal (9/1, A10, Meckler, 2.03M) reports, "Major airports across the country have asked the government for permission to offer" the program, which is "meant to expedite air-travel screening for those who pay a fee and undergo a background check." The TSA "has visited most if not all of the facilities and given informal approval to at least some of them, according to airport and other officials involved with the program. Still, it isn't certain that every airport seeking permission will move forward with the program." The Journal adds that heightened security following the alleged London terror plot "may have increased interest among some airports" and "may raise interest in the program among passengers" as well.

62% Would Support Ban Of Carry-On Luggage If TSA Deems It Necessary. In its "Washington Wire" column on its web site, the Wall Street Journal (8/31, 2.03M) reported, "U.S. adults would support greater restrictions on carry-on luggage, if the Transportation Security Administration deemed them necessary, a new polls finds. Of the 1,000 adults surveyed by phone by Harris Interactive , 62% said they would support a ban of all carry-on luggage, compared with 35% who would oppose such a ban. The only dissenting age group: 25-34 year olds. Just 46% would support a ban on carry-ons, vs. 51% opposed."

Oklahoma City Museum To Display FBI Evidence From Bombing Investigation.

The AP (9/1) reports, "FBI evidence used to convict Timothy McVeigh and Terry Nichols goes on display Friday at the Oklahoma City bombing memorial, even as a congressman and others continue to raise questions about the federal investigation." Oklahoma City National Memorial and Museum executive director Kari Watkins "said conspiracy theories will always be linked to the bombing, just as they have persisted since the assassination of President John F. Kennedy." US Rep. Dana Rohrabacher "still plans to conduct hearings beginning about Nov. 15, with a focus on 'possible foreign connections' to the Oklahoma City bombing," and Salt Lake City lawyer Jesse Trentadue, who alleges the FBI had infiltrated a white-supremacist group behind the bombing and believes "his brother was killed by federal agents during an interrogation that went awry," said that "he supports Rohrabacher's hearings because evidence he has gathered."

Ernesto Expected To Be "Significant Flooding Event" In Mid-Atlantic Region.

Tropical Storm Ernesto is continuing to generate major media coverage, having led two of last night's evening news broadcasts as it headed towards the Carolinas. ABC World News (8/31, lead story, 3:00, Gibson) reported that the storm's intensity was "increasing quickly, and it's heading for landfall tonight, right near the border of North and South Carolina. The danger is rain, lots of it. The Carolinas were already soaked this week. And they could be about to get flooded." ABC (Weiner) added, "As Ernesto reaches hurricane severity, the governors of North and South Carolina have activated hundreds of National Guard troops. They may be needed to help with evacuations." Meanwhile, Virginia Governor Tim Kaine "has already declared a state of emergency."

NBC Nightly News (8/31, lead story, 3:00, Williams, 9.87M) reported that the storm's "tentacles are covering 12 states in cloud cover and rain." Max Mayfield, the director of the National Hurricane Center, was shown saying, "The rainfall will really be a concern for the next two to three days all the way up through West Virginia." On the CBS Evening

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News (8/31, story 3, 1:40, 7.66M), "hurricane expert" Brian Norcross, from CBS 4 in Miami, said Ernesto is "going to be a significant flooding event through eastern North Carolina, Virginia, Maryland, up into in the Northeast, including as far north as upstate New York."

Robinson Urges Dutch-Type Levee System For New Orleans. Columnist Eugene Robinson writes in the Washington Post (9/1, A21, 748K) that the question of why New Orleans should be rebuilt is "out there," and he lays out his argument in favor of the city. Robinson says "it's enough to point out that if the essential duty of government is to protect its citizens -- as President Bush is fond of reminding us concerning his 'war on terrorism' -- then our government grievously failed the people of New Orleans and has the absolute obligation not to fail them again. Then there's the cultural argument -- the fact that New Orleans is where jazz, America's greatest contribution to music, was born. And I would also submit that the world's richest, most powerful nation would be revealed as a paper tiger indeed if it couldn't summon the will and the means to resurrect one of its own great cities." Robinson says that if New Orleans is to be rebuild, he's "convinced" the only way to protect it "is the way the Dutch protect Rotterdam -- with giant outer-zone floodgate barriers that would block a storm surge before it got anywhere near the city."

High School Football Returns To New Orleans. The New York Times (9/1, Longman, 1.21M) reports lower Plaquemines Parish, in New Orleans, where, one year after Hurricane Katrina, high school "football is again being played." However, for South Plaquemines High, practices are "held on a borrowed field 30 miles from the school" and their home stadium "will not be ready for play until mid- to late September. The Hurricanes have no locker room, no place at school yet to shower or even to eat a hot lunch. To get drinking water for practice, someone must make a daily run for ice at a local fishing dock.

WAR NEWS:

Bush Compares Struggle Against Terrorists In Iraq To WWII, Cold War. USA Today/AP (9/1) reports from Salt Lake City that "President Bush said Thursday that the war against Islamic 'totalitarians and terrorists' in Iraq is like America's fight against Nazis and communists and that a withdrawal from Iraq would lead to its conquest by the United States' worst enemies." It was "the first in a series of Iraq speeches by Bush." Another AP story (9/1, Riechmann) says Bush "noted that many people are frustrated with the unrelenting violence in Iraq and that some are calling for a timetable for withdrawal." Said the President, "Many of these folks are sincere and they're patriotic, but they could be -- they could not be more wrong."

The Washington Post (9/1, A9, Abramowitz, 748K) describes Bush's speech as an "impassioned new statement of familiar White House themes," adding that "judging by the applause, Bush's message that the fight against Islamic radicals is akin to the battle against the Nazis and Soviet communists resonated with the legionnaires." The Post adds, "Although billed as a major address by his aides, Bush's speech Thursday employed rhetoric that has become a staple of his speeches on terrorism and Iraq. He said that if the country gives up the fight in Baghdad, 'we will face the terrorists in the streets of our own cities.'"

The Deseret Morning News (9/1, Bernick, Speckman) also notes Bush "was interrupted by applause and cheers a number of times." The White House said the Salt Lake City address "is the first of a number of speeches seeking support for the Iraq war. In the past, Bush has appeared before pro-military groups explaining why the war is important and why America can't leave Iraq before its citizens are ready to protect themselves. In fact, Bush started a similar speech crusade a year ago in Utah when he addressed the Veterans of Foreign Wars at the Salt Palace." The Morning News adds, "This year's quest, however, finds more at stake. Republicans are in jeopardy of losing control of both the US House and Senate in mid-term elections now just two months away."

Like the Morning News, most media reports casts the President's remarks as part of a political push to help Republicans in the upcoming election. Typical of the coverage was the Chicago Tribune (9/1, Silva, 623K), which says the President "is pointing to the upcoming fifth anniversary of the Sept. 11 attacks as a reminder of when this 21st Century war came ashore in the US." Yet "observers say the president's new offensive appears more precisely timed for the start of a fall election campaign in which the war in Iraq has become a pivotal issue in congressional and Senate races."

NBC Nightly News (8/31, story 4, 3:25, Gregory, 9.87M) reported, "The President insisted this speech wasn't political, but in fact it was designed to frame the war debate for the midterm election. The message: That victory or defeat in the

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war on terror comes down to Iraq. In just ten weeks before election day Mr. Bush launched a new effort to turn around public opinion on the war."

George Stephanopoulos, meanwhile, said last night ABC World News (8/31, story 4, 1:35, Gibson), "The election is 68 days away. Everything is about politics right now. I have a memo that gives clues to what's going on. It's to the chairman of the Republican National Committee from his top pollster and it makes two key points. One, no issue motivates republican voters more than the war on terror. And, two, no issue makes republican voters more angry at democrats than the war on terror. They hope this issue will rev those voters up."

Along similar lines, CNN's The Situation Room (8/31, Henry) reported, "The President has said he does not want this series of speeches to be politicized, but immediately after this address the President headlined a fundraiser for Republican Senator Orin Hatch, where the President said that if America pulls out of Iraq too quickly it will lose credibility all around the world, a reminder that with two months before the midterm election, just about everything the President says and does is wrapped up in election year politics."

The New York Times (9/1, Kornblut, Stolberg, 1.21M) calls Bush's speech "an aggressive opening salvo to the midterm election season, timed to coincide with the days preceding the fifth anniversary of the Sept. 11 attacks. In forceful language, the president painted the war on terror as an epic struggle between good and evil." The Times adds, "While he predicted victory, resurrecting a word he had dropped months ago and using it 12 times in a 44-minute speech, Mr. Bush also cautioned that the road ahead would be fraught with obstacles."

Also commenting on the political dimension of the speech, Daniel Henninger writes in the Wall Street Journal (9/1, 2.03M), "With expectations strong of a Republican debacle two months from now in the midterm elections, it is being widely said that the purpose of all this speechifying is to mitigate the losses. If so, that's good news. In the midterm elections of 1950, President Harry Truman, amid both a shooting war in Korea and the dawn of the Cold War against the Soviet Union, declined to campaign for either his party or his war." Democrats "got whacked, losing a net five Senate seats and 28 in the House (though not control of either chamber). We may assume Karl Rove knows this history." Henninger adds that "notwithstanding" Truman's "political collapse with Korea, surveys concluded that the American people had grown in their support of the broader Cold War. We'll know soon enough the direction of George Bush's political fortunes. But his assessment of the world-wide threat as articulated five years ago remains valid, as did Truman's of the Cold War ahead. History's treatment of Mr. Bush is likely to be about the same: He didn't flinch."

Media reports also describe the speech as a "bolder," more dramatic version of previous Bush remarks on Iraq and the war on terror. ABC World News (8/31, story 3, 2:50, Gibson) reported, "The President is working against the tide of public sentiment. But he argues that opinions have to change, not policy." ABC (Raddatz) added it was "a much bigger, bolder effort, by the President, to make the case that the war in Iraq is key to winning the global war on terrorism." Bush, added ABC, spoke "before a conservative audience in one of the nation's most conservative states, the President described the war on terror in stark and frightening terms."

The CBS Evening News (8/31, lead story, 3:00, Axelrod, 7.66M) reported Bush spoke "in very dramatic terms to draw a distinction with Democrats." Bush was shown saying, "If we give up the fight, the streets of Baghdad, we will face the terrorists in the streets of our own cities." CBS added, "With the latest CBS New York times poll showing a majority of the people believing there is no connection between the war in Iraq and the war on terror, Mr. Bush is changing tactics to change minds. Describing Iraq in epic terms, the scene of the battles between the forces of freedom and liberty on one hand and those of extremism and tyranny on the other." Bush: "The battle of Iraq is central to the ideological to the struggle of the 21st century." CBS also reported, "Clearly the President has heard his critics regarding what the war in Iraq has to do in terms of keeping America straight and is answering for profound struggles in the past for terrorists in Iraq as the latest in a long line of America's enemies." Bush: "They are successors to fascists, communists and other totalitarians of the 20th century and history shows what the outcome will be." The Christian Science Monitor (9/1, Feldmann, 58K) runs a similar report under the headline "Bush Escalates War-On-Terror Rhetoric."

Bartlett Says Terrorists Seek To Spread Ideological Agenda Across Middle East. Presidential Counselor Dan Bartlett said on MSNBC's Hardball (8/31), that Bush's speech was a "specific articulation of the type of enemy we are here to face." Bartlett added, "This is a very determined enemy, an enemy that has a very specific, ideological agenda which they are trying to spread across the Middle East and really crush

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the civilized world and the West's view of tolerance and of governance that is in open, free societies. And what President Bush, speaking to a group of veterans who understand this better than most Americans because they fought specifically the Nazis and others and the communists -- they recognize the type of fight we are up against and it is important for the rest of the American people to understand the stakes."

Bartlett said on Fox News' Your World with Neil Cavuto (8/31) that "there has been quite a bit of a debate here in our country about the conduct of this war, whether we're doing the things necessary to protect the American people. And the President feels very strongly, as you saw today, about his views and about what we're doing to win. And we are winning. It's a tough fight. It's one that we have days of progress and days of setbacks. But the trajectory is one in which the American people can be confident that is going to ultimately prevail with victory."

Democrats Say Iraq Conflict Hurting War On Terror. The Salt Lake Tribune (9/1, Walsh, LaPlante) reports Senate Democratic leader Harry Reid, "in a statement issued after the Bush speech, said 'extremist regimes,' such as Iran, have been 'strengthened and emboldened across the Middle East and the world' due to Bush administration failures. 'The American people know that five years after Sept. 11 we are not as safe as we could and should be,' Reid said. 'Iraq is in crisis. Our military is stretched thin.'"

CNN's The Situation Room (8/31, Bash) reported, "You could see the Democrats' national security campaign strategy through their rapid response press releases today. First, try to prevent Republicans from achieving their key goal which is linking Iraq to terrorism." House Minority Leader Nancy Pelosi "said we must win the war on terror but the war in Iraq is the wrong war today just as it has since the war began. Iraq is weakening our ability to fight the war on terrorism." CNN added, "Now another dynamic Democrats are trying to capitalize on is polls that show Americans just don't trust the President and his leadership as they once did. Let's look at what Howard Dean said today, the Democratic National Committee chairman. He said, quote, you can't trust Republicans to defend America."

The Los Angeles Times (9/1, Gerstenzang, 918K) reports, "Democrats on Thursday answered Bush's speech by saying his policy in Iraq had failed. 'At a time that calls for serious leadership, the president is offering yet another public-relations campaign,' said Sen. Edward M. Kennedy, D-Mass., in a written statement. 'His dire warnings of the cost of failure in Iraq do nothing to make success more likely, and his stubborn insistence on staying with a failed policy all but ensures continued violence and chaos.'"

The Washington Times (9/1, Dinan, 88K) reports Democrats "said the calls for patience are falling on deaf ears here at home. 'The American people have been patient. We have resolve, and we are patriotic Americans who because of our patriotism call on this president to change course in Iraq, face the facts on the ground, and focus on the real war on terror,' said Democratic Party Chairman Howard Dean."

Democratic Sen. Jack Reed said on MSNBC's Hardball (8/31), "There's a struggle going on in Iraq, but at this moment it appears to be a struggle among the Shia community to who will control Iraq in the future. There are some international terrorists there obviously, but this is a fight that goes back many, many years between ethnic groups within Iraq. So, to see this as the great struggle, the central struggle, I think misperceives the point. The point is that there are scores of terrorist cells around the world who have aims to attack us. We have to be severe, we have to take them out, find them, take them down. But that is not what's going on essentially in Iraq. This is a struggle internally in Iraq for political power and position."

GOP Edge On National Security Seen As Eroding. The Wall Street Journal (9/1, Calmes, 2.03M) reports, "In both national elections since the Sept. 11, 2001, terrorist attacks, President Bush and congressional Republicans successfully played the national-security card to win big victories against the odds. Now, with their party's control of Congress at stake, Republicans are betting on the issue again. But it may not be the trump card it used to be." The Journal adds, "The public's patience has frayed as the Iraq war grows bloodier in its fourth year, eroding confidence in Mr. Bush's stewardship of national security. Mismanagement of the response to Hurricane Katrina contributed. Democrats, having ceded the security issue to Republicans in the past, now are on the offensive."

McClatchy (9/1, Stearns) reports, "'Security September' comes to Congress this month, courtesy of congressional Republicans groping for a winning issue. Increasingly confident Democrats say: Bring it on."

More Commentary On Bush's Speech. The Salt Lake Tribune (9/1) in an editorial titled "The bloody shirt: Administration launches a campaign of fear" writes, "In their remarks to the American Legion convention this week in Salt

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Lake City, President Bush and his Cabinet members have made it clear that their efforts to boost the administration's poll numbers and, more important, to maintain Republican control of Congress this November will be based on a campaign of fear." And "despite the rhetorical appeal of comparing today's enemies to Hitler and Stalin, which allows the administration to falsely compare its critics to yesterday's appeasers and fellow travelers, the analogy does not hold." The Administration "seeks to hold power, not by uniting us, but by making us afraid."

The Deseret News (9/1) editorializes, "The president came to Utah to toss a little red meat to the American Legion and put the country on notice. He is not going to wither under the hot glare of criticism. In fact, he seems prepared to re-double his efforts. In that regard, this speech was "mission accomplished."

Rumsfeld Criticizes Media Coverage Of War On Terror. In an op-ed in the Los Angeles Times (9/1, 918K), Defense Secretary Donald Rumsfeld asks, "Can we truly afford to return to the destructive view that America -- not the enemy -- is the real source of the world's troubles?" The question, he adds, "is particularly important, because this is the first war of the 21st century -- a war that, to a great extent, will be fought in the media on a global stage. We cannot allow the terrorists' lies and myths to be repeated without question or challenge. We also should be aware that the struggle is too important -- the consequences too severe -- to allow a 'blame America first' mentality to overwhelm the truth that our nation, though imperfect, is a force for good in the world." Rumsfeld also writes, "Consider that a database search of the nation's leading newspapers turns up 10 times as many mentions of one of the soldiers punished for misconduct at Abu Ghraib than of Sgt. 1st Class Paul Ray Smith, the first recipient of the Medal of Honor in the global war on terror. … With examples like…I do worry about the lack of perspective in our national dialogue --- a perspective on history and the new challenges and threats that free people face today. Those who know the truth need to speak out against the myths and distortions being told about our troops and our country. My remarks at the Veterans of Foreign Wars and American Legion conventions have generated much discussion. I encourage everyone to read what I actually said at defenselink.mil/speeches."

Democrats To Push For Vote Of No Confidence In Rumsfeld. The Washington Post (9/1, A9, Weisman, 748K) reports, "Under assault from Republicans on issues of national security, congressional Democrats are planning to push for a vote of no confidence in Defense Secretary Donald H. Rumsfeld this month as part of a broad effort to stay on the offensive ahead of the November midterm elections. In Rumsfeld, Democrats believe they have found both a useful antagonist and a stand-in for President Bush and what they see as his blunders in Iraq." This week, Democrats "interpreted a speech of his as equating critics of the war in Iraq to appeasers of Adolf Hitler, an interpretation that Pentagon spokesman Eric Ruff disputed. But Democrats said the hyperbolic attack would backfire." But "even before that, Democrats and some Republicans had maintained that Bush has never held anyone in his administration accountable for decisions in the Iraq war that many military analysts say went disastrously wrong. … By demanding accountability, Democrats hope to blunt what has been an all-out assault on their positions on national security. … Rather than change the subject to domestic issues, as they have tried in past years, Democrats are hoping to confront Republicans head-on."

Meanwhile, CNN's The Situation Room (8/31, Bash) reported that Sen. Barbara Boxer "said today she is going to try to introduce an amendment this Fall calling for the president to fire Donald Rumsfeld." House Democrats "plan a similar move to try to put Republicans on the spot when it comes to Donald Rumsfeld."

Over 300 Iraqis Killed Since Sunday As Surge In Violence Continues. The AP (9/1, Becatoros) reports, "A barrage of coordinated bomb and rocket attacks on eastern Baghdad neighborhoods killed at least 47 people and wounded more than 200 within half an hour on Thursday, police and hospital officials said." The "latest spasm of violence -- which included explosives planted in apartments, car bombs and several rocket and mortar attacks on mainly Shiite neighborhoods in the capital -- came even as Prime Minister Nouri al-Maliki said Iraqi forces should have control over most of the country by year's end." The Baghdad bombings, "centered on neighborhoods controlled by Shiite militias, some of which Sunni Arabs accuse of running death squads," brought "the day's death toll across the country to at least 68."

The Washington Post (9/1, A11, Paley, 748K) puts the death toll from yesterday's attacks at "at least 66," and also notes "the violence in the capital coincided with Prime

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Minister Nouri al-Maliki's statement Thursday that Iraqi forces were prepared to take control of the southern province of Dhi Qar in September from the US military and its allies."

The New York Times (9/1, Wong, 1.21M) says that "since Sunday, more than 300 Iraqis have been killed in bombings, murders and a deadly pipeline explosion that occurred when security forces were diverted from their normal duties to fight Shiite militiamen. The violence is generally believed to be the work of insurgents, militias and criminal gangs embroiled in Sunni-Shiite sectarian strife." The "surge in bombings calls into question the long-term effectiveness of a joint American-Iraqi security offensive in Baghdad." The Washington Times/AP (9/1, Santana) and Los Angeles Times (9/1, McDonnell, 918K) runs a similar story.

July Was Deadliest Month Since US Invasion. The CBS Evening News (8/31, story 2, 2:45, Schieffer, 7.66M) reported, "More than 3,500 people died in Iraq in July, and most of them civilians. That was the worst month of the war since the invasion, but the US military reported today the death toll will be considerably lower this month, part of the crackdown on security and the fact that US troop strength is now up to 140,000, the most since January.

NBC Nightly News (8/31, story 5, 2:00, Boettcher, 9.87M) also reported on "the news that the number of violent deaths in this country dropped in August down from 3,500 in July to just under 1,000 this, month. A reason why maybe the 50,000 US and Iraqi troops conducting security sweeps in the capitol. Iraq and he US officials insist despite today's violence they are bringing peace back to the world's most dangerous city, Baghdad."

NYTimes Urges Maliki To Move Away From Mahdi Army. Under the headline "Which Iraqi Army?," the New York Times (9/1, 1.21M) editorializes, "Iraq's prime minister, Nuri Kamal al-Maliki, has a problem. His power depends on two armies. One is Iraq's national army, trained and supported by the United States. The other is the Mahdi Army, a radical Shiite militia loyal to Mr. Maliki's most powerful political backer, Moktada al-Sadr." Maliki "can no longer put off making an essential choice. He can choose to be the leader of a unified Iraqi government, or he can choose to be the captive of a radical Shiite warlord. He can no longer pretend to be both."

US Has 13,000 More Soldiers In Iraq Than Five Weeks Ago. NBC Nightly News (8/31, story 5, 2:00, Williams, 9.87M) reported, "And across town from the Pentagon comes word the US now has 140,000 troops in Iraq. That is 13,000 more men and women today than it had there five weeks ago. This increased troop number is having a mixed effect on violence in that region."

Al Qaeda Group Turns Down Iraqi Government's Offer. The AP (9/1) reports, "An al-Qaida-affiliated group Thursday branded the Iraqi government offers of reconciliation as 'futile' and called on Sunnis to fight those who 'legalized the shedding of Muslim blood.'" The statement "appeared on a Web site used by the Mujahedeen Shura Council, an umbrella organization of Sunni extremist groups that includes al-Qaida in Iraq. The statement said Sunnis in Iraq were facing aggressive attacks by the government and the Shiite militias and called for resistance." Prime Minister Nouri al-Maliki, a Shiite, "has proposed a national reconciliation program which includes amnesty to unspecified groups that agree to lay down their arms." But "religious extremists and Saddam Hussein loyalists have been excluded."

Reality Shows Having Success In Iraq. The Washington Post (9/1, A1, Raghavan, 748K) reports on "Iraq Star," the country's version of "American Idol." It is "one of a growing stream of made-in-Iraq reality television shows, produced under often-perilous conditions, that are being beamed across the Middle East." The Post adds, "In a nation trapped by war, the shows provide hope, opportunity, escape and psychological healing for ordinary people. Their popularity speaks to the resilience of Iraqis and their longing for normal rituals amid instability and chaos."

Taliban Attacks Town In Southern Afghanistan. The Washington Post/AP (9/1, A12, Shah) reports, "Taliban insurgents attacked a southern town Thursday, sparking intense fighting with government troops that left two guerrillas dead, the Defense Ministry said. A NATO airstrike pushed back the insurgents, who used mortars, rocket-propelled grenades and heavy machine guns in the attack on Naw Zad, in Helmand province, said a ministry spokesman, Gen. Zahir Azimi."

US Official Says Effort To Stem Afghan Drug Trade Unsuccessful. The AP (9/1, Klug) reports, "The US-backed strategy to fight Afghanistan's massive drug trade has been unsuccessful in stemming opium cultivation,

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which is expected to hit record levels this year, a senior US official said Thursday." Thomas Schweich, principal deputy assistant secretary of state for international narcotics, said, "It's bad news and we need to improve it," but "we don't feel it's a hopeless situation, and we don't think the overall strategy is the wrong strategy."

CORPORATE SCANDALS:

Auditor Warned Mills Corp About Financial Practices. The Washington Post (9/1, Hilzenrath) reports, "Years before Mills Corp. disclosed damaging accounting errors, auditor Ernst & Young LLP told the shopping mall developer that its bookkeeping practices could 'lead to misstatements' in its financial reports, according to a court document unsealed yesterday." The Post continues, "The auditor's warnings seem to have foreshadowed some of the problems that Mills has since acknowledged publicly, said Jeffrey W. Golan, an attorney for shareholders who are suing Mills and fought to have the document unsealed." The Post adds, "Mills, developer of such outlet malls as Potomac Mills and giant 'shoppertainment' venues blending retail and entertainment, has disclosed that accounting errors will wipe out much of the profit it reported in recent years. The company has been liquidating some of its holdings to raise cash and recently enlisted new backing to complete the troubled Xanadu project in the New Jersey Meadowlands. … Mills is under investigation by the Securities and Exchange Commission, and its stock price has been battered over the past year."

Investors Seek Penn Traffic Financial Reports. The Long Island Newsday/AP (9/1) reports, "A shareholder's group has filed a request with the U.S. Securities Exchange Commission demanding The Penn Traffic Co. release its long-delayed financial statements." The AP continues, "The Syracuse-based regional grocery store chain emerged from Chapter 11 bankruptcy protection in May 2005 and has been under investigation by the SEC and the Justice Department for alleged improper promotional practices. … . As a result of the joint investigations, the company has not released financial information since its reorganization. Company executives have said Penn Traffic will eventually release newly audited financial statements for the 2003 through 2005 fiscal years." The AP adds, "The demand for Penn Traffic's financial statements was made by Bay Harbour Management, a New York City-based investment company that said it has a 3.7 percent ownership stake in Penn Traffic. … Additionally, Bay Harbour is seeking a stockholders' meeting within 60 days. The meeting should focus on Penn Traffic's recent financial performance, projections and the financial impact and status of internal and SEC investigations of promotional practices, Bay Harbour said."

CRIMINAL LAW:

US Indicts Maryland Man For 2002 Annapolis Slaying. The Washington Post (9/1, Rich) reports, "Federal authorities announced an indictment yesterday in a widely publicized 2002 slaying in the historic district of Annapolis, charging a suspect who had avoided trial in state court despite allegedly admitting involvement in the crime." The Post continues, "The indictment of defendant Leeander J. Blake was returned by a grand jury in Baltimore. In the failed state prosecution of the case, courts ruled that Blake was improperly interrogated and that the statements he made to police were inadmissible. … He was released from jail in 2004, 20 months after he and an associate were accused in a carjacking and killing that stunned the city. 'He can say, "I got away with murder," 'Anne Arundel County State's Attorney Frank R. Weathersbee said at the time." The Post adds, "Yesterday, flanked by representatives of the FBI and other agencies, Weathersbee praised U.S. Attorney Rod J. Rosenstein for pursuing the case federally after the Supreme Court effectively ended the state's efforts to prosecute Blake last year by declining to intervene. 'This is a day that I've been waiting for almost a year, a day in which the wheels of justice will again begin turning for Leeander J. Blake,' Weathersbee said." The Post notes, "Blake, now 21, surrendered to authorities Wednesday to face charges in the slaying of Straughan Lee Griffin, a businessman and sailing enthusiast. Blake appeared in court briefly yesterday and was ordered held until a detention hearing Wednesday. … Regardless of whether Blake's statements are admitted in court, a law enforcement source said the government has additional evidence that was not available at the time of the state prosecution. The source, speaking on condition of anonymity because the evidence has not been publicly disclosed, declined to describe it."

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Armitage Remains Silent About His Role In Plame Leak. Fox News' Special Report (8/31, Hume) reported, "Former Deputy Secretary of State Richard Armitage still has not said a word about his role in first outing former Ambassador Joe Wilson's wife as a CIA employee. It's now been five days since Armitage was identified in a new book as being the person who first told columnist Robert Novak that Valerie Plame Wilson worked at the CIA, a fact that Novak revealed in his column, touching off a barrage of allegations by Joe Wilson and others that the White House has out her to get back at him for criticizing the administration's Iraq policy." Armitage "could have ended all of that if he had come forward, but even now with the criminal investigation all but over, he has continued his public silence and so has his former boss, ex- Secretary of State Colin Powell, who has known of Armitage's role all along."

WPost Criticizes Wilson, Says Partisan Charges In Plame Affair Proved Untrue. The Washington Post (9/1, A20, 748K) editorializes, "We're reluctant to return to the subject of former CIA employee Valerie Plame because of our oft-stated belief that far too much attention and debate in Washington has been devoted to her story and that of her husband, former ambassador Joseph C. Wilson IV, over the past three years. But all those who have opined on this affair ought to take note of the not-so-surprising disclosure that the primary source of the newspaper column in which Ms. Plame's cover as an agent was purportedly blown in 2003 was former deputy secretary of state Richard L. Armitage." Armitage "was a political rival of the White House and Pentagon officials who championed the war and whom Mr. Wilson accused of twisting intelligence about Iraq and then plotting to destroy him." The Post adds, "It follows that one of the most sensational charges leveled against the Bush White House -- that it orchestrated the leak of Ms. Plame's identity to ruin her career and thus punish Mr. Wilson -- is untrue." The Post also says that "it now appears that the person most responsible for the end of Ms. Plame's CIA career is Mr. Wilson. Mr. Wilson chose to go public with an explosive charge, claiming -- falsely, as it turned out -- that he had debunked reports of Iraqi uranium-shopping in Niger and that his report had circulated to senior administration officials. He ought to have expected that both those officials and journalists such as Mr. Novak would ask why a retired ambassador would have been sent on such a mission and that the answer would point to his wife. He diverted responsibility from himself and his false charges by claiming that President Bush's closest aides had engaged in an illegal conspiracy. It's unfortunate that so many people took him seriously."

Judge Extends Order Against BetOnSports. The St. Louis Post-Dispatch (9/1, O'Neil) reports, "A federal judge in St. Louis on Thursday extended a temporary court order against BetonSports, an Internet sports gambling operation, in hopes the London-based company would send a representative to respond to it soon." The Post-Dispatch continues, "An indictment unsealed July 17 alleges that the company took $3.7 billion in illegal bets from Americans over three years, and accuses it of mail fraud, racketeering and other crimes. Federal prosecutors sought an order prohibiting the company from selling its websites and ordering it to return bets to American players. … U.S. District Judge Carol E. Jackson has granted a temporary order to that effect, but lawyers for BetonSports have never appeared at the federal courthouse here to answer it. They didn't show up Thursday, either. … 'Is anyone here from -Beton--Sports?' she asked to open a brief hearing. … 'Just like the last time.'" The Post-Dispatch adds, "Marty Woelfle, a lawyer for the Justice Department's organized-crime unit in Washington, was in the room and told the judge the government has made some progress in formally serving papers on BetonSports' London headquarters. Woelfle said a process server in London expected to complete that task soon, and asked for a 30-day extension on the judge's temporary order, which would have expired today. … Jackson granted that extension. Woelfle is seeking a permanent order to bar the company from taking bets and to force it to give up $4.5 billion."

Jeffs Agrees To Extradition To Utah. The CBS Evening News (8/31, story 9, 0:15, Schieffer, 7.66M) reported, "The leader of a polygamist sect who was on the FBI's most wanted list appeared in court today in Nevada. Warren Jeffs told the judge he won't fight extradition to Utah where he is charged in arranging mariner of girls as young as 13 to older men." In a widely-distributed story, the AP (9/1, Ritter) reports that Jeffs was "looking frail and timid" and adds, "Jeffs, who was not represented by a lawyer, nodded, paused and muttered meekly when Las Vegas Justice of the Peace James Bixler asked if he wanted to contest his return to Utah, where he is charged with two counts of rape by accomplice. … In St. George, Utah, authorities said Jeffs would remain in Las Vegas at least until Friday to plan his move."

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The Deseret Morning News (9/1, Winslow, Perkins) reports on the hearing and notes, "In documents seized by police when Jeffs was arrested late Monday night, details about his intricate network support were revealed, including maps, lists of individuals contributing money and a list of people providing safe houses. Also included in the seizure was a directive from the man once on the FBI's Ten Most Wanted List; 'So, I have to be hiding in my travels, not let anyone know. And when I come to a land of refuge, you must not reveal where I am in your phone calls and your letters.'" The Morning News adds, "When Jeffs returns to Utah, he could face more criminal charges. Washington County prosecutors confirmed to the Deseret Morning News they are screening more cases against Jeffs." The Salt Lake Tribune (9/1, Adams) also reports the story, and the New York Times (9/1, Newman, 1.21M) notes, "The arrest was made four months after Mr. Jeffs had been placed on the Federal Bureau of Investigation's list of most wanted fugitives, a symbol of the government's hardened line against plural marriage in the West."

The extradition hearing and reaction to Jeffs' apprehension again received widespread coverage on cable news programs throughout the day and evening yesterday – although less than on Wednesday – including CNN's Live From, CNN's Anderson Cooper 360, CNN's Larry King Live, Fox News' Dayside, Fox News' Fox Report with Shepard Smith, Fox News' The O'Reilly Factor and CNBC's Big Idea with Donny Deutsch.

Experts Skeptical Jeffs' Arrest Will Break FDLS. The Christian Science Monitor (9/1, Axtman, 58K) reports Jeffs' arrest "is a law-enforcement coup, but it leaves wide open the question of whether his followers will persist in their illegal practices or rejoin mainstream society. Federal and state authorities, elated by Mr. Jeffs's capture Monday during a traffic stop north of Las Vegas, expect the latter. … Extremist-group experts, though, caution that it's too early to predict the sect's demise."

FBI Seizes Chicago Personnel Records In Possible Prelude To More Indictments. The Chicago Sun-Times (9/1, Spielman) reports, "Federal agents have taken the personnel records of 29 current Streets and Sanitation employees -- ranging from laborers to top managers -- who owe their jobs and promotions to the Daley-created Hispanic Democratic Organization, City Hall sources said. The retrieval of the records, top mayoral aides said they think, could be a prelude to more job-related indictments and took place last week with 'almost no advance warning,' sources said. Virtually all of the employees involved have ties to former Streets and Sanitation Commissioner Al Sanchez…the sources said." The Sun-Times notes, "The retrieval of records last week was similar to the one at City Hall in May 2005 when the Hired Truck scandal officially branched out into city hiring."

Ryan Lawyers Ask Judge For Leniency In Sentencing. The AP (9/1, Robinson) reports, "George Ryan's lawyers urged a judge Thursday to give the former governor a break when she sentences him next week, saying he is old and sick and 'has been publicly and universally humiliated.' … They said the 72-year-old Ryan has reached 'advanced age' and if given a sentence like the six-year term his top aide received for a similar conviction 'it is highly likely that he will die in prison.'" The AP notes, "The trial was the climax of an eight-year investigation that has resulted in the conviction of 75 state employees, lobbyists, drivers licensing officials, driving instructors and others. No one was acquitted."

Prosecutor Asks Judge To Allow Sentencing Testimony About Fiery Crash. The Chicago Tribune (9/1, Bush, 623K) reports, "The deaths of Rev. Duane 'Scott' and Janet Willis' six children in a 1994 van crash hung silently over" the trial, and "now that Ryan has been convicted, Rev. Willis wants to testify before U.S. District Judge Rebecca Pallmeyer before she sentences the former governor on Wednesday." The Tribune adds, "Assistant U.S. Atty. Patrick Collins asked during a brief court hearing Thursday that Willis be allowed to testify about what his family has suffered. 'Rev. Willis was a victim [of Ryan's corruption] in the sense that he was entitled to a good faith investigation' of the accident." The Chicago Sun-Times (9/1, Korecki) also reports on Willis' desire to testify.

6th Circuit Upholds Michigan Corruption Convictions. The AP (9/1) reports, "The 6th U.S. Circuit Court of Appeals on Thursday upheld the conviction of a top aide to former Wayne County Executive Ed McNamara for taking kickbacks from contractors at Detroit Metropolitan Airport. Wilbourne Kelley III, 71, Wayne County's former deputy chief operating officer, is currently serving a 44-month prison sentence," and "the court…also upheld the conviction of his wife, Barbara Kelley, who is serving a 41-month term."

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The AP notes, "A jury in September 2004 found the Kelleys guilty of extortion, bribery, conspiracy and lying to the FBI. Barbara Kelley also was convicted of money laundering."

California Man Sentenced To Prison For $37.5 Million Investment Fraud Scheme. The San Diego Union-Tribune (8/26, Huard, 337K) reported, "A La Jolla man who took $37.5 million from investors by fraudulently promising incredible returns in overseas bank transactions was sentenced in San Diego federal court…to 135 months in prison. James F. Garro , 61, also was ordered by Judge M. James Lorenz to repay investors $6.5 million." The Union-Tribune noted, "He raised money from several investors by promising to double their money within 15 days through what he portrayed as an exclusive banking market for people whom would use the profits for humanitarian purposes, said Assistant U.S. Attorneys Sanjay Bhandari and Timothy Salel. Instead of investing the money, Garro spent it on himself, including more than $8 million for luxury homes in California and Mexico. … FBI and IRS agents arrested him in 2002." XETV-TV San Diego (8/25) also reported on Garro's sentencing.

California Man Pleads Guilty To Casino Investment Fraud Scheme. The San Diego Union-Tribune (8/26, 337K) reported, "A man who defrauded investors out of more than $1.8 million through misrepresentations relating to the renovation of a Las Vegas casino pleaded guilty…to conspiracy and money laundering charges. Vladislav Zubkis, also known as Steven Zubkis, faces sentencing Nov. 20 by U.S. District Judge Larry Burns. Zubkis admitted that he and his co-conspirators deliberately misled investors about his business experience, his companies, the uses to which he put investors' funds and the status and prospects of a storage facility and the casino project."

Pennsylvania Lawmaker Under FBI Scrutiny To Make $24 Million On Bank Deal. The Philadelphia Inquirer (9/1, Cattabiani, McCoy, Lin, 399K) reports, "With the pending sale of the bank his grandfather founded eight decades ago, State Sen. Vincent J. Fumo is in line for a big payout: $24 million. In a deal announced late Wednesday, a newly formed bank holding company in Chester County agreed to pay $94 million in cash for PSB Bancorp," and "Fumo, PSB's chairman and its largest individual shareholder, will receive $18 million for his stock -- plus $6.3 million in a golden parachute." The Inquirer notes, "The bank deal comes at a tough time in his political career, as the Democrat continues to endure a three-year-old federal corruption investigation. The FBI, federal prosecutors and the IRS are investigating whether Fumo broke the law in how he raised millions for a nonprofit organization in South Philadelphia and whether he improperly extracted personal and political benefits from the organization."

Norwegian Police Recover Stolen Munch Masterpieces. In a widely-distributed story, the AP (9/1, Mellgren) reports Norwegian police "recovered the Edvard Munch masterpieces 'The Scream' and 'Madonna' on Thursday, two years after masked gunmen grabbed the national art treasures in front of stunned visitors at an Oslo museum. … 'I saw the paintings myself today, and there was far from the damage that could have been feared,' said Iver Stensrud, the police inspector who headed the investigation." The AP notes, "The two paintings were on an FBI list last fall on the top 10 art thefts around the globe. Among still missing works are three Rembrandts, a Vermeer, a Manet and five Degas taken from Boston's Isabella Steward Gardner Museum in 1990 and a Cezanne stolen from England's Ashmolean Museum in 1999."

The CBS Evening News (8/31, story 10, 0:20, 7.66M) reported, "Both paintings were recovered. Police won't say how, but they say no ransom was paid." The Washington Post (9/1, C1, Sullivan, 748K) adds, "Police said no reward or ransom for the works had been paid. They said no new arrests had been made and the two gunmen still have not been captured," and the New York Times (9/1, Gibbs, 1.21M) reports, "Stensrud said many threads of the investigation, rather than a single development, led to the recovery today."

Judge Grants Prosecutors Wide Latitude If Gotti Takes Stand. The New York Daily News (9/1, Zambito, 729K) reports, "John A. (Junior) Gotti probably won't get a chance to tell jurors why he quit the mob. Manhattan Federal Judge Shira Scheindlin told Gotti's lawyers yesterday she's leaning toward giving prosecutors 'wide latitude' to question the mob scion about his criminal past if he takes the witness stand at his racketeering trial. … And that would involve his alleged role in a failed plot in the early 1990s to whack two mobsters he thought were skimming construction money profits, Scheindlin said." The Daily News notes, "At two earlier trials, Gotti toyed with the idea of taking the stand, only to back out at the last minute."

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Minnesota Man Pleads Guilty To Stealing Phone Card Numbers. The AP (9/1) reports, "A man whose conviction on terrorism-related charges in Michigan was thrown out due to prosecutorial misconduct has pleaded guilty to stealing access codes to telephone cards at the Minneapolis-St. Paul International Airport." The AP continues, "Abdel-Ilah Elmardoudi, 40, pleaded guilty on Tuesday to three counts of access device fraud and one count of escape. … In 2001, after a tip from AT&T, Secret Service agents put Elmardoudi under surveillance and saw him reading over the shoulders of travelers and then recording phone-card information stolen from them - a practice called 'shoulder surfing.'" The AP adds, "Authorities estimate that more than $745,000 worth of unauthorized calls to numbers in the United States, Egypt, Kuwait, East Africa, the Balkans, and the Middle East were charged to numbers stolen by Elmardoudi. … He was arrested in 2001 and ordered to a halfway house. However, he fled and was later arrested in North Carolina in November 2002." The AP notes, "In 2003, he and another man, Karim Koubriti, were convicted of conspiring to provide support to terrorists. It was described at the time as the first U.S. prosecution of an alleged terror cell detected after the Sept. 11 attacks. … However, a federal judge later overturned the verdicts at the Justice Department's request after prosecutors discovered that documents that could have helped the defense were not turned over by the government as required."

CIVIL LAW:

DOJ Sues Colorado Firm Over Dam Breach. The Fort Collins Coloradoan (9/1) reports, "The United State Justice Department on Thursday filed a civil complaint in U.S. District Court asking the court to hold a ditch company responsible for damages caused when a dam was breached in Rocky Mountain Naitonal Park in 2003." The Coloradoan continues, "The complaint claims that in late May 2003, the Grand River Ditch, owned by Water Supply and Storage Company, breached approximately 2.4 miles south of La Poudre Pass in Rocky Mountain National Park. … The government claims WSSC is responsible for the damage under a 1907 pact signed by the ditch company and the U.S. Forest Service." The Coloradoan adds, "The breach was reportedly caused by water backing up in, and eventually overtopping, the ditch, as a result of excess accumulated snow, ice and other debris in the ditch. … More than 60,000 cubic yards of sediment flowed into the upper Colorado River and associated wetlands, the Justice Department suit claims. Much of the upper Colorado River watershed within the Rocky Mountain National Park was closed to visitors until water levels receded and damage to trails, bridges, and campsites could be repaired. … The complaint asks the court to hold the defendant responsible for all costs and damages, including interest and costs, associated with the breach. In the event that the defendant is unable to pay to restore the damage, the government has also asked the court to condemn the Grand River Ditch so it can be sold to pay such judgment."

CIVIL RIGHTS:

DOJ Reaches Pact With Kentucky Over Mental Retardation Facility. The Lexington Herald-Leader (KY) (9/1, Musgrave) reports, "The U.S. Department of Justice and the state have entered into a court-enforced settlement to improve care and conditions at the Communities at Oakwood, the state's largest home for the mentally retarded." The Herald-Leader continues, "The settlement, filed today in U.S. District Court in Lexington, requires the Cabinet for Health and Family Services to implement a series of improvements in medical and psychiatric care and safety for the 255 or so residents at the facility." The Herald-Leader adds, "The five-year settlement will replace a memorandum of understanding signed by the state and the Department of Justice in 2004. That memorandum laid out steps the state would take to improve care at the home. But the Department of Justice has been unhappy with the lack of progress in recent years at the Somerset facility. … Since 2005, Oakwood has been cited 22 times by the inspector general for the Cabinet for Health and Family Services for failing to protect residents. It is currently fighting the possible termination of $43 million in federal funding."

The AP (9/1, Jafari) reports, "Since 2002, the U.S. Department of Justice has monitored the Communities at Oakwood in Somerset, about 155 miles southwest of Pikeville, after an investigation found widespread problems at the facility. … The investigation also resulted in a series of civil rights complaints filed by the Justice Department on behalf of Oakwood patients, alleging poor health and psychological care and, at times, abuse and neglect." The AP

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adds, "If approved by a federal judge, the five-year settlement would force the Cabinet for Health and Family Services to implement major improvements, including better patient protection and behavioral treatment. .. . The Cabinet had already reached an agreement with the Justice Department on improvements at Oakwood in September 2004. That plan was similar to the current plan in that it was supposed to ensure better care and supervision over the patients. … However, the department continued to review the facility and found ongoing civil rights violations at Oakwood, such as failure to protect patients, provide adequate psychological care and ensure patients are placed in an adequate setting after they are discharged." The AP adds, "The difference between the first plan and the current settlement is that the latter will give the federal court authority to enforce the terms of the agreement. Also, an independent monitor will routinely evaluate Oakwood's progress and report to the court, the Cabinet and the Justice Department. … 'People in the care of the Commonwealth are entitled to be safe and provided with adequate treatment,' said Wan J. Kim, assistant attorney General for the Civil Rights Division of the Justice Department. … 'This agreement is a very positive step in that direction,' added Amul R. Thapar, U.S. attorney for the eastern district of Kentucky."

Saudi Man Sentenced To 28 Years In Prison In Colorado Slavery Case. The Denver Post (9/1, Nicholson, 256K) reports, "A Saudi Arabian man convicted of sexual assault and keeping a woman enslaved in his Aurora home was sentenced today to 28 years to life in prison. Homaidan Al-Turki, 37, a linguistics doctoral candidate at the University of Colorado at Boulder, was sentenced to 20 years to life on 12 of counts of unlawful sexual contact and 8 years for theft." The Rocky Mountain News (9/1, Doligosa Jr.) adds, "Al-Turki allegedly took the woman's passport and sexually abused her. 'This is a clear cut example of human trafficking,' Prosecutor Natalie Decker said outside the courtroom. 'It's important he is put in prison.'" In a widely-reported story, the AP (9/1, Sarche) notes Al-Turki "denied the charges and blamed anti-Muslim prejudice for the case against him. He said prosecutors persuaded the housekeeper to accuse him after they failed to build a case that he was a terrorist."

Maryland Man Awarded $6.38 Million In False Confession Case. The AP (9/1) reports, "A Prince George's County jury awarded $6.38 million Thursday to a man who falsely confessed to killing his wife following 38 hours of interrogation by the Prince George's County police, according to the man's attorneys." The AP continues, "Keith Longtin spent more than eight months in jail after he told police he killed his wife, Donna Zinetti, in 1999 following a marathon interrogation in which he wasn't allowed to sleep. DNA evidence later exonerated Longtin and led to the arrest and conviction of a Washington, D.C., man." The AP adds, "Longtin's case was one of several in which the Prince George's police obtained false confessions through extensive interrogations. … It also became part of the Justice Department's probe of civil rights violations and excessive force by the county police, an investigation that led to a broad swath of reforms by the county. The police said in 2002 that they would begin videotaping interrogations to cut down on abuse. … The Circuit Court jury awarded Longtin $1.18 million in punitive damages and $5.2 million in compensatory damages, according to his lawyer, Timothy Maloney. Longtin filed the lawsuit in 2001."

The Washington Post (9/1, B1, Castaneda) reports, "The county indemnifies police officers for their actions in the line of duty and pays civil judgments and settlements. In the fiscal year that ended in June, Prince George's paid more than $4.6 million in jury verdicts and settlements involving alleged abuse by county police." The Post continues, "The jury found that county detectives engaged in a pattern of violating the rights of defendants, said Cary J. Hansel, one of Longtin's attorneys. 'We hope this signals the end of lengthy, coercive police interrogations in Prince George's County,' said Timothy F. Maloney, another Longtin attorney."

Judge Denies Bond For Former Mississippi Jailer Accused In Inmate Death. The Biloxi Sun Herald (9/1, Fitzgerald) reports, "U.S. Magistrate Judge John M. Roper today denied bond for former Harrison County jailer Ryan Teel pending a Nov. 6 trial in the beating death of inmate Jessie Lee Williams Jr." The Herald continues, "Teel, 29,… Teel was a Harrison County sheriff's deputy, working as a corrections officer at the time of Williams' fatal beating in the jail booking room on Feb. 4. FBI agents arrested Teel on Monday following his indictment on federal charges of deprivation of civil rights under color of law and destruction, alteration or falsification of records in a federal investigation." The Herald adds, "Potential danger to the community or to possible witnesses and the risk of flight were among

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considerations the judge looked at following testimony by Teel and by his father, former Chancery Court Judge Wes Teel. … Assistant U.S. Attorney Lisa Krigsten of the Justice Department's civil rights division in Washington, D.C., urged Roper to accept the recommendation of a pre-trial services report to deny bond. … Jim Davis, Ryan Teel's court appointed attorney, maintained his client was not a flight risk or a danger."

ANTITRUST:

DOJ, Microsoft Seek Extension Of Antitrust Settlement. PC World/IDG News Service (9/1, Gross) reports, "The U.S. Department of Justice and Microsoft filed formal paperwork Wednesday to extend part of an antitrust judgment against the company for at least two years." IDG continues, "The extension of U.S. District Court Judge Colleen Kollar-Kotelly's November 2002 antitrust settlement would give Microsoft more time to complete work on technical documentation for licensees of its communications protocols. The Justice Department and Microsoft filed a joint request Wednesday for Kollar-Kotelly to approve the extension, which the Justice Department proposed in May. … The antitrust order had been scheduled to expire in November 2007. If the judge approves the two-year extension, the Justice Department and 17 state plaintiffs in the antitrust case can ask for an additional three-year extension if they still have complaints about Microsoft documentation. Microsoft has said it will not oppose a second extension."

The E-Commerce Times (9/1, Regan) reports, "If the extension is granted by U.S. District Court Judge Colleen Kollar-Kotelly, Microsoft would be required to leave in place until 2009 requirements for the Microsoft Communications Protocol Program (MCPP), through which it shares some code and protocols so that rival software makers can make Windows-compatible programs. … The two sides said in a filing that they have reached an agreement that enables the government to unilaterally ask for up to three years more time for those provisions. … Other terms of the agreement, including requirements for more favorable licensing terms of some Microsoft products, will still expire in November of 2007."

CNET News (9/1, Broache) reports that Judge Kollar-Kotelly "indicated at the last periodic status conference with the parties that she would accept the changes, saying they appeared to be 'the way to go' and prompted her to wonder why such a suggestion hadn't been raised earlier. … Under the proposed changes to the settlement, an expiration date of Nov. 12, 2009, would apply to provisions of the settlement relating to the Microsoft Communications Protocol Program (MCPP), which aims to help third-party developers in creating software that works with Windows through licensing access to protocols."

Judge Dismisses Broadcom's Antitrust Suit Against Qualcomm. The Wall Street Journal (9/1, Clark) reports, "A federal judge in New Jersey has dismissed an antitrust suit filed by Broadcom Corp. against rival Qualcomm Inc." The Journal continues, "The suit, filed last year, accused Qualcomm of a series of monopolistic tactics in the market for advanced cellphones and associated semiconductors, based on a technology known variously by the acronyms UMTS and W-CDMA." The Journal adds, "Broadcom alleged, among other things, that Qualcomm had promised to license its patents for such technology on 'fair, reasonable and non-discriminatory terms,' but instead used discounts on royalties and other techniques in ways that improperly gave benefits to Qualcomm's chip business. … But U.S. District Judge Mary Cooper, in a 47-page opinion, dismissed Broadcom's contentions. 'The allegations in the complaint read as a whole do not support an inference that competition in the UMTS chipset market is, or will be injured by Qualcomm's licensing practices,' she wrote."

Bloomberg (9/1) reports, "The suit was part of a wider effort by Irvine, California- based Broadcom and other competitors to prevent San Diego-based Qualcomm from dominating the 3G chip market. … Cooper said that Broadcom may amend its claims and seek to re-file the complaint."

FTC Probe Prompts MLS To Scrap Real Estate Rule. Inman News (9/1, Roberts) reports, "A U.S. Federal Trade Commission investigation has prompted a regional multiple listing service in New England to toss out a policy that blocked some property listings from reaching some public property-search sites, including Realtor.com." Inman continues, "The Northern New England Real Estate Network announced today that it has reached an agreement with the FTC that resolves the investigation. The FTC last month announced a settlement with the Austin Board of Realtors in Texas relating to a similar board policy that was also rescinded." Inman adds, "The U.S. Department of

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Justice and Federal Trade Commission have engaged in several other actions over the past couple of year against real estate laws, regulations and rules, charging that the measures are anti-competitive, and the leading lawyer for the National Association of Realtors in May announced a total of 14 separate government investigations that were studying whether MLSs prevent a type of property listings from reaching some public Web sites. … Federal antitrust officials have taken legal action against bans on real estate rebates to consumers; written letters in opposition to state-imposed mandates on real estate services that they said could potentially restrict consumer choice and the ability of low-cost, limited-service real estate companies to compete; and filed a lawsuit against the National Association of Realtors related to its policies for the display and sharing of online property information."

Exelon, New Jersey Regulators Approaching Stalemate On PSEG Merger. Market Watch (9/1, Buurma) reports, "Recent correspondence between Exelon Corp., Public Service Enterprise Group and New Jersey regulators regarding the Chicago electric and gas utility's proposed $16 billion acquisition of PSEG lends further credence to the view that the companies are approaching a stalemate with the state's Board of Public Utilities, according to a consumer advocacy group that has seen the confidential letters. … 'The parties are very far apart,' said Ev Liebman, program director for New Jersey Citizen Action, which opposes the deal. 'As of last Friday, it appeared as if there was not going to be an agreement.'" MarketWatch continues, "Liebman couldn't elaborge on the nature of the sticking points citing a confidentiality agreement with New Jersey. … In a filing with the U.S. Securities and Exchange Commission Wednesday, Exelon suggested said the acquisition is no longer "more likely than not" based on the status of settlement discussions with New Jersey regulators. … 'There is a serious gap on a number of levels, including competition and market power issues,' Liebman said. 'The (Board of Public Utilities) staff's proposal seems to go beyond what the companies seem to be willing to do.' One sticking point is the extent of rate relief that will be passed onto consumers, she said."

Goldcorp To Buy Glamis For $7.8 Billion. The Financial Times (9/1, Simon) reports, "Goldcorp, a medium-sized Canadian gold producer, has agreed to acquire Glamis Gold of Nevada in a friendly $7.8bn all-share deal that underlines the accelerating pace of consolidation in the mining industry." The Times continues, "Goldcorp and Glamis aim to create one of the world's lowest-cost and fastest-growing producers. The combined group will have 22 mines and exploration properties in North, central and South America. … It is expected to produce about 3m ounces of gold a year at an average cash cost of less than $200 a ounce – far below the current gold price of $624." The Times adds, "Booming metals markets have given predators the cash and rising share prices they need to pursue their targets. Metal shortages have also put a premium on mines and improved the chances of exploiting untapped reserves. … But several investors criticised the deal. Frank Holmes, chief executive of US Global Investors, a big Goldcorp shareholder, described the acquisition as 'a massive shift in strategy'."

The Wall Street Journal (9/1, Chipello) reports, "The deal requires the support of two-thirds of Glamis shareholders but doesn't require approval from Goldcorp's shareholders." The Journal adds, "Under terms of the agreement, Glamis shareholders would receive 1.69 Goldcorp shares for each Glamis common share -- a 33% premium based on Wednesday's closing share prices. Current Glamis shareholders would own 40% of the combined company. … The merged company, which would remain in Vancouver, British Columbia, would have proven and probable reserves of about 41.1 million gold ounces, and about 11,000 employees."

Judge Blocks Sale Of Generic Plavix. The New York Times (9/1, Saul) reports, "A federal judge in Manhattan ordered a Canadian company yesterday to stop distributing its generic version of the blockbuster anticlotting drug Plavix, granting a reprieve to Bristol-Myers Squibb and Sanofi-Aventis, which co-market the brand-name drug." The Times continues, "The Plavix marketers had seen a drastic erosion of their United States sales since the Canadian company, Apotex, introduced its generic version on Aug. 8 in a challenge to the patent held by the big companies. Analysts say that the large supplies of the generic drug already on the market could continue to impinge on sales of Plavix for several months." The Times adds, "While ordering Apotex to stop shipments, United States District Judge Sidney H. Stein declined a request by Bristol-Myers and Sanofi to recall the generic pills already on the market. The judge ruled that the companies had negotiated away that right in their attempts

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earlier this year to settle the patent dispute with Apotex. … Judge Stein did say that the patent was likely to be enforceable, based on the evidence and testimony so far. He also observed that Bristol-Myers and Sanofi had suffered 'irreparable harm' as a result of the patent infringement. … He nonetheless required Bristol-Myers and Sanofi to post a $400 million bond to compensate Apotex in the event the generic company won in a trial on the validity of the patent, now set to begin in his court next January."

ENVIRONMENT:

Judge Refuses To Change Deal On Plant Emissions. The Dallas Morning News (9/1, Loftis) reports, "A federal judge in Austin refused Wednesday to change the terms of a federal enforcement consent decree meant to clean up one of Texas' biggest air pollution sources." The News continues, "U.S. District Judge Sam Sparks ruled that Alcoa, owner of a huge aluminum smelter in Rockdale, northeast of Austin, must comply with the deadlines laid out in a 2003 agreement between Alcoa, the Justice Department and environmental groups that sued over the smelter's pollution. … The judge also refused to change emissions limits in the agreements." The News adds, "Alcoa had sought to extend the deadlines for replacing its coal-burning power plant, which supplies electricity to the smelter. Emissions from the plant drift north to the Dallas-Fort Worth area. … Alcoa argued that several circumstances prevented it from replacing its power plant with a newer, cleaner-burning generating unit by April. It sought to extend the deadline to 2010. … Dallas-based TXU would build the new unit, though the power company has not yet reached a final agreement with Alcoa. The changes that Alcoa sought were meant to smooth the way for that agreement." The News notes, "The Justice Department and three environmental groups – Neighbors for Neighbors, Environmental Defense and Public Citizen – opposed the extension. Judge Sparks agreed with them, although he urged the parties to keep working on a compromise since no matter what happens in court, no replacement power units will be built by then."

Bush Plans Nuclear, Alternative Energy Push Starting Next Year. The White House Bulletin / US News (8/31) reported, "President Bush has nuclear power on his mind. As part of the next phase of his plan to address the nation's energy needs, Bush will soon begin another push for expanded use of nuclear energy, which he considers one of his top priorities for the remainder of his term. Senior White House officials tell US News and the Bulletin that Bush believes it's vital for the nation to change its 'mix' of fuels -- and shift away from its "addiction" to fossil fuels, especially foreign oil. Aides say Bush is less interested in encouraging voluntary conservation of energy than he is in giving Americans more choice in the types of energy they use, with an emphasis on nuclear as well as biofuels and other non-petroleum-based energy sources." The Bulletin added, "The energy issue has been relatively dormant for months but White House strategists say Bush will return to it this fall and make it a high priority in his next State of the Union speech early next year."

Kempthorne Visits ANWR. The Washington Post/AP (9/1, Hebert) reports, "Interior Secretary Dirk Kempthorne made his first visit to the Arctic National Wildlife Refuge on Thursday and was greeted by local leaders concerned not about drilling in the refuge, but by plans for offshore oil development. Tribal leaders said offshore drilling in the Beaufort Sea would interfere with their whaling." Kempthorne "was accompanied on his North Slope tour by senior Interior officials and several of the department's regional officials, based in Anchorage." On Wednesday, Kempthorne "toured a Prudhoe Bay oil complex operated by BP PLC, including a visit to the stretch of BP pipeline where severe pipe corrosion caused Prudhoe oil production to shut down in early August."

Administration Undecided On Need For Additional Drought Aid. The AP (9/1, Quaid) reports that Agriculture Secretary Mike Johanns announced Thursday that "the Bush administration plans to wait until after this year's harvest to evaluate the need for increased drought aid to farmers. Johanns has already announced some $79 million in drought aid this week, but "critics say the aid falls far short of the need." Meanwhile, the Senate is considering "a separate $4 billion drought-aid plan," but "the Administration strongly dislikes the Senate plan, in part because it would go only to those who already get subsidies, about four in 10 farmers."

California Emissions Plan Divides Industry. The New York Times (9/1, Mouawad, Peters, 1.21M) reports, "California is once again at the forefront of the nation's environmental policy, with a far-reaching pledge to curb

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carbon emissions by 2020. But the deal struck on Wednesday between Democratic legislators and the Republican governor, Arnold Schwarzenegger, has divided businesses and industries in California." The Times adds, "While high-technology companies have lined up behind the move, arguing that it will put California at the forefront of alternative energy development, most of those representing basic industries contend that it will retard the economy, force energy-intensive businesses out of state and increase costs for all Californians." The California plan also "faces a battle in the courts before it can go into effect."

Meanwhile, the Wall Street Journal (9/1, Ball, 2.03M) says "most groups representing big industry in California remain opposed to the plan, arguing it will raise production costs and hurt the competitiveness of the state's businesses." But "some California businesses expressed support for the push, arguing that restrictions on global-warming emissions across the US are increasingly likely and that California companies will benefit by starting now to prepare. 'From a business perspective, the sooner we begin working on this problem, the less dramatic will be the impact on business,' said Peter Darbee, chief executive of PG&E Corp, whose Pacific Gas & Electric Co. unit is a major California utility." California, adds the Journal, "has long been a national environmental bellwether, prompting other states to follow its regulatory lead." USA Today (9/1, Iwata, 2.27M) runs a similar report under the headline "California Business Leaders Say Emissions Limit Could Harm Economy."

The CBS Evening News (8/31, story 5, 2:20, Blackstone, 7.66M) showed Darbee saying, It shouldn't be a job killer." CBS added, "California's high-tech industry likes the new law too, it seems money to be made, developing cleaner sources of energy."

The Washington Post (9/1, A1, Eilperin, 748K) reports Sen. Dianne Feinstein, "who has her own proposal to establish a national cap-and-trade system, said yesterday's vote 'is a giant step forward toward a national cap. … It's only a question of time.'" But "she said that, when it comes to details, the state bill 'does not have a methodology or a process. It just caps it.'" State lawmakers "left key implementation issues to be decided by the California Air Resources Board." The measure also "includes an escape hatch allowing the governor to extend compliance deadlines for as much as one year 'in the event of extraordinary circumstances, catastrophic events, or threat of significant economic harm.'"

Plan May Boost Schwarzenegger's Reelection Prospects. The Wall Street Journal (9/1, Carlton, 2.03M) reports, "California's agreement to cut emissions tied to global warming is likely to boost a resurgence in Gov. Arnold Schwarzenegger's popularity, many political pundits say, potentially making it more difficult for Democratic challenger Phil Angelides to unseat him in November. The same day that the governor agreed to the deal with the state legislature's Democratic leadership, a new poll of likely voters by the Public Policy Institute of California showed him with a 13-point lead over Mr. Angelides." The deal "may give Gov. Schwarzenegger a decisive lead over his rival -- and possibly position him for a US Senate run down the line -- because environmental issues resonate with many California voters, some political observers say."

California Deal Earns Praise. The New York Times (9/1, 1.21M) editorializes, "California, long a leader on environmental issues, has done it again, approving a pathbreaking bill that would impose the country's broadest and most stringent controls on emissions of carbon dioxide, the main global warming gas." California's action "stands in bold and welcome contrast to the federal government's reluctance to take aggressive action on a problem of mounting concern among scientists and the general public."

The Washington Post (9/1, A20, 748K) editorializes, "California has begun an experiment of tremendous importance to the rest of the nation. It has asserted that talk and study are no longer sufficient -- that bold action is possible and necessary."

Federal Probe Curbs Illegal Trading Of Ocelots. The Washington Post (9/1, A19, Asthana) reports, "It began with a tip. A phone call from a concerned woman to a federal agency that an illegal trade was about to take place. That was in August 2004. A small player was arrested, but the call set investigators on a trail that led them from coast to coast, and they eventually arrested nine targets. … It sounds like an FBI investigation, but 'Operation Cat Tale' is an effort by the U.S. Fish and Wildlife Service to end the illegal trading of ocelots, a rare and exotic breed of cat worth $5,000 each." The Post continues, "This month, prosecutors announced they had charged five defendants from Oregon, California, Texas and New York with crimes related to the sale of the endangered animal. … Four of the defendants have entered a plea agreement and face fines ranging from $10,000 to $60,000. In each case, the agency

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found that parties mischaracterized the sale as 'donations' and the payment as 'contributions.' Three more people were fined for participation in illegal trafficking. … 'We used standard tactics where we work with smaller players and work up the hierarchy to the main distributors,' said Dwight Holton, the assistant U.S. attorney prosecuting this case. Holton previously worked as an assistant U.S. attorney in Brooklyn, prosecuting gangs involved in homicides, drugs and terrorism. 'It is a technique used in the investigation of other crimes, as well,' he said."

FBI/DEA/ATF/USMS:

Boston US Attorney To Head ATF. The AP (9/1, Jefferson) reports, "U.S. Attorney Michael J. Sullivan, who led the prosecution of would-be airplane shoe bomber Richard Reid, has been appointed acting director of the federal Bureau of Alcohol, Tobacco, Firearms and Explosives." The AP continues, "Sullivan, who has served as U.S. Attorney for five years, is not resigning, but he will be considered 'absent from the district,' said his spokeswoman Christina Dilorio-Sterling on Thursday. … 'It is certainly an honor to be afforded the opportunity to work with the men and women law enforcement professionals of the Bureau, an agency that is known for its excellence and integrity,' Sullivan said in a statement. Dilorio-Sterling said Sullivan was in Washington and not immediately available for further comment." The AP adds, "Sullivan, a former Republican state legislator and district attorney, was appointed U.S. attorney just one week before two planes hijacked from Boston's Logan International Airport were used in the Sept. 11, 2001, terrorist attacks. When the international flight carrying Reid was diverted to Boston later that year, the case fell in Sullivan's jurisdiction. … He also formed an anti-terrorism task force." The AP notes, "As U.S. attorney, Sullivan also has been known for a tough stance on drug and gun cases, and one judge criticized him publicly for burdening the federal system with cases that could be handled by state prosecutors. … Sullivan has said gun and drug prosecutions reduce urban violence and have a big impact on people's lives. And he said President Bush made reducing those crimes a priority for federal prosecutors because federal sentencing rules for such cases carry longer prison terms than in state court."

Renowned FBI Agent Garrett Announces Retirement. WUSA-TV Washington, DC (8/31) reported, "FBI Agent Brad Garrett has announced plans to retire from the agency on Thursday after 21 years. Garrett has been involved in breaking some of the biggest cases in the bureau's Washington Field Office over the past 16 years. He got Mir Aimal Kasi to confess to firing the assault rifle that killed two CIA workers near the gate of the agency's headquarters in McLean. He also coaxed Lee Boyd Malvo into confessing to his role in 2002's Beltway Sniper killings. Garrett says he plans to work as a private investigator." He "spoke with Mike Walter on 9News at 9am this morning and reflected on his career."

Murdered CIA Employee's Father-In-Law Highly Praises Garrett. In a Washington Post (9/1, 748K) letter to the editor, R.N. Becker of Gibsonia, Pa., writes, "The FBI is soon to lose one of the most outstanding agents it has ever had, Brad Garrett. As the father-in-law of Frank A. Darling, one of two men shot and killed outside CIA headquarters by a Pakistani terrorist, I and other members of the Becker and Darling families witnessed Mr. Garrett's skills firsthand. … Many things could be said about this man, but at this point it's sufficient to say he will always be a friend of these families.

Drug-Conspiracy Trial Begins For Accused Chicago Gang "King" And Associates. The Chicago Tribune (8/31, Coen) reports the alleged "king" of the Mafia Insane Vice Lords street gang "went on trial Wednesday, with prosecutors charging that he and his associates ran a sophisticated organization that sold drugs for years across the West Side. Troy Martin was the head of the gang, prosecutors told a jury in the courtroom of U.S. District Judge Rebecca Pallmeyer. … Assistant U.S. Atty. Jake Ryan told jurors that two of Martin's associates, Eddie Bell and Patrick Bray, were key players in the drug conspiracy, along with drug supplier Harry Gilmore. The trial of the four men is expected to last a month." The Tribune notes prosecutors "said the investigation of the gang was launched by the Drug Enforcement Administration in 2002."

Judge In New Mexico To Decide Case Involving Marijuana Use For Religious Purposes. The AP (8/31) reports a couple from Pima, Arizona, arrested in a car that "contained 172 pounds of marijuana say the drug is a sacrament in their religion. The U.S. attorney's office says the pair is trying to use religion as a cover for a drug organization. Danuel and Mary Quaintance were arrested in February on drug charges in the New

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Mexican town of Lordsburg near the Arizona state line. In an August hearing, the Quaintances said they have a right to marijuana as the central focus of the Church of Cognizance, founded by Danuel Quaintance in 1991 and registered as a religious organization in Arizona." The AP says a judge is reviewing the case and will decide whether to dismiss the charges.

Walters Focuses On Combating Marijuana Cultivation On Public Lands. The Fresno (CA) Bee (8/31) writes, "With Mexican drug cartels linked to nearly 80% of illegal marijuana-growing operations found on state and federal public lands, national drug czar John Walters said his office is working to free those lands from drug traffickers. Walters was in Fresno on Wednesday to join a marijuana-eradication operation near Pine Flat Reservoir in the Sierra National Forest in eastern Fresno County. He also met with top local, state and federal law enforcement officials. … Walters said more than 1.1million marijuana plants were eradicated from state and federal public lands in California last year, with an estimated street value of $4.5 million. And already this year, only two months into the growing season, more than 940,000 plants have been eradicated in the state."

Local TV Coverage. KMPH-TV, Fresno-Visalia (8/31, 8:00 a.m.) reported, "The nation's drug czar was in Fresno yesterday for a major pot bust. John Walters even pulled out some of the plants deep in the Sequoia National Forest."

KFRE-TV, Fresno-Visalia (8/31, 11:00 p.m.) reported, "John Walters, the nation's drug czar, got a first-hand look at the growing number of marijuana gardens."

KFSN-TV, Fresno-Visalia (8/30, 6:30 p.m.) reported, "The president's point man in the war on drugs got a first-hand look at the pot problem growing inside federal lands and parks here in the valley. John Walters, the nation's drug czar began his day flying into what state drug agents call a commercial pot garden. He says these aren't small-time operations. Walters believes Mexican drug cartels are using federal lands like this one in the Sierra National Forest east of Pine Flat dam. … Walters calls the tour a graphic reminder of the environmental damage done by pot farms in the federal lands of the Sierra."

Marijuana Plants Seized In California, Some On Public Land. The AP (8/31) reports authorities "say they've discovered an estimated 50 million dollars worth of marijuana plants growing in western Marin County. National Park Service rangers, Marin and Sonoma County sheriff's deputies, U-S Park Police and officials from the Marin Municipal Water District found about 20,000 marijuana plants in several gardens. The gardens were located along a stretch of land from Kent Lake to Highway One to the Olema Valley."

The San Francisco Chronicle (8/31) reports the growing operation "appears to have been in place since this spring on a network of sites in secluded, wooded areas north of Bolinas, partly on Park Service land and partly on land owned by the Marin Municipal Water District."

Redding, California's Record Searchlight (8/31) reports a three-day drug sweep "uncovered more than 40,000 marijuana plants in the Fenders Ferry Road and Rainbow Lake areas of Shasta County. … The Fenders Ferry Road plants were on U.S. Forest Service land, and the Rainbow Lake plants were on land belonging to a private timber company."

Report: NFL Players Association Will Be Asked To Consider Drug-Testing Changes. In a story that picks up on yesterday's reports that Rep. Henry Waxman wants the NFL to reopen its investigation of steroid use by former Carolina Panthers players, McClatchy Newspapers (8/31, Chandler) also writes, "ESPN's Chris Mortensen reported that the NFL would ask the NFL Players Association to consider more random steroids testing. [League spokesman] Greg Aiello would neither confirm nor deny the ESPN report."

However, McClatchy Newspapers (8/31) also reports Gene Upshaw, the executive director of the NFL Players Association, "revealed Tuesday night that one of the players in the Panthers steroids scandal was in the NFL drug program. A league source denied a report the NFL was prepared to approach the union to increase steroid testing. Upshaw, saying he had not heard from the NFL, told the New York Daily News in an e-mail Tuesday night that more testing wasn't necessary."

More Inquiries Expected. The Charlotte (NC) Observer (8/31, Chandler) reports Rep. Tom Davis "said there will be more inquiries by the House Committee on Government Reform into the matter after he read a report in Sunday's Observer detailing six NFL players' involvement with Dr. James Shortt, formerly of West Columbia, S.C. The players included three starting offensive linemen from Carolina's 2004 Super Bowl team and two other ex-Panthers. 'We see how easy it is to get around the testing regime and

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how widespread it was, people getting renewals on their prescriptions and everything else,'" Davis said.

Rep. Davis Seeks New Stats On Steroid Use Among Young People. On its Web site, ABC News (8/30) writes, "According to a 2003 survey by the Centers for Disease Control and Prevention, as many as 1 million high school students have tried steroids. Rep. Tom Davis wants the Government Accountability Office to gather fresh information on the number of youngsters using steroids today to get a better sense of the size of the problem. A representative from the National Football League reported that the league has expanded its curriculum on steroids, human growth hormones and other performance-enhancing substances at its mandatory orientation program for all recently drafted players."

Pete Rose Jr Disputes Charge Of Distributing GBL. ESPN.COM (9/1, Fish) reports on Pete Rose Jr., who at 36 is "still busing around the independent leagues in a delusional pursuit of another big league shot. Not when you hear the nightly rags from well-lubricated fans about Charlie Hustle's banishment from the game." According to ESPN, Rose says "the hot-button Rose name -- not the guilty plea Pete Jr. entered last November to distributing performance-enhancing drugs to teammates -- is the reason he spent a month earlier this summer locked up in a 10-by-10 foot jail cell in Boone County, Ky." ESPN adds, "Rose freely admits he used GBL, a steroid alternative. He says he took it as a sleep aid to help in his recovery from a knee injury in the summer of 2001 while he was playing for the Double-A Chattanooga Lookouts in the Cincinnati Reds' farm system. But he disputes the distribution charge. Rose told ESPN.com he provided the GBL, which was legally sold in health food stores until it was banned in 2000, to only two teammates -- one nursing an elbow injury, the other a bum shoulder -- and never scored a profit. … The Drug Enforcement Administration described Rose as part of a larger investigation into a national GBL trafficking ring. At least 18 people were charged in the probe, including Bruce Michael Wayne, a Murfreesboro, Tenn., bodybuilder who pleaded guilty to conspiracy to distribute the steroid alternative and money laundering charges, then became a fugitive while awaiting sentencing. … Federal prosecutors said this week that aspects of the GBL investigation remain ongoing, and sternly disputed Rose's assertion that he was targeted because of his name. In his signed plea agreement, Rose admitted to supplying GBL to a 'number of players' on the Chattanooga team."

Land Under Opium Poppy Cultivation Possibly Up 40% In Afghanistan. The AP (8/31) reports a senior U.S. official "said the U.S.-backed strategy to fight Afghanistan's massive drug trade has been unsuccessful in stemming opium cultivation, which is expected to hit record levels this year. 'It's bad news and we need to improve it,' said Thomas Schweich, principal deputy assistant secretary of state for international narcotics. 'But we don't feel it's a hopeless situation, and we don't think the overall strategy is the wrong strategy.'" The AP continues, "Schweich spoke to reporters as Western officials in Afghanistan were forecasting a possible 40 percent increase this year in land under opium poppy cultivation, despite hundreds of millions of dollars spent in counternarcotics efforts."

The Financial Times (8/31) reports eight British soldiers "have been killed in combat in Afghanistan this month, in what Lieutenant General David Richards, the commander of the NATO force, calls the worst sustained fighting the British army has had to face since the Korean war between 1950 and 1953. British officials added that poppy cultivation in Helmand province and other turbulent regions would take the Afghan opium crop to a record level, according to United Nations figures expected shortly."

IMMIGRATION:

Immigration Activists To Hold Rallies In Several Cities. The Los Angeles Times (9/1, Gaouette, 918K) reports, "Immigrants and their supporters will take to the streets Friday to start a weeklong encore of the rallies that brought millions out last spring. But as they prepare marches in Chicago, Washington, Phoenix and Los Angeles, immigration advocates are facing a less friendly political climate in the nation's capital." Although "Congress may take up immigration when it returns next week, few on Capitol Hill are optimistic about passing legislation before November's midterm elections." And "any new initiatives are likely to focus on enforcement, not on providing more legal options for illegal immigrants." The Times adds, "In some political campaigns, hard-liners are embracing immigration as a way to rally voters and target opponents who favor a broad rewrite of existing laws." In response, "advocates are making the rallies more explicitly political, incorporating voter registration

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drives aimed at affecting tight races in November -- along with reminders that the Hispanic community, in particular, will watch what politicians say."

The Washington Times (9/1, Summers, 88K) notes that today, "about 100,000 people in Chicago are expected to begin a four-day march to the office of House Speaker J. Dennis Hastert, Illinois Republican."

Hoffa Calls For Tighter Border Security. The Washington Times/Bloomberg (9/1, Chipman, Nesto) reports, "James P. Hoffa, president of the International Brotherhood of Teamsters, called for tighter US border control yesterday, saying the country must stop illegal immigration so it can focus on the undocumented aliens already here." Said Hoffa, "We have to control our borders. … Let's stop for a while, so that we can basically take a breath and find out what we do with the people that are here." Hoffa "has urged Congress to enact immigration legislation that includes both tighter border controls and a path to citizenship for illegal aliens already in the US."

TAX:

FBI, IRS Search Offices Of Alaska Lawmakers In Oil Services Company Probe.

In a widely-distributed story, the AP (9/1, Volz) reports, "Federal agents raided the offices of at least six Alaska lawmakers Thursday in an investigation of large oil field services company," VECO Corp., whose "executives are major contributors to political campaigns. 'This morning, investigators from the FBI interviewed me in my office regarding an investigation of VECO,' Republican Rep. Vic Kohring said in a statement. … Two legislative aides, who spoke on the condition of anonymity for fear of reprisal from federal agents who told them not to talk to reporters, said FBI agents were looking for any ties including financial information and gifts. … FBI spokesman Eric Gonzalez said the FBI and Internal Revenue Service executed search warrants in Anchorage, Juneau, Wasilla, Eagle River and Girdwood." The AP notes that the offices of Senate President Ben Stevens, Senate Rules Chairman John Cowdery, Rep. Bruce Weyhrauch, Rep. Pete Kott – all Republicans – and Democratic Sen. Donald Olson.

The Anchorage Daily News (9/1, Mauer) reports, "FBI agents spent most of the afternoon behind the closed doors and drawn blinds of the fifth-floor offices" of Stevens and Cowdery, and "through slits in the blinds, one agent in Stevens' office, wearing rubber gloves, could be seen packing away evidence in a container. In Juneau, tourists and residents were greeted with the extraordinary sight of FBI agents hauling out files form the Alaska State Capitol after searching offices there." Gonzalez "said federal agents executed about 20 search warrants Thursday, not all in legislative offices." However, he "said he was not at liberty to disclose the target of the investigation, how or when it began, or whether it was likely to result in criminal charges." KTVA-TV Anchorage (8/31) added that "lawmakers' offices…were swarming with federal agents. … All FBI officials will say right now is that they and IRS officials were there to execute search."

VECO Executives Regularly Among Top Political Contributors. The Anchorage Daily News (9/1,Hunter) reports VECO is "a dominant political power in the state, its executives and employees among the most regular and generous contributors to dozens of statewide and statehouse campaigns every election season. The recipients tend to be Republicans, but Veco executives have always said they make their choices by looking for candidates who are pro-industry and pro-development." The Daily News notes, "In 2004, the last statewide election, Veco's top three donors alone — president Pete Leathard, chairman Bill Allen and chief financial officer Roger Chan — gave more than $122,000 to the Alaska Republican Party and state House and Senate candidates. The company has also employed active lawmakers as consultants and in other capacities, including Senate President Ben Stevens."

NAACP Cleared In Tax Probe. The New York Times/AP (9/1) reports, "The National Association for the Advancement of Colored People did not violate the conditions of its tax-exempt status when its chairman gave a speech in 2004 that criticized President Bush, according to a newly released letter from the Internal Revenue Service to the group." The IRS "began looking into the N.A.A.C.P. about a month before the 2004 presidential election after a speech by the organization's chairman, Julian Bond, that was largely critical of Mr. Bush's policies." In a letter dated Aug. 9, "the I.R.S. said a review had indicated that 'political intervention did not occur.'"

The Washington Post (9/1, A3, Fears, 748K) reports that yesterday, Bond "reiterated his belief that the investigation was politically motivated. He said the decision, received by the NAACP on Aug. 9, 'meant that they thought they had harassed

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us enough and they could stop.'" In a response to "lawmakers who expressed outrage over the investigation in 2004," IRS Commissioner Mark W. Everson "said the agency's examinations are based on tax law, not partisanship." The commissioner "said the investigation of the NAACP was undertaken because two congressional leaders, whom he declined to name, requested it."

The Washington Times (9/1, DeBose, 88K) reports, "The NAACP has obtained copies of Republicans' requests for an IRS investigation of the group going back to 2000. Among those making such requests were Sens. Lamar Alexander of Tennessee and Susan Collins of Maine, former Sen. Strom Thurmond of South Carolina, Rep. Jo Ann Davis of Virginia, former Rep. Robert L. Ehrlich Jr. of Maryland -- now the governor -- and Joe Scarborough of Florida, who is now a cable news talk-show host."

IRS Will Refund Taxpayers Up To $60 For Phone Tax. The Wall Street Journal (9/1, Matthews, 2.03M) reports, "The Internal Revenue Service said it will refund taxpayers up to $60 next year to reimburse them for the now-defunct long-distance telephone tax, a move expected to cost the government about $10 billion. Taxpayers need no proof they paid the tax and can claim a refund on their 2006 federal income-tax returns." Refunds "will be subtracted from the bills of taxpayers who wind up owing the government or added to the refunds for those who overpaid their taxes."

CONGRESS-ADMINISTRATION:

Governors Ask Rumsfeld To Oppose National Guard Measure. USA Today (9/1, 2.27M) reports, "The nation's governors sought help Thursday from Defense Secretary Donald Rumsfeld in their fight against proposals in Congress to give President Bush more control over the National Guard during disasters. After delays in sending help for areas hit by Hurricane Katrina last year, Congress wants to allow the president to federalize a state Guard without the governor's consent in the event of a 'serious natural or manmade disaster, accident or catastrophe.'" In a letter to Rumsfeld, Govs. Janet Napolitano of Arizona, Tim Pawlenty of Minnesota, Mike Easley of North Carolina and Mark Sanford of South Carolina "said the change 'could cause confusion in the command and control of the National Guard and interfere with states' ability to respond."

The Washington Post/AP (9/1, A4) reports "a Rumsfeld spokeswoman, Cynthia Smith, said he would not comment publicly and would respond directly to the governors."

The AP (9/1, Tanner) also reports "the four governors also sent a letter to leaders in the House and Senate, urging them to drop the proposals."

GOP Fears Bolton Can't Win Senate Confirmation. In its "Washington Wire" column on its web site, the Wall Street Journal (9/1, 2.03M) reports, "Republicans fear Bolton can't win permanent confirmation." While Bolton's work under President Bush's recess appointment "has earned him praise for loyalty to Secretary of State Rice, and gained backing of erstwhile Senate foe Voinovich," vote counters in the Senate "aren't sure of 60 votes needed to overcome filibuster in floor debate this week."

Tomlinson Nomination Put On Hold. The AP (9/1, Schweid) reports, "The Senate Foreign Relations Committee does not plan to act on President Bush's re-nomination of an agency head accused of misusing government money. A summary of a report by the State Department's inspector general, released Tuesday, said Kenneth Tomlinson misused government funds for two years as chairman of the Broadcasting Board of Governors. That's the agency which oversees the Voice of America, Radio Free Europe and other U.S. government broadcasting abroad." Tomlinson "is accused of overbilling for his time and hiring a friend as a consultant."

Stalemate Expected In Battle Over Minimum Wage Hike. In its "Washington Wire" column on its web site, the Wall Street Journal (9/1, 2.03M) reports, "Dueling partisans find reasons to let minimum wage increase die on Capitol Hill. House Republicans, uninterested in dispiriting their conservative base, 'consider the issue done with,' a leadership aide says. A Senate Democratic strategist calls 'stalemate' the most likely outcome when Congress returns."

Grassley Measure Would Eliminate Secret Holds On Legislation. On CNN's Lou Dobbs Tonight (8/31), Sen. Charles Grassley expressed his opposition to senators placing secret holds on legislation, saying, "When I put a hold on a bill, I always put a statement in the public record, the Congressional Record, of why I'm doing it and what bill it is. There's nothing wrong with a hold, per se. But remember, what American government is all about is

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transparency. People ought to know what's going on. So a hold is secret if the senator doesn't say that it's -- who is putting it on. And I have a bill that passed the Senate 84-13 that would end holds, that's in conference with the House, because my feeling is, the public's business ought to be public. And there's nothing wrong with a hold. If you think a bill ought to be held up, you know, hold it up. But tell the public why you're doing it."

Bush Approval Rises To 38% In Fox News Poll. Fox News' Special Report (8/31, Hume) reported, "A new Fox News Opinion Dynamics poll finds President Bush's approval rating has crept up slightly though not enough to brag about. 38% of Americans now think the President is doing a good job. That's compared to 36% three weeks ago."

Private-Equity Firms Planning Lobbying Push. The Wall Street Journal (9/1, Mullins, Scannell, 2.03M) reports, "Private-equity firms, flush with cash and snapping up companies, are turning their attention to the nation's capital, planning a trade group and boosting spending on lobbyists and campaign contributions. Their goals: to pre-empt the types of moves toward federal regulation that have emerged for their hedge-fund cousins and to enlist Washington's help in battling restrictions in Europe and Asia." The Journal adds, "This summer, representatives of Carlyle Group, Texas Pacific Group, Kohlberg Kravis Roberts & Co. and Blackstone Group joined to map out a trade group, set a budget, hire a staff and define its mission. Overseeing the effort is Harry Clark, who worked in the Nixon White House and went on to found Clark & Weinstock, a Washington lobbying firm. Mr. Clark sold the firm a decade ago, and now runs his own investment fund in Greenwich, Conn."

Smaller NIH Budget Reduces Funding For "Bold" Research. Columnist Sharon Begley writes in the Wall Street Journal (9/1, 2.03M) that after several years of budget increases at the National Institutes of Health, Congress and the White House, "calling for reduced budgets…slammed on the brakes" in 2004. And, "ever since then, NIH's budget has been flat or, adjusting for inflation, down." Now "the warnings are coming true: The plug is being pulled on promising research by scientists with solid track records." NIH was never known for supporting risky ideas, but "grant reviewers are increasingly unwilling to gamble scarce money on speculative/bold (pick your adjective) approaches to understanding and treating disease."

Viewer Emails Comment On Bush's NBC Interview. NBC Nightly News (8/31, story 10, 2:10, Williams, 9.87M) reported, "We thought we would check on some of our viewer emails. Between our Katrina anniversary and our interview with the President our emails have increased 400%. Any time we interview the President a lot of viewers find a lot to be upset about. In this case our third interview with George W. Bush as President it is not just the questions but that one and setting and our physical proximity, how we related to one another. One viewer wrote in 'I was watching the NBC Nightly News last night and had to turn the sound down but was still watching it. I could not help but notice that the body language that Brian displayed while talking to the President was, to say the least disturbing It was very threatening and disrespectful to the President.' Another viewer writes 'It was like watching a bully in the school yard. Brian's face was even too close to the Presidents and seemed extremely disrespectful.' Another writes 'Did Brian forget that he was speaking with not only the President of the United States but the leader of the free world. His President granted him an interview.' On the other hand, there is this 'I was greatly disappointed in the interview he was soft on him and did not confront the President.' And there is this 'I thought your interview was excellent. When did asking a simple question get labeled disrespectful?' And finally a lawyer from the state of New Jersey writes into us 'If both sides are satisfied then justice has probably been done. Those who try to intimidate questioners will end up establishing a one party system if they prevail.' Just a sampling of the robust debate."

OTHER NEWS:

Consumer Spending, Personal Income Rose In July. The New York Times (9/1, Peters, 1.21M) reports, "Spending by American consumers grew in July at twice the rate it did in June, suggesting that the economy may not be slowing as suddenly as some economists had thought." Personal income also "rose in July, although not as much as spending did. And a widely watched measure of consumer inflation indicated that the pace of price increases may be easing somewhat." The Times adds, "All together, the data provided some encouraging evidence that economic

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expansion may be slowing, not stalling, on its way to the soft landing that policy makers like Ben S. Bernanke, chairman of the Federal Reserve, are hoping for." The Commerce Department "reported yesterday that total personal spending rose 0.8 percent in July, adjusted for seasonal factors — the sharpest increase since January. By contrast, personal income rose 0.5 percent in July, largely in line with the pace of the last several months."

The Wall Street Journal (9/1, Bater, Ives-halperin, 2.03M) reports, "The July rates for both income and consumption matched the median estimates of 23 economists surveyed by Dow Jones Newswires." Meanwhile, "factory-goods orders decreased by 0.6%, after rising 1.5% during June, the Commerce Department said Thursday. June orders were originally estimated 1.2% higher. The decline was less than the 1% expected, and spending on capital goods excluding airplanes climbed. Orders for durable goods fell 2.5%. The Commerce Department had originally estimated a 2.4% decrease. Durables rose 3.3% in June. Nondurable goods orders climbed by 1.6% in July, after decreasing by 0.4% during June. Unfilled orders, a sign of future demand, rose 1.3%."

Retail Sales Data Mixed. The Wall Street Journal (9/1, Covert, Conkey, 2.03M) reports, "Consumers spent readily in July, the government said yesterday," but "the nation's retailers reported mixed sales for August, stoking worries that a slowing U.S. housing market may damp the fall and holiday shopping seasons. A clique of teen-targeting retailers delivered stellar gains, scoring a few fashion hits with skinny jeans and longer, '80s-style tops." But "mall-based chains catering to their parents -- particularly department stores -- were a mixed bag. Big discounters struggled with flat or declining traffic as their customers continued to stock up on basics and make fewer shopping trips to save on gasoline."

Bernanke Defends Approach To Inflation. The Wall Street Journal (9/1, Derby, 2.03M) reports, "Federal Reserve Chairman Ben Bernanke said controlling what happens with 'core' inflation in the near term helps contain the overall pace of inflation in the longer term." The Fed "has been criticized for being too sanguine in the face of rising energy costs. Critics also have said that by focusing on core inflation, which strips out swings in food and energy prices, monetary policy is failing to address some of most important forces facing consumers." But Bernanke, "in comments yesterday to the audience after a speech in Greenville, S.C., said that the central bank's focus on core inflation is more important in the short run. The Fed, in the short run, tolerates the pressure rising energy prices exert on headline price measures, Mr. Bernanke said. "Our objective is to make sure it doesn't pass though into other wages and prices, in other words, that there are not second-round effects," he said."

Stocks Declined Slightly Yesterday, But Rose 1.8% For Month. The Wall Street Journal (9/1, McKay, 2.03M) reports, "Investors digested a raft of economic releases, along with a speech by Federal Reserve Chairman Ben Bernanke, who said strong productivity growth could continue 'for some time.'" But "as has been the case in recent days, investors seemed ambivalent about what it all meant with regard to inflation and the direction of interest rates." The Dow Jones Industrial Average "finished the month of August with a gain of 1.8% -- its best monthly performance since April." Yesterday, it "closed 1.76 points lower at 11381.15, and is now up 6.2% on the year. The broad-based Standard & Poor's 500-stock index edged down 0.45 point to 1303.82, leaving it up 4.4% on the year. On the day, both indexes were nearly unchanged in percentage terms. The Nasdaq Composite Index fell 1.98 points, or 0.1%, to 2183.75, off 1% on the year." The Nasdaq and S&P "had their best months since January." USA Today (9/1, Shell, 2.27M), among other newspapers, also reports the stock numbers.

Poverty Seen As Unaddressed One Year After Katrina. Juan Williams, a senior correspondent for NPR and a political analyst for Fox News Channel, writes in the New York Times (9/1, 1.21M) that "even with all that's been said and written" about Hurricane Katrina on its first anniversary, "one of the real issues remains unaddressed. The shock of Hurricane Katrina awoke many of us to the reality that poverty persists, especially among African-Americans." Williams says that the "newfound energy" to try and solve the problem after the storm "was squandered amid racial and political arguments." He continues that "the real rebuilding project on the Gulf Coast requires bringing new energy to confronting the poverty of spirit. Because that's what was tearing down the city, long before Hurricane Katrina."

In a column titled "Perfect Storm For The Poor," E.J. Dionne writes in the Washington Post (9/1, A21, 748K), "In the six economic recoveries since the early 1960s, this is the first time the poverty rate was higher in the recovery's fourth year than it was when the recession was at its worst. The number of Americans without health insurance rose, too, to 46.6 million in 2005, up from 45.3 million in 2004 and 41.2 million in 2001. The proportion without insurance is up from 14.6

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percent in 2001 to 15.9 percent in 2005. What about the middle class? Yes, the median income of American households rose by 1.1 percent last year after five years of decline," but "most of the growth was in households headed by Americans 65 and over -- who are helped, rightly, by substantial government benefits. In households headed by people under 65, incomes fell yet again." Dionne concludes, "President Bush and the Republican Congress, take a bow: You took power to make the well-off even better off, and you have succeeded brilliantly."

Krugman Says Economy Provides Opening For "Bold Populist Politicians." Paul Krugman writes in the New York Times (9/1, 1.21M), "There are still some pundits out there lecturing people about how great the economy is. But most analysts seem to finally realize that Americans have good reasons to be unhappy with the state of the economy: although GDP growth has been pretty good for the last few years, most workers have seen their wages lag behind inflation and their benefits deteriorate." Krugman adds, "The disconnect between overall economic growth and the growing squeeze on many working Americans will probably play a big role this November, partly because President Bush seems so out of touch: the more he insists that it's a great economy, the angrier voters seem to get. … The big disconnect, in other words, provides as good an argument as you could possibly want for a smart, bold populism. All we need now are some smart, bold populist politicians."

Democrats Urged To Focus On "Class Issues." Thomas Frank writes in the New York Times (9/1, 1.21M) that "these are lousy times. The latest data confirms that as the productivity of workers has increased, the ones reaping the benefits are stockholders. Census data tells us that the only reason family income is keeping up with inflation is that more family members are working. Everything I have written about in this space points to the same conclusion: Democratic leaders must learn to talk about class issues again." But "they won't on their own. So pressure must come from traditional liberal constituencies and the grass roots, like the much-vilified bloggers."

Company That Claimed Stem Cell Breakthrough Under Scrutiny. The Wall Street Journal (9/1, Regalado, 2.03M) reports, "A company that last week claimed a breakthrough in creating stem cells without harming embryos is coming under scrutiny for the accuracy of its statements, renewing questions about the credibility of stem-cell science. The stock of the company, Advanced Cell Technology Inc., Alameda, Calif., soared after it issued a news release saying it had created embryonic stem cells 'using an approach that does not harm embryos.' … Yesterday, following concerns raised by critics, Advanced Cell confirmed that none of the embryos used in its experiments, published by the journal Nature, had actually survived the process. The embryos' failure to survive wasn't previously made clear by the company, and critics are now charging the company misled the public and investors."

GOP Struggling In Key Senate Contests. In a front-page story, USA Today (9/1, Page, Lawrence, 2.27M) reports that "USA TODAY/Gallup Polls in five key states show Democrats poised to gain Senate seats but facing an uphill battle to regain control." Democrats "need to gain six seats" on the November election to regain control of the Senate." USA says the statewide polls showed: Pennsylvania Sen. Rick Santorum (R) "trailed Democrat Bob Casey by 18 percentage points among likely voters, by 14 points among registered voters." Ohio Sen. Mike DeWine (R) trailed OH13 Rep. Sherrod Brown (D) "by 6 points among likely voters, by 2 points among registered voters." Montana Sen. Conrad Burns (R) trailed Democrat Jon Tester "by 3 points among likely voters; Burns led by 2 points among registered voters." Missouri Sen. Jim Talent (R) led Democrat Claire McCaskill by six points among likely voters, but the candidates "were tied among registered voters." Minnesota U.S. Senate candidate Mark Kennedy (R) trailed Democrat Amy Klobuchar "by 10 points among likely voters, by 7 points among registered voters." USA notes in the article that Democrats "seem more likely to carry the House in the Nov. 7 elections," with Stuart Rothenberg "of the non-partisan Rothenberg Political Report" predicting "Democrats will pick up the 15 seats they need to control the House."

Math Said To Not Favor Democratic Effort To Take Back Senate. In an analysis article titled "Why Senate Will Be Tougher For Democrats To Take Back," Jackie Calmes writes in the Wall Street Journal (9/1, 2.03M), "Democrats need a net gain of six seats to gain a majority of 51. … With one-third of the 100 Senate seats up for election every two years, the 2006 group includes 18 now held by Democrats and 15 by Republicans." Calmes adds, "Of the 15 Republican seats, nearly half -- seven -- are out of Democrats' reach. … Off the remaining eight Republican seats, two belong to Virginia's George Allen and Arizona's John Kyl," both

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of whom "are favored for re-election, absent a big anti-Republican wave. That leaves six Republican targets -- exactly the number Democrats need. They would have to run the table, knocking out five well-funded incumbents and electing Rep. Harold Ford Jr. to the Tennessee seat that retiring Senate Majority Leader Bill Frist is vacating."

Polls Show Conflicting Snapshots Of Rhode Island Senate Primary. The Washington Times (9/1, Pierce, 88K) reports in its "Inside Politics" column that a new poll by Rhode Island College poll finds that Sen. Lincoln Chafee is trailing conservative challenger Cranston Mayor Stephen Laffey. According to the poll of 363 likely Republican primary voters, "51 percent would vote for Mr. Laffey, 34 percent would vote for Mr. Chafee and 15 percent are undecided."

Meanwhile, in its "Washington Wire" column on its web site, the Wall Street Journal (8/31, 2.03M) reported that the NRSC has released a poll done by Public Opinion Strategies showing Chafee "leading 53% to 39%. That poll surveyed 400 likely Republican primary voters and also had a 5% margin of error."

Burns Says Some Terrorists "Drive Taxi Cabs In The Daytime And Kill At Night." The AP (9/1, Gouras) reports, "Republican Sen. Conrad Burns, whose recent comments have stirred controversy, says the United States is up against a faceless enemy of terrorists who 'drive taxi cabs in the daytime and kill at night.'" During a fundraiser Wednesday with first lady Laura Bush, "the three-term Montana senator talked about terrorism, tax cuts and the money he has brought to his state. Burns is one of the more vulnerable Senate incumbents, facing a tough challenge from Democrat Jon Tester." He "has drawn criticism in recent weeks for calling his house painter a 'nice little Guatemalan man' during a June speech."

Democratic Senate Hopefuls Debate In Maryland. The Baltimore Sun (9/1, Skalka, 262K) reports, "Attempting to create distance between their candidacies, Kweisi Mfume criticized rival Democratic US Senate candidate Benjamin L. Cardin Thursday night for voting for the Patriot Act, not setting a timetable for troop withdrawal from Iraq and taking special interest money, while Cardin insisted that his long record of service and his ability to get laws passed in Washington make him an effective leader." During their "final live television debate before the Sept. 12 Democratic primary," each of the two leading contenders "pitched himself as the best person to run against Lt. Gov. Michael S. Steele, the presumptive Republican nominee." They also "stressed the need for change in Washington." Cardin "emphasized his bipartisan experience," while Mfume "criticized several of the congressman's views and votes. Mfume said he would not have voted for the USA Patriot Act, a contentious measure that expands police powers in an effort to track down terrorists." He "said that he -- unlike Cardin -- favors a timetable for the drawdown of troops in Iraq."

The Washington Post (9/1, B2, Mosk, 748K) says Mfume "repeatedly took subtle but unmistakable digs at Cardin for what he said was a lack of passion and for the two decades he has spent in Washington. People in Washington get Potomac fever, Mfume said. 'You get so close to the shores of the Potomac, you think God put you there. Well, people put you there.'" The Post adds, "Another theme Mfume repeated: 'We'll both be a vote. But I'll be a vote and a voice.'"

The Washington Times (9/1, Miller, 88K) reports, "Despite the occasional jab by Mr. Mfume, the tone of the debate between the two leading Democrats in the race was cordial." They "agreed in general terms on most issues, including the need to end the Iraq war and improve access to health care."

Lieberman Prepares To Return To Capitol Hill. The AP (9/1, Miga) reports, "Sen. Joe Lieberman, whose independent re-election bid has rankled Democrats, says he expects a cold shoulder or two from Senate colleagues when he returns to Washington next week. 'Obviously, some of my colleagues may be coming up more directly to embrace me, some may be looking to avoid eye contact,' the Connecticut senator said in a telephone interview Thursday with The Associated Press. 'I'm just going to do my job and that will be that.'" Lieberman "said he is determined to stay his independent course -- and is careful to separate personal relations from politics." He also "said he has not asked colleagues for support for his independent campaign. 'I intentionally have not done that,' he said. 'I know the rules of the political game as it's normally played.'"

Immigration Issue Seen As Reason Behind Santorum's Improvement In Recent Polls. The Washington Times (9/1, Hurt, 88K) reports that

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Pennsylvania Sen. Rick Santorum (R) "has dramatically narrowed the huge poll lead held by state Treasurer Bob Casey Jr. in November's election, and Republican strategists say his tough stance on immigration has been a key factor. 'Rick's immigration message is resonating,' said John Brabender, Mr. Santorum's media consultant, who has helped the campaign produce two immigration ads in recent months." The Times notes, "Internal polling by the Santorum campaign -- as well as by House and Senate campaigns across the country -- suggests that the immigration issue will help Republicans in November. Mr. Santorum was the highest-ranking Senate Republican to vote against a bill approved earlier this year that would grant citizenship rights to some 10 million illegal aliens. Mr. Casey has said he would have supported the bill." The Times notes that Santorum has narrowed Casey's once double-digit lead "to about six percentage points, according to an average of polls compiled by the Web site RealClearPolitics.com."

Raft Of Competitive Races Could Lead To Democratic House Takeover. USA Today (9/1, 6A, 2.27M) runs an article listing a number of competitive U.S. House races which could be key in the Democrats' efforts to regain control of the chamber. USA notes, "President Bush's sagging popularity, the Iraq war and economic concerns could help Democrats pick up the 15 seats they need for control. Independent analysts such as Stuart Rothenberg and Charlie Cook say nearly 40 seats are up for grabs, most held by Republicans. The GOP held its majority in 2002 and 2004 because voters said it was the party they could trust on terrorism, an edge which surveys show it still holds." USA adds that "pocketbook issues," "corruption issues," "illegal immigration," "job creation" and "anti-Bush sentiment" are being focused on heavily in various races.

In an article titled "Republicans Tense As Voter Disillusionment Sets In," USA Today (9/1, 6A, Lawrence, Page, 2.27M) also reports that the war in Iraq "is one of several tides running against GOP candidates, driving away independent voters and some party faithful. Except for Missouri, independent voters in five Senate races polled by USA TODAY were swinging toward the Democrat. Party loyalty was stronger among Democrats than Republicans in every state but Ohio. President Bush's anemic job approval, underscored this week by the anniversary of Hurricane Katrina, is a drag on Republicans almost everywhere. His rating hasn't risen above 42% in six months." USA says that GOP candidates are facing problems in a number of other areas, including "corruption and ethics," "social issues" (such as stem-cell research) and "economic issues," such as stagnant wages, high gas prices and rising health care costs." USA adds, "In the end, some experts say, national security could be the decisive issue -- but unlike in most elections, it's unclear which party will benefit. … The reason is Iraq."

Rodriguez May Reverse Course, Remain In TX23 Race. The San Antonio Express-News (9/1, Jefferson) reports, "Late Wednesday, Ciro Rodriguez told a group of San Antonio labor activists he was getting out of the chaotic eight-way race in the redrawn" TX23 District "home to GOP incumbent Henry Bonilla. Thursday morning, Rodriguez" told "an Associated Press reporter: 'I'm not going to be running and that's my decision based on family and personal reasons.' But Thursday afternoon, campaign spokeswoman Gina Castañeda" announced that Rodriguez "had gotten a flood of calls from supporters and, as a result, opted to give himself until 5 p.m. today to make up his mind." The Express-News notes, "When asked about his comments the night before to the San Antonio AFL-CIO Central Labor Council," Castañeda "said Rodriguez 'acted in some haste.' Before the meeting, local union officials told Rodriguez they might withhold an endorsement in the race, which has five other Democrats. 'That's when he said, 'Hey, we're clearly shooting ourselves in the foot,'' Castañeda said, and announced his intention to withdraw."

Hillary Clinton Says US Ready For Female President. The AP (9/1, Humbert) reports, "Sen. Hillary Rodham Clinton, standing outside an abandoned knitting mill that will become the new home of the National Women's Hall of Fame, said Thursday she hopes America is ready for its first woman president." Said Clinton, "It just depends on when and if that happens. Stay tuned." Clinton "continued to duck questions about whether she will run for the White House in 2008, saying yet again she is completely focused on her re-election this year."

Recent Apologies From Politicians Noted. The New York Times (9/1, Leibovich, 1.21M) reports in a "Political Memo" article that over the last several weeks, a number of politicians have found themselves having to apologize over comments or past actions. The Times cites Virginia Sen. George Allen (R) as "perhaps the most

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prodigious apologizer in what has been a spate of groveling across the political spectrum." Allen "has been serially apologizing across Virginia since demeaning a man of Indian descent as 'Macaca, or whatever his name is' at a campaign rally last month." The Times also notes that Montana Sen. Conrad Burns (R) recently apologized "after complaining in July that a group of firefighters did not do a 'goddamn thing' to stop a wildfire east of Billings." The Times adds, "The contrite caucus includes Mayor C. Ray Nagin of New Orleans (who said he was 'very sorry' after calling the site of the World Trade Center a 'hole in the ground'); Senator Joseph R. Biden Jr., Democrat of Delaware, (who asked forgiveness after a C-Span microphone caught him saying 'you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent')...and Gov. Mitt Romney of Massachusetts, a Republican, (after using the term 'tar baby' not long after the White House spokesman, Tony Snow, deployed the same phrase, which some consider to be a racist epithet)."

DeLay To Publish Autobiography. The AP (9/1, Gamboa) reports, "Former House Majority Leader Tom DeLay, with his career in elective office behind him, said Thursday he has a deal to publish a book. 'This is a book that's going to be the history of my career, how it furthered the conservative cause, with my spiritual walk and what I think the conservative cause ought to do next,' DeLay, a born-again Christian, told The Associated Press." DeLay "said the working title is 'No Retreat, No Surrender: The American Passion of Tom DeLay.' He declined to reveal how much he'll be paid. "Not as much as I wanted," he quipped." The book "will be published by Penguin and should be ready by next spring, he said." Stephen Mansfield, "author of 'The Faith of George W. Bush,' is working on the book with DeLay."

Merkel, Rice Top Forbes List Of Powerful Women. AFP (9/1) German Chancellor Angela Merkel "has overtaken" Secretary Rice "as the world's most powerful woman, according to a Forbes Magazine list." Chinese Vice President Wu Yi "slid one place this year to number three." Congress Party leader Sonia Gandhi "came in at number 13, while Melinda Gates, co-founder of the Bill and Melinda Gates Foundation, jumped to 16 in a year in which the organisation doubled in size." In addition to Merkel, "three other women who emerged within the past year to become" national leaders include Chilean President Michelle Bachelet, Liberian President Ellen Johnson-Sirleaf and South Korean Prime Minister Han Myung-sook.

British Movie Features Bush Assassination Scene. CNN Headline News Showbiz Tonight (8/31, 11:22) reports, "When we first heard today about an outrageous new movie that actually features the assassination of President Bush, we had to check and double check just to make sure this whole thing wasn't a joke. We did. It is not a joke. It is very real and it is very scary. No matter what your opinion of President Bush, a movie of him getting killed has got a lot of people everywhere in disbelief. … In a statement, the film's writer-director describes his movie as 'a striking premise which may be seen as highly controversial.'"

The Times of London (9/1) reports the film "is causing outrage among Americans. 'Death of a President' uses digital trickery, archive footage and actors to imagine the murder of President Bush and the descent into national paranoia that follows." The "feature-length drama will be screened on More4, Channel 4's digital sister channel, next month after a big-screen premiere at the Toronto Film Festival." Channel 4 "hopes to sell the film to US broadcasters but Americans in London declared it to be tasteless and expressed fears that it could encourage extremists in their home country."

The movie is also discussed in a column by Tina Daunt of the Los Angeles Times (9/1, 918K). Daunt writes the film "is intended to be a thought-provoking critique of the current political landscape. … A call to the White House for comment was not immediately returned." The feature "t may be the year's most hotly debated film as well: The public relations firm representing the movie has been flooded with calls from media around the globe, and blogs are already lighting up with debate about the appropriateness of the subject matter." The Washington Post/AP (9/1, C7) also notes "the White House declined to comment on the network's announcement, saying it would not dignify the program with a response."

Union President Calls For Expansion Of "Risk Pool." Ron Gettelfinger, president of the United Auto Workers, writes in the Wall Street Journal (9/1, 2.03M), "You can find a solution to one of the most difficult problems facing American workers and employers by reading a single magazine article: 'The Risk Pool' by Malcolm Gladwell, in the

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Aug. 28 issue of the New Yorker." Gladwell argues that "if pension and health benefits can't be adequately maintained by individual companies…then it makes no sense to transfer these obligations to individual households. We need to go in the opposite direction, so that we protect and develop well-funded public programs which cover every man, woman and child in America."

NYTimes Blasts New Formula For Distribution Of AIDS Funds. The New York Times (9/1, 1.21M) editorializes, "A lethal form of budgetary politics is at work in Congress. The proven formula for assisting AIDS-ridden urban areas that pioneered effective treatment programs is in danger of being radically altered to shift money to more rural states. Rather than increase spending to cover both real priorities -- the cities' AIDS needs and the growing problem of H.I.V. in rural areas -- current proposals would deny the cities tens of millions of dollars." The Times adds, "Nothing could be more foolhardy for the nation as a whole. The AIDS battle knows no boundaries." Lawmakers "have been on a generous recess in which they drove spending for their own re-election lifelines to $300 million for television alone. It will take a relative pittance -- perhaps $100 million more -- to finance the AIDS fight across the board. Surely a Congress that repeatedly spends far more on favored pieces of hometown pork can find the wherewithal to see to this life-and-death issue for the entire nation."

WSJournal Criticizes Dartmouth Trustees. The Wall Street Journal (9/1, 2.03M) writes in an editorial about the role of alumni and democratic procedures in the governance of Dartmouth College. The existing Board of Trustees and Alumni Council are said to be seeking a change in the school's constitution that would make both bodies "less representative" and less subject to challenges by "outsiders." Planned elections have also been postponed. The Journal regards the proposed changes as part of "a pattern" of an "academic establishment" seeking to "consolidate its authority and exclude those who might deviate from the party line."

US Seeks Sanctions After Iran Refuses To Stop Enrichment. On its front page, the Washington Post (9/1, A1, Linzer, 748K) reports, "A defiant Iran faced the prospect of economic sanctions after U.N. inspectors reported that the country ignored yesterday's deadline to halt its nuclear program and has been hindering efforts to determine whether it seeks to secretly develop nuclear weapons. President Bush, invoking the same language that he used to describe Iraq before the March 2003 invasion, called Iran a 'grave threat' and said 'there must be consequences' for Tehran's actions." Administration officials "said they will demand international sanctions against the Iranian government." Undersecretary Burns is quoted saying, "We are going to move this toward a sanctions resolution at the United Nations. We expect others to join us." The Post says it "is unclear how much support the White House has for the tough measures… No world leader who commented on yesterday's events spoke in the stark terms that Bush used, and none of the president's closest allies said sanctions are certain."

The Wall Street Journal (9/1, King, 2.03M) says the Administration "faces another round of tough diplomacy over Iran's nuclear program, as other major powers appear less willing than the U.S. to impose stiff sanctions on Tehran after it spurned a United Nations deadline to end its uranium-enrichment work." Yesterday's IAEA report "confirmed that Iran continues to move ahead to enrich small amounts of uranium," and "also says that Tehran continues to impede the work of IAEA inspectors within Iran." The Journal says the IAEA report "also highlights how Iran's government appears to be playing off fissures within the group of countries -- the U.S., Britain, France, Russia, China and Germany -- that will decide whether and how to punish Tehran."

The New York Times (9/1, Slackman, 1.21M) adds, "Iran remained defiant Thursday, ignoring" the deadline despite "the threat of economic and political sanctions, which could choke its access to international banks and block the ability of its officials to travel abroad." The IAEA report "drew no conclusions, writing that because Iran had denied [inspectors] access to certain facilities the inspection team was unable to make 'further progress in its efforts to verify the correctness and completeness of Iran's declarations' that it is running a peaceful nuclear program — and not developing weapons." The Times says the passing of the compliance deadline "was likely to be less a climactic conclusion to years of conflict than another step down a lengthy road that has seen Iran, Western Europe and the United States battling over Iran's nuclear ambitions." The AP (9/1, Karimi, Jahn) says Tehran "defied a U.N. deadline Thursday to stop enriching uranium, opening the door for sanctions, but U.S. and other officials said no action would be sought before a key

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European diplomat meets with Tehran's atomic chief next week to seek a compromise."

The AP (9/1, Pickler) adds that President Bush "said Thursday that Iran has responded with defiance and delay to demands to stop enriching uranium and said 'there must be consequences' for Tehran." Bush "put the nuclear standoff with Iran in a larger context, saying the violence in Lebanon this summer makes Tehran's designs on the world stage clear." He is quoted saying, "The world now faces a grave threat from the radical regime in Iran. We know the depth of suffering that Iran's sponsorship of terrorists has brought. And we can imagine how much worse it would be if Iran were allowed to acquire nuclear weapons."

The Washington Times (9/1, Karimi, 88K) reports President Mahmoud Ahmadinejad "defiantly refused to compromise as" the deadline "arrived yesterday, prompting the United States to threaten sanctions against the Islamist regime -- with or without unanimous approval of the U.N. Security Council." The IAEA report "said Iran showed no signs of freezing enrichment, adding that Tehran started work on a new batch Aug. 24." Ambassador John Bolton "said that the U.N. Security Council must be ready to impose sanctions. But he also said that unanimity in the council is not needed -- a reference to continued Chinese and Russian reluctance to move quickly on sanctions."

USA Today (9/1, Nichols, 2.27M) says Tehran "refused to meet" the deadline, and the IAEA report "said Iran continues to enrich uranium." Ambassador Bolton "said the U.N. Security Council must be ready to impose sanctions. He said the council wouldn't discuss specific steps until European Union foreign policy chief Javier Solana meets with Iranian nuclear negotiator Ali Larijani next week."

IAEA Finds Enriched Uranium At Natanz But Cannot Confirm Origin, Intent. A separate New York Times (9/1, Sciolino, 1.21M) piece focuses on the IAEA's discovery of HEU at Iranian installations. The IAEA research "deepened suspicions on Thursday about Iran's nuclear program, reporting that inspectors had discovered new traces of highly enriched uranium at an Iranian facility. … The [IAEA] concluded that at least some of those samples came from contaminated equipment that Iran had obtained from Pakistan," however, "in this case, the nuclear fingerprint of the particles did not match the other samples, …raising questions about their origin." The IAEA "withheld judgment about where the material came from and whether it could be linked to a secret nuclear program." The Times notes, "As expected, the report confirmed that Iran had continued producing enriched uranium, but only on a small scale and at relatively low levels, at its vast Natanz facility."

The Los Angeles Times (9/1, Rubin, Farley, 918K) focuses its reporting on the IAEA report, which claims that Tehran "has continued to enrich uranium in defiance of a United Nations deadline to halt such work and has offered minimal cooperation with inspectors trying to assess whether its program is for peaceful purposes." Tehran's "defiance, while hardly unexpected, paves the way for the start of Security Council debate over international sanctions against the Islamic Republic; the United States has taken the lead in the campaign to penalize Tehran. China and Russia, both of which have veto power, have expressed misgivings about any move in that direction."

Gingrich Does Not Support Preemptive Strike. The Washington Times (9/1, Hallow, 88K) notes former House Speaker Newt Gingrich "this week moved a step further toward casting himself as the conservative alternative to Sen. John McCain in a possible run for the 2008 Republican presidential nomination. In an impromptu speech during a Mediterranean cruise that hosted scores of conservative donors and activists, the Georgia Republican expressed unexpected skepticism about prospects of military intervention to halt Iran's nuclear program." Gingrich is quoted saying a strike would not "accomplish very much in the long run." If we fear Tehran's intentions and seek to counter them, Gingrich said, "we need a strategy to replace the regime."

The Washington Times (9/1, Blair, 88K) says Iranian police "have stopped almost 64,000 women and warned them against breaching strict Muslim dress codes in the last month alone. The authorities have chosen the height of summer for a new crackdown to ensure that women cover their heads with veils and their bodies with long, heavy overcoats whenever they are in public." President Mahmoud Ahmadinejad's "deeply conservative regime" has give police officers "orders to caution any woman they deem to be 'badly veiled.' Thousands are being stopped every day." A Human Rights Watch official is quoted saying, "We are certainly seeing a return to behavior we haven't seen for 10 years. Generally, the imposition of strict Islamic codes has been increasing under Ahmadinejad."

Supporters Of 1979 Revolution Seen As Uneasy With Modern Iran. The Washington Post (9/1, A11, Vick, 748K) details a "weekly gathering of those who still believe

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most in the Islamic Revolution" in Tehran. The conservative Muslim men are addressed by Mehdi Koochakzadeh, who "takes the only seat in the room and commences on the advertised topic: the thoughts and character of Khomeini. He waves a thick stack of quotations by the cleric whose charisma and religious authority held the Islamic Republic together through its first decade, until his death in 1989. Since then, there's been a certain amount of improvisation." Koochakzadeh makes several statements critical of popular democracy, and blames "most of the trouble we have" on "the United States and our enemies. And part of it is you voted for people you shouldn't have."

Khatami Visit Said Not To Augur Improvement In Relations. The Financial Times (9/1, Dinmore) reports former President Mohammad Khatami "embarks on a ground-breaking tour of the US this week to promote his vision of the role of religion in east-west reconciliation. But prospects for a breakthrough in US-Iranian relations appear bleak, with the Bush administration declaring it will not speak to him or attend his events." Khatami, who is a private citizen, has several speaking engagements in the US but is "unlikely" to "accept an invitation to meet" former President Jimmy Carter "even though the Iranian side had earlier indicated it would welcome such an offer." Calling a Carter meeting "a gesture of reconciliation between the two men," the Times says it "would be of enormous symbolic importance" to Americans. "Any sort of apology for the hostage-taking 'would melt a mountain of ice in Washington' but would be political suicide back home for his reformist associates," an Iran expert told the Times. Secretary of State Condoleezza Rice and Undersecretary of State Nicholas Burns "were in favour of allowing the visit to go ahead, but did not have the will or political muscle to capitalise on the opportunity presented."

The Chicago Tribune (9/1, Horan, 623K) focuses its reporting on Khatami's plan to "address the largest Muslim organization on the continent this weekend in Rosemont." He "is expected to deliver the keynote address Saturday evening to about 5,000 Muslims attending the Islamic Society of North America's 43rd annual convention, which begins Friday." Khatami will "become the highest-ranking Iranian to travel to the U.S. outside New York since the 1979 Iranian revolution."

Ignatius Says US Must Recognize Iranian Desire For Global Status. In his column in today's Washington Post (9/1, A21, 748K), David Ignatius says, "Behind President Mahmoud Ahmadinejad's defiant rhetoric lies a conviction that is widely shared [at home]: Iran is a rising power in the Middle East while the United States is in decline -- and now is the moment for Iran to emerge as a regional superpower." The continuing violence in Iraq "bolsters Iranian confidence in its test of wills against America. As the Iranians view it, the United States has stumbled into a pit from which it cannot easily escape." Saying the Administration "pulled back" from possible talks earlier this year, Ignatius notes, "The failure of the initiative undercut the advocates of dialogue and emboldened the hard-liners." Discussing popular Iranian sentiment, he adds, "You sense the public eagerness for Iran's resurgence. You hear many views about Ahmadinejad, including those of people who tell you frankly that they loathe him, but everyone seems to want a stronger Iran." Ignatius concludes, "The trick for America and its allies is somehow to recognize Iran's ambitions to be a regional power without allowing the revolutionary leadership embodied by Ahmadinejad to further destabilize the Middle East. I'm a naturally optimistic person, but right now that looks to me like Mission Impossible."

International Community Pledges $940 Million To Rebuild Lebanon. The Financial Times (9/1, Ibison) reports, "International donors pledged $940m on Thursday to finance the near-term relief efforts for war-torn Lebanon, nearly double the sum originally targeted by organisers. However, it emerged on Thursday night that only $765m (€598m, £402m) was new money, as $175m of the total had been previously committed by the US." Beirut will establish and administer a special fund that "will be used to pay for the first four months of rebuilding work in the country and will provide temporary schools and medical facilities. It will also help rebuild roads and bridges." However, the Times notes, "serious questions emerged over the effectiveness of the new fund unless Israel removed its blockade of the country." UN and Lebanese authorities attending the meeting lobbied for the its removal, however, "Randal Tobias, the head of the US delegation, declined to call for the removal of the blockade, saying instead that it was essential Lebanon's 'borders were secure and arms were not moved into the country.'"

The AP (9/1, Ritter) adds the US, Europe "and the Gulf states pledged nearly $1 billion Thursday to help Lebanon recover from a crippling war… Organizers hailed the bigger-than-expected contributions as a show of strength for nations seeking to counter the influence of Hezbollah in rebuilding roads, homes and lives after the" conflict. "Critics said it

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would be difficult to sidestep Hezbollah when delivering aid to southern Lebanon."

Annan Will Press Assad To Halt Weapons Shipments To Hezbollah. The New York Times (9/1, Hoge, 1.21M) reports UN Secretary-General Kofi Annan "plans to confront the Syrian president, Bashar al-Assad, with reports that Syria is permitting arms to cross its border illegally into Lebanon and to demand an end to the traffic when the two meet [in Damascus today]." Annan will "also challenge Mr. Assad to establish diplomatic relations with Lebanon and settle a long-festering dispute over the two countries' borders." UN officials "noted that all the steps were obligations of Syria's in the unanimously adopted" UN Security Council Resolution 1701. The Times adds, "The three steps that Mr. Annan intends to press upon Mr. Assad on Friday are all aimed at shoring up Lebanon as an independent country."

IDF Withdrawals From Portion Of Buffer Zone. The AP (9/1, Federman) reports the IDF "turned over a small border area in south Lebanon to Lebanese and foreign troops Thursday, a symbolic move paving the way for U.N. peacekeepers to go into the volatile area." Israel "has been slowly transferring control of the area to Lebanese troops, who will be bolstered by U.N. troops equipped with tanks, howitzers and other heavy weapons not usually seen with a peacekeeping force." The AP says those weapons are "meant to deter all parties from resuming the conflict, and particularly is seen as a warning to" Hezbollah. Yesterday's withdrawal allowed Lebanese forces into "a small area of the border near the Israeli town of Metulla…for the first time since the early 1980s." The Washington Times (9/1, Federman, 88K) runs the AP story.

German Troops Could Join Border Force. The AP (9/1) reports remarks by German Defense Minister Franz Josef Jung that Berlin "will likely contribute more than 1,200 service personnel to the U.N. peacekeeping force for Lebanon." Germany "has already offered warships backed by surveillance aircraft," but "officials have previously refused to say how many personnel Germany would send, insisting the precise mission must first be worked out." Berlin "is not offering ground troops, given its Nazi-era past. German officials have expressed concern about deploying German troops in any situation that might bring them into confrontation with Israeli soldiers."

Israeli Reservists Publicize "Disarray" They Saw In Conflict. In a 1,582-word piece on its front page, the Wall Street Journal (9/1, A1, Waldman, 2.03M) profiles Israeli reservists who served in the recent conflict and now oppose Tel Aviv's management of the fighting. "The reservists were eager to fight," and "years of discord within the reservist ranks over Israeli policies in the West Bank and Gaza Strip melted away on July 12, he says, when Hezbollah crossed the Israeli border, kidnapped two soldiers and killed three more. But their determination would quickly turn to doubt, he says, and ultimately to despair." The fighting "ended in a blow to Israel's military prestige. The Hezbollah militia, backed by Iran and Syria, lived to fight another day, though it must now contend with thousands of Lebanese government soldiers and United Nations peacekeepers arriving to patrol its southern Lebanon stronghold." Reservists' accounts "of critical supply shortages, leadership failures and disarray on the battlefield help explain how an estimated 1,500 guerrillas could face down the most powerful military in the Middle East, and survive." Some of those "reservists are demanding an independent state commission to investigate the war and many say top generals and political leaders should resign."

Hezbollah, Lebanese Army Coexist Throughout South. The Washington Post (9/1, A11, Cody, 748K) focuses on the deployment of Lebanese Army units to southern Lebanon and Hezbollah's entrenchment there. The "Lebanese army has deployed across the rocky hillsides and stone villages between the Litani River and the Israeli border. But to all appearances, the deployment has not displaced Hezbollah," whose "flags flew high and wide [in southern towns], often alongside Lebanese flags. Hezbollah members staffed reconstruction offices, held town council meetings and stood at their own checkpoints in what seemed to be cordial coexistence with the recently arrived army troops." The ceasefire deal between Beirut and Hezbollah "seemed to be working Thursday in Al Ghandouriyeh," whose men "openly displayed pride in what they had accomplished on the battlefield and seemed to have nothing to fear from the army troops lounging nearby." One man "said he and the rest of the village welcome the army's deployment," and said "Hezbollah's emergence was largely due in the first place to the government's absence over the last three decades."

Israel's Continued Operations In Lebanon Feed Resentment. In a 1,100-word piece, the New York Times (9/1, Worth, 1.21M) describes southern Lebanon villagers' anger at ongoing military operations by Israel. "The shooting — and occasional mortar fire — goes on regularly… To local people, it is sheer provocation, and a flagrant breach of the

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cease-fire that ended the fighting on Aug. 14. To the Israelis, it is legitimate self-defense." The Times says the "shooting underscores two fundamentally different views of the uneasy truce that has held in southern Lebanon for the past two weeks." While Tel Aviv has been accused of nearly 70 ceasefire violations, the "Israelis do not believe there is a cease-fire to violate. … That difference is apparent every day across southern Lebanon. Israeli tanks crisscross the dry brown hills, shooting into the fields and smashing up houses and stone walls. Teams of Israeli soldiers have planted their nation's flag atop bluffs here and sometimes detained Lebanese men, releasing them days later."

Krauthammer Says Hezbollah Lost War And Will Not Reignite Violence. In his column in today's Washington Post (9/1, A21, 748K), Charles Krauthammer) discusses Hezbollah leader Hasan Nasrallah's admission that he would not have ordered two Israeli soldiers kidnapped if he had known it would provoke a war. "What real victor declares that, had he known, he would not have started the war that ended in triumph?" Krauthammer asks. "Nasrallah's admission, vastly underplayed in the West, makes clear what the Lebanese already knew. Hezbollah may have won the propaganda war, but on the ground it lost. Badly." He pans Olmert's "inept and indecisive leadership" and says Israel "missed the opportunity to militarily destroy Hezbollah and make it a non-factor in Israel's security, Lebanon's politics and Iran's foreign policy" But, Krauthammer adds, "Hezbollah was seriously hurt." He says Hezbollah "is under renewed attack" by Lebanese and other Arabs because they "know where their interests lie. And they do not lie with a Shiite militia that fights for Iran." Because of Hezbollah's weakened ability, "the expected Round Two will, in fact, not happen. Hezbollah is in no position, either militarily or politically, for another round." Ordinary "Lebanese know that the next time, Israel's leadership will hardly be as hesitant and restrained. Hezbollah dares not risk that next time." Krauthammer compares the Cedar Revolution – the "apogee of the U.S. democratization project in the region" – to Nasrallah's "temporary rise during the just-finished war" – "that project's nadir." He concludes, "Hezbollah was seriously set back, as was Iran. In the Middle East, however, promising moments pass quickly. This one needs to be seized. We must pretend that Security Council Resolution 1701 was meant to be implemented and exert unrelieved pressure on behalf of those Lebanese -- a large majority -- who want to do the implementing."

EU President Says EU Should Talk To Hamas. The Financial Times (9/1, Schmid, Dombey) reports Finnish Foreign Minister Erkki Tuomioja, currently the President of the EU, said the EU "should establish contact with Hamas," which would be "an important shift in policy," and should "be prepared to enter discussions with all 'relevant' parties if it were to revive the stricken Middle East peace process." He is quoted saying, "Hamas is not the same party it was before the elections." The Times says "any attempt to shift towards more normal relations with the group could infuriate Israel and the US and provide a dilemma for the EU's big powers – Germany, France and the UK."

Israeli Commandos Storm UK Embassy, Arrest Palestinian Intruder. The AP (9/1, Heller) reports Israeli "police commandos stormed the British Embassy in Tel Aviv late Thursday and captured a Palestinian man who had been holed up inside for eight hours, claiming to have a gun and demanding political asylum. There were no injuries," and officers "seized the man after he laid down his weapon for a split second. After the arrest, authorities discovered the weapon was plastic." Nadim Injaz is "a resident of the West Bank city of Ramallah and [a] suspected informer for the Israeli security services." He "said he was demanding asylum, fearing Palestinian militants will kill him, and threatened to commit suicide."

Islamic Jihad Fires Rockets At Israel Despite Abbas Request. The AP (9/1) reports, "Palestinian militants fired five homemade rockets into Israel on Thursday, defying the calls by Palestinian President Mahmoud Abbas to halt the attacks." Four of the "landed near the southern border town of Sderot, while the fifth landed near the city of Ashkelon. There were no injuries." Noting Abbas' calls Wednesday to end the attacks, the AP says he "has made similar appeals in the past, saying the rockets give Israel an excuse to attack, only to be rebuffed by militants."

UNSC Authorizes Transition To UN Darfur Force Despite Khartoum's Opposition. On its front page, the Washington Post (9/1, A1, Kessler, Timberg, 748K) says the UNSC "yesterday approved a long-sought resolution that would place an expanded peacekeeping force in Sudan's troubled Darfur region under U.N. authority, even as the government appeared to have begun a new offensive against rebel forces." The transition from an African Union to a UN force "would take effect only with Sudan's consent, and its president, Lt. Gen. Omar Hassan al-Bashir, immediately

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rejected it." The Post adds, "The stalemate over the troops and the new outbreak of fighting appeared to signal the failure of a peace deal reached three months ago that was hailed by the Bush administration as the key to resolving the conflict."

The Financial Times (9/1, Turner) adds the UNSC "authorised the creation of a United Nations peacekeeping mission to halt the bloodshed in Darfur, but reports of a new build-up of military forces and continued Sudanese government opposition threw its prospects into immediate doubt." Noting abstentions from Russia, China and Qatar, the Times says the UN "plans to bolster the beleaguered African Union force there and begin preparations for a UN mission by December 31 – but it is still unclear who would be willing to provide troops."

The New York Times (9/1, Schneider, 1.21M) notes State Department "officials were quick to say the resolution did not explicitly require Sudan's consent. 'This resolution invites Sudanese consent,' Kristen Silverberg, assistant secretary of state for international organization affairs, said at a briefing in Washington after the vote. 'Nothing requires Sudanese consent.'" The AP (9/1, Wadhams) reports the Security Council resolution "is meant to give more power and funding to a force, now run by the African Union, that has been unable to stop the humanitarian catastrophe in Darfur." The Council "cannot take any significant action on the resolution until Sudan reverses its opposition to a U.N. force. Dimming the prospects for the resolution to actually go into effect, Sudan President Omar Al-Bashir rejected it."

Rumsfeld Approves Reorganization Of Asia Policy Shop. The Washington Times (9/1, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, "Defense Secretary Donald H. Rumsfeld has approved a plan to reorganize the policy shop now headed by Undersecretary of Defense Eric Edelman. Parts of the plan will be implemented beginning Oct. 1, but one key change, the creation of a new assistant secretary for Asia and the Pacific Security Affairs, will require congressional action. The Pentagon's current Asia hand, Richard Lawless, a deputy assistant secretary, is the likely choice for the new post. … Another candidate for the post is Torkel Patterson, a former National Security Council Asia hand during the first Bush administration who is considered pro-China and anti-Taiwan by conservatives."

NSC Staff Advises Bush To Deny F-16 Sale To Taiwan. The Washington Times (9/1, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, "Pentagon officials tell us President Bush has been advised to deny new sales of F-16 jets to Taiwan. The advice is said to have originated from White House National Security Council (NSC) staff, who convinced the President not to approve new F-16 sales to Taiwan to avoid upsetting China. … Other officials tell us what really happened is that Taiwan's chief representative to the United States, David Tawei Lee, was told privately that now is not the time to submit a request for F-16s, to avoid the negative publicity of turning it down. Mr. Lee is close to the acting NSC Asia director, Dennis Wilder."

Kenyan Government Criticizes Obama. AFP (9/1, Bosire) reports, "Kenya stepped up criticism of US Senator Barack Obama, accusing him of insulting the Kenyan people and trivializing their achievements during a visit to his father's homeland. Two days after abruptly changing its tone on Obama, who had been welcomed as a returning hero but incurred official wrath with blistering criticism of corruption and ethnic divisions, Nairobi launched a new attack on the lawmaker." AFP adds that "less than 24 hours after the rising US political star left Kenya to continue an African tour, government spokesman Alfred Mutua blasted Obama for choosing 'to dwell on non-issues' in a nationally televised speech on Monday." He said, "Senator Obama made extremely disturbing statements on issues which it is clear, he was very poorly informed, and on which he chose to lecture the government and the people on how they should manage their country." Mutua "said the government would write a formal protest to the junior senator from Illinois who he suggested had falsely claimed his trip to Africa was intended to 'nurture relations between the continent and the United States.'" Mutua "said Obama's criticism of Kenyan President Mwai Kibaki's administration was unfair, unwarranted and unjustified by facts." He also "said Obama was wrong in asserting that Rwandan genocide fugitive Felicien Kabuga had bought protection in Kenya, that graft had plunged the country into 'crisis' and that dangerous tribal divisions were on the rise."

Mass Graves Found In Philippines. The Washington Post/AP (9/1, A14, Gomez) reports, "Soldiers have found mass graves believed to hold the remains of up to 300 people who were allegedly killed by communist guerrillas in

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the 1980s during a purge of suspected spies in the Philippines' remote east, officials said Thursday." Former New People's Army rebels and relatives "are willing to testify against leaders of the Communist Party of the Philippines who allegedly ordered the purge, including one alleged former leader who is now a lawmaker, said Maj. Felix Mangyao, a regional army spokesman."

IMF Reform Increases Power Of China, South Korea, Mexico, Turkey. The Washington Post (9/1, D1, Blustein, 748K) reports, "The International Monetary Fund took a first step yesterday toward retooling itself to reflect major changes in the global economy, agreeing to increase the power that several fast-growing countries have over its policies and promising to boost their clout more in the next two years." The IMF's executive board, which "represents its 184 member countries, approved a resolution that would modestly increase the voting power of China, South Korea, Mexico and Turkey immediately." The resolution, which "still must be approved at the fund's annual meeting in Singapore on Sept. 19," also "sets forth a plan to the formula for determining voting shares by the 2008 annual meeting."

India's Manufacturing Growth Accelerating. The New York Times (9/1, Bradsher, 1.21M) reports, "India's economic advancement no longer rests on telephone call centers and computer programmers. … For decades, India followed a route to economic development strikingly different from that of countries like Japan, South Korea or China. While its Asian rivals placed their bets on manufacturing and exports, India focused on its domestic economy and grew more slowly with an emphasis on services. But all that is starting to change." The Times adds, "India's annual growth in manufacturing output, at 9 percent and accelerating, is close to catching growth in services, at 10 percent. Exports of manufactured goods to the United States are now rising faster in percentage terms than China's, although from a much smaller base. More than two-thirds of foreign investment in the last year has gone into manufacturing in India, not services."

Chinese Textbooks Downplay Mao, Communism. The New York Times (9/1, Kahn, 1.21M) reports, "When high school students in Shanghai crack their history textbooks this fall they may be in for a surprise. The new standard world history text drops wars, dynasties and Communist revolutions in favor of colorful tutorials on economics, technology, social customs and globalization. Socialism has been reduced to a single, short chapter in the senior high school history course. Chinese Communism before the economic reform that began in 1979 is covered in a sentence. The text mentions Mao only once -- in a chapter on etiquette." The Times adds, "Nearly overnight the country's most prosperous schools have shelved the Marxist template that had dominated standard history texts since the 1950's."

Bolivians Concerned Morales Moving Country Toward Authoritarianism. Mary Anastasia O'Grady writes in today's Wall Street Journal (9/1, 2.03M), "There is something about Bolivian President Evo Morales that doesn't inspire confidence in a prosperous, democratic future for his country. And it's not only the fashion statement he makes with the striped sweater he wears like a uniform. For a good many Bolivians it's the erosion of civil liberties under his leadership." O'Grady goes on to denounce "a…campaign against anyone connected with modernization efforts in the past decade. As such, it has further ignited the fears of Bolivian democrats who are deeply concerned that their country is heading toward an authoritarian police state under Mr. Morales."

Former Ambassador Says "Foreign Policy By Report Card" Damages US Image. John R. Hamilton, "who retired last year after 35 years as a Foreign Service officer" and "served as ambassador to Peru and Guatemala," writes in the Washington Post (9/1, A21, 748K), "Attempts to explain the vehemence of anti-US feeling abroad correctly home in on Iraq and other unpopular policies of the current administration. But over the past three decades the kudzu-like growth of another US practice, used by Congress and by Democratic and Republican administrations alike, has nurtured seething resentment abroad. This is what might be called 'foreign policy by report card,' the issuing of public assessments of the performance of other countries, with the threat of economic or political sanctions for those whose performance, in our view, doesn't make the grade. The overuse of these mandated reports makes us seem judgmental, moralistic and bullying." Hamilton adds that "it is critical…that we refrain from using this tool as we seek to promote new objectives -- however worthy -- in the future.

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The tolerance of other societies for being publicly judged by the United States has reached its limits."

Nobel Laureate Says Demographics Will Lead Some Countries To Seek Immigrants. Gary S. Becker, the 1992 Nobel economics laureate, writes in the Wall Street Journal (9/1, 2.03M), "The 20th century was the one with the greatest decline in death rates not only in rich countries but also throughout the world. Very low birth rates in a rapidly increasing number of countries are shaping up as the defining demographic event of the 21st century. The total fertility rate, which measures the number of births to the average woman over her lifetime, must be at least 2.1 in order to prevent a country's population from declining in the long run in the absence of enough immigration." He adds, "If I am right, the only solution for countries that continue to be concerned about a future with declining and aging populations is to open their gates to immigration. Yet in most countries large-scale immigration creates political, economic and social problems. Immigration is an especially unwelcome alternative for Japan, given the history of Japanese reluctance to have many foreigners settling in their country. As a result, Japan, Russia and many other countries face a worrisome demographic and economic future."

WSJournal Hails Arrival Of US Cruiser In Japan. In an editorial, the Wall Street Journal (9/1, 2.03M) writes that Wednesday's arrival in Japan "of the USS Shiloh and its advanced Aegis missile-tracking system is much more than a symbolic first. The cruiser is capable of firing SM-3 interceptor missiles. Its deployment at the port of Yokosuka, south of Tokyo, formally puts Japan in the realm of the world's most sophisticated missile defense. No wonder North Korea was having conniptions and spewing venom. Although the Shiloh's latest mission has been planned for months, it is a powerful reply to Pyongyang's threats." The Journal says the ship's arrival "underscores the deepening security partnership between the U.S. and Japan. During President Bush's trip to Tokyo last year, the two countries issued a joint report which called missile defense 'essential to dissuade destabilizing military buildups' and 'to deter aggression.' Wednesday brought proof that they mean business."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Indian Casino Measures Stall In Legislature."
"Baseball Gone Batty."
"Arsenal Barrage Kills 54 In Baghdad."
"A Surprise Liftoff For The Manned Moon Program."
"Can Not Too Hot, Not Too Cold Be Just Right?"

USA Today:

"Back Nine May Soon Become A Starbucks Or A Subdivision."
"Tragedy Forces Dungy 'To Live In The Present'."
"GOP Lags In Key Races For Senate."

New York Times:

"Lockheed Wins Job Of Building Next Spaceship."
"In Latest Push, Bush Cites Risk In Quitting Iraq."
"A Younger India Is Flexing Its Industrial Brawn."
"Where's Mao? Chinese Revise History Books."
"On the Job, Nursing Mothers Find a 2-Class System."
"Voters Hearing Countless Ways of Saying 'Sorry'."

Washington Post:

"Iran Defies Nuclear Deadline."
"Virginia Declares Storm Emergency."
"California Tightens Rules On Emissions."
"Sudan Says No As U.N. Backs Force For Darfur."
"In Iraq, Singing for a Shot at Hope and Glory."
"Lockheed Wins Contract To Build NASA's New Spaceship."

Washington Times:

"Bush: 'We have Resolve.'"
"Tehran Rebuffs U.N. Deadline; Bush Fires Back."
"Gene Therapy Successfully Treats Cancer."
"Israelis Vacate Part Of Lebanon."
"Hoffa Urges Control Of Nation's Borders."
"The Classic Get Islam Twist."

Detroit Free Press:

"Bates Found Guilty Of Fraud."
"Comerica Thrives As fabled park Dies."
"Victories help fans let Go Of Old, Embrace The New."
"Deal Puts A Halt On Some Canadian trash Imports."
"Keep Your Eyes Up For Giant Trees."
"Chrysler To Cut 300 Jobs At Detroit Plant."

Atlanta Journal-Constitution:

"Bulldogs Put A Leash On the Party."

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"Fulton Rehires tainted Officers."
"Stem Cell Milestone In Doubt, Firms Says Embryos Destroyed."
"State Association Tackles A Game Plan For Growth."

Houston Chronicle:
"Lookheed To Build Moon Ship."
"HISD's Scores On SAT Improve."
Lights, Cameras, Holiday Action."
"Evacuees Say Blame For Crime Is Not Fair."
"Car Wash Slaying Frays Nerves In West Houston."
"Mother's Words Echo In Student's Party Death."

Story Lineup From Last Night's Network News:
ABC: Tropical Storm Ernesto; Hurricane John; Bush-War On Terror; Bush-War On Terror Analysis; Iran-Uranium Enrichment; Cancer Medical Breakthrough; Delta Airlines Profit Gain; Airliner On Fire; Comair Plane Crash; Famous Artwork Recovered; Tiger Preserves
CBS: Bush-War On Terror; Sectarian Violence; Tropical Storm Ernesto; Hurricane John; Clean Air-California; Cancer Treatment Breakthrough; Iran-Uranium Enrichment; Airliner On Fire; Warren Jeffs; Stolen Paintings Recovered; Schieffer-CBS Evening News Farewell.
NBC: Tropical Storm Ernesto; Hurricane John; Storm Watch; Bush-War On Terror; Sectarian Violence; Annuity Fraud Increase; Nicotine Increase-Cigarettes; Gas Prices; Stock Market; Viewers Emails-Bush Interview.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Tropical Storm Ernesto; Iran-Nuclear Program; Jeffs Extradition; Exxon-Mobil-Valdez Settlement.
CBS: Tropical Storm Ernesto; Study-Skin Cancer; Lockheed-NASA Contract; Car Prices.
NPR: Tropical Storm Ernesto; Iran-Nuclear Program; Buenos Aires-Protests; Space Shuttle-Weather Delays; Stolen Paintings Recovered; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — At Camp David. No public schedule.

VICE PRESIDENT CHENEY — Unavailable.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: MINORITY BUSINESSES _ The Small Business Administration and the Department of Commerce's Minority Business Development Agency will take part in the 24th National Minority Enterprise Development Week Conference, a forum for executives from UPS, Tyco, FedEx, IBM and Wal-Mart to share with minority-owned firms information on strengthening their position in the global and domestic supply chain. Highlights: 7:30 a.m. - 8:45 a.m. Council of Economic Advisors member Matthew Slaughter. 12 p.m. Luncheon keynote address by Steven C. Preston, Administrator, U.S. Small Business Administration. Press availability follows. 7 p.m. - 10 p.m. The 24th Annual Awards Gala with Emcees Tim and Daphne Reid. Entertainment: Morgan State University Choir, Pan American Symphony Orchestra. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

AHMADIYA MUSLIMS _ Sept. 1 - 3. The Ahmadiyya Muslim Community holds its 58th annual convention to discuss such topics as dispelling misconceptions about Jihad and reanalyzing the original teachings of Islam. Location: Dulles Expo Center, Chantilly, Va. Contacts: Mujeeb Ijaz, 703-991-1311

PENTAGON-IRAQ _ 9 a.m. Army Col. Thomas Vail, commander of 4th Brigade Combat Team, 101st Airborne Division, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579. Notes: Journalists without a Pentagon building pass will be picked up at the North Parking Entrance only. Plan to arrive no later than 45 minutes prior to the event; have proof of affiliation and two forms of photo identification. Please call 703- 697-5131 for escort into the building.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, SEPTEMBER 1, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Holiday Publishing Notice ... 3
Education Department Checked Student Aid Records For FBI Terrorism Probe ... 3
Hoekstra Predicts Reporters Who Disclosed NSA Surveillance Will Be Jailed ... 4
Airliner Bomb Plot Seen As Similar To Earlier UK Cases ... 4
WSJournal Defends Administration's Tribunal Proposal ... 4

Homeland Response:
EU, US Officials Confident Air Passenger Data Deal Can Be Reached By End Of Month ... 4
Oklahoma City Museum To Display FBI Evidence From Bombing Investigation ... 5
Ernesto Expected To Be "Significant Flooding Event" In Mid-Atlantic Region ... 5
Robinson Urges Dutch-Type Levee System For New Orleans ... 5

War News:
Bush Compares Struggle Against Terrorists In Iraq To WWII, Cold War ... 6
Rumsfeld Criticizes Media Coverage Of War On Terror ... 8
Over 300 Iraqis Killed Since Sunday As Surge In Violence Continues ... 9
US Has 13,000 More Soldiers In Iraq Than Five Weeks Ago ... 9
Al Qaeda Group Turns Down Iraqi Government's Offer ... 9
Reality Shows Having Success In Iraq ... 9
Taliban Attacks Town In Southern Afghanistan ... 9
US Official Says Effort To Stem Afghan Drug Trade Unsuccessful ... 10

Corporate Scandals:
Auditor Warned Mills Corp About Financial Practices ... 10
Investors Seek Penn Traffic Financial Reports ... 10

Criminal Law:
US Indicts Maryland Man For 2002 Annapolis Slaying ... 10
Armitage Remains Silent About His Role In Plame Leak ... 10
Judge Extends Order Against BetOnSports ... 11
Jeffs Agrees To Extradition To Utah ... 11
FBI Seizes Chicago Personnel Records In Possible Prelude To More Indictments ... 12
Ryan Lawyers Ask Judge For Leniency In Sentencing ... 12
6th Circuit Upholds Michigan Corruption Convictions ... 12
California Man Sentenced To Prison For $37.5 Million Investment Fraud Scheme ... 12
Pennsylvania Lawmaker Under FBI Scrutiny To Make $24 Million On Bank Deal ... 13
Norwegian Police Recover Stolen Munch Masterpieces ... 13
Judge Grants Prosecutors Wide Latitude If Gotti Takes Stand ... 13
Minnesota Man Pleads Guilty To Stealing Phone Card Numbers 13

Civil Law:
DOJ Sues Colorado Firm Over Dam Breach ... 13

Civil Rights:
DOJ Reaches Pact With Kentucky Over Mental Retardation Facility ... 14
Saudi Man Sentenced To 28 Years In Prison In Colorado Slavery Case ... 14
Maryland Man Awarded $6.38 Million In False Confession Case 14
Judge Denies Bond For Former Mississippi Jailer Accused In Inmate Death ... 15

Antitrust:
DOJ, Microsoft Seek Extension Of Antitrust Settlement ... 15
Judge Dismisses Broadcom's Antitrust Suit Against Qualcomm 15
FTC Probe Prompts MLS To Scrap Real Estate Rule ... 16
Exelon, New Jersey Regulators Approaching Stalemate On PSEG Merger ... 16
Goldcorp To Buy Glamis For $7.8 Billion ... 16
Judge Blocks Sale Of Generic Plavix ... 16

Environment:
Judge Refuses To Change Deal On Plant Emissions ... 17
Bush Plans Nuclear, Alternative Energy Push Starting Next Year 17
Kempthorne Visits ANWR ... 17
Administration Undecided On Need For Additional Drought Aid . 17
California Emissions Plan Divides Industry ... 17
Federal Probe Curbs Illegal Trading Of Ocelots ... 18

FBI/DEA/ATF/USMS:
Boston US Attorney To Head ATF ... 18
Renowned FBI Agent Garrett Announces Retirement ... 19
Drug-Conspiracy Trial Begins For Accused Chicago Gang "King" And Associates ... 19

Judge In New Mexico To Decide Case Involving Marijuana Use For Religious Purposes ... 19
Walters Focuses On Combating Marijuana Cultivation On Public Lands ... 19
Report: NFL Players Association Will Be Asked To Consider Drug-Testing Changes ... 20
Pete Rose Jr Disputes Charge Of Distributing GBL ... 20
Land Under Opium Poppy Cultivation Possibly Up 40% In Afghanistan ... 21

Immigration:

Immigration Activists To Hold Rallies In Several Cities ... 21

Tax:

FBI, IRS Search Offices Of Alaska Lawmakers In Oil Services Company Probe ... 21
NAACP Cleared In Tax Probe ... 22
IRS Will Refund Taxpayers Up To $60 For Phone Tax ... 22

Congress-Administration:

Governors Ask Rumsfeld To Oppose National Guard Measure . 22
GOP Fears Bolton Can't Win Senate Confirmation ... 22
Tomlinson Nomination Put On Hold ... 23
Stalemate Expected In Battle Over Minimum Wage Hike ... 23
Grassley Measure Would Eliminate Secret Holds On Legislation 23
Bush Approval Rises To 38% In Fox News Poll ... 23
Private-Equity Firms Planning Lobbying Push ... 23
Smaller NIH Budget Reduces Funding For "Bold" Research ... 23
Viewer Emails Comment On Bush's NBC Interview ... 23

Other News:

Consumer Spending, Personal Income Rose In July ... 24
Company That Claimed Stem Cell Breakthrough Under Scrutiny 25
GOP Struggling In Key Senate Contests ... 25
Polls Show Conflicting Snapshots Of Rhode Island Senate Primary ... 25
Burns Says Some Terrorists "Drive Taxi Cabs In The Daytime And Kill At Night." ... 26
Democratic Senate Hopefuls Debate In Maryland ... 26
Lieberman Prepares To Return To Capitol Hill ... 26
Immigration Issue Seen As Reason Behind Santorum's Improvement In Recent Polls ... 26
Raft Of Competitive Races Could Lead To Democratic House Takeover ... 26
Rodriguez May Reverse Course, Remain In TX23 Race ... 27
Hillary Clinton Says US Ready For Female President ... 27
Recent Apologies From Politicians Noted ... 27
DeLay To Publish Autobiography ... 27
Merkel, Rice Top Forbes List Of Powerful Women ... 28
British Movie Features Bush Assassination Scene ... 28
Union President Calls For Expansion Of "Risk Pool." ... 28
NYTimes Blasts New Formula For Distribution Of AIDS Funds .. 28
WSJournal Criticizes Dartmouth Trustees ... 28
US Seeks Sanctions After Iran Refuses To Stop Enrichment ... 28
International Community Pledges $940 Million To Rebuild Lebanon ... 30
EU President Says EU Should Talk To Hamas ... 32
UNSC Authorizes Transition To UN Darfur Force Despite Khartoum's Opposition ... 32
Rumsfeld Approves Reorganization Of Asia Policy Shop ... 33
NSC Staff Advises Bush To Deny F-16 Sale To Taiwan ... 33
Kenyan Government Criticizes Obama ... 33
Mass Graves Found In Philippines ... 33
IMF Reform Increases Power Of China, South Korea, Mexico, Turkey ... 33
India's Manufacturing Growth Accelerating ... 33
Chinese Textbooks Downplay Mao, Communism ... 34
Bolivians Concerned Morales Moving Country Toward Authoritarianism ... 34
Former Ambassador Says "Foreign Policy By Report Card" Damages US Image ... 34
Nobel Laureate Says Demographics Will Lead Some Countries To Seek Immigrants ... 34
WSJournal Hails Arrival Of US Cruiser In Japan ... 34

The Big Picture:

Headlines From Today's Front Pages ... 35

Washington's Schedule:

Today's Events In Washington ... 35

DOJ_NMG_0056778

TERRORISM NEWS:

Holiday Publishing Notice. In observance of the federal Labor Day holiday, the Attorney General's News Briefing will not be published on Monday, September 4. News from the holiday will be included in the Tuesday, September 5 briefing.

Education Department Checked Student Aid Records For FBI Terrorism Probe. USA Today (9/1, 4A, Toppo, 2.27M) reports Project Strike Back, "a little-known federal program created days after Sept. 11, 2001, examined financial aid records of college students targeted by the FBI in terrorism investigations, but it's unclear whether it netted any terrorists, according to U.S. Education Department documents" obtained by USA and AP through a FOIA request. FBI Assistant Director John Miller said in a statement that the bureau "asked the inspector general's office 'to run names of subjects already material to counterterrorism investigations against the databases to look for evidence of either student loan fraud or identity theft. … No records of people other than those already under investigation were called for. This was not a sweeping program, in that it involved only a few hundred names.'" FBI spokeswoman Catherine Milhoan "said Project Strike Back 'was one of many utilized by the FBI to identify potential people of interest. In the post-9/11 world, it's the job of the FBI to connect the dots and follow our investigations where they lead us. We continue to do that while adhering to FBI guidelines, Department of Justice regulations and most importantly in accordance with the United States Constitution.'" USA notes, "Education Secretary Margaret Spellings learned of the project Wednesday," and it "is virtually unknown within the higher education community, even among top financial aid and admissions officials. 'There was no attempt to conceal these efforts, in that they were referenced in publicly available briefings to Congress and to the General Accountability Office,' Miller said in the FBI statement."

The New York Times (9/1, Glater, 1.21M) reports Miller said in the statement, "During the 9/11 investigation and continually since, much of the intelligence has indicated terrorists have exploited programs involving student visas and financial aid. … This is part of our mission, which is to take the leads we have and investigate them." The Times adds that the FBI "would not discuss the specific criteria it used in seeking information on students but said the program was narrowly focused. 'People are trying to turn this into something that it wasn't,' Ms. Milhoan said. 'We are not out there arbitrarily running student records for the sake of running them.'" In a widely-distributed story, the AP (9/1, Feller) reports Milhoan "added that the data-mining is legal and limited: 'We're not out there arbitrarily pulling citizens' information. We do it in accordance with the law.'" The AP adds that the disclosure of the program "is the latest revelation in a broad, and controversial, effort by the Bush administration to mine data. Advocates say the work is aimed at saving lives. But critics have accused the administration of overstepping its bounds." American Council on Education senior vice president Terry Hartle said, "This is going to be quite an unwelcome surprise to college students and their families," adding that "law enforcement owes the public an explanation."

The Los Angeles Times (9/1, Schmitt, 918K) reports, "The sleuthing comes against a backdrop of even more aggressive moves that U.S. terror hunters have made since Sept. 11, such as monitoring phone calls without a court order. The FBI said the searches were limited and triggered by intelligence indicating that terrorists were exploiting student visa and loan programs." Miller said, "This was not a sweeping program, in that it involved only a few hundred names. This is part of our mission, which is to take the leads we have and investigate them. There was no attempt to conceal these efforts, in that they were referenced in publicly available briefings to Congress and the General Accountability Office." The Chronicle of Higher Education (9/1, Selingo) notes, "The secret effort was uncovered by a journalism student at Northwestern University, Laura McGann." Milhoan "said the project was started on September 22, 2001. 'This project was just one of several utilized by the FBI in the process of investigations,' she said. 'In the wake of 9/11, it was the job of the FBI to connect the dots and conduct counterterrorism investigations.'"

Utah University Officials Mixed On Appropriateness Of Program. The Deseret Morning News (9/1, Erickson) reports, "Officials at Utah universities, though not surprised, think students should have been informed about a secret program in which students' financial-aid records were examined by the FBI as part of anti-terrorism investigations." University of Utah financial aid director John Curl said, "I think if you are applying for aid from the federal government, I would think you would expect that the data that you would provide would be scrutinized," but "I also think it's important that that data be used in a proper fashion and that it's evaluated for what it truly is — federal aid for students to go to school." However, Utah State University spokesman John DeVilbiss said, "If records were obtained properly and under proper law, I would think it's appropriate. We have no issues with the FBI doing its job if they are following proper

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procedures — the Department of Education has good checks in place that the FBI could benefit from."

Hoekstra Predicts Reporters Who Disclosed NSA Surveillance Will Be Jailed. The Grand Rapids Press (MI) (9/1, Kukla) reports, "New York Times reporters who broke the story of a three-year program of warrantless wiretapping of U.S. citizens will be in jail by yearend if they don't reveal their government sources, U.S. Rep. Peter Hoekstra predicted Wednesday." The Press continues, "The revelation last December has been a devastating blow to intelligence gathering, said Hoekstra, chairman of the House Intelligence Committee. … 'If people understood the threat out there (from terrorist organizations), Americans would be absolutely furious that the tools we have to track the terrorists have been lost,' said Hoekstra, R-Holland, in an address to the Holland A.M. Rotary Club. … 'The Justice Department is going after those who violated their oath of office by giving classified information to reporters. Those reporters will be sitting in jail by the end of the year until they reveal their sources.'" The Press adds, "Times reporters James Risen and Eric Lichtblau in a Dec. 16, 2005, story reported President Bush secretly authorized the National Security Agency in 2002 to eavesdrop on phone and e-mail communications of thousands of Americans, seeking information about terrorist planning. … The story said nearly one dozen current and former government officials provided details, but did not identify them. … Hoekstra said the Justice Department investigation likely will lead to a grand jury questioning individuals and reporters under oath. … Since the story broke, terrorists have used more pre-paid cell phones and tossed them away, making it hard to track them, Hoekstra said."

Airliner Bomb Plot Seen As Similar To Earlier UK Cases. The Los Angeles Times (9/1, Rotella, 918K) reports that testimony "in a trial of seven Britons charged with plotting to bomb a shopping mall or nightclub more than two years ago" has shown "parallels to the airline case as well as last year's London transit bombings and an alleged plot against U.S. financial institutions involving British suspects. The trial grew out of Operation Crevice," and it "and the other cases suggests more direct involvement by a network that regroups and tries again after failing, experts say. 'This causes a reappraisal of what Al Qaeda central is capable of doing,' a British law enforcement official said." The Times notes, "Despite the public focus on the threat from spontaneous 'home-grown' militants, court evidence indicates that contacts with Al Qaeda in Pakistan were vital, operationally and ideologically, to developing the alleged terrorist cell in 2002 and 2003."

WSJournal Defends Administration's Tribunal Proposal. The Wall Street Journal (9/1, 2.03M) editorializes, "Last month's foiled plot to blow up 10 airliners over the Atlantic showed the importance of intelligence and surveillance to the anti-terror fight. By extension, it also showed the need for a system to prosecute captured terrorists that doesn't require compromising intelligence sources and methods." But "as Congress and the President return to work on legislation authorizing military tribunals, the usual suspects at outfits such as Human Rights Watch are saying such tribunals would create 'a travesty of a fair trial.' They claim anything short of the guarantees American soldiers get before courts martial will fall afoul of the Constitution and international law. There is certainly nothing in the Supreme Court's June 29 ruling in Hamdan v. Rumsfeld to support such a contention." The Journal adds, "It strikes us as a no-brainer that the national security stakes involved in trying suspected terrorists will require some deviations from standard civilian and military rules of evidence. The Bush Administration's tribunal proposal is a reasonable compromise. It's time the government be allowed to get on with the business of processing detainees in the war on terror."

HOMELAND RESPONSE:

EU, US Officials Confident Air Passenger Data Deal Can Be Reached By End Of Month. The International Herald Tribune (8/31, Bilefsky, Clark) reports "EU and American officials said Thursday that they were confident they could reach a deal by Sept. 30 on sharing airline passenger data. The deal risked sparking controversy at a time of heightened concerns in Europe that civil liberties laws are being flouted in the fight against terrorism." Friso Roscam Abbing, spokesman for Franco Frattini, the EU justice and security commissioner, "said he expected any new agreement to replicate the previous deal, which gave the US authorities access to 34 categories of information - including names, addresses, phone numbers, itineraries and credit card numbers - about passengers on all flights that originate from the 25 nations in the Union." The IHT adds that DHS Secretary Michael Chertoff wrote in the Washington Post Tuesday that the US was "'handcuffed' by the current trans-Atlantic agreement because it did not allow US customs officials who collect data on European air passengers to share this information with other agencies like the FBI or with other governments, like Britain."

Heightened Security May Increase Interest In Registered Traveler. One day after a report in USA Today that Secretary Chertoff had offered "strongly backed" the Registered Traveler program, the Wall Street Journal (9/1,

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A10, Meckler, 2.03M) reports, "Major airports across the country have asked the government for permission to offer" the program, which is "meant to expedite air-travel screening for those who pay a fee and undergo a background check." The TSA "has visited most if not all of the facilities and given informal approval to at least some of them, according to airport and other officials involved with the program. Still, it isn't certain that every airport seeking permission will move forward with the program." The Journal adds that heightened security following the alleged London terror plot "may have increased interest among some airports" and "may raise interest in the program among passengers" as well.

62% Would Support Ban Of Carry-On Luggage If TSA Deems It Necessary. In its "Washington Wire" column on its web site, the Wall Street Journal (8/31, 2.03M) reported, "U.S. adults would support greater restrictions on carry-on luggage, if the Transportation Security Administration deemed them necessary, a new polls finds. Of the 1,000 adults surveyed by phone by Harris Interactive , 62% said they would support a ban of all carry-on luggage, compared with 35% who would oppose such a ban. The only dissenting age group: 25-34 year olds. Just 46% would support a ban on carry-ons, vs. 51% opposed."

Oklahoma City Museum To Display FBI Evidence From Bombing Investigation. The AP (9/1) reports, "FBI evidence used to convict Timothy McVeigh and Terry Nichols goes on display Friday at the Oklahoma City bombing memorial, even as a congressman and others continue to raise questions about the federal investigation." Oklahoma City National Memorial and Museum executive director Kari Watkins "said conspiracy theories will always be linked to the bombing, just as they have persisted since the assassination of President John F. Kennedy." US Rep. Dana Rohrabacher "still plans to conduct hearings beginning about Nov. 15, with a focus on 'possible foreign connections' to the Oklahoma City bombing," and Salt Lake City lawyer Jesse Trentadue, who alleges the FBI had infiltrated a white-supremacist group behind the bombing and believes "his brother was killed by federal agents during an interrogation that went awry," said that "he supports Rohrabacher's hearings because evidence he has gathered."

Ernesto Expected To Be "Significant Flooding Event" In Mid-Atlantic Region. Tropical Storm Ernesto is continuing to generate major media coverage, having led two of last night's evening news broadcasts as it headed towards the Carolinas. ABC World News (8/31, lead story, 3:00, Gibson) reported that the storm's intensity was "increasing quickly, and it's heading for landfall tonight, right near the border of North and South Carolina. The danger is rain, lots of it. The Carolinas were already soaked this week. And they could be about to get flooded." ABC (Weiner) added, "As Ernesto reaches hurricane severity, the governors of North and South Carolina have activated hundreds of National Guard troops. They may be needed to help with evacuations." Meanwhile, Virginia Governor Tim Kaine "has already declared a state of emergency."

NBC Nightly News (8/31, lead story, 3:00, Williams, 9.87M) reported that the storm's "tentacles are covering 12 states in cloud cover and rain." Max Mayfield, the director of the National Hurricane Center, was shown saying, "The rainfall will really be a concern for the next two to three days all the way up through West Virginia." On the CBS Evening News (8/31, story 3, 1:40, 7.66M), "hurricane expert" Brian Norcross, from CBS 4 in Miami, said Ernesto is "going to be a significant flooding event through eastern North Carolina, Virginia, Maryland, up into in the Northeast, including as far north as upstate New York."

Robinson Urges Dutch-Type Levee System For New Orleans. Columnist Eugene Robinson writes in the Washington Post (9/1, A21, 748K) that the question of why New Orleans should be rebuilt is "out there," and he lays out his argument in favor of the city. Robinson says "it's enough to point out that if the essential duty of government is to protect its citizens -- as President Bush is fond of reminding us concerning his 'war on terrorism' -- then our government grievously failed the people of New Orleans and has the absolute obligation not to fail them again. Then there's the cultural argument -- the fact that New Orleans is where jazz, America's greatest contribution to music, was born. And I would also submit that the world's richest, most powerful nation would be revealed as a paper tiger indeed if it couldn't summon the will and the means to resurrect one of its own great cities." Robinson says that if New Orleans is to be rebuild, he's "convinced" the only way to protect it "is the way the Dutch protect Rotterdam -- with giant outer-zone floodgate barriers that would block a storm surge before it got anywhere near the city."

High School Football Returns To New Orleans. The New York Times (9/1, Longman, 1.21M) reports lower Plaquemines Parish, in New Orleans, where, one year after Hurricane Katrina, high school "football is again being played." However, for South Plaquemines High, practices are "held on a borrowed field 30 miles from the school" and their home stadium "will not be ready for play until mid- to late September. The Hurricanes have no locker room, no place at school yet to shower or even to eat a hot lunch. To get drinking water for practice, someone must make a daily run for ice at a local fishing dock.

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WAR NEWS:

Bush Compares Struggle Against Terrorists In Iraq To WWII, Cold War. USA Today/AP (9/1) reports from Salt Lake City that "President Bush said Thursday that the war against Islamic 'totalitarians and terrorists' in Iraq is like America's fight against Nazis and communists and that a withdrawal from Iraq would lead to its conquest by the United States' worst enemies." It was "the first in a series of Iraq speeches by Bush." Another AP story (9/1, Riechmann) says Bush "noted that many people are frustrated with the unrelenting violence in Iraq and that some are calling for a timetable for withdrawal." Said the President, "Many of these folks are sincere and they're patriotic, but they could be -- they could not be more wrong."

The Washington Post (9/1, A9, Abramowitz, 748K) describes Bush's speech as an "impassioned new statement of familiar White House themes," adding that "judging by the applause, Bush's message that the fight against Islamic radicals is akin to the battle against the Nazis and Soviet communists resonated with the legionnaires." The Post adds, "Although billed as a major address by his aides, Bush's speech Thursday employed rhetoric that has become a staple of his speeches on terrorism and Iraq. He said that if the country gives up the fight in Baghdad, 'we will face the terrorists in the streets of our own cities.'"

The Deseret Morning News (9/1, Bernick, Speckman) also notes Bush "was interrupted by applause and cheers a number of times." The White House said the Salt Lake City address "is the first of a number of speeches seeking support for the Iraq war. In the past, Bush has appeared before pro-military groups explaining why the war is important and why America can't leave Iraq before its citizens are ready to protect themselves. In fact, Bush started a similar speech crusade a year ago in Utah when he addressed the Veterans of Foreign Wars at the Salt Palace." The Morning News adds, "This year's quest, however, finds more at stake. Republicans are in jeopardy of losing control of both the US House and Senate in mid-term elections now just two months away."

Like the Morning News, most media reports casts the President's remarks as part of a political push to help Republicans in the upcoming election. Typical of the coverage was the Chicago Tribune (9/1, Silva, 623K), which says the President "is pointing to the upcoming fifth anniversary of the Sept. 11 attacks as a reminder of when this 21st Century war came ashore in the US." Yet "observers say the president's new offensive appears more precisely timed for the start of a fall election campaign in which the war in Iraq has become a pivotal issue in congressional and Senate races."

NBC Nightly News (8/31, story 4, 3:25, Gregory, 9.87M) reported, "The President insisted this speech wasn't political, but in fact it was designed to frame the war debate for the midterm election. The message: That victory or defeat in the war on terror comes down to Iraq. In just ten weeks before election day Mr. Bush launched a new effort to turn around public opinion on the war."

George Stephanopoulos, meanwhile, said last night ABC World News (8/31, story 4, 1:35, Gibson), "The election is 68 days away. Everything is about politics right now. I have a memo that gives clues to what's going on. It's to the chairman of the Republican National Committee from his top pollster and it makes two key points. One, no issue motivates republican voters more than the war on terror. And, two, no issue makes republican voters more angry at democrats than the war on terror. They hope this issue will rev those voters up."

Along similar lines, CNN's The Situation Room (8/31, Henry) reported, "The President has said he does not want this series of speeches to be politicized, but immediately after this address the President headlined a fundraiser for Republican Senator Orin Hatch, where the President said that if America pulls out of Iraq too quickly it will lose credibility all around the world, a reminder that with two months before the midterm election, just about everything the President says and does is wrapped up in election year politics."

The New York Times (9/1, Kornblut, Stolberg, 1.21M) calls Bush's speech "an aggressive opening salvo to the midterm election season, timed to coincide with the days preceding the fifth anniversary of the Sept. 11 attacks. In forceful language, the president painted the war on terror as an epic struggle between good and evil." The Times adds, "While he predicted victory, resurrecting a word he had dropped months ago and using it 12 times in a 44-minute speech, Mr. Bush also cautioned that the road ahead would be fraught with obstacles."

Also commenting on the political dimension of the speech, Daniel Henninger writes in the Wall Street Journal (9/1, 2.03M), "With expectations strong of a Republican debacle two months from now in the midterm elections, it is being widely said that the purpose of all this speechifying is to mitigate the losses. If so, that's good news. In the midterm elections of 1950, President Harry Truman, amid both a shooting war in Korea and the dawn of the Cold War against the Soviet Union, declined to campaign for either his party or his war." Democrats "got whacked, losing a net five Senate seats and 28 in the House (though not control of either chamber). We may assume Karl Rove knows this history." Henninger adds that "notwithstanding" Truman's "political collapse with Korea, surveys concluded that the American people had grown in their support of the broader Cold War. We'll know soon enough the direction of George Bush's

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political fortunes. But his assessment of the world-wide threat as articulated five years ago remains valid, as did Truman's of the Cold War ahead. History's treatment of Mr. Bush is likely to be about the same: He didn't flinch."

Media reports also describe the speech as a "bolder," more dramatic version of previous Bush remarks on Iraq and the war on terror. ABC World News (8/31, story 3, 2:50, Gibson) reported, "The President is working against the tide of public sentiment. But he argues that opinions have to change, not policy." ABC (Raddatz) added it was "a much bigger, bolder effort, by the President, to make the case that the war in Iraq is key to winning the global war on terrorism." Bush, added ABC, spoke "before a conservative audience in one of the nation's most conservative states, the President described the war on terror in stark and frightening terms."

The CBS Evening News (8/31, lead story, 3:00, Axelrod, 7.66M) reported Bush spoke "in very dramatic terms to draw a distinction with Democrats." Bush was shown saying, "If we give up the fight, the streets of Baghdad, we will face the terrorists in the streets of our own cities." CBS added, "With the latest CBS New York times poll showing a majority of the people believing there is no connection between the war in Iraq and the war on terror, Mr. Bush is changing tactics to change minds. Describing Iraq in epic terms, the scene of the battles between the forces of freedom and liberty on one hand and those of extremism and tyranny on the other." Bush: "The battle of Iraq is central to the ideological to the struggle of the 21st century." CBS also reported, "Clearly the President has heard his critics regarding what the war in Iraq has to do in terms of keeping America straight and is answering for profound struggles in the past for terrorists in Iraq as the latest in a long line of America's enemies." Bush: "They are successors to fascists, communists and other totalitarians of the 20th century and history shows what the outcome will be." The Christian Science Monitor (9/1, Feldmann, 58K) runs a similar report under the headline "Bush Escalates War-On-Terror Rhetoric."

Bartlett Says Terrorists Seek To Spread Ideological Agenda Across Middle East. Presidential Counselor Dan Bartlett said on MSNBC's Hardball (8/31), that Bush's speech was a "specific articulation of the type of enemy we are here to face." Bartlett added, "This is a very determined enemy, an enemy that has a very specific, ideological agenda which they are trying to spread across the Middle East and really crush the civilized world and the West's view of tolerance and of governance that is in open, free societies. And what President Bush, speaking to a group of veterans who understand this better than most Americans because they fought specifically the Nazis and others and the communists -- they recognize the type of fight we are up against and it is important for the rest of the American people to understand the stakes."

Bartlett said on Fox News' Your World with Neil Cavuto (8/31) that "there has been quite a bit of a debate here in our country about the conduct of this war, whether we're doing the things necessary to protect the American people. And the President feels very strongly, as you saw today, about his views and about what we're doing to win. And we are winning. It's a tough fight. It's one that we have days of progress and days of setbacks. But the trajectory is one in which the American people can be confident that is going to ultimately prevail with victory."

Democrats Say Iraq Conflict Hurting War On Terror. The Salt Lake Tribune (9/1, Walsh, LaPlante) reports Senate Democratic leader Harry Reid, "in a statement issued after the Bush speech, said 'extremist regimes,' such as Iran, have been 'strengthened and emboldened across the Middle East and the world' due to Bush administration failures. 'The American people know that five years after Sept. 11 we are not as safe as we could and should be,' Reid said. 'Iraq is in crisis. Our military is stretched thin.'"

CNN's The Situation Room (8/31, Bash) reported, "You could see the Democrats' national security campaign strategy through their rapid response press releases today. First, try to prevent Republicans from achieving their key goal which is linking Iraq to terrorism." House Minority Leader Nancy Pelosi "said we must win the war on terror but the war in Iraq is the wrong war today just as it has since the war began. Iraq is weakening our ability to fight the war on terrorism." CNN added, "Now another dynamic Democrats are trying to capitalize on is polls that show Americans just don't trust the President and his leadership as they once did. Let's look at what Howard Dean said today, the Democratic National Committee chairman. He said, quote, you can't trust Republicans to defend America."

The Los Angeles Times (9/1, Gerstenzang, 918K) reports, "Democrats on Thursday answered Bush's speech by saying his policy in Iraq had failed. 'At a time that calls for serious leadership, the president is offering yet another public-relations campaign,' said Sen. Edward M. Kennedy, D-Mass., in a written statement. 'His dire warnings of the cost of failure in Iraq do nothing to make success more likely, and his stubborn insistence on staying with a failed policy all but ensures continued violence and chaos.'"

The Washington Times (9/1, Dinan, 88K) reports Democrats "said the calls for patience are falling on deaf ears here at home. 'The American people have been patient. We have resolve, and we are patriotic Americans who because of our patriotism call on this president to change course in Iraq, face the facts on the ground, and focus on the real war on terror,' said Democratic Party Chairman Howard Dean."

Democratic Sen. Jack Reed said on MSNBC's Hardball (8/31), "There's a struggle going on in Iraq, but at this moment it appears to be a struggle among the Shia community to who will control Iraq in the future. There are

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some international terrorists there obviously, but this is a fight that goes back many, many years between ethnic groups within Iraq. So, to see this as the great struggle, the central struggle, I think misperceives the point. The point is that there are scores of terrorist cells around the world who have aims to attack us. We have to be severe, we have to take them out, find them, take them down. But that is not what's going on essentially in Iraq. This is a struggle internally in Iraq for political power and position."

GOP Edge On National Security Seen As Eroding. The Wall Street Journal (9/1, Calmes, 2.03M) reports, "In both national elections since the Sept. 11, 2001, terrorist attacks, President Bush and congressional Republicans successfully played the national-security card to win big victories against the odds. Now, with their party's control of Congress at stake, Republicans are betting on the issue again. But it may not be the trump card it used to be." The Journal adds, "The public's patience has frayed as the Iraq war grows bloodier in its fourth year, eroding confidence in Mr. Bush's stewardship of national security. Mismanagement of the response to Hurricane Katrina contributed. Democrats, having ceded the security issue to Republicans in the past, now are on the offensive."

McClatchy (9/1, Stearns) reports, "'Security September' comes to Congress this month, courtesy of congressional Republicans groping for a winning issue. Increasingly confident Democrats say: Bring it on."

More Commentary On Bush's Speech. The Salt Lake Tribune (9/1) in an editorial titled "The bloody shirt: Administration launches a campaign of fear" writes, "In their remarks to the American Legion convention this week in Salt Lake City, President Bush and his Cabinet members have made it clear that their efforts to boost the administration's poll numbers and, more important, to maintain Republican control of Congress this November will be based on a campaign of fear." And "despite the rhetorical appeal of comparing today's enemies to Hitler and Stalin, which allows the administration to falsely compare its critics to yesterday's appeasers and fellow travelers, the analogy does not hold." The Administration "seeks to hold power, not by uniting us, but by making us afraid."

The Deseret News (9/1) editorializes, "The president came to Utah to toss a little red meat to the American Legion and put the country on notice. He is not going to wither under the hot glare of criticism. In fact, he seems prepared to re-double his efforts. In that regard, this speech was "mission accomplished."

Rumsfeld Criticizes Media Coverage Of War On Terror. In an op-ed in the Los Angeles Times (9/1, 918K), Defense Secretary Donald Rumsfeld asks, "Can we truly afford to return to the destructive view that America -- not the enemy -- is the real source of the world's troubles?" The question, he adds, "is particularly important, because this is the first war of the 21st century -- a war that, to a great extent, will be fought in the media on a global stage. We cannot allow the terrorists' lies and myths to be repeated without question or challenge. We also should be aware that the struggle is too important -- the consequences too severe -- to allow a 'blame America first' mentality to overwhelm the truth that our nation, though imperfect, is a force for good in the world." Rumsfeld also writes, "Consider that a database search of the nation's leading newspapers turns up 10 times as many mentions of one of the soldiers punished for misconduct at Abu Ghraib than of Sgt. 1st Class Paul Ray Smith, the first recipient of the Medal of Honor in the global war on terror. … With examples like…I do worry about the lack of perspective in our national dialogue --- a perspective on history and the new challenges and threats that free people face today. Those who know the truth need to speak out against the myths and distortions being told about our troops and our country. My remarks at the Veterans of Foreign Wars and American Legion conventions have generated much discussion. I encourage everyone to read what I actually said at defenselink.mil/speeches."

Democrats To Push For Vote Of No Confidence In Rumsfeld. The Washington Post (9/1, A9, Weisman, 748K) reports, "Under assault from Republicans on issues of national security, congressional Democrats are planning to push for a vote of no confidence in Defense Secretary Donald H. Rumsfeld this month as part of a broad effort to stay on the offensive ahead of the November midterm elections. In Rumsfeld, Democrats believe they have found both a useful antagonist and a stand-in for President Bush and what they see as his blunders in Iraq." This week, Democrats "interpreted a speech of his as equating critics of the war in Iraq to appeasers of Adolf Hitler, an interpretation that Pentagon spokesman Eric Ruff disputed. But Democrats said the hyperbolic attack would backfire." But "even before that, Democrats and some Republicans had maintained that Bush has never held anyone in his administration accountable for decisions in the Iraq war that many military analysts say went disastrously wrong. … By demanding accountability, Democrats hope to blunt what has been an all-out assault on their positions on national security. … Rather than change the subject to domestic issues, as they have tried in past years, Democrats are hoping to confront Republicans head-on."

Meanwhile, CNN's The Situation Room (8/31, Bash) reported that Sen. Barbara Boxer "said today she is going to try to introduce an amendment this Fall calling for the president to fire Donald Rumsfeld." House Democrats "plan a similar move to try to put Republicans on the spot when it comes to Donald Rumsfeld."

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Over 300 Iraqis Killed Since Sunday As Surge In Violence Continues. The AP (9/1, Becatoros) reports, "A barrage of coordinated bomb and rocket attacks on eastern Baghdad neighborhoods killed at least 47 people and wounded more than 200 within half an hour on Thursday, police and hospital officials said." The "latest spasm of violence -- which included explosives planted in apartments, car bombs and several rocket and mortar attacks on mainly Shiite neighborhoods in the capital -- came even as Prime Minister Nouri al-Maliki said Iraqi forces should have control over most of the country by year's end." The Baghdad bombings, "centered on neighborhoods controlled by Shiite militias, some of which Sunni Arabs accuse of running death squads," brought "the day's death toll across the country to at least 68."

The Washington Post (9/1, A11, Paley, 748K) puts the death toll from yesterday's attacks at "at least 66," and also notes "the violence in the capital coincided with Prime Minister Nouri al-Maliki's statement Thursday that Iraqi forces were prepared to take control of the southern province of Dhi Qar in September from the US military and its allies."

The New York Times (9/1, Wong, 1.21M) says that "since Sunday, more than 300 Iraqis have been killed in bombings, murders and a deadly pipeline explosion that occurred when security forces were diverted from their normal duties to fight Shiite militiamen. The violence is generally believed to be the work of insurgents, militias and criminal gangs embroiled in Sunni-Shiite sectarian strife." The "surge in bombings calls into question the long-term effectiveness of a joint American-Iraqi security offensive in Baghdad." The Washington Times/AP (9/1, Santana) and Los Angeles Times (9/1, McDonnell, 918K) runs a similar story.

July Was Deadliest Month Since US Invasion. The CBS Evening News (8/31, story 2, 2:45, Schieffer, 7.66M) reported, "More than 3,500 people died in Iraq in July, and most of them civilians. That was the worst month of the war since the invasion, but the US military reported today the death toll will be considerably lower this month, part of the crackdown on security and the fact that US troop strength is now up to 140,000, the most since January.

NBC Nightly News (8/31, story 5, 2:00, Boettcher, 9.87M) also reported on "the news that the number of violent deaths in this country dropped in August down from 3,500 in July to just under 1,000 this, month. A reason why maybe the 50,000 US and Iraqi troops conducting security sweeps in the capitol. Iraq and he US officials insist despite today's violence they are bringing peace back to the world's most dangerous city, Baghdad."

NYTimes Urges Maliki To Move Away From Mahdi Army. Under the headline "Which Iraqi Army?," the New York Times (9/1, 1.21M) editorializes, "Iraq's prime minister, Nuri Kamal al-Maliki, has a problem. His power depends on two armies. One is Iraq's national army, trained and supported by the United States. The other is the Mahdi Army, a radical Shiite militia loyal to Mr. Maliki's most powerful political backer, Moktada al-Sadr." Maliki "can no longer put off making an essential choice. He can choose to be the leader of a unified Iraqi government, or he can choose to be the captive of a radical Shiite warlord. He can no longer pretend to be both."

US Has 13,000 More Soldiers In Iraq Than Five Weeks Ago. NBC Nightly News (8/31, story 5, 2:00, Williams, 9.87M) reported, "And across town from the Pentagon comes word the US now has 140,000 troops in Iraq. That is 13,000 more men and women today than it had there five weeks ago. This increased troop number is having a mixed effect on violence in that region."

Al Qaeda Group Turns Down Iraqi Government's Offer. The AP (9/1) reports, "An al-Qaida-affiliated group Thursday branded the Iraqi government offers of reconciliation as 'futile' and called on Sunnis to fight those who 'legalized the shedding of Muslim blood.'" The statement "appeared on a Web site used by the Mujahedeen Shura Council, an umbrella organization of Sunni extremist groups that includes al-Qaida in Iraq. The statement said Sunnis in Iraq were facing aggressive attacks by the government and the Shiite militias and called for resistance." Prime Minister Nouri al-Maliki, a Shiite, "has proposed a national reconciliation program which includes amnesty to unspecified groups that agree to lay down their arms." But "religious extremists and Saddam Hussein loyalists have been excluded."

Reality Shows Having Success In Iraq. The Washington Post (9/1, A1, Raghavan, 748K) reports on "Iraq Star," the country's version of "American Idol." It is "one of a growing stream of made-in-Iraq reality television shows, produced under often-perilous conditions, that are being beamed across the Middle East." The Post adds, "In a nation trapped by war, the shows provide hope, opportunity, escape and psychological healing for ordinary people. Their popularity speaks to the resilience of Iraqis and their longing for normal rituals amid instability and chaos."

Taliban Attacks Town In Southern Afghanistan. The Washington Post/AP (9/1, A12, Shah) reports, "Taliban insurgents attacked a southern town Thursday, sparking intense fighting with government troops that left two guerrillas dead, the Defense Ministry said. A NATO airstrike pushed back the insurgents, who used mortars, rocket-propelled grenades and heavy machine guns in the attack on Naw Zad,

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in Helmand province, said a ministry spokesman, Gen. Zahir Azimi."

US Official Says Effort To Stem Afghan Drug Trade Unsuccessful. The AP (9/1, Klug) reports, "The US-backed strategy to fight Afghanistan's massive drug trade has been unsuccessful in stemming opium cultivation, which is expected to hit record levels this year, a senior US official said Thursday." Thomas Schweich, principal deputy assistant secretary of state for international narcotics, said, "It's bad news and we need to improve it," but "we don't feel it's a hopeless situation, and we don't think the overall strategy is the wrong strategy."

CORPORATE SCANDALS:

Auditor Warned Mills Corp About Financial Practices. The Washington Post (9/1, Hilzenrath) reports, "Years before Mills Corp. disclosed damaging accounting errors, auditor Ernst & Young LLP told the shopping mall developer that its bookkeeping practices could 'lead to misstatements' in its financial reports, according to a court document unsealed yesterday." The Post continues, "The auditor's warnings seem to have foreshadowed some of the problems that Mills has since acknowledged publicly, said Jeffrey W. Golan, an attorney for shareholders who are suing Mills and fought to have the document unsealed." The Post adds, "Mills, developer of such outlet malls as Potomac Mills and giant 'shoppertainment' venues blending retail and entertainment, has disclosed that accounting errors will wipe out much of the profit it reported in recent years. The company has been liquidating some of its holdings to raise cash and recently enlisted new backing to complete the troubled Xanadu project in the New Jersey Meadowlands. … Mills is under investigation by the Securities and Exchange Commission, and its stock price has been battered over the past year."

Investors Seek Penn Traffic Financial Reports. The Long Island Newsday/AP (9/1) reports, "A shareholder's group has filed a request with the U.S. Securities Exchange Commission demanding The Penn Traffic Co. release its long-delayed financial statements." The AP continues, "The Syracuse-based regional grocery store chain emerged from Chapter 11 bankruptcy protection in May 2005 and has been under investigation by the SEC and the Justice Department for alleged improper promotional practices. … . As a result of the joint investigations, the company has not released financial information since its reorganization. Company executives have said Penn Traffic will eventually release newly audited financial statements for the 2003 through 2005 fiscal years." The AP adds, "The demand for Penn Traffic's financial statements was made by Bay Harbour Management, a New York City-based investment company that said it has a 3.7 percent ownership stake in Penn Traffic. … Additionally, Bay Harbour is seeking a stockholders' meeting within 60 days. The meeting should focus on Penn Traffic's recent financial performance, projections and the financial impact and status of internal and SEC investigations of promotional practices, Bay Harbour said."

CRIMINAL LAW:

US Indicts Maryland Man For 2002 Annapolis Slaying. The Washington Post (9/1, Rich) reports, "Federal authorities announced an indictment yesterday in a widely publicized 2002 slaying in the historic district of Annapolis, charging a suspect who had avoided trial in state court despite allegedly admitting involvement in the crime." The Post continues, "The indictment of defendant Leeander J. Blake was returned by a grand jury in Baltimore. In the failed state prosecution of the case, courts ruled that Blake was improperly interrogated and that the statements he made to police were inadmissible. … He was released from jail in 2004, 20 months after he and an associate were accused in a carjacking and killing that stunned the city. 'He can say, "I got away with murder," 'Anne Arundel County State's Attorney Frank R. Weathersbee said at the time." The Post adds, "Yesterday, flanked by representatives of the FBI and other agencies, Weathersbee praised U.S. Attorney Rod J. Rosenstein for pursuing the case federally after the Supreme Court effectively ended the state's efforts to prosecute Blake last year by declining to intervene. 'This is a day that I've been waiting for almost a year, a day in which the wheels of justice will again begin turning for Leeander J. Blake,' Weathersbee said." The Post notes, "Blake, now 21, surrendered to authorities Wednesday to face charges in the slaying of Straughan Lee Griffin, a businessman and sailing enthusiast. Blake appeared in court briefly yesterday and was ordered held until a detention hearing Wednesday. … Regardless of whether Blake's statements are admitted in court, a law enforcement source said the government has additional evidence that was not available at the time of the state prosecution. The source, speaking on condition of anonymity because the evidence has not been publicly disclosed, declined to describe it."

Armitage Remains Silent About His Role In Plame Leak. Fox News' Special Report (8/31, Hume) reported, "Former Deputy Secretary of State Richard Armitage still has not said a word about his role in first outing former Ambassador Joe Wilson's wife as a CIA employee. It's now been five days since Armitage was identified in a new book as being the person who first told columnist Robert

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Novak that Valerie Plame Wilson worked at the CIA, a fact that Novak revealed in his column, touching off a barrage of allegations by Joe Wilson and others that the White House has out her to get back at him for criticizing the administration's Iraq policy." Armitage "could have ended all of that if he had come forward, but even now with the criminal investigation all but over, he has continued his public silence and so has his former boss, ex- Secretary of State Colin Powell, who has known of Armitage's role all along."

WPost Criticizes Wilson, Says Partisan Charges In Plame Affair Proved Untrue. The Washington Post (9/1, A20, 748K) editorializes, "We're reluctant to return to the subject of former CIA employee Valerie Plame because of our oft-stated belief that far too much attention and debate in Washington has been devoted to her story and that of her husband, former ambassador Joseph C. Wilson IV, over the past three years. But all those who have opined on this affair ought to take note of the not-so-surprising disclosure that the primary source of the newspaper column in which Ms. Plame's cover as an agent was purportedly blown in 2003 was former deputy secretary of state Richard L. Armitage." Armitage "was a political rival of the White House and Pentagon officials who championed the war and whom Mr. Wilson accused of twisting intelligence about Iraq and then plotting to destroy him." The Post adds, "It follows that one of the most sensational charges leveled against the Bush White House -- that it orchestrated the leak of Ms. Plame's identity to ruin her career and thus punish Mr. Wilson -- is untrue." The Post also says that "it now appears that the person most responsible for the end of Ms. Plame's CIA career is Mr. Wilson. Mr. Wilson chose to go public with an explosive charge, claiming -- falsely, as it turned out -- that he had debunked reports of Iraqi uranium-shopping in Niger and that his report had circulated to senior administration officials. He ought to have expected that both those officials and journalists such as Mr. Novak would ask why a retired ambassador would have been sent on such a mission and that the answer would point to his wife. He diverted responsibility from himself and his false charges by claiming that President Bush's closest aides had engaged in an illegal conspiracy. It's unfortunate that so many people took him seriously."

Judge Extends Order Against BetOnSports. The St. Louis Post-Dispatch (9/1, O'Neil) reports, "A federal judge in St. Louis on Thursday extended a temporary court order against BetonSports, an Internet sports gambling operation, in hopes the London-based company would send a representative to respond to it soon." The Post-Dispatch continues, "An indictment unsealed July 17 alleges that the company took $3.7 billion in illegal bets from Americans over three years, and accuses it of mail fraud, racketeering and other crimes. Federal prosecutors sought an order prohibiting the company from selling its websites and ordering it to return bets to American players. … U.S. District Judge Carol E. Jackson has granted a temporary order to that effect, but lawyers for BetonSports have never appeared at the federal courthouse here to answer it. They didn't show up Thursday, either. … 'Is anyone here from -Beton--Sports?' she asked to open a brief hearing. … 'Just like the last time.'" The Post-Dispatch adds, "Marty Woelfle, a lawyer for the Justice Department's organized-crime unit in Washington, was in the room and told the judge the government has made some progress in formally serving papers on BetonSports' London headquarters. Woelfle said a process server in London expected to complete that task soon, and asked for a 30-day extension on the judge's temporary order, which would have expired today. … Jackson granted that extension. Woelfle is seeking a permanent order to bar the company from taking bets and to force it to give up $4.5 billion."

Jeffs Agrees To Extradition To Utah. The CBS Evening News (8/31, story 9, 0:15, Schieffer, 7.66M) reported, "The leader of a polygamist sect who was on the FBI's most wanted list appeared in court today in Nevada. Warren Jeffs told the judge he won't fight extradition to Utah where he is charged in arranging mariner of girls as young as 13 to older men." In a widely-distributed story, the AP (9/1, Ritter) reports that Jeffs was "looking frail and timid" and adds, "Jeffs, who was not represented by a lawyer, nodded, paused and muttered meekly when Las Vegas Justice of the Peace James Bixler asked if he wanted to contest his return to Utah, where he is charged with two counts of rape by accomplice. … In St. George, Utah, authorities said Jeffs would remain in Las Vegas at least until Friday to plan his move."

The Deseret Morning News (9/1, Winslow, Perkins) reports on the hearing and notes, "In documents seized by police when Jeffs was arrested late Monday night, details about his intricate network support were revealed, including maps, lists of individuals contributing money and a list of people providing safe houses. Also included in the seizure was a directive from the man once on the FBI's Ten Most Wanted List; 'So, I have to be hiding in my travels, not let anyone know. And when I come to a land of refuge, you must not reveal where I am in your phone calls and your letters.'" The Morning News adds, "When Jeffs returns to Utah, he could face more criminal charges. Washington County prosecutors confirmed to the Deseret Morning News they are screening more cases against Jeffs." The Salt Lake Tribune (9/1, Adams) also reports the story, and the New York Times (9/1, Newman, 1.21M) notes, "The arrest was made four months after Mr. Jeffs had been placed on the Federal Bureau of Investigation's list of most wanted fugitives, a symbol of the government's hardened line against plural marriage in the West."

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The extradition hearing and reaction to Jeffs' apprehension again received widespread coverage on cable news programs throughout the day and evening yesterday – although less than on Wednesday – including CNN's Live From, CNN's Anderson Cooper 360, CNN's Larry King Live, Fox News' Dayside, Fox News' Fox Report with Shepard Smith, Fox News' The O'Reilly Factor and CNBC's Big Idea with Donny Deutsch.

Experts Skeptical Jeffs' Arrest Will Break FDLS. The Christian Science Monitor (9/1, Axtman, 58K) reports Jeffs' arrest "is a law-enforcement coup, but it leaves wide open the question of whether his followers will persist in their illegal practices or rejoin mainstream society. Federal and state authorities, elated by Mr. Jeffs's capture Monday during a traffic stop north of Las Vegas, expect the latter. … Extremist-group experts, though, caution that it's too early to predict the sect's demise."

FBI Seizes Chicago Personnel Records In Possible Prelude To More Indictments. The Chicago Sun-Times (9/1, Spielman) reports, "Federal agents have taken the personnel records of 29 current Streets and Sanitation employees -- ranging from laborers to top managers -- who owe their jobs and promotions to the Daley-created Hispanic Democratic Organization, City Hall sources said. The retrieval of the records, top mayoral aides said they think, could be a prelude to more job-related indictments and took place last week with 'almost no advance warning,' sources said. Virtually all of the employees involved have ties to former Streets and Sanitation Commissioner Al Sanchez…the sources said." The Sun-Times notes, "The retrieval of records last week was similar to the one at City Hall in May 2005 when the Hired Truck scandal officially branched out into city hiring."

Ryan Lawyers Ask Judge For Leniency In Sentencing. The AP (9/1, Robinson) reports, "George Ryan's lawyers urged a judge Thursday to give the former governor a break when she sentences him next week, saying he is old and sick and 'has been publicly and universally humiliated.' … They said the 72-year-old Ryan has reached 'advanced age' and if given a sentence like the six-year term his top aide received for a similar conviction 'it is highly likely that he will die in prison.'" The AP notes, "The trial was the climax of an eight-year investigation that has resulted in the conviction of 75 state employees, lobbyists, drivers licensing officials, driving instructors and others. No one was acquitted."

Prosecutor Asks Judge To Allow Sentencing Testimony About Fiery Crash. The Chicago Tribune (9/1, Bush, 623K) reports, "The deaths of Rev. Duane 'Scott' and Janet Willis' six children in a 1994 van crash hung silently over" the trial, and "now that Ryan has been convicted, Rev. Willis wants to testify before U.S. District Judge Rebecca Pallmeyer before she sentences the former governor on Wednesday." The Tribune adds, "Assistant U.S. Atty. Patrick Collins asked during a brief court hearing Thursday that Willis be allowed to testify about what his family has suffered. 'Rev. Willis was a victim [of Ryan's corruption] in the sense that he was entitled to a good faith investigation' of the accident." The Chicago Sun-Times (9/1, Korecki) also reports on Willis' desire to testify.

6th Circuit Upholds Michigan Corruption Convictions. The AP (9/1) reports, "The 6th U.S. Circuit Court of Appeals on Thursday upheld the conviction of a top aide to former Wayne County Executive Ed McNamara for taking kickbacks from contractors at Detroit Metropolitan Airport. Wilbourne Kelley III, 71, Wayne County's former deputy chief operating officer, is currently serving a 44-month prison sentence," and "the court…also upheld the conviction of his wife, Barbara Kelley, who is serving a 41-month term." The AP notes, "A jury in September 2004 found the Kelleys guilty of extortion, bribery, conspiracy and lying to the FBI. Barbara Kelley also was convicted of money laundering."

California Man Sentenced To Prison For $37.5 Million Investment Fraud Scheme. The San Diego Union-Tribune (8/26, Huard, 337K) reported, "A La Jolla man who took $37.5 million from investors by fraudulently promising incredible returns in overseas bank transactions was sentenced in San Diego federal court…to 135 months in prison. James F. Garro , 61, also was ordered by Judge M. James Lorenz to repay investors $6.5 million." The Union-Tribune noted, "He raised money from several investors by promising to double their money within 15 days through what he portrayed as an exclusive banking market for people whom would use the profits for humanitarian purposes, said Assistant U.S. Attorneys Sanjay Bhandari and Timothy Salel. Instead of investing the money, Garro spent it on himself, including more than $8 million for luxury homes in California and Mexico. … FBI and IRS agents arrested him in 2002." XETV-TV San Diego (8/25) also reported on Garro's sentencing.

California Man Pleads Guilty To Casino Investment Fraud Scheme. The San Diego Union-Tribune (8/26, 337K) reported, "A man who defrauded investors out of more than $1.8 million through misrepresentations relating to the renovation of a Las Vegas casino pleaded guilty…to conspiracy and money laundering charges. Vladislav Zubkis, also known as Steven Zubkis, faces sentencing Nov. 20 by U.S. District Judge Larry Burns. Zubkis admitted that he and his co-conspirators deliberately misled investors about his business experience, his companies, the uses to which he

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put investors' funds and the status and prospects of a storage facility and the casino project."

Pennsylvania Lawmaker Under FBI Scrutiny To Make $24 Million On Bank Deal. The Philadelphia Inquirer (9/1, Cattabiani, McCoy, Lin, 399K) reports, "With the pending sale of the bank his grandfather founded eight decades ago, State Sen. Vincent J. Fumo is in line for a big payout: $24 million. In a deal announced late Wednesday, a newly formed bank holding company in Chester County agreed to pay $94 million in cash for PSB Bancorp," and "Fumo, PSB's chairman and its largest individual shareholder, will receive $18 million for his stock -- plus $6.3 million in a golden parachute." The Inquirer notes, "The bank deal comes at a tough time in his political career, as the Democrat continues to endure a three-year-old federal corruption investigation. The FBI, federal prosecutors and the IRS are investigating whether Fumo broke the law in how he raised millions for a nonprofit organization in South Philadelphia and whether he improperly extracted personal and political benefits from the organization."

Norwegian Police Recover Stolen Munch Masterpieces. In a widely-distributed story, the AP (9/1, Mellgren) reports Norwegian police "recovered the Edvard Munch masterpieces 'The Scream' and 'Madonna' on Thursday, two years after masked gunmen grabbed the national art treasures in front of stunned visitors at an Oslo museum. … 'I saw the paintings myself today, and there was far from the damage that could have been feared,' said Iver Stensrud, the police inspector who headed the investigation." The AP notes, "The two paintings were on an FBI list last fall on the top 10 art thefts around the globe. Among still missing works are three Rembrandts, a Vermeer, a Manet and five Degas taken from Boston's Isabella Steward Gardner Museum in 1990 and a Cezanne stolen from England's Ashmolean Museum in 1999."

The CBS Evening News (8/31, story 10, 0:20, 7.66M) reported, "Both paintings were recovered. Police won't say how, but they say no ransom was paid." The Washington Post (9/1, C1, Sullivan, 748K) adds, "Police said no reward or ransom for the works had been paid. They said no new arrests had been made and the two gunmen still have not been captured," and the New York Times (9/1, Gibbs, 1.21M) reports, "Stensrud said many threads of the investigation, rather than a single development, led to the recovery today."

Judge Grants Prosecutors Wide Latitude If Gotti Takes Stand. The New York Daily News (9/1, Zambito, 729K) reports, "John A. (Junior) Gotti probably won't get a chance to tell jurors why he quit the mob. Manhattan Federal Judge Shira Scheindlin told Gotti's lawyers yesterday she's leaning toward giving prosecutors 'wide latitude' to question the mob scion about his criminal past if he takes the witness stand at his racketeering trial. … And that would involve his alleged role in a failed plot in the early 1990s to whack two mobsters he thought were skimming construction money profits, Scheindlin said." The Daily News notes, "At two earlier trials, Gotti toyed with the idea of taking the stand, only to back out at the last minute."

Minnesota Man Pleads Guilty To Stealing Phone Card Numbers. The AP (9/1) reports, "A man whose conviction on terrorism-related charges in Michigan was thrown out due to prosecutorial misconduct has pleaded guilty to stealing access codes to telephone cards at the Minneapolis-St. Paul International Airport." The AP continues, "Abdel-Ilah Elmardoudi, 40, pleaded guilty on Tuesday to three counts of access device fraud and one count of escape. … In 2001, after a tip from AT&T, Secret Service agents put Elmardoudi under surveillance and saw him reading over the shoulders of travelers and then recording phone-card information stolen from them - a practice called 'shoulder surfing.'" The AP adds, "Authorities estimate that more than $745,000 worth of unauthorized calls to numbers in the United States, Egypt, Kuwait, East Africa, the Balkans, and the Middle East were charged to numbers stolen by Elmardoudi. … He was arrested in 2001 and ordered to a halfway house. However, he fled and was later arrested in North Carolina in November 2002." The AP notes, "In 2003, he and another man, Karim Koubriti, were convicted of conspiring to provide support to terrorists. It was described at the time as the first U.S. prosecution of an alleged terror cell detected after the Sept. 11 attacks. … However, a federal judge later overturned the verdicts at the Justice Department's request after prosecutors discovered that documents that could have helped the defense were not turned over by the government as required."

CIVIL LAW:

DOJ Sues Colorado Firm Over Dam Breach. The Fort Collins Coloradoan (9/1) reports, "The United State Justice Department on Thursday filed a civil complaint in U.S. District Court asking the court to hold a ditch company responsible for damages caused when a dam was breached in Rocky Mountain Naitonal Park in 2003." The Coloradoan continues, "The complaint claims that in late May 2003, the Grand River Ditch, owned by Water Supply and Storage Company, breached approximately 2.4 miles south of La Poudre Pass in Rocky Mountain National Park. … The government claims WSSC is responsible for the damage under a 1907 pact signed by the ditch company and the U.S. Forest Service." The Coloradoan adds, "The breach was

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reportedly caused by water backing up in, and eventually overtopping, the ditch, as a result of excess accumulated snow, ice and other debris in the ditch. … More than 60,000 cubic yards of sediment flowed into the upper Colorado River and associated wetlands, the Justice Department suit claims. Much of the upper Colorado River watershed within the Rocky Mountain National Park was closed to visitors until water levels receded and damage to trails, bridges, and campsites could be repaired. … The complaint asks the court to hold the defendant responsible for all costs and damages, including interest and costs, associated with the breach. In the event that the defendant is unable to pay to restore the damage, the government has also asked the court to condemn the Grand River Ditch so it can be sold to pay such judgment."

CIVIL RIGHTS:

DOJ Reaches Pact With Kentucky Over Mental Retardation Facility. The Lexington Herald-Leader (KY) (9/1, Musgrave) reports, "The U.S. Department of Justice and the state have entered into a court-enforced settlement to improve care and conditions at the Communities at Oakwood, the state's largest home for the mentally retarded." The Herald-Leader continues, "The settlement, filed today in U.S. District Court in Lexington, requires the Cabinet for Health and Family Services to implement a series of improvements in medical and psychiatric care and safety for the 255 or so residents at the facility." The Herald-Leader adds, "The five-year settlement will replace a memorandum of understanding signed by the state and the Department of Justice in 2004. That memorandum laid out steps the state would take to improve care at the home. But the Department of Justice has been unhappy with the lack of progress in recent years at the Somerset facility. … Since 2005, Oakwood has been cited 22 times by the inspector general for the Cabinet for Health and Family Services for failing to protect residents. It is currently fighting the possible termination of $43 million in federal funding."

The AP (9/1, Jafari) reports, "Since 2002, the U.S. Department of Justice has monitored the Communities at Oakwood in Somerset, about 155 miles southwest of Pikeville, after an investigation found widespread problems at the facility. … The investigation also resulted in a series of civil rights complaints filed by the Justice Department on behalf of Oakwood patients, alleging poor health and psychological care and, at times, abuse and neglect." The AP adds, "If approved by a federal judge, the five-year settlement would force the Cabinet for Health and Family Services to implement major improvements, including better patient protection and behavioral treatment. .. . The Cabinet had already reached an agreement with the Justice Department on improvements at Oakwood in September 2004. That plan was similar to the current plan in that it was supposed to ensure better care and supervision over the patients. … However, the department continued to review the facility and found ongoing civil rights violations at Oakwood, such as failure to protect patients, provide adequate psychological care and ensure patients are placed in an adequate setting after they are discharged." The AP adds, "The difference between the first plan and the current settlement is that the latter will give the federal court authority to enforce the terms of the agreement. Also, an independent monitor will routinely evaluate Oakwood's progress and report to the court, the Cabinet and the Justice Department. … 'People in the care of the Commonwealth are entitled to be safe and provided with adequate treatment,' said Wan J. Kim, assistant attorney General for the Civil Rights Division of the Justice Department. … 'This agreement is a very positive step in that direction,' added Amul R. Thapar, U.S. attorney for the eastern district of Kentucky."

Saudi Man Sentenced To 28 Years In Prison In Colorado Slavery Case. The Denver Post (9/1, Nicholson, 256K) reports, "A Saudi Arabian man convicted of sexual assault and keeping a woman enslaved in his Aurora home was sentenced today to 28 years to life in prison. Homaidan Al-Turki, 37, a linguistics doctoral candidate at the University of Colorado at Boulder, was sentenced to 20 years to life on 12 of counts of unlawful sexual contact and 8 years for theft." The Rocky Mountain News (9/1, Doligosa Jr.) adds, "Al-Turki allegedly took the woman's passport and sexually abused her. 'This is a clear cut example of human trafficking,' Prosecutor Natalie Decker said outside the courtroom. 'It's important he is put in prison.'" In a widely-reported story, the AP (9/1, Sarche) notes Al-Turki "denied the charges and blamed anti-Muslim prejudice for the case against him. He said prosecutors persuaded the housekeeper to accuse him after they failed to build a case that he was a terrorist."

Maryland Man Awarded $6.38 Million In False Confession Case. The AP (9/1) reports, "A Prince George's County jury awarded $6.38 million Thursday to a man who falsely confessed to killing his wife following 38 hours of interrogation by the Prince George's County police, according to the man's attorneys." The AP continues, "Keith Longtin spent more than eight months in jail after he told police he killed his wife, Donna Zinetti, in 1999 following a marathon interrogation in which he wasn't allowed to sleep. DNA evidence later exonerated Longtin and led to the arrest and conviction of a Washington, D.C., man." The AP adds, "Longtin's case was one of several in which the Prince

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George's police obtained false confessions through extensive interrogations. … It also became part of the Justice Department's probe of civil rights violations and excessive force by the county police, an investigation that led to a broad swath of reforms by the county. The police said in 2002 that they would begin videotaping interrogations to cut down on abuse. … The Circuit Court jury awarded Longtin $1.18 million in punitive damages and $5.2 million in compensatory damages, according to his lawyer, Timothy Maloney. Longtin filed the lawsuit in 2001."

The Washington Post (9/1, B1, Castaneda) reports, "The county indemnifies police officers for their actions in the line of duty and pays civil judgments and settlements. In the fiscal year that ended in June, Prince George's paid more than $4.6 million in jury verdicts and settlements involving alleged abuse by county police." The Post continues, "The jury found that county detectives engaged in a pattern of violating the rights of defendants, said Cary J. Hansel, one of Longtin's attorneys. 'We hope this signals the end of lengthy, coercive police interrogations in Prince George's County,' said Timothy F. Maloney, another Longtin attorney."

Judge Denies Bond For Former Mississippi Jailer Accused In Inmate Death. The Biloxi Sun Herald (9/1, Fitzgerald) reports, "U.S. Magistrate Judge John M. Roper today denied bond for former Harrison County jailer Ryan Teel pending a Nov. 6 trial in the beating death of inmate Jessie Lee Williams Jr." The Herald continues, "Teel, 29,… Teel was a Harrison County sheriff's deputy, working as a corrections officer at the time of Williams' fatal beating in the jail booking room on Feb. 4. FBI agents arrested Teel on Monday following his indictment on federal charges of deprivation of civil rights under color of law and destruction, alteration or falsification of records in a federal investigation." The Herald adds, "Potential danger to the community or to possible witnesses and the risk of flight were among considerations the judge looked at following testimony by Teel and by his father, former Chancery Court Judge Wes Teel. … Assistant U.S. Attorney Lisa Krigsten of the Justice Department's civil rights division in Washington, D.C., urged Roper to accept the recommendation of a pre-trial services report to deny bond. … Jim Davis, Ryan Teel's court appointed attorney, maintained his client was not a flight risk or a danger."

ANTITRUST:

DOJ, Microsoft Seek Extension Of Antitrust Settlement. PC World/IDG News Service (9/1, Gross) reports, "The U.S. Department of Justice and Microsoft filed formal paperwork Wednesday to extend part of an antitrust judgment against the company for at least two years." IDG continues, "The extension of U.S. District Court Judge Colleen Kollar-Kotelly's November 2002 antitrust settlement would give Microsoft more time to complete work on technical documentation for licensees of its communications protocols. The Justice Department and Microsoft filed a joint request Wednesday for Kollar-Kotelly to approve the extension, which the Justice Department proposed in May. … The antitrust order had been scheduled to expire in November 2007. If the judge approves the two-year extension, the Justice Department and 17 state plaintiffs in the antitrust case can ask for an additional three-year extension if they still have complaints about Microsoft documentation. Microsoft has said it will not oppose a second extension."

The E-Commerce Times (9/1, Regan) reports, "If the extension is granted by U.S. District Court Judge Colleen Kollar-Kotelly, Microsoft would be required to leave in place until 2009 requirements for the Microsoft Communications Protocol Program (MCPP), through which it shares some code and protocols so that rival software makers can make Windows-compatible programs. … The two sides said in a filing that they have reached an agreement that enables the government to unilaterally ask for up to three years more time for those provisions. … Other terms of the agreement, including requirements for more favorable licensing terms of some Microsoft products, will still expire in November of 2007."

CNET News (9/1, Broache) reports that Judge Kollar-Kotelly "indicated at the last periodic status conference with the parties that she would accept the changes, saying they appeared to be 'the way to go' and prompted her to wonder why such a suggestion hadn't been raised earlier. … Under the proposed changes to the settlement, an expiration date of Nov. 12, 2009, would apply to provisions of the settlement relating to the Microsoft Communications Protocol Program (MCPP), which aims to help third-party developers in creating software that works with Windows through licensing access to protocols."

Judge Dismisses Broadcom's Antitrust Suit Against Qualcomm. The Wall Street Journal (9/1, Clark) reports, "A federal judge in New Jersey has dismissed an antitrust suit filed by Broadcom Corp. against rival Qualcomm Inc." The Journal continues, "The suit, filed last year, accused Qualcomm of a series of monopolistic tactics in the market for advanced cellphones and associated semiconductors, based on a technology known variously by the acronyms UMTS and W-CDMA." The Journal adds, "Broadcom alleged, among other things, that Qualcomm had promised to license its patents for such technology on 'fair, reasonable and non-discriminatory terms,' but instead used discounts on royalties and other techniques in ways that improperly gave benefits to Qualcomm's chip business. …

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But U.S. District Judge Mary Cooper, in a 47-page opinion, dismissed Broadcom's contentions. 'The allegations in the complaint read as a whole do not support an inference that competition in the UMTS chipset market is, or will be injured by Qualcomm's licensing practices,' she wrote."

Bloomberg (9/1) reports, "The suit was part of a wider effort by Irvine, California- based Broadcom and other competitors to prevent San Diego-based Qualcomm from dominating the 3G chip market. … Cooper said that Broadcom may amend its claims and seek to re-file the complaint."

FTC Probe Prompts MLS To Scrap Real Estate Rule. Inman News (9/1, Roberts) reports, "A U.S. Federal Trade Commission investigation has prompted a regional multiple listing service in New England to toss out a policy that blocked some property listings from reaching some public property-search sites, including Realtor.com." Inman continues, "The Northern New England Real Estate Network announced today that it has reached an agreement with the FTC that resolves the investigation. The FTC last month announced a settlement with the Austin Board of Realtors in Texas relating to a similar board policy that was also rescinded." Inman adds, "The U.S. Department of Justice and Federal Trade Commission have engaged in several other actions over the past couple of year against real estate laws, regulations and rules, charging that the measures are anti-competitive, and the leading lawyer for the National Association of Realtors in May announced a total of 14 separate government investigations that were studying whether MLSs prevent a type of property listings from reaching some public Web sites. … Federal antitrust officials have taken legal action against bans on real estate rebates to consumers; written letters in opposition to state-imposed mandates on real estate services that they said could potentially restrict consumer choice and the ability of low-cost, limited-service real estate companies to compete; and filed a lawsuit against the National Association of Realtors related to its policies for the display and sharing of online property information."

Exelon, New Jersey Regulators Approaching Stalemate On PSEG Merger. Market Watch (9/1, Buurma) reports, "Recent correspondence between Exelon Corp., Public Service Enterprise Group and New Jersey regulators regarding the Chicago electric and gas utility's proposed $16 billion acquisition of PSEG lends further credence to the view that the companies are approaching a stalemate with the state's Board of Public Utilities, according to a consumer advocacy group that has seen the confidential letters. … 'The parties are very far apart,' said Ev Liebman, program director for New Jersey Citizen Action, which opposes the deal. 'As of last Friday, it appeared as if there was not going to be an agreement.'" MarketWatch continues, "Liebman couldn't elaborge on the nature of the sticking points citing a confidentiality agreement with New Jersey. … In a filing with the U.S. Securities and Exchange Commission Wednesday, Exelon suggested said the acquisition is no longer "more likely than not" based on the status of settlement discussions with New Jersey regulators. … 'There is a serious gap on a number of levels, including competition and market power issues,' Liebman said. 'The (Board of Public Utilities) staff's proposal seems to go beyond what the companies seem to be willing to do.' One sticking point is the extent of rate relief that will be passed onto consumers, she said."

Goldcorp To Buy Glamis For $7.8 Billion. The Financial Times (9/1, Simon) reports, "Goldcorp, a medium-sized Canadian gold producer, has agreed to acquire Glamis Gold of Nevada in a friendly $7.8bn all-share deal that underlines the accelerating pace of consolidation in the mining industry." The Times continues, "Goldcorp and Glamis aim to create one of the world's lowest-cost and fastest-growing producers. The combined group will have 22 mines and exploration properties in North, central and South America. … It is expected to produce about 3m ounces of gold a year at an average cash cost of less than $200 a ounce – far below the current gold price of $624." The Times adds, "Booming metals markets have given predators the cash and rising share prices they need to pursue their targets. Metal shortages have also put a premium on mines and improved the chances of exploiting untapped reserves. … But several investors criticised the deal. Frank Holmes, chief executive of US Global Investors, a big Goldcorp shareholder, described the acquisition as 'a massive shift in strategy'."

The Wall Street Journal (9/1, Chipello) reports, "The deal requires the support of two-thirds of Glamis shareholders but doesn't require approval from Goldcorp's shareholders." The Journal adds, "Under terms of the agreement, Glamis shareholders would receive 1.69 Goldcorp shares for each Glamis common share -- a 33% premium based on Wednesday's closing share prices. Current Glamis shareholders would own 40% of the combined company. … The merged company, which would remain in Vancouver, British Columbia, would have proven and probable reserves of about 41.1 million gold ounces, and about 11,000 employees."

Judge Blocks Sale Of Generic Plavix. The New York Times (9/1, Saul) reports, "A federal judge in Manhattan ordered a Canadian company yesterday to stop distributing its generic version of the blockbuster anticlotting drug Plavix, granting a reprieve to Bristol-Myers Squibb and Sanofi-

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Aventis, which co-market the brand-name drug." The Times continues, "The Plavix marketers had seen a drastic erosion of their United States sales since the Canadian company, Apotex, introduced its generic version on Aug. 8 in a challenge to the patent held by the big companies. Analysts say that the large supplies of the generic drug already on the market could continue to impinge on sales of Plavix for several months." The Times adds, "While ordering Apotex to stop shipments, United States District Judge Sidney H. Stein declined a request by Bristol-Myers and Sanofi to recall the generic pills already on the market. The judge ruled that the companies had negotiated away that right in their attempts earlier this year to settle the patent dispute with Apotex. … Judge Stein did say that the patent was likely to be enforceable, based on the evidence and testimony so far. He also observed that Bristol-Myers and Sanofi had suffered 'irreparable harm' as a result of the patent infringement. … He nonetheless required Bristol-Myers and Sanofi to post a $400 million bond to compensate Apotex in the event the generic company won in a trial on the validity of the patent, now set to begin in his court next January."

ENVIRONMENT:

Judge Refuses To Change Deal On Plant Emissions. The Dallas Morning News (9/1, Loftis) reports, "A federal judge in Austin refused Wednesday to change the terms of a federal enforcement consent decree meant to clean up one of Texas' biggest air pollution sources." The News continues, "U.S. District Judge Sam Sparks ruled that Alcoa, owner of a huge aluminum smelter in Rockdale, northeast of Austin, must comply with the deadlines laid out in a 2003 agreement between Alcoa, the Justice Department and environmental groups that sued over the smelter's pollution. … The judge also refused to change emissions limits in the agreements." The News adds, "Alcoa had sought to extend the deadlines for replacing its coal-burning power plant, which supplies electricity to the smelter. Emissions from the plant drift north to the Dallas-Fort Worth area. … Alcoa argued that several circumstances prevented it from replacing its power plant with a newer, cleaner-burning generating unit by April. It sought to extend the deadline to 2010. … Dallas-based TXU would build the new unit, though the power company has not yet reached a final agreement with Alcoa. The changes that Alcoa sought were meant to smooth the way for that agreement." The News notes, "The Justice Department and three environmental groups – Neighbors for Neighbors, Environmental Defense and Public Citizen – opposed the extension. Judge Sparks agreed with them, although he urged the parties to keep working on a compromise since no matter what happens in court, no replacement power units will be built by then."

Bush Plans Nuclear, Alternative Energy Push Starting Next Year. The White House Bulletin / US News (8/31) reported, "President Bush has nuclear power on his mind. As part of the next phase of his plan to address the nation's energy needs, Bush will soon begin another push for expanded use of nuclear energy, which he considers one of his top priorities for the remainder of his term. Senior White House officials tell US News and the Bulletin that Bush believes it's vital for the nation to change its 'mix' of fuels -- and shift away from its "addiction" to fossil fuels, especially foreign oil. Aides say Bush is less interested in encouraging voluntary conservation of energy than he is in giving Americans more choice in the types of energy they use, with an emphasis on nuclear as well as biofuels and other non-petroleum-based energy sources." The Bulletin added, "The energy issue has been relatively dormant for months but White House strategists say Bush will return to it this fall and make it a high priority in his next State of the Union speech early next year."

Kempthorne Visits ANWR. The Washington Post/AP (9/1, Hebert) reports, "Interior Secretary Dirk Kempthorne made his first visit to the Arctic National Wildlife Refuge on Thursday and was greeted by local leaders concerned not about drilling in the refuge, but by plans for offshore oil development. Tribal leaders said offshore drilling in the Beaufort Sea would interfere with their whaling." Kempthorne "was accompanied on his North Slope tour by senior Interior officials and several of the department's regional officials, based in Anchorage." On Wednesday, Kempthorne "toured a Prudhoe Bay oil complex operated by BP PLC, including a visit to the stretch of BP pipeline where severe pipe corrosion caused Prudhoe oil production to shut down in early August."

Administration Undecided On Need For Additional Drought Aid. The AP (9/1, Quaid) reports that Agriculture Secretary Mike Johanns announced Thursday that "the Bush administration plans to wait until after this year's harvest to evaluate the need for increased drought aid to farmers. Johanns has already announced some $79 million in drought aid this week, but "critics say the aid falls far short of the need." Meanwhile, the Senate is considering "a separate $4 billion drought-aid plan," but "the Administration strongly dislikes the Senate plan, in part because it would go only to those who already get subsidies, about four in 10 farmers."

California Emissions Plan Divides Industry. The New York Times (9/1, Mouawad, Peters, 1.21M) reports, "California is once again at the forefront of the nation's environmental policy, with a far-reaching pledge to curb carbon emissions by 2020. But the deal struck on

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Wednesday between Democratic legislators and the Republican governor, Arnold Schwarzenegger, has divided businesses and industries in California." The Times adds, "While high-technology companies have lined up behind the move, arguing that it will put California at the forefront of alternative energy development, most of those representing basic industries contend that it will retard the economy, force energy-intensive businesses out of state and increase costs for all Californians." The California plan also "faces a battle in the courts before it can go into effect."

Meanwhile, the Wall Street Journal (9/1, Ball, 2.03M) says "most groups representing big industry in California remain opposed to the plan, arguing it will raise production costs and hurt the competitiveness of the state's businesses." But "some California businesses expressed support for the push, arguing that restrictions on global-warming emissions across the US are increasingly likely and that California companies will benefit by starting now to prepare. 'From a business perspective, the sooner we begin working on this problem, the less dramatic will be the impact on business,' said Peter Darbee, chief executive of PG&E Corp, whose Pacific Gas & Electric Co. unit is a major California utility." California, adds the Journal, "has long been a national environmental bellwether, prompting other states to follow its regulatory lead." USA Today (9/1, Iwata, 2.27M) runs a similar report under the headline "California Business Leaders Say Emissions Limit Could Harm Economy."

The CBS Evening News (8/31, story 5, 2:20, Blackstone, 7.66M) showed Darbee saying, It shouldn't be a job killer." CBS added, "California's high-tech industry likes the new law too, it seems money to be made, developing cleaner sources of energy."

The Washington Post (9/1, A1, Eilperin, 748K) reports Sen. Dianne Feinstein, "who has her own proposal to establish a national cap-and-trade system, said yesterday's vote 'is a giant step forward toward a national cap. … It's only a question of time.'" But "she said that, when it comes to details, the state bill 'does not have a methodology or a process. It just caps it.'" State lawmakers "left key implementation issues to be decided by the California Air Resources Board." The measure also "includes an escape hatch allowing the governor to extend compliance deadlines for as much as one year 'in the event of extraordinary circumstances, catastrophic events, or threat of significant economic harm.'"

Plan May Boost Schwarzenegger's Reelection Prospects. The Wall Street Journal (9/1, Carlton, 2.03M) reports, "California's agreement to cut emissions tied to global warming is likely to boost a resurgence in Gov. Arnold Schwarzenegger's popularity, many political pundits say, potentially making it more difficult for Democratic challenger Phil Angelides to unseat him in November. The same day that the governor agreed to the deal with the state legislature's Democratic leadership, a new poll of likely voters by the Public Policy Institute of California showed him with a 13-point lead over Mr. Angelides." The deal "may give Gov. Schwarzenegger a decisive lead over his rival -- and possibly position him for a US Senate run down the line -- because environmental issues resonate with many California voters, some political observers say."

California Deal Earns Praise. The New York Times (9/1, 1.21M) editorializes, "California, long a leader on environmental issues, has done it again, approving a pathbreaking bill that would impose the country's broadest and most stringent controls on emissions of carbon dioxide, the main global warming gas." California's action "stands in bold and welcome contrast to the federal government's reluctance to take aggressive action on a problem of mounting concern among scientists and the general public."

The Washington Post (9/1, A20, 748K) editorializes, "California has begun an experiment of tremendous importance to the rest of the nation. It has asserted that talk and study are no longer sufficient -- that bold action is possible and necessary."

Federal Probe Curbs Illegal Trading Of Ocelots. The Washington Post (9/1, A19, Asthana) reports, "It began with a tip. A phone call from a concerned woman to a federal agency that an illegal trade was about to take place. That was in August 2004. A small player was arrested, but the call set investigators on a trail that led them from coast to coast, and they eventually arrested nine targets. … It sounds like an FBI investigation, but 'Operation Cat Tale' is an effort by the U.S. Fish and Wildlife Service to end the illegal trading of ocelots, a rare and exotic breed of cat worth $5,000 each." The Post continues, "This month, prosecutors announced they had charged five defendants from Oregon, California, Texas and New York with crimes related to the sale of the endangered animal. … Four of the defendants have entered a plea agreement and face fines ranging from $10,000 to $60,000. In each case, the agency found that parties mischaracterized the sale as 'donations' and the payment as 'contributions.' Three more people were fined for participation in illegal trafficking. … 'We used standard tactics where we work with smaller players and work up the hierarchy to the main distributors,' said Dwight Holton, the assistant U.S. attorney prosecuting this case. Holton previously worked as an assistant U.S. attorney in Brooklyn, prosecuting gangs involved in homicides, drugs and terrorism. 'It is a technique used in the investigation of other crimes, as well,' he said."

FBI/DEA/ATF/USMS:

Boston US Attorney To Head ATF. The AP (9/1, Jefferson) reports, "U.S. Attorney Michael J. Sullivan, who led

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the prosecution of would-be airplane shoe bomber Richard Reid, has been appointed acting director of the federal Bureau of Alcohol, Tobacco, Firearms and Explosives." The AP continues, "Sullivan, who has served as U.S. Attorney for five years, is not resigning, but he will be considered 'absent from the district,' said his spokeswoman Christina Dilorio-Sterling on Thursday. … 'It is certainly an honor to be afforded the opportunity to work with the men and women law enforcement professionals of the Bureau, an agency that is known for its excellence and integrity,' Sullivan said in a statement. Dilorio-Sterling said Sullivan was in Washington and not immediately available for further comment." The AP adds, "Sullivan, a former Republican state legislator and district attorney, was appointed U.S. attorney just one week before two planes hijacked from Boston's Logan International Airport were used in the Sept. 11, 2001, terrorist attacks. When the international flight carrying Reid was diverted to Boston later that year, the case fell in Sullivan's jurisdiction. … He also formed an anti-terrorism task force." The AP notes, "As U.S. attorney, Sullivan also has been known for a tough stance on drug and gun cases, and one judge criticized him publicly for burdening the federal system with cases that could be handled by state prosecutors. … Sullivan has said gun and drug prosecutions reduce urban violence and have a big impact on people's lives. And he said President Bush made reducing those crimes a priority for federal prosecutors because federal sentencing rules for such cases carry longer prison terms than in state court."

Renowned FBI Agent Garrett Announces Retirement. WUSA-TV Washington, DC (8/31) reported, "FBI Agent Brad Garrett has announced plans to retire from the agency on Thursday after 21 years. Garrett has been involved in breaking some of the biggest cases in the bureau's Washington Field Office over the past 16 years. He got Mir Aimal Kasi to confess to firing the assault rifle that killed two CIA workers near the gate of the agency's headquarters in McLean. He also coaxed Lee Boyd Malvo into confessing to his role in 2002's Beltway Sniper killings. Garrett says he plans to work as a private investigator." He "spoke with Mike Walter on 9News at 9am this morning and reflected on his career."

Murdered CIA Employee's Father-In-Law Highly Praises Garrett. In a Washington Post (9/1, 748K) letter to the editor, R.N. Becker of Gibsonia, Pa., writes, "The FBI is soon to lose one of the most outstanding agents it has ever had, Brad Garrett. As the father-in-law of Frank A. Darling, one of two men shot and killed outside CIA headquarters by a Pakistani terrorist, I and other members of the Becker and Darling families witnessed Mr. Garrett's skills firsthand. … Many things could be said about this man, but at this point it's sufficient to say he will always be a friend of these families.

Drug-Conspiracy Trial Begins For Accused Chicago Gang "King" And Associates. The Chicago Tribune (8/31, Coen) reports the alleged "king" of the Mafia Insane Vice Lords street gang "went on trial Wednesday, with prosecutors charging that he and his associates ran a sophisticated organization that sold drugs for years across the West Side. Troy Martin was the head of the gang, prosecutors told a jury in the courtroom of U.S. District Judge Rebecca Pallmeyer. … Assistant U.S. Atty. Jake Ryan told jurors that two of Martin's associates, Eddie Bell and Patrick Bray, were key players in the drug conspiracy, along with drug supplier Harry Gilmore. The trial of the four men is expected to last a month." The Tribune notes prosecutors "said the investigation of the gang was launched by the Drug Enforcement Administration in 2002."

Judge In New Mexico To Decide Case Involving Marijuana Use For Religious Purposes. The AP (8/31) reports a couple from Pima, Arizona, arrested in a car that "contained 172 pounds of marijuana say the drug is a sacrament in their religion. The U.S. attorney's office says the pair is trying to use religion as a cover for a drug organization. Danuel and Mary Quaintance were arrested in February on drug charges in the New Mexican town of Lordsburg near the Arizona state line. In an August hearing, the Quaintances said they have a right to marijuana as the central focus of the Church of Cognizance, founded by Danuel Quaintance in 1991 and registered as a religious organization in Arizona." The AP says a judge is reviewing the case and will decide whether to dismiss the charges.

Walters Focuses On Combating Marijuana Cultivation On Public Lands. The Fresno (CA) Bee (8/31) writes, "With Mexican drug cartels linked to nearly 80% of illegal marijuana-growing operations found on state and federal public lands, national drug czar John Walters said his office is working to free those lands from drug traffickers. Walters was in Fresno on Wednesday to join a marijuana-eradication operation near Pine Flat Reservoir in the Sierra National Forest in eastern Fresno County. He also met with top local, state and federal law enforcement officials. … Walters said more than 1.1million marijuana plants were eradicated from state and federal public lands in California last year, with an estimated street value of $4.5 million. And already this year, only two months into the growing season, more than 940,000 plants have been eradicated in the state."

Local TV Coverage. KMPH-TV, Fresno-Visalia (8/31, 8:00 a.m.) reported, "The nation's drug czar was in Fresno yesterday for a major pot bust. John Walters even pulled out some of the plants deep in the Sequoia National Forest."

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KFRE-TV, Fresno-Visalia (8/31, 11:00 p.m.) reported, "John Walters, the nation's drug czar, got a first-hand look at the growing number of marijuana gardens."

KFSN-TV, Fresno-Visalia (8/30, 6:30 p.m.) reported, "The president's point man in the war on drugs got a first-hand look at the pot problem growing inside federal lands and parks here in the valley. John Walters, the nation's drug czar began his day flying into what state drug agents call a commercial pot garden. He says these aren't small-time operations. Walters believes Mexican drug cartels are using federal lands like this one in the Sierra National Forest east of Pine Flat dam. … Walters calls the tour a graphic reminder of the environmental damage done by pot farms in the federal lands of the Sierra."

Marijuana Plants Seized In California, Some On Public Land. The AP (8/31) reports authorities "say they've discovered an estimated 50 million dollars worth of marijuana plants growing in western Marin County. National Park Service rangers, Marin and Sonoma County sheriff's deputies, U-S Park Police and officials from the Marin Municipal Water District found about 20,000 marijuana plants in several gardens. The gardens were located along a stretch of land from Kent Lake to Highway One to the Olema Valley."

The San Francisco Chronicle (8/31) reports the growing operation "appears to have been in place since this spring on a network of sites in secluded, wooded areas north of Bolinas, partly on Park Service land and partly on land owned by the Marin Municipal Water District."

Redding, California's Record Searchlight (8/31) reports a three-day drug sweep "uncovered more than 40,000 marijuana plants in the Fenders Ferry Road and Rainbow Lake areas of Shasta County. … The Fenders Ferry Road plants were on U.S. Forest Service land, and the Rainbow Lake plants were on land belonging to a private timber company."

Report: NFL Players Association Will Be Asked To Consider Drug-Testing Changes. In a story that picks up on yesterday's reports that Rep. Henry Waxman wants the NFL to reopen its investigation of steroid use by former Carolina Panthers players, McClatchy Newspapers (8/31, Chandler) also writes, "ESPN's Chris Mortensen reported that the NFL would ask the NFL Players Association to consider more random steroids testing. [League spokesman] Greg Aiello would neither confirm nor deny the ESPN report."

However, McClatchy Newspapers (8/31) also reports Gene Upshaw, the executive director of the NFL Players Association, "revealed Tuesday night that one of the players in the Panthers steroids scandal was in the NFL drug program. A league source denied a report the NFL was prepared to approach the union to increase steroid testing. Upshaw, saying he had not heard from the NFL, told the New York Daily News in an e-mail Tuesday night that more testing wasn't necessary."

More Inquiries Expected. The Charlotte (NC) Observer (8/31, Chandler) reports Rep. Tom Davis "said there will be more inquiries by the House Committee on Government Reform into the matter after he read a report in Sunday's Observer detailing six NFL players' involvement with Dr. James Shortt, formerly of West Columbia, S.C. The players included three starting offensive linemen from Carolina's 2004 Super Bowl team and two other ex-Panthers. 'We see how easy it is to get around the testing regime and how widespread it was, people getting renewals on their prescriptions and everything else,'" Davis said.

Rep. Davis Seeks New Stats On Steroid Use Among Young People. On its Web site, ABC News (8/30) writes, "According to a 2003 survey by the Centers for Disease Control and Prevention, as many as 1 million high school students have tried steroids. Rep. Tom Davis wants the Government Accountability Office to gather fresh information on the number of youngsters using steroids today to get a better sense of the size of the problem. A representative from the National Football League reported that the league has expanded its curriculum on steroids, human growth hormones and other performance-enhancing substances at its mandatory orientation program for all recently drafted players."

Pete Rose Jr Disputes Charge Of Distributing GBL. ESPN.COM (9/1, Fish) reports on Pete Rose Jr., who at 36 is "still busing around the independent leagues in a delusional pursuit of another big league shot. Not when you hear the nightly rags from well-lubricated fans about Charlie Hustle's banishment from the game." According to ESPN, Rose says "the hot-button Rose name -- not the guilty plea Pete Jr. entered last November to distributing performance-enhancing drugs to teammates -- is the reason he spent a month earlier this summer locked up in a 10-by-10 foot jail cell in Boone County, Ky." ESPN adds, "Rose freely admits he used GBL, a steroid alternative. He says he took it as a sleep aid to help in his recovery from a knee injury in the summer of 2001 while he was playing for the Double-A Chattanooga Lookouts in the Cincinnati Reds' farm system. But he disputes the distribution charge. Rose told ESPN.com he provided the GBL, which was legally sold in health food stores until it was banned in 2000, to only two teammates -- one nursing an elbow injury, the other a bum shoulder -- and never scored a profit. … The Drug Enforcement Administration described Rose as part of a larger investigation into a national GBL trafficking ring. At least 18 people were charged in the probe, including Bruce Michael

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Wayne, a Murfreesboro, Tenn., bodybuilder who pleaded guilty to conspiracy to distribute the steroid alternative and money laundering charges, then became a fugitive while awaiting sentencing. … Federal prosecutors said this week that aspects of the GBL investigation remain ongoing, and sternly disputed Rose's assertion that he was targeted because of his name. In his signed plea agreement, Rose admitted to supplying GBL to a 'number of players' on the Chattanooga team."

Land Under Opium Poppy Cultivation Possibly Up 40% In Afghanistan. The AP (8/31) reports a senior U.S. official "said the U.S.-backed strategy to fight Afghanistan's massive drug trade has been unsuccessful in stemming opium cultivation, which is expected to hit record levels this year. 'It's bad news and we need to improve it,' said Thomas Schweich, principal deputy assistant secretary of state for international narcotics. 'But we don't feel it's a hopeless situation, and we don't think the overall strategy is the wrong strategy.'" The AP continues, "Schweich spoke to reporters as Western officials in Afghanistan were forecasting a possible 40 percent increase this year in land under opium poppy cultivation, despite hundreds of millions of dollars spent in counternarcotics efforts."

The Financial Times (8/31) reports eight British soldiers "have been killed in combat in Afghanistan this month, in what Lieutenant General David Richards, the commander of the NATO force, calls the worst sustained fighting the British army has had to face since the Korean war between 1950 and 1953. British officials added that poppy cultivation in Helmand province and other turbulent regions would take the Afghan opium crop to a record level, according to United Nations figures expected shortly."

IMMIGRATION:

Immigration Activists To Hold Rallies In Several Cities. The Los Angeles Times (9/1, Gaouette, 918K) reports, "Immigrants and their supporters will take to the streets Friday to start a weeklong encore of the rallies that brought millions out last spring. But as they prepare marches in Chicago, Washington, Phoenix and Los Angeles, immigration advocates are facing a less friendly political climate in the nation's capital." Although "Congress may take up immigration when it returns next week, few on Capitol Hill are optimistic about passing legislation before November's midterm elections." And "any new initiatives are likely to focus on enforcement, not on providing more legal options for illegal immigrants." The Times adds, "In some political campaigns, hard-liners are embracing immigration as a way to rally voters and target opponents who favor a broad rewrite of existing laws." In response, "advocates are making the rallies more explicitly political, incorporating voter registration drives aimed at affecting tight races in November -- along with reminders that the Hispanic community, in particular, will watch what politicians say."

The Washington Times (9/1, Summers, 88K) notes that today, "about 100,000 people in Chicago are expected to begin a four-day march to the office of House Speaker J. Dennis Hastert, Illinois Republican."

Hoffa Calls For Tighter Border Security. The Washington Times/Bloomberg (9/1, Chipman, Nesto) reports, "James P. Hoffa, president of the International Brotherhood of Teamsters, called for tighter US border control yesterday, saying the country must stop illegal immigration so it can focus on the undocumented aliens already here." Said Hoffa, "We have to control our borders. … Let's stop for a while, so that we can basically take a breath and find out what we do with the people that are here." Hoffa "has urged Congress to enact immigration legislation that includes both tighter border controls and a path to citizenship for illegal aliens already in the US."

TAX:

FBI, IRS Search Offices Of Alaska Lawmakers In Oil Services Company Probe. In a widely-distributed story, the AP (9/1, Volz) reports, "Federal agents raided the offices of at least six Alaska lawmakers Thursday in an investigation of large oil field services company," VECO Corp., whose "executives are major contributors to political campaigns. 'This morning, investigators from the FBI interviewed me in my office regarding an investigation of VECO,' Republican Rep. Vic Kohring said in a statement. … Two legislative aides, who spoke on the condition of anonymity for fear of reprisal from federal agents who told them not to talk to reporters, said FBI agents were looking for any ties including financial information and gifts. … FBI spokesman Eric Gonzalez said the FBI and Internal Revenue Service executed search warrants in Anchorage, Juneau, Wasilla, Eagle River and Girdwood." The AP notes that the offices of Senate President Ben Stevens, Senate Rules Chairman John Cowdery, Rep. Bruce Weyhrauch, Rep. Pete Kott – all Republicans – and Democratic Sen. Donald Olson.

The Anchorage Daily News (9/1, Mauer) reports, "FBI agents spent most of the afternoon behind the closed doors and drawn blinds of the fifth-floor offices" of Stevens and Cowdery, and "through slits in the blinds, one agent in Stevens' office, wearing rubber gloves, could be seen packing away evidence in a container. In Juneau, tourists and residents were greeted with the extraordinary sight of FBI agents hauling out files form the Alaska State Capitol after searching offices there." Gonzalez "said federal agents executed about 20 search warrants Thursday, not all in

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legislative offices." However, he "said he was not at liberty to disclose the target of the investigation, how or when it began, or whether it was likely to result in criminal charges." KTVA-TV Anchorage (8/31) added that "lawmakers' offices…were swarming with federal agents. … All FBI officials will say right now is that they and IRS officials were there to execute search."

VECO Executives Regularly Among Top Political Contributors. The Anchorage Daily News (9/1,Hunter) reports VECO is "a dominant political power in the state, its executives and employees among the most regular and generous contributors to dozens of statewide and statehouse campaigns every election season. The recipients tend to be Republicans, but Veco executives have always said they make their choices by looking for candidates who are pro-industry and pro-development." The Daily News notes, "In 2004, the last statewide election, Veco's top three donors alone — president Pete Leathard, chairman Bill Allen and chief financial officer Roger Chan — gave more than $122,000 to the Alaska Republican Party and state House and Senate candidates. The company has also employed active lawmakers as consultants and in other capacities, including Senate President Ben Stevens."

NAACP Cleared In Tax Probe. The New York Times/AP (9/1) reports, "The National Association for the Advancement of Colored People did not violate the conditions of its tax-exempt status when its chairman gave a speech in 2004 that criticized President Bush, according to a newly released letter from the Internal Revenue Service to the group." The IRS "began looking into the N.A.A.C.P. about a month before the 2004 presidential election after a speech by the organization's chairman, Julian Bond, that was largely critical of Mr. Bush's policies." In a letter dated Aug. 9, "the I.R.S. said a review had indicated that 'political intervention did not occur.'"

The Washington Post (9/1, A3, Fears, 748K) reports that yesterday, Bond "reiterated his belief that the investigation was politically motivated. He said the decision, received by the NAACP on Aug. 9, 'meant that they thought they had harassed us enough and they could stop.'" In a response to "lawmakers who expressed outrage over the investigation in 2004," IRS Commissioner Mark W. Everson "said the agency's examinations are based on tax law, not partisanship." The commissioner "said the investigation of the NAACP was undertaken because two congressional leaders, whom he declined to name, requested it."

The Washington Times (9/1, DeBose, 88K) reports, "The NAACP has obtained copies of Republicans' requests for an IRS investigation of the group going back to 2000. Among those making such requests were Sens. Lamar Alexander of Tennessee and Susan Collins of Maine, former Sen. Strom Thurmond of South Carolina, Rep. Jo Ann Davis of Virginia, former Rep. Robert L. Ehrlich Jr. of Maryland -- now the governor -- and Joe Scarborough of Florida, who is now a cable news talk-show host."

IRS Will Refund Taxpayers Up To $60 For Phone Tax. The Wall Street Journal (9/1, Matthews, 2.03M) reports, "The Internal Revenue Service said it will refund taxpayers up to $60 next year to reimburse them for the now-defunct long-distance telephone tax, a move expected to cost the government about $10 billion. Taxpayers need no proof they paid the tax and can claim a refund on their 2006 federal income-tax returns." Refunds "will be subtracted from the bills of taxpayers who wind up owing the government or added to the refunds for those who overpaid their taxes."

CONGRESS-ADMINISTRATION:

Governors Ask Rumsfeld To Oppose National Guard Measure. USA Today (9/1, 2.27M) reports, "The nation's governors sought help Thursday from Defense Secretary Donald Rumsfeld in their fight against proposals in Congress to give President Bush more control over the National Guard during disasters. After delays in sending help for areas hit by Hurricane Katrina last year, Congress wants to allow the president to federalize a state Guard without the governor's consent in the event of a 'serious natural or manmade disaster, accident or catastrophe.'" In a letter to Rumsfeld, Govs. Janet Napolitano of Arizona, Tim Pawlenty of Minnesota, Mike Easley of North Carolina and Mark Sanford of South Carolina "said the change 'could cause confusion in the command and control of the National Guard and interfere with states' ability to respond."

The Washington Post/AP (9/1, A4) reports "a Rumsfeld spokeswoman, Cynthia Smith, said he would not comment publicly and would respond directly to the governors."

The AP (9/1, Tanner) also reports "the four governors also sent a letter to leaders in the House and Senate, urging them to drop the proposals."

GOP Fears Bolton Can't Win Senate Confirmation. In its "Washington Wire" column on its web site, the Wall Street Journal (9/1, 2.03M) reports, "Republicans fear Bolton can't win permanent confirmation." While Bolton's work under President Bush's recess appointment "has earned him praise for loyalty to Secretary of State Rice, and gained backing of erstwhile Senate foe Voinovich," vote counters in the Senate "aren't sure of 60 votes needed to overcome filibuster in floor debate this week."

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Tomlinson Nomination Put On Hold. The AP (9/1, Schweid) reports, "The Senate Foreign Relations Committee does not plan to act on President Bush's re-nomination of an agency head accused of misusing government money. A summary of a report by the State Department's inspector general, released Tuesday, said Kenneth Tomlinson misused government funds for two years as chairman of the Broadcasting Board of Governors. That's the agency which oversees the Voice of America, Radio Free Europe and other U.S. government broadcasting abroad." Tomlinson "is accused of overbilling for his time and hiring a friend as a consultant."

Stalemate Expected In Battle Over Minimum Wage Hike. In its "Washington Wire" column on its web site, the Wall Street Journal (9/1, 2.03M) reports, "Dueling partisans find reasons to let minimum wage increase die on Capitol Hill. House Republicans, uninterested in dispiriting their conservative base, 'consider the issue done with,' a leadership aide says. A Senate Democratic strategist calls 'stalemate' the most likely outcome when Congress returns."

Grassley Measure Would Eliminate Secret Holds On Legislation. On CNN's Lou Dobbs Tonight (8/31), Sen. Charles Grassley expressed his opposition to senators placing secret holds on legislation, saying, "When I put a hold on a bill, I always put a statement in the public record, the Congressional Record, of why I'm doing it and what bill it is. There's nothing wrong with a hold, per se. But remember, what American government is all about is transparency. People ought to know what's going on. So a hold is secret if the senator doesn't say that it's -- who is putting it on. And I have a bill that passed the Senate 84-13 that would end holds, that's in conference with the House, because my feeling is, the public's business ought to be public. And there's nothing wrong with a hold. If you think a bill ought to be held up, you know, hold it up. But tell the public why you're doing it."

Bush Approval Rises To 38% In Fox News Poll. Fox News' Special Report (8/31, Hume) reported, "A new Fox News Opinion Dynamics poll finds President Bush's approval rating has crept up slightly though not enough to brag about. 38% of Americans now think the President is doing a good job. That's compared to 36% three weeks ago."

Private-Equity Firms Planning Lobbying Push. The Wall Street Journal (9/1, Mullins, Scannell, 2.03M) reports, "Private-equity firms, flush with cash and snapping up companies, are turning their attention to the nation's capital, planning a trade group and boosting spending on lobbyists and campaign contributions. Their goals: to pre-empt the types of moves toward federal regulation that have emerged for their hedge-fund cousins and to enlist Washington's help in battling restrictions in Europe and Asia." The Journal adds, "This summer, representatives of Carlyle Group, Texas Pacific Group, Kohlberg Kravis Roberts & Co. and Blackstone Group joined to map out a trade group, set a budget, hire a staff and define its mission. Overseeing the effort is Harry Clark, who worked in the Nixon White House and went on to found Clark & Weinstock, a Washington lobbying firm. Mr. Clark sold the firm a decade ago, and now runs his own investment fund in Greenwich, Conn."

Smaller NIH Budget Reduces Funding For "Bold" Research. Columnist Sharon Begley writes in the Wall Street Journal (9/1, 2.03M) that after several years of budget increases at the National Institutes of Health, Congress and the White House, "calling for reduced budgets…slammed on the brakes" in 2004. And, "ever since then, NIH's budget has been flat or, adjusting for inflation, down." Now "the warnings are coming true: The plug is being pulled on promising research by scientists with solid track records." NIH was never known for supporting risky ideas, but "grant reviewers are increasingly unwilling to gamble scarce money on speculative/bold (pick your adjective) approaches to understanding and treating disease."

Viewer Emails Comment On Bush's NBC Interview. NBC Nightly News (8/31, story 10, 2:10, Williams, 9.87M) reported, "We thought we would check on some of our viewer emails. Between our Katrina anniversary and our interview with the President our emails have increased 400%. Any time we interview the President a lot of viewers find a lot to be upset about. In this case our third interview with George W. Bush as President it is not just the questions but that one and setting and our physical proximity, how we related to one another. One viewer wrote in 'I was watching the NBC Nightly News last night and had to turn the sound down but was still watching it. I could not help but notice that the body language that Brian displayed while talking to the President was, to say the least disturbing It was very threatening and disrespectful to the President.' Another viewer writes 'It was like watching a bully in the school yard. Brian's face was even too close to the Presidents and seemed extremely disrespectful.' Another writes 'Did Brian forget that he was speaking with not only the President of the United States but the leader of the free world. His President granted him an interview.' On the other hand, there is this 'I was greatly disappointed in the interview he was soft on him and did not confront the President.' And there is this 'I thought your interview was excellent. When did asking a simple question get labeled disrespectful?' And finally a lawyer from the state of New Jersey writes into us 'If both sides are satisfied then justice has probably been done.

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Those who try to intimidate questioners will end up establishing a one party system if they prevail.' Just a sampling of the robust debate."

OTHER NEWS:

Consumer Spending, Personal Income Rose In July. The New York Times (9/1, Peters, 1.21M) reports, "Spending by American consumers grew in July at twice the rate it did in June, suggesting that the economy may not be slowing as suddenly as some economists had thought." Personal income also "rose in July, although not as much as spending did. And a widely watched measure of consumer inflation indicated that the pace of price increases may be easing somewhat." The Times adds, "All together, the data provided some encouraging evidence that economic expansion may be slowing, not stalling, on its way to the soft landing that policy makers like Ben S. Bernanke, chairman of the Federal Reserve, are hoping for." The Commerce Department "reported yesterday that total personal spending rose 0.8 percent in July, adjusted for seasonal factors — the sharpest increase since January. By contrast, personal income rose 0.5 percent in July, largely in line with the pace of the last several months."

The Wall Street Journal (9/1, Bater, Ives-halperin, 2.03M) reports, "The July rates for both income and consumption matched the median estimates of 23 economists surveyed by Dow Jones Newswires." Meanwhile, "factory-goods orders decreased by 0.6%, after rising 1.5% during June, the Commerce Department said Thursday. June orders were originally estimated 1.2% higher. The decline was less than the 1% expected, and spending on capital goods excluding airplanes climbed. Orders for durable goods fell 2.5%. The Commerce Department had originally estimated a 2.4% decrease. Durables rose 3.3% in June. Nondurable goods orders climbed by 1.6% in July, after decreasing by 0.4% during June. Unfilled orders, a sign of future demand, rose 1.3%."

Retail Sales Data Mixed. The Wall Street Journal (9/1, Covert, Conkey, 2.03M) reports, "Consumers spent readily in July, the government said yesterday," but "the nation's retailers reported mixed sales for August, stoking worries that a slowing U.S. housing market may damp the fall and holiday shopping seasons. A clique of teen-targeting retailers delivered stellar gains, scoring a few fashion hits with skinny jeans and longer, '80s-style tops." But "mall-based chains catering to their parents -- particularly department stores -- were a mixed bag. Big discounters struggled with flat or declining traffic as their customers continued to stock up on basics and make fewer shopping trips to save on gasoline."

Bernanke Defends Approach To Inflation. The Wall Street Journal (9/1, Derby, 2.03M) reports, "Federal Reserve Chairman Ben Bernanke said controlling what happens with 'core' inflation in the near term helps contain the overall pace of inflation in the longer term." The Fed "has been criticized for being too sanguine in the face of rising energy costs. Critics also have said that by focusing on core inflation, which strips out swings in food and energy prices, monetary policy is failing to address some of most important forces facing consumers." But Bernanke, "in comments yesterday to the audience after a speech in Greenville, S.C., said that the central bank's focus on core inflation is more important in the short run. The Fed, in the short run, tolerates the pressure rising energy prices exert on headline price measures, Mr. Bernanke said. "Our objective is to make sure it doesn't pass though into other wages and prices, in other words, that there are not second-round effects," he said."

Stocks Declined Slightly Yesterday, But Rose 1.8% For Month. The Wall Street Journal (9/1, McKay, 2.03M) reports, "Investors digested a raft of economic releases, along with a speech by Federal Reserve Chairman Ben Bernanke, who said strong productivity growth could continue 'for some time.'" But "as has been the case in recent days, investors seemed ambivalent about what it all meant with regard to inflation and the direction of interest rates." The Dow Jones Industrial Average "finished the month of August with a gain of 1.8% -- its best monthly performance since April." Yesterday, it "closed 1.76 points lower at 11381.15, and is now up 6.2% on the year. The broad-based Standard & Poor's 500-stock index edged down 0.45 point to 1303.82, leaving it up 4.4% on the year. On the day, both indexes were nearly unchanged in percentage terms. The Nasdaq Composite Index fell 1.98 points, or 0.1%, to 2183.75, off 1% on the year." The Nasdaq and S&P "had their best months since January." USA Today (9/1, Shell, 2.27M), among other newspapers, also reports the stock numbers.

Poverty Seen As Unaddressed One Year After Katrina. Juan Williams, a senior correspondent for NPR and a political analyst for Fox News Channel, writes in the New York Times (9/1, 1.21M) that "even with all that's been said and written" about Hurricane Katrina on its first anniversary, "one of the real issues remains unaddressed. The shock of Hurricane Katrina awoke many of us to the reality that poverty persists, especially among African-Americans." Williams says that the "newfound energy" to try and solve the problem after the storm "was squandered amid racial and political arguments." He continues that "the real rebuilding project on the Gulf Coast requires bringing new energy to confronting the poverty of spirit. Because that's what was tearing down the city, long before Hurricane Katrina."

In a column titled "Perfect Storm For The Poor," E.J. Dionne writes in the Washington Post (9/1, A21, 748K), "In the six economic recoveries since the early 1960s, this is the first time the poverty rate was higher in the recovery's fourth year than it was when the recession was at its worst. The

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number of Americans without health insurance rose, too, to 46.6 million in 2005, up from 45.3 million in 2004 and 41.2 million in 2001. The proportion without insurance is up from 14.6 percent in 2001 to 15.9 percent in 2005. What about the middle class? Yes, the median income of American households rose by 1.1 percent last year after five years of decline," but "most of the growth was in households headed by Americans 65 and over -- who are helped, rightly, by substantial government benefits. In households headed by people under 65, incomes fell yet again." Dionne concludes, "President Bush and the Republican Congress, take a bow: You took power to make the well-off even better off, and you have succeeded brilliantly."

Krugman Says Economy Provides Opening For "Bold Populist Politicians." Paul Krugman writes in the New York Times (9/1, 1.21M), "There are still some pundits out there lecturing people about how great the economy is. But most analysts seem to finally realize that Americans have good reasons to be unhappy with the state of the economy: although GDP growth has been pretty good for the last few years, most workers have seen their wages lag behind inflation and their benefits deteriorate." Krugman adds, "The disconnect between overall economic growth and the growing squeeze on many working Americans will probably play a big role this November, partly because President Bush seems so out of touch: the more he insists that it's a great economy, the angrier voters seem to get. … The big disconnect, in other words, provides as good an argument as you could possibly want for a smart, bold populism. All we need now are some smart, bold populist politicians."

Democrats Urged To Focus On "Class Issues." Thomas Frank writes in the New York Times (9/1, 1.21M) that "these are lousy times. The latest data confirms that as the productivity of workers has increased, the ones reaping the benefits are stockholders. Census data tells us that the only reason family income is keeping up with inflation is that more family members are working. Everything I have written about in this space points to the same conclusion: Democratic leaders must learn to talk about class issues again." But "they won't on their own. So pressure must come from traditional liberal constituencies and the grass roots, like the much-vilified bloggers."

Company That Claimed Stem Cell Breakthrough Under Scrutiny. The Wall Street Journal (9/1, Regalado, 2.03M) reports, "A company that last week claimed a breakthrough in creating stem cells without harming embryos is coming under scrutiny for the accuracy of its statements, renewing questions about the credibility of stem-cell science. The stock of the company, Advanced Cell Technology Inc., Alameda, Calif., soared after it issued a news release saying it had created embryonic stem cells 'using an approach that does not harm embryos.' … Yesterday, following concerns raised by critics, Advanced Cell confirmed that none of the embryos used in its experiments, published by the journal Nature, had actually survived the process. The embryos' failure to survive wasn't previously made clear by the company, and critics are now charging the company misled the public and investors."

GOP Struggling In Key Senate Contests. In a front-page story, USA Today (9/1, Page, Lawrence, 2.27M) reports that "USA TODAY/Gallup Polls in five key states show Democrats poised to gain Senate seats but facing an uphill battle to regain control." Democrats "need to gain six seats" on the November election to regain control of the Senate." USA says the statewide polls showed: Pennsylvania Sen. Rick Santorum (R) "trailed Democrat Bob Casey by 18 percentage points among likely voters, by 14 points among registered voters." Ohio Sen. Mike DeWine (R) trailed OH13 Rep. Sherrod Brown (D) "by 6 points among likely voters, by 2 points among registered voters." Montana Sen. Conrad Burns (R) trailed Democrat Jon Tester "by 3 points among likely voters; Burns led by 2 points among registered voters." Missouri Sen. Jim Talent (R) led Democrat Claire McCaskill by six points among likely voters, but the candidates "were tied among registered voters." Minnesota U.S. Senate candidate Mark Kennedy (R) trailed Democrat Amy Klobuchar "by 10 points among likely voters, by 7 points among registered voters." USA notes in the article that Democrats "seem more likely to carry the House in the Nov. 7 elections," with Stuart Rothenberg "of the non-partisan Rothenberg Political Report" predicting "Democrats will pick up the 15 seats they need to control the House."

Math Said To Not Favor Democratic Effort To Take Back Senate. In an analysis article titled "Why Senate Will Be Tougher For Democrats To Take Back," Jackie Calmes writes in the Wall Street Journal (9/1, 2.03M), "Democrats need a net gain of six seats to gain a majority of 51. … With one-third of the 100 Senate seats up for election every two years, the 2006 group includes 18 now held by Democrats and 15 by Republicans." Calmes adds, "Of the 15 Republican seats, nearly half -- seven -- are out of Democrats' reach. … Off the remaining eight Republican seats, two belong to Virginia's George Allen and Arizona's John Kyl," both of whom "are favored for re-election, absent a big anti-Republican wave. That leaves six Republican targets -- exactly the number Democrats need. They would have to run the table, knocking out five well-funded incumbents and electing Rep. Harold Ford Jr. to the Tennessee seat that retiring Senate Majority Leader Bill Frist is vacating."

Polls Show Conflicting Snapshots Of Rhode Island Senate Primary. The Washington Times (9/1, Pierce, 88K) reports in its "Inside Politics" column that a new poll by Rhode Island College poll finds that Sen. Lincoln

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Chafee is trailing conservative challenger Cranston Mayor Stephen Laffey. According to the poll of 363 likely Republican primary voters, "51 percent would vote for Mr. Laffey, 34 percent would vote for Mr. Chafee and 15 percent are undecided."

Meanwhile, in its "Washington Wire" column on its web site, the Wall Street Journal (8/31, 2.03M) reported that the NRSC has released a poll done by Public Opinion Strategies showing Chafee "leading 53% to 39%. That poll surveyed 400 likely Republican primary voters and also had a 5% margin of error."

Burns Says Some Terrorists "Drive Taxi Cabs In The Daytime And Kill At Night." The AP (9/1, Gouras) reports, "Republican Sen. Conrad Burns, whose recent comments have stirred controversy, says the United States is up against a faceless enemy of terrorists who 'drive taxi cabs in the daytime and kill at night.'" During a fundraiser Wednesday with first lady Laura Bush, "the three-term Montana senator talked about terrorism, tax cuts and the money he has brought to his state. Burns is one of the more vulnerable Senate incumbents, facing a tough challenge from Democrat Jon Tester." He "has drawn criticism in recent weeks for calling his house painter a 'nice little Guatemalan man' during a June speech."

Democratic Senate Hopefuls Debate In Maryland. The Baltimore Sun (9/1, Skalka, 262K) reports, "Attempting to create distance between their candidacies, Kweisi Mfume criticized rival Democratic US Senate candidate Benjamin L. Cardin Thursday night for voting for the Patriot Act, not setting a timetable for troop withdrawal from Iraq and taking special interest money, while Cardin insisted that his long record of service and his ability to get laws passed in Washington make him an effective leader." During their "final live television debate before the Sept. 12 Democratic primary," each of the two leading contenders "pitched himself as the best person to run against Lt. Gov. Michael S. Steele, the presumptive Republican nominee." They also "stressed the need for change in Washington." Cardin "emphasized his bipartisan experience," while Mfume "criticized several of the congressman's views and votes. Mfume said he would not have voted for the USA Patriot Act, a contentious measure that expands police powers in an effort to track down terrorists." He "said that he -- unlike Cardin -- favors a timetable for the drawdown of troops in Iraq."

The Washington Post (9/1, B2, Mosk, 748K) says Mfume "repeatedly took subtle but unmistakable digs at Cardin for what he said was a lack of passion and for the two decades he has spent in Washington. People in Washington get Potomac fever, Mfume said. 'You get so close to the shores of the Potomac, you think God put you there. Well, people put you there.'" The Post adds, "Another theme Mfume repeated: 'We'll both be a vote. But I'll be a vote and a voice.'"

The Washington Times (9/1, Miller, 88K) reports, "Despite the occasional jab by Mr. Mfume, the tone of the debate between the two leading Democrats in the race was cordial." They "agreed in general terms on most issues, including the need to end the Iraq war and improve access to health care."

Lieberman Prepares To Return To Capitol Hill. The AP (9/1, Miga) reports, "Sen. Joe Lieberman, whose independent re-election bid has rankled Democrats, says he expects a cold shoulder or two from Senate colleagues when he returns to Washington next week. 'Obviously, some of my colleagues may be coming up more directly to embrace me, some may be looking to avoid eye contact,' the Connecticut senator said in a telephone interview Thursday with The Associated Press. 'I'm just going to do my job and that will be that.'" Lieberman "said he is determined to stay his independent course -- and is careful to separate personal relations from politics." He also "said he has not asked colleagues for support for his independent campaign. 'I intentionally have not done that,' he said. 'I know the rules of the political game as it's normally played.'"

Immigration Issue Seen As Reason Behind Santorum's Improvement In Recent Polls. The Washington Times (9/1, Hurt, 88K) reports that Pennsylvania Sen. Rick Santorum (R) "has dramatically narrowed the huge poll lead held by state Treasurer Bob Casey Jr. in November's election, and Republican strategists say his tough stance on immigration has been a key factor. 'Rick's immigration message is resonating,' said John Brabender, Mr. Santorum's media consultant, who has helped the campaign produce two immigration ads in recent months." The Times notes, "Internal polling by the Santorum campaign -- as well as by House and Senate campaigns across the country -- suggests that the immigration issue will help Republicans in November. Mr. Santorum was the highest-ranking Senate Republican to vote against a bill approved earlier this year that would grant citizenship rights to some 10 million illegal aliens. Mr. Casey has said he would have supported the bill." The Times notes that Santorum has narrowed Casey's once double-digit lead "to about six percentage points, according to an average of polls compiled by the Web site RealClearPolitics.com."

Raft Of Competitive Races Could Lead To Democratic House Takeover. USA Today (9/1, 6A, 2.27M) runs an article listing a number of competitive U.S. House races which could be key in the Democrats' efforts to

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regain control of the chamber. USA notes, "President Bush's sagging popularity, the Iraq war and economic concerns could help Democrats pick up the 15 seats they need for control. Independent analysts such as Stuart Rothenberg and Charlie Cook say nearly 40 seats are up for grabs, most held by Republicans. The GOP held its majority in 2002 and 2004 because voters said it was the party they could trust on terrorism, an edge which surveys show it still holds." USA adds that "pocketbook issues," "corruption issues," "illegal immigration," "job creation" and "anti-Bush sentiment" are being focused on heavily in various races.

In an article titled "Republicans Tense As Voter Disillusionment Sets In," USA Today (9/1, 6A, Lawrence, Page, 2.27M) also reports that the war in Iraq "is one of several tides running against GOP candidates, driving away independent voters and some party faithful. Except for Missouri, independent voters in five Senate races polled by USA TODAY were swinging toward the Democrat. Party loyalty was stronger among Democrats than Republicans in every state but Ohio. President Bush's anemic job approval, underscored this week by the anniversary of Hurricane Katrina, is a drag on Republicans almost everywhere. His rating hasn't risen above 42% in six months." USA says that GOP candidates are facing problems in a number of other areas, including "corruption and ethics," "social issues" (such as stem-cell research) and "economic issues," such as stagnant wages, high gas prices and rising health care costs." USA adds, "In the end, some experts say, national security could be the decisive issue -- but unlike in most elections, it's unclear which party will benefit. … The reason is Iraq."

Rodriguez May Reverse Course, Remain In TX23 Race. The San Antonio Express-News (9/1, Jefferson) reports, "Late Wednesday, Ciro Rodriguez told a group of San Antonio labor activists he was getting out of the chaotic eight-way race in the redrawn" TX23 District "home to GOP incumbent Henry Bonilla. Thursday morning, Rodriguez" told "an Associated Press reporter: 'I'm not going to be running and that's my decision based on family and personal reasons.' But Thursday afternoon, campaign spokeswoman Gina Castañeda" announced that Rodriguez "had gotten a flood of calls from supporters and, as a result, opted to give himself until 5 p.m. today to make up his mind." The Express-News notes, "When asked about his comments the night before to the San Antonio AFL-CIO Central Labor Council," Castañeda "said Rodriguez 'acted in some haste.' Before the meeting, local union officials told Rodriguez they might withhold an endorsement in the race, which has five other Democrats. 'That's when he said, 'Hey, we're clearly shooting ourselves in the foot,'' Castañeda said, and announced his intention to withdraw."

Hillary Clinton Says US Ready For Female President. The AP (9/1, Humbert) reports, "Sen. Hillary Rodham Clinton, standing outside an abandoned knitting mill that will become the new home of the National Women's Hall of Fame, said Thursday she hopes America is ready for its first woman president." Said Clinton, "It just depends on when and if that happens. Stay tuned." Clinton "continued to duck questions about whether she will run for the White House in 2008, saying yet again she is completely focused on her re-election this year."

Recent Apologies From Politicians Noted. The New York Times (9/1, Leibovich, 1.21M) reports in a "Political Memo" article that over the last several weeks, a number of politicians have found themselves having to apologize over comments or past actions. The Times cites Virginia Sen. George Allen (R) as "perhaps the most prodigious apologizer in what has been a spate of groveling across the political spectrum." Allen "has been serially apologizing across Virginia since demeaning a man of Indian descent as 'Macaca, or whatever his name is' at a campaign rally last month." The Times also notes that Montana Sen. Conrad Burns (R) recently apologized "after complaining in July that a group of firefighters did not do a 'goddamn thing' to stop a wildfire east of Billings." The Times adds, "The contrite caucus includes Mayor C. Ray Nagin of New Orleans (who said he was 'very sorry' after calling the site of the World Trade Center a 'hole in the ground'); Senator Joseph R. Biden Jr., Democrat of Delaware, (who asked forgiveness after a C-Span microphone caught him saying 'you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent')…and Gov. Mitt Romney of Massachusetts, a Republican, (after using the term 'tar baby' not long after the White House spokesman, Tony Snow, deployed the same phrase, which some consider to be a racist epithet)."

DeLay To Publish Autobiography. The AP (9/1, Gamboa) reports, "Former House Majority Leader Tom DeLay, with his career in elective office behind him, said Thursday he has a deal to publish a book. 'This is a book that's going to be the history of my career, how it furthered the conservative cause, with my spiritual walk and what I think the conservative cause ought to do next,' DeLay, a born-again Christian, told The Associated Press." DeLay "said the working title is 'No Retreat, No Surrender: The American Passion of Tom DeLay.' He declined to reveal how much he'll be paid. "Not as much as I wanted," he quipped." The book "will be published by Penguin and should be ready by next spring, he said." Stephen Mansfield, "author of 'The Faith of George W. Bush,' is working on the book with DeLay."

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Merkel, Rice Top Forbes List Of Powerful Women. AFP (9/1) German Chancellor Angela Merkel "has overtaken" Secretary Rice "as the world's most powerful woman, according to a Forbes Magazine list." Chinese Vice President Wu Yi "slid one place this year to number three." Congress Party leader Sonia Gandhi "came in at number 13, while Melinda Gates, co-founder of the Bill and Melinda Gates Foundation, jumped to 16 in a year in which the organisation doubled in size." In addition to Merkel, "three other women who emerged within the past year to become" national leaders include Chilean President Michelle Bachelet, Liberian President Ellen Johnson-Sirleaf and South Korean Prime Minister Han Myung-sook.

British Movie Features Bush Assassination Scene. CNN Headline News Showbiz Tonight (8/31, 11:22) reports, "When we first heard today about an outrageous new movie that actually features the assassination of President Bush, we had to check and double check just to make sure this whole thing wasn't a joke. We did. It is not a joke. It is very real and it is very scary. No matter what your opinion of President Bush, a movie of him getting killed has got a lot of people everywhere in disbelief. … In a statement, the film's writer-director describes his movie as 'a striking premise which may be seen as highly controversial.'"

The Times of London (9/1) reports the film "is causing outrage among Americans. 'Death of a President' uses digital trickery, archive footage and actors to imagine the murder of President Bush and the descent into national paranoia that follows." The "feature-length drama will be screened on More4, Channel 4's digital sister channel, next month after a big-screen premiere at the Toronto Film Festival." Channel 4 "hopes to sell the film to US broadcasters but Americans in London declared it to be tasteless and expressed fears that it could encourage extremists in their home country."

The movie is also discussed in a column by Tina Daunt of the Los Angeles Times (9/1, 918K). Daunt writes the film "is intended to be a thought-provoking critique of the current political landscape. … A call to the White House for comment was not immediately returned." The feature "t may be the year's most hotly debated film as well: The public relations firm representing the movie has been flooded with calls from media around the globe, and blogs are already lighting up with debate about the appropriateness of the subject matter." The Washington Post/AP (9/1, C7) also notes "the White House declined to comment on the network's announcement, saying it would not dignify the program with a response."

Union President Calls For Expansion Of "Risk Pool." Ron Gettelfinger, president of the United Auto Workers, writes in the Wall Street Journal (9/1, 2.03M), "You can find a solution to one of the most difficult problems facing American workers and employers by reading a single magazine article: 'The Risk Pool' by Malcolm Gladwell, in the Aug. 28 issue of the New Yorker." Gladwell argues that "if pension and health benefits can't be adequately maintained by individual companies…then it makes no sense to transfer these obligations to individual households. We need to go in the opposite direction, so that we protect and develop well-funded public programs which cover every man, woman and child in America."

NYTimes Blasts New Formula For Distribution Of AIDS Funds. The New York Times (9/1, 1.21M) editorializes, "A lethal form of budgetary politics is at work in Congress. The proven formula for assisting AIDS-ridden urban areas that pioneered effective treatment programs is in danger of being radically altered to shift money to more rural states. Rather than increase spending to cover both real priorities -- the cities' AIDS needs and the growing problem of H.I.V. in rural areas -- current proposals would deny the cities tens of millions of dollars." The Times adds, "Nothing could be more foolhardy for the nation as a whole. The AIDS battle knows no boundaries." Lawmakers "have been on a generous recess in which they drove spending for their own re-election lifelines to $300 million for television alone. It will take a relative pittance -- perhaps $100 million more -- to finance the AIDS fight across the board. Surely a Congress that repeatedly spends far more on favored pieces of hometown pork can find the wherewithal to see to this life-and-death issue for the entire nation."

WSJournal Criticizes Dartmouth Trustees. The Wall Street Journal (9/1, 2.03M) writes in an editorial about the role of alumni and democratic procedures in the governance of Dartmouth College. The existing Board of Trustees and Alumni Council are said to be seeking a change in the school's constitution that would make both bodies "less representative" and less subject to challenges by "outsiders." Planned elections have also been postponed. The Journal regards the proposed changes as part of "a pattern" of an "academic establishment" seeking to "consolidate its authority and exclude those who might deviate from the party line."

US Seeks Sanctions After Iran Refuses To Stop Enrichment. On its front page, the Washington Post (9/1, A1, Linzer, 748K) reports, "A defiant Iran faced the prospect of economic sanctions after U.N. inspectors reported that the country ignored yesterday's deadline to halt its nuclear program and has been hindering efforts to determine whether it seeks to secretly develop nuclear weapons. President Bush, invoking the same language that he used to describe Iraq before the March 2003 invasion, called Iran a 'grave threat' and said 'there must be consequences' for Tehran's

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actions." Administration officials "said they will demand international sanctions against the Iranian government." Undersecretary Burns is quoted saying, "We are going to move this toward a sanctions resolution at the United Nations. We expect others to join us." The Post says it "is unclear how much support the White House has for the tough measures… No world leader who commented on yesterday's events spoke in the stark terms that Bush used, and none of the president's closest allies said sanctions are certain."

The Wall Street Journal (9/1, King, 2.03M) says the Administration "faces another round of tough diplomacy over Iran's nuclear program, as other major powers appear less willing than the U.S. to impose stiff sanctions on Tehran after it spurned a United Nations deadline to end its uranium-enrichment work." Yesterday's IAEA report "confirmed that Iran continues to move ahead to enrich small amounts of uranium," and "also says that Tehran continues to impede the work of IAEA inspectors within Iran." The Journal says the IAEA report "also highlights how Iran's government appears to be playing off fissures within the group of countries -- the U.S., Britain, France, Russia, China and Germany -- that will decide whether and how to punish Tehran."

The New York Times (9/1, Slackman, 1.21M) adds, "Iran remained defiant Thursday, ignoring" the deadline despite "the threat of economic and political sanctions, which could choke its access to international banks and block the ability of its officials to travel abroad." The IAEA report "drew no conclusions, writing that because Iran had denied [inspectors] access to certain facilities the inspection team was unable to make 'further progress in its efforts to verify the correctness and completeness of Iran's declarations' that it is running a peaceful nuclear program — and not developing weapons." The Times says the passing of the compliance deadline "was likely to be less a climactic conclusion to years of conflict than another step down a lengthy road that has seen Iran, Western Europe and the United States battling over Iran's nuclear ambitions." The AP (9/1, Karimi, Jahn) says Tehran "defied a U.N. deadline Thursday to stop enriching uranium, opening the door for sanctions, but U.S. and other officials said no action would be sought before a key European diplomat meets with Tehran's atomic chief next week to seek a compromise."

The AP (9/1, Pickler) adds that President Bush "said Thursday that Iran has responded with defiance and delay to demands to stop enriching uranium and said 'there must be consequences' for Tehran." Bush "put the nuclear standoff with Iran in a larger context, saying the violence in Lebanon this summer makes Tehran's designs on the world stage clear." He is quoted saying, "The world now faces a grave threat from the radical regime in Iran. We know the depth of suffering that Iran's sponsorship of terrorists has brought. And we can imagine how much worse it would be if Iran were allowed to acquire nuclear weapons."

The Washington Times (9/1, Karimi, 88K) reports President Mahmoud Ahmadinejad "defiantly refused to compromise as" the deadline "arrived yesterday, prompting the United States to threaten sanctions against the Islamist regime -- with or without unanimous approval of the U.N. Security Council." The IAEA report "said Iran showed no signs of freezing enrichment, adding that Tehran started work on a new batch Aug. 24." Ambassador John Bolton "said that the U.N. Security Council must be ready to impose sanctions. But he also said that unanimity in the council is not needed -- a reference to continued Chinese and Russian reluctance to move quickly on sanctions."

USA Today (9/1, Nichols, 2.27M) says Tehran "refused to meet" the deadline, and the IAEA report "said Iran continues to enrich uranium." Ambassador Bolton "said the U.N. Security Council must be ready to impose sanctions. He said the council wouldn't discuss specific steps until European Union foreign policy chief Javier Solana meets with Iranian nuclear negotiator Ali Larijani next week."

IAEA Finds Enriched Uranium At Natanz But Cannot Confirm Origin, Intent. A separate New York Times (9/1, Sciolino, 1.21M) piece focuses on the IAEA's discovery of HEU at Iranian installations. The IAEA research "deepened suspicions on Thursday about Iran's nuclear program, reporting that inspectors had discovered new traces of highly enriched uranium at an Iranian facility. … The [IAEA] concluded that at least some of those samples came from contaminated equipment that Iran had obtained from Pakistan," however, "in this case, the nuclear fingerprint of the particles did not match the other samples, …raising questions about their origin." The IAEA "withheld judgment about where the material came from and whether it could be linked to a secret nuclear program." The Times notes, "As expected, the report confirmed that Iran had continued producing enriched uranium, but only on a small scale and at relatively low levels, at its vast Natanz facility."

The Los Angeles Times (9/1, Rubin, Farley, 918K) focuses its reporting on the IAEA report, which claims that Tehran "has continued to enrich uranium in defiance of a United Nations deadline to halt such work and has offered minimal cooperation with inspectors trying to assess whether its program is for peaceful purposes." Tehran's "defiance, while hardly unexpected, paves the way for the start of Security Council debate over international sanctions against the Islamic Republic; the United States has taken the lead in the campaign to penalize Tehran. China and Russia, both of which have veto power, have expressed misgivings about any move in that direction."

Gingrich Does Not Support Preemptive Strike. The Washington Times (9/1, Hallow, 88K) notes former House Speaker Newt Gingrich "this week moved a step further toward casting himself as the conservative alternative to Sen. John McCain in a possible run for the 2008 Republican

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presidential nomination. In an impromptu speech during a Mediterranean cruise that hosted scores of conservative donors and activists, the Georgia Republican expressed unexpected skepticism about prospects of military intervention to halt Iran's nuclear program." Gingrich is quoted saying a strike would not "accomplish very much in the long run." If we fear Tehran's intentions and seek to counter them, Gingrich said, "we need a strategy to replace the regime."

The Washington Times (9/1, Blair, 88K) says Iranian police "have stopped almost 64,000 women and warned them against breaching strict Muslim dress codes in the last month alone. The authorities have chosen the height of summer for a new crackdown to ensure that women cover their heads with veils and their bodies with long, heavy overcoats whenever they are in public." President Mahmoud Ahmadinejad's "deeply conservative regime" has give police officers "orders to caution any woman they deem to be 'badly veiled.' Thousands are being stopped every day." A Human Rights Watch official is quoted saying, "We are certainly seeing a return to behavior we haven't seen for 10 years. Generally, the imposition of strict Islamic codes has been increasing under Ahmadinejad."

Supporters Of 1979 Revolution Seen As Uneasy With Modern Iran. The Washington Post (9/1, A11, Vick, 748K) details a "weekly gathering of those who still believe most in the Islamic Revolution" in Tehran. The conservative Muslim men are addressed by Mehdi Koochakzadeh, who "takes the only seat in the room and commences on the advertised topic: the thoughts and character of Khomeini. He waves a thick stack of quotations by the cleric whose charisma and religious authority held the Islamic Republic together through its first decade, until his death in 1989. Since then, there's been a certain amount of improvisation." Koochakzadeh makes several statements critical of popular democracy, and blames "most of the trouble we have" on "the United States and our enemies. And part of it is you voted for people you shouldn't have."

Khatami Visit Said Not To Augur Improvement In Relations. The Financial Times (9/1, Dinmore) reports former President Mohammad Khatami "embarks on a ground-breaking tour of the US this week to promote his vision of the role of religion in east-west reconciliation. But prospects for a breakthrough in US-Iranian relations appear bleak, with the Bush administration declaring it will not speak to him or attend his events." Khatami, who is a private citizen, has several speaking engagements in the US but is "unlikely" to "accept an invitation to meet" former President Jimmy Carter "even though the Iranian side had earlier indicated it would welcome such an offer." Calling a Carter meeting "a gesture of reconciliation between the two men," the Times says it "would be of enormous symbolic importance" to Americans. "Any sort of apology for the hostage-taking 'would melt a mountain of ice in Washington' but would be political suicide back home for his reformist associates," an Iran expert told the Times. Secretary of State Condoleezza Rice and Undersecretary of State Nicholas Burns "were in favour of allowing the visit to go ahead, but did not have the will or political muscle to capitalise on the opportunity presented."

The Chicago Tribune (9/1, Horan, 623K) focuses its reporting on Khatami's plan to "address the largest Muslim organization on the continent this weekend in Rosemont." He "is expected to deliver the keynote address Saturday evening to about 5,000 Muslims attending the Islamic Society of North America's 43rd annual convention, which begins Friday." Khatami will "become the highest-ranking Iranian to travel to the U.S. outside New York since the 1979 Iranian revolution."

Ignatius Says US Must Recognize Iranian Desire For Global Status. In his column in today's Washington Post (9/1, A21, 748K), David Ignatius says, "Behind President Mahmoud Ahmadinejad's defiant rhetoric lies a conviction that is widely shared [at home]: Iran is a rising power in the Middle East while the United States is in decline -- and now is the moment for Iran to emerge as a regional superpower." The continuing violence in Iraq "bolsters Iranian confidence in its test of wills against America. As the Iranians view it, the United States has stumbled into a pit from which it cannot easily escape." Saying the Administration "pulled back" from possible talks earlier this year, Ignatius notes, "The failure of the initiative undercut the advocates of dialogue and emboldened the hard-liners." Discussing popular Iranian sentiment, he adds, "You sense the public eagerness for Iran's resurgence. You hear many views about Ahmadinejad, including those of people who tell you frankly that they loathe him, but everyone seems to want a stronger Iran." Ignatius concludes, "The trick for America and its allies is somehow to recognize Iran's ambitions to be a regional power without allowing the revolutionary leadership embodied by Ahmadinejad to further destabilize the Middle East. I'm a naturally optimistic person, but right now that looks to me like Mission Impossible."

International Community Pledges $940 Million To Rebuild Lebanon. The Financial Times (9/1, Ibison) reports, "International donors pledged $940m on Thursday to finance the near-term relief efforts for war-torn Lebanon, nearly double the sum originally targeted by organisers. However, it emerged on Thursday night that only $765m (€598m, £402m) was new money, as $175m of the total had been previously committed by the US." Beirut will establish and administer a special fund that "will be used to pay for the first four months of rebuilding work in the country and will provide temporary schools and medical facilities. It will also help rebuild roads and bridges." However, the Times notes, "serious questions emerged over the effectiveness of the new

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fund unless Israel removed its blockade of the country." UN and Lebanese authorities attending the meeting lobbied for the its removal, however, "Randal Tobias, the head of the US delegation, declined to call for the removal of the blockade, saying instead that it was essential Lebanon's 'borders were secure and arms were not moved into the country.'"

The AP (9/1, Ritter) adds the US, Europe "and the Gulf states pledged nearly $1 billion Thursday to help Lebanon recover from a crippling war… Organizers hailed the bigger-than-expected contributions as a show of strength for nations seeking to counter the influence of Hezbollah in rebuilding roads, homes and lives after the" conflict. "Critics said it would be difficult to sidestep Hezbollah when delivering aid to southern Lebanon."

Annan Will Press Assad To Halt Weapons Shipments To Hezbollah. The New York Times (9/1, Hoge, 1.21M) reports UN Secretary-General Kofi Annan "plans to confront the Syrian president, Bashar al-Assad, with reports that Syria is permitting arms to cross its border illegally into Lebanon and to demand an end to the traffic when the two meet [in Damascus today]." Annan will "also challenge Mr. Assad to establish diplomatic relations with Lebanon and settle a long-festering dispute over the two countries' borders." UN officials "noted that all the steps were obligations of Syria's in the unanimously adopted" UN Security Council Resolution 1701. The Times adds, "The three steps that Mr. Annan intends to press upon Mr. Assad on Friday are all aimed at shoring up Lebanon as an independent country."

IDF Withdrawals From Portion Of Buffer Zone. The AP (9/1, Federman) reports the IDF "turned over a small border area in south Lebanon to Lebanese and foreign troops Thursday, a symbolic move paving the way for U.N. peacekeepers to go into the volatile area." Israel "has been slowly transferring control of the area to Lebanese troops, who will be bolstered by U.N. troops equipped with tanks, howitzers and other heavy weapons not usually seen with a peacekeeping force." The AP says those weapons are "meant to deter all parties from resuming the conflict, and particularly is seen as a warning to" Hezbollah. Yesterday's withdrawal allowed Lebanese forces into "a small area of the border near the Israeli town of Metulla…for the first time since the early 1980s." The Washington Times (9/1, Federman, 88K) runs the AP story.

German Troops Could Join Border Force. The AP (9/1) reports remarks by German Defense Minister Franz Josef Jung that Berlin "will likely contribute more than 1,200 service personnel to the U.N. peacekeeping force for Lebanon." Germany "has already offered warships backed by surveillance aircraft," but "officials have previously refused to say how many personnel Germany would send, insisting the precise mission must first be worked out." Berlin "is not offering ground troops, given its Nazi-era past. German officials have expressed concern about deploying German troops in any situation that might bring them into confrontation with Israeli soldiers."

Israeli Reservists Publicize "Disarray" They Saw In Conflict. In a 1,582-word piece on its front page, the Wall Street Journal (9/1, A1, Waldman, 2.03M) profiles Israeli reservists who served in the recent conflict and now oppose Tel Aviv's management of the fighting. "The reservists were eager to fight," and "years of discord within the reservist ranks over Israeli policies in the West Bank and Gaza Strip melted away on July 12, he says, when Hezbollah crossed the Israeli border, kidnapped two soldiers and killed three more. But their determination would quickly turn to doubt, he says, and ultimately to despair." The fighting "ended in a blow to Israel's military prestige. The Hezbollah militia, backed by Iran and Syria, lived to fight another day, though it must now contend with thousands of Lebanese government soldiers and United Nations peacekeepers arriving to patrol its southern Lebanon stronghold." Reservists' accounts "of critical supply shortages, leadership failures and disarray on the battlefield help explain how an estimated 1,500 guerrillas could face down the most powerful military in the Middle East, and survive." Some of those "reservists are demanding an independent state commission to investigate the war and many say top generals and political leaders should resign."

Hezbollah, Lebanese Army Coexist Throughout South. The Washington Post (9/1, A11, Cody, 748K) focuses on the deployment of Lebanese Army units to southern Lebanon and Hezbollah's entrenchment there. The "Lebanese army has deployed across the rocky hillsides and stone villages between the Litani River and the Israeli border. But to all appearances, the deployment has not displaced Hezbollah," whose "flags flew high and wide [in southern towns], often alongside Lebanese flags. Hezbollah members staffed reconstruction offices, held town council meetings and stood at their own checkpoints in what seemed to be cordial coexistence with the recently arrived army troops." The ceasefire deal between Beirut and Hezbollah "seemed to be working Thursday in Al Ghandouriyeh," whose men "openly displayed pride in what they had accomplished on the battlefield and seemed to have nothing to fear from the army troops lounging nearby." One man "said he and the rest of the village welcome the army's deployment," and said "Hezbollah's emergence was largely due in the first place to the government's absence over the last three decades."

Israel's Continued Operations In Lebanon Feed Resentment. In a 1,100-word piece, the New York Times (9/1, Worth, 1.21M) describes southern Lebanon villagers' anger at ongoing military operations by Israel. "The shooting — and occasional mortar fire — goes on regularly… To local people, it is sheer provocation, and a flagrant breach of the cease-fire that ended the fighting on Aug. 14. To the Israelis, it is legitimate self-defense." The Times says the "shooting

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underscores two fundamentally different views of the uneasy truce that has held in southern Lebanon for the past two weeks." While Tel Aviv has been accused of nearly 70 ceasefire violations, the "Israelis do not believe there is a cease-fire to violate. … That difference is apparent every day across southern Lebanon. Israeli tanks crisscross the dry brown hills, shooting into the fields and smashing up houses and stone walls. Teams of Israeli soldiers have planted their nation's flag atop bluffs here and sometimes detained Lebanese men, releasing them days later."

Krauthammer Says Hezbollah Lost War And Will Not Reignite Violence. In his column in today's Washington Post (9/1, A21, 748K), Charles Krauthammer) discusses Hezbollah leader Hasan Nasrallah's admission that he would not have ordered two Israeli soldiers kidnapped if he had known it would provoke a war. "What real victor declares that, had he known, he would not have started the war that ended in triumph?" Krauthammer asks. "Nasrallah's admission, vastly underplayed in the West, makes clear what the Lebanese already knew. Hezbollah may have won the propaganda war, but on the ground it lost. Badly." He pans Olmert's "inept and indecisive leadership" and says Israel "missed the opportunity to militarily destroy Hezbollah and make it a non-factor in Israel's security, Lebanon's politics and Iran's foreign policy" But, Krauthammer adds, "Hezbollah was seriously hurt." He says Hezbollah "is under renewed attack" by Lebanese and other Arabs because they "know where their interests lie. And they do not lie with a Shiite militia that fights for Iran." Because of Hezbollah's weakened ability, "the expected Round Two will, in fact, not happen. Hezbollah is in no position, either militarily or politically, for another round." Ordinary "Lebanese know that the next time, Israel's leadership will hardly be as hesitant and restrained. Hezbollah dares not risk that next time." Krauthammer compares the Cedar Revolution – the "apogee of the U.S. democratization project in the region" – to Nasrallah's "temporary rise during the just-finished war" – "that project's nadir." He concludes, "Hezbollah was seriously set back, as was Iran. In the Middle East, however, promising moments pass quickly. This one needs to be seized. We must pretend that Security Council Resolution 1701 was meant to be implemented and exert unrelieved pressure on behalf of those Lebanese -- a large majority -- who want to do the implementing."

EU President Says EU Should Talk To Hamas.

The Financial Times (9/1, Schmid, Dombey) reports Finnish Foreign Minister Erkki Tuomioja, currently the President of the EU, said the EU "should establish contact with Hamas," which would be "an important shift in policy," and should "be prepared to enter discussions with all 'relevant' parties if it were to revive the stricken Middle East peace process." He is quoted saying, "Hamas is not the same party it was before the elections." The Times says "any attempt to shift towards more normal relations with the group could infuriate Israel and the US and provide a dilemma for the EU's big powers – Germany, France and the UK."

Israeli Commandos Storm UK Embassy, Arrest Palestinian Intruder. The AP (9/1, Heller) reports Israeli "police commandos stormed the British Embassy in Tel Aviv late Thursday and captured a Palestinian man who had been holed up inside for eight hours, claiming to have a gun and demanding political asylum. There were no injuries," and officers "seized the man after he laid down his weapon for a split second. After the arrest, authorities discovered the weapon was plastic." Nadim Injaz is "a resident of the West Bank city of Ramallah and [a] suspected informer for the Israeli security services." He "said he was demanding asylum, fearing Palestinian militants will kill him, and threatened to commit suicide."

Islamic Jihad Fires Rockets At Israel Despite Abbas Request. The AP (9/1) reports, "Palestinian militants fired five homemade rockets into Israel on Thursday, defying the calls by Palestinian President Mahmoud Abbas to halt the attacks." Four of the "landed near the southern border town of Sderot, while the fifth landed near the city of Ashkelon. There were no injuries." Noting Abbas' calls Wednesday to end the attacks, the AP says he "has made similar appeals in the past, saying the rockets give Israel an excuse to attack, only to be rebuffed by militants."

UNSC Authorizes Transition To UN Darfur Force Despite Khartoum's Opposition.

On its front page, the Washington Post (9/1, A1, Kessler, Timberg, 748K) says the UNSC "yesterday approved a long-sought resolution that would place an expanded peacekeeping force in Sudan's troubled Darfur region under U.N. authority, even as the government appeared to have begun a new offensive against rebel forces." The transition from an African Union to a UN force "would take effect only with Sudan's consent, and its president, Lt. Gen. Omar Hassan al-Bashir, immediately rejected it." The Post adds, "The stalemate over the troops and the new outbreak of fighting appeared to signal the failure of a peace deal reached three months ago that was hailed by the Bush administration as the key to resolving the conflict."

The Financial Times (9/1, Turner) adds the UNSC "authorised the creation of a United Nations peacekeeping mission to halt the bloodshed in Darfur, but reports of a new build-up of military forces and continued Sudanese government opposition threw its prospects into immediate doubt." Noting abstentions from Russia, China and Qatar, the Times says the UN "plans to bolster the beleaguered African Union force there and begin preparations for a UN mission by December 31 – but it is still unclear who would be willing to provide troops."

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The New York Times (9/1, Schneider, 1.21M) notes State Department "officials were quick to say the resolution did not explicitly require Sudan's consent. 'This resolution invites Sudanese consent,' Kristen Silverberg, assistant secretary of state for international organization affairs, said at a briefing in Washington after the vote. 'Nothing requires Sudanese consent.'" The AP (9/1, Wadhams) reports the Security Council resolution "is meant to give more power and funding to a force, now run by the African Union, that has been unable to stop the humanitarian catastrophe in Darfur." The Council "cannot take any significant action on the resolution until Sudan reverses its opposition to a U.N. force. Dimming the prospects for the resolution to actually go into effect, Sudan President Omar Al-Bashir rejected it."

Rumsfeld Approves Reorganization Of Asia Policy Shop. The Washington Times (9/1, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, "Defense Secretary Donald H. Rumsfeld has approved a plan to reorganize the policy shop now headed by Undersecretary of Defense Eric Edelman. Parts of the plan will be implemented beginning Oct. 1, but one key change, the creation of a new assistant secretary for Asia and the Pacific Security Affairs, will require congressional action. The Pentagon's current Asia hand, Richard Lawless, a deputy assistant secretary, is the likely choice for the new post. … Another candidate for the post is Torkel Patterson, a former National Security Council Asia hand during the first Bush administration who is considered pro-China and anti-Taiwan by conservatives."

NSC Staff Advises Bush To Deny F-16 Sale To Taiwan. The Washington Times (9/1, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, "Pentagon officials tell us President Bush has been advised to deny new sales of F-16 jets to Taiwan. The advice is said to have originated from White House National Security Council (NSC) staff, who convinced the President not to approve new F-16 sales to Taiwan to avoid upsetting China. … Other officials tell us what really happened is that Taiwan's chief representative to the United States, David Tawei Lee, was told privately that now is not the time to submit a request for F-16s, to avoid the negative publicity of turning it down. Mr. Lee is close to the acting NSC Asia director, Dennis Wilder."

Kenyan Government Criticizes Obama. AFP (9/1, Bosire) reports, "Kenya stepped up criticism of US Senator Barack Obama, accusing him of insulting the Kenyan people and trivializing their achievements during a visit to his father's homeland. Two days after abruptly changing its tone on Obama, who had been welcomed as a returning hero but incurred official wrath with blistering criticism of corruption and ethnic divisions, Nairobi launched a new attack on the lawmaker." AFP adds that "less than 24 hours after the rising US political star left Kenya to continue an African tour, government spokesman Alfred Mutua blasted Obama for choosing 'to dwell on non-issues' in a nationally televised speech on Monday." He said, "Senator Obama made extremely disturbing statements on issues which it is clear, he was very poorly informed, and on which he chose to lecture the government and the people on how they should manage their country." Mutua "said the government would write a formal protest to the junior senator from Illinois who he suggested had falsely claimed his trip to Africa was intended to 'nurture relations between the continent and the United States.'" Mutua "said Obama's criticism of Kenyan President Mwai Kibaki's administration was unfair, unwarranted and unjustified by facts." He also "said Obama was wrong in asserting that Rwandan genocide fugitive Felicien Kabuga had bought protection in Kenya, that graft had plunged the country into 'crisis' and that dangerous tribal divisions were on the rise."

Mass Graves Found In Philippines. The Washington Post/AP (9/1, A14, Gomez) reports, "Soldiers have found mass graves believed to hold the remains of up to 300 people who were allegedly killed by communist guerrillas in the 1980s during a purge of suspected spies in the Philippines' remote east, officials said Thursday." Former New People's Army rebels and relatives "are willing to testify against leaders of the Communist Party of the Philippines who allegedly ordered the purge, including one alleged former leader who is now a lawmaker, said Maj. Felix Mangyao, a regional army spokesman."

IMF Reform Increases Power Of China, South Korea, Mexico, Turkey. The Washington Post (9/1, D1, Blustein, 748K) reports, "The International Monetary Fund took a first step yesterday toward retooling itself to reflect major changes in the global economy, agreeing to increase the power that several fast-growing countries have over its policies and promising to boost their clout more in the next two years." The IMF's executive board, which "represents its 184 member countries, approved a resolution that would modestly increase the voting power of China, South Korea, Mexico and Turkey immediately." The resolution, which "still must be approved at the fund's annual meeting in Singapore on Sept. 19," also "sets forth a plan to the formula for determining voting shares by the 2008 annual meeting."

India's Manufacturing Growth Accelerating. The New York Times (9/1, Bradsher, 1.21M) reports, "India's economic advancement no longer rests on telephone call centers and computer programmers. … For decades, India followed a route to economic development strikingly different

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from that of countries like Japan, South Korea or China. While its Asian rivals placed their bets on manufacturing and exports, India focused on its domestic economy and grew more slowly with an emphasis on services. But all that is starting to change." The Times adds, "India's annual growth in manufacturing output, at 9 percent and accelerating, is close to catching growth in services, at 10 percent. Exports of manufactured goods to the United States are now rising faster in percentage terms than China's, although from a much smaller base. More than two-thirds of foreign investment in the last year has gone into manufacturing in India, not services."

Chinese Textbooks Downplay Mao, Communism. The New York Times (9/1, Kahn, 1.21M) reports, "When high school students in Shanghai crack their history textbooks this fall they may be in for a surprise. The new standard world history text drops wars, dynasties and Communist revolutions in favor of colorful tutorials on economics, technology, social customs and globalization. Socialism has been reduced to a single, short chapter in the senior high school history course. Chinese Communism before the economic reform that began in 1979 is covered in a sentence. The text mentions Mao only once -- in a chapter on etiquette." The Times adds, "Nearly overnight the country's most prosperous schools have shelved the Marxist template that had dominated standard history texts since the 1950's."

Bolivians Concerned Morales Moving Country Toward Authoritarianism. Mary Anastasia O'Grady writes in today's Wall Street Journal (9/1, 2.03M), "There is something about Bolivian President Evo Morales that doesn't inspire confidence in a prosperous, democratic future for his country. And it's not only the fashion statement he makes with the striped sweater he wears like a uniform. For a good many Bolivians it's the erosion of civil liberties under his leadership." O'Grady goes on to denounce "a…campaign against anyone connected with modernization efforts in the past decade. As such, it has further ignited the fears of Bolivian democrats who are deeply concerned that their country is heading toward an authoritarian police state under Mr. Morales."

Former Ambassador Says "Foreign Policy By Report Card" Damages US Image. John R. Hamilton, "who retired last year after 35 years as a Foreign Service officer" and "served as ambassador to Peru and Guatemala," writes in the Washington Post (9/1, A21, 748K), "Attempts to explain the vehemence of anti-US feeling abroad correctly home in on Iraq and other unpopular policies of the current administration. But over the past three decades the kudzu-like growth of another US practice, used by Congress and by Democratic and Republican administrations alike, has nurtured seething resentment abroad. This is what might be called 'foreign policy by report card,' the issuing of public assessments of the performance of other countries, with the threat of economic or political sanctions for those whose performance, in our view, doesn't make the grade. The overuse of these mandated reports makes us seem judgmental, moralistic and bullying." Hamilton adds that "it is critical…that we refrain from using this tool as we seek to promote new objectives -- however worthy -- in the future. The tolerance of other societies for being publicly judged by the United States has reached its limits."

Nobel Laureate Says Demographics Will Lead Some Countries To Seek Immigrants. Gary S. Becker, the 1992 Nobel economics laureate, writes in the Wall Street Journal (9/1, 2.03M), "The 20th century was the one with the greatest decline in death rates not only in rich countries but also throughout the world. Very low birth rates in a rapidly increasing number of countries are shaping up as the defining demographic event of the 21st century. The total fertility rate, which measures the number of births to the average woman over her lifetime, must be at least 2.1 in order to prevent a country's population from declining in the long run in the absence of enough immigration." He adds, "If I am right, the only solution for countries that continue to be concerned about a future with declining and aging populations is to open their gates to immigration. Yet in most countries large-scale immigration creates political, economic and social problems. Immigration is an especially unwelcome alternative for Japan, given the history of Japanese reluctance to have many foreigners settling in their country. As a result, Japan, Russia and many other countries face a worrisome demographic and economic future."

WSJournal Hails Arrival Of US Cruiser In Japan. In an editorial, the Wall Street Journal (9/1, 2.03M) writes that Wednesday's arrival in Japan "of the USS Shiloh and its advanced Aegis missile-tracking system is much more than a symbolic first. The cruiser is capable of firing SM-3 interceptor missiles. Its deployment at the port of Yokosuka, south of Tokyo, formally puts Japan in the realm of the world's most sophisticated missile defense. No wonder North Korea was having conniptions and spewing venom. Although the Shiloh's latest mission has been planned for months, it is a powerful reply to Pyongyang's threats." The Journal says the ship's arrival "underscores the deepening security partnership between the U.S. and Japan. During President Bush's trip to Tokyo last year, the two countries issued a joint report which called missile defense 'essential to dissuade

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destabilizing military buildups' and 'to deter aggression.' Wednesday brought proof that they mean business."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Indian Casino Measures Stall In Legislature."
"Baseball Gone Batty."
"Arsenal Barrage Kills 54 In Baghdad."
"A Surprise Liftoff For The Manned Moon Program."
"Can Not Too Hot, Not Too Cold Be Just Right?"

USA Today:
"Back Nine May Soon Become A Starbucks Or A Subdivision."
"Tragedy Forces Dungy 'To Live In The Present'."
"GOP Lags In Key Races For Senate."

New York Times:
"Lockheed Wins Job Of Building Next Spaceship."
"In Latest Push, Bush Cites Risk In Quitting Iraq."
"A Younger India Is Flexing Its Industrial Brawn."
"Where's Mao? Chinese Revise History Books."
"On the Job, Nursing Mothers Find a 2-Class System."
"Voters Hearing Countless Ways of Saying 'Sorry'."

Washington Post:
"Iran Defies Nuclear Deadline."
"Virginia Declares Storm Emergency."
"California Tightens Rules On Emissions."
"Sudan Says No As U.N. Backs Force For Darfur."
"In Iraq, Singing for a Shot at Hope and Glory."
"Lockheed Wins Contract To Build NASA's New Spaceship."

Washington Times:
"Bush: 'We have Resolve.'"
"Tehran Rebuffs U.N. Deadline; Bush Fires Back."
"Gene Therapy Successfully Treats Cancer."
"Israelis Vacate Part Of Lebanon."
"Hoffa Urges Control Of Nation's Borders."
"The Classic Get Islam Twist."

Detroit Free Press:
"Bates Found Guilty Of Fraud."
"Comerica Thrives As fabled park Dies."
"Victories help fans let Go Of Old, Embrace The New."
"Deal Puts A Halt On Some Canadian trash Imports."
"Keep Your Eyes Up For Giant Trees."
"Chrysler To Cut 300 Jobs At Detroit Plant."

Atlanta Journal-Constitution:
"Bulldogs Put A Leash On the Party."
"Fulton Rehires tainted Officers."
"Stem Cell Milestone In Doubt, Firms Says Embryos Destroyed."
"State Association Tackles A Game Plan For Growth."

Houston Chronicle:
"Lookheed To Build Moon Ship."
"HISD's Scores On SAT Improve."
Lights, Cameras, Holiday Action."
"Evacuees Say Blame For Crime Is Not Fair."
"Car Wash Slaying Frays Nerves In West Houston."
"Mother's Words Echo In Student's Party Death."

Story Lineup From Last Night's Network News:
ABC: Tropical Storm Ernesto; Hurricane John; Bush-War On Terror; Bush-War On Terror Analysis; Iran-Uranium Enrichment; Cancer Medical Breakthrough; Delta Airlines Profit Gain; Airliner On Fire; Comair Plane Crash; Famous Artwork Recovered; Tiger Preserves
CBS: Bush-War On Terror; Sectarian Violence; Tropical Storm Ernesto; Hurricane John; Clean Air-California; Cancer Treatment Breakthrough; Iran-Uranium Enrichment; Airliner On Fire; Warren Jeffs; Stolen Paintings Recovered; Schieffer-CBS Evening News Farewell.
NBC: Tropical Storm Ernesto; Hurricane John; Storm Watch; Bush-War On Terror; Sectarian Violence; Annuity Fraud Increase; Nicotine Increase-Cigarettes; Gas Prices; Stock Market; Viewers Emails-Bush Interview.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Tropical Storm Ernesto; Iran-Nuclear Program; Jeffs Extradition; Exxon-Mobil-Valdez Settlement.
CBS: Tropical Storm Ernesto; Study-Skin Cancer; Lockheed-NASA Contract; Car Prices.
NPR: Tropical Storm Ernesto; Iran-Nuclear Program; Buenos Aires-Protests; Space Shuttle-Weather Delays; Stolen Paintings Recovered; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — At Camp David. No public schedule.

VICE PRESIDENT CHENEY — Unavailable.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: MINORITY BUSINESSES _ The Small Business Administration and the Department of Commerce's Minority Business Development Agency will take part in the 24th National Minority Enterprise Development Week Conference, a forum for executives from UPS, Tyco, FedEx, IBM and Wal-Mart to share with minority-owned firms information on

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strengthening their position in the global and domestic supply chain. Highlights: 7:30 a.m. - 8:45 a.m. Council of Economic Advisors member Matthew Slaughter. 12 p.m. Luncheon keynote address by Steven C. Preston, Administrator, U.S. Small Business Administration. Press availability follows. 7 p.m. - 10 p.m. The 24th Annual Awards Gala with Emcees Tim and Daphne Reid. Entertainment: Morgan State University Choir, Pan American Symphony Orchestra. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

AHMADIYA MUSLIMS _ Sept. 1 - 3. The Ahmadiyya Muslim Community holds its 58th annual convention to discuss such topics as dispelling misconceptions about Jihad and reanalyzing the original teachings of Islam. Location: Dulles Expo Center, Chantilly, Va. Contacts: Mujeeb Ijaz, 703-991-1311

PENTAGON-IRAQ _ 9 a.m. Army Col. Thomas Vail, commander of 4th Brigade Combat Team, 101st Airborne Division, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579. Notes: Journalists without a Pentagon building pass will be picked up at the North Parking Entrance only. Plan to arrive no later than 45 minutes prior to the event; have proof of affiliation and two forms of photo identification. Please call 703- 697-5131 for escort into the building.

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Martinson, Wanda

Subject:	Canceled: OLP Policy Coordination Meeting - moved to Tuesday this week
Location:	4236 OLP Conference Room
Start:	Tuesday, September 05, 2006 3:00 PM
End:	Tuesday, September 05, 2006 3:30 PM
Recurrence:	Weekly
Recurrence Pattern:	every 2 weeks on Monday from 3:00 PM to 3:30 PM
Meeting Status:	Not yet responded
Organizer:	Martinson, Wanda
Required Attendees:	Gorsuch, Neil M; Todd, Gordon (SMO); McIntosh, Brent; Vargas, Omar
Importance:	High

When: Tuesday, September 05, 2006 3:00 PM-3:30 PM (GMT-05:00) Eastern Time (US & Canada).
Where: 4236 OLP Conference Room

~~*~*~*~*~*~*~*~*~*

Attendees: Rachel Brand, Richard Hertling, Kristi Macklin, Brent McIntosh, Ryan Bounds
Michael Battle or Natalie Voris, Ben Campbell, Courtney Elwood, Mark Epley or Lee Otis, Neil Gorsuch or Gordon Todd, Crystal Jezierski or Omar Vargas, Wan Kim or Rena Comisac, Regina Schofield or David Hagy, Kat Blomquist or Tasia Scolinos or Brian Roehrkasse, Rebecca Seidel or James Clinger (or Will Moschella), Diane Stuart, Jeff Taylor

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, September 05, 2006 9:29 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, September 05, 2006
Attachments:	agnb060905.pdf; agnb060905.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, SEPTEMBER 5, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Study Finds Terror Prosecutions Have Fallen To Pre-9/11 Levels....4
Threat From British Terror Plot Said To Have Been Exaggerated By US, British Officials....4
Al-Qaeda In Iraq Number Two Leader Captured....6
Gadahn Appears In New Video, But FBI Doubts His Rank In Al Qaeda....6
FBI Team Searches Globe For Trinidad-Born "Ultimate Sleeper."....7
US' Post-9/11 "Solidarity" Said To Be Gone....7
Gunman Kills British Man, Wounds Western Tourists In Jordan....9
Saudi-Funded Proselytizing Campaigns Have Been Rolled Back Since 9/11....9

Homeland Response:

Some Recent Air Security Incidents May Have Been Probes By Terrorists....9
Schumer Says US Homeland Security "Mediocre At Best."....9
9/11 Caused Young Muslims In US To Reassess Their Identities....9
Los Angeles Homeland Security Officials Participate In Terrorism Drill....10
Townsend Profiled....10
Federal Aid For Sick Ground Zero Aid Workers Seen As Inadequate....10
History Shows Hurricane Threat Not Yet Over....10

War News:

Democrats Call For Change In Leadership At Pentagon....11
Six US Soldiers Killed, 33 Dead Bodies Found In Iraq....13
UN Envoy To Afghanistan Calls For More Operational Freedom For NATO Troops....13

Corporate Scandals:

Japanese Securities Trial Begins For Former CEO Of Livedoor....14
Attorneys Try Different Tack In Stock Option Scandals....14

Criminal Law:

Well-Known Developer Accused Of Bribing DC Officials....15
Cunningham Probe May Yield More Indictments....15
Judge Denies Ryan Sentencing Testimony From Father Of Children Killed In Accident....15
Suspect In Trooper's Death Sought In New York....15
Liberals' Expectations For "Played Out" Plame Scandal Said To Have "Fizzled."....15
Laws Targeting Violent Dog Breeds Raise Concerns....16

Civil Law:

Judge Will Not Try To Disqualify Boeing Attorneys From Trade Dispute....16
WPost Encourages Congress To Curb Tobacco Industry's Abuses....16

Civil Rights:

Solicitor General Challenges Racial Preferences Employed By School Districts....17
Senate To Consider Bill To Create Civil Rights Cold-Case Unit....17
Dispute Over California Police Use Of Force Focuses On Costs....17
States Accused Of Failing To Correct Voting System Flaws....18
Wilkinson Argues Gay Marriage Ignores Constitutional Tradition....18

Antitrust:

KLM Pushed Legal Boundaries On Airline Merger Rules....18
Stanley Leisure Receives Offer After Failed Merger Talks....18
EU OKs Joint Venture Between GE, Credit Suisse....19

Texas Airfield Bill Faces Tight Deadline 19

Environment:

Bush Discusses Energy Independence, Calls On Congress To Make Tax Cuts Permanent 19
BP Hires Former Federal Judge As Ombudsman For Worker Complaints 21
Bush Accused Of "Stealth Campaign" To Exploit Federal Lands For Development 21
Administration Urges Cities To Plant Trees To Reduce Energy Use 21
Ambitious Nuclear Waste Disposal Project Is A Failure So Far 21
NYTimes Applauds Congress For Adding To Wilderness Areas 22

FBI/DEA/ATF/USMS:

DEA Investigates Fire Department Morphine Thefts In Sacramento 22
In Texas, Seizures Of Meth From Mexican "Superlabs" Said To Be Skyrocketing 22
Rio Grande Valley Border Patrol Said To Lead Nation In Cocaine Seizures 22
Report: Grave Of Wanted Colombian Drug Trafficker Found 22
"Progressive" Minnesota's Gun Laws Seen As A Surprise 23

Immigration:

Congress Not Expected To Take Up Immigration Reform This Fall 23

Tax:

Cleveland Bookie Disputes IRS Claims Of Taxes Owed 24
IRS Now Using Collection Agencies To Pursue Back Taxes 25
Democrats Told To Repeal Tax Code's "Regressive" Elements 25

Congress-Administration:

GOP Congress May Seek Middle-Class Tax Cuts In Session Focused On Security Issues 25
Ginsburg, Souter Top Wealth List Of Justices 26
White House Searching For McClellan Replacement 26
Earmark Reform Tied To Potentially Corrupt Land Deals 27
Bolten Has Distributed Administration "Countdown Clock" To Key Aides 27
Democrats Weigh Next Move On Tomlinson Nomination 27
Senate May Delay Vote On Federal Workers' Pay Raise Until After Elections 27
Kennedy-Miller Bill Said To Encourage "Workplace Intimidation." 27
Krugman Says Administration Neglecting Veterans Health Administration 28

Other News:

New Law Seen As Unlikely To Arrest Decline Of Defined-Benefit Pensions 28
"Deep Throat" Too Ill To Travel To Court 28
Rothenberg Says Democrats Poised To Gain 15 To 20 Seats." 29
McConnell Says Democrats Would Impeach Bush If In Power 29
Santorum Defends Bush's Handling Of War On Terror, Praises Rumsfeld 29
Chafee Rules Out Independent Bid 30
"Mortgage Moms" Identified As New Key Voting Block 30
DeVos Trails Granholm 46-44 According To New Poll 30
NRA Piles Up Victories At The State Level 30
Armey's Freedom Works To Spend $4 Million On GOTV Effort 31
Bush To Attend Fundraiser For Stabenow's Challenger Friday 31
Kaine And Warner Campaign For Webb 31
Florida Gubernatorial Primaries Turn Extremely Negative 31
Early Campaigning For 2008 Presidential Primaries Noted ... 32
Controversy Over New Stem Cell Research Persists 32
Number Of Uninsured Children Grows For The First Time In Eight Years 32
Christian Coalition Splinters As It Broadens Its Mission 32
Arizona Lawmaker Prepares For Deployment To Iraq Or Afghanistan 33
Pittsburgh's New Mayor Is Only Twenty-Six Years Old 33
California Legislature Votes To Erect Statue Of Reagan In US Capitol 33
Emanuel And Reed's New Book Described As "Modest" And "Timid." 33
Suozzi Says New York's Problems Can't Be Solved "Spitzer-Style." 33
Condom Distribution In Prisons Said To Effectively Combat The Spread Of AIDS 34
NYTimes Ponders Potential "Hangover" From Housing Slowdown 34
WPost Endorses Fenty For DC Mayor 34
Annan Says He Will Mediate Release of Two Kidnapped Israeli Soldiers 34
Khatami Backs Two-State Solution In Middle East 35
Hamas Support Eroding Among Palestinians 36
Olmert Announces New Home Construction In West Bank 36

DOJ_NMG_0056816

Hill Says One-On-One Talks Between US, North Korea Are Possible 36
Khartoum Says AU Darfur Force Must Leave Unless It Avoids UN Takeover 37
Somali Government, Islamic Militias Reach Accord 37
Russia To Liberalize Electric Power Industry 37
Attack On Georgian Official's Helicopter Renews Tension Over South Ossetia 37
Prominent Kenyan Landowner In Prison Over Shooting Deaths 38
Illegal Small Arms Trade Blamed For Stoking Violence In Africa 38
AIDS Conspiracy Continues To Roil Libya 38
Lopez Obrador Said To Have "Seriously Damaged Mexico's Young Democracy." 38
NYTimes Draws Attention To Exploitation Of Children In Haiti 38

The Big Picture:

Headlines From Today's Front Pages 39

Washington's Schedule:

Today's Events In Washington 39

DOJ_NMG_0056817

TERRORISM NEWS:

Study Finds Terror Prosecutions Have Fallen To Pre-9/11 Levels. The AP (9/4, Sniffen) reports, "The federal government has fallen back to prosecuting international terrorists at about the same rate it did before Sept. 11, according to a study based on Justice Department data." The "surprising decline" followed "a sharp increase in such criminal prosecutions in the year after the attacks, according to a study released Sunday by the Transactional Records Access Clearinghouse, a data research group at Syracuse University." The AP adds, "Of the 1,329 convicted defendants, only 625 received any prison sentence."

The New York Times (9/4, Lichtblau) reports the study "found that federal prosecutors have declined to prosecute two of every three international terrorism cases brought to them by the Federal Bureau of Investigation and other agencies since 2001. The rejection rate was even higher for the first eight months of the current fiscal year, with 91 percent of the referred cases turned down for prosecution, the research group said. Among the most frequent explanations cited by prosecutors, the study found, were a lack of evidence of criminal intent by the suspect and "weak or insufficient" evidence." The numbers "brought differing interpretations from legal analysts, prosecutors and government officials, many of whom said they were surprised by the findings, and are likely to add to the debate over the administration's legal tactics in prosecuting the fight against terrorism." The Justice Department "immediately took issue with the study's methodology and its conclusions. The study 'ignores the reality of how the war on terrorism is prosecuted in federal courts across the country and the value of early disruption of potential terrorist acts by proactive prosecution,' said Bryan Sierra, a Justice Department spokesman. … Department officials declined to discuss any details of what they considered the flawed methodology."

The Washington Post (9/4, A6, Eggen) says "the findings, based on data compiled by the Justice Department's Executive Office for United States Attorneys, echo previous analyses by The Washington Post and others showing that most defendants in terrorism cases are charged with crimes unrelated to terrorism and that many serve little or no prison time."

UPI (9/5) reports, "Justice Department spokesman Bryan Sierra said in a statement the report contains 'many flaws' and 'misleading analysis.' … 'This report does not take into account the significance of the Justice Department's successful strategy of prevention through prosecution, which has helped protect this country from terrorists since the attacks of Sept. 11th,' Sierra said. 'The department will continue to employ this strategy and work tirelessly to prevent another attack on U.S. soil.'"

The Christian Science Monitor (9/5, Marks) reports, "The contrasting views of this case illustrate the difficulties encountered by the federal government in prosecuting terrorism. A new analysis of federal data since 9/11 also underscores the difficulties: It finds that the number of criminal prosecutions for international terrorism in the US has dropped sharply. … Analysts say one reason for the drop is the intensity of the law-enforcement activity in the immediate aftermath of the attacks, which then leveled off. Critics also point to the way the government conducts its homeland-security policy: They raise questions about the effectiveness of its current surveillance and intelligence operations, and also ask whether the threat of terrorism has been exaggerated. … The Department of Justice counters that the report 'presents a misleading analysis,' and it strongly objects to the suggestion that the threat of terrorism may be exaggerated. It says the TRAC report ignores the DOJ's 'successful strategy of prevention through prosecution.' 'It is irresponsible to attempt to measure success in the war on terror without the necessary details about the government's strategies and tactics,' said Bryan Sierra in a prepared statement. … The Justice Department says that by going after small offenses - such as fraud - it's able to disrupt terrorist activity. It declined to provide a spokesperson to address directly some of the issues raised in the TRAC report."

Threat From British Terror Plot Said To Have Been Exaggerated By US, British Officials. In a web-exclusive, the New Republic's (9/5) John B. Judis writes that an August 28 article appearing on the website of the New York Times, titled "Details Emerge In British Terror Case," "contained the most recent, and most damning,

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revelations about how American and British officials initially presented the case. According to sources quoted by the authors, these officials -- including Michael Chertoff, the head of the Department of Homeland Security – grossly exaggerated the threat that the plotters posed. The 25 people that the British arrested were, to be sure, up to no good. But whether they were about to blow up US airliners headed westward from London's Heathrow is not entirely clear, and it wasn't clear on August 10 when the case broke into the press." Noting a statement by Chertoff that the plot was "getting really quite close to the execution phase," Judis continues, "If the initial story offered by Chertoff and [White House homeland security adviser Frances] Townsend--and their British and Pakistani counterparts--represents a house, then that house is now tottering on its foundations and ready to collapse in ruins. … According to British officials, there was no evidence that the plotters had agreed on specific planes or set a date." Judis adds that assertions that was "still a 'red alert' danger after the plotters were apprehended" and that there were indications that the plot had al Qaeda connections are also questionable.

Trial Of London Plot Suspects Unlikely Before 2008. The Financial Times (9/5, Tait) reports, "A trial of the individuals charged with conspiracy to murder in connection with last month's alleged terrorist plot to blow up transatlantic aircraft is unlikely to get under way until 2008." British prosecutors yesterday "told a judge at the Old Bailey that, given the potential length of the proceedings and the number of people involved, they did not think it would be possible for a trial to begin before January – or possibly Easter – 2008." Their" preliminary forecast came as eight men, aged between 19 and 28, appeared by video-link at London's Central Criminal Court in front of Mrs Justice Rafferty." USA Today (9/5, 2.27M) and the Washington Post (9/5, A15, Sullivan, 748K) also report the story. The Post says "defense attorneys expressed concern that the suspects might be held in jail without bail for more than 18 months before trial."

Police Used Islamic School Searched Sunday For "Diversity Training." The New York Times (9/5, Cowell, 1.21M) reports, "In a strange twist to Britain's newest terrorism scare, a regional police force admitted Monday that it had sent officers for 'diversity training' to an Islamic school that the police searched Sunday as part of a crackdown on jihadist recruiters and trainers." In a statement, the Sussex police "said the Jameah Islameah school south of London 'has been used by officers and staff undergoing advanced training for their role as diversity trainers to the rest of the work force.'" The statement "cast an ambiguous light on other police actions since 14 people were arrested overnight on Friday in what the police described as a hunt for terrorist recruiters and trainers. Within hours of the arrests, the police sealed off the Jameah Islameah school, located in a former convent and ballet school in rural East Sussex, and began to search its grounds."

The New York Times (9/4, Adam, Cowell) reports, "In this rich and leafy part of England once known as the stockbroker belt, police officers searched the grounds and buildings of an Islamic school on Sunday, continuing the hunt for jihadist recruiters and trainers that led to 14 arrests in London late Friday and early Saturday. It is no ordinary school — either by the standards of its failed academic record, its precarious financial status, its enrollment or its mere size and appearance. It is an enormous, Gothic former convent built of red brick on 54 acres of woodlands, with a reported total of 100 rooms housing less than a dozen pupils." Yesterday, "the police cordoned off the school, named for the charity that operates it, Jameah Islameah. Reporters were not allowed close to the location, except for a brief ride in a police van to a closed, black iron gate barring access to the building." The Times adds, "By the admission of its director, Bilal Patel, the estate has been visited by Abu Hamza al-Masri, a firebrand Islamic cleric now serving a seven-year jail term."

Europeans Face Unique Threat From Homegrown Terrorists. The Los Angeles Times (9/5, Rotella, 918K) reports that "Europe remains the front line for a post-Sept. 11 generation of extremists. … Open borders, tolerant laws and social alienation combine to create a space for radical activity in Europe that does not exist in the U.S. Muslim community or even in some Muslim countries. The rise of the enemy within makes European leaders even more uncomfortable with the American-coined phrase 'war on terror.'" The Times adds that threats in Europe "are fragmented and elusive. But they have moved uncomfortably close for Europeans and, as a result, for Americans as well. European-born terrorists 'are willing to attack their homeland,' a U.S. law enforcement official said. 'Something's happening in their melting pot. And the fear with these guys is that they are just an e-ticket away from getting to the U.S.'

Stephens Says Too Many Premises Unite British Muslims, Mainstream. Bret Stephens writes in the Wall Street Journal (9/5, 2.03M) that "what really ought to terrify

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Britain's leaders aren't the conclusions that divide mainstream and Muslim Britain, but the premises that unite them. From the credence given to people like Michael Moore and Noam Chomsky, to the simplistic derision of the US and the frenzied hatred of Israel, the two camps attend the same church and sing from the same hymnal. Until that changes, on one side or the other, Britain will have no respite from the encroaching terror. Or, to paraphrase Pogo: We have met the jihadi, and he is us."

Al-Qaeda In Iraq Number Two Leader Captured. The Los Angeles Times (9/4, Moore) reports, "A high-level operative of Al Qaeda in Iraq believed to be one of the planners behind the bombing of one of the world's holiest Shiite Muslim shrines has been captured, U.S. and Iraqi officials said Sunday. Hamed Jumaa Farid Saeedi, a former intelligence agent under Saddam Hussein's regime who is believed to be in his early 40s, was the No. 2 Al Qaeda in Iraq operative, according to Iraqi national security adviser Mowaffak Rubaie." The Times adds, "An Iraqi intelligence unit working with U.S. special forces captured Saeedi near Baqubah, northeast of the capital, not far from where Al Qaeda in Iraq leader Abu Musab al-Zarqawi was killed three months ago, authorities said."

The Washington Post (9/4, A1, Paley, 748K) calls the arrest of al-Saeidi "the latest in a series of blows to the Sunni Arab insurgent group, believed responsible for numerous suicide attacks on civilians and other deadly violence." His bombing of the Samarra shrine in February was "an attempt to thrust Iraq into a full-scale civil war." National Security Advisor Mowaffak al-Rubaie is quoted saying, "The al-Qaeda organization in Iraq has been seriously weakened and is now suffering from a leadership vacuum." The Post notes, "Despite repeated strikes on the leadership of al-Qaeda in Iraq, the group's diffuse cells have continued to launch deadly attacks throughout the country."

The New York Times (9/4, Oppel, 1.21M) says al-Rubaie told a television audience that al-Saeedi "was captured several days ago as he hid among Iraqi families in a residential building. He said that Mr. Saeedi was operating near Baquba, north of Baghdad, in the area where Abu Musab al-Zarqawi…had sought refuge before he was killed in an American airstrike three months ago." He "described" al-Saeedi as a top lieutenant to Abu Ayyub al-Masri. "If that characterization is true, it would suggest that Mr. Saeedi is the most senior Al Qaeda in Mesopotamia leader killed or captured since an American F-16 fighter bombed Mr. Zarqawi's safe house on June 7."

The AP (9/4, Becatoros) adds al-Rubaie "accused" al-Saeedi "of 'brutal and merciless' terror operations, including the bombing of a Shiite shrine that touched off the sectarian bloodletting pushing Iraq toward civil war." The AP says Deputy Prime Minister Barham Saleh told CNN Late Edition, "This is a very important development. Deliberate intelligence work, both by Iraqi forces as well as the multinational forces, have dealt a very severe blow to al-Qaida organization in Iraq."

Television newscasts tended to downplay the significance of the arrest. NBC Nightly News (9/3, lead story, 2:00, Seigenthaler) reported the news "was announced by the Iraqi government which called it a fatal blow to al Qaeda. But there are signs al Qaeda's role in Iraq has been diminished." NBC (Boettcher) added, "Until today he was unknown, Iraq's national security advisor proclaimed al Qaeda had been crippled by his arrest. 'He carried out al Qaeda's policies in Iraq,' declared the official. 'He was attempting to start a civil war between Shiite and Sunni.'" But "after al Qaeda's top leader in Iraq, Abu Musab al-Zarqawi, was killed last June in a joint US-Iraqi operation, Iraqi officials expressed optimism that sectarian violence would subside. It has not. The Pentagon's own figures show civilian casualties increased 50% in May, June and July."

CBS Evening News (9/3, 2:30, lead story, 3:00, Strassmanl) also said that "since Zarqawi's death, Iraq's bloodshed has only gotten worse. Just last Friday a Pentagon report said violence here in the three months after Zarqawi's death was at a highest level." Al Qaeda is "definitely still a presence" in Iraq, "definitely still a worry but US commanders here are mostly focused these days of course on the sectarian violence the Iraqi and Iraqi killings. Then they are worried about the insurgence and criminal gangs al-Qaeda is somewhat down the list but clearly still a presence here."

Along similar lines, the Washington Times/AP (9/4, Becatoros) reports, "The U.S.-led coalition and Iraqi authorities have announced numerous arrests after Zarqawi's death that officials say have thrown al Qaeda in Iraq into disarray." But "rampant sectarian violence and other attacks have continued, with at least 20 Iraqis killed in bomb attacks and shootings yesterday."

Gadahn Appears In New Video, But FBI Doubts His Rank In Al Qaeda. In a widely-

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distributed story, the AP (9/4, Taylor) reported, "Federal investigators do not believe an American convert to al-Qaida who appeared in a propaganda video is a high-ranking member of the terrorist group, and they doubt his efforts to promote the organization are having much effect." Adam Gadahn "has appeared on several long and rambling al-Qaida videos at strategically chosen moments," and his "most recent appearance on a 48-minute video posted on an Islamic militant Web site…urged U.S. soldiers to 'surrender to the truth (of Islam), escape from the unbelieving army and join the winning side.' … 'Al-Qaida has sought to use Gadahn as a propaganda tool,' FBI spokesman John Miller said Sunday. 'The purpose is to have someone who can translate al-Qaida's message into English and deliver it to a Western audience. It's part of their "psy-ops."'" Miller added, "There is no indication that he is a high-ranking member of al-Qaida, but it is clear that he has had access to the highest levels of the organization." lin another widely-distributed story, the AP (9/3, Nasrawi) reported that the video "raised fears it signaled an imminent attack, but experts in the region said Sunday it is more likely a bid to soften the terror group's image." The AP noted, "FBI Director Robert Mueller said 'there is no indication that he is a high-ranking member of al-Qaida, but it is clear that he has had access to the highest levels of the organization.' Mueller announced in May that the FBI was looking for Gadahn."

NBC Nightly News (9/2, lead story, 3:00, Seigenthaler, 9.87M) reported, "In the video he urges all Americans to convert to Islam. With the 9/11 anniversary approaching terror experts are looking at the new tape to find out if it is really a threat or just more bluster." NBC (Myers) added, "Unlike most al Qaeda tapes there is no explicit threat of an attack on this tape. This is basically an appeal from an American for other Americans to join the ranks of al Qaeda." Gadann: "We invite all Americans and other non-believers to Islam wherever they are." Myers: "He claims the biggest threat to U.S. security is the growing number of conversions to Islam in the U.S." Myers: "This is Gadann's fourth video but clearly his most prominent use by al Qaeda." The CBS Evening News (9/2, story 2, 0:10, Assuras, 7.66M) noted that Ayman al Zawahiri introduced Gadahn, "an al Qaeda member from California wanted by the FBI."

FBI Team Searches Globe For Trinidad-Born "Ultimate Sleeper." Under the headline "A Mystery Man Who Keeps The FBI Up At Night," the Los Angeles Times (9/3, Meyer, 918K) reported in depth on the FBI search for Trinidad-born al Qaeda terror suspect Adnan Gulshair Muhammad el Shukrijumah, noting that in a 2003 FBI all-points bulletin, "he was described as the ultimate 'sleeper agent,' intent on attacking the U.S., possibly with weapons of mass destruction. … To be sure, the FBI's record on identifying terrorist plotters since Sept. 11 includes some widely publicized failures," but "terrorism authorities both inside and outside the government say they believe Shukrijumah is a major Al Qaeda figure, and the hunt for him is intense, with an FBI team tracking him virtually full time." The Times noted that Shukrijumah is educated and "a naturalized U.S. citizen whose appearance would allow him to pass as Latino, Indian or Middle Eastern and who speaks English with no discernible accent," making him "especially threatening, counter-terrorism authorities say. He is dangerous 'because he is so trusted in the organization and because he has traveled in the Western world and is familiar with its customs and procedures,' said Joseph Billy Jr., assistant FBI director for counter-terrorism."

US' Post-9/11 "Solidarity" Said To Be Gone. Two of the news magazines, U.S. News and World Report and Time, devote their cover stories to the fifth anniversary of the 9/11 attacks. U.S. News and World Report (9/11, Tolson) reports that the early sense of solidarity" felt among Americans "is largely gone. … It didn't take the 2004 presidential election to prove that America was once again a riven nation, but it showed that red and blue Americans were now also deeply and evenly divided over the incumbent's handling of the war on terrorism. Bush's supporters could-and still can-point to one indisputable fact: not one successful act of terrorism on American soil since September 11. Yet the charges of incompetent leadership would grow ever sharper, many coming from traditional conservatives." President Bush's "plan for a 'Big Bang' transformation of the Middle East is also receiving low marks from some of its earlier backers."

A separate story in Time's (9/11 Gibbs) cover package reports that the unity that immediately followed the attacks "was never going to last. The world more easily prefers a superpower when it's wounded and weakened than when it rises and growls. But we have not merely returned to the messy family arguments of Sept. 10. We are divided at home, dreaded abroad, in need of a hard conversation about

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America's vital interests and abiding values but too bitter and suspicious to have it."

Voters Said To Doubt Bush's Ability To Make Country More Secure. Newsweek (9/11, Wolffe, Bailey) reports, "Voters -- including many Republicans -- are openly doubting the President's ability to make the country more secure. Polls show that voters narrowly side with Republicans on terrorism, but they now prefer Democrats on Iraq."

70% of Americans Believe War On Terror Won't Be Won In 10 Years. A story in Time's (9/11, Ferguson) cover package reported that a TIME/Discovery Channel poll found that "nearly 70% of Americans believed the war against terrorism would not be won within 10 years." Time's cover story examines the attacks from the perspective of a historian looking back from 2031. That historian would conclude, according to Time, that the execution of the war on terror "was fatally flawed. Far from reducing conflict in the Middle East, forcible democratization turned out to have just the opposite effect, unleashing violent centrifugal forces that were beyond American power to control. By focusing its efforts on rogue states, the U.S. ignored the fact that the terrorists' most important area of activity was not the Middle East but stable, prosperous, democratic Western Europe." Time adds that "it was hardly surprising that, by the time of the fifth anniversary, many experts argued that the U.S. reaction to 9/11 had failed to eliminate the terrorist threat and instead had made the world a more dangerous place."

1/3 Of Americans Suspect Government Complicity In 9/11 Attacks. A separate story in U.S. News and World Report's (9/11, Sullivan) cover package examines conspiracy theories about the 9/11 attacks. US News notes that the group 9/11 Truth "and its outlandish claims have become an online phenomenon-and are proving startlingly persuasive." Roughly "a third of Americans suspect the seemingly unthinkable-government complicity in the deaths of some 3,000 citizens."

A story in Time's (9/11, Grossman) cover package also examines conspiracy theories surrounding the attacks, noting that to conspiracy theorists, "al-Qaeda is not responsible for the destruction of the World Trade Center. The US government is. The Pentagon was not hit by a commercial jet; it was hit by a cruise missile. United Flight 93 did not crash after its occupants rushed the cockpit; it was deliberately taken down by a US Air Force fighter. The entire catastrophe was planned and executed by federal officials in order to provide the US with a pretext for going to war in the Middle East and, by extension, as a means of consolidating and extending the power of the Bush Administration." A separate story in Time's (9/11) cover package examines some of the "Internet-fueled" conspiracy theories surrounding the attacks.

Officials Say They've Turned A Corner In Rebuilding Lower Manhattan. Another story in U.S. News and World Report's (9/11) cover package examines efforts to rebuild in lower Manhattan since the attacks. Officials "insist that they've turned a corner and say progress is being made. … But skeptics say a miasma of political agendas surrounding the effort could still gum up progress." U.S. News' cover package also examines a Wall Street firm's efforts to rebuild since the attack.

Officials Debate Balance Between Indirect Programs And Manhunts In War On Terror. Another story in U.S. News and World Report's (9/11, Robinson) cover package examines the five-year hunt for al Qaeda leader Osama bin Laden and the US military's global counterterrorism plan. The plan "relies increasingly on allies like NATO and has broadened from that of a basic manhunt to a mission that includes training partner nations in counterterrorism, intelligence, and civil affairs, eliminating safe havens, and attacking the ideological underpinnings of radical Islamism." US News adds, "The debate over the balance between indirect programs and manhunts has captured attention among lawmakers and Pentagon officials. A proposal to create an 'unconventional warfare command' was floated at June hearings held by Rep. Jim Saxton, the chairman of the special operations subcommittee. While praising direct-action successes, Saxton says, 'I believe the key to our military efforts rests in the unconventional capabilities.' He has not decided yet whether such a command within SOCOM is necessary but says 'it is vital that policy makers in the Department of Defense not lose sight of the strategic importance of unconventional warfare and ensure that we capitalize on those capabilities.'"

Debate Continues Over What To Call The Enemy In War On Terror. Newsweek (9/11, Wolffe, Bailey) reports on the debate over what to call the enemy in the war on terror. According to Newsweek, "Five years after 9/11, and more than three years after invading Iraq, President Bush is still searching for the perfect phrase to define the enemy in the war on terror -- and reassure Americans who will soon head to the polls. Other Republicans -- including Pennsylvania Sen. Rick Santorum, who is in a tough re-election race --

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have adopted 'Islamofascism' as shorthand for terrorists. … Bush has used the term 'Islamic fascists' sporadically, most recently to describe the alleged London bomb plotters last month. But the phrase was noticeably absent from his latest major speech on the war last week -- which was part of a procession of campaign-style addresses by the administration's biggest names."

Gunman Kills British Man, Wounds Western Tourists In Jordan. The New York Times (9/5, Maayeh, 1.21M) reports, "A gunman opened fire on tourists visiting a popular site in downtown Amman on Monday afternoon, killing a British man and wounding six other people, Jordanian officials said. Hospital officials identified the dead man as Christopher Stoke, 53." Wounded in the shooting were "two British women, an Australian woman, a woman from New Zealand, a Dutchman and a sergeant with the Jordanian Tourist Police, Jordanian officials said." Jordan's official news agency, Petra, "identified the gunman as Nabeel Ahmad Issa Jaoura, 38, from Yajouz, near the Islamist stronghold of Zarqa."

The Washington Post (9/5, A12, Mousa, 748K) notes "the Associated Press quoted a Jordanian security official, who spoke on condition of anonymity, as saying that preliminary investigations found no link between known terrorist groups and Ahmed."

Saudi-Funded Proselytizing Campaigns Have Been Rolled Back Since 9/11. The Washington Post (9/5, A1, Murphy, 748K) reports Salafism, "once had a significant foothold among area Muslims, in large part because of an aggressive missionary effort by the government of Saudi Arabia. Salafism and its strict Saudi version, known as Wahhabism, struck a chord with many Muslim immigrants who took a dim view of the United States' sexually saturated pop culture and who were ambivalent about participating in a secular political system. It was also attractive to young Muslims searching for a more 'authentic' Islam than what their Westernized immigrant parents offered." But since 9/11, "One of the area's most prominent Salafi preachers, Ali al-Timimi, is in prison, convicted on charges that he incited young Muslims to wage war against the United States. Dar al-Arqam Islamic Center in Falls Church, where he preached, is now closed. The Saudi government's proselytizing campaign has also been rolled up. Its preachers were sent home, and a Saudi-run institute in Fairfax that taught a strict Salafi outlook no longer has any students."

HOMELAND RESPONSE:

Some Recent Air Security Incidents May Have Been Probes By Terrorists. The Washington Times (9/4, Hudson) reports, "The rash of airline-security incidents since the London terror arrests -- which has diverted or delayed more than 20 flights all over the world -- has more to do with flukes, red herrings or terrorist probes than with actual, imminent threats, intelligence observers and security officials say. 'Alarms were triggered by a range of things: disruptive passengers, suspicious smells, bomb threats that were scribbled on air-sickness bags and anonymous phone calls alleging bomb threats, said Douglas Hagmann, director of the Northeast Intelligence Network." He added, "We are constantly being probed by terrorists. … We are going to have a limited number of incidents that are just a ploy, a nonevent as a result of misunderstandings or innocuous activity. You can expect that and factor that in. But the extent we are seeing today -- the numbers are well beyond the norm." The Times adds, "At least 23 incidents worldwide since the Aug. 10 arrests of two dozen suspects have led to 11 emergency landings or flight diversions, four of them escorted by military jets, and 16 arrests."

Schumer Says US Homeland Security "Mediocre At Best." The New York Times (9/5, Perez-Pena, 1.21M) reports Sen. Charles Schumer said yesterday that US homeland security "remains mediocre at best, and in some ways has barely improved" since 9/11. Schumer "gave efforts to make the nation safer from attack a grade of C-, about the same as the marks he assigned in similar exercises in 2002, 2003 and 2004. Of the 12 areas he examined in a report, he said a few remained particularly bad: security for mass transit, shipping ports and chemical plants; the use of devices that can detect explosives and other weapons; and grants to law enforcement authorities and firefighters." DHS spokesman Russ Knocke is quoted as saying the report is "half-baked," adding that "it seems to rely upon the premise that government can prevent all threats for all people for all time."

9/11 Caused Young Muslims In US To Reassess Their Identities. The Washington Post

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(9/4, A1, Bahrampour), in a front-page story titled, "Young U.S. Muslims Strive For Harmony: 9/11 Spurred Action, Helped Define Beliefs," reports, "Until Sept. 11, being Muslim in the United States had not necessarily meant taking a special stand or explaining the actions of others. But in a new social climate, Muslims had to decide, more concretely, what it meant to be both Muslim and American. For two young Muslim men in the Washington area, the process of refining the balance between faith and country, set in motion by the attacks, has played out differently." One, "raised in a multiethnic family that frequently discussed how Islam fit into mainstream America, was propelled into a leadership role aimed at integrating Muslims into broader society." The other, "son of Palestinian immigrants, went from ignoring many tenets of his religion to thinking actively about what they meant to him and, ultimately, throwing off the trappings of American life that didn't fit with Islam."

Los Angeles Homeland Security Officials Participate In Terrorism Drill. The Los Angeles Times (9/4, Newton) reports that last week, "Ten of the region's leading public officials and anti-terrorism experts convened at The Times to respond to a simulated attack on Greater Los Angeles, testing their personal mettle and the region's systems for investigating and reacting to a deeply destabilizing threat. As they did, the participants displayed an openness and cooperation that has not always marked Los Angeles' response to catastrophe. Brian Jenkins, a terrorism expert with the Rand Corp. who designed the complex scenario and guided the group through it, praised the participants' instincts, even as he questioned whether some of their choices were influenced by the presence of reporters and cameras. Still, there was comfort to be taken from the exercise, as the group's members showed command of the vast interagency network constructed in recent years to protect Los Angeles from attack — even one so chilling and uncontained as that which these panelists faced."

Townsend Profiled. Time (9/11, Waller) profiles Fran Townsend, Assistant to the President for Homeland Security. Time reports that Townsend's "rise to the President's inner circle is remarkable when you consider that she was a Justice Department confidante of Janet Reno's…and that some counterterrorism professionals question her credentials for the job." Time continues, "A powerful sign of the respect Bush's loyalty to Townsend commands -- or perhaps an indication of lingering Administration defensiveness over her appointment -- is that heavyweights like Rice and White House chief of staff Josh Bolten praised Townsend in phone calls to TIME arranged by her office." Time also reports, "While many officials in this White House shun media interviews, she plainly enjoys them."

Federal Aid For Sick Ground Zero Aid Workers Seen As Inadequate. The New York Times (9/5, DePalma, 1.21M) reports "government officials have only recently begun to take a role in the care of many of the 40,000 responders and recovery workers who were made sick by toxic materials at ground zero. But for many of the ill and those worried about becoming sick, government actions — coming from officials whom they see as more concerned about the politics of the moment than the health of those who responded to the emergency — are too limited and too late." Dr. John Howard, "who was appointed by the Bush administration in February to coordinate the federal government's 9/11 health efforts, readily admits that costly delays and missed opportunities may have shattered responders' trust in the government." Howard is quoted as saying, "I can't blame them for thinking, 'Where were you when we needed you?'" The Times adds, "A review of recent federal initiatives reveals a pattern of the government's not fully delivering what was promised."

9/11 Widows Publish Book. USA Today (9/5, 1A, Minzesheimer, 2.27M), in a front-page article, describes a social club started by widows of four men killed at the World Trade Center on 9/11. They have written a book titled, "Love You, Mean It."

History Shows Hurricane Threat Not Yet Over. The Wall Street Journal (9/5, C1, Pleven, 2.03M) reports that though Hurricane Ernesto has "fizzled" and forecasters at Colorado State University "lowered their hurricane forecast for the year" Friday, the 2006 "storm season isn't close to over," meaning "investors need to look out, because energy supplies and refining operations in the Gulf of Mexico region could still be hit, potentially affecting the broader economy, oil and natural-gas prices, and stocks. … History shows that September has been the most active month of all, giving birth to 104 -- more than a third -- of all known storms in the past 155 years." Colorado State University hurricane-forecasting team now predicts this hurricane season "will be below average," but "still expects

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three hurricanes, two of them major, to form in the Atlantic basin this month."

Meteorologists Monitor Sixth Tropical Depression Of Season. USA Today (9/5, 3A, 2.27M) reports, "The sixth tropical depression of the Atlantic hurricane season continued its slow path toward the US mainland on Monday as people up and down the East Coast mopped up after Tropical Storm Ernesto's rain-soaked push up the coast." Chris Dolce, a meteorologist with The Weather Channel, said the depression, which could become Tropical Storm Florence, "was struggling to gain strength Monday. Even so, conditions over the Atlantic Ocean could allow the season's second named hurricane to be produced over the next few days. The system remains more than a week away from the USA." CBS Evening News (9/4, story 6, 0:15, Mitchell, 7.66M) reported the tropical depression is "expected to gain strength and become Florence, the sixth named storm of the season."

WAR NEWS:

Democrats Call For Change In Leadership At Pentagon. CNN's The Situation Room (9/4, King) reported that top Democrats in Congress "are sending a letter to President Bush that calls for a phased redeployment of troops and a change at the top of the Pentagon and they're doing it on the traditional kickoff day of the Fall campaign." CNN (Koppel) added that with the letter, Democrats "are setting off their opening salvo on what is sure to be both a highly partisan and a very bitterly fought five weeks before they leave for their final days ahead of the midterm elections. … Democrats urge President Bush to consider changing his Iraq policy and repeat many of the steps they've already suggested. But what sets this letter apart is that it also tells President Bush the current civilian leadership at the Pentagon isn't up to the job of implementing it. Although it doesn't mention Defense Secretary Donald Rumsfeld by name, Democrats indicated last week they plan to offer up a no confidence motion on Mr. Rumsfeld later this month."

The Washington Post/AP (9/5, A3) reports, "In their letter, released yesterday, House Minority Leader Nancy Pelosi (Calif.), Senate Minority Leader Harry M. Reid (Nev.) and 10 other congressional party leaders criticize Bush's policies in Iraq, calling them part of a 'stay the course' strategy that has not made the United States more secure. The letter suggests several changes long called for by Democratic leaders. … Others who signed the 850-word letter were Sens. Joseph R. Biden Jr. (Del.), Richard J. Durbin (Ill.), Daniel K. Inouye (Hawaii), Carl M. Levin (Mich.) and John D. Rockefeller IV (W.Va.) and Reps. Jane Harman (Calif.), Steny H. Hoyer (Md.), Tom Lantos (Calif.), John P. Murtha (Pa.) and Ike Skelton (Mo.)." In response, "Sen. Mitch McConnell (R-Ky.) issued a statement accusing Democrats, including Democratic National Committee Chairman Howard Dean, of calling for retreat from Iraq before the US mission there is completed."

NBC Nightly News (9/4, story 4, 0:55, Brown, 9.87M) reported on "the White House response to all this." NBC (O'Donnell) said it was "pretty dismissive. The White House says that that Democrat appeal to change course in Iraq is really a political stunt intended to feed the liberal base. The President will be out himself talking about Iraq again with the second in a new series of speeches about the broader war on terror. White House advisor say the President will focus on what they call the nature of the enemy, how they think, why they should be taken seriously. To do that, the President will use their own words, quoting directly from the terrorists to try to use that to explain why people should accept the Administration's view that Iraq is a central front on the war on terror. That gives the President a way to say to the nation, you don't have to take my word for it. Hoping that a reminder of what terrorists are thinking and saying maybe more persuasive."

ABC World News (9/4, lead story, 2:35, Gibson) reported Labor Day "historically has been the start the political season and indications today that this year with control of both the House and Senate on the line is going to be a slugfest. The Democratic leadership in Congress issued an open letter to the President saying he has a failed Iraq policy. So let the debate begins. It will be the center piece of this fall's election. … With the violence in Iraq still escalating, and the President's approval ratings still low because of it, the Democrats have staked their ground. In a letter to the President today, the Democratic leadership called the Administration's Iraq strategy a failure, saying 'this current path is neither working nor making us more secure.'" Chuck Todd, editor in chief of The Hotline was shown saying, "If the voter goes into the polls thinking about Iraq, Democrats will have a big night. If they think about terrorism then the Republicans have a fighting chance."

CNN's The Situation Room (9/4, Henry) also reported that the White House is "dismissing the latest Democratic gambit. White House spokeswoman Dana Perino insisting to

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CNN that the President is already pursuing a new direction in Iraq, with one key difference, quote, we refuse to quit and withdraw our troops before the job is done. In an effort to divert people's attention to their cut and run strategy, and to feed the liberal base of their party Democrats are launching baseless partisan attacks against the secretary of defense. The American people want serious ideas from their leaders in Washington, not campaign letters and political stunts. Now that back and forth obviously a reminder that this is the opening day, Labor Day, of the midterm election season officially. And while the President gave a speech today on the economy, tomorrow he will turn right back…to national security."

Iraq War Seen As Defining Issue In Most House, Senate Races. NBC Nightly News (9/4, story 3, 3:10, Brown, 9.87M) reported, "The war in Iraq is a main topic of conversation on the campaign trail this Labor Day weekend. The traditional kickoff of the general election season. And a new analysis of House races shows the war is turning the campaign into an uphill battle for Republicans." NBC continued, "In the Chicago suburbs this Labor Day weekend, as candidates campaigned for an open seat in Congress, the war in Iraq was never far away. The Democrat -- Tammy Duckworth -- a veteran who lost both legs in Iraq, is a war critic. The Republican -- Peter Roskam -- supports the war. But supporting the war is proving risky for Republicans in competitive districts and could help turn election day into a 'horror show' for Republicans, according to NBC political analyst Charlie Cook." Political analyst Charlie Cook: "If the election were held today, I feel confident that Democrats would win a majority in the House." NBC added, "Democratic leaders in Congress today yet again seized on the issue in a letter to the President urging him to begin the phased redeployment of US forces from Iraq before the end of this year. And calling for the civilian leadership as the Pentagon to step down, including Secretary of Defense Rumsfeld. Some House Republicans in tough races have distanced themselves from the President's stay-the-course position. In the Senate, some Republican candidates are doing the same. This weekend, Tom Kean, Jr., of New Jersey called on Defense Secretary Donald Rumsfeld to step aside."

Democrats Plan To Increase Scrutiny Of The Administration. CBS Evening News (9/4, lead story, 7:00, Mitchell, 7.66M) reported, "In Congress, Democrats are plotting a return to power." House minority leader Nancy Pelosi hopes to "become the first woman speaker of the House. … If it happens, Pelosi promises big changes in Washington." Republicans "say the new direction that would happen if the Democrats take over is a sharp left turn, as in liberal, which would make it more difficult for the President who could count on little to no cooperation with from the house on his agenda." According to CBS, "if the Democrats control one or both houses they can run committee hearings, they can turn up the scrutiny on Administration policies by the hearings, but more importantly they exert influence. ... Take the war in Iraq for instance, because Congress funds the war effort."

Documentary On "War Profiteers" In Iraq Released To Coincide With Election Season. ABC World News (9/4, story 8, 3:15, Gibson) reported, "An angry new movie, documentary in form, premieres tonight taking aim at the American contractors enjoying a big pay day in Iraq." ABC added, "'Iraq for sale: The war profiteers' is a 75-minute assault on the companies that provide food, water, mail delivery and even interrogators to the US government -- services the military once provided. The movie accuses these contractors of ripping off American taxpayers. For example, by burning equipment that could be repaired. … The movie says politically-connected contractors have successfully squashed attempts to get the Republican-controlled Congress to crack down." Director Robert Greenwald "used to make feature films…before making scathing documentaries about Wal-Mart and the Fox News Channel." Greenwald "said it is to inform but no question the way he makes a movie is like a political campaign. He will release it in a few major cities over the next week, but the main event is screening in people's homes, union halls, churches, pizza parlors across the coming weeks and the timing is not coincidental, just weeks before the fall elections."

Administration's Rhetorical Use Of Historical Antecedents Seen As Campaign Ploy. The Washington Post's Eugene Robinson (9/5, A19) writes, "Unless the Republican base is somehow energized and the rest of us somehow scared stiff by November, the Democrats have a decent chance of taking the House of Representatives and even an outside shot at the Senate. That's where all the administration rhetoric about Nazis, commies, fascism and appeasement has to be coming from, because, absent the political context, it makes no sense. It's all heat and no light. … Between now and November," President Bush "wants to talk about a war that we can all agree on, even if it has no

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bearing on the war being fought today. Yes, Mr. President, Hitler was bad. And your point would be?"

Six US Soldiers Killed, 33 Dead Bodies Found In Iraq. CBS Evening News (9/4, story 3, 0:15, Mitchell, 7.66M) reported, "The battle for Iraq has claimed six more Americans, two Marines and four Army soldiers. Also today, two British soldiers were killed by a roadside bomb. The bodies of 33 Iraqi men were found in and around Baghdad, most had been tortured, blindfolded and shot. More than 20 Iraqis were killed in bombings and shootings yesterday and today." NBC Nightly News (9/4, story 2, 0:15, Brown, 9.87M) reported on "the grisly discovery of 40 bodies in the capital. Most were found blindfolded and shot at close range."

ABC World News (9/4, story 2, 2:20, Gibson) said that "in Iraq, September is off to a deadly start for US forces."

The New York Times (9/5, Von Zielbauer, 1.21M) reports "violence continued to plague Iraq on Monday," and adds that in a news conference, Muhammad al-Askary, "the Defense Ministry spokesman, said Sunni insurgents had started renting apartments and storefronts in Baghdad and packing them with explosives." The Washington Post (9/5, A12, Paley, Nouri, 748K) and USA Today (9/5, 2.27M) run similar stories on yesterday's violent attacks.

The Washington Times/AP (9/5, Becatoros), meanwhile, notes "British Foreign Secretary Margaret Beckett arrived in the capital yesterday on an unannounced visit, her first to Iraq since taking the post in May."

Baghdad Killings Said To Have Escalated Last Week. The Los Angeles Times (9/5, Roug, 918K) reports, "The number of killings in the Iraq capital escalated last week despite an American-led crackdown, with morgue workers receiving as many bodies as they had during the first three weeks of the month combined. At least 334 people, including 23 women, were slain in Baghdad between Aug. 27 and Sept. 2, according to morgue figures provided by Ministry of Health officials. Most of the victims had been kidnapped, tortured, hogtied and shot." The Times adds, "During the week, at least 394 other people were killed around Iraq in other types of violence, including bombings, mortar attacks and gunfights, Iraqi authorities said. The spike in violence followed an announcement by US and Iraqi officials at the beginning of the week that the number of killings in the capital had dramatically fallen during the month, from more than 1,800 in July."

UN Envoy To Afghanistan Calls For More Operational Freedom For NATO Troops. The Financial Times (9/5) reports, "The senior UN envoy to Afghanistan has called for Nato troops to be given more operational freedom as top alliance leaders flew to Kabul to bolster the mission to stabilise the country. The alliance, whose credibility is widely seen as hanging on its success in Afghanistan, is facing fierce opposition from resurgent Taliban fighters that has caused mounting casualties and alarmed some Nato governments." Tom Koenigs, the UN's special representative for Afghanistan, "said Nato needed more troops and fewer restrictions on their freedom of manoeuvre. In particular, he said there were 'around 71 caveats', which he argued were 'too many and must be removed.'" Caveats "limit the combat role of Germany's 2,800 troops and restrict them to Kabul and the north of the country. Nato can deploy them elsewhere only 'under exceptional circumstances and on a temporary basis.'"

NATO Commander Sets Six-Month Deadline For Defeating Taliban. USA Today (9/5, Wiseman, 2.27M) reports from Kabul that "NATO's commander…has set a six-month deadline to reverse a Taliban insurgency terrorizing southern Afghanistan or risk alienating Afghans undecided about whom to support." British army Lt. Gen. David Richards "said his troops must prove to Afghans in the south that the fundamentalist Islamic militia won't be able to undermine the democratically elected Afghan government or stop efforts to rebuild the shattered country. Only 10% of the south's population supports the Taliban, Richards said, citing Afghan government surveys." In an interview, "he said 70% won't declare their loyalty until they 'see which side will win. They can't wait forever. We've got to show them we will win.'"

Canadian Killed In Friendly-Fire Incident. CBS Evening News (9/4, story 4, 0:10, Mitchell, 7.66M) reported, "In the war in Afghanistan, another tragic friendly fire incident. This time two US warplanes accidentally strafed NATO troops near Kandahar, killing one Canadian soldier and wounding at least five. The troops called for air support in an operation against Taliban guerrillas."

The Chicago Tribune (9/5, Barker, 623K) reports "the 'friendly-fire' incident happened near Panjwayi, where NATO troops have been fighting a pitched battle with the Taliban for three days, part of Operation Medusa." The Washington Post (9/5, A14, Struck, 748K), among other newspapers, also reports the story.

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Afghanistan's "Little America" At Epicenter Of Taliban Resurgence. A 5,334-word piece in today's New York Times (9/5, Rohde, 1.21M) describes an Afghan city, created as an international development project, that has become "a symbol of failure." This "spring and summer, the slow and methodical siege of this southern provincial capital" of Lashkar Gah "intensified." In 2001, "when the Taliban fell," the city "seemed like fertile ground for the United States-led effort to stabilize the country. For 30 years during the cold war, Americans carried out the largest development project in Afghanistan's history here, building a modern capital with suburban-style tract homes, a giant hydroelectric dam and 300 miles of canals that made 250,000 acres of desert bloom. Afghans called this city 'Little America.' Today, Little America is the epicenter of a Taliban resurgence and an explosion in drug cultivation that has claimed the lives of 106 American and NATO soldiers this year and doubled American casualty rates countrywide." The region's "descent symbolizes how Afghanistan has evolved since the initial victory over the Taliban into one of the most troubled fronts in the fight against terrorism."

CORPORATE SCANDALS:

Japanese Securities Trial Begins For Former CEO Of Livedoor. The Wall Street Journal (9/5) reports, "Takafumi Horie, the former chief executive of Internet firm Livedoor Co. who came to symbolize a freewheeling capitalism at odds with Japan's cozy corporate norms, pleaded not guilty to charges of breaking securities law." The Journal continues, "The trial follows what became known as the 'Livedoor Shock,' when a prosecutors' raid on the firm sent Tokyo shares tumbling, halted trading and rattled confidence in the stock market. … Prosecutors said Mr. Horie, 33 years old, violated securities law by conspiring with colleagues to boost Livedoor's share price by falsifying corporate accounts. … 'I have not carried out, or instructed, such crimes as were mentioned,' Mr. Horie said." The Journal adds, "Prosecutors outlined a complex scheme in which Livedoor executives used 'dummy' companies to buy up subsidiary shares to inflate profits. Livedoor had an affiliate acquire a company that was already under its control and sold stock in that company to doctor its books, and Livedoor's string of stock swaps and other transactions were all conducted under Mr. Horie's instructions, prosecutors said. … Defense lawyers, in their opening remarks, said that the charges were groundless, the transactions in question were totally legal, the companies weren't dummies at all and that Mr. Horie didn't know about the dealings anyway."

The Washington Post/AP (9/5, D2, Kageyama) reports, "Horie's plea and statements are the latest in a string of defiant acts that catapulted the college dropout to stardom as a symbol of a more modern, freewheeling market economy. … But Horie has also drawn scorn from the old guard in a conformist nation where corporate loyalty and docile hard work have been valued over entrepreneurship." The AP adds, "Interest in the trial was high, with more than 2,000 people drawing lots for 61 courtroom seats. National TV news aired prominent coverage of the trial, which was the first public appearance by Horie since his release from detention on bail in April."

Attorneys Try Different Tack In Stock Option Scandals. The New York Times (9/5, Creswell) reports, "As the number of companies caught up in the options-backdating scandal continues to grow, many plaintiffs' law firms are looking to see if the latest round of corporate greed and malfeasance offers them an arena for possible payoffs. … But so far, law firms that represent shareholders are struggling to find a foothold— and a payday for the investors and for themselves." The Times continues, "The class-action suits that allowed lawyers to champion shareholder rights while earning millions in fees from the collapse of companies like Enron and WorldCom have not materialized, even though more than 80 companies are under investigation in the backdating of stock options. … Even when it is clear that options grant dates were manipulated, it is less clear how to calculate damage to specific shareholders. And in many cases, the statute of limitations has expired." The Times adds, "Lawyers have therefore turned to what are called derivative suits, a less popular and much less prominent kind of action in which a shareholder sues on behalf of the company and settlements usually consist of corporate governance changes and legal fees. .. . So far, at least 57 companies have been sued in this way; some 15 class-action securities cases have been filed. … Proponents argue that the derivative lawsuits give shareholders a chance to force changes at the company, but critics counter that they do little more than produce fees for lawyers. … Plaintiffs' lawyers, however, say that these suits let shareholders weigh in on a much larger issue: excessive executive compensation."

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CRIMINAL LAW:

Well-Known Developer Accused Of Bribing DC Officials. The Washington Post (9/4, A1, Hedgpeth), in a front-page story, reports prominent DC developer Douglas Jemal "is accused of crossing the line between making friends and buying favors, giving gifts to a mid-level District bureaucrat as part of a scheme to get favorable government contracts for his company. Jemal's charges include bribery, conspiracy, and mail and wire fraud. The bribery count alone carries up to a 15-year sentence."

Cunningham Probe May Yield More Indictments. U.S. News and World Report (9/11, Knight) reports, "Former California Rep. Randy 'Duke' Cunningham is already doing hard time for bribery, but sources say there are more shoes to drop, with the continuing inquiry very likely to yield further indictments." U.S. News adds that "a growing number of current and former lawmakers and congressional scholars say the scandals are symptomatic of something far more serious: a legislative body that seems to have lost its moral compass."

Judge Denies Ryan Sentencing Testimony From Father Of Children Killed In Accident. The AP (8/2, Robinson) reported, "The father of six children whose death in a Wisconsin expressway tragedy launched the investigation into George Ryan will not be allowed to speak at the former governor's sentencing, a federal judge ruled Friday. 'The court declines to hear the Rev. (Scott) Willis' testimony,' U.S. District Judge Rebecca R. Pallmeyer said in a brief ruling. But she said she 'will accept a written submission from him or from any additional witnesses.'" The AP noted that Willis' family was kicked "in November 1994…when a part broke off of a truck, slid under the family's van and ripped open the gas tank. … Prosecutors believe the truck driver had received his license in return for a payoff at the corruption-plagued McCook licensing station when Ryan was secretary of state."

The Chicago Tribune (9/2, Bush, 623K) reported on the ruling about Willis' testimony and added, "Meanwhile, prosecutors filed a paper Friday with the court that stated for the first time publicly that Ryan faces a range of 8 to 10 years in prison at sentencing. … Assistant U.S. Atty. Patrick Collins called on Pallmeyer to hew to that range, deriding Ryan's request to receive no more than 2 1/2 years in prison." The Chicago Sun-Times (9/2, Pallasch) also reported on the ruling.

Suspect In Trooper's Death Sought In New York. USA Today (9/5, Copeland) reports, "Hundreds of law enforcement officers scoured the woods of western New York on Monday for a man suspected of shooting two state troopers last week, killing one." USA continues, "Trooper Joseph Longobardo, 32 and a father of one, died at a Buffalo hospital Sunday, State Police Superintendent Wayne Bennett said. … Longobardo was shot in rural Pomfret, N.Y., on Thursday while staking out the property of a former girlfriend of fugitive Ralph 'Bucky' Phillips, 44, who has been on the run since April 2 when he used a can opener to break out of jail in nearby Erie County, Pa. … The second trooper, Donald Baker Jr., 38, was struck in the back by a bullet that pierced his bullet-resistant vest and was in serious condition." USA adds, "Rebecca Gibbons, spokeswoman for Troop A in Fredonia, said 140 state troopers per shift and federal, state and local officers were searching for Phillips in one of the largest manhunts in New York history."

Liberals' Expectations For "Played Out" Plame Scandal Said To Have "Fizzled." The Washington Times (9/5, Scarborough, 88K) reports, "The expectation on the left that the Valerie Plame affair would blossom into another Watergate, bringing down a second Republican presidency, has fizzled. … Three years on, none of that has happened, and the 'scandal' is played out." DNC Chairman Howard Dean "likened the scandal to Watergate. … 'This is like Watergate,' he said in November." According to the Times, "Perhaps the biggest remaining question is why {Richard] Armitage -- and his boss, [former Secretary of State Colin] Powell -- stayed silent about the inadvertent Armitage leak of Mrs. Plame's name while the administration was pilloried in the press and key Bush-Cheney staffers ran up hundreds of thousands of dollars in legal bills."

The Los Angeles Times (9/5, 918K) editorializes, "The Valerie Plame affair, which once seemed like a political morality play, has morphed into a dark comedy of errors. One more scene remains to be enacted — the criminal trial of I. Lewis 'Scooter' Libby, a former aide to Vice President Dick Cheney — but it would have been better for all concerned if the curtain had been brought down on this drama long ago. … Some are demanding a presidential pardon for Libby.

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That's premature, and it's worth recalling that Libby is accused of something serious: lying to federal investigators."

Kristol Calls On Bush To Pardon Libby "Now." The Weekly Standard's Bill Kristol, on Fox News Sunday (9/3, Wallace), said Special prosecutor Peter Fitzgerald "knew before he began his investigation who the source of the leak was. … Scooter Libby has been indicted for something that was not a crime. … Bush should pardon Libby. He should do it now. It would be fantastic. The Democrats would go crazy. We could have a debate for two months about whether once you criminalize what was a totally innocent attempt to respond to…a mendacious critic of the administration -- it's really an outrage that the one guy indicted here is Libby."

Laws Targeting Violent Dog Breeds Raise Concerns. USA Today (9/5, Jones) reports, "The euthanization of more than 200 pit bull dogs in Houston last month has renewed the debate over how communities deal with dogs deemed to be dangerous." USA continues, "Several state laws and local ordinances that range from increasing penalties for owners of dogs that cause serious injuries to banning pit bulls have been enacted this year." USA adds, "The Houston Humane Society euthanized more such dogs than ever before, following a ruling Aug. 17 by a justice of the peace in nearby Liberty County. … The humane society's veterinarian had determined that most of the 285 pit bulls seized from a home outside Cleveland, Texas, where they were allegedly bred for dogfights, could not be rehabilitated. The ruling allowed for a few dozen younger dogs to be sold at auction, says Courtney Frank, spokeswoman for the Houston Humane Society. … Frank says the court's action could lead to further vilification of the breed, which has garnered headlines over the years for mauling or killing people." USA notes, "Eleven states — California, Florida, Illinois, Maine, Minnesota, New Jersey, New York, Oklahoma, Pennsylvania, Texas and Virginia — prohibit legislation that targets specific breeds, according to Janna Goodwin of the National Conference of State Legislatures. Ohio is the only state that declares a specific breed — pit bulls — vicious. That law was ruled unconstitutional in March by Ohio's 6th District Court of Appeals in Toledo. The ruling is being appealed to the state Supreme Court."

CIVIL LAW:

Judge Will Not Try To Disqualify Boeing Attorneys From Trade Dispute. The Wall Street Journal (9/5, Christie) reports, "A District of Columbia Superior Court judge has shelved efforts by Airbus to disqualify Boeing Co. lawyers from working on a contentious trade dispute." The Journal continues, "Judge Leonard Braman threw out half of the Airbus complaint at an Aug. 17 hearing. He put the other half on hold, pending developments in World Trade Organization litigation. … Airbus, which is 80% controlled by European Aeronautic Defence & Space Co., had filed a complaint against Boeing's use of the Wilmer Cutler Pickering Hale & Dorr LLP law firm on WTO-related work. The complaint said Boeing would have an unfair advantage because Wilmer Hale employs former U.S. Trade Rep. Charlene Barshefsky and a former Airbus in-house lawyer named Marco Bronckers, now a partner in Wilmer Hale's Brussels office." The Journal adds, "Boeing and Airbus are the subject of a long-running trade dispute over civil-aircraft subsidies. The U.S. wants Europe to stop giving subsidized development loans to Airbus. Europe has countered that the U.S. should acknowledge and curtail tax breaks, research contracts and other government aid to Boeing."

WPost Encourages Congress To Curb Tobacco Industry's Abuses. The Washington Post (9/5, A18, 748K) editorializes that in her opinion last month "in the federal government's racketeering lawsuit against the tobacco industry, U.S. District Judge Gladys Kessler wrote, " 'Even after the Complaint in this action was filed in September 1999, Defendants continued to engage in conduct that is materially indistinguishable from their previous actions, activity that continues to this day. … All Defendants continue to market 'low tar' cigarettes to consumers seeking to reduce their health risks or quit; all Defendants continue to fraudulently deny that they manipulate the nicotine delivery of their cigarettes in order to create and sustain addiction." The Post adds, "When a distinguished federal judge describes ongoing fraud, prosecutors should prick up their ears. More broadly, the lawlessness of this industry will persist as long as federal policymakers refuse to pass meaningful regulation that defines clear rules under which this deadly product can be made and marketed. As Judge Kessler herself notes,

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litigation will not ultimately bring this industry to heel. Only legislation can do that."

CIVIL RIGHTS:

Solicitor General Challenges Racial Preferences Employed By School Districts. The Washington Post's "Full Court Press" column (9/4, A17, Lane) reports the Bush administration "is siding with opponents of public school policies that assign students by race to some K-12 institutions, in the most important affirmative-action-related Supreme Court case since the justices upheld some forms of race-conscious admissions for higher education in 2003. At issue are programs in Louisville and Seattle, which seek to ensure that the student bodies of public schools reflect the cities' ethnic composition. White parents have challenged the policies in court, arguing that their children were denied admission to their preferred schools because of race. In briefs filed at the court on Aug. 21, the administration argued that such race-conscious assignment is just as unconstitutional as the racial segregation struck down 52 years ago in Brown v. Board of Education. 'The United States remains deeply committed to [Brown's] objective,' Solicitor General Paul D. Clement wrote. 'But once the effects of past de jure segregation have been remedied, the path forward does not involve new instances of de jure discrimination.'"

Michigan Affirmative Action Ban Losing 43-41 In New Poll. The Washington Times' "Inside Politics" column (9/5, Pierce) reports, "A ballot measure that would scrap many of Michigan's racial preference programs is running about even in a poll released yesterday, with 41 percent of likely voters saying they would approve it and 43 percent opposed. Sixteen percent had yet to decide how they would vote on the Nov. 7 ballot proposal, called the Michigan Civil Rights Initiative. … The ballot proposal, if approved, would amend the state constitution to ban affirmative action programs that give preferential treatment for public employment, education or contracts based on race, sex, color, ethnicity or national origin."

Senate To Consider Bill To Create Civil Rights Cold-Case Unit. The Jackson Clarion-Ledger (9/4, Mitchell) reports, "The U.S. Senate is expected to take up a bill this month that would create a cold-cases unit in the Justice Department to prosecute unpunished slayings from the civil rights era. … 'We expect them to pass it, and after that, it's just a matter of the House acting,' said Alvin Sykes of Kansas City, a civil rights activist who inspired U.S. Sen. Jim Talent, a Missouri Republican, to sponsor the legislation, now in the process of being renamed the Emmett Till Unsolved Civil Rights Crime Act, honoring the infamous 1955 killing." The Clarion-Ledger continues, "The bill, co-sponsored by Mississippi Sens. Thad Cochran and Trent Lott, would enable federal authorities to pursue killings from before 1970, a measure backed by the Bush administration and the Justice Department. … Sykes' determination helped lead to state and federal authorities reopening Till's Aug. 28, 1955, slaying. .. . In 1955, an all-white jury acquitted Roy Bryant and his half brother, J.W. Milam, of killing the Chicago teen who was visiting family in Money. The two later confessed their involvement to Look magazine. .. . In 2004, the Justice Department reopened that case. The FBI has completed its investigation. District Attorney Joyce Chiles of Greenville is now poring through more than 8,000 pages of FBI documents, trying to decide if enough evidence exists to bring a prosecution."

Dispute Over California Police Use Of Force Focuses On Costs. The Los Angeles Times (9/4, Therolf) reports, "Huntington Beach police killed a knife-wielding young woman when a nonlethal alternative was not available fast enough to use. Expense and training are issues." The Times continues, "The police officer was still trying to load pepper spray bullets into the gun when the young woman, a knife firmly in hand, made a sudden move that police took to be a lunge in their direction. .. . Time had run out." The Times adds, "Two other officers fired at the dark-haired woman, striking her in the chest, the part of the body that law enforcement regulations suggest police aim for in a life-threatening encounter. She crumpled to the grass and died a short time later. … The minutes it took to deliver the less-lethal weapon to the Huntington Beach park, and then to load the pepper spray pellets, had seemingly come at a high price. Another officer was also rushing beanbag ammunition to the scene. … Residents in the congested, apartment-heavy neighborhood, some of whom witnessed the early-morning shooting last month, said they were appalled that the 19-year-old woman couldn't be spared, and pointed to the recent shooting of a barricaded man in Irvine where police fired sponge foam rounds at the man to subdue him without taking his life." The Times notes, "Many have called

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the Huntington Beach officers' action a simple case of murder. … Police, however, say that the officers involved in both cities had an equal desire to preserve human life. To them, the death of MacDonald and the survival of Bahram Nezari laid bare the disparity among Orange County cities that have access to the expensive, high-tech weaponry that is designed to spare lives — and those that do not."

States Accused Of Failing To Correct Voting System Flaws. The New York Times (9/5, 1.21M), in an editorial, writes, "there are growing signs that the country is moving into another presidential election cycle in disarray. The most troubling evidence comes from Ohio. … A recent government report details enormous flaws in the election system in Ohio's biggest county, problems that may not be fixable before the 2008 election." According to the Times, "New York's Legislature was shamefully slow in passing the law needed to start adopting new voting machines statewide. Now localities are just starting to evaluate voting machine companies as they scramble to put machines in place in time for the 2007 election."

Wilkinson Argues Gay Marriage Ignores Constitutional Tradition. In an op-ed for the Washington Post (9/5, 748K) Judge J. Harvie Wilkinson III of the U.S. Court of Appeals for the 4th Circuit, writes, "The chief casualty in the struggle over same-sex marriage has been the American constitutional tradition. Liberals and conservatives -- judges and legislators -- bear responsibility for this sad state of affairs. … Judges began the rush to constitutionalize. The Massachusetts Supreme Court concocted a state constitutional right to marry persons of the same sex." According to Wilkinson, "It would be altogether understandable for Congress and state legislatures to counter this constitutional excess with constitutional responses of their own. Yet it would be the wrong thing to do. The Framers meant our Constitution to establish a structure of government and to provide individuals certain inalienable rights against the state. They certainly did not envision our Constitution as a place to restrict rights or enact public policies, as the Federal Marriage Amendment does."

ANTITRUST:

KLM Pushed Legal Boundaries On Airline Merger Rules. The Wall Street Journal (9/5, Michaels) reports, "Leo van Wijk, the head of KLM Royal Dutch Airlines, banged his head against a wall for almost 20 years. … When he and his colleagues predicted in the mid-1980s that consolidation would spread, they set out looking for partners. Over the years, KLM bought stakes in the U.S.'s Northwest Airlines and in Kenya Airways. They tried and failed to merge with British Airways -- twice -- bogged down by restrictive aviation rules. KLM started talks about a four-way merger with other European carriers, which came to nothing. A venture with Alitalia became gummed up by Italian politics." The Journal continues, "Finally, in 2003, with few options remaining, KLM agreed to be bought by rival Air France. At the time, it looked to many like an act of desperation. Today, the world's first big international airline merger -- which created one of the world's largest airlines -- is filling planes with passengers poached from rivals thanks to a huge network and integrated schedules. By unifying operations such as financial planning and maintenance, Air France-KLM SA is cutting costs ahead of schedule. … KLM's long and winding search shows how the international airline industry, unlike so many other global businesses, has been resistant to consolidation, despite its inefficiencies. At the same time, KLM has also demonstrated what the future might look like. With each foiled merger attempt, KLM helped rewrite aviation laws, sparked the creation of global alliances and began breaking down national barriers. Many innovations in air travel stem from its experiments. … Now, following a path forged by the Dutch airline, governments are speeding up the relaxation of stringent rules on airline operations. The U.S. and the European Union, which account for half of the world's air travel, hope to strike a deal allowing any EU airline to fly to the U.S. from any airport in Europe -- something not permitted today. As part of the deal, Washington is considering relaxing rules on control of U.S. airlines by foreigners."

Stanley Leisure Receives Offer After Failed Merger Talks. The Wall Street Journal (9/5, Vitorovich) reports, "Stanley Leisure PLC said it received a takeover approach from an unidentified party, just days after the United Kingdom casino company's merger talks with rival London Clubs International PLC were trumped by an offer for London Clubs from Harrah's Entertainment Inc." The Journal continues, "Stanley Leisure's board is evaluating the proposal, the company said in a one-sentence statement to the London Stock Exchange in response to yesterday's 19% jump in its

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share price." The Journal adds, "After yesterday's jump in its share price, Stanley Leisure was valued at about £571 million ($1.1 billion). The shares gained 130.50 pence ($2.49) to close at 811 pence. During the session, traders linked the rally to a possible bid from U.K. gambling and leisure company Rank Group PLC. … A person familiar with the situation said the company isn't behind the takeover approach, noting that Rank's management is busy restructuring the business. Any proposed tie-up would also raise competition concerns, the person added. Rank shares rose 6.25 pence, or 2.8%, to 232 pence."

EU OKs Joint Venture Between GE, Credit Suisse. The Washington Post/AP (9/5) reports, "General Electric Co. and Credit Suisse Group won EU regulatory approval Monday for a $1 billion project to invest in infrastructure projects worldwide." The AP continues, "The European Commission cleared the deal in a fast-track procedure used when it sees no antitrust problems or receives no complaints from rivals. … The joint venture announced in May, in which the companies will invest $500 million each, is intended to develop and finance utility work such as power generation and transmission projects, water projects, and gas storage and pipelines. … It also will pay for transportation projects worldwide, such as airports and air traffic control facilities, ports, railroads and toll roads." The AP adds, "The deal is the first joint venture between U.S.-based GE and the banking arm of Zurich-based Credit Suisse Group."

Texas Airfield Bill Faces Tight Deadline. The Fort Worth Star-Telegram (9/4, Tinsley, Recio) reports, "The Wright Amendment debate is about to heat up in Congress once again." The Star-Telegram continues, "Lawmakers return to Capitol Hill this week with a targeted adjournment of Oct. 6, giving them about a month to complete unfinished business before Election Day. Although Senate and House leaders are also planning for a postelection 'lame-duck' session, the tight time frame makes it more urgent for supporters of the Dallas Love Field agreement. Under the agreement, Congress must approve the deal by the end of the year. … 'We are fighting on a lot of different fronts in Washington to have the local agreement approved,' U.S. Sen. Kay Bailey Hutchison, R-Texas, said at a recent downtown Fort Worth Rotary Club meeting. 'It is going to be my highest priority when I go back in September to get that bill done in a way that is right for our North Texas region. … We are in a very good position,' she said. 'We are going to fight hard.'" The Star-Telegram adds, "The pact was moving quickly through the House and Senate this summer when lawmakers on the judiciary committees in both chambers objected to it on antitrust grounds. … Before the August break, Hutchison and Sen. John Cornyn, R-Texas, met with Senate Judiciary Chairman Arlen Specter, R-Pa., who said he was concerned but has not announced what he plans to do. … Cornyn, a member of the panel, told the Star-Telegram late last month that it is likely that the Senate Judiciary Committee will review the matter when the session resumes. The measure has been approved by the Senate Commerce, Science and Transportation Committee and is also included in a Senate version of an appropriations bill. … "

ENVIRONMENT:

Bush Discusses Energy Independence, Calls On Congress To Make Tax Cuts Permanent. Fox News' Special Report (9/4, Baier) reported, "Making a Labor Day stop at a training center in Maryland, President Bush told a group of union workers that Americans have to make sure that workers of all types have the skills to compete in the 21st century. The President said the economy is growing steadily, unemployment is low. And he called on Congress to make his tax cuts permanent."

USA Today (9/5, 2.27M) reports Bush "marked Labor Day on Monday by promising to help keep US workers competitive in global markets and reduce US reliance on foreign oil so it doesn't choke US economic expansion." Said Bush, "Dependence on foreign oil jeopardizes our capacity to grow. … The problem is we get oil from some parts of the world and they simply don't like us. And so the more dependent we are on that type of energy, the less likely it will be that we are able to compete, and so people have good, high-paying jobs." Bush "said he is working to advance technologies so batteries can power automobiles on short trips and ethanol can replace gasoline. He also renewed his support for nuclear energy."

Bush's remarks in Maryland were not covered by the network newscasts, but they did receive attention from the major dailies. The Washington Times (9/5, Curl, 88K) says Bush "used yesterday's speech to press for new technology that will advance renewable energy, from battery-operated

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and hybrid cars to new vehicles powered by ethanol, which is made from corn. In addition, he again called for an expansion of nuclear energy." The President "made a brief mention of the war and terrorism issue, thanking America's fighting men and women for their sacrifices."

The Washington Post (9/5, A4, Rucker, 748K) summarizes Bush's remarks, but focuses on the political angle of the story. Under the headline "Ehrlich, Steele Absent From President's Md. Visit," the Post says that "on a day considered the launching point of the fall election season, Maryland's top two Republicans -- Gov. Robert L. Ehrlich and Lt. Gov. Michael S. Steele -- did not appear with the president in the St. Mary's County town. Their absence quickly became political fodder for Democrats, who accused the Republican officeholders of dodging the unpopular president even as they allow him to raise money for Ehrlich's bid for reelection and Steele's campaign for the US Senate." Karl Rove, the White House deputy chief of staff, "traveled with the president to Piney Point and said Ehrlich and Steele could not attend because 'they had existing events of their own.' The governor and lieutenant governor marched yesterday in a parade in Gaithersburg."

The Baltimore Sun (9/5, Davis, 262K) says the President "pushed his economic prescription of free trade and low taxes as the best way to promote growth, sounding a theme Republicans are using to appeal to voters in this election year." But "in a nod to public concerns that have persisted despite the economy's strong fundamentals, the president also said he has a plan to address a key source of anxiety: gasoline prices that analysts say have prevented people from feeling prosperous." Bush "chose a spot in one of the fastest-growing Republican counties in the state for his Labor Day appearance."

The New York Times (9/5, Sanger, 1.21M), meanwhile runs a story titled "Forsaking Politics, Bush Has Low-Key Labor Day," and reports, "In the nearly six years of his presidency…Bush has used Labor Day for maximum political effect, showing up at picnics to address carpenters in Pennsylvania and highway construction workers in Ohio, often with local Republican leaders in tow." But "two months ahead of a midterm election in which Mr. Bush's party is in danger of losing control of the House, in part because of his low approval ratings, there were no candidates with him on Monday as he appeared briefly at a Seafarers International Union facility here on the edge of the Chesapeake Bay. In fact, there was not even a picnic -- just a small invited audience, which Mr. Bush addressed for 11 minutes."

The Los Angeles Times (9/5, Havemann, 918K) titles its report "Bush Says Education Is Key For Workers," and says the President delivered "a Labor Day plea to workers to keep their skills up to date if they want to remain productive members of society -- a message more controversial than it might sound." However, adds the Times, "according to the White House Council of Economic Advisers, education is not the ticket to a higher salary that it used to be. Between 2000 and 2004, the White House panel found that the inflation-adjusted earnings of persons with bachelor's degrees, but no higher degrees, fell by 5.2%. During the same period, the earnings of persons with just high school degrees actually rose slightly. … A recent report by the liberal Economic Policy Institute, which looked at earnings after inflation in 2000 and 2005, found a minuscule wage gain of 0.3% for both college graduates and high school graduates."

Falling Gasoline Prices Could Boost Economy, Incumbents. The Christian Science Monitor (9/5, Scherer, 58K) reports, "Over the past month, gasoline prices have dropped more than 30 cents a gallon with the price of fuel at the lowest level since mid-April. The falling prices are a welcome benefit to consumers who have been grumbling all year about how much more it costs to fill their tanks." The Monitor says, "the economy should benefit as well since this is the time of year when consumers tend to spend more time at the mall. In fact, the ripple effect of falling energy prices should help everyone from Detroit automakers to the airline industry to incumbents running for office this fall." The Monitor notes, "Falling gasoline prices, which will help ease some inflationary concerns, are also part of a favorable economic mosaic that is developing this fall."

Republicans Call Democrats' Cheap Gas Sales Illegal Vote Buying. Roll Call (9/5, Duran) reports, "Democratic House challengers think they have found a clever way to harness voter anger over high gasoline prices: Sell it for less. But Republicans defending their seats in districts where Democrats have staged gas giveaways say the move is tantamount to vote buying." KY02 Rep. Ron Lewis "asked the US attorney in Louisville to investigate whether Democrat Mike Weaver's recent cheap gas event in Elizabethtown, Ky., violated the criminal code." Weaver "filled motorists' gas tanks for $1.20 per gallon, the price gasoline cost when Lewis was first elected to Congress in 1994." Roll Call notes, "It is a federal crime to 'make an expenditure to

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any person, either to vote or withhold his vote, or to vote for or against any candidate,' according to the statute." However, "Democrats called the allegations of wrongdoing ridiculous."

New Sulfur Rule Keeping Diesel Prices High. USA Today (9/5, Hagenbaugh, 2.27M) reports, "Although most drivers are paying much less to fill their gasoline tanks than they did just a few weeks ago, those who use diesel fuel have barely noticed a change. While gasoline prices dropped nearly 20 cents in the three weeks through Aug. 28, prices for diesel...fell less than 3 cents." USA Today says, "The main issue propping up diesel prices is a change in the formulation of the fuel. In an effort to reduce pollution, government rules dictate that starting Oct. 15, the sulfur content of diesel must be no more than 15 parts per million, down from 500 parts per million. Companies have been preparing for this transition, but the oncoming deadline is keeping people on edge."

Crude Oil Futures Hit 15-Week Low. The Washington Post/Bloomberg News (9/5, Gismatullin, Laverty) reports, "Crude oil prices fell to a 15-week low in New York yesterday as the U.S. summer travel season ended and traders speculated that a dispute with Iran about nuclear research may be resolved without curtailing exports." Bloomberg says, "Crude oil for October delivery fell $1.17, or 1.7 percent, to $68.02 a barrel in electronic trading on the New York Mercantile Exchange, the lowest for a contract closest to expiration since May 22." Bloomberg adds, "Gasoline prices also fell, with the October contract dropping 3.44 cents, or 2 percent, to $1.70 a gallon ... The price of oil has fallen 13 percent since reaching a high of $78.40 a barrel on July 14."

BP Hires Former Federal Judge As Ombudsman For Worker Complaints. The Wall Street Journal (9/5, Carlton) reports BP "has retained former U.S. District Judge Stanley Sporkin as its ombudsman to hear worker complaints from Alaska and elsewhere in the U.S., in a move to stem the tide of criticism over the British oil titan's operations. BP officials and Mr. Sporkin said BP has given the former jurist free rein to report to the company whatever he hears from workers in the field." The Journal notes, "Some BP workers in the past have taken their complaints about BP's practices in Alaska to a former oil-tanker broker named Charles Hamel, a frequent oil-industry critic, because they say management hasn't heeded their warnings about corrosion and other problems at Alaska's giant Prudhoe Bay oil field." In 1993, Sporkin presided over a lawsuit "in which Alyeska Pipeline Service Co. was accused of spying on Mr. Hamel and his wife, Kathy. Before Alyeska agreed to settle the case with Mr. Hamel and his wife without admitting wrongdoing, Mr. Sporkin lambasted the company's tactics as 'reminiscent of Nazi Germany.'"

Bush Accused Of "Stealth Campaign" To Exploit Federal Lands For Development. The New York Times' Nicholas Kristof (9/5) writes, "Until now, the pattern has been for presidents of both parties to expand protections of natural areas, with a bipartisan record of adding to national forests and other protected areas." President Bush "has also added to the wilderness system here and there, but at a broader level he has reversed the trend by leading a stealth campaign to tilt the balance toward development. … Last month, a federal judge blocked an administration scheme to harvest timber in California's Giant Sequoia National Monument, criticizing it as 'incomprehensible.' But step back and you see that the administration's approach is entirely comprehensible: it's a systematic effort to increase the private exploitation of federal lands even if that means losing their character forever."

Administration Urges Cities To Plant Trees To Reduce Energy Use. The Washington Post (9/4, A1, Harden), in a front-page story, reports that "despite federal research showing that carefully planted trees can lower summertime temperatures in cities, significantly reduce air-conditioning bills and trap greenhouse gases responsible for global warming," most US cities "have shrinking tree canopies in relation to their growth, because of inadequate budgets to maintain older trees and a failure to plant shade trees in new residential and commercial developments, according to federal experts, tree-planting organizations and scholars of urban ecology." The Post adds, "Many major utility companies are declining to act on the connection between urban trees and energy savings, according to Agriculture Undersecretary Mark Rey, who oversees the Forest Service. 'It is one of our new focuses to give them information and incentives to do this,' Rey said, adding that the Bush administration is planning a meeting with utilities to convince them of the financial logic of urban trees."

Ambitious Nuclear Waste Disposal Project Is A Failure So Far. The Los Angeles Times (9/4,

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Vartabedian) reports, "On a desert plateau seven miles from the Columbia River, a massive federal project to clean up a Cold War-era nuclear weapons plant is deeply troubled. The effort to avoid a future environmental calamity here, at the most polluted site in North America, is a priority of the Energy Department but has foundered because of engineering mistakes and runaway costs. Fifty-three million gallons of radioactive sludge, most of it the texture of ketchup, is stored in scores of underground tanks, some of which have leaked for years. The Energy Department and its lead contractor Bechtel Corp. are trying to build a sophisticated waste treatment complex — a small-scale industrial city — that would transform the sludge into radioactive glass. After spending $4 billion since 1989 and getting rid of three previous contractors, the program has yet to transform a gallon of sludge. … The project is a long-distance race to empty the leaky tanks and secure the radioactive waste before it becomes a greater menace to the Columbia River. The job is likely to take decades, and the price tag could approach $100 billion."

NYTimes Applauds Congress For Adding To Wilderness Areas. The New York Times (9/4), in an editorial, writes, "Under the radar, Congress has been quietly adding to the nation's inventory of protected wilderness. In three bills approved by both houses and signed by President Bush, the 109th Congress has awarded wilderness designation to 11,000 acres of canyonland and desert in New Mexico, 10,000 acres of rain forest in Puerto Rico and 100,000 acres in the Cedar Mountains of Utah. … Yet they reflect rare moments of bipartisan cooperation at a time when Congress seems polarized on just about everything, not least conservation issues. They also reflect well on local groups that have worked long and hard to find common ground between environmentalists and commercial interests. And while Mr. Bush seems as determined as ever to open up chunks of the public estate to commerce, especially for oil and gas drilling, like other presidents before him he finds it impossible to resist grass-roots ideas that have been so thoroughly debated in advance."

FBI/DEA/ATF/USMS:

DEA Investigates Fire Department Morphine Thefts In Sacramento. The AP (9/3) reports the DEA "is probing the theft of morphine carried on Sacramento Fire Department engines after several vials of the narcotic painkiller were discovered with broken seals. The criminal investigation by the DEA and Sacramento police adds to a probe by the department's professional standards unit, the county's emergency medical services director, Dr. Steve Tharratt, said Friday. … Preliminary laboratory tests show some morphine was removed from the vials, Tharratt said. The department said the tampering involved several vials carried by several different fire engines."

The Sacramento Bee (9/2) reports authorities "have not identified any suspects and say they do not know whether the thefts were committed by a paramedic, firefighter or someone else," according to Fire Department spokesman Capt. James Doucette. The department "has 325 paramedics licensed by the state to administer morphine to victims, he added."

In Texas, Seizures Of Meth From Mexican "Superlabs" Said To Be Skyrocketing. The Austin American-Statesman (9/3) reports Texas police and narcotics officials say demand for meth "is growing stronger, in part because of greater smuggling efforts by Mexican drug traffickers. The number of clandestine meth labs in Texas has dropped significantly since last year. At the same time, seizures of meth produced in Mexican 'superlabs' have skyrocketed. Last year, Drug Enforcement Administration branches in Texas seized 970.9 kilograms (2,140 pounds) of meth, 44 percent more than the amount seized in 2004."

Rio Grande Valley Border Patrol Said To Lead Nation In Cocaine Seizures. The Brownsville (TX) Herald (9/3) reports personnel, technology, intelligence analysis and the National Guard "have allowed the Border Patrol in the Rio Grande Valley sector to improve upon itself since last year. The Valley sector continues to lead the nation in other than Mexican (OTM) immigrant detainments and cocaine seizures, according to federal officials. … An increase in drug seizures is in part due to better law enforcement in the Valley, said Will Glaspy, spokesman for the Drug Enforcement Administration. 'There's no doubt that law enforcement is working better and smarter today, and there is more intelligence sharing going on between the various agencies in the Rio Grande Valley,' Glaspy said."

Report: Grave Of Wanted Colombian Drug Trafficker Found. The AP (9/4) reports Carlos

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Castano, "a founder of Colombia's brutal far-right militias, has died. Mario Iguaran, Colombia's chief federal prosecutor, said that a skeleton unearthed from a shallow grave was that of Castano, who had muscled his way to the top of a shadowy, drug-financed underworld to become one of the nation's most powerful and feared men. … Colombia's chief prosecutor has accused Carlos's older brother, Vicente, of ordering the killing, saying he feared Carlos was planning to provide evidence of Vicente's drug trafficking in exchange for leniency as he negotiated his surrender to U.S. authorities. … Both Vicente and Carlos had been indicted in the United States on cocaine trafficking charges and were wanted for extradition."

"Progressive" Minnesota's Gun Laws Seen As A Surprise. In an "Editorial Observer" piece for the New York Times (9/5, 1.21M) Verlyn Klinkenborg writes, "The way I see it, Minnesota is only one step away from requiring every citizen to carry a gun and use it when provoked. … A person carrying a concealed weapon cannot be banned from a public building, even if it's a library full of kids. Churches have succeeded in keeping guns out of the pews, but they're having to fight another court battle to keep them out of the parking lot." Klinkenborg continues, "This is what I'd expect of Florida, which recently passed a 'shoot first' — also called a 'shoot the Avon lady' — bill. I'd expect it of Texas too. But Minnesota? I grew up thinking of Minnesota as a socially progressive state."

IMMIGRATION:

Congress Not Expected To Take Up Immigration Reform This Fall. USA Today (9/5, Kiely, 2.27M) reports, "As Congress returns to work this week after a month-long break, little progress is imminent on an issue that leaders of both parties have identified as urgent: illegal immigration. No meeting has been scheduled for House and Senate negotiators to resolve differences between the two chambers' competing plans for tackling the problem. … A major reason for the lack of action: the Nov. 7 elections. Both the House and Senate plan to recess at the end of the month. Lawmakers' need to campaign will limit the time they have to work on legislation and has made them less willing to compromise." The White House "is signaling that Bush would prefer to put off a showdown with those opponents until after the elections." President Bush "wants an immigration bill, but 'we recognize it will be a heavy lift with such a short legislative period,' White House spokeswoman Dana Perino said. 'Our aim is to get a good bill that meets the objectives outlined by the president. If that requires more time, we will use it.'"

The New York Times (9/5, Hulse, Swarns, 1.21M) says "Congressional Republican leaders have all but abandoned a broad overhaul of immigration laws and instead will concentrate on national security issues they believe play to their political strength. … A final decision on what do about immigration policy awaits a meeting this week of senior Republicans." But "key lawmakers and aides who set the Congressional agenda say they now believe it would be politically risky to try to advance an immigration measure that would showcase party divisions and need to be completed in the 19 days Congress is scheduled to meet before breaking for the election."

Likewise, NBC Nightly News (9/4, story 6, 2:45, Brown, 9.87M) said "there's no indication Congress will pass any immigration bill before the end of the year."

Immigration Rallies Smaller Than Last Spring; Review Finds No Sign Of New Voter Boom. CBS Evening News (9/4, story 5, 0:10, Mitchell, 7.66M) reported, "Back in this country, Labor Day brought out immigrant rights supporters for rallies in several US cities. The numbers were smaller than last spring when Congress was consider considering a major overhaul of immigration."

The Washington Times/AP (9/5) headlines its story "Rallies Fail To Energize Hispanic Turnout," and says "immigration protests that drew hundreds of thousands of flag-waving demonstrators to the nation's streets in the spring promised a potent political legacy -- a surge of new Hispanic voters." But "an Associated Press review of voter registration figures from Chicago, Denver, Houston, Atlanta and other major urban areas that had large rallies found no sign of a new voter boom that could sway elections. There was a rise in Los Angeles, where 500,000 protested in March, but it was more of a trickle than a torrent."

The Chicago Tribune (9/5, Olkon, 623K) reports on the "45-mile walk that started in Chicago's Chinatown Square" that "spanned the city's western suburbs. About 250 marchers walked the entire distance. Others showed up at one or more of the neighborhood rallies in Chicago's Little Village neighborhood or in Cicero, Melrose Park, Villa Park and West Chicago." The group "wants Hastert, a Republican, to offer legalization for the nation's 11 million to 12 million

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illegal immigrants and to put a moratorium on raids and deportations by the U.S. Department of Homeland Security."

The New York Times (9/5, Kapos, Giblin, 1.21M) calls the marchers "spirited." Organizers of a rally "in Phoenix, outside Arizona's copper-domed Capitol, estimated their numbers at 4,000, though the police said the event drew about 1,000 people." USA Today (9/5, 2.27M) runs a short piece on the Arizona march, reporting "Monday's low turnout was disappointing, said Alfredo Gutierrez, a former state legislator and one of the organizers. … About 50 protesters confronted immigrant advocates telling them to go back to Mexico."

Miller Brewing Company Sponsoring Pro-Immigration Marches. Roll Call's "Heard on the Hill" (9/5, Akers) reports, "It's safe to say House Republicans won't be ordering too many Miller beers anytime soon. They were downright irate to learn that the Miller Brewing Co. was sponsoring pro-immigration marches across the country this Labor Day weekend. One of the biggest marches, in Chicago, targeted Speaker Dennis Hastert. Supporters of illegal immigrants planned to march 45 miles from Chinatown to Hastert's Batavia district office, sponsored and publicized by Miller, according to the Chicago Tribune. The newspaper says the brewer 'has paid more than $30,000 for a planning convention, materials and newspaper ads publicizing the event.' This didn't sit so well with the folks in Hastert's office."

"Harsh" Debate Said To Have Reduced Number Of Farm Workers, Hurting Farmers. NBC Nightly News (9/4, story 6, 2:45, Brown, 9.87M) reported "there has already been fallout on the harsh words on immigration this year. A sharp drop in the number of farm workers means some farmers have seen their crops die on the vine."

Pennsylvania Mayor Defends City Ordinance. Lou Barletta is the mayor of Hazleton, PA, writes in USA Today (9/5, 2.27M), "America is a nation of immigrants, but it is also a nation of laws. When it comes to illegal aliens, some cities have looked the other way. Others have openly welcomed them, establishing 'sanctuaries,' restricting their police departments and other agencies from even asking about a person's immigration status. This has led to a culture of entitlement among illegal aliens." But "cities that take steps to curb the drain of illegal immigration -- cities such as Hazleton, Riverside, N.J., and Farmers Branch, Texas -- are vilified as racist, backward and mean-spirited." Barletta adds, "We are taking the steps we need to -- steps we are empowered to take under federal and state law -- and we will further enhance our Illegal Immigration Relief Act to make it tougher and more defensible. Hazleton's ordinance would work in conjunction with established local law. It would require all city residents who rent property to obtain an occupancy permit from the city. Landlords would need to see only an official occupancy permit before renting to tenants. City employees -- not ordinary citizens -- would use resources available through the U.S. Bureau of Immigration and Customs Enforcement (ICE) to verify the legal status of those seeking permits."

USA Today (9/5, 2.27M) editorializes, "On one hand, it's hard to argue with Barletta's attempt to, in effect, enforce immigration law, since the federal government refuses to do so. Border enforcement is ineffective." But "on the other hand, the US economy has profited from the willingness of illegal immigrants to work hard for low wages. Now there are an estimated 12 million illegals here, and trying to deport them is impractical, heartless and counterproductive. Many have children who are citizens, and the work the immigrants do is valued. Providing a path to citizenship is smarter if it is coupled with credible enforcement."

TAX:

Cleveland Bookie Disputes IRS Claims Of Taxes Owed. The Cleveland Plain Dealer (9/4, Caniglia) reports, "A convicted Cleveland bookmaker says the IRS has grossly inflated the $2.4 million it claims he owes from his gambling business and can't find the paperwork to support the assessment." The Plain Dealer continues, "David Hammon Sr. is expected to go to trial Sept. 11 in federal court in a dispute over the way the agency calculated his wagering from 20 years ago. The government's case is complicated by the fact that the IRS lost many of the betting slips and other records from the case." The Plain Dealer adds, "The trial will be Hammon's latest in a lifelong fight with the IRS. He was convicted in 1990 based on wagers that date to 1986. He also was convicted in 2005 of running a widespread gambling business. He was sentenced to more than seven years in prison. … The government has yet to collect on the back taxes from Hammon's first conviction, and it sued him last year. With penalties, the amount jumps to more than $5 million, according to court records and estimates. Prosecutors want to collect some of it by obtaining Hammon's 53 acres in rural Medina County to pay off the debt. … In court documents, Hammon's attorneys say the IRS'

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assessment of his back taxes is based on inaccurate assumptions about the size of his gambling operation in the late 1980s."

IRS Now Using Collection Agencies To Pursue Back Taxes. USA Today (9/5, McCoy, 2.27M) reports, "Beginning this week, thousands of Americans who owe taxes to the federal government will start getting phone calls to pay up — from private collection agencies, not the IRS. Despite congressional opposition and criticism from a federal employee union and a taxpayer advisory panel, the IRS is giving three collection agencies information on 12,500 taxpayers who owe less than $25,000 and have not disputed the debt. The IRS has moved to reassure taxpayers about the plan, even outlining steps to guard against potential scam artists posing as private collectors. … Critics argue that privatizing any part of the IRS' traditional collection role would increase the agency's costs and raise privacy issues, as well as create potential for fraud."

Democrats Told To Repeal Tax Code's "Regressive" Elements. The Washington Post's Sebastian Mallaby (9/4) writes, "Increasingly even moderate Democrats believe that you can't be serious about helping workers unless you embrace organized labor's agenda. In the view of many in the party, the centrist, 'Republican-lite' playbook has been tried and found wanting. Actually, that's nonsense, and a good place to see the redistributive potential in centrist policies is tax reform. Many popular provisions in the tax code are both ineffective and regressive. Repealing them would liberate billions that could be used to help workers."

CONGRESS-ADMINISTRATION:

GOP Congress May Seek Middle-Class Tax Cuts In Session Focused On Security Issues. The Wall Street Journal (9/5, Rogers, 2.03M) reports, "The most telltale clue to Congress's fall agenda may be an item that still may be added: middle-class tax cuts. Down in polls and divided internally, Republicans want to block debate on domestic policy and shift attention to national-security issues that command more party unity. But census data last week highlighted the economic squeeze on many families, and House leaders are considering a pre-election bid to make permanent the $1,000 child tax credit and marriage penalty relief provisions enacted in 2001." The Journal adds, "Like most of the Bush administration's tax breaks, these are due to expire at the end of 2010, when top rates for the wealthy and capital gains also will be in play. The strategy has been to wait until close to the deadline and then call up all of these issues at once, making it harder for Democrats to resist." But "in the current political climate, the leadership could accelerate action on provisions for middle-income taxpayers if it means preserving Republican control of Congress in November." The House "has scheduled 11 full days of legislative work this month after Thursday's vote to curb the slaughter of US horses -- a bill that has prompted dark jokes among Republicans about what awaits lawmakers if they don't get back on the campaign trail. To a remarkable degree, the leadership is prepared to risk the label of a 'Do-Nothing Congress' if it means getting rank-and-file members on the hustings."

Roll Call (9/5, Davis, Billings), meanwhile, says "Congressional Republicans are crafting a September strategy to highlight national security issues in hopes of boosting their Election Day prospects with a topic that is in the forefront of voters' minds. The combined legislative and political effort comes on the heels of President Bush's national campaign last week to re-emphasize the security platform that paid great dividends for the party in the past two cycles." The GOP "hopes to regain ground it has lost with the public on its handling of the Iraq War and terrorism generally. … As part of the national security push, Congress is expected to approve at least the Defense and Homeland Security spending bills, and perhaps the military quality of life spending measure, before punting the remaining appropriations legislation until after the elections by passing a continuing resolution expected to run through Nov. 17." Additionally, House and Senate leaders "have been working with the White House to pass legislation authorizing the Bush administration's use of military tribunals for detainees in Guantanamo Bay, which was struck down in June by the Supreme Court, as well as legislation authorizing Bush's terrorist surveillance program, which was struck down by a Michigan district court in August."

The Los Angeles Times (9/5, Reynolds, 918K) reports, "It's going to be 'Security September' on Capitol Hill." White House and Republican leaders in Congress "believe events last month -- particularly the uncovering of an alleged terrorist plot in Britain and a federal court ruling that the domestic surveillance program is unconstitutional -- improve the

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likelihood that they can enact the tough laws they want in these areas instead of compromising with critics." They also "calculate that, whatever form final legislation might take, debating the tribunal system and domestic surveillance shows the GOP not only focusing on security but taking steps to support tough approaches to the problem."

WSJournal Suggests Issues For Fall Session. The Wall Street Journal (9/5, 2.03M) editorializes, "Republicans are already staking their election chances less on their achievements than on the damage Democrats might do if they take over, so perhaps the GOP answer will be to do nothing and say a prayer." But "Republicans could still help their prospects, and motivate their own supporters, if they use the next month to advance sound policies that highlight differences between the two parties. For example: Military tribunals. … Spending restraint. … Gas prices. Gasoline prices are falling nationwide, but with oil prices still near $70 a barrel now is the time to open new sources of domestic energy supply. … Property rights and judges. The Supreme Court's Kelo decision has provoked bipartisan outrage against the taking of private property for private development. But Congress still hasn't taken the popular opportunity to do something about it. The House long ago passed a measure to block federal dollars from financing local projects invoking eminent domain. But the Senate has sat on its hands, thanks mainly to Judiciary Chairman Arlen Specter." The Journal also urges the GOP to pursue tax cuts and "immigration reform, except that House leaders tell us there is zero chance of that passing before November. Leave it to Republicans to fan national concern about the issue for a year and then say, well, never mind."

Ginsburg, Souter Top Wealth List Of Justices. The Legal Times (9/5, Mauro) reports, "On a Supreme Court dominated by seeming millionaires, the only woman justice and the only bachelor appear to be the wealthiest of its nine members." The Times continues, "In the justices' financial disclosure forms for 2005, Justice Ruth Bader Ginsburg reported assets valued at between $6.4 million and $28 million, while Justice David Souter listed assets worth between $5.6 million and $26.3 million. … But they are not alone in the Court's millionaire club. Only Justices Clarence Thomas and Anthony Kennedy reported assets with a maximum possible value of less than $1 million." The Times adds, "The 2005 forms of eight of the justices were made public in June, but Justice Antonin Scalia received an extension on the filing deadline for undisclosed reasons. With the recent release of Scalia's form, it is now possible to rank the justices in order of assets reported, not including homes. … The justices' holdings are reported in ranges of value, making precise totals impossible to calculate. For example, the estimate of Souter's wealth could be inflated by the fact that his investment in the Chittenden Corp., a Vermont bank holding company, is listed in a category that ranges from $5,000,001 to $25 million. … Several of Ginsburg's assets are in the $1,000,001 to $5 million range, including her husband's salary as counsel to Fried, Frank, Harris, Shriver & Jacobson. Martin Ginsburg, a tax expert, is also a professor at Georgetown University Law Center."

Scalia Took Twenty-Four Expense-Paid Trips In 2005. The Washington Post (9/5, A17, Lane, 748K) reports that in 2005 Justice Antonin Scalia "was the court's top globetrotter, with 24 expense-paid trips to locales domestic and overseas, including trips to Ireland, Turkey, Australia and -- naturally -- Italy. Law schools and legal groups paid for most of Scalia's travel, although Italian heritage organizations; media giant Time Warner Inc.; the Knights of Columbus in Baton Rouge, La.; and New York's Juilliard performing arts school, of all places, also helped out. The information was included on the justice's financial disclosure form, which was first reported by the Associated Press. … The court's next most peripatetic member, Justice Anthony M. Kennedy, took 15 paid trips in the United States and abroad. Kennedy seems to have been on the road for a substantial portion of the year -- at least 59 days, according to his 2005 disclosure form."

White House Searching For McClellan Replacement. The New York Times (9/5, Pear, 1.21M) reports, "The White House began searching Monday for someone to run Medicare and Medicaid, in the expectation that the current chief, Dr. Mark B. McClellan, would soon resign." The Dallas Morning News reported over the weekend that McClellan "was set to leave. Administration officials did not dispute the report. But they said they were not ready to make a formal announcement because a departure date had not been set and no one had been chosen to supervise Medicare and Medicaid on even a temporary basis." Leslie V. Norwalk, the deputy administrator of the Centers for Medicare and Medicaid Services, "is an obvious candidate to serve as acting administrator, though other

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officials are also under consideration, said a White House official who spoke on the condition of anonymity because a decision had not been made."

The Wall Street Journal (9/5, Zhang, 2.03M) also says "several policy experts speculated one candidate could be…Norwalk."

Earmark Reform Tied To Potentially Corrupt Land Deals. CBS Evening News (9/4, story 3:45, Mitchell, 7.66M) reported, "Congress returns to Washington tomorrow and house Republican leaders say they plan to clamp down on secretly requested funding projects known as earmarks." Rep. Jeff Flake "is leading the crusade against earmarks in Congress." CBS added that Rep. Ken Calvert "took credit for $8 million in improvements to this exit ramp. … What Calvert didn't disclose was just two months earlier he had bought land right here, about a mile from the base. Public records reveal that within a year, Calvert and a partner sold the land at a profit of $435,000." Rep. Gary Miller, who sits on the Transportation Committee, "purchased this piece of land for a million and a half dollars from his top campaign donor, who also loaned him the money for the deal. Eight months later, Congress approved millions of dollars worth of improvements to this nearby exit ramp, an earmark overseen by Miller's committee. Then in July of this year, within a day of this newspaper story raising questions about his real estate deals, Miller sold the land back to the same people he bought it from." According to CBS, DOJ "is now scrutinizing the personal disclosure forms of some members of the House, looking to police a Congress that appears…unwilling to police itself."

Bolten Has Distributed Administration "Countdown Clock" To Key Aides. U.S. News and World Report (9/11, Gilgoff, Walsh) reports in its "Washington Whispers" column that White House Chief of Staff Joshua Bolten "has developed a special motivational technique to keep West Wing staffers focused on getting things done in the next 2 1/2 years. Bolten has distributed to key aides a 'countdown clock' -- a cellphone-size timepiece that gives a digital readout of the time remaining in the Bush presidency." Bolten said, "I keep that clock as a reminder to myself that we have a lot of days left," adding, "We have ample time to accomplish many things but not so many that we can waste a single day...and I know that's the president's attitude. He wants to make the most of the time that we have left."

Democrats Weigh Next Move On Tomlinson Nomination. Newsweek (9/11) reports in its "Periscope" column, "Congressional Democrats are weighing their next move in the wake of a State Department inspector-general report alleging that" Kenneth Tomlinson, "the politically connected chief of the board that oversees the government's foreign broadcast services misused government resources." While Senate Democrats could try to block Tomlinson's reappointment, Tomlinson "told NEWSWEEK that allegations that he hired a friend on a lucrative consulting contract and used government facilities to run a racehorse stable are the product of a political vendetta." Tomlinson "says he will continue to seek reconfirmation, though three prominent Dems last week called for his ouster."

Senate May Delay Vote On Federal Workers' Pay Raise Until After Elections. In the Washington Post's "Federal Diary" column (9/5) Stephen Barr writes, "Congress returns this week from its summer break with the 2007 federal pay raise as one of several issues up in the air. The House and Senate have drawn up plans to provide a 2.7 percent raise for white-collar and blue-collar civil service employees. But the Senate has not voted on the spending bill that contains the proposed raise, leaving open the possibility that the raise could be lower. … It's also possible that a decision on the pay raise could be shoved off until after Election Day."

Kennedy-Miller Bill Said To Encourage "Workplace Intimidation." The Wall Street Journal (9/5, 2.03M) editorializes, "Two of Big Labor's best friends, Representative George Miller of California and Senator Ted Kennedy of Massachusetts, have teamed up to produce the Employee Free Choice Act. The bill would effectively do away with secret ballot organizing elections, a product of the 1935 Wagner Act and the crown jewel of federal labor law. … Bruce Raynor, who heads the hotel and needle trades union, has gone so far as to say he no longer wants to 'subject workers to an election,' as if letting employees decide for themselves somehow makes them victims. Mr. Raynor and other labor leaders are pushing an alternative known as 'card check,' whereby paid union organizers, um, 'persuade' employees to sign pro-union cards. No election, secret or otherwise, is held. As soon as organizers have gathered signatures from more than half of workers, the union can be recognized. Labor is also pressuring employers to sign

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'neutrality agreements' (read: gag orders) that keep them silent while unions are organizing workers. The potential abuses here are myriad, especially in workplace intimidation."

Krugman Says Administration Neglecting Veterans Health Administration. The New York Times' Paul Krugman (9/4) writes, "Let me tell you about two government-financed health care programs. One, the Veterans Health Administration, is a stunning success — but the administration and Republicans in Congress refuse to build on that success, because it doesn't fit their conservative agenda. The other, Medicare Advantage, is a clear failure, but it's expanding rapidly thanks to large subsidies the administration rammed through Congress in 2003." Krugman claims "the Bush administration has restricted access to the V.A. system, limiting it to poor vets or those with service-related injuries. And as for allowing elderly vets to get better, cheaper health care: 'Conservatives,' writes Time, 'fear such an arrangement would be a Trojan horse, setting up an even larger national health-care program and taking more business from the private sector.' Think about that: they won't let vets on Medicare buy into the V.A. system, not because they believe this policy initiative would fail, but because they're afraid it would succeed."

OTHER NEWS:

New Law Seen As Unlikely To Arrest Decline Of Defined-Benefit Pensions. The Los Angeles Times (9/4, Peterson) reports, "When chemicals titan DuPont announced plans last week to scale back its traditional pension program, it became the third large employer to reduce retirement benefits since Congress passed the Pension Protection Act of 2006 on Aug. 3. The changes had been brewing long before that day. But the flurry of cuts reflect a larger reality: The pension system is in hasty retreat, and little in the new law is likely to stop the trend. … The cutbacks are just the latest among many by U.S. corporations that are phasing out costly traditional pensions in favor of 401(k) accounts and similar plans that provide retirement nest eggs but don't guarantee a monthly check for life. Separately, bankruptcies by major companies such as UAL Corp., parent of United Airlines, have put pressure on the Pension Benefit Guaranty Corp., the federally chartered company that assumes pension obligations when employers terminate their programs. The Pension Protection Act was designed to address both issues as well as to close loopholes that gave corporations substantial leeway in meeting funding obligations."

Mounting Pension Costs Threaten Local Governments' Finances. The New York Times (9/4, Hakim) reports, "Cities across New York State are only now starting to grapple with the so-called legacy costs of pensions and retiree health care benefits. … Pension costs in New York City have quadrupled in the last five years, and they will soon consume 10 percent of the city's budget. In Buffalo, the state's second-largest city, pension costs have risen to $24 million, from $4 million, in the last five years, and the city is now overseen by a financial control board." According to the Times, "One big part of the problem is that the State Legislature has imposed new burdens on local government pensions around the state, just as it has in New York City, where the vibrant economy is better able to absorb such costs. But local governments have played their part in letting these costs rise."

"Deep Throat" Too Ill To Travel To Court. The Washington Times (9/5, McElhatton) reports, "The former top FBI official known as 'Deep Throat' is too ill to travel from California to the District to defend himself against a federal lawsuit filed by the co-author of his 1979 memoir, court records show." The Times continues, "W. Mark Felt Sr., 93, is being sued by D.C. author Ralph de Toledano, who says Mr. Felt, his son and their attorney duped him into signing away his rights to the famous Watergate source's life story. … The lawsuit claims W. Mark Felt Jr. approached Mr. de Toledano in 2003 about buying the author's interest in a memoir he co-wrote with the elder Mr. Felt in 1979, citing plans to reissue the book with only some additional background information." The Times adds, "The lawsuit says Mr. de Toledano, unaware that the elder Mr. Felt was the famous Watergate source, agreed to the deal for $10,000, but never would have done so if he had known that the Felts and their attorney were planning to disclose Mr. Felt's identity as Deep Throat. … The complaint, filed in U.S. District Court for the District of Columbia in July, states there could have been 'little or no doubt that the story of Washington's most celebrated secret source would have considerable commercial value.' … In court papers filed late Thursday, the elder Mr. Felt and his attorney, John O'Connor, say the lawsuit should be moved to Northern California. Mr. O'Connor also is

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the co-author of Mr. Felt's latest memoir, 'A G-Man's Life: The FBI, Being "Deep Throat," and the Struggle for Honor in Washington.' … The elder Mr. Felt lives in Santa Rosa, Calif., with his daughter Joan."

Rothenberg Says Democrats Poised To Gain 15 To 20 Seats." Stuart Rothenberg, in his column for Roll Call (9/5) writes that he has "concluded…Democrats are poised to gain 15 to 20 seats, giving them control of the House." Democrats "clearly are favored in seven seats currently held by Republicans — four open seats (including the Texas district of former Rep. Tom DeLay) and three seats in Indiana — and that 10 other Republican seats, including two each in Pennsylvania and Ohio, are no better than tossups. Another seven Republican seats are only slightly tilting toward the GOP. Adding up the Democrats' best opportunities, the party has a good shot at 24 Republican seats, and that number doesn't include long-shot races that likely will develop in a big Democratic wave — the Rostenkowski/Glickman seats of 2006."

Democrats Look To Gain Traditionally Republican Northeastern And Midwest Districts. The Washington Post's E. J. Dionne (9/5) writes, "a quiet counter-realignment has been under way in the Northeast and Midwest. Post political writer Dan Balz was one of the first to notice after Bill Clinton's 1996 reelection that longtime Republican suburban bastions in Pennsylvania, Illinois, Michigan, Ohio, New York and New Jersey were moving the Democrats' way. If Democrats take the House this fall, it will be the culmination of this trend. To put it in historical terms, if Democrats have suffered in the states of the Old Confederacy, many of their best opportunities in November are in states carried by the first Republican president, Abraham Lincoln, in the 1860 election.

GOP Hopes Buoyed By Generic Ballot Polling. The Washington Times (9/5, Lambro, 88K) reports, "For months, Gallup has been reporting a lead of nine to 15 percentage points for the Democrats in generic polls that ask voters which party they will support in the congressional elections. But late last month, Gallup said its survey found 'Republicans edging closer to the Democrats in voter preferences for this year's midterm elections, mirroring the slight increase seen in President Bush's job-approval rating.' Gallup said its Aug. 18-20 poll found 'the Democrats now lead the Republicans by two points, 47 percent vs. 45 percent. That is down from a 9-point lead earlier this month, and an average Democratic lead of 10 points in the previous three polls in July and August.' Pollsters have long maintained that generic ballot surveys tend to boost the Democratic vote by anywhere from five to 10 percentage points. If that is true in this election, then the Republicans headed into the final weeks of the campaign 'in pretty good shape,' said a Republican official."

McConnell Says Democrats Would Impeach Bush If In Power. Asked, on CBS's Face the Nation (9/3, Mitchell), what he thinks Republican candidates should focus on, Sen. Mitch McConnell responded, "I think it's important in each of those races for our candidates to remind the voters in those states what Democrats do when they're in power. What they'll do is cut and run in Iraq. They'll raise our taxes. We know that. And they'll try to impeach the president. That's their agenda. They won't tell the voters that before the election. So we need to make sure the voters understand that so they have a clear understanding of what the choice is this fall in these Senate and House elections."

Santorum Defends Bush's Handling Of War On Terror, Praises Rumsfeld. Tim Russert moderated a debate between Sen. Rick Santorum and his Democratic challenger Pennsylvania State Treasurer Bob Casey on yesterday's NBC's Meet the Press (9/3). According to the New York Times (9/4, Toner) Santorum "defended the war in Iraq…as a war of 'necessity,' not choice, arguing that it was a central part of 'this broad war' against 'Islamic fascism.'" Santorum "also praised the leadership of Defense Secretary Donald H. Rumsfeld and President Bush. Asked if he would join calls for Mr. Rumsfeld's resignation, Mr. Santorum said that the defense secretary had 'done a fine job' and that the nation faced foes 'much more potent than I think anybody ever anticipated.'" Casey called Santorum a "rubber stamp" for the Bush administration and "said he had failed to hold Mr. Bush accountable for the conduct of the war." The Washington Post (9/4, A4, Babington) reports Santorum "lived up to his reputation as a feisty, unapologetic conservative, even though it has caused him problems in moderate-voting Pennsylvania. Ignoring Casey's taunts that he is a 'rubber stamp' for Bush, Santorum embraced the president and most of his anti-terrorism policies. 'I think he's been a terrific president, absolutely,' Santorum said."

Santorum Contends Iran Is "Causing Most Of The Problems In Iraq." Commenting on the sectarian violence

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in Iraq, Santorum claimed, "Iran, which is the principal stoker of this Shia-Sunni sectarian violence, would love nothing more to see than the Iraqi democracy fail. … This is a tactic of Iran to disrupt…our efforts in Iraq by, in fact, trying to defeat the Sunnis." Santorum continued, "understand, at the heart of this war is Iran. Iran is the problem here. Iran is the one that's causing most of the problems in Iraq. It is causing most of the problems, obviously, with Israel today. It is the one funding these organizations. And is the country that we need to focus on in this war against Islamic fascism." Asked if supports sending additional troops to Iraq, Santorum answered, "I don't know if it's a question of more troops or less troops. … I think the focus should not be Iraq, it should be Iran." Santorum added, "A big problem I have with this administration is it hasn't been tough enough on Iran. It should not have let Khatami come into this country and be at Harvard today."

Casey Opposes Kerry's Call For Withdrawal Of US Troop In Iraq. Russert opened by asking Casey if he would "still have voted for the war" in Iraq "knowing what you know today." Casey never responded with an outright "yes" or "no," instead he said, "If a lot of Americans knew now -- if they knew then what they know now, they would have thought that this war was the war that shouldn't have been fought based upon the misleading of this administration. … Based upon the information that we have now, I think that a lot of Americans would have serious doubts. I'm not sure there would have even been a vote on the war in Iraq that early." Pressed again on the question, Casey clarified, saying, "I think there wouldn't have been a vote and I think people would have changed." Later in the debate, asked if he would oppose Sen. John Kerry's legislation calling for "all troops out by July of 2007," Casey replied "absolutely." The Washington Times (9/4, Hurt) reports, "Asked repeatedly whether he now opposes the war decision, Mr. Casey finally said, 'If we knew then what we know now, sure.' Still, he said, he's not ready to 'abandon this mission' as many of his Democrat colleagues are ready to do. 'I think a lot of Americans are not, either,' Mr. Casey said. 'What has to happen in Iraq is what you've not seen. We need new leadership; we don't need a deadline, a timeline.'"

Chafee Rules Out Independent Bid. The Washington Times (9/4, Pfeiffer) reports Sen. Lincoln Chafee "says he will not follow the path of Sen. Joe Lieberman…by running as an independent if he loses" his primary against Cranston Mayor Stephen Laffey." The Times notes, "A poll released last week by Rhode Island College shows Mr. Laffey…holding a lead of 51 percent to 34 percent over Mr. Chafee."

"Mortgage Moms" Identified As New Key Voting Block. The Washington Post (9/5, A1, Birnbaum, Cillizza, 748K), in a front-page story titled, "Mortgage Moms' May Star In Midterm Vote: With Wages Stagnant and Debt Growing, Democrats See an Opportunity," reports, "At first glance, the economy's role in this year's midterm elections is a puzzle. Economic growth and unemployment are at levels that in past years would have been a clear political asset for the party in power. But one layer down in the statistics, the answer is more clear. Flat wages and rising debt nationally have converged to leave millions of middle-class households feeling acutely vulnerable to bumps in their financial planning. The most visible of these are rising energy prices and a softening housing market. A less obvious but powerful variable is the interest paid by people carrying credit card debt or mortgages whose monthly payments vary with interest rates. People buffeted by these trends have given rise to a new and volatile voting block." The Post goes on to report, "This year could mark the emergence of what might be called mortgage moms -- voters whose sense of well-being is freighted with anxiety about their families' financial squeeze. Democrats are betting that this factor is strong enough to trump security or cultural values issues." The Post uses the campaign in Kentucky's 4th District to illustrate this thesis.

DeVos Trails Granholm 46-44 According To New Poll. The AP (9/4) reports, "A poll published Sunday shows the race for Michigan governor is about even. In the poll of 803 likely voters by Selzer & Co. of Des Moines, Iowa, 46 percent of voters said they'd back Democratic Gov. Jennifer Granholm if the election were held today, while 44 percent would back Republican challenger Dick DeVos and 10 percent were undecided. A Selzer poll in July showed DeVos, with 47 percent, apparently leading Granholm, with 42 percent. Eight percent were undecided, and 3 percent were counted as 'other.' … The latest poll, conducted Monday through Wednesday for the Detroit Free Press and Detroit television station WDIV, had a sampling error margin of plus or minus 3.5 percentage points."

NRA Piles Up Victories At The State Level. The Washington Post (9/4, D1, Birnbaum) reports, "Lately, the NRA has taken a lower profile in the nation's capital and has been turning its attention instead to…state legislatures. …

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The NRA has shifted its staffing and grass-roots pressure to passing laws at a more local place. 'The closer we get back home, the stronger we are,' said Wayne R. LaPierre, executive vice president of the NRA. Passing laws in Washington, he said, 'is harder.'" According to the Post, "its string of accomplishments in state assemblies is long and impressive. It successfully lobbied for laws that give citizens the ability to carry firearms in 23 states in the past 12 years, including Kansas and Nebraska this year. It has also legislated the right of gun owners to stand firm and use deadly force in the case of a dangerous attack in 15 states, 14 of them this year. In addition, this year it got 10 states to agree not to confiscate weapons during times of declared emergencies."

Armey's Freedom Works To Spend $4 Million On GOTV Effort. Roll Call (9/5, Kurtz, Duran) reports FreedomWorks, "the organization dedicated to lower taxes and less government that is led by former House Majority Leader Dick Armey, will announce this week that it is spending $4 million on get-out-the-vote operations in several key Congressional races between now and Election Day. Given its status as a nonprofit and educational organization…FreedomWorks cannot directly endorse candidates. So most of the group's money will be spent on grass-roots and publicity campaigns to educate voters about candidates' views, rather than on seeding its political operations. … In the battle for control of the Senate, the group will be involved in three states" -- Michigan, Nebraska and Washington.

Bush To Attend Fundraiser For Stabenow's Challenger Friday. he Washington Times' "Inside Politics" column (9/5, Pierce) reports President Bush "will travel to Clarkston, Mich., on Friday to raise money for Republican Senate candidate Mike Bouchard in his race against Democratic Sen. Debbie Stabenow. Mr. Bush will attend a luncheon fundraiser that will give the Oakland County sheriff a large infusion of campaign dollars. Similar events by the president have netted candidates about $1 million. … The Bush luncheon will be held at the home of developer David Johnson."

Kaine And Warner Campaign For Webb. The Washington Post (9/5, A1, Barnes, 748K) reports Virginia Gov. Timothy M. Kaine and former governor Mark R. Warner stumped for" Sen. George Allen's opponent James Webb "in the tiny town of Buena Vista, the annual host of the commonwealth's Labor Day politics. … A Webb victory, Warner said yesterday, would cement the notion that Virginia has changed since the late 1990s, when GOP control of the legislature and the governor's mansion seemed to indicate an overwhelmingly conservative electorate. For his part, Allen dismissed polls that suggested the race was tied as 'all very interesting to political scientists.'"

Webb's Defense Of Marine Convicted Of Murder Detailed. The Washington Times (9/4, McLaughlin), in an article titled, "Webb Put To Test With Vietnam Case," reports Virginia Democratic Senate candidate James Webb "rarely mentions on the campaign trail his efforts to clear the name of a black Marine convicted of mass murder in Vietnam. But the incident tested his sense of leadership, justice and social fairness, and is deeply ingrained in the psyche of the Democratic nominee for one of Virginia's U.S. Senate seats. 'I didn't [represent Samuel Green] so today I could tell you that,' says Mr. Webb, 60. 'I just did it because I believed it was right.'" Green "was on a five-man patrol searching for Viet Cong in the village of Son Thang, where they came across unarmed women and children. Following their patrol leader's orders, the Marines opened fire…killing 16. … In separate courts-martial, three Marines were acquitted." Green "was one of two Marines who were represented by military lawyers and convicted of murder." Webb "thought the cases had too many irregularities." Green killed himself before Webb succeeded "in a last-ditch effort to upgrade Mr. Green's dishonorable discharge to a general discharge."

Florida Gubernatorial Primaries Turn Extremely Negative. The New York Times (9/4, Goodnough) reports, "The generally ho-hum race to succeed Gov. Jeb Bush has turned caustic in the final stretch before the primary election on Tuesday, with each of the leading Republican candidates scrambling to prove himself the most kindred to Mr. Bush and the Democrats trading charges of racism and devotion to special interests." The Times goes on to report, "one of the Republican candidates, Tom Gallagher, the state's chief financial officer, has painted himself as the most socially conservative choice, assailing abortion, gay marriage, stem cell research and amnesty for illegal immigrants." Gallagher "is even stressing that he is married and has a child. The contrast to Mr. Crist, who is single and has never owned a home, is obvious. … In the Democratic contest," between Rep. Jim Davis and State

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Senator Rod Smith, "the powerful sugar industry has played an incendiary role. The United States Sugar Corporation has helped independent political committees pay for fliers and advertisements attacking Mr. Davis and promoting Mr. Smith, the son of farmers and the chairman of the Senate Agriculture Committee."

The AP (9/4, Farrington) reports Crist "has a more moderate philosophy on social issues. He supports embryonic stem cell research, says he wants to change hearts and not abortion laws, and says he has a 'live and let live' attitude when it comes to civil unions for same-sex couples. And he disagreed with Bush's decision to intervene in the Schiavo case."

Early Campaigning For 2008 Presidential Primaries Noted. CBS Evening News (9/4, lead story, 7:00, Mitchell, 7.66M) reported, "Even though next Presidential election is more than two years away that campaign is also in full swing." CBS added, "the 2008 presidential election will be the first one since 1952 without a sitting or former president or vice president running. And that's making for a whole different kind of wide open. … Today marks 792 days to the next Presidential election. Seems awfully early to start campaigning, doesn't it? It should. Never before have so many started so early to try to win the White House. Ten Republicans have already been testing the waters in Iowa and New Hampshire. Senators Allen, Brownback, Frist and Hagel. Newt Gingrich, Rudy Giuliani, Governors Huckabee, Pataki, and Romney, Arizona Senator John McCain, who's already signed important Bush supporters didn't work Iowa at all in 2000 and he won't make that mistake again. This year he was front and center at the Iowa state fair." CBS notes, "Just as many Democrats have dropped into the crucial early primary state so far this year. Senators Biden, Feingold, retired General Wesley Clark, former Senators Daschle and Edwards, John Kerry. Remember him? Governors Richardson and Vilsack. Former Virginia governor Mark Warner. Senator Chris Dodd is expected soon. Who hasn't been there? Hillary Clinton. And she's the Democrats' cover girl."

Controversy Over New Stem Cell Research Persists. The Wall Street Journal (9/5, Hamilton, Regalado, 2.03M) reports, "Controversy continues to build over a claim that biotechnology researchers produced stem cells without harming embryos, as outside scientists question whether a fundamental element of the reported experiment undercuts the central contention of the research. Almost two weeks ago, Advanced Cell Technology Inc., of Alameda, Calif., announced that its scientists had produced stem cells 'using an approach that does not harm embryos.' The company and its advisers said the experimental technique, involving several cells plucked individually from early stage embryos largely without harm, could sidestep the moral quandaries that have dogged stem-cell research for most of the past decade. … Last week, following concerns raised by critics, Advanced Cell confirmed that none of the 16 embryos used in the research had actually survived. The company hadn't made the embryos' failure to survive clear in many previous public statements. Advanced Cell officials say they haven't misled investors or anyone else about their research."

Number Of Uninsured Children Grows For The First Time In Eight Years. The Washington Post (9/5, A6, Lee, 748K) reports, For the first time since 1998, the number of children younger than 18 without health coverage ticked upward last year by 361,000, along with the overall increase in the ranks of the uninsured, according to census figures released last week. Of the nation's nearly 74 million children, about 8.3 million, or 11.2 percent, lacked coverage in 2005, up from 10.8 percent the year before. The discouraging development surprised some health experts, who attributed the change to budget crunches that led some states to curtail enrollment of children in government-subsidized plans and steady declines in the number of people who receive health insurance through their jobs." The Post adds, "The uptick in the number of uninsured kids could play a major role in next year's debate in Congress over whether to renew the State Children's Health Insurance Program (SCHIP), a nine-year-old federal-state effort to provide health coverage to children of the working poor and near poor."

Christian Coalition Splinters As It Broadens Its Mission. The Los Angeles Times (9/5, Jarvie, 918K) in an article titled, "Christian Coalition Is Splintering," reports, "When Congress was debating bills on embryonic stem-cell research and same-sex marriage back in May, an e-mail from the Christian Coalition of America appeared in activists' inboxes. 'Christian Coalition Announces Support for Net Neutrality to Prevent Giant Phone and Cable Companies From Discriminating Against Web Sites,' it said. For John W. Giles, president of the Christian Coalition of Alabama, the e-

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mail was yet another sign that the famous political powerhouse of the religious right had strayed from its founding mission: defending marriage, strengthening the family and protecting unborn human life. … Last month, the Christian Coalition of Alabama announced that it was severing ties with the national organization. It's one of a growing number of chapters to express frustration as the Christian Coalition broadens its mission to include issues such as so-called Internet neutrality, the minimum wage and the environment. In March, the Christian Coalition of Iowa announced it was changing its name to Iowa Christian Alliance." And "In July, the Christian Coalition of Ohio pulled out too." The Times notes the Coalition's "annual budget has plummeted, from about $26 million down to $1 million."

Best-Selling Author's Tactics Divide Evangelicals. The Wall Street Journal (9/5, A1, Sataline, 2.03M) reports the teachings of the Rev. Rick Warren, "the best-selling author and church-growth guru," who is "best known for his book 'The Purpose Driven Life,' which has sold 25 million copies" are "dividing the country's more than 50 million evangelicals. Some evangelicals…say it's inappropriate for churches to use growth tactics akin to modern management tools, including concepts such as researching the church 'market' and writing mission statements. Others say it encourages simplistic Bible teaching. Anger over the adoption of Mr. Warren's methods has driven off older Christians from their longtime churches. Congregations nationwide have split or expelled members who fought the changes, roiling working-class Baptist congregations and affluent nondenominational churches."

Arizona Lawmaker Prepares For Deployment To Iraq Or Afghanistan. The New York Times (9/5, Archibold, 1.21M) reports Jonathan L. Paton, "running for his second two-year term in the Arizona House, is one of four Republicans in his district's primary on Sept. 12 who are competing for two seats. The balloting occurs five days after Lieutenant Paton, an intelligence officer in the Army Reserve, is due at Fort Benning, Ga., to prepare for a five-month to six-month tour in Iraq and, maybe, Afghanistan."

Pittsburgh's New Mayor Is Only Twenty-Six Years Old. ABC World News (9/4, story 5, 1:00, Gibson) reported, "In Pittsburgh tonight, there is mourning and milestone. City's Mayor died last Friday and now the new Mayor, you can't help but notice something about the new Mayor. Luke Ravenstahl, the former President of the City Council, succeeded 61-year-old Bob O'Connor, who died of brain cancer on Friday. … If he looks young to you, well, he is. He's only 26."

California Legislature Votes To Erect Statue Of Reagan In US Capitol. The New York Times (9/5, McKinley, 1.21M) reports the California Legislature, "at the behest of a Republican lawmaker, decided that" a statue of Thomas Starr King, a Civil War-era Republican clergyman "should be replaced in the National Statuary Hall at the United States Capitol by one of a more modern Republican with a similar gift for public speaking: Ronald Reagan. The measure, which passed nearly unanimously just before the end of the legislative session on Thursday night, was hailed by State Senator Dennis Hollingsworth, its Republican author, as a fitting nod to the Great Communicator."

Emanuel And Reed's New Book Described As "Modest" And "Timid." In the Washington Post Jonathan Weisman (9/5) reviews "The Plan: Big Ideas for America" by Rahm Emanuel and Bruce Reed. Weisman writes, "Democrats have received their share of grief from those who say they are bereft of ideas and unable to present an alternative vision of governance after more than a decade as the House's minority party. What is surprising is the 'The Plan' itself. Modest in scope, perhaps even timid, 'The Plan'…is not the product of Newt Gingrich-type visionaries from the political left. It is the creation of Emanuel and Reed, two top aides from Bill Clinton's White House who learned the power of small ball and the perils of swinging for the fences."

Suozzi Says New York's Problems Can't Be Solved "Spitzer-Style." Nassau County Executive Tom Suozzi, a Democratic contender for governor of New York, writes in the Wall Street Journal (9/5, 2.03M), "Over the last 40 years, our state has lost power, population and influence in the national economy. We have the highest local taxes -- 72% above the national average -- a collapsed upstate economy and failing schools. We are No. 1 in the nation for people leaving our state and migrating to other states." Suozzi adds, "New York's problems cannot be solved, [Attorney General and gubernatorial candidate Eliot] Spitzer-style, by issuing subpoenas and press releases, and filing lawsuits. They require a chief executive with experience successfully managing a $2.4 billion enterprise." Suozzi

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continues, "Mr. Spitzer can't lose, it is said, because he has all the endorsements and all the money from the same interests that have contributed to our woes -- lobbyists, trial lawyers, Medicaid profiteers and public employee unions. If he does win, he will have already squandered a real mandate for change, because he has not told us what changes he wants, or what he stands for -- a clear signal that however often he repeats the 'reform' mantra, business as usual will go on."

Condom Distribution In Prisons Said To Effectively Combat The Spread Of AIDS. The New York Times (9/4) editorializes, "The United States will never control the spread of H.I.V. until it takes stronger measures in prison, where unprotected sex and intravenous drug use are commonplace — and the AIDS infection rate is nearly five times that of the general population. … The need for condom programs behind bars was underscored last spring in a bulletin from the Centers for Disease Control and Prevention that documented the cases of 88 men who became H.I.V. positive while serving time in George state prisons. The C.D.C. concluded that unprotected sex among prison inmates was indeed taking place — despite denials by prison officials and rules forbidding it — and urged states without condom programs to investigate the feasibility of starting them. The California State Legislature took the C.D.C. at its word last month, passing a landmark condom distribution bill that clearly deserves Gov. Arnold Schwarzenegger's signature. The bill, spearheaded by Assemblyman Paul Koretz, Democrat of West Hollywood, would allow public health agencies to enter the prisons and hand out condoms to inmates who want then."

NYTimes Ponders Potential "Hangover" From Housing Slowdown. In an editorial titled "It Was Fun While It Lasted," the New York Times (9/5, 1.21M) says, "With economic signals flashing that the housing boom is over, speculation has now turned to how deep the slump will be and how long it will last, with predictions ranging from a smooth descent to a tooth-rattling plunge. Come what may, conventional wisdom holds that as long as you don't plan to sell your house any time soon, you'll be OK. The downturn is unlikely to wipe out all of your accumulated gains -- the thinking goes -- so you can cash in later. … The house party is over, but we don't yet know how bad the hangover is going to be."

WPost Endorses Fenty For DC Mayor. The Washington Post (9/5, A18, 748K) endorses Adrian M. Fenty in the Democratic mayoral primary in Washington DC, writing that "there is a can-do quality in him that suggests the government can be reformed, that schools can be rebuilt and that institutions in this city can come together to improve people's lives. He offers a vision of the city that challenges the best in people."

Annan Says He Will Mediate Release of Two Kidnapped Israeli Soldiers. ABC World News (9/4, story 3, 0:15, Gibson) reported, "United Nations Security General Kofi Annan said Israel and Hezbollah agreed to indirect talks for released of two kidnapped Israeli soldiers. He said a secret UN mediator would lead the negotiation."

The New York Times (9/5, Hoge, 1.21M) says it remains "unclear, however, what form such talks, or any resulting agreement, would take. Israel insists it will never talk directly with Hezbollah." Meanwhile, CNN's The Situation Room (9/4, Koppel) reported Annan "says that his envoy must be the only mediator, and if any other groups get involved, he said the UN will withdraw."

The AP (9/5) says Annan's remarks "raised the possibility of a prisoner swap to win the soldiers' release, an exchange which Israel has repeatedly rejected, at least in public. Until now, Israel had insisted that it would not hold any contacts with Hezbollah, but its government has been under increasing domestic pressure to bring the two home." Annan "did not say whether a prisoner swap was on the agenda for the mediation effort, and Israel on Monday repeated its stance demanding an unconditional release of the soldiers." The AP calls a resolution of the two IDF soldiers' captivity "crucial to preserving the fragile 3-week-old cease-fire."

Jakarta Facing Domestic Pressure To Curb Deployment. The Financial Times (9/5, Donnan) notes Jakarta's "decision to send 1,000 peacekeepers to Lebanon as part of a United Nations force is coming under domestic attack as President Susilo Bambang Yudhoyono faces growing criticism over stalling reforms." A former peacekeeper in Bosnia, Yudhoyono "has made efforts to get involved in resolving crises such as the nuclear stand-offs in Iran and North Korea. But the deployment comes amid increasing signs that not everything at home is going as well as promised with Mr Yudhoyono's pledges to lure badly needed foreign investment, boost economic growth, and reduce the ranks of Indonesia's poor yet to materialise."

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Some "Indonesian officials argue that the Lebanon commitment is aimed in part at addressing domestic problems. Sending troops to the Middle East, they say, takes the thunder away from increasingly vocal Islamist groups, some of which want to send their own Jihadist members there."

Qatar Sending Troops To Lebanon. NBC Nightly News (9/4, story 5, 2:45, Brown, 9.87M) reported, "The first Arab nation has agreed to contribute to the peacekeeping force in southern Lebanon. Part of the deal that ended the recent 34 days of fighting between Israel and Hezbollah. Qatar will send a few hundred troops."

Siniora Pushes For Lebanese Control Of Borders. The Washington Post (9/5, A12, Cody, 748K) notes Beirut "sought to reassert authority over its air and sea borders Monday in the face of a seven-week-old Israeli blockade. Prime Minister Fouad Siniora said he would take up a German offer to help patrol the waters off Lebanon and seal the land border with Syria only after agreement on operating rules that make clear that the Lebanese military is in charge. His position flew in the face of an Israeli demand that international troops be the ones who guarantee that transport in and out of the country does not include weapons or other supplies for the Hezbollah militia." The Post says Siniora's position "reflected outrage among Lebanese and an effort by the government to reassert its sovereignty," and adds that Israeli insistence of UN control of the borders "has prolonged a situation in which some of the most important government functions -- security and border controls -- are being assumed by others." For its part, Hezbollah has said "it will not oppose assignment of U.N. troops to help the Lebanese navy patrol offshore or to monitor Beirut's international airport and its once-busy seaport." Inside Lebanon, the blockade "has generated resentment across the political landscape because it dramatizes Israel's continued violation of Lebanese sovereignty. In addition, Lebanon's battered economy needs foreign trade in order to start down the road to recovery."

Khatami Backs Two-State Solution In Middle East. The Washington Post (9/5, A16, Wright, 748K) reports, "The stormy saga between the United States and Iran takes one of its most unusual turns since the 1979 revolution as former Iranian president Mohammad Khatami arrives in Washington to give a major address on Thursday, the same day that the Bush administration holds talks in Europe on new U.N. sanctions on Tehran." His US tour "has ignited both controversy and curiosity -- infuriating former hostages from the 1979-1981 US Embassy seizure and alarming some in Congress but winning praise from foreign policy experts. The former president's speech at Washington National Cathedral is a hot ticket, with attendance now by invitation only." On the nuclear issue, the Post notes Undersecretary Burns "will meet in Berlin on Thursday with diplomats from Britain, China, France, Germany and Russia to discuss which sanctions to impose on Iran, the first leg of what may be a heated debate. The administration hopes Secretary of State Condoleezza Rice will be able to wrap up the resolution when she attends the General Assembly opening later this month."

The Financial Times (9/5, Dinmore, Bozorgmehr) notes Khatami "says Iran would accept a Palestinian state 'ready to live alongside Israel' if the elected Hamas government freely adopted such an outcome." The Times calls Khatami "a reformist" and says he "distanced himself from the hardline statements expressed by" President Mahmoud Ahmadinejad. About his remarks in Chicago, the Times reports, "Criticising the Bush administration's approach to the 'war on terror,' Mr. Khatami said the US was fanning conflicts and inflaming sentiments. On the nuclear issue, he reiterated Iran's rejection of US demands for Iran to suspend uranium enrichment as a precondition for talks." On the two-state issue, the Times says, Khatami "stressed his words represented Iran's policy." Of his trip to the US, the Times adds, "How his message will be digested by the Bush administration remains unclear. The State Department ignored the protests of neoconservatives and hardline pro-Israel lobbyists by granting him a visa, but US officials are under instruction not to meet him and walked out of the Islamic Society's Chicago convention before he spoke. Nonetheless, the State Department impressed the Iranian delegation by providing elaborate security."

Khatami Says US Troops Should Remain In Iraq For Now. USA Today (9/5, Slavin, 2.27M) reports Khatami also said Monday that "US forces should remain in Iraq until that country's fragile government can assume greater control." In an interview, Khatami said, "We can't leave this newly formed government at the mercy of terrorists and insurgents."

Bolton Says Options Available If Security Council Refuses To Impose Sanctions On Iran. Ambassador Bolton was asked on MSNBC's Hardball (9/4) if the UN Security Council will agree to sanctions against Iran. Bolton

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said, "I don't think we know at this point. I think this is going to be a major test of the Security Council, to see whether it's capable of dealing with the serious proliferation threat that Iran poses. Now, the foreign ministers who are the five permanent members of the council, plus Germany, have agreed that if we came to the point that we've reached, that they would seek sanctions in the Security Council. So we're certainly prepared to do that when we get the instruction to proceed up here. Whether the council will actually produce a resolution with sanctions remains to be seen." Asked what options are left if the Security Council does not agree to sanctions, Bolton said, "There are a number of other steps we could take. Most significantly, lots of countries can impose sanctions on Iran without action by the Security Council, the European Union, Japan, others. Just as the United States has unilaterally imposed almost total economic sanctions in terms of bilateral transactions, other countries could do the same thing."

Iranian Economy Called A "Wreck." USA Today (9/5, Lynch, 2.27M) reports Iran's "economy remains a dysfunctional wreck. Neither wholly free nor entirely socialist, the Iranian market is a ramshackle hybrid buttressed by lofty oil prices. One year after Mahmoud Ahmadinejad was elected president on a vow to share Iran's oil wealth with the poor, Tehran's army of jobless men is a reminder of the squandered potential that characterizes revolutionary Iran." Although "[t]he official unemployment rate is 11%,...economists such as London Metropolitan University's Parvin Alizadeh say the actual total is twice that figure." US "sanctions prevent Iran from tapping the best U.S. technology to fully exploit its massive oil and gas reserves. So daily oil output of about 4.2 million barrels is almost one-third below its 1970s-era peak." USA Today says, "Three years of confrontation between Iran and the U.S. over the nuclear issue have chilled domestic businesses that depend upon the outside world." Since Ahmadinejad's election, the Teheran Stock Exchange "has dropped 32%." USA Today writes, "In classic populist fashion, the Iranian president is pursuing policies that emphasize short-term improvements at the expense of long-term economic health." Moreover, "[t]he economic landscape may be about to darken" with the possible imposition of UN economic sanctions.

Hamas Support Eroding Among Palestinians. The Christian Science Monitor (9/5, Mitnick, 58K) reportson signs that "a US and European aid boycott of the Islamic militant-led government is sowing widespread disillusionment with Hamas. … To be sure, Hamas knows that its majority rule in parliament is safe for now because Fatah hasn't recovered from the January election landslide. So instead of the Islamic-led government falling, it may strike a compromise to invite" Fatah to form "a unity coalition." The Monitor adds, "Over the past few weeks, representatives from Hamas and Fatah have been negotiating over the makeup of a unity cabinet and what the policy of the new government would be toward Israel."

The Washington Times (9/5, Mitnick, 88K) runs a similar story under the headline "Hamas Crippled By Failure To Pay Workers," in which it says, "At a time when Hezbollah has enjoyed a surge in popularity throughout the Arab world from the monthlong war with Israel, the Hamas-led government is losing support over its inability to pay salaries of government employees."

Olmert Announces New Home Construction In West Bank. The New York Times (9/5, Erlanger, 1.21M) reports Israeli Prime Minister Ehud Olmert "authorized construction bids on Monday for another 690 homes in the occupied West Bank in the face of pro forma American criticism. The houses will be built in Maale Adumim and Betar Illit, two settlements near Jerusalem that the Israeli government says it intends to keep in any agreement with the Palestinians." While Olmert has promised "to pull thousands of Israeli settlers out of the West Bank, beyond the route of Israel's separation barrier, has been clear about keeping and expanding settlements inside the barrier, even though they are on land occupied since the 1967 war." The Times says US "criticism has had little effect on Israeli policy in the past, and is not expected to matter in this case. In general, Israel says it is not 'expanding' settlements, but 'thickening' them within existing built-up areas."

Hill Says One-On-One Talks Between US, North Korea Are Possible. CNN's The Situation Room (9/4, Koppel) reported, "Assistant US Secretary of State Christopher Hill says one-on-one talks between the US and North Korea are possible, but only if Pyongyang returns to six-party negotiations." Hill "is visiting Asia, in hopes of restarting the talks, which stalled last November. He arrived in Tokyo today."

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Khartoum Says AU Darfur Force Must Leave Unless It Avoids UN Takeover. The New York Times (9/5, Polgreen, 1.21M) reports Khartoum "delivered an ultimatum on Monday to the African Union force trying to monitor a shaky peace deal in Darfur, telling it to extend its mandate without handing off to the United Nations or pack up and leave by the end of the month." The AU force said the government had given them "one week to decide whether to accept a proposal to pay for its peacekeeping mission with money raised by the Arab League instead of turning over command to the United Nations." The Times says Khartoum's "move appeared intended to stymie [the] Security Council resolution passed last week." The Times notes a growing "showdown" over the future of the AU force, and says Darfur "has slid deeper into chaos in the past three months." The AP (9/4, Osman) adds Khartoum "said Monday that African Union peacekeepers will have to leave Darfur unless they accept a deal within a week that would effectively block a proposed U.N. force."

On its front page today, the Washington Post (9/5, A1, Timberg, 748K) details the conditions of the conflict on the ground. Khartoum "has dramatically intensified the war in Darfur in a bid to finish off a tenacious, three-year-old rebellion before a U.N. peacekeeping force can deploy there. … Bombing raids on villages and increasingly aggressive ground attacks are allowing government forces to drive back rebels while also pushing tens of thousands of civilians into already overflowing camps." The AU force "has been threatened with expulsion by the government" and "many humanitarian groups have curtailed operations there because of the dangers presented by the new fighting." The Post adds, "The new push by government forces and the uncertainty surrounding peacekeeping efforts could produce a fundamental shift in the fighting in Darfur." While rebel forces "are mounting counterattacks where possible," they are forced to give "up ground rather than face thousands of fresh, heavily armed government troops who have replaced the irregular militias that served as proxy fighters for much of the conflict." One analyst is quoted saying, "The balance of power is going to shift in favor of the government. ... What they want is to change the reality on the ground to make irrelevant the deployment of the international force."

Somali Government, Islamic Militias Reach Accord. The AP (9/5, Muhumed) reports, "Somalia's weak government and an Islamic militia that controls much of the south signed an agreement late Monday to eventually form a unified national army." The deal "did not specify when it would go into effect. Talks were to resume Oct. 30 in Khartoum. Both sides also agreed to form a peace committee in order to determine how to implement the plan." Islamic militia leaders "agreed" not to "take any more territory and instead wait for the Oct. 30 talks. Both sides also agreed to stop the use of propaganda against each other." The AP adds, "A coalition of east African nations will discuss peacekeepers in Somalia [today] at a meeting in Nairobi, Kenya."

Russia To Liberalize Electric Power Industry. The Wall Street Journal (9/5, White, 2.03M) reports, "Facing a worsening energy crunch as its economy outgrows aging infrastructure, Russia is going ahead with a sweeping liberalization of its electric-power industry aimed at drawing $87 billion in investment to the sector by 2010. The overhaul will phase in market-driven pricing for power, which now is sold mostly at low, regulated rates." The Journal says, "Private investors, including foreigners, will be given the chance to own generating companies, selling the electricity they produce at free-market prices." The overhaul comes "as industry officials and analysts warn of a looming crisis. More than five years of economic expansion running above 5% a year have fueled a big increase in demand for electricity, while state ownership and regulated rates in the power sector stifled investment in new projects." The Journal reports, "Though the liberalization program has been in the works since 2001, it took a string of blackouts and supply crises in the last year to overcome bureaucratic and political opposition." Some have criticized the "plan for being too timid, particularly because moving to completely free-market prices will take between five and 15 years."

Attack On Georgian Official's Helicopter Renews Tension Over South Ossetia. The Washington Post (9/5, A14, Finn, 748K) reports, "Tension between Russia and Georgia, never far from the surface, flared anew Monday after a helicopter carrying the Georgian defense minister was shot at by separatists in a breakaway enclave supported by Russia. The helicopter carrying Defense Minister Irakly Okruashvili was hit several times and forced to make an emergency landing Sunday after it flew over South Ossetia, a region that has declared independence from Georgia and receives diplomatic and financial backing

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from Moscow." Russia "accused Georgian authorities of deliberately violating the terms of a cease-fire that bans Georgian craft from flying over the province." The Post adds, "The Georgian Interior Ministry also said Monday that on Aug. 28 a helicopter carrying…a delegation of U.S. senators led by John McCain (R-Ariz.) was fired on by South Ossetian forces -- a charge that was quickly rejected by U.S. officials. 'The shots were fired at a different helicopter, and Senator McCain's helicopter was nowhere near where the incident took place,' said a spokesperson for the U.S. Embassy in Tbilisi."

Prominent Kenyan Landowner In Prison Over Shooting Deaths. The New York Times (9/5, Gettleman, 1.21M) reports the British owner of a large ranch in Kenya "is in Kamiti maximum security prison in Nairobi, the rare white face behind bars in this country, awaiting trial in a murder case that is dividing Kenya. Because in little more than a year, he has shot and killed two black Kenyans on his ranch. … White farmers in Kenya, an increasingly beleaguered and endangered species, are deeply sympathetic. They say that crime is out of control and the police are useless, and that the bush, however beautiful, is awash with guns."

Illegal Small Arms Trade Blamed For Stoking Violence In Africa. In an op-ed for the New York Times (9/5, 1.21M) Mvemba Phezo Dizolele, a journalist, and Rachel Stohl, a senior analyst at the World Security Institute's Center for Defense Information, write, "Despite the presence of the world's largest peacekeeping mission, the Democratic Republic of Congo remains in the grip of civil war. The reason is clear. A flood of small arms and light weapons undermines the 17,000 United Nations troops' mandate to protect civilians. In this country where war has raged since 1998, the results of the uncontrolled small arms trade have been brutish, but they have not been unique. Similar devastation from small arms occurs worldwide. Though the United Nations held a conference this summer to review efforts to control the trade, nothing was accomplished. To their shame, governments could not agree even on possible steps forward."

AIDS Conspiracy Continues To Roil Libya. In an op-ed for the Wall Street Journal (9/5, 2.03M) former New York Times reporter Judy Miller writes, "Before the Bush administration took Libya off the terrorist-state list and restored full diplomatic relations in June, U.S. officials insisted that Libya find a way to release five Bulgarian nurses and a Palestinian doctor who have been imprisoned since 1999 and sentenced to death for allegedly infecting 434 children in Benghazi with HIV, 52 of whom have already died of AIDS. … While diplomats said they have faith in a deal, quietly devised with Libyan officials, that would free the medics and ensure better medical care for the infected children, they fear it could still collapse.

Lopez Obrador Said To Have "Seriously Damaged Mexico's Young Democracy." In an op-ed for the Washington Post (9/5, 748K) Enrique Krauze, editor of the magazine Letras Libres, writes, "What would an American think if, after a campaign as heated as the Kerry-Bush race, the losing candidate had declared himself the winner the night of the election, claimed 'massive fraud' a few days later and orchestrated a sit-in of his followers (many of them directly paid by the local PRD government) on the Mall in Washington, blocking access to the neighboring streets and affecting businesses and government offices? That is exactly what Andrea s Manuel Lopez Obrador has done. In articles and interviews published in the international press (written in a misleading tone of civility, far from that of his incendiary speeches), Lopez Obrador has seriously damaged Mexico's young democracy by trying to sustain the unsustainable: that Mexico today is the same as Mexico in the days of PRI rule."

NYTimes Draws Attention To Exploitation Of Children In Haiti. The New York Times (9/5, 1.21M) editorializes, "Today, tens of thousands of Haitian children live lives of modern-day bondage. Under the system known as 'restavek,' a Creole word meaning 'stay with,' these children work for wealthier families in exchange for education and shelter. They frequently end up cruelly overworked, physically or sexually abused, and without access to education. The most effective way to root out this deeply oppressive but deeply ingrained system would be to attack the conditions that sustain it — chiefly, impoverished, environmentally unsustainable agriculture and a severe shortage of rural schools."

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THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Security Is Atop GOP's Agenda."
"The Enemies In Their Midst."
"This Mommy Track May Go Somewhere."
"Caught in a Power Struggle."
"Chinese Log On For Retribution."
"A High-Wire Naturalist With A Lens."

USA Today:
"IRS Sends Collection Agencies Calling For Back Taxes."
"Suspected Cop Killer Sought In N.Y."
"Friendship Eases Pain Of Loss For 9/11 Widows."
"Deadline To Break Taliban: 6 Months."
"Richards' Plan."

New York Times:
"G.O.P. Sets Aside Work On Immigration."
"Developer Said To Cut Size Of Brooklyn Project."
"Officials Slow To Hear Claims Of 9/11 Illnesses."
"Afghan Symbol For Change Becomes A Symbol Of Failure."
"Up For Re-Election, And Backing His Stand On Iraq By Deploying."
"Kenya Killings Put Aristocrat In Racial Fire."
"An Online Game, Made In U.S., Seizes The Globe."

Washington Post:
"Sudan's Offensive Comes At Key Time."
"Autism Risk Rises With Age Of Father."
"Candidates Hustle On A Day Of Politics And Parades."
"'Mortgage Moms' May Star In Midterm Vote."
"'Crocodile Hunter' Stalked Danger."
"For Conservative Muslims, Goal Of Isolation A Challenge."

Washington Times:
"The Flameout Of The Plame Game."
"Annan Seeks Mediation."
"Crocodile Hunter Killed By Stingray."
"History Favors Democrats In Congress races."
"Rallies Fail To Energize Hispanic Turnout."

Detroit Free Press:
"Affirmative Action Ban Isn't Black And White."
"All Eyes On Couric."
"No Deal Yet For Detroit Teachers."

Atlanta Journal-Constitution:
"Taylor, Perdue Chase Votes."
"Tip Your Hat To History."
"Worker Picnic A Farewell."
"Values Voters In Bipartisan Tug Of War."
"Women Of Substance Fill TV Anchor Roles."

Houston Chronicle:
"Ship Channel Goes High-Tech Against Terror."
"U.N. Will Mediate Talks On Prisoner Release."
"Immigration Reformers Rally Again, But Protests Haven't Led To Ballot Box."
"A Debut Times Three."

Story Lineup From Last Night's Network News:
ABC: Midterm Elections; Iraq-Sectarian Violence; Israel-Hezbollah Talks; Deadly House Fire; Pittsburgh's New Mayor; Steve Irwin Obit; Power Outages; Liberal Documentary; Mini Cows.
CBS: Campaign Season; Steve Irwin Obit; Sectarian Violence; Afghanistan Violence; Immigration Debate; Tropical Storm Florence; Stingrays Can Kill; Battle For Earmark Reform; Hubble Refit.
NBC: Steve Irwin Obit; White House Response-Critics; Qatar Sending Troops-Lebanon; Immigration Debate-Farming; Home Remodeling-For Old Age; Tiger Woods Wins Again; Low State Fair Attendance.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iran-Nuclear Program; Annan-Mideast War; Iraq-Bodies Found.
CBS: Study-Lactose Intolerance; Jerry Lewis Telethon; Study-Older Fathers, Autism; Bush-Labor Day Speech; Labor Day Immigration Rallies.
NPR: Bush-Labor Day Speech; Labor Day Immigration Rallies; Qatar-Troops To Lebanon; US Soldiers-Murder Charges; Iraq-Bodies Found; Mexico-Presidential Election; Deutsche Bank Open.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the Emir of Kuwait; speaks on the war on terrorism, Capital Hilton Hotel.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 11 a.m. The Senate reconvenes and resumes consideration of H.R. 5631, the DOD appropriations bill.

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4:15 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on the nomination of Ronald Tschetter to be Peace Corps Director. Location: Room 419, Dirksen.

US House: No Scheduled Events.

Other: THE EMIR OF KUWAIT _ Highlights: 11 a.m. Meets with President Bush. White House. 1:45 p.m. Meets with Secretary of State Condoleezza Rice. State Department.

ANTI-WAR CAMP _ Anti-war groups begin a 17-day event called ``Camp Democracy", which they say is a non-partisan camp for peace, democracy, and the restoration of the rule of law. The encampment was formerly at Crawford, Texas. Highlights: 1:30 a.m. - 3:45 a.m. Roundtable Discussion (Veterans and Military Families), ``Why Bring Them Home Now: How to pressure the government to Bring Them Home Now." 8 a.m. Participants meet at 1st and Independence March Vigil around Capitol Building to ``remember the fallen and remind Congress of the human cost of the War in Iraq." 8:30 a.m. Vigil symbols march around the Capitol (Tombstones, Crosses and Boots. 9:30 a.m. Move back to Camp Democracy. 10:30 a.m. Noon Key Voices Focus on the war and Iraq press conference, with representatives from IVAW, MFSO, GSFP, VFP. Opening Ceremony with David Cline opening statement; Piscataway Nation Ceremony; Reverend Yearwood; Moment of Silence to Remember Fallen both combatants and civilians. Veterans and Military Families Speak Out. 4 p.m. - 5:30 p.m. Panel on lack of benefits for returning vets, including health, employment, and housing. 7:30 p.m. Panel and ``Ground Truth Documentary: Post Traumatic Stress Disorder and the Hidden Cost of War." Location: Constitution Avenue and 14th Street NW.

HAMEL-ALASKAN PIPELINE _ 10 a.m. Oil industry whistleblower Chuck Hamel addresses a National Press Club newsmaker media briefing. He will discuss system-wide problems in the Trans-Alaska Pipeline. Location: National Press Club, Zenger Room.

JENKINS-TERRORISM _ 11 a.m. RAND Corporation terrorism expert Brian Michael Jenkins holds a news briefing on the state of the war on terrorism and to discuss his new book, ``Unconquerable Nation: Knowing Our Enemy." Location: RAND Corporation, 1200 S. Hayes St., Arlington, Va.

DEMOCRATS-NATIONAL SECURITY _ 12 p.m. Senate Democratic Leader Harry Reid joins Assistant Democratic Leader Dick Durbin; House Democratic Whip Steny Hoyer; Senate Armed Services Committee Ranking Member Carl Levin; Senator Thomas Carper; Gen. Wesley Clark ret., and Sharon Burke, director of the Third Way National Security Project for the release of ``The Neo Con, a new report detailing what sponsors say is the ``Bush Republicans failure to secure America" and successfully fight the War on Terror in the five years since the attacks of September 11, 2001. Location: Room, S-211, Capitol.

MIDEAST _ 12:15 p.m. The New America Foundation holds a discussion of U.S. strategy for Iran, Syria and the Mideast, with Flynt Leverett of the foundation, Midahel Tomasky of The American Prospect, others. Location: 7th floor, 1630 Connecticut Ave. NW.

BLACK CAUCUS-ISSUES _ 1 p.m. The National Press Club hosts a newsmaker news briefing with members of the Congressional Black Caucus, led by Chairman Rep. Melvin Watt, D-N.C. Topics include midterm elections, immigration reform, Iraq War, Darfur genocide, and the Voting Rights Act. Location: National Press Club, Murrow Room.

KUWAIT _ 1 p.m. - 2 p.m. Kuwaiti Minister of Trade and Commerce Falah Al-Hajiri speaks on US-Kuwaiti business relations at a US Chamber of Commerce luncheon. Location: US Chamber of Commerce, 1615 H St. NW.

DEATH PENALTY _ 2 p.m. - 4 p.m. The Brookings Institution sponsors a judicial issues forum, ``What Should be the Future of the Death Penalty?" Panelists are: Rep. Dan Lungren, R-Calif.; Ruth Friedman, director of the Federal Capital Habeas Project; Kent Scheidegger, legal director and general counsel, Criminal Justice Legal Foundation. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

TAIWAN-CHINA RELATIONS _ 4 p.m. - 5:30 p.m. The Woodrow Wilson Center's Asia Program hosts a presentation, ``Toward Peacful Relations across the Taiwan Strait: Taiwan's Perspective," by Dr. Joseph Wu, chairman of Taiwan's Mainland Affairs Council. Contacts: Mark Mohr (2026914011). Notes: Please RSVP by email to Mark Mohr at mark.mohrwilsoncenter.org or at the number listed below.

FEDEX-KING MEMORIAL _ 7 p.m. FedEx will announce a $1 million contribution for a new memorial to Dr. Martin Luther King, Jr. to be built on the National Mall. In honor of the donation, Grammy nominated vocalist Oleta Adams will perform and Congressional leaders and Members of the Congressional Black Caucus will attend. Partcipants include: Congressman Harold Ford, Jr.; vocalist Oleta Adams; Andrea Roane, Master of Ceremonies; Gina Adams, FedEx Corporate Vice President for Government Affairs; and Harry E. Johnson - President and CEO of the Washington, DC

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Martin Luther King, Jr. National Memorial Project Foundation, Inc. Location: On the roof deck of 101 Constitution Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, SEPTEMBER 5, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Study Finds Terror Prosecutions Have Fallen To Pre-9/11 Levels ... 3
Threat From British Terror Plot Said To Have Been Exaggerated By US, British Officials ... 3
Al-Qaeda In Iraq Number Two Leader Captured ... 4
Gadahn Appears In New Video, But FBI Doubts His Rank In Al Qaeda ... 5
FBI Team Searches Globe For Trinidad-Born "Ultimate Sleeper." 6
US' Post-9/11 "Solidarity" Said To Be Gone ... 6
Gunman Kills British Man, Wounds Western Tourists In Jordan ... 7
Saudi-Funded Proselytizing Campaigns Have Been Rolled Back Since 9/11 ... 7

Homeland Response:

Some Recent Air Security Incidents May Have Been Probes By Terrorists ... 7
Schumer Says US Homeland Security "Mediocre At Best." ... 8
9/11 Caused Young Muslims In US To Reassess Their Identities 8
Los Angeles Homeland Security Officials Participate In Terrorism Drill ... 8
Townsend Profiled ... 8
Federal Aid For Sick Ground Zero Aid Workers Seen As Inadequate ... 8
History Shows Hurricane Threat Not Yet Over ... 8

War News:

Democrats Call For Change In Leadership At Pentagon ... 9
Six US Soldiers Killed, 33 Dead Bodies Found In Iraq ... 10
UN Envoy To Afghanistan Calls For More Operational Freedom For NATO Troops ... 11

Corporate Scandals:

Japanese Securities Trial Begins For Former CEO Of Livedoor. 11
Attorneys Try Different Tack In Stock Option Scandals ... 12

Criminal Law:

Well-Known Developer Accused Of Bribing DC Officials ... 12
Cunningham Probe May Yield More Indictments ... 12
Judge Denies Ryan Sentencing Testimony From Father Of Children Killed In Accident ... 12
Suspect In Trooper's Death Sought In New York ... 13
Liberals' Expectations For "Played Out" Plame Scandal Said To Have "Fizzled." ... 13
Laws Targeting Violent Dog Breeds Raise Concerns ... 13

Civil Law:

Judge Will Not Try To Disqualify Boeing Attorneys From Trade Dispute ... 13
WPost Encourages Congress To Curb Tobacco Industry's Abuses ... 14

Civil Rights:

Solicitor General Challenges Racial Preferences Employed By School Districts ... 14
Senate To Consider Bill To Create Civil Rights Cold-Case Unit . 14
Dispute Over California Police Use Of Force Focuses On Costs 15
States Accused Of Failing To Correct Voting System Flaws ... 15
Wilkinson Argues Gay Marriage Ignores Constitutional Tradition 15

Antitrust:

KLM Pushed Legal Boundaries On Airline Merger Rules ... 15
Stanley Leisure Receives Offer After Failed Merger Talks ... 16
EU OKs Joint Venture Between GE, Credit Suisse ... 16
Texas Airfield Bill Faces Tight Deadline ... 16

Environment:

Bush Discusses Energy Independence, Calls On Congress To Make Tax Cuts Permanent ... 16
BP Hires Former Federal Judge As Ombudsman For Worker Complaints ... 18
Bush Accused Of "Stealth Campaign" To Exploit Federal Lands For Development ... 18
Administration Urges Cities To Plant Trees To Reduce Energy Use ... 18
Ambitious Nuclear Waste Disposal Project Is A Failure So Far .. 18
NYTimes Applauds Congress For Adding To Wilderness Areas 18

FBI/DEA/ATF/USMS:

DEA Investigates Fire Department Morphine Thefts In Sacramento ... 19
In Texas, Seizures Of Meth From Mexican "Superlabs" Said To Be Skyrocketing ... 19
Rio Grande Valley Border Patrol Said To Lead Nation In Cocaine Seizures ... 19

Report: Grave Of Wanted Colombian Drug Trafficker Found 19
"Progressive" Minnesota's Gun Laws Seen As A Surprise 19

Immigration:

Congress Not Expected To Take Up Immigration Reform This Fall 19

Tax:

Cleveland Bookie Disputes IRS Claims Of Taxes Owed 21
IRS Now Using Collection Agencies To Pursue Back Taxes 21
Democrats Told To Repeal Tax Code's "Regressive" Elements. 21

Congress-Administration:

GOP Congress May Seek Middle-Class Tax Cuts In Session Focused On Security Issues..... 21
Ginsburg, Souter Top Wealth List Of Justices..... 22
White House Searching For McClellan Replacement 22
Earmark Reform Tied To Potentially Corrupt Land Deals 23
Bolten Has Distributed Administration "Countdown Clock" To Key Aides..... 23
Democrats Weigh Next Move On Tomlinson Nomination..... 23
Senate May Delay Vote On Federal Workers' Pay Raise Until After Elections..... 23
Kennedy-Miller Bill Said To Encourage "Workplace Intimidation."23
Krugman Says Administration Neglecting Veterans Health Administration 24

Other News:

New Law Seen As Unlikely To Arrest Decline Of Defined-Benefit Pensions 24
"Deep Throat" Too Ill To Travel To Court..... 24
Rothenberg Says Democrats Poised To Gain 15 To 20 Seats.". 24
McConnell Says Democrats Would Impeach Bush If In Power .. 25
Santorum Defends Bush's Handling Of War On Terror, Praises Rumsfeld..... 25
Chafee Rules Out Independent Bid 26
"Mortgage Moms" Identified As New Key Voting Block 26
DeVos Trails Granholm 46-44 According To New Poll..... 26
NRA Piles Up Victories At The State Level 26
Armey's Freedom Works To Spend $4 Million On GOTV Effort . 26
Bush To Attend Fundraiser For Stabenow's Challenger Friday .. 26
Kaine And Warner Campaign For Webb 27
Florida Gubernatorial Primaries Turn Extremely Negative 27
Early Campaigning For 2008 Presidential Primaries Noted 27
Controversy Over New Stem Cell Research Persists 27
Number Of Uninsured Children Grows For The First Time In Eight Years 28
Christian Coalition Splinters As It Broadens Its Mission 28
Arizona Lawmaker Prepares For Deployment To Iraq Or Afghanistan 28
Pittsburgh's New Mayor Is Only Twenty-Six Years Old..... 28
California Legislature Votes To Erect Statue Of Reagan In US Capitol..... 28
Emanuel And Reed's New Book Described As "Modest" And "Timid." 29
Suozzi Says New York's Problems Can't Be Solved "Spitzer-Style." 29
Condom Distribution In Prisons Said To Effectively Combat The Spread Of AIDS 29
NYTimes Ponders Potential "Hangover" From Housing Slowdown..... 29
WPost Endorses Fenty For DC Mayor 29
Annan Says He Will Mediate Release of Two Kidnapped Israeli Soldiers 29
Khatami Backs Two-State Solution In Middle East 30
Hamas Support Eroding Among Palestinians 31
Olmert Announces New Home Construction In West Bank 31
Hill Says One-On-One Talks Between US, North Korea Are Possible 31
Khartoum Says AU Darfur Force Must Leave Unless It Avoids UN Takeover..... 31
Somali Government, Islamic Militias Reach Accord 32
Russia To Liberalize Electric Power Industry 32
Attack On Georgian Official's Helicopter Renews Tension Over South Ossetia 32
Prominent Kenyan Landowner In Prison Over Shooting Deaths 32
Illegal Small Arms Trade Blamed For Stoking Violence In Africa 33
AIDS Conspiracy Continues To Roil Libya 33
Lopez Obrador Said To Have "Seriously Damaged Mexico's Young Democracy." 33
NYTimes Draws Attention To Exploitation Of Children In Haiti ... 33

The Big Picture:

Headlines From Today's Front Pages 33

Washington's Schedule:

Today's Events In Washington 34

DOJ_NMG_0056857

TERRORISM NEWS:

Study Finds Terror Prosecutions Have Fallen To Pre-9/11 Levels. The AP (9/4, Sniffen) reports, "The federal government has fallen back to prosecuting international terrorists at about the same rate it did before Sept. 11, according to a study based on Justice Department data." The "surprising decline" followed "a sharp increase in such criminal prosecutions in the year after the attacks, according to a study released Sunday by the Transactional Records Access Clearinghouse, a data research group at Syracuse University." The AP adds, "Of the 1,329 convicted defendants, only 625 received any prison sentence."

The New York Times (9/4, Lichtblau) reports the study "found that federal prosecutors have declined to prosecute two of every three international terrorism cases brought to them by the Federal Bureau of Investigation and other agencies since 2001. The rejection rate was even higher for the first eight months of the current fiscal year, with 91 percent of the referred cases turned down for prosecution, the research group said. Among the most frequent explanations cited by prosecutors, the study found, were a lack of evidence of criminal intent by the suspect and "weak or insufficient" evidence." The numbers "brought differing interpretations from legal analysts, prosecutors and government officials, many of whom said they were surprised by the findings, and are likely to add to the debate over the administration's legal tactics in prosecuting the fight against terrorism." The Justice Department "immediately took issue with the study's methodology and its conclusions. The study 'ignores the reality of how the war on terrorism is prosecuted in federal courts across the country and the value of early disruption of potential terrorist acts by proactive prosecution,' said Bryan Sierra, a Justice Department spokesman. … Department officials declined to discuss any details of what they considered the flawed methodology."

The Washington Post (9/4, A6, Eggen) says "the findings, based on data compiled by the Justice Department's Executive Office for United States Attorneys, echo previous analyses by The Washington Post and others showing that most defendants in terrorism cases are charged with crimes unrelated to terrorism and that many serve little or no prison time."

UPI (9/5) reports, "Justice Department spokesman Bryan Sierra said in a statement the report contains 'many flaws' and 'misleading analysis.' … 'This report does not take into account the significance of the Justice Department's successful strategy of prevention through prosecution, which has helped protect this country from terrorists since the attacks of Sept. 11th,' Sierra said. 'The department will continue to employ this strategy and work tirelessly to prevent another attack on U.S. soil.'"

The Christian Science Monitor (9/5, Marks) reports, "The contrasting views of this case illustrate the difficulties encountered by the federal government in prosecuting terrorism. A new analysis of federal data since 9/11 also underscores the difficulties: It finds that the number of criminal prosecutions for international terrorism in the US has dropped sharply. … Analysts say one reason for the drop is the intensity of the law-enforcement activity in the immediate aftermath of the attacks, which then leveled off. Critics also point to the way the government conducts its homeland-security policy: They raise questions about the effectiveness of its current surveillance and intelligence operations, and also ask whether the threat of terrorism has been exaggerated. … The Department of Justice counters that the report 'presents a misleading analysis,' and it strongly objects to the suggestion that the threat of terrorism may be exaggerated. It says the TRAC report ignores the DOJ's 'successful strategy of prevention through prosecution.' 'It is irresponsible to attempt to measure success in the war on terror without the necessary details about the government's strategies and tactics,' said Bryan Sierra in a prepared statement. … The Justice Department says that by going after small offenses - such as fraud - it's able to disrupt terrorist activity. It declined to provide a spokesperson to address directly some of the issues raised in the TRAC report."

Threat From British Terror Plot Said To Have Been Exaggerated By US, British Officials. In a web-exclusive, the New Republic's (9/5) John B. Judis writes that an August 28 article appearing on the website of the New York Times, titled "Details Emerge In British Terror Case," "contained the most recent, and most damning, revelations about how American and British officials initially presented the case. According to sources quoted by the authors, these officials -- including Michael Chertoff, the head of the Department of Homeland Security – grossly exaggerated the threat that the plotters posed. The 25 people that the British arrested were, to be sure, up to no good. But whether they were about to blow up US airliners headed westward from London's Heathrow is not entirely clear, and it wasn't clear on August 10 when the case broke into the press." Noting a statement by Chertoff that the plot was "getting really quite close to the execution phase," Judis continues, "If the initial story offered by Chertoff and [White House homeland security adviser Frances] Townsend--and their British and Pakistani counterparts--represents a house, then that house is now tottering on its foundations and ready to collapse in

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ruins. … According to British officials, there was no evidence that the plotters had agreed on specific planes or set a date." Judis adds that assertions that was "still a 'red alert' danger after the plotters were apprehended" and that there were indications that the plot had al Qaeda connections are also questionable.

Trial Of London Plot Suspects Unlikely Before 2008. The Financial Times (9/5, Tait) reports, "A trial of the individuals charged with conspiracy to murder in connection with last month's alleged terrorist plot to blow up transatlantic aircraft is unlikely to get under way until 2008." British prosecutors yesterday "told a judge at the Old Bailey that, given the potential length of the proceedings and the number of people involved, they did not think it would be possible for a trial to begin before January – or possibly Easter – 2008." Their" preliminary forecast came as eight men, aged between 19 and 28, appeared by video-link at London's Central Criminal Court in front of Mrs Justice Rafferty." USA Today (9/5, 2.27M) and the Washington Post (9/5, A15, Sullivan, 748K) also report the story. The Post says "defense attorneys expressed concern that the suspects might be held in jail without bail for more than 18 months before trial."

Police Used Islamic School Searched Sunday For "Diversity Training." The New York Times (9/5, Cowell, 1.21M) reports, "In a strange twist to Britain's newest terrorism scare, a regional police force admitted Monday that it had sent officers for 'diversity training' to an Islamic school that the police searched Sunday as part of a crackdown on jihadist recruiters and trainers." In a statement, the Sussex police "said the Jameah Islameah school south of London 'has been used by officers and staff undergoing advanced training for their role as diversity trainers to the rest of the work force.'" The statement "cast an ambiguous light on other police actions since 14 people were arrested overnight on Friday in what the police described as a hunt for terrorist recruiters and trainers. Within hours of the arrests, the police sealed off the Jameah Islameah school, located in a former convent and ballet school in rural East Sussex, and began to search its grounds."

The New York Times (9/4, Adam, Cowell) reports, "In this rich and leafy part of England once known as the stockbroker belt, police officers searched the grounds and buildings of an Islamic school on Sunday, continuing the hunt for jihadist recruiters and trainers that led to 14 arrests in London late Friday and early Saturday. It is no ordinary school — either by the standards of its failed academic record, its precarious financial status, its enrollment or its mere size and appearance. It is an enormous, Gothic former convent built of red brick on 54 acres of woodlands, with a reported total of 100 rooms housing less than a dozen pupils." Yesterday, "the police cordoned off the school, named for the charity that operates it, Jameah Islameah. Reporters were not allowed close to the location, except for a brief ride in a police van to a closed, black iron gate barring access to the building." The Times adds, "By the admission of its director, Bilal Patel, the estate has been visited by Abu Hamza al-Masri, a firebrand Islamic cleric now serving a seven-year jail term."

Europeans Face Unique Threat From Homegrown Terrorists. The Los Angeles Times (9/5, Rotella, 918K) reports that "Europe remains the front line for a post-Sept. 11 generation of extremists. … Open borders, tolerant laws and social alienation combine to create a space for radical activity in Europe that does not exist in the U.S. Muslim community or even in some Muslim countries. The rise of the enemy within makes European leaders even more uncomfortable with the American-coined phrase 'war on terror.'" The Times adds that threats in Europe "are fragmented and elusive. But they have moved uncomfortably close for Europeans and, as a result, for Americans as well. European-born terrorists 'are willing to attack their homeland,' a U.S. law enforcement official said. 'Something's happening in their melting pot. And the fear with these guys is that they are just an e-ticket away from getting to the U.S.'

Stephens Says Too Many Premises Unite British Muslims, Mainstream. Bret Stephens writes in the Wall Street Journal (9/5, 2.03M) that "what really ought to terrify Britain's leaders aren't the conclusions that divide mainstream and Muslim Britain, but the premises that unite them. From the credence given to people like Michael Moore and Noam Chomsky, to the simplistic derision of the US and the frenzied hatred of Israel, the two camps attend the same church and sing from the same hymnal. Until that changes, on one side or the other, Britain will have no respite from the encroaching terror. Or, to paraphrase Pogo: We have met the jihadi, and he is us."

Al-Qaeda In Iraq Number Two Leader Captured.

The Los Angeles Times (9/4, Moore) reports, "A high-level operative of Al Qaeda in Iraq believed to be one of the planners behind the bombing of one of the world's holiest Shiite Muslim shrines has been captured, U.S. and Iraqi officials said Sunday. Hamed Jumaa Farid Saeedi, a former intelligence agent under Saddam Hussein's regime who is believed to be in his early 40s, was the No. 2 Al Qaeda in Iraq operative, according to Iraqi national security adviser Mowaffak Rubaie." The Times adds, "An Iraqi intelligence unit working with U.S. special forces captured Saeedi near Baqubah, northeast of the capital, not far from where Al Qaeda in Iraq leader Abu Musab al-Zarqawi was killed three months ago, authorities said."

The Washington Post (9/4, A1, Paley, 748K) calls the arrest of al-Saeidi "the latest in a series of blows to the Sunni Arab insurgent group, believed responsible for numerous suicide attacks on civilians and other deadly violence." His bombing of the Samarra shrine in February was "an attempt

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to thrust Iraq into a full-scale civil war." National Security Advisor Mowaffak al-Rubaie is quoted saying, "The al-Qaeda organization in Iraq has been seriously weakened and is now suffering from a leadership vacuum." The Post notes, "Despite repeated strikes on the leadership of al-Qaeda in Iraq, the group's diffuse cells have continued to launch deadly attacks throughout the country."

The New York Times (9/4, Oppel, 1.21M) says al-Rubaie told a television audience that al-Saeedi "was captured several days ago as he hid among Iraqi families in a residential building. He said that Mr. Saeedi was operating near Baquba, north of Baghdad, in the area where Abu Musab al-Zarqawi…had sought refuge before he was killed in an American airstrike three months ago." He "described" al-Saeedi as a top lieutenant to Abu Ayyub al-Masri. "If that characterization is true, it would suggest that Mr. Saeedi is the most senior Al Qaeda in Mesopotamia leader killed or captured since an American F-16 fighter bombed Mr. Zarqawi's safe house on June 7."

The AP (9/4, Becatoros) adds al-Rubaie "accused" al-Saeedi "of 'brutal and merciless' terror operations, including the bombing of a Shiite shrine that touched off the sectarian bloodletting pushing Iraq toward civil war." The AP says Deputy Prime Minister Barham Saleh told CNN Late Edition, "This is a very important development. Deliberate intelligence work, both by Iraqi forces as well as the multinational forces, have dealt a very severe blow to al-Qaida organization in Iraq."

Television newscasts tended to downplay the significance of the arrest. NBC Nightly News (9/3, lead story, 2:00, Seigenthaler) reported the news "was announced by the Iraqi government which called it a fatal blow to al Qaeda. But there are signs al Qaeda's role in Iraq has been diminished." NBC (Boettcher) added, "Until today he was unknown, Iraq's national security advisor proclaimed al Qaeda had been crippled by his arrest. 'He carried out al Qaeda's policies in Iraq,' declared the official. 'He was attempting to start a civil war between Shiite and Sunni.'" But "after al Qaeda's top leader in Iraq, Abu Musab al-Zarqawi, was killed last June in a joint US-Iraqi operation, Iraqi officials expressed optimism that sectarian violence would subside. It has not. The Pentagon's own figures show civilian casualties increased 50% in May, June and July."

CBS Evening News (9/3, 2:30, lead story, 3:00, Strassmanl) also said that "since Zarqawi's death, Iraq's bloodshed has only gotten worse. Just last Friday a Pentagon report said violence here in the three months after Zarqawi's death was at a highest level." Al Qaeda is "definitely still a presence" in Iraq, "definitely still a worry but US commanders here are mostly focused these days of course on the sectarian violence the Iraqi and Iraqi killings. Then they are worried about the insurgence and criminal gangs al-Qaeda is somewhat down the list but clearly still a presence here."

Along similar lines, the Washington Times/AP (9/4, Becatoros) reports, "The U.S.-led coalition and Iraqi authorities have announced numerous arrests after Zarqawi's death that officials say have thrown al Qaeda in Iraq into disarray." But "rampant sectarian violence and other attacks have continued, with at least 20 Iraqis killed in bomb attacks and shootings yesterday."

Gadahn Appears In New Video, But FBI Doubts His Rank In Al Qaeda. In a widely-distributed story, the AP (9/4, Taylor) reported, "Federal investigators do not believe an American convert to al-Qaida who appeared in a propaganda video is a high-ranking member of the terrorist group, and they doubt his efforts to promote the organization are having much effect." Adam Gadahn "has appeared on several long and rambling al-Qaida videos at strategically chosen moments," and his "most recent appearance on a 48-minute video posted on an Islamic militant Web site…urged U.S. soldiers to 'surrender to the truth (of Islam), escape from the unbelieving army and join the winning side.' … 'Al-Qaida has sought to use Gadahn as a propaganda tool,' FBI spokesman John Miller said Sunday. 'The purpose is to have someone who can translate al-Qaida's message into English and deliver it to a Western audience. It's part of their "psy-ops."'" Miller added, "There is no indication that he is a high-ranking member of al-Qaida, but it is clear that he has had access to the highest levels of the organization." Iin another widely-distributed story, the AP (9/3, Nasrawi) reported that the video "raised fears it signaled an imminent attack, but experts in the region said Sunday it is more likely a bid to soften the terror group's image." The AP noted, "FBI Director Robert Mueller said 'there is no indication that he is a high-ranking member of al-Qaida, but it is clear that he has had access to the highest levels of the organization.' Mueller announced in May that the FBI was looking for Gadahn."

NBC Nightly News (9/2, lead story, 3:00, Seigenthaler, 9.87M) reported, "In the video he urges all Americans to convert to Islam. With the 9/11 anniversary approaching terror experts are looking at the new tape to find out if it is really a threat or just more bluster." NBC (Myers) added, "Unlike most al Qaeda tapes there is no explicit threat of an attack on this tape. This is basically an appeal from an American for other Americans to join the ranks of al Qaeda." Gadann: "We invite all Americans and other non-believers to Islam wherever they are." Myers: "He claims the biggest threat to U.S. security is the growing number of conversions to Islam in the U.S." Myers: "This is Gadann's fourth video but clearly his most prominent use by al Qaeda." The CBS Evening News (9/2, story 2, 0:10, Assuras, 7.66M) noted that

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Ayman al Zawahiri introduced Gadahn, "an al Qaeda member from California wanted by the FBI."

FBI Team Searches Globe For Trinidad-Born "Ultimate Sleeper." Under the headline "A Mystery Man Who Keeps The FBI Up At Night," the Los Angeles Times (9/3, Meyer, 918K) reported in depth on the FBI search for Trinidad-born al Qaeda terror suspect Adnan Gulshair Muhammad el Shukrijumah, noting that in a 2003 FBI all-points bulletin, "he was described as the ultimate 'sleeper agent,' intent on attacking the U.S., possibly with weapons of mass destruction. … To be sure, the FBI's record on identifying terrorist plotters since Sept. 11 includes some widely publicized failures," but "terrorism authorities both inside and outside the government say they believe Shukrijumah is a major Al Qaeda figure, and the hunt for him is intense, with an FBI team tracking him virtually full time." The Times noted that Shukrijumah is educated and "a naturalized U.S. citizen whose appearance would allow him to pass as Latino, Indian or Middle Eastern and who speaks English with no discernible accent," making him "especially threatening, counter-terrorism authorities say. He is dangerous 'because he is so trusted in the organization and because he has traveled in the Western world and is familiar with its customs and procedures,' said Joseph Billy Jr., assistant FBI director for counter-terrorism."

US' Post-9/11 "Solidarity" Said To Be Gone. Two of the news magazines, U.S. News and World Report and Time, devote their cover stories to the fifth anniversary of the 9/11 attacks. U.S. News and World Report (9/11, Tolson) reports that the early sense of solidarity" felt among Americans "is largely gone. … It didn't take the 2004 presidential election to prove that America was once again a riven nation, but it showed that red and blue Americans were now also deeply and evenly divided over the incumbent's handling of the war on terrorism. Bush's supporters could-and still can-point to one indisputable fact: not one successful act of terrorism on American soil since September 11. Yet the charges of incompetent leadership would grow ever sharper, many coming from traditional conservatives." President Bush's "plan for a 'Big Bang' transformation of the Middle East is also receiving low marks from some of its earlier backers."

A separate story in Time's (9/11 Gibbs) cover package reports that the unity that immediately followed the attacks "was never going to last. The world more easily prefers a superpower when it's wounded and weakened than when it rises and growls. But we have not merely returned to the messy family arguments of Sept. 10. We are divided at home, dreaded abroad, in need of a hard conversation about America's vital interests and abiding values but too bitter and suspicious to have it."

Voters Said To Doubt Bush's Ability To Make Country More Secure. Newsweek (9/11, Wolffe, Bailey) reports, "Voters -- including many Republicans -- are openly doubting the President's ability to make the country more secure. Polls show that voters narrowly side with Republicans on terrorism, but they now prefer Democrats on Iraq."

70% of Americans Believe War On Terror Won't Be Won In 10 Years. A story in Time's (9/11, Ferguson) cover package reported that a TIME/Discovery Channel poll found that "nearly 70% of Americans believed the war against terrorism would not be won within 10 years." Time's cover story examines the attacks from the perspective of a historian looking back from 2031. That historian would conclude, according to Time, that the execution of the war on terror "was fatally flawed. Far from reducing conflict in the Middle East, forcible democratization turned out to have just the opposite effect, unleashing violent centrifugal forces that were beyond American power to control. By focusing its efforts on rogue states, the U.S. ignored the fact that the terrorists' most important area of activity was not the Middle East but stable, prosperous, democratic Western Europe." Time adds that "it was hardly surprising that, by the time of the fifth anniversary, many experts argued that the U.S. reaction to 9/11 had failed to eliminate the terrorist threat and instead had made the world a more dangerous place."

1/3 Of Americans Suspect Government Complicity In 9/11 Attacks. A separate story in U.S. News and World Report's (9/11, Sullivan) cover package examines conspiracy theories about the 9/11 attacks. US News notes that the group 9/11 Truth "and its outlandish claims have become an online phenomenon-and are proving startlingly persuasive." Roughly "a third of Americans suspect the seemingly unthinkable-government complicity in the deaths of some 3,000 citizens."

A story in Time's (9/11, Grossman) cover package also examines conspiracy theories surrounding the attacks, noting that to conspiracy theorists, "al-Qaeda is not responsible for the destruction of the World Trade Center. The US government is. The Pentagon was not hit by a commercial jet; it was hit by a cruise missile. United Flight 93 did not crash after its occupants rushed the cockpit; it was deliberately taken down by a US Air Force fighter. The entire catastrophe was planned and executed by federal officials in order to provide the US with a pretext for going to war in the Middle East and, by extension, as a means of consolidating and extending the power of the Bush Administration." A separate story in Time's (9/11) cover package examines some of the "Internet-fueled" conspiracy theories surrounding the attacks.

Officials Say They've Turned A Corner In Rebuilding Lower Manhattan. Another story in U.S. News and World Report's (9/11) cover package examines efforts to rebuild in lower Manhattan since the attacks. Officials "insist

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that they've turned a corner and say progress is being made. … But skeptics say a miasma of political agendas surrounding the effort could still gum up progress." U.S. News' cover package also examines a Wall Street firm's efforts to rebuild since the attack.

Officials Debate Balance Between Indirect Programs And Manhunts In War On Terror. Another story in U.S. News and World Report's (9/11, Robinson) cover package examines the five-year hunt for al Qaeda leader Osama bin Laden and the US military's global counterterrorism plan. The plan "relies increasingly on allies like NATO and has broadened from that of a basic manhunt to a mission that includes training partner nations in counterterrorism, intelligence, and civil affairs, eliminating safe havens, and attacking the ideological underpinnings of radical Islamism." US News adds, "The debate over the balance between indirect programs and manhunts has captured attention among lawmakers and Pentagon officials. A proposal to create an 'unconventional warfare command' was floated at June hearings held by Rep. Jim Saxton, the chairman of the special operations subcommittee. While praising direct-action successes, Saxton says, 'I believe the key to our military efforts rests in the unconventional capabilities.' He has not decided yet whether such a command within SOCOM is necessary but says 'it is vital that policy makers in the Department of Defense not lose sight of the strategic importance of unconventional warfare and ensure that we capitalize on those capabilities.'"

Debate Continues Over What To Call The Enemy In War On Terror. Newsweek (9/11, Wolffe, Bailey) reports on the debate over what to call the enemy in the war on terror. According to Newsweek, "Five years after 9/11, and more than three years after invading Iraq, President Bush is still searching for the perfect phrase to define the enemy in the war on terror -- and reassure Americans who will soon head to the polls. Other Republicans -- including Pennsylvania Sen. Rick Santorum, who is in a tough re-election race -- have adopted 'Islamofascism' as shorthand for terrorists. … Bush has used the term 'Islamic fascists' sporadically, most recently to describe the alleged London bomb plotters last month. But the phrase was noticeably absent from his latest major speech on the war last week -- which was part of a procession of campaign-style addresses by the administration's biggest names."

Gunman Kills British Man, Wounds Western Tourists In Jordan. The New York Times (9/5, Maayeh, 1.21M) reports, "A gunman opened fire on tourists visiting a popular site in downtown Amman on Monday afternoon, killing a British man and wounding six other people, Jordanian officials said. Hospital officials identified the dead man as Christopher Stoke, 53." Wounded in the shooting were "two British women, an Australian woman, a woman from New Zealand, a Dutchman and a sergeant with the Jordanian Tourist Police, Jordanian officials said." Jordan's official news agency, Petra, "identified the gunman as Nabeel Ahmad Issa Jaoura, 38, from Yajouz, near the Islamist stronghold of Zarqa."

The Washington Post (9/5, A12, Mousa, 748K) notes "the Associated Press quoted a Jordanian security official, who spoke on condition of anonymity, as saying that preliminary investigations found no link between known terrorist groups and Ahmed."

Saudi-Funded Proselytizing Campaigns Have Been Rolled Back Since 9/11. The Washington Post (9/5, A1, Murphy, 748K) reports Salafism, "once had a significant foothold among area Muslims, in large part because of an aggressive missionary effort by the government of Saudi Arabia. Salafism and its strict Saudi version, known as Wahhabism, struck a chord with many Muslim immigrants who took a dim view of the United States' sexually saturated pop culture and who were ambivalent about participating in a secular political system. It was also attractive to young Muslims searching for a more 'authentic' Islam than what their Westernized immigrant parents offered." But since 9/11, "One of the area's most prominent Salafi preachers, Ali al-Timimi, is in prison, convicted on charges that he incited young Muslims to wage war against the United States. Dar al-Arqam Islamic Center in Falls Church, where he preached, is now closed. The Saudi government's proselytizing campaign has also been rolled up. Its preachers were sent home, and a Saudi-run institute in Fairfax that taught a strict Salafi outlook no longer has any students."

HOMELAND RESPONSE:

Some Recent Air Security Incidents May Have Been Probes By Terrorists. The Washington Times (9/4, Hudson) reports, "The rash of airline-security incidents since the London terror arrests -- which has diverted or delayed more than 20 flights all over the world -- has more to do with flukes, red herrings or terrorist probes than with actual, imminent threats, intelligence observers and security officials say. 'Alarms were triggered by a range of things: disruptive passengers, suspicious smells, bomb threats that were scribbled on air-sickness bags and anonymous phone calls alleging bomb threats, said Douglas Hagmann, director of the Northeast Intelligence Network." He added, "We are constantly being probed by terrorists. … We are going to have a limited number of incidents that are just a ploy, a nonevent as a result of misunderstandings or innocuous activity. You can expect that and factor that in. But the extent we are seeing today -- the numbers are well beyond the

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norm." The Times adds, "At least 23 incidents worldwide since the Aug. 10 arrests of two dozen suspects have led to 11 emergency landings or flight diversions, four of them escorted by military jets, and 16 arrests."

Schumer Says US Homeland Security "Mediocre At Best." The New York Times (9/5, Perez-Pena, 1.21M) reports Sen. Charles Schumer said yesterday that US homeland security "remains mediocre at best, and in some ways has barely improved" since 9/11. Schumer "gave efforts to make the nation safer from attack a grade of C-, about the same as the marks he assigned in similar exercises in 2002, 2003 and 2004. Of the 12 areas he examined in a report, he said a few remained particularly bad: security for mass transit, shipping ports and chemical plants; the use of devices that can detect explosives and other weapons; and grants to law enforcement authorities and firefighters." DHS spokesman Russ Knocke is quoted as saying the report is "half-baked," adding that "it seems to rely upon the premise that government can prevent all threats for all people for all time."

9/11 Caused Young Muslims In US To Reassess Their Identities. The Washington Post (9/4, A1, Bahrampour), in a front-page story titled, "Young U.S. Muslims Strive For Harmony: 9/11 Spurred Action, Helped Define Beliefs," reports, "Until Sept. 11, being Muslim in the United States had not necessarily meant taking a special stand or explaining the actions of others. But in a new social climate, Muslims had to decide, more concretely, what it meant to be both Muslim and American. For two young Muslim men in the Washington area, the process of refining the balance between faith and country, set in motion by the attacks, has played out differently." One, "raised in a multiethnic family that frequently discussed how Islam fit into mainstream America, was propelled into a leadership role aimed at integrating Muslims into broader society." The other, "son of Palestinian immigrants, went from ignoring many tenets of his religion to thinking actively about what they meant to him and, ultimately, throwing off the trappings of American life that didn't fit with Islam."

Los Angeles Homeland Security Officials Participate In Terrorism Drill. The Los Angeles Times (9/4, Newton) reports that last week, "Ten of the region's leading public officials and anti-terrorism experts convened at The Times to respond to a simulated attack on Greater Los Angeles, testing their personal mettle and the region's systems for investigating and reacting to a deeply destabilizing threat. As they did, the participants displayed an openness and cooperation that has not always marked Los Angeles' response to catastrophe. Brian Jenkins, a terrorism expert with the Rand Corp. who designed the complex scenario and guided the group through it, praised the participants' instincts, even as he questioned whether some of their choices were influenced by the presence of reporters and cameras. Still, there was comfort to be taken from the exercise, as the group's members showed command of the vast interagency network constructed in recent years to protect Los Angeles from attack — even one so chilling and uncontained as that which these panelists faced."

Townsend Profiled. Time (9/11, Waller) profiles Fran Townsend, Assistant to the President for Homeland Security. Time reports that Townsend's "rise to the President's inner circle is remarkable when you consider that she was a Justice Department confidante of Janet Reno's…and that some counterterrorism professionals question her credentials for the job." Time continues, "A powerful sign of the respect Bush's loyalty to Townsend commands -- or perhaps an indication of lingering Administration defensiveness over her appointment -- is that heavyweights like Rice and White House chief of staff Josh Bolten praised Townsend in phone calls to TIME arranged by her office." Time also reports, "While many officials in this White House shun media interviews, she plainly enjoys them."

Federal Aid For Sick Ground Zero Aid Workers Seen As Inadequate. The New York Times (9/5, DePalma, 1.21M) reports "government officials have only recently begun to take a role in the care of many of the 40,000 responders and recovery workers who were made sick by toxic materials at ground zero. But for many of the ill and those worried about becoming sick, government actions — coming from officials whom they see as more concerned about the politics of the moment than the health of those who responded to the emergency — are too limited and too late." Dr. John Howard, "who was appointed by the Bush administration in February to coordinate the federal government's 9/11 health efforts, readily admits that costly delays and missed opportunities may have shattered responders' trust in the government." Howard is quoted as saying, "I can't blame them for thinking, 'Where were you when we needed you?'" The Times adds, "A review of recent federal initiatives reveals a pattern of the government's not fully delivering what was promised."

9/11 Widows Publish Book. USA Today (9/5, 1A, Minzesheimer, 2.27M), in a front-page article, describes a social club started by widows of four men killed at the World Trade Center on 9/11. They have written a book titled, "Love You, Mean It."

History Shows Hurricane Threat Not Yet Over. The Wall Street Journal (9/5, C1, Pleven, 2.03M) reports that though Hurricane Ernesto has "fizzled" and forecasters at

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Colorado State University "lowered their hurricane forecast for the year" Friday, the 2006 "storm season isn't close to over," meaning "investors need to look out, because energy supplies and refining operations in the Gulf of Mexico region could still be hit, potentially affecting the broader economy, oil and natural-gas prices, and stocks. … History shows that September has been the most active month of all, giving birth to 104 -- more than a third -- of all known storms in the past 155 years." Colorado State University hurricane-forecasting team now predicts this hurricane season "will be below average," but "still expects three hurricanes, two of them major, to form in the Atlantic basin this month."

Meteorologists Monitor Sixth Tropical Depression Of Season. USA Today (9/5, 3A, 2.27M) reports, "The sixth tropical depression of the Atlantic hurricane season continued its slow path toward the US mainland on Monday as people up and down the East Coast mopped up after Tropical Storm Ernesto's rain-soaked push up the coast." Chris Dolce, a meteorologist with The Weather Channel, said the depression, which could become Tropical Storm Florence, "was struggling to gain strength Monday. Even so, conditions over the Atlantic Ocean could allow the season's second named hurricane to be produced over the next few days. The system remains more than a week away from the USA." CBS Evening News (9/4, story 6, 0:15, Mitchell, 7.66M) reported the tropical depression is "expected to gain strength and become Florence, the sixth named storm of the season."

WAR NEWS:

Democrats Call For Change In Leadership At Pentagon. CNN's The Situation Room (9/4, King) reported that top Democrats in Congress "are sending a letter to President Bush that calls for a phased redeployment of troops and a change at the top of the Pentagon and they're doing it on the traditional kickoff day of the Fall campaign." CNN (Koppel) added that with the letter, Democrats "are setting off their opening salvo on what is sure to be both a highly partisan and a very bitterly fought five weeks before they leave for their final days ahead of the midterm elections. … Democrats urge President Bush to consider changing his Iraq policy and repeat many of the steps they've already suggested. But what sets this letter apart is that it also tells President Bush the current civilian leadership at the Pentagon isn't up to the job of implementing it. Although it doesn't mention Defense Secretary Donald Rumsfeld by name, Democrats indicated last week they plan to offer up a no confidence motion on Mr. Rumsfeld later this month."

The Washington Post/AP (9/5, A3) reports, "In their letter, released yesterday, House Minority Leader Nancy Pelosi (Calif.), Senate Minority Leader Harry M. Reid (Nev.) and 10 other congressional party leaders criticize Bush's policies in Iraq, calling them part of a 'stay the course' strategy that has not made the United States more secure. The letter suggests several changes long called for by Democratic leaders. … Others who signed the 850-word letter were Sens. Joseph R. Biden Jr. (Del.), Richard J. Durbin (Ill.), Daniel K. Inouye (Hawaii), Carl M. Levin (Mich.) and John D. Rockefeller IV (W.Va.) and Reps. Jane Harman (Calif.), Steny H. Hoyer (Md.), Tom Lantos (Calif.), John P. Murtha (Pa.) and Ike Skelton (Mo.)." In response, "Sen. Mitch McConnell (R-Ky.) issued a statement accusing Democrats, including Democratic National Committee Chairman Howard Dean, of calling for retreat from Iraq before the US mission there is completed."

NBC Nightly News (9/4, story 4, 0:55, Brown, 9.87M) reported on "the White House response to all this." NBC (O'Donnell) said it was "pretty dismissive. The White House says that that Democrat appeal to change course in Iraq is really a political stunt intended to feed the liberal base. The President will be out himself talking about Iraq again with the second in a new series of speeches about the broader war on terror. White House advisor say the President will focus on what they call the nature of the enemy, how they think, why they should be taken seriously. To do that, the President will use their own words, quoting directly from the terrorists to try to use that to explain why people should accept the Administration's view that Iraq is a central front on the war on terror. That gives the President a way to say to the nation, you don't have to take my word for it. Hoping that a reminder of what terrorists are thinking and saying maybe more persuasive."

ABC World News (9/4, lead story, 2:35, Gibson) reported Labor Day "historically has been the start the political season and indications today that this year with control of both the House and Senate on the line is going to be a slugfest. The Democratic leadership in Congress issued an open letter to the President saying he has a failed Iraq policy. So let the debate begins. It will be the center piece of this fall's election. … With the violence in Iraq still escalating, and the President's approval ratings still low because of it, the Democrats have staked their ground. In a letter to the President today, the Democratic leadership called the Administration's Iraq strategy a failure, saying 'this current path is neither working nor making us more secure.'" Chuck Todd, editor in chief of The Hotline was shown saying, "If the voter goes into the polls thinking about Iraq, Democrats will have a big night. If they think about terrorism then the Republicans have a fighting chance."

CNN's The Situation Room (9/4, Henry) also reported that the White House is "dismissing the latest Democratic gambit. White House spokeswoman Dana Perino insisting to CNN that the President is already pursuing a new direction in Iraq, with one key difference, quote, we refuse to quit and withdraw our troops before the job is done. In an effort to

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divert people's attention to their cut and run strategy, and to feed the liberal base of their party Democrats are launching baseless partisan attacks against the secretary of defense. The American people want serious ideas from their leaders in Washington, not campaign letters and political stunts. Now that back and forth obviously a reminder that this is the opening day, Labor Day, of the midterm election season officially. And while the President gave a speech today on the economy, tomorrow he will turn right back…to national security."

Iraq War Seen As Defining Issue In Most House, Senate Races. NBC Nightly News (9/4, story 3, 3:10, Brown, 9.87M) reported, "The war in Iraq is a main topic of conversation on the campaign trail this Labor Day weekend. The traditional kickoff of the general election season. And a new analysis of House races shows the war is turning the campaign into an uphill battle for Republicans." NBC continued, "In the Chicago suburbs this Labor Day weekend, as candidates campaigned for an open seat in Congress, the war in Iraq was never far away. The Democrat -- Tammy Duckworth -- a veteran who lost both legs in Iraq, is a war critic. The Republican -- Peter Roskam -- supports the war. But supporting the war is proving risky for Republicans in competitive districts and could help turn election day into a 'horror show' for Republicans, according to NBC political analyst Charlie Cook." Political analyst Charlie Cook: "If the election were held today, I feel confident that Democrats would win a majority in the House." NBC added, "Democratic leaders in Congress today yet again seized on the issue in a letter to the President urging him to begin the phased redeployment of US forces from Iraq before the end of this year. And calling for the civilian leadership as the Pentagon to step down, including Secretary of Defense Rumsfeld. Some House Republicans in tough races have distanced themselves from the President's stay-the-course position. In the Senate, some Republican candidates are doing the same. This weekend, Tom Kean, Jr., of New Jersey called on Defense Secretary Donald Rumsfeld to step aside."

Democrats Plan To Increase Scrutiny Of The Administration. CBS Evening News (9/4, lead story, 7:00, Mitchell, 7.66M) reported, "In Congress, Democrats are plotting a return to power." House minority leader Nancy Pelosi hopes to "become the first woman speaker of the House. … If it happens, Pelosi promises big changes in Washington." Republicans "say the new direction that would happen if the Democrats take over is a sharp left turn, as in liberal, which would make it more difficult for the President who could count on little to no cooperation with from the house on his agenda." According to CBS, "if the Democrats control one or both houses they can run committee hearings, they can turn up the scrutiny on Administration policies by the hearings, but more importantly they exert influence. ... Take the war in Iraq for instance, because Congress funds the war effort."

Documentary On "War Profiteers" In Iraq Released To Coincide With Election Season. ABC World News (9/4, story 8, 3:15, Gibson) reported, "An angry new movie, documentary in form, premieres tonight taking aim at the American contractors enjoying a big pay day in Iraq." ABC added, "'Iraq for sale: The war profiteers' is a 75-minute assault on the companies that provide food, water, mail delivery and even interrogators to the US government -- services the military once provided. The movie accuses these contractors of ripping off American taxpayers. For example, by burning equipment that could be repaired. … The movie says politically-connected contractors have successfully squashed attempts to get the Republican-controlled Congress to crack down." Director Robert Greenwald "used to make feature films…before making scathing documentaries about Wal-Mart and the Fox News Channel." Greenwald "said it is to inform but no question the way he makes a movie is like a political campaign. He will release it in a few major cities over the next week, but the main event is screening in people's homes, union halls, churches, pizza parlors across the coming weeks and the timing is not coincidental, just weeks before the fall elections."

Administration's Rhetorical Use Of Historical Antecedents Seen As Campaign Ploy. The Washington Post's Eugene Robinson (9/5, A19) writes, "Unless the Republican base is somehow energized and the rest of us somehow scared stiff by November, the Democrats have a decent chance of taking the House of Representatives and even an outside shot at the Senate. That's where all the administration rhetoric about Nazis, commies, fascism and appeasement has to be coming from, because, absent the political context, it makes no sense. It's all heat and no light. … Between now and November," President Bush "wants to talk about a war that we can all agree on, even if it has no bearing on the war being fought today. Yes, Mr. President, Hitler was bad. And your point would be?"

Six US Soldiers Killed, 33 Dead Bodies Found In Iraq. CBS Evening News (9/4, story 3, 0:15, Mitchell, 7.66M) reported, "The battle for Iraq has claimed six more Americans, two Marines and four Army soldiers. Also today, two British soldiers were killed by a roadside bomb. The bodies of 33 Iraqi men were found in and around Baghdad, most had been tortured, blindfolded and shot. More than 20 Iraqis were killed in bombings and shootings yesterday and today." NBC Nightly News (9/4, story 2, 0:15, Brown, 9.87M) reported on "the grisly discovery of 40 bodies in the capital. Most were found blindfolded and shot at close range."

ABC World News (9/4, story 2, 2:20, Gibson) said that "in Iraq, September is off to a deadly start for US forces."

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The New York Times (9/5, Von Zielbauer, 1.21M) reports "violence continued to plague Iraq on Monday," and adds that in a news conference, Muhammad al-Askary, "the Defense Ministry spokesman, said Sunni insurgents had started renting apartments and storefronts in Baghdad and packing them with explosives." The Washington Post (9/5, A12, Paley, Nouri, 748K) and USA Today (9/5, 2.27M) run similar stories on yesterday's violent attacks.

The Washington Times/AP (9/5, Becatoros), meanwhile, notes "British Foreign Secretary Margaret Beckett arrived in the capital yesterday on an unannounced visit, her first to Iraq since taking the post in May."

Baghdad Killings Said To Have Escalated Last Week. The Los Angeles Times (9/5, Roug, 918K) reports, "The number of killings in the Iraq capital escalated last week despite an American-led crackdown, with morgue workers receiving as many bodies as they had during the first three weeks of the month combined. At least 334 people, including 23 women, were slain in Baghdad between Aug. 27 and Sept. 2, according to morgue figures provided by Ministry of Health officials. Most of the victims had been kidnapped, tortured, hogtied and shot." The Times adds, "During the week, at least 394 other people were killed around Iraq in other types of violence, including bombings, mortar attacks and gunfights, Iraqi authorities said. The spike in violence followed an announcement by US and Iraqi officials at the beginning of the week that the number of killings in the capital had dramatically fallen during the month, from more than 1,800 in July."

UN Envoy To Afghanistan Calls For More Operational Freedom For NATO Troops. The Financial Times (9/5) reports, "The senior UN envoy to Afghanistan has called for Nato troops to be given more operational freedom as top alliance leaders flew to Kabul to bolster the mission to stabilise the country. The alliance, whose credibility is widely seen as hanging on its success in Afghanistan, is facing fierce opposition from resurgent Taliban fighters that has caused mounting casualties and alarmed some Nato governments." Tom Koenigs, the UN's special representative for Afghanistan, "said Nato needed more troops and fewer restrictions on their freedom of manoeuvre. In particular, he said there were 'around 71 caveats', which he argued were 'too many and must be removed.'" Caveats "limit the combat role of Germany's 2,800 troops and restrict them to Kabul and the north of the country. Nato can deploy them elsewhere only 'under exceptional circumstances and on a temporary basis.'"

NATO Commander Sets Six-Month Deadline For Defeating Taliban. USA Today (9/5, Wiseman, 2.27M) reports from Kabul that "NATO's commander…has set a six-month deadline to reverse a Taliban insurgency terrorizing southern Afghanistan or risk alienating Afghans undecided about whom to support." British army Lt. Gen. David Richards "said his troops must prove to Afghans in the south that the fundamentalist Islamic militia won't be able to undermine the democratically elected Afghan government or stop efforts to rebuild the shattered country. Only 10% of the south's population supports the Taliban, Richards said, citing Afghan government surveys." In an interview, "he said 70% won't declare their loyalty until they 'see which side will win. They can't wait forever. We've got to show them we will win.'"

Canadian Killed In Friendly-Fire Incident. CBS Evening News (9/4, story 4, 0:10, Mitchell, 7.66M) reported, "In the war in Afghanistan, another tragic friendly fire incident. This time two US warplanes accidentally strafed NATO troops near Kandahar, killing one Canadian soldier and wounding at least five. The troops called for air support in an operation against Taliban guerrillas."

The Chicago Tribune (9/5, Barker, 623K) reports "the 'friendly-fire' incident happened near Panjwayi, where NATO troops have been fighting a pitched battle with the Taliban for three days, part of Operation Medusa." The Washington Post (9/5, A14, Struck, 748K), among other newspapers, also reports the story.

Afghanistan's "Little America" At Epicenter Of Taliban Resurgence. A 5,334-word piece in today's New York Times (9/5, Rohde, 1.21M) describes an Afghan city, created as an international development project, that has become "a symbol of failure." This "spring and summer, the slow and methodical siege of this southern provincial capital" of Lashkar Gah "intensified." In 2001, "when the Taliban fell," the city "seemed like fertile ground for the United States-led effort to stabilize the country. For 30 years during the cold war, Americans carried out the largest development project in Afghanistan's history here, building a modern capital with suburban-style tract homes, a giant hydroelectric dam and 300 miles of canals that made 250,000 acres of desert bloom. Afghans called this city 'Little America.' Today, Little America is the epicenter of a Taliban resurgence and an explosion in drug cultivation that has claimed the lives of 106 American and NATO soldiers this year and doubled American casualty rates countrywide." The region's "descent symbolizes how Afghanistan has evolved since the initial victory over the Taliban into one of the most troubled fronts in the fight against terrorism."

CORPORATE SCANDALS:

Japanese Securities Trial Begins For Former CEO Of Livedoor. The Wall Street Journal (9/5) reports, "Takafumi Horie, the former chief executive of Internet firm Livedoor Co. who came to symbolize a freewheeling capitalism at odds with Japan's cozy corporate norms, pleaded not guilty to charges of breaking securities law." The

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Journal continues, "The trial follows what became known as the 'Livedoor Shock,' when a prosecutors' raid on the firm sent Tokyo shares tumbling, halted trading and rattled confidence in the stock market. … Prosecutors said Mr. Horie, 33 years old, violated securities law by conspiring with colleagues to boost Livedoor's share price by falsifying corporate accounts. … 'I have not carried out, or instructed, such crimes as were mentioned,' Mr. Horie said." The Journal adds, "Prosecutors outlined a complex scheme in which Livedoor executives used 'dummy' companies to buy up subsidiary shares to inflate profits. Livedoor had an affiliate acquire a company that was already under its control and sold stock in that company to doctor its books, and Livedoor's string of stock swaps and other transactions were all conducted under Mr. Horie's instructions, prosecutors said. … Defense lawyers, in their opening remarks, said that the charges were groundless, the transactions in question were totally legal, the companies weren't dummies at all and that Mr. Horie didn't know about the dealings anyway."

The Washington Post/AP (9/5, D2, Kageyama) reports, "Horie's plea and statements are the latest in a string of defiant acts that catapulted the college dropout to stardom as a symbol of a more modern, freewheeling market economy. … But Horie has also drawn scorn from the old guard in a conformist nation where corporate loyalty and docile hard work have been valued over entrepreneurship." The AP adds, "Interest in the trial was high, with more than 2,000 people drawing lots for 61 courtroom seats. National TV news aired prominent coverage of the trial, which was the first public appearance by Horie since his release from detention on bail in April."

Attorneys Try Different Tack In Stock Option Scandals. The New York Times (9/5, Creswell) reports, "As the number of companies caught up in the options-backdating scandal continues to grow, many plaintiffs' law firms are looking to see if the latest round of corporate greed and malfeasance offers them an arena for possible payoffs. … But so far, law firms that represent shareholders are struggling to find a foothold— and a payday for the investors and for themselves." The Times continues, "The class-action suits that allowed lawyers to champion shareholder rights while earning millions in fees from the collapse of companies like Enron and WorldCom have not materialized, even though more than 80 companies are under investigation in the backdating of stock options. … Even when it is clear that options grant dates were manipulated, it is less clear how to calculate damage to specific shareholders. And in many cases, the statute of limitations has expired." The Times adds, "Lawyers have therefore turned to what are called derivative suits, a less popular and much less prominent kind of action in which a shareholder sues on behalf of the company and settlements usually consist of corporate governance changes and legal fees. .. . So far, at least 57 companies have been sued in this way; some 15 class-action securities cases have been filed. … Proponents argue that the derivative lawsuits give shareholders a chance to force changes at the company, but critics counter that they do little more than produce fees for lawyers. … Plaintiffs' lawyers, however, say that these suits let shareholders weigh in on a much larger issue: excessive executive compensation."

CRIMINAL LAW:

Well-Known Developer Accused Of Bribing DC Officials. The Washington Post (9/4, A1, Hedgpeth), in a front-page story, reports prominent DC developer Douglas Jemal "is accused of crossing the line between making friends and buying favors, giving gifts to a mid-level District bureaucrat as part of a scheme to get favorable government contracts for his company. Jemal's charges include bribery, conspiracy, and mail and wire fraud. The bribery count alone carries up to a 15-year sentence."

Cunningham Probe May Yield More Indictments. U.S. News and World Report (9/11, Knight) reports, "Former California Rep. Randy 'Duke' Cunningham is already doing hard time for bribery, but sources say there are more shoes to drop, with the continuing inquiry very likely to yield further indictments." U.S. News adds that "a growing number of current and former lawmakers and congressional scholars say the scandals are symptomatic of something far more serious: a legislative body that seems to have lost its moral compass."

Judge Denies Ryan Sentencing Testimony From Father Of Children Killed In Accident. The AP (8/2, Robinson) reported, "The father of six children whose death in a Wisconsin expressway tragedy launched the investigation into George Ryan will not be allowed to speak at the former governor's sentencing, a federal judge ruled Friday. 'The court declines to hear the Rev. (Scott) Willis' testimony,' U.S. District Judge Rebecca R. Pallmeyer said in a brief ruling. But she said she 'will accept a written submission from him or from any additional witnesses.'" The AP noted that Willis' family was kicked "in November 1994…when a part broke off of a truck, slid under the family's van and ripped open the gas tank. … Prosecutors believe the truck driver had received his license in return for a payoff at the corruption-plagued McCook licensing station when Ryan was secretary of state."

The Chicago Tribune (9/2, Bush, 623K) reported on the ruling about Willis' testimony and added, "Meanwhile,

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prosecutors filed a paper Friday with the court that stated for the first time publicly that Ryan faces a range of 8 to 10 years in prison at sentencing. … Assistant U.S. Atty. Patrick Collins called on Pallmeyer to hew to that range, deriding Ryan's request to receive no more than 2 1/2 years in prison." The Chicago Sun-Times (9/2, Pallasch) also reported on the ruling.

Suspect In Trooper's Death Sought In New York. USA Today (9/5, Copeland) reports, "Hundreds of law enforcement officers scoured the woods of western New York on Monday for a man suspected of shooting two state troopers last week, killing one." USA continues, "Trooper Joseph Longobardo, 32 and a father of one, died at a Buffalo hospital Sunday, State Police Superintendent Wayne Bennett said. … Longobardo was shot in rural Pomfret, N.Y., on Thursday while staking out the property of a former girlfriend of fugitive Ralph 'Bucky' Phillips, 44, who has been on the run since April 2 when he used a can opener to break out of jail in nearby Erie County, Pa. … The second trooper, Donald Baker Jr., 38, was struck in the back by a bullet that pierced his bullet-resistant vest and was in serious condition." USA adds, "Rebecca Gibbons, spokeswoman for Troop A in Fredonia, said 140 state troopers per shift and federal, state and local officers were searching for Phillips in one of the largest manhunts in New York history."

Liberals' Expectations For "Played Out" Plame Scandal Said To Have "Fizzled." The Washington Times (9/5, Scarborough, 88K) reports, "The expectation on the left that the Valerie Plame affair would blossom into another Watergate, bringing down a second Republican presidency, has fizzled. … Three years on, none of that has happened, and the 'scandal' is played out." DNC Chairman Howard Dean "likened the scandal to Watergate. … 'This is like Watergate,' he said in November." According to the Times, "Perhaps the biggest remaining question is why {Richard] Armitage -- and his boss, [former Secretary of State Colin] Powell -- stayed silent about the inadvertent Armitage leak of Mrs. Plame's name while the administration was pilloried in the press and key Bush-Cheney staffers ran up hundreds of thousands of dollars in legal bills."

The Los Angeles Times (9/5, 918K) editorializes, "The Valerie Plame affair, which once seemed like a political morality play, has morphed into a dark comedy of errors. One more scene remains to be enacted — the criminal trial of I. Lewis 'Scooter' Libby, a former aide to Vice President Dick Cheney — but it would have been better for all concerned if the curtain had been brought down on this drama long ago. … Some are demanding a presidential pardon for Libby. That's premature, and it's worth recalling that Libby is accused of something serious: lying to federal investigators."

Kristol Calls On Bush To Pardon Libby "Now." The Weekly Standard's Bill Kristol, on Fox News Sunday (9/3, Wallace), said Special prosecutor Peter Fitzgerald "knew before he began his investigation who the source of the leak was. … Scooter Libby has been indicted for something that was not a crime. … Bush should pardon Libby. He should do it now. It would be fantastic. The Democrats would go crazy. We could have a debate for two months about whether once you criminalize what was a totally innocent attempt to respond to…a mendacious critic of the administration -- it's really an outrage that the one guy indicted here is Libby."

Laws Targeting Violent Dog Breeds Raise Concerns. USA Today (9/5, Jones) reports, "The euthanization of more than 200 pit bull dogs in Houston last month has renewed the debate over how communities deal with dogs deemed to be dangerous." USA continues, "Several state laws and local ordinances that range from increasing penalties for owners of dogs that cause serious injuries to banning pit bulls have been enacted this year." USA adds, "The Houston Humane Society euthanized more such dogs than ever before, following a ruling Aug. 17 by a justice of the peace in nearby Liberty County. … The humane society's veterinarian had determined that most of the 285 pit bulls seized from a home outside Cleveland, Texas, where they were allegedly bred for dogfights, could not be rehabilitated. The ruling allowed for a few dozen younger dogs to be sold at auction, says Courtney Frank, spokeswoman for the Houston Humane Society. … Frank says the court's action could lead to further vilification of the breed, which has garnered headlines over the years for mauling or killing people." USA notes, "Eleven states — California, Florida, Illinois, Maine, Minnesota, New Jersey, New York, Oklahoma, Pennsylvania, Texas and Virginia — prohibit legislation that targets specific breeds, according to Janna Goodwin of the National Conference of State Legislatures. Ohio is the only state that declares a specific breed — pit bulls — vicious. That law was ruled unconstitutional in March by Ohio's 6th District Court of Appeals in Toledo. The ruling is being appealed to the state Supreme Court."

CIVIL LAW:

Judge Will Not Try To Disqualify Boeing Attorneys From Trade Dispute. The Wall Street Journal (9/5, Christie) reports, "A District of Columbia Superior Court judge has shelved efforts by Airbus to disqualify Boeing Co. lawyers from working on a contentious trade dispute." The Journal continues, "Judge Leonard Braman threw out half of the Airbus complaint at an Aug. 17

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hearing. He put the other half on hold, pending developments in World Trade Organization litigation. … Airbus, which is 80% controlled by European Aeronautic Defence & Space Co., had filed a complaint against Boeing's use of the Wilmer Cutler Pickering Hale & Dorr LLP law firm on WTO-related work. The complaint said Boeing would have an unfair advantage because Wilmer Hale employs former U.S. Trade Rep. Charlene Barshefsky and a former Airbus in-house lawyer named Marco Bronckers, now a partner in Wilmer Hale's Brussels office." The Journal adds, "Boeing and Airbus are the subject of a long-running trade dispute over civil-aircraft subsidies. The U.S. wants Europe to stop giving subsidized development loans to Airbus. Europe has countered that the U.S. should acknowledge and curtail tax breaks, research contracts and other government aid to Boeing."

WPost Encourages Congress To Curb Tobacco Industry's Abuses. The Washington Post (9/5, A18, 748K) editorializes that in her opinion last month "in the federal government's racketeering lawsuit against the tobacco industry, U.S. District Judge Gladys Kessler wrote, " 'Even after the Complaint in this action was filed in September 1999, Defendants continued to engage in conduct that is materially indistinguishable from their previous actions, activity that continues to this day. … All Defendants continue to market 'low tar' cigarettes to consumers seeking to reduce their health risks or quit; all Defendants continue to fraudulently deny that they manipulate the nicotine delivery of their cigarettes in order to create and sustain addiction." The Post adds, "When a distinguished federal judge describes ongoing fraud, prosecutors should prick up their ears. More broadly, the lawlessness of this industry will persist as long as federal policymakers refuse to pass meaningful regulation that defines clear rules under which this deadly product can be made and marketed. As Judge Kessler herself notes, litigation will not ultimately bring this industry to heel. Only legislation can do that."

CIVIL RIGHTS:

Solicitor General Challenges Racial Preferences Employed By School Districts. The Washington Post's "Full Court Press" column (9/4, A17, Lane) reports the Bush administration "is siding with opponents of public school policies that assign students by race to some K-12 institutions, in the most important affirmative-action-related Supreme Court case since the justices upheld some forms of race-conscious admissions for higher education in 2003. At issue are programs in Louisville and Seattle, which seek to ensure that the student bodies of public schools reflect the cities' ethnic composition. White parents have challenged the policies in court, arguing that their children were denied admission to their preferred schools because of race. In briefs filed at the court on Aug. 21, the administration argued that such race-conscious assignment is just as unconstitutional as the racial segregation struck down 52 years ago in Brown v. Board of Education. 'The United States remains deeply committed to [Brown's] objective,' Solicitor General Paul D. Clement wrote. 'But once the effects of past de jure segregation have been remedied, the path forward does not involve new instances of de jure discrimination.'"

Michigan Affirmative Action Ban Losing 43-41 In New Poll. The Washington Times' "Inside Politics" column (9/5, Pierce) reports, "A ballot measure that would scrap many of Michigan's racial preference programs is running about even in a poll released yesterday, with 41 percent of likely voters saying they would approve it and 43 percent opposed. Sixteen percent had yet to decide how they would vote on the Nov. 7 ballot proposal, called the Michigan Civil Rights Initiative. … The ballot proposal, if approved, would amend the state constitution to ban affirmative action programs that give preferential treatment for public employment, education or contracts based on race, sex, color, ethnicity or national origin."

Senate To Consider Bill To Create Civil Rights Cold-Case Unit. The Jackson Clarion-Ledger (9/4, Mitchell) reports, "The U.S. Senate is expected to take up a bill this month that would create a cold-cases unit in the Justice Department to prosecute unpunished slayings from the civil rights era. … 'We expect them to pass it, and after that, it's just a matter of the House acting,' said Alvin Sykes of Kansas City, a civil rights activist who inspired U.S. Sen. Jim Talent, a Missouri Republican, to sponsor the legislation, now in the process of being renamed the Emmett Till Unsolved Civil Rights Crime Act, honoring the infamous 1955 killing." The Clarion-Ledger continues, "The bill, co-sponsored by Mississippi Sens. Thad Cochran and Trent Lott, would enable federal authorities to pursue killings from before 1970, a measure backed by the Bush administration and the Justice Department. … Sykes' determination helped lead to state and federal authorities reopening Till's Aug. 28, 1955, slaying. .. . In 1955, an all-white jury acquitted Roy Bryant and his half brother, J.W. Milam, of killing the Chicago teen who was visiting family in Money. The two later confessed their involvement to Look magazine. .. . In 2004, the Justice Department reopened that case. The FBI has completed its investigation. District Attorney Joyce Chiles of Greenville is now poring through more than 8,000 pages of FBI documents, trying to decide if enough evidence exists to bring a prosecution."

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Dispute Over California Police Use Of Force Focuses On Costs. The Los Angeles Times (9/4, Therolf) reports, "Huntington Beach police killed a knife-wielding young woman when a nonlethal alternative was not available fast enough to use. Expense and training are issues." The Times continues, "The police officer was still trying to load pepper spray bullets into the gun when the young woman, a knife firmly in hand, made a sudden move that police took to be a lunge in their direction. .. . Time had run out." The Times adds, "Two other officers fired at the dark-haired woman, striking her in the chest, the part of the body that law enforcement regulations suggest police aim for in a life-threatening encounter. She crumpled to the grass and died a short time later. … The minutes it took to deliver the less-lethal weapon to the Huntington Beach park, and then to load the pepper spray pellets, had seemingly come at a high price. Another officer was also rushing beanbag ammunition to the scene. … Residents in the congested, apartment-heavy neighborhood, some of whom witnessed the early-morning shooting last month, said they were appalled that the 19-year-old woman couldn't be spared, and pointed to the recent shooting of a barricaded man in Irvine where police fired sponge foam rounds at the man to subdue him without taking his life." The Times notes, "Many have called the Huntington Beach officers' action a simple case of murder. … Police, however, say that the officers involved in both cities had an equal desire to preserve human life. To them, the death of MacDonald and the survival of Bahram Nezari laid bare the disparity among Orange County cities that have access to the expensive, high-tech weaponry that is designed to spare lives — and those that do not."

States Accused Of Failing To Correct Voting System Flaws. The New York Times (9/5, 1.21M), in an editorial, writes, "there are growing signs that the country is moving into another presidential election cycle in disarray. The most troubling evidence comes from Ohio. … A recent government report details enormous flaws in the election system in Ohio's biggest county, problems that may not be fixable before the 2008 election." According to the Times, "New York's Legislature was shamefully slow in passing the law needed to start adopting new voting machines statewide. Now localities are just starting to evaluate voting machine companies as they scramble to put machines in place in time for the 2007 election."

Wilkinson Argues Gay Marriage Ignores Constitutional Tradition. In an op-ed for the Washington Post (9/5, 748K) Judge J. Harvie Wilkinson III of the U.S. Court of Appeals for the 4th Circuit, writes, "The chief casualty in the struggle over same-sex marriage has been the American constitutional tradition. Liberals and conservatives -- judges and legislators -- bear responsibility for this sad state of affairs. … Judges began the rush to constitutionalize. The Massachusetts Supreme Court concocted a state constitutional right to marry persons of the same sex." According to Wilkinson, "It would be altogether understandable for Congress and state legislatures to counter this constitutional excess with constitutional responses of their own. Yet it would be the wrong thing to do. The Framers meant our Constitution to establish a structure of government and to provide individuals certain inalienable rights against the state. They certainly did not envision our Constitution as a place to restrict rights or enact public policies, as the Federal Marriage Amendment does."

ANTITRUST:

KLM Pushed Legal Boundaries On Airline Merger Rules. The Wall Street Journal (9/5, Michaels) reports, "Leo van Wijk, the head of KLM Royal Dutch Airlines, banged his head against a wall for almost 20 years. … When he and his colleagues predicted in the mid-1980s that consolidation would spread, they set out looking for partners. Over the years, KLM bought stakes in the U.S.'s Northwest Airlines and in Kenya Airways. They tried and failed to merge with British Airways -- twice -- bogged down by restrictive aviation rules. KLM started talks about a four-way merger with other European carriers, which came to nothing. A venture with Alitalia became gummed up by Italian politics." The Journal continues, "Finally, in 2003, with few options remaining, KLM agreed to be bought by rival Air France. At the time, it looked to many like an act of desperation. Today, the world's first big international airline merger -- which created one of the world's largest airlines -- is filling planes with passengers poached from rivals thanks to a huge network and integrated schedules. By unifying operations such as financial planning and maintenance, Air France-KLM SA is cutting costs ahead of schedule. … KLM's long and winding search shows how the international airline industry, unlike so many other global businesses, has been resistant to consolidation, despite its inefficiencies. At the same time, KLM has also demonstrated what the future might look like. With each foiled merger attempt, KLM helped rewrite aviation laws, sparked the creation of global alliances and began breaking down national barriers. Many innovations in air travel stem from its experiments. … Now, following a path forged by the Dutch airline, governments are speeding up the relaxation of stringent rules on airline operations. The U.S. and the European Union, which account for half of the world's air travel, hope to strike a deal allowing any EU airline to fly to the U.S. from any airport in Europe -- something not permitted today. As part of the deal, Washington is

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considering relaxing rules on control of U.S. airlines by foreigners."

Stanley Leisure Receives Offer After Failed Merger Talks. The Wall Street Journal (9/5, Vitorovich) reports, "Stanley Leisure PLC said it received a takeover approach from an unidentified party, just days after the United Kingdom casino company's merger talks with rival London Clubs International PLC were trumped by an offer for London Clubs from Harrah's Entertainment Inc." The Journal continues, "Stanley Leisure's board is evaluating the proposal, the company said in a one-sentence statement to the London Stock Exchange in response to yesterday's 19% jump in its share price." The Journal adds, "After yesterday's jump in its share price, Stanley Leisure was valued at about £571 million ($1.1 billion). The shares gained 130.50 pence ($2.49) to close at 811 pence. During the session, traders linked the rally to a possible bid from U.K. gambling and leisure company Rank Group PLC. … A person familiar with the situation said the company isn't behind the takeover approach, noting that Rank's management is busy restructuring the business. Any proposed tie-up would also raise competition concerns, the person added. Rank shares rose 6.25 pence, or 2.8%, to 232 pence."

EU OKs Joint Venture Between GE, Credit Suisse. The Washington Post/AP (9/5) reports, "General Electric Co. and Credit Suisse Group won EU regulatory approval Monday for a $1 billion project to invest in infrastructure projects worldwide." The AP continues, "The European Commission cleared the deal in a fast-track procedure used when it sees no antitrust problems or receives no complaints from rivals. … The joint venture announced in May, in which the companies will invest $500 million each, is intended to develop and finance utility work such as power generation and transmission projects, water projects, and gas storage and pipelines. … It also will pay for transportation projects worldwide, such as airports and air traffic control facilities, ports, railroads and toll roads." The AP adds, "The deal is the first joint venture between U.S.-based GE and the banking arm of Zurich-based Credit Suisse Group."

Texas Airfield Bill Faces Tight Deadline. The Fort Worth Star-Telegram (9/4, Tinsley, Recio) reports, "The Wright Amendment debate is about to heat up in Congress once again." The Star-Telegram continues, "Lawmakers return to Capitol Hill this week with a targeted adjournment of Oct. 6, giving them about a month to complete unfinished business before Election Day. Although Senate and House leaders are also planning for a postelection 'lame-duck' session, the tight time frame makes it more urgent for supporters of the Dallas Love Field agreement. Under the agreement, Congress must approve the deal by the end of the year. … 'We are fighting on a lot of different fronts in Washington to have the local agreement approved,' U.S. Sen. Kay Bailey Hutchison, R-Texas, said at a recent downtown Fort Worth Rotary Club meeting. 'It is going to be my highest priority when I go back in September to get that bill done in a way that is right for our North Texas region. … We are in a very good position,' she said. 'We are going to fight hard.'" The Star-Telegram adds, "The pact was moving quickly through the House and Senate this summer when lawmakers on the judiciary committees in both chambers objected to it on antitrust grounds. … Before the August break, Hutchison and Sen. John Cornyn, R-Texas, met with Senate Judiciary Chairman Arlen Specter, R-Pa., who said he was concerned but has not announced what he plans to do. … Cornyn, a member of the panel, told the Star-Telegram late last month that it is likely that the Senate Judiciary Committee will review the matter when the session resumes. The measure has been approved by the Senate Commerce, Science and Transportation Committee and is also included in a Senate version of an appropriations bill. … "

ENVIRONMENT:

Bush Discusses Energy Independence, Calls On Congress To Make Tax Cuts Permanent. Fox News' Special Report (9/4, Baier) reported, "Making a Labor Day stop at a training center in Maryland, President Bush told a group of union workers that Americans have to make sure that workers of all types have the skills to compete in the 21st century. The President said the economy is growing steadily, unemployment is low. And he called on Congress to make his tax cuts permanent."

USA Today (9/5, 2.27M) reports Bush "marked Labor Day on Monday by promising to help keep US workers competitive in global markets and reduce US reliance on foreign oil so it doesn't choke US economic expansion." Said Bush, "Dependence on foreign oil jeopardizes our capacity to grow. … The problem is we get oil from some parts of the world and they simply don't like us. And so the more dependent we are on that type of energy, the less likely it will be that we are able to compete, and so people have good, high-paying jobs." Bush "said he is working to advance technologies so batteries can power automobiles on short trips and ethanol can replace gasoline. He also renewed his support for nuclear energy."

Bush's remarks in Maryland were not covered by the network newscasts, but they did receive attention from the major dailies. The Washington Times (9/5, Curl, 88K) says Bush "used yesterday's speech to press for new technology that will advance renewable energy, from battery-operated

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and hybrid cars to new vehicles powered by ethanol, which is made from corn. In addition, he again called for an expansion of nuclear energy." The President "made a brief mention of the war and terrorism issue, thanking America's fighting men and women for their sacrifices."

The Washington Post (9/5, A4, Rucker, 748K) summarizes Bush's remarks, but focuses on the political angle of the story. Under the headline "Ehrlich, Steele Absent From President's Md. Visit," the Post says that "on a day considered the launching point of the fall election season, Maryland's top two Republicans -- Gov. Robert L. Ehrlich and Lt. Gov. Michael S. Steele -- did not appear with the president in the St. Mary's County town. Their absence quickly became political fodder for Democrats, who accused the Republican officeholders of dodging the unpopular president even as they allow him to raise money for Ehrlich's bid for reelection and Steele's campaign for the US Senate." Karl Rove, the White House deputy chief of staff, "traveled with the president to Piney Point and said Ehrlich and Steele could not attend because 'they had existing events of their own.' The governor and lieutenant governor marched yesterday in a parade in Gaithersburg."

The Baltimore Sun (9/5, Davis, 262K) says the President "pushed his economic prescription of free trade and low taxes as the best way to promote growth, sounding a theme Republicans are using to appeal to voters in this election year." But "in a nod to public concerns that have persisted despite the economy's strong fundamentals, the president also said he has a plan to address a key source of anxiety: gasoline prices that analysts say have prevented people from feeling prosperous." Bush "chose a spot in one of the fastest-growing Republican counties in the state for his Labor Day appearance."

The New York Times (9/5, Sanger, 1.21M), meanwhile runs a story titled "Forsaking Politics, Bush Has Low-Key Labor Day," and reports, "In the nearly six years of his presidency…Bush has used Labor Day for maximum political effect, showing up at picnics to address carpenters in Pennsylvania and highway construction workers in Ohio, often with local Republican leaders in tow." But "two months ahead of a midterm election in which Mr. Bush's party is in danger of losing control of the House, in part because of his low approval ratings, there were no candidates with him on Monday as he appeared briefly at a Seafarers International Union facility here on the edge of the Chesapeake Bay. In fact, there was not even a picnic -- just a small invited audience, which Mr. Bush addressed for 11 minutes."

The Los Angeles Times (9/5, Havemann, 918K) titles its report "Bush Says Education Is Key For Workers," and says the President delivered "a Labor Day plea to workers to keep their skills up to date if they want to remain productive members of society -- a message more controversial than it might sound." However, adds the Times, "according to the White House Council of Economic Advisers, education is not the ticket to a higher salary that it used to be. Between 2000 and 2004, the White House panel found that the inflation-adjusted earnings of persons with bachelor's degrees, but no higher degrees, fell by 5.2%. During the same period, the earnings of persons with just high school degrees actually rose slightly. … A recent report by the liberal Economic Policy Institute, which looked at earnings after inflation in 2000 and 2005, found a minuscule wage gain of 0.3% for both college graduates and high school graduates."

Falling Gasoline Prices Could Boost Economy, Incumbents. The Christian Science Monitor (9/5, Scherer, 58K) reports, "Over the past month, gasoline prices have dropped more than 30 cents a gallon with the price of fuel at the lowest level since mid-April. The falling prices are a welcome benefit to consumers who have been grumbling all year about how much more it costs to fill their tanks." The Monitor says, "the economy should benefit as well since this is the time of year when consumers tend to spend more time at the mall. In fact, the ripple effect of falling energy prices should help everyone from Detroit automakers to the airline industry to incumbents running for office this fall." The Monitor notes, "Falling gasoline prices, which will help ease some inflationary concerns, are also part of a favorable economic mosaic that is developing this fall."

Republicans Call Democrats' Cheap Gas Sales Illegal Vote Buying. Roll Call (9/5, Duran) reports, "Democratic House challengers think they have found a clever way to harness voter anger over high gasoline prices: Sell it for less. But Republicans defending their seats in districts where Democrats have staged gas giveaways say the move is tantamount to vote buying." KY02 Rep. Ron Lewis "asked the US attorney in Louisville to investigate whether Democrat Mike Weaver's recent cheap gas event in Elizabethtown, Ky., violated the criminal code." Weaver "filled motorists' gas tanks for $1.20 per gallon, the price gasoline cost when Lewis was first elected to Congress in 1994." Roll Call notes, "It is a federal crime to 'make an expenditure to any person, either to vote or withhold his vote, or to vote for or against any candidate,' according to the statute." However, "Democrats called the allegations of wrongdoing ridiculous."

New Sulfur Rule Keeping Diesel Prices High. USA Today (9/5, Hagenbaugh, 2.27M) reports, "Although most drivers are paying much less to fill their gasoline tanks than they did just a few weeks ago, those who use diesel fuel have barely noticed a change. While gasoline prices dropped nearly 20 cents in the three weeks through Aug. 28, prices for diesel...fell less than 3 cents." USA Today says, "The main issue propping up diesel prices is a change in the formulation of the fuel. In an effort to reduce pollution, government rules dictate that starting Oct. 15, the sulfur content of diesel must be no more than 15 parts per million, down from 500 parts

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per million. Companies have been preparing for this transition, but the oncoming deadline is keeping people on edge."

Crude Oil Futures Hit 15-Week Low. The Washington Post/Bloomberg News (9/5, Gismatullin, Laverty) reports, "Crude oil prices fell to a 15-week low in New York yesterday as the U.S. summer travel season ended and traders speculated that a dispute with Iran about nuclear research may be resolved without curtailing exports." Bloomberg says, "Crude oil for October delivery fell $1.17, or 1.7 percent, to $68.02 a barrel in electronic trading on the New York Mercantile Exchange, the lowest for a contract closest to expiration since May 22." Bloomberg adds, "Gasoline prices also fell, with the October contract dropping 3.44 cents, or 2 percent, to $1.70 a gallon ... The price of oil has fallen 13 percent since reaching a high of $78.40 a barrel on July 14."

BP Hires Former Federal Judge As Ombudsman For Worker Complaints. The Wall Street Journal (9/5, Carlton) reports BP "has retained former U.S. District Judge Stanley Sporkin as its ombudsman to hear worker complaints from Alaska and elsewhere in the U.S., in a move to stem the tide of criticism over the British oil titan's operations. BP officials and Mr. Sporkin said BP has given the former jurist free rein to report to the company whatever he hears from workers in the field." The Journal notes, "Some BP workers in the past have taken their complaints about BP's practices in Alaska to a former oil-tanker broker named Charles Hamel, a frequent oil-industry critic, because they say management hasn't heeded their warnings about corrosion and other problems at Alaska's giant Prudhoe Bay oil field." In 1993, Sporkin presided over a lawsuit "in which Alyeska Pipeline Service Co. was accused of spying on Mr. Hamel and his wife, Kathy. Before Alyeska agreed to settle the case with Mr. Hamel and his wife without admitting wrongdoing, Mr. Sporkin lambasted the company's tactics as 'reminiscent of Nazi Germany.'"

Bush Accused Of "Stealth Campaign" To Exploit Federal Lands For Development. The New York Times' Nicholas Kristof (9/5) writes, "Until now, the pattern has been for presidents of both parties to expand protections of natural areas, with a bipartisan record of adding to national forests and other protected areas." President Bush "has also added to the wilderness system here and there, but at a broader level he has reversed the trend by leading a stealth campaign to tilt the balance toward development. … Last month, a federal judge blocked an administration scheme to harvest timber in California's Giant Sequoia National Monument, criticizing it as 'incomprehensible.' But step back and you see that the administration's approach is entirely comprehensible: it's a systematic effort to increase the private exploitation of federal lands even if that means losing their character forever."

Administration Urges Cities To Plant Trees To Reduce Energy Use. The Washington Post (9/4, A1, Harden), in a front-page story, reports that "despite federal research showing that carefully planted trees can lower summertime temperatures in cities, significantly reduce air-conditioning bills and trap greenhouse gases responsible for global warming," most US cities "have shrinking tree canopies in relation to their growth, because of inadequate budgets to maintain older trees and a failure to plant shade trees in new residential and commercial developments, according to federal experts, tree-planting organizations and scholars of urban ecology." The Post adds, "Many major utility companies are declining to act on the connection between urban trees and energy savings, according to Agriculture Undersecretary Mark Rey, who oversees the Forest Service. 'It is one of our new focuses to give them information and incentives to do this,' Rey said, adding that the Bush administration is planning a meeting with utilities to convince them of the financial logic of urban trees."

Ambitious Nuclear Waste Disposal Project Is A Failure So Far. The Los Angeles Times (9/4, Vartabedian) reports, "On a desert plateau seven miles from the Columbia River, a massive federal project to clean up a Cold War-era nuclear weapons plant is deeply troubled. The effort to avoid a future environmental calamity here, at the most polluted site in North America, is a priority of the Energy Department but has foundered because of engineering mistakes and runaway costs. Fifty-three million gallons of radioactive sludge, most of it the texture of ketchup, is stored in scores of underground tanks, some of which have leaked for years. The Energy Department and its lead contractor Bechtel Corp. are trying to build a sophisticated waste treatment complex — a small-scale industrial city — that would transform the sludge into radioactive glass. After spending $4 billion since 1989 and getting rid of three previous contractors, the program has yet to transform a gallon of sludge. … The project is a long-distance race to empty the leaky tanks and secure the radioactive waste before it becomes a greater menace to the Columbia River. The job is likely to take decades, and the price tag could approach $100 billion."

NYTimes Applauds Congress For Adding To Wilderness Areas. The New York Times (9/4), in an editorial, writes, "Under the radar, Congress has been quietly adding to the nation's inventory of protected wilderness. In three bills approved by both houses and signed by President

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Bush, the 109th Congress has awarded wilderness designation to 11,000 acres of canyonland and desert in New Mexico, 10,000 acres of rain forest in Puerto Rico and 100,000 acres in the Cedar Mountains of Utah. … Yet they reflect rare moments of bipartisan cooperation at a time when Congress seems polarized on just about everything, not least conservation issues. They also reflect well on local groups that have worked long and hard to find common ground between environmentalists and commercial interests. And while Mr. Bush seems as determined as ever to open up chunks of the public estate to commerce, especially for oil and gas drilling, like other presidents before him he finds it impossible to resist grass-roots ideas that have been so thoroughly debated in advance."

FBI/DEA/ATF/USMS:

DEA Investigates Fire Department Morphine Thefts In Sacramento. The AP (9/3) reports the DEA "is probing the theft of morphine carried on Sacramento Fire Department engines after several vials of the narcotic painkiller were discovered with broken seals. The criminal investigation by the DEA and Sacramento police adds to a probe by the department's professional standards unit, the county's emergency medical services director, Dr. Steve Tharratt, said Friday. … Preliminary laboratory tests show some morphine was removed from the vials, Tharratt said. The department said the tampering involved several vials carried by several different fire engines."

The Sacramento Bee (9/2) reports authorities "have not identified any suspects and say they do not know whether the thefts were committed by a paramedic, firefighter or someone else," according to Fire Department spokesman Capt. James Doucette. The department "has 325 paramedics licensed by the state to administer morphine to victims, he added."

In Texas, Seizures Of Meth From Mexican "Superlabs" Said To Be Skyrocketing. The Austin American-Statesman (9/3) reports Texas police and narcotics officials say demand for meth "is growing stronger, in part because of greater smuggling efforts by Mexican drug traffickers. The number of clandestine meth labs in Texas has dropped significantly since last year. At the same time, seizures of meth produced in Mexican 'superlabs' have skyrocketed. Last year, Drug Enforcement Administration branches in Texas seized 970.9 kilograms (2,140 pounds) of meth, 44 percent more than the amount seized in 2004."

Rio Grande Valley Border Patrol Said To Lead Nation In Cocaine Seizures. The Brownsville (TX) Herald (9/3) reports personnel, technology, intelligence analysis and the National Guard "have allowed the Border Patrol in the Rio Grande Valley sector to improve upon itself since last year. The Valley sector continues to lead the nation in other than Mexican (OTM) immigrant detainments and cocaine seizures, according to federal officials. … An increase in drug seizures is in part due to better law enforcement in the Valley, said Will Glaspy, spokesman for the Drug Enforcement Administration. 'There's no doubt that law enforcement is working better and smarter today, and there is more intelligence sharing going on between the various agencies in the Rio Grande Valley,' Glaspy said."

Report: Grave Of Wanted Colombian Drug Trafficker Found. The AP (9/4) reports Carlos Castano, "a founder of Colombia's brutal far-right militias, has died. Mario Iguaran, Colombia's chief federal prosecutor, said that a skeleton unearthed from a shallow grave was that of Castano, who had muscled his way to the top of a shadowy, drug-financed underworld to become one of the nation's most powerful and feared men. … Colombia's chief prosecutor has accused Carlos's older brother, Vicente, of ordering the killing, saying he feared Carlos was planning to provide evidence of Vicente's drug trafficking in exchange for leniency as he negotiated his surrender to U.S. authorities. … Both Vicente and Carlos had been indicted in the United States on cocaine trafficking charges and were wanted for extradition."

"Progressive" Minnesota's Gun Laws Seen As A Surprise. In an "Editorial Observer" piece for the New York Times (9/5, 1.21M) Verlyn Klinkenborg writes, "The way I see it, Minnesota is only one step away from requiring every citizen to carry a gun and use it when provoked. … A person carrying a concealed weapon cannot be banned from a public building, even if it's a library full of kids. Churches have succeeded in keeping guns out of the pews, but they're having to fight another court battle to keep them out of the parking lot." Klinkenborg continues, "This is what I'd expect of Florida, which recently passed a 'shoot first' — also called a 'shoot the Avon lady' — bill. I'd expect it of Texas too. But Minnesota? I grew up thinking of Minnesota as a socially progressive state."

IMMIGRATION:

Congress Not Expected To Take Up Immigration Reform This Fall. USA Today (9/5, Kiely, 2.27M) reports, "As Congress returns to work this week after a month-long break, little progress is imminent on an issue that leaders of both parties have identified as urgent: illegal immigration. No meeting has been scheduled for House and Senate negotiators to resolve differences

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between the two chambers' competing plans for tackling the problem. … A major reason for the lack of action: the Nov. 7 elections. Both the House and Senate plan to recess at the end of the month. Lawmakers' need to campaign will limit the time they have to work on legislation and has made them less willing to compromise." The White House "is signaling that Bush would prefer to put off a showdown with those opponents until after the elections." President Bush "wants an immigration bill, but 'we recognize it will be a heavy lift with such a short legislative period,' White House spokeswoman Dana Perino said. 'Our aim is to get a good bill that meets the objectives outlined by the president. If that requires more time, we will use it.'"

The New York Times (9/5, Hulse, Swarns, 1.21M) says "Congressional Republican leaders have all but abandoned a broad overhaul of immigration laws and instead will concentrate on national security issues they believe play to their political strength. … A final decision on what do about immigration policy awaits a meeting this week of senior Republicans." But "key lawmakers and aides who set the Congressional agenda say they now believe it would be politically risky to try to advance an immigration measure that would showcase party divisions and need to be completed in the 19 days Congress is scheduled to meet before breaking for the election."

Likewise, NBC Nightly News (9/4, story 6, 2:45, Brown, 9.87M) said "there's no indication Congress will pass any immigration bill before the end of the year."

Immigration Rallies Smaller Than Last Spring; Review Finds No Sign Of New Voter Boom. CBS Evening News (9/4, story 5, 0:10, Mitchell, 7.66M) reported, "Back in this country, Labor Day brought out immigrant rights supporters for rallies in several US cities. The numbers were smaller than last spring when Congress was consider considering a major overhaul of immigration."

The Washington Times/AP (9/5) headlines its story "Rallies Fail To Energize Hispanic Turnout," and says "immigration protests that drew hundreds of thousands of flag-waving demonstrators to the nation's streets in the spring promised a potent political legacy -- a surge of new Hispanic voters." But "an Associated Press review of voter registration figures from Chicago, Denver, Houston, Atlanta and other major urban areas that had large rallies found no sign of a new voter boom that could sway elections. There was a rise in Los Angeles, where 500,000 protested in March, but it was more of a trickle than a torrent."

The Chicago Tribune (9/5, Olkon, 623K) reports on the "45-mile walk that started in Chicago's Chinatown Square" that "spanned the city's western suburbs. About 250 marchers walked the entire distance. Others showed up at one or more of the neighborhood rallies in Chicago's Little Village neighborhood or in Cicero, Melrose Park, Villa Park and West Chicago." The group "wants Hastert, a Republican, to offer legalization for the nation's 11 million to 12 million illegal immigrants and to put a moratorium on raids and deportations by the U.S. Department of Homeland Security."

The New York Times (9/5, Kapos, Giblin, 1.21M) calls the marchers "spirited." Organizers of a rally "in Phoenix, outside Arizona's copper-domed Capitol, estimated their numbers at 4,000, though the police said the event drew about 1,000 people." USA Today (9/5, 2.27M) runs a short piece on the Arizona march, reporting "Monday's low turnout was disappointing, said Alfredo Gutierrez, a former state legislator and one of the organizers. … About 50 protesters confronted immigrant advocates telling them to go back to Mexico."

Miller Brewing Company Sponsoring Pro-Immigration Marches. Roll Call's "Heard on the Hill" (9/5, Akers) reports, "It's safe to say House Republicans won't be ordering too many Miller beers anytime soon. They were downright irate to learn that the Miller Brewing Co. was sponsoring pro-immigration marches across the country this Labor Day weekend. One of the biggest marches, in Chicago, targeted Speaker Dennis Hastert. Supporters of illegal immigrants planned to march 45 miles from Chinatown to Hastert's Batavia district office, sponsored and publicized by Miller, according to the Chicago Tribune. The newspaper says the brewer 'has paid more than $30,000 for a planning convention, materials and newspaper ads publicizing the event.' This didn't sit so well with the folks in Hastert's office."

"Harsh" Debate Said To Have Reduced Number Of Farm Workers, Hurting Farmers. NBC Nightly News (9/4, story 6, 2:45, Brown, 9.87M) reported "there has already been fallout on the harsh words on immigration this year. A sharp drop in the number of farm workers means some farmers have seen their crops die on the vine."

Pennsylvania Mayor Defends City Ordinance. Lou Barletta is the mayor of Hazleton, PA, writes in USA Today (9/5, 2.27M), "America is a nation of immigrants, but it is also a nation of laws. When it comes to illegal aliens, some cities have looked the other way. Others have openly welcomed them, establishing 'sanctuaries,' restricting their police departments and other agencies from even asking about a person's immigration status. This has led to a culture of entitlement among illegal aliens." But "cities that take steps to curb the drain of illegal immigration -- cities such as Hazleton, Riverside, N.J., and Farmers Branch, Texas -- are vilified as racist, backward and mean-spirited." Barletta adds, "We are taking the steps we need to -- steps we are empowered to take under federal and state law -- and we will further enhance our Illegal Immigration Relief Act to make it tougher and more defensible. Hazleton's ordinance would work in conjunction with established local law. It would require all city residents who rent property to obtain an occupancy permit from the city. Landlords would need to see only an official occupancy permit before renting to tenants.

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City employees -- not ordinary citizens -- would use resources available through the U.S. Bureau of Immigration and Customs Enforcement (ICE) to verify the legal status of those seeking permits."

USA Today (9/5, 2.27M) editorializes, "On one hand, it's hard to argue with Barletta's attempt to, in effect, enforce immigration law, since the federal government refuses to do so. Border enforcement is ineffective." But "on the other hand, the US economy has profited from the willingness of illegal immigrants to work hard for low wages. Now there are an estimated 12 million illegals here, and trying to deport them is impractical, heartless and counterproductive. Many have children who are citizens, and the work the immigrants do is valued. Providing a path to citizenship is smarter if it is coupled with credible enforcement."

TAX:

Cleveland Bookie Disputes IRS Claims Of Taxes Owed. The Cleveland Plain Dealer (9/4, Caniglia) reports, "A convicted Cleveland bookmaker says the IRS has grossly inflated the $2.4 million it claims he owes from his gambling business and can't find the paperwork to support the assessment." The Plain Dealer continues, "David Hammon Sr. is expected to go to trial Sept. 11 in federal court in a dispute over the way the agency calculated his wagering from 20 years ago. The government's case is complicated by the fact that the IRS lost many of the betting slips and other records from the case." The Plain Dealer adds, "The trial will be Hammon's latest in a lifelong fight with the IRS. He was convicted in 1990 based on wagers that date to 1986. He also was convicted in 2005 of running a widespread gambling business. He was sentenced to more than seven years in prison. … The government has yet to collect on the back taxes from Hammon's first conviction, and it sued him last year. With penalties, the amount jumps to more than $5 million, according to court records and estimates. Prosecutors want to collect some of it by obtaining Hammon's 53 acres in rural Medina County to pay off the debt. … In court documents, Hammon's attorneys say the IRS' assessment of his back taxes is based on inaccurate assumptions about the size of his gambling operation in the late 1980s."

IRS Now Using Collection Agencies To Pursue Back Taxes. USA Today (9/5, McCoy, 2.27M) reports, "Beginning this week, thousands of Americans who owe taxes to the federal government will start getting phone calls to pay up — from private collection agencies, not the IRS. Despite congressional opposition and criticism from a federal employee union and a taxpayer advisory panel, the IRS is giving three collection agencies information on 12,500 taxpayers who owe less than $25,000 and have not disputed the debt. The IRS has moved to reassure taxpayers about the plan, even outlining steps to guard against potential scam artists posing as private collectors. … Critics argue that privatizing any part of the IRS' traditional collection role would increase the agency's costs and raise privacy issues, as well as create potential for fraud."

Democrats Told To Repeal Tax Code's "Regressive" Elements. The Washington Post's Sebastian Mallaby (9/4) writes, "Increasingly even moderate Democrats believe that you can't be serious about helping workers unless you embrace organized labor's agenda. In the view of many in the party, the centrist, 'Republican-lite' playbook has been tried and found wanting. Actually, that's nonsense, and a good place to see the redistributive potential in centrist policies is tax reform. Many popular provisions in the tax code are both ineffective and regressive. Repealing them would liberate billions that could be used to help workers."

CONGRESS-ADMINISTRATION:

GOP Congress May Seek Middle-Class Tax Cuts In Session Focused On Security Issues. The Wall Street Journal (9/5, Rogers, 2.03M) reports, "The most telltale clue to Congress's fall agenda may be an item that still may be added: middle-class tax cuts. Down in polls and divided internally, Republicans want to block debate on domestic policy and shift attention to national-security issues that command more party unity. But census data last week highlighted the economic squeeze on many families, and House leaders are considering a pre-election bid to make permanent the $1,000 child tax credit and marriage penalty relief provisions enacted in 2001." The Journal adds, "Like most of the Bush administration's tax breaks, these are due to expire at the end of 2010, when top rates for the wealthy and capital gains also will be in play. The strategy has been to wait until close to the deadline and then call up all of these issues at once, making it harder for Democrats to resist." But "in the current political climate, the leadership could accelerate action on provisions for middle-income taxpayers if it means preserving Republican control of Congress in November." The House "has scheduled 11 full days of legislative work this month after Thursday's vote to curb the slaughter of US horses -- a bill that has prompted dark jokes among Republicans about what awaits lawmakers if they don't get back on the campaign trail. To a remarkable degree, the leadership is prepared to risk the label of a 'Do-Nothing Congress' if it means getting rank-and-file members on the hustings."

Roll Call (9/5, Davis, Billings), meanwhile, says "Congressional Republicans are crafting a September

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strategy to highlight national security issues in hopes of boosting their Election Day prospects with a topic that is in the forefront of voters' minds. The combined legislative and political effort comes on the heels of President Bush's national campaign last week to re-emphasize the security platform that paid great dividends for the party in the past two cycles." The GOP "hopes to regain ground it has lost with the public on its handling of the Iraq War and terrorism generally. … As part of the national security push, Congress is expected to approve at least the Defense and Homeland Security spending bills, and perhaps the military quality of life spending measure, before punting the remaining appropriations legislation until after the elections by passing a continuing resolution expected to run through Nov. 17." Additionally, House and Senate leaders "have been working with the White House to pass legislation authorizing the Bush administration's use of military tribunals for detainees in Guantanamo Bay, which was struck down in June by the Supreme Court, as well as legislation authorizing Bush's terrorist surveillance program, which was struck down by a Michigan district court in August."

The Los Angeles Times (9/5, Reynolds, 918K) reports, "It's going to be 'Security September' on Capitol Hill." White House and Republican leaders in Congress "believe events last month -- particularly the uncovering of an alleged terrorist plot in Britain and a federal court ruling that the domestic surveillance program is unconstitutional -- improve the likelihood that they can enact the tough laws they want in these areas instead of compromising with critics." They also "calculate that, whatever form final legislation might take, debating the tribunal system and domestic surveillance shows the GOP not only focusing on security but taking steps to support tough approaches to the problem."

WSJournal Suggests Issues For Fall Session. The Wall Street Journal (9/5, 2.03M) editorializes, "Republicans are already staking their election chances less on their achievements than on the damage Democrats might do if they take over, so perhaps the GOP answer will be to do nothing and say a prayer." But "Republicans could still help their prospects, and motivate their own supporters, if they use the next month to advance sound policies that highlight differences between the two parties. For example: Military tribunals. … Spending restraint. … Gas prices. Gasoline prices are falling nationwide, but with oil prices still near $70 a barrel now is the time to open new sources of domestic energy supply. … Property rights and judges. The Supreme Court's Kelo decision has provoked bipartisan outrage against the taking of private property for private development. But Congress still hasn't taken the popular opportunity to do something about it. The House long ago passed a measure to block federal dollars from financing local projects invoking eminent domain. But the Senate has sat on its hands, thanks mainly to Judiciary Chairman Arlen Specter." The Journal also urges the GOP to pursue tax cuts and "immigration reform, except that House leaders tell us there is zero chance of that passing before November. Leave it to Republicans to fan national concern about the issue for a year and then say, well, never mind."

Ginsburg, Souter Top Wealth List Of Justices. The Legal Times (9/5, Mauro) reports, "On a Supreme Court dominated by seeming millionaires, the only woman justice and the only bachelor appear to be the wealthiest of its nine members." The Times continues, "In the justices' financial disclosure forms for 2005, Justice Ruth Bader Ginsburg reported assets valued at between $6.4 million and $28 million, while Justice David Souter listed assets worth between $5.6 million and $26.3 million. … But they are not alone in the Court's millionaire club. Only Justices Clarence Thomas and Anthony Kennedy reported assets with a maximum possible value of less than $1 million." The Times adds, "The 2005 forms of eight of the justices were made public in June, but Justice Antonin Scalia received an extension on the filing deadline for undisclosed reasons. With the recent release of Scalia's form, it is now possible to rank the justices in order of assets reported, not including homes. … The justices' holdings are reported in ranges of value, making precise totals impossible to calculate. For example, the estimate of Souter's wealth could be inflated by the fact that his investment in the Chittenden Corp., a Vermont bank holding company, is listed in a category that ranges from $5,000,001 to $25 million. … Several of Ginsburg's assets are in the $1,000,001 to $5 million range, including her husband's salary as counsel to Fried, Frank, Harris, Shriver & Jacobson. Martin Ginsburg, a tax expert, is also a professor at Georgetown University Law Center."

Scalia Took Twenty-Four Expense-Paid Trips In 2005. The Washington Post (9/5, A17, Lane, 748K) reports that in 2005 Justice Antonin Scalia "was the court's top globetrotter, with 24 expense-paid trips to locales domestic and overseas, including trips to Ireland, Turkey, Australia and -- naturally -- Italy. Law schools and legal groups paid for most of Scalia's travel, although Italian heritage organizations; media giant Time Warner Inc.; the Knights of Columbus in Baton Rouge, La.; and New York's Juilliard performing arts school, of all places, also helped out. The information was included on the justice's financial disclosure form, which was first reported by the Associated Press. … The court's next most peripatetic member, Justice Anthony M. Kennedy, took 15 paid trips in the United States and abroad. Kennedy seems to have been on the road for a substantial portion of the year -- at least 59 days, according to his 2005 disclosure form."

White House Searching For McClellan Replacement. The New York Times (9/5, Pear, 1.21M)

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reports, "The White House began searching Monday for someone to run Medicare and Medicaid, in the expectation that the current chief, Dr. Mark B. McClellan, would soon resign." The Dallas Morning News reported over the weekend that McClellan "was set to leave. Administration officials did not dispute the report. But they said they were not ready to make a formal announcement because a departure date had not been set and no one had been chosen to supervise Medicare and Medicaid on even a temporary basis." Leslie V. Norwalk, the deputy administrator of the Centers for Medicare and Medicaid Services, "is an obvious candidate to serve as acting administrator, though other officials are also under consideration, said a White House official who spoke on the condition of anonymity because a decision had not been made."

The Wall Street Journal (9/5, Zhang, 2.03M) also says "several policy experts speculated one candidate could be…Norwalk."

Earmark Reform Tied To Potentially Corrupt Land Deals. CBS Evening News (9/4, story 3:45, Mitchell, 7.66M) reported, "Congress returns to Washington tomorrow and house Republican leaders say they plan to clamp down on secretly requested funding projects known as earmarks." Rep. Jeff Flake "is leading the crusade against earmarks in Congress." CBS added that Rep. Ken Calvert "took credit for $8 million in improvements to this exit ramp. … What Calvert didn't disclose was just two months earlier he had bought land right here, about a mile from the base. Public records reveal that within a year, Calvert and a partner sold the land at a profit of $435,000." Rep. Gary Miller, who sits on the Transportation Committee, "purchased this piece of land for a million and a half dollars from his top campaign donor, who also loaned him the money for the deal. Eight months later, Congress approved millions of dollars worth of improvements to this nearby exit ramp, an earmark overseen by Miller's committee. Then in July of this year, within a day of this newspaper story raising questions about his real estate deals, Miller sold the land back to the same people he bought it from." According to CBS, DOJ "is now scrutinizing the personal disclosure forms of some members of the House, looking to police a Congress that appears…unwilling to police itself."

Bolten Has Distributed Administration "Countdown Clock" To Key Aides. U.S. News and World Report (9/11, Gilgoff, Walsh) reports in its "Washington Whispers" column that White House Chief of Staff Joshua Bolten "has developed a special motivational technique to keep West Wing staffers focused on getting things done in the next 2 1/2 years. Bolten has distributed to key aides a 'countdown clock' -- a cellphone-size timepiece that gives a digital readout of the time remaining in the Bush presidency." Bolten said, "I keep that clock as a reminder to myself that we have a lot of days left," adding, "We have ample time to accomplish many things but not so many that we can waste a single day...and I know that's the president's attitude. He wants to make the most of the time that we have left."

Democrats Weigh Next Move On Tomlinson Nomination. Newsweek (9/11) reports in its "Periscope" column, "Congressional Democrats are weighing their next move in the wake of a State Department inspector-general report alleging that" Kenneth Tomlinson, "the politically connected chief of the board that oversees the government's foreign broadcast services misused government resources." While Senate Democrats could try to block Tomlinson's reappointment, Tomlinson "told NEWSWEEK that allegations that he hired a friend on a lucrative consulting contract and used government facilities to run a racehorse stable are the product of a political vendetta." Tomlinson "says he will continue to seek reconfirmation, though three prominent Dems last week called for his ouster."

Senate May Delay Vote On Federal Workers' Pay Raise Until After Elections. In the Washington Post's "Federal Diary" column (9/5) Stephen Barr writes, "Congress returns this week from its summer break with the 2007 federal pay raise as one of several issues up in the air. The House and Senate have drawn up plans to provide a 2.7 percent raise for white-collar and blue-collar civil service employees. But the Senate has not voted on the spending bill that contains the proposed raise, leaving open the possibility that the raise could be lower. … It's also possible that a decision on the pay raise could be shoved off until after Election Day."

Kennedy-Miller Bill Said To Encourage "Workplace Intimidation." The Wall Street Journal (9/5, 2.03M) editorializes, "Two of Big Labor's best friends, Representative George Miller of California and Senator Ted Kennedy of Massachusetts, have teamed up to produce the Employee Free Choice Act. The bill would effectively do away with secret ballot organizing elections, a product of the 1935 Wagner Act and the crown jewel of federal labor law. … Bruce Raynor, who heads the hotel and needle trades union, has gone so far as to say he no longer wants to 'subject workers to an election,' as if letting employees decide for themselves somehow makes them victims. Mr. Raynor and other labor leaders are pushing an alternative known as 'card check,' whereby paid union organizers, um, 'persuade' employees to sign pro-union cards. No election, secret or otherwise, is held. As soon as organizers have gathered signatures from more than half of workers, the union can be

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recognized. Labor is also pressuring employers to sign 'neutrality agreements' (read: gag orders) that keep them silent while unions are organizing workers. The potential abuses here are myriad, especially in workplace intimidation."

Krugman Says Administration Neglecting Veterans Health Administration. The New York Times' Paul Krugman (9/4) writes, "Let me tell you about two government-financed health care programs. One, the Veterans Health Administration, is a stunning success — but the administration and Republicans in Congress refuse to build on that success, because it doesn't fit their conservative agenda. The other, Medicare Advantage, is a clear failure, but it's expanding rapidly thanks to large subsidies the administration rammed through Congress in 2003." Krugman claims "the Bush administration has restricted access to the V.A. system, limiting it to poor vets or those with service-related injuries. And as for allowing elderly vets to get better, cheaper health care: 'Conservatives,' writes Time, 'fear such an arrangement would be a Trojan horse, setting up an even larger national health-care program and taking more business from the private sector.' Think about that: they won't let vets on Medicare buy into the V.A. system, not because they believe this policy initiative would fail, but because they're afraid it would succeed."

OTHER NEWS:

New Law Seen As Unlikely To Arrest Decline Of Defined-Benefit Pensions. The Los Angeles Times (9/4, Peterson) reports, "When chemicals titan DuPont announced plans last week to scale back its traditional pension program, it became the third large employer to reduce retirement benefits since Congress passed the Pension Protection Act of 2006 on Aug. 3. The changes had been brewing long before that day. But the flurry of cuts reflect a larger reality: The pension system is in hasty retreat, and little in the new law is likely to stop the trend. … The cutbacks are just the latest among many by U.S. corporations that are phasing out costly traditional pensions in favor of 401(k) accounts and similar plans that provide retirement nest eggs but don't guarantee a monthly check for life. Separately, bankruptcies by major companies such as UAL Corp., parent of United Airlines, have put pressure on the Pension Benefit Guaranty Corp., the federally chartered company that assumes pension obligations when employers terminate their programs. The Pension Protection Act was designed to address both issues as well as to close loopholes that gave corporations substantial leeway in meeting funding obligations."

Mounting Pension Costs Threaten Local Governments' Finances. The New York Times (9/4, Hakim) reports, "Cities across New York State are only now starting to grapple with the so-called legacy costs of pensions and retiree health care benefits. … Pension costs in New York City have quadrupled in the last five years, and they will soon consume 10 percent of the city's budget. In Buffalo, the state's second-largest city, pension costs have risen to $24 million, from $4 million, in the last five years, and the city is now overseen by a financial control board." According to the Times, "One big part of the problem is that the State Legislature has imposed new burdens on local government pensions around the state, just as it has in New York City, where the vibrant economy is better able to absorb such costs. But local governments have played their part in letting these costs rise."

"Deep Throat" Too Ill To Travel To Court. The Washington Times (9/5, McElhatton) reports, "The former top FBI official known as 'Deep Throat' is too ill to travel from California to the District to defend himself against a federal lawsuit filed by the co-author of his 1979 memoir, court records show." The Times continues, "W. Mark Felt Sr., 93, is being sued by D.C. author Ralph de Toledano, who says Mr. Felt, his son and their attorney duped him into signing away his rights to the famous Watergate source's life story. … The lawsuit claims W. Mark Felt Jr. approached Mr. de Toledano in 2003 about buying the author's interest in a memoir he co-wrote with the elder Mr. Felt in 1979, citing plans to reissue the book with only some additional background information." The Times adds, "The lawsuit says Mr. de Toledano, unaware that the elder Mr. Felt was the famous Watergate source, agreed to the deal for $10,000, but never would have done so if he had known that the Felts and their attorney were planning to disclose Mr. Felt's identity as Deep Throat. … The complaint, filed in U.S. District Court for the District of Columbia in July, states there could have been 'little or no doubt that the story of Washington's most celebrated secret source would have considerable commercial value.' … In court papers filed late Thursday, the elder Mr. Felt and his attorney, John O'Connor, say the lawsuit should be moved to Northern California. Mr. O'Connor also is the co-author of Mr. Felt's latest memoir, 'A G-Man's Life: The FBI, Being "Deep Throat," and the Struggle for Honor in Washington.' … The elder Mr. Felt lives in Santa Rosa, Calif., with his daughter Joan."

Rothenberg Says Democrats Poised To Gain 15 To 20 Seats." Stuart Rothenberg, in his column for Roll Call (9/5) writes that he has "concluded…Democrats are poised to gain 15 to 20 seats, giving them control of the House." Democrats "clearly are favored in seven seats currently held by Republicans — four open seats (including the Texas district of former Rep. Tom DeLay) and three seats in Indiana — and that 10 other Republican seats, including

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two each in Pennsylvania and Ohio, are no better than tossups. Another seven Republican seats are only slightly tilting toward the GOP. Adding up the Democrats' best opportunities, the party has a good shot at 24 Republican seats, and that number doesn't include long-shot races that likely will develop in a big Democratic wave — the Rostenkowski/Glickman seats of 2006."

Democrats Look To Gain Traditionally Republican Northeastern And Midwest Districts. The Washington Post's E. J. Dionne (9/5) writes, "a quiet counter-realignment has been under way in the Northeast and Midwest. Post political writer Dan Balz was one of the first to notice after Bill Clinton's 1996 reelection that longtime Republican suburban bastions in Pennsylvania, Illinois, Michigan, Ohio, New York and New Jersey were moving the Democrats' way. If Democrats take the House this fall, it will be the culmination of this trend. To put it in historical terms, if Democrats have suffered in the states of the Old Confederacy, many of their best opportunities in November are in states carried by the first Republican president, Abraham Lincoln, in the 1860 election.

GOP Hopes Buoyed By Generic Ballot Polling. The Washington Times (9/5, Lambro, 88K) reports, "For months, Gallup has been reporting a lead of nine to 15 percentage points for the Democrats in generic polls that ask voters which party they will support in the congressional elections. But late last month, Gallup said its survey found 'Republicans edging closer to the Democrats in voter preferences for this year's midterm elections, mirroring the slight increase seen in President Bush's job-approval rating.' Gallup said its Aug. 18-20 poll found 'the Democrats now lead the Republicans by two points, 47 percent vs. 45 percent. That is down from a 9-point lead earlier this month, and an average Democratic lead of 10 points in the previous three polls in July and August.' Pollsters have long maintained that generic ballot surveys tend to boost the Democratic vote by anywhere from five to 10 percentage points. If that is true in this election, then the Republicans headed into the final weeks of the campaign 'in pretty good shape,' said a Republican official."

McConnell Says Democrats Would Impeach Bush If In Power. Asked, on CBS's Face the Nation (9/3, Mitchell), what he thinks Republican candidates should focus on, Sen. Mitch McConnell responded, "I think it's important in each of those races for our candidates to remind the voters in those states what Democrats do when they're in power. What they'll do is cut and run in Iraq. They'll raise our taxes. We know that. And they'll try to impeach the president. That's their agenda. They won't tell the voters that before the election. So we need to make sure the voters understand that so they have a clear understanding of what the choice is this fall in these Senate and House elections."

Santorum Defends Bush's Handling Of War On Terror, Praises Rumsfeld. Tim Russert moderated a debate between Sen. Rick Santorum and his Democratic challenger Pennsylvania State Treasurer Bob Casey on yesterday's NBC's Meet the Press (9/3). According to the New York Times (9/4, Toner) Santorum "defended the war in Iraq…as a war of 'necessity,' not choice, arguing that it was a central part of 'this broad war' against 'Islamic fascism.'" Santorum "also praised the leadership of Defense Secretary Donald H. Rumsfeld and President Bush. Asked if he would join calls for Mr. Rumsfeld's resignation, Mr. Santorum said that the defense secretary had 'done a fine job' and that the nation faced foes 'much more potent than I think anybody ever anticipated.'" Casey called Santorum a "rubber stamp" for the Bush administration and "said he had failed to hold Mr. Bush accountable for the conduct of the war." The Washington Post (9/4, A4, Babington) reports Santorum "lived up to his reputation as a feisty, unapologetic conservative, even though it has caused him problems in moderate-voting Pennsylvania. Ignoring Casey's taunts that he is a 'rubber stamp' for Bush, Santorum embraced the president and most of his anti-terrorism policies. 'I think he's been a terrific president, absolutely,' Santorum said."

Santorum Contends Iran Is "Causing Most Of The Problems In Iraq." Commenting on the sectarian violence in Iraq, Santorum claimed, "Iran, which is the principal stoker of this Shia-Sunni sectarian violence, would love nothing more to see than the Iraqi democracy fail. … This is a tactic of Iran to disrupt…our efforts in Iraq by, in fact, trying to defeat the Sunnis." Santorum continued, "understand, at the heart of this war is Iran. Iran is the problem here. Iran is the one that's causing most of the problems in Iraq. It is causing most of the problems, obviously, with Israel today. It is the one funding these organizations. And is the country that we need to focus on in this war against Islamic fascism." Asked if supports sending additional troops to Iraq, Santorum answered, "I don't know if it's a question of more troops or less troops. … I think the focus should not be Iraq, it should be Iran." Santorum added, "A big problem I have with this administration is it hasn't been tough enough on Iran. It should not have let Khatami come into this country and be at Harvard today."

Casey Opposes Kerry's Call For Withdrawal Of US Troop In Iraq. Russert opened by asking Casey if he would "still have voted for the war" in Iraq "knowing what you know today." Casey never responded with an outright "yes" or "no," instead he said, "If a lot of Americans knew now -- if they knew then what they know now, they would have thought that this war was the war that shouldn't have been fought based upon the misleading of this administration. … Based upon the information that we have now, I think that a lot of Americans would have serious doubts. I'm not sure there

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would have even been a vote on the war in Iraq that early." Pressed again on the question, Casey clarified, saying, "I think there wouldn't have been a vote and I think people would have changed." Later in the debate, asked if he would oppose Sen. John Kerry's legislation calling for "all troops out by July of 2007," Casey replied "absolutely." The Washington Times (9/4, Hurt) reports, "Asked repeatedly whether he now opposes the war decision, Mr. Casey finally said, 'If we knew then what we know now, sure.' Still, he said, he's not ready to 'abandon this mission' as many of his Democrat colleagues are ready to do. 'I think a lot of Americans are not, either,' Mr. Casey said. 'What has to happen in Iraq is what you've not seen. We need new leadership; we don't need a deadline, a timeline.'"

Chafee Rules Out Independent Bid. The Washington Times (9/4, Pfeiffer) reports Sen. Lincoln Chafee "says he will not follow the path of Sen. Joe Lieberman…by running as an independent if he loses" his primary against Cranston Mayor Stephen Laffey." The Times notes, "A poll released last week by Rhode Island College shows Mr. Laffey…holding a lead of 51 percent to 34 percent over Mr. Chafee."

"Mortgage Moms" Identified As New Key Voting Block. The Washington Post (9/5, A1, Birnbaum, Cillizza, 748K), in a front-page story titled, "Mortgage Moms' May Star In Midterm Vote: With Wages Stagnant and Debt Growing, Democrats See an Opportunity," reports, "At first glance, the economy's role in this year's midterm elections is a puzzle. Economic growth and unemployment are at levels that in past years would have been a clear political asset for the party in power. But one layer down in the statistics, the answer is more clear. Flat wages and rising debt nationally have converged to leave millions of middle-class households feeling acutely vulnerable to bumps in their financial planning. The most visible of these are rising energy prices and a softening housing market. A less obvious but powerful variable is the interest paid by people carrying credit card debt or mortgages whose monthly payments vary with interest rates. People buffeted by these trends have given rise to a new and volatile voting block." The Post goes on to report, "This year could mark the emergence of what might be called mortgage moms -- voters whose sense of well-being is freighted with anxiety about their families' financial squeeze. Democrats are betting that this factor is strong enough to trump security or cultural values issues." The Post uses the campaign in Kentucky's 4th District to illustrate this thesis.

DeVos Trails Granholm 46-44 According To New Poll. The AP (9/4) reports, "A poll published Sunday shows the race for Michigan governor is about even. In the poll of 803 likely voters by Selzer & Co. of Des Moines, Iowa, 46 percent of voters said they'd back Democratic Gov. Jennifer Granholm if the election were held today, while 44 percent would back Republican challenger Dick DeVos and 10 percent were undecided. A Selzer poll in July showed DeVos, with 47 percent, apparently leading Granholm, with 42 percent. Eight percent were undecided, and 3 percent were counted as 'other.' … The latest poll, conducted Monday through Wednesday for the Detroit Free Press and Detroit television station WDIV, had a sampling error margin of plus or minus 3.5 percentage points."

NRA Piles Up Victories At The State Level. The Washington Post (9/4, D1, Birnbaum) reports, "Lately, the NRA has taken a lower profile in the nation's capital and has been turning its attention instead to…state legislatures. … The NRA has shifted its staffing and grass-roots pressure to passing laws at a more local place. 'The closer we get back home, the stronger we are,' said Wayne R. LaPierre, executive vice president of the NRA. Passing laws in Washington, he said, 'is harder.'" According to the Post, "its string of accomplishments in state assemblies is long and impressive. It successfully lobbied for laws that give citizens the ability to carry firearms in 23 states in the past 12 years, including Kansas and Nebraska this year. It has also legislated the right of gun owners to stand firm and use deadly force in the case of a dangerous attack in 15 states, 14 of them this year. In addition, this year it got 10 states to agree not to confiscate weapons during times of declared emergencies."

Armey's Freedom Works To Spend $4 Million On GOTV Effort. Roll Call (9/5, Kurtz, Duran) reports FreedomWorks, "the organization dedicated to lower taxes and less government that is led by former House Majority Leader Dick Armey, will announce this week that it is spending $4 million on get-out-the-vote operations in several key Congressional races between now and Election Day. Given its status as a nonprofit and educational organization…FreedomWorks cannot directly endorse candidates. So most of the group's money will be spent on grass-roots and publicity campaigns to educate voters about candidates' views, rather than on seeding its political operations. … In the battle for control of the Senate, the group will be involved in three states" -- Michigan, Nebraska and Washington.

Bush To Attend Fundraiser For Stabenow's Challenger Friday. he Washington Times' "Inside Politics" column (9/5, Pierce) reports President Bush "will travel to Clarkston, Mich., on Friday to raise money for Republican Senate candidate Mike Bouchard in his race against Democratic Sen. Debbie Stabenow. Mr. Bush will attend a luncheon fundraiser that will give the Oakland

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County sheriff a large infusion of campaign dollars. Similar events by the president have netted candidates about $1 million. … The Bush luncheon will be held at the home of developer David Johnson."

Kaine And Warner Campaign For Webb. The Washington Post (9/5, A1, Barnes, 748K) reports Virginia Gov. Timothy M. Kaine and former governor Mark R. Warner stumped for" Sen. George Allen's opponent James Webb "in the tiny town of Buena Vista, the annual host of the commonwealth's Labor Day politics. … A Webb victory, Warner said yesterday, would cement the notion that Virginia has changed since the late 1990s, when GOP control of the legislature and the governor's mansion seemed to indicate an overwhelmingly conservative electorate. For his part, Allen dismissed polls that suggested the race was tied as 'all very interesting to political scientists.'"

Webb's Defense Of Marine Convicted Of Murder Detailed. The Washington Times (9/4, McLaughlin), in an article titled, "Webb Put To Test With Vietnam Case," reports Virginia Democratic Senate candidate James Webb "rarely mentions on the campaign trail his efforts to clear the name of a black Marine convicted of mass murder in Vietnam. But the incident tested his sense of leadership, justice and social fairness, and is deeply ingrained in the psyche of the Democratic nominee for one of Virginia's U.S. Senate seats. 'I didn't [represent Samuel Green] so today I could tell you that,' says Mr. Webb, 60. 'I just did it because I believed it was right.'" Green "was on a five-man patrol searching for Viet Cong in the village of Son Thang, where they came across unarmed women and children. Following their patrol leader's orders, the Marines opened fire…killing 16. … In separate courts-martial, three Marines were acquitted." Green "was one of two Marines who were represented by military lawyers and convicted of murder." Webb "thought the cases had too many irregularities." Green killed himself before Webb succeeded "in a last-ditch effort to upgrade Mr. Green's dishonorable discharge to a general discharge."

Florida Gubernatorial Primaries Turn Extremely Negative. The New York Times (9/4, Goodnough) reports, "The generally ho-hum race to succeed Gov. Jeb Bush has turned caustic in the final stretch before the primary election on Tuesday, with each of the leading Republican candidates scrambling to prove himself the most kindred to Mr. Bush and the Democrats trading charges of racism and devotion to special interests." The Times goes on to report, "one of the Republican candidates, Tom Gallagher, the state's chief financial officer, has painted himself as the most socially conservative choice, assailing abortion, gay marriage, stem cell research and amnesty for illegal immigrants." Gallagher "is even stressing that he is married and has a child. The contrast to Mr. Crist, who is single and has never owned a home, is obvious. … In the Democratic contest," between Rep. Jim Davis and State Senator Rod Smith, "the powerful sugar industry has played an incendiary role. The United States Sugar Corporation has helped independent political committees pay for fliers and advertisements attacking Mr. Davis and promoting Mr. Smith, the son of farmers and the chairman of the Senate Agriculture Committee."

The AP (9/4, Farrington) reports Crist "has a more moderate philosophy on social issues. He supports embryonic stem cell research, says he wants to change hearts and not abortion laws, and says he has a 'live and let live' attitude when it comes to civil unions for same-sex couples. And he disagreed with Bush's decision to intervene in the Schiavo case."

Early Campaigning For 2008 Presidential Primaries Noted. CBS Evening News (9/4, lead story, 7:00, Mitchell, 7.66M) reported, "Even though next Presidential election is more than two years away that campaign is also in full swing." CBS added, "the 2008 presidential election will be the first one since 1952 without a sitting or former president or vice president running. And that's making for a whole different kind of wide open. … Today marks 792 days to the next Presidential election. Seems awfully early to start campaigning, doesn't it? It should. Never before have so many started so early to try to win the White House. Ten Republicans have already been testing the waters in Iowa and New Hampshire. Senators Allen, Brownback, Frist and Hagel. Newt Gingrich, Rudy Giuliani, Governors Huckabee, Pataki, and Romney, Arizona Senator John McCain, who's already signed important Bush supporters didn't work Iowa at all in 2000 and he won't make that mistake again. This year he was front and center at the Iowa state fair." CBS notes, "Just as many Democrats have dropped into the crucial early primary state so far this year. Senators Biden, Feingold, retired General Wesley Clark, former Senators Daschle and Edwards, John Kerry. Remember him? Governors Richardson and Vilsack. Former Virginia governor Mark Warner. Senator Chris Dodd is expected soon. Who hasn't been there? Hillary Clinton. And she's the Democrats' cover girl."

Controversy Over New Stem Cell Research Persists. The Wall Street Journal (9/5, Hamilton, Regalado, 2.03M) reports, "Controversy continues to build over a claim that biotechnology researchers produced stem cells without harming embryos, as outside scientists question whether a fundamental element of the reported experiment undercuts the central contention of the research. Almost two weeks ago, Advanced Cell Technology Inc., of Alameda, Calif., announced that its scientists had produced stem cells 'using an approach that does not harm embryos.' The

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company and its advisers said the experimental technique, involving several cells plucked individually from early stage embryos largely without harm, could sidestep the moral quandaries that have dogged stem-cell research for most of the past decade. … Last week, following concerns raised by critics, Advanced Cell confirmed that none of the 16 embryos used in the research had actually survived. The company hadn't made the embryos' failure to survive clear in many previous public statements. Advanced Cell officials say they haven't misled investors or anyone else about their research."

Number Of Uninsured Children Grows For The First Time In Eight Years. The Washington Post (9/5, A6, Lee, 748K) reports, For the first time since 1998, the number of children younger than 18 without health coverage ticked upward last year by 361,000, along with the overall increase in the ranks of the uninsured, according to census figures released last week. Of the nation's nearly 74 million children, about 8.3 million, or 11.2 percent, lacked coverage in 2005, up from 10.8 percent the year before. The discouraging development surprised some health experts, who attributed the change to budget crunches that led some states to curtail enrollment of children in government-subsidized plans and steady declines in the number of people who receive health insurance through their jobs." The Post adds, "The uptick in the number of uninsured kids could play a major role in next year's debate in Congress over whether to renew the State Children's Health Insurance Program (SCHIP), a nine-year-old federal-state effort to provide health coverage to children of the working poor and near poor."

Christian Coalition Splinters As It Broadens Its Mission. The Los Angeles Times (9/5, Jarvie, 918K) in an article titled, "Christian Coalition Is Splintering," reports, "When Congress was debating bills on embryonic stem-cell research and same-sex marriage back in May, an e-mail from the Christian Coalition of America appeared in activists' inboxes. 'Christian Coalition Announces Support for Net Neutrality to Prevent Giant Phone and Cable Companies From Discriminating Against Web Sites,' it said. For John W. Giles, president of the Christian Coalition of Alabama, the e-mail was yet another sign that the famous political powerhouse of the religious right had strayed from its founding mission: defending marriage, strengthening the family and protecting unborn human life. … Last month, the Christian Coalition of Alabama announced that it was severing ties with the national organization. It's one of a growing number of chapters to express frustration as the Christian Coalition broadens its mission to include issues such as so-called Internet neutrality, the minimum wage and the environment. In March, the Christian Coalition of Iowa announced it was changing its name to Iowa Christian Alliance." And "In July, the Christian Coalition of Ohio pulled out too." The Times notes the Coalition's "annual budget has plummeted, from about $26 million down to $1 million."

Best-Selling Author's Tactics Divide Evangelicals. The Wall Street Journal (9/5, A1, Sataline, 2.03M) reports the teachings of the Rev. Rick Warren, "the best-selling author and church-growth guru," who is "best known for his book 'The Purpose Driven Life,' which has sold 25 million copies" are "dividing the country's more than 50 million evangelicals. Some evangelicals…say it's inappropriate for churches to use growth tactics akin to modern management tools, including concepts such as researching the church 'market' and writing mission statements. Others say it encourages simplistic Bible teaching. Anger over the adoption of Mr. Warren's methods has driven off older Christians from their longtime churches. Congregations nationwide have split or expelled members who fought the changes, roiling working-class Baptist congregations and affluent nondenominational churches."

Arizona Lawmaker Prepares For Deployment To Iraq Or Afghanistan. The New York Times (9/5, Archibold, 1.21M) reports Jonathan L. Paton, "running for his second two-year term in the Arizona House, is one of four Republicans in his district's primary on Sept. 12 who are competing for two seats. The balloting occurs five days after Lieutenant Paton, an intelligence officer in the Army Reserve, is due at Fort Benning, Ga., to prepare for a five-month to six-month tour in Iraq and, maybe, Afghanistan."

Pittsburgh's New Mayor Is Only Twenty-Six Years Old. ABC World News (9/4, story 5, 1:00, Gibson) reported, "In Pittsburgh tonight, there is mourning and milestone. City's Mayor died last Friday and now the new Mayor, you can't help but notice something about the new Mayor. Luke Ravenstahl, the former President of the City Council, succeeded 61-year-old Bob O'Connor, who died of brain cancer on Friday. … If he looks young to you, well, he is. He's only 26."

California Legislature Votes To Erect Statue Of Reagan In US Capitol. The New York Times (9/5, McKinley, 1.21M) reports the California Legislature, "at the behest of a Republican lawmaker, decided that" a statue of Thomas Starr King, a Civil War-era Republican clergyman "should be replaced in the National Statuary Hall at the United States Capitol by one of a more modern Republican with a similar gift for public speaking: Ronald Reagan. The measure, which passed nearly unanimously just before the end of the legislative session on Thursday night, was hailed by State Senator Dennis Hollingsworth, its Republican author, as a fitting nod to the Great Communicator."

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Emanuel And Reed's New Book Described As "Modest" And "Timid." In the Washington Post Jonathan Weisman (9/5) reviews "The Plan: Big Ideas for America" by Rahm Emanuel and Bruce Reed. Weisman writes, "Democrats have received their share of grief from those who say they are bereft of ideas and unable to present an alternative vision of governance after more than a decade as the House's minority party. What is surprising is the 'The Plan' itself. Modest in scope, perhaps even timid, 'The Plan'…is not the product of Newt Gingrich-type visionaries from the political left. It is the creation of Emanuel and Reed, two top aides from Bill Clinton's White House who learned the power of small ball and the perils of swinging for the fences."

Suozzi Says New York's Problems Can't Be Solved "Spitzer-Style." Nassau County Executive Tom Suozzi, a Democratic contender for governor of New York, writes in the Wall Street Journal (9/5, 2.03M), "Over the last 40 years, our state has lost power, population and influence in the national economy. We have the highest local taxes -- 72% above the national average -- a collapsed upstate economy and failing schools. We are No. 1 in the nation for people leaving our state and migrating to other states." Suozzi adds, "New York's problems cannot be solved, [Attorney General and gubernatorial candidate Eliot] Spitzer-style, by issuing subpoenas and press releases, and filing lawsuits. They require a chief executive with experience successfully managing a $2.4 billion enterprise." Suozzi continues, "Mr. Spitzer can't lose, it is said, because he has all the endorsements and all the money from the same interests that have contributed to our woes -- lobbyists, trial lawyers, Medicaid profiteers and public employee unions. If he does win, he will have already squandered a real mandate for change, because he has not told us what changes he wants, or what he stands for -- a clear signal that however often he repeats the 'reform' mantra, business as usual will go on."

Condom Distribution In Prisons Said To Effectively Combat The Spread Of AIDS. The New York Times (9/4) editorializes, "The United States will never control the spread of H.I.V. until it takes stronger measures in prison, where unprotected sex and intravenous drug use are commonplace — and the AIDS infection rate is nearly five times that of the general population. … The need for condom programs behind bars was underscored last spring in a bulletin from the Centers for Disease Control and Prevention that documented the cases of 88 men who became H.I.V. positive while serving time in George state prisons. The C.D.C. concluded that unprotected sex among prison inmates was indeed taking place — despite denials by prison officials and rules forbidding it — and urged states without condom programs to investigate the feasibility of starting them. The California State Legislature took the C.D.C. at its word last month, passing a landmark condom distribution bill that clearly deserves Gov. Arnold Schwarzenegger's signature. The bill, spearheaded by Assemblyman Paul Koretz, Democrat of West Hollywood, would allow public health agencies to enter the prisons and hand out condoms to inmates who want then."

NYTimes Ponders Potential "Hangover" From Housing Slowdown. In an editorial titled "It Was Fun While It Lasted," the New York Times (9/5, 1.21M) says, "With economic signals flashing that the housing boom is over, speculation has now turned to how deep the slump will be and how long it will last, with predictions ranging from a smooth descent to a tooth-rattling plunge. Come what may, conventional wisdom holds that as long as you don't plan to sell your house any time soon, you'll be OK. The downturn is unlikely to wipe out all of your accumulated gains -- the thinking goes -- so you can cash in later. … The house party is over, but we don't yet know how bad the hangover is going to be."

WPost Endorses Fenty For DC Mayor. The Washington Post (9/5, A18, 748K) endorses Adrian M. Fenty in the Democratic mayoral primary in Washington DC, writing that "there is a can-do quality in him that suggests the government can be reformed, that schools can be rebuilt and that institutions in this city can come together to improve people's lives. He offers a vision of the city that challenges the best in people."

Annan Says He Will Mediate Release of Two Kidnapped Israeli Soldiers. ABC World News (9/4, story 3, 0:15, Gibson) reported, "United Nations Security General Kofi Annan said Israel and Hezbollah agreed to indirect talks for released of two kidnapped Israeli soldiers. He said a secret UN mediator would lead the negotiation."

The New York Times (9/5, Hoge, 1.21M) says it remains "unclear, however, what form such talks, or any resulting agreement, would take. Israel insists it will never talk directly with Hezbollah." Meanwhile, CNN's The Situation Room (9/4, Koppel) reported Annan "says that his envoy must be the only mediator, and if any other groups get involved, he said the UN will withdraw."

The AP (9/5) says Annan's remarks "raised the possibility of a prisoner swap to win the soldiers' release, an exchange which Israel has repeatedly rejected, at least in public. Until now, Israel had insisted that it would not hold any contacts with Hezbollah, but its government has been under increasing domestic pressure to bring the two home." Annan "did not say whether a prisoner swap was on the agenda for the mediation effort, and Israel on Monday repeated its

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stance demanding an unconditional release of the soldiers." The AP calls a resolution of the two IDF soldiers' captivity "crucial to preserving the fragile 3-week-old cease-fire."

Jakarta Facing Domestic Pressure To Curb Deployment. The Financial Times (9/5, Donnan) notes Jakarta's "decision to send 1,000 peacekeepers to Lebanon as part of a United Nations force is coming under domestic attack as President Susilo Bambang Yudhoyono faces growing criticism over stalling reforms." A former peacekeeper in Bosnia, Yudhoyono "has made efforts to get involved in resolving crises such as the nuclear stand-offs in Iran and North Korea. But the deployment comes amid increasing signs that not everything at home is going as well as promised with Mr Yudhoyono's pledges to lure badly needed foreign investment, boost economic growth, and reduce the ranks of Indonesia's poor yet to materialise." Some "Indonesian officials argue that the Lebanon commitment is aimed in part at addressing domestic problems. Sending troops to the Middle East, they say, takes the thunder away from increasingly vocal Islamist groups, some of which want to send their own Jihadist members there."

Qatar Sending Troops To Lebanon. NBC Nightly News (9/4, story 5, 2:45, Brown, 9.87M) reported, "The first Arab nation has agreed to contribute to the peacekeeping force in southern Lebanon. Part of the deal that ended the recent 34 days of fighting between Israel and Hezbollah. Qatar will send a few hundred troops."

Siniora Pushes For Lebanese Control Of Borders. The Washington Post (9/5, A12, Cody, 748K) notes Beirut "sought to reassert authority over its air and sea borders Monday in the face of a seven-week-old Israeli blockade. Prime Minister Fouad Siniora said he would take up a German offer to help patrol the waters off Lebanon and seal the land border with Syria only after agreement on operating rules that make clear that the Lebanese military is in charge. His position flew in the face of an Israeli demand that international troops be the ones who guarantee that transport in and out of the country does not include weapons or other supplies for the Hezbollah militia." The Post says Siniora's position "reflected outrage among Lebanese and an effort by the government to reassert its sovereignty," and adds that Israeli insistence of UN control of the borders "has prolonged a situation in which some of the most important government functions -- security and border controls -- are being assumed by others." For its part, Hezbollah has said "it will not oppose assignment of U.N. troops to help the Lebanese navy patrol offshore or to monitor Beirut's international airport and its once-busy seaport." Inside Lebanon, the blockade "has generated resentment across the political landscape because it dramatizes Israel's continued violation of Lebanese sovereignty. In addition, Lebanon's battered economy needs foreign trade in order to start down the road to recovery."

Khatami Backs Two-State Solution In Middle East. The Washington Post (9/5, A16, Wright, 748K) reports, "The stormy saga between the United States and Iran takes one of its most unusual turns since the 1979 revolution as former Iranian president Mohammad Khatami arrives in Washington to give a major address on Thursday, the same day that the Bush administration holds talks in Europe on new U.N. sanctions on Tehran." His US tour "has ignited both controversy and curiosity -- infuriating former hostages from the 1979-1981 US Embassy seizure and alarming some in Congress but winning praise from foreign policy experts. The former president's speech at Washington National Cathedral is a hot ticket, with attendance now by invitation only." On the nuclear issue, the Post notes Undersecretary Burns "will meet in Berlin on Thursday with diplomats from Britain, China, France, Germany and Russia to discuss which sanctions to impose on Iran, the first leg of what may be a heated debate. The administration hopes Secretary of State Condoleezza Rice will be able to wrap up the resolution when she attends the General Assembly opening later this month."

The Financial Times (9/5, Dinmore, Bozorgmehr) notes Khatami "says Iran would accept a Palestinian state 'ready to live alongside Israel' if the elected Hamas government freely adopted such an outcome." The Times calls Khatami "a reformist" and says he "distanced himself from the hardline statements expressed by" President Mahmoud Ahmadinejad. About his remarks in Chicago, the Times reports, "Criticising the Bush administration's approach to the 'war on terror,' Mr. Khatami said the US was fanning conflicts and inflaming sentiments. On the nuclear issue, he reiterated Iran's rejection of US demands for Iran to suspend uranium enrichment as a precondition for talks." On the two-state issue, the Times says, Khatami "stressed his words represented Iran's policy." Of his trip to the US, the Times adds, "How his message will be digested by the Bush administration remains unclear. The State Department ignored the protests of neoconservatives and hardline pro-Israel lobbyists by granting him a visa, but US officials are under instruction not to meet him and walked out of the Islamic Society's Chicago convention before he spoke. Nonetheless, the State Department impressed the Iranian delegation by providing elaborate security."

Khatami Says US Troops Should Remain In Iraq For Now. USA Today (9/5, Slavin, 2.27M) reports Khatami also said Monday that "US forces should remain in Iraq until that country's fragile government can assume greater control." In an interview, Khatami said, "We can't leave this newly formed government at the mercy of terrorists and insurgents."

Bolton Says Options Available If Security Council Refuses To Impose Sanctions On Iran. Ambassador Bolton was asked on MSNBC's Hardball (9/4) if the UN

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Security Council will agree to sanctions against Iran. Bolton said, "I don't think we know at this point. I think this is going to be a major test of the Security Council, to see whether it's capable of dealing with the serious proliferation threat that Iran poses. Now, the foreign ministers who are the five permanent members of the council, plus Germany, have agreed that if we came to the point that we've reached, that they would seek sanctions in the Security Council. So we're certainly prepared to do that when we get the instruction to proceed up here. Whether the council will actually produce a resolution with sanctions remains to be seen." Asked what options are left if the Security Council does not agree to sanctions, Bolton said, "There are a number of other steps we could take. Most significantly, lots of countries can impose sanctions on Iran without action by the Security Council, the European Union, Japan, others. Just as the United States has unilaterally imposed almost total economic sanctions in terms of bilateral transactions, other countries could do the same thing."

Iranian Economy Called A "Wreck." USA Today (9/5, Lynch, 2.27M) reports Iran's "economy remains a dysfunctional wreck. Neither wholly free nor entirely socialist, the Iranian market is a ramshackle hybrid buttressed by lofty oil prices. One year after Mahmoud Ahmadinejad was elected president on a vow to share Iran's oil wealth with the poor, Tehran's army of jobless men is a reminder of the squandered potential that characterizes revolutionary Iran." Although "[t]he official unemployment rate is 11%,...economists such as London Metropolitan University's Parvin Alizadeh say the actual total is twice that figure." US "sanctions prevent Iran from tapping the best U.S. technology to fully exploit its massive oil and gas reserves. So daily oil output of about 4.2 million barrels is almost one-third below its 1970s-era peak." USA Today says, "Three years of confrontation between Iran and the U.S. over the nuclear issue have chilled domestic businesses that depend upon the outside world." Since Ahmadinejad's election, the Teheran Stock Exchange "has dropped 32%." USA Today writes, "In classic populist fashion, the Iranian president is pursuing policies that emphasize short-term improvements at the expense of long-term economic health." Moreover, "[t]he economic landscape may be about to darken" with the possible imposition of UN economic sanctions.

Hamas Support Eroding Among Palestinians. The Christian Science Monitor (9/5, Mitnick, 58K) reportson signs that "a US and European aid boycott of the Islamic militant-led government is sowing widespread disillusionment with Hamas. … To be sure, Hamas knows that its majority rule in parliament is safe for now because Fatah hasn't recovered from the January election landslide. So instead of the Islamic-led government falling, it may strike a compromise to invite" Fatah to form "a unity coalition." The Monitor adds, "Over the past few weeks, representatives from Hamas and Fatah have been negotiating over the makeup of a unity cabinet and what the policy of the new government would be toward Israel."

The Washington Times (9/5, Mitnick, 88K) runs a similar story under the headline "Hamas Crippled By Failure To Pay Workers," in which it says, "At a time when Hezbollah has enjoyed a surge in popularity throughout the Arab world from the monthlong war with Israel, the Hamas-led government is losing support over its inability to pay salaries of government employees."

Olmert Announces New Home Construction In West Bank. The New York Times (9/5, Erlanger, 1.21M) reports Israeli Prime Minister Ehud Olmert "authorized construction bids on Monday for another 690 homes in the occupied West Bank in the face of pro forma American criticism. The houses will be built in Maale Adumim and Betar Illit, two settlements near Jerusalem that the Israeli government says it intends to keep in any agreement with the Palestinians." While Olmert has promised "to pull thousands of Israeli settlers out of the West Bank, beyond the route of Israel's separation barrier, has been clear about keeping and expanding settlements inside the barrier, even though they are on land occupied since the 1967 war." The Times says US "criticism has had little effect on Israeli policy in the past, and is not expected to matter in this case. In general, Israel says it is not 'expanding' settlements, but 'thickening' them within existing built-up areas."

Hill Says One-On-One Talks Between US, North Korea Are Possible. CNN's The Situation Room (9/4, Koppel) reported, "Assistant US Secretary of State Christopher Hill says one-on-one talks between the US and North Korea are possible, but only if Pyongyang returns to six-party negotiations." Hill "is visiting Asia, in hopes of restarting the talks, which stalled last November. He arrived in Tokyo today."

Khartoum Says AU Darfur Force Must Leave Unless It Avoids UN Takeover. The New York Times (9/5, Polgreen, 1.21M) reports Khartoum "delivered an ultimatum on Monday to the African Union force trying to monitor a shaky peace deal in Darfur, telling it to extend its mandate without handing off to the United Nations or pack up and leave by the end of the month." The AU force said the government had given them "one week to decide whether to accept a proposal to pay for its peacekeeping mission with money raised by the Arab League instead of turning over command to the United Nations." The Times says Khartoum's "move appeared intended to stymie [the] Security Council resolution passed last week." The Times notes a

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growing "showdown" over the future of the AU force, and says Darfur "has slid deeper into chaos in the past three months." The AP (9/4, Osman) adds Khartoum "said Monday that African Union peacekeepers will have to leave Darfur unless they accept a deal within a week that would effectively block a proposed U.N. force."

On its front page today, the Washington Post (9/5, A1, Timberg, 748K) details the conditions of the conflict on the ground. Khartoum "has dramatically intensified the war in Darfur in a bid to finish off a tenacious, three-year-old rebellion before a U.N. peacekeeping force can deploy there. … Bombing raids on villages and increasingly aggressive ground attacks are allowing government forces to drive back rebels while also pushing tens of thousands of civilians into already overflowing camps." The AU force "has been threatened with expulsion by the government" and "many humanitarian groups have curtailed operations there because of the dangers presented by the new fighting." The Post adds, "The new push by government forces and the uncertainty surrounding peacekeeping efforts could produce a fundamental shift in the fighting in Darfur." While rebel forces "are mounting counterattacks where possible," they are forced to give "up ground rather than face thousands of fresh, heavily armed government troops who have replaced the irregular militias that served as proxy fighters for much of the conflict." One analyst is quoted saying, "The balance of power is going to shift in favor of the government. ... What they want is to change the reality on the ground to make irrelevant the deployment of the international force."

Somali Government, Islamic Militias Reach Accord. The AP (9/5, Muhumed) reports, "Somalia's weak government and an Islamic militia that controls much of the south signed an agreement late Monday to eventually form a unified national army." The deal "did not specify when it would go into effect. Talks were to resume Oct. 30 in Khartoum. Both sides also agreed to form a peace committee in order to determine how to implement the plan." Islamic militia leaders "agreed" not to "take any more territory and instead wait for the Oct. 30 talks. Both sides also agreed to stop the use of propaganda against each other." The AP adds, "A coalition of east African nations will discuss peacekeepers in Somalia [today] at a meeting in Nairobi, Kenya."

Russia To Liberalize Electric Power Industry. The Wall Street Journal (9/5, White, 2.03M) reports, "Facing a worsening energy crunch as its economy outgrows aging infrastructure, Russia is going ahead with a sweeping liberalization of its electric-power industry aimed at drawing $87 billion in investment to the sector by 2010. The overhaul will phase in market-driven pricing for power, which now is sold mostly at low, regulated rates." The Journal says, "Private investors, including foreigners, will be given the chance to own generating companies, selling the electricity they produce at free-market prices." The overhaul comes "as industry officials and analysts warn of a looming crisis. More than five years of economic expansion running above 5% a year have fueled a big increase in demand for electricity, while state ownership and regulated rates in the power sector stifled investment in new projects." The Journal reports, "Though the liberalization program has been in the works since 2001, it took a string of blackouts and supply crises in the last year to overcome bureaucratic and political opposition." Some have criticized the "plan for being too timid, particularly because moving to completely free-market prices will take between five and 15 years."

Attack On Georgian Official's Helicopter Renews Tension Over South Ossetia. The Washington Post (9/5, A14, Finn, 748K) reports, "Tension between Russia and Georgia, never far from the surface, flared anew Monday after a helicopter carrying the Georgian defense minister was shot at by separatists in a breakaway enclave supported by Russia. The helicopter carrying Defense Minister Irakly Okruashvili was hit several times and forced to make an emergency landing Sunday after it flew over South Ossetia, a region that has declared independence from Georgia and receives diplomatic and financial backing from Moscow." Russia "accused Georgian authorities of deliberately violating the terms of a cease-fire that bans Georgian craft from flying over the province." The Post adds, "The Georgian Interior Ministry also said Monday that on Aug. 28 a helicopter carrying…a delegation of U.S. senators led by John McCain (R-Ariz.) was fired on by South Ossetian forces -- a charge that was quickly rejected by U.S. officials. 'The shots were fired at a different helicopter, and Senator McCain's helicopter was nowhere near where the incident took place,' said a spokesperson for the U.S. Embassy in Tbilisi."

Prominent Kenyan Landowner In Prison Over Shooting Deaths. The New York Times (9/5, Gettleman, 1.21M) reports the British owner of a large ranch in Kenya "is in Kamiti maximum security prison in Nairobi, the rare white face behind bars in this country, awaiting trial in a murder case that is dividing Kenya. Because in little more than a year, he has shot and killed two black Kenyans on his ranch. … White farmers in Kenya, an increasingly beleaguered and endangered species, are deeply sympathetic. They say that crime is out of control and the police are useless, and that the bush, however beautiful, is awash with guns."

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Illegal Small Arms Trade Blamed For Stoking Violence In Africa. In an op-ed for the New York Times (9/5, 1.21M) Mvemba Phezo Dizolele, a journalist, and Rachel Stohl, a senior analyst at the World Security Institute's Center for Defense Information, write, "Despite the presence of the world's largest peacekeeping mission, the Democratic Republic of Congo remains in the grip of civil war. The reason is clear. A flood of small arms and light weapons undermines the 17,000 United Nations troops' mandate to protect civilians. In this country where war has raged since 1998, the results of the uncontrolled small arms trade have been brutish, but they have not been unique. Similar devastation from small arms occurs worldwide. Though the United Nations held a conference this summer to review efforts to control the trade, nothing was accomplished. To their shame, governments could not agree even on possible steps forward."

AIDS Conspiracy Continues To Roil Libya. In an op-ed for the Wall Street Journal (9/5, 2.03M) former New York Times reporter Judy Miller writes, "Before the Bush administration took Libya off the terrorist-state list and restored full diplomatic relations in June, U.S. officials insisted that Libya find a way to release five Bulgarian nurses and a Palestinian doctor who have been imprisoned since 1999 and sentenced to death for allegedly infecting 434 children in Benghazi with HIV, 52 of whom have already died of AIDS. … While diplomats said they have faith in a deal, quietly devised with Libyan officials, that would free the medics and ensure better medical care for the infected children, they fear it could still collapse.

Lopez Obrador Said To Have "Seriously Damaged Mexico's Young Democracy." In an op-ed for the Washington Post (9/5, 748K) Enrique Krauze, editor of the magazine Letras Libres, writes, "What would an American think if, after a campaign as heated as the Kerry-Bush race, the losing candidate had declared himself the winner the night of the election, claimed 'massive fraud' a few days later and orchestrated a sit-in of his followers (many of them directly paid by the local PRD government) on the Mall in Washington, blocking access to the neighboring streets and affecting businesses and government offices? That is exactly what Andrea s Manuel Lopez Obrador has done. In articles and interviews published in the international press (written in a misleading tone of civility, far from that of his incendiary speeches), Lopez Obrador has seriously damaged Mexico's young democracy by trying to sustain the unsustainable: that Mexico today is the same as Mexico in the days of PRI rule."

NYTimes Draws Attention To Exploitation Of Children In Haiti. The New York Times (9/5, 1.21M) editorializes, "Today, tens of thousands of Haitian children live lives of modern-day bondage. Under the system known as 'restavek,' a Creole word meaning 'stay with,' these children work for wealthier families in exchange for education and shelter. They frequently end up cruelly overworked, physically or sexually abused, and without access to education. The most effective way to root out this deeply oppressive but deeply ingrained system would be to attack the conditions that sustain it — chiefly, impoverished, environmentally unsustainable agriculture and a severe shortage of rural schools."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Security Is Atop GOP's Agenda."
"The Enemies In Their Midst."
"This Mommy Track May Go Somewhere."
"Caught in a Power Struggle."
"Chinese Log On For Retribution."
"A High-Wire Naturalist With A Lens."

USA Today:
"IRS Sends Collection Agencies Calling For Back Taxes."
"Suspected Cop Killer Sought In N.Y."
"Friendship Eases Pain Of Loss For 9/11 Widows."
"Deadline To Break Taliban: 6 Months."
"Richards' Plan."

New York Times:
"G.O.P. Sets Aside Work On Immigration."
"Developer Said To Cut Size Of Brooklyn Project."
"Officials Slow To Hear Claims Of 9/11 Illnesses."
"Afghan Symbol For Change Becomes A Symbol Of Failure."
"Up For Re-Election, And Backing His Stand On Iraq By Deploying."
"Kenya Killings Put Aristocrat In Racial Fire."
"An Online Game, Made In U.S., Seizes The Globe."

Washington Post:
"Sudan's Offensive Comes At Key Time."
"Autism Risk Rises With Age Of Father."
"Candidates Hustle On A Day Of Politics And Parades."
"'Mortgage Moms' May Star In Midterm Vote."
"'Crocodile Hunter' Stalked Danger."
"For Conservative Muslims, Goal Of Isolation A Challenge."

Washington Times:
"The Flameout Of The Plame Game."
"Annan Seeks Mediation."

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"Crocodile Hunter Killed By Stingray."
"History Favors Democrats In Congress races."
"Rallies Fail To Energize Hispanic Turnout."

Detroit Free Press:
"Affirmative Action Ban Isn't Black And White."
"All Eyes On Couric."
"No Deal Yet For Detroit Teachers."

Atlanta Journal-Constitution:
"Taylor, Perdue Chase Votes."
"Tip Your Hat To History."
"Worker Picnic A Farewell."
"Values Voters In Bipartisan Tug Of War."
"Women Of Substance Fill TV Anchor Roles."

Houston Chronicle:
"Ship Channel Goes High-Tech Against Terror."
"U.N. Will Mediate Talks On Prisoner Release."
"Immigration Reformers Rally Again, But Protests Haven't Led To Ballot Box."
"A Debut Times Three."

Story Lineup From Last Night's Network News:
ABC: Midterm Elections; Iraq-Sectarian Violence; Israel-Hezbollah Talks; Deadly House Fire; Pittsburgh's New Mayor; Steve Irwin Obit; Power Outages; Liberal Documentary; Mini Cows.
CBS: Campaign Season; Steve Irwin Obit; Sectarian Violence; Afghanistan Violence; Immigration Debate; Tropical Storm Florence; Stingrays Can Kill; Battle For Earmark Reform; Hubble Refit.
NBC: Steve Irwin Obit; White House Response-Critics; Qatar Sending Troops-Lebanon; Immigration Debate-Farming; Home Remodeling-For Old Age; Tiger Woods Wins Again; Low State Fair Attendance.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iran-Nuclear Program; Annan-Mideast War; Iraq-Bodies Found.
CBS: Study-Lactose Intolerance; Jerry Lewis Telethon; Study-Older Fathers, Autism; Bush-Labor Day Speech; Labor Day Immigration Rallies.
NPR: Bush-Labor Day Speech; Labor Day Immigration Rallies; Qatar-Troops To Lebanon; US Soldiers-Murder Charges; Iraq-Bodies Found; Mexico-Presidential Election; Deutsche Bank Open.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the Emir of Kuwait; speaks on the war on terrorism, Capital Hilton Hotel.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 11 a.m. The Senate reconvenes and resumes consideration of H.R. 5631, the DOD appropriations bill.

4:15 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on the nomination of Ronald Tschetter to be Peace Corps Director. Location: Room 419, Dirksen.

US House: No Scheduled Events.

Other: THE EMIR OF KUWAIT _ Highlights: 11 a.m. Meets with President Bush. White House. 1:45 p.m. Meets with Secretary of State Condoleezza Rice. State Department.

ANTI-WAR CAMP _ Anti-war groups begin a 17-day event called ``Camp Democracy", which they say is a non-partisan camp for peace, democracy, and the restoration of the rule of law. The encampment was formerly at Crawford, Texas. Highlights: 1:30 a.m. - 3:45 a.m. Roundtable Discussion (Veterans and Military Families), ``Why Bring Them Home Now: How to pressure the government to Bring Them Home Now." 8 a.m. Participants meet at 1st and Independence March Vigil around Capitol Building to ``remember the fallen and remind Congress of the human cost of the War in Iraq." 8:30 a.m. Vigil symbols march around the Capitol (Tombstones, Crosses and Boots. 9:30 a.m. Move back to Camp Democracy. 10:30 a.m. Noon Key Voices Focus on the war and Iraq press conference, with representatives from IVAW, MFSO, GSFP, VFP. Opening Ceremony with David Cline opening statement; Piscataway Nation Ceremony; Reverend Yearwood; Moment of Silence to Remember Fallen both combatants and civilians. Veterans and Military Families Speak Out. 4 p.m. - 5:30 p.m. Panel on lack of benefits for returning vets, including health, employment, and housing. 7:30 p.m. Panel and ``Ground Truth Documentary: Post Traumatic Stress Disorder and the Hidden Cost of War." Location: Constitution Avenue and 14th Street NW.

HAMEL-ALASKAN PIPELINE _ 10 a.m. Oil industry whistleblower Chuck Hamel addresses a National Press Club newsmaker media briefing. He will discuss system-wide problems in the Trans-Alaska Pipeline. Location: National Press Club, Zenger Room.

JENKINS-TERRORISM _ 11 a.m. RAND Corporation terrorism expert Brian Michael Jenkins holds a news briefing on the state of the war on terrorism and to discuss his new book, ``Unconquerable Nation: Knowing Our Enemy." Location: RAND Corporation, 1200 S. Hayes St., Arlington, Va.

DEMOCRATS-NATIONAL SECURITY _ 12 p.m. Senate Democratic Leader Harry Reid joins Assistant Democratic Leader Dick Durbin; House Democratic Whip Steny Hoyer; Senate Armed Services Committee Ranking Member Carl Levin; Senator Thomas Carper; Gen. Wesley Clark ret., and Sharon Burke, director of the Third Way

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National Security Project for the release of ``The Neo Con, a new report detailing what sponsors say is the ``Bush Republicans failure to secure America" and successfully fight the War on Terror in the five years since the attacks of September 11, 2001. Location: Room, S-211, Capitol.

MIDEAST _ 12:15 p.m. The New America Foundation holds a discussion of U.S. strategy for Iran, Syria and the Mideast, with Flynt Leverett of the foundation, Midahel Tomasky of The American Prospect, others. Location: 7th floor, 1630 Connecticut Ave. NW.

BLACK CAUCUS-ISSUES _ 1 p.m. The National Press Club hosts a newsmaker news briefing with members of the Congressional Black Caucus, led by Chairman Rep. Melvin Watt, D-N.C. Topics include midterm elections, immigration reform, Iraq War, Darfur genocide, and the Voting Rights Act. Location: National Press Club, Murrow Room.

KUWAIT _ 1 p.m. - 2 p.m. Kuwaiti Minister of Trade and Commerce Falah Al-Hajiri speaks on US-Kuwaiti business relations at a US Chamber of Commerce luncheon. Location: US Chamber of Commerce, 1615 H St. NW.

DEATH PENALTY _ 2 p.m. - 4 p.m. The Brookings Institution sponsors a judicial issues forum, ``What Should be the Future of the Death Penalty?" Panelists are: Rep. Dan Lungren, R-Calif.; Ruth Friedman, director of the Federal Capital Habeas Project; Kent Scheidegger, legal director and general counsel, Criminal Justice Legal Foundation. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

TAIWAN-CHINA RELATIONS _ 4 p.m. - 5:30 p.m. The Woodrow Wilson Center's Asia Program hosts a presentation, ``Toward Peacful Relations across the Taiwan Strait: Taiwan's Perspective," by Dr. Joseph Wu, chairman of Taiwan's Mainland Affairs Council. Contacts: Mark Mohr (2026914011). Notes: Please RSVP by email to Mark Mohr at mark.mohrwilsoncenter.org or at the number listed below.

FEDEX-KING MEMORIAL _ 7 p.m. FedEx will announce a $1 million contribution for a new memorial to Dr. Martin Luther King, Jr. to be built on the National Mall. In honor of the donation, Grammy nominated vocalist Oleta Adams will perform and Congressional leaders and Members of the Congressional Black Caucus will attend. Partcipants include: Congressman Harold Ford, Jr.; vocalist Oleta Adams; Andrea Roane, Master of Ceremonies; Gina Adams, FedEx Corporate Vice President for Government Affairs; and Harry E. Johnson - President and CEO of the Washington, DC Martin Luther King, Jr. National Memorial Project Foundation, Inc. Location: On the roof deck of 101 Constitution Ave. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, SEPTEMBER 5, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Study Finds Fewer Terror Prosecutions (AP-Y) 3
Study Finds Sharp Drop In The Number Of Terrorism Cases Prosecuted (NYT) 5
Terrorism Prosecutions Drop (WP) 6
U.S. Sees Drop In Terror Prosecutions (UPI) 7
After A Surge, US Terror Prosecutions Drop To Pre-9/11 Levels (CSM) 8
Fear Factor (TNR) 9
Terror Trial Unlikely Before 2008 (FT) 11
Airline Plot Trial May Be Delayed To 2008 (USAT) 12
Trial In Plane Plot May Wait Till '08 (WP) 12
British School, Searched In Inquiry, Was Used To Train Police (NYT) 13
Police Search Islamic School In South Britain (NYT) 15
The Enemies In Their Midst (LAT) 16
In Britain, The Jihadi Is Us (WSJ) 19
Al Qaeda In Iraq's No. 2 Reportedly Arrested (LAT) 21
Iraq Cites Arrest Of A Top Local Insurgent (WP) 22
Iraqi Official Reports Capture Of Top Insurgent Leader Linked To Shrine Bombing (NYT) 24
33 Bodies Found Scattered Across Baghdad (AP-Y) 25
No. 2 Al Qaeda In Iraq Caught (WT/AP) 26
American In Qaida Video Not High-ranked (AP) 27
Latest Al-Qaida Message Seen As PR Bid (AP-Y) 28
A Mystery Man Who Keeps The FBI Up At Night (LAT) 29
Accepting 'The New Normal' (USNEWS) 33
What We've Learned (TIME) 34
The 'Islamofascists' (NSWK) 35
The Nation That Fell To Earth (TIME) 36
Viewing 9/11 From A Grassy Knoll (USNEWS) 37
Why The 9/11 Conspiracies Won't Go Away (TIME) 37
Setting The Record Straight (TIME) 39
Bump And Grind At Ground Zero (USNEWS) 40
Men On A Mission (USNEWS) 41
Gunman Kills British Man And Wounds 6 In Jordan (NYT) 41
Man Opens Fire At Tourists In Jordan's Capital (WP) 42
For Conservative Muslims, Goal Of Isolation A Challenge (WP) 43

Homeland Response:

Airline-security Incidents Seen As Terrorist Feints (WT) 47
Domestic Security Since 9/11 Is Barely Better, Schumer Says (NYT) 48
Young U.S. Muslims Strive For Harmony (WP) 49
Regional Officials Take On A Simulated Terror Attack On L.A. (LAT) 53
The Terror Consigliere (TIME) 56
Officials Slow To Hear Claims Of 9/11 Illnesses (NYT) 57
Friendship Eases Pain Of Loss For 9/11 Widows (USAT) 60
Storms Remain 'A Threat Hanging Over Market' (WSJ) 62
East Tries To Dry Off After Ernesto (USAT) 63

War News:

Democrats Urge Pentagon Changes (WP/AP) 64
Who Set The Wayback Machine For 1939? (WP) 65
40 Bodies, Many Blindfolded, Are Found In Baghdad; 1980's Execution Site Is Also Uncovered (NYT) 66
7 U.S., British Troops Killed In Iraq Attacks (WP) 67
Iraqis Kill 14 Gunmen Near Karbala (USAT) 68
33 Bodies Found In Baghdad; 7 In Coalition Killed (WT/AP) 69
Killings In Baghdad Escalate Over Past Week (LAT) 69
UN Call For Freer Hand To Defeat Taliban (FT) 71
Deadline To Break Taliban: 6 Months (USAT) 71
U.S. Planes Mistakenly Hit Canadians In Afghanistan (WP) 72
Afghan Symbol For Change Becomes A Symbol Of Failure (NYT) 73

Corporate Scandals:

Securities Trial Begins In Japan For Livedoor Ex-Chief Horie (WSJ) 81
Pleading Not Guilty, Livedoor Founder Remains Defiant (WP/AP) 81
One Route Seems Closed, So Lawyers Try Different Lawsuit In Stock-Option Scandal (NYT) 82

Criminal Law:

Thursday, Capital Grille; Friday, Federal Court (WP) 84
House Of Horrors (USNEWS) 87
Rev. Willis May Not Speak At Ryan's Sentencing, Judge Rules (AP) 88
Willis Father Won't Testify (CHIT) 88
Willis Not Allowed To Testify At Ryan Sentencing (CHIST) 89
Suspected Cop Killer Sought In N.Y. (USAT) 90
The Flameout Of The Plame Game (WT) 90
The Plame Blame Game (LAT) 94
Laws Address Dogs' Potential For Danger (USAT) 94

Civil Law:

Judge Shelves Efforts By Airbus To Disqualify Boeing's Lawyers (WSJ) 95
Big Tobacco, Lawless As Ever (WP) 96

Civil Rights:

White House Fights Race-Based Admissions Policies (WP) 97
Inside Politics (WT) 98
Emmett Till Bill Before U.S. Senate (JCL) 99
Furor Over Lethal Force By Police Points To Cost (LAT) 101
In Search Of Accurate Vote Totals (NYT) 102
Hands Off Constitutions (WP) 103

Antitrust:

Clear Skies Behind Easing Of Airline Rules, KLM's 20-Year Urge To Merge (WSJ) 105
Stanley Leisure Gets Tie-Up Offer After Failed Deal (WSJ) 107
EU Clears GE, Credit Suisse Project (WP/AP) 108
Backers Of Wright Bill Face Tight Deadline (FWST) 108

Environment:

Bush: Reliance On Foreign Oil Stunts Growth (USAT) 110
Bush Labor Day Address Cites Tax Cuts, Foreign Oil (WT) 110
Ehrlich, Steele Absent From President's Md. Visit (WP) 111
Bush Marks Labor Day In Md. (BSUN) 112
Forsaking Politics, Bush Has Low-Key Labor Day (NYT) 113
Bush Says Education Is Key For Workers (LAT) 114
Dip In Gas Prices May Lift Entire Economy (CSM) 115
GOP: Gas Gimmick Is Illegal (RC) 116
Formula Change Worries Keep Diesel Prices Up (USAT) 117
Oil Prices Ease As Demand, Risk Fall (WP/BLOOM) 118
BP Hires Former Judge To Be U.S. Ombudsman (WSJ) 118
Staining The Land Forever (NYT) 119
Tree-Planting Drive Seeks To Bring A New Urban Cool (WP) 120
Errors, Costs Stall Nuclear Waste Project (LAT) 122
True Wilderness, And False (NYT) 125

FBI/DEA/ATF/USMS:

Drug Agency Probing Sacramento Fire's Missing Morphine (AP) 126
Probe Widens In Firetruck Drug Thefts Who Took Morphine From Sealed Vials? Feds Are Called In To Help. (SACBEE) 126
Texas Sees Spike In Demand For Stronger Meth From Mexico (AAS) 127
Border Patrol At Top Nationally In Detainments, Seizures (BH) 130
Colombian Warlord's Body Found In Grave (AP) 131
Once A Progressive State, Minnesota Is Now A Fief Of The N.R.A. (NYT) 132

Immigration:

Immigration Drops Off The Political Calendar (USAT) 133
G.O.P. Sets Aside Work On Immigration (NYT) 134
Rallies Fail To Energize Hispanic Turnout (WT/AP) 136
Immigrant-rights Supporters Rally Outside Hastert's Home Office (CHIT) 136
Rallies Sound The Drumbeat On Immigration (NYT) 138
Immigrant Advocates Rally For Change In Ariz. (USAT) 138
Graham Poses For GQ, Or Does He? (RC) 139
We're Just Enforcing The Law (USAT) 140
Congress' Fiddling Leaves Cities Fighting Illegal Immigration (USAT) 141

Tax:

Bookie Says IRS Can't Prove He Owes $2.4 Million In Taxes (CLPD) 142
IRS Sends Collection Agencies Calling For Back Taxes (USAT) 143
Attacking Inequality (WP) 143

Congress-Administration:

Congress's Fall Agenda Takes Shape (WSJ) 144
GOP Readies Security Theme (RC) 146
Security Is Atop GOP's Agenda (LAT) 148
Congress's Last Stand (WSJ) 149
A Millionaire Club Of High Court Justices (LAW) 150

DOJ_NMG_0056893

Justices Around The World (WP) 152
White House On Hunt For A Medicare Chief (NYT) 152
Medicare Chief May Step Down, For Think Tank Or Academic Job (WSJ) 153
Washington Whispers (USNEWS) 154
Tomlinson: Horsing Around At The Office? (NSWK) 155
Congress's Agenda Includes Pay Raise, Personnel Issues (WP) 155
Organizing Gambit (WSJ) 156
Health Policy Malpractice (NYT) 157

Other News:

Law May Hasten Decline Of Pensions (LAT) 158
Cost Of Pensions Adds To Factory Town's Troubles (NYT) 160
Felt Called Too Ill For Travel To Court (WT) 162
Democrats Poised To Take Control Of The House (RC) 163
The Rise Of The Lincoln Democrats (WP) 165
History Favors Democrats In Congress Races (WT) 166
Senator Backs The War In Iraq And Rumsfeld In A TV Debate (NYT) 168
Santorum Defends President, Iraq War (WP) 169
Casey And Santorum Mix It Up (WT) 170
Independent Bid For Chafee 'Off The Boards' (WT) 171
'Mortgage Moms' May Star In Midterm Vote (WP) 172
Poll: Michigan Governor Race About Even (AP-Y) 174
NRA Finds A Welcome Audience At State Level (WP) 175
Armey Mobilizing Troops For Battle (RC) 176
Candidates Hustle On A Day Of Politics And Parades (WP). 178
Webb Put To Test With Vietnam Case (WT) 179
Hackles Start Rising In Race For Florida Governor (NYT) ... 181
Hopefuls See Fla. Race As '08 Bellwether (AP-Y) 182
New Questions Emerge Over Stem-Cell Research Claims (WSJ) 183
Number Of Uninsured Children Rises (WP) 185
Christian Coalition Is Splintering (LAT) 186
Veneration Gap A Popular Strategy For Church Growth Splits Congregants (WSJ) 188
Up For Re-election, And Backing His Stand On Iraq By Deploying (NYT) 191
Reagan Wins Another Vote, To A Place In Congress (NYT). 193
A Political Blueprint With Room To Build On (WP) 194
Why I'm Taking On Spitzer (WSJ) 195
California's Condom Bill (NYT) 196
It Was Fun While It Lasted (NYT) 197
Adrian Fenty For Mayor (WP) 197
U.N. Expects To Mediate Talks On Captured Israelis (NYT) 198
Annan To Mediate Soldiers' Release; Qatar Pledges Peacekeeping Troops (WSJ/AP) 199
Lebanon Mission Under Fire In Indonesia (FT) 201
Lebanon Seeks To Reassert Sovereignty Over Borders (WP) 202
Khatami Arrives As U.S. Weighs Sanctions On Iran (WP) 203
Iran 'accepts Two-state Answer' In Mideast (FT) 205
U.S., Iran Share Interests In Iraq, Khatami Says (USAT) 206
Geopolitics Casts Pall On Hobbled Iranian Economy (USAT) 207
Across Palestinian Territories, Support For Hamas Erodes (CSM) 209
Over U.S. Objections, Israel Approves West Bank Homes (NYT) 210
Sudan Gives African Union An Ultimatum (NYT) 212
Sudan: AU Must Accept Deal On U.N. Force (AP) 213
Sudan's Offensive Comes At Key Time (WP) 214
Somalia, Islamic Militia Sign Agreement (AP) 215
Russia's Electricity-Liberalization Plan Advances (WSJ) 216
Georgian, Russian Relations Strained Anew By Shooting (WP) 217
Kenya Killings Put Aristocrat In Racial Fire (NYT) 218
The Toll Of Small Arms (NYT) 220
The Nurses' Tale (WSJ) 220
Mexico: Democracy Under Threat (WP) 223
The Lost Children Of Haiti (NYT) 225

TERRORISM NEWS:

Study Finds Fewer Terror Prosecutions (AP-Y)

By Michael J. Sniffen, Associated Press Writer

AP, September 5, 2006

Despite a sharp increase in the prosecution of terrorism cases just after Sept. 11, 2001, only 14 of the defendants have been sentenced to 20 years or more in prison, according to a study based on Justice Department data.

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Of the 1,329 convicted defendants, only 625 received any prison sentence, said the study, released Sunday by the Transactional Records Access Clearinghouse, a data research group at Syracuse University. More than half of those convicted got no prison time or no more than they had already served awaiting their verdict.

The analysis of data from Justice's Executive Office of U.S. Attorneys also found that in the eight months ending last May, Justice attorneys declined to prosecute more than nine out of every 10 terrorism cases sent to them by the FBI, Immigration and Customs Enforcement and other federal agencies. Nearly 4 in 10 of the rejected cases were scrapped because prosecutors found weak or insufficient evidence, no evidence of criminal intent or no evident federal crime.

The report comes at a difficult time for the Bush administration: It is sagging in public opinion polls just before congressional midterm elections. Democrats hope to regain control of at least one house of Congress, and President Bush has urged Republicans to run in part on his record in the war on terror.

"There are many flaws in the report," said Justice Department spokesman Bryan Sierra. "It is irresponsible to attempt to measure success in the war on terror without the necessary details about the government's strategy and tactics."

For instance, Sierra said, prison sentences are "not the proper measure of the success of the department's overall counterterrorism efforts. The primary goal ... is to detect, disrupt and deter terrorist activities."

Because prosecutors try to charge potential terrorists before they act, they often allege fraud, false statements or immigration violations that carry lesser penalties than the offenses that could be charged after an attack, Sierra said. This "allows us to engage the enemy earlier than if we waited for them to act first."

TRAC totaled the cases that prosecutors labeled as terrorism or antiterrorism no matter what charge was brought. It found only 14 prosecutions in fiscal 2000. That rose to 57 in fiscal 2001, which ended three weeks after the Sept. 11 attacks. The figure then soared to 355 in fiscal 2002. But by fiscal 2005 it dropped to 46. And in the first eight months of fiscal 2006, through last May, there were only 19 such prosecutions.

Past critics of administration tactics found both favorable and unfavorable possible explanations.

The sharp decline in prosecutions may show that prosecutors have moved away from "all kinds of secondary infractions" they pursued early on, said Steven Aftergood, director of the Federation of American Scientists' government secrecy project. Those early cases drew criticism that Arab-Americans were rounded up based on mere racial profiling.

The small number of long prison sentences shouldn't be a surprise because "terrorism is actually very rare — far more people are killed in ordinary street crime," said James Dempsey, policy director of the Center for Democracy and Technology.

Nevertheless, terrorism poses a risk of catastrophic loss of life, "so agencies must pursue a lot of leads that do not pan out," Dempsey added. "We can't blame the FBI for pursuing those leads, but we can blame them and the Justice Department for arresting people and making a big media splash when things don't pan out."

Meredith Fuchs, general counsel at the National Security Archive at George Washington University, said the light sentences could mean "we are catching people at the margins, not at the center of the plots."

"The surge right after 9/11 make sense," Fuchs added, "but the drop-off so quickly means either a lot of that post-9/11 activity was not necessary or that they haven't identified key people or that key people in custody aren't being prosecuted."

At the penalty trial of al-Qaida conspirator Zacarias Moussaoui, the government acknowledged that it has captured most of the Sept. 11 ringleaders including mastermind Khalid Shaikh Mohammed and operations coordinator Ramzi Binalshibh. Although prosecutors suggested they might be charged somewhere someday, the government has never disproved persistent allegations they were tortured during interrogations overseas and thus cannot be tried in U.S. courts.

If prosecutions "have been compromised by unlawful interrogation or surveillance, that would be worse than ironic," Aftergood said. "It would mean the government has performed in a self-defeating manner."

Justice reported in June that 441 defendants were charged and 261 convicted or pleaded guilty in terrorism or terrorism-related cases from investigations conducted primarily after Sept. 11. Citing those figures, Sierra said the department's strategy "has helped protect this country from terrorists since the attacks of September 11th."

Unlike the data from the Executive Office of U.S. Attorneys, the June figures did not contain definitions of which cases were looked at. Former New York Times reporter David Burnham, TRAC's co-director, said Justice officials refused to give TRAC the definitions used in compiling the June figures on grounds that might undermine anti-terrorism enforcement.

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"An empirical study like TRAC's cuts through the rhetoric, lets us see just how many terrorists are being brought to justice," Aftergood said. "The data suggest that some of the official rhetoric is misleading."

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On the Net:

Transactional Records Access Clearinghouse study: http://trac.syr.edu/tracreports/terrorism/169

Justice Department: http://www.usdoj.gov

Study Finds Sharp Drop In The Number Of Terrorism Cases Prosecuted (NYT)

By Eric Lichtblau

The New York Times, September 4, 2006

WASHINGTON, Sept. 3 — The number of terrorism cases brought by the Justice Department, which surged in the aftermath of the Sept. 11 terrorist attacks, has dropped sharply since 2002, and prosecutors are turning down hundreds of cases because of weak evidence and other legal problems, according to a study released Sunday.

The study, conducted by a private research group at Syracuse University, found that federal prosecutors have declined to prosecute two of every three international terrorism cases brought to them by the Federal Bureau of Investigation and other agencies since 2001.

The rejection rate was even higher for the first eight months of the current fiscal year, with 91 percent of the referred cases turned down for prosecution, the research group said. Among the most frequent explanations cited by prosecutors, the study found, were a lack of evidence of criminal intent by the suspect and "weak or insufficient" evidence.

The numbers brought differing interpretations from legal analysts, prosecutors and government officials, many of whom said they were surprised by the findings, and are likely to add to the debate over the administration's legal tactics in prosecuting the fight against terrorism. The Justice Department immediately took issue with the study's methodology and its conclusions.

The study "ignores the reality of how the war on terrorism is prosecuted in federal courts across the country and the value of early disruption of potential terrorist acts by proactive prosecution," said Bryan Sierra, a Justice Department spokesman.

"The report presents misleading analysis of Department of Justice statistics to suggest the threat of terrorism may be inaccurate or exaggerated," Mr. Sierra added. "The Department of Justice disagrees with this suggestion completely."

Department officials declined to discuss any details of what they considered the flawed methodology.

Since the Sept. 11 attacks, the Bush administration has pursued a strategy of investigating and prosecuting terrorism suspects within the United States to "pre-empt" attacks, rather than waiting for them to unfold.

The strategy, which administration officials say helps explain the absence of any further attacks on American soil, has been seen in cases like the arrests of seven men in Miami in June in a plot that the F.B.I. said was "more aspirational than operational."

The approach has led critics of the Bush administration to say that prosecutors are routinely bringing terrorism charges in cases that do not warrant them. But the data from the Syracuse group suggests that for every prosecution like the one in Miami, there are many other investigations that never become public because prosecutors conclude there is not enough evidence to take them to court.

The F.B.I. and other federal agencies bring what are known as referrals in cases in which the investigating agency recommends that federal charges be considered, often after investigations lasting months or years.

In 2001 and 2002, the Syracuse study found, federal prosecutors turned down only about 35 percent of the referrals brought to them in international terrorism cases. But that rate has climbed sharply over the last four years, with rejection rates of 77 percent in 2003, 65 percent in 2004, 82 percent last year and the 91 percent this year.

Last year, the Justice Department prosecuted 46 international terrorism cases — down from 355 in 2002 in the spike that followed the Sept. 11 attacks — but it declined to bring charges in 209 cases the F.B.I. or other agencies had referred, the study found.

The statistics "raise profound questions about how well the government is doing in dealing with this very difficult problem of terrorism," said David Burnham, co-director of the Transactional Records Access Clearinghouse at Syracuse University, which

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conducted the study by obtaining hundreds of thousands of records through a lawsuit brought under the Freedom of Information Act.

"It is clear that the prosecutors are deciding that a lot of the investigations being recommended do not cut the mustard and do not meet their standards,'' Mr. Burnham said.

In all, the study found that in nearly 6,500 cases treated by the Justice Department as "terrorism" investigations since the Sept. 11 attacks, about one in five defendants have now been convicted. The median sentence for those convicted in what were categorized as "international terrorism" cases — often involving lesser charges like immigration violations or fraud — was 20 to 28 days, and many received no jail time at all, the study found.

The Justice Department, which has tightened the way it defines terrorism cases over the last five years, cites a much higher rate of success. Examining only those cases in which someone was actually charged, it said in a report in June that it had secured convictions or guilty pleas against 261 of the 441 defendants accused in connection with terrorism since the Sept. 11 attacks.

Brian Levin, an associate professor at California State University, San Bernardino, who studies terrorism prosecutions, said the numbers clearly reflected the government's efforts to swiftly halt any possible plot, including many that might prove unfounded.

"The data suggests that if there's a whiff of suspicion, they will come down in any way possible against a suspect and sort the evidence out later," Mr. Levin said. "They're obviously casting a broad net but throwing a lot back into the sea."

A federal terrorism prosecutor agreed with that assessment. "You have to chase dead ends a lot of times — it's inherent in this business," said the prosecutor, who spoke on condition of anonymity because he was not authorized to discuss the issue.

Moreover, in smaller-scale cases like identity theft or immigration fraud that may have some nexus to terrorism, the government may not have the time or resources to fully pursue a case, leading prosecutors to reject the filing of charges.

"The F.B.I.'s looking for bomb throwers," the prosecutor said, "and we have a lot of small cases that there are no resources devoted to."

Terrorism Prosecutions Drop (WP)

By Dan Eggen, Washington Post Staff Writer

The Washington Post, September 4, 2006

Analysis Shows a Spike After 9/11, Then a Steady Decline

Justice Department prosecutions of international terrorism cases, which surged in volume after the Sept. 11, 2001, attacks, have nearly returned to the levels seen prior to the hijackings, according to an independent analysis of government data released yesterday.

The study of data by the Transactional Records Access Clearinghouse (TRAC), an affiliate of Syracuse University in New York, also showed that as many as nine out of 10 terrorism investigations do not result in prosecutions, that most charges are not related to terrorism and that only about a third of those prosecuted end up in prison.

The findings, based on data compiled by the Justice Department's Executive Office for United States Attorneys, echo previous analyses by The Washington Post and others showing that most defendants in terrorism cases are charged with crimes unrelated to terrorism and that many serve little or no prison time.

But the TRAC data provide new insight into the extent to which prosecutions surged immediately after the Sept. 11 attacks, only to return to the far lower levels of previous years.

In 2002, federal prosecutors filed charges against 355 defendants in international terrorism cases, the study said. By last year, that number had dropped to 46, fewer than in 2001. Just 19 such cases have been prosecuted so far this year, the study said.

The TRAC report called the decline in prosecutions "unexpected" and said it seemed to contradict regular warnings from the government that the threat of global terrorism is higher than before.

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"Considering the numerous warning statements from President Bush and other federal officials about the continuing nature of the terrorism threat . . . the gradual decline in these cases since the FY 2002 high point and the high rate at which prosecutors are declining to prosecute terrorism cases raises questions," the report said.

But Justice Department spokesman Bryan Sierra said in a statement last week that the report contains "many flaws" and "misleading analysis." He said that sentencing statistics are not a good measure of the department's counterterrorism efforts, and that it is not surprising that many referrals from the FBI or other investigative agencies do not result in prosecutions.

"This report does not take into account the significance of the Justice Department's successful strategy of prevention through prosecution, which has helped protect this country from terrorists since the attacks of Sept. 11th," Sierra said. "The department will continue to employ this strategy and work tirelessly to prevent another attack on U.S. soil."

In effect, the dispute over the TRAC findings is the latest in a series of disagreements over the effectiveness of the Justice Department's anti-terrorism efforts, which can be measured in a number of ways. The TRAC study, for example, is based on month-by-month data compiled by the U.S. attorney's office and includes more than 6,400 referrals in "international terrorism" and "antiterrorism" cases since Sept. 11.

Attorney General Alberto R. Gonzales and other senior Justice officials, however, have frequently relied on a much smaller list of terrorism-related cases compiled by the Criminal Division, which as of June included 441 defendants and 261 convictions.

An earlier Post analysis of that list found that most of the defendants were charged with crimes unrelated to terrorism and that nearly half had no demonstrated connection to terrorists. Many were even explicitly cleared of terrorism links by the FBI or prosecutors, yet their cases were still tallied as terrorism-related convictions by the Justice Department.

The TRAC study found that prosecutors have declined to bring charges in about two-thirds of the nearly 1,400 international terrorism cases referred by the FBI and other agencies over the last five years, often because of weak evidence or a lack of evidence. In 2006, the rate has climbed to nine out of 10 referrals.

The study identified 213 convictions, including 123 defendants who were sentenced to prison. Many of the cases included non-terrorism charges, such as credit card fraud, immigration violations or money laundering.

Deputy Attorney General Paul J. McNulty, who released a "white paper" in June defending the department's counterterrorism record, has said prosecutors often must use minor charges to deal with suspects who may pose a potential threat.

Sierra reiterated that point in his statement: "Calling upon a wide range of offenses allows us to engage the enemy earlier than if we waited for them to act first, accomplishing the vital goal of disruption and prevention."

Bruce Hoffman, a terrorism expert and Georgetown University professor, said the drop in prosecution numbers makes sense and should not be viewed as a sign that the threat posed by terrorists within the United States is overblown. Instead, he said, it is probably a sign that federal prosecutors are "getting better at separating the wheat from the chaff."

"You want a balance between not looking under every bed but also guarding against real threats," he said. "Especially after 9/11, there was an inclination to just vacuum up everything. There may be a greater sense of discrimination now between what is and what isn't important."

U.S. Sees Drop In Terror Prosecutions (UPI)

UPI, September 5, 2006

The U.S. Justice Department says a study that shows declining prosecutions on terror-related charges is misleading, the Washington Post reported Monday.

The study by the Transactional Records Access Clearinghouse, an affiliate of Syracuse University in New York, said prosecutions surged after the terror attacks of Sept. 11, 2001, but have now returned almost to the level before the attacks.

In 2002, federal prosecutors filed charges against 355 defendants in international terrorism cases, but by last year, the number had dropped to 46, fewer than in 2001. Just 19 terrorism cases have been prosecuted so far this year, the study said.

Justice Department spokesman Bryan Sierra said in a statement the report contains "many flaws" and "misleading analysis."

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"This report does not take into account the significance of the Justice Department's successful strategy of prevention through prosecution, which has helped protect this country from terrorists since the attacks of Sept. 11th," Sierra said. "The department will continue to employ this strategy and work tirelessly to prevent another attack on U.S. soil."

After A Surge, US Terror Prosecutions Drop To Pre-9/11 Levels (CSM)

By Alexandra Marks

The Christian Science Monitor, September 5, 2006

NEW YORK

With great fanfare, the federal government last March announced indictments against 19 people for "racketeering to support a terrorist organization." The allegation: They trafficked in contraband cigarettes and other items and sent some of the profits to Hizbullah in Lebanon, which the US calls a terrorist organization.

In the announcement, a US attorney said the terror fight is his office's No. 1 priority. But lawyers for some of those charged claim their clients had nothing to do with terror. At best, they say, their clients may have been involved in "nickel-and-dime" criminal activity.

The contrasting views of this case illustrate the difficulties encountered by the federal government in prosecuting terrorism. A new analysis of federal data since 9/11 also underscores the difficulties: It finds that the number of criminal prosecutions for international terrorism in the US has dropped sharply.

After spiking up in the aftermath of the attacks, the number of prosecutions started to decline in 2004 and now stands at pre-9/11 levels, according to a report by the Transactional Records Access Clearinghouse (TRAC) at Syracuse (N.Y.) University. In addition, the length of sentences served by those convicted of international terror-related crimes has dropped from a median of 41 months prior to 9/11, to 28 days in the two years following the attacks.

Analysts say one reason for the drop is the intensity of the law-enforcement activity in the immediate aftermath of the attacks, which then leveled off. Critics also point to the way the government conducts its homeland-security policy: They raise questions about the effectiveness of its current surveillance and intelligence operations, and also ask whether the threat of terrorism has been exaggerated.

The Department of Justice counters that the report "presents a misleading analysis," and it strongly objects to the suggestion that the threat of terrorism may be exaggerated. It says the TRAC report ignores the DOJ's "successful strategy of prevention through prosecution." "It is irresponsible to attempt to measure success in the war on terror without the necessary details about the government's strategies and tactics," said Bryan Sierra in a prepared statement.

The Justice Department says that by going after small offenses - such as fraud - it's able to disrupt terrorist activity. It declined to provide a spokesperson to address directly some of the issues raised in the TRAC report.

An independent review by the Monitor of dozens of cases categorized by the government as terrorism or terrorism-related supported the findings in the TRAC report. The Monitor review - which covered cases characterized by the Justice Department as successful terror prosecutions, as well as those included in the TRAC data - found many cases had tenuous connections to terrorism and resulted in little, if any, jail time.

For instance, the case of a Kentucky businessman who pleaded guilty to lying about selling forklift parts to an Iranian truck manufacturer was categorized as a successful prosecution related to "international terrorism." The businessman was sentenced to 50 hours of community service and a year of probation.

Other cases, like the Michigan cigarette smugglers, show a pattern of government overreaching, say lawyers for some of the defendants. For instance, they note that in the indictment, many of those named are not charged with an overt act of giving money to a terrorist organization - just associating with people who did.

"These guys have never contributed a dollar to Hizbullah and wouldn't in a thousand years," says James Burdick, who represents Majid Hammoud and his brother.

The terrorism cases that did result in longer jail terms (14 resulted in 20 years or more) were usually the result of a government sting operation, like the case of Shahawar Matin Siraj. He was convicted last May of plotting to blow up the Herald Square subway station in New York prior to the Republican National Convention.

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"Had we not intervened, had we not put an informant next to them, would these really have been terrorist attacks? We don't know," says Brian Jenkins, a terrorism expert at the RAND Corp. in Santa Monica, Calif.

Jenkins and other terrorism experts say they're not surprised by the significant drop in terrorism prosecutions, in part because of the spike in the number of arrests in the immediate aftermath of 9/11.

"The FBI grabbed the good stuff quickly. People who were at risk of being deemed terrorists or were terrorists went underground," says Jonathan Winer, a terrorism expert in Washington. "It may well be that there's not a lot to work with now, only really hard cases with shards of information left."

That may figure into another TRAC finding: US attorneys declined to prosecute about two out of three cases (748 cases out of 1,391) categorized as "international terrorism" that were referred to them by investigative agencies. In the first six months of this year, nine out of 10 referrals were declined. "That's a very high declination rate," says Christopher Bebel, a former federal prosecutor.

At least one former FBI agent does not find it unusual that the US attorneys are declining to prosecute the vast majority of terrorism cases brought to them.

"Terrorism cases are a whole lot of work, and the likelihood of getting a conviction is very low," says Christopher Hamilton, senior fellow for terrorism at the Washington Institute for Near East Studies and the former chief of Palestinian investigations in the FBI.

Fear Factor (TNR)

By John B. Judis

The New Republic, September 5, 2006

On August 28, The New York Times ran a story on its Web page, "details emerge in british terror case," about the plot to blow up airliners that British investigators claimed to have uncovered last month. But the story did not appear in the newspaper itself nor in The International Herald-Tribune, its international edition, and it can't be found on LexisNexis. And the Times, fearing that it violated British law forbidding the revelation of details of a pending court case, blocked British Internet users from seeing the article.

The article did much more than reveal a few details about the pending case. It contained the most recent, and most damning, revelations about how American and British officials initially presented the case. According to sources quoted by the authors, these officials--including Michael Chertoff, the head of the Department of Homeland Security--grossly exaggerated the threat that the plotters posed. The 25 people that the British arrested were, to be sure, up to no good. But whether they were about to blow up U.S. airliners headed westward from London's Heathrow is not entirely clear, and it wasn't clear on August 10 when the case broke into the press. Here, briefly, is how what were initially claimed to be indisputable facts about the Heathrow plot that have become widely disputed.

On August 10, British and American officials announced that they had "disrupted," in the words of Scotland Yard, "a major terrorist plot to allegedly blow up aircraft in mid-flight." In statements to the press, officials made the following assertions:

· According to senior Bush administration officials, the plotters had devised an elaborate plan to blow up nine (or ten) planes from British Airways, United, Continental, and American Airlines that were headed from Heathrow to Washington, D.C., New York City, and California. It included smuggling the components of the explosive tatp onto airlines along with detonators. At a news conference, Chertoff called the plot "sophisticated." According to Time, a senior official estimated that "about 2,700 people would have perished." These kinds of detailed descriptions of the plot appeared on the major networks and in reports from the wire services and in major newspapers and newsmagazines.

· The attack was imminent. According to Chertoff, the plot was "getting really quite close to the execution phase" and was "in the final stages of planning before execution." While the arrests had disrupted the plot, there was no evidence that they had completely blocked it. "We cannot assume that the threat has been completely thwarted," Chertoff said in justifying the first red alert in five years for U.S. airlines. "I think it's pretty clear that, in this case, we don't have everybody," White House homeland security adviser Frances Townsend warned the Associated Press.

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· While those arrested were British Muslims, they were thought to be acting on behalf of or in coordination with Al Qaeda. A "senior US intelligence official" told The Boston Globe, "There are suspicions that there is a real Al Qaeda connection--not just Al Qaeda wannabees or inspire-ees." Pakistani and American officials claimed that the "operational planner" of the conspiracy was Rashid Rauf, a British citizen, whom the Pakistanis said had admitted under interrogation of having met with an Al Qaeda leader in Pakistan.

There are, of course, other details that came out, but these are the main ones; and, over the last three weeks, doubts have been raised about each one of them. If the initial story offered by Chertoff and Townsend--and their British and Pakistani counterparts--represents a house, then that house is now tottering on its foundations and ready to collapse in ruins.

Accounts contradicting the original story have appeared, among other places, in The New York Times, The Boston Globe, and the Los Angeles Times, inviting skepticism from my colleague Andrew Sullivan. These accounts appear to have been inspired by leaks from American and British officials. In addition, a source familiar with Pakistani intelligence has told The New Republic that similar doubts about the official story exist within Pakistani ranks.

Did the plotters have a detailed plan that was to be put into effect imminently? According to British officials, there was no evidence that the plotters had agreed on specific planes or set a date. They describe the estimate of ten places as, according to The New York Times, "speculative and exaggerated." The plotters were not even ready to make a dry run, let alone execute the actual bombing. Two of the suspects did not even have passports, without which they could not have boarded a plane. They were experimenting with chemical explosives--hmtd, as it turned out, not tatp--but a chemical expert has raised doubts about whether they could have pulled off an explosion, which requires considerable knowledge and skill.

Was there still a "red alert" danger after the plotters were apprehended? The British themselves had them under close surveillance for months. Authorities, the Los Angeles Times reported, "were confident that their surveillance, assisted by Pakistani security forces, was meticulous and that an attack was not imminent." On August 11--the same day that Townsend was warning of further danger from the terrorists--British Home Secretary John Reid told reporters that he was confident that the main suspects were in custody. Of course, it is conceivable that a duplicate cell of plotters existed, but the British had no evidence of one.

Was the plot an Al Qaeda operation? Rauf himself had been busted by the Pakistanis the day before the London arrests, and, according to the Pakistanis, had admitted--allegedly under torture--to having made contact with Matiur Rehman, whom the Pakistanis claim is an Al Qaeda operative. But that's hardly proof of Al Qaeda direction. Moreover, Rauf's role remains unclear. A British counterterrorism official told the Los Angeles Times that Rauf was not the plot's "mastermind." And Rauf's actual connection to Al Qaeda is also suspect. Rauf has been linked to Jaish-e-Mohammed, which operates in Kashmir. There could still be an Al Qaeda link. But, like all the initial details of this case, it remains in doubt.

As the details have become murky, what has also been cast in doubt is the explanation of why the arrests were made in the first place. According to British officials, the Brits did not want to arrest the plotters; they preferred to see who else, over the next months, the plotters recruited and made contact with. But their hand was forced when the Pakistanis arrested Rauf on August 9. Why the Pakistanis did so remains unclear, but there is a speculation that they did so at U.S. urging. "There have been reports that U.S. officials pushed for the arrest," the Los Angeles Times reported on August 20.

Once the arrest was made, the British decided to act, but exactly why they did so also remains unclear. According to The Boston Globe, the British became concerned when one of the suspects disappeared. British officials also claimed that, after Rauf's arrest, one of his associates had sent a message to the plotters that ordered to "go now" with the plan. But a British official later told The New York Times that the message was not that explicit.

Another possibility, voiced by Pakistan's dissenting press, is that George W. Bush, Tony Blair, and Pervez Musharraf accelerated the crisis for political reasons--Bush and Blair to buttress their flagging popularity and Musharraf to endear himself to his chief protector, the United States. Pakistan's Daily Times says the recent revelation reinforces "the sceptics who have alleged that the brouhaha was created by the US and British governments, in collusion with Pakistan, to help stabilise the falling ratings of President George Bush and Prime Minister Tony Blair." That's mere speculation, of course.

hat is clear is that, once the arrests were made, the Bush administration used the threat to stoke public fears about "Islamic fascism" while portraying itself and the Republican Party as the only ones capable of quieting these fears. Said Bush on August 10 in Green Bay: "The recent arrests that our fellow citizens are now learning about are a stark reminder that this nation is at war

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with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation ... [O]bviously, we still aren't completely safe, because there are people that still plot and people who want to harm us for what we believe in. It is a mistake to believe there is no threat to the United States of America." Townsend was quick to suggest that the administration had a hand in apprehending the "Islamic fascists." "This shows how we're better equipped to fight the enemy now," she told Newsweek.

Republican politicians, facing election challenges in November, were quick to exploit the official version of the Heathrow plot. Montana Senator Conrad Burns, who is eager to change the conversation in Montana from his connections to Jack Abramoff, ran an ad that began: "This is Conrad Burns. Islamic terrorists plotted to blow up ten planes. But they were stopped because the terrorists' conversations were monitored. We must remain on guard ... Even after confirmed successes, Jon Tester, liberal judges, and their allies oppose anti-terror programs."

None of this is to suggest that the United States and Great Britain don't face a threat of terrorist attack from radical Islamic militants. If the Heathrow plotters had been allowed to operate with impunity, they might have succeeded sometime this fall or early next year in blowing up ten airliners. But, by hyping the danger--as he had previously done with the threat from Iraq's weapons of mass destruction--Bush administration officials create the possibility that the public, when it sees through the administration's attempt to manufacture hysteria, will turn cynical and not take seriously the need to remain vigilant in the face of a genuine threat from abroad.

John B. Judis is a senior editor at The New Republic and a visiting scholar at the Carnegie Endowment for International Peace.

Terror Trial Unlikely Before 2008 (FT)

By Nikki Tait

Financial Times, September 5, 2006

A trial of the individuals charged with conspiracy to murder in connection with last month's alleged terrorist plot to blow up transatlantic aircraft is unlikely to get under way until 2008.

British prosecutors on Monday told a judge at the Old Bailey that, given the potential length of the proceedings and the number of people involved, they did not think it would be possible for a trial to begin before January – or possibly Easter – 2008.

Their preliminary forecast came as eight men, aged between 19 and 28, appeared by video-link at London's Central Criminal Court in front of Mrs Justice Rafferty.

The men have all been charged with conspiracy to murder and preparing an act of terrorism, contrary to the Terrorism Act 2006, and are being held in the high-security prison at Belmarsh in south-east London.

The individuals, mainly with addresses in east London or Walthamstow, are Tanvir Hussain, 25; Umar Islam, 28. Arafat Waheed Khan, 25; Ahmed Abdullah Ali, 25; Ibrahim Savant, 25; Waheed Zaman, 22; Assad Ali Sarwar, 26; and Adam Khatib, 19.

In total, 15 people have been charged as a result of the series of arrests which followed the security services' operation on August 9 and 10.

Five others are still being questioned by police about the alleged plot. This, it is claimed, involved the manufacture and smuggling of component parts of improvised explosive devices on to passenger jets, and then the assembly and detonation of the devices on board.

Monday's hearing dealt with a few very preliminary matters only, and was adjourned for two weeks to allow for further investigations and preparatory work. The eight men were remanded in custody.

The length of time elapsing between alleged terrorism offences and subsequent trials of those charged has varied considerably. However, a couple of years has been common in some of the cases involving multiple defendants.

Last year, after several men were acquitted of the so-called “ricin plot”, proceedings against another four were abandoned.

Some of the initial charges in that case had also taken place about two years earlier.

¦ European Union countries should work together to step up detection of terrorists’ explosives, according to the European Commission, writes Sarah Laitner in Brussels.

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In the wake of the thwarted alleged London bomb plot, the Brussels body called for closer co-operation on anti-terror scanning technology.

The EU executive suggested the Union's member states look at whether to introduce EU certification for equipment including security arches and hand-held metal detectors.

The foiled plot prompted a debate over whether action on airport security was needed across the EU.

Airline Plot Trial May Be Delayed To 2008 (USAT)

USA Today, September 5, 2006

The suspects charged with plotting to blow up U.S.-bound aircraft are unlikely to be brought to trial until March 2008, prosecutor Colin Gibbs told London's Central Criminal Court. Gibbs told the court that the trial would be delayed because detailed studies of items recovered in police raids — including alleged explosive materials, computers, phone records and documents — could take several months to complete.

Eight suspects, all British Muslims, appeared by video link from jail. None of them applied for bail. They were ordered to be returned to custody pending a hearing on Sept. 18. Fifteen people have been charged, five have been released, and investigators have until Wednesday to question five others.

Scientists hail successful moon mission

Europe's first probe to the moon has provided key information that will pave the way for interplanetary missions and shed light on Earth's violent origins, scientists said. "Goals have been fully achieved," said Giorgio Saccoccia, a European Space Agency division chief. The main goal was to test an electric propulsion system and communication techniques. The unmanned SMART-1 spacecraft ended its three-year mission Sunday with a planned crash into the moon.

Gunman kills British tourist in Jordan

A British tourist was killed and five other visitors and a police officer were wounded when a gunman fired near a tourist site in Amman, Jordan, Interior Minister Eid al-Fayez said. Authorities identified the gunman as Nabeel Ahmed Issa Jaourah, a Jordanian who was captured at the scene, a Roman amphitheater downtown, the Associated Press reported.

Government spokesman Nasser Judeh said investigations showed that the gunman had "no links with domestic or foreign" terrorist networks.

Sudan sets terms for Darfur force

African Union peacekeepers will have to leave Darfur within one week unless they accept a deal that allows them to stay but bars a proposed United Nations force, said Sudan's foreign minister, Ali Ahmed Kerti. Last week, Sudan rejected a U.N. Security Council resolution for the deployment of 20,000 U.N. troops and police to replace the ineffective, 7,000-strong AU force. More than 200,000 people have been killed and more than 2 million have fled since 2003, when ethnic African tribes revolted against the Arab-led government.

Wayward whale died of bone disease

A Northern bottlenose whale that swam up the River Thames in January before dying had a bone disease similar to human arthritis, scientists at the Natural History Museum in London said. The mammal had degenerative joint disease in its neck, curator Richard Sabin said. It was the first time a whale had been seen so far upstream since recordkeeping began in 1913.

Trial In Plane Plot May Wait Till '08 (WP)

By Kevin Sullivan

The Washington Post, September 5, 2006

LONDON, Sept. 4 -- Suspects in an alleged plot to bomb U.S.-bound jetliners are unlikely to face trial before 2008, a prosecutor said in court Monday.

Prosecutor Colin Gibbs, citing the large amount of evidence in what police describe as a conspiracy involving at least 11 people, told a judge in London's Old Bailey courthouse that the trial could start as late as March 2008.

Defense attorneys expressed concern that the suspects might be held in jail without bail for more than 18 months before trial.

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Eight suspects accused of conspiracy to commit murder, in an alleged plot to smuggle liquid explosives onto jetliners and detonate them in flight, were ordered held without bail until their next court appearance on Sept. 18. Three other suspects facing the same charges are also scheduled to appear in court that day. Police have not announced whether they will bring charges against five other people still being held following raids last month.

The suspects in court Monday, who appeared via video link from Belmarsh prison, are Ahmed Abdullah Ali, 25, Tanvir Hussain, 25, Umar Islam, 28, Arafat Waheed Khan, 25, Assad Ali Sarwar, 26, Adam Khatib, 19, Ibrahim Savant, 25 and Waheed Zaman, 25.

Also Monday, in an unrelated investigation, police in Sussex issued a statement saying they had sent officers and staff at least 15 times for diversity training at an Islamic school currently being searched by anti-terrorism officers from Scotland Yard.

The Jameah Islameah school, set on 54 acres southeast of London, has been the subject of an intensive search by scores of police since Saturday in an operation in which police arrested 14 people on suspicion of terrorism-related offenses. British news media have reported that police suspect the school may have been used by radicals trying to recruit and train violent extremists.

"The school has been used by officers and staff undergoing advanced training for their role as diversity trainers to the rest of the workforce," the police statement said. "This has involved a series of one-day visits to the school by groups of two or three trainers on up to 15 occasions over more than a year."

Police said training at the school helps officers "improve our knowledge and awareness of the many diverse communities that we serve in Sussex." Police said they were "not embarrassed" by the situation, "but inevitably this will have to be reviewed in the light of the weekend's events."

Police are still questioning the 14 people arrested in that case. They have not been identified, and no charges have been brought, yet.

According to widespread reports in the British media, one of those arrested was Abu Abdullah, 42, a close associate of Abu Hamza Masri, a radical Islamic preacher who was sentenced to seven years in prison in February for inciting racial hatred with his sermons.

The Sunday Times on Aug. 27 published an interview with Abu Abdullah in which he said he would "love" to kill British troops in Afghanistan, called the Sept. 11, 2001, attacks a "deserved punch in the nose" for the United States and described President Bush as "a scalp that needs to be taken."

Britain earlier this year enacted legislation making it a crime to "glorify" terrorism; legal experts here say police may be considering using the new law against Abu Abdullah.

British School, Searched In Inquiry, Was Used To Train Police (NYT)

By Alan Cowell

The New York Times, September 5, 2006

LONDON, Sept. 4 — In a strange twist to Britain's newest terrorism scare, a regional police force admitted Monday that it had sent officers for "diversity training" to an Islamic school that the police searched Sunday as part of a crackdown on jihadist recruiters and trainers.

In a statement, the Sussex police said the Jameah Islameah school south of London "has been used by officers and staff undergoing advanced training for their role as diversity trainers to the rest of the work force."

"This has involved a series of one-day visits to the schools by groups of two or three trainers on up to 15 occasions over more than a year," the statement continued.

The statement cast an ambiguous light on other police actions since 14 people were arrested overnight on Friday in what the police described as a hunt for terrorist recruiters and trainers. Within hours of the arrests, the police sealed off the Jameah Islameah school, located in a former convent and ballet school in rural East Sussex, and began to search its grounds.

Late on Sunday, a court gave the police permission to continue holding three of the 14 people until Wednesday. The court said the other 11 could be held until Friday under new counterterrorism laws permitting 28 days of detention without charge.

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The search of the school grounds continued Monday. Its principal, Bilal Patel, has said that, some years ago, Abu Hamza al-Masri, a firebrand cleric now serving a prison term for soliciting murder and inciting racial hatred, had used the school's weekend campgrounds. Mr. Patel said he had asked Mr. Masri not to return.

It was not the first time the school had been linked to allegations associated with terrorism. A report in the local Kent and Sussex Courier in January 1999 quoted local police officials as saying that they were baffled by suggestions that the school's camping facilities may have been used by five Britons held in Yemen and accused of planning terrorist attacks.

The foreign secretary at that time, Robin Cook, told Parliament then that the purported link to the five detainees in Yemen had been investigated and that no British laws had been broken. Separately, the United States authorities are seeking the extradition of Mr. Masri on charges related to the kidnapping of 16 hostages in Yemen, including two Americans, around the same period.

The Sussex police force insisted that it was not embarrassed by speculation about its ties with the school.

The school's Islamic instruction, a police statement said, allowed officers to "take advantage of the resources available to us in the community to improve our knowledge and awareness of the many diverse communities that we serve in Sussex."

The Daily Mirror, which first reported the developments in its Monday editions, teased the police, suggesting that while police personnel "studied the Koran, members of an alleged suicide bomber terrorist cell were being trained for martyrdom almost under their noses."

Initial news reports said most of the people arrested over the weekend were Britons of Pakistani descent. But other reports on Monday said some might have been converts from Christianity. British newspapers said the detainees included Abu Abdullah, an associate of Mr. Masri. Calls to Mr. Abdullah's two cellphones went unanswered.

Police officials have said that the investigation of the school is part of an inquiry into terrorist training and recruitment unrelated to any specific conspiracy, like the alleged plot to bomb trans-Atlantic airliners uncovered on Aug. 10. There have been no arrests among the school's staff.

On Monday, a court returned eight of the people held since Aug. 10 to prison to await their trial, which may not get under way until 2008.

Of those held Aug. 10, 11 have been charged with conspiracy to murder and planning to bomb airliners and four have been accused of lesser crimes. Five more people are being held without charge until Wednesday, when they will have spent the maximum 28 days in detention permitted by the new law.

The rising number of people in detention is just one facet of what Prime Minister Tony Blair depicts as an "elemental" battle with terrorism, fought in places like Afghanistan and Iraq, where Britain has sent thousands of troops in support of American and NATO forces.

The cost is beginning to tell, both in a mounting death toll and in a debate over whether British forces have become overstretched by fighting on several fronts.

In an interview with The Guardian on Monday, Britain's army chief of staff, Gen. Sir Richard Dannatt, said British forces were "running hot, certainly running hot."

"Can we cope?" he asked. "I pause. I say: just."

The general, who took over the position last week, urged a "national debate" over the scale of Britain's defense spending. At the same time, Kim Howells, a Foreign Office minister visiting Afghanistan, said Britain was doing "more than its share of what is required in Afghanistan," the Press Association reported, urging other NATO countries to do more.

The remarks coincided with new fatalities, in addition to 14 British military personnel who died when a Nimrod reconnaissance plane crashed in Afghanistan over the weekend. One British soldier died in a suicide attack on a NATO convoy in Kabul, while two more British troops died near Basra in southern Iraq. A British tourist was also killed in Jordan by a gunman shouting "God is great" in Arabic.

Referring to the three incidents, Mr. Blair said: "The global terrorist threat, which is trying to stop these countries getting on their feet or to kill vulnerable, innocent people, like has happened today in Jordan, is aimed to make us lose heart and make us fearful about standing up for what is right. Our response has to be to stand firm."

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Police Search Islamic School In South Britain (NYT)

By Karla Adam And Alan Cowell

The New York Times, September 5, 2006

MARK CROSS, England, Sept. 3 — In this rich and leafy part of England once known as the stockbroker belt, police officers searched the grounds and buildings of an Islamic school on Sunday, continuing the hunt for jihadist recruiters and trainers that led to 14 arrests in London late Friday and early Saturday.

It is no ordinary school — either by the standards of its failed academic record, its precarious financial status, its enrollment or its mere size and appearance. It is an enormous, Gothic former convent built of red brick on 54 acres of woodlands, with a reported total of 100 rooms housing less than a dozen pupils.

On Sunday, the police cordoned off the school, named for the charity that operates it, Jameah Islameah. Reporters were not allowed close to the location, except for a brief ride in a police van to a closed, black iron gate barring access to the building.

By the admission of its director, Bilal Patel, the estate has been visited by Abu Hamza al-Masri, a firebrand Islamic cleric now serving a seven-year jail term. Mr. Masri used its weekend campgrounds with his followers before being asked not to return.

Mr. Patel did not return calls. Police officials said that he and other staff members and their families had been moved to a hotel. No arrests had been made among the school staff, they said.

People who live nearby in this predominantly white and middle-class area said they had harbored vague suspicions about the doings at the estate since it was bought by Jameah Islameah in 1993, but did not anticipate the turn of events.

"Everyone is surprised," said Steve Hayes, 46, whose modest red-brick home is about 500 yards from the school. "You don't expect international intrigue on your doorstep. There were rumors though. The mere fact that there is an Islamic school of only nine pupils, you think to yourself: that's a bit odd."

Another neighbor, Nicky Newton, 38, said, "The suspicions were always in the back of your mind. You drive around the corner and see a Muslim man in white robes, and that's a little out of place in this village."

A resident, who declined to be identified by name because, he said, he was an army reservist not permitted to speak to reporters, said he had met a white South African accompanying young Muslims at the school.

"I have mostly seen young men aged 18 to 20 in Muslim dress," he said. "I used to fish in the lake on the property, and there was a white South African man who was with the Muslims. And we used to joke that he was there to train them."

The search began early on Saturday after the 14 arrests, mainly at a Chinese restaurant in South London. Those arrested were men aged between 17 and 48, mainly British Muslims of Pakistani descent, according to British news reports. The police have not said what exactly they are looking for, but have indicated the search may take weeks. On Sunday, the police said they planned to search a lake on the estate's grounds.

The Web site of Jameah Islameah says that the estate boasts a tree whose branches have grown into the exact shape of the word "God" in Arabic. "Jameah Islameah is an Islamic Institute designed to cater for the needs of Muslim students," it says.

The school aims "to provide a high standard of academic and Islamic education" for boys ages 11 to 16, the Web site says. It is privately run and teaches subjects including Koranic recitation.

"It is our aim that through the curriculum we will provide pupils with an education, which will encourage each individual pupil to achieve his highest intellectual, spiritual and moral potential within an Islamic environment," the school publicity material says.

Jameah Islameah is a registered charity whose records at the Charities Commission show that it has never made more than around $145,000 a year from donations and fees, spending around $130,000 on upkeep in 2002, according to filings with the commission. Its latest accounts are overdue, according to the commission.

Its students pay fees of around $1,500 a year. The charity bought the former convent in 1992 or 1993 and turned part of it into a boy's school in 2003, according to the British education authorities. The charity also advertises Islamic teacher training courses and other courses for people with no access to Islamic instruction.

But British Education Ministry inspectors recently deemed it unfit for registration as a private school, meaning that it will be obliged to close if it does not make major improvements.

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In December, an inspector spent three days at the school and reported that it "does not provide a satisfactory education for its pupils. It has not made sufficient progress towards fulfilling its aims since it was established. It does not provide an adequate preparation and strong foundation for the next stage of the pupils' education."

Last year, the report said, the school had only nine pupils. It identified Mr. Patel as the proprietor and principal, and gave the name of the chief teacher as Rachid Boukhelifa.

The report said the school building was run-down and "in a poor state of decoration." The roof over one large room used by pupils had sprung a leak, the report said. "It has not yet entered any pupils for national tests or examinations."

While the report said the school had created "an orderly, well-disciplined and secure Islamic environment and a friendly atmosphere in which learning can take place," it listed seven major areas of improvements needed to comply with educational regulations.

Mr. Masri, an Egyptian-born cleric who is now a British citizen, is currently serving a seven-year sentence in Britain for inciting racial hatred and soliciting murder. He is wanted in the United States on charges relating to an attack in Yemen in 1998 on 16 tourists, including two Americans. He has also been indicted in the United States, accused of attempting to set up a terrorist training camp in Bly, Ore., between 1999 and 2000.

The Enemies In Their Midst (LAT)

By Sebastian Rotella

The Los Angeles Times, September 5, 2006

LONDON — The evolution of terrorism in Europe in the five years since the Sept. 11 attacks can be told as a tale of two threats.

The first spread consternation worldwide when it was revealed in London last month. The alleged plot to blow up transatlantic airliners in midair raised again the specter of Britain's "home-grown" problem: militants with British passports and the accompanying resources and Western ways, as well as links to lethal networks in Pakistan.

The second threat unfolded more quietly in Paris. The suspects arrested beginning last year were largely French, but their inspiration came from a North African network that had allied itself with groups in Iraq to forge a strategy for jihad beyond the war zone. The new target: Europe.

In the years since a group of Arab university students hatched a cell in Hamburg, Germany, that changed the world, Europe remains the front line for a post-Sept. 11 generation of extremists. Major attacks struck transport systems in Madrid and London. Amsterdam suffered a high-profile murder. Vast Muslim immigrant communities, primarily Pakistani here and North African on the European mainland, became a prime recruitment pool, with a staging area within striking distance of the United States.

The cases in London and Paris had elements typical of the fast-changing landscape of extremism: Big plans for massacres in the heart of the West. Ambiguity about the imminence of attacks and the nature of networks. And a dangerous nexus of battle-hardened foreign groups with militants born or bred in Europe.

In the years when Al Qaeda leader Osama bin Laden oversaw a multiethnic complex of training camps, the disparate networks intertwined in Afghanistan. Today, British extremists find inspiration and expertise in Pakistan, the suspected hide-out of the remnants of Al Qaeda, European anti-terrorism chiefs say. Extremists elsewhere in Europe gravitate toward hotbeds in North Africa and Iraq.

Open borders, tolerant laws and social alienation combine to create a space for radical activity in Europe that does not exist in the U.S. Muslim community or even in some Muslim countries. The rise of the enemy within makes European leaders even more uncomfortable with the American-coined phrase "war on terror."

"We work very well with the United States in counter-terrorism," said Jean-Louis Bruguiere, France's top anti-terrorism judge. "They are our closest partners. The U.S. approach in one way is fundamentally different than the European approach. The U.S. method, though there has been progress, is still based very much on a military concept of the threat.

"In Afghanistan, where French and American troops fight side by side, that's appropriate. But how can military means do the job when the enemy is not yet identified, well integrated into the social fabric and plotting behind your back?"

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With an anti-terrorism apparatus based on aggressive domestic spying and extensive judicial power, Bruguiere and other French security chiefs lead a regional alliance trying to overcome differences in law enforcement cultures. It benefits from partnerships with nations such as Algeria and Morocco.

Despite criticism in Europe of the U.S. detention camp at Guantanamo Bay, Cuba, and secret U.S. "renditions" of foreign suspects, European police acknowledge that they work closely with North African security services whose methods can be brutal but effective.

So the menace should not be overstated: Most European extremist cells are dismantled well before the attack stage. Moreover, the killing of Abu Musab Zarqawi, the Jordanian-born leader of Al Qaeda in Iraq, by the U.S. military this year hurt nascent efforts to build an anti-Western federation spanning Europe, North Africa and the Middle East, said Stefano Dambruoso, an Italian former anti-terrorism prosecutor.

But hundreds, if not thousands, of "graduates" of the Afghan camps and jihadi combat theaters are potential new bosses. And Dambruoso, now a judicial attache to international organizations, worries about the speed with which threats transform. He cited the recent case in which Lebanese suspects in Germany allegedly planted suitcase bombs on trains, an attempt seemingly inspired by Al Qaeda ideology and the recent Israel-Hezbollah conflict in Lebanon.

"There is an extremely fast evolution of things, and you can't underestimate the impact in Europe of things happening outside Europe," Dambruoso said. "A lot of people aspire to replace Al Qaeda. There are new leaders we don't know about who seem always more ambitious. You have lots of guys who went to Iraq who were trained concretely. Before that they never had an opportunity to fight; now they are back in Europe and they know how to operate."

As for the old leaders of Al Qaeda, it's not clear to what extent they still call the shots from refuges in the Pakistani-Afghan border area. The direct influence of Bin Laden and his deputy, Ayman Zawahiri, has been curtailed by life on the run. Few post-Sept. 11 plots can be traced to them, investigators say.

"I think Al Qaeda central, the original leaders, are hunted men and devote much energy to avoiding capture," Bruguiere said. "They have been reduced in some cases mainly to propaganda and communication. But I think they still have an operational role as well."

Zawahiri's videotaped claim of responsibility for last year's London transit bombings seems opportunistic and after-the-fact, a British counter-terrorism official said. Nonetheless, this year's alleged airline plot and previous cases here reveal a strong Pakistani connection, whether to Al Qaeda or networks that Dambruoso calls "the sons of Al Qaeda."

The British official said: "It might not matter that much whether Al Qaeda central is involved. I don't think there's clarity or structure that the plotters in the various cases are going back to the same network or individuals in Pakistan. But there's so much there in Pakistan."

Pakistan abounds with Al Qaeda-connected or influenced ideologues, groups and training camps that are sometimes permitted or backed by the Pakistani government security forces, officials say. In Britain, meanwhile, second- and third-generation young people from Pakistani immigrant families have roots here giving them ease of travel and access to sources of funding such as bank loans, front companies or welfare scams. The Internet and the proliferation of ideologues here drive radicalization at home, but recent history shows that the path to violence invariably requires foreign support.

All that explains why Pakistani-British militants are the most dangerous of the moment, the British official said.

"With North Africans, many seem to become involved in terrorism through crime, whereas Brit-Paks are going straight to terrorism," the official said. "They are considerably more inspired, more pure. The scope is much greater. It's the threat. It's way ahead of everything else in terms of complexity. And it multiplies a thousandfold when they disappear back to Pakistan."

In a pattern resembling previous cells aided by planners and trainers in Pakistan, at least seven suspects in the alleged airline plot traveled there, officials say. A group at the heart of the suspected conspiracy was formed by "an experience at a training camp" in Pakistan, a British law enforcement official said.

The suspects communicated with operatives in Pakistan up until their arrest, officials said. There are also signs of travel to and contacts with South Africa that may be related to financing, officials say.

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British officials say they have identified a suspected leader in London. They say a man in his mid-20s oversaw the preparation of explosive devices and filming of six "martyrdom" videos in a so-called safe house: a second-floor apartment on Forest Road in Walthamstow, a heavily Pakistani, middle-class area on the eastern edge of the capital.

Investigators believe that the 11 suspects charged with conspiracy to murder also include bomb-makers and half a dozen would-be suicide bombers, officials said. Four suspects are charged with lesser offenses, and five more remain in custody and under investigation.

The suspected plan to use materials for liquid explosives smuggled in sports drinks containers for bombings over the Atlantic recalls a 1995 hijacking plot targeting airliners over the Pacific. The earlier plan was developed in Manila by Khalid Shaikh Mohammed, the Kuwaiti Pakistani godfather of the Sept. 11 attacks, and Ramzi Ahmed Yousef, who is serving a life sentence for his role in the 1993 World Trade Center bombing. But this time, the project may have been developed on Forest Road.

The possibility that a British mastermind aspired to match the carnage of the Sept. 11 attacks has profound implications as the anniversary approaches, officials said.

"It has the same audaciousness," the British official said.

But it raises doubts, too. British and European officials said in recent days that the suspected plotters did not target as many planes as first described publicly. Officials estimate a maximum of six planes as opposed to nine or 10. The group was under audio and video surveillance and had not chosen a date for the attacks, which were at least weeks away, officials said. Some European anti-terrorism officials suggest the initial British accounts were alarmist.

Other questions concern Rashid Rauf, a Birmingham, England, businessman living in Pakistan. His arrest there caused the suspects here to film a martyrdom video, which in turn triggered the police decision to round up the group last month, the British counter-terrorism official said. Pakistani authorities describe him as a key figure who has confessed to meeting with an Al Qaeda leader about the plot.

British officials, in contrast, say Rauf communicated frequently with the London group, but his role is unclear. One official said Rauf did not appear to be a mastermind. European anti-terrorism officials worry that information from Pakistan tends to be clouded by political manipulation and unsavory tactics.

Rauf confessed after four days of interrogation, which raises the specter that he was tortured, said a European anti-terrorism official with information about the case.

"After four days of interrogation, I think he would say pretty much what they wanted," the European official said. "I am a little bit skeptical."

Although the same problem haunts cooperation with North African and Arab security agents, intelligence from North Africa helped police in Paris detect a major threat developing about a year ago. It emerged from the fury in Iraq, a land of jihad that is revitalizing and reshaping networks such as Algeria's Salafist Group for Call and Combat, known by the French initials GSPC. The GSPC, a longtime Al Qaeda ally, spent the late 1990s embroiled in Algeria's bloody civil conflict. It expanded throughout the Maghreb countries, north into Europe and south into the Sahel region of countries including Mali and Niger. With the advent of war in Iraq, combat-hardened Algerians were a large component of the jihadists flocking to join the insurgency along with inexperienced Europeans, who tended to be thrown into the fray.

"At the start of war there are very radicalized extremists, and it's kind of the era of cannon fodder in which Zarqawi and other organizations absorbed these people and sent them on suicide operations," Bruguiere said. "Later, in 2005, while the situation is degrading in Iraq, some of these people are recuperated by the Zarqawi movement, and groups like it, to be trained for terror operations in Europe."

The Algerian network began working with Zarqawi and others to develop a regionwide version of Al Qaeda that would unite groups in Morocco, Mali, Libya and elsewhere and create "a zone of destabilization" across northern Africa, French and Italian investigators said.

"The strategy changes," a senior Italian police official said. "The GSPC loses its nationalist Algerian focus, embraces the anti-Western ideas of Al Qaeda. They set up new training camps on the border of Algeria and Mali that disappear whenever

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someone looks for them. And they form a big structure in Syria, in Aleppo and Damascus, that sends some foreign fighters who come to Syria into Iraq, and others back to Europe."

Leaders forged the alliance partly with traveling emissaries and e-mails, including one intercepted by the CIA in late 2004, officials say. But it was also a fluid process that is typical of Islamic extremism and has intensified as Al Qaeda's networks have been damaged and dispersed, they say. The "emirs" set a general strategy guiding the initiatives of the cells, which are often spontaneously formed and largely autonomous.

In exchange for fighters and logistics, Zarqawi and like-minded bosses in the Iraq region decided to provide manpower and training — in Iraq, Syria, Lebanon — to help the GSPC attack France, a dire foe because of its support for the Algerian government. The Jordanian began singling out Algeria and France in propaganda statements and terrorist operations.

As Iraq grew increasingly chaotic last year, insurgent chiefs had more wannabe foreign fighters than they could handle, investigators said.

"In 2005, the flow of jihadis to Syria was unmanageable," the senior Italian police official said. "There were too many, and too many were untrained. The structure in Syria decided that they only wanted serious people with combat experience, especially from the Algerian army. The others are sent to Algeria to the camps to train. Because the GSPC wants to hit Europe."

The new alliance produced brazen schemes to bomb targets in France: the Paris subway, the Orly airport, the headquarters of the DST anti-terrorism agency, even a Parisian restaurant frequented by DST agents.

Starting with the capture of a boss in Algeria last September and continuing into the spring, security forces launched periodic raids north and south of the Mediterranean. The operations revealed that new cells inherited projects from dismantled groups and tried again.

The suspects were a cross-section of extremism today. French police arrested accused ringleaders Safe Bourada, 35, and Ouassini Cherifi, 31. Both are from Algerian immigrant families and grew up in tough suburbs of Paris. Both did time on previous terrorism charges.

Bourada was involved in a mid-1990s bombing campaign in France. Cherifi, who has a university math degree and had worked as a chief receptionist at a luxury hotel, was convicted in 2002 of providing fraudulent documents to a suspected Al Qaeda cell.

Their new-generation soldiers ranged from radicalized hoodlums, who raised a war chest by robbing armored cars and extorting from prostitutes, to fierce converts trained in bomb-making in Lebanon. Like militants across Europe, they were swept up in a wave of radicalization that is faster and wider than ever.

In December, French police found a stash of weapons and explosives in the garage of a housing project in the gray slums north of Paris. One plan called for simultaneous attacks during Bastille Day celebrations July 14, investigators said. In April, Moroccan police captured a Tunisian based in Milan and seven suspected henchmen accused of preparing to bomb a cathedral in Bologna, Italy, because it displays a painting of Muhammad in Dante's Inferno.

Nonetheless, the network did not come close to striking, officials say. Information from North Africa may have been manipulated, they say. The fog of the battlefield obscures the true dangers and even the face of the enemy.

"For me, using the term GSPC can be problematic," Dambruoso said. "I think it encompasses many things, many groups, it has stimulated and motivated a lot of different radicals. But in this world, it's difficult to talk about the networks as if they were very organized."

Five years from Ground Zero, the threats on this side of the Atlantic are fragmented and elusive. But they have moved uncomfortably close for Europeans and, as a result, for Americans as well.

European-born terrorists "are willing to attack their homeland," a U.S. law enforcement official said. "Something's happening in their melting pot. And the fear with these guys is that they are just an e-ticket away from getting to the U.S."

In Britain, The Jihadi Is Us (WSJ)

By Bret Stephens

The Wall Street Journal, September 5, 2006

DOJ_NMG_0056910

LONDON -- Two bearded young men in a lounge at Heathrow Airport overhear an American journalist on the phone, describing his forthcoming trip to earthquake-ravaged Pakistan. He hangs up and a conversation with the journalist begins. The pair is headed the same way, to do their part in the ongoing reconstruction effort, though not for any government or recognized humanitarian agency. They are religious students, Muslims, and although they speak in the broad accents of northern England, they dress in the large white skullcaps, long white shirts and short white trousers in vogue with their set.

It's a mostly one-sided discussion. The more assertive of the two derides the government of Pakistani President Pervez Musharraf, dictator and Bush puppet. And speaking of puppets, he adds, how about the U.K.'s Tony Blair? At this he launches into a tirade against Anglo-American foreign policy. Michael Moore's "Fahrenheit 9/11" is his main point of reference, the authoritative document about American designs.

This anecdote of nine months ago comes to mind on a current visit to Britain, where headlines are dominated by the news that a secluded former convent in East Sussex may have recently served as a terrorist training camp, disguised as a secondary school for Muslim boys. Fourteen suspects are in custody, on top of the 25 arrested in connection with last month's plot to blow up airliners over the Atlantic. Peter Clarke, head of Scotland Yard's Anti-Terrorism Branch, tells the BBC, "the number of people who we have to be interested in are into the thousands."

It is somewhat fitting that Terror Prep (if that in fact is what it was) should have been headquartered on what used to be Christian: Maybe there is a parable here about the eclipse in Europe of a waning faith by a stronger one. Traditional Britons especially see it that way, and while a large majority dislike the Bush administration and opposes Middle East adventurism, they also tend to regard their country's estimated 1.6 million Muslims as alien corn, people whose stern values are dangerously at variance with Britain's tolerant ones. Thus a recent poll finds that 63% of Britons believe that immigration laws ought to be "much tougher."

Yet there is also something too easy about this emerging consensus, which, roughly, wants Britain out of the Middle East and the Middle East out of Britain. What it neglects is the extent to which the attitudes of British Muslims perfectly reflect the attitudes of Britons generally.

Consider the findings of a July YouGov poll on the British view of America and Americans. Sixty-five percent of respondents consider Americans "vulgar"; 72% think American society is unequal; 52% take a negative view of American culture; and 58% believe the U.S. is "an essentially imperial power, one that wants to dominate the world by one means or another." Only 12% of Britons have confidence in U.S. leadership.

The figures would surely have been even more lopsided had the poll been conducted exclusively among British Muslims. But the significant fact here is that on the not-trivial question of attitudes toward the U.S., the Muslim minority population is well in tune with the British majority. Ditto for British views about Israel. On Saturday, the Times reported that anti-Semitic attacks in Britain were near a modern-day high, which the paper attributed to Israel's war with Hezbollah.

It's a fair bet that an overwhelming majority of Britons deplore these attacks, the perpetrators of which are often Muslim. But leave aside the act and examine the attitude. By a 3-1 margin, Britons blamed Israel for using "disproportionate" force in Lebanon, and more Britons are in sympathy with Palestinians than with Israelis. The view is even more skewed among the British intelligentsia: The British teachers' union recently voted a boycott of Israel, following a similar boycott (since rescinded) by British university professors of two Israeli universities.

Such views aren't just waterborne; they spring from the data set from which almost all Britons judge Israeli actions. Trevor Asserson, a solicitor, has compiled lengthy reports of BBC coverage of Israel: He finds that of 19 documentaries on Israel or the Palestinians aired by the BBC from 2000 to 2004 (as compared to only five about the earlier, nearer and far deadlier conflict in the Balkans), almost all were savagely critical of Israel. "The Accused" indicts Ariel Sharon as a war criminal; "Dead in the Water" alleges that Israel bombed an American ship in 1967 to disguise Israeli atrocities in the Sinai and to provoke an American nuclear strike on Cairo; and so on.

Compound this with the similar slant and tenor of nightly BBC coverage of Israel, the U.S., Iraq, Lebanon and Guantanamo Bay and it isn't hard to understand the sense of rage, easily descending to radicalism and violence, which typifies the political sensibilities of so many British Muslims.

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True, other factors are at play. The unemployment rate of British Muslims is three times that of the overall population, according to a 2004 survey, and the country's Muslims tend not to participate in civic life. These details get lumped together in the catch-all of "social exclusion," and it's something that rightly concerns British policy makers.

Yet what really ought to terrify Britain's leaders aren't the conclusions that divide mainstream and Muslim Britain, but the premises that unite them. From the credence given to people like Michael Moore and Noam Chomsky, to the simplistic derision of the U.S. and the frenzied hatred of Israel, the two camps attend the same church and sing from the same hymnal. Until that changes, on one side or the other, Britain will have no respite from the encroaching terror. Or, to paraphrase Pogo: We have met the jihadi, and he is us.

CORRECTION: I erred in my reporting of Belgium's murder rate in my column of Aug. 22 by using government data that amalgamates attempted and actual murder and manslaughter. In 2005, the actual murder rate stood at 1.7 murders per 100,000.

Al Qaeda In Iraq's No. 2 Reportedly Arrested (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, September 5, 2006

The suspected militant was seized by an Iraqi unit working with U.S. troops, officials say.

BAGHDAD — A high-level Al Qaeda in Iraq operative believed to be one of the planners behind the bombing of a revered Shiite Muslim shrine has been captured, U.S. and Iraqi officials said Sunday.

Hamed Jumaa Farid Saeedi, a former intelligence agent under Saddam Hussein's regime who is believed to be in his early 40s, was the No. 2 Al Qaeda in Iraq operative, said Iraqi national security advisor Mowaffak Rubaie.

An Iraqi intelligence unit working with U.S. special forces captured Saeedi near Baqubah, northeast of the capital, not far from where Al Qaeda in Iraq leader Abu Musab Zarqawi was killed three months ago, authorities said. They did not reveal when Saeedi was arrested but said the capture also led to the arrest of 20 Al Qaeda in Iraq members, including 11 considered to be high- to mid-level operatives.

Saeedi allegedly directed the February bombing of the Golden Mosque in Samarra, a pilgrimage site that holds the remains of two of Shiite Islam's holiest martyrs. The attack sparked weeks of sectarian violence that left hundreds dead.

Although they expressed satisfaction at having captured such a highly sought insurgent figure, U.S. and Iraqi officials acknowledged that Al Qaeda in Iraq was far from defeated.

"We've been very effective in dismantling the leadership and targeting it and disrupting its activities," Army Lt. Col. Barry Johnson said. "But we also recognize that this is a decentralized organization working from cells that are able to operate independently."

Rubaie said the arrest showed that the group was "severely wounded."

"Their command and communications structure has been disrupted and there is a vacuum in their leadership," he said. "We hope there will be a domino effect."

Rubaie said Saeedi was in charge of Haytham Sabah Shakir Mahmood Badri, identified by authorities as the mastermind of the seven-member cell that sneaked into the mosque Feb. 22, tied up the guards and packed the shrine with enough explosives to shatter the ancient structure. Despite calls for calm by Iraq's religious and political leadership, Sunni Arabs and Shiite militias carried out sectarian killings that left hundreds dead and drove the nation to the brink of civil war.

Saeedi's arrest came almost three months after a U.S. F-16 dropped two 500-pound guided bombs on the hide-out of Jordanian-born terrorist Zarqawi, killing him and uncovering what American military investigators called a "treasure trove" of documents, computer hard drives and other intelligence.

U.S. and Iraqi officials credited Iraqis with Saeedi's capture, and were circumspect about the role the American troops played; information about U.S. special operations in Iraq is a closely guarded secret.

Officials also declined to offer details about the investigation leading up to Saeedi's capture, including the date of his arrest or the identities of the other Al Qaeda in Iraq operatives recently captured. Rubaie said authorities had been seeking the alleged insurgent leader for months.

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In addition to his alleged involvement in the Samarra bombing, Saeedi also was believed to be responsible for organizing suicide bombings, assassinations, attacks against Iraqi security force checkpoints and kidnappings for ransom.

"During his interrogation, the interrogator was telling him, 'You killed hundreds of Iraqis!' " Rubaie said. "Saeedi said, 'Hundreds? I killed thousands!' He was actually boasting about it."

U.S. officials acknowledged that Saeedi's alleged position in Al Qaeda in Iraq highlighted the organization's transformation from an insurgent group led by foreign extremists to a largely homegrown force.

"We recognize that Al Qaeda draws and tries to recruit Iraqis as well as bringing in people from outside the country," Johnson said. "The majority of the organization is Iraqi, although much of the leadership has been from other nations."

Some U.S. intelligence sources believe that Osama bin Laden and Ayman Zawahiri, the founders of Al Qaeda's international network, chose a shadowy Egyptian named Abu Ayyub Masri as the successor to Zarqawi.

Intelligence officials say Masri was chosen over Saeedi in order to strengthen the international organization's control over the Iraqi branch of Al Qaeda.

"We believe the central leadership of Al Qaeda does not trust Iraqis to be on top," said Rubaie, who said there were clear tensions within Al Qaeda.

But in recent interviews with the Los Angeles Times, senior U.S. military officers in Iraq said that despite signs of tensions among Al Qaeda in Iraq's leaders, the organization was adapting to ensure its survival. American military sources said the group had used the incentive of large dowries to encourage marriage into Iraqi tribes that have clashed with the foreign insurgents.

"What they've been doing is coming in and marrying into the tribe with the specific intent of trying to endear the tribes to them and get the support of the tribes," said a military official, who spoke on condition of anonymity because he was not authorized to discuss intelligence matters.

"We see a lot of that happening in the Al Anbar province. That's a clear strategy they're trying to employ."

Some intelligence sources in Iraq said the local Al Qaeda branch reorganized shortly before Zarqawi's death in order to decentralize its leadership and involve more Iraqi nationals.

U.S. and Iraqi officials also acknowledged that Al Qaeda in Iraq was just one among many shifting and sometimes overlapping networks of Sunni Arab militant organizations.

"The attacks in Iraq are not exclusively by Al Qaeda," Rubaie said.

"Al Qaeda is only one of the organizations that is contributing to the violence. There are the die-hard Saddamists and the other arms of the insurgency — they constitute more than 80% of the violence in Iraq."

That point was brought home by continued sectarian violence that killed at least 22 people Sunday, including two families. One family of eight was gunned down in the western province of Al Anbar, and a family of five in Baqubah died when its booby-trapped car exploded.

The U.S. military also announced that insurgents killed two Marines in Al Anbar — one died Friday and the other Sunday.

In separate incidents, gunmen in Baqubah killed two Iraqi policemen on their way back from home leave and shot a municipal worker to death.

In Zaghanya, east of Baqubah, insurgents bombed a Shiite mosque. No casualties were reported in the attack.

A bomb killed three people and injured 19 others in Khalis, 50 miles north of Baghdad.

A separate bombing that targeted a U.S. military patrol on the outskirts of Baqubah killed one child and injured another.

In the south, gunmen killed the caretaker of a Shiite mosque in downtown Amarah, a town that has been beset with intra-Shiite fighting.

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solomon.moore@latimes.com

Iraq Cites Arrest Of A Top Local Insurgent (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, September 5, 2006

Officials Call Detainee No. 2 in Al-Qaeda Group

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BAGHDAD, Sept. 3 -- U.S. and Iraqi forces have captured a top al-Qaeda leader who ordered the bombing of a Shiite Muslim shrine in Samarra that triggered a wave of ferocious sectarian killings, Iraqi officials said Sunday.

The arrest of Hamed Jumaa Faris Juri al-Saeidi, described by Iraqi officials as the No. 2 leader of al-Qaeda in Iraq, was the latest in a series of blows to the Sunni Arab insurgent group, believed responsible for numerous suicide attacks on civilians and other deadly violence. The group's former leader, Abu Musab al-Zarqawi, was killed by U.S. forces in June and replaced by Abu Ayyub al-Masri.

"The al-Qaeda organization in Iraq has been seriously weakened and is now suffering from a leadership vacuum," Iraq's national security adviser, Mowaffak al-Rubaie, said at a news conference. Twenty senior al-Qaeda in Iraq fighters have been captured or killed based on information from Saeidi since his arrest within the past few weeks, Iraqi officials said.

The Mujaheddin Shura Council, an insurgent coalition that includes al-Qaeda in Iraq, denied that Saeidi was a member of al-Qaeda. A leader of another group in the council, however, confirmed that Saeidi belonged to al-Qaeda.

"But he is not that famous or any sort of leader," Abu Abdullah, a leader of the Islamic Army of Iraq, said in a phone interview from Salahuddin province. "He is only a normal fighter."

Iraqi officials said Saeidi, an intelligence officer for ousted president Saddam Hussein, was captured within the past few weeks as he hid among women and children in an unspecified location just north of Baghdad. Saeidi, who is in his early forties, confessed that he had joined al-Qaeda in Iraq three years ago and is being held by U.S.-led coalition forces, the officials said.

In an attempt to thrust Iraq into a full-scale civil war, Saeidi supervised Haitham al-Badri, an operative under his command, in carrying out the Feb. 22 bombing of a revered golden-domed Shiite shrine in Samarra, officials said. That attack sparked brutal reprisal killings by both Shiites and Sunnis that have left thousands of people dead.

"Why did you kill hundreds of people?" Saeidi was asked during a recent interrogation, according to Ali al-Dabbagh, an Iraqi government spokesman.

"What do you mean 'hundreds of people?' I've killed thousands," Dabbagh said Saeidi responded.

If the Iraqi government's depiction of Saeidi is accurate, he would be the highest-ranking al-Qaeda in Iraq figure killed or captured since June 7, when U.S. forces killed Zarqawi by dropping two 500-pound bombs on his hideout north of Baghdad.

A U.S. military official said Saeidi was "one of the top five al-Qaeda in Iraq leaders" but declined to identify him as the second-highest official in the group. He spoke on condition of anonymity because the Geneva Conventions could be construed as forbidding the public discussion of detainees.

In a statement posted on the wall of the al-Tameem Mosque near Ramadi, where there is strong support for al-Qaeda, the Shura Council attacked government officials and denied that Saeidi, also known as Abu Humam or Abu Rana, was a member of al-Qaeda.

"We swear to God, this is from their sick minds in an attempt to make the people believe a fake victory," the statement said. "It is no more than names from their imagination and the devils whispering to them in the Green Zone."

In an interview after his news conference, Rubaie dismissed the statement and said that Saeidi told interrogators he had fought to replace Zarqawi but lost out to Masri, the current leader. Rubaie also said Saeidi had admitted to overseeing al-Qaeda operations in Baghdad and Diyala and Salahuddin provinces.

"He was in charge of more than half of al-Qaeda in Iraq," Rubaie said.

Saeidi financed the group's operations by ambushing Iraqi security forces after they collected their salaries from the bank and by kidnapping civilians for ransom, Rubaie said.

Dabbagh said late Sunday night that Saeidi had been captured within the past few weeks, and that Rubaie had misspoken at the news conference when he said the arrest took place several days ago.

After authorities finish interrogating him, Saeidi will face charges including "mass killings of Iraqis," Dabbagh said.

Despite repeated strikes on the leadership of al-Qaeda in Iraq, the group's diffuse cells have continued to launch deadly attacks throughout the country. "It's a very decentralized organization with a lot of local leaders, so that makes it much harder to strike crippling blows," Daniel L. Byman, director of Georgetown University's Security Studies Program, said in a phone interview from Washington.

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U.S. and Iraqi officials say the greatest threat to security in the country is not insurgent attacks on American forces but tit-for-tat killings by the country's various sects. "Sustained ethno-sectarian violence is the greatest threat to security and stability in Iraq," according to a Pentagon report released Friday.

Simmering anger directed by Arabs toward Kurds reached a boiling point this weekend after the Kurdish regional government issued an order forbidding the Iraqi flag to be raised in government buildings across the north. The decree allowed the display of only the Kurdish flag, an assertion of independence interpreted by some as a rebuke of attempts to prevent Iraq from breaking apart.

"The current flag of Iraq is the only one which should be raised over every foot of the land of Iraq," Prime Minister Nouri al-Maliki said in a statement.

In a speech before the Kurdish parliament Sunday, Massoud Barzani, president of the regional government in Kurdish-populated northern Iraq, said the region would not be intimidated by other areas of Iraq and that it retained the option to express independence. "We will not be in an Iraq ruled by a dictator, a fascist or any one sect," he said.

Meanwhile, six mortars fell near the mainly Shiite Sadr City area of Baghdad, killing seven people and wounding 12, police said. Fourteen people were also killed in violence in and around Baqubah, 35 miles northeast of the capital, police said.

The U.S. military on Sunday announced the deaths of four service members. In Baghdad, two soldiers were killed Sunday morning when their vehicle was hit by a bomb. In Anbar province, a volatile Sunni insurgent stronghold, a Marine assigned to Regimental Combat Team 7 was killed in combat Sunday, and another assigned to Regimental Combat Team 5 died in combat Friday.

Researcher Rena Kirsch in Washington, special correspondents Naseer Nouri and K.I. Ibrahim in Baghdad and other Washington Post staff in Iraq contributed to this report.

Iraqi Official Reports Capture Of Top Insurgent Leader Linked To Shrine Bombing (NYT)

By Richard A. Oppel Jr.

The New York Times, September 4, 2006

BAGHDAD, Sept. 3 — American and Iraqi troops have captured the man who supervised the bombers of a revered Shiite shrine in Samarra in February, an act that set off a wave of brutal sectarian violence, the Iraqi national security adviser, Mowaffak al-Rubaie, said Sunday.

In a statement broadcast on national television, Mr. Rubaie said the second-ranking leader of Al Qaeda in Mesopotamia, Hamid Juma Faris Jouri al-Saeedi, was captured several days ago as he hid among Iraqi families in a residential building. He said that Mr. Saeedi was operating near Baquba, north of Baghdad, in the area where Abu Musab al-Zarqawi, the Jordanian-born leader of the terrorist organization, had sought refuge before he was killed in an American airstrike three months ago.

Mr. Rubaie described Mr. Saeedi as Al Qaeda's deputy commander in Iraq, serving beneath Abu Ayyub al-Masri, who took over the organization after Mr. Zarqawi's death. If that characterization is true, it would suggest that Mr. Saeedi is the most senior Al Qaeda in Mesopotamia leader killed or captured since an American F-16 fighter bombed Mr. Zarqawi's safe house on June 7.

However, a United States military official was more cautious in describing Mr. Saeedi's place in the organization's pecking order. While he was a "top-tier guy" who supervised those who carried out the Samarra bombing, "I'm not sure we are ready to put a number on him," said the American official, who agreed to speak only without being named because Iraqi officials had been designated to announce the capture. "It's a very decentralized operation."

The news came as the United States military reported the deaths of four servicemen. Two marines were killed in attacks on Friday and Sunday in Anbar Province, the military said, and two soldiers were killed Sunday morning when a roadside bomb struck their vehicle in eastern Baghdad.

Iraqi officials have asserted that Al Qaeda in Mesopotamia has been severely weakened in recent months, and on Sunday Mr. Rubaie said the terror group faces a serious "leadership crisis."

After his arrest, Mr. Saeedi gave interrogators information that has led to the arrest or killing of 20 Al Qaeda operatives, Mr. Rubaie said. He did not describe the specific roles of Iraqi and American forces in the capture of Mr. Saeedi but said it showed the proficiency of Iraqi forces "backed up by multinational forces."

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Despite the high-profile killing of Mr. Zarqawi and other operations against Al Qaeda, attacks have soared in recent months. Iraq has tipped closer to the all-out civil war that Mr. Zarqawi sought to foment when he was leader of Al Qaeda in Mesopotamia.

Even the Pentagon acknowledged last week that Iraqi casualties have risen by more than 50 percent in recent months and that the Baghdad coroner's office reported that 9 out of every 10 bodies it took in during July — more than 1,800 in total — were thought to be victims of executions.

Many of those killings have been attributed to violence between Iraq's Shiite majority and Sunni minority. Summary executions and other sectarian killings have been common for well more than a year, but they intensified after Feb. 22 when insurgents bombed the golden-domed Askariya shrine in Samarra.

The man who Iraqi officials believe carried out that attack is Haitham al-Badri, an Iraqi native still at large. They have said that Mr. Badri and a team of insurgents entered the shrine the night of Feb. 21, tied up police guards and placed explosives around the shrine which were detonated the following morning.

Mr. Rubaie said that Mr. Saeedi, who is also known as Abu Humam and Abu Rana, was Mr. Badri's boss.

"He is the direct supervisor of the criminal Haitham al-Badri, who planned and executed the bombing of the Askariya shrine in Samarra," Mr. Rubaie said. He added that Mr. Saeedi "carried out the policy of the Al Qaeda organization in Iraq and the orders of Zarqawi to ignite sectarian riots." His crimes included supervising kidnappers, death squads and insurgents who killed policemen and stole their pay, Mr. Rubaie added.

In Baghdad, Iraqi and American officials worked to overcome disagreements over the transfer of direct operational control of the Iraqi armed forces to the Iraqi Defense Ministry. At issue is the delineation of responsibilities between Iraqi and American forces, said an American official, who called the disputes minor.

The United States military announced that it had formally handed over the infamous Abu Ghraib prison to the Iraqi government on Friday. The prison is empty because the Americans and Iraqis transferred detainees to other centers before the handover.

Also Sunday, the prime minister, Nuri Kamal al-Maliki, reacted sharply to a decree from the Kurdish leader, Massoud Barzani, that only the Kurdish flag and not the Iraqi should fly over government buildings in the northern Iraqi region of Kurdistan. "The current flag of Iraq is the only flag that should be hoisted on every inch of the land" until the government changes it, Mr. Maliki said.

Falah Mustafa, a senior official in the Kurdistan regional government, downplayed the dispute and said the Iraqi flag has not flown for years in the region controlled by Mr. Barzani's party because it is identified with Saddam Hussein's massacres. Kurdish officials, he said, would fly a new Iraqi flag once the central government changes the design.

33 Bodies Found Scattered Across Baghdad (AP-Y)

By Elena Becatoros, Associated Press Writer

AP, September 5, 2006

Police found the tortured, blindfolded bodies of 33 men scattered across the capital Monday and the U.S.-led coalition reported combat deaths of seven servicemen, a day after Iraqi leaders said the capture of a top terror suspect would reduce violence.

Kidnappers also dragged off a popular soccer star in Baghdad, while a security crackdown in the city expanded into the upscale Mansour neighborhood.

An al-Qaida-affiliated group dismissed the Iraqi government's claim that the organization's second most important leader had been arrested, suggesting the man was not a senior figure and denying the terror group had suffered a significant blow.

On Sunday, Iraq's national security adviser announced the arrest of Hamed Jumaa Farid al-Saeedi, also known as Abu Humam or Abu Rana, and said that had left al-Qaida in Iraq suffering a "serious leadership crisis."

But the Mujahedeen Shura Council, an umbrella organization of Sunni Arab extremist groups that includes al-Qaida in Iraq, issued a statement Monday saying its "leadership was in the best condition."

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The statement did not directly deny the arrest, or say what position al-Saeedi held, although it suggested he was not the No. 2 leader.

The security adviser, Mouwafak al-Rubaie, described al-Saeedi as the second most important al-Qaida in Iraq figure behind Abu Ayyub al-Masri, who is believed to have taken over the group after Abu Musab al-Zarqawi was killed by a U.S. airstrike in June.

Al-Saeedi was involved in the Feb. 22 bombing of a Shiite shrine in Samarra, al-Rubaie said. The attack inflamed tensions between Shiite and Sunni Muslims and set off reprisal killings that have killed hundreds of Iraqis, like those found in Baghdad on Monday.

Police said the 33 bullet-riddled bodies all showed signs of torture and had their hands and feet bound. The men had been dumped around several neighborhoods, police said.

Two other bodies were found dumped on a highway in Kut, 100 miles southeast of Baghdad. Both had been shot in the head and chest, said Maamoun Ajil al-Robaiei at Kut hospital's morgue.

The Mujahedeen Shura Council's statement also said insurgents have been inflicting heavy losses on U.S. troops in western Anbar province and in Baghdad.

The U.S.-led coalition said seven of its personnel had been killed the past two days — five Americans and two Britons.

On Sunday, two U.S. Marines were killed in Anbar and two Army soldiers died from roadside bombs in Mosul, 225 miles northwest of Baghdad, and near Baqouba, 35 miles northeast of the capital. Another soldier was killed Monday by a roadside bomb. A sixth American died of non-combat injuries, the military said.

In the south, a roadside bomb killed two British soldiers and seriously wounded a third north of the southern city of Basra, a British military spokesman, Maj. Charlie Burbridge, said.

British Foreign Secretary Margaret Beckett arrived in the capital Monday on an unannounced visit — her first to Iraq since taking up the post in May.

"We do not underestimate the challenges ahead," Beckett said in a statement. "But we must not forget the progress made in the last twelve months in bringing the first democratically elected national unity government to the country, with a constitution voted for by the people."

Assailants abducted Ghanim Ghudayer, a soccer star and member of Iraq's Olympic team. Considered one of the best players on Baghdad's Air Force Club, the 22-year-old was taken Sunday evening by unknown assailants, some of whom were wearing military uniforms, police said.

The U.S.-led coalition said the Iraqi army had begun searching the capital's Mansour district as part of a crackdown aimed at tackling violence in Baghdad neighborhood by neighborhood. U.S. soldiers would "observe and advise" during the operation, the military said.

The coalition also said five suspected insurgents and a child were killed and a second child was wounded during a raid in Muqdadiyah, about 60 miles north of Baghdad. The raid targeted "an individual with ties to movement of terrorist finances and foreign fighters into Iraq," the military said in a statement.

The Iraqi Defense Ministry said that over the previous 24 hours, its troops had killed 15 people suspected of involvement of insurgent activities. Iraqi police said clashes between gunmen and Iraqi forces in Musayyib, 40 miles south of Baghdad, resulted in the death of an Iraqi soldier and the arrest of about 100 gunmen.

Disagreements continued over the handover of Iraq's armed forces command from the U.S.-led coalition to the Iraqi government, and the Defense Ministry said a ceremony to mark the transition had been postponed indefinitely.

The two sides still need "to complete some legal and protocol procedures that will lead to a complete understanding between the Iraqi government and the multinational troops," the ministry said.

Handing over control from the coalition to Iraqi authorities is a key part of any eventual drawdown of U.S. troops in the country.

No. 2 Al Qaeda In Iraq Caught (WT/AP)

By Elena Becatoros, Associated Press

DOJ_NMG_0056917

The Washington Times, September 4, 2006

BAGHDAD -- Authorities yesterday announced the capture of al Qaeda in Iraq's No. 2 leader, accusing him of "brutal and merciless" terror operations, including the bombing of a Shi'ite shrine that touched off the sectarian bloodletting pushing Iraq toward civil war.

Iraq's national security adviser said Hamed Jumaa Farid al-Saeedi, known as Abu Humam or Abu Rana, was arrested a few days ago as he hid in a residential building southwest of Baqouba.

The arrest has left al Qaeda in Iraq suffering a "serious leadership crisis," Mouwaffak al-Rubaie said. "Our troops have dealt fatal and painful blows to this organization."

He accused al-Saeedi of supervising the creation of death squads and ordering assassinations, bombings, kidnappings, and attacks on Iraqi police and army checkpoints. "The operations were brutal and merciless," Mr. al-Rubaie said.

Not much is known about al-Saeedi, but Mr. al-Rubaie said he was the second-most important al Qaeda in Iraq leader after Abu Ayyub Masri. Masri is thought to have taken over the group after a U.S. air strike killed leader Abu Musab Zarqawi north of Baghdad on June 7.

Mr. al-Rubaie said al-Saeedi was "directly responsible" for Haitham Sabah Shaker Mohammed al-Badri, an Iraqi whom authorities have accused of leading the Feb. 22 bombing of the Shi'ite shrine in Samarra, 60 miles north of Baghdad.

The attack inflamed tensions between Shi'ite and Sunni Muslims and triggered reprisal attacks that have killed hundreds of Iraqis.

The U.S.-led coalition and Iraqi authorities have announced numerous arrests after Zarqawi's death that officials say have thrown al Qaeda in Iraq into disarray.

But rampant sectarian violence and other attacks have continued, with at least 20 Iraqis killed in bomb attacks and shootings yesterday.

The U.S. military command announced that four U.S. troops had been killed -- two soldiers killed by a roadside bomb yesterday in Baghdad and two Marines in incidents Friday and yesterday in the volatile Anbar province, west of the capital.

A senior coalition official said coalition forces were involved in al-Saeedi's arrest, but would not give details about their role.

The official, speaking on the condition of anonymity because announcements were being made by Iraqi authorities, said al-Saeedi and three others had been arrested near Baqouba, 35 miles northeast of Baghdad. Zarqawi was killed on the outskirts of Baqouba.

Tensions, meanwhile, rose in the north, after the president of the Kurdish region, Massoud Barzani, threatened secession yesterday, two days after he ordered the Iraqi flag replaced with the Kurdish one, sparking harsh words in Baghdad.

"If we want to separate, we will do it, without hesitation or fears," Mr. Barzani said during an address to the Kurdish parliament.

Prime Minister Nouri al-Maliki issued a terse statement that the national flag should be hoisted throughout the country.

American In Qaida Video Not High-ranked (AP)

By Andrew Taylor, The Associated Press

AP, September 3, 2006

WASHINGTON (AP) — Federal investigators do not believe an American convert to al-Qaida who appeared in a propaganda video is a high-ranking member of the terrorist group, and they doubt his efforts to promote the organization are having much effect.

Adam Yehiye Gadahn, whom the FBI believes attended al-Qaida training camps in Pakistan, has appeared on several long and rambling al-Qaida videos at strategically chosen moments such as before the 2004 election and on the first anniversary of the July 7, 2005, London bombings.

Gadahn's most recent appearance on a 48-minute video posted on an Islamic militant Web site — released Saturday, just days before the fifth anniversary of the Sept. 11 al-Qaida assaults — urged U.S. soldiers to "surrender to the truth (of Islam), escape from the unbelieving army and join the winning side. Time is running out, so make the right choice before it's too late."

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Such messages try to communicate al-Qaida's message to a hostile U.S. audience, but they also serve to remind the public that al-Qaida is still a functioning organization.

"Al-Qaida has sought to use Gadahn as a propaganda tool," FBI spokesman John Miller said Sunday. "The purpose is to have someone who can translate al-Qaida's message into English and deliver it to a Western audience. It's part of their 'psy-ops.'"

Such messages reach the public more through media accounts than through people actually logging on and watching them.

"The obvious advantage (of his appearances) is it makes headlines in the West. ... He is an asset to them, definitely," said Thomas Hegghammer, a research fellow at the Norwegian Defense Research Establishment who studies jihadi Internet sites and videos.

Gadahn is also believed to have appeared on a 2004 video released just before the presidential election two years ago, saying that "the next attack will make you forget all about 9/11" and that the "streets would run red with blood."

The FBI believes Gadahn, 28, joined al-Qaida before the Sept. 11 attacks. One of his duties was to translate fatwahs and other statements by Osama bin Laden into English. He assumed an on-camera role after the attacks.

A missive after the London bombings contained messages from a London bomber as well as Bin Laden lieutenant Ayman al-Zawahri and seemed aimed at reaching a varied audience of followers of al-Qaida, British muslims and Americans.

"There is no indication that he is a high-ranking member of al-Qaida," Miller said, "but it is clear that he has had access to the highest levels of the organization."

Latest Al-Qaida Message Seen As PR Bid (AP-Y)

By Salah Nasrawi, Associated Press Writer

AP, September 5, 2006

The new al-Qaida video featuring an American calling for his countrymen to convert to Islam raised fears it signaled an imminent attack, but experts in the region said Sunday it is more likely a bid to soften the terror group's image.

Adam Yehiye Gadahn, a 28-year-old American who the FBI believes attended al-Qaida training camps in Pakistan and served as an al-Qaida translator, also urged U.S. soldiers to switch sides in the Iraq and Afghan wars.

He appeared in a 48-minute video that was posted Saturday on an Islamic militant Web site along with footage of al-Qaida's No. 2 leader, Ayman al-Zawahri, who gave only a brief introduction to Gadahn while also calling on Americans to convert to Islam.

There have been widespread reports that some Muslim religious figures strongly criticized al-Qaida chief Osama bin Laden over the Sept. 11 attacks, saying he failed to follow directives in the Quran that require potential victims be warned that conversion to Islam could save them.

The criticism led to speculation after Gadahn's appearance that the Saturday video meant a warning was being issued and a new attack was imminent.

But experts discounted those fears.

"This is not a warning for an attack. It is rather a speech aimed at winning the Americans' sympathy and understanding," said Gamal Sultan, editor of the Islamic magazine Al Manar.

Columnist Mishari al-Thaydi of the London-based newspaper Asharq Al Awsat agreed, saying al-Qaida is trying to portray itself as a group with a religious mission, not a terrorist movement.

"They have always been accused of lacking a program, that they are just a bunch of zealots," al-Thaydi said. "People accuse them of forgetting the essence of Islam — conversion of nonbelievers."

"By using this American," he added, "al-Zawahri is saying that he is a preacher and not a terrorist. He wants to take back the initiative which has been lost in the midst of terror."

Hani el-Sibaei, a former Egyptian militant who fought with al-Zawahri in Afghanistan and now lives in exile in London, said Gadahn's American roots make him the perfect spokesman.

"Al-Qaida uses him because he speaks their language and can convey the message better than others," said el-Sibaei.

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It was the second time Gadahn appeared in a video with al-Zawahri. In a July 7 message marking the first anniversary of the terror attack on London commuters, Gadahn appeared briefly, saying no Muslim should "shed tears" for Westerners killed by al-Qaida attacks.

Some reports have identified Gadahn as al-Qaida's "propaganda chief," responsible for putting together the slick videos made by the group's al-Sahab media operation.

Thomas Hegghammer, a research fellow at the Norwegian Defense Research Establishment who studies militant Islamic Internet sites and videos, said Gadahn "has been instrumental in the English-language productions" of al-Qaida.

"He has appeared on a few videos speaking himself, but you've also seen a few videos with speeches by bin Laden and al-Zawahri with subtitles in perfect English," Hegghammer said.

He said Gadahn was likely one of a very few Westerners in a senior position in al-Qaida — if not the only one. "There are certainly Western converts who have played a role in militancy, but none who are that high up."

Hegghammer said Gadahn is "a remnant of the original al-Qaida" that has fragmented since the Sept. 11 attack into a loose network of cells.

"And I don't think there are many like him. That's why we've seen him many times," Hegghammer said. "The obvious advantage (of his appearances) is it makes headlines in the West. ... He is an asset to them, definitely. My guess is the Americans are extremely keen on capturing him."

FBI Director Robert Mueller said "there is no indication that he is a high-ranking member of al-Qaida, but it is clear that he has had access to the highest levels of the organization."

Mueller announced in May that the FBI was looking for Gadahn. Investigators said Gadahn, who grew up on a farm in Riverside County, Calif., and converted to Islam as a teen, moved to Pakistan, attended al-Qaida training camps and served as an al-Qaida translator.

Gadahn's father, Philip, said he moved to the farm in the 1970s to escape the noise and traffic of the city, changing the family name from Pearlman because he was starting a new life. The family tried raising goats as a business, but it wasn't profitable.

Gadahn did not attend college, choosing instead to move to the suburbs of Los Angeles where he became a Muslim and worshipped at the Islamic Society of Orange County. The mosque later expelled him for attacking one of its leaders.

Some counter-terror officials believe Gadahn may be the person on a 75-minute video given to ABC News last month in Islamabad, Pakistan.

"There is confidence that it is him, but there is not certainty," said a U.S. counterterrorism official who spoke on condition of anonymity Wednesday.

An FBI official, also speaking on condition of anonymity because the tape was still the subject of an investigation, said the bureau had not drawn a conclusion about the speaker's identity.

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Associated Press writer Jill Lawless in London contributed to this report.

A Mystery Man Who Keeps The FBI Up At Night (LAT)

By Josh Meyer, Times Staff Writer

The Los Angeles Times, September 3, 2006

Officials hunting virtually full time for a Florida computer technician see him as the ultimate 'sleeper agent' in the post-9/11 world.

CHARLIEVILLE, Trinidad and Tobago — Five years ago, as 19 Al Qaeda operatives in the United States put the finishing touches on what would become the Sept. 11 attacks, a frail, asthmatic computer engineer from South Florida paid a visit to this tiny Muslim enclave where he'd lived as a boy.

Adnan Gulshair Muhammad el Shukrijumah, then 25, kept a low profile over the course of the week. He hung out with a small circle of devout older men who were leaders of the local Islamic community. They prayed in mosques, went fishing and enjoyed long walks and leisurely dinners, recalled one of the hosts, Imtiaz Mohammed.

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Shukrijumah spoke fondly of his father, an influential Islamic scholar and Charlieville community leader two decades earlier. He also spoke of his family life in Miramar, Fla., his computer technician business and his travels to the Middle East and other exotic locales.

But Shukrijumah said nothing about why he was in Trinidad, nor what his plans were, acquaintances here say.

Two years later, the FBI put out an urgent all-points bulletin for Shukrijumah, depicting him as one of Al Qaeda's most well-trained, intelligent and deadly operatives. He was described as the ultimate "sleeper agent," intent on attacking the U.S., possibly with weapons of mass destruction.

Law enforcement officials and terrorism experts now believe Shukrijumah is one of several young, street-smart leaders of Al Qaeda handpicked by Khalid Shaikh Mohammed, the mastermind of the Sept. 11 attacks, to keep the terrorist network alive and humming in the face of U.S.-led efforts to unravel it.

To be sure, the FBI's record on identifying terrorist plotters since Sept. 11 includes some widely publicized failures. In some cases, law enforcement officials have alleged that suspects were centrally involved in plots, only to back off those assertions when cases moved toward court.

And officials concede that there is much they do not know about Shukrijumah, including what he was doing in Trinidad. Within days of the alert in March 2003, agents arrived on the island looking for him, but he was long gone.

Terrorism authorities both inside and outside the government say they believe Shukrijumah is a major Al Qaeda figure, and the hunt for him is intense, with an FBI team tracking him virtually full time. So far, their quarry has remained elusive.

Whereas Al Qaeda's core followers are young, poor and relatively uneducated, Shukrijumah has attended college and is comfortable with technology. He's also a naturalized U.S. citizen whose appearance would allow him to pass as Latino, Indian or Middle Eastern and who speaks English with no discernible accent, officials say.

That background makes Shukrijumah especially threatening, counter-terrorism authorities say. He is dangerous "because he is so trusted in the organization and because he has traveled in the Western world and is familiar with its customs and procedures," said Joseph Billy Jr., assistant FBI director for counter-terrorism.

Shukrijumah is believed to be "the guy who was reared to replace" Mohammed as an Al Qaeda senior trainer, facilitator and propagandist, playing a central role in the development of hundreds of the network's future soldiers, said Sajjan Gohel, director for international security at the London-based AsiaPacific Foundation. "He is part of Al Qaeda Stage 2." The foundation consults on terrorism assessment for governments.

Shukrijumah has not been charged with a crime, but federal grand juries in Virginia and South Florida are hearing evidence about his activities.

Agents working on the investigation were reluctant to provide many details because of those probes, but the FBI does say that Shukrijumah trained at an Al Qaeda camp in Afghanistan before Sept. 11. There, he learned to handle AK-47s, M-16s, Uzis and other automatic weapons and studied topography, communications, camouflage, clandestine surveillance and explosives, including C-4 plastic charges, dynamite and mines, they say.

The FBI believes Shukrijumah used that training to fight for the Taliban in Afghanistan.

Investigators also believe he was present at a meeting of Al Qaeda leaders in March 2004 near the Pakistan-Afghanistan border, where it appears attendees discussed upcoming terrorist operations in Europe and the United States.

But much of Shukrijumah's life remains a mystery. And the search for him has been through a maze of false leads and vague glimmers.

An Intriguing Lead

The hunt for Adnan Shukrijumah began with a mysterious character called "the South American."

A year after the Sept. 11 attacks, interrogators were desperately trying to determine what other plots might be in the works, and where.

While questioning an Al Qaeda detainee in Pakistan, they got an intriguing lead. An operative known only as the South American had been discussing with Al Qaeda leaders new ways of attacking U.S. citizens, including blowing up apartment buildings with natural gas and spraying people with cyanide in nightclubs, the prisoner said.

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Authorities knew little about this person except that he was well trained by Al Qaeda, connected to its top leadership and on the loose, perhaps plotting an attack on U.S. soil.

And their anxiety was growing. By early 2003, detainees held overseas and at the U.S. prison at Guantanamo Bay, Cuba, were telling interrogators that Al Qaeda leaders had sent new terrorist operatives into the United States to launch follow-up attacks.

Unlike the Sept. 11 hijackers, the detainees said, these new teams included second-generation immigrant Muslims who had lived in the U.S., understood its customs and could operate under the radar of law enforcement.

When asked which operative was most likely to launch a U.S.-based attack, many captives mentioned one particular figure with an almost mythical reputation as a ruthless militant. His nom de guerre was Jaffar al Tayyar, a reference to an Islamic hero who had fought beside the prophet Muhammad.

But his identity, too, was a mystery.

The pieces began to come together in early March when Mohammed was captured in Pakistan and his computers, phones and other electronic gear were seized.

The evidence confirmed that Mohammed had been sending "Westernized" Al Qaeda soldiers on missions into the U.S. and other countries.

And when Mohammed was shown a photograph of Shukrijumah, he identified him as Tayyar, U.S. counter-terrorism officials said.

By then, U.S. authorities were concluding that Shukrijumah was also the shadowy South American, an apparent reference to his time spent in Trinidad and nearby Guyana.

To their dismay, they realized that one of Al Qaeda's best-trained operatives had been lurking — and perhaps plotting — in the United States since long before the Sept. 11 attacks.

Father a Missionary

Many Al Qaeda devotees came to the cause of militant Islam as young men; Shukrijumah grew up in it.

His father, Sheik Gulshair el Shukrijumah, was a Muslim missionary from Guyana who worked for the government of Saudi Arabia.

In the early 1990s, Sheik Gulshair was assigned to the Al Farouq Mosque in Brooklyn, some of whose congregants were soon linked to two Islamist terrorist plots: the first World Trade Center bombing in 1993 and an unsuccessful conspiracy to blow up the United Nations, Holland Tunnel and other landmarks.

Sheik Gulshair came to the FBI's attention because of translation work he did for a blind cleric named Omar Abdel Rahman, who was implicated in the first World Trade Center bombing. Abdel Rahman, head of an Egyptian terrorist organization linked to Al Qaeda, was sentenced to life in prison for his lead role in the plot to bomb the tunnel and other New York City landmarks.

Sheik Gulshair, who denied any affiliation with terrorists, retired from service to the Saudi government in 1995 and moved his wife and six children to Miramar, southwest of Fort Lauderdale, where he had been given a small stipend to run the Masid al Hijra Mosque.

By the late 1990s, some of his followers had attracted the attention of the FBI's counterterrorism squad in Miami. One of them was his eldest son, Adnan.

Adnan was born in June 1975 in either Saudi Arabia or Guyana. After the family moved to Florida, he attended Broward Community College, where he excelled in chemistry and biology, as well as computers, according to the FBI.

He also suffered from asthma, which required him to use an inhaler, his mother said in a recent interview. As a result, he often remained indoors, she said, tending to his studies, his computer business and his scholarly work.

Sometime in the late 1990s, Shukrijumah started leaning toward more radical Islamist views, authorities say. The FBI believes he was inspired by a group of Muslim men in South Florida who gave him books and videotapes about jihad in Bosnia-Herzegovina, Kashmir and Afghanistan.

In late 1999, Shukrijumah began traveling to Pakistan and Afghanistan. To get into an Al Qaeda training camp, he needed a sponsor. The FBI says Shukrijumah found one in Ismael Faiz of Lahore, Pakistan. U.S. officials believe Faiz is a member of Al

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Qaeda and the Pakistani militant group Lashkar-e-Taiba, which has been connected to recent alleged terrorist plots in Canada and London.

At the camps, Shukrijumah was initially rejected for training. Instead, he started at the bottom, doing dishes and menial work before earning the right to train with weapons and tactics, agents say.

He had trouble getting along with fellow trainees. Shukrijumah was said to be "difficult to work with: temperamental, confident in his ability to the point of being egocentric," said a senior FBI official close to the investigation.

His mother attributes his headstrong personality to his having to assume a father-figure role to his younger siblings because Sheik Gulshair was away so often doing missionary work.

After he started traveling to Pakistan and Afghanistan, however, Shukrijumah began to change, say friends and associates interviewed by the FBI. He would take off for long periods, to places overseas he would not discuss.

"Every time he came back, he was a different person," the FBI official said. "He was more calm, more cool and more purposeful in his actions."

By 2001, the FBI was investigating Shukrijumah in connection with two suspected terrorist plots, one of which involved a group apparently using South Florida as a base from which to recruit militants and finance attacks and assassinations in the Middle East.

But agents were never able to connect him to either plot. They later came to believe that he had been deliberately keeping his distance because, as one agent put it, "it was felt in the [Al Qaeda] community that he was in for bigger and better things."

After the Sept. 11 attacks, federal agents swarmed South Florida looking for clues and connections they might have missed. As many as 15 of the hijackers had spent their last months there, training for and planning the suicide mission.

The FBI ultimately took several of Shukrijumah's acquaintances into custody on terrorism or immigration charges.

Agents also went looking for Shukrijumah. But by then, he was gone and had left few clues.

'He Could Be Anywhere'

When Shukrijumah reemerged in the FBI's consciousness in March 2003, Pasquale "Pat" D'Amuro, then the FBI's senior counter-terrorism official and a veteran Al Qaeda tracker, felt an acute sense of dread.

"We thought he was a grave danger to the security of the United States," D'Amuro recalled recently. "We thought he could be anywhere."

On March 20, 2003, the same day the U.S. began bombing Iraq, the FBI went public. With TV news crews on their heels, more than 50 federal agents and local police officers descended on Shukrijumah's neighborhood.

Armed with a warrant for his arrest as a material witness, FBI agents knocked on doors, showing photographs and asking whether he had been seen in Florida recently.

They scoured his mail, credit cards, bank records and phone bills.

By then, however, Shukrijumah had been away from his family home for almost two years.

In the months before Sept. 11, he had traveled widely through the United States and Canada, scouting potential terrorist targets, say FBI officials, who believe he spent about a week each in New York, Washington, Chicago and Montreal.

Since the attacks, her son had called just once, to check in, Zuhrah Abdu Ahmed told the agents.

The agents asked whether her son knew lead hijacker Mohamed Atta and others she had seen on TV. They wanted to know whether he had ever mentioned Al Qaeda or trips to Pakistan and Afghanistan.

Ahmed said her memory was hazy, but she insisted that her son was innocent.

Sitting on the front stoop of the family home, Ahmed — a tiny woman with warm brown eyes and a big smile, dressed in a flowing black robe and head scarf — said her son didn't like South Florida's freewheeling singles scene and the nightclubs and bikinis.

"But he like America so much," she said. "People, he say, [are] very nice and kind. If only they more decent, he say, this would be the best place on Earth."

Ahmed, whose husband died in 2004, conceded that it was possible her son might have fallen in with the wrong crowd.

"I recognize a lot of people do evil stuff in the name of the religion," she said, and then paused. "He's a young guy. Maybe they try to trap him, without he even knew what was going on around him. Who knows?"

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The FBI also began chasing Shukrijumah through the back alleys of cyberspace. Within hours of the FBI's public announcement, Shukrijumah might have given them a lead.

Just after midnight that day, an e-mail popped up in the guestbook section of MasterArabic.com, a website that Shukrijumah had set up to promote his father's Arabic tutoring business and Islamic teachings. Routed to obscure the identity of the sender, the message said only, "I am safe."

Tracking Down Leads

In their hunt for Shukrijumah, the FBI dispatched teams of agents to Saudi Arabia, Morocco and Yemen, where he had relatives. Agents also tracked leads through Europe, Asia and South America.

One of those leads took them to Charlieville, Trinidad, where a Muslim cleric had called federal agents to say Shukrijumah was traveling to and from the island and "had company." Agents fanned out across the dirt streets of Charlieville and found several men Shukrijumah had spent time with.

One of them, Imtiaz Mohammed, told The Times recently that he had two lengthy, sometimes testy, interviews with FBI agents. He told them that he, Shukrijumah and others in Trinidad did talk about world politics, but that Shukrijumah never said anything suggesting he was a militant, and never explained his travels.

In March 2004, after a year of inconclusive leads, the FBI got wind of a Shukrijumah sighting. Intelligence had placed him at a summit of the so-called second-generation Al Qaeda leaders in the rugged mountains of Waziristan, an area along the Pakistan-Afghanistan border where much of the Al Qaeda brain trust — including Osama bin Laden — was believed to be hiding.

Working together, authorities in Pakistan, Britain and the United States arrested some of the attendees and seized several computers.

The evidence indicated the attendees were discussing future terrorist operations in Europe and the U.S. At least one had compiled video footage of the New York Stock Exchange, a Newark, N.J., insurance building and the World Bank and International Monetary Fund buildings in Washington.

On May 26, 2004, Atty. Gen. John Ashcroft went public again, singling out Shukrijumah as the most dangerous of seven Al Qaeda operatives suspected of planning strikes in the U.S.

Citing "credible intelligence from multiple sources," Ashcroft described Shukrijumah as "a clear and present danger" who might be trying to enter the country.

More tips and rumors continued to pour in. Most were maddeningly vague. They persisted through the elections in November, but nothing ever happened.

Then Shukrijumah appeared to drop off the radar screen again. There hasn't been a publicly disclosed sighting since.

Nearly two years later, senior FBI and intelligence officials say they still debate where Shukrijumah might be. Their best guess is that he remains in Waziristan.

In July, the U.S. government, which is offering a $5-million reward, began handing out fancy green matchboxes in Pakistan bearing a photograph of Shukrijumah.

"You give us Adnan G. el Shukrijumah and in return we will give you rewards," the boxes say in Urdu and Pashto. "We assure you that all information would be kept secret."

Meanwhile, Shukrijumah continues to cause many a sleepless night.

Special Agent Andrew Lenzen, the lead case agent and a veteran of the FBI's Miami counter-terrorism squad, has amassed an encyclopedic knowledge of Shukrijumah's actions and personality quirks. He has even compiled a timeline of his life, beginning with the day he was born.

"I know him almost like his mother," said Lenzen. "I've lived, slept and dreamed him for the past three years."

josh.meyer@latimes.com

Accepting 'The New Normal' (USNEWS)

By Jay Tolson

U.S. News and World Report, September 4, 2006

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The snuffing out of nearly 3,000 lives on that perversely beautiful September morning five years ago brought one consolation. For a time, at least, the American people put aside their differences and embraced their common citizenry. And we were not alone. "We are all Americans," a headline in France's Le Monde declared. People disagree about how much, or even whether, America has changed since 9/11. But one thing is almost beyond dispute: That early sense of solidarity is largely gone.

Some would say it is an inevitable story. A nation of pragmatists, we are also a disputatious tribe, prone to impatience and quick to point the finger when things go wrong-even when things don't go right fast enough. Yet at first, everything seemed to go so well so fast. George W. Bush, after some initial discombobulation, rallied the nation with a declaration of war on the terrorists and those who harbored them. No more minimalist responses; no more law-enforcement-style half measures. Yet it was a curious war footing. There would be no draft, no large material sacrifices expected of the citizenry. Americans were under orders to act normally, as though doing otherwise would be conceding victory to the terrorists.

Big Brother. For the most part, Americans began to adapt to the "new normal" even before the administration launched military operations in Afghanistan, an invasion supported by well over 80 percent of the public. Adjusting to long lines in airports, color-coded risk advisories, and Big Brotherish highway signs urging drivers to report suspicious behavior, a usually inward-looking people consumed record numbers of books on Muslims and the Middle East, learning to distinguish between true Islam and its corrupted form. Irony and humor, said to be fatal casualties of 9/11, made their comeback, helped along by the good news from Afghanistan. A dashing little war in which horse-mounted Special Forces combined with smart bombs to produce marvelously swift results, it was marred only by the unfinished business at Tora Bora, where Osama bin Laden eluded death or capture. Yet the noose, we were assured, was tightening.

Back at home, Americans were eager to do their part, even if that meant sacrificing some of their liberties. Shortly after the Patriot Act was signed into law in October 2001, 53 percent of respondents in one poll expressed concern that the government would be too protective of civil rights in its pursuit of terrorists. Americans were equally supportive of using extraordinary measures against the enemy. While critics around the world carped at the treatment of prisoners in GuantÃÂƒÂÂƒÃÂ‚ÂÂƒÃÂƒÂÂ‚ÃÂ‚Â¡namo, 55 percent of Americans in one early 2002 survey deemed it appropriate.

If World War I gave rise to the national security state, September 11 created the homeland security state. Morphing from an office into a full-fledged cabinet-level department, the Department of Homeland Security was the institutional expression of a new national obsession. While many warned of bureaucratic bloat, wasteful spending, and even more dangerous consequences-later confirmed by FEMA's performance in the handling of Hurricane Katrina-a course was irrevocably set.

What We've Learned (TIME)

By Nancy Gibbs

Time, September 4, 2006

An American businessman, traveling in India when the planes struck the towers, made his way back to the U.S. the following week as quickly as he could. That meant hopscotching across the Middle East, stopping in Athens overnight to change planes. He spent the evening having supper in a local taverna. No one else in the restaurant spoke English, but when the owner realized he had an American in the house just two nights after 9/11, he asked his guest to stand up, face the other diners and listen to a toast.

And indeed, the entire room stood up, raised their glasses and said, as one, "Shoulder to shoulder, until justice is done."

Five years later, after an invasion of Afghanistan and an occupation of Iraq, and amid talk of war with Iran, it is fair to ask:

Would they say it again tonight?

Would we say it to one another?

This has become the loss with no grave, no chance for mourning, because we still live it every day--the loss of that transcendent unity, global goodwill, common purpose born of righteous anger that wrapped us like a bandage those first months after the attacks: a President with a 90% approval rating, a Congress working as one, expressions of sympathy and offers of help from every corner of the planet. WE ARE ALL AMERICANS, said Le Monde.

That unity was never going to last. The world more easily prefers a superpower when it's wounded and weakened than when it rises and growls. But we have not merely returned to the messy family arguments of Sept. 10. We are divided at home,

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dreaded abroad, in need of a hard conversation about America's vital interests and abiding values but too bitter and suspicious to have it.

All wars, even the noblest, bring a reckoning of means and ends. The war on terrorism has long since lost its crisp moral lines. Who foresaw that the battle would require a national seminar about when it's O.K. for Americans to torture prisoners and whether near drowning counts? Or a debate over which clauses of the Constitution might be expendable? We may agree that terrorism is wicked, but we're still unsure about how to answer it.

Presidents make their hard decisions and then abide forever with their mistakes and regrets. Since the decision to commit soldiers to battle is the most fateful he makes, it is here that a President--his instincts, his judgment, his pride and his purposes--is most exposed. If he succeeds, the errors are footnotes; if he fails, the best intentions are just dust. "I guess not many Presidents have been understood in their own time," Lyndon Johnson said, reflecting on all the good he'd tried to do for people, who despised him nonetheless. George W. Bush swats away the judgments that anniversaries invite. "There's no such thing as short-term history, as far as I'm concerned," he said last week. We can't know how the story ends, but we know that there was a time five years ago when every day was Memorial Day, when we never would have imagined that we'd care what Brad and Angelina's baby looked like, or dread air travel more for its inconvenience than its dangers.

Is that good news, a return to normalcy, a mark of resilience? Or does it too mark a kind of loss? In the weeks after 9/11, out of the pain and the fear there arose also grace and gratitude, eruptions of intense kindness that occurred everywhere, a sharp resolve to just be better, bigger, to shed the nonsense, rise to the occasion. And yet five years later, more than two-thirds of Americans say they are unhappy with how things are going--exactly the opposite of the weeks after the attacks, when people were crushed, but hopeful. We saw back then what we were capable of at our best, and now find ourselves just moving on, willing to listen to our leaders but not necessarily believe them, supporting the troops but disputing their mission, waiting, more resigned than resolved, for the next twist in the plot.

No, we don't know how the story ends. The idea that history is written by the victors has been wrongly credited to Winston Churchill, but he did say, "If you are going through hell, keep going." But you wonder whether years from now--5? 10? 50?--there will come a day when the victors actually know that they've won, that the battle is over and they can set about the writing. And whether even then, we will be sure that we have got the story right.

The 'Islamofascists' (NSWK)

By Richard Wolffe And Holly Bailey, Newsweek

Newsweek, September 4, 2006

Bush's new national-security offensive has been plagued by debate over what to call the bad guys.

Last fall White House aides were grappling with a seemingly simple question that had eluded them for years: what should the president, in his many speeches on the war on terror, call the enemy? They were searching for a single clean phrase that could both define the foe and reassure Americans who were confused by a conflict that had grown much bigger than Osama bin Laden. But the answer was anything but simple. Some academics preferred the term "Islamism," but the aides thought that sounded too much as if America were fighting the entire religion. Another option: jihadism. But to many Muslims, it's a positive word that doesn't necessarily evoke bloodshed. Some preferred the conservative buzzword "Islamofascism," which was catchy and tied neatly into Bush's historical view of the struggle.

But when national-security adviser Steve Hadley called the CIA, the Pentagon and the State Department, the experts nixed the idea of a single phrase for a war that was so complex. "There was a conscious desire not to use just one definitive word, because there wasn't a perfect word," recalls Michael Gerson, Bush's chief speechwriter at the time (and now a NEWSWEEK contributor). The result was a rhetorical mishmash. "Some call this evil Islamic radicalism," Bush explained, "others, militant jihadism; still others, Islamofascism. Whatever it's called, this ideology is very different from the religion of Islam."

Five years after 9/11, and more than three years after invading Iraq, President Bush is still searching for the perfect phrase to define the enemy in the war on terror—and reassure Americans who will soon head to the polls. Other Republicans—including Pennsylvania Sen. Rick Santorum, who is in a tough re-election race—have adopted "Islamofascism" as shorthand for terrorists. The term gained currency in the early '90s in reference to radical Muslim clerics, and was popularized after 9/11 by neocons.

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Bush has used the term "Islamic fascists" sporadically, most recently to describe the alleged London bomb plotters last month. But the phrase was noticeably absent from his latest major speech on the war last week—which was part of a procession of campaign-style addresses by the administration's biggest names. This time he called the bad guys "a worldwide network of radicals that use terror to kill those who stand in the way of their totalitarian ideology." It was hardly the kind of pithy slogan GOP activists could slap on a bumper sticker.

With the elections just two months away, the White House is turning once again to a strategy that has worked so well in the past: evoke 9/11, raise the specter of Al Qaeda and accuse the Democrats of fatal weakness in the face of the enemy. But 2006 is not 2004, when the administration found it easier to tie bin Laden's loyalists in with the insurgents in Iraq. One of Bush's strengths has been his ability to make the complex seem simple. But the war on terror's many fronts—British airline plots, Lebanese militias, Iranian nukes, brewing civil war in Iraq—defy any simple political packaging. (Some foreign-policy analysts question whether Bush may be unwittingly helping the jihadists by lumping together disparate groups, instead of exploiting the differences between Sunnis and Shiites, Arabs and non-Arabs.)

Voters—including many Republicans—are openly doubting the president's ability to make the country more secure. Polls show that voters narrowly side with Republicans on terrorism, but they now prefer Democrats on Iraq. The White House believes the numbers are driven by the continuing bloodshed (the latest Pentagon report shows a 50 percent increase in Iraqi casualties this summer, citing a rise in sectarian violence and a still-powerful Sunni insurgency). For an administration that has built its entire political strategy around simplifying the complexities of national security, the widening war—and the softening ground at home—are sources of great frustration. "It can be hard to really explain who we are fighting and what we are up against in a way that isn't confusing," said one senior Bush aide, who declined to be named while speaking about strategy.

The uncertainty over how best to sell the war may help explain last week's speeches by the administration's biggest guns—Dick Cheney, Don Rumsfeld, Condi Rice. The media played them as a concerted effort to put Democrats on the defensive and win back the trust of disillusioned Republicans. But the speeches also underscored something else: how disjointed the once disciplined administration has become when talking about the war. Cheney, usually the most aggressive member of Team Bush, was notably less strident about the war's critics; his assertion that they suffer from "self-defeating pessimism" was a step back from earlier complaints that they had lost "their memory, or their backbone." Bush described the doubters as "sincere" and "patriotic"—but wrong. But Rumsfeld apparently didn't get the memo. In one of his more extreme rhetorical forays, the Defense secretary likened critics of the war to the appeasers of Nazi Germany in prewar Europe. Rice, meanwhile, chose an altogether different historical analogy. The fight against terrorists, she suggested, was akin to the long struggle of the cold war.

GOP strategists are working to get their own message under control, and to unify a disparate party. According to one internal party memo, Bush's position on national security is the best way to motivate Republicans to go to the polls in November. Longtime pollster Fred Steeper, a former adviser to Bush 41, wrote that "large majorities" supported Bush's commitment to defeating terrorists in Iraq and around the world.

Any sign of disarray was out of sight as Bush landed in Utah, one of the reddest states in the Union, last week. A hastily arranged crowd of more than 3,000 supporters gathered late on Wednesday to greet him at Salt Lake City airport. Bush bounded off his plane to the soundtrack of the movie "Air Force One" as rock-concert lights spun and twirled in the night sky. "You're the man, George!" screamed one fan. The president might not know what to call the enemy, but he knows where to find his friends.

The Nation That Fell To Earth (TIME)

By Niall Ferguson

Time, September 4, 2006

Did the U.S. overreact to Sept. 11? Niall Ferguson, one of the world's leading historians, speculates on how future generations will judge the war on terrorism--and on what it will take for America to win it

It's the year 2031--one generation removed from Sept. 11, 2001--and Americans are commemorating the 30th anniversary of the terrorist attacks on New York City and Washington. How well did America respond to that day, when viewed with the benefit of hindsight? How has history judged our leaders' actions? Here, a historian looks back on that distant event and explains how 9/11 would change America, and the world, in ways that few could have imagined.

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Nineteen terrorists. Four hijacked aircraft. Nearly 3,000 victims. It all happened in little more than an hour, between a quarter to nine and 10 in the morning... TIME Magazine subscribers, log in here to continue reading

Viewing 9/11 From A Grassy Knoll (USNEWS)

By Will Sullivan

U.S. News and World Report, September 4, 2006

New York can be a tough town, especially when you're handing out fliers at ground zero claiming that the 9/11 attacks were a massive government conspiracy. "I'd like to take a f---ing box cutter and cut her," one passerby yelled after Carol Brown offered him a flier. Brown shrugged: "It happens sometimes."

If nothing else, the members of 9/11 Truth, some of whom go to ground zero every Saturday, are persistent. Even as conspiracy theories thrived abroad, they mostly fell on deaf ears in the first years after the attacks. But as the fifth anniversary nears, 9/11 Truth and its outlandish claims have become an online phenomenon-and are proving startlingly persuasive. In a July 2006 Scripps Howard poll, 16 percent of respondents said it was "very likely" that federal officials either assisted in the 9/11 attacks or allowed them to happen to justify war in the Middle East, while a further 20 percent said it was "somewhat likely."

By that measure, roughly a third of Americans suspect the seemingly unthinkable-government complicity in the deaths of some 3,000 citizens. The "somewhat likely" category is too vague to give much insight, though, says Mark Fenster, a law professor at the University of Florida and an expert on conspiracy theory movements. But he has noticed a large increase in the popularity of 9/11 Truth in the past year, which he attributes to rising disaffection with the Bush administration and the Iraq war.

Web powered. Websites promoting theories about government involvement in the attacks get thousands of hits a day. But nothing has been more successful at spreading the movement than Loose Change: 2nd Edition, an 82-minute film that can be downloaded or watched free online. Made for around $6,000 by 22-year-old Dylan Avery and two friends, the movie is a superficially persuasive rundown of the major points of the conspiracy movement. "It's got a movie pace," says 26-year-old Jason Bermas, the film's researcher. "You don't feel like it's some kook in the backwoods telling you all this." The film has made Avery, who was twice rejected from film school, the toast of the 9/11 Truth movement and won him a girlfriend, who saw Loose Change and contacted him.

There are some divergent strands among the conspiracy theorists, but for most of them, the story has two major tenets: The World Trade Center towers and nearby Building 7, though struck by planes, were brought down by controlled demolitions, and the Pentagon was struck by a missile, not a plane.

As for who's responsible, most 9/11 Truthers point to the White House. They are particularly fond of implicating the Project for the New American Century, the conservative think tank that included Dick Cheney and Donald Rumsfeld and once posited that its goals of a beefed-up military would take a long time without an event "like a new Pearl Harbor." But the list of those branded conspirators ranges from Larry Silverstein, the leaseholder of the World Trade towers, to the members of the 9/11 commission to the mainstream media.

Why The 9/11 Conspiracies Won't Go Away (TIME)

By Lev Grossman

Time, September 4, 2006

Turns out, we need grand theories to make sense of grand events, or the world just seems too random

Take a look, if you can stand it, at video footage ofÂ the World Trade Center collapsing. Your eye will naturally jump to the top of the screen, where huge fountains of dark debris erupt out of the falling towers. But fight your natural instincts. Look farther down, at the stories that haven't collapsed yet.

In almost every clip you'll see little puffs of dust spurting out from the sides of the towers. There are two competing explanations for these puffs of dust: 1) the force of the collapsing upper floors raised the air pressure in the lower ones so dramatically that it actually blew out the windows. And 2) the towers did not collapse from the impact of two Boeing 767s and the ensuing fires. They were destroyed in a planned, controlled demolition. The dust puffs you see on film are the detonations of explosives planted there before the attacks.

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People who believe the second explanation live in a very different world from those who believe the first. In world No. 2, al-Qaeda is not responsible for the destruction of the World Trade Center. The U.S. government is. The Pentagon was not hit by a commercial jet; it was hit by a cruise missile. United Flight 93 did not crash after its occupants rushed the cockpit; it was deliberately taken down by a U.S. Air Force fighter. The entire catastrophe was planned and executed by federal officials in order to provide the U.S. with a pretext for going to war in the Middle East and, by extension, as a means of consolidating and extending the power of the Bush Administration.

The population of world No. 2 is larger than you might think. A Scripps-Howard poll of 1,010 adults last month found that 36% of Americans consider it "very likely" or "somewhat likely" that government officials either allowed the attacks to be carried out or carried out the attacks themselves. Thirty-six percent adds up to a lot of people. This is not a fringe phenomenon. It is a mainstream political reality.

Although the 9/11 Truth Movement, as many conspiracy believers refer to their passion, has been largely ignored by the mainstream media, it is flourishing on the Internet. One of the most popular conspiracy videos online is Loose Change, a 90-min. blizzard of statistics, photographs, documents, eyewitness accounts and expert testimony set to a trippy hip-hop backbeat. It's designed to pick apart, point by point, the conventional narrative of what happened on Sept. 11, 2001.

For all its amateur production values--it was created by a pair of industrious twentysomethings using a laptop, pizza money and footage scavenged from the Internet--Loose Change is a compelling experience. Take the section about the attack on the Pentagon. As the film points out--and this is a tent-pole issue among 9/11 conspiracists--the crash site doesn't look right. There's not enough damage. The hole smashed in the Pentagon's outer wall was 75 ft. wide, but a Boeing 757 has a 124-ft. wingspan. Why wasn't the hole wider? Why does it look so neat?

Experts will tell you that the hole was punched by the plane's fuselage, not its wings, which sheared off on impact. But then what happened to the wings? And the tail and the engines? Images of the crash site show hardly any of the wreckage you would expect from a building that's been rammed by a commercial jet. The lawn, where the plane supposedly dragged a wing on approach, is practically pristine. The plane supposedly clipped five lampposts on its way in, but the lampposts in question show surprisingly little damage. And could Hani Hanjour, the man supposedly at the controls, have executed the maneuvers that the plane performed? He failed a flight test just weeks before the attack. And Pentagon employees reported smelling cordite after the hit, the kind of high explosive a cruise missile carries.

There's something empowering about just exploring such questions. Loose Change appeals to the viewer's common sense: it tells you to forget the official explanations and the expert testimony, and trust your eyes and your brain instead. It implies that the world can be grasped by laymen without any help or interference from the talking heads. Watching Loose Change, you feel as if you are participating in the great American tradition of self-reliance and nonconformist, antiauthoritarian dissent. You're fighting the power. You're thinking different. (Conspiracists call people who follow the government line "sheeple.") "The goal of the movie was just really to get out there and show that there are alternate stories to what the mainstream media and the government will tell you," says Korey Rowe, 23, who produced the movie. "That 19 hijackers are going to completely bypass security and crash four commercial airliners in a span of two hours, with no interruption from the military forces, in the most guarded airspace in the United States and the world? That to me is a conspiracy theory."

It's also not much of a story line. As a narrative, the official story that the government--echoed by the media--is trying to sell shows an almost embarrassing lack of novelistic flair, whereas the story the conspiracy theorists tell about what happened on Sept. 11 is positively Dan Brownesque in its rich, exciting complexity. Rowe and his collaborator, Dylan Avery, 22, actually started writing Loose Change as a fictional screenplay--"loosely based around us discovering that 9/11 was an inside job," Rowe says--before they became convinced that the evidence of conspiracy was overwhelming. The Administration is certainly playing its part in the drama with admirable zeal. If we went to war to root out fictional weapons of mass destruction, is staging a fictional terrorist attack such a stretch?

But there's a big problem with Loose Change and with most other conspiracy theories. The more you think about them, the more you realize how much they depend on circumstantial evidence, facts without analysis or documentation, quotes taken out of context and the scattered testimony of traumatized eyewitnesses. (For what it's worth, the National Institute of Standards and Technology has published a fact sheet responding to some of the conspiracy theorists' ideas on its website, www.nist.gov. The

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theories prompt small, reasonable questions that demand answers that are just too large and unreasonable to swallow. Granted, the Pentagon crash site looks odd in photographs. But if the Pentagon was hit by a cruise missile, then what happened to American Airlines Flight 77? Where did all the real, documented people on it go? Assassinated? Relocated? What about eyewitnesses who saw a plane, not a missile? And what are the chances that an operation of such size--it would surely have involved hundreds of military and civilian personnel--could be carried out without a single leak? Without leaving behind a single piece of evidence hard enough to stand up to scrutiny in a court? People, the feds just aren't that slick. Nobody is.

There are psychological explanations for why conspiracy theories are so seductive. Academics who study them argue that they meet a basic human need: to have the magnitude of any given effect be balanced by the magnitude of the cause behind it. A world in which tiny causes can have huge consequences feels scary and unreliable. Therefore a grand disaster like Sept. 11 needs a grand conspiracy behind it. "We tend to associate major events--a President or princess dying--with major causes," says Patrick Leman, a lecturer in psychology at Royal Holloway University of London, who has conducted studies on conspiracy belief. "If we think big events like a President being assassinated can happen at the hands of a minor individual, that points to the unpredictability and randomness of life and unsettles us." In that sense, the idea that there is a malevolent controlling force orchestrating global events is, in a perverse way, comforting.

You would have thought the age of conspiracy theories might have declined with the rise of digital media. The assassination of President John F. Kennedy was a private, intimate affair compared with the attack on the World Trade Center, which was witnessed by millions of bystanders and television viewers and documented by hundreds of Zapruders. You would think there was enough footage and enough forensics to get us past the grassy knoll and the magic bullet, to create a consensus reality, a single version of the truth, a single world we can all live in together.

But there is no event so plain and clear that a determined human being can't find ambiguity in it. And as divisive as they are, conspiracy theories are part of the process by which Americans deal with traumatic public events like Sept. 11. Conspiracy theories form around them like scar tissue. In a curious way, they're an American form of national mourning. They'll be with us as long as we fear lone gunmen, and feel the pain of losses like the one we suffered on Sept. 11, and as long as the past, even the immediate past, is ultimately unknowable. That is to say, forever.

Setting The Record Straight (TIME)

By Coco Masters

Time, September 4, 2006

A lack of identifiable plane wreckage, among other anomalies, has helped fuel skepticism about the official explanation of Sept. 11 damage to the Pentagon, left. Here's more on that debate and a few other Internet-fueled conspiracy theories that still thrive

THE TOWERS' COLLAPSE

â€¢ THE CLAIM: Explosives brought down the Twin Towers. Critics of the official explanation point to such clues as the pattern and timing of dust and debris blown out from the floors, the vertical fall of the towers and two seismic tremors that coincided with their collapse.

â€¢ THE FACTS: The impact of the Boeing 767s damaged support columns and steel floor trusses, causing the inward collapse of perimeter columns, which pulled floors straight down. A misquote of a demolition expert propagated the explosives theory. Seismic spikes, caused by debris hitting the ground, were recorded 10 sec. after each tower started to fall.

THE MYSTERY OF WTC 7

â€¢ THE CLAIM: WTC 7 also contained explosives since fire alone has never felled a modern skyscraper. Authorities have delayed releasing a WTC 7 report to hide the truth.

â€¢ THE FACTS: A few critical elements--including damage on the south face, unusual structural design to accommodate a Con Edison substation, extreme weight bearing on floors, and long-burning diesel fuel leaked from large emergency generators--compromised WTC 7's structural integrity. The draft report is expected in early 2007.

HOLES IN THE PENTAGON

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â€¢ THE CLAIM: A missile or smaller plane--not Flight 77--struck the Pentagon because the size of two holes (in Ring C and Ring E) were too small to have been made by a 757, which has a wingspan of nearly 125 ft.

â€¢ THE FACTS: Witnesses saw the 757 hit the Pentagon. The plane lost its wings when one hit the ground and the other slammed into the building's west wall before the Boeing's fuselage tore a 75-ft. hole in the outermost Ring E. The jet's landing gear caused the 12-ft. hole in inner Ring C. But to question Flight 77's demise is to question the fate of the 64 people onboard; the remains of all but one have been identified.

SCRAMBLE

â€¢ THE CLAIM: Fighter jets within range of the hijacked planes must have been under orders to stand down, since none from the 28 Air Force bases in the area was scrambled.

â€¢ THE FACTS: There are seven alert sites on the U.S. mainland, each with two active aircraft, that can scramble fighters. The 9/11 commission concluded that F-15s were scrambled within 6 min. of notification of the hijacking of Boston's Flight 11. Because hijackers had dismantled the planes' transponders, the F-15s could not identify the endangered aircraft. Details of the intercepts' performance are now being questioned.

Bump And Grind At Ground Zero (USNEWS)

By Angie C. Marek

U.S. News and World Report, September 4, 2006

It came off as an unplanned message war. Across New York, officials with the Lower Manhattan Construction Command Center posted ads this summer: "This is 2010," the signs read near pictures of the major buildings that will someday rise at ground zero. "It's happening now." But New Orleans Mayor Ray Nagin, asked about his city's recovery, had a different take. "You guys in New York City can't get a hole in the ground fixed," he sniffed. "And it's five years later."

Nagin apologized, but there are plenty of people who agree with him. Officials leading the Lower Manhattan rebuilding effort insist that they've turned a corner and say progress is being made. An agreement reached in April resolved some turf wars and funding issues that had stalled work at the 16-acre site. Construction has begun on major buildings there now-including the Freedom Tower, a transportation hub, and the 9/11 Memorial-and officials will unveil designs for three smaller office buildings this week. But skeptics say a miasma of political agendas surrounding the effort could still gum up progress. "Let's believe it," says Ken Sherrill, a political scientist with New York's Hunter College, "when we see it."

Troubles. The project is no stranger to struggles. In 2003, when architect Daniel Libeskind won a design competition to "master plan" the site, experts speculated that his 1,776-foot spire-dubbed Freedom Tower-would be too tall and too attractive to terrorists to attract corporate tenants. Until this spring, New York City Mayor Michael Bloomberg worried that Larry Silverstein, a developer who won the lease to the trade center site just prior to 9/11, would run out of money, default on his lease, and walk away with millions in profits after completing only two of the site's five high-rises. Nonsense, countered Silverstein. And when the New York Police Department concluded in the spring of 2005 that the Freedom Tower would be vulnerable to truck bombs, the resulting design changes added as much as two more years to the project.

Big egos have also been a factor. Silverstein said early on that it was his "absolute right" to choose his own architects, but Libeskind bickered with the Freedom Tower architect. The Port Authority of New York and New Jersey, which owns the land and built the original trade center buildings, has been battling Silverstein over a host of issues. Gov. George Pataki, who insisted that the Freedom Tower be built before less fiscally risky buildings, was accused of focusing on his legacy. Pataki's staff says the accusations are without foundation.

The agreement reached in April was intended to put an end to all the bickering by giving the Port Authority control over the Freedom Tower. "We won't build a speculative white elephant," says Port Authority Chairman Anthony Coscia. Translation: Building won't begin until 1 million of the 2.6 million square feet of office space in the Freedom Tower are under lease. The Port Authority and Silverstein also must get assurances from seven insurance companies that they will pay the $1.4 billion they still owe even after this shift in responsibilities; four firms are resisting.

But emotional flashpoints remain. "This is our sacred ground," says Anthony Gardner, one of a group of victims' families upset that the planned memorial-two large fountains over the original trade center's footprints-will somewhat limit access to the

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twin towers' foundations. The group sued and lost but is continuing to press for changes, including preservation of the North Tower's "survivor staircase," which sits in the middle of one of Silverstein's planned office buildings.

And there's more. The abandoned Deutsche Bank building at the south edge of the site is being dismantled but is filled with hazardous chemicals and trade center dust, requiring complex negotiations over how to get rid of the mess. The 7 World Trade Center office tower, meanwhile, the only building that's been completed at the trade center complex, opened in May with just three tenants, although leases have now been drawn up for close to two thirds of the space. That's progress, no two ways about it, but there's still a long way to go.

Men On A Mission (USNEWS)

By Linda Robinson

U.S. News and World Report, September 4, 2006

When Defense Secretary Donald Rumsfeld turned to special operations forces to take the lead in the hunt for Osama bin Laden five years ago, he no doubt had in mind the kind of kill-or-capture operation mounted to go after Pancho Villa, or, more recently, the Balkans' war criminals. The problem was that those manhunts came up empty. Finding a single individual intent on hiding, it turns out, is a very tall order, even for a superpower. In a rare interview, Lt. Gen. Dell Dailey, who has helped lead the hunt for al Qaeda's founder, explained why. "Our manhunting skills are dramatically better than ever before, and the envy of other nations," Dailey said, but they cannot always penetrate safe havens that are politically, geographically, or culturally protected.

Nobody understands this better than the Pentagon's special operations community. As director of the Center for Special Operations in Tampa, Dailey is the architect of the military's global counterterrorism plan, known as OPLAN 7500. The plan is classified, but the thinking behind it is not. The strategy relies increasingly on allies like NATO and has broadened from that of a basic manhunt to a mission that includes training partner nations in counterterrorism, intelligence, and civil affairs, eliminating safe havens, and attacking the ideological underpinnings of radical Islamism. "We will take away bin Laden's base," Dailey said. "We will take away his popular support [and] his regional support through all those indirect methods. And once that's happened, we will kill him."

Black and white. Skeptics wonder, however, if there has been a real road-to-Damascus-like conversion in the Special Operations Command, known by its Pentagon acronym, SOCOM. Because they hail from the manhunting special-mission units of the special operations community, both Dailey and his boss, the four-star who heads SOCOM, Gen. Doug Brown, cut their professional teeth on what is called "direct action," or commando-style raids. In congressional hearings, military historian Max Boot said SOCOM" is overly focused on ... direct action, on rappelling out of helicopters, kicking down doors, and capturing or killing bad guys." Inside SOCOM, there is also debate. Among the "white" SOF, the special operators who train foreign militaries and do civil affairs work to win hearts and minds, there is widespread belief that the "black" side of SOCOM, the elite Delta Force, Navy SEAL Team 6, and the special aviators and intelligence units, still have the upper hand.

In a series of interviews in recent weeks, Brown, a blond, steely eyed former helicopter pilot, told U.S. News that both sides of SOCOM have the same objective. Killing and capturing terrorists, Brown said, provides the breathing room that longer-term training and civil-affairs efforts need. "Direct action," Brown said, "buys time for the indirect approach to work while defending the homeland and keeping our adversaries off balance, so that we can enable partner nations to deal with and erode the support for terrorists." At SOCOM's Tampa headquarters, Dailey was genially blunt. "We just plain can't kill them all," he says.

Both generals take pains to counter the notion that they are narrow-minded commandos. Patting the Ranger tab on his left shoulder, Dailey adds: "I've had civil affairs and psyop training, too." And Brown was a sergeant in the "white" Special Forces early in his career. They cite a wide range of "indirect" initiatives against terrorism. In the Philippines, U.S. special operations helped weaken the radical Islamist Abu Sayyaf Group, which had kidnapped two Americans, through military training, road-building, and medical aid that won popular support and led to the collection of useful new intelligence. After succeeding on Basilan Island, they have moved to another historic hotbed, Jolo Island. Lt. Col. Eric Haider, who led the task force, called it "a model for how the U.S. can wage the war on terror in a country where we are not at war, and sustain it over the long term."

Gunman Kills British Man And Wounds 6 In Jordan (NYT)

By Suha Maayeh

DOJ_NMG_0056932

The New York Times, September 5, 2006

AMMAN, Jordan, Sept. 4 — A gunman opened fire on tourists visiting a popular site in downtown Amman on Monday afternoon, killing a British man and wounding six other people, Jordanian officials said.

Hospital officials identified the dead man as Christopher Stoke, 53. Wounded in the shooting were two British women, an Australian woman, a woman from New Zealand, a Dutchman and a sergeant with the Jordanian Tourist Police, Jordanian officials said.

Jordan's official news agency, Petra, identified the gunman as Nabeel Ahmad Issa Jaoura, 38, from Yajouz, near the Islamist stronghold of Zarqa. Prime Minister Marouf al-Bakhit said security officials were interrogating Mr. Jaoura and investigating whether he was acting alone or was part of a terrorist cell.

Officials said the shootings would be considered a terrorist act unless the gunman was found to be mentally unstable. It was the most serious attack of its kind since suicide bombers attacked three Amman hotels last November, killing 63 people. Nasser Joudeh, a government spokesman, said the police would be stepping up already tight security in the Jordanian capital and elsewhere.

"This is a cowardly, terrorist attack, which we regret took place on Jordanian soil," Interior Minister Eid al-Fayez told reporters.

Witnesses said the shooting began shortly after midday when Mr. Jaoura, cleanshaven and dressed in jeans, opened fire on the group of tourists as they walked in the ancient Roman amphitheater in Amman, a popular tourist destination. He fired at least 15 bullets into the crowd, shouting "Allah-u akbar," or "God is great."

The wounded were taken to Al Bashir and the Prince Hamza hospitals, about one mile away. The two British women underwent surgery and were in intensive care Monday evening in critical but stable condition. Hospital officials said the 32-year-old Dutchman was recovering from a bullet wound in his abdomen, while the Australian woman had been treated for a bullet in her thigh. The tourist police sergeant, Awni Falah Ayed, was treated for bullet wounds in the chest and thigh. The condition of the New Zealand woman was not known.

Jordan says it has thwarted numerous plots against Jordanian landmarks and government buildings as well as against Western tourists. Last November, Al Qaeda in Mesopotamia took responsibility for the attacks on the three Amman hotels, the deadliest terrorist act in the country's history.

Man Opens Fire At Tourists In Jordan's Capital (WP)

By Yasmine Mousa

The Washington Post, September 5, 2006

AMMAN, Jordan, Sept. 4 -- A gunman fired on a group of foreign tourists here in the Jordanian capital Monday, killing a British man and wounding seven other people, according to police and witnesses.

The tourists were visiting the ruins of an ancient Roman amphitheater in central Amman when the gunman approached them from behind and fired more than a dozen bullets, witnesses said. The British man, who was not identified, was fatally wounded and six other foreigners -- two British women, two Australian women, a Dutch man and a New Zealander -- were also hit, according to Jordan's official Petra news agency.

A sergeant in Jordan's tourist police who was accompanying the group was struck by two bullets but managed to subdue the gunman.

The shooting shattered the relative calm of Amman, which in recent years has become a refuge for thousands fleeing warfare in neighboring Iraq and nearby Lebanon. The last high-profile attack in the city was in November, when Iraqi suicide bombers killed 60 people in three major hotels.

Prosecutors identified the attacker as Nabeel Ahmed Issa Jaourah, a Jordanian in his thirties from Zarqa province, the home region of Abu Musab al-Zarqawi, the leader of the insurgent group al-Qaeda in Iraq who was killed by U.S. forces in June. A government spokesman, Nasser Judeh, said officials were investigating whether Ahmed acted alone or in coordination with a group such as al-Qaeda.

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"We will ascertain in the next period whether this was a sole act or whether this individual is a member of a terrorist cell," Prime Minister Marouf al-Bakhit told reporters after a visit to the hospital where the wounded were being treated.

The Associated Press quoted a Jordanian security official, who spoke on condition of anonymity, as saying that preliminary investigations found no link between known terrorist groups and Ahmed, a Jordanian of Palestinian origin who worked as a welder. Ahmed is believed to be an observant Muslim who once wore a beard -- traditional among some conservative Muslims -- but he was cleanshaven when he carried out the assault, the official added. Interior Minister Eid al-Fayez called the shooting "a treacherous act . . . a criminal act, way outside our Jordanian, Islamic, Arabic culture."

British Foreign Secretary Margaret Beckett said she was "extremely saddened" by the shooting. "Acts of violence such as this are as senseless as they are callous," she said in a statement, according to the Associated Press.

The U.S. Embassy said it extended "deepest condolences" to the victims. "We have the utmost confidence in the Jordanian security forces," it added.

Several witnesses told news services that they saw a young man shooting at a group of Western tourists walking near the Roman ruins in Hashemite Square, a downtown area frequented by thousands of Jordanians for work and entertainment.

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For Conservative Muslims, Goal Of Isolation A Challenge (WP)

By Caryle Murphy

The Washington Post, September 5, 2006

Twelve girls sat in rows at the front of the community room in Silver Spring's Muslim Community Center, calming their nerves with giggles and girl talk. In their sweaty hands, they held prepared speeches. On their heads, they wore scarves in a rainbow of colors: pink, brown, gold, white and lavender.

The seventh- and eighth-graders were competing in a debate on this question: Is a segregated, all-Islamic upbringing key to protecting your Muslim identity?

Eight of the dozen argued yes, using variants of the theme offered by Fatimah Waseem. Young Muslims "join with the non-Muslims, copy them and look up to them. This is hurting our identity. . . . Sometimes, we turn way from Islam," she said. "In conclusion, . . . we cannot sway in the wind and become weak. We need to be protected . . . by segregation."

" Takbeer! " shouted some in the audience of proud, clapping parents as each girl concluded her case. "Let us praise God!"

Like Fatimah, most of the debaters attend Al-Huda School in College Park. It is run by Dar-us-Salaam, one of the Washington area's most conservative Muslim congregations. Many of its members believe that, in order to be true to their faith, they should live apart from secular society as much as possible. The congregation's Web site describes how it hopes one day to become a self-contained Islamic community.

The kind of Islam practiced at Dar-us-Salaam, known as Salafism, once had a significant foothold among area Muslims, in large part because of an aggressive missionary effort by the government of Saudi Arabia. Salafism and its strict Saudi version, known as Wahhabism, struck a chord with many Muslim immigrants who took a dim view of the United States' sexually saturated pop culture and who were ambivalent about participating in a secular political system. It was also attractive to young Muslims searching for a more "authentic" Islam than what their Westernized immigrant parents offered.

But the discovery that 15 of the 19 Sept. 11, 2001, hijackers were Saudi and that their violent al-Qaeda ideology was rooted in Wahhabism had a particularly deep impact on Salafis, whose theology and practices were suddenly suspect.

The attacks "shook the foundations of anyone affiliated with Wahhabism or Salafism," said Chris Khalil Moore, 31, of Annandale, a convert who became immersed in Wahhabism while studying in Saudi Arabia before abandoning that approach to Islam. "Because they were fingered, pointed at, as being the ideology that helped foster the mentality of those hijackers," he said, "I think a lot of people got scared."

One of the area's most prominent Salafi preachers, Ali al-Timimi, is in prison, convicted on charges that he incited young Muslims to wage war against the United States. Dar al-Arqam Islamic Center in Falls Church, where he preached, is now closed.

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The Saudi government's proselytizing campaign has also been rolled up. Its preachers were sent home, and a Saudi-run institute in Fairfax that taught a strict Salafi outlook no longer has any students.

Moderate Muslims have become more vocal in warning about the dangers of separatism and fundamentalism while policing rhetoric that could be construed as radical or extremist. In particular, they increasingly take exception to the sharp divide between Muslims and non-Muslims drawn by some Salafis, saying it can encourage intolerance and violence.

The sense of beleaguerment among many Muslims in the Washington area is particularly strong among Salafis. "In the past, people would say, 'I'm Salafi.' Now, I never encounter people who say that," District resident and Muslim activist Svend White said. "It's a combination of fear, anxiety and a real change in the community."Seeking 'Pure' Islam

Taken broadly, practicing Salafism means imitating the ways the prophet Muhammad and his companions in the 7th century practiced their faith, from their clothing to the spiritual principles that guided them. Salafism also stresses a return to fundamentals in pursuit of "pure" or "authentic" Islam.

Wahhabism is an ultra-conservative brand of Salafism that emerged in Saudi Arabia. Its strictest adherents read Islamic scriptures literally, reject centuries of Islamic legal scholarship as unnecessary "innovation" and regard many Western values as un-Islamic. They also regard Jews, Christians and non-Wahhabi Muslims as "unbelievers" who should be avoided.

"Salafis are the fundamentalists of the Muslim world," said Ihsan Bagby, a professor of Islamic studies at the University of Kentucky. "Just as Christian fundamentalists are focused on who's going to heaven and hell, who's the true believer and who's the nonbeliever," Salafis "are really focused on belief. . . . For the most part, they are apolitical."

Polling by Bagby found that about 8 percent of worshipers at U.S. mosques favor a Salafi approach. But although Salafi Muslims are more isolated now, some scholars say their approach to Islam could become more appealing in response to increasingly negative views of Muslims among Americans and vitriolic Islam-bashing on the Internet.

"Salafi teachings begin to be more attractive to more Muslims as a defensive response," said Peter Mandaville, an assistant professor in George Mason University's Public and International Affairs Department. "In the face of this new global war on Islam, they are saying, we will hold fast and emphasize anew the fundamental tenets of our faith."

Safi Khan, Dar-us-Salaam's imam, declined requests to discuss the mosque or his theological beliefs, and Minhaj Hasan, a spokesman for the mosque, said its officials had decided not to talk to Washington Post reporters.

But other Salafis have tried to allay fears that their brand of Islam fosters extremism.

Salafi Society D.C., a group of mostly African American Muslims who worship in an unadorned white brick building in Northeast Washington, has a prominent disclaimer on its Web site stating that "we are free from . . . car bombings, highjackings [sic], suicide killings, and all forms of terrorism."

Nihad Awad, executive director of the D.C.-based Council on American-Islamic Relations, said Salafis increasingly are prepared to participate in the U.S. political system instead of shunning it. "I have been invited [by Muslims] to talk about election strategy, whereas I would not have been invited before," he said.

Yasir Qadhi, a lecturer with AlMaghrib Institute, an Islamic educational organization founded by a former prayer leader at Dar-us-Salaam, cited his own experience as an example of how Salafism has adapted in the United States.

Qadhi, who was born in Houston and graduated from Saudi Arabia's Islamic University of Medina, is getting his doctorate in Islamic studies at Yale University -- a sign, he said, of how second-generation Muslims are adapting. "It's unprecedented that a Salafi is doing a graduate degree at an Ivy League school," said Qadhi, 31. "Our forebears would see that as anathema."

In the past, Qadhi said, Salafis debated whether Muslims should even live in the United States. "For me, that question is so utterly ridiculous," he said. "Where do you want us to go?"The Saudi Campaign

Nabil Samman's urgent voice filled the prayer rooms -- one for men, one for women -- at the Institute of Islamic and Arabic Sciences in America on a recent Friday afternoon. The white-bearded, Jerusalem-born prayer leader was giving a khutba , or sermon, about the perils of not properly supervising Muslim girls.

Parents should be concerned if "girls start wearing makeup or waiting after school," he said. "Girls who have secret affairs hide things from their parents."

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The midday prayer service over, scores of Muslim men poured out of the sprawling two-story brick building opposite a sandlot on Hilltop Road in Fairfax. Heading for their cars, they passed a bearded youth hawking materials about Islam at a folding table. Grabbing a handful of DVDs, he yelled, "Take one and share it with a non-Muslim!"

As khutbas go, Samman's was fairly typical, a man identifying himself only as Ahmed stressed to a visitor. "Now," he said, "the sermon here is no politics, nothing controversial, only talk about good morals, good behavior. We don't associate ourselves with any sect or any group."

These days, the institute is open only for Friday prayers, which draw as many as 800 worshipers. But from the time it opened in 1989 as a satellite campus of a Saudi religious university in the capital Riyadh until it was closed in January, it was a key element in the Saudi campaign to spread Wahhabi Islam, an effort intended to counter radical Shiite Islam coming out of the 1979 Iranian revolution.

The Saudi Embassy's Islamic Affairs Department, which at its peak in the late 1980s had an annual budget of $8 million and 35 to 40 staff members -- many of them with diplomatic visas -- ran the campaign. Across the country, they built mosques, distributed Korans and brought in foreign imams to lead congregations.

For many years, the Saudis distributed a widely used English edition of the Koran with commentary by Abdullah Yusuf Ali. But in the late 1990s, they began giving out a new edition called "The Noble Koran," with commentary that reflected the Wahhabi outlook of two scholars at the University of Medina.

Many local Muslims were particularly embarrassed by commentary that disparaged Jews and Christians even though neither group is mentioned in the original Arabic. "The outcry was so great. . . . People were disgusted," said Imad-ad-Dean Ahmad, head of Bethesda's Minaret of Freedom Institute, an Islamic think tank. "And it wasn't just liberals. I couldn't find an American Muslim who had anything good to say about that edition. I would call it a Wahhabi Koran."

The institute in Fairfax was a way for the Saudis to tap the talents of the brightest Muslims in the United States. Its free Arabic classes were a boon for new converts. And those who did well academically were offered full scholarships to study at Saudi universities.

Most of the institute's faculty were Saudi-born or Saudi-trained religious scholars who had a conservative Salafi or Wahhabi perspective. Sheikh Abdel Aziz Fawzan, who taught Islamic law, drew a theological lesson from the 2004 South Asia tsunami that was similar to the one evangelical Christian Jerry Falwell initially drew from the Sept. 11 attacks. The tsunami, Fawzan declared, was God's punishment for allowing resorts where "especially at Christmas, fornication and sexual perversion of all kinds are rampant."

When the U.S. government took a harder look at Saudi activity here after Sept. 11, the Fairfax institute was targeted. Sixteen faculty members were asked to leave the country in December 2003 when the State Department revoked the diplomatic visas of more than 20 Saudis involved in religious outreach.

The revocations were part of an effort to curb what U.S. officials considered intolerant religious rhetoric and ensure that all embassy staffers were engaged in legitimate diplomatic activities, U.S. and Saudi officials said at the time. A senior Saudi official added then that his government intended to "shut down the Islamic affairs section in every embassy."

In mid-2004, federal agents raided the institute, confiscating computers and documents. But no one closely associated with the facility has ever been charged with a terrorism-related crime.

In a recent interview in his elegant wood-paneled embassy office, the Saudi ambassador to the United States, Prince Turki al-Faisal, said his government had suspended its missionary activities in this country. "We are in a very intense review of all of the past activities that were undertaken," he said. "And we haven't yet reached any specific plan for where we're going for the future."

Part of that review involves examining religious material "that could in any form, way or shape be interpreted as bigoted or extreme or offensive, not just to non-Muslims, but even some Muslims," he said. The embassy, he added, distributes only Arabic editions of the Koran, with no commentary.

Turki rejected the idea that his country's proselytizing might have contributed to the 2001 attacks. The institute in Fairfax and its mother university in Riyadh "have graduated literally thousands of people over the years," he noted. "If they had been proselytizing for jihadist [ideas] as such, there would have been even more numbers from those thousands . . . who would have turned toward that inclination."A Separate Community

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The utopian vision of an all-Islamic oasis within the United States' secular society has taken seed in College Park's Dar-us-Salaam congregation. Its one-story, red-brick building sits at the end of a narrow, tree-lined street of compact homes built in the early 1950s off Route 1, a few blocks from an IHOP and a Dunkin' Donuts.

A sign in a corner of the parking lot underscores its strict gender segregation.

"Sisters Only," it reads.

Inside is the congregation's prayer room -- divided by a tall barrier so men and women cannot see one another during worship -- and classrooms for Al-Huda School's 300 to 400 students in kindergarten through eighth grade. Here, too, is Muslim Link, a community newspaper published by Dar-us-Salaam.

The building houses a bookstore, grocery store and a tiny office that runs the mosque's religious outreach, a top priority for the congregation. Office shelves are stacked with giveaways: English translations of the Koran -- both "The Noble Koran" and Yusuf Ali editions -- as well as glossy color brochures with instructions on how to become a Muslim. "It is best not to hesitate," the brochures state, "if you are certain that you believe."

Dar-us-Salaam, whose Friday prayer services draw 500 to 700 worshipers, describes on its Web site its plan to create an Islamic enclave as a way to sustain its members' Muslim identity and spread Islam by example. Besides a mosque and school, "such an Islamic environment would include . . . businesses and shops for employment and basic needs, housing, medical and financial institutions."

This dream reflects the strict Salafi approach of Saudi-trained Safi Khan, Dar-us-Salaam's imam, who believes that Muslims in this country need close-knit communities to cope with pressures from law enforcement officials and a Western culture alien to Islamic values.

Khan's outlook is clear from his recorded lectures, which are sold online and appear to have been given in the past few years.

The U.S.-raised son of Pakistani immigrants, Khan invokes the certainty of hellfire for those who flout God's commandments, and he preaches that attaining a moral Islamic life in contemporary America requires shunning many commonplace things.

"For example, if you go home and watch TV every day . . . that's not going to help you get close to God," he says in one lecture. "If you go out to the game . . . or if you go to the movies often, if you love to go to parties, if you love music -- all these things are not going to bring you closer to Allah."

Also forbidden by Islam, Khan teaches, are "love letters, or chatting in the chat room without the presence of a guardian, . . . or writing e-mails that you know you have no business writing."

Young Muslims in particular must be aware of the dangers to their faith, Khan says, because youth "is the time when there are a lot of temptations . . . when all these Ivy League universities try to take you to brainwash you into the way they want you to grow up, the way they want you to think." It is the time "that all of America, all of the West, tries to concentrate on you . . . because once they control you, . . . then they have you, and for the rest of your life, you think like them."

Khan believes that Islamic schools are imperative because Muslim children "now are not equipped to deal with mainstream America without compromising their Islamic values." Usually, he says, "a big mixture happens between mainstream America and mainstream Islam, and . . . in most cases . . . Islam loses."

He stresses how Muslims are different from non-Muslims, whom he calls "unbelievers." Citing the mistreatment of Muslims, he says, "we must come together so we can ward off all these attacks." Khan adds that by an Islamic community, he means "we begin to buy houses and begin to live right around the [mosque] so we meet each other" during the five daily prayer sessions.

In the hostile environment cited by Khan, Dar-us-Salaam offers a comforting alternative. The congregation has a "real community feel, so a lot of young people are attracted," said Irfaan Nooruddin, 25, of Silver Spring, a financial analyst who is not a member but sometimes prays there. "I don't agree with their Salafi [outlook] at all. But I do respect the fact that they're people who are attempting to understand the religion."

Mostafiz Chowdhury said he chose Al-Huda, the congregation's school, because he wants to provide his children with an "Islamic upbringing" and protect them from public-school ills such as drugs and "having free sex."

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Ultimately, if American Muslims continue to feel embattled, Salafism itself could become more attractive. When moderate Muslim groups that promote integration feel they are under scrutiny or discredited by the government, said Najam Haider, an adjunct professor of Islamic studies at Georgetown University, "Muslims turn societally inward, and that turning inward gives Salafism more influence because Salafis aren't saying we need to integrate."

What they offer, Haider added, is an alternative: "Muslim identity that is separate from America, grounded in Islamic history, a very demarcated community of Muslims. Those are very separate from American values in a lot of ways."

HOMELAND RESPONSE:

Airline-security Incidents Seen As Terrorist Feints (WT)

By Audrey Hudson, The Washington Times

The Washington Times, September 4, 2006

The rash of airline-security incidents since the London terror arrests -- which has diverted or delayed more than 20 flights all over the world -- has more to do with flukes, red herrings or terrorist probes than with actual, imminent threats, intelligence observers and security officials say.

"Alarms were triggered by a range of things: disruptive passengers, suspicious smells, bomb threats that were scribbled on air-sickness bags and anonymous phone calls alleging bomb threats," said Douglas Hagmann, director of the Northeast Intelligence Network.

"We are constantly being probed by terrorists," Mr. Hagmann said. "We are going to have a limited number of incidents that are just a ploy, a nonevent as a result of misunderstandings or innocuous activity. You can expect that and factor that in. But the extent we are seeing today -- the numbers are well beyond the norm."

At least 23 incidents worldwide since the Aug. 10 arrests of two dozen suspects have led to 11 emergency landings or flight diversions, four of them escorted by military jets, and 16 arrests.

The majority of disruptions occurred on domestic and inbound international flights. The number of publicly reported security incidents peaked on Aug. 25, with eight incidents on that day, Mr. Hagmann said.

One passenger was removed from an international flight after it was diverted to Bangor, Maine, when his name reportedly was discovered on a terrorist or no-fly watch list. A Northwest Airlines flight from Amsterdam to India returned midway, escorted by a military jet, and 12 Muslim men were arrested but released.

The men boarded moments before takeoff and immediately began passing around cellular phones. The disruption frightened passengers, and the men were subdued by U.S. air marshals.

Laura Mansfield, a counterterrorism consultant and Arabic translator, says many of the incidents involve terrorist sympathizers hoping to divert attention from actual terrorists moving forward with real plots.

"There is a combination of things going on. They are trying to get the threat level reduced by creating a bunch of false alarms so people will be complacent. It's also a strategy of red herrings and disinformation," she said.

The aviation threat level in the U.S. went to Code Red, or severe, after the Britain arrests and today remains on Code Orange, or high.

Miss Mansfield said that although the terrorists pay no attention to anniversary dates, recent activity and the release of several tapes indicate that Islamic militants want badly to strike the U.S. before this upcoming September 11.

An example of sympathizer involvement Miss Mansfield cited is a 2004 campaign in which in an Islamist Web site urged Muslim tourists to distract law enforcement by videotaping landmarks, nuclear plants, water-treatment facilities and infrastructure on their vacations.

"The police cannot be everywhere. If they are watching you, then they may not be watching our real projects," said the posting, which also noted that those participating could not be arrested for the activities.

"The distractions are going well," the site reported. "The Americans are chasing those with video cameras believing them to be terrorists. That permits us to do our preparations undetected."

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Last year, Miss Mansfield visited a mosque in Georgia that advertised an English and Arabic session on God and family. She attended the Arabic session where a man identified as Khaled recounted a New York flight. He and his friends acted suspicious and made simultaneous restroom runs to frighten passengers.

"He laughed when he described how several women were in tears, and one man sitting near him was praying," Miss Mansfield later wrote in an account of that meeting on her personal Web site.

"As the meeting drew to a close, the imam gave a brief speech calling for the protection of Allah on the mujahedeen fighting for Islam throughout the world, and reminded everyone that it was their duty as Muslims to continue in the path of jihad, whether it was simple efforts like those of Khaled and his friends, or the actual physical fighting," Miss Mansfield wrote.

Passengers on seven flights have been forced to disembark while their luggage was inspectedby bomb-sniffing dogs.

Federal air marshals, who reveal their presence only when an aircraft is in danger, have done so twice in as many weeks -- against only once previously in the almost five years since the September 11 attacks.

"As our defenses become more elaborate and responsible to the current threat, the terrorists are actually working on methods to circumvent those measures," Mr. Hagmann said.

A Pakistani woman was detained by screeners Aug. 17 at a West Virginia airport after baby formula tested positive for explosives. The airport was closed for several hours while the FBI searched her home, where explosives residue was detected, Mr. Hagmann said.

Homeland Security officials will say only that the matter remains under investigation.

"We have to keep in mind the terrorists want to strike at our economy, and the airline industry is very weak. These diversions and cancellation of flights cost the airline industry a lot of money, and we have to look at that," Mr. Hagmann said.

Dave Mackett, an airline pilot and president of the Airline Pilots Security Alliance, says the diversions are costing airlines millions and leaves the industry vulnerable to lawsuits.

"This cannot be the new norm," Mr. Mackett said.

Daryle Elizabeth Lademan, an associate with DFI Corporate Services, says the economic threat comes from the burden on passengers who face stricter screening rules.

"The leisure traveler won't fly as much, the business traveler will teleconference more often or seek private air-travel options like charters, corporate jets, and fractional ownership providers," she said.

Domestic Security Since 9/11 Is Barely Better, Schumer Says (NYT)

By Richard Pérez-peña

The New York Times, September 5, 2006

Domestic security remains mediocre at best, and in some ways has barely improved, since the Sept. 11 terrorist attacks, Senator Charles E. Schumer said yesterday.

Over all, Mr. Schumer gave efforts to make the nation safer from attack a grade of C-, about the same as the marks he assigned in similar exercises in 2002, 2003 and 2004. Of the 12 areas he examined in a report, he said a few remained particularly bad: security for mass transit, shipping ports and chemical plants; the use of devices that can detect explosives and other weapons; and grants to law enforcement authorities and firefighters.

“A promise was made to the American people that after 9/11, every step would be taken,” Mr. Schumer said, standing near the rim of the enormous pit at the World Trade Center site. “Unfortunately, too much of that promise remains unfulfilled.”

Russ Knocke, a spokesman for the Department of Homeland Security, said, “We have, ultimately, finite resources” that are used to focus on the most serious threats. For instance, he said, “if we were to inspect every container that comes into our country, ports would shut down.”

He called the senator’s report “half-baked,” saying that “it seems to rely upon the premise that government can prevent all threats for all people for all time.”

Mr. Schumer said that raising the defense against terrorism to acceptable levels would probably mean doubling the department’s budget, now about $32 billion a year. The federal government has spent $300 billion on the war in Iraq, he said, so “$30 billion on homeland security doesn’t seem like a lot to ask.”

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As the fifth anniversary of the attacks approached, Senator Schumer asserted that the Bush administration and Congressional leaders have still not shown the will to spend enough, and that the Department of Homeland Security has been poorly run and has reneged on commitments, partly as a result of lack of money.

Most of the material in Mr. Schumer's 14-page report is not new; it was culled from sources like the 9/11 Commission, the Rand Corporation, the Council on Foreign Relations and various government agencies. But of the dozens of specifics it cites, many — like the lack of tamperproof seals on shipping containers, or background checks of truck drivers - admitted to the ports — have received little attention.

Mr. Schumer gave his highest grades to nuclear plant security, B+, and aviation security, B-. He said airline safety had improved significantly, citing changes like secure cockpit doors, more marshals on flights and upgraded passenger and baggage screening.

But he separated that category from efforts to develop and deploy machinery that can find weapons by peering into baggage or detect minute traces of dangerous chemicals or germs — for which he said the government had earned an F.

He gave another failing grade to mass transit security — a particular concern to metropolitan New York — saying that the government spends $9 per passenger on airline security but only 1 cent per mass transit rider.

Young U.S. Muslims Strive For Harmony (WP)

By Tara Bahrampour, Washington Post Staff Writer

The Washington Post, September 4, 2006

9/11 Spurred Action, Helped Define Beliefs

Standing in the small, fluorescent-lighted room that served as George Washington University's Muslim prayer area, Amin Al-Sarraf pointed to the six-foot-high plastic partition dividing the space.

It had been a point of contention at the university's Muslim Students' Association. Some members thought the partition, common in mosques to separate men and women when they pray, was a necessary part of their religion; others disagreed, saying women had trouble hearing the imam.

"Some see it like the Great Wall of China in the middle of the room," Al-Sarraf explained, adding that there was a fear "freshmen will get a bad taste in their mouth -- like this is how the MSA's going to be."

Al-Sarraf didn't want to alienate anyone. In his post last year as president of the Islamic Alliance for Justice, a political group under the umbrella of the MSA, he'd heard of Muslim groups at other universities making students feel excluded for not dressing a certain way, for example. Perhaps, he mused aloud, his MSA could come to a compromise: Keep the partition, but make it shorter.

For Al-Sarraf, 22, a student of international relations who graduated in May, the partition quandary was part of a larger debate taking place among American Muslims, especially young ones: how to incorporate their religion into daily life. The question has become more pressing -- and more pressured -- since Sept. 11, 2001, linked Islam, in the eyes of many Americans, with acts of fanaticism and murder.

Immediately after the terrorist attacks, Muslims began to feel the heat. Women in hijab became targets of hostile remarks; mosques were sprayed with graffiti and vandalized. Some Muslim immigrants were required to register with the government, and families got unexpected knocks on the door from immigration and FBI officers.

In some communities, resentment swelled as Muslim men disappeared, deported to their home countries or swallowed into a law enforcement system many Muslims felt had convicted them of ill-defined crimes. The United States went to war, first in one Muslim country, then another.

To many Muslims, it seemed that the United States was going to battle against them. "These policies create the impression in the minds of many people . . . that to fight the war on terror you have to fight some kind of war on Islam," said Ibrahim Hooper, a spokesman for the Council on American-Islamic Relations.

Until Sept. 11, being Muslim in the United States had not necessarily meant taking a special stand or explaining the actions of others. But in a new social climate, Muslims had to decide, more concretely, what it meant to be both Muslim and American.

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For two young Muslim men in the Washington area, the process of refining the balance between faith and country, set in motion by the attacks, has played out differently.

Al-Sarraf, raised in a multiethnic family that frequently discussed how Islam fit into mainstream America, was propelled into a leadership role aimed at integrating Muslims into broader society.

Basim Hawa, son of Palestinian immigrants, went from ignoring many tenets of his religion to thinking actively about what they meant to him and, ultimately, throwing off the trappings of American life that didn't fit with Islam.'Ambassadors of Their Culture'

Al-Sarraf grew up the eldest of four children in leafy Pasadena, Calif., with an Iraqi father and a mother who is half Palestinian and half German American. His parents signed up the children for hockey and soccer and took them to deliver food to the homeless on Thanksgiving.

"We wanted our children to grow up feeling comfortable in their skin as Muslims and as Americans," said his mother, Amira Al-Sarraf.

At his secular private high school, Al-Sarraf started a Muslim club, which was popular, he said, because it gave out free pizza. He gave annual presentations during Ramadan, but few people focused on his religion.

Then, during senior year, terrorists struck the World Trade Center and the Pentagon. His principal asked him and his brother to give schoolwide talks about Islam, which their mother said "validated their role as ambassadors of their culture."

Al-Sarraf said Sept. 11 "gave me extra motivation. I think all Muslims felt extra pressure -- to be the token of what Islam really is, to defend Islam."

His light skin, cleanshaven face and green eyes make it hard to guess his background. But sitting in a Starbucks at the GWU student union, he spoke authoritatively of the challenges Muslims growing up in the United States have faced since 9/11.

"The natural trend of immigrant communities," he said, is that "the first generation comes, establishing itself. Then the next generation has a different set of issues, figuring out who they are and how they fit in."

The terrorist attacks accelerated that process. "There was this pressure on the Muslim community to grow up in a year, when it's a 20-year process."

Last year, when Al-Sarraf awoke to hear that four young Muslims had blown themselves up in the London subways and killed 52 other people, he felt chilled. The four were not unlike him and his friends: middle class, educated, raised in the West. And yet the bombers were so alienated from their environment that they had sought to destroy it.

Just as after Sept. 11, Al-Sarraf's impulse was to take action, feeling "that we need to address the issue before it gets as far here as it did in other places." Al-Sarraf did not see extreme isolationist Islamic groups in the United States, but he felt it was up to his generation to take a stand.

"Who's going to be the ones to address it?" he asked. "And the realization was that . . . it's us."

After the bombings, he and 15 friends, mostly students of political and international affairs, sent out a news release to U.S. campuses, condemning the attack. The next month, they started an initiative to encourage young Muslim Americans to get involved politically, to develop a collective identity, to vote and to consider forming lobbying groups or running for office.Longing for Change

For Basim Hawa, religion had been built in but not deeply felt.

He grew up in a house on the border of Arlington and Fairfax counties, the middle of five children. Every morning and evening, his father went to Dar al Hijrah, a mosque in Falls Church, to pray.

"He used to try to make us go when we were younger," recalled Hawa, a strapping 27-year-old with closely cropped black hair, a full beard and an easy smile. "We went to Saturday school to learn to study Koran in the Arabic language, and my dad would always try to make us speak it around the house. He would always make us pray, so that was something built into us from an early age."

Hawa prayed five times a day because he was supposed to. But he often postponed the prayers until nighttime and would rush through without concentrating. "I never had doubt of my religion," he said. "But it just wasn't always on my mind."

Other things were. At J.E.B. Stuart High School and in college at Virginia Tech, he said, he hung out with friends who "went out a lot, went out to clubs, dated, partied. My parents until today still do not know a lot of the things I did."

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For years, he tried to excuse his behavior. "Because I prayed, because I fasted at Ramadan, I always used to think to myself that what I'm doing is not so bad."

But he was tormented by thoughts of the life he felt he should be leading. At night, he prayed to God to change him. "I would wake up and feel guilty. And as I went through life, I felt more guilty and more guilty and more guilty."

When the terrorists attacked, Hawa said, he didn't feel affected personally. He didn't have a beard, he said, and he didn't experience much backlash.

Then, a few weeks later, he traveled with his father to Jerusalem to visit relatives. While they were gone, government agents knocked at the family's door in Fairfax to ask his mother questions. Why had the father and son left the country? Where had they gone? What were they doing?

The visit jarred Hawa. He was as American as anyone, but now he was suspected of acting against national security. The agents didn't come back, but other Muslims he knew didn't get off so easily.

Hawa had attended Dar al-Hijrah, the same mosque as some of the men who were prosecuted as the "Virginia jihad network," although he said he didn't know them well. And he had listened to taped lectures by Ali al-Timimi, who was sentenced in 2005 to life in prison for inciting young Muslims to wage war against the United States.

Hawa dismissed the prosecutors' argument that the men were dangerous, saying although he does not know all the facts, he does not think the evidence was sufficient to convict them.

"I think it's a misunderstanding of what 'jihad' means. I think people now associate it with wars, but there's the inner jihad, the struggle that people go through with work, their families, " he said.

In the year after Sept. 11, friends and co-workers began asking Hawa questions, such as "What does Islam say about the bombers?"

"The news was now 'Islam, Islam, Islam,' " he said. "It was on my mind a lot more often now because of the questions being asked." He said he believed the attacks were "100 percent" wrong, but he didn't know enough to answer the questions as well as he wanted to.

During Ramadan in November 2002, Hawa signed up with a local spiritual leader, Imam Mohamed Magid of the All Dulles Area Muslim Society, for a trip to Mecca. He wanted to see whether he could embrace Islam more wholly.

The sheer scale of the experience awed Hawa. Walking in an ocean of fellow believers, he felt they were part of something greater than themselves -- or even their countries.

"You have 3 million people all in the same area who are all dressed in the same outfit. It's very peaceful, with people helping each other. Everybody's there for the same reason."

He came back changed.

"I never stepped back into a club; I never stepped back into a casino; I never touched alcohol; I never dated or approached a girl."

The next month, strolling through Tysons Corner mall on Christmas Eve, he ran into Tiffany Ballve, whom he'd known at J.E.B Stuart as an athlete who wore T-shirts and jeans. When he saw her at the mall, he was startled.

"I was like, 'Wow, you're wearing a scarf,' and she's like, 'Yeah, I became Muslim.' "

They married three months later.Avoiding Isolation

Last year, after Al-Sarraf and his friends sent out the call for Muslims to get involved, Muslim groups at 15 universities promised to help spread the ideas of their initiative, the Muslim American Project.

"Many young Muslim Americans, particularly those who have been raised in primarily immigrant religious communities, struggle to reconcile the seemingly incompatible aspects of their identities," the message said. "At the core of the struggle lies the question, Can one be both Muslim and American? . . . Isolating ourselves by remaining within the safety nets of familiar groups, or allowing ourselves to become lost in the crowd will prevent us from establishing a thriving community in this nation."

Al-Sarraf said they were criticized on both ends -- by non-Muslims who didn't trust them and by Muslims who asked: "What are you doing? Why are you compromising your religion, talking to these people in Washington?' "

U.S. Muslims had for many years avoided politics, Al-Sarraf said, pointing their children toward such fields as engineering or medicine. "They say going into politics is dangerous, you'll get corrupted, you'll lose your religion."

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As the wars in Iraq and Afghanistan continued, he said, the idea that "hey, we're killing Muslims" troubled many students.

The communities were also debating whether paying taxes or voting supports a system that is "oppressing Muslims abroad," said Ahmed Younis, national director of the Washington-based Muslim Public Affairs Council and a friend of Al-Sarraf's.

But Younis said Al-Sarraf and his friends represent an evolution of that debate. "9/11 has changed the conversation," he said. Before, people thought they could choose political isolation. But post-9/11, "their political integration is a prerequisite for their ability to make a change in both domestic and foreign U.S. policy."Integrating With Mainstream Culture

Early on a Friday morning, the sky still dark, a few cars filed into the ADAMS Center's parking lot. Hawa, in a white T-shirt and red sweats, was there for 5:15 prayers, which he attends most days before going to his job as a software company consultant.

Imam Magid led the prayers and then taught a religious class. Hawa had suggested the topic: the life of the prophet Muhammad.

Sitting on the carpet in a small circle of men, wearing a beige robe and knitted cap, Magid put the prophet's view into a 21st-century context.

"No one will enter paradise if his or her neighbors will not feel safe from them," said Magid, his lively cadence accented by his native Arabic. "My neighbor, whether Muslim or not Muslim, must feel I am not doing harm to him, whether by having loud music, or having a fight over a parking space or having water sitting around breeding mosquitoes."

Sitting cross-legged beside his mentor, Hawa took notes.

Afterward, Magid said that he worries when young people go to extremes, staying in the mosque all day and calling movies or sports or social activities haram , forbidden. To him, these are part of a balanced spiritual life.

"All the extremism now in Britain, all this is because people have the wrong idea of what religion is. I tell young people, 'You have three choices in America -- isolate yourself; assimilate and do everything in popular culture that you're going to do; or integrate' -- and that's what we're advising people to do."

Magid does not sanction all mainstream American activities -- adult co-ed swimming and shopkeepers selling alcohol are not all right with him. But he is troubled by those who preach against a long list of American activities, from celebrating Thanksgiving to shaking hands with non-Muslims.

Hawa is constantly making decisions on when to participate and when to excuse himself. He and Ballve don't celebrate birthdays, but they play soccer and go to her parents' house for Thanksgiving.

"Everybody has their own little ways," he said, sitting with his wife and 7-month-old son, Hamza, in their Sterling apartment. "For example, if a female put out her hand to shake it, then I would, but maybe someone else I know who celebrates birthdays wouldn't shake a woman's hand. These are forms of jihad -- struggles we go through."

Hawa votes but has stayed away from public life. His friends send him letters on Muslim causes to forward to elected officials, but he sheepishly admits he's never sent one.

"I don't agree with all the decisions that our government makes. But the reason why I'm here is I do love the country. And it's a land of opportunity. And the life here is much easier than life overseas. I do consider myself an American Muslim."'Humanizing One Another'

Over the winter holidays, Al-Sarraf visited London and was struck by how second-generation Muslims viewed themselves as more tied to their parents' native countries than to England.

"I didn't get the sense of the British identity being an important aspect," he said.

The isolation among European Muslim communities resurfaced last month when British Muslims were arrested for planning to blow up transatlantic flights. Some experts have said that isolation, and living in tight enclaves, has made young Muslims in Europe more likely to be drawn into such plots.

The ADAMS Center and GWU's Muslim Student Association try to combat that by holding events with Jewish and Christian groups. The MSA has held Eid banquets with campus Jewish organizations and sponsored a dialogue between Muslim and Jewish students.

Al-Sarraf called the meetings "a way of humanizing one another."

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He has taken his mission into his professional life. This summer, he worked at the State Department's Israel and Palestinian Affairs Office. This semester, he entered Whittier Law School in Costa Mesa, Calif.

GWU's MSA never did resolve the question of the partition. The debate continues each year, as new people come and go.

Tomorrow: Attacks challenge Salafi Muslims.

Regional Officials Take On A Simulated Terror Attack On L.A. (LAT)

By Jim Newton

The Los Angeles Times, September 4, 2006

The first hint of calamity came in deceptively routine form: a small fire in a rented Carson warehouse, apparently sparked by welders working on a lunch truck. But an investigation of that blaze turned up alarming details: respirators, a suspicious hookup on the truck, large sacks of rice flour.

Within weeks, those puzzling discoveries would plunge Los Angeles into a whirlwind as a routine fire probe rapidly spun into an international investigation, uncovering a terrorist weapons lab in Mexico and a plan to douse the nation's second-largest city with anthrax and ricin. By the 40th day of the crisis, panic-stricken residents were flooding area hospitals, which buckled under the strain and then reeled as terrorists targeted them as well, poisoning emergency rooms with the same deadly chemicals.

That scenario — all of it hypothetical but built on the actions of real terrorists elsewhere — was presented at an uncommon gathering last week: Ten of the region's leading public officials and anti-terrorism experts convened at The Times to respond to a simulated attack on Greater Los Angeles, testing their personal mettle and the region's systems for investigating and reacting to a deeply destabilizing threat.

As they did, the participants displayed an openness and cooperation that has not always marked Los Angeles' response to catastrophe. Brian Jenkins, a terrorism expert with the Rand Corp. who designed the complex scenario and guided the group through it, praised the participants' instincts, even as he questioned whether some of their choices were influenced by the presence of reporters and cameras.

Still, there was comfort to be taken from the exercise, as the group's members showed command of the vast interagency network constructed in recent years to protect Los Angeles from attack — even one so chilling and uncontained as that which these panelists faced.

As investigators sifted through the rubble of a warehouse fire in Carson, their first guess was that they had come upon a drug lab. The men who worked there had paid cash to rent the space, then fled when the fire broke out. But as police and arson investigators took stock of the scene, a few items stuck out. In particular, there was the unusual exhaust system attached to the lunch truck. It did not look like any pipe they had seen, and when they shared their questions with other authorities, they concluded that it resembled a mechanism found at an Al Qaeda weapons lab in Afghanistan.

Suddenly, a warehouse fire took on ominous overtones.

James T. Butts, director of security for Los Angeles International Airport, was the first to say it: The evidence at the warehouse suggested a plot to disperse biological agents.

Others quickly agreed. Los Angeles County Sheriff Lee Baca said Homeland Security needed to be alerted, and J. Stephen Tidwell, the agent in charge of the FBI's Los Angeles office, saw the potential for disaster. "Obviously," he said, "there would be alarms going off."

Thus, within hours, the region's principal law enforcement agencies — the Los Angeles County Sheriff's Department, the Los Angeles Police Department and the FBI — already were collaborating and receiving information from fire departments and others.

For law enforcement, the discoveries triggered two responses: a rush to hunt down suspects and unravel the plot, but also an imperative to protect the public. At the same time, the suggestion that chemical agents were involved roped in another local agency, the county's Department of Public Health. There, Dr. Jonathan Fielding identified, merely from the material seized at the warehouse, what authorities likely were up against: "anthrax," he said, "and possibly ricin."

Fielding asked that the area be quarantined and that a hunt be launched immediately for the workers who fled. He recognized the situation as "extremely explosive," and urged that no time be lost.

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That presented the participants with their first quandary: If the area were to be quarantined, that could hardly be done quietly. But if the public were notified of the situation, those behind it would undoubtedly go into hiding and the chance to catch them might be lost forever.

Janet Clayton, assistant managing editor of The Times and acting as the panel's media advisor, urged prompt and accurate disclosure of the situation. Clayton made that argument on both principle and practicality: Releasing details would keep the public informed, and withholding them would prove fruitless in any event. "This information cannot be kept from the good reporters in town," she said.

Of the group, only Chief Sandra Hutchens, head of the sheriff's Office of Homeland Security, sounded a note of caution. She had warned that her colleagues needed to "start thinking about this becoming common knowledge" and expressed concern about the "potential for some panic." Confronted with Clayton's rejoinder, however, she went along with the rest of her colleagues and agreed that the time had come to let the public in on the case.

Never mind that an unknown number of suspects were still at large and that there was the possibility of hidden anthrax and ricin. The group elected to release what it knew.

Within moments, it knew a great deal more.

Richard Deppisch, director of emergency preparedness for the city's Animal Services Department, was handed a telegram. The U.S. Department of Agriculture and the U.S. Department of Homeland Security, it read, "have learned of a cluster of animal deaths and several hospitalizations of individuals in Baja, California, suffering symptoms consistent with anthrax."

Rushing to investigate, American and Mexican officials took suspects into custody. Under questioning, they revealed they had been paid by Middle Eastern contacts, one known only as the "jefe," to manufacture chemicals. Authorities concluded that 4 pounds of ricin and 10 to 20 grams of anthrax were unaccounted for, as were four dispersal machines, resembling leaf blowers. How serious were these chemicals? Two workers at the ranch where they were being made became ill and died. "It appears," the group was warned, "that we have uncovered a major terrorist plot."

And that plot, it also appeared, was directed at Los Angeles.

With that information, the scenario group moved from concern to conviction, and the full panoply of local and federal resources were called into play. Tidwell, at the FBI, said the news justified the deployment of federal law enforcement response teams and hazardous-materials units. Deputy Chief Mark Leap, the LAPD's counter-terrorism chief, said it was time to activate the JRIC — one of a blizzard of initialisms unleashed during the simulation, this one standing for Joint Regional Intelligence Center — and begin the grim task of identifying possible targets in and around Los Angeles. Once identified, those targets needed immediate "hardening," the imposition of safety measures to make them more difficult to attack.

Having already decided to alert the public in this crisis' most nascent stage, some members of the panel now appeared to harbor second thoughts. "If we do come up," Baca said cautiously, emphasizing the "if," "we come up with one voice."

No one disagreed. Clayton urged that the spokesperson not be a public information officer but a well-known public official — L.A. Mayor Antonio Villaraigosa, for instance. Maurice Suh, Villaraigosa's deputy mayor for homeland security, agreed that the need for alerting the public was strong and that the release should include specific advice on where and how to seek shelter.

By this point, Tidwell said, he hoped the FBI would have 24-hours-a-day, seven-days-a-week electronic surveillance on anyone associated with the warehouse fire or the Mexican manufacturing facility.

Although public alerts might chase those suspects underground, the situation was dire and growing more so. Residents, the panel concurred, needed to know as much as possible.

"The public," Baca said to nods from his colleagues, "is entitled to protect itself."

After that burst of activity, the pace of developments slowed. Over the next three weeks — minutes in real time — investigators located what appeared to be another truck geared to disperse chemical agents. Twenty-three suspects, believed to be operating in four cells, were placed under surveillance, continuing to operate despite the national clamor over the threat to Los Angeles. Health authorities were on alert for any signs of poisoning, but so far had no indication that any anthrax or ricin had been released.

At Animal Services, veterinarians and their assistants were on the lookout for animals that might have come in contact with poison. "They should be our eyes and ears in some respects," Deppisch said.

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Plans for animals also loomed in the background of the unfolding public alarm. As Deppisch noted later, more than half of all Los Angeles residents own pets; should an evacuation be necessary, plans must take into account how to move animals or their owners might resist. During Hurricane Katrina, for instance, difficulties locating and moving animals complicated New Orleans' already catastrophic situation.

While Animal Services moved into action, other agencies were similarly on guard, hoping for a break while fending off the rising public clamor. False reports were finding their way to the media, and officials hastened to deliver accurate information, to respond to self-appointed "experts" and to hunt down the missing suspects and chemicals.

On the morning of Day 27, they moved.

The FBI, police officers and sheriff's deputies launched raids across the region just before dawn nearly a month after the first indication of trouble. Over the crash of flash-bang grenades and splintered doors, they gathered 32 suspects, including 18 of the 23 who were under surveillance. One more dispersal device was seized, along with a pound or so of chemicals.

Amid the detritus of the suspects also was a map. Seven locations were circled: Union Station, the Los Angeles subway, the Library Tower, the Bradley Terminal at LAX, Universal Studios' CityWalk, Rodeo Drive in Beverly Hills and the Los Angeles County jail.

For Butts, the map was the last straw. LAX is his responsibility, and with the airport itself now a known target and both chemicals and suspects still unaccounted for, the time had come to shut down certain operations. "For a considerable amount of time, the Central Terminal Area [will] be closed," he said.

Others hesitated. Deputy Mayor Suh noted that some of those targets are private facilities — the Library Tower, for instance. And LAPD counter-terrorism chief Leap stressed: "We're not going to shut the city of Los Angeles down," an assessment echoed by Hutchens of the sheriff's Office of Homeland Security.

At the Los Angeles Unified School District, this last disclosure was too much. School officials generally opt to keep campuses open, said Dan Isaacs, the district's chief operating officer. Schools are safe places with good supervision. But if any of the identified targets closed, he said, schools in the neighborhood would follow suit.

Hospitals now faced an onslaught, as residents poured in, believing that they were infected. Freeways were clogged with those trying to flee. A lot of people, the FBI's Tidwell observed, took that moment to decide that it would be a good time to "be two states away."

As hospital officials raced to keep up with their load, a number of staff members became sick. Authorities tested air conditioning vents and discovered traces of ricin and anthrax spores. Fielding, the county's public health chief, now faced two barrels of a catastrophe: how to treat the sick, and how to persuade doctors and nurses to come to work.

"There would probably be definite attrition," he told the panel. "On a good day, we don't have enough nurses."

The Fire Department did its best to help. Special equipment allows city fire officials to conduct field tests for anthrax, and can respond to 100 to 200 scenes a day, said Mario Rueda, a department chief. At the same time, officials desperately sought to inform the public about ricin and anthrax, stressing that poisoning from those agents is not contagious.

Still, as hospitals attempted to triage thousands of patients — some actually sick, others merely overreacting to colds or coughs — the system was confronted with more than it could take. Under such circumstances, Fielding conceded, it would be "hard to keep hospitals open."

By the 40th day of the crisis, the investigation had turned the corner. All of the suspects were in custody, including two believed to be responsible for poisoning the region's hospitals. One of those later died.

The publicity courted by the scenario group may have helped protect citizens from harm — early and consistent warnings might well have allowed more people to leave the region or to recognize the difference between innocent symptoms and actual exposure to deadly spores. Now, residents who had scattered wound their way home.

Moreover, the investigation, though largely successful, was not complete. The jefe, the man thought to be responsible for the manufacture of the anthrax and ricin, escaped.

Few regions in the country are more accustomed to disaster than Southern California. Practice from earthquakes and wildfires, as well as plans put in place over the last five years, have left Los Angeles city and county with a strong commitment to

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inter-agency cooperation, officials say. That structure, much on display during the scenario, could benefit Los Angeles should an act of terror ever actually occur.

"Counter-terrorism is not a matter of car chases," Jenkins, the scenario's designer, said later. "It's more like watching a construction project."

Watching this one, he concluded: "I, frankly, feel remarkably reassured."

And yet Jenkins cautioned against a clear declaration of victory. A simulation is, of course, merely a simulation, stripped of real-world angst and stress. As a result, some of the actions in last Tuesday's scenario are misleading.

Agency rivalries and anguished choices about how and when to inform the public about investigative developments were largely swept under the rug by a group conscious of being observed, committed to getting along and eager to build confidence in its readiness. It is, some of the panelists agreed afterward, hard to imagine that authorities, in the first several days of such an investigation, would inform the public of their suspicions that a terrorist cell was at work planning a chemical attack.

Reflecting on the simulation a few days later, Jenkins remained impressed by the emphasis the participants placed on working together and by their instincts for maintaining trust with the public. Yet, Jenkins added, those are easier instincts to follow in a simulation than in the real thing.

"It's easy," he said, "to be a vegetarian between meals."

The Los Angeles Times invited leading officials at various city, county and federal institutions to participate in last Tuesday's terror simulation. Those who attended were:

• Lee Baca, Los Angeles County sheriff.

• James T. Butts, who supervises security at Los Angeles International Airport.

• Janet Clayton, assistant managing editor of The Times.

• Richard Deppisch, emergency preparedness coordinator for the city's Animal Services Department.

• Dr. Jonathan Fielding, county director of public health.

• Sandra Hutchens, chief of homeland security for the county Sheriff's Department.

• Dan Isaacs, chief operating officer of the Los Angeles Unified School District.

• Deputy Chief Mark Leap, head of the Los Angeles Police Department's Counter-Terrorism and Criminal Intelligence Bureau.

• Deputy Chief Mario Rueda of the Los Angeles Fire Department.

• Deputy Mayor Maurice Suh, who oversees homeland security and public safety for Los Angeles Mayor Antonio Villaraigosa.

• Assistant Director in Charge J. Stephen Tidwell, head of the FBI's Los Angeles office.

An expert on terrorism

The scenario was designed by Brian Jenkins, a nationally known expert on terrorism and senior advisor to the president of the Rand Corp. Jenkins, author of "Unconquerable Nation: Knowing Our Enemy, Strengthening Ourselves," worked with Rand officials and authorities at the Los Angeles Police Department and Los Angeles County Sheriff's Department to design the details of the episode. He then presented them to the participants, who were not told in advance what they would confront.

Jenkins also consulted with officials at those agencies to be sure that no details were so unique that their disclosure would introduce new ideas to possible terrorists. At the conclusion of the session, Jenkins discussed it with a representative of the LAPD, who was confident that nothing would reveal sensitive information regarding the region's preparedness.

The Terror Consigliere (TIME)

By Douglas Waller

Time, September 4, 2006

Fran Townsend, White House top adviser on homeland security, is the kind of take-charge woman Bush likes

Call it the Fran Townsend treatment. Once in 2004, when then Homeland Security Under Secretary Asa Hutchinson tried to beg off giving his department's view on raising the terrorism threat level to orange until he checked with his boss, Tom Ridge, Townsend cut him off. "I need to know now," snapped George W. Bush's top adviser for counterterrorism and homeland security.

"The President will be calling, and I have to have an answer." When Representative Peter King, chairman of the House Homeland Security Committee, phoned Townsend earlier this year to complain that the Coast Guard was dragging its feet on sending him an officer as a temporary adviser, she "made some profane remark," he says, "and the next thing I knew the red tape was cut and the guy was sitting in our committee offices." With Bush, "Fran says exactly what's on her mind," Secretary of State Condoleezza Rice told TIME. "I've heard her say many times in meetings, 'No, Mr. President, that really isn't getting done.'"

That Bush would have an adviser as bare-knuckled as Frances Fragos Townsend, 44, isn't unusual, particularly for a portfolio as vital as counterterrorism. He detests it when aides waste his time clearing their throat before getting to the point, and he has always had an affinity for forceful women like Rice and communications guru Karen Hughes. Still, Townsend's rise to the President's inner circle is remarkable when you consider that she was a Justice Department confidante of Janet Reno's--which made her suspect among conservatives who still love to hate Bill Clinton's Attorney General--and that some counterterrorism professionals question her credentials for the job.

Bush, who relies on gut instinct as much as rÃ©sumÃ© for personnel decisions, likes having the blunt, 5-ft. former Mob prosecutor at his side. A powerful sign of the respect Bush's loyalty to Townsend commands--or perhaps an indication of lingering Administration defensiveness over her appointment--is that heavyweights like Rice and White House chief of staff Josh Bolten praised Townsend in phone calls to TIME arranged by her office. The President, says Bolten, "likes her competence, her crispness and her ability to give him the straight scoop." Bush has entrusted her with, among other things, the task of implementing sweeping recommendations that a presidential commission made last year for reforming the intelligence community. And he named Townsend the head of a team that tracked last month's British arrests of London bomb-plot suspects. "My job is to focus on the threats and the things that are not resolved," says Townsend. "But you never deliver bad news without the next sentence being what you're doing about it."

Townsend has always had a brassy streak. A working-class kid who grew up in Wantagh, N.Y., Townsend at age 11 wrote letters to her priest, bishop, Cardinal and finally the Vatican asking to be an altar boy. Turned down, she tried to sneak into Mass in a borrowed robe before being caught by her priest. After law school, she prosecuted Gambino crime-family members for the U.S. Attorney's office in New York City under Rudolph Giuliani. She then moved to the Justice Department's Washington offices in 1993 and rose quickly to become a close Reno adviser on counterintelligence and wiretap cases. When John Ashcroft arrived in early 2001, Townsend left Justice and ended up overseeing the U.S. Coast Guard's small intelligence unit. It was a backwater job until 9/11. When the National Security Council needed quick help in staffing counterterrorism tasks, it became the "go-to organization," says retired General John A. Gordon, Bush's counterterrorism adviser from 2002 to 2003. When Gordon left that post to head the White House Homeland Security Council in 2003, he persuaded Rice, then National Security Adviser, to make Townsend his replacement.

To many counterterrorism purists, Townsend was a questionable choice because she had no operational experience. Conservatives warned she could prove to be an "enemy within," as columnist Robert Novak put it, although Townsend says she's been a Republican since age 18. But Bush stood by her and a year later added to her portfolio Gordon's post as presidential homeland-security adviser. In that role, she led the internal inquiry into the Administration's response to Hurricane Katrina, prompting Democrats to complain of a conflict of interest. Her report last February acknowledged flawed planning and recommended 125 fixes but didn't blame Bush or top officials.

The criticisms haven't made Townsend shrink from the light. She sticks close to the boss. When Bush posed for photographers at the National Counterterrorism Center in McLean, Va., last month, Townsend stood behind him along with bigger fish John Negroponte, director of national intelligence, and Michael Hayden, CIA chief. While many officials in this White House shun media interviews, she plainly enjoys them. And why not? She's got the job, and without the borrowed robe.

Officials Slow To Hear Claims Of 9/11 Illnesses (NYT)

By Anthony Depalma

The New York Times, September 5, 2006

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Five years after the World Trade Center towers collapsed in a vortex of dust and ash, government officials have only recently begun to take a role in the care of many of the 40,000 responders and recovery workers who were made sick by toxic materials at ground zero.

But for many of the ill and those worried about becoming sick, government actions — coming from officials whom they see as more concerned about the politics of the moment than the health of those who responded to the emergency — are too limited and too late.

The delay in assistance along with a lack of rigorous inquiry into the magnitude of the environmental disaster unleashed that day is all the more disturbing, they say, as the country faces a future in which such disasters could happen again.

Dr. John Howard, who was appointed by the Bush administration in February to coordinate the federal government's 9/11 health efforts, readily admits that costly delays and missed opportunities may have shattered responders' trust in the government.

"I can understand the frustration and the anger, and most importantly, the concern about their future," Dr. Howard said in an interview. "I can't blame them for thinking, 'Where were you when we needed you?' "

A review of recent federal initiatives reveals a pattern of the government's not fully delivering what was promised. Dr. Howard's office, for example, has no full-time staff members assigned to 9/11 health issues. For the first time, money for treatment — $52 million — has been included in the federal budget, but even the officials responsible concede that it is not nearly enough. And only last week did New York City release clinical guidelines that could help doctors properly diagnose 9/11-related illnesses.

"They seem to be running from the people who are sick, not standing with them and helping them," said Representative Carolyn B. Maloney, a Democrat who represents parts of Manhattan and Queens and has been critical of federal efforts at ground zero. "And that is just plain wrong."

One of the thorniest problems, and one reason officials have given for the long delay in responding, is the difficulty of linking the dust and smoke to specific symptoms and diseases. Making a medical diagnosis for illnesses related to toxic substance exposure requires extensive and sophisticated tests. Simply measuring the toxicity of the dust has proved to be controversial.

And state workers' compensation systems, designed to handle common workplace injuries like broken arms, are not well suited for determining an illness that may take months or years to emerge.

Even so, clinical evidence of a serious health problem surfaced not long after the attack. Initial studies of firefighters found that many had developed "trade center cough," a stubborn hacking that caused them to cough up soot and dust particles.

A large-scale medical study came out in 2004, when the Mount Sinai Center for Occupational and Environmental Medicine reported that more than half of the first 1,138 workers it had examined had serious respiratory problems.

Workers also suffered gastrointestinal problems, acid reflux, asthma and mental stress. (Mount Sinai is scheduled to release a far larger study today, and it is expected to show serious ailments among many more workers.)

Successive studies through the years have found that the health hazards were more persistent than first thought.

A Fire Department study released this year showed that firefighters had suffered a loss in lung capacity in the first year after the attack equal to what they might have lost over 12 years of normal duty. The department has also found that the incidence of sarcoidosis, a serious lung scarring disease, rose to five times the expected rate in the first two years after 9/11.

An initial survey released in April of the 71,437 responders, residents and downtown workers who signed up for the World Trade Center Health Registry, run by the city and the federal government, showed that more than half said that they had experienced new or worsening respiratory problems since 9/11. And a Red Cross survey in May found that two-thirds of the responders and survivors who sought help in coping with emotional distress believe that grief still interferes with their lives.

One death — that of 34-year-old Detective James Zadroga in January — has been formally linked by a coroner's report to lung disease caused by trade center dust. The families of at least six other responders who died believe those deaths were also linked to toxic substance exposure at ground zero.

When Dr. Howard was appointed a few weeks after Detective Zadroga died, many in the city were relieved to have a federal czar in charge.

But Dr. Howard, who was trained as a pulmonary specialist and is the director of the National Institute for Occupational Safety and Health, has not assigned a single one of his 1,300 employees to work full time on ground zero medical issues, though

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about 20 work on such issues part time. And though the institute has a budget of about $285 million, he has not received any additional money to address the complex medical issues involved.

"I'm a czar without a budget," he said.

Meanwhile, the need for treatment assistance has grown as more people have become ill. While many rescue and recovery workers are covered by their own health insurance, that coverage may become inadequate in the years ahead. Many union workers, for example, can lose their coverage if they become too sick to work, while most illegal immigrants who worked there had no insurance.

Some 16,000 union workers and volunteers have been examined through the screening and monitoring program run by Mount Sinai, which began in 2002 with $11.4 million in federal money and was extended in 2004 for five years with an additional $81 million. (Information about the program is available at www.wtcexams.org.)

But until last year, there was almost no money available for treatment through the screening program. With $9.4 million from the Red Cross, Mount Sinai doctors were able to treat 2,050 responders last year, offering them therapy, medications and medical procedures in some cases.

Ms. Maloney and other members of the New York Congressional delegation, in pushing for more federal aid, succeeded last December in getting the Bush administration to restore $125 million in unused workers' compensation assistance that it had threatened to take back.

Of the $125 million, about $50 million was set aside for future workers' compensation awards and about $52 million was split equally between two treatment programs — one for firefighters and another for injured police officers, union workers and other responders, but not office workers or neighborhood residents.

A working group appointed by Dr. Howard has not yet determined which diseases will be eligible for treatment with the new money or whether the money will cover hospital stays as well as office visits. But he recognizes that it is not nearly enough to cover New York's needs, let alone the national treatment program he intends to start.

"You don't have to go to cancers years from now, or asbestosis, to be able to say 'Gee, John, how far do you think this money is going to go?' " Dr. Howard said. "I don't think it will go that far."

Besides the lack of money for treatment, the absence of timely public health information made it more likely that doctors who initially saw sick responders would be unprepared to treat what they found.

Doctors at Mount Sinai have said that up to a third of the workers they examined were taking improper medications because their doctors had misdiagnosed their symptoms. Severe sinusitis, for example, was treated with antibiotics even though that condition might have been caused by chemical burns from the caustic dust.

Yet it was not until Thursday, days before the fifth anniversary, that the city issued diagnostic guidelines for the unusual illnesses linked to ground zero dust, despite urging by medical specialists and labor leaders as early as December 2001.

"This is a significant failure of the public health system," said Micki Siegel de Hernandez, health and safety director for District 1 of the Communications Workers of America. Ms. Siegel de Hernandez contended that the city delayed releasing the guidelines because it was worried that acknowledging the extent of the health problems might increase its legal liability.

Dr. Thomas R. Frieden, commissioner of the city's Department of Health and Mental Hygiene, said in an interview that the city had decided it made more sense for the doctors at Mount Sinai's screening program to put guidelines on their Web site because they were seeing the workers while the city's medical staff was not.

Mount Sinai did publish guidelines in early 2002, but they did not carry the weight of an official city advisory and had limited impact.

"We lost opportunities by not disseminating guidelines widely or at least putting out a caution," Dr. Howard said.

Dr. Frieden agreed that if they had been released sooner, the guidelines might have helped clinicians make more accurate diagnoses.

"Would I rather have had the guidelines out sooner? Sure," he said this summer. "But it's important to get this right." He said the delay had nothing to do with concerns about the city's legal liability for sick responders.

About 8,000 responders have sued the city and the big contractors who worked for the city in the recovery operations, charging them with reckless disregard for workers' health. The city has asked a federal court in Manhattan to dismiss the suit.

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Although five years have passed, many questions about the environmental disaster at ground zero remain unanswered. To this day, the government has never precisely measured where the dust went, information that could help determine the health impact on residents near ground zero. And it is unclear whether cancers, possibly linked to the toxic materials, will arise in future years, or if some of the sick will get better.

For now, among the sick and their doctors, the faltering and delayed governmental response raises unsettling questions about whether the country is prepared to handle a similar catastrophe.

"I think of that every time I come to New York," Dr. Howard said. "Given this betrayal of trust, this lack of being there at the time and all these other things, I don't know. We can try with what we have, but it certainly is a different situation when you do it five years later."

Friendship Eases Pain Of Loss For 9/11 Widows (USAT)

By Bob Minzesheimer

USA Today, September 5, 2006

NEW YORK — Lunch with "the girls," as they call themselves, begins with their traditional, glass-clinking, hearty toast: "To the boys!"

The boys were their husbands, three brokers and an investment banker, all killed at the World Trade Center nearly five years ago.

Ten months later, in July 2002, their widows, none older than 40, met for the first time for drinks. They stayed for dinner and eventually formed a club that, as they say, no one wanted to be a member of.

They called it the WC, short for Widows Club.

They cried together, laughed together, celebrated each other's birthdays and went on vacations together. They even learned to surf together. Eventually, they wrote a book together.

That memoir, Love You, Mean It (Hyperion, $23.95), is what brings the four women to lunch at their regular table at a Manhattan steakhouse, The Grill at Smith & Wollensky's.

They sit near a plaque on the wall that commemorates one of the husbands, Bart Ruggiere, who loved to eat there.

Their book is not political, nor bitter. It's mostly about emotions, about the worst of grief and the best of friendship. It deals with a widow's questions: When do you remove your wedding ring? When do you erase your husband's voice from your answering machine? How do you find a new life without forgetting the old one?

The book celebrates the lives and husbands they had before 9/11. It describes their pain and feelings of guilt, shares the awkwardness of dating again and ends with a shared belief that there's hope after grief.

At lunch, they complete one another's thoughts. It's conversation as a four-way relay race:

"Our husbands were so much alike. People wanted to be around them," Julia Collins says.

"They were handsome, generous and fun," Claudia Gerbasi says.

"They appreciated life," Patricia Carrington says.

"They lived well, every single day," Ann Haynes says.

"We often say we should have met before," Collins says.

"But this was meant to be," Carrington adds.

Collins, 44, who works in marketing for the National Football League, says "our ringleader" is Gerbasi, 37, a sales director for Cole Haan, the shoe company. Gerbasi had met each of the others separately and invited them for after-work drinks 10 months after 9/11.

Her husband, Ruggiere, sat next to Ward Haynes at Cantor Fitzgerald, a firm that lost 658 employees on 9/11. He also knew Tommy Collins and Jeremy "Caz" Carrington, who worked in other firms.

"This was my solace," she says she thought. "Bart had brought the Widows Club together."

When they first met, they talked and drank for two hours, then decided they'd better eat.

As Carrington, 39, a bank vice president, recalls, "At that time, I was barely going through the motions, staying functional; I wasn't allowing myself to operate beyond the immediate demands of get up, get dressed, go to work, come home."

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That first night, she was relieved "not to have to answer the question, 'How are you doing?' I never knew how to answer it." The other widows didn't ask.

Haynes, 44, a financial planner from Rye, N.Y., worried that she would be a "fish out of water." Of the four, she was the only one with children — a teen and two preschoolers — and the only one who lived in the suburbs, not New York City. But that night, she remembers feeling, "They were my new friends, and we were going to make life a bit more bearable, somehow."

They also shared news: who had heard what from the police. Only Tommy Collins' body was recovered in the ruins. The widows knew nothing about their husbands' last moments.

Only Gerbasi had gotten a phone call. "A plane hit my building," her husband told her. "I'm OK. This place is crazy. I'm getting out of here. I've gotta go." She says that "ever since the first time Bart told me he loved me, we never ended a conversation without saying, 'Love you.' All of a sudden, I got a bad feeling."

When the Widows Club first met, "a bond was forged." As they write: "There were no awkward pauses between us. No one felt sorry for anyone. No one said, 'It's going to be OK.' "

A year later, friends began suggesting that they should write a book. Each had kept a journal after 9/11. Collins says it was a "way to find a voice for all the conversations we were still having with our husbands."

Gerbasi took a writing class, thinking "it would be therapeutic." Regardless of the assignment, she'd write about her husband, until the teacher suggested she write about something else. "I wrote about my dead father instead," she says. "I showed her!"

The idea of a book seemed "pie in the sky," as Haynes puts it, until a birthday party in September 2003 for Gerbasi's new boyfriend. The widows happened to meet a writer who put them in touch with an agent and, as Collins says, "the whole thing snowballed."

By then, Gerbasi says, "we didn't want to overwhelm other people by always talking about our husbands."

Their publisher helped them find a professional writer, Eve Charles. She saw her job as organizing the material to tell a collective story while preserving the individual voice of each widow.

The widows met with Charles every Monday night for about a year. Weekly writing assignments were due by Thursday: Write about 9/11. Write about meeting your husband. Write about your dreams.

Charles would edit their writing by the following Monday. The widows would read it aloud, ask questions and prompt more memories.

"Sometimes we'd all break down crying, and Eve would wonder if she had gone too far," Collins says. "But this was our way of grieving. The writing became part of our grieving."

Each widow dealt differently with widowhood.

Haynes stopped wearing her wedding and engagement rings. "Just another step in the slow and painful acceptance of the completely unacceptable," she says.

Collins still wears her wedding band and "Tommy's wedding ring (which was found at Ground Zero) on my right hand."

Haynes says she still has "Ward's voice on my cellphone. Some people love it, some hate it, some find it wonderful to call just to hear him."

Collins kept her husband's voice on her answering machine until it was erased during the 2003 blackout in New York: "Tommy's way of saying, 'Stop freaking people out by leaving my voice on the machine.' "

Other 9/11 widows have written memoirs. Let's Roll! by Lisa Beamer, whose husband, Todd, was on the flight that crashed in Pennsylvania, was a best seller in 2002.

Kristen Breitweiser's book, Wake-Up Call: The Political Education of a 9/11 Widow, describes how she and three other suburban housewives, dubbed "The Jersey Girls," became political activists, pushed for an independent commission to investigate 9/11 and criticized federal officials for withholding information.

The Widows Club did none of that, but the women admire those who did.

Gerbasi writes: "I was so grateful to those who were getting involved … but I felt I couldn't cope with anything else right now. … I wanted to do what I could, but I could only do so much."

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At lunch, they're asked about Ann Coulter, the conservative commentator, who wrote of the Jersey Girls: "I've never seen people enjoying their husbands' deaths so much."

After an awkward silence, Haynes says: "What she said, whether she believes it or not, was used to publicize her book. To attack other people like that, it's just sad."

And what about the war in Iraq?

More silence, until Collins says, "No comment, I guess."

Gerbasi adds: "That's not part of our story. We all have our own political opinions, but it's never been a contentious point for us."

Their book title comes from an offhand comment Collins made during their first joint vacation in Arizona: "Love you, mean it," which in the club's e-mails was shortened to LUMI. "The message was clear," they write. "Love is a gift. Share it."

The book ends in the glow of Gerbasi's wedding in 2004, at which her new husband, John Donovan, toasted "the boys — Bart, Ward, Tommy and Caz."

Collins says, "For the first time, I let myself believe that a widow could love again and that her new husband would accept her loss and love her more because of it."

Since then, Haynes has quit her job and gotten married.

Collins is engaged and hoping to adopt a girl from China.

Carrington quit her job, spent the summer in Italy, is taking classes in Italian and the Bible this fall, and is "figuring out what to do next."

Next week, the Widows Club will attend the fifth anniversary ceremony at what was the World Trade Center. "It will be emotional and draining," Gerbasi says, "but I could never imagine being anywhere else that morning or with anyone else."

Carrington adds: "I feel stronger this year. Each year provides a new perspective, one of deep sadness but of resilience to live our lives in the spirit that (the boys) chose to live their lives. Every day, every year, hold invaluable lessons for all of us. Don't take this gift of life for granted.

"Those 3,000 men and women would love to be alive. Of course the sadness will inevitably take hold and there will be unbearable weeping, but tears are the price of love."

At lunch, nearly five years after 9/11, there's a lot more laughter than tears.

The widows tear up only after a chance encounter at the restaurant with a Marine whose photo from Iraq is framed on the wall.

Maj. Dave Andersen, a New Yorker who's about to retire from the military, says he was deployed in the recovery effort at Ground Zero and later served in Afghanistan and Iraq. He tells the women that he has never met a 9/11 widow before, thanks them and says, "You're the reason I do what I do."

The WC fights back its tears.

Storms Remain 'A Threat Hanging Over Market' (WSJ)

By Liam Pleven

The Wall Street Journal, September 5, 2006

The coast isn't clear just yet.

When Hurricane Ernesto fizzled out last week, investors exhaled, sending natural-gas and oil prices sharply lower, insurance stocks higher and the broader Dow Jones Industrial Average on a three-day rally. Then on Friday, forecasters at Colorado State University lowered their hurricane forecast for the year, more good news for anyone worrying about a repeat of 2005's disasters.

But storm season isn't close to over. That means investors need to look out, because energy supplies and refining operations in the Gulf of Mexico region could still be hit, potentially affecting the broader economy, oil and natural-gas prices, and stocks.

Last week marked the official halfway point of the storm season and not a single hurricane had hit U.S. coastlines, the first time that has happened since 2002. Yet history shows most storms come after the Sept. 1 midpoint of the season.

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Since 1851, at least 279 storms have hit the U.S. coast with hurricane-force winds, and of them, 160, or 57%, have come in September, October or November. A total of 96 especially violent storms -- Category 3 and up -- have made landfall, and among them, 60, or 63%, have hit on Sept. 1 or later. History shows that September has been the most active month of all, giving birth to 104 -- more than a third -- of all known storms in the past 155 years.

"It's clear that the season is not over," says Antoine Halff, the head of energy research at Fimat USA LLC, a brokerage firm. "It's still a threat hanging over the market."

The Colorado State University hurricane-forecasting team on Friday said the hurricane season will be below average, based in part on the ocean-weather patterns it tracks. The team still expects three hurricanes, two of them major, to form in the Atlantic basin this month. But it has reduced the overall number of days it expects tropical storms and hurricanes to be active during September and October.

If the next month passes without a big storm, stock prices could rally further, and energy prices could face some downward pressure. Some insurance stocks, particularly among Bermuda-based reinsurers, started the summer with a repeat of the bad storms -- and big payouts -- in 2006 already priced in. The weather will likely have a big impact on how they perform in the weeks ahead.

The stocks of reinsurers -- who write policies that back other insurers -- are up 7% in the past two months, among the best-performing groups in the financial sector. One of the biggest players in this group, billionaire Warren Buffett's Berkshire Hathaway, is up more than 5% in the past month alone.

Energy stocks, which benefited when storms helped push oil and gas prices higher last year, were down more than 4% in the quiet August of 2006. After Katrina last year, oil and gas stocks rallied.

History suggests that if storms do hit, it could be a bumpy ride for investors. A look at 12 of the costliest storms since 1965 shows that the Dow Jones Industrial Average fell by 1% on average in the days before they struck land, and then the market rallied by a similar amount after they hit. In some cases the gyrations were large; in the two weeks before Charley in 2004, the Dow dropped 3%, then bounced 3% after it hit.

Sam Stovall, chief investment strategist for Standard & Poor's Equity Services, says hurricanes are usually regional events, with often limited repercussions for the broader national economy and short-lived effects on the market. Six months after 1992's Andrew, the S&P 500 was up 7%, and six months after Charley, it was up 13%, Mr. Stovall wrote in a report after Katrina last year. Six months after Hugo in 1989, by contrast, the S&P 500 was down 2%, he noted.

"A hurricane comes along, it diverts our attention," says Mr. Stovall. Later, he says, "We revert to the original trend."

When hurricanes do serious damage to the nation's energy infrastructure, the risks are larger. But the more time passes without a major storm, the better-positioned the energy markets will be to absorb one if it comes, says Mr. Halff, of Fimat.

One reason: The cushion in gasoline inventories is currently in the top half of its five-year range for this time of year and the cushion for distilled products like diesel and heating oil is above its five-year range, Mr. Halff notes.

With the peak driving season of summer past, and the peak heating season still some ways off, he says, near-term demand pressures are "perhaps lower." That could put downward pressure on prices if no major storms hit, though many other factors also come into play.

After Ernesto weakened, crude oil contracts for October delivery dropped, closing below $70 on Aug. 29 for the first time in more than two months.

Though September is often the harshest month for hurricanes, the fact that there haven't been any major storms thus far is noteworthy. Katrina, Charley and Andrew are among the five costliest storms in U.S. history, and all hit in August. And Hurricane Agnes, which also did considerable damage, struck in June, in 1972.

But several other big hurricanes in the top 10 hit later in the year. Rita last year, Ivan in 2004, Hugo in 1989, and Betsy in 1965 were all September arrivals, and Wilma last year landed in October.

East Tries To Dry Off After Ernesto (USAT)

USA Today, September 5, 2006

Hurricane watchers keep eyes on sixth tropical depression

The sixth tropical depression of the Atlantic hurricane season continued its slow path toward the U.S. mainland on Monday as people up and down the East Coast mopped up after Tropical Storm Ernesto's rain-soaked push up the coast.

The sixth depression, which could become Tropical Storm Florence if its 35 mph winds increase by 4 mph, remained more than 1,100 miles east of the Lesser Antilles late Monday.

Chris Dolce, a meteorologist with The Weather Channel, said the depression was struggling to gain strength Monday. Even so, conditions over the Atlantic Ocean could allow the season's second named hurricane to be produced over the next few days. The system remains more than a week away from the USA.

"It's fairly disorganized," Dolce said. "But it could strengthen. It's just too early to tell."

Development of the latest tropical system came shortly after a team of top hurricane researchers lowered its 2006 forecast for Atlantic hurricanes for the second time in a month, predicting a slightly below-average season of five hurricanes instead of seven. Two of the hurricanes will be intense, according to the team headed by forecaster William Gray at Colorado State University.

Ernesto was briefly a hurricane near Haiti and brought enough rain and wind to leave more than 1.4 million people in the eastern USA without power during the Labor Day weekend.

Ernesto was blamed for at least six deaths and more than $33 million in property damage in Virginia, according to state Department of Emergency Management spokesman Marc LaFountain. The storm also was blamed for two deaths in Pennsylvania.

In North Carolina, where the storm made its second U.S. landfall just west of Cape Fear after cutting through Florida, Ernesto dumped 8-12 inches of rain in some eastern areas. The Northeast Cape Fear River rose 5 feet above flood stage, forcing about 100 evacuations Saturday.

"A lot of those places are in pretty serious trouble," said Kevin Laws, a meteorologist with the National Weather Service in Morehead City, N.C.

In Westchester County, N.Y., Ed Mettleman spent the weekend repairing his garage, which was destroyed when an 80-year-old oak tree crashed through the structure and onto a neighbor's roof.

"I got a rather concerned call from my neighbor, because she was concerned that I might be under that rubble in my garage," Mettleman said.

Meanwhile, heavy rain flooded roads in the Southwest as the weakening remnants of Hurricane John spread across the border from Mexico, where up to 20 inches had fallen on parts of the Baja Peninsula.

A half-mile section of Interstate 10 near El Paso was closed by water Monday morning, police spokesman Javier Sambrano said. Normally dry southern New Mexico got enough rain to cause isolated road flooding.

WAR NEWS:

Democrats Urge Pentagon Changes (WP/AP)

The Washington Post, September 5, 2006

A dozen leading congressional Democrats have urged President Bush in a letter to consider changing the civilian leadership at the Pentagon, saying that such a move would show he recognizes the problems his policies "have created in Iraq and elsewhere."

The request comes a week after Defense Secretary Donald H. Rumsfeld warned against fascism and appeasement as he defended U.S. policies in Iraq. He told an American Legion convention in Salt Lake City that "it is apparent that many have still not learned history's lessons," alluding to criticism aimed at the Bush administration's war policies.

The remarks drew heavy criticism from Democrats. Party leaders on Capitol Hill said last week that they plan to pursue a vote of no confidence in Rumsfeld.

In their letter, released yesterday, House Minority Leader Nancy Pelosi (Calif.), Senate Minority Leader Harry M. Reid (Nev.) and 10 other congressional party leaders criticize Bush's policies in Iraq, calling them part of a "stay the course" strategy that has not made the United States more secure. The letter suggests several changes long called for by Democratic leaders.

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"While a change in your Iraq policy will best advance our chances for success, we do not believe the current civilian leadership at the Department of Defense is suited to implement and oversee such a change in policy," the lawmakers wrote.

Others who signed the 850-word letter were Sens. Joseph R. Biden Jr. (Del.), Richard J. Durbin (Ill.), Daniel K. Inouye (Hawaii), Carl M. Levin (Mich.) and John D. Rockefeller IV (W.Va.) and Reps. Jane Harman (Calif.), Steny H. Hoyer (Md.), Tom Lantos (Calif.), John P. Murtha (Pa.) and Ike Skelton (Mo.).

In response, Sen. Mitch McConnell (R-Ky.) issued a statement accusing Democrats, including Democratic National Committee Chairman Howard Dean, of calling for retreat from Iraq before the U.S. mission there is completed.

"The Democrat leadership finally agrees on something -- unfortunately it's retreat. Whether they call it 'redeployment' or 'phased withdrawal,' the effect is the same: We would leave Americans more vulnerable and Iraqis at the mercy of al-Qaeda, a terrorist group whose aim -- toward Iraqis and Americans -- is clear," said McConnell, the Republican whip.

Who Set The Wayback Machine For 1939? (WP)

By Eugene Robinson

The Washington Post, September 5, 2006

With George W. Bush talking so much about Nazis and fascism, Donald Rumsfeld warning ominously against lily-livered appeasement and Dick Cheney quoting Franklin Roosevelt on the "dirty business" of war, one might worry that this direction-challenged administration has wandered into some sort of time warp. Somebody's going to have to break it to them that Churchill and Stalin are gone and the Dodgers don't play in Brooklyn anymore.

Condi Rice seems to be the only one of the so-called Vulcans who missed the memo that it's 1939. When she made her obligatory pilgrimage to the American Legion convention in Salt Lake City last week, she referred to the enemy in the war on terrorism as "violent extremists," which sounds so 2006.

For some reason, Bush and Rumsfeld also decided to drop in on the Legionnaires' 88th yearly gathering. Cheney, meanwhile, was spending quality time with the Veterans of Foreign Wars at their convention in Reno.

Do we discern a pattern? The lavish attention being paid to veterans' groups isn't about what year it is, it's about what month it is. Unless the Republican base is somehow energized and the rest of us somehow scared stiff by November, the Democrats have a decent chance of taking the House of Representatives and even an outside shot at the Senate.

That's where all the administration rhetoric about Nazis, commies, fascism and appeasement has to be coming from, because, absent the political context, it makes no sense. It's all heat and no light.

We can pretty much set aside Cheney's recent remarks, since he's been wandering in the rhetorical wilderness for a long time now. But I can't resist citing one line. He told the VFW that the "Bush Doctrine" is to hold accountable "any person or government that supports, protects or harbors terrorists." So what about the newly installed Iraqi government, with its suspected ties to Shiite death squads? And what about the Pakistani government, which gives the Taliban and al-Qaeda safe harbor?

Okay, one more from Cheney. To those who point out that Iraq wasn't a nexus of terrorism until we invaded, Cheney responds, "They overlook a fundamental fact: We were not in Iraq on September 11th, 2001, and the terrorists hit us anyway."

Huh? The terrorists who attacked on Sept. 11 didn't come from Iraq. Except in Cheney's mind, I don't know where the fact that we were attacked by terrorists trained in Afghanistan (and sent by Osama bin Laden, who's probably now in Pakistan) somehow mitigates the fact that we've made Iraq a hotbed of terrorism.

Back at the American Legion convention, Bush and Rumsfeld were rewriting history. Ever since the president settled on "Islamic fascists" as the enemy in his war on terrorism, he has taken every opportunity to evoke the specter of World War II. We are engaged in "the decisive ideological struggle of the 21st century," Bush told the Legionnaires.

Perhaps because the term "fascist" doesn't really describe the transnational jihadist movement, Bush went further with the Legionnaires. He called the jihadists "the successors to fascists, to Nazis, to communists and other totalitarians" as well. The fact is that the jihadists are pretty much sui generis -- they aren't fascists or Nazis and certainly aren't communists, but yes, you could make a good argument for "totalitarians." I guess one out of four isn't bad.

Rumsfeld went furthest of all in claiming that it is, in fact, 1939 -- that the jihadist terror movement presents the same kind of threat to the world that Hitler did when he invaded Poland. He set up a straw man, warning that those who do not see the threat as

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clearly as he does are as blind as those who tried to appease Hitler. But he doesn't specify who he's talking about. Who wants to appease terrorists? Is it Democrats? Nervous Republicans who've seen the latest polls?

Nobody wants to appease terrorists. But some people have a different idea of how to fight them. The president is right when he says this conflict is unlike other wars, but he seems to miss the essential difference: It has to be fought in a way that doesn't create two new terrorists for each one who is killed.

That's not what the president wants to talk about, though. Between now and November, he wants to talk about a war that we can all agree on, even if it has no bearing on the war being fought today. Yes, Mr. President, Hitler was bad. And your point would be?

40 Bodies, Many Blindfolded, Are Found In Baghdad; 1980's Execution Site Is Also Uncovered (NYT)

By Paul Von Zielbauer

The New York Times, September 5, 2006

BAGHDAD, Iraq, Sept. 4 — The bodies of 40 people, including 25 who had been blindfolded and shot at close range, were found Monday in Baghdad, an Interior Ministry official said. A mass grave containing 18 bodies of people who were apparently executed in the 1980's was also discovered in Kirkuk, in the north.

American military officials announced Monday that four soldiers and two marines had died since Sunday. All but one of the deaths were caused by enemy fire. Two British soldiers were also killed Monday, in a roadside explosion in Basra.

Senior Iraqi government officials also announced a plan to take over formal operational command of the Iraqi Army from the United States next week. The transfer has been held up for several weeks by disagreements among representatives of each government over the wording of the relationship between the armies, a spokesman for Prime Minister Nuri Kamal al-Maliki said.

The Iraqi government also said two of its most senior officials would travel to Iran on Tuesday, a visit that raises the possibility that Mr. Maliki could visit the country, a powerful and predominantly Shiite eastern neighbor.

The two officials, Deputy Prime Minister Barham Salih and the national security adviser, Mowaffak al-Rubaie, are to discuss ways to enhance economic ties and resolve political problems, including border security, said Mr. Maliki's spokesman, Ali al-Dabbagh.

Violence continued to plague Iraq on Monday.

Of the 40 bodies found in the capital, 25 were from the western half of the city, apparently shot after having been tortured, the Interior Ministry official said. The other 15 bodies, found in scattered areas, were probably victims of random drive-by shootings, the official said.

In Jurf Al Sakhar, about 20 miles southwest of Baghdad, soldiers from an Iraqi Army regiment killed 14 men suspected of plotting to attack Shiite pilgrims traveling through the town on the way to Karbala, Mr. Maliki's office said in a statement on Monday. The men had fired on the soldiers during a security sweep in the town, the statement said.

"They were able with God's help to kill 14 terrorists and arrest 22 people," the statement said. One soldier was killed in the gunfire.

In a news conference on Monday, Muhammad al-Askary, the Defense Ministry spokesman, said Sunni insurgents had started renting apartments and storefronts in Baghdad and packing them with explosives.

"The insurgents used new ways like renting apartments and shops to booby-trap them by remote control," he said. Iraqi security officials, he added, have warned shop owners and real-estate agents to screen potential tenants more carefully.

A soldier from the First Brigade Combat Team, 34th Infantry Division, was killed a few minutes past midnight on Monday when his convoy was struck by an roadside bomb north of Baghdad, the military said. A soldier from the 15th Sustainment Brigade also died early Monday of noncombat injuries near Taji, north of Baghdad, the military said. The military said it was investigating that death.

Two British soldiers were killed Monday and two injured when their patrol came under attack near Basra, a spokesman for the British military said.

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On Sunday, two marines assigned to Regimental Combat Team 5 died in fighting in Anbar Province, the military said, and a soldier from the Third Stryker Brigade Combat Team, Second Infantry Division, died after his vehicle was struck by a roadside bomb near Mosul. Another soldier from the Third Heavy Brigade Combat Team, Fourth Infantry Division, was killed by a roadside bomb near Baquba.

Near Kirkuk, the mass grave was found in Tarkalan, 20 miles west of the city, near a former Iraqi Army base, said Brig. Yadgar Abdullah of the Kirkuk police. Eighteen bodies were exhumed, he said, including women and children, apparently Kurds, judging from their clothing

Near Karbala, a group of armed men kidnapped four men close to an influential Shiite cleric, Mahmud al-Hassani, a spokesman in his office said. The four men — Abu Dia al-Musawi, one of Mr. Hassani's top aides, and his spokesman, Asaad al-Khakani, along with two brothers of Mr. Musawi — were taken from their homes around 7 p.m., the spokesman said.

Mr. Hassani, a strongly anti-Iranian cleric, controls a local militia that clashed last month with police forces in Karbala that are controlled by a pro-Iranian Shiite political party.

7 U.S., British Troops Killed In Iraq Attacks (WP)

By Amit R. Paley And Naseer Nouri

The Washington Post, September 5, 2006

BAGHDAD, Sept. 4 -- Seven American and British troops were killed in separate incidents across Iraq over the past 48 hours, military officials said Monday.

Their deaths were announced as gunmen rampaged through a Sunni Arab neighborhood in western Baghdad, killing at least 12 people in the latest spasm of sectarian bloodshed that many fear is shoving Iraq toward civil war.

Police officer Husam Ali said members of the Mahdi Army, a militia controlled by anti-American Shiite Muslim cleric Moqtada al-Sadr, carried out the attack on Sunnis early Monday in the Baiaa neighborhood to avenge the assassination a day earlier of the militia's local leader, Abu Moqtada. Ali said 10 Sunni civilians also had been kidnapped Sunday night as part of the retaliation.

Fahad Hameed, 25, who owns a car parts shop in Baiaa, said gunmen wearing tracksuits killed about a dozen Sunnis who worked in car maintenance stores. The Interior Ministry confirmed that 12 people were killed and nine wounded during the attack. Hameed said the gunmen drove eight cars that displayed pictures of Sadr in their rear windows.

Witnesses said armed men also killed three people during a funeral procession for men associated with Sadr.

Sahib al-Amiri, a close aide to Sadr in Najaf, said the Mahdi Army was "not guilty of this terrorist operation" in Baiaa.

The deaths of the American and British troops occurred across Iraq. The American military said a soldier with the 1st Brigade Combat Team of the U.S. Army's 34th Infantry Division was killed by a bomb Monday while escorting a convoy north of Baghdad.

On Sunday, the military said, two Marines assigned to Regimental Combat Team 5 were killed in combat in Anbar province. The military also announced that a soldier from the 3rd Stryker Brigade Combat Team of the 2nd Infantry Division was killed Sunday when his vehicle was struck by a bomb near Mosul, and that a soldier from the 3rd Heavy Brigade Combat Team of the 4th Infantry Division was killed by a bomb Sunday near Baqubah.

Near Basra, in southern Iraq, two British soldiers were killed and a third seriously wounded Monday when a roadside bomb exploded near their armored Land Rover, said Maj. Charlie Burbridge, a British military spokesman.

Meanwhile, the Associated Press reported that a military prosecutor had recommended that four American soldiers accused of raping a 14-year-old girl and of killing her and her family face a court-martial. Col. Dwight Warren, the investigator in the case, said in a report issued Sunday that "reasonable grounds exist to believe that each of the accused committed the offense for which he is charged."

The report was given to lawyers in the case and obtained by the AP from David Sheldon, the lawyer for one of the defendants.

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In other violence across Iraq on Monday, three ethnic Turkmen Shiite pilgrims were killed and five were wounded when gunmen opened fire as the group traveled from near the northern city of Kirkuk to the Shiite holy city of Karbala in the south, police said.

In and around Baqubah, armed men killed three people and wounded five in separate incidents, police said.

Special correspondents K.I. Ibrahim and Naseer Mehdawi in Baghdad and Saad Sarhan in Najaf contributed to this report.

Iraqis Kill 14 Gunmen Near Karbala (USAT)

USA Today, September 5, 2006

BAGHDAD — Iraqi soldiers clashed Monday with gunmen near the holy city of Karbala during an operation to secure the area before a religious festival. The fighting left 14 gunmen dead, the prime minister's office said.

The operation came on a day when police found the bodies of 33 men across Baghdad, and a day after the announcement that Iraq had captured the No. 2 leader of al-Qaeda in Iraq.

Tens of thousands of Shiite pilgrims usually arrive in Karbala, 50 miles south of the capital, to observe Shaaban, a religious celebration scheduled for Sept. 9.

A statement from the prime minister's office said Iraqi forces received intelligence that terrorist elements planned attacks on pilgrims, so Iraqi troops surrounded an area near Karbala called Jarf al-Sakhr.

"A group of terrorists opened fire on our forces, which prompted our men to respond," the statement said.

Twenty-two men were arrested. One soldier was killed. A large cache of weapons and ammunition was seized, along with four vehicles "the terrorists were planning to use in their criminal operations," the statement said.

On Sunday, Iraq national security adviser Mouwafak al-Rubaie announced the arrest of Hamed Jumaa Farid al-Saeedi and said the capture had left al-Qaeda in Iraq suffering a "serious leadership crisis." Al-Saeedi was involved in the bombing of a Shiite shrine in Samarra on Feb. 22, al-Rubaie said.

He accused the terrorism suspect of supervising the creation of death squads and ordering assassinations, bombings, kidnappings and attacks on Iraqi police and army checkpoints.

"Our troops have dealt fatal and painful blows to this organization," al-Rubaie said.

On Monday, police in Baghdad found bullet-riddled bodies of 33 men, all showing signs of torture and with their hands and feet bound, the Associated Press reported. The bodies had been dumped in several neighborhoods.

In other news:

•Seven members of the U.S.-led coalition have been killed in the past two days: five Americans and two Britons.

•British Foreign Secretary Margaret Beckett arrived in Baghdad on Monday night on an unannounced visit — her first to Iraq since taking up the post in May.

"We do not underestimate the challenges ahead," Beckett said in a statement. "But we must not forget the progress made in the last twelve months in bringing the first democratically elected national unity government to the country, with a constitution voted for by the people."

•In Baghdad on Sunday, unknown assailants abducted Ghanim Ghudayer, 22, a soccer star and member of Iraq's Olympic team.

•Five suspected insurgents and a child were killed during a coalition raid in Muqdadiyah, about 60 miles north of Baghdad. The raid targeted "an individual with ties to movement of terrorist finances and foreign fighters into Iraq," U.S. Central Command said in a statement.

•A Pentagon report issued Friday on quarterly progress in Iraq said tribal and religious violence increased in recent months but is not a civil war. The report described a rising tide of sectarian violence, fed in part by interference from neighboring Iran and Syria and driven by a "vocal minority" of religious extremists who oppose the idea of a democratic Iraq.

"Death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife," the report said, adding that the Sunni-led insurgency "remains potent and viable" even as it is overshadowed by the sect-on-sect killing.

"Conditions that could lead to civil war exist in Iraq," the report said. "Nevertheless, the current violence is not a civil war, and movement toward a civil war can be prevented."

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33 Bodies Found In Baghdad; 7 In Coalition Killed (WT/AP)

By Elena Becatoros

The Washington Times, September 5, 2006

BAGHDAD -- Police found the tortured, blindfolded bodies of 33 men scattered across the capital yesterday and the U.S.-led coalition reported combat deaths of seven servicemen, a day after Iraqi leaders said the capture of a top terror suspect would reduce violence.

Assailants abducted Ghanim Ghudayer, a soccer star and member of Iraq's Olympic team. Considered one of the best players on Baghdad's Air Force Club, the 22-year-old was taken Sunday evening by unknown assailants, some of whom were wearing military uniforms, police said.

An al Qaeda-affiliated group dismissed the Iraqi government's assertion that the organization's second most important leader had been arrested, suggesting the man was not a senior figure and denying the terror group had suffered a significant blow.

On Sunday, Iraq's national security adviser announced the arrest of Hamed Jumaa Farid al-Saeedi, also known as Abu Humam or Abu Rana, and said the arrest had left al Qaeda in Iraq suffering a "serious leadership crisis."

But the Mujahedeen Shura Council, an umbrella organization of Sunni Arab extremist groups that includes al Qaeda in Iraq, issued a statement yesterday saying its "leadership was in the best condition."

Al-Saeedi was involved in the Feb. 22 bombing of a Shi'ite shrine in Samarra, said Mouwafak al-Rubaie, Iraq's national security adviser.

The attack inflamed tensions between Shi'ite and Sunni Muslims and set off reprisals that have killed hundreds of Iraqis, including those found yesterday in Baghdad.

Police said the 33 bullet-riddled bodies all showed signs of torture and had their hands and feet bound. The men had been dumped in several neighborhoods, police said.

Two other bodies were found dumped on a highway in Kut, 100 miles southeast of Baghdad. Both had been shot in the head and chest, said Maamoun Ajil al-Robaiei at Kut hospital's morgue.

The Mujahedeen Shura Council's statement also said insurgents have been inflicting heavy losses on U.S. troops in western Anbar province and in Baghdad.

The U.S.-led coalition said seven of its personnel -- five Americans and two Britons -- had been killed in the past two days.

On Sunday, two U.S. Marines were killed in Anbar and two Army soldiers died from roadside bombs in Mosul, 225 miles northwest of Baghdad, and near Baqouba, 35 miles northeast of the capital. Another soldier was killed yesterday by a roadside bomb. A sixth American died of injuries not related to combat, the military said.

In the south, a roadside bomb killed two British soldiers and seriously wounded a third north of the southern city of Basra, said a British military spokesman, Maj. Charlie Burbridge.

British Foreign Secretary Margaret Beckett arrived in the capital yesterday on an unannounced visit, her first to Iraq since taking the post in May.

Killings In Baghdad Escalate Over Past Week (LAT)

By Louise Roug

The Los Angeles Times, September 5, 2006

BAGHDAD — The number of killings in the Iraq capital escalated last week despite an American-led crackdown, with morgue workers receiving as many bodies as they had during the first three weeks of the month combined.

At least 334 people, including 23 women, were slain in Baghdad between Aug. 27 and Sept. 2, according to morgue figures provided by Ministry of Health officials. Most of the victims had been kidnapped, tortured, hogtied and shot.

During the week, at least 394 other people were killed around Iraq in other types of violence, including bombings, mortar attacks and gunfights, Iraqi authorities said.

The spike in violence followed an announcement by U.S. and Iraqi officials at the beginning of the week that the number of killings in the capital had dramatically fallen during the month, from more than 1,800 in July. Although August as a whole was still

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less violent than the month before, last week's killings suggested that death squads were still able to move about Baghdad despite checkpoints and curfews.

Today, the mutilated, handcuffed and blindfolded bodies of another 33 men were found in various Baghdad neighborhoods, according to authorities.

The U.S. military announced today that four more American troops had been killed and a fifth had died from noncombat injures. Two British soldiers also were killed as their convoy of armored Land Rovers, which were escorting a reconstruction team, hit a roadside bomb in the southern city of Basra, according to British military spokesman Maj. Charles Burbridge.

In Baghdad, gunmen abducted a soccer player from the Iraqi Olympic Team. Ghanem Khudhair Hussein, a 25-year-old striker, had just signed with a Syrian sports team and was about to leave Iraq when gunmen dressed in army uniforms kidnapped him near a mosque in western Baghdad, according to police and Hussein Gitan, a soccer player from his previous club.

A child died in a shootout between American soldiers and insurgents holed up in a safe house in Muqdadiyah, the U.S. military said in a statement today. U.S.-led forces raiding a house of a suspected insurgent financier came under fire and shot back, killing two suspected insurgents and the child.

As part of the recent and much-publicized security crackdown, dubbed "The Battle of Baghdad" by U.S. Ambassador Zalmay Khalilzad, about 11,000 Iraqi and American soldiers were sent to the capital to reinforce security forces already there. In the past few weeks, soldiers have cordoned off some neighborhoods and flooded those streets with around-the-clock patrols.

"We have seen progress, and a degree of success in the neighborhoods we're in," said U.S. military spokesman Lt. Col. Barry Johnson. "This is going to be ebb and flow."

In Adhamiya, a northeastern Baghdad neighborhood, American troops recently watched the ebb and flow firsthand. Killers had been dumping bodies by the dozens each week in the Sunni neighborhood. So many corpses were found on one particular street, residents nicknamed it the Street of Death. When American soldiers arrived in Stryker vehicles as part of the security crackdown, the bodies stopped appearing.

The Strykers left three days ago. Today, soldiers found their first body since then on the Street of Death – a teenager shot in the side of his head.

"We can't stop the killings and the kidnappings," said Capt. Michael Baka, from Charlie Company, 1st Battalion, 26th Infantry Regiment. "All we can do is to prevent as many as we can."

As part of the ongoing security sweeps in Baghdad, American and Iraqi troops have searched 45,800 buildings, including 49 mosques, according to a U.S. military statement. They have detained 75 terrorist suspects and confiscated at least 1,000 weapons and found 26 weapons caches, the military said.

In the past, Americans have turned over control of certain areas to Iraqis only to see violence flare up once they leave.

Iraqi forces "lack training and weapons," said a high-ranking Iraqi army officer, who wanted to remain anonymous because of the sensitivity of the issue. "The terrorists have more powerful weapons."

He added that the army Iraqi "can't accomplish all the missions but depends on the multinational forces to do most of the tasks."

Over the weekend, meanwhile, the U.S. military postponed plans to formal handover of control of Iraq's armed forces to the Iraqi government.

The event was supposed to mark another step toward Iraqi control and eventual drawdown of U.S. forces. Instead, the ceremony was repeatedly postponed. Iraqi and U.S. officials described the delays as merely technical and bureaucratic, adding that the two sides are trying to finalize a written agreement that will cover the new relationship between their forces.

Today, Iraqi government spokesman, Ali Dabbagh, said he expected the parties would sign the agreement later this week.

"It will allow Iraqi forces to control where they are and have full sovereignty," he said. But he added: "It will be optional to ask for assistance and definitely they'll need assistance."

Half of Iraq's 10 army divisions either are in charge of their own territories or are in the process of taking over authority from the U.S.-led coalition. The top U.S. commander in Iraq, Army Gen. George W. Casey Jr., last week said Iraqi security forces would be able to assume overall control of their nation's security within 12 to 18 months "with very little coalition support."

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A recent Pentagon report to Congress stated that most Iraqi combat battalion still require support from U.S.-led forces "because their logistics, sustainment, and command and control capabilities are not fully developed."

The Iraqi army employs about 115,000 combat soldiers. However, the report noted a lack of junior leadership, problems of absenteeism and sectarian divides with Sunni, Shiite or Kurdish soldiers "mostly serving in units located in geographic areas familiar to their group. These divisions are even stronger at the battalion level, where battalion commanders of one particular group tend to command only soldiers of their own sectarian or regional backgrounds."

Observers fear that those battalions would take sides in a full-scale war, turning weapons and vehicles paid for by the U.S., against each other. Last weekend, in what the British military described as a mutiny, 100 out of a 550-strong Iraqi army battalion from the Shiite-dominated south refused to deploy to Baghdad, in part because they didn't want to fight fellow Shiites.

UN Call For Freer Hand To Defeat Taliban (FT)

Financial Times, September 5, 2006

The senior UN envoy to Afghanistan has called for Nato troops to be given more operational freedom as top alliance leaders flew to Kabul to bolster the mission to stabilise the country.

The alliance, whose credibility is widely seen as hanging on its success in Afghanistan, is facing fierce opposition from resurgent Taliban fighters that has caused mounting casualties and alarmed some Nato governments.

At stake is the drive launched after the September 11 terrorist attacks on the US to overturn the former Taliban regime, purge the country of Islamist militants and establish a stable, democratically-elected government.

Nato said the visit by its top civilian and military leaders had been long planned to demonstrate a commitment to the Afghan mission. But officials said it should help fight the perception that the alliance was losing its way there.

Tom Koenigs, the UN's special representative for Afghanistan, said Nato needed more troops and fewer restrictions on their freedom of manoeuvre. In particular, he said there were "around 71 caveats", which he argued were "too many and must be removed".

Caveats limit the combat role of Germany's 2,800 troops and restrict them to Kabul and the north of the country. Nato can deploy them elsewhere only "under exceptional circumstances and on a temporary basis".

Mr Koenigs, a German, added that the country's soldiers "must now accept having to go to the south". Both the local police and military were currently "hopelessly overstretched", he said.

On Monday, the Netherlands confirmed that about 100 Dutch soldiers had been temporarily reassigned to the south to assist Canadian forces.

Mr Koenigs was scheduled to meet the Nato delegation, headed by Jaap de Hoop Scheffer, secretary general, and James Jones, the alliance's top military commander, during its three-day trip to Afghanistan.

On Monday, a Canadian soldier was killed by "friendly fire" from the US, while a British soldier died as a result of a suicide bomb attack in Kabul.

This followed the death of four Canadian soldiers in a weekend offensive against the Taliban and of 14 British personnel in the crash of a Nimrod aircraft on Saturday. Nato said more than 200 insurgents were killed in the weekend campaign, although the Taliban labelled such claims as "propaganda".

In an interview with the Guardian newspaper on Monday, Gen Richard Dannatt, Britain's chief of general staff, said the UK army could "just" cope with the demands made by its operations in Afghanistan and Iraq.

The alliance said it had begun thousands of infrastructure projects in the south of the country and was carrying out up to a thousand patrols a week.

Reporting by Daniel Dombey in Brussels, Stephen Fidler in London, Hugh Williamson in Berlin, Rachel Morarjee in Kabul and Ian Bickerton in Amsterdam

Deadline To Break Taliban: 6 Months (USAT)

By Paul Wiseman

USA Today, September 5, 2006

DOJ_NMG_0056962

KABUL, Afghanistan — NATO's commander here has set a six-month deadline to reverse a Taliban insurgency terrorizing southern Afghanistan or risk alienating Afghans undecided about whom to support.

British army Lt. Gen. David Richards said his troops must prove to Afghans in the south that the fundamentalist Islamic militia won't be able to undermine the democratically elected Afghan government or stop efforts to rebuild the shattered country.

Only 10% of the south's population supports the Taliban, Richards said, citing Afghan government surveys. In an interview, he said 70% won't declare their loyalty until they "see which side will win. They can't wait forever. We've got to show them we will win."

Nearly five years after a U.S.-led campaign ousted the Taliban government that had sheltered al-Qaeda leader Osama bin Laden, Richards' troops have launched "Operation Medusa" in Panjwayi district in Kandahar province. The campaign aims to quell the Taliban's aggressive new offensive. NATO reported that more than 200 Taliban fighters were killed in the first two days of Medusa, which began Saturday.

The fighting also has brought NATO casualties. Monday, two U.S. warplanes mistakenly strafed NATO troops in Panjwayi district. A Canadian soldier was killed, NATO spokesman Maj. Scott Lundy said. A British soldier was killed in a suicide bombing in Kabul, the British Defense Ministry said. More than 130 NATO and coalition troops have died this year, the Associated Press reported, more than in all of 2005.

NATO took over responsibility for southern Afghanistan from the United States on July 31. As early as this month, NATO will take over for the U.S.-led multinational coalition in eastern Afghanistan.

Richards said NATO troops have proved they are willing to fight the Taliban and have dispelled doubts about their resolve: "We've killed hundreds and hundreds of Taliban since we took over, rather sadly."

Arsala Jamal, governor of Khost province in eastern Afghanistan, said he worries that NATO "will not be as effective as the Americans."

Barnett Rubin, senior fellow at the Center on International Cooperation at New York University, said NATO is "walking up to a situation where they might fail" because the United States didn't invest enough troops and money to create stability and a non-opium-based economy. But he also said Richards' plan to target Taliban strongholds, counter Taliban propaganda and try to win over rural Afghans with jobs is more comprehensive than past efforts and might work.

Richards said his goal is to reduce insurgent attacks in the south from about 10 a day to the one or two a week in the more stable northern and central regions. He says bringing violence throughout Afghanistan down to "tolerable levels" will take three to five years.

U.S. Planes Mistakenly Hit Canadians In Afghanistan (WP)

By Doug Struck

The Washington Post, September 5, 2006

TORONTO, Sept. 4 -- U.S. jets mistakenly strafed Canadian soldiers in Afghanistan on Monday, killing one and bringing to five the number of Canadian troops killed during a major push against the Taliban this weekend.

The deaths come as domestic support for the war is sliding and political opposition is growing, and the fatalities are certain to fuel the controversy in Canada over this country's role in supporting NATO and the United States in the five-year-old Afghan war.

Four of the battlefield deaths occurred Sunday as the Canadians attempted to sweep Taliban guerrillas from Panjwai, an area of farms and poppy fields in the southeastern province of Kandahar that has been a staging area for attacks against Canadian troops. The operation, code-named Medusa, met what commanders acknowledged was surprising resistance.

Just after dawn Monday, another Canadian contingent was camped in an open area when two A-10 "Warthog" ground attack planes flown by U.S. pilots under NATO command strafed its camp. One soldier was killed and about 30 suffered what officers described as mostly light wounds.

NATO officials said the planes were called in for support by other Canadian troops during the fighting. Canadian and NATO officers were quick to describe the incident as an unfortunate consequence of war.

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The accident "is very regrettable," said Lt. Gen. David Richards, the NATO forces commander in Afghanistan. "But the task they were set is extremely important, perhaps pivotal in some respects, to the operation we are conducting here."

In a similar incident earlier in the Afghan war, four Canadians soldiers were killed in 2002 when a U.S. plane mistakenly dropped a bomb on Canadian forces as they trained. That incident caused bitter feelings for many in Canada and has lingered as a rhetorical touchstone for those who oppose the alliance of Canada with the United States in the war in Afghanistan.

Thirty-two Canadian soldiers and one diplomat have been killed in Afghanistan since 2002.

Jack Layton, a member of Parliament from the opposition New Democratic Party, this weekend called Afghanistan "the wrong mission" for Canada, which has 2,300 troops in the country. Most are stationed near Kandahar in southern Afghanistan, a stronghold of the Taliban. Layton called for the troops to return home by February.

Defense Minister Gordon O'Connor toured Afghanistan this weekend to boost the morale of the soldiers and offered an upbeat assessment for the country.

"My expectation is that over the next year the security situation will improve," he told reporters in Kandahar. "I believe support for the mission is solid among Canadians."

But opinion polls released this weekend, before the most recent deaths, showed a continuing slide in support for the war in Afghanistan and for the foreign policy of Prime Minister Stephen Harper.

The polling organization Ipsos-Reid said support for the Conservative-led government elected in January is at 38 percent. Harper's staunch support for Israel in the latest Lebanon war added to his growing unpopularity, the pollsters said.

Canadian Brig. Gen. David Fraser, who is in charge of NATO forces in southern Afghanistan, defended the Canadian mission in television interviews from Kandahar, a volatile area where Canadian troops moved from Kabul, the capital, earlier this year.

"I believe in this mission," Fraser said at a news conference at the Kandahar airfield. "In seven months, we have made a significant change. We are having positive effects, but it comes at a cost."

Fraser said the friendly-fire incident will be investigated.

"We do have procedures, we do have communications, we do have training and tactics and techniques and procedures to mitigate the risk," he said. "But we can't reduce those risks to zero."

Afghan Symbol For Change Becomes A Symbol Of Failure (NYT)

By David Rohde

The New York Times, September 5, 2006

LASHKAR GAH, Afghanistan — It began last summer.

On a July morning, Taliban gunmen shot dead the province's most powerful cleric as he walked to the main city mosque to lead morning prayers. Five months later, they executed a teacher at a nearby village school as students watched. The following month, they walked into another mosque and gunned down an Afghan engineer working for a foreign aid group, shooting him in the back as he pressed his forehead to the ground and supplicated to God.

This spring and summer, the slow and methodical siege of this southern provincial capital intensified. The Taliban and their allies set up road checkpoints, burned 20 trucks and slowed the flow of supplies to reconstruction projects. All told, in surrounding Helmand Province, five teachers, one judge and scores of police officers have been killed. Dozens of schools and courts have been shuttered, according to Afghan officials.

"Our government is weak," said Fowzea Olomi, a local women's rights advocate whose driver was shot dead in May and who fears she is next. "Anarchy has come."

When the Taliban fell nearly five years ago, Lashkar Gah seemed like fertile ground for the United States-led effort to stabilize the country. For 30 years during the cold war, Americans carried out the largest development project in Afghanistan's history here, building a modern capital with suburban-style tract homes, a giant hydroelectric dam and 300 miles of canals that made 250,000 acres of desert bloom. Afghans called this city "Little America."

Today, Little America is the epicenter of a Taliban resurgence and an explosion in drug cultivation that has claimed the lives of 106 American and NATO soldiers this year and doubled American casualty rates countrywide. Across Afghanistan,

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roadside bomb attacks are up by 30 percent; suicide bombings have doubled. Statistically it is now nearly as dangerous to serve as an American soldier in Afghanistan as it is in Iraq.

Helmand's descent symbolizes how Afghanistan has evolved since the initial victory over the Taliban into one of the most troubled fronts in the fight against terrorism.

The problems began in early 2002, former Bush administration, United Nations and Afghan officials said, when the United States and its allies failed to take advantage of a sweeping desire among Afghans for help from foreign countries.

The Defense Department initially opposed a request by Colin L. Powell, then secretary of state, and Afghanistan's new leaders for a sizable peacekeeping force and deployed only 8,000 American troops, but purely in a combat role, officials said.

During the first 18 months after the invasion, the United States-led coalition deployed no peacekeepers outside Kabul, leaving the security of provinces like Helmand to local Afghans.

"Where the world, including the United States, came up short was on the security side," said Richard Haass, the former director of policy planning at the State Department. "That was the mistake which I believe is coming back to haunt the United States now."

The lack of security was just one element of a volatile mix. Twenty years of conflict had shattered government and social structures in Afghanistan, the world's fifth poorest country, where the average life expectancy is 43.

American officials said the country was more destitute than they had envisioned, yet the $909 million they provided in assistance in 2002 amounted to one-twentieth of the $20 billion allocated for postwar Iraq. Officials quintupled assistance to $4.8 billion by 2005, but then reduced it by 30 percent this year.

The Taliban leadership, meanwhile, found safe haven in neighboring Pakistan. And Robert Grenier, the C.I.A.'s former top counterterrorism official and Islamabad station chief, said Pakistani officials largely turned a blind eye to Taliban commanders, who later seeped back across the border.

The government of President Hamid Karzai, hailed as Afghanistan's eloquent new leader in 2001, has increasingly been criticized for indecisiveness, corruption and inaction.

In Helmand, the absence of security and government control enabled the province to become the largest heroin-producing area in Afghanistan.

By 2005, local Taliban fighters and drug traffickers had formed an alliance against the government. Today, the province's educated elite accuses local officials of engaging in drug trafficking, and impoverished farmers say they grow poppy to survive.

[Led by a 160 percent increase in Helmand's opium crop this year, Afghanistan's overall production grew by 50 percent to a record 6,100 metric tons, United Nations officials said Saturday. Afghanistan now produces 92 percent of the world's supply of opium poppy, the basis for heroin.]

Richard A. Boucher, the assistant secretary of state for South Asia, defended the pace of progress, saying expectations among Afghans and others that the war-ravaged country could be quickly rebuilt were unrealistic.

"Afghan development is a long-term project, even without the security problem," said Mr. Boucher. "Over all, I think it's pretty incredible what we've accomplished."

Despite an active insurgency, he said, 1.6 million Afghan girls are attending school, 730 miles of roads and 1,000 schools, clinics and government buildings have been reconstructed, and the country has its first democratically elected president and Parliament.

Bryan Whitman, a Pentagon spokesman, said that the recent surge in violence was the result of the Afghan central government and NATO exerting their authority in remote areas, prompting retaliatory attacks from the Taliban, drug traffickers and warlords.

The return of more than three million Afghan refugees and the arrival of some foreign aid turned the country's main cities into boom towns. But over time, the lack of construction in rural provinces fueled Taliban propaganda claims that Americans were enriching themselves and bringing only corruption to Afghanistan.

In impoverished southern rural areas, small numbers of Afghans are openly collaborating with the Taliban. Other Afghans, who say they are unsure of the American commitment and disillusioned with Mr. Karzai, sit by and dare not resist them.

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Rauzia Baloch, a 33-year-old teacher, was one of a half dozen women elected to Helmand's provincial council last year. In December, the American government sent her on a study tour of the United States that included visits to Congress and a domestic violence shelter in Phoenix, and Thanksgiving dinner with a family in Indiana.

When Ms. Baloch returned to Helmand, she found the Taliban assassinating government officials.

"I learned a lot, but unfortunately the situation is not the same as in America," she said. "We cannot do anything."

Countering the Soviets

During the cold war years in the Helmand Valley, amid a flat, barren landscape of reddish soil and black boulders, dozens of American engineers and their families carried out a sweeping project designed to develop impoverished southern Afghanistan and wean locals from Soviet influence.

For more than three decades, the American government and Morrison-Knudsen, the firm that built the Hoover Dam, restored and expanded an ancient irrigation system. Its source of life, then and now, was the surging Helmand River, a finger of green that emerges from the mountains of central Afghanistan and snakes for hundreds of miles through the country's vast southern desert.

The project never irrigated as many acres as was hoped, but its training programs produced hundreds of American-minded Afghan engineers and technicians.

"Most of them have lived and worked and studied in the United States; some have married American wives," the British historian Arnold J. Toynbee wrote after visiting the area in 1960. "The new world that they are conjuring up out of the desert at the Helmand River's expense is to be an America-in-Asia."

Among the young Afghans who were transformed in the process was Ms. Olomi, the women's rights advocate. One of the first girls to attend the city's new co-educational school, she also went on to become one of Helmand's first woman to graduate from college.

In a recent interview, Ms. Olomi, now 49, remembered only a handful of words in English. But she could still tick off the names of her American teachers and recite verses of "Twinkle, Twinkle Little Star" and "Puff the Magic Dragon." After school, she recalled, she played a game called basketball with American children.

"It was a very good time," she said, eulogizing the functioning schools, clean streets and tranquillity of Lashkar Gah in the 1960's and 1970's. "I was very happy."

But her good fortune, like that of Lashkar Gah's, would be short-lived. Americans abandoned the city just before the 1979 Soviet invasion. Twenty years of guerrilla and civil war ensued.

By the early 1990's, soldiers-turned-thieves roamed Lashkar Gah's streets and warlords encouraged local farmers to grow opium poppies, the raw form of heroin.

In 1994, residents welcomed the rise of the Taliban in Helmand's remote villages and applauded when thieves had their hands chopped off on a local soccer field. Crime plummeted.

For Ms. Olomi and other women, life fell apart. Her husband, who had gone to Russia to study medicine, never returned. Taliban religious police closed a girls' school she had opened to support herself. Ms. Olomi, who had chosen her husband at the age of 25, watched helplessly as her daughter was forced by her husband's brothers to marry a cousin at 13.

Hopes rose again in 2001, when American bombs drove the Taliban from power in Afghanistan. Residents like Ms. Olomi said they dreamed of another American-backed renaissance.

"At that time, we really felt so happy," she said. "We felt that we were free now."

Roads and Roadblocks

As expectations soared in Lashkar Gah and across Afghanistan, division emerged in Washington over what role the United States should play in rebuilding and securing the country.

During meetings in January and February 2002, Robert Finn, the first American ambassador to post-Taliban Afghanistan, proposed that the United States undertake ambitious construction projects as a way to cement the loyalty of Afghans. Top among them was rebuilding a pulverized ring road linking Afghanistan's major cities — a road Americans helped build during the cold war.

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"I argued for them to build the road and all I got was 'no,' " Mr. Finn recalled. "It was just across the board in Washington: 'We don't do those kinds of projects anymore.' "

Andrew Natsios, then the administrator of the United States Agency for International Development, the government's main foreign development arm that had spearheaded the Lashkar Gah project years back, confirmed in an interview that he had opposed road building and other large construction projects.

He said he feared they would consume too much of his agency's limited budget and staff. Criticism of failed foreign projects and a drive to privatize aid work had shrunk the agency from 3,000 Americans posted abroad in the 1980's to 1,000 today.

In the end, the United States pledged $297 million in reconstruction money to Afghanistan in 2002. The European Union pledged $495 million. Japan gave $200 million and Saudi Arabia $73 million, but both were slow to deliver.

When aid officials arrived in Kabul in late 2001, they were shocked by the country's decrepit state. They had to build headquarters from scratch, they said, and contend with the lack of skilled Afghan workers. For remote areas like Helmand, it meant what assistance was available flowed in slowly.

At the same time, Secretary of Defense Donald H. Rumsfeld and Secretary Powell clashed over security issues, according to their aides.

In a response to written questions, Mr. Powell said that in early 2002 he called for American troops to participate in the expansion of a 4,000-soldier international peacekeeping force designed to bolster Mr. Karzai's fledgling government. Mr. Haass, the former State Department official, said informal conversations with European officials led him to believe the United States could recruit a force of 30,000 peacekeepers, half European, half American.

Mr. Rumsfeld and his aides were skeptical. They feared European countries would not provide enough troops, according to Mr. Whitman, the Pentagon spokesman. Defense Department officials believed it was better to train local security forces.

Over all, Pentagon officials hoped to minimize the number of American troops in the country to avoid stoking Afghans' historic resistance to foreign occupation, said Douglas J. Feith, the former under secretary for policy.

Ali Ahmed Jalali, the country's interior minister from 2002 to 2005, said Afghan resentment of foreign peacekeepers was "a myth." After 10 years of internecine civil war, he said, Afghans yearned for someone to step in.

"They could not help themselves," he said, referring to Afghans. "They were at war with themselves."

James Dobbins, then the administration's special envoy to Afghanistan, said Mr. Powell was ultimately unable to win support from Mr. Rumsfeld and other senior administration officials.

The 4,000-soldier international peacekeeping force would not venture outside Kabul. The United States deployed its 8,000 soldiers separately, but they focused on capturing or killing Taliban and Qaeda members, not on peacekeeping or reconstruction.

As an alternative, officials came up with a loosely organized system designed to empower Afghans to secure the country. The United States would train a 70,000-soldier army. Japan would demobilize some 100,000 militia fighters. Britain would mount an antinarcotics program. Italy would carry out judicial reform. And Germany would train a 62,000-member police force.

In April 2002, President Bush outlined his vision for rebuilding Afghanistan in a speech honoring George C. Marshall, the American general who led the rebuilding of postwar Europe.

Mr. Bush said the history of military conflict in Afghanistan had been marked by "initial success, followed by long years of floundering and ultimate failure." He vowed: "We're not going to repeat that mistake."

On the ground in Afghanistan, problems arose immediately.

When Mr. Finn, the ambassador, reviewed the first Afghan National Army troops trained by the Americans in the summer of 2002, he was dismayed.

"They were illiterate," he said. "They didn't know how to keep themselves clean. They were at a much lower level than people expected."

American military officials told him that local Afghan commanders sent them their worst conscripts.

Mr. Dobbins, the former special envoy to Afghanistan, said Defense Department hopes that Afghans could quickly take responsibility for their own security proved unrealistic.

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"The reason we are there is that these are failed states," said Mr. Dobbins, who has also served as special envoy to Haiti, Bosnia and Kosovo. "The thought that this can be quickly remedied has proved unjustified in most cases."

The police were even more challenging. Seventy percent of the existing 80,000 officers were illiterate. Eighty percent lacked proper equipment and corruption was endemic. Afghan police did not patrol; they set up checkpoints and waited for residents to report crimes, with bribes often needed to do so.

Yet in 2002 and 2003, Germany, the country responsible for police training, dispatched only 40 advisers. They reopened the Kabul police academy and began a program designed to graduate 3,500 senior officers in three years. German officials said developing a core of skilled commanders was the key to reform, frustrating American officials who backed a large, countrywide training effort. Some American and European military units conducted ad hoc training around the country, but no comprehensive instruction occurred outside Kabul.

Shattered Judicial System

In Lashkar Gah, veteran policemen and judges who returned from living in exile during the reign of the Taliban were aghast at what they found. Only one-third of the province's 3,000 policemen were, in fact, trained. The rest, including the provincial police chief, were former guerrilla fighters who punished members of other tribes and turned a blind eye toward rogues from their own.

"They did not know about the law," said Abdul Shakoor, a veteran police lieutenant. "They had their tribal ideas."

Abdul Waheed Afghani, then a 67-year-old retired judge who had been in exile in Saudi Arabia, said the judicial system was no better. When he looked for judges to send to each of the province's 13 districts, he found only three people with judicial training. He asked for help from Kabul, but received no response.

"I have given reports to many branches of the government," he said. "But no one has helped me."

The only foreign troops to deploy in Helmand, a province twice the size of Maryland with a population of one million, were several dozen American Special Forces soldiers. They built a base in the center of the province in 2002, hired several hundred Afghan gunmen to protect them, and focused solely on hunting Taliban and Qaeda remnants, according to Afghan officials.

Helmand Province's voluble young governor, Sher Muhammad Akhund, was largely left to do as he pleased. The son of a famed local commander who fought the Soviets, Mr. Akhund entered Taliban-controlled Afghanistan in 2001 at Mr. Karzai's request and won control of Helmand with the help of the Special Forces. Rumors abounded about the governor. In interviews with journalists, Mr. Akhund said he was in his early 30's and a high school graduate. Afghan aid workers said he was in his late 20's and illiterate.

Whatever he may have lacked in administrative skills, he made up for in muscle. As the head of Helmand's largest and most influential tribe, the Alizai, he commanded several hundred gunmen.

As time passed, community leaders grew frustrated with Mr. Akhund. Haji Ahmad Shah, a wealthy local farmer, said Mr. Akhund initially refused to meet with him to discuss farmers' problems. When he finally did, he ignored the complaints.

"When I was sharing these problems with the governor, he didn't do anything," said Mr. Shah. "He was just working for his own benefit."

In 2003, Mr. Akhund confiscated 200 shops owned by a local minority group, according to a State Department report. Outside the city, the governor doled out parcels of land to his relatives and tribe, according to residents. Mr. Akhund denied the accusations.

At the same time, reports began to reach Kabul that Mr. Akhund was promoting the growth of poppy, according to an American official who spoke on condition of anonymity because of the sensitivity of the drug issue.

After the fall of the Taliban, poppy growth had exploded in eastern and southern Afghanistan, fed by poverty, weak law enforcement and an epic, five-year drought.

Mr. Akhund vehemently denied rumors that he took a cut of the poppy trade, but foreign officials remained skeptical. [On Saturday, Antonio Maria Costa, the executive director of the United Nations Office on Drugs and Crime, blamed Mr. Akhund specifically for Helmand's soaring poppy crop, saying there was evidence he encouraged farmers to grow opium poppies.]

While corruption grew in Afghanistan, the Taliban regrouped in Pakistan and changed tactics, according to American officials. After being decimated in open battles with American troops through 2002, the Taliban began ambushing small groups

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of American soldiers and unarmed aid workers in 2003. Over time, aid groups scaled back or suspended reconstruction projects in the rural south and east.

In March, a group of gunmen in Oruzgan Province pulled a foreign engineer out of a vehicle belonging to the International Red Cross, shot him in the head and back, and left his body in the dirt.

Two days later, in a remote riverbed in northern Helmand, gunmen ambushed American Special Forces as they drove past in a small convoy, killing two soldiers. When their comrades stopped to return fire, the gunmen vanished down a maze of gullies.

U.S. Shifts Course

In the summer of 2003, officials in Washington unveiled an overhaul of American policy in Afghanistan.

Until then, Americans had rebuilt the main highway linking Kabul and Kandahar, after initially rejecting the road proposal by Mr. Finn, the ambassador. Otherwise, Washington had shied away from large-scale projects like power plants.

Between 2003 and 2004, American assistance to Afghanistan increased from $962 million to $2.4 billion; the Afghanistan staff of the United States aid agency doubled; and Washington dispatched an aggressive new ambassador, Zalmay Khalilzad.

At the same time, the American military, expanding its role beyond combat, deployed eight new Provincial Reconstruction Teams, mostly to volatile southern and eastern Afghanistan. The units tried to win the loyalty of Afghans by equipping local government offices and mounting small reconstruction projects.

Mr. Feith, the former Defense Department official, said progress was made in Afghanistan in 2002 and 2003, but that the disappointing results of the allies' plan for training the police required an increased American effort.

Former United Nations and State Department officials said the weakness in the Afghanistan policy should have been apparent to the administration much earlier. "It was possible in early 2002 and late 2001 to have calculated more accurately the manpower and money needs," said Mr. Dobbins.

In Helmand, a field commander in the new development effort was Charles Grader. The 72-year-old Massachusetts native was the last American to head the Afghanistan program before the 1979 Soviet invasion. Twenty-five years later, he was back, managing a $130 million United States government contract to revitalize agriculture and slow the growth of poppy.

Mr. Grader was a marker of how the American approach to development had changed since the 1970's. No longer a government worker, he was now a private contractor paid $130,000 a year by Chemonics International, a for-profit consulting firm based in Washington. Instead of directing projects, the United States aid agency hired companies like Chemonics, which farmed out work to subcontractors.

In June 2004, Mr. Grader drove into Lashkar Gah with eight security guards and found a burgeoning city of 100,000 people that was a maze of new construction, shops and bustling open-air markets. But the prosperity was illusory. The boom was largely fueled by Helmand's opium trade, which by then had been spreading across the province for two and a half years since the Taliban was defeated.

On his first stop, Mr. Grader toured a demonstration farm bursting with cotton, pomegranates and other crops designed to show farmers they could make a legal living. Mr. Grader asked the Afghans who ran the farm what would persuade others to stop growing poppy.

Their responses had little to do with agriculture. They said the biggest problem was poverty and corruption. Farmers, they said, no longer believed the government would punish them for growing poppy.

"There is an inverse relationship between security and poppy growing," said Abdul Ghani Ayubi, an engineer trained by the Americans in the 1970's.

A local farmer was more blunt. "We don't have law. This is a warlord kingdom."

Mr. Grader promised to create public works projects that would repair the province's irrigation system and employ large numbers of farmers. Four months later he resigned after clashing with aid agency officials over the direction of the program. High turnover rates among both aid agency officials and contractors slowed the American effort, according to Afghan and American officials.

Some work did get under way, including repairs to the hydroelectric dam built by Americans during the cold war and an alternative-livelihoods program that put 37,000 Afghans to work cleaning hundreds of irrigation canals.

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A dozen new or refurbished health clinics were opened and over 100 wells were dug or deepened. The aid agency reported spending about $180 million in Helmand since 2001. In addition, the reconstruction of Afghanistan's major highway included 90 miles in the province.

But local officials said these projects did not provide enough jobs to counter the lure of growing opium poppies for Helmand's 100,000 farmers.

In addition, a popular perception took hold that after foreign contractors and subcontractors took their cut of aid money, little cash was left for average Afghans. And local residents grew suspicious of the foreigners who lived in heavily guarded compounds with electric generators and satellite televisions while they lacked regular running water and electricity.

Aid agency officials defended their spending in Helmand, saying that foreign workers were needed to properly carry out the projects, train Afghans and prevent corruption.

In October 2004, one of the eight new American military Provincial Reconstruction Teams arrived in Helmand. Over the next two years, the team spent $9.5 million to build, refurbish or equip 28 schools, two police stations, two orphanages, a prison, a hospital ward and 20 miles of roads.

Just outside the American base, the United States built a women's job-training center for Ms. Olomi to run. The Americans provided dozens of computers and sewing machines and even set up a mock beauty salon so women could learn marketable skills. On one wall are pictures of Laura Bush visiting Afghanistan and meeting with the country's newly liberated women.

Brazen Attacks Increase

By the spring of 2005, the stepped-up American effort in Helmand was showing signs of being overmatched by the rising violence. On a May morning, gunmen stopped a vehicle carrying five Afghans working on the program to clean irrigation canals. In broad daylight a few miles outside Lashkar Gah, they shot the workers dead.

The following day, gunmen followed six relatives of one of the victims as they drove his body back to Kabul. Just off the main highway, they executed all six.

Days later, the canal cleaning project — perhaps the Americans' most successful undertaking in Helmand — was shut down over lack of security. Thousands of farmers were immediately out of work. Attacks also slowed repairs to the Kajaki dam.

Security had emerged as the largest single impediment to developing Helmand, but the country's nascent army and police force were unable to deliver it. The first units from the new, American-trained Afghan National Army arrived in Helmand in 2005, but they comprised only several hundred soldiers and carried out few operations, according to local Afghan officials. A new provincial antinarcotics force was created that year, but it consisted of just 30 officers.

The long-delayed Japanese-led program to disarm militia fighters began in Helmand in 2005, but only several hundred assault rifles and machine guns were collected, according to the local police. Officials said vast numbers of weapons remain in Helmand and are being used by the Taliban and drug traffickers.

Police training also continued to lag behind. After Germany failed to mount any training outside Kabul, the State Department hired DynCorp International, an Irving, Tex., firm, to recruit, train and deploy dozens of American police advisers in Afghanistan and build seven regional training centers.

By mid-2004, the centers were operating two- to four-week training classes across Afghanistan. European officials said the training should be at least three months long, and one derided the classes as "conveyor-belt courses."

"I had 15 days' training in Kandahar," said Mr. Shakoor, the police lieutenant. "The things that they were teaching me I already knew."

Corruption was also undermining progress. A 28-year-old police recruit who asked not to be identified because he feared retaliation said he was disappointed when he returned from training to his district in Helmand. His commander continued to take 50 percent of his salary, he said, and work with drug traffickers.

The United States, meanwhile, expanded DynCorp's police training contract, increasing basic courses from two to eight weeks, and sent two DynCorp contractors to important provinces to serve as advisers. Two retired American sheriff's deputies were sent to Lashkar Gah, to cover all of Helmand.

Jesse Valdez, 55, from Santa Cruz, Calif., had trained police officers in Bosnia, Indonesia and the Philippines. Steve Rubcic, 58, from Wyoming, had never been east of Wisconsin.

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When they arrived in October, security was so bad they could not visit any of the province's 13 districts. In interviews, both said the Afghan police were eager for help and that they were making progress removing corrupt officials. Six weeks after they arrived, a small car bomb detonated outside the governor's office several minutes before they arrived for a meeting.

In March, two more DynCorp advisers joined them in Lashkar Gah. A month later, a suicide car bomb attack flipped their armored vehicle, but they survived. Both refused to leave.

In June, American officials dispatched an eight-man DynCorp "saturation" training team to Lashkar Gah. Brent Thompson, a 33-year-old former police officer from Dallas who heads the team, said American officials calculated that six Afghan policemen were dying for every soldier in the National Army who was killed.

Half of the saturation team's two-week training course is devoted to teaching Afghan police military skills, like how to launch or survive an ambush. Mr. Thompson, who trained the police in Iraq for DynCorp, said the Afghan police were more poorly equipped than their Iraqi counterparts. In one recent Afghan class, he said, 40 police officers shared 15 rifles.

As of early July, the training segment that involved police firing their rifles was on hold. Security problems had delayed the delivery of ammunition to Lashkar Gah, according to Mr. Thompson.

During the training, Afghan officers pull the triggers on their rifles and pretend to fire.

Scorn From Locals

On July 10, Helmand's senior government officials, tribal elders and community leaders gathered for a public forum in Lashkar Gah entitled "Security, Reconstruction and Official Corruption." For the next hour, the locals heaped scorn on the Afghan government. Speaker after speaker talked of dashed hopes.

The leader of the newly elected provincial assembly said that "in a country where there is no security, there is nothing." A teacher who had received death threats from the Taliban warned that Mr. Karzai's government could collapse. An enraged tribal leader in a white turban said the police released the murderers of his sons and brothers after receiving bribes.

"Is this a government?" he thundered. "Anyone other than me would join the Taliban."

This spring, American forces handed over responsibility for Helmand to the British military. More than 3,600 British troops, 10 times the troops the United States deployed in Helmand, now patrol the increasingly violent province. This year, 15 British and 4 American soldiers have been killed there.

The violence has continued to hamper reconstruction. The canal cleaning project has resumed, but on a much smaller scale — and with many fewer local workers — than originally planned. Some road work is proceeding. But all repairs on the hydroelectric dam were suspended in July amid rising attacks. Nationwide, 90 percent of Afghans still lack regular electricity.

Since early 2005, both Afghan and foreign officials had urged Mr. Karzai to remove Mr. Akhund as Helmand's governor. Last December, Mr. Karzai finally did. The Afghan leader's supporters argue that he was never provided with the resources needed to take on warlords.

The new governor, an engineer and former United Nations employee, accepted the assignment on condition he have his own 150-man security force. This spring, Mr. Karzai fired the province's police chief, but his replacement said he will make little headway stabilizing the province as long as the Taliban continues to have bases in neighboring Pakistan.

Mr. Afghani, the province's chief judge, said Taliban attacks this spring have shut down courts in 11 of the province's 13 districts. In June, he found an unexploded bomb in his car. In July, a suicide bomber killed four people in a Lashkar Gah court office.

"Nowadays, no one is taking care of judges in our government," he said. "We are helpless people. We don't have any power. We don't have any police."

Mr. Shah, the farmer, said he has given up on Mr. Karzai's government. After growing little opium since 2001, he grew large amounts this spring after his workers demanded higher pay. He and other farmers simply pooled their money and bribed a local official so that eradication teams drove past their village.

On a recent afternoon, Ms. Olomi gave a reporter a tour of her women's center, which was closed for security reasons after the killing of her driver in May. False rumors had been spread that the center's female students were being taken to the local American military base and forced to have sex with soldiers.

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After the tour of the center, which had the feel of a museum, Ms. Olomi announced she was heading home and pulled out a burqa, the head-to-toe veil that became a symbol of Taliban oppression. Ms. Olomi shed her burqa after the group's fall in 2001, but began wearing it again after her driver's death to hide her identity from potential assassins.

As her car rolled out the center's front gate, Ms. Olomi pulled the burqa over her head and her face disappeared. In Little America in 2006, the former instrument of her oppression was her means of survival.

CORPORATE SCANDALS:

Securities Trial Begins In Japan For Livedoor Ex-Chief Horie (WSJ)

The Wall Street Journal, September 5, 2006

TOKYO -- Takafumi Horie, the former chief executive of Internet firm Livedoor Co. who came to symbolize a freewheeling capitalism at odds with Japan's cozy corporate norms, pleaded not guilty to charges of breaking securities law.

The trial follows what became known as the "Livedoor Shock," when a prosecutors' raid on the firm sent Tokyo shares tumbling, halted trading and rattled confidence in the stock market.

Prosecutors said Mr. Horie, 33 years old, violated securities law by conspiring with colleagues to boost Livedoor's share price by falsifying corporate accounts.

"I have not carried out, or instructed, such crimes as were mentioned," Mr. Horie said.

Prosecutors outlined a complex scheme in which Livedoor executives used "dummy" companies to buy up subsidiary shares to inflate profits. Livedoor had an affiliate acquire a company that was already under its control and sold stock in that company to doctor its books, and Livedoor's string of stock swaps and other transactions were all conducted under Mr. Horie's instructions, prosecutors said.

Defense lawyers, in their opening remarks, said that the charges were groundless, the transactions in question were totally legal, the companies weren't dummies at all and that Mr. Horie didn't know about the dealings anyway.

"The prosecutors are portraying acts that are totally not criminal as though they are great crimes," chief defense lawyer Yasuyuki Takai told the court.

Mr. Takai told reporters that Mr. Horie saw the trial as a chance to tell his side of the story. He is unlikely to testify until November.

Mr. Horie's defiance is unusual for Japan because prosecutors customarily rely on confessions from defendants during their detention to build their case. Most Japanese trials end in guilty verdicts, and Mr. Horie, arrested in January, has been unusual in sticking to his assertion of innocence.

Mr. Horie faces up to five years in prison and fines of as much as five million yen, or about $42,700, if found guilty. Mr. Horie also faces lawsuits from former shareholders.

After the raid in January, more than $5 billion was wiped off Livedoor's value before it delisted from the exchange in April with a share price of just 94 yen.

Pleading Not Guilty, Livedoor Founder Remains Defiant (WP/AP)

By Yuri Kageyama

The Washington Post, September 5, 2006

TOKYO -- Former Internet mogul Takafumi Horie asserted his innocence Monday at his trial's opening, challenging the Japanese court system with the same cockiness with which he shook the nation's staid corporate culture during his rise to fame.

Wearing a dark suit instead of his usual T-shirt, Horie, 33, the founder and former president of Livedoor Co., took the stand briefly to plead not guilty to the charges of securities law violations.

"I feel the prosecutors' charges are full of malice," Horie told the court calmly.

"The charges are offensive," he said before sitting down and breaking into big grin.

Horie's plea and statements are the latest in a string of defiant acts that catapulted the college dropout to stardom as a symbol of a more modern, freewheeling market economy.

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But Horie has also drawn scorn from the old guard in a conformist nation where corporate loyalty and docile hard work have been valued over entrepreneurship.

Interest in the trial was high, with more than 2,000 people drawing lots for 61 courtroom seats. National TV news aired prominent coverage of the trial, which was the first public appearance by Horie since his release from detention on bail in April.

During the day-long session, prosecutors outlined a complex scheme in which Livedoor executives used "dummy" companies to buy subsidiary shares and inflate profits.

Livedoor had an affiliate acquire a company that was already under its control and sold stock in that company to doctor its books, with Livedoor's string of stock swaps and other transactions all conducted under Horie's instructions, prosecutors said.

"We can make that much money," Horie was quoted by the prosecutors as saying.

Defense lawyers, in their opening remarks, said the charges were groundless, the transactions in question were totally legal, the companies weren't dummies at all, and Horie didn't know about the dealings anyway.

"The arguments of the prosecutors collapse on their own," chief defense lawyer Yasuyuki Takai told the court. "The prosecutors are portraying acts that are totally not criminal as though they are great crimes."

In a statement released late Monday, Horie said the prosecutors' claims had shocked him. "I will do my best to reveal the truth in court," he said.

Horie's defiance is unusual for Japan because prosecutors customarily rely on confessions from defendants to build their cases.

Most Japanese trials end in guilty verdicts, and Horie, arrested in January, has been unusual in sticking to his assertion of innocence.

If convicted, Horie faces a maximum penalty of five years in prison and 5 million yen in fines, or about $43,000.

Prosecutors called as a witness Takanori Nagai, a fund manager, who said under questioning that he had been gotten financial instructions from Hideaki Noguchi, who headed a finance unit of Livedoor.

Noguchi, 38, was found dead in a hotel in Okinawa in January, after what police say was a suicide.

But Nagai never said he had gotten instructions from Horie. Defense lawyers countered by getting Nagai to say he was merely carrying out standard practice as a fund manager.

Before his arrest, Horie had been a celebrity, viewed by some as the face of a new generation of entrepreneurs.

He rocked the business establishment by single-handedly trying to buy a professional baseball team, and then he prompted outrage from a powerful media conglomerate by trying to take over a radio broadcaster and wield influence over the group.

Appearing frequently on TV, Horie used his visibility to draw individual investors to Livedoor stock, raking in millions of dollars as the Internet portal that Livedoor operated grew increasingly popular.

But when the scandal erupted, the public heaped scorn on him. The plunge in Livedoor stock that followed his arrest sparked a sell-off in the Tokyo stock market.

The incident stirred criticism of the government for failing to adequately monitor financial practices because Livedoor's repeated stock splits and aggressive takeovers had been widely known.

"Mr. Horie represents a powerful new force that is all about playing the money game," said Kazunari Abe, honorary professor of economics at Yamaguchi University. "This new trend is a reality in the Japanese economy. But we need to uphold justice, fairness and transparency."

For some, Horie remains a hero representing the new generation. "It cheers me up to see him because he lives in his own world with self-confidence. I don't see him as a criminal," said Yo Hashimoto, 24, a worker at a temporary employment agency.

Wataru Okumura, 64, who lost 3 million yen, or about $26,000, on Livedoor stock, said something is wrong with a system that devastates the individual investor.

"If people tell me it's my own individual responsibility, then I have a big problem with that," he said after watching the trial in court.

One Route Seems Closed, So Lawyers Try Different Lawsuit In Stock-Option Scandal (NYT)

By Julie Creswell

The New York Times, September 5, 2006

As the number of companies caught up in the options-backdating scandal continues to grow, many plaintiffs' law firms are looking to see if the latest round of corporate greed and malfeasance offers them an arena for possible payoffs.

But so far, law firms that represent shareholders are struggling to find a foothold — and a payday for the investors and for themselves.

The class-action suits that allowed lawyers to champion shareholder rights while earning millions in fees from the collapse of companies like Enron and WorldCom have not materialized, even though more than 80 companies are under investigation in the backdating of stock options.

Even when it is clear that options grant dates were manipulated, it is less clear how to calculate damage to specific shareholders. And in many cases, the statute of limitations has expired.

Lawyers have therefore turned to what are called derivative suits, a less popular and much less prominent kind of action in which a shareholder sues on behalf of the company and settlements usually consist of corporate governance changes and legal fees.

So far, at least 57 companies have been sued in this way; some 15 class-action securities cases have been filed.

Proponents argue that the derivative lawsuits give shareholders a chance to force changes at the company, but critics counter that they do little more than produce fees for lawyers.

"These are classic examples of the entrepreneurial spirit of the plaintiffs' bar," said Robert J. Giuffra Jr., a defense lawyer at the firm of Sullivan & Cromwell. "Many derivative lawsuits are nothing more than efforts by attorneys who are motivated by the desire to generate fees."

Plaintiffs' lawyers, however, say that these suits let shareholders weigh in on a much larger issue: excessive executive compensation.

"You can go in and do the job that the board is not doing," said Gerald H. Silk, a partner in the plaintiffs' firm of Bernstein Litowitz Berger & Grossmann. "You can rescind the options contracts and go after the proceeds, bringing the money back into the corporate treasury."

Among plaintiffs' lawyers, the competition over who will pursue these cases has been fierce. The suits are a throwback to the days when lawyers raced to the courthouse with an individual plaintiff in tow and tried to outmaneuver one another to reach a quick settlement with a company's board. Many of the rules that govern class-action lawsuits do not apply, particularly ones that favor institutional investors.

"A one-share plaintiff, if represented by a powerful law firm, may be able to hold on to control of the case," said John C. Coffee Jr., a law professor at Columbia University. "One of the defensive strategies when you have a messy situation is to seek a quick but reclusive settlement with a friendly law firm."

While legal fees are typically low in derivative suits, there have been a handful of cases where plaintiffs' lawyers walked away with millions.

Lawyers who filed a derivative suit involving accusations of insider trading by Lawrence J. Ellison, the chief executive of Oracle, received more than $22 million in fees and expenses for brokering an unusual settlement, which included Mr. Ellison making a $100 million contribution to charity.

Kevin M. LaCroix, a director of OakBridge Insurance Services, which sells executive liability insurance to corporations, remarked: "Whereas historically there would be no expectations for large, shareholder-derivative settlements, clearly something has changed in the last 24 months. There may be the opportunity in some of the more egregious cases of option backdating for lawyers to get a larger amount of money in a settlement."

Part of the growing interest in derivative suits may result from the fact that business, and fees, are down. Securities class-action lawsuit filings have fallen 31 percent from last year's pace, according to a midyear report released late in July by the Securities Class Action Clearinghouse at Stanford University Law School, in cooperation with Cornerstone Research.

The study, which did not include derivative lawsuits, said the number of class-action filings — 61 new cases — was the lowest in 10 years. Lawyers expect few additional class-action suits resulting from the matter of stock options, mostly because much of the backdating in question occurred in the early- or mid-1990's, and the statute of limitations might have run out.

Also, said Melvyn I. Weiss, a founding partner of the firm of Milberg Weiss Bershad & Schulman, to file a federal class-action suit, lawyers have to show that shareholders lost money as a result of the backdating.

"A lot of these stocks aren't reacting with big drops in price," Mr. Weiss said. "Or, if they drop initially, they come back over a short period of time."

Milberg Weiss, which has been a leading force in securities litigation, is operating under a cloud since it and two of its name partners were indicted in May and accused of secretly paying plaintiffs. Mr. Weiss said the firm was currently involved in only one derivative action against a company accused of manipulating option grants.

Gaining traction in derivative suits is not easy, lawyers said, as suits can be sidetracked by the company, or by the court.

Four plaintiffs and their lawyers reached a settlement more than three weeks ago with directors of Brocade Communications Systems, only to run into problems in getting approval by the federal judge overseeing the case.

Brocade's directors had agreed with the plaintiffs and their lawyers to corporate governance changes and a payment of $525,000 in legal fees. (The former chief executive, Gregory L. Reyes, was not included in the settlement.)

But Judge Charles R. Breyer, in San Francisco, criticized the settlement when it was presented to him.

"You have item after item after item of malfeasance by all these defendants — then it's sort of a Roseannadanna situation: 'Oh, never mind,' " Judge Breyer told lawyers at a hearing. "You haven't presented to me anything other than the lawyers' saying we think this is a good deal."

The group said it planned to present more details of the settlement to the judge in mid-September and seek his approval then.

One lawyer involved in the proposed Brocade settlement said the group had proposed meaningful corporate governance changes for company directors, attributing criticisms of the settlement to competition in the industry.

"The goal of a derivative action is not the lawyer's personal greed being satisfied," said William Federman, a lawyer in Oklahoma City whose firm is also involved in a dozen other derivative suits involving accusations of options backdating. "A lot of these law firms, particularly the younger ones that have no trial experience, may not realize that who they represent is the corporation and the result is supposed to be fair."

Mr. Federman added, "The firms are competing more over their own attorney fees than actually trying to do something that benefits the corporation."

CRIMINAL LAW:

Thursday, Capital Grille; Friday, Federal Court (WP)

By Dana Hedgpeth, Washington Post Staff Writer

The Washington Post, September 4, 2006

Did Developer Go Past Where Politics and Money Legally Intersect?

Douglas Jemal swept into the Capital Grille as usual on a recent Thursday night, knocking back Ketel One vodka on the rocks with a lime, hugging and back-slapping half a dozen men gathered at the bar.

This is a landscape where politics and money intersect. Where Jemal, a wealthy developer, drinks and dines. Cigar smoke swirls above cufflinks and cleavage. A bison head hangs on the dark, paneled walls. Thick, aged steaks are stacked behind glass in a walk-in refrigerator.

Jemal is a Thursday night regular, and his routine appears undisturbed by the corruption trial he is facing, though jury selection in federal court is only days away, scheduled to begin Friday.

At the peak of a colorful and successful career, the 63-year-old developer is accused of crossing the line between making friends and buying favors, giving gifts to a mid-level District bureaucrat as part of a scheme to get favorable government contracts for his company.

Jemal's charges include bribery, conspiracy, and mail and wire fraud. The bribery count alone carries up to a 15-year sentence. On trial with him are his son Norman and Blake Esherick, both of whom line up tenants and manage his properties. All three defendants deny the charges.

Jemal's defense is that he and his business associates gave gifts to Michael A. Lorusso, the former deputy director of the city's Office of Property Management who worked with leasing contracts but denies that they were meant to influence him. His only crime was picking a bad friend, other friends say. A former amateur boxer, Jemal says he will fight, as he always has.

"How many guys come from the street and get to the level I am? How many?" Jemal said, his voice rising slightly. "I wore 'em down because I didn't give up."

And, he said, he's simply a generous guy. He once bought a pair of cowboy boots for a cabdriver in Dallas.Jemal in Washington

Jemal -- 5 feet 11 1/2 inches tall, 185 pounds, shaved head -- is a distinctive presence. At the Capital Grille, at 6th and Pennsylvania Avenue NW, he wades through the heart of knotted-tie Washington wearing jeans and cowboy boots.

He's known for picking up the tab. He treats the occasional passerby. The two pairs of cowboy boots costing more than $1,000, the flights to Las Vegas and Florida, the Rolex, sports tickets -- the things he and his associates bought for Lorusso -- were gifts, Jemal says, requiring no payback in his world.

He made a name for himself in Washington in 1991 when he bought the Park & Shop, a retail strip in Cleveland Park, invested millions of dollars to fix it up, then sold it. Later, he bought the Woodward & Lothrop building at 10th and F streets NW and helped lure clothing retailer H&M and West Elm furniture there.

A high school dropout from Brooklyn, Jemal made his money in retail and electronics businesses -- and as founder and president of Douglas Development Corp. These days he keeps a wine locker at the Capital Grille. They cost $500 a year, and there's a two-year wait for one. One black-lettered, gold-plated sign reads "Douglas Jemal." Another says "F. Sinatra," one patron's tribute to the entertainer.

One recent Thursday, Jemal sat at his usual spot in a curved booth in the back of the place. He and his guests ate from a silver plate stacked with lamb chops and rib-eye steaks, served family style, and drank a 2002 Cabernet Syrah.

Shrewd, admired for his business acumen, criticized for cursing what can seem like every other word, feared for his occasional temper, Jemal commands attention.

"This trial will be watched by everybody," said Richard Bradley, executive director of the Downtown Business Improvement District. "He's larger than life compared with most of the people in the field. He was a pioneer in parts of the city, and he's very much respected, liked and appreciated. People will watch this very closely."

Robert A. Peck, the former president of the Greater Washington Board of Trade who is now a senior vice president at real estate services firm Staubach Co., said: "Jemal is a unique personality. He's a risk-taking real estate guy who was in marginal neighborhoods before they turned hot.

"I think a lot of people wish him well, and there's a lot of curiosity about how this is going to come out."

Jemal is a builder and a manager of 10 million square feet of office, retail, commercial and residential properties in 185 buildings in the region. He plans to redevelop land he owns on the banks of the Anacostia River in Southeast, hoping to echo Baltimore's Inner Harbor, and wants to redevelop the car-repair garages and abandoned rowhouses on a stretch of New York Avenue NW near the convention center. He has London architect Norman Foster working on designs to redevelop the shuttered Uline Arena near Union Station in Northeast.The Trial

When he announced Jemal's indictment last fall, U.S. Attorney Kenneth L. Wainstein said, "To those who do business with the government it shows that the honest services of our public servants are not up for sale." At the same time, Mayor Anthony A. Williams (D), a longtime supporter of Jemal's, issued a statement encouraging Wainstein to "aggressively root out corruption anywhere he finds it."

Jemal has long been controversial. He has been sued by contractors who accused him of lateness and not paying bills for construction materials and other services. They say he keeps sloppy paperwork, making it hard to bill and collect from him. He disputes the charges but agrees that his back-of-the-house bookkeeping isn't always neat and orderly. Others credit him with saving historic facades and admire how he calculates in his head what his returns will be and makes deals with a handshake.

"Why am I successful?" Jemal said. "Because I'm a [favorite expletive deleted] daredevil."

Jemal is being defended by white-collar-crime lawyer Reid H. Weingarten, whose clients have included defendants in the scandals at Enron Corp., Rite Aid Corp., Tyco International Ltd. and WorldCom Inc. Weingarten recently defended a Naval

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Academy midshipman accused of rape. Earlier, as a prosecutor, he was involved in the case of an official who was accused of lying to Congress in the Iran-contra investigation.

Jemal, his son and Esherick have a defense team of at least seven lawyers. They are not saying whether Jemal will testify in the trial, which is expected to last four to six weeks. They are expected to call to the stand city officials, real estate brokers familiar with the deals and community leaders.

In 2003, the D.C. Council investigated Jemal's ties to Lorusso, who had broad influence in deciding which properties the city leased and bought. In those hearings, Jemal testified but invoked his right against self-incrimination 23 times. Lorusso was fired from his city job in 2003, pleaded guilty in 2004 and agreed to help prosecutors. Assistant U.S. Attorney Mark H. Dubester, the lead prosecutor, has successfully prosecuted several fraud and conspiracy cases, including the conviction of a former D.C. school board member for theft and tax evasion.

Lorusso brokered several deals with Jemal's company starting in 2001 that prosecutors allege involved criminal activity. In one of them, they say, Lorusso pushed the city to rent an impoundment lot on Addison Road in Prince George's County for $998,000 a year. Jemal owned the lot.

Lorusso also allegedly tried to get the city to sign off on a deal to pay Jemal's company $12.5 million for the impoundment lot even after an appraiser told him it was worth much less, prosecutors say. Another part of the deal involved selling a historic city firehouse on Massachusetts Avenue NW to Jemal's company.

In another case, Lorusso pushed the city to enter into leases for more than $100 million over 10 years to rent space for offices at 77 P St. NE, an old brick building near New York and Florida avenues NE that Jemal renovated. Prosecutors say Lorusso arranged for the city to pay Jemal's company $1.5 million in unwarranted invoices.

"I take no glee in another person's misfortune, but I know I did my job in uncovering this scandal," said D.C. Council member Jim Graham (D-Ward 1), who held 63 hours of hearings on Jemal's ties to Lorusso. "What we now have is a whole different realm. All of the civil issues are resolved. You can commit a wrongdoing and that doesn't constitute a crime. This is up to the jury and the judge to decide."

Jemal has paid to resolve his financial disagreements with the city over leases at 77 P St. NE, according to Graham.Jemal's Projects

Far from slowing down after his indictment, Jemal has been working as hard as ever, building on his early business -- when he made money off hundreds of little properties that people drive by every day -- to more upscale projects.

Even as he is getting ready for trial, he has been quietly negotiating to form a partnership with Bob Carr, his complete opposite. Carr is one of the top executives at the well-established development company his father started, CarrAmerica Realty Corp., which has large, prominent office buildings in downtown. The company recently finished constructing, with Jemal as its partner, the Atlantic building at 9th and F streets NW. Jemal's partnership with Carr, who is likely to bring 20 associates with him, is expected to bring order, credibility and more of an institutional approach to Jemal's sometimes disheveled operations.

"Douglas provides a creative genius and patient money that, when you couple it with Bob's development discipline, it's the perfect marriage," said Raymond A. Ritchey, a major developer and executive vice president of Boston Properties Inc. "The two together may be the odd couple, but it will be an extremely formidable factor in the D.C. development community."

The son of Sephardic Jewish immigrants -- his father was an Egyptian who imported and exported linens and his mother was Syrian -- Jemal left school at 15. He worked as a busboy at a seafood restaurant in Long Branch, N.J., and unloaded trucks at a store that sold beach towels and sandals along the Asbury Park Boardwalk in New Jersey.

He came to Washington in 1966, two years after he got married, and opened Bargaintown D.C., a five-and-dime store where the Verizon Center now sits. Jemal had to close that store to make way for the Metro, he said, and later he opened his own electronics and records stores in the District. He then got into his family's New York-based electronics business, The Wiz -- known for its slogan, "Nobody Beats the Wiz." Jemal ran about a dozen stores in the Washington area and sold his part of the business shortly before the chain went bankrupt. He got his start in real estate in the early 1980s.

Jemal didn't shun rundown properties. "I was in Shaw when the devil wouldn't even pray in church basements there," he said.

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He bought the former Wonder Bread Bakery on Georgia Avenue NW, turned it into office and retail space, and sold it a few years later to Howard University for $18 million. When few others were gambling on downtown, Jemal bought rundown storefronts near the Verizon Center site and renovated them. Although his critics complain about the quality of the restaurants, he got major national chains and office tenants to sign leases for the space.

"I have one word when I think of his name: guts," said Monty Hoffman, a major D.C. developer. "He went into areas nobody else would. He didn't overanalyze anything. He treats real estate like a commodity. He'd go forward with deals and figure the rest out later because he's got a maverick style. He continues to roll again and again."

Jemal drives a black Ford F-350 pickup truck to his office in a building he renovated on H Street NW near the Verizon Center. Nearly every inch of wall space in his office is plastered with old black-and-white pictures of the city, antiques and parts he's pulled from old buildings.

He is partial to his Harley, fast cars and a boat that he keeps at his house in Annapolis on the Severn River. He also keeps an apartment in one of his historically renovated buildings downtown. His wife, Joyce, lives in New York and New Jersey, according to his friends, who say the two have an understanding to live apart.

They have four daughters and two sons, aged 40 to 19. Most Friday nights, friends say, he drives his truck to spend the weekend with his wife and have Sabbath dinner, returning to Washington Sunday night or Monday morning.

At his "clubhouse," as he calls the Capital Grille, Jemal contemplated his trial.

"Getting indicted is an education," Jemal said. "It's the ultimate, ultimate shooting-it-all."

House Of Horrors (USNEWS)

By Danielle Knight

U.S. News and World Report, September 4, 2006

Congress returns to work this week, but the August recess was no picnic for most lawmakers. These are not exactly the best of times, especially for the Republicans. Sure, they control the House and the Senate, but to say they got an earful back home these past few weeks would be an understatement: Recent polls show that just about 1 in 4 Americans believes Congress is doing a good job.

To make matters worse, more than a few members are facing trouble with the law. The corruption scandal surrounding lobbyist Jack Abramoff has already ensnared former staffers of former House Whip Tom DeLay and embattled Ohio Rep. Bob Ney. Prosecutors are focusing hard on Ney, who denies wrongdoing but has decided not to seek re-election. The list goes on. FBI agents found $90,000 cash in the freezer of Rep. William Jefferson, but the Louisiana Democrat says he has done nothing wrong. Former California Rep. Randy "Duke" Cunningham is already doing hard time for bribery, but sources say there are more shoes to drop, with the continuing inquiry very likely to yield further indictments.

You could chalk it all up to greed and bad judgment, but a growing number of current and former lawmakers and congressional scholars say the scandals are symptomatic of something far more serious: a legislative body that seems to have lost its moral compass. The increasing influence of lobbyists and the spiraling cost of campaigns, they say, combined with the growing ideological polarization and entrenched power of incumbents, have created a Congress incapable of legislating honestly and overseeing effectively. Each new scandal generates a brief spasm of reform rhetoric, but few Congress watchers believe enough lawmakers have the stomach to change the way they do business. "Congress has created a climate of total insensitivity to the ethical issues surrounding politics, power, and money," says political scientist Norman Ornstein, coauthor of a new book on the institution. "But I'm not optimistic that we can turn this around in the short term."

Golf and Real Nice Gifts

The spike in scandals parallels the rise in the number of registered lobbyists in Washington, which has more than tripled since 1996, from 10,800 to 32,900 in 2005. That's 61 lobbyists for every single member of Congress. The amount of money lobbyists spend in Washington ballooned from $1.4 billion in 1998 to $2.4 billion last year.

A good chunk of that money goes to gifts and trips for lawmakers and their staff. More than 640 former or current members of Congress on both sides of the aisle have received about $21 million since 2000 in the form of travel around the world at the expense of private organizations. The junket on the tip of everyone's tongue in Washington, of course, is Abramoff's golf outing to

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St. Andrews in Scotland a few summers back with Ney and his staff. Private jets, five-star hotels, it was, even by Washington standards, an eye-popper. But not all that unusual. "When I was on Capitol Hill," Ney's former chief of staff, Neil Volz, testified, "I was given tickets to sporting events, concerts, free food, free meals. In return, I gave preferential treatment to my lobbying buddies."

Rev. Willis May Not Speak At Ryan's Sentencing, Judge Rules (AP)

By Mike Robinson

AP, September 5, 2006

CHICAGO - The father of six children whose death in a Wisconsin expressway tragedy launched the investigation into George Ryan will not be allowed to speak at the former governor's sentencing, a federal judge ruled Friday.

"The court declines to hear the Rev. (Scott) Willis' testimony," U.S. District Judge Rebecca R. Pallmeyer said in a brief ruling.

But she said she "will accept a written submission from him or from any additional witnesses."

Willis' request for a chance to speak at Ryan's sentencing, scheduled for next Wednesday, set up the possibility of an extremely dramatic confrontation at the close of the case.

Willis' six children and his wife Janet were killed in November 1994 on an expressway outside Milwaukee when a part broke off of a truck, slid under the family's van and ripped open the gas tank.

Sparks from the heavy steel dragging on the concrete ignited the gasoline and the van was engulfed in flames.

Prosecutors believe the truck driver had received his license in return for a payoff at the corruption-plagued McCook licensing station when Ryan was secretary of state. They say thousands of bribe dollars from McCook and other licensing stations ended up in Ryan's campaign fund.

Ryan also allegedly approved the dismantling of the secretary of state's inspector general's office to block fundraising investigations.

The 72-year-old former governor was convicted April 18 of racketeering, mail fraud, tax fraud and lying to FBI agents. He maintains he did nothing illegal and is not responsible for the Willis tragedy.

Willis Father Won't Testify (CHIT)

By Rudolph Bush, Tribune Staff Reporter

Chicago Tribune, September 5, 2006

Ryan case judge lets dad who lost 6 kids tell views in a letter

When former Gov. George Ryan is sentenced next week, Rev. Duane "Scott" Willis won't be permitted to testify before a federal judge about the deaths of his six children.

In a brief written ruling issued Friday, U.S. District Judge Rebecca Pallmeyer declined to hear Willis' testimony about the connection between his children's deaths in 1994 and corruption in the office of then-Secretary of State Ryan.

Pallmeyer stated she will accept a letter from Willis. She did not provide any explanation for her decision.

Since Ryan's corruption conviction in April, Willis has quietly expressed an interest in attending the sentencing hearing and having some input. On Thursday, prosecutors requested that he be permitted to testify, drawing an objection from Ryan's attorneys.

Reached Friday at his Tennessee home, Willis declined to comment.

His longtime attorney, Joe Power, was stoic about the decision. "That's her role as judge," Power said. "She's decided she doesn't want to hear his testimony. He'll just have to express his thoughts by letter."

Meanwhile, prosecutors filed a paper Friday with the court that stated for the first time publicly that Ryan faces a range of 8 to 10 years in prison at sentencing.

Pallmeyer has the final say on Ryan's sentence, but judges are required to strongly consider sentencing within the prescribed range.

Assistant U.S. Atty. Patrick Collins called on Pallmeyer to hew to that range, deriding Ryan's request to receive no more than 2 1/2 years in prison.

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Neither Ryan nor his co-defendant Lawrence Warner "has expressed any acknowledgment of wrongdoing," Collins wrote.

It would be unfair, Collins argued, for Ryan to receive a lesser sentence than his former right-hand man, Scott Fawell.

Fawell is serving a 6 1/2-year sentence for diverting state employees and resources to political campaigns.

"Fawell's criminal conduct, as extensive as it was, was the outgrowth of a corrupt scheme initiated and condoned by Ryan. Ryan effectively `trained' Fawell in how to cheat the state," Collins wrote.

Defense attorneys have said Ryan, 72, is too old to endure years in prison. Collins argued that in white-collar criminal cases, defendants often are older.

And while his family is sure to suffer from his imprisonment, "this case is, unfortunately, quite unremarkable from the hundreds of cases in which the court has pronounced sentence," Collins wrote.

Ryan's attorneys argued Thursday that Ryan and his wife, Lura Lynn, are in ill health. The state's former first lady relies heavily on her husband for day-to-day chores.

They said any sentence beyond 30 months would amount to taking away the last healthy years of Ryan's life.

The defense is also seeking bail that, if granted, would keep Ryan free pending appeal. Prosecutors have asked the judge for additional time to respond in writing to the request.

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rrbush@tribune.com

Willis Not Allowed To Testify At Ryan Sentencing (CHIST)

By ABDON M. PALLASCH, Legal Affairs Reporter

Chicago Sun-Times, September 2, 2006

The Rev. Scott Willis will not be allowed to testify in court Wednesday about why he thinks former Gov. George Ryan deserves some blame for the accident that killed six of Willis' children in 1994.

Ryan and co-defendant Lawrence Warner are to be sentenced that day for convictions on 22 counts between them for Ryan accepting gifts from Warner and others for Ryan and his family. Ryan was convicted of giving out lucrative leases and contracts to Warner and others in exchange.

The graft started when Ryan was Illinois secretary of state and drivers such as Ricardo Guzman got commercial driver's licenses they were not qualified for by giving bribes that ended up in Ryan's political campaigns.

With his poor English, Guzman did not understand warnings about a piece of metal that was falling off his truck. That metal pierced Willis' gas tank, causing the explosion that killed the six children on a Wisconsin highway.

But Ryan was never directly charged with having a role in the children's death, so U.S. District Judge Rebecca Pallmeyer agreed with Ryan's lawyers that the tragedy should not be mentioned at the trial lest it "unfairly prejudice" jurors against him. Prosecutors on Thursday asked Pallmeyer to allow Willis to speak at the sentencing hearing, but she ruled Friday that she would accept only written testimony from him.

'Arrogance and greed'

Also Friday, prosecutors urged Pallmeyer to sentence Ryan to the maximum amount of time in prison or higher because of the "arrogance and greed" and lack of acknowledgment or remorse they say Ryan and Warner have shown for their acts.

Ryan's lawyers are seeking 2-1/2 years in prison instead of the eight to 10 years recommended by the U.S. Probation Service. Prosecutors say 10 years should be the bare minimum.

Could get 20 years

"It would create an unreasonable sentencing disparity if Ryan, an elected constitutional officer holding the highest office in the state, received a lesser sentence than the [61/2 years] imposed by this court on his right-hand man, Scott Fawell, who typically acted at Ryan's direction . . . and did not financially gain to the extent of Ryan, his family and his friends," prosecutors wrote.

Ryan's attorneys ask that he be able to stay out of prison on bond while they appeal his conviction. Prosecutors Friday asked for time to object to that request.

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The probation service recommends 3-1/2 to four years in prison for Warner. But Pallmeyer is free to ignore all of the recommendations and impose a sentence up to 20 years for both men.

Suspected Cop Killer Sought In N.Y. (USAT)

By Larry Copeland

USA Today, September 5, 2006

Hundreds of law enforcement officers scoured the woods of western New York on Monday for a man suspected of shooting two state troopers last week, killing one.

Trooper Joseph Longobardo, 32 and a father of one, died at a Buffalo hospital Sunday, State Police Superintendent Wayne Bennett said.

Longobardo was shot in rural Pomfret, N.Y., on Thursday while staking out the property of a former girlfriend of fugitive Ralph "Bucky" Phillips, 44, who has been on the run since April 2 when he used a can opener to break out of jail in nearby Erie County, Pa.

"You can run but you can't hide," Bennett said in a message to Phillips. "Sooner or later, I don't care how good you are, we will find you."

The second trooper, Donald Baker Jr., 38, was struck in the back by a bullet that pierced his bullet-resistant vest and was in serious condition.

Rebecca Gibbons, spokeswoman for Troop A in Fredonia, said 140 state troopers per shift and federal, state and local officers were searching for Phillips in one of the largest manhunts in New York history.

The dragnet echoes the intensive search for Atlanta Olympics bomber Eric Rudolph, a survivalist who eluded authorities for more than five years in the woods and mountains of his native North Carolina. Rudolph is serving life in prison without parole.

Gibbons said she didn't know if Phillips had survival training. "He did grow up in this area," she said. "It's a wooded, densely vegetated area. He's familiar with the streams, rivers and lakes. He's … been getting help from people. We think that's why he's staying in this area."

Phillips was serving time for burglary when he escaped from jail with four days left on his sentence.

The Flameout Of The Plame Game (WT)

By Rowan Scarborough

The Washington Times, September 5, 2006

The expectation on the left that the Valerie Plame affair would blossom into another Watergate, bringing down a second Republican presidency, has fizzled.

Liberals expected that convictions of one or more persons in the Bush administration for leaking or confirming to columnist Robert Novak that Mrs. Plame, the wife of Bush critic Joseph C. Wilson IV, was an undercover CIA operative. Echoing Mr. Wilson's claims, prominent liberals and leftists, most of them in the press, accused the White House of orchestrating a smear, and sought to drive Karl Rove either out of office or into prison, or both.

Three years on, none of that has happened, and the "scandal" is played out.

Special Counsel Patrick J. Fitzgerald, urged on by the pundits and the mainstream press, delved into the city's culture of reporters and their confidential sources. He issued subpoenas for all types of e-mails and documents to find out which Bush administration officials were talking to which reporters. He threatened reporters with jail -- and imprisoned one of them -- which may have set a precedent for future prosecutors to compel reporters to disclose their confidential sources.

But in the end, the exhaustive investigation produced no criminal charges against any official for leaking Mrs. Plame's name in violation of the 1982 Intelligence Identities Protection Act. Moreover, it has recently emerged that the official who first revealed her name to Mr. Novak, for a July 2003 column, was not a White House official, but Richard Armitage, who was deputy secretary of state to Colin L. Powell.

Rather than being part of a smear, Mr. Armitage mentioned her name, in response to a Novak question, as the person who got her husband sent to Niger on a 2002 CIA mission on reports of Saddam Hussein's Iraq trying to acquire uranium. Mr. Armitage, now in private business, had never publicly acknowledged his role in the previous three years.

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Mr. Novak recently wrote, "After the federal investigation was announced, he told me through a third party that the disclosure was inadvertent on his part."

Hopes shattered

David Corn, the Washington correspondent for the left-wing Nation magazine, was one of the first columnists to suggest that the Plame matter was a scandal, orchestrated to punish critics of the Iraq war.

"Did senior Bush officials blow the cover of a U.S. intelligence officer working covertly in a field of vital importance to national security -- and break the law -- in order to strike at a Bush administration critic and intimidate others?" Mr. Corn asked in the Nation two days after the Novak column appeared. "It sure looks that way, if conservative journalist Bob Novak can be trusted."

Last week, Mr. Corn, co-author of a new book that revealed Mr. Armitage as Mr. Novak's original source, took a different view, acknowledging Mr. Armitage's reputation as an "inveterate gossip" rather than a partisan hit man.

"The outing of Armitage does change the contours of the leak case," he wrote in the Nation. "The initial leaker was not plotting vengeance. He and Powell had not been gung-ho supporters of the war. Yet Bush backers cannot claim the leak was merely an innocent slip. Rove confirmed the classified information to Novak and then leaked it himself as part of an effort to undermine a White House critic."

Internet bloggers wrote hopefully of many indictments. One blogger even reported that Mr. Rove had been indicted, which he had not. Tom Matzzie, Washington director of the leftist MoveOn.org wrote in July 2005, "This conspiracy clearly reaches into the highest levels of our government. This could be among the worst presidential scandals in our history. ... Again, we call on the president to keep his promise and fire Karl Rove. How long will the cover-up continue?"

Democratic National Committee Chairman Howard Dean likened the scandal to Watergate, which brought down President Richard Nixon.

"This is like Watergate," he said in November. The deed was done and then the cover-up came with [former vice-presidential aide I. Lewis] "Scooter" Libby being charged with the cover-up because that's an easier charge to prove, but the truth is, had the president not misled the American people about the war, this wouldn't have happened. They got in trouble when they tried to discredit people telling the truth like Joe Wilson."

Stacie Paxton, a spokesman for the committee, argues now that the Armitage disclosure does not vindicate the White House of misconduct. "Nothing changes the fact that the White House had an Iraq working group whose sole purpose was to sell the war, that Karl Rove leaked the name of a covert secret CIA agent in a time of war and still has a security clearance. Nor does it change the fact that George Bush said he would fire anyone who would release classified information, and he did nothing."

The motive

Another facet of the Plame affair also has become clearer: the motive. Nearly all the accounts in the mainstream press quoted Mr. Wilson as saying the leak was an attempt to punish him and his wife. Few other explanations were offered.

Why were Mr. Armitage, Mr. Rove and others talking about Mrs. Plame? Rather than a smear, the mentioning of Mrs. Plame's name now appears to have been an attempt to set the record straight on this issue: how it came about that Mr. Wilson, a Bush critic who later joined Sen. John Kerry's campaign and who was not a trained intelligence investigator, was chosen by the CIA to travel to Niger to investigate an important question for the administration as it planned to go to war in Iraq.

The question: Did Baghdad approach Niger about buying yellowcake, a refined uranium that can be further processed into weapons-grade material?

Mr. Wilson said he found no such evidence and went public with his findings in summer 2003. In an op-ed essay in the New York Times on July 6, 2003, he disclosed his CIA mission and said he found no evidence of a deal.

To some, the column left the impression that he was on a mission for the vice president. His aim was to chastise the president for citing a British intelligence report in his January 2003 State of the Union address about a possible Niger-Iraq connection.

He wrote, "In February 2002, I was informed by officials at the Central Intelligence Agency that Vice President Dick Cheney's office had questions about a particular intelligence report. ... The agency official asked if I would travel to Niger to check out the story so they could provide a response to the vice president's office."

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Mr. Wilson had first revealed his trip to Niger to New York Times columnist Nicholas Kristof. Mr. Kristof wrote a May 6, 2003, column that said, "I'm told by a person involved in the Niger caper that more than a year ago the vice president's office asked for an investigation of the uranium deal, so a former U.S. ambassador to Africa was dispatched to Niger."

Mr. Wilson's op-ed prompted questions from reporters, including Mr. Novak, on why Mr. Wilson had been sent. Mr. Novak wrote a July 14, 2003, column that reported that Mrs. Plame was instrumental in obtaining the assignment for her husband.

Actually, neither the White House nor the office of CIA Director George J. Tenet knew of the trip. When the White House, seeking to contain damage, inquired how Mr. Wilson was chosen for the assignment, the CIA said that Mrs. Plame, who worked in a counterproliferation office, had recommended him. This version of how he got the job was later confirmed in 2004 in a report by the Senate Intelligence Committee.

Breaking his silence in July, Mr. Novak told Fox News Channel's Brit Hume that he had an hourlong interview with his initial source, now known to be Mr. Armitage, and asked questions about the Niger mission.

Mr. Novak told Mr. Hume, "In the course of that interview, I said, 'Why would they send Joe Wilson to Niger? Why would the CIA send him there? He's not a CIA agent. He is not anybody who knows Niger that well; he served there a long time ago.' He said his wife worked in the Office of Nuclear Proliferation at the CIA, and she suggested he go."

Mr. Novak said he then called Mr. Rove to talk about the Niger trip. Mr. Novak, not Mr. Rove, brought up the issue of his wife getting him the trip.

"I called him about the mission to Niger, but in the course of asking about the mission to Niger, I said, 'I understand that his wife works at the CIA and she initiated the mission,'" Mr. Novak told Fox News. Mr. Rove answered, "You know that, too?" Mr. Novak said Mr. Rove never belittled or criticized Mr. Wilson.

Other reporters

Another reporter on the case was Matthew Cooper, then of Time magazine. Mr. Cooper, in a dispatch for Time in July 2005 recounting his grand jury testimony (which is perfectly legal), said that after Mr. Wilson's op-ed appeared in the New York Times, but before Mr. Novak's column, he telephoned Mr. Rove and asked him about the Niger trip.

He said Mr. Rove discounted the importance of Mr. Wilson's findings and said that his wife at the CIA, not the White House, got the assignment for him. He said Mr. Rove never mentioned her name or that she was a covert officer.

Mr. Cooper wrote that he later talked to Mr. Libby, Mr. Cheney's chief of staff. Mr. Libby has been charged with lying to Mr. Fitzgerald's grand jury in testimony about the leak, but not for the leak itself.

Mr. Cooper said he brought up Mr. Wilson's wife's role in the Niger trip and Mr. Libby replied: "Yeah, I've heard that, too."

Judith Miller of the New York Times is the third reporter known to have discussed Mrs. Plame with an administration official, in this case, Mr. Libby. She initiated an interview to ask why no large stocks of weapons of mass destruction had been found in Iraq. They had two subsequent meetings. She later wrote in the New York Times that Mr. Libby mentioned Mr. Wilson's wife briefly, but did not think that Mr. Libby divulged the name.

Most of the discussion on Mr. Wilson centered on Mr. Libby's criticizing his post-Niger trip report as inadequate and complaining about CIA leaks to discredit Mr. Bush. She never wrote a story.

An early newspaper story asserted that two White House officials actively contacted six Washington reporters to reveal Mrs. Plame's identify and that she worked at the CIA. This was accepted as fact by liberal bloggers. There is no mention of these events in the Libby indictment, which summarizes the incident. But Mr. Novak, Mrs. Miller and Mr. Cooper said they initiated the contacts with administration officials -- not the other way around.

Bob Woodward of The Washington Post later said he, too, heard Mrs. Plame's name from "a person," later reported elsewhere to be Mr. Armitage. Mr. Woodward dismissed the incident as mere gossip, not a smear.

All available evidence now suggests that the White House was blindsided by news of the Wilson trip and sought answers from the CIA on how it came to be. Several Bush officials talked of Mrs. Plame for the purpose of disabusing reporters of the idea the White House authorized Mr. Wilson to go to Niger.

Although officials should not have mentioned Mr. Wilson's wife, since she was in the clandestine service, Mr. Fitzgerald did not find sufficient evidence that officials knowingly revealed her name to expose her position, as legal charges would require.

The Plame role

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In July, on the third anniversary of the Novak column, Mr. Wilson, his wife, and attorney Christopher Wolf held a press conference to announce a civil suit against Mr. Rove, Mr. Libby and Mr. Cheney.

Mr. Wilson had written a best-selling book, appeared on TV frequently and called for Mr. Rove to be driven from the White House. He and his wife, her face concealed, had posed in a provocative Vanity Fair photograph. But Mrs. Plame was now outed in full. She blamed the White House for ending her CIA career by "blowing her cover."

"I and my former CIA colleague trusted our government to protect us as we did our jobs," she said. "That a few reckless individuals within the current administration betrayed that trust has been a grave disappointment to every patriotic American."

The trio took questions, none of which touched on the fact that a 2004 report cast doubt on some of Mr. Wilson's claims.

In 2003-04, the Senate Intelligence Committee spent considerable time investigating why the CIA got the intelligence wrong on Iraq. As part of that mandate, staffers delved into the Niger mission.

First, it reported that, despite Mr. Wilson's denials, he did get the Niger assignment because of his wife. When her unit, the Counterproliferation Division, got word that Mr. Cheney wanted the yellowcake report investigated, Mrs. Plame recommended him to her boss, and she put it in writing.

The committee, which wrote a bipartisan report, turned up a memo to her superior which said, "My husband has good relations with both the [prime minister] and the former minister of mines (not to mention lots of French contacts), both of whom could possibly shed light on this sort of activity." The report said that the next day her unit arranged for Mr. Wilson's trip to Niger.

She approached her husband with the remark that "there's this crazy report" on a deal for Niger to sell uranium to Iraq. Niger had sold yellowcake to Saddam two decades ago, and some of it was still in Iraq when U.S. troops arrived in the Gulf war in 2003.

The Senate investigators reported that Mr. Wilson did, in fact, find evidence that an Iraqi overture to buy yellowcake may have occurred. To Republicans, this meant Mr. Wilson's op-ed in the New York Times -- the essay that triggered the whole affair -- was inaccurate, just as Mr. Libby contended to Mrs. Miller that it was.

In an addendum to the bipartisan report, Intelligence Committee Chairman Pat Roberts, Kansas Republican, wrote that "public comments from the former ambassador, such as comments that his report 'debunked' the Niger-Iraq uranium story, were incorrect and have led to a distortion in the press and in the public's understanding of the facts surrounding the Niger-Iraq uranium story. The committee found that, for most analysts, the former ambassador's report lent more credibility, not less, to the reported Niger-Iraq uranium deal."

Wilson at fault

The Wilsons are now represented by Citizens for Responsibility and Ethics in Washington. Melanie Sloan, executive director and a former Democratic Senate and House staffer, said in an e-mail to The Washington Times it's wrong to infer that Mr. Wilson was sent to Niger on the suggestion of his wife. The Senate report "clearly indicates that the CIA decided to send Wilson to Niger."

Ms. Sloan said the Armitage disclosure does not affect the Wilson lawsuit, "which is premised on the deliberate and unlawful actions of top White House officials to publicly discredit Mr. Wilson and retaliate against him by deliberately disclosing the classified identity of Ms. Wilson. Mr. Armitage's conduct in no way alters the fact that VP Cheney, Mr. Libby and Mr. Rove were engaged in a concerted effort to violate the rights of Mr. and Mrs. Wilson and they should be held accountable for their actions."

Perhaps the biggest remaining question is why Mr. Armitage -- and his boss, Mr. Powell -- stayed silent about the inadvertent Armitage leak of Mrs. Plame's name while the administration was pilloried in the press and key Bush-Cheney staffers ran up hundreds of thousands of dollars in legal bills.

At the end of the affair, some liberal voices concede the fizzle. In an editorial last week, The Washington Post observed that "It now appears that the person most responsible for the end of Ms. Plame's CIA career is Mr. Wilson. Mr. Wilson chose to go public with an explosive charge, claiming -- falsely, as it turned out -- that he had debunked reports of Iraqi uranium-shopping in Niger and that his report had circulated to senior administration officials. He ought to have expected that both those officials and journalists such as Mr. Novak would ask why a retired ambassador would have been sent on such a mission and that the answer would point to his wife. He diverted responsibility from himself and his false charges by claiming that President Bush's closest aides had engaged in an illegal conspiracy. It's unfortunate that so many people took him seriously."

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The Plame Blame Game (LAT)

The Los Angeles Times, September 5, 2006

THE VALERIE PLAME AFFAIR, which once seemed like a political morality play, has morphed into a dark comedy of errors. One more scene remains to be enacted — the criminal trial of I. Lewis "Scooter" Libby, a former aide to Vice President Dick Cheney — but it would have been better for all concerned if the curtain had been brought down on this drama long ago.

Last week it was revealed that former Deputy Secretary of State Richard L. Armitage, not a White House political operative, was Robert Novak's primary source for his now infamous July 2003 syndicated column about a fact-finding mission to Africa by former Ambassador Joseph C. Wilson IV. In that column Novak cited "two administration officials" who had told him that Wilson's wife, a CIA operative named Valerie Plame, had suggested sending Wilson to Niger to determine if that nation had supplied uranium to Saddam Hussein.

Wilson complained that this "outing" of his wife was retaliation for an Op-Ed column he wrote casting doubt on the Niger-Iraq connection, which despite Wilson's skepticism found its way into President Bush's 2003 State of the Union address.

Critics jumped — it wasn't much of a jump, given the administration's sensitivity to criticism — to the conclusion that the exposure of Plame was carefully plotted at the highest levels. The plot thickened when special prosecutor Patrick J. Fitzgerald launched a criminal investigation, bringing Libby and Bush political advisor Karl Rove before a federal grand jury. Eventually, Libby was indicted on charges that he misled the FBI and the grand jury about conversations he had with reporters about Plame.

Libby is facing trial, and Wilson and Plame can continue to argue that there was a coordinated effort to impugn him by bringing her into the controversy over Niger and uranium. But the disclosure that it was Armitage who mentioned Plame's role to Novak — before Rove confirmed it — muddies the story line of a malicious outing of a covert agent. What's more, it seems that Fitzgerald knew of Armitage's role before he initiated the elaborate investigation that eventually resulted in not only the Libby indictment but also the jailing of former New York Times reporter Judith Miller, who had refused to reveal her sources.

Some supporters of the administration are gloating over the disclosure of Armitage's role, suggesting that it shows Fitzgerald was on a witch hunt. Some are demanding a presidential pardon for Libby. That's premature, and it's worth recalling that Libby is accused of something serious: lying to federal investigators. Still, the latest twists and turns in the Plame-Wilson affair make us wish that we had been right when we observed, almost exactly three years ago, that "no one should count on catching the leaker, at least in a legally airtight manner."

Laws Address Dogs' Potential For Danger (USAT)

By Charisse Jones

USA Today, September 5, 2006

The euthanization of more than 200 pit bull dogs in Houston last month has renewed the debate over how communities deal with dogs deemed to be dangerous.

Several state laws and local ordinances that range from increasing penalties for owners of dogs that cause serious injuries to banning pit bulls have been enacted this year.

The Houston Humane Society euthanized more such dogs than ever before, following a ruling Aug. 17 by a justice of the peace in nearby Liberty County.

The humane society's veterinarian had determined that most of the 285 pit bulls seized from a home outside Cleveland, Texas, where they were allegedly bred for dogfights, could not be rehabilitated. The ruling allowed for a few dozen younger dogs to be sold at auction, says Courtney Frank, spokeswoman for the Houston Humane Society.

Frank says the court's action could lead to further vilification of the breed, which has garnered headlines over the years for mauling or killing people.

“Certainly the breed does take a bad rap,” she says. “We were clear to say these animals are vicious — not because they're pit bulls but because they were taught to be that way by people.”

Twenty-seven states and the District of Columbia have provisions for declaring dogs dangerous and vicious, according to the American Society for Prevention of Cruelty to Animals.

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Eleven states — California, Florida, Illinois, Maine, Minnesota, New Jersey, New York, Oklahoma, Pennsylvania, Texas and Virginia — prohibit legislation that targets specific breeds, according to Janna Goodwin of the National Conference of State Legislatures. Ohio is the only state that declares a specific breed — pit bulls — vicious. That law was ruled unconstitutional in March by Ohio's 6th District Court of Appeals in Toledo. The ruling is being appealed to the state Supreme Court.

Cities in Kansas and Missouri have passed or are considering restrictions on the breed after the fatal mauling in July of a woman in Kansas City, Kan., by a pit bull and similar attacks in May against three men in Independence, Mo.

"The cities are where we're seeing the problem," says Ledy VanKavage, an attorney with the ASPCA. "The ASPCA is fully in favor of good, strong generic dangerous dog laws because it is a public safety issue. However, breed-specific laws that paint one breed of dog as devil dogs are ludicrous. … Any dog can bite."

"Pit bulls had constituted the majority of our vicious dog problems, and the number of pit bulls had continued to grow," says Ron Boyer, assistant director of health for Springfield, Mo., where the City Council passed a law in April requiring pit bulls to be registered. "This was prompted in the beginning because of a number of serious attacks we had in Springfield, primarily on small children. … (Now) we have an immediate mechanism to deal with the problem."

Among cities and states that have taken recent action on potentially dangerous dogs:

•Kansas City, Mo. The City Council passed a law last month that will require all pit bulls to be spayed or neutered. Breeders will have to install fencing and document who buys the puppies, says Councilman Bill Skaggs, who supported the measure.

Additionally, 14 more animal control officers will be hired, "and we'll see if we can enforce our dangerous dog ordinances a little better than we have," Skaggs says.

•Overland Park, Kan. The City Council passed a ban on pit bulls in July. Only owners who registered the dogs or applied to do so by July 27 will be allowed to have the pets.

•Illinois. The Legislature passed three laws in May regarding dangerous animals, says Gerardo Cardenas, spokesman for Gov. Rod Blagojevich. Owners could face prison if they allow a vicious dog to run loose, or if they have not enclosed, spayed or neutered an animal that injures or kills someone. Illinois also restricted felons' right to own dangerous dogs. Penalties for attending dogfights also were increased.

"The governor was happy to stand behind those bills to protect people," Cardenas says, "to make owners responsible and give law enforcement and the courts the ability to impose tougher sentences and tougher penalties on those who happen to own these dogs and do nothing to control them or restrain them."

Some lawmakers are troubled by laws that target certain dogs.

"It's ridiculous to cast a net across the state of Ohio on a specific breed," says Ohio state Rep. Shawn Webster, a Republican and veterinarian. "I don't think that genetics plays nearly the role in a dog's behavior that socialization and training play. … There are also situations in Ohio where pit bulls are great family pets."

Thomas Skeldon, dog warden for Lucas County, Ohio, says pit bulls aren't "the only dog that bites. But when they do, they're equipped to do a lot of damage in a hurry."

CIVIL LAW:

Judge Shelves Efforts By Airbus To Disqualify Boeing's Lawyers (WSJ)

By Rebecca Christie

The Wall Street Journal, September 5, 2006

WASHINGTON -- A District of Columbia Superior Court judge has shelved efforts by Airbus to disqualify Boeing Co. lawyers from working on a contentious trade dispute.

Judge Leonard Braman threw out half of the Airbus complaint at an Aug. 17 hearing. He put the other half on hold, pending developments in World Trade Organization litigation.

Airbus, which is 80% controlled by European Aeronautic Defence & Space Co., had filed a complaint against Boeing's use of the Wilmer Cutler Pickering Hale & Dorr LLP law firm on WTO-related work. The complaint said Boeing would have an unfair

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advantage because Wilmer Hale employs former U.S. Trade Rep. Charlene Barshefsky and a former Airbus in-house lawyer named Marco Bronckers, now a partner in Wilmer Hale's Brussels office.

Boeing and Airbus are the subject of a long-running trade dispute over civil-aircraft subsidies. The U.S. wants Europe to stop giving subsidized development loans to Airbus. Europe has countered that the U.S. should acknowledge and curtail tax breaks, research contracts and other government aid to Boeing.

In the August hearing, Judge Braman dismissed the complaint against Ms. Barshefsky. He said Airbus didn't have standing to complain about her involvement with Boeing because the court isn't handling any other aspect of the trade battle. With respect to Mr. Bronckers, Judge Braman said he couldn't consider the complaint unless the WTO rules on whether it will consider pre-1992 aid in the trade battle. Mr. Bronckers stopped working for Airbus before the U.S. and Europe reached a 1992 agreement on civil-aircraft subsidies that was in force until the latest round of trade litigation began.

Boeing and Wilmer Hale declined to comment on the judge's decision. Airbus said it is considering its options for how to proceed.

As of 4 p.m. composite trading Friday on the New York Stock Exchange, Boeing was at $75.43, up 53 cents.

Big Tobacco, Lawless As Ever (WP)

The Washington Post, September 5, 2006

"Even after the Complaint in this action was filed in September 1999, Defendants continued to engage in conduct that is materially indistinguishable from their previous actions, activity that continues to this day. . . . [A]ll Defendants continue to market 'low tar' cigarettes to consumers seeking to reduce their health risks or quit; all Defendants continue to fraudulently deny that they manipulate the nicotine delivery of their cigarettes in order to create and sustain addiction."

SO WROTE U.S. District Judge Gladys Kessler in her lengthy and impressive opinion last month in the federal government's racketeering lawsuit against the tobacco industry. Last week, two events demonstrated the wisdom of this harsh judgment.

First, the Massachusetts Department of Public Health released data showing that nicotine yields from cigarettes rose about 10 percent between 1998 and 2004 -- dramatically supporting Judge Kessler's contention that manipulations of the highly addictive chemical remain business as usual. The data show an increase across companies and largely across brands. The companies have not commented on the data, and the reason for the increase is not entirely clear. Most smokers get the dose of nicotine their addictions require by regulating the depth of their inhalation, by covering vents in the cigarettes or simply by adjusting the number of cigarettes they smoke. So why the companies would need to boost the nicotine level is somewhat mysterious. Perhaps, with modern restrictions making it harder to recruit new smokers, increasing the dose helps retain those already hooked. Perhaps, with indoor smoking restrictions becoming so prevalent and smokers able to light up less often, it is a way of letting smokers get their daily fix from fewer cigarettes. But there's no reason to believe the pattern is accidental. It is serving some purpose, and it goes on with no regulatory agency overseeing or even monitoring it.

The second event was a motion filed by the companies Friday, asking Judge Kessler to clarify that the ban she had slapped on such deceptive cigarette marketing terms as "light" and "low tar" did not apply overseas. The companies filed this brief knowing that the judge had ruled that the use of such terms was part of a massive pattern of fraud and deceit. Yet in a sign of the boundless rapaciousness of these companies in marketing death, they had the temerity to ask her not to apply her order "to sales wholly outside the United States." If we can't continue to defraud Americans into killing themselves, they effectively asked, can we at least keep suggesting to billions of people abroad that some cigarettes are safer than others?

When a distinguished federal judge describes ongoing fraud, prosecutors should prick up their ears. More broadly, the lawlessness of this industry will persist as long as federal policymakers refuse to pass meaningful regulation that defines clear rules under which this deadly product can be made and marketed. As Judge Kessler herself notes, litigation will not ultimately bring this industry to heel. Only legislation can do that.

CIVIL RIGHTS:

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White House Fights Race-Based Admissions Policies (WP)

By Charles Lane

The Washington Post, September 4, 2006

The Bush administration is siding with opponents of public school policies that assign students by race to some K-12 institutions, in the most important affirmative-action-related Supreme Court case since the justices upheld some forms of race-conscious admissions for higher education in 2003.

At issue are programs in Louisville and Seattle, which seek to ensure that the student bodies of public schools reflect the cities' ethnic composition. White parents have challenged the policies in court, arguing that their children were denied admission to their preferred schools because of race.

In briefs filed at the court on Aug. 21, the administration argued that such race-conscious assignment is just as unconstitutional as the racial segregation struck down 52 years ago in Brown v. Board of Education .

"The United States remains deeply committed to [Brown's] objective," Solicitor General Paul D. Clement wrote. "But once the effects of past de jure segregation have been remedied, the path forward does not involve new instances of de jure discrimination."

This year's cases are a crucial application of the court's three-year-old precedent on affirmative action at the University of Michigan, which says selective colleges can use race as a factor in admissions, as long as they give individual applicants holistic consideration and do not award minorities a fixed quantity of extra points.

It is not an exact analogy because the K-12 system of compulsory public education is different from the competitive university admissions process. Also, the two cities have slightly different policies arising from their different histories and demographics.

Louisville, whose school-age population is about one-third African American and two-thirds white, says it is trying to preserve integration achieved between 1975 and 2000, while it was under federal court order to break up its system of officially segregated schools. Under the policy, Louisville tries to keep the share of black students in magnet schools and specialized programs between 15 and 50 percent.

The courts never found Seattle guilty of segregation. Rather, its school officials adopted the current plan in the belief that students learn best in a diverse environment. Seattle's policy applies only to 10 high schools and is intended to counter segregated residential patterns in a multiethnic city of whites, blacks, Asians, Latinos and American Indians.

Students may choose any school in the city. But some Seattle high schools are usually "oversubscribed." If a student's race would tip the racial balance of a particular oversubscribed high school, he or she may be denied admission.

Federal appeals courts have upheld both plans. But the Bush administration's briefs say both violate the Constitution.

In Louisville, the fact that some white students are denied transfers into magnet programs because of their race makes the policy "indistinguishable from a quota," the brief argues. Seattle's plan "unfairly burdens innocent third parties," it says.

Opponents' chances of victory may be strong because of the departure of Sandra Day O'Connor, author of the 2003 opinion, and the addition of Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., both former Reagan administration officials who worked against what they saw as racial quotas.

Justice Anthony M. Kennedy, the court's swing voter, has a strong record of opposition to race-conscious government policies, including a dissenting vote in the 2003 case.

But Kennedy has been known to change his mind. Just in case he may be in play this time around, each Bush brief concludes with a quotation from Kennedy's 2003 dissent, in which he warned against policies that "perpetuate the hostilities that proper consideration of race is designed to avoid."Lost Justice

It is not easy being new at the Supreme Court. O'Connor once wrote of her difficulties figuring out the Supreme Court's case-numbering system. And now Alito admits that there have been times during his first year when he literally did not know where he was.

"The Supreme Court building is one of the most confusing buildings I have ever been in," Alito told the Newark Star-Ledger last week. Wandering the grandiose structure, which is in the midst of a full-scale renovation, he "didn't know where anything was, how to get in or how to get out."

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Alito confessed to difficulties switching on his microphone at oral arguments and to forgetting that it is the junior justice's job to answer the door when the justices gather for conferences. At his first one, someone knocked and, after a pause, Justice Stephen G. Breyer, who was the junior justice for 11 years before Alito came to the court, rose to answer it. Chief Justice John G. Roberts Jr. had to remind Alito to get up.

Alito also revealed that he and his family are holding on to their home in suburban West Caldwell, N.J., while he rents an apartment in Washington. Trends in the real estate market are not necessarily in Alito's favor.

In West Caldwell, the median house price is about $500,000, according to Schweppe Burgdorff Realtors of New Jersey. But comparable areas around Washington are pricier. If the Alitos want to relocate to Chevy Chase, near Roberts (O'Connor, Alito's predecessor, lived there, too), they will face a median price of about $1.1 million, according to the Greater Capital Area Association of Realtors.

As an associate justice, Alito makes $203,000 per year. His most recent financial disclosure form put his assets at more than $665,000, not counting his house. That is not bad for a lifelong federal employee. But he has a son at the University of Virginia (2005-2006 tuition, room, board and fees: $32,000) and a daughter starting at Georgetown (ditto) this fall.

Maybe he can find something in Baltimore.

Inside Politics (WT)

By Greg Pierce

The Washington Times, September 5, 2006

About even

A ballot measure that would scrap many of Michigan's racial preference programs is running about even in a poll released yesterday, with 41 percent of likely voters saying they would approve it and 43 percent opposed.

Sixteen percent had yet to decide how they would vote on the Nov. 7 ballot proposal, called the Michigan Civil Rights Initiative.

Michigan took a prominent role in the national debate over racial preferences in 2003, when the U.S. Supreme Court upheld a general policy of racial preferences in admissions at the University of Michigan Law School but struck down the university's undergraduate racial preferences formula as too rigid because it awarded points based on race.

One of the plaintiffs in the undergraduate admissions lawsuit was Jennifer Gratz, who now serves as executive director of the Michigan Civil Rights Initiative, the Associated Press reports.

The ballot proposal, if approved, would amend the state constitution to ban affirmative action programs that give preferential treatment for public employment, education or contracts based on race, sex, color, ethnicity or national origin.

Favorite target

Two Democrats in New Hampshire lining up support for potential presidential runs took aim at Defense Secretary Donald H. Rumsfeld yesterday.

Former Sen. John Edwards of North Carolina said Mr. Rumsfeld should resign as a way to own up to his failures in Iraq.

A speech last week in which Mr. Rumsfeld likened critics of the Bush administration's war strategy to those who tried to appease the Nazis in the 1930s prompted many Democrats to call for his resignation and boosted support for a congressional resolution expressing no confidence in him, the Associated Press said. Mr. Rumsfeld later said that his remarks were misrepresented and that he was cautioning against a repeat of errors made in the past, not accusing the administration's critics of trying to appease the terrorists.

"I think Donald Rumsfeld needs to be gone for reasons much more important than anything he said in a speech," Mr. Edwards said after attending a Labor Day breakfast in Bedford. "He has been one of the architects of this mess in Iraq, and he takes absolutely no responsibility for any of the mistakes has made."

Also yesterday, while marching in a Labor Day parade in Milford, Sen. Joseph R. Biden Jr. of Delaware said he thinks there is little chance of winning the war in Iraq. He defined victory as leaving behind a stable country that has secure borders and is no longer a haven for terrorists.

He said that even Mr. Rumsfeld has concluded that his comments about war critics and World War II were "over the top."

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"The most significant comparison with World War II is that we soon will have been in Iraq as long as World War II, with much less success," Mr. Biden said.

About-face

Bill Ritter, the Democratic candidate for governor of Colorado, said Friday that he would support changing the state's definition of marriage -- then backed off the statement the next day, the Denver Post reports.

"The statute says marriage is between a man and a woman," Mr. Ritter told the Denver Post's editorial board. "You know, if a bill came to my desk to change that statute, though, I would sign it -- that changes the definition of it."

When asked whether the definition should include "marriage" between two men, Mr. Ritter said he didn't want to answer a hypothetical question.

"It depends on what the bill says," he said. "I would entertain changing it, is what I'm saying."

Referring to his Republican opponent, Rep. Bob Beauprez, Mr. Ritter said: "I'm just in a different place on this issue than the congressman is."

On Saturday, however, Mr. Ritter clarified his position, saying he would keep the definition of marriage as between a man and a woman but consider adding recognition of civil unions to the statute.

The Beauprez campaign called Mr. Ritter's position inconsistent with his previous comments and incompatible with the beliefs of most Colorado voters.

Raising cash

President Bush will travel to Clarkston, Mich., on Friday to raise money for Republican Senate candidate Mike Bouchard in his race against Democratic Sen. Debbie Stabenow.

Mr. Bush will attend a luncheon fundraiser that will give the Oakland County sheriff a large infusion of campaign dollars. Similar events by the president have netted candidates about $1 million.

Mrs. Stabenow has led Mr. Bouchard in polling and fundraising, but Republicans contend the race could tighten in the weeks ahead because of voter unrest and Michigan's struggling economy, the Associated Press reports.

The Bush luncheon will be held at the home of developer David Johnson.

Neck-and-neck

A poll shows Sen. Jim Talent, Missouri Republican, and Democratic challenger Claire McCaskill are about even in their race for the U.S. Senate.

The latest Research 2000 poll, released Sunday and conducted for the St. Louis Post-Dispatch and KMOV-TV, showed 47 percent backed Mrs. McCaskill and 46 percent supported Mr. Talent. Two percent supported Libertarian Frank Gilmour.

Green Party candidate Lydia Lewis, who was just added to the November ballot, had no measurable support among those polled, the Post-Dispatch reported Sunday.

The firm polled 800 likely voters Aug. 28 through Thursday. The margin of error was 3.5 percentage points.

The firm's previous poll, released in June, showed Mrs. McCaskill with a lead of six percentage points. A USA Today/Gallup poll released Friday showed Mr. Talent favored by 50 percent of likely voters, compared with 44 percent for Mrs. McCaskill.

Limbaugh, too

"Plans for the opening week of 'CBS Evening News with Katie Couric' have surpassed network executives' wildest dream: Presidents Bush and Clinton, radio king Rush Limbaugh and broadcast legend Walter Cronkite have all agreed to appear," Matt Drudge writes at www.drudgereport.com, citing "a CBS insider."

"A top network source says scheduling of 'guest editorials' are still in flux," Mr. Drudge said.

"But the addition of Rush Limbaugh to the 'CBS Evening News' is bound to generate maximum commotion and tune-in hits.

"'It was Katie's idea to bring Limbaugh in,' a top CBS source said on Sunday. 'She is very excited he has agreed to appear.'

"Rudy Giuliani and Bill Maher have also signed on for early editions of Couric."

Emmett Till Bill Before U.S. Senate (JCL)

By Jerry Mitchell

DOJ_NMG_0056990

Jackson Clarion-Ledger, September 4, 2006

Law would create unit to pursue unpunished slayings from the civil rights era

The U.S. Senate is expected to take up a bill this month that would create a cold-cases unit in the Justice Department to prosecute unpunished slayings from the civil rights era.

"We expect them to pass it, and after that, it's just a matter of the House acting," said Alvin Sykes of Kansas City, a civil rights activist who inspired U.S. Sen. Jim Talent, a Missouri Republican, to sponsor the legislation, now in the process of being renamed the Emmett Till Unsolved Civil Rights Crime Act, honoring the infamous 1955 killing.

The bill, co-sponsored by Mississippi Sens. Thad Cochran and Trent Lott, would enable federal authorities to pursue killings from before 1970, a measure backed by the Bush administration and the Justice Department.

Sykes' determination helped lead to state and federal authorities reopening Till's Aug. 28, 1955, slaying.

In 1955, an all-white jury acquitted Roy Bryant and his half brother, J.W. Milam, of killing the Chicago teen who was visiting family in Money. The two later confessed their involvement to Look magazine.

In 2004, the Justice Department reopened that case. The FBI has completed its investigation. District Attorney Joyce Chiles of Greenville is now poring through more than 8,000 pages of FBI documents, trying to decide if enough evidence exists to bring a prosecution.

"I talked to her on the anniversary of the murder," Sykes said. "She said they (prosecutors) are continuing to read but that the pace is picking up."

Chiles could not be reached for comment, but she has said once she's done reading, she plans to meet with officials from the state attorney general's office and the U.S. attorney's office to discuss whether prosecution is possible.

If she goes forward, the timetable, at the earliest, "would be to present the case to the grand jury in October in Sunflower County or Leflore County in November," Sykes said.

The FBI didn't recommend prosecution but suggested prosecutors take a closer look at Bryant's then-wife, Carolyn, whom Till supposedly wolf-whistled at inside the country store.

Relatives of Carolyn Bryant, now living in Greenville, said she had nothing to do with the killing.

In his visit last week to Mississippi, Assistant U.S. Attorney General Wan J. Kim said, "This is an important chapter of American justice to close."

"Bill or no bill, we will continue to step forward and bring these kinds of investigations," Kim said. "Certainly the bill would give us funds and would give us a structure to do it."

The department has been involved in the support of many reprosecutions, including Edgar Ray Killen, who was convicted in 2005 for orchestrating the killings of three civil rights workers in 1964, and Byron De La Beckwith, convicted in 1994 for the 1963 murder of NAACP leader Medgar Evers.

In 2001 and 2002, federal authorities won two convictions in the 1963 bombing of a Birmingham church that killed four girls. A year later, federal authorities prosecuted the Klan's 1966 killing of Ben Chester White - bringing the first-ever federal murder charges in a civil rights killing from that era.

Former U.S. Attorney Doug Jones of Birmingham said the convictions in the bombing case wouldn't have been possible, even months later, because of the deaths of some key witnesses.

The Till case faces even bigger challenges, he said. "Obviously the two admitted killers are dead and have been for a long time. The question then is looking at people who had some lesser, still important role in it, The real problem is the lack of a decent investigation to begin with." In 1955, the FBI refused to get involved in the case, and the sheriff who investigated the killing became a witness for the defense.

Last year, FBI agents wrapped up their renewed investigation into Till's killing. They continue to work on the 1964 killings of Henry Hezekiah Dee and Charles Eddie Moore in hopes those killings can be pursued. Moore's brother, Thomas, said he believes it isn't too late since the two men originally arrested but never prosecuted are still alive.

Sykes said he welcomes Kim's support. "We look at all that as being part of the justice-seeking initiative. That's welcome news."

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Furor Over Lethal Force By Police Points To Cost (LAT)

By Garrett Therolf, Times Staff Writer

The Los Angeles Times, September 4, 2006

Huntington Beach police killed a knife-wielding young woman when a nonlethal alternative was not available fast enough to use. Expense and training are issues.

The police officer was still trying to load pepper spray bullets into the gun when the young woman, a knife firmly in hand, made a sudden move that police took to be a lunge in their direction.

Time had run out.

Two other officers fired at the dark-haired woman, striking her in the chest, the part of the body that law enforcement regulations suggest police aim for in a life-threatening encounter. She crumpled to the grass and died a short time later.

The minutes it took to deliver the less-lethal weapon to the Huntington Beach park, and then to load the pepper spray pellets, had seemingly come at a high price. Another officer was also rushing beanbag ammunition to the scene.

Residents in the congested, apartment-heavy neighborhood, some of whom witnessed the early-morning shooting last month, said they were appalled that the 19-year-old woman couldn't be spared, and pointed to the recent shooting of a barricaded man in Irvine where police fired sponge foam rounds at the man to subdue him without taking his life.

Many have called the Huntington Beach officers' action a simple case of murder.

Police, however, say that the officers involved in both cities had an equal desire to preserve human life. To them, the death of MacDonald and the survival of Bahram Nezari laid bare the disparity among Orange County cities that have access to the expensive, high-tech weaponry that is designed to spare lives — and those that do not.

Irvine police were able to bring their standoff with Nezari to a nonfatal conclusion because nearly every patrol car in the city is equipped with a 40-millimeter launcher that can release volleys of pepper spray, rubber projectiles and other "less than lethal" munitions.

In Huntington Beach, only a few patrol cars are equipped with launchers, so officers often have to scramble to bring them to incidents where they encounter people they consider dangerous. Additionally, stun guns are optional equipment for police in Huntington Beach, and the officers in the MacDonald shooting did not have them.

Lt. Craig Junginger, spokesman for Huntington Beach police, said that even if more officers opted to carry stun guns, "we don't have enough to assign to every officer."

Santa Ana, Anaheim and other large cities in Orange County are also trying to catch up with Irvine's stock of less-than-lethal guns.

"There are financial issues you have to deal with — plus training issues," said Rick Martinez, police spokesman in Anaheim where Chief John Welter's budget priority is getting more officers on the street. "These alternative weapons compete with a lot of different priorities."

Irvine Police Lt. Rick Handfield said his department bought the weapons for its 117 street officers at $500 apiece for the launchers and stun guns. The rubber bullets, pepper-spray bullets and other munitions cost $10 a shot. Training for a new weapon can take 24 hours; the department has just spent $78,000 on a facility where officers can simulate using them.

The systems are the products of research into less-lethal munitions by the U.S. Justice Department, which conducted its first conference on the subject in 1972.

The effort was accelerated in 1985 when the U.S. Supreme Court placed limits on deadly force and ruled that police in Memphis, Tenn., acted improperly when they shot and killed an unarmed Edward Garner as he climbed a chain-link fence after allegedly burglarizing a house. Since that case, police can lawfully use lethal force only when they believe that life or serious injury is imminently threatened.

A team of more than six Orange County sheriff's homicide detectives has been gathering evidence to determine whether that threshold was met in the MacDonald case.

Sheriff's spokesman Jim Amormino said the investigation was expected to last several weeks and that autopsy results would be released to show the number of times she was shot and whether she was on drugs.

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One of the things that friends and neighbors of the woman said they are eager to learn was whether the trajectory of the bullets would contradict the police version of events that she was lunging at officers.

Patrick Carignan, 54, an air supply company employee, said he saw the woman tightly grip a knife that appeared to have a 4-inch blade as officers 6 feet away yelled, "Drop the knife!"

"She looked scared, and it looked like she was making a lean to the side to make a run for it," he said. "That's when they shot her."

The two officers who shot her remain on administrative leave and will probably receive counseling over the shooting, Amormino said.

"The officers suffer a private hell in these cases as well," said Irvine's Handfield.

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garrett.therolf@latimes.com

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(INFOBOX BELOW)

Aiming to stop, not kill

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Police departments can use less-lethal ammunition to subdue a suspect, including rifle-launched beanbags, rubber bullets and rubber pellets. Another shell releases pepper spray on impact.

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Target area

-

A rubber bullet can strike a suspect at more than 221 mph.

-

Torso: The largest part of body is considered best target area.

-

Head: Possibility of serious injury is too high

-

Legs, arms: Too difficult to hit

--

Types of less-lethal rounds

-

Rubber balls (about 200 in shell)

-

Beanbag (filled with silica sand)

-

Sponge foam

-- *Feet per second

--

Source: Defense Technology Federal Laboratories, Irvine Police Dept., O.C. Sheriff's Dept. Graphics reporting by Garrett Therolf

In Search Of Accurate Vote Totals (NYT)

The New York Times, September 5, 2006

It's hard to believe that nearly six years after the disasters of Florida in 2000, states still haven't mastered the art of counting votes accurately. Yet there are growing signs that the country is moving into another presidential election cycle in disarray.

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The most troubling evidence comes from Ohio, a key swing state, whose electoral votes decided the 2004 presidential election. A recent government report details enormous flaws in the election system in Ohio's biggest county, problems that may not be fixable before the 2008 election.

Cuyahoga County, which includes Cleveland, hired a consulting firm to review its election system. The county recently adopted Diebold electronic voting machines that produce a voter-verified paper record of every vote cast. The investigators compared the vote totals recorded on the machines after this year's primary with the paper records produced by the machines. The numbers should have been the same, but often there were large and unexplained discrepancies. The report also found that nearly 10 percent of the paper records were destroyed, blank, illegible, or otherwise compromised.

This is seriously bad news even if, as Diebold insists, the report overstates the problem. Under Ohio law, the voter-verified paper record, not the voting machine total, is the official ballot for purposes of a recount. The error rates the report identified are an invitation to a meltdown in a close election.

The report also found an array of other problems. The county does not have a standardized method for conducting a manual recount. That is an invitation, as Florida 2000 showed, to chaos and litigation. And there is a serious need for better training of poll workers, and for more uniform voter ID policies. Disturbingly, the report found that 31 percent of blacks were asked for ID, while just 18 percent of others were.

Some of these problems may be explored further in a federal lawsuit challenging Ohio's administration of its 2004 election. Secretary of State Kenneth Blackwell, who has been criticized for many decisions he made on election matters that year, recently agreed to help preserve the 2004 paper ballots for review in the lawsuit.

Ohio is not the only state that may be headed for trouble in 2008. New York's Legislature was shamefully slow in passing the law needed to start adopting new voting machines statewide. Now localities are just starting to evaluate voting machine companies as they scramble to put machines in place in time for the 2007 election. (Because of a federal lawsuit, New York has to make the switch a year early.) Much can go wrong when new voting machines are used. There has to be extensive testing, and education of poll workers and voters. New York's timetable needlessly risks an Election Day disaster.

Cuyahoga County deserves credit for commissioning an investigation that raised uncomfortable but important questions. Its report should be a wake-up call to states and counties nationwide. Every jurisdiction in the country that runs elections should question itself just as rigorously, and start fixing any problems without delay.

Hands Off Constitutions (WP)

By J. Harvie Wilkinson Iii

The Washington Post, September 5, 2006

The chief casualty in the struggle over same-sex marriage has been the American constitutional tradition. Liberals and conservatives -- judges and legislators -- bear responsibility for this sad state of affairs.

Twenty states have constitutional amendments banning gay marriages; many more are in the offing. On the ballot this fall in Virginia and five other states will be proposed constitutional amendments banning gay marriage. Passage of the amendments is all but foreordained, but the first principles of American law will be further endangered.

Judges began the rush to constitutionalize. The Massachusetts Supreme Court concocted a state constitutional right to marry persons of the same sex. The court went on to say that opposing views lacked so much as a rational basis. In other words, centuries of common-law tradition, legislative sanction and human experience with marriage as a bond between one man and one woman were deemed by that court unworthy to the point of irrationality.

It would be altogether understandable for Congress and state legislatures to counter this constitutional excess with constitutional responses of their own. Yet it would be the wrong thing to do.

The Framers meant our Constitution to establish a structure of government and to provide individuals certain inalienable rights against the state. They certainly did not envision our Constitution as a place to restrict rights or enact public policies, as the Federal Marriage Amendment does.

Ordinary legislation -- not constitutional amendments -- should express the community's view that marriage "shall consist only of the union of a man and a woman." To use the Constitution for prescriptions of policy is to shackle future generations that

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should have the same right as ours to enact policies of their own. To use the Constitution as a forum for even our most favored views strikes a blow of uncommon harshness upon disfavored groups, in this case gay citizens who would never see this country's founding charter as their own.

Let's look in the mirror. Conservatives who eloquently challenged the Equal Rights Amendment and Roe v. Wade for federalizing core areas of state law now support an amendment that invites federal courts to frame a federal definition of marriage and the legal incidents thereof.

Proponents of the amendment say that states need protection from activist judges in other jurisdictions, but states already have this protection through the Defense of Marriage Act and public policy defenses allowed under the full faith and credit clause. As a result, a constitutional amendment is at most a backstop for powers that states possess without any congressional action at all. There is no greater need for such a constitutional backstop here than there is for a constitutional amendment bolstering states' authority to pass a sales tax, establish a transportation department or support public education.

The Federal Marriage Amendment has helped spread the constitutional fever to the states. State constitutional bans on same-sex marriages vary considerably in their wording, particularly with respect to civil unions. But most would repose in judges the authority to interpret such ambiguous terms as "domestic union," "similar to marriage," "rights, obligations, privileges and immunities of marriage," "incidents of marriage" and so forth. Thus the irony: Those who wish to curb activist judges are vesting judges with unprecedented interpretative authority whose constitutional nature makes it all but impervious to legislative change.

To constitutionalize matters of family law is to break with state traditions. The major changes in family law in the 19th and 20th centuries, such as the recognition of married women's property rights and the liberalization of divorce, occurred in most states at the statutory level. Even the infamous bans on interracial marriage were adopted nonconstitutionally by 35 states, and by constitutional amendment in only six.

Where is the threat that justifies so radical a break with our constitutional heritage? State courts in Georgia, New York and Washington have recently rejected invitations to follow Massachusetts and find a right to same-sex marriage in their constitutions. The great majority of state court judges -- more than 80 percent by some counts -- are subject to election in some form and unlikely to overturn state legislatures on so volatile a matter as same-sex marriage. States have numerous tools that enable them to reject objectionable marriages from other jurisdictions -- tools that have long been the basis for refusing to recognize marriages involving polygamy, incest, and underage or mentally incompetent parties.

I do not argue that same-sex marriage is a good or desirable phenomenon, only that constitutional bans on same-sex unions carry terrible costs. Partisans see only one side of a profound controversy when in fact there are two. It is not wrong for gay citizens to wish to share fully in the life of this country, to partake of its most basic and sacred institution, and to experience the intimacy, bonding and devotion to another that only an institution such as marriage can bring. To embrace this view one need not believe that sexual infidelities will disappear but only that many gay couples will make good on their vows and lead fuller, richer and more productive lives as a result.

That, however, is hardly the end of the matter. Marriage between male and female is more than a matter of biological complementarity -- the union of the two has been thought through the ages to be more mystical and profound than the separate identities of each alone. Without strong family structures, there will be no stable and healthy social order, and alternative marriage structures might weaken the sanction of law and custom necessary for human families to flourish and children to grow. These are no small risks, and present trends are not often more sound than the cumulative wisdom of the centuries.

Is it too much to ask that judges and legislatures acknowledge the difficulty of this debate by leaving it to normal democratic processes? In fact, the more passionate an issue, the less justification there often is for constitutionalizing it. Constitutions tempt those who are way too sure they are right. Certainty is, to be sure, a constant feature of our politics -- some certainties endure; others are fated to be supplanted by the certainties of a succeeding age. Neither we nor the Framers can be sure which is which, but the Framers were sure that we should debate our differences in this day's time and arena. It is sad that the state of James Madison and John Marshall will in all likelihood forsake their example of limited constitutionalism this fall. Their message is as clear today as it was at the founding: Leave constitutions alone.

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ANTITRUST:

Clear Skies Behind Easing Of Airline Rules, KLM's 20-Year Urge To Merge (WSJ)

By Daniel Michaels

The Wall Street Journal, September 5, 2006

AMSTELVEEN, Netherlands -- Leo van Wijk, the head of KLM Royal Dutch Airlines, banged his head against a wall for almost 20 years.

When he and his colleagues predicted in the mid-1980s that consolidation would spread, they set out looking for partners. Over the years, KLM bought stakes in the U.S.'s Northwest Airlines and in Kenya Airways. They tried and failed to merge with British Airways -- twice -- bogged down by restrictive aviation rules. KLM started talks about a four-way merger with other European carriers, which came to nothing. A venture with Alitalia became gummed up by Italian politics.

Finally, in 2003, with few options remaining, KLM agreed to be bought by rival Air France. At the time, it looked to many like an act of desperation. Today, the world's first big international airline merger -- which created one of the world's largest airlines -- is filling planes with passengers poached from rivals thanks to a huge network and integrated schedules. By unifying operations such as financial planning and maintenance, Air France-KLM SA is cutting costs ahead of schedule.

KLM's long and winding search shows how the international airline industry, unlike so many other global businesses, has been resistant to consolidation, despite its inefficiencies. At the same time, KLM has also demonstrated what the future might look like. With each foiled merger attempt, KLM helped rewrite aviation laws, sparked the creation of global alliances and began breaking down national barriers. Many innovations in air travel stem from its experiments.

Now, following a path forged by the Dutch airline, governments are speeding up the relaxation of stringent rules on airline operations. The U.S. and the European Union, which account for half of the world's air travel, hope to strike a deal allowing any EU airline to fly to the U.S. from any airport in Europe -- something not permitted today. As part of the deal, Washington is considering relaxing rules on control of U.S. airlines by foreigners.

Mr. Van Wijk, 60 years old, isn't crowing at his achievement. "If I had known it would take 20 years," he says, "I probably never would have started."

As a student in Amsterdam, Mr. Van Wijk played baseball as well as youth soccer for Ajax, one of Europe's top teams. Realizing he wouldn't make it as a pro, Mr. Van Wijk joined KLM after earning a master's degree at Amsterdam University. By the mid-1980s, he was a rising star. He joined KLM's board in 1991, continuing to play soccer and tennis on the side.

KLM has stood out ever since it was founded as a private company in 1919. Maintaining a 300-year Dutch tradition of global commerce, it was one of the first non-U.S. companies to list on the New York Stock Exchange, in 1957, at the dawn of jet travel. For years it outmaneuvered bigger state-owned rivals.

In the 1980s, KLM was the first European airline to organize a so-called hub-and-spoke network. This system allowed flights to move quickly in and out of Amsterdam's Schiphol Airport, letting passengers change planes easily. That in turn enabled KLM to offer connecting flights between distant countries.

By the mid-1980s, bigger rivals including British Airways and Germany's Lufthansa were chasing the same traffic through competing hubs. KLM managers, fearing the Dutch airline would get squashed, looked to the U.S. market, where deregulation had prompted a wave of mergers. Immediately, KLM ran into the global aviation rules that would stymie its efforts for the next 20 years.

A half-century-old web of treaties regulates in great detail the operations of international carriers. Following a precedent set by the U.S. and the United Kingdom in 1946, the treaties stipulate that airlines from any country must be majority-owned and controlled by citizens of that country. An airline taken over by a foreigner risks losing the right to fly to other countries from its home market.

Britain pushed for the rule out of fear that U.S. airlines would buy up weak U.K. rivals. The U.S. worried about a repeat of the unregulated prewar system, in which German companies owned airlines in Latin America, according to John Brindley, a

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Geneva-based independent aviation historian. Airlines and labor unions came to like the rule because it limited competition, and over the years, they lobbied hard to kill proposed changes.

Fear and Inertia

Fear and inertia also helped keep the rules alive. Outside the U.S., smaller countries remained afraid of having their airlines taken over by foreigners. Even in rich countries, there remains a nationalistic attachment to airlines.

The result, most airline executives and analysts agree, is that the natural process of mergers, acquisitions and bankruptcies is artificially impeded. That means there are more airlines in the world than necessary, many of them financially weak.

To buy into a U.S. carrier without violating the rules, KLM executives -- including Mr. Van Wijk, who was head of corporate development at the time -- decided in 1989 to invest $400 million for a 19% share in Northwest. It was the first time a foreign airline had taken a big role in a U.S. carrier. "No one really knew what to do with the relationship," recalls Michael E. Levine, a top Northwest executive at the time and now a professor of aviation law and economics at Yale and New York University.

Both carriers realized that to make money from their partnership, they needed to fly planes freely between the U.S. and the Netherlands. In other words, they needed to deregulate air travel between their two countries.

After intense lobbying by Northwest and KLM, Washington and The Hague signed the first bilateral "Open Skies" pact in 1992. It was a revolutionary deal. Lifting travel restrictions between the U.S. and the Netherlands opened the door for KLM and Northwest to collaborate on schedules, fares and marketing in ways previously considered collusive. KLM put its flight numbers on Northwest flights, expanding the Dutch airline's schedule in markets previously off-limits. Northwest did the same on KLM flights.

Fortunately for KLM, a handful of U.S. aviation officials had been itching to extend deregulation overseas in just that way, to spur competition, cut fares and increase consumer choice. The idea met with skepticism from U.S. carriers and other governments, but for the Dutch, it was simply a pragmatic way to grow.

As a result, a flier in Duluth, Minn., could book a two-stop flight to Stavanger, Norway, on both carriers with one Northwest reservation (or vice versa on KLM). This "code-sharing" allowed each carrier to attract more passengers by offering routes that rivals couldn't -- without buying a single new plane.

When other airlines saw that KLM could offer Northwest access not only to Amsterdam but to markets beyond, the concept caught on. Washington has struck 78 Open Skies treaties with countries around the world, and others have forged similar links.

Code-sharing has become standard. International fliers booking a ticket through one airline regularly board another carrier's plane. Today, most of the world's big airlines belong to one of three branded groups: Star Alliance, oneworld and SkyTeam, which includes Air France-KLM and Northwest.

A partnership with Italy's Alitalia got Mr. Van Wijk, who became CEO in 1997, a step closer to the full-blown merger he wanted.

The two airlines went further than code-sharing and began planning joint schedules. Their global network rivaled that of larger carriers. They merged sales teams and overseas ticket offices. They standardized airport check-in procedures, in-flight catering contracts and policies for carry-on baggage. "This is as close to a merger as possible," KLM joint-venture manager Donald Kalff said in a 1999 interview.

But the actual merger never materialized. A year later, local Italian politics -- specifically, complaints about noise -- slowed plans to create a new Milan airport hub, a key aspect of the airlines' plan. Mr. Van Wijk yanked KLM out of the partnership.

Ditching the Italian partner "was the most difficult decision of my career," recalls Mr. Van Wijk, who says he offered to resign at the time. "I didn't know if I could go on."

The alliances KLM had formed -- with Northwest, Kenya Airways and Alitalia -- had focused on sales and marketing. Mr. Van Wijk still wanted a real merger of operations that would give KLM global heft.

KLM was "among the very first in the world to recognize" that "size was going to be of importance in the future," says Colin Marshall, the retired chairman of British Airways.

Yet the age-old nationality problem remained: If KLM were acquired, it risked losing the right to fly abroad from Amsterdam, a restriction that the Open Skies treaties didn't amend. KLM discussed a merger with British Airways in 1990. In 1993, it explored

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a link-up, code-named "Alcazar" after a four-towered Spanish fortress, with Swissair, Austrian Airlines and Scandinavian Airlines System. Both sets of talks failed, largely because of resistance from managers and shareholders worried about losing huge amounts of business if the nationality rules kicked in.

Again, in mid-2000, Mr. Van Wijk tried to merge with British Airways, and again failed. "There we were, with empty hands," Mr. Van Wijk recalls. The CEO was so eager for a linkup that he started saying publicly that KLM was open to being taken over.

The Sept. 11, 2001, attacks changed global aviation, and jogged one rival European airline into action.

Thanks to its lock on the rich French market and a lucrative hub in Paris, Air France was one of the few airlines that remained profitable in the wake of the attacks.

But Jean-Cyril Spinetta, then Air France CEO, knew his airline wasn't big enough to compete against big U.S. and Asian rivals in the long run. "We were middleweight champions in a heavyweight contest," the 63-year-old Corsican recently recalled.

After 18 months of informal talks with KLM, Mr. Spinetta made a radical proposal to buy KLM outright. It was Mr. Van Wijk's dream come true. At a meeting overlooking Lake Geneva, the Dutch executive pulled out a box of Agio cigars and on the back sketched a possible deal structure.

Fewer Hurdles

This time, there were fewer hurdles. The EU had recently scrapped nationality rules among its members. Now any EU carrier could acquire another and fly freely within the 25-country bloc. U.S. government officials, meanwhile, indicated they wouldn't invoke the nationality rules, since both France and the Netherlands had liberal Open Skies treaties with the U.S.

Still, in key Asian and African markets, KLM risked losing landing rights if it didn't remain a Dutch airline. To dodge the problem, the two men decided that Air France would acquire KLM in an all-stock deal. The carriers, meanwhile, would keep separate identities and managers.

Messrs. Spinetta and Van Wijk unveiled the $1.01 billion acquisition in September 2003, and almost immediately, Japanese government officials balked. Only intense lobbying by Dutch and French officials persuaded Tokyo to accept the complex holding structure.

The new airline's two-hub network -- at Paris's Charles de Gaulle airport and Schiphol -- last year started stealing customers from rivals, particularly long-haul business fliers who need quick transfers.

In Air France-KLM's first full fiscal year, which ended March 31, 2006, revenue from business-class and first-class connections through Paris and Amsterdam rose about 20%. Overall, traffic rose 10%. That was a key reason for the 69% jump in operating profit to $1.2 billion on revenue of $28.2 billion.

Air France-KLM needs to cut more costs. The airline's operating profit margin, about 5% of revenue, trails that of rivals. "The pace is slower, for sure," compared with other mergers, says Bertrand Lebel, the Air France manager tapped with running the integration. He says the lag is appropriate to the deal's complexity.

Nonetheless, the combination has shown the industry what might be possible. People close to Lufthansa's 2005 purchase of Swiss International Air Lines say that deal probably wouldn't have happened if Air France and KLM hadn't shown the way.

If the U.S. and EU reach an Open Skies deal, the two markets would look more benignly on cross-border mergers, at least within the EU. Other countries, such as Australia, Chile and Singapore, would likely follow, heralding the beginning of the end of the postwar regulatory environment.

Mr. Van Wijk now feels comfortable enough about KLM's future to joke about it. "We considered having one CEO," he recently told an audience of executives at a Dutch business school near Rotterdam. "But we couldn't decide if it should have Jean-Cyril's brains and my legs, or vice-versa."

Stanley Leisure Gets Tie-Up Offer After Failed Deal (WSJ)

By Lilly Vitorovich

The Wall Street Journal, September 5, 2006

LONDON -- Stanley Leisure PLC said it received a takeover approach from an unidentified party, just days after the United Kingdom casino company's merger talks with rival London Clubs International PLC were trumped by an offer for London Clubs from Harrah's Entertainment Inc.

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Stanley Leisure's board is evaluating the proposal, the company said in a one-sentence statement to the London Stock Exchange in response to yesterday's 19% jump in its share price.

A Stanley Leisure spokesman declined to identify the party involved or when the approach was received. J.P. Morgan Chase's J.P. Morgan Cazenove, which is advising Stanley Leisure, wasn't immediately available to comment.

After yesterday's jump in its share price, Stanley Leisure was valued at about £571 million ($1.1 billion). The shares gained 130.50 pence ($2.49) to close at 811 pence. During the session, traders linked the rally to a possible bid from U.K. gambling and leisure company Rank Group PLC.

A Rank Group spokeswoman declined to comment. A person familiar with the situation said the company isn't behind the takeover approach, noting that Rank's management is busy restructuring the business. Any proposed tie-up would also raise competition concerns, the person added. Rank shares rose 6.25 pence, or 2.8%, to 232 pence.

Jeffries analyst Anna Barnfather said there is "a huge range" of potential suitors for Stanley Leisure, which represents a "one-off opportunity" for those looking to enter the U.K. casino market ahead of the industry's deregulation.

On Thursday Harrah's unveiled a £279.3 million recommended cash offer for London Clubs, marking the Las Vegas-based company's entrance into the U.K. casino market. As a result, London Clubs' £634 million merger talks with Stanley Leisure were abruptly called off.

EU Clears GE, Credit Suisse Project (WP/AP)

The Associated Press

The Washington Post, September 5, 2006

BRUSSELS, Belgium -- General Electric Co. and Credit Suisse Group won EU regulatory approval Monday for a $1 billion project to invest in infrastructure projects worldwide.

The European Commission cleared the deal in a fast-track procedure used when it sees no antitrust problems or receives no complaints from rivals.

The joint venture announced in May, in which the companies will invest $500 million each, is intended to develop and finance utility work such as power generation and transmission projects, water projects, and gas storage and pipelines.

It also will pay for transportation projects worldwide, such as airports and air traffic control facilities, ports, railroads and toll roads.

The deal is the first joint venture between U.S.-based GE and the banking arm of Zurich-based Credit Suisse Group.

Backers Of Wright Bill Face Tight Deadline (FWST)

By Anna M. Tinsley And Maria Recio

The Fort Worth Star-Telegram, September 4, 2006

The Wright Amendment debate is about to heat up in Congress once again.

Lawmakers return to Capitol Hill this week with a targeted adjournment of Oct. 6, giving them about a month to complete unfinished business before Election Day. Although Senate and House leaders are also planning for a postelection “lame-duck” session, the tight time frame makes it more urgent for supporters of the Dallas Love Field agreement. Under the agreement, Congress must approve the deal by the end of the year.

“We are fighting on a lot of different fronts in Washington to have the local agreement approved,” U.S. Sen. Kay Bailey Hutchison, R-Texas, said at a recent downtown Fort Worth Rotary Club meeting. “It is going to be my highest priority when I go back in September to get that bill done in a way that is right for our North Texas region.

“We are in a very good position,” she said. “We are going to fight hard.”

The pact was moving quickly through the House and Senate this summer when lawmakers on the judiciary committees in both chambers objected to it on antitrust grounds.

Before the August break, Hutchison and Sen. John Cornyn, R-Texas, met with Senate Judiciary Chairman Arlen Specter, R-Pa., who said he was concerned but has not announced what he plans to do.

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Cornyn, a member of the panel, told the Star-Telegram late last month that it is likely that the Senate Judiciary Committee will review the matter when the session resumes. The measure has been approved by the Senate Commerce, Science and Transportation Committee and is also included in a Senate version of an appropriations bill.

Sen. Patrick Leahy, D-Vt., the ranking Democrat on the Judiciary Committee, first raised objections to the agreement.

"Senator Leahy remains concerned that the proposed legislation would severely restrict competition and provide unprecedented antitrust immunity for a private agreement, an agreement that does not protect consumers," said Tracy Schmaler, Democratic spokeswoman for the committee. "He believes strongly that Congress should not misuse its lawmaking authority by passing laws that immunize from competition review private agreements that favor businesses over consumers."

Hutchison said last week that supporters are working to deal with obstacles to passage.

"I never thought it would be easy," she said. "I'm working very hard to satisfy any legitimate concern regarding the antitrust issue. There are some people who have legitimate concerns, and there are some that just don't understand the issue."

In the House, the proposal faces scrutiny from the House Judiciary Committee after Chairman James Sensenbrenner, R-Wis., demanded and received a so-called referral to review the legislation from House Speaker Dennis Hastert, R-Ill.

Sensenbrenner has not announced hearings or a mark-up of the legislation, committee spokesman Jeff Lundgren said. The panel has until Sept. 15 to act. The House Transportation and Infrastructure Committee has approved the bill.

Rep. Kay Granger, R-Fort Worth, said she expects it to reach the floor for a vote soon.

"There is enough time in the session to get it passed," Granger said. "I'd like to see this done as soon as possible. Time is our enemy in this session."

Approving the deal before the end of the year could be difficult, said Cal Jillson, a political-science professor at Southern Methodist University.

"With Congress out of session, this has been off the front pages," Jillson said. "I hope they've been working behind the scenes to address some concerns. If it doesn't happen in the next month or so, it won't happen this session."

Congress created the Wright Amendment in 1979 to protect Dallas/Fort Worth Airport by limiting flights from Love Field to within Texas and several nearby states.

This proposed compromise would reduce the number of gates at Love Field to 20 from 32, allow through-ticketing on service beyond areas currently covered by the limits, and repeal the amendment in eight years. The cities of Fort Worth and Dallas, D/FW Airport, and American and Southwest airlines reached the agreement.

"While we have made significant progress, it will be for naught if Congress alters or fails to adopt this agreement," Fort Worth Mayor Mike Moncrief said. "We've held up our end of the bargain. Now we are counting on our federal representatives to put an end to this debate — for good.

"If Congress fails to carry this local compromise, sadly but certainly, everyone, including the public, will lose."

So far, Moncrief doesn't have any trips to Washington scheduled regarding the Wright Amendment, but Dallas Mayor Laura Miller is trying to book a trip early this month.

"Since we have momentum and unity right now on this issue, and Sen. Hutchison and our congressional leaders are working so hard to get this through, I think it's important to keep to our deadline of year's end," Miller said. "I'm optimistic."

One North Texas congressman, Rep. Jeb Hensarling, R-Dallas, remains opposed.

He said he does support changes that would allow through-ticketing and a repeal of the amendment in eight years. But he maintains that the agreement keeps Congress in the business of regulating airport competition.

"I cannot in good faith support the current bill, which I fear simply replaces the Wright Amendment with a sequel: Wright II," Hensarling wrote in a recent op-ed article. "Like in most horror movie sequels, the monster keeps coming back to life no matter how dead it might seem.

"We should eliminate the monster and get Congress out of the airport protectionism business once and for all."

Granger said that although Hensarling does not support the current version, he is not actively working to drum up opposition.

"I think we'll have the support of the House," Granger said. "I'm concerned about the Senate."

Rep. Kenny Marchant, R-Coppell, is among those who believe that the deal can be passed this year.

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"We think there's enough time . . . and we're very hopeful we can get this worked out," said Brian Thomas, Marchant's chief of staff. "A lot of things get done pretty quickly this time of the year.

"I think there's great bipartisan support for it." Staff writers Aman Batheja and Dave Montgomery contributed to this report.

Anna M. Tinsley, 817-390-7610

atinsley@star-telegram.com

Maria Recio, 202-383-6103

mrecio@mcclatchydc.com

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ENVIRONMENT:

Bush: Reliance On Foreign Oil Stunts Growth (USAT)

USA Today, September 5, 2006

President Bush marked Labor Day by promising Monday to help keep U.S. workers competitive in global markets and reduce America's reliance on foreign oil so it doesn't choke U.S. economic expansion. "Dependence on foreign oil jeopardizes our capacity to grow," Bush said in Piney Point, Md., at the Paul Hall Center for Maritime Training and Education.

The president advocated alternative energies such as batteries and ethanol for autos and nuclear energy for power.

Rep. Ed Markey, D-Mass., said Bush should be pushing to upgrade fuel economy standards from levels set in 1975 to reflect nearly 30 years of new technology.

"Proposing nuclear power as an answer to cars, SUVs and trucks burning oil shows that the president isn't serious about our dangerous Middle East oil dependence," Markey said.

Democratic candidateswant Rumsfeld to resign

Two Democrats campaigning in New Hampshire as they line up support for potential presidential runs took aim at Defense Secretary Donald Rumsfeld on Monday.

"He's been one of the architects of this mess in Iraq, and he takes absolutely no responsibility for any of the mistakes he's made," former senator John Edwards of North Carolina said.

Sen. Joseph Biden, D-Del., said comments last week in which Rumsfeld likened critics of the Bush administration's war strategy to those who tried to appease the Nazis in the 1930s were "over the top." Biden said the only comparison with World War II is that "we soon will have been in Iraq as long as World War II, with much less success."

Rumsfeld said later that his remarks were misrepresented and that he was cautioning against a repeat of past errors, not accusing the administration's critics of trying to appease the terrorists.

Sen. Dole wants vote onJudge Boyle this month

Sen. Elizabeth Dole, R-N.C., said she is pushing for a Senate vote this month on the nomination of U.S. District Judge Terrence Boyle to the 4th U.S. Circuit Court of Appeals in Richmond, Va. Democrats blocked a vote on Boyle in 1991. President Bush renominated him.

Sen. Edward Kennedy, D-Mass., has accused Boyle of trying to undercut provisions of the Voting Rights Act and Civil Rights Act in rulings that were overturned later by higher courts. Sen. Orrin Hatch, R-Utah, said Boyle's "reversal rate is less than the average."

Bush Labor Day Address Cites Tax Cuts, Foreign Oil (WT)

By Joseph Curl

The Washington Times, September 5, 2006

President Bush used a Labor Day speech yesterday to extol his administration's success in expanding the economy, but warned that the nation's dependency on foreign oil threatens long-term growth.

With Republicans worrying about the November elections, which analysts say could cost the party control of one or both congressional chambers, the president called on lawmakers to make permanent a slew of tax cuts, saying, "I like it when people working for a living have more after-tax money in their pocket."

In a holiday appearance at Maryland's Paul Hall Center for Training and Education in Piney Point, Mr. Bush said that "dependence on foreign oil jeopardizes our ability to grow."

"Problem is, we get oil from some parts of the world, and they simply don't like us," he said. "The more dependent we are on that type of energy, the less likely it will be that we are able to compete and so people can have good-paying jobs."

Democrats, many of whom would prefer to talk about the U.S. economy than the war on terror, charged that the president's economic policies have failed Americans.

"As we reflect on what America's labor force contributes to our economy and our country, we recognize that under the Bush administration and Republican Congress, America's working families have seen their incomes drop, and their worker protections and health care benefits come under assault," Democratic National Committee Chairman Howard Dean said.

"While wages have stagnated and costs for gas and health care have gone through the roof, Republicans have fought Democratic efforts to increase the minimum wage and help kids go to college," he said. "This is a war on America's families."

But Mr. Bush touted his efforts over nearly six years, noting that unemployment is low and job creation high -- with more than 3 million jobs created since the September 11 terrorist attacks.

"The unemployment rate is 4.7 percent. That's a good sign for somebody looking for a job. It means people are working here in the United States," he said.

Mr. Bush also used yesterday's speech to press for new technology that will advance renewable energy, from battery-operated and hybrid cars to new vehicles powered by ethanol, which is made from corn. In addition, he again called for an expansion of nuclear energy.

"Nuclear power is safe, and nuclear power is clean, and nuclear power is renewable," the president said.

Mr. Bush made a brief mention of the war and terrorism issue, thanking America's fighting men and women for their sacrifices and saying, "They may hear all the political discourse going on, but the people of this country -- the people of the United States of America -- stand squarely behind the men and women who wear our uniform."

Ehrlich, Steele Absent From President's Md. Visit (WP)

By Philip Rucker

The Washington Post, September 5, 2006

President Bush swooped into Southern Maryland yesterday to mark Labor Day with a call to reduce the United States' dependence on foreign oil and develop technologies to help American workers and businesses compete in the changing global marketplace.

Bush heralded the 4.7 percent national unemployment rate as a "good sign" for workers in a speech centered on the domestic economy. The president, speaking at the Paul Hall Center for Maritime Training and Education in Piney Point, also urged lawmakers to make his tax cuts permanent.

But on a day considered the launching point of the fall election season, Maryland's top two Republicans -- Gov. Robert L. Ehrlich and Lt. Gov. Michael S. Steele -- did not appear with the president in the St. Mary's County town. Their absence quickly became political fodder for Democrats, who accused the Republican officeholders of dodging the unpopular president even as they allow him to raise money for Ehrlich's bid for reelection and Steele's campaign for the U.S. Senate.

"This Labor Day, Ehrlich and Steele are afraid to be seen with the most anti-working-class president since Herbert Hoover, even while they gleefully count his checks for their campaign," Maryland Democratic Party Executive Director Derek Walker said in a statement.

Karl Rove, the White House deputy chief of staff, traveled with the president to Piney Point and said Ehrlich and Steele could not attend because "they had existing events of their own." The governor and lieutenant governor marched yesterday in a parade in Gaithersburg.

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"The president comes into Maryland often, and we appreciate when he comes into Maryland," Ehrlich spokesman Greg Massoni said. But "we agreed to be in that parade, and it was the right decision."

Rick Abbruzzese, spokesman for Ehrlich's Democratic opponent, Baltimore Mayor Martin O'Malley, said, "One day off isn't going to fool anybody that Bob Ehrlich is George Bush's biggest supporter."

Steele spokeswoman Melissa Sellers said Steele would appear with Bush if he visits again. "The lieutenant governor is honored to have the support of the president, those in his own party and Democrats and independents alike," she said.

The absence of Ehrlich and Steele illuminates a balancing act the two men face: the need to appeal to their Republican base as they also try to win office in a state where Democrats outnumber Republicans 2 to 1 and where 60 to 70 percent of voters do not approve of Bush's performance.

When Steele, in anonymous remarks traced to him last month, was asked whether he wanted the president campaigning for him, he responded, "To be honest . . . probably not."

Zach P. Messitte, a historian of Maryland politics and director of the Center for the Study of Democracy at St. Mary's College of Maryland, said he found it puzzling that Ehrlich and Steele would not want to appear with Bush in St. Mary's, a reliably red county in a blue state. Indeed, Rove pointed out to the White House press corps that the county was "one of the most rapidly growing Republican counties in Maryland."

But, Messitte reasoned, associating with Bush could have weakened Ehrlich and Steele's appeal among Democrats and swing voters.

"When the president comes to your home state, and he's of your party," Messitte said, "that you would not want to appear with him in public seems to me would be a calculated decision regarding media images."

Bush had planned to visit St. Mary's on Labor Day in 2005 but canceled after Hurricane Katrina.

In the 11-minute address, Bush said the country's reliance on foreign oil "jeopardizes our capacity to grow.

"I mean, the problem is, we get oil from some parts of the world, and they simply don't like us," he said. "And so the more dependent we are on that type of energy, the less likely it will be that we are able to compete."

Bush said the key to limiting dependence is innovation, and he said his administration has a plan to spend money on new technologies. The president also applauded the growing use of ethanol to fuel cars in the Midwest.

"One of these days, you're going to have . . . batteries in your automobile that will enable you to drive the first 40 miles without gasoline, and your car doesn't have to look like a golf cart," he said, eliciting laughter from the audience.

Bush Marks Labor Day In Md. (BSUN)

By Julie Hirschfeld Davis, Sun Reporter

The Baltimore Sun, September 5, 2006

He pushes tax cuts, calls dependence on foreign oil a risk to economic growth

PINEY POINT -- President Bush marked Labor Day at a union-operated maritime training center in Southern Maryland, telling mariners that he was striving to keep U.S. workers competitive by enacting permanent tax cuts, pressing to end U.S. dependence on foreign oil and preparing workers for 21st-century jobs.

Bush pushed his economic prescription of free trade and low taxes as the best way to promote growth, sounding a theme Republicans are using to appeal to voters in this election year. But in a nod to public concerns that have persisted despite the economy's strong fundamentals, the president also said he has a plan to address a key source of anxiety: gasoline prices that analysts say have prevented people from feeling prosperous.

"Dependence on foreign oil jeopardizes our capacity to grow," Bush told an audience of a couple of hundred at the Paul Hall Center for Maritime Training and Education, by a pier overlooking St. George's Creek. "The problem is, we get oil from some parts of the world, and they simply don't like us. And so the more dependent we are on that type of energy, the less likely it will be that we are able to compete and people have good, high-paying jobs."

Bush, who toured the 60-acre facility, a vocational training center run by shipping companies and affiliated with the Seafarers International Union, promoted the nation's 4.7 percent unemployment rate, which he called "a good sign for somebody looking for a job."

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Democrats used the occasion to criticize Bush's economic policies, which they said have left Americans worse off.

"Under the Bush administration and the Republican Congress, America's working families have seen their incomes drop, and their worker protections and health care benefits come under assault," said Howard Dean, the party chairman.

Noting wage stagnation and the rising cost of gasoline and health care, Dean faulted Republicans for blocking a minimum wage increase.

"This is a war on America's families," he said in a statement.

Maryland's Democratic Party criticized Republican Gov. Robert L. Ehrlich Jr. and Lt. Gov. Michael S. Steele for accepting Bush's fundraising help but staying away from a high-profile presidential visit to the state.

"Under Bush's domestic policies, the big special interests, especially the big oil companies, are thriving at the expense of Maryland's families. Yet, Bush has told these special interests to keep funding the Ehrlich and Steele campaigns while they continue to keep the Bush-Cheney-Rove political machine of deception and middle class abandonment afloat," Derek Walker, the state party's executive director, said in a statement.

The president used his 11-minute speech to outline his energy proposals, including developing new technologies such as batteries and corn-based ethanol as gasoline alternatives, and further investment in nuclear power.

"I bet the people down in this part of the world like to drive pickups," Bush said, to chuckles from the St. Mary's County crowd. "We're going to have a battery that makes those pickups go."

Before his remarks, Bush toured the training center, a camp-like cluster of low-slung buildings set in a thickly wooded area where the Potomac River meets St. George's Creek. Its rustic feel was interrupted only by a few hulking pieces of shipping equipment that loomed over the waterfront.

The president tried his hand on a navigation simulator, taking the wheel of a mock U.S. Coast Guard cutter amid dozens of dials and digital displays to steer it out of Baltimore's Inner Harbor toward Fort McHenry. All around him, panoramic views of the harbor that were projected on the simulator's plexiglass-covered screens moved as he navigated.

"Just make sure I don't run into the wall," Bush told technicians standing by, as they increased his mock speed.

The president chose a spot in one of the fastest-growing Republican counties in the state for his Labor Day appearance, and chief political adviser Karl Rove looked on as Bush spoke briefly and spent nearly a half-hour greeting audience members. Some in attendance were clad in Coast Guard uniforms, while others wore Hawaiian shirts - the center trains the crew of the Pride of Aloha and other cruise ships - and chefs' tunics (it's also home to a state-of-the-art culinary lab).

Bush singled out the uniformed personnel, making only a glancing reference to the aggressive national security push he is making in the days leading up to the fifth anniversary of the Sept. 11 terrorist attacks, including in a speech in Washington today.

"Our soldiers and sailors and Coast Guard men and Marines and Air Force have got to understand this: that this country supports them in the mission; that they may hear all the political discourse going on, but the people of this country, the people of the United States of America, stand squarely behind the men and women who wear our uniform," Bush said.

The president has had a warm relationship with the seafarers union and its president, Michael Sacco. Sacco has ridden in Air Force One and sits on Bush's Export Council, a 28-member private-sector advisory committee on trade.

Yesterday Sacco, who accompanied Bush on his tour, called the president "a true friend of the U.S. Merchant Marine" and credited him with creating "thousands and thousands of jobs for the U.S.-flag fleet."

Bush has expanded the Maritime Security Program, which gives direct government payments to operators of U.S.-flag shipping vessels who agree to help the military with sealift power during a war or national emergency.

After the Sept. 11 attacks, Sacco said, "we needed a strong leader, and President Bush stepped up to the plate and delivered, and continues to deliver under very, very difficult circumstances."

julie.davis@baltsun.com

Forsaking Politics, Bush Has Low-Key Labor Day (NYT)

By David E. Sanger

The New York Times, September 5, 2006

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PINEY POINT, Md., Sept. 4 — In the nearly six years of his presidency, President Bush has used Labor Day for maximum political effect, showing up at picnics to address carpenters in Pennsylvania and highway construction workers in Ohio, often with local Republican leaders in tow.

But two months ahead of a midterm election in which Mr. Bush's party is in danger of losing control of the House, in part because of his low approval ratings, there were no candidates with him on Monday as he appeared briefly at a Seafarers International Union facility here on the edge of the Chesapeake Bay.

In fact, there was not even a picnic — just a small invited audience, which Mr. Bush addressed for 11 minutes.

Mr. Bush drew from some past speeches to make the case for job training, though he announced no new initiatives. He dwelled chiefly on the need to find alternative sources of energy, saying it is the key to economic growth.

"The problem,'' he said, "is we get oil from some parts of the world and they simply don't like us. And so the more dependent we are on that type of energy, the less likely it will be that we are able to compete, and so people have good, high-paying jobs."

Unlike at some of the previous events — like a 2003 Labor Day speech in Richfield, Ohio, where he announced the creation of a "manufacturing czar" within the Commerce Department — Mr. Bush did not use his appearance on Monday to discuss the erosion of manufacturing jobs.

He announced the manufacturing czar position in a year in which 700,000 jobs had been eliminated. Since that announcement, which came as the country's trade gap was approaching $500 billion, Mr. Bush has rarely spoken about the czar. Last year, the United States imported $766 billion more in goods than it exported. The nation's last trade surplus was in 1975.

Even some of Mr. Bush's Republican allies in Congress, who a decade ago called for eliminating the Commerce Department, have said they doubt that anyone in such a post as manufacturing czar could staunch a phenomenon as economically complex as the movement of manufacturing jobs elsewhere.

Asked at the event here whether Mr. Bush's appointment had made a significant difference, Karl Rove, the president's chief political strategist, said, "Yes and no." Mr. Rove said the Commerce Department was now focused on opening markets abroad, which creates jobs.

"It has to be part of a package," he said.

While Mr. Bush did not dwell on the continuing erosion of manufacturing jobs, he noted Monday that the unemployment rate was 4.7 percent, down from 4.8 percent. "That's a good sign for somebody looking for a job," he said.

Bush Says Education Is Key For Workers (LAT)

By Joel Havemann

The Los Angeles Times, September 5, 2006

WASHINGTON — President Bush traveled to a nearby job training center today to deliver a Labor Day plea to workers to keep their skills up to date if they want to remain productive members of society - -a message more controversial than it might sound.

"If you keep getting a good education, it increases your standard of living but also helps this country remain strong economically," Bush told members of the Seafarers International Union at the Paul Haul Center for Maritime Training and Education, which is run by shipping companies in Piney Point, Md.

But according to the White House Council of Economic Advisers, education is not the ticket to a higher salary that it used to be.

Between 2000 and 2004, the White House panel found that the inflation-adjusted earnings of persons with bachelor's degrees, but no higher degrees, fell by 5.2%. During the same period, the earnings of persons with just high school degrees actually rose slightly.

There was still a considerable gap between the two groups. The college graduates earned 80% more than the high school graduates. But four years earlier, the gap had been 93%.

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A recent report by the liberal Economic Policy Institute, which looked at earnings after inflation in 2000 and 2005, found a minuscule wage gain of 0.3% for both college graduates and high school graduates.

The training center that Bush toured today does not give out degrees, but the president said it was doing something just as important: preparing its students for the jobs of the future.

"As the world constantly changes, we better make sure that our work force has the skills necessary to compete if we want to be the world's leading economy," he said.

He also took the occasion, as he almost always does when addressing the economy, of urging Congress to make permanent the temporary tax cuts enacted during his first term. He promoted policies to make the United States independent of foreign oil, and he touted trade policies that would make it easier for U.S. companies to sell their goods and services abroad. "I believe this country can compete with anybody, any time, anywhere," he said, as long as the rules are fair."

Dip In Gas Prices May Lift Entire Economy (CSM)

By Ron Scherer

The Christian Science Monitor, September 5, 2006

NEW YORK

Motorists are finally getting a break at the pump.

Over the past month, gasoline prices have dropped more than 30 cents a gallon with the price of fuel at the lowest level since mid-April.

The falling prices are a welcome benefit to consumers who have been grumbling all year about how much more it costs to fill their tanks. With more money in motorists' pockets, the economy should benefit as well since this is the time of year when consumers tend to spend more time at the mall. In fact, the ripple effect of falling energy prices should help everyone from Detroit automakers to the airline industry to incumbents running for office this fall.

"The decline in gasoline prices has the effect of a tax cut," says Richard DeKaser, chief economist at National City Corporation, a bank in Cleveland. "Of course it's only partly reversing the 'tax increases' of the past three years."

The swing in gasoline prices has been rapid. Gasoline peaked at about $3.04 a gallon on Aug. 4. Now the national average is closer to $2.73 a gallon, according to GasolinePriceWatch.com. "In Dayton, Ohio, I'm paying $2.29 a gallon," says Brad Proctor, who runs the website.

Although gasoline purchases account for only 3 percent of consumer spending, Mr. DeKaser estimates the lower pump prices will add $2 billion a month in buying power to the economy that " will go toward savings or into the pockets of retailers that would have otherwise been heading to Venezuela or the Middle East," he says.

Falling gasoline prices, which will help ease some inflationary concerns, are also part of a favorable economic mosaic that is developing this fall. The Department of Labor reported Friday that the nation's unemployment rate in August dropped to 4.7 percent, down from 4.8 percent in July. Even more important, the economy created 128,000 jobs, a number consistent with moderate economic growth.

Lukewarm economic growth fits with the plans of the Federal Reserve, which opted not to raise interest rates in August. Based on the current economic data, Ann Owen, a former Fed economist, says she thinks the Fed could go for either another one quarter of a percentage point increase or continue its pause when it meets on Sept. 20.

"I don't think the Fed knows for sure what it will do," says Ms. Owen, who teaches economics at Hamilton College in Clinton, N.Y.

Besides the employment data, the Fed also monitors consumer expectations for inflation. Last Friday, the University of Michigan released its Survey of Consumers, which on a broad basis showed a modest decline in consumer confidence in August. However, on the inflation front, it found consumers anticipate an inflation rate of 3.8 percent in the year ahead.

"The survey found people are more concerned about persistently high prices versus further increases in interest rates," says Richard Curtin, the Survey's director.

But if it weren't for falling gasoline prices, says Mr. Curtin, consumer confidence would have been even lower.

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The main reason for the lower prices is a drop in the price of a barrel of crude oil from the $75 range to just above $69 on Friday. One reason for that decline is a shift in oil market speculation, says John Felmy, chief economist at American Petroleum Institute in Washington. "The worst-case scenarios did not occur," he says.

For example, initially BP announced it would turn off the spigot on 400,000 barrels of oil per day on Alaska's North Slope to repair corroded pipes. However, the company later reduced the curtailment to 200,000 barrels per day and indicated it may get the entire production back on line sooner.

"If the corrosion is not as bad as feared, BP could potentially bring the oil back on stream sooner than the original estimate," says Rick Mueller, a senior oil analyst at Energy Security Analysis Inc. in Wakefield, Mass.

At the same time, refiners are beginning to produce the winter blend of gasoline. As a result of the shift, Mr. Felmy says, some companies may be lowering prices to reduce their summer gasoline inventory.

The price of ethanol, which is used as a blending agent, has also seen a significant drop in price. Since mid-July, the price of ethanol has dropped about 72 cents a gallon. "Every barber in Ameri- ca invested in an ethanol plant," he says in explaining why the price has dropped so quickly.

Geopolitical uncertainties still have the potential to push prices back up. Iran, for example, maintains it will continue its uranium enrichment program. However, it's not clear if the United Nations will actually enact sanctions.

"If the Iran issue is resolved, the fundamentals are pretty bearish for the price of crude oil," says Mr. Mueller. "There is plenty of inventory here and in Europe, there is new production coming on stream, and it's nearly the end of the driving season."

GOP: Gas Gimmick Is Illegal (RC)

By Nicole Duran

Roll Call, September 5, 2006

Democratic House challengers think they have found a clever way to harness voter anger over high gasoline prices: Sell it for less.

But Republicans defending their seats in districts where Democrats have staged gas giveaways say the move is tantamount to vote buying.

Rep. Ron Lewis (R-Ky.) asked the U.S. attorney in Louisville to investigate whether Democrat Mike Weaver's recent cheap gas event in Elizabethtown, Ky., violated the criminal code.

Weaver, a state Representative, filled motorists' gas tanks for $1.20 per gallon, the price gasoline cost when Lewis was first elected to Congress in 1994. His campaign reimbursed the service station for the difference in cost, as gas is selling for about $3 per gallon nationally.

It is a federal crime to "make an expenditure to any person, either to vote or withhold his vote, or to vote for or against any candidate," according to the statute.

Lewis thinks the Weaver event and others like it rise to that level.

"Obviously Mr. Lewis' people raise some interesting questions, and it will be interesting to see what the U.S. attorney determines," said Carl Forti, spokesman for the National Republican Congressional Committee.

Democrats called the allegations of wrongdoing ridiculous.

"It's clear that the NRCC talking points have been to question the legality of it," said Sarah Feinberg, spokeswoman for the Democratic Congressional Campaign Committee. "The purpose of the event is to deliver the message to voters that under the Republican Congress, gas prices have skyrocketed while oil company CEOs have gotten filthy rich and American families have become increasingly unable to afford to fill up their tank."

Bob Bauer, an election law attorney for Perkins Coie, which represents the DCCC, said GOP complaints against the cheap-gas events are baseless.

"They're going to find that this argument quickly runs out of gas and it's no surprise that they'd go to great lengths to keep gas prices up," Bauer said. "The gas is available to whomever wishes to purchase it at the subsidized sale price for a short time ... there's no condition attached."

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Furthermore, he said, there is no way to even track whether the people who buy the discounted gas are registered to vote in the district in which the candidate is running, whether they will vote at all or for whom they ultimately will vote.

"I'm confident that this is a perfectly legal exercise," Bauer said.

At least three other Democratic challengers have held similar events in recent weeks, including former Rep. Baron Hill, who is trying to win back his southeastern Indiana seat from Rep. Mike Sodrel (R); Cincinnati City Councilman John Cranley, who is trying to unseat Rep. Steve Chabot (R-Ohio); and teacher Larry Kissell, who is hopes to upend Rep. Robin Hayes (R-N.C.) in the Tar Heel State's 8th district. Kissell was the first of the candidates to stage the promotion.

"We thought it was a very successful event and it highlighted the pain that Hoosier families are feeling every time they fill up at the pump," said Abby Curran, Hill's spokeswoman.

Hill, who charged $1.80 for a gallon of gas — which is what it cost when he was still in office two years ago — consulted his campaign attorney before holding last week's event.

"Congressman Mike Sodrel's campaign is trying to divert attention away from gas prices, which is the real issue at hand," Curran said.

Public interest groups have been reticent about wading into the controversy, but Trevor Potter, an attorney with the Campaign Legal Center and former Republican chairman of the Federal Election Commission, told McClatchy Newspapers last week that he did not see a problem with the gimmick.

"I think it's legal so long as they don't say 'we're giving you cheap gas in return for proof that you voted today,'" McClatchy quoted Potter as saying.

Formula Change Worries Keep Diesel Prices Up (USAT)

By Barbara Hagenbaugh

USA Today, September 5, 2006

WASHINGTON — Although most drivers are paying much less to fill their gasoline tanks than they did just a few weeks ago, those who use diesel fuel have barely noticed a change.

While gasoline prices dropped nearly 20 cents in the three weeks through Aug. 28, prices for diesel, which is used to fuel trucks and other vehicles, fell less than 3 cents. The nationwide average diesel price was $3.027 on Aug. 28, vs. $2.845 for regular gasoline, according to a weekly report from the Energy Information Administration, the analytical arm of the Energy Department.

The main issue propping up diesel prices is a change in the formulation of the fuel.

In an effort to reduce pollution, government rules dictate that starting Oct. 15, the sulfur content of diesel must be no more than 15 parts per million, down from 500 parts per million.

Companies have been preparing for this transition, but the oncoming deadline is keeping people on edge.

"Even if no major problems surface, the chance that they may occur is high enough to cause market participants to pay a little bit more than they would otherwise," analysts at the EIA said in a recent report.

While gasoline prices are likely headed even lower, diesel prices are poised to increase in large part because of the fuel changeover issue, Wachovia economist Jason Schenker says.

Even if prices don't increase, they are unlikely to fall significantly. "I wouldn't expect to see a quick drop anytime soon," Moody's Economy.com economist Rakesh Shankar says.

Jerry Cordell, who owns his own truck and is currently hauling sand within Michigan, says diesel prices are so high, he has considered quitting driving, which he has done for 28 years. Earlier this year, he stopped making long trips in an effort to save fuel costs.

"I'm working for diesel, basically," the 52-year-old from Goodells, Mich., says.

Strong demand also is keeping diesel prices elevated, American Petroleum Institute chief economist John Felmy says. In the four weeks through Aug. 25, average diesel demand was up 1.5% from a year ago, according to the EIA.

While the peak gasoline consumption season is coming to a close, the busiest time for diesel is about to kick off. Trucks move more freight in the fall, when stores stock up on merchandise for the holiday shopping season.

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Trucking companies and independent drivers are expected to pay a record $102 billion for diesel fuel this year, up from $88 billion in 2005 and twice the amount paid four years ago, according to the American Trucking Associations.

That creates a challenge not just for truckers, but for the economy as a whole, says ATA chief economist Bob Costello. If trucking companies are able to pass along some of their added fuel costs to their customers, and businesses then increase prices charged to consumers, then inflation can rise and spending can fall, he says.

"This has a significant ripple effect throughout the economy," Costello says.

Diesel fuel is used in some cars, trucks, buses, boats and farm and construction equipment. In 2005, diesel vehicles represented 3.2% of the U.S. new light-vehicle market, which includes cars, small trucks and SUVs. That percentage is expected to increase to 3.6% in 2006 and 9% in 2013, according to a study released last week by J.D. Power and Associates.

Oil Prices Ease As Demand, Risk Fall (WP/BLOOM)

By Eduard Gismatullin And Gene Laverty

The Washington Post, September 5, 2006

Crude oil prices fell to a 15-week low in New York yesterday as the U.S. summer travel season ended and traders speculated that a dispute with Iran about nuclear research may be resolved without curtailing exports.

Iran, the world's fourth-largest oil producer, wants a negotiated solution to a demand that it stop enriching uranium, United Nations Secretary General Kofi Annan said yesterday.

U.S. gasoline use usually rises 5 percent in the summer, then drops after Labor Day.

"A lot of risk premiums haven't materialized," said Tom Hammervold, an oil trader at Norsk Hydro ASA in Oslo. "There are no issues at the moment to support the price."

Crude oil for October delivery fell $1.17, or 1.7 percent, to $68.02 a barrel in electronic trading on the New York Mercantile Exchange, the lowest for a contract closest to expiration since May 22. New York crude touched $67.77 a barrel earlier in the day. Floor trading on the exchange was closed yesterday for the holiday.

Gasoline prices also fell, with the October contract dropping 3.44 cents, or 2 percent, to $1.70 a gallon. The average U.S. retail price for gasoline declined to $2.74 a gallon on Sept. 3 from $3.02 a month earlier, according to AAA.

The price of oil has fallen 13 percent since reaching a high of $78.40 a barrel on July 14. Oil rose then on concern that fighting between Israel and Lebanon's Hezbollah would spread and disrupt supplies of crude from the Middle East.

Futures tumbled 4.6 percent last week, when a United Nations deadline for Iran to stop enriching uranium passed without sanctions being imposed.

Also, Tropical Storm Ernesto swerved north into Florida, leaving intact the oil and gas infrastructure in the Gulf of Mexico, the source of a quarter of U.S. oil production.

"The mixed signals and messages will continue, with someone saying Iran will stop exports and another saying exports will continue," said Antoine Halff, a vice president and head of energy research at Fimat USA Inc. in New York.

"Iran has a strong advantage in using oil as a weapon."

BP Hires Former Judge To Be U.S. Ombudsman (WSJ)

By Jim Carlton

The Wall Street Journal, September 5, 2006

BP PLC has retained former U.S. District Judge Stanley Sporkin as its ombudsman to hear worker complaints from Alaska and elsewhere in the U.S., in a move to stem the tide of criticism over the British oil titan's operations.

BP officials and Mr. Sporkin said BP has given the former jurist free rein to report to the company whatever he hears from workers in the field. Although he will be a contractor paid by BP, "I'll call them as I see them," Mr. Sporkin, 74 years old, said in an interview.

Some BP workers in the past have taken their complaints about BP's practices in Alaska to a former oil-tanker broker named Charles Hamel, a frequent oil-industry critic, because they say management hasn't heeded their warnings about corrosion and other problems at Alaska's giant Prudhoe Bay oil field.

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BP partially shut down production at the field last month after discovering corrosion problems more severe than company officials said they had realized. The move led to a surge in global oil prices and came amid investigations by federal and Alaska officials over BP's management of pipelines in the state. While the London oil company has acknowledged some responsibility for the corrosion problem, BP has defended its overall pipeline maintenance as robust and characterized the incidents as unforeseeable.

Mr. Sporkin has some firsthand knowledge of the Alaskan oil issues. He presided over a lawsuit in 1993 in which Alyeska Pipeline Service Co. was accused of spying on Mr. Hamel and his wife, Kathy. Before Alyeska agreed to settle the case with Mr. Hamel and his wife without admitting wrongdoing, Mr. Sporkin lambasted the company's tactics as "reminiscent of Nazi Germany." Alyeska operates the Trans-Alaska Pipeline on behalf of a consortium of oil companies that includes BP, Exxon Mobil Corp. and ConocoPhillips.

Mr. Hamel, who lives in Alexandria, Va., said it remains to be seen whether Mr. Sporkin would prove effective. But "no one has more respect for Judge Sporkin than Kathy and I do," he said.

Mr. Sporkin was asked to take on the ombudsman's role, a new position at BP's U.S. division, by Bob Malone, the company's U.S. president. Mr. Malone said he met Mr. Sporkin in 2001 in his former job as president of Alyeska and thought he could serve as an impartial sounding board for worker complaints. "Because employees have told me they want a third avenue to raise issues, that is what we are doing," said Mr. Malone, who is expected to testify at U.S. congressional hearings set to begin Thursday into problems at Prudhoe Bay and other U.S. operations.

BP is giving Mr. Sporkin a staff of two who will operate a 24-hour call center for any BP worker in the U.S. to file complaints. In an Aug. 31 letter to BP workers, Mr. Sporkin said: "My mandate is to do whatever is necessary to ascertain the facts about and identify solutions for problems that exist today as well as those likely to become issues in the future."

Mr. Sporkin was involved in a number of other high-profile cases during his 14-year career as a jurist on the District of Columbia court. In 1995, he rejected a 1994 antitrust settlement between Microsoft Corp. and the Justice Department over licensing the company's desktop software, saying it was too lenient. The U.S. Court of Appeals in Washington later reinstated it and removed Mr. Sporkin from the case. After retiring from the bench in 2000, Mr. Sporkin became a partner in the Washington office of the law firm Weil, Gotshal & Manges LLP and has been a consultant.

Write to Jim Carlton at jim.carlton@wsj.com1

Staining The Land Forever (NYT)

By Nicholas D. Kristof

The New York Times, September 5, 2006

A highlight of my summers is the annual backpacking trips with my children. This year I took my youngest, who is 8, through 65 miles of the Oregon Cascades, giving her the chance to suffer mosquito bites, slip on snowfields, cross raging streams on rickety logs and enjoy other wilderness thrills.

She is now a confirmed backpacker, and we've decided that we're going to hike together from Mexico to Canada on the Pacific Crest Trail — when we're both grown up.

This wilderness and trail system is a legacy of past presidents, beginning with Teddy Roosevelt. There aren't many ways in which our lives today are shaped by a president who governed more than a century ago — or in which President Bush will affect our grandchildren's grandchildren in the 22nd century — but wilderness policy is one.

Until now, the pattern has been for presidents of both parties to expand protections of natural areas, with a bipartisan record of adding to national forests and other protected areas. Mr. Bush has also added to the wilderness system here and there, but at a broader level he has reversed the trend by leading a stealth campaign to tilt the balance toward development.

"There have been systematic efforts to weaken protections for wilderness-quality lands across the public lands estate, and to make it harder to protect these places in the future," notes Peter Rafle of the Wilderness Society.

Last month, a federal judge blocked an administration scheme to harvest timber in California's Giant Sequoia National Monument, criticizing it as "incomprehensible." But step back and you see that the administration's approach is entirely

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comprehensible: it's a systematic effort to increase the private exploitation of federal lands even if that means losing their character forever.

A few examples:

¶Last year, Mr. Bush formally repealed President Clinton's "Roadless Area Conservation Rule," which had provided broad protections for 58 million acres of national forest lands without roads.

¶Mr. Bush has also used his "healthy forest" initiative as a way to promote logging over wilderness. He is right that forests are too vulnerable to fires today, but dispatching commercial logging crews is not the solution for most areas.

¶In some parts of the country, Mr. Bush in effect has adopted a "no more wilderness" policy. In 2003, the administration announced that millions of acres of land in Utah and elsewhere in the West would never again be considered for designation as wilderness.

¶The administration has offered oil and gas leases on 70,000 acres of proposed wilderness in Colorado and 190,000 acres in Utah. Once oil or gas development occurs, the land is lost — no longer eligible to be included in the wilderness system.

¶Mr. Bush is trying to turn vast, pristine parts of Alaska into oil wells; some oil and mineral development is essential, but the past bipartisan sense of balance is lost. Mr. Bush is pushing to drill in many Alaskan lands that had been protected by past Republican presidents.

One of my greatest outdoor memories is of spotting a herd of caribou in the Alaskan Arctic, and then creeping up on them. Finally, they spotted me — and then they rushed up for a closer look at a genuine human. Drilling would change this land forever.

Many of these efforts took shape under Gale Norton when she was interior secretary. Now that Ms. Norton has been replaced by Dirk Kempthorne, we have a chance to pause and take a deep breath. Mr. Kempthorne seems more measured than Ms. Norton, and let's hope he'll take as his model Gifford Pinchot, the legendary Republican politician who founded our system of national forests and coined the word "conservation" as it applies to wilderness.

A week ago, I took my 12-year-old son out on his third trip around Mount Hood this summer. The weather was glorious as we started, but by nightfall a cold rain was pounding down on our tarp shelter. The next morning, we found ourselves stumbling through driving snow — and wishing we were on a couch watching TV instead.

But that's the wonder of the wilderness, an essential part of America's greatness: time in the wild is the best way to tame our arrogance, to remind ourselves that we are temporary intruders upon a larger canvas. It puts us in our place, at times by freezing our toes.

So that's why I mourn for our wild lands. In 100 years, Mr. Bush's mistakes in Iraq may not matter anymore, but our wilderness heritage lost on his watch can never be restored.

Tree-Planting Drive Seeks To Bring A New Urban Cool (WP)

By Blaine Harden, Washington Post Staff Writer

The Washington Post, September 5, 2006

Lower Energy Costs Touted as Benefit

SACRAMENTO -- This city believes an answer for global warming is growing on trees.

About 375,000 shade trees have been given away to city residents in the past 16 years, and there are plans to plant at least 4 million more. To receive up to 10 free trees, residents simply call the Sacramento Municipal Utility District, a publicly owned power company.

"A week later, they are here to tell you where the trees should be planted and how to take care of them," said Arlene Willard, a retired welfare case worker who with her husband, John, has planted four SMUD trees in the back yard of their east Sacramento house.

Perhaps the most arresting feature of Sacramento's shade crusade is its rarity, despite federal research showing that carefully planted trees can lower summertime temperatures in cities, significantly reduce air-conditioning bills and trap greenhouse gases responsible for global warming.

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Most American cities have shrinking tree canopies in relation to their growth. That's because of inadequate budgets to maintain older trees and a failure to plant shade trees in new residential and commercial developments, according to federal experts, tree-planting organizations and scholars of urban ecology.

A number of major cities have launched sizable tree-planting programs -- including Washington, Baltimore, Minneapolis, Chicago, Denver and Los Angeles. Still, the decline in tree cover has been accelerating since the 1970s, especially on private property and new development, according to American Forests, an environmental group in Washington that uses satellite imagery to document tree cover across the country.

"This is like a creeping cancer," said Deborah Gangloff, the group's executive director. "In the two dozen cities we have studied, we have noticed about a 25 percent decline in tree canopy cover over the past 30 years. This is a dramatic trend that is costing cities billions of dollars."

And the trend continues even as cities heat up. Along with much of California, Sacramento set a record for heat this summer, with 11 straight days above 100 degrees. Federal scientists say that the first six months of this year were the warmest on record in the United States and that the five warmest years over the past century have occurred since 1998. The average nighttime temperature in Los Angeles is seven degrees warmer than it was a century ago.

Many major utility companies are declining to act on the connection between urban trees and energy savings, according to Agriculture Undersecretary Mark Rey, who oversees the Forest Service.

"It is one of our new focuses to give them information and incentives to do this," Rey said, adding that the Bush administration is planning a meeting with utilities to convince them of the financial logic of urban trees.

Three shade trees strategically planted around a house can reduce home air-conditioning bills by about 30 percent in hot, dry cities such as Sacramento, and a nationwide shade program similar to the one here could reduce air-conditioning use by at least 10 percent, according to Energy Department research.

Washington is among the cities with the largest reduction in dense tree cover, with a 64 percent decline from 1973 to 1997, according to American Forests. Althouh there has since been considerable effort and expense to plant more trees in Washington, experts disagree about whether the tree canopy has been stabilized. They do agree that rapid canopy decline continues in Washington's outlying suburbs.

Although Bush administration officials say urban trees are a priority, spending on the federal Urban and Community Forestry Program has declined by about 25 percent in the past four years, from a high of $36 million annually to a proposed $27 million in the coming year.

"People have been fighting for crumbs for so long," said Mark Buscaino, who quit this summer after three years as director of the federal urban trees program. He is now executive director of the Casey Trees Endowment Fund, a private tree-planting group in Washington.

Tree-planting in U.S. cities has been championed as a way to beautify and civilize the hard edges of urban life. (Before air conditioning, it was also a primary strategy for keeping cities cool.) But a growing body of scientific research, most of it federally funded, shows that urban trees are also shrewd investments.

Sacramento's shade crusade easily pays for itself, with summertime energy savings about double what SMUD spends on trees each year. As they mature, trees already planted by the utility are expected to save enough electricity to power about 14,000 homes.

By planting 10 million trees and fabricating lighter-colored roofs and pavement, Los Angeles could reverse an urban "heat island" effect -- caused by concrete, asphalt and heat-retaining buildings -- that has been increasing for a hundred years, according to a simulation study by the Department of Energy's Lawrence Berkeley National Laboratory. It found that Los Angeles could lower its peak summertime temperature by five degrees, cut air-conditioning costs by 18 percent and reduce smog by 12 percent.

"In the West, where the air is dry, shade trees are more effective in reducing the urban heat island effect than any other measure," said Hashem Akbari, leader of the federally funded research group that studies warming cities at the laboratory. In more humid cities in the East, he said, shade trees -- which increase humidity -- lower air-conditioning bills and clean the air but do not lower the outside temperature.

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By absorbing greenhouse gases, lowering urban temperatures and reducing demand for air conditioning, trees planted in cities are far more valuable in combating global warming than trees in rural areas, federal research has shown. Akbari said a well-placed shade tree in Los Angeles is worth three to five trees planted in a distant forest.

His message is finding an audience. This month, Los Angeles is starting a campaign to plant a million trees, part of a free-tree program following the Sacramento model. For every dollar it spends on trees, the city expects to realize a $2.80 return from energy savings, pollution reduction, storm-water management and increased property values, said Paula A. Daniels, a commissioner on the Board of Public Works.

Across much of the United States, though, research confirming the monetary value of trees has not triggered a rush to exploit shade.

Many major private utility companies remain skeptical. In the Washington area, in California and in most of the country, they have steered clear of programs to give shade trees to homeowners, saying it is not clear that it would help the companies' bottom lines.

Critics of big utilities say the companies have a deep institutional bias against urban trees, mostly because they spend vast amounts of money and time repairing tree-damaged power lines.

There are cultural reasons why the research findings have failed to sway the nation's utility managers, transportation engineers and municipal planners, according to Kathleen Wolf, a social science researcher at the University of Washington's College of Forest Resources.

"These people have not yet reconciled how a green living thing interacts with gray infrastructure," said Wolf, whose research is funded by the Forest Service. "There has not yet been a mind shift that says trees are technology. In most American cities and states, we are not having that discussion."

But it is not just engineers and road builders who balk. About one-third of Sacramento utility customers tell SMUD that they do not want to mess with more trees in their yards and will not accept free ones.

"Many people just don't like trees because they are dirty," said Buscaino, the former head of the federal urban forest program. "We have a lifestyle where the last thing on people's mind is trimming their trees."

Iowa is the only state with a long-term record of using state law to push private utilities to plant trees for energy conservation -- and to allow them to recover the cost of the program in electricity rates.

Over the past 15 years, the program has been a spectacular success, according to the private utilities there and Trees Forever, a nonprofit group that helps run the program. In addition to the quantifiable benefits -- half a million trees planted, reduced energy costs and savings on storm-water drainage construction -- utilities say the program has been a public relations bonanza.

"It is difficult to put a value on the community relationships we have built with the trees," said Karmen Wilhelm, a spokeswoman for Alliant Energy, a major utility in Iowa. "It has been wonderful for our reputation."

Errors, Costs Stall Nuclear Waste Project (LAT)

By Ralph Vartabedian, Times Staff Writer

The Los Angeles Times, September 4, 2006

Radioactive sludge that threatens the Columbia River is still untouched after years of setbacks. The job's complexity has taxed U.S. expertise.

RICHLAND, Wash. — On a desert plateau seven miles from the Columbia River, a massive federal project to clean up a Cold War-era nuclear weapons plant is deeply troubled.

The effort to avoid a future environmental calamity here, at the most polluted site in North America, is a priority of the Energy Department but has foundered because of engineering mistakes and runaway costs. Fifty-three million gallons of radioactive sludge, most of it the texture of ketchup, is stored in scores of underground tanks, some of which have leaked for years.

The Energy Department and its lead contractor Bechtel Corp. are trying to build a sophisticated waste treatment complex — a small-scale industrial city — that would transform the sludge into radioactive glass. After spending $4 billion since 1989 and getting rid of three previous contractors, the program has yet to transform a gallon of sludge.

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"We have had some world-class technical issues," acknowledged John Eschenberg, the federal manager for construction. "I have made mistakes. Bechtel has made mistakes. If I could relive the last three years, there are things I would do differently."

The project is a long-distance race to empty the leaky tanks and secure the radioactive waste before it becomes a greater menace to the Columbia River. The job is likely to take decades, and the price tag could approach $100 billion.

In January, the Energy Department stopped construction on the two most important parts of the project after it realized it had miscalculated the earthquake risks at the sprawling federal facility, known as the Hanford Site. In recent weeks, it put off any resumption of construction until after October 2007. At best, the plant would be finished in 2019.

What remains uncertain is whether the plant's remarkably complex technology will work as planned. Shortly after construction was halted, a team of experts delivered a sobering report that warned of a large number of other potential technical issues that could undermine the plant's operation.

In addition, a long list of major safety problems has been discovered — though these problems are fixable, construction managers say. They include the potential for explosive hydrogen gas to build up inside the plant's pipes; concerns that the steel frame had inadequate fireproofing; and the discovery of faulty welds in tanks designed to hold dangerous waste.

The cumulative effect of all the problems and challenges has been staggering.

Energy Department officials disclosed in May that the plant would probably cost $11.6 billion to build, double the estimate of only three years ago. An independent cost estimate due in coming weeks from the Army Corps of Engineers is expected to exceed $13 billion.

"You want to take somebody out and hang them," said Rep. David L. Hobson (R-Ohio), the chairman of the House Appropriations subcommittee that pays for the project. "It is already outrageous what it is costing."

Hobson, who has led an investigation into the problems at the Hanford plant, said the Energy Department had ignored problems until they mushroomed out of control and had adopted a "fast-track" construction strategy that backfired.

Meanwhile, officials in Washington state are furious about the continued delays. The state has a legal agreement with the Energy Department that promised the plant would be operating by 1999, meaning it is now 20 years behind schedule.

"We are extremely frustrated," said Suzanne Dahl, the top official at Hanford from Washington's Department of Ecology. "It is becoming impossible to accept more delays."

Construction of the waste treatment complex, consisting of two dozen massive buildings, is only 30% completed, and engineering work is about 70% completed, Eschenberg said. Building and designing the plant at the same time was necessary, he said, to get the cleanup done as quickly as possible. The decision to halt construction was a prudent step that will give engineers time to solve all the problems, he said.

James Rispoli, assistant Energy secretary for the nuclear waste cleanup program, acknowledges the program has had setbacks but says it is not facing any problems that would derail the project.

Although work has stopped on the pretreatment plant and high-level-waste plant, construction is continuing on 20 other facilities in the complex, Rispoli said. "We are keeping the forward momentum," he said.

Of course, there is nothing new about federal projects hitting technical problems that cause skyrocketing costs. In most cases, the problems are overcome, and often the projects even become examples of U.S. engineering prowess. But in the case of Hanford, there are some deeper concerns.

Bechtel says it underestimated how much U.S. expertise in nuclear engineering has atrophied. Academic experts agree that the U.S. has lost much of its nuclear know-how.

The history of problems at Hanford raises questions about how effectively the radioactive waste dumps left over from the Cold War can be cleaned up — even with the best technology and with almost unlimited federal spending.

The project's current problems come on the heels of a whole other set of missteps dating to the 1990s, when three different efforts to build a treatment system failed. British Nuclear Fuels, the contractor that preceded Bechtel, was fired when it submitted a $15.2-billion estimate to build a plant in 2000. Bechtel promised to build the plant for less.

Rough estimates for building and operating the plant — then decommissioning the facility when the job is done — range from more than $50 billion to $100 billion.

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"This is the environmental equivalent of sending men to the moon," said Bob Alvarez, a senior scholar at the Institute for Policy Studies in Washington, D.C., and a former Energy Department official. "It costs about the same."

There is also an urgency to the mission, given the risk that radioactive waste will someday reach the Columbia River, the largest river in the West. About 1 million gallons of the waste has already leaked into the ground at Hanford, though government experts are confident the rate of leakage has slowed or stopped.

Government hydrologists say they have no evidence that any leaked sludge has reached the water table 250 feet below ground, and they cannot calculate when — or whether — the radioactivity will reach the Columbia River.

Such assurances are rejected by some outside experts, including geotechnical engineer John Brodeur, who conducted a comprehensive study of the tanks in the late 1990s for the Energy Department.

"Some of the ground under the tanks is screaming hot," said Brodeur. "The groundwater is already contaminated."

By 2019, the plant is supposed to be ready to transform the waste into glass, a process called vitrification. New pipelines would carry the waste to a facility consisting of three huge radioactive waste treatment plants, a water treatment plant, a laboratory, a power distribution center and a maintenance shop.

The idea is to separate the highly radioactive materials into two waste streams: a small amount of high-level waste that will be vitrified and shipped to a future dump in Nevada; and a much larger volume of lower-level waste to be vitrified and buried at Hanford. Eventually, there would be 10,000 canisters of high-level vitrified waste and 100,000 canisters of low-activity waste.

The separation process is the biggest challenge, because the waste composition is so complex. Some of the highly lethal waste is a thick red or green sludge, and some is made of hard salt cakes. A teacup of the waste would deliver a lethal dose in minutes, nuclear waste experts say.

The separation occurs in a huge pretreatment plant, which by itself will cover the size of four football fields and reach 12 stories high. For safety, the concrete walls are 4 feet thick. The separate processes use both fine metal filters and two chemical processes, which have never been tested together on a large scale.

"They are taking a real risk the thing won't work and they will have a $11.5-billion white elephant sitting in the desert," said Tom Carpenter, nuclear oversight program director at the Government Accountability Project, a Washington, D.C., watchdog group.

Amid growing congressional concerns about Hanford's technology, Bechtel assembled a team of the top nuclear experts in the nation.

In a March report, they cited a number of defects that would have to be fixed for the plant to work. They said one of the two chemical processes was "undemonstrated" and the other "will not provide acceptable performance." The whole pretreatment facility "will be difficult to reliably operate."

The team of outside experts also raised concerns with the vitrification processes. Once the waste streams are separated, they are sent to two different final treatment plants for vitrification. The melters in the low-level plant could wear out or fail prematurely, while the piping in the high-level plant could get plugged up, they said.

The report raised the prospect that the Hanford treatment plant might wear out before all the waste was treated, particularly if it could not operate reliably and avoid shutdowns.

The plant is designed to turn out 6 metric tons of vitrified high-level waste per day and 30 tons of low-level waste. If it can do that, it will complete the job 40 years after starting up, or 2059. If the job lasts longer than that, the plant could wear out first.

Rispoli, the Energy Department environmental chief, believes the outside assessment shows that the plant will work. All the Energy Department has to do is solve the problems identified in the report, he said.

The problems at Hanford reflect a troubling reality about the U.S. nuclear workforce: Its skill has declined over the last several decades as nuclear construction wound down, said William Elkins, Bechtel's top officer managing the Hanford construction.

"There is no question we underestimated the amount of atrophy, how much the nuclear supply industry had atrophied … how difficult it would be to find the people with the required skills," he said.

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Academic experts agree the U.S. is losing its expertise in nuclear engineering. There are 35 universities in the U.S. with nuclear engineering departments, half as many as in the 1970s, said Joonhong Ahn, a UC Berkeley expert on nuclear waste. And enrollment has plunged, said Jim Stubbins, chairman of nuclear engineering at the University of Illinois in Urbana-Champaign.

Bechtel is still trying to determine whether the waste treatment plant could stand up to the ground motion of a magnitude 9 earthquake on the Washington coast a couple of hundred miles away.

The issue was raised in 2004 by the Defense Nuclear Facilities Safety Board, an independent federal agency that oversees Energy Department sites. As engineers examined the issue, they realized the ground motion at Hanford could be 38% greater than they had anticipated.

Critics, including board Chairman A.J. Eggenberger, say Bechtel and the Energy Department took two years to act on that information, allowing the problem to mushroom. So far, it appears Bechtel designed safety margins large enough so that no walls will have to be rebuilt. But costly equipment will have to be upgraded, and engineers are still studying the issue.

Rep. Hobson held a blistering oversight hearing on the problems in April and then wrote new constraints on the program in the 2007 appropriations bill. He would require Bechtel to complete 90% of the engineering on the plant before it could resume construction, and he wants the Nuclear Regulatory Commission to oversee the project.

The Energy Department and Bechtel have resisted, saying those ideas would not help the situation. Bechtel, which is already facing a demand from the government to forfeit $48 million in fees, says its professional reputation has been tarnished.

"We don't like any inference that we are soaking the taxpayer or don't know what we are doing or are lining our pockets," Elkins said. "Nothing could be further from the truth."

But Hobson is impatient with Bechtel's concerns about its reputation and with its explanations, particularly its claim that nuclear technology has eroded in the U.S.

"Of all the people in the world, they have the most expertise," Hobson said. "They took their best people and put them on other projects in the world. They took this one for granted."

True Wilderness, And False (NYT)

The New York Times, September 4, 2006

Under the radar, Congress has been quietly adding to the nation's inventory of protected wilderness. In three bills approved by both houses and signed by President Bush, the 109th Congress has awarded wilderness designation to 11,000 acres of canyonland and desert in New Mexico, 10,000 acres of rain forest in Puerto Rico and 100,000 acres in the Cedar Mountains of Utah.

Four more wilderness bills have cleared one house or the other, and when approved will add another 750,000 acres of wilderness in California, Idaho, Oregon and Washington. More such bills are waiting in the Congressional wings.

The Wilderness Act of 1964 prohibits all commercial activity — roads, buildings, logging, drilling — in areas designated as wilderness, the highest level of protection given to any public lands, including the national parks. Congress has designated roughly 106 million acres as permanent wilderness, more than half of it in Alaska.

Measured against this number, the latest designations may seem like small change. Yet they reflect rare moments of bipartisan cooperation at a time when Congress seems polarized on just about everything, not least conservation issues. They also reflect well on local groups that have worked long and hard to find common ground between environmentalists and commercial interests. And while Mr. Bush seems as determined as ever to open up chunks of the public estate to commerce, especially for oil and gas drilling, like other presidents before him he finds it impossible to resist grass-roots ideas that have been so thoroughly debated in advance.

This is not to say that all wilderness bills are free of low motives and commercial intent. One particularly distasteful example is a bill introduced by Senator Robert Bennett and Representative Jim Matheson of Utah. It would sell off 40 square miles of federal land to private developers in Washington County, the fifth-fastest-growing county in the country and already something of a monument to suburban sprawl and strip development. In exchange, it offers wilderness protection to about 220,000 acres.

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Wilderness bills often involve land swaps — small amounts of land for commercial purposes in exchange for lots more permanent wilderness — and the Utah deal would seem to fit the pattern. It doesn't. First, about half the proposed wilderness is already protected. Second, some of the proceeds would go not for local conservation projects but for off-road vehicle trails and, most alarming, for a 120-mile pipeline to draw water from Lake Powell, which is already stressed by undisciplined development. Third, there has been little public input. Finally, there appears to be plenty of private land available to satisfy the county's insatiable needs.

This is, in short, a raid on national resources aimed at helping private developers. It is the worst sort of Congressional earmarking. And it gives true wilderness bills a reputation they do not deserve.

FBI/DEA/ATF/USMS:

Drug Agency Probing Sacramento Fire's Missing Morphine (AP)

AP, September 3, 2006

The federal Drug Enforcement Administration is probing the theft of morphine carried on Sacramento Fire Department engines after several vials of the narcotic painkiller were discovered with broken seals.

The criminal investigation by the DEA and Sacramento police adds to a probe by the department's professional standards unit, the county's emergency medical services director, Dr. Steve Tharratt, said Friday.

Tharratt oversees emergency medical issues for the county and its fire departments. He ordered the department to remove the morphine from fire trucks Thursday, though the tampering was discovered during an audit of the emergency medical services division several months ago.

Preliminary laboratory tests show some morphine was removed from the vials, Tharratt said. The department said the tampering involved several vials carried by several different fire engines.

Morphine now is being carried in locked containers in ambulances, said fire department spokesman Capt. James Doucette.

The department has 325 paramedics licensed to administer morphine, and tries to have one paramedic on each fire truck in case the truck arrives before an ambulance.

The investigation is the latest in a series of problems at the department in recent years, including a 2005 episode which resulted in four firefighters being suspended for engaging in group sex at a fire station.

Probe Widens In Firetruck Drug Thefts Who Took Morphine From Sealed Vials? Feds Are Called In To Help. (SACBEE)

The Sacramento Bee, September 2, 2006

The U.S. Drug Enforcement Administration has been called in to help investigate the theft of morphine from sealed vials on several Sacramento Fire Department engines, the county's emergency medical services director said Friday.

Dr. Steve Tharratt, who oversees emergency medical issues for the county and its fire departments, said the criminal investigation by Sacramento city police and the DEA is in addition to the Fire Department's internal probe into the missing drugs.

"I made my decision based on my assessment of the facts, which points to an apparent diversion (of the morphine)," Tharratt said. "My top priority is patient safety and paramedic safety."

Authorities have not identified any suspects and say they do not know whether the thefts were committed by a paramedic, firefighter or someone else, said Fire Department spokesman Capt. James Doucette.

The department has 325 paramedics licensed by the state to administer morphine to victims, he added. The department aims to have one paramedic aboard each engine or truck, generally in case the truck arrives before an ambulance.

The vial tampering was discovered several months ago during a routine inspection, but not made public by the Fire Department until Thursday night -- after Tharratt ordered all morphine vials removed from fire engines and trucks.

The liquid remaining in the vials with broken seals was sent for laboratory testing.

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"Though not all the lab tests are completed, the results we have back show … the medication in them has been taken out," Doucette said. "Who took it out or why, we don't know."

Authorities were tight-lipped about the investigation, saying only that it involves multiple vials and several engines. They would not say how many stations were involved or what was found inside the unsealed vials.

Tharratt did say that officials have found no instance where a suffering patient was given an injection of something other than morphine.

The order to remove morphine from the fire engines and ladder trucks does not affect city-operated ambulances, where morphine and other painkillers are stored in locked boxes.

On firetrucks and engines, the narcotics were kept inside pouch-sized kits in what Doucette described as a sealed duffel bag of emergency supplies.

In a memo Friday to Sacramento Fire Department paramedics, Tharratt said he has launched a study to draft tighter controls for the powerful painkiller.

Even the possibility that the department has a drug addict in its ranks is frightening, according to Doucette.

"If in fact we do have an employee doing this -- we have an employee who has the disease of addiction," he said. "We want to help that person."

Chief Julius "Joe" Cherry was on vacation and unavailable for comment.

Chief Don Mette of the Sacramento Metropolitan Fire District, a sister fire agency that covers several area counties, said his officials have had no similar thefts, which he attributed to strict internal controls.

The Sacramento Fire Department uses about 550 milligrams of morphine for patients a month, according to Tharratt. The drug is kept in small, 10-milligram vials and administered in doses of 2 to 4 milligrams, he said. It is used to treat people suffering from massive chest pain or heart attacks, severe burns and major trauma from accident injuries.

Tharratt said "it is not uncommon for a paramedic on an engine or truck to not use any morphine for patients for weeks at a time." That's because ambulances usually beat engines and trucks to accident scenes, he said.

Several paramedics have made headlines in California and across the country this year after getting caught stealing morphine. But Jerry Johnston, president-elect of the National Association of Emergency Technicians, a 22,000-member group that includes 10,000 paramedics, said there is no widespread abuse.

"I don't see a huge issue here," Johnston said. "As long as you have a system of checks and balances in place, you shouldn't have any problems."

In April, court documents show a California judge sentenced Richard R. Rolston, a former paramedic chief in Big Bear Lake, about 75 miles east of Riverside, to 16 months in jail after Rolston admitted stealing 358 vials of morphine and replacing the drug with water.

That same month, Jason Greulich, a rookie paramedic in Wake County, North Carolina, was arrested by Raleigh police and charged with stealing morphine from 17 vials in ambulances and replacing it with saline. News reports indicate his case is pending.

In June, a grand jury in Collin County, Texas, chose not to indict Mark R. Hemphill, 28, a former paramedic from the McKinney Fire Department, even after he admitted to tampering with and stealing the contents of 49 morphine vials for personal use.

Texas Sees Spike In Demand For Stronger Meth From Mexico (AAS)

Austin American-Statesman, September 3, 2006

WASHINGTON — As the heyday of basement and backyard methamphetamine labs appears to be in decline, Texas police and narcotics officials say demand for the drug is growing stronger, in part because of greater smuggling efforts by Mexican drug traffickers.

The number of clandestine meth labs in Texas has dropped significantly since last year. At the same time, seizures of meth produced in Mexican "superlabs" have skyrocketed.

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Last year, Drug Enforcement Administration branches in Texas seized 970.9 kilograms (2,140 pounds) of meth, 44 percent more than the amount seized in 2004.

And in the first quarter of this fiscal year, the Texas Department of Public Safety seized 150 percent more meth than it did during the same period last year, said Pat O'Burke, deputy commissioner of the narcotics division at DPS.

Nearly all of these seizures have involved Mexican "ice," a smokable form of meth that is more pure and more addictive than the crystal meth of previous decades.

"If you were to go back 18 months ago, we were finding more than 100 labs in a month. Now it's about four or five per month," O'Burke said.

With fewer local labs to bust, law enforcement officers are going back to basics: investigating drug-trafficking rings and reverting to traditional techniques to combat Texas' meth problem.

About 80 percent of the nation's meth supply originates in Mexico, according to the DEA. Mexican news reports have noted a high presence of meth superlabs in the southern half of the Baja Peninsula and in the central western states of Michoacan, Jalisco and Sinaloa.

Mexico's federal police have dismantled 130 labs since 2000 (compared with 92,000 lab busts in the United States during roughly the same period).

Texas is a primary corridor for the spread of meth from Mexico to the Midwest and parts of the East Coast.

And Austin, with Interstate 35 running through it, has been noted by the DEA as a major point on a north-south shipment route for many drugs, including meth.

Mexican meth shipments also are entering via California, Arizona and New Mexico, the DEA said.

Tom Vinger, a Texas DPS spokesman, said the police need to view any interstate in Texas as a major drug corridor.

"The truth of the matter is that everybody knows there's a lot that gets through," Vinger said, "but that is not to say that the amounts we seize are insignificant."

'Sudafed ban' effects

State restrictions on the purchase of cold medicines containing ephedrine or pseudoephedrine — core chemicals used in the production of meth — have made it difficult for small meth operations to thrive in Texas.

Passed in August 2005, the Texas law limits each customer to 6 grams, or about two packages, of cold pills each month.

Retailers are required to keep cold and cough medicines behind the counter and record the names of customers who buy them. The records are kept for two years after the purchase date.

So far, 39 states have enacted similar legislation. Other states with the restriction, including Oklahoma and California, also have seen a decrease in the number of local meth labs but an increase in meth seizures and arrests.

This month, a federal law puts all medicines containing pseudoephedrine behind drugstore counters. The law is part of the latest renewal of the USA Patriot Act and will make retailers enforce monthly buying limits and require customers to show identification.

Low-budget meth users aiming to skirt the law are more likely to make heavy ephedrine purchases from Internet pharmacies, O'Burke said.

About a year ago, a team of officers from the Austin Police Department began posing as online drug buyers to ferret out Internet pharmacies that did not comply with the law, said Lt. Max Westbrook of the Austin Police Department's organized crime division.

"The intensity of this segment is pretty brazen," Westbrook said.

Cooperative efforts

U.S. officials say they are working more closely with their Mexican counterparts to stop the Mexican cartels.

The U.S. State Department is funding the training of a 1,000-person Mexican police squad to deal solely with meth trafficking. In May, Mexican Attorney General Daniel Cabeza de Vaca announced strategies to stop the shipment of precursor chemicals into Mexican ports, starting with the Port of Manzanillo on the Pacific coast.

The DEA has eight offices in Mexico staffed by liaisons who transfer information from Mexican authorities to their American counterparts.

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Mexico is making strides toward stopping the illegal shipment of precursor chemicals for meth, resulting in a more than 40 percent drop in legal imports of ephedrine and pseudoephedrine in the past two years. Mexican law now requires importers to transport such precursor chemicals in escorted armed vehicles.

And starting next year, Mexicans will need a prescription for cough medicines that contain pseudoephedrine.

Corruption in Mexico, where the power of drug cartels frequently overwhelms the criminal justice system, is a concern. Mexican trafficking of heroin, cocaine, marijuana, meth and other drugs reportedly generates as much as $10 billion a year.

The State Department has said that the United States' relationship with President Vicente Fox is much better than with past Mexican administrations.

And the Mexican justice system has increased the number of extraditions and prison terms for drug felons. In 2005, the Mexican government extradited a record 41 fugitives to the United States and expelled or deported an additional 146 criminals.

"The Mexican government as an institution does not condone corruption," said DEA special agent Steve Robertson, who spent 14 years working with various DEA branches in Texas. "At the end of the day, we have to respect each other because we're in the same line of work. We're both very aware of the effects of drugs in our communities."

Researchers weigh in

Studies released this summer have portrayed contradictory messages on meth's impact in the United States.

In a telephone survey of 500 sheriffs from 44 states, 48 percent said meth was their top drug problem. The survey was released July 18 by the National Association of Counties.

But another study released in June reported that the nation's meth "crisis" has been grossly mischaracterized when compared to cocaine and marijuana use. The study by the Sentencing Project, a nonprofit advocacy group that researches criminal justice policy issues, said meth is actually among the least commonly used drugs and that only 0.2 percent of Americans are regular meth users.

University of Texas professor Jane Maxwell, who has researched drug trends for 30 years, said the Sentencing Project's study uses only household reported data, which can exclude people who are single, homeless, in the military or in prison.

"They've used indicators that tend to underreport drug use," Maxwell said.

Today, with 26 million addicts worldwide, meth has been deemed the most abused hard drug by the U.N. World Drug Report. The United Nations also reports that the number of meth addicts has grown so fast that it now equals the combined number of cocaine and heroin users.

The United States is home to about 1.4 million users, while the highest concentration of addicts is in Southeast and East Asia.

The price of 'ice'

Street prices per ounce for 'ice' meth in Texas:

City Price
Austin $500-$1,000
Dallas $1,400
Fort Worth $800-$1,000
Houston $700-$1,200
Lubbock $1,200
McAllen $900
San Antonio $1,000-$1,500
Tyler $950-$1,250

Sources: Drug Enforcement Administration, UT Addiction Research Institute

Methamphetamine trends in Texas

Year Kilograms meth seized Percent change Meth lab busts Percent change
2005 970.9 +44 percent 269 –40.5 percent
2004 673.5 +17 percent 452 +0.67 percent
2003 577.1 +340 percent 449 –19.1 percent

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Source: Drug Enforcement Administration
The cost of methamphetamine
Street prices per pound for methamphetamine in Texas:
City Price per pound meth
Austin $6,000-$10,000 domestic
Fort Worth $4,500-$10,000 Mexican
Houston $8,000-$15,000 Mexican
Laredo $4,500-$5,500 domestic
Lubbock $7,000-$8,000 Mexican
McAllen $7,000 Mexican
San Antonio $6,000-$8,000 domestic, $8,000-$12,000 Mexican
Tyler $6,000-$7,000 domestic
Sources: Drug Enforcement Administration, UT Addiction Research Institute

Border Patrol At Top Nationally In Detainments, Seizures (BH)

Brownsville Herald, September 3, 2006

September 3, 2006 - Personnel, technology, intelligence analysis and the National Guard have allowed the Border Patrol in the Rio Grande Valley sector to improve upon itself since last year, officials said.

The Valley sector continues to lead the nation in other than Mexican (OTM) immigrant detainments and cocaine seizures, according to federal officials.

“Everything that we have is very dynamic,” said Mario Villarreal, assistant chief patrol agent for the Valley sector. He stressed the combined use of resources as the cause for positive changes here, adding that the improvements have not escaped the notice of major decision makers.

Department of Homeland Security Secretary Michael Chertoff, President Bush, the Border Patrol chief David Aguilar, as well as Customs and Border Protection Commissioner W. Ralph Basham have all come to the Valley in recent months, testifying to the importance of the work done locally by the Border Patrol, Villarreal said.

As of August 2005, the number of apprehensions had decreased by 15 percent. Historically, the Valley sector has led the nation in arrests of OTM immigrants, which also has decreased since by 30 percent, according to the agency.

To date, the sector leads the nation in confiscating cocaine and is second in marijuana seizures. To date this fiscal year, agents in the sector have confiscated 218,000 pounds of marijuana and 6,200 pounds of cocaine, according to the Border Patrol.

An increase in drug seizures is in part due to better law enforcement in the Valley, said Will Glaspy, spokesman for the Drug Enforcement Administration.

"There’s no doubt that law enforcement is working better and smarter today, and there is more intelli-gence sharing going on between the various agencies in the Rio Grande Valley,” Glaspy said. “I would attribute some of the drug seizures to that.”

Most drugs are intercepted at the Falfurrias and Sarita federal checkpoints, Villarreal said, adding that the Valley’s Border Patrol staff boasts some of the best dog handlers in the country.

“We have the most productive Border Patrol checkpoints in the country,” he said.

Villarreal stressed intelligence analysis as crucial to the agency’s success here.

With help from the border intelligence center, where information taken from the field is continuously analyzed, managers can deploy resources daily or hourly based on recent intelligence. Understanding the various tactics that smugglers use means that agents are better able to do their job.

Another factor is the National Guard troops, who were deployed to the Valley in mid-June. The troops have freed-up more than 70 agents from administrative duties and allowed them back into the field, Villarreal added.

New technology, such as aircraft and surveillance, also has allowed the Patrol to improve its monitor-ing of the border, according to the agency.

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Compared with last fiscal year, OTM arrests in August were down by 72 percent compared to this time last year, Villarreal said.

Villarreal suggested that the combined work of the Patrol and ICE has acted as a deterrent for would-be immigrants, echoing thousands of miles away in their home countries.

The decrease is due to the agency's work, as well as a strong partnership with Immigration and Cus-toms Enforcement. Together, the agencies announced the end to "catch and release," meaning that 99 percent of OTMs are now detained until they are deported.

Colombian Warlord's Body Found In Grave (AP)

AP, September 5, 2006

BOGOTA, Colombia (AP) -- Carlos Castano, a founder of Colombia's brutal far-right militias, has died, officials confirmed Monday. He was 39.

Mario Iguaran, Colombia's chief federal prosecutor, said that a skeleton unearthed from a shallow grave was that of Castano, who had muscled his way to the top of a shadowy, drug-financed underworld to become one of the nation's most powerful and feared men.

"The federal prosecution has the full identification that this is Castano," he said, pointing to a 99.99 percent match between Castano's DNA and that of the skeleton.

A militia gunman who confessed to killing Castano in April 2004 led investigators on Friday to a shallow grave where he said he had buried the warlord.

The confirmation puts to rest a mystery that has haunted Colombia. Even as suspicions were rife that he was killed by his comrades, leading paramilitaries insisted he had simply disappeared, suggesting he had moved to the United States, where he was wanted on drug charges.

Colombia's chief prosecutor has accused Carlos's older brother, Vicente, of ordering the killing, saying he feared Carlos was planning to provide evidence of Vicente's drug trafficking in exchange for leniency as he negotiated his surrender to U.S. authorities.

Both Vicente and Carlos had been indicted in the United States on cocaine trafficking charges and were wanted for extradition. Vicente, known as the "Professor," remains on the run.

This modern-day tale of Cain and Abel has fascinated the nation, largely because Carlos fell victim to Colombia's vicious civil conflict that he helped inflame.

Like others, Carlos joined Colombia's conflict for revenge.

He was a teenager when rebels of the Revolutionary Armed Forces of Colombia, or FARC, kidnapped his father, a cattle farmer, in 1979. Despite a ransom payment, the rebels killed the family's patriarch, setting Carlos and another brother, Fidel, on a journey of retribution that created the far-right militias known as "paramilitaries."

At the pinnacle of his power in 1997, Carlos united 18 local blocs to form a national umbrella group called the United Self-Defense Forces of Colombia, known as the AUC, which would result in the deaths of thousands of Colombians.

In their early days as paramilitaries, the Castano brothers worked with the Medellin cocaine cartel, then run by Pablo Escobar. They were among a group that later turned on Escobar, helping lead a hunt for the drug lord that ended with his death in 1993 at the hands of police.

Fidel Castano, known as "Rambo," disappeared in 1994. Carlos claimed he was killed in a firefight with rebels. Rumors persist that Fidel staged his own death and fled the country.

Landowners and businesses eagerly funded the AUC, wagering that the vigilante force could protect them from leftist rebels, which the state had failed to do.

Under Carlos' guiding hand, the AUC went on a national offensive in the late 1990s. Thousands suspected of collaborating with rebels were slaughtered as the country's now five-decade civil conflict entered its most vicious phase.

The AUC targeted human rights workers, journalists and trade unionists. In his book, Carlos detailed how he arranged the assassination of two presidential candidates, leftist politicians and even a television celebrity.

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In 2002, an internal war broke out in the AUC, with a renegade commander declaring war on the drug-trafficking faction. His bloc was crushed and the drug-trafficking wing of the paramilitaries took firm control of the group.

Castano, meanwhile, became more marginalized in the organization he had helped found as peace talks started with the government of President Alvaro Uribe.

Recently married to a much younger woman with whom he had a daughter, Castano appeared more devoted to family life than the civil war.

"It's my good fortune to have found a woman who has turned me once again into a young boy, filled with hope," he said in "My Confession."

At the end of his life, he had dozens of investigations pending against him and had been sentenced to more than 100 years in prison for roles in massacres and killings.

With the U.S. extradition warrant also weighing on him, Castano began negotiating with U.S. officials. His comrades feared he would sell them out to save himself which, prosecutors say, is what led to Carlos Castano's death on April 16, 2004.

Once A Progressive State, Minnesota Is Now A Fief Of The N.R.A. (NYT)

By Verlyn Klinkenborg

The New York Times, September 5, 2006

A couple of weeks ago, I checked into a hotel in Bloomington, a Minneapolis suburb framed by the airport and the Mall of America. On the hotel door was a sign: "Firearms Banned on These Premises." The next day I drove to St. Joseph, an hour west of the Twin Cities, where I saw the same sign. Slowly the logical conclusion sank in. If firearms are banned on these premises, then they must not be banned in other places.

Sure enough, a year ago the State Legislature passed a "concealed carry" law, which means that it's legal to carry a concealed weapon if you have a permit. So that no one misses the point, the Legislature has also turned Minnesota into what is called a "shall require" state. If you apply for a concealed-weapon permit, the local authorities must grant it to you.

I asked one of the state coalitions opposed to these laws whether it would attack them in the Legislature this year. The answer was no. It is too busy trying to defeat a "shoot first" bill, which would give gun owners the right to fire away instead of trying to avoid a confrontation. The way I see it, Minnesota is only one step away from requiring every citizen to carry a gun and use it when provoked.

There are some other twists to these laws. A person carrying a concealed weapon cannot be banned from a public building, even if it's a library full of kids. Churches have succeeded in keeping guns out of the pews, but they're having to fight another court battle to keep them out of the parking lot. The application for a concealed-weapon permit appears to have been created by people who believe the real threat in carrying a gun is the loss of privacy entailed in filling out the form. Yet it isn't possible for a member of the public to find out who has received a permit and may, in fact, be packing heat.

This is what I'd expect of Florida, which recently passed a "shoot first" — also called a "shoot the Avon lady" — bill. I'd expect it of Texas too. But Minnesota? I grew up thinking of Minnesota as a socially progressive state. After all, it was home of the D.F.L. — the Democratic Farmer Labor Party — and a place where local control and common sense had strong roots. Like my family in Iowa, Minnesotans were gun owners because they hunted pheasants and rabbits and deer. But then I'm thinking of a time when the leadership of the National Rifle Association resembled a band of merry sportsmen and not the paranoid cabal it is today. Whether this was also a time when a legislator could vote his conscience, and not his gun lobbyist's orders, I was too young to know.

I grew up hunting and shooting, and I still own two rifles (a .22 and a .270) and two shotguns (a 20-gauge and a 12-gauge, to be specific). When I was young, I expected that I would own guns when I grew up because I enjoyed hunting and I liked the good hunters I knew — as I still do.

But to me, owning guns and knowing how to use them properly was part of a civic bargain. I would leave the police work to the police, and they would leave the squirrel hunting to me. The notion that 38 states would have "concealed carry" laws in 2006 would have seemed insane, a regression to a more primitive idea of who we are.

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The N.R.A. would argue that society has changed since those innocent days. But society hasn't changed nearly as much as the N.R.A. has — or our ideas about the balance of individual and collective rights.

Every concealed weapon, with very few exceptions, is a blow against the public safety. The new gun laws in Minnesota take away local discretion over concealed-weapon permits, and they cost the local authorities plenty too.

But there's a bigger problem. By focusing so obsessively on an individual's rights — in this case, the purported individual right to bear arms in the library — all other rights are shoved aside. Police departments are forced to grant concealed-weapon permits to individuals who have almost none of the training and certainly none of the restrictions that police officers have.

What's worse, by granting this right to individuals, the law strips the public of its right to occupy public spaces without the threat of being shot. The police are trained to handle guns. The criminals know they're not supposed to have them but find them easy to get, thanks to the N.R.A. Let them fight it out. No one is safer if gun-carrying civilians believe their rights entitle them to pretend they're cops.

Sometimes I think the N.R.A. isn't really about guns at all. It's about making certain that the public — our political and civil society, in other words — has no ability to limit the rights of an individual. That is really what the logic of the "concealed carry" and "shall require" and "shoot first" laws says.

Guns make a perfect test case, because the end result is an armed cohort that is very prickly about its personal rights. The N.R.A. has armed the thousands of Minnesotans who applied for a permit once the "concealed carry" law passed. But it has disarmed the public by making sure that legislators will no longer vote for gun laws that protect the rest of us.

IMMIGRATION:

Immigration Drops Off The Political Calendar (USAT)

By Kathy Kiely

USA Today, September 5, 2006

WASHINGTON — As Congress returns to work this week after a month-long break, little progress is imminent on an issue that leaders of both parties have identified as urgent: illegal immigration.

No meeting has been scheduled for House and Senate negotiators to resolve differences between the two chambers' competing plans for tackling the problem. Both measures include beefed-up border security and penalties for employers who hire illegal immigrants. The Senate bill would offer most of the estimated 12 million illegal immigrants now working in the USA a chance to become citizens; the House bill would not.

A major reason for the lack of action: the Nov. 7 elections. Both the House and Senate plan to recess at the end of the month. Lawmakers' need to campaign will limit the time they have to work on legislation and has made them less willing to compromise.

"So many of the campaigns want to use this as a political football," said Cecilia Muñoz of the National Council of La Raza, a Latino civil rights organization. "You can't do that and legislate seriously."

Sen. Edward Kennedy, D-Mass., an author of the bipartisan Senate bill, said last week that no action is likely unless President Bush, who supports the Senate approach, forces Republican congressional leaders to the negotiating table. "If he wants to put this as a prime issue before the Congress, he can do it; he can influence the Republican leadership," Kennedy said. "This requires presidential attention and leadership. Without it, we're going to have a difficult time."

Many Republican conservatives, led by House Speaker Dennis Hastert, R-Ill., oppose legislation that would provide what they describe as "amnesty" for illegal immigrants. GOP Sens. John Cornyn of Texas and Jon Kyl of Arizona and the conservative Heritage Foundation say the Senate bill would expand the U.S. population — and federal spending — by adding millions of citizens, who then could petition for their relatives to enter the USA.

The White House is signaling that Bush would prefer to put off a showdown with those opponents until after the elections. Bush wants an immigration bill, but "we recognize it will be a heavy lift with such a short legislative period," White House spokeswoman Dana Perino said. "Our aim is to get a good bill that meets the objectives outlined by the president. If that requires more time, we will use it."

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La Raza is expressing concern over the tone of the immigration debate. "Campaign ads from both parties are crossing the line," Janet Murguía, president and CEO of the organization, said in a statement last week. Murguía called on leaders of both parties to discourage "inflammatory" rhetoric and campaign tactics that "demonize immigrants and Latinos."

Rep. Mike Pence, R-Ind., echoed that view. "We're talking about real people, the overwhelming majority of whom have just come to this country to work," he said.

Pence is promoting a compromise bill that would allow illegal immigrants to become "guest workers" by leaving the country and applying to re-enter with legal status.

He said Republicans may be making a political mistake by putting off work on immigration until after the election. "Congress has spent the last 18 months telling the American people the immigration system is broken," Pence said. "Without significant progress, there may be a price to pay."

In a report last month, the non-partisan Congressional Budget Office estimated that the Senate immigration bill would increase federal spending $126 billion over the next 10 years. The largest cost, $24.5 billion, would be tax credits for low-income workers who would become legal under the legislation. An earlier CBO estimate pegged the cost of the House bill at $1.9 billion over the next five years.

Supporters of the Senate legislation say there will be social and financial benefits from granting legal status to a large population of underground workers and from permitting more foreigners to work legally. Some leading Republicans, such as Sens. John McCain of Arizona and Sam Brownback of Kansas, hold this view, as do Republican-leaning business organizations such as the U.S. Chamber of Commerce.

G.O.P. Sets Aside Work On Immigration (NYT)

By Carl Hulse And Rachel L. Swarns

The New York Times, September 5, 2006

WASHINGTON, Sept. 4 — As they prepare for a critical pre-election legislative stretch, Congressional Republican leaders have all but abandoned a broad overhaul of immigration laws and instead will concentrate on national security issues they believe play to their political strength.

With Congress reconvening Tuesday after an August break, Republicans in the House and Senate say they will focus on Pentagon and domestic security spending bills, port security legislation and measures that would authorize the administration's terror surveillance program and create military tribunals to try terror suspects.

"We Republicans believe that we have no choice in the war against terror and the only way to do it is to continue to take them head-on whether it is in Iraq or elsewhere," said Representative John A. Boehner of Ohio, the majority leader.

A final decision on what do about immigration policy awaits a meeting this week of senior Republicans. But key lawmakers and aides who set the Congressional agenda say they now believe it would be politically risky to try to advance an immigration measure that would showcase party divisions and need to be completed in the 19 days Congress is scheduled to meet before breaking for the election.

President Bush had made comprehensive changes in immigration laws a priority, even making the issue the subject of a prime-time address, but House Republicans have been determined not to move ahead with any legislation that could be construed as amnesty for anyone who entered the country illegally. They held hearings around the country in recent weeks to contrast their enforcement-only bill with a Senate measure that could lead to citizenship for some.

"I don't see how you bridge that divide between us and the Senate," said Representative Peter T. King, Republican of New York and chairman of the Homeland Security Committee. "I don't see it happening. I really don't."

Democrats say they are not surprised by the immigration impasse and believe some Republicans would prefer to keep the issue alive to stir conservative voters rather than reach a legislative solution.

They plan to highlight the collapse of immigration legislation sought by Mr. Bush and the likelihood that Congress will not meet an Oct. 1 deadline to pass most required spending bills as evidence that Republicans have lost sight of the concerns of average Americans. The Democrats are also intensifying calls for the dismissal of Defense Secretary Donald H. Rumsfeld.

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"Every day, people around the country recognize that this is a failed administration," said Senator Harry Reid of Nevada, the Democratic leader. "If Republicans want to spend the whole month on nothing that is relevant to the American people, we are happy to do that."

With Democrats poised to pick up seats in the House and Senate and Republicans determined to hang on to their majorities for the final two years of the Bush administration, the next few weeks promise to be highly combative, particularly after the August primaries made it clear that voters are not in a forgiving mood.

In a draft of a planning memorandum to be circulated to Republican senators, Senator Bill Frist of Tennessee, who is entering his last months as majority leader, said, "I expect minority obstructionism to be at an all-time high." Republicans are already preparing for a post-election session to begin Nov. 13 and run at least up to Thanksgiving.

Mr. Frist laid out an ambitious agenda, including a vote on John Bolton's renomination to be ambassador to the United Nations. But his memorandum did not even mention immigration. In an appearance in Iowa last week, Mr. Frist said broad legislation addressing what to do about millions of illegal immigrants already in the United States might have to await the next Congress.

Staff members from the Senate and House Judiciary Committees met last week to try to find some basis for common ground on the fate of the illegal population, but one participant said they made no progress.

Representative Mike Pence, the leader of the House conservative caucus and a proponent of an immigration compromise proposal that has attracted some White House interest, said he was also doubtful that legislation would reach Mr. Bush's desk before the elections.

"Anything's possible," said Mr. Pence, Republican of Indiana, "but that's probably not likely."

Lawmakers of both parties who helped shape the Senate measure insisted that consensus was still within reach, even on the more difficult immigration issues, and immigrant advocacy groups are planning a series of marches this week to prod lawmakers to take action. Some Republicans warned that their party could suffer politically if it falls short.

"If there's not legislation with Republicans in charge," said Senator Arlen Specter of Pennsylvania, chairman of the Judiciary Committee, "there's going to be blame here, and justifiable blame, if we do not produce a bill."

Two other senators who played a leading role in writing the Senate bill, John McCain, Republican of Arizona, and Edward M. Kennedy, Democrat of Massachusetts, intend to urge Mr. Bush to bring lawmakers to the White House to broker a resolution.

"We can get the job done, but it's going to require presidential leadership," Mr. Kennedy said.

With the immigration measure seemingly stalled, Republicans say they will put most of their time and energy into security-oriented measures to drive home a theme that has served them well in the last two elections — that they are better equipped to thwart terrorism than are Democrats.

"They'll wave the white flag in the war on terror," Senator Mitch McConnell of Kentucky, the No. 2 Republican in the Senate, said Sunday of the Democrats on the CBS News program "Face the Nation."

But Democrats believe that voters will not be easily persuaded by the Republican push on national security and that the public increasingly sees the Iraq war as an impediment to the war on terror.

In a letter to Mr. Bush on Monday, the Democratic leaders of the House and Senate urged him to begin pulling American troops out of Iraq this year.

"Mr. President, staying the course in Iraq has not worked and continues to divert resources and attention from the war on terrorism that should be the nation's top security priority," said the letter signed by Mr. Reid and Representative Nancy Pelosi of California, the Democratic leader, as well as the senior Democrats on relevant committees.

The Democrats also urged Mr. Bush to fire Mr. Rumsfeld, and they intend to try to force no-confidence votes in coming days that could put Republicans on the spot, given statements by some in the party that Mr. Rumsfeld should resign. But the leadership remains supportive.

"I doubt there is any other American who could have done a better job over the last five years," Mr. Boehner said of the defense secretary.

Since they will not finish the spending bills on time, Republican leaders will have to push through a stopgap measure to keep the government running through the election. But Republicans do hope to advance some nonsecurity measures. The

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major legislation on the floor in the House this week is a bill that would ban trading in horses to be slaughtered for human consumption.

Rallies Fail To Energize Hispanic Turnout (WT/AP)

The Washington Times, September 5, 2006

LOS ANGELES (AP) -- Immigration protests that drew hundreds of thousands of flag-waving demonstrators to the nation's streets in the spring promised a potent political legacy -- a surge of new Hispanic voters.

"Today we march, tomorrow we vote," they proclaimed.

But an Associated Press review of voter registration figures from Chicago, Denver, Houston, Atlanta and other major urban areas that had large rallies found no sign of a new voter boom that could sway elections. There was a rise in Los Angeles, where 500,000 protested in March, but it was more of a trickle than a torrent.

Protest organizers -- principally unions, Hispanic advocacy groups and the Catholic Church -- acknowledge it has been hard to translate street activism into voting clout, though they insist they can reach their goal of 1 million new voters by 2008.

"I was anticipating a huge jump in registration. I didn't see it," said Jess Cervantes, a veteran California political operative whose company analyzes Hispanic voting trends. "When you have an emotional response, it takes time to evolve."

It's impossible to count exactly how many new registrants were inspired by the demonstrations because counties typically don't ask for race or ethnicity.

New registrations were up this year compared with last year, but they were well below the numbers in 2004, and the increase is no surprise at a time when Democrats and Republicans are struggling for control of Congress. Even without that factor, the numbers don't indicate the watershed awakening advocates had envisioned.

Hispanic voters are a pivotal voting bloc, especially with their numbers projected to continually grow. But, they have long voted in numbers far below their share of the population, in part because many are younger than 18 or not U.S. citizens. A study by the Pew Hispanic Center found that while Hispanics accounted for half the nation's population growth between the 2000 and 2004 elections, they represented only one-tenth of the increase in votes cast.

The lack of political experience helps explain why the flow of new registrations has been halting. Some activists acknowledge that their groups have yet to master the nuances of voter registration drives -- typically a face-to-face task more complex than mobilizing a march. Others complain that political parties with the most to gain haven't financed registration efforts.

"Until the money is spent, 'Today we march, tomorrow we vote' will always just be a slogan," said Nativo Lopez, president of the California-based Mexican-American Political Association. "A million new registrations would cost about $10 million. Is anybody willing to pay that? I haven't seen it."

The AP reviewed new registration numbers over several years in metropolitan areas that include Los Angeles, San Francisco and San Jose, Calif.; Phoenix and Tucson, Ariz.; Dallas and Houston; Chicago; Atlanta; Denver; and Jacksonville and St. Petersburg, Fla. The time frames included January-through-July periods dating to 2004 and periods before statewide elections, when registration efforts are most intense.

The data provide a wide-angle look at new registrations, but do have limitations. Any significant shift in registrations overall would stand out, but voters are not specifically identified by race or ethnicity. As a result, an increase in new registrations in Los Angeles County in the 100 days before this June's primary compared with the months before two prior statewide elections cannot be attributed exclusively to new Hispanic voters, despite extensive registration efforts here.

Gains in new registrations were highest in 2004, when political parties spent lavishly to enroll new voters ahead of the presidential election. New registrations increased in virtually every city from 2005 to 2006 -- but that would be expected because of congressional primaries and elections. The 2006 numbers were below the 2004 numbers in every city.

In Chicago and surrounding Cook County, registrations in the first seven months this year jumped about a third over 2005 but were far below the same period in 2004.

Immigrant-rights Supporters Rally Outside Hastert's Home Office (CHIT)

By Sara Olkon

Chicago Tribune, September 5, 2006

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Passion filled six blocks of Batavia on Monday as approximately 2,000 immigrant rights activists rallied near the home office of U.S. House Speaker Dennis Hastert.

"Yes we can!" a jubilant crowd cried in Spanish. "We are America!"

Hundreds of marchers held up white wooden crosses symbolizing Mexicans who have died trying to cross the border into the United States.

For this pro-immigration force, the afternoon marked the end of a four-day, 45-mile walk that started in Chicago's Chinatown Square and spanned the city's western suburbs. About 250 marchers walked the entire distance. Others showed up at one or more of the neighborhood rallies in Chicago's Little Village neighborhood or in Cicero, Melrose Park, Villa Park and West Chicago.

The group wants Hastert, a Republican, to offer legalization for the nation's 11 million to 12 million illegal immigrants and to put a moratorium on raids and deportations by the U.S. Department of Homeland Security.

Organizers also have planned a town hall meeting for Tuesday morning at a nearby church.

"There should be some ways for [illegal immigrants] to become legal," said Esther Wong, executive director of the Chinese American Service League. "They just want a better life."

Also on hand Monday were about 150 counter-protesters, including members of the Chicago Minuteman Project.

Police kept a buffer zone in place to keep the groups apart. At least 50 armed police officers, some from other jurisdictions, stood watch with batons and police helmets at the ready. There were no reports of violence as of Monday evening.

Emotion and name-calling were plentiful.

Counter-protesters repeatedly yelled "Go home" and "March to Mexico" as the immigration march made its way down Wilson Street.

"Do you need a translation?" truck driver Paul Klein, 51, of Des Plaines screamed out. "Illegal is a crime."

Over the din of clashing agendas, marchers played the civil rights song "We Shall Overcome" over a loudspeaker.

For Batavia resident Jeff Patterson, the demonstration was unwelcome.

"I can't even park in front of my house," said Patterson, 60, a part-time school bus driver.

It turned out that the inconvenience only compounded existing anger. He said he lost his job doing heavy maintenance to undocumented workers.

"They are thumbing their noses at our laws," Patterson said.

Maria Jefferson said she would no longer drink Miller Lite, her beer of choice, after learning that the brewer sponsored the march with more than $30,000.

"I'm switching to Budweiser," said the Braidwood woman, who runs a day-care service out of her home. She held up a sign encouraging "the legal American consumer" to boycott Miller products.

Saul Morquecho, a father of four who lives in Gage Park, had a different view. The construction worker walked all 45 miles to show his support.

"This is a call from my heart," said the 35-year-old native of Tijuana, Mexico. "Physically, I am tired, but spiritually I can feel a strong power here."

Josh Hoyt, executive director of the Illinois Coalition for Immigrant and Refugee Rights, deemed the four-day demonstration a success.

"We had no idea how hard it would be logistically [or] how the reception would be," he said. "By and large, [people] honked, waved and cheered."

As they marched into Batavia this morning, he said, the marchers were greeted with plates of fried chicken and watermelon.

Hastert did not meet with the marchers during the two-hour rally. But in a statement broadcast on CLTV on Monday, Hastert reiterated his commitment to border security.

"What we need to do is stop the flow of a million illegal aliens across the border every year," he said. "Our border is bleeding to death and we need to stop the bleeding."

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Rallies Sound The Drumbeat On Immigration (NYT)

By Shia Kapos And Paul Giblin

The New York Times, September 5, 2006

BATAVIA, Ill., Sept. 4 — Spirited groups of immigrant rights supporters rallied in Illinois and Arizona on Monday in marches intended to keep the drumbeat going for changes in immigration law.

In both places, counterdemonstrators heckled from the sidelines and called on the federal government to enforce its border laws.

Organizers of a rally in Phoenix, outside Arizona's copper-domed Capitol, estimated their numbers at 4,000, though the police said the event drew about 1,000 people.

In Batavia, a flag-waving crowd, estimated by the police at about 2,500, chanted "Sí, se puede" — "Yes, we can" — and converged on the district office of Speaker J. Dennis Hastert. In a counterrally sponsored by the Chicago Minuteman Project, some 200 men, women and a few children jeered the larger crowd.

Neither Mr. Hastert nor his staff was on hand, and he could not be reached for comment.

Organizers hoped to pressure Mr. Hastert to push legislation favorable to immigrants through Congress.

"We're here because we need to keep this issue alive," said Jorge Mujica, 50, a Mexican immigrant who helped organize the rally and who lives in Berwyn, Ill.

"We want to show that we didn't disappear after May 1," Mr. Mujica said, referring to the hundreds of thousands who demonstrated nationwide that day on the issue. "We're still marching. We're not going away."

Alfredo Gutierrez, at the rally in Phoenix, said that he was disappointed it had not attracted more marchers but that he thought the debate had changed in recent months. Immigrant rights activists who were initially so optimistic have begun to lose hope, he said.

"That feeling that something would be accomplished has diminished almost daily with every report of every negative thing that goes on with Congress," Mr. Gutierrez said.

The Arizona chapter of the Association of Community Organizations for Reform Now set up three tents, at which volunteers registered people to vote and distributed postcards urging members of Arizona's Congressional delegation to support a path for citizenship for illegal immigrants. Counterprotesters gathered behind the main stage and shouted at the crowd, but security personnel and the police generally kept the sides apart.

Fran Garrett, a volunteer with the anti-immigration group United for a Sovereign America, based in Phoenix, said she was fed up with the authorities who refused to arrest and deport illegal immigrants.

"They try to get the message out that they're here to do jobs and all that," Ms. Garrett said. "That's not true. They are here to take over eight states of the United States, and they are going to do it by sheer numbers alone, when they get enough people where they are the majority in a state."

In Batavia, 30 Chinese-Americans joined the mostly Latino crowd. One of them, Man Li Wu, said through an interpreter that she had a daughter in China who had tried for eight years to enter the United States.

"I'm 70 and I don't know how long I'll be able to wait," she said. "I want to see my grandchildren." Members of the Chicago Minutemen say that living in the United States is a privilege and should not be an easy process.

"Immigration laws aren't broken," said Evert Evertsen, 61, from Harvard, Ill. "The problem is they're just not being enforced."

Immigrant Advocates Rally For Change In Ariz. (USAT)

By Elvia Díaz

USA Today, September 5, 2006

Immigrant advocates gathered at the Arizona Capitol on Monday to demand changes in immigration law and encourage Latinos to register to vote.

Wearing white T-shirts, symbolizing peace, and waving American flags, the protesters said their goal is to mobilize Latinos.

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"I'm here to support the Hispanics, to push Congress to … pass immigration reform," said Alfredo Vega, a 38-year-old legal resident from Tolleson, Ariz., who attended the rally with his wife and three children. "Hispanic people are very, very hard workers. We're not terrorists. We're not criminals."

Monday's rally at the Arizona state Capitol is one of several immigrant rights events taking place this week in cities across the country, including Los Angeles and Chicago.

The main goal is to press Congress to pass immigration legislation that includes a path to citizenship for many of the 12 million undocumented immigrants in the country, half a million of them in Arizona.

Organizers of the Arizona rally said they weren't expecting a crowd as large as the one on April 10, when at least 100,000 marchers packed 2 miles of streets.

Monday's low turnout was disappointing, said Alfredo Gutierrez, a former state legislator and one of the organizers. He estimated 3,000 gathered for the rally; the police estimate the turnout at 1,000 to 1,500.

About 50 protesters confronted immigrant advocates telling them to go back to Mexico. Carl Johnson, 45, an engineer from Mesa and member of the Minuteman Project, said he attended the rally because he opposes giving legal status to people who are in the country illegally.

Graham Poses For GQ, Or Does He? (RC)

By Mary Ann Akers

Roll Call, September 5, 2006

If you picked up the latest issue of GQ magazine, the one with Clive Owen on the cover, you must have been as perplexed as we were to see a smiling Sen. Lindsey Graham (R-S.C.) posing crossed-legged in undies and a T-shirt on the top of a military bunk bed. What was he thinking? We wondered.

The next photo in the spread, which accompanies an in-depth profile of the Senator, depicts Graham with a goofy smile rowing a johnboat through a gloomy, flooded backcountry with his 65-pound beer gut hanging over his pants. Wait ... beer gut? And that's when you realize: These photos were doctored.

And we can't say the magazine really tried to hide it. On the side of the page containing the first photo, for example, near the binding, GQ credits Corbis for the photo of Graham. Sort of. It actually credits Corbis for everything below the neck. The "Graham head," according to the photo credit, comes from KRT photos. The full caption reads: "Johnny Buzzerio/Corbis. Graham Head: KRT/Newscom."

If you're still confused at that point, the third photo in the spread clinches the Photoshop theory. It's of Graham wearing a suit, sitting on the floor against the wall of what looks to be a federal building looking fat and dorky with his briefcase open and papers spilling out. His head is far too small for the body he's been given in this photo. Again, the "Graham head" is credited to KRT.

Inexplicably, the spoofy photos of Graham accompany a serious piece of journalism that has no tone of irony or humor whatsoever, save for the occasional funny aside about his poor sartorial taste and cooking skills, and one the Graham camp generally was pleased with. (Though we're not sure how they liked the fleeting reference to the mystery of Graham's bachelorhood.)

Equally as odd, some of the photos that accompany the lengthy piece are real, such as photos of Graham with Sens. Joe Lieberman (D-Conn.) and John McCain (R-Ariz.), Supreme Court Justice Samuel Alito, President Bush and even Sen. Edward Kennedy (D-Mass.).

The story is one thing. The weird Photoshopped pictures, quite another.

"When you figure it out, please let us know," Graham spokesman Kevin Bishop told HOH. "Bizarre is an understatement!" At least Bishop was laughing.

He said folks in South Carolina sure noticed. TV 21, the Fox affiliate in Greenville, did a little story on the doctored photos, Bishop said. "Frankly, we're as confused as they are," he added.

Bishop said Graham decided not to have his staff call GQ to complain, at least not yet. In fact, Bishop said Graham got a chuckle out of the weirdness. "He did laugh, but he doesn't understand it," the spokesman said.

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Asked why the magazine chose to use such unflattering doctored photos to accompany a journalistic profile of a Senator, GQ's editor in chief, Jim Nelson, explained in an e-mail, "Yes, as you suspected, the pics are an affectionate spoof. They are all photo illustrations of one of our favorite senators posed as the loner that his positions so often place him as."

The piece, titled "The Lonely Guy," portrays Graham as a nerdy rock star of sorts in the Senate, a maverick, going it alone, doing it his way, all that jazz.

Graham, as far as we can tell, is being extremely nonchalant about the whole matter.

"He has a thick skin on this type of thing," Bishop said, laughing. "It is what it is. It's done."

Republicans: Down With Miller. It's safe to say House Republicans won't be ordering too many Miller beers anytime soon.

They were downright irate to learn that the Miller Brewing Co. was sponsoring pro-immigration marches across the country this Labor Day weekend. One of the biggest marches, in Chicago, targeted Speaker Dennis Hastert (R-Ill.).

Supporters of illegal immigrants planned to march 45 miles from Chinatown to Hastert's Batavia district office, sponsored and publicized by Miller, according to the Chicago Tribune. The newspaper says the brewer "has paid more than $30,000 for a planning convention, materials and newspaper ads publicizing the event."

This didn't sit so well with the folks in Hastert's office. The Speaker's deputy chief of staff, Mike Stokke, sent out an e-mail Friday afternoon to senior GOP House aides saying:

"As you plan for your Labor Day weekend, please take a look at the following article. If you have illegal immigration marches in your district, you may want to call you [sic] local Miller Brewing Company representative to see if they are sponsoring the march in your district as well."

Translation: You may want to order a Budweiser instead, kids!

Schumer Goes All French on Us. Nobody looked less worried about the November elections over the August recess than Sen. Charles Schumer (D-N.Y.), the man responsible for winning back the Senate for Democrats.

Schumer, chairman of the Democratic Senatorial Campaign Committee, spent nine relaxing days in France with his family. HOH, on vacation herself, ran into the Senator, his wife and two daughters on the street in the Saint-Germain-des-Prés area in Paris.

Schumer couldn't have looked more relaxed with his four-day-old stubble, lollygagging down the street with his wife, Iris, and daughters Jessica, 21, and Allison, 17. The Senator definitely was the lead tourist in the group: He was carrying two guide books, including the green Michelin guide to Paris.

"He always grows a beard when he's on vacation," Schumer spokesman Phil Singer told us.

We wondered if perhaps we'd run into Schumer later at the Rodin Museum ogling August Rodin's most famous statue, "Le Penseur" ("The Thinker"), or at the Jewish Museum, or out on the town. But we never did.

Singer said Schumer told him that he "loved touring the city and walking through the different neighborhoods." And he loved eating crepes — butter with sugar crepes. (Though his daughters preferred Nutella.)

The Schumers also went to Avignon and other villages in Provence. (Totally random: HOH went there, too. But we only spotted Schumer in Paris.)

Did France help calm the nerves of the excitable Senator? "Chuck's as rested as he ever is," Singer said. "And he's clean shaven once again."

We're Just Enforcing The Law (USAT)

USA Today, September 5, 2006

America is a nation of immigrants, but it is also a nation of laws.

When it comes to illegal aliens, some cities have looked the other way. Others have openly welcomed them, establishing "sanctuaries," restricting their police departments and other agencies from even asking about a person's immigration status.

This has led to a culture of entitlement among illegal aliens. Many believe they deserve to remain here. And why shouldn't they, when they've received jobs, health care, educational opportunities for their children and a mostly hands-off approach for decades?

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The cities that provide safe harbor to illegal aliens are applauded and termed "progressive" for being open and welcoming, their flagrant flaunting of America's immigration laws seemingly excused.

But cities that take steps to curb the drain of illegal immigration — cities such as Hazleton, Riverside, N.J., and Farmers Branch, Texas — are vilified as racist, backward and mean-spirited.

We are taking the steps we need to — steps we are empowered to take under federal and state law — and we will further enhance our Illegal Immigration Relief Act to make it tougher and more defensible.

Hazleton's ordinance would work in conjunction with established local law. It would require all city residents who rent property to obtain an occupancy permit from the city. Landlords would need to see only an official occupancy permit before renting to tenants.

City employees — not ordinary citizens — would use resources available through the U.S. Bureau of Immigration and Customs Enforcement (ICE) to verify the legal status of those seeking permits.

Businesses would be required to conduct similar checks. This is not a burdensome requirement — several local companies already use an ICE program to verify the immigration status of their employees.

Four months ago, fear gripped Hazleton. Residents — those who grew up here and those who arrived in recent weeks — were afraid to walk down certain streets and patronize local businesses. Illegal aliens who committed murder, fired a gun into a playground and dealt drugs were responsible for many of those fears.

As mayor, I have a duty to protect all legal citizens of my city.

That is exactly what I am doing.

Congress' Fiddling Leaves Cities Fighting Illegal Immigration (USAT)

USA Today, September 5, 2006

While Congress dithers on immigration reform, America's towns and cities are moving to fill the vacuum, passing draconian ordinances designed to drive illegal immigrants beyond the city limits. The trend is a measure of how powerful the backlash against illegal immigrants is becoming and how much damage is being done by Congress' abject failure to act.

A recent example is Hazleton, Pa., a small, onetime coal-mining city some 90 miles northwest of Philadelphia. Over the past few years, Hazleton became a magnet for Hispanic immigrants fleeing bigger cities in New York and New Jersey. The influx drove up property values and increased business, but a wave of illegal immigrants that came along with legal residents overcrowded schools and hospitals and — says Mayor Lou Barletta — increased crime and devastated neighborhoods.

After two vicious shootings that involved illegal immigrants, Barletta set out to make Hazleton one of the most unwelcoming cities in the country for illegals. The City Council passed an ordinance that says landlords who rent to illegals can be fined $1,000 a day, and that employers who hire them can lose their city business licenses for five years. Hazleton's ordinance was modeled on one passed in San Bernardino, Calif., and Barletta says at least 30 other cities have inquired about it. Advocates for the immigrants are suing, and Barletta says the ordinance will be refined before it goes into effect.

On one hand, it's hard to argue with Barletta's attempt to, in effect, enforce immigration law, since the federal government refuses to do so. Border enforcement is ineffective, and immigrants who enter legally routinely overstay visas with little concern about being caught. Congress knew all of that when it passed the last immigration "reform" in 1996. But it opted for a sham, infuriating those who were promised tighter borders.

On the other hand, the U.S. economy has profited from the willingness of illegal immigrants to work hard for low wages. Now there are an estimated 12 million illegals here, and trying to deport them is impractical, heartless and counterproductive. Many have children who are citizens, and the work the immigrants do is valued. Providing a path to citizenship is smarter if it is coupled with credible enforcement.

But the House, fearing another sham, wants a throw-them-all-out plan. The Senate sees the problem in that, but its enforcement plan is dubious. So cities are left to cope, futilely.

Hazelton's law, for instance, might push the problem out of out of Hazelton but would leave other cities and towns to deal with the fallout. Worse, it seems to have intensified the polarization in Hazleton, creating collateral damage among legal immigrants.

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A PBS report, a suit filed against the law and reports in other media all say legal residents have felt the sting of discrimination against all Hispanics since the ordinance was passed. "Everybody would look at us as if we're undocumented immigrants, because there's no way that they can tell if we're documented or not," local business leader Agapito Lopez told PBS. He's right.

Congress returns from a month-long break this week and has barely a month before leaving again to campaign for re-election. There are no signs leaders plan to try to break their stalemate. Too bad. Congress is just passing the buck to cities and towns that are ill-equipped to handle it.

TAX:

Bookie Says IRS Can't Prove He Owes $2.4 Million In Taxes (CLPD)

By John Caniglia, Plain Dealer Reporter

The Cleveland Plain Dealer, September 4, 2006

A convicted Cleveland bookmaker says the IRS has grossly inflated the $2.4 million it claims he owes from his gambling business and can't find the paperwork to support the assessment.

David Hammon Sr. is expected to go to trial Sept. 11 in federal court in a dispute over the way the agency calculated his wagering from 20 years ago. The government's case is complicated by the fact that the IRS lost many of the betting slips and other records from the case.

The trial will be Hammon's latest in a lifelong fight with the IRS. He was convicted in 1990 based on wagers that date to 1986. He also was convicted in 2005 of running a widespread gambling business. He was sentenced to more than seven years in prison.

The government has yet to collect on the back taxes from Hammon's first conviction, and it sued him last year. With penalties, the amount jumps to more than $5 million, according to court records and estimates. Prosecutors want to collect some of it by obtaining Hammon's 53 acres in rural Medina County to pay off the debt.

In court documents, Ham mon's attorneys say the IRS' as sessment of his back taxes is based on inac curate ass ump tions about the size of his gam bling operation in the late 1980s.

In August, U.S. District Judge James Gwin wrote that Hammon's case "takes on special importance because the government has lost many, if not most, of the records it seized from [Hammon] in the government's criminal tax investigation."

George Argie, Hammon's attorney, said: "As far as I know, they don't have any records. They have said the documents cannot be located."

Gwin said the government has "offered precious little evidence supporting the accuracy of its assessment." Federal prosecutors said in filings that IRS and FBI agents "seized a relatively small number of betting slips and were able to corro borate the betting over a longer period of time."

Prosecutors attempted to buttress their case by using a statement from IRS agent Mark Harris, who cited an affidavit from the 1980s investigation that said, "An analysis of the seized gambling records revealed that Hammon operated a multimillion-dollar operation with several sub-offices and other bookies."

Harris said Hammon handled at least 21 customers and accepted more than $650,000 in wagers on football games in a one-week period in October 1988.

In an affidavit for his defense, Hammon admits that his gambling business reached its peak in October and November 1988. But he says the IRS' claims that he took in more than $2.5 million a month are "based upon grossly inaccurate assumptions . . . and/or a misrepresentation of the nature of the records that were seized."

Stephen Sherman, a tax attorney for the U.S. Justice Department, declined to comment.

Prosecutors contend that Hammon was one of Cleveland's largest bookmakers, making millions of dollars from his business of taking in bets on college and professional football.

In 2004, IRS agent Thomas Himes led raids on Hammon's associates just before 1 p.m. Sunday, Sept. 26, just minutes before pro footbal games kicked off.

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To reach this Plain Dealer reporter:
jcaniglia@plaind.com, 800-683-7348

IRS Sends Collection Agencies Calling For Back Taxes (USAT)

By Kevin Mccoy

USA Today, September 5, 2006

Beginning this week, thousands of Americans who owe taxes to the federal government will start getting phone calls to pay up — from private collection agencies, not the IRS.

Despite congressional opposition and criticism from a federal employee union and a taxpayer advisory panel, the IRS is giving three collection agencies information on 12,500 taxpayers who owe less than $25,000 and have not disputed the debt.

The IRS has moved to reassure taxpayers about the plan, even outlining steps to guard against potential scam artists posing as private collectors.

"We are working hard to protect taxpayer privacy and taxpayer rights," IRS Commissioner Mark Everson said last month announcing the plan.

Critics argue that privatizing any part of the IRS' traditional collection role would increase the agency's costs and raise privacy issues, as well as create potential for fraud.

"We're continuing to do all we can to shine a light on this program," says Colleen Kelley, president of the National Treasury Employees Union, which represents IRS employees. "When taxpayers hear about what the government is doing, they are outraged."

The IRS national taxpayer advocate and the Taxpayer Advocacy Panel, an advisory board chosen by the IRS, have questioned parts of the plan.

The House passed a budget bill that, if approved by the Senate, could block the IRS from funding the effort. Kelley's union plans to start contacting senators when Congress reconvenes this week.

IRS officials say the plan involves smaller cases that federal agents wouldn't otherwise have time to pursue. The profit potential is large. The collection companies will keep up to 24% of what they recover. That amounts to as much as $336 million of the $1.4 billion the IRS projects the program will recover during the next decade.

The IRS chose three firms for the initial cases: The CBE Group of Waterloo, Iowa; Pioneer Credit Recovery of Arcade, N.Y.; and Linebarger Goggan Blair & Sampson, an Austin, Texas, law firm.

The IRS says taxpayers targeted by the program will receive written notification from the agency that includes the name of the collection company that will contact them. They will also get a separate letter from the firm.

Payment checks should be written to the U.S. Treasury, not to an individual or company, the IRS says. Taxpayers with questions can call 800-829-1040.

Attacking Inequality (WP)

By Sebastian Mallaby

The Washington Post, September 4, 2006

By now almost everyone agrees that inequality is serious. Economic growth no longer seems to help the majority of workers; the proceeds flow to the top fifth or so of the workforce, and the top within the top has done especially handsomely. But the tough debate is what to do about this trend. The surprising answer is: tax reform.

Start with a few other proposals. Trade protection could help workers in the heavily traded manufacturing sector by shielding them from competitive pressure on their wages. But the cost to economic growth would be severe, and even if you don't care about growth, protectionism is a blunt tool for reducing inequality. Many of the poorest U.S. workers are employed in non-traded service jobs -- hotel workers, retail workers and so on. These workers benefit from trade, which puts little downward pressure on their wages but a lot of downward pressure on the price of goods they purchase.

Is unionization a more promising response to inequality? The old argument against organized labor is that the market can be trusted to align wage gains with productivity gains, making unions unnecessary. But over the past half decade productivity has shot up while real wages have stagnated. The case for unionization appears better than it has in a generation.

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But unionization can't be the main answer. There's little that unions can do to protect wages in traded parts of the economy, since tough wage bargaining in these sectors will send jobs to other countries. And the traded sector accounts for most of the gap between rising productivity and stagnant pay; in other words, unionization may not be able to affect the parts of the economy that arguably most need it. Meanwhile, unionization imposes costs as well as benefits -- as when it obstructs business innovation.

What about raising the minimum wage, another popular remedy for inequality? There's a long-standing debate about whether a higher minimum wage causes employers to create fewer jobs or perhaps to recoup the cost by allowing work conditions to deteriorate: Wages for factory workers go up, but management spends less on air conditioning. It seems reasonable to argue that, in an economy where jobs are plentiful, a higher minimum wage represents a good trade-off. But this can't be the central answer to inequality either. The current push to raise the minimum wage to $7.25 per hour would directly benefit fewer than 6 million workers.

At this point the left begins to seethe: I've poured tepid water on trade protection, unionization and increasing the minimum wage so what the heck am I proposing? Increasingly even moderate Democrats believe that you can't be serious about helping workers unless you embrace organized labor's agenda. In the view of many in the party, the centrist, "Republican-lite" playbook has been tried and found wanting.

Actually, that's nonsense, and a good place to see the redistributive potential in centrist policies is tax reform. Many popular provisions in the tax code are both ineffective and regressive. Repealing them would liberate billions that could be used to help workers.

Take mortgage-interest relief, a policy that's supposed to boost home ownership. More than half of this subsidy flows to the top 12 percent of households with incomes over $100,000; the poor get very little. This absurdly regressive policy doesn't even promote its objective, since affluent families would own their own homes anyway. The U.S. home ownership rate is no higher than Britain's or Australia's, two countries that have no mortgage-interest tax relief.

Tax incentives to promote savings are equally regressive. Half of the subsidies for IRAs, 401(k)s and other retirement accounts are pocketed by the richest tenth of households; the bottom two-fifths get only 3 percent of the benefits. Again, this absurdly unfair system doesn't even promote its objective, since the rich tend to save anyway, whether or not they get tax subsidies. Meanwhile, poor families that are not saving don't get the incentive to do so, because so much of the tax break is funneled to the rich. A chance to boost national savings is wasted.

The same argument holds for tax incentives to buy health insurance. Just over a quarter of this subsidy is swallowed by households in the $100,000-plus bracket; far from promoting the wider dissemination of health insurance, it may even reduce it. Affluent Americans use the subsidy to buy all-inclusive health plans, which in turn causes them to throw money at health services; health inflation goes up, making insurance too expensive for poor families. The Treasury estimates that the ranks of the uninsured could be reduced by at least 1 million if the tax deduction for health insurance were capped at a reasonable level.

Fixing these egregiously regressive programs could yield really juicy benefits. On a back-of-the-envelope calculation, raising the minimum wage might transfer $10 billion a year to poor workers; call it $20 billion if you want to stretch the assumptions generously. But if you eliminated just a quarter of the subsidies in the tax code, you would liberate about $180 billion a year -- enough to finance a big expansion in the earned-income tax credit plus a cut in the regressive payroll tax. And this sort of redistribution would not risk higher unemployment or compromise economic growth at all. Democrats on the left and right ought to be embracing it.

CONGRESS-ADMINISTRATION:

Congress's Fall Agenda Takes Shape (WSJ)

By David Rogers

The Wall Street Journal, September 5, 2006

WASHINGTON -- The most telltale clue to Congress's fall agenda may be an item that still may be added: middle-class tax cuts.

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Down in polls and divided internally, Republicans want to block debate on domestic policy and shift attention to national-security issues that command more party unity. But census data last week highlighted the economic squeeze on many families, and House leaders are considering a pre-election bid to make permanent the $1,000 child tax credit and marriage penalty relief provisions enacted in 2001.

Like most of the Bush administration's tax breaks, these are due to expire at the end of 2010, when top rates for the wealthy and capital gains also will be in play. The strategy has been to wait until close to the deadline and then call up all of these issues at once, making it harder for Democrats to resist. But in the current political climate, the leadership could accelerate action on provisions for middle-income taxpayers if it means preserving Republican control of Congress in November.

The backroom talks capture the uncertain mood in the Capitol as lawmakers return -- the Senate today and the House tomorrow afternoon -- for an abbreviated pre-election session. "Everybody's tentative; it's a tentative time," says Rep. Deborah Pryce (R., Ohio), who heads up the party conference and finds herself in an unusual battle for re-election.

One of the few certainties is that Republicans want to return to their districts at the end of the month and are preparing for a lame-duck session because they won't finish work before Election Day.

The House has scheduled 11 full days of legislative work this month after Thursday's vote to curb the slaughter of U.S. horses -- a bill that has prompted dark jokes among Republicans about what awaits lawmakers if they don't get back on the campaign trail. To a remarkable degree, the leadership is prepared to risk the label of a "Do-Nothing Congress" if it means getting rank-and-file members on the hustings.

"They see every day they are in session as a bad day for them," says Senate Democratic Leader Harry Reid of Nevada.

This month's emphasis on national security dovetails with the Bush administration's campaign to portray Democrats as defeatist and indecisive on Iraq and the war against terror. "Providing for the safety and security of our constituents is our highest calling," wrote Senate Majority Leader Bill Frist (R., Tenn.) in a letter to Republican colleagues over the Labor Day weekend.

Defense and homeland-security appropriations bills top the agenda, along with bioterrorism and port-security measures. Legislation will be drafted to address issues related to the warrantless surveillance of communications and military tribunals for enemy combatants at Guantanamo Bay.

But this means almost no further progress on domestic issues. For example, an immigration overhaul has become one of the year's hottest political issues, with demonstrators marching yesterday in the Illinois district of House Speaker Dennis Hastert. But Republicans are promising no resolution before the elections on what had been a White House priority.

Despite influence-peddling scandals, lobbying overhaul also is stalled. And notwithstanding conservative angst over spending, Washington will begin the fiscal year on Oct. 1 with no budget and no agreement on domestic appropriations bills to keep agencies operating.

The tax side of the ledger also is murky: As corporations prepare third-quarter reports, they can no longer ignore the fact that their effective tax rate may be going up, because Congress has yet to pass a long-promised provision to renew the research-and-development tax credit that expired in December.

Democrats, who lived through their own party's setbacks in 1994, have been criticized by Republicans for not being more specific about their election platform. But here the majority is essentially asking voters to re-elect them first before they address many issues.

"It reminds me of Wimpy," says a Democratic leadership aide, referring to the rotund and mustached freeloader in old "Popeye" cartoons. " 'I'll gladly pay you Tuesday for a hamburger today,' Wimpy would say. Republicans are asking voters to re-elect them now and they will do their work later."

"I don't think Democrats can claim we have been ineffective when they have been aggressively obstructing," says Senate Budget Committee Chairman Judd Gregg (R., N.H.).

But after so long in power, the bigger problem for Republicans is that they talk past one another and are less united. Field hearings on immigration inflamed House and Senate differences on the subject. House leaders badly misread the Senate in the fight over estate tax cuts. And the collapse of the budget process suggests the party may have hit the wall on spending.

The Senate will focus this week on finishing an estimated $468.6 billion Pentagon appropriations bill for the new fiscal year. The measure has grown substantially already because of summer amendments adding money to improve border security

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and to replenish military equipment damaged in Iraq. But the underlying bill cuts about $9.2 billion from the administration's core requests, and the White House is threatening a veto unless all but $4 billion is restored.

To come up with that money means less for domestic bills. That suggests why the leadership isn't eager to address these now and only after the election will voters see the final impact on education and medical research funding, for example.

The tax side of the ledger has its own problems, chiefly driven by the Republican push to cut estate or inheritance taxes. Held hostage in the process have been extensions for tax breaks such as the R&D tax credit. Conservatives wedded to estate tax cuts are threatening to block any effort to free up the extenders, but as the election nears, the administration says this position will be harder to sustain.

A second "hostage" has been a proposed $2.10-an-hour increase in the federal minimum wage -- which has been $5.15 for the past nine years. Many Republican leaders prefer to avoid the issue, but Rep. Pryce herself says "it's a matter of fairness" and the real question is to find a sweetener for small-business employers who would be most affected.

GOP Readies Security Theme (RC)

By Susan Davis And Erin P. Billings

Roll Call, September 5, 2006

Returning from recess still beset by bad poll numbers, Congressional Republicans are crafting a September strategy to highlight national security issues in hopes of boosting their Election Day prospects with a topic that is in the forefront of voters' minds.

The combined legislative and political effort comes on the heels of President Bush's national campaign last week to re-emphasize the security platform that paid great dividends for the party in the past two cycles. The GOP hopes to regain ground it has lost with the public on its handling of the Iraq War and terrorism generally.

"With 10 weeks out from the election, there is very little we can do to change the course," acknowledged a senior House Republican leadership aide. National security "is all we've got. What we can do is remind voters exactly where we stand on the issues that are most important to the American public."

House Republican leaders huddled on an Aug. 30 conference call to discuss the national security strategy and upcoming floor agenda. Speaker Dennis Hastert (R-Ill.) told the leadership team he is prepared to keep the House in session into October if necessary to finish its business, according to multiple sources familiar with the call.

House Majority Leader John Boehner (R-Ohio) has said he intends to adjourn the House on Sept. 29, a week earlier than the original Oct. 6 target adjournment date, but Hastert voiced concerns that the House should stay in session to deflect Democratic criticisms that Republicans are running a "do-nothing" Congress.

Hastert's suggestion that the House may stay in session was met with resistance by National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) and Majority Whip Roy Blunt (R-Mo.), but with only four weeks and about 12 legislative days before Sept. 29, there is doubt either chamber can wrap up its legislative business in time.

As part of the national security push, Congress is expected to approve at least the Defense and Homeland Security spending bills, and perhaps the military quality of life spending measure, before punting the remaining appropriations legislation until after the elections by passing a continuing resolution expected to run through Nov. 17.

Additionally, House and Senate leaders have been working with the White House to pass legislation authorizing the Bush administration's use of military tribunals for detainees in Guantanamo Bay, which was struck down in June by the Supreme Court, as well as legislation authorizing Bush's terrorist surveillance program, which was struck down by a Michigan district court in August.

"These programs will remain intact," said Hastert spokesman Ron Bonjean, adding that events such as the foiled terror plot in England last month "propelled the need to address these issues."

Congressional Democrats also will attempt to force a vote of no confidence on Defense Secretary Donald Rumsfeld. And Sen. Barbara Boxer (D-Calif.) has said she will offer an amendment to the upcoming Defense appropriations bill calling on Bush to appoint a new Defense secretary. According to House GOP aides, leaders are mulling allowing a similar vote on Rumsfeld to again highlight a divide between the parties on national security and Iraq.

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Politically, Republicans believe the September agenda will hurt Democrats at the ballot box and force some of their vulnerable Members to vote with Republicans, revealing splits within their party.

With the political margins of that chamber also at stake, Senators will spend the coming weeks waging their own battle on security issues, with each side hoping to gain some election-year ground.

Senate Republicans will pad the legislative agenda with a series of national security and defense-related proposals, while Democrats will turn to the microphones to advance a case that — if given the majority — they would be better stewards of Americans' safety.

Senate Majority Leader Bill Frist (R-Tenn.) already has filled the September calendar, beginning this week with completion of the fiscal 2007 Defense appropriations bill. Later this month, both chambers will push a bipartisan resolution supporting the victims of the Sept. 11, 2001, terrorist attacks on the five-year anniversary of the attacks, as well as several counterterrorism measures on port and possibly chemical security.

Amy Call, spokeswoman for Frist, said the GOP is putting a premium on economic matters this fall because "they are still on the forefront of Americans' minds." Call added that the coming weeks once again will show that Republicans have worked to keep the country safe, while Democrats simply lob charges as they try to capture the electoral advantage.

"There is a difference — Republicans are for securing the homeland and security prosperity and moving our country forward," she said. "Republicans have remained steady on what our plan is to keep the country safe and Democrats keep changing their tune."

The Senate is less likely than the House to switch hands in November, but Republicans know they must pull out all the stops to boost their vulnerable incumbents. As such, sources say GOP leaders plan to give their most threatened Senators numerous opportunities to take a lead role on security issues. As one Republican Senate aide said: "Between now and November it is imperative that we demonstrate how [having] Democrats in control would make our national security weaker."

Meanwhile, Democrats have been working for months to outline a security message and agenda of their own. The minority hopes not only to trump the Republican election-year security push, but also to capitalize on the larger voter unrest over the GOP's leadership.

Like Republicans, Senate Democrats also will try to make opportunities for their incumbents to take leading roles on the party's security platform. Democrats began their counter-offensive last week with widespread charges that the GOP — through the Iraq War — has weakened the nation's ability to fight the broader war on terrorism.

Democrats will continue to press that message this week, planning media events each day to highlight flaws in Republican leadership on security. "Democrats won't be backing down this year," said one Senate Democratic aide.

Senate Minority Leader Harry Reid (D-Nev.), House Minority Whip Steny Hoyer (D-Md.) and former Democratic presidential candidate Wesley Clark will kick off the party effort today with a media event highlighting a report by a centrist Democratic group, Third Way, highlighting how Bush's national security policies have distracted U.S. attention from the war on terror and made the nation less safe.

Additionally, Democrats on the House Homeland Security Committee are expected to release a report on Wednesday on the administration's security failures post-Sept. 11.

Democrats also will use the week's defense spending debate to promote a message that includes calling for a phased redeployment from Iraq and highlighting the costs of the conflict. "Democrats will contrast our vision of the tough and smart policies needed to keep America safe with the five-year record of failed Republican policies that have left America bogged down in Iraq and diverted from the war on terror," Reid spokeswoman Rebecca Kirszner said.

Possibly the only trace of bipartisanship in the coming days will arrive on the actual anniversary of Sept. 11, when the GOP and Democrats are expected to join together to offer a resolution supporting the victims and extending condolences to those affected by the tragedy.

Republicans and Democrats alike argue that while the Sept. 11 anniversary is an opportunity to draw attention to the party's differences on national security issues, they acknowledge they have to be careful not to detract from the importance of the day and overly politicize the topic.

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One GOP Senate aide said “if Republicans are smart” they will keep partisanship on the sidelines on Sept. 11, saying: “It’s not a political day. It should be left alone.”

Security Is Atop GOP's Agenda (LAT)

By Maura Reynolds

The Los Angeles Times, September 5, 2006

WASHINGTON — It's going to be "Security September" on Capitol Hill.

With GOP control of the House and Senate hanging in the balance in the November midterm elections, Republican leaders want to use the monthlong session that begins today when Congress reconvenes to press what has traditionally been their biggest advantage over Democrats: national security.

House Majority Leader John A. Boehner issued a statement last week emphasizing the theme Republicans plan to hammer. In fact, he reminded voters four times in one sentence.

"From homeland security to national security to border security, House Republicans will focus first and foremost on addressing the safety and security needs of the American people throughout the month of September," Boehner said.

First on the agenda will be spending bills for the departments of Defense and Homeland Security. Though both parties will seize the opportunity to debate terrorism and the war in Iraq, these are must-pass measures.

But the rest of the GOP's security agenda is likely to produce stubborn opposition from Democrats, especially the proposals to give legislative approval to the Bush administration's domestic spying program and a new plan for using military tribunals to try terrorist suspects at Guantanamo Bay, Cuba.

On the tribunals issue, many Democrats and even some Republicans have suggested President Bush's approach may need to be modified to give detainees greater opportunities to defend themselves.

But the White House and Republican leaders in Congress believe events last month — particularly the uncovering of an alleged terrorist plot in Britain and a federal court ruling that the domestic surveillance program is unconstitutional — improve the likelihood that they can enact the tough laws they want in these areas instead of compromising with critics.

They also calculate that, whatever form final legislation might take, debating the tribunal system and domestic surveillance shows the GOP not only focusing on security but taking steps to support tough approaches to the problem.

"Republicans want to get a vote on the record that shows they're strong on national security and intent on taking a tough stand on terrorist suspects," Boehner spokesman Kevin Madden said.

Other items on the agenda, such as immigration and energy costs, are also expected to be painted with the security brush. Gaining better control of the nation's borders and reducing its dependence on imported oil will be presented as vital elements in the war on terrorism.

House and Senate Republicans remain split over the specifics of immigration policy, however: House Republicans insist on "border security first" and many GOP senators — as well as most Democrats — favor a "comprehensive" approach that would combine tighter security with a path for illegal immigrants to achieve legal status.

At least some House GOP members believe swift action should be taken to rescind the most controversial provision in the immigration bill the House passed in December — making illegal border-crossing a felony. The provision, little noticed when it was approved, sparked nationwide protests this spring and summer.

"There's a political and policy alignment that is favorable to get it done sooner rather than later," said a senior Republican aide, who spoke on condition of anonymity because he was not authorized to talk about internal party discussions.

When it comes to energy legislation, Democrats and Republicans remain divided. Republicans generally favor increasing domestic production of oil and gas, including a proposal to relax the long-standing ban on offshore drilling, whereas Democrats generally favor increased conservation and environmental protections.

Both parties are conscious of voters' concerns over high gasoline prices. One of the first orders of business this session will be hearings into pipeline problems in Alaska that shut down part of the largest U.S. oil field last month.

At least three committees have scheduled hearings, and Republican lawmakers — whom Democrats have attacked as too cozy with the oil industry — are likely to give industry officials a public grilling for not properly maintaining the pipelines.

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On national security, what has worked for Republicans usually hasn't worked as well for Democrats. But both parties say that this year, they think talking about security, terrorism and the war works to their advantage.

For their part, Democrats say they intend to use the spending bills for the Defense and Homeland Security departments to criticize Republicans over the Iraq war and highlight ongoing threats to airports and seaports — issues they believe play to Democratic strengths.

"The more Democrats talk about it, the more they look like they are trying to politicize it," said Ron Bonjean, spokesman for House Speaker J. Dennis Hastert (R-Ill.).

Brendan Daly, spokesman for House Minority Leader Nancy Pelosi (D-San Francisco), countered: "They say we shouldn't make this political? Give me a break. We're going to push back. People know that they are in charge and that they have failed. People are ready for a new direction."

Quick action by Republicans on the tribunals issue and the domestic spying program will be complicated by the fact that no committee in either chamber has approved any of the proposed legislation — the usual step before debating a bill on the floor.

Congressional leaders could decide to bypass the committees. Or they could accelerate the committee process. "Where there's a will, there's a way," Bonjean said.

Sen. John W. Warner (R-Va.), chairman of the Armed Services Committee, has used the summer recess to write a working draft of legislation to create a new legal process for the detainees. Details of the draft have not been made public, but "we're going to move forward, one way or another," said Warner spokesman John Ullyot.

The Supreme Court ruled in June that the military tribunal system was illegal because it had not been approved by Congress.

And an Aug. 17 ruling by a Detroit federal judge that the domestic surveillance program is unconstitutional has added to the pressure on Republican leaders to act.

"We are going to keep this program intact no matter what," Bonjean said. "If we have to make legislative fixes, we will."

A bill that would extend a number of popular tax cuts also will be high on the agenda. Lobbying overhaul legislation remains stalled over differences between House and Senate bills. But leaders of both chambers say they plan to take one provision — a requirement that all spending earmarks be listed publicly — and adopt it as a rule instead of including it in legislation.

GOP leaders have set Oct. 6 as an adjournment date for this session, but it appears increasingly unlikely that they will be able to complete a number of must-pass pieces of legislation, primarily annual spending bills for the fiscal year that begins Oct. 1. Not one of the annual spending bills has cleared Congress yet (though an emergency spending bill to fund the war and hurricane relief did).

Privately, aides say it is likely that members will leave town at the end of September and pass a continuing resolution to keep the government going after Oct. 1. That would mean Congress would have to return to Washington after the November election for an unpredictable and acrimonious lame-duck session.

In addition to avoiding such a session, Republicans have another reason for wanting to push for their legislative agenda in the next few weeks: to protect themselves against Democratic charges that they have whiled away the legislative year on symbolic fights over gay marriage and flag burning that please their political base, and procrastinated on must-do business like funding the federal government.

In an interview, Senate Minority Leader Harry Reid (D-Nev.) said: "This Republican administration and this Republican-dominated Congress will go down in history without any question as the most do-nothing Congress in history."

Republicans believe they can prove their critics wrong. "Our members know there's work to be done, and we're going to work overtime to make sure it happens," Bonjean said.

Congress's Last Stand (WSJ)

The Wall Street Journal, September 5, 2006

Congress returns to work today, with the GOP majority down in the polls and only a dozen or so legislative days left to impress voters before Election Day. Can they do anything to stop a rout?

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Republicans are already staking their election chances less on their achievements than on the damage Democrats might do if they take over, so perhaps the GOP answer will be to do nothing and say a prayer. But Republicans could still help their prospects, and motivate their own supporters, if they use the next month to advance sound policies that highlight differences between the two parties. For example:

Military tribunals. In Hamdan, the Supreme Court invited Congress to rewrite the rules for military tribunals for terrorists, and Republicans can help President Bush and the war effort by doing so. Senator Lindsey Graham (R., S.C.) is the main obstacle as he courts media flattery by opposing Mr. Bush's proposed language. His colleagues should make it clear that the language will move with or without him.

Spending restraint. One reason many GOP voters are in a sour mood, and may stay home in November, is the lack of spending discipline. Republicans can lighten that blot on their record by passing reforms that stem the worst abuses -- namely, more transparency for special-interest "earmarks," and a line-item veto to allow a President to delete specific spending pork.

The House is holding up earmark reform, which is part of the ethics bill, because its leaders want to outlaw campaign spending by big-money 527 groups funded by the likes of George Soros. The Senate GOP rightly views this as another restraint on political speech. House leaders are only hurting themselves by blocking an anti-earmarking victory.

Health insurance. The latest Census data finds that 46.6 million Americans lack health insurance, with the cost of coverage rising. The House has already passed a popular bill to let small businesses and associations offer lower-cost insurance the way that Fortune 500 companies can. Liberals in the Senate are blocking it precisely because it might reduce the ranks of the uninsured and thus reduce the demand for government health care. Why not force Democrats to vote up or down?

Gas prices. Gasoline prices are falling nationwide, but with oil prices still near $70 a barrel now is the time to open new sources of domestic energy supply. The House and Senate have both passed bills to expand drilling on the Outer Continental Shelf, and there's no reason they can't be reconciled in conference. The House has also passed faster permitting for new gas refineries, and Senate Democrats should also be forced to kill that if they dare.

Property rights and judges. The Supreme Court's Kelo decision has provoked bipartisan outrage against the taking of private property for private development. But Congress still hasn't taken the popular opportunity to do something about it. The House long ago passed a measure to block federal dollars from financing local projects invoking eminent domain. But the Senate has sat on its hands, thanks mainly to Judiciary Chairman Arlen Specter.

And speaking of Judiciary, whatever happened to pushing more judicial nominees for a floor vote? The White House recently resubmitted five appellate court candidates to the Senate, and they deserve a vote in what could be the last time in this Presidency that Republicans control the legislative calendar.

Taxes. Democrats who oppose making the Bush 2001 and 2003 tax cuts permanent are arguing for one of the largest tax increases in American history. The average family with children would see its tax payment rise by $2,084 a year. A vote in both houses on making these permanent is good policy and politics. Ditto for another vote on repealing the death tax, to remind voters in red states about where their tax burdens will head if Democrats take control.

We'd also mention immigration reform, except that House leaders tell us there is zero chance of that passing before November. Leave it to Republicans to fan national concern about the issue for a year and then say, well, never mind. On the policy merits, this may be for the best because anything that passed in the current environment would only throw more police at the border or further harass employers. But if Republicans lose the House, their demagoguery on immigration will be one reason.

As the nearby table shows, the GOP's legislative record in the House is actually better than the media advertise. Many good ideas have died in the graveyard of the Senate, thanks to Democratic Leader Harry Reid's use of the filibuster and the eagerness of too many GOP Senators (Maine's Olympia Snowe, George Voinovich of Ohio) to run away from Mr. Bush on key issues. Republicans can't undo all that damage in a month, but they can at least give voters some better reason to re-elect them in November.

A Millionaire Club Of High Court Justices (LAW)

By Tony Mauro, Legal Times

Legal Times, September 5, 2006

DOJ_NMG_0057041

On a Supreme Court dominated by seeming millionaires, the only woman justice and the only bachelor appear to be the wealthiest of its nine members.

In the justices' financial disclosure forms for 2005, Justice Ruth Bader Ginsburg reported assets valued at between $6.4 million and $28 million, while Justice David Souter listed assets worth between $5.6 million and $26.3 million.

But they are not alone in the Court's millionaire club. Only Justices Clarence Thomas and Anthony Kennedy reported assets with a maximum possible value of less than $1 million.

The 2005 forms of eight of the justices were made public in June, but Justice Antonin Scalia received an extension on the filing deadline for undisclosed reasons. With the recent release of Scalia's form, it is now possible to rank the justices in order of assets reported, not including homes.

The justices' holdings are reported in ranges of value, making precise totals impossible to calculate. For example, the estimate of Souter's wealth could be inflated by the fact that his investment in the Chittenden Corp., a Vermont bank holding company, is listed in a category that ranges from $5,000,001 to $25 million.

Several of Ginsburg's assets are in the $1,000,001 to $5 million range, including her husband's salary as counsel to Fried, Frank, Harris, Shriver & Jacobson. Martin Ginsburg, a tax expert, is also a professor at Georgetown University Law Center.

In descending order, here are the ranges for the other justices' asset totals, calculated by adding the lowest possible amounts and then the highest:

Stephen Breyer: $4,125,080-$15,440,000

John Roberts Jr.: $2,235,063-$5,860,000

John Paul Stevens: $1,590,018-$3,480,000

Antonin Scalia: $700,019-$1,595,000

Samuel Alito Jr.: $665,025-$1,740,000

Clarence Thomas: $150,006-$410,000

Anthony Kennedy: $65,005-$195,000

As they often do, the financial disclosure forms also bear statistical witness to some of the controversies, life changes, and oddities justices faced in the past year.

Scalia reported reimbursements for several trips to New York City, including one to serve as grand marshal for the Columbus Day parade and another to address journalists and others at the invitation of media giant Time Warner.

When Time Warner Chairman Richard Parsons, at the last minute, declared the talk off the record, sharp-elbowed New York journalists revolted and found creative ways to report what Scalia said, anyway. Daily News gossip columnist Lloyd Grove wrote about what Scalia "might have said," including a pronouncement that he was trying to get out and about more.

"My kids have been working on me to get out and do more public appearances," Grove quoted Scalia as saying. "They think it makes it harder to demonize you -- and I agree." That campaign, still in progress, produced 24 reimbursed trips in 2005.

Another of Scalia's trips, reimbursed by the Federalist Society, is described blandly as: "Sept. 28-Oct. 1 - Denver, CO, Lectures/Transportation, Food, and Lodging." It was the Ritz-Carlton hotel in Bachelor Gulch, to be precise, and the trip coincided with the swearing-in of Roberts as chief justice back in Washington. That coincidence gave ABC News the fodder to report, with video, that Scalia was playing tennis when Roberts was being sworn in.

Speaking of Roberts, his form indicates that one of the chores he attended to before he was sworn in as chief justice was selling some of his stock holdings. In the week before he joined the Supreme Court, he shed relatively small amounts of stock in Agilent, AstraZeneca, and Coca-Cola, among others. But he retained larger holdings in Time Warner, Dell, and Microsoft.

Roberts' decisions may reflect a problem that judges face when they sell securities to avoid conflicts of interest: They have to pay capital-gains taxes on the sale. High-level executive branch employees who sell stocks for that reason are allowed to defer their gains by investing in replacement property within 60 days. A bill that would grant the same deferral to judges has passed the House of Representatives and is pending before the Senate.

Stevens' form evokes the memory of a happier day, Sept. 14, when he threw out the first pitch at a Chicago Cubs game, wearing a Cubs jersey bearing his name. His form notes that he was provided a "box suite seating 12 [and] food."

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Justices Around The World (WP)

By Charles Lane

The Washington Post, September 5, 2006

Justice Antonin Scalia is the Supreme Court's leading opponent of drawing on foreign law to help interpret the U.S. Constitution. But that doesn't mean he has anything against foreign countries. In 2005 he was the court's top globetrotter, with 24 expense-paid trips to locales domestic and overseas, including trips to Ireland, Turkey, Australia and -- naturally -- Italy.

Law schools and legal groups paid for most of Scalia's travel, although Italian heritage organizations; media giant Time Warner Inc.; the Knights of Columbus in Baton Rouge, La.; and New York's Juilliard performing arts school, of all places, also helped out. The information was included on the justice's financial disclosure form, which was first reported by the Associated Press.

As is well known, Scalia is just one of several justices who consider traveling to deliver a speech or conduct a seminar one of the perks of their job.

Federal judges are allowed to accept expense reimbursements for travel related to teaching and international-exchange-type meetings, as long as they tell the public about it. Scalia asked for an extension this year, so his form was not submitted until August. The other eight justices filed in June.

The court's next most peripatetic member, Justice Anthony M. Kennedy, took 15 paid trips in the United States and abroad. Kennedy seems to have been on the road for a substantial portion of the year -- at least 59 days, according to his 2005 disclosure form.

An advocate of citing foreign law to buttress the court's opinions, Kennedy made his annual pilgrimage to a seminar on constitutional law in Salzburg, Austria, staying there for the entire month of July -- not counting a brief side trip to Prague. His other destinations included Hong Kong and Bangkok.

Justice Stephen G. Breyer, also a member of the court's "internationalist" wing, was third, with 14 trips. He attended a conference in beautiful Bellagio, Italy, on the shores of Lake Como, and traveled to London; Melbourne, Australia; Jerusalem; and the French cities of Paris, Bordeaux and Aix-en-Provence.

Still, no current member of the court approaches the record set by the court's first chief justice, John Jay, who went to England for a whole year in 1794 to negotiate a treaty with the British crown. Not only did the fledgling court's work not suffer in his absence, he returned to discover that he had been elected governor of New York.

And several of today's justices are positive homebodies. Justices John Paul Stevens and Clarence Thomas reported no paid foreign trips in 2005; the famously solitary Justice David H. Souter reported no paid trips anywhere.

White House On Hunt For A Medicare Chief (NYT)

By Robert Pear

The New York Times, September 5, 2006

WASHINGTON, Sept. 4 — The White House began searching Monday for someone to run Medicare and Medicaid, in the expectation that the current chief, Dr. Mark B. McClellan, would soon resign.

The Dallas Morning News reported over the weekend that Dr. McClellan was set to leave. Administration officials did not dispute the report. But they said they were not ready to make a formal announcement because a departure date had not been set and no one had been chosen to supervise Medicare and Medicaid on even a temporary basis.

Leslie V. Norwalk, the deputy administrator of the Centers for Medicare and Medicaid Services, is an obvious candidate to serve as acting administrator, though other officials are also under consideration, said a White House official who spoke on the condition of anonymity because a decision had not been made.

Assuming that Dr. McClellan leaves soon, it would come amid the midterm election campaigns, during which his handling of the new Medicare drug benefit has become an issue. It would also come during contract negotiations between Medicare and private health insurance companies that want to offer the drug benefit in 2007.

President Bush and Republicans in Congress say the drug benefit has been a success, sharply reducing drug costs for millions of older Americans and the disabled.

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More than 8 in 10 people who are enrolled in a Medicare drug plan say they are satisfied with it, although almost 2 in 10 say they have encountered major problems, according to a survey conducted in June by the Henry J. Kaiser Family Foundation, a nonprofit research group.

Democrats say the drug benefit got off to a rocky start in January and is still plagued by inexplicable problems, like Medicare's mistakenly refunding premiums to 230,000 beneficiaries in August.

Colleagues refer to Dr. McClellan as "doctor-doctor" because he is a medical doctor and has a Ph.D. in economics. They say he has also been valuable to the administration as a spokesman, rebutting criticism of its health policies.

Dr. McClellan did not fully heed warnings about problems in the first weeks of the new drug plan. At the time, tens of thousands of low-income Medicare beneficiaries were overcharged for prescription drugs, and some were turned away from pharmacies without getting their medications. In January and February, many states took emergency action to protect their citizens.

Since then, Dr. McClellan has said he is on a mission to "find and fix any problems that beneficiaries may have" with the drug benefit.

On Jan. 1, drug coverage for more than six million low-income people was switched to Medicare from Medicaid. Dr. McClellan had promised "a seamless transition," but the change was chaotic, as predicted by state Medicaid officials and by the Government Accountability Office, an investigative arm of Congress.

Robert M. Hayes, president of the Medicare Rights Center, a counseling and advocacy group, said the transition was "a dark moment" in Dr. McClellan's tenure.

"He was always on message," Mr. Hayes said. "He said the new program was running fine when the roof was caving in. But I do respect him. He was responsive when we brought individual cases of hardship to his attention."

Dr. McClellan would leave a big piece of unfinished business. Congress reconvenes this week, and lawmakers are desperately seeking a way to avert a cut in Medicare payments to doctors, scheduled to take effect Jan. 1 under current law.

Dr. McClellan said recently that physician payments would be cut 5.1 percent in 2007, with similar cuts in later years, if Congress took no action. The cuts, he said, are required because spending on doctors' services has repeatedly exceeded annual goals set by a statutory formula.

The American Medical Association says such cuts would hurt beneficiaries because many doctors might be less willing to accept new Medicare patients.

Dr. McClellan has been cautious about discussing job plans with outsiders, partly because his predecessor, Thomas A. Scully, was criticized for negotiating jobs with potential employers while still running Medicare. Mr. Scully had received an ethics waiver, but the White House later told agencies they could not grant such waivers unless they consulted the president's lawyers.

Medicare Chief May Step Down, For Think Tank Or Academic Job (WSJ)

By Jane Zhang

The Wall Street Journal, September 5, 2006

WASHINGTON -- Mark McClellan, the Bush administration's Medicare chief who has overseen the program's biggest expansion in 30 years, is expected to announce as early as this week that he is stepping down.

Dr. McClellan, an internist who previously taught both economics and medicine at Stanford University, will likely return to academia or join a think tank. Within the past month he discussed his plans with Stanford, said Michelle Mosman, a spokeswoman at the Stanford Institute for Economic Policy Research. Dr. McClellan also is talking with several think tanks here, including the Brookings Institution, said a person familiar with his plans.

Dr. McClellan, 43 years old, couldn't be reached to comment. Both his spokesman, Jeff Nelligan, and Christina Pearson, a spokeswoman at the Department of Health and Human Services, declined to comment yesterday. A White House spokeswoman said she wouldn't speculate on potential personnel announcements.

The news was reported Saturday night in Dr. McClellan's home state, on the Web site of the Dallas Morning News.

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It isn't clear who will be the likely successor, although several policy experts speculated one candidate could be Dr. McClellan's deputy, Leslie Norwalk. Should a nomination be coming, Congress will be in session only a few weeks this month before lawmakers leave to campaign for the midterm elections. A lame-duck session is likely after Election Day.

Dr. McClellan was tapped to run Medicare after a 2003 law added prescription-drug benefits for seniors. He was sworn in March 2004 as administrator of the Centers for Medicare and Medicaid Services, the federal agency that provides health care for about 90 million Americans, including seniors, the disabled and low-income children. As head of the largest health insurer, he manages a budget of about $600 billion.

While the law sparked contention, Dr. McClellan's implementation of it largely has won bipartisan support. He has worked with the industry and expanded and established programs tied to private-sector involvement and senior enrollment. Many Democrats had hoped that concerns about the new drug benefit would figure more prominently in the campaign season.

"It disappears as a campaign issue," said Thomas A. Scully, Dr. McClellan's predecessor at CMS, who praised Dr. McClellan's managerial skills. "I'm not sure if I could pull that off."

Dr. McClellan's tenure has been largely consumed by the new drug benefit. But in recent months, he also has pushed more for performance measures for doctors and hospitals that do business with the government.

Dr. McClellan's departure has been rumored for months in health-care-policy circles in Washington. The father of two young daughters, he often worked until midnight and answered email well after that.

Washington Whispers (USNEWS)

By Dan Gilgoff And Kenneth T. Walsh

U.S. News and World Report, September 4, 2006

With President Bush's sagging poll numbers and the possibility that Democrats might take back the House in November, White House Chief of Staff Joshua Bolten has developed a special motivational technique to keep West Wing staffers focused on getting things done in the next 2 1/2 years. Bolten has distributed to key aides a "countdown clock"-a cellphone-size timepiece that gives a digital readout of the time remaining in the Bush presidency. When he showed it to U.S. News Chief White House Correspondent Kenneth T. Walsh last week, the clock showed 873 days, 21 hours, 21 minutes, and 17 seconds until the next president is sworn on Jan. 20, 2009.

"I keep that clock as a reminder to myself that we have a lot of days left," Bolten says. "We have ample time to accomplish many things but not so many that we can waste a single day ... and I know that's the president's attitude. He wants to make the most of the time that we have left." Bolten was reminded that Bush has roughly the same number of days left that Gerald Ford had in his entire administration. "It's a good amount of time," he replied. One top priority: preparing a 2007 White House push for expanded use of nuclear energy and biofuels as a way to lessen dependence on foreign oil.

Turns out that Richard Armitage, the No. 2 under Secretary of State Colin Powell, was the first Bush administration official to disclose the name of CIA analyst Valerie Plame to columnist Robert Novak. But why'd it take nearly three years for Armitage's role to emerge? One answer: Patrick Fitzgerald, the special counsel investigating the mess, suggested that Armitage keep quiet. In a July 2003 interview, Armitage casually mentioned Plame's affiliation to Novak. In October, after controversy erupted over Novak's outing of Plame, Armitage realized he was the columnist's primary source. According to a person familiar with his actions, Armitage immediately told Powell, took steps to tell the Justice Department, later met with Fitzgerald, and voluntarily appeared before a grand jury several times. He offered to resign but stayed because Powell couldn't easily explain his departure as Fitzgerald examined whether the White House had tried to dirty up Plame's husband, Joseph Wilson, an Iraq war critic. Earlier this year, Fitzgerald told Armitage he wouldn't be charged.

Donna Brazile's Bipartisan Blurbs

Democratic strategist Donna Brazile won't blurb just any Republican's book. In fact, her plug for former Republican National Committee Chair Ed Gillespie's Winning Right, out this week, is her first across-the-aisle blurb. The two met for lunch to analyze the '04 election in early 2005 and hit it off. "I cross political lines to gain insight into what the other side is thinking," Brazile says. "That's the way to beat 'em."

Can GOP Triple Its Black Vote?

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Speaking of Ed Gillespie's new book ... it claims the GOP can double or triple its share of the black vote-just over 10 percent for its recent presidential nominees-by courting black veterans, entrepreneurs, and churchgoers. But "we will not get the votes of ... upper-middle-class African-American voters in the suburbs," he warns, "until we demonstrate our commitment to poor African-Americans in the inner cities."

Tomlinson: Horsing Around At The Office? (NSWK)

By Mark Hosenball, Newsweek

Newsweek, September 4, 2006

Congressional Democrats are weighing their next move in the wake of a State Department inspector-general report alleging that the politically connected chief of the board that oversees the government's foreign broadcast services misused government resources. Senate Dems could try to block Kenneth Y. Tomlinson's reappointment, though Tomlinson told NEWSWEEK that allegations that he hired a friend on a lucrative consulting contract and used government facilities to run a racehorse stable are the product of a political vendetta.

A former editor of the conservative Reader's Digest who led Voice of America under President Ronald Reagan, Tomlinson acknowledges he has worked closely with Karl Rove and other White House officials in his current position. Tomlinson was ousted as chair of the Corporation for Public Broadcasting following an investigation into complaints that he sought to monitor purported political bias in programming. He says the State Department's investigation of his conduct in his current job "was inspired by partisan divisions."

One key strand of the IG investigation focused on allegations that Tomlinson used his government office to operate a racehorse business. Two officials familiar with parts of an IG report that remain secret—who asked not to be named due to political sensitivities—say investigators found dozens of cases where Tomlinson used his government phone and e-mail for matters related to his horses (including two named Karzai and Massoud after Afghan politicians). The investigation was sparked by a whistle-blower letter written by a former junior member of Tomlinson's staff.

Tomlinson doesn't deny using government facilities in connection with his horses, but says his lawyer calculated that the government's own evidence showed that on average he made one call and sent one e-mail a day related to the horses. "I did far more work at my homes [for the government] than I ever did horse business" at the government office, Tomlinson says, adding that he's "known for being a seven-day-a-week person."

Investigators also questioned Tomlinson's hiring of an old friend and former VoA union leader as a $150,000-per-year consultant who, they say, was supposed to write reports but couldn't produce them for the IG. Tomlinson said his friend performed useful work; he says allegations that the consultant handled errands for him were "preposterous."

Tomlinson says he will continue to seek reconfirmation, though three prominent Dems last week called for his ouster. The White House will likely retain a presence on the broadcasting board even if Tomlinson departs: another, so far unconfirmed, nominee for a board vacancy is Mark McKinnon, who served as chief advertising guru in George W. Bush's presidential campaigns.

Congress's Agenda Includes Pay Raise, Personnel Issues (WP)

By Stephen Barr

The Washington Post, September 5, 2006

Congress returns this week from its summer break with the 2007 federal pay raise as one of several issues up in the air.

The House and Senate have drawn up plans to provide a 2.7 percent raise for white-collar and blue-collar civil service employees. But the Senate has not voted on the spending bill that contains the proposed raise, leaving open the possibility that the raise could be lower.

The civil service raise remains unsettled because House and Senate appropriators, faced with budget constraints, have recommended a 2.2 percent increase for the armed forces and some higher raises for hard-to-fill positions, especially in the mid-career ranks. Typically, members of Congress approve "pay parity" raises for the military and the civil service.

The Senate hopes to wrap up a defense-spending bill soon, and congressional aides say that if the proposed military raise is not increased, it will be difficult to give civilians a higher raise than military personnel, especially during wartime.

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It's also possible that a decision on the pay raise could be shoved off until after Election Day.

Congress will try to break for the campaign season by Oct. 1, the start of the next fiscal year, according to the aides. That timetable suggests that as many as eight appropriations bills, including the one that contains a pay raise, would be put off until Congress convenes a lame-duck session. In that case, some parts of the government would be placed on interim funding, through a "continuing resolution," until final 2007 budget decisions are made.

Also up for resolution is next year's funding for a new civil service personnel system at the Department of Homeland Security. The House and Senate would provide money to keep the system, known as MaxHR, under development, but the proposals fall several million dollars short of what the White House wants.

Congress appears to be holding off on full support of MaxHR until litigation ends over new labor-management rules. Unions have denounced the rules as an effort to gut collective-bargaining rights. The department is trying to move forward, however, on other personnel changes, and on Friday announced the appointment of Marta Brito PÃ©rez, a policy official at the Office of Personnel Management, as the department's chief human capital officer, a job that has been vacant.

In a separate lawsuit, unions have blocked new labor rules for the Defense Department's National Security Personnel System. That case, too, is on appeal. The House signed off on a provision that would bar the Defense Department from spending money on that labor system; the Senate has not taken a position.

The National Security Personnel System will undergo a review in the Senate this month, according to aides for Sens. Susan M. Collins (R-Maine) and George V. Voinovich (R-Ohio). Voinovich has tentative plans for a hearing on the new pay-for-performance system that covers federal executives, an aide said.

Rep. Jon C. Porter (R-Nev.), chairman of the House federal workforce subcommittee, plans to hold a hearing on trends in Cabinet and other senior-level pay and may support a commission to review top government salary scales to see if they have kept pace with inflation and private-sector compensation practices.

House aides also are looking into whether to allow federal employees to contribute their bonuses as lump sums into the Thrift Savings Plan, a 401(k)-type retirement program. If performance-based pay systems spread across government as planned, an increasing number of employees will be getting their raises in bonuses rather than as salary adjustments, the aides said.

Another idea under consideration by House aides would permit federal agencies to offer housing allowances to employees who are required to move on a regular basis, such as FBI agents.

Senate aides, meanwhile, hope to get a bill on track for approval that would renew authority for the General Services Administration to set up pilot projects on relocation expenses. The test program expired last year but showed promise in reducing federal travel costs. The Congressional Budget Office estimated that the test program saved about $15 million annually by reducing moving costs for employees at the FBI and Customs and Border Protection.

Porter also hopes to mark up a bill that would create electronic health records for the 8 million Americans covered by the federal employee health insurance program. Participation by employees and retirees would be voluntary and could be accomplished without raising health-care premiums, according to Porter aides.

Organizing Gambit (WSJ)

The Wall Street Journal, September 5, 2006

Labor Day may be over, but organized labor's biggest day is coming up -- November 7, when it hopes to restore Democratic control of Congress and spur its big new effort to ease union formation.

Two of Big Labor's best friends, Representative George Miller of California and Senator Ted Kennedy of Massachusetts, have teamed up to produce the Employee Free Choice Act. The bill would effectively do away with secret ballot organizing elections, a product of the 1935 Wagner Act and the crown jewel of federal labor law.

Under the current organizing process, 30% or more of employees file a petition; arguments for and against unionization are presented; and a secret-ballot election is administered by the National Labor Relations Board (NLRB). If a majority of employees vote in favor, the union is recognized as the exclusive bargaining agent for all workers at that workplace, not just those who voted for it.

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Labor wins most of these NLRB elections, but its high winning percentage is a function of organizers going forward only when they think they can win a vote. The reality is that private-sector union membership has been declining for decades. The reasons vary, from a general sense that unions are often corrupt or overly politicized, to a more individual determination that one-size-fits-all contracts hold back the best and most productive workers. Whatever the cause, union membership fell to 7.8% of all private-sector workers last year from 20% in 1983.

This decline helps explain why organized labor is so eager to ditch the secret ballot. Bruce Raynor, who heads the hotel and needle trades union, has gone so far as to say he no longer wants to "subject workers to an election," as if letting employees decide for themselves somehow makes them victims.

Mr. Raynor and other labor leaders are pushing an alternative known as "card check," whereby paid union organizers, um, "persuade" employees to sign pro-union cards. No election, secret or otherwise, is held. As soon as organizers have gathered signatures from more than half of workers, the union can be recognized. Labor is also pressuring employers to sign "neutrality agreements" (read: gag orders) that keep them silent while unions are organizing workers. The potential abuses here are myriad, especially in workplace intimidation.

Employers currently have the option of recognizing a union based on the card check process, but the Kennedy-Miller legislation would make this a requirement. Secret ballot elections would end unless union officials consented to them. Big Labor has had intermittent success pushing card check in cities like New York and San Francisco, but a federal law nixing NLRB elections is the ultimate goal.

According to the National Right to Work Committee, which opposes the Kennedy-Miller bill, a card check mandate "potentially means billions of extra dollars collected in forced union dues, above and beyond the $8 billion in forced dues and 'fees' that unions already report collecting each year on forms filed with the U.S. Labor Department."

So it comes as no surprise that card check will be at the top of labor's agenda if Democrats retake Congress. An AFL-CIO official recently told the Journal that candidates "have to understand that we are adamantly going to draw a line in the sand with this." And lawmakers are getting the message. The Kennedy-Miller measure has more than 200 House co-sponsors, including all but four Democrats and more than a dozen Republicans. All that's needed now is for a House Speaker Nancy Pelosi to get the ball rolling.

Health Policy Malpractice (NYT)

By Paul Krugman

The New York Times, September 4, 2006

Let me tell you about two government-financed health care programs. One, the Veterans Health Administration, is a stunning success — but the administration and Republicans in Congress refuse to build on that success, because it doesn't fit their conservative agenda. The other, Medicare Advantage, is a clear failure, but it's expanding rapidly thanks to large subsidies the administration rammed through Congress in 2003.

I've written about the V.A. before; it was the subject of a recent informative article in Time. Some still think of the V.A. as a decrepit institution, which it was in the Reagan and Bush I years. But thanks to reforms begun under Bill Clinton, it's now providing remarkably high-quality health care at remarkably low cost.

The key to the V.A.'s success is its long-term relationship with its clients: veterans, once in the V.A. system, normally stay in it for life.

This means that the V.A. can easily keep track of a patient's medical history, allowing it to make much better use of information technology than other health care providers. Unlike all but a few doctors in the private sector, V.A. doctors have instant access to patients' medical records via a systemwide network, which reduces both costs and medical errors.

The long-term relationship with patients also lets the V.A. save money by investing heavily in preventive medicine, an area in which the private sector — which makes money by treating the sick, not by keeping people healthy — has shown little interest.

The result is a system that achieves higher customer satisfaction than the private sector, higher quality of care by a number of measures and lower mortality rates — at much lower cost per patient. Not surprisingly, hundreds of thousands of veterans have

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switched from private physicians to the V.A. The commander of the American Legion has proposed letting elderly vets spend their Medicare benefits at V.A. facilities, which would lead to better medical care and large government savings.

Instead, the Bush administration has restricted access to the V.A. system, limiting it to poor vets or those with service-related injuries. And as for allowing elderly vets to get better, cheaper health care: "Conservatives," writes Time, "fear such an arrangement would be a Trojan horse, setting up an even larger national health-care program and taking more business from the private sector."

Think about that: they won't let vets on Medicare buy into the V.A. system, not because they believe this policy initiative would fail, but because they're afraid it would succeed.

Meanwhile, the Bush administration is pursuing a failed idea from the 1990's: channeling Medicare recipients into private H.M.O.'s. The theory was that H.M.O.'s, by bringing private-sector efficiency and the magic of the marketplace to health care, would be able to do what the V.A. has achieved in practice: provide better care at lower cost.

But the theory was wrong. Years of experience show that H.M.O.'s actually have substantially higher costs per patient than conventional Medicare, because they add an expensive extra layer of bureaucracy and also spend heavily on marketing. H.M.O.'s for Medicare recipients prospered for a while by selectively covering relatively healthy older Americans, but when the government began paying less for those likely to have low medical costs, many H.M.O.'s dropped out of the Medicare market.

In 2003, however, the Bush administration pushed through the Medicare Advantage program, which offers heavy subsidies to H.M.O.'s. According to the independent Medicare Payment Advisory Commission, Medicare Advantage plans cost the government 11 percent more per person than traditional Medicare. Oh, and mortality rates in these plans are 40 percent higher than those of elderly veterans covered by the V.A. But thanks to the subsidy, membership in Medicare Advantage plans is surging.

On one side, then, the administration and its allies in Congress oppose expanding the best health care system in America, even though that expansion would save taxpayer dollars, because they're afraid that allowing a successful government program to expand would undermine their antigovernment crusade and displease powerful business lobbies.

On the other side, ideology and fealty to interest groups make them willing to waste billions subsidizing private H.M.O.'s.

Remember that contrast the next time you hear some conservative going on about excessive spending on entitlements, and declaring that we need to cut back on Medicare and Medicaid benefits.

OTHER NEWS:

Law May Hasten Decline Of Pensions (LAT)

By Jonathan Peterson, Times Staff Writer

The Los Angeles Times, September 4, 2006

WASHINGTON — When chemicals titan DuPont announced plans last week to scale back its traditional pension program, it became the third large employer to reduce retirement benefits since Congress passed the Pension Protection Act of 2006 on Aug. 3.

The changes had been brewing long before that day. But the flurry of cuts reflect a larger reality: The pension system is in hasty retreat, and little in the new law is likely to stop the trend.

"I think this is the tip of the iceberg. You'll probably see a lot of companies freeze their plans in 2007," said Lynn D. Dudley, vice president of retirement policy for the American Benefits Council, whose members include large corporations.

Although the 907-page bill was touted as an effort to stabilize the pension system, Dudley maintains that aspects of the law, along with impending regulatory changes, will only accelerate the demise of old-style pensions that guarantee steady income as long as retirees live.

"Certainly, nothing in this legislation served as an incentive for anyone to keep their plans," she said. "The American people should know this is a real missed opportunity."

Delaware-based DuPont, known for generous employee benefits, said its traditional pension would be off-limits to new workers starting next year. In 2008, the company will change its pension formula for current employees, lessening their payouts in retirement.

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The move followed pension freezes by Tenneco Inc., an auto parts maker in Illinois, and Blount International of Portland, Ore., which makes outdoor work and industrial equipment. All the companies said they would improve their employees' 401(k) savings plans.

The cutbacks are just the latest among many by U.S. corporations that are phasing out costly traditional pensions in favor of 401(k) accounts and similar plans that provide retirement nest eggs but don't guarantee a monthly check for life.

Separately, bankruptcies by major companies such as UAL Corp., parent of United Airlines, have put pressure on the Pension Benefit Guaranty Corp., the federally chartered company that assumes pension obligations when employers terminate their programs.

The Pension Protection Act was designed to address both issues as well as to close loopholes that gave corporations substantial leeway in meeting funding obligations.

Under the new law, companies are expected to fund 100% of their pension commitments, up from 90%. To shore up the safety net for workers, the law encourages employers to strengthen their 401(k) plans and clarifies legal issues to make it easier for companies to convert their pension programs into "cash balance" plans, which are similar to 401(k)s but retain some of traditional pensions' benefits.

Retirees' advocates, however, say the stricter funding rules may backfire by encouraging companies to freeze their pension programs rather than bear the burdens of compliance.

On top of that, tougher pension accounting rules are scheduled to take effect at the end of this year. The Financial Accounting Standards Board will require companies to include pension funding obligations in their balance sheets, potentially reducing some firms' net worth.

"What these changes do is underline the costs that a company has to accept when they sponsor a [traditional] defined benefit plan," said Charles Ruffel, chief executive of Plansponsor, a trade publisher for the benefits industry. He added: "In order to save defined benefit plans, [the government has] accelerated their demise."

Companies that reduce their pension commitments often improve their 401(k) savings plans, typically by kicking in more money. Workers are able to take such accounts with them if they change employers, unlike old-style pensions. Employees who job-hop frequently might not be with one company long enough to ever qualify for a pension.

"A lot of people aren't sure they're going to spend their whole careers with one company, and they like the idea of a benefit that they can transport to another company," said DuPont spokeswoman Lori Captain. "The market is changing. There are clear trends moving in this direction."

Still, some worry that workers will be hurt by the changes. Many employees fail to enroll in 401(k) plans. For those who do, their savings goals can be undermined by poor investment choices or stock market performance. Decisions to withdraw money can hammer the long-term value of the account. Older and less sought-after workers may not enjoy the advantages of mobility.

"What this does is put another big burden on the employees," said Jim Flickinger, president of the International Brotherhood of DuPont Workers.

The company's enhanced 401(k) plan, he said, holds more allure for career managers who move from one corporation to another than for factory workers who expect to stay put and have planned on a predictable income in retirement.

"The manufacturing people are the ones who have to take the hit," Flickinger said.

All agree that the latest corporate cutbacks reflect a worldview in which traditional pensions — once seen as a way to lock in a loyal and able workforce — are viewed as costly weights on a company's competitiveness.

DuPont pointed out that its pension plan changes were likely to boost earnings by 3 cents a share next year and 5 cents in 2008. Blount predicted savings of $16 million to $23 million over the next five years.

Tenneco, which makes shock absorbers, tailpipes and other auto parts, said its pension changes would save $11 million a year before taxes.

"We operate in a very tough environment, a very competitive environment," said Jane Ostrander, spokeswoman for the company in Lake Forest, Ill. "This is one piece of that ongoing effort to get our arms around these costs."

In such a climate, the pension bill posed a challenge for lawmakers.

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The White House sought much stricter rules to prevent plan failures — and the possibility that such failures could lead to a taxpayer bailout of the privately funded Pension Benefit Guaranty Corp. Legislators, meanwhile, were struggling to find the balance. Stronger rules were in order, but too much pressure could lead companies to bail out of pensions altogether.

"This bill will not only safeguard the retirement security of millions of working families, it will also protect the interests of taxpayers who could be on the hook for a multibillion-dollar bailout of the Pension Benefit Guaranty Corp.," House Majority Leader John A. Boehner (R-Ohio) said after Senate passage.

Boehner aide Kevin Smith said criticism from corporations should be viewed in perspective.

"The grumbling from the business community comes as no surprise, since their lobbyists have long argued for more lenient funding requirements for employers," Smith said. "The president and bipartisan majority in Congress stood by workers and refused to water down the bill."

Nonetheless, disappointment with the bill, which President Bush signed Aug. 17, is not limited to employers.

"The bill did nothing to prevent companies from dropping out of the system or provide incentives to stay in the system," said Karen Friedman, policy director of the Pension Rights Center. "That really is the big issue now. How do we keep companies in the ballgame?"

Cost Of Pensions Adds To Factory Town's Troubles (NYT)

By Danny Hakim

The New York Times, September 5, 2006

LOCKPORT, N.Y. — For two and a half years, Michael Tucker was mayor of this small city by day and an autoworker by night.

Then in May, he became one of the nearly 50,000 workers at General Motors or its former Delphi parts division to take buyouts, lured by the $33,000-a-year pension his company offered. That pension, and a smaller one he expects to collect from the state after his years as mayor, makes him a little unusual in a nation where more and more workers are not covered by such plans.

But now, as mayor of Lockport, Mr. Tucker, 49, is seeing the budget of this city north of Buffalo consumed by the kind of pension and retiree health care costs that helped push Delphi into bankruptcy. So he is preparing to do what his former employers, G.M. and Delphi, have already begun to do: ask the city's five unions for concessions, including limiting wage increases and cutting benefits, when labor contracts expire next year.

Cities across New York State are only now starting to grapple with the so-called legacy costs of pensions and retiree health care benefits, and the situation in Lockport — with its rising property taxes and strained budget — is emblematic of what other cities may face in the future.

Pension costs in New York City have quadrupled in the last five years, and they will soon consume 10 percent of the city's budget. In Buffalo, the state's second-largest city, pension costs have risen to $24 million, from $4 million, in the last five years, and the city is now overseen by a financial control board.

"It's going to be tough negotiations," Mr. Tucker said last month, as he stood in front of the giant Delphi radiator plant where he once worked and served as an officer in the United Auto Workers union. "We're going to be looking for some concessions," he added. "No question about it."

Lockport's pension costs for public workers have increased more than tenfold since 2000, to $1.6 million projected for this year, from $111,083. During the same period, the cost of providing medical coverage to city workers and retirees has risen 71 percent. Together, pension and health care costs have grown to 14.5 percent of the city's budget last year, up from 7.6 percent in 2000.

"Those are the two biggies, and they cripple cities like ours," Mr. Tucker said.

One big part of the problem is that the State Legislature has imposed new burdens on local government pensions around the state, just as it has in New York City, where the vibrant economy is better able to absorb such costs. But local governments have played their part in letting these costs rise.

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The Lockport city government has regularly made concessions in past contract talks with its five unions, agreeing at various points to reduce the number of years that police officers and firefighters must work before they can retire, to 20 years instead of 25, and then granting them additional benefits for extra years of work. Such enhancements, which typically do not show up on city balance sheets for years, are often used to wrest shorter-term savings from unions.

And as they are in the private sector, health care costs are soaring. City workers in Lockport do not pay monthly health insurance premiums, except for some new hires in their first two years of service, something that is increasingly rare in the private sector. But in Lockport, they had a model: General Motors, which was the city's largest employer until it spun off Delphi in 1999. Workers at the Big Three automakers were accustomed to such benefits for years, but have since seen them begin to be scaled back.

"I think the bar was set years and years and years ago by the U.A.W. and what they were able to negotiate," said Richard P. Mullaney, the city's clerk and budget director, who added that the mindset of labor talks with the auto supplier pervaded Lockport's negotiations with city unions.

"The people who are sitting at the table negotiating contracts representing the city, the elected officials, many of them come from that area, many of them come from, not necessarily management, but they're rank and file workers that are serving on the Common Council," he added. "And you listen to police officers, firefighters and other city workers, and they say, well this is the benefit that you have, we want something similar."

In what could be a preview of Lockport's toughening stance, Mr. Tucker's administration recently suspended medical benefits to two firefighters who had been injured on the job, an unprecedented step for the city as it tries to cope with the soaring cost of benefits. Mr. Tucker said that a determination had been made that the city was not bound to pay the medical benefits of the firefighters, who are still being paid.

The move did not please the firefighters' union.

"I love my job, I took pride in the community and everything else, but when something like this happens to you, you feel very unappreciated," said Daniel Foley, a former firefighter and paramedic who herniated three disks on the job in 2003 and had his benefits suspended in June.

"When I got the letter, I felt like putting a 'For Sale' sign in front of my house and moving out of town," he said. "This is the thanks I get?"

For his part, Mr. Tucker said the city has to start grappling with costs it can no longer bear.

"These are difficult choices," Mr. Tucker said. "It's not fun when you take away somebody's health care. We don't make these decisions lightly, but it is because of the times."

Statewide, local governments faced pension costs in 2005 that were at their highest point, as a percentage of payroll, in two decades. One reason is that the collapse of the stock market in the early part of the decade — and the impact that had on pension investments — forced municipalities to contribute far more to the state's pension system than they did in the late 1990's.

The more recent recovery of the financial markets means that municipalities' payments will begin to decrease this year, though they remain at much higher levels than they have been used to.

Another issue is the Legislature's moves to enhance benefits for various union workers in cities across the state, often after prodding by unions. Though the state pension fund assumes the majority of the costs, localities are also required to foot part of the bill. (New York City operates its own pension funds, separate from the state system.)

In 2000 alone, the Legislature approved more than $2 billion in new costs for the state and municipalities outside New York City by granting retirees recurring annual cost-of-living adjustments, waiving contributions into the retirement system for thousands of workers who have 10 years or more of service, and increasing the pension formulas to allow workers to collect bigger checks upon retirement.

Since the State Constitution prohibits taking away pension benefits already granted to public workers, Mr. Tucker is looking to hold the line on salaries and for health care concessions, and he is also considering more innovative ways to trim the budget.

"We're looking to other cities, merging together to do water, merging together to do assessments, privatizing ambulance service, privatizing garbage service," he said.

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Mr. Tucker's situation is not unusual in Lockport, where three of the city's six Council members formerly worked at the Delphi plant. If taking the buyout was a difficult choice for many of his Delphi co-workers, it was not for him.

When he was working as mayor and autoworker, he was able to get a couple of hours of sleep in the mornings after his graveyard shift and maybe as much as three hours in the evenings if he could leave the Municipal Building by 5 p.m.

"I'm getting a little beat up after two and a half years, to be honest with you," he said shortly before taking the buyout.

A burly man with shaggy black hair and a mustache, Mr. Tucker has a calm manner that was evident during a recent Council meeting when black residents complained vociferously about a Fourth of July clash with the police.

A Republican, he faces the same problems as other upstate mayors: an exodus of population, jobs and tax revenue. Lockport's population decreased by 9 percent in the 1990's, to about 22,000 today, while steel and paper plants have been shuttered. The workforce of Delphi, the city's largest employer, has shrunk to between 3,000 and 4,000 today, from more than 10,000 in the 1970's.

The city has taken a number of cost-saving steps over the years, including significantly cutting its work force and consolidating its medical plans, and it has not relied on debt as heavily as other municipalities.

But the costs of providing for the city's retirees are already increasingly consuming the city's budget.

A recent report from the state comptroller's office said that Lockport faced greater fiscal challenges than most other upstate cities. To offset the rising benefits costs, the city has raised its property tax rate to $15.27 per $1,000 of assessed property value this year, up from $12.89 in 2000. That brings the cost to a little over $3,000 for a $200,000 home.

To avoid raising taxes further, the city, which tends to run a slight deficit, has been depleting its reserves, giving it less cushion in the case of unforeseen calamities.

"We're getting on shaky ground," said Mr. Mullaney, the city's budget director.

Last year, Moody's Investor Services cut the city's debt rating to Baa2, the second-lowest out of 10 investment grades.

"The city's financial position has continued to weaken as management has drawn down reserves over the last three years to offset property tax increases," Moody's said.

And residents have grown alarmed at the increase in local taxes. This year, the city government faced a revolt when a new assessor unveiled a major increase in the assessed property values. Within a couple of months, the assessor had quit and his plan to increase assessments was scrapped, a story that was played out in articles in The Lockport Union-Sun & Journal.

As if all of that were not enough, Delphi is seeking the bankruptcy court's permission to cut wages steeply, which would be another blow to the city economy.

Delphi's bankruptcy put the mayor in an awkward position: fellow autoworkers were dismayed by threatened wage cuts, but he was concerned about keeping Delphi's doors open.

"People's attitudes started changing," Mr. Tucker said. "I was all over the media, I was like the poster boy, you know, and I had to be very careful what I said."

"I certainly don't want to alienate the company, because I'm the mayor now and they're the county's biggest employer. I don't want to alienate them, I'm trying to help them, and I certainly don't want to alienate my union brothers and sisters, because I'm one of them as well. So it was difficult."

Phyllis Green, a 73-year-old Republican councilwoman who also once worked at the plant, said the city was facing a sobering era as it confronts a future with its main employer in bankruptcy and having to pay public retiree benefits crafted in more prosperous times.

"You have to be realistic of what the times are," she said. "When we had all the other companies, we could afford certain things."

"Today, we can afford a very good Chevy Impala," she added. "Can we afford a Cadillac anymore? No."

Felt Called Too Ill For Travel To Court (WT)

By Jim Mcelhatton

The Washington Times, September 5, 2006

DOJ_NMG_0057053

The former top FBI official known as "Deep Throat" is too ill to travel from California to the District to defend himself against a federal lawsuit filed by the co-author of his 1979 memoir, court records show.

W. Mark Felt Sr., 93, is being sued by D.C. author Ralph de Toledano, who says Mr. Felt, his son and their attorney duped him into signing away his rights to the famous Watergate source's life story.

The lawsuit claims W. Mark Felt Jr. approached Mr. de Toledano in 2003 about buying the author's interest in a memoir he co-wrote with the elder Mr. Felt in 1979, citing plans to reissue the book with only some additional background information.

The lawsuit says Mr. de Toledano, unaware that the elder Mr. Felt was the famous Watergate source, agreed to the deal for $10,000, but never would have done so if he had known that the Felts and their attorney were planning to disclose Mr. Felt's identity as Deep Throat.

The complaint, filed in U.S. District Court for the District of Columbia in July, states there could have been "little or no doubt that the story of Washington's most celebrated secret source would have considerable commercial value."

In court papers filed late Thursday, the elder Mr. Felt and his attorney, John O'Connor, say the lawsuit should be moved to Northern California. Mr. O'Connor also is the co-author of Mr. Felt's latest memoir, "A G-Man's Life: The FBI, Being 'Deep Throat,' and the Struggle for Honor in Washington."

The elder Mr. Felt lives in Santa Rosa, Calif., with his daughter Joan.

"His ill health does not permit him to drive a car, fly on a plane or travel for any significance," Mr. O'Connor wrote in court pleadings about Mr. Felt's condition. "Most of his days are spent simply resting at his daughter's home. It would be impossible for him to travel to Washington, D.C."

In addition, a declaration by Mr. O'Connor included in the legal filings says the Felts have refused all press and broadcast requests to travel because of concerns about the elder Mr. Felt's health.

"He has experienced several life-endangering episodes in the last four years that appeared to have begun with a mild fever and fatigue and/or trauma stemming from a minor fall," Mr. O'Connor stated.

Mr. O'Connor ended the 30-year mystery over the confidential source to Washington Post reporters Bob Woodward and Carl Bernstein during Watergate in a July 2005 story Mr. O'Connor wrote for Vanity Fair magazine, which got substantial advance publicity.

In addition, Mr. O'Connor cites the demands of his law practice in San Francisco in his response to the lawsuit, saying, "It would be very difficult for me to be gone from my office for any extended period of time."

District-based lawyer Kerrie L. Hook, who represents the elder Mr. Felt and Mr. O'Connor, also stated in last week's legal pleading that the contract at issue contains a provision that any disputes should be handled by a San Francisco-based arbitrator.

"In the long run, the arbitration process is most likely to result in a net reduction in total litigation costs and result in a much quicker resolution," she stated.

Last week, W. Mark Felt Jr., who lives in Florida, filed a separate response to the lawsuit, stating that he never had an obligation to tell the author that his father was Deep Throat. The response disputed Mr. de Toledano's claims.

Mr. de Toledano co-wrote and held a 50 percent interest in Mr. Felt's memoir "The FBI Pyramid: From the Inside," a 351-page account of Mr. Felt's career from a first-year agent in 1942 to associate director in 1971. He also held royalty rights for any additional commercial works on Mr. Felt's life story, court records show.

Mr. de Toledano's lawsuit does not specify monetary damages.

In court documents, Mr. O'Connor said he and the Felts are working on a movie deal with Universal Studios about Mr. Felt's life.

Democrats Poised To Take Control Of The House (RC)

By Stuart Rothenberg

Roll Call, September 5, 2006

In a recent edition of my newsletter, I dissected, analyzed and evaluated dozens of districts in the fight for the House of Representatives and concluded what many of us have been assuming for weeks — Democrats are poised to gain 15 to 20 seats, giving them control of the House.

The 15- to 20-seat range, of course, could change — in either direction — as voters focus on the upcoming elections and district or national polling shifts. Campaigns matter, as do national events. Because of that, some Democrats who today seem positioned to win GOP seats could lose, just as some currently safe Republican seats could fall.

In 1994, nobody thought Democratic Rep. Dan Rostenkowski (Ill.) was at all vulnerable until Republican polling in October found challenger Michael Flanagan leading the veteran Ways and Means chairman. And Democratic incumbents such as Kansan Dan Glickman and North Carolinian David Price didn't seem all that vulnerable until the ballots were counted and they had been defeated.

But all of those caveats shouldn't obscure the fact that Democrats clearly are favored in seven seats currently held by Republicans — four open seats (including the Texas district of former Rep. Tom DeLay) and three seats in Indiana — and that 10 other Republican seats, including two each in Pennsylvania and Ohio, are no better than tossups.

Another seven Republican seats are only slightly tilting toward the GOP. Adding up the Democrats' best opportunities, the party has a good shot at 24 Republican seats, and that number doesn't include long-shot races that likely will develop in a big Democratic wave — the Rostenkowski/Glickman seats of 2006.

In previous "wave" years, the party benefiting from the partisan wave took the overwhelming percentage of tossup contests, and I expect that to happen again this year. In other words, don't expect tossups to break evenly between the parties.

The Republican outlook in Indiana, a generally red state in presidential elections but much more competitive downballot, is horrible. Gov. Mitch Daniels (R) appears to be about as popular as bird flu, and he isn't making it any easier for his party's Congressional incumbents.

Democrats have three credible opponents for GOP Reps. Chris Chocola, John Hostettler and Mike Sodrel, and all three Republicans currently are running behind their Democratic opponents. Freshman Sodrel may have the best chance of surviving, given the Republican nature of his district and the fact that his opponent, former Rep. Baron Hill, already has been voted out of office once.

As expected, Ohio is looking very attractive for the Democratic Congressional Campaign Committee. Rep. Deborah Pryce, the chairwoman of the House Republican Conference, is in very serious trouble, and Rep. Steve Chabot (R) is in only slightly better shape. Republican prospects in retiring Rep. Bob Ney's district seem uncertain at least until the special mid-September primary, but at least the GOP now has a fighting chance to hang on to that district.

Pennsylvania also looks like a potential windfall for Democrats.

Three Republican Keystone State incumbents from the southeast — Reps. Jim Gerlach, Curt Weldon and Michael Fitzpatrick — and one from the northeast — Rep. Don Sherwood — are in serious trouble. Democratic efforts to capture a number of Western Pennsylvania GOP-held districts seem not to have born fruit, but that's little succor to national Republican strategists.

Connecticut remains a place where Republicans are on the defensive, but it's also a good place to see if the party's three incumbents can localize their contests enough to hold off strong Democratic challengers.

Given where other allegedly vulnerable Republican incumbents are, Rep. Christopher Shays looks surprisingly strong in his re-match against former Westport Selectwoman Diane Farrell (D). And while GOP Reps. Nancy Johnson and Rob Simmons are in very difficult races, each has earned a reputation as a very strong campaigner. Both fit their districts well, and in a normal year both would win. But 2006 isn't a normal year.

Elsewhere, Republican Reps. Clay Shaw (Fla.), Heather Wilson (N.M.), Charles Taylor (N.C.), Geoff Davis (Ky.) and Thelma Drake (Va.) face extremely tough challenges. Some of them may win, but the odds of all of them surviving are small. Shaw and Wilson have survived tough tests before, but their previously demonstrated skills and appeal could be overwhelmed in a Democratic wave.

Veteran Rep. Anne Northup (R-Ky.) ordinarily might fall into the same category, and early polling suggests that she is only even or slightly behind challenger John Yarmuth (D). But Yarmuth, a publisher and columnist, is an opposition researcher's dream, and Northup normally runs one of the best campaigns every cycle.

Are there any places where Democrats may not catch a wave that they once expected to build? Try upstate New York.

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So far, there is precious little evidence that the Democrats' "perfect storm" — which is based on Democratic landslides in the state's races for governor and the Senate, as well as President Bush's low poll numbers in New York — is helping many Democrats in upstate New York.

The 24th district remains a bit of an oddity, a place where each party insists its candidate is ahead. Incumbent Rep. Sherwood Boehlert (R) is retiring, and both District Attorney Michael Arcuri (D) and state Sen. Ray Meier (R) are appealing. The district leans Republican, and Democrats seem a bit too optimistic for my taste.

Elsewhere in the state, Republican Reps. John Sweeney, Jim Walsh, Tom Reynolds and Randy Kuhl all deserve to be favorites for reelection until district-level polling shows their Democratic challengers have a chance to overtake them. So far, there is no evidence of that.

And in Washington's 8th district, freshman Rep. Dave Reichert (R), who narrowly won two years ago and faces a well-funded Democrat this year, looks unexpectedly formidable this late in the cycle. Voters still remember him in his role as King County sheriff and so far seem disinclined to free him because of the sins of the Bush administration.

The Rise Of The Lincoln Democrats (WP)

By E. J. Dionne Jr.

The Washington Post, September 5, 2006

PHILADELPHIA -- The North will rise again.

If Democrats win control of the House of Representatives in November, that inversion of an old slogan is likely to be a central factor in their victory.

Although no one anticipates a Democratic sweep in November on the order of the Republicans' 1994 triumph, the forces that were at work 12 years ago are in play this year -- but in reverse.

One key to the Republican takeover of the House under Newt Gingrich was the completion of a long-term realignment to the GOP in the South. White Southerners started supporting Republican presidential candidates in large numbers as long ago as 1952, but many of them did not bring their congressional voting habits in line with their presidential votes until 1992 and, with a vengeance, 1994.

But a quiet counter-realignment has been under way in the Northeast and Midwest. Post political writer Dan Balz was one of the first to notice after Bill Clinton's 1996 reelection that longtime Republican suburban bastions in Pennsylvania, Illinois, Michigan, Ohio, New York and New Jersey were moving the Democrats' way.

If Democrats take the House this fall, it will be the culmination of this trend. To put it in historical terms, if Democrats have suffered in the states of the Old Confederacy, many of their best opportunities in November are in states carried by the first Republican president, Abraham Lincoln, in the 1860 election.

These include four and possibly five seats in Pennsylvania, four in Ohio, three in Connecticut, two to five seats in New York, three in Indiana, one or two in New Hampshire, and one each in Illinois, Iowa, Minnesota and Wisconsin.

That totals as many as 26 seats and rises to 27 counting a competitive race in New Jersey (a state that divided its 1860 electoral votes between Lincoln and Northern Democrat Stephen Douglas). Democrats need 15 seats to take the House.

That number is at the outside range of Democratic hopes, and Republicans have a few opportunities of their own for Northern pickups. But winning the bulk of these Lincoln-state seats would be the linchpin of any Democratic victory.

In the Senate, where Democrats need a net gain of six seats to win a majority, the most vulnerable Republicans include Pennsylvania's Rick Santorum and Rhode Island's Lincoln Chafee (who faces a tough primary later this month).

The changing regional contours of American politics have been visible in the Southernization of the GOP leadership -- from President Bush of Texas and Gingrich of Georgia to Senate Majority Leader Bill Frist of Tennessee and, earlier, Dick Armey and Tom DeLay, both Texans. The rise of the Dixiepublicans and their brand of conservatism has pushed moderates in the North in the Democrats' direction.

But Pennsylvania Gov. Ed Rendell, a Democrat who is seeking a second term this fall, said in an interview here that Republicans are suffering from factors very specific to this political year, including President Bush's unpopularity in this part of the country.

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Rendell argues that in the older industrial states, Republicans are being hurt by the trade issue, and he criticizes the Bush administration for filing many fewer unfair-trade complaints against foreign competitors than did the Clinton administration.

Job losses have made voters especially sensitive to the erosion of America's competitive position in the global economy. Rendell says flatly: "In 10 years, we could wind up being a second-rate economic power if we don't improve our competitiveness."

Rendell -- who is well ahead of Republican Lynn Swann in the polls -- offers remedies that include national health insurance in order to remove the burden of health costs from American businesses. He says his party should also push for education reform and major investments in alternative energy. These suggestions have the potential of being both business-friendly and congenial to liberal Democrats.

And then, Rendell said, there is the strong opposition to the Iraq war in his region, which could complicate the Bush administration's new political offensive targeting Democratic critics of its policies.

By pushing the war to the forefront, the president might well increase turnout among core Republican voters, but at the cost of hurting individual Republican candidates in districts where opposition to the war is particularly strong.

The realignment of the South has been more important than any other factor in the rise of the Republican Party to majority status in Congress. It would be one of history's ironies if that majority were imperiled by the reassertion of the Lincoln states.

History Favors Democrats In Congress Races (WT)

By Donald Lambro

The Washington Times, September 5, 2006

The race for Congress and the nation's governorships bolted from the Labor Day starting gate yesterday, with voter-preference polls tightening between the parties in an election that both sides said will be even closer by November.

Historically, the party that holds the White House usually loses seats in Congress in a second term, and campaign strategists in both parties expected Democrats to make gains in the House and Senate -- while two top election forecasters predicted they will win 15 or more seats that will give them majority control of the House.

If "the political climate remains as it is today -- a very big 'if' -- Republicans will likely lose the House and their dominance of the nation's governorships, but hang on to the Senate by a thread," veteran analyst Charlie Cook said last week in his National Journal report.

Analyst Stuart Rothenberg predicted that Democrats would gain between 15 and 20 additional House seats, "which would translate to between 218 and 223 seats -- and a majority -- in the next House."

But Republican officials said the generic party-preference polls that have showed the Democrats leading were skewed and that they would hold on to the House.

"I think the national generic polls are irrelevant. House races come down to a choice between two people on the ballot, and we've successfully made that happen in the last three election cycles," said Carl Forti, chief spokesman for the National Republican Congressional Committee.

"We just look at the individual races, and we find in our polling data that the Republicans are in very good positions, which is why we defied history in 2002 and picked up seats, in 2004 and picked up seats, and we've got no problem making history look bad again," Mr. Forti said. "Republicans will be in the majority in the next Congress."

No one, however, is making any similar predictions over at the Democratic Congressional Campaign Committee (DCCC).

"We are obviously in a very good position, and Republicans are obviously on the ropes, but it's too early to predict the number of seats that will be transferred. We're not predicting that we are going to take over the House," said DCCC's communications director, Bill Burton.

Poll gap narrows

One of the reasons for the Democrats' reticence -- with nine weeks until the elections -- is a recent tightening in the polls.

For months, Gallup has been reporting a lead of nine to 15 percentage points for the Democrats in generic polls that ask voters which party they will support in the congressional elections. But late last month, Gallup said its survey found "Republicans edging closer to the Democrats in voter preferences for this year's midterm elections, mirroring the slight increase seen in President Bush's job-approval rating."

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Gallup said its Aug. 18-20 poll found "the Democrats now lead the Republicans by two points, 47 percent vs. 45 percent. That is down from a 9-point lead earlier this month, and an average Democratic lead of 10 points in the previous three polls in July and August."

Pollsters have long maintained that generic ballot surveys tend to boost the Democratic vote by anywhere from five to 10 percentage points. If that is true in this election, then the Republicans headed into the final weeks of the campaign "in pretty good shape," said a Republican official.

Interviews with some Democratic strategists and advisers last week suggested that they had seen a similar trend in internal polls. "That means there aren't as many vulnerable Republicans now as there was a month or more ago," said a party adviser who spoke on the condition of anonymity.

"I suspect that what you are seeing there is, yes, some Republicans are coming home in certain congressional districts, and there is some firming up of the Republican vote," another Democratic campaign adviser said.

But other Democratic campaign consultants said they had not picked up what Gallup's polling had found.

"I'm not seeing it in my own polls at this time," said Democratic consultant Alan Secrest. "We expect to see some tightening -- it's only natural. But if the election were held the Tuesday after Labor Day, the House would switch."

Turnout battles

But the election is more than two months away and some Democrats acknowledged that in many competitive districts they would be hard-pressed to beat the Republicans at their best ground game -- voter turnout -- and overcoming the higher redistricting walls that Republicans have constructed since the 2000 census and reapportionment.

"The Republicans have a superior infrastructure, and their base is still fairly solid in pretty solid Republican districts. They are going to go into these districts with an innate advantage on the ground," said a campaign adviser who is close to the Democratic National Committee (DNC).

Republican National Committee (RNC) officials said the turnout organization put together for Mr. Bush's re-election campaign was reactivated more than a year ago by RNC Chairman Ken Mehlman, the architect of the massive turnout operation that helped Mr. Bush win a second term.

"The whole turnout operation is being done in the RNC, all of it," Mr. Forti said. "They are paying for it, organizing it, handling it. It was the most successful voter turnout in history, so we are comfortable with Mehlman leading that again."

Republicans campaign officials say that at this point, they have identified 36 congressional races that they consider in play and competitive, slightly more than the 30 to 32 races that fit that definition in 2004. The Republican Party's turnout operation will be heavily focused on those 36 districts, and in the most vulnerable Senate races, officials said.

"We are building on the successes of our massive volunteer effort of 2004," said RNC political director Michael DuHaime.

But Mr. Cook said his polls showed there was less intensity and enthusiasm among Republican voters than among Democrats. "Republicans are facing a motivation deficit that is unlike anything that they've seen since at least the 1982 election," he said.

Democrats say Illinois Rep. Rahm Emmanuel, chairman of the DCCC, has worked out his bitter disagreements with DNC Chairman Howard Dean over how much the party should spend on voter-turnout efforts. "There is a commonality of interests that supercedes their personality differences about working with one another," a DNC adviser said.

Senate slide

Democrats need a net gain of six seats to retake the Senate, and Republicans' 55-seat majority will see some erosion on Election Day -- though several Democratic seats were also at risk that could offset any Republican losses. Among the Republicans' most vulnerable incumbents:

•Pennsylvania: Sen. Rick Santorum, one of the Senate's most conservative members, has been running behind Democratic state Treasurer Bob Casey Jr. all year in the polls by double-digit margins. But late last month, the race tightened significantly, with Mr. Santorum trailing his rival by six percentage points, according to a Quinnipiac University poll.

•Ohio: Sen. Mike DeWine has been trailing liberal Rep. Sherrod Brown by about six percentage points in most polls in the Republican-leaning swing state. But Mr. Brown, an anti-war Democrat, has one of his party's most liberal voting records. "If DeWine can make Brown the issue, then the Republican has a chance to win," Mr. Rothenberg said.

•Rhode Island: Sen. Lincoln Chafee is being challenged in the Sept. 12 Republican primary by Cranston Mayor Stephen Laffey. The winner will face former state Attorney General Sheldon Whitehouse in the general election.

•Montana: Sen. Conrad Burns has been hurt by his association with disgraced lobbyist Jack Abramoff. Polls show him trailing Democratic state Sen. Jon Tester.

But Democratic seats in New Jersey, Maryland and Washington were also in danger of upsets, along with long-shot contests in Minnesota and Michigan.

In New Jersey, Republican state Sen. Tom Kean Jr. was in a dead heat with Sen. Robert Menendez, while Maryland's Republican Lt. Gov. Michael S. Steele was gaining support in a Senate race against a divided field of Democrats who will choose their candidate Sept. 12.

In Washington state, Republican businessman Mike McGavick was closing in on Democratic Sen. Maria Cantwell, whose re-election has been hurt by her party's anti-war wing, angered by her earlier support for the war in Iraq. "This has all the markings of a very competitive contest," Mr. Rothenberg said.

Democrats eye governors

Republicans control the majority of the nation's governorships, 28 to 22, including all of the major electoral states, but Democrats are expected to cut into the Republican Party's advantage in several key states.

In New York, where Republicans were unable to recruit a heavyweight candidate, Democratic state Attorney General Eliot Spitzer is all but certain to recapture the Statehouse from the Republican Party's decadelong dominance.

Republican prospects appeared similarly dim in Ohio where Republican Secretary of State J. Kenneth Blackwell was badly trailing Democratic Rep. Ted Strickland, an ordained Methodist minister who has been endorsed by the National Rifle Association in past races.

Democratic chances to recapture Republican governorships in Massachusetts, Arkansas and Maryland also remained strong.

However, Republicans were expected to hold on to several major statehouses, including California, where Gov. Arnold Schwarzenegger has made a comeback; Texas, where Gov. Rick Perry is considered safe; and Florida, where Republican Attorney General Charlie Crist is the front-runner against a divided and little-known field of Democratic candidates. Florida's primary is today.

Meanwhile, several Democratic-held seats in the Midwest were in danger of Republican upsets.

In Michigan, Democratic Gov. Jennifer M. Granholm is in a virtual dead heat against Republican Dick DeVos. In Wisconsin, Democratic Gov. James E. Doyle -- whose administration is battling corruption charges -- is in a virtual tie with Republican Rep. Mark Green. "This remains one of the best GOP opportunities this cycle," Mr. Rothenberg said.

And in Iowa, where Democratic Gov. Tom Vilsack is retiring, Republican Rep. Jim Nussle is in a tight race with Democratic Secretary of State Chet Culver that independent analysts call "a tossup."

Senator Backs The War In Iraq And Rumsfeld In A TV Debate (NYT)

By Robin Toner

The New York Times, September 4, 2006

WASHINGTON, Sept. 3 — Senator Rick Santorum of Pennsylvania, one of the most endangered Republican incumbents in the Senate, defended the war in Iraq on Sunday as a war of “necessity,” not choice, arguing that it was a central part of “this broad war” against “Islamic fascism.”

In a debate on “Meet the Press” on NBC, Mr. Santorum also praised the leadership of Defense Secretary Donald H. Rumsfeld and President Bush. Asked if he would join calls for Mr. Rumsfeld’s resignation, Mr. Santorum said that the defense secretary had “done a fine job” and that the nation faced foes “much more potent than I think anybody ever anticipated.”

Mr. Santorum’s Democratic opponent, Bob Casey Jr., the Pennsylvania state treasurer, called him a “rubber stamp” for the Bush administration and said he had failed to hold Mr. Bush accountable for the conduct of the war.

“When you have two politicians in Washington who agree 98 percent of the time, one of them’s really not necessary,” said Mr. Casey, alluding to Mr. Santorum’s voting record. “We could have a machine have that kind of vote.”

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The one-hour debate provided a stark contrast between the parties as they enter the final stretch of the midterm elections. Both candidates touched on national themes, with Mr. Casey arguing that it was time for a change toward a more "independent" senator who could "stand up to his party and his president, especially in a time of war," and demand more accountability on national security.

For his part, Mr. Santorum reflected the renewed Republican message that the Bush administration's aggressive policies abroad have kept Americans safe from terrorist attacks at home. "The reason we haven't" had any terrorist attacks since Sept. 11, he argued, "is because we've taken it to them where they are."

Mr. Santorum also said that Mr. Casey lacked any real plan to deal with Iraq or with the broader fight against terrorism. He repeatedly tried to tie Mr. Casey to the most liberal wing of his party on national security, which he said would undermine American intelligence and surveillance capabilities. At one point, Mr. Casey said, "Rick, Rick, you're not debating the party, you're debating me."

Mr. Casey, considered a conservative on many issues, said he would not support a resolution, like the one proposed by Senator John Kerry, setting a deadline for withdrawal of American troops, nor would he vote to cut off financing for the war. "I'm not ready to abandon this mission," he said. "We don't need a deadline, a timeline; we need new leadership."

More than once, Mr. Santorum accused Mr. Casey of failing to provide specifics, particularly on what programs he would cut in pursuit of a balanced budget and how he would shore up Social Security.

Santorum Defends President, Iraq War (WP)

By Charles Babington, Washington Post Staff Writer

The Washington Post, September 4, 2006

Senator Backs Bush During Debate

Sen. Rick Santorum (R-Pa.), battling for reelection in a state where President Bush is not popular, gave a full-throated defense of the president yesterday and said the United States must prevail in the Iraq war.

In his first and perhaps only debate with Democratic challenger Bob Casey Jr., Santorum lived up to his reputation as a feisty, unapologetic conservative, even though it has caused him problems in moderate-voting Pennsylvania. Ignoring Casey's taunts that he is a "rubber stamp" for Bush, Santorum embraced the president and most of his anti-terrorism policies.

"I think he's been a terrific president, absolutely," Santorum said in the nearly hour-long debate on NBC's "Meet the Press." Defense Secretary Donald H. Rumsfeld -- whose resignation is being sought by some Republican candidates -- "has done a fine job," he said, and "there is no question that the Iraq war should have commenced."

Polls consistently have shown Casey, the state treasurer and son of a popular former governor, leading Santorum. Democrats see the race as among their two or three best chances for gaining a Senate seat on Nov. 7, although Santorum has a record of winning tough elections. Santorum, who has asked for many debates, spent much of the hour portraying Casey as a bob-and-weave politician unwilling to take stands on tough issues.

Moderator Tim Russert tried to pin down Casey on whether he still believes he would have voted to support the Iraq invasion, knowing what is now known about Saddam Hussein's lack of unconventional weapons. "If we knew then what we know now," his vote would be no, Casey said, adding, "I think there wouldn't have been a vote" in the House and Senate under those circumstances.

Russert also pressed Casey on how he would fulfill his pledge to balance the federal budget. Casey said he would seek to repeal the recent tax cuts for persons making more than $200,000 a year, and retain a tax on very large estates, which Santorum opposes. But he would not identify federal programs he would be willing to cut.

"What you heard from Mr. Casey is what you hear all the time," Santorum said. "No specifics, no answer."

Casey said Santorum has helped expand the deficit dramatically by joining Bush in cutting taxes without trimming spending. As treasurer, Casey said, he has "been fiscally responsible in my work. You ought to try it." Although both candidates oppose legalized abortion in most cases, they differed on the government's recent decision to allow nonprescription sales of Plan B or the "morning-after" emergency contraceptive pill to women 18 and older. Santorum said he opposed the decision because the pill essentially causes an abortion in cases in which an egg has been fertilized.

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Casey said, "I think the science is clear on this. I think it is contraception," not abortion.

Russert pressed Santorum on his willingness to allow abortions in cases of rape and incest, even though the senator says it involves the taking of a human life. Santorum said he agreed to such exemptions in an effort to find "common ground" in the abortion debate.

Democrats hoped to negate some of Santorum's appeal to conservatives and moderates by nominating Casey, who supports gun rights and opposes abortion. But some Democrats worry that Casey is playing it too safe by refusing most debate invitations and offering unspecific solutions to many problems.

With Casey and Santorum sitting elbow to elbow across a table from Russert in a Washington studio, the candidates had their sharpest exchange over a recent raise for Pennsylvania legislators, which proved unpopular with voters. As treasurer, Santorum said, Casey "said nothing for three months, signed the checks," and opposed the raise only after the controversy had crested. "That's not courage, that's political pandering." Casey replied that he was "following the law," and noted that Santorum had not taken a stand on the pay raise. "I'm not a state official, you are," Santorum said.

Russert devoted much of the program to Iraq. Santorum responded by repeatedly turning to criticism of Iran, saying Iraq's Shiite-led neighbor is "at the heart of this war. . . . How do we cure Iraq? Focus on Iran." In a rare swipe at the White House, he said, "a big problem I have with this administration is it hasn't been tough enough on Iran." Casey criticized Bush's handling of the war -- and called for Rumsfeld's resignation -- without urging a timetable for U.S. troop withdrawals. "We need new leadership," he said. "We don't need a deadline, a timeline." He called for greater "accountability" in the war, and more special forces.

Santorum repeated his assertion that "we have found weapons of mass destruction" in Iraq, an allusion to shells apparently left over from Iraq's war with Iran in the 1980s. "We have not found any new weapons," he acknowledged.

Casey scoffed at "this crazy theory that there's still weapons of mass destruction" in Iraq.

Casey And Santorum Mix It Up (WT)

By Charles Hurt, The Washington Times

The Washington Times, September 4, 2006

Bob Casey Jr., the Pennsylvania state treasurer who is seeking to oust Republican Sen. Rick Santorum, said in a debate yesterday that there is no "crisis" facing Social Security, which most economists agree is headed for collapse unless major changes are made.

"I don't think you're talking about a crisis," the Democrat said during an hourlong debate yesterday on NBC's "Meet the Press." Mr. Casey said the program -- raided for years by federal lawmakers to pay for other government programs -- will fix itself.

"So [we'll have] double the people on Social Security and Medicare, and life expectancy approaches 80. And the solution is 'do nothing'?" moderator Tim Russert asked.

Mr. Casey suggested reinstating the estate tax and then hoping for a booming economy to "grow" the program out of the peril that actuarial tables and demographics predict.

"You want to grow the economy by increasing taxes?" scoffed Mr. Santorum, sitting next to him. "So, he's saying we have to grow the economy so we're going to take more out of it. That's a great way to grow the economy."

For many years, as the baby-boom generation reached peak earning years, the Social Security program collected more in taxes than it paid out in benefits to the previous generation's retirees. These surpluses have been used to cover the costs of other government programs since the 1980s.

Projections by such bodies as the Social Security Administration and the Congressional Budget Office differ in their precise years, but there is general agreement that some time around 2020, as the boomers retire and the number of retirees relative to the number of workers skyrockets, the program will become a net drain on the federal treasury, and some time around 2050, it will have exhausted the surpluses built up decades earlier.

But the only crisis related to Social Security, Mr. Casey said, is the plan supported by Mr. Santorum and President Bush to create private Social Security accounts that could no longer be accessed by the federal government.

Mr. Casey also said yesterday that he no longer supports the decision to go to war in Iraq. Last year, he told reporters that he still would have voted in favor of the war resolution.

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"The evidence that was presented then ... was misleading, and I think it was faulty," he said.

Asked repeatedly whether he now opposes the war decision, Mr. Casey finally said, "If we knew then what we know now, sure."

Still, he said, he's not ready to "abandon this mission" as many of his Democrat colleagues are ready to do.

"I think a lot of Americans are not, either," Mr. Casey said. "What has to happen in Iraq is what you've not seen. We need new leadership; we don't need a deadline, a timeline."

Mr. Santorum defended the war as one "front of a multifront war" against Islamist terrorism.

"They don't care about life, and we do," he said, chiding Mr. Casey for not offering a concrete plan to combat terrorism. "The real tough questions is, how do you win this war? How do you go out and prosecute a war successfully?"

Mr. Santorum agreed with Mr. Russert's assessment that "the American people have turned against the war in Iraq" and placed blame for that on President Bush.

"I think because the Bush administration hasn't laid out the complexity of dealing with this war and how it fits into a broader picture, and that's what I'm trying to do," the two-term incumbent said.

After the debate, both sides declared victory.

"The first Senate debate between Bob Casey and Rick Santorum wasn't even close -- Casey won," said Phil Singer, spokesman for the Democratic Senatorial Campaign Committee. "Santorum, looking unhinged, offered more of the same, while Bob Casey outlined a new direction and made the case for change. Casey went head to head on Santorum's home turf and got the better of him."

Dan Ronayne, spokesman for the National Republican Senatorial Committee, noted that Mr. Casey had balked at debating Mr. Santorum.

"The expectations were low for Bob Casey Jr. in this debate," he said. "He had an ankle-high bar to clear, and he tripped over it."

Independent Bid For Chafee 'Off The Boards' (WT)

By Eric Pfeiffer, The Washington Times

The Washington Times, September 4, 2006

Sen. Lincoln Chafee, Rhode Island Republican, says he will not follow the path of Sen. Joe Lieberman of Connecticut by running as an independent if he loses his party's Sept. 12 primary election against Cranston Mayor Stephen Laffey.

"That's off the boards," Mr. Chafee said yesterday during an appearance on ABC's "This Week." "Technically, in Rhode Island, I cannot do it, but even if I could, I wouldn't."

Mr. Lieberman lost the Democratic primary last month to Ned Lamont, but is now running as independent. Mr. Lieberman holds a lead over Mr. Lamont because his support is strong among independents and the opposing party. "This Week" host George Stephanopoulos suggested that such a pattern could hold in Rhode Island.

A poll released last week by Rhode Island College shows Mr. Laffey, who describes himself as a "Reagan Republican," holding a lead of 51 percent to 34 percent over Mr. Chafee, one of his party's most liberal lawmakers.

Mr. Chafee brushed off questions about his apparent failure to connect with Republican primary voters, describing himself as a "traditional Republican" who would support a Republican leader in the Senate if he is re-elected.

"I'm fighting from within, speaking up in our caucuses, making my voice heard," Mr. Chafee said. "I think I've been vindicated on a number of votes."

Mr. Chafee voted against the war in Iraq and President Bush's tax cuts. He voted in favor of federal funding for stem-cell research and against a constitutional amendment on the definition of marriage. However, Mr. Chafee has supported the administration on other contentious issues, including the nomination of John R. Bolton as U.S. ambassador to the United Nations.

Despite trailing Mr. Laffey, Mr. Chafee has continued to receive the support of the major Republican organizations, including the National Republican Senatorial Committee. First lady Laura Bush has campaigned on his behalf.

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When asked why Mr. Chafee has the support of the party establishment, Mr. Laffey said that "the last thing that Karl Rove and his buddies want, down in Washington, is a real reformer like me, someone who shakes things up, who has the ideas and the ability to implement real solutions."

Mr. Laffey is running on a more conservative platform than that of Mr. Chafee. He has pledged to vote against any increases to the federal income tax, but Mr. Chafee has pointed out that as mayor, Mr. Laffey implemented tax increases and personally invested in a private stem-cell research company.

Mr. Laffey explained his support for tax increases by noting that Cranston was on the verge of bankruptcy when he took office, leaving him no real choice but to raise taxes to generate revenue and avert that threat.

'Mortgage Moms' May Star In Midterm Vote (WP)

By Jeffrey H. Birnbaum And Chris Cillizza

The Washington Post, September 5, 2006

BURLINGTON, Ky. -- Life is cramped at the Condit household. Dale and Sharon Condit and their two young sons need more room but can't seem to sell their current home -- on the market now for three months.

In a year when politics is being roiled by angry debates over the Iraq war and immigration, it might seem odd to imagine the midterm elections being waged over square footage and closet space. But these are parts of a lifestyle that Sharon Condit, a deputy clerk of court, describes as dogged by a sense of limits: "We have dreams of this future, but we can't get it right now."

This gap in expectations, a source of anxiety for the Condits, is a source of opportunity for former representative Ken Lucas, a Democrat who is trying to win back Kentucky's 4th Congressional District from incumbent Republican Geoff Davis. Attitudes about the economy -- "People are being pushed up against a ceiling," said Lucas. "They feel trapped" -- are part of the reason the Democrat is in a neck-and-neck race in a district President Bush won by 27 percentage points in 2004.

At first glance, the economy's role in this year's midterm elections is a puzzle. Economic growth and unemployment are at levels that in past years would have been a clear political asset for the party in power.

But one layer down in the statistics, the answer is more clear. Flat wages and rising debt nationally have converged to leave millions of middle-class households feeling acutely vulnerable to bumps in their financial planning. The most visible of these are rising energy prices and a softening housing market.

A less obvious but powerful variable is the interest paid by people carrying credit card debt or mortgages whose monthly payments vary with interest rates. People buffeted by these trends have given rise to a new and volatile voting block.

"People like this are making a large ripple across the body politic," said Republican pollster Bill McInturff of Public Opinion Strategies. When added to the growing opposition to the war in Iraq, he said, worry about this economic crunch "is creating a political environment that is not that friendly to the party in power."

Every election cycle has its own important set of undecided, or swing, voters. In 2000, it was the "soccer moms," targeted by both parties with appeals based on education and quality-of-life concerns. In 2004, it was the security moms, normally Democratic-trending women whose concerns about terrorism helped give Bush his margin of victory.

This year could mark the emergence of what might be called mortgage moms -- voters whose sense of well-being is freighted with anxiety about their families' financial squeeze. Democrats are betting that this factor is strong enough to trump security or cultural values issues.

Kentucky's 4th District, stretching across nearly 200 miles of the state's northern tier, offers a useful window into whether the strategy can work. It includes coal-mining precincts with an Appalachian character, affluent Cincinnati suburbs along the Ohio River, and rural farmland that looks and feels more like the Midwest than the South. Unemployment in 2005 was 6.9 percent. The current national average is 4.7 percent.

Democrats here typically do not stress liberalism. Lucas, for instance, opposes abortion rights and gun-control measures. But in Kentucky and elsewhere, Democrats have some reason for optimism about the traction they might gain from the economy.

Polls show that swing voters -- the category that candidates most want to attract -- are unhappier than the rest of the population about their economic circumstances. According to a recent survey by Bloomberg News and the Los Angeles Times, six in 10 self-described independents said the economy was doing badly, and seven in 10 said the country was on the wrong

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track. A Fox News poll, taken at the end of last month, showed that 23 percent of Americans consider the economy the most important factor they will weigh when they cast their ballot in November -- more than those who cited Iraq (14 percent) or terrorism (12 percent).

And a recent poll conducted for the AFL-CIO by the Democratic Garin-Hart-Yang Research Group found that 55 percent of voters said their income was not keeping up with inflation, and that the economy was a more effective campaign theme against Republicans than either the war or corruption. This rings true to many Republican strategists and their allies: Despite the unpopularity of the president's Iraq policies, Bush's approval rating is higher among voters who see the war and national security as the top issues in November than it is among voters who rate the economy as their top issue, according to one veteran GOP pollster worried about his party's prospects this fall.

Republicans have approached the problem partly as a matter of perception. Eager to frame the issue for the fall, Bush recently met with economic advisers at Camp David and later announced that the economy is "solid and strong" and "creating real benefits for American workers and families and entrepreneurs." The gross domestic product, the sum of all goods and services produced, has slowed a bit since the beginning of the year but is still growing at a respectable annual rate of 2.9 percent. And the unemployment rate is near its five-year low.

But the sour mood is not simply a matter of psychology. Since 2003, the inflation-adjusted median hourly wage of most workers has fallen by 2 percent, according to the Labor Department. And this summer marked the first time since 1991 that the annual inflation rate exceeded 4 percent for three consecutive months, driven partly by $3-per-gallon gasoline.

Then there is debt. According to a study by the Federal Reserve Board, the ratio of financial obligations -- primarily mortgage and consumer debt -- to disposable personal income rose to a modern record of 18.7 percent earlier this year. The amount of mortgage debt alone has more than doubled since 2000, to nearly $9 trillion. And in July, for the 16th consecutive month, consumers in the aggregate spent all of their disposable income and dipped into savings or borrowed to finance the things they bought.

Among the most exposed are those who bought into one of the great fads in mortgage lending in recent years -- adjustable rates. Next year, $1 trillion worth of adjustable-rate mortgages -- about 11 percent of all outstanding mortgage debt -- is scheduled to readjust to a higher interest rate for the first time, according to LoanPerformance, a research company. This will come after more than $400 billion of readjustments this year. That means millions of homeowners will either have to refinance or shoulder an increase of perhaps 25 percent in their monthly payments.

The political implications of these trends are obvious. "A large number of voters have a definite foreboding about the economy, and that isn't good news for incumbents," said Gregory S. Casey, chief executive of the Business Industry Political Action Committee, a nonpartisan electoral analysis organization. "They feel disappointed in government institutions that they think have let them down."

"Republicans are worried," added R. Bruce Josten, an executive vice president of the U.S. Chamber of Commerce, a significant backer of pro-business -- and therefore predominantly Republican -- congressional candidates. "You have a portion of the middle class that doesn't believe it's benefiting from good economic news, and, in fact, it's not. . . . All the blame doesn't go to Congress, but voters are going to take it out on Congress anyway."

Republicans in Congress have tried to show sympathy for hard-pressed workers by pushing to pass an increase in the minimum wage. That effort foundered in the Senate because it was tied to a cut in the estate tax, which would have benefited wealthy individuals. But GOP leaders say they want to take another stab at raising the minimum wage this month, before Congress adjourns.

Democrats want to prevent Republicans from claiming that success and are advancing ballot initiatives in half a dozen states -- including key Senate battlegrounds such as Missouri, Montana and Ohio -- that would mandate boosts in the minimum amount that employers pay their workers. They also intend to talk about the need to cut taxes for the middle class, roll back tax cuts for upper-income people and extend a soon-to-expire provision that permits some middle-income families to write off college tuition payments.

Among the key places the debate is playing out is New York, where Republican Reps. John E. Sweeney, James T. Walsh and John R. "Randy" Kuhl Jr. are facing tougher-than-expected challenges because of the state's economy.

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In the Upstate district of retiring Rep. Sherwood L. Boehlert (R), the House Democratic Campaign Committee is running a TV ad that lashes the Republican nominee, state Sen. Ray Meier, for opposing a minimum-wage increase in the New York legislature while his own pay went up by $22,000. The ad promises that Democratic nominee Michael Arcuri will not vote to increase his own salary in Congress until a minimum wage boost is passed.

Even Rep. Thomas M. Reynolds (N.Y.), who chairs the House Republicans' campaign arm, is being challenged -- by Jack Davis, who runs the Save American Jobs Association, an organization contending that free trade is causing U.S. job losses.

The economy will also figure throughout the industrial Midwest, especially in Michigan, where layoffs by the auto industry have political repercussions. Rep. Thaddeus McCotter (R-Mich.) has called the economy the No. 1 issue in his region.

But the fact that the economy is on people's minds does not necessarily mean it will drive votes, as was clear in numerous voter interviews here in Kentucky. Dale Condit, a truck driver, said, like his wife, that he is concerned about the economy and unhappy with the direction of things in Washington. But, like her, he is not sure whether he will vote for Ken Lucas or Geoff Davis.

The owner of the diner where they were eating, the Little Place Restaurant, has had less trouble making up her mind. Estelle Nunn and her husband, Henry Nunn, recently bought a smaller car to save on gasoline. Estelle Nunn, who has operated the restaurant for 36 years, said they are making ends meet but her dollars are not going as far as they once did. She is saving for a new stove at the eatery but doesn't have nearly enough money yet. She is even hesitating to visit her grandsons in Florida because of the cost of travel, something she deeply regrets. "There is uneasiness," said Nunn, noting that she will be supporting Lucas in the fall.

At another table sat Mike Collins, a local judge who said he sometimes indulges his love for singing Michael BublÃ© songs at karaoke lounges. He said he sees evidence of the economic crush every day in traffic court. Things have gotten so tough, he said, more people are unable to pay the standard $138 in court costs plus the traffic fine.

For all this, traditional class-based appeals to economic grievance would probably not play well in Kentucky's 4th. At lunch at a Panera Bread restaurant in Crestview Hills, a Cincinnati suburb, Angela McNickle was enjoying a "girls' day" with her daughter, Hope, 4. McNickle, a former flight attendant who is married to a salesman, has concerns -- a 7-year-old son has Down syndrome and high medical bills -- but she said her financial situation does not affect her vote. "We're comfortable," she said. "If I was in a different economic class or a single mom, it might be different."

Indeed, Davis, the Republican incumbent, has some formidable advantages. He is well financed, with $1.5 million in the bank. And he is navigating economic concerns by playing down his party affiliation and focusing on his ability to deliver federal aid to the district.

In late August, Davis made two stops in Carroll County. At the first, he announced that he had secured $500,000 in funding for a rural medical center. He then joined Assistant Secretary of Commerce David M. Spooner at North American Stainless, a steel mill, to present an "Export Achievement Certificate" to honor its focus on trade with foreign countries. Asked about the national climate facing Republicans, Davis said, "This is a local race that will be decided on local issues."

It is Lucas who is more ready to talk about national trends. Braving blistering heat at a seniors' picnic along the banks of the Ohio River, he shook hands and tried to call Republicans to account for a "a system where the rich are getting richer." In an interview, he said enough people agree with him to make the difference on Nov. 7.

Poll: Michigan Governor Race About Even (AP-Y)

AP, September 5, 2006

A poll published Sunday shows the race for Michigan governor is about even.

In the poll of 803 likely voters by Selzer & Co. of Des Moines, Iowa, 46 percent of voters said they'd back Democratic Gov. Jennifer Granholm if the election were held today, while 44 percent would back Republican challenger Dick DeVos and 10 percent were undecided.

A Selzer poll in July showed DeVos, with 47 percent, apparently leading Granholm, with 42 percent. Eight percent were undecided, and 3 percent were counted as "other."

Michigan is a closely watched state as Democrats try to hold and win governorships and try to wrest control of Congress.

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"We assume we'll be behind the entire fall," said John Truscott, a DeVos campaign spokesman. "We're the challenger to an incumbent. We're pretty satisfied with where we are."

Granholm campaign spokesman Chris De Witt said the poll shows that DeVos' recent ad campaign critical of the governor's ability to bring Michigan jobs has "failed to convince voters he's the kind of leader the state needs or wants."

The latest poll, conducted Monday through Wednesday for the Detroit Free Press and Detroit television station WDIV, had a sampling error margin of plus or minus 3.5 percentage points.

The election is Nov. 7.

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On the Net:

DeVos campaign: http://www.devosforgovernor.com

Granholm campaign: http://www.granholmforgov.com

NRA Finds A Welcome Audience At State Level (WP)

By Jeffrey H. Birnbaum

The Washington Post, September 4, 2006

Not much is happening in Congress this year that deals with the issue of firearms, and the National Rifle Association is fine with that.

For the longest time, the NRA stood in the crosshairs of some of Washington's nastiest legislative battles -- from assault weapons bans to handgun waiting periods. Sometimes the gun lobby won and sometimes it lost. But the fights were always agonizing.

Lately, the NRA has taken a lower profile in the nation's capital and has been turning its attention instead to places where it regularly wins without much hassle: state legislatures. Like a growing number of lobby groups that have tired of the expense and ugliness that congressional dustups often bring, the NRA has shifted its staffing and grass-roots pressure to passing laws at a more local place.

"The closer we get back home, the stronger we are," said Wayne R. LaPierre, executive vice president of the NRA. Passing laws in Washington, he said, "is harder."

"The NRA has figured out where they have a unique advantage," agreed Peter S. Hamm, communications director of the Brady Campaign to Prevent Gun Violence, the NRA's chief nemesis. "Their power at the state level is formidable."

Which isn't to say the NRA is invincible there. In certain large, highly urbanized states, such as New York and Massachusetts, the gun lobby doesn't fare as well nor does it try as frequently.

Nonetheless, its string of accomplishments in state assemblies is long and impressive. It successfully lobbied for laws that give citizens the ability to carry firearms in 23 states in the past 12 years, including Kansas and Nebraska this year. It has also legislated the right of gun owners to stand firm and use deadly force in the case of a dangerous attack in 15 states, 14 of them this year. In addition, this year it got 10 states to agree not to confiscate weapons during times of declared emergencies.

This isn't to say that the NRA is doing nothing in Washington. Federal legislation is pending in Congress this month that would prevent gun confiscations during emergencies nationwide. This bill -- like its brethren in the states -- is an offshoot of the effort in New Orleans after Hurricane Katrina to reduce violence by collecting survivors' weaponry. In addition, the NRA is pressing bills that would restrict the Bureau of Alcohol, Tobacco and Firearms in various ways.

But the NRA has clearly been emphasizing state-level legislating for a while. Since 2000, it has increased by a third the number of its lobbyists who concentrate on state and local government affairs, to 36 from 27. It has also more than doubled the number of calls from phone banks it delivered to state legislators, to 270,000 in 2004, the latest year for which figures were available, from 110,000 in 2000. And it increased the number of letters it generated to state legislatures to 1.5 million in 2004 from 960,000 in 2000.

The NRA and the Brady Campaign offer different reasons for the NRA's change in tactics.

LaPierre said that the frustrating rules of the U.S. Senate make victory in Washington an uphill climb for the NRA almost no matter what it wants. It's simply too easy for gun-control advocates to block NRA bills, he said. He also believes that the close-knit

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"elites" of the nation's capital, in conjunction with a cabal of big-media conglomerates, continue to block laws the NRA likes, despite what he sees as the nation's pro-gun consensus.

LaPierre attributes the welcome the NRA receives in state legislatures to the local lawmakers' more regular contact with down-home voters. He also said that state legislators, who are often part-timers, aren't swayed by the insular, liberal views of Washington. "In Washington, the Georgetown salon society is strong and powerful and has a very strong pull on politicians," he said. "As you get closer to the states, you get away from that."

Hamm of the Brady Campaign believes that anti-NRA lobbyists are simply outgunned at the state level and rarely have a chance to succeed. The Brady Campaign's annual budget is about $10 million. The NRA puts its yearly outlay at $180 million. The gun lobby's membership, in addition, is just under 4 million.

"We're a much smaller organization in every respect," Hamm said, "and we're against a huge, powerful and organized opponent."

The Brady Campaign has tried to mitigate that disadvantage at least a little by opening outposts in a few states over the last two years. Hamm said his organization now has state directors in California, Colorado, Illinois, Maine, Maryland, Minnesota, Pennsylvania and Washington state.

Gun-control backers also seem to have a built-in advantage at city councils across the country. The closer to violent, criminal gunplay citizens get, the less sympathy they and their elected representatives seem to have for laws that allow or encourage the use of firearms, Hamm said.

"It's rural versus urban, and state legislatures disproportionately represent rural areas," Hamm explained. "There is no way that the NRA can get anything passed in the Cleveland City Council, but in the Ohio state legislature it's a completely different ballgame."

The NRA, in typically combative fashion, does not concede the point. LaPierre and other spokesmen asserted that the NRA eagerly fights gun-control measures or lobbies for its own initiatives wherever it can, from city councils to the United Nations. And in Washington as well. Last year, for instance, the NRA did manage to get enacted a measure that prohibited lawsuits against firearm manufacturers for third-party criminal misuse of guns.

But this year, the federal front is quiet for a change.Canceling on Principle

The political action committee of House Speaker J. Dennis Hastert (R-Ill.), Keep Our Majority PAC, reported paying a $60,030 "PAC event site cancellation fee" to the Fairmont Orchid, Hawaii. Ron Bonjean, the speaker's spokesman, explained that after Hastert proposed ending privately paid travel for lawmakers in January, he took the idea to heart and canceled his destination fundraisers, including that big one on the big island.

"The speaker wanted to set an example," Bonjean said. And unlike many of his colleagues, Hastert has stuck to his guns. He still refuses to schedule fundraising events in lovely, faraway spots.

Armey Mobilizing Troops For Battle (RC)

By Josh Kurtz And Nicole Duran

Roll Call, September 5, 2006

FreedomWorks, the organization dedicated to lower taxes and less government that is led by former House Majority Leader Dick Armey (R-Texas), will announce this week that it is spending $4 million on get-out-the-vote operations in several key Congressional races between now and Election Day.

Given its status as a nonprofit and educational organization — even though it has a political action committee and a 527 fundraising arm, which are all but dormant — FreedomWorks cannot directly endorse candidates. So most of the group's money will be spent on grass-roots and publicity campaigns to educate voters about candidates' views, rather than on seeding its political operations.

"We can get a lot further plugging that money into grass-roots activity than we can if we contribute the money directly to candidates," said Rob Jordan, FreedomWorks' director for federal and state campaigns.

So far, FreedomWorks' leaders have zeroed in on 16 Congressional races they hope to influence. Some are among the most competitive elections in the country, while others are less so.

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Jordan said the decision on where to play was based in part on the answers candidates gave to a FreedomWorks issue survey, in part on where the organization already has a strong grass-roots presence and in part on where the organization could make the biggest difference. He held open the possibility that more races — including gubernatorial contests — would be added to the list as Election Day approaches.

The issue surveys are meant to gauge a candidate's position on tax cuts, Social Security privatization, government regulation and pension reform, among other issues.

"My concern this campaign season is that there is not enough conversation on the major fiscal issues," said Matt Kibbe, FreedomWorks' president.

While the group is not formally endorsing candidates or coordinating activities with their campaigns, it will make clear, by publicizing its candidate surveys and making other educational materials available to voters, where its sentiments lie. So far, only Republicans stand to benefit from FreedomWorks' activities.

In the battle for control of the Senate, the group will be involved in three states: Michigan, where Oakland County Sheriff Mike Bouchard (R) is challenging Sen. Debbie Stabenow (D); Nebraska, where business executive Pete Ricketts (R) is taking on Sen. Ben Nelson (D); and Washington, where former Safeco CEO Mike McGavick (R) is running against Sen. Maria Cantwell (D).

The organization also will be active in races involving two vulnerable House Republicans — Rep. Charles Taylor (N.C.), who is fending off a challenge from former NFL quarterback Heath Shuler (D), and Rep. Clay Shaw (Fla.), who is being challenged by state Sen. Ron Klein (D).

And FreedomWorks will be active in four competitive open-seat House races — in Colorado's 7th district, Iowa's 1st district, Wisconsin's 8th district and Vermont's at-large seat, where the group will be touting the record of state Sen. Mark Shepard, the heavy underdog in the Sept. 12 GOP primary against former state Adjutant General Martha Rainville.

Less vulnerable House GOP incumbents the group is highlighting include Reps. Brian Bilbray (Calif.), Tom Feeney (Fla.) and Robin Hayes (N.C.). The group also is spotlighting the record of South Carolina state Rep. Ralph Norman (R), the highly regarded challenger to Rep. John Spratt (D), along with challengers to Reps. David Wu (D-Ore.) and Brian Baird (D-Wash.). Lastly, the group is playing in the open-seat race in Colorado's 5th district, where state Sen. Doug Lamborn (R) is the strong favorite.

The FreedomWorks turnout campaign will rely on volunteers to stage events with candidates, handle phone banking and GOTV calls, canvass neighborhoods with literature and call into local radio talk shows. Armey will travel to select districts and states to highlight the group's positions (separately, the former Majority Leader is scheduled to headline the Washington state Republican Party's annual fall fundraiser on Sept. 29).

While a key organization on the right mobilizes, an even more powerful organization on the left is doing the same.

Despite the gaping schism in the labor movement, which saw the Service Employees International Union and the Teamsters union go their own way last year, the AFL-CIO said it's poised to be the single biggest GOTV driver on the Democratic side this election.

The union federation plans to spend $40 million on its "member mobilization" program, AFL-CIO President John Sweeney revealed during a news conference last week.

That figure includes money already spent on independent television ads, which ran in key districts and states earlier this cycle. It does not include contributions to individual candidates.

Four other unions, including the American Federation of State, County and Municipal Employees, have allocated another $100 million for organizing, Sweeney said.

The group will focus on 12.4 million voters in 21 states. The AFL-CIO has zeroed in on 21 gubernatorial races, 15 Senate contests and 56 House seats.

"In 2002 the Republicans boasted that with their 72-hour program they had stolen a page from labor's playbook and improved upon it," said Karen Ackerman, the AFL-CIO's political director. "Today we unveil labor's playbook version 2.0" — which, Ackerman joked, the Republicans do not have.

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Unions have been in “permanent mobilization” mode since the 2004 election, Ackerman said. This year her group is poised to reach 55 percent of its members at work, 10 percent at their homes, 50 percent on the telephone and 20 percent via the Internet.

Ackerman said that if the AFL-CIO achieves those goals, it will add 1.2 million voters above what it delivered for endorsed candidates in the 2002 cycle.

Ackerman said the fact that 70 percent of union voters who were contacted repeatedly by the AFL-CIO in 2004 voted for Sen. John Kerry (D-Mass.) in the presidential election is proof that the union model works.

In a separate development, the Association of Trial Lawyers of America last week began running television and radio ads in five Congressional districts held by vulnerable Republicans.

The ads, which are scheduled to run through Thursday, accuse the Members of supporting legislation favorable to pharmaceutical companies and the oil and gas industry.

The ad buy, totaling about $500,000, targets Taylor in North Carolina and GOP Reps. Chris Chocola (Ind.), Deborah Pryce (Ohio), Don Sherwood (Pa.) and Heather Wilson (N.M.).

Candidates Hustle On A Day Of Politics And Parades (WP)

By Robert Barnes

The Washington Post, September 5, 2006

A battalion of candidates fanned out across the Washington region yesterday in a Labor Day tradition of hand-to-hand politicking, and in one week voters will make their first choices in 2006 elections that will radically alter the area's political leadership.

The District mayoral candidates crisscrossed the city, tracking down voters one at a time and changing a few minds in the process. Maryland candidates marched down voter-lined streets in Greenbelt, Gaithersburg and Kensington. Virginia Sen. George Allen (R) rode a brown and white horse named Bubba while Gov. Timothy M. Kaine (D) and former governor Mark R. Warner (D) stumped for Allen's Democratic opponent in the tiny town of Buena Vista, the annual host of the commonwealth's Labor Day politics.

Allen and opponent James Webb are already on the November ballot, but when voters in Maryland and the District go to the polls next Tuesday, they will be choosing from more than 750 candidates in the Washington suburbs and more than 50 names on the District ballot.

There's a reason for the interest.

When it's all over, the District will have a new mayor, council chairman and at least three new council members. Montgomery County will get its first new executive since 1994. Maryland will have a new U.S. senator and attorney general for the first time in 20 years, and its other statewide incumbents are facing their toughest challengers ever. And the suddenly tight contest between Allen and Webb will yield new information about how growth and immigration have altered the commonwealth's political landscape, especially in increasingly influential Northern Virginia.

"One of the things making this election so noteworthy is that there are so many people leaving," said Scott Sterling, vice president for government relations for the Greater Washington Board of Trade. He was referring to the decisions of D.C. Mayor Anthony A. Williams, Montgomery County Executive Douglas M. Duncan, Maryland Sen. Paul S. Sarbanes and Maryland Attorney General J. Joseph Curran Jr., all Democrats, not to seek reelection.

But for all the changes in personnel, dramatically different political philosophies don't appear likely.

"It doesn't look like a radical shift in policies," said Robert E. Lang, director of the Metropolitan Institute at Virginia Tech, which is based in Alexandria. He sees the region's growth fueled by immigrants and workers from other parts of the country drawn by job growth, and the resulting diversity doesn't lend itself to candidates who appeal only to bloc-voting groups.

As he puts it: "Characters need not apply."

What is significant, according to James C. Dinegar, president and chief executive of the Board of Trade, is that all of those departing elected officials chose to retire.

"There isn't a throw-the-bums-out [sentiment] in any of the elections," he said.

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In the District, though, there is a feeling that there's much work to be done. LeDroit Park residents Cyril Jones and Charles Covington encountered mayoral candidate Marie C. Johns on her campaign walk yesterday, where she persuaded him and a friend to consider her over D.C. Council member Adrian M. Fenty (D-Ward 4).

Jones said the new mayor needs to address the dynamic in communities such as LeDroit Park in which new residents pay high prices for homes while drug dealing and other criminal activity happen outside their doors.

Affordable housing and crime are "two issues that will make or break this city," Covington said.

Jessica McGee, 26, said she was interested in buying a home in the next few years. She worried that mayoral candidates were targeting different parts of the city, dividing the electorate. She recently moved to Capitol Hill from Northwest Washington's Ward 3, where she encountered Fenty campaigning on her moving day. Fenty helped load her mattress into her car but hasn't won her vote. She's choosing between him and council Chairman Linda W. Cropp (D).

Glenda Wheeler of the 800 block of E Street NE said stability and a track record were what she was looking for in a candidate. "One of the things I hope is that the city will continue to prosper but prosper responsibly," Wheeler said. "I trust Linda Cropp to do that."

In Kensington, parade watchers were trying to decide between the Democratic front-runners to replace Duncan, former County Council member Isiah "Ike" Leggett and at-large council member Steven A. Silverman. Although many residents praise Duncan for sparking economic revitalization in some parts of the county, they worry that the county's politicians have not properly overseen developers.

"It's a chance to start doing things right, to limit the developers' influence," said Amy Rosenberg, 54, a physician from Kensington. She thinks the candidates are "very much the same on a lot of issues" and hasn't decided whom to support.

In Greenbelt, Carolyn Dent, a computer scientist at NASA's Goddard Space Flight Center, sat on a grassy hill taking in the Labor Day spectacle with hundreds of other potential voters. "There's going to be change, sure," she said. "But whether or not that results in a change in policies remains to be seen."

Most of the candidates who want to replace Sarbanes were at the parade, and Rep. Benjamin L. Cardin (D) scrambled for votes just feet away from his potential opponent, Lt. Gov. Michael S. Steele (R).

Cardin predicted "a year of change" and said the Senate could shift to Democratic control. "Not with my election, it won't," Steele said.

Democrat Josh Rales, who has spent $5 million of his own money on the primary, protested the media's description of him as a "money candidate" and added that "I'm hustling" for every vote. His fellow Democratic contender and former NAACP president Kweisi Mfume said he felt a desire for change at the federal level like the one that propelled him and other Democrats into Congress in 1986. "There's something going on," he said.

Political observers are wondering whether there is a desire for change in Virginia.

"Webb winning wouldn't mean much policywise to the region, because senators have less impact" regionally, said Virginia Tech's Lang. "But it would show a huge change in the region, because if somebody like Webb won, he'd win because of Northern Virginia."

The region's shift -- with Fairfax County voting for John F. Kerry in 2004 and Kaine adding Loudoun and Prince William counties for a sweep of Northern Virginia a year later -- is the great hope of Virginia Democrats.

A Webb victory, Warner said yesterday, would cement the notion that Virginia has changed since the late 1990s, when GOP control of the legislature and the governor's mansion seemed to indicate an overwhelmingly conservative electorate.

For his part, Allen dismissed polls that suggested the race was tied as "all very interesting to political scientists."

"I majored in history," he said, "not political science."

Staff writers Michael Laris, Michael D. Shear, Elissa Silverman, Nikita Stewart and Nancy Trejos contributed to this report.

Post questions about the local elections for Robert Barnes on washingtonpost.com. He will answer them on his weekly chat, Beltway and Beyond, at 2 p.m. Thursday.

Webb Put To Test With Vietnam Case (WT)

By Seth Mclaughlin, The Washington Times

DOJ_NMG_0057070

The Washington Times, September 4, 2006

James H. Webb Jr. rarely mentions on the campaign trail his efforts to clear the name of a black Marine convicted of mass murder in Vietnam.

But the incident tested his sense of leadership, justice and social fairness, and is deeply ingrained in the psyche of the Democratic nominee for one of Virginia's U.S. Senate seats.

"I didn't [represent Samuel Green] so today I could tell you that," says Mr. Webb, 60. "I just did it because I believed it was right."

In 1971, a year after returning from the Vietnam War as a wounded hero, Mr. Webb was languishing at his desk job in Navy Secretary John H. Chafee's office.

The 24-year-old former platoon commander was responsible for responding to inquiries into cases involving Marines convicted of war crimes in Vietnam.

"Less than a week after reporting in, he called his monitor and pleaded for a transfer," Robert Timberg wrote in a 1995 book, "The Nightingale's Song," an examination of the careers of Mr. Webb, John Poindexter, Bud McFarlane, Oliver North and John McCain. "'You got to get me out of here.' he said. The monitor just laughed."

Then Mr. Green's case hit his desk.

On Feb. 10, 1970, Mr. Green was on a five-man patrol searching for Viet Cong in the village of Son Thang, where they came across unarmed women and children.

Following their patrol leader's orders, the Marines opened fire with M-16s and M-79 grenade launchers, killing 16.

Mr. Green had been in Vietnam 11 days. This was his first -- and last -- combat patrol.

In separate courts-martial, three Marines were acquitted. One of them had testified against the others and the patrol leader, who was awaiting the Silver Star, in part, for saving Mr. North's life.

Mr. Green was one of two Marines who were represented by military lawyers and convicted of murder.

Mr. Webb thought the cases had too many irregularities.

His pawed through the entire trial record his first year at Georgetown University Law Center in 1972, and later wrote an award-winning article called "The Sad Conviction of Sam Green: The Case for the Reasonable and Honest War Criminal."

"It is now generally recognized that our country's overall policy failures created a situation whereby a woman or child would take up arms against our forces in the very land we purported to be aiding," he wrote in the article. "We must not compound this error by punishing the young individuals who were placed by policy-makers into such an environment, required to make hairline decisions regarding the participatory status of a hostile citizenry, and made these decisions in good faith and reliance on the wisdom of experienced supervisors."

In his third year of law school, Mr. Webb polished his arguments in a lawsuit filed in federal court, saying, among other things, that the makeup of the court should have included an infantryman with combat experience.

The lawsuit failed, but the judge wrote a letter to Navy Secretary J. William Middendorf recommending Mr. Green be granted clemency.

Mr. Middendorf responded with a form letter. A month later, Mr. Green killed himself.

In 1978, Mr. Webb went to the Board of Correction of Naval Records in a last-ditch effort to upgrade Mr. Green's dishonorable discharge to a general discharge.

"Eight years after the shootings and three years after Green's suicide, Mr. Webb wrote to Mrs. Green: 'At last Sam's name is cleared. This is a small solace, I know. ... I only regret we were unable to do more for him sooner,'" Mr. Timberg wrote.

Mrs. Green responded with a Christmas card: "My son Samuel Jr. is happy in heaven and grave about this."

Today, Mr. Webb says the principles of leadership, justice and social fairness outweighed the negative perceptions that might be drawn from the case. "I basically said, 'I'm not saying this guy is an angel. I'm saying he is not a murderer. In my view, there's just too many inconsistencies in here.'"

"What had happened was horrible, but who would be able to judge it in the eyes of someone who had 11 days in Vietnam and was getting an order?" Mr. Webb told The Washington Times.

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Hackles Start Rising In Race For Florida Governor (NYT)

By Abby Goodnough

The New York Times, September 4, 2006

MIAMI, Sept. 3 — The generally ho-hum race to succeed Gov. Jeb Bush has turned caustic in the final stretch before the primary election on Tuesday, with each of the leading Republican candidates scrambling to prove himself the most kindred to Mr. Bush and the Democrats trading charges of racism and devotion to special interests.

Not one of the four main contenders has the presence or pedigree of Mr. Bush, the president's younger brother, who cannot seek re-election because of term limits and whose fame has helped sustain his popularity over the past eight years. In his shadow, the candidates have struggled to persuade voters that they should bother going to the polls.

Election officials predict that turnout among the state's 3.9 million registered Republicans and 4.2 million Democrats could be as low as 20 percent, partly because the primary is the day after Labor Day.

Perhaps because support from conservative religious voters helped President Bush win Florida in his re-election campaign in 2004, one of the Republican candidates, Tom Gallagher, the state's chief financial officer, has painted himself as the most socially conservative choice, assailing abortion, gay marriage, stem cell research and amnesty for illegal immigrants.

Mr. Gallagher supported Republican efforts last year to keep alive Terri Schiavo, the brain-damaged woman whose feeding tube was removed after a legal battle, while his main opponent, Attorney General Charlie Crist, stayed neutral. In an appeal to his party's conservative base, Mr. Gallagher is even stressing that he is married and has a child. The contrast to Mr. Crist, who is single and has never owned a home, is obvious.

Nonetheless, Mr. Crist has enjoyed a comfortable lead in the polls, and not only because he comes across in campaign appearances as more affable. Mr. Gallagher, a longtime figure in state politics, supported abortion rights when he ran against Governor Bush in the Republican primary in 1994. That has made some conservative voters wary, said Brad Coker, managing director of Mason-Dixon Polling and Research, a nonpartisan polling group.

A new Mason-Dixon poll found that only 5 percent of Republican voters were the most concerned about "moral issues" going into the primary, with many more singling out property insurance rates that have soared because of hurricanes.

"Even the religious conservatives are more concerned about the $2,000 homeowners' insurance hit they just took," Mr. Coker said.

In the Democratic contest, between Representative Jim Davis of Tampa and State Senator Rod Smith of Gainesville, the powerful sugar industry has played an incendiary role. The United States Sugar Corporation has helped independent political committees pay for fliers and advertisements attacking Mr. Davis and promoting Mr. Smith, the son of farmers and the chairman of the Senate Agriculture Committee.

One flier sent to black voters said Mr. Davis had a "record of shame," pointing to his 1990 vote as a state legislator against restitution for two black men who had been wrongfully imprisoned for murder. Voters in South Florida, many of whom are Jewish, learned from fliers financed by United States Sugar that Mr. Davis had missed a Congressional vote supporting Israel and condemning Hezbollah.

The committees that created the advertisements and fliers have received almost $4 million from sugar companies since Aug. 14, state campaign finance records indicate.

Mr. Davis has fought back by painting Mr. Smith as a pawn of the sugar industry and other big business. "His record of siding with special interests comes through loud and clear," a Davis campaign advertisement says of Mr. Smith.

An advertisement broadcast this week by the Save Our Everglades Trust, a nonprofit group, points out that Mr. Smith voted to delay the deadline for a cleanup of the Everglades and depicts him getting buried in a mountain of sugar.

Jim Kane, the chief pollster for Florida Voter, a nonpartisan polling organization, said the last-minute mudslinging between the Democrats would only hurt the eventual nominee. In particular, Mr. Crist, who championed a bill that gave the attorney general more power to investigate civil rights violations, could hammer Mr. Davis for his vote in the restitution case if the two men face off in the November general election, Mr. Kane said.

"The Republicans," he said, "are being given on a silver platter the issues they need to drive home in November."

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The Republican nominee will also have Governor Bush at his side in the general election, both stumping and fund-raising. The candidate may get an inordinate amount of Mr. Bush's attention this year because Representative Katherine Harris, who is likely to win the Republican Senate primary, has lost the support of the party and the governor.

Mr. Bush, who has turned down appeals to run for president in 2008, has stayed out of the primary race and focused on cementing his own legacy. In recent weeks, he has traveled the state touting policies like grading public schools based on standardized test scores and bringing biotechnology research institutes to Florida.

Of Mr. Bush's few endorsements in statewide races, the most striking was for Frank Bolanos, a Miami-Dade school board member who is running against State Senator J. Alex Villalobos. Mr. Villalobos, a Republican, refused to support the governor's plans to weaken a requirement to lower class size and preserve a school voucher program that had been found unconstitutional.

"Jeb," Mr. Kane said, "does things out of personal motivation more than any other reason."

Still, Mr. Crist and Mr. Gallagher have filled their Web sites and campaign literature with photographs of Mr. Bush and have feverishly dropped his name in stump speeches and debates. Mr. Gallagher even sent out a mailer last week warning that electing Mr. Crist could send the state down "Liberal Lane" instead of "Jeb Bush Boulevard."

Because the Democratic candidates are relatively unknown, their race may come down to geography, which appears to favor Mr. Davis. He is from Tampa, one of Florida's most voter-rich regions and its biggest news media market. Mr. Smith's home region of North Florida has fewer Democratic voters, but he could make up for the deficit by doing well in the state's populous southeastern counties.

Given Mr. Bush's influence, the Democratic victor will have an uphill climb in November, said Larry J. Sabato, director of the Center for Politics at the University of Virginia.

"For either to win there, the national desire for change will have to infect Florida," Mr. Sabato said of the Democrats. "With races like this in a mega-state, people frequently ask the old question, 'Am I happy with the direction of the state?' If the answer is yes, you go ahead and stick with the incumbent party."

Hopefuls See Fla. Race As '08 Bellwether (AP-Y)

By Brendan Farrington, Associated Press Writer

AP, September 5, 2006

Gov. Jeb Bush is leaving office after eight years, and Florida voters will take the first step Tuesday in deciding whether they want to elect someone who shares his values or a governor who will seek to dismantle some of the Republican's key programs.

It's a race that all the candidates say could be a bellwether for the 2008 presidential election, saying that as Florida goes, so goes the nation. It's also an opportunity for the state's once-dominant Democratic Party to quickly get back some of the power it has lost in recent years.

Republicans nationally are having a tougher time this year, with ethics problems in Washington, high gas prices, the war in Iraq and low approval numbers for President Bush, the governor's brother. In Florida, though, voters have been able to separate their opinion of the president and the governor, and the leading candidate, Republican Attorney General Charlie Crist, is running a campaign that appeals to a broad base instead of just the party faithful.

Bush, a powerful governor with a conservative agenda who is being forced out by term limits, has overhauled the education system, expanded privatization, given billions in tax breaks and begun a program to make Medicaid more like private managed care.

His strong leadership during hurricanes has helped him maintain his popularity with independents and some Democrats, even though most voters disagreed with his intervention in the Terri Schiavo right-to-die case.

It's clear that the Democrats in the race, U.S. Rep. Jim Davis and state Sen. Rod Smith, don't like the decisions Bush has made, while the two Republicans, Crist and Chief Financial Officer Tom Gallagher, stumble over each other heaping praise on Bush in virtually every policy area.

"This is a really crucial race and I think Jeb knows it in the sense of, is his legacy going to continue?" said Carol Weissert, a Florida State University political science professor. "It's going to change, but the question is, is it going to be an incremental change or a more significant change?"

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Bush hasn't taken a side in his party's primary, but he has started actively campaigning for his agenda, making political stops to tout successes and to urge voters to support the eventual Republican nominee.

The candidates in Tuesday's primary show clear differences.

Crist has a more moderate philosophy on social issues. He supports embryonic stem cell research, says he wants to change hearts and not abortion laws, and says he has a "live and let live" attitude when it comes to civil unions for same-sex couples. And he disagreed with Bush's decision to intervene in the Schiavo case.

"I respect the governor's conviction in that case," Crist said in response to an Associated Press questionnaire. "However, I believe that end-of-life decisions are ultimately best left to God and family."

Gallagher, 62, has attempted to align himself closely with Bush on all issues. He has been aggressively criticizing Crist's views, calling him a liberal. He says he is the only candidate in the race who is in line with Republican values.

"This race is between three liberals and one conservative," Gallagher said at a recent debate. "Even the Democrats realize that Charlie's positions are closer to theirs than what the majority of Republicans stand for."

Crist, 50, didn't criticize Gallagher until the final week of the race, when he said Gallagher has appeared to be a different candidate each of the three times he's been on the ballot for governor, changing his position on abortion, for instance.

A Zogby International telephone poll, conducted Aug. 29-31 and commissioned by The Miami Herald, showed Crist with a huge lead over Gallagher, 59 percent to 29.5 percent. The poll of 510 Republicans and 498 Democrats, with a margin of error of plus or minus 4.5 percentage points, showed the Democratic primary race to be much closer, with Davis leading Smith 34 percent to 29 percent.

Davis and Smith have agreed on most issues, such as changing the way standardized testing is used in schools, opposing tax breaks that help few in favor of spending more on schools, and criticizing Bush's Medicaid reform.

But Davis, 48, has run a campaign that repeatedly attacks the Tallahassee establishment, including Smith's work in the Legislature.

"A lot of people want to have a voice again on decisions affecting their families and their community, and they don't feel like they have a voice now. This has been a very closed culture in Tallahassee," Davis said.

Smith points out that he has been able to work with Republicans to make bad bills better or to join alliance to stop legislation, such as a bill to keep Schiavo alive. He adds that people aren't too fond of Washington lawmakers these days, either.

"He has a tremendous ability to forget where he's from," said Smith, 56. "If Tallahassee hasn't got it right, we're still a model compared to what Washington has done."

For his part, Bush is trying to knock down criticism from Davis and Smith.

"I don't think they're showing that they have a compelling agenda or a vision for the state," the governor said. "Being the anti-Jeb isn't going to cut it."

New Questions Emerge Over Stem-Cell Research Claims (WSJ)

By David P. Hamilton And Antonio Regalado

The Wall Street Journal, September 5, 2006

Controversy continues to build over a claim that biotechnology researchers produced stem cells without harming embryos, as outside scientists question whether a fundamental element of the reported experiment undercuts the central contention of the research.

Almost two weeks ago, Advanced Cell Technology Inc., of Alameda, Calif., announced that its scientists had produced stem cells "using an approach that does not harm embryos." The company and its advisers said the experimental technique, involving several cells plucked individually from early stage embryos largely without harm, could sidestep the moral quandaries that have dogged stem-cell research for most of the past decade.

Current methods for deriving embryonic stem cells -- the biological building blocks that transform themselves into nerves, bone and other human tissue -- rely on clumps of cells and require the destruction of five-day-old embryos.

Advanced Cell's share price soared the day its research was published in the journal Nature, as media outlets around the world reported that the company's scientists had derived new stem-cell lines in an embryo-safe way. Nature itself erroneously

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hyped the report with an embargoed press release inaccurately describing the researchers as using single cells extracted from embryos that remained intact. The publication issued subsequent press releases correcting the first.

Last week, following concerns raised by critics, Advanced Cell confirmed that none of the 16 embryos used in the research had actually survived. The company hadn't made the embryos' failure to survive clear in many previous public statements.

Advanced Cell officials say they haven't misled investors or anyone else about their research. Even so, outside researchers are raising new questions about the method used in the Advanced Cell research as well as about the company's conclusions.

Responding to the first round of doubts, Robert Lanza, Advanced Cell's vice president for research and the lead author of the Nature paper, said the two embryos that produced new stem-cell lines each consisted of eight to 10 cells and had seven cells removed. He said he believes roughly half of the embryos in the experiment would have survived if researchers had allowed them to grow, instead of discarding them.

He continues to maintain that the results -- they successfully derived two new stem-cell lines from multiple individual cells extracted from early stage embryos -- prove it is possible to produce stem cells without harming embryos.

The new round of doubts focuses on the experiment's method. The researchers reported that the multiple cells extracted from each embryo were initially cultured together in the same laboratory dish. While the cells were physically separate, they shared a common fluid medium, which could have allowed them to exchange growth factors and other proteins that helped them survive.

Some outside researchers say that method, requiring scientists to extract more than one cell from embryos that consist of so few cells to begin with, could undermine Advanced Cell's conclusions that embryos wouldn't be harmed and a single-cell extraction would suffice.

"One of the flaws in this paper is that it draws conclusions that they don't really have the data to prove," said Barry Behr, a Stanford University embryologist and director of the university's IVF laboratories. "The sort of leaps of faith here are a little too big to leap."

Dr. Lanza says co-culturing the extracted cells, known technically as blastomeres, does appear to be necessary for the blastomeres to survive. "When you remove a blastomere from an embryo, you have to understand, that's a shock," he says. "The key for this to work is that you have to give it a little rest time, as otherwise it won't survive." But he says it won't be necessary to extract several cells from the same embryo in the future. He says the company has successfully cultured a single blastomere together with the "parent" embryo for a day or so following extraction -- something the team didn't report in Nature. And he says he believes it should be possible to co-culture several blastomeres plucked singly from several different embryos.

"In those early stages," Dr. Lanza adds, "these cells are really social, and need to communicate. ... When you pull one away, it doesn't know what to do." He says the company's research team co-cultured blastomeres from the same embryo in order to limit the number of embryos used.

Indeed, fertility clinics already frequently extract single cells from early-stage embryos during in-vitro fertilization in order to scan for genetic abnormalities. That process, Dr. Lanza argues, could now also be used to develop new stem-cell lines.

But many stem-cell scientists remain skeptical of Advanced Cell's claims. "The really unfortunate thing about that paper is that they really didn't do the experiment" that garnered all the media attention, says Jeanne Loring, a stem-cell researcher at the Burnham Institute in La Jolla, Calif. "There are going to be questions at every step of the process until they do the experiment or someone else does."

Arnold Kriegstein, director of the stem-cell program at the University of California at San Francisco, said that trying to extrapolate an embryo-friendly method for deriving stem cells from the Nature report would be "a stretch."

Advanced Cell has capitalized on the research. Two days after the research was published, the company announced that it had raised $13.5 million from its existing investors, with the first part of the transaction set to close Sept. 7. The company's share price has since fallen considerably since it reached the agreement, closing on Friday, Sept. 1, at 71 cents a share, down more than 70% from the post-announcement high although still above where it was before the announcement.

Dr. Lanza says scientific critics of the company's research still haven't caught up to the full ramifications of his team's work.

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"It's not a surprise, if you take a person out of the cold, that they have not given the same amount of thought" to the subject, he says. "It means they haven't thought it totally through, or that they don't have the knowledge base we have about how these cells work."

Number Of Uninsured Children Rises (WP)

By Christopher Lee

The Washington Post, September 5, 2006

For the better part of a decade, fewer and fewer American children have gone without health insurance each year, a trend that diverged sharply from the seemingly inexorable rise in the number of adults without coverage.

No more.

For the first time since 1998, the number of children younger than 18 without health coverage ticked upward last year by 361,000, along with the overall increase in the ranks of the uninsured, according to census figures released last week. Of the nation's nearly 74 million children, about 8.3 million, or 11.2 percent, lacked coverage in 2005, up from 10.8 percent the year before.

The discouraging development surprised some health experts, who attributed the change to budget crunches that led some states to curtail enrollment of children in government-subsidized plans and steady declines in the number of people who receive health insurance through their jobs.

Children without health coverage are three times as likely as insured children to lack a regular doctor, according to a report released last month by the Robert Wood Johnson Foundation. Research from the American College of Physicians in 2000 found that uninsured children were less likely to be up to date on immunizations and to receive treatment for sore throats, earaches and other common childhood illnesses. A University of Texas study found that kids with insurance tend to have fewer school absences.

The uptick in the number of uninsured kids could play a major role in next year's debate in Congress over whether to renew the State Children's Health Insurance Program (SCHIP), a nine-year-old federal-state effort to provide health coverage to children of the working poor and near poor.

"There is a message in these numbers," said John R. Lumpkin, a physician who is a senior vice president at the Robert Wood Johnson Foundation. "The only reason that number [of uninsured children] isn't worse is because we have Medicaid and SCHIP. . . . We continue to have a crisis in this country with kids who have no health insurance."

Congress created the popular SCHIP program in 1997, directing tens of billions in matching funds to the states over 10 years. The goal was to provide health coverage for children whose families do not qualify for Medicaid but cannot afford insurance on their own -- generally those with incomes as high as twice the poverty level, or $39,942 for a family of four last year.

In the first six years, about 3.9 million children were signed up for coverage, but enrollment has flattened since 2003. In part, that is because an economic downturn led some states to raise premiums, reduce outreach efforts and impose enrollment limits and new administrative hurdles, said Genevieve M. Kenney, a health economist at the nonprofit Urban Institute.

"There's no question that we don't have the same momentum nationwide," she said. "Some of it is natural as the program matures. But I think the recessionary period and the state budget crunch were real factors in interrupting the momentum. And I don't think states have recovered from that."

Enrollment limits or freezes lasting six months or longer took effect in Alabama, Colorado, Florida, Maryland, Montana, North Carolina and Utah, Kenney said. Mississippi stopped accepting applications by mail. In Texas, where more than 20 percent of children are uninsured, the highest percentage in the nation, officials in 2003 imposed new premiums, eliminated dental coverage and began requiring families to re-enroll their children every six months rather than yearly.

"There was a $10 billion [state] budget shortfall," said Stephanie Goodman, a spokeswoman for the Texas Health and Human Services Commission.

After peaking at 529,271 kids in May 2002, enrollment in Texas's children's health insurance program plummeted nearly 44 percent to 298,731 by June of this year, state figures show. Goodman said the decline was more than offset by increases in Medicaid enrollments, but the two programs serve different populations.

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The most potent force behind the recent increase in uninsured children, experts said, is the decline in employer-sponsored health insurance as rising costs prompt businesses to raise premiums or cut coverage.

The latest census figures show that a record 46.6 million Americans had no health insurance in 2005, up from 45.3 million in 2004. Among those who did have coverage, fewer were receiving it through their jobs. In 2001, for instance, 62.6 percent of Americans had employer-sponsored coverage. By last year the figure was 59.5 percent, census figures show.

Katherine Swartz, a professor at the Harvard School of Public Heath, said a trend toward trimming business payrolls and hiring contract workers has made things worse. More than a quarter of 25- to 34-year-olds do not have health insurance, said Swartz, author of "Reinsuring Health." For 35- to 44-year-olds, the uninsured rate is 19 percent.

"Those are the prime ages for having kids," she said. "These are unheard of percentages of those age cohorts that are uninsured. And, of course, if they have kids, their kids are not going to have health insurance either."

Corralling rising heath care costs is one way to boost the number of insured children, said Diane Rowland, executive director of the Kaiser Family Foundation's Commission on Medicaid and the Uninsured. A more immediate step is better education and outreach because studies show that at any given time about seven in 10 uninsured children are eligible for low-cost or publicly subsidized coverage, she said.

"We lose some people because they are not aware that they might be eligible or they don't know how to go down and apply," she said.

Pride also is a factor, with some families reluctant to accept government help, said Lumpkin of the Robert Wood Johnson Foundation. "Part of our campaign is to convince them, 'You know, you pay your taxes, you might as well get the benefits,' " he said.

Researcher Madonna Lebling contributed to this report.

Christian Coalition Is Splintering (LAT)

By Jenny Jarvie

The Los Angeles Times, September 5, 2006

MONTGOMERY, Ala. — When Congress was debating bills on embryonic stem-cell research and same-sex marriage back in May, an e-mail from the Christian Coalition of America appeared in activists' inboxes.

"Christian Coalition Announces Support for 'Net Neutrality' to Prevent Giant Phone and Cable Companies From Discriminating Against Web Sites," it said.

For John W. Giles, president of the Christian Coalition of Alabama, the e-mail was yet another sign that the famous political powerhouse of the religious right had strayed from its founding mission: defending marriage, strengthening the family and protecting unborn human life.

"The Christian Coalition is drifting to the left," Giles said. "There's a new vision — and we're not part of it."

Last month, the Christian Coalition of Alabama announced that it was severing ties with the national organization.

It's one of a growing number of chapters to express frustration as the Christian Coalition broadens its mission to include issues such as so-called Internet neutrality, the minimum wage and the environment.

In March, the Christian Coalition of Iowa announced it was changing its name to Iowa Christian Alliance. Steve Scheffler, the president of the group, said the national organization, which is struggling to raise funds and is accumulating debt, had lost focus and become "an albatross around our necks."

In July, the Christian Coalition of Ohio pulled out too.

The breakaway of Alabama — a strong affiliate with 1,900 volunteers and links with more than 13,000 churches — underscores the grass-roots decline of the organization credited with helping the Republican Party consolidate power in Washington in the 1990s.

Founded in 1989 by Republican televangelist Pat Robertson, the Christian Coalition became politically influential under the direction of Ralph Reed, distributing millions of voter guides in churches and coordinating major voter drives.

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Today, neither of those high-profile leaders is affiliated with the organization — Reed left in 1997, Robertson in 2001. And though it continues to claim large numbers of followers, in the last decade its annual budget has plummeted, from about $26 million down to $1 million.

Despite the loss of the state chapters and its limited finances, the organization remains strong, according to its president, Roberta Combs.

"This is not the demise of the Christian Coalition," Combs said in a telephone interview last week. "Three disillusioned state chairmen have pulled out, but no one is indispensable. The Christian Coalition is a household name."

Combs said the fallout with the states began after some chapters refused to follow new regulations over distribution of voter guides and political surveys.

After a long dispute with the Internal Revenue Service over the coalition's tax-exempt status, the national office reached an agreement last year that requires it to allow candidates to write up to 25 words of explanation on each issue in the voter guides. In January, a lawyer for the national office sent letters to state chapters reminding them that, under the new agreement, they had to submit all voter guides for national approval.

Last month, a few days before Giles announced the Alabama withdrawal, Combs said, she learned Giles had distributed surveys that had not been approved and that did not include spaces for candidates' explanations. Immediately, she said, she sent a letter to the Alabama chapter breaking the affiliation.

Whether the national or the state group initiated the separation, the loss of Alabama — where 92% of residents are Christian and 62% voted for George W. Bush in the 2004 election — is a symbolic setback for the Christian Coalition, which has long vaunted its grass-roots base.

While the coalition continues to describe itself on its website as "the largest and most active conservative grassroots political organization in America," many political activists say it is now active in only a handful of states, notably Georgia and Florida.

"Today, the Christian Coalition is a shell of its former self," said Mark J. Rozell, a professor of public policy at George Mason University. "It has been and gone as a force in American politics."

At its peak in 1996, the group said it had a grass-roots network of 2.8 million people in nearly 50 states.

Last week, Combs described the organization as having "close to 3 million supporters" and chapters in 50 states; a day later, her daughter Michele Combs, the organization's spokeswoman, said it had 2.5 million members, defining members as those "who are active or donate money."

These figures are disputed. Josh Glasstetter, a spokesman for liberal advocacy group People for the American Way, said that the organization had long inflated its membership and that its budget suggested it had fewer than 300,000 members.

In part, the organization's decline can be attributed to the difficulty of rallying conservative Christians when Republicans already control Congress and the White House.

"We live in a different era now," Combs said of her effort to expand the coalition's core tenets. "We need to get out of the box and look at the organization. I'm a family person. If you really read the Bible, it says to take care of the least among us."

In Alabama, resentment against the national Christian Coalition emerged in 2003, when Combs came to Montgomery to campaign in support of Republican Gov. Bob Riley's plan to overhaul the tax system, which involved a $1.2-billion tax increase. The Christian Coalition of Alabama had already stated its opposition to the plan.

When Combs agreed with Riley that Alabama's existing tax system placed an unfair burden on poor families, Giles accused her of departing from the organization's traditional commitment to low taxes.

"It was a total bushwhack," he said of Combs' visit. "It confused Christians and it divided the Christian vote."

In May, Combs raised eyebrows with her decision to join forces with the liberal MoveOn.org and American Civil Liberties Union on Net neutrality, to defend open Internet access and push for regulations to prevent phone and cable companies from charging for higher-speed online content.

Although Combs insists that she continues to campaign on issues such as stem cell research and gay marriage, many activists questioned whether the Christian Coalition needed to wade into new territory.

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"Mainstream America loves God," Giles said. "We already have the right issues. What makes us so profound is that we unite conservative Christians."

The breaking away of the Christian Coalition of Alabama, most political analysts agree, will have political repercussions outside Alabama.

"The state doesn't need the national organization nearly so much as the national organization needs the state affiliation," said William Stewart, professor emeritus of political science at the University of Alabama.

Combs is not alone in attempting to broaden the Christian agenda. Organizations such as the National Assn. of Evangelicals have expanded their missions to include environmental issues and government protections for the poor.

"Alabama may be out of sync with the rest of the country," said Richard Cizik, the evangelical association's vice president for governmental affairs.

Whatever the fate of the Christian Coalition, the organization's decline does not seem to point to any corresponding decline of the religious right.

"It's more a maturing of the movement than a weakening of the movement," said William Martin, a senior fellow in Religion and Public Policy at Rice University, who noted that many Christians had joined the Republican Party in recent years.

Many former coalition activists now concentrate their energy at the local level, where they have pushed for statewide legislation on gay marriage and parental notification of abortion.

In Washington, the coalition has been supplanted in its political influence by other Christian interest groups such as Focus on the Family and the Family Research Council.

Veneration Gap A Popular Strategy For Church Growth Splits Congregants (WSJ)

By Suzanne Sataline

The Wall Street Journal, September 5, 2006

IUKA, Miss. -- In April, 150 members of Iuka Baptist Church voted to kick Charles Jones off the deacons' board. The punishment followed weeks of complaints by Mr. Jones and his friends that the pastor was following the teachings of the Rev. Rick Warren, the best-selling author and church-growth guru. After the vote, about 40 other members quit the church to support Mr. Jones.

Mr. Warren, the effusive pastor of stadium-sized Saddleback Church in Lake Forest, Calif., is best known for his book "The Purpose Driven Life," which has sold 25 million copies and urges people to follow God's plan for them. He has spawned an industry advising churches to become "purpose-driven" by attracting nonbelievers with lively worship services, classes and sermons that discuss Jesus' impact on their lives, and invitations to volunteer.

But the purpose-driven movement is dividing the country's more than 50 million evangelicals. Some evangelicals, like the Iuka castoffs, say it's inappropriate for churches to use growth tactics akin to modern management tools, including concepts such as researching the church "market" and writing mission statements. Others say it encourages simplistic Bible teaching. Anger over the adoption of Mr. Warren's methods has driven off older Christians from their longtime churches. Congregations nationwide have split or expelled members who fought the changes, roiling working-class Baptist congregations and affluent nondenominational churches.

Last summer, the evangelical church of onetime Supreme Court nominee Harriet Miers split after adopting Mr. Warren's techniques. That church, Valley View Christian Church in Dallas, wanted to increase membership and had built a huge sanctuary several years ago to accommodate hundreds of people. Church leaders adopted a strategic plan built around Mr. Warren's five "fundamental purposes": worship, fellowship, discipleship, ministry and evangelism. One goal was to make sure more than 19% of the church's members were adults in their 20s and 30s, says the pastor, the Rev. Barry McCarty.

The Rev. Ron Key, then the senior minister, says he objected to the church's "Madison Avenue" marketing. "I believe Jesus died for everybody," Mr. Key says, not just people in a "target audience." He says the leaders wanted church that was more "edgy," with a worship service using modern music. Mr. Key was demoted, then fired for being divisive and insubordinate.

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About 200 people, many of whom had left the church earlier because they thought it should give more money to mission work, began worshiping in a Doubletree Hotel, and later in a college gym, with Mr. Key as pastor. Ms. Miers, the White House counsel, worships with them when she comes to town, a White House spokeswoman says.

At a time when many churches are struggling with declining or aging congregations, advocates of the purpose-driven movement credit it with energizing congregations, doubling the size of some churches and boosting the number of "megachurches" of more than 2,000 members. Mr. Warren says his church and nonprofit arm have trained 400,000 pastors world-wide. He reaches many more through sales of his sermons, books and lessons on the Web. Mr. Warren says he donates 90% of his money to fund philanthropy and overseas training.

Mr. Warren preaches in sandals and a Hawaiian shirt, and he encourages ministers to banish church traditions such as hymns, choirs and pews. He and his followers use "praise team" singers, backed by rock bands playing contemporary Christian songs. His sermons rarely linger on self-denial and fighting sin, instead focusing on healing modern American angst, such as troubled marriages and stress.

As membership in Protestant churches stagnated in the 1980s, Mr. Warren, a Southern Baptist in Orange County, Calif., learned from surveys that the region's Reagan-era baby boomers said they didn't connect with their parents' churches. He figured they might find God if they could sit in a theater-style auditorium and listen to live pop music and sermons that could help them with ennui and personal problems. Through Mr. Warren's Internet marketing savvy, tens of thousands of subscribing pastors learned about his church, which draws 20,000 people each weekend. In the past decade, many pastors jumped to replicate his methods, creating new churches and transforming existing ones.

Christians have long divided over efforts to adapt and modernize their faith. Some believers worry that purpose-driven techniques are so widespread among Protestant churches that they are permanently altering the way Christians worship. Some traditionalists say Mr. Warren's messages misread Bible passages and undermine traditions. Mr. Warren is "gutting" Christianity, says the Rev. Bob DeWaay, author of a book critical of the approach. "The Bible's theme is about redemption and atonement, not finding meaning and solving problems," the Minneapolis pastor says. A spokesman said Mr. Warren believes the Bible addresses sin and redemption, as well as human problems.

Some pastors learn how to make their churches purpose-driven through training workshops. Speakers at Church Transitions Inc., a Waxhaw, N.C., nonprofit that works closely with Mr. Warren's church, stress that the transition will be rough. At a seminar outside of Austin, Texas, in April, the Revs. Roddy Clyde and Glen Sartain advised 80 audience members to trust very few people with their plans. "All the forces of hell are going to come at you when you wake up that church," said Mr. Sartain, who has taught the material at Mr. Warren's Saddleback Church.

During a session titled "Dealing with Opposition," Mr. Clyde recommended that the pastor speak to critical members, then help them leave if they don't stop objecting. Then when those congregants join a new church, Mr. Clyde instructed, pastors should call their new minister and suggest that the congregants be barred from any leadership role.

"There are moments when you've got to play hardball," said the Rev. Dan Southerland, Church Transitions' president, in an interview. "You cannot transition a church...and placate every whiny Christian along the way."

Mr. Warren acknowledges that splits occur in congregations that adopt his ideas, though he says he opposes efforts to expel church members. "There is no growth without change and there is no change without loss and there is no loss without pain," he says. "Probably 10% of all churches are in conflict at any given point, regardless of what they're doing." That, he contends, "is not just symptomatic of changing to purpose-driven. It would be symptomatic in changing to anything."

Despite successes elsewhere, the exodus at some churches adopting the purpose-driven approach has been dramatic. Since taking the job of senior pastor of First Baptist Church of Lakewood in Long Beach, Calif., seven years ago, the Rev. John Dickau has watched attendance slide to 550 from 700. "I've often wondered, where's bottom?" he says.

Mr. Dickau has emulated Mr. Warren by favoring sermons about marital and family issues. He says he has attended several Church Transitions conferences to glean new insights and is personally coached by Mr. Sartain. Still, Mr. Dickau says, he made plenty of missteps, mainly, moving too fast. He proposed that the church drop the word "Baptist" from the name, to reach people who wouldn't identify with a denomination, but the congregation vote failed.

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He jettisoned the piano for a guitar. And still people left, he says -- because the music is modern, because the congregation no longer uses hymn books, because the center screen that displays the song lyrics obscures the cross. Having a smaller congregation has meant trimming the $1.7 million budget to be able to afford adding to the sound system and new stage lights, which cost $150,000, Mr. Dickau says.

Still, he says he doesn't regret adopting a purpose-driven approach. "This church won't be here that much longer if we don't make these changes," he says.

The Rev. Bob Felts, pastor of Brookwood Church in Burlington, N.C., says his former congregation seemed enthusiastic about the purpose-driven approach in the 1990s. So he eagerly introduced the concepts to his new church starting in 2001.

Half the members, he said, balked at his decisions to dress casually, restrict choir performances and use electric instruments. Services now may start with a piercing electric-guitar solo, boosted with amplifiers from the $50,000 sound system. Nearly five years into the process, Mr. Felts says he has more young people than in years past: 40% of those who attend are under 22, as opposed to 20% years earlier. But attendance shrank to 275 this summer from 600. (He expects returning students from the area college to swell the rolls by 70.) Mr. Felts says he had to cut tens of thousands of dollars from the annual budget, which is now $600,000. He says some departing members have accused him of "ruining the church."

Mr. Felts says that despite his church's troubles, most churches that follow the purpose-driven way are growing. "It takes time and persistence," he says. "You're talking about a new paradigm."

Mr. Warren's philosophy has become such a lightning rod that some church leaders are reluctant to declare that they are using purpose-driven methods -- and some congregants see hidden agendas in the smallest changes at their churches.

Since Iuka Baptist's founding in 1859, its services had remained much the same. Sunday morning began with hymns such as "How Great Thou Art" and "O Worship the King," followed by prayer and a lengthy sermon. Many of the white working-class families who attend the church have known each other since high school.

But the church was in debt and wasn't growing. After Iuka's pastor moved to another church in 2003, a search committee recruited the Rev. Jim Holcomb, 48. He preached with gusto, liberally salting his sermons with personal stories and jokes. Changes were coming, he told members, and he warned that the church could lose some members because of it.

Mr. Holcomb says he partially read an earlier Warren book called "The Purpose Driven Church" and read Mr. Warren's essays in the Ladies' Home Journal. He says Mr. Warren's teachings were never part of his agenda. He was promoting "aggressive, evangelistic outreach" to bolster the church. "If that's purpose-driven, then I'm purpose-driven," he says.

Innovations that are hallmarks of many purpose-driven churches soon began rippling through Iuka Baptist. Mr. Holcomb began a second worship service at 8:30 a.m. Sundays with a "praise team" that sang hymns as well as Christian pop songs with lyrics beamed on a screen. In 2005, Iuka Baptist adopted its first mission statement, a tactic that Mr. Warren says helps the church focus on its objectives. One of the school's adult Sunday school teachers bought each of his 12 students a copy of "The Purpose Driven Life." The church's youth minister assigned the book to his 60 middle-school and high-school students.

The church began to grow. Membership this spring was 694 local members, up 170 since Mr. Holcomb became pastor, according to church staff. But the changes dismayed several older members. Charles Jones, 67, had belonged to Iuka Baptist for 59 years and was one of 15 deacons, or lay officers. He and his wife, Nena, were married at the church, as was their daughter.

The Joneses grew disappointed that they rarely heard Mr. Holcomb deliver messages from the pulpit about God's wrath or redemption. "He didn't preach on somebody going to hell," says Mrs. Jones, 61. Mr. Holcomb says he has always preached sound biblical messages.

Mrs. Jones began scouring the Internet to investigate all the changes taking places at Iuka. Her searches led her to Web sites run by critics of Mr. Warren as well as to Mr. Warren's own Web site.

More than a dozen church members, including the Joneses, began meeting privately to complain about changes. Church leaders became angry. "The Rev. Jim Holcomb has been slandered and insulted by some of you," the church's minister for education, the Rev. Kim Leonard, thundered at one service. Mr. Holcomb and Mr. Leonard deny that Iuka Baptist was becoming purpose-driven. Mr. Leonard says it was "coincidence" that the new initiatives resembled strategies advocated by Mr. Warren and his movement.

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Then a Web site run by a critic of Mr. Warren posted a letter from Mrs. Jones describing her worries about Iuka Baptist and comparing the congregation's admiration for Mr. Holcomb to the cult followings of Jim Jones and David Koresh. The posting sparked angry emails from church members. A church meeting was soon called. Hundreds of people packed into the pews. After heated arguments, the congregation voted 150-to-41 to throw Mr. Jones off the board. The members also accepted the resignations of two other deacons, friends of Mr. Jones who had been asked to leave the board. In the weeks that followed, 40 church members quit.

With no church to worship in this spring, Mr. Jones led 30 former luka members in prayer one May night at a public park. He asked God to bless their former spiritual home and those who had forced them from it.

"Keep your eyes on luka Baptist Church, Lord," Mr. Jones said, his head bowed, "that you may open their eyes and their hearts."

Mr. Holcomb, the pastor whose changes at the church started the controversy, has left luka for another church. A search committee continues to look for a new pastor. Deacon Kenny Phifer said the committee won't hire a pastor who will make luka purpose-driven.

Write to Suzanne Sataline at suzanne.sataline@wsj.com1

Up For Re-election, And Backing His Stand On Iraq By Deploying (NYT)

By Randal C. Archibold

The New York Times, September 5, 2006

TUCSON, Aug. 31 — Jonathan L. Paton is preparing to go to war in Iraq.

Mr. Paton has told his 77-year-old father, in a telephone conversation punctuated with sobs and pauses, how he wishes to be buried, if it comes to that.

He has shot endless rounds at a police firing range, courtesy of the president of the National Rifle Association, who lives here.

He has endured hugs, sometimes uncomfortably long, from well-wishers who offer prayers, concerned looks and forced smiles.

And, of course, he has been to send-offs, like the one the other night at Pima County Republican Party headquarters, where he was saluted for public service and received assurances that he would win the election.

Election?

Mr. Paton, running for his second two-year term in the Arizona House, is one of four Republicans in his district's primary on Sept. 12 who are competing for two seats. The balloting occurs five days after Lieutenant Paton, an intelligence officer in the Army Reserve, is due at Fort Benning, Ga., to prepare for a five-month to six-month tour in Iraq and, maybe, Afghanistan.

An untold number of mayors and city council members in the National Guard and the Reserves have served in the war, along with, according to a survey by the National Conference of State Legislatures, a handful of the 57 state legislators nationwide who are in the military.

Five members of Congress serve in reserve branches. But by law and Defense Department policy their status as federal officeholders automatically places them in the Standby Reserve, making it less likely that they will be called to combat duty.

Mr. Paton, 35, stands out. Unlike most of the others, he has asked to go, a decision that surprised and shocked some family members and friends, though he said most had expressed support.

Mr. Paton said he did not want his status as an elected official to excuse him from combat, something instructors in a training program he attended last year suggested would happen. He decided that his full-throated support of the war would seem contradictory if he was not willing to serve.

"I had to put my money where my mouth is," said Mr. Paton, who first asked to go last year, after a stateside active-duty deployment, and received word in late July that he would.

Mr. Paton, who lost elections twice before winning his seat in 2004, professes some concern about possibly losing his seat, though supporters do not expect him to.

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Republicans hold an edge of 18,000 voters over Democrats in his district. Many of them are members of the military associated with Fort Huachuca and other nearby installations or veterans and their family members.

As for the primary, he has the advantage of incumbency and has won notice as part of a group of young up-and-coming Republicans making their mark in the statehouse. Mr. Paton, whose district approaches the border with Mexico, has made headlines as a chief sponsor of measures that made the smuggling of illegal immigrants a state crime.

While on active duty, Mr. Paton, in accordance with a 2004 Pentagon directive, cannot campaign or work as a lawmaker, though he can remain on the ballot and hold office.

A friend, State Senator Timothy S. Bee, Republican of Tucson, will stand in for him at campaign events, and others have promised to help. Mr. Paton's staff will handle constituent concerns and advocate for bills on his behalf, along with Mr. Bee and Mr. Paton's ally Representative Marian A. McClure, another Republican who is seeking re-election.

"We got your back," Ray Carroll, a Pima County supervisor and political patron, assured Mr. Paton at the party.

It is not clear whether Mr. Paton's mission will be especially dangerous.

He said he could not give details about his work, partly because he had not received his orders and partly because he had to maintain secrets. But intelligence officers generally help commanders assess the battlefield and the enemy, using technology, field reconnaissance and other means.

Mr. Paton said concerns about his safety had not set in until everybody kept giving him looks that vaguely suggested doom.

The big question he has faced is why would a promising young legislator deliberately head for a combat zone?

Mr. Bee said some people had speculated that Mr. Paton was grandstanding, angling for some political advantage, a notion that angers him and his supporters. They say that the seat is relatively secure, that no obvious higher office is open to him in the near future and that there are safer ways at home to score points.

"Political motivation is not a reason to risk your life," Mr. Bee said.

The only reaction from opponents has been encouragement.

"We wish him the best," said Frank Callegari, another Republican in the primary who said Mr. Paton's deployment had not been raised at public forums. "Service to country is a big plus, but you also have to look at our positions in terms of how we want to address public issues."

The lone Democrat in the race, Clarence Boykins, did not respond to messages for comment.

Like many another soldier headed to combat, Mr. Paton has seen his decision to serve affect his personal life.

Strangers have asked why he would serve in that "stupid war," as one put it. He has worked to soothe his girlfriend, who supports him but opposes the war. His father, John, still seems to be coming to terms with the whole thing.

"I am aware he could be lost over there," said John Paton, who has peppered his son with questions and comments about the risks and wisdom of his choice. "I do have confidence, but I will always be apprehensive."

His son, the elder Mr. Paton said, has long had a penchant for unconventional choices.

As a high school senior in the waning days of the Soviet Union, he bused tables at a restaurant to save money for an exchange program to Russia, though he ended up going to Germany when he learned that was the sole spot available.

Even in the village where he stayed, he witnessed effects of the German reunification, including a crush of East Germans swarming into the town and leaving with bags of meat.

He ended up majoring in German at the University of Arizona, graduating in 1996, and studied for a master's degree in the field. But Mr. Paton, whose father and mother (she died two years ago) used to take their four children on road trips to state capitals in the West, caught the political bug for good after an internship in 1995 with a State Senate committee.

A self-described "punk kid" convinced that he could do better than the legislators he had worked with, Mr. Paton ran a quixotic and losing campaign against two incumbents for the House in 1998. After a second unsuccessful effort in 2000, putting 25,000 miles on the Honda Civic that he still drives (now with 157,602 miles), he won office in 2004, in a newly drawn district.

He said he had given up a "six figure" job as a lobbyist for the building industry for the $24,000-a-year part-time legislative post, also performing occasional political consulting on the side. "It is the best decision I ever made," he said.

After his first "crushing" loss, Mr. Paton joined the Army Reserve, seeking a change of direction, he said. A brother had been a Naval intelligence officer, and his campaign manager was in the Army Reserve.

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In the end, he said, the Reserve gives him a connection with people in his district. He now serves on the House military affairs committee.

Although he sees his choice to go to Iraq as a natural progression, he said he had grown weary of the attention, concerned that it runs counter to military principles that all soldiers are equal.

Still, Mr. Paton was all smiles at the Pima County event.

It came time for speeches.

Paula Maxwell of the Tucson Republican Women gave him a tiny pewter elephant to keep in his pocket as a good-luck charm.

Boyd Hershman, a family friend and a Vietnam veteran, called out, "All the way to glory, Jon!"

Mr. Paton kept his remarks brief.

He spoke of the inspiration he had received from a servicewoman he encountered on a training mission at Fort Benning who was preparing for her Iraq mission even though her husband had lost a leg there in combat. He talked about duty, honor, "service above self."

And, he closed, "I look forward to a big party when I come back."

Reagan Wins Another Vote, To A Place In Congress (NYT)

By Jesse Mckinley

The New York Times, September 5, 2006

SAN FRANCISCO, Sept. 4 — No one would ever have mistaken Thomas Starr King for a Democrat. A fiery Republican clergyman with an oratorical flair, King stood shoulder to shoulder with Lincoln during the Civil War, barnstorming California to preach the gospel of unity when the nation had split apart and secessionist feeling here was high as well.

Politicians, however, are nothing if not fickle in their affections. So it was that last week the California Legislature, at the behest of a Republican lawmaker, decided that a statue of King should be replaced in the National Statuary Hall at the United States Capitol by one of a more modern Republican with a similar gift for public speaking: Ronald Reagan.

The measure, which passed nearly unanimously just before the end of the legislative session on Thursday night, was hailed by State Senator Dennis Hollingsworth, its Republican author, as a fitting nod to the Great Communicator.

"We have a lot of tributes that are existing and to come for Ronald Reagan," said Mr. Hollingsworth, from Murrieta, between Los Angeles and San Diego. "But this is California's contribution."

Yet among those who remember King's deeds — admittedly a select lot — there were hurt feelings.

"I find it very sad," said Glenna Matthews, a King biographer and visiting scholar at the University of California, Berkeley. "The whole idea of patriotic Republicans' wanting to bump a patriotic Republican is trashing what history's all about."

A field trip mainstay, the statuary hall was founded by Congress in 1864 — the year King died of diphtheria at 39 — with a simple plan: invite each state to place statues of two of its notable citizens at the Capitol. For decades the states did just that, gradually building a collection of Americans both nationally famous (like Sam Houston and Stephen F. Austin, the Texas twosome) and less so (Jabez Lamar Monroe Curry, an educator from Alabama).

Then, in 2000, Congress enacted a little-noticed law allowing legislatures to replace statues from their states. Three years later, Kansas became the first to junk one, replacing a marble depiction of George Washington Glick, a former governor known, according to the hall's Web site, for his "reassessment of tax laws, and the establishment of a livestock sanitary commission," with a more sporty bronze of Dwight D. Eisenhower. (All sculptures must be either bronze or marble.)

Mr. Hollingsworth said that when he visited the hall last year, during the events surrounding President Bush's second inauguration, he was surprised to learn that King was representing his state, along with the missionary Junipero Serra.

"To be honest with you, I wasn't sure who Thomas Starr King was," he said. "And I think there's probably a lot of Californians like me."

For King's successor, of course, there is no problem with name recognition — or, in many cases, rename recognition. Owing in part to the conservative strategist Grover Norquist's effort to have a project in every state named for Reagan, there is a

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Ronald Reagan Trail in Illinois, his native state, as well as a Ronald Reagan Highway in Ohio, the aircraft carrier Ronald Reagan and Ronald Reagan National Airport outside Washington.

But Mr. Hollingsworth said those tributes did not sufficiently address his state's role in the story of the only California governor to become president.

"I think it's obvious from his accomplishments that he's not just one of the greatest presidents we've ever had," Mr. Hollingsworth said, "but one of the greatest governors."

Ms. Matthews, however, points out that King had a few things to be proud of, too, including a cadre of famous friends, among them Ralph Waldo Emerson and Oliver Wendell Holmes, and an impassioned spirit that helped him raise more than $1 million for pro-Union causes and the Sanitary Commission, a Red Cross precursor that cared for wounded soldiers.

King's statue, a bronze, will not just be tossed, however. Mr. Hollingsworth said the plan was to take it to the State Capitol in Sacramento, a move that he thinks may raise King's profile.

"I think it's time Thomas Starr King be learned about and be able to be a part of the history lessons of kids that come to Sacramento," he said. "And this provides more opportunity to do that."

A Political Blueprint With Room To Build On (WP)

By Jonathan Weisman

The Washington Post, September 5, 2006

THE PLAN

Big Ideas for America

By Rahm Emanuel and Bruce Reed

Public Affairs Books. 205 pp. $20

In Washington these days, Rep. Rahm Emanuel (D-Ill.) is making a name for himself as the architect of his party's spirited campaign to retake control of the House. In the new book he has co-written with Bruce Reed, Emanuel sets out to prove he is not the dog about to catch the car he has chased his whole life.

He knows what to do with it once it is his.

That may be surprising enough. Democrats have received their share of grief from those who say they are bereft of ideas and unable to present an alternative vision of governance after more than a decade as the House's minority party.

What is surprising is the "The Plan" itself. Modest in scope, perhaps even timid, "The Plan" is subtitled "Big Ideas for America," but it is not the product of Newt Gingrich-type visionaries from the political left. It is the creation of Emanuel and Reed, two top aides from Bill Clinton's White House who learned the power of small ball and the perils of swinging for the fences. Both were key figures in Clinton's effort -- which achieved mixed success -- to play down traditional liberalism and reorient his party around centrist "New Democrat" themes.

Reed served all eight years in the Clinton White House as chief domestic policy adviser. He watched the president's effort to create universal health care coverage collapse in a policy debacle, but helped his boss get back on his feet with smaller initiatives and compromises with the Republican Congress. Reed is now president of the centrist Democratic Leadership Council.

Emanuel, a former party fundraiser, stuck with the Clinton White House from 1993 to 1998 as a senior adviser. He boasts of his role in securing passage of the children's health insurance program, the second-term overhaul of welfare, the ban on assault weapons and the North American Free Trade Agreement.

Clinton's ghost haunts virtually every page of this compact, quick read -- overtly as a master of domestic policy, more subtly as the model for waging political warfare. The authors take pains to assure readers that they are not writing as Democrats with political motives but as patriots with the greater good of the country in mind. Clinton was a master at taking partisan jabs with such good-natured, rational bonhomie that he somehow seemed above the fray. Emanuel and Reed try to take much the same tack.

By dividing Washington into high-minded-but-naive policy wonks and political hacks, they set up Republicans for the kill even before they bring in party affiliation. Then they pull out the hatchet.

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For instance, the GOP's prescription drug benefit was the product of pure hackery, the authors say. The bill covers most of the initial cost of medicines for a year to lull seniors into quietude, then drops them into a "doughnut hole" with no coverage, before kicking back in after out-of-pocket expenses reach $3,600. To make matters worse, the authors say, the drug legislation prohibits the federal government from using its buying power to negotiate prices with the drug companies.

True enough, but anyone who knows House Ways and Means Chairman Bill Thomas (R-Calif.) would have a difficult time seeing one of the smartest and most experienced men in Congress as simply a political hack. For better or for worse, Thomas thought pitting private insurance companies against one another would inject competition into the drug market for seniors and keep the price of drugs down, without the heavy hand of government.

You may hate the prescription drug bill, as many Democrats -- and many Republicans -- do, but was it really the product of political expedience?

The better case Emanuel and Reed make is this: The United States faces problems of immense magnitude: global warming; nearly 47 million people without health insurance; a retiring generation of baby boomers without enough savings -- and with enough numbers to bankrupt the Medicare and Social Security systems. A party that does not believe in government intervention may be philosophically incapable of confronting such ills.

So what does the party that does want to do? Three months of mandatory basic civil defense training and community service, for starters.

Compared with the congressional inactivity of the past few years, Emanuel and Reed's Eight-Point Plan may seem ambitious, but it does not measure up to the tasks at hand, as identified by the authors themselves.

Save Social Security for generations to come? Well, no, but employers should be required to offer 401(k) plans, and employees should be automatically enrolled, unless they choose to opt out. Revive Clinton's first-term dream of universal health care? Well, no, but would you settle for making sure his second-term achievement, the children's health insurance program, truly does cover all children?

A detailed plan to balance the budget? How about the reinstitution of lapsed budget rules that mandate any future tax cuts or spending increases be offset by equal tax hikes and/or spending cuts? Global warming? How about lots of hybrid cars?

One of "The Plan's" loftiest ideas -- universal college access, financed by a $3,000-a-year refundable tax credit and tuition grants -- leaves readers wondering what taxes will be raised or programs will be cut to pay for it. Another idea, a simplified tax system more favorable to the wage-earning middle class, is a wonk's dream, but it may leave a hack cold, and hacks are useful for getting the wonks elected.

To those who agree that government is a necessary part of society, none of these ideas are bad. They certainly cannot be dismissed as political pie in the sky. But "The Plan" reads more like a blueprint for a narrow Democratic majority looking for legislative beachheads before the 2008 election than what the book says it is: "A map to the challenges of a new era."

Then again, as Clinton might have said, first things first. Midterm elections are two months away, and hackery does have its purposes.

Weisman covers Congress for The Washington Post.

Why I'm Taking On Spitzer (WSJ)

By Tom Suozzi

The Wall Street Journal, September 5, 2006

The road to Albany is paved with good intentions. Neither my good intentions, nor Eliot Spitzer's, will solve New York's woes. Over the last 40 years, our state has lost power, population and influence in the national economy. We have the highest local taxes -- 72% above the national average -- a collapsed upstate economy and failing schools. We are No. 1 in the nation for people leaving our state and migrating to other states.

There are two reasons why we face these problems: One, our government is America's third largest, behind only the federal government and California. New York is a $113 billion enterprise with 191,000 employees. Bureaucracy, civil service rules, public employee unions, politics and patronage further complicate its role. Two, these structural problems are compounded by special interests living off of the tax dollars they receive from legislators who are insulated from voters through

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gerrymandered districts. The result is an ever-expanding state budget and a reelection rate for the legislature that would have made the Soviet Politburo jealous.

New York's problems cannot be solved, Spitzer-style, by issuing subpoenas and press releases, and filing lawsuits. They require a chief executive with experience successfully managing a $2.4 billion enterprise. As county executive, I led the transformation from what had been rated the worst-run county in America to one of the most dramatic financial turnarounds in the nation. Under my administration Nassau County got 11 upgrades from Moody's, Fitch and S&P. But I also saw Albany use unfunded mandates to pass the buck. New York is one of the only states in which localities pay a share of Medicaid spending, meaning in effect that in exchange for spending a quarter, legislators got a dollar to give out -- "free money." The result: skyrocketing local taxes and a Medicaid program two-and-a-half times as expensive as the national average.

As the founder of Fix Albany, I led a fight to unseat a Democrat in the State Assembly and a Republican in the State Senate, to make clear that there would be consequences if Albany continued to force counties to spend far past their means. Assembly Speaker Sheldon Silver, Mr. Spitzer's "partner," offered up the same false choice of hurting the poor by cutting programs or continuing wasteful spending -- despite the New York Times having reported that between 10% and 40% of our $47 billion Medicaid program is lost to waste and fraud. Pundits scoffed, but we accomplished these goals, saving local governments $3 billion a year.

I am running for governor to finish the job of restoring accountability to Albany. As Attorney General, Eliot Spitzer has undermined these efforts. Our Sheriff of Wall Street has made his reputation by expanding the scope of his office. Yet he has an abysmal record of fulfilling his office's core functions. He has not gone after misuse of power by Albany. He has turned a blind eye to the misdeeds of entrenched interest groups that support both parties. He has ignored the single biggest misuse of funds by New York state government -- our $47 billion Medicaid program, which costs more than Texas and California's programs combined -- and his office has one of the worst Medicaid recovery rates of any large state.

Mr. Spitzer can't lose, it is said, because he has all the endorsements and all the money from the same interests that have contributed to our woes -- lobbyists, trial lawyers, Medicaid profiteers and public employee unions. If he does win, he will have already squandered a real mandate for change, because he has not told us what changes he wants, or what he stands for -- a clear signal that however often he repeats the "reform" mantra, business as usual will go on. Still, it's a good strategy for Mr. Spitzer, when you consider that typically less than 14% of registered voters actually vote in a Democratic primary. Dollars trump votes, the media too often prefers the horse race to the battle of ideas, and it is Albany's powerbrokers who provide the path to victory. It's a raw deal, though, for the people of New York.

Mr. Suozzi is the Nassau County executive and a Democratic contender for governor of New York.

California's Condom Bill (NYT)

The New York Times, September 4, 2006

The United States will never control the spread of H.I.V. until it takes stronger measures in prison, where unprotected sex and intravenous drug use are commonplace — and the AIDS infection rate is nearly five times that of the general population. The first step is to use the same AIDS prevention techniques within the prisons that have been proved effective on the outside. That means emulating condom distribution programs that have long been employed in prisons abroad but that are still barred in about 95 percent of this country's institutions.

The need for condom programs behind bars was underscored last spring in a bulletin from the Centers for Disease Control and Prevention that documented the cases of 88 men who became H.I.V. positive while serving time in George state prisons. The C.D.C. concluded that unprotected sex among prison inmates was indeed taking place — despite denials by prison officials and rules forbidding it — and urged states without condom programs to investigate the feasibility of starting them.

The California State Legislature took the C.D.C. at its word last month, passing a landmark condom distribution bill that clearly deserves Gov. Arnold Schwarzenegger's signature. The bill, spearheaded by Assemblyman Paul Koretz, Democrat of West Hollywood, would allow public health agencies to enter the prisons and hand out condoms to inmates who want then.

Lawmakers who cared more about blocking the bill on moral grounds than about protecting the lives of inmates nearly succeeded in killing this bill. But a recently released state-sponsored poll suggests that California's voters are heavily behind it.

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Nearly 70 percent of the respondents said they favored condom distribution in prison to protect inmates against H.I.V. In addition, more than 85 percent believed that inmates should be tested for H.I.V. upon entering prison and offered disease prevention information while serving their time. Governor Schwarzenegger should take his cue from California's sensible majority.

It Was Fun While It Lasted (NYT)

The New York Times, September 5, 2006

With economic signals flashing that the housing boom is over, speculation has now turned to how deep the slump will be and how long it will last, with predictions ranging from a smooth descent to a tooth-rattling plunge. Come what may, conventional wisdom holds that as long as you don't plan to sell your house any time soon, you'll be OK. The downturn is unlikely to wipe out all of your accumulated gains — the thinking goes — so you can cash in later.

Or can you?

The downturn in housing is overlapping with the retirement of the baby boom generation, which starts officially in 2008, when the first of 77 million boomers become eligible for Social Security. Most of them are homeowners, and many of them will presumably want to sell their homes, extracting some cash for retirement in the process. Theoretically, that implies a glut of houses for sale, which would surely mitigate an upturn in prices, and could drive them ever lower. The result would be less housing wealth for everyone and less to live on for those who had planned to retire on the house.

Still, no one can be sure what will happen. Economists agree that the retirement of the baby boom generation will influence housing prices, but differ over how powerful the effect will be. But one thing is reasonably certain. The question would not be such a burning one if Americans, especially those near retirement, had adequate savings to see them through. Even before the personal savings rate went negative last year, Americans were meager savers.

The housing bust may be what it takes to reverse that. Even a shift from profligacy to thrift would not be entirely good news, however. For an economy based on consumption, the change to less free-spending ways could be excruciating.

The house party is over, but we don't yet know how bad the hangover is going to be.

Adrian Fenty For Mayor (WP)

The Washington Post, September 5, 2006

THE NEXT MAYOR of the District of Columbia will inherit a set of conditions that are both unique to the nation's capital and daunting for any large city. Saddled with limited home rule powers and under the watchful eyes of Congress and the White House, the next D.C. mayor must respond to residents' demands for improvements in education, municipal services and public safety; foster social cohesion in a demographically changing city; and work with the D.C. Council to keep the District on a responsible financial course. That tall order calls for a smart chief executive with a commitment to all parts of the city, an appreciation of the inner workings of the District and the energy to work full time in behalf of its people for the next four years. We believe Adrian M. Fenty can be that kind of mayor.

Our endorsement is made with full knowledge that his principal competitor for the Democratic nomination in the Sept. 12 primary, D.C. Council Chairman Linda W. Cropp, has many of the qualities necessary to make a good mayor. Her breadth of experience in the District government as a teacher, counselor, school board president and council member sets her apart from Mr. Fenty and the other candidates.

We disagree with those who discount Mrs. Cropp's years of service as little more than time spent in failing government enterprises. While the school system fell short on many fronts while she was on the school board, the record will show that Linda Cropp was, in fact, one of the board's better members. A consensus builder by nature, she has been an excellent council chairman, providing direction to a fractious group and wise counsel to a mayor found often in political trouble. Her claim to leadership on the budget and financial issues is legitimate. Linda Cropp, as mayor, could keep the District on a steady course and out of serious trouble on Wall Street or Capitol Hill. She would be a safe bet.

But playing it safe is not the way to lead the District of Columbia or address its most pressing problems. Despite improvements under the administration of Mayor Anthony A. Williams (D), the machinery of government still does not work very well, especially for the District's most vulnerable children and adults. Visible signs of economic development and progress

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cannot mask an unhealthy estrangement of large segments of the community from the city's leadership. There also is turmoil among youth that curfews won't cure. Adrian Fenty understands all that.

The criticism from his opponents notwithstanding, there is more to Adrian Fenty than a youthful, energetic and politically ambitious grass-roots campaigner. There is a can-do quality in him that suggests the government can be reformed, that schools can be rebuilt and that institutions in this city can come together to improve people's lives. He offers a vision of the city that challenges the best in people.

His school modernization initiative is illustrative. At a time when most politicians were thinking small or not at all about the city's dilapidated school buildings, Mr. Fenty drew public attention to the problem with some well-timed media events. With the public mobilized, he introduced legislation with a price tag that prompted his colleagues to scoff. But his perseverance caused his detractors to sign on to the idea and find a way to finance the long-needed changes. Showmanship? We call that leadership.

As a council committee chairman, he has worked hard and without much fanfare to bring positive changes to juvenile justice. His oversight of the agency charged with caring for people with mental retardation has kept public focus on a long-neglected agency. Chastened by serious errors committed early in his legal career, Mr. Fenty now makes service to people and government reform the hallmarks of his work. We would expect that same dedication to be transferred to an Adrian Fenty administration.

WILL A Fenty administration make mistakes? Probably more at the outset than might be expected from the more experienced Linda Cropp. But there is reason to believe that his achievements will outweigh his missteps and that the District will be changed for the better as a result of his mayoralty.

Other Democratic contenders also have offered spirited challenges. Business leader Marie C. Johns, hampered by a lack of money and name recognition, nonetheless has left her mark on voters with her intelligence, ideas and stamina. The city has not heard the last of her. Ward 5 council member Vincent B. Orange Sr. made many people believers in the seriousness of his campaign. His message, however, never got through to voters. The same can be said of the other remaining challenger, Michael A. Brown.

The 2006 mayoral campaign is all about the District's future in a dynamic and uncertain environment. Democrats inclined to vote their fears may look elsewhere. A vote for hope, however, is a vote for Adrian Fenty.

U.N. Expects To Mediate Talks On Captured Israelis (NYT)

By Warren Hoge

The New York Times, September 5, 2006

JIDDA, Saudi Arabia, Sept. 4 — Secretary General Kofi Annan said Monday that the United Nations would mediate talks on the release of Israeli and Hezbollah prisoners.

It was unclear, however, what form such talks, or any resulting agreement, would take. Israel insists it will never talk directly with Hezbollah.

Even though the Israeli prime minister, Ehud Olmert, has been under increasing domestic pressure to win the release of three captured soldiers, there has been no official confirmation from the government that it would negotiate on the issue. Israel has maintained that its soldiers should be returned unconditionally as part of the Security Council resolution that ended the fighting.

But in past cases, Israel has released prisoners in exchange for captives and, in a deal with Hezbollah in 2004, for the return of the bodies of soldiers killed in battle. And Hezbollah has made clear from the start that it was interested in swapping prisoners.

Mr. Annan made his statement in an interview on his flight here from Doha, Qatar, where the government announced it would contribute 200 to 300 troops to the expanded United Nations force set up to keep the peace between Israeli forces and Hezbollah guerrillas in southern Lebanon.

Mr. Annan also said he had received a call on Sunday from Walid al-Moalem, Syria's foreign minister, saying his country would send a battalion of troops to guard the border with Lebanon. In Damascus last week, Mr. Annan had asked Bashar al-Assad, the Syrian president, to help enforce the arms embargo called for in the Security Council cease-fire resolution.

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On the possible talks on prisoner release, Mr. Annan said that he had chosen his representative to act as mediator, that Israel had chosen its representative, and that what he called "Lebanon Hezbollah" was in the process of selecting someone.

Mr. Annan said the talks would be conducted discreetly, with the goal of setting up the "mechanism" to effect the release of prisoners from both sides, which he said he hoped would be the first step in more thorough-going talks involving Israel and Lebanon. He also said he would insist on control of the negotiations and no interference from outside.

"Everywhere you go, you hear rumors that this country is doing it, or the other," he said. "If I'm going to take it on, my mediator should be the sole mediator." He added, "If others get in, we will pull out."

Mr. Annan arrived Monday in Saudi Arabia, his eighth stop on a Middle East trip intended to shore up support for the resolution, which ended the 34-day war and plotted a path to a longer-term peace. Two critical elements of that measure were a call for dismantling and disarming the Hezbollah militia and imposing an arms embargo to prevent its rearmament.

Mr. Annan seemed eager to discuss the encouraging developments after receiving a bruising reception this weekend in talks with Mahmoud Ahmadinejad, the tough-talking Iranian president, and other leaders in Tehran.

Iran expressed general support for the resolution, he said, but the government was vague about disarming Hezbollah, which it has financed and armed in the past. And it stuck to its insistence that it would not bow to the demands of the Security Council that it cease uranium enrichment before entering negotiations with the Council's five permanent members on a package of incentives.

Discussing the prisoner release, Mr. Annan said talks would focus primarily on the two Israelis captured by Hezbollah but might include a third Israeli soldier, Cpl. Gilad Shalit. He was taken prisoner in a raid in Gaza by Palestinian militants, including members of Hamas. Mr. Annan said there had been no progress in gaining his freedom.

Qatar, a political maverick in the conservative Persian Gulf, maintains low-level ties with Israel. It is also an ally of the United States and is home to a major American military base.

"Qatar has relations with Israel, and as a result Israel has no objection to its participation in the force," said Mark Regev, the Foreign Ministry spokesman.

Sheik Hamad bin Jassim al-Thani, Qatar's foreign minister, said his country's troop contribution was an attempt "to tell the world of the Arab presence, even modestly, in this force and to tell Israel that we believe in this decision, and so we want to contribute in implementing it."

Qatar, the lone Arab country on the Security Council, is the only Arab country to have joined the force.

Mr. Annan said other Muslim peacekeepers would come from Indonesia and Malaysia, though Israel is objecting to Malaysian soldiers in Lebanon. The backbone of the force, expected to reach 15,000 eventually, is European, with Italian troops making up the largest single contingent. They are to be joined by 15,000 Lebanese Army troops.

Speaking to reporters at the Doha airport, Mr. Annan said the United Nations hoped the expanded force would be a "manifestation of international solidarity" with Lebanon. He also urged Israel to lift its siege of the country, saying it was "unsustainable."

"We are using the U.N. influence to lift the embargo, especially as Lebanon is trying to rebuild," he said. "It has to be allowed to rebuild. I urge Israel to cooperate."

Israel has kept an air and sea embargo on Lebanon since July 13, saying it was aimed at preventing Hezbollah from rearming. But it has recently granted permission for more commercial flights to land in Beirut.

On Monday a Qatar Airways passenger jet was allowed to land, widening service to Beirut. Lebanon's Middle East Airlines and Royal Jordanian Airline have been conducting limited service.

Annan To Mediate Soldiers' Release; Qatar Pledges Peacekeeping Troops (WSJ/AP)

By AP

The Wall Street Journal, September 5, 2006

JIDDAH, Saudi Arabia -- U.N. chief Kofi Annan said Monday he would appoint a mediator for indirect talks between Israel and Hezbollah on the release of two abducted Israeli soldiers, the first public word of negotiations between the bitter enemies since fighting in Lebanon ended.

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The announcement raised the possibility of a prisoner swap to win the soldiers' release, an exchange which Israel has repeatedly rejected, at least in public. Until now, Israel had insisted that it would not hold any contacts with Hezbollah, but its government has been under increasing domestic pressure to bring the two home.

The agreement on the mediation effort could mark a breakthrough on an issue that is crucial to preserving the fragile 3-week-old cease-fire that ended 34 days of Israel-Hezbollah fighting. Israel mounted its offensive in Lebanon after the Shiite guerrillas seized the two soldiers and killed three others in a cross-border raid July 12.

The U.N. cease-fire resolution that ended the fighting on Aug. 14 urges the unconditional release of the two soldiers. Hezbollah has said it would free them only in a swap for Arab prisoners held by Israel.

"Both sides have accepted the good offices of the secretary-general to help resolve this problem," Mr. Annan told a news conference in Saudi Arabia's Red Sea port of Jiddah. "I will designate someone to work discreetly and quietly with them to find a solution."

Mr. Annan did not say whether a prisoner swap was on the agenda for the mediation effort, and Israel on Monday repeated its stance demanding an unconditional release of the soldiers.

Asked about the mediation effort, Foreign Ministry spokesman Mark Regev said that during Mr. Annan's visit to Israel last week, "we urged him to bring about the full implementation of U.N. Security Council resolution 1701, which calls for the immediate and unconditional release of the hostages. "

There was no immediate comment from Hezbollah officials.

Hezbollah has not said how many Arab prisoners it is seeking in any swap. Israel was holding four Lebanese before the conflict began and reported capturing several dozen Hezbollah members during the fighting. Israel and the guerrillas have had prisoner swaps in the past, the latest in 2004.

American civil rights leader Jesse Jackson met with Hezbollah officials in Lebanon on Monday and asked them to show proof that the two Israeli soldiers are still alive, saying such a move could give a boost to negotiations. Jackson, who has been in the region for the past 10 days, said the continued detention of the soldiers is "becoming a magnet to attract a second round" of war.

Mr. Annan announced the mediation effort after talks with Saudi Arabia's King Abdullah in Jiddah, the latest stop in the U.N. chief's 11-day tour of the Middle East aimed at getting all sides to implement and support the U.N. cease-fire resolution.

The resolution also calls for a 15,000-member U.N. peacekeeping force to deploy in southern Lebanon to keep Hezbollah weapons away from the border with Israel.

Qatar Commits Troops to Peacekeeping

Qatar on Monday became the first Arab nation to announce it will contribute to the force, pledging 200 to 300 soldiers. Pakistan's prime minister toured devastated south Beirut and considered a similar offer.

An Israeli spokesman said his country had no objections to Qatari troops. Qatar -- like most other Arab states -- does not recognize Israel, but the two countries have low-level trade ties.

The U.S., Europe and Israel have been eager to have Muslim forces among the peacekeepers, but Muslim states fear they could be perceived as opposing Hezbollah, which gained considerable clout in the region for its fierce resistance to the Israeli army.

Qatar's troop offer came on the same day that the country's national air carrier, Qatar Airways, landed a commercial flight at Beirut airport, carrying 142 passengers, despite Israel's blockade of Lebanon -- the first of what the carrier said would be daily commercial flights.

An Israeli army spokesman said the flight was coordinated with Israel and was the fourth Qatari flight to land with Israeli permission in Beirut since Friday -- an apparent reference to aid flights since this was the first known regularly scheduled commercial flight from Qatar.

But officials from the carrier and the Lebanese authorities insisted that the plane had flown without Israeli clearance.

On Saturday, Lebanon's parliament speaker, Nabih Berri, called on Arab nations to send flights to break the blockade, which Lebanon has said is hampering its reconstruction efforts. Israel has refused international pressure to lift the blockade until it is guaranteed that weapons shipments to Hezbollah are halted.

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Qatari Foreign Minister Sheik Hamad bin Jassim Al Thani said his country's troop contribution to the international force was an attempt by the tiny Persian Gulf nation "to tell the world of the Arab presence, even modestly, in this force and to tell Israel that we believe in this decision and so we want to contribute in implementing it."

Pakistani Prime Minister Shaukat Aziz -- leader of another key Muslim country -- was considering a similar pledge as he toured the Dahiyah district of south Beirut, a Hezbollah stronghold that was pounded to rubble by Israeli missiles during the war.

Under the cease-fire plan, 15,000 Lebanese soldiers have begun deploying to assert control over the Hezbollah stronghold south of the Litani River. They have been moving into areas that Israeli troops have left.

French Gen. Alain Pellegrini, who commands the U.N. force, met with senior Israeli and Lebanese officers at a border crossing Monday to coordinate Israel's pullout.

"I think we are on the right track in securing the full withdrawal of the Israeli army from Lebanon and finally ensuring that the Lebanese army will take control of the whole border area in the south," Mr. Pellegrini said in a statement.

Israeli security officials say they expect their army to be out of Lebanese territory within the next two weeks. By that time, they expect sufficient U.N. forces will have arrived in south Lebanon to enforce the truce.

More than 870 Italian soldiers reached Lebanon by Monday, with the remainder of a 1,000-strong Italian contingent arriving in the next few days. They bring the total number of U.N. forces in Lebanon to 3,250 -- more than one-fifth of the target.

Lebanon Mission Under Fire In Indonesia (FT)

By Shawn Donnan

Financial Times, September 5, 2006

Indonesia's decision to send 1,000 peacekeepers to Lebanon as part of a United Nations force is coming under domestic attack as President Susilo Bambang Yudhoyono faces growing criticism over stalling reforms.

The deployment of the peacekeepers marks the first major tangible victory for what aides call Mr Yudhoyono's "internationalist" agenda to see the world's fourth most populous nation become a respected player on the international stage.

Since taking office in October 2004 the former Suharto-era general, who served as a UN peacekeeper in Bosnia, has made efforts to get involved in resolving crises such as the nuclear stand-offs in Iran and North Korea.

But the deployment comes amid increasing signs that not everything at home is going as well as promised with Mr Yudhoyono's pledges to lure badly needed foreign investment, boost economic growth, and reduce the ranks of Indonesia's poor yet to materialise.

Tax and labour reforms promised by Mr Yudho-yono's administration in response to complaints from foreign investors have succumbed to opposition from parliament and labour unions in recent months.

Official numbers released last week also showed 4m more people had joined the ranks of the poor in Indonesia in the past 18 months with 39m people out of a population of 220m living below the poverty line of $16 a month or less.

"I think he should focus more on problems at home," said Hadi Soesastro, executive director of Jakarta's Centre for Strategic and International Studies. "We can always make a contribution [as peacekeepers] but the energy, the effort, and the resources would really best be used to resolve our own problems."

Senior Indonesian officials argue that the Lebanon commitment is aimed in part at addressing domestic problems. Sending troops to the Middle East, they say, takes the thunder away from increasingly vocal Islamist groups, some of which want to send their own Jihadist members there.

Indonesia's 1945 constitution calls for the country to play an active role in promoting peace in the world. It has taken part in peacekeeping missions dating back to 1957 and the aftermath of the Suez crisis.

"We are not going [to Lebanon] to bring our religion. We are not going there to bring national interests. We are going there to represent the United Nations," says Desra Percaya, spokesman for the Indonesian foreign ministry.

Analysts like Mr Soesastro, however, argue that Indonesia could have its biggest impact by solving its domestic problems.

To do so would benefit its immediate region and regional ambitions such as the efforts of the 10-member Association of South East Asian Nations to integrate economically. Indonesia is Asean's biggest member and its economy is the region's largest.

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"If there is a role for Indonesia to play in the international arena then I think it should be closer to home and Asean is where it should start," Mr Soesastro said.

There are signs Mr Yudhoyono understands the concerns.

In a speech to a Forbes Magazine investor conference in Singapore yesterday the president did not mention Indonesia's peacekeeping mission to the Middle East once.

Instead, Mr Yudhoyono said he hoped to see Indonesia's GDP per head of $1,300 a year double over the next 10 years and his country "continue to be the anchor of stability in south-east Asia".

He also repeated past promises to improve Indonesia's allure in the face of competition for foreign direct investment from more aggressive Asian neighbours such as China, India, and Vietnam.

"With the success of reforms, Indonesia will be an easy, attractive, and profitable place for businesses - local and foreign - to grow," he told the conference. "I invite you to join us and grow and prosper with us. I promise to do all I can to make it one of your best investment decisions."

Lebanon Seeks To Reassert Sovereignty Over Borders (WP)

By Edward Cody

The Washington Post, September 5, 2006

BEIRUT, Sept. 4 -- The Lebanese government sought to reassert authority over its air and sea borders Monday in the face of a seven-week-old Israeli blockade.

Prime Minister Fouad Siniora said he would take up a German offer to help patrol the waters off Lebanon and seal the land border with Syria only after agreement on operating rules that make clear that the Lebanese military is in charge. His position flew in the face of an Israeli demand that international troops be the ones who guarantee that transport in and out of the country does not include weapons or other supplies for the Hezbollah militia.

In Saudi Arabia, meanwhile, U.N. Secretary General Kofi Annan said Monday that he would choose a negotiator to mediate between Hezbollah and Israel to win the release of two Israeli soldiers whose capture on July 12 triggered 33 days of war in Lebanon. Israeli officials, however, said Annan had agreed to seek the soldiers' unconditional release and insisted that negotiations were out of the question.

Siniora's stand on the continuing air and sea blockade reflected outrage among Lebanese and an effort by the government to reassert its sovereignty after a month-long war during which Hezbollah, the militant Shiite Muslim movement, was making the country's vital decisions on war and peace. With its demand that foreign troops police the ports and border, Israel has prolonged a situation in which some of the most important government functions -- security and border controls -- are being assumed by others.

Hezbollah has told Siniora it will not oppose assignment of U.N. troops to help the Lebanese navy patrol offshore or to monitor Beirut's international airport and its once-busy seaport, according to a source involved in the negotiations. The likely solution to the standoff, the source said, is for Siniora to request help from U.N. peacekeepers, who are mandated to help the Lebanese army, and for Germany to lend its assistance under the U.N. aegis.

Some Lebanese officials suggested Siniora's government could fall from power unless the blockade is quickly lifted. Former Gen. Michel Aoun, a right-wing political figure, said last week that agitation for Siniora's departure would begin soon unless the government displays a surer hand in getting postwar rebuilding underway and imposing authority over Hezbollah.

Nabih Berri, the speaker of parliament, organized a sit-in by parliament members that began Saturday and was scheduled to last until the blockade is lifted. Berri heads the Amal party, whose following is mostly Shiite Muslim, and has been a strong Hezbollah ally in government deliberations. But he emphasized that the sit-in encompasses all political persuasions.

The blockade has generated resentment across the political landscape because it dramatizes Israel's continued violation of Lebanese sovereignty. In addition, Lebanon's battered economy needs foreign trade in order to start down the road to recovery. Beirut traditionally has been a hub for transshipment of imports and exports with nearby Arab countries such as Syria.

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Seeking to emphasize their opposition to the blockade, Siniora's ministers declared Monday morning that a Qatar Airways flight scheduled to arrive in Beirut later in the day would not be authorized to land if the airline sought permission from the Israeli military. They urged Qatar instead to defy the blockade in a show of support for Lebanon.

The flight landed on schedule Monday afternoon, however, and an Israeli Foreign Ministry spokesman, Mark Regev, said it had obtained Israeli clearance. Qatar Airways said it will operate the flight daily from now on, joining Lebanon's Middle East Airlines and Royal Jordanian Airlines in resuming service to Beirut.

Regev said part of Israel's consideration in authorizing the flight was that Qatar has relations with Israel. Although the two countries do not have full diplomatic relations, Qatar has authorized Israel to operate a trade representative office in Doha. Jordan, the other country with an airline authorized to fly into Beirut, has long maintained diplomatic relations with the Jewish state.

Qatar's foreign minister, Hamad al-Thani, announced in Doha, meanwhile, that Qatar is prepared to send 200 to 300 soldiers to participate in the reinforced peacekeeping corps being set up along the Lebanon-Israel border. His offer was the first by an Arab nation to contribute to the force, which according to a U.N. cease-fire resolution is scheduled to grow from its current strength of 2,000 to around 15,000.

In Jiddah, Saudi Arabia, the latest stop on Annan's Middle East tour aimed at bolstering the Lebanon cease-fire, the U.N. leader said Israel and Hezbollah had both agreed to work through a U.N. mediator to gain the release of the two Israeli soldiers held by Hezbollah, news services reported.

"Both sides have accepted the good offices of the secretary general to help resolve this problem," Annan said at a news conference. "I will designate someone to work discreetly and quietly with them to find a solution."

In Jerusalem, Miri Eisin, an Israeli government spokeswoman, denied that the secretary general was mediating talks between the Israeli government and the Shiite militia. Rather, she said, Annan was acting on his pledge made to Prime Minister Ehud Olmert during a visit to Jerusalem last week that he would work for the soldiers' release.

"Israel and Hezbollah do not agree on anything," Eisin said. "But there is agreement between Israel and the United Nations that the implementation of Resolution 1701 clearly includes the unconditional release of our two kidnapped soldiers."

Regev, the Foreign Ministry spokesman, said of Annan: "This is part of his obligation to bring about the full implementation of Resolution 1701, which calls for the unconditional release of the hostages. We're hopeful he can bring about an early release of our two hostages."

Khatami Arrives As U.S. Weighs Sanctions On Iran (WP)

By Robin Wright

The Washington Post, September 5, 2006

The stormy saga between the United States and Iran takes one of its most unusual turns since the 1979 revolution as former Iranian president Mohammad Khatami arrives in Washington to give a major address on Thursday, the same day that the Bush administration holds talks in Europe on new U.N. sanctions on Tehran.

Khatami's five-city U.S. tour this week has ignited both controversy and curiosity -- infuriating former hostages from the 1979-1981 U.S. Embassy seizure and alarming some in Congress but winning praise from foreign policy experts. The former president's speech at Washington National Cathedral is a hot ticket, with attendance now by invitation only.

Khatami's visit has also been controversial in Tehran, where a newspaper called the U.S. visa "suspicious" and a critic suggested the Shiite cleric should be defrocked for committing "worse than a sin" in his trip to the United States. Many Iranian exiles in this country are also enraged, with some threatening protests. Yet Iran's supreme leader and its hard-line current president did not try to block the visit, Iranian sources said.

Khatami's tour comes as the State Department presses for punitive action for Iran's failure to meet a U.N. deadline to suspend uranium enrichment, a process for nuclear energy that can be converted to develop a nuclear weapon. As an incentive, Washington held out the prospect of joining European talks with Iran and ending 27 years of hostility. But Iran spurned the European-designed package.

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"We've been trying hard to show there are two paths here," Undersecretary of State R. Nicholas Burns said. "That's why we made the offer to negotiate. They clearly have not accepted that path, so now we have to begin the sanctions process."

Burns will meet in Berlin on Thursday with diplomats from Britain, China, France, Germany and Russia to discuss which sanctions to impose on Iran, the first leg of what may be a heated debate. The administration hopes Secretary of State Condoleezza Rice will be able to wrap up the resolution when she attends the General Assembly opening later this month.

But the administration is not cutting off all forms of dialogue. "We're going to maintain a policy of no contact between the two governments, but at the same time, that doesn't mean that Americans outside government shouldn't be talking to Iranians. Americans should take every opportunity to address the concerns we have over terrorism and nuclear issues with Iranians who visit our country," Burns said.

Khatami, who was president for the two-term limit from 1997 to 2005, is the highest-ranking Iranian to visit Washington since the Carter administration severed ties in 1980. He is also speaking in Boston, Charlottesville, Chicago and New York on the role of the three Abrahamic faiths in the peace process. He turned down an invitation to meet with former president Jimmy Carter, partly because of scheduling conflicts, according to Iranian sources.

Foreign policy analysts say the administration is signaling that it will not close the door on reformers such as Khatami who favor a freer press, political openings and dialogue with the world, while it will isolate hard-liners such as President Mahmoud Ahmadinejad for violating U.N. resolutions and talking about wiping Israel off the map.

But human rights groups say Khatami's government also violated human rights and supported extremist groups. He was president when President Bush labeled Iran, along with Iraq and North Korea, the "axis of evil" in 2002.

"He never wanted to create instability or a situation that would lead to violent confrontation," said Hadi Ghaemi of Human Rights Watch, an international monitoring group. "He was devoted to preserving the Islamic regime . . . so he never challenged those who had real power."

Many problems -- the crackdown on student protests, banning of new independent newspapers, and arrests and deaths of critics -- were linked to hard-liners in the separate judiciary or vigilantes sanctioned by Iranian intelligence. Ayatollah Ali Khamenei, Iran's supreme leader, also has veto power over all government actions.

Former hostages are outspoken about Khatami's visit. "Can an ex-U.S. president do the same in Iran?" asked John W. Limbert Jr., former embassy political officer. Kevin J. Hermening, an embassy Marine guard and the youngest hostage, said U.S. officials have "completely lost their minds" in dealing with Iran. "Every time we agree to 'talks' it is seen as another indication of weakness and capitulation," he said.

Giving Khatami a visa was a "despicable" decision by the State Department, said former embassy press attachÃ© Barry M. Rosen. "His dialogue of civilizations is nothing more than a public relations stunt by the oppressive regime."

L. Bruce Laingen, who was the ranking U.S. hostage, said he will attend the speech because he believes in talks, despite serious problems with the regime and doubts that Khatami has any power since Ahmadinejad replaced him.

In a 1998 interview with CNN, Khatami said he regretted that American feelings were "hurt" by the embassy seizure -- adding that U.S. policies had also seriously hurt Iranians. "In the heat of the revolutionary fervor, things happen which cannot be fully contained or judged according to usual norms," he said.

Like other hostages, Laingen said those words were not enough. "The question I would put to him would be: What do you think your government owes the hostages -- and I don't mean money, but something more than what he said to CNN."

Foreign policy experts largely approve of the Khatami visit. Geoffrey Kemp, a Reagan administration national security official now at the Nixon Center, called the decision "quite smart" and added: "We have nothing to lose by listening to Mr. Khatami . . . since he is highly influential behind the scenes."

Ray Takeyh, a senior fellow at the Council on Foreign Relations, said Washington had missed a "huge opportunity" to engage with an "imminently engageable leader" when Khatami was president, all the more striking just a year later under Ahmadinejad's rule.

Senior Clinton State Department official Wendy Sherman said the United States might not be in confrontation with Iran if Khatami's visit had happened six years ago.

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But Danielle Pletka, a vice president at the American Enterprise Institute, called the Khatami visit "surreal" and disputed descriptions of him as a "pragmatic mullah."

"If someone at the State Department can prove that the nuclear program didn't improve under Khatami, that terrorists weren't sponsored under Khatami and that arms were not shipped to Hezbollah under Khatami, then by all means let's label him a pragmatist and embrace him," she said.

Congressional leaders also criticized the trip. In a letter to Rice, Rep. Brad Sherman (D-Calif.) appealed for the visa to be denied because the State Department had ranked Iran the No. 1 sponsor of terrorism every year Khatami was president.

The U.S. Commission on International Religious Freedom wrote the Washington National Cathedral to complain about the "troubling irony" of inviting Khatami to speak on interfaith cooperation when he presided over a government that imprisoned, harassed, tortured and even executed religious minorities.

Commission Chairman Felice Gaer called on the cathedral to appeal to the former Iranian leader to "denounce and express regret" for past violations of religious freedom.

Iran 'accepts Two-state Answer' In Mideast (FT)

By Guy Dinmore And Najmeh Bozorgmehr

Financial Times, September 5, 2006

Mohammad Khatami, Iran's former president, says Iran would accept a Palestinian state "ready to live alongside Israel" if the elected Hamas government freely adopted such an outcome.

In an interview with the Financial Times, Mr Khatami, a reformist, distanced himself from the hardline statements expressed by Mahmoud Ahmadi-Nejad, his fundamentalist successor, who has called the Holocaust a myth and said Israel should be removed from the map by the Palestinians.

Mr Khatami, a cleric and the most senior Iranian politician to visit the US since the 1979 Islamic revolution, is on a 12-day, private speaking tour. At the weekend he addressed the annual convention of the Islamic Society of North America near Chicago, where 13,000 mostly American Muslims greeted him with a standing ovation.

Criticising the Bush administration's approach to the "war on terror", Mr Khatami said the US was fanning conflicts and inflaming sentiments. On the nuclear issue, he reiterated Iran's rejection of US demands for Iran to suspend uranium enrichment as a precondition for talks.

But asked if Iran could accept a two-state solution to the Israeli-Palestinian conflict, Mr Khatami appeared more conciliatory. Although now a private citizen, he stressed his words represented Iran's policy.

"I think Hamas itself, which has come to power today in a democratic process, is ready to live alongside Israel if its rights are met and it is dealt with like a democratic state and as the Palestinian government, and pressures are removed from Hamas," he said.

"Of course whatever Palestinians think is respected by us," he said.

Iran's officially stated policy is that all Palestinians must decide their future through a referendum. Mr Khatami is the most senior Iranian politician to accept the possibility of a two-state solution.

Iran's policy toward Israel had not fundamentally changed since Mr Ahmadi-Nejad was elected, Mr Khatami said. Referring to the role of the Supreme Leader, he noted that Iranian presidents in general were "not deciding about fundamental and general policies at all" although their interpretation, tactics and words might be different.

Mr Khatami spoke of the Holocaust as fact and said Iran wanted "sustainable peace" in the Middle East for Jews, Muslims and Christians.

In his eight years as president, Mr Khatami ultimately failed to overcome opposition by regime hardliners to his domestic political reforms. Now, on the international stage, his main mission is to avert what many Iranians fear is a looming military confrontation with the US, and promote dialogue and reconciliation among the major religions.

How his message will be digested by the Bush administration remains unclear. The State Department ignored the protests of neoconservatives and hardline pro-Israel lobbyists by granting him a visa, but US officials are under instruction not to meet him and walked out of the Islamic Society's Chicago convention before he spoke.

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Nonetheless, the State Department impressed the Iranian delegation by providing elaborate security. Mr Khatami says the "wall of mistrust" between the US and Iran has grown under the Bush administration, warning of the dangers of another Middle East war. "As miscalculations about Iraq have created problems for the US, the Iraqi nation and the region, if the same miscalculation is repeated about Iran, the damages for everyone will definitely be much more than Iraq," he said.

Mr Khatami – who will also address an Alliance of Civilisations conference at the UN this week – denounces President George W. Bush's description of the enemy as Islamic fascists. He then turns the table on the western powers, accusing them of uprooting fascism from the national level but transferring it to the international arena.

"Today at the international level we see a kind of fascism, apartheid, unilateralism and a kind of totalitarianism [by the west] according to which nations are distributed, their interests are distributed and wars are created."

Asked if the moment was right to apologise to the US diplomats held hostage in Tehran for 444 days in the aftermath of the revolution, Mr Khatami repeated that he "regretted" what happened.

He said he appreciated an invitation by Jimmy Carter – president during that crisis – to meet in Atlanta, but said his schedule was already full. He said he hoped they might work together later on international peace and reconciliation issues "if the grounds are prepared".

Read the interview transcript

Najmeh Bozorgmehr, the FT's Tehran correspondent, is currently a visiting fellow at the Saban Center, Brookings Institution, in Washington.

U.S., Iran Share Interests In Iraq, Khatami Says (USAT)

By Barbara Slavin

USA Today, September 5, 2006

NEW YORK — Former Iranian president Mohammad Khatami said Monday that U.S. forces should remain in Iraq until that country's fragile government can assume greater control.

In an interview here during his first trip to the United States since leaving office a year ago, Khatami said, "We can't leave this newly formed government at the mercy of terrorists and insurgents."

Khatami is a moderate Islamic cleric who was president from 1997 to 2005. By law, he could not seek a third consecutive term. He was succeeded by Mahmoud Ahmadinejad, a hard-line fundamentalist.

Despite the change in the leadership, Khatami said that Iran is not the enemy of the United States and that the two countries share strategic interests in Iraq and Afghanistan.

Khatami said Iran, which is predominantly Shiite, didn't provide weapons to Iraqi Shiites while he was in power. He said he doubts that the current leadership is doing so, as has been charged by U.S. officials including Defense Secretary Donald Rumsfeld. "No one will benefit as much as Iran from peace and stability in Iraq," he said.

Addressing the issue that is creating the most tension between Iran and the international community, Khatami urged the Bush administration and his own government to resolve the dispute over Iran's nuclear program through negotiations.

While not directly criticizing his successor, Khatami noted that when he was in office, Iran suspended efforts to make nuclear fuel and agreed to inspections by the International Atomic Energy Agency.

Iran has reversed both policies in the past year and rejected an Aug. 31 United Nations deadline to either suspend its uranium enrichment program or face sanctions. "Sanctions are to the detriment of Iran," Khatami said. "Sanctions — and, even worse than that, military action — will only serve to complicate the issue, not solve the problem."

He criticized both Ahmadinejad and President Bush for using intemperate language that has heightened tensions. "A politician must conduct himself at the highest level of etiquette and diplomacy," Khatami said, when asked about Ahmadinejad's comments threatening Israel and denying the Holocaust. Khatami said he hoped Bush's use of the term "Islamic fascism" to describe countries such as Iran "is a misquote. It would be unfortunate that a president of the great nation of America would use words in such an irresponsible way."

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Khatami spent the weekend in Chicago, where he told a conference of U.S. Muslims that the U.S.-led war on terrorism is increasing violence and Muslim hatred for the West. He attends meetings at the U.N. today and Wednesday, then flies to Washington to speak at the National Cathedral.

Khatami, 62, now heads a group called the International Center for Dialogue Among Civilizations, based in Tehran and Geneva. He said he was devoting his time to trying to increase understanding among nationalities, religious and ethnic groups.

He described his visit as private and said he had not sought to meet U.S. officials.

Several U.S. politicians and interest groups criticized the State Department for giving Khatami a visa. Sen. Rick Santorum, R-Pa., called Khatami "one of the chief propagandists of the Islamic fascist regime." State Department spokesman Sean McCormack said Khatami was eligible to visit as a private citizen.

Khatami visited New York three times as president but was never allowed to go outside New York. Asked his impressions of the country so far, Khatami said he was happy to have the chance to travel with fewer restrictions but that to see America fully would require "much more time."

Geopolitics Casts Pall On Hobbled Iranian Economy (USAT)

By David J. Lynch

USA Today, September 5, 2006

TEHRAN, Iran — They are young men, willing and able to work. But they spend all day, every day, sitting in a crummy city park waiting for jobs that rarely appear.

"It's awful. It's almost impossible to find a job. I've been looking for six months," says 25-year-old Siamak Adyen, one of about a dozen men sitting cross-legged on a grassy strip in the Saadat Abad neighborhood.

Without a steady paycheck, their lives are on hold. Those with wives in distant provinces can't afford to bring them to the capital. Those who are single lack the money to marry and establish new households. Emptying his pockets, Adyen displays a 2,000 rial note — worth less than 25 cents. "Look! I'm a young man in this country and this is all I have," he says, shaking his head in disgust.

As Iran hurtles toward a confrontation with the United States over its nuclear program, the nation's economy remains a dysfunctional wreck. Neither wholly free nor entirely socialist, the Iranian market is a ramshackle hybrid buttressed by lofty oil prices. One year after Mahmoud Ahmadinejad was elected president on a vow to share Iran's oil wealth with the poor, Tehran's army of jobless men is a reminder of the squandered potential that characterizes revolutionary Iran.

"We need to create jobs. Unfortunately, the government is not a good businessman," says businessman Ali Sharghi.

The official unemployment rate is 11%, although economists such as London Metropolitan University's Parvin Alizadeh say the actual total is twice that figure. Even government ministers acknowledge jobless rates as high as 18% in some provinces.

Heydar Pourian, editor of the magazine Iran Economics, says he recently advertised a janitorial opening and had an engineer aggressively pursue the $160-per-month job. "We were shocked," he says.

Geopolitics also is casting a pall on Iran's economy. For much of its 27-year history, the Islamic Republic has been under one form or another of U.S. sanctions. That's fueled a drive for self-sufficiency in industries such as pharmaceuticals and consumer goods. But sanctions prevent Iran from tapping the best U.S. technology to fully exploit its massive oil and gas reserves. So daily oil output of about 4.2 million barrels is almost one-third below its 1970s-era peak.

Foreign direct investment in the current year is expected to reach just $1.5 billion; neighboring Turkey, of comparable size, anticipates $11 billion. For the Iranian year that ended in March, the economy grew an estimated 6%, but that mostly reflects the impact of surging oil revenue and expansionary government spending, which has doubled in four years, says the International Monetary Fund.

Three years of confrontation between Iran and the U.S. over the nuclear issue have chilled domestic businesses that depend upon the outside world. Near the ancient ruins at Persepolis, about 30 miles outside Shiraz, restaurateur Rasoul Azeemzadeh mourns lost opportunities.

His "Peacock Nest" eatery once drew scores of foreign tourists with its tasty regional cuisine and poolside ambience. Azeemzadeh acquired land nearby and drew up plans to expand with a tourist hotel. But business started to sag after the terror

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attacks of Sept. 11, 2001, and in the last year, amid continuing tensions over Iran's nuclear program, it's plummeted 70%, he says.

"I'm just like a sailing ship. The wind comes from each direction and just drags me along," says Azeemzadeh. "An official says something somewhere, and it affects my business."

Now, the expansion plans are forgotten, and he regards the land as a place to grow crops to feed his family if the restaurant fails.

Likewise, in the lobby of the Tehran Stock Exchange, glum investors gather to stare at the overhead screens displaying sinking share prices. Since Ahmadinejad's election, the market has dropped 32%. Raheem Nowrouzkhani, 45, has been coming here for five years to track his portfolio, and he's learned one lesson about Iranian stocks: "In general, international politics is the most important thing," he says.

Indeed, economics has long been eclipsed by other issues in the Islamic Republic of Iran. Ayatollah Ruhollah Khomeini, who led the movement that toppled the Shah in 1979, famously dismissed economic policy by saying, "We did not make the revolution to lower the price of watermelons."

Ahmadinejad's surprise victory in last year's presidential election, however, was fueled by public dissatisfaction with the clerical regime's economic track record. During the campaign, the former Tehran mayor denounced soaring inequality and widespread corruption among Iran's clerical elite. He also attacked the "oil mafia" running the country's key industry and vowed to spread the wealth.

The new president also betrays less interest than his predecessors in knitting Iran into a U.S.-dominated global economy. Ahmadinejad's experiences in the 1980-88 war with Iraq left him deeply suspicious of the U.S., which ultimately backed Saddam Hussein in the latter stages of the bloody conflict.

"He says, 'If we need foreign investment, let's get it from Islamic countries, not the West. And if not Islamic countries, then we'll go to China and Russia,' " says Bijan Khajehpour, chairman of the Atieh Group consultancy. "They feel economic ties with the West always have political strings."

From Tehran's venerable central bazaar, with its smells of coriander and cumin, to the Internet cafes where young Iranians gather, there is talk of a turn to the East. To many Iranians, China and India appear as both potential business partners and economic models for their country, with its well-educated population and strategic location, to emulate. That explains why some of the political "carrots" the U.S. and Europe are offering in return for a halt to Iran's uranium enrichment program may not sway Ahmadinejad.

"Membership in the World Trade Organization or trade with the EU? What does that mean? That Iranians can buy French cosmetics? His constituents don't buy French cosmetics. They don't care about trade," says Kenneth Katzman, an Iran expert at the Congressional Research Service in Washington.

In classic populist fashion, the Iranian president is pursuing policies that emphasize short-term improvements at the expense of long-term economic health. In the face of double-digit inflation, he's defied economic orthodoxy by ordering interest rates lowered to make life easier for his low-income constituents. Despite soaring unemployment, he ordered a 50% increase in the minimum wage in March. He's also introduced a new marriage fund designed to provide cash for young couples seeking to wed.

But the government has taken only halting steps toward addressing the major obstacle to sustainable growth: shrinking the state's deadening influence over 80% of the economy.

Along with businesses owned outright by the state, up to one-third of Iran's economy is controlled by quasi-public charitable foundations, called bonyads. They enjoy preferential tax treatment and financing, which allow them to prosper at the expense of market-oriented private firms.

"They are extremely important. They have enormous assets in all sectors of the economy," says Alizadeh.

Ahmadinejad also has presided over an expansion in the economic role of Iran's Revolutionary Guard, a military unit established in 1979 to defend the Islamic revolution. A member of the guard during the Iran-Iraq war, Ahmadinejad directed a string of lucrative government contracts to the organization. In June, the Revolutionary Guard won a $2.3 billion contract to develop part of the massive South Pars natural gas field.

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In July, Iran took what could be a big step forward when Supreme Leader Ayatollah Ali Khamenei endorsed privatization of most state businesses outside the politically sensitive oil-and-gas sector. But it's not yet clear exactly how the plan will be implemented. Ahmadinejad has called for privatizing state companies by distributing to poor Iranians so-called justice shares.

In June, 50 Iranian economists penned an open letter to the president criticizing his approach to economic policy. Mainstream economists now are warning that a flawed privatization proposal risks entrenching Iran's failures rather than sparking capitalist improvement. “We're trying to tell them, if you want to help people, give this (state) company to a good group of managers and distribute 100% of the income to the people,” says Sharghi.

The government plans to privatize the affected companies through public offerings on the struggling Tehran Stock Exchange. A key question is the government's price for the privatization candidates. If it's too high, private buyers could shy away, leaving the purchases to the bonyads and other quasi-public organizations and rendering the process privatization in name only.

Amid chronic political uncertainty, many foreign companies have soured on Iran. But some, predominantly European companies, are thriving because sanctions have dampened competition and allowed them to raise prices. A typical European auto-parts maker may enjoy an extra 30% to 40% profit margin, says Albrecht Frischenschlager, managing director of Middle East Strategies, an advisory firm.

“Those who are still doing business are printing money as much as they can,” he says.

The economic landscape may be about to darken. Following Iran's failure to comply last week with a United Nations Security Council deadline to halt its uranium enrichment effort, the U.S. is seeking the imposition on Iran of limited economic sanctions. If Iran remains defiant, tougher measures could follow.

Iran is vulnerable to a cutoff of international bank loans and gasoline imports, which make up around 38% of domestic consumption. Iranian officials insist that, given Russian and Chinese reluctance to act, real punishment may never materialize. Years of coping with sanctions leave many here professing a lack of concern, whether genuine or feigned.

Yet, Iran's nuclear defiance, coupled with an unsustainable economic strategy, means the best Iran can hope for is a sort of muddling through. And that has many ruing the country's failure to realize its impressive potential. “The basic problem this country has is economics,” says economist Pourian. “Unfortunately, a lot of political issues have gotten involved.”

Across Palestinian Territories, Support For Hamas Erodes (CSM)

By Joshua Mitnick

The Christian Science Monitor, September 5, 2006

RAMALLAH, WEST BANK

On the first day of the Palestinian school year Saturday, Ali Abu Dayeh had abandoned his high school classroom for a falafel stand in central Ramallah.

Eight months ago, the Arabic teacher helped the militant Islamist group Hamas win a majority in the Palestinian parliament, but this weekend Abu Dayeh joined tens of thousands of Palestinian teachers in a civil servant strike to protest the government's failure to pay salaries for the last half year.

"Hamas started with an agenda of reform and change. This program clashed with reality," he says. "Every government needs a political program, but this government has thrown its hands up and said, 'Be patient.' No government should say that."

At a time when Hizbullah has enjoyed a surge in popularity throughout the Arab world from its month-long war with Israel, Islamic militants in the Palestinian territories are coming under domestic pressure to resolve a financial crisis or share power.

Though the strike is a political play by union chiefs from the rival Fatah Party, remarks like Abu Dayeh's are a sign that a US and European aid boycott of the Islamic militant-led government is sowing widespread disillusionment with Hamas. The walkout will give moderate President Mahmoud Abbas more leverage to convince Hamas Prime Minister Ismail Haniyeh into relenting on his rejection of peace talks with Israel.

To be sure, Hamas knows that its majority rule in parliament is safe for now because Fatah hasn't recovered from the January election landslide. So instead of the Islamic-led government falling, it may strike a compromise to invite Mr. Abbas's Fatah party in a unity coalition.

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"When the Palestinian government becomes incapable of delivering, it will be frank with the people," says Mohammed Barghouti, the Hamas-appointed Palestinian Social Welfare Minister. "The solution is unity and a domestic agreement that respects both parties."

Over the past few weeks, representatives from Hamas and Fatah have been negotiating over the makeup of a unity cabinet and what the policy of the new government would be toward Israel.

The first Hamas-led Palestinian administration has had a shaky first six months. The Israeli army has ordered its soldiers back into Gaza in retaliation for the capture of Cpl. Gilad Shalit. And government employees have racked up steep debts because donors in Europe and the US have refused to bankroll an administration that will not recognize peace agreements with Israel.

Hamas officials like Mr. Barghouti have argued that the crisis is the doing of Israel and the US, which refused to accept the Islamists' landslide victory at the polls. But the public sector strike that began over the weekend is shifting blame for the paralysis - and strengthening Fatah's hand in negotiations.

"The crisis has reached the peak. People can't wait any longer without income," said Samir Barghouti, the director of the Arab Center for Economic Development. "The Arab pressure, the international pressure, and the Israeli pressure has worked. Regular people are saying, 'We elected Hamas and we trust Hamas, but Hamas is not able to bring results.' "

As they ticked off strike participation rates for cities around the West Bank and Gaza for reporters, union leaders and legislators from Fatah sought to put the government militants on the defensive. Officials said that the civil servants timed the strike at the beginning of the school year because the families would be feeling the economic pinch most acutely as they prepare children for school.

"The Palestinian people are living in an economic and social crisis, regardless of the Americans and Israelis," says Basem Hadaydel, a spokesman for the teachers' union. "I hope Hamas understands the dangerous situation that we are in."

Hamas has sustained a good deal of its popularity despite months of deepening economic blight, says Hani el-Masri, a columnist for the El Ayyam newspaper. But political leaders blundered when they initially declared the strike an attack on the government rather than spinning it as a call to the international community to lift economic sanctions. "If they insist on keeping control over the government, it will give Abbas a push to dissolve it."

Palestinians hope that a power-sharing arrangement between Hamas and Fatah would end the aid boycott, and restore public sector salaries. Analysts say that a power-sharing arrangement would allow Abbas to participate in peace talks with Israel, while leaving veto power with Hamas legislators. The sides are also reportedly discussing whether the ministers in the unity government - including the prime minister - should be technocrats rather than politicians.

At the Ramallah secondary boys school, the schoolyard was empty save for Ismail Abu Ayham. The janitor, who said he supported neither Hamas nor Fatah, was quick to insist that he, too, was on strike even though he had come into work. "The children came into school this morning and then left," he says. "The pressure is not only from the employees, it will be from the students and the parents of the students. This is just the beginning."

Over U.S. Objections, Israel Approves West Bank Homes (NYT)

By Steven Erlanger

The New York Times, September 5, 2006

JERUSALEM, Sept. 4 — The Israeli prime minister, Ehud Olmert, authorized construction bids on Monday for another 690 homes in the occupied West Bank in the face of pro forma American criticism.

The houses will be built in Maale Adumim and Betar Illit, two settlements near Jerusalem that the Israeli government says it intends to keep in any agreement with the Palestinians.

Mr. Olmert, whose Kadima Party was elected earlier this year on a promise to pull thousands of Israeli settlers out of the West Bank, beyond the route of Israel's separation barrier, has been clear about keeping and expanding settlements inside the barrier, even though they are on land occupied since the 1967 war.

The Construction and Housing Ministry published advertisements on Monday seeking construction proposals for the largest settlement activity undertaken by this government. Israel has also promised President Bush that it will pull down more than 20 illegal outposts created since March 2001, but has not done so.

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The Bush administration's position is that Israel should not expand settlements in the West Bank, because it makes the process of a final agreement harder. In general, much of the world considers Israeli settlements in territory seized in the 1967 war, including East Jerusalem, to be illegal, which Israel disputes.

Stewart Tuttle, the spokesman for the American Embassy in Israel, said Monday that "in general it's a principle of the road map — a foundation to reach peace in the region — that Israel not only remove illegal outposts, but also not expand settlements in the West Bank."

The road map is the multistage peace plan supported by the United States, the European Union, Russia and the United Nations and agreed to in principle by the Palestinians and Israel. The Palestinians, in the first stage, are supposed to begin the disarming and dismantling of armed militias and terrorist groups.

The United States, Mr. Tuttle said, opposes "any actions that would prejudice final status negotiations, which would include the final borders of Israel and Palestine."

But such criticism has had little effect on Israeli policy in the past, and is not expected to matter in this case. In general, Israel says it is not "expanding" settlements, but "thickening" them within existing built-up areas.

A former United States ambassador here, Daniel C. Kurtzer, tried to get Israel to agree with the United States on mapping the existing built-up areas of settlements in order to make it clear when settlements were being expanded. But Israel — which has detailed satellite maps of nearly every building in the West Bank — regularly refused.

The mayor of Maale Adumim, Benny Kashriel, said Monday that many units were under construction. "In short, it is just a matter of completing construction within a town," he said. Maale Adumim has a population of 31,615 and looks like a Jerusalem suburb. The construction in Betar Illit is intended to house haredim, or ultra-Orthodox Jews.

The government's move was criticized in Israel as well. "Instead of dismantling outposts and freezing construction in the settlements, the Olmert government is constructing further units and plans to authorize tens of illegal outposts," said Yariv Oppenheimer, the director of the leftist lobby Peace Now. "All these actions are in contradiction of the Israeli commitment to the road map, and the commitment of the Labor and Kadima Parties to their voters."

Mr. Olmert is also facing tough budget pressures. He has supported more military spending after the recent war in Lebanon and his coalition partner, Labor, supports more social spending and opposes cuts proposed by the Finance Ministry. Because of the sharp criticism of tuition increases and cuts in child support, publication of the budget was delayed Monday.

Labor's leader, Defense Minister Amir Peretz, is being widely criticized for his performance, and aides to Mr. Olmert believe that Labor is creating a crisis over the budget to try to restore some of its credibility as a left-leaning party.

Mr. Olmert appeared before Parliament's Committee on Foreign Policy and Defense on Monday for the first time since the war in Lebanon. He said that a war with Syria would be handled with full force.

He also confirmed that his plan for another unilateral withdrawal from part of the occupied West Bank was being shelved for now as the government concentrates on rebuilding the north.

"What I saw as right several months ago has changed now," Mr. Olmert said, according to an aide and Israel Radio. "At this moment, the issue of the realignment is not in the order of priorities as it was two months ago."

The capture of three Israeli soldiers on raids into Israel from Gaza and Lebanon and the heavy use of rockets by Hezbollah have brought many Israelis around to the thinking of the Likud leader, Benjamin Netanyahu. He argues that it would be unsafe for Israel to hand over large areas of the West Bank to a Palestinian Authority led by Hamas, which refuses to recognize Israel's right to exist, even though it says it is prepared to negotiate a long-term "truce" with Israel in its pre-1967 borders.

In Lebanon, a Qatari airliner landed at the Beirut airport on Monday afternoon with 142 passengers, piercing an Israeli air and sea blockade that was imposed July 12, at the start of the war between Israel and Hezbollah guerrillas. The Israeli Army said it had given its permission.

Like almost everything in Lebanon now, the blockade is murky. Israel has recently allowed relief flights and a limited shuttle service to Amman, Jordan, where passengers can board flights for other destinations.

But the flight on Monday was the first to arrive directly from a distant country, and it was greeted by local and Arab television crews as a mild triumph.

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The maritime blockade continues, however, and is viewed as much more serious by many Lebanese merchants, who complain that their supplies are running short.

Sudan Gives African Union An Ultimatum (NYT)

By Lydia Polgreen

The New York Times, September 5, 2006

KEBKABIYA, Sudan, Sept. 4 — The Sudanese government delivered an ultimatum on Monday to the African Union force trying to monitor a shaky peace deal in Darfur, telling it to extend its mandate without handing off to the United Nations or pack up and leave by the end of the month.

Noureddine Mezni, spokesman for the African force in Sudan, said the Sudanese government had given the African Union one week to decide whether to accept a proposal to pay for its peacekeeping mission with money raised by the Arab League instead of turning over command to the United Nations.

"They asked that we clarify our position," Mr. Mezni said. "We have one week."

The move appeared intended to stymie a Security Council resolution, passed last week, calling for a United Nations peacekeeping force of more than 20,000 troops and police officers to take over from the beleaguered African Union force in Darfur.

Mustafa Osman Ismail, a top adviser to Sudan's president, Omar Hassan al-Bashir, told reporters in Khartoum, "Sudan will not accept those troops to be transformed into part of a U.N. force."

The demand that the African Union choose between leaving or accepting a continuation of its mission on Sudan's terms is the latest development in the showdown between Sudan and much of the rest of the world over the bloodshed that has killed hundreds of thousands of people and pushed more than 2.5 million from their homes in Darfur.

The African force is poorly equipped, has a weak mandate to protect civilians and just 7,000 troops to cover an area the size of France. It is nearly out of money, and its backers, mostly the United States and the European Union, have refused to keep supporting it, preferring a United Nations force. The African Union has repeatedly said that it, too, wishes to turn over the reins to the United Nations.

But Sudan has firmly rejected the Security Council resolution, proposing instead using more than 10,000 of its own troops to pacify Darfur — a plan many aid officials, diplomats and human rights workers say could lead to vast new killing and displacement. To keep the African Union force in place, it proposes using money donated by the Arab League.

But the commander of the African forces in Darfur, Gen. Collins Ihekire, said in an interview last week that accepting the money would leave the African Union hopelessly compromised.

"It could become a kind of blackmail," General Ihekire said. "The viability of the force would depend on the charity of Sudan and its friends."

Darfur has slid deeper into chaos in the past three months, as a peace agreement to end the conflict between the Arab-dominated central government and non-Arab rebels seeking greater autonomy and wealth for the region has faltered.

Only one rebel faction signed the agreement, and those who rejected it have formed a new alliance to fight those who did sign. The government, under the guise of enforcing the peace agreement, has begun a military campaign against rebel groups in Northern Darfur, massing thousands of troops in El Fasher, the provincial capital, to prepare for fresh attacks.

Attacks on aid workers have cut off hundreds of thousands of people from food, water, shelter and health care provided by relief agencies across Darfur, and government attacks could put still more people out of reach. The International Rescue Committee said Monday that a nurse at one of its clinics had been killed in a government attack. A dozen aid workers have been killed in Darfur since May, more than in the entire conflict up until then.

The African Union force is supposed to oversee the peace agreement, but its role has been thrown into confusion as rebel groups have refused to join the accord and have formed new alliances to fight the government and its allied Arab militias, known as the janjaweed.

Pressed by Sudan, the African Union expelled cease-fire monitors who were members of the rebel groups that did not sign from its bases, a move that many rebel leaders interpreted as evidence that the Union was biased against them. The government

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says it is bound only by the cease-fire in the new peace agreement, not an old cease-fire signed by all parties in 2004 in Chad. The rebels reject the peace agreement but say the old cease-fire is still in effect.

The result has been that there is essentially no cease-fire left to monitor. “We don’t have any cease-fire that all the parties agree on, so how can we monitor a cease-fire?” General Ihekire said.

Here in Kebkabiya, a government-controlled town in Northern Darfur where fighting between rebels and Arab militias has convulsed repeatedly, morale was low among the African Union soldiers charged with keeping the peace.

“We don’t have freedom of movement,” said one officer who has served in several peacekeeping missions. “We are just stuck in the camp.’’ He asked not to be identified by name because he was not authorized to speak to reporters.

“I get paid $90 a day for doing nothing,” he said. “What is the point of us being here? We should save the African Union’s money and just go back home.”

Sudan: AU Must Accept Deal On U.N. Force (AP)

By Mohamed Osman, Associated Press Writer

AP, September 5, 2006

Sudan said Monday that African Union peacekeepers will have to leave Darfur unless they accept a deal within a week that would effectively block a proposed U.N. force.

Sudan's Foreign Minister Ali Ahmed Kerti said the AU troops, whose formal mandate expires on Sept. 30, can only stay on in the remote, war-torn western region if they accept Arab League and Sudanese funding.

Khartoum last week rejected a U.N. Security Council resolution for the deployment of some 20,000 U.N. troops and police in Darfur to replace the ill-equipped and underfunded 7,000-strong AU force.

Instead it has launched a major attack reportedly involving thousands of troops and militias in the northern part of Darfur that rebels say are backed up by bomber aircraft.

The African Union has called for the U.N. to take control of the peacekeeping force, but Khartoum is steadfastly opposed to the presence of the U.N. troops.

The AU force has been unable to stop the humanitarian catastrophe in Darfur, where three years of conflict has killed more than 200,000 people and displaced around 2.5 million.

The conflict in Darfur began in 2003 when ethnic African tribes revolted against the Arab-led Khartoum government. The government is accused of unleashing Arab militiamen known as janjaweed who have been blamed for widespread atrocities.

The United States has described the rapes, killings and other attacks as genocide.

The foreign minister gave the African body a week to respond to its offer or withdraw its troops from the country, a government statement said.

European Union spokesman Amadeu Altafaj Tardio warned of dire consequences if the AU is forced to pull out before a U.N. force can take over.

"There would be a very difficult scenario," Altafaj Tardio said in a telephone interview. "We need a stronger force on the ground to ensure security. It is crucial to reach an agreement with the Sudanese before that deadline."

"There are 2.4 million internally displaced, those people will never come back to their villages unless they have security," he said.

Sudan earlier had ordered the African Union troops out by the end's month after the bloc insisted it would hand over its mandate to the United Nations, but the ultimatum apparently marked a final attempt to keep the weak African force in Darfur.

Kerti said he issued the ultimatum at a meeting Monday with the African Union representative in Khartoum, Nigerian Ambassador Baba Gana Kingibe.

"The foreign minister indicated to Kingibe that the Sudan has always advocated the presence of African force in Darfur, and sought funds for the maintenance of that presence," the statement said.

"The Arab League has offered support to cover the presence of the African Union forces after September 2006," he said.

A May peace deal signed by the government and one of the three ethnic African rebel groups operating in the region has had little effect in halting the violence.

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U.N. officials and aid workers say the crisis has only deepened in recent months, with violence at a new high. The United Nations has warned of hundreds of thousands of deaths if aid operations collapse. Twelve aid workers have been killed in Darfur this year, most in the last two months.

Sudanese President Omar al-Bashir has rejected the U.N. presence as an attempt to impose Western colonial control over his country, instead offering to send 10,000 government troops to Darfur.

Sudan's Offensive Comes At Key Time (WP)

By Craig Timberg

The Washington Post, September 5, 2006

KHARTOUM, Sudan, Sept. 4 -- The Sudanese government has dramatically intensified the war in Darfur in a bid to finish off a tenacious, three-year-old rebellion before a U.N. peacekeeping force can deploy there, say analysts, rebels and officials from the African Union monitoring mission.

Four months after what was hailed as a groundbreaking peace deal was signed in the Nigerian capital of Abuja, bombing raids on villages and increasingly aggressive ground attacks are allowing government forces to drive back rebels while also pushing tens of thousands of civilians into already overflowing camps.

The African Union's 7,000-member monitoring force, meanwhile, has been threatened with expulsion by the government and, under its current mandate, is scheduled to end its mission in Darfur by month's end. Many humanitarian groups have curtailed operations there because of the dangers presented by the new fighting.

Aid groups warn that conditions could grow far worse without the African Union's moderating influence and ability to provide crucial, if limited, protection for humanitarian operations such as food delivery and health care. Even with the African Union force in place, 12 humanitarian workers have been killed since the peace deal was signed May 5, including an International Rescue Committee nurse killed in fighting Friday.

The U.N. Security Council last week approved a peacekeeping force of up to 22,500 that would take the place of the African Union troops, but Sudanese President Omar Hassan al-Bashir has sought to block it from being deployed. Two students were killed and 10 wounded in the North Darfur capital of El Fasher on Monday as troops violently dispersed a rally supporting the deployment of a U.N. force, news reports said.

The new push by government forces and the uncertainty surrounding peacekeeping efforts could produce a fundamental shift in the fighting in Darfur, where violence and disease have left as many as 450,000 people dead and 2 million homeless. Aid workers say that in recent weeks, civilian casualties, rapes and looting have grown more widespread. Tens of thousands of Darfuris have surged into camps, voting with their feet against a peace deal that many there regard as deeply flawed.

"There is no peace at all," said rebel leader Abubakar Hamid Nur, speaking by phone from North Darfur, the center of recent fighting. "There is a new phase of atrocities happening. . . . What they did in Abuja is not a sustainable peace."

Rebel leaders say they are mounting counterattacks where possible, but they acknowledge that they are giving up ground rather than face thousands of fresh, heavily armed government troops who have replaced the irregular militias that served as proxy fighters for much of the conflict. Some former rebels are now fighting on the side of the government and militias, giving the combined force unprecedented firepower along with detailed knowledge of treacherous mountain terrain.

Analysts say the growing offensive has left the anti-government forces in a precarious position at a time when flows of fuel and materiel from neighboring Chad have slowed as well.

"They might actually be defeated militarily this time," Ted Dagne, an Africa analyst for the Congressional Research Service, said from Washington. "The balance of power is going to shift in favor of the government. . . . What they want is to change the reality on the ground to make irrelevant the deployment of the international force."

Only one of three rebel groups signed the peace deal in May, and the two that vowed to continue fighting have joined forces against the government. The one group that signed, headed by Minni Minawi, meanwhile, has splintered, with some of its men fighting on behalf of the government and others against it. Minawi has joined Bashir's government as a senior official.

The fracturing of rebel groups has been so widespread and complex that even close observers of the conflict say it is no longer possible to say who controls much of the countryside in a vast, nearly roadless terrain the size of Texas.

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Darfur's cities are all controlled by the government, and its forces there have been bolstered by thousands of new troops in recent months, said Lt. Col. Ferdinand Eze, military adviser to the African Union head of mission in Sudan. The government forces also have access to helicopter gunships and a growing number of armed trucks and heavy weapons. Russian-made Antonov planes, meanwhile, are being used for regular bombing raids.

Eze said the government offensive, which began Aug. 29, included the most extensive and coordinated fighting in Darfur in at least the past year. At the same time, the rebels have heavy weapons and an ability to move about the sparse region quickly.

"They are in a position to fight," Eze said, "but what one cannot say is for how long."

The U.S. government has accused the Sudanese government of genocide for its role in backing armed militias that have terrorized villages throughout the region. The International Criminal Court is investigating possible war crimes from the conflict. In the face of such international pressure, Sudanese officials have become increasingly bellicose, refusing to give their consent for a peacekeeping mission to Darfur and threatening to attack U.N. troops deployed there.

The government made clear its intentions in a plan submitted to the U.N. Security Council last month. Under the heading of "Getting control on the security situation and restoration of peace in Darfur," it called for a gradual buildup of 22,500 government troops, 4,000 members of Minawi's former rebel group and 7,050 national police officers. The government previously had relied on so-called Janjaweed militias to combat the Darfur rebels.

A letter from U.N. Secretary General Kofi Annan to Bashir on Aug. 25 called the plan "a significant departure" from the May peace plan and urged him not to proceed. "There can be no military solution to the conflict in Darfur," Annan wrote in the letter.

Last week's Security Council resolution "invites the consent" of the Sudanese government. U.S. officials have confidently predicted that it would come, but it has not.

On Sunday night, government officials even suggested that the African Union, of which Sudan is a member, should end its mission in Darfur. But by midday Monday, Sudanese officials softened their position, saying African Union officials could stay in Sudan so long as they did not become part of the U.N. peacekeeping effort.

"If the A.U. continues under its previous mandate, they will have no problem," said Jamal Ibrahim, a spokesman for Sudan's Foreign Ministry.

Eric Reeves, a Smith College professor who closely monitors Darfur, said the Sudanese government is working to drain the region of witnesses as it moves into a final battle against the rebels and their civilian supporters.

"No A.U., no humanitarian groups, this is a genocidal black box," said Reeves, speaking from Northampton, Mass. "We're not going to get any observers."

Somalia, Islamic Militia Sign Agreement (AP)

By Malkhadir Muhumed, Associated Press Writer

AP, September 5, 2006

Somalia's weak government and an Islamic militia that controls much of the south signed an agreement late Monday to eventually form a unified national army, officials said.

The accord, which came after two days of peace talks in Sudan, did not specify when it would go into effect. Talks were to resume Oct. 30 in Khartoum.

Both sides also agreed to form a peace committee in order to determine how to implement the plan.

"We are pleased we came to this agreement within two days," said Ibrahim Hassan Adow, who signed on behalf of the Islamic militia.

Abdullahi Sheik Ismail, one of several deputy prime ministers in the government, said: "The Islamic courts have met the expectations of our people." The militia has set up a network of Islamic courts.

The mllitia agreed it won't take any more territory and instead wait for the Oct. 30 talks. Both sides also agreed to stop the use of propaganda against each other.

It was the first time they agreed to form a national army.

Somalia's parliament has endorsed a security plan drawn up by President Abdullahi Yusuf's government that includes a role for a regional peacekeeping mission.

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Islamic militants had demanded the administration reverse its call for international peacekeepers.

A coalition of east African nations will discuss peacekeepers in Somalia on Tuesday at a meeting in Nairobi, Kenya. Adow, the Islamic group's foreign affairs chief, said over the weekend that foreign interference would be "a recipe for the renewal of civil war," alluding to reports that Ethiopian troops had taken up position in three Somali towns to protect the government.

Somalia has not had an effective central government since 1991, when warlords overthrew dictator Mohamed Siad Barre and then turned on one another, pulling the country into anarchy.

The current government was established two years ago with the support of the United Nations, but it has failed to assert any power outside its base in Baidoa, which is 150 miles from the capital, Mogadishu. On Monday, five people were killed in Baido a when government forces took control of the airport from a clan-based militia, government officials said.

Clerics and militiamen set up a network of Islamic courts in a bid to restore order by enforcing Islamic law, sparking fears of an emerging Taliban-style regime. In June, they swept through Somalia, seizing control of much of the south, including the capital, Mogadishu.

The Islamic group has brought a semblance of order to a country that has seen little more than anarchy in years. Mogadishu's airport and seaport have reopened after 11 years, and on Sunday the U.N.'s World Food Program sent a ship carrying cereal, oil and other staple foods.

Associated Press writer Mohamed Olad Hassan in Baidoa, Somalia, and Mohamed Sheikh Nor in Mogadishu, Somalia, also contributed to this report.

Russia's Electricity-Liberalization Plan Advances (WSJ)

By Gregory L. White

The Wall Street Journal, September 5, 2006

MOSCOW -- Facing a worsening energy crunch as its economy outgrows aging infrastructure, Russia is going ahead with a sweeping liberalization of its electric-power industry aimed at drawing $87 billion in investment to the sector by 2010.

The overhaul will phase in market-driven pricing for power, which now is sold mostly at low, regulated rates. Private investors, including foreigners, will be given the chance to own generating companies, selling the electricity they produce a t free-market prices.

The moves, which received the go-ahead from President Vladimir Putin last month, are among several policy changes that seem to run counter to the Kremlin's general shift away from market-oriented policies in many other areas, tightening state control and limiting foreign investment.

The electricity overhaul also will highlight the lack of progress toward competitive market principles in another critical sector, natural gas, which fuels most of Russia's power plants but is strictly regulated at below-market prices.

The electric-power changes come as industry officials and analysts warn of a looming crisis. More than five years of economic expansion running above 5% a year have fueled a big increase in demand for electricity, while state ownership and regulated rates in the power sector stifled investment in new projects.

Though the liberalization program has been in the works since 2001, it took a string of blackouts and supply crises in the last year to overcome bureaucratic and political opposition. Last winter's peak-demand periods were particularly tough in the fastest-growing regions of Moscow, St. Petersburg and Tyumen, the center of Russia's oil industry. Only emergency Kremlin intervention to cut demand prevented major outages, according to utility officials.

"This is coming a bit late," said Anatoly Chubais, who as head of the national utility RAO Unified Energy System has piloted the liberalization program. "We'll have to pay for this delay" with worsening shortages over the next two to three years until new power plants come on line, he added.

Analysts and investors warn that the electricity changes still could be sidetracked or stalled, particularly if shortages worsen in the next few years and rates surge. Wholesale electricity prices have nearly tripled in dollar terms since 2000 and are likely to rise an additional 69% through 2011, according to Renaissance Capital estimates.

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Mr. Chubais wouldn't forecast how much prices will rise, but he said spikes are possible. Households will be insulated from increases by government subsidies, at least for the first few years. Even so, with parliamentary elections next year, rates could become a political issue, analysts warn.

With the plan approved, Mr. Chubais is scrambling to line up investors. He is off this week on a tour of the U.S. and Europe to raise capital. He says several big foreign utilities already have expressed interest in projects in Russia, including Italy's Enel SpA, Fortum Oyj of Finland and Germany's E.On AG. Russian industrial groups also are eager to invest. State gas monopoly OAO Gazprom, for example, hopes that by putting money into gas-saving technology in power plants, it will free up more of the fuel for lucrative export sales.

Such strategic investors will be offered the chance to own stakes in the 20 existing generation companies or build plants that will be able to sell all the power they produce at free-market prices. With demand growth likely to outpace capacity additions for several years, those rates are likely to rise, according to analysts. One option available to investors will be a guarantee mechanism that reimburses investment costs if rates turn out to be too low.

Russia also is planning initial public offerings of stock for some of the generating companies aimed at Western investors, with the first issue slated for November, to be followed by as many as four more over the following months.

"I think we will raise the money," UES's Mr. Chubais said of the $87 billion investment target, warning that the surge of projects could overwhelm Russia's ability to design and build power plants. UES is targeting construction of 21.3 gigawatts of new capacity by the end of 2010. Though far more than Russia has built in decades, that figure is dwarfed by expansion in China, Mr. Chubais acknowledges.

Some investors and analysts criticized the latest liberalization plan for being too timid, particularly because moving to completely free-market prices will take between five and 15 years. "We'd like it to be sooner," said Alexander Branis, director at Prosperity Capital Management, a Moscow investment fund with $1 billion in Russian utility stocks. Still, he said, "the pace [of reform] is the fastest it's ever been in all the years it's been under way."

Georgian, Russian Relations Strained Anew By Shooting (WP)

By Peter Finn

The Washington Post, September 5, 2006

MOSCOW, Sept. 4 -- Tension between Russia and Georgia, never far from the surface, flared anew Monday after a helicopter carrying the Georgian defense minister was shot at by separatists in a breakaway enclave supported by Russia.

The helicopter carrying Defense Minister Irakly Okruashvili was hit several times and forced to make an emergency landing Sunday after it flew over South Ossetia, a region that has declared independence from Georgia and receives diplomatic and financial backing from Moscow.

"This is yet another provocation," said Georgian Prime Minister Zurab Nogaideli, speaking on television. "This was nothing unexpected, but the impudence of these provocations is getting more and more self-evident day by day."

Okruashvili said, "The rampage of these rogues will stop very soon."

Russia, which has a peacekeeping force in South Ossetia, accused Georgian authorities of deliberately violating the terms of a cease-fire that bans Georgian craft from flying over the province.

"A fair question arises: Why did the Georgian minister need to fly around in a violation" of the cease-fire, the Russian Foreign Ministry said in a statement. The ministry statement said Russian officials "regard actions like this by Georgia as an act of provocation. . . . This is clearly intended to wreck efforts to resolve the Georgian-Ossetian [conflict] by peaceful means and shows that Tbilisi is starting to openly prepare the ground for resolving the problem by other means." Tbilisi is the seat of the Georgian government.

South Ossetia and Abkhazia, another breakaway region inside Georgia's internationally recognized borders, are a constant source of tension between Russia and its southern neighbor.

Georgian forces were driven from South Ossetia and Abkhazia in short, brutal wars in the early 1990s. Georgian President Mikheil Saakashvili has said he is determined to restore Georgian sovereignty over the two regions, and small-scale clashes along the borders of the disputed regions have repeatedly raised fears of a wider military conflict between Russia and Georgia.

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Russia maintains that its troops are essential to peace in the region, but Georgia accuses Moscow of using its forces to prop up an illegitimate local government.

Saakashvili, who was swept to power following street protests over fraudulent elections in 2003, has firmly aligned the former Soviet republic with the West and wants his country to join NATO, an aspiration that is scorned in Moscow.

The Georgian Interior Ministry also said Monday that on Aug. 28 a helicopter carrying Saakashvili and a delegation of U.S. senators led by John McCain (R-Ariz.) was fired on by South Ossetian forces -- a charge that was quickly rejected by U.S. officials.

"The shots were fired at a different helicopter, and Senator McCain's helicopter was nowhere near where the incident took place," said a spokesperson for the U.S. Embassy in Tbilisi.

Georgian officials said that an antiaircraft missile was fired at the delegation's helicopter and that fragments of the missile were handed over to U.S. authorities. But the embassy spokesperson said the FBI had looked at the claim and dismissed it.

McCain met with South Ossetian leader Eduard Kokoyty during his visit but described the encounter as "not productive."

Kenya Killings Put Aristocrat In Racial Fire (NYT)

By Jeffrey Gettleman

The New York Times, September 5, 2006

SOYSAMBU, Kenya — Of all the upper-crust British families who came to this country and never left, one is more famous than them all: the Delameres.

They had the most glamorous parties, the most fabled pedigree (going back to William the Conqueror, they said) and, not insignificantly, the most stunning land.

Soysambu Ranch is the jewel in their crown, 50,000 acres teeming with giraffe and zebra in the heart of Africa's great Rift Valley. The scenery is straight off a postcard — the golden pastures, the sculptured hills, the sense of getting so much of the world in one big gulp.

But Thomas Cholmondeley, the cravat-wearing scion of the family, who until recently was on track to be the sixth Baron of Delamere, is no longer here. He is in Kamiti maximum security prison in Nairobi, the rare white face behind bars in this country, awaiting trial in a murder case that is dividing Kenya.

Because in little more than a year, he has shot and killed two black Kenyans on his ranch.

The first was an undercover wildlife ranger who was arresting some of Mr. Cholmondeley's workers suspected of poaching. Claiming self-defense, Mr. Cholmondeley was cleared without trial.

The second was a poacher himself, with an antelope slung over his back. Mr. Cholmondeley says that the poacher's dogs attacked and, again, that he fired in self-defense.

White farmers in Kenya, an increasingly beleaguered and endangered species, are deeply sympathetic. They say that crime is out of control and the police are useless, and that the bush, however beautiful, is awash with guns.

Certainly, there has been an explosion of violence in the Rift Valley, with gangs surging in from Nairobi and tensions peaking between the dirt-poor farm workers and the handful of white Kenyans still living on vast tracts of land. Joan Root, a famed conservationist, was gunned down in her bedroom in January. Other whites have been killed in holdups. One farmer said he now slept with an elephant gun by his side.

During colonial times this area, 50 miles northwest of Nairobi, was famed among whites for its hedonistic lifestyle and called Happy Valley. Now, it seems to be under siege.

But black Kenyans see Mr. Cholmondeley's situation differently, and worry that the days of white privilege may not be over. His absolution in the first case deepened their cynicism about an already suspect judiciary and ignited large protests. Some people even threatened to invade white farms.

The case seems to be hitting many of Kenya's sore spots — land, violence, corruption, the illegal game trade and, of course, race.

"It's very sexy when a white man gets in trouble," said Maina Kiai, chairman of Kenya's human rights commission. "We still have this inferiority complex and get a thrill out of seeing a white man in a powerless position."

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And this is not just any white man.

The Hon. Thomas Patrick Gilbert Cholmondeley, 38, is a 6-foot-6, raised-in-the-bush anachronism, who has a scar running from his ankle to hip from when he was attacked by a buffalo several years ago and whose great-grandfather made it fashionable for British aristocrats to move to Africa.

That settler, Hugh Cholmondeley (pronounced CHUM-lee), the third Baron of Delamere, took chunks of the Rift Valley from local (and illiterate) Masai tribesmen in the early 1900's, turning the area into a playground for whites. He rode horses through bars and shot chandeliers at fancy hotels and went on to become a leading dairy farmer and politician. Nairobi's main street was named Delamere Avenue until independence in 1963.

Thomas was born five years later, grew up on Soysambu (the name means "place of red rock" in the Masai language) and eventually was shipped off to Eton. By then, a Masai named Samson ole Sisina was fixing trucks for Kenya's tourism board, hoping to become a wildlife ranger. Robert Njoya, a poor Kikuyu tribesman, had dropped out of school to haul rock, and to poach game. The men lived near Naivasha, a once sleepy town going through serious growing pains.

Flower farms were sprouting up along Lake Naivasha, drawing thousands of low-paid temporary workers. Many lived in squatter camps, including one named Manera built on Delamere land. The people there call Mr. Cholmondeley "the honorable killer" and say he has terrorized them for years.

Mary Njeri, 51, said Mr. Cholmondeley caught her collecting firewood on his property two years ago and slapped her until she saw stars. Peter Kiragu, 12, said he was playing soccer on Delamere property four years ago when Mr. Cholmondeley snatched him by the back of his shirt, threw him into a truck and kept him locked up for hours.

Both episodes were reported to the police but charges were never pursued. "The Delameres used to be untouchable," said Gideon Kibunjah, a Kenya police spokesman. "But that's changed now."

The Thomas Cholmondeley described by white friends is much different: charming, genuine, a good listener, a father involved with his two sons, the type of rancher to speak Swahili to his workers and look them in the eye.

The director of his family's dairy and beef ranches, he is a proponent of wildlife and his efforts have increased the numbers of giraffes, zebras, pelicans and flamingoes in the area. One reason he was licensed to carry a gun was to protect that game.

"Tom loves that land," said Dodo Cunningham-Reid, a friend who runs an exclusive bed-and-breakfast in Naivasha.

Fred Ojiambo, Mr. Cholmondeley's lawyer, said his client had been unfairly demonized. He did not want to discuss details, but said: "It's very difficult to only look at this case as the firing of a gun. This happened in a context."

Last year, Kenya wildlife officials said, workers at Soysambu were suspected of poaching and dealing in illegal "bush meat" from poached animals. On April 19, 2005, Mr. Sisina, who had been promoted from mechanic to ranger, and two other rangers drove onto the ranch, undercover, and caught workers skinning a buffalo.

Just as Mr. Sisina and his colleagues began to make arrests, Mr. Cholmondeley arrived. He saw strangers in street clothes holding his staff at gunpoint and shot Mr. Sisina.

After Mr. Cholmondeley was arrested, he told the police, "I am most bitterly remorseful at the enormity of my mistake." He said he thought Mr. Sisina was a robber.

The case cracked open a rift between police officials pushing for a murder trial and prosecutors who believed the claim of self-defense. And the Masai were watching.

The Masai are famed for their red ochre war paint and traditional pastoralist ways. Most are dirt poor, but Mr. Sisina was different. He had moved from a dung hut to a respectable government job.

When the charges were abruptly dropped a month later — a picture of Mr. Cholmondeley flashing thumbs-up ran on the front page of Kenya's leading newspaper — the Masai detonated, protesting outside the attorney general's office and threatening to storm Soysambu.

"The Delameres were the ones who stole our land in the first place," said William ole Ntimama, a Masai member of Parliament. "And now look at us. We've become part of the wildlife."

Angry Masai marched onto white farms two years ago and tried to reclaim ancestral land. But Kenya is no Zimbabwe, where the government instigated such seizures. Kenyan police officers in riot gear cleared out the Masai.

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Mr. Sisina left behind eight children, and his widow, Seenoi, now relies on handouts to feed them. Mr. Cholmondeley returned to the family business, Delamere Estates Ltd., and to patrolling Soysambu with guns.

On May 10 this year, Mr. Njoya, the Kikuyu tribesman, went looking for food for his wife, Sarah, and their four children. He took two friends and six dogs and they found a dead antelope in a trap they had laid on Soysambu land.

That evening Mr. Cholmondeley, carrying a colonial-era rifle, was out scouting a location for a house.

What happened next is not clear. Mr. Cholmondeley said the hunters turned the dogs on him, and he shot two, accidentally hitting Mr. Njoya. Mr. Njoya's friends said they never even saw Mr. Cholmondeley.

"We just heard shots coming out of the bush," said Peter Gichuhi, who said he was standing next to Mr. Njoya.

Mr. Njoya bled to death within minutes.

"Oh no, not again!" was the headline this time, and the protests were extensive. Many black Kenyans boycotted Delamere products, calling the family's yogurt, marketed with the distinctive golden crown, "blood yogurt."

This time, prosecutors filed murder charges. The trial is set for Sept. 25. If convicted, Mr. Cholmondeley could be hanged.

The last time a white man was at the center of such a sensational case in Kenya was in 1980, when Frank Sundstrom, an American sailor, killed a prostitute in Mombasa. Mr. Sundstrom pleaded guilty to manslaughter, was fined $70 and let go.

The Toll Of Small Arms (NYT)

By Mvemba Phezo Dizolele And Rachel Stohl

The New York Times, September 5, 2006

DESPITE the presence of the world's largest peacekeeping mission, the Democratic Republic of Congo remains in the grip of civil war. The reason is clear. A flood of small arms and light weapons undermines the 17,000 United Nations troops' mandate to protect civilians.

In this country where war has raged since 1998, the results of the uncontrolled small arms trade have been brutish, but they have not been unique. Similar devastation from small arms occurs worldwide. Though the United Nations held a conference this summer to review efforts to control the trade, nothing was accomplished. To their shame, governments could not agree even on possible steps forward.

Suffering will continue until governments recognize the obvious — that the vast majority of illicitly traded arms begin as legally produced weapons. They must agree to control legal transfers of arms by adopting specific global guidelines to ensure that those who buy weapons use them in compliance with international law and human rights standards.

No such international agreement exists today, which is one reason imported weapons swamp countries like Congo, jeopardizing the genuine efforts of their people to find stability and build lasting peace.

The Nurses' Tale (WSJ)

By Judith Miller

The Wall Street Journal, September 5, 2006

Bad blood, literally and politically. Tortured nurses and a mercurial despot. More than 400 HIV-infected children and grieving parents. These are the ingredients of a crisis of Moammar Gadhafi's own making, one which, in turn, sparked a human-rights tragedy that may at last -- after seven years of threats and recrimination -- be close to resolution.

Before the Bush administration took Libya off the terrorist-state list and restored full diplomatic relations in June, U.S. officials insisted that Libya find a way to release five Bulgarian nurses and a Palestinian doctor who have been imprisoned since 1999 and sentenced to death for allegedly infecting 434 children in Benghazi with HIV, 52 of whom have already died of AIDS.

No topic -- not even Col. Gadhafi's renunciation of WMD -- is as politically charged within Libya as this epidemic and its appalling consequences. Many of those I have interviewed asked not to be quoted since the lives of the foreign medics remain at risk. And while diplomats said they have faith in a deal, quietly devised with Libyan officials, that would free the medics and ensure better medical care for the infected children, they fear it could still collapse.

The crisis, like the epidemic itself, began slowly. Dr. Achris Ahmed, who heads the Benghazi HIV Committee, which the government created only last year to address the crisis, told me that the first case of AIDS among the children at the Al Fateh Children's Hospital was diagnosed in June 1997, a year before the Bulgarian nurses even began working at the Libyan hospital.

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Several months later, doctors diagnosed a second AIDS case. "But we knew little about the virus because there is no HIV in Libya," Dr. Ahmed said, parroting the then-official line.

Dris Lagha's eight-year-old daughter, Rokaya Lagha, was the seventh case to be diagnosed in September 1998. "The doctor was confused," he said, recalling the day he learned the devastating news. "He didn't seem to know much about the virus, and we didn't know what to do." Some parents were told they could do nothing. "My doctor said: 'This is from God,'" said Omar Mismari, whose infected son, Saef al-Islam, is now 10.

In December 1998, after a cluster of such cases was found among the hospital's former patients, Messrs. Lagha and Mismari formed the Family Association of HIV/AIDS Children of Benghazi, a group that now has similar political clout in Libya to that of the Pan Am 103 victims' families in the U.S. "We were terrified," said Mr. Lagha. "Because AIDS is a sexually transmitted disease, many of our kids were mocked and ostracized. Many stopped going to school." Some were treated like animals by their own parents. "We isolated our kids, thinking they might infect their sisters and brothers or us. Some were locked away and thrown food like dogs. We were afraid to touch or hold them," said Mr. Mismari.

After a Libyan magazine published an article about the outbreak, attributing it to poor hygiene in the hospital, people in this city of 800,000 -- a traditional bastion of resistance to Col. Gadhafi -- were outraged. Libyans demanded to know how, where and why the infection started and spread. On Feb. 9, 1999, police raided the homes of dozens of hospital medical workers and threw them in jail. After several months, five Bulgarian nurses and a Palestinian doctor were charged with having deliberately infected 426 children with HIV-tainted blood. In May 2004, a Benghazi court sentenced them to death by firing squad for "undermining the security of the state." Nine Libyans who also worked at the hospital were acquitted.

Bulgaria, which had supplied Libya and even Col. Gadhafi himself with doctors and nurses needed to keep hospitals running, was in turn outraged, as was much of Europe. But the foreign "plot" to infect Libyan children played well at home, deflecting responsibility from a hospital that could barely maintain treatment records, and from the government, which had shortchanged medical services for years.

The conspiracy theory soon had a powerful champion: the "brother-leader" himself. Col. Gadhafi declared that the CIA or Mossad had designed a unique strain of killer virus and given it to the medics to experiment on Libya's children. Belief in the foreigners' guilt was not shaken by evidence that the confessions had been extracted by torture. When it became clear that foreign protests would not subside, Col. Gadhafi proposed that the medics be released in exchange for the Libyan who has been serving a life sentence for the bombing of Pan Am 103, plus the payment of $5.7 billion in compensation to care for the children and their families.

Unwilling to acknowledge culpability and furious at Libya's effort to draw moral equivalence between the Pam Am victims of Libyan terrorism and the sick children, Bulgaria refused. Its stance won strong support from the European Union, whose ranks it is scheduled to join, and from President Bush. But the Libyans dug in further, as I saw on a visit to Benghazi in March. Five obviously sick children were being treated when I arrived at the Center for Infectious Diseases and Immunology. Ali Barinasse, whose 18-year-old daughter had developed skin lesions, told me he only trusted foreign doctors. He had come to the center to ensure his daughter would be treated in Italy, but he had not brought her with him. In fact, she didn't know she had the virus. He'd never told her. "She's going to college next year, and I want her to study."

The families I met agreed on almost nothing except their desire to continue going to Europe where the Libyan government pays for their children's treatment, along with a generous stipend for the families' living expenses. "Don't let them tell you this is not about the money," said one doctor in Benghazi. "For some families, it is mainly about the money." For others, foreign treatment is a means of escaping the stigmatizing disease in Libya.

The mood was also grimly combative at the Al Fateh hospital, the 320-bed facility where the infections are believed to have begun -- though to this day no one knows for certain how the virus was contracted and spread. With some 12,000 admissions a year, the hospital does not look like a facility in an oil-rich land. Dr. Abdelsalam al-Shakmak, director of medical services, angrily denied the conclusions of a report by Luc Montagnier, co-discoverer of HIV, who testified in Libyan court and wrote a letter to Col. Gadhafi saying that the children were probably infected because of poor hospital hygiene and poor staff. "Our own experts concluded the opposite," Dr. Shakmak said defensively.

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A Libyan physician who refused to be identified confirmed that the HIV strain that had infected the children, while rare, was definitely African. Contrary to the mythology of Libya as an AIDS-free zone, there is HIV in Libya, he said. Libyans were at risk because few wanted to acknowledge that, he added. Unless Libya faced facts now, worse outbreaks would explode. Normally, the doctor said, family associations were useful. But because so many of the families were angry, politicized, greedy and powerful, given their children's status as "martyrs" to the foreign viral invasion, they had made matters worse. Col. Gadhafi, ever the cynical balancer of political forces, did not wish to challenge them. His reluctance was reinforced earlier this year when government-sponsored protests in Benghazi over Danish cartoons of Prophet Mohammed turned against the government, sparking riots in which the Italian embassy and Libyan government buildings were burned.

Diplomats said a turning point in the crisis came last March when Col. Gadhafi raised the issue at an Arab summit in Algiers. Questioned again about whether he would release the medics, he refused, asking why no one seemed concerned about Libyan children dying of AIDS. European diplomats sensed an opening: If the West were to provide humanitarian relief to the children, perhaps the medics could be freed. EU diplomats devised a five-point "action plan" to help Libya deal with a health and political crisis that had overwhelmed it. Joined by the Baylor College of Medicine in Houston, the EU agreed to provide 25 medical experts, plus $1.7 million in drugs and equipment, to the Benghazi center. Libyan and European diplomats also agreed to create a "fund" to assist the children, though the Europeans carefully avoided any suggestion that the money was compensation for a crime.

But tensions in Libya were still high. Last November, when a judge postponed reconsidering the case for a month, relatives of the children rioted, demanding the nurses be put to death. "I want the Bulgarian nurses injected with the virus they gave my children," said Hosni Chibli, 32, whose daughter Zenab was three months old when she was diagnosed in 1998. The diagnosis of "medical terrorism," or "bio-terrorism," as Col. Gadhafi called it, has clearly been emotionally satisfying for the families, Libyan medics and officials who might otherwise be blamed for hospital conditions. But denial has meant that 10% of the infected children have died, far higher than the rate in Europe, where proper treatment is the norm.

One person who understands the dimensions of this tragedy, for Libyans and foreign medics alike, is Col. Gadhafi's son, Saif al-Islam, whose own foundation has been mediating among the warring parties. The foundation hired Dr. Montagnier, who dismissed the thesis that the infections were bio-terrorism. A foundation executive said it also paid Dr. Montagnier $100,000 for the report it translated into Arabic so that it could be submitted to the court. And the foundation successfully lobbied to have the nurses and the Palestinian doctor moved to a cleaner prison in Tripoli with access to diplomats, attorneys, their families and the occasional journalist like me. Saif al-Islam has challenged his father's argument that the outbreak was a foreign plot. "There is no conspiracy," he told me. "There is no hand of Mossad or the CIA. This was a question of mismanagement, or negligence, or bad luck, or maybe all three." Conspiracy theories, rooted in Libyan and Arab culture, had created a terrible dynamic in this case, he said. "We must find a solution to this tragedy." * * *

Permission to visit the nurses in jail arrived, predictably, on my last morning in Libya. Human rights activists had told me that Jdeida prison in Tripoli was far superior to the miserable places in which the nurses had been kept for seven years. Before seeing them, I was given a tour of a new high-tech medical center where inmates will receive care. Three of the five Bulgarians were in the villa that was built for them when a prison "translator" and I walked through the metal doors that sealed the area off from the rest of the prison. Their living room and small kitchen looked out on a tiny courtyard where they had planted a tree and herbs. Their tiny living-room shelves were filled with crackers, coffee and other donations from the Bulgarian ambassador's weekly visits. The adjacent twin bedrooms were clean, and contained real beds (which some American jails have stopped providing prisoners). They share a bathroom.

Valentina Siropulo's tears began flowing almost as soon as we sat down. Yes, they had enough to eat and read. And yes, they could watch TV and listen to music. "The hard part is psychological," she said, exhausted by the strain of seven years of hoping for freedom and fearing execution. The loneliness was oppressive, despite the privilege of one phone call a week. "I have a son. He's a student in Bulgaria," said the 46-year-old nurse. "I have seen him once in seven years." They had counted the days, the hours spent in prison. Valya Chervenyashka, 51, who has two daughters, was finishing an intricate needle-point of the Last Supper when I arrived. She measures time in stitches and hoped she wouldn't have time to finish it.

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Tugging at her worn Navy blue tracksuit, Nasia Nenova, 39, stared at me silently, reluctant to speak what she called her poor English. But the translator who the prison had insisted accompany me, spoke no Bulgarian. "We are innocent," insisted Ms. Siropulo. "We did nothing wrong. Tell Americans we want to be free."

Their first year in prison had been the worst, they agreed. They had only "confessed" because they'd been tortured almost every day. The guards had put electrical wires on their fingers, wrists, chests, toes, necks, ears and tongues, they told me, pointing to the places where the current had shot through them. They named the men, one by one, who had abused them. Only the day before I'd shaken hands with one of them -- Juma Al Mishri -- an attractive man with close-cropped graying hair and warm smile who denied having mistreated the women. He'd introduced me to his daughter, a shy student at Al-Fateh university. "We're human," he said. "How could we torture nurses?" He and seven other cops, a doctor and a translator had been tried in court in June 2005 on the torture charges, rare in Libya. All were acquitted.

"Juma was the worst," Ms. Siropulo insisted.

What the women said was consistent with what they had told Human Rights Watch in May 2005, and what diplomats and lawyers who had seen the women and heard their stories. Kristiana Valceva, who spoke the best English and was at the dentist during my visit, told Human Rights Watch that she had also been beaten with an electric stick on her breasts and genitals. Ashraf Ahmad Jum'a, the Palestinian doctor, whom I was not permitted to see, said interrogators had forced the medics to shock one another. Now there were no more drugs or dogs or sleep prevention, they said. There was just the terror of waiting to learn if they would live or die.

Their fate now hangs on the Libyan court that is reconsidering the case this week, and on continued implementation of the European deal to help the children. The amount of "assistance" to each child's family has been tentatively set at $250,000 rather than the more than $10 million per family originally demanded.

Libyans have discussed ways in which the medics could be freed, diplomats say. The court could set aside the earlier verdict as "flawed." Or the original conviction could be upheld, but with sentences imposed shorter than the time the medics have already served. Or the verdicts could be upheld with clemency granted by the minister of justice or the leader himself. With some luck and belated good will, this tragedy may finally end. But the episode shows that although Washington has taken Libya off the terrorist list and restored diplomatic relations to reward Col. Gadhafi for renouncing terrorism and weapons of mass destruction, Libya may well remain problematic.

Ms. Miller, a former New York Times reporter, is a writer in Manhattan.

Mexico: Democracy Under Threat (WP)

By Enrique Krauze

The Washington Post, September 5, 2006

To get a sense of the danger hovering over Mexican democracy, consider these numbers: In the 681 years between the founding of the Aztec empire in 1325 and the present day, Mexico has lived for 196 years under an indigenous theocracy, 289 years under the absolute monarchy of Spain, 106 years under personal or party dictatorships, 68 years embroiled in civil wars or revolutions, and only 22 years in democracy.

This modest democratic 3 percent of Mexico's history is divided over three periods, far separated in time: 11 years in the second half of the 19th century, 11 months at the beginning of the 20th century, and the past 10 years. In the first two instances, the constitutional order was overturned by military coups.

Scarcely 50 years ago, armed groups of the Institutional Revolutionary Party (known as the PRI, its initials in Spanish) attacked polling stations with pistols and submachine guns, gunning down suspect voters and stealing ballot boxes. Scarcely 20 years ago, the PRI -- which had refined its methods -- prided itself on being a nearly infallible machine. The government and the PRI (symbiotic entities) controlled every step of the elections, from the preparation of voting rolls and the discretionary issuing of voter registration cards to the counting of votes. Many bureaucrats and members of worker and peasant organizations were carted to polling stations where they were instructed to vote in mass for the official candidate chosen by the outgoing president. The voters were given sandwiches and gifts; their leaders were given government posts, sinecures and money. Many times the

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ballots were marked in advance and stuffed days before the election into "pregnant" ballot boxes; the establishment of secret polling places was common, and some people were registered many times over.

This shameful situation ended in 1996 when President Ernesto Zedillo set in motion a deep democratic reform. Elections at all levels were no longer controlled by the government, becoming the jurisdiction of an independent Federal Electoral Institute (IFE), subject to a Federal Electoral Tribunal. At great cost, detailed voter rolls were drawn up with a registration and voter ID system that made it possible to correlate physical presence, identity and registration at the polling places. The IFE very soon gained remarkable credibility. All over the country, citizens began to vote freely in fair and transparent elections. Few were surprised when in 1997 the PRI lost the majority in the Chamber of Deputies for the first time and the leftist candidate, Cuauhtémoc Cárdenas, attained the extremely important post of mayor of Mexico City. Three years later, the PRI lost the jewel in the crown, and the crown itself: Vicente Fox of the National Action Party (PAN) won the presidency.

On July 2 this same independent electoral organization, made up of 909,575 citizens (not government employees), oversaw an orderly, peaceful election in which more than 41 million people voted. It's important to note that almost a million representatives from all parties participated, as well as nearly 25,000 national observers and 639 international observers. At the end of the day, the Democratic Revolutionary Party (PRD) presidential candidate came away with more votes than any other leftist candidate in Mexican history; in fact, he fell just 240,000 votes short of winning the presidency.

What happened next has left Mexico on the verge of social upheaval. What would an American think if, after a campaign as heated as the Kerry-Bush race, the losing candidate had declared himself the winner the night of the election, claimed "massive fraud" a few days later and orchestrated a sit-in of his followers (many of them directly paid by the local PRD government) on the Mall in Washington, blocking access to the neighboring streets and affecting businesses and government offices? That is exactly what AndrÃ©s Manuel Lopez Obrador has done.

In articles and interviews published in the international press (written in a misleading tone of civility, far from that of his incendiary speeches), Lopez Obrador has seriously damaged Mexico's young democracy by trying to sustain the unsustainable: that Mexico today is the same as Mexico in the days of PRI rule. He fails to mention that:

• He spent more on television advertising than any other candidate.

• In the same election he calls "a filthy mess" his leftist coalition managed to become the second-most-powerful force in the legislature, considerably increasing its presence in both chambers, while the coalition's candidate for mayor of Mexico City won with 47 percent of the vote.

• The polling places where the Federal Electoral Tribunal ordered a recount (9 percent of the total) weren't a random sampling, which would have been more than sufficient to determine whether there was generalized fraud. They were instead a selection weighted in Lopez Obrador's favor because he chose the polling places where he hoped to show that there had been fraud -- unsuccessfully, since the resulting difference has been minimal, according to the tribunal's ruling.

• He has said that even if there were a recount in 100 percent of the polling places, he wouldn't accept the results if they were not in his favor.

Today, many citizens who voted for Lopez Obrador are not only disappointed but fearful. According to recent polls, the majority of the country disapproves of his actions and supports the Federal Electoral Tribunal's performance. If the presidential elections were held today, Felipe Calderon of the National Action Party would win with 54 percent to Lopez Obrador's 30 percent.

Lopez Obrador has complained about his opponents' fear-mongering, but he's the one stirring up real fear, by declaring that "Mexico needs a revolution" and comparing the situation to the circumstances that led to the Revolution of 1910. The historical comparison is completely wrong: Lopez Obrador isn't the heir of liberal democrats Benito Juarez and Francisco I. Madero, but of Porfirio Diaz and Victoriano Huerta, the coup leaders who smothered Mexico's two initial attempts at democracy.

What comes next? If, as is likely, the final ruling of the Electoral Tribunal of the Federal Judiciary confirms Calderon's victory, Lopez Obrador will do as he has warned: On Sept. 16, Mexico's Independence Day, he'll gather tens of thousands of people in the central square of Mexico's capital to declare him "president" by acclaim. He may even try to control "his territory" in the southern states of Oaxaca, Chiapas, Tabasco and Guerrero, and the capital itself. His aim for the near future will be to lay siege to the institutions he despises ("let them go to hell," he said recently) and force CalderÃ³n to resign.

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It is crystal-clear that Lopez Obrador is not a democrat. He's a revolutionary with a totalitarian mentality and messianic aspirations who is using the rhetoric of democracy to try to destroy this third historic attempt at democracy in Mexico. Eighty-six years ago, Mexico brought an end to a revolution that cost a million lives. Since then it has lived in peace. It's a country still plagued with injustice and poverty, but it has made significant progress in its economic transformation, social programs and political life. It would be a sad thing for it all to end in dictatorship or revolution: the 97 percent of our history. Mexico isn't just another democracy: it's the neighbor and partner of Canada and the United States and the counterweight on the scale tipping Latin America toward the example of Brazil and Chile and not Cuba and Venezuela. It's more important than ever that the democracy we've achieved has the support and understanding of international opinion.

Enrique Krauze is the author of "Mexico: Biography of Power" and editor of the magazine Letras Libres. This article was translated by Natasha Wimmer.

The Lost Children Of Haiti (NYT)

The New York Times, September 5, 2006

Haiti, founded two centuries ago by ex-slaves who fought to regain their freedom, has again become a hub of human trafficking.

Today, tens of thousands of Haitian children live lives of modern-day bondage. Under the system known as “restavek,” a Creole word meaning “stay with,” these children work for wealthier families in exchange for education and shelter. They frequently end up cruelly overworked, physically or sexually abused, and without access to education.

The most effective way to root out this deeply oppressive but deeply ingrained system would be to attack the conditions that sustain it — chiefly, impoverished, environmentally unsustainable agriculture and a severe shortage of rural schools.

This is an area in which America can and should help. Washington has been quick to respond to political turmoil in Haiti, with its accompanying fears of uncontrollable refugee flows. But the frenzied flurries of international crisis management that follow typically leave no lasting results.

A wiser, more promising alternative would be to help create long-term economic options by improving access to schools and creating sustainable agriculture. Meanwhile, the United States should work with nongovernmental organizations to battle the resigned acceptance by many Haitians of the restavek system. They could, for example, help local radio stations broadcast programs of open dialogue about how damaging the system is, and include restavek survivors or human-rights experts.

The primary responsibility for eliminating the restavek system lies with the Haitian people and their government. After years of political crisis, there is a new democratically elected government. Eradicating the restavek system should be one of its top priorities, combining law enforcement efforts with attacks on the root social and economic causes.

The former slaves who won Haiti’s freedom 200 years ago dreamed of something better for their children than restavek bondage. The time is overdue for helping those dreams become reality.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Study Finds Fewer Terror Prosecutions (AP-Y) 3
Study Finds Sharp Drop In The Number Of Terrorism Cases Prosecuted (NYT) 4
Terrorism Prosecutions Drop (WP) 5
U.S. Sees Drop In Terror Prosecutions (UPI) 6
After A Surge, US Terror Prosecutions Drop To Pre-9/11 Levels (CSM) 7
Fear Factor (TNR) 8
Terror Trial Unlikely Before 2008 (FT) 9
Airline Plot Trial May Be Delayed To 2008 (USAT) 10
Trial In Plane Plot May Wait Till '08 (WP) 11
British School, Searched In Inquiry, Was Used To Train Police (NYT) 11
Police Search Islamic School In South Britain (NYT) 13
The Enemies In Their Midst (LAT) 14
In Britain, The Jihadi Is Us (WSJ) 17
Al Qaeda In Iraq's No. 2 Reportedly Arrested (LAT) 18
Iraq Cites Arrest Of A Top Local Insurgent (WP) 19
Iraqi Official Reports Capture Of Top Insurgent Leader Linked To Shrine Bombing (NYT) 21
33 Bodies Found Scattered Across Baghdad (AP-Y) 22
No. 2 Al Qaeda In Iraq Caught (WT/AP) 23
American In Qaida Video Not High-ranked (AP) 24
Latest Al-Qaida Message Seen As PR Bid (AP-Y) 24
A Mystery Man Who Keeps The FBI Up At Night (LAT) 25
Accepting 'The New Normal' (USNEWS) 29
What We've Learned (TIME) 30
The 'Islamofascists' (NSWK) 30
The Nation That Fell To Earth (TIME) 31
Viewing 9/11 From A Grassy Knoll (USNEWS) 32
Why The 9/11 Conspiracies Won't Go Away (TIME) 32
Setting The Record Straight (TIME) 34
Bump And Grind At Ground Zero (USNEWS) 35
Men On A Mission (USNEWS) 35
Gunman Kills British Man And Wounds 6 In Jordan (NYT) 36
Man Opens Fire At Tourists In Jordan's Capital (WP) 37
For Conservative Muslims, Goal Of Isolation A Challenge (WP) 37

Homeland Response:

Airline-security Incidents Seen As Terrorist Feints (WT) 41
Domestic Security Since 9/11 Is Barely Better, Schumer Says (NYT) 42
Young U.S. Muslims Strive For Harmony (WP) 42
Regional Officials Take On A Simulated Terror Attack On L.A. (LAT) 46
The Terror Consigliere (TIME) 49
Officials Slow To Hear Claims Of 9/11 Illnesses (NYT) 50
Friendship Eases Pain Of Loss For 9/11 Widows (USAT) 52
Storms Remain 'A Threat Hanging Over Market' (WSJ) 54
East Tries To Dry Off After Ernesto (USAT) 55

War News:

Democrats Urge Pentagon Changes (WP/AP) 56
Who Set The Wayback Machine For 1939? (WP) 56
40 Bodies, Many Blindfolded, Are Found In Baghdad; 1980's Execution Site Is Also Uncovered (NYT) 57
7 U.S., British Troops Killed In Iraq Attacks (WP) 58
Iraqis Kill 14 Gunmen Near Karbala (USAT) 59
33 Bodies Found In Baghdad; 7 In Coalition Killed (WT/AP) 60
Killings In Baghdad Escalate Over Past Week (LAT) 60
UN Call For Freer Hand To Defeat Taliban (FT) 62
Deadline To Break Taliban: 6 Months (USAT) 62
U.S. Planes Mistakenly Hit Canadians In Afghanistan (WP) 63
Afghan Symbol For Change Becomes A Symbol Of Failure (NYT) 64

Corporate Scandals:

Securities Trial Begins In Japan For Livedoor Ex-Chief Horie (WSJ) 70
Pleading Not Guilty, Livedoor Founder Remains Defiant (WP/AP) 71
One Route Seems Closed, So Lawyers Try Different Lawsuit In Stock-Option Scandal (NYT) 72

Criminal Law:

Thursday, Capital Grille; Friday, Federal Court (WP) 73
House Of Horrors (USNEWS) 76
Rev. Willis May Not Speak At Ryan's Sentencing, Judge Rules (AP) 76
Willis Father Won't Testify (CHIT) 77
Willis Not Allowed To Testify At Ryan Sentencing (CHIST) 78
Suspected Cop Killer Sought In N.Y. (USAT) 78
The Flameout Of The Plame Game (WT) 79

The Plame Blame Game (LAT) 82
Laws Address Dogs' Potential For Danger (USAT)..... 82

Civil Law:

Judge Shelves Efforts By Airbus To Disqualify Boeing's Lawyers (WSJ) 83
Big Tobacco, Lawless As Ever (WP) 84

Civil Rights:

White House Fights Race-Based Admissions Policies (WP) 84
Inside Politics (WT) 85
Emmett Till Bill Before U.S. Senate (JCL) 87
Furor Over Lethal Force By Police Points To Cost (LAT)..... 88
In Search Of Accurate Vote Totals (NYT)..... 89
Hands Off Constitutions (WP)..... 90

Antitrust:

Clear Skies Behind Easing Of Airline Rules, KLM's 20-Year Urge To Merge (WSJ)..... 91
Stanley Leisure Gets Tie-Up Offer After Failed Deal (WSJ)..... 94
EU Clears GE, Credit Suisse Project (WP/AP) 94
Backers Of Wright Bill Face Tight Deadline (FWST)..... 94

Environment:

Bush: Reliance On Foreign Oil Stunts Growth (USAT)..... 96
Bush Labor Day Address Cites Tax Cuts, Foreign Oil (WT) 96
Ehrlich, Steele Absent From President's Md. Visit (WP) 97
Bush Marks Labor Day In Md. (BSUN)..... 98
Forsaking Politics, Bush Has Low-Key Labor Day (NYT)..... 99
Bush Says Education Is Key For Workers (LAT)..... 100
Dip In Gas Prices May Lift Entire Economy (CSM) 100
GOP: Gas Gimmick Is Illegal (RC) 101
Formula Change Worries Keep Diesel Prices Up (USAT) 102
Oil Prices Ease As Demand, Risk Fall (WP/BLOOM) 103
BP Hires Former Judge To Be U.S. Ombudsman (WSJ) 103
Staining The Land Forever (NYT)..... 104
Tree-Planting Drive Seeks To Bring A New Urban Cool (WP).. 105
Errors, Costs Stall Nuclear Waste Project (LAT)..... 107
True Wilderness, And False (NYT)..... 109

FBI/DEA/ATF/USMS:

Drug Agency Probing Sacramento Fire's Missing Morphine (AP)110
Probe Widens In Firetruck Drug Thefts Who Took Morphine From Sealed Vials? Feds Are Called In To Help. (SACBEE)..... 110
Texas Sees Spike In Demand For Stronger Meth From Mexico (AAS) 111
Border Patrol At Top Nationally In Detainments, Seizures (BH) 113
Colombian Warlord's Body Found In Grave (AP)..... 114
Once A Progressive State, Minnesota Is Now A Fief Of The N.R.A. (NYT)..... 115

Immigration:

Immigration Drops Off The Political Calendar (USAT) 116
G.O.P. Sets Aside Work On Immigration (NYT)..... 117
Rallies Fail To Energize Hispanic Turnout (WT/AP)..... 118
Immigrant-rights Supporters Rally Outside Hastert's Home Office (CHIT)..... 119
Rallies Sound The Drumbeat On Immigration (NYT) 120
Immigrant Advocates Rally For Change In Ariz. (USAT)..... 121
Graham Poses For GQ, Or Does He? (RC)..... 121
We're Just Enforcing The Law (USAT)..... 122
Congress' Fiddling Leaves Cities Fighting Illegal Immigration (USAT) 123

Tax:

Bookie Says IRS Can't Prove He Owes $2.4 Million In Taxes (CLPD) 123
IRS Sends Collection Agencies Calling For Back Taxes (USAT)124
Attacking Inequality (WP)..... 125

Congress-Administration:

Congress's Fall Agenda Takes Shape (WSJ) 126
GOP Readies Security Theme (RC)..... 127
Security Is Atop GOP's Agenda (LAT)..... 129
Congress's Last Stand (WSJ)..... 130
A Millionaire Club Of High Court Justices (LAW)..... 131
Justices Around The World (WP) 132
White House On Hunt For A Medicare Chief (NYT)..... 133
Medicare Chief May Step Down, For Think Tank Or Academic Job (WSJ) 134
Washington Whispers (USNEWS)..... 134
Tomlinson: Horsing Around At The Office? (NSWK)..... 135
Congress's Agenda Includes Pay Raise, Personnel Issues (WP)135
Organizing Gambit (WSJ)..... 136
Health Policy Malpractice (NYT)..... 137

Other News:

Law May Hasten Decline Of Pensions (LAT) 138
Cost Of Pensions Adds To Factory Town's Troubles (NYT)..... 139
Felt Called Too Ill For Travel To Court (WT) 142
Democrats Poised To Take Control Of The House (RC) 142
The Rise Of The Lincoln Democrats (WP) 144
History Favors Democrats In Congress Races (WT) 145
Senator Backs The War In Iraq And Rumsfeld In A TV Debate (NYT) 147
Santorum Defends President, Iraq War (WP) 147
Casey And Santorum Mix It Up (WT) 148
Independent Bid For Chafee 'Off The Boards' (WT)..... 149
'Mortgage Moms' May Star In Midterm Vote (WP) 150
Poll: Michigan Governor Race About Even (AP-Y) 152
NRA Finds A Welcome Audience At State Level (WP)..... 152
Armey Mobilizing Troops For Battle (RC)..... 154
Candidates Hustle On A Day Of Politics And Parades (WP) 155
Webb Put To Test With Vietnam Case (WT)..... 157
Hackles Start Rising In Race For Florida Governor (NYT)..... 157
Hopefuls See Fla. Race As '08 Bellwether (AP-Y) 159
New Questions Emerge Over Stem-Cell Research Claims (WSJ) 160
Number Of Uninsured Children Rises (WP) 161
Christian Coalition Is Splintering (LAT) 162

DOJ_NMG_0057118

Veneration Gap A Popular Strategy For Church Growth Splits Congregants (WSJ) 164
Up For Re-election, And Backing His Stand On Iraq By Deploying (NYT) 166
Reagan Wins Another Vote, To A Place In Congress (NYT) 168
A Political Blueprint With Room To Build On (WP)..... 169
Why I'm Taking On Spitzer (WSJ) 170
California's Condom Bill (NYT) 171
It Was Fun While It Lasted (NYT) 171
Adrian Fenty For Mayor (WP) 172
U.N. Expects To Mediate Talks On Captured Israelis (NYT) 173
Annan To Mediate Soldiers' Release; Qatar Pledges Peacekeeping Troops (WSJ/AP)..... 174
Lebanon Mission Under Fire In Indonesia (FT) 175
Lebanon Seeks To Reassert Sovereignty Over Borders (WP) . 176
Khatami Arrives As U.S. Weighs Sanctions On Iran (WP)..... 177
Iran 'accepts Two-state Answer' In Mideast (FT) 178
U.S., Iran Share Interests In Iraq, Khatami Says (USAT)..... 179
Geopolitics Casts Pall On Hobbled Iranian Economy (USAT) .. 180
Across Palestinian Territories, Support For Hamas Erodes (CSM)..... 182
Over U.S. Objections, Israel Approves West Bank Homes (NYT)183
Sudan Gives African Union An Ultimatum (NYT) 184
Sudan: AU Must Accept Deal On U.N. Force (AP) 185
Sudan's Offensive Comes At Key Time (WP) 186
Somalia, Islamic Militia Sign Agreement (AP) 187
Russia's Electricity-Liberalization Plan Advances (WSJ) 188
Georgian, Russian Relations Strained Anew By Shooting (WP)189
Kenya Killings Put Aristocrat In Racial Fire (NYT)..... 190
The Toll Of Small Arms (NYT) 191
The Nurses' Tale (WSJ)..... 192
Mexico: Democracy Under Threat (WP)..... 194
The Lost Children Of Haiti (NYT) 196

TERRORISM NEWS:

Study Finds Fewer Terror Prosecutions (AP-Y)

By Michael J. Sniffen, Associated Press Writer

AP, September 5, 2006

Despite a sharp increase in the prosecution of terrorism cases just after Sept. 11, 2001, only 14 of the defendants have been sentenced to 20 years or more in prison, according to a study based on Justice Department data.

Of the 1,329 convicted defendants, only 625 received any prison sentence, said the study, released Sunday by the Transactional Records Access Clearinghouse, a data research group at Syracuse University. More than half of those convicted got no prison time or no more than they had already served awaiting their verdict.

The analysis of data from Justice's Executive Office of U.S. Attorneys also found that in the eight months ending last May, Justice attorneys declined to prosecute more than nine out of every 10 terrorism cases sent to them by the FBI, Immigration and Customs Enforcement and other federal agencies. Nearly 4 in 10 of the rejected cases were scrapped because prosecutors found weak or insufficient evidence, no evidence of criminal intent or no evident federal crime.

The report comes at a difficult time for the Bush administration: It is sagging in public opinion polls just before congressional midterm elections. Democrats hope to regain control of at least one house of Congress, and President Bush has urged Republicans to run in part on his record in the war on terror.

"There are many flaws in the report," said Justice Department spokesman Bryan Sierra. "It is irresponsible to attempt to measure success in the war on terror without the necessary details about the government's strategy and tactics."

For instance, Sierra said, prison sentences are "not the proper measure of the success of the department's overall counterterrorism efforts. The primary goal ... is to detect, disrupt and deter terrorist activities."

Because prosecutors try to charge potential terrorists before they act, they often allege fraud, false statements or immigration violations that carry lesser penalties than the offenses that could be charged after an attack, Sierra said. This "allows us to engage the enemy earlier than if we waited for them to act first."

TRAC totaled the cases that prosecutors labeled as terrorism or antiterrorism no matter what charge was brought. It found only 14 prosecutions in fiscal 2000. That rose to 57 in fiscal 2001, which ended three weeks after the Sept. 11 attacks. The figure then soared to 355 in fiscal 2002. But by fiscal 2005 it dropped to 46. And in the first eight months of fiscal 2006, through last May, there were only 19 such prosecutions.

Past critics of administration tactics found both favorable and unfavorable possible explanations.

The sharp decline in prosecutions may show that prosecutors have moved away from "all kinds of secondary infractions" they pursued early on, said Steven Aftergood, director of the Federation of American Scientists' government secrecy project. Those early cases drew criticism that Arab-Americans were rounded up based on mere racial profiling.

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The small number of long prison sentences shouldn't be a surprise because "terrorism is actually very rare — far more people are killed in ordinary street crime," said James Dempsey, policy director of the Center for Democracy and Technology.

Nevertheless, terrorism poses a risk of catastrophic loss of life, "so agencies must pursue a lot of leads that do not pan out," Dempsey added. "We can't blame the FBI for pursuing those leads, but we can blame them and the Justice Department for arresting people and making a big media splash when things don't pan out."

Meredith Fuchs, general counsel at the National Security Archive at George Washington University, said the light sentences could mean "we are catching people at the margins, not at the center of the plots."

"The surge right after 9/11 make sense," Fuchs added, "but the drop-off so quickly means either a lot of that post-9/11 activity was not necessary or that they haven't identified key people or that key people in custody aren't being prosecuted."

At the penalty trial of al-Qaida conspirator Zacarias Moussaoui, the government acknowledged that it has captured most of the Sept. 11 ringleaders including mastermind Khalid Shaikh Mohammed and operations coordinator Ramzi Binalshibh. Although prosecutors suggested they might be charged somewhere someday, the government has never disproved persistent allegations they were tortured during interrogations overseas and thus cannot be tried in U.S. courts.

If prosecutions "have been compromised by unlawful interrogation or surveillance, that would be worse than ironic," Aftergood said. "It would mean the government has performed in a self-defeating manner."

Justice reported in June that 441 defendants were charged and 261 convicted or pleaded guilty in terrorism or terrorism-related cases from investigations conducted primarily after Sept. 11. Citing those figures, Sierra said the department's strategy "has helped protect this country from terrorists since the attacks of September 11th."

Unlike the data from the Executive Office of U.S. Attorneys, the June figures did not contain definitions of which cases were looked at. Former New York Times reporter David Burnham, TRAC's co-director, said Justice officials refused to give TRAC the definitions used in compiling the June figures on grounds that might undermine anti-terrorism enforcement.

"An empirical study like TRAC's cuts through the rhetoric, lets us see just how many terrorists are being brought to justice," Aftergood said. "The data suggest that some of the official rhetoric is misleading."

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On the Net:

Transactional Records Access Clearinghouse study: http://trac.syr.edu/tracreports/terrorism/169

Justice Department: http://www.usdoj.gov

Study Finds Sharp Drop In The Number Of Terrorism Cases Prosecuted (NYT)

By Eric Lichtblau

The New York Times, September 4, 2006

WASHINGTON, Sept. 3 — The number of terrorism cases brought by the Justice Department, which surged in the aftermath of the Sept. 11 terrorist attacks, has dropped sharply since 2002, and prosecutors are turning down hundreds of cases because of weak evidence and other legal problems, according to a study released Sunday.

The study, conducted by a private research group at Syracuse University, found that federal prosecutors have declined to prosecute two of every three international terrorism cases brought to them by the Federal Bureau of Investigation and other agencies since 2001.

The rejection rate was even higher for the first eight months of the current fiscal year, with 91 percent of the referred cases turned down for prosecution, the research group said. Among the most frequent explanations cited by prosecutors, the study found, were a lack of evidence of criminal intent by the suspect and “weak or insufficient” evidence.

The numbers brought differing interpretations from legal analysts, prosecutors and government officials, many of whom said they were surprised by the findings, and are likely to add to the debate over the administration’s legal tactics in prosecuting the fight against terrorism. The Justice Department immediately took issue with the study’s methodology and its conclusions.

The study “ignores the reality of how the war on terrorism is prosecuted in federal courts across the country and the value of early disruption of potential terrorist acts by proactive prosecution,” said Bryan Sierra, a Justice Department spokesman.

“The report presents misleading analysis of Department of Justice statistics to suggest the threat of terrorism may be inaccurate or exaggerated,” Mr. Sierra added. “The Department of Justice disagrees with this suggestion completely.”

Department officials declined to discuss any details of what they considered the flawed methodology.

Since the Sept. 11 attacks, the Bush administration has pursued a strategy of investigating and prosecuting terrorism suspects within the United States to “pre-empt” attacks, rather than waiting for them to unfold.

The strategy, which administration officials say helps explain the absence of any further attacks on American soil, has been seen in cases like the arrests of seven men in Miami in June in a plot that the F.B.I. said was “more aspirational than operational.”

The approach has led critics of the Bush administration to say that prosecutors are routinely bringing terrorism charges in cases that do not warrant them. But the data from the Syracuse group suggests that for every prosecution like the one in Miami, there are many other investigations that never become public because prosecutors conclude there is not enough evidence to take them to court.

The F.B.I. and other federal agencies bring what are known as referrals in cases in which the investigating agency recommends that federal charges be considered, often after investigations lasting months or years.

In 2001 and 2002, the Syracuse study found, federal prosecutors turned down only about 35 percent of the referrals brought to them in international terrorism cases. But that rate has climbed sharply over the last four years, with rejection rates of 77 percent in 2003, 65 percent in 2004, 82 percent last year and the 91 percent this year.

Last year, the Justice Department prosecuted 46 international terrorism cases — down from 355 in 2002 in the spike that followed the Sept. 11 attacks — but it declined to bring charges in 209 cases the F.B.I. or other agencies had referred, the study found.

The statistics "raise profound questions about how well the government is doing in dealing with this very difficult problem of terrorism," said David Burnham, co-director of the Transactional Records Access Clearinghouse at Syracuse University, which conducted the study by obtaining hundreds of thousands of records through a lawsuit brought under the Freedom of Information Act.

"It is clear that the prosecutors are deciding that a lot of the investigations being recommended do not cut the mustard and do not meet their standards,'' Mr. Burnham said.

In all, the study found that in nearly 6,500 cases treated by the Justice Department as "terrorism" investigations since the Sept. 11 attacks, about one in five defendants have now been convicted. The median sentence for those convicted in what were categorized as "international terrorism" cases — often involving lesser charges like immigration violations or fraud — was 20 to 28 days, and many received no jail time at all, the study found.

The Justice Department, which has tightened the way it defines terrorism cases over the last five years, cites a much higher rate of success. Examining only those cases in which someone was actually charged, it said in a report in June that it had secured convictions or guilty pleas against 261 of the 441 defendants accused in connection with terrorism since the Sept. 11 attacks.

Brian Levin, an associate professor at California State University, San Bernardino, who studies terrorism prosecutions, said the numbers clearly reflected the government's efforts to swiftly halt any possible plot, including many that might prove unfounded.

"The data suggests that if there's a whiff of suspicion, they will come down in any way possible against a suspect and sort the evidence out later," Mr. Levin said. "They're obviously casting a broad net but throwing a lot back into the sea."

A federal terrorism prosecutor agreed with that assessment. "You have to chase dead ends a lot of times — it's inherent in this business," said the prosecutor, who spoke on condition of anonymity because he was not authorized to discuss the issue.

Moreover, in smaller-scale cases like identity theft or immigration fraud that may have some nexus to terrorism, the government may not have the time or resources to fully pursue a case, leading prosecutors to reject the filing of charges.

"The F.B.I.'s looking for bomb throwers," the prosecutor said, "and we have a lot of small cases that there are no resources devoted to."

Terrorism Prosecutions Drop (WP)

By Dan Eggen, Washington Post Staff Writer

The Washington Post, September 4, 2006

Analysis Shows a Spike After 9/11, Then a Steady Decline

Justice Department prosecutions of international terrorism cases, which surged in volume after the Sept. 11, 2001, attacks, have nearly returned to the levels seen prior to the hijackings, according to an independent analysis of government data released yesterday.

The study of data by the Transactional Records Access Clearinghouse (TRAC), an affiliate of Syracuse University in New York, also showed that as many as nine out of 10 terrorism investigations do not result in prosecutions, that most charges are not related to terrorism and that only about a third of those prosecuted end up in prison.

The findings, based on data compiled by the Justice Department's Executive Office for United States Attorneys, echo previous analyses by The Washington Post and others showing that most defendants in terrorism cases are charged with crimes unrelated to terrorism and that many serve little or no prison time.

But the TRAC data provide new insight into the extent to which prosecutions surged immediately after the Sept. 11 attacks, only to return to the far lower levels of previous years.

In 2002, federal prosecutors filed charges against 355 defendants in international terrorism cases, the study said. By last year, that number had dropped to 46, fewer than in 2001. Just 19 such cases have been prosecuted so far this year, the study said.

The TRAC report called the decline in prosecutions "unexpected" and said it seemed to contradict regular warnings from the government that the threat of global terrorism is higher than before.

"Considering the numerous warning statements from President Bush and other federal officials about the continuing nature of the terrorism threat . . . the gradual decline in these cases since the FY 2002 high point and the high rate at which prosecutors are declining to prosecute terrorism cases raises questions," the report said.

But Justice Department spokesman Bryan Sierra said in a statement last week that the report contains "many flaws" and "misleading analysis." He said that sentencing statistics are not a good measure of the department's counterterrorism efforts, and that it is not surprising that many referrals from the FBI or other investigative agencies do not result in prosecutions.

"This report does not take into account the significance of the Justice Department's successful strategy of prevention through prosecution, which has helped protect this country from terrorists since the attacks of Sept. 11th," Sierra said. "The department will continue to employ this strategy and work tirelessly to prevent another attack on U.S. soil."

In effect, the dispute over the TRAC findings is the latest in a series of disagreements over the effectiveness of the Justice Department's anti-terrorism efforts, which can be measured in a number of ways. The TRAC study, for example, is based on month-by-month data compiled by the U.S. attorney's office and includes more than 6,400 referrals in "international terrorism" and "antiterrorism" cases since Sept. 11.

Attorney General Alberto R. Gonzales and other senior Justice officials, however, have frequently relied on a much smaller list of terrorism-related cases compiled by the Criminal Division, which as of June included 441 defendants and 261 convictions.

An earlier Post analysis of that list found that most of the defendants were charged with crimes unrelated to terrorism and that nearly half had no demonstrated connection to terrorists. Many were even explicitly cleared of terrorism links by the FBI or prosecutors, yet their cases were still tallied as terrorism-related convictions by the Justice Department.

The TRAC study found that prosecutors have declined to bring charges in about two-thirds of the nearly 1,400 international terrorism cases referred by the FBI and other agencies over the last five years, often because of weak evidence or a lack of evidence. In 2006, the rate has climbed to nine out of 10 referrals.

The study identified 213 convictions, including 123 defendants who were sentenced to prison. Many of the cases included non-terrorism charges, such as credit card fraud, immigration violations or money laundering.

Deputy Attorney General Paul J. McNulty, who released a "white paper" in June defending the department's counterterrorism record, has said prosecutors often must use minor charges to deal with suspects who may pose a potential threat.

Sierra reiterated that point in his statement: "Calling upon a wide range of offenses allows us to engage the enemy earlier than if we waited for them to act first, accomplishing the vital goal of disruption and prevention."

Bruce Hoffman, a terrorism expert and Georgetown University professor, said the drop in prosecution numbers makes sense and should not be viewed as a sign that the threat posed by terrorists within the United States is overblown. Instead, he said, it is probably a sign that federal prosecutors are "getting better at separating the wheat from the chaff."

"You want a balance between not looking under every bed but also guarding against real threats," he said. "Especially after 9/11, there was an inclination to just vacuum up everything. There may be a greater sense of discrimination now between what is and what isn't important."

U.S. Sees Drop In Terror Prosecutions (UPI)

UPI, September 5, 2006

The U.S. Justice Department says a study that shows declining prosecutions on terror-related charges is misleading, the Washington Post reported Monday.

The study by the Transactional Records Access Clearinghouse, an affiliate of Syracuse University in New York, said prosecutions surged after the terror attacks of Sept. 11, 2001, but have now returned almost to the level before the attacks.

In 2002, federal prosecutors filed charges against 355 defendants in international terrorism cases, but by last year, the number had dropped to 46, fewer than in 2001. Just 19 terrorism cases have been prosecuted so far this year, the study said.

Justice Department spokesman Bryan Sierra said in a statement the report contains "many flaws" and "misleading analysis."

"This report does not take into account the significance of the Justice Department's successful strategy of prevention through prosecution, which has helped protect this country from terrorists since the attacks of Sept. 11th," Sierra said. "The department will continue to employ this strategy and work tirelessly to prevent another attack on U.S. soil."

After A Surge, US Terror Prosecutions Drop To Pre-9/11 Levels (CSM)

By Alexandra Marks

The Christian Science Monitor, September 5, 2006

NEW YORK

With great fanfare, the federal government last March announced indictments against 19 people for "racketeering to support a terrorist organization." The allegation: They trafficked in contraband cigarettes and other items and sent some of the profits to Hizbullah in Lebanon, which the US calls a terrorist organization.

In the announcement, a US attorney said the terror fight is his office's No. 1 priority. But lawyers for some of those charged claim their clients had nothing to do with terror. At best, they say, their clients may have been involved in "nickel-and-dime" criminal activity.

The contrasting views of this case illustrate the difficulties encountered by the federal government in prosecuting terrorism. A new analysis of federal data since 9/11 also underscores the difficulties: It finds that the number of criminal prosecutions for international terrorism in the US has dropped sharply.

After spiking up in the aftermath of the attacks, the number of prosecutions started to decline in 2004 and now stands at pre-9/11 levels, according to a report by the Transactional Records Access Clearinghouse (TRAC) at Syracuse (N.Y.) University. In addition, the length of sentences served by those convicted of international terror-related crimes has dropped from a median of 41 months prior to 9/11, to 28 days in the two years following the attacks.

Analysts say one reason for the drop is the intensity of the law-enforcement activity in the immediate aftermath of the attacks, which then leveled off. Critics also point to the way the government conducts its homeland-security policy: They raise questions about the effectiveness of its current surveillance and intelligence operations, and also ask whether the threat of terrorism has been exaggerated.

The Department of Justice counters that the report "presents a misleading analysis," and it strongly objects to the suggestion that the threat of terrorism may be exaggerated. It says the TRAC report ignores the DOJ's "successful strategy of prevention through prosecution." "It is irresponsible to attempt to measure success in the war on terror without the necessary details about the government's strategies and tactics," said Bryan Sierra in a prepared statement.

The Justice Department says that by going after small offenses - such as fraud - it's able to disrupt terrorist activity. It declined to provide a spokesperson to address directly some of the issues raised in the TRAC report.

An independent review by the Monitor of dozens of cases categorized by the government as terrorism or terrorism-related supported the findings in the TRAC report. The Monitor review - which covered cases characterized by the Justice Department as successful terror prosecutions, as well as those included in the TRAC data - found many cases had tenuous connections to terrorism and resulted in little, if any, jail time.

For instance, the case of a Kentucky businessman who pleaded guilty to lying about selling forklift parts to an Iranian truck manufacturer was categorized as a successful prosecution related to "international terrorism." The businessman was sentenced to 50 hours of community service and a year of probation.

Other cases, like the Michigan cigarette smugglers, show a pattern of government overreaching, say lawyers for some of the defendants. For instance, they note that in the indictment, many of those named are not charged with an overt act of giving money to a terrorist organization - just associating with people who did.

"These guys have never contributed a dollar to Hizbullah and wouldn't in a thousand years," says James Burdick, who represents Majid Hammoud and his brother.

The terrorism cases that did result in longer jail terms (14 resulted in 20 years or more) were usually the result of a government sting operation, like the case of Shahawar Matin Siraj. He was convicted last May of plotting to blow up the Herald Square subway station in New York prior to the Republican National Convention.

"Had we not intervened, had we not put an informant next to them, would these really have been terrorist attacks? We don't know," says Brian Jenkins, a terrorism expert at the RAND Corp. in Santa Monica, Calif.

Jenkins and other terrorism experts say they're not surprised by the significant drop in terrorism prosecutions, in part because of the spike in the number of arrests in the immediate aftermath of 9/11.

"The FBI grabbed the good stuff quickly. People who were at risk of being deemed terrorists or were terrorists went underground," says Jonathan Winer, a terrorism expert in Washington. "It may well be that there's not a lot to work with now, only really hard cases with shards of information left."

That may figure into another TRAC finding: US attorneys declined to prosecute about two out of three cases (748 cases out of 1,391) categorized as "international terrorism" that were referred to them by investigative agencies. In the first six months

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of this year, nine out of 10 referrals were declined. "That's a very high declination rate," says Christopher Bebel, a former federal prosecutor.

At least one former FBI agent does not find it unusual that the US attorneys are declining to prosecute the vast majority of terrorism cases brought to them.

"Terrorism cases are a whole lot of work, and the likelihood of getting a conviction is very low," says Christopher Hamilton, senior fellow for terrorism at the Washington Institute for Near East Studies and the former chief of Palestinian investigations in the FBI.

Fear Factor (TNR)

By John B. Judis

The New Republic, September 5, 2006

On August 28, The New York Times ran a story on its Web page, "details emerge in british terror case," about the plot to blow up airliners that British investigators claimed to have uncovered last month. But the story did not appear in the newspaper itself nor in The International Herald-Tribune, its international edition, and it can't be found on LexisNexis. And the Times, fearing that it violated British law forbidding the revelation of details of a pending court case, blocked British Internet users from seeing the article.

The article did much more than reveal a few details about the pending case. It contained the most recent, and most damning, revelations about how American and British officials initially presented the case. According to sources quoted by the authors, these officials--including Michael Chertoff, the head of the Department of Homeland Security--grossly exaggerated the threat that the plotters posed. The 25 people that the British arrested were, to be sure, up to no good. But whether they were about to blow up U.S. airliners headed westward from London's Heathrow is not entirely clear, and it wasn't clear on August 10 when the case broke into the press. Here, briefly, is how what were initially claimed to be indisputable facts about the Heathrow plot that have become widely disputed.

On August 10, British and American officials announced that they had "disrupted," in the words of Scotland Yard, "a major terrorist plot to allegedly blow up aircraft in mid-flight." In statements to the press, officials made the following assertions:

· According to senior Bush administration officials, the plotters had devised an elaborate plan to blow up nine (or ten) planes from British Airways, United, Continental, and American Airlines that were headed from Heathrow to Washington, D.C., New York City, and California. It included smuggling the components of the explosive tatp onto airlines along with detonators. At a news conference, Chertoff called the plot "sophisticated." According to Time, a senior official estimated that "about 2,700 people would have perished." These kinds of detailed descriptions of the plot appeared on the major networks and in reports from the wire services and in major newspapers and newsmagazines.

· The attack was imminent. According to Chertoff, the plot was "getting really quite close to the execution phase" and was "in the final stages of planning before execution." While the arrests had disrupted the plot, there was no evidence that they had completely blocked it. "We cannot assume that the threat has been completely thwarted," Chertoff said in justifying the first red alert in five years for U.S. airlines. "I think it's pretty clear that, in this case, we don't have everybody," White House homeland security adviser Frances Townsend warned the Associated Press.

· While those arrested were British Muslims, they were thought to be acting on behalf of or in coordination with Al Qaeda. A "senior US intelligence official" told The Boston Globe, "There are suspicions that there is a real Al Qaeda connection--not just Al Qaeda wannabees or inspire-ees." Pakistani and American officials claimed that the "operational planner" of the conspiracy was Rashid Rauf, a British citizen, whom the Pakistanis said had admitted under interrogation of having met with an Al Qaeda leader in Pakistan.

There are, of course, other details that came out, but these are the main ones; and, over the last three weeks, doubts have been raised about each one of them. If the initial story offered by Chertoff and Townsend--and their British and Pakistani counterparts--represents a house, then that house is now tottering on its foundations and ready to collapse in ruins.

Accounts contradicting the original story have appeared, among other places, in The New York Times, The Boston Globe, and the Los Angeles Times, inviting skepticism from my colleague Andrew Sullivan. These accounts appear to have been inspired by leaks from American and British officials. In addition, a source familiar with Pakistani intelligence has told The New Republic that similar doubts about the official story exist within Pakistani ranks.

Did the plotters have a detailed plan that was to be put into effect imminently? According to British officials, there was no evidence that the plotters had agreed on specific planes or set a date. They describe the estimate of ten places as, according to The New York Times, "speculative and exaggerated." The plotters were not even ready to make a dry run, let alone execute the actual bombing. Two of the suspects did not even have passports, without which they could not have boarded a plane. They

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were experimenting with chemical explosives--hmtd, as it turned out, not tatp--but a chemical expert has raised doubts about whether they could have pulled off an explosion, which requires considerable knowledge and skill.

Was there still a "red alert" danger after the plotters were apprehended? The British themselves had them under close surveillance for months. Authorities, the Los Angeles Times reported, "were confident that their surveillance, assisted by Pakistani security forces, was meticulous and that an attack was not imminent." On August 11--the same day that Townsend was warning of further danger from the terrorists--British Home Secretary John Reid told reporters that he was confident that the main suspects were in custody. Of course, it is conceivable that a duplicate cell of plotters existed, but the British had no evidence of one.

Was the plot an Al Qaeda operation? Rauf himself had been busted by the Pakistanis the day before the London arrests, and, according to the Pakistanis, had admitted--allegedly under torture--to having made contact with Matiur Rehman, whom the Pakistanis claim is an Al Qaeda operative. But that's hardly proof of Al Qaeda direction. Moreover, Rauf's role remains unclear. A British counterterrorism official told the Los Angeles Times that Rauf was not the plot's "mastermind." And Rauf's actual connection to Al Qaeda is also suspect. Rauf has been linked to Jaish-e-Mohammed, which operates in Kashmir. There could still be an Al Qaeda link. But, like all the initial details of this case, it remains in doubt.

As the details have become murky, what has also been cast in doubt is the explanation of why the arrests were made in the first place. According to British officials, the Brits did not want to arrest the plotters; they preferred to see who else, over the next months, the plotters recruited and made contact with. But their hand was forced when the Pakistanis arrested Rauf on August 9. Why the Pakistanis did so remains unclear, but there is a speculation that they did so at U.S. urging. "There have been reports that U.S. officials pushed for the arrest," the Los Angeles Times reported on August 20.

Once the arrest was made, the British decided to act, but exactly why they did so also remains unclear. According to The Boston Globe, the British became concerned when one of the suspects disappeared. British officials also claimed that, after Rauf's arrest, one of his associates had sent a message to the plotters that ordered to "go now" with the plan. But a British official later told The New York Times that the message was not that explicit.

Another possibility, voiced by Pakistan's dissenting press, is that George W. Bush, Tony Blair, and Pervez Musharraf accelerated the crisis for political reasons--Bush and Blair to buttress their flagging popularity and Musharraf to endear himself to his chief protector, the United States. Pakistan's Daily Times says the recent revelation reinforces "the sceptics who have alleged that the brouhaha was created by the US and British governments, in collusion with Pakistan, to help stabilise the falling ratings of President George Bush and Prime Minister Tony Blair." That's mere speculation, of course.

hat is clear is that, once the arrests were made, the Bush administration used the threat to stoke public fears about "Islamic fascism" while portraying itself and the Republican Party as the only ones capable of quieting these fears. Said Bush on August 10 in Green Bay: "The recent arrests that our fellow citizens are now learning about are a stark reminder that this nation is at war with Islamic fascists who will use any means to destroy those of us who love freedom, to hurt our nation ... [O]bviously, we still aren't completely safe, because there are people that still plot and people who want to harm us for what we believe in. It is a mistake to believe there is no threat to the United States of America." Townsend was quick to suggest that the administration had a hand in apprehending the "Islamic fascists." "This shows how we're better equipped to fight the enemy now," she told Newsweek.

Republican politicians, facing election challenges in November, were quick to exploit the official version of the Heathrow plot. Montana Senator Conrad Burns, who is eager to change the conversation in Montana from his connections to Jack Abramoff, ran an ad that began: "This is Conrad Burns. Islamic terrorists plotted to blow up ten planes. But they were stopped because the terrorists' conversations were monitored. We must remain on guard ... Even after confirmed successes, Jon Tester, liberal judges, and their allies oppose anti-terror programs."

None of this is to suggest that the United States and Great Britain don't face a threat of terrorist attack from radical Islamic militants. If the Heathrow plotters had been allowed to operate with impunity, they might have succeeded sometime this fall or early next year in blowing up ten airliners. But, by hyping the danger--as he had previously done with the threat from Iraq's weapons of mass destruction--Bush administration officials create the possibility that the public, when it sees through the administration's attempt to manufacture hysteria, will turn cynical and not take seriously the need to remain vigilant in the face of a genuine threat from abroad.

John B. Judis is a senior editor at The New Republic and a visiting scholar at the Carnegie Endowment for International Peace.

Terror Trial Unlikely Before 2008 (FT)

By Nikki Tait

Financial Times, September 5, 2006

A trial of the individuals charged with conspiracy to murder in connection with last month's alleged terrorist plot to blow up transatlantic aircraft is unlikely to get under way until 2008.

British prosecutors on Monday told a judge at the Old Bailey that, given the potential length of the proceedings and the number of people involved, they did not think it would be possible for a trial to begin before January – or possibly Easter – 2008.

Their preliminary forecast came as eight men, aged between 19 and 28, appeared by video-link at London's Central Criminal Court in front of Mrs Justice Rafferty.

The men have all been charged with conspiracy to murder and preparing an act of terrorism, contrary to the Terrorism Act 2006, and are being held in the high-security prison at Belmarsh in south-east London.

The individuals, mainly with addresses in east London or Walthamstow, are Tanvir Hussain, 25; Umar Islam, 28. Arafat Waheed Khan, 25; Ahmed Abdullah Ali, 25; Ibrahim Savant, 25; Waheed Zaman, 22; Assad Ali Sarwar, 26; and Adam Khatib, 19.

In total, 15 people have been charged as a result of the series of arrests which followed the security services' operation on August 9 and 10.

Five others are still being questioned by police about the alleged plot. This, it is claimed, involved the manufacture and smuggling of component parts of improvised explosive devices on to passenger jets, and then the assembly and detonation of the devices on board.

Monday's hearing dealt with a few very preliminary matters only, and was adjourned for two weeks to allow for further investigations and preparatory work. The eight men were remanded in custody.

The length of time elapsing between alleged terrorism offences and subsequent trials of those charged has varied considerably. However, a couple of years has been common in some of the cases involving multiple defendants.

Last year, after several men were acquitted of the so-called “ricin plot”, proceedings against another four were abandoned.

Some of the initial charges in that case had also taken place about two years earlier.

¦ European Union countries should work together to step up detection of terrorists’ explosives, according to the European Commission, writes Sarah Laitner in Brussels.

In the wake of the thwarted alleged London bomb plot, the Brussels body called for closer co-operation on anti-terror scanning technology.

The EU executive suggested the Union’s member states look at whether to introduce EU certification for equipment including security arches and hand-held metal detectors.

The foiled plot prompted a debate over whether action on airport security was needed across the EU.

Airline Plot Trial May Be Delayed To 2008 (USAT)

USA Today, September 5, 2006

The suspects charged with plotting to blow up U.S.-bound aircraft are unlikely to be brought to trial until March 2008, prosecutor Colin Gibbs told London's Central Criminal Court. Gibbs told the court that the trial would be delayed because detailed studies of items recovered in police raids — including alleged explosive materials, computers, phone records and documents — could take several months to complete.

Eight suspects, all British Muslims, appeared by video link from jail. None of them applied for bail. They were ordered to be returned to custody pending a hearing on Sept. 18. Fifteen people have been charged, five have been released, and investigators have until Wednesday to question five others.

Scientists hail successful moon mission

Europe's first probe to the moon has provided key information that will pave the way for interplanetary missions and shed light on Earth's violent origins, scientists said. “Goals have been fully achieved,” said Giorgio Saccoccia, a European Space Agency division chief. The main goal was to test an electric propulsion system and communication techniques. The unmanned SMART-1 spacecraft ended its three-year mission Sunday with a planned crash into the moon.

Gunman kills British tourist in Jordan

A British tourist was killed and five other visitors and a police officer were wounded when a gunman fired near a tourist site in Amman, Jordan, Interior Minister Eid al-Fayez said. Authorities identified the gunman as Nabeel Ahmed Issa Jaourah, a Jordanian who was captured at the scene, a Roman amphitheater downtown, the Associated Press reported.

Government spokesman Nasser Judeh said investigations showed that the gunman had “no links with domestic or foreign” terrorist networks.

Sudan sets terms for Darfur force

African Union peacekeepers will have to leave Darfur within one week unless they accept a deal that allows them to stay but bars a proposed United Nations force, said Sudan's foreign minister, Ali Ahmed Kerti. Last week, Sudan rejected a U.N.

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Security Council resolution for the deployment of 20,000 U.N. troops and police to replace the ineffective, 7,000-strong AU force. More than 200,000 people have been killed and more than 2 million have fled since 2003, when ethnic African tribes revolted against the Arab-led government.

Wayward whale died of bone disease

A Northern bottlenose whale that swam up the River Thames in January before dying had a bone disease similar to human arthritis, scientists at the Natural History Museum in London said. The mammal had degenerative joint disease in its neck, curator Richard Sabin said. It was the first time a whale had been seen so far upstream since recordkeeping began in 1913.

Trial In Plane Plot May Wait Till '08 (WP)

By Kevin Sullivan

The Washington Post, September 5, 2006

LONDON, Sept. 4 -- Suspects in an alleged plot to bomb U.S.-bound jetliners are unlikely to face trial before 2008, a prosecutor said in court Monday.

Prosecutor Colin Gibbs, citing the large amount of evidence in what police describe as a conspiracy involving at least 11 people, told a judge in London's Old Bailey courthouse that the trial could start as late as March 2008.

Defense attorneys expressed concern that the suspects might be held in jail without bail for more than 18 months before trial.

Eight suspects accused of conspiracy to commit murder, in an alleged plot to smuggle liquid explosives onto jetliners and detonate them in flight, were ordered held without bail until their next court appearance on Sept. 18. Three other suspects facing the same charges are also scheduled to appear in court that day. Police have not announced whether they will bring charges against five other people still being held following raids last month.

The suspects in court Monday, who appeared via video link from Belmarsh prison, are Ahmed Abdullah Ali, 25, Tanvir Hussain, 25, Umar Islam, 28, Arafat Waheed Khan, 25, Assad Ali Sarwar, 26, Adam Khatib, 19, Ibrahim Savant, 25 and Waheed Zaman, 25.

Also Monday, in an unrelated investigation, police in Sussex issued a statement saying they had sent officers and staff at least 15 times for diversity training at an Islamic school currently being searched by anti-terrorism officers from Scotland Yard.

The Jameah Islameah school, set on 54 acres southeast of London, has been the subject of an intensive search by scores of police since Saturday in an operation in which police arrested 14 people on suspicion of terrorism-related offenses. British news media have reported that police suspect the school may have been used by radicals trying to recruit and train violent extremists.

"The school has been used by officers and staff undergoing advanced training for their role as diversity trainers to the rest of the workforce," the police statement said. "This has involved a series of one-day visits to the school by groups of two or three trainers on up to 15 occasions over more than a year."

Police said training at the school helps officers "improve our knowledge and awareness of the many diverse communities that we serve in Sussex." Police said they were "not embarrassed" by the situation, "but inevitably this will have to be reviewed in the light of the weekend's events."

Police are still questioning the 14 people arrested in that case. They have not been identified, and no charges have been brought, yet.

According to widespread reports in the British media, one of those arrested was Abu Abdullah, 42, a close associate of Abu Hamza Masri, a radical Islamic preacher who was sentenced to seven years in prison in February for inciting racial hatred with his sermons.

The Sunday Times on Aug. 27 published an interview with Abu Abdullah in which he said he would "love" to kill British troops in Afghanistan, called the Sept. 11, 2001, attacks a "deserved punch in the nose" for the United States and described President Bush as "a scalp that needs to be taken."

Britain earlier this year enacted legislation making it a crime to "glorify" terrorism; legal experts here say police may be considering using the new law against Abu Abdullah.

British School, Searched In Inquiry, Was Used To Train Police (NYT)

By Alan Cowell

The New York Times, September 5, 2006

LONDON, Sept. 4 — In a strange twist to Britain's newest terrorism scare, a regional police force admitted Monday that it had sent officers for "diversity training" to an Islamic school that the police searched Sunday as part of a crackdown on jihadist recruiters and trainers.

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In a statement, the Sussex police said the Jameah Islameah school south of London "has been used by officers and staff undergoing advanced training for their role as diversity trainers to the rest of the work force."

"This has involved a series of one-day visits to the schools by groups of two or three trainers on up to 15 occasions over more than a year," the statement continued.

The statement cast an ambiguous light on other police actions since 14 people were arrested overnight on Friday in what the police described as a hunt for terrorist recruiters and trainers. Within hours of the arrests, the police sealed off the Jameah Islameah school, located in a former convent and ballet school in rural East Sussex, and began to search its grounds.

Late on Sunday, a court gave the police permission to continue holding three of the 14 people until Wednesday. The court said the other 11 could be held until Friday under new counterterrorism laws permitting 28 days of detention without charge.

The search of the school grounds continued Monday. Its principal, Bilal Patel, has said that, some years ago, Abu Hamza al-Masri, a firebrand cleric now serving a prison term for soliciting murder and inciting racial hatred, had used the school's weekend campgrounds. Mr. Patel said he had asked Mr. Masri not to return.

It was not the first time the school had been linked to allegations associated with terrorism. A report in the local Kent and Sussex Courier in January 1999 quoted local police officials as saying that they were baffled by suggestions that the school's camping facilities may have been used by five Britons held in Yemen and accused of planning terrorist attacks.

The foreign secretary at that time, Robin Cook, told Parliament then that the purported link to the five detainees in Yemen had been investigated and that no British laws had been broken. Separately, the United States authorities are seeking the extradition of Mr. Masri on charges related to the kidnapping of 16 hostages in Yemen, including two Americans, around the same period.

The Sussex police force insisted that it was not embarrassed by speculation about its ties with the school.

The school's Islamic instruction, a police statement said, allowed officers to "take advantage of the resources available to us in the community to improve our knowledge and awareness of the many diverse communities that we serve in Sussex."

The Daily Mirror, which first reported the developments in its Monday editions, teased the police, suggesting that while police personnel "studied the Koran, members of an alleged suicide bomber terrorist cell were being trained for martyrdom almost under their noses."

Initial news reports said most of the people arrested over the weekend were Britons of Pakistani descent. But other reports on Monday said some might have been converts from Christianity. British newspapers said the detainees included Abu Abdullah, an associate of Mr. Masri. Calls to Mr. Abdullah's two cellphones went unanswered.

Police officials have said that the investigation of the school is part of an inquiry into terrorist training and recruitment unrelated to any specific conspiracy, like the alleged plot to bomb trans-Atlantic airliners uncovered on Aug. 10. There have been no arrests among the school's staff.

On Monday, a court returned eight of the people held since Aug. 10 to prison to await their trial, which may not get under way until 2008.

Of those held Aug. 10, 11 have been charged with conspiracy to murder and planning to bomb airliners and four have been accused of lesser crimes. Five more people are being held without charge until Wednesday, when they will have spent the maximum 28 days in detention permitted by the new law.

The rising number of people in detention is just one facet of what Prime Minister Tony Blair depicts as an "elemental" battle with terrorism, fought in places like Afghanistan and Iraq, where Britain has sent thousands of troops in support of American and NATO forces.

The cost is beginning to tell, both in a mounting death toll and in a debate over whether British forces have become overstretched by fighting on several fronts.

In an interview with The Guardian on Monday, Britain's army chief of staff, Gen. Sir Richard Dannatt, said British forces were "running hot, certainly running hot."

"Can we cope?" he asked. "I pause. I say: just."

The general, who took over the position last week, urged a "national debate" over the scale of Britain's defense spending. At the same time, Kim Howells, a Foreign Office minister visiting Afghanistan, said Britain was doing "more than its share of what is required in Afghanistan," the Press Association reported, urging other NATO countries to do more.

The remarks coincided with new fatalities, in addition to 14 British military personnel who died when a Nimrod reconnaissance plane crashed in Afghanistan over the weekend. One British soldier died in a suicide attack on a NATO convoy in Kabul, while two more British troops died near Basra in southern Iraq. A British tourist was also killed in Jordan by a gunman shouting "God is great" in Arabic.

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Referring to the three incidents, Mr. Blair said: "The global terrorist threat, which is trying to stop these countries getting on their feet or to kill vulnerable, innocent people, like has happened today in Jordan, is aimed to make us lose heart and make us fearful about standing up for what is right. Our response has to be to stand firm."

Police Search Islamic School In South Britain (NYT)

By Karla Adam And Alan Cowell

The New York Times, September 5, 2006

MARK CROSS, England, Sept. 3 — In this rich and leafy part of England once known as the stockbroker belt, police officers searched the grounds and buildings of an Islamic school on Sunday, continuing the hunt for jihadist recruiters and trainers that led to 14 arrests in London late Friday and early Saturday.

It is no ordinary school — either by the standards of its failed academic record, its precarious financial status, its enrollment or its mere size and appearance. It is an enormous, Gothic former convent built of red brick on 54 acres of woodlands, with a reported total of 100 rooms housing less than a dozen pupils.

On Sunday, the police cordoned off the school, named for the charity that operates it, Jameah Islameah. Reporters were not allowed close to the location, except for a brief ride in a police van to a closed, black iron gate barring access to the building.

By the admission of its director, Bilal Patel, the estate has been visited by Abu Hamza al-Masri, a firebrand Islamic cleric now serving a seven-year jail term. Mr. Masri used its weekend campgrounds with his followers before being asked not to return.

Mr. Patel did not return calls. Police officials said that he and other staff members and their families had been moved to a hotel. No arrests had been made among the school staff, they said.

People who live nearby in this predominantly white and middle-class area said they had harbored vague suspicions about the doings at the estate since it was bought by Jameah Islameah in 1993, but did not anticipate the turn of events.

"Everyone is surprised," said Steve Hayes, 46, whose modest red-brick home is about 500 yards from the school. "You don't expect international intrigue on your doorstep. There were rumors though. The mere fact that there is an Islamic school of only nine pupils, you think to yourself: that's a bit odd."

Another neighbor, Nicky Newton, 38, said, "The suspicions were always in the back of your mind. You drive around the corner and see a Muslim man in white robes, and that's a little out of place in this village."

A resident, who declined to be identified by name because, he said, he was an army reservist not permitted to speak to reporters, said he had met a white South African accompanying young Muslims at the school.

"I have mostly seen young men aged 18 to 20 in Muslim dress," he said. "I used to fish in the lake on the property, and there was a white South African man who was with the Muslims. And we used to joke that he was there to train them."

The search began early on Saturday after the 14 arrests, mainly at a Chinese restaurant in South London. Those arrested were men aged between 17 and 48, mainly British Muslims of Pakistani descent, according to British news reports. The police have not said what exactly they are looking for, but have indicated the search may take weeks. On Sunday, the police said they planned to search a lake on the estate's grounds.

The Web site of Jameah Islameah says that the estate boasts a tree whose branches have grown into the exact shape of the word "God" in Arabic. "Jameah Islameah is an Islamic Institute designed to cater for the needs of Muslim students," it says.

The school aims "to provide a high standard of academic and Islamic education" for boys ages 11 to 16, the Web site says. It is privately run and teaches subjects including Koranic recitation.

"It is our aim that through the curriculum we will provide pupils with an education, which will encourage each individual pupil to achieve his highest intellectual, spiritual and moral potential within an Islamic environment," the school publicity material says.

Jameah Islameah is a registered charity whose records at the Charities Commission show that it has never made more than around $145,000 a year from donations and fees, spending around $130,000 on upkeep in 2002, according to filings with the commission. Its latest accounts are overdue, according to the commission.

Its students pay fees of around $1,500 a year. The charity bought the former convent in 1992 or 1993 and turned part of it into a boy's school in 2003, according to the British education authorities. The charity also advertises Islamic teacher training courses and other courses for people with no access to Islamic instruction.

But British Education Ministry inspectors recently deemed it unfit for registration as a private school, meaning that it will be obliged to close if it does not make major improvements.

In December, an inspector spent three days at the school and reported that it "does not provide a satisfactory education for its pupils. It has not made sufficient progress towards fulfilling its aims since it was established. It does not provide an adequate preparation and strong foundation for the next stage of the pupils' education."

Last year, the report said, the school had only nine pupils. It identified Mr. Patel as the proprietor and principal, and gave the name of the chief teacher as Rachid Boukhelifa.

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The report said the school building was run-down and “in a poor state of decoration.” The roof over one large room used by pupils had sprung a leak, the report said. “It has not yet entered any pupils for national tests or examinations.”

While the report said the school had created “an orderly, well-disciplined and secure Islamic environment and a friendly atmosphere in which learning can take place,” it listed seven major areas of improvements needed to comply with educational regulations.

Mr. Masri, an Egyptian-born cleric who is now a British citizen, is currently serving a seven-year sentence in Britain for inciting racial hatred and soliciting murder. He is wanted in the United States on charges relating to an attack in Yemen in 1998 on 16 tourists, including two Americans. He has also been indicted in the United States, accused of attempting to set up a terrorist training camp in Bly, Ore., between 1999 and 2000.

The Enemies In Their Midst (LAT)

By Sebastian Rotella

The Los Angeles Times, September 5, 2006

LONDON — The evolution of terrorism in Europe in the five years since the Sept. 11 attacks can be told as a tale of two threats.

The first spread consternation worldwide when it was revealed in London last month. The alleged plot to blow up transatlantic airliners in midair raised again the specter of Britain's "home-grown" problem: militants with British passports and the accompanying resources and Western ways, as well as links to lethal networks in Pakistan.

The second threat unfolded more quietly in Paris. The suspects arrested beginning last year were largely French, but their inspiration came from a North African network that had allied itself with groups in Iraq to forge a strategy for jihad beyond the war zone. The new target: Europe.

In the years since a group of Arab university students hatched a cell in Hamburg, Germany, that changed the world, Europe remains the front line for a post-Sept. 11 generation of extremists. Major attacks struck transport systems in Madrid and London. Amsterdam suffered a high-profile murder. Vast Muslim immigrant communities, primarily Pakistani here and North African on the European mainland, became a prime recruitment pool, with a staging area within striking distance of the United States.

The cases in London and Paris had elements typical of the fast-changing landscape of extremism: Big plans for massacres in the heart of the West. Ambiguity about the imminence of attacks and the nature of networks. And a dangerous nexus of battle-hardened foreign groups with militants born or bred in Europe.

In the years when Al Qaeda leader Osama bin Laden oversaw a multiethnic complex of training camps, the disparate networks intertwined in Afghanistan. Today, British extremists find inspiration and expertise in Pakistan, the suspected hide-out of the remnants of Al Qaeda, European anti-terrorism chiefs say. Extremists elsewhere in Europe gravitate toward hotbeds in North Africa and Iraq.

Open borders, tolerant laws and social alienation combine to create a space for radical activity in Europe that does not exist in the U.S. Muslim community or even in some Muslim countries. The rise of the enemy within makes European leaders even more uncomfortable with the American-coined phrase "war on terror."

"We work very well with the United States in counter-terrorism," said Jean-Louis Bruguiere, France's top anti-terrorism judge. "They are our closest partners. The U.S. approach in one way is fundamentally different than the European approach. The U.S. method, though there has been progress, is still based very much on a military concept of the threat.

"In Afghanistan, where French and American troops fight side by side, that's appropriate. But how can military means do the job when the enemy is not yet identified, well integrated into the social fabric and plotting behind your back?"

With an anti-terrorism apparatus based on aggressive domestic spying and extensive judicial power, Bruguiere and other French security chiefs lead a regional alliance trying to overcome differences in law enforcement cultures. It benefits from partnerships with nations such as Algeria and Morocco.

Despite criticism in Europe of the U.S. detention camp at Guantanamo Bay, Cuba, and secret U.S. "renditions" of foreign suspects, European police acknowledge that they work closely with North African security services whose methods can be brutal but effective.

So the menace should not be overstated: Most European extremist cells are dismantled well before the attack stage. Moreover, the killing of Abu Musab Zarqawi, the Jordanian-born leader of Al Qaeda in Iraq, by the U.S. military this year hurt nascent efforts to build an anti-Western federation spanning Europe, North Africa and the Middle East, said Stefano Dambruoso, an Italian former anti-terrorism prosecutor.

But hundreds, if not thousands, of "graduates" of the Afghan camps and jihadi combat theaters are potential new bosses. And Dambruoso, now a judicial attache to international organizations, worries about the speed with which threats transform. He

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cited the recent case in which Lebanese suspects in Germany allegedly planted suitcase bombs on trains, an attempt seemingly inspired by Al Qaeda ideology and the recent Israel-Hezbollah conflict in Lebanon.

"There is an extremely fast evolution of things, and you can't underestimate the impact in Europe of things happening outside Europe," Dambruoso said. "A lot of people aspire to replace Al Qaeda. There are new leaders we don't know about who seem always more ambitious. You have lots of guys who went to Iraq who were trained concretely. Before that they never had an opportunity to fight; now they are back in Europe and they know how to operate."

As for the old leaders of Al Qaeda, it's not clear to what extent they still call the shots from refuges in the Pakistani-Afghan border area. The direct influence of Bin Laden and his deputy, Ayman Zawahiri, has been curtailed by life on the run. Few post-Sept. 11 plots can be traced to them, investigators say.

"I think Al Qaeda central, the original leaders, are hunted men and devote much energy to avoiding capture," Bruguiere said. "They have been reduced in some cases mainly to propaganda and communication. But I think they still have an operational role as well."

Zawahiri's videotaped claim of responsibility for last year's London transit bombings seems opportunistic and after-the-fact, a British counter-terrorism official said. Nonetheless, this year's alleged airline plot and previous cases here reveal a strong Pakistani connection, whether to Al Qaeda or networks that Dambruoso calls "the sons of Al Qaeda."

The British official said: "It might not matter that much whether Al Qaeda central is involved. I don't think there's clarity or structure that the plotters in the various cases are going back to the same network or individuals in Pakistan. But there's so much there in Pakistan."

Pakistan abounds with Al Qaeda-connected or influenced ideologues, groups and training camps that are sometimes permitted or backed by the Pakistani government security forces, officials say. In Britain, meanwhile, second- and third-generation young people from Pakistani immigrant families have roots here giving them ease of travel and access to sources of funding such as bank loans, front companies or welfare scams. The Internet and the proliferation of ideologues here drive radicalization at home, but recent history shows that the path to violence invariably requires foreign support.

All that explains why Pakistani-British militants are the most dangerous of the moment, the British official said.

"With North Africans, many seem to become involved in terrorism through crime, whereas Brit-Paks are going straight to terrorism," the official said. "They are considerably more inspired, more pure. The scope is much greater. It's the threat. It's way ahead of everything else in terms of complexity. And it multiplies a thousandfold when they disappear back to Pakistan."

In a pattern resembling previous cells aided by planners and trainers in Pakistan, at least seven suspects in the alleged airline plot traveled there, officials say. A group at the heart of the suspected conspiracy was formed by "an experience at a training camp" in Pakistan, a British law enforcement official said.

The suspects communicated with operatives in Pakistan up until their arrest, officials said. There are also signs of travel to and contacts with South Africa that may be related to financing, officials say.

British officials say they have identified a suspected leader in London. They say a man in his mid-20s oversaw the preparation of explosive devices and filming of six "martyrdom" videos in a so-called safe house: a second-floor apartment on Forest Road in Walthamstow, a heavily Pakistani, middle-class area on the eastern edge of the capital.

Investigators believe that the 11 suspects charged with conspiracy to murder also include bomb-makers and half a dozen would-be suicide bombers, officials said. Four suspects are charged with lesser offenses, and five more remain in custody and under investigation.

The suspected plan to use materials for liquid explosives smuggled in sports drinks containers for bombings over the Atlantic recalls a 1995 hijacking plot targeting airliners over the Pacific. The earlier plan was developed in Manila by Khalid Shaikh Mohammed, the Kuwaiti Pakistani godfather of the Sept. 11 attacks, and Ramzi Ahmed Yousef, who is serving a life sentence for his role in the 1993 World Trade Center bombing. But this time, the project may have been developed on Forest Road.

The possibility that a British mastermind aspired to match the carnage of the Sept. 11 attacks has profound implications as the anniversary approaches, officials said.

"It has the same audaciousness," the British official said.

But it raises doubts, too. British and European officials said in recent days that the suspected plotters did not target as many planes as first described publicly. Officials estimate a maximum of six planes as opposed to nine or 10. The group was under audio and video surveillance and had not chosen a date for the attacks, which were at least weeks away, officials said. Some European anti-terrorism officials suggest the initial British accounts were alarmist.

Other questions concern Rashid Rauf, a Birmingham, England, businessman living in Pakistan. His arrest there caused the suspects here to film a martyrdom video, which in turn triggered the police decision to round up the group last month, the British

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counter-terrorism official said. Pakistani authorities describe him as a key figure who has confessed to meeting with an Al Qaeda leader about the plot.

British officials, in contrast, say Rauf communicated frequently with the London group, but his role is unclear. One official said Rauf did not appear to be a mastermind. European anti-terrorism officials worry that information from Pakistan tends to be clouded by political manipulation and unsavory tactics.

Rauf confessed after four days of interrogation, which raises the specter that he was tortured, said a European anti-terrorism official with information about the case.

"After four days of interrogation, I think he would say pretty much what they wanted," the European official said. "I am a little bit skeptical."

Although the same problem haunts cooperation with North African and Arab security agents, intelligence from North Africa helped police in Paris detect a major threat developing about a year ago. It emerged from the fury in Iraq, a land of jihad that is revitalizing and reshaping networks such as Algeria's Salafist Group for Call and Combat, known by the French initials GSPC. The GSPC, a longtime Al Qaeda ally, spent the late 1990s embroiled in Algeria's bloody civil conflict. It expanded throughout the Maghreb countries, north into Europe and south into the Sahel region of countries including Mali and Niger. With the advent of war in Iraq, combat-hardened Algerians were a large component of the jihadists flocking to join the insurgency along with inexperienced Europeans, who tended to be thrown into the fray.

"At the start of war there are very radicalized extremists, and it's kind of the era of cannon fodder in which Zarqawi and other organizations absorbed these people and sent them on suicide operations," Bruguiere said. "Later, in 2005, while the situation is degrading in Iraq, some of these people are recuperated by the Zarqawi movement, and groups like it, to be trained for terror operations in Europe."

The Algerian network began working with Zarqawi and others to develop a regionwide version of Al Qaeda that would unite groups in Morocco, Mali, Libya and elsewhere and create "a zone of destabilization" across northern Africa, French and Italian investigators said.

"The strategy changes," a senior Italian police official said. "The GSPC loses its nationalist Algerian focus, embraces the anti-Western ideas of Al Qaeda. They set up new training camps on the border of Algeria and Mali that disappear whenever someone looks for them. And they form a big structure in Syria, in Aleppo and Damascus, that sends some foreign fighters who come to Syria into Iraq, and others back to Europe."

Leaders forged the alliance partly with traveling emissaries and e-mails, including one intercepted by the CIA in late 2004, officials say. But it was also a fluid process that is typical of Islamic extremism and has intensified as Al Qaeda's networks have been damaged and dispersed, they say. The "emirs" set a general strategy guiding the initiatives of the cells, which are often spontaneously formed and largely autonomous.

In exchange for fighters and logistics, Zarqawi and like-minded bosses in the Iraq region decided to provide manpower and training — in Iraq, Syria, Lebanon — to help the GSPC attack France, a dire foe because of its support for the Algerian government. The Jordanian began singling out Algeria and France in propaganda statements and terrorist operations.

As Iraq grew increasingly chaotic last year, insurgent chiefs had more wannabe foreign fighters than they could handle, investigators said.

"In 2005, the flow of jihadis to Syria was unmanageable," the senior Italian police official said. "There were too many, and too many were untrained. The structure in Syria decided that they only wanted serious people with combat experience, especially from the Algerian army. The others are sent to Algeria to the camps to train. Because the GSPC wants to hit Europe."

The new alliance produced brazen schemes to bomb targets in France: the Paris subway, the Orly airport, the headquarters of the DST anti-terrorism agency, even a Parisian restaurant frequented by DST agents.

Starting with the capture of a boss in Algeria last September and continuing into the spring, security forces launched periodic raids north and south of the Mediterranean. The operations revealed that new cells inherited projects from dismantled groups and tried again.

The suspects were a cross-section of extremism today. French police arrested accused ringleaders Safe Bourada, 35, and Ouassini Cherifi, 31. Both are from Algerian immigrant families and grew up in tough suburbs of Paris. Both did time on previous terrorism charges.

Bourada was involved in a mid-1990s bombing campaign in France. Cherifi, who has a university math degree and had worked as a chief receptionist at a luxury hotel, was convicted in 2002 of providing fraudulent documents to a suspected Al Qaeda cell.

Their new-generation soldiers ranged from radicalized hoodlums, who raised a war chest by robbing armored cars and extorting from prostitutes, to fierce converts trained in bomb-making in Lebanon. Like militants across Europe, they were swept up in a wave of radicalization that is faster and wider than ever.

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In December, French police found a stash of weapons and explosives in the garage of a housing project in the gray slums north of Paris. One plan called for simultaneous attacks during Bastille Day celebrations July 14, investigators said. In April, Moroccan police captured a Tunisian based in Milan and seven suspected henchmen accused of preparing to bomb a cathedral in Bologna, Italy, because it displays a painting of Muhammad in Dante's Inferno.

Nonetheless, the network did not come close to striking, officials say. Information from North Africa may have been manipulated, they say. The fog of the battlefield obscures the true dangers and even the face of the enemy.

"For me, using the term GSPC can be problematic," Dambruoso said. "I think it encompasses many things, many groups, it has stimulated and motivated a lot of different radicals. But in this world, it's difficult to talk about the networks as if they were very organized."

Five years from Ground Zero, the threats on this side of the Atlantic are fragmented and elusive. But they have moved uncomfortably close for Europeans and, as a result, for Americans as well.

European-born terrorists "are willing to attack their homeland," a U.S. law enforcement official said. "Something's happening in their melting pot. And the fear with these guys is that they are just an e-ticket away from getting to the U.S."

In Britain, The Jihadi Is Us (WSJ)

By Bret Stephens

The Wall Street Journal, September 5, 2006

LONDON -- Two bearded young men in a lounge at Heathrow Airport overhear an American journalist on the phone, describing his forthcoming trip to earthquake-ravaged Pakistan. He hangs up and a conversation with the journalist begins. The pair is headed the same way, to do their part in the ongoing reconstruction effort, though not for any government or recognized humanitarian agency. They are religious students, Muslims, and although they speak in the broad accents of northern England, they dress in the large white skullcaps, long white shirts and short white trousers in vogue with their set.

It's a mostly one-sided discussion. The more assertive of the two derides the government of Pakistani President Pervez Musharraf, dictator and Bush puppet. And speaking of puppets, he adds, how about the U.K.'s Tony Blair? At this he launches into a tirade against Anglo-American foreign policy. Michael Moore's "Fahrenheit 9/11" is his main point of reference, the authoritative document about American designs.

This anecdote of nine months ago comes to mind on a current visit to Britain, where headlines are dominated by the news that a secluded former convent in East Sussex may have recently served as a terrorist training camp, disguised as a secondary school for Muslim boys. Fourteen suspects are in custody, on top of the 25 arrested in connection with last month's plot to blow up airliners over the Atlantic. Peter Clarke, head of Scotland Yard's Anti-Terrorism Branch, tells the BBC, "the number of people who we have to be interested in are into the thousands."

It is somewhat fitting that Terror Prep (if that in fact is what it was) should have been headquartered on what used to be Christian: Maybe there is a parable here about the eclipse in Europe of a waning faith by a stronger one. Traditional Britons especially see it that way, and while a large majority dislike the Bush administration and opposes Middle East adventurism, they also tend to regard their country's estimated 1.6 million Muslims as alien corn, people whose stern values are dangerously at variance with Britain's tolerant ones. Thus a recent poll finds that 63% of Britons believe that immigration laws ought to be "much tougher."

Yet there is also something too easy about this emerging consensus, which, roughly, wants Britain out of the Middle East and the Middle East out of Britain. What it neglects is the extent to which the attitudes of British Muslims perfectly reflect the attitudes of Britons generally.

Consider the findings of a July YouGov poll on the British view of America and Americans. Sixty-five percent of respondents consider Americans "vulgar"; 72% think American society is unequal; 52% take a negative view of American culture; and 58% believe the U.S. is "an essentially imperial power, one that wants to dominate the world by one means or another." Only 12% of Britons have confidence in U.S. leadership.

The figures would surely have been even more lopsided had the poll been conducted exclusively among British Muslims. But the significant fact here is that on the not-trivial question of attitudes toward the U.S., the Muslim minority population is well in tune with the British majority. Ditto for British views about Israel. On Saturday, the Times reported that anti-Semitic attacks in Britain were near a modern-day high, which the paper attributed to Israel's war with Hezbollah.

It's a fair bet that an overwhelming majority of Britons deplore these attacks, the perpetrators of which are often Muslim. But leave aside the act and examine the attitude. By a 3-1 margin, Britons blamed Israel for using "disproportionate" force in Lebanon, and more Britons are in sympathy with Palestinians than with Israelis. The view is even more skewed among the British intelligentsia: The British teachers' union recently voted a boycott of Israel, following a similar boycott (since rescinded) by British university professors of two Israeli universities.

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Such views aren't just waterborne; they spring from the data set from which almost all Britons judge Israeli actions. Trevor Asserson, a solicitor, has compiled lengthy reports of BBC coverage of Israel: He finds that of 19 documentaries on Israel or the Palestinians aired by the BBC from 2000 to 2004 (as compared to only five about the earlier, nearer and far deadlier conflict in the Balkans), almost all were savagely critical of Israel. "The Accused" indicts Ariel Sharon as a war criminal; "Dead in the Water" alleges that Israel bombed an American ship in 1967 to disguise Israeli atrocities in the Sinai and to provoke an American nuclear strike on Cairo; and so on.

Compound this with the similar slant and tenor of nightly BBC coverage of Israel, the U.S., Iraq, Lebanon and Guantanamo Bay and it isn't hard to understand the sense of rage, easily descending to radicalism and violence, which typifies the political sensibilities of so many British Muslims.

True, other factors are at play. The unemployment rate of British Muslims is three times that of the overall population, according to a 2004 survey, and the country's Muslims tend not to participate in civic life. These details get lumped together in the catch-all of "social exclusion," and it's something that rightly concerns British policy makers.

Yet what really ought to terrify Britain's leaders aren't the conclusions that divide mainstream and Muslim Britain, but the premises that unite them. From the credence given to people like Michael Moore and Noam Chomsky, to the simplistic derision of the U.S. and the frenzied hatred of Israel, the two camps attend the same church and sing from the same hymnal. Until that changes, on one side or the other, Britain will have no respite from the encroaching terror. Or, to paraphrase Pogo: We have met the jihadi, and he is us.

CORRECTION: I erred in my reporting of Belgium's murder rate in my column of Aug. 22 by using government data that amalgamates attempted and actual murder and manslaughter. In 2005, the actual murder rate stood at 1.7 murders per 100,000.

Al Qaeda In Iraq's No. 2 Reportedly Arrested (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, September 5, 2006

The suspected militant was seized by an Iraqi unit working with U.S. troops, officials say.

BAGHDAD — A high-level Al Qaeda in Iraq operative believed to be one of the planners behind the bombing of a revered Shiite Muslim shrine has been captured, U.S. and Iraqi officials said Sunday.

Hamed Jumaa Farid Saeedi, a former intelligence agent under Saddam Hussein's regime who is believed to be in his early 40s, was the No. 2 Al Qaeda in Iraq operative, said Iraqi national security advisor Mowaffak Rubaie.

An Iraqi intelligence unit working with U.S. special forces captured Saeedi near Baqubah, northeast of the capital, not far from where Al Qaeda in Iraq leader Abu Musab Zarqawi was killed three months ago, authorities said. They did not reveal when Saeedi was arrested but said the capture also led to the arrest of 20 Al Qaeda in Iraq members, including 11 considered to be high- to mid-level operatives.

Saeedi allegedly directed the February bombing of the Golden Mosque in Samarra, a pilgrimage site that holds the remains of two of Shiite Islam's holiest martyrs. The attack sparked weeks of sectarian violence that left hundreds dead.

Although they expressed satisfaction at having captured such a highly sought insurgent figure, U.S. and Iraqi officials acknowledged that Al Qaeda in Iraq was far from defeated.

"We've been very effective in dismantling the leadership and targeting it and disrupting its activities," Army Lt. Col. Barry Johnson said. "But we also recognize that this is a decentralized organization working from cells that are able to operate independently."

Rubaie said the arrest showed that the group was "severely wounded."

"Their command and communications structure has been disrupted and there is a vacuum in their leadership," he said. "We hope there will be a domino effect."

Rubaie said Saeedi was in charge of Haytham Sabah Shakir Mahmood Badri, identified by authorities as the mastermind of the seven-member cell that sneaked into the mosque Feb. 22, tied up the guards and packed the shrine with enough explosives to shatter the ancient structure. Despite calls for calm by Iraq's religious and political leadership, Sunni Arabs and Shiite militias carried out sectarian killings that left hundreds dead and drove the nation to the brink of civil war.

Saeedi's arrest came almost three months after a U.S. F-16 dropped two 500-pound guided bombs on the hide-out of Jordanian-born terrorist Zarqawi, killing him and uncovering what American military investigators called a "treasure trove" of documents, computer hard drives and other intelligence.

U.S. and Iraqi officials credited Iraqis with Saeedi's capture, and were circumspect about the role the American troops played; information about U.S. special operations in Iraq is a closely guarded secret.

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Officials also declined to offer details about the investigation leading up to Saeedi's capture, including the date of his arrest or the identities of the other Al Qaeda in Iraq operatives recently captured. Rubaie said authorities had been seeking the alleged insurgent leader for months.

In addition to his alleged involvement in the Samarra bombing, Saeedi also was believed to be responsible for organizing suicide bombings, assassinations, attacks against Iraqi security force checkpoints and kidnappings for ransom.

"During his interrogation, the interrogator was telling him, 'You killed hundreds of Iraqis!' " Rubaie said. "Saeedi said, 'Hundreds? I killed thousands!' He was actually boasting about it."

U.S. officials acknowledged that Saeedi's alleged position in Al Qaeda in Iraq highlighted the organization's transformation from an insurgent group led by foreign extremists to a largely homegrown force.

"We recognize that Al Qaeda draws and tries to recruit Iraqis as well as bringing in people from outside the country," Johnson said. "The majority of the organization is Iraqi, although much of the leadership has been from other nations."

Some U.S. intelligence sources believe that Osama bin Laden and Ayman Zawahiri, the founders of Al Qaeda's international network, chose a shadowy Egyptian named Abu Ayyub Masri as the successor to Zarqawi.

Intelligence officials say Masri was chosen over Saeedi in order to strengthen the international organization's control over the Iraqi branch of Al Qaeda.

"We believe the central leadership of Al Qaeda does not trust Iraqis to be on top," said Rubaie, who said there were clear tensions within Al Qaeda.

But in recent interviews with the Los Angeles Times, senior U.S. military officers in Iraq said that despite signs of tensions among Al Qaeda in Iraq's leaders, the organization was adapting to ensure its survival. American military sources said the group had used the incentive of large dowries to encourage marriage into Iraqi tribes that have clashed with the foreign insurgents.

"What they've been doing is coming in and marrying into the tribe with the specific intent of trying to endear the tribes to them and get the support of the tribes," said a military official, who spoke on condition of anonymity because he was not authorized to discuss intelligence matters.

"We see a lot of that happening in the Al Anbar province. That's a clear strategy they're trying to employ."

Some intelligence sources in Iraq said the local Al Qaeda branch reorganized shortly before Zarqawi's death in order to decentralize its leadership and involve more Iraqi nationals.

U.S. and Iraqi officials also acknowledged that Al Qaeda in Iraq was just one among many shifting and sometimes overlapping networks of Sunni Arab militant organizations.

"The attacks in Iraq are not exclusively by Al Qaeda," Rubaie said.

"Al Qaeda is only one of the organizations that is contributing to the violence. There are the die-hard Saddamists and the other arms of the insurgency — they constitute more than 80% of the violence in Iraq."

That point was brought home by continued sectarian violence that killed at least 22 people Sunday, including two families. One family of eight was gunned down in the western province of Al Anbar, and a family of five in Baqubah died when its booby-trapped car exploded.

The U.S. military also announced that insurgents killed two Marines in Al Anbar — one died Friday and the other Sunday.

In separate incidents, gunmen in Baqubah killed two Iraqi policemen on their way back from home leave and shot a municipal worker to death.

In Zaghanya, east of Baqubah, insurgents bombed a Shiite mosque. No casualties were reported in the attack.

A bomb killed three people and injured 19 others in Khalis, 50 miles north of Baghdad.

A separate bombing that targeted a U.S. military patrol on the outskirts of Baqubah killed one child and injured another.

In the south, gunmen killed the caretaker of a Shiite mosque in downtown Amarah, a town that has been beset with intra-Shiite fighting.

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solomon.moore@latimes.com

Iraq Cites Arrest Of A Top Local Insurgent (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, September 5, 2006

Officials Call Detainee No. 2 in Al-Qaeda Group

BAGHDAD, Sept. 3 -- U.S. and Iraqi forces have captured a top al-Qaeda leader who ordered the bombing of a Shiite Muslim shrine in Samarra that triggered a wave of ferocious sectarian killings, Iraqi officials said Sunday.

The arrest of Hamed Jumaa Faris Juri al-Saeidi, described by Iraqi officials as the No. 2 leader of al-Qaeda in Iraq, was the latest in a series of blows to the Sunni Arab insurgent group, believed responsible for numerous suicide attacks on civilians and

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other deadly violence. The group's former leader, Abu Musab al-Zarqawi, was killed by U.S. forces in June and replaced by Abu Ayyub al-Masri.

"The al-Qaeda organization in Iraq has been seriously weakened and is now suffering from a leadership vacuum," Iraq's national security adviser, Mowaffak al-Rubaie, said at a news conference. Twenty senior al-Qaeda in Iraq fighters have been captured or killed based on information from Saeidi since his arrest within the past few weeks, Iraqi officials said.

The Mujaheddin Shura Council, an insurgent coalition that includes al-Qaeda in Iraq, denied that Saeidi was a member of al-Qaeda. A leader of another group in the council, however, confirmed that Saeidi belonged to al-Qaeda.

"But he is not that famous or any sort of leader," Abu Abdullah, a leader of the Islamic Army of Iraq, said in a phone interview from Salahuddin province. "He is only a normal fighter."

Iraqi officials said Saeidi, an intelligence officer for ousted president Saddam Hussein, was captured within the past few weeks as he hid among women and children in an unspecified location just north of Baghdad. Saeidi, who is in his early forties, confessed that he had joined al-Qaeda in Iraq three years ago and is being held by U.S.-led coalition forces, the officials said.

In an attempt to thrust Iraq into a full-scale civil war, Saeidi supervised Haitham al-Badri, an operative under his command, in carrying out the Feb. 22 bombing of a revered golden-domed Shiite shrine in Samarra, officials said. That attack sparked brutal reprisal killings by both Shiites and Sunnis that have left thousands of people dead.

"Why did you kill hundreds of people?" Saeidi was asked during a recent interrogation, according to Ali al-Dabbagh, an Iraqi government spokesman.

"What do you mean 'hundreds of people?' I've killed thousands," Dabbagh said Saeidi responded.

If the Iraqi government's depiction of Saeidi is accurate, he would be the highest-ranking al-Qaeda in Iraq figure killed or captured since June 7, when U.S. forces killed Zarqawi by dropping two 500-pound bombs on his hideout north of Baghdad.

A U.S. military official said Saeidi was "one of the top five al-Qaeda in Iraq leaders" but declined to identify him as the second-highest official in the group. He spoke on condition of anonymity because the Geneva Conventions could be construed as forbidding the public discussion of detainees.

In a statement posted on the wall of the al-Tameem Mosque near Ramadi, where there is strong support for al-Qaeda, the Shura Council attacked government officials and denied that Saeidi, also known as Abu Humam or Abu Rana, was a member of al-Qaeda.

"We swear to God, this is from their sick minds in an attempt to make the people believe a fake victory," the statement said. "It is no more than names from their imagination and the devils whispering to them in the Green Zone."

In an interview after his news conference, Rubaie dismissed the statement and said that Saeidi told interrogators he had fought to replace Zarqawi but lost out to Masri, the current leader. Rubaie also said Saeidi had admitted to overseeing al-Qaeda operations in Baghdad and Diyala and Salahuddin provinces.

"He was in charge of more than half of al-Qaeda in Iraq," Rubaie said.

Saeidi financed the group's operations by ambushing Iraqi security forces after they collected their salaries from the bank and by kidnapping civilians for ransom, Rubaie said.

Dabbagh said late Sunday night that Saeidi had been captured within the past few weeks, and that Rubaie had misspoken at the news conference when he said the arrest took place several days ago.

After authorities finish interrogating him, Saeidi will face charges including "mass killings of Iraqis," Dabbagh said.

Despite repeated strikes on the leadership of al-Qaeda in Iraq, the group's diffuse cells have continued to launch deadly attacks throughout the country. "It's a very decentralized organization with a lot of local leaders, so that makes it much harder to strike crippling blows," Daniel L. Byman, director of Georgetown University's Security Studies Program, said in a phone interview from Washington.

U.S. and Iraqi officials say the greatest threat to security in the country is not insurgent attacks on American forces but tit-for-tat killings by the country's various sects. "Sustained ethno-sectarian violence is the greatest threat to security and stability in Iraq," according to a Pentagon report released Friday.

Simmering anger directed by Arabs toward Kurds reached a boiling point this weekend after the Kurdish regional government issued an order forbidding the Iraqi flag to be raised in government buildings across the north. The decree allowed the display of only the Kurdish flag, an assertion of independence interpreted by some as a rebuke of attempts to prevent Iraq from breaking apart.

"The current flag of Iraq is the only one which should be raised over every foot of the land of Iraq," Prime Minister Nouri al-Maliki said in a statement.

In a speech before the Kurdish parliament Sunday, Massoud Barzani, president of the regional government in Kurdish-populated northern Iraq, said the region would not be intimidated by other areas of Iraq and that it retained the option to express independence. "We will not be in an Iraq ruled by a dictator, a fascist or any one sect," he said.

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Meanwhile, six mortars fell near the mainly Shiite Sadr City area of Baghdad, killing seven people and wounding 12, police said. Fourteen people were also killed in violence in and around Baqubah, 35 miles northeast of the capital, police said.

The U.S. military on Sunday announced the deaths of four service members. In Baghdad, two soldiers were killed Sunday morning when their vehicle was hit by a bomb. In Anbar province, a volatile Sunni insurgent stronghold, a Marine assigned to Regimental Combat Team 7 was killed in combat Sunday, and another assigned to Regimental Combat Team 5 died in combat Friday.

Researcher Rena Kirsch in Washington, special correspondents Naseer Nouri and K.I. Ibrahim in Baghdad and other Washington Post staff in Iraq contributed to this report.

Iraqi Official Reports Capture Of Top Insurgent Leader Linked To Shrine Bombing (NYT)

By Richard A. Oppel Jr.

The New York Times, September 4, 2006

BAGHDAD, Sept. 3 — American and Iraqi troops have captured the man who supervised the bombers of a revered Shiite shrine in Samarra in February, an act that set off a wave of brutal sectarian violence, the Iraqi national security adviser, Mowaffak al-Rubaie, said Sunday.

In a statement broadcast on national television, Mr. Rubaie said the second-ranking leader of Al Qaeda in Mesopotamia, Hamid Juma Faris Jouri al-Saeedi, was captured several days ago as he hid among Iraqi families in a residential building. He said that Mr. Saeedi was operating near Baquba, north of Baghdad, in the area where Abu Musab al-Zarqawi, the Jordanian-born leader of the terrorist organization, had sought refuge before he was killed in an American airstrike three months ago.

Mr. Rubaie described Mr. Saeedi as Al Qaeda's deputy commander in Iraq, serving beneath Abu Ayyub al-Masri, who took over the organization after Mr. Zarqawi's death. If that characterization is true, it would suggest that Mr. Saeedi is the most senior Al Qaeda in Mesopotamia leader killed or captured since an American F-16 fighter bombed Mr. Zarqawi's safe house on June 7.

However, a United States military official was more cautious in describing Mr. Saeedi's place in the organization's pecking order. While he was a "top-tier guy" who supervised those who carried out the Samarra bombing, "I'm not sure we are ready to put a number on him," said the American official, who agreed to speak only without being named because Iraqi officials had been designated to announce the capture. "It's a very decentralized operation."

The news came as the United States military reported the deaths of four servicemen. Two marines were killed in attacks on Friday and Sunday in Anbar Province, the military said, and two soldiers were killed Sunday morning when a roadside bomb struck their vehicle in eastern Baghdad.

Iraqi officials have asserted that Al Qaeda in Mesopotamia has been severely weakened in recent months, and on Sunday Mr. Rubaie said the terror group faces a serious "leadership crisis."

After his arrest, Mr. Saeedi gave interrogators information that has led to the arrest or killing of 20 Al Qaeda operatives, Mr. Rubaie said. He did not describe the specific roles of Iraqi and American forces in the capture of Mr. Saeedi but said it showed the proficiency of Iraqi forces "backed up by multinational forces."

Despite the high-profile killing of Mr. Zarqawi and other operations against Al Qaeda, attacks have soared in recent months. Iraq has tipped closer to the all-out civil war that Mr. Zarqawi sought to foment when he was leader of Al Qaeda in Mesopotamia.

Even the Pentagon acknowledged last week that Iraqi casualties have risen by more than 50 percent in recent months and that the Baghdad coroner's office reported that 9 out of every 10 bodies it took in during July — more than 1,800 in total — were thought to be victims of executions.

Many of those killings have been attributed to violence between Iraq's Shiite majority and Sunni minority. Summary executions and other sectarian killings have been common for well more than a year, but they intensified after Feb. 22 when insurgents bombed the golden-domed Askariya shrine in Samarra.

The man who Iraqi officials believe carried out that attack is Haitham al-Badri, an Iraqi native still at large. They have said that Mr. Badri and a team of insurgents entered the shrine the night of Feb. 21, tied up police guards and placed explosives around the shrine which were detonated the following morning.

Mr. Rubaie said that Mr. Saeedi, who is also known as Abu Humam and Abu Rana, was Mr. Badri's boss.

"He is the direct supervisor of the criminal Haitham al-Badri, who planned and executed the bombing of the Askariya shrine in Samarra," Mr. Rubaie said. He added that Mr. Saeedi "carried out the policy of the Al Qaeda organization in Iraq and the orders of Zarqawi to ignite sectarian riots." His crimes included supervising kidnappers, death squads and insurgents who killed policemen and stole their pay, Mr. Rubaie added.

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In Baghdad, Iraqi and American officials worked to overcome disagreements over the transfer of direct operational control of the Iraqi armed forces to the Iraqi Defense Ministry. At issue is the delineation of responsibilities between Iraqi and American forces, said an American official, who called the disputes minor.

The United States military announced that it had formally handed over the infamous Abu Ghraib prison to the Iraqi government on Friday. The prison is empty because the Americans and Iraqis transferred detainees to other centers before the handover.

Also Sunday, the prime minister, Nuri Kamal al-Maliki, reacted sharply to a decree from the Kurdish leader, Massoud Barzani, that only the Kurdish flag and not the Iraqi should fly over government buildings in the northern Iraqi region of Kurdistan. “The current flag of Iraq is the only flag that should be hoisted on every inch of the land” until the government changes it, Mr. Maliki said.

Falah Mustafa, a senior official in the Kurdistan regional government, downplayed the dispute and said the Iraqi flag has not flown for years in the region controlled by Mr. Barzani’s party because it is identified with Saddam Hussein’s massacres. Kurdish officials, he said, would fly a new Iraqi flag once the central government changes the design.

33 Bodies Found Scattered Across Baghdad (AP-Y)

By Elena Becatoros, Associated Press Writer

AP, September 5, 2006

Police found the tortured, blindfolded bodies of 33 men scattered across the capital Monday and the U.S.-led coalition reported combat deaths of seven servicemen, a day after Iraqi leaders said the capture of a top terror suspect would reduce violence.

Kidnappers also dragged off a popular soccer star in Baghdad, while a security crackdown in the city expanded into the upscale Mansour neighborhood.

An al-Qaida-affiliated group dismissed the Iraqi government's claim that the organization's second most important leader had been arrested, suggesting the man was not a senior figure and denying the terror group had suffered a significant blow.

On Sunday, Iraq's national security adviser announced the arrest of Hamed Jumaa Farid al-Saeedi, also known as Abu Humam or Abu Rana, and said that had left al-Qaida in Iraq suffering a "serious leadership crisis."

But the Mujahedeen Shura Council, an umbrella organization of Sunni Arab extremist groups that includes al-Qaida in Iraq, issued a statement Monday saying its "leadership was in the best condition."

The statement did not directly deny the arrest, or say what position al-Saeedi held, although it suggested he was not the No. 2 leader.

The security adviser, Mouwafak al-Rubaie, described al-Saeedi as the second most important al-Qaida in Iraq figure behind Abu Ayyub al-Masri, who is believed to have taken over the group after Abu Musab al-Zarqawi was killed by a U.S. airstrike in June.

Al-Saeedi was involved in the Feb. 22 bombing of a Shiite shrine in Samarra, al-Rubaie said. The attack inflamed tensions between Shiite and Sunni Muslims and set off reprisal killings that have killed hundreds of Iraqis, like those found in Baghdad on Monday.

Police said the 33 bullet-riddled bodies all showed signs of torture and had their hands and feet bound. The men had been dumped around several neighborhoods, police said.

Two other bodies were found dumped on a highway in Kut, 100 miles southeast of Baghdad. Both had been shot in the head and chest, said Maamoun Ajil al-Robaiei at Kut hospital's morgue.

The Mujahedeen Shura Council's statement also said insurgents have been inflicting heavy losses on U.S. troops in western Anbar province and in Baghdad.

The U.S.-led coalition said seven of its personnel had been killed the past two days — five Americans and two Britons.

On Sunday, two U.S. Marines were killed in Anbar and two Army soldiers died from roadside bombs in Mosul, 225 miles northwest of Baghdad, and near Baqouba, 35 miles northeast of the capital. Another soldier was killed Monday by a roadside bomb. A sixth American died of non-combat injuries, the military said.

In the south, a roadside bomb killed two British soldiers and seriously wounded a third north of the southern city of Basra, a British military spokesman, Maj. Charlie Burbridge, said.

British Foreign Secretary Margaret Beckett arrived in the capital Monday on an unannounced visit — her first to Iraq since taking up the post in May.

"We do not underestimate the challenges ahead," Beckett said in a statement. "But we must not forget the progress made in the last twelve months in bringing the first democratically elected national unity government to the country, with a constitution voted for by the people."

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Assailants abducted Ghanim Ghudayer, a soccer star and member of Iraq's Olympic team. Considered one of the best players on Baghdad's Air Force Club, the 22-year-old was taken Sunday evening by unknown assailants, some of whom were wearing military uniforms, police said.

The U.S.-led coalition said the Iraqi army had begun searching the capital's Mansour district as part of a crackdown aimed at tackling violence in Baghdad neighborhood by neighborhood. U.S. soldiers would "observe and advise" during the operation, the military said.

The coalition also said five suspected insurgents and a child were killed and a second child was wounded during a raid in Muqdadiyah, about 60 miles north of Baghdad. The raid targeted "an individual with ties to movement of terrorist finances and foreign fighters into Iraq," the military said in a statement.

The Iraqi Defense Ministry said that over the previous 24 hours, its troops had killed 15 people suspected of involvement of insurgent activities. Iraqi police said clashes between gunmen and Iraqi forces in Musayyib, 40 miles south of Baghdad, resulted in the death of an Iraqi soldier and the arrest of about 100 gunmen.

Disagreements continued over the handover of Iraq's armed forces command from the U.S.-led coalition to the Iraqi government, and the Defense Ministry said a ceremony to mark the transition had been postponed indefinitely.

The two sides still need "to complete some legal and protocol procedures that will lead to a complete understanding between the Iraqi government and the multinational troops," the ministry said.

Handing over control from the coalition to Iraqi authorities is a key part of any eventual drawdown of U.S. troops in the country.

No. 2 Al Qaeda In Iraq Caught (WT/AP)

By Elena Becatoros, Associated Press

The Washington Times, September 4, 2006

BAGHDAD -- Authorities yesterday announced the capture of al Qaeda in Iraq's No. 2 leader, accusing him of "brutal and merciless" terror operations, including the bombing of a Shi'ite shrine that touched off the sectarian bloodletting pushing Iraq toward civil war.

Iraq's national security adviser said Hamed Jumaa Farid al-Saeedi, known as Abu Humam or Abu Rana, was arrested a few days ago as he hid in a residential building southwest of Baqouba.

The arrest has left al Qaeda in Iraq suffering a "serious leadership crisis," Mouwaffak al-Rubaie said. "Our troops have dealt fatal and painful blows to this organization."

He accused al-Saeedi of supervising the creation of death squads and ordering assassinations, bombings, kidnappings, and attacks on Iraqi police and army checkpoints. "The operations were brutal and merciless," Mr. al-Rubaie said.

Not much is known about al-Saeedi, but Mr. al-Rubaie said he was the second-most important al Qaeda in Iraq leader after Abu Ayyub Masri. Masri is thought to have taken over the group after a U.S. air strike killed leader Abu Musab Zarqawi north of Baghdad on June 7.

Mr. al-Rubaie said al-Saeedi was "directly responsible" for Haitham Sabah Shaker Mohammed al-Badri, an Iraqi whom authorities have accused of leading the Feb. 22 bombing of the Shi'ite shrine in Samarra, 60 miles north of Baghdad.

The attack inflamed tensions between Shi'ite and Sunni Muslims and triggered reprisal attacks that have killed hundreds of Iraqis.

The U.S.-led coalition and Iraqi authorities have announced numerous arrests after Zarqawi's death that officials say have thrown al Qaeda in Iraq into disarray.

But rampant sectarian violence and other attacks have continued, with at least 20 Iraqis killed in bomb attacks and shootings yesterday.

The U.S. military command announced that four U.S. troops had been killed -- two soldiers killed by a roadside bomb yesterday in Baghdad and two Marines in incidents Friday and yesterday in the volatile Anbar province, west of the capital.

A senior coalition official said coalition forces were involved in al-Saeedi's arrest, but would not give details about their role.

The official, speaking on the condition of anonymity because announcements were being made by Iraqi authorities, said al-Saeedi and three others had been arrested near Baqouba, 35 miles northeast of Baghdad. Zarqawi was killed on the outskirts of Baqouba.

Tensions, meanwhile, rose in the north, after the president of the Kurdish region, Massoud Barzani, threatened secession yesterday, two days after he ordered the Iraqi flag replaced with the Kurdish one, sparking harsh words in Baghdad.

"If we want to separate, we will do it, without hesitation or fears," Mr. Barzani said during an address to the Kurdish parliament.

Prime Minister Nouri al-Maliki issued a terse statement that the national flag should be hoisted throughout the country.

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American In Qaida Video Not High-ranked (AP)

By Andrew Taylor, The Associated Press

AP, September 3, 2006

WASHINGTON (AP) — Federal investigators do not believe an American convert to al-Qaida who appeared in a propaganda video is a high-ranking member of the terrorist group, and they doubt his efforts to promote the organization are having much effect.

Adam Yehiye Gadahn, whom the FBI believes attended al-Qaida training camps in Pakistan, has appeared on several long and rambling al-Qaida videos at strategically chosen moments such as before the 2004 election and on the first anniversary of the July 7, 2005, London bombings.

Gadahn's most recent appearance on a 48-minute video posted on an Islamic militant Web site — released Saturday, just days before the fifth anniversary of the Sept. 11 al-Qaida assaults — urged U.S. soldiers to "surrender to the truth (of Islam), escape from the unbelieving army and join the winning side. Time is running out, so make the right choice before it's too late."

Such messages try to communicate al-Qaida's message to a hostile U.S. audience, but they also serve to remind the public that al-Qaida is still a functioning organization.

"Al-Qaida has sought to use Gadahn as a propaganda tool," FBI spokesman John Miller said Sunday. "The purpose is to have someone who can translate al-Qaida's message into English and deliver it to a Western audience. It's part of their 'psy-ops.'"

Such messages reach the public more through media accounts than through people actually logging on and watching them.

"The obvious advantage (of his appearances) is it makes headlines in the West. ... He is an asset to them, definitely," said Thomas Hegghammer, a research fellow at the Norwegian Defense Research Establishment who studies jihadi Internet sites and videos.

Gadahn is also believed to have appeared on a 2004 video released just before the presidential election two years ago, saying that "the next attack will make you forget all about 9/11" and that the "streets would run red with blood."

The FBI believes Gadahn, 28, joined al-Qaida before the Sept. 11 attacks. One of his duties was to translate fatwahs and other statements by Osama bin Laden into English. He assumed an on-camera role after the attacks.

A missive after the London bombings contained messages from a London bomber as well as Bin Laden lieutenant Ayman al-Zawahri and seemed aimed at reaching a varied audience of followers of al-Qaida, British muslims and Americans.

"There is no indication that he is a high-ranking member of al-Qaida," Miller said, "but it is clear that he has had access to the highest levels of the organization."

Latest Al-Qaida Message Seen As PR Bid (AP-Y)

By Salah Nasrawi, Associated Press Writer

AP, September 5, 2006

The new al-Qaida video featuring an American calling for his countrymen to convert to Islam raised fears it signaled an imminent attack, but experts in the region said Sunday it is more likely a bid to soften the terror group's image.

Adam Yehiye Gadahn, a 28-year-old American who the FBI believes attended al-Qaida training camps in Pakistan and served as an al-Qaida translator, also urged U.S. soldiers to switch sides in the Iraq and Afghan wars.

He appeared in a 48-minute video that was posted Saturday on an Islamic militant Web site along with footage of al-Qaida's No. 2 leader, Ayman al-Zawahri, who gave only a brief introduction to Gadahn while also calling on Americans to convert to Islam.

There have been widespread reports that some Muslim religious figures strongly criticized al-Qaida chief Osama bin Laden over the Sept. 11 attacks, saying he failed to follow directives in the Quran that require potential victims be warned that conversion to Islam could save them.

The criticism led to speculation after Gadahn's appearance that the Saturday video meant a warning was being issued and a new attack was imminent.

But experts discounted those fears.

"This is not a warning for an attack. It is rather a speech aimed at winning the Americans' sympathy and understanding," said Gamal Sultan, editor of the Islamic magazine Al Manar.

Columnist Mishari al-Thaydi of the London-based newspaper Asharq Al Awsat agreed, saying al-Qaida is trying to portray itself as a group with a religious mission, not a terrorist movement.

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"They have always been accused of lacking a program, that they are just a bunch of zealots," al-Thaydi said. "People accuse them of forgetting the essence of Islam — conversion of nonbelievers."

"By using this American," he added, "al-Zawahri is saying that he is a preacher and not a terrorist. He wants to take back the initiative which has been lost in the midst of terror."

Hani el-Sibaei, a former Egyptian militant who fought with al-Zawahri in Afghanistan and now lives in exile in London, said Gadahn's American roots make him the perfect spokesman.

"Al-Qaida uses him because he speaks their language and can convey the message better than others," said el-Sibaei.

It was the second time Gadahn appeared in a video with al-Zawahri. In a July 7 message marking the first anniversary of the terror attack on London commuters, Gadahn appeared briefly, saying no Muslim should "shed tears" for Westerners killed by al-Qaida attacks.

Some reports have identified Gadahn as al-Qaida's "propaganda chief," responsible for putting together the slick videos made by the group's al-Sahab media operation.

Thomas Hegghammer, a research fellow at the Norwegian Defense Research Establishment who studies militant Islamic Internet sites and videos, said Gadahn "has been instrumental in the English-language productions" of al-Qaida.

"He has appeared on a few videos speaking himself, but you've also seen a few videos with speeches by bin Laden and al-Zawahri with subtitles in perfect English," Hegghammer said.

He said Gadahn was likely one of a very few Westerners in a senior position in al-Qaida — if not the only one. "There are certainly Western converts who have played a role in militancy, but none who are that high up."

Hegghammer said Gadahn is "a remnant of the original al-Qaida" that has fragmented since the Sept. 11 attack into a loose network of cells.

"And I don't think there are many like him. That's why we've seen him many times," Hegghammer said. "The obvious advantage (of his appearances) is it makes headlines in the West. ... He is an asset to them, definitely. My guess is the Americans are extremely keen on capturing him."

FBI Director Robert Mueller said "there is no indication that he is a high-ranking member of al-Qaida, but it is clear that he has had access to the highest levels of the organization."

Mueller announced in May that the FBI was looking for Gadahn. Investigators said Gadahn, who grew up on a farm in Riverside County, Calif., and converted to Islam as a teen, moved to Pakistan, attended al-Qaida training camps and served as an al-Qaida translator.

Gadahn's father, Philip, said he moved to the farm in the 1970s to escape the noise and traffic of the city, changing the family name from Pearlman because he was starting a new life. The family tried raising goats as a business, but it wasn't profitable.

Gadahn did not attend college, choosing instead to move to the suburbs of Los Angeles where he became a Muslim and worshipped at the Islamic Society of Orange County. The mosque later expelled him for attacking one of its leaders.

Some counter-terror officials believe Gadahn may be the person on a 75-minute video given to ABC News last month in Islamabad, Pakistan.

"There is confidence that it is him, but there is not certainty," said a U.S. counterterrorism official who spoke on condition of anonymity Wednesday.

An FBI official, also speaking on condition of anonymity because the tape was still the subject of an investigation, said the bureau had not drawn a conclusion about the speaker's identity.

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Associated Press writer Jill Lawless in London contributed to this report.

A Mystery Man Who Keeps The FBI Up At Night (LAT)

By Josh Meyer, Times Staff Writer

The Los Angeles Times, September 3, 2006

Officials hunting virtually full time for a Florida computer technician see him as the ultimate 'sleeper agent' in the post-9/11 world.

CHARLIEVILLE, Trinidad and Tobago — Five years ago, as 19 Al Qaeda operatives in the United States put the finishing touches on what would become the Sept. 11 attacks, a frail, asthmatic computer engineer from South Florida paid a visit to this tiny Muslim enclave where he'd lived as a boy.

Adnan Gulshair Muhammad el Shukrijumah, then 25, kept a low profile over the course of the week. He hung out with a small circle of devout older men who were leaders of the local Islamic community. They prayed in mosques, went fishing and enjoyed long walks and leisurely dinners, recalled one of the hosts, Imtiaz Mohammed.

Shukrijumah spoke fondly of his father, an influential Islamic scholar and Charlieville community leader two decades earlier. He also spoke of his family life in Miramar, Fla., his computer technician business and his travels to the Middle East and other exotic locales.

But Shukrijumah said nothing about why he was in Trinidad, nor what his plans were, acquaintances here say.

Two years later, the FBI put out an urgent all-points bulletin for Shukrijumah, depicting him as one of Al Qaeda's most well-trained, intelligent and deadly operatives. He was described as the ultimate "sleeper agent," intent on attacking the U.S., possibly with weapons of mass destruction.

Law enforcement officials and terrorism experts now believe Shukrijumah is one of several young, street-smart leaders of Al Qaeda handpicked by Khalid Shaikh Mohammed, the mastermind of the Sept. 11 attacks, to keep the terrorist network alive and humming in the face of U.S.-led efforts to unravel it.

To be sure, the FBI's record on identifying terrorist plotters since Sept. 11 includes some widely publicized failures. In some cases, law enforcement officials have alleged that suspects were centrally involved in plots, only to back off those assertions when cases moved toward court.

And officials concede that there is much they do not know about Shukrijumah, including what he was doing in Trinidad. Within days of the alert in March 2003, agents arrived on the island looking for him, but he was long gone.

Terrorism authorities both inside and outside the government say they believe Shukrijumah is a major Al Qaeda figure, and the hunt for him is intense, with an FBI team tracking him virtually full time. So far, their quarry has remained elusive.

Whereas Al Qaeda's core followers are young, poor and relatively uneducated, Shukrijumah has attended college and is comfortable with technology. He's also a naturalized U.S. citizen whose appearance would allow him to pass as Latino, Indian or Middle Eastern and who speaks English with no discernible accent, officials say.

That background makes Shukrijumah especially threatening, counter-terrorism authorities say. He is dangerous "because he is so trusted in the organization and because he has traveled in the Western world and is familiar with its customs and procedures," said Joseph Billy Jr., assistant FBI director for counter-terrorism.

Shukrijumah is believed to be "the guy who was reared to replace" Mohammed as an Al Qaeda senior trainer, facilitator and propagandist, playing a central role in the development of hundreds of the network's future soldiers, said Sajjan Gohel, director for international security at the London-based AsiaPacific Foundation. "He is part of Al Qaeda Stage 2." The foundation consults on terrorism assessment for governments.

Shukrijumah has not been charged with a crime, but federal grand juries in Virginia and South Florida are hearing evidence about his activities.

Agents working on the investigation were reluctant to provide many details because of those probes, but the FBI does say that Shukrijumah trained at an Al Qaeda camp in Afghanistan before Sept. 11. There, he learned to handle AK-47s, M-16s, Uzis and other automatic weapons and studied topography, communications, camouflage, clandestine surveillance and explosives, including C-4 plastic charges, dynamite and mines, they say.

The FBI believes Shukrijumah used that training to fight for the Taliban in Afghanistan.

Investigators also believe he was present at a meeting of Al Qaeda leaders in March 2004 near the Pakistan-Afghanistan border, where it appears attendees discussed upcoming terrorist operations in Europe and the United States.

But much of Shukrijumah's life remains a mystery. And the search for him has been through a maze of false leads and vague glimmers.

An Intriguing Lead

The hunt for Adnan Shukrijumah began with a mysterious character called "the South American."

A year after the Sept. 11 attacks, interrogators were desperately trying to determine what other plots might be in the works, and where.

While questioning an Al Qaeda detainee in Pakistan, they got an intriguing lead. An operative known only as the South American had been discussing with Al Qaeda leaders new ways of attacking U.S. citizens, including blowing up apartment buildings with natural gas and spraying people with cyanide in nightclubs, the prisoner said.

Authorities knew little about this person except that he was well trained by Al Qaeda, connected to its top leadership and on the loose, perhaps plotting an attack on U.S. soil.

And their anxiety was growing. By early 2003, detainees held overseas and at the U.S. prison at Guantanamo Bay, Cuba, were telling interrogators that Al Qaeda leaders had sent new terrorist operatives into the United States to launch follow-up attacks.

Unlike the Sept. 11 hijackers, the detainees said, these new teams included second-generation immigrant Muslims who had lived in the U.S., understood its customs and could operate under the radar of law enforcement.

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When asked which operative was most likely to launch a U.S.-based attack, many captives mentioned one particular figure with an almost mythical reputation as a ruthless militant. His nom de guerre was Jaffar al Tayyar, a reference to an Islamic hero who had fought beside the prophet Muhammad.

But his identity, too, was a mystery.

The pieces began to come together in early March when Mohammed was captured in Pakistan and his computers, phones and other electronic gear were seized.

The evidence confirmed that Mohammed had been sending "Westernized" Al Qaeda soldiers on missions into the U.S. and other countries.

And when Mohammed was shown a photograph of Shukrijumah, he identified him as Tayyar, U.S. counter-terrorism officials said.

By then, U.S. authorities were concluding that Shukrijumah was also the shadowy South American, an apparent reference to his time spent in Trinidad and nearby Guyana.

To their dismay, they realized that one of Al Qaeda's best-trained operatives had been lurking — and perhaps plotting — in the United States since long before the Sept. 11 attacks.

Father a Missionary

Many Al Qaeda devotees came to the cause of militant Islam as young men; Shukrijumah grew up in it.

His father, Sheik Gulshair el Shukrijumah, was a Muslim missionary from Guyana who worked for the government of Saudi Arabia.

In the early 1990s, Sheik Gulshair was assigned to the Al Farouq Mosque in Brooklyn, some of whose congregants were soon linked to two Islamist terrorist plots: the first World Trade Center bombing in 1993 and an unsuccessful conspiracy to blow up the United Nations, Holland Tunnel and other landmarks.

Sheik Gulshair came to the FBI's attention because of translation work he did for a blind cleric named Omar Abdel Rahman, who was implicated in the first World Trade Center bombing. Abdel Rahman, head of an Egyptian terrorist organization linked to Al Qaeda, was sentenced to life in prison for his lead role in the plot to bomb the tunnel and other New York City landmarks.

Sheik Gulshair, who denied any affiliation with terrorists, retired from service to the Saudi government in 1995 and moved his wife and six children to Miramar, southwest of Fort Lauderdale, where he had been given a small stipend to run the Masid al Hijra Mosque.

By the late 1990s, some of his followers had attracted the attention of the FBI's counterterrorism squad in Miami. One of them was his eldest son, Adnan.

Adnan was born in June 1975 in either Saudi Arabia or Guyana. After the family moved to Florida, he attended Broward Community College, where he excelled in chemistry and biology, as well as computers, according to the FBI.

He also suffered from asthma, which required him to use an inhaler, his mother said in a recent interview. As a result, he often remained indoors, she said, tending to his studies, his computer business and his scholarly work.

Sometime in the late 1990s, Shukrijumah started leaning toward more radical Islamist views, authorities say. The FBI believes he was inspired by a group of Muslim men in South Florida who gave him books and videotapes about jihad in Bosnia-Herzegovina, Kashmir and Afghanistan.

In late 1999, Shukrijumah began traveling to Pakistan and Afghanistan. To get into an Al Qaeda training camp, he needed a sponsor. The FBI says Shukrijumah found one in Ismael Faiz of Lahore, Pakistan. U.S. officials believe Faiz is a member of Al Qaeda and the Pakistani militant group Lashkar-e-Taiba, which has been connected to recent alleged terrorist plots in Canada and London.

At the camps, Shukrijumah was initially rejected for training. Instead, he started at the bottom, doing dishes and menial work before earning the right to train with weapons and tactics, agents say.

He had trouble getting along with fellow trainees. Shukrijumah was said to be "difficult to work with: temperamental, confident in his ability to the point of being egocentric," said a senior FBI official close to the investigation.

His mother attributes his headstrong personality to his having to assume a father-figure role to his younger siblings because Sheik Gulshair was away so often doing missionary work.

After he started traveling to Pakistan and Afghanistan, however, Shukrijumah began to change, say friends and associates interviewed by the FBI. He would take off for long periods, to places overseas he would not discuss.

"Every time he came back, he was a different person," the FBI official said. "He was more calm, more cool and more purposeful in his actions."

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By 2001, the FBI was investigating Shukrijumah in connection with two suspected terrorist plots, one of which involved a group apparently using South Florida as a base from which to recruit militants and finance attacks and assassinations in the Middle East.

But agents were never able to connect him to either plot. They later came to believe that he had been deliberately keeping his distance because, as one agent put it, "it was felt in the [Al Qaeda] community that he was in for bigger and better things."

After the Sept. 11 attacks, federal agents swarmed South Florida looking for clues and connections they might have missed. As many as 15 of the hijackers had spent their last months there, training for and planning the suicide mission.

The FBI ultimately took several of Shukrijumah's acquaintances into custody on terrorism or immigration charges.

Agents also went looking for Shukrijumah. But by then, he was gone and had left few clues.

'He Could Be Anywhere'

When Shukrijumah reemerged in the FBI's consciousness in March 2003, Pasquale "Pat" D'Amuro, then the FBI's senior counter-terrorism official and a veteran Al Qaeda tracker, felt an acute sense of dread.

"We thought he was a grave danger to the security of the United States," D'Amuro recalled recently. "We thought he could be anywhere."

On March 20, 2003, the same day the U.S. began bombing Iraq, the FBI went public. With TV news crews on their heels, more than 50 federal agents and local police officers descended on Shukrijumah's neighborhood.

Armed with a warrant for his arrest as a material witness, FBI agents knocked on doors, showing photographs and asking whether he had been seen in Florida recently.

They scoured his mail, credit cards, bank records and phone bills.

By then, however, Shukrijumah had been away from his family home for almost two years.

In the months before Sept. 11, he had traveled widely through the United States and Canada, scouting potential terrorist targets, say FBI officials, who believe he spent about a week each in New York, Washington, Chicago and Montreal.

Since the attacks, her son had called just once, to check in, Zuhrah Abdu Ahmed told the agents.

The agents asked whether her son knew lead hijacker Mohamed Atta and others she had seen on TV. They wanted to know whether he had ever mentioned Al Qaeda or trips to Pakistan and Afghanistan.

Ahmed said her memory was hazy, but she insisted that her son was innocent.

Sitting on the front stoop of the family home, Ahmed — a tiny woman with warm brown eyes and a big smile, dressed in a flowing black robe and head scarf — said her son didn't like South Florida's freewheeling singles scene and the nightclubs and bikinis.

"But he like America so much," she said. "People, he say, [are] very nice and kind. If only they more decent, he say, this would be the best place on Earth."

Ahmed, whose husband died in 2004, conceded that it was possible her son might have fallen in with the wrong crowd.

"I recognize a lot of people do evil stuff in the name of the religion," she said, and then paused. "He's a young guy. Maybe they try to trap him, without he even knew what was going on around him. Who knows?"

The FBI also began chasing Shukrijumah through the back alleys of cyberspace. Within hours of the FBI's public announcement, Shukrijumah might have given them a lead.

Just after midnight that day, an e-mail popped up in the guestbook section of MasterArabic.com, a website that Shukrijumah had set up to promote his father's Arabic tutoring business and Islamic teachings. Routed to obscure the identity of the sender, the message said only, "I am safe."

Tracking Down Leads

In their hunt for Shukrijumah, the FBI dispatched teams of agents to Saudi Arabia, Morocco and Yemen, where he had relatives. Agents also tracked leads through Europe, Asia and South America.

One of those leads took them to Charlieville, Trinidad, where a Muslim cleric had called federal agents to say Shukrijumah was traveling to and from the island and "had company." Agents fanned out across the dirt streets of Charlieville and found several men Shukrijumah had spent time with.

One of them, Imtiaz Mohammed, told The Times recently that he had two lengthy, sometimes testy, interviews with FBI agents. He told them that he, Shukrijumah and others in Trinidad did talk about world politics, but that Shukrijumah never said anything suggesting he was a militant, and never explained his travels.

In March 2004, after a year of inconclusive leads, the FBI got wind of a Shukrijumah sighting. Intelligence had placed him at a summit of the so-called second-generation Al Qaeda leaders in the rugged mountains of Waziristan, an area along the Pakistan-Afghanistan border where much of the Al Qaeda brain trust — including Osama bin Laden — was believed to be hiding.

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Working together, authorities in Pakistan, Britain and the United States arrested some of the attendees and seized several computers.

The evidence indicated the attendees were discussing future terrorist operations in Europe and the U.S. At least one had compiled video footage of the New York Stock Exchange, a Newark, N.J., insurance building and the World Bank and International Monetary Fund buildings in Washington.

On May 26, 2004, Atty. Gen. John Ashcroft went public again, singling out Shukrijumah as the most dangerous of seven Al Qaeda operatives suspected of planning strikes in the U.S.

Citing "credible intelligence from multiple sources," Ashcroft described Shukrijumah as "a clear and present danger" who might be trying to enter the country.

More tips and rumors continued to pour in. Most were maddeningly vague. They persisted through the elections in November, but nothing ever happened.

Then Shukrijumah appeared to drop off the radar screen again. There hasn't been a publicly disclosed sighting since.

Nearly two years later, senior FBI and intelligence officials say they still debate where Shukrijumah might be. Their best guess is that he remains in Waziristan.

In July, the U.S. government, which is offering a $5-million reward, began handing out fancy green matchboxes in Pakistan bearing a photograph of Shukrijumah.

"You give us Adnan G. el Shukrijumah and in return we will give you rewards," the boxes say in Urdu and Pashto. "We assure you that all information would be kept secret."

Meanwhile, Shukrijumah continues to cause many a sleepless night.

Special Agent Andrew Lenzen, the lead case agent and a veteran of the FBI's Miami counter-terrorism squad, has amassed an encyclopedic knowledge of Shukrijumah's actions and personality quirks. He has even compiled a timeline of his life, beginning with the day he was born.

"I know him almost like his mother," said Lenzen. "I've lived, slept and dreamed him for the past three years."

josh.meyer@latimes.com

Accepting 'The New Normal' (USNEWS)

By Jay Tolson

U.S. News and World Report, September 4, 2006

The snuffing out of nearly 3,000 lives on that perversely beautiful September morning five years ago brought one consolation. For a time, at least, the American people put aside their differences and embraced their common citizenry. And we were not alone. "We are all Americans," a headline in France's Le Monde declared. People disagree about how much, or even whether, America has changed since 9/11. But one thing is almost beyond dispute: That early sense of solidarity is largely gone.

Some would say it is an inevitable story. A nation of pragmatists, we are also a disputatious tribe, prone to impatience and quick to point the finger when things go wrong-even when things don't go right fast enough. Yet at first, everything seemed to go so well so fast. George W. Bush, after some initial discombobulation, rallied the nation with a declaration of war on the terrorists and those who harbored them. No more minimalist responses; no more law-enforcement-style half measures. Yet it was a curious war footing. There would be no draft, no large material sacrifices expected of the citizenry. Americans were under orders to act normally, as though doing otherwise would be conceding victory to the terrorists.

Big Brother. For the most part, Americans began to adapt to the "new normal" even before the administration launched military operations in Afghanistan, an invasion supported by well over 80 percent of the public. Adjusting to long lines in airports, color-coded risk advisories, and Big Brotherish highway signs urging drivers to report suspicious behavior, a usually inward-looking people consumed record numbers of books on Muslims and the Middle East, learning to distinguish between true Islam and its corrupted form. Irony and humor, said to be fatal casualties of 9/11, made their comeback, helped along by the good news from Afghanistan. A dashing little war in which horse-mounted Special Forces combined with smart bombs to produce marvelously swift results, it was marred only by the unfinished business at Tora Bora, where Osama bin Laden eluded death or capture. Yet the noose, we were assured, was tightening.

Back at home, Americans were eager to do their part, even if that meant sacrificing some of their liberties. Shortly after the Patriot Act was signed into law in October 2001, 53 percent of respondents in one poll expressed concern that the government would be too protective of civil rights in its pursuit of terrorists. Americans were equally supportive of using extraordinary measures against the enemy. While critics around the world carped at the treatment of prisoners in GuantÃÂƒÂÂƒÃÂ‚ÂÂƒÃÂƒÂÂ‚ÃÂ‚¡namo, 55 percent of Americans in one early 2002 survey deemed it appropriate.

If World War I gave rise to the national security state, September 11 created the homeland security state. Morphing from an office into a full-fledged cabinet-level department, the Department of Homeland Security was the institutional expression of a

new national obsession. While many warned of bureaucratic bloat, wasteful spending, and even more dangerous consequences-later confirmed by FEMA's performance in the handling of Hurricane Katrina-a course was irrevocably set.

What We've Learned (TIME)

By Nancy Gibbs

Time, September 4, 2006

An American businessman, traveling in India when the planes struck the towers, made his way back to the U.S. the following week as quickly as he could. That meant hopscotching across the Middle East, stopping in Athens overnight to change planes. He spent the evening having supper in a local taverna. No one else in the restaurant spoke English, but when the owner realized he had an American in the house just two nights after 9/11, he asked his guest to stand up, face the other diners and listen to a toast.

And indeed, the entire room stood up, raised their glasses and said, as one, "Shoulder to shoulder, until justice is done."

Five years later, after an invasion of Afghanistan and an occupation of Iraq, and amid talk of war with Iran, it is fair to ask:

Would they say it again tonight?

Would we say it to one another?

This has become the loss with no grave, no chance for mourning, because we still live it every day--the loss of that transcendent unity, global goodwill, common purpose born of righteous anger that wrapped us like a bandage those first months after the attacks: a President with a 90% approval rating, a Congress working as one, expressions of sympathy and offers of help from every corner of the planet. WE ARE ALL AMERICANS, said Le Monde.

That unity was never going to last. The world more easily prefers a superpower when it's wounded and weakened than when it rises and growls. But we have not merely returned to the messy family arguments of Sept. 10. We are divided at home, dreaded abroad, in need of a hard conversation about America's vital interests and abiding values but too bitter and suspicious to have it.

All wars, even the noblest, bring a reckoning of means and ends. The war on terrorism has long since lost its crisp moral lines. Who foresaw that the battle would require a national seminar about when it's O.K. for Americans to torture prisoners and whether near drowning counts? Or a debate over which clauses of the Constitution might be expendable? We may agree that terrorism is wicked, but we're still unsure about how to answer it.

Presidents make their hard decisions and then abide forever with their mistakes and regrets. Since the decision to commit soldiers to battle is the most fateful he makes, it is here that a President--his instincts, his judgment, his pride and his purposes--is most exposed. If he succeeds, the errors are footnotes; if he fails, the best intentions are just dust. "I guess not many Presidents have been understood in their own time," Lyndon Johnson said, reflecting on all the good he'd tried to do for people, who despised him nonetheless. George W. Bush swats away the judgments that anniversaries invite. "There's no such thing as short-term history, as far as I'm concerned," he said last week. We can't know how the story ends, but we know that there was a time five years ago when every day was Memorial Day, when we never would have imagined that we'd care what Brad and Angelina's baby looked like, or dread air travel more for its inconvenience than its dangers.

Is that good news, a return to normalcy, a mark of resilience? Or does it too mark a kind of loss? In the weeks after 9/11, out of the pain and the fear there arose also grace and gratitude, eruptions of intense kindness that occurred everywhere, a sharp resolve to just be better, bigger, to shed the nonsense, rise to the occasion. And yet five years later, more than two-thirds of Americans say they are unhappy with how things are going--exactly the opposite of the weeks after the attacks, when people were crushed, but hopeful. We saw back then what we were capable of at our best, and now find ourselves just moving on, willing to listen to our leaders but not necessarily believe them, supporting the troops but disputing their mission, waiting, more resigned than resolved, for the next twist in the plot.

No, we don't know how the story ends. The idea that history is written by the victors has been wrongly credited to Winston Churchill, but he did say, "If you are going through hell, keep going." But you wonder whether years from now--5? 10? 50?--there will come a day when the victors actually know that they've won, that the battle is over and they can set about the writing. And whether even then, we will be sure that we have got the story right.

The 'Islamofascists' (NSWK)

By Richard Wolffe And Holly Bailey, Newsweek

Newsweek, September 4, 2006

Bush's new national-security offensive has been plagued by debate over what to call the bad guys.

Last fall White House aides were grappling with a seemingly simple question that had eluded them for years: what should the president, in his many speeches on the war on terror, call the enemy? They were searching for a single clean phrase that

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could both define the foe and reassure Americans who were confused by a conflict that had grown much bigger than Osama bin Laden. But the answer was anything but simple. Some academics preferred the term "Islamism," but the aides thought that sounded too much as if America were fighting the entire religion. Another option: jihadism. But to many Muslims, it's a positive word that doesn't necessarily evoke bloodshed. Some preferred the conservative buzzword "Islamofascism," which was catchy and tied neatly into Bush's historical view of the struggle.

But when national-security adviser Steve Hadley called the CIA, the Pentagon and the State Department, the experts nixed the idea of a single phrase for a war that was so complex. "There was a conscious desire not to use just one definitive word, because there wasn't a perfect word," recalls Michael Gerson, Bush's chief speechwriter at the time (and now a NEWSWEEK contributor). The result was a rhetorical mishmash. "Some call this evil Islamic radicalism," Bush explained, "others, militant jihadism; still others, Islamofascism. Whatever it's called, this ideology is very different from the religion of Islam."

Five years after 9/11, and more than three years after invading Iraq, President Bush is still searching for the perfect phrase to define the enemy in the war on terror—and reassure Americans who will soon head to the polls. Other Republicans—including Pennsylvania Sen. Rick Santorum, who is in a tough re-election race—have adopted "Islamofascism" as shorthand for terrorists. The term gained currency in the early '90s in reference to radical Muslim clerics, and was popularized after 9/11 by neocons.

Bush has used the term "Islamic fascists" sporadically, most recently to describe the alleged London bomb plotters last month. But the phrase was noticeably absent from his latest major speech on the war last week—which was part of a procession of campaign-style addresses by the administration's biggest names. This time he called the bad guys "a worldwide network of radicals that use terror to kill those who stand in the way of their totalitarian ideology." It was hardly the kind of pithy slogan GOP activists could slap on a bumper sticker.

With the elections just two months away, the White House is turning once again to a strategy that has worked so well in the past: evoke 9/11, raise the specter of Al Qaeda and accuse the Democrats of fatal weakness in the face of the enemy. But 2006 is not 2004, when the administration found it easier to tie bin Laden's loyalists in with the insurgents in Iraq. One of Bush's strengths has been his ability to make the complex seem simple. But the war on terror's many fronts—British airline plots, Lebanese militias, Iranian nukes, brewing civil war in Iraq—defy any simple political packaging. (Some foreign-policy analysts question whether Bush may be unwittingly helping the jihadists by lumping together disparate groups, instead of exploiting the differences between Sunnis and Shiites, Arabs and non-Arabs.)

Voters—including many Republicans—are openly doubting the president's ability to make the country more secure. Polls show that voters narrowly side with Republicans on terrorism, but they now prefer Democrats on Iraq. The White House believes the numbers are driven by the continuing bloodshed (the latest Pentagon report shows a 50 percent increase in Iraqi casualties this summer, citing a rise in sectarian violence and a still-powerful Sunni insurgency). For an administration that has built its entire political strategy around simplifying the complexities of national security, the widening war—and the softening ground at home—are sources of great frustration. "It can be hard to really explain who we are fighting and what we are up against in a way that isn't confusing," said one senior Bush aide, who declined to be named while speaking about strategy.

The uncertainty over how best to sell the war may help explain last week's speeches by the administration's biggest guns—Dick Cheney, Don Rumsfeld, Condi Rice. The media played them as a concerted effort to put Democrats on the defensive and win back the trust of disillusioned Republicans. But the speeches also underscored something else: how disjointed the once disciplined administration has become when talking about the war. Cheney, usually the most aggressive member of Team Bush, was notably less strident about the war's critics; his assertion that they suffer from "self-defeating pessimism" was a step back from earlier complaints that they had lost "their memory, or their backbone." Bush described the doubters as "sincere" and "patriotic"—but wrong. But Rumsfeld apparently didn't get the memo. In one of his more extreme rhetorical forays, the Defense secretary likened critics of the war to the appeasers of Nazi Germany in prewar Europe. Rice, meanwhile, chose an altogether different historical analogy. The fight against terrorists, she suggested, was akin to the long struggle of the cold war.

GOP strategists are working to get their own message under control, and to unify a disparate party. According to one internal party memo, Bush's position on national security is the best way to motivate Republicans to go to the polls in November. Longtime pollster Fred Steeper, a former adviser to Bush 41, wrote that "large majorities" supported Bush's commitment to defeating terrorists in Iraq and around the world.

Any sign of disarray was out of sight as Bush landed in Utah, one of the reddest states in the Union, last week. A hastily arranged crowd of more than 3,000 supporters gathered late on Wednesday to greet him at Salt Lake City airport. Bush bounded off his plane to the soundtrack of the movie "Air Force One" as rock-concert lights spun and twirled in the night sky. "You're the man, George!" screamed one fan. The president might not know what to call the enemy, but he knows where to find his friends.

The Nation That Fell To Earth (TIME)

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By Niall Ferguson
Time, September 4, 2006

Did the U.S. overreact to Sept. 11? Niall Ferguson, one of the world's leading historians, speculates on how future generations will judge the war on terrorism--and on what it will take for America to win it

It's the year 2031--one generation removed from Sept. 11, 2001--and Americans are commemorating the 30th anniversary of the terrorist attacks on New York City and Washington. How well did America respond to that day, when viewed with the benefit of hindsight? How has history judged our leaders' actions? Here, a historian looks back on that distant event and explains how 9/11 would change America, and the world, in ways that few could have imagined.

Nineteen terrorists. Four hijacked aircraft. Nearly 3,000 victims. It all happened in little more than an hour, between a quarter to nine and 10 in the morning... TIME Magazine subscribers, log in here to continue reading

Viewing 9/11 From A Grassy Knoll (USNEWS)

By Will Sullivan
U.S. News and World Report, September 4, 2006

New York can be a tough town, especially when you're handing out fliers at ground zero claiming that the 9/11 attacks were a massive government conspiracy. "I'd like to take a f---ing box cutter and cut her," one passerby yelled after Carol Brown offered him a flier. Brown shrugged: "It happens sometimes."

If nothing else, the members of 9/11 Truth, some of whom go to ground zero every Saturday, are persistent. Even as conspiracy theories thrived abroad, they mostly fell on deaf ears in the first years after the attacks. But as the fifth anniversary nears, 9/11 Truth and its outlandish claims have become an online phenomenon-and are proving startlingly persuasive. In a July 2006 Scripps Howard poll, 16 percent of respondents said it was "very likely" that federal officials either assisted in the 9/11 attacks or allowed them to happen to justify war in the Middle East, while a further 20 percent said it was "somewhat likely."

By that measure, roughly a third of Americans suspect the seemingly unthinkable-government complicity in the deaths of some 3,000 citizens. The "somewhat likely" category is too vague to give much insight, though, says Mark Fenster, a law professor at the University of Florida and an expert on conspiracy theory movements. But he has noticed a large increase in the popularity of 9/11 Truth in the past year, which he attributes to rising disaffection with the Bush administration and the Iraq war.

Web powered. Websites promoting theories about government involvement in the attacks get thousands of hits a day. But nothing has been more successful at spreading the movement than Loose Change: 2nd Edition, an 82-minute film that can be downloaded or watched free online. Made for around $6,000 by 22-year-old Dylan Avery and two friends, the movie is a superficially persuasive rundown of the major points of the conspiracy movement. "It's got a movie pace," says 26-year-old Jason Bermas, the film's researcher. "You don't feel like it's some kook in the backwoods telling you all this." The film has made Avery, who was twice rejected from film school, the toast of the 9/11 Truth movement and won him a girlfriend, who saw Loose Change and contacted him.

There are some divergent strands among the conspiracy theorists, but for most of them, the story has two major tenets: The World Trade Center towers and nearby Building 7, though struck by planes, were brought down by controlled demolitions, and the Pentagon was struck by a missile, not a plane.

As for who's responsible, most 9/11 Truthers point to the White House. They are particularly fond of implicating the Project for the New American Century, the conservative think tank that included Dick Cheney and Donald Rumsfeld and once posited that its goals of a beefed-up military would take a long time without an event "like a new Pearl Harbor." But the list of those branded conspirators ranges from Larry Silverstein, the leaseholder of the World Trade towers, to the members of the 9/11 commission to the mainstream media.

Why The 9/11 Conspiracies Won't Go Away (TIME)

By Lev Grossman
Time, September 4, 2006

Turns out, we need grand theories to make sense of grand events, or the world just seems too random

Take a look, if you can stand it, at video footage ofÂ the World Trade Center collapsing. Your eye will naturally jump to the top of the screen, where huge fountains of dark debris erupt out of the falling towers. But fight your natural instincts. Look farther down, at the stories that haven't collapsed yet.

In almost every clip you'll see little puffs of dust spurting out from the sides of the towers. There are two competing explanations for these puffs of dust: 1) the force of the collapsing upper floors raised the air pressure in the lower ones so dramatically that it actually blew out the windows. And 2) the towers did not collapse from the impact of two Boeing 767s and the

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ensuing fires. They were destroyed in a planned, controlled demolition. The dust puffs you see on film are the detonations of explosives planted there before the attacks.

People who believe the second explanation live in a very different world from those who believe the first. In world No. 2, al-Qaeda is not responsible for the destruction of the World Trade Center. The U.S. government is. The Pentagon was not hit by a commercial jet; it was hit by a cruise missile. United Flight 93 did not crash after its occupants rushed the cockpit; it was deliberately taken down by a U.S. Air Force fighter. The entire catastrophe was planned and executed by federal officials in order to provide the U.S. with a pretext for going to war in the Middle East and, by extension, as a means of consolidating and extending the power of the Bush Administration.

The population of world No. 2 is larger than you might think. A Scripps-Howard poll of 1,010 adults last month found that 36% of Americans consider it "very likely" or "somewhat likely" that government officials either allowed the attacks to be carried out or carried out the attacks themselves. Thirty-six percent adds up to a lot of people. This is not a fringe phenomenon. It is a mainstream political reality.

Although the 9/11 Truth Movement, as many conspiracy believers refer to their passion, has been largely ignored by the mainstream media, it is flourishing on the Internet. One of the most popular conspiracy videos online is Loose Change, a 90-min. blizzard of statistics, photographs, documents, eyewitness accounts and expert testimony set to a trippy hip-hop backbeat. It's designed to pick apart, point by point, the conventional narrative of what happened on Sept. 11, 2001.

For all its amateur production values--it was created by a pair of industrious twentysomethings using a laptop, pizza money and footage scavenged from the Internet--Loose Change is a compelling experience. Take the section about the attack on the Pentagon. As the film points out--and this is a tent-pole issue among 9/11 conspiracists--the crash site doesn't look right. There's not enough damage. The hole smashed in the Pentagon's outer wall was 75 ft. wide, but a Boeing 757 has a 124-ft. wingspan. Why wasn't the hole wider? Why does it look so neat?

Experts will tell you that the hole was punched by the plane's fuselage, not its wings, which sheared off on impact. But then what happened to the wings? And the tail and the engines? Images of the crash site show hardly any of the wreckage you would expect from a building that's been rammed by a commercial jet. The lawn, where the plane supposedly dragged a wing on approach, is practically pristine. The plane supposedly clipped five lampposts on its way in, but the lampposts in question show surprisingly little damage. And could Hani Hanjour, the man supposedly at the controls, have executed the maneuvers that the plane performed? He failed a flight test just weeks before the attack. And Pentagon employees reported smelling cordite after the hit, the kind of high explosive a cruise missile carries.

There's something empowering about just exploring such questions. Loose Change appeals to the viewer's common sense: it tells you to forget the official explanations and the expert testimony, and trust your eyes and your brain instead. It implies that the world can be grasped by laymen without any help or interference from the talking heads. Watching Loose Change, you feel as if you are participating in the great American tradition of self-reliance and nonconformist, antiauthoritarian dissent. You're fighting the power. You're thinking different. (Conspiracists call people who follow the government line "sheeple.") "The goal of the movie was just really to get out there and show that there are alternate stories to what the mainstream media and the government will tell you," says Korey Rowe, 23, who produced the movie. "That 19 hijackers are going to completely bypass security and crash four commercial airliners in a span of two hours, with no interruption from the military forces, in the most guarded airspace in the United States and the world? That to me is a conspiracy theory."

It's also not much of a story line. As a narrative, the official story that the government--echoed by the media--is trying to sell shows an almost embarrassing lack of novelistic flair, whereas the story the conspiracy theorists tell about what happened on Sept. 11 is positively Dan Brownesque in its rich, exciting complexity. Rowe and his collaborator, Dylan Avery, 22, actually started writing Loose Change as a fictional screenplay--"loosely based around us discovering that 9/11 was an inside job," Rowe says--before they became convinced that the evidence of conspiracy was overwhelming. The Administration is certainly playing its part in the drama with admirable zeal. If we went to war to root out fictional weapons of mass destruction, is staging a fictional terrorist attack such a stretch?

But there's a big problem with Loose Change and with most other conspiracy theories. The more you think about them, the more you realize how much they depend on circumstantial evidence, facts without analysis or documentation, quotes taken out of context and the scattered testimony of traumatized eyewitnesses. (For what it's worth, the National Institute of Standards and Technology has published a fact sheet responding to some of the conspiracy theorists' ideas on its website, www.nist.gov. The theories prompt small, reasonable questions that demand answers that are just too large and unreasonable to swallow. Granted, the Pentagon crash site looks odd in photographs. But if the Pentagon was hit by a cruise missile, then what happened to American Airlines Flight 77? Where did all the real, documented people on it go? Assassinated? Relocated? What about eyewitnesses who saw a plane, not a missile? And what are the chances that an operation of such size--it would surely have

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involved hundreds of military and civilian personnel--could be carried out without a single leak? Without leaving behind a single piece of evidence hard enough to stand up to scrutiny in a court? People, the feds just aren't that slick. Nobody is.

There are psychological explanations for why conspiracy theories are so seductive. Academics who study them argue that they meet a basic human need: to have the magnitude of any given effect be balanced by the magnitude of the cause behind it. A world in which tiny causes can have huge consequences feels scary and unreliable. Therefore a grand disaster like Sept. 11 needs a grand conspiracy behind it. "We tend to associate major events--a President or princess dying--with major causes," says Patrick Leman, a lecturer in psychology at Royal Holloway University of London, who has conducted studies on conspiracy belief. "If we think big events like a President being assassinated can happen at the hands of a minor individual, that points to the unpredictability and randomness of life and unsettles us." In that sense, the idea that there is a malevolent controlling force orchestrating global events is, in a perverse way, comforting.

You would have thought the age of conspiracy theories might have declined with the rise of digital media. The assassination of President John F. Kennedy was a private, intimate affair compared with the attack on the World Trade Center, which was witnessed by millions of bystanders and television viewers and documented by hundreds of Zapruders. You would think there was enough footage and enough forensics to get us past the grassy knoll and the magic bullet, to create a consensus reality, a single version of the truth, a single world we can all live in together.

But there is no event so plain and clear that a determined human being can't find ambiguity in it. And as divisive as they are, conspiracy theories are part of the process by which Americans deal with traumatic public events like Sept. 11. Conspiracy theories form around them like scar tissue. In a curious way, they're an American form of national mourning. They'll be with us as long as we fear lone gunmen, and feel the pain of losses like the one we suffered on Sept. 11, and as long as the past, even the immediate past, is ultimately unknowable. That is to say, forever.

Setting The Record Straight (TIME)

By Coco Masters

Time, September 4, 2006

A lack of identifiable plane wreckage, among other anomalies, has helped fuel skepticism about the official explanation of Sept. 11 damage to the Pentagon, left. Here's more on that debate and a few other Internet-fueled conspiracy theories that still thrive

THE TOWERS' COLLAPSE

â€¢ THE CLAIM: Explosives brought down the Twin Towers. Critics of the official explanation point to such clues as the pattern and timing of dust and debris blown out from the floors, the vertical fall of the towers and two seismic tremors that coincided with their collapse.

â€¢ THE FACTS: The impact of the Boeing 767s damaged support columns and steel floor trusses, causing the inward collapse of perimeter columns, which pulled floors straight down. A misquote of a demolition expert propagated the explosives theory. Seismic spikes, caused by debris hitting the ground, were recorded 10 sec. after each tower started to fall.

THE MYSTERY OF WTC 7

â€¢ THE CLAIM: WTC 7 also contained explosives since fire alone has never felled a modern skyscraper. Authorities have delayed releasing a WTC 7 report to hide the truth.

â€¢ THE FACTS: A few critical elements--including damage on the south face, unusual structural design to accommodate a Con Edison substation, extreme weight bearing on floors, and long-burning diesel fuel leaked from large emergency generators--compromised WTC 7's structural integrity. The draft report is expected in early 2007.

HOLES IN THE PENTAGON

â€¢ THE CLAIM: A missile or smaller plane--not Flight 77--struck the Pentagon because the size of two holes (in Ring C and Ring E) were too small to have been made by a 757, which has a wingspan of nearly 125 ft.

â€¢ THE FACTS: Witnesses saw the 757 hit the Pentagon. The plane lost its wings when one hit the ground and the other slammed into the building's west wall before the Boeing's fuselage tore a 75-ft. hole in the outermost Ring E. The jet's landing gear caused the 12-ft. hole in inner Ring C. But to question Flight 77's demise is to question the fate of the 64 people onboard; the remains of all but one have been identified.

SCRAMBLE

â€¢ THE CLAIM: Fighter jets within range of the hijacked planes must have been under orders to stand down, since none from the 28 Air Force bases in the area was scrambled.

â€¢ THE FACTS: There are seven alert sites on the U.S. mainland, each with two active aircraft, that can scramble fighters. The 9/11 commission concluded that F-15s were scrambled within 6 min. of notification of the hijacking of Boston's

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Flight 11. Because hijackers had dismantled the planes' transponders, the F-15s could not identify the endangered aircraft. Details of the intercepts' performance are now being questioned.

Bump And Grind At Ground Zero (USNEWS)

By Angie C. Marek

U.S. News and World Report, September 4, 2006

It came off as an unplanned message war. Across New York, officials with the Lower Manhattan Construction Command Center posted ads this summer: "This is 2010," the signs read near pictures of the major buildings that will someday rise at ground zero. "It's happening now." But New Orleans Mayor Ray Nagin, asked about his city's recovery, had a different take. "You guys in New York City can't get a hole in the ground fixed," he sniffed. "And it's five years later."

Nagin apologized, but there are plenty of people who agree with him. Officials leading the Lower Manhattan rebuilding effort insist that they've turned a corner and say progress is being made. An agreement reached in April resolved some turf wars and funding issues that had stalled work at the 16-acre site. Construction has begun on major buildings there now-including the Freedom Tower, a transportation hub, and the 9/11 Memorial-and officials will unveil designs for three smaller office buildings this week. But skeptics say a miasma of political agendas surrounding the effort could still gum up progress. "Let's believe it," says Ken Sherrill, a political scientist with New York's Hunter College, "when we see it."

Troubles. The project is no stranger to struggles. In 2003, when architect Daniel Libeskind won a design competition to "master plan" the site, experts speculated that his 1,776-foot spire-dubbed Freedom Tower-would be too tall and too attractive to terrorists to attract corporate tenants. Until this spring, New York City Mayor Michael Bloomberg worried that Larry Silverstein, a developer who won the lease to the trade center site just prior to 9/11, would run out of money, default on his lease, and walk away with millions in profits after completing only two of the site's five high-rises. Nonsense, countered Silverstein. And when the New York Police Department concluded in the spring of 2005 that the Freedom Tower would be vulnerable to truck bombs, the resulting design changes added as much as two more years to the project.

Big egos have also been a factor. Silverstein said early on that it was his "absolute right" to choose his own architects, but Libeskind bickered with the Freedom Tower architect. The Port Authority of New York and New Jersey, which owns the land and built the original trade center buildings, has been battling Silverstein over a host of issues. Gov. George Pataki, who insisted that the Freedom Tower be built before less fiscally risky buildings, was accused of focusing on his legacy. Pataki's staff says the accusations are without foundation.

The agreement reached in April was intended to put an end to all the bickering by giving the Port Authority control over the Freedom Tower. "We won't build a speculative white elephant," says Port Authority Chairman Anthony Coscia. Translation: Building won't begin until 1 million of the 2.6 million square feet of office space in the Freedom Tower are under lease. The Port Authority and Silverstein also must get assurances from seven insurance companies that they will pay the $1.4 billion they still owe even after this shift in responsibilities; four firms are resisting.

But emotional flashpoints remain. "This is our sacred ground," says Anthony Gardner, one of a group of victims' families upset that the planned memorial-two large fountains over the original trade center's footprints-will somewhat limit access to the twin towers' foundations. The group sued and lost but is continuing to press for changes, including preservation of the North Tower's "survivor staircase," which sits in the middle of one of Silverstein's planned office buildings.

And there's more. The abandoned Deutsche Bank building at the south edge of the site is being dismantled but is filled with hazardous chemicals and trade center dust, requiring complex negotiations over how to get rid of the mess. The 7 World Trade Center office tower, meanwhile, the only building that's been completed at the trade center complex, opened in May with just three tenants, although leases have now been drawn up for close to two thirds of the space. That's progress, no two ways about it, but there's still a long way to go.

Men On A Mission (USNEWS)

By Linda Robinson

U.S. News and World Report, September 4, 2006

When Defense Secretary Donald Rumsfeld turned to special operations forces to take the lead in the hunt for Osama bin Laden five years ago, he no doubt had in mind the kind of kill-or-capture operation mounted to go after Pancho Villa, or, more recently, the Balkans' war criminals. The problem was that those manhunts came up empty. Finding a single individual intent on hiding, it turns out, is a very tall order, even for a superpower. In a rare interview, Lt. Gen. Dell Dailey, who has helped lead the hunt for al Qaeda's founder, explained why. "Our manhunting skills are dramatically better than ever before, and the envy of other nations," Dailey said, but they cannot always penetrate safe havens that are politically, geographically, or culturally protected.

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Nobody understands this better than the Pentagon's special operations community. As director of the Center for Special Operations in Tampa, Dailey is the architect of the military's global counterterrorism plan, known as OPLAN 7500. The plan is classified, but the thinking behind it is not. The strategy relies increasingly on allies like NATO and has broadened from that of a basic manhunt to a mission that includes training partner nations in counterterrorism, intelligence, and civil affairs, eliminating safe havens, and attacking the ideological underpinnings of radical Islamism. "We will take away bin Laden's base," Dailey said. "We will take away his popular support [and] his regional support through all those indirect methods. And once that's happened, we will kill him."

Black and white. Skeptics wonder, however, if there has been a real road-to-Damascus-like conversion in the Special Operations Command, known by its Pentagon acronym, SOCOM. Because they hail from the manhunting special-mission units of the special operations community, both Dailey and his boss, the four-star who heads SOCOM, Gen. Doug Brown, cut their professional teeth on what is called "direct action," or commando-style raids. In congressional hearings, military historian Max Boot said SOCOM" is overly focused on ... direct action, on rappelling out of helicopters, kicking down doors, and capturing or killing bad guys." Inside SOCOM, there is also debate. Among the "white" SOF, the special operators who train foreign militaries and do civil affairs work to win hearts and minds, there is widespread belief that the "black" side of SOCOM, the elite Delta Force, Navy SEAL Team 6, and the special aviators and intelligence units, still have the upper hand.

In a series of interviews in recent weeks, Brown, a blond, steely eyed former helicopter pilot, told U.S. News that both sides of SOCOM have the same objective. Killing and capturing terrorists, Brown said, provides the breathing room that longer-term training and civil-affairs efforts need. "Direct action," Brown said, "buys time for the indirect approach to work while defending the homeland and keeping our adversaries off balance, so that we can enable partner nations to deal with and erode the support for terrorists." At SOCOM's Tampa headquarters, Dailey was genially blunt. "We just plain can't kill them all," he says.

Both generals take pains to counter the notion that they are narrow-minded commandos. Patting the Ranger tab on his left shoulder, Dailey adds: "I've had civil affairs and psyop training, too." And Brown was a sergeant in the "white" Special Forces early in his career. They cite a wide range of "indirect" initiatives against terrorism. In the Philippines, U.S. special operations helped weaken the radical Islamist Abu Sayyaf Group, which had kidnapped two Americans, through military training, road-building, and medical aid that won popular support and led to the collection of useful new intelligence. After succeeding on Basilan Island, they have moved to another historic hotbed, Jolo Island. Lt. Col. Eric Haider, who led the task force, called it "a model for how the U.S. can wage the war on terror in a country where we are not at war, and sustain it over the long term."

Gunman Kills British Man And Wounds 6 In Jordan (NYT)

By Suha Maayeh

The New York Times, September 5, 2006

AMMAN, Jordan, Sept. 4 — A gunman opened fire on tourists visiting a popular site in downtown Amman on Monday afternoon, killing a British man and wounding six other people, Jordanian officials said.

Hospital officials identified the dead man as Christopher Stoke, 53. Wounded in the shooting were two British women, an Australian woman, a woman from New Zealand, a Dutchman and a sergeant with the Jordanian Tourist Police, Jordanian officials said.

Jordan's official news agency, Petra, identified the gunman as Nabeel Ahmad Issa Jaoura, 38, from Yajouz, near the Islamist stronghold of Zarqa. Prime Minister Marouf al-Bakhit said security officials were interrogating Mr. Jaoura and investigating whether he was acting alone or was part of a terrorist cell.

Officials said the shootings would be considered a terrorist act unless the gunman was found to be mentally unstable. It was the most serious attack of its kind since suicide bombers attacked three Amman hotels last November, killing 63 people. Nasser Joudeh, a government spokesman, said the police would be stepping up already tight security in the Jordanian capital and elsewhere.

"This is a cowardly, terrorist attack, which we regret took place on Jordanian soil," Interior Minister Eid al-Fayez told reporters.

Witnesses said the shooting began shortly after midday when Mr. Jaoura, cleanshaven and dressed in jeans, opened fire on the group of tourists as they walked in the ancient Roman amphitheater in Amman, a popular tourist destination. He fired at least 15 bullets into the crowd, shouting "Allah-u akbar," or "God is great."

The wounded were taken to Al Bashir and the Prince Hamza hospitals, about one mile away. The two British women underwent surgery and were in intensive care Monday evening in critical but stable condition. Hospital officials said the 32-year-old Dutchman was recovering from a bullet wound in his abdomen, while the Australian woman had been treated for a bullet in her thigh. The tourist police sergeant, Awni Falah Ayed, was treated for bullet wounds in the chest and thigh. The condition of the New Zealand woman was not known.

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Jordan says it has thwarted numerous plots against Jordanian landmarks and government buildings as well as against Western tourists. Last November, Al Qaeda in Mesopotamia took responsibility for the attacks on the three Amman hotels, the deadliest terrorist act in the country's history.

Man Opens Fire At Tourists In Jordan's Capital (WP)

By Yasmine Mousa

The Washington Post, September 5, 2006

AMMAN, Jordan, Sept. 4 -- A gunman fired on a group of foreign tourists here in the Jordanian capital Monday, killing a British man and wounding seven other people, according to police and witnesses.

The tourists were visiting the ruins of an ancient Roman amphitheater in central Amman when the gunman approached them from behind and fired more than a dozen bullets, witnesses said. The British man, who was not identified, was fatally wounded and six other foreigners -- two British women, two Australian women, a Dutch man and a New Zealander -- were also hit, according to Jordan's official Petra news agency.

A sergeant in Jordan's tourist police who was accompanying the group was struck by two bullets but managed to subdue the gunman.

The shooting shattered the relative calm of Amman, which in recent years has become a refuge for thousands fleeing warfare in neighboring Iraq and nearby Lebanon. The last high-profile attack in the city was in November, when Iraqi suicide bombers killed 60 people in three major hotels.

Prosecutors identified the attacker as Nabeel Ahmed Issa Jaourah, a Jordanian in his thirties from Zarqa province, the home region of Abu Musab al-Zarqawi, the leader of the insurgent group al-Qaeda in Iraq who was killed by U.S. forces in June. A government spokesman, Nasser Judeh, said officials were investigating whether Ahmed acted alone or in coordination with a group such as al-Qaeda.

"We will ascertain in the next period whether this was a sole act or whether this individual is a member of a terrorist cell," Prime Minister Marouf al-Bakhit told reporters after a visit to the hospital where the wounded were being treated.

The Associated Press quoted a Jordanian security official, who spoke on condition of anonymity, as saying that preliminary investigations found no link between known terrorist groups and Ahmed, a Jordanian of Palestinian origin who worked as a welder. Ahmed is believed to be an observant Muslim who once wore a beard -- traditional among some conservative Muslims -- but he was cleanshaven when he carried out the assault, the official added. Interior Minister Eid al-Fayez called the shooting "a treacherous act . . . a criminal act, way outside our Jordanian, Islamic, Arabic culture."

British Foreign Secretary Margaret Beckett said she was "extremely saddened" by the shooting. "Acts of violence such as this are as senseless as they are callous," she said in a statement, according to the Associated Press.

The U.S. Embassy said it extended "deepest condolences" to the victims. "We have the utmost confidence in the Jordanian security forces," it added.

Several witnesses told news services that they saw a young man shooting at a group of Western tourists walking near the Roman ruins in Hashemite Square, a downtown area frequented by thousands of Jordanians for work and entertainment.

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For Conservative Muslims, Goal Of Isolation A Challenge (WP)

By Caryle Murphy

The Washington Post, September 5, 2006

Twelve girls sat in rows at the front of the community room in Silver Spring's Muslim Community Center, calming their nerves with giggles and girl talk. In their sweaty hands, they held prepared speeches. On their heads, they wore scarves in a rainbow of colors: pink, brown, gold, white and lavender.

The seventh- and eighth-graders were competing in a debate on this question: Is a segregated, all-Islamic upbringing key to protecting your Muslim identity?

Eight of the dozen argued yes, using variants of the theme offered by Fatimah Waseem. Young Muslims "join with the non-Muslims, copy them and look up to them. This is hurting our identity. . . . Sometimes, we turn way from Islam," she said. "In conclusion, . . . we cannot sway in the wind and become weak. We need to be protected . . . by segregation."

" Takbeer! " shouted some in the audience of proud, clapping parents as each girl concluded her case. "Let us praise God!"

Like Fatimah, most of the debaters attend Al-Huda School in College Park. It is run by Dar-us-Salaam, one of the Washington area's most conservative Muslim congregations. Many of its members believe that, in order to be true to their faith, they should live apart from secular society as much as possible. The congregation's Web site describes how it hopes one day to become a self-contained Islamic community.

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The kind of Islam practiced at Dar-us-Salaam, known as Salafism, once had a significant foothold among area Muslims, in large part because of an aggressive missionary effort by the government of Saudi Arabia. Salafism and its strict Saudi version, known as Wahhabism, struck a chord with many Muslim immigrants who took a dim view of the United States' sexually saturated pop culture and who were ambivalent about participating in a secular political system. It was also attractive to young Muslims searching for a more "authentic" Islam than what their Westernized immigrant parents offered.

But the discovery that 15 of the 19 Sept. 11, 2001, hijackers were Saudi and that their violent al-Qaeda ideology was rooted in Wahhabism had a particularly deep impact on Salafis, whose theology and practices were suddenly suspect.

The attacks "shook the foundations of anyone affiliated with Wahhabism or Salafism," said Chris Khalil Moore, 31, of Annandale, a convert who became immersed in Wahhabism while studying in Saudi Arabia before abandoning that approach to Islam. "Because they were fingered, pointed at, as being the ideology that helped foster the mentality of those hijackers," he said, "I think a lot of people got scared."

One of the area's most prominent Salafi preachers, Ali al-Timimi, is in prison, convicted on charges that he incited young Muslims to wage war against the United States. Dar al-Arqam Islamic Center in Falls Church, where he preached, is now closed. The Saudi government's proselytizing campaign has also been rolled up. Its preachers were sent home, and a Saudi-run institute in Fairfax that taught a strict Salafi outlook no longer has any students.

Moderate Muslims have become more vocal in warning about the dangers of separatism and fundamentalism while policing rhetoric that could be construed as radical or extremist. In particular, they increasingly take exception to the sharp divide between Muslims and non-Muslims drawn by some Salafis, saying it can encourage intolerance and violence.

The sense of beleaguerment among many Muslims in the Washington area is particularly strong among Salafis. "In the past, people would say, 'I'm Salafi.' Now, I never encounter people who say that," District resident and Muslim activist Svend White said. "It's a combination of fear, anxiety and a real change in the community."Seeking 'Pure' Islam

Taken broadly, practicing Salafism means imitating the ways the prophet Muhammad and his companions in the 7th century practiced their faith, from their clothing to the spiritual principles that guided them. Salafism also stresses a return to fundamentals in pursuit of "pure" or "authentic" Islam.

Wahhabism is an ultra-conservative brand of Salafism that emerged in Saudi Arabia. Its strictest adherents read Islamic scriptures literally, reject centuries of Islamic legal scholarship as unnecessary "innovation" and regard many Western values as un-Islamic. They also regard Jews, Christians and non-Wahhabi Muslims as "unbelievers" who should be avoided.

"Salafis are the fundamentalists of the Muslim world," said Ihsan Bagby, a professor of Islamic studies at the University of Kentucky. "Just as Christian fundamentalists are focused on who's going to heaven and hell, who's the true believer and who's the nonbeliever," Salafis "are really focused on belief. . . . For the most part, they are apolitical."

Polling by Bagby found that about 8 percent of worshipers at U.S. mosques favor a Salafi approach. But although Salafi Muslims are more isolated now, some scholars say their approach to Islam could become more appealing in response to increasingly negative views of Muslims among Americans and vitriolic Islam-bashing on the Internet.

"Salafi teachings begin to be more attractive to more Muslims as a defensive response," said Peter Mandaville, an assistant professor in George Mason University's Public and International Affairs Department. "In the face of this new global war on Islam, they are saying, we will hold fast and emphasize anew the fundamental tenets of our faith."

Safi Khan, Dar-us-Salaam's imam, declined requests to discuss the mosque or his theological beliefs, and Minhaj Hasan, a spokesman for the mosque, said its officials had decided not to talk to Washington Post reporters.

But other Salafis have tried to allay fears that their brand of Islam fosters extremism.

Salafi Society D.C., a group of mostly African American Muslims who worship in an unadorned white brick building in Northeast Washington, has a prominent disclaimer on its Web site stating that "we are free from . . . car bombings, highjackings [sic], suicide killings, and all forms of terrorism."

Nihad Awad, executive director of the D.C.-based Council on American-Islamic Relations, said Salafis increasingly are prepared to participate in the U.S. political system instead of shunning it. "I have been invited [by Muslims] to talk about election strategy, whereas I would not have been invited before," he said.

Yasir Qadhi, a lecturer with AlMaghrib Institute, an Islamic educational organization founded by a former prayer leader at Dar-us-Salaam, cited his own experience as an example of how Salafism has adapted in the United States.

Qadhi, who was born in Houston and graduated from Saudi Arabia's Islamic University of Medina, is getting his doctorate in Islamic studies at Yale University -- a sign, he said, of how second-generation Muslims are adapting. "It's unprecedented that a Salafi is doing a graduate degree at an Ivy League school," said Qadhi, 31. "Our forebears would see that as anathema."

In the past, Qadhi said, Salafis debated whether Muslims should even live in the United States. "For me, that question is so utterly ridiculous," he said. "Where do you want us to go?"The Saudi Campaign

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Nabil Samman's urgent voice filled the prayer rooms -- one for men, one for women -- at the Institute of Islamic and Arabic Sciences in America on a recent Friday afternoon. The white-bearded, Jerusalem-born prayer leader was giving a khutba , or sermon, about the perils of not properly supervising Muslim girls.

Parents should be concerned if "girls start wearing makeup or waiting after school," he said. "Girls who have secret affairs hide things from their parents."

The midday prayer service over, scores of Muslim men poured out of the sprawling two-story brick building opposite a sandlot on Hilltop Road in Fairfax. Heading for their cars, they passed a bearded youth hawking materials about Islam at a folding table. Grabbing a handful of DVDs, he yelled, "Take one and share it with a non-Muslim!"

As khutbas go, Samman's was fairly typical, a man identifying himself only as Ahmed stressed to a visitor. "Now," he said, "the sermon here is no politics, nothing controversial, only talk about good morals, good behavior. We don't associate ourselves with any sect or any group."

These days, the institute is open only for Friday prayers, which draw as many as 800 worshipers. But from the time it opened in 1989 as a satellite campus of a Saudi religious university in the capital Riyadh until it was closed in January, it was a key element in the Saudi campaign to spread Wahhabi Islam, an effort intended to counter radical Shiite Islam coming out of the 1979 Iranian revolution.

The Saudi Embassy's Islamic Affairs Department, which at its peak in the late 1980s had an annual budget of $8 million and 35 to 40 staff members -- many of them with diplomatic visas -- ran the campaign. Across the country, they built mosques, distributed Korans and brought in foreign imams to lead congregations.

For many years, the Saudis distributed a widely used English edition of the Koran with commentary by Abdullah Yusuf Ali. But in the late 1990s, they began giving out a new edition called "The Noble Koran," with commentary that reflected the Wahhabi outlook of two scholars at the University of Medina.

Many local Muslims were particularly embarrassed by commentary that disparaged Jews and Christians even though neither group is mentioned in the original Arabic. "The outcry was so great. . . . People were disgusted," said Imad-ad-Dean Ahmad, head of Bethesda's Minaret of Freedom Institute, an Islamic think tank. "And it wasn't just liberals. I couldn't find an American Muslim who had anything good to say about that edition. I would call it a Wahhabi Koran."

The institute in Fairfax was a way for the Saudis to tap the talents of the brightest Muslims in the United States. Its free Arabic classes were a boon for new converts. And those who did well academically were offered full scholarships to study at Saudi universities.

Most of the institute's faculty were Saudi-born or Saudi-trained religious scholars who had a conservative Salafi or Wahhabi perspective. Sheikh Abdel Aziz Fawzan, who taught Islamic law, drew a theological lesson from the 2004 South Asia tsunami that was similar to the one evangelical Christian Jerry Falwell initially drew from the Sept. 11 attacks. The tsunami, Fawzan declared, was God's punishment for allowing resorts where "especially at Christmas, fornication and sexual perversion of all kinds are rampant."

When the U.S. government took a harder look at Saudi activity here after Sept. 11, the Fairfax institute was targeted. Sixteen faculty members were asked to leave the country in December 2003 when the State Department revoked the diplomatic visas of more than 20 Saudis involved in religious outreach.

The revocations were part of an effort to curb what U.S. officials considered intolerant religious rhetoric and ensure that all embassy staffers were engaged in legitimate diplomatic activities, U.S. and Saudi officials said at the time. A senior Saudi official added then that his government intended to "shut down the Islamic affairs section in every embassy."

In mid-2004, federal agents raided the institute, confiscating computers and documents. But no one closely associated with the facility has ever been charged with a terrorism-related crime.

In a recent interview in his elegant wood-paneled embassy office, the Saudi ambassador to the United States, Prince Turki al-Faisal, said his government had suspended its missionary activities in this country. "We are in a very intense review of all of the past activities that were undertaken," he said. "And we haven't yet reached any specific plan for where we're going for the future."

Part of that review involves examining religious material "that could in any form, way or shape be interpreted as bigoted or extreme or offensive, not just to non-Muslims, but even some Muslims," he said. The embassy, he added, distributes only Arabic editions of the Koran, with no commentary.

Turki rejected the idea that his country's proselytizing might have contributed to the 2001 attacks. The institute in Fairfax and its mother university in Riyadh "have graduated literally thousands of people over the years," he noted. "If they had been proselytizing for jihadist [ideas] as such, there would have been even more numbers from those thousands . . . who would have turned toward that inclination."A Separate Community

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The utopian vision of an all-Islamic oasis within the United States' secular society has taken seed in College Park's Dar-us-Salaam congregation. Its one-story, red-brick building sits at the end of a narrow, tree-lined street of compact homes built in the early 1950s off Route 1, a few blocks from an IHOP and a Dunkin' Donuts.

A sign in a corner of the parking lot underscores its strict gender segregation.

"Sisters Only," it reads.

Inside is the congregation's prayer room -- divided by a tall barrier so men and women cannot see one another during worship -- and classrooms for Al-Huda School's 300 to 400 students in kindergarten through eighth grade. Here, too, is Muslim Link, a community newspaper published by Dar-us-Salaam.

The building houses a bookstore, grocery store and a tiny office that runs the mosque's religious outreach, a top priority for the congregation. Office shelves are stacked with giveaways: English translations of the Koran -- both "The Noble Koran" and Yusuf Ali editions -- as well as glossy color brochures with instructions on how to become a Muslim. "It is best not to hesitate," the brochures state, "if you are certain that you believe."

Dar-us-Salaam, whose Friday prayer services draw 500 to 700 worshipers, describes on its Web site its plan to create an Islamic enclave as a way to sustain its members' Muslim identity and spread Islam by example. Besides a mosque and school, "such an Islamic environment would include . . . businesses and shops for employment and basic needs, housing, medical and financial institutions."

This dream reflects the strict Salafi approach of Saudi-trained Safi Khan, Dar-us-Salaam's imam, who believes that Muslims in this country need close-knit communities to cope with pressures from law enforcement officials and a Western culture alien to Islamic values.

Khan's outlook is clear from his recorded lectures, which are sold online and appear to have been given in the past few years.

The U.S.-raised son of Pakistani immigrants, Khan invokes the certainty of hellfire for those who flout God's commandments, and he preaches that attaining a moral Islamic life in contemporary America requires shunning many commonplace things.

"For example, if you go home and watch TV every day . . . that's not going to help you get close to God," he says in one lecture. "If you go out to the game . . . or if you go to the movies often, if you love to go to parties, if you love music -- all these things are not going to bring you closer to Allah."

Also forbidden by Islam, Khan teaches, are "love letters, or chatting in the chat room without the presence of a guardian, . . . or writing e-mails that you know you have no business writing."

Young Muslims in particular must be aware of the dangers to their faith, Khan says, because youth "is the time when there are a lot of temptations . . . when all these Ivy League universities try to take you to brainwash you into the way they want you to grow up, the way they want you to think." It is the time "that all of America, all of the West, tries to concentrate on you . . . because once they control you, . . . then they have you, and for the rest of your life, you think like them."

Khan believes that Islamic schools are imperative because Muslim children "now are not equipped to deal with mainstream America without compromising their Islamic values." Usually, he says, "a big mixture happens between mainstream America and mainstream Islam, and . . . in most cases . . . Islam loses."

He stresses how Muslims are different from non-Muslims, whom he calls "unbelievers." Citing the mistreatment of Muslims, he says, "we must come together so we can ward off all these attacks." Khan adds that by an Islamic community, he means "we begin to buy houses and begin to live right around the [mosque] so we meet each other" during the five daily prayer sessions.

In the hostile environment cited by Khan, Dar-us-Salaam offers a comforting alternative. The congregation has a "real community feel, so a lot of young people are attracted," said Irfaan Nooruddin, 25, of Silver Spring, a financial analyst who is not a member but sometimes prays there. "I don't agree with their Salafi [outlook] at all. But I do respect the fact that they're people who are attempting to understand the religion."

Mostafiz Chowdhury said he chose Al-Huda, the congregation's school, because he wants to provide his children with an "Islamic upbringing" and protect them from public-school ills such as drugs and "having free sex."

Ultimately, if American Muslims continue to feel embattled, Salafism itself could become more attractive. When moderate Muslim groups that promote integration feel they are under scrutiny or discredited by the government, said Najam Haider, an adjunct professor of Islamic studies at Georgetown University, "Muslims turn societally inward, and that turning inward gives Salafism more influence because Salafis aren't saying we need to integrate."

What they offer, Haider added, is an alternative: "Muslim identity that is separate from America, grounded in Islamic history, a very demarcated community of Muslims. Those are very separate from American values in a lot of ways."

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HOMELAND RESPONSE:

Airline-security Incidents Seen As Terrorist Feints (WT)

By Audrey Hudson, The Washington Times

The Washington Times, September 4, 2006

The rash of airline-security incidents since the London terror arrests -- which has diverted or delayed more than 20 flights all over the world -- has more to do with flukes, red herrings or terrorist probes than with actual, imminent threats, intelligence observers and security officials say.

"Alarms were triggered by a range of things: disruptive passengers, suspicious smells, bomb threats that were scribbled on air-sickness bags and anonymous phone calls alleging bomb threats," said Douglas Hagmann, director of the Northeast Intelligence Network.

"We are constantly being probed by terrorists," Mr. Hagmann said. "We are going to have a limited number of incidents that are just a ploy, a nonevent as a result of misunderstandings or innocuous activity. You can expect that and factor that in. But the extent we are seeing today -- the numbers are well beyond the norm."

At least 23 incidents worldwide since the Aug. 10 arrests of two dozen suspects have led to 11 emergency landings or flight diversions, four of them escorted by military jets, and 16 arrests.

The majority of disruptions occurred on domestic and inbound international flights. The number of publicly reported security incidents peaked on Aug. 25, with eight incidents on that day, Mr. Hagmann said.

One passenger was removed from an international flight after it was diverted to Bangor, Maine, when his name reportedly was discovered on a terrorist or no-fly watch list. A Northwest Airlines flight from Amsterdam to India returned midway, escorted by a military jet, and 12 Muslim men were arrested but released.

The men boarded moments before takeoff and immediately began passing around cellular phones. The disruption frightened passengers, and the men were subdued by U.S. air marshals.

Laura Mansfield, a counterterrorism consultant and Arabic translator, says many of the incidents involve terrorist sympathizers hoping to divert attention from actual terrorists moving forward with real plots.

"There is a combination of things going on. They are trying to get the threat level reduced by creating a bunch of false alarms so people will be complacent. It's also a strategy of red herrings and disinformation," she said.

The aviation threat level in the U.S. went to Code Red, or severe, after the Britain arrests and today remains on Code Orange, or high.

Miss Mansfield said that although the terrorists pay no attention to anniversary dates, recent activity and the release of several tapes indicate that Islamic militants want badly to strike the U.S. before this upcoming September 11.

An example of sympathizer involvement Miss Mansfield cited is a 2004 campaign in which in an Islamist Web site urged Muslim tourists to distract law enforcement by videotaping landmarks, nuclear plants, water-treatment facilities and infrastructure on their vacations.

"The police cannot be everywhere. If they are watching you, then they may not be watching our real projects," said the posting, which also noted that those participating could not be arrested for the activities.

"The distractions are going well," the site reported. "The Americans are chasing those with video cameras believing them to be terrorists. That permits us to do our preparations undetected."

Last year, Miss Mansfield visited a mosque in Georgia that advertised an English and Arabic session on God and family. She attended the Arabic session where a man identified as Khaled recounted a New York flight. He and his friends acted suspicious and made simultaneous restroom runs to frighten passengers.

"He laughed when he described how several women were in tears, and one man sitting near him was praying," Miss Mansfield later wrote in an account of that meeting on her personal Web site.

"As the meeting drew to a close, the imam gave a brief speech calling for the protection of Allah on the mujahedeen fighting for Islam throughout the world, and reminded everyone that it was their duty as Muslims to continue in the path of jihad, whether it was simple efforts like those of Khaled and his friends, or the actual physical fighting," Miss Mansfield wrote.

Passengers on seven flights have been forced to disembark while their luggage was inspectedby bomb-sniffing dogs.

Federal air marshals, who reveal their presence only when an aircraft is in danger, have done so twice in as many weeks -- against only once previously in the almost five years since the September 11 attacks.

"As our defenses become more elaborate and responsible to the current threat, the terrorists are actually working on methods to circumvent those measures," Mr. Hagmann said.

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A Pakistani woman was detained by screeners Aug. 17 at a West Virginia airport after baby formula tested positive for explosives. The airport was closed for several hours while the FBI searched her home, where explosives residue was detected, Mr. Hagmann said.

Homeland Security officials will say only that the matter remains under investigation.

"We have to keep in mind the terrorists want to strike at our economy, and the airline industry is very weak. These diversions and cancellation of flights cost the airline industry a lot of money, and we have to look at that," Mr. Hagmann said.

Dave Mackett, an airline pilot and president of the Airline Pilots Security Alliance, says the diversions are costing airlines millions and leaves the industry vulnerable to lawsuits.

"This cannot be the new norm," Mr. Mackett said.

Daryle Elizabeth Lademan, an associate with DFI Corporate Services, says the economic threat comes from the burden on passengers who face stricter screening rules.

"The leisure traveler won't fly as much, the business traveler will teleconference more often or seek private air-travel options like charters, corporate jets, and fractional ownership providers," she said.

Domestic Security Since 9/11 Is Barely Better, Schumer Says (NYT)

By Richard Pérez-peña

The New York Times, September 5, 2006

Domestic security remains mediocre at best, and in some ways has barely improved, since the Sept. 11 terrorist attacks, Senator Charles E. Schumer said yesterday.

Over all, Mr. Schumer gave efforts to make the nation safer from attack a grade of C-, about the same as the marks he assigned in similar exercises in 2002, 2003 and 2004. Of the 12 areas he examined in a report, he said a few remained particularly bad: security for mass transit, shipping ports and chemical plants; the use of devices that can detect explosives and other weapons; and grants to law enforcement authorities and firefighters.

“A promise was made to the American people that after 9/11, every step would be taken,” Mr. Schumer said, standing near the rim of the enormous pit at the World Trade Center site. “Unfortunately, too much of that promise remains unfulfilled.”

Russ Knocke, a spokesman for the Department of Homeland Security, said, “We have, ultimately, finite resources” that are used to focus on the most serious threats. For instance, he said, “if we were to inspect every container that comes into our country, ports would shut down.”

He called the senator’s report “half-baked,” saying that “it seems to rely upon the premise that government can prevent all threats for all people for all time.”

Mr. Schumer said that raising the defense against terrorism to acceptable levels would probably mean doubling the department’s budget, now about $32 billion a year. The federal government has spent $300 billion on the war in Iraq, he said, so “$30 billion on homeland security doesn’t seem like a lot to ask.”

As the fifth anniversary of the attacks approached, Senator Schumer asserted that the Bush administration and Congressional leaders have still not shown the will to spend enough, and that the Department of Homeland Security has been poorly run and has reneged on commitments, partly as a result of lack of money.

Most of the material in Mr. Schumer’s 14-page report is not new; it was culled from sources like the 9/11 Commission, the Rand Corporation, the Council on Foreign Relations and various government agencies. But of the dozens of specifics it cites, many — like the lack of tamperproof seals on shipping containers, or background checks of truck drivers - admitted to the ports — have received little attention.

Mr. Schumer gave his highest grades to nuclear plant security, B+, and aviation security, B-. He said airline safety had improved significantly, citing changes like secure cockpit doors, more marshals on flights and upgraded passenger and baggage screening.

But he separated that category from efforts to develop and deploy machinery that can find weapons by peering into baggage or detect minute traces of dangerous chemicals or germs — for which he said the government had earned an F.

He gave another failing grade to mass transit security — a particular concern to metropolitan New York — saying that the government spends $9 per passenger on airline security but only 1 cent per mass transit rider.

Young U.S. Muslims Strive For Harmony (WP)

By Tara Bahrampour, Washington Post Staff Writer

The Washington Post, September 4, 2006

9/11 Spurred Action, Helped Define Beliefs

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Standing in the small, fluorescent-lighted room that served as George Washington University's Muslim prayer area, Amin Al-Sarraf pointed to the six-foot-high plastic partition dividing the space.

It had been a point of contention at the university's Muslim Students' Association. Some members thought the partition, common in mosques to separate men and women when they pray, was a necessary part of their religion; others disagreed, saying women had trouble hearing the imam.

"Some see it like the Great Wall of China in the middle of the room," Al-Sarraf explained, adding that there was a fear "freshmen will get a bad taste in their mouth -- like this is how the MSA's going to be."

Al-Sarraf didn't want to alienate anyone. In his post last year as president of the Islamic Alliance for Justice, a political group under the umbrella of the MSA, he'd heard of Muslim groups at other universities making students feel excluded for not dressing a certain way, for example. Perhaps, he mused aloud, his MSA could come to a compromise: Keep the partition, but make it shorter.

For Al-Sarraf, 22, a student of international relations who graduated in May, the partition quandary was part of a larger debate taking place among American Muslims, especially young ones: how to incorporate their religion into daily life. The question has become more pressing -- and more pressured -- since Sept. 11, 2001, linked Islam, in the eyes of many Americans, with acts of fanaticism and murder.

Immediately after the terrorist attacks, Muslims began to feel the heat. Women in hijab became targets of hostile remarks; mosques were sprayed with graffiti and vandalized. Some Muslim immigrants were required to register with the government, and families got unexpected knocks on the door from immigration and FBI officers.

In some communities, resentment swelled as Muslim men disappeared, deported to their home countries or swallowed into a law enforcement system many Muslims felt had convicted them of ill-defined crimes. The United States went to war, first in one Muslim country, then another.

To many Muslims, it seemed that the United States was going to battle against them. "These policies create the impression in the minds of many people . . . that to fight the war on terror you have to fight some kind of war on Islam," said Ibrahim Hooper, a spokesman for the Council on American-Islamic Relations.

Until Sept. 11, being Muslim in the United States had not necessarily meant taking a special stand or explaining the actions of others. But in a new social climate, Muslims had to decide, more concretely, what it meant to be both Muslim and American.

For two young Muslim men in the Washington area, the process of refining the balance between faith and country, set in motion by the attacks, has played out differently.

Al-Sarraf, raised in a multiethnic family that frequently discussed how Islam fit into mainstream America, was propelled into a leadership role aimed at integrating Muslims into broader society.

Basim Hawa, son of Palestinian immigrants, went from ignoring many tenets of his religion to thinking actively about what they meant to him and, ultimately, throwing off the trappings of American life that didn't fit with Islam.'Ambassadors of Their Culture'

Al-Sarraf grew up the eldest of four children in leafy Pasadena, Calif., with an Iraqi father and a mother who is half Palestinian and half German American. His parents signed up the children for hockey and soccer and took them to deliver food to the homeless on Thanksgiving.

"We wanted our children to grow up feeling comfortable in their skin as Muslims and as Americans," said his mother, Amira Al-Sarraf.

At his secular private high school, Al-Sarraf started a Muslim club, which was popular, he said, because it gave out free pizza. He gave annual presentations during Ramadan, but few people focused on his religion.

Then, during senior year, terrorists struck the World Trade Center and the Pentagon. His principal asked him and his brother to give schoolwide talks about Islam, which their mother said "validated their role as ambassadors of their culture."

Al-Sarraf said Sept. 11 "gave me extra motivation. I think all Muslims felt extra pressure -- to be the token of what Islam really is, to defend Islam."

His light skin, cleanshaven face and green eyes make it hard to guess his background. But sitting in a Starbucks at the GWU student union, he spoke authoritatively of the challenges Muslims growing up in the United States have faced since 9/11.

"The natural trend of immigrant communities," he said, is that "the first generation comes, establishing itself. Then the next generation has a different set of issues, figuring out who they are and how they fit in."

The terrorist attacks accelerated that process. "There was this pressure on the Muslim community to grow up in a year, when it's a 20-year process."

Last year, when Al-Sarraf awoke to hear that four young Muslims had blown themselves up in the London subways and killed 52 other people, he felt chilled. The four were not unlike him and his friends: middle class, educated, raised in the West. And yet the bombers were so alienated from their environment that they had sought to destroy it.

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Just as after Sept. 11, Al-Sarraf's impulse was to take action, feeling "that we need to address the issue before it gets as far here as it did in other places." Al-Sarraf did not see extreme isolationist Islamic groups in the United States, but he felt it was up to his generation to take a stand.

"Who's going to be the ones to address it?" he asked. "And the realization was that . . . it's us."

After the bombings, he and 15 friends, mostly students of political and international affairs, sent out a news release to U.S. campuses, condemning the attack. The next month, they started an initiative to encourage young Muslim Americans to get involved politically, to develop a collective identity, to vote and to consider forming lobbying groups or running for office.Longing for Change

For Basim Hawa, religion had been built in but not deeply felt.

He grew up in a house on the border of Arlington and Fairfax counties, the middle of five children. Every morning and evening, his father went to Dar al Hijrah, a mosque in Falls Church, to pray.

"He used to try to make us go when we were younger," recalled Hawa, a strapping 27-year-old with closely cropped black hair, a full beard and an easy smile. "We went to Saturday school to learn to study Koran in the Arabic language, and my dad would always try to make us speak it around the house. He would always make us pray, so that was something built into us from an early age."

Hawa prayed five times a day because he was supposed to. But he often postponed the prayers until nighttime and would rush through without concentrating. "I never had doubt of my religion," he said. "But it just wasn't always on my mind."

Other things were. At J.E.B. Stuart High School and in college at Virginia Tech, he said, he hung out with friends who "went out a lot, went out to clubs, dated, partied. My parents until today still do not know a lot of the things I did."

For years, he tried to excuse his behavior. "Because I prayed, because I fasted at Ramadan, I always used to think to myself that what I'm doing is not so bad."

But he was tormented by thoughts of the life he felt he should be leading. At night, he prayed to God to change him. "I would wake up and feel guilty. And as I went through life, I felt more guilty and more guilty and more guilty."

When the terrorists attacked, Hawa said, he didn't feel affected personally. He didn't have a beard, he said, and he didn't experience much backlash.

Then, a few weeks later, he traveled with his father to Jerusalem to visit relatives. While they were gone, government agents knocked at the family's door in Fairfax to ask his mother questions. Why had the father and son left the country? Where had they gone? What were they doing?

The visit jarred Hawa. He was as American as anyone, but now he was suspected of acting against national security. The agents didn't come back, but other Muslims he knew didn't get off so easily.

Hawa had attended Dar al-Hijrah, the same mosque as some of the men who were prosecuted as the "Virginia jihad network," although he said he didn't know them well. And he had listened to taped lectures by Ali al-Timimi, who was sentenced in 2005 to life in prison for inciting young Muslims to wage war against the United States.

Hawa dismissed the prosecutors' argument that the men were dangerous, saying although he does not know all the facts, he does not think the evidence was sufficient to convict them.

"I think it's a misunderstanding of what 'jihad' means. I think people now associate it with wars, but there's the inner jihad, the struggle that people go through with work, their families, " he said.

In the year after Sept. 11, friends and co-workers began asking Hawa questions, such as "What does Islam say about the bombers?"

"The news was now 'Islam, Islam, Islam,' " he said. "It was on my mind a lot more often now because of the questions being asked." He said he believed the attacks were "100 percent" wrong, but he didn't know enough to answer the questions as well as he wanted to.

During Ramadan in November 2002, Hawa signed up with a local spiritual leader, Imam Mohamed Magid of the All Dulles Area Muslim Society, for a trip to Mecca. He wanted to see whether he could embrace Islam more wholly.

The sheer scale of the experience awed Hawa. Walking in an ocean of fellow believers, he felt they were part of something greater than themselves -- or even their countries.

"You have 3 million people all in the same area who are all dressed in the same outfit. It's very peaceful, with people helping each other. Everybody's there for the same reason."

He came back changed.

"I never stepped back into a club; I never stepped back into a casino; I never touched alcohol; I never dated or approached a girl."

The next month, strolling through Tysons Corner mall on Christmas Eve, he ran into Tiffany Ballve, whom he'd known at J.E.B Stuart as an athlete who wore T-shirts and jeans. When he saw her at the mall, he was startled.

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"I was like, 'Wow, you're wearing a scarf,' and she's like, 'Yeah, I became Muslim.' "

They married three months later.Avoiding Isolation

Last year, after Al-Sarraf and his friends sent out the call for Muslims to get involved, Muslim groups at 15 universities promised to help spread the ideas of their initiative, the Muslim American Project.

"Many young Muslim Americans, particularly those who have been raised in primarily immigrant religious communities, struggle to reconcile the seemingly incompatible aspects of their identities," the message said. "At the core of the struggle lies the question, Can one be both Muslim and American? . . . Isolating ourselves by remaining within the safety nets of familiar groups, or allowing ourselves to become lost in the crowd will prevent us from establishing a thriving community in this nation."

Al-Sarraf said they were criticized on both ends -- by non-Muslims who didn't trust them and by Muslims who asked: "What are you doing? Why are you compromising your religion, talking to these people in Washington?' "

U.S. Muslims had for many years avoided politics, Al-Sarraf said, pointing their children toward such fields as engineering or medicine. "They say going into politics is dangerous, you'll get corrupted, you'll lose your religion."

As the wars in Iraq and Afghanistan continued, he said, the idea that "hey, we're killing Muslims" troubled many students.

The communities were also debating whether paying taxes or voting supports a system that is "oppressing Muslims abroad," said Ahmed Younis, national director of the Washington-based Muslim Public Affairs Council and a friend of Al-Sarraf's.

But Younis said Al-Sarraf and his friends represent an evolution of that debate. "9/11 has changed the conversation," he said. Before, people thought they could choose political isolation. But post-9/11, "their political integration is a prerequisite for their ability to make a change in both domestic and foreign U.S. policy."Integrating With Mainstream Culture

Early on a Friday morning, the sky still dark, a few cars filed into the ADAMS Center's parking lot. Hawa, in a white T-shirt and red sweats, was there for 5:15 prayers, which he attends most days before going to his job as a software company consultant.

Imam Magid led the prayers and then taught a religious class. Hawa had suggested the topic: the life of the prophet Muhammad.

Sitting on the carpet in a small circle of men, wearing a beige robe and knitted cap, Magid put the prophet's view into a 21st-century context.

"No one will enter paradise if his or her neighbors will not feel safe from them," said Magid, his lively cadence accented by his native Arabic. "My neighbor, whether Muslim or not Muslim, must feel I am not doing harm to him, whether by having loud music, or having a fight over a parking space or having water sitting around breeding mosquitoes."

Sitting cross-legged beside his mentor, Hawa took notes.

Afterward, Magid said that he worries when young people go to extremes, staying in the mosque all day and calling movies or sports or social activities haram , forbidden. To him, these are part of a balanced spiritual life.

"All the extremism now in Britain, all this is because people have the wrong idea of what religion is. I tell young people, 'You have three choices in America -- isolate yourself; assimilate and do everything in popular culture that you're going to do; or integrate' -- and that's what we're advising people to do."

Magid does not sanction all mainstream American activities -- adult co-ed swimming and shopkeepers selling alcohol are not all right with him. But he is troubled by those who preach against a long list of American activities, from celebrating Thanksgiving to shaking hands with non-Muslims.

Hawa is constantly making decisions on when to participate and when to excuse himself. He and Ballve don't celebrate birthdays, but they play soccer and go to her parents' house for Thanksgiving.

"Everybody has their own little ways," he said, sitting with his wife and 7-month-old son, Hamza, in their Sterling apartment. "For example, if a female put out her hand to shake it, then I would, but maybe someone else I know who celebrates birthdays wouldn't shake a woman's hand. These are forms of jihad -- struggles we go through."

Hawa votes but has stayed away from public life. His friends send him letters on Muslim causes to forward to elected officials, but he sheepishly admits he's never sent one.

"I don't agree with all the decisions that our government makes. But the reason why I'm here is I do love the country. And it's a land of opportunity. And the life here is much easier than life overseas. I do consider myself an American Muslim."'Humanizing One Another'

Over the winter holidays, Al-Sarraf visited London and was struck by how second-generation Muslims viewed themselves as more tied to their parents' native countries than to England.

"I didn't get the sense of the British identity being an important aspect," he said.

The isolation among European Muslim communities resurfaced last month when British Muslims were arrested for planning to blow up transatlantic flights. Some experts have said that isolation, and living in tight enclaves, has made young Muslims in Europe more likely to be drawn into such plots.

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The ADAMS Center and GWU's Muslim Student Association try to combat that by holding events with Jewish and Christian groups. The MSA has held Eid banquets with campus Jewish organizations and sponsored a dialogue between Muslim and Jewish students.

Al-Sarraf called the meetings "a way of humanizing one another."

He has taken his mission into his professional life. This summer, he worked at the State Department's Israel and Palestinian Affairs Office. This semester, he entered Whittier Law School in Costa Mesa, Calif.

GWU's MSA never did resolve the question of the partition. The debate continues each year, as new people come and go.

Tomorrow: Attacks challenge Salafi Muslims.

Regional Officials Take On A Simulated Terror Attack On L.A. (LAT)

By Jim Newton

The Los Angeles Times, September 4, 2006

The first hint of calamity came in deceptively routine form: a small fire in a rented Carson warehouse, apparently sparked by welders working on a lunch truck. But an investigation of that blaze turned up alarming details: respirators, a suspicious hookup on the truck, large sacks of rice flour.

Within weeks, those puzzling discoveries would plunge Los Angeles into a whirlwind as a routine fire probe rapidly spun into an international investigation, uncovering a terrorist weapons lab in Mexico and a plan to douse the nation's second-largest city with anthrax and ricin. By the 40th day of the crisis, panic-stricken residents were flooding area hospitals, which buckled under the strain and then reeled as terrorists targeted them as well, poisoning emergency rooms with the same deadly chemicals.

That scenario — all of it hypothetical but built on the actions of real terrorists elsewhere — was presented at an uncommon gathering last week: Ten of the region's leading public officials and anti-terrorism experts convened at The Times to respond to a simulated attack on Greater Los Angeles, testing their personal mettle and the region's systems for investigating and reacting to a deeply destabilizing threat.

As they did, the participants displayed an openness and cooperation that has not always marked Los Angeles' response to catastrophe. Brian Jenkins, a terrorism expert with the Rand Corp. who designed the complex scenario and guided the group through it, praised the participants' instincts, even as he questioned whether some of their choices were influenced by the presence of reporters and cameras.

Still, there was comfort to be taken from the exercise, as the group's members showed command of the vast interagency network constructed in recent years to protect Los Angeles from attack — even one so chilling and uncontained as that which these panelists faced.

As investigators sifted through the rubble of a warehouse fire in Carson, their first guess was that they had come upon a drug lab. The men who worked there had paid cash to rent the space, then fled when the fire broke out. But as police and arson investigators took stock of the scene, a few items stuck out. In particular, there was the unusual exhaust system attached to the lunch truck. It did not look like any pipe they had seen, and when they shared their questions with other authorities, they concluded that it resembled a mechanism found at an Al Qaeda weapons lab in Afghanistan.

Suddenly, a warehouse fire took on ominous overtones.

James T. Butts, director of security for Los Angeles International Airport, was the first to say it: The evidence at the warehouse suggested a plot to disperse biological agents.

Others quickly agreed. Los Angeles County Sheriff Lee Baca said Homeland Security needed to be alerted, and J. Stephen Tidwell, the agent in charge of the FBI's Los Angeles office, saw the potential for disaster. "Obviously," he said, "there would be alarms going off."

Thus, within hours, the region's principal law enforcement agencies — the Los Angeles County Sheriff's Department, the Los Angeles Police Department and the FBI — already were collaborating and receiving information from fire departments and others.

For law enforcement, the discoveries triggered two responses: a rush to hunt down suspects and unravel the plot, but also an imperative to protect the public. At the same time, the suggestion that chemical agents were involved roped in another local agency, the county's Department of Public Health. There, Dr. Jonathan Fielding identified, merely from the material seized at the warehouse, what authorities likely were up against: "anthrax," he said, "and possibly ricin."

Fielding asked that the area be quarantined and that a hunt be launched immediately for the workers who fled. He recognized the situation as "extremely explosive," and urged that no time be lost.

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That presented the participants with their first quandary: If the area were to be quarantined, that could hardly be done quietly. But if the public were notified of the situation, those behind it would undoubtedly go into hiding and the chance to catch them might be lost forever.

Janet Clayton, assistant managing editor of The Times and acting as the panel's media advisor, urged prompt and accurate disclosure of the situation. Clayton made that argument on both principle and practicality: Releasing details would keep the public informed, and withholding them would prove fruitless in any event. "This information cannot be kept from the good reporters in town," she said.

Of the group, only Chief Sandra Hutchens, head of the sheriff's Office of Homeland Security, sounded a note of caution. She had warned that her colleagues needed to "start thinking about this becoming common knowledge" and expressed concern about the "potential for some panic." Confronted with Clayton's rejoinder, however, she went along with the rest of her colleagues and agreed that the time had come to let the public in on the case.

Never mind that an unknown number of suspects were still at large and that there was the possibility of hidden anthrax and ricin. The group elected to release what it knew.

Within moments, it knew a great deal more.

Richard Deppisch, director of emergency preparedness for the city's Animal Services Department, was handed a telegram. The U.S. Department of Agriculture and the U.S. Department of Homeland Security, it read, "have learned of a cluster of animal deaths and several hospitalizations of individuals in Baja, California, suffering symptoms consistent with anthrax."

Rushing to investigate, American and Mexican officials took suspects into custody. Under questioning, they revealed they had been paid by Middle Eastern contacts, one known only as the "jefe," to manufacture chemicals. Authorities concluded that 4 pounds of ricin and 10 to 20 grams of anthrax were unaccounted for, as were four dispersal machines, resembling leaf blowers. How serious were these chemicals? Two workers at the ranch where they were being made became ill and died. "It appears," the group was warned, "that we have uncovered a major terrorist plot."

And that plot, it also appeared, was directed at Los Angeles.

With that information, the scenario group moved from concern to conviction, and the full panoply of local and federal resources were called into play. Tidwell, at the FBI, said the news justified the deployment of federal law enforcement response teams and hazardous-materials units. Deputy Chief Mark Leap, the LAPD's counter-terrorism chief, said it was time to activate the JRIC — one of a blizzard of initialisms unleashed during the simulation, this one standing for Joint Regional Intelligence Center — and begin the grim task of identifying possible targets in and around Los Angeles. Once identified, those targets needed immediate "hardening," the imposition of safety measures to make them more difficult to attack.

Having already decided to alert the public in this crisis' most nascent stage, some members of the panel now appeared to harbor second thoughts. "If we do come up," Baca said cautiously, emphasizing the "if," "we come up with one voice."

No one disagreed. Clayton urged that the spokesperson not be a public information officer but a well-known public official — L.A. Mayor Antonio Villaraigosa, for instance. Maurice Suh, Villaraigosa's deputy mayor for homeland security, agreed that the need for alerting the public was strong and that the release should include specific advice on where and how to seek shelter.

By this point, Tidwell said, he hoped the FBI would have 24-hours-a-day, seven-days-a-week electronic surveillance on anyone associated with the warehouse fire or the Mexican manufacturing facility.

Although public alerts might chase those suspects underground, the situation was dire and growing more so. Residents, the panel concurred, needed to know as much as possible.

"The public," Baca said to nods from his colleagues, "is entitled to protect itself."

After that burst of activity, the pace of developments slowed. Over the next three weeks — minutes in real time — investigators located what appeared to be another truck geared to disperse chemical agents. Twenty-three suspects, believed to be operating in four cells, were placed under surveillance, continuing to operate despite the national clamor over the threat to Los Angeles. Health authorities were on alert for any signs of poisoning, but so far had no indication that any anthrax or ricin had been released.

At Animal Services, veterinarians and their assistants were on the lookout for animals that might have come in contact with poison. "They should be our eyes and ears in some respects," Deppisch said.

Plans for animals also loomed in the background of the unfolding public alarm. As Deppisch noted later, more than half of all Los Angeles residents own pets; should an evacuation be necessary, plans must take into account how to move animals or their owners might resist. During Hurricane Katrina, for instance, difficulties locating and moving animals complicated New Orleans' already catastrophic situation.

While Animal Services moved into action, other agencies were similarly on guard, hoping for a break while fending off the rising public clamor. False reports were finding their way to the media, and officials hastened to deliver accurate information, to respond to self-appointed "experts" and to hunt down the missing suspects and chemicals.

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On the morning of Day 27, they moved.

The FBI, police officers and sheriff's deputies launched raids across the region just before dawn nearly a month after the first indication of trouble. Over the crash of flash-bang grenades and splintered doors, they gathered 32 suspects, including 18 of the 23 who were under surveillance. One more dispersal device was seized, along with a pound or so of chemicals.

Amid the detritus of the suspects also was a map. Seven locations were circled: Union Station, the Los Angeles subway, the Library Tower, the Bradley Terminal at LAX, Universal Studios' CityWalk, Rodeo Drive in Beverly Hills and the Los Angeles County jail.

For Butts, the map was the last straw. LAX is his responsibility, and with the airport itself now a known target and both chemicals and suspects still unaccounted for, the time had come to shut down certain operations. "For a considerable amount of time, the Central Terminal Area [will] be closed," he said.

Others hesitated. Deputy Mayor Suh noted that some of those targets are private facilities — the Library Tower, for instance. And LAPD counter-terrorism chief Leap stressed: "We're not going to shut the city of Los Angeles down," an assessment echoed by Hutchens of the sheriff's Office of Homeland Security.

At the Los Angeles Unified School District, this last disclosure was too much. School officials generally opt to keep campuses open, said Dan Isaacs, the district's chief operating officer. Schools are safe places with good supervision. But if any of the identified targets closed, he said, schools in the neighborhood would follow suit.

Hospitals now faced an onslaught, as residents poured in, believing that they were infected. Freeways were clogged with those trying to flee. A lot of people, the FBI's Tidwell observed, took that moment to decide that it would be a good time to "be two states away."

As hospital officials raced to keep up with their load, a number of staff members became sick. Authorities tested air conditioning vents and discovered traces of ricin and anthrax spores. Fielding, the county's public health chief, now faced two barrels of a catastrophe: how to treat the sick, and how to persuade doctors and nurses to come to work.

"There would probably be definite attrition," he told the panel. "On a good day, we don't have enough nurses."

The Fire Department did its best to help. Special equipment allows city fire officials to conduct field tests for anthrax, and can respond to 100 to 200 scenes a day, said Mario Rueda, a department chief. At the same time, officials desperately sought to inform the public about ricin and anthrax, stressing that poisoning from those agents is not contagious.

Still, as hospitals attempted to triage thousands of patients — some actually sick, others merely overreacting to colds or coughs — the system was confronted with more than it could take. Under such circumstances, Fielding conceded, it would be "hard to keep hospitals open."

By the 40th day of the crisis, the investigation had turned the corner. All of the suspects were in custody, including two believed to be responsible for poisoning the region's hospitals. One of those later died.

The publicity courted by the scenario group may have helped protect citizens from harm — early and consistent warnings might well have allowed more people to leave the region or to recognize the difference between innocent symptoms and actual exposure to deadly spores. Now, residents who had scattered wound their way home.

Moreover, the investigation, though largely successful, was not complete. The jefe, the man thought to be responsible for the manufacture of the anthrax and ricin, escaped.

Few regions in the country are more accustomed to disaster than Southern California. Practice from earthquakes and wildfires, as well as plans put in place over the last five years, have left Los Angeles city and county with a strong commitment to inter-agency cooperation, officials say. That structure, much on display during the scenario, could benefit Los Angeles should an act of terror ever actually occur.

"Counter-terrorism is not a matter of car chases," Jenkins, the scenario's designer, said later. "It's more like watching a construction project."

Watching this one, he concluded: "I, frankly, feel remarkably reassured."

And yet Jenkins cautioned against a clear declaration of victory. A simulation is, of course, merely a simulation, stripped of real-world angst and stress. As a result, some of the actions in last Tuesday's scenario are misleading.

Agency rivalries and anguished choices about how and when to inform the public about investigative developments were largely swept under the rug by a group conscious of being observed, committed to getting along and eager to build confidence in its readiness. It is, some of the panelists agreed afterward, hard to imagine that authorities, in the first several days of such an investigation, would inform the public of their suspicions that a terrorist cell was at work planning a chemical attack.

Reflecting on the simulation a few days later, Jenkins remained impressed by the emphasis the participants placed on working together and by their instincts for maintaining trust with the public. Yet, Jenkins added, those are easier instincts to follow in a simulation than in the real thing.

"It's easy," he said, "to be a vegetarian between meals."

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The Los Angeles Times invited leading officials at various city, county and federal institutions to participate in last Tuesday's terror simulation. Those who attended were:

· Lee Baca, Los Angeles County sheriff.

· James T. Butts, who supervises security at Los Angeles International Airport.

· Janet Clayton, assistant managing editor of The Times.

· Richard Deppisch, emergency preparedness coordinator for the city's Animal Services Department.

· Dr. Jonathan Fielding, county director of public health.

· Sandra Hutchens, chief of homeland security for the county Sheriff's Department.

· Dan Isaacs, chief operating officer of the Los Angeles Unified School District.

· Deputy Chief Mark Leap, head of the Los Angeles Police Department's Counter-Terrorism and Criminal Intelligence Bureau.

· Deputy Chief Mario Rueda of the Los Angeles Fire Department.

· Deputy Mayor Maurice Suh, who oversees homeland security and public safety for Los Angeles Mayor Antonio Villaraigosa.

· Assistant Director in Charge J. Stephen Tidwell, head of the FBI's Los Angeles office.

An expert on terrorism

The scenario was designed by Brian Jenkins, a nationally known expert on terrorism and senior advisor to the president of the Rand Corp. Jenkins, author of "Unconquerable Nation: Knowing Our Enemy, Strengthening Ourselves," worked with Rand officials and authorities at the Los Angeles Police Department and Los Angeles County Sheriff's Department to design the details of the episode. He then presented them to the participants, who were not told in advance what they would confront.

Jenkins also consulted with officials at those agencies to be sure that no details were so unique that their disclosure would introduce new ideas to possible terrorists. At the conclusion of the session, Jenkins discussed it with a representative of the LAPD, who was confident that nothing would reveal sensitive information regarding the region's preparedness.

The Terror Consigliere (TIME)

By Douglas Waller

Time, September 4, 2006

Fran Townsend, White House top adviser on homeland security, is the kind of take-charge woman Bush likes

Call it the Fran Townsend treatment. Once in 2004, when then Homeland Security Under Secretary Asa Hutchinson tried to beg off giving his department's view on raising the terrorism threat level to orange until he checked with his boss, Tom Ridge, Townsend cut him off. "I need to know now," snapped George W. Bush's top adviser for counterterrorism and homeland security. "The President will be calling, and I have to have an answer." When Representative Peter King, chairman of the House Homeland Security Committee, phoned Townsend earlier this year to complain that the Coast Guard was dragging its feet on sending him an officer as a temporary adviser, she "made some profane remark," he says, "and the next thing I knew the red tape was cut and the guy was sitting in our committee offices." With Bush, "Fran says exactly what's on her mind," Secretary of State Condoleezza Rice told TIME. "I've heard her say many times in meetings, 'No, Mr. President, that really isn't getting done.'"

That Bush would have an adviser as bare-knuckled as Frances Fragos Townsend, 44, isn't unusual, particularly for a portfolio as vital as counterterrorism. He detests it when aides waste his time clearing their throat before getting to the point, and he has always had an affinity for forceful women like Rice and communications guru Karen Hughes. Still, Townsend's rise to the President's inner circle is remarkable when you consider that she was a Justice Department confidante of Janet Reno's--which made her suspect among conservatives who still love to hate Bill Clinton's Attorney General--and that some counterterrorism professionals question her credentials for the job.

Bush, who relies on gut instinct as much as rÃ©sumÃ© for personnel decisions, likes having the blunt, 5-ft. former Mob prosecutor at his side. A powerful sign of the respect Bush's loyalty to Townsend commands--or perhaps an indication of lingering Administration defensiveness over her appointment--is that heavyweights like Rice and White House chief of staff Josh Bolten praised Townsend in phone calls to TIME arranged by her office. The President, says Bolten, "likes her competence, her crispness and her ability to give him the straight scoop." Bush has entrusted her with, among other things, the task of implementing sweeping recommendations that a presidential commission made last year for reforming the intelligence community. And he named Townsend the head of a team that tracked last month's British arrests of London bomb-plot suspects. "My job is to focus on the threats and the things that are not resolved," says Townsend. "But you never deliver bad news without the next sentence being what you're doing about it."

Townsend has always had a brassy streak. A working-class kid who grew up in Wantagh, N.Y., Townsend at age 11 wrote letters to her priest, bishop, Cardinal and finally the Vatican asking to be an altar boy. Turned down, she tried to sneak into Mass

in a borrowed robe before being caught by her priest. After law school, she prosecuted Gambino crime-family members for the U.S. Attorney's office in New York City under Rudolph Giuliani. She then moved to the Justice Department's Washington offices in 1993 and rose quickly to become a close Reno adviser on counterintelligence and wiretap cases. When John Ashcroft arrived in early 2001, Townsend left Justice and ended up overseeing the U.S. Coast Guard's small intelligence unit. It was a backwater job until 9/11. When the National Security Council needed quick help in staffing counterterrorism tasks, it became the "go-to organization," says retired General John A. Gordon, Bush's counterterrorism adviser from 2002 to 2003. When Gordon left that post to head the White House Homeland Security Council in 2003, he persuaded Rice, then National Security Adviser, to make Townsend his replacement.

To many counterterrorism purists, Townsend was a questionable choice because she had no operational experience. Conservatives warned she could prove to be an "enemy within," as columnist Robert Novak put it, although Townsend says she's been a Republican since age 18. But Bush stood by her and a year later added to her portfolio Gordon's post as presidential homeland-security adviser. In that role, she led the internal inquiry into the Administration's response to Hurricane Katrina, prompting Democrats to complain of a conflict of interest. Her report last February acknowledged flawed planning and recommended 125 fixes but didn't blame Bush or top officials.

The criticisms haven't made Townsend shrink from the light. She sticks close to the boss. When Bush posed for photographers at the National Counterterrorism Center in McLean, Va., last month, Townsend stood behind him along with bigger fish John Negroponte, director of national intelligence, and Michael Hayden, CIA chief. While many officials in this White House shun media interviews, she plainly enjoys them. And why not? She's got the job, and without the borrowed robe.

Officials Slow To Hear Claims Of 9/11 Illnesses (NYT)

By Anthony Depalma

The New York Times, September 5, 2006

Five years after the World Trade Center towers collapsed in a vortex of dust and ash, government officials have only recently begun to take a role in the care of many of the 40,000 responders and recovery workers who were made sick by toxic materials at ground zero.

But for many of the ill and those worried about becoming sick, government actions — coming from officials whom they see as more concerned about the politics of the moment than the health of those who responded to the emergency — are too limited and too late.

The delay in assistance along with a lack of rigorous inquiry into the magnitude of the environmental disaster unleashed that day is all the more disturbing, they say, as the country faces a future in which such disasters could happen again.

Dr. John Howard, who was appointed by the Bush administration in February to coordinate the federal government's 9/11 health efforts, readily admits that costly delays and missed opportunities may have shattered responders' trust in the government.

"I can understand the frustration and the anger, and most importantly, the concern about their future," Dr. Howard said in an interview. "I can't blame them for thinking, 'Where were you when we needed you?' "

A review of recent federal initiatives reveals a pattern of the government's not fully delivering what was promised. Dr. Howard's office, for example, has no full-time staff members assigned to 9/11 health issues. For the first time, money for treatment — $52 million — has been included in the federal budget, but even the officials responsible concede that it is not nearly enough. And only last week did New York City release clinical guidelines that could help doctors properly diagnose 9/11-related illnesses.

"They seem to be running from the people who are sick, not standing with them and helping them," said Representative Carolyn B. Maloney, a Democrat who represents parts of Manhattan and Queens and has been critical of federal efforts at ground zero. "And that is just plain wrong."

One of the thorniest problems, and one reason officials have given for the long delay in responding, is the difficulty of linking the dust and smoke to specific symptoms and diseases. Making a medical diagnosis for illnesses related to toxic substance exposure requires extensive and sophisticated tests. Simply measuring the toxicity of the dust has proved to be controversial.

And state workers' compensation systems, designed to handle common workplace injuries like broken arms, are not well suited for determining an illness that may take months or years to emerge.

Even so, clinical evidence of a serious health problem surfaced not long after the attack. Initial studies of firefighters found that many had developed "trade center cough," a stubborn hacking that caused them to cough up soot and dust particles.

A large-scale medical study came out in 2004, when the Mount Sinai Center for Occupational and Environmental Medicine reported that more than half of the first 1,138 workers it had examined had serious respiratory problems.

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Workers also suffered gastrointestinal problems, acid reflux, asthma and mental stress. (Mount Sinai is scheduled to release a far larger study today, and it is expected to show serious ailments among many more workers.)

Successive studies through the years have found that the health hazards were more persistent than first thought.

A Fire Department study released this year showed that firefighters had suffered a loss in lung capacity in the first year after the attack equal to what they might have lost over 12 years of normal duty. The department has also found that the incidence of sarcoidosis, a serious lung scarring disease, rose to five times the expected rate in the first two years after 9/11.

An initial survey released in April of the 71,437 responders, residents and downtown workers who signed up for the World Trade Center Health Registry, run by the city and the federal government, showed that more than half said that they had experienced new or worsening respiratory problems since 9/11. And a Red Cross survey in May found that two-thirds of the responders and survivors who sought help in coping with emotional distress believe that grief still interferes with their lives.

One death — that of 34-year-old Detective James Zadroga in January — has been formally linked by a coroner's report to lung disease caused by trade center dust. The families of at least six other responders who died believe those deaths were also linked to toxic substance exposure at ground zero.

When Dr. Howard was appointed a few weeks after Detective Zadroga died, many in the city were relieved to have a federal czar in charge.

But Dr. Howard, who was trained as a pulmonary specialist and is the director of the National Institute for Occupational Safety and Health, has not assigned a single one of his 1,300 employees to work full time on ground zero medical issues, though about 20 work on such issues part time. And though the institute has a budget of about $285 million, he has not received any additional money to address the complex medical issues involved.

"I'm a czar without a budget," he said.

Meanwhile, the need for treatment assistance has grown as more people have become ill. While many rescue and recovery workers are covered by their own health insurance, that coverage may become inadequate in the years ahead. Many union workers, for example, can lose their coverage if they become too sick to work, while most illegal immigrants who worked there had no insurance.

Some 16,000 union workers and volunteers have been examined through the screening and monitoring program run by Mount Sinai, which began in 2002 with $11.4 million in federal money and was extended in 2004 for five years with an additional $81 million. (Information about the program is available at www.wtcexams.org.)

But until last year, there was almost no money available for treatment through the screening program. With $9.4 million from the Red Cross, Mount Sinai doctors were able to treat 2,050 responders last year, offering them therapy, medications and medical procedures in some cases.

Ms. Maloney and other members of the New York Congressional delegation, in pushing for more federal aid, succeeded last December in getting the Bush administration to restore $125 million in unused workers' compensation assistance that it had threatened to take back.

Of the $125 million, about $50 million was set aside for future workers' compensation awards and about $52 million was split equally between two treatment programs — one for firefighters and another for injured police officers, union workers and other responders, but not office workers or neighborhood residents.

A working group appointed by Dr. Howard has not yet determined which diseases will be eligible for treatment with the new money or whether the money will cover hospital stays as well as office visits. But he recognizes that it is not nearly enough to cover New York's needs, let alone the national treatment program he intends to start.

"You don't have to go to cancers years from now, or asbestosis, to be able to say 'Gee, John, how far do you think this money is going to go?' " Dr. Howard said. "I don't think it will go that far."

Besides the lack of money for treatment, the absence of timely public health information made it more likely that doctors who initially saw sick responders would be unprepared to treat what they found.

Doctors at Mount Sinai have said that up to a third of the workers they examined were taking improper medications because their doctors had misdiagnosed their symptoms. Severe sinusitis, for example, was treated with antibiotics even though that condition might have been caused by chemical burns from the caustic dust.

Yet it was not until Thursday, days before the fifth anniversary, that the city issued diagnostic guidelines for the unusual illnesses linked to ground zero dust, despite urging by medical specialists and labor leaders as early as December 2001.

"This is a significant failure of the public health system," said Micki Siegel de Hernandez, health and safety director for District 1 of the Communications Workers of America. Ms. Siegel de Hernandez contended that the city delayed releasing the guidelines because it was worried that acknowledging the extent of the health problems might increase its legal liability.

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Dr. Thomas R. Frieden, commissioner of the city's Department of Health and Mental Hygiene, said in an interview that the city had decided it made more sense for the doctors at Mount Sinai's screening program to put guidelines on their Web site because they were seeing the workers while the city's medical staff was not.

Mount Sinai did publish guidelines in early 2002, but they did not carry the weight of an official city advisory and had limited impact.

"We lost opportunities by not disseminating guidelines widely or at least putting out a caution," Dr. Howard said.

Dr. Frieden agreed that if they had been released sooner, the guidelines might have helped clinicians make more accurate diagnoses.

"Would I rather have had the guidelines out sooner? Sure," he said this summer. "But it's important to get this right." He said the delay had nothing to do with concerns about the city's legal liability for sick responders.

About 8,000 responders have sued the city and the big contractors who worked for the city in the recovery operations, charging them with reckless disregard for workers' health. The city has asked a federal court in Manhattan to dismiss the suit.

Although five years have passed, many questions about the environmental disaster at ground zero remain unanswered. To this day, the government has never precisely measured where the dust went, information that could help determine the health impact on residents near ground zero. And it is unclear whether cancers, possibly linked to the toxic materials, will arise in future years, or if some of the sick will get better.

For now, among the sick and their doctors, the faltering and delayed governmental response raises unsettling questions about whether the country is prepared to handle a similar catastrophe.

"I think of that every time I come to New York," Dr. Howard said. "Given this betrayal of trust, this lack of being there at the time and all these other things, I don't know. We can try with what we have, but it certainly is a different situation when you do it five years later."

Friendship Eases Pain Of Loss For 9/11 Widows (USAT)

By Bob Minzesheimer

USA Today, September 5, 2006

NEW YORK — Lunch with "the girls," as they call themselves, begins with their traditional, glass-clinking, hearty toast: "To the boys!"

The boys were their husbands, three brokers and an investment banker, all killed at the World Trade Center nearly five years ago.

Ten months later, in July 2002, their widows, none older than 40, met for the first time for drinks. They stayed for dinner and eventually formed a club that, as they say, no one wanted to be a member of.

They called it the WC, short for Widows Club.

They cried together, laughed together, celebrated each other's birthdays and went on vacations together. They even learned to surf together. Eventually, they wrote a book together.

That memoir, Love You, Mean It (Hyperion, $23.95), is what brings the four women to lunch at their regular table at a Manhattan steakhouse, The Grill at Smith & Wollensky's.

They sit near a plaque on the wall that commemorates one of the husbands, Bart Ruggiere, who loved to eat there.

Their book is not political, nor bitter. It's mostly about emotions, about the worst of grief and the best of friendship. It deals with a widow's questions: When do you remove your wedding ring? When do you erase your husband's voice from your answering machine? How do you find a new life without forgetting the old one?

The book celebrates the lives and husbands they had before 9/11. It describes their pain and feelings of guilt, shares the awkwardness of dating again and ends with a shared belief that there's hope after grief.

At lunch, they complete one another's thoughts. It's conversation as a four-way relay race:

"Our husbands were so much alike. People wanted to be around them," Julia Collins says.

"They were handsome, generous and fun," Claudia Gerbasi says.

"They appreciated life," Patricia Carrington says.

"They lived well, every single day," Ann Haynes says.

"We often say we should have met before," Collins says.

"But this was meant to be," Carrington adds.

Collins, 44, who works in marketing for the National Football League, says "our ringleader" is Gerbasi, 37, a sales director for Cole Haan, the shoe company. Gerbasi had met each of the others separately and invited them for after-work drinks 10 months after 9/11.

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Her husband, Ruggiere, sat next to Ward Haynes at Cantor Fitzgerald, a firm that lost 658 employees on 9/11. He also knew Tommy Collins and Jeremy "Caz" Carrington, who worked in other firms.

"This was my solace," she says she thought. "Bart had brought the Widows Club together."

When they first met, they talked and drank for two hours, then decided they'd better eat.

As Carrington, 39, a bank vice president, recalls, "At that time, I was barely going through the motions, staying functional; I wasn't allowing myself to operate beyond the immediate demands of get up, get dressed, go to work, come home."

That first night, she was relieved "not to have to answer the question, 'How are you doing?' I never knew how to answer it." The other widows didn't ask.

Haynes, 44, a financial planner from Rye, N.Y., worried that she would be a "fish out of water." Of the four, she was the only one with children — a teen and two preschoolers — and the only one who lived in the suburbs, not New York City. But that night, she remembers feeling, "They were my new friends, and we were going to make life a bit more bearable, somehow."

They also shared news: who had heard what from the police. Only Tommy Collins' body was recovered in the ruins. The widows knew nothing about their husbands' last moments.

Only Gerbasi had gotten a phone call. "A plane hit my building," her husband told her. "I'm OK. This place is crazy. I'm getting out of here. I've gotta go." She says that "ever since the first time Bart told me he loved me, we never ended a conversation without saying, 'Love you.' All of a sudden, I got a bad feeling."

When the Widows Club first met, "a bond was forged." As they write: "There were no awkward pauses between us. No one felt sorry for anyone. No one said, 'It's going to be OK.' "

A year later, friends began suggesting that they should write a book. Each had kept a journal after 9/11. Collins says it was a "way to find a voice for all the conversations we were still having with our husbands."

Gerbasi took a writing class, thinking "it would be therapeutic." Regardless of the assignment, she'd write about her husband, until the teacher suggested she write about something else. "I wrote about my dead father instead," she says. "I showed her!"

The idea of a book seemed "pie in the sky," as Haynes puts it, until a birthday party in September 2003 for Gerbasi's new boyfriend. The widows happened to meet a writer who put them in touch with an agent and, as Collins says, "the whole thing snowballed."

By then, Gerbasi says, "we didn't want to overwhelm other people by always talking about our husbands."

Their publisher helped them find a professional writer, Eve Charles. She saw her job as organizing the material to tell a collective story while preserving the individual voice of each widow.

The widows met with Charles every Monday night for about a year. Weekly writing assignments were due by Thursday: Write about 9/11. Write about meeting your husband. Write about your dreams.

Charles would edit their writing by the following Monday. The widows would read it aloud, ask questions and prompt more memories.

"Sometimes we'd all break down crying, and Eve would wonder if she had gone too far," Collins says. "But this was our way of grieving. The writing became part of our grieving."

Each widow dealt differently with widowhood.

Haynes stopped wearing her wedding and engagement rings. "Just another step in the slow and painful acceptance of the completely unacceptable," she says.

Collins still wears her wedding band and "Tommy's wedding ring (which was found at Ground Zero) on my right hand."

Haynes says she still has "Ward's voice on my cellphone. Some people love it, some hate it, some find it wonderful to call just to hear him."

Collins kept her husband's voice on her answering machine until it was erased during the 2003 blackout in New York: "Tommy's way of saying, 'Stop freaking people out by leaving my voice on the machine.' "

Other 9/11 widows have written memoirs. Let's Roll! by Lisa Beamer, whose husband, Todd, was on the flight that crashed in Pennsylvania, was a best seller in 2002.

Kristen Breitweiser's book, Wake-Up Call: The Political Education of a 9/11 Widow, describes how she and three other suburban housewives, dubbed "The Jersey Girls," became political activists, pushed for an independent commission to investigate 9/11 and criticized federal officials for withholding information.

The Widows Club did none of that, but the women admire those who did.

Gerbasi writes: "I was so grateful to those who were getting involved … but I felt I couldn't cope with anything else right now. … I wanted to do what I could, but I could only do so much."

At lunch, they're asked about Ann Coulter, the conservative commentator, who wrote of the Jersey Girls: "I've never seen people enjoying their husbands' deaths so much."

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After an awkward silence, Haynes says: “What she said, whether she believes it or not, was used to publicize her book. To attack other people like that, it's just sad.”

And what about the war in Iraq?

More silence, until Collins says, “No comment, I guess.”

Gerbasi adds: “That's not part of our story. We all have our own political opinions, but it's never been a contentious point for us.”

Their book title comes from an offhand comment Collins made during their first joint vacation in Arizona: “Love you, mean it,” which in the club's e-mails was shortened to LUMI. “The message was clear,” they write. “Love is a gift. Share it.”

The book ends in the glow of Gerbasi's wedding in 2004, at which her new husband, John Donovan, toasted “the boys — Bart, Ward, Tommy and Caz.”

Collins says, “For the first time, I let myself believe that a widow could love again and that her new husband would accept her loss and love her more because of it.”

Since then, Haynes has quit her job and gotten married.

Collins is engaged and hoping to adopt a girl from China.

Carrington quit her job, spent the summer in Italy, is taking classes in Italian and the Bible this fall, and is “figuring out what to do next.”

Next week, the Widows Club will attend the fifth anniversary ceremony at what was the World Trade Center. “It will be emotional and draining,” Gerbasi says, “but I could never imagine being anywhere else that morning or with anyone else.”

Carrington adds: “I feel stronger this year. Each year provides a new perspective, one of deep sadness but of resilience to live our lives in the spirit that (the boys) chose to live their lives. Every day, every year, hold invaluable lessons for all of us. Don't take this gift of life for granted.

“Those 3,000 men and women would love to be alive. Of course the sadness will inevitably take hold and there will be unbearable weeping, but tears are the price of love.”

At lunch, nearly five years after 9/11, there's a lot more laughter than tears.

The widows tear up only after a chance encounter at the restaurant with a Marine whose photo from Iraq is framed on the wall.

Maj. Dave Andersen, a New Yorker who's about to retire from the military, says he was deployed in the recovery effort at Ground Zero and later served in Afghanistan and Iraq. He tells the women that he has never met a 9/11 widow before, thanks them and says, “You're the reason I do what I do.”

The WC fights back its tears.

Storms Remain 'A Threat Hanging Over Market' (WSJ)

By Liam Pleven

The Wall Street Journal, September 5, 2006

The coast isn't clear just yet.

When Hurricane Ernesto fizzled out last week, investors exhaled, sending natural-gas and oil prices sharply lower, insurance stocks higher and the broader Dow Jones Industrial Average on a three-day rally. Then on Friday, forecasters at Colorado State University lowered their hurricane forecast for the year, more good news for anyone worrying about a repeat of 2005's disasters.

But storm season isn't close to over. That means investors need to look out, because energy supplies and refining operations in the Gulf of Mexico region could still be hit, potentially affecting the broader economy, oil and natural-gas prices, and stocks.

Last week marked the official halfway point of the storm season and not a single hurricane had hit U.S. coastlines, the first time that has happened since 2002. Yet history shows most storms come after the Sept. 1 midpoint of the season.

Since 1851, at least 279 storms have hit the U.S. coast with hurricane-force winds, and of them, 160, or 57%, have come in September, October or November. A total of 96 especially violent storms -- Category 3 and up -- have made landfall, and among them, 60, or 63%, have hit on Sept. 1 or later. History shows that September has been the most active month of all, giving birth to 104 -- more than a third -- of all known storms in the past 155 years.

"It's clear that the season is not over," says Antoine Halff, the head of energy research at Fimat USA LLC, a brokerage firm. "It's still a threat hanging over the market."

The Colorado State University hurricane-forecasting team on Friday said the hurricane season will be below average, based in part on the ocean-weather patterns it tracks. The team still expects three hurricanes, two of them major, to form in the

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Atlantic basin this month. But it has reduced the overall number of days it expects tropical storms and hurricanes to be active during September and October.

If the next month passes without a big storm, stock prices could rally further, and energy prices could face some downward pressure. Some insurance stocks, particularly among Bermuda-based reinsurers, started the summer with a repeat of the bad storms -- and big payouts -- in 2006 already priced in. The weather will likely have a big impact on how they perform in the weeks ahead.

The stocks of reinsurers -- who write policies that back other insurers -- are up 7% in the past two months, among the best-performing groups in the financial sector. One of the biggest players in this group, billionaire Warren Buffett's Berkshire Hathaway, is up more than 5% in the past month alone.

Energy stocks, which benefited when storms helped push oil and gas prices higher last year, were down more than 4% in the quiet August of 2006. After Katrina last year, oil and gas stocks rallied.

History suggests that if storms do hit, it could be a bumpy ride for investors. A look at 12 of the costliest storms since 1965 shows that the Dow Jones Industrial Average fell by 1% on average in the days before they struck land, and then the market rallied by a similar amount after they hit. In some cases the gyrations were large; in the two weeks before Charley in 2004, the Dow dropped 3%, then bounced 3% after it hit.

Sam Stovall, chief investment strategist for Standard & Poor's Equity Services, says hurricanes are usually regional events, with often limited repercussions for the broader national economy and short-lived effects on the market. Six months after 1992's Andrew, the S&P 500 was up 7%, and six months after Charley, it was up 13%, Mr. Stovall wrote in a report after Katrina last year. Six months after Hugo in 1989, by contrast, the S&P 500 was down 2%, he noted.

"A hurricane comes along, it diverts our attention," says Mr. Stovall. Later, he says, "We revert to the original trend."

When hurricanes do serious damage to the nation's energy infrastructure, the risks are larger. But the more time passes without a major storm, the better-positioned the energy markets will be to absorb one if it comes, says Mr. Halff, of Fimat.

One reason: The cushion in gasoline inventories is currently in the top half of its five-year range for this time of year and the cushion for distilled products like diesel and heating oil is above its five-year range, Mr. Halff notes.

With the peak driving season of summer past, and the peak heating season still some ways off, he says, near-term demand pressures are "perhaps lower." That could put downward pressure on prices if no major storms hit, though many other factors also come into play.

After Ernesto weakened, crude oil contracts for October delivery dropped, closing below $70 on Aug. 29 for the first time in more than two months.

Though September is often the harshest month for hurricanes, the fact that there haven't been any major storms thus far is noteworthy. Katrina, Charley and Andrew are among the five costliest storms in U.S. history, and all hit in August. And Hurricane Agnes, which also did considerable damage, struck in June, in 1972.

But several other big hurricanes in the top 10 hit later in the year. Rita last year, Ivan in 2004, Hugo in 1989, and Betsy in 1965 were all September arrivals, and Wilma last year landed in October.

East Tries To Dry Off After Ernesto (USAT)

USA Today, September 5, 2006

Hurricane watchers keep eyes on sixth tropical depression

The sixth tropical depression of the Atlantic hurricane season continued its slow path toward the U.S. mainland on Monday as people up and down the East Coast mopped up after Tropical Storm Ernesto's rain-soaked push up the coast.

The sixth depression, which could become Tropical Storm Florence if its 35 mph winds increase by 4 mph, remained more than 1,100 miles east of the Lesser Antilles late Monday.

Chris Dolce, a meteorologist with The Weather Channel, said the depression was struggling to gain strength Monday. Even so, conditions over the Atlantic Ocean could allow the season's second named hurricane to be produced over the next few days. The system remains more than a week away from the USA.

“It's fairly disorganized,” Dolce said. “But it could strengthen. It's just too early to tell.”

Development of the latest tropical system came shortly after a team of top hurricane researchers lowered its 2006 forecast for Atlantic hurricanes for the second time in a month, predicting a slightly below-average season of five hurricanes instead of seven. Two of the hurricanes will be intense, according to the team headed by forecaster William Gray at Colorado State University.

Ernesto was briefly a hurricane near Haiti and brought enough rain and wind to leave more than 1.4 million people in the eastern USA without power during the Labor Day weekend.

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Ernesto was blamed for at least six deaths and more than $33 million in property damage in Virginia, according to state Department of Emergency Management spokesman Marc LaFountain. The storm also was blamed for two deaths in Pennsylvania.

In North Carolina, where the storm made its second U.S. landfall just west of Cape Fear after cutting through Florida, Ernesto dumped 8-12 inches of rain in some eastern areas. The Northeast Cape Fear River rose 5 feet above flood stage, forcing about 100 evacuations Saturday.

"A lot of those places are in pretty serious trouble," said Kevin Laws, a meteorologist with the National Weather Service in Morehead City, N.C.

In Westchester County, N.Y., Ed Mettleman spent the weekend repairing his garage, which was destroyed when an 80-year-old oak tree crashed through the structure and onto a neighbor's roof.

"I got a rather concerned call from my neighbor, because she was concerned that I might be under that rubble in my garage," Mettleman said.

Meanwhile, heavy rain flooded roads in the Southwest as the weakening remnants of Hurricane John spread across the border from Mexico, where up to 20 inches had fallen on parts of the Baja Peninsula.

A half-mile section of Interstate 10 near El Paso was closed by water Monday morning, police spokesman Javier Sambrano said. Normally dry southern New Mexico got enough rain to cause isolated road flooding.

WAR NEWS:

Democrats Urge Pentagon Changes (WP/AP)

The Washington Post, September 5, 2006

A dozen leading congressional Democrats have urged President Bush in a letter to consider changing the civilian leadership at the Pentagon, saying that such a move would show he recognizes the problems his policies "have created in Iraq and elsewhere."

The request comes a week after Defense Secretary Donald H. Rumsfeld warned against fascism and appeasement as he defended U.S. policies in Iraq. He told an American Legion convention in Salt Lake City that "it is apparent that many have still not learned history's lessons," alluding to criticism aimed at the Bush administration's war policies.

The remarks drew heavy criticism from Democrats. Party leaders on Capitol Hill said last week that they plan to pursue a vote of no confidence in Rumsfeld.

In their letter, released yesterday, House Minority Leader Nancy Pelosi (Calif.), Senate Minority Leader Harry M. Reid (Nev.) and 10 other congressional party leaders criticize Bush's policies in Iraq, calling them part of a "stay the course" strategy that has not made the United States more secure. The letter suggests several changes long called for by Democratic leaders.

"While a change in your Iraq policy will best advance our chances for success, we do not believe the current civilian leadership at the Department of Defense is suited to implement and oversee such a change in policy," the lawmakers wrote.

Others who signed the 850-word letter were Sens. Joseph R. Biden Jr. (Del.), Richard J. Durbin (Ill.), Daniel K. Inouye (Hawaii), Carl M. Levin (Mich.) and John D. Rockefeller IV (W.Va.) and Reps. Jane Harman (Calif.), Steny H. Hoyer (Md.), Tom Lantos (Calif.), John P. Murtha (Pa.) and Ike Skelton (Mo.).

In response, Sen. Mitch McConnell (R-Ky.) issued a statement accusing Democrats, including Democratic National Committee Chairman Howard Dean, of calling for retreat from Iraq before the U.S. mission there is completed.

"The Democrat leadership finally agrees on something -- unfortunately it's retreat. Whether they call it 'redeployment' or 'phased withdrawal,' the effect is the same: We would leave Americans more vulnerable and Iraqis at the mercy of al-Qaeda, a terrorist group whose aim -- toward Iraqis and Americans -- is clear," said McConnell, the Republican whip.

Who Set The Wayback Machine For 1939? (WP)

By Eugene Robinson

The Washington Post, September 5, 2006

With George W. Bush talking so much about Nazis and fascism, Donald Rumsfeld warning ominously against lily-livered appeasement and Dick Cheney quoting Franklin Roosevelt on the "dirty business" of war, one might worry that this direction-challenged administration has wandered into some sort of time warp. Somebody's going to have to break it to them that Churchill and Stalin are gone and the Dodgers don't play in Brooklyn anymore.

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Condi Rice seems to be the only one of the so-called Vulcans who missed the memo that it's 1939. When she made her obligatory pilgrimage to the American Legion convention in Salt Lake City last week, she referred to the enemy in the war on terrorism as "violent extremists," which sounds so 2006.

For some reason, Bush and Rumsfeld also decided to drop in on the Legionnaires' 88th yearly gathering. Cheney, meanwhile, was spending quality time with the Veterans of Foreign Wars at their convention in Reno.

Do we discern a pattern? The lavish attention being paid to veterans' groups isn't about what year it is, it's about what month it is. Unless the Republican base is somehow energized and the rest of us somehow scared stiff by November, the Democrats have a decent chance of taking the House of Representatives and even an outside shot at the Senate.

That's where all the administration rhetoric about Nazis, commies, fascism and appeasement has to be coming from, because, absent the political context, it makes no sense. It's all heat and no light.

We can pretty much set aside Cheney's recent remarks, since he's been wandering in the rhetorical wilderness for a long time now. But I can't resist citing one line. He told the VFW that the "Bush Doctrine" is to hold accountable "any person or government that supports, protects or harbors terrorists." So what about the newly installed Iraqi government, with its suspected ties to Shiite death squads? And what about the Pakistani government, which gives the Taliban and al-Qaeda safe harbor?

Okay, one more from Cheney. To those who point out that Iraq wasn't a nexus of terrorism until we invaded, Cheney responds, "They overlook a fundamental fact: We were not in Iraq on September 11th, 2001, and the terrorists hit us anyway."

Huh? The terrorists who attacked on Sept. 11 didn't come from Iraq. Except in Cheney's mind, I don't know where the fact that we were attacked by terrorists trained in Afghanistan (and sent by Osama bin Laden, who's probably now in Pakistan) somehow mitigates the fact that we've made Iraq a hotbed of terrorism.

Back at the American Legion convention, Bush and Rumsfeld were rewriting history. Ever since the president settled on "Islamic fascists" as the enemy in his war on terrorism, he has taken every opportunity to evoke the specter of World War II. We are engaged in "the decisive ideological struggle of the 21st century," Bush told the Legionnaires.

Perhaps because the term "fascist" doesn't really describe the transnational jihadist movement, Bush went further with the Legionnaires. He called the jihadists "the successors to fascists, to Nazis, to communists and other totalitarians" as well. The fact is that the jihadists are pretty much sui generis -- they aren't fascists or Nazis and certainly aren't communists, but yes, you could make a good argument for "totalitarians." I guess one out of four isn't bad.

Rumsfeld went furthest of all in claiming that it is, in fact, 1939 -- that the jihadist terror movement presents the same kind of threat to the world that Hitler did when he invaded Poland. He set up a straw man, warning that those who do not see the threat as clearly as he does are as blind as those who tried to appease Hitler. But he doesn't specify who he's talking about. Who wants to appease terrorists? Is it Democrats? Nervous Republicans who've seen the latest polls?

Nobody wants to appease terrorists. But some people have a different idea of how to fight them. The president is right when he says this conflict is unlike other wars, but he seems to miss the essential difference: It has to be fought in a way that doesn't create two new terrorists for each one who is killed.

That's not what the president wants to talk about, though. Between now and November, he wants to talk about a war that we can all agree on, even if it has no bearing on the war being fought today. Yes, Mr. President, Hitler was bad. And your point would be?

40 Bodies, Many Blindfolded, Are Found In Baghdad; 1980's Execution Site Is Also Uncovered (NYT)

By Paul Von Zielbauer

The New York Times, September 5, 2006

BAGHDAD, Iraq, Sept. 4 — The bodies of 40 people, including 25 who had been blindfolded and shot at close range, were found Monday in Baghdad, an Interior Ministry official said. A mass grave containing 18 bodies of people who were apparently executed in the 1980's was also discovered in Kirkuk, in the north.

American military officials announced Monday that four soldiers and two marines had died since Sunday. All but one of the deaths were caused by enemy fire. Two British soldiers were also killed Monday, in a roadside explosion in Basra.

Senior Iraqi government officials also announced a plan to take over formal operational command of the Iraqi Army from the United States next week. The transfer has been held up for several weeks by disagreements among representatives of each government over the wording of the relationship between the armies, a spokesman for Prime Minister Nuri Kamal al-Maliki said.

The Iraqi government also said two of its most senior officials would travel to Iran on Tuesday, a visit that raises the possibility that Mr. Maliki could visit the country, a powerful and predominantly Shiite eastern neighbor.

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The two officials, Deputy Prime Minister Barham Salih and the national security adviser, Mowaffak al-Rubaie, are to discuss ways to enhance economic ties and resolve political problems, including border security, said Mr. Maliki's spokesman, Ali al-Dabbagh.

Violence continued to plague Iraq on Monday.

Of the 40 bodies found in the capital, 25 were from the western half of the city, apparently shot after having been tortured, the Interior Ministry official said. The other 15 bodies, found in scattered areas, were probably victims of random drive-by shootings, the official said.

In Jurf Al Sakhar, about 20 miles southwest of Baghdad, soldiers from an Iraqi Army regiment killed 14 men suspected of plotting to attack Shiite pilgrims traveling through the town on the way to Karbala, Mr. Maliki's office said in a statement on Monday. The men had fired on the soldiers during a security sweep in the town, the statement said.

"They were able with God's help to kill 14 terrorists and arrest 22 people," the statement said. One soldier was killed in the gunfire.

In a news conference on Monday, Muhammad al-Askary, the Defense Ministry spokesman, said Sunni insurgents had started renting apartments and storefronts in Baghdad and packing them with explosives.

"The insurgents used new ways like renting apartments and shops to booby-trap them by remote control," he said. Iraqi security officials, he added, have warned shop owners and real-estate agents to screen potential tenants more carefully.

A soldier from the First Brigade Combat Team, 34th Infantry Division, was killed a few minutes past midnight on Monday when his convoy was struck by an roadside bomb north of Baghdad, the military said. A soldier from the 15th Sustainment Brigade also died early Monday of noncombat injuries near Taji, north of Baghdad, the military said. The military said it was investigating that death.

Two British soldiers were killed Monday and two injured when their patrol came under attack near Basra, a spokesman for the British military said.

On Sunday, two marines assigned to Regimental Combat Team 5 died in fighting in Anbar Province, the military said, and a soldier from the Third Stryker Brigade Combat Team, Second Infantry Division, died after his vehicle was struck by a roadside bomb near Mosul. Another soldier from the Third Heavy Brigade Combat Team, Fourth Infantry Division, was killed by a roadside bomb near Baquba.

Near Kirkuk, the mass grave was found in Tarkalan, 20 miles west of the city, near a former Iraqi Army base, said Brig. Yadgar Abdullah of the Kirkuk police. Eighteen bodies were exhumed, he said, including women and children, apparently Kurds, judging from their clothing

Near Karbala, a group of armed men kidnapped four men close to an influential Shiite cleric, Mahmud al-Hassani, a spokesman in his office said. The four men — Abu Dia al-Musawi, one of Mr. Hassani's top aides, and his spokesman, Asaad al-Khakani, along with two brothers of Mr. Musawi — were taken from their homes around 7 p.m., the spokesman said.

Mr. Hassani, a strongly anti-Iranian cleric, controls a local militia that clashed last month with police forces in Karbala that are controlled by a pro-Iranian Shiite political party.

7 U.S., British Troops Killed In Iraq Attacks (WP)

By Amit R. Paley And Naseer Nouri

The Washington Post, September 5, 2006

BAGHDAD, Sept. 4 -- Seven American and British troops were killed in separate incidents across Iraq over the past 48 hours, military officials said Monday.

Their deaths were announced as gunmen rampaged through a Sunni Arab neighborhood in western Baghdad, killing at least 12 people in the latest spasm of sectarian bloodshed that many fear is shoving Iraq toward civil war.

Police officer Husam Ali said members of the Mahdi Army, a militia controlled by anti-American Shiite Muslim cleric Moqtada al-Sadr, carried out the attack on Sunnis early Monday in the Baiaa neighborhood to avenge the assassination a day earlier of the militia's local leader, Abu Moqtada. Ali said 10 Sunni civilians also had been kidnapped Sunday night as part of the retaliation.

Fahad Hameed, 25, who owns a car parts shop in Baiaa, said gunmen wearing tracksuits killed about a dozen Sunnis who worked in car maintenance stores. The Interior Ministry confirmed that 12 people were killed and nine wounded during the attack. Hameed said the gunmen drove eight cars that displayed pictures of Sadr in their rear windows.

Witnesses said armed men also killed three people during a funeral procession for men associated with Sadr.

Sahib al-Amiri, a close aide to Sadr in Najaf, said the Mahdi Army was "not guilty of this terrorist operation" in Baiaa.

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The deaths of the American and British troops occurred across Iraq. The American military said a soldier with the 1st Brigade Combat Team of the U.S. Army's 34th Infantry Division was killed by a bomb Monday while escorting a convoy north of Baghdad.

On Sunday, the military said, two Marines assigned to Regimental Combat Team 5 were killed in combat in Anbar province. The military also announced that a soldier from the 3rd Stryker Brigade Combat Team of the 2nd Infantry Division was killed Sunday when his vehicle was struck by a bomb near Mosul, and that a soldier from the 3rd Heavy Brigade Combat Team of the 4th Infantry Division was killed by a bomb Sunday near Baqubah.

Near Basra, in southern Iraq, two British soldiers were killed and a third seriously wounded Monday when a roadside bomb exploded near their armored Land Rover, said Maj. Charlie Burbridge, a British military spokesman.

Meanwhile, the Associated Press reported that a military prosecutor had recommended that four American soldiers accused of raping a 14-year-old girl and of killing her and her family face a court-martial. Col. Dwight Warren, the investigator in the case, said in a report issued Sunday that "reasonable grounds exist to believe that each of the accused committed the offense for which he is charged."

The report was given to lawyers in the case and obtained by the AP from David Sheldon, the lawyer for one of the defendants.

In other violence across Iraq on Monday, three ethnic Turkmen Shiite pilgrims were killed and five were wounded when gunmen opened fire as the group traveled from near the northern city of Kirkuk to the Shiite holy city of Karbala in the south, police said.

In and around Baqubah, armed men killed three people and wounded five in separate incidents, police said.

Special correspondents K.I. Ibrahim and Naseer Mehdawi in Baghdad and Saad Sarhan in Najaf contributed to this report.

Iraqis Kill 14 Gunmen Near Karbala (USAT)

USA Today, September 5, 2006

BAGHDAD — Iraqi soldiers clashed Monday with gunmen near the holy city of Karbala during an operation to secure the area before a religious festival. The fighting left 14 gunmen dead, the prime minister's office said.

The operation came on a day when police found the bodies of 33 men across Baghdad, and a day after the announcement that Iraq had captured the No. 2 leader of al-Qaeda in Iraq.

Tens of thousands of Shiite pilgrims usually arrive in Karbala, 50 miles south of the capital, to observe Shaaban, a religious celebration scheduled for Sept. 9.

A statement from the prime minister's office said Iraqi forces received intelligence that terrorist elements planned attacks on pilgrims, so Iraqi troops surrounded an area near Karbala called Jarf al-Sakhr.

“A group of terrorists opened fire on our forces, which prompted our men to respond,” the statement said.

Twenty-two men were arrested. One soldier was killed. A large cache of weapons and ammunition was seized, along with four vehicles “the terrorists were planning to use in their criminal operations,” the statement said.

On Sunday, Iraq national security adviser Mouwafak al-Rubaie announced the arrest of Hamed Jumaa Farid al-Saeedi and said the capture had left al-Qaeda in Iraq suffering a “serious leadership crisis.” Al-Saeedi was involved in the bombing of a Shiite shrine in Samarra on Feb. 22, al-Rubaie said.

He accused the terrorism suspect of supervising the creation of death squads and ordering assassinations, bombings, kidnappings and attacks on Iraqi police and army checkpoints.

“Our troops have dealt fatal and painful blows to this organization,” al-Rubaie said.

On Monday, police in Baghdad found bullet-riddled bodies of 33 men, all showing signs of torture and with their hands and feet bound, the Associated Press reported. The bodies had been dumped in several neighborhoods.

In other news:

·Seven members of the U.S.-led coalition have been killed in the past two days: five Americans and two Britons.

·British Foreign Secretary Margaret Beckett arrived in Baghdad on Monday night on an unannounced visit — her first to Iraq since taking up the post in May.

“We do not underestimate the challenges ahead,” Beckett said in a statement. “But we must not forget the progress made in the last twelve months in bringing the first democratically elected national unity government to the country, with a constitution voted for by the people.”

·In Baghdad on Sunday, unknown assailants abducted Ghanim Ghudayer, 22, a soccer star and member of Iraq's Olympic team.

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·Five suspected insurgents and a child were killed during a coalition raid in Muqdadiyah, about 60 miles north of Baghdad. The raid targeted "an individual with ties to movement of terrorist finances and foreign fighters into Iraq," U.S. Central Command said in a statement.

·A Pentagon report issued Friday on quarterly progress in Iraq said tribal and religious violence increased in recent months but is not a civil war. The report described a rising tide of sectarian violence, fed in part by interference from neighboring Iran and Syria and driven by a "vocal minority" of religious extremists who oppose the idea of a democratic Iraq.

"Death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife," the report said, adding that the Sunni-led insurgency "remains potent and viable" even as it is overshadowed by the sect-on-sect killing.

"Conditions that could lead to civil war exist in Iraq," the report said. "Nevertheless, the current violence is not a civil war, and movement toward a civil war can be prevented."

33 Bodies Found In Baghdad; 7 In Coalition Killed (WT/AP)

By Elena Becatoros

The Washington Times, September 5, 2006

BAGHDAD -- Police found the tortured, blindfolded bodies of 33 men scattered across the capital yesterday and the U.S.-led coalition reported combat deaths of seven servicemen, a day after Iraqi leaders said the capture of a top terror suspect would reduce violence.

Assailants abducted Ghanim Ghudayer, a soccer star and member of Iraq's Olympic team. Considered one of the best players on Baghdad's Air Force Club, the 22-year-old was taken Sunday evening by unknown assailants, some of whom were wearing military uniforms, police said.

An al Qaeda-affiliated group dismissed the Iraqi government's assertion that the organization's second most important leader had been arrested, suggesting the man was not a senior figure and denying the terror group had suffered a significant blow.

On Sunday, Iraq's national security adviser announced the arrest of Hamed Jumaa Farid al-Saeedi, also known as Abu Humam or Abu Rana, and said the arrest had left al Qaeda in Iraq suffering a "serious leadership crisis."

But the Mujahedeen Shura Council, an umbrella organization of Sunni Arab extremist groups that includes al Qaeda in Iraq, issued a statement yesterday saying its "leadership was in the best condition."

Al-Saeedi was involved in the Feb. 22 bombing of a Shi'ite shrine in Samarra, said Mouwafak al-Rubaie, Iraq's national security adviser.

The attack inflamed tensions between Shi'ite and Sunni Muslims and set off reprisals that have killed hundreds of Iraqis, including those found yesterday in Baghdad.

Police said the 33 bullet-riddled bodies all showed signs of torture and had their hands and feet bound. The men had been dumped in several neighborhoods, police said.

Two other bodies were found dumped on a highway in Kut, 100 miles southeast of Baghdad. Both had been shot in the head and chest, said Maamoun Ajil al-Robaiei at Kut hospital's morgue.

The Mujahedeen Shura Council's statement also said insurgents have been inflicting heavy losses on U.S. troops in western Anbar province and in Baghdad.

The U.S.-led coalition said seven of its personnel -- five Americans and two Britons -- had been killed in the past two days.

On Sunday, two U.S. Marines were killed in Anbar and two Army soldiers died from roadside bombs in Mosul, 225 miles northwest of Baghdad, and near Baqouba, 35 miles northeast of the capital. Another soldier was killed yesterday by a roadside bomb. A sixth American died of injuries not related to combat, the military said.

In the south, a roadside bomb killed two British soldiers and seriously wounded a third north of the southern city of Basra, said a British military spokesman, Maj. Charlie Burbridge.

British Foreign Secretary Margaret Beckett arrived in the capital yesterday on an unannounced visit, her first to Iraq since taking the post in May.

Killings In Baghdad Escalate Over Past Week (LAT)

By Louise Roug

The Los Angeles Times, September 5, 2006

BAGHDAD — The number of killings in the Iraq capital escalated last week despite an American-led crackdown, with morgue workers receiving as many bodies as they had during the first three weeks of the month combined.

At least 334 people, including 23 women, were slain in Baghdad between Aug. 27 and Sept. 2, according to morgue figures provided by Ministry of Health officials. Most of the victims had been kidnapped, tortured, hogtied and shot.

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During the week, at least 394 other people were killed around Iraq in other types of violence, including bombings, mortar attacks and gunfights, Iraqi authorities said.

The spike in violence followed an announcement by U.S. and Iraqi officials at the beginning of the week that the number of killings in the capital had dramatically fallen during the month, from more than 1,800 in July. Although August as a whole was still less violent than the month before, last week's killings suggested that death squads were still able to move about Baghdad despite checkpoints and curfews.

Today, the mutilated, handcuffed and blindfolded bodies of another 33 men were found in various Baghdad neighborhoods, according to authorities.

The U.S. military announced today that four more American troops had been killed and a fifth had died from noncombat injures. Two British soldiers also were killed as their convoy of armored Land Rovers, which were escorting a reconstruction team, hit a roadside bomb in the southern city of Basra, according to British military spokesman Maj. Charles Burbridge.

In Baghdad, gunmen abducted a soccer player from the Iraqi Olympic Team. Ghanem Khudhair Hussein, a 25-year-old striker, had just signed with a Syrian sports team and was about to leave Iraq when gunmen dressed in army uniforms kidnapped him near a mosque in western Baghdad, according to police and Hussein Gitan, a soccer player from his previous club.

A child died in a shootout between American soldiers and insurgents holed up in a safe house in Muqdadiyah, the U.S. military said in a statement today. U.S.-led forces raiding a house of a suspected insurgent financier came under fire and shot back, killing two suspected insurgents and the child.

As part of the recent and much-publicized security crackdown, dubbed "The Battle of Baghdad" by U.S. Ambassador Zalmay Khalilzad, about 11,000 Iraqi and American soldiers were sent to the capital to reinforce security forces already there. In the past few weeks, soldiers have cordoned off some neighborhoods and flooded those streets with around-the-clock patrols.

"We have seen progress, and a degree of success in the neighborhoods we're in," said U.S. military spokesman Lt. Col. Barry Johnson. "This is going to be ebb and flow."

In Adhamiya, a northeastern Baghdad neighborhood, American troops recently watched the ebb and flow firsthand. Killers had been dumping bodies by the dozens each week in the Sunni neighborhood. So many corpses were found on one particular street, residents nicknamed it the Street of Death. When American soldiers arrived in Stryker vehicles as part of the security crackdown, the bodies stopped appearing.

The Strykers left three days ago. Today, soldiers found their first body since then on the Street of Death – a teenager shot in the side of his head.

"We can't stop the killings and the kidnappings," said Capt. Michael Baka, from Charlie Company, 1st Battalion, 26th Infantry Regiment. "All we can do is to prevent as many as we can."

As part of the ongoing security sweeps in Baghdad, American and Iraqi troops have searched 45,800 buildings, including 49 mosques, according to a U.S. military statement. They have detained 75 terrorist suspects and confiscated at least 1,000 weapons and found 26 weapons caches, the military said.

In the past, Americans have turned over control of certain areas to Iraqis only to see violence flare up once they leave.

Iraqi forces "lack training and weapons," said a high-ranking Iraqi army officer, who wanted to remain anonymous because of the sensitivity of the issue. "The terrorists have more powerful weapons."

He added that the army Iraqi "can't accomplish all the missions but depends on the multinational forces to do most of the tasks."

Over the weekend, meanwhile, the U.S. military postponed plans to formal handover of control of Iraq's armed forces to the Iraqi government.

The event was supposed to mark another step toward Iraqi control and eventual drawdown of U.S. forces. Instead, the ceremony was repeatedly postponed. Iraqi and U.S. officials described the delays as merely technical and bureaucratic, adding that the two sides are trying to finalize a written agreement that will cover the new relationship between their forces.

Today, Iraqi government spokesman, Ali Dabbagh, said he expected the parties would sign the agreement later this week.

"It will allow Iraqi forces to control where they are and have full sovereignty," he said. But he added: "It will be optional to ask for assistance and definitely they'll need assistance."

Half of Iraq's 10 army divisions either are in charge of their own territories or are in the process of taking over authority from the U.S.-led coalition. The top U.S. commander in Iraq, Army Gen. George W. Casey Jr., last week said Iraqi security forces would be able to assume overall control of their nation's security within 12 to 18 months "with very little coalition support."

A recent Pentagon report to Congress stated that most Iraqi combat battalion still require support from U.S.-led forces "because their logistics, sustainment, and command and control capabilities are not fully developed."

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The Iraqi army employs about 115,000 combat soldiers. However, the report noted a lack of junior leadership, problems of absenteeism and sectarian divides with Sunni, Shiite or Kurdish soldiers "mostly serving in units located in geographic areas familiar to their group. These divisions are even stronger at the battalion level, where battalion commanders of one particular group tend to command only soldiers of their own sectarian or regional backgrounds."

Observers fear that those battalions would take sides in a full-scale war, turning weapons and vehicles paid for by the U.S., against each other. Last weekend, in what the British military described as a mutiny, 100 out of a 550-strong Iraqi army battalion from the Shiite-dominated south refused to deploy to Baghdad, in part because they didn't want to fight fellow Shiites.

UN Call For Freer Hand To Defeat Taliban (FT)

Financial Times, September 5, 2006

The senior UN envoy to Afghanistan has called for Nato troops to be given more operational freedom as top alliance leaders flew to Kabul to bolster the mission to stabilise the country.

The alliance, whose credibility is widely seen as hanging on its success in Afghanistan, is facing fierce opposition from resurgent Taliban fighters that has caused mounting casualties and alarmed some Nato governments.

At stake is the drive launched after the September 11 terrorist attacks on the US to overturn the former Taliban regime, purge the country of Islamist militants and establish a stable, democratically-elected government.

Nato said the visit by its top civilian and military leaders had been long planned to demonstrate a commitment to the Afghan mission. But officials said it should help fight the perception that the alliance was losing its way there.

Tom Koenigs, the UN's special representative for Afghanistan, said Nato needed more troops and fewer restrictions on their freedom of manoeuvre. In particular, he said there were "around 71 caveats", which he argued were "too many and must be removed".

Caveats limit the combat role of Germany's 2,800 troops and restrict them to Kabul and the north of the country. Nato can deploy them elsewhere only "under exceptional circumstances and on a temporary basis".

Mr Koenigs, a German, added that the country's soldiers "must now accept having to go to the south". Both the local police and military were currently "hopelessly overstretched", he said.

On Monday, the Netherlands confirmed that about 100 Dutch soldiers had been temporarily reassigned to the south to assist Canadian forces.

Mr Koenigs was scheduled to meet the Nato delegation, headed by Jaap de Hoop Scheffer, secretary general, and James Jones, the alliance's top military commander, during its three-day trip to Afghanistan.

On Monday, a Canadian soldier was killed by "friendly fire" from the US, while a British soldier died as a result of a suicide bomb attack in Kabul.

This followed the death of four Canadian soldiers in a weekend offensive against the Taliban and of 14 British personnel in the crash of a Nimrod aircraft on Saturday. Nato said more than 200 insurgents were killed in the weekend campaign, although the Taliban labelled such claims as "propaganda".

In an interview with the Guardian newspaper on Monday, Gen Richard Dannatt, Britain's chief of general staff, said the UK army could "just" cope with the demands made by its operations in Afghanistan and Iraq.

The alliance said it had begun thousands of infrastructure projects in the south of the country and was carrying out up to a thousand patrols a week.

Reporting by Daniel Dombey in Brussels, Stephen Fidler in London, Hugh Williamson in Berlin, Rachel Morarjee in Kabul and Ian Bickerton in Amsterdam

Deadline To Break Taliban: 6 Months (USAT)

By Paul Wiseman

USA Today, September 5, 2006

KABUL, Afghanistan — NATO's commander here has set a six-month deadline to reverse a Taliban insurgency terrorizing southern Afghanistan or risk alienating Afghans undecided about whom to support.

British army Lt. Gen. David Richards said his troops must prove to Afghans in the south that the fundamentalist Islamic militia won't be able to undermine the democratically elected Afghan government or stop efforts to rebuild the shattered country.

Only 10% of the south's population supports the Taliban, Richards said, citing Afghan government surveys. In an interview, he said 70% won't declare their loyalty until they "see which side will win. They can't wait forever. We've got to show them we will win."

Nearly five years after a U.S.-led campaign ousted the Taliban government that had sheltered al-Qaeda leader Osama bin Laden, Richards' troops have launched "Operation Medusa" in Panjwayi district in Kandahar province. The campaign aims to

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quell the Taliban's aggressive new offensive. NATO reported that more than 200 Taliban fighters were killed in the first two days of Medusa, which began Saturday.

The fighting also has brought NATO casualties. Monday, two U.S. warplanes mistakenly strafed NATO troops in Panjwayi district. A Canadian soldier was killed, NATO spokesman Maj. Scott Lundy said. A British soldier was killed in a suicide bombing in Kabul, the British Defense Ministry said. More than 130 NATO and coalition troops have died this year, the Associated Press reported, more than in all of 2005.

NATO took over responsibility for southern Afghanistan from the United States on July 31. As early as this month, NATO will take over for the U.S.-led multinational coalition in eastern Afghanistan.

Richards said NATO troops have proved they are willing to fight the Taliban and have dispelled doubts about their resolve: "We've killed hundreds and hundreds of Taliban since we took over, rather sadly."

Arsala Jamal, governor of Khost province in eastern Afghanistan, said he worries that NATO "will not be as effective as the Americans."

Barnett Rubin, senior fellow at the Center on International Cooperation at New York University, said NATO is "walking up to a situation where they might fail" because the United States didn't invest enough troops and money to create stability and a non-opium-based economy. But he also said Richards' plan to target Taliban strongholds, counter Taliban propaganda and try to win over rural Afghans with jobs is more comprehensive than past efforts and might work.

Richards said his goal is to reduce insurgent attacks in the south from about 10 a day to the one or two a week in the more stable northern and central regions. He says bringing violence throughout Afghanistan down to "tolerable levels" will take three to five years.

U.S. Planes Mistakenly Hit Canadians In Afghanistan (WP)

By Doug Struck

The Washington Post, September 5, 2006

TORONTO, Sept. 4 -- U.S. jets mistakenly strafed Canadian soldiers in Afghanistan on Monday, killing one and bringing to five the number of Canadian troops killed during a major push against the Taliban this weekend.

The deaths come as domestic support for the war is sliding and political opposition is growing, and the fatalities are certain to fuel the controversy in Canada over this country's role in supporting NATO and the United States in the five-year-old Afghan war.

Four of the battlefield deaths occurred Sunday as the Canadians attempted to sweep Taliban guerrillas from Panjwai, an area of farms and poppy fields in the southeastern province of Kandahar that has been a staging area for attacks against Canadian troops. The operation, code-named Medusa, met what commanders acknowledged was surprising resistance.

Just after dawn Monday, another Canadian contingent was camped in an open area when two A-10 "Warthog" ground attack planes flown by U.S. pilots under NATO command strafed its camp. One soldier was killed and about 30 suffered what officers described as mostly light wounds.

NATO officials said the planes were called in for support by other Canadian troops during the fighting. Canadian and NATO officers were quick to describe the incident as an unfortunate consequence of war.

The accident "is very regrettable," said Lt. Gen. David Richards, the NATO forces commander in Afghanistan. "But the task they were set is extremely important, perhaps pivotal in some respects, to the operation we are conducting here."

In a similar incident earlier in the Afghan war, four Canadians soldiers were killed in 2002 when a U.S. plane mistakenly dropped a bomb on Canadian forces as they trained. That incident caused bitter feelings for many in Canada and has lingered as a rhetorical touchstone for those who oppose the alliance of Canada with the United States in the war in Afghanistan.

Thirty-two Canadian soldiers and one diplomat have been killed in Afghanistan since 2002.

Jack Layton, a member of Parliament from the opposition New Democratic Party, this weekend called Afghanistan "the wrong mission" for Canada, which has 2,300 troops in the country. Most are stationed near Kandahar in southern Afghanistan, a stronghold of the Taliban. Layton called for the troops to return home by February.

Defense Minister Gordon O'Connor toured Afghanistan this weekend to boost the morale of the soldiers and offered an upbeat assessment for the country.

"My expectation is that over the next year the security situation will improve," he told reporters in Kandahar. "I believe support for the mission is solid among Canadians."

But opinion polls released this weekend, before the most recent deaths, showed a continuing slide in support for the war in Afghanistan and for the foreign policy of Prime Minister Stephen Harper.

The polling organization Ipsos-Reid said support for the Conservative-led government elected in January is at 38 percent. Harper's staunch support for Israel in the latest Lebanon war added to his growing unpopularity, the pollsters said.

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Canadian Brig. Gen. David Fraser, who is in charge of NATO forces in southern Afghanistan, defended the Canadian mission in television interviews from Kandahar, a volatile area where Canadian troops moved from Kabul, the capital, earlier this year.

"I believe in this mission," Fraser said at a news conference at the Kandahar airfield. "In seven months, we have made a significant change. We are having positive effects, but it comes at a cost."

Fraser said the friendly-fire incident will be investigated.

"We do have procedures, we do have communications, we do have training and tactics and techniques and procedures to mitigate the risk," he said. "But we can't reduce those risks to zero."

Afghan Symbol For Change Becomes A Symbol Of Failure (NYT)

By David Rohde

The New York Times, September 5, 2006

LASHKAR GAH, Afghanistan — It began last summer.

On a July morning, Taliban gunmen shot dead the province's most powerful cleric as he walked to the main city mosque to lead morning prayers. Five months later, they executed a teacher at a nearby village school as students watched. The following month, they walked into another mosque and gunned down an Afghan engineer working for a foreign aid group, shooting him in the back as he pressed his forehead to the ground and supplicated to God.

This spring and summer, the slow and methodical siege of this southern provincial capital intensified. The Taliban and their allies set up road checkpoints, burned 20 trucks and slowed the flow of supplies to reconstruction projects. All told, in surrounding Helmand Province, five teachers, one judge and scores of police officers have been killed. Dozens of schools and courts have been shuttered, according to Afghan officials.

"Our government is weak," said Fowzea Olomi, a local women's rights advocate whose driver was shot dead in May and who fears she is next. "Anarchy has come."

When the Taliban fell nearly five years ago, Lashkar Gah seemed like fertile ground for the United States-led effort to stabilize the country. For 30 years during the cold war, Americans carried out the largest development project in Afghanistan's history here, building a modern capital with suburban-style tract homes, a giant hydroelectric dam and 300 miles of canals that made 250,000 acres of desert bloom. Afghans called this city "Little America."

Today, Little America is the epicenter of a Taliban resurgence and an explosion in drug cultivation that has claimed the lives of 106 American and NATO soldiers this year and doubled American casualty rates countrywide. Across Afghanistan, roadside bomb attacks are up by 30 percent; suicide bombings have doubled. Statistically it is now nearly as dangerous to serve as an American soldier in Afghanistan as it is in Iraq.

Helmand's descent symbolizes how Afghanistan has evolved since the initial victory over the Taliban into one of the most troubled fronts in the fight against terrorism.

The problems began in early 2002, former Bush administration, United Nations and Afghan officials said, when the United States and its allies failed to take advantage of a sweeping desire among Afghans for help from foreign countries.

The Defense Department initially opposed a request by Colin L. Powell, then secretary of state, and Afghanistan's new leaders for a sizable peacekeeping force and deployed only 8,000 American troops, but purely in a combat role, officials said.

During the first 18 months after the invasion, the United States-led coalition deployed no peacekeepers outside Kabul, leaving the security of provinces like Helmand to local Afghans.

"Where the world, including the United States, came up short was on the security side," said Richard Haass, the former director of policy planning at the State Department. "That was the mistake which I believe is coming back to haunt the United States now."

The lack of security was just one element of a volatile mix. Twenty years of conflict had shattered government and social structures in Afghanistan, the world's fifth poorest country, where the average life expectancy is 43.

American officials said the country was more destitute than they had envisioned, yet the $909 million they provided in assistance in 2002 amounted to one-twentieth of the $20 billion allocated for postwar Iraq. Officials quintupled assistance to $4.8 billion by 2005, but then reduced it by 30 percent this year.

The Taliban leadership, meanwhile, found safe haven in neighboring Pakistan. And Robert Grenier, the C.I.A.'s former top counterterrorism official and Islamabad station chief, said Pakistani officials largely turned a blind eye to Taliban commanders, who later seeped back across the border.

The government of President Hamid Karzai, hailed as Afghanistan's eloquent new leader in 2001, has increasingly been criticized for indecisiveness, corruption and inaction.

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In Helmand, the absence of security and government control enabled the province to become the largest heroin-producing area in Afghanistan.

By 2005, local Taliban fighters and drug traffickers had formed an alliance against the government. Today, the province's educated elite accuses local officials of engaging in drug trafficking, and impoverished farmers say they grow poppy to survive.

[Led by a 160 percent increase in Helmand's opium crop this year, Afghanistan's overall production grew by 50 percent to a record 6,100 metric tons, United Nations officials said Saturday. Afghanistan now produces 92 percent of the world's supply of opium poppy, the basis for heroin.]

Richard A. Boucher, the assistant secretary of state for South Asia, defended the pace of progress, saying expectations among Afghans and others that the war-ravaged country could be quickly rebuilt were unrealistic.

"Afghan development is a long-term project, even without the security problem," said Mr. Boucher. "Over all, I think it's pretty incredible what we've accomplished."

Despite an active insurgency, he said, 1.6 million Afghan girls are attending school, 730 miles of roads and 1,000 schools, clinics and government buildings have been reconstructed, and the country has its first democratically elected president and Parliament.

Bryan Whitman, a Pentagon spokesman, said that the recent surge in violence was the result of the Afghan central government and NATO exerting their authority in remote areas, prompting retaliatory attacks from the Taliban, drug traffickers and warlords.

The return of more than three million Afghan refugees and the arrival of some foreign aid turned the country's main cities into boom towns. But over time, the lack of construction in rural provinces fueled Taliban propaganda claims that Americans were enriching themselves and bringing only corruption to Afghanistan.

In impoverished southern rural areas, small numbers of Afghans are openly collaborating with the Taliban. Other Afghans, who say they are unsure of the American commitment and disillusioned with Mr. Karzai, sit by and dare not resist them.

Rauzia Baloch, a 33-year-old teacher, was one of a half dozen women elected to Helmand's provincial council last year. In December, the American government sent her on a study tour of the United States that included visits to Congress and a domestic violence shelter in Phoenix, and Thanksgiving dinner with a family in Indiana.

When Ms. Baloch returned to Helmand, she found the Taliban assassinating government officials.

"I learned a lot, but unfortunately the situation is not the same as in America," she said. "We cannot do anything."

Countering the Soviets

During the cold war years in the Helmand Valley, amid a flat, barren landscape of reddish soil and black boulders, dozens of American engineers and their families carried out a sweeping project designed to develop impoverished southern Afghanistan and wean locals from Soviet influence.

For more than three decades, the American government and Morrison-Knudsen, the firm that built the Hoover Dam, restored and expanded an ancient irrigation system. Its source of life, then and now, was the surging Helmand River, a finger of green that emerges from the mountains of central Afghanistan and snakes for hundreds of miles through the country's vast southern desert.

The project never irrigated as many acres as was hoped, but its training programs produced hundreds of American-minded Afghan engineers and technicians.

"Most of them have lived and worked and studied in the United States; some have married American wives," the British historian Arnold J. Toynbee wrote after visiting the area in 1960. "The new world that they are conjuring up out of the desert at the Helmand River's expense is to be an America-in-Asia."

Among the young Afghans who were transformed in the process was Ms. Olomi, the women's rights advocate. One of the first girls to attend the city's new co-educational school, she also went on to become one of Helmand's first woman to graduate from college.

In a recent interview, Ms. Olomi, now 49, remembered only a handful of words in English. But she could still tick off the names of her American teachers and recite verses of "Twinkle, Twinkle Little Star" and "Puff the Magic Dragon." After school, she recalled, she played a game called basketball with American children.

"It was a very good time," she said, eulogizing the functioning schools, clean streets and tranquillity of Lashkar Gah in the 1960's and 1970's. "I was very happy."

But her good fortune, like that of Lashkar Gah's, would be short-lived. Americans abandoned the city just before the 1979 Soviet invasion. Twenty years of guerrilla and civil war ensued.

By the early 1990's, soldiers-turned-thieves roamed Lashkar Gah's streets and warlords encouraged local farmers to grow opium poppies, the raw form of heroin.

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In 1994, residents welcomed the rise of the Taliban in Helmand's remote villages and applauded when thieves had their hands chopped off on a local soccer field. Crime plummeted.

For Ms. Olomi and other women, life fell apart. Her husband, who had gone to Russia to study medicine, never returned. Taliban religious police closed a girls' school she had opened to support herself. Ms. Olomi, who had chosen her husband at the age of 25, watched helplessly as her daughter was forced by her husband's brothers to marry a cousin at 13.

Hopes rose again in 2001, when American bombs drove the Taliban from power in Afghanistan. Residents like Ms. Olomi said they dreamed of another American-backed renaissance.

"At that time, we really felt so happy," she said. "We felt that we were free now."

Roads and Roadblocks

As expectations soared in Lashkar Gah and across Afghanistan, division emerged in Washington over what role the United States should play in rebuilding and securing the country.

During meetings in January and February 2002, Robert Finn, the first American ambassador to post-Taliban Afghanistan, proposed that the United States undertake ambitious construction projects as a way to cement the loyalty of Afghans. Top among them was rebuilding a pulverized ring road linking Afghanistan's major cities — a road Americans helped build during the cold war.

"I argued for them to build the road and all I got was 'no,' " Mr. Finn recalled. "It was just across the board in Washington: 'We don't do those kinds of projects anymore.' "

Andrew Natsios, then the administrator of the United States Agency for International Development, the government's main foreign development arm that had spearheaded the Lashkar Gah project years back, confirmed in an interview that he had opposed road building and other large construction projects.

He said he feared they would consume too much of his agency's limited budget and staff. Criticism of failed foreign projects and a drive to privatize aid work had shrunk the agency from 3,000 Americans posted abroad in the 1980's to 1,000 today.

In the end, the United States pledged $297 million in reconstruction money to Afghanistan in 2002. The European Union pledged $495 million. Japan gave $200 million and Saudi Arabia $73 million, but both were slow to deliver.

When aid officials arrived in Kabul in late 2001, they were shocked by the country's decrepit state. They had to build headquarters from scratch, they said, and contend with the lack of skilled Afghan workers. For remote areas like Helmand, it meant what assistance was available flowed in slowly.

At the same time, Secretary of Defense Donald H. Rumsfeld and Secretary Powell clashed over security issues, according to their aides.

In a response to written questions, Mr. Powell said that in early 2002 he called for American troops to participate in the expansion of a 4,000-soldier international peacekeeping force designed to bolster Mr. Karzai's fledgling government. Mr. Haass, the former State Department official, said informal conversations with European officials led him to believe the United States could recruit a force of 30,000 peacekeepers, half European, half American.

Mr. Rumsfeld and his aides were skeptical. They feared European countries would not provide enough troops, according to Mr. Whitman, the Pentagon spokesman. Defense Department officials believed it was better to train local security forces.

Over all, Pentagon officials hoped to minimize the number of American troops in the country to avoid stoking Afghans' historic resistance to foreign occupation, said Douglas J. Feith, the former under secretary for policy.

Ali Ahmed Jalali, the country's interior minister from 2002 to 2005, said Afghan resentment of foreign peacekeepers was "a myth." After 10 years of internecine civil war, he said, Afghans yearned for someone to step in.

"They could not help themselves," he said, referring to Afghans. "They were at war with themselves."

James Dobbins, then the administration's special envoy to Afghanistan, said Mr. Powell was ultimately unable to win support from Mr. Rumsfeld and other senior administration officials.

The 4,000-soldier international peacekeeping force would not venture outside Kabul. The United States deployed its 8,000 soldiers separately, but they focused on capturing or killing Taliban and Qaeda members, not on peacekeeping or reconstruction.

As an alternative, officials came up with a loosely organized system designed to empower Afghans to secure the country. The United States would train a 70,000-soldier army. Japan would demobilize some 100,000 militia fighters. Britain would mount an antinarcotics program. Italy would carry out judicial reform. And Germany would train a 62,000-member police force.

In April 2002, President Bush outlined his vision for rebuilding Afghanistan in a speech honoring George C. Marshall, the American general who led the rebuilding of postwar Europe.

Mr. Bush said the history of military conflict in Afghanistan had been marked by "initial success, followed by long years of floundering and ultimate failure." He vowed: "We're not going to repeat that mistake."

On the ground in Afghanistan, problems arose immediately.

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When Mr. Finn, the ambassador, reviewed the first Afghan National Army troops trained by the Americans in the summer of 2002, he was dismayed.

"They were illiterate," he said. "They didn't know how to keep themselves clean. They were at a much lower level than people expected."

American military officials told him that local Afghan commanders sent them their worst conscripts.

Mr. Dobbins, the former special envoy to Afghanistan, said Defense Department hopes that Afghans could quickly take responsibility for their own security proved unrealistic.

"The reason we are there is that these are failed states," said Mr. Dobbins, who has also served as special envoy to Haiti, Bosnia and Kosovo. "The thought that this can be quickly remedied has proved unjustified in most cases."

The police were even more challenging. Seventy percent of the existing 80,000 officers were illiterate. Eighty percent lacked proper equipment and corruption was endemic. Afghan police did not patrol; they set up checkpoints and waited for residents to report crimes, with bribes often needed to do so.

Yet in 2002 and 2003, Germany, the country responsible for police training, dispatched only 40 advisers. They reopened the Kabul police academy and began a program designed to graduate 3,500 senior officers in three years. German officials said developing a core of skilled commanders was the key to reform, frustrating American officials who backed a large, countrywide training effort. Some American and European military units conducted ad hoc training around the country, but no comprehensive instruction occurred outside Kabul.

Shattered Judicial System

In Lashkar Gah, veteran policemen and judges who returned from living in exile during the reign of the Taliban were aghast at what they found. Only one-third of the province's 3,000 policemen were, in fact, trained. The rest, including the provincial police chief, were former guerrilla fighters who punished members of other tribes and turned a blind eye toward rogues from their own.

"They did not know about the law," said Abdul Shakoor, a veteran police lieutenant. "They had their tribal ideas."

Abdul Waheed Afghani, then a 67-year-old retired judge who had been in exile in Saudi Arabia, said the judicial system was no better. When he looked for judges to send to each of the province's 13 districts, he found only three people with judicial training. He asked for help from Kabul, but received no response.

"I have given reports to many branches of the government," he said. "But no one has helped me."

The only foreign troops to deploy in Helmand, a province twice the size of Maryland with a population of one million, were several dozen American Special Forces soldiers. They built a base in the center of the province in 2002, hired several hundred Afghan gunmen to protect them, and focused solely on hunting Taliban and Qaeda remnants, according to Afghan officials.

Helmand Province's voluble young governor, Sher Muhammad Akhund, was largely left to do as he pleased. The son of a famed local commander who fought the Soviets, Mr. Akhund entered Taliban-controlled Afghanistan in 2001 at Mr. Karzai's request and won control of Helmand with the help of the Special Forces. Rumors abounded about the governor. In interviews with journalists, Mr. Akhund said he was in his early 30's and a high school graduate. Afghan aid workers said he was in his late 20's and illiterate.

Whatever he may have lacked in administrative skills, he made up for in muscle. As the head of Helmand's largest and most influential tribe, the Alizai, he commanded several hundred gunmen.

As time passed, community leaders grew frustrated with Mr. Akhund. Haji Ahmad Shah, a wealthy local farmer, said Mr. Akhund initially refused to meet with him to discuss farmers' problems. When he finally did, he ignored the complaints.

"When I was sharing these problems with the governor, he didn't do anything," said Mr. Shah. "He was just working for his own benefit."

In 2003, Mr. Akhund confiscated 200 shops owned by a local minority group, according to a State Department report. Outside the city, the governor doled out parcels of land to his relatives and tribe, according to residents. Mr. Akhund denied the accusations.

At the same time, reports began to reach Kabul that Mr. Akhund was promoting the growth of poppy, according to an American official who spoke on condition of anonymity because of the sensitivity of the drug issue.

After the fall of the Taliban, poppy growth had exploded in eastern and southern Afghanistan, fed by poverty, weak law enforcement and an epic, five-year drought.

Mr. Akhund vehemently denied rumors that he took a cut of the poppy trade, but foreign officials remained skeptical. [On Saturday, Antonio Maria Costa, the executive director of the United Nations Office on Drugs and Crime, blamed Mr. Akhund specifically for Helmand's soaring poppy crop, saying there was evidence he encouraged farmers to grow opium poppies.]

While corruption grew in Afghanistan, the Taliban regrouped in Pakistan and changed tactics, according to American officials. After being decimated in open battles with American troops through 2002, the Taliban began ambushing small groups of

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American soldiers and unarmed aid workers in 2003. Over time, aid groups scaled back or suspended reconstruction projects in the rural south and east.

In March, a group of gunmen in Oruzgan Province pulled a foreign engineer out of a vehicle belonging to the International Red Cross, shot him in the head and back, and left his body in the dirt.

Two days later, in a remote riverbed in northern Helmand, gunmen ambushed American Special Forces as they drove past in a small convoy, killing two soldiers. When their comrades stopped to return fire, the gunmen vanished down a maze of gullies.

U.S. Shifts Course

In the summer of 2003, officials in Washington unveiled an overhaul of American policy in Afghanistan.

Until then, Americans had rebuilt the main highway linking Kabul and Kandahar, after initially rejecting the road proposal by Mr. Finn, the ambassador. Otherwise, Washington had shied away from large-scale projects like power plants.

Between 2003 and 2004, American assistance to Afghanistan increased from $962 million to $2.4 billion; the Afghanistan staff of the United States aid agency doubled; and Washington dispatched an aggressive new ambassador, Zalmay Khalilzad.

At the same time, the American military, expanding its role beyond combat, deployed eight new Provincial Reconstruction Teams, mostly to volatile southern and eastern Afghanistan. The units tried to win the loyalty of Afghans by equipping local government offices and mounting small reconstruction projects.

Mr. Feith, the former Defense Department official, said progress was made in Afghanistan in 2002 and 2003, but that the disappointing results of the allies' plan for training the police required an increased American effort.

Former United Nations and State Department officials said the weakness in the Afghanistan policy should have been apparent to the administration much earlier. "It was possible in early 2002 and late 2001 to have calculated more accurately the manpower and money needs," said Mr. Dobbins.

In Helmand, a field commander in the new development effort was Charles Grader. The 72-year-old Massachusetts native was the last American to head the Afghanistan program before the 1979 Soviet invasion. Twenty-five years later, he was back, managing a $130 million United States government contract to revitalize agriculture and slow the growth of poppy.

Mr. Grader was a marker of how the American approach to development had changed since the 1970's. No longer a government worker, he was now a private contractor paid $130,000 a year by Chemonics International, a for-profit consulting firm based in Washington. Instead of directing projects, the United States aid agency hired companies like Chemonics, which farmed out work to subcontractors.

In June 2004, Mr. Grader drove into Lashkar Gah with eight security guards and found a burgeoning city of 100,000 people that was a maze of new construction, shops and bustling open-air markets. But the prosperity was illusory. The boom was largely fueled by Helmand's opium trade, which by then had been spreading across the province for two and a half years since the Taliban was defeated.

On his first stop, Mr. Grader toured a demonstration farm bursting with cotton, pomegranates and other crops designed to show farmers they could make a legal living. Mr. Grader asked the Afghans who ran the farm what would persuade others to stop growing poppy.

Their responses had little to do with agriculture. They said the biggest problem was poverty and corruption. Farmers, they said, no longer believed the government would punish them for growing poppy.

"There is an inverse relationship between security and poppy growing," said Abdul Ghani Ayubi, an engineer trained by the Americans in the 1970's.

A local farmer was more blunt. "We don't have law. This is a warlord kingdom."

Mr. Grader promised to create public works projects that would repair the province's irrigation system and employ large numbers of farmers. Four months later he resigned after clashing with aid agency officials over the direction of the program. High turnover rates among both aid agency officials and contractors slowed the American effort, according to Afghan and American officials.

Some work did get under way, including repairs to the hydroelectric dam built by Americans during the cold war and an alternative-livelihoods program that put 37,000 Afghans to work cleaning hundreds of irrigation canals.

A dozen new or refurbished health clinics were opened and over 100 wells were dug or deepened. The aid agency reported spending about $180 million in Helmand since 2001. In addition, the reconstruction of Afghanistan's major highway included 90 miles in the province.

But local officials said these projects did not provide enough jobs to counter the lure of growing opium poppies for Helmand's 100,000 farmers.

In addition, a popular perception took hold that after foreign contractors and subcontractors took their cut of aid money, little cash was left for average Afghans. And local residents grew suspicious of the foreigners who lived in heavily guarded compounds with electric generators and satellite televisions while they lacked regular running water and electricity.

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Aid agency officials defended their spending in Helmand, saying that foreign workers were needed to properly carry out the projects, train Afghans and prevent corruption.

In October 2004, one of the eight new American military Provincial Reconstruction Teams arrived in Helmand. Over the next two years, the team spent $9.5 million to build, refurbish or equip 28 schools, two police stations, two orphanages, a prison, a hospital ward and 20 miles of roads.

Just outside the American base, the United States built a women's job-training center for Ms. Olomi to run. The Americans provided dozens of computers and sewing machines and even set up a mock beauty salon so women could learn marketable skills. On one wall are pictures of Laura Bush visiting Afghanistan and meeting with the country's newly liberated women.

Brazen Attacks Increase

By the spring of 2005, the stepped-up American effort in Helmand was showing signs of being overmatched by the rising violence. On a May morning, gunmen stopped a vehicle carrying five Afghans working on the program to clean irrigation canals. In broad daylight a few miles outside Lashkar Gah, they shot the workers dead.

The following day, gunmen followed six relatives of one of the victims as they drove his body back to Kabul. Just off the main highway, they executed all six.

Days later, the canal cleaning project — perhaps the Americans' most successful undertaking in Helmand — was shut down over lack of security. Thousands of farmers were immediately out of work. Attacks also slowed repairs to the Kajaki dam.

Security had emerged as the largest single impediment to developing Helmand, but the country's nascent army and police force were unable to deliver it. The first units from the new, American-trained Afghan National Army arrived in Helmand in 2005, but they comprised only several hundred soldiers and carried out few operations, according to local Afghan officials. A new provincial antinarcotics force was created that year, but it consisted of just 30 officers.

The long-delayed Japanese-led program to disarm militia fighters began in Helmand in 2005, but only several hundred assault rifles and machine guns were collected, according to the local police. Officials said vast numbers of weapons remain in Helmand and are being used by the Taliban and drug traffickers.

Police training also continued to lag behind. After Germany failed to mount any training outside Kabul, the State Department hired DynCorp International, an Irving, Tex., firm, to recruit, train and deploy dozens of American police advisers in Afghanistan and build seven regional training centers.

By mid-2004, the centers were operating two- to four-week training classes across Afghanistan. European officials said the training should be at least three months long, and one derided the classes as "conveyor-belt courses."

"I had 15 days' training in Kandahar," said Mr. Shakoor, the police lieutenant. "The things that they were teaching me I already knew."

Corruption was also undermining progress. A 28-year-old police recruit who asked not to be identified because he feared retaliation said he was disappointed when he returned from training to his district in Helmand. His commander continued to take 50 percent of his salary, he said, and work with drug traffickers.

The United States, meanwhile, expanded DynCorp's police training contract, increasing basic courses from two to eight weeks, and sent two DynCorp contractors to important provinces to serve as advisers. Two retired American sheriff's deputies were sent to Lashkar Gah, to cover all of Helmand.

Jesse Valdez, 55, from Santa Cruz, Calif., had trained police officers in Bosnia, Indonesia and the Philippines. Steve Rubcic, 58, from Wyoming, had never been east of Wisconsin.

When they arrived in October, security was so bad they could not visit any of the province's 13 districts. In interviews, both said the Afghan police were eager for help and that they were making progress removing corrupt officials. Six weeks after they arrived, a small car bomb detonated outside the governor's office several minutes before they arrived for a meeting.

In March, two more DynCorp advisers joined them in Lashkar Gah. A month later, a suicide car bomb attack flipped their armored vehicle, but they survived. Both refused to leave.

In June, American officials dispatched an eight-man DynCorp "saturation" training team to Lashkar Gah. Brent Thompson, a 33-year-old former police officer from Dallas who heads the team, said American officials calculated that six Afghan policemen were dying for every soldier in the National Army who was killed.

Half of the saturation team's two-week training course is devoted to teaching Afghan police military skills, like how to launch or survive an ambush. Mr. Thompson, who trained the police in Iraq for DynCorp, said the Afghan police were more poorly equipped than their Iraqi counterparts. In one recent Afghan class, he said, 40 police officers shared 15 rifles.

As of early July, the training segment that involved police firing their rifles was on hold. Security problems had delayed the delivery of ammunition to Lashkar Gah, according to Mr. Thompson.

During the training, Afghan officers pull the triggers on their rifles and pretend to fire.

Scorn From Locals

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On July 10, Helmand's senior government officials, tribal elders and community leaders gathered for a public forum in Lashkar Gah entitled "Security, Reconstruction and Official Corruption." For the next hour, the locals heaped scorn on the Afghan government. Speaker after speaker talked of dashed hopes.

The leader of the newly elected provincial assembly said that "in a country where there is no security, there is nothing." A teacher who had received death threats from the Taliban warned that Mr. Karzai's government could collapse. An enraged tribal leader in a white turban said the police released the murderers of his sons and brothers after receiving bribes.

"Is this a government?" he thundered. "Anyone other than me would join the Taliban."

This spring, American forces handed over responsibility for Helmand to the British military. More than 3,600 British troops, 10 times the troops the United States deployed in Helmand, now patrol the increasingly violent province. This year, 15 British and 4 American soldiers have been killed there.

The violence has continued to hamper reconstruction. The canal cleaning project has resumed, but on a much smaller scale — and with many fewer local workers — than originally planned. Some road work is proceeding. But all repairs on the hydroelectric dam were suspended in July amid rising attacks. Nationwide, 90 percent of Afghans still lack regular electricity.

Since early 2005, both Afghan and foreign officials had urged Mr. Karzai to remove Mr. Akhund as Helmand's governor. Last December, Mr. Karzai finally did. The Afghan leader's supporters argue that he was never provided with the resources needed to take on warlords.

The new governor, an engineer and former United Nations employee, accepted the assignment on condition he have his own 150-man security force. This spring, Mr. Karzai fired the province's police chief, but his replacement said he will make little headway stabilizing the province as long as the Taliban continues to have bases in neighboring Pakistan.

Mr. Afghani, the province's chief judge, said Taliban attacks this spring have shut down courts in 11 of the province's 13 districts. In June, he found an unexploded bomb in his car. In July, a suicide bomber killed four people in a Lashkar Gah court office.

"Nowadays, no one is taking care of judges in our government," he said. "We are helpless people. We don't have any power. We don't have any police."

Mr. Shah, the farmer, said he has given up on Mr. Karzai's government. After growing little opium since 2001, he grew large amounts this spring after his workers demanded higher pay. He and other farmers simply pooled their money and bribed a local official so that eradication teams drove past their village.

On a recent afternoon, Ms. Olomi gave a reporter a tour of her women's center, which was closed for security reasons after the killing of her driver in May. False rumors had been spread that the center's female students were being taken to the local American military base and forced to have sex with soldiers.

After the tour of the center, which had the feel of a museum, Ms. Olomi announced she was heading home and pulled out a burqa, the head-to-toe veil that became a symbol of Taliban oppression. Ms. Olomi shed her burqa after the group's fall in 2001, but began wearing it again after her driver's death to hide her identity from potential assassins.

As her car rolled out the center's front gate, Ms. Olomi pulled the burqa over her head and her face disappeared. In Little America in 2006, the former instrument of her oppression was her means of survival.

CORPORATE SCANDALS:

Securities Trial Begins In Japan For Livedoor Ex-Chief Horie (WSJ)

The Wall Street Journal, September 5, 2006

TOKYO -- Takafumi Horie, the former chief executive of Internet firm Livedoor Co. who came to symbolize a freewheeling capitalism at odds with Japan's cozy corporate norms, pleaded not guilty to charges of breaking securities law.

The trial follows what became known as the "Livedoor Shock," when a prosecutors' raid on the firm sent Tokyo shares tumbling, halted trading and rattled confidence in the stock market.

Prosecutors said Mr. Horie, 33 years old, violated securities law by conspiring with colleagues to boost Livedoor's share price by falsifying corporate accounts.

"I have not carried out, or instructed, such crimes as were mentioned," Mr. Horie said.

Prosecutors outlined a complex scheme in which Livedoor executives used "dummy" companies to buy up subsidiary shares to inflate profits. Livedoor had an affiliate acquire a company that was already under its control and sold stock in that company to doctor its books, and Livedoor's string of stock swaps and other transactions were all conducted under Mr. Horie's instructions, prosecutors said.

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Defense lawyers, in their opening remarks, said that the charges were groundless, the transactions in question were totally legal, the companies weren't dummies at all and that Mr. Horie didn't know about the dealings anyway.

"The prosecutors are portraying acts that are totally not criminal as though they are great crimes," chief defense lawyer Yasuyuki Takai told the court.

Mr. Takai told reporters that Mr. Horie saw the trial as a chance to tell his side of the story. He is unlikely to testify until November.

Mr. Horie's defiance is unusual for Japan because prosecutors customarily rely on confessions from defendants during their detention to build their case. Most Japanese trials end in guilty verdicts, and Mr. Horie, arrested in January, has been unusual in sticking to his assertion of innocence.

Mr. Horie faces up to five years in prison and fines of as much as five million yen, or about $42,700, if found guilty. Mr. Horie also faces lawsuits from former shareholders.

After the raid in January, more than $5 billion was wiped off Livedoor's value before it delisted from the exchange in April with a share price of just 94 yen.

Pleading Not Guilty, Livedoor Founder Remains Defiant (WP/AP)

By Yuri Kageyama

The Washington Post, September 5, 2006

TOKYO -- Former Internet mogul Takafumi Horie asserted his innocence Monday at his trial's opening, challenging the Japanese court system with the same cockiness with which he shook the nation's staid corporate culture during his rise to fame.

Wearing a dark suit instead of his usual T-shirt, Horie, 33, the founder and former president of Livedoor Co., took the stand briefly to plead not guilty to the charges of securities law violations.

"I feel the prosecutors' charges are full of malice," Horie told the court calmly.

"The charges are offensive," he said before sitting down and breaking into big grin.

Horie's plea and statements are the latest in a string of defiant acts that catapulted the college dropout to stardom as a symbol of a more modern, freewheeling market economy.

But Horie has also drawn scorn from the old guard in a conformist nation where corporate loyalty and docile hard work have been valued over entrepreneurship.

Interest in the trial was high, with more than 2,000 people drawing lots for 61 courtroom seats. National TV news aired prominent coverage of the trial, which was the first public appearance by Horie since his release from detention on bail in April.

During the day-long session, prosecutors outlined a complex scheme in which Livedoor executives used "dummy" companies to buy subsidiary shares and inflate profits.

Livedoor had an affiliate acquire a company that was already under its control and sold stock in that company to doctor its books, with Livedoor's string of stock swaps and other transactions all conducted under Horie's instructions, prosecutors said.

"We can make that much money," Horie was quoted by the prosecutors as saying.

Defense lawyers, in their opening remarks, said the charges were groundless, the transactions in question were totally legal, the companies weren't dummies at all, and Horie didn't know about the dealings anyway.

"The arguments of the prosecutors collapse on their own," chief defense lawyer Yasuyuki Takai told the court. "The prosecutors are portraying acts that are totally not criminal as though they are great crimes."

In a statement released late Monday, Horie said the prosecutors' claims had shocked him. "I will do my best to reveal the truth in court," he said.

Horie's defiance is unusual for Japan because prosecutors customarily rely on confessions from defendants to build their cases.

Most Japanese trials end in guilty verdicts, and Horie, arrested in January, has been unusual in sticking to his assertion of innocence.

If convicted, Horie faces a maximum penalty of five years in prison and 5 million yen in fines, or about $43,000.

Prosecutors called as a witness Takanori Nagai, a fund manager, who said under questioning that he had been gotten financial instructions from Hideaki Noguchi, who headed a finance unit of Livedoor.

Noguchi, 38, was found dead in a hotel in Okinawa in January, after what police say was a suicide.

But Nagai never said he had gotten instructions from Horie. Defense lawyers countered by getting Nagai to say he was merely carrying out standard practice as a fund manager.

Before his arrest, Horie had been a celebrity, viewed by some as the face of a new generation of entrepreneurs.

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He rocked the business establishment by single-handedly trying to buy a professional baseball team, and then he prompted outrage from a powerful media conglomerate by trying to take over a radio broadcaster and wield influence over the group.

Appearing frequently on TV, Horie used his visibility to draw individual investors to Livedoor stock, raking in millions of dollars as the Internet portal that Livedoor operated grew increasingly popular.

But when the scandal erupted, the public heaped scorn on him. The plunge in Livedoor stock that followed his arrest sparked a sell-off in the Tokyo stock market.

The incident stirred criticism of the government for failing to adequately monitor financial practices because Livedoor's repeated stock splits and aggressive takeovers had been widely known.

"Mr. Horie represents a powerful new force that is all about playing the money game," said Kazunari Abe, honorary professor of economics at Yamaguchi University. "This new trend is a reality in the Japanese economy. But we need to uphold justice, fairness and transparency."

For some, Horie remains a hero representing the new generation. "It cheers me up to see him because he lives in his own world with self-confidence. I don't see him as a criminal," said Yo Hashimoto, 24, a worker at a temporary employment agency.

Wataru Okumura, 64, who lost 3 million yen, or about $26,000, on Livedoor stock, said something is wrong with a system that devastates the individual investor.

"If people tell me it's my own individual responsibility, then I have a big problem with that," he said after watching the trial in court.

One Route Seems Closed, So Lawyers Try Different Lawsuit In Stock-Option Scandal (NYT)

By Julie Creswell

The New York Times, September 5, 2006

As the number of companies caught up in the options-backdating scandal continues to grow, many plaintiffs' law firms are looking to see if the latest round of corporate greed and malfeasance offers them an arena for possible payoffs.

But so far, law firms that represent shareholders are struggling to find a foothold— and a payday for the investors and for themselves.

The class-action suits that allowed lawyers to champion shareholder rights while earning millions in fees from the collapse of companies like Enron and WorldCom have not materialized, even though more than 80 companies are under investigation in the backdating of stock options.

Even when it is clear that options grant dates were manipulated, it is less clear how to calculate damage to specific shareholders. And in many cases, the statute of limitations has expired.

Lawyers have therefore turned to what are called derivative suits, a less popular and much less prominent kind of action in which a shareholder sues on behalf of the company and settlements usually consist of corporate governance changes and legal fees.

So far, at least 57 companies have been sued in this way; some 15 class-action securities cases have been filed.

Proponents argue that the derivative lawsuits give shareholders a chance to force changes at the company, but critics counter that they do little more than produce fees for lawyers.

"These are classic examples of the entrepreneurial spirit of the plaintiffs' bar," said Robert J. Giuffra Jr., a defense lawyer at the firm of Sullivan & Cromwell. "Many derivative lawsuits are nothing more than efforts by attorneys who are motivated by the desire to generate fees."

Plaintiffs' lawyers, however, say that these suits let shareholders weigh in on a much larger issue: excessive executive compensation.

"You can go in and do the job that the board is not doing," said Gerald H. Silk, a partner in the plaintiffs' firm of Bernstein Litowitz Berger & Grossmann. "You can rescind the options contracts and go after the proceeds, bringing the money back into the corporate treasury."

Among plaintiffs' lawyers, the competition over who will pursue these cases has been fierce. The suits are a throwback to the days when lawyers raced to the courthouse with an individual plaintiff in tow and tried to outmaneuver one another to reach a quick settlement with a company's board. Many of the rules that govern class-action lawsuits do not apply, particularly ones that favor institutional investors.

"A one-share plaintiff, if represented by a powerful law firm, may be able to hold on to control of the case," said John C. Coffee Jr., a law professor at Columbia University. "One of the defensive strategies when you have a messy situation is to seek a quick but reclusive settlement with a friendly law firm."

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While legal fees are typically low in derivative suits, there have been a handful of cases where plaintiffs' lawyers walked away with millions.

Lawyers who filed a derivative suit involving accusations of insider trading by Lawrence J. Ellison, the chief executive of Oracle, received more than $22 million in fees and expenses for brokering an unusual settlement, which included Mr. Ellison making a $100 million contribution to charity.

Kevin M. LaCroix, a director of OakBridge Insurance Services, which sells executive liability insurance to corporations, remarked: "Whereas historically there would be no expectations for large, shareholder-derivative settlements, clearly something has changed in the last 24 months. There may be the opportunity in some of the more egregious cases of option backdating for lawyers to get a larger amount of money in a settlement."

Part of the growing interest in derivative suits may result from the fact that business, and fees, are down. Securities class-action lawsuit filings have fallen 31 percent from last year's pace, according to a midyear report released late in July by the Securities Class Action Clearinghouse at Stanford University Law School, in cooperation with Cornerstone Research.

The study, which did not include derivative lawsuits, said the number of class-action filings — 61 new cases — was the lowest in 10 years. Lawyers expect few additional class-action suits resulting from the matter of stock options, mostly because much of the backdating in question occurred in the early- or mid-1990's, and the statute of limitations might have run out.

Also, said Melvyn I. Weiss, a founding partner of the firm of Milberg Weiss Bershad & Schulman, to file a federal class-action suit, lawyers have to show that shareholders lost money as a result of the backdating.

"A lot of these stocks aren't reacting with big drops in price," Mr. Weiss said. "Or, if they drop initially, they come back over a short period of time."

Milberg Weiss, which has been a leading force in securities litigation, is operating under a cloud since it and two of its name partners were indicted in May and accused of secretly paying plaintiffs. Mr. Weiss said the firm was currently involved in only one derivative action against a company accused of manipulating option grants.

Gaining traction in derivative suits is not easy, lawyers said, as suits can be sidetracked by the company, or by the court.

Four plaintiffs and their lawyers reached a settlement more than three weeks ago with directors of Brocade Communications Systems, only to run into problems in getting approval by the federal judge overseeing the case.

Brocade's directors had agreed with the plaintiffs and their lawyers to corporate governance changes and a payment of $525,000 in legal fees. (The former chief executive, Gregory L. Reyes, was not included in the settlement.)

But Judge Charles R. Breyer, in San Francisco, criticized the settlement when it was presented to him.

"You have item after item after item of malfeasance by all these defendants — then it's sort of a Roseannadanna situation: 'Oh, never mind,' " Judge Breyer told lawyers at a hearing. "You haven't presented to me anything other than the lawyers' saying we think this is a good deal."

The group said it planned to present more details of the settlement to the judge in mid-September and seek his approval then.

One lawyer involved in the proposed Brocade settlement said the group had proposed meaningful corporate governance changes for company directors, attributing criticisms of the settlement to competition in the industry.

"The goal of a derivative action is not the lawyer's personal greed being satisfied," said William Federman, a lawyer in Oklahoma City whose firm is also involved in a dozen other derivative suits involving accusations of options backdating. "A lot of these law firms, particularly the younger ones that have no trial experience, may not realize that who they represent is the corporation and the result is supposed to be fair."

Mr. Federman added, "The firms are competing more over their own attorney fees than actually trying to do something that benefits the corporation."

CRIMINAL LAW:

Thursday, Capital Grille; Friday, Federal Court (WP)

By Dana Hedgpeth, Washington Post Staff Writer

The Washington Post, September 4, 2006

Did Developer Go Past Where Politics and Money Legally Intersect?

Douglas Jemal swept into the Capital Grille as usual on a recent Thursday night, knocking back Ketel One vodka on the rocks with a lime, hugging and back-slapping half a dozen men gathered at the bar.

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This is a landscape where politics and money intersect. Where Jemal, a wealthy developer, drinks and dines. Cigar smoke swirls above cufflinks and cleavage. A bison head hangs on the dark, paneled walls. Thick, aged steaks are stacked behind glass in a walk-in refrigerator.

Jemal is a Thursday night regular, and his routine appears undisturbed by the corruption trial he is facing, though jury selection in federal court is only days away, scheduled to begin Friday.

At the peak of a colorful and successful career, the 63-year-old developer is accused of crossing the line between making friends and buying favors, giving gifts to a mid-level District bureaucrat as part of a scheme to get favorable government contracts for his company.

Jemal's charges include bribery, conspiracy, and mail and wire fraud. The bribery count alone carries up to a 15-year sentence. On trial with him are his son Norman and Blake Esherick, both of whom line up tenants and manage his properties. All three defendants deny the charges.

Jemal's defense is that he and his business associates gave gifts to Michael A. Lorusso, the former deputy director of the city's Office of Property Management who worked with leasing contracts but denies that they were meant to influence him. His only crime was picking a bad friend, other friends say. A former amateur boxer, Jemal says he will fight, as he always has.

"How many guys come from the street and get to the level I am? How many?" Jemal said, his voice rising slightly. "I wore 'em down because I didn't give up."

And, he said, he's simply a generous guy. He once bought a pair of cowboy boots for a cabdriver in Dallas.Jemal in Washington

Jemal -- 5 feet 11 1/2 inches tall, 185 pounds, shaved head -- is a distinctive presence. At the Capital Grille, at 6th and Pennsylvania Avenue NW, he wades through the heart of knotted-tie Washington wearing jeans and cowboy boots.

He's known for picking up the tab. He treats the occasional passerby. The two pairs of cowboy boots costing more than $1,000, the flights to Las Vegas and Florida, the Rolex, sports tickets -- the things he and his associates bought for Lorusso -- were gifts, Jemal says, requiring no payback in his world.

He made a name for himself in Washington in 1991 when he bought the Park & Shop, a retail strip in Cleveland Park, invested millions of dollars to fix it up, then sold it. Later, he bought the Woodward & Lothrop building at 10th and F streets NW and helped lure clothing retailer H&M and West Elm furniture there.

A high school dropout from Brooklyn, Jemal made his money in retail and electronics businesses -- and as founder and president of Douglas Development Corp. These days he keeps a wine locker at the Capital Grille. They cost $500 a year, and there's a two-year wait for one. One black-lettered, gold-plated sign reads "Douglas Jemal." Another says "F. Sinatra," one patron's tribute to the entertainer.

One recent Thursday, Jemal sat at his usual spot in a curved booth in the back of the place. He and his guests ate from a silver plate stacked with lamb chops and rib-eye steaks, served family style, and drank a 2002 Cabernet Syrah.

Shrewd, admired for his business acumen, criticized for cursing what can seem like every other word, feared for his occasional temper, Jemal commands attention.

"This trial will be watched by everybody," said Richard Bradley, executive director of the Downtown Business Improvement District. "He's larger than life compared with most of the people in the field. He was a pioneer in parts of the city, and he's very much respected, liked and appreciated. People will watch this very closely."

Robert A. Peck, the former president of the Greater Washington Board of Trade who is now a senior vice president at real estate services firm Staubach Co., said: "Jemal is a unique personality. He's a risk-taking real estate guy who was in marginal neighborhoods before they turned hot.

"I think a lot of people wish him well, and there's a lot of curiosity about how this is going to come out."

Jemal is a builder and a manager of 10 million square feet of office, retail, commercial and residential properties in 185 buildings in the region. He plans to redevelop land he owns on the banks of the Anacostia River in Southeast, hoping to echo Baltimore's Inner Harbor, and wants to redevelop the car-repair garages and abandoned rowhouses on a stretch of New York Avenue NW near the convention center. He has London architect Norman Foster working on designs to redevelop the shuttered Uline Arena near Union Station in Northeast.The Trial

When he announced Jemal's indictment last fall, U.S. Attorney Kenneth L. Wainstein said, "To those who do business with the government it shows that the honest services of our public servants are not up for sale." At the same time, Mayor Anthony A. Williams (D), a longtime supporter of Jemal's, issued a statement encouraging Wainstein to "aggressively root out corruption anywhere he finds it."

Jemal has long been controversial. He has been sued by contractors who accused him of lateness and not paying bills for construction materials and other services. They say he keeps sloppy paperwork, making it hard to bill and collect from him. He

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disputes the charges but agrees that his back-of-the-house bookkeeping isn't always neat and orderly. Others credit him with saving historic facades and admire how he calculates in his head what his returns will be and makes deals with a handshake.

"Why am I successful?" Jemal said. "Because I'm a [favorite expletive deleted] daredevil."

Jemal is being defended by white-collar-crime lawyer Reid H. Weingarten, whose clients have included defendants in the scandals at Enron Corp., Rite Aid Corp., Tyco International Ltd. and WorldCom Inc. Weingarten recently defended a Naval Academy midshipman accused of rape. Earlier, as a prosecutor, he was involved in the case of an official who was accused of lying to Congress in the Iran-contra investigation.

Jemal, his son and Esherick have a defense team of at least seven lawyers. They are not saying whether Jemal will testify in the trial, which is expected to last four to six weeks. They are expected to call to the stand city officials, real estate brokers familiar with the deals and community leaders.

In 2003, the D.C. Council investigated Jemal's ties to Lorusso, who had broad influence in deciding which properties the city leased and bought. In those hearings, Jemal testified but invoked his right against self-incrimination 23 times. Lorusso was fired from his city job in 2003, pleaded guilty in 2004 and agreed to help prosecutors. Assistant U.S. Attorney Mark H. Dubester, the lead prosecutor, has successfully prosecuted several fraud and conspiracy cases, including the conviction of a former D.C. school board member for theft and tax evasion.

Lorusso brokered several deals with Jemal's company starting in 2001 that prosecutors allege involved criminal activity. In one of them, they say, Lorusso pushed the city to rent an impoundment lot on Addison Road in Prince George's County for $998,000 a year. Jemal owned the lot.

Lorusso also allegedly tried to get the city to sign off on a deal to pay Jemal's company $12.5 million for the impoundment lot even after an appraiser told him it was worth much less, prosecutors say. Another part of the deal involved selling a historic city firehouse on Massachusetts Avenue NW to Jemal's company.

In another case, Lorusso pushed the city to enter into leases for more than $100 million over 10 years to rent space for offices at 77 P St. NE, an old brick building near New York and Florida avenues NE that Jemal renovated. Prosecutors say Lorusso arranged for the city to pay Jemal's company $1.5 million in unwarranted invoices.

"I take no glee in another person's misfortune, but I know I did my job in uncovering this scandal," said D.C. Council member Jim Graham (D-Ward 1), who held 63 hours of hearings on Jemal's ties to Lorusso. "What we now have is a whole different realm. All of the civil issues are resolved. You can commit a wrongdoing and that doesn't constitute a crime. This is up to the jury and the judge to decide."

Jemal has paid to resolve his financial disagreements with the city over leases at 77 P St. NE, according to Graham.Jemal's Projects

Far from slowing down after his indictment, Jemal has been working as hard as ever, building on his early business -- when he made money off hundreds of little properties that people drive by every day -- to more upscale projects.

Even as he is getting ready for trial, he has been quietly negotiating to form a partnership with Bob Carr, his complete opposite. Carr is one of the top executives at the well-established development company his father started, CarrAmerica Realty Corp., which has large, prominent office buildings in downtown. The company recently finished constructing, with Jemal as its partner, the Atlantic building at 9th and F streets NW. Jemal's partnership with Carr, who is likely to bring 20 associates with him, is expected to bring order, credibility and more of an institutional approach to Jemal's sometimes disheveled operations.

"Douglas provides a creative genius and patient money that, when you couple it with Bob's development discipline, it's the perfect marriage," said Raymond A. Ritchey, a major developer and executive vice president of Boston Properties Inc. "The two together may be the odd couple, but it will be an extremely formidable factor in the D.C. development community."

The son of Sephardic Jewish immigrants -- his father was an Egyptian who imported and exported linens and his mother was Syrian -- Jemal left school at 15. He worked as a busboy at a seafood restaurant in Long Branch, N.J., and unloaded trucks at a store that sold beach towels and sandals along the Asbury Park Boardwalk in New Jersey.

He came to Washington in 1966, two years after he got married, and opened Bargaintown D.C., a five-and-dime store where the Verizon Center now sits. Jemal had to close that store to make way for the Metro, he said, and later he opened his own electronics and records stores in the District. He then got into his family's New York-based electronics business, The Wiz -- known for its slogan, "Nobody Beats the Wiz." Jemal ran about a dozen stores in the Washington area and sold his part of the business shortly before the chain went bankrupt. He got his start in real estate in the early 1980s.

Jemal didn't shun rundown properties. "I was in Shaw when the devil wouldn't even pray in church basements there," he said.

He bought the former Wonder Bread Bakery on Georgia Avenue NW, turned it into office and retail space, and sold it a few years later to Howard University for $18 million. When few others were gambling on downtown, Jemal bought rundown

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storefronts near the Verizon Center site and renovated them. Although his critics complain about the quality of the restaurants, he got major national chains and office tenants to sign leases for the space.

"I have one word when I think of his name: guts," said Monty Hoffman, a major D.C. developer. "He went into areas nobody else would. He didn't overanalyze anything. He treats real estate like a commodity. He'd go forward with deals and figure the rest out later because he's got a maverick style. He continues to roll again and again."

Jemal drives a black Ford F-350 pickup truck to his office in a building he renovated on H Street NW near the Verizon Center. Nearly every inch of wall space in his office is plastered with old black-and-white pictures of the city, antiques and parts he's pulled from old buildings.

He is partial to his Harley, fast cars and a boat that he keeps at his house in Annapolis on the Severn River. He also keeps an apartment in one of his historically renovated buildings downtown. His wife, Joyce, lives in New York and New Jersey, according to his friends, who say the two have an understanding to live apart.

They have four daughters and two sons, aged 40 to 19. Most Friday nights, friends say, he drives his truck to spend the weekend with his wife and have Sabbath dinner, returning to Washington Sunday night or Monday morning.

At his "clubhouse," as he calls the Capital Grille, Jemal contemplated his trial.

"Getting indicted is an education," Jemal said. "It's the ultimate, ultimate shooting-it-all."

House Of Horrors (USNEWS)

By Danielle Knight

U.S. News and World Report, September 4, 2006

Congress returns to work this week, but the August recess was no picnic for most lawmakers. These are not exactly the best of times, especially for the Republicans. Sure, they control the House and the Senate, but to say they got an earful back home these past few weeks would be an understatement: Recent polls show that just about 1 in 4 Americans believes Congress is doing a good job.

To make matters worse, more than a few members are facing trouble with the law. The corruption scandal surrounding lobbyist Jack Abramoff has already ensnared former staffers of former House Whip Tom DeLay and embattled Ohio Rep. Bob Ney. Prosecutors are focusing hard on Ney, who denies wrongdoing but has decided not to seek re-election. The list goes on. FBI agents found $90,000 cash in the freezer of Rep. William Jefferson, but the Louisiana Democrat says he has done nothing wrong. Former California Rep. Randy "Duke" Cunningham is already doing hard time for bribery, but sources say there are more shoes to drop, with the continuing inquiry very likely to yield further indictments.

You could chalk it all up to greed and bad judgment, but a growing number of current and former lawmakers and congressional scholars say the scandals are symptomatic of something far more serious: a legislative body that seems to have lost its moral compass. The increasing influence of lobbyists and the spiraling cost of campaigns, they say, combined with the growing ideological polarization and entrenched power of incumbents, have created a Congress incapable of legislating honestly and overseeing effectively. Each new scandal generates a brief spasm of reform rhetoric, but few Congress watchers believe enough lawmakers have the stomach to change the way they do business. "Congress has created a climate of total insensitivity to the ethical issues surrounding politics, power, and money," says political scientist Norman Ornstein, coauthor of a new book on the institution. "But I'm not optimistic that we can turn this around in the short term."

Golf and Real Nice Gifts

The spike in scandals parallels the rise in the number of registered lobbyists in Washington, which has more than tripled since 1996, from 10,800 to 32,900 in 2005. That's 61 lobbyists for every single member of Congress. The amount of money lobbyists spend in Washington ballooned from $1.4 billion in 1998 to $2.4 billion last year.

A good chunk of that money goes to gifts and trips for lawmakers and their staff. More than 640 former or current members of Congress on both sides of the aisle have received about $21 million since 2000 in the form of travel around the world at the expense of private organizations. The junket on the tip of everyone's tongue in Washington, of course, is Abramoff's golf outing to St. Andrews in Scotland a few summers back with Ney and his staff. Private jets, five-star hotels, it was, even by Washington standards, an eye-popper. But not all that unusual. "When I was on Capitol Hill," Ney's former chief of staff, Neil Volz, testified, "I was given tickets to sporting events, concerts, free food, free meals. In return, I gave preferential treatment to my lobbying buddies."

Rev. Willis May Not Speak At Ryan's Sentencing, Judge Rules (AP)

By Mike Robinson

AP, September 5, 2006

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CHICAGO - The father of six children whose death in a Wisconsin expressway tragedy launched the investigation into George Ryan will not be allowed to speak at the former governor's sentencing, a federal judge ruled Friday.

"The court declines to hear the Rev. (Scott) Willis' testimony," U.S. District Judge Rebecca R. Pallmeyer said in a brief ruling.

But she said she "will accept a written submission from him or from any additional witnesses."

Willis' request for a chance to speak at Ryan's sentencing, scheduled for next Wednesday, set up the possibility of an extremely dramatic confrontation at the close of the case.

Willis' six children and his wife Janet were killed in November 1994 on an expressway outside Milwaukee when a part broke off of a truck, slid under the family's van and ripped open the gas tank.

Sparks from the heavy steel dragging on the concrete ignited the gasoline and the van was engulfed in flames.

Prosecutors believe the truck driver had received his license in return for a payoff at the corruption-plagued McCook licensing station when Ryan was secretary of state. They say thousands of bribe dollars from McCook and other licensing stations ended up in Ryan's campaign fund.

Ryan also allegedly approved the dismantling of the secretary of state's inspector general's office to block fundraising investigations.

The 72-year-old former governor was convicted April 18 of racketeering, mail fraud, tax fraud and lying to FBI agents. He maintains he did nothing illegal and is not responsible for the Willis tragedy.

Willis Father Won't Testify (CHIT)

By Rudolph Bush, Tribune Staff Reporter

Chicago Tribune, September 5, 2006

Ryan case judge lets dad who lost 6 kids tell views in a letter

When former Gov. George Ryan is sentenced next week, Rev. Duane "Scott" Willis won't be permitted to testify before a federal judge about the deaths of his six children.

In a brief written ruling issued Friday, U.S. District Judge Rebecca Pallmeyer declined to hear Willis' testimony about the connection between his children's deaths in 1994 and corruption in the office of then-Secretary of State Ryan.

Pallmeyer stated she will accept a letter from Willis. She did not provide any explanation for her decision.

Since Ryan's corruption conviction in April, Willis has quietly expressed an interest in attending the sentencing hearing and having some input. On Thursday, prosecutors requested that he be permitted to testify, drawing an objection from Ryan's attorneys.

Reached Friday at his Tennessee home, Willis declined to comment.

His longtime attorney, Joe Power, was stoic about the decision. "That's her role as judge," Power said. "She's decided she doesn't want to hear his testimony. He'll just have to express his thoughts by letter."

Meanwhile, prosecutors filed a paper Friday with the court that stated for the first time publicly that Ryan faces a range of 8 to 10 years in prison at sentencing.

Pallmeyer has the final say on Ryan's sentence, but judges are required to strongly consider sentencing within the prescribed range.

Assistant U.S. Atty. Patrick Collins called on Pallmeyer to hew to that range, deriding Ryan's request to receive no more than 2 1/2 years in prison.

Neither Ryan nor his co-defendant Lawrence Warner "has expressed any acknowledgment of wrongdoing," Collins wrote.

It would be unfair, Collins argued, for Ryan to receive a lesser sentence than his former right-hand man, Scott Fawell.

Fawell is serving a 6 1/2-year sentence for diverting state employees and resources to political campaigns.

"Fawell's criminal conduct, as extensive as it was, was the outgrowth of a corrupt scheme initiated and condoned by Ryan. Ryan effectively `trained' Fawell in how to cheat the state," Collins wrote.

Defense attorneys have said Ryan, 72, is too old to endure years in prison. Collins argued that in white-collar criminal cases, defendants often are older.

And while his family is sure to suffer from his imprisonment, "this case is, unfortunately, quite unremarkable from the hundreds of cases in which the court has pronounced sentence," Collins wrote.

Ryan's attorneys argued Thursday that Ryan and his wife, Lura Lynn, are in ill health. The state's former first lady relies heavily on her husband for day-to-day chores.

They said any sentence beyond 30 months would amount to taking away the last healthy years of Ryan's life.

The defense is also seeking bail that, if granted, would keep Ryan free pending appeal. Prosecutors have asked the judge for additional time to respond in writing to the request.

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rrbush@tribune.com

Willis Not Allowed To Testify At Ryan Sentencing (CHIST)

By ABDON M. PALLASCH, Legal Affairs Reporter

Chicago Sun-Times, September 2, 2006

The Rev. Scott Willis will not be allowed to testify in court Wednesday about why he thinks former Gov. George Ryan deserves some blame for the accident that killed six of Willis' children in 1994.

Ryan and co-defendant Lawrence Warner are to be sentenced that day for convictions on 22 counts between them for Ryan accepting gifts from Warner and others for Ryan and his family. Ryan was convicted of giving out lucrative leases and contracts to Warner and others in exchange.

The graft started when Ryan was Illinois secretary of state and drivers such as Ricardo Guzman got commercial driver's licenses they were not qualified for by giving bribes that ended up in Ryan's political campaigns.

With his poor English, Guzman did not understand warnings about a piece of metal that was falling off his truck. That metal pierced Willis' gas tank, causing the explosion that killed the six children on a Wisconsin highway.

But Ryan was never directly charged with having a role in the children's death, so U.S. District Judge Rebecca Pallmeyer agreed with Ryan's lawyers that the tragedy should not be mentioned at the trial lest it "unfairly prejudice" jurors against him. Prosecutors on Thursday asked Pallmeyer to allow Willis to speak at the sentencing hearing, but she ruled Friday that she would accept only written testimony from him.

'Arrogance and greed'

Also Friday, prosecutors urged Pallmeyer to sentence Ryan to the maximum amount of time in prison or higher because of the "arrogance and greed" and lack of acknowledgment or remorse they say Ryan and Warner have shown for their acts.

Ryan's lawyers are seeking 2-1/2 years in prison instead of the eight to 10 years recommended by the U.S. Probation Service. Prosecutors say 10 years should be the bare minimum.

Could get 20 years

"It would create an unreasonable sentencing disparity if Ryan, an elected constitutional officer holding the highest office in the state, received a lesser sentence than the [61/2 years] imposed by this court on his right-hand man, Scott Fawell, who typically acted at Ryan's direction . . . and did not financially gain to the extent of Ryan, his family and his friends," prosecutors wrote.

Ryan's attorneys ask that he be able to stay out of prison on bond while they appeal his conviction. Prosecutors Friday asked for time to object to that request.

The probation service recommends 3-1/2 to four years in prison for Warner. But Pallmeyer is free to ignore all of the recommendations and impose a sentence up to 20 years for both men.

Suspected Cop Killer Sought In N.Y. (USAT)

By Larry Copeland

USA Today, September 5, 2006

Hundreds of law enforcement officers scoured the woods of western New York on Monday for a man suspected of shooting two state troopers last week, killing one.

Trooper Joseph Longobardo, 32 and a father of one, died at a Buffalo hospital Sunday, State Police Superintendent Wayne Bennett said.

Longobardo was shot in rural Pomfret, N.Y., on Thursday while staking out the property of a former girlfriend of fugitive Ralph “Bucky” Phillips, 44, who has been on the run since April 2 when he used a can opener to break out of jail in nearby Erie County, Pa.

“You can run but you can't hide,” Bennett said in a message to Phillips. “Sooner or later, I don't care how good you are, we will find you.”

The second trooper, Donald Baker Jr., 38, was struck in the back by a bullet that pierced his bullet-resistant vest and was in serious condition.

Rebecca Gibbons, spokeswoman for Troop A in Fredonia, said 140 state troopers per shift and federal, state and local officers were searching for Phillips in one of the largest manhunts in New York history.

The dragnet echoes the intensive search for Atlanta Olympics bomber Eric Rudolph, a survivalist who eluded authorities for more than five years in the woods and mountains of his native North Carolina. Rudolph is serving life in prison without parole.

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Gibbons said she didn't know if Phillips had survival training. “He did grow up in this area,” she said. “It's a wooded, densely vegetated area. He's familiar with the streams, rivers and lakes. He's … been getting help from people. We think that's why he's staying in this area.”

Phillips was serving time for burglary when he escaped from jail with four days left on his sentence.

The Flameout Of The Plame Game (WT)

By Rowan Scarborough

The Washington Times, September 5, 2006

The expectation on the left that the Valerie Plame affair would blossom into another Watergate, bringing down a second Republican presidency, has fizzled.

Liberals expected that convictions of one or more persons in the Bush administration for leaking or confirming to columnist Robert Novak that Mrs. Plame, the wife of Bush critic Joseph C. Wilson IV, was an undercover CIA operative. Echoing Mr. Wilson's claims, prominent liberals and leftists, most of them in the press, accused the White House of orchestrating a smear, and sought to drive Karl Rove either out of office or into prison, or both.

Three years on, none of that has happened, and the "scandal" is played out.

Special Counsel Patrick J. Fitzgerald, urged on by the pundits and the mainstream press, delved into the city's culture of reporters and their confidential sources. He issued subpoenas for all types of e-mails and documents to find out which Bush administration officials were talking to which reporters. He threatened reporters with jail -- and imprisoned one of them -- which may have set a precedent for future prosecutors to compel reporters to disclose their confidential sources.

But in the end, the exhaustive investigation produced no criminal charges against any official for leaking Mrs. Plame's name in violation of the 1982 Intelligence Identities Protection Act. Moreover, it has recently emerged that the official who first revealed her name to Mr. Novak, for a July 2003 column, was not a White House official, but Richard Armitage, who was deputy secretary of state to Colin L. Powell.

Rather than being part of a smear, Mr. Armitage mentioned her name, in response to a Novak question, as the person who got her husband sent to Niger on a 2002 CIA mission on reports of Saddam Hussein's Iraq trying to acquire uranium. Mr. Armitage, now in private business, had never publicly acknowledged his role in the previous three years.

Mr. Novak recently wrote, "After the federal investigation was announced, he told me through a third party that the disclosure was inadvertent on his part."

Hopes shattered

David Corn, the Washington correspondent for the left-wing Nation magazine, was one of the first columnists to suggest that the Plame matter was a scandal, orchestrated to punish critics of the Iraq war.

"Did senior Bush officials blow the cover of a U.S. intelligence officer working covertly in a field of vital importance to national security -- and break the law -- in order to strike at a Bush administration critic and intimidate others?" Mr. Corn asked in the Nation two days after the Novak column appeared. "It sure looks that way, if conservative journalist Bob Novak can be trusted."

Last week, Mr. Corn, co-author of a new book that revealed Mr. Armitage as Mr. Novak's original source, took a different view, acknowledging Mr. Armitage's reputation as an "inveterate gossip" rather than a partisan hit man.

"The outing of Armitage does change the contours of the leak case," he wrote in the Nation. "The initial leaker was not plotting vengeance. He and Powell had not been gung-ho supporters of the war. Yet Bush backers cannot claim the leak was merely an innocent slip. Rove confirmed the classified information to Novak and then leaked it himself as part of an effort to undermine a White House critic."

Internet bloggers wrote hopefully of many indictments. One blogger even reported that Mr. Rove had been indicted, which he had not. Tom Matzzie, Washington director of the leftist MoveOn.org wrote in July 2005, "This conspiracy clearly reaches into the highest levels of our government. This could be among the worst presidential scandals in our history. ... Again, we call on the president to keep his promise and fire Karl Rove. How long will the cover-up continue?"

Democratic National Committee Chairman Howard Dean likened the scandal to Watergate, which brought down President Richard Nixon.

"This is like Watergate," he said in November. The deed was done and then the cover-up came with [former vice-presidential aide I. Lewis] "Scooter" Libby being charged with the cover-up because that's an easier charge to prove, but the truth is, had the president not misled the American people about the war, this wouldn't have happened. They got in trouble when they tried to discredit people telling the truth like Joe Wilson."

Stacie Paxton, a spokesman for the committee, argues now that the Armitage disclosure does not vindicate the White House of misconduct. "Nothing changes the fact that the White House had an Iraq working group whose sole purpose was to sell

the war, that Karl Rove leaked the name of a covert secret CIA agent in a time of war and still has a security clearance. Nor does it change the fact that George Bush said he would fire anyone who would release classified information, and he did nothing."

The motive

Another facet of the Plame affair also has become clearer: the motive. Nearly all the accounts in the mainstream press quoted Mr. Wilson as saying the leak was an attempt to punish him and his wife. Few other explanations were offered.

Why were Mr. Armitage, Mr. Rove and others talking about Mrs. Plame? Rather than a smear, the mentioning of Mrs. Plame's name now appears to have been an attempt to set the record straight on this issue: how it came about that Mr. Wilson, a Bush critic who later joined Sen. John Kerry's campaign and who was not a trained intelligence investigator, was chosen by the CIA to travel to Niger to investigate an important question for the administration as it planned to go to war in Iraq.

The question: Did Baghdad approach Niger about buying yellowcake, a refined uranium that can be further processed into weapons-grade material?

Mr. Wilson said he found no such evidence and went public with his findings in summer 2003. In an op-ed essay in the New York Times on July 6, 2003, he disclosed his CIA mission and said he found no evidence of a deal.

To some, the column left the impression that he was on a mission for the vice president. His aim was to chastise the president for citing a British intelligence report in his January 2003 State of the Union address about a possible Niger-Iraq connection.

He wrote, "In February 2002, I was informed by officials at the Central Intelligence Agency that Vice President Dick Cheney's office had questions about a particular intelligence report. ... The agency official asked if I would travel to Niger to check out the story so they could provide a response to the vice president's office."

Mr. Wilson had first revealed his trip to Niger to New York Times columnist Nicholas Kristof. Mr. Kristof wrote a May 6, 2003, column that said, "I'm told by a person involved in the Niger caper that more than a year ago the vice president's office asked for an investigation of the uranium deal, so a former U.S. ambassador to Africa was dispatched to Niger."

Mr. Wilson's op-ed prompted questions from reporters, including Mr. Novak, on why Mr. Wilson had been sent. Mr. Novak wrote a July 14, 2003, column that reported that Mrs. Plame was instrumental in obtaining the assignment for her husband.

Actually, neither the White House nor the office of CIA Director George J. Tenet knew of the trip. When the White House, seeking to contain damage, inquired how Mr. Wilson was chosen for the assignment, the CIA said that Mrs. Plame, who worked in a counterproliferation office, had recommended him. This version of how he got the job was later confirmed in 2004 in a report by the Senate Intelligence Committee.

Breaking his silence in July, Mr. Novak told Fox News Channel's Brit Hume that he had an hourlong interview with his initial source, now known to be Mr. Armitage, and asked questions about the Niger mission.

Mr. Novak told Mr. Hume, "In the course of that interview, I said, 'Why would they send Joe Wilson to Niger? Why would the CIA send him there? He's not a CIA agent. He is not anybody who knows Niger that well; he served there a long time ago.' He said his wife worked in the Office of Nuclear Proliferation at the CIA, and she suggested he go."

Mr. Novak said he then called Mr. Rove to talk about the Niger trip. Mr. Novak, not Mr. Rove, brought up the issue of his wife getting him the trip.

"I called him about the mission to Niger, but in the course of asking about the mission to Niger, I said, 'I understand that his wife works at the CIA and she initiated the mission,'" Mr. Novak told Fox News. Mr. Rove answered, "You know that, too?" Mr. Novak said Mr. Rove never belittled or criticized Mr. Wilson.

Other reporters

Another reporter on the case was Matthew Cooper, then of Time magazine. Mr. Cooper, in a dispatch for Time in July 2005 recounting his grand jury testimony (which is perfectly legal), said that after Mr. Wilson's op-ed appeared in the New York Times, but before Mr. Novak's column, he telephoned Mr. Rove and asked him about the Niger trip.

He said Mr. Rove discounted the importance of Mr. Wilson's findings and said that his wife at the CIA, not the White House, got the assignment for him. He said Mr. Rove never mentioned her name or that she was a covert officer.

Mr. Cooper wrote that he later talked to Mr. Libby, Mr. Cheney's chief of staff. Mr. Libby has been charged with lying to Mr. Fitzgerald's grand jury in testimony about the leak, but not for the leak itself.

Mr. Cooper said he brought up Mr. Wilson's wife's role in the Niger trip and Mr. Libby replied: "Yeah, I've heard that, too."

Judith Miller of the New York Times is the third reporter known to have discussed Mrs. Plame with an administration official, in this case, Mr. Libby. She initiated an interview to ask why no large stocks of weapons of mass destruction had been found in Iraq. They had two subsequent meetings. She later wrote in the New York Times that Mr. Libby mentioned Mr. Wilson's wife briefly, but did not think that Mr. Libby divulged the name.

Most of the discussion on Mr. Wilson centered on Mr. Libby's criticizing his post-Niger trip report as inadequate and complaining about CIA leaks to discredit Mr. Bush. She never wrote a story.

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An early newspaper story asserted that two White House officials actively contacted six Washington reporters to reveal Mrs. Plame's identify and that she worked at the CIA. This was accepted as fact by liberal bloggers. There is no mention of these events in the Libby indictment, which summarizes the incident. But Mr. Novak, Mrs. Miller and Mr. Cooper said they initiated the contacts with administration officials -- not the other way around.

Bob Woodward of The Washington Post later said he, too, heard Mrs. Plame's name from "a person," later reported elsewhere to be Mr. Armitage. Mr. Woodward dismissed the incident as mere gossip, not a smear.

All available evidence now suggests that the White House was blindsided by news of the Wilson trip and sought answers from the CIA on how it came to be. Several Bush officials talked of Mrs. Plame for the purpose of disabusing reporters of the idea the White House authorized Mr. Wilson to go to Niger.

Although officials should not have mentioned Mr. Wilson's wife, since she was in the clandestine service, Mr. Fitzgerald did not find sufficient evidence that officials knowingly revealed her name to expose her position, as legal charges would require.

The Plame role

In July, on the third anniversary of the Novak column, Mr. Wilson, his wife, and attorney Christopher Wolf held a press conference to announce a civil suit against Mr. Rove, Mr. Libby and Mr. Cheney.

Mr. Wilson had written a best-selling book, appeared on TV frequently and called for Mr. Rove to be driven from the White House. He and his wife, her face concealed, had posed in a provocative Vanity Fair photograph. But Mrs. Plame was now outed in full. She blamed the White House for ending her CIA career by "blowing her cover."

"I and my former CIA colleague trusted our government to protect us as we did our jobs," she said. "That a few reckless individuals within the current administration betrayed that trust has been a grave disappointment to every patriotic American."

The trio took questions, none of which touched on the fact that a 2004 report cast doubt on some of Mr. Wilson's claims.

In 2003-04, the Senate Intelligence Committee spent considerable time investigating why the CIA got the intelligence wrong on Iraq. As part of that mandate, staffers delved into the Niger mission.

First, it reported that, despite Mr. Wilson's denials, he did get the Niger assignment because of his wife. When her unit, the Counterproliferation Division, got word that Mr. Cheney wanted the yellowcake report investigated, Mrs. Plame recommended him to her boss, and she put it in writing.

The committee, which wrote a bipartisan report, turned up a memo to her superior which said, "My husband has good relations with both the [prime minister] and the former minister of mines (not to mention lots of French contacts), both of whom could possibly shed light on this sort of activity." The report said that the next day her unit arranged for Mr. Wilson's trip to Niger.

She approached her husband with the remark that "there's this crazy report" on a deal for Niger to sell uranium to Iraq. Niger had sold yellowcake to Saddam two decades ago, and some of it was still in Iraq when U.S. troops arrived in the Gulf war in 2003.

The Senate investigators reported that Mr. Wilson did, in fact, find evidence that an Iraqi overture to buy yellowcake may have occurred. To Republicans, this meant Mr. Wilson's op-ed in the New York Times -- the essay that triggered the whole affair -- was inaccurate, just as Mr. Libby contended to Mrs. Miller that it was.

In an addendum to the bipartisan report, Intelligence Committee Chairman Pat Roberts, Kansas Republican, wrote that "public comments from the former ambassador, such as comments that his report 'debunked' the Niger-Iraq uranium story, were incorrect and have led to a distortion in the press and in the public's understanding of the facts surrounding the Niger-Iraq uranium story. The committee found that, for most analysts, the former ambassador's report lent more credibility, not less, to the reported Niger-Iraq uranium deal."

Wilson at fault

The Wilsons are now represented by Citizens for Responsibility and Ethics in Washington. Melanie Sloan, executive director and a former Democratic Senate and House staffer, said in an e-mail to The Washington Times it's wrong to infer that Mr. Wilson was sent to Niger on the suggestion of his wife. The Senate report "clearly indicates that the CIA decided to send Wilson to Niger."

Ms. Sloan said the Armitage disclosure does not affect the Wilson lawsuit, "which is premised on the deliberate and unlawful actions of top White House officials to publicly discredit Mr. Wilson and retaliate against him by deliberately disclosing the classified identity of Ms. Wilson. Mr. Armitage's conduct in no way alters the fact that VP Cheney, Mr. Libby and Mr. Rove were engaged in a concerted effort to violate the rights of Mr. and Mrs. Wilson and they should be held accountable for their actions."

Perhaps the biggest remaining question is why Mr. Armitage -- and his boss, Mr. Powell -- stayed silent about the inadvertent Armitage leak of Mrs. Plame's name while the administration was pilloried in the press and key Bush-Cheney staffers ran up hundreds of thousands of dollars in legal bills.

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At the end of the affair, some liberal voices concede the fizzle. In an editorial last week, The Washington Post observed that "It now appears that the person most responsible for the end of Ms. Plame's CIA career is Mr. Wilson. Mr. Wilson chose to go public with an explosive charge, claiming -- falsely, as it turned out -- that he had debunked reports of Iraqi uranium-shopping in Niger and that his report had circulated to senior administration officials. He ought to have expected that both those officials and journalists such as Mr. Novak would ask why a retired ambassador would have been sent on such a mission and that the answer would point to his wife. He diverted responsibility from himself and his false charges by claiming that President Bush's closest aides had engaged in an illegal conspiracy. It's unfortunate that so many people took him seriously."

The Plame Blame Game (LAT)

The Los Angeles Times, September 5, 2006

THE VALERIE PLAME AFFAIR, which once seemed like a political morality play, has morphed into a dark comedy of errors. One more scene remains to be enacted — the criminal trial of I. Lewis "Scooter" Libby, a former aide to Vice President Dick Cheney — but it would have been better for all concerned if the curtain had been brought down on this drama long ago.

Last week it was revealed that former Deputy Secretary of State Richard L. Armitage, not a White House political operative, was Robert Novak's primary source for his now infamous July 2003 syndicated column about a fact-finding mission to Africa by former Ambassador Joseph C. Wilson IV. In that column Novak cited "two administration officials" who had told him that Wilson's wife, a CIA operative named Valerie Plame, had suggested sending Wilson to Niger to determine if that nation had supplied uranium to Saddam Hussein.

Wilson complained that this "outing" of his wife was retaliation for an Op-Ed column he wrote casting doubt on the Niger-Iraq connection, which despite Wilson's skepticism found its way into President Bush's 2003 State of the Union address.

Critics jumped — it wasn't much of a jump, given the administration's sensitivity to criticism — to the conclusion that the exposure of Plame was carefully plotted at the highest levels. The plot thickened when special prosecutor Patrick J. Fitzgerald launched a criminal investigation, bringing Libby and Bush political advisor Karl Rove before a federal grand jury. Eventually, Libby was indicted on charges that he misled the FBI and the grand jury about conversations he had with reporters about Plame.

Libby is facing trial, and Wilson and Plame can continue to argue that there was a coordinated effort to impugn him by bringing her into the controversy over Niger and uranium. But the disclosure that it was Armitage who mentioned Plame's role to Novak — before Rove confirmed it — muddies the story line of a malicious outing of a covert agent. What's more, it seems that Fitzgerald knew of Armitage's role before he initiated the elaborate investigation that eventually resulted in not only the Libby indictment but also the jailing of former New York Times reporter Judith Miller, who had refused to reveal her sources.

Some supporters of the administration are gloating over the disclosure of Armitage's role, suggesting that it shows Fitzgerald was on a witch hunt. Some are demanding a presidential pardon for Libby. That's premature, and it's worth recalling that Libby is accused of something serious: lying to federal investigators. Still, the latest twists and turns in the Plame-Wilson affair make us wish that we had been right when we observed, almost exactly three years ago, that "no one should count on catching the leaker, at least in a legally airtight manner."

Laws Address Dogs' Potential For Danger (USAT)

By Charisse Jones

USA Today, September 5, 2006

The euthanization of more than 200 pit bull dogs in Houston last month has renewed the debate over how communities deal with dogs deemed to be dangerous.

Several state laws and local ordinances that range from increasing penalties for owners of dogs that cause serious injuries to banning pit bulls have been enacted this year.

The Houston Humane Society euthanized more such dogs than ever before, following a ruling Aug. 17 by a justice of the peace in nearby Liberty County.

The humane society's veterinarian had determined that most of the 285 pit bulls seized from a home outside Cleveland, Texas, where they were allegedly bred for dogfights, could not be rehabilitated. The ruling allowed for a few dozen younger dogs to be sold at auction, says Courtney Frank, spokeswoman for the Houston Humane Society.

Frank says the court's action could lead to further vilification of the breed, which has garnered headlines over the years for mauling or killing people.

“Certainly the breed does take a bad rap,” she says. “We were clear to say these animals are vicious — not because they're pit bulls but because they were taught to be that way by people.”

Twenty-seven states and the District of Columbia have provisions for declaring dogs dangerous and vicious, according to the American Society for Prevention of Cruelty to Animals.

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Eleven states — California, Florida, Illinois, Maine, Minnesota, New Jersey, New York, Oklahoma, Pennsylvania, Texas and Virginia — prohibit legislation that targets specific breeds, according to Janna Goodwin of the National Conference of State Legislatures. Ohio is the only state that declares a specific breed — pit bulls — vicious. That law was ruled unconstitutional in March by Ohio's 6th District Court of Appeals in Toledo. The ruling is being appealed to the state Supreme Court.

Cities in Kansas and Missouri have passed or are considering restrictions on the breed after the fatal mauling in July of a woman in Kansas City, Kan., by a pit bull and similar attacks in May against three men in Independence, Mo.

"The cities are where we're seeing the problem," says Ledy VanKavage, an attorney with the ASPCA. "The ASPCA is fully in favor of good, strong generic dangerous dog laws because it is a public safety issue. However, breed-specific laws that paint one breed of dog as devil dogs are ludicrous. … Any dog can bite."

"Pit bulls had constituted the majority of our vicious dog problems, and the number of pit bulls had continued to grow," says Ron Boyer, assistant director of health for Springfield, Mo., where the City Council passed a law in April requiring pit bulls to be registered. "This was prompted in the beginning because of a number of serious attacks we had in Springfield, primarily on small children. … (Now) we have an immediate mechanism to deal with the problem."

Among cities and states that have taken recent action on potentially dangerous dogs:

·Kansas City, Mo. The City Council passed a law last month that will require all pit bulls to be spayed or neutered. Breeders will have to install fencing and document who buys the puppies, says Councilman Bill Skaggs, who supported the measure.

Additionally, 14 more animal control officers will be hired, "and we'll see if we can enforce our dangerous dog ordinances a little better than we have," Skaggs says.

·Overland Park, Kan. The City Council passed a ban on pit bulls in July. Only owners who registered the dogs or applied to do so by July 27 will be allowed to have the pets.

·Illinois. The Legislature passed three laws in May regarding dangerous animals, says Gerardo Cardenas, spokesman for Gov. Rod Blagojevich. Owners could face prison if they allow a vicious dog to run loose, or if they have not enclosed, spayed or neutered an animal that injures or kills someone. Illinois also restricted felons' right to own dangerous dogs. Penalties for attending dogfights also were increased.

"The governor was happy to stand behind those bills to protect people," Cardenas says, "to make owners responsible and give law enforcement and the courts the ability to impose tougher sentences and tougher penalties on those who happen to own these dogs and do nothing to control them or restrain them."

Some lawmakers are troubled by laws that target certain dogs.

"It's ridiculous to cast a net across the state of Ohio on a specific breed," says Ohio state Rep. Shawn Webster, a Republican and veterinarian. "I don't think that genetics plays nearly the role in a dog's behavior that socialization and training play. … There are also situations in Ohio where pit bulls are great family pets."

Thomas Skeldon, dog warden for Lucas County, Ohio, says pit bulls aren't "the only dog that bites. But when they do, they're equipped to do a lot of damage in a hurry."

CIVIL LAW:

Judge Shelves Efforts By Airbus To Disqualify Boeing's Lawyers (WSJ)

By Rebecca Christie

The Wall Street Journal, September 5, 2006

WASHINGTON -- A District of Columbia Superior Court judge has shelved efforts by Airbus to disqualify Boeing Co. lawyers from working on a contentious trade dispute.

Judge Leonard Braman threw out half of the Airbus complaint at an Aug. 17 hearing. He put the other half on hold, pending developments in World Trade Organization litigation.

Airbus, which is 80% controlled by European Aeronautic Defence & Space Co., had filed a complaint against Boeing's use of the Wilmer Cutler Pickering Hale & Dorr LLP law firm on WTO-related work. The complaint said Boeing would have an unfair advantage because Wilmer Hale employs former U.S. Trade Rep. Charlene Barshefsky and a former Airbus in-house lawyer named Marco Bronckers, now a partner in Wilmer Hale's Brussels office.

Boeing and Airbus are the subject of a long-running trade dispute over civil-aircraft subsidies. The U.S. wants Europe to stop giving subsidized development loans to Airbus. Europe has countered that the U.S. should acknowledge and curtail tax breaks, research contracts and other government aid to Boeing.

In the August hearing, Judge Braman dismissed the complaint against Ms. Barshefsky. He said Airbus didn't have standing to complain about her involvement with Boeing because the court isn't handling any other aspect of the trade battle. With respect

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to Mr. Bronckers, Judge Braman said he couldn't consider the complaint unless the WTO rules on whether it will consider pre-1992 aid in the trade battle. Mr. Bronckers stopped working for Airbus before the U.S. and Europe reached a 1992 agreement on civil-aircraft subsidies that was in force until the latest round of trade litigation began.

Boeing and Wilmer Hale declined to comment on the judge's decision. Airbus said it is considering its options for how to proceed.

As of 4 p.m. composite trading Friday on the New York Stock Exchange, Boeing was at $75.43, up 53 cents.

Big Tobacco, Lawless As Ever (WP)

The Washington Post, September 5, 2006

"Even after the Complaint in this action was filed in September 1999, Defendants continued to engage in conduct that is materially indistinguishable from their previous actions, activity that continues to this day. . . . [A]ll Defendants continue to market 'low tar' cigarettes to consumers seeking to reduce their health risks or quit; all Defendants continue to fraudulently deny that they manipulate the nicotine delivery of their cigarettes in order to create and sustain addiction."

SO WROTE U.S. District Judge Gladys Kessler in her lengthy and impressive opinion last month in the federal government's racketeering lawsuit against the tobacco industry. Last week, two events demonstrated the wisdom of this harsh judgment.

First, the Massachusetts Department of Public Health released data showing that nicotine yields from cigarettes rose about 10 percent between 1998 and 2004 -- dramatically supporting Judge Kessler's contention that manipulations of the highly addictive chemical remain business as usual. The data show an increase across companies and largely across brands. The companies have not commented on the data, and the reason for the increase is not entirely clear. Most smokers get the dose of nicotine their addictions require by regulating the depth of their inhalation, by covering vents in the cigarettes or simply by adjusting the number of cigarettes they smoke. So why the companies would need to boost the nicotine level is somewhat mysterious. Perhaps, with modern restrictions making it harder to recruit new smokers, increasing the dose helps retain those already hooked. Perhaps, with indoor smoking restrictions becoming so prevalent and smokers able to light up less often, it is a way of letting smokers get their daily fix from fewer cigarettes. But there's no reason to believe the pattern is accidental. It is serving some purpose, and it goes on with no regulatory agency overseeing or even monitoring it.

The second event was a motion filed by the companies Friday, asking Judge Kessler to clarify that the ban she had slapped on such deceptive cigarette marketing terms as "light" and "low tar" did not apply overseas. The companies filed this brief knowing that the judge had ruled that the use of such terms was part of a massive pattern of fraud and deceit. Yet in a sign of the boundless rapaciousness of these companies in marketing death, they had the temerity to ask her not to apply her order "to sales wholly outside the United States." If we can't continue to defraud Americans into killing themselves, they effectively asked, can we at least keep suggesting to billions of people abroad that some cigarettes are safer than others?

When a distinguished federal judge describes ongoing fraud, prosecutors should prick up their ears. More broadly, the lawlessness of this industry will persist as long as federal policymakers refuse to pass meaningful regulation that defines clear rules under which this deadly product can be made and marketed. As Judge Kessler herself notes, litigation will not ultimately bring this industry to heel. Only legislation can do that.

CIVIL RIGHTS:

White House Fights Race-Based Admissions Policies (WP)

By Charles Lane

The Washington Post, September 4, 2006

The Bush administration is siding with opponents of public school policies that assign students by race to some K-12 institutions, in the most important affirmative-action-related Supreme Court case since the justices upheld some forms of race-conscious admissions for higher education in 2003.

At issue are programs in Louisville and Seattle, which seek to ensure that the student bodies of public schools reflect the cities' ethnic composition. White parents have challenged the policies in court, arguing that their children were denied admission to their preferred schools because of race.

In briefs filed at the court on Aug. 21, the administration argued that such race-conscious assignment is just as unconstitutional as the racial segregation struck down 52 years ago in Brown v. Board of Education .

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"The United States remains deeply committed to [Brown's] objective," Solicitor General Paul D. Clement wrote. "But once the effects of past de jure segregation have been remedied, the path forward does not involve new instances of de jure discrimination."

This year's cases are a crucial application of the court's three-year-old precedent on affirmative action at the University of Michigan, which says selective colleges can use race as a factor in admissions, as long as they give individual applicants holistic consideration and do not award minorities a fixed quantity of extra points.

It is not an exact analogy because the K-12 system of compulsory public education is different from the competitive university admissions process. Also, the two cities have slightly different policies arising from their different histories and demographics.

Louisville, whose school-age population is about one-third African American and two-thirds white, says it is trying to preserve integration achieved between 1975 and 2000, while it was under federal court order to break up its system of officially segregated schools. Under the policy, Louisville tries to keep the share of black students in magnet schools and specialized programs between 15 and 50 percent.

The courts never found Seattle guilty of segregation. Rather, its school officials adopted the current plan in the belief that students learn best in a diverse environment. Seattle's policy applies only to 10 high schools and is intended to counter segregated residential patterns in a multiethnic city of whites, blacks, Asians, Latinos and American Indians.

Students may choose any school in the city. But some Seattle high schools are usually "oversubscribed." If a student's race would tip the racial balance of a particular oversubscribed high school, he or she may be denied admission.

Federal appeals courts have upheld both plans. But the Bush administration's briefs say both violate the Constitution.

In Louisville, the fact that some white students are denied transfers into magnet programs because of their race makes the policy "indistinguishable from a quota," the brief argues. Seattle's plan "unfairly burdens innocent third parties," it says.

Opponents' chances of victory may be strong because of the departure of Sandra Day O'Connor, author of the 2003 opinion, and the addition of Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., both former Reagan administration officials who worked against what they saw as racial quotas.

Justice Anthony M. Kennedy, the court's swing voter, has a strong record of opposition to race-conscious government policies, including a dissenting vote in the 2003 case.

But Kennedy has been known to change his mind. Just in case he may be in play this time around, each Bush brief concludes with a quotation from Kennedy's 2003 dissent, in which he warned against policies that "perpetuate the hostilities that proper consideration of race is designed to avoid."Lost Justice

It is not easy being new at the Supreme Court. O'Connor once wrote of her difficulties figuring out the Supreme Court's case-numbering system. And now Alito admits that there have been times during his first year when he literally did not know where he was.

"The Supreme Court building is one of the most confusing buildings I have ever been in," Alito told the Newark Star-Ledger last week. Wandering the grandiose structure, which is in the midst of a full-scale renovation, he "didn't know where anything was, how to get in or how to get out."

Alito confessed to difficulties switching on his microphone at oral arguments and to forgetting that it is the junior justice's job to answer the door when the justices gather for conferences. At his first one, someone knocked and, after a pause, Justice Stephen G. Breyer, who was the junior justice for 11 years before Alito came to the court, rose to answer it. Chief Justice John G. Roberts Jr. had to remind Alito to get up.

Alito also revealed that he and his family are holding on to their home in suburban West Caldwell, N.J., while he rents an apartment in Washington. Trends in the real estate market are not necessarily in Alito's favor.

In West Caldwell, the median house price is about $500,000, according to Schweppe Burgdorff Realtors of New Jersey. But comparable areas around Washington are pricier. If the Alitos want to relocate to Chevy Chase, near Roberts (O'Connor, Alito's predecessor, lived there, too), they will face a median price of about $1.1 million, according to the Greater Capital Area Association of Realtors.

As an associate justice, Alito makes $203,000 per year. His most recent financial disclosure form put his assets at more than $665,000, not counting his house. That is not bad for a lifelong federal employee. But he has a son at the University of Virginia (2005-2006 tuition, room, board and fees: $32,000) and a daughter starting at Georgetown (ditto) this fall.

Maybe he can find something in Baltimore.

Inside Politics (WT)

By Greg Pierce

The Washington Times, September 5, 2006

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About even

A ballot measure that would scrap many of Michigan's racial preference programs is running about even in a poll released yesterday, with 41 percent of likely voters saying they would approve it and 43 percent opposed.

Sixteen percent had yet to decide how they would vote on the Nov. 7 ballot proposal, called the Michigan Civil Rights Initiative.

Michigan took a prominent role in the national debate over racial preferences in 2003, when the U.S. Supreme Court upheld a general policy of racial preferences in admissions at the University of Michigan Law School but struck down the university's undergraduate racial preferences formula as too rigid because it awarded points based on race.

One of the plaintiffs in the undergraduate admissions lawsuit was Jennifer Gratz, who now serves as executive director of the Michigan Civil Rights Initiative, the Associated Press reports.

The ballot proposal, if approved, would amend the state constitution to ban affirmative action programs that give preferential treatment for public employment, education or contracts based on race, sex, color, ethnicity or national origin.

Favorite target

Two Democrats in New Hampshire lining up support for potential presidential runs took aim at Defense Secretary Donald H. Rumsfeld yesterday.

Former Sen. John Edwards of North Carolina said Mr. Rumsfeld should resign as a way to own up to his failures in Iraq.

A speech last week in which Mr. Rumsfeld likened critics of the Bush administration's war strategy to those who tried to appease the Nazis in the 1930s prompted many Democrats to call for his resignation and boosted support for a congressional resolution expressing no confidence in him, the Associated Press said. Mr. Rumsfeld later said that his remarks were misrepresented and that he was cautioning against a repeat of errors made in the past, not accusing the administration's critics of trying to appease the terrorists.

"I think Donald Rumsfeld needs to be gone for reasons much more important than anything he said in a speech," Mr. Edwards said after attending a Labor Day breakfast in Bedford. "He has been one of the architects of this mess in Iraq, and he takes absolutely no responsibility for any of the mistakes has made."

Also yesterday, while marching in a Labor Day parade in Milford, Sen. Joseph R. Biden Jr. of Delaware said he thinks there is little chance of winning the war in Iraq. He defined victory as leaving behind a stable country that has secure borders and is no longer a haven for terrorists.

He said that even Mr. Rumsfeld has concluded that his comments about war critics and World War II were "over the top."

"The most significant comparison with World War II is that we soon will have been in Iraq as long as World War II, with much less success," Mr. Biden said.

About-face

Bill Ritter, the Democratic candidate for governor of Colorado, said Friday that he would support changing the state's definition of marriage -- then backed off the statement the next day, the Denver Post reports.

"The statute says marriage is between a man and a woman," Mr. Ritter told the Denver Post's editorial board. "You know, if a bill came to my desk to change that statute, though, I would sign it -- that changes the definition of it."

When asked whether the definition should include "marriage" between two men, Mr. Ritter said he didn't want to answer a hypothetical question.

"It depends on what the bill says," he said. "I would entertain changing it, is what I'm saying."

Referring to his Republican opponent, Rep. Bob Beauprez, Mr. Ritter said: "I'm just in a different place on this issue than the congressman is."

On Saturday, however, Mr. Ritter clarified his position, saying he would keep the definition of marriage as between a man and a woman but consider adding recognition of civil unions to the statute.

The Beauprez campaign called Mr. Ritter's position inconsistent with his previous comments and incompatible with the beliefs of most Colorado voters.

Raising cash

President Bush will travel to Clarkston, Mich., on Friday to raise money for Republican Senate candidate Mike Bouchard in his race against Democratic Sen. Debbie Stabenow.

Mr. Bush will attend a luncheon fundraiser that will give the Oakland County sheriff a large infusion of campaign dollars. Similar events by the president have netted candidates about $1 million.

Mrs. Stabenow has led Mr. Bouchard in polling and fundraising, but Republicans contend the race could tighten in the weeks ahead because of voter unrest and Michigan's struggling economy, the Associated Press reports.

The Bush luncheon will be held at the home of developer David Johnson.

Neck-and-neck

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A poll shows Sen. Jim Talent, Missouri Republican, and Democratic challenger Claire McCaskill are about even in their race for the U.S. Senate.

The latest Research 2000 poll, released Sunday and conducted for the St. Louis Post-Dispatch and KMOV-TV, showed 47 percent backed Mrs. McCaskill and 46 percent supported Mr. Talent. Two percent supported Libertarian Frank Gilmour.

Green Party candidate Lydia Lewis, who was just added to the November ballot, had no measurable support among those polled, the Post-Dispatch reported Sunday.

The firm polled 800 likely voters Aug. 28 through Thursday. The margin of error was 3.5 percentage points.

The firm's previous poll, released in June, showed Mrs. McCaskill with a lead of six percentage points. A USA Today/Gallup poll released Friday showed Mr. Talent favored by 50 percent of likely voters, compared with 44 percent for Mrs. McCaskill.

Limbaugh, too

"Plans for the opening week of 'CBS Evening News with Katie Couric' have surpassed network executives' wildest dream: Presidents Bush and Clinton, radio king Rush Limbaugh and broadcast legend Walter Cronkite have all agreed to appear," Matt Drudge writes at www.drudgereport.com, citing "a CBS insider."

"A top network source says scheduling of 'guest editorials' are still in flux," Mr. Drudge said.

"But the addition of Rush Limbaugh to the 'CBS Evening News' is bound to generate maximum commotion and tune-in hits.

"'It was Katie's idea to bring Limbaugh in,' a top CBS source said on Sunday. 'She is very excited he has agreed to appear.'

"Rudy Giuliani and Bill Maher have also signed on for early editions of Couric."

Emmett Till Bill Before U.S. Senate (JCL)

By Jerry Mitchell

Jackson Clarion-Ledger, September 4, 2006

Law would create unit to pursue unpunished slayings from the civil rights era

The U.S. Senate is expected to take up a bill this month that would create a cold-cases unit in the Justice Department to prosecute unpunished slayings from the civil rights era.

"We expect them to pass it, and after that, it's just a matter of the House acting," said Alvin Sykes of Kansas City, a civil rights activist who inspired U.S. Sen. Jim Talent, a Missouri Republican, to sponsor the legislation, now in the process of being renamed the Emmett Till Unsolved Civil Rights Crime Act, honoring the infamous 1955 killing.

The bill, co-sponsored by Mississippi Sens. Thad Cochran and Trent Lott, would enable federal authorities to pursue killings from before 1970, a measure backed by the Bush administration and the Justice Department.

Sykes' determination helped lead to state and federal authorities reopening Till's Aug. 28, 1955, slaying.

In 1955, an all-white jury acquitted Roy Bryant and his half brother, J.W. Milam, of killing the Chicago teen who was visiting family in Money. The two later confessed their involvement to Look magazine.

In 2004, the Justice Department reopened that case. The FBI has completed its investigation. District Attorney Joyce Chiles of Greenville is now poring through more than 8,000 pages of FBI documents, trying to decide if enough evidence exists to bring a prosecution.

"I talked to her on the anniversary of the murder," Sykes said. "She said they (prosecutors) are continuing to read but that the pace is picking up."

Chiles could not be reached for comment, but she has said once she's done reading, she plans to meet with officials from the state attorney general's office and the U.S. attorney's office to discuss whether prosecution is possible.

If she goes forward, the timetable, at the earliest, "would be to present the case to the grand jury in October in Sunflower County or Leflore County in November," Sykes said.

The FBI didn't recommend prosecution but suggested prosecutors take a closer look at Bryant's then-wife, Carolyn, whom Till supposedly wolf-whistled at inside the country store.

Relatives of Carolyn Bryant, now living in Greenville, said she had nothing to do with the killing.

In his visit last week to Mississippi, Assistant U.S. Attorney General Wan J. Kim said, "This is an important chapter of American justice to close."

"Bill or no bill, we will continue to step forward and bring these kinds of investigations," Kim said. "Certainly the bill would give us funds and would give us a structure to do it."

The department has been involved in the support of many reprosecutions, including Edgar Ray Killen, who was convicted in 2005 for orchestrating the killings of three civil rights workers in 1964, and Byron De La Beckwith, convicted in 1994 for the 1963 murder of NAACP leader Medgar Evers.

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In 2001 and 2002, federal authorities won two convictions in the 1963 bombing of a Birmingham church that killed four girls. A year later, federal authorities prosecuted the Klan's 1966 killing of Ben Chester White - bringing the first-ever federal murder charges in a civil rights killing from that era.

Former U.S. Attorney Doug Jones of Birmingham said the convictions in the bombing case wouldn't have been possible, even months later, because of the deaths of some key witnesses.

The Till case faces even bigger challenges, he said. "Obviously the two admitted killers are dead and have been for a long time. The question then is looking at people who had some lesser, still important role in it, The real problem is the lack of a decent investigation to begin with." In 1955, the FBI refused to get involved in the case, and the sheriff who investigated the killing became a witness for the defense.

Last year, FBI agents wrapped up their renewed investigation into Till's killing. They continue to work on the 1964 killings of Henry Hezekiah Dee and Charles Eddie Moore in hopes those killings can be pursued. Moore's brother, Thomas, said he believes it isn't too late since the two men originally arrested but never prosecuted are still alive.

Sykes said he welcomes Kim's support. "We look at all that as being part of the justice-seeking initiative. That's welcome news."

Furor Over Lethal Force By Police Points To Cost (LAT)

By Garrett Therolf, Times Staff Writer

The Los Angeles Times, September 4, 2006

Huntington Beach police killed a knife-wielding young woman when a nonlethal alternative was not available fast enough to use. Expense and training are issues.

The police officer was still trying to load pepper spray bullets into the gun when the young woman, a knife firmly in hand, made a sudden move that police took to be a lunge in their direction.

Time had run out.

Two other officers fired at the dark-haired woman, striking her in the chest, the part of the body that law enforcement regulations suggest police aim for in a life-threatening encounter. She crumpled to the grass and died a short time later.

The minutes it took to deliver the less-lethal weapon to the Huntington Beach park, and then to load the pepper spray pellets, had seemingly come at a high price. Another officer was also rushing beanbag ammunition to the scene.

Residents in the congested, apartment-heavy neighborhood, some of whom witnessed the early-morning shooting last month, said they were appalled that the 19-year-old woman couldn't be spared, and pointed to the recent shooting of a barricaded man in Irvine where police fired sponge foam rounds at the man to subdue him without taking his life.

Many have called the Huntington Beach officers' action a simple case of murder.

Police, however, say that the officers involved in both cities had an equal desire to preserve human life. To them, the death of MacDonald and the survival of Bahram Nezari laid bare the disparity among Orange County cities that have access to the expensive, high-tech weaponry that is designed to spare lives — and those that do not.

Irvine police were able to bring their standoff with Nezari to a nonfatal conclusion because nearly every patrol car in the city is equipped with a 40-millimeter launcher that can release volleys of pepper spray, rubber projectiles and other "less than lethal" munitions.

In Huntington Beach, only a few patrol cars are equipped with launchers, so officers often have to scramble to bring them to incidents where they encounter people they consider dangerous. Additionally, stun guns are optional equipment for police in Huntington Beach, and the officers in the MacDonald shooting did not have them.

Lt. Craig Junginger, spokesman for Huntington Beach police, said that even if more officers opted to carry stun guns, "we don't have enough to assign to every officer."

Santa Ana, Anaheim and other large cities in Orange County are also trying to catch up with Irvine's stock of less-than-lethal guns.

"There are financial issues you have to deal with — plus training issues," said Rick Martinez, police spokesman in Anaheim where Chief John Welter's budget priority is getting more officers on the street. "These alternative weapons compete with a lot of different priorities."

Irvine Police Lt. Rick Handfield said his department bought the weapons for its 117 street officers at $500 apiece for the launchers and stun guns. The rubber bullets, pepper-spray bullets and other munitions cost $10 a shot. Training for a new weapon can take 24 hours; the department has just spent $78,000 on a facility where officers can simulate using them.

The systems are the products of research into less-lethal munitions by the U.S. Justice Department, which conducted its first conference on the subject in 1972.

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The effort was accelerated in 1985 when the U.S. Supreme Court placed limits on deadly force and ruled that police in Memphis, Tenn., acted improperly when they shot and killed an unarmed Edward Garner as he climbed a chain-link fence after allegedly burglarizing a house. Since that case, police can lawfully use lethal force only when they believe that life or serious injury is imminently threatened.

A team of more than six Orange County sheriff's homicide detectives has been gathering evidence to determine whether that threshold was met in the MacDonald case.

Sheriff's spokesman Jim Amormino said the investigation was expected to last several weeks and that autopsy results would be released to show the number of times she was shot and whether she was on drugs.

One of the things that friends and neighbors of the woman said they are eager to learn was whether the trajectory of the bullets would contradict the police version of events that she was lunging at officers.

Patrick Carignan, 54, an air supply company employee, said he saw the woman tightly grip a knife that appeared to have a 4-inch blade as officers 6 feet away yelled, "Drop the knife!"

"She looked scared, and it looked like she was making a lean to the side to make a run for it," he said. "That's when they shot her."

The two officers who shot her remain on administrative leave and will probably receive counseling over the shooting, Amormino said.

"The officers suffer a private hell in these cases as well," said Irvine's Handfield.

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garrett.therolf@latimes.com

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(INFOBOX BELOW)

Aiming to stop, not kill

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Police departments can use less-lethal ammunition to subdue a suspect, including rifle-launched beanbags, rubber bullets and rubber pellets. Another shell releases pepper spray on impact.

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Target area

-

A rubber bullet can strike a suspect at more than 221 mph.

-

Torso: The largest part of body is considered best target area.

-

Head: Possibility of serious injury is too high

-

Legs, arms: Too difficult to hit

--

Types of less-lethal rounds

-

Rubber balls (about 200 in shell)

-

Beanbag (filled with silica sand)

-

Sponge foam

-- *Feet per second

--

Source: Defense Technology Federal Laboratories, Irvine Police Dept., O.C. Sheriff's Dept. Graphics reporting by Garrett Therolf

In Search Of Accurate Vote Totals (NYT)

The New York Times, September 5, 2006

It's hard to believe that nearly six years after the disasters of Florida in 2000, states still haven't mastered the art of counting votes accurately. Yet there are growing signs that the country is moving into another presidential election cycle in disarray.

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The most troubling evidence comes from Ohio, a key swing state, whose electoral votes decided the 2004 presidential election. A recent government report details enormous flaws in the election system in Ohio's biggest county, problems that may not be fixable before the 2008 election.

Cuyahoga County, which includes Cleveland, hired a consulting firm to review its election system. The county recently adopted Diebold electronic voting machines that produce a voter-verified paper record of every vote cast. The investigators compared the vote totals recorded on the machines after this year's primary with the paper records produced by the machines. The numbers should have been the same, but often there were large and unexplained discrepancies. The report also found that nearly 10 percent of the paper records were destroyed, blank, illegible, or otherwise compromised.

This is seriously bad news even if, as Diebold insists, the report overstates the problem. Under Ohio law, the voter-verified paper record, not the voting machine total, is the official ballot for purposes of a recount. The error rates the report identified are an invitation to a meltdown in a close election.

The report also found an array of other problems. The county does not have a standardized method for conducting a manual recount. That is an invitation, as Florida 2000 showed, to chaos and litigation. And there is a serious need for better training of poll workers, and for more uniform voter ID policies. Disturbingly, the report found that 31 percent of blacks were asked for ID, while just 18 percent of others were.

Some of these problems may be explored further in a federal lawsuit challenging Ohio's administration of its 2004 election. Secretary of State Kenneth Blackwell, who has been criticized for many decisions he made on election matters that year, recently agreed to help preserve the 2004 paper ballots for review in the lawsuit.

Ohio is not the only state that may be headed for trouble in 2008. New York's Legislature was shamefully slow in passing the law needed to start adopting new voting machines statewide. Now localities are just starting to evaluate voting machine companies as they scramble to put machines in place in time for the 2007 election. (Because of a federal lawsuit, New York has to make the switch a year early.) Much can go wrong when new voting machines are used. There has to be extensive testing, and education of poll workers and voters. New York's timetable needlessly risks an Election Day disaster.

Cuyahoga County deserves credit for commissioning an investigation that raised uncomfortable but important questions. Its report should be a wake-up call to states and counties nationwide. Every jurisdiction in the country that runs elections should question itself just as rigorously, and start fixing any problems without delay.

Hands Off Constitutions (WP)

By J. Harvie Wilkinson Iii

The Washington Post, September 5, 2006

The chief casualty in the struggle over same-sex marriage has been the American constitutional tradition. Liberals and conservatives -- judges and legislators -- bear responsibility for this sad state of affairs.

Twenty states have constitutional amendments banning gay marriages; many more are in the offing. On the ballot this fall in Virginia and five other states will be proposed constitutional amendments banning gay marriage. Passage of the amendments is all but foreordained, but the first principles of American law will be further endangered.

Judges began the rush to constitutionalize. The Massachusetts Supreme Court concocted a state constitutional right to marry persons of the same sex. The court went on to say that opposing views lacked so much as a rational basis. In other words, centuries of common-law tradition, legislative sanction and human experience with marriage as a bond between one man and one woman were deemed by that court unworthy to the point of irrationality.

It would be altogether understandable for Congress and state legislatures to counter this constitutional excess with constitutional responses of their own. Yet it would be the wrong thing to do.

The Framers meant our Constitution to establish a structure of government and to provide individuals certain inalienable rights against the state. They certainly did not envision our Constitution as a place to restrict rights or enact public policies, as the Federal Marriage Amendment does.

Ordinary legislation -- not constitutional amendments -- should express the community's view that marriage "shall consist only of the union of a man and a woman." To use the Constitution for prescriptions of policy is to shackle future generations that should have the same right as ours to enact policies of their own. To use the Constitution as a forum for even our most favored views strikes a blow of uncommon harshness upon disfavored groups, in this case gay citizens who would never see this country's founding charter as their own.

Let's look in the mirror. Conservatives who eloquently challenged the Equal Rights Amendment and Roe v. Wade for federalizing core areas of state law now support an amendment that invites federal courts to frame a federal definition of marriage and the legal incidents thereof.

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Proponents of the amendment say that states need protection from activist judges in other jurisdictions, but states already have this protection through the Defense of Marriage Act and public policy defenses allowed under the full faith and credit clause. As a result, a constitutional amendment is at most a backstop for powers that states possess without any congressional action at all. There is no greater need for such a constitutional backstop here than there is for a constitutional amendment bolstering states' authority to pass a sales tax, establish a transportation department or support public education.

The Federal Marriage Amendment has helped spread the constitutional fever to the states. State constitutional bans on same-sex marriages vary considerably in their wording, particularly with respect to civil unions. But most would repose in judges the authority to interpret such ambiguous terms as "domestic union," "similar to marriage," "rights, obligations, privileges and immunities of marriage," "incidents of marriage" and so forth. Thus the irony: Those who wish to curb activist judges are vesting judges with unprecedented interpretative authority whose constitutional nature makes it all but impervious to legislative change.

To constitutionalize matters of family law is to break with state traditions. The major changes in family law in the 19th and 20th centuries, such as the recognition of married women's property rights and the liberalization of divorce, occurred in most states at the statutory level. Even the infamous bans on interracial marriage were adopted nonconstitutionally by 35 states, and by constitutional amendment in only six.

Where is the threat that justifies so radical a break with our constitutional heritage? State courts in Georgia, New York and Washington have recently rejected invitations to follow Massachusetts and find a right to same-sex marriage in their constitutions. The great majority of state court judges -- more than 80 percent by some counts -- are subject to election in some form and unlikely to overturn state legislatures on so volatile a matter as same-sex marriage. States have numerous tools that enable them to reject objectionable marriages from other jurisdictions -- tools that have long been the basis for refusing to recognize marriages involving polygamy, incest, and underage or mentally incompetent parties.

I do not argue that same-sex marriage is a good or desirable phenomenon, only that constitutional bans on same-sex unions carry terrible costs. Partisans see only one side of a profound controversy when in fact there are two. It is not wrong for gay citizens to wish to share fully in the life of this country, to partake of its most basic and sacred institution, and to experience the intimacy, bonding and devotion to another that only an institution such as marriage can bring. To embrace this view one need not believe that sexual infidelities will disappear but only that many gay couples will make good on their vows and lead fuller, richer and more productive lives as a result.

That, however, is hardly the end of the matter. Marriage between male and female is more than a matter of biological complementarity -- the union of the two has been thought through the ages to be more mystical and profound than the separate identities of each alone. Without strong family structures, there will be no stable and healthy social order, and alternative marriage structures might weaken the sanction of law and custom necessary for human families to flourish and children to grow. These are no small risks, and present trends are not often more sound than the cumulative wisdom of the centuries.

Is it too much to ask that judges and legislatures acknowledge the difficulty of this debate by leaving it to normal democratic processes? In fact, the more passionate an issue, the less justification there often is for constitutionalizing it. Constitutions tempt those who are way too sure they are right. Certainty is, to be sure, a constant feature of our politics -- some certainties endure; others are fated to be supplanted by the certainties of a succeeding age. Neither we nor the Framers can be sure which is which, but the Framers were sure that we should debate our differences in this day's time and arena. It is sad that the state of James Madison and John Marshall will in all likelihood forsake their example of limited constitutionalism this fall. Their message is as clear today as it was at the founding: Leave constitutions alone.

ANTITRUST:

Clear Skies Behind Easing Of Airline Rules, KLM's 20-Year Urge To Merge (WSJ)

By Daniel Michaels

The Wall Street Journal, September 5, 2006

AMSTELVEEN, Netherlands -- Leo van Wijk, the head of KLM Royal Dutch Airlines, banged his head against a wall for almost 20 years.

When he and his colleagues predicted in the mid-1980s that consolidation would spread, they set out looking for partners. Over the years, KLM bought stakes in the U.S.'s Northwest Airlines and in Kenya Airways. They tried and failed to merge with British Airways -- twice -- bogged down by restrictive aviation rules. KLM started talks about a four-way merger with other European carriers, which came to nothing. A venture with Alitalia became gummed up by Italian politics.

Finally, in 2003, with few options remaining, KLM agreed to be bought by rival Air France. At the time, it looked to many like an act of desperation. Today, the world's first big international airline merger -- which created one of the world's largest airlines --

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is filling planes with passengers poached from rivals thanks to a huge network and integrated schedules. By unifying operations such as financial planning and maintenance, Air France-KLM SA is cutting costs ahead of schedule.

KLM's long and winding search shows how the international airline industry, unlike so many other global businesses, has been resistant to consolidation, despite its inefficiencies. At the same time, KLM has also demonstrated what the future might look like. With each foiled merger attempt, KLM helped rewrite aviation laws, sparked the creation of global alliances and began breaking down national barriers. Many innovations in air travel stem from its experiments.

Now, following a path forged by the Dutch airline, governments are speeding up the relaxation of stringent rules on airline operations. The U.S. and the European Union, which account for half of the world's air travel, hope to strike a deal allowing any EU airline to fly to the U.S. from any airport in Europe -- something not permitted today. As part of the deal, Washington is considering relaxing rules on control of U.S. airlines by foreigners.

Mr. Van Wijk, 60 years old, isn't crowing at his achievement. "If I had known it would take 20 years," he says, "I probably never would have started."

As a student in Amsterdam, Mr. Van Wijk played baseball as well as youth soccer for Ajax, one of Europe's top teams. Realizing he wouldn't make it as a pro, Mr. Van Wijk joined KLM after earning a master's degree at Amsterdam University. By the mid-1980s, he was a rising star. He joined KLM's board in 1991, continuing to play soccer and tennis on the side.

KLM has stood out ever since it was founded as a private company in 1919. Maintaining a 300-year Dutch tradition of global commerce, it was one of the first non-U.S. companies to list on the New York Stock Exchange, in 1957, at the dawn of jet travel. For years it outmaneuvered bigger state-owned rivals.

In the 1980s, KLM was the first European airline to organize a so-called hub-and-spoke network. This system allowed flights to move quickly in and out of Amsterdam's Schiphol Airport, letting passengers change planes easily. That in turn enabled KLM to offer connecting flights between distant countries.

By the mid-1980s, bigger rivals including British Airways and Germany's Lufthansa were chasing the same traffic through competing hubs. KLM managers, fearing the Dutch airline would get squashed, looked to the U.S. market, where deregulation had prompted a wave of mergers. Immediately, KLM ran into the global aviation rules that would stymie its efforts for the next 20 years.

A half-century-old web of treaties regulates in great detail the operations of international carriers. Following a precedent set by the U.S. and the United Kingdom in 1946, the treaties stipulate that airlines from any country must be majority-owned and controlled by citizens of that country. An airline taken over by a foreigner risks losing the right to fly to other countries from its home market.

Britain pushed for the rule out of fear that U.S. airlines would buy up weak U.K. rivals. The U.S. worried about a repeat of the unregulated prewar system, in which German companies owned airlines in Latin America, according to John Brindley, a Geneva-based independent aviation historian. Airlines and labor unions came to like the rule because it limited competition, and over the years, they lobbied hard to kill proposed changes.

Fear and Inertia

Fear and inertia also helped keep the rules alive. Outside the U.S., smaller countries remained afraid of having their airlines taken over by foreigners. Even in rich countries, there remains a nationalistic attachment to airlines.

The result, most airline executives and analysts agree, is that the natural process of mergers, acquisitions and bankruptcies is artificially impeded. That means there are more airlines in the world than necessary, many of them financially weak.

To buy into a U.S. carrier without violating the rules, KLM executives -- including Mr. Van Wijk, who was head of corporate development at the time -- decided in 1989 to invest $400 million for a 19% share in Northwest. It was the first time a foreign airline had taken a big role in a U.S. carrier. "No one really knew what to do with the relationship," recalls Michael E. Levine, a top Northwest executive at the time and now a professor of aviation law and economics at Yale and New York University.

Both carriers realized that to make money from their partnership, they needed to fly planes freely between the U.S. and the Netherlands. In other words, they needed to deregulate air travel between their two countries.

After intense lobbying by Northwest and KLM, Washington and The Hague signed the first bilateral "Open Skies" pact in 1992. It was a revolutionary deal. Lifting travel restrictions between the U.S. and the Netherlands opened the door for KLM and Northwest to collaborate on schedules, fares and marketing in ways previously considered collusive. KLM put its flight numbers on Northwest flights, expanding the Dutch airline's schedule in markets previously off-limits. Northwest did the same on KLM flights.

Fortunately for KLM, a handful of U.S. aviation officials had been itching to extend deregulation overseas in just that way, to spur competition, cut fares and increase consumer choice. The idea met with skepticism from U.S. carriers and other governments, but for the Dutch, it was simply a pragmatic way to grow.

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As a result, a flier in Duluth, Minn., could book a two-stop flight to Stavanger, Norway, on both carriers with one Northwest reservation (or vice versa on KLM). This "code-sharing" allowed each carrier to attract more passengers by offering routes that rivals couldn't -- without buying a single new plane.

When other airlines saw that KLM could offer Northwest access not only to Amsterdam but to markets beyond, the concept caught on. Washington has struck 78 Open Skies treaties with countries around the world, and others have forged similar links.

Code-sharing has become standard. International fliers booking a ticket through one airline regularly board another carrier's plane. Today, most of the world's big airlines belong to one of three branded groups: Star Alliance, oneworld and SkyTeam, which includes Air France-KLM and Northwest.

A partnership with Italy's Alitalia got Mr. Van Wijk, who became CEO in 1997, a step closer to the full-blown merger he wanted.

The two airlines went further than code-sharing and began planning joint schedules. Their global network rivaled that of larger carriers. They merged sales teams and overseas ticket offices. They standardized airport check-in procedures, in-flight catering contracts and policies for carry-on baggage. "This is as close to a merger as possible," KLM joint-venture manager Donald Kalff said in a 1999 interview.

But the actual merger never materialized. A year later, local Italian politics -- specifically, complaints about noise -- slowed plans to create a new Milan airport hub, a key aspect of the airlines' plan. Mr. Van Wijk yanked KLM out of the partnership.

Ditching the Italian partner "was the most difficult decision of my career," recalls Mr. Van Wijk, who says he offered to resign at the time. "I didn't know if I could go on."

The alliances KLM had formed -- with Northwest, Kenya Airways and Alitalia -- had focused on sales and marketing. Mr. Van Wijk still wanted a real merger of operations that would give KLM global heft.

KLM was "among the very first in the world to recognize" that "size was going to be of importance in the future," says Colin Marshall, the retired chairman of British Airways.

Yet the age-old nationality problem remained: If KLM were acquired, it risked losing the right to fly abroad from Amsterdam, a restriction that the Open Skies treaties didn't amend. KLM discussed a merger with British Airways in 1990. In 1993, it explored a link-up, code-named "Alcazar" after a four-towered Spanish fortress, with Swissair, Austrian Airlines and Scandinavian Airlines System. Both sets of talks failed, largely because of resistance from managers and shareholders worried about losing huge amounts of business if the nationality rules kicked in.

Again, in mid-2000, Mr. Van Wijk tried to merge with British Airways, and again failed. "There we were, with empty hands," Mr. Van Wijk recalls. The CEO was so eager for a linkup that he started saying publicly that KLM was open to being taken over.

The Sept. 11, 2001, attacks changed global aviation, and jogged one rival European airline into action.

Thanks to its lock on the rich French market and a lucrative hub in Paris, Air France was one of the few airlines that remained profitable in the wake of the attacks.

But Jean-Cyril Spinetta, then Air France CEO, knew his airline wasn't big enough to compete against big U.S. and Asian rivals in the long run. "We were middleweight champions in a heavyweight contest," the 63-year-old Corsican recently recalled.

After 18 months of informal talks with KLM, Mr. Spinetta made a radical proposal to buy KLM outright. It was Mr. Van Wijk's dream come true. At a meeting overlooking Lake Geneva, the Dutch executive pulled out a box of Agio cigars and on the back sketched a possible deal structure.

Fewer Hurdles

This time, there were fewer hurdles. The EU had recently scrapped nationality rules among its members. Now any EU carrier could acquire another and fly freely within the 25-country bloc. U.S. government officials, meanwhile, indicated they wouldn't invoke the nationality rules, since both France and the Netherlands had liberal Open Skies treaties with the U.S.

Still, in key Asian and African markets, KLM risked losing landing rights if it didn't remain a Dutch airline. To dodge the problem, the two men decided that Air France would acquire KLM in an all-stock deal. The carriers, meanwhile, would keep separate identities and managers.

Messrs. Spinetta and Van Wijk unveiled the $1.01 billion acquisition in September 2003, and almost immediately, Japanese government officials balked. Only intense lobbying by Dutch and French officials persuaded Tokyo to accept the complex holding structure.

The new airline's two-hub network -- at Paris's Charles de Gaulle airport and Schiphol -- last year started stealing customers from rivals, particularly long-haul business fliers who need quick transfers.

In Air France-KLM's first full fiscal year, which ended March 31, 2006, revenue from business-class and first-class connections through Paris and Amsterdam rose about 20%. Overall, traffic rose 10%. That was a key reason for the 69% jump in operating profit to $1.2 billion on revenue of $28.2 billion.

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Air France-KLM needs to cut more costs. The airline's operating profit margin, about 5% of revenue, trails that of rivals. "The pace is slower, for sure," compared with other mergers, says Bertrand Lebel, the Air France manager tapped with running the integration. He says the lag is appropriate to the deal's complexity.

Nonetheless, the combination has shown the industry what might be possible. People close to Lufthansa's 2005 purchase of Swiss International Air Lines say that deal probably wouldn't have happened if Air France and KLM hadn't shown the way.

If the U.S. and EU reach an Open Skies deal, the two markets would look more benignly on cross-border mergers, at least within the EU. Other countries, such as Australia, Chile and Singapore, would likely follow, heralding the beginning of the end of the postwar regulatory environment.

Mr. Van Wijk now feels comfortable enough about KLM's future to joke about it. "We considered having one CEO," he recently told an audience of executives at a Dutch business school near Rotterdam. "But we couldn't decide if it should have Jean-Cyril's brains and my legs, or vice-versa."

Stanley Leisure Gets Tie-Up Offer After Failed Deal (WSJ)

By Lilly Vitorovich

The Wall Street Journal, September 5, 2006

LONDON -- Stanley Leisure PLC said it received a takeover approach from an unidentified party, just days after the United Kingdom casino company's merger talks with rival London Clubs International PLC were trumped by an offer for London Clubs from Harrah's Entertainment Inc.

Stanley Leisure's board is evaluating the proposal, the company said in a one-sentence statement to the London Stock Exchange in response to yesterday's 19% jump in its share price.

A Stanley Leisure spokesman declined to identify the party involved or when the approach was received. J.P. Morgan Chase's J.P. Morgan Cazenove, which is advising Stanley Leisure, wasn't immediately available to comment.

After yesterday's jump in its share price, Stanley Leisure was valued at about £571 million ($1.1 billion). The shares gained 130.50 pence ($2.49) to close at 811 pence. During the session, traders linked the rally to a possible bid from U.K. gambling and leisure company Rank Group PLC.

A Rank Group spokeswoman declined to comment. A person familiar with the situation said the company isn't behind the takeover approach, noting that Rank's management is busy restructuring the business. Any proposed tie-up would also raise competition concerns, the person added. Rank shares rose 6.25 pence, or 2.8%, to 232 pence.

Jeffries analyst Anna Barnfather said there is "a huge range" of potential suitors for Stanley Leisure, which represents a "one-off opportunity" for those looking to enter the U.K. casino market ahead of the industry's deregulation.

On Thursday Harrah's unveiled a £279.3 million recommended cash offer for London Clubs, marking the Las Vegas-based company's entrance into the U.K. casino market. As a result, London Clubs' £634 million merger talks with Stanley Leisure were abruptly called off.

EU Clears GE, Credit Suisse Project (WP/AP)

The Associated Press

The Washington Post, September 5, 2006

BRUSSELS, Belgium -- General Electric Co. and Credit Suisse Group won EU regulatory approval Monday for a $1 billion project to invest in infrastructure projects worldwide.

The European Commission cleared the deal in a fast-track procedure used when it sees no antitrust problems or receives no complaints from rivals.

The joint venture announced in May, in which the companies will invest $500 million each, is intended to develop and finance utility work such as power generation and transmission projects, water projects, and gas storage and pipelines.

It also will pay for transportation projects worldwide, such as airports and air traffic control facilities, ports, railroads and toll roads.

The deal is the first joint venture between U.S.-based GE and the banking arm of Zurich-based Credit Suisse Group.

Backers Of Wright Bill Face Tight Deadline (FWST)

By Anna M. Tinsley And Maria Recio

The Fort Worth Star-Telegram, September 4, 2006

The Wright Amendment debate is about to heat up in Congress once again.

Lawmakers return to Capitol Hill this week with a targeted adjournment of Oct. 6, giving them about a month to complete unfinished business before Election Day. Although Senate and House leaders are also planning for a postelection “lame-duck”

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session, the tight time frame makes it more urgent for supporters of the Dallas Love Field agreement. Under the agreement, Congress must approve the deal by the end of the year.

"We are fighting on a lot of different fronts in Washington to have the local agreement approved," U.S. Sen. Kay Bailey Hutchison, R-Texas, said at a recent downtown Fort Worth Rotary Club meeting. "It is going to be my highest priority when I go back in September to get that bill done in a way that is right for our North Texas region.

"We are in a very good position," she said. "We are going to fight hard."

The pact was moving quickly through the House and Senate this summer when lawmakers on the judiciary committees in both chambers objected to it on antitrust grounds.

Before the August break, Hutchison and Sen. John Cornyn, R-Texas, met with Senate Judiciary Chairman Arlen Specter, R-Pa., who said he was concerned but has not announced what he plans to do.

Cornyn, a member of the panel, told the Star-Telegram late last month that it is likely that the Senate Judiciary Committee will review the matter when the session resumes. The measure has been approved by the Senate Commerce, Science and Transportation Committee and is also included in a Senate version of an appropriations bill.

Sen. Patrick Leahy, D-Vt., the ranking Democrat on the Judiciary Committee, first raised objections to the agreement.

"Senator Leahy remains concerned that the proposed legislation would severely restrict competition and provide unprecedented antitrust immunity for a private agreement, an agreement that does not protect consumers," said Tracy Schmaler, Democratic spokeswoman for the committee. "He believes strongly that Congress should not misuse its lawmaking authority by passing laws that immunize from competition review private agreements that favor businesses over consumers."

Hutchison said last week that supporters are working to deal with obstacles to passage.

"I never thought it would be easy," she said. "I'm working very hard to satisfy any legitimate concern regarding the antitrust issue. There are some people who have legitimate concerns, and there are some that just don't understand the issue."

In the House, the proposal faces scrutiny from the House Judiciary Committee after Chairman James Sensenbrenner, R-Wis., demanded and received a so-called referral to review the legislation from House Speaker Dennis Hastert, R-Ill.

Sensenbrenner has not announced hearings or a mark-up of the legislation, committee spokesman Jeff Lundgren said. The panel has until Sept. 15 to act. The House Transportation and Infrastructure Committee has approved the bill.

Rep. Kay Granger, R-Fort Worth, said she expects it to reach the floor for a vote soon.

"There is enough time in the session to get it passed," Granger said. "I'd like to see this done as soon as possible. Time is our enemy in this session."

Approving the deal before the end of the year could be difficult, said Cal Jillson, a political-science professor at Southern Methodist University.

"With Congress out of session, this has been off the front pages," Jillson said. "I hope they've been working behind the scenes to address some concerns. If it doesn't happen in the next month or so, it won't happen this session."

Congress created the Wright Amendment in 1979 to protect Dallas/Fort Worth Airport by limiting flights from Love Field to within Texas and several nearby states.

This proposed compromise would reduce the number of gates at Love Field to 20 from 32, allow through-ticketing on service beyond areas currently covered by the limits, and repeal the amendment in eight years. The cities of Fort Worth and Dallas, D/FW Airport, and American and Southwest airlines reached the agreement.

"While we have made significant progress, it will be for naught if Congress alters or fails to adopt this agreement," Fort Worth Mayor Mike Moncrief said. "We've held up our end of the bargain. Now we are counting on our federal representatives to put an end to this debate — for good.

"If Congress fails to carry this local compromise, sadly but certainly, everyone, including the public, will lose."

So far, Moncrief doesn't have any trips to Washington scheduled regarding the Wright Amendment, but Dallas Mayor Laura Miller is trying to book a trip early this month.

"Since we have momentum and unity right now on this issue, and Sen. Hutchison and our congressional leaders are working so hard to get this through, I think it's important to keep to our deadline of year's end," Miller said. "I'm optimistic."

One North Texas congressman, Rep. Jeb Hensarling, R-Dallas, remains opposed.

He said he does support changes that would allow through-ticketing and a repeal of the amendment in eight years. But he maintains that the agreement keeps Congress in the business of regulating airport competition.

"I cannot in good faith support the current bill, which I fear simply replaces the Wright Amendment with a sequel: Wright II," Hensarling wrote in a recent op-ed article. "Like in most horror movie sequels, the monster keeps coming back to life no matter how dead it might seem.

"We should eliminate the monster and get Congress out of the airport protectionism business once and for all."

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Granger said that although Hensarling does not support the current version, he is not actively working to drum up opposition.

"I think we'll have the support of the House," Granger said. "I'm concerned about the Senate."

Rep. Kenny Marchant, R-Coppell, is among those who believe that the deal can be passed this year.

"We think there's enough time . . . and we're very hopeful we can get this worked out," said Brian Thomas, Marchant's chief of staff. "A lot of things get done pretty quickly this time of the year.

"I think there's great bipartisan support for it." Staff writers Aman Batheja and Dave Montgomery contributed to this report.

Anna M. Tinsley, 817-390-7610
atinsley@star-telegram.com
Maria Recio, 202-383-6103
mrecio@mcclatchydc.com
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http://www.dfw.com

ENVIRONMENT:

Bush: Reliance On Foreign Oil Stunts Growth (USAT)

USA Today, September 5, 2006

President Bush marked Labor Day by promising Monday to help keep U.S. workers competitive in global markets and reduce America's reliance on foreign oil so it doesn't choke U.S. economic expansion. "Dependence on foreign oil jeopardizes our capacity to grow," Bush said in Piney Point, Md., at the Paul Hall Center for Maritime Training and Education.

The president advocated alternative energies such as batteries and ethanol for autos and nuclear energy for power.

Rep. Ed Markey, D-Mass., said Bush should be pushing to upgrade fuel economy standards from levels set in 1975 to reflect nearly 30 years of new technology.

"Proposing nuclear power as an answer to cars, SUVs and trucks burning oil shows that the president isn't serious about our dangerous Middle East oil dependence," Markey said.

Democratic candidateswant Rumsfeld to resign

Two Democrats campaigning in New Hampshire as they line up support for potential presidential runs took aim at Defense Secretary Donald Rumsfeld on Monday.

"He's been one of the architects of this mess in Iraq, and he takes absolutely no responsibility for any of the mistakes he's made," former senator John Edwards of North Carolina said.

Sen. Joseph Biden, D-Del., said comments last week in which Rumsfeld likened critics of the Bush administration's war strategy to those who tried to appease the Nazis in the 1930s were "over the top." Biden said the only comparison with World War II is that "we soon will have been in Iraq as long as World War II, with much less success."

Rumsfeld said later that his remarks were misrepresented and that he was cautioning against a repeat of past errors, not accusing the administration's critics of trying to appease the terrorists.

Sen. Dole wants vote onJudge Boyle this month

Sen. Elizabeth Dole, R-N.C., said she is pushing for a Senate vote this month on the nomination of U.S. District Judge Terrence Boyle to the 4th U.S. Circuit Court of Appeals in Richmond, Va. Democrats blocked a vote on Boyle in 1991. President Bush renominated him.

Sen. Edward Kennedy, D-Mass., has accused Boyle of trying to undercut provisions of the Voting Rights Act and Civil Rights Act in rulings that were overturned later by higher courts. Sen. Orrin Hatch, R-Utah, said Boyle's "reversal rate is less than the average."

Bush Labor Day Address Cites Tax Cuts, Foreign Oil (WT)

By Joseph Curl

The Washington Times, September 5, 2006

President Bush used a Labor Day speech yesterday to extol his administration's success in expanding the economy, but warned that the nation's dependency on foreign oil threatens long-term growth.

With Republicans worrying about the November elections, which analysts say could cost the party control of one or both congressional chambers, the president called on lawmakers to make permanent a slew of tax cuts, saying, "I like it when people working for a living have more after-tax money in their pocket."

In a holiday appearance at Maryland's Paul Hall Center for Training and Education in Piney Point, Mr. Bush said that "dependence on foreign oil jeopardizes our ability to grow."

"Problem is, we get oil from some parts of the world, and they simply don't like us," he said. "The more dependent we are on that type of energy, the less likely it will be that we are able to compete and so people can have good-paying jobs."

Democrats, many of whom would prefer to talk about the U.S. economy than the war on terror, charged that the president's economic policies have failed Americans.

"As we reflect on what America's labor force contributes to our economy and our country, we recognize that under the Bush administration and Republican Congress, America's working families have seen their incomes drop, and their worker protections and health care benefits come under assault," Democratic National Committee Chairman Howard Dean said.

"While wages have stagnated and costs for gas and health care have gone through the roof, Republicans have fought Democratic efforts to increase the minimum wage and help kids go to college," he said. "This is a war on America's families."

But Mr. Bush touted his efforts over nearly six years, noting that unemployment is low and job creation high -- with more than 3 million jobs created since the September 11 terrorist attacks.

"The unemployment rate is 4.7 percent. That's a good sign for somebody looking for a job. It means people are working here in the United States," he said.

Mr. Bush also used yesterday's speech to press for new technology that will advance renewable energy, from battery-operated and hybrid cars to new vehicles powered by ethanol, which is made from corn. In addition, he again called for an expansion of nuclear energy.

"Nuclear power is safe, and nuclear power is clean, and nuclear power is renewable," the president said.

Mr. Bush made a brief mention of the war and terrorism issue, thanking America's fighting men and women for their sacrifices and saying, "They may hear all the political discourse going on, but the people of this country -- the people of the United States of America -- stand squarely behind the men and women who wear our uniform."

Ehrlich, Steele Absent From President's Md. Visit (WP)

By Philip Rucker

The Washington Post, September 5, 2006

President Bush swooped into Southern Maryland yesterday to mark Labor Day with a call to reduce the United States' dependence on foreign oil and develop technologies to help American workers and businesses compete in the changing global marketplace.

Bush heralded the 4.7 percent national unemployment rate as a "good sign" for workers in a speech centered on the domestic economy. The president, speaking at the Paul Hall Center for Maritime Training and Education in Piney Point, also urged lawmakers to make his tax cuts permanent.

But on a day considered the launching point of the fall election season, Maryland's top two Republicans -- Gov. Robert L. Ehrlich and Lt. Gov. Michael S. Steele -- did not appear with the president in the St. Mary's County town. Their absence quickly became political fodder for Democrats, who accused the Republican officeholders of dodging the unpopular president even as they allow him to raise money for Ehrlich's bid for reelection and Steele's campaign for the U.S. Senate.

"This Labor Day, Ehrlich and Steele are afraid to be seen with the most anti-working-class president since Herbert Hoover, even while they gleefully count his checks for their campaign," Maryland Democratic Party Executive Director Derek Walker said in a statement.

Karl Rove, the White House deputy chief of staff, traveled with the president to Piney Point and said Ehrlich and Steele could not attend because "they had existing events of their own." The governor and lieutenant governor marched yesterday in a parade in Gaithersburg.

"The president comes into Maryland often, and we appreciate when he comes into Maryland," Ehrlich spokesman Greg Massoni said. But "we agreed to be in that parade, and it was the right decision."

Rick Abbruzzese, spokesman for Ehrlich's Democratic opponent, Baltimore Mayor Martin O'Malley, said, "One day off isn't going to fool anybody that Bob Ehrlich is George Bush's biggest supporter."

Steele spokeswoman Melissa Sellers said Steele would appear with Bush if he visits again. "The lieutenant governor is honored to have the support of the president, those in his own party and Democrats and independents alike," she said.

The absence of Ehrlich and Steele illuminates a balancing act the two men face: the need to appeal to their Republican base as they also try to win office in a state where Democrats outnumber Republicans 2 to 1 and where 60 to 70 percent of voters do not approve of Bush's performance.

When Steele, in anonymous remarks traced to him last month, was asked whether he wanted the president campaigning for him, he responded, "To be honest . . . probably not."

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Zach P. Messitte, a historian of Maryland politics and director of the Center for the Study of Democracy at St. Mary's College of Maryland, said he found it puzzling that Ehrlich and Steele would not want to appear with Bush in St. Mary's, a reliably red county in a blue state. Indeed, Rove pointed out to the White House press corps that the county was "one of the most rapidly growing Republican counties in Maryland."

But, Messitte reasoned, associating with Bush could have weakened Ehrlich and Steele's appeal among Democrats and swing voters.

"When the president comes to your home state, and he's of your party," Messitte said, "that you would not want to appear with him in public seems to me would be a calculated decision regarding media images."

Bush had planned to visit St. Mary's on Labor Day in 2005 but canceled after Hurricane Katrina.

In the 11-minute address, Bush said the country's reliance on foreign oil "jeopardizes our capacity to grow.

"I mean, the problem is, we get oil from some parts of the world, and they simply don't like us," he said. "And so the more dependent we are on that type of energy, the less likely it will be that we are able to compete."

Bush said the key to limiting dependence is innovation, and he said his administration has a plan to spend money on new technologies. The president also applauded the growing use of ethanol to fuel cars in the Midwest.

"One of these days, you're going to have . . . batteries in your automobile that will enable you to drive the first 40 miles without gasoline, and your car doesn't have to look like a golf cart," he said, eliciting laughter from the audience.

Bush Marks Labor Day In Md. (BSUN)

By Julie Hirschfeld Davis, Sun Reporter

The Baltimore Sun, September 5, 2006

He pushes tax cuts, calls dependence on foreign oil a risk to economic growth

PINEY POINT -- President Bush marked Labor Day at a union-operated maritime training center in Southern Maryland, telling mariners that he was striving to keep U.S. workers competitive by enacting permanent tax cuts, pressing to end U.S. dependence on foreign oil and preparing workers for 21st-century jobs.

Bush pushed his economic prescription of free trade and low taxes as the best way to promote growth, sounding a theme Republicans are using to appeal to voters in this election year. But in a nod to public concerns that have persisted despite the economy's strong fundamentals, the president also said he has a plan to address a key source of anxiety: gasoline prices that analysts say have prevented people from feeling prosperous.

"Dependence on foreign oil jeopardizes our capacity to grow," Bush told an audience of a couple of hundred at the Paul Hall Center for Maritime Training and Education, by a pier overlooking St. George's Creek. "The problem is, we get oil from some parts of the world, and they simply don't like us. And so the more dependent we are on that type of energy, the less likely it will be that we are able to compete and people have good, high-paying jobs."

Bush, who toured the 60-acre facility, a vocational training center run by shipping companies and affiliated with the Seafarers International Union, promoted the nation's 4.7 percent unemployment rate, which he called "a good sign for somebody looking for a job."

Democrats used the occasion to criticize Bush's economic policies, which they said have left Americans worse off.

"Under the Bush administration and the Republican Congress, America's working families have seen their incomes drop, and their worker protections and health care benefits come under assault," said Howard Dean, the party chairman.

Noting wage stagnation and the rising cost of gasoline and health care, Dean faulted Republicans for blocking a minimum wage increase.

"This is a war on America's families," he said in a statement.

Maryland's Democratic Party criticized Republican Gov. Robert L. Ehrlich Jr. and Lt. Gov. Michael S. Steele for accepting Bush's fundraising help but staying away from a high-profile presidential visit to the state.

"Under Bush's domestic policies, the big special interests, especially the big oil companies, are thriving at the expense of Maryland's families. Yet, Bush has told these special interests to keep funding the Ehrlich and Steele campaigns while they continue to keep the Bush-Cheney-Rove political machine of deception and middle class abandonment afloat," Derek Walker, the state party's executive director, said in a statement.

The president used his 11-minute speech to outline his energy proposals, including developing new technologies such as batteries and corn-based ethanol as gasoline alternatives, and further investment in nuclear power.

"I bet the people down in this part of the world like to drive pickups," Bush said, to chuckles from the St. Mary's County crowd. "We're going to have a battery that makes those pickups go."

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Before his remarks, Bush toured the training center, a camp-like cluster of low-slung buildings set in a thickly wooded area where the Potomac River meets St. George's Creek. Its rustic feel was interrupted only by a few hulking pieces of shipping equipment that loomed over the waterfront.

The president tried his hand on a navigation simulator, taking the wheel of a mock U.S. Coast Guard cutter amid dozens of dials and digital displays to steer it out of Baltimore's Inner Harbor toward Fort McHenry. All around him, panoramic views of the harbor that were projected on the simulator's plexiglass-covered screens moved as he navigated.

"Just make sure I don't run into the wall," Bush told technicians standing by, as they increased his mock speed.

The president chose a spot in one of the fastest-growing Republican counties in the state for his Labor Day appearance, and chief political adviser Karl Rove looked on as Bush spoke briefly and spent nearly a half-hour greeting audience members. Some in attendance were clad in Coast Guard uniforms, while others wore Hawaiian shirts - the center trains the crew of the Pride of Aloha and other cruise ships - and chefs' tunics (it's also home to a state-of-the-art culinary lab).

Bush singled out the uniformed personnel, making only a glancing reference to the aggressive national security push he is making in the days leading up to the fifth anniversary of the Sept. 11 terrorist attacks, including in a speech in Washington today.

"Our soldiers and sailors and Coast Guard men and Marines and Air Force have got to understand this: that this country supports them in the mission; that they may hear all the political discourse going on, but the people of this country, the people of the United States of America, stand squarely behind the men and women who wear our uniform," Bush said.

The president has had a warm relationship with the seafarers union and its president, Michael Sacco. Sacco has ridden in Air Force One and sits on Bush's Export Council, a 28-member private-sector advisory committee on trade.

Yesterday Sacco, who accompanied Bush on his tour, called the president "a true friend of the U.S. Merchant Marine" and credited him with creating "thousands and thousands of jobs for the U.S.-flag fleet."

Bush has expanded the Maritime Security Program, which gives direct government payments to operators of U.S.-flag shipping vessels who agree to help the military with sealift power during a war or national emergency.

After the Sept. 11 attacks, Sacco said, "we needed a strong leader, and President Bush stepped up to the plate and delivered, and continues to deliver under very, very difficult circumstances."

julie.davis@baltsun.com

Forsaking Politics, Bush Has Low-Key Labor Day (NYT)

By David E. Sanger

The New York Times, September 5, 2006

PINEY POINT, Md., Sept. 4 — In the nearly six years of his presidency, President Bush has used Labor Day for maximum political effect, showing up at picnics to address carpenters in Pennsylvania and highway construction workers in Ohio, often with local Republican leaders in tow.

But two months ahead of a midterm election in which Mr. Bush's party is in danger of losing control of the House, in part because of his low approval ratings, there were no candidates with him on Monday as he appeared briefly at a Seafarers International Union facility here on the edge of the Chesapeake Bay.

In fact, there was not even a picnic — just a small invited audience, which Mr. Bush addressed for 11 minutes.

Mr. Bush drew from some past speeches to make the case for job training, though he announced no new initiatives. He dwelled chiefly on the need to find alternative sources of energy, saying it is the key to economic growth.

"The problem,'' he said, "is we get oil from some parts of the world and they simply don't like us. And so the more dependent we are on that type of energy, the less likely it will be that we are able to compete, and so people have good, high-paying jobs."

Unlike at some of the previous events — like a 2003 Labor Day speech in Richfield, Ohio, where he announced the creation of a "manufacturing czar" within the Commerce Department — Mr. Bush did not use his appearance on Monday to discuss the erosion of manufacturing jobs.

He announced the manufacturing czar position in a year in which 700,000 jobs had been eliminated. Since that announcement, which came as the country's trade gap was approaching $500 billion, Mr. Bush has rarely spoken about the czar. Last year, the United States imported $766 billion more in goods than it exported. The nation's last trade surplus was in 1975.

Even some of Mr. Bush's Republican allies in Congress, who a decade ago called for eliminating the Commerce Department, have said they doubt that anyone in such a post as manufacturing czar could staunch a phenomenon as economically complex as the movement of manufacturing jobs elsewhere.

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Asked at the event here whether Mr. Bush's appointment had made a significant difference, Karl Rove, the president's chief political strategist, said, "Yes and no." Mr. Rove said the Commerce Department was now focused on opening markets abroad, which creates jobs.

"It has to be part of a package," he said.

While Mr. Bush did not dwell on the continuing erosion of manufacturing jobs, he noted Monday that the unemployment rate was 4.7 percent, down from 4.8 percent. "That's a good sign for somebody looking for a job," he said.

Bush Says Education Is Key For Workers (LAT)

By Joel Havemann

The Los Angeles Times, September 5, 2006

WASHINGTON — President Bush traveled to a nearby job training center today to deliver a Labor Day plea to workers to keep their skills up to date if they want to remain productive members of society - -a message more controversial than it might sound.

"If you keep getting a good education, it increases your standard of living but also helps this country remain strong economically," Bush told members of the Seafarers International Union at the Paul Haul Center for Maritime Training and Education, which is run by shipping companies in Piney Point, Md.

But according to the White House Council of Economic Advisers, education is not the ticket to a higher salary that it used to be.

Between 2000 and 2004, the White House panel found that the inflation-adjusted earnings of persons with bachelor's degrees, but no higher degrees, fell by 5.2%. During the same period, the earnings of persons with just high school degrees actually rose slightly.

There was still a considerable gap between the two groups. The college graduates earned 80% more than the high school graduates. But four years earlier, the gap had been 93%.

A recent report by the liberal Economic Policy Institute, which looked at earnings after inflation in 2000 and 2005, found a minuscule wage gain of 0.3% for both college graduates and high school graduates.

The training center that Bush toured today does not give out degrees, but the president said it was doing something just as important: preparing its students for the jobs of the future.

"As the world constantly changes, we better make sure that our work force has the skills necessary to compete if we want to be the world's leading economy," he said.

He also took the occasion, as he almost always does when addressing the economy, of urging Congress to make permanent the temporary tax cuts enacted during his first term. He promoted policies to make the United States independent of foreign oil, and he touted trade policies that would make it easier for U.S. companies to sell their goods and services abroad. "I believe this country can compete with anybody, any time, anywhere," he said, as long as the rules are fair."

Dip In Gas Prices May Lift Entire Economy (CSM)

By Ron Scherer

The Christian Science Monitor, September 5, 2006

NEW YORK

Motorists are finally getting a break at the pump.

Over the past month, gasoline prices have dropped more than 30 cents a gallon with the price of fuel at the lowest level since mid-April.

The falling prices are a welcome benefit to consumers who have been grumbling all year about how much more it costs to fill their tanks. With more money in motorists' pockets, the economy should benefit as well since this is the time of year when consumers tend to spend more time at the mall. In fact, the ripple effect of falling energy prices should help everyone from Detroit automakers to the airline industry to incumbents running for office this fall.

"The decline in gasoline prices has the effect of a tax cut," says Richard DeKaser, chief economist at National City Corporation, a bank in Cleveland. "Of course it's only partly reversing the 'tax increases' of the past three years."

The swing in gasoline prices has been rapid. Gasoline peaked at about $3.04 a gallon on Aug. 4. Now the national average is closer to $2.73 a gallon, according to GasolinePriceWatch.com. "In Dayton, Ohio, I'm paying $2.29 a gallon," says Brad Proctor, who runs the website.

Although gasoline purchases account for only 3 percent of consumer spending, Mr. DeKaser estimates the lower pump prices will add $2 billion a month in buying power to the economy that " will go toward savings or into the pockets of retailers that would have otherwise been heading to Venezuela or the Middle East," he says.

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Falling gasoline prices, which will help ease some inflationary concerns, are also part of a favorable economic mosaic that is developing this fall. The Department of Labor reported Friday that the nation's unemployment rate in August dropped to 4.7 percent, down from 4.8 percent in July. Even more important, the economy created 128,000 jobs, a number consistent with moderate economic growth.

Lukewarm economic growth fits with the plans of the Federal Reserve, which opted not to raise interest rates in August. Based on the current economic data, Ann Owen, a former Fed economist, says she thinks the Fed could go for either another one quarter of a percentage point increase or continue its pause when it meets on Sept. 20.

"I don't think the Fed knows for sure what it will do," says Ms. Owen, who teaches economics at Hamilton College in Clinton, N.Y.

Besides the employment data, the Fed also monitors consumer expectations for inflation. Last Friday, the University of Michigan released its Survey of Consumers, which on a broad basis showed a modest decline in consumer confidence in August. However, on the inflation front, it found consumers anticipate an inflation rate of 3.8 percent in the year ahead.

"The survey found people are more concerned about persistently high prices versus further increases in interest rates," says Richard Curtin, the Survey's director.

But if it weren't for falling gasoline prices, says Mr. Curtin, consumer confidence would have been even lower.

The main reason for the lower prices is a drop in the price of a barrel of crude oil from the $75 range to just above $69 on Friday. One reason for that decline is a shift in oil market speculation, says John Felmy, chief economist at American Petroleum Institute in Washington. "The worst-case scenarios did not occur," he says.

For example, initially BP announced it would turn off the spigot on 400,000 barrels of oil per day on Alaska's North Slope to repair corroded pipes. However, the company later reduced the curtailment to 200,000 barrels per day and indicated it may get the entire production back on line sooner.

"If the corrosion is not as bad as feared, BP could potentially bring the oil back on stream sooner than the original estimate," says Rick Mueller, a senior oil analyst at Energy Security Analysis Inc. in Wakefield, Mass.

At the same time, refiners are beginning to produce the winter blend of gasoline. As a result of the shift, Mr. Felmy says, some companies may be lowering prices to reduce their summer gasoline inventory.

The price of ethanol, which is used as a blending agent, has also seen a significant drop in price. Since mid-July, the price of ethanol has dropped about 72 cents a gallon. "Every barber in Ameri- ca invested in an ethanol plant," he says in explaining why the price has dropped so quickly.

Geopolitical uncertainties still have the potential to push prices back up. Iran, for example, maintains it will continue its uranium enrichment program. However, it's not clear if the United Nations will actually enact sanctions.

"If the Iran issue is resolved, the fundamentals are pretty bearish for the price of crude oil," says Mr. Mueller. "There is plenty of inventory here and in Europe, there is new production coming on stream, and it's nearly the end of the driving season."

GOP: Gas Gimmick Is Illegal (RC)

By Nicole Duran

Roll Call, September 5, 2006

Democratic House challengers think they have found a clever way to harness voter anger over high gasoline prices: Sell it for less.

But Republicans defending their seats in districts where Democrats have staged gas giveaways say the move is tantamount to vote buying.

Rep. Ron Lewis (R-Ky.) asked the U.S. attorney in Louisville to investigate whether Democrat Mike Weaver's recent cheap gas event in Elizabethtown, Ky., violated the criminal code.

Weaver, a state Representative, filled motorists' gas tanks for $1.20 per gallon, the price gasoline cost when Lewis was first elected to Congress in 1994. His campaign reimbursed the service station for the difference in cost, as gas is selling for about $3 per gallon nationally.

It is a federal crime to "make an expenditure to any person, either to vote or withhold his vote, or to vote for or against any candidate," according to the statute.

Lewis thinks the Weaver event and others like it rise to that level.

"Obviously Mr. Lewis' people raise some interesting questions, and it will be interesting to see what the U.S. attorney determines," said Carl Forti, spokesman for the National Republican Congressional Committee.

Democrats called the allegations of wrongdoing ridiculous.

"It's clear that the NRCC talking points have been to question the legality of it," said Sarah Feinberg, spokeswoman for the Democratic Congressional Campaign Committee. "The purpose of the event is to deliver the message to voters that under the

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Republican Congress, gas prices have skyrocketed while oil company CEOs have gotten filthy rich and American families have become increasingly unable to afford to fill up their tank."

Bob Bauer, an election law attorney for Perkins Coie, which represents the DCCC, said GOP complaints against the cheap-gas events are baseless.

"They're going to find that this argument quickly runs out of gas and it's no surprise that they'd go to great lengths to keep gas prices up," Bauer said. "The gas is available to whomever wishes to purchase it at the subsidized sale price for a short time ... there's no condition attached."

Furthermore, he said, there is no way to even track whether the people who buy the discounted gas are registered to vote in the district in which the candidate is running, whether they will vote at all or for whom they ultimately will vote.

"I'm confident that this is a perfectly legal exercise," Bauer said.

At least three other Democratic challengers have held similar events in recent weeks, including former Rep. Baron Hill, who is trying to win back his southeastern Indiana seat from Rep. Mike Sodrel (R); Cincinnati City Councilman John Cranley, who is trying to unseat Rep. Steve Chabot (R-Ohio); and teacher Larry Kissell, who is hopes to upend Rep. Robin Hayes (R-N.C.) in the Tar Heel State's 8th district. Kissell was the first of the candidates to stage the promotion.

"We thought it was a very successful event and it highlighted the pain that Hoosier families are feeling every time they fill up at the pump," said Abby Curran, Hill's spokeswoman.

Hill, who charged $1.80 for a gallon of gas — which is what it cost when he was still in office two years ago — consulted his campaign attorney before holding last week's event.

"Congressman Mike Sodrel's campaign is trying to divert attention away from gas prices, which is the real issue at hand," Curran said.

Public interest groups have been reticent about wading into the controversy, but Trevor Potter, an attorney with the Campaign Legal Center and former Republican chairman of the Federal Election Commission, told McClatchy Newspapers last week that he did not see a problem with the gimmick.

"I think it's legal so long as they don't say 'we're giving you cheap gas in return for proof that you voted today,'" McClatchy quoted Potter as saying.

Formula Change Worries Keep Diesel Prices Up (USAT)

By Barbara Hagenbaugh

USA Today, September 5, 2006

WASHINGTON — Although most drivers are paying much less to fill their gasoline tanks than they did just a few weeks ago, those who use diesel fuel have barely noticed a change.

While gasoline prices dropped nearly 20 cents in the three weeks through Aug. 28, prices for diesel, which is used to fuel trucks and other vehicles, fell less than 3 cents. The nationwide average diesel price was $3.027 on Aug. 28, vs. $2.845 for regular gasoline, according to a weekly report from the Energy Information Administration, the analytical arm of the Energy Department.

The main issue propping up diesel prices is a change in the formulation of the fuel.

In an effort to reduce pollution, government rules dictate that starting Oct. 15, the sulfur content of diesel must be no more than 15 parts per million, down from 500 parts per million.

Companies have been preparing for this transition, but the oncoming deadline is keeping people on edge.

"Even if no major problems surface, the chance that they may occur is high enough to cause market participants to pay a little bit more than they would otherwise," analysts at the EIA said in a recent report.

While gasoline prices are likely headed even lower, diesel prices are poised to increase in large part because of the fuel changeover issue, Wachovia economist Jason Schenker says.

Even if prices don't increase, they are unlikely to fall significantly. "I wouldn't expect to see a quick drop anytime soon," Moody's Economy.com economist Rakesh Shankar says.

Jerry Cordell, who owns his own truck and is currently hauling sand within Michigan, says diesel prices are so high, he has considered quitting driving, which he has done for 28 years. Earlier this year, he stopped making long trips in an effort to save fuel costs.

"I'm working for diesel, basically," the 52-year-old from Goodells, Mich., says.

Strong demand also is keeping diesel prices elevated, American Petroleum Institute chief economist John Felmy says. In the four weeks through Aug. 25, average diesel demand was up 1.5% from a year ago, according to the EIA.

While the peak gasoline consumption season is coming to a close, the busiest time for diesel is about to kick off. Trucks move more freight in the fall, when stores stock up on merchandise for the holiday shopping season.

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Trucking companies and independent drivers are expected to pay a record $102 billion for diesel fuel this year, up from $88 billion in 2005 and twice the amount paid four years ago, according to the American Trucking Associations.

That creates a challenge not just for truckers, but for the economy as a whole, says ATA chief economist Bob Costello. If trucking companies are able to pass along some of their added fuel costs to their customers, and businesses then increase prices charged to consumers, then inflation can rise and spending can fall, he says.

"This has a significant ripple effect throughout the economy," Costello says.

Diesel fuel is used in some cars, trucks, buses, boats and farm and construction equipment. In 2005, diesel vehicles represented 3.2% of the U.S. new light-vehicle market, which includes cars, small trucks and SUVs. That percentage is expected to increase to 3.6% in 2006 and 9% in 2013, according to a study released last week by J.D. Power and Associates.

Oil Prices Ease As Demand, Risk Fall (WP/BLOOM)

By Eduard Gismatullin And Gene Laverty

The Washington Post, September 5, 2006

Crude oil prices fell to a 15-week low in New York yesterday as the U.S. summer travel season ended and traders speculated that a dispute with Iran about nuclear research may be resolved without curtailing exports.

Iran, the world's fourth-largest oil producer, wants a negotiated solution to a demand that it stop enriching uranium, United Nations Secretary General Kofi Annan said yesterday.

U.S. gasoline use usually rises 5 percent in the summer, then drops after Labor Day.

"A lot of risk premiums haven't materialized," said Tom Hammervold, an oil trader at Norsk Hydro ASA in Oslo. "There are no issues at the moment to support the price."

Crude oil for October delivery fell $1.17, or 1.7 percent, to $68.02 a barrel in electronic trading on the New York Mercantile Exchange, the lowest for a contract closest to expiration since May 22. New York crude touched $67.77 a barrel earlier in the day. Floor trading on the exchange was closed yesterday for the holiday.

Gasoline prices also fell, with the October contract dropping 3.44 cents, or 2 percent, to $1.70 a gallon. The average U.S. retail price for gasoline declined to $2.74 a gallon on Sept. 3 from $3.02 a month earlier, according to AAA.

The price of oil has fallen 13 percent since reaching a high of $78.40 a barrel on July 14. Oil rose then on concern that fighting between Israel and Lebanon's Hezbollah would spread and disrupt supplies of crude from the Middle East.

Futures tumbled 4.6 percent last week, when a United Nations deadline for Iran to stop enriching uranium passed without sanctions being imposed.

Also, Tropical Storm Ernesto swerved north into Florida, leaving intact the oil and gas infrastructure in the Gulf of Mexico, the source of a quarter of U.S. oil production.

"The mixed signals and messages will continue, with someone saying Iran will stop exports and another saying exports will continue," said Antoine Halff, a vice president and head of energy research at Fimat USA Inc. in New York.

"Iran has a strong advantage in using oil as a weapon."

BP Hires Former Judge To Be U.S. Ombudsman (WSJ)

By Jim Carlton

The Wall Street Journal, September 5, 2006

BP PLC has retained former U.S. District Judge Stanley Sporkin as its ombudsman to hear worker complaints from Alaska and elsewhere in the U.S., in a move to stem the tide of criticism over the British oil titan's operations.

BP officials and Mr. Sporkin said BP has given the former jurist free rein to report to the company whatever he hears from workers in the field. Although he will be a contractor paid by BP, "I'll call them as I see them," Mr. Sporkin, 74 years old, said in an interview.

Some BP workers in the past have taken their complaints about BP's practices in Alaska to a former oil-tanker broker named Charles Hamel, a frequent oil-industry critic, because they say management hasn't heeded their warnings about corrosion and other problems at Alaska's giant Prudhoe Bay oil field.

BP partially shut down production at the field last month after discovering corrosion problems more severe than company officials said they had realized. The move led to a surge in global oil prices and came amid investigations by federal and Alaska officials over BP's management of pipelines in the state. While the London oil company has acknowledged some responsibility for the corrosion problem, BP has defended its overall pipeline maintenance as robust and characterized the incidents as unforeseeable.

Mr. Sporkin has some firsthand knowledge of the Alaskan oil issues. He presided over a lawsuit in 1993 in which Alyeska Pipeline Service Co. was accused of spying on Mr. Hamel and his wife, Kathy. Before Alyeska agreed to settle the case with Mr.

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Hamel and his wife without admitting wrongdoing, Mr. Sporkin lambasted the company's tactics as "reminiscent of Nazi Germany." Alyeska operates the Trans-Alaska Pipeline on behalf of a consortium of oil companies that includes BP, Exxon Mobil Corp. and ConocoPhillips.

Mr. Hamel, who lives in Alexandria, Va., said it remains to be seen whether Mr. Sporkin would prove effective. But "no one has more respect for Judge Sporkin than Kathy and I do," he said.

Mr. Sporkin was asked to take on the ombudsman's role, a new position at BP's U.S. division, by Bob Malone, the company's U.S. president. Mr. Malone said he met Mr. Sporkin in 2001 in his former job as president of Alyeska and thought he could serve as an impartial sounding board for worker complaints. "Because employees have told me they want a third avenue to raise issues, that is what we are doing," said Mr. Malone, who is expected to testify at U.S. congressional hearings set to begin Thursday into problems at Prudhoe Bay and other U.S. operations.

BP is giving Mr. Sporkin a staff of two who will operate a 24-hour call center for any BP worker in the U.S. to file complaints. In an Aug. 31 letter to BP workers, Mr. Sporkin said: "My mandate is to do whatever is necessary to ascertain the facts about and identify solutions for problems that exist today as well as those likely to become issues in the future."

Mr. Sporkin was involved in a number of other high-profile cases during his 14-year career as a jurist on the District of Columbia court. In 1995, he rejected a 1994 antitrust settlement between Microsoft Corp. and the Justice Department over licensing the company's desktop software, saying it was too lenient. The U.S. Court of Appeals in Washington later reinstated it and removed Mr. Sporkin from the case. After retiring from the bench in 2000, Mr. Sporkin became a partner in the Washington office of the law firm Weil, Gotshal & Manges LLP and has been a consultant.

Write to Jim Carlton at jim.carlton@wsj.com1

Staining The Land Forever (NYT)

By Nicholas D. Kristof

The New York Times, September 5, 2006

A highlight of my summers is the annual backpacking trips with my children. This year I took my youngest, who is 8, through 65 miles of the Oregon Cascades, giving her the chance to suffer mosquito bites, slip on snowfields, cross raging streams on rickety logs and enjoy other wilderness thrills.

She is now a confirmed backpacker, and we've decided that we're going to hike together from Mexico to Canada on the Pacific Crest Trail — when we're both grown up.

This wilderness and trail system is a legacy of past presidents, beginning with Teddy Roosevelt. There aren't many ways in which our lives today are shaped by a president who governed more than a century ago — or in which President Bush will affect our grandchildren's grandchildren in the 22nd century — but wilderness policy is one.

Until now, the pattern has been for presidents of both parties to expand protections of natural areas, with a bipartisan record of adding to national forests and other protected areas. Mr. Bush has also added to the wilderness system here and there, but at a broader level he has reversed the trend by leading a stealth campaign to tilt the balance toward development.

"There have been systematic efforts to weaken protections for wilderness-quality lands across the public lands estate, and to make it harder to protect these places in the future," notes Peter Rafle of the Wilderness Society.

Last month, a federal judge blocked an administration scheme to harvest timber in California's Giant Sequoia National Monument, criticizing it as "incomprehensible." But step back and you see that the administration's approach is entirely comprehensible: it's a systematic effort to increase the private exploitation of federal lands even if that means losing their character forever.

A few examples:

¶Last year, Mr. Bush formally repealed President Clinton's "Roadless Area Conservation Rule," which had provided broad protections for 58 million acres of national forest lands without roads.

¶Mr. Bush has also used his "healthy forest" initiative as a way to promote logging over wilderness. He is right that forests are too vulnerable to fires today, but dispatching commercial logging crews is not the solution for most areas.

¶In some parts of the country, Mr. Bush in effect has adopted a "no more wilderness" policy. In 2003, the administration announced that millions of acres of land in Utah and elsewhere in the West would never again be considered for designation as wilderness.

¶The administration has offered oil and gas leases on 70,000 acres of proposed wilderness in Colorado and 190,000 acres in Utah. Once oil or gas development occurs, the land is lost — no longer eligible to be included in the wilderness system.

¶Mr. Bush is trying to turn vast, pristine parts of Alaska into oil wells; some oil and mineral development is essential, but the past bipartisan sense of balance is lost. Mr. Bush is pushing to drill in many Alaskan lands that had been protected by past Republican presidents.

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One of my greatest outdoor memories is of spotting a herd of caribou in the Alaskan Arctic, and then creeping up on them. Finally, they spotted me — and then they rushed up for a closer look at a genuine human. Drilling would change this land forever.

Many of these efforts took shape under Gale Norton when she was interior secretary. Now that Ms. Norton has been replaced by Dirk Kempthorne, we have a chance to pause and take a deep breath. Mr. Kempthorne seems more measured than Ms. Norton, and let's hope he'll take as his model Gifford Pinchot, the legendary Republican politician who founded our system of national forests and coined the word "conservation" as it applies to wilderness.

A week ago, I took my 12-year-old son out on his third trip around Mount Hood this summer. The weather was glorious as we started, but by nightfall a cold rain was pounding down on our tarp shelter. The next morning, we found ourselves stumbling through driving snow — and wishing we were on a couch watching TV instead.

But that's the wonder of the wilderness, an essential part of America's greatness: time in the wild is the best way to tame our arrogance, to remind ourselves that we are temporary intruders upon a larger canvas. It puts us in our place, at times by freezing our toes.

So that's why I mourn for our wild lands. In 100 years, Mr. Bush's mistakes in Iraq may not matter anymore, but our wilderness heritage lost on his watch can never be restored.

Tree-Planting Drive Seeks To Bring A New Urban Cool (WP)

By Blaine Harden, Washington Post Staff Writer

The Washington Post, September 5, 2006

Lower Energy Costs Touted as Benefit

SACRAMENTO -- This city believes an answer for global warming is growing on trees.

About 375,000 shade trees have been given away to city residents in the past 16 years, and there are plans to plant at least 4 million more. To receive up to 10 free trees, residents simply call the Sacramento Municipal Utility District, a publicly owned power company.

"A week later, they are here to tell you where the trees should be planted and how to take care of them," said Arlene Willard, a retired welfare case worker who with her husband, John, has planted four SMUD trees in the back yard of their east Sacramento house.

Perhaps the most arresting feature of Sacramento's shade crusade is its rarity, despite federal research showing that carefully planted trees can lower summertime temperatures in cities, significantly reduce air-conditioning bills and trap greenhouse gases responsible for global warming.

Most American cities have shrinking tree canopies in relation to their growth. That's because of inadequate budgets to maintain older trees and a failure to plant shade trees in new residential and commercial developments, according to federal experts, tree-planting organizations and scholars of urban ecology.

A number of major cities have launched sizable tree-planting programs -- including Washington, Baltimore, Minneapolis, Chicago, Denver and Los Angeles. Still, the decline in tree cover has been accelerating since the 1970s, especially on private property and new development, according to American Forests, an environmental group in Washington that uses satellite imagery to document tree cover across the country.

"This is like a creeping cancer," said Deborah Gangloff, the group's executive director. "In the two dozen cities we have studied, we have noticed about a 25 percent decline in tree canopy cover over the past 30 years. This is a dramatic trend that is costing cities billions of dollars."

And the trend continues even as cities heat up. Along with much of California, Sacramento set a record for heat this summer, with 11 straight days above 100 degrees. Federal scientists say that the first six months of this year were the warmest on record in the United States and that the five warmest years over the past century have occurred since 1998. The average nighttime temperature in Los Angeles is seven degrees warmer than it was a century ago.

Many major utility companies are declining to act on the connection between urban trees and energy savings, according to Agriculture Undersecretary Mark Rey, who oversees the Forest Service.

"It is one of our new focuses to give them information and incentives to do this," Rey said, adding that the Bush administration is planning a meeting with utilities to convince them of the financial logic of urban trees.

Three shade trees strategically planted around a house can reduce home air-conditioning bills by about 30 percent in hot, dry cities such as Sacramento, and a nationwide shade program similar to the one here could reduce air-conditioning use by at least 10 percent, according to Energy Department research.

Washington is among the cities with the largest reduction in dense tree cover, with a 64 percent decline from 1973 to 1997, according to American Forests. Althouh there has since been considerable effort and expense to plant more trees in

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Washington, experts disagree about whether the tree canopy has been stabilized. They do agree that rapid canopy decline continues in Washington's outlying suburbs.

Although Bush administration officials say urban trees are a priority, spending on the federal Urban and Community Forestry Program has declined by about 25 percent in the past four years, from a high of $36 million annually to a proposed $27 million in the coming year.

"People have been fighting for crumbs for so long," said Mark Buscaino, who quit this summer after three years as director of the federal urban trees program. He is now executive director of the Casey Trees Endowment Fund, a private tree-planting group in Washington.

Tree-planting in U.S. cities has been championed as a way to beautify and civilize the hard edges of urban life. (Before air conditioning, it was also a primary strategy for keeping cities cool.) But a growing body of scientific research, most of it federally funded, shows that urban trees are also shrewd investments.

Sacramento's shade crusade easily pays for itself, with summertime energy savings about double what SMUD spends on trees each year. As they mature, trees already planted by the utility are expected to save enough electricity to power about 14,000 homes.

By planting 10 million trees and fabricating lighter-colored roofs and pavement, Los Angeles could reverse an urban "heat island" effect -- caused by concrete, asphalt and heat-retaining buildings -- that has been increasing for a hundred years, according to a simulation study by the Department of Energy's Lawrence Berkeley National Laboratory. It found that Los Angeles could lower its peak summertime temperature by five degrees, cut air-conditioning costs by 18 percent and reduce smog by 12 percent.

"In the West, where the air is dry, shade trees are more effective in reducing the urban heat island effect than any other measure," said Hashem Akbari, leader of the federally funded research group that studies warming cities at the laboratory. In more humid cities in the East, he said, shade trees -- which increase humidity -- lower air-conditioning bills and clean the air but do not lower the outside temperature.

By absorbing greenhouse gases, lowering urban temperatures and reducing demand for air conditioning, trees planted in cities are far more valuable in combating global warming than trees in rural areas, federal research has shown. Akbari said a well-placed shade tree in Los Angeles is worth three to five trees planted in a distant forest.

His message is finding an audience. This month, Los Angeles is starting a campaign to plant a million trees, part of a free-tree program following the Sacramento model. For every dollar it spends on trees, the city expects to realize a $2.80 return from energy savings, pollution reduction, storm-water management and increased property values, said Paula A. Daniels, a commissioner on the Board of Public Works.

Across much of the United States, though, research confirming the monetary value of trees has not triggered a rush to exploit shade.

Many major private utility companies remain skeptical. In the Washington area, in California and in most of the country, they have steered clear of programs to give shade trees to homeowners, saying it is not clear that it would help the companies' bottom lines.

Critics of big utilities say the companies have a deep institutional bias against urban trees, mostly because they spend vast amounts of money and time repairing tree-damaged power lines.

There are cultural reasons why the research findings have failed to sway the nation's utility managers, transportation engineers and municipal planners, according to Kathleen Wolf, a social science researcher at the University of Washington's College of Forest Resources.

"These people have not yet reconciled how a green living thing interacts with gray infrastructure," said Wolf, whose research is funded by the Forest Service. "There has not yet been a mind shift that says trees are technology. In most American cities and states, we are not having that discussion."

But it is not just engineers and road builders who balk. About one-third of Sacramento utility customers tell SMUD that they do not want to mess with more trees in their yards and will not accept free ones.

"Many people just don't like trees because they are dirty," said Buscaino, the former head of the federal urban forest program. "We have a lifestyle where the last thing on people's mind is trimming their trees."

Iowa is the only state with a long-term record of using state law to push private utilities to plant trees for energy conservation -- and to allow them to recover the cost of the program in electricity rates.

Over the past 15 years, the program has been a spectacular success, according to the private utilities there and Trees Forever, a nonprofit group that helps run the program. In addition to the quantifiable benefits -- half a million trees planted, reduced energy costs and savings on storm-water drainage construction -- utilities say the program has been a public relations bonanza.

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"It is difficult to put a value on the community relationships we have built with the trees," said Karmen Wilhelm, a spokeswoman for Alliant Energy, a major utility in Iowa. "It has been wonderful for our reputation."

Errors, Costs Stall Nuclear Waste Project (LAT)

By Ralph Vartabedian, Times Staff Writer

The Los Angeles Times, September 4, 2006

Radioactive sludge that threatens the Columbia River is still untouched after years of setbacks. The job's complexity has taxed U.S. expertise.

RICHLAND, Wash. — On a desert plateau seven miles from the Columbia River, a massive federal project to clean up a Cold War-era nuclear weapons plant is deeply troubled.

The effort to avoid a future environmental calamity here, at the most polluted site in North America, is a priority of the Energy Department but has foundered because of engineering mistakes and runaway costs. Fifty-three million gallons of radioactive sludge, most of it the texture of ketchup, is stored in scores of underground tanks, some of which have leaked for years.

The Energy Department and its lead contractor Bechtel Corp. are trying to build a sophisticated waste treatment complex — a small-scale industrial city — that would transform the sludge into radioactive glass. After spending $4 billion since 1989 and getting rid of three previous contractors, the program has yet to transform a gallon of sludge.

"We have had some world-class technical issues," acknowledged John Eschenberg, the federal manager for construction. "I have made mistakes. Bechtel has made mistakes. If I could relive the last three years, there are things I would do differently."

The project is a long-distance race to empty the leaky tanks and secure the radioactive waste before it becomes a greater menace to the Columbia River. The job is likely to take decades, and the price tag could approach $100 billion.

In January, the Energy Department stopped construction on the two most important parts of the project after it realized it had miscalculated the earthquake risks at the sprawling federal facility, known as the Hanford Site. In recent weeks, it put off any resumption of construction until after October 2007. At best, the plant would be finished in 2019.

What remains uncertain is whether the plant's remarkably complex technology will work as planned. Shortly after construction was halted, a team of experts delivered a sobering report that warned of a large number of other potential technical issues that could undermine the plant's operation.

In addition, a long list of major safety problems has been discovered — though these problems are fixable, construction managers say. They include the potential for explosive hydrogen gas to build up inside the plant's pipes; concerns that the steel frame had inadequate fireproofing; and the discovery of faulty welds in tanks designed to hold dangerous waste.

The cumulative effect of all the problems and challenges has been staggering.

Energy Department officials disclosed in May that the plant would probably cost $11.6 billion to build, double the estimate of only three years ago. An independent cost estimate due in coming weeks from the Army Corps of Engineers is expected to exceed $13 billion.

"You want to take somebody out and hang them," said Rep. David L. Hobson (R-Ohio), the chairman of the House Appropriations subcommittee that pays for the project. "It is already outrageous what it is costing."

Hobson, who has led an investigation into the problems at the Hanford plant, said the Energy Department had ignored problems until they mushroomed out of control and had adopted a "fast-track" construction strategy that backfired.

Meanwhile, officials in Washington state are furious about the continued delays. The state has a legal agreement with the Energy Department that promised the plant would be operating by 1999, meaning it is now 20 years behind schedule.

"We are extremely frustrated," said Suzanne Dahl, the top official at Hanford from Washington's Department of Ecology. "It is becoming impossible to accept more delays."

Construction of the waste treatment complex, consisting of two dozen massive buildings, is only 30% completed, and engineering work is about 70% completed, Eschenberg said. Building and designing the plant at the same time was necessary, he said, to get the cleanup done as quickly as possible. The decision to halt construction was a prudent step that will give engineers time to solve all the problems, he said.

James Rispoli, assistant Energy secretary for the nuclear waste cleanup program, acknowledges the program has had setbacks but says it is not facing any problems that would derail the project.

Although work has stopped on the pretreatment plant and high-level-waste plant, construction is continuing on 20 other facilities in the complex, Rispoli said. "We are keeping the forward momentum," he said.

Of course, there is nothing new about federal projects hitting technical problems that cause skyrocketing costs. In most cases, the problems are overcome, and often the projects even become examples of U.S. engineering prowess. But in the case of Hanford, there are some deeper concerns.

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Bechtel says it underestimated how much U.S. expertise in nuclear engineering has atrophied. Academic experts agree that the U.S. has lost much of its nuclear know-how.

The history of problems at Hanford raises questions about how effectively the radioactive waste dumps left over from the Cold War can be cleaned up — even with the best technology and with almost unlimited federal spending.

The project's current problems come on the heels of a whole other set of missteps dating to the 1990s, when three different efforts to build a treatment system failed. British Nuclear Fuels, the contractor that preceded Bechtel, was fired when it submitted a $15.2-billion estimate to build a plant in 2000. Bechtel promised to build the plant for less.

Rough estimates for building and operating the plant — then decommissioning the facility when the job is done — range from more than $50 billion to $100 billion.

"This is the environmental equivalent of sending men to the moon," said Bob Alvarez, a senior scholar at the Institute for Policy Studies in Washington, D.C., and a former Energy Department official. "It costs about the same."

There is also an urgency to the mission, given the risk that radioactive waste will someday reach the Columbia River, the largest river in the West. About 1 million gallons of the waste has already leaked into the ground at Hanford, though government experts are confident the rate of leakage has slowed or stopped.

Government hydrologists say they have no evidence that any leaked sludge has reached the water table 250 feet below ground, and they cannot calculate when — or whether — the radioactivity will reach the Columbia River.

Such assurances are rejected by some outside experts, including geotechnical engineer John Brodeur, who conducted a comprehensive study of the tanks in the late 1990s for the Energy Department.

"Some of the ground under the tanks is screaming hot," said Brodeur. "The groundwater is already contaminated."

By 2019, the plant is supposed to be ready to transform the waste into glass, a process called vitrification. New pipelines would carry the waste to a facility consisting of three huge radioactive waste treatment plants, a water treatment plant, a laboratory, a power distribution center and a maintenance shop.

The idea is to separate the highly radioactive materials into two waste streams: a small amount of high-level waste that will be vitrified and shipped to a future dump in Nevada; and a much larger volume of lower-level waste to be vitrified and buried at Hanford. Eventually, there would be 10,000 canisters of high-level vitrified waste and 100,000 canisters of low-activity waste.

The separation process is the biggest challenge, because the waste composition is so complex. Some of the highly lethal waste is a thick red or green sludge, and some is made of hard salt cakes. A teacup of the waste would deliver a lethal dose in minutes, nuclear waste experts say.

The separation occurs in a huge pretreatment plant, which by itself will cover the size of four football fields and reach 12 stories high. For safety, the concrete walls are 4 feet thick. The separate processes use both fine metal filters and two chemical processes, which have never been tested together on a large scale.

"They are taking a real risk the thing won't work and they will have a $11.5-billion white elephant sitting in the desert," said Tom Carpenter, nuclear oversight program director at the Government Accountability Project, a Washington, D.C., watchdog group.

Amid growing congressional concerns about Hanford's technology, Bechtel assembled a team of the top nuclear experts in the nation.

In a March report, they cited a number of defects that would have to be fixed for the plant to work. They said one of the two chemical processes was "undemonstrated" and the other "will not provide acceptable performance." The whole pretreatment facility "will be difficult to reliably operate."

The team of outside experts also raised concerns with the vitrification processes. Once the waste streams are separated, they are sent to two different final treatment plants for vitrification. The melters in the low-level plant could wear out or fail prematurely, while the piping in the high-level plant could get plugged up, they said.

The report raised the prospect that the Hanford treatment plant might wear out before all the waste was treated, particularly if it could not operate reliably and avoid shutdowns.

The plant is designed to turn out 6 metric tons of vitrified high-level waste per day and 30 tons of low-level waste. If it can do that, it will complete the job 40 years after starting up, or 2059. If the job lasts longer than that, the plant could wear out first.

Rispoli, the Energy Department environmental chief, believes the outside assessment shows that the plant will work. All the Energy Department has to do is solve the problems identified in the report, he said.

The problems at Hanford reflect a troubling reality about the U.S. nuclear workforce: Its skill has declined over the last several decades as nuclear construction wound down, said William Elkins, Bechtel's top officer managing the Hanford construction.

"There is no question we underestimated the amount of atrophy, how much the nuclear supply industry had atrophied … how difficult it would be to find the people with the required skills," he said.

Academic experts agree the U.S. is losing its expertise in nuclear engineering. There are 35 universities in the U.S. with nuclear engineering departments, half as many as in the 1970s, said Joonhong Ahn, a UC Berkeley expert on nuclear waste. And enrollment has plunged, said Jim Stubbins, chairman of nuclear engineering at the University of Illinois in Urbana-Champaign.

Bechtel is still trying to determine whether the waste treatment plant could stand up to the ground motion of a magnitude 9 earthquake on the Washington coast a couple of hundred miles away.

The issue was raised in 2004 by the Defense Nuclear Facilities Safety Board, an independent federal agency that oversees Energy Department sites. As engineers examined the issue, they realized the ground motion at Hanford could be 38% greater than they had anticipated.

Critics, including board Chairman A.J. Eggenberger, say Bechtel and the Energy Department took two years to act on that information, allowing the problem to mushroom. So far, it appears Bechtel designed safety margins large enough so that no walls will have to be rebuilt. But costly equipment will have to be upgraded, and engineers are still studying the issue.

Rep. Hobson held a blistering oversight hearing on the problems in April and then wrote new constraints on the program in the 2007 appropriations bill. He would require Bechtel to complete 90% of the engineering on the plant before it could resume construction, and he wants the Nuclear Regulatory Commission to oversee the project.

The Energy Department and Bechtel have resisted, saying those ideas would not help the situation. Bechtel, which is already facing a demand from the government to forfeit $48 million in fees, says its professional reputation has been tarnished.

"We don't like any inference that we are soaking the taxpayer or don't know what we are doing or are lining our pockets," Elkins said. "Nothing could be further from the truth."

But Hobson is impatient with Bechtel's concerns about its reputation and with its explanations, particularly its claim that nuclear technology has eroded in the U.S.

"Of all the people in the world, they have the most expertise," Hobson said. "They took their best people and put them on other projects in the world. They took this one for granted."

True Wilderness, And False (NYT)

The New York Times, September 4, 2006

Under the radar, Congress has been quietly adding to the nation's inventory of protected wilderness. In three bills approved by both houses and signed by President Bush, the 109th Congress has awarded wilderness designation to 11,000 acres of canyonland and desert in New Mexico, 10,000 acres of rain forest in Puerto Rico and 100,000 acres in the Cedar Mountains of Utah.

Four more wilderness bills have cleared one house or the other, and when approved will add another 750,000 acres of wilderness in California, Idaho, Oregon and Washington. More such bills are waiting in the Congressional wings.

The Wilderness Act of 1964 prohibits all commercial activity — roads, buildings, logging, drilling — in areas designated as wilderness, the highest level of protection given to any public lands, including the national parks. Congress has designated roughly 106 million acres as permanent wilderness, more than half of it in Alaska.

Measured against this number, the latest designations may seem like small change. Yet they reflect rare moments of bipartisan cooperation at a time when Congress seems polarized on just about everything, not least conservation issues. They also reflect well on local groups that have worked long and hard to find common ground between environmentalists and commercial interests. And while Mr. Bush seems as determined as ever to open up chunks of the public estate to commerce, especially for oil and gas drilling, like other presidents before him he finds it impossible to resist grass-roots ideas that have been so thoroughly debated in advance.

This is not to say that all wilderness bills are free of low motives and commercial intent. One particularly distasteful example is a bill introduced by Senator Robert Bennett and Representative Jim Matheson of Utah. It would sell off 40 square miles of federal land to private developers in Washington County, the fifth-fastest-growing county in the country and already something of a monument to suburban sprawl and strip development. In exchange, it offers wilderness protection to about 220,000 acres.

Wilderness bills often involve land swaps — small amounts of land for commercial purposes in exchange for lots more permanent wilderness — and the Utah deal would seem to fit the pattern. It doesn't. First, about half the proposed wilderness is already protected. Second, some of the proceeds would go not for local conservation projects but for off-road vehicle trails and, most alarming, for a 120-mile pipeline to draw water from Lake Powell, which is already stressed by undisciplined development. Third, there has been little public input. Finally, there appears to be plenty of private land available to satisfy the county's insatiable needs.

This is, in short, a raid on national resources aimed at helping private developers. It is the worst sort of Congressional earmarking. And it gives true wilderness bills a reputation they do not deserve.

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FBI/DEA/ATF/USMS:

Drug Agency Probing Sacramento Fire's Missing Morphine (AP)

AP, September 3, 2006

The federal Drug Enforcement Administration is probing the theft of morphine carried on Sacramento Fire Department engines after several vials of the narcotic painkiller were discovered with broken seals.

The criminal investigation by the DEA and Sacramento police adds to a probe by the department's professional standards unit, the county's emergency medical services director, Dr. Steve Tharratt, said Friday.

Tharratt oversees emergency medical issues for the county and its fire departments. He ordered the department to remove the morphine from fire trucks Thursday, though the tampering was discovered during an audit of the emergency medical services division several months ago.

Preliminary laboratory tests show some morphine was removed from the vials, Tharratt said. The department said the tampering involved several vials carried by several different fire engines.

Morphine now is being carried in locked containers in ambulances, said fire department spokesman Capt. James Doucette.

The department has 325 paramedics licensed to administer morphine, and tries to have one paramedic on each fire truck in case the truck arrives before an ambulance.

The investigation is the latest in a series of problems at the department in recent years, including a 2005 episode which resulted in four firefighters being suspended for engaging in group sex at a fire station.

Probe Widens In Firetruck Drug Thefts Who Took Morphine From Sealed Vials? Feds Are Called In To Help. (SACBEE)

The Sacramento Bee, September 2, 2006

The U.S. Drug Enforcement Administration has been called in to help investigate the theft of morphine from sealed vials on several Sacramento Fire Department engines, the county's emergency medical services director said Friday.

Dr. Steve Tharratt, who oversees emergency medical issues for the county and its fire departments, said the criminal investigation by Sacramento city police and the DEA is in addition to the Fire Department's internal probe into the missing drugs.

"I made my decision based on my assessment of the facts, which points to an apparent diversion (of the morphine)," Tharratt said. "My top priority is patient safety and paramedic safety."

Authorities have not identified any suspects and say they do not know whether the thefts were committed by a paramedic, firefighter or someone else, said Fire Department spokesman Capt. James Doucette.

The department has 325 paramedics licensed by the state to administer morphine to victims, he added. The department aims to have one paramedic aboard each engine or truck, generally in case the truck arrives before an ambulance.

The vial tampering was discovered several months ago during a routine inspection, but not made public by the Fire Department until Thursday night -- after Tharratt ordered all morphine vials removed from fire engines and trucks.

The liquid remaining in the vials with broken seals was sent for laboratory testing.

"Though not all the lab tests are completed, the results we have back show … the medication in them has been taken out," Doucette said. "Who took it out or why, we don't know."

Authorities were tight-lipped about the investigation, saying only that it involves multiple vials and several engines. They would not say how many stations were involved or what was found inside the unsealed vials.

Tharratt did say that officials have found no instance where a suffering patient was given an injection of something other than morphine.

The order to remove morphine from the fire engines and ladder trucks does not affect city-operated ambulances, where morphine and other painkillers are stored in locked boxes.

On firetrucks and engines, the narcotics were kept inside pouch-sized kits in what Doucette described as a sealed duffel bag of emergency supplies.

In a memo Friday to Sacramento Fire Department paramedics, Tharratt said he has launched a study to draft tighter controls for the powerful painkiller.

Even the possibility that the department has a drug addict in its ranks is frightening, according to Doucette.

"If in fact we do have an employee doing this -- we have an employee who has the disease of addiction," he said. "We want to help that person."

Chief Julius "Joe" Cherry was on vacation and unavailable for comment.

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Chief Don Mette of the Sacramento Metropolitan Fire District, a sister fire agency that covers several area counties, said his officials have had no similar thefts, which he attributed to strict internal controls.

The Sacramento Fire Department uses about 550 milligrams of morphine for patients a month, according to Tharratt. The drug is kept in small, 10-milligram vials and administered in doses of 2 to 4 milligrams, he said. It is used to treat people suffering from massive chest pain or heart attacks, severe burns and major trauma from accident injuries.

Tharratt said "it is not uncommon for a paramedic on an engine or truck to not use any morphine for patients for weeks at a time." That's because ambulances usually beat engines and trucks to accident scenes, he said.

Several paramedics have made headlines in California and across the country this year after getting caught stealing morphine. But Jerry Johnston, president-elect of the National Association of Emergency Technicians, a 22,000-member group that includes 10,000 paramedics, said there is no widespread abuse.

"I don't see a huge issue here," Johnston said. "As long as you have a system of checks and balances in place, you shouldn't have any problems."

In April, court documents show a California judge sentenced Richard R. Rolston, a former paramedic chief in Big Bear Lake, about 75 miles east of Riverside, to 16 months in jail after Rolston admitted stealing 358 vials of morphine and replacing the drug with water.

That same month, Jason Greulich, a rookie paramedic in Wake County, North Carolina, was arrested by Raleigh police and charged with stealing morphine from 17 vials in ambulances and replacing it with saline. News reports indicate his case is pending.

In June, a grand jury in Collin County, Texas, chose not to indict Mark R. Hemphill, 28, a former paramedic from the McKinney Fire Department, even after he admitted to tampering with and stealing the contents of 49 morphine vials for personal use.

Texas Sees Spike In Demand For Stronger Meth From Mexico (AAS)

Austin American-Statesman, September 3, 2006

WASHINGTON — As the heyday of basement and backyard methamphetamine labs appears to be in decline, Texas police and narcotics officials say demand for the drug is growing stronger, in part because of greater smuggling efforts by Mexican drug traffickers.

The number of clandestine meth labs in Texas has dropped significantly since last year. At the same time, seizures of meth produced in Mexican "superlabs" have skyrocketed.

Last year, Drug Enforcement Administration branches in Texas seized 970.9 kilograms (2,140 pounds) of meth, 44 percent more than the amount seized in 2004.

And in the first quarter of this fiscal year, the Texas Department of Public Safety seized 150 percent more meth than it did during the same period last year, said Pat O'Burke, deputy commissioner of the narcotics division at DPS.

Nearly all of these seizures have involved Mexican "ice," a smokable form of meth that is more pure and more addictive than the crystal meth of previous decades.

"If you were to go back 18 months ago, we were finding more than 100 labs in a month. Now it's about four or five per month," O'Burke said.

With fewer local labs to bust, law enforcement officers are going back to basics: investigating drug-trafficking rings and reverting to traditional techniques to combat Texas' meth problem.

About 80 percent of the nation's meth supply originates in Mexico, according to the DEA. Mexican news reports have noted a high presence of meth superlabs in the southern half of the Baja Peninsula and in the central western states of Michoacan, Jalisco and Sinaloa.

Mexico's federal police have dismantled 130 labs since 2000 (compared with 92,000 lab busts in the United States during roughly the same period).

Texas is a primary corridor for the spread of meth from Mexico to the Midwest and parts of the East Coast.

And Austin, with Interstate 35 running through it, has been noted by the DEA as a major point on a north-south shipment route for many drugs, including meth.

Mexican meth shipments also are entering via California, Arizona and New Mexico, the DEA said.

Tom Vinger, a Texas DPS spokesman, said the police need to view any interstate in Texas as a major drug corridor.

"The truth of the matter is that everybody knows there's a lot that gets through," Vinger said, "but that is not to say that the amounts we seize are insignificant."

'Sudafed ban' effects

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State restrictions on the purchase of cold medicines containing ephedrine or pseudoephedrine — core chemicals used in the production of meth — have made it difficult for small meth operations to thrive in Texas.

Passed in August 2005, the Texas law limits each customer to 6 grams, or about two packages, of cold pills each month.

Retailers are required to keep cold and cough medicines behind the counter and record the names of customers who buy them. The records are kept for two years after the purchase date.

So far, 39 states have enacted similar legislation. Other states with the restriction, including Oklahoma and California, also have seen a decrease in the number of local meth labs but an increase in meth seizures and arrests.

This month, a federal law puts all medicines containing pseudoephedrine behind drugstore counters. The law is part of the latest renewal of the USA Patriot Act and will make retailers enforce monthly buying limits and require customers to show identification.

Low-budget meth users aiming to skirt the law are more likely to make heavy ephedrine purchases from Internet pharmacies, O'Burke said.

About a year ago, a team of officers from the Austin Police Department began posing as online drug buyers to ferret out Internet pharmacies that did not comply with the law, said Lt. Max Westbrook of the Austin Police Department's organized crime division.

"The intensity of this segment is pretty brazen," Westbrook said.

Cooperative efforts

U.S. officials say they are working more closely with their Mexican counterparts to stop the Mexican cartels.

The U.S. State Department is funding the training of a 1,000-person Mexican police squad to deal solely with meth trafficking. In May, Mexican Attorney General Daniel Cabeza de Vaca announced strategies to stop the shipment of precursor chemicals into Mexican ports, starting with the Port of Manzanillo on the Pacific coast.

The DEA has eight offices in Mexico staffed by liaisons who transfer information from Mexican authorities to their American counterparts.

Mexico is making strides toward stopping the illegal shipment of precursor chemicals for meth, resulting in a more than 40 percent drop in legal imports of ephedrine and pseudoephedrine in the past two years. Mexican law now requires importers to transport such precursor chemicals in escorted armed vehicles.

And starting next year, Mexicans will need a prescription for cough medicines that contain pseudoephedrine.

Corruption in Mexico, where the power of drug cartels frequently overwhelms the criminal justice system, is a concern. Mexican trafficking of heroin, cocaine, marijuana, meth and other drugs reportedly generates as much as $10 billion a year.

The State Department has said that the United States' relationship with President Vicente Fox is much better than with past Mexican administrations.

And the Mexican justice system has increased the number of extraditions and prison terms for drug felons. In 2005, the Mexican government extradited a record 41 fugitives to the United States and expelled or deported an additional 146 criminals.

"The Mexican government as an institution does not condone corruption," said DEA special agent Steve Robertson, who spent 14 years working with various DEA branches in Texas. "At the end of the day, we have to respect each other because we're in the same line of work. We're both very aware of the effects of drugs in our communities."

Researchers weigh in

Studies released this summer have portrayed contradictory messages on meth's impact in the United States.

In a telephone survey of 500 sheriffs from 44 states, 48 percent said meth was their top drug problem. The survey was released July 18 by the National Association of Counties.

But another study released in June reported that the nation's meth "crisis" has been grossly mischaracterized when compared to cocaine and marijuana use. The study by the Sentencing Project, a nonprofit advocacy group that researches criminal justice policy issues, said meth is actually among the least commonly used drugs and that only 0.2 percent of Americans are regular meth users.

University of Texas professor Jane Maxwell, who has researched drug trends for 30 years, said the Sentencing Project's study uses only household reported data, which can exclude people who are single, homeless, in the military or in prison.

"They've used indicators that tend to underreport drug use," Maxwell said.

Today, with 26 million addicts worldwide, meth has been deemed the most abused hard drug by the U.N. World Drug Report. The United Nations also reports that the number of meth addicts has grown so fast that it now equals the combined number of cocaine and heroin users.

The United States is home to about 1.4 million users, while the highest concentration of addicts is in Southeast and East Asia.

The price of 'ice'

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Street prices per ounce for 'ice' meth in Texas:
City Price
Austin $500-$1,000
Dallas $1,400
Fort Worth $800-$1,000
Houston $700-$1,200
Lubbock $1,200
McAllen $900
San Antonio $1,000-$1,500
Tyler $950-$1,250
Sources: Drug Enforcement Administration, UT Addiction Research Institute
Methamphetamine trends in Texas
Year Kilograms meth seized Percent change Meth lab busts Percent change
2005 970.9 +44 percent 269 –40.5 percent
2004 673.5 +17 percent 452 +0.67 percent
2003 577.1 +340 percent 449 –19.1 percent
Source: Drug Enforcement Administration
The cost of methamphetamine
Street prices per pound for methamphetamine in Texas:
City Price per pound meth
Austin $6,000-$10,000 domestic
Fort Worth $4,500-$10,000 Mexican
Houston $8,000-$15,000 Mexican
Laredo $4,500-$5,500 domestic
Lubbock $7,000-$8,000 Mexican
McAllen $7,000 Mexican
San Antonio $6,000-$8,000 domestic, $8,000-$12,000 Mexican
Tyler $6,000-$7,000 domestic
Sources: Drug Enforcement Administration, UT Addiction Research Institute

Border Patrol At Top Nationally In Detainments, Seizures (BH)

Brownsville Herald, September 3, 2006

September 3, 2006 - Personnel, technology, intelligence analysis and the National Guard have allowed the Border Patrol in the Rio Grande Valley sector to improve upon itself since last year, officials said.

The Valley sector continues to lead the nation in other than Mexican (OTM) immigrant detainments and cocaine seizures, according to federal officials.

“Everything that we have is very dynamic,” said Mario Villarreal, assistant chief patrol agent for the Valley sector. He stressed the combined use of resources as the cause for positive changes here, adding that the improvements have not escaped the notice of major decision makers.

Department of Homeland Security Secretary Michael Chertoff, President Bush, the Border Patrol chief David Aguilar, as well as Customs and Border Protection Commissioner W. Ralph Basham have all come to the Valley in recent months, testifying to the importance of the work done locally by the Border Patrol, Villarreal said.

As of August 2005, the number of apprehensions had decreased by 15 percent. Historically, the Valley sector has led the nation in arrests of OTM immigrants, which also has decreased since by 30 percent, according to the agency.

To date, the sector leads the nation in confiscating cocaine and is second in marijuana seizures. To date this fiscal year, agents in the sector have confiscated 218,000 pounds of marijuana and 6,200 pounds of cocaine, according to the Border Patrol.

An increase in drug seizures is in part due to better law enforcement in the Valley, said Will Glaspy, spokesman for the Drug Enforcement Administration.

"There’s no doubt that law enforcement is working better and smarter today, and there is more intelli-gence sharing going on between the various agencies in the Rio Grande Valley,” Glaspy said. “I would attribute some of the drug seizures to that.”

Most drugs are intercepted at the Falfurrias and Sarita federal checkpoints, Villarreal said, adding that the Valley’s Border Patrol staff boasts some of the best dog handlers in the country.

“We have the most productive Border Patrol checkpoints in the country,” he said.

Villarreal stressed intelligence analysis as crucial to the agency's success here.

With help from the border intelligence center, where information taken from the field is continuously analyzed, managers can deploy resources daily or hourly based on recent intelligence. Understanding the various tactics that smugglers use means that agents are better able to do their job.

Another factor is the National Guard troops, who were deployed to the Valley in mid-June. The troops have freed-up more than 70 agents from administrative duties and allowed them back into the field, Villarreal added.

New technology, such as aircraft and surveillance, also has allowed the Patrol to improve its monitor-ing of the border, according to the agency.

Compared with last fiscal year, OTM arrests in August were down by 72 percent compared to this time last year, Villarreal said.

Villarreal suggested that the combined work of the Patrol and ICE has acted as a deterrent for would-be immigrants, echoing thousands of miles away in their home countries.

The decrease is due to the agency's work, as well as a strong partnership with Immigration and Cus-toms Enforcement. Together, the agencies announced the end to "catch and release," meaning that 99 percent of OTMs are now detained until they are deported.

Colombian Warlord's Body Found In Grave (AP)

AP, September 5, 2006

BOGOTA, Colombia (AP) -- Carlos Castano, a founder of Colombia's brutal far-right militias, has died, officials confirmed Monday. He was 39.

Mario Iguaran, Colombia's chief federal prosecutor, said that a skeleton unearthed from a shallow grave was that of Castano, who had muscled his way to the top of a shadowy, drug-financed underworld to become one of the nation's most powerful and feared men.

"The federal prosecution has the full identification that this is Castano," he said, pointing to a 99.99 percent match between Castano's DNA and that of the skeleton.

A militia gunman who confessed to killing Castano in April 2004 led investigators on Friday to a shallow grave where he said he had buried the warlord.

The confirmation puts to rest a mystery that has haunted Colombia. Even as suspicions were rife that he was killed by his comrades, leading paramilitaries insisted he had simply disappeared, suggesting he had moved to the United States, where he was wanted on drug charges.

Colombia's chief prosecutor has accused Carlos's older brother, Vicente, of ordering the killing, saying he feared Carlos was planning to provide evidence of Vicente's drug trafficking in exchange for leniency as he negotiated his surrender to U.S. authorities.

Both Vicente and Carlos had been indicted in the United States on cocaine trafficking charges and were wanted for extradition. Vicente, known as the "Professor," remains on the run.

This modern-day tale of Cain and Abel has fascinated the nation, largely because Carlos fell victim to Colombia's vicious civil conflict that he helped inflame.

Like others, Carlos joined Colombia's conflict for revenge.

He was a teenager when rebels of the Revolutionary Armed Forces of Colombia, or FARC, kidnapped his father, a cattle farmer, in 1979. Despite a ransom payment, the rebels killed the family's patriarch, setting Carlos and another brother, Fidel, on a journey of retribution that created the far-right militias known as "paramilitaries."

At the pinnacle of his power in 1997, Carlos united 18 local blocs to form a national umbrella group called the United Self-Defense Forces of Colombia, known as the AUC, which would result in the deaths of thousands of Colombians.

In their early days as paramilitaries, the Castano brothers worked with the Medellin cocaine cartel, then run by Pablo Escobar. They were among a group that later turned on Escobar, helping lead a hunt for the drug lord that ended with his death in 1993 at the hands of police.

Fidel Castano, known as "Rambo," disappeared in 1994. Carlos claimed he was killed in a firefight with rebels. Rumors persist that Fidel staged his own death and fled the country.

Landowners and businesses eagerly funded the AUC, wagering that the vigilante force could protect them from leftist rebels, which the state had failed to do.

Under Carlos' guiding hand, the AUC went on a national offensive in the late 1990s. Thousands suspected of collaborating with rebels were slaughtered as the country's now five-decade civil conflict entered its most vicious phase.

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The AUC targeted human rights workers, journalists and trade unionists. In his book, Carlos detailed how he arranged the assassination of two presidential candidates, leftist politicians and even a television celebrity.

In 2002, an internal war broke out in the AUC, with a renegade commander declaring war on the drug-trafficking faction. His bloc was crushed and the drug-trafficking wing of the paramilitaries took firm control of the group.

Castano, meanwhile, became more marginalized in the organization he had helped found as peace talks started with the government of President Alvaro Uribe.

Recently married to a much younger woman with whom he had a daughter, Castano appeared more devoted to family life than the civil war.

"It's my good fortune to have found a woman who has turned me once again into a young boy, filled with hope," he said in "My Confession."

At the end of his life, he had dozens of investigations pending against him and had been sentenced to more than 100 years in prison for roles in massacres and killings.

With the U.S. extradition warrant also weighing on him, Castano began negotiating with U.S. officials. His comrades feared he would sell them out to save himself which, prosecutors say, is what led to Carlos Castano's death on April 16, 2004.

Once A Progressive State, Minnesota Is Now A Fief Of The N.R.A. (NYT)

By Verlyn Klinkenborg

The New York Times, September 5, 2006

A couple of weeks ago, I checked into a hotel in Bloomington, a Minneapolis suburb framed by the airport and the Mall of America. On the hotel door was a sign: “Firearms Banned on These Premises.” The next day I drove to St. Joseph, an hour west of the Twin Cities, where I saw the same sign. Slowly the logical conclusion sank in. If firearms are banned on these premises, then they must not be banned in other places.

Sure enough, a year ago the State Legislature passed a “concealed carry” law, which means that it’s legal to carry a concealed weapon if you have a permit. So that no one misses the point, the Legislature has also turned Minnesota into what is called a “shall require” state. If you apply for a concealed-weapon permit, the local authorities must grant it to you.

I asked one of the state coalitions opposed to these laws whether it would attack them in the Legislature this year. The answer was no. It is too busy trying to defeat a “shoot first” bill, which would give gun owners the right to fire away instead of trying to avoid a confrontation. The way I see it, Minnesota is only one step away from requiring every citizen to carry a gun and use it when provoked.

There are some other twists to these laws. A person carrying a concealed weapon cannot be banned from a public building, even if it’s a library full of kids. Churches have succeeded in keeping guns out of the pews, but they’re having to fight another court battle to keep them out of the parking lot. The application for a concealed-weapon permit appears to have been created by people who believe the real threat in carrying a gun is the loss of privacy entailed in filling out the form. Yet it isn’t possible for a member of the public to find out who has received a permit and may, in fact, be packing heat.

This is what I’d expect of Florida, which recently passed a “shoot first” — also called a “shoot the Avon lady” — bill. I’d expect it of Texas too. But Minnesota? I grew up thinking of Minnesota as a socially progressive state. After all, it was home of the D.F.L. — the Democratic Farmer Labor Party — and a place where local control and common sense had strong roots. Like my family in Iowa, Minnesotans were gun owners because they hunted pheasants and rabbits and deer. But then I’m thinking of a time when the leadership of the National Rifle Association resembled a band of merry sportsmen and not the paranoid cabal it is today. Whether this was also a time when a legislator could vote his conscience, and not his gun lobbyist’s orders, I was too young to know.

I grew up hunting and shooting, and I still own two rifles (a .22 and a .270) and two shotguns (a 20-gauge and a 12-gauge, to be specific). When I was young, I expected that I would own guns when I grew up because I enjoyed hunting and I liked the good hunters I knew — as I still do.

But to me, owning guns and knowing how to use them properly was part of a civic bargain. I would leave the police work to the police, and they would leave the squirrel hunting to me. The notion that 38 states would have “concealed carry” laws in 2006 would have seemed insane, a regression to a more primitive idea of who we are.

The N.R.A. would argue that society has changed since those innocent days. But society hasn’t changed nearly as much as the N.R.A. has — or our ideas about the balance of individual and collective rights.

Every concealed weapon, with very few exceptions, is a blow against the public safety. The new gun laws in Minnesota take away local discretion over concealed-weapon permits, and they cost the local authorities plenty too.

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But there's a bigger problem. By focusing so obsessively on an individual's rights — in this case, the purported individual right to bear arms in the library — all other rights are shoved aside. Police departments are forced to grant concealed-weapon permits to individuals who have almost none of the training and certainly none of the restrictions that police officers have.

What's worse, by granting this right to individuals, the law strips the public of its right to occupy public spaces without the threat of being shot. The police are trained to handle guns. The criminals know they're not supposed to have them but find them easy to get, thanks to the N.R.A. Let them fight it out. No one is safer if gun-carrying civilians believe their rights entitle them to pretend they're cops.

Sometimes I think the N.R.A. isn't really about guns at all. It's about making certain that the public — our political and civil society, in other words — has no ability to limit the rights of an individual. That is really what the logic of the "concealed carry" and "shall require" and "shoot first" laws says.

Guns make a perfect test case, because the end result is an armed cohort that is very prickly about its personal rights. The N.R.A. has armed the thousands of Minnesotans who applied for a permit once the "concealed carry" law passed. But it has disarmed the public by making sure that legislators will no longer vote for gun laws that protect the rest of us.

IMMIGRATION:

Immigration Drops Off The Political Calendar (USAT)

By Kathy Kiely

USA Today, September 5, 2006

WASHINGTON — As Congress returns to work this week after a month-long break, little progress is imminent on an issue that leaders of both parties have identified as urgent: illegal immigration.

No meeting has been scheduled for House and Senate negotiators to resolve differences between the two chambers' competing plans for tackling the problem. Both measures include beefed-up border security and penalties for employers who hire illegal immigrants. The Senate bill would offer most of the estimated 12 million illegal immigrants now working in the USA a chance to become citizens; the House bill would not.

A major reason for the lack of action: the Nov. 7 elections. Both the House and Senate plan to recess at the end of the month. Lawmakers' need to campaign will limit the time they have to work on legislation and has made them less willing to compromise.

"So many of the campaigns want to use this as a political football," said Cecilia Muñoz of the National Council of La Raza, a Latino civil rights organization. "You can't do that and legislate seriously."

Sen. Edward Kennedy, D-Mass., an author of the bipartisan Senate bill, said last week that no action is likely unless President Bush, who supports the Senate approach, forces Republican congressional leaders to the negotiating table. "If he wants to put this as a prime issue before the Congress, he can do it; he can influence the Republican leadership," Kennedy said. "This requires presidential attention and leadership. Without it, we're going to have a difficult time."

Many Republican conservatives, led by House Speaker Dennis Hastert, R-Ill., oppose legislation that would provide what they describe as "amnesty" for illegal immigrants. GOP Sens. John Cornyn of Texas and Jon Kyl of Arizona and the conservative Heritage Foundation say the Senate bill would expand the U.S. population — and federal spending — by adding millions of citizens, who then could petition for their relatives to enter the USA.

The White House is signaling that Bush would prefer to put off a showdown with those opponents until after the elections. Bush wants an immigration bill, but "we recognize it will be a heavy lift with such a short legislative period," White House spokeswoman Dana Perino said. "Our aim is to get a good bill that meets the objectives outlined by the president. If that requires more time, we will use it."

La Raza is expressing concern over the tone of the immigration debate. "Campaign ads from both parties are crossing the line," Janet Murguía, president and CEO of the organization, said in a statement last week. Murguía called on leaders of both parties to discourage "inflammatory" rhetoric and campaign tactics that "demonize immigrants and Latinos."

Rep. Mike Pence, R-Ind., echoed that view. "We're talking about real people, the overwhelming majority of whom have just come to this country to work," he said.

Pence is promoting a compromise bill that would allow illegal immigrants to become "guest workers" by leaving the country and applying to re-enter with legal status.

He said Republicans may be making a political mistake by putting off work on immigration until after the election. "Congress has spent the last 18 months telling the American people the immigration system is broken," Pence said. "Without significant progress, there may be a price to pay."

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In a report last month, the non-partisan Congressional Budget Office estimated that the Senate immigration bill would increase federal spending $126 billion over the next 10 years. The largest cost, $24.5 billion, would be tax credits for low-income workers who would become legal under the legislation. An earlier CBO estimate pegged the cost of the House bill at $1.9 billion over the next five years.

Supporters of the Senate legislation say there will be social and financial benefits from granting legal status to a large population of underground workers and from permitting more foreigners to work legally. Some leading Republicans, such as Sens. John McCain of Arizona and Sam Brownback of Kansas, hold this view, as do Republican-leaning business organizations such as the U.S. Chamber of Commerce.

G.O.P. Sets Aside Work On Immigration (NYT)

By Carl Hulse And Rachel L. Swarns

The New York Times, September 5, 2006

WASHINGTON, Sept. 4 — As they prepare for a critical pre-election legislative stretch, Congressional Republican leaders have all but abandoned a broad overhaul of immigration laws and instead will concentrate on national security issues they believe play to their political strength.

With Congress reconvening Tuesday after an August break, Republicans in the House and Senate say they will focus on Pentagon and domestic security spending bills, port security legislation and measures that would authorize the administration's terror surveillance program and create military tribunals to try terror suspects.

"We Republicans believe that we have no choice in the war against terror and the only way to do it is to continue to take them head-on whether it is in Iraq or elsewhere," said Representative John A. Boehner of Ohio, the majority leader.

A final decision on what do about immigration policy awaits a meeting this week of senior Republicans. But key lawmakers and aides who set the Congressional agenda say they now believe it would be politically risky to try to advance an immigration measure that would showcase party divisions and need to be completed in the 19 days Congress is scheduled to meet before breaking for the election.

President Bush had made comprehensive changes in immigration laws a priority, even making the issue the subject of a prime-time address, but House Republicans have been determined not to move ahead with any legislation that could be construed as amnesty for anyone who entered the country illegally. They held hearings around the country in recent weeks to contrast their enforcement-only bill with a Senate measure that could lead to citizenship for some.

"I don't see how you bridge that divide between us and the Senate," said Representative Peter T. King, Republican of New York and chairman of the Homeland Security Committee. "I don't see it happening. I really don't."

Democrats say they are not surprised by the immigration impasse and believe some Republicans would prefer to keep the issue alive to stir conservative voters rather than reach a legislative solution.

They plan to highlight the collapse of immigration legislation sought by Mr. Bush and the likelihood that Congress will not meet an Oct. 1 deadline to pass most required spending bills as evidence that Republicans have lost sight of the concerns of average Americans. The Democrats are also intensifying calls for the dismissal of Defense Secretary Donald H. Rumsfeld.

"Every day, people around the country recognize that this is a failed administration," said Senator Harry Reid of Nevada, the Democratic leader. "If Republicans want to spend the whole month on nothing that is relevant to the American people, we are happy to do that."

With Democrats poised to pick up seats in the House and Senate and Republicans determined to hang on to their majorities for the final two years of the Bush administration, the next few weeks promise to be highly combative, particularly after the August primaries made it clear that voters are not in a forgiving mood.

In a draft of a planning memorandum to be circulated to Republican senators, Senator Bill Frist of Tennessee, who is entering his last months as majority leader, said, "I expect minority obstructionism to be at an all-time high." Republicans are already preparing for a post-election session to begin Nov. 13 and run at least up to Thanksgiving.

Mr. Frist laid out an ambitious agenda, including a vote on John Bolton's renomination to be ambassador to the United Nations. But his memorandum did not even mention immigration. In an appearance in Iowa last week, Mr. Frist said broad legislation addressing what to do about millions of illegal immigrants already in the United States might have to await the next Congress.

Staff members from the Senate and House Judiciary Committees met last week to try to find some basis for common ground on the fate of the illegal population, but one participant said they made no progress.

Representative Mike Pence, the leader of the House conservative caucus and a proponent of an immigration compromise proposal that has attracted some White House interest, said he was also doubtful that legislation would reach Mr. Bush's desk before the elections.

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"Anything's possible," said Mr. Pence, Republican of Indiana, "but that's probably not likely."

Lawmakers of both parties who helped shape the Senate measure insisted that consensus was still within reach, even on the more difficult immigration issues, and immigrant advocacy groups are planning a series of marches this week to prod lawmakers to take action. Some Republicans warned that their party could suffer politically if it falls short.

"If there's not legislation with Republicans in charge," said Senator Arlen Specter of Pennsylvania, chairman of the Judiciary Committee, "there's going to be blame here, and justifiable blame, if we do not produce a bill."

Two other senators who played a leading role in writing the Senate bill, John McCain, Republican of Arizona, and Edward M. Kennedy, Democrat of Massachusetts, intend to urge Mr. Bush to bring lawmakers to the White House to broker a resolution.

"We can get the job done, but it's going to require presidential leadership," Mr. Kennedy said.

With the immigration measure seemingly stalled, Republicans say they will put most of their time and energy into security-oriented measures to drive home a theme that has served them well in the last two elections — that they are better equipped to thwart terrorism than are Democrats.

"They'll wave the white flag in the war on terror," Senator Mitch McConnell of Kentucky, the No. 2 Republican in the Senate, said Sunday of the Democrats on the CBS News program "Face the Nation."

But Democrats believe that voters will not be easily persuaded by the Republican push on national security and that the public increasingly sees the Iraq war as an impediment to the war on terror.

In a letter to Mr. Bush on Monday, the Democratic leaders of the House and Senate urged him to begin pulling American troops out of Iraq this year.

"Mr. President, staying the course in Iraq has not worked and continues to divert resources and attention from the war on terrorism that should be the nation's top security priority," said the letter signed by Mr. Reid and Representative Nancy Pelosi of California, the Democratic leader, as well as the senior Democrats on relevant committees.

The Democrats also urged Mr. Bush to fire Mr. Rumsfeld, and they intend to try to force no-confidence votes in coming days that could put Republicans on the spot, given statements by some in the party that Mr. Rumsfeld should resign. But the leadership remains supportive.

"I doubt there is any other American who could have done a better job over the last five years," Mr. Boehner said of the defense secretary.

Since they will not finish the spending bills on time, Republican leaders will have to push through a stopgap measure to keep the government running through the election. But Republicans do hope to advance some nonsecurity measures. The major legislation on the floor in the House this week is a bill that would ban trading in horses to be slaughtered for human consumption.

Rallies Fail To Energize Hispanic Turnout (WT/AP)

The Washington Times, September 5, 2006

LOS ANGELES (AP) -- Immigration protests that drew hundreds of thousands of flag-waving demonstrators to the nation's streets in the spring promised a potent political legacy -- a surge of new Hispanic voters.

"Today we march, tomorrow we vote," they proclaimed.

But an Associated Press review of voter registration figures from Chicago, Denver, Houston, Atlanta and other major urban areas that had large rallies found no sign of a new voter boom that could sway elections. There was a rise in Los Angeles, where 500,000 protested in March, but it was more of a trickle than a torrent.

Protest organizers -- principally unions, Hispanic advocacy groups and the Catholic Church -- acknowledge it has been hard to translate street activism into voting clout, though they insist they can reach their goal of 1 million new voters by 2008.

"I was anticipating a huge jump in registration. I didn't see it," said Jess Cervantes, a veteran California political operative whose company analyzes Hispanic voting trends. "When you have an emotional response, it takes time to evolve."

It's impossible to count exactly how many new registrants were inspired by the demonstrations because counties typically don't ask for race or ethnicity.

New registrations were up this year compared with last year, but they were well below the numbers in 2004, and the increase is no surprise at a time when Democrats and Republicans are struggling for control of Congress. Even without that factor, the numbers don't indicate the watershed awakening advocates had envisioned.

Hispanic voters are a pivotal voting bloc, especially with their numbers projected to continually grow. But, they have long voted in numbers far below their share of the population, in part because many are younger than 18 or not U.S. citizens. A study by the Pew Hispanic Center found that while Hispanics accounted for half the nation's population growth between the 2000 and 2004 elections, they represented only one-tenth of the increase in votes cast.

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The lack of political experience helps explain why the flow of new registrations has been halting. Some activists acknowledge that their groups have yet to master the nuances of voter registration drives -- typically a face-to-face task more complex than mobilizing a march. Others complain that political parties with the most to gain haven't financed registration efforts.

"Until the money is spent, 'Today we march, tomorrow we vote' will always just be a slogan," said Nativo Lopez, president of the California-based Mexican-American Political Association. "A million new registrations would cost about $10 million. Is anybody willing to pay that? I haven't seen it."

The AP reviewed new registration numbers over several years in metropolitan areas that include Los Angeles, San Francisco and San Jose, Calif.; Phoenix and Tucson, Ariz.; Dallas and Houston; Chicago; Atlanta; Denver; and Jacksonville and St. Petersburg, Fla. The time frames included January-through-July periods dating to 2004 and periods before statewide elections, when registration efforts are most intense.

The data provide a wide-angle look at new registrations, but do have limitations. Any significant shift in registrations overall would stand out, but voters are not specifically identified by race or ethnicity. As a result, an increase in new registrations in Los Angeles County in the 100 days before this June's primary compared with the months before two prior statewide elections cannot be attributed exclusively to new Hispanic voters, despite extensive registration efforts here.

Gains in new registrations were highest in 2004, when political parties spent lavishly to enroll new voters ahead of the presidential election. New registrations increased in virtually every city from 2005 to 2006 -- but that would be expected because of congressional primaries and elections. The 2006 numbers were below the 2004 numbers in every city.

In Chicago and surrounding Cook County, registrations in the first seven months this year jumped about a third over 2005 but were far below the same period in 2004.

Immigrant-rights Supporters Rally Outside Hastert's Home Office (CHIT)

By Sara Olkon

Chicago Tribune, September 5, 2006

Passion filled six blocks of Batavia on Monday as approximately 2,000 immigrant rights activists rallied near the home office of U.S. House Speaker Dennis Hastert.

"Yes we can!" a jubilant crowd cried in Spanish. "We are America!"

Hundreds of marchers held up white wooden crosses symbolizing Mexicans who have died trying to cross the border into the United States.

For this pro-immigration force, the afternoon marked the end of a four-day, 45-mile walk that started in Chicago's Chinatown Square and spanned the city's western suburbs. About 250 marchers walked the entire distance. Others showed up at one or more of the neighborhood rallies in Chicago's Little Village neighborhood or in Cicero, Melrose Park, Villa Park and West Chicago.

The group wants Hastert, a Republican, to offer legalization for the nation's 11 million to 12 million illegal immigrants and to put a moratorium on raids and deportations by the U.S. Department of Homeland Security.

Organizers also have planned a town hall meeting for Tuesday morning at a nearby church.

"There should be some ways for [illegal immigrants] to become legal," said Esther Wong, executive director of the Chinese American Service League. "They just want a better life."

Also on hand Monday were about 150 counter-protesters, including members of the Chicago Minuteman Project.

Police kept a buffer zone in place to keep the groups apart. At least 50 armed police officers, some from other jurisdictions, stood watch with batons and police helmets at the ready. There were no reports of violence as of Monday evening.

Emotion and name-calling were plentiful.

Counter-protesters repeatedly yelled "Go home" and "March to Mexico" as the immigration march made its way down Wilson Street.

"Do you need a translation?" truck driver Paul Klein, 51, of Des Plaines screamed out. "Illegal is a crime."

Over the din of clashing agendas, marchers played the civil rights song "We Shall Overcome" over a loudspeaker.

For Batavia resident Jeff Patterson, the demonstration was unwelcome.

"I can't even park in front of my house," said Patterson, 60, a part-time school bus driver.

It turned out that the inconvenience only compounded existing anger. He said he lost his job doing heavy maintenance to undocumented workers.

"They are thumbing their noses at our laws," Patterson said.

Maria Jefferson said she would no longer drink Miller Lite, her beer of choice, after learning that the brewer sponsored the march with more than $30,000.

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"I'm switching to Budweiser," said the Braidwood woman, who runs a day-care service out of her home. She held up a sign encouraging "the legal American consumer" to boycott Miller products.

Saul Morquecho, a father of four who lives in Gage Park, had a different view. The construction worker walked all 45 miles to show his support.

"This is a call from my heart," said the 35-year-old native of Tijuana, Mexico. "Physically, I am tired, but spiritually I can feel a strong power here."

Josh Hoyt, executive director of the Illinois Coalition for Immigrant and Refugee Rights, deemed the four-day demonstration a success.

"We had no idea how hard it would be logistically [or] how the reception would be," he said. "By and large, [people] honked, waved and cheered."

As they marched into Batavia this morning, he said, the marchers were greeted with plates of fried chicken and watermelon.

Hastert did not meet with the marchers during the two-hour rally. But in a statement broadcast on CLTV on Monday, Hastert reiterated his commitment to border security.

"What we need to do is stop the flow of a million illegal aliens across the border every year," he said. "Our border is bleeding to death and we need to stop the bleeding."

Rallies Sound The Drumbeat On Immigration (NYT)

By Shia Kapos And Paul Giblin

The New York Times, September 5, 2006

BATAVIA, Ill., Sept. 4 — Spirited groups of immigrant rights supporters rallied in Illinois and Arizona on Monday in marches intended to keep the drumbeat going for changes in immigration law.

In both places, counterdemonstrators heckled from the sidelines and called on the federal government to enforce its border laws.

Organizers of a rally in Phoenix, outside Arizona's copper-domed Capitol, estimated their numbers at 4,000, though the police said the event drew about 1,000 people.

In Batavia, a flag-waving crowd, estimated by the police at about 2,500, chanted "Sí, se puede" — "Yes, we can" — and converged on the district office of Speaker J. Dennis Hastert. In a counterrally sponsored by the Chicago Minuteman Project, some 200 men, women and a few children jeered the larger crowd.

Neither Mr. Hastert nor his staff was on hand, and he could not be reached for comment.

Organizers hoped to pressure Mr. Hastert to push legislation favorable to immigrants through Congress.

"We're here because we need to keep this issue alive," said Jorge Mujica, 50, a Mexican immigrant who helped organize the rally and who lives in Berwyn, Ill.

"We want to show that we didn't disappear after May 1," Mr. Mujica said, referring to the hundreds of thousands who demonstrated nationwide that day on the issue. "We're still marching. We're not going away."

Alfredo Gutierrez, at the rally in Phoenix, said that he was disappointed it had not attracted more marchers but that he thought the debate had changed in recent months. Immigrant rights activists who were initially so optimistic have begun to lose hope, he said.

"That feeling that something would be accomplished has diminished almost daily with every report of every negative thing that goes on with Congress," Mr. Gutierrez said.

The Arizona chapter of the Association of Community Organizations for Reform Now set up three tents, at which volunteers registered people to vote and distributed postcards urging members of Arizona's Congressional delegation to support a path for citizenship for illegal immigrants. Counterprotesters gathered behind the main stage and shouted at the crowd, but security personnel and the police generally kept the sides apart.

Fran Garrett, a volunteer with the anti-immigration group United for a Sovereign America, based in Phoenix, said she was fed up with the authorities who refused to arrest and deport illegal immigrants.

"They try to get the message out that they're here to do jobs and all that," Ms. Garrett said. "That's not true. They are here to take over eight states of the United States, and they are going to do it by sheer numbers alone, when they get enough people where they are the majority in a state."

In Batavia, 30 Chinese-Americans joined the mostly Latino crowd. One of them, Man Li Wu, said through an interpreter that she had a daughter in China who had tried for eight years to enter the United States.

"I'm 70 and I don't know how long I'll be able to wait," she said. "I want to see my grandchildren." Members of the Chicago Minutemen say that living in the United States is a privilege and should not be an easy process.

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"Immigration laws aren't broken," said Evert Evertsen, 61, from Harvard, Ill. "The problem is they're just not being enforced."

Immigrant Advocates Rally For Change In Ariz. (USAT)

By Elvia Díaz

USA Today, September 5, 2006

Immigrant advocates gathered at the Arizona Capitol on Monday to demand changes in immigration law and encourage Latinos to register to vote.

Wearing white T-shirts, symbolizing peace, and waving American flags, the protesters said their goal is to mobilize Latinos.

"I'm here to support the Hispanics, to push Congress to … pass immigration reform," said Alfredo Vega, a 38-year-old legal resident from Tolleson, Ariz., who attended the rally with his wife and three children. "Hispanic people are very, very hard workers. We're not terrorists. We're not criminals."

Monday's rally at the Arizona state Capitol is one of several immigrant rights events taking place this week in cities across the country, including Los Angeles and Chicago.

The main goal is to press Congress to pass immigration legislation that includes a path to citizenship for many of the 12 million undocumented immigrants in the country, half a million of them in Arizona.

Organizers of the Arizona rally said they weren't expecting a crowd as large as the one on April 10, when at least 100,000 marchers packed 2 miles of streets.

Monday's low turnout was disappointing, said Alfredo Gutierrez, a former state legislator and one of the organizers. He estimated 3,000 gathered for the rally; the police estimate the turnout at 1,000 to 1,500.

About 50 protesters confronted immigrant advocates telling them to go back to Mexico. Carl Johnson, 45, an engineer from Mesa and member of the Minuteman Project, said he attended the rally because he opposes giving legal status to people who are in the country illegally.

Graham Poses For GQ, Or Does He? (RC)

By Mary Ann Akers

Roll Call, September 5, 2006

If you picked up the latest issue of GQ magazine, the one with Clive Owen on the cover, you must have been as perplexed as we were to see a smiling Sen. Lindsey Graham (R-S.C.) posing crossed-legged in undies and a T-shirt on the top of a military bunk bed. What was he thinking? We wondered.

The next photo in the spread, which accompanies an in-depth profile of the Senator, depicts Graham with a goofy smile rowing a johnboat through a gloomy, flooded backcountry with his 65-pound beer gut hanging over his pants. Wait ... beer gut? And that's when you realize: These photos were doctored.

And we can't say the magazine really tried to hide it. On the side of the page containing the first photo, for example, near the binding, GQ credits Corbis for the photo of Graham. Sort of. It actually credits Corbis for everything below the neck. The "Graham head," according to the photo credit, comes from KRT photos. The full caption reads: "Johnny Buzzerio/Corbis. Graham Head: KRT/Newscom."

If you're still confused at that point, the third photo in the spread clinches the Photoshop theory. It's of Graham wearing a suit, sitting on the floor against the wall of what looks to be a federal building looking fat and dorky with his briefcase open and papers spilling out. His head is far too small for the body he's been given in this photo. Again, the "Graham head" is credited to KRT.

Inexplicably, the spoofy photos of Graham accompany a serious piece of journalism that has no tone of irony or humor whatsoever, save for the occasional funny aside about his poor sartorial taste and cooking skills, and one the Graham camp generally was pleased with. (Though we're not sure how they liked the fleeting reference to the mystery of Graham's bachelorhood.)

Equally as odd, some of the photos that accompany the lengthy piece are real, such as photos of Graham with Sens. Joe Lieberman (D-Conn.) and John McCain (R-Ariz.), Supreme Court Justice Samuel Alito, President Bush and even Sen. Edward Kennedy (D-Mass.).

The story is one thing. The weird Photoshopped pictures, quite another.

"When you figure it out, please let us know," Graham spokesman Kevin Bishop told HOH. "Bizarre is an understatement!" At least Bishop was laughing.

He said folks in South Carolina sure noticed. TV 21, the Fox affiliate in Greenville, did a little story on the doctored photos, Bishop said. "Frankly, we're as confused as they are," he added.

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Bishop said Graham decided not to have his staff call GQ to complain, at least not yet. In fact, Bishop said Graham got a chuckle out of the weirdness. "He did laugh, but he doesn't understand it," the spokesman said.

Asked why the magazine chose to use such unflattering doctored photos to accompany a journalistic profile of a Senator, GQ's editor in chief, Jim Nelson, explained in an e-mail, "Yes, as you suspected, the pics are an affectionate spoof. They are all photo illustrations of one of our favorite senators posed as the loner that his positions so often place him as."

The piece, titled "The Lonely Guy," portrays Graham as a nerdy rock star of sorts in the Senate, a maverick, going it alone, doing it his way, all that jazz.

Graham, as far as we can tell, is being extremely nonchalant about the whole matter.

"He has a thick skin on this type of thing," Bishop said, laughing. "It is what it is. It's done."

Republicans: Down With Miller. It's safe to say House Republicans won't be ordering too many Miller beers anytime soon.

They were downright irate to learn that the Miller Brewing Co. was sponsoring pro-immigration marches across the country this Labor Day weekend. One of the biggest marches, in Chicago, targeted Speaker Dennis Hastert (R-Ill.).

Supporters of illegal immigrants planned to march 45 miles from Chinatown to Hastert's Batavia district office, sponsored and publicized by Miller, according to the Chicago Tribune. The newspaper says the brewer "has paid more than $30,000 for a planning convention, materials and newspaper ads publicizing the event."

This didn't sit so well with the folks in Hastert's office. The Speaker's deputy chief of staff, Mike Stokke, sent out an e-mail Friday afternoon to senior GOP House aides saying:

"As you plan for your Labor Day weekend, please take a look at the following article. If you have illegal immigration marches in your district, you may want to call you [sic] local Miller Brewing Company representative to see if they are sponsoring the march in your district as well."

Translation: You may want to order a Budweiser instead, kids!

Schumer Goes All French on Us. Nobody looked less worried about the November elections over the August recess than Sen. Charles Schumer (D-N.Y.), the man responsible for winning back the Senate for Democrats.

Schumer, chairman of the Democratic Senatorial Campaign Committee, spent nine relaxing days in France with his family. HOH, on vacation herself, ran into the Senator, his wife and two daughters on the street in the Saint-Germain-des-Prés area in Paris.

Schumer couldn't have looked more relaxed with his four-day-old stubble, lollygagging down the street with his wife, Iris, and daughters Jessica, 21, and Allison, 17. The Senator definitely was the lead tourist in the group: He was carrying two guide books, including the green Michelin guide to Paris.

"He always grows a beard when he's on vacation," Schumer spokesman Phil Singer told us.

We wondered if perhaps we'd run into Schumer later at the Rodin Museum ogling August Rodin's most famous statue, "Le Penseur" ("The Thinker"), or at the Jewish Museum, or out on the town. But we never did.

Singer said Schumer told him that he "loved touring the city and walking through the different neighborhoods." And he loved eating crepes — butter with sugar crepes. (Though his daughters preferred Nutella.)

The Schumers also went to Avignon and other villages in Provence. (Totally random: HOH went there, too. But we only spotted Schumer in Paris.)

Did France help calm the nerves of the excitable Senator? "Chuck's as rested as he ever is," Singer said. "And he's clean shaven once again."

We're Just Enforcing The Law (USAT)

USA Today, September 5, 2006

America is a nation of immigrants, but it is also a nation of laws.

When it comes to illegal aliens, some cities have looked the other way. Others have openly welcomed them, establishing "sanctuaries," restricting their police departments and other agencies from even asking about a person's immigration status.

This has led to a culture of entitlement among illegal aliens. Many believe they deserve to remain here. And why shouldn't they, when they've received jobs, health care, educational opportunities for their children and a mostly hands-off approach for decades?

The cities that provide safe harbor to illegal aliens are applauded and termed "progressive" for being open and welcoming, their flagrant flaunting of America's immigration laws seemingly excused.

But cities that take steps to curb the drain of illegal immigration — cities such as Hazleton, Riverside, N.J., and Farmers Branch, Texas — are vilified as racist, backward and mean-spirited.

We are taking the steps we need to — steps we are empowered to take under federal and state law — and we will further enhance our Illegal Immigration Relief Act to make it tougher and more defensible.

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Hazleton's ordinance would work in conjunction with established local law. It would require all city residents who rent property to obtain an occupancy permit from the city. Landlords would need to see only an official occupancy permit before renting to tenants.

City employees — not ordinary citizens — would use resources available through the U.S. Bureau of Immigration and Customs Enforcement (ICE) to verify the legal status of those seeking permits.

Businesses would be required to conduct similar checks. This is not a burdensome requirement — several local companies already use an ICE program to verify the immigration status of their employees.

Four months ago, fear gripped Hazleton. Residents — those who grew up here and those who arrived in recent weeks — were afraid to walk down certain streets and patronize local businesses. Illegal aliens who committed murder, fired a gun into a playground and dealt drugs were responsible for many of those fears.

As mayor, I have a duty to protect all legal citizens of my city.

That is exactly what I am doing.

Congress' Fiddling Leaves Cities Fighting Illegal Immigration (USAT)

USA Today, September 5, 2006

While Congress dithers on immigration reform, America's towns and cities are moving to fill the vacuum, passing draconian ordinances designed to drive illegal immigrants beyond the city limits. The trend is a measure of how powerful the backlash against illegal immigrants is becoming and how much damage is being done by Congress' abject failure to act.

A recent example is Hazleton, Pa., a small, onetime coal-mining city some 90 miles northwest of Philadelphia. Over the past few years, Hazleton became a magnet for Hispanic immigrants fleeing bigger cities in New York and New Jersey. The influx drove up property values and increased business, but a wave of illegal immigrants that came along with legal residents overcrowded schools and hospitals and — says Mayor Lou Barletta — increased crime and devastated neighborhoods.

After two vicious shootings that involved illegal immigrants, Barletta set out to make Hazleton one of the most unwelcoming cities in the country for illegals. The City Council passed an ordinance that says landlords who rent to illegals can be fined $1,000 a day, and that employers who hire them can lose their city business licenses for five years. Hazleton's ordinance was modeled on one passed in San Bernardino, Calif., and Barletta says at least 30 other cities have inquired about it. Advocates for the immigrants are suing, and Barletta says the ordinance will be refined before it goes into effect.

On one hand, it's hard to argue with Barletta's attempt to, in effect, enforce immigration law, since the federal government refuses to do so. Border enforcement is ineffective, and immigrants who enter legally routinely overstay visas with little concern about being caught. Congress knew all of that when it passed the last immigration "reform" in 1996. But it opted for a sham, infuriating those who were promised tighter borders.

On the other hand, the U.S. economy has profited from the willingness of illegal immigrants to work hard for low wages. Now there are an estimated 12 million illegals here, and trying to deport them is impractical, heartless and counterproductive. Many have children who are citizens, and the work the immigrants do is valued. Providing a path to citizenship is smarter if it is coupled with credible enforcement.

But the House, fearing another sham, wants a throw-them-all-out plan. The Senate sees the problem in that, but its enforcement plan is dubious. So cities are left to cope, futilely.

Hazelton's law, for instance, might push the problem out of out of Hazelton but would leave other cities and towns to deal with the fallout. Worse, it seems to have intensified the polarization in Hazleton, creating collateral damage among legal immigrants.

A PBS report, a suit filed against the law and reports in other media all say legal residents have felt the sting of discrimination against all Hispanics since the ordinance was passed. "Everybody would look at us as if we're undocumented immigrants, because there's no way that they can tell if we're documented or not," local business leader Agapito Lopez told PBS. He's right.

Congress returns from a month-long break this week and has barely a month before leaving again to campaign for re-election. There are no signs leaders plan to try to break their stalemate. Too bad. Congress is just passing the buck to cities and towns that are ill-equipped to handle it.

TAX:

Bookie Says IRS Can't Prove He Owes $2.4 Million In Taxes (CLPD)

By John Caniglia, Plain Dealer Reporter

DOJ_NMG_0057239

The Cleveland Plain Dealer, September 4, 2006

A convicted Cleveland bookmaker says the IRS has grossly inflated the $2.4 million it claims he owes from his gambling business and can't find the paperwork to support the assessment.

David Hammon Sr. is expected to go to trial Sept. 11 in federal court in a dispute over the way the agency calculated his wagering from 20 years ago. The government's case is complicated by the fact that the IRS lost many of the betting slips and other records from the case.

The trial will be Hammon's latest in a lifelong fight with the IRS. He was convicted in 1990 based on wagers that date to 1986. He also was convicted in 2005 of running a widespread gambling business. He was sentenced to more than seven years in prison.

The government has yet to collect on the back taxes from Hammon's first conviction, and it sued him last year. With penalties, the amount jumps to more than $5 million, according to court records and estimates. Prosecutors want to collect some of it by obtaining Hammon's 53 acres in rural Medina County to pay off the debt.

In court documents, Ham mon's attorneys say the IRS' as sessment of his back taxes is based on inac curate assump tions about the size of his gam bling operation in the late 1980s.

In August, U.S. District Judge James Gwin wrote that Hammon's case "takes on special importance because the government has lost many, if not most, of the records it seized from [Hammon] in the government's criminal tax investigation."

George Argie, Hammon's attorney, said: "As far as I know, they don't have any records. They have said the documents cannot be located."

Gwin said the government has "offered precious little evidence supporting the accuracy of its assessment." Federal prosecutors said in filings that IRS and FBI agents "seized a relatively small number of betting slips and were able to corroborate the betting over a longer period of time."

Prosecutors attempted to buttress their case by using a statement from IRS agent Mark Harris, who cited an affidavit from the 1980s investigation that said, "An analysis of the seized gambling records revealed that Hammon operated a multimillion-dollar operation with several sub-offices and other bookies."

Harris said Hammon handled at least 21 customers and accepted more than $650,000 in wagers on football games in a one-week period in October 1988.

In an affidavit for his defense, Hammon admits that his gambling business reached its peak in October and November 1988. But he says the IRS' claims that he took in more than $2.5 million a month are "based upon grossly inaccurate assumptions . . . and/or a misrepresentation of the nature of the records that were seized."

Stephen Sherman, a tax attorney for the U.S. Justice Department, declined to comment.

Prosecutors contend that Hammon was one of Cleveland's largest bookmakers, making millions of dollars from his business of taking in bets on college and professional football.

In 2004, IRS agent Thomas Himes led raids on Hammon's associates just before 1 p.m. Sunday, Sept. 26, just minutes before pro footbal games kicked off.

To reach this Plain Dealer reporter:
jcaniglia@plaind.com, 800-683-7348

IRS Sends Collection Agencies Calling For Back Taxes (USAT)

By Kevin Mccoy

USA Today, September 5, 2006

Beginning this week, thousands of Americans who owe taxes to the federal government will start getting phone calls to pay up — from private collection agencies, not the IRS.

Despite congressional opposition and criticism from a federal employee union and a taxpayer advisory panel, the IRS is giving three collection agencies information on 12,500 taxpayers who owe less than $25,000 and have not disputed the debt.

The IRS has moved to reassure taxpayers about the plan, even outlining steps to guard against potential scam artists posing as private collectors.

“We are working hard to protect taxpayer privacy and taxpayer rights,” IRS Commissioner Mark Everson said last month announcing the plan.

Critics argue that privatizing any part of the IRS' traditional collection role would increase the agency's costs and raise privacy issues, as well as create potential for fraud.

“We're continuing to do all we can to shine a light on this program,” says Colleen Kelley, president of the National Treasury Employees Union, which represents IRS employees. “When taxpayers hear about what the government is doing, they are outraged.”

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The IRS national taxpayer advocate and the Taxpayer Advocacy Panel, an advisory board chosen by the IRS, have questioned parts of the plan.

The House passed a budget bill that, if approved by the Senate, could block the IRS from funding the effort. Kelley's union plans to start contacting senators when Congress reconvenes this week.

IRS officials say the plan involves smaller cases that federal agents wouldn't otherwise have time to pursue. The profit potential is large. The collection companies will keep up to 24% of what they recover. That amounts to as much as $336 million of the $1.4 billion the IRS projects the program will recover during the next decade.

The IRS chose three firms for the initial cases: The CBE Group of Waterloo, Iowa; Pioneer Credit Recovery of Arcade, N.Y.; and Linebarger Goggan Blair & Sampson, an Austin, Texas, law firm.

The IRS says taxpayers targeted by the program will receive written notification from the agency that includes the name of the collection company that will contact them. They will also get a separate letter from the firm.

Payment checks should be written to the U.S. Treasury, not to an individual or company, the IRS says. Taxpayers with questions can call 800-829-1040.

Attacking Inequality (WP)

By Sebastian Mallaby

The Washington Post, September 4, 2006

By now almost everyone agrees that inequality is serious. Economic growth no longer seems to help the majority of workers; the proceeds flow to the top fifth or so of the workforce, and the top within the top has done especially handsomely. But the tough debate is what to do about this trend. The surprising answer is: tax reform.

Start with a few other proposals. Trade protection could help workers in the heavily traded manufacturing sector by shielding them from competitive pressure on their wages. But the cost to economic growth would be severe, and even if you don't care about growth, protectionism is a blunt tool for reducing inequality. Many of the poorest U.S. workers are employed in non-traded service jobs -- hotel workers, retail workers and so on. These workers benefit from trade, which puts little downward pressure on their wages but a lot of downward pressure on the price of goods they purchase.

Is unionization a more promising response to inequality? The old argument against organized labor is that the market can be trusted to align wage gains with productivity gains, making unions unnecessary. But over the past half decade productivity has shot up while real wages have stagnated. The case for unionization appears better than it has in a generation.

But unionization can't be the main answer. There's little that unions can do to protect wages in traded parts of the economy, since tough wage bargaining in these sectors will send jobs to other countries. And the traded sector accounts for most of the gap between rising productivity and stagnant pay; in other words, unionization may not be able to affect the parts of the economy that arguably most need it. Meanwhile, unionization imposes costs as well as benefits -- as when it obstructs business innovation.

What about raising the minimum wage, another popular remedy for inequality? There's a long-standing debate about whether a higher minimum wage causes employers to create fewer jobs or perhaps to recoup the cost by allowing work conditions to deteriorate: Wages for factory workers go up, but management spends less on air conditioning. It seems reasonable to argue that, in an economy where jobs are plentiful, a higher minimum wage represents a good trade-off. But this can't be the central answer to inequality either. The current push to raise the minimum wage to $7.25 per hour would directly benefit fewer than 6 million workers.

At this point the left begins to seethe: I've poured tepid water on trade protection, unionization and increasing the minimum wage so what the heck am I proposing? Increasingly even moderate Democrats believe that you can't be serious about helping workers unless you embrace organized labor's agenda. In the view of many in the party, the centrist, "Republican-lite" playbook has been tried and found wanting.

Actually, that's nonsense, and a good place to see the redistributive potential in centrist policies is tax reform. Many popular provisions in the tax code are both ineffective and regressive. Repealing them would liberate billions that could be used to help workers.

Take mortgage-interest relief, a policy that's supposed to boost home ownership. More than half of this subsidy flows to the top 12 percent of households with incomes over $100,000; the poor get very little. This absurdly regressive policy doesn't even promote its objective, since affluent families would own their own homes anyway. The U.S. home ownership rate is no higher than Britain's or Australia's, two countries that have no mortgage-interest tax relief.

Tax incentives to promote savings are equally regressive. Half of the subsidies for IRAs, 401(k)s and other retirement accounts are pocketed by the richest tenth of households; the bottom two-fifths get only 3 percent of the benefits. Again, this absurdly unfair system doesn't even promote its objective, since the rich tend to save anyway, whether or not they get tax

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subsidies. Meanwhile, poor families that are not saving don't get the incentive to do so, because so much of the tax break is funneled to the rich. A chance to boost national savings is wasted.

The same argument holds for tax incentives to buy health insurance. Just over a quarter of this subsidy is swallowed by households in the $100,000-plus bracket; far from promoting the wider dissemination of health insurance, it may even reduce it. Affluent Americans use the subsidy to buy all-inclusive health plans, which in turn causes them to throw money at health services; health inflation goes up, making insurance too expensive for poor families. The Treasury estimates that the ranks of the uninsured could be reduced by at least 1 million if the tax deduction for health insurance were capped at a reasonable level.

Fixing these egregiously regressive programs could yield really juicy benefits. On a back-of-the-envelope calculation, raising the minimum wage might transfer $10 billion a year to poor workers; call it $20 billion if you want to stretch the assumptions generously. But if you eliminated just a quarter of the subsidies in the tax code, you would liberate about $180 billion a year -- enough to finance a big expansion in the earned-income tax credit plus a cut in the regressive payroll tax. And this sort of redistribution would not risk higher unemployment or compromise economic growth at all. Democrats on the left and right ought to be embracing it.

CONGRESS-ADMINISTRATION:

Congress's Fall Agenda Takes Shape (WSJ)

By David Rogers

The Wall Street Journal, September 5, 2006

WASHINGTON -- The most telltale clue to Congress's fall agenda may be an item that still may be added: middle-class tax cuts.

Down in polls and divided internally, Republicans want to block debate on domestic policy and shift attention to national-security issues that command more party unity. But census data last week highlighted the economic squeeze on many families, and House leaders are considering a pre-election bid to make permanent the $1,000 child tax credit and marriage penalty relief provisions enacted in 2001.

Like most of the Bush administration's tax breaks, these are due to expire at the end of 2010, when top rates for the wealthy and capital gains also will be in play. The strategy has been to wait until close to the deadline and then call up all of these issues at once, making it harder for Democrats to resist. But in the current political climate, the leadership could accelerate action on provisions for middle-income taxpayers if it means preserving Republican control of Congress in November.

The backroom talks capture the uncertain mood in the Capitol as lawmakers return -- the Senate today and the House tomorrow afternoon -- for an abbreviated pre-election session. "Everybody's tentative; it's a tentative time," says Rep. Deborah Pryce (R., Ohio), who heads up the party conference and finds herself in an unusual battle for re-election.

One of the few certainties is that Republicans want to return to their districts at the end of the month and are preparing for a lame-duck session because they won't finish work before Election Day.

The House has scheduled 11 full days of legislative work this month after Thursday's vote to curb the slaughter of U.S. horses -- a bill that has prompted dark jokes among Republicans about what awaits lawmakers if they don't get back on the campaign trail. To a remarkable degree, the leadership is prepared to risk the label of a "Do-Nothing Congress" if it means getting rank-and-file members on the hustings.

"They see every day they are in session as a bad day for them," says Senate Democratic Leader Harry Reid of Nevada.

This month's emphasis on national security dovetails with the Bush administration's campaign to portray Democrats as defeatist and indecisive on Iraq and the war against terror. "Providing for the safety and security of our constituents is our highest calling," wrote Senate Majority Leader Bill Frist (R., Tenn.) in a letter to Republican colleagues over the Labor Day weekend.

Defense and homeland-security appropriations bills top the agenda, along with bioterrorism and port-security measures. Legislation will be drafted to address issues related to the warrantless surveillance of communications and military tribunals for enemy combatants at Guantanamo Bay.

But this means almost no further progress on domestic issues. For example, an immigration overhaul has become one of the year's hottest political issues, with demonstrators marching yesterday in the Illinois district of House Speaker Dennis Hastert. But Republicans are promising no resolution before the elections on what had been a White House priority.

Despite influence-peddling scandals, lobbying overhaul also is stalled. And notwithstanding conservative angst over spending, Washington will begin the fiscal year on Oct. 1 with no budget and no agreement on domestic appropriations bills to keep agencies operating.

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The tax side of the ledger also is murky: As corporations prepare third-quarter reports, they can no longer ignore the fact that their effective tax rate may be going up, because Congress has yet to pass a long-promised provision to renew the research-and-development tax credit that expired in December.

Democrats, who lived through their own party's setbacks in 1994, have been criticized by Republicans for not being more specific about their election platform. But here the majority is essentially asking voters to re-elect them first before they address many issues.

"It reminds me of Wimpy," says a Democratic leadership aide, referring to the rotund and mustached freeloader in old "Popeye" cartoons. " 'I'll gladly pay you Tuesday for a hamburger today,' Wimpy would say. Republicans are asking voters to re-elect them now and they will do their work later."

"I don't think Democrats can claim we have been ineffective when they have been aggressively obstructing," says Senate Budget Committee Chairman Judd Gregg (R., N.H.).

But after so long in power, the bigger problem for Republicans is that they talk past one another and are less united. Field hearings on immigration inflamed House and Senate differences on the subject. House leaders badly misread the Senate in the fight over estate tax cuts. And the collapse of the budget process suggests the party may have hit the wall on spending.

The Senate will focus this week on finishing an estimated $468.6 billion Pentagon appropriations bill for the new fiscal year. The measure has grown substantially already because of summer amendments adding money to improve border security and to replenish military equipment damaged in Iraq. But the underlying bill cuts about $9.2 billion from the administration's core requests, and the White House is threatening a veto unless all but $4 billion is restored.

To come up with that money means less for domestic bills. That suggests why the leadership isn't eager to address these now and only after the election will voters see the final impact on education and medical research funding, for example.

The tax side of the ledger has its own problems, chiefly driven by the Republican push to cut estate or inheritance taxes. Held hostage in the process have been extensions for tax breaks such as the R&D tax credit. Conservatives wedded to estate tax cuts are threatening to block any effort to free up the extenders, but as the election nears, the administration says this position will be harder to sustain.

A second "hostage" has been a proposed $2.10-an-hour increase in the federal minimum wage -- which has been $5.15 for the past nine years. Many Republican leaders prefer to avoid the issue, but Rep. Pryce herself says "it's a matter of fairness" and the real question is to find a sweetener for small-business employers who would be most affected.

GOP Readies Security Theme (RC)

By Susan Davis And Erin P. Billings

Roll Call, September 5, 2006

Returning from recess still beset by bad poll numbers, Congressional Republicans are crafting a September strategy to highlight national security issues in hopes of boosting their Election Day prospects with a topic that is in the forefront of voters' minds.

The combined legislative and political effort comes on the heels of President Bush's national campaign last week to re-emphasize the security platform that paid great dividends for the party in the past two cycles. The GOP hopes to regain ground it has lost with the public on its handling of the Iraq War and terrorism generally.

"With 10 weeks out from the election, there is very little we can do to change the course," acknowledged a senior House Republican leadership aide. National security "is all we've got. What we can do is remind voters exactly where we stand on the issues that are most important to the American public."

House Republican leaders huddled on an Aug. 30 conference call to discuss the national security strategy and upcoming floor agenda. Speaker Dennis Hastert (R-Ill.) told the leadership team he is prepared to keep the House in session into October if necessary to finish its business, according to multiple sources familiar with the call.

House Majority Leader John Boehner (R-Ohio) has said he intends to adjourn the House on Sept. 29, a week earlier than the original Oct. 6 target adjournment date, but Hastert voiced concerns that the House should stay in session to deflect Democratic criticisms that Republicans are running a "do-nothing" Congress.

Hastert's suggestion that the House may stay in session was met with resistance by National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) and Majority Whip Roy Blunt (R-Mo.), but with only four weeks and about 12 legislative days before Sept. 29, there is doubt either chamber can wrap up its legislative business in time.

As part of the national security push, Congress is expected to approve at least the Defense and Homeland Security spending bills, and perhaps the military quality of life spending measure, before punting the remaining appropriations legislation until after the elections by passing a continuing resolution expected to run through Nov. 17.

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Additionally, House and Senate leaders have been working with the White House to pass legislation authorizing the Bush administration's use of military tribunals for detainees in Guantanamo Bay, which was struck down in June by the Supreme Court, as well as legislation authorizing Bush's terrorist surveillance program, which was struck down by a Michigan district court in August.

"These programs will remain intact," said Hastert spokesman Ron Bonjean, adding that events such as the foiled terror plot in England last month "propelled the need to address these issues."

Congressional Democrats also will attempt to force a vote of no confidence on Defense Secretary Donald Rumsfeld. And Sen. Barbara Boxer (D-Calif.) has said she will offer an amendment to the upcoming Defense appropriations bill calling on Bush to appoint a new Defense secretary. According to House GOP aides, leaders are mulling allowing a similar vote on Rumsfeld to again highlight a divide between the parties on national security and Iraq.

Politically, Republicans believe the September agenda will hurt Democrats at the ballot box and force some of their vulnerable Members to vote with Republicans, revealing splits within their party.

With the political margins of that chamber also at stake, Senators will spend the coming weeks waging their own battle on security issues, with each side hoping to gain some election-year ground.

Senate Republicans will pad the legislative agenda with a series of national security and defense-related proposals, while Democrats will turn to the microphones to advance a case that — if given the majority — they would be better stewards of Americans' safety.

Senate Majority Leader Bill Frist (R-Tenn.) already has filled the September calendar, beginning this week with completion of the fiscal 2007 Defense appropriations bill. Later this month, both chambers will push a bipartisan resolution supporting the victims of the Sept. 11, 2001, terrorist attacks on the five-year anniversary of the attacks, as well as several counterterrorism measures on port and possibly chemical security.

Amy Call, spokeswoman for Frist, said the GOP is putting a premium on economic matters this fall because "they are still on the forefront of Americans' minds." Call added that the coming weeks once again will show that Republicans have worked to keep the country safe, while Democrats simply lob charges as they try to capture the electoral advantage.

"There is a difference — Republicans are for securing the homeland and security prosperity and moving our country forward," she said. "Republicans have remained steady on what our plan is to keep the country safe and Democrats keep changing their tune."

The Senate is less likely than the House to switch hands in November, but Republicans know they must pull out all the stops to boost their vulnerable incumbents. As such, sources say GOP leaders plan to give their most threatened Senators numerous opportunities to take a lead role on security issues. As one Republican Senate aide said: "Between now and November it is imperative that we demonstrate how [having] Democrats in control would make our national security weaker."

Meanwhile, Democrats have been working for months to outline a security message and agenda of their own. The minority hopes not only to trump the Republican election-year security push, but also to capitalize on the larger voter unrest over the GOP's leadership.

Like Republicans, Senate Democrats also will try to make opportunities for their incumbents to take leading roles on the party's security platform. Democrats began their counter-offensive last week with widespread charges that the GOP — through the Iraq War — has weakened the nation's ability to fight the broader war on terrorism.

Democrats will continue to press that message this week, planning media events each day to highlight flaws in Republican leadership on security. "Democrats won't be backing down this year," said one Senate Democratic aide.

Senate Minority Leader Harry Reid (D-Nev.), House Minority Whip Steny Hoyer (D-Md.) and former Democratic presidential candidate Wesley Clark will kick off the party effort today with a media event highlighting a report by a centrist Democratic group, Third Way, highlighting how Bush's national security policies have distracted U.S. attention from the war on terror and made the nation less safe.

Additionally, Democrats on the House Homeland Security Committee are expected to release a report on Wednesday on the administration's security failures post-Sept. 11.

Democrats also will use the week's defense spending debate to promote a message that includes calling for a phased redeployment from Iraq and highlighting the costs of the conflict. "Democrats will contrast our vision of the tough and smart policies needed to keep America safe with the five-year record of failed Republican policies that have left America bogged down in Iraq and diverted from the war on terror," Reid spokeswoman Rebecca Kirszner said.

Possibly the only trace of bipartisanship in the coming days will arrive on the actual anniversary of Sept. 11, when the GOP and Democrats are expected to join together to offer a resolution supporting the victims and extending condolences to those affected by the tragedy.

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Republicans and Democrats alike argue that while the Sept. 11 anniversary is an opportunity to draw attention to the party's differences on national security issues, they acknowledge they have to be careful not to detract from the importance of the day and overly politicize the topic.

One GOP Senate aide said "if Republicans are smart" they will keep partisanship on the sidelines on Sept. 11, saying: "It's not a political day. It should be left alone."

Security Is Atop GOP's Agenda (LAT)

By Maura Reynolds

The Los Angeles Times, September 5, 2006

WASHINGTON — It's going to be "Security September" on Capitol Hill.

With GOP control of the House and Senate hanging in the balance in the November midterm elections, Republican leaders want to use the monthlong session that begins today when Congress reconvenes to press what has traditionally been their biggest advantage over Democrats: national security.

House Majority Leader John A. Boehner issued a statement last week emphasizing the theme Republicans plan to hammer. In fact, he reminded voters four times in one sentence.

"From homeland security to national security to border security, House Republicans will focus first and foremost on addressing the safety and security needs of the American people throughout the month of September," Boehner said.

First on the agenda will be spending bills for the departments of Defense and Homeland Security. Though both parties will seize the opportunity to debate terrorism and the war in Iraq, these are must-pass measures.

But the rest of the GOP's security agenda is likely to produce stubborn opposition from Democrats, especially the proposals to give legislative approval to the Bush administration's domestic spying program and a new plan for using military tribunals to try terrorist suspects at Guantanamo Bay, Cuba.

On the tribunals issue, many Democrats and even some Republicans have suggested President Bush's approach may need to be modified to give detainees greater opportunities to defend themselves.

But the White House and Republican leaders in Congress believe events last month — particularly the uncovering of an alleged terrorist plot in Britain and a federal court ruling that the domestic surveillance program is unconstitutional — improve the likelihood that they can enact the tough laws they want in these areas instead of compromising with critics.

They also calculate that, whatever form final legislation might take, debating the tribunal system and domestic surveillance shows the GOP not only focusing on security but taking steps to support tough approaches to the problem.

"Republicans want to get a vote on the record that shows they're strong on national security and intent on taking a tough stand on terrorist suspects," Boehner spokesman Kevin Madden said.

Other items on the agenda, such as immigration and energy costs, are also expected to be painted with the security brush. Gaining better control of the nation's borders and reducing its dependence on imported oil will be presented as vital elements in the war on terrorism.

House and Senate Republicans remain split over the specifics of immigration policy, however: House Republicans insist on "border security first" and many GOP senators — as well as most Democrats — favor a "comprehensive" approach that would combine tighter security with a path for illegal immigrants to achieve legal status.

At least some House GOP members believe swift action should be taken to rescind the most controversial provision in the immigration bill the House passed in December — making illegal border-crossing a felony. The provision, little noticed when it was approved, sparked nationwide protests this spring and summer.

"There's a political and policy alignment that is favorable to get it done sooner rather than later," said a senior Republican aide, who spoke on condition of anonymity because he was not authorized to talk about internal party discussions.

When it comes to energy legislation, Democrats and Republicans remain divided. Republicans generally favor increasing domestic production of oil and gas, including a proposal to relax the long-standing ban on offshore drilling, whereas Democrats generally favor increased conservation and environmental protections.

Both parties are conscious of voters' concerns over high gasoline prices. One of the first orders of business this session will be hearings into pipeline problems in Alaska that shut down part of the largest U.S. oil field last month.

At least three committees have scheduled hearings, and Republican lawmakers — whom Democrats have attacked as too cozy with the oil industry — are likely to give industry officials a public grilling for not properly maintaining the pipelines.

On national security, what has worked for Republicans usually hasn't worked as well for Democrats. But both parties say that this year, they think talking about security, terrorism and the war works to their advantage.

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For their part, Democrats say they intend to use the spending bills for the Defense and Homeland Security departments to criticize Republicans over the Iraq war and highlight ongoing threats to airports and seaports — issues they believe play to Democratic strengths.

"The more Democrats talk about it, the more they look like they are trying to politicize it," said Ron Bonjean, spokesman for House Speaker J. Dennis Hastert (R-Ill.).

Brendan Daly, spokesman for House Minority Leader Nancy Pelosi (D-San Francisco), countered: "They say we shouldn't make this political? Give me a break. We're going to push back. People know that they are in charge and that they have failed. People are ready for a new direction."

Quick action by Republicans on the tribunals issue and the domestic spying program will be complicated by the fact that no committee in either chamber has approved any of the proposed legislation — the usual step before debating a bill on the floor.

Congressional leaders could decide to bypass the committees. Or they could accelerate the committee process. "Where there's a will, there's a way," Bonjean said.

Sen. John W. Warner (R-Va.), chairman of the Armed Services Committee, has used the summer recess to write a working draft of legislation to create a new legal process for the detainees. Details of the draft have not been made public, but "we're going to move forward, one way or another," said Warner spokesman John Ullyot.

The Supreme Court ruled in June that the military tribunal system was illegal because it had not been approved by Congress.

And an Aug. 17 ruling by a Detroit federal judge that the domestic surveillance program is unconstitutional has added to the pressure on Republican leaders to act.

"We are going to keep this program intact no matter what," Bonjean said. "If we have to make legislative fixes, we will."

A bill that would extend a number of popular tax cuts also will be high on the agenda. Lobbying overhaul legislation remains stalled over differences between House and Senate bills. But leaders of both chambers say they plan to take one provision — a requirement that all spending earmarks be listed publicly — and adopt it as a rule instead of including it in legislation.

GOP leaders have set Oct. 6 as an adjournment date for this session, but it appears increasingly unlikely that they will be able to complete a number of must-pass pieces of legislation, primarily annual spending bills for the fiscal year that begins Oct. 1. Not one of the annual spending bills has cleared Congress yet (though an emergency spending bill to fund the war and hurricane relief did).

Privately, aides say it is likely that members will leave town at the end of September and pass a continuing resolution to keep the government going after Oct. 1. That would mean Congress would have to return to Washington after the November election for an unpredictable and acrimonious lame-duck session.

In addition to avoiding such a session, Republicans have another reason for wanting to push for their legislative agenda in the next few weeks: to protect themselves against Democratic charges that they have whiled away the legislative year on symbolic fights over gay marriage and flag burning that please their political base, and procrastinated on must-do business like funding the federal government.

In an interview, Senate Minority Leader Harry Reid (D-Nev.) said: "This Republican administration and this Republican-dominated Congress will go down in history without any question as the most do-nothing Congress in history."

Republicans believe they can prove their critics wrong. "Our members know there's work to be done, and we're going to work overtime to make sure it happens," Bonjean said.

Congress's Last Stand (WSJ)

The Wall Street Journal, September 5, 2006

Congress returns to work today, with the GOP majority down in the polls and only a dozen or so legislative days left to impress voters before Election Day. Can they do anything to stop a rout?

Republicans are already staking their election chances less on their achievements than on the damage Democrats might do if they take over, so perhaps the GOP answer will be to do nothing and say a prayer. But Republicans could still help their prospects, and motivate their own supporters, if they use the next month to advance sound policies that highlight differences between the two parties. For example:

Military tribunals. In Hamdan, the Supreme Court invited Congress to rewrite the rules for military tribunals for terrorists, and Republicans can help President Bush and the war effort by doing so. Senator Lindsey Graham (R., S.C.) is the main obstacle as he courts media flattery by opposing Mr. Bush's proposed language. His colleagues should make it clear that the language will move with or without him.

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Spending restraint. One reason many GOP voters are in a sour mood, and may stay home in November, is the lack of spending discipline. Republicans can lighten that blot on their record by passing reforms that stem the worst abuses -- namely, more transparency for special-interest "earmarks," and a line-item veto to allow a President to delete specific spending pork.

The House is holding up earmark reform, which is part of the ethics bill, because its leaders want to outlaw campaign spending by big-money 527 groups funded by the likes of George Soros. The Senate GOP rightly views this as another restraint on political speech. House leaders are only hurting themselves by blocking an anti-earmarking victory.

Health insurance. The latest Census data finds that 46.6 million Americans lack health insurance, with the cost of coverage rising. The House has already passed a popular bill to let small businesses and associations offer lower-cost insurance the way that Fortune 500 companies can. Liberals in the Senate are blocking it precisely because it might reduce the ranks of the uninsured and thus reduce the demand for government health care. Why not force Democrats to vote up or down?

Gas prices. Gasoline prices are falling nationwide, but with oil prices still near $70 a barrel now is the time to open new sources of domestic energy supply. The House and Senate have both passed bills to expand drilling on the Outer Continental Shelf, and there's no reason they can't be reconciled in conference. The House has also passed faster permitting for new gas refineries, and Senate Democrats should also be forced to kill that if they dare.

Property rights and judges. The Supreme Court's Kelo decision has provoked bipartisan outrage against the taking of private property for private development. But Congress still hasn't taken the popular opportunity to do something about it. The House long ago passed a measure to block federal dollars from financing local projects invoking eminent domain. But the Senate has sat on its hands, thanks mainly to Judiciary Chairman Arlen Specter.

And speaking of Judiciary, whatever happened to pushing more judicial nominees for a floor vote? The White House recently resubmitted five appellate court candidates to the Senate, and they deserve a vote in what could be the last time in this Presidency that Republicans control the legislative calendar.

Taxes. Democrats who oppose making the Bush 2001 and 2003 tax cuts permanent are arguing for one of the largest tax increases in American history. The average family with children would see its tax payment rise by $2,084 a year. A vote in both houses on making these permanent is good policy and politics. Ditto for another vote on repealing the death tax, to remind voters in red states about where their tax burdens will head if Democrats take control.

We'd also mention immigration reform, except that House leaders tell us there is zero chance of that passing before November. Leave it to Republicans to fan national concern about the issue for a year and then say, well, never mind. On the policy merits, this may be for the best because anything that passed in the current environment would only throw more police at the border or further harass employers. But if Republicans lose the House, their demagoguery on immigration will be one reason.

As the nearby table shows, the GOP's legislative record in the House is actually better than the media advertise. Many good ideas have died in the graveyard of the Senate, thanks to Democratic Leader Harry Reid's use of the filibuster and the eagerness of too many GOP Senators (Maine's Olympia Snowe, George Voinovich of Ohio) to run away from Mr. Bush on key issues. Republicans can't undo all that damage in a month, but they can at least give voters some better reason to re-elect them in November.

A Millionaire Club Of High Court Justices (LAW)

By Tony Mauro, Legal Times

Legal Times, September 5, 2006

On a Supreme Court dominated by seeming millionaires, the only woman justice and the only bachelor appear to be the wealthiest of its nine members.

In the justices' financial disclosure forms for 2005, Justice Ruth Bader Ginsburg reported assets valued at between $6.4 million and $28 million, while Justice David Souter listed assets worth between $5.6 million and $26.3 million.

But they are not alone in the Court's millionaire club. Only Justices Clarence Thomas and Anthony Kennedy reported assets with a maximum possible value of less than $1 million.

The 2005 forms of eight of the justices were made public in June, but Justice Antonin Scalia received an extension on the filing deadline for undisclosed reasons. With the recent release of Scalia's form, it is now possible to rank the justices in order of assets reported, not including homes.

The justices' holdings are reported in ranges of value, making precise totals impossible to calculate. For example, the estimate of Souter's wealth could be inflated by the fact that his investment in the Chittenden Corp., a Vermont bank holding company, is listed in a category that ranges from $5,000,001 to $25 million.

Several of Ginsburg's assets are in the $1,000,001 to $5 million range, including her husband's salary as counsel to Fried, Frank, Harris, Shriver & Jacobson. Martin Ginsburg, a tax expert, is also a professor at Georgetown University Law Center.

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In descending order, here are the ranges for the other justices' asset totals, calculated by adding the lowest possible amounts and then the highest:

Stephen Breyer: $4,125,080-$15,440,000
John Roberts Jr.: $2,235,063-$5,860,000
John Paul Stevens: $1,590,018-$3,480,000
Antonin Scalia: $700,019-$1,595,000
Samuel Alito Jr.: $665,025-$1,740,000
Clarence Thomas: $150,006-$410,000
Anthony Kennedy: $65,005-$195,000

As they often do, the financial disclosure forms also bear statistical witness to some of the controversies, life changes, and oddities justices faced in the past year.

Scalia reported reimbursements for several trips to New York City, including one to serve as grand marshal for the Columbus Day parade and another to address journalists and others at the invitation of media giant Time Warner.

When Time Warner Chairman Richard Parsons, at the last minute, declared the talk off the record, sharp-elbowed New York journalists revolted and found creative ways to report what Scalia said, anyway. Daily News gossip columnist Lloyd Grove wrote about what Scalia "might have said," including a pronouncement that he was trying to get out and about more.

"My kids have been working on me to get out and do more public appearances," Grove quoted Scalia as saying. "They think it makes it harder to demonize you -- and I agree." That campaign, still in progress, produced 24 reimbursed trips in 2005.

Another of Scalia's trips, reimbursed by the Federalist Society, is described blandly as: "Sept. 28-Oct. 1 - Denver, CO, Lectures/Transportation, Food, and Lodging." It was the Ritz-Carlton hotel in Bachelor Gulch, to be precise, and the trip coincided with the swearing-in of Roberts as chief justice back in Washington. That coincidence gave ABC News the fodder to report, with video, that Scalia was playing tennis when Roberts was being sworn in.

Speaking of Roberts, his form indicates that one of the chores he attended to before he was sworn in as chief justice was selling some of his stock holdings. In the week before he joined the Supreme Court, he shed relatively small amounts of stock in Agilent, AstraZeneca, and Coca-Cola, among others. But he retained larger holdings in Time Warner, Dell, and Microsoft.

Roberts' decisions may reflect a problem that judges face when they sell securities to avoid conflicts of interest: They have to pay capital-gains taxes on the sale. High-level executive branch employees who sell stocks for that reason are allowed to defer their gains by investing in replacement property within 60 days. A bill that would grant the same deferral to judges has passed the House of Representatives and is pending before the Senate.

Stevens' form evokes the memory of a happier day, Sept. 14, when he threw out the first pitch at a Chicago Cubs game, wearing a Cubs jersey bearing his name. His form notes that he was provided a "box suite seating 12 [and] food."

Justices Around The World (WP)

By Charles Lane

The Washington Post, September 5, 2006

Justice Antonin Scalia is the Supreme Court's leading opponent of drawing on foreign law to help interpret the U.S. Constitution. But that doesn't mean he has anything against foreign countries. In 2005 he was the court's top globetrotter, with 24 expense-paid trips to locales domestic and overseas, including trips to Ireland, Turkey, Australia and -- naturally -- Italy.

Law schools and legal groups paid for most of Scalia's travel, although Italian heritage organizations; media giant Time Warner Inc.; the Knights of Columbus in Baton Rouge, La.; and New York's Juilliard performing arts school, of all places, also helped out. The information was included on the justice's financial disclosure form, which was first reported by the Associated Press.

As is well known, Scalia is just one of several justices who consider traveling to deliver a speech or conduct a seminar one of the perks of their job.

Federal judges are allowed to accept expense reimbursements for travel related to teaching and international-exchange-type meetings, as long as they tell the public about it. Scalia asked for an extension this year, so his form was not submitted until August. The other eight justices filed in June.

The court's next most peripatetic member, Justice Anthony M. Kennedy, took 15 paid trips in the United States and abroad. Kennedy seems to have been on the road for a substantial portion of the year -- at least 59 days, according to his 2005 disclosure form.

An advocate of citing foreign law to buttress the court's opinions, Kennedy made his annual pilgrimage to a seminar on constitutional law in Salzburg, Austria, staying there for the entire month of July -- not counting a brief side trip to Prague. His other destinations included Hong Kong and Bangkok.

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Justice Stephen G. Breyer, also a member of the court's "internationalist" wing, was third, with 14 trips. He attended a conference in beautiful Bellagio, Italy, on the shores of Lake Como, and traveled to London; Melbourne, Australia; Jerusalem; and the French cities of Paris, Bordeaux and Aix-en-Provence.

Still, no current member of the court approaches the record set by the court's first chief justice, John Jay, who went to England for a whole year in 1794 to negotiate a treaty with the British crown. Not only did the fledgling court's work not suffer in his absence, he returned to discover that he had been elected governor of New York.

And several of today's justices are positive homebodies. Justices John Paul Stevens and Clarence Thomas reported no paid foreign trips in 2005; the famously solitary Justice David H. Souter reported no paid trips anywhere.

White House On Hunt For A Medicare Chief (NYT)

By Robert Pear

The New York Times, September 5, 2006

WASHINGTON, Sept. 4 — The White House began searching Monday for someone to run Medicare and Medicaid, in the expectation that the current chief, Dr. Mark B. McClellan, would soon resign.

The Dallas Morning News reported over the weekend that Dr. McClellan was set to leave. Administration officials did not dispute the report. But they said they were not ready to make a formal announcement because a departure date had not been set and no one had been chosen to supervise Medicare and Medicaid on even a temporary basis.

Leslie V. Norwalk, the deputy administrator of the Centers for Medicare and Medicaid Services, is an obvious candidate to serve as acting administrator, though other officials are also under consideration, said a White House official who spoke on the condition of anonymity because a decision had not been made.

Assuming that Dr. McClellan leaves soon, it would come amid the midterm election campaigns, during which his handling of the new Medicare drug benefit has become an issue. It would also come during contract negotiations between Medicare and private health insurance companies that want to offer the drug benefit in 2007.

President Bush and Republicans in Congress say the drug benefit has been a success, sharply reducing drug costs for millions of older Americans and the disabled.

More than 8 in 10 people who are enrolled in a Medicare drug plan say they are satisfied with it, although almost 2 in 10 say they have encountered major problems, according to a survey conducted in June by the Henry J. Kaiser Family Foundation, a nonprofit research group.

Democrats say the drug benefit got off to a rocky start in January and is still plagued by inexplicable problems, like Medicare's mistakenly refunding premiums to 230,000 beneficiaries in August.

Colleagues refer to Dr. McClellan as "doctor-doctor" because he is a medical doctor and has a Ph.D. in economics. They say he has also been valuable to the administration as a spokesman, rebutting criticism of its health policies.

Dr. McClellan did not fully heed warnings about problems in the first weeks of the new drug plan. At the time, tens of thousands of low-income Medicare beneficiaries were overcharged for prescription drugs, and some were turned away from pharmacies without getting their medications. In January and February, many states took emergency action to protect their citizens.

Since then, Dr. McClellan has said he is on a mission to "find and fix any problems that beneficiaries may have" with the drug benefit.

On Jan. 1, drug coverage for more than six million low-income people was switched to Medicare from Medicaid. Dr. McClellan had promised "a seamless transition," but the change was chaotic, as predicted by state Medicaid officials and by the Government Accountability Office, an investigative arm of Congress.

Robert M. Hayes, president of the Medicare Rights Center, a counseling and advocacy group, said the transition was "a dark moment" in Dr. McClellan's tenure.

"He was always on message," Mr. Hayes said. "He said the new program was running fine when the roof was caving in. But I do respect him. He was responsive when we brought individual cases of hardship to his attention."

Dr. McClellan would leave a big piece of unfinished business. Congress reconvenes this week, and lawmakers are desperately seeking a way to avert a cut in Medicare payments to doctors, scheduled to take effect Jan. 1 under current law.

Dr. McClellan said recently that physician payments would be cut 5.1 percent in 2007, with similar cuts in later years, if Congress took no action. The cuts, he said, are required because spending on doctors' services has repeatedly exceeded annual goals set by a statutory formula.

The American Medical Association says such cuts would hurt beneficiaries because many doctors might be less willing to accept new Medicare patients.

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Dr. McClellan has been cautious about discussing job plans with outsiders, partly because his predecessor, Thomas A. Scully, was criticized for negotiating jobs with potential employers while still running Medicare. Mr. Scully had received an ethics waiver, but the White House later told agencies they could not grant such waivers unless they consulted the president's lawyers.

Medicare Chief May Step Down, For Think Tank Or Academic Job (WSJ)

By Jane Zhang

The Wall Street Journal, September 5, 2006

WASHINGTON -- Mark McClellan, the Bush administration's Medicare chief who has overseen the program's biggest expansion in 30 years, is expected to announce as early as this week that he is stepping down.

Dr. McClellan, an internist who previously taught both economics and medicine at Stanford University, will likely return to academia or join a think tank. Within the past month he discussed his plans with Stanford, said Michelle Mosman, a spokeswoman at the Stanford Institute for Economic Policy Research. Dr. McClellan also is talking with several think tanks here, including the Brookings Institution, said a person familiar with his plans.

Dr. McClellan, 43 years old, couldn't be reached to comment. Both his spokesman, Jeff Nelligan, and Christina Pearson, a spokeswoman at the Department of Health and Human Services, declined to comment yesterday. A White House spokeswoman said she wouldn't speculate on potential personnel announcements.

The news was reported Saturday night in Dr. McClellan's home state, on the Web site of the Dallas Morning News.

It isn't clear who will be the likely successor, although several policy experts speculated one candidate could be Dr. McClellan's deputy, Leslie Norwalk. Should a nomination be coming, Congress will be in session only a few weeks this month before lawmakers leave to campaign for the midterm elections. A lame-duck session is likely after Election Day.

Dr. McClellan was tapped to run Medicare after a 2003 law added prescription-drug benefits for seniors. He was sworn in March 2004 as administrator of the Centers for Medicare and Medicaid Services, the federal agency that provides health care for about 90 million Americans, including seniors, the disabled and low-income children. As head of the largest health insurer, he manages a budget of about $600 billion.

While the law sparked contention, Dr. McClellan's implementation of it largely has won bipartisan support. He has worked with the industry and expanded and established programs tied to private-sector involvement and senior enrollment. Many Democrats had hoped that concerns about the new drug benefit would figure more prominently in the campaign season.

"It disappears as a campaign issue," said Thomas A. Scully, Dr. McClellan's predecessor at CMS, who praised Dr. McClellan's managerial skills. "I'm not sure if I could pull that off."

Dr. McClellan's tenure has been largely consumed by the new drug benefit. But in recent months, he also has pushed more for performance measures for doctors and hospitals that do business with the government.

Dr. McClellan's departure has been rumored for months in health-care-policy circles in Washington. The father of two young daughters, he often worked until midnight and answered email well after that.

Washington Whispers (USNEWS)

By Dan Gilgoff And Kenneth T. Walsh

U.S. News and World Report, September 4, 2006

With President Bush's sagging poll numbers and the possibility that Democrats might take back the House in November, White House Chief of Staff Joshua Bolten has developed a special motivational technique to keep West Wing staffers focused on getting things done in the next 2 1/2 years. Bolten has distributed to key aides a "countdown clock"-a cellphone-size timepiece that gives a digital readout of the time remaining in the Bush presidency. When he showed it to U.S. News Chief White House Correspondent Kenneth T. Walsh last week, the clock showed 873 days, 21 hours, 21 minutes, and 17 seconds until the next president is sworn on Jan. 20, 2009.

"I keep that clock as a reminder to myself that we have a lot of days left," Bolten says. "We have ample time to accomplish many things but not so many that we can waste a single day ... and I know that's the president's attitude. He wants to make the most of the time that we have left." Bolten was reminded that Bush has roughly the same number of days left that Gerald Ford had in his entire administration. "It's a good amount of time," he replied. One top priority: preparing a 2007 White House push for expanded use of nuclear energy and biofuels as a way to lessen dependence on foreign oil.

Turns out that Richard Armitage, the No. 2 under Secretary of State Colin Powell, was the first Bush administration official to disclose the name of CIA analyst Valerie Plame to columnist Robert Novak. But why'd it take nearly three years for Armitage's role to emerge? One answer: Patrick Fitzgerald, the special counsel investigating the mess, suggested that Armitage keep quiet. In a July 2003 interview, Armitage casually mentioned Plame's affiliation to Novak. In October, after controversy erupted over Novak's outing of Plame, Armitage realized he was the columnist's primary source. According to a person familiar with his

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actions, Armitage immediately told Powell, took steps to tell the Justice Department, later met with Fitzgerald, and voluntarily appeared before a grand jury several times. He offered to resign but stayed because Powell couldn't easily explain his departure as Fitzgerald examined whether the White House had tried to dirty up Plame's husband, Joseph Wilson, an Iraq war critic. Earlier this year, Fitzgerald told Armitage he wouldn't be charged.

Donna Brazile's Bipartisan Blurbs

Democratic strategist Donna Brazile won't blurb just any Republican's book. In fact, her plug for former Republican National Committee Chair Ed Gillespie's Winning Right, out this week, is her first across-the-aisle blurb. The two met for lunch to analyze the '04 election in early 2005 and hit it off. "I cross political lines to gain insight into what the other side is thinking," Brazile says. "That's the way to beat 'em."

Can GOP Triple Its Black Vote?

Speaking of Ed Gillespie's new book ... it claims the GOP can double or triple its share of the black vote-just over 10 percent for its recent presidential nominees-by courting black veterans, entrepreneurs, and churchgoers. But "we will not get the votes of ... upper-middle-class African-American voters in the suburbs," he warns, "until we demonstrate our commitment to poor African-Americans in the inner cities."

Tomlinson: Horsing Around At The Office? (NSWK)

By Mark Hosenball, Newsweek

Newsweek, September 4, 2006

Congressional Democrats are weighing their next move in the wake of a State Department inspector-general report alleging that the politically connected chief of the board that oversees the government's foreign broadcast services misused government resources. Senate Dems could try to block Kenneth Y. Tomlinson's reappointment, though Tomlinson told NEWSWEEK that allegations that he hired a friend on a lucrative consulting contract and used government facilities to run a racehorse stable are the product of a political vendetta.

A former editor of the conservative Reader's Digest who led Voice of America under President Ronald Reagan, Tomlinson acknowledges he has worked closely with Karl Rove and other White House officials in his current position. Tomlinson was ousted as chair of the Corporation for Public Broadcasting following an investigation into complaints that he sought to monitor purported political bias in programming. He says the State Department's investigation of his conduct in his current job "was inspired by partisan divisions."

One key strand of the IG investigation focused on allegations that Tomlinson used his government office to operate a racehorse business. Two officials familiar with parts of an IG report that remain secret—who asked not to be named due to political sensitivities—say investigators found dozens of cases where Tomlinson used his government phone and e-mail for matters related to his horses (including two named Karzai and Massoud after Afghan politicians). The investigation was sparked by a whistle-blower letter written by a former junior member of Tomlinson's staff.

Tomlinson doesn't deny using government facilities in connection with his horses, but says his lawyer calculated that the government's own evidence showed that on average he made one call and sent one e-mail a day related to the horses. "I did far more work at my homes [for the government] than I ever did horse business" at the government office, Tomlinson says, adding that he's "known for being a seven-day-a-week person."

Investigators also questioned Tomlinson's hiring of an old friend and former VoA union leader as a $150,000-per-year consultant who, they say, was supposed to write reports but couldn't produce them for the IG. Tomlinson said his friend performed useful work; he says allegations that the consultant handled errands for him were "preposterous."

Tomlinson says he will continue to seek reconfirmation, though three prominent Dems last week called for his ouster. The White House will likely retain a presence on the broadcasting board even if Tomlinson departs: another, so far unconfirmed, nominee for a board vacancy is Mark McKinnon, who served as chief advertising guru in George W. Bush's presidential campaigns.

Congress's Agenda Includes Pay Raise, Personnel Issues (WP)

By Stephen Barr

The Washington Post, September 5, 2006

Congress returns this week from its summer break with the 2007 federal pay raise as one of several issues up in the air.

The House and Senate have drawn up plans to provide a 2.7 percent raise for white-collar and blue-collar civil service employees. But the Senate has not voted on the spending bill that contains the proposed raise, leaving open the possibility that the raise could be lower.

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The civil service raise remains unsettled because House and Senate appropriators, faced with budget constraints, have recommended a 2.2 percent increase for the armed forces and some higher raises for hard-to-fill positions, especially in the mid-career ranks. Typically, members of Congress approve "pay parity" raises for the military and the civil service.

The Senate hopes to wrap up a defense-spending bill soon, and congressional aides say that if the proposed military raise is not increased, it will be difficult to give civilians a higher raise than military personnel, especially during wartime.

It's also possible that a decision on the pay raise could be shoved off until after Election Day.

Congress will try to break for the campaign season by Oct. 1, the start of the next fiscal year, according to the aides. That timetable suggests that as many as eight appropriations bills, including the one that contains a pay raise, would be put off until Congress convenes a lame-duck session. In that case, some parts of the government would be placed on interim funding, through a "continuing resolution," until final 2007 budget decisions are made.

Also up for resolution is next year's funding for a new civil service personnel system at the Department of Homeland Security. The House and Senate would provide money to keep the system, known as MaxHR, under development, but the proposals fall several million dollars short of what the White House wants.

Congress appears to be holding off on full support of MaxHR until litigation ends over new labor-management rules. Unions have denounced the rules as an effort to gut collective-bargaining rights. The department is trying to move forward, however, on other personnel changes, and on Friday announced the appointment of Marta Brito PÃ©rez , a policy official at the Office of Personnel Management, as the department's chief human capital officer, a job that has been vacant.

In a separate lawsuit, unions have blocked new labor rules for the Defense Department's National Security Personnel System. That case, too, is on appeal. The House signed off on a provision that would bar the Defense Department from spending money on that labor system; the Senate has not taken a position.

The National Security Personnel System will undergo a review in the Senate this month, according to aides for Sens. Susan M. Collins (R-Maine) and George V. Voinovich (R-Ohio). Voinovich has tentative plans for a hearing on the new pay-for-performance system that covers federal executives, an aide said.

Rep. Jon C. Porter (R-Nev.), chairman of the House federal workforce subcommittee, plans to hold a hearing on trends in Cabinet and other senior-level pay and may support a commission to review top government salary scales to see if they have kept pace with inflation and private-sector compensation practices.

House aides also are looking into whether to allow federal employees to contribute their bonuses as lump sums into the Thrift Savings Plan, a 401(k)-type retirement program. If performance-based pay systems spread across government as planned, an increasing number of employees will be getting their raises in bonuses rather than as salary adjustments, the aides said.

Another idea under consideration by House aides would permit federal agencies to offer housing allowances to employees who are required to move on a regular basis, such as FBI agents.

Senate aides, meanwhile, hope to get a bill on track for approval that would renew authority for the General Services Administration to set up pilot projects on relocation expenses. The test program expired last year but showed promise in reducing federal travel costs. The Congressional Budget Office estimated that the test program saved about $15 million annually by reducing moving costs for employees at the FBI and Customs and Border Protection.

Porter also hopes to mark up a bill that would create electronic health records for the 8 million Americans covered by the federal employee health insurance program. Participation by employees and retirees would be voluntary and could be accomplished without raising health-care premiums, according to Porter aides.

Organizing Gambit (WSJ)

The Wall Street Journal, September 5, 2006

Labor Day may be over, but organized labor's biggest day is coming up -- November 7, when it hopes to restore Democratic control of Congress and spur its big new effort to ease union formation.

Two of Big Labor's best friends, Representative George Miller of California and Senator Ted Kennedy of Massachusetts, have teamed up to produce the Employee Free Choice Act. The bill would effectively do away with secret ballot organizing elections, a product of the 1935 Wagner Act and the crown jewel of federal labor law.

Under the current organizing process, 30% or more of employees file a petition; arguments for and against unionization are presented; and a secret-ballot election is administered by the National Labor Relations Board (NLRB). If a majority of employees vote in favor, the union is recognized as the exclusive bargaining agent for all workers at that workplace, not just those who voted for it.

Labor wins most of these NLRB elections, but its high winning percentage is a function of organizers going forward only when they think they can win a vote. The reality is that private-sector union membership has been declining for decades. The

reasons vary, from a general sense that unions are often corrupt or overly politicized, to a more individual determination that one-size-fits-all contracts hold back the best and most productive workers. Whatever the cause, union membership fell to 7.8% of all private-sector workers last year from 20% in 1983.

This decline helps explain why organized labor is so eager to ditch the secret ballot. Bruce Raynor, who heads the hotel and needle trades union, has gone so far as to say he no longer wants to "subject workers to an election," as if letting employees decide for themselves somehow makes them victims.

Mr. Raynor and other labor leaders are pushing an alternative known as "card check," whereby paid union organizers, um, "persuade" employees to sign pro-union cards. No election, secret or otherwise, is held. As soon as organizers have gathered signatures from more than half of workers, the union can be recognized. Labor is also pressuring employers to sign "neutrality agreements" (read: gag orders) that keep them silent while unions are organizing workers. The potential abuses here are myriad, especially in workplace intimidation.

Employers currently have the option of recognizing a union based on the card check process, but the Kennedy-Miller legislation would make this a requirement. Secret ballot elections would end unless union officials consented to them. Big Labor has had intermittent success pushing card check in cities like New York and San Francisco, but a federal law nixing NLRB elections is the ultimate goal.

According to the National Right to Work Committee, which opposes the Kennedy-Miller bill, a card check mandate "potentially means billions of extra dollars collected in forced union dues, above and beyond the $8 billion in forced dues and 'fees' that unions already report collecting each year on forms filed with the U.S. Labor Department."

So it comes as no surprise that card check will be at the top of labor's agenda if Democrats retake Congress. An AFL-CIO official recently told the Journal that candidates "have to understand that we are adamantly going to draw a line in the sand with this." And lawmakers are getting the message. The Kennedy-Miller measure has more than 200 House co-sponsors, including all but four Democrats and more than a dozen Republicans. All that's needed now is for a House Speaker Nancy Pelosi to get the ball rolling.

Health Policy Malpractice (NYT)

By Paul Krugman

The New York Times, September 4, 2006

Let me tell you about two government-financed health care programs. One, the Veterans Health Administration, is a stunning success — but the administration and Republicans in Congress refuse to build on that success, because it doesn't fit their conservative agenda. The other, Medicare Advantage, is a clear failure, but it's expanding rapidly thanks to large subsidies the administration rammed through Congress in 2003.

I've written about the V.A. before; it was the subject of a recent informative article in Time. Some still think of the V.A. as a decrepit institution, which it was in the Reagan and Bush I years. But thanks to reforms begun under Bill Clinton, it's now providing remarkably high-quality health care at remarkably low cost.

The key to the V.A.'s success is its long-term relationship with its clients: veterans, once in the V.A. system, normally stay in it for life.

This means that the V.A. can easily keep track of a patient's medical history, allowing it to make much better use of information technology than other health care providers. Unlike all but a few doctors in the private sector, V.A. doctors have instant access to patients' medical records via a systemwide network, which reduces both costs and medical errors.

The long-term relationship with patients also lets the V.A. save money by investing heavily in preventive medicine, an area in which the private sector — which makes money by treating the sick, not by keeping people healthy — has shown little interest.

The result is a system that achieves higher customer satisfaction than the private sector, higher quality of care by a number of measures and lower mortality rates — at much lower cost per patient. Not surprisingly, hundreds of thousands of veterans have switched from private physicians to the V.A. The commander of the American Legion has proposed letting elderly vets spend their Medicare benefits at V.A. facilities, which would lead to better medical care and large government savings.

Instead, the Bush administration has restricted access to the V.A. system, limiting it to poor vets or those with service-related injuries. And as for allowing elderly vets to get better, cheaper health care: "Conservatives," writes Time, "fear such an arrangement would be a Trojan horse, setting up an even larger national health-care program and taking more business from the private sector."

Think about that: they won't let vets on Medicare buy into the V.A. system, not because they believe this policy initiative would fail, but because they're afraid it would succeed.

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Meanwhile, the Bush administration is pursuing a failed idea from the 1990's: channeling Medicare recipients into private H.M.O.'s. The theory was that H.M.O.'s, by bringing private-sector efficiency and the magic of the marketplace to health care, would be able to do what the V.A. has achieved in practice: provide better care at lower cost.

But the theory was wrong. Years of experience show that H.M.O.'s actually have substantially higher costs per patient than conventional Medicare, because they add an expensive extra layer of bureaucracy and also spend heavily on marketing. H.M.O.'s for Medicare recipients prospered for a while by selectively covering relatively healthy older Americans, but when the government began paying less for those likely to have low medical costs, many H.M.O.'s dropped out of the Medicare market.

In 2003, however, the Bush administration pushed through the Medicare Advantage program, which offers heavy subsidies to H.M.O.'s. According to the independent Medicare Payment Advisory Commission, Medicare Advantage plans cost the government 11 percent more per person than traditional Medicare. Oh, and mortality rates in these plans are 40 percent higher than those of elderly veterans covered by the V.A. But thanks to the subsidy, membership in Medicare Advantage plans is surging.

On one side, then, the administration and its allies in Congress oppose expanding the best health care system in America, even though that expansion would save taxpayer dollars, because they're afraid that allowing a successful government program to expand would undermine their antigovernment crusade and displease powerful business lobbies.

On the other side, ideology and fealty to interest groups make them willing to waste billions subsidizing private H.M.O.'s.

Remember that contrast the next time you hear some conservative going on about excessive spending on entitlements, and declaring that we need to cut back on Medicare and Medicaid benefits.

OTHER NEWS:

Law May Hasten Decline Of Pensions (LAT)

By Jonathan Peterson, Times Staff Writer

The Los Angeles Times, September 4, 2006

WASHINGTON — When chemicals titan DuPont announced plans last week to scale back its traditional pension program, it became the third large employer to reduce retirement benefits since Congress passed the Pension Protection Act of 2006 on Aug. 3.

The changes had been brewing long before that day. But the flurry of cuts reflect a larger reality: The pension system is in hasty retreat, and little in the new law is likely to stop the trend.

"I think this is the tip of the iceberg. You'll probably see a lot of companies freeze their plans in 2007," said Lynn D. Dudley, vice president of retirement policy for the American Benefits Council, whose members include large corporations.

Although the 907-page bill was touted as an effort to stabilize the pension system, Dudley maintains that aspects of the law, along with impending regulatory changes, will only accelerate the demise of old-style pensions that guarantee steady income as long as retirees live.

"Certainly, nothing in this legislation served as an incentive for anyone to keep their plans," she said. "The American people should know this is a real missed opportunity."

Delaware-based DuPont, known for generous employee benefits, said its traditional pension would be off-limits to new workers starting next year. In 2008, the company will change its pension formula for current employees, lessening their payouts in retirement.

The move followed pension freezes by Tenneco Inc., an auto parts maker in Illinois, and Blount International of Portland, Ore., which makes outdoor work and industrial equipment. All the companies said they would improve their employees' 401(k) savings plans.

The cutbacks are just the latest among many by U.S. corporations that are phasing out costly traditional pensions in favor of 401(k) accounts and similar plans that provide retirement nest eggs but don't guarantee a monthly check for life.

Separately, bankruptcies by major companies such as UAL Corp., parent of United Airlines, have put pressure on the Pension Benefit Guaranty Corp., the federally chartered company that assumes pension obligations when employers terminate their programs.

The Pension Protection Act was designed to address both issues as well as to close loopholes that gave corporations substantial leeway in meeting funding obligations.

Under the new law, companies are expected to fund 100% of their pension commitments, up from 90%. To shore up the safety net for workers, the law encourages employers to strengthen their 401(k) plans and clarifies legal issues to make it easier

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for companies to convert their pension programs into "cash balance" plans, which are similar to 401(k)s but retain some of traditional pensions' benefits.

Retirees' advocates, however, say the stricter funding rules may backfire by encouraging companies to freeze their pension programs rather than bear the burdens of compliance.

On top of that, tougher pension accounting rules are scheduled to take effect at the end of this year. The Financial Accounting Standards Board will require companies to include pension funding obligations in their balance sheets, potentially reducing some firms' net worth.

"What these changes do is underline the costs that a company has to accept when they sponsor a [traditional] defined benefit plan," said Charles Ruffel, chief executive of Plansponsor, a trade publisher for the benefits industry. He added: "In order to save defined benefit plans, [the government has] accelerated their demise."

Companies that reduce their pension commitments often improve their 401(k) savings plans, typically by kicking in more money. Workers are able to take such accounts with them if they change employers, unlike old-style pensions. Employees who job-hop frequently might not be with one company long enough to ever qualify for a pension.

"A lot of people aren't sure they're going to spend their whole careers with one company, and they like the idea of a benefit that they can transport to another company," said DuPont spokeswoman Lori Captain. "The market is changing. There are clear trends moving in this direction."

Still, some worry that workers will be hurt by the changes. Many employees fail to enroll in 401(k) plans. For those who do, their savings goals can be undermined by poor investment choices or stock market performance. Decisions to withdraw money can hammer the long-term value of the account. Older and less sought-after workers may not enjoy the advantages of mobility.

"What this does is put another big burden on the employees," said Jim Flickinger, president of the International Brotherhood of DuPont Workers.

The company's enhanced 401(k) plan, he said, holds more allure for career managers who move from one corporation to another than for factory workers who expect to stay put and have planned on a predictable income in retirement.

"The manufacturing people are the ones who have to take the hit," Flickinger said.

All agree that the latest corporate cutbacks reflect a worldview in which traditional pensions — once seen as a way to lock in a loyal and able workforce — are viewed as costly weights on a company's competitiveness.

DuPont pointed out that its pension plan changes were likely to boost earnings by 3 cents a share next year and 5 cents in 2008. Blount predicted savings of $16 million to $23 million over the next five years.

Tenneco, which makes shock absorbers, tailpipes and other auto parts, said its pension changes would save $11 million a year before taxes.

"We operate in a very tough environment, a very competitive environment," said Jane Ostrander, spokeswoman for the company in Lake Forest, Ill. "This is one piece of that ongoing effort to get our arms around these costs."

In such a climate, the pension bill posed a challenge for lawmakers.

The White House sought much stricter rules to prevent plan failures — and the possibility that such failures could lead to a taxpayer bailout of the privately funded Pension Benefit Guaranty Corp. Legislators, meanwhile, were struggling to find the balance. Stronger rules were in order, but too much pressure could lead companies to bail out of pensions altogether.

"This bill will not only safeguard the retirement security of millions of working families, it will also protect the interests of taxpayers who could be on the hook for a multibillion-dollar bailout of the Pension Benefit Guaranty Corp.," House Majority Leader John A. Boehner (R-Ohio) said after Senate passage.

Boehner aide Kevin Smith said criticism from corporations should be viewed in perspective.

"The grumbling from the business community comes as no surprise, since their lobbyists have long argued for more lenient funding requirements for employers," Smith said. "The president and bipartisan majority in Congress stood by workers and refused to water down the bill."

Nonetheless, disappointment with the bill, which President Bush signed Aug. 17, is not limited to employers.

"The bill did nothing to prevent companies from dropping out of the system or provide incentives to stay in the system," said Karen Friedman, policy director of the Pension Rights Center. "That really is the big issue now. How do we keep companies in the ballgame?"

Cost Of Pensions Adds To Factory Town's Troubles (NYT)

By Danny Hakim

The New York Times, September 5, 2006

LOCKPORT, N.Y. — For two and a half years, Michael Tucker was mayor of this small city by day and an autoworker by night.

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Then in May, he became one of the nearly 50,000 workers at General Motors or its former Delphi parts division to take buyouts, lured by the $33,000-a-year pension his company offered. That pension, and a smaller one he expects to collect from the state after his years as mayor, makes him a little unusual in a nation where more and more workers are not covered by such plans.

But now, as mayor of Lockport, Mr. Tucker, 49, is seeing the budget of this city north of Buffalo consumed by the kind of pension and retiree health care costs that helped push Delphi into bankruptcy. So he is preparing to do what his former employers, G.M. and Delphi, have already begun to do: ask the city's five unions for concessions, including limiting wage increases and cutting benefits, when labor contracts expire next year.

Cities across New York State are only now starting to grapple with the so-called legacy costs of pensions and retiree health care benefits, and the situation in Lockport — with its rising property taxes and strained budget — is emblematic of what other cities may face in the future.

Pension costs in New York City have quadrupled in the last five years, and they will soon consume 10 percent of the city's budget. In Buffalo, the state's second-largest city, pension costs have risen to $24 million, from $4 million, in the last five years, and the city is now overseen by a financial control board.

"It's going to be tough negotiations," Mr. Tucker said last month, as he stood in front of the giant Delphi radiator plant where he once worked and served as an officer in the United Auto Workers union. "We're going to be looking for some concessions," he added. "No question about it."

Lockport's pension costs for public workers have increased more than tenfold since 2000, to $1.6 million projected for this year, from $111,083. During the same period, the cost of providing medical coverage to city workers and retirees has risen 71 percent. Together, pension and health care costs have grown to 14.5 percent of the city's budget last year, up from 7.6 percent in 2000.

"Those are the two biggies, and they cripple cities like ours," Mr. Tucker said.

One big part of the problem is that the State Legislature has imposed new burdens on local government pensions around the state, just as it has in New York City, where the vibrant economy is better able to absorb such costs. But local governments have played their part in letting these costs rise.

The Lockport city government has regularly made concessions in past contract talks with its five unions, agreeing at various points to reduce the number of years that police officers and firefighters must work before they can retire, to 20 years instead of 25, and then granting them additional benefits for extra years of work. Such enhancements, which typically do not show up on city balance sheets for years, are often used to wrest shorter-term savings from unions.

And as they are in the private sector, health care costs are soaring. City workers in Lockport do not pay monthly health insurance premiums, except for some new hires in their first two years of service, something that is increasingly rare in the private sector. But in Lockport, they had a model: General Motors, which was the city's largest employer until it spun off Delphi in 1999. Workers at the Big Three automakers were accustomed to such benefits for years, but have since seen them begin to be scaled back.

"I think the bar was set years and years and years ago by the U.A.W. and what they were able to negotiate," said Richard P. Mullaney, the city's clerk and budget director, who added that the mindset of labor talks with the auto supplier pervaded Lockport's negotiations with city unions.

"The people who are sitting at the table negotiating contracts representing the city, the elected officials, many of them come from that area, many of them come from, not necessarily management, but they're rank and file workers that are serving on the Common Council," he added. "And you listen to police officers, firefighters and other city workers, and they say, well this is the benefit that you have, we want something similar."

In what could be a preview of Lockport's toughening stance, Mr. Tucker's administration recently suspended medical benefits to two firefighters who had been injured on the job, an unprecedented step for the city as it tries to cope with the soaring cost of benefits. Mr. Tucker said that a determination had been made that the city was not bound to pay the medical benefits of the firefighters, who are still being paid.

The move did not please the firefighters' union.

"I love my job, I took pride in the community and everything else, but when something like this happens to you, you feel very unappreciated," said Daniel Foley, a former firefighter and paramedic who herniated three disks on the job in 2003 and had his benefits suspended in June.

"When I got the letter, I felt like putting a 'For Sale' sign in front of my house and moving out of town," he said. "This is the thanks I get?"

For his part, Mr. Tucker said the city has to start grappling with costs it can no longer bear.

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"These are difficult choices," Mr. Tucker said. "It's not fun when you take away somebody's health care. We don't make these decisions lightly, but it is because of the times."

Statewide, local governments faced pension costs in 2005 that were at their highest point, as a percentage of payroll, in two decades. One reason is that the collapse of the stock market in the early part of the decade — and the impact that had on pension investments — forced municipalities to contribute far more to the state's pension system than they did in the late 1990's.

The more recent recovery of the financial markets means that municipalities' payments will begin to decrease this year, though they remain at much higher levels than they have been used to.

Another issue is the Legislature's moves to enhance benefits for various union workers in cities across the state, often after prodding by unions. Though the state pension fund assumes the majority of the costs, localities are also required to foot part of the bill. (New York City operates its own pension funds, separate from the state system.)

In 2000 alone, the Legislature approved more than $2 billion in new costs for the state and municipalities outside New York City by granting retirees recurring annual cost-of-living adjustments, waiving contributions into the retirement system for thousands of workers who have 10 years or more of service, and increasing the pension formulas to allow workers to collect bigger checks upon retirement.

Since the State Constitution prohibits taking away pension benefits already granted to public workers, Mr. Tucker is looking to hold the line on salaries and for health care concessions, and he is also considering more innovative ways to trim the budget.

"We're looking to other cities, merging together to do water, merging together to do assessments, privatizing ambulance service, privatizing garbage service," he said.

Mr. Tucker's situation is not unusual in Lockport, where three of the city's six Council members formerly worked at the Delphi plant. If taking the buyout was a difficult choice for many of his Delphi co-workers, it was not for him.

When he was working as mayor and autoworker, he was able to get a couple of hours of sleep in the mornings after his graveyard shift and maybe as much as three hours in the evenings if he could leave the Municipal Building by 5 p.m.

"I'm getting a little beat up after two and a half years, to be honest with you," he said shortly before taking the buyout.

A burly man with shaggy black hair and a mustache, Mr. Tucker has a calm manner that was evident during a recent Council meeting when black residents complained vociferously about a Fourth of July clash with the police.

A Republican, he faces the same problems as other upstate mayors: an exodus of population, jobs and tax revenue. Lockport's population decreased by 9 percent in the 1990's, to about 22,000 today, while steel and paper plants have been shuttered. The workforce of Delphi, the city's largest employer, has shrunk to between 3,000 and 4,000 today, from more than 10,000 in the 1970's.

The city has taken a number of cost-saving steps over the years, including significantly cutting its work force and consolidating its medical plans, and it has not relied on debt as heavily as other municipalities.

But the costs of providing for the city's retirees are already increasingly consuming the city's budget.

A recent report from the state comptroller's office said that Lockport faced greater fiscal challenges than most other upstate cities. To offset the rising benefits costs, the city has raised its property tax rate to $15.27 per $1,000 of assessed property value this year, up from $12.89 in 2000. That brings the cost to a little over $3,000 for a $200,000 home.

To avoid raising taxes further, the city, which tends to run a slight deficit, has been depleting its reserves, giving it less cushion in the case of unforeseen calamities.

"We're getting on shaky ground," said Mr. Mullaney, the city's budget director.

Last year, Moody's Investor Services cut the city's debt rating to Baa2, the second-lowest out of 10 investment grades.

"The city's financial position has continued to weaken as management has drawn down reserves over the last three years to offset property tax increases," Moody's said.

And residents have grown alarmed at the increase in local taxes. This year, the city government faced a revolt when a new assessor unveiled a major increase in the assessed property values. Within a couple of months, the assessor had quit and his plan to increase assessments was scrapped, a story that was played out in articles in The Lockport Union-Sun & Journal.

As if all of that were not enough, Delphi is seeking the bankruptcy court's permission to cut wages steeply, which would be another blow to the city economy.

Delphi's bankruptcy put the mayor in an awkward position: fellow autoworkers were dismayed by threatened wage cuts, but he was concerned about keeping Delphi's doors open.

"People's attitudes started changing," Mr. Tucker said. "I was all over the media, I was like the poster boy, you know, and I had to be very careful what I said."

"I certainly don't want to alienate the company, because I'm the mayor now and they're the county's biggest employer. I don't want to alienate them, I'm trying to help them, and I certainly don't want to alienate my union brothers and sisters, because I'm one of them as well. So it was difficult."

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Phyllis Green, a 73-year-old Republican councilwoman who also once worked at the plant, said the city was facing a sobering era as it confronts a future with its main employer in bankruptcy and having to pay public retiree benefits crafted in more prosperous times.

"You have to be realistic of what the times are," she said. "When we had all the other companies, we could afford certain things."

"Today, we can afford a very good Chevy Impala," she added. "Can we afford a Cadillac anymore? No."

Felt Called Too Ill For Travel To Court (WT)

By Jim Mcelhatton

The Washington Times, September 5, 2006

The former top FBI official known as "Deep Throat" is too ill to travel from California to the District to defend himself against a federal lawsuit filed by the co-author of his 1979 memoir, court records show.

W. Mark Felt Sr., 93, is being sued by D.C. author Ralph de Toledano, who says Mr. Felt, his son and their attorney duped him into signing away his rights to the famous Watergate source's life story.

The lawsuit claims W. Mark Felt Jr. approached Mr. de Toledano in 2003 about buying the author's interest in a memoir he co-wrote with the elder Mr. Felt in 1979, citing plans to reissue the book with only some additional background information.

The lawsuit says Mr. de Toledano, unaware that the elder Mr. Felt was the famous Watergate source, agreed to the deal for $10,000, but never would have done so if he had known that the Felts and their attorney were planning to disclose Mr. Felt's identity as Deep Throat.

The complaint, filed in U.S. District Court for the District of Columbia in July, states there could have been "little or no doubt that the story of Washington's most celebrated secret source would have considerable commercial value."

In court papers filed late Thursday, the elder Mr. Felt and his attorney, John O'Connor, say the lawsuit should be moved to Northern California. Mr. O'Connor also is the co-author of Mr. Felt's latest memoir, "A G-Man's Life: The FBI, Being 'Deep Throat,' and the Struggle for Honor in Washington."

The elder Mr. Felt lives in Santa Rosa, Calif., with his daughter Joan.

"His ill health does not permit him to drive a car, fly on a plane or travel for any significance," Mr. O'Connor wrote in court pleadings about Mr. Felt's condition. "Most of his days are spent simply resting at his daughter's home. It would be impossible for him to travel to Washington, D.C."

In addition, a declaration by Mr. O'Connor included in the legal filings says the Felts have refused all press and broadcast requests to travel because of concerns about the elder Mr. Felt's health.

"He has experienced several life-endangering episodes in the last four years that appeared to have begun with a mild fever and fatigue and/or trauma stemming from a minor fall," Mr. O'Connor stated.

Mr. O'Connor ended the 30-year mystery over the confidential source to Washington Post reporters Bob Woodward and Carl Bernstein during Watergate in a July 2005 story Mr. O'Connor wrote for Vanity Fair magazine, which got substantial advance publicity.

In addition, Mr. O'Connor cites the demands of his law practice in San Francisco in his response to the lawsuit, saying, "It would be very difficult for me to be gone from my office for any extended period of time."

District-based lawyer Kerrie L. Hook, who represents the elder Mr. Felt and Mr. O'Connor, also stated in last week's legal pleading that the contract at issue contains a provision that any disputes should be handled by a San Francisco-based arbitrator.

"In the long run, the arbitration process is most likely to result in a net reduction in total litigation costs and result in a much quicker resolution," she stated.

Last week, W. Mark Felt Jr., who lives in Florida, filed a separate response to the lawsuit, stating that he never had an obligation to tell the author that his father was Deep Throat. The response disputed Mr. de Toledano's claims.

Mr. de Toledano co-wrote and held a 50 percent interest in Mr. Felt's memoir "The FBI Pyramid: From the Inside," a 351-page account of Mr. Felt's career from a first-year agent in 1942 to associate director in 1971. He also held royalty rights for any additional commercial works on Mr. Felt's life story, court records show.

Mr. de Toledano's lawsuit does not specify monetary damages.

In court documents, Mr. O'Connor said he and the Felts are working on a movie deal with Universal Studios about Mr. Felt's life.

Democrats Poised To Take Control Of The House (RC)

By Stuart Rothenberg

Roll Call, September 5, 2006

In a recent edition of my newsletter, I dissected, analyzed and evaluated dozens of districts in the fight for the House of Representatives and concluded what many of us have been assuming for weeks — Democrats are poised to gain 15 to 20 seats, giving them control of the House.

The 15- to 20-seat range, of course, could change — in either direction — as voters focus on the upcoming elections and district or national polling shifts. Campaigns matter, as do national events. Because of that, some Democrats who today seem positioned to win GOP seats could lose, just as some currently safe Republican seats could fall.

In 1994, nobody thought Democratic Rep. Dan Rostenkowski (Ill.) was at all vulnerable until Republican polling in October found challenger Michael Flanagan leading the veteran Ways and Means chairman. And Democratic incumbents such as Kansan Dan Glickman and North Carolinian David Price didn't seem all that vulnerable until the ballots were counted and they had been defeated.

But all of those caveats shouldn't obscure the fact that Democrats clearly are favored in seven seats currently held by Republicans — four open seats (including the Texas district of former Rep. Tom DeLay) and three seats in Indiana — and that 10 other Republican seats, including two each in Pennsylvania and Ohio, are no better than tossups.

Another seven Republican seats are only slightly tilting toward the GOP. Adding up the Democrats' best opportunities, the party has a good shot at 24 Republican seats, and that number doesn't include long-shot races that likely will develop in a big Democratic wave — the Rostenkowski/Glickman seats of 2006.

In previous "wave" years, the party benefiting from the partisan wave took the overwhelming percentage of tossup contests, and I expect that to happen again this year. In other words, don't expect tossups to break evenly between the parties.

The Republican outlook in Indiana, a generally red state in presidential elections but much more competitive downballot, is horrible. Gov. Mitch Daniels (R) appears to be about as popular as bird flu, and he isn't making it any easier for his party's Congressional incumbents.

Democrats have three credible opponents for GOP Reps. Chris Chocola, John Hostettler and Mike Sodrel, and all three Republicans currently are running behind their Democratic opponents. Freshman Sodrel may have the best chance of surviving, given the Republican nature of his district and the fact that his opponent, former Rep. Baron Hill, already has been voted out of office once.

As expected, Ohio is looking very attractive for the Democratic Congressional Campaign Committee. Rep. Deborah Pryce, the chairwoman of the House Republican Conference, is in very serious trouble, and Rep. Steve Chabot (R) is in only slightly better shape. Republican prospects in retiring Rep. Bob Ney's district seem uncertain at least until the special mid-September primary, but at least the GOP now has a fighting chance to hang on to that district.

Pennsylvania also looks like a potential windfall for Democrats.

Three Republican Keystone State incumbents from the southeast — Reps. Jim Gerlach, Curt Weldon and Michael Fitzpatrick — and one from the northeast — Rep. Don Sherwood — are in serious trouble. Democratic efforts to capture a number of Western Pennsylvania GOP-held districts seem not to have born fruit, but that's little succor to national Republican strategists.

Connecticut remains a place where Republicans are on the defensive, but it's also a good place to see if the party's three incumbents can localize their contests enough to hold off strong Democratic challengers.

Given where other allegedly vulnerable Republican incumbents are, Rep. Christopher Shays looks surprisingly strong in his re-match against former Westport Selectwoman Diane Farrell (D). And while GOP Reps. Nancy Johnson and Rob Simmons are in very difficult races, each has earned a reputation as a very strong campaigner. Both fit their districts well, and in a normal year both would win. But 2006 isn't a normal year.

Elsewhere, Republican Reps. Clay Shaw (Fla.), Heather Wilson (N.M.), Charles Taylor (N.C.), Geoff Davis (Ky.) and Thelma Drake (Va.) face extremely tough challenges. Some of them may win, but the odds of all of them surviving are small. Shaw and Wilson have survived tough tests before, but their previously demonstrated skills and appeal could be overwhelmed in a Democratic wave.

Veteran Rep. Anne Northup (R-Ky.) ordinarily might fall into the same category, and early polling suggests that she is only even or slightly behind challenger John Yarmuth (D). But Yarmuth, a publisher and columnist, is an opposition researcher's dream, and Northup normally runs one of the best campaigns every cycle.

Are there any places where Democrats may not catch a wave that they once expected to build? Try upstate New York.

So far, there is precious little evidence that the Democrats' "perfect storm" — which is based on Democratic landslides in the state's races for governor and the Senate, as well as President Bush's low poll numbers in New York — is helping many Democrats in upstate New York.

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The 24th district remains a bit of an oddity, a place where each party insists its candidate is ahead. Incumbent Rep. Sherwood Boehlert (R) is retiring, and both District Attorney Michael Arcuri (D) and state Sen. Ray Meier (R) are appealing. The district leans Republican, and Democrats seem a bit too optimistic for my taste.

Elsewhere in the state, Republican Reps. John Sweeney, Jim Walsh, Tom Reynolds and Randy Kuhl all deserve to be favorites for reelection until district-level polling shows their Democratic challengers have a chance to overtake them. So far, there is no evidence of that.

And in Washington's 8th district, freshman Rep. Dave Reichert (R), who narrowly won two years ago and faces a well-funded Democrat this year, looks unexpectedly formidable this late in the cycle. Voters still remember him in his role as King County sheriff and so far seem disinclined to free him because of the sins of the Bush administration.

The Rise Of The Lincoln Democrats (WP)

By E. J. Dionne Jr.

The Washington Post, September 5, 2006

PHILADELPHIA -- The North will rise again.

If Democrats win control of the House of Representatives in November, that inversion of an old slogan is likely to be a central factor in their victory.

Although no one anticipates a Democratic sweep in November on the order of the Republicans' 1994 triumph, the forces that were at work 12 years ago are in play this year -- but in reverse.

One key to the Republican takeover of the House under Newt Gingrich was the completion of a long-term realignment to the GOP in the South. White Southerners started supporting Republican presidential candidates in large numbers as long ago as 1952, but many of them did not bring their congressional voting habits in line with their presidential votes until 1992 and, with a vengeance, 1994.

But a quiet counter-realignment has been under way in the Northeast and Midwest. Post political writer Dan Balz was one of the first to notice after Bill Clinton's 1996 reelection that longtime Republican suburban bastions in Pennsylvania, Illinois, Michigan, Ohio, New York and New Jersey were moving the Democrats' way.

If Democrats take the House this fall, it will be the culmination of this trend. To put it in historical terms, if Democrats have suffered in the states of the Old Confederacy, many of their best opportunities in November are in states carried by the first Republican president, Abraham Lincoln, in the 1860 election.

These include four and possibly five seats in Pennsylvania, four in Ohio, three in Connecticut, two to five seats in New York, three in Indiana, one or two in New Hampshire, and one each in Illinois, Iowa, Minnesota and Wisconsin.

That totals as many as 26 seats and rises to 27 counting a competitive race in New Jersey (a state that divided its 1860 electoral votes between Lincoln and Northern Democrat Stephen Douglas). Democrats need 15 seats to take the House.

That number is at the outside range of Democratic hopes, and Republicans have a few opportunities of their own for Northern pickups. But winning the bulk of these Lincoln-state seats would be the linchpin of any Democratic victory.

In the Senate, where Democrats need a net gain of six seats to win a majority, the most vulnerable Republicans include Pennsylvania's Rick Santorum and Rhode Island's Lincoln Chafee (who faces a tough primary later this month).

The changing regional contours of American politics have been visible in the Southernization of the GOP leadership -- from President Bush of Texas and Gingrich of Georgia to Senate Majority Leader Bill Frist of Tennessee and, earlier, Dick Armey and Tom DeLay, both Texans. The rise of the Dixiepublicans and their brand of conservatism has pushed moderates in the North in the Democrats' direction.

But Pennsylvania Gov. Ed Rendell, a Democrat who is seeking a second term this fall, said in an interview here that Republicans are suffering from factors very specific to this political year, including President Bush's unpopularity in this part of the country.

Rendell argues that in the older industrial states, Republicans are being hurt by the trade issue, and he criticizes the Bush administration for filing many fewer unfair-trade complaints against foreign competitors than did the Clinton administration.

Job losses have made voters especially sensitive to the erosion of America's competitive position in the global economy. Rendell says flatly: "In 10 years, we could wind up being a second-rate economic power if we don't improve our competitiveness."

Rendell -- who is well ahead of Republican Lynn Swann in the polls -- offers remedies that include national health insurance in order to remove the burden of health costs from American businesses. He says his party should also push for education reform and major investments in alternative energy. These suggestions have the potential of being both business-friendly and congenial to liberal Democrats.

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And then, Rendell said, there is the strong opposition to the Iraq war in his region, which could complicate the Bush administration's new political offensive targeting Democratic critics of its policies.

By pushing the war to the forefront, the president might well increase turnout among core Republican voters, but at the cost of hurting individual Republican candidates in districts where opposition to the war is particularly strong.

The realignment of the South has been more important than any other factor in the rise of the Republican Party to majority status in Congress. It would be one of history's ironies if that majority were imperiled by the reassertion of the Lincoln states.

History Favors Democrats In Congress Races (WT)

By Donald Lambro

The Washington Times, September 5, 2006

The race for Congress and the nation's governorships bolted from the Labor Day starting gate yesterday, with voter-preference polls tightening between the parties in an election that both sides said will be even closer by November.

Historically, the party that holds the White House usually loses seats in Congress in a second term, and campaign strategists in both parties expected Democrats to make gains in the House and Senate -- while two top election forecasters predicted they will win 15 or more seats that will give them majority control of the House.

If "the political climate remains as it is today -- a very big 'if' -- Republicans will likely lose the House and their dominance of the nation's governorships, but hang on to the Senate by a thread," veteran analyst Charlie Cook said last week in his National Journal report.

Analyst Stuart Rothenberg predicted that Democrats would gain between 15 and 20 additional House seats, "which would translate to between 218 and 223 seats -- and a majority -- in the next House."

But Republican officials said the generic party-preference polls that have showed the Democrats leading were skewed and that they would hold on to the House.

"I think the national generic polls are irrelevant. House races come down to a choice between two people on the ballot, and we've successfully made that happen in the last three election cycles," said Carl Forti, chief spokesman for the National Republican Congressional Committee.

"We just look at the individual races, and we find in our polling data that the Republicans are in very good positions, which is why we defied history in 2002 and picked up seats, in 2004 and picked up seats, and we've got no problem making history look bad again," Mr. Forti said. "Republicans will be in the majority in the next Congress."

No one, however, is making any similar predictions over at the Democratic Congressional Campaign Committee (DCCC).

"We are obviously in a very good position, and Republicans are obviously on the ropes, but it's too early to predict the number of seats that will be transferred. We're not predicting that we are going to take over the House," said DCCC's communications director, Bill Burton.

Poll gap narrows

One of the reasons for the Democrats' reticence -- with nine weeks until the elections -- is a recent tightening in the polls.

For months, Gallup has been reporting a lead of nine to 15 percentage points for the Democrats in generic polls that ask voters which party they will support in the congressional elections. But late last month, Gallup said its survey found "Republicans edging closer to the Democrats in voter preferences for this year's midterm elections, mirroring the slight increase seen in President Bush's job-approval rating."

Gallup said its Aug. 18-20 poll found "the Democrats now lead the Republicans by two points, 47 percent vs. 45 percent. That is down from a 9-point lead earlier this month, and an average Democratic lead of 10 points in the previous three polls in July and August."

Pollsters have long maintained that generic ballot surveys tend to boost the Democratic vote by anywhere from five to 10 percentage points. If that is true in this election, then the Republicans headed into the final weeks of the campaign "in pretty good shape," said a Republican official.

Interviews with some Democratic strategists and advisers last week suggested that they had seen a similar trend in internal polls. "That means there aren't as many vulnerable Republicans now as there was a month or more ago," said a party adviser who spoke on the condition of anonymity.

"I suspect that what you are seeing there is, yes, some Republicans are coming home in certain congressional districts, and there is some firming up of the Republican vote," another Democratic campaign adviser said.

But other Democratic campaign consultants said they had not picked up what Gallup's polling had found.

"I'm not seeing it in my own polls at this time," said Democratic consultant Alan Secrest. "We expect to see some tightening -- it's only natural. But if the election were held the Tuesday after Labor Day, the House would switch."

Turnout battles

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But the election is more than two months away and some Democrats acknowledged that in many competitive districts they would be hard-pressed to beat the Republicans at their best ground game -- voter turnout -- and overcoming the higher redistricting walls that Republicans have constructed since the 2000 census and reapportionment.

"The Republicans have a superior infrastructure, and their base is still fairly solid in pretty solid Republican districts. They are going to go into these districts with an innate advantage on the ground," said a campaign adviser who is close to the Democratic National Committee (DNC).

Republican National Committee (RNC) officials said the turnout organization put together for Mr. Bush's re-election campaign was reactivated more than a year ago by RNC Chairman Ken Mehlman, the architect of the massive turnout operation that helped Mr. Bush win a second term.

"The whole turnout operation is being done in the RNC, all of it," Mr. Forti said. "They are paying for it, organizing it, handling it. It was the most successful voter turnout in history, so we are comfortable with Mehlman leading that again."

Republicans campaign officials say that at this point, they have identified 36 congressional races that they consider in play and competitive, slightly more than the 30 to 32 races that fit that definition in 2004. The Republican Party's turnout operation will be heavily focused on those 36 districts, and in the most vulnerable Senate races, officials said.

"We are building on the successes of our massive volunteer effort of 2004," said RNC political director Michael DuHaime.

But Mr. Cook said his polls showed there was less intensity and enthusiasm among Republican voters than among Democrats. "Republicans are facing a motivation deficit that is unlike anything that they've seen since at least the 1982 election," he said.

Democrats say Illinois Rep. Rahm Emmanuel, chairman of the DCCC, has worked out his bitter disagreements with DNC Chairman Howard Dean over how much the party should spend on voter-turnout efforts. "There is a commonality of interests that supercedes their personality differences about working with one another," a DNC adviser said.

Senate slide

Democrats need a net gain of six seats to retake the Senate, and Republicans' 55-seat majority will see some erosion on Election Day -- though several Democratic seats were also at risk that could offset any Republican losses. Among the Republicans' most vulnerable incumbents:

·Pennsylvania: Sen. Rick Santorum, one of the Senate's most conservative members, has been running behind Democratic state Treasurer Bob Casey Jr. all year in the polls by double-digit margins. But late last month, the race tightened significantly, with Mr. Santorum trailing his rival by six percentage points, according to a Quinnipiac University poll.

·Ohio: Sen. Mike DeWine has been trailing liberal Rep. Sherrod Brown by about six percentage points in most polls in the Republican-leaning swing state. But Mr. Brown, an anti-war Democrat, has one of his party's most liberal voting records. "If DeWine can make Brown the issue, then the Republican has a chance to win," Mr. Rothenberg said.

·Rhode Island: Sen. Lincoln Chafee is being challenged in the Sept. 12 Republican primary by Cranston Mayor Stephen Laffey. The winner will face former state Attorney General Sheldon Whitehouse in the general election.

·Montana: Sen. Conrad Burns has been hurt by his association with disgraced lobbyist Jack Abramoff. Polls show him trailing Democratic state Sen. Jon Tester.

But Democratic seats in New Jersey, Maryland and Washington were also in danger of upsets, along with long-shot contests in Minnesota and Michigan.

In New Jersey, Republican state Sen. Tom Kean Jr. was in a dead heat with Sen. Robert Menendez, while Maryland's Republican Lt. Gov. Michael S. Steele was gaining support in a Senate race against a divided field of Democrats who will choose their candidate Sept. 12.

In Washington state, Republican businessman Mike McGavick was closing in on Democratic Sen. Maria Cantwell, whose re-election has been hurt by her party's anti-war wing, angered by her earlier support for the war in Iraq. "This has all the markings of a very competitive contest," Mr. Rothenberg said.

Democrats eye governors

Republicans control the majority of the nation's governorships, 28 to 22, including all of the major electoral states, but Democrats are expected to cut into the Republican Party's advantage in several key states.

In New York, where Republicans were unable to recruit a heavyweight candidate, Democratic state Attorney General Eliot Spitzer is all but certain to recapture the Statehouse from the Republican Party's decadelong dominance.

Republican prospects appeared similarly dim in Ohio where Republican Secretary of State J. Kenneth Blackwell was badly trailing Democratic Rep. Ted Strickland, an ordained Methodist minister who has been endorsed by the National Rifle Association in past races.

Democratic chances to recapture Republican governorships in Massachusetts, Arkansas and Maryland also remained strong.

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However, Republicans were expected to hold on to several major statehouses, including California, where Gov. Arnold Schwarzenegger has made a comeback; Texas, where Gov. Rick Perry is considered safe; and Florida, where Republican Attorney General Charlie Crist is the front-runner against a divided and little-known field of Democratic candidates. Florida's primary is today.

Meanwhile, several Democratic-held seats in the Midwest were in danger of Republican upsets.

In Michigan, Democratic Gov. Jennifer M. Granholm is in a virtual dead heat against Republican Dick DeVos. In Wisconsin, Democratic Gov. James E. Doyle -- whose administration is battling corruption charges -- is in a virtual tie with Republican Rep. Mark Green. "This remains one of the best GOP opportunities this cycle," Mr. Rothenberg said.

And in Iowa, where Democratic Gov. Tom Vilsack is retiring, Republican Rep. Jim Nussle is in a tight race with Democratic Secretary of State Chet Culver that independent analysts call "a tossup."

Senator Backs The War In Iraq And Rumsfeld In A TV Debate (NYT)

By Robin Toner

The New York Times, September 4, 2006

WASHINGTON, Sept. 3 — Senator Rick Santorum of Pennsylvania, one of the most endangered Republican incumbents in the Senate, defended the war in Iraq on Sunday as a war of “necessity,” not choice, arguing that it was a central part of “this broad war” against “Islamic fascism.”

In a debate on “Meet the Press” on NBC, Mr. Santorum also praised the leadership of Defense Secretary Donald H. Rumsfeld and President Bush. Asked if he would join calls for Mr. Rumsfeld’s resignation, Mr. Santorum said that the defense secretary had “done a fine job” and that the nation faced foes “much more potent than I think anybody ever anticipated.”

Mr. Santorum’s Democratic opponent, Bob Casey Jr., the Pennsylvania state treasurer, called him a “rubber stamp” for the Bush administration and said he had failed to hold Mr. Bush accountable for the conduct of the war.

“When you have two politicians in Washington who agree 98 percent of the time, one of them’s really not necessary,” said Mr. Casey, alluding to Mr. Santorum’s voting record. “We could have a machine have that kind of vote.”

The one-hour debate provided a stark contrast between the parties as they enter the final stretch of the midterm elections. Both candidates touched on national themes, with Mr. Casey arguing that it was time for a change toward a more “independent” senator who could “stand up to his party and his president, especially in a time of war,” and demand more accountability on national security.

For his part, Mr. Santorum reflected the renewed Republican message that the Bush administration’s aggressive policies abroad have kept Americans safe from terrorist attacks at home. “The reason we haven’t” had any terrorist attacks since Sept. 11, he argued, “is because we’ve taken it to them where they are.”

Mr. Santorum also said that Mr. Casey lacked any real plan to deal with Iraq or with the broader fight against terrorism. He repeatedly tried to tie Mr. Casey to the most liberal wing of his party on national security, which he said would undermine American intelligence and surveillance capabilities. At one point, Mr. Casey said, “Rick, Rick, you’re not debating the party, you’re debating me.”

Mr. Casey, considered a conservative on many issues, said he would not support a resolution, like the one proposed by Senator John Kerry, setting a deadline for withdrawal of American troops, nor would he vote to cut off financing for the war. “I’m not ready to abandon this mission,” he said. “We don’t need a deadline, a timeline; we need new leadership.”

More than once, Mr. Santorum accused Mr. Casey of failing to provide specifics, particularly on what programs he would cut in pursuit of a balanced budget and how he would shore up Social Security.

Santorum Defends President, Iraq War (WP)

By Charles Babington, Washington Post Staff Writer

The Washington Post, September 4, 2006

Senator Backs Bush During Debate

Sen. Rick Santorum (R-Pa.), battling for reelection in a state where President Bush is not popular, gave a full-throated defense of the president yesterday and said the United States must prevail in the Iraq war.

In his first and perhaps only debate with Democratic challenger Bob Casey Jr., Santorum lived up to his reputation as a feisty, unapologetic conservative, even though it has caused him problems in moderate-voting Pennsylvania. Ignoring Casey's taunts that he is a "rubber stamp" for Bush, Santorum embraced the president and most of his anti-terrorism policies.

"I think he's been a terrific president, absolutely," Santorum said in the nearly hour-long debate on NBC's "Meet the Press." Defense Secretary Donald H. Rumsfeld -- whose resignation is being sought by some Republican candidates -- "has done a fine job," he said, and "there is no question that the Iraq war should have commenced."

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Polls consistently have shown Casey, the state treasurer and son of a popular former governor, leading Santorum. Democrats see the race as among their two or three best chances for gaining a Senate seat on Nov. 7, although Santorum has a record of winning tough elections. Santorum, who has asked for many debates, spent much of the hour portraying Casey as a bob-and-weave politician unwilling to take stands on tough issues.

Moderator Tim Russert tried to pin down Casey on whether he still believes he would have voted to support the Iraq invasion, knowing what is now known about Saddam Hussein's lack of unconventional weapons. "If we knew then what we know now," his vote would be no, Casey said, adding, "I think there wouldn't have been a vote" in the House and Senate under those circumstances.

Russert also pressed Casey on how he would fulfill his pledge to balance the federal budget. Casey said he would seek to repeal the recent tax cuts for persons making more than $200,000 a year, and retain a tax on very large estates, which Santorum opposes. But he would not identify federal programs he would be willing to cut.

"What you heard from Mr. Casey is what you hear all the time," Santorum said. "No specifics, no answer."

Casey said Santorum has helped expand the deficit dramatically by joining Bush in cutting taxes without trimming spending. As treasurer, Casey said, he has "been fiscally responsible in my work. You ought to try it." Although both candidates oppose legalized abortion in most cases, they differed on the government's recent decision to allow nonprescription sales of Plan B or the "morning-after" emergency contraceptive pill to women 18 and older. Santorum said he opposed the decision because the pill essentially causes an abortion in cases in which an egg has been fertilized.

Casey said, "I think the science is clear on this. I think it is contraception," not abortion.

Russert pressed Santorum on his willingness to allow abortions in cases of rape and incest, even though the senator says it involves the taking of a human life. Santorum said he agreed to such exemptions in an effort to find "common ground" in the abortion debate.

Democrats hoped to negate some of Santorum's appeal to conservatives and moderates by nominating Casey, who supports gun rights and opposes abortion. But some Democrats worry that Casey is playing it too safe by refusing most debate invitations and offering unspecific solutions to many problems.

With Casey and Santorum sitting elbow to elbow across a table from Russert in a Washington studio, the candidates had their sharpest exchange over a recent raise for Pennsylvania legislators, which proved unpopular with voters. As treasurer, Santorum said, Casey "said nothing for three months, signed the checks," and opposed the raise only after the controversy had crested. "That's not courage, that's political pandering." Casey replied that he was "following the law," and noted that Santorum had not taken a stand on the pay raise. "I'm not a state official, you are," Santorum said.

Russert devoted much of the program to Iraq. Santorum responded by repeatedly turning to criticism of Iran, saying Iraq's Shiite-led neighbor is "at the heart of this war. . . . How do we cure Iraq? Focus on Iran." In a rare swipe at the White House, he said, "a big problem I have with this administration is it hasn't been tough enough on Iran." Casey criticized Bush's handling of the war -- and called for Rumsfeld's resignation -- without urging a timetable for U.S. troop withdrawals. "We need new leadership," he said. "We don't need a deadline, a timeline." He called for greater "accountability" in the war, and more special forces.

Santorum repeated his assertion that "we have found weapons of mass destruction" in Iraq, an allusion to shells apparently left over from Iraq's war with Iran in the 1980s. "We have not found any new weapons," he acknowledged.

Casey scoffed at "this crazy theory that there's still weapons of mass destruction" in Iraq.

Casey And Santorum Mix It Up (WT)

By Charles Hurt, The Washington Times

The Washington Times, September 4, 2006

Bob Casey Jr., the Pennsylvania state treasurer who is seeking to oust Republican Sen. Rick Santorum, said in a debate yesterday that there is no "crisis" facing Social Security, which most economists agree is headed for collapse unless major changes are made.

"I don't think you're talking about a crisis," the Democrat said during an hourlong debate yesterday on NBC's "Meet the Press." Mr. Casey said the program -- raided for years by federal lawmakers to pay for other government programs -- will fix itself.

"So [we'll have] double the people on Social Security and Medicare, and life expectancy approaches 80. And the solution is 'do nothing'?" moderator Tim Russert asked.

Mr. Casey suggested reinstating the estate tax and then hoping for a booming economy to "grow" the program out of the peril that actuarial tables and demographics predict.

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"You want to grow the economy by increasing taxes?" scoffed Mr. Santorum, sitting next to him. "So, he's saying we have to grow the economy so we're going to take more out of it. That's a great way to grow the economy."

For many years, as the baby-boom generation reached peak earning years, the Social Security program collected more in taxes than it paid out in benefits to the previous generation's retirees. These surpluses have been used to cover the costs of other government programs since the 1980s.

Projections by such bodies as the Social Security Administration and the Congressional Budget Office differ in their precise years, but there is general agreement that some time around 2020, as the boomers retire and the number of retirees relative to the number of workers skyrockets, the program will become a net drain on the federal treasury, and some time around 2050, it will have exhausted the surpluses built up decades earlier.

But the only crisis related to Social Security, Mr. Casey said, is the plan supported by Mr. Santorum and President Bush to create private Social Security accounts that could no longer be accessed by the federal government.

Mr. Casey also said yesterday that he no longer supports the decision to go to war in Iraq. Last year, he told reporters that he still would have voted in favor of the war resolution.

"The evidence that was presented then ... was misleading, and I think it was faulty," he said.

Asked repeatedly whether he now opposes the war decision, Mr. Casey finally said, "If we knew then what we know now, sure."

Still, he said, he's not ready to "abandon this mission" as many of his Democrat colleagues are ready to do.

"I think a lot of Americans are not, either," Mr. Casey said. "What has to happen in Iraq is what you've not seen. We need new leadership; we don't need a deadline, a timeline."

Mr. Santorum defended the war as one "front of a multifront war" against Islamist terrorism.

"They don't care about life, and we do," he said, chiding Mr. Casey for not offering a concrete plan to combat terrorism. "The real tough questions is, how do you win this war? How do you go out and prosecute a war successfully?"

Mr. Santorum agreed with Mr. Russert's assessment that "the American people have turned against the war in Iraq" and placed blame for that on President Bush.

"I think because the Bush administration hasn't laid out the complexity of dealing with this war and how it fits into a broader picture, and that's what I'm trying to do," the two-term incumbent said.

After the debate, both sides declared victory.

"The first Senate debate between Bob Casey and Rick Santorum wasn't even close -- Casey won," said Phil Singer, spokesman for the Democratic Senatorial Campaign Committee. "Santorum, looking unhinged, offered more of the same, while Bob Casey outlined a new direction and made the case for change. Casey went head to head on Santorum's home turf and got the better of him."

Dan Ronayne, spokesman for the National Republican Senatorial Committee, noted that Mr. Casey had balked at debating Mr. Santorum.

"The expectations were low for Bob Casey Jr. in this debate," he said. "He had an ankle-high bar to clear, and he tripped over it."

Independent Bid For Chafee 'Off The Boards' (WT)

By Eric Pfeiffer, The Washington Times

The Washington Times, September 4, 2006

Sen. Lincoln Chafee, Rhode Island Republican, says he will not follow the path of Sen. Joe Lieberman of Connecticut by running as an independent if he loses his party's Sept. 12 primary election against Cranston Mayor Stephen Laffey.

"That's off the boards," Mr. Chafee said yesterday during an appearance on ABC's "This Week." "Technically, in Rhode Island, I cannot do it, but even if I could, I wouldn't."

Mr. Lieberman lost the Democratic primary last month to Ned Lamont, but is now running as independent. Mr. Lieberman holds a lead over Mr. Lamont because his support is strong among independents and the opposing party. "This Week" host George Stephanopoulos suggested that such a pattern could hold in Rhode Island.

A poll released last week by Rhode Island College shows Mr. Laffey, who describes himself as a "Reagan Republican," holding a lead of 51 percent to 34 percent over Mr. Chafee, one of his party's most liberal lawmakers.

Mr. Chafee brushed off questions about his apparent failure to connect with Republican primary voters, describing himself as a "traditional Republican" who would support a Republican leader in the Senate if he is re-elected.

"I'm fighting from within, speaking up in our caucuses, making my voice heard," Mr. Chafee said. "I think I've been vindicated on a number of votes."

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Mr. Chafee voted against the war in Iraq and President Bush's tax cuts. He voted in favor of federal funding for stem-cell research and against a constitutional amendment on the definition of marriage. However, Mr. Chafee has supported the administration on other contentious issues, including the nomination of John R. Bolton as U.S. ambassador to the United Nations.

Despite trailing Mr. Laffey, Mr. Chafee has continued to receive the support of the major Republican organizations, including the National Republican Senatorial Committee. First lady Laura Bush has campaigned on his behalf.

When asked why Mr. Chafee has the support of the party establishment, Mr. Laffey said that "the last thing that Karl Rove and his buddies want, down in Washington, is a real reformer like me, someone who shakes things up, who has the ideas and the ability to implement real solutions."

Mr. Laffey is running on a more conservative platform than that of Mr. Chafee. He has pledged to vote against any increases to the federal income tax, but Mr. Chafee has pointed out that as mayor, Mr. Laffey implemented tax increases and personally invested in a private stem-cell research company.

Mr. Laffey explained his support for tax increases by noting that Cranston was on the verge of bankruptcy when he took office, leaving him no real choice but to raise taxes to generate revenue and avert that threat.

'Mortgage Moms' May Star In Midterm Vote (WP)

By Jeffrey H. Birnbaum And Chris Cillizza

The Washington Post, September 5, 2006

BURLINGTON, Ky. -- Life is cramped at the Condit household. Dale and Sharon Condit and their two young sons need more room but can't seem to sell their current home -- on the market now for three months.

In a year when politics is being roiled by angry debates over the Iraq war and immigration, it might seem odd to imagine the midterm elections being waged over square footage and closet space. But these are parts of a lifestyle that Sharon Condit, a deputy clerk of court, describes as dogged by a sense of limits: "We have dreams of this future, but we can't get it right now."

This gap in expectations, a source of anxiety for the Condits, is a source of opportunity for former representative Ken Lucas, a Democrat who is trying to win back Kentucky's 4th Congressional District from incumbent Republican Geoff Davis. Attitudes about the economy -- "People are being pushed up against a ceiling," said Lucas. "They feel trapped" -- are part of the reason the Democrat is in a neck-and-neck race in a district President Bush won by 27 percentage points in 2004.

At first glance, the economy's role in this year's midterm elections is a puzzle. Economic growth and unemployment are at levels that in past years would have been a clear political asset for the party in power.

But one layer down in the statistics, the answer is more clear. Flat wages and rising debt nationally have converged to leave millions of middle-class households feeling acutely vulnerable to bumps in their financial planning. The most visible of these are rising energy prices and a softening housing market.

A less obvious but powerful variable is the interest paid by people carrying credit card debt or mortgages whose monthly payments vary with interest rates. People buffeted by these trends have given rise to a new and volatile voting block.

"People like this are making a large ripple across the body politic," said Republican pollster Bill McInturff of Public Opinion Strategies. When added to the growing opposition to the war in Iraq, he said, worry about this economic crunch "is creating a political environment that is not that friendly to the party in power."

Every election cycle has its own important set of undecided, or swing, voters. In 2000, it was the "soccer moms," targeted by both parties with appeals based on education and quality-of-life concerns. In 2004, it was the security moms, normally Democratic-trending women whose concerns about terrorism helped give Bush his margin of victory.

This year could mark the emergence of what might be called mortgage moms -- voters whose sense of well-being is freighted with anxiety about their families' financial squeeze. Democrats are betting that this factor is strong enough to trump security or cultural values issues.

Kentucky's 4th District, stretching across nearly 200 miles of the state's northern tier, offers a useful window into whether the strategy can work. It includes coal-mining precincts with an Appalachian character, affluent Cincinnati suburbs along the Ohio River, and rural farmland that looks and feels more like the Midwest than the South. Unemployment in 2005 was 6.9 percent. The current national average is 4.7 percent.

Democrats here typically do not stress liberalism. Lucas, for instance, opposes abortion rights and gun-control measures. But in Kentucky and elsewhere, Democrats have some reason for optimism about the traction they might gain from the economy.

Polls show that swing voters -- the category that candidates most want to attract -- are unhappier than the rest of the population about their economic circumstances. According to a recent survey by Bloomberg News and the Los Angeles Times, six in 10 self-described independents said the economy was doing badly, and seven in 10 said the country was on the wrong track. A Fox News poll, taken at the end of last month, showed that 23 percent of Americans consider the economy the most

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important factor they will weigh when they cast their ballot in November -- more than those who cited Iraq (14 percent) or terrorism (12 percent).

And a recent poll conducted for the AFL-CIO by the Democratic Garin-Hart-Yang Research Group found that 55 percent of voters said their income was not keeping up with inflation, and that the economy was a more effective campaign theme against Republicans than either the war or corruption. This rings true to many Republican strategists and their allies: Despite the unpopularity of the president's Iraq policies, Bush's approval rating is higher among voters who see the war and national security as the top issues in November than it is among voters who rate the economy as their top issue, according to one veteran GOP pollster worried about his party's prospects this fall.

Republicans have approached the problem partly as a matter of perception. Eager to frame the issue for the fall, Bush recently met with economic advisers at Camp David and later announced that the economy is "solid and strong" and "creating real benefits for American workers and families and entrepreneurs." The gross domestic product, the sum of all goods and services produced, has slowed a bit since the beginning of the year but is still growing at a respectable annual rate of 2.9 percent. And the unemployment rate is near its five-year low.

But the sour mood is not simply a matter of psychology. Since 2003, the inflation-adjusted median hourly wage of most workers has fallen by 2 percent, according to the Labor Department. And this summer marked the first time since 1991 that the annual inflation rate exceeded 4 percent for three consecutive months, driven partly by $3-per-gallon gasoline.

Then there is debt. According to a study by the Federal Reserve Board, the ratio of financial obligations -- primarily mortgage and consumer debt -- to disposable personal income rose to a modern record of 18.7 percent earlier this year. The amount of mortgage debt alone has more than doubled since 2000, to nearly $9 trillion. And in July, for the 16th consecutive month, consumers in the aggregate spent all of their disposable income and dipped into savings or borrowed to finance the things they bought.

Among the most exposed are those who bought into one of the great fads in mortgage lending in recent years -- adjustable rates. Next year, $1 trillion worth of adjustable-rate mortgages -- about 11 percent of all outstanding mortgage debt -- is scheduled to readjust to a higher interest rate for the first time, according to LoanPerformance, a research company. This will come after more than $400 billion of readjustments this year. That means millions of homeowners will either have to refinance or shoulder an increase of perhaps 25 percent in their monthly payments.

The political implications of these trends are obvious. "A large number of voters have a definite foreboding about the economy, and that isn't good news for incumbents," said Gregory S. Casey, chief executive of the Business Industry Political Action Committee, a nonpartisan electoral analysis organization. "They feel disappointed in government institutions that they think have let them down."

"Republicans are worried," added R. Bruce Josten, an executive vice president of the U.S. Chamber of Commerce, a significant backer of pro-business -- and therefore predominantly Republican -- congressional candidates. "You have a portion of the middle class that doesn't believe it's benefiting from good economic news, and, in fact, it's not. . . . All the blame doesn't go to Congress, but voters are going to take it out on Congress anyway."

Republicans in Congress have tried to show sympathy for hard-pressed workers by pushing to pass an increase in the minimum wage. That effort foundered in the Senate because it was tied to a cut in the estate tax, which would have benefited wealthy individuals. But GOP leaders say they want to take another stab at raising the minimum wage this month, before Congress adjourns.

Democrats want to prevent Republicans from claiming that success and are advancing ballot initiatives in half a dozen states -- including key Senate battlegrounds such as Missouri, Montana and Ohio -- that would mandate boosts in the minimum amount that employers pay their workers. They also intend to talk about the need to cut taxes for the middle class, roll back tax cuts for upper-income people and extend a soon-to-expire provision that permits some middle-income families to write off college tuition payments.

Among the key places the debate is playing out is New York, where Republican Reps. John E. Sweeney, James T. Walsh and John R. "Randy" Kuhl Jr. are facing tougher-than-expected challenges because of the state's economy.

In the Upstate district of retiring Rep. Sherwood L. Boehlert (R), the House Democratic Campaign Committee is running a TV ad that lashes the Republican nominee, state Sen. Ray Meier, for opposing a minimum-wage increase in the New York legislature while his own pay went up by $22,000. The ad promises that Democratic nominee Michael Arcuri will not vote to increase his own salary in Congress until a minimum wage boost is passed.

Even Rep. Thomas M. Reynolds (N.Y.), who chairs the House Republicans' campaign arm, is being challenged -- by Jack Davis, who runs the Save American Jobs Association, an organization contending that free trade is causing U.S. job losses.

The economy will also figure throughout the industrial Midwest, especially in Michigan, where layoffs by the auto industry have political repercussions. Rep. Thaddeus McCotter (R-Mich.) has called the economy the No. 1 issue in his region.

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But the fact that the economy is on people's minds does not necessarily mean it will drive votes, as was clear in numerous voter interviews here in Kentucky. Dale Condit, a truck driver, said, like his wife, that he is concerned about the economy and unhappy with the direction of things in Washington. But, like her, he is not sure whether he will vote for Ken Lucas or Geoff Davis.

The owner of the diner where they were eating, the Little Place Restaurant, has had less trouble making up her mind. Estelle Nunn and her husband, Henry Nunn, recently bought a smaller car to save on gasoline. Estelle Nunn, who has operated the restaurant for 36 years, said they are making ends meet but her dollars are not going as far as they once did. She is saving for a new stove at the eatery but doesn't have nearly enough money yet. She is even hesitating to visit her grandsons in Florida because of the cost of travel, something she deeply regrets. "There is uneasiness," said Nunn, noting that she will be supporting Lucas in the fall.

At another table sat Mike Collins, a local judge who said he sometimes indulges his love for singing Michael BublÃ© songs at karaoke lounges. He said he sees evidence of the economic crush every day in traffic court. Things have gotten so tough, he said, more people are unable to pay the standard $138 in court costs plus the traffic fine.

For all this, traditional class-based appeals to economic grievance would probably not play well in Kentucky's 4th. At lunch at a Panera Bread restaurant in Crestview Hills, a Cincinnati suburb, Angela McNickle was enjoying a "girls' day" with her daughter, Hope, 4. McNickle, a former flight attendant who is married to a salesman, has concerns -- a 7-year-old son has Down syndrome and high medical bills -- but she said her financial situation does not affect her vote. "We're comfortable," she said. "If I was in a different economic class or a single mom, it might be different."

Indeed, Davis, the Republican incumbent, has some formidable advantages. He is well financed, with $1.5 million in the bank. And he is navigating economic concerns by playing down his party affiliation and focusing on his ability to deliver federal aid to the district.

In late August, Davis made two stops in Carroll County. At the first, he announced that he had secured $500,000 in funding for a rural medical center. He then joined Assistant Secretary of Commerce David M. Spooner at North American Stainless, a steel mill, to present an "Export Achievement Certificate" to honor its focus on trade with foreign countries. Asked about the national climate facing Republicans, Davis said, "This is a local race that will be decided on local issues."

It is Lucas who is more ready to talk about national trends. Braving blistering heat at a seniors' picnic along the banks of the Ohio River, he shook hands and tried to call Republicans to account for a "a system where the rich are getting richer." In an interview, he said enough people agree with him to make the difference on Nov. 7.

Poll: Michigan Governor Race About Even (AP-Y)

AP, September 5, 2006

A poll published Sunday shows the race for Michigan governor is about even.

In the poll of 803 likely voters by Selzer & Co. of Des Moines, Iowa, 46 percent of voters said they'd back Democratic Gov. Jennifer Granholm if the election were held today, while 44 percent would back Republican challenger Dick DeVos and 10 percent were undecided.

A Selzer poll in July showed DeVos, with 47 percent, apparently leading Granholm, with 42 percent. Eight percent were undecided, and 3 percent were counted as "other."

Michigan is a closely watched state as Democrats try to hold and win governorships and try to wrest control of Congress.

"We assume we'll be behind the entire fall," said John Truscott, a DeVos campaign spokesman. "We're the challenger to an incumbent. We're pretty satisfied with where we are."

Granholm campaign spokesman Chris De Witt said the poll shows that DeVos' recent ad campaign critical of the governor's ability to bring Michigan jobs has "failed to convince voters he's the kind of leader the state needs or wants."

The latest poll, conducted Monday through Wednesday for the Detroit Free Press and Detroit television station WDIV, had a sampling error margin of plus or minus 3.5 percentage points.

The election is Nov. 7.

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On the Net:

DeVos campaign: http://www.devosforgovernor.com

Granholm campaign: http://www.granholmforgov.com

NRA Finds A Welcome Audience At State Level (WP)

By Jeffrey H. Birnbaum

The Washington Post, September 4, 2006

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Not much is happening in Congress this year that deals with the issue of firearms, and the National Rifle Association is fine with that.

For the longest time, the NRA stood in the crosshairs of some of Washington's nastiest legislative battles -- from assault weapons bans to handgun waiting periods. Sometimes the gun lobby won and sometimes it lost. But the fights were always agonizing.

Lately, the NRA has taken a lower profile in the nation's capital and has been turning its attention instead to places where it regularly wins without much hassle: state legislatures. Like a growing number of lobby groups that have tired of the expense and ugliness that congressional dustups often bring, the NRA has shifted its staffing and grass-roots pressure to passing laws at a more local place.

"The closer we get back home, the stronger we are," said Wayne R. LaPierre, executive vice president of the NRA. Passing laws in Washington, he said, "is harder."

"The NRA has figured out where they have a unique advantage," agreed Peter S. Hamm, communications director of the Brady Campaign to Prevent Gun Violence, the NRA's chief nemesis. "Their power at the state level is formidable."

Which isn't to say the NRA is invincible there. In certain large, highly urbanized states, such as New York and Massachusetts, the gun lobby doesn't fare as well nor does it try as frequently.

Nonetheless, its string of accomplishments in state assemblies is long and impressive. It successfully lobbied for laws that give citizens the ability to carry firearms in 23 states in the past 12 years, including Kansas and Nebraska this year. It has also legislated the right of gun owners to stand firm and use deadly force in the case of a dangerous attack in 15 states, 14 of them this year. In addition, this year it got 10 states to agree not to confiscate weapons during times of declared emergencies.

This isn't to say that the NRA is doing nothing in Washington. Federal legislation is pending in Congress this month that would prevent gun confiscations during emergencies nationwide. This bill -- like its brethren in the states -- is an offshoot of the effort in New Orleans after Hurricane Katrina to reduce violence by collecting survivors' weaponry. In addition, the NRA is pressing bills that would restrict the Bureau of Alcohol, Tobacco and Firearms in various ways.

But the NRA has clearly been emphasizing state-level legislating for a while. Since 2000, it has increased by a third the number of its lobbyists who concentrate on state and local government affairs, to 36 from 27. It has also more than doubled the number of calls from phone banks it delivered to state legislators, to 270,000 in 2004, the latest year for which figures were available, from 110,000 in 2000. And it increased the number of letters it generated to state legislatures to 1.5 million in 2004 from 960,000 in 2000.

The NRA and the Brady Campaign offer different reasons for the NRA's change in tactics.

LaPierre said that the frustrating rules of the U.S. Senate make victory in Washington an uphill climb for the NRA almost no matter what it wants. It's simply too easy for gun-control advocates to block NRA bills, he said. He also believes that the close-knit "elites" of the nation's capital, in conjunction with a cabal of big-media conglomerates, continue to block laws the NRA likes, despite what he sees as the nation's pro-gun consensus.

LaPierre attributes the welcome the NRA receives in state legislatures to the local lawmakers' more regular contact with down-home voters. He also said that state legislators, who are often part-timers, aren't swayed by the insular, liberal views of Washington. "In Washington, the Georgetown salon society is strong and powerful and has a very strong pull on politicians," he said. "As you get closer to the states, you get away from that."

Hamm of the Brady Campaign believes that anti-NRA lobbyists are simply outgunned at the state level and rarely have a chance to succeed. The Brady Campaign's annual budget is about $10 million. The NRA puts its yearly outlay at $180 million. The gun lobby's membership, in addition, is just under 4 million.

"We're a much smaller organization in every respect," Hamm said, "and we're against a huge, powerful and organized opponent."

The Brady Campaign has tried to mitigate that disadvantage at least a little by opening outposts in a few states over the last two years. Hamm said his organization now has state directors in California, Colorado, Illinois, Maine, Maryland, Minnesota, Pennsylvania and Washington state.

Gun-control backers also seem to have a built-in advantage at city councils across the country. The closer to violent, criminal gunplay citizens get, the less sympathy they and their elected representatives seem to have for laws that allow or encourage the use of firearms, Hamm said.

"It's rural versus urban, and state legislatures disproportionately represent rural areas," Hamm explained. "There is no way that the NRA can get anything passed in the Cleveland City Council, but in the Ohio state legislature it's a completely different ballgame."

The NRA, in typically combative fashion, does not concede the point. LaPierre and other spokesmen asserted that the NRA eagerly fights gun-control measures or lobbies for its own initiatives wherever it can, from city councils to the United

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Nations. And in Washington as well. Last year, for instance, the NRA did manage to get enacted a measure that prohibited lawsuits against firearm manufacturers for third-party criminal misuse of guns.

But this year, the federal front is quiet for a change.Canceling on Principle

The political action committee of House Speaker J. Dennis Hastert (R-Ill.), Keep Our Majority PAC, reported paying a $60,030 "PAC event site cancellation fee" to the Fairmont Orchid, Hawaii. Ron Bonjean, the speaker's spokesman, explained that after Hastert proposed ending privately paid travel for lawmakers in January, he took the idea to heart and canceled his destination fundraisers, including that big one on the big island.

"The speaker wanted to set an example," Bonjean said. And unlike many of his colleagues, Hastert has stuck to his guns. He still refuses to schedule fundraising events in lovely, faraway spots.

Armey Mobilizing Troops For Battle (RC)

By Josh Kurtz And Nicole Duran

Roll Call, September 5, 2006

FreedomWorks, the organization dedicated to lower taxes and less government that is led by former House Majority Leader Dick Armey (R-Texas), will announce this week that it is spending $4 million on get-out-the-vote operations in several key Congressional races between now and Election Day.

Given its status as a nonprofit and educational organization — even though it has a political action committee and a 527 fundraising arm, which are all but dormant — FreedomWorks cannot directly endorse candidates. So most of the group's money will be spent on grass-roots and publicity campaigns to educate voters about candidates' views, rather than on seeding its political operations.

"We can get a lot further plugging that money into grass-roots activity than we can if we contribute the money directly to candidates," said Rob Jordan, FreedomWorks' director for federal and state campaigns.

So far, FreedomWorks' leaders have zeroed in on 16 Congressional races they hope to influence. Some are among the most competitive elections in the country, while others are less so.

Jordan said the decision on where to play was based in part on the answers candidates gave to a FreedomWorks issue survey, in part on where the organization already has a strong grass-roots presence and in part on where the organization could make the biggest difference. He held open the possibility that more races — including gubernatorial contests — would be added to the list as Election Day approaches.

The issue surveys are meant to gauge a candidate's position on tax cuts, Social Security privatization, government regulation and pension reform, among other issues.

"My concern this campaign season is that there is not enough conversation on the major fiscal issues," said Matt Kibbe, FreedomWorks' president.

While the group is not formally endorsing candidates or coordinating activities with their campaigns, it will make clear, by publicizing its candidate surveys and making other educational materials available to voters, where its sentiments lie. So far, only Republicans stand to benefit from FreedomWorks' activities.

In the battle for control of the Senate, the group will be involved in three states: Michigan, where Oakland County Sheriff Mike Bouchard (R) is challenging Sen. Debbie Stabenow (D); Nebraska, where business executive Pete Ricketts (R) is taking on Sen. Ben Nelson (D); and Washington, where former Safeco CEO Mike McGavick (R) is running against Sen. Maria Cantwell (D).

The organization also will be active in races involving two vulnerable House Republicans — Rep. Charles Taylor (N.C.), who is fending off a challenge from former NFL quarterback Heath Shuler (D), and Rep. Clay Shaw (Fla.), who is being challenged by state Sen. Ron Klein (D).

And FreedomWorks will be active in four competitive open-seat House races — in Colorado's 7th district, Iowa's 1st district, Wisconsin's 8th district and Vermont's at-large seat, where the group will be touting the record of state Sen. Mark Shepard, the heavy underdog in the Sept. 12 GOP primary against former state Adjutant General Martha Rainville.

Less vulnerable House GOP incumbents the group is highlighting include Reps. Brian Bilbray (Calif.), Tom Feeney (Fla.) and Robin Hayes (N.C.). The group also is spotlighting the record of South Carolina state Rep. Ralph Norman (R), the highly regarded challenger to Rep. John Spratt (D), along with challengers to Reps. David Wu (D-Ore.) and Brian Baird (D-Wash.). Lastly, the group is playing in the open-seat race in Colorado's 5th district, where state Sen. Doug Lamborn (R) is the strong favorite.

The FreedomWorks turnout campaign will rely on volunteers to stage events with candidates, handle phone banking and GOTV calls, canvass neighborhoods with literature and call into local radio talk shows. Armey will travel to select districts and

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states to highlight the group's positions (separately, the former Majority Leader is scheduled to headline the Washington state Republican Party's annual fall fundraiser on Sept. 29).

While a key organization on the right mobilizes, an even more powerful organization on the left is doing the same.

Despite the gaping schism in the labor movement, which saw the Service Employees International Union and the Teamsters union go their own way last year, the AFL-CIO said it's poised to be the single biggest GOTV driver on the Democratic side this election.

The union federation plans to spend $40 million on its "member mobilization" program, AFL-CIO President John Sweeney revealed during a news conference last week.

That figure includes money already spent on independent television ads, which ran in key districts and states earlier this cycle. It does not include contributions to individual candidates.

Four other unions, including the American Federation of State, County and Municipal Employees, have allocated another $100 million for organizing, Sweeney said.

The group will focus on 12.4 million voters in 21 states. The AFL-CIO has zeroed in on 21 gubernatorial races, 15 Senate contests and 56 House seats.

"In 2002 the Republicans boasted that with their 72-hour program they had stolen a page from labor's playbook and improved upon it," said Karen Ackerman, the AFL-CIO's political director. "Today we unveil labor's playbook version 2.0" — which, Ackerman joked, the Republicans do not have.

Unions have been in "permanent mobilization" mode since the 2004 election, Ackerman said. This year her group is poised to reach 55 percent of its members at work, 10 percent at their homes, 50 percent on the telephone and 20 percent via the Internet.

Ackerman said that if the AFL-CIO achieves those goals, it will add 1.2 million voters above what it delivered for endorsed candidates in the 2002 cycle.

Ackerman said the fact that 70 percent of union voters who were contacted repeatedly by the AFL-CIO in 2004 voted for Sen. John Kerry (D-Mass.) in the presidential election is proof that the union model works.

In a separate development, the Association of Trial Lawyers of America last week began running television and radio ads in five Congressional districts held by vulnerable Republicans.

The ads, which are scheduled to run through Thursday, accuse the Members of supporting legislation favorable to pharmaceutical companies and the oil and gas industry.

The ad buy, totaling about $500,000, targets Taylor in North Carolina and GOP Reps. Chris Chocola (Ind.), Deborah Pryce (Ohio), Don Sherwood (Pa.) and Heather Wilson (N.M.).

Candidates Hustle On A Day Of Politics And Parades (WP)

By Robert Barnes

The Washington Post, September 5, 2006

A battalion of candidates fanned out across the Washington region yesterday in a Labor Day tradition of hand-to-hand politicking, and in one week voters will make their first choices in 2006 elections that will radically alter the area's political leadership.

The District mayoral candidates crisscrossed the city, tracking down voters one at a time and changing a few minds in the process. Maryland candidates marched down voter-lined streets in Greenbelt, Gaithersburg and Kensington. Virginia Sen. George Allen (R) rode a brown and white horse named Bubba while Gov. Timothy M. Kaine (D) and former governor Mark R. Warner (D) stumped for Allen's Democratic opponent in the tiny town of Buena Vista, the annual host of the commonwealth's Labor Day politics.

Allen and opponent James Webb are already on the November ballot, but when voters in Maryland and the District go to the polls next Tuesday, they will be choosing from more than 750 candidates in the Washington suburbs and more than 50 names on the District ballot.

There's a reason for the interest.

When it's all over, the District will have a new mayor, council chairman and at least three new council members. Montgomery County will get its first new executive since 1994. Maryland will have a new U.S. senator and attorney general for the first time in 20 years, and its other statewide incumbents are facing their toughest challengers ever. And the suddenly tight contest between Allen and Webb will yield new information about how growth and immigration have altered the commonwealth's political landscape, especially in increasingly influential Northern Virginia.

"One of the things making this election so noteworthy is that there are so many people leaving," said Scott Sterling, vice president for government relations for the Greater Washington Board of Trade. He was referring to the decisions of D.C. Mayor

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Anthony A. Williams, Montgomery County Executive Douglas M. Duncan, Maryland Sen. Paul S. Sarbanes and Maryland Attorney General J. Joseph Curran Jr., all Democrats, not to seek reelection.

But for all the changes in personnel, dramatically different political philosophies don't appear likely.

"It doesn't look like a radical shift in policies," said Robert E. Lang, director of the Metropolitan Institute at Virginia Tech, which is based in Alexandria. He sees the region's growth fueled by immigrants and workers from other parts of the country drawn by job growth, and the resulting diversity doesn't lend itself to candidates who appeal only to bloc-voting groups.

As he puts it: "Characters need not apply."

What is significant, according to James C. Dinegar, president and chief executive of the Board of Trade, is that all of those departing elected officials chose to retire.

"There isn't a throw-the-bums-out [sentiment] in any of the elections," he said.

In the District, though, there is a feeling that there's much work to be done. LeDroit Park residents Cyril Jones and Charles Covington encountered mayoral candidate Marie C. Johns on her campaign walk yesterday, where she persuaded him and a friend to consider her over D.C. Council member Adrian M. Fenty (D-Ward 4).

Jones said the new mayor needs to address the dynamic in communities such as LeDroit Park in which new residents pay high prices for homes while drug dealing and other criminal activity happen outside their doors.

Affordable housing and crime are "two issues that will make or break this city," Covington said.

Jessica McGee, 26, said she was interested in buying a home in the next few years. She worried that mayoral candidates were targeting different parts of the city, dividing the electorate. She recently moved to Capitol Hill from Northwest Washington's Ward 3, where she encountered Fenty campaigning on her moving day. Fenty helped load her mattress into her car but hasn't won her vote. She's choosing between him and council Chairman Linda W. Cropp (D).

Glenda Wheeler of the 800 block of E Street NE said stability and a track record were what she was looking for in a candidate. "One of the things I hope is that the city will continue to prosper but prosper responsibly," Wheeler said. "I trust Linda Cropp to do that."

In Kensington, parade watchers were trying to decide between the Democratic front-runners to replace Duncan, former County Council member Isiah "Ike" Leggett and at-large council member Steven A. Silverman. Although many residents praise Duncan for sparking economic revitalization in some parts of the county, they worry that the county's politicians have not properly overseen developers.

"It's a chance to start doing things right, to limit the developers' influence," said Amy Rosenberg, 54, a physician from Kensington. She thinks the candidates are "very much the same on a lot of issues" and hasn't decided whom to support.

In Greenbelt, Carolyn Dent, a computer scientist at NASA's Goddard Space Flight Center, sat on a grassy hill taking in the Labor Day spectacle with hundreds of other potential voters. "There's going to be change, sure," she said. "But whether or not that results in a change in policies remains to be seen."

Most of the candidates who want to replace Sarbanes were at the parade, and Rep. Benjamin L. Cardin (D) scrambled for votes just feet away from his potential opponent, Lt. Gov. Michael S. Steele (R).

Cardin predicted "a year of change" and said the Senate could shift to Democratic control. "Not with my election, it won't," Steele said.

Democrat Josh Rales, who has spent $5 million of his own money on the primary, protested the media's description of him as a "money candidate" and added that "I'm hustling" for every vote. His fellow Democratic contender and former NAACP president Kweisi Mfume said he felt a desire for change at the federal level like the one that propelled him and other Democrats into Congress in 1986. "There's something going on," he said.

Political observers are wondering whether there is a desire for change in Virginia.

"Webb winning wouldn't mean much policywise to the region, because senators have less impact" regionally, said Virginia Tech's Lang. "But it would show a huge change in the region, because if somebody like Webb won, he'd win because of Northern Virginia."

The region's shift -- with Fairfax County voting for John F. Kerry in 2004 and Kaine adding Loudoun and Prince William counties for a sweep of Northern Virginia a year later -- is the great hope of Virginia Democrats.

A Webb victory, Warner said yesterday, would cement the notion that Virginia has changed since the late 1990s, when GOP control of the legislature and the governor's mansion seemed to indicate an overwhelmingly conservative electorate.

For his part, Allen dismissed polls that suggested the race was tied as "all very interesting to political scientists."

"I majored in history," he said, "not political science."

Staff writers Michael Laris, Michael D. Shear, Elissa Silverman, Nikita Stewart and Nancy Trejos contributed to this report.

Post questions about the local elections for Robert Barnes on washingtonpost.com. He will answer them on his weekly chat, Beltway and Beyond, at 2 p.m. Thursday.

Webb Put To Test With Vietnam Case (WT)

By Seth Mclaughlin, The Washington Times

The Washington Times, September 4, 2006

James H. Webb Jr. rarely mentions on the campaign trail his efforts to clear the name of a black Marine convicted of mass murder in Vietnam.

But the incident tested his sense of leadership, justice and social fairness, and is deeply ingrained in the psyche of the Democratic nominee for one of Virginia's U.S. Senate seats.

"I didn't [represent Samuel Green] so today I could tell you that," says Mr. Webb, 60. "I just did it because I believed it was right."

In 1971, a year after returning from the Vietnam War as a wounded hero, Mr. Webb was languishing at his desk job in Navy Secretary John H. Chafee's office.

The 24-year-old former platoon commander was responsible for responding to inquiries into cases involving Marines convicted of war crimes in Vietnam.

"Less than a week after reporting in, he called his monitor and pleaded for a transfer," Robert Timberg wrote in a 1995 book, "The Nightingale's Song," an examination of the careers of Mr. Webb, John Poindexter, Bud McFarlane, Oliver North and John McCain. "'You got to get me out of here.' he said. The monitor just laughed."

Then Mr. Green's case hit his desk.

On Feb. 10, 1970, Mr. Green was on a five-man patrol searching for Viet Cong in the village of Son Thang, where they came across unarmed women and children.

Following their patrol leader's orders, the Marines opened fire with M-16s and M-79 grenade launchers, killing 16.

Mr. Green had been in Vietnam 11 days. This was his first -- and last -- combat patrol.

In separate courts-martial, three Marines were acquitted. One of them had testified against the others and the patrol leader, who was awaiting the Silver Star, in part, for saving Mr. North's life.

Mr. Green was one of two Marines who were represented by military lawyers and convicted of murder.

Mr. Webb thought the cases had too many irregularities.

His pawed through the entire trial record his first year at Georgetown University Law Center in 1972, and later wrote an award-winning article called "The Sad Conviction of Sam Green: The Case for the Reasonable and Honest War Criminal."

"It is now generally recognized that our country's overall policy failures created a situation whereby a woman or child would take up arms against our forces in the very land we purported to be aiding," he wrote in the article. "We must not compound this error by punishing the young individuals who were placed by policy-makers into such an environment, required to make hairline decisions regarding the participatory status of a hostile citizenry, and made these decisions in good faith and reliance on the wisdom of experienced supervisors."

In his third year of law school, Mr. Webb polished his arguments in a lawsuit filed in federal court, saying, among other things, that the makeup of the court should have included an infantryman with combat experience.

The lawsuit failed, but the judge wrote a letter to Navy Secretary J. William Middendorf recommending Mr. Green be granted clemency.

Mr. Middendorf responded with a form letter. A month later, Mr. Green killed himself.

In 1978, Mr. Webb went to the Board of Correction of Naval Records in a last-ditch effort to upgrade Mr. Green's dishonorable discharge to a general discharge.

"Eight years after the shootings and three years after Green's suicide, Mr. Webb wrote to Mrs. Green: 'At last Sam's name is cleared. This is a small solace, I know. ... I only regret we were unable to do more for him sooner,'" Mr. Timberg wrote.

Mrs. Green responded with a Christmas card: "My son Samuel Jr. is happy in heaven and grave about this."

Today, Mr. Webb says the principles of leadership, justice and social fairness outweighed the negative perceptions that might be drawn from the case. "I basically said, 'I'm not saying this guy is an angel. I'm saying he is not a murderer. In my view, there's just too many inconsistencies in here.'"

"What had happened was horrible, but who would be able to judge it in the eyes of someone who had 11 days in Vietnam and was getting an order?" Mr. Webb told The Washington Times.

Hackles Start Rising In Race For Florida Governor (NYT)

By Abby Goodnough

The New York Times, September 4, 2006

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MIAMI, Sept. 3 — The generally ho-hum race to succeed Gov. Jeb Bush has turned caustic in the final stretch before the primary election on Tuesday, with each of the leading Republican candidates scrambling to prove himself the most kindred to Mr. Bush and the Democrats trading charges of racism and devotion to special interests.

Not one of the four main contenders has the presence or pedigree of Mr. Bush, the president's younger brother, who cannot seek re-election because of term limits and whose fame has helped sustain his popularity over the past eight years. In his shadow, the candidates have struggled to persuade voters that they should bother going to the polls.

Election officials predict that turnout among the state's 3.9 million registered Republicans and 4.2 million Democrats could be as low as 20 percent, partly because the primary is the day after Labor Day.

Perhaps because support from conservative religious voters helped President Bush win Florida in his re-election campaign in 2004, one of the Republican candidates, Tom Gallagher, the state's chief financial officer, has painted himself as the most socially conservative choice, assailing abortion, gay marriage, stem cell research and amnesty for illegal immigrants.

Mr. Gallagher supported Republican efforts last year to keep alive Terri Schiavo, the brain-damaged woman whose feeding tube was removed after a legal battle, while his main opponent, Attorney General Charlie Crist, stayed neutral. In an appeal to his party's conservative base, Mr. Gallagher is even stressing that he is married and has a child. The contrast to Mr. Crist, who is single and has never owned a home, is obvious.

Nonetheless, Mr. Crist has enjoyed a comfortable lead in the polls, and not only because he comes across in campaign appearances as more affable. Mr. Gallagher, a longtime figure in state politics, supported abortion rights when he ran against Governor Bush in the Republican primary in 1994. That has made some conservative voters wary, said Brad Coker, managing director of Mason-Dixon Polling and Research, a nonpartisan polling group.

A new Mason-Dixon poll found that only 5 percent of Republican voters were the most concerned about "moral issues" going into the primary, with many more singling out property insurance rates that have soared because of hurricanes.

"Even the religious conservatives are more concerned about the $2,000 homeowners' insurance hit they just took," Mr. Coker said.

In the Democratic contest, between Representative Jim Davis of Tampa and State Senator Rod Smith of Gainesville, the powerful sugar industry has played an incendiary role. The United States Sugar Corporation has helped independent political committees pay for fliers and advertisements attacking Mr. Davis and promoting Mr. Smith, the son of farmers and the chairman of the Senate Agriculture Committee.

One flier sent to black voters said Mr. Davis had a "record of shame," pointing to his 1990 vote as a state legislator against restitution for two black men who had been wrongfully imprisoned for murder. Voters in South Florida, many of whom are Jewish, learned from fliers financed by United States Sugar that Mr. Davis had missed a Congressional vote supporting Israel and condemning Hezbollah.

The committees that created the advertisements and fliers have received almost $4 million from sugar companies since Aug. 14, state campaign finance records indicate.

Mr. Davis has fought back by painting Mr. Smith as a pawn of the sugar industry and other big business. "His record of siding with special interests comes through loud and clear," a Davis campaign advertisement says of Mr. Smith.

An advertisement broadcast this week by the Save Our Everglades Trust, a nonprofit group, points out that Mr. Smith voted to delay the deadline for a cleanup of the Everglades and depicts him getting buried in a mountain of sugar.

Jim Kane, the chief pollster for Florida Voter, a nonpartisan polling organization, said the last-minute mudslinging between the Democrats would only hurt the eventual nominee. In particular, Mr. Crist, who championed a bill that gave the attorney general more power to investigate civil rights violations, could hammer Mr. Davis for his vote in the restitution case if the two men face off in the November general election, Mr. Kane said.

"The Republicans," he said, "are being given on a silver platter the issues they need to drive home in November."

The Republican nominee will also have Governor Bush at his side in the general election, both stumping and fund-raising. The candidate may get an inordinate amount of Mr. Bush's attention this year because Representative Katherine Harris, who is likely to win the Republican Senate primary, has lost the support of the party and the governor.

Mr. Bush, who has turned down appeals to run for president in 2008, has stayed out of the primary race and focused on cementing his own legacy. In recent weeks, he has traveled the state touting policies like grading public schools based on standardized test scores and bringing biotechnology research institutes to Florida.

Of Mr. Bush's few endorsements in statewide races, the most striking was for Frank Bolanos, a Miami-Dade school board member who is running against State Senator J. Alex Villalobos. Mr. Villalobos, a Republican, refused to support the governor's plans to weaken a requirement to lower class size and preserve a school voucher program that had been found unconstitutional.

"Jeb," Mr. Kane said, "does things out of personal motivation more than any other reason."

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Still, Mr. Crist and Mr. Gallagher have filled their Web sites and campaign literature with photographs of Mr. Bush and have feverishly dropped his name in stump speeches and debates. Mr. Gallagher even sent out a mailer last week warning that electing Mr. Crist could send the state down "Liberal Lane" instead of "Jeb Bush Boulevard."

Because the Democratic candidates are relatively unknown, their race may come down to geography, which appears to favor Mr. Davis. He is from Tampa, one of Florida's most voter-rich regions and its biggest news media market. Mr. Smith's home region of North Florida has fewer Democratic voters, but he could make up for the deficit by doing well in the state's populous southeastern counties.

Given Mr. Bush's influence, the Democratic victor will have an uphill climb in November, said Larry J. Sabato, director of the Center for Politics at the University of Virginia.

"For either to win there, the national desire for change will have to infect Florida," Mr. Sabato said of the Democrats. "With races like this in a mega-state, people frequently ask the old question, 'Am I happy with the direction of the state?' If the answer is yes, you go ahead and stick with the incumbent party."

Hopefuls See Fla. Race As '08 Bellwether (AP-Y)

By Brendan Farrington, Associated Press Writer

AP, September 5, 2006

Gov. Jeb Bush is leaving office after eight years, and Florida voters will take the first step Tuesday in deciding whether they want to elect someone who shares his values or a governor who will seek to dismantle some of the Republican's key programs.

It's a race that all the candidates say could be a bellwether for the 2008 presidential election, saying that as Florida goes, so goes the nation. It's also an opportunity for the state's once-dominant Democratic Party to quickly get back some of the power it has lost in recent years.

Republicans nationally are having a tougher time this year, with ethics problems in Washington, high gas prices, the war in Iraq and low approval numbers for President Bush, the governor's brother. In Florida, though, voters have been able to separate their opinion of the president and the governor, and the leading candidate, Republican Attorney General Charlie Crist, is running a campaign that appeals to a broad base instead of just the party faithful.

Bush, a powerful governor with a conservative agenda who is being forced out by term limits, has overhauled the education system, expanded privatization, given billions in tax breaks and begun a program to make Medicaid more like private managed care.

His strong leadership during hurricanes has helped him maintain his popularity with independents and some Democrats, even though most voters disagreed with his intervention in the Terri Schiavo right-to-die case.

It's clear that the Democrats in the race, U.S. Rep. Jim Davis and state Sen. Rod Smith, don't like the decisions Bush has made, while the two Republicans, Crist and Chief Financial Officer Tom Gallagher, stumble over each other heaping praise on Bush in virtually every policy area.

"This is a really crucial race and I think Jeb knows it in the sense of, is his legacy going to continue?" said Carol Weissert, a Florida State University political science professor. "It's going to change, but the question is, is it going to be an incremental change or a more significant change?"

Bush hasn't taken a side in his party's primary, but he has started actively campaigning for his agenda, making political stops to tout successes and to urge voters to support the eventual Republican nominee.

The candidates in Tuesday's primary show clear differences.

Crist has a more moderate philosophy on social issues. He supports embryonic stem cell research, says he wants to change hearts and not abortion laws, and says he has a "live and let live" attitude when it comes to civil unions for same-sex couples. And he disagreed with Bush's decision to intervene in the Schiavo case.

"I respect the governor's conviction in that case," Crist said in response to an Associated Press questionnaire. "However, I believe that end-of-life decisions are ultimately best left to God and family."

Gallagher, 62, has attempted to align himself closely with Bush on all issues. He has been aggressively criticizing Crist's views, calling him a liberal. He says he is the only candidate in the race who is in line with Republican values.

"This race is between three liberals and one conservative," Gallagher said at a recent debate. "Even the Democrats realize that Charlie's positions are closer to theirs than what the majority of Republicans stand for."

Crist, 50, didn't criticize Gallagher until the final week of the race, when he said Gallagher has appeared to be a different candidate each of the three times he's been on the ballot for governor, changing his position on abortion, for instance.

A Zogby International telephone poll, conducted Aug. 29-31 and commissioned by The Miami Herald, showed Crist with a huge lead over Gallagher, 59 percent to 29.5 percent. The poll of 510 Republicans and 498 Democrats, with a margin of error of

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plus or minus 4.5 percentage points, showed the Democratic primary race to be much closer, with Davis leading Smith 34 percent to 29 percent.

Davis and Smith have agreed on most issues, such as changing the way standardized testing is used in schools, opposing tax breaks that help few in favor of spending more on schools, and criticizing Bush's Medicaid reform.

But Davis, 48, has run a campaign that repeatedly attacks the Tallahassee establishment, including Smith's work in the Legislature.

"A lot of people want to have a voice again on decisions affecting their families and their community, and they don't feel like they have a voice now. This has been a very closed culture in Tallahassee," Davis said.

Smith points out that he has been able to work with Republicans to make bad bills better or to join alliance to stop legislation, such as a bill to keep Schiavo alive. He adds that people aren't too fond of Washington lawmakers these days, either.

"He has a tremendous ability to forget where he's from," said Smith, 56. "If Tallahassee hasn't got it right, we're still a model compared to what Washington has done."

For his part, Bush is trying to knock down criticism from Davis and Smith.

"I don't think they're showing that they have a compelling agenda or a vision for the state," the governor said. "Being the anti-Jeb isn't going to cut it."

New Questions Emerge Over Stem-Cell Research Claims (WSJ)

By David P. Hamilton And Antonio Regalado

The Wall Street Journal, September 5, 2006

Controversy continues to build over a claim that biotechnology researchers produced stem cells without harming embryos, as outside scientists question whether a fundamental element of the reported experiment undercuts the central contention of the research.

Almost two weeks ago, Advanced Cell Technology Inc., of Alameda, Calif., announced that its scientists had produced stem cells "using an approach that does not harm embryos." The company and its advisers said the experimental technique, involving several cells plucked individually from early stage embryos largely without harm, could sidestep the moral quandaries that have dogged stem-cell research for most of the past decade.

Current methods for deriving embryonic stem cells -- the biological building blocks that transform themselves into nerves, bone and other human tissue -- rely on clumps of cells and require the destruction of five-day-old embryos.

Advanced Cell's share price soared the day its research was published in the journal Nature, as media outlets around the world reported that the company's scientists had derived new stem-cell lines in an embryo-safe way. Nature itself erroneously hyped the report with an embargoed press release inaccurately describing the researchers as using single cells extracted from embryos that remained intact. The publication issued subsequent press releases correcting the first.

Last week, following concerns raised by critics, Advanced Cell confirmed that none of the 16 embryos used in the research had actually survived. The company hadn't made the embryos' failure to survive clear in many previous public statements.

Advanced Cell officials say they haven't misled investors or anyone else about their research. Even so, outside researchers are raising new questions about the method used in the Advanced Cell research as well as about the company's conclusions.

Responding to the first round of doubts, Robert Lanza, Advanced Cell's vice president for research and the lead author of the Nature paper, said the two embryos that produced new stem-cell lines each consisted of eight to 10 cells and had seven cells removed. He said he believes roughly half of the embryos in the experiment would have survived if researchers had allowed them to grow, instead of discarding them.

He continues to maintain that the results -- they successfully derived two new stem-cell lines from multiple individual cells extracted from early stage embryos -- prove it is possible to produce stem cells without harming embryos.

The new round of doubts focuses on the experiment's method. The researchers reported that the multiple cells extracted from each embryo were initially cultured together in the same laboratory dish. While the cells were physically separate, they shared a common fluid medium, which could have allowed them to exchange growth factors and other proteins that helped them survive.

Some outside researchers say that method, requiring scientists to extract more than one cell from embryos that consist of so few cells to begin with, could undermine Advanced Cell's conclusions that embryos wouldn't be harmed and a single-cell extraction would suffice.

"One of the flaws in this paper is that it draws conclusions that they don't really have the data to prove," said Barry Behr, a Stanford University embryologist and director of the university's IVF laboratories. "The sort of leaps of faith here are a little too big to leap."

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Dr. Lanza says co-culturing the extracted cells, known technically as blastomeres, does appear to be necessary for the blastomeres to survive. "When you remove a blastomere from an embryo, you have to understand, that's a shock," he says. "The key for this to work is that you have to give it a little rest time, as otherwise it won't survive." But he says it won't be necessary to extract several cells from the same embryo in the future. He says the company has successfully cultured a single blastomere together with the "parent" embryo for a day or so following extraction -- something the team didn't report in Nature. And he says he believes it should be possible to co-culture several blastomeres plucked singly from several different embryos.

"In those early stages," Dr. Lanza adds, "these cells are really social, and need to communicate. ... When you pull one away, it doesn't know what to do." He says the company's research team co-cultured blastomeres from the same embryo in order to limit the number of embryos used.

Indeed, fertility clinics already frequently extract single cells from early-stage embryos during in-vitro fertilization in order to scan for genetic abnormalities. That process, Dr. Lanza argues, could now also be used to develop new stem-cell lines.

But many stem-cell scientists remain skeptical of Advanced Cell's claims. "The really unfortunate thing about that paper is that they really didn't do the experiment" that garnered all the media attention, says Jeanne Loring, a stem-cell researcher at the Burnham Institute in La Jolla, Calif. "There are going to be questions at every step of the process until they do the experiment or someone else does."

Arnold Kriegstein, director of the stem-cell program at the University of California at San Francisco, said that trying to extrapolate an embryo-friendly method for deriving stem cells from the Nature report would be "a stretch."

Advanced Cell has capitalized on the research. Two days after the research was published, the company announced that it had raised $13.5 million from its existing investors, with the first part of the transaction set to close Sept. 7. The company's share price has since fallen considerably since it reached the agreement, closing on Friday, Sept. 1, at 71 cents a share, down more than 70% from the post-announcement high although still above where it was before the announcement.

Dr. Lanza says scientific critics of the company's research still haven't caught up to the full ramifications of his team's work.

"It's not a surprise, if you take a person out of the cold, that they have not given the same amount of thought" to the subject, he says. "It means they haven't thought it totally through, or that they don't have the knowledge base we have about how these cells work."

Number Of Uninsured Children Rises (WP)

By Christopher Lee

The Washington Post, September 5, 2006

For the better part of a decade, fewer and fewer American children have gone without health insurance each year, a trend that diverged sharply from the seemingly inexorable rise in the number of adults without coverage.

No more.

For the first time since 1998, the number of children younger than 18 without health coverage ticked upward last year by 361,000, along with the overall increase in the ranks of the uninsured, according to census figures released last week. Of the nation's nearly 74 million children, about 8.3 million, or 11.2 percent, lacked coverage in 2005, up from 10.8 percent the year before.

The discouraging development surprised some health experts, who attributed the change to budget crunches that led some states to curtail enrollment of children in government-subsidized plans and steady declines in the number of people who receive health insurance through their jobs.

Children without health coverage are three times as likely as insured children to lack a regular doctor, according to a report released last month by the Robert Wood Johnson Foundation. Research from the American College of Physicians in 2000 found that uninsured children were less likely to be up to date on immunizations and to receive treatment for sore throats, earaches and other common childhood illnesses. A University of Texas study found that kids with insurance tend to have fewer school absences.

The uptick in the number of uninsured kids could play a major role in next year's debate in Congress over whether to renew the State Children's Health Insurance Program (SCHIP), a nine-year-old federal-state effort to provide health coverage to children of the working poor and near poor.

"There is a message in these numbers," said John R. Lumpkin, a physician who is a senior vice president at the Robert Wood Johnson Foundation. "The only reason that number [of uninsured children] isn't worse is because we have Medicaid and SCHIP. . . . We continue to have a crisis in this country with kids who have no health insurance."

Congress created the popular SCHIP program in 1997, directing tens of billions in matching funds to the states over 10 years. The goal was to provide health coverage for children whose families do not qualify for Medicaid but cannot afford insurance on their own -- generally those with incomes as high as twice the poverty level, or $39,942 for a family of four last year.

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In the first six years, about 3.9 million children were signed up for coverage, but enrollment has flattened since 2003. In part, that is because an economic downturn led some states to raise premiums, reduce outreach efforts and impose enrollment limits and new administrative hurdles, said Genevieve M. Kenney, a health economist at the nonprofit Urban Institute.

"There's no question that we don't have the same momentum nationwide," she said. "Some of it is natural as the program matures. But I think the recessionary period and the state budget crunch were real factors in interrupting the momentum. And I don't think states have recovered from that."

Enrollment limits or freezes lasting six months or longer took effect in Alabama, Colorado, Florida, Maryland, Montana, North Carolina and Utah, Kenney said. Mississippi stopped accepting applications by mail. In Texas, where more than 20 percent of children are uninsured, the highest percentage in the nation, officials in 2003 imposed new premiums, eliminated dental coverage and began requiring families to re-enroll their children every six months rather than yearly.

"There was a $10 billion [state] budget shortfall," said Stephanie Goodman, a spokeswoman for the Texas Health and Human Services Commission.

After peaking at 529,271 kids in May 2002, enrollment in Texas's children's health insurance program plummeted nearly 44 percent to 298,731 by June of this year, state figures show. Goodman said the decline was more than offset by increases in Medicaid enrollments, but the two programs serve different populations.

The most potent force behind the recent increase in uninsured children, experts said, is the decline in employer-sponsored health insurance as rising costs prompt businesses to raise premiums or cut coverage.

The latest census figures show that a record 46.6 million Americans had no health insurance in 2005, up from 45.3 million in 2004. Among those who did have coverage, fewer were receiving it through their jobs. In 2001, for instance, 62.6 percent of Americans had employer-sponsored coverage. By last year the figure was 59.5 percent, census figures show.

Katherine Swartz, a professor at the Harvard School of Public Heath, said a trend toward trimming business payrolls and hiring contract workers has made things worse. More than a quarter of 25- to 34-year-olds do not have health insurance, said Swartz, author of "Reinsuring Health." For 35- to 44-year-olds, the uninsured rate is 19 percent.

"Those are the prime ages for having kids," she said. "These are unheard of percentages of those age cohorts that are uninsured. And, of course, if they have kids, their kids are not going to have health insurance either."

Corralling rising heath care costs is one way to boost the number of insured children, said Diane Rowland, executive director of the Kaiser Family Foundation's Commission on Medicaid and the Uninsured. A more immediate step is better education and outreach because studies show that at any given time about seven in 10 uninsured children are eligible for low-cost or publicly subsidized coverage, she said.

"We lose some people because they are not aware that they might be eligible or they don't know how to go down and apply," she said.

Pride also is a factor, with some families reluctant to accept government help, said Lumpkin of the Robert Wood Johnson Foundation. "Part of our campaign is to convince them, 'You know, you pay your taxes, you might as well get the benefits,' " he said.

Researcher Madonna Lebling contributed to this report.

Christian Coalition Is Splintering (LAT)

By Jenny Jarvie

The Los Angeles Times, September 5, 2006

MONTGOMERY, Ala. — When Congress was debating bills on embryonic stem-cell research and same-sex marriage back in May, an e-mail from the Christian Coalition of America appeared in activists' inboxes.

"Christian Coalition Announces Support for 'Net Neutrality' to Prevent Giant Phone and Cable Companies From Discriminating Against Web Sites," it said.

For John W. Giles, president of the Christian Coalition of Alabama, the e-mail was yet another sign that the famous political powerhouse of the religious right had strayed from its founding mission: defending marriage, strengthening the family and protecting unborn human life.

"The Christian Coalition is drifting to the left," Giles said. "There's a new vision — and we're not part of it."

Last month, the Christian Coalition of Alabama announced that it was severing ties with the national organization.

It's one of a growing number of chapters to express frustration as the Christian Coalition broadens its mission to include issues such as so-called Internet neutrality, the minimum wage and the environment.

In March, the Christian Coalition of Iowa announced it was changing its name to Iowa Christian Alliance. Steve Scheffler, the president of the group, said the national organization, which is struggling to raise funds and is accumulating debt, had lost focus and become "an albatross around our necks."

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In July, the Christian Coalition of Ohio pulled out too.

The breakaway of Alabama — a strong affiliate with 1,900 volunteers and links with more than 13,000 churches — underscores the grass-roots decline of the organization credited with helping the Republican Party consolidate power in Washington in the 1990s.

Founded in 1989 by Republican televangelist Pat Robertson, the Christian Coalition became politically influential under the direction of Ralph Reed, distributing millions of voter guides in churches and coordinating major voter drives.

Today, neither of those high-profile leaders is affiliated with the organization — Reed left in 1997, Robertson in 2001. And though it continues to claim large numbers of followers, in the last decade its annual budget has plummeted, from about $26 million down to $1 million.

Despite the loss of the state chapters and its limited finances, the organization remains strong, according to its president, Roberta Combs.

"This is not the demise of the Christian Coalition," Combs said in a telephone interview last week. "Three disillusioned state chairmen have pulled out, but no one is indispensable. The Christian Coalition is a household name."

Combs said the fallout with the states began after some chapters refused to follow new regulations over distribution of voter guides and political surveys.

After a long dispute with the Internal Revenue Service over the coalition's tax-exempt status, the national office reached an agreement last year that requires it to allow candidates to write up to 25 words of explanation on each issue in the voter guides. In January, a lawyer for the national office sent letters to state chapters reminding them that, under the new agreement, they had to submit all voter guides for national approval.

Last month, a few days before Giles announced the Alabama withdrawal, Combs said, she learned Giles had distributed surveys that had not been approved and that did not include spaces for candidates' explanations. Immediately, she said, she sent a letter to the Alabama chapter breaking the affiliation.

Whether the national or the state group initiated the separation, the loss of Alabama — where 92% of residents are Christian and 62% voted for George W. Bush in the 2004 election — is a symbolic setback for the Christian Coalition, which has long vaunted its grass-roots base.

While the coalition continues to describe itself on its website as "the largest and most active conservative grassroots political organization in America," many political activists say it is now active in only a handful of states, notably Georgia and Florida.

"Today, the Christian Coalition is a shell of its former self," said Mark J. Rozell, a professor of public policy at George Mason University. "It has been and gone as a force in American politics."

At its peak in 1996, the group said it had a grass-roots network of 2.8 million people in nearly 50 states.

Last week, Combs described the organization as having "close to 3 million supporters" and chapters in 50 states; a day later, her daughter Michele Combs, the organization's spokeswoman, said it had 2.5 million members, defining members as those "who are active or donate money."

These figures are disputed. Josh Glasstetter, a spokesman for liberal advocacy group People for the American Way, said that the organization had long inflated its membership and that its budget suggested it had fewer than 300,000 members.

In part, the organization's decline can be attributed to the difficulty of rallying conservative Christians when Republicans already control Congress and the White House.

"We live in a different era now," Combs said of her effort to expand the coalition's core tenets. "We need to get out of the box and look at the organization. I'm a family person. If you really read the Bible, it says to take care of the least among us."

In Alabama, resentment against the national Christian Coalition emerged in 2003, when Combs came to Montgomery to campaign in support of Republican Gov. Bob Riley's plan to overhaul the tax system, which involved a $1.2-billion tax increase. The Christian Coalition of Alabama had already stated its opposition to the plan.

When Combs agreed with Riley that Alabama's existing tax system placed an unfair burden on poor families, Giles accused her of departing from the organization's traditional commitment to low taxes.

"It was a total bushwhack," he said of Combs' visit. "It confused Christians and it divided the Christian vote."

In May, Combs raised eyebrows with her decision to join forces with the liberal MoveOn.org and American Civil Liberties Union on Net neutrality, to defend open Internet access and push for regulations to prevent phone and cable companies from charging for higher-speed online content.

Although Combs insists that she continues to campaign on issues such as stem cell research and gay marriage, many activists questioned whether the Christian Coalition needed to wade into new territory.

"Mainstream America loves God," Giles said. "We already have the right issues. What makes us so profound is that we unite conservative Christians."

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The breaking away of the Christian Coalition of Alabama, most political analysts agree, will have political repercussions outside Alabama.

"The state doesn't need the national organization nearly so much as the national organization needs the state affiliation," said William Stewart, professor emeritus of political science at the University of Alabama.

Combs is not alone in attempting to broaden the Christian agenda. Organizations such as the National Assn. of Evangelicals have expanded their missions to include environmental issues and government protections for the poor.

"Alabama may be out of sync with the rest of the country," said Richard Cizik, the evangelical association's vice president for governmental affairs.

Whatever the fate of the Christian Coalition, the organization's decline does not seem to point to any corresponding decline of the religious right.

"It's more a maturing of the movement than a weakening of the movement," said William Martin, a senior fellow in Religion and Public Policy at Rice University, who noted that many Christians had joined the Republican Party in recent years.

Many former coalition activists now concentrate their energy at the local level, where they have pushed for statewide legislation on gay marriage and parental notification of abortion.

In Washington, the coalition has been supplanted in its political influence by other Christian interest groups such as Focus on the Family and the Family Research Council.

Veneration Gap A Popular Strategy For Church Growth Splits Congregants (WSJ)

By Suzanne Sataline

The Wall Street Journal, September 5, 2006

IUKA, Miss. -- In April, 150 members of Iuka Baptist Church voted to kick Charles Jones off the deacons' board. The punishment followed weeks of complaints by Mr. Jones and his friends that the pastor was following the teachings of the Rev. Rick Warren, the best-selling author and church-growth guru. After the vote, about 40 other members quit the church to support Mr. Jones.

Mr. Warren, the effusive pastor of stadium-sized Saddleback Church in Lake Forest, Calif., is best known for his book "The Purpose Driven Life," which has sold 25 million copies and urges people to follow God's plan for them. He has spawned an industry advising churches to become "purpose-driven" by attracting nonbelievers with lively worship services, classes and sermons that discuss Jesus' impact on their lives, and invitations to volunteer.

But the purpose-driven movement is dividing the country's more than 50 million evangelicals. Some evangelicals, like the Iuka castoffs, say it's inappropriate for churches to use growth tactics akin to modern management tools, including concepts such as researching the church "market" and writing mission statements. Others say it encourages simplistic Bible teaching. Anger over the adoption of Mr. Warren's methods has driven off older Christians from their longtime churches. Congregations nationwide have split or expelled members who fought the changes, roiling working-class Baptist congregations and affluent nondenominational churches.

Last summer, the evangelical church of onetime Supreme Court nominee Harriet Miers split after adopting Mr. Warren's techniques. That church, Valley View Christian Church in Dallas, wanted to increase membership and had built a huge sanctuary several years ago to accommodate hundreds of people. Church leaders adopted a strategic plan built around Mr. Warren's five "fundamental purposes": worship, fellowship, discipleship, ministry and evangelism. One goal was to make sure more than 19% of the church's members were adults in their 20s and 30s, says the pastor, the Rev. Barry McCarty.

The Rev. Ron Key, then the senior minister, says he objected to the church's "Madison Avenue" marketing. "I believe Jesus died for everybody," Mr. Key says, not just people in a "target audience." He says the leaders wanted church that was more "edgy," with a worship service using modern music. Mr. Key was demoted, then fired for being divisive and insubordinate.

About 200 people, many of whom had left the church earlier because they thought it should give more money to mission work, began worshiping in a Doubletree Hotel, and later in a college gym, with Mr. Key as pastor. Ms. Miers, the White House counsel, worships with them when she comes to town, a White House spokeswoman says.

At a time when many churches are struggling with declining or aging congregations, advocates of the purpose-driven movement credit it with energizing congregations, doubling the size of some churches and boosting the number of "megachurches" of more than 2,000 members. Mr. Warren says his church and nonprofit arm have trained 400,000 pastors world-wide. He reaches many more through sales of his sermons, books and lessons on the Web. Mr. Warren says he donates 90% of his money to fund philanthropy and overseas training.

Mr. Warren preaches in sandals and a Hawaiian shirt, and he encourages ministers to banish church traditions such as hymns, choirs and pews. He and his followers use "praise team" singers, backed by rock bands playing contemporary Christian

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songs. His sermons rarely linger on self-denial and fighting sin, instead focusing on healing modern American angst, such as troubled marriages and stress.

As membership in Protestant churches stagnated in the 1980s, Mr. Warren, a Southern Baptist in Orange County, Calif., learned from surveys that the region's Reagan-era baby boomers said they didn't connect with their parents' churches. He figured they might find God if they could sit in a theater-style auditorium and listen to live pop music and sermons that could help them with ennui and personal problems. Through Mr. Warren's Internet marketing savvy, tens of thousands of subscribing pastors learned about his church, which draws 20,000 people each weekend. In the past decade, many pastors jumped to replicate his methods, creating new churches and transforming existing ones.

Christians have long divided over efforts to adapt and modernize their faith. Some believers worry that purpose-driven techniques are so widespread among Protestant churches that they are permanently altering the way Christians worship. Some traditionalists say Mr. Warren's messages misread Bible passages and undermine traditions. Mr. Warren is "gutting" Christianity, says the Rev. Bob DeWaay, author of a book critical of the approach. "The Bible's theme is about redemption and atonement, not finding meaning and solving problems," the Minneapolis pastor says. A spokesman said Mr. Warren believes the Bible addresses sin and redemption, as well as human problems.

Some pastors learn how to make their churches purpose-driven through training workshops. Speakers at Church Transitions Inc., a Waxhaw, N.C., nonprofit that works closely with Mr. Warren's church, stress that the transition will be rough. At a seminar outside of Austin, Texas, in April, the Revs. Roddy Clyde and Glen Sartain advised 80 audience members to trust very few people with their plans. "All the forces of hell are going to come at you when you wake up that church," said Mr. Sartain, who has taught the material at Mr. Warren's Saddleback Church.

During a session titled "Dealing with Opposition," Mr. Clyde recommended that the pastor speak to critical members, then help them leave if they don't stop objecting. Then when those congregants join a new church, Mr. Clyde instructed, pastors should call their new minister and suggest that the congregants be barred from any leadership role.

"There are moments when you've got to play hardball," said the Rev. Dan Southerland, Church Transitions' president, in an interview. "You cannot transition a church...and placate every whiny Christian along the way."

Mr. Warren acknowledges that splits occur in congregations that adopt his ideas, though he says he opposes efforts to expel church members. "There is no growth without change and there is no change without loss and there is no loss without pain," he says. "Probably 10% of all churches are in conflict at any given point, regardless of what they're doing." That, he contends, "is not just symptomatic of changing to purpose-driven. It would be symptomatic in changing to anything."

Despite successes elsewhere, the exodus at some churches adopting the purpose-driven approach has been dramatic. Since taking the job of senior pastor of First Baptist Church of Lakewood in Long Beach, Calif., seven years ago, the Rev. John Dickau has watched attendance slide to 550 from 700. "I've often wondered, where's bottom?" he says.

Mr. Dickau has emulated Mr. Warren by favoring sermons about marital and family issues. He says he has attended several Church Transitions conferences to glean new insights and is personally coached by Mr. Sartain. Still, Mr. Dickau says, he made plenty of missteps, mainly, moving too fast. He proposed that the church drop the word "Baptist" from the name, to reach people who wouldn't identify with a denomination, but the congregation vote failed.

He jettisoned the piano for a guitar. And still people left, he says -- because the music is modern, because the congregation no longer uses hymn books, because the center screen that displays the song lyrics obscures the cross. Having a smaller congregation has meant trimming the $1.7 million budget to be able to afford adding to the sound system and new stage lights, which cost $150,000, Mr. Dickau says.

Still, he says he doesn't regret adopting a purpose-driven approach. "This church won't be here that much longer if we don't make these changes," he says.

The Rev. Bob Felts, pastor of Brookwood Church in Burlington, N.C., says his former congregation seemed enthusiastic about the purpose-driven approach in the 1990s. So he eagerly introduced the concepts to his new church starting in 2001.

Half the members, he said, balked at his decisions to dress casually, restrict choir performances and use electric instruments. Services now may start with a piercing electric-guitar solo, boosted with amplifiers from the $50,000 sound system. Nearly five years into the process, Mr. Felts says he has more young people than in years past: 40% of those who attend are under 22, as opposed to 20% years earlier. But attendance shrank to 275 this summer from 600. (He expects returning students from the area college to swell the rolls by 70.) Mr. Felts says he had to cut tens of thousands of dollars from the annual budget, which is now $600,000. He says some departing members have accused him of "ruining the church."

Mr. Felts says that despite his church's troubles, most churches that follow the purpose-driven way are growing. "It takes time and persistence," he says. "You're talking about a new paradigm."

Mr. Warren's philosophy has become such a lightning rod that some church leaders are reluctant to declare that they are using purpose-driven methods -- and some congregants see hidden agendas in the smallest changes at their churches.

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Since Iuka Baptist's founding in 1859, its services had remained much the same. Sunday morning began with hymns such as "How Great Thou Art" and "O Worship the King," followed by prayer and a lengthy sermon. Many of the white working-class families who attend the church have known each other since high school.

But the church was in debt and wasn't growing. After Iuka's pastor moved to another church in 2003, a search committee recruited the Rev. Jim Holcomb, 48. He preached with gusto, liberally salting his sermons with personal stories and jokes. Changes were coming, he told members, and he warned that the church could lose some members because of it.

Mr. Holcomb says he partially read an earlier Warren book called "The Purpose Driven Church" and read Mr. Warren's essays in the Ladies' Home Journal. He says Mr. Warren's teachings were never part of his agenda. He was promoting "aggressive, evangelistic outreach" to bolster the church. "If that's purpose-driven, then I'm purpose-driven," he says.

Innovations that are hallmarks of many purpose-driven churches soon began rippling through Iuka Baptist. Mr. Holcomb began a second worship service at 8:30 a.m. Sundays with a "praise team" that sang hymns as well as Christian pop songs with lyrics beamed on a screen. In 2005, Iuka Baptist adopted its first mission statement, a tactic that Mr. Warren says helps the church focus on its objectives. One of the school's adult Sunday school teachers bought each of his 12 students a copy of "The Purpose Driven Life." The church's youth minister assigned the book to his 60 middle-school and high-school students.

The church began to grow. Membership this spring was 694 local members, up 170 since Mr. Holcomb became pastor, according to church staff. But the changes dismayed several older members. Charles Jones, 67, had belonged to Iuka Baptist for 59 years and was one of 15 deacons, or lay officers. He and his wife, Nena, were married at the church, as was their daughter.

The Joneses grew disappointed that they rarely heard Mr. Holcomb deliver messages from the pulpit about God's wrath or redemption. "He didn't preach on somebody going to hell," says Mrs. Jones, 61. Mr. Holcomb says he has always preached sound biblical messages.

Mrs. Jones began scouring the Internet to investigate all the changes taking places at Iuka. Her searches led her to Web sites run by critics of Mr. Warren as well as to Mr. Warren's own Web site.

More than a dozen church members, including the Joneses, began meeting privately to complain about changes. Church leaders became angry. "The Rev. Jim Holcomb has been slandered and insulted by some of you," the church's minister for education, the Rev. Kim Leonard, thundered at one service. Mr. Holcomb and Mr. Leonard deny that Iuka Baptist was becoming purpose-driven. Mr. Leonard says it was "coincidence" that the new initiatives resembled strategies advocated by Mr. Warren and his movement.

Then a Web site run by a critic of Mr. Warren posted a letter from Mrs. Jones describing her worries about Iuka Baptist and comparing the congregation's admiration for Mr. Holcomb to the cult followings of Jim Jones and David Koresh. The posting sparked angry emails from church members. A church meeting was soon called. Hundreds of people packed into the pews. After heated arguments, the congregation voted 150-to-41 to throw Mr. Jones off the board. The members also accepted the resignations of two other deacons, friends of Mr. Jones who had been asked to leave the board. In the weeks that followed, 40 church members quit.

With no church to worship in this spring, Mr. Jones led 30 former Iuka members in prayer one May night at a public park. He asked God to bless their former spiritual home and those who had forced them from it.

"Keep your eyes on Iuka Baptist Church, Lord," Mr. Jones said, his head bowed, "that you may open their eyes and their hearts."

Mr. Holcomb, the pastor whose changes at the church started the controversy, has left Iuka for another church. A search committee continues to look for a new pastor. Deacon Kenny Phifer said the committee won't hire a pastor who will make Iuka purpose-driven.

Write to Suzanne Sataline at suzanne.sataline@wsj.com1

Up For Re-election, And Backing His Stand On Iraq By Deploying (NYT)

By Randal C. Archibold

The New York Times, September 5, 2006

TUCSON, Aug. 31 — Jonathan L. Paton is preparing to go to war in Iraq.

Mr. Paton has told his 77-year-old father, in a telephone conversation punctuated with sobs and pauses, how he wishes to be buried, if it comes to that.

He has shot endless rounds at a police firing range, courtesy of the president of the National Rifle Association, who lives here.

He has endured hugs, sometimes uncomfortably long, from well-wishers who offer prayers, concerned looks and forced smiles.

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And, of course, he has been to send-offs, like the one the other night at Pima County Republican Party headquarters, where he was saluted for public service and received assurances that he would win the election.

Election?

Mr. Paton, running for his second two-year term in the Arizona House, is one of four Republicans in his district's primary on Sept. 12 who are competing for two seats. The balloting occurs five days after Lieutenant Paton, an intelligence officer in the Army Reserve, is due at Fort Benning, Ga., to prepare for a five-month to six-month tour in Iraq and, maybe, Afghanistan.

An untold number of mayors and city council members in the National Guard and the Reserves have served in the war, along with, according to a survey by the National Conference of State Legislatures, a handful of the 57 state legislators nationwide who are in the military.

Five members of Congress serve in reserve branches. But by law and Defense Department policy their status as federal officeholders automatically places them in the Standby Reserve, making it less likely that they will be called to combat duty.

Mr. Paton, 35, stands out. Unlike most of the others, he has asked to go, a decision that surprised and shocked some family members and friends, though he said most had expressed support.

Mr. Paton said he did not want his status as an elected official to excuse him from combat, something instructors in a training program he attended last year suggested would happen. He decided that his full-throated support of the war would seem contradictory if he was not willing to serve.

"I had to put my money where my mouth is," said Mr. Paton, who first asked to go last year, after a stateside active-duty deployment, and received word in late July that he would.

Mr. Paton, who lost elections twice before winning his seat in 2004, professes some concern about possibly losing his seat, though supporters do not expect him to.

Republicans hold an edge of 18,000 voters over Democrats in his district. Many of them are members of the military associated with Fort Huachuca and other nearby installations or veterans and their family members.

As for the primary, he has the advantage of incumbency and has won notice as part of a group of young up-and-coming Republicans making their mark in the statehouse. Mr. Paton, whose district approaches the border with Mexico, has made headlines as a chief sponsor of measures that made the smuggling of illegal immigrants a state crime.

While on active duty, Mr. Paton, in accordance with a 2004 Pentagon directive, cannot campaign or work as a lawmaker, though he can remain on the ballot and hold office.

A friend, State Senator Timothy S. Bee, Republican of Tucson, will stand in for him at campaign events, and others have promised to help. Mr. Paton's staff will handle constituent concerns and advocate for bills on his behalf, along with Mr. Bee and Mr. Paton's ally Representative Marian A. McClure, another Republican who is seeking re-election.

"We got your back," Ray Carroll, a Pima County supervisor and political patron, assured Mr. Paton at the party.

It is not clear whether Mr. Paton's mission will be especially dangerous.

He said he could not give details about his work, partly because he had not received his orders and partly because he had to maintain secrets. But intelligence officers generally help commanders assess the battlefield and the enemy, using technology, field reconnaissance and other means.

Mr. Paton said concerns about his safety had not set in until everybody kept giving him looks that vaguely suggested doom.

The big question he has faced is why would a promising young legislator deliberately head for a combat zone?

Mr. Bee said some people had speculated that Mr. Paton was grandstanding, angling for some political advantage, a notion that angers him and his supporters. They say that the seat is relatively secure, that no obvious higher office is open to him in the near future and that there are safer ways at home to score points.

"Political motivation is not a reason to risk your life," Mr. Bee said.

The only reaction from opponents has been encouragement.

"We wish him the best," said Frank Callegari, another Republican in the primary who said Mr. Paton's deployment had not been raised at public forums. "Service to country is a big plus, but you also have to look at our positions in terms of how we want to address public issues."

The lone Democrat in the race, Clarence Boykins, did not respond to messages for comment.

Like many another soldier headed to combat, Mr. Paton has seen his decision to serve affect his personal life.

Strangers have asked why he would serve in that "stupid war," as one put it. He has worked to soothe his girlfriend, who supports him but opposes the war. His father, John, still seems to be coming to terms with the whole thing.

"I am aware he could be lost over there," said John Paton, who has peppered his son with questions and comments about the risks and wisdom of his choice. "I do have confidence, but I will always be apprehensive."

His son, the elder Mr. Paton said, has long had a penchant for unconventional choices.

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As a high school senior in the waning days of the Soviet Union, he bused tables at a restaurant to save money for an exchange program to Russia, though he ended up going to Germany when he learned that was the sole spot available.

Even in the village where he stayed, he witnessed effects of the German reunification, including a crush of East Germans swarming into the town and leaving with bags of meat.

He ended up majoring in German at the University of Arizona, graduating in 1996, and studied for a master's degree in the field. But Mr. Paton, whose father and mother (she died two years ago) used to take their four children on road trips to state capitals in the West, caught the political bug for good after an internship in 1995 with a State Senate committee.

A self-described "punk kid" convinced that he could do better than the legislators he had worked with, Mr. Paton ran a quixotic and losing campaign against two incumbents for the House in 1998. After a second unsuccessful effort in 2000, putting 25,000 miles on the Honda Civic that he still drives (now with 157,602 miles), he won office in 2004, in a newly drawn district.

He said he had given up a "six figure" job as a lobbyist for the building industry for the $24,000-a-year part-time legislative post, also performing occasional political consulting on the side. "It is the best decision I ever made," he said.

After his first "crushing" loss, Mr. Paton joined the Army Reserve, seeking a change of direction, he said. A brother had been a Naval intelligence officer, and his campaign manager was in the Army Reserve.

In the end, he said, the Reserve gives him a connection with people in his district. He now serves on the House military affairs committee.

Although he sees his choice to go to Iraq as a natural progression, he said he had grown weary of the attention, concerned that it runs counter to military principles that all soldiers are equal.

Still, Mr. Paton was all smiles at the Pima County event.

It came time for speeches.

Paula Maxwell of the Tucson Republican Women gave him a tiny pewter elephant to keep in his pocket as a good-luck charm.

Boyd Hershman, a family friend and a Vietnam veteran, called out, "All the way to glory, Jon!"

Mr. Paton kept his remarks brief.

He spoke of the inspiration he had received from a servicewoman he encountered on a training mission at Fort Benning who was preparing for her Iraq mission even though her husband had lost a leg there in combat. He talked about duty, honor, "service above self."

And, he closed, "I look forward to a big party when I come back."

Reagan Wins Another Vote, To A Place In Congress (NYT)

By Jesse Mckinley

The New York Times, September 5, 2006

SAN FRANCISCO, Sept. 4 — No one would ever have mistaken Thomas Starr King for a Democrat. A fiery Republican clergyman with an oratorical flair, King stood shoulder to shoulder with Lincoln during the Civil War, barnstorming California to preach the gospel of unity when the nation had split apart and secessionist feeling here was high as well.

Politicians, however, are nothing if not fickle in their affections. So it was that last week the California Legislature, at the behest of a Republican lawmaker, decided that a statue of King should be replaced in the National Statuary Hall at the United States Capitol by one of a more modern Republican with a similar gift for public speaking: Ronald Reagan.

The measure, which passed nearly unanimously just before the end of the legislative session on Thursday night, was hailed by State Senator Dennis Hollingsworth, its Republican author, as a fitting nod to the Great Communicator.

"We have a lot of tributes that are existing and to come for Ronald Reagan," said Mr. Hollingsworth, from Murrieta, between Los Angeles and San Diego. "But this is California's contribution."

Yet among those who remember King's deeds — admittedly a select lot — there were hurt feelings.

"I find it very sad," said Glenna Matthews, a King biographer and visiting scholar at the University of California, Berkeley. "The whole idea of patriotic Republicans' wanting to bump a patriotic Republican is trashing what history's all about."

A field trip mainstay, the statuary hall was founded by Congress in 1864 — the year King died of diphtheria at 39 — with a simple plan: invite each state to place statues of two of its notable citizens at the Capitol. For decades the states did just that, gradually building a collection of Americans both nationally famous (like Sam Houston and Stephen F. Austin, the Texas twosome) and less so (Jabez Lamar Monroe Curry, an educator from Alabama).

Then, in 2000, Congress enacted a little-noticed law allowing legislatures to replace statues from their states. Three years later, Kansas became the first to junk one, replacing a marble depiction of George Washington Glick, a former governor known, according to the hall's Web site, for his "reassessment of tax laws, and the establishment of a livestock sanitary commission," with a more sporty bronze of Dwight D. Eisenhower. (All sculptures must be either bronze or marble.)

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Mr. Hollingsworth said that when he visited the hall last year, during the events surrounding President Bush's second inauguration, he was surprised to learn that King was representing his state, along with the missionary Junipero Serra.

"To be honest with you, I wasn't sure who Thomas Starr King was," he said. "And I think there's probably a lot of Californians like me."

For King's successor, of course, there is no problem with name recognition — or, in many cases, rename recognition. Owing in part to the conservative strategist Grover Norquist's effort to have a project in every state named for Reagan, there is a Ronald Reagan Trail in Illinois, his native state, as well as a Ronald Reagan Highway in Ohio, the aircraft carrier Ronald Reagan and Ronald Reagan National Airport outside Washington.

But Mr. Hollingsworth said those tributes did not sufficiently address his state's role in the story of the only California governor to become president.

"I think it's obvious from his accomplishments that he's not just one of the greatest presidents we've ever had," Mr. Hollingsworth said, "but one of the greatest governors."

Ms. Matthews, however, points out that King had a few things to be proud of, too, including a cadre of famous friends, among them Ralph Waldo Emerson and Oliver Wendell Holmes, and an impassioned spirit that helped him raise more than $1 million for pro-Union causes and the Sanitary Commission, a Red Cross precursor that cared for wounded soldiers.

King's statue, a bronze, will not just be tossed, however. Mr. Hollingsworth said the plan was to take it to the State Capitol in Sacramento, a move that he thinks may raise King's profile.

"I think it's time Thomas Starr King be learned about and be able to be a part of the history lessons of kids that come to Sacramento," he said. "And this provides more opportunity to do that."

A Political Blueprint With Room To Build On (WP)

By Jonathan Weisman

The Washington Post, September 5, 2006

THE PLAN

Big Ideas for America

By Rahm Emanuel and Bruce Reed

Public Affairs Books. 205 pp. $20

In Washington these days, Rep. Rahm Emanuel (D-Ill.) is making a name for himself as the architect of his party's spirited campaign to retake control of the House. In the new book he has co-written with Bruce Reed, Emanuel sets out to prove he is not the dog about to catch the car he has chased his whole life.

He knows what to do with it once it is his.

That may be surprising enough. Democrats have received their share of grief from those who say they are bereft of ideas and unable to present an alternative vision of governance after more than a decade as the House's minority party.

What is surprising is the "The Plan" itself. Modest in scope, perhaps even timid, "The Plan" is subtitled "Big Ideas for America," but it is not the product of Newt Gingrich-type visionaries from the political left. It is the creation of Emanuel and Reed, two top aides from Bill Clinton's White House who learned the power of small ball and the perils of swinging for the fences. Both were key figures in Clinton's effort -- which achieved mixed success -- to play down traditional liberalism and reorient his party around centrist "New Democrat" themes.

Reed served all eight years in the Clinton White House as chief domestic policy adviser. He watched the president's effort to create universal health care coverage collapse in a policy debacle, but helped his boss get back on his feet with smaller initiatives and compromises with the Republican Congress. Reed is now president of the centrist Democratic Leadership Council.

Emanuel, a former party fundraiser, stuck with the Clinton White House from 1993 to 1998 as a senior adviser. He boasts of his role in securing passage of the children's health insurance program, the second-term overhaul of welfare, the ban on assault weapons and the North American Free Trade Agreement.

Clinton's ghost haunts virtually every page of this compact, quick read -- overtly as a master of domestic policy, more subtly as the model for waging political warfare. The authors take pains to assure readers that they are not writing as Democrats with political motives but as patriots with the greater good of the country in mind. Clinton was a master at taking partisan jabs with such good-natured, rational bonhomie that he somehow seemed above the fray. Emanuel and Reed try to take much the same tack.

By dividing Washington into high-minded-but-naive policy wonks and political hacks, they set up Republicans for the kill even before they bring in party affiliation. Then they pull out the hatchet.

For instance, the GOP's prescription drug benefit was the product of pure hackery, the authors say. The bill covers most of the initial cost of medicines for a year to lull seniors into quietude, then drops them into a "doughnut hole" with no coverage,

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before kicking back in after out-of-pocket expenses reach $3,600. To make matters worse, the authors say, the drug legislation prohibits the federal government from using its buying power to negotiate prices with the drug companies.

True enough, but anyone who knows House Ways and Means Chairman Bill Thomas (R-Calif.) would have a difficult time seeing one of the smartest and most experienced men in Congress as simply a political hack. For better or for worse, Thomas thought pitting private insurance companies against one another would inject competition into the drug market for seniors and keep the price of drugs down, without the heavy hand of government.

You may hate the prescription drug bill, as many Democrats -- and many Republicans -- do, but was it really the product of political expedience?

The better case Emanuel and Reed make is this: The United States faces problems of immense magnitude: global warming; nearly 47 million people without health insurance; a retiring generation of baby boomers without enough savings -- and with enough numbers to bankrupt the Medicare and Social Security systems. A party that does not believe in government intervention may be philosophically incapable of confronting such ills.

So what does the party that does want to do? Three months of mandatory basic civil defense training and community service, for starters.

Compared with the congressional inactivity of the past few years, Emanuel and Reed's Eight-Point Plan may seem ambitious, but it does not measure up to the tasks at hand, as identified by the authors themselves.

Save Social Security for generations to come? Well, no, but employers should be required to offer 401(k) plans, and employees should be automatically enrolled, unless they choose to opt out. Revive Clinton's first-term dream of universal health care? Well, no, but would you settle for making sure his second-term achievement, the children's health insurance program, truly does cover all children?

A detailed plan to balance the budget? How about the reinstitution of lapsed budget rules that mandate any future tax cuts or spending increases be offset by equal tax hikes and/or spending cuts? Global warming? How about lots of hybrid cars?

One of "The Plan's" loftiest ideas -- universal college access, financed by a $3,000-a-year refundable tax credit and tuition grants -- leaves readers wondering what taxes will be raised or programs will be cut to pay for it. Another idea, a simplified tax system more favorable to the wage-earning middle class, is a wonk's dream, but it may leave a hack cold, and hacks are useful for getting the wonks elected.

To those who agree that government is a necessary part of society, none of these ideas are bad. They certainly cannot be dismissed as political pie in the sky. But "The Plan" reads more like a blueprint for a narrow Democratic majority looking for legislative beachheads before the 2008 election than what the book says it is: "A map to the challenges of a new era."

Then again, as Clinton might have said, first things first. Midterm elections are two months away, and hackery does have its purposes.

Weisman covers Congress for The Washington Post.

Why I'm Taking On Spitzer (WSJ)

By Tom Suozzi

The Wall Street Journal, September 5, 2006

The road to Albany is paved with good intentions. Neither my good intentions, nor Eliot Spitzer's, will solve New York's woes. Over the last 40 years, our state has lost power, population and influence in the national economy. We have the highest local taxes -- 72% above the national average -- a collapsed upstate economy and failing schools. We are No. 1 in the nation for people leaving our state and migrating to other states.

There are two reasons why we face these problems: One, our government is America's third largest, behind only the federal government and California. New York is a $113 billion enterprise with 191,000 employees. Bureaucracy, civil service rules, public employee unions, politics and patronage further complicate its role. Two, these structural problems are compounded by special interests living off of the tax dollars they receive from legislators who are insulated from voters through gerrymandered districts. The result is an ever-expanding state budget and a reelection rate for the legislature that would have made the Soviet Politburo jealous.

New York's problems cannot be solved, Spitzer-style, by issuing subpoenas and press releases, and filing lawsuits. They require a chief executive with experience successfully managing a $2.4 billion enterprise. As county executive, I led the transformation from what had been rated the worst-run county in America to one of the most dramatic financial turnarounds in the nation. Under my administration Nassau County got 11 upgrades from Moody's, Fitch and S&P. But I also saw Albany use unfunded mandates to pass the buck. New York is one of the only states in which localities pay a share of Medicaid spending, meaning in effect that in exchange for spending a quarter, legislators got a dollar to give out -- "free money." The result: skyrocketing local taxes and a Medicaid program two-and-a-half times as expensive as the national average.

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As the founder of Fix Albany, I led a fight to unseat a Democrat in the State Assembly and a Republican in the State Senate, to make clear that there would be consequences if Albany continued to force counties to spend far past their means. Assembly Speaker Sheldon Silver, Mr. Spitzer's "partner," offered up the same false choice of hurting the poor by cutting programs or continuing wasteful spending -- despite the New York Times having reported that between 10% and 40% of our $47 billion Medicaid program is lost to waste and fraud. Pundits scoffed, but we accomplished these goals, saving local governments $3 billion a year.

I am running for governor to finish the job of restoring accountability to Albany. As Attorney General, Eliot Spitzer has undermined these efforts. Our Sheriff of Wall Street has made his reputation by expanding the scope of his office. Yet he has an abysmal record of fulfilling his office's core functions. He has not gone after misuse of power by Albany. He has turned a blind eye to the misdeeds of entrenched interest groups that support both parties. He has ignored the single biggest misuse of funds by New York state government -- our $47 billion Medicaid program, which costs more than Texas and California's programs combined -- and his office has one of the worst Medicaid recovery rates of any large state.

Mr. Spitzer can't lose, it is said, because he has all the endorsements and all the money from the same interests that have contributed to our woes -- lobbyists, trial lawyers, Medicaid profiteers and public employee unions. If he does win, he will have already squandered a real mandate for change, because he has not told us what changes he wants, or what he stands for -- a clear signal that however often he repeats the "reform" mantra, business as usual will go on. Still, it's a good strategy for Mr. Spitzer, when you consider that typically less than 14% of registered voters actually vote in a Democratic primary. Dollars trump votes, the media too often prefers the horse race to the battle of ideas, and it is Albany's powerbrokers who provide the path to victory. It's a raw deal, though, for the people of New York.

Mr. Suozzi is the Nassau County executive and a Democratic contender for governor of New York.

California's Condom Bill (NYT)

The New York Times, September 4, 2006

The United States will never control the spread of H.I.V. until it takes stronger measures in prison, where unprotected sex and intravenous drug use are commonplace — and the AIDS infection rate is nearly five times that of the general population. The first step is to use the same AIDS prevention techniques within the prisons that have been proved effective on the outside. That means emulating condom distribution programs that have long been employed in prisons abroad but that are still barred in about 95 percent of this country's institutions.

The need for condom programs behind bars was underscored last spring in a bulletin from the Centers for Disease Control and Prevention that documented the cases of 88 men who became H.I.V. positive while serving time in George state prisons. The C.D.C. concluded that unprotected sex among prison inmates was indeed taking place — despite denials by prison officials and rules forbidding it — and urged states without condom programs to investigate the feasibility of starting them.

The California State Legislature took the C.D.C. at its word last month, passing a landmark condom distribution bill that clearly deserves Gov. Arnold Schwarzenegger's signature. The bill, spearheaded by Assemblyman Paul Koretz, Democrat of West Hollywood, would allow public health agencies to enter the prisons and hand out condoms to inmates who want then.

Lawmakers who cared more about blocking the bill on moral grounds than about protecting the lives of inmates nearly succeeded in killing this bill. But a recently released state-sponsored poll suggests that California's voters are heavily behind it. Nearly 70 percent of the respondents said they favored condom distribution in prison to protect inmates against H.I.V. In addition, more than 85 percent believed that inmates should be tested for H.I.V. upon entering prison and offered disease prevention information while serving their time. Governor Schwarzenegger should take his cue from California's sensible majority.

It Was Fun While It Lasted (NYT)

The New York Times, September 5, 2006

With economic signals flashing that the housing boom is over, speculation has now turned to how deep the slump will be and how long it will last, with predictions ranging from a smooth descent to a tooth-rattling plunge. Come what may, conventional wisdom holds that as long as you don't plan to sell your house any time soon, you'll be OK. The downturn is unlikely to wipe out all of your accumulated gains — the thinking goes — so you can cash in later.

Or can you?

The downturn in housing is overlapping with the retirement of the baby boom generation, which starts officially in 2008, when the first of 77 million boomers become eligible for Social Security. Most of them are homeowners, and many of them will presumably want to sell their homes, extracting some cash for retirement in the process. Theoretically, that implies a glut of houses for sale, which would surely mitigate an upturn in prices, and could drive them ever lower. The result would be less housing wealth for everyone and less to live on for those who had planned to retire on the house.

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Still, no one can be sure what will happen. Economists agree that the retirement of the baby boom generation will influence housing prices, but differ over how powerful the effect will be. But one thing is reasonably certain. The question would not be such a burning one if Americans, especially those near retirement, had adequate savings to see them through. Even before the personal savings rate went negative last year, Americans were meager savers.

The housing bust may be what it takes to reverse that. Even a shift from profligacy to thrift would not be entirely good news, however. For an economy based on consumption, the change to less free-spending ways could be excruciating.

The house party is over, but we don't yet know how bad the hangover is going to be.

Adrian Fenty For Mayor (WP)

The Washington Post, September 5, 2006

THE NEXT MAYOR of the District of Columbia will inherit a set of conditions that are both unique to the nation's capital and daunting for any large city. Saddled with limited home rule powers and under the watchful eyes of Congress and the White House, the next D.C. mayor must respond to residents' demands for improvements in education, municipal services and public safety; foster social cohesion in a demographically changing city; and work with the D.C. Council to keep the District on a responsible financial course. That tall order calls for a smart chief executive with a commitment to all parts of the city, an appreciation of the inner workings of the District and the energy to work full time in behalf of its people for the next four years. We believe Adrian M. Fenty can be that kind of mayor.

Our endorsement is made with full knowledge that his principal competitor for the Democratic nomination in the Sept. 12 primary, D.C. Council Chairman Linda W. Cropp, has many of the qualities necessary to make a good mayor. Her breadth of experience in the District government as a teacher, counselor, school board president and council member sets her apart from Mr. Fenty and the other candidates.

We disagree with those who discount Mrs. Cropp's years of service as little more than time spent in failing government enterprises. While the school system fell short on many fronts while she was on the school board, the record will show that Linda Cropp was, in fact, one of the board's better members. A consensus builder by nature, she has been an excellent council chairman, providing direction to a fractious group and wise counsel to a mayor found often in political trouble. Her claim to leadership on the budget and financial issues is legitimate. Linda Cropp, as mayor, could keep the District on a steady course and out of serious trouble on Wall Street or Capitol Hill. She would be a safe bet.

But playing it safe is not the way to lead the District of Columbia or address its most pressing problems. Despite improvements under the administration of Mayor Anthony A. Williams (D), the machinery of government still does not work very well, especially for the District's most vulnerable children and adults. Visible signs of economic development and progress cannot mask an unhealthy estrangement of large segments of the community from the city's leadership. There also is turmoil among youth that curfews won't cure. Adrian Fenty understands all that.

The criticism from his opponents notwithstanding, there is more to Adrian Fenty than a youthful, energetic and politically ambitious grass-roots campaigner. There is a can-do quality in him that suggests the government can be reformed, that schools can be rebuilt and that institutions in this city can come together to improve people's lives. He offers a vision of the city that challenges the best in people.

His school modernization initiative is illustrative. At a time when most politicians were thinking small or not at all about the city's dilapidated school buildings, Mr. Fenty drew public attention to the problem with some well-timed media events. With the public mobilized, he introduced legislation with a price tag that prompted his colleagues to scoff. But his perseverance caused his detractors to sign on to the idea and find a way to finance the long-needed changes. Showmanship? We call that leadership.

As a council committee chairman, he has worked hard and without much fanfare to bring positive changes to juvenile justice. His oversight of the agency charged with caring for people with mental retardation has kept public focus on a long-neglected agency. Chastened by serious errors committed early in his legal career, Mr. Fenty now makes service to people and government reform the hallmarks of his work. We would expect that same dedication to be transferred to an Adrian Fenty administration.

WILL A Fenty administration make mistakes? Probably more at the outset than might be expected from the more experienced Linda Cropp. But there is reason to believe that his achievements will outweigh his missteps and that the District will be changed for the better as a result of his mayoralty.

Other Democratic contenders also have offered spirited challenges. Business leader Marie C. Johns, hampered by a lack of money and name recognition, nonetheless has left her mark on voters with her intelligence, ideas and stamina. The city has not heard the last of her. Ward 5 council member Vincent B. Orange Sr. made many people believers in the seriousness of his campaign. His message, however, never got through to voters. The same can be said of the other remaining challenger, Michael A. Brown.

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The 2006 mayoral campaign is all about the District's future in a dynamic and uncertain environment. Democrats inclined to vote their fears may look elsewhere. A vote for hope, however, is a vote for Adrian Fenty.

U.N. Expects To Mediate Talks On Captured Israelis (NYT)

By Warren Hoge

The New York Times, September 5, 2006

JIDDA, Saudi Arabia, Sept. 4 — Secretary General Kofi Annan said Monday that the United Nations would mediate talks on the release of Israeli and Hezbollah prisoners.

It was unclear, however, what form such talks, or any resulting agreement, would take. Israel insists it will never talk directly with Hezbollah.

Even though the Israeli prime minister, Ehud Olmert, has been under increasing domestic pressure to win the release of three captured soldiers, there has been no official confirmation from the government that it would negotiate on the issue. Israel has maintained that its soldiers should be returned unconditionally as part of the Security Council resolution that ended the fighting.

But in past cases, Israel has released prisoners in exchange for captives and, in a deal with Hezbollah in 2004, for the return of the bodies of soldiers killed in battle. And Hezbollah has made clear from the start that it was interested in swapping prisoners.

Mr. Annan made his statement in an interview on his flight here from Doha, Qatar, where the government announced it would contribute 200 to 300 troops to the expanded United Nations force set up to keep the peace between Israeli forces and Hezbollah guerrillas in southern Lebanon.

Mr. Annan also said he had received a call on Sunday from Walid al-Moalem, Syria's foreign minister, saying his country would send a battalion of troops to guard the border with Lebanon. In Damascus last week, Mr. Annan had asked Bashar al-Assad, the Syrian president, to help enforce the arms embargo called for in the Security Council cease-fire resolution.

On the possible talks on prisoner release, Mr. Annan said that he had chosen his representative to act as mediator, that Israel had chosen its representative, and that what he called "Lebanon Hezbollah" was in the process of selecting someone.

Mr. Annan said the talks would be conducted discreetly, with the goal of setting up the "mechanism" to effect the release of prisoners from both sides, which he said he hoped would be the first step in more thorough-going talks involving Israel and Lebanon. He also said he would insist on control of the negotiations and no interference from outside.

"Everywhere you go, you hear rumors that this country is doing it, or the other," he said. "If I'm going to take it on, my mediator should be the sole mediator." He added, "If others get in, we will pull out."

Mr. Annan arrived Monday in Saudi Arabia, his eighth stop on a Middle East trip intended to shore up support for the resolution, which ended the 34-day war and plotted a path to a longer-term peace. Two critical elements of that measure were a call for dismantling and disarming the Hezbollah militia and imposing an arms embargo to prevent its rearmament.

Mr. Annan seemed eager to discuss the encouraging developments after receiving a bruising reception this weekend in talks with Mahmoud Ahmadinejad, the tough-talking Iranian president, and other leaders in Tehran.

Iran expressed general support for the resolution, he said, but the government was vague about disarming Hezbollah, which it has financed and armed in the past. And it stuck to its insistence that it would not bow to the demands of the Security Council that it cease uranium enrichment before entering negotiations with the Council's five permanent members on a package of incentives.

Discussing the prisoner release, Mr. Annan said talks would focus primarily on the two Israelis captured by Hezbollah but might include a third Israeli soldier, Cpl. Gilad Shalit. He was taken prisoner in a raid in Gaza by Palestinian militants, including members of Hamas. Mr. Annan said there had been no progress in gaining his freedom.

Qatar, a political maverick in the conservative Persian Gulf, maintains low-level ties with Israel. It is also an ally of the United States and is home to a major American military base.

"Qatar has relations with Israel, and as a result Israel has no objection to its participation in the force," said Mark Regev, the Foreign Ministry spokesman.

Sheik Hamad bin Jassim al-Thani, Qatar's foreign minister, said his country's troop contribution was an attempt "to tell the world of the Arab presence, even modestly, in this force and to tell Israel that we believe in this decision, and so we want to contribute in implementing it."

Qatar, the lone Arab country on the Security Council, is the only Arab country to have joined the force.

Mr. Annan said other Muslim peacekeepers would come from Indonesia and Malaysia, though Israel is objecting to Malaysian soldiers in Lebanon. The backbone of the force, expected to reach 15,000 eventually, is European, with Italian troops making up the largest single contingent. They are to be joined by 15,000 Lebanese Army troops.

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Speaking to reporters at the Doha airport, Mr. Annan said the United Nations hoped the expanded force would be a "manifestation of international solidarity" with Lebanon. He also urged Israel to lift its siege of the country, saying it was "unsustainable."

"We are using the U.N. influence to lift the embargo, especially as Lebanon is trying to rebuild," he said. "It has to be allowed to rebuild. I urge Israel to cooperate."

Israel has kept an air and sea embargo on Lebanon since July 13, saying it was aimed at preventing Hezbollah from rearming. But it has recently granted permission for more commercial flights to land in Beirut.

On Monday a Qatar Airways passenger jet was allowed to land, widening service to Beirut. Lebanon's Middle East Airlines and Royal Jordanian Airline have been conducting limited service.

Annan To Mediate Soldiers' Release; Qatar Pledges Peacekeeping Troops (WSJ/AP)

By AP

The Wall Street Journal, September 5, 2006

JIDDAH, Saudi Arabia -- U.N. chief Kofi Annan said Monday he would appoint a mediator for indirect talks between Israel and Hezbollah on the release of two abducted Israeli soldiers, the first public word of negotiations between the bitter enemies since fighting in Lebanon ended.

The announcement raised the possibility of a prisoner swap to win the soldiers' release, an exchange which Israel has repeatedly rejected, at least in public. Until now, Israel had insisted that it would not hold any contacts with Hezbollah, but its government has been under increasing domestic pressure to bring the two home.

The agreement on the mediation effort could mark a breakthrough on an issue that is crucial to preserving the fragile 3-week-old cease-fire that ended 34 days of Israel-Hezbollah fighting. Israel mounted its offensive in Lebanon after the Shiite guerrillas seized the two soldiers and killed three others in a cross-border raid July 12.

The U.N. cease-fire resolution that ended the fighting on Aug. 14 urges the unconditional release of the two soldiers. Hezbollah has said it would free them only in a swap for Arab prisoners held by Israel.

"Both sides have accepted the good offices of the secretary-general to help resolve this problem," Mr. Annan told a news conference in Saudi Arabia's Red Sea port of Jiddah. "I will designate someone to work discreetly and quietly with them to find a solution."

Mr. Annan did not say whether a prisoner swap was on the agenda for the mediation effort, and Israel on Monday repeated its stance demanding an unconditional release of the soldiers.

Asked about the mediation effort, Foreign Ministry spokesman Mark Regev said that during Mr. Annan's visit to Israel last week, "we urged him to bring about the full implementation of U.N. Security Council resolution 1701, which calls for the immediate and unconditional release of the hostages. "

There was no immediate comment from Hezbollah officials.

Hezbollah has not said how many Arab prisoners it is seeking in any swap. Israel was holding four Lebanese before the conflict began and reported capturing several dozen Hezbollah members during the fighting. Israel and the guerrillas have had prisoner swaps in the past, the latest in 2004.

American civil rights leader Jesse Jackson met with Hezbollah officials in Lebanon on Monday and asked them to show proof that the two Israeli soldiers are still alive, saying such a move could give a boost to negotiations. Jackson, who has been in the region for the past 10 days, said the continued detention of the soldiers is "becoming a magnet to attract a second round" of war.

Mr. Annan announced the mediation effort after talks with Saudi Arabia's King Abdullah in Jiddah, the latest stop in the U.N. chief's 11-day tour of the Middle East aimed at getting all sides to implement and support the U.N. cease-fire resolution.

The resolution also calls for a 15,000-member U.N. peacekeeping force to deploy in southern Lebanon to keep Hezbollah weapons away from the border with Israel.

Qatar Commits Troops to Peacekeeping

Qatar on Monday became the first Arab nation to announce it will contribute to the force, pledging 200 to 300 soldiers. Pakistan's prime minister toured devastated south Beirut and considered a similar offer.

An Israeli spokesman said his country had no objections to Qatari troops. Qatar -- like most other Arab states -- does not recognize Israel, but the two countries have low-level trade ties.

The U.S., Europe and Israel have been eager to have Muslim forces among the peacekeepers, but Muslim states fear they could be perceived as opposing Hezbollah, which gained considerable clout in the region for its fierce resistance to the Israeli army.

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Qatar's troop offer came on the same day that the country's national air carrier, Qatar Airways, landed a commercial flight at Beirut airport, carrying 142 passengers, despite Israel's blockade of Lebanon -- the first of what the carrier said would be daily commercial flights.

An Israeli army spokesman said the flight was coordinated with Israel and was the fourth Qatari flight to land with Israeli permission in Beirut since Friday -- an apparent reference to aid flights since this was the first known regularly scheduled commercial flight from Qatar.

But officials from the carrier and the Lebanese authorities insisted that the plane had flown without Israeli clearance.

On Saturday, Lebanon's parliament speaker, Nabih Berri, called on Arab nations to send flights to break the blockade, which Lebanon has said is hampering its reconstruction efforts. Israel has refused international pressure to lift the blockade until it is guaranteed that weapons shipments to Hezbollah are halted.

Qatari Foreign Minister Sheik Hamad bin Jassim Al Thani said his country's troop contribution to the international force was an attempt by the tiny Persian Gulf nation "to tell the world of the Arab presence, even modestly, in this force and to tell Israel that we believe in this decision and so we want to contribute in implementing it."

Pakistani Prime Minister Shaukat Aziz -- leader of another key Muslim country -- was considering a similar pledge as he toured the Dahiyah district of south Beirut, a Hezbollah stronghold that was pounded to rubble by Israeli missiles during the war.

Under the cease-fire plan, 15,000 Lebanese soldiers have begun deploying to assert control over the Hezbollah stronghold south of the Litani River. They have been moving into areas that Israeli troops have left.

French Gen. Alain Pellegrini, who commands the U.N. force, met with senior Israeli and Lebanese officers at a border crossing Monday to coordinate Israel's pullout.

"I think we are on the right track in securing the full withdrawal of the Israeli army from Lebanon and finally ensuring that the Lebanese army will take control of the whole border area in the south," Mr. Pellegrini said in a statement.

Israeli security officials say they expect their army to be out of Lebanese territory within the next two weeks. By that time, they expect sufficient U.N. forces will have arrived in south Lebanon to enforce the truce.

More than 870 Italian soldiers reached Lebanon by Monday, with the remainder of a 1,000-strong Italian contingent arriving in the next few days. They bring the total number of U.N. forces in Lebanon to 3,250 -- more than one-fifth of the target.

Lebanon Mission Under Fire In Indonesia (FT)

By Shawn Donnan

Financial Times, September 5, 2006

Indonesia's decision to send 1,000 peacekeepers to Lebanon as part of a United Nations force is coming under domestic attack as President Susilo Bambang Yudhoyono faces growing criticism over stalling reforms.

The deployment of the peacekeepers marks the first major tangible victory for what aides call Mr Yudhoyono's "internationalist" agenda to see the world's fourth most populous nation become a respected player on the international stage.

Since taking office in October 2004 the former Suharto-era general, who served as a UN peacekeeper in Bosnia, has made efforts to get involved in resolving crises such as the nuclear stand-offs in Iran and North Korea.

But the deployment comes amid increasing signs that not everything at home is going as well as promised with Mr Yudhoyono's pledges to lure badly needed foreign investment, boost economic growth, and reduce the ranks of Indonesia's poor yet to materialise.

Tax and labour reforms promised by Mr Yudho-yono's administration in response to complaints from foreign investors have succumbed to opposition from parliament and labour unions in recent months.

Official numbers released last week also showed 4m more people had joined the ranks of the poor in Indonesia in the past 18 months with 39m people out of a population of 220m living below the poverty line of $16 a month or less.

"I think he should focus more on problems at home," said Hadi Soesastro, executive director of Jakarta's Centre for Strategic and International Studies. "We can always make a contribution [as peacekeepers] but the energy, the effort, and the resources would really best be used to resolve our own problems."

Senior Indonesian officials argue that the Lebanon commitment is aimed in part at addressing domestic problems. Sending troops to the Middle East, they say, takes the thunder away from increasingly vocal Islamist groups, some of which want to send their own Jihadist members there.

Indonesia's 1945 constitution calls for the country to play an active role in promoting peace in the world. It has taken part in peacekeeping missions dating back to 1957 and the aftermath of the Suez crisis.

"We are not going [to Lebanon] to bring our religion. We are not going there to bring national interests. We are going there to represent the United Nations," says Desra Percaya, spokesman for the Indonesian foreign ministry.

Analysts like Mr Soesastro, however, argue that Indonesia could have its biggest impact by solving its domestic problems.

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To do so would benefit its immediate region and regional ambitions such as the efforts of the 10-member Association of South East Asian Nations to integrate economically. Indonesia is Asean's biggest member and its economy is the region's largest.

"If there is a role for Indonesia to play in the international arena then I think it should be closer to home and Asean is where it should start," Mr Soesastro said.

There are signs Mr Yudhoyono understands the concerns.

In a speech to a Forbes Magazine investor conference in Singapore yesterday the president did not mention Indonesia's peacekeeping mission to the Middle East once.

Instead, Mr Yudhoyono said he hoped to see Indonesia's GDP per head of $1,300 a year double over the next 10 years and his country "continue to be the anchor of stability in south-east Asia".

He also repeated past promises to improve Indonesia's allure in the face of competition for foreign direct investment from more aggressive Asian neighbours such as China, India, and Vietnam.

"With the success of reforms, Indonesia will be an easy, attractive, and profitable place for businesses - local and foreign - to grow," he told the conference. "I invite you to join us and grow and prosper with us. I promise to do all I can to make it one of your best investment decisions."

Lebanon Seeks To Reassert Sovereignty Over Borders (WP)

By Edward Cody

The Washington Post, September 5, 2006

BEIRUT, Sept. 4 -- The Lebanese government sought to reassert authority over its air and sea borders Monday in the face of a seven-week-old Israeli blockade.

Prime Minister Fouad Siniora said he would take up a German offer to help patrol the waters off Lebanon and seal the land border with Syria only after agreement on operating rules that make clear that the Lebanese military is in charge. His position flew in the face of an Israeli demand that international troops be the ones who guarantee that transport in and out of the country does not include weapons or other supplies for the Hezbollah militia.

In Saudi Arabia, meanwhile, U.N. Secretary General Kofi Annan said Monday that he would choose a negotiator to mediate between Hezbollah and Israel to win the release of two Israeli soldiers whose capture on July 12 triggered 33 days of war in Lebanon. Israeli officials, however, said Annan had agreed to seek the soldiers' unconditional release and insisted that negotiations were out of the question.

Siniora's stand on the continuing air and sea blockade reflected outrage among Lebanese and an effort by the government to reassert its sovereignty after a month-long war during which Hezbollah, the militant Shiite Muslim movement, was making the country's vital decisions on war and peace. With its demand that foreign troops police the ports and border, Israel has prolonged a situation in which some of the most important government functions -- security and border controls -- are being assumed by others.

Hezbollah has told Siniora it will not oppose assignment of U.N. troops to help the Lebanese navy patrol offshore or to monitor Beirut's international airport and its once-busy seaport, according to a source involved in the negotiations. The likely solution to the standoff, the source said, is for Siniora to request help from U.N. peacekeepers, who are mandated to help the Lebanese army, and for Germany to lend its assistance under the U.N. aegis.

Some Lebanese officials suggested Siniora's government could fall from power unless the blockade is quickly lifted. Former Gen. Michel Aoun, a right-wing political figure, said last week that agitation for Siniora's departure would begin soon unless the government displays a surer hand in getting postwar rebuilding underway and imposing authority over Hezbollah.

Nabih Berri, the speaker of parliament, organized a sit-in by parliament members that began Saturday and was scheduled to last until the blockade is lifted. Berri heads the Amal party, whose following is mostly Shiite Muslim, and has been a strong Hezbollah ally in government deliberations. But he emphasized that the sit-in encompasses all political persuasions.

The blockade has generated resentment across the political landscape because it dramatizes Israel's continued violation of Lebanese sovereignty. In addition, Lebanon's battered economy needs foreign trade in order to start down the road to recovery. Beirut traditionally has been a hub for transshipment of imports and exports with nearby Arab countries such as Syria.

Seeking to emphasize their opposition to the blockade, Siniora's ministers declared Monday morning that a Qatar Airways flight scheduled to arrive in Beirut later in the day would not be authorized to land if the airline sought permission from the Israeli military. They urged Qatar instead to defy the blockade in a show of support for Lebanon.

The flight landed on schedule Monday afternoon, however, and an Israeli Foreign Ministry spokesman, Mark Regev, said it had obtained Israeli clearance. Qatar Airways said it will operate the flight daily from now on, joining Lebanon's Middle East Airlines and Royal Jordanian Airlines in resuming service to Beirut.

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Regev said part of Israel's consideration in authorizing the flight was that Qatar has relations with Israel. Although the two countries do not have full diplomatic relations, Qatar has authorized Israel to operate a trade representative office in Doha. Jordan, the other country with an airline authorized to fly into Beirut, has long maintained diplomatic relations with the Jewish state.

Qatar's foreign minister, Hamad al-Thani, announced in Doha, meanwhile, that Qatar is prepared to send 200 to 300 soldiers to participate in the reinforced peacekeeping corps being set up along the Lebanon-Israel border. His offer was the first by an Arab nation to contribute to the force, which according to a U.N. cease-fire resolution is scheduled to grow from its current strength of 2,000 to around 15,000.

In Jiddah, Saudi Arabia, the latest stop on Annan's Middle East tour aimed at bolstering the Lebanon cease-fire, the U.N. leader said Israel and Hezbollah had both agreed to work through a U.N. mediator to gain the release of the two Israeli soldiers held by Hezbollah, news services reported.

"Both sides have accepted the good offices of the secretary general to help resolve this problem," Annan said at a news conference. "I will designate someone to work discreetly and quietly with them to find a solution."

In Jerusalem, Miri Eisin, an Israeli government spokeswoman, denied that the secretary general was mediating talks between the Israeli government and the Shiite militia. Rather, she said, Annan was acting on his pledge made to Prime Minister Ehud Olmert during a visit to Jerusalem last week that he would work for the soldiers' release.

"Israel and Hezbollah do not agree on anything," Eisin said. "But there is agreement between Israel and the United Nations that the implementation of Resolution 1701 clearly includes the unconditional release of our two kidnapped soldiers."

Regev, the Foreign Ministry spokesman, said of Annan: "This is part of his obligation to bring about the full implementation of Resolution 1701, which calls for the unconditional release of the hostages. We're hopeful he can bring about an early release of our two hostages."

Khatami Arrives As U.S. Weighs Sanctions On Iran (WP)

By Robin Wright

The Washington Post, September 5, 2006

The stormy saga between the United States and Iran takes one of its most unusual turns since the 1979 revolution as former Iranian president Mohammad Khatami arrives in Washington to give a major address on Thursday, the same day that the Bush administration holds talks in Europe on new U.N. sanctions on Tehran.

Khatami's five-city U.S. tour this week has ignited both controversy and curiosity -- infuriating former hostages from the 1979-1981 U.S. Embassy seizure and alarming some in Congress but winning praise from foreign policy experts. The former president's speech at Washington National Cathedral is a hot ticket, with attendance now by invitation only.

Khatami's visit has also been controversial in Tehran, where a newspaper called the U.S. visa "suspicious" and a critic suggested the Shiite cleric should be defrocked for committing "worse than a sin" in his trip to the United States. Many Iranian exiles in this country are also enraged, with some threatening protests. Yet Iran's supreme leader and its hard-line current president did not try to block the visit, Iranian sources said.

Khatami's tour comes as the State Department presses for punitive action for Iran's failure to meet a U.N. deadline to suspend uranium enrichment, a process for nuclear energy that can be converted to develop a nuclear weapon. As an incentive, Washington held out the prospect of joining European talks with Iran and ending 27 years of hostility. But Iran spurned the European-designed package.

"We've been trying hard to show there are two paths here," Undersecretary of State R. Nicholas Burns said. "That's why we made the offer to negotiate. They clearly have not accepted that path, so now we have to begin the sanctions process."

Burns will meet in Berlin on Thursday with diplomats from Britain, China, France, Germany and Russia to discuss which sanctions to impose on Iran, the first leg of what may be a heated debate. The administration hopes Secretary of State Condoleezza Rice will be able to wrap up the resolution when she attends the General Assembly opening later this month.

But the administration is not cutting off all forms of dialogue. "We're going to maintain a policy of no contact between the two governments, but at the same time, that doesn't mean that Americans outside government shouldn't be talking to Iranians. Americans should take every opportunity to address the concerns we have over terrorism and nuclear issues with Iranians who visit our country," Burns said.

Khatami, who was president for the two-term limit from 1997 to 2005, is the highest-ranking Iranian to visit Washington since the Carter administration severed ties in 1980. He is also speaking in Boston, Charlottesville, Chicago and New York on the role of the three Abrahamic faiths in the peace process. He turned down an invitation to meet with former president Jimmy Carter, partly because of scheduling conflicts, according to Iranian sources.

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Foreign policy analysts say the administration is signaling that it will not close the door on reformers such as Khatami who favor a freer press, political openings and dialogue with the world, while it will isolate hard-liners such as President Mahmoud Ahmadinejad for violating U.N. resolutions and talking about wiping Israel off the map.

But human rights groups say Khatami's government also violated human rights and supported extremist groups. He was president when President Bush labeled Iran, along with Iraq and North Korea, the "axis of evil" in 2002.

"He never wanted to create instability or a situation that would lead to violent confrontation," said Hadi Ghaemi of Human Rights Watch, an international monitoring group. "He was devoted to preserving the Islamic regime . . . so he never challenged those who had real power."

Many problems -- the crackdown on student protests, banning of new independent newspapers, and arrests and deaths of critics -- were linked to hard-liners in the separate judiciary or vigilantes sanctioned by Iranian intelligence. Ayatollah Ali Khamenei, Iran's supreme leader, also has veto power over all government actions.

Former hostages are outspoken about Khatami's visit. "Can an ex-U.S. president do the same in Iran?" asked John W. Limbert Jr., former embassy political officer. Kevin J. Hermening, an embassy Marine guard and the youngest hostage, said U.S. officials have "completely lost their minds" in dealing with Iran. "Every time we agree to 'talks' it is seen as another indication of weakness and capitulation," he said.

Giving Khatami a visa was a "despicable" decision by the State Department, said former embassy press attachÃ© Barry M. Rosen. "His dialogue of civilizations is nothing more than a public relations stunt by the oppressive regime."

L. Bruce Laingen, who was the ranking U.S. hostage, said he will attend the speech because he believes in talks, despite serious problems with the regime and doubts that Khatami has any power since Ahmadinejad replaced him.

In a 1998 interview with CNN, Khatami said he regretted that American feelings were "hurt" by the embassy seizure -- adding that U.S. policies had also seriously hurt Iranians. "In the heat of the revolutionary fervor, things happen which cannot be fully contained or judged according to usual norms," he said.

Like other hostages, Laingen said those words were not enough. "The question I would put to him would be: What do you think your government owes the hostages -- and I don't mean money, but something more than what he said to CNN."

Foreign policy experts largely approve of the Khatami visit. Geoffrey Kemp, a Reagan administration national security official now at the Nixon Center, called the decision "quite smart" and added: "We have nothing to lose by listening to Mr. Khatami . . . since he is highly influential behind the scenes."

Ray Takeyh, a senior fellow at the Council on Foreign Relations, said Washington had missed a "huge opportunity" to engage with an "imminently engageable leader" when Khatami was president, all the more striking just a year later under Ahmadinejad's rule.

Senior Clinton State Department official Wendy Sherman said the United States might not be in confrontation with Iran if Khatami's visit had happened six years ago.

But Danielle Pletka, a vice president at the American Enterprise Institute, called the Khatami visit "surreal" and disputed descriptions of him as a "pragmatic mullah."

"If someone at the State Department can prove that the nuclear program didn't improve under Khatami, that terrorists weren't sponsored under Khatami and that arms were not shipped to Hezbollah under Khatami, then by all means let's label him a pragmatist and embrace him," she said.

Congressional leaders also criticized the trip. In a letter to Rice, Rep. Brad Sherman (D-Calif.) appealed for the visa to be denied because the State Department had ranked Iran the No. 1 sponsor of terrorism every year Khatami was president.

The U.S. Commission on International Religious Freedom wrote the Washington National Cathedral to complain about the "troubling irony" of inviting Khatami to speak on interfaith cooperation when he presided over a government that imprisoned, harassed, tortured and even executed religious minorities.

Commission Chairman Felice Gaer called on the cathedral to appeal to the former Iranian leader to "denounce and express regret" for past violations of religious freedom.

Iran 'accepts Two-state Answer' In Mideast (FT)

By Guy Dinmore And Najmeh Bozorgmehr

Financial Times, September 5, 2006

Mohammad Khatami, Iran's former president, says Iran would accept a Palestinian state "ready to live alongside Israel" if the elected Hamas government freely adopted such an outcome.

In an interview with the Financial Times, Mr Khatami, a reformist, distanced himself from the hardline statements expressed by Mahmoud Ahmadi-Nejad, his fundamentalist successor, who has called the Holocaust a myth and said Israel should be removed from the map by the Palestinians.

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Mr Khatami, a cleric and the most senior Iranian politician to visit the US since the 1979 Islamic revolution, is on a 12-day, private speaking tour. At the weekend he addressed the annual convention of the Islamic Society of North America near Chicago, where 13,000 mostly American Muslims greeted him with a standing ovation.

Criticising the Bush administration's approach to the "war on terror", Mr Khatami said the US was fanning conflicts and inflaming sentiments. On the nuclear issue, he reiterated Iran's rejection of US demands for Iran to suspend uranium enrichment as a precondition for talks.

But asked if Iran could accept a two-state solution to the Israeli-Palestinian conflict, Mr Khatami appeared more conciliatory. Although now a private citizen, he stressed his words represented Iran's policy.

"I think Hamas itself, which has come to power today in a democratic process, is ready to live alongside Israel if its rights are met and it is dealt with like a democratic state and as the Palestinian government, and pressures are removed from Hamas," he said.

"Of course whatever Palestinians think is respected by us," he said.

Iran's officially stated policy is that all Palestinians must decide their future through a referendum. Mr Khatami is the most senior Iranian politician to accept the possibility of a two-state solution.

Iran's policy toward Israel had not fundamentally changed since Mr Ahmadi-Nejad was elected, Mr Khatami said. Referring to the role of the Supreme Leader, he noted that Iranian presidents in general were "not deciding about fundamental and general policies at all" although their interpretation, tactics and words might be different.

Mr Khatami spoke of the Holocaust as fact and said Iran wanted "sustainable peace" in the Middle East for Jews, Muslims and Christians.

In his eight years as president, Mr Khatami ultimately failed to overcome opposition by regime hardliners to his domestic political reforms. Now, on the international stage, his main mission is to avert what many Iranians fear is a looming military confrontation with the US, and promote dialogue and reconciliation among the major religions.

How his message will be digested by the Bush administration remains unclear. The State Department ignored the protests of neoconservatives and hardline pro-Israel lobbyists by granting him a visa, but US officials are under instruction not to meet him and walked out of the Islamic Society's Chicago convention before he spoke.

Nonetheless, the State Department impressed the Iranian delegation by providing elaborate security. Mr Khatami says the "wall of mistrust" between the US and Iran has grown under the Bush administration, warning of the dangers of another Middle East war. "As miscalculations about Iraq have created problems for the US, the Iraqi nation and the region, if the same miscalculation is repeated about Iran, the damages for everyone will definitely be much more than Iraq," he said.

Mr Khatami – who will also address an Alliance of Civilisations conference at the UN this week – denounces President George W. Bush's description of the enemy as Islamic fascists. He then turns the table on the western powers, accusing them of uprooting fascism from the national level but transferring it to the international arena.

"Today at the international level we see a kind of fascism, apartheid, unilateralism and a kind of totalitarianism [by the west] according to which nations are distributed, their interests are distributed and wars are created."

Asked if the moment was right to apologise to the US diplomats held hostage in Tehran for 444 days in the aftermath of the revolution, Mr Khatami repeated that he "regretted" what happened.

He said he appreciated an invitation by Jimmy Carter – president during that crisis – to meet in Atlanta, but said his schedule was already full. He said he hoped they might work together later on international peace and reconciliation issues "if the grounds are prepared".

Read the interview transcript

Najmeh Bozorgmehr, the FT's Tehran correspondent, is currently a visiting fellow at the Saban Center, Brookings Institution, in Washington.

U.S., Iran Share Interests In Iraq, Khatami Says (USAT)

By Barbara Slavin

USA Today, September 5, 2006

NEW YORK — Former Iranian president Mohammad Khatami said Monday that U.S. forces should remain in Iraq until that country's fragile government can assume greater control.

In an interview here during his first trip to the United States since leaving office a year ago, Khatami said, "We can't leave this newly formed government at the mercy of terrorists and insurgents."

Khatami is a moderate Islamic cleric who was president from 1997 to 2005. By law, he could not seek a third consecutive term. He was succeeded by Mahmoud Ahmadinejad, a hard-line fundamentalist.

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Despite the change in the leadership, Khatami said that Iran is not the enemy of the United States and that the two countries share strategic interests in Iraq and Afghanistan.

Khatami said Iran, which is predominantly Shiite, didn't provide weapons to Iraqi Shiites while he was in power. He said he doubts that the current leadership is doing so, as has been charged by U.S. officials including Defense Secretary Donald Rumsfeld. "No one will benefit as much as Iran from peace and stability in Iraq," he said.

Addressing the issue that is creating the most tension between Iran and the international community, Khatami urged the Bush administration and his own government to resolve the dispute over Iran's nuclear program through negotiations.

While not directly criticizing his successor, Khatami noted that when he was in office, Iran suspended efforts to make nuclear fuel and agreed to inspections by the International Atomic Energy Agency.

Iran has reversed both policies in the past year and rejected an Aug. 31 United Nations deadline to either suspend its uranium enrichment program or face sanctions. "Sanctions are to the detriment of Iran," Khatami said. "Sanctions — and, even worse than that, military action — will only serve to complicate the issue, not solve the problem."

He criticized both Ahmadinejad and President Bush for using intemperate language that has heightened tensions. "A politician must conduct himself at the highest level of etiquette and diplomacy," Khatami said, when asked about Ahmadinejad's comments threatening Israel and denying the Holocaust. Khatami said he hoped Bush's use of the term "Islamic fascism" to describe countries such as Iran "is a misquote. It would be unfortunate that a president of the great nation of America would use words in such an irresponsible way."

Khatami spent the weekend in Chicago, where he told a conference of U.S. Muslims that the U.S.-led war on terrorism is increasing violence and Muslim hatred for the West. He attends meetings at the U.N. today and Wednesday, then flies to Washington to speak at the National Cathedral.

Khatami, 62, now heads a group called the International Center for Dialogue Among Civilizations, based in Tehran and Geneva. He said he was devoting his time to trying to increase understanding among nationalities, religious and ethnic groups.

He described his visit as private and said he had not sought to meet U.S. officials.

Several U.S. politicians and interest groups criticized the State Department for giving Khatami a visa. Sen. Rick Santorum, R-Pa., called Khatami "one of the chief propagandists of the Islamic fascist regime." State Department spokesman Sean McCormack said Khatami was eligible to visit as a private citizen.

Khatami visited New York three times as president but was never allowed to go outside New York. Asked his impressions of the country so far, Khatami said he was happy to have the chance to travel with fewer restrictions but that to see America fully would require "much more time."

Geopolitics Casts Pall On Hobbled Iranian Economy (USAT)

By David J. Lynch

USA Today, September 5, 2006

TEHRAN, Iran — They are young men, willing and able to work. But they spend all day, every day, sitting in a crummy city park waiting for jobs that rarely appear.

"It's awful. It's almost impossible to find a job. I've been looking for six months," says 25-year-old Siamak Adyen, one of about a dozen men sitting cross-legged on a grassy strip in the Saadat Abad neighborhood.

Without a steady paycheck, their lives are on hold. Those with wives in distant provinces can't afford to bring them to the capital. Those who are single lack the money to marry and establish new households. Emptying his pockets, Adyen displays a 2,000 rial note — worth less than 25 cents. "Look! I'm a young man in this country and this is all I have," he says, shaking his head in disgust.

As Iran hurtles toward a confrontation with the United States over its nuclear program, the nation's economy remains a dysfunctional wreck. Neither wholly free nor entirely socialist, the Iranian market is a ramshackle hybrid buttressed by lofty oil prices. One year after Mahmoud Ahmadinejad was elected president on a vow to share Iran's oil wealth with the poor, Tehran's army of jobless men is a reminder of the squandered potential that characterizes revolutionary Iran.

"We need to create jobs. Unfortunately, the government is not a good businessman," says businessman Ali Sharghi.

The official unemployment rate is 11%, although economists such as London Metropolitan University's Parvin Alizadeh say the actual total is twice that figure. Even government ministers acknowledge jobless rates as high as 18% in some provinces.

Heydar Pourian, editor of the magazine Iran Economics, says he recently advertised a janitorial opening and had an engineer aggressively pursue the $160-per-month job. "We were shocked," he says.

Geopolitics also is casting a pall on Iran's economy. For much of its 27-year history, the Islamic Republic has been under one form or another of U.S. sanctions. That's fueled a drive for self-sufficiency in industries such as pharmaceuticals and

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consumer goods. But sanctions prevent Iran from tapping the best U.S. technology to fully exploit its massive oil and gas reserves. So daily oil output of about 4.2 million barrels is almost one-third below its 1970s-era peak.

Foreign direct investment in the current year is expected to reach just $1.5 billion; neighboring Turkey, of comparable size, anticipates $11 billion. For the Iranian year that ended in March, the economy grew an estimated 6%, but that mostly reflects the impact of surging oil revenue and expansionary government spending, which has doubled in four years, says the International Monetary Fund.

Three years of confrontation between Iran and the U.S. over the nuclear issue have chilled domestic businesses that depend upon the outside world. Near the ancient ruins at Persepolis, about 30 miles outside Shiraz, restaurateur Rasoul Azeemzadeh mourns lost opportunities.

His "Peacock Nest" eatery once drew scores of foreign tourists with its tasty regional cuisine and poolside ambience. Azeemzadeh acquired land nearby and drew up plans to expand with a tourist hotel. But business started to sag after the terror attacks of Sept. 11, 2001, and in the last year, amid continuing tensions over Iran's nuclear program, it's plummeted 70%, he says.

"I'm just like a sailing ship. The wind comes from each direction and just drags me along," says Azeemzadeh. "An official says something somewhere, and it affects my business."

Now, the expansion plans are forgotten, and he regards the land as a place to grow crops to feed his family if the restaurant fails.

Likewise, in the lobby of the Tehran Stock Exchange, glum investors gather to stare at the overhead screens displaying sinking share prices. Since Ahmadinejad's election, the market has dropped 32%. Raheem Nowrouzkhani, 45, has been coming here for five years to track his portfolio, and he's learned one lesson about Iranian stocks: "In general, international politics is the most important thing," he says.

Indeed, economics has long been eclipsed by other issues in the Islamic Republic of Iran. Ayatollah Ruhollah Khomeini, who led the movement that toppled the Shah in 1979, famously dismissed economic policy by saying, "We did not make the revolution to lower the price of watermelons."

Ahmadinejad's surprise victory in last year's presidential election, however, was fueled by public dissatisfaction with the clerical regime's economic track record. During the campaign, the former Tehran mayor denounced soaring inequality and widespread corruption among Iran's clerical elite. He also attacked the "oil mafia" running the country's key industry and vowed to spread the wealth.

The new president also betrays less interest than his predecessors in knitting Iran into a U.S.-dominated global economy. Ahmadinejad's experiences in the 1980-88 war with Iraq left him deeply suspicious of the U.S., which ultimately backed Saddam Hussein in the latter stages of the bloody conflict.

"He says, 'If we need foreign investment, let's get it from Islamic countries, not the West. And if not Islamic countries, then we'll go to China and Russia,' " says Bijan Khajehpour, chairman of the Atieh Group consultancy. "They feel economic ties with the West always have political strings."

From Tehran's venerable central bazaar, with its smells of coriander and cumin, to the Internet cafes where young Iranians gather, there is talk of a turn to the East. To many Iranians, China and India appear as both potential business partners and economic models for their country, with its well-educated population and strategic location, to emulate. That explains why some of the political "carrots" the U.S. and Europe are offering in return for a halt to Iran's uranium enrichment program may not sway Ahmadinejad.

"Membership in the World Trade Organization or trade with the EU? What does that mean? That Iranians can buy French cosmetics? His constituents don't buy French cosmetics. They don't care about trade," says Kenneth Katzman, an Iran expert at the Congressional Research Service in Washington.

In classic populist fashion, the Iranian president is pursuing policies that emphasize short-term improvements at the expense of long-term economic health. In the face of double-digit inflation, he's defied economic orthodoxy by ordering interest rates lowered to make life easier for his low-income constituents. Despite soaring unemployment, he ordered a 50% increase in the minimum wage in March. He's also introduced a new marriage fund designed to provide cash for young couples seeking to wed.

But the government has taken only halting steps toward addressing the major obstacle to sustainable growth: shrinking the state's deadening influence over 80% of the economy.

Along with businesses owned outright by the state, up to one-third of Iran's economy is controlled by quasi-public charitable foundations, called bonyads. They enjoy preferential tax treatment and financing, which allow them to prosper at the expense of market-oriented private firms.

"They are extremely important. They have enormous assets in all sectors of the economy," says Alizadeh.

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Ahmadinejad also has presided over an expansion in the economic role of Iran's Revolutionary Guard, a military unit established in 1979 to defend the Islamic revolution. A member of the guard during the Iran-Iraq war, Ahmadinejad directed a string of lucrative government contracts to the organization. In June, the Revolutionary Guard won a $2.3 billion contract to develop part of the massive South Pars natural gas field.

In July, Iran took what could be a big step forward when Supreme Leader Ayatollah Ali Khamenei endorsed privatization of most state businesses outside the politically sensitive oil-and-gas sector. But it's not yet clear exactly how the plan will be implemented. Ahmadinejad has called for privatizing state companies by distributing to poor Iranians so-called justice shares.

In June, 50 Iranian economists penned an open letter to the president criticizing his approach to economic policy. Mainstream economists now are warning that a flawed privatization proposal risks entrenching Iran's failures rather than sparking capitalist improvement. “We're trying to tell them, if you want to help people, give this (state) company to a good group of managers and distribute 100% of the income to the people,” says Sharghi.

The government plans to privatize the affected companies through public offerings on the struggling Tehran Stock Exchange. A key question is the government's price for the privatization candidates. If it's too high, private buyers could shy away, leaving the purchases to the bonyads and other quasi-public organizations and rendering the process privatization in name only.

Amid chronic political uncertainty, many foreign companies have soured on Iran. But some, predominantly European companies, are thriving because sanctions have dampened competition and allowed them to raise prices. A typical European auto-parts maker may enjoy an extra 30% to 40% profit margin, says Albrecht Frischenschlager, managing director of Middle East Strategies, an advisory firm.

“Those who are still doing business are printing money as much as they can,” he says.

The economic landscape may be about to darken. Following Iran's failure to comply last week with a United Nations Security Council deadline to halt its uranium enrichment effort, the U.S. is seeking the imposition on Iran of limited economic sanctions. If Iran remains defiant, tougher measures could follow.

Iran is vulnerable to a cutoff of international bank loans and gasoline imports, which make up around 38% of domestic consumption. Iranian officials insist that, given Russian and Chinese reluctance to act, real punishment may never materialize. Years of coping with sanctions leave many here professing a lack of concern, whether genuine or feigned.

Yet, Iran's nuclear defiance, coupled with an unsustainable economic strategy, means the best Iran can hope for is a sort of muddling through. And that has many ruing the country's failure to realize its impressive potential. “The basic problem this country has is economics,” says economist Pourian. “Unfortunately, a lot of political issues have gotten involved.”

Across Palestinian Territories, Support For Hamas Erodes (CSM)

By Joshua Mitnick

The Christian Science Monitor, September 5, 2006

RAMALLAH, WEST BANK

On the first day of the Palestinian school year Saturday, Ali Abu Dayeh had abandoned his high school classroom for a falafel stand in central Ramallah.

Eight months ago, the Arabic teacher helped the militant Islamist group Hamas win a majority in the Palestinian parliament, but this weekend Abu Dayeh joined tens of thousands of Palestinian teachers in a civil servant strike to protest the government's failure to pay salaries for the last half year.

"Hamas started with an agenda of reform and change. This program clashed with reality," he says. "Every government needs a political program, but this government has thrown its hands up and said, 'Be patient.' No government should say that."

At a time when Hizbullah has enjoyed a surge in popularity throughout the Arab world from its month-long war with Israel, Islamic militants in the Palestinian territories are coming under domestic pressure to resolve a financial crisis or share power.

Though the strike is a political play by union chiefs from the rival Fatah Party, remarks like Abu Dayeh's are a sign that a US and European aid boycott of the Islamic militant-led government is sowing widespread disillusionment with Hamas. The walkout will give moderate President Mahmoud Abbas more leverage to convince Hamas Prime Minister Ismail Haniyeh into relenting on his rejection of peace talks with Israel.

To be sure, Hamas knows that its majority rule in parliament is safe for now because Fatah hasn't recovered from the January election landslide. So instead of the Islamic-led government falling, it may strike a compromise to invite Mr. Abbas's Fatah party in a unity coalition.

"When the Palestinian government becomes incapable of delivering, it will be frank with the people," says Mohammed Barghouti, the Hamas-appointed Palestinian Social Welfare Minister. "The solution is unity and a domestic agreement that respects both parties."

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Over the past few weeks, representatives from Hamas and Fatah have been negotiating over the makeup of a unity cabinet and what the policy of the new government would be toward Israel.

The first Hamas-led Palestinian administration has had a shaky first six months. The Israeli army has ordered its soldiers back into Gaza in retaliation for the capture of Cpl. Gilad Shalit. And government employees have racked up steep debts because donors in Europe and the US have refused to bankroll an administration that will not recognize peace agreements with Israel.

Hamas officials like Mr. Barghouti have argued that the crisis is the doing of Israel and the US, which refused to accept the Islamists' landslide victory at the polls. But the public sector strike that began over the weekend is shifting blame for the paralysis - and strengthening Fatah's hand in negotiations.

"The crisis has reached the peak. People can't wait any longer without income," said Samir Barghouti, the director of the Arab Center for Economic Development. "The Arab pressure, the international pressure, and the Israeli pressure has worked. Regular people are saying, 'We elected Hamas and we trust Hamas, but Hamas is not able to bring results.' "

As they ticked off strike participation rates for cities around the West Bank and Gaza for reporters, union leaders and legislators from Fatah sought to put the government militants on the defensive. Officials said that the civil servants timed the strike at the beginning of the school year because the families would be feeling the economic pinch most acutely as they prepare children for school.

"The Palestinian people are living in an economic and social crisis, regardless of the Americans and Israelis," says Basem Hadaydel, a spokesman for the teachers' union. "I hope Hamas understands the dangerous situation that we are in."

Hamas has sustained a good deal of its popularity despite months of deepening economic blight, says Hani el-Masri, a columnist for the El Ayyam newspaper. But political leaders blundered when they initially declared the strike an attack on the government rather than spinning it as a call to the international community to lift economic sanctions. "If they insist on keeping control over the government, it will give Abbas a push to dissolve it."

Palestinians hope that a power-sharing arrangement between Hamas and Fatah would end the aid boycott, and restore public sector salaries. Analysts say that a power-sharing arrangement would allow Abbas to participate in peace talks with Israel, while leaving veto power with Hamas legislators. The sides are also reportedly discussing whether the ministers in the unity government - including the prime minister - should be technocrats rather than politicians.

At the Ramallah secondary boys school, the schoolyard was empty save for Ismail Abu Ayham. The janitor, who said he supported neither Hamas nor Fatah, was quick to insist that he, too, was on strike even though he had come into work. "The children came into school this morning and then left," he says. "The pressure is not only from the employees, it will be from the students and the parents of the students. This is just the beginning."

Over U.S. Objections, Israel Approves West Bank Homes (NYT)

By Steven Erlanger

The New York Times, September 5, 2006

JERUSALEM, Sept. 4 — The Israeli prime minister, Ehud Olmert, authorized construction bids on Monday for another 690 homes in the occupied West Bank in the face of pro forma American criticism.

The houses will be built in Maale Adumim and Betar Illit, two settlements near Jerusalem that the Israeli government says it intends to keep in any agreement with the Palestinians.

Mr. Olmert, whose Kadima Party was elected earlier this year on a promise to pull thousands of Israeli settlers out of the West Bank, beyond the route of Israel's separation barrier, has been clear about keeping and expanding settlements inside the barrier, even though they are on land occupied since the 1967 war.

The Construction and Housing Ministry published advertisements on Monday seeking construction proposals for the largest settlement activity undertaken by this government. Israel has also promised President Bush that it will pull down more than 20 illegal outposts created since March 2001, but has not done so.

The Bush administration's position is that Israel should not expand settlements in the West Bank, because it makes the process of a final agreement harder. In general, much of the world considers Israeli settlements in territory seized in the 1967 war, including East Jerusalem, to be illegal, which Israel disputes.

Stewart Tuttle, the spokesman for the American Embassy in Israel, said Monday that "in general it's a principle of the road map — a foundation to reach peace in the region — that Israel not only remove illegal outposts, but also not expand settlements in the West Bank."

The road map is the multistage peace plan supported by the United States, the European Union, Russia and the United Nations and agreed to in principle by the Palestinians and Israel. The Palestinians, in the first stage, are supposed to begin the disarming and dismantling of armed militias and terrorist groups.

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The United States, Mr. Tuttle said, opposes "any actions that would prejudice final status negotiations, which would include the final borders of Israel and Palestine."

But such criticism has had little effect on Israeli policy in the past, and is not expected to matter in this case. In general, Israel says it is not "expanding" settlements, but "thickening" them within existing built-up areas.

A former United States ambassador here, Daniel C. Kurtzer, tried to get Israel to agree with the United States on mapping the existing built-up areas of settlements in order to make it clear when settlements were being expanded. But Israel — which has detailed satellite maps of nearly every building in the West Bank — regularly refused.

The mayor of Maale Adumim, Benny Kashriel, said Monday that many units were under construction. "In short, it is just a matter of completing construction within a town," he said. Maale Adumim has a population of 31,615 and looks like a Jerusalem suburb. The construction in Betar Illit is intended to house haredim, or ultra-Orthodox Jews.

The government's move was criticized in Israel as well. "Instead of dismantling outposts and freezing construction in the settlements, the Olmert government is constructing further units and plans to authorize tens of illegal outposts," said Yariv Oppenheimer, the director of the leftist lobby Peace Now. "All these actions are in contradiction of the Israeli commitment to the road map, and the commitment of the Labor and Kadima Parties to their voters."

Mr. Olmert is also facing tough budget pressures. He has supported more military spending after the recent war in Lebanon and his coalition partner, Labor, supports more social spending and opposes cuts proposed by the Finance Ministry. Because of the sharp criticism of tuition increases and cuts in child support, publication of the budget was delayed Monday.

Labor's leader, Defense Minister Amir Peretz, is being widely criticized for his performance, and aides to Mr. Olmert believe that Labor is creating a crisis over the budget to try to restore some of its credibility as a left-leaning party.

Mr. Olmert appeared before Parliament's Committee on Foreign Policy and Defense on Monday for the first time since the war in Lebanon. He said that a war with Syria would be handled with full force.

He also confirmed that his plan for another unilateral withdrawal from part of the occupied West Bank was being shelved for now as the government concentrates on rebuilding the north.

"What I saw as right several months ago has changed now," Mr. Olmert said, according to an aide and Israel Radio. "At this moment, the issue of the realignment is not in the order of priorities as it was two months ago."

The capture of three Israeli soldiers on raids into Israel from Gaza and Lebanon and the heavy use of rockets by Hezbollah have brought many Israelis around to the thinking of the Likud leader, Benjamin Netanyahu. He argues that it would be unsafe for Israel to hand over large areas of the West Bank to a Palestinian Authority led by Hamas, which refuses to recognize Israel's right to exist, even though it says it is prepared to negotiate a long-term "truce" with Israel in its pre-1967 borders.

In Lebanon, a Qatari airliner landed at the Beirut airport on Monday afternoon with 142 passengers, piercing an Israeli air and sea blockade that was imposed July 12, at the start of the war between Israel and Hezbollah guerrillas. The Israeli Army said it had given its permission.

Like almost everything in Lebanon now, the blockade is murky. Israel has recently allowed relief flights and a limited shuttle service to Amman, Jordan, where passengers can board flights for other destinations.

But the flight on Monday was the first to arrive directly from a distant country, and it was greeted by local and Arab television crews as a mild triumph.

The maritime blockade continues, however, and is viewed as much more serious by many Lebanese merchants, who complain that their supplies are running short.

Sudan Gives African Union An Ultimatum (NYT)

By Lydia Polgreen

The New York Times, September 5, 2006

KEBKABIYA, Sudan, Sept. 4 — The Sudanese government delivered an ultimatum on Monday to the African Union force trying to monitor a shaky peace deal in Darfur, telling it to extend its mandate without handing off to the United Nations or pack up and leave by the end of the month.

Noureddine Mezni, spokesman for the African force in Sudan, said the Sudanese government had given the African Union one week to decide whether to accept a proposal to pay for its peacekeeping mission with money raised by the Arab League instead of turning over command to the United Nations.

"They asked that we clarify our position," Mr. Mezni said. "We have one week."

The move appeared intended to stymie a Security Council resolution, passed last week, calling for a United Nations peacekeeping force of more than 20,000 troops and police officers to take over from the beleaguered African Union force in Darfur.

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Mustafa Osman Ismail, a top adviser to Sudan's president, Omar Hassan al-Bashir, told reporters in Khartoum, "Sudan will not accept those troops to be transformed into part of a U.N. force."

The demand that the African Union choose between leaving or accepting a continuation of its mission on Sudan's terms is the latest development in the showdown between Sudan and much of the rest of the world over the bloodshed that has killed hundreds of thousands of people and pushed more than 2.5 million from their homes in Darfur.

The African force is poorly equipped, has a weak mandate to protect civilians and just 7,000 troops to cover an area the size of France. It is nearly out of money, and its backers, mostly the United States and the European Union, have refused to keep supporting it, preferring a United Nations force. The African Union has repeatedly said that it, too, wishes to turn over the reins to the United Nations.

But Sudan has firmly rejected the Security Council resolution, proposing instead using more than 10,000 of its own troops to pacify Darfur — a plan many aid officials, diplomats and human rights workers say could lead to vast new killing and displacement. To keep the African Union force in place, it proposes using money donated by the Arab League.

But the commander of the African forces in Darfur, Gen. Collins Ihekire, said in an interview last week that accepting the money would leave the African Union hopelessly compromised.

"It could become a kind of blackmail," General Ihekire said. "The viability of the force would depend on the charity of Sudan and its friends."

Darfur has slid deeper into chaos in the past three months, as a peace agreement to end the conflict between the Arab-dominated central government and non-Arab rebels seeking greater autonomy and wealth for the region has faltered.

Only one rebel faction signed the agreement, and those who rejected it have formed a new alliance to fight those who did sign. The government, under the guise of enforcing the peace agreement, has begun a military campaign against rebel groups in Northern Darfur, massing thousands of troops in El Fasher, the provincial capital, to prepare for fresh attacks.

Attacks on aid workers have cut off hundreds of thousands of people from food, water, shelter and health care provided by relief agencies across Darfur, and government attacks could put still more people out of reach. The International Rescue Committee said Monday that a nurse at one of its clinics had been killed in a government attack. A dozen aid workers have been killed in Darfur since May, more than in the entire conflict up until then.

The African Union force is supposed to oversee the peace agreement, but its role has been thrown into confusion as rebel groups have refused to join the accord and have formed new alliances to fight the government and its allied Arab militias, known as the janjaweed.

Pressed by Sudan, the African Union expelled cease-fire monitors who were members of the rebel groups that did not sign from its bases, a move that many rebel leaders interpreted as evidence that the Union was biased against them. The government says it is bound only by the cease-fire in the new peace agreement, not an old cease-fire signed by all parties in 2004 in Chad. The rebels reject the peace agreement but say the old cease-fire is still in effect.

The result has been that there is essentially no cease-fire left to monitor. "We don't have any cease-fire that all the parties agree on, so how can we monitor a cease-fire?" General Ihekire said.

Here in Kebkabiya, a government-controlled town in Northern Darfur where fighting between rebels and Arab militias has convulsed repeatedly, morale was low among the African Union soldiers charged with keeping the peace.

"We don't have freedom of movement," said one officer who has served in several peacekeeping missions. "We are just stuck in the camp.'' He asked not to be identified by name because he was not authorized to speak to reporters.

"I get paid $90 a day for doing nothing," he said. "What is the point of us being here? We should save the African Union's money and just go back home."

Sudan: AU Must Accept Deal On U.N. Force (AP)

By Mohamed Osman, Associated Press Writer

AP, September 5, 2006

Sudan said Monday that African Union peacekeepers will have to leave Darfur unless they accept a deal within a week that would effectively block a proposed U.N. force.

Sudan's Foreign Minister Ali Ahmed Kerti said the AU troops, whose formal mandate expires on Sept. 30, can only stay on in the remote, war-torn western region if they accept Arab League and Sudanese funding.

Khartoum last week rejected a U.N. Security Council resolution for the deployment of some 20,000 U.N. troops and police in Darfur to replace the ill-equipped and underfunded 7,000-strong AU force.

Instead it has launched a major attack reportedly involving thousands of troops and militias in the northern part of Darfur that rebels say are backed up by bomber aircraft.

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The African Union has called for the U.N. to take control of the peacekeeping force, but Khartoum is steadfastly opposed to the presence of the U.N. troops.

The AU force has been unable to stop the humanitarian catastrophe in Darfur, where three years of conflict has killed more than 200,000 people and displaced around 2.5 million.

The conflict in Darfur began in 2003 when ethnic African tribes revolted against the Arab-led Khartoum government. The government is accused of unleashing Arab militiamen known as janjaweed who have been blamed for widespread atrocities.

The United States has described the rapes, killings and other attacks as genocide.

The foreign minister gave the African body a week to respond to its offer or withdraw its troops from the country, a government statement said.

European Union spokesman Amadeu Altafaj Tardio warned of dire consequences if the AU is forced to pull out before a U.N. force can take over.

"There would be a very difficult scenario," Altafaj Tardio said in a telephone interview. "We need a stronger force on the ground to ensure security. It is crucial to reach an agreement with the Sudanese before that deadline."

"There are 2.4 million internally displaced, those people will never come back to their villages unless they have security," he said.

Sudan earlier had ordered the African Union troops out by the end's month after the bloc insisted it would hand over its mandate to the United Nations, but the ultimatum apparently marked a final attempt to keep the weak African force in Darfur.

Kerti said he issued the ultimatum at a meeting Monday with the African Union representative in Khartoum, Nigerian Ambassador Baba Gana Kingibe.

"The foreign minister indicated to Kingibe that the Sudan has always advocated the presence of African force in Darfur, and sought funds for the maintenance of that presence," the statement said.

"The Arab League has offered support to cover the presence of the African Union forces after September 2006," he said.

A May peace deal signed by the government and one of the three ethnic African rebel groups operating in the region has had little effect in halting the violence.

U.N. officials and aid workers say the crisis has only deepened in recent months, with violence at a new high. The United Nations has warned of hundreds of thousands of deaths if aid operations collapse. Twelve aid workers have been killed in Darfur this year, most in the last two months.

Sudanese President Omar al-Bashir has rejected the U.N. presence as an attempt to impose Western colonial control over his country, instead offering to send 10,000 government troops to Darfur.

Sudan's Offensive Comes At Key Time (WP)

By Craig Timberg

The Washington Post, September 5, 2006

KHARTOUM, Sudan, Sept. 4 -- The Sudanese government has dramatically intensified the war in Darfur in a bid to finish off a tenacious, three-year-old rebellion before a U.N. peacekeeping force can deploy there, say analysts, rebels and officials from the African Union monitoring mission.

Four months after what was hailed as a groundbreaking peace deal was signed in the Nigerian capital of Abuja, bombing raids on villages and increasingly aggressive ground attacks are allowing government forces to drive back rebels while also pushing tens of thousands of civilians into already overflowing camps.

The African Union's 7,000-member monitoring force, meanwhile, has been threatened with expulsion by the government and, under its current mandate, is scheduled to end its mission in Darfur by month's end. Many humanitarian groups have curtailed operations there because of the dangers presented by the new fighting.

Aid groups warn that conditions could grow far worse without the African Union's moderating influence and ability to provide crucial, if limited, protection for humanitarian operations such as food delivery and health care. Even with the African Union force in place, 12 humanitarian workers have been killed since the peace deal was signed May 5, including an International Rescue Committee nurse killed in fighting Friday.

The U.N. Security Council last week approved a peacekeeping force of up to 22,500 that would take the place of the African Union troops, but Sudanese President Omar Hassan al-Bashir has sought to block it from being deployed. Two students were killed and 10 wounded in the North Darfur capital of El Fasher on Monday as troops violently dispersed a rally supporting the deployment of a U.N. force, news reports said.

The new push by government forces and the uncertainty surrounding peacekeeping efforts could produce a fundamental shift in the fighting in Darfur, where violence and disease have left as many as 450,000 people dead and 2 million homeless. Aid

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workers say that in recent weeks, civilian casualties, rapes and looting have grown more widespread. Tens of thousands of Darfuris have surged into camps, voting with their feet against a peace deal that many there regard as deeply flawed.

"There is no peace at all," said rebel leader Abubakar Hamid Nur, speaking by phone from North Darfur, the center of recent fighting. "There is a new phase of atrocities happening. . . . What they did in Abuja is not a sustainable peace."

Rebel leaders say they are mounting counterattacks where possible, but they acknowledge that they are giving up ground rather than face thousands of fresh, heavily armed government troops who have replaced the irregular militias that served as proxy fighters for much of the conflict. Some former rebels are now fighting on the side of the government and militias, giving the combined force unprecedented firepower along with detailed knowledge of treacherous mountain terrain.

Analysts say the growing offensive has left the anti-government forces in a precarious position at a time when flows of fuel and materiel from neighboring Chad have slowed as well.

"They might actually be defeated militarily this time," Ted Dagne, an Africa analyst for the Congressional Research Service, said from Washington. "The balance of power is going to shift in favor of the government. . . . What they want is to change the reality on the ground to make irrelevant the deployment of the international force."

Only one of three rebel groups signed the peace deal in May, and the two that vowed to continue fighting have joined forces against the government. The one group that signed, headed by Minni Minawi, meanwhile, has splintered, with some of its men fighting on behalf of the government and others against it. Minawi has joined Bashir's government as a senior official.

The fracturing of rebel groups has been so widespread and complex that even close observers of the conflict say it is no longer possible to say who controls much of the countryside in a vast, nearly roadless terrain the size of Texas.

Darfur's cities are all controlled by the government, and its forces there have been bolstered by thousands of new troops in recent months, said Lt. Col. Ferdinand Eze, military adviser to the African Union head of mission in Sudan. The government forces also have access to helicopter gunships and a growing number of armed trucks and heavy weapons. Russian-made Antonov planes, meanwhile, are being used for regular bombing raids.

Eze said the government offensive, which began Aug. 29, included the most extensive and coordinated fighting in Darfur in at least the past year. At the same time, the rebels have heavy weapons and an ability to move about the sparse region quickly.

"They are in a position to fight," Eze said, "but what one cannot say is for how long."

The U.S. government has accused the Sudanese government of genocide for its role in backing armed militias that have terrorized villages throughout the region. The International Criminal Court is investigating possible war crimes from the conflict. In the face of such international pressure, Sudanese officials have become increasingly bellicose, refusing to give their consent for a peacekeeping mission to Darfur and threatening to attack U.N. troops deployed there.

The government made clear its intentions in a plan submitted to the U.N. Security Council last month. Under the heading of "Getting control on the security situation and restoration of peace in Darfur," it called for a gradual buildup of 22,500 government troops, 4,000 members of Minawi's former rebel group and 7,050 national police officers. The government previously had relied on so-called Janjaweed militias to combat the Darfur rebels.

A letter from U.N. Secretary General Kofi Annan to Bashir on Aug. 25 called the plan "a significant departure" from the May peace plan and urged him not to proceed. "There can be no military solution to the conflict in Darfur," Annan wrote in the letter.

Last week's Security Council resolution "invites the consent" of the Sudanese government. U.S. officials have confidently predicted that it would come, but it has not.

On Sunday night, government officials even suggested that the African Union, of which Sudan is a member, should end its mission in Darfur. But by midday Monday, Sudanese officials softened their position, saying African Union officials could stay in Sudan so long as they did not become part of the U.N. peacekeeping effort.

"If the A.U. continues under its previous mandate, they will have no problem," said Jamal Ibrahim, a spokesman for Sudan's Foreign Ministry.

Eric Reeves, a Smith College professor who closely monitors Darfur, said the Sudanese government is working to drain the region of witnesses as it moves into a final battle against the rebels and their civilian supporters.

"No A.U., no humanitarian groups, this is a genocidal black box," said Reeves, speaking from Northampton, Mass. "We're not going to get any observers."

Somalia, Islamic Militia Sign Agreement (AP)

By Malkhadir Muhumed, Associated Press Writer

AP, September 5, 2006

Somalia's weak government and an Islamic militia that controls much of the south signed an agreement late Monday to eventually form a unified national army, officials said.

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The accord, which came after two days of peace talks in Sudan, did not specify when it would go into effect. Talks were to resume Oct. 30 in Khartoum.

Both sides also agreed to form a peace committee in order to determine how to implement the plan.

"We are pleased we came to this agreement within two days," said Ibrahim Hassan Adow, who signed on behalf of the Islamic militia.

Abdullahi Sheik Ismail, one of several deputy prime ministers in the government, said: "The Islamic courts have met the expectations of our people." The militia has set up a network of Islamic courts.

The mllitia agreed it won't take any more territory and instead wait for the Oct. 30 talks. Both sides also agreed to stop the use of propaganda against each other.

It was the first time they agreed to form a national army.

Somalia's parliament has endorsed a security plan drawn up by President Abdullahi Yusuf's government that includes a role for a regional peacekeeping mission.

Islamic militants had demanded the administration reverse its call for international peacekeepers.

A coalition of east African nations will discuss peacekeepers in Somalia on Tuesday at a meeting in Nairobi, Kenya. Adow, the Islamic group's foreign affairs chief, said over the weekend that foreign interference would be "a recipe for the renewal of civil war," alluding to reports that Ethiopian troops had taken up position in three Somali towns to protect the government.

Somalia has not had an effective central government since 1991, when warlords overthrew dictator Mohamed Siad Barre and then turned on one another, pulling the country into anarchy.

The current government was established two years ago with the support of the United Nations, but it has failed to assert any power outside its base in Baidoa, which is 150 miles from the capital, Mogadishu. On Monday, five people were killed in Baidoa when government forces took control of the airport from a clan-based militia, government officials said.

Clerics and militiamen set up a network of Islamic courts in a bid to restore order by enforcing Islamic law, sparking fears of an emerging Taliban-style regime. In June, they swept through Somalia, seizing control of much of the south, including the capital, Mogadishu.

The Islamic group has brought a semblance of order to a country that has seen little more than anarchy in years. Mogadishu's airport and seaport have reopened after 11 years, and on Sunday the U.N.'s World Food Program sent a ship carrying cereal, oil and other staple foods.

Associated Press writer Mohamed Olad Hassan in Baidoa, Somalia, and Mohamed Sheikh Nor in Mogadishu, Somalia, also contributed to this report.

Russia's Electricity-Liberalization Plan Advances (WSJ)

By Gregory L. White

The Wall Street Journal, September 5, 2006

MOSCOW -- Facing a worsening energy crunch as its economy outgrows aging infrastructure, Russia is going ahead with a sweeping liberalization of its electric-power industry aimed at drawing $87 billion in investment to the sector by 2010.

The overhaul will phase in market-driven pricing for power, which now is sold mostly at low, regulated rates. Private investors, including foreigners, will be given the chance to own generating companies, selling the electricity they produce at free-market prices.

The moves, which received the go-ahead from President Vladimir Putin last month, are among several policy changes that seem to run counter to the Kremlin's general shift away from market-oriented policies in many other areas, tightening state control and limiting foreign investment.

The electricity overhaul also will highlight the lack of progress toward competitive market principles in another critical sector, natural gas, which fuels most of Russia's power plants but is strictly regulated at below-market prices.

The electric-power changes come as industry officials and analysts warn of a looming crisis. More than five years of economic expansion running above 5% a year have fueled a big increase in demand for electricity, while state ownership and regulated rates in the power sector stifled investment in new projects.

Though the liberalization program has been in the works since 2001, it took a string of blackouts and supply crises in the last year to overcome bureaucratic and political opposition. Last winter's peak-demand periods were particularly tough in the fastest-growing regions of Moscow, St. Petersburg and Tyumen, the center of Russia's oil industry. Only emergency Kremlin intervention to cut demand prevented major outages, according to utility officials.

"This is coming a bit late," said Anatoly Chubais, who as head of the national utility RAO Unified Energy System has piloted the liberalization program. "We'll have to pay for this delay" with worsening shortages over the next two to three years until new power plants come on line, he added.

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Analysts and investors warn that the electricity changes still could be sidetracked or stalled, particularly if shortages worsen in the next few years and rates surge. Wholesale electricity prices have nearly tripled in dollar terms since 2000 and are likely to rise an additional 69% through 2011, according to Renaissance Capital estimates.

Mr. Chubais wouldn't forecast how much prices will rise, but he said spikes are possible. Households will be insulated from increases by government subsidies, at least for the first few years. Even so, with parliamentary elections next year, rates could become a political issue, analysts warn.

With the plan approved, Mr. Chubais is scrambling to line up investors. He is off this week on a tour of the U.S. and Europe to raise capital. He says several big foreign utilities already have expressed interest in projects in Russia, including Italy's Enel SpA, Fortum Oyj of Finland and Germany's E.On AG. Russian industrial groups also are eager to invest. State gas monopoly OAO Gazprom, for example, hopes that by putting money into gas-saving technology in power plants, it will free up more of the fuel for lucrative export sales.

Such strategic investors will be offered the chance to own stakes in the 20 existing generation companies or build plants that will be able to sell all the power they produce at free-market prices. With demand growth likely to outpace capacity additions for several years, those rates are likely to rise, according to analysts. One option available to investors will be a guarantee mechanism that reimburses investment costs if rates turn out to be too low.

Russia also is planning initial public offerings of stock for some of the generating companies aimed at Western investors, with the first issue slated for November, to be followed by as many as four more over the following months.

"I think we will raise the money," UES's Mr. Chubais said of the $87 billion investment target, warning that the surge of projects could overwhelm Russia's ability to design and build power plants. UES is targeting construction of 21.3 gigawatts of new capacity by the end of 2010. Though far more than Russia has built in decades, that figure is dwarfed by expansion in China, Mr. Chubais acknowledges.

Some investors and analysts criticized the latest liberalization plan for being too timid, particularly because moving to completely free-market prices will take between five and 15 years. "We'd like it to be sooner," said Alexander Branis, director at Prosperity Capital Management, a Moscow investment fund with $1 billion in Russian utility stocks. Still, he said, "the pace [of reform] is the fastest it's ever been in all the years it's been under way."

Georgian, Russian Relations Strained Anew By Shooting (WP)

By Peter Finn

The Washington Post, September 5, 2006

MOSCOW, Sept. 4 -- Tension between Russia and Georgia, never far from the surface, flared anew Monday after a helicopter carrying the Georgian defense minister was shot at by separatists in a breakaway enclave supported by Russia.

The helicopter carrying Defense Minister Irakly Okruashvili was hit several times and forced to make an emergency landing Sunday after it flew over South Ossetia, a region that has declared independence from Georgia and receives diplomatic and financial backing from Moscow.

"This is yet another provocation," said Georgian Prime Minister Zurab Nogaideli, speaking on television. "This was nothing unexpected, but the impudence of these provocations is getting more and more self-evident day by day."

Okruashvili said, "The rampage of these rogues will stop very soon."

Russia, which has a peacekeeping force in South Ossetia, accused Georgian authorities of deliberately violating the terms of a cease-fire that bans Georgian craft from flying over the province.

"A fair question arises: Why did the Georgian minister need to fly around in a violation" of the cease-fire, the Russian Foreign Ministry said in a statement. The ministry statement said Russian officials "regard actions like this by Georgia as an act of provocation. . . . This is clearly intended to wreck efforts to resolve the Georgian-Ossetian [conflict] by peaceful means and shows that Tbilisi is starting to openly prepare the ground for resolving the problem by other means." Tbilisi is the seat of the Georgian government.

South Ossetia and Abkhazia, another breakaway region inside Georgia's internationally recognized borders, are a constant source of tension between Russia and its southern neighbor.

Georgian forces were driven from South Ossetia and Abkhazia in short, brutal wars in the early 1990s. Georgian President Mikheil Saakashvili has said he is determined to restore Georgian sovereignty over the two regions, and small-scale clashes along the borders of the disputed regions have repeatedly raised fears of a wider military conflict between Russia and Georgia.

Russia maintains that its troops are essential to peace in the region, but Georgia accuses Moscow of using its forces to prop up an illegitimate local government.

Saakashvili, who was swept to power following street protests over fraudulent elections in 2003, has firmly aligned the former Soviet republic with the West and wants his country to join NATO, an aspiration that is scorned in Moscow.

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The Georgian Interior Ministry also said Monday that on Aug. 28 a helicopter carrying Saakashvili and a delegation of U.S. senators led by John McCain (R-Ariz.) was fired on by South Ossetian forces -- a charge that was quickly rejected by U.S. officials.

"The shots were fired at a different helicopter, and Senator McCain's helicopter was nowhere near where the incident took place," said a spokesperson for the U.S. Embassy in Tbilisi.

Georgian officials said that an antiaircraft missile was fired at the delegation's helicopter and that fragments of the missile were handed over to U.S. authorities. But the embassy spokesperson said the FBI had looked at the claim and dismissed it.

McCain met with South Ossetian leader Eduard Kokoyty during his visit but described the encounter as "not productive."

Kenya Killings Put Aristocrat In Racial Fire (NYT)

By Jeffrey Gettleman

The New York Times, September 5, 2006

SOYSAMBU, Kenya — Of all the upper-crust British families who came to this country and never left, one is more famous than them all: the Delameres.

They had the most glamorous parties, the most fabled pedigree (going back to William the Conqueror, they said) and, not insignificantly, the most stunning land.

Soysambu Ranch is the jewel in their crown, 50,000 acres teeming with giraffe and zebra in the heart of Africa's great Rift Valley. The scenery is straight off a postcard — the golden pastures, the sculptured hills, the sense of getting so much of the world in one big gulp.

But Thomas Cholmondeley, the cravat-wearing scion of the family, who until recently was on track to be the sixth Baron of Delamere, is no longer here. He is in Kamiti maximum security prison in Nairobi, the rare white face behind bars in this country, awaiting trial in a murder case that is dividing Kenya.

Because in little more than a year, he has shot and killed two black Kenyans on his ranch.

The first was an undercover wildlife ranger who was arresting some of Mr. Cholmondeley's workers suspected of poaching. Claiming self-defense, Mr. Cholmondeley was cleared without trial.

The second was a poacher himself, with an antelope slung over his back. Mr. Cholmondeley says that the poacher's dogs attacked and, again, that he fired in self-defense.

White farmers in Kenya, an increasingly beleaguered and endangered species, are deeply sympathetic. They say that crime is out of control and the police are useless, and that the bush, however beautiful, is awash with guns.

Certainly, there has been an explosion of violence in the Rift Valley, with gangs surging in from Nairobi and tensions peaking between the dirt-poor farm workers and the handful of white Kenyans still living on vast tracts of land. Joan Root, a famed conservationist, was gunned down in her bedroom in January. Other whites have been killed in holdups. One farmer said he now slept with an elephant gun by his side.

During colonial times this area, 50 miles northwest of Nairobi, was famed among whites for its hedonistic lifestyle and called Happy Valley. Now, it seems to be under siege.

But black Kenyans see Mr. Cholmondeley's situation differently, and worry that the days of white privilege may not be over. His absolution in the first case deepened their cynicism about an already suspect judiciary and ignited large protests. Some people even threatened to invade white farms.

The case seems to be hitting many of Kenya's sore spots — land, violence, corruption, the illegal game trade and, of course, race.

"It's very sexy when a white man gets in trouble," said Maina Kiai, chairman of Kenya's human rights commission. "We still have this inferiority complex and get a thrill out of seeing a white man in a powerless position."

And this is not just any white man.

The Hon. Thomas Patrick Gilbert Cholmondeley, 38, is a 6-foot-6, raised-in-the-bush anachronism, who has a scar running from his ankle to hip from when he was attacked by a buffalo several years ago and whose great-grandfather made it fashionable for British aristocrats to move to Africa.

That settler, Hugh Cholmondeley (pronounced CHUM-lee), the third Baron of Delamere, took chunks of the Rift Valley from local (and illiterate) Masai tribesmen in the early 1900's, turning the area into a playground for whites. He rode horses through bars and shot chandeliers at fancy hotels and went on to become a leading dairy farmer and politician. Nairobi's main street was named Delamere Avenue until independence in 1963.

Thomas was born five years later, grew up on Soysambu (the name means "place of red rock" in the Masai language) and eventually was shipped off to Eton. By then, a Masai named Samson ole Sisina was fixing trucks for Kenya's tourism board,

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hoping to become a wildlife ranger. Robert Njoya, a poor Kikuyu tribesman, had dropped out of school to haul rock, and to poach game. The men lived near Naivasha, a once sleepy town going through serious growing pains.

Flower farms were sprouting up along Lake Naivasha, drawing thousands of low-paid temporary workers. Many lived in squatter camps, including one named Manera built on Delamere land. The people there call Mr. Cholmondeley "the honorable killer" and say he has terrorized them for years.

Mary Njeri, 51, said Mr. Cholmondeley caught her collecting firewood on his property two years ago and slapped her until she saw stars. Peter Kiragu, 12, said he was playing soccer on Delamere property four years ago when Mr. Cholmondeley snatched him by the back of his shirt, threw him into a truck and kept him locked up for hours.

Both episodes were reported to the police but charges were never pursued. "The Delameres used to be untouchable," said Gideon Kibunjah, a Kenya police spokesman. "But that's changed now."

The Thomas Cholmondeley described by white friends is much different: charming, genuine, a good listener, a father involved with his two sons, the type of rancher to speak Swahili to his workers and look them in the eye.

The director of his family's dairy and beef ranches, he is a proponent of wildlife and his efforts have increased the numbers of giraffes, zebras, pelicans and flamingoes in the area. One reason he was licensed to carry a gun was to protect that game.

"Tom loves that land," said Dodo Cunningham-Reid, a friend who runs an exclusive bed-and-breakfast in Naivasha.

Fred Ojiambo, Mr. Cholmondeley's lawyer, said his client had been unfairly demonized. He did not want to discuss details, but said: "It's very difficult to only look at this case as the firing of a gun. This happened in a context."

Last year, Kenya wildlife officials said, workers at Soysambu were suspected of poaching and dealing in illegal "bush meat" from poached animals. On April 19, 2005, Mr. Sisina, who had been promoted from mechanic to ranger, and two other rangers drove onto the ranch, undercover, and caught workers skinning a buffalo.

Just as Mr. Sisina and his colleagues began to make arrests, Mr. Cholmondeley arrived. He saw strangers in street clothes holding his staff at gunpoint and shot Mr. Sisina.

After Mr. Cholmondeley was arrested, he told the police, "I am most bitterly remorseful at the enormity of my mistake." He said he thought Mr. Sisina was a robber.

The case cracked open a rift between police officials pushing for a murder trial and prosecutors who believed the claim of self-defense. And the Masai were watching.

The Masai are famed for their red ochre war paint and traditional pastoralist ways. Most are dirt poor, but Mr. Sisina was different. He had moved from a dung hut to a respectable government job.

When the charges were abruptly dropped a month later — a picture of Mr. Cholmondeley flashing thumbs-up ran on the front page of Kenya's leading newspaper — the Masai detonated, protesting outside the attorney general's office and threatening to storm Soysambu.

"The Delameres were the ones who stole our land in the first place," said William ole Ntimama, a Masai member of Parliament. "And now look at us. We've become part of the wildlife."

Angry Masai marched onto white farms two years ago and tried to reclaim ancestral land. But Kenya is no Zimbabwe, where the government instigated such seizures. Kenyan police officers in riot gear cleared out the Masai.

Mr. Sisina left behind eight children, and his widow, Seenoi, now relies on handouts to feed them. Mr. Cholmondeley returned to the family business, Delamere Estates Ltd., and to patrolling Soysambu with guns.

On May 10 this year, Mr. Njoya, the Kikuyu tribesman, went looking for food for his wife, Sarah, and their four children. He took two friends and six dogs and they found a dead antelope in a trap they had laid on Soysambu land.

That evening Mr. Cholmondeley, carrying a colonial-era rifle, was out scouting a location for a house.

What happened next is not clear. Mr. Cholmondeley said the hunters turned the dogs on him, and he shot two, accidentally hitting Mr. Njoya. Mr. Njoya's friends said they never even saw Mr. Cholmondeley.

"We just heard shots coming out of the bush," said Peter Gichuhi, who said he was standing next to Mr. Njoya.

Mr. Njoya bled to death within minutes.

"Oh no, not again!" was the headline this time, and the protests were extensive. Many black Kenyans boycotted Delamere products, calling the family's yogurt, marketed with the distinctive golden crown, "blood yogurt."

This time, prosecutors filed murder charges. The trial is set for Sept. 25. If convicted, Mr. Cholmondeley could be hanged.

The last time a white man was at the center of such a sensational case in Kenya was in 1980, when Frank Sundstrom, an American sailor, killed a prostitute in Mombasa. Mr. Sundstrom pleaded guilty to manslaughter, was fined $70 and let go.

The Toll Of Small Arms (NYT)

By Mvemba Phezo Dizolele And Rachel Stohl

The New York Times, September 5, 2006

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DESPITE the presence of the world's largest peacekeeping mission, the Democratic Republic of Congo remains in the grip of civil war. The reason is clear. A flood of small arms and light weapons undermines the 17,000 United Nations troops' mandate to protect civilians.

In this country where war has raged since 1998, the results of the uncontrolled small arms trade have been brutish, but they have not been unique. Similar devastation from small arms occurs worldwide. Though the United Nations held a conference this summer to review efforts to control the trade, nothing was accomplished. To their shame, governments could not agree even on possible steps forward.

Suffering will continue until governments recognize the obvious — that the vast majority of illicitly traded arms begin as legally produced weapons. They must agree to control legal transfers of arms by adopting specific global guidelines to ensure that those who buy weapons use them in compliance with international law and human rights standards.

No such international agreement exists today, which is one reason imported weapons swamp countries like Congo, jeopardizing the genuine efforts of their people to find stability and build lasting peace.

The Nurses' Tale (WSJ)

By Judith Miller

The Wall Street Journal, September 5, 2006

Bad blood, literally and politically. Tortured nurses and a mercurial despot. More than 400 HIV-infected children and grieving parents. These are the ingredients of a crisis of Moammar Gadhafi's own making, one which, in turn, sparked a human-rights tragedy that may at last -- after seven years of threats and recrimination -- be close to resolution.

Before the Bush administration took Libya off the terrorist-state list and restored full diplomatic relations in June, U.S. officials insisted that Libya find a way to release five Bulgarian nurses and a Palestinian doctor who have been imprisoned since 1999 and sentenced to death for allegedly infecting 434 children in Benghazi with HIV, 52 of whom have already died of AIDS.

No topic -- not even Col. Gadhafi's renunciation of WMD -- is as politically charged within Libya as this epidemic and its appalling consequences. Many of those I have interviewed asked not to be quoted since the lives of the foreign medics remain at risk. And while diplomats said they have faith in a deal, quietly devised with Libyan officials, that would free the medics and ensure better medical care for the infected children, they fear it could still collapse.

The crisis, like the epidemic itself, began slowly. Dr. Achris Ahmed, who heads the Benghazi HIV Committee, which the government created only last year to address the crisis, told me that the first case of AIDS among the children at the Al Fateh Children's Hospital was diagnosed in June 1997, a year before the Bulgarian nurses even began working at the Libyan hospital. Several months later, doctors diagnosed a second AIDS case. "But we knew little about the virus because there is no HIV in Libya," Dr. Ahmed said, parroting the then-official line.

Dris Lagha's eight-year-old daughter, Rokaya Lagha, was the seventh case to be diagnosed in September 1998. "The doctor was confused," he said, recalling the day he learned the devastating news. "He didn't seem to know much about the virus, and we didn't know what to do." Some parents were told they could do nothing. "My doctor said: 'This is from God,'" said Omar Mismari, whose infected son, Saef al-Islam, is now 10.

In December 1998, after a cluster of such cases was found among the hospital's former patients, Messrs. Lagha and Mismari formed the Family Association of HIV/AIDS Children of Benghazi, a group that now has similar political clout in Libya to that of the Pan Am 103 victims' families in the U.S. "We were terrified," said Mr. Lagha. "Because AIDS is a sexually transmitted disease, many of our kids were mocked and ostracized. Many stopped going to school." Some were treated like animals by their own parents. "We isolated our kids, thinking they might infect their sisters and brothers or us. Some were locked away and thrown food like dogs. We were afraid to touch or hold them," said Mr. Mismari.

After a Libyan magazine published an article about the outbreak, attributing it to poor hygiene in the hospital, people in this city of 800,000 -- a traditional bastion of resistance to Col. Gadhafi -- were outraged. Libyans demanded to know how, where and why the infection started and spread. On Feb. 9, 1999, police raided the homes of dozens of hospital medical workers and threw them in jail. After several months, five Bulgarian nurses and a Palestinian doctor were charged with having deliberately infected 426 children with HIV-tainted blood. In May 2004, a Benghazi court sentenced them to death by firing squad for "undermining the security of the state." Nine Libyans who also worked at the hospital were acquitted.

Bulgaria, which had supplied Libya and even Col. Gadhafi himself with doctors and nurses needed to keep hospitals running, was in turn outraged, as was much of Europe. But the foreign "plot" to infect Libyan children played well at home, deflecting responsibility from a hospital that could barely maintain treatment records, and from the government, which had shortchanged medical services for years.

The conspiracy theory soon had a powerful champion: the "brother-leader" himself. Col. Gadhafi declared that the CIA or Mossad had designed a unique strain of killer virus and given it to the medics to experiment on Libya's children. Belief in the

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foreigners' guilt was not shaken by evidence that the confessions had been extracted by torture. When it became clear that foreign protests would not subside, Col. Gadhafi proposed that the medics be released in exchange for the Libyan who has been serving a life sentence for the bombing of Pan Am 103, plus the payment of $5.7 billion in compensation to care for the children and their families.

Unwilling to acknowledge culpability and furious at Libya's effort to draw moral equivalence between the Pam Am victims of Libyan terrorism and the sick children, Bulgaria refused. Its stance won strong support from the European Union, whose ranks it is scheduled to join, and from President Bush. But the Libyans dug in further, as I saw on a visit to Benghazi in March. Five obviously sick children were being treated when I arrived at the Center for Infectious Diseases and Immunology. Ali Barinasse, whose 18-year-old daughter had developed skin lesions, told me he only trusted foreign doctors. He had come to the center to ensure his daughter would be treated in Italy, but he had not brought her with him. In fact, she didn't know she had the virus. He'd never told her. "She's going to college next year, and I want her to study."

The families I met agreed on almost nothing except their desire to continue going to Europe where the Libyan government pays for their children's treatment, along with a generous stipend for the families' living expenses. "Don't let them tell you this is not about the money," said one doctor in Benghazi. "For some families, it is mainly about the money." For others, foreign treatment is a means of escaping the stigmatizing disease in Libya.

The mood was also grimly combative at the Al Fateh hospital, the 320-bed facility where the infections are believed to have begun -- though to this day no one knows for certain how the virus was contracted and spread. With some 12,000 admissions a year, the hospital does not look like a facility in an oil-rich land. Dr. Abdelsalam al-Shakmak, director of medical services, angrily denied the conclusions of a report by Luc Montagnier, co-discoverer of HIV, who testified in Libyan court and wrote a letter to Col. Gadhafi saying that the children were probably infected because of poor hospital hygiene and poor staff. "Our own experts concluded the opposite," Dr. Shakmak said defensively.

A Libyan physician who refused to be identified confirmed that the HIV strain that had infected the children, while rare, was definitely African. Contrary to the mythology of Libya as an AIDS-free zone, there is HIV in Libya, he said. Libyans were at risk because few wanted to acknowledge that, he added. Unless Libya faced facts now, worse outbreaks would explode. Normally, the doctor said, family associations were useful. But because so many of the families were angry, politicized, greedy and powerful, given their children's status as "martyrs" to the foreign viral invasion, they had made matters worse. Col. Gadhafi, ever the cynical balancer of political forces, did not wish to challenge them. His reluctance was reinforced earlier this year when government-sponsored protests in Benghazi over Danish cartoons of Prophet Mohammed turned against the government, sparking riots in which the Italian embassy and Libyan government buildings were burned.

Diplomats said a turning point in the crisis came last March when Col. Gadhafi raised the issue at an Arab summit in Algiers. Questioned again about whether he would release the medics, he refused, asking why no one seemed concerned about Libyan children dying of AIDS. European diplomats sensed an opening: If the West were to provide humanitarian relief to the children, perhaps the medics could be freed. EU diplomats devised a five-point "action plan" to help Libya deal with a health and political crisis that had overwhelmed it. Joined by the Baylor College of Medicine in Houston, the EU agreed to provide 25 medical experts, plus $1.7 million in drugs and equipment, to the Benghazi center. Libyan and European diplomats also agreed to create a "fund" to assist the children, though the Europeans carefully avoided any suggestion that the money was compensation for a crime.

But tensions in Libya were still high. Last November, when a judge postponed reconsidering the case for a month, relatives of the children rioted, demanding the nurses be put to death. "I want the Bulgarian nurses injected with the virus they gave my children," said Hosni Chibli, 32, whose daughter Zenab was three months old when she was diagnosed in 1998. The diagnosis of "medical terrorism," or "bio-terrorism," as Col. Gadhafi called it, has clearly been emotionally satisfying for the families, Libyan medics and officials who might otherwise be blamed for hospital conditions. But denial has meant that 10% of the infected children have died, far higher than the rate in Europe, where proper treatment is the norm.

One person who understands the dimensions of this tragedy, for Libyans and foreign medics alike, is Col. Gadhafi's son, Saif al-Islam, whose own foundation has been mediating among the warring parties. The foundation hired Dr. Montagnier, who dismissed the thesis that the infections were bio-terrorism. A foundation executive said it also paid Dr. Montagnier $100,000 for the report it translated into Arabic so that it could be submitted to the court. And the foundation successfully lobbied to have the nurses and the Palestinian doctor moved to a cleaner prison in Tripoli with access to diplomats, attorneys, their families and the occasional journalist like me. Saif al-Islam has challenged his father's argument that the outbreak was a foreign plot. "There is no conspiracy," he told me. "There is no hand of Mossad or the CIA. This was a question of mismanagement, or negligence, or bad luck, or maybe all three." Conspiracy theories, rooted in Libyan and Arab culture, had created a terrible dynamic in this case, he said. "We must find a solution to this tragedy." * * *

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Permission to visit the nurses in jail arrived, predictably, on my last morning in Libya. Human rights activists had told me that Jdeida prison in Tripoli was far superior to the miserable places in which the nurses had been kept for seven years. Before seeing them, I was given a tour of a new high-tech medical center where inmates will receive care. Three of the five Bulgarians were in the villa that was built for them when a prison "translator" and I walked through the metal doors that sealed the area off from the rest of the prison. Their living room and small kitchen looked out on a tiny courtyard where they had planted a tree and herbs. Their tiny living-room shelves were filled with crackers, coffee and other donations from the Bulgarian ambassador's weekly visits. The adjacent twin bedrooms were clean, and contained real beds (which some American jails have stopped providing prisoners). They share a bathroom.

Valentina Siropulo's tears began flowing almost as soon as we sat down. Yes, they had enough to eat and read. And yes, they could watch TV and listen to music. "The hard part is psychological," she said, exhausted by the strain of seven years of hoping for freedom and fearing execution. The loneliness was oppressive, despite the privilege of one phone call a week. "I have a son. He's a student in Bulgaria," said the 46-year-old nurse. "I have seen him once in seven years." They had counted the days, the hours spent in prison. Valya Chervenyashka, 51, who has two daughters, was finishing an intricate needle-point of the Last Supper when I arrived. She measures time in stitches and hoped she wouldn't have time to finish it.

Tugging at her worn Navy blue tracksuit, Nasia Nenova, 39, stared at me silently, reluctant to speak what she called her poor English. But the translator who the prison had insisted accompany me, spoke no Bulgarian. "We are innocent," insisted Ms. Siropulo. "We did nothing wrong. Tell Americans we want to be free."

Their first year in prison had been the worst, they agreed. They had only "confessed" because they'd been tortured almost every day. The guards had put electrical wires on their fingers, wrists, chests, toes, necks, ears and tongues, they told me, pointing to the places where the current had shot through them. They named the men, one by one, who had abused them. Only the day before I'd shaken hands with one of them -- Juma Al Mishri -- an attractive man with close-cropped graying hair and warm smile who denied having mistreated the women. He'd introduced me to his daughter, a shy student at Al-Fateh university. "We're human," he said. "How could we torture nurses?" He and seven other cops, a doctor and a translator had been tried in court in June 2005 on the torture charges, rare in Libya. All were acquitted.

"Juma was the worst," Ms. Siropulo insisted.

What the women said was consistent with what they had told Human Rights Watch in May 2005, and what diplomats and lawyers who had seen the women and heard their stories. Kristiana Valceva, who spoke the best English and was at the dentist during my visit, told Human Rights Watch that she had also been beaten with an electric stick on her breasts and genitals. Ashraf Ahmad Jum'a, the Palestinian doctor, whom I was not permitted to see, said interrogators had forced the medics to shock one another. Now there were no more drugs or dogs or sleep prevention, they said. There was just the terror of waiting to learn if they would live or die.

Their fate now hangs on the Libyan court that is reconsidering the case this week, and on continued implementation of the European deal to help the children. The amount of "assistance" to each child's family has been tentatively set at $250,000 rather than the more than $10 million per family originally demanded.

Libyans have discussed ways in which the medics could be freed, diplomats say. The court could set aside the earlier verdict as "flawed." Or the original conviction could be upheld, but with sentences imposed shorter than the time the medics have already served. Or the verdicts could be upheld with clemency granted by the minister of justice or the leader himself. With some luck and belated good will, this tragedy may finally end. But the episode shows that although Washington has taken Libya off the terrorist list and restored diplomatic relations to reward Col. Gadhafi for renouncing terrorism and weapons of mass destruction, Libya may well remain problematic.

Ms. Miller, a former New York Times reporter, is a writer in Manhattan.

Mexico: Democracy Under Threat (WP)

By Enrique Krauze

The Washington Post, September 5, 2006

To get a sense of the danger hovering over Mexican democracy, consider these numbers: In the 681 years between the founding of the Aztec empire in 1325 and the present day, Mexico has lived for 196 years under an indigenous theocracy, 289 years under the absolute monarchy of Spain, 106 years under personal or party dictatorships, 68 years embroiled in civil wars or revolutions, and only 22 years in democracy.

This modest democratic 3 percent of Mexico's history is divided over three periods, far separated in time: 11 years in the second half of the 19th century, 11 months at the beginning of the 20th century, and the past 10 years. In the first two instances, the constitutional order was overturned by military coups.

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Scarcely 50 years ago, armed groups of the Institutional Revolutionary Party (known as the PRI, its initials in Spanish) attacked polling stations with pistols and submachine guns, gunning down suspect voters and stealing ballot boxes. Scarcely 20 years ago, the PRI -- which had refined its methods -- prided itself on being a nearly infallible machine. The government and the PRI (symbiotic entities) controlled every step of the elections, from the preparation of voting rolls and the discretionary issuing of voter registration cards to the counting of votes. Many bureaucrats and members of worker and peasant organizations were carted to polling stations where they were instructed to vote in mass for the official candidate chosen by the outgoing president. The voters were given sandwiches and gifts; their leaders were given government posts, sinecures and money. Many times the ballots were marked in advance and stuffed days before the election into "pregnant" ballot boxes; the establishment of secret polling places was common, and some people were registered many times over.

This shameful situation ended in 1996 when President Ernesto Zedillo set in motion a deep democratic reform. Elections at all levels were no longer controlled by the government, becoming the jurisdiction of an independent Federal Electoral Institute (IFE), subject to a Federal Electoral Tribunal. At great cost, detailed voter rolls were drawn up with a registration and voter ID system that made it possible to correlate physical presence, identity and registration at the polling places. The IFE very soon gained remarkable credibility. All over the country, citizens began to vote freely in fair and transparent elections. Few were surprised when in 1997 the PRI lost the majority in the Chamber of Deputies for the first time and the leftist candidate, Cuauhtémoc Cárdenas, attained the extremely important post of mayor of Mexico City. Three years later, the PRI lost the jewel in the crown, and the crown itself: Vicente Fox of the National Action Party (PAN) won the presidency.

On July 2 this same independent electoral organization, made up of 909,575 citizens (not government employees), oversaw an orderly, peaceful election in which more than 41 million people voted. It's important to note that almost a million representatives from all parties participated, as well as nearly 25,000 national observers and 639 international observers. At the end of the day, the Democratic Revolutionary Party (PRD) presidential candidate came away with more votes than any other leftist candidate in Mexican history; in fact, he fell just 240,000 votes short of winning the presidency.

What happened next has left Mexico on the verge of social upheaval. What would an American think if, after a campaign as heated as the Kerry-Bush race, the losing candidate had declared himself the winner the night of the election, claimed "massive fraud" a few days later and orchestrated a sit-in of his followers (many of them directly paid by the local PRD government) on the Mall in Washington, blocking access to the neighboring streets and affecting businesses and government offices? That is exactly what AndrÃ©s Manuel Lopez Obrador has done.

In articles and interviews published in the international press (written in a misleading tone of civility, far from that of his incendiary speeches), Lopez Obrador has seriously damaged Mexico's young democracy by trying to sustain the unsustainable: that Mexico today is the same as Mexico in the days of PRI rule. He fails to mention that:

· He spent more on television advertising than any other candidate.

· In the same election he calls "a filthy mess" his leftist coalition managed to become the second-most-powerful force in the legislature, considerably increasing its presence in both chambers, while the coalition's candidate for mayor of Mexico City won with 47 percent of the vote.

· The polling places where the Federal Electoral Tribunal ordered a recount (9 percent of the total) weren't a random sampling, which would have been more than sufficient to determine whether there was generalized fraud. They were instead a selection weighted in Lopez Obrador's favor because he chose the polling places where he hoped to show that there had been fraud -- unsuccessfully, since the resulting difference has been minimal, according to the tribunal's ruling.

· He has said that even if there were a recount in 100 percent of the polling places, he wouldn't accept the results if they were not in his favor.

Today, many citizens who voted for Lopez Obrador are not only disappointed but fearful. According to recent polls, the majority of the country disapproves of his actions and supports the Federal Electoral Tribunal's performance. If the presidential elections were held today, Felipe Calderon of the National Action Party would win with 54 percent to Lopez Obrador's 30 percent.

Lopez Obrador has complained about his opponents' fear-mongering, but he's the one stirring up real fear, by declaring that "Mexico needs a revolution" and comparing the situation to the circumstances that led to the Revolution of 1910. The historical comparison is completely wrong: Lopez Obrador isn't the heir of liberal democrats Benito Juarez and Francisco I. Madero, but of Porfirio Diaz and Victoriano Huerta, the coup leaders who smothered Mexico's two initial attempts at democracy.

What comes next? If, as is likely, the final ruling of the Electoral Tribunal of the Federal Judiciary confirms Calderon's victory, Lopez Obrador will do as he has warned: On Sept. 16, Mexico's Independence Day, he'll gather tens of thousands of people in the central square of Mexico's capital to declare him "president" by acclaim. He may even try to control "his territory" in the southern states of Oaxaca, Chiapas, Tabasco and Guerrero, and the capital itself. His aim for the near future will be to lay siege to the institutions he despises ("let them go to hell," he said recently) and force CalderÃ³n to resign.

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It is crystal-clear that Lopez Obrador is not a democrat. He's a revolutionary with a totalitarian mentality and messianic aspirations who is using the rhetoric of democracy to try to destroy this third historic attempt at democracy in Mexico. Eighty-six years ago, Mexico brought an end to a revolution that cost a million lives. Since then it has lived in peace. It's a country still plagued with injustice and poverty, but it has made significant progress in its economic transformation, social programs and political life. It would be a sad thing for it all to end in dictatorship or revolution: the 97 percent of our history. Mexico isn't just another democracy: it's the neighbor and partner of Canada and the United States and the counterweight on the scale tipping Latin America toward the example of Brazil and Chile and not Cuba and Venezuela. It's more important than ever that the democracy we've achieved has the support and understanding of international opinion.

Enrique Krauze is the author of "Mexico: Biography of Power" and editor of the magazine Letras Libres. This article was translated by Natasha Wimmer.

The Lost Children Of Haiti (NYT)

The New York Times, September 5, 2006

Haiti, founded two centuries ago by ex-slaves who fought to regain their freedom, has again become a hub of human trafficking.

Today, tens of thousands of Haitian children live lives of modern-day bondage. Under the system known as “restavek,” a Creole word meaning “stay with,” these children work for wealthier families in exchange for education and shelter. They frequently end up cruelly overworked, physically or sexually abused, and without access to education.

The most effective way to root out this deeply oppressive but deeply ingrained system would be to attack the conditions that sustain it — chiefly, impoverished, environmentally unsustainable agriculture and a severe shortage of rural schools.

This is an area in which America can and should help. Washington has been quick to respond to political turmoil in Haiti, with its accompanying fears of uncontrollable refugee flows. But the frenzied flurries of international crisis management that follow typically leave no lasting results.

A wiser, more promising alternative would be to help create long-term economic options by improving access to schools and creating sustainable agriculture. Meanwhile, the United States should work with nongovernmental organizations to battle the resigned acceptance by many Haitians of the restavek system. They could, for example, help local radio stations broadcast programs of open dialogue about how damaging the system is, and include restavek survivors or human-rights experts.

The primary responsibility for eliminating the restavek system lies with the Haitian people and their government. After years of political crisis, there is a new democratically elected government. Eradicating the restavek system should be one of its top priorities, combining law enforcement efforts with attacks on the root social and economic causes.

The former slaves who won Haiti’s freedom 200 years ago dreamed of something better for their children than restavek bondage. The time is overdue for helping those dreams become reality.

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USDOJ- Office of Public Affairs

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Sent:	Tuesday, September 05, 2006 9:38 AM
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Subject:	Attorney General's News Briefing for Sunday, September 03, 2006
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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, SEPTEMBER 3, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Anti-Terror Arrests Made In UK....2
Illinois Palestinian-American Faces Trial On Charges Of Financing Terrorism....3
Former DOJ Attorney Claims Retaliation In Lindh Case....3
FBI Investigating Terror "Sleeper Agent."....4
Muslims Express Concern Over Anti-Terror Tactics....4
Foreigners Released From Guantanamo Bay Prison Have Difficulty In Return Home....4
German Terror Plot Planners Motivated By Controversial Cartoons....4
Law Professor Urges Congress To Pass Counter-Terrorism Legislation....4
Pakistan Leader Chided Over Civilian Death....5

Homeland Response:

TSA Suspends Installation Of New Airport Bomb-Detectors....5
Concerns Raised About DHS Biowarfare Institute....5
Democrats' Radio Address Faults Administration's Response To Katrina....5
Coast Guard Delays Live-Fire Drills In Lake Michigan....6
Hurricane Ernesto Hits Mid-Atlantic; Damage Less Than Feared....6

War News:

Bush Seeks To Ease Concerns About Continuing Iraq Violence....7
Abizaid Brings New Approach To Global War On Terrorism....9
14 South Asian Shiites Killed In Iraq....10
American Appears In New AQ Video....11
Four Fort Hood Soldiers Killed....11
Some Soldiers Reportedly Question Whether Mission Is Worth The Cost....12
US Gives Back "Notorious" Al Ghraib To Iraq....12
Army Recommends Death Penalty In Iraq Slayings....12
14 British Troops Killed In Afghan Crash....13
Families Of Iraq Casualties Impressed With Bush Compassion....14
Utah Lawmakers May Restrict Payday Loans to Military....14
Pentagon Uses Sports To Help Veterans Recover From Injuries....14
WPost Book World Article Discusses Two Books On Iraq....14
Comic Book About Baghdad Zoo Appears....14

DOJ:

Controversial Tennessee US Attorney Stepping Down....15

Corporate Scandals:

SEC Official Defends Record On Insider Trading Prosecutions....15

Criminal Law:

Bulger Turns 77 As World-Wide FBI Search Continues....15
Online Gambling Prosecutions Seen As Challenging....15

Civil Law:

Report Finds US Spending More To Classify Documents....16

Civil Rights:

FBI Explains Capabilities In Probe Of Mississippi Jail Death....16

Antitrust:

Realtors Fight For Control Of Listing Service....17

Environment/Indian Affairs:

Pennsylvania Family Farm Is Focus Of Federal Wetlands Case....17
Drought Leads To Massive Crop Losses....18
Norway Technology Saves Money, Environment....18
Floating Natural Gas Terminal Proposal Sparks Controversy....18
Udall Proposal Would Allow Veterans Cemeteries On Native American Reservations....18

FBI/DEA/ATF/USMS:
Congress Chided For Lax Gun Law Effort 18

Immigration:
9/11 Victims' Widows In The US Illegally Fear Deportation ... 19

Tax:
IRS Focusing On High-Income Audits..... 19

Congress-Administration:
McClellan Expected To Resign As CMS Administrator..... 19
Bush Said To Advocate Reviving Social Security And Tax Reform Proposals 20
GOP Congressional Leaders' Focus On National Security Obscures Domestic Priorities..... 20
Fed And FTC Blamed For Holding Up Congressionally-Mandated Homeowner Protection 20
Protesters Moving From Bush's Home To Washington 20
Choice For New Space Vehicle Maker Lauded 20

Other News:
Concerns Raised About Wage Inequality..... 21
National Testing Standard Under Consideration 22
Rove Portrayed As Struggling To Convince GOP Candidates To Heed His Advice 22
At Least Forty House Races Now Considered Competitive.... 23
Dean Blamed For Democrats' Disappointing Fundraising 23
With Eye To Presidential Primaries, Clinton Adjusts Her Message On Iraq War 23
Webb's Son Will Be Deployed To Iraq This Week 24
Top Analysts Now Consider Tester As Favorite Over Burns... 24
Kean And Menendez Trade Allegations Of Corruption 25
Debate Has The Potential To Shift Dynamics Of Santorum-Casey Race 25
Cardin's Age And Baltimore Background Seen As Handicaps 25
Harris Dismissed As A "Bumbling…Intolerant Party Pariah." .. 25
US Sugar's Influence Spotlighted In Democrats' Florida Gubernatorial Primary..... 26
Exit Polling Pioneer Mitofsky Dies..... 26
Anti-Incumbent Mood Could Benefit Potential Independent Candidacies 26
Reporter Muses On Role Of Food In Presidential Campaigns 26
Widow Of Former Texas Gov Connally Dies 26
Scholar Says Poverty Measure No Longer Accurate..... 26
Iranians Tout Negotiations In Talks With Annan 27
North Korean Vehicle Movements Could Augur Missile Test 28
Italians' Arrival Makes Lebanon Border Force A Reality..... 28
Palestinian Teachers Strike For Full Pay..... 30
Mubarak Says Gaza Prisoner Exchange Talks Proceeding .. 30
PKK Kills Seven Turkish Soldiers In Three Bombings 30
Chinese Ambassador Brings Practicality, Aggressiveness To UN..... 30
Sudanese Refugees Tell Obama They Want UN Force 31
British Ambassador Accuses Uzbekistan's Karimov Of Rampant Human Rights Abuses 31
Obrador Said To Spark Non-Violent Mexican Revolution 31
Venezuela, Angola Conclude Energy Exploration Deal 31
Merkel Loses Popularity At Home 32
France Accelerates Deportation of Illegal Immigrants, But Hesitates To Expel Families With Children 32
Citizen Concerns About Corruption Could Derail Plan To Modernize Panama Canal..... 32
Aid Workers Warn Against Yanking Humanitarian Efforts In Sri Lanka 32
International Community Faulted For Failing To Stop Darfur Genocide 32

The Big Picture:
Headlines From Today's Front Pages 32

Washington's Schedule:
Today's Events In Washington 33
Other 33

TERRORISM NEWS:

Anti-Terror Arrests Made In UK. The CBS Evening News (9/2, lead story, 2:50, Assuras, 7.66M) reported, "The raids in Britain took place late Friday and early today after months of surveillance, as security agencies there become increasingly concerned about home-grown terror cells. That concern seems to have forced authorities to change their strategy." CBS (Phillips): "The earlier plan of waiting and seeing how these plots develop before moving in came in for some criticism both here and in the US because of the danger that was involved in waiting too long. But I think that now with the size of the enemy that the British feel that they're up against internally, the danger seems to be in waiting at all."

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NBC Nightly News (9/2, story 2, 2:00, Seigenthaler, 9.87M) reported, "It is one of the largest terror arrests in recent months." Terrorism analyst Charles Shoebridge: "To tackle terrorism you need to tackle not just the terrorists themselves but those who support them through infrastructure." Colt: "A British counterterrorism official recently told NBC News that they are discovering waves of new terror cells and a number of cells are taking part in bonding experiences in the wild, adventure training that's the equivalent of outward bound for terrorists. All of this in the country that is America's closest ally in the war on terror. No wonder there are fears radicals here could export terror to American shores." Paul Cruickshank, NYU Center on Law and Security: "The U.S. authorities have to be concerned about British citizens who are joined up with al Qaeda coming into the United States."

The Washington Post (9/3, A16, Sullivan, 748K) reports, "Authorities arrested 16 people early Saturday in two unrelated anti-terrorism operations in London and Manchester, reflecting growing concern over the threat of homegrown Islamic extremism in Britain. The larger operation, in London, resulted in the arrests of 14 suspects, including some who were seized when police raided a Chinese restaurant south of the Thames River." The report adds, "Officials said neither operation was connected to the investigation of an alleged plot to bomb U.S.-bound airliners, in which police arrested 25 suspects last month."

Suspects May Have Made Efforts To Set Up Terror Training Facilities. The New York Times (9/3, Cowell, 1.21M) reports that according to the U.K. police, "There was no immediate indication from the police that the latest arrests were related to a specific conspiracy such as the one described by the authorities on Aug 10. A police official, who spoke in return for anonymity because the investigation was continuing, said one line of inquiry was whether those arrested had been seeking to set up training facilities for would-be terrorists."

Officials Search "Decrepit" School In Investigation. The Los Angeles Times (9/3, Murphy, Rotella, 918K) reports that "an orphanage that is now a decrepit Islamic school was searched by police Saturday as authorities announced 14 arrests in an investigation of possible terrorist retreats and recruitment in the wooded English countryside. Officers sealed off the Victorian-era, 100-room institution and its 54 acres of grounds at dawn, hours after they arrested 12 suspects in a raid on a South London Chinese restaurant frequented by Muslims."

Illinois Palestinian-American Faces Trial On Charges Of Financing Terrorism. The Chicago Tribune (9/3, Grossman, Issues) reports, "Sitting next to Muhammad Salah on a courtroom bench, it is hard to keep him in focus. The physical presence doesn't jibe with legal papers describing him as a terrorist kingpin with blood on his hands. … The 53-year-old Palestinian-American from southwest suburban Bridgeview seems remarkably calm for someone facing the possibility of spending the rest of his life behind bars. He projects the kind of inner peace ascribed to the great Christian mystics-or, perhaps more aptly in this instance, the Sufis of the Islamic world." Salah's "criminal trial is scheduled to open in early October. He is accused of providing material support to a foreign terrorist group and lying under oath by denying that he was a member of Hamas, a group officially designated by the U.S. as a terrorist organization and now the majority party in the Palestinian legislature." The Tribune adds, "When Salah was charged two years ago, then-Atty. Gen. John Ashcroft heralded it as a vindication of the USA Patriot Act, the controversial terrorism-fighting tool forged by the Bush administration in the wake of 9/11. … Given the White House's highly publicized strategy of maintaining a courtroom front in the war on terrorism, the government has bet a lot of chips on its prosecution of Salah and his alleged co-conspirators. … Yet there was a point in 2000 when the case appeared to have been dropped. The Justice Department shut down without fanfare its long-running investigation of Salah and Hamas." The Tribune notes, "The current reversal of that decision epitomizes the Salah case, which besides raising civil libertarians' hackles, is also a saga with more twists and turns than a John le Carre spy novel. It includes enough bureaucratic infighting to send shivers up the spines of citizens who'd like to think of their government as a shield against a repeat of the World Trade Center tragedy. It even has a cameo appearance by Judith Miller, the former New York Times reporter, who went from hero to goat after refusing to testify in the White House leak investigation."

Former DOJ Attorney Claims Retaliation In Lindh Case. In a letter to the editor of the Washington Post (9/3, B6), Jesselyn Radack writes, "A chill ran down my spine when I read the Aug. 23 news story about U.S. District Judge T.S. Ellis ordering a 'leak investigation' into how reporters learned that two pro-Israel lobbyists were under federal investigation before they were formally charged. The

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article noted that 'legal experts said Ellis's order is noteworthy because it is unusual for a judge to initiate such an inquiry.' … Not for Judge Ellis." Radack continues, "In June 2002 Judge Ellis ordered a three-week investigation into how a national periodical obtained certain information in the case of 'American Taliban' John Walker Lindh. As the ethics attorney in that case, I disclosed the information at issue in accordance with the Whistleblower Protection Act after it 'disappeared' from the file. The Justice Department used Judge Ellis's order as a pretext to get me fired from my law firm, place me under criminal investigation for more than a year, help my law firm contest my receipt of meager unemployment compensation, refer me to the state bars in which I'm licensed as an attorney and put me on the 'no-fly' list." Radack adds, "The criminal case was closed without charges ever being brought and the Maryland Bar complaint was dismissed, but the D.C. Bar complaint is still pending after nearly three years. Judge Ellis is aware of the Justice Department's abuse of his order and should be mindful that such leak investigation orders issued to the government effectively place a sword of Damocles over the head of the target. Whether a source or not, no citizen should be subject to this kind of treatment."

FBI Investigating Terror "Sleeper Agent." The Los Angeles Times (9/3, Meyer, 918K) reports that Adnan Gulshair Muhammad el Shukrijum kept a low profile after 9/11, but he is now, according to the FBI. Shukrijum is "Al Qaeda's most well-trained, intelligent and deadly operatives. He was described as the ultimate 'sleeper agent,' intent on attacking the U.S., possibly with weapons of mass destruction." The report adds, "Law enforcement officials and terrorism experts now believe Shukrijumah is one of several young, street-smart leaders of Al Qaeda handpicked by Khalid Shaikh Mohammed, the mastermind of the Sept. 11 attacks, to keep the terrorist network alive and humming in the face of U.S.-led efforts to unravel it."

Muslims Express Concern Over Anti-Terror Tactics. In a front page news analysis in the Washington Post (9/3, A1, 748K) Mary Beth Sheridan writes, "After the Sept. 11, 2001, attacks, law enforcement officials pledged an aggressive effort to choke off future plots. People identified as security threats would be charged as soon as a crime could be proven, even if it was well short of a terrorist strike." The Capitol region "where seven of the 19 al-Qaeda hijackers spent time before the attacks, became a focus of their investigations." Sheridan notes, "For prosecutors, that effort has been a success," however, "Many Muslims say the aggressive law enforcement has been far out of proportion to the offenses, which harmed no one."

Foreigners Released From Guantanamo Bay Prison Have Difficulty In Return Home. The Washington Post (9/3, A14, Finn, 748K) reports, "In 2001, after U.S. forces attacked the Taliban in response to the hijackings of Sept. 11 that year," many foreigners were caught up in a roundup of Taliban in Afghanistan "and turned over to Americans." The Post adds that these foreigners end up in prison at Guantanamo Bay, Cuba, and face opposition when they return home. What they "did in Afghanistan remains unclear. All of them say they went there on religious quests and were not fighters, but there is no way to corroborate their stories."

German Terror Plot Planners Motivated By Controversial Cartoons. The New York Times/AP (9/3, Press) reports, "The prime suspects in the failed attempt to blow up two German trains were partly motivated by anger over the publication of Prophet Muhammad cartoons, a leading investigator said in an interview released Saturday. The cartoons were first printed last September in a Danish newspaper and then republished in other European media months later, setting off protests across the Muslim world.

Law Professor Urges Congress To Pass Counter-Terrorism Legislation. American University law professor Kenneth Anderson, a research fellow of the Hoover Institution, in an essay in the New York Times Magazine (9/3) writes that making counter-terrorism policies "legitimate" ought "to be a priority for both Congress and the Bush administration, because no matter who wins the 2008 election -- or the 2006 midterms -- there is not likely to be any coherent national counterterrorism policy at all past the end of the second Bush administration unless Congress takes steps to legislate it and go beyond merely executive discretion." Although the Administration has been "fixated" on acting through executive authority, "as it says goodnight, ought to consider that the war on terror will over time amount to little if it is unwilling to go to Congress to ask that it be enacted as the policy not of the Bush administration or of any administration but of the United States.

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Pakistan Leader Chided Over Civilian Death. The New York Times (9/3, 1.21M) writes in an editorial, "There are dangerous international terrorists hiding out in the mountain caves of Pakistan. But 79-year-old Nawab Akbar Khan Bugti, the Baluch tribal leader, politician and rebel, was not one of them." The Times adds, "Now Mr. Bugti is dead and the impoverished but energy-rich province of Baluchistan is in an uproar after an ill-explained military operation last month. After a week of contradictory government statements, the only things now clear are that Mr. Bugti's body was buried in the rubble of his blown-up mountain hideout, and that antigovernment fury in the restive province is at a new pitch of intensity." The Times states, " When General Musharraf comes to the United States, he loves to be lauded as a leader in the war on terrorism. Back home, his government too often acts like a garden-variety military dictatorship."

HOMELAND RESPONSE:

TSA Suspends Installation Of New Airport Bomb-Detectors. The New York Times (9/3, Lipton, 1.21M) reports, "Citing unexpected reliability problems, the Transportation Security Administration is suspending installation of the only airport checkpoint device that automatically screens passengers for hidden explosives. The rollout of the devices, trace-detection portals, nicknamed puffers because they blow air while searching for residue from explosives, had already been far behind schedule." The report adds, "Now the transportation agency is assessing whether to modify the puffers, upgrade them or wait until better devices are available."

Concerns Raised About DHS Biowarfare Institute. In a Los Angeles Times (9/3, 918K) op/ed, Wendy Orent writes, "In this age of terrorist plots, the Department of Homeland Security's decision to build a super-secret institute to study possible bioterrorist agents seems natural. But the proposed institute at Ft. Detrick, Md., which was the site of a U.S biowarfare program that was shut down in 1969, is worrisome." Orent asks, "Why waste hundreds of millions of dollars pursuing the fantasy of an engineered disease when deadly agents honed by natural selection are on hand? The National Biodefense Analysis and Countermeasures Center is a potential boondoggle -- and a dangerous one." Orent adds, "If we keep our enemies wondering what the new biodefense center is up to, they may be disposed to try themselves. Secrecy can only make an arms race more likely -- a race in which both sides are running after chimeras, where there's plenty to lose in time and talent and money, and little or nothing to be won."

Democrats' Radio Address Faults Administration's Response To Katrina. The AP (9/3) reports Rep. Bennie Thompson, in the Democrats Saturday radio address, claimed, "In the year since Hurricanes Katrina and Rita struck the Gulf Coast, the Bush administration has been sluggish in helping devastated areas recover." Thompson "said Democratic efforts to jump-start reconstruction efforts were undermined by Republicans, who 'let partisanship get in the way of doing the right thing.'" The AP notes, "Nationally, two-thirds of Americans disapprove of President Bush's handling of the Katrina disaster, according to an AP-Ipsos poll last month. Democrats hope to capitalize on that dissatisfaction in this fall's midterm elections."

Bush's Praise For Brown One Year Ago Recounted. NBC Nightly News (9/2, story 9, 3:00, Seigenthaler, 9.87M) reported, "It was one year ago today relief supplies finally rolled into a devastated New Orleans. Five days after Katrina aid trucks arrived along with a convoy of air conditioned busses to evacuate storm victims. President Bush took his first tour of the region, making this memorable remark…" President Bush: "Browny, you are doing a heck of a job." Seigenthaler: "Those stranded in New Orleans saw it differently."

Lack Of Affordable Housing Threatens Mississippi's Recovery. NBC Nightly News (9/2, story 9, 3:00, Savidge, 9.87M) reported, "Along the gulf coast casinos are reopening bigger than ever before. Offering thousands of badly needed jobs and income, but the boom, a major part of Mississippi's recovery, could turn to gloom due to a lack of affordable housing for workers. Katrina destroyed 68,000 homes in Mississippi." Biloxi Mayor A. J. Holloway was shown saying, ""Affordable housing was an issue before Katrina and is a bigger issue now, but the price of land is just out of sight." CBS added, "In the storm-ravaged area landowners are now asking five to 10 times more for their property. Too expensive for most housing."

New Orleans Residents Benefiting From Higher Real Estate Prices. The CBS Evening News (9/2, story 7, 1:40, Chen, 7.66M) reported that New Orleans is experiencing a real estate boom -- "Overall, prices are up 13% across the metro area, like in East Jefferson Parish,

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where one-third more homes have sold in the first half of this year compared to last."

Impostor Appears As HUD Official At Event With Nagin And Blanco. The New York Times (9/3, Bosman, 1.21M) reports, "At a conference in New Orleans last week, a man who identified himself as an assistant secretary of the Department of Housing and Urban Development apologized on behalf of the federal government and promised a rapid reversal of policy: city public housing projects that were scheduled for a controversial demolition would be renovated instead. A suspicious reporter called the housing agency's press office, which determined that the man, who shared the stage with Mayor C. Ray Nagin of New Orleans and Gov. Kathleen Babineaux Blanco of Louisiana, was an impostor. The Yes Men, a group of activists, had organized the stunt to protest the government's plan to demolish the buildings, which the group says will prevent low-income residents from returning to New Orleans."

Businesses In New Orleans' Black Community Struggle To Reestablish Themselves. The New York Times (9/3, Rivlin, 1.21M) reports on the resurgence of Liberty Bank and Trust Company, "the country's third-largest black-owned bank until Hurricane Katrina and floodwaters roared through New Orleans one year ago. … Liberty's most impressive accomplishment, like that of New Orleans itself, may simply be that it has regained some semblance of its old self in only 12 months. But Liberty is also like New Orleans and its ravaged economy in another crucial way: its recovery has a long way to go. Liberty faces enormous hurdles, chief among them the lingering doubts about the viability of large stretches of the drowned-out, predominantly black eastern half of the city, where Liberty's customers were concentrated and which is still largely in ruin."

Up-Close View Of New Orleans Described. In an op-ed for the New York Times (9/3, 1.21M) Nicholas Kulish writes about scenes of destruction and rebuilding glimpsed while riding a bike around New Orleans.

Hundreds Of Katrina Evacuees Remain In Fresno. The Washington Post (9/3, B3, Maharidge, 748K) reports, "Aside from huge concentrations of evacuees in Baton Rouge and Houston, the people who fled Hurricane Katrina are scattered across 4,000 Zip codes, as far-flung as Nome, Alaska, and Lihue, Hawaii. But 260 New Orleans exiles have ended up in Fresno, the heart of the iconographic lower Central Valley. And there's an irony in this: Last October, the Brookings Institution released a study showing that among the 50 most populous cities in the United States, Fresno had the highest concentration of urban poor. … Second in the rankings -- prior to Katrina and the flood -- was New Orleans."

Coast Guard Delays Live-Fire Drills In Lake Michigan. The Los Angeles Times (9/3, Hawthorne, 918K) reports, "The Coast Guard has been quietly planning to conduct target practice on Lake Michigan with boat-mounted machine guns that would be fired a few miles from beaches along the North Shore. But plans to establish a permanent 'live-fire zone' in waters near Illinois' Highland Park, Lake Forest and Waukegan — and in 33 other spots around the Great Lakes — are on hold after boating groups and a congressman complained that the public wasn't informed about the training exercises."

Hurricane Ernesto Hits Mid-Atlantic; Damage Less Than Feared. NBC Nightly News (9/2, story 6, 1:30, Seigenthaler, 9.87M) reported Ernesto is still "leaving its mark" on the mid-Atlantic. NBC (Ohm): "A weakened Ernesto drenched the east coast washing out holiday plans. … Ernesto packed the biggest punch in Virginia where four people were killed" and where more than 400,000 customers are still without power. …Overall Ernesto's destruction is not as widespread as feared."

With Ernesto Gone, Space Shuttle Readies For Launch. The New York Times (9/3, 1.21M) reports, "Four days after evacuating the Kennedy Space Center as Tropical Storm Ernesto approached, the six crew members of the space shuttle Atlantis flew back to Florida on Saturday to prepare for a launching on Wednesday." Captain Jett said Saturday after returning to the Kennedy Space Center , "All of us thought we were going to be spending a little while in Houston. I think we're all really happy that just four days later we're back here and we have a shot at this launch window."

Weakened Ernesto Impacts Holiday Weekend Tourism. The CBS Evening News (9/2, story 6, 1:30, Assuras, 7.66M) reported, "What's left of what was hurricane Ernesto is moving towards Pennsylvania and New York and is beginning to weaken. Bianca Solorzano: "Ernesto is now being blamed for at least five deaths in North Carolina and while it was deadly for some it has been a big nuisance for millions who were hoping to spend their holiday weekend in the sun. … But at least Ernesto has been a fast-moving storm. Parts of the Northeast will still have rain remnants tomorrow,

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but as Ernesto moves north, perhaps some of the holiday weekend can still be salvaged."

The New York Times (9/2, 1.21M) says Ernesto put "a sloppy wet damper on the last big tourism weekend of the summer for many people, making a mess of some oceanfront hotels and leaving beaches and boardwalks less crowded than usual."

The Washington Post (9/3, Markon/Vogel, 748K) reports, "Even as officials scrambled to turn on the lights and clean up the occasional fallen tree limb and other debris, they expressed relief that the storm that had struck Haiti, Cuba, Florida and the Carolinas before hitting the Washington region had spared the area a bigger blow."

Hurricane John Downgraded. NBC Nightly News (9/2, story 7, 2:30, Seigenthaler, 9.87M) reported, 'John has been downgraded to a tropical storm but when it slammed into Mexico's peninsula it was a hurricane packing a serious punch. It could have been a lot worse." NBC (Teague): "It was a near miss from Hurricane John, the most powerful storm to threaten these resorts in more than 15 years."

WAR NEWS:

Bush Seeks To Ease Concerns About Continuing Iraq Violence. In his radio address President Bush said that Iraqi insurgents have failed to ignite a civil war as he sought to allay concerns over continuing violence in Iraq. Bush's remarks were contrasted on CBS, NBC and the wire services with the recent Pentagon report describing escalating violence in Iraq. Bush's efforts to boost support for the war in Iraq are generally described in political rather than national security terms and a number of op-eds and analyses in prominent US newspapers fault the Administration's rhetoric attacking opponents of the war.

The CBS Evening News (9/2, story 4, 2:30, Assuras, 7.66M) reported, "Bush once again rejected the notion Iraq is descending into civil war, continuing his offensive ahead of the midterm elections. Mr. Bush did acknowledge a bloody campaign of sectarian violence, but his comments contradicted a new report from the Pentagon." CBS (Strassman): "With every new day of chaos, prime minister Maliki's Iraqi government bleeds credibility." And "Iraqi analyst hears a ticking clock." Center for Strategic and Budgetary Assessments director Andrew Krepinevich: "The Bush Administration is in a race against time to be able to show some level of progress." Strassman: "And there's growing disillusionment among Iraqis."

NBC Nightly News (9/2, story 4, 2:00, Seigenthaler, 9.87M) reported, "A new Pentagon report suggests Iraq may be headed for civil war and there was more violence there today." NBC (Boettcher): "A massive joint U.S.-Iraqi security sweep in the capital has succeeded in reducing casualties, a fact highlighted in the president's radio address." Bush: "The people of Baghdad are seeing their security forces in the streets dealing a blow to criminals and terrorists." Boettcher: "But the Pentagon's overall assessment of the last three months released Friday was not encouraging."

The AP (9/3, Taylor) reports quotes Bush saying, "Our commanders and diplomats on the ground believe that Iraq has not descended into a civil war." Yet a "growing number of members of Congress -- including a few in the president's own party -- are calling for either a shift in the Bush administration's Iraq strategy or a timetable for beginning a substantial withdrawal of American forces."

Bloomberg (9/3, Murray) says Bush continued "his attack on Democrats opposed to an open-ended war in Iraq." Although "national security has been the dominant issue in every election since the Sept. 11 attacks, Bush is facing an increasingly skeptical American public." Bush "conducted a similar campaign to drum up public support at the end of last year. Those addresses resulted in Bush gaining several points in job approval in most public opinion polls. The gains were erased as the security situation in Iraq deteriorated."

GOP Candidates Seen As Distancing Themselves From Bush On Iraq. Continuing the examination of Bush's counter-terrorism policies as a political issue, the CBS Evening News (9/2, story 5, 1:30, Assuras, 7.66M) reported, "Even as President Bush has been trying to bolster faltering public support for his Iraq policy, many Republican candidates have been scrambling to stake out a different position. Christopher Shays insists he hasn't broken ranks with the president and still supports the war in Iraq, but now the Connecticut Republican is calling on the Iraqis to take control faster." Shays: "We need to wake them up. We need to tell them we are not there indefinitely if they're going to keep doing what they're doing." Assuras: "Shays' fight for survival is mirrored by other pro-war congressional candidates of both parties around the country, hanging in the balance, control of the house. CBS news lists Shays' seat the as one of 48 competitive races." And "Shays isn't the only pro-war candidate attempting to recalculate their position on Iraq,

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trying to voice support for the President while criticizing the way the conflict is being handled."

NJ GOP Senate Candidate Kean Calls For Rumsfeld's Resignation. The New York Times (9/3, Chen, 1.21M) reports, "State Senator Thomas H. Kean Jr., the Republican nominee for United States Senate in New Jersey, says he is so frustrated with the Bush administration's handling of the war in Iraq that he is pushing for something that few Republicans have supported: the resignation of Defense Secretary Donald H. Rumsfeld." Kean faulted "Mr. Rumsfeld's refusal to consider 'competing points of view.'" He said that "what compelled him to advocate" a new Defense Secretary were Rumsfeld's remarks to the American Legion, which Kean called rhetoric that "stepped over the line."

Administration Message Crafted To Invoke WWII. Julie Mason in her "White House Watch" column in the Houston Chronicle (9/3, 535K) reports, "Faster than you can say 'Osama bin Laden,' President Bush made a pivot from Hurricane Katrina remembrances last week to topics on which he hopes to gain some political ground: Iraq and the war on terrorism." And "Bush and his surrogates are working from a new list of vocabulary words in the latest round of speeches." Mason notes, "Echoed words and themes in the remarks of administration officials reflect a strategy to get a particular message across. In this case, it is the drawing of parallels between the war in Iraq with the broader themes of World War II."

Columnist Laments Bush Rhetoric On Iraq, Credits Bolten With Management Changes. Jim Hoagland in his column titled "A Change In Tone -- And A Stumble" in the Washington Post (9/3, B7, Hoagland, 748K) harshly criticizes recent speeches by President Bush, Vice President Cheney and Defense Secretary Rumsfeld saying, "Bush made headlines recently by adopting a more somber, realistic tone on Iraq. Then Bush, his vice president and his defense secretary stepped all over that message with unduly harsh assaults on the war's critics last week." Hoagland credits White House Chief of Staff Josh Bolten's management changes saying, "Bad news now gets more quickly to Bush, who in his first term 'tolerated a system that was designed to evade reality whenever it was unpleasant,' says an insider who deals frequently with the White House. 'The place has gone from having a concierge who smoothed out wrinkles to having a consigliere running things.'" Yet, "these welcome changes in management style inside the White House have yet to be felt consistently in the administration's distrustful approach not just to the media but to the American public."

Sen. Warner Contemplates Whether Authorization For Iraq War Remains Justified. Comparing the current situation in Iraq with Eisenhower's decision to end the Korean War when he realized the cost, George Will in his column in the Washington Post (9/3, B7, 748K) notes that Sen. John Warner recently considered whether the US had achieved its goal under the resolution authorizing the use of force against Iraq. Warner said, "What is the mission of the United States today under this resolution if [Iraq] erupts into a civil war? … I think we have to examine very carefully what Congress authorized the president to do in the context of a situation if we're faced with all-out civil war and whether we have to come back to the Congress to get further indication of support." He "says that he is convinced that the essential characteristics of civil war are not yet present in Iraq. Iraq's government, he says, is 'functioning,' the security forces are improving and senior military officials are not plotting against the government." Yet he "also knows: The Iraqi government's writ runs barely beyond Baghdad's Green Zone."

Editor Calls For National Dialogue On National Security Policy. Time Magazine (9/3) managing editor Richard Stengel argues that "there is one thing we have not done that is crucial to our future: we still have not engaged in a true national dialogue about what our foreign policy should be and what constitutes our national interests and values." Stengel recently "attended a small lunch for General Brent Scowcroft" who "described the two broad historic themes of American foreign policy -- call them traditionalism vs. transformationalism, or the realists vs. the idealists." Although "that is an oversimplified schema, it does suggest an initial outline for a national dialogue. What ideals are we willing to fight for? What are the practical dividends we seek from our multilateral relationships? How do we balance idealism vs. realism? No one who participates in this conversation should be branded as disloyal or a traitor."

Columnist Rich Compares Rumsfeld To Chamberlain. Frank Rich in his column in the New York Times (9/3, 1.21M) argues that Defense Secretary Donald Rumsfeld "has long since united Democrats, Republicans, generals and civilians alike in calling for his scalp." Rich criticizes Rumsfeld's recent remarks and says they were noteworthy because they previewed "the ambitious propaganda campaign planned between now and Election Day." Rich compares the image of Neville Chamberlain

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shaking hands with Hitler with photos of Rumsfeld shaking hands with Saddam Hussein saying "the record shows that Mr. Rumsfeld cozied up to the crocodile of Baghdad as smarmily as anyone. To borrow the defense secretary's own formulation, he suffers from moral confusion about Saddam." He "also suffers from intellectual confusion about terrorism. He might not have appeased Al Qaeda but he certainly enabled it. Like Chamberlain, he didn't recognize the severity of the looming threat until it was too late."

Bush Runs Risk Of Being Labeled An Appeaser Over Iran Negotiations. Sheryl Gay Stolberg in a "Week in Review" article in the New York Times (9/3, Stolberg, 1.21M) writes that "Appeasement as an attack phrase" is "back in vogue" as Cheney and Rumsfeld "invoked the term in speeches to veterans, a not-so-subliminal effort to liken critics of President Bush's Iraq policy to Neville Chamberlain." Yet "if it seemed that Republicans had hit on a new campaign theme, not much was new about it. Presidents since Franklin Roosevelt have invoked Munich for political effect, even as some of them fretted over being branded Chamberlains themselves." Meanwhile the "appeasement debate rages in foreign policy circles around Mr. Bush's efforts to persuade Iran to stop enriching uranium. Neoconservatives want a confrontation; Mr. Bush has tried to negotiate, without success." That may leave Bush "open to accusations…that he is guilty of…appeasement."

Cynthia Tucker Disputes Bush, Cheney, Rumsfeld. In a column for the Atlanta Journal Constitution (9/3), Cynthia Tucker questions the course of the war in Iraq and President Bush's determination to stay "until victory is achieved": "Apparently, the state of denial at the White House is worse than I thought. ... Vice President Dick Cheney, meanwhile, still inhabits a lonely planet on which the Iraqis love us." She says of Secretary Rumsfeld's speech to the American Legion: "That pronouncement is packed with so much nonsense that trying to defuse it would cause a minor explosion. Suffice it to say that this administration has no intention of owning up to the awful realities of its misguided invasion of Iraq." She also quotes two soldiers who believe that the Marine reservist callup represents the prelude to a draft.

Arnaud de Borchgrave Disputes Threat Posed By Iraq At Time Of War. In a commentary for the Washington Times (9/3, 88K), Arnaud de Borchgrave writes, "By the time the Bush administration determined Saddam was a mortal peril to the United States, he and his regime were pretty much burned out. Eight years of war against Iran, followed by his invasion of Kuwait and rout by George H.W. Bush 41's coalition of 29 nations, and then a decade of humiliating U.N. inspections, had reduced Saddam's regime to a dirty little sandbox that was a threat to no one except his own people. ... But no sooner did the U.S. invade and topple Iraq's Ba'athist regime than 'liberated' Iraq became a force multiplier for Islamist extremists." De Borchgrave concludes accusingly, "The only relevant history for the planners of Operation Iraqi Freedom was the invasion of Normandy June 6, 1944, and the liberation of Europe that followed. Relevant history was judged irrelevant."

WPost Raises Concerns Bush Approach Wrong For Complicated Situation In Iraq. The Washington Post (9/3, B6, 748K) in an editorial writes that Bush "is right that a precipitate withdrawal from Iraq, or one that ignored conditions on the ground, could lead to a far worse situation than now prevails there. But what's striking is Mr. Bush's failure to acknowledge that the scenario he describes already substantially exists." The security environment "in Iraq is a lot more complicated and ambiguous than what Americans are hearing described by the Bush administration in this electoral season." And "the war President Bush would like to fight -- between an emerging democracy and its totalitarian enemies -- can't be won if it is crosscut by a sectarian conflict. That's why one other passage of the president's speech in Utah on Thursday was striking. 'I've been clear with each Iraqi leader I meet,' he said. 'America's a patient nation, and Iraq can count on our partnership as long as the new government continues to make the hard decisions necessary to advance a unified, democratic and peaceful Iraq.' We hope that Iraqi leaders will take the president's implicit warning seriously and that if those decisions are not made, Mr. Bush will have the courage to rethink his policy."

Abizaid Brings New Approach To Global War On Terrorism. In a late-breaking 3,210-word story, the Wall Street Journal (9/2, Jaffe, 2.03M) profiles CentCom head Gen. John Abizaid. The article details his efforts to re-imagine the war on terror, saying his "approach is part of a broader rethinking within the Bush administration of how best to fight terrorism, driven in part by the failures of the past five years. One of its tenets is that change must take place gradually and be led by locals." The Journal notes as well the resistance he has encountered. For example, "The Horn of Africa effort, the centerpiece of Gen. Abizaid's long war strategy, has had to fend off questions from Washington about

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its value. Earlier this year, Defense Secretary Donald Rumsfeld, in a pointed memo, asked what the U.S. was getting out of it. Gen. Abizaid says the resistance was less from Mr. Rumsfeld than from the 'Pentagon bureaucracy.'"

14 South Asian Shiites Killed In Iraq. CBS and NBC reported the latest spasm of violence in Iraq. The CBS Evening News (9/2, story 4, 2:30, Strassman, 7.66M) reported that as Iraqi prime minister Maliki's Iraqi "and Iraq's leading Shi'a cleric talked about curbing violence, 13 Indian and Pakistani pilgrims heading to a Shi'a shrine were found tortured and murdered. By daybreak, bombings had already woken up Baghdad. The Pentagon's own Iraq update is sobering. Iraq's violence is at its highest level in two years. Killings are way up. Preventing civil war is now a top priority as gangs of killers run wild, some Shi'a, some Sunni, all trouble." Gen. George Casey: "They flout the rule of law every day, and those need to be dealt with firmly by the government." Strassman: "And flaunt their killing on web sites. Here, a bomb is made, hidden inside a traffic sign on a bridge, and detonated on a convoy. ... The crackdown has cut Baghdad's murder rate by almost half. That's not included in the Pentagon's report but it's been only a month." Center for Strategic and Budgetary Assessments director Andrew Krepinevich: "I think it's a case of so far so good, but I think the more difficult parts are still yet to come."

NBC Nightly News (9/2, story 4, 2:00, Seigenthaler, 9.87M) reported, "A new Pentagon report suggests Iraq may be headed for civil war and there was more violence there today." NBC (Boettcher): "Iraq's latest victims, their bodies covered by garbage bags. The young men, pilgrims on their way to a Shiite shrine were abducted, bound, blindfolded, tortured and murdered. The past week has been a bloody one. More than 300 killed. Still, the civilian death toll in August, more than 1,000, is approximately one-third less than July's total. A massive joint U.S.-Iraqi security sweep in the capital has succeeded in reducing casualties, a fact highlighted in the president's radio address." President Bush: "The people of Baghdad are seeing their security forces in the streets dealing a blow to criminals and terrorists." Boettcher: "But the Pentagon's overall assessment of the last three months released Friday was not encouraging. Civilian casualties during that longer period up by 50%. ... both Shiite and Sunnis increasingly rely on their own militias to provide security and seek revenge against their enemies. US officials say these militias are the problem and not the solution and are a primary target now in a major military operation to restore order to the capital."

Picking up a story earlier reported by AP, the New York Times (9/3, Wong, 1.21M) reports, "Gunmen killed 14 Pakistani and Indian Shiite pilgrims, many of them elderly, and left their bodies in the desert on Friday, contributing to a death toll of at least 28 civilians around Iraq in 24 hours." Prime Minister Maliki and Ayatollah Sistani discussed the situation; Sistani's words afterward "hint at dwindling confidence in the Shiite-led government from Shiite religious leaders in Najaf. Ayatollah Sistani recently ... sent a message to President Bush through a top Shiite leader asking the United States to commit to staying in Iraq until the country was stable."

AFP (9/2, Jerges) also reports the massacre of the pilgrims, observing, "The murders came as Iraq was already braced for a possible backlash from Shiite militias after a synchronized series of bomb attacks in Baghdad on Thursday by suspected Sunni insurgents left 67 civilians dead."

Sistani Warns Maliki About Continuing Violence. The AP (9/3, Becatoros) reports Grand Ayatollah Ali Sistani "warned" Prime Minister Nouri al-Maliki "to quell violence or risk 'other powers' filling the gap." Sistani, who hosted Maliki for a meeting in Najaf, is quoted saying, "If the government does not do its duty in imposing security and order to the people and protecting them, it will give a chance to other powers to do this duty and this a very dangerous matter." The Washington Post (9/3, A18, Paley, Sarhan, 748K) briefly notes that the two discussed "the deteriorating security situation," and that Sistani said "he supported Maliki's 28-step national reconciliation plan and called on the government to quickly reduce violence in the country before other groups, such as armed militias, fill the void."

Mortar Kills 6; Armed Forces Handover Ceremony Cancelled. The AP (9/3, Becatoros) reports, "A mortar attack east of Baghdad killed six people, including two children, as a dispute emerged over transferring control of the armed forces from the U.S.-led coalition to the Iraqi government." It adds, "The mainly Shiite eastern parts of the capital have seen significant violence in recent days. The most severe occurred on Thursday night, when a coordinated barrage of attacks killed 64 people." In a sign of the dispute over control, "authorities canceled a highly touted ceremony in which the U.S.-led coalition was to hand over control of Iraq's armed forces command to the Defense Ministry after disagreements emerged over Iraqi forces' responsibilities and the coalition's

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role." According to Lt. Colonel Barry Johnson, the dispute centered on "delineating the responsibilities of the joint headquarters and the coalition's role in supporting their efforts." More than 60 sites carried this story.

Shiites Could Begin Fighting Each Other. The AP (9/3, Reid) reports, "This past week's intense clashes between the Iraqi army and a Shiite militia are part of a strategy to whittle away the power of a radical cleric. But the high-risk gambit could trigger more fighting across the Shiite south -- at a time when the cleric's stronghold in the capital is virtually off-limits." Fighting among competing Shiite factions would end the relative stability of the "overwhelmingly Shiite" south. More than 30 sites carried this story.

Sunni Chieftains Demand Saddam's Release. The Washington Post (9/3, A18, Paley, Sarhan, 748K) reports, "A coalition of 300 Iraqi tribal leaders on Saturday demanded the release of Saddam Hussein so he could reclaim the presidency and also called for armed resistance against U.S.-led forces. The clan chieftains, most of them Sunni Arabs, included the head of the 1.5 million-member al-Obeidi tribe." The Post says that "Shiite-Sunni sectarian violence and a move asserting Kurdish independence heightened fears that the country is sliding toward full-scale civil war." In addition, "Arabs across the country expressed anger at a decree by Massoud Barzani, president of the regional government in Kurdish-populated northern Iraq, forbidding the Iraqi flag to be raised in government buildings across the north." The Post reports the meeting between Maliki and Sistani.

US Claims Of Iranian Meddling In Iraq Said To Be Dubious. In an analysis piece, the AP (9/3, Reid) notes, "Top U.S. officials have made strong charges in recent weeks that Iran is directly stirring up trouble in Iraq. But inside Iraq, it's hard to see any change and some American officials in Baghdad say privately the evidence is not that clear." The "anti-Iran rhetoric from Washington has escalated sharply," but a majority of Iranian aid "appears to go to the same Shiite parties in Iraq that the American government supports and that are part of the government." The AP adds, "Despite the lack of public evidence, few doubt that Iran is seeking to spread its influence in Iraq, where its fellow Shiites dominate politically. But many experts on the region believe Iran thinks its interests would be better served by a stable Iraq dominated by Shiites friendly to Tehran." Many "question why Iran would be trying to destabilize a government already dominated by parties with longtime ties to Tehran."

American Appears In New AQ Video. NBC and CBS both reported the appearance of an American-born Al Qaeda member on the group's latest video. NBC Nightly News (9/2, lead story, 3:00, Seigenthaler, 9.87M) reported, "A new video was released today by al Qaeda's propaganda wing and it features an American who has joined the terror group. In the video he urges all Americans to convert to Islam. With the 9/11 anniversary approaching terror experts are looking at the new tape to find out if it is really a threat or just more bluster." NBC (Myers): "Unlike most al Qaeda tapes there is no explicit threat of an attack on this tape. This is basically an appeal from an American for other Americans to join the ranks of al Qaeda." Adam Gadann: "We invite all Americans and other non-believers to Islam wherever they are." Myers: "Gadann was born Adam Pearlman and was raised on a goat farm in southern California. ... He claims the biggest threat to U.S. security is the growing number of conversions to Islam in the U.S." Gadann: "I believe it is this phenomenon more than anything else which poses the threat that keeps the crusaders from sleeping at night." Myers: "This is Gadann's fourth video but clearly his most prominent use by al Qaeda."

The CBS Evening News (9/2, story 2, 0:10, Assuras, 7.66M) reported, "Al Qaeda's deputy leader, Ayman al Zawahiri, appeared in a new video today on an Islamic web site. He introduced a man he called Azzam the American, an al Qaeda member from California wanted by the FBI. Azzam invited Americans to convert to Islam."

The AP (9/3, Keath) reports, "An American thought to be an al-Qaida activist appeared in a videotape with the terror group's deputy leader Saturday and called on his countrymen to convert to Islam and for U.S. soldiers to switch sides in the Iraq and Afghan wars." The American is "Adam Yehiye Gadahn, a 28-year-old American who the FBI believes attended al-Qaida training camps in Pakistan and served as an al-Qaida translator." It was his second appearance with Ayman al-Zawahri. The AP says, "Saturday's video -- and the length of Gadahn's speech -- suggested al-Qaida has found in him someone it believes can communicate effectively with Americans." The Washington Times/AP (9/3, Keath) carries a modified version of this article.

Four Fort Hood Soldiers Killed. The AP (9/2) reports, "The Pentagon confirmed four Fort Hood soldiers were killed in the explosion of a roadside bomb in Iraq. A Defense Department statement said the blast happened

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Sunday during combat operations in the Iraqi village of Taji, about 20 miles northwest of Baghdad." The brief article gives their names.

Camp Lejeune Marine Is Killed. The AP (9/3) reports, "Another Marine from Camp Lejeune has been killed in combat in the Anbar province of Iraq, the Department of Defense said Friday. Pfc. Colin J. Wolfe, 18, of Manassas, Va., died Aug. 30 while conducting combat operations in Al Anbar province." The AP quotes his father and adds that Wolfe "was at least the third Lejeune-based Marine to be killed in Iraq this week."

Some Soldiers Reportedly Question Whether Mission Is Worth The Cost. The New York Times (9/3, Gordon, 1.21M) reports from Hit, Iraq, "The first death of a comrade in battle is always an emotional shock, and the views from the foxhole here are probably as varied as the 34 soldiers. Still, in this hostile stretch of western Iraq, some of the troops have begun to wonder if the presence of United States forces here is worth the cost in American lives. ... While it is difficult to gauge their numbers with precision, there are pockets of dispirited troops who are no longer convinced that Washington has committed the resources for a winning strategy." The Times quotes soldiers who experienced the first death within their platoon.

US Gives Back "Notorious" Al Ghraib To Iraq. The Los Angeles Times (9/3, Moore, 918K) reports, "The U.S. military officially handed over the notorious Abu Ghraib prison to the Iraqi Justice Ministry on Saturday, having moved the final 3,000 inmates to detention facilities at Camp Cropper in Baghdad and Camp Bucca in southern Iraq last month." Al Ghraib "is a symbol of both the brutality of Saddam Hussein's regime and, after photographs of prisoner abuse at the hands of U.S. soldiers came to light in April 2004 and February 2006, the ethical perils of the U.S.-led invasion of Iraq." The photos "are widely believed to be one of the most damaging blows to American prestige since the conflict began 3 1/2 years ago." The highly critical article says of current US and Iraqi detainees in Iraq, "More than 13,000 prisoners are still in U.S. custody in Iraq. Many have been held for months without formal charges or access to Iraqi courts. The Iraqi government holds at least 15,000 more detainees, often in deplorable conditions. In an article published this year, The Times cited internal investigative documents describing beatings, rapes and killings of detainees by prison guards."

Army Recommends Death Penalty In Iraq Slayings. NBC Nightly News (9/2, story 3, :30, Seigenthaler, 9.87M) reported, "An Army investigator is recommending the death penalty for four U.S. soldiers accused of murder in Iraq according to a report by the Associated Press. Prosecutors allege they conspired to kill three Iraqis during a raid outside Baghdad. The soldiers claim they had been ordered to kill all military aged males and ended up shooting the men in self-defense."

The New York Times (9/3, von Zielbauer, 1.21M) reports, "An Army officer has recommended that four soldiers accused in the killings of three Iraqi men during a raid in May be court-martialed, and that the soldiers face the death penalty." Lt. Col. James P. Daniel found "aggravating circumstances" in the case of the "members of the Third Battalion, 187th Infantry Regiment, 101st Airborne Division, [who] were charged with carrying out a plan to murder the three Iraqis after arresting them during an assault on what they thought was an insurgent stronghold northwest of Baghdad." A defense attorney expressed "total disbelief" at the recommendation.

The Washington Post (9/3, A6, Tyson, 748K) reports that the investigator "recommended that three of the soldiers -- Staff Sgt. Raymond L. Girouard, Spec. William B. Hunsaker and Pfc. Corey R. Clagett -- be charged with conspiring to commit premeditated murder of the detainees and then threatening another soldier not to tell anyone. Daniel found that Spec. Juston R. Graber withdrew from the conspiracy but still should face murder charges for following Girouard's order to shoot a detainee in the head." Two defense attorneys expressed their "disappointment" and "shock." The Post notes, "The commander in chief must personally approve all death sentences. The last execution of a soldier was in 1961 at Fort Leavenworth, Kan."

The Los Angeles Times (9/3, Alonso-Zaldivar, 918K) reports on the case, "At least 20 U.S. service members have been charged in connection with the deaths of Iraqis in the war. Most cases have resulted in acquittals or conviction on lesser charges." One of the few on death row now is "ex-Army Sgt. Hasan Akbar, convicted of killing two service members and wounding 14 in an attack on his own base at the start of the Iraq war." The four detainees' commander, Col. Michael Steele, may have "encouraged unrestrained violence and

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condoned a culture of racism among his troops. Investigators have said that Steele handed out knives to his soldiers as rewards for killing insurgents. All four of the accused were members of his brigade. Steele, a storied officer who led the Somalia rescue mission recounted in the book and movie 'Black Hawk Down,' has been issued an administrative reprimand."

The AP (9/3, Caldwell) reports, "Girouard, the most senior soldier charged, faces several additional charges, including sexual harassment and carrying a personal weapon on duty."

14 British Troops Killed In Afghan Crash. NBC and CBS reported the plane crash in Afghanistan. NBC Nightly News (9/2, story 5, :10, Seigenthaler, 9.87M) reported, "In Afghanistan British forces suffered their worst loss in that conflict. Fourteen military personnel were killed in an aircraft went down in the southern province of Kandahar."

The CBS Evening News (9/2, story 3, 0:10, Assuras, 7.66M) reported, "A British communications plane crashed today in Afghanistan killing all 14 military personnel on board. The plane went down west of Kandahar, apparently because of a technical problem."

AFP (9/3) reports UK forces "in Afghanistan suffered their biggest loss of life in a single incident when an aeroplane flying on a NATO mission crashed, killing 14 people on board. The Royal Air Force Nimrod MR2 reconnaissance plane came down in Kandahar province in southern Afghanistan due to a technical problem, a NATO spokesman said in Kabul, stressing that it was not shot down. Twelve RAF personnel, a Royal Marine and a British Army soldier were killed." UK forces have lost 36 personnel since 2001, including 15 by hostile fire. AFP says the UK's "steadily rising death toll has left some questioning the mission and wondering how much longer Britain can tolerate such losses."

The Washington Times/AP (9/3, Khan) reports, "The crash took place as Afghan and foreign troops carried out a big operation near Kandahar, a former Taliban stronghold in a region that has seen a surge of violence."

Afghan Opium Harvest At Record Level. In a 1,219-word piece, the New York Times (9/3, Gall, 1.21M) reports comments in Kabul by UN Office on Drugs and Crime executive director Antonia Maria Costa that "Afghanistan's opium harvest this year has reached the highest levels ever recorded, showing an increase of almost 50 percent from last year." Costa "described the figures as 'alarming' and 'very bad news' for the Afghan government and international donors who have poured millions of dollars into programs to reduce the poppy crop since 2001." His research shows that "the increase in cultivation was significantly fueled by the resurgence of Taliban rebels in the south, the country's prime opium growing region. As the insurgents have stepped up attacks, they have also encouraged and profited from the drug trade, promising protection to growers if they expanded their opium operations." President Hamid Karzai issued a statement in which he "expressed disappointment at the results" and "urged the international community to expand its commitment to strengthen the Afghan police and law enforcement agencies." The Times notes the Administration "has made poppy eradication a major facet of its aid to Afghanistan, and it has criticized Mr. Karzai for not doing more to challenge warlords involved in opium production." The State Department "had no immediate comment" on Costa's report.

The AP (9/3, Pennington) also reports the explosion of opium production and quotes US narcotics official Dan Wankel, who says, "This country could be taken down by this whole drugs problem" and recalls that 9/11 arose from the previous, Taliban-run Afghanistan. The same UN official quoted by the New York Times predicted it would take "possibly 20 years" to eradicate the problem, in light of the precedent of "Thailand, Turkey and Pakistan."

Support For Afghan War Drops. Bloomberg (9/2) reports, "The number of Americans who approve of U.S. military action in Afghanistan dropped to 56 percent in a CNN poll last month, down from 92 percent in November 2001." Furthermore, "the poll found 28 percent of respondents said the U.S. is winning the war in Afghanistan, while 10 percent said the insurgents are. The poll found the majority of respondents, 58 percent, said neither side is winning."

Senator Graham Returns From Reservist Duties In Afghanistan. McClatchy Newspapers (9/3, Rosen) reports on Sen. Lindsey Graham's completion of an "eight-day trip to Afghanistan, Qatar and the United Arab Emirates" as a USAF reservist teaching law to Afghans. Fewer and fewer lawmakers have military experience; Graham "is the only senator in the National Guard or Reserves. There are three representatives: Reps. Stephen Buyer, an Indiana Republican, and John Shimkus, an Illinois Republican, are in the Army Reserve; Rep. Mark Kirk, an Illinois Republican, is in the Navy Reserve." McClatchy quotes praise for Graham's

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low-profile reservist performance by Rep. Buyer and a major general.

Families Of Iraq Casualties Impressed With Bush Compassion. The Salt Lake Tribune (9/3, LaPlante) reports, "Several 'Gold Star' family members who met Bush while the president was in Salt Lake City this week were...impressed with the president's compassion. Bush may be a hard-talking Texan when he's playing the role of commander in chief, but in the presence of the families of those who have died in the wars he has directed, the president exudes something altogether different, the families say." Amy Galvez, the mother of Adam Galvez "said Bush also spoke with Adam's siblings, Sarah and Travis, inquiring about their schools and interests. But mostly, Galvez said, Bush tried to let them know he was aware of their sacrifice." Galvez said, "What I got from him is that the decisions he makes he takes very seriously, knowing how it affects people and knowing that American lives are going to be lost."

Utah Lawmakers May Restrict Payday Loans to Military. The AP (9/2) reports, "State lawmakers may be calling for restrictions on loans made to military personnel following a recently released Department of Defense report that calls the payday loan industry harmful to the war on terrorism." The AP quotes two Utah lawmakers who express concern about the impact on troops. While 12 states "prohibit triple-digit rates on payday loans," "Utah currently doesn't regulate payday loans."

Pentagon Uses Sports To Help Veterans Recover From Injuries. Newsweek (9/3, Breslau, 3.12M) reports, "Thanks to advances in combat medicine and body armor, more than 90 percent of the 20,000 U.S. forces wounded to date in Iraq and Afghanistan are surviving their injuries. … That is encouraging news, to be sure, especially as the U.S. body count in the Iraq war approaches 2,600. But it also presents a huge challenge for the military as this sizable population of wounded veterans returns to society, bearing complex disabilities that will require lifelong care. To address the problem, the military has adopted a holistic mind-body approach, deploying a fleet of experts ranging from orthopedic surgeons to therapists to work on the wounded."

Veteran Amputees Learn To Surf. The AP (9/3) profile a group of veteran amputees, mostly from Brooke Army Medical Center in Fort Houston, Texas, who are learning to surf in California. The AP reports, "As a child of 1970s California, Derek McGinnis felt that riding waves was like a birthright, and losing his left leg to a suicide bomber in Iraq wasn't going to stop him from surfing again. So, he rallied nearly a dozen other wounded-in-action amputees he met in a military hospital and brought them to one of California's last old-fashioned beach towns."

Post-Dispatch Profiles Injured Veteran Five Years After 9/11. In a dominant-front page story with a three-column wide photograph of veteran Phillip Baldwin receiving water therapy at the VA Medical Center at Jefferson Barracks, the St. Louis Post-Dispatch (9/3, Leonard, 300K) profiles Army Staff Sgt. Phillip Baldwin, a veteran who is "back home in Roxana now, healing from the wounds he suffered during a firefight in Afghanistan in June." The Post-Dispatch writes, "Baldwin dismissed any notion that the sacrifices he made to serve his country are special. … But the soldier's voice choked when he described how his wife of 14 years has stood behind him." The article is cast as part of the paper's coverage of the fifth anniversary of 9/11, with substantial space given to Baldwin's thoughts on the war in Afghanistan and his initial decision to enlist after the terrorist attack.

WPost Book World Article Discusses Two Books On Iraq. In the Washington Post Book World (9/3), reviewer Michael Hirsh praises *The Blog of War: Front-line Dispatches From Military Bloggers in Iraq and Afghanistan*, by Matthew Currier Burden, and *Blind Into Baghdad: America's War in Iraq*, by James Fallows. He says of the former book, "Nonpartisan patriotism is the common thread tying together these reflections, love letters and stories of combat. They make for riveting reading." Of the latter book, he says, "[Fallows] proved to be among the most prescient American journalists in questioning both the premises of the Iraq war and the preparations for it."

Comic Book About Baghdad Zoo Appears. The New York Times (9/3, Gustines, 1.21M) reports on Brian K. Vaughan, author of "'Pride of Baghdad,' a graphic novel (his first) about lions that escape a zoo in Iraq during an American bombing raid. The tale, lushly illustrated by Niko Henrichon, was inspired by actual events and stands out as one of Mr. Vaughan's most emotionally charged stories in a career filled with tales of science fiction, superheroes and the

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supernatural." Vaughan's works are "fueled by thinly veiled social commentary."

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Controversial Tennessee US Attorney Stepping Down. The Nashville Tennessean (9/3, Mielczarek) reports, "U.S. Attorney Jim Vines confirmed Saturday that he will be leaving his post at the end of the month to return to private practice." The Tennessean continues, "Vines, who was appointed by President Bush in 2002, departs amid allegations of age discrimination against veteran attorneys in his office but also amid praise for aggressively prosecuting public corruption cases. … 'My service is a political appointment so (it) would end at the end of the Bush administration anyway, and I'm resigning … to go back to private practice with a law firm that I used to work with,' Vines said, referring to King and Spalding, a firm with offices across the country and abroad." The Tennessean adds, "Vines, who helped the Nashville-based Bridgestone/Firestone create its environmental polices, said he will start his new assignment in early October. .. . When he became the U.S. attorney for the Middle District of Tennessee, Vines was charged with turning the office around, boosting morale, introducing a modern management style and prosecuting more complex cases. … But his practices came under fire a couple of years ago after several current and former prosecutors accused him of age discrimination — charges Vines has denied."

CORPORATE SCANDALS:

SEC Official Defends Record On Insider Trading Prosecutions. In a letter to the editor of the New York Times (9/3), Linda Chatman Thomsen, director of the SEC's Enforcement Division, writes, "As 'Whispers of Mergers Set Off Bouts of Suspicious Trading' (front page, Aug. 27) points out, there are increasingly sophisticated tools to uncover insider trading in advance of corporate mergers. .. . Through our unparalleled law enforcement experience bringing illegal insider trading cases — from arbitrageurs in the 1980's, to investment bankers in the 90's, to hedge funds today — the Securities and Exchange Commission benefits from cutting-edge computer systems using complex algorithms and proprietary market surveillance data that quickly tell us who traded what, where and when." Thomsen continues, "The results? Days before your article was published, we concluded a case in an $8 million scheme by an Estonian financier to profit from inside information hacked from an American company's computers. .. . In May, we named a 14th defendant in a wide-ranging case of an international insider-trading ring that netted millions by stealing information from Merrill Lynch, BusinessWeek and even a grand jury. .. . In April, the S.E.C. caught three hedge funds, and their tipper, that traded ahead of a merger announcement." Thomsen concludes, "Successfully investigating and prosecuting insider trading is difficult, but would-be wrongdoers should know that insider trading results in stiff financial penalties and even jail time. We have the record to prove it."

CRIMINAL LAW:

Bulger Turns 77 As World-Wide FBI Search Continues. The Boston Herald (9/3, Sweet) reported, "As he turns 77 today, fugitive serial killer James 'Whitey' Bulger can toast defying the odds. Yet again. … There's no reason to think the birthday boy who turned the city's streets red with the blood of men and impressionable young girls before skipping town needs to shop assisted-living developments." The Herald noted that Bulger "has eluded capture since being tipped by the FBI to a grand jury indictment," and "with a $1 million bounty on his head unclaimed, Bulger remains second only to Osama bin Laden on the FBI's Most Wanted list. … Both the FBI and U.S. Attorney Michael Sullivan declined to extend birthday greetings to Bulger." WBZ-TV Boston (9/3), AP (9/3) and UPI (9/3) also reported on Bulger's birthday, noting the FBI search and $1 million reward.

Online Gambling Prosecutions Seen As Challenging. The Pittsburgh Tribune-Review (9/3, Conte) reports, "When they started out five years ago, Carson Cashman and Adam Marshall had no clue they could be breaking the law. … With a $20 book on poker, a $5-a-month Web site and their home computers, the former University of Pittsburgh students created a home page that offers tips on Texas Hold 'Em and advertises places to play." The Tribune-Review continues, "Their company in Pittsburgh's Bloomfield neighborhood, Ace Nine, gets paid every time someone visits the Web site and starts playing at one of the online casinos advertised there. The Web site -- www.texasholdem-

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poker.com -- draws an average of 1 million clicks and 250,000 unique visitors a month. .. . That puts Ace Nine near the top of an industry niche that is coming under scrutiny from the U.S. Department of Justice. Online gambling is illegal for Americans. And anyone who advertises Internet casinos to American audiences is aiding the crime, prosecutors say, although no one has been convicted in the U.S. of such an offense. .. Cashman, 26, and Marshall, 27, swear they're doing nothing wrong." The Tribune-Review adds, "Online gambling never has been bigger. The worldwide industry has quadrupled to $15 billion over the past four years, according to Christiansen Capital Advisors, a New York firm that tracks gambling money. .. . The casinos are located in foreign countries, such as Costa Rica or the British territory of Gibraltar, but many customers are from the United States. … Federal prosecutors sent a ripple across the industry this summer when they arrested a top executive behind the sports gambling Web site BetOnSports.com. Prosecutors say the company fraudulently took bets from U.S. residents by phone and the Internet and failed to pay excise taxes. … Prosecutors have brought some high-profile cases related to advertising online casinos, ultimately settling out of court. The Sporting News agreed in January to pay the federal government $4.2 million and to run public service ads worth $3 million to resolve claims it had promoted illegal gambling. … Online gambling advertisements give the impression that it's legal for Americans to gamble on the Internet, said Justice Department spokeswoman Jaclyn Lesch. … 'Their behavior could be considered aiding and abetting,[Lesch said of the ad companies."

CIVIL LAW:

Report Finds US Spending More To Classify Documents. Cox News Service (9/3, Carr) reports, "The federal government spent an unprecedented $7.7 billion to mark documents secret last year as the public sought more government information, a report to be released today found." Cox continues, "A coalition of conservative and liberal nonprofit groups called OpenTheGovernment.org found that while the number of decisions to classify documents declined by 1.4 million last year to 14.2 million, the cost of classifying those documents rose by nearly 6 percent. .. . And the report found that the government is keeping other sensitive information from public inspection by placing it in a growing number of new categories known as 'pseudo classification,' or information that is sensitive but not classified." Cox adds, "Last year, the coalition reported that there were 50 such categories. Now it says there are 60. Unlike classified materials, no single agency is assigned to monitor the information kept in these categories and no one knows exactly how many documents are being restricted. … 'Every administration wants to control information about its policies and practices,' said Patrice McDermott, director of OpenTheGovernment.org. 'But the current administration has restricted access to information about our government and its policies at unprecedented levels.' .. . White House officials have long contended that the threat from terrorist groups makes it necessary to keep sensitive information from disclosure. … Federal agencies are taking great strides to improve their response times to Freedom of Information Act requests as part of an executive order issued by Bush in December, said Daniel J. Metcalfe, director of the Justice Department's office of information and policy."

CIVIL RIGHTS:

FBI Explains Capabilities In Probe Of Mississippi Jail Death. The Biloxi Sun Herald (9/3, Fitzgerald) reports, "The FBI, with deep pockets and unlimited resources, widens its net of interviews once the Justice Department's civil-rights division approves an investigation of alleged violence under color of law." The Herald continues, "The pockets are open and the resources are being tapped in that agency's scrutiny of the fatal jailhouse beating of Harrison County inmate Jessie Lee Williams Jr., based on FBI Special Agent John Raucci's explanation of the process." The Herald adds, "Justice's decision for a full-fledged federal investigation shows that what happened to Williams in the jail booking room on Feb. 4 is a serious concern, according to Raucci. … 'More often than not, a county or district attorney decides to hold their prosecution or it's a mutual agreement until the federal government has completed its investigation.' said Raucci. … 'These trials can take a long time and cost millions of dollars,' he said. … 'And don't forget, it's not double jeopardy if I charge you in the state and you lose. The federal government can get a second bite at that apple. You can be charged in the state and convicted and the federal government can also charge you separately under color of law and civil-rights violations.'" The Herald notes, "An FBI probe of claims alleging a law-enforcement officer's violation

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of civil rights could include hundreds of interviews, most with two FBI agents and attorneys present, he said. … Raucci has been the FBI's top official in Mississippi since a year ago, when he left an executive-level post at the bureau's Washington headquarters. … Raucci is the first government official at any level to discuss the procedures and options involved in a probe such as the one involving Williams' death."

ANTITRUST:

Realtors Fight For Control Of Listing Service. The New York Times (9/3, Darlin) reports, "When David and Annette Wolf decided that their family was outgrowing its Seattle area home, they also decided that they did not need much help finding a new one. … They combed Internet listings of homes for sale until they spotted a four-bedroom house on a cul-de-sac with a three-car garage and 2.5 acres. … But the seller's agent refused to show it to them. Why would she turn away an eager buyer? Not because of the Wolfs' race, creed or color. Instead, Mr. Wolf, a software engineering manager at the online directory InfoSpace, said he and his wife were shunned once the agent learned they used an online broker called Redfin." The Times continues, "Mr. Wolf said they turned to Redfin because it gives two-thirds of its sales commission (which is usually 3 percent of the sale price) to its customers. "I didn't want to pay 3 percent for the opening of a door," he said. But customers like Mr. Wolf — affluent and comfortable with the Internet — are a frightening prospect for real estate agents who, as a group, reap at least $60 billion a year in commission income. … Redfin and other innovators, including ZipRealty and BuySideInc.com, are using technology to reduce costs and to save time for their brokers. Agents don't find and recommend homes — customers do that on their own, using Internet listings — and that enables agents to charge less for the services they do provide, chiefly handling the paperwork and negotiations." The Times adds, "The Internet has radically changed the way consumers buy books and airline tickets, trade stock and learn news. But the real estate industry has resisted change — and protected its commission structure — by controlling the information on its Multiple Listing Service database of properties for sale. … In many cities, real estate agents have tried to restrict access to M.L.S. information or to limit its use on the database. Some have asked state legislatures to pass laws forcing brokers to offer certain levels of service, a move that Mr. Kelman sees as intended to squeeze out discount brokers. … The Justice Department and the Federal Trade Commission have fought these tactics in Texas, Kentucky, Tennessee and Oklahoma, among other states, and the department is suing the National Association of Realtors, the powerful trade group of agents and brokers, over what it calls anticompetitive rules. … 'Where it comes to our attention that significantly anticompetitive state laws or regulations are under consideration, we approach state officials to advocate that they take into account the benefits to consumers of a more competitive approach,' said J. Bruce McDonald, deputy assistant attorney general for the antitrust division of the Justice Department. … The battle by the traditional agents reveals how vulnerable the broker's 6 percent commission has become. Agents are quick to point out that the average commission may be closer to 5 percent — a 17 percent decline over 10 years, they say — but no one knows for sure because no one collects data on that."

ENVIRONMENT/INDIAN AFFAIRS:

Pennsylvania Family Farm Is Focus Of Federal Wetlands Case. The Pittsburgh Post-Gazette (9/3, Hopey) reports, "Robert Brace rolls into his rough-hewn wood-paneled office, thrusts out a meaty hand and, even before he sits down, is talking fast from beneath his mesh Pennsylvania Landowners Association ball cap." The Post-Gazette continues, "He's driven here to sandwich an interview between two meetings 20 miles away in Erie, and doesn't have much time, maybe an hour, to talk. It's clear, though, that the robust, 68-year-old former cabbage farmer turned nationally known property rights advocate wouldn't downshift even if he could. … That's especially true when the subject is the Aug. 4 federal court decision that denied his claim that using environmental regulations to prevent him from draining, filling and farming a wetlands amounts to a taking, for which he should be paid. … 'I don't like thieves and I don't like thievery, and that's what the government is doing,' said Mr. Brace, who has framed, autographed photos of President Bush and Vice President Dick Cheney on his office bookshelf. 'What right does the government have to control my land? If I can't use it, we shouldn't be debating if I am entitled to compensation.' … But where Mr. Brace sees regulators gone wild, the federal judge in the case and mainstream legal experts see court decisions in step with more than 100 years of precedents that allow government to regulate land use for purposes of protecting other property

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owners, and benefiting communities, public safety and the environment." The Post-Gazette notes, "Still, Mr. Brace is revved up, in part because he's angry about the decision by the U.S. Court of Federal Claims in Washington, D.C., and because he senses a watershed moment for a property rights movement in Pennsylvania that, in recent years, has gone as dormant as a fallow farm field."

Drought Leads To Massive Crop Losses. The Los Angeles Times (9/3, Hart, 918K) reports that due to a drought, "Crop and livestock losses have reached a record $4.1 billion in Texas alone this year, nearly double the $2.1 billion mark set in 1998, according to Texas Cooperative Extension economists. The projected loss for rural businesses that provide equipment and services to Texas farmers and ranchers is an additional $3.9 billion." The report adds, "'It's as bad as it gets,' said Texas A&M University agronomist Travis Miller."

Norway Technology Saves Money, Environment. The Los Angeles Times (9/3, Hotz, 918K) reports, "Since 1996, Norway's largest petroleum company — Statoil — has been injecting 1 million tons of carbon dioxide every year from the Sleipner complex into undersea sediments to keep the potent greenhouse gas from venting into the atmosphere. Statoil's engineers aren't doing it to save the environment, but to save money." The report adds, "The Sleipner injection facility, which cost about $80 million to build, saves Statoil $53 million every year in Norwegian taxes on carbon dioxide emissions. In areas such as California — where lawmakers passed a bill last week to curb industrial carbon dioxide emissions 25% by 2020 — the Sleipner platform is a harbinger of the future of fossil fuels, in which energy companies and power utilities retool for new greenhouse gas standards."

Floating Natural Gas Terminal Proposal Sparks Controversy. The Los Angeles Times (9/3, Polakovic, 918K) reports, "Building a floating liquefied natural gas terminal 14 miles off the Ventura County coast may be safer than putting it on shore, but the proposed $800-million project has triggered intense opposition over its effect on air quality in smoggy Southern California. About 12,000 coastal residents have filed comments, mostly in protest, about a draft air pollution permit the U.S. Environmental Protection Agency is preparing for Australia-based BHP Billiton, one of the world's largest energy companies." According to the report, "Environmentalists say BHP's project fails to meet Clean Air Act requirements because the EPA is not holding it to the rigorous standards that would apply if it were built on land. … But Renee Klimczak, president of BHP Billiton LNG International, said the project would not only provide California with a reliable source of low-polluting energy, it would aid in the fight for clean air."

Udall Proposal Would Allow Veterans Cemeteries On Native American Reservations. The New York Times (9/3, Chmela, 1.21M) reports, "Traditionally, when American Indians are killed in battle, their remains are returned to their tribal lands for burial. But for the families of the many Indians who join the United States military, death brings a difficult choice: The veterans can be buried in a national veterans' cemetery with fellow comrades in arms. Or they can be buried close to home on tribal land." However, the Native American Veterans Cemetery Act, written by NM3 Rep. Tom Udall (D), "would authorize states to provide grants financed by the Department of Veterans Affairs for the development or improvement of veterans' cemeteries on tribal land. At present, tribal governments are not eligible for department money." The measure was unanimously approved by the House Veterans Affairs Committee in June and "[b]oth the House and the Senate included it in comprehensive veterans' bills approved last month. The next step is for those bills to be reconciled by a conference committee after Congress returns in September."

FBI/DEA/ATF/USMS:

Congress Chided For Lax Gun Law Effort. The Los Angeles Times (9/3, 918K) writes in an editorial, "The Bush administration has blocked collecting data on gun sales and crime. Now Congress wants to go even further." Lawmakers are "expected to vote on a package of bills that would make it harder to track other kinds of information. One would bar the federal government from releasing gun-crime data of any kind. Another would make it a felony for a law enforcement agency to share information about gun data with another jurisdiction." The Times adds, "The gun industry says this kind of information has no value to the public at large and that law enforcement agencies could use it to harass dealers. That's nonsense. What they're probably worried

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about is that such information could show how to make gun-control laws more effective."

IMMIGRATION:

9/11 Victims' Widows In The US Illegally Fear Deportation. The New York Times (9/3, A1, Buckley, 1.21M), in a front-page story, reports that some widows of 9/11 victims who received government compensation are in the US illegally and fear deportation. Mark Thorn, a spokesman for Immigration and Customs Enforcement, "said the agency could not comment on specific cases, but confirmed it was not focusing on the families. … Legislation before Congress would grant green cards to the illegal immigrants who received money. But the measure, attached to the Senate's immigration bill, is deadlocked with the entire package."

Protestors In Los Angeles Oppose Deportation Of Illegal Immigrants. The Los Angeles Times (9/3, Lin, Rohrlich, 918K) reports, "More than 1,000 marchers took to the streets of downtown Los Angeles on Saturday to call for a general amnesty for illegal immigrants and highlight the troubles of women facing deportation. Organizers put the crowd at 5,000, while police estimated 1,500. … Saturday's demonstration focused largely on undocumented immigrant women threatened with deportation. It spotlighted the case of a cleaning woman from Mexico who has taken refuge in a Chicago storefront church to avoid being deported. Elvira Arellano, 31, was arrested in 2002 for using a fake Social Security number to obtain a job at O'Hare International Airport and has been fighting since then for permission to stay in the country with her 7-year-old U.S.-born son."

Georgia Guardsmen Help Patrol New Mexico Border. The Atlanta Journal Constitution (9/3, Tharpe) reports on a stretch of border near Deming, N.M., "This is the place, about a half-mile north of Mexico, where 150 members of the Georgia National Guard have spent the past two months in a stepped-up fight against illegal immigration. And they are having an impact, say the U.S. Border Patrol agents they assist." The Journal Constitution adds, "Georgia Guard troops patrol seven observation points scanning about 54 miles of the border -- about 1/40th of the entire U.S.-Mexico border."

Thousands Of Illegals Sail To Puerto Rico Every Year. The CBS Evening News (9/2, story 9, 3:00, Assuras, 7.66M) reported, "Most of the talk about immigration is about controlling the flow from Mexico into the United States. Well, there's another human smuggling route hundreds of miles from the U.S. mainland that you rarely hear about. We went there for an exclusive look, and that's tonight's "Weekend Journal." These are the inviting crystal-clear waters of the Caribbean off the western coast of Puerto Rico. Since the island is a U.S. commonwealth, these seas are just as much a porous border as the one between Texas and Mexico. On the lookout here for illegal migrants is the Air Marine Unit of the Customs and Border Protection Agency. We joined them for an exclusive firsthand look at their Patrol operation." CBS reported that in the last year, "4300 illegals have been caught. So far this year, almost 3,000. Most are Dominicans, but increasingly the migrants are Cubans, some 660 this year. The Cubans set sail from the Dominican Republic aiming for Mona Island, just 38 miles away. That trip is only a third of the more commonly risky route from Cuba to Florida."

TAX:

IRS Focusing On High-Income Audits. The AP (9/3, Dalrymple) reports, "The Internal Revenue Service has been auditing more high-income taxpayers but may not be effectively going after one of the biggest problems -- wealthy people who evade taxes by reporting too little business income or overstating business expenses. The reason is that IRS auditors most often conduct audits of high-income taxpayers by correspondence, said a report by the Treasury office that oversees the tax collection agency's operations"

CONGRESS-ADMINISTRATION:

McClellan Expected To Resign As CMS Administrator. The Dallas Morning News (9/3, Hillman, 500K) reports CMS Administrator Mark McClellan "is set to resign, sources familiar with his decision said Saturday. An announcement is expected as early as Tuesday, said one of the sources, speaking on the condition of anonymity. … McClellan could not be reached Saturday. And neither the White House nor a spokesman for the Centers for Medicare and Medicaid Services had any comment about his planned departure. Another source, also speaking on the condition of anonymity, said Dr. McClellan had been considering moving on for some time and would probably pursue new opportunities in the private sector or in academia."

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Bush Said To Advocate Reviving Social Security And Tax Reform Proposals. Syndicated columnist Robert Novak (9/3) writes President Bush, "in private conversation, is talking about trying to revive his tax and Social Security reform proposals after the 2006 elections." However, Novak notes, "If Democrats gain control of the House in this year's elections, Bush's tax and Social Security proposals will face a cold reception in a House Ways and Means Committee headed by Rep. Charles Rangel."

Bush Also Pressing For Ratification Of Free Trade Agreement With Vietnam Before November. Novak (9/3) also notes, "A free trade agreement with Communist Vietnam is included in the Bush administration's must list for the September session. President Bush will visit Vietnam in November after the elections and wants the agreement approved by then."

GOP Congressional Leaders' Focus On National Security Obscures Domestic Priorities. The Washington Post (9/3, A3, Weisman, 748K), in an article titled, "GOP Focus On Security Issues To Sideline Other Matters," reports, "Congress will return to Washington this week with the Republican majorities in both chambers at risk and GOP leaders planning to turn the floors of the House and Senate into battlegrounds over which political party can best protect the country from terrorists and other security threats. But in devoting the few remaining legislative days almost exclusively to security issues, Republicans will leave major domestic tasks undone, including President Bush's prized immigration overhaul and long-promised legislation to toughen the restrictions on lobbying after a wide-ranging corruption scandal. No budget plan for 2007 will be completed. Promised relief for seniors struggling with their Medicare prescription drug plans will have to wait. … That has some Republicans worried." Rep. Thaddeus McCotter is quoted as saying, "The emphasis they're putting out there now is related to world events and the fact that the national economy is not facing what Michigan is facing. But if you're hungry, you've got less time to delve into international affairs."

The Washington Post's David Broder (9/3) writes, "In an interview last week, one of the Republican leaders of the House told me that in the 21 districts he visited during the August recess, including those in his own Midwestern state, immigration vies with Iraq as a matter of major concern to the voters. Does that mean, I asked, that you're likely to try to complete a final version of the immigration reform bill, endorsed by President Bush and passed in different forms by the House and Senate? 'No,' said the GOP leader, who spoke without attribution in the interest of candor. 'The voters would rather we get it done right than done fast. I don't look for any action in September.'

Fed And FTC Blamed For Holding Up Congressionally-Mandated Homeowner Protection. The Los Angeles Times (9/3, Harney, 918K) reports, "A congressionally mandated consumer protection of huge potential value to home mortgage applicants has been paralyzed because two federal agencies have not published required regulations, 33 months after the legislation was signed into law. The new consumer protection, created by the Fair and Accurate Credit Transactions Act of 2003, covers loan applications in which a lender uses a 'risk-based pricing' system that taps into an applicant's credit files. … Congress ordered lenders to issue risk-based pricing notices whenever credit file data causes them to quote rates or fees that are 'materially less favorable.'" Congress "also directed the Federal Reserve Board and the Federal Trade Commission to issue regulations describing the content, scope and format of the notices. So far, the two agencies have issued nothing."

Protesters Moving From Bush's Home To Washington. The AP (9/3, Brown) reports, "About 100 war protesters ended a monthlong vigil near President Bush's ranch with a rally on their campsite Saturday, and planned to move the demonstration close to the White House. … The two-week 'Camp Democracy' demonstration starts Tuesday on the mall in Washington, centering on issues including the war, environment, health care and attention to Hurricane Katrina victims, organizers said."

Choice For New Space Vehicle Maker Lauded. In a news analysis in Time (9/2, 4.03M) Jeff Kluger writes, "By awarding the contract for the next generation Orion space vehicle to Lockheed Martin, NASA finally got something right. But will Washington have the political will to complete the trip? It was a long, long time in coming, but NASA's manned space program finally got one right. Thursday's announcement that the contract for the next generation crew exploration vehicle -- now dubbed Orion --

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had been awarded to Lockheed Martin was the right spacecraft to the right company at the right time."

OTHER NEWS:

Concerns Raised About Wage Inequality. Following the release Friday of new figures showing payroll gains for June and July were revised up slightly, prominent US newspapers like the New York Times and the Washington Post published analyses of wage inequities. Introducing one of seven "Week in Review" articles published by the New York Times (9/3, 1.21M) David Leonhardt writes, "What seems clear from the recent data is that the United States has fallen into a new period of wage stagnation -- a sequel to another such period lasting from the mid-1970's until the mid-1990's -- that has begun to darken the public mood." Leonhardt states, "There is little indication that policy makers of either political party are close to a solution to the pay slump -- or even an attempt at one. In Jackson Hole, Wyo., nine days ago, Ben S. Bernanke, the Federal Reserve chairman, gave a speech arguing that freer trade and new technologies had greatly lifted living standards over the course of history. But further progress 'should not be taken for granted,' he added, in large part because unequal gains were creating political opposition to the economic changes." But "strikingly," he "did not suggest a single possible solution. These are not simple problems."

Report Suggests Workers Benefit From Union Membership. The New York Times (9/3, Walsh, 1.21M) reports that according to the Employee Benefit Research Institute "government employees were doing better" than private-sector worker. For government workers, one "hour's worth of their work cost governments $24.17 in wages and salaries, plus $11.29 in benefits. An hour's worth of work in the private sector cost employers $17.21 for wages and salaries, plus $7.03 for benefits." That "gap reflects big differences in the composition of America's work force." The Times suggests this is because government workers benefit more than private sector workers from belonging to unions.

More Women Work Longer Years. The New York Times (9/3, Norris, 1.21M) reports that among employment trends, "perhaps the most notable trend is that men and women are both much more likely to keep working than were their parents in what used to be known as the golden years." Although unemployment is low, "another way to look at the numbers is to study the percentage of the entire population who have jobs." Statistics show the "proportion of women ages 65 to 69 holding jobs has increased by 8.8 percentage points over the 20 years. Is that because they love their jobs, or because they need the money? Yes."

Government Fails To Track Cuts In Wages. The New York Times (9/3, Uchitelle, 1.21M) reports, "A number is missing. No one knows how many American workers have agreed to accept, however reluctantly, a cut in their wages or benefits or both in recent years." The government "doesn't add up the number of people who have forfeited big chunks of their pay and benefits, and neither do unions or academic researchers." And "there has not been enough political pressure for an accurate count of those affected. That is partly because many workers and unions have agreed to the concessions to preserve jobs."

Economists Concerned About High Level Of Personal Debt. The New York Times (9/3, Greenhouse, 1.21M) reports that "debt payments now consume 19.4 percent of the income of the average American family, and 23 percent of the families in the bottom two-fifths of families by income devote at least 40 percent of their income to debt payments. With debt burdens so high, some economists fear a new wave of foreclosure and personal bankruptcies now that interest rates have climbed."

Corporate Executives Earn In One Day Teachers' Yearly Salary. The New York Times (9/3, Herring, 1.21M) reports, "According to the American Federation of Teachers, the state with the highest average pay for teachers in 2003-04 was Connecticut, at $56,516; the lowest was South Dakota, at $33,236." In contrast, "Pick a corporate chieftain -- say, Jeffrey R. Immelt of General Electric. He earns $15.4 million a year. Every single day -- including Thanksgiving and Christmas -- he makes almost what the average teacher does for a year of taming wild children, staying up nights planning lessons, and, really, helping to shape a generation."

US Continues To Attract Foreign Labor. In the one positive article in its review of wage inequalities, the New York Times (9/3, Bajaj, 1.21M) reports, "Whatever you may think about the state of the American labor market or the impact of immigrants on it, there is no denying that the right to work and live in the United States remains highly coveted."

Polls Show Workers Dissatisfied With Pay And Benefits. Amy Joyce in her "Life at Work" column in the Washington Post (9/3, F1, 748K) writes, "This Labor Day, workers are saying their biggest work problems are mostly economic. Their pay is not keeping up with increasing

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health-care costs or other increases in living expenses. They are disgruntled enough to look for work on the job. Retirement 'security' isn't secure." For example a poll for the workforce management company Kronos found "61 percent of employed adults say they are not experiencing the benefits of an improved economy in their work lives, a four-percentage-point increase from last year's survey."

Study Shows Little Growth In California Wages. The Los Angeles Times/AP (9/3) reports, "Wages for the vast majority of Californians have barely kept pace with the cost of living in the five years since the last recession, according to a new study." According to the California Budget Project, "From 2003 to 2005, workers in the low and median ranges saw little or no wage growth, while those at the high end of the wage scale saw increases of barely 1%, according to the study to be released today."

National Testing Standard Under Consideration. In a front page story the Washington Post (9/3, A1, Matthews, 748K) reports, "Many states, including Maryland and Virginia, are reporting student proficiency rates so much higher than what the most respected national measure has found that several influential education experts are calling for a move toward a national testing system. The growing talk of national testing and standards comes in the fifth year of the No Child Left Behind era."

Fewer Achieve Perfect Score On SAT. The New York Times (9/3, Lewin, 1.21M) reports, "When it comes to the SAT, perfect is now a whole lot harder. But take heart if you favor cursive over printing, the third person over the first, and more over less. You may have an edge." The report adds, "More than 1,000 students got a perfect 1600 last year, when the college-admissions test consisted of the time-honored two 800-point sections, verbal and math. But now that the test has been revamped and expanded to nearly four hours, with a new writing section that includes an essay, the average scores have dropped by seven points — and only 238 students received the new perfect score of 2400."

Rove Portrayed As Struggling To Convince GOP Candidates To Heed His Advice. The New York Times (9/3, A1, Nagourney, Rutenberg, 1.21M), in a front-page story, contends that Karl Rove "is struggling to steer the Republican Party to victory this fall at a time when he appears to have the least political authority since he came to Washington, party officials said." According to the Times, GOP candidates "are disregarding Mr. Rove's advice, despite his reputation as the nation's premier strategist. They are criticizing Mr. Bush or his policies. They are avoiding public events with the president and Mr. Rove." The Times cites Michigan GOP Senate candidate Dick DeVos's "searing attack on the president for failing to meet with the leaders of the Big Three automakers." Near the end of the article, the Times adds, "Rove's associates say he appreciates the need of candidates to distance themselves from the White House to win. But he was described as angered by candidates who he thought were going too far in criticizing Mr. Bush out of concern that attacks could further damage an already weakened president, they said." Rove "has warned associates that a Democratic takeover in Congress would…invite two years of potentially crippling investigations into the administration," but the Times also reports, "associates described [Rove] as displaying relentless optimism about an election that is filling Republicans with a sense of doom." Near the beginning of the article the Times notes, "The White House said that Mr. Rove would consider an interview for this article if it were conducted off the record, with the provision that quotations could be put on the record with White House approval, a condition it said was set for other interviews with Mr. Rove. The New York Times declined."

GOP Countering Democrats' Attempt To Make Election A Referendum On Bush. The AP (9/3, Espo) reports Democrats, "hope to make the election a referendum on the president and his party. … 'The (political) environment is very challenging,' conceded Ken Melhman, Republican Party chairman. 'The single most important thing that is critical to Republican success is making this a choice and not a referendum. There are two very different strategies for how to prosecute a global war. The reason there is going to be a choice is there are real differences.' It's a point that Bush, Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld have all made in recent days as they seek to cast the war in Iraq as central to a broader war on terror."

Midterm Losses Experienced By The President's Party Analyzed. In a "Week in Review" piece for the New York Times (9/3, 1.21M) David Greenberg, in an analysis of previous midterm elections, reports that President Bush "is having a bad year" and "has cause to worry about the coming midterm elections. The party occupying the White House

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almost always loses seats in midterms. One theory political scientists give to explain this tendency is called 'surge and decline.' It notes that most presidents have coattails when they are elected, carrying the party's candidates into Congress. But in other years those legislators have to run without the presidential surge, and many lose. But the extent of a party's losses can vary. A different theory of voting behavior, which considers midterm elections to be a referendum on the president, helps explain why. Evidence suggests that when voters support the president — especially his handling of the economy — his party loses fewer seats than when they're unhappy. Some scholars have also noted that midterm turnout is highest among people who want to punish the president, which helps to account for his party's ill fortunes." However, Greenberg notes, "Sophisticated methods of redistricting have made some Republican House seats safer. Invigorated Republican get-out-the-vote efforts have invalidated the old rule that high turnout helps the Democrats."

At Least Forty House Races Now Considered Competitive. The Washington Post (9/3, A1, Balz, Broder, 748K), in a front-page story titled, "More GOP Districts Counted As Vulnerable: Number Doubled Over the Summer," reports, "Over the summer, the political battlefield has expanded well beyond the roughly 20 GOP House seats originally thought to be vulnerable. Now some Republicans concede there may be almost twice as many districts from which Democrats could wrest the 15 additional seats they need to take control. President Bush's low approval ratings, the sharp divisions over the war in Iraq, dissatisfaction with Congress, and economic anxiety caused by high gasoline prices and stagnant wages have alienated independent voters, energized the Democratic base and thrown once-safe Republican incumbents on the defensive." According to the Post, "Privately, many Republican strategists fear there may be no way to prevent the Democrats from winning the House. … One prominent consultant -- who like many of the people interviewed for this article spoke on the condition of anonymity to offer candid appraisals -- put the odds of a Democratic takeover at 75 percent. Another strategist who has worked as part of Bush's campaign team said he believes there is a 9-in-10 chance that Republicans will lose their 12-year-old House majority." The Post goes on to report, "Republicans face potential losses in every section of the country, but the area that concerns strategists most is the arc of states running from the Northeast across the Midwest. There are three GOP incumbents at risk in Connecticut and four districts in Pennsylvania that could flip in November. In New York, Republicans worry that Sen. Hillary Rodham Clinton (D) and likely Democratic gubernatorial nominee Eliot Spitzer will roll up such large margins that several GOP-held districts could be caught in the undertow. … Even more worrisome to the Republicans is Indiana, where three House incumbents…could fall to Democratic challengers."

The Los Angeles Times (9/3, Hook, 918K) reports, "Early this year, the nonpartisan Cook Political Report identified 42 House Republican seats as competitive; now it lists 55. The analysis sees only 20 House Democrats in competitive races. Democrats, who need to gain 15 seats to win control, also have narrowed Republicans' traditional advantage in fundraising. The mood of the electorate continues to be clouded by deteriorating conditions in Iraq. 'That's a recipe for a GOP disaster, and there is no reason to believe that things will change dramatically between now and election day to improve Republican prospects,' said Stuart Rothenberg, editor of a nonpartisan newsletter that recently predicted a Democratic takeover of the House.

Dean Blamed For Democrats' Disappointing Fundraising. Syndicated columnist Robert Novak (9/3) writes, "Lifetime Democratic contributors have made good on their threat to stop giving money to the Democratic National Committee (DNC) so long as Howard Dean is its chairman. Some of the party's longtime money men warned that would happen when Dean took over the DNC following the 2004 elections. Lower contributions, combined with Dean's heavy spending, have resulted in the most recent cash-on-hand report by the DNC of $11.3 million, compared with $43.6 million at the Republican National Committee.

With Eye To Presidential Primaries, Clinton Adjusts Her Message On Iraq War. The Washington Times (9/3, Fagan, 88K) reports Sen. Hillary Clinton "has strong support in New York state, where she is expected to cruise to a second Senate term. An issue beginning to dog her, however, is the war in Iraq, and some observers say it will only get worse as 2008 nears. 'She has to move to the left on the war,' said John Zogby, president of an international polling firm. She 'risks losing a chunk' of the liberal vote if she doesn't. With more than 80 percent of

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Democrats stridently opposing the war, along with a small but growing percentage of Republicans, the debate is starting to shift, he said, adding that an anti-war candidate with a plan to end Iraq occupation could do well in 2008." When asked Friday about the war, Mrs. Clinton said, 'I've been a constant and consistent critic. I've also tried to work within the fact that this president has made decisions and a series of strategic blunders. ... I have a situation that I'm trying to figure out how we're going to deal with.'"

Rumor That Clinton Will Not Seek 2008 Nomination Persists. The Sunday Times UK (9/3), in an article currently featured prominently atop the Drudge Report, claims, "Friends of Hillary Clinton have been whispering the unthinkable. Despite her status as the runaway frontrunner for the 2008 Democratic nomination for president, some of her closest advisers say she might opt out of the White House race and seek to lead her party in the Senate." As evidence the Times cites the "One well-respected blog, The Washington Note," which "recently claimed" that Sen. Harry Reid "privately told Clinton the job was hers if she gave up her presidential ambitions. Reid's office denied it, but the claim made its way into the Los Angeles Times where it was suggested she would make a 'superlative Senate leader' while keeping her options open for the 2012 presidential race."

NYTimes Endorses Clinton, Contrasts Her And Lieberman. The New York Times (9/3, 1.21M) in an editorial writes, "The Democratic primary for senator in New York, which pits Hillary Clinton against an antiwar candidate, Jonathan Tasini, is not shaping up as a nail-biter. Mrs. Clinton has one of the best-known names on the planet, far more campaign money than she needs and an enormous lead in the polls. … This page recommended voting for Ned Lamont over Mr. Lieberman in the primary. Today — not to prolong the suspense — we're endorsing Mrs. Clinton. It seems like an excellent time to discuss her record on the war. Mrs. Clinton and Mr. Lieberman have behaved very differently on the Iraq issue from the beginning. In 2002, Mr. Lieberman stood next to President Bush in the Rose Garden when he announced an agreement on a resolution to authorize use of force. Mrs. Clinton, on the other hand, urged that the resolution be regarded not as a go-ahead to invade, but as leverage in negotiations with the United Nations. She argued in the Senate debate that the president should work to get strong United Nations backing for a demand that Saddam Hussein allow weapons inspectors back into Iraq. If that failed, she said, the United States' effort would still win it international support for an invasion later."

Webb's Son Will Be Deployed To Iraq This Week. The Washington Post's Michael Shear (9/3, C1), in a lengthy analysis piece, writes Sen. George Allen "will saddle up tomorrow for his Labor Day trot down the main drag in Buena Vista, the traditional kickoff of Virginia's election season, and what might be the toughest test of his decades-long political career." Allen "spent the first half of 2006 courting out-of-state voters who might make him president, and, in early polls, he led former Navy secretary James Webb by double digits in his bid to return to the Senate to represent Virginia. That was before Allen was forced to apologize for calling a Democratic aide 'macaca' at a campaign stop and welcoming the young man of Indian descent to 'America and the real world of Virginia.' In a flash, his presidential dreams have given way to a tougher than expected reelection campaign." Shear goes on to write, "The war is supposed to be Jim Webb's silver bullet. This week, he will see his son, Jimmy, deploy with his Marine unit to a war that his father warned against years ago. The elder Webb, himself a decorated veteran of the Vietnam War, said he will continue to wear desert combat boots to symbolize what he calls a failed war that threatens to divert attention from terrorism."

Top Analysts Now Consider Tester As Favorite Over Burns. The Los Angeles Times (9/3, Verhovek, 918K) reports, "When the campaign for U.S. Senate here is over and voters have been saturated with as much as $20 million worth of advertising — in a state of just 935,000 people — it is possible that Montanans will decide whether to send Jon Tester to Washington, D.C., based on who he is not. He is not Conrad Burns — not the three-term, gaffe-prone Republican incumbent who was the top recipient in Congress of money linked to Jack Abramoff, the lobbyist who pleaded guilty to conspiring to bribe lawmakers. Yet with both sides deep into what is widely regarded as one of the nation's fiercest and most competitive Senate races this year — the candidates are even in some polls — voters are also starting to focus on just who Tester is." According to the Times, "Tester, 50, is a third-generation wheat farmer from the golden plains of north-central Montana. He's a burly, no-nonsense person, with a flattop haircut and three fingers missing on his left hand, lost in a meat-grinder accident when he was 9." The Times adds, "Many nonpartisan political

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experts rate the race a toss-up, but at least two of them — influential analysts Stuart Rothenberg and Larry J. Sabato — have moved their assessment of the race to Tester's favor."

Kean And Menendez Trade Allegations Of Corruption. The Philadelphia Inquirer (9/3, Fleming, 399K) reports, "In New Jersey's increasingly brutal U.S. Senate race, words like shakedown, corruption and impropriety are uttered so much it seems out of place not to hear them." Sen. Robert Menendez "constantly blasts his Republican opponent, State Sen. Thomas H. Kean Jr., for not supporting legislation to ban smoking in casinos after accepting money from casino interests, among other allegations. The new Menendez catchphrase: 'quid pro Kean.'" Kean "goes after Menendez for pocketing $329,000 as a landlord of an antipoverty organization for which Menendez lobbied to get federal funding while in the U.S. House. Menendez, a Kean spokeswoman says, is so corrupt that he 'is an indictment waiting to happen.'

Debate Has The Potential To Shift Dynamics Of Santorum-Casey Race. The Philadelphia Inquirer (9/3, Budoff, 399K) reports, "Simple but unflattering, the $3 bumper sticker sums up the plight of" Sen. Rick Santorum and Bob Casey Jr. -- "Bob Casey: Well... he's not Santorum." According to the Inquirer, "It illustrates how the appetite for Santorum's defeat is so strong among many Democrats - abortion-rights advocates, Iraq war opponents, and liberals - that they are willing to overlook key differences with Casey. But the tepid endorsement also underscores Casey's shaky standing - with broad, but not necessarily deep, support. Santorum faces the opposite problem: dedicated backers, but perhaps not enough of them. … Voters remain dissatisfied with President Bush and the direction of the country. Santorum holds the fund-raising edge, but lags in the polls. And Casey continues to run a low-key campaign aimed at minimizing his exposure. The dynamics could shift after Santorum and Casey appear on NBC's Meet the Press today."

Casey Seen As "Standard-Bearer" For Moderates Democrats. The Los Angeles Times' Michael McGough (9/3) writes, "Today, voters in Pennsylvania will get their first comparative view of the candidates in a race that will be (pick your cliche) crucial, pivotal or decisive in the Democratic Party's attempt to regain control of the Senate. Perhaps fittingly for what has become an iconic contest," Santorum and Bob Casey "will tangle for the first time in a joint interview on national television, on NBC's 'Meet the Press.' With polls continuing to show Casey ahead — albeit by a narrowing margin in most surveys — Democrats profess optimism that their candidate, the son, namesake and ideological protégé of a popular former governor, will ride family coattails, disaffection with President Bush and anti-incumbent sentiment to a victory over Santorum." McGough contends that Casey "is the standard-bearer for the argument that there are still votes to be gained through Clinton-style moderation. … A Casey victory — especially if it contributed to Democratic control of the Senate — would shore up centrists as the party moved toward presidential primaries in 2008."

Santorum's Roots In Western Pennsylvania GOP Noted. The Pittsburgh Post-Gazette (9/3, O'Toole, 241K) reports Sen. Rick Santorum's "rise, and that of his GOP allies, are a part of a broad national story of the transformation of American politics -- the ascendance of the conservative wing of the Republican Party. But to a startling extent, the Western Pennsylvania chapter of that saga is more personal story, one in which a relatively small band of partisans, familiar to one another from the first steps of their political careers, nurtured and fed on the changing voting patterns of the region and the state. … In Western Pennsylvania…all of Republican politics is seemingly governed by the rule of one degree of separation from Rick Santorum.

Cardin's Age And Baltimore Background Seen As Handicaps. The Washington Post (9/3, C1, Ruane, 748K) reports Rep. Benjamin Cardin's experience – "the hundreds of votes he has cast and the quiet, workhorse reputation he has acquired -- could work against him this time, with an electorate in a decidedly anti-incumbent mood and a throng of candidates in the Democratic primary scrambling to be considered the outsider. … After 20 years in Congress, Cardin is 62. During a televised debate last week with his chief opponent, former congressman and NAACP president Kweisi Mfume, 57, the graying Cardin appeared much the older man. Cardin also has a strong Baltimore accent, which does not lend itself to oratory and marks him as a son of the city in a state that stretches from the Eastern Shore to the Allegheny Mountains."

Harris Dismissed As A "Bumbling…Intolerant Party Pariah." Time (9/3, Liston, 4.03M) reports Rep. Katherine Harris "now finds

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herself imploding on the eve of the primary election next Tuesday, painted as a bumbling, Starbucks-swilling, intolerant party pariah. It is only thanks to her unknown and ineffective trio of opponents that Harris, 49, is nonetheless expected by many analysts and recent polls to win the primary — before undoubtedly losing the November election to incumbent Democratic Sen. Bill Nelson. … How the normally disciplined Republican machine let their primary for such an important office turn into a laughing stock is grist for comedy shows and conspiracy theories alike. Abandoned early and publicly by both state and national party leaders — everyone from Jeb Bush to Karl Rove reportedly tried to recruit an alternative candidate — Harris's every campaign stumble and fashion faux-pas has eclipsed virtually all other issues, even her questionable dealings with Mitchell Wade, the defense contractor who funnelled $32,000 in illegal contributions to her 2004 reelection campaign and has also plead guilty to bribing California congressman Duke Cunningham."

US Sugar's Influence Spotlighted In Democrats' Florida Gubernatorial Primary. The South Florida Sun-Sentinel (9/3, Kleindienst, Hollis, 265K) reports, "In the opening salvo of a last-minute blitz through voter-rich South Florida, Jim Davis took his fight for governor to the backyard of U.S. Sugar Corp. on Saturday, demanding to know why the company is helping bankroll a nearly $5 million assault on his record. After driving through miles of cane fields, Davis stood on the edge of Lake Okeechobee's Herbert Hoover dike, pledging to make Everglades preservation a priority and blasting the sugar-funded attack that has helped his rival, state Sen. Rod Smith, of Alachua."

Exit Polling Pioneer Mitofsky Dies. The AP (9/3) reports, "Warren Mitofsky, a survey researcher who pioneered the use of exit polls to cover elections and helped develop the sampling method used in most modern telephone polling, has died. … Mitofsky started conducting exit polls in 1967 for CBS News and developed the projection system and analysis system used by CBS and later by a consortium of news organizations that conducted national exit polls."

Anti-Incumbent Mood Could Benefit Potential Independent Candidacies. In an op-ed for the Washington Post (9/3, B2, 748K) Marc Ambinder, associate editor of the Hotline, writes, "For the first time since presidential candidate Ross Perot won nearly 19 percent of the vote in 1992, technology, egos and politics are colluding to lower the barriers to entry for credible independent candidates for national office. Signs abound that voters are moving beyond the two major parties and testing the free-agent market. And politicians are responding; the put-yourself-above-partisanship orientation is spreading, even during this midterm election season, when candidates typically seek to rouse the passions of their partisans. … Another signal that the potential for a system shakeup is serious: The smart people in both parties are seeking to profit from it. Strategists behind the polarizing presidential elections of Bill Clinton and George W. Bush have co-founded an Internet startup, HotSoup.com, that aims to harness the anxiety in the electorate."

Reporter Muses On Role Of Food In Presidential Campaigns. The Washington Post's Chris Cillizza (9/3) writes, "Modern presidential politics is littered with candidates who committed fatal food faux pas. Massachusetts Sen. John Kerry's request for Swiss cheese rather than Cheez Whiz on his cheese steak at a stop in Philadelphia during the 2004 campaign cemented the public's view of him as an out-of-touch Brahmin. … Food can humanize as well as dehumanize. Witness Bill Clinton's habit during the 1992 presidential campaign of making unscheduled visits to McDonald's for a Big Mac and fries. Clinton's weakness for fried food and the yo-yo-ing waistline that went with it helped the average voter identify with him."

Widow Of Former Texas Gov Connally Dies. The CBS Evening News (9/2, story 8, 0:10, Assuras, 7.66M) reported, "Nelly Connolly, widow of the former Texas governor, has died in Austin at the age of 87. She was the last remaining survivor among those in President Kennedy's limousine in 1963 when he was assassinated." The New York Times (9/3, 1.21M) also reported Connolly's death.

Scholar Says Poverty Measure No Longer Accurate. Nicholas Eberstadt, the Henry Wendt Scholar in political economy at the American Enterprise Institute, in an op-ed in the Washington Post (9/3, B1, 748K) that the latest US poverty rate report "was sobering, signaling short-run stagnation and deterioration over the past generation." But "the problem here lies less with actual living conditions than with the flawed and misleading poverty measure itself." Eberstadt argues, "With more access to credit, greater income swings from year to year, and improved nutrition,

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housing and health care, the life of America's poor is radically different today. Unless the nation's basic poverty indicators take into account such new conditions, any efforts to effectively redress poverty in America are bound to fail." The Washington Post (9/3, B3, 748K) includes a link to a list of the top ten poverty "strongholds" in the US.

Iranians Tout Negotiations In Talks With Annan. The New York Times (9/3, Hoge, 1.21M) reports UN Secretary-General Kofi Annan arrived in Tehran yesterday "for two days of talks in which he hoped to persuade Iran's leaders to throw their support behind plans for the future of Lebanon and to enter negotiations on the country's nuclear program." He met with Foreign Minister Manouchehr Mottaki, nuclear negotiator Ali Larjani and senior religious leader Ali Akbar Hashemi Rafsanjani. Today, Annan is slated to meet former foreign minister Kamal Kharrazi and President Mahmoud Ahmadinejad. Annan's staff said he "wants to secure Tehran's cooperation with the" IAEA. Larjani, who spoke to reporters with Annan after their meeting, is quoted saying, "Both sides agree and accept that the best solution to this problem can be found through negotiations." The Times says "one basis for talks is an offer of trade and aid incentives from the five permanent Security Council members" and Germany.

In a Saturday report entitled, "Annan Pushes Iran To Compromise On Nukes," the AP (9/3, Karimi) notes Annan "began meeting with Iranian leaders to press them to help cut off weapons shipments to Iran's Lebanese ally Hezbollah and to compromise in its nuclear confrontation with the West." The EU "is pursuing a last-ditch attempt at negotiations with Iran this week, and Annan said in a newspaper interview before arriving that he hoped for a diplomatic solution that would 'avoid another conflict in a region already subjected to a great stress at this moment.'" The AP said the "tone" of the Annan-Larjani meeting "was positive," with Larjani saying it "was 'constructive' and that 'both sides agreed that problems should be solved through negotiations.'" The AP predicted that Annan "faced a tough response" on the nuclear issue. The Washington Times/AP (9/3, Karimi) runs a modified version of the AP story, saying Tehran showed little sign it was ready to bend to Western demands that it immediately halt its suspect nuclear programs."

The Los Angeles Times (9/3, 918K) adds the EU "agreed to try to clarify Iran's nuclear stance within two weeks, and Iran told" Annan "it wanted fresh negotiations on the issue." Washington "said Friday it was consulting European governments about possible sanctions, but the EU signaled it wanted more discussions with Tehran, which says its nuclear activity is aimed at producing energy."

Overtures To Tehran Could Pay Long-Term, Not Short-Term, Benefits. In its "Week In Review" section, the New York Times (9/3, Slackman, 1.21M) asks, "Would reaching out to Iran, like agreeing to hold direct talks with Iran's president, do much to persuade Iran's leaders to give up their willingness to pursue a nuclear program at any cost?" The Times says most analysts believe such a "dramatic effort would probably fall flat, at least at first. Iran's leaders are certain the West wants to remove them from power, and so their first response, many analysts here said, would be to charge that Washington was laying a trap. The second reaction would be to say that the change validated the hard-line approach toward the West — that belligerence had worked, and that more intransigence would get more such results." Looking at the broader implications of a request from Washington for talks, the Times says it could prove "far more threatening to the leadership than the threat of economic or political sanctions." An Iranian religious leader is quoted saying, "Radicalism has always been supported and strengthened by the West," and the Times says moderate "sentiments cannot be influential in changing Iranian society while the United States talks of regime change and threatens sanctions."

Sanctions Not Forthcoming Because They Won't Work. Reporting on the UN Security Council's sanctions vow, the New York Times (9/3, Cooper, 1.21M) notes, "That was three months ago. Iran hasn't suspended anything, despite the passage of" the August 31 deadline. "The six countries that made the offer… are still debating what to do. And last week, the day after the deadline, European Union foreign ministers meeting in Finland called for more dialogue with Iran before any talk of sanctions." The Times says this "raises the question: When is a deadline not a deadline?" The answer is: "When a deal needs support from a bunch of different countries," and "When everyone is afraid that sanctions will hurt them as much as they'll hurt Iran," and "When few people think the sanctions will work anyway." The Times calls this last caveat "the crux of the problem," and says, therefore, "the deadlines keep sliding by."

Annan Says Holocaust Cartoons "Incite Hatred." In separate reporting, the AP (9/3, Karimi) reports Annan "raised concerns with officials over an exhibition of cartoons

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about the Holocaust that opened in response to Muslim outrage over the Prophet Muhammad caricatures." He is quoted telling Mottaki, "We should avoid anything that incites hatred," and he "said he had not seen the Holocaust cartoons." The exhibit, which opened last month, includes cartoons "submitted after the exhibit's co-sponsor, the Hamshahri newspaper, said it wanted to test the West's tolerance for drawings about the Nazi killing of 6 million Jews in World War II. The entries on display came from nations including United States, Indonesia and Turkey."

Khatami Sees "Key Role" For US Muslims In US Foreign Policy. The Los Angeles Times (9/3, 918K) reports former Iranian President Mohammad Khatami "said that U.S. foreign policy triggers terrorism and violence in the world, but American Muslims can play a key role in promoting peace and security." Appearing in Chicago at the beginning of his two-week US tour, Khatami said, "As America claims to be fighting terrorism, it implements policies that cause the intensification of terrorism and institutionalized violence." He also noted "a chronic misunderstanding between the West and the East."

Clift Predicts Bush Will Use Iran As Election Wedge Issue. In her column in Newsweek (9/3, 3.12M), Eleanor Clift says voters should "expect to hear the war drums on Iran" before November. "Some 63 percent of Americans oppose the Iraq war, according to the latest NEWSWEEK poll, and they deserve better from their president than a calculated verbal assault that calls them appeasers and Fascist sympathizers. This is a new low for Bush, but not surprising given his family history. The Bushes, father and son, traditionally run viciously negative campaigns to win elections." Clift adds, "It is unlikely Bush would attempt to attack Iran before the November election, but he'll make the willingness to undertake military action one of the bright lines between Republicans and Democrats."

Annan's Communications Chief Says He Condemned Hezbollah, Expressed Remorse For Israeli Casualties. In a Letter to the Editor of the New York Times (9/3, 1.21M), UN communications head Edward Mortimer says the Anti-Defamation League claimed, in its recent op-ed, that Annan "had not condemned Hezbollah and had shown no concern for the Israeli victims of the recent devastating conflict. In fact, Mr. Annan has repeatedly and publicly condemned Hezbollah's attacks on Israel, including in a statement to the Security Council on July 20. On July 30, he told the Security Council that 'over 50 Israelis have died, including 19 civilians, and the population of northern Israel has been subjected to intense and continuous rocket fire, and thousands are now in shelters.'"

North Korean Vehicle Movements Could Augur Missile Test. The AP (9/3) notes South Korean media reporting that Seoul and Washington "intelligence authorities have detected suspicious vehicle movements in and out of North Korea's major missile test site" in North Gitdaeryeong. Intelligence officials "do not rule out the possibility that it is part of North Korea's preparations for additional missile tests." The AP adds, "North Korea on Saturday accused the United States of threatening war against the communist country with its missile defense test, and vowed to boost its own self-defense to counter any U.S. attack. The North's angry reaction came in response to the U.S. successful test on Friday in destroying a mock warhead over the Pacific Ocean as part of its missile defense system."

Italians' Arrival Makes Lebanon Border Force A Reality. NBC Nightly News (9/2, story 8, 2:30, Seigenthaler, 9.87M) reported on the "fragile truce in the Middle East. The first wave of a peacekeeping force moved into Lebanon determined to uphold the cease-fire." NBC (Maceda): "U.N. officials were quick to point out they have the mandate to take Hezbollah or Israeli forces head on." UN Under-Secretary-General Jean-Marie Guehenno: "If you see people with guns ready to commit a hostile act the force will take action." Maceda: "But Kofi Annan said they will not disarm Hezbollah and veterans of earlier missions said these peacekeeping troops could have little impact." Former British UN Commander Colonel Bob Stewart: "Soldiers on the ground will be battered from both sides." But for the small contingent of UN forces from Ghana who have been acting as observers "the new arrivals are a huge morale boost. Three weeks into the truce Lebanon is already rebuilding, most refugees have returned home and now military experts say international troop can help seal the peace, or lose it."

The Washington Post (9/3, A15, Cody, 748K) reports, "Led by commandos who splashed ashore in black dinghies, a contingent of Italian soldiers landed in southern Lebanon on Saturday in the first substantial strengthening of the U.N. force assigned to guarantee a fragile truce along the border between Israel and Lebanon." The deployment "represented a down payment on the 6,900 soldiers that Italy, France and several other European nations have promised to send to

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create a reinforced version of the United Nations Interim Force in Lebanon, or UNIFIL, that repeatedly has been denounced by Israel as feckless in the 28 years since it was first deployed." The Post calls the enhanced border force "a key part of" the ceasefire, and notes Beirut announced it has deployed "more than 8,000 Lebanese soldiers" between the Litani River and the Israeli border. Also, Prime Minister Fouad Siniora said "controls along the border with Syria have been tightened with the dispatch of about 8,500 Lebanese soldiers and" security officers.

The AP (9/3, Pitman) reports, "The beefed-up peacekeeping force in Lebanon began to take shape Saturday as 1,000 Italian soldiers started moving in, the first large contingent of international troops dispatched to help" maintain the ceasefire." The "full 15,000-member force has not been assembled yet, but with several major Europeans countries on board with contributions, more pledges were coming in." Jakarta and Ankara made progress towards significant troop contributions to the border force.

In Tehran, Annan Builds Support For Ceasefire. In larger reporting focused on the Iranian nuclear crisis, the New York Times (9/3, Hoge, 1.21M) notes, "Aides said Mr. Annan's goal regarding Lebanon is to gain Iran's commitment to the Security Council resolution for a halt to the fighting and calls, among other things, for the disarming and dismantling of the Hezbollah militia, which Iran backs." Similarly, the AP (9/3, Karimi) says Mottaki "expressed Iranian backing for the U.N. cease-fire resolution in Lebanon, which calls for halting the flow of weapons to Hezbollah — though he did not directly address that issue."

Absent During War, Politicians Now Jockeying For Position. In a piece on internal Lebanese political divisions, the New York Times (9/3, Kifner, 1.21M) reports, "Two weeks into a shaky cease-fire between Hezbollah guerrillas and Israel, some of the big names of Lebanese politics are moving back onto the political stage. The result has been an open round of bitter political infighting and backbiting. Figures from various factions have attacked one another in newspapers and on talk shows." The Times notes Beirut "is dominated by figures from the American-backed groups that banded together in what is known as the March 14 alliance" that spearheaded last year's Cedar Revolution. General Michael Aoun and Siniora are challenging each other in the press, with Aoun asking Siniora to resign and accusing him "of working with 'foreign countries' against Lebanon's interests." Saad Hariri "has been slower to try to reclaim his standing. He returned from Saudi Arabia and elsewhere as the cease-fire was being declared, and has made a few speeches." The Times adds, "When the Lebanese talk politics, it is a quick descent into a Levantine labyrinth of old grudges, treasured grievances, remembered massacres and betrayals, and the hands of shadowy outside forces -- most of them probably true."

Hezbollah Commander Killing In Fighting. The AP (9/3) reports Hezbollah "announced Saturday the death of" Hajj Ali Mohammed Saleh Bilal "from wounds suffered in monthlong fighting with Israel, the highest-ranking guerrilla the group admits losing in the war." The AP notes the group "did not give his rank other than commander, meaning he was from the military wing. Lebanese security officials, speaking on condition of anonymity, said Bilal was a sector military commander, but had no further details."

Malaysia Offers To Contribute Troops. AFP (9/3) notes Malaysian Prime Minister Abdullah Ahmad Badawi "has said his country is intent on sending peacekeeping troops to Lebanon, but is still awaiting the green light from the United Nations. Malaysia has offered to send 1,000 soldiers to Lebanon to boost an expanded UN force, although Israel has objected because the two countries do not have diplomatic ties." AFP notes Tel Aviv has "dropped objections" it had over Jakarta's troop contribution despite its failure to recognize Israel.

Vital Tourism Dollars Not Likely To Return Quickly. McClatchy Newspapers (9/3, Fadel) reports, "With a two-week-old ceasefire holding, Beirut's nightclubs once again are filled with dancing young people, the streets are noisy with the sounds of traffic and fashionistas crowd the shopping districts. But this seeming return to normal masks a terrible sense of loss: The summer that was supposed to mark Lebanon's return as one of the world's premier tourist destinations is gone, and so is the confidence that made the country's business community eagerly press toward the future." Tourism experts had expected 1.6 million tourists this summer, and those visitors "were expected to spend $4.4 billion in Beirut's lavish hotels and upscale shopping district." The tourism ministry is contemplating "a moratorium on debt collections for tourist-related businesses so they won't be forced into bankruptcy," a compensation plan for "unemployed tourist-industry workers so they don't leave the country," and later "a $2.6 million marketing plan."

Tyre Struggles To Meld Tolerance With History Of Conflict. In a 5,834-word piece in its "Magazine," the New

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York Times (9/3, Anderson, 1.21M) details the efforts of Tyre, Lebanon, to recover from the recent conflict. It's "very geography was formed by war." During the recent fighting, "Tyre...became a city closing in on itself. Against the near-constant thrumming of invisible Israeli spy drones," Hezbollah "launched ever more Katyusha rockets toward Israel, drawing ever more Israeli bombing raids in response. As the city grew increasingly isolated from the outside world, rumors became the currency on the streets: there was about to be a peace deal; Israel had finally launched its much-delayed ground offensive; Hezbollah had Israeli forces pinned down just inside the border; the Israelis were sweeping north and might be in Tyre within hours."

Palestinian Teachers Strike For Full Pay. The New York Times (9/3, Myre, 1.21M) reports, "Most Palestinian schoolteachers went on strike on Saturday, the first day of the school year, in the latest protest over wages for Palestinian government employees who have gone largely unpaid for nearly six months. Other government workers also joined the strike in what was seen as the largest work stoppage since the Hamas-led government came to power in March." While Hamas leaders "opposed the strike and urged teachers to go to their classrooms," the "government employees' union, which has been aligned with Fatah…, supported the strike." The Times notes, "The government has paid partial salaries for some months, but has no regular stream of revenue to cover the roughly $150 million needed each month to cover salaries and other basic expenses for the Palestinian Authority."

Mubarak Says Gaza Prisoner Exchange Talks Proceeding. The AP (9/3, Michael) notes Egyptian President Hosni Mubarak "says negotiations are ongoing to secure the release of an Israeli soldier captured by Palestinian militants." Israeli Corporal Gilad Shalit was kidnapped by Hamas near the Gaza border on June 25, precipitation an IDF offensive into Gaza. Mubarak told a newspaper that Tel Aviv "is waiting for a Palestinian 'initiative' that spells out Palestinian conditions for a prisoner exchange." Those "demands could include the freeing of imprisoned Palestinian women or minors, he said." The AP says Tel Aviv "had no immediate comment," and "Mubarak did not provide information on official involvement in the talks." For the past several days, regional newspapers have hinted at Cairo's role in prisoner exchange negotiations.

PKK Kills Seven Turkish Soldiers In Three Bombings. The AP (9/3, Hacaoglu) reports, "Separatist Kurdish guerrillas killed seven Turkish soldiers and wounded two in stepped-up attacks against the military in southeastern Turkey." The AP notes, "Guerrillas belonging to the Kurdistan Workers Party or PKK have stepped up their attacks recently both in the southeast and in the west of the country. More than 37,000 people have died since the guerrillas took up arms for autonomy in the Kurdish-dominated southeast in 1984."

Chinese Ambassador Brings Practicality, Aggressiveness To UN. In a 5,048-word piece in the New York Time Magazine (9/3) James Traub details Chinese Permanent Representative to the UN Wang Guangya's efforts to expand Beijing's global influence. "China now aspires to play an active role on the global stage, which is why it sends skilled diplomats like Wang Guangya to the U.N. That's the good news. The bad news is that China's view of 'the international order' is very different from that of the United States, or of the West, and has led it to frustrate much of the agenda that makes the U.N. worth caring about. The People's Republic has used its position as a permanent, veto-bearing member of the Security Council to protect abusive regimes with which it is on friendly terms, including those of Sudan, Zimbabwe, Eritrea, Myanmar and North Korea. And in the showdown with Iran that is now consuming the Security Council, and indeed the West itself, China is prepared to play the role of spoiler, blocking attempts to levy sanctions against the intransigent regime in Tehran." The Times adds, "It's a truism that the Security Council can function only insofar as the United States lets it. The adage may soon be applied to China as well. … Beijing sleeps no longer. The astonishing growth of China's economy has made it a global force, and the accompanying need for resources has pushed it to forge new ties throughout Asia, Africa and Latin America. The old revolutionary ardor is gone, and China surveys the world with increasing pragmatism and confidence."

Protests Against Environmental Degradation Increasing In China. The Los Angeles Times (9/3, Magnier, 918K) reports, "China's pollution has long been a focus of international criticism as clouds of toxic air waft over California and polluted rivers empty into the Pacific Ocean. Increasingly, however, China's own people are taking to the streets to demand an end to the birth defects, Technicolor water, dead crops and murky air that are robbing them of their

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livelihoods and lives." Official media reported 50,000 "environment-related riots, protests and disputes last year, an increase of nearly 30%." Experts "blame a top-down single-party system obsessed with economic growth in which officials are promoted for fulfilling five-year plans, not for listening to citizens. Structural problems also are a factor."

Sudanese Refugees Tell Obama They Want UN Force. The AP (9/3, Wills) reports, "Thousands of Sudanese refugees crowded around U.S. Sen. Barack Obama Saturday as he visited their camp in eastern Chad and delivered a single message: Bring in the United Nations. The refugees told Obama an international peacekeeping force is the only hope they have of returning to their normal lives in Sudan's western region of Darfur. Some carried banners held up on sticks demanding U.N. action." Obama "said the U.S. and other western nations must work to put a peacekeeping force in Darfur, in hopes of preventing further violence."

British Ambassador Accuses Uzbekistan's Karimov Of Rampant Human Rights Abuses. In a 2,174-word op-ed in today's Washington Post (9/3, B1, 748K), former British Ambassador to Uzbekistan Craig Murray says his attempts to publicize human rights abuses in Uzbekistan were met with disapproval and censure by London. Torture and unjustified imprisonment were "happening in a country regarded as a strategic friend by the United States, which was looking for well-placed allies after the Sept. 11, 2001, attacks. [President] Karimov had delivered for President Bush," hosting US forces engaged in Afghanistan. "It was clear by the time I arrived in Tashkent [in mid-2002] that the United States was handsomely rewarding Karimov's cooperation. Hundreds of millions of dollars in U.S. aid were flowing to the country -- after the U.S. government, evidence to the contrary notwithstanding, repeatedly certified that the Uzbek government was making progress on human rights and democracy." Having received a written rebuke from London for his public remarks, Murray says, "Apparently, my job was to stand beside my U.S. colleague and support our Uzbek ally." The Washington Post (9/3, B4, 748K) includes hyperlinks to documents Murray expunged from his book, "Murder in Samarkand," because of what he calls threats of legal action from British authorities.

Obrador Said To Spark Non-Violent Mexican Revolution. In an analysis piece, the Los Angeles Times (9/3, Enriquez, 918K) notes, "By delivering a symbolic but stinging blow to the government of President Vicente Fox, losing presidential candidate Andres Manuel Lopez Obrador clinched the first round in his fight for a nonviolent revolution to transform Mexico." The Times continues, "The seizure of the congressional dais in the moments before Fox's speech revealed the twin strategies of Lopez Obrador to use street demonstrations and Mexico's legislature to hammer away at Fox, Calderon and their National Action Party, or PAN, analysts said." He "is expected to use both means to try to steer Mexico back to a more protected economy, countering what he sees as unfair global competition that keeps half the country in poverty." Looking back at Lopez Obrador's campaign, the Times says Obrador "filled plazas with the many poor who have fallen further behind under Mexico's decade-old move toward a free-market system." Now, "with public opinion divided over the election results, mounting anger at demonstrators and a fear of violent clashes, Fox faces tremendous pressure to reach some accord with Lopez Obrador, an unlikely prospect at the moment, or deal more forcefully with protesters."

Venezuela, Angola Conclude Energy Exploration Deal. The New York Times (9/3, Romero, 1.21M) reports, "President Hugo Chávez of Venezuela reached an agreement this week with his counterpart in Angola, José Eduardo dos Santos, for the two countries to work jointly on oil and natural gas exploration projects. Though no formal ventures have been established, the agreement would allow the national oil company Petróleos de Venezuela to assist Sonangol, Angola's state-controlled oil group, in its offshore exploration efforts."

Annexation Of Golf Courses Provokes Stir In Venezuelan Government. The New York Times (9/3, Romero, 1.21M) reports that Caracas, Venezuela, Mayor Juan Bareto ordered the "forced acquisition" of two golf courses "to make way for homes for as many as 11,500 poor families." The Times reports, "This is not the first volley against private property rights." But this time within Chávez's "normally unified government, fissures erupted. Officials wanting to further radicalize Venezuela's socialist-inspired economic policies applauded the decision, while the vice president, José Vicente Rangel, derided it." The Times adds, "Almost lost in the uproar was the housing crisis that led the

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mayor to rattle well-heeled Caraqueños in the first place. Official estimates suggest Venezuela needs 1.7 million new homes to meet low-income housing needs, even though 35,000 such units were built in the first half of the year."

Merkel Loses Popularity At Home. The New York Times (9/3, Landler, 1.21M) reports, "With Germany set to deploy a naval contingent of more than 1,000 troops to Lebanon, where it will join a multinational peacekeeping force, Chancellor Angela Merkel is charting a more assertive role for her country, and herself, on the global stage. Yet Mrs. Merkel, whom Forbes magazine this week designated as the world's most powerful woman, is struggling at home -- the victim of eroding public support, infighting in her party and the need to reconcile the competing interests of a balky "grand coalition" government, which has hampered her ability to take bold steps."

France Accelerates Deportation of Illegal Immigrants, But Hesitates To Expel Families With Children. The New York Times (9/3, Bennhold, 1.21M) reports, "France has accelerated its deportation of illegal immigrants and is more than halfway toward its 2006 target of 25,000, the Interior Ministry says, but with a new school year approaching the government appears to have largely refrained from expelling families with school-age children. The interior minister, Nicolas Sarkozy, vowed to step up the pace of expulsions after suburban riots last fall in areas largely inhabited by people of foreign extraction. The deportations — mainly of Africans, Asians and East Europeans — reached 12,716 as of July 31 and sped up in August, said Franck Louvrier, a spokesman for Mr. Sarkozy."

Citizen Concerns About Corruption Could Derail Plan To Modernize Panama Canal. The New York Times (9/3, Lacey, 1.21M) reports that many Panamanians "intend to vote against the expansion plan, which would construct new three-step locks on either end of the canal. They intend to ignore government cries that doing so could prompt shippers to seek alternate routes and could turn the canal into an outmoded ditch." The Times notes that concerns about corruption among Panama's "decision makers" are "widespread." The Times adds, "No one is certain just how strong the 'no' movement is, but the outspokenness of the opposition has surprised those in government who had expected Panamanians to back their canal reflexively."

Aid Workers Warn Against Yanking Humanitarian Efforts In Sri Lanka. The AP (9/3, Biggs) reports, "Aid workers warned Saturday of a humanitarian catastrophe if the United Nations and Red Cross pull out of Sri Lanka, where agency staff are facing mounting restrictions and threats to their safety amid a worsening civil conflict. U.N. agencies and the International Committee of the Red Cross are the only relief groups with access to some parts of the north and east, where the government is locked in fierce battles with Tamil Tiger rebels. Hundreds of thousands of mostly ethnic Tamils in those areas are facing food, water and other shortages."

International Community Faulted For Failing To Stop Darfur Genocide. In an op-ed appearing in the Washington Post (9/3, B7, 748K), Eric Reeves, a professor at Smith College, opines, "In the face of ongoing genocide in Darfur, the international community's failure to accept the 'responsibility to protect' (that's United Nations language, officially adopted) innocent civilian lives has taken its last, abject form. The National Islamic Front (NIF) regime in Khartoum, made up of the very men who have for more than three years orchestrated the systematic destruction of Darfur's African tribal populations, has been told directly and unambiguously that there will be no U.N. peacemaking force without its consent. … In short, the international community has conferred upon the genocidaires the power to veto deployment of the very force that might halt an accelerating slide toward catastrophic human destruction."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

A Mystery Man Who Keeps the FBI Up at Night
GOP's Hold on House Shakier
Carbon Dioxide Emissions Get Buried at Sea
Downtown Lofts Draw New Breed of Resident
Texas Farms and Ranches Done In by Mean Drought
4 Soldiers Eligible for Execution if Convicted

New York Times:

Opium Harvest at Record Level in Afghanistan

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Screening Tools Slow to Arrive in U.S. Airports
With Millions in 9/11 Payments, Bereaved Can't Buy Green Cards
Couples Cull Embryos to Halt Heritage of Cancer
Rove's Word Is No Longer G.O.P. Gospel
In Las Vegas, Now It's Get Me to the Marriage Bureau on Time
Storm Blamed for 5 Deaths and Power Cuts
14 Arrested in London Anti-Terror Raids
Bob Mathias, 75, a Decathlon Champion and a Former U.S. Congressman, Dies
A Tough East Coast Cop in Laid-Back Los Angeles
Adding It Up: Pockets Half Empty, or Half Full

Washington Post:
Hardball Tactics in Era of Threats
Steak 'n Egg Serves Up the American Dream
Mystery of Va.'s First Slaves Is Unlocked 400 Years Later
GOP Focus on Security Issues
Russian Homeland No Haven For Ex-Detainees, Activists Say
National School Testing Urged
More GOP Districts Counted as Vulnerable

Washington Times:
American convert asks U.S. troops to defect
British arrest 16 more in terror probes
A tale of 2 Southeasts
Iran welcomes Annan, but not U.N.'s decree
Hillary can't dodge presidential chatter

Atlanta Journal-Constitution:
Georgia Guard on the border
Police kill man in shootout
Immigrants' 'generation 1.5'

Dallas Morning News:
Former Texas first lady Nellie Connally dies
4949 Swiss estate sale coming up
5 boaters killed at Texoma
Purse snatcher apologizes after scolding, gets $3
Vegas weddings get a little less impulsive
16 held in British terror raids
Cruise to Shields: 'I'm sorry'

Houston Chronicle:
Macy's sheds Foley's name on Saturday
Four soldiers may face death in Iraq killings
Ex-Texas first lady, known for grace and wit, dies
Astronauts return to Cape for launch Wednesday
Family, friends celebrate carjacking victim's life
Immigrant kin of 9/11 victims wealthy but afraid

Story Lineup From Last Night's Network News:
ABC: ABC World News Pre-Empted By College Football.
CBS: UK Terror Arrests, Zawahari Video, British Plane Crash In Afghanistan, Bush Iraq Violence, Pro-War GOP Candidates Struggling, Hurricane Effects, New Orleans Real Estate, Widow Of Former Texas Governor Dies, Illegal Immigration; Japanese Movie Scents
NBC: Al Qaeda Tape, British Terrorism Arrests, Army Death Penalty Recommendation, Iraq Violence, British Troops Killed In Afghanistan, Ernesto Floods, Hurricane John, UN Peacekeepers In Lebanon, Katrina Recovery, Labor Day vacations.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – Returns to the White House from Camp David.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Sept. 1 - 3. AHMADIYA MUSLIMS _ The Ahmadiyya Muslim Community holds its 58th annual convention to discuss such topics as dispelling misconceptions about Jihad and reanalyzing the original teachings of Islam. Location: Dulles Expo Center, Chantilly, Va. Contacts: Mujeeb Ijaz, 703-991-1311

Sept. 2 - 5. HUMANE SOCIETY _ The Humane Society of the United States and other leading national animal advocacy groups hold their ``Taking Action for Animals Conference" to motivate, train and inspire animal advocates from around the country. Speakers include ``Mutts cartoonist Patrick McDonnell and Animal Liberation author Peter Singer with a special performance by musical artist Nellie McKay. Location: Renaissance Washington Hotel, 999 9th St. NW. Contacts: ., 202-452-1100

Sept. 2 - 5. 10 a.m. - 11 a.m. ANIMAL RIGHTS _ Taking Action for Animals holds a four-day animal rights conference. Speakers include ``Mutts cartoonist Patrick McDonnell and Animal Liberation author Peter Singer with a special performance by musical artist Nellie McKay. Location:

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Washington Renaissance Hotel, 999 9th St. NW. Contacts: ., 202-452-1100

AFTERNOON

4 p.m. CROSS COUNTRY WALK _ CrossWalk America orgfanization completes a 2,500-mile walk across the country during which they sought to find out what Christians were thinking. Location: Foundry United Methodist Church, 1500 16th St. NW. Contacts: Sally Aman, 202-544-7921

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, SEPTEMBER 3, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Anti-Terror Arrests Made In UK 2
Illinois Palestinian-American Faces Trial On Charges Of Financing Terrorism 3
Former DOJ Attorney Claims Retaliation In Lindh Case 3
FBI Investigating Terror "Sleeper Agent." 3
Muslims Express Concern Over Anti-Terror Tactics 3
Foreigners Released From Guantanamo Bay Prison Have Difficulty In Return Home 4
German Terror Plot Planners Motivated By Controversial Cartoons 4
Law Professor Urges Congress To Pass Counter-Terrorism Legislation 4
Pakistan Leader Chided Over Civilian Death 4

Homeland Response:
TSA Suspends Installation Of New Airport Bomb-Detectors..... 4
Concerns Raised About DHS Biowarfare Institute 4
Democrats' Radio Address Faults Administration's Response To Katrina 4
Coast Guard Delays Live-Fire Drills In Lake Michigan 5
Hurricane Ernesto Hits Mid-Atlantic; Damage Less Than Feared. 5

War News:
Bush Seeks To Ease Concerns About Continuing Iraq Violence.. 6
Abizaid Brings New Approach To Global War On Terrorism 8
14 South Asian Shiites Killed In Iraq 8
American Appears In New AQ Video..... 10
Four Fort Hood Soldiers Killed 10
Some Soldiers Reportedly Question Whether Mission Is Worth The Cost 10
US Gives Back "Notorious" Al Ghraib To Iraq 10
Army Recommends Death Penalty In Iraq Slayings..... 11
14 British Troops Killed In Afghan Crash 11
Families Of Iraq Casualties Impressed With Bush Compassion. 12
Utah Lawmakers May Restrict Payday Loans to Military 12
Pentagon Uses Sports To Help Veterans Recover From Injuries12
WPost Book World Article Discusses Two Books On Iraq 13
Comic Book About Baghdad Zoo Appears 13

DOJ:
Controversial Tennessee US Attorney Stepping Down..... 13

Corporate Scandals:
SEC Official Defends Record On Insider Trading Prosecutions . 13

Criminal Law:
Bulger Turns 77 As World-Wide FBI Search Continues..... 13
Online Gambling Prosecutions Seen As Challenging 14

Civil Law:
Report Finds US Spending More To Classify Documents 14

Civil Rights:
FBI Explains Capabilities In Probe Of Mississippi Jail Death 14

Antitrust:
Realtors Fight For Control Of Listing Service 15

Environment/Indian Affairs:
Pennsylvania Family Farm Is Focus Of Federal Wetlands Case 15
Drought Leads To Massive Crop Losses..... 15
Norway Technology Saves Money, Environment..... 16
Floating Natural Gas Terminal Proposal Sparks Controversy..... 16
Udall Proposal Would Allow Veterans Cemeteries On Native American Reservations..... 16

FBI/DEA/ATF/USMS:
Congress Chided For Lax Gun Law Effort..... 16

Immigration:
9/11 Victims' Widows In The US Illegally Fear Deportation 16

Tax:
IRS Focusing On High-Income Audits 17

Congress-Administration:
McClellan Expected To Resign As CMS Administrator..... 17
Bush Said To Advocate Reviving Social Security And Tax Reform Proposals 17
GOP Congressional Leaders' Focus On National Security Obscures Domestic Priorities 17
Fed And FTC Blamed For Holding Up Congressionally-Mandated Homeowner Protection 18
Protesters Moving From Bush's Home To Washington 18
Choice For New Space Vehicle Maker Lauded..... 18

Other News:

Concerns Raised About Wage Inequality 18
National Testing Standard Under Consideration 19
Rove Portrayed As Struggling To Convince GOP Candidates To Heed His Advice 19
At Least Forty House Races Now Considered Competitive..... 20
Dean Blamed For Democrats' Disappointing Fundraising..... 20
With Eye To Presidential Primaries, Clinton Adjusts Her Message On Iraq War..... 21
Webb's Son Will Be Deployed To Iraq This Week 21
Top Analysts Now Consider Tester As Favorite Over Burns 21
Kean And Menendez Trade Allegations Of Corruption 22
Debate Has The Potential To Shift Dynamics Of Santorum-Casey Race 22
Cardin's Age And Baltimore Background Seen As Handicaps ... 22
Harris Dismissed As A "Bumbling…Intolerant Party Pariah." 22
US Sugar's Influence Spotlighted In Democrats' Florida Gubernatorial Primary..... 23
Exit Polling Pioneer Mitofsky Dies 23
Anti-Incumbent Mood Could Benefit Potential Independent Candidacies 23
Reporter Muses On Role Of Food In Presidential Campaigns.... 23
Widow Of Former Texas Gov Connally Dies..... 23
Scholar Says Poverty Measure No Longer Accurate 23
Iranians Tout Negotiations In Talks With Annan..... 23
North Korean Vehicle Movements Could Augur Missile Test..... 25
Italians' Arrival Makes Lebanon Border Force A Reality 25
Palestinian Teachers Strike For Full Pay..... 26
Mubarak Says Gaza Prisoner Exchange Talks Proceeding..... 26
PKK Kills Seven Turkish Soldiers In Three Bombings 26
Chinese Ambassador Brings Practicality, Aggressiveness To UN27
Sudanese Refugees Tell Obama They Want UN Force 27
British Ambassador Accuses Uzbekistan's Karimov Of Rampant Human Rights Abuses..... 27
Obrador Said To Spark Non-Violent Mexican Revolution 27
Venezuela, Angola Conclude Energy Exploration Deal 28
Merkel Loses Popularity At Home..... 28
France Accelerates Deportation of Illegal Immigrants, But Hesitates To Expel Families With Children 28
Citizen Concerns About Corruption Could Derail Plan To Modernize Panama Canal 28
Aid Workers Warn Against Yanking Humanitarian Efforts In Sri Lanka 28
International Community Faulted For Failing To Stop Darfur Genocide..... 28

The Big Picture:

Headlines From Today's Front Pages 28

Washington's Schedule:

Today's Events In Washington 29
Other29

TERRORISM NEWS:

Anti-Terror Arrests Made In UK. The CBS Evening News (9/2, lead story, 2:50, Assuras, 7.66M) reported, "The raids in Britain took place late Friday and early today after months of surveillance, as security agencies there become increasingly concerned about home-grown terror cells. That concern seems to have forced authorities to change their strategy." CBS (Phillips): "The earlier plan of waiting and seeing how these plots develop before moving in came in for some criticism both here and in the US because of the danger that was involved in waiting too long. But I think that now with the size of the enemy that the British feel that they're up against internally, the danger seems to be in waiting at all."

NBC Nightly News (9/2, story 2, 2:00, Seigenthaler, 9.87M) reported, "It is one of the largest terror arrests in recent months." Terrorism analyst Charles Shoebridge: "To tackle terrorism you need to tackle not just the terrorists themselves but those who support them through infrastructure." Colt: "A British counterterrorism official recently told NBC News that they are discovering waves of new terror cells and a number of cells are taking part in bonding experiences in the wild, adventure training that's the equivalent of outward bound for terrorists. All of this in the country that is America's closest ally in the war on terror. No wonder there are fears radicals here could export terror to American shores." Paul Cruickshank, NYU Center on Law and Security: "The U.S. authorities have to be concerned about British citizens who are joined up with al Qaeda coming into the United States."

The Washington Post (9/3, A16, Sullivan, 748K) reports, "Authorities arrested 16 people early Saturday in two unrelated anti-terrorism operations in London and Manchester, reflecting growing concern over the threat of homegrown Islamic extremism in Britain. The larger operation, in London, resulted in the arrests of 14 suspects, including some who were seized when police raided a Chinese restaurant south of the Thames River." The report adds, "Officials said neither operation was connected to the investigation of an alleged plot to bomb U.S.-bound airliners, in which police arrested 25 suspects last month."

Suspects May Have Made Efforts To Set Up Terror Training Facilities. The New York Times (9/3, Cowell, 1.21M) reports that according to the U.K. police, "There was no immediate indication from the police that the latest arrests were related to a specific conspiracy such as the one described by the authorities on Aug 10. A police official, who spoke in return for anonymity because the investigation was

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continuing, said one line of inquiry was whether those arrested had been seeking to set up training facilities for would-be terrorists."

Officials Search "Decrepit" School In Investigation. The Los Angeles Times (9/3, Murphy, Rotella, 918K) reports that "an orphanage that is now a decrepit Islamic school was searched by police Saturday as authorities announced 14 arrests in an investigation of possible terrorist retreats and recruitment in the wooded English countryside. Officers sealed off the Victorian-era, 100-room institution and its 54 acres of grounds at dawn, hours after they arrested 12 suspects in a raid on a South London Chinese restaurant frequented by Muslims."

Illinois Palestinian-American Faces Trial On Charges Of Financing Terrorism. The Chicago Tribune (9/3, Grossman, Issues) reports, "Sitting next to Muhammad Salah on a courtroom bench, it is hard to keep him in focus. The physical presence doesn't jibe with legal papers describing him as a terrorist kingpin with blood on his hands. … The 53-year-old Palestinian-American from southwest suburban Bridgeview seems remarkably calm for someone facing the possibility of spending the rest of his life behind bars. He projects the kind of inner peace ascribed to the great Christian mystics-or, perhaps more aptly in this instance, the Sufis of the Islamic world." Salah's "criminal trial is scheduled to open in early October. He is accused of providing material support to a foreign terrorist group and lying under oath by denying that he was a member of Hamas, a group officially designated by the U.S. as a terrorist organization and now the majority party in the Palestinian legislature." The Tribune adds, "When Salah was charged two years ago, then-Atty. Gen. John Ashcroft heralded it as a vindication of the USA Patriot Act, the controversial terrorism-fighting tool forged by the Bush administration in the wake of 9/11. … Given the White House's highly publicized strategy of maintaining a courtroom front in the war on terrorism, the government has bet a lot of chips on its prosecution of Salah and his alleged co-conspirators. … Yet there was a point in 2000 when the case appeared to have been dropped. The Justice Department shut down without fanfare its long-running investigation of Salah and Hamas." The Tribune notes, "The current reversal of that decision epitomizes the Salah case, which besides raising civil libertarians' hackles, is also a saga with more twists and turns than a John le Carre spy novel. It includes enough bureaucratic infighting to send shivers up the spines of citizens who'd like to think of their government as a shield against a repeat of the World Trade Center tragedy. It even has a cameo appearance by Judith Miller, the former New York Times reporter, who went from hero to goat after refusing to testify in the White House leak investigation."

Former DOJ Attorney Claims Retaliation In Lindh Case. In a letter to the editor of the Washington Post (9/3, B6), Jesselyn Radack writes, "A chill ran down my spine when I read the Aug. 23 news story about U.S. District Judge T.S. Ellis ordering a 'leak investigation' into how reporters learned that two pro-Israel lobbyists were under federal investigation before they were formally charged. The article noted that 'legal experts said Ellis's order is noteworthy because it is unusual for a judge to initiate such an inquiry.' … Not for Judge Ellis." Radack continues, "In June 2002 Judge Ellis ordered a three-week investigation into how a national periodical obtained certain information in the case of 'American Taliban' John Walker Lindh. As the ethics attorney in that case, I disclosed the information at issue in accordance with the Whistleblower Protection Act after it 'disappeared' from the file. The Justice Department used Judge Ellis's order as a pretext to get me fired from my law firm, place me under criminal investigation for more than a year, help my law firm contest my receipt of meager unemployment compensation, refer me to the state bars in which I'm licensed as an attorney and put me on the 'no-fly' list." Radack adds, "The criminal case was closed without charges ever being brought and the Maryland Bar complaint was dismissed, but the D.C. Bar complaint is still pending after nearly three years. Judge Ellis is aware of the Justice Department's abuse of his order and should be mindful that such leak investigation orders issued to the government effectively place a sword of Damocles over the head of the target. Whether a source or not, no citizen should be subject to this kind of treatment."

FBI Investigating Terror "Sleeper Agent." The Los Angeles Times (9/3, Meyer, 918K) reports that Adnan Gulshair Muhammad el Shukrijum kept a low profile after 9/11, but he is now, according to the FBI. Shukrijum is "Al Qaeda's most well-trained, intelligent and deadly operatives. He was described as the ultimate 'sleeper agent,' intent on attacking the U.S., possibly with weapons of mass destruction." The report adds, "Law enforcement officials and terrorism experts now believe Shukrijumah is one of several young, street-smart leaders of Al Qaeda handpicked by Khalid Shaikh Mohammed, the mastermind of the Sept. 11 attacks, to keep the terrorist network alive and humming in the face of U.S.-led efforts to unravel it."

Muslims Express Concern Over Anti-Terror Tactics. In a front page news analysis in the Washington Post (9/3, A1, 748K) Mary Beth Sheridan writes, "After the Sept. 11, 2001, attacks, law enforcement officials pledged an aggressive effort to choke off future plots. People identified as security threats would be charged as soon as a crime could be proven, even if it was well short of a terrorist strike."

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The Capitol region "where seven of the 19 al-Qaeda hijackers spent time before the attacks, became a focus of their investigations." Sheridan notes, "For prosecutors, that effort has been a success," however, "Many Muslims say the aggressive law enforcement has been far out of proportion to the offenses, which harmed no one."

Foreigners Released From Guantanamo Bay Prison Have Difficulty In Return Home. The Washington Post (9/3, A14, Finn, 748K) reports, "In 2001, after U.S. forces attacked the Taliban in response to the hijackings of Sept. 11 that year," many foreigners were caught up in a roundup of Taliban in Afghanistan "and turned over to Americans." The Post adds that these foreigners end up in prison at Guantanamo Bay, Cuba, and face opposition when they return home. What they "did in Afghanistan remains unclear. All of them say they went there on religious quests and were not fighters, but there is no way to corroborate their stories."

German Terror Plot Planners Motivated By Controversial Cartoons. The New York Times/AP (9/3, Press) reports, "The prime suspects in the failed attempt to blow up two German trains were partly motivated by anger over the publication of Prophet Muhammad cartoons, a leading investigator said in an interview released Saturday. The cartoons were first printed last September in a Danish newspaper and then republished in other European media months later, setting off protests across the Muslim world.

Law Professor Urges Congress To Pass Counter-Terrorism Legislation. American University law professor Kenneth Anderson, a research fellow of the Hoover Institution, in an essay in the New York Times Magazine (9/3) writes that making counter-terrorism policies "legitimate" ought "to be a priority for both Congress and the Bush administration, because no matter who wins the 2008 election -- or the 2006 midterms -- there is not likely to be any coherent national counterterrorism policy at all past the end of the second Bush administration unless Congress takes steps to legislate it and go beyond merely executive discretion." Although the Administration has been "fixated" on acting through executive authority, "as it says goodnight, ought to consider that the war on terror will over time amount to little if it is unwilling to go to Congress to ask that it be enacted as the policy not of the Bush administration or of any administration but of the United States.

Pakistan Leader Chided Over Civilian Death. The New York Times (9/3, 1.21M) writes in an editorial, "There are dangerous international terrorists hiding out in the mountain caves of Pakistan. But 79-year-old Nawab Akbar Khan Bugti, the Baluch tribal leader, politician and rebel, was not one of them." The Times adds, "Now Mr. Bugti is dead and the impoverished but energy-rich province of Baluchistan is in an uproar after an ill-explained military operation last month. After a week of contradictory government statements, the only things now clear are that Mr. Bugti's body was buried in the rubble of his blown-up mountain hideout, and that antigovernment fury in the restive province is at a new pitch of intensity." The Times states, " When General Musharraf comes to the United States, he loves to be lauded as a leader in the war on terrorism. Back home, his government too often acts like a garden-variety military dictatorship."

HOMELAND RESPONSE:

TSA Suspends Installation Of New Airport Bomb-Detectors. The New York Times (9/3, Lipton, 1.21M) reports, "Citing unexpected reliability problems, the Transportation Security Administration is suspending installation of the only airport checkpoint device that automatically screens passengers for hidden explosives. The rollout of the devices, trace-detection portals, nicknamed puffers because they blow air while searching for residue from explosives, had already been far behind schedule." The report adds, "Now the transportation agency is assessing whether to modify the puffers, upgrade them or wait until better devices are available."

Concerns Raised About DHS Biowarfare Institute. In a Los Angeles Times (9/3, 918K) op/ed, Wendy Orent writes, "In this age of terrorist plots, the Department of Homeland Security's decision to build a super-secret institute to study possible bioterrorist agents seems natural. But the proposed institute at Ft. Detrick, Md., which was the site of a U.S biowarfare program that was shut down in 1969, is worrisome." Orent asks, "Why waste hundreds of millions of dollars pursuing the fantasy of an engineered disease when deadly agents honed by natural selection are on hand? The National Biodefense Analysis and Countermeasures Center is a potential boondoggle -- and a dangerous one." Orent adds, "If we keep our enemies wondering what the new biodefense center is up to, they may be disposed to try themselves. Secrecy can only make an arms race more likely -- a race in which both sides are running after chimeras, where there's plenty to lose in time and talent and money, and little or nothing to be won."

Democrats' Radio Address Faults Administration's Response To Katrina. The AP (9/3) reports Rep. Bennie Thompson, in the Democrats Saturday radio address, claimed, "In the year since Hurricanes Katrina and Rita struck the Gulf Coast, the Bush

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administration has been sluggish in helping devastated areas recover." Thompson "said Democratic efforts to jump-start reconstruction efforts were undermined by Republicans, who 'let partisanship get in the way of doing the right thing.'" The AP notes, "Nationally, two-thirds of Americans disapprove of President Bush's handling of the Katrina disaster, according to an AP-Ipsos poll last month. Democrats hope to capitalize on that dissatisfaction in this fall's midterm elections."

Bush's Praise For Brown One Year Ago Recounted. NBC Nightly News (9/2, story 9, 3:00, Seigenthaler, 9.87M) reported, "It was one year ago today relief supplies finally rolled into a devastated New Orleans. Five days after Katrina aid trucks arrived along with a convoy of air conditioned busses to evacuate storm victims. President Bush took his first tour of the region, making this memorable remark…" President Bush: "Browny, you are doing a heck of a job." Seigenthaler: "Those stranded in New Orleans saw it differently."

Lack Of Affordable Housing Threatens Mississippi's Recovery. NBC Nightly News (9/2, story 9, 3:00, Savidge, 9.87M) reported, "Along the gulf coast casinos are reopening bigger than ever before. Offering thousands of badly needed jobs and income, but the boom, a major part of Mississippi's recovery, could turn to gloom due to a lack of affordable housing for workers. Katrina destroyed 68,000 homes in Mississippi." Biloxi Mayor A. J. Holloway was shown saying, ""Affordable housing was an issue before Katrina and is a bigger issue now, but the price of land is just out of sight." CBS added, "In the storm-ravaged area landowners are now asking five to 10 times more for their property. Too expensive for most housing."

New Orleans Residents Benefiting From Higher Real Estate Prices. The CBS Evening News (9/2, story 7, 1:40, Chen, 7.66M) reported that New Orleans is experiencing a real estate boom -- "Overall, prices are up 13% across the metro area, like in East Jefferson Parish, where one-third more homes have sold in the first half of this year compared to last."

Impostor Appears As HUD Official At Event With Nagin And Blanco. The New York Times (9/3, Bosman, 1.21M) reports, "At a conference in New Orleans last week, a man who identified himself as an assistant secretary of the Department of Housing and Urban Development apologized on behalf of the federal government and promised a rapid reversal of policy: city public housing projects that were scheduled for a controversial demolition would be renovated instead. A suspicious reporter called the housing agency's press office, which determined that the man, who shared the stage with Mayor C. Ray Nagin of New Orleans and Gov. Kathleen Babineaux Blanco of Louisiana, was an impostor. The Yes Men, a group of activists, had organized the stunt to protest the government's plan to demolish the buildings, which the group says will prevent low-income residents from returning to New Orleans."

Businesses In New Orleans' Black Community Struggle To Reestablish Themselves. The New York Times (9/3, Rivlin, 1.21M) reports on the resurgence of Liberty Bank and Trust Company, "the country's third-largest black-owned bank until Hurricane Katrina and floodwaters roared through New Orleans one year ago. … Liberty's most impressive accomplishment, like that of New Orleans itself, may simply be that it has regained some semblance of its old self in only 12 months. But Liberty is also like New Orleans and its ravaged economy in another crucial way: its recovery has a long way to go. Liberty faces enormous hurdles, chief among them the lingering doubts about the viability of large stretches of the drowned-out, predominantly black eastern half of the city, where Liberty's customers were concentrated and which is still largely in ruin."

Up-Close View Of New Orleans Described. In an op-ed for the New York Times (9/3, 1.21M) Nicholas Kulish writes about scenes of destruction and rebuilding glimpsed while riding a bike around New Orleans.

Hundreds Of Katrina Evacuees Remain In Fresno. The Washington Post (9/3, B3, Maharidge, 748K) reports, "Aside from huge concentrations of evacuees in Baton Rouge and Houston, the people who fled Hurricane Katrina are scattered across 4,000 Zip codes, as far-flung as Nome, Alaska, and Lihue, Hawaii. But 260 New Orleans exiles have ended up in Fresno, the heart of the iconographic lower Central Valley. And there's an irony in this: Last October, the Brookings Institution released a study showing that among the 50 most populous cities in the United States, Fresno had the highest concentration of urban poor. … Second in the rankings -- prior to Katrina and the flood -- was New Orleans."

Coast Guard Delays Live-Fire Drills In Lake Michigan. The Los Angeles Times (9/3, Hawthorne, 918K) reports, "The Coast Guard has been quietly planning to conduct target practice on Lake Michigan with boat-mounted machine guns that would be fired a few miles from beaches along the North Shore. But plans to establish a permanent 'live-fire zone' in waters near Illinois' Highland Park, Lake Forest and Waukegan — and in 33 other spots around the Great Lakes — are on hold after boating groups and a congressman complained that the public wasn't informed about the training exercises."

Hurricane Ernesto Hits Mid-Atlantic; Damage Less Than Feared. NBC Nightly News (9/2, story 6, 1:30, Seigenthaler, 9.87M) reported Ernesto is still "leaving its mark" on the mid-Atlantic. NBC (Ohm): "A weakened Ernesto drenched the east coast washing out holiday plans. … Ernesto packed the biggest punch in Virginia where four

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people were killed" and where more than 400,000 customers are still without power. …Overall Ernesto's destruction is not as widespread as feared."

With Ernesto Gone, Space Shuttle Readies For Launch. The New York Times (9/3, 1.21M) reports, "Four days after evacuating the Kennedy Space Center as Tropical Storm Ernesto approached, the six crew members of the space shuttle Atlantis flew back to Florida on Saturday to prepare for a launching on Wednesday." Captain Jett said Saturday after returning to the Kennedy Space Center , "All of us thought we were going to be spending a little while in Houston. I think we're all really happy that just four days later we're back here and we have a shot at this launch window."

Weakened Ernesto Impacts Holiday Weekend Tourism. The CBS Evening News (9/2, story 6, 1:30, Assuras, 7.66M) reported, "What's left of what was hurricane Ernesto is moving towards Pennsylvania and New York and is beginning to weaken. Bianca Solorzano: "Ernesto is now being blamed for at least five deaths in North Carolina and while it was deadly for some it has been a big nuisance for millions who were hoping to spend their holiday weekend in the sun. … But at least Ernesto has been a fast-moving storm. Parts of the Northeast will still have rain remnants tomorrow, but as Ernesto moves north, perhaps some of the holiday weekend can still be salvaged."

The New York Times (9/2, 1.21M) says Ernesto put "a sloppy wet damper on the last big tourism weekend of the summer for many people, making a mess of some oceanfront hotels and leaving beaches and boardwalks less crowded than usual."

The Washington Post (9/3, Markon/Vogel, 748K) reports, "Even as officials scrambled to turn on the lights and clean up the occasional fallen tree limb and other debris, they expressed relief that the storm that had struck Haiti, Cuba, Florida and the Carolinas before hitting the Washington region had spared the area a bigger blow."

Hurricane John Downgraded. NBC Nightly News (9/2, story 7, 2:30, Seigenthaler, 9.87M) reported, 'John has been downgraded to a tropical storm but when it slammed into Mexico's peninsula it was a hurricane packing a serious punch. It could have been a lot worse." NBC (Teague): "It was a near miss from Hurricane John, the most powerful storm to threaten these resorts in more than 15 years."

WAR NEWS:

Bush Seeks To Ease Concerns About Continuing Iraq Violence. In his radio address President Bush said that Iraqi insurgents have failed to ignite a civil war as he sought to allay concerns over continuing violence in Iraq. Bush's remarks were contrasted on CBS, NBC and the wire services with the recent Pentagon report describing escalating violence in Iraq. Bush's efforts to boost support for the war in Iraq are generally described in political rather than national security terms and a number of op-eds and analyses in prominent US newspapers fault the Administration's rhetoric attacking opponents of the war.

The CBS Evening News (9/2, story 4, 2:30, Assuras, 7.66M) reported, "Bush once again rejected the notion Iraq is descending into civil war, continuing his offensive ahead of the midterm elections. Mr. Bush did acknowledge a bloody campaign of sectarian violence, but his comments contradicted a new report from the Pentagon." CBS (Strassman): "With every new day of chaos, prime minister Maliki's Iraqi government bleeds credibility." And "Iraqi analyst hears a ticking clock." Center for Strategic and Budgetary Assessments director Andrew Krepinevich: "The Bush Administration is in a race against time to be able to show some level of progress." Strassman: "And there's growing disillusionment among Iraqis."

NBC Nightly News (9/2, story 4, 2:00, Seigenthaler, 9.87M) reported, "A new Pentagon report suggests Iraq may be headed for civil war and there was more violence there today." NBC (Boettcher): "A massive joint U.S.-Iraqi security sweep in the capital has succeeded in reducing casualties, a fact highlighted in the president's radio address." Bush: "The people of Baghdad are seeing their security forces in the streets dealing a blow to criminals and terrorists." Boettcher: "But the Pentagon's overall assessment of the last three months released Friday was not encouraging."

The AP (9/3, Taylor) reports quotes Bush saying, "Our commanders and diplomats on the ground believe that Iraq has not descended into a civil war." Yet a "growing number of members of Congress -- including a few in the president's own party -- are calling for either a shift in the Bush administration's Iraq strategy or a timetable for beginning a substantial withdrawal of American forces."

Bloomberg (9/3, Murray) says Bush continued "his attack on Democrats opposed to an open-ended war in Iraq." Although "national security has been the dominant issue in every election since the Sept. 11 attacks, Bush is facing an increasingly skeptical American public." Bush "conducted a similar campaign to drum up public support at the end of last year. Those addresses resulted in Bush gaining several points in job approval in most public opinion polls. The gains were erased as the security situation in Iraq deteriorated."

GOP Candidates Seen As Distancing Themselves From Bush On Iraq. Continuing the examination of Bush's counter-terrorism policies as a political issue, the CBS Evening News (9/2, story 5, 1:30, Assuras, 7.66M) reported, "Even as President Bush has been trying to bolster faltering public support for his Iraq policy, many Republican candidates have been scrambling to stake out a different position. Christopher Shays insists he hasn't broken ranks

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with the president and still supports the war in Iraq, but now the Connecticut Republican is calling on the Iraqis to take control faster." Shays: "We need to wake them up. We need to tell them we are not there indefinitely if they're going to keep doing what they're doing." Assuras: "Shays' fight for survival is mirrored by other pro-war congressional candidates of both parties around the country, hanging in the balance, control of the house. CBS news lists Shays' seat the as one of 48 competitive races." And "Shays isn't the only pro-war candidate attempting to recalculate their position on Iraq, trying to voice support for the President while criticizing the way the conflict is being handled."

NJ GOP Senate Candidate Kean Calls For Rumsfeld's Resignation. The New York Times (9/3, Chen, 1.21M) reports, "State Senator Thomas H. Kean Jr., the Republican nominee for United States Senate in New Jersey, says he is so frustrated with the Bush administration's handling of the war in Iraq that he is pushing for something that few Republicans have supported: the resignation of Defense Secretary Donald H. Rumsfeld." Kean faulted "Mr. Rumsfeld's refusal to consider 'competing points of view.'" He said that "what compelled him to advocate" a new Defense Secretary were Rumsfeld's remarks to the American Legion, which Kean called rhetoric that "stepped over the line."

Administration Message Crafted To Invoke WWII. Julie Mason in her "White House Watch" column in the Houston Chronicle (9/3, 535K) reports, "Faster than you can say 'Osama bin Laden,' President Bush made a pivot from Hurricane Katrina remembrances last week to topics on which he hopes to gain some political ground: Iraq and the war on terrorism." And "Bush and his surrogates are working from a new list of vocabulary words in the latest round of speeches." Mason notes, "Echoed words and themes in the remarks of administration officials reflect a strategy to get a particular message across. In this case, it is the drawing of parallels between the war in Iraq with the broader themes of World War II."

Columnist Laments Bush Rhetoric On Iraq, Credits Bolten With Management Changes. Jim Hoagland in his column titled "A Change In Tone -- And A Stumble" in the Washington Post (9/3, B7, Hoagland, 748K) harshly criticizes recent speeches by President Bush, Vice President Cheney and Defense Secretary Rumsfeld saying, "Bush made headlines recently by adopting a more somber, realistic tone on Iraq. Then Bush, his vice president and his defense secretary stepped all over that message with unduly harsh assaults on the war's critics last week." Hoagland credits White House Chief of Staff Josh Bolten's management changes saying, "Bad news now gets more quickly to Bush, who in his first term 'tolerated a system that was designed to evade reality whenever it was unpleasant,' says an insider who deals frequently with the White House. 'The place has gone from having a concierge who smoothed out wrinkles to having a consigliere running things.'" Yet, "these welcome changes in management style inside the White House have yet to be felt consistently in the administration's distrustful approach not just to the media but to the American public."

Sen. Warner Contemplates Whether Authorization For Iraq War Remains Justified. Comparing the current situation in Iraq with Eisenhower's decision to end the Korean War when he realized the cost, George Will in his column in the Washington Post (9/3, B7, 748K) notes that Sen. John Warner recently considered whether the US had achieved its goal under the resolution authorizing the use of force against Iraq. Warner said, "What is the mission of the United States today under this resolution if [Iraq] erupts into a civil war? … I think we have to examine very carefully what Congress authorized the president to do in the context of a situation if we're faced with all-out civil war and whether we have to come back to the Congress to get further indication of support." He "says that he is convinced that the essential characteristics of civil war are not yet present in Iraq. Iraq's government, he says, is 'functioning,' the security forces are improving and senior military officials are not plotting against the government." Yet he "also knows: The Iraqi government's writ runs barely beyond Baghdad's Green Zone."

Editor Calls For National Dialogue On National Security Policy. Time Magazine (9/3) managing editor Richard Stengel argues that "there is one thing we have not done that is crucial to our future: we still have not engaged in a true national dialogue about what our foreign policy should be and what constitutes our national interests and values." Stengel recently "attended a small lunch for General Brent Scowcroft" who "described the two broad historic themes of American foreign policy -- call them traditionalism vs. transformationalism, or the realists vs. the idealists." Although "that is an oversimplified schema, it does suggest an initial outline for a national dialogue. What ideals are we willing to fight for? What are the practical dividends we seek from our multilateral relationships? How do we balance idealism vs. realism? No one who participates in this conversation should be branded as disloyal or a traitor."

Columnist Rich Compares Rumsfeld To Chamberlain. Frank Rich in his column in the New York Times (9/3, 1.21M) argues that Defense Secretary Donald Rumsfeld "has long since united Democrats, Republicans, generals and civilians alike in calling for his scalp." Rich criticizes Rumsfeld's recent remarks and says they were noteworthy because they previewed "the ambitious propaganda campaign planned between now and Election Day." Rich compares the image of Neville Chamberlain shaking hands with Hitler with photos of Rumsfeld shaking hands with Saddam Hussein saying "the record shows that Mr. Rumsfeld cozied up to the crocodile of Baghdad as smarmily as anyone. To borrow the defense secretary's own

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formulation, he suffers from moral confusion about Saddam." He "also suffers from intellectual confusion about terrorism. He might not have appeased Al Qaeda but he certainly enabled it. Like Chamberlain, he didn't recognize the severity of the looming threat until it was too late."

Bush Runs Risk Of Being Labeled An Appeaser Over Iran Negotiations. Sheryl Gay Stolberg in a "Week in Review" article in the New York Times (9/3, Stolberg, 1.21M) writes that "Appeasement as an attack phrase" is "back in vogue" as Cheney and Rumsfeld "invoked the term in speeches to veterans, a not-so-subliminal effort to liken critics of President Bush's Iraq policy to Neville Chamberlain." Yet "if it seemed that Republicans had hit on a new campaign theme, not much was new about it. Presidents since Franklin Roosevelt have invoked Munich for political effect, even as some of them fretted over being branded Chamberlains themselves." Meanwhile the "appeasement debate rages in foreign policy circles around Mr. Bush's efforts to persuade Iran to stop enriching uranium. Neoconservatives want a confrontation; Mr. Bush has tried to negotiate, without success." That may leave Bush "open to accusations…that he is guilty of…appeasement."

Cynthia Tucker Disputes Bush, Cheney, Rumsfeld. In a column for the Atlanta Journal Constitution (9/3), Cynthia Tucker questions the course of the war in Iraq and President Bush's determination to stay "until victory is achieved": "Apparently, the state of denial at the White House is worse than I thought. ... Vice President Dick Cheney, meanwhile, still inhabits a lonely planet on which the Iraqis love us." She says of Secretary Rumsfeld's speech to the American Legion: "That pronouncement is packed with so much nonsense that trying to defuse it would cause a minor explosion. Suffice it to say that this administration has no intention of owning up to the awful realities of its misguided invasion of Iraq." She also quotes two soldiers who believe that the Marine reservist callup represents the prelude to a draft.

Arnaud de Borchgrave Disputes Threat Posed By Iraq At Time Of War. In a commentary for the Washington Times (9/3, 88K), Arnaud de Borchgrave writes, "By the time the Bush administration determined Saddam was a mortal peril to the United States, he and his regime were pretty much burned out. Eight years of war against Iran, followed by his invasion of Kuwait and rout by George H.W. Bush 41's coalition of 29 nations, and then a decade of humiliating U.N. inspections, had reduced Saddam's regime to a dirty little sandbox that was a threat to no one except his own people. ... But no sooner did the U.S. invade and topple Iraq's Ba'athist regime than 'liberated' Iraq became a force multiplier for Islamist extremists." De Borchgrave concludes accusingly, "The only relevant history for the planners of Operation Iraqi Freedom was the invasion of Normandy June 6, 1944, and the liberation of Europe that followed. Relevant history was judged irrelevant."

WPost Raises Concerns Bush Approach Wrong For Complicated Situation In Iraq. The Washington Post (9/3, B6, 748K) in an editorial writes that Bush "is right that a precipitate withdrawal from Iraq, or one that ignored conditions on the ground, could lead to a far worse situation than now prevails there. But what's striking is Mr. Bush's failure to acknowledge that the scenario he describes already substantially exists." The security environment "in Iraq is a lot more complicated and ambiguous than what Americans are hearing described by the Bush administration in this electoral season." And "the war President Bush would like to fight -- between an emerging democracy and its totalitarian enemies -- can't be won if it is crosscut by a sectarian conflict. That's why one other passage of the president's speech in Utah on Thursday was striking. 'I've been clear with each Iraqi leader I meet,' he said. 'America's a patient nation, and Iraq can count on our partnership as long as the new government continues to make the hard decisions necessary to advance a unified, democratic and peaceful Iraq.' We hope that Iraqi leaders will take the president's implicit warning seriously and that if those decisions are not made, Mr. Bush will have the courage to rethink his policy."

Abizaid Brings New Approach To Global War On Terrorism. In a late-breaking 3,210-word story, the Wall Street Journal (9/2, Jaffe, 2.03M) profiles CentCom head Gen. John Abizaid. The article details his efforts to re-imagine the war on terror, saying his "approach is part of a broader rethinking within the Bush administration of how best to fight terrorism, driven in part by the failures of the past five years. One of its tenets is that change must take place gradually and be led by locals." The Journal notes as well the resistance he has encountered. For example, "The Horn of Africa effort, the centerpiece of Gen. Abizaid's long war strategy, has had to fend off questions from Washington about its value. Earlier this year, Defense Secretary Donald Rumsfeld, in a pointed memo, asked what the U.S. was getting out of it. Gen. Abizaid says the resistance was less from Mr. Rumsfeld than from the 'Pentagon bureaucracy.'"

14 South Asian Shiites Killed In Iraq. CBS and NBC reported the latest spasm of violence in Iraq. The CBS Evening News (9/2, story 4, 2:30, Strassman, 7.66M) reported that as Iraqi prime minister Maliki's Iraqi "and Iraq's leading Shi'a cleric talked about curbing violence, 13 Indian and Pakistani pilgrims heading to a Shi'a shrine were found tortured and murdered. By daybreak, bombings had already woken up Baghdad. The Pentagon's own Iraq update is sobering. Iraq's violence is at its highest level in two years. Killings are way up. Preventing civil war is now a top priority as gangs of killers run wild, some Shi'a, some Sunni, all trouble." Gen. George Casey: "They flout the rule of law every day, and those need to be dealt with firmly by the

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government." Strassman: "And flaunt their killing on web sites. Here, a bomb is made, hidden inside a traffic sign on a bridge, and detonated on a convoy. ... The crackdown has cut Baghdad's murder rate by almost half. That's not included in the Pentagon's report but it's been only a month." Center for Strategic and Budgetary Assessments director Andrew Krepinevich: "I think it's a case of so far so good, but I think the more difficult parts are still yet to come."

NBC Nightly News (9/2, story 4, 2:00, Seigenthaler, 9.87M) reported, "A new Pentagon report suggests Iraq may be headed for civil war and there was more violence there today." NBC (Boettcher): "Iraq's latest victims, their bodies covered by garbage bags. The young men, pilgrims on their way to a Shiite shrine were abducted, bound, blindfolded, tortured and murdered. The past week has been a bloody one. More than 300 killed. Still, the civilian death toll in August, more than 1,000, is approximately one-third less than July's total. A massive joint U.S.-Iraqi security sweep in the capital has succeeded in reducing casualties, a fact highlighted in the president's radio address." President Bush: "The people of Baghdad are seeing their security forces in the streets dealing a blow to criminals and terrorists." Boettcher: "But the Pentagon's overall assessment of the last three months released Friday was not encouraging. Civilian casualties during that longer period up by 50%. ... both Shiite and Sunnis increasingly rely on their own militias to provide security and seek revenge against their enemies. US officials say these militias are the problem and not the solution and are a primary target now in a major military operation to restore order to the capital."

Picking up a story earlier reported by AP, the New York Times (9/3, Wong, 1.21M) reports, "Gunmen killed 14 Pakistani and Indian Shiite pilgrims, many of them elderly, and left their bodies in the desert on Friday, contributing to a death toll of at least 28 civilians around Iraq in 24 hours." Prime Minister Maliki and Ayatollah Sistani discussed the situation; Sistani's words afterward "hint at dwindling confidence in the Shiite-led government from Shiite religious leaders in Najaf. Ayatollah Sistani recently ... sent a message to President Bush through a top Shiite leader asking the United States to commit to staying in Iraq until the country was stable."

AFP (9/2, Jerges) also reports the massacre of the pilgrims, observing, "The murders came as Iraq was already braced for a possible backlash from Shiite militias after a synchronized series of bomb attacks in Baghdad on Thursday by suspected Sunni insurgents left 67 civilians dead."

Sistani Warns Maliki About Continuing Violence. The AP (9/3, Becatoros) reports Grand Ayatollah Ali Sistani "warned" Prime Minister Nouri al-Maliki "to quell violence or risk 'other powers' filling the gap." Sistani, who hosted Maliki for a meeting in Najaf, is quoted saying, "If the government does not do its duty in imposing security and order to the people and protecting them, it will give a chance to other powers to do this duty and this a very dangerous matter." The Washington Post (9/3, A18, Paley, Sarhan, 748K) briefly notes that the two discussed "the deteriorating security situation," and that Sistani said "he supported Maliki's 28-step national reconciliation plan and called on the government to quickly reduce violence in the country before other groups, such as armed militias, fill the void."

Mortar Kills 6; Armed Forces Handover Ceremony Cancelled. The AP (9/3, Becatoros) reports, "A mortar attack east of Baghdad killed six people, including two children, as a dispute emerged over transferring control of the armed forces from the U.S.-led coalition to the Iraqi government." It adds, "The mainly Shiite eastern parts of the capital have seen significant violence in recent days. The most severe occurred on Thursday night, when a coordinated barrage of attacks killed 64 people." In a sign of the dispute over control, "authorities canceled a highly touted ceremony in which the U.S.-led coalition was to hand over control of Iraq's armed forces command to the Defense Ministry after disagreements emerged over Iraqi forces' responsibilities and the coalition's role." According to Lt. Colonel Barry Johnson, the dispute centered on "delineating the responsibilities of the joint headquarters and the coalition's role in supporting their efforts." More than 60 sites carried this story.

Shiites Could Begin Fighting Each Other. The AP (9/3, Reid) reports, "This past week's intense clashes between the Iraqi army and a Shiite militia are part of a strategy to whittle away the power of a radical cleric. But the high-risk gambit could trigger more fighting across the Shiite south -- at a time when the cleric's stronghold in the capital is virtually off-limits." Fighting among competing Shiite factions would end the relative stability of the "overwhelmingly Shiite" south. More than 30 sites carried this story.

Sunni Chieftains Demand Saddam's Release. The Washington Post (9/3, A18, Paley, Sarhan, 748K) reports, "A coalition of 300 Iraqi tribal leaders on Saturday demanded the release of Saddam Hussein so he could reclaim the presidency and also called for armed resistance against U.S.-led forces. The clan chieftains, most of them Sunni Arabs, included the head of the 1.5 million-member al-Obeidi tribe." The Post says that "Shiite-Sunni sectarian violence and a move asserting Kurdish independence heightened fears that the country is sliding toward full-scale civil war." In addition, "Arabs across the country expressed anger at a decree by Massoud Barzani, president of the regional government in Kurdish-populated northern Iraq, forbidding the Iraqi flag to be raised in government buildings across the north." The Post reports the meeting between Maliki and Sistani.

US Claims Of Iranian Meddling In Iraq Said To Be Dubious. In an analysis piece, the AP (9/3, Reid) notes, "Top U.S. officials have made strong charges in recent weeks

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that Iran is directly stirring up trouble in Iraq. But inside Iraq, it's hard to see any change and some American officials in Baghdad say privately the evidence is not that clear." The "anti-Iran rhetoric from Washington has escalated sharply," but a majority of Iranian aid "appears to go to the same Shiite parties in Iraq that the American government supports and that are part of the government." The AP adds, "Despite the lack of public evidence, few doubt that Iran is seeking to spread its influence in Iraq, where its fellow Shiites dominate politically. But many experts on the region believe Iran thinks its interests would be better served by a stable Iraq dominated by Shiites friendly to Tehran." Many "question why Iran would be trying to destabilize a government already dominated by parties with longtime ties to Tehran."

American Appears In New AQ Video. NBC and CBS both reported the appearance of an American-born Al Qaeda member on the group's latest video. NBC Nightly News (9/2, lead story, 3:00, Seigenthaler, 9.87M) reported, "A new video was released today by al Qaeda's propaganda wing and it features an American who has joined the terror group. In the video he urges all Americans to convert to Islam. With the 9/11 anniversary approaching terror experts are looking at the new tape to find out if it is really a threat or just more bluster." NBC (Myers): "Unlike most al Qaeda tapes there is no explicit threat of an attack on this tape. This is basically an appeal from an American for other Americans to join the ranks of al Qaeda." Adam Gadann: "We invite all Americans and other non-believers to Islam wherever they are." Myers: "Gadann was born Adam Pearlman and was raised on a goat farm in southern California. ... He claims the biggest threat to U.S. security is the growing number of conversions to Islam in the U.S." Gadann: "I believe it is this phenomenon more than anything else which poses the threat that keeps the crusaders from sleeping at night." Myers: "This is Gadann's fourth video but clearly his most prominent use by al Qaeda."

The CBS Evening News (9/2, story 2, 0:10, Assuras, 7.66M) reported, "Al Qaeda's deputy leader, Ayman al Zawahiri, appeared in a new video today on an Islamic web site. He introduced a man he called Azzam the American, an al Qaeda member from California wanted by the FBI. Azzam invited Americans to convert to Islam."

The AP (9/3, Keath) reports, "An American thought to be an al-Qaida activist appeared in a videotape with the terror group's deputy leader Saturday and called on his countrymen to convert to Islam and for U.S. soldiers to switch sides in the Iraq and Afghan wars." The American is "Adam Yehiye Gadahn, a 28-year-old American who the FBI believes attended al-Qaida training camps in Pakistan and served as an al-Qaida translator." It was his second appearance with Ayman al-Zawahri. The AP says, "Saturday's video -- and the length of Gadahn's speech -- suggested al-Qaida has found in him someone it believes can communicate effectively with Americans." The Washington Times/AP (9/3, Keath) carries a modified version of this article.

Four Fort Hood Soldiers Killed. The AP (9/2) reports, "The Pentagon confirmed four Fort Hood soldiers were killed in the explosion of a roadside bomb in Iraq. A Defense Department statement said the blast happened Sunday during combat operations in the Iraqi village of Taji, about 20 miles northwest of Baghdad." The brief article gives their names.

Camp Lejeune Marine Is Killed. The AP (9/3) reports, "Another Marine from Camp Lejeune has been killed in combat in the Anbar province of Iraq, the Department of Defense said Friday. Pfc. Colin J. Wolfe, 18, of Manassas, Va., died Aug. 30 while conducting combat operations in Al Anbar province." The AP quotes his father and adds that Wolfe "was at least the third Lejeune-based Marine to be killed in Iraq this week."

Some Soldiers Reportedly Question Whether Mission Is Worth The Cost. The New York Times (9/3, Gordon, 1.21M) reports from Hit, Iraq, "The first death of a comrade in battle is always an emotional shock, and the views from the foxhole here are probably as varied as the 34 soldiers. Still, in this hostile stretch of western Iraq, some of the troops have begun to wonder if the presence of United States forces here is worth the cost in American lives. ... While it is difficult to gauge their numbers with precision, there are pockets of dispirited troops who are no longer convinced that Washington has committed the resources for a winning strategy." The Times quotes soldiers who experienced the first death within their platoon.

US Gives Back "Notorious" Al Ghraib To Iraq. The Los Angeles Times (9/3, Moore, 918K) reports, "The U.S. military officially handed over the notorious Abu Ghraib prison to the Iraqi Justice Ministry on Saturday, having moved the final 3,000 inmates to detention facilities at Camp Cropper in Baghdad and Camp Bucca in southern Iraq last month." Al Ghraib "is a symbol of both the brutality of Saddam Hussein's regime and, after photographs of prisoner abuse at the hands of U.S. soldiers came to light in April 2004 and February 2006, the ethical perils of the U.S.-led invasion of Iraq." The photos "are widely believed to be one of the most damaging blows to American prestige since the conflict began 3 1/2 years ago." The highly critical article says of current US and Iraqi detainees in Iraq, "More than 13,000 prisoners are still in U.S. custody in Iraq. Many have been held for months without formal charges or access to Iraqi courts. The Iraqi government holds at least 15,000 more detainees, often in deplorable conditions. In an article published this year, The

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Times cited internal investigative documents describing beatings, rapes and killings of detainees by prison guards."

Army Recommends Death Penalty In Iraq Slayings. NBC Nightly News (9/2, story 3, :30, Seigenthaler, 9.87M) reported, "An Army investigator is recommending the death penalty for four U.S. soldiers accused of murder in Iraq according to a report by the Associated Press. Prosecutors allege they conspired to kill three Iraqis during a raid outside Baghdad. The soldiers claim they had been ordered to kill all military aged males and ended up shooting the men in self-defense."

The New York Times (9/3, von Zielbauer, 1.21M) reports, "An Army officer has recommended that four soldiers accused in the killings of three Iraqi men during a raid in May be court-martialed, and that the soldiers face the death penalty." Lt. Col. James P. Daniel found "aggravating circumstances" in the case of the "members of the Third Battalion, 187th Infantry Regiment, 101st Airborne Division, [who] were charged with carrying out a plan to murder the three Iraqis after arresting them during an assault on what they thought was an insurgent stronghold northwest of Baghdad." A defense attorney expressed "total disbelief" at the recommendation.

The Washington Post (9/3, A6, Tyson, 748K) reports that the investigator "recommended that three of the soldiers -- Staff Sgt. Raymond L. Girouard, Spec. William B. Hunsaker and Pfc. Corey R. Clagett -- be charged with conspiring to commit premeditated murder of the detainees and then threatening another soldier not to tell anyone. Daniel found that Spec. Juston R. Graber withdrew from the conspiracy but still should face murder charges for following Girouard's order to shoot a detainee in the head." Two defense attorneys expressed their "disappointment" and "shock." The Post notes, "The commander in chief must personally approve all death sentences. The last execution of a soldier was in 1961 at Fort Leavenworth, Kan."

The Los Angeles Times (9/3, Alonso-Zaldivar, 918K) reports on the case, "At least 20 U.S. service members have been charged in connection with the deaths of Iraqis in the war. Most cases have resulted in acquittals or conviction on lesser charges." One of the few on death row now is "ex-Army Sgt. Hasan Akbar, convicted of killing two service members and wounding 14 in an attack on his own base at the start of the Iraq war." The four detainees' commander, Col. Michael Steele, may have "encouraged unrestrained violence and condoned a culture of racism among his troops. Investigators have said that Steele handed out knives to his soldiers as rewards for killing insurgents. All four of the accused were members of his brigade. Steele, a storied officer who led the Somalia rescue mission recounted in the book and movie 'Black Hawk Down,' has been issued an administrative reprimand."

The AP (9/3, Caldwell) reports, "Girouard, the most senior soldier charged, faces several additional charges, including sexual harassment and carrying a personal weapon on duty."

14 British Troops Killed In Afghan Crash. NBC and CBS reported the plane crash in Afghanistan. NBC Nightly News (9/2, story 5, :10, Seigenthaler, 9.87M) reported, "In Afghanistan British forces suffered their worst loss in that conflict. Fourteen military personnel were killed in an aircraft went down in the southern province of Kandahar."

The CBS Evening News (9/2, story 3, 0:10, Assuras, 7.66M) reported, "A British communications plane crashed today in Afghanistan killing all 14 military personnel on board. The plane went down west of Kandahar, apparently because of a technical problem."

AFP (9/3) reports UK forces "in Afghanistan suffered their biggest loss of life in a single incident when an aeroplane flying on a NATO mission crashed, killing 14 people on board. The Royal Air Force Nimrod MR2 reconnaissance plane came down in Kandahar province in southern Afghanistan due to a technical problem, a NATO spokesman said in Kabul, stressing that it was not shot down. Twelve RAF personnel, a Royal Marine and a British Army soldier were killed." UK forces have lost 36 personnel since 2001, including 15 by hostile fire. AFP says the UK's "steadily rising death toll has left some questioning the mission and wondering how much longer Britain can tolerate such losses."

The Washington Times/AP (9/3, Khan) reports, "The crash took place as Afghan and foreign troops carried out a big operation near Kandahar, a former Taliban stronghold in a region that has seen a surge of violence."

Afghan Opium Harvest At Record Level. In a 1,219-word piece, the New York Times (9/3, Gall, 1.21M) reports comments in Kabul by UN Office on Drugs and Crime executive director Antonia Maria Costa that "Afghanistan's opium harvest this year has reached the highest levels ever recorded, showing an increase of almost 50 percent from last year." Costa "described the figures as 'alarming' and 'very bad news' for the Afghan government and international donors who have poured millions of dollars into programs to reduce the poppy crop since 2001." His research shows that "the increase in cultivation was significantly fueled by the resurgence of Taliban rebels in the south, the country's prime opium growing region. As the insurgents have stepped up attacks, they have also encouraged and profited from the drug trade, promising protection to growers if they expanded their opium operations." President Hamid Karzai issued a statement in which he "expressed disappointment at the results" and "urged the international community to expand its

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commitment to strengthen the Afghan police and law enforcement agencies." The Times notes the Administration "has made poppy eradication a major facet of its aid to Afghanistan, and it has criticized Mr. Karzai for not doing more to challenge warlords involved in opium production." The State Department "had no immediate comment" on Costa's report.

The AP (9/3, Pennington) also reports the explosion of opium production and quotes US narcotics official Dan Wankel, who says, "This country could be taken down by this whole drugs problem" and recalls that 9/11 arose from the previous, Taliban-run Afghanistan. The same UN official quoted by the New York Times predicted it would take "possibly 20 years" to eradicate the problem, in light of the precedent of "Thailand, Turkey and Pakistan."

Support For Afghan War Drops. Bloomberg (9/2) reports, "The number of Americans who approve of U.S. military action in Afghanistan dropped to 56 percent in a CNN poll last month, down from 92 percent in November 2001." Furthermore, "the poll found 28 percent of respondents said the U.S. is winning the war in Afghanistan, while 10 percent said the insurgents are. The poll found the majority of respondents, 58 percent, said neither side is winning."

Senator Graham Returns From Reservist Duties In Afghanistan. McClatchy Newspapers (9/3, Rosen) reports on Sen. Lindsey Graham's completion of an "eight-day trip to Afghanistan, Qatar and the United Arab Emirates" as a USAF reservist teaching law to Afghans. Fewer and fewer lawmakers have military experience; Graham "is the only senator in the National Guard or Reserves. There are three representatives: Reps. Stephen Buyer, an Indiana Republican, and John Shimkus, an Illinois Republican, are in the Army Reserve; Rep. Mark Kirk, an Illinois Republican, is in the Navy Reserve." McClatchy quotes praise for Graham's low-profile reservist performance by Rep. Buyer and a major general.

Families Of Iraq Casualties Impressed With Bush Compassion. The Salt Lake Tribune (9/3, LaPlante) reports, "Several 'Gold Star' family members who met Bush while the president was in Salt Lake City this week were...impressed with the president's compassion. Bush may be a hard-talking Texan when he's playing the role of commander in chief, but in the presence of the families of those who have died in the wars he has directed, the president exudes something altogether different, the families say." Amy Galvez, the mother of Adam Galvez "said Bush also spoke with Adam's siblings, Sarah and Travis, inquiring about their schools and interests. But mostly, Galvez said, Bush tried to let them know he was aware of their sacrifice." Galvez said, "What I got from him is that the decisions he makes he takes very seriously, knowing how it affects people and knowing that American lives are going to be lost."

Utah Lawmakers May Restrict Payday Loans to Military. The AP (9/2) reports, "State lawmakers may be calling for restrictions on loans made to military personnel following a recently released Department of Defense report that calls the payday loan industry harmful to the war on terrorism." The AP quotes two Utah lawmakers who express concern about the impact on troops. While 12 states "prohibit triple-digit rates on payday loans," "Utah currently doesn't regulate payday loans."

Pentagon Uses Sports To Help Veterans Recover From Injuries. Newsweek (9/3, Breslau, 3.12M) reports, "Thanks to advances in combat medicine and body armor, more than 90 percent of the 20,000 U.S. forces wounded to date in Iraq and Afghanistan are surviving their injuries. … That is encouraging news, to be sure, especially as the U.S. body count in the Iraq war approaches 2,600. But it also presents a huge challenge for the military as this sizable population of wounded veterans returns to society, bearing complex disabilities that will require lifelong care. To address the problem, the military has adopted a holistic mind-body approach, deploying a fleet of experts ranging from orthopedic surgeons to therapists to work on the wounded."

Veteran Amputees Learn To Surf. The AP (9/3) profile a group of veteran amputees, mostly from Brooke Army Medical Center in Fort Houston, Texas, who are learning to surf in California. The AP reports, "As a child of 1970s California, Derek McGinnis felt that riding waves was like a birthright, and losing his left leg to a suicide bomber in Iraq wasn't going to stop him from surfing again. So, he rallied nearly a dozen other wounded-in-action amputees he met in a military hospital and brought them to one of California's last old-fashioned beach towns."

Post-Dispatch Profiles Injured Veteran Five Years After 9/11. In a dominant-front page story with a three-column wide photograph of veteran Phillip Baldwin receiving water therapy at the VA Medical Center at Jefferson Barracks, the St. Louis Post-Dispatch (9/3, Leonard, 300K) profiles Army Staff Sgt. Phillip Baldwin, a veteran who is "back home in Roxana now, healing from the wounds he suffered during a firefight in Afghanistan in June." The Post-Dispatch writes, "Baldwin dismissed any notion that the sacrifices he made to serve his country are special. … But the soldier's voice choked when he described how his wife of 14 years has stood behind him." The article is cast as part of the paper's coverage of the fifth anniversary of 9/11, with substantial space given to Baldwin's thoughts on the war in Afghanistan and his initial decision to enlist after the terrorist attack.

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WPost Book World Article Discusses Two Books On Iraq. In the Washington Post Book World (9/3), reviewer Michael Hirsh praises *The Blog of War: Front-line Dispatches From Military Bloggers in Iraq and Afghanistan*, by Matthew Currier Burden, and *Blind Into Baghdad: America's War in Iraq*, by James Fallows. He says of the former book, "Nonpartisan patriotism is the common thread tying together these reflections, love letters and stories of combat. They make for riveting reading." Of the latter book, he says, "[Fallows] proved to be among the most prescient American journalists in questioning both the premises of the Iraq war and the preparations for it."

Comic Book About Baghdad Zoo Appears. The New York Times (9/3, Gustines, 1.21M) reports on Brian K. Vaughan, author of "'Pride of Baghdad,' a graphic novel (his first) about lions that escape a zoo in Iraq during an American bombing raid. The tale, lushly illustrated by Niko Henrichon, was inspired by actual events and stands out as one of Mr. Vaughan's most emotionally charged stories in a career filled with tales of science fiction, superheroes and the supernatural." Vaughan's works are "fueled by thinly veiled social commentary."

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Controversial Tennessee US Attorney Stepping Down. The Nashville Tennessean (9/3, Mielczarek) reports, "U.S. Attorney Jim Vines confirmed Saturday that he will be leaving his post at the end of the month to return to private practice." The Tennessean continues, "Vines, who was appointed by President Bush in 2002, departs amid allegations of age discrimination against veteran attorneys in his office but also amid praise for aggressively prosecuting public corruption cases. … 'My service is a political appointment so (it) would end at the end of the Bush administration anyway, and I'm resigning … to go back to private practice with a law firm that I used to work with,' Vines said, referring to King and Spalding, a firm with offices across the country and abroad." The Tennessean adds, "Vines, who helped the Nashville-based Bridgestone/Firestone create its environmental polices, said he will start his new assignment in early October. .. . When he became the U.S. attorney for the Middle District of Tennessee, Vines was charged with turning the office around, boosting morale, introducing a modern management style and prosecuting more complex cases. … But his practices came under fire a couple of years ago after several current and former prosecutors accused him of age discrimination — charges Vines has denied."

CORPORATE SCANDALS:

SEC Official Defends Record On Insider Trading Prosecutions. In a letter to the editor of the New York Times (9/3), Linda Chatman Thomsen, director of the SEC's Enforcement Division, writes, "As 'Whispers of Mergers Set Off Bouts of Suspicious Trading' (front page, Aug. 27) points out, there are increasingly sophisticated tools to uncover insider trading in advance of corporate mergers. .. . Through our unparalleled law enforcement experience bringing illegal insider trading cases — from arbitrageurs in the 1980's, to investment bankers in the 90's, to hedge funds today — the Securities and Exchange Commission benefits from cutting-edge computer systems using complex algorithms and proprietary market surveillance data that quickly tell us who traded what, where and when." Thomsen continues, "The results? Days before your article was published, we concluded a case in an $8 million scheme by an Estonian financier to profit from inside information hacked from an American company's computers. .. . In May, we named a 14th defendant in a wide-ranging case of an international insider-trading ring that netted millions by stealing information from Merrill Lynch, BusinessWeek and even a grand jury. .. . In April, the S.E.C. caught three hedge funds, and their tipper, that traded ahead of a merger announcement." Thomsen concludes, "Successfully investigating and prosecuting insider trading is difficult, but would-be wrongdoers should know that insider trading results in stiff financial penalties and even jail time. We have the record to prove it."

CRIMINAL LAW:

Bulger Turns 77 As World-Wide FBI Search Continues. The Boston Herald (9/3, Sweet) reported, "As he turns 77 today, fugitive serial killer James 'Whitey' Bulger can toast defying the odds. Yet again. … There's no reason to think the birthday boy who turned the city's streets red with the blood of men and impressionable young girls before skipping town needs to shop assisted-living developments." The Herald noted that Bulger "has eluded capture since being tipped by the FBI to a grand jury indictment," and "with a $1 million bounty on his head unclaimed, Bulger remains second only to Osama bin Laden on the FBI's Most Wanted list. … Both the FBI and U.S. Attorney Michael Sullivan declined to extend birthday greetings to Bulger." WBZ-TV Boston (9/3), AP (9/3) and UPI (9/3) also reported on Bulger's birthday, noting the FBI search and $1 million reward.

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Online Gambling Prosecutions Seen As Challenging. The Pittsburgh Tribune-Review (9/3, Conte) reports, "When they started out five years ago, Carson Cashman and Adam Marshall had no clue they could be breaking the law. … With a $20 book on poker, a $5-a-month Web site and their home computers, the former University of Pittsburgh students created a home page that offers tips on Texas Hold 'Em and advertises places to play." The Tribune-Review continues, "Their company in Pittsburgh's Bloomfield neighborhood, Ace Nine, gets paid every time someone visits the Web site and starts playing at one of the online casinos advertised there. The Web site -- www.texasholdem-poker.com -- draws an average of 1 million clicks and 250,000 unique visitors a month. .. . That puts Ace Nine near the top of an industry niche that is coming under scrutiny from the U.S. Department of Justice. Online gambling is illegal for Americans. And anyone who advertises Internet casinos to American audiences is aiding the crime, prosecutors say, although no one has been convicted in the U.S. of such an offense. .. Cashman, 26, and Marshall, 27, swear they're doing nothing wrong." The Tribune-Review adds, "Online gambling never has been bigger. The worldwide industry has quadrupled to $15 billion over the past four years, according to Christiansen Capital Advisors, a New York firm that tracks gambling money. .. . The casinos are located in foreign countries, such as Costa Rica or the British territory of Gibraltar, but many customers are from the United States. … Federal prosecutors sent a ripple across the industry this summer when they arrested a top executive behind the sports gambling Web site BetOnSports.com. Prosecutors say the company fraudulently took bets from U.S. residents by phone and the Internet and failed to pay excise taxes. … Prosecutors have brought some high-profile cases related to advertising online casinos, ultimately settling out of court. The Sporting News agreed in January to pay the federal government $4.2 million and to run public service ads worth $3 million to resolve claims it had promoted illegal gambling. … Online gambling advertisements give the impression that it's legal for Americans to gamble on the Internet, said Justice Department spokeswoman Jaclyn Lesch. … 'Their behavior could be considered aiding and abetting,[Lesch said of the ad companies."

CIVIL LAW:

Report Finds US Spending More To Classify Documents. Cox News Service (9/3, Carr) reports, "The federal government spent an unprecedented $7.7 billion to mark documents secret last year as the public sought more government information, a report to be released today found." Cox continues, "A coalition of conservative and liberal nonprofit groups called OpenTheGovernment.org found that while the number of decisions to classify documents declined by 1.4 million last year to 14.2 million, the cost of classifying those documents rose by nearly 6 percent. .. . And the report found that the government is keeping other sensitive information from public inspection by placing it in a growing number of new categories known as 'pseudo classification,' or information that is sensitive but not classified." Cox adds, "Last year, the coalition reported that there were 50 such categories. Now it says there are 60. Unlike classified materials, no single agency is assigned to monitor the information kept in these categories and no one knows exactly how many documents are being restricted. … 'Every administration wants to control information about its policies and practices,' said Patrice McDermott, director of OpenTheGovernment.org. 'But the current administration has restricted access to information about our government and its policies at unprecedented levels.' .. . White House officials have long contended that the threat from terrorist groups makes it necessary to keep sensitive information from disclosure. … Federal agencies are taking great strides to improve their response times to Freedom of Information Act requests as part of an executive order issued by Bush in December, said Daniel J. Metcalfe, director of the Justice Department's office of information and policy."

CIVIL RIGHTS:

FBI Explains Capabilities In Probe Of Mississippi Jail Death. The Biloxi Sun Herald (9/3, Fitzgerald) reports, "The FBI, with deep pockets and unlimited resources, widens its net of interviews once the Justice Department's civil-rights division approves an investigation of alleged violence under color of law." The Herald continues, "The pockets are open and the resources are being tapped in that agency's scrutiny of the fatal jailhouse beating of Harrison County inmate Jessie Lee Williams Jr., based on FBI Special Agent John Raucci's explanation of the process." The Herald adds, "Justice's decision for a full-fledged federal investigation shows that what happened to Williams in the jail booking room on Feb. 4 is a serious concern, according to Raucci. … 'More often than not, a county or district attorney decides to hold their prosecution or it's a mutual agreement until the federal government has completed its investigation.' said Raucci. … 'These trials can take a long time and cost millions of dollars,' he said. … 'And don't forget, it's not double jeopardy if I charge you in the state and you lose. The federal government can get a second bite at that apple. You can be charged in the state and convicted and the federal government can also charge you separately under color of law and civil-rights violations.'" The Herald notes, "An FBI probe of claims alleging a law-enforcement officer's violation

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of civil rights could include hundreds of interviews, most with two FBI agents and attorneys present, he said. … Raucci has been the FBI's top official in Mississippi since a year ago, when he left an executive-level post at the bureau's Washington headquarters. … Raucci is the first government official at any level to discuss the procedures and options involved in a probe such as the one involving Williams' death."

ANTITRUST:

Realtors Fight For Control Of Listing Service. The New York Times (9/3, Darlin) reports, "When David and Annette Wolf decided that their family was outgrowing its Seattle area home, they also decided that they did not need much help finding a new one. … They combed Internet listings of homes for sale until they spotted a four-bedroom house on a cul-de-sac with a three-car garage and 2.5 acres. … But the seller's agent refused to show it to them. Why would she turn away an eager buyer? Not because of the Wolfs' race, creed or color. Instead, Mr. Wolf, a software engineering manager at the online directory InfoSpace, said he and his wife were shunned once the agent learned they used an online broker called Redfin." The Times continues, "Mr. Wolf said they turned to Redfin because it gives two-thirds of its sales commission (which is usually 3 percent of the sale price) to its customers. "I didn't want to pay 3 percent for the opening of a door," he said. But customers like Mr. Wolf — affluent and comfortable with the Internet — are a frightening prospect for real estate agents who, as a group, reap at least $60 billion a year in commission income. … Redfin and other innovators, including ZipRealty and BuySideInc.com, are using technology to reduce costs and to save time for their brokers. Agents don't find and recommend homes — customers do that on their own, using Internet listings — and that enables agents to charge less for the services they do provide, chiefly handling the paperwork and negotiations." The Times adds, "The Internet has radically changed the way consumers buy books and airline tickets, trade stock and learn news. But the real estate industry has resisted change — and protected its commission structure — by controlling the information on its Multiple Listing Service database of properties for sale. … In many cities, real estate agents have tried to restrict access to M.L.S. information or to limit its use on the database. Some have asked state legislatures to pass laws forcing brokers to offer certain levels of service, a move that Mr. Kelman sees as intended to squeeze out discount brokers. … The Justice Department and the Federal Trade Commission have fought these tactics in Texas, Kentucky, Tennessee and Oklahoma, among other states, and the department is suing the National Association of Realtors, the powerful trade group of agents and brokers, over what it calls anticompetitive rules. … 'Where it comes to our attention that significantly anticompetitive state laws or regulations are under consideration, we approach state officials to advocate that they take into account the benefits to consumers of a more competitive approach,' said J. Bruce McDonald, deputy assistant attorney general for the antitrust division of the Justice Department. … The battle by the traditional agents reveals how vulnerable the broker's 6 percent commission has become. Agents are quick to point out that the average commission may be closer to 5 percent — a 17 percent decline over 10 years, they say — but no one knows for sure because no one collects data on that."

ENVIRONMENT/INDIAN AFFAIRS:

Pennsylvania Family Farm Is Focus Of Federal Wetlands Case. The Pittsburgh Post-Gazette (9/3, Hopey) reports, "Robert Brace rolls into his rough-hewn wood-paneled office, thrusts out a meaty hand and, even before he sits down, is talking fast from beneath his mesh Pennsylvania Landowners Association ball cap." The Post-Gazette continues, "He's driven here to sandwich an interview between two meetings 20 miles away in Erie, and doesn't have much time, maybe an hour, to talk. It's clear, though, that the robust, 68-year-old former cabbage farmer turned nationally known property rights advocate wouldn't downshift even if he could. … That's especially true when the subject is the Aug. 4 federal court decision that denied his claim that using environmental regulations to prevent him from draining, filling and farming a wetlands amounts to a taking, for which he should be paid. … 'I don't like thieves and I don't like thievery, and that's what the government is doing,' said Mr. Brace, who has framed, autographed photos of President Bush and Vice President Dick Cheney on his office bookshelf. 'What right does the government have to control my land? If I can't use it, we shouldn't be debating if I am entitled to compensation.' … But where Mr. Brace sees regulators gone wild, the federal judge in the case and mainstream legal experts see court decisions in step with more than 100 years of precedents that allow government to regulate land use for purposes of protecting other property owners, and benefiting communities, public safety and the environment." The Post-Gazette notes, "Still, Mr. Brace is revved up, in part because he's angry about the decision by the U.S. Court of Federal Claims in Washington, D.C., and because he senses a watershed moment for a property rights movement in Pennsylvania that, in recent years, has gone as dormant as a fallow farm field."

Drought Leads To Massive Crop Losses. The Los Angeles Times (9/3, Hart, 918K) reports that due to a drought, "Crop and livestock losses have reached a record

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$4.1 billion in Texas alone this year, nearly double the $2.1 billion mark set in 1998, according to Texas Cooperative Extension economists. The projected loss for rural businesses that provide equipment and services to Texas farmers and ranchers is an additional $3.9 billion." The report adds, "'It's as bad as it gets,' said Texas A&M University agronomist Travis Miller."

Norway Technology Saves Money, Environment. The Los Angeles Times (9/3, Hotz, 918K) reports, "Since 1996, Norway's largest petroleum company — Statoil — has been injecting 1 million tons of carbon dioxide every year from the Sleipner complex into undersea sediments to keep the potent greenhouse gas from venting into the atmosphere. Statoil's engineers aren't doing it to save the environment, but to save money." The report adds, "The Sleipner injection facility, which cost about $80 million to build, saves Statoil $53 million every year in Norwegian taxes on carbon dioxide emissions. In areas such as California — where lawmakers passed a bill last week to curb industrial carbon dioxide emissions 25% by 2020 — the Sleipner platform is a harbinger of the future of fossil fuels, in which energy companies and power utilities retool for new greenhouse gas standards."

Floating Natural Gas Terminal Proposal Sparks Controversy. The Los Angeles Times (9/3, Polakovic, 918K) reports, "Building a floating liquefied natural gas terminal 14 miles off the Ventura County coast may be safer than putting it on shore, but the proposed $800-million project has triggered intense opposition over its effect on air quality in smoggy Southern California. About 12,000 coastal residents have filed comments, mostly in protest, about a draft air pollution permit the U.S. Environmental Protection Agency is preparing for Australia-based BHP Billiton, one of the world's largest energy companies." According to the report, "Environmentalists say BHP's project fails to meet Clean Air Act requirements because the EPA is not holding it to the rigorous standards that would apply if it were built on land. … But Renee Klimczak, president of BHP Billiton LNG International, said the project would not only provide California with a reliable source of low-polluting energy, it would aid in the fight for clean air."

Udall Proposal Would Allow Veterans Cemeteries On Native American Reservations. The New York Times (9/3, Chmela, 1.21M) reports, "Traditionally, when American Indians are killed in battle, their remains are returned to their tribal lands for burial. But for the families of the many Indians who join the United States military, death brings a difficult choice: The veterans can be buried in a national veterans' cemetery with fellow comrades in arms. Or they can be buried close to home on tribal land." However, the Native American Veterans Cemetery Act, written by NM3 Rep. Tom Udall (D), "would authorize states to provide grants financed by the Department of Veterans Affairs for the development or improvement of veterans' cemeteries on tribal land. At present, tribal governments are not eligible for department money." The measure was unanimously approved by the House Veterans Affairs Committee in June and "[b]oth the House and the Senate included it in comprehensive veterans' bills approved last month. The next step is for those bills to be reconciled by a conference committee after Congress returns in September."

FBI/DEA/ATF/USMS:

Congress Chided For Lax Gun Law Effort. The Los Angeles Times (9/3, 918K) writes in an editorial, "The Bush administration has blocked collecting data on gun sales and crime. Now Congress wants to go even further." Lawmakers are "expected to vote on a package of bills that would make it harder to track other kinds of information. One would bar the federal government from releasing gun-crime data of any kind. Another would make it a felony for a law enforcement agency to share information about gun data with another jurisdiction." The Times adds, "The gun industry says this kind of information has no value to the public at large and that law enforcement agencies could use it to harass dealers. That's nonsense. What they're probably worried about is that such information could show how to make gun-control laws more effective."

IMMIGRATION:

9/11 Victims' Widows In The US Illegally Fear Deportation. The New York Times (9/3, A1, Buckley, 1.21M), in a front-page story, reports that some widows of 9/11 victims who received government compensation are in the US illegally and fear deportation. Mark Thorn, a spokesman for Immigration and Customs Enforcement, "said the agency could not comment on specific cases, but confirmed it was not focusing on the families. … Legislation before Congress would grant green cards to the illegal immigrants who received money. But the measure, attached to the Senate's immigration bill, is deadlocked with the entire package."

Protestors In Los Angeles Oppose Deportation Of Illegal Immigrants. The Los Angeles Times (9/3, Lin, Rohrlich, 918K) reports, "More than 1,000 marchers took to the streets of downtown Los Angeles on Saturday to call for a general amnesty for illegal immigrants and highlight the troubles of women facing deportation. Organizers put the

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crowd at 5,000, while police estimated 1,500. … Saturday's demonstration focused largely on undocumented immigrant women threatened with deportation. It spotlighted the case of a cleaning woman from Mexico who has taken refuge in a Chicago storefront church to avoid being deported. Elvira Arellano, 31, was arrested in 2002 for using a fake Social Security number to obtain a job at O'Hare International Airport and has been fighting since then for permission to stay in the country with her 7-year-old U.S.-born son."

Georgia Guardsmen Help Patrol New Mexico Border. The Atlanta Journal Constitution (9/3, Tharpe) reports on a stretch of border near Deming, N.M., "This is the place, about a half-mile north of Mexico, where 150 members of the Georgia National Guard have spent the past two months in a stepped-up fight against illegal immigration. And they are having an impact, say the U.S. Border Patrol agents they assist." The Journal Constitution adds, "Georgia Guard troops patrol seven observation points scanning about 54 miles of the border -- about 1/40th of the entire U.S.-Mexico border."

Thousands Of Illegals Sail To Puerto Rico Every Year. The CBS Evening News (9/2, story 9, 3:00, Assuras, 7.66M) reported, "Most of the talk about immigration is about controlling the flow from Mexico into the United States. Well, there's another human smuggling route hundreds of miles from the U.S. mainland that you rarely hear about. We went there for an exclusive look, and that's tonight's "Weekend Journal." These are the inviting crystal-clear waters of the Caribbean off the western coast of Puerto Rico. Since the island is a U.S. commonwealth, these seas are just as much a porous border as the one between Texas and Mexico. On the lookout here for illegal migrants is the Air Marine Unit of the Customs and Border Protection Agency. We joined them for an exclusive firsthand look at their Patrol operation." CBS reported that in the last year, "4300 illegals have been caught. So far this year, almost 3,000. Most are Dominicans, but increasingly the migrants are Cubans, some 660 this year. The Cubans set sail from the Dominican Republic aiming for Mona Island, just 38 miles away. That trip is only a third of the more commonly risky route from Cuba to Florida."

TAX:

IRS Focusing On High-Income Audits. The AP (9/3, Dalrymple) reports, "The Internal Revenue Service has been auditing more high-income taxpayers but may not be effectively going after one of the biggest problems -- wealthy people who evade taxes by reporting too little business income or overstating business expenses. The reason is that IRS auditors most often conduct audits of high-income taxpayers by correspondence, said a report by the Treasury office that oversees the tax collection agency's operations"

CONGRESS-ADMINISTRATION:

McClellan Expected To Resign As CMS Administrator. The Dallas Morning News (9/3, Hillman, 500K) reports CMS Administrator Mark McClellan "is set to resign, sources familiar with his decision said Saturday. An announcement is expected as early as Tuesday, said one of the sources, speaking on the condition of anonymity. … McClellan could not be reached Saturday. And neither the White House nor a spokesman for the Centers for Medicare and Medicaid Services had any comment about his planned departure. Another source, also speaking on the condition of anonymity, said Dr. McClellan had been considering moving on for some time and would probably pursue new opportunities in the private sector or in academia."

Bush Said To Advocate Reviving Social Security And Tax Reform Proposals. Syndicated columnist Robert Novak (9/3) writes President Bush, "in private conversation, is talking about trying to revive his tax and Social Security reform proposals after the 2006 elections." However, Novak notes, "If Democrats gain control of the House in this year's elections, Bush's tax and Social Security proposals will face a cold reception in a House Ways and Means Committee headed by Rep. Charles Rangel."

Bush Also Pressing For Ratification Of Free Trade Agreement With Vietnam Before November. Novak (9/3) also notes, "A free trade agreement with Communist Vietnam is included in the Bush administration's must list for the September session. President Bush will visit Vietnam in November after the elections and wants the agreement approved by then."

GOP Congressional Leaders' Focus On National Security Obscures Domestic Priorities. The Washington Post (9/3, A3, Weisman, 748K), in an article titled, "GOP Focus On Security Issues To Sideline Other Matters," reports, "Congress will return to Washington this week with the Republican majorities in both chambers at risk and GOP leaders planning to turn the floors of the House and Senate into battlegrounds over which political party can best protect the country from terrorists and other security threats. But in devoting the few remaining legislative days almost exclusively to security issues, Republicans will leave major domestic tasks undone, including President Bush's prized immigration overhaul and long-promised legislation to toughen the restrictions on lobbying after a wide-ranging corruption scandal. No budget plan for 2007 will be completed. Promised relief for seniors struggling with their Medicare prescription drug plans will have to wait. … That has some Republicans worried." Rep. Thaddeus McCotter is

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quoted as saying, "The emphasis they're putting out there now is related to world events and the fact that the national economy is not facing what Michigan is facing. But if you're hungry, you've got less time to delve into international affairs."

The Washington Post's David Broder (9/3) writes, "In an interview last week, one of the Republican leaders of the House told me that in the 21 districts he visited during the August recess, including those in his own Midwestern state, immigration vies with Iraq as a matter of major concern to the voters. Does that mean, I asked, that you're likely to try to complete a final version of the immigration reform bill, endorsed by President Bush and passed in different forms by the House and Senate? 'No,' said the GOP leader, who spoke without attribution in the interest of candor. 'The voters would rather we get it done right than done fast. I don't look for any action in September.'

Fed And FTC Blamed For Holding Up Congressionally-Mandated Homeowner Protection. The Los Angeles Times (9/3, Harney, 918K) reports, "A congressionally mandated consumer protection of huge potential value to home mortgage applicants has been paralyzed because two federal agencies have not published required regulations, 33 months after the legislation was signed into law. The new consumer protection, created by the Fair and Accurate Credit Transactions Act of 2003, covers loan applications in which a lender uses a 'risk-based pricing' system that taps into an applicant's credit files. … Congress ordered lenders to issue risk-based pricing notices whenever credit file data causes them to quote rates or fees that are 'materially less favorable.'" Congress "also directed the Federal Reserve Board and the Federal Trade Commission to issue regulations describing the content, scope and format of the notices. So far, the two agencies have issued nothing."

Protesters Moving From Bush's Home To Washington. The AP (9/3, Brown) reports, "About 100 war protesters ended a monthlong vigil near President Bush's ranch with a rally on their campsite Saturday, and planned to move the demonstration close to the White House. … The two-week 'Camp Democracy' demonstration starts Tuesday on the mall in Washington, centering on issues including the war, environment, health care and attention to Hurricane Katrina victims, organizers said."

Choice For New Space Vehicle Maker Lauded. In a news analysis in Time (9/2, 4.03M) Jeff Kluger writes, "By awarding the contract for the next generation Orion space vehicle to Lockheed Martin, NASA finally got something right. But will Washington have the political will to complete the trip? It was a long, long time in coming, but NASA's manned space program finally got one right. Thursday's announcement that the contract for the next generation crew exploration vehicle -- now dubbed Orion -- had been awarded to Lockheed Martin was the right spacecraft to the right company at the right time."

OTHER NEWS:

Concerns Raised About Wage Inequality. Following the release Friday of new figures showing payroll gains for June and July were revised up slightly, prominent US newspapers like the New York Times and the Washington Post published analyses of wage inequities. Introducing one of seven "Week in Review" articles published by the New York Times (9/3, 1.21M) David Leonhardt writes, "What seems clear from the recent data is that the United States has fallen into a new period of wage stagnation -- a sequel to another such period lasting from the mid-1970's until the mid-1990's -- that has begun to darken the public mood." Leonhardt states, "There is little indication that policy makers of either political party are close to a solution to the pay slump -- or even an attempt at one. In Jackson Hole, Wyo., nine days ago, Ben S. Bernanke, the Federal Reserve chairman, gave a speech arguing that freer trade and new technologies had greatly lifted living standards over the course of history. But further progress 'should not be taken for granted,' he added, in large part because unequal gains were creating political opposition to the economic changes." But "strikingly," he "did not suggest a single possible solution. These are not simple problems."

Report Suggests Workers Benefit From Union Membership. The New York Times (9/3, Walsh, 1.21M) reports that according to the Employee Benefit Research Institute "government employees were doing better" than private-sector worker. For government workers, one "hour's worth of their work cost governments $24.17 in wages and salaries, plus $11.29 in benefits. An hour's worth of work in the private sector cost employers $17.21 for wages and salaries, plus $7.03 for benefits." That "gap reflects big differences in the composition of America's work force." The Times suggests this is because government workers benefit more than private sector workers from belonging to unions.

More Women Work Longer Years. The New York Times (9/3, Norris, 1.21M) reports that among employment trends, "perhaps the most notable trend is that men and women are both much more likely to keep working than were their parents in what used to be known as the golden years." Although unemployment is low, "another way to look at the numbers is to study the percentage of the entire population who have jobs." Statistics show the "proportion of women ages 65 to 69 holding jobs has increased by 8.8 percentage points over the 20 years. Is that because they love their jobs, or because they need the money? Yes."

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Government Fails To Track Cuts In Wages. The New York Times (9/3, Uchitelle, 1.21M) reports, "A number is missing. No one knows how many American workers have agreed to accept, however reluctantly, a cut in their wages or benefits or both in recent years." The government "doesn't add up the number of people who have forfeited big chunks of their pay and benefits, and neither do unions or academic researchers." And "there has not been enough political pressure for an accurate count of those affected. That is partly because many workers and unions have agreed to the concessions to preserve jobs."

Economists Concerned About High Level Of Personal Debt. The New York Times (9/3, Greenhouse, 1.21M) reports that "debt payments now consume 19.4 percent of the income of the average American family, and 23 percent of the families in the bottom two-fifths of families by income devote at least 40 percent of their income to debt payments. With debt burdens so high, some economists fear a new wave of foreclosure and personal bankruptcies now that interest rates have climbed."

Corporate Executives Earn In One Day Teachers' Yearly Salary. The New York Times (9/3, Herring, 1.21M) reports, "According to the American Federation of Teachers, the state with the highest average pay for teachers in 2003-04 was Connecticut, at $56,516; the lowest was South Dakota, at $33,236." In contrast, "Pick a corporate chieftain -- say, Jeffrey R. Immelt of General Electric. He earns $15.4 million a year. Every single day -- including Thanksgiving and Christmas -- he makes almost what the average teacher does for a year of taming wild children, staying up nights planning lessons, and, really, helping to shape a generation."

US Continues To Attract Foreign Labor. In the one positive article in its review of wage inequalities, the New York Times (9/3, Bajaj, 1.21M) reports, "Whatever you may think about the state of the American labor market or the impact of immigrants on it, there is no denying that the right to work and live in the United States remains highly coveted."

Polls Show Workers Dissatisfied With Pay And Benefits. Amy Joyce in her "Life at Work" column in the Washington Post (9/3, F1, 748K) writes, "This Labor Day, workers are saying their biggest work problems are mostly economic. Their pay is not keeping up with increasing health-care costs or other increases in living expenses. They are disgruntled enough to look for work on the job. Retirement 'security' isn't secure." For example a poll for the workforce management company Kronos found "61 percent of employed adults say they are not experiencing the benefits of an improved economy in their work lives, a four-percentage-point increase from last year's survey."

Study Shows Little Growth In California Wages. The Los Angeles Times/AP (9/3) reports, "Wages for the vast majority of Californians have barely kept pace with the cost of living in the five years since the last recession, according to a new study." According to the California Budget Project, "From 2003 to 2005, workers in the low and median ranges saw little or no wage growth, while those at the high end of the wage scale saw increases of barely 1%, according to the study to be released today."

National Testing Standard Under Consideration. In a front page story the Washington Post (9/3, A1, Matthews, 748K) reports, "Many states, including Maryland and Virginia, are reporting student proficiency rates so much higher than what the most respected national measure has found that several influential education experts are calling for a move toward a national testing system. The growing talk of national testing and standards comes in the fifth year of the No Child Left Behind era."

Fewer Achieve Perfect Score On SAT. The New York Times (9/3, Lewin, 1.21M) reports, "When it comes to the SAT, perfect is now a whole lot harder. But take heart if you favor cursive over printing, the third person over the first, and more over less. You may have an edge." The report adds, "More than 1,000 students got a perfect 1600 last year, when the college-admissions test consisted of the time-honored two 800-point sections, verbal and math. But now that the test has been revamped and expanded to nearly four hours, with a new writing section that includes an essay, the average scores have dropped by seven points — and only 238 students received the new perfect score of 2400."

Rove Portrayed As Struggling To Convince GOP Candidates To Heed His Advice. The New York Times (9/3, A1, Nagourney, Rutenberg, 1.21M), in a front-page story, contends that Karl Rove "is struggling to steer the Republican Party to victory this fall at a time when he appears to have the least political authority since he came to Washington, party officials said." According to the Times, GOP candidates "are disregarding Mr. Rove's advice, despite his reputation as the nation's premier strategist. They are criticizing Mr. Bush or his policies. They are avoiding public events with the president and Mr. Rove." The Times cites Michigan GOP Senate candidate Dick DeVos's "searing attack on the president for failing to meet with the leaders of the Big Three automakers." Near the end of the article, the Times adds, "Rove's associates say he appreciates the need of candidates to distance themselves from the White House to win. But he was described as angered by candidates who he thought were going too far in criticizing Mr. Bush out of concern that attacks could further damage an already weakened president, they said." Rove "has warned associates that a Democratic takeover in Congress would…invite two years of potentially crippling investigations into the administration," but the Times also reports,

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"associates described [Rove] as displaying relentless optimism about an election that is filling Republicans with a sense of doom." Near the beginning of the article the Times notes, "The White House said that Mr. Rove would consider an interview for this article if it were conducted off the record, with the provision that quotations could be put on the record with White House approval, a condition it said was set for other interviews with Mr. Rove. The New York Times declined."

GOP Countering Democrats' Attempt To Make Election A Referendum On Bush. The AP (9/3, Espo) reports Democrats, "hope to make the election a referendum on the president and his party. … 'The (political) environment is very challenging,' conceded Ken Melhman, Republican Party chairman. 'The single most important thing that is critical to Republican success is making this a choice and not a referendum. There are two very different strategies for how to prosecute a global war. The reason there is going to be a choice is there are real differences.' It's a point that Bush, Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld have all made in recent days as they seek to cast the war in Iraq as central to a broader war on terror."

Midterm Losses Experienced By The President's Party Analyzed. In a "Week in Review" piece for the New York Times (9/3, 1.21M) David Greenberg, in an analysis of previous midterm elections, reports that President Bush "is having a bad year" and "has cause to worry about the coming midterm elections. The party occupying the White House almost always loses seats in midterms. One theory political scientists give to explain this tendency is called 'surge and decline.' It notes that most presidents have coattails when they are elected, carrying the party's candidates into Congress. But in other years those legislators have to run without the presidential surge, and many lose. But the extent of a party's losses can vary. A different theory of voting behavior, which considers midterm elections to be a referendum on the president, helps explain why. Evidence suggests that when voters support the president — especially his handling of the economy — his party loses fewer seats than when they're unhappy. Some scholars have also noted that midterm turnout is highest among people who want to punish the president, which helps to account for his party's ill fortunes." However, Greenberg notes, "Sophisticated methods of redistricting have made some Republican House seats safer. Invigorated Republican get-out-the-vote efforts have invalidated the old rule that high turnout helps the Democrats."

At Least Forty House Races Now Considered Competitive. The Washington Post (9/3, A1, Balz, Broder, 748K), in a front-page story titled, "More GOP Districts Counted As Vulnerable: Number Doubled Over the Summer," reports, "Over the summer, the political battlefield has expanded well beyond the roughly 20 GOP House seats originally thought to be vulnerable. Now some Republicans concede there may be almost twice as many districts from which Democrats could wrest the 15 additional seats they need to take control. President Bush's low approval ratings, the sharp divisions over the war in Iraq, dissatisfaction with Congress, and economic anxiety caused by high gasoline prices and stagnant wages have alienated independent voters, energized the Democratic base and thrown once-safe Republican incumbents on the defensive." According to the Post, "Privately, many Republican strategists fear there may be no way to prevent the Democrats from winning the House. … One prominent consultant -- who like many of the people interviewed for this article spoke on the condition of anonymity to offer candid appraisals -- put the odds of a Democratic takeover at 75 percent. Another strategist who has worked as part of Bush's campaign team said he believes there is a 9-in-10 chance that Republicans will lose their 12-year-old House majority." The Post goes on to report, "Republicans face potential losses in every section of the country, but the area that concerns strategists most is the arc of states running from the Northeast across the Midwest. There are three GOP incumbents at risk in Connecticut and four districts in Pennsylvania that could flip in November. In New York, Republicans worry that Sen. Hillary Rodham Clinton (D) and likely Democratic gubernatorial nominee Eliot Spitzer will roll up such large margins that several GOP-held districts could be caught in the undertow. … Even more worrisome to the Republicans is Indiana, where three House incumbents…could fall to Democratic challengers."

The Los Angeles Times (9/3, Hook, 918K) reports, "Early this year, the nonpartisan Cook Political Report identified 42 House Republican seats as competitive; now it lists 55. The analysis sees only 20 House Democrats in competitive races. Democrats, who need to gain 15 seats to win control, also have narrowed Republicans' traditional advantage in fundraising. The mood of the electorate continues to be clouded by deteriorating conditions in Iraq. 'That's a recipe for a GOP disaster, and there is no reason to believe that things will change dramatically between now and election day to improve Republican prospects,' said Stuart Rothenberg, editor of a nonpartisan newsletter that recently predicted a Democratic takeover of the House.

Dean Blamed For Democrats' Disappointing Fundraising. Syndicated columnist Robert Novak (9/3) writes, "Lifetime Democratic contributors have made good on their threat to stop giving money to the Democratic National Committee (DNC) so long as Howard Dean is its chairman. Some of the party's longtime money men warned that would happen when Dean took over the DNC following the 2004 elections. Lower contributions, combined with Dean's heavy

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spending, have resulted in the most recent cash-on-hand report by the DNC of $11.3 million, compared with $43.6 million at the Republican National Committee.

With Eye To Presidential Primaries, Clinton Adjusts Her Message On Iraq War. The Washington Times (9/3, Fagan, 88K) reports Sen. Hillary Clinton "has strong support in New York state, where she is expected to cruise to a second Senate term. An issue beginning to dog her, however, is the war in Iraq, and some observers say it will only get worse as 2008 nears. 'She has to move to the left on the war,' said John Zogby, president of an international polling firm. She 'risks losing a chunk' of the liberal vote if she doesn't. With more than 80 percent of Democrats stridently opposing the war, along with a small but growing percentage of Republicans, the debate is starting to shift, he said, adding that an anti-war candidate with a plan to end Iraq occupation could do well in 2008." When asked Friday about the war, Mrs. Clinton said, 'I've been a constant and consistent critic. I've also tried to work within the fact that this president has made decisions and a series of strategic blunders. ... I have a situation that I'm trying to figure out how we're going to deal with.'"

Rumor That Clinton Will Not Seek 2008 Nomination Persists. The Sunday Times UK (9/3), in an article currently featured prominently atop the Drudge Report, claims, "Friends of Hillary Clinton have been whispering the unthinkable. Despite her status as the runaway frontrunner for the 2008 Democratic nomination for president, some of her closest advisers say she might opt out of the White House race and seek to lead her party in the Senate." As evidence the Times cites the "One well-respected blog, The Washington Note," which "recently claimed" that Sen. Harry Reid "privately told Clinton the job was hers if she gave up her presidential ambitions. Reid's office denied it, but the claim made its way into the Los Angeles Times where it was suggested she would make a 'superlative Senate leader' while keeping her options open for the 2012 presidential race."

NYTimes Endorses Clinton, Contrasts Her And Lieberman. The New York Times (9/3, 1.21M) in an editorial writes, "The Democratic primary for senator in New York, which pits Hillary Clinton against an antiwar candidate, Jonathan Tasini, is not shaping up as a nail-biter. Mrs. Clinton has one of the best-known names on the planet, far more campaign money than she needs and an enormous lead in the polls. … This page recommended voting for Ned Lamont over Mr. Lieberman in the primary. Today — not to prolong the suspense — we're endorsing Mrs. Clinton. It seems like an excellent time to discuss her record on the war. Mrs. Clinton and Mr. Lieberman have behaved very differently on the Iraq issue from the beginning. In 2002, Mr. Lieberman stood next to President Bush in the Rose Garden when he announced an agreement on a resolution to authorize use of force. Mrs. Clinton, on the other hand, urged that the resolution be regarded not as a go-ahead to invade, but as leverage in negotiations with the United Nations. She argued in the Senate debate that the president should work to get strong United Nations backing for a demand that Saddam Hussein allow weapons inspectors back into Iraq. If that failed, she said, the United States' effort would still win it international support for an invasion later."

Webb's Son Will Be Deployed To Iraq This Week. The Washington Post's Michael Shear (9/3, C1), in a lengthy analysis piece, writes Sen. George Allen "will saddle up tomorrow for his Labor Day trot down the main drag in Buena Vista, the traditional kickoff of Virginia's election season, and what might be the toughest test of his decades-long political career." Allen "spent the first half of 2006 courting out-of-state voters who might make him president, and, in early polls, he led former Navy secretary James Webb by double digits in his bid to return to the Senate to represent Virginia. That was before Allen was forced to apologize for calling a Democratic aide 'macaca' at a campaign stop and welcoming the young man of Indian descent to 'America and the real world of Virginia.' In a flash, his presidential dreams have given way to a tougher than expected reelection campaign." Shear goes on to write, "The war is supposed to be Jim Webb's silver bullet. This week, he will see his son, Jimmy, deploy with his Marine unit to a war that his father warned against years ago. The elder Webb, himself a decorated veteran of the Vietnam War, said he will continue to wear desert combat boots to symbolize what he calls a failed war that threatens to divert attention from terrorism."

Top Analysts Now Consider Tester As Favorite Over Burns. The Los Angeles Times (9/3, Verhovek, 918K) reports, "When the campaign for U.S. Senate here is over and voters have been saturated with as much as $20 million worth of advertising — in a state of just 935,000 people — it is possible that Montanans will decide whether to send Jon Tester to Washington, D.C., based on who he is not. He is not Conrad Burns — not the three-term, gaffe-prone Republican incumbent who was the top recipient in Congress of money linked to Jack Abramoff, the lobbyist who pleaded guilty to conspiring to bribe lawmakers. Yet with both sides deep into what is widely regarded as one of the nation's fiercest and most competitive Senate races this year — the candidates are even in some polls — voters are also starting to focus on just who Tester is." According to the Times, "Tester, 50, is a third-generation wheat farmer from the golden plains of north-central Montana. He's a burly, no-nonsense person, with a flattop haircut and three fingers missing on his left hand, lost in a meat-grinder accident when

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he was 9." The Times adds, "Many nonpartisan political experts rate the race a toss-up, but at least two of them — influential analysts Stuart Rothenberg and Larry J. Sabato — have moved their assessment of the race to Tester's favor."

Kean And Menendez Trade Allegations Of Corruption. The Philadelphia Inquirer (9/3, Fleming, 399K) reports, "In New Jersey's increasingly brutal U.S. Senate race, words like shakedown, corruption and impropriety are uttered so much it seems out of place not to hear them." Sen. Robert Menendez "constantly blasts his Republican opponent, State Sen. Thomas H. Kean Jr., for not supporting legislation to ban smoking in casinos after accepting money from casino interests, among other allegations. The new Menendez catchphrase: 'quid pro Kean.'" Kean "goes after Menendez for pocketing $329,000 as a landlord of an antipoverty organization for which Menendez lobbied to get federal funding while in the U.S. House. Menendez, a Kean spokeswoman says, is so corrupt that he 'is an indictment waiting to happen.'

Debate Has The Potential To Shift Dynamics Of Santorum-Casey Race. The Philadelphia Inquirer (9/3, Budoff, 399K) reports, "Simple but unflattering, the $3 bumper sticker sums up the plight of" Sen. Rick Santorum and Bob Casey Jr. -- "Bob Casey: Well... he's not Santorum." According to the Inquirer, "It illustrates how the appetite for Santorum's defeat is so strong among many Democrats - abortion-rights advocates, Iraq war opponents, and liberals - that they are willing to overlook key differences with Casey. But the tepid endorsement also underscores Casey's shaky standing - with broad, but not necessarily deep, support. Santorum faces the opposite problem: dedicated backers, but perhaps not enough of them. … Voters remain dissatisfied with President Bush and the direction of the country. Santorum holds the fund-raising edge, but lags in the polls. And Casey continues to run a low-key campaign aimed at minimizing his exposure. The dynamics could shift after Santorum and Casey appear on NBC's Meet the Press today."

Casey Seen As "Standard-Bearer" For Moderates Democrats. The Los Angeles Times' Michael McGough (9/3) writes, "Today, voters in Pennsylvania will get their first comparative view of the candidates in a race that will be (pick your cliche) crucial, pivotal or decisive in the Democratic Party's attempt to regain control of the Senate. Perhaps fittingly for what has become an iconic contest," Santorum and Bob Casey "will tangle for the first time in a joint interview on national television, on NBC's 'Meet the Press.' With polls continuing to show Casey ahead — albeit by a narrowing margin in most surveys — Democrats profess optimism that their candidate, the son, namesake and ideological protégé of a popular former governor, will ride family coattails, disaffection with President Bush and anti-incumbent sentiment to a victory over Santorum." McGough contends that Casey "is the standard-bearer for the argument that there are still votes to be gained through Clinton-style moderation. … A Casey victory — especially if it contributed to Democratic control of the Senate — would shore up centrists as the party moved toward presidential primaries in 2008."

Santorum's Roots In Western Pennsylvania GOP Noted. The Pittsburgh Post-Gazette (9/3, O'Toole, 241K) reports Sen. Rick Santorum's "rise, and that of his GOP allies, are a part of a broad national story of the transformation of American politics -- the ascendance of the conservative wing of the Republican Party. But to a startling extent, the Western Pennsylvania chapter of that saga is more personal story, one in which a relatively small band of partisans, familiar to one another from the first steps of their political careers, nurtured and fed on the changing voting patterns of the region and the state. … In Western Pennsylvania…all of Republican politics is seemingly governed by the rule of one degree of separation from Rick Santorum.

Cardin's Age And Baltimore Background Seen As Handicaps. The Washington Post (9/3, C1, Ruane, 748K) reports Rep. Benjamin Cardin's experience – "the hundreds of votes he has cast and the quiet, workhorse reputation he has acquired -- could work against him this time, with an electorate in a decidedly anti-incumbent mood and a throng of candidates in the Democratic primary scrambling to be considered the outsider. … After 20 years in Congress, Cardin is 62. During a televised debate last week with his chief opponent, former congressman and NAACP president Kweisi Mfume, 57, the graying Cardin appeared much the older man. Cardin also has a strong Baltimore accent, which does not lend itself to oratory and marks him as a son of the city in a state that stretches from the Eastern Shore to the Allegheny Mountains."

Harris Dismissed As A "Bumbling…Intolerant Party Pariah." Time (9/3, Liston, 4.03M) reports Rep. Katherine Harris "now finds herself imploding on the eve of the primary election next Tuesday, painted as a bumbling, Starbucks-swilling, intolerant party pariah. It is only thanks to her unknown and ineffective trio of opponents that Harris, 49, is nonetheless expected by many analysts and recent polls to win the primary — before undoubtedly losing the November election to incumbent Democratic Sen. Bill Nelson. … How the normally disciplined Republican machine let their primary for such an important office turn into a laughing stock is grist for comedy shows and conspiracy theories alike. Abandoned early and publicly by both state and national party leaders —

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everyone from Jeb Bush to Karl Rove reportedly tried to recruit an alternative candidate — Harris's every campaign stumble and fashion faux-pas has eclipsed virtually all other issues, even her questionable dealings with Mitchell Wade, the defense contractor who funnelled $32,000 in illegal contributions to her 2004 reelection campaign and has also plead guilty to bribing California congressman Duke Cunningham."

US Sugar's Influence Spotlighted In Democrats' Florida Gubernatorial Primary. The South Florida Sun-Sentinel (9/3, Kleindienst, Hollis, 265K) reports, "In the opening salvo of a last-minute blitz through voter-rich South Florida, Jim Davis took his fight for governor to the backyard of U.S. Sugar Corp. on Saturday, demanding to know why the company is helping bankroll a nearly $5 million assault on his record. After driving through miles of cane fields, Davis stood on the edge of Lake Okeechobee's Herbert Hoover dike, pledging to make Everglades preservation a priority and blasting the sugar-funded attack that has helped his rival, state Sen. Rod Smith, of Alachua."

Exit Polling Pioneer Mitofsky Dies. The AP (9/3) reports, "Warren Mitofsky, a survey researcher who pioneered the use of exit polls to cover elections and helped develop the sampling method used in most modern telephone polling, has died. … Mitofsky started conducting exit polls in 1967 for CBS News and developed the projection system and analysis system used by CBS and later by a consortium of news organizations that conducted national exit polls."

Anti-Incumbent Mood Could Benefit Potential Independent Candidacies. In an op-ed for the Washington Post (9/3, B2, 748K) Marc Ambinder, associate editor of the Hotline, writes, "For the first time since presidential candidate Ross Perot won nearly 19 percent of the vote in 1992, technology, egos and politics are colluding to lower the barriers to entry for credible independent candidates for national office. Signs abound that voters are moving beyond the two major parties and testing the free-agent market. And politicians are responding; the put-yourself-above-partisanship orientation is spreading, even during this midterm election season, when candidates typically seek to rouse the passions of their partisans. … Another signal that the potential for a system shakeup is serious: The smart people in both parties are seeking to profit from it. Strategists behind the polarizing presidential elections of Bill Clinton and George W. Bush have co-founded an Internet startup, HotSoup.com, that aims to harness the anxiety in the electorate."

Reporter Muses On Role Of Food In Presidential Campaigns. The Washington Post's Chris Cillizza (9/3) writes, "Modern presidential politics is littered with candidates who committed fatal food faux pas. Massachusetts Sen. John Kerry's request for Swiss cheese rather than Cheez Whiz on his cheese steak at a stop in Philadelphia during the 2004 campaign cemented the public's view of him as an out-of-touch Brahmin. … Food can humanize as well as dehumanize. Witness Bill Clinton's habit during the 1992 presidential campaign of making unscheduled visits to McDonald's for a Big Mac and fries. Clinton's weakness for fried food and the yo-yo-ing waistline that went with it helped the average voter identify with him."

Widow Of Former Texas Gov Connally Dies. The CBS Evening News (9/2, story 8, 0:10, Assuras, 7.66M) reported, "Nelly Connolly, widow of the former Texas governor, has died in Austin at the age of 87. She was the last remaining survivor among those in President Kennedy's limousine in 1963 when he was assassinated." The New York Times (9/3, 1.21M) also reported Connolly's death.

Scholar Says Poverty Measure No Longer Accurate. Nicholas Eberstadt, the Henry Wendt Scholar in political economy at the American Enterprise Institute, in an op-ed in the Washington Post (9/3, B1, 748K) that the latest US poverty rate report "was sobering, signaling short-run stagnation and deterioration over the past generation." But "the problem here lies less with actual living conditions than with the flawed and misleading poverty measure itself." Eberstadt argues, "With more access to credit, greater income swings from year to year, and improved nutrition, housing and health care, the life of America's poor is radically different today. Unless the nation's basic poverty indicators take into account such new conditions, any efforts to effectively redress poverty in America are bound to fail." The Washington Post (9/3, B3, 748K) includes a link to a list of the top ten poverty "strongholds" in the US.

Iranians Tout Negotiations In Talks With Annan. The New York Times (9/3, Hoge, 1.21M) reports UN Secretary-General Kofi Annan arrived in Tehran yesterday "for two days of talks in which he hoped to persuade Iran's leaders to throw their support behind plans for the future of Lebanon and to enter negotiations on the country's nuclear program." He met with Foreign Minister Manouchehr Mottaki, nuclear negotiator Ali Larjani and senior religious leader Ali Akbar Hashemi Rafsanjani. Today, Annan is slated to meet former foreign minister Kamal Kharrazi and President Mahmoud Ahmadinejad. Annan's staff said he "wants to secure Tehran's cooperation with the" IAEA. Larjani, who spoke to reporters with Annan after their

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meeting, is quoted saying, "Both sides agree and accept that the best solution to this problem can be found through negotiations." The Times says "one basis for talks is an offer of trade and aid incentives from the five permanent Security Council members" and Germany.

In a Saturday report entitled, "Annan Pushes Iran To Compromise On Nukes," the AP (9/3, Karimi) notes Annan "began meeting with Iranian leaders to press them to help cut off weapons shipments to Iran's Lebanese ally Hezbollah and to compromise in its nuclear confrontation with the West." The EU "is pursuing a last-ditch attempt at negotiations with Iran this week, and Annan said in a newspaper interview before arriving that he hoped for a diplomatic solution that would 'avoid another conflict in a region already subjected to a great stress at this moment.'" The AP said the "tone" of the Annan-Larjani meeting "was positive," with Larjani saying it "was 'constructive' and that 'both sides agreed that problems should be solved through negotiations.'" The AP predicted that Annan "faced a tough response" on the nuclear issue. The Washington Times/AP (9/3, Karimi) runs a modified version of the AP story, saying Tehran showed little sign it was ready to bend to Western demands that it immediately halt its suspect nuclear programs."

The Los Angeles Times (9/3, 918K) adds the EU "agreed to try to clarify Iran's nuclear stance within two weeks, and Iran told" Annan "it wanted fresh negotiations on the issue." Washington "said Friday it was consulting European governments about possible sanctions, but the EU signaled it wanted more discussions with Tehran, which says its nuclear activity is aimed at producing energy."

Overtures To Tehran Could Pay Long-Term, Not Short-Term, Benefits. In its "Week In Review" section, the New York Times (9/3, Slackman, 1.21M) asks, "Would reaching out to Iran, like agreeing to hold direct talks with Iran's president, do much to persuade Iran's leaders to give up their willingness to pursue a nuclear program at any cost?" The Times says most analysts believe such a "dramatic effort would probably fall flat, at least at first. Iran's leaders are certain the West wants to remove them from power, and so their first response, many analysts here said, would be to charge that Washington was laying a trap. The second reaction would be to say that the change validated the hard-line approach toward the West — that belligerence had worked, and that more intransigence would get more such results." Looking at the broader implications of a request from Washington for talks, the Times says it could prove "far more threatening to the leadership than the threat of economic or political sanctions." An Iranian religious leader is quoted saying, "Radicalism has always been supported and strengthened by the West," and the Times says moderate "sentiments cannot be influential in changing Iranian society while the United States talks of regime change and threatens sanctions."

Sanctions Not Forthcoming Because They Won't Work. Reporting on the UN Security Council's sanctions vow, the New York Times (9/3, Cooper, 1.21M) notes, "That was three months ago. Iran hasn't suspended anything, despite the passage of" the August 31 deadline. "The six countries that made the offer… are still debating what to do. And last week, the day after the deadline, European Union foreign ministers meeting in Finland called for more dialogue with Iran before any talk of sanctions." The Times says this "raises the question: When is a deadline not a deadline?" The answer is: "When a deal needs support from a bunch of different countries," and "When everyone is afraid that sanctions will hurt them as much as they'll hurt Iran," and "When few people think the sanctions will work anyway." The Times calls this last caveat "the crux of the problem," and says, therefore, "the deadlines keep sliding by."

Annan Says Holocaust Cartoons "Incite Hatred." In separate reporting, the AP (9/3, Karimi) reports Annan "raised concerns with officials over an exhibition of cartoons about the Holocaust that opened in response to Muslim outrage over the Prophet Muhammad caricatures." He is quoted telling Mottaki, "We should avoid anything that incites hatred," and he "said he had not seen the Holocaust cartoons." The exhibit, which opened last month, includes cartoons "submitted after the exhibit's co-sponsor, the Hamshahri newspaper, said it wanted to test the West's tolerance for drawings about the Nazi killing of 6 million Jews in World War II. The entries on display came from nations including United States, Indonesia and Turkey."

Khatami Sees "Key Role" For US Muslims In US Foreign Policy. The Los Angeles Times (9/3, 918K) reports former Iranian President Mohammad Khatami "said that U.S. foreign policy triggers terrorism and violence in the world, but American Muslims can play a key role in promoting peace and security." Appearing in Chicago at the beginning of his two-week US tour, Khatami said, "As America claims to be fighting terrorism, it implements policies that cause the intensification of terrorism and institutionalized violence." He also noted "a chronic misunderstanding between the West and the East."

Clift Predicts Bush Will Use Iran As Election Wedge Issue. In her column in Newsweek (9/3, 3.12M), Eleanor Clift says voters should "expect to hear the war drums on Iran" before November. "Some 63 percent of Americans oppose the Iraq war, according to the latest NEWSWEEK poll, and they deserve better from their president than a calculated verbal assault that calls them appeasers and Fascist sympathizers. This is a new low for Bush, but not surprising given his family history. The Bushes, father and son, traditionally run viciously negative campaigns to win elections." Clift adds, "It is unlikely Bush would attempt to attack Iran before the November election, but he'll make the

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willingness to undertake military action one of the bright lines between Republicans and Democrats."

Annan's Communications Chief Says He Condemned Hezbollah, Expressed Remorse For Israeli Casualties. In a Letter to the Editor of the New York Times (9/3, 1.21M), UN communications head Edward Mortimer says the Anti-Defamation League claimed, in its recent op-ed, that Annan "had not condemned Hezbollah and had shown no concern for the Israeli victims of the recent devastating conflict. In fact, Mr. Annan has repeatedly and publicly condemned Hezbollah's attacks on Israel, including in a statement to the Security Council on July 20. On July 30, he told the Security Council that 'over 50 Israelis have died, including 19 civilians, and the population of northern Israel has been subjected to intense and continuous rocket fire, and thousands are now in shelters.'"

North Korean Vehicle Movements Could Augur Missile Test. The AP (9/3) notes South Korean media reporting that Seoul and Washington "intelligence authorities have detected suspicious vehicle movements in and out of North Korea's major missile test site" in North Gitdaeryeong. Intelligence officials "do not rule out the possibility that it is part of North Korea's preparations for additional missile tests." The AP adds, "North Korea on Saturday accused the United States of threatening war against the communist country with its missile defense test, and vowed to boost its own self-defense to counter any U.S. attack. The North's angry reaction came in response to the U.S. successful test on Friday in destroying a mock warhead over the Pacific Ocean as part of its missile defense system."

Italians' Arrival Makes Lebanon Border Force A Reality. NBC Nightly News (9/2, story 8, 2:30, Seigenthaler, 9.87M) reported on the "fragile truce in the Middle East. The first wave of a peacekeeping force moved into Lebanon determined to uphold the cease-fire." NBC (Maceda): "U.N. officials were quick to point out they have the mandate to take Hezbollah or Israeli forces head on." UN Under-Secretary-General Jean-Marie Guehenno: "If you see people with guns ready to commit a hostile act the force will take action." Maceda: "But Kofi Annan said they will not disarm Hezbollah and veterans of earlier missions said these peacekeeping troops could have little impact." Former British UN Commander Colonel Bob Stewart: "Soldiers on the ground will be battered from both sides." But for the small contingent of UN forces from Ghana who have been acting as observers "the new arrivals are a huge morale boost. Three weeks into the truce Lebanon is already rebuilding, most refugees have returned home and now military experts say international troop can help seal the peace, or lose it."

The Washington Post (9/3, A15, Cody, 748K) reports, "Led by commandos who splashed ashore in black dinghies, a contingent of Italian soldiers landed in southern Lebanon on Saturday in the first substantial strengthening of the U.N. force assigned to guarantee a fragile truce along the border between Israel and Lebanon." The deployment "represented a down payment on the 6,900 soldiers that Italy, France and several other European nations have promised to send to create a reinforced version of the United Nations Interim Force in Lebanon, or UNIFIL, that repeatedly has been denounced by Israel as feckless in the 28 years since it was first deployed." The Post calls the enhanced border force "a key part of" the ceasefire, and notes Beirut announced it has deployed "more than 8,000 Lebanese soldiers" between the Litani River and the Israeli border. Also, Prime Minister Fouad Siniora said "controls along the border with Syria have been tightened with the dispatch of about 8,500 Lebanese soldiers and" security officers.

The AP (9/3, Pitman) reports, "The beefed-up peacekeeping force in Lebanon began to take shape Saturday as 1,000 Italian soldiers started moving in, the first large contingent of international troops dispatched to help" maintain the ceasefire." The "full 15,000-member force has not been assembled yet, but with several major Europeans countries on board with contributions, more pledges were coming in." Jakarta and Ankara made progress towards significant troop contributions to the border force.

In Tehran, Annan Builds Support For Ceasefire. In larger reporting focused on the Iranian nuclear crisis, the New York Times (9/3, Hoge, 1.21M) notes, "Aides said Mr. Annan's goal regarding Lebanon is to gain Iran's commitment to the Security Council resolution for a halt to the fighting and calls, among other things, for the disarming and dismantling of the Hezbollah militia, which Iran backs." Similarly, the AP (9/3, Karimi) says Mottaki "expressed Iranian backing for the U.N. cease-fire resolution in Lebanon, which calls for halting the flow of weapons to Hezbollah — though he did not directly address that issue."

Absent During War, Politicians Now Jockeying For Position. In a piece on internal Lebanese political divisions, the New York Times (9/3, Kifner, 1.21M) reports, "Two weeks into a shaky cease-fire between Hezbollah guerrillas and Israel, some of the big names of Lebanese politics are moving back onto the political stage. The result has been an open round of bitter political infighting and backbiting. Figures from various factions have attacked one another in newspapers and on talk shows." The Times notes Beirut "is dominated by figures from the American-backed groups that banded together in what is known as the March 14 alliance" that spearheaded last year's Cedar Revolution. General Michael Aoun and Siniora are challenging each other in the press, with Aoun asking Siniora to resign and accusing him "of working with 'foreign countries' against Lebanon's

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interests." Saad Hariri "has been slower to try to reclaim his standing. He returned from Saudi Arabia and elsewhere as the cease-fire was being declared, and has made a few speeches." The Times adds, "When the Lebanese talk politics, it is a quick descent into a Levantine labyrinth of old grudges, treasured grievances, remembered massacres and betrayals, and the hands of shadowy outside forces -- most of them probably true."

Hezbollah Commander Killing In Fighting. The AP (9/3) reports Hezbollah "announced Saturday the death of" Hajj Ali Mohammed Saleh Bilal "from wounds suffered in monthlong fighting with Israel, the highest-ranking guerrilla the group admits losing in the war." The AP notes the group "did not give his rank other than commander, meaning he was from the military wing. Lebanese security officials, speaking on condition of anonymity, said Bilal was a sector military commander, but had no further details."

Malaysia Offers To Contribute Troops. AFP (9/3) notes Malaysian Prime Minister Abdullah Ahmad Badawi "has said his country is intent on sending peacekeeping troops to Lebanon, but is still awaiting the green light from the United Nations. Malaysia has offered to send 1,000 soldiers to Lebanon to boost an expanded UN force, although Israel has objected because the two countries do not have diplomatic ties." AFP notes Tel Aviv has "dropped objections" it had over Jakarta's troop contribution despite its failure to recognize Israel.

Vital Tourism Dollars Not Likely To Return Quickly. McClatchy Newspapers (9/3, Fadel) reports, "With a two-week-old ceasefire holding, Beirut's nightclubs once again are filled with dancing young people, the streets are noisy with the sounds of traffic and fashionistas crowd the shopping districts. But this seeming return to normal masks a terrible sense of loss: The summer that was supposed to mark Lebanon's return as one of the world's premier tourist destinations is gone, and so is the confidence that made the country's business community eagerly press toward the future." Tourism experts had expected 1.6 million tourists this summer, and those visitors "were expected to spend $4.4 billion in Beirut's lavish hotels and upscale shopping district." The tourism ministry is contemplating "a moratorium on debt collections for tourist-related businesses so they won't be forced into bankruptcy," a compensation plan for "unemployed tourist-industry workers so they don't leave the country," and later "a $2.6 million marketing plan."

Tyre Struggles To Meld Tolerance With History Of Conflict. In a 5,834-word piece in its "Magazine," the New York Times (9/3, Anderson, 1.21M) details the efforts of Tyre, Lebanon, to recover from the recent conflict. It's "very geography was formed by war." During the recent fighting, "Tyre...became a city closing in on itself. Against the near-constant thrumming of invisible Israeli spy drones," Hezbollah "launched ever more Katyusha rockets toward Israel, drawing ever more Israeli bombing raids in response. As the city grew increasingly isolated from the outside world, rumors became the currency on the streets: there was about to be a peace deal; Israel had finally launched its much-delayed ground offensive; Hezbollah had Israeli forces pinned down just inside the border; the Israelis were sweeping north and might be in Tyre within hours."

Palestinian Teachers Strike For Full Pay. The New York Times (9/3, Myre, 1.21M) reports, "Most Palestinian schoolteachers went on strike on Saturday, the first day of the school year, in the latest protest over wages for Palestinian government employees who have gone largely unpaid for nearly six months. Other government workers also joined the strike in what was seen as the largest work stoppage since the Hamas-led government came to power in March." While Hamas leaders "opposed the strike and urged teachers to go to their classrooms," the "government employees' union, which has been aligned with Fatah…, supported the strike." The Times notes, "The government has paid partial salaries for some months, but has no regular stream of revenue to cover the roughly $150 million needed each month to cover salaries and other basic expenses for the Palestinian Authority."

Mubarak Says Gaza Prisoner Exchange Talks Proceeding. The AP (9/3, Michael) notes Egyptian President Hosni Mubarak "says negotiations are ongoing to secure the release of an Israeli soldier captured by Palestinian militants." Israeli Corporal Gilad Shalit was kidnapped by Hamas near the Gaza border on June 25, precipitation an IDF offensive into Gaza. Mubarak told a newspaper that Tel Aviv "is waiting for a Palestinian 'initiative' that spells out Palestinian conditions for a prisoner exchange." Those "demands could include the freeing of imprisoned Palestinian women or minors, he said." The AP says Tel Aviv "had no immediate comment," and "Mubarak did not provide information on official involvement in the talks." For the past several days, regional newspapers have hinted at Cairo's role in prisoner exchange negotiations.

PKK Kills Seven Turkish Soldiers In Three Bombings. The AP (9/3, Hacaoglu) reports, "Separatist Kurdish guerrillas killed seven Turkish soldiers and wounded two in stepped-up attacks against the military in southeastern Turkey." The AP notes, "Guerrillas belonging to the Kurdistan Workers Party or PKK have stepped up their attacks recently both in the southeast and in the west of the country. More than 37,000 people have died since the guerrillas took up arms for autonomy in the Kurdish-dominated southeast in 1984."

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Chinese Ambassador Brings Practicality, Aggressiveness To UN. In a 5,048-word piece in the New York Time Magazine (9/3) James Traub details Chinese Permanent Representative to the UN Wang Guangya's efforts to expand Beijing's global influence. "China now aspires to play an active role on the global stage, which is why it sends skilled diplomats like Wang Guangya to the U.N. That's the good news. The bad news is that China's view of 'the international order' is very different from that of the United States, or of the West, and has led it to frustrate much of the agenda that makes the U.N. worth caring about. The People's Republic has used its position as a permanent, veto-bearing member of the Security Council to protect abusive regimes with which it is on friendly terms, including those of Sudan, Zimbabwe, Eritrea, Myanmar and North Korea. And in the showdown with Iran that is now consuming the Security Council, and indeed the West itself, China is prepared to play the role of spoiler, blocking attempts to levy sanctions against the intransigent regime in Tehran." The Times adds, "It's a truism that the Security Council can function only insofar as the United States lets it. The adage may soon be applied to China as well. … Beijing sleeps no longer. The astonishing growth of China's economy has made it a global force, and the accompanying need for resources has pushed it to forge new ties throughout Asia, Africa and Latin America. The old revolutionary ardor is gone, and China surveys the world with increasing pragmatism and confidence."

Protests Against Environmental Degradation Increasing In China. The Los Angeles Times (9/3, Magnier, 918K) reports, "China's pollution has long been a focus of international criticism as clouds of toxic air waft over California and polluted rivers empty into the Pacific Ocean. Increasingly, however, China's own people are taking to the streets to demand an end to the birth defects, Technicolor water, dead crops and murky air that are robbing them of their livelihoods and lives." Official media reported 50,000 "environment-related riots, protests and disputes last year, an increase of nearly 30%." Experts "blame a top-down single-party system obsessed with economic growth in which officials are promoted for fulfilling five-year plans, not for listening to citizens. Structural problems also are a factor."

Sudanese Refugees Tell Obama They Want UN Force. The AP (9/3, Wills) reports, "Thousands of Sudanese refugees crowded around U.S. Sen. Barack Obama Saturday as he visited their camp in eastern Chad and delivered a single message: Bring in the United Nations. The refugees told Obama an international peacekeeping force is the only hope they have of returning to their normal lives in Sudan's western region of Darfur. Some carried banners held up on sticks demanding U.N. action." Obama "said the U.S. and other western nations must work to put a peacekeeping force in Darfur, in hopes of preventing further violence."

British Ambassador Accuses Uzbekistan's Karimov Of Rampant Human Rights Abuses. In a 2,174-word op-ed in today's Washington Post (9/3, B1, 748K), former British Ambassador to Uzbekistan Craig Murray says his attempts to publicize human rights abuses in Uzbekistan were met with disapproval and censure by London. Torture and unjustified imprisonment were "happening in a country regarded as a strategic friend by the United States, which was looking for well-placed allies after the Sept. 11, 2001, attacks. [President] Karimov had delivered for President Bush," hosting US forces engaged in Afghanistan. "It was clear by the time I arrived in Tashkent [in mid-2002] that the United States was handsomely rewarding Karimov's cooperation. Hundreds of millions of dollars in U.S. aid were flowing to the country -- after the U.S. government, evidence to the contrary notwithstanding, repeatedly certified that the Uzbek government was making progress on human rights and democracy." Having received a written rebuke from London for his public remarks, Murray says, "Apparently, my job was to stand beside my U.S. colleague and support our Uzbek ally." The Washington Post (9/3, B4, 748K) includes hyperlinks to documents Murray expunged from his book, "Murder in Samarkand," because of what he calls threats of legal action from British authorities.

Obrador Said To Spark Non-Violent Mexican Revolution. In an analysis piece, the Los Angeles Times (9/3, Enriquez, 918K) notes, "By delivering a symbolic but stinging blow to the government of President Vicente Fox, losing presidential candidate Andres Manuel Lopez Obrador clinched the first round in his fight for a nonviolent revolution to transform Mexico." The Times continues, "The seizure of the congressional dais in the moments before Fox's speech revealed the twin strategies of Lopez Obrador to use street demonstrations and Mexico's legislature to hammer away at Fox, Calderon and their National Action Party, or PAN, analysts said." He "is expected to use both means to try to steer Mexico back to a more protected economy, countering what he sees as unfair global competition that keeps half the country in poverty." Looking back at Lopez Obrador's campaign, the Times says Obrador "filled plazas with the many poor who have fallen further behind under Mexico's decade-old move toward a free-market system." Now, "with public opinion divided over the election results, mounting anger at demonstrators and a fear of violent clashes, Fox faces tremendous pressure to reach some accord with Lopez Obrador, an unlikely prospect at the moment, or deal more forcefully with protesters."

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Venezuela, Angola Conclude Energy Exploration Deal. The New York Times (9/3, Romero, 1.21M) reports, "President Hugo Chávez of Venezuela reached an agreement this week with his counterpart in Angola, José Eduardo dos Santos, for the two countries to work jointly on oil and natural gas exploration projects. Though no formal ventures have been established, the agreement would allow the national oil company Petróleos de Venezuela to assist Sonangol, Angola's state-controlled oil group, in its offshore exploration efforts."

Annexation Of Golf Courses Provokes Stir In Venezuelan Government. The New York Times (9/3, Romero, 1.21M) reports that Caracas, Venezuela, Mayor Juan Bareto ordered the "forced acquisition" of two golf courses "to make way for homes for as many as 11,500 poor families." The Times reports, "This is not the first volley against private property rights." But this time within Chávez's "normally unified government, fissures erupted. Officials wanting to further radicalize Venezuela's socialist-inspired economic policies applauded the decision, while the vice president, José Vicente Rangel, derided it." The Times adds, "Almost lost in the uproar was the housing crisis that led the mayor to rattle well-heeled Caraqueños in the first place. Official estimates suggest Venezuela needs 1.7 million new homes to meet low-income housing needs, even though 35,000 such units were built in the first half of the year."

Merkel Loses Popularity At Home. The New York Times (9/3, Landler, 1.21M) reports, "With Germany set to deploy a naval contingent of more than 1,000 troops to Lebanon, where it will join a multinational peacekeeping force, Chancellor Angela Merkel is charting a more assertive role for her country, and herself, on the global stage. Yet Mrs. Merkel, whom Forbes magazine this week designated as the world's most powerful woman, is struggling at home -- the victim of eroding public support, infighting in her party and the need to reconcile the competing interests of a balky "grand coalition" government, which has hampered her ability to take bold steps."

France Accelerates Deportation of Illegal Immigrants, But Hesitates To Expel Families With Children. The New York Times (9/3, Bennhold, 1.21M) reports, "France has accelerated its deportation of illegal immigrants and is more than halfway toward its 2006 target of 25,000, the Interior Ministry says, but with a new school year approaching the government appears to have largely refrained from expelling families with school-age children. The interior minister, Nicolas Sarkozy, vowed to step up the pace of expulsions after suburban riots last fall in areas largely inhabited by people of foreign extraction. The deportations — mainly of Africans, Asians and East Europeans — reached 12,716 as of July 31 and sped up in August, said Franck Louvrier, a spokesman for Mr. Sarkozy."

Citizen Concerns About Corruption Could Derail Plan To Modernize Panama Canal. The New York Times (9/3, Lacey, 1.21M) reports that many Panamanians "intend to vote against the expansion plan, which would construct new three-step locks on either end of the canal. They intend to ignore government cries that doing so could prompt shippers to seek alternate routes and could turn the canal into an outmoded ditch." The Times notes that concerns about corruption among Panama's "decision makers" are "widespread." The Times adds, "No one is certain just how strong the 'no' movement is, but the outspokenness of the opposition has surprised those in government who had expected Panamanians to back their canal reflexively."

Aid Workers Warn Against Yanking Humanitarian Efforts In Sri Lanka. The AP (9/3, Biggs) reports, "Aid workers warned Saturday of a humanitarian catastrophe if the United Nations and Red Cross pull out of Sri Lanka, where agency staff are facing mounting restrictions and threats to their safety amid a worsening civil conflict. U.N. agencies and the International Committee of the Red Cross are the only relief groups with access to some parts of the north and east, where the government is locked in fierce battles with Tamil Tiger rebels. Hundreds of thousands of mostly ethnic Tamils in those areas are facing food, water and other shortages."

International Community Faulted For Failing To Stop Darfur Genocide. In an op-ed appearing in the Washington Post (9/3, B7, 748K), Eric Reeves, a professor at Smith College, opines, "In the face of ongoing genocide in Darfur, the international community's failure to accept the 'responsibility to protect' (that's United Nations language, officially adopted) innocent civilian lives has taken its last, abject form. The National Islamic Front (NIF) regime in Khartoum, made up of the very men who have for more than three years orchestrated the systematic destruction of Darfur's African tribal populations, has been told directly and unambiguously that there will be no U.N. peacemaking force without its consent. … In short, the international community has conferred upon the genocidaires the power to veto deployment of the very force that might halt an accelerating slide toward catastrophic human destruction."

THE BIG PICTURE:

Headlines From Today's Front Pages.

DOJ_NMG_0057375

Los Angeles Times:
A Mystery Man Who Keeps the FBI Up at Night
GOP's Hold on House Shakier
Carbon Dioxide Emissions Get Buried at Sea
Downtown Lofts Draw New Breed of Resident
Texas Farms and Ranches Done In by Mean Drought
4 Soldiers Eligible for Execution if Convicted

New York Times:
Opium Harvest at Record Level in Afghanistan
Screening Tools Slow to Arrive in U.S. Airports
With Millions in 9/11 Payments, Bereaved Can't Buy Green Cards
Couples Cull Embryos to Halt Heritage of Cancer
Rove's Word Is No Longer G.O.P. Gospel
In Las Vegas, Now It's Get Me to the Marriage Bureau on Time
Storm Blamed for 5 Deaths and Power Cuts
14 Arrested in London Anti-Terror Raids
Bob Mathias, 75, a Decathlon Champion and a Former U.S. Congressman, Dies
A Tough East Coast Cop in Laid-Back Los Angeles
Adding It Up: Pockets Half Empty, or Half Full

Washington Post:
Hardball Tactics in Era of Threats
Steak 'n Egg Serves Up the American Dream
Mystery of Va.'s First Slaves Is Unlocked 400 Years Later
GOP Focus on Security Issues
Russian Homeland No Haven For Ex-Detainees, Activists Say
National School Testing Urged
More GOP Districts Counted as Vulnerable

Washington Times:
American convert asks U.S. troops to defect
British arrest 16 more in terror probes
A tale of 2 Southeasts
Iran welcomes Annan, but not U.N.'s decree
Hillary can't dodge presidential chatter

Atlanta Journal-Constitution:
Georgia Guard on the border
Police kill man in shootout
Immigrants' 'generation 1.5'

Dallas Morning News:
Former Texas first lady Nellie Connally dies
4949 Swiss estate sale coming up
5 boaters killed at Texoma
Purse snatcher apologizes after scolding, gets $3
Vegas weddings get a little less impulsive
16 held in British terror raids
Cruise to Shields: 'I'm sorry'

Houston Chronicle:
Macy's sheds Foley's name on Saturday
Four soldiers may face death in Iraq killings
Ex-Texas first lady, known for grace and wit, dies
Astronauts return to Cape for launch Wednesday
Family, friends celebrate carjacking victim's life
Immigrant kin of 9/11 victims wealthy but afraid

Story Lineup From Last Night's Network News:
ABC: ABC World News Pre-Empted By College Football.
CBS: UK Terror Arrests, Zawahari Video, British Plane Crash In Afghanistan, Bush Iraq Violence, Pro-War GOP Candidates Struggling, Hurricane Effects, New Orleans Real Estate, Widow Of Former Texas Governor Dies, Illegal Immigration; Japanese Movie Scents
NBC: Al Qaeda Tape, British Terrorism Arrests, Army Death Penalty Recommendation, Iraq Violence, British Troops Killed In Afghanistan, Ernesto Floods, Hurricane John, UN Peacekeepers In Lebanon, Katrina Recovery, Labor Day vacations.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – Returns to the White House from Camp David.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Sept. 1 - 3. AHMADIYA MUSLIMS _ The Ahmadiyya Muslim Community holds its 58th annual convention to discuss such topics as dispelling misconceptions about Jihad and reanalyzing the original teachings of Islam. Location: Dulles Expo Center, Chantilly, Va. Contacts: Mujeeb Ijaz, 703-991-1311

Sept. 2 - 5. HUMANE SOCIETY _ The Humane Society of the United States and other leading national animal advocacy groups hold their ``Taking Action for Animals Conference'' to motivate, train and inspire animal advocates from around the country. Speakers include ``Mutts cartoonist Patrick McDonnell and Animal Liberation author Peter Singer with a special performance by musical artist Nellie McKay. Location: Renaissance Washington Hotel, 999 9th St. NW. Contacts: ., 202-452-1100

Sept. 2 - 5. 10 a.m. - 11 a.m. ANIMAL RIGHTS _ Taking Action for Animals holds a four-day animal rights conference. Speakers include ``Mutts cartoonist Patrick McDonnell and Animal Liberation author Peter Singer with a special performance by musical artist Nellie McKay. Location: Washington Renaissance Hotel, 999 9th St. NW. Contacts: ., 202-452-1100

AFTERNOON

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4 p.m. CROSS COUNTRY WALK _ CrossWalk America orgfanization completes a 2,500-mile walk across the country during which they sought to find out what Christians were thinking. Location: Foundry United Methodist Church, 1500 16th St. NW. Contacts: Sally Aman, 202-544-7921

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: **THE ATTORNEY GENERAL AND SENIOR STAFF**

DATE: **SUNDAY, SEPTEMBER 3, 2006 7:45 AM EDT**

TODAY'S EDITION

Terrorism News:

British Seize 16 In Anti-Terror Raids (WP) ... 3
14 Arrested In London Anti-Terror Raids (NYT) ... 4
14 Held In Raids Targeting British Terror Training (LAT) ... 5
THE CASE OF THE GLOBE TROTTING GROCER (CHIT) ... 6
A Judge Willing To Let A Leak Case Be Misused (WP) ... 12
A Mystery Man Who Keeps The FBI Up At Night (LAT) ... 12
Hardball Tactics In An Era Of Threats (WP) ... 16
Russian Homeland No Haven For Ex-Detainees, Activists Say (WP) ... 21
Suspects Angry At Cartoon, German Says (NYT/AP) ... 22
It's Congress's War, Too (NYT) ... 23
The Wrong Battle In Pakistan (NYT) ... 24

Homeland Response:

Screening Tools Slow To Arrive In U.S. Airports (NYT) ... 25
Bioterrorism Is No Match For Natural Selection (LAT) ... 27
Democrats Fault Bush's Katrina Response (AP-Y) ... 28
A Crisis Manager Has To Help Itself (NYT) ... 29
A Bank Survives Katrina. Now, The Hard Part. (NYT) ... 30
To Grasp The Depth And Breadth Of Disaster, Bike New Orleans (NYT) ... 34
Katrina Evacuees, Down And Out In Fresno (WP) ... 35
U.S. Delays Plan For Machine-Gun Drills On Great Lakes (LAT) 36
After Storm Evacuation, Shuttle Crew Returns To Florida (AP) . 37
Remnants Of Ernesto Drench East Coast (AP) ... 38
Ernesto Leaves Area Damaged But Grateful (WP) ... 38

War News:

Bush: Iraq Has Not Fallen Into Civil War (AP) ... 39
Bush Calls War `Uphill,' Vital To Establish Middle East Peace (BLOOM) ... 40
G.O.P. Hopeful Says Rumsfeld Should Resign (NYT) ... 41
Bush Shifts Back To Terror Message (HC) ... 42
A Change In Tone -- And A Stumble (WP) ... 43
A Warrior's Warning On Iraq (WP) ... 44
Donald Rumsfeld's Dance With The Nazis (NYT) ... 45
The Man From Munich, Ever Alive In American Politics (NYT) .. 47
Bush's Deadly Road To Victory Baffles Many (AJC) ... 48
Wrong 'Ism,' Wrong History (WT) ... 49
Iraq's Complications (WP) ... 49
A General's New Plan To Battle Radical Islam (WSJ) ... 50
14 South Asian Shiite Pilgrims Shot To Death In Iraqi Desert (NYT) ... 54
Asian Pilgrims Killed As Pentagon Warns Of Iraq Civil War (AFP) ... 54
Iraqi PM Meets With Influential Cleric (AP) ... 55
A Demand For Hussein's Release (WP) ... 57
Mortar Attack Kills 6 Near Baghdad (AP) ... 58
Analysis: Shiites May Begin Battling Each Other (PPG/AP) ... 58
Analysis: U.S. Says Iran Behind Trouble (AP-Y) ... 60
American Appears In New Al-Qaida Tape (AP) ... 61
American Convert Asks U.S. Troops To Defect (WT/AP) ... 62
Lejeune Marine Killed In Anbar Province (AP) ... 63
Endurance Meets Doubt In Iraq (NYT) ... 64
U.S. Hands Prison Back To Iraqis (LAT) ... 65
Army Officer Calls For Death In Slaying Case (NYT) ... 66
Army Official Recommends Court-Martial For Soldiers (WP) ... 67
4 Soldiers Eligible For Execution If Convicted (LAT) ... 67
Army Recommends Death In Iraq Slayings (AP) ... 68
Britain's Blackest Day In Afghanistan: 14 Troops Die In Plane Crash (AFP) ... 69
14 British Troops Die In Crash (WT/AP) ... 70
Opium Harvest At Record Level In Afghanistan (NYT) ... 70
Afghanistan Opium Cultivation Skyrockets (AP) ... 72
Americans' Support For Afghan Military Action Drops In CNN Poll (BLOOM) ... 73
Air Force Reservist Sen. Lindsey Graham Served In Afghanistan (MCT) ... 73
Fallen Soldiers' Families Say Bush Is 'genuine' (SLTRIB) ... 75
Utah Lawmakers May Restrict Payday Loans To Military (AP) .. 76
Healing War's Wounds (NSWK) ... 76
Soldiers Who Lost Limbs Learn To Surf (USAT/AP) ... 77
Enlisting In The Aftermath Of 9/11, A Soldier Limps Home, With Pride (SLPD) ... 78
Dispatches: Soldiers' Blogs, Washington's Blunders (WP) ... 81
The Feelings Of Life, Illustrated (NYT) ... 82

DOJ:

U.S. Attorney Resigns Post (TENN) ... 83

Corporate Scandals:
The S.E.C. And Insider Trading (NYT) ... 84

Criminal Law:
At 77, Whitey Beats All Odds (BOSH) ... 84
Bulger Turns 77, FBI Continues Search For Him (CBS4BOS) ... 85
If He's Alive, Whitey Bulger's 77 Today (AP) ... 85
FBI Fugitive Bulger Has 77th Birthday (UPI/UPI) ... 85
Gambling With Success (PTR) ... 86

Civil Law:
Government Spending More To Classify Files, Report Says (COX) ... 88

Civil Rights:
FBI Capabilities Wide For Probe Into Jail Death (BSH) ... 89

Antitrust:
The Last Stand Of The 6-Percenters? (NYT) ... 90

Environment/Indian Affairs:
Court Rules Laws On Wetlands Apply To Family's Farm (PPG) 93
Texas Farms And Ranches Done In By Mean Drought (LAT) ... 95
Carbon Dioxide Emissions Get Buried At Sea (LAT) ... 96
Offshore Terminal's Onshore Effect Debated (LAT) ... 99
Bill Would Aid Cemeteries For Indian Veterans (NYT) ... 99

FBI/DEA/ATF/USMS:
Deadly, Intentional Ignorance On Guns (LAT) ... 100

Immigration:
With Millions In 9/11 Payments, Bereaved Can't Buy Green Cards (NYT) ... 100
L.A. March Presses For Amnesty For Illegal Immigrants (LAT) 102
Ga. National Guard On The Border Illegals Seeking Southeast Jobs Find The Early Going Blocked By Georgians (AJC) 103

Tax:
IRS Audits May Not Catch Wealthy Cheats (AP) ... 104

Congress-Administration:
Texan May Leave Bush Post (DMN) ... 105
GWB's Wish List (Novak) ... 106
GOP Focus On Security Issues To Sideline Other Matters (WP) 107
Fixing A Broken Congress (WP) ... 108
Nearly 3 Years Later, 'Risk-based' Loan Applicants Still In The Dark (LAT) ... 109
Bush Protesters Moving Operation To D.C. (AP) ... 110
The Right Builder For The Right Spacecraft At The Right Time (TIME) ... 111

Other News:
Pockets Half Empty, Or Half Full (NYT) ... 112
The Flush Are Working For The Public (NYT) ... 113
She Works, Her Grandson Doesn't (NYT) ... 113
Here, Take Back Some Of My Pay, It's Too Much (NYT) ... 113
Borrowers We Be (NYT) ... 114
A Teacher's Year, A C.E.O.'s Day: The Pay's Similar (NYT) ... 114
For Those On The Outside, The Urge To Be Here Remains (NYT) ... 114
The Employees' 2006 Bill Of Slights (WP) ... 115
Wages Barely Keep Up With Inflation (AP) ... 116
National School Testing Urged (WP) ... 116
Perfect's New Profile, Warts And All (NYT) ... 118
Rove's Word Is No Longer G.O.P. Gospel (NYT) ... 119
Democrats Loath To Predict Win This Fall (AP) ... 121
For Bush, Hope And Fear In Lessons Of Midterms Past (NYT) 122
More GOP Districts Counted As Vulnerable (WP) ... 124
GOP's Hold On House Shakier (LAT) ... 124
Hillary Can't Dodge Presidential Chatter (WT) ... 128
Friends Of Hillary Hint She May Pull Out Of Presidential Race Sarah Baxter (TIMS) ... 129
A Senate Primary In New York (NYT) ... 130
'Macaca Moment' Marks A Shift In Momentum (WP) ... 131
Democrat Hopes To Benefit By Comparison (LAT) ... 133
Foes For U.S. Senate Vie To Show Who Is Less Ethical (PHI) 135
Santorum, Casey: It's Put-up Time (PHI) ... 136
Pennsylvania: Bellwether For November? (LAT) ... 138
Santorum And Upstart Allies Now GOP Old Guard (PPG) ... 139
For Md.'s Cardin, The Delight Is In The Details (WP) ... 142
Katherine Harris' Comedy Of Errors (TIME) ... 144
Democrats Davis, Smith Converge On South Florida As Race Nears End (FLSUNSEN) ... 145
Exit Poll Pioneer Warren Mitofsky Dies (AP) ... 146
A Nation Of Free Agents (WP) ... 146
Me? I Vote For The Cheez Whiz (WP) ... 148
Nellie Connally, An Occupant Of Kennedy's Limousine, Is Dead At 87 (NYT/AP) ... 149
Why Poverty Doesn't Rate (WP) ... 149
Poverty's Top Ten Strongholds (WP) ... 151
Annan Arrives In Iran For Talks On Nuclear Issue And Lebanon (NYT) ... 151
Annan Pushes Iran To Compromise On Nukes (AP) ... 152
Iran Welcomes Annan, But Not U.N.'s Decree (AP) ... 153
EU Will Try To Clarify Tehran's Nuclear Stance (LAT) ... 154
If America Wanted To Talk, Iran Would ... (NYT) ... 154
A Deadline That's Less Than It Seems (NYT) ... 155
Annan Questions Iran Holocaust Exhibit (AP) ... 156
Khatami: U.S. Muslims Can Promote Peace (LAT) ... 156
GOP Playbook (NSWK) ... 157
U.N. Chief Condemned Hezbollah Attacks (1 Letter) (NYT) ... 158
Report: Missile Activity Seen In N.Korea (AP) ... 158
Italian Troops Land In Southern Lebanon (WP) ... 158
Beefed-up Peacekeeping Force Takes Shape (AP) ... 159
Lebanese Politicians, Scarce In War, Renew Bickering (NYT) 161
Hezbollah Announces Commander's Death (AP) ... 162
Malaysia Intent On Sending Troops To Lebanon: PM (AFP-Y) 162
Fighting May Be Over, But Lebanon's Tourist Industry Still Suffering (MCT) ... 163
Besieged (NYT) ... 164
Palestinian Teachers Begin New School Year On Strike (NYT) 170

DOJ_NMG_0057380

Egypt Confirms Talks On Israeli Soldier (AP) 171
7 Turkish Soldiers Killed By Guerrillas (AP) 171
The World According To China (NYT)..... 172
As China Spews Pollution, Villagers Rise Up (LAT) 177
Obama Visits Sudanese Refugees In Chad (AP) 179
Her Majesty's Man In Tashkent (WP)..... 180
Banned In Britain (WP) 182
Lopez Obrador Shows Strength On 2 Fronts (LAT)..... 183
Angola: Chávez In A New Oil Relationship (NYT) 184
Caracas Mayor Lays Claim To Golf Links To House Poor (NYT)184
As German Leader's Status Soars Abroad, Her Image Takes A Tumble Back Home (NYT) 186
France Deports More Illegal Immigrants, But Shies From Children (NYT)..... 187
Many Panamanians Say No To Canal Upgrade (NYT) 188
Aid Agencies Warn Of Sri Lanka Problems (AP) 190
Accommodating Genocide (WP)..... 190

TERRORISM NEWS:

British Seize 16 In Anti-Terror Raids (WP)

By Kevin Sullivan, Washington Post Foreign Service
The Washington Post, September 3, 2006
Arrests in Two Cities Not Tied to Airliner Plot, Officials Say

LONDON, Sept. 2 -- Authorities arrested 16 people early Saturday in two unrelated anti-terrorism operations in London and Manchester, reflecting growing concern over the threat of homegrown Islamic extremism in Britain.

The larger operation, in London, resulted in the arrests of 14 suspects, including some who were seized when police raided a Chinese restaurant south of the Thames River. Scores of police officers backed by helicopters also searched the 54-acre grounds of an Islamic school in a village southeast of London.

Police said the arrests of two suspects in Manchester were unrelated to the London arrests.

Officials said neither operation was connected to the investigation of an alleged plot to bomb U.S.-bound airliners, in which police arrested 25 suspects last month -- 15 of whom have been charged with terror-related offenses -- nor to the probe into the July 2005 attacks on the London public transportation system in which 52 passengers and four bombers were killed.

Saturday's arrests, which police said followed "many months of surveillance and investigation," come as British authorities are becoming increasingly worried about the threat of attacks from Islamic extremists born and raised in Britain. British media, citing unidentified sources, reported the arrests were related to the alleged recruitment and training of people for participation in extremist attacks; police would not comment on those reports.

"What we've learned since 9/11 is that the threat is not something that's simply coming from overseas into the United Kingdom," Peter Clarke, the head of Scotland Yard's anti-terrorist branch, said in an interview with the BBC, excerpts of which were carried in the British media Saturday. "What we've learned, and what we've seen all too murderously, is that we have a threat which is being generated here within the United Kingdom."

Clarke said Scotland Yard and the MI5 domestic security service were not focusing surveillance efforts on a few violent extremists but on a much wider slice of the community.

"The numbers of people who we have to be interested in are into the thousands," he said. "That includes a whole range of people, not just terrorists, not just attackers, but the people who might be tempted to support or encourage or to assist."

The London operation began about 10 p.m. Friday, when more than 50 armed police officers wearing helmets and protective gear entered the Bridge to China Town restaurant, owner Medhi Belyani said in a telephone interview. Belyani said that the police entered peacefully and that he did not recall seeing guns drawn.

Belyani said police approached about 15 men and two boys who were sitting at a table eating. Police sealed off the restaurant, ordered him to close down the kitchen and did not allow anyone in or out. He said about 10 or 15 other customers were in the restaurant at the time.

Police questioned the 15 men individually at the table, he said.

Belyani said some of the men, who appeared to range in age from about 25 to 40, were wearing traditional Muslim dress. Police said the 14 suspects arrested in London ranged in age from 17 to 48. The restaurant is located near London South Bank University, which has a large number of Muslim students. The restaurant, which serves meat prepared in a halal manner and no alcohol, is popular with Muslim customers, Belyani said.

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Belyani said he did not recognize any of the men who were questioned. After about two hours, he said, police led the men out. He said they were not handcuffed; he was unsure how many were arrested.

Police said they were also searching at least 10 properties in London as part of the operation.

Saturday morning in Mark Cross, a village of about 200 to 300 residents, scores of police began searching the building and grounds of Jameah Islameah, a school described on its Web site as a training facility for Islamic teachers. Government education officials described it as a private secondary school for boys ages 11 to 16 and said that just nine pupils are enrolled there.

Police did not comment on what they were looking for or how the school was connected to the arrests in London.

Photos on the Jameah Islameah site show a vast Victorian-style central building and about a dozen other structures, including a church building, amid green fields. In addition to offering teacher-training and boarding facilities, the school also makes its grounds available for camping, the Web site said.

Nick Benson, chairman of the Village Association in Mark Cross, said that buildings on the site date to 1875 and that over the years it has been a Catholic girls orphanage, a school for boys and a training center for Catholic priests. Benson said the site was bought by a ballet school in 1970 but then lay virtually unused for many years.

Benson said in a phone interview that residents became aware the property had changed hands in 1993 when a sign saying Jameah Islameah appeared at the front gate.

Government education officials issued a report on the school in January concluding after an inspection that the school "does not provide a satisfactory education for its pupils." The report, by the Office for Standards in Education, found that the school's curriculum and teacher quality were inadequate and its facilities were in poor condition.

The Sunday Express newspaper reported last Sunday that Abu Hamza Masri, a radical Muslim preacher who was convicted in February of inciting racial hatred and sentenced to seven years in prison, once spent a weekend camping at the school with about 15 followers. Bilal Patel, the school's head, said that he told Hamza not to return "because he was so strange" and that he gave local police a letter Hamza had given him outlining his views, the newspaper reported. Patel said MI5 agents later questioned him about Hamza.

Messages left on the school's answering machine on Saturday were not returned.

14 Arrested In London Anti-Terror Raids (NYT)

By Alan Cowell

The New York Times, September 3, 2006

LONDON, Sept. 2 — The British police arrested 14 men in south, east and north London overnight, raiding a halal restaurant and an Islamic school in the latest display of concern about the spread of potential terrorists among British Muslims, police officials said Saturday.

Separately, the police in Manchester in the northwest said they arrested two men in raids on three homes on Saturday morning. The police linked the arrests, at 6 a.m., to the detention of a third man in the same area on Aug. 23.

None of the arrests were linked to the huge security alert that began Aug. 10 when the police rounded up 24 people to thwart what they called a terrorist suicide plot to bomb trans-Atlantic airliners, police officials said.

At that time, the British authorities had raised their terrorism threat assessment level to “critical,” the highest designation meaning that an attack was imminent. That was reduced four days later to “severe,” meaning that an attack was “highly likely.” The threat assessment level remained at “severe” on Saturday, according to the British MI5 Security Service Web site.

There was no immediate indication from the police that the latest arrests were related to a specific conspiracy such as the one described by the authorities on Aug 10. A police official, who spoke in return for anonymity because the investigation was continuing, said one line of inquiry was whether those arrested had been seeking to set up training facilities for would-be terrorists.

Word of the latest raids in London began to emerge late Friday after as many as 50 officers stormed into the Bridge to China Town restaurant on Borough Road, south London. People living nearby said the restaurant was crowded at the time. The police did not say what the men were suspected of doing.

Referring to the number of police officers, the restaurant owner, Madi Blyani, told the British Broadcasting Corporation: “It was surprising, actually, because plenty of them suddenly came in all together. There were more than 50 or 60 of them. They suddenly came inside because they were suspicious of some of the customers, and they talked to them. They talked to them more than one hour, two hours. And they arrested some of them.”

A police statement on Saturday said the 14 men arrested in London had been seized under counterterrorism laws “on suspicion of the commission, preparation or instigation of acts of terrorism.” Police officers declined to go into detail about their

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search of a privately financed Islamic school in the village of Mark Cross, south of London, but said it was linked to the overnight raids.

A British newspaper, The Express on Sunday, reported this week that Abu Hamza al-Masri, a radical Islamic cleric imprisoned this year on charges of inciting racial hatred and soliciting murder, had sought to use the Jameah Islameah Islamic school at Mark Cross, which offered weekend camping sites for Muslims. It quoted the school's imam, Bilal Patel, as saying Mr. Masri and a group of followers had camped on the school's 54-acre grounds but had been asked not to return. The newspaper did not say when Mr. Masri had used the school.

"We had to tell Abu Hamza that we did not want him to come again because he was so strange," Mr. Patel was quoted as saying. "He had given me a letter explaining some of his views, and I passed that on to the local police. Later on I was visited by some people from the security services. I assumed they were from MI5 because they asked an awful lot of questions but they didn't really say who they were."

According to figures released in 2005, the vast majority of Britain's 7,000 publicly financed religious schools were Christian, in addition to 36 Jewish, 5 Muslim and 2 Sikh schools. But there are also around 120 private Islamic schools.

"The arrests in south and east London follow many months of surveillance and investigation," the police statement said.

The raids began only hours after Peter Clarke, the chief of London's counterterrorism police force, was quoted as saying that thousands of terrorism suspects may be at large in Britain — a figure certain to alarm those in the United States who have taken to depicting some of Britain's 1.6 million Muslims as a growing security threat.

Mr. Clarke was speaking in an interview, recorded in July, that is to be broadcast Sunday as part of a BBC program tracing links between British and foreign terrorists.

He said of the thousands of possible suspects, "That includes a whole range of people, not just terrorists, not just attackers, but the people who might be tempted to support or encourage or to assist."

14 Held In Raids Targeting British Terror Training (LAT)

By Kim Murphy And Sebastian Rotella, Times Staff Writers

The Los Angeles Times, September 3, 2006

The sweep in London is followed by the search of a countryside Islamic school. In Manchester, two are arrested in an unrelated terror case.

MARK CROSS, England — A former stately orphanage that is now a decrepit Islamic school was searched by police Saturday as authorities announced 14 arrests in an investigation of possible terrorist retreats and recruitment in the wooded English countryside.

Officers sealed off the Victorian-era, 100-room institution and its 54 acres of grounds at dawn, hours after they arrested 12 suspects in a raid on a South London Chinese restaurant frequented by Muslims.

Two others were arrested elsewhere in London in an operation that followed months of surveillance by police and MI-5 intelligence services. Searches were underway at the suspects' homes and in Manchester, where two more people were arrested in a separate terrorism case.

All 16 detainees, who were not identified, were arrested on suspicion of the commission, preparation or instigation of acts of terrorism.

Police said the sweep had no connection to an alleged plot to smuggle liquid explosives onto airliners that led to two dozen arrests here last month or the July 2005 bombings on the London transit system.

The latest arrests also were not connected to any imminent plot, authorities said. Rather, they said, the raids were an attempt to catch those in Britain planning and recruiting for terrorism, focusing on young Muslims who may be drawn into militant networks through outdoor programs in the countryside.

The Jameah Islameah school run by a Muslim charity in this rural village of East Sussex, in southeast England, was providing a Koranic education to about a dozen youths and served as a retreat center for Muslims, police and neighbors said.

"Friday nights after people came up for Friday prayers, they camp here for the weekend," said a police spokeswoman at the cordoned-off site, who under police protocol was not named. She said school officials were cooperating in the search, which was expected to take several weeks.

In Britain, as in France and Italy, militant groups have long used outdoor activities as a cover for recruiting, radicalizing and training followers, according to European anti-terrorism officials. The training in Europe has tended to center on physical conditioning and martial arts rather than firearms or explosives.

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Recruiters use outdoor excursions to promote bonding and to screen for promising prospects, who are sometimes sent on for terrorist and combat training at foreign camps, particularly in Pakistan, said a British law enforcement official who was briefed on the investigation.

"It's not unusual within Muslim communities for quite large groups to go on camping trips and team-building activities," said the official, who requested anonymity because police were not authorized to discuss the investigation. "But the thinking is that extremist groups use this for talent-spotting. You have individuals who spot talented ones for aptitude and send them on for training in Pakistan, Afghanistan or other foreign venues."

Investigators are primarily interested in the activities that have gone on in the sprawling wooded areas around the campus in East Sussex, the official said.

The concern is not new. The investigation of last year's transit bombings focused public attention on this trend because of published photos of the bombers on a rafting excursion. Moreover, Al Muhajiroun and other British militant groups have conducted outdoor and survival excursions as part of their radicalization process, experts said.

Once the site of a Catholic orphanage and junior seminary, then a ballet academy, the rambling, ornate facility was transferred to the Jameatul-Uloum-al-Islameyah charity in 1992, according to government records. Its declared purpose was to teach young Muslims to become teachers and assistant imams.

Neighbors and government inspectors said that the facility had fallen into disrepair, and that teachers and students did not mix much in the community.

"The place is in quite a derelict condition. A friend of mine went there, and it was pretty peculiar," said Daphne Street, who lives near the school. "They said they were taken along the corridors. One of the doors was open, and there were people in there, and there was hardly any floor. I mean, the center had gone out, and they were all sitting around on the edge, I guess. She was quite horrified."

Nick Benson, head of the Mark Cross Village Assn., said there seemed to be only about a dozen students at the school.

"We see them occasionally walking on the street; they're always wearing their traditional costume, not European-style clothes. They just kept to themselves," he said.

In an interview with London's Sunday Express, school proprietor Bilal Patel said radical Muslim cleric Abu Hamza al Masri, sentenced in February to seven years in prison for inciting murder and racial hatred, had once booked a school camping weekend with about 15 followers.

"We were immediately concerned about his strange behavior," he said. "At night they went for walks around the country lanes … and we knew it would upset the neighbors. They must have looked intimidating."

A government inspection of the school in December found that nine boys from 12 to 15 years of age were following a curriculum that was deficient in most areas except science and Islamic studies. The school "does not provide a satisfactory education," the review found.

The arrests in London were part of the same inquiry, but it was not clear whether any of the detainees had connections to the school or were suspected of having used the campus or other facilities for recruiting or training.

Mehdi Belyali, owner of the restaurant where most of the arrests took place, said 40 to 50 police officers swept into the establishment Friday night and began asking patrons for their names and addresses.

"They spent about two hours here questioning people, and then they left," leading away the detainees in handcuffs, he said. Police also seized six vehicles parked outside the restaurant.

kim.murphy@latimes.com

rotella@latimes.com

Murphy reported from Mark Cross and Rotella from Paris.

THE CASE OF THE GLOBE TROTTING GROCER (CHIT)

By Ron Grossman, A Tribune Reporter Who Frequently Covers Middle Eastern Issues

Chicago Tribune, September 3, 2006

THE U.S. SAYS MUHAMMAD SALAH WAS FINANCING MIDDLE EAST TERRORISM. SALAH SAYS HE WAS BRINGING MONEY TO STRICKEN FAMILIES. NEXT MONTH, A JURY WILL BEGIN DECIDING WHO'S RIGHT.

SITTING NEXT TO MUHAMMAD SALAH on a courtroom bench, it is hard to keep him in focus. The physical presence doesn't jibe with legal papers describing him as a terrorist kingpin with blood on his hands.

The 53-year-old Palestinian-American from southwest suburban Bridgeview seems remarkably calm for someone facing the possibility of spending the rest of his life behind bars. He projects the kind of inner peace ascribed to the great Christian mystics-or, perhaps more aptly in this instance, the Sufis of the Islamic world.

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He is given to speaking in aphorisms.

"People are slaves to politics," he told me during one of the pretrial skirmishes at the Dirksen Federal Building, where his criminal trial is scheduled to open in early October. He is accused of providing material support to a foreign terrorist group and lying under oath by denying that he was a member of Hamas, a group officially designated by the U.S. as a terrorist organization and now the majority party in the Palestinian legislature.

When Salah was charged two years ago, then-Atty. Gen. John Ashcroft heralded it as a vindication of the USA Patriot Act, the controversial terrorism-fighting tool forged by the Bush administration in the wake of 9/11.

"Today, terrorists have lost yet another source of financing and support for their bombs and bloodshed," Ashcroft said in announcing the indictment by a federal grand jury of Salah and two co-defendants, including Mousa Mohammed Abu Marzook, a top leader of Hamas' political wing.

Given the White House's highly publicized strategy of maintaining a courtroom front in the war on terrorism, the government has bet a lot of chips on its prosecution of Salah and his alleged co-conspirators.

Yet there was a point in 2000 when the case appeared to have been dropped. The Justice Department shut down without fanfare its long-running investigation of Salah and Hamas.

The current reversal of that decision epitomizes the Salah case, which besides raising civil libertarians' hackles, is also a saga with more twists and turns than a John le Carre spy novel. It includes enough bureaucratic infighting to send shivers up the spines of citizens who'd like to think of their government as a shield against a repeat of the World Trade Center tragedy. It even has a cameo appearance by Judith Miller, the former New York Times reporter, who went from hero to goat after refusing to testify in the White House leak investigation.

Submitted as a movie script, the story might elicit a Hollywood producer's critique: "Fascinating yarn, but needs simplifying."

MUHAMMAD SALAH WAS BORN in 1953 in Jerusalem, on the Jordanian side of a city then divided between Israel and Jordan. In 1967, the Israeli army captured East Jerusalem and the West Bank and three years later, Salah emigrated to the U.S. and became an American citizen. A high-school dropout, he got his GED in this country and some training in computers. He worked as a grocer and sometime car dealer, and also took a course in how to become a security guard, which included training in the use of firearms. He made his home in Bridgeview, which has a considerable Palestinian presence, and became a board member of the Bridgeview Mosque Foundation.

In the 1980s, the Bridgeview Mosque was the site of a theological civil war pitting more- assimilated members against fundamentalist newcomers. It was in 1987, according to a statement Salah subsequently gave while in Israeli detention, that he joined the Muslim Brotherhood, a militant group founded in Egypt in 1928, of which Hamas is a Palestinian offshoot. In his statement, which he now disavows, Salah reputedly tied his recruitment in the militant organization to Sheik Jamal Said, a prayer leader at the Bridgeview Mosque.

For Salah, the current proceeding-case No. 03 CR 978 in U.S. District Court, Northern District of Illinois, Eastern Division-is only the latest in a long-running series of summonses before various bars of justice. Yet the only visual clue to his legal odyssey is a parched and lined face that echoes the desert landscapes of his homeland. Seated alongside him during a March hearing was a woman who looked 20 years his junior. When Salah momentarily left the courtroom, I asked her if she was a daughter.

"I'm his wife," replied Maryam Salah, flashing a smile indicating she was familiar with the confusion. "We're the same age," she explained. "He went into prison a young man and came out an old man."

Salah spent four years in Israeli prisons in the 1990s after purportedly confessing to serving as a courier and financial conduit between American supporters of Hamas and terrorist cells in Gaza and the West Bank. In one instance, Salah reportedly told his interrogators he met with a student at Hebron University "who asked me for the sum of $8,000 for buying weapons for the activity. I gave him the sum in cash."

He doesn't look typecast for cloak-and-dagger work. It is easier to picture him, an apron tied around his waist, behind the counter of the grocery store that, according to court documents, he once owned in a Chicago neighborhood.

Yet it could be his mild-mannered appearance that made Salah fit for the role that Israeli and American authorities ascribe to him. Underground groups need fiery orators and wild-eyed bomb throwers. But they also need innocuous- looking conspirators who can fade into a crowd.

It was that look of tranquil confidence-all too carefully crafted, in her eyes-that drove Joyce Boim to barely controllable rage when she met Salah across a table in the Dirksen Building. Six years ago, she and her husband, Stanley Boim, sued Salah and several Islamic charities under the Federal Anti-Terrorism Act of 1992. It allows victims of terrorist attacks overseas to seek financial compensation in American courts.

Their 17-year-old son, David Boim, was killed by Hamas gunmen at a Jerusalem bus stop in 1996. Because Salah allegedly helped finance Hamas, he should be held accountable, the Boims argued.

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During a pretrial conference between plaintiffs and defendants, Salah claimed he was the injured party, having been imprisoned and maltreated by Israeli authorities who tricked him into making a false confession.

"I remember having to grip the arms of my chair," Joyce Boim recalls. "I wanted to reach across the table and strangle him. He was sitting there, making himself so innocent."

In late 2004, a Chicago jury found for the Boims, and the court awarded the couple $156 million in damages from Salah and the charities, including the Quranic Literacy Institute, with offices in Oak Lawn. The Boims, New Yorkers who have lived in Israel for years, aren't likely to see the money any time soon. As financial claimants, they are in line behind the U.S. government, which previously froze Salah's assets through a so-called RICO attachment.

"That's OK," says Joyce Boim. "We did it to show to show other terrorists they are not going to be able to collect money for terrorism while hiding behind a charity."

The admissions Salah made while in Israeli custody are the centerpiece of the government's case in the current criminal proceedings. Yet had that chapter of his saga been transacted on American soil, his confession might not make it past the doorway of Judge Amy St. Eve's 12th-floor courtroom.

Salah's supporters claim he was browbeaten-they stop short of calling it torture-into confessing by weeks of incessant questioning. Arguing that the confession should be disallowed, his attorney, Michael Deutsch, asked the judge earlier this year to consider his client's statement in the context of a larger narrative:

"It's about a broken man who has been through 53 days of interrogation."

The Israelis countered by flying over two intelligence officers who had questioned Salah. Testifying last March, they denied subjecting him to undue coercion, and Judge St. Eve found their testimony credible.

At one point, though, it did push the envelope. Deutsch brought into court a wooden chair with its legs largely cut off, the front ones more so than the back ones. His client, he said, had been forced to sit in a similar chair, in a painful position, while being interrogated. The Israelis reportedly countered (their testimony was behind closed doors) that the chair's design had a benevolent intent. During long interrogations, they explained, prisoners fall asleep. By being seated so low they are protected against injury should they fall to the floor.

The Israelis' testimony left Deutsch with a tough decision: whether to put his client on the stand. A criminal trial is fought much like a chess match. Before making a move, a lawyer has to carefully consider if it might leave his client vulnerable to a checkmate countermove.

The best available evidence for countering the Israelis' assertions would come from his client's mouth. Salah, and only Salah, could take the stand to attest to what the Israelis did, or did not, do to him.

But it would give the prosecution an opportunity to cross-examine Salah, and that carries risks defense attorneys don't relish, even when convinced a client is innocent. A slip of the tongue could give the other side a weapon it otherwise wouldn't have. Yet not putting Salah on the stand would leave the Israelis' version of the story unrebutted.

"If believed, they are very damaging," Deutsch subsequently said of the statements Salah made while in Israeli prisons.

Yet Deutsch decided that the time wasn't right, if indeed it ever would be, to have Salah testify. Instead, the defense relied on a written affidavit to tell Salah's version of the interrogation.

"Any time an agent observed me nodding off to sleep, he would slap my face and kick me to keep me awake," Salah wrote in the sworn statement. "It still is difficult for me to believe that any human being could do these things to another human being."

In large part, his alleged confession was allowed into evidence. It would have been hard for St. Eve to rule otherwise. A longstanding legal principle dictates that, when weighing evidence, the spoken word trumps the written one. With a live witness, a judge or jury gets to see the witness' demeanor and can evaluate his or her believability accordingly. The other side gets a chance to try to poke holes in the witness' story. But words on paper are just that-an assertion untested by the parry and thrust of cross-examination.

Still, the episode, which went on through several court sessions, left unresolved an issue of equity: It was well into his time in Israeli custody before Salah was able to meet with a lawyer.

Had the delay occurred in the U.S., it would have violated his right to have an attorney present during questioning, tainting the confession and probably causing it to be thrown out. But Judge St. Eve decided that American law allows the confession to be admitted as evidence. The October trial will be conducted in accordance with American practices, but with evidence collected by Israeli rules.

It will also be largely pre-scripted, thanks to the Boims' lawsuit. The basic outline of the government's case can be seen in the court filings, depositions, legal exhibits and judicial rulings preserved in the thick file of the civil case.

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But federal prosecutors undoubtedly have fresh ammunition to throw against Salah and his legal team. Deutsch says the FBI managed to plant an informant in his client's circle of friends. When Salah was released by the Israelis in 1997, there was an unfamiliar face among those who welcomed him home.

This person "made himself Salah's best friend and business partner," Deutsch says. "They were together for six years."

According to Deutsch, Salah and the FBI plant ran a used-car business together, and the FBI was able to compile 500 pages of reports based on the undercover work of the informant, identified in court records as "Individual A."

So for courtroom buffs, and partisans on both sides, when St. Eve takes the bench on Oct. 12, it will be like watching the curtain go up on an opera, libretto in hand.

It will play in an impressive venue. The kind of court most of us are likely to experience-fighting a traffic ticket, getting divorced, testifying as a witness to a street crime-is noisy and chaotic. By contrast, the atmosphere in the Dirksen Building is so majestically serene it seems like a theatrical tableau. The front section of the courtroom is built up like a ziggurat: St. Eve's assistants sit on one level, her bench is still higher above the floor. She seems to tower above the proceedings, making her appear both larger and smaller than life.

She is a petite woman and her blond hair is stylishly clipped. Save for the black robe and high perch, she almost could be mistaken for a teenager. She runs her courtroom as if determined not to let anyone take advantage of her appearance. At one point during pretrial motions, Deutsch sensed that a hearing wasn't going his way and he broadly hinted that it was because St. Eve leans toward the prosecution. As a former federal prosecutor, she did a stint on the Whitewater investigating team.

"I know this court is going to agree with the government," Deutsch said.

"You are walking a close line of contempt," St. Eve shot back.

Deutsch's chief foe is Joseph Ferguson, lead prosecutor and deputy chief of the federal Money Laundering and

Asset Forfeiture section. Presumably, he was

assigned to the case because so much of it turns on fund transfers, mind-boggling in their complexity. He is tall, lean and walks with a crisp, purposeful gait. His receding hairline gives him look of an intellectual; he could be taken for a professor of law.

(Full disclosure: I was once his professor at Lake Forest College, though we haven't spoken in decades. The government declined to let the prosecution team be interviewed.)

Ferguson and his assistants generally enter the courtroom in single file, perhaps in order of descending seniority. To a man-and woman-the team dresses in neatly tailored suits, so uniformly dark blue you can imagine a big bolt of the fabric in the basement of the Justice Department from which they are cut when someone is appointed an assistant U.S. attorney.

Ferguson usually makes his point without verbal flourishes. But he can put the needle in, too. During a hearing on the Salah confession's admissibility, he virtually dared Salah to testify. A prosecutor or judge can't order a defendant to do that because of the constitutional protection against self-incrimination.

"Unless he takes the stand, Judge, the evidence will permit only one conclusion: Mr. Salah has lied," Ferguson told St. Eve.

For Deutsch, heavy rhetoric is a weapon of choice. In one motion, Deutsch and a co-counsel characterized the federal attorneys as lackeys of Israel, "a violent and racist government." A foreign nation, they charged, "[has taken] over control of an American courtroom."

Deutsch walks with great loping strides. He, too, could be taken for a professor, perhaps of art. He dresses in not-quite-matching jacket and pants, as if to proclaim he saves the aesthetic sensibilities for his work.

His courtroom delivery is flamboyant, and there is more than a hint of Clarence Darrow about him. Like Darrow, he forsook a conventional legal career to become a self-proclaimed champion of the underdog. He clerked for former federal appeals court Judge Otto Kerner and was scheduled to move on to a corporate law firm. But the Chicago 7 Conspiracy Trial was taking place in the same Dirksen Building that housed Kerner's chambers and where the Salah trial will be held.

Antiwar activists were charged with conspiring to provoke riots in Chicago's streets during the 1968 Democratic National Convention. After dropping in on trial sessions, Deutsch was prompted to sign on with the People's Law Office. As its name suggests, it is a creature of the egalitarian spirit of the 1960s. One of his first assignments was to represent inmates at New York's Attica Penitentiary, after a bloody riot there.

Deutsch calls Salah "a pawn in a larger political game."

Others, of course, see Salah differently. To the Boims he is evil incarnate. To the federal government, he is an enemy agent who not only financed terrorism but sought and trained recruits for Hamas on U.S. soil. To some Arab-Americans, he is the victim of a McCarthyite witch hunt that presumes all Muslims guilty until proven otherwise.

"For many, he is a symbol of a larger Palestinian struggle," says Ahmed Rehab, executive director of the Chicago chapter of the Council on American-Islamic Relations. "Nobody sees Salah in a vacuum."

Yet there is one thing friend and foe agree upon: Salah was a bagman.

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ON JANUARY 25, 1993, SALAH was arrested at a checkpoint in Gaza, then under Israeli occupation. He was found with $97,400 in his possession, according to the affidavit of Robert Wright, a FBI agent who worked on the U.S. government's case. The Israelis also confiscated notes Salah had kept on meetings with Hamas operatives in the 11 days since he had arrived in Israel, according to Wright's account.

What he was doing there, and why he brought the money will be batted back and forth between the prosecution and defense tables at the trial.

"The question is, what was his intent?" says Deutsch.

Deutsch's answer is that his client was on a humanitarian mission. Shortly before, Israel had deported a number of Hamas activists to Lebanon. The money Salah brought to the Holy Land was for the support of the exiles' families, Deutsch says.

By Deutsch's account, Salah had entered a Kafkaesque nightmare. At one point, the Israelis had considered Hamas to be a counterweight to Yasser Arafat and the Palestine Liberation Organization, but by the time of Salah's arrest the honeymoon was over, and the Israelis were leaning on Washington to cut off Hamas' funding sources in the U.S.

So they pumped up Salah's arrest into a front-page story, Deutsch contends. Like other conspiracy theories, Deutsch's hypothesis makes use of micro-fine readings of the text that aren't necessarily convincing to those who don't buy in. Israeli officials invited New York Times Middle Eastern reporter Judith Miller to witness Salah's interrogation, presumably as part of the media blitz.

"When Miller wrote about it for the Times, she didn't say she saw Salah being questioned," Deutsch says. "But in her book 'God Has Ninety-Nine Names' she retold the incident in the first person. Why?"

Deutsch says the Israelis locked up Salah with Palestinian collaborators, jailhouse snitches who demanded Salah prove he wasn't an Israeli spy. "I was repeatedly threatened in many ways unless I wrote a statement in which I was to state that I was involved with Hamas," Salah wrote in his 2005 affidavit.

Salah pleaded guilty in 1995 on the advice of an Israeli civil-rights attorney who said the chances were slim of prevailing in an Israeli military court. While Salah was in prison, the U.S. government officially declared him a terrorist, which led to his bank accounts being frozen and a failed attempt to seize his house. All of which led to nothing, Deutsch notes. For seven years after Salah's return to Chicago, there was no indictment, no trial.

"Just before 9/11, the government was working out an agreement to return his assets," Deutsch says. "9/11 was the defining thing. The Justice Department needed to show it was fighting terrorism."

During the years the case seemed to vanish down a rabbit hole, Mark Flessner headed the Justice Department's investigating team. He reports the delay wasn't for lack of manpower: At its peak, the investigation had 13 FBI agents and two other Justice Department officials assigned to it. By the middle of the 1990s, the government realized charities in this country were laundering money to support violent groups abroad. The investigation was aptly code-named Vulgar Betrayal. The paper trail it uncovered was lengthy and convoluted.

"It quickly became obvious we had an octopus on our hands," Flessner says. "Every bank record, every deposit slip we looked at led to dozens of other transactions that had to be run down,"

He gestured around his office at Sonnenschein Nath & Rosenthal, the law firm he joined after a dozen years in federal service. "Imagine a room twice this size, maybe 30 by 40 feet, lined with boxes filled with bank records."

Those boxes got filled in the midst of more than one bureaucratic civil war. Justice Department terrorism investigations are compartmentalized. For security reasons, investigative teams and prosecutors are separated, Flessner explained. The inclination of prosecutors is to take a case to court. In department lingo, they want the file "thrown over the wall" to them. The impulse of investigators is to hesitate: Once a probe is made public, the bad guys know the feds are on to them. Sources dry up, suspects flee.

Then there are life's petty jealousies. Relations between FBI agents in Chicago and those assigned to Milwaukee became so hostile, an office had to be rented in Kenosha for a neutral meeting ground, Flessner recalled. An Arabic-speaking FBI agent, Gamal Abdel-Hafiz, refused to wear a wire while tracking a suspect in the probe.

"He said a Muslim doesn't, or couldn't, record another Muslim without him knowing it," Flessner says. "It is not an option for an agent to decide how an investigation should be conducted, because of religious or philosophical reasons. Does a Christian FBI agent have the right to refuse to tape a Christian suspect?"

The episode threatened to turn Vulgar Betrayal into a cottage industry for lawyers filing spin-off legal actions. Abdel-Hafiz sued another member of the team, Robert Wright, the agent whose affidavit records Salah's arrest in Israel. Wright had complained to their superiors about Abdel-Hafiz, eventually taking the story public. Wright, in turn, sued the Justice Department for denying him permission to publish a book about the terrorism investigation.

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All the while, Flessner's bosses in Washington were constantly second-guessing the investigation. Looking into religious groups was a new tactic and politically sensitive. So, too, was evidence that money headed for terrorists was flowing in and out of Saudi Arabia, a U.S. ally. Despite the roadblocks, Flessner thought there was sufficient evidence to take to a grand jury.

"Had there been the will in the Justice Department," Flessner says, "we had a case."

Instead, he was told to wrap up the investigation, which was closed shortly after he left federal service in 2000.

Four years later, and with considerable fanfare, the Justice Department announced Salah's indictment. How come? Deutsch thinks it was another instance of a little man caught in a labyrinth fashioned by powerful hands.

"Nathan Lewin was flogging the feds," said Deutsch. "It was part of the civil-case strategy."

Lewin is a Washington, D.C., attorney whose high-profile clients include former President Richard Nixon and former Atty. Gen. Edwin Meese. A onetime federal prosecutor, he was enlisted by the Boim family to seek redress for their son's murder. Because of the complexity of the case, Lewin brought in as co-counsel a Chicago firm, Wildman Harrold.

If there is, indeed, a causal relationship between Salah's criminal prosecution and the Boims' case it would vindicate the intent of the law under which the Boims' suit was brought.

Joseph Morris, a Chicago attorney and former assistant U.S. attorney general, drafted federal legislation designed to entice private attorneys to take terrorism cases by allowing them to collect their fees from the defendants. The usual rule in civil suits is that each side pays its own way.

"This way, private attorneys produce information for the government on a silver platter," Morris says. "The Boim case was a pioneering effort that lived up to my hopes when I drafted the statute."

Just what evidence from the civil suit wound up in the criminal case isn't immediately apparent.

"The FBI looked through our files, but they don't say what they might have found there," says Steve Landes, a partner in Wildman Harrold. "But one of the counts against Salah came from our case: Lying when he denied being with Hamas."

When the trial opens in October, opposing consul will have opposing tasks: connecting versus disconnecting the dots.

he theory of the government's case, as outlined in court filings, is this: Salah took orders from a co-defendant, Mousa Mohammed

Abu Marzook. Variously identified as the

No. 1 or No. 2 man in Hamas' political hierarchy, Marzook reportedly lives in Syria, from where he directed the organization's money-laundering operation. Salah was its point man in the U.S., receiving funds and dishing them out to terrorist cells in Israel as well as finding new recruits.

A third defendant, Abdelhaleem Hasan Abelraziq Ashqar, of suburban Washington, maintained a branch operation through bank accounts in Mississippi. Unnamed co-conspirators also helped maintain the conduit.

The challenge for Ferguson, the lead prosecutor, will be to hold the attention of jury members while walking them through a mountain of paperwork A Justice Department press release, for example, reported: "In February 1991, Abu Marzook's associate, Co-conspirator I, received a transfer of $480,000 from a bank in Saudi Arabia to his Virginia-based account, and then wired approximately $99,000 to an account in Cleveland belonging to Co-conspirator H, who, in turn wrote 16 checks totaling $100,000 to Co-conspirator F, which were cashed in Israel."

If that doesn't put jurors to sleep, Ferguson will still have to link Salah to that financial labyrinth and then prove that he kept doing terrorist work more recently, so his lawyers can't invoke a statute-of-limitations defense.

Salah told me he is confident of ultimate vindication. "I wait for the supreme judge," he said one day in court. "That's what keeps me going."

But he seemed troubled at a hearing in mid-August. His attorney was petitioning for a postponement of the trial, arguing it would be impossible to pick an impartial jury in the wake of the fierce fighting between Israel and Hezbollah, and the arrests of Muslims in England alleged to have planned to blow up U.S.-bound airliners with liquid explosives. British and Pakistani investigators have also launched a probe of an Islamic charity that purported to help refugees of the Pakistani earthquake of 2005. The charity allegedly financed the airliner plot the way the U.S. contends Islamic-American charities were used to money-launder funds destined for terrrorists in the Salah case.

Judge St. Eve rejected the motion, noting only an oracle could predict when things would quiet down in the Middle East. With that ruling, she renewed the challenge Deutsch will face at the forthcoming trial: to show that there are alternative interpretations for evidence offered by the prosecution. But the defense will be confronted by the same dilemma as during pretrial hearings. Who besides Salah can make his story? Absent fuller explanation, several chapters are murky.

It is unclear how Salah made a living after 1989 or 1990 when he sold his business, according to the deposition of a woman who bought it.

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When applying for a home mortgage, Salah showed a letter from the Quranic Literacy Institute saying he was their employee. But the Institute, itself labeled a money-laundering front, denied Salah was on its payroll. In its pleadings, the Institute argued that Salah hardly needed its financial support, since "Salah was receiving big chunks of money from a variety of sources."

Moreover, setting aside the question of how the Israelis got it out of Salah, the confession does parallel a paper trail.

In the disputed statement, Salah said that in the early '90s he was asked to go from a part-time to full-time Hamas activist.

He seems to have done what many would do when presented with a job offer: dicker over the terms: "I told him I would think about it and after some time I responded in the negative because my expenses in the U.S. were many and I could not subsist on what the movement would give me. Nevertheless, we agreed to continue discussions in order to reach a situation which would fit in with my standard of living and the situation of the movement."

In his statement, Salah said that before his fateful trip to Israel, the Hamas leader Marzook "deposited in my Chicago bank account $300,000 for distribution among Hamas activists in the

West Bank and Gaza."

Salah's bank accounts did suddenly grow by hundreds of thousand dollars on the eve his trip to Israel in 1993-$985,000 by the U.S. government's count. Once there, Salah used a money-changer to convert funds from those accounts into cash. If he was simply distributing charity, why not write checks to the recipients?

If Salah does take the stand to explain, the prosecution gets a chance to impeach his testimony. Whatever he has said and written could return to haunt him. For instance, early in a criminal case, it's common for the defense to throw up a paperwork smokescreen, citing a litany of reasons why the suit should be dismissed without trial. One reason offered in Salah's behalf was what might be called the Valley Forge defense. It argued that liberation movements historically use violence, therefore Salah shouldn't be tried for helping Palestinians fight for a homeland.

Salah's motion argued: "Delving back into the history of our own republic, the British, using the same definition of 'extortion' urged by the government in this case, could have charged our Founding Fathers with that crime when they declared independence from the Empire and threatened to accomplish that independence (and ultimately did so) by use of force."

It is not hard to imagine one of the prosecutors, clad in a dark blue suit, carrying that piece of paper slowly over to the witness stand.

"So, Mr Salah," he might ask. "Do you mean to tell these jurors there's no difference between Patrick Henry and a suicide bomber?"

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rgrossman@tribune.com

A Judge Willing To Let A Leak Case Be Misused (WP)

The Washington Post, September 3, 2006

A chill ran down my spine when I read the Aug. 23 news story about U.S. District Judge T.S. Ellis ordering a "leak investigation" into how reporters learned that two pro-Israel lobbyists were under federal investigation before they were formally charged. The article noted that "legal experts said Ellis's order is noteworthy because it is unusual for a judge to initiate such an inquiry."

Not for Judge Ellis.

In June 2002 Judge Ellis ordered a three-week investigation into how a national periodical obtained certain information in the case of "American Taliban" John Walker Lindh. As the ethics attorney in that case, I disclosed the information at issue in accordance with the Whistleblower Protection Act after it "disappeared" from the file. The Justice Department used Judge Ellis's order as a pretext to get me fired from my law firm, place me under criminal investigation for more than a year, help my law firm contest my receipt of meager unemployment compensation, refer me to the state bars in which I'm licensed as an attorney and put me on the "no-fly" list.

The criminal case was closed without charges ever being brought and the Maryland Bar complaint was dismissed, but the D.C. Bar complaint is still pending after nearly three years. Judge Ellis is aware of the Justice Department's abuse of his order and should be mindful that such leak investigation orders issued to the government effectively place a sword of Damocles over the head of the target. Whether a source or not, no citizen should be subject to this kind of treatment.

JESSELYN RADACK

Washington

A Mystery Man Who Keeps The FBI Up At Night (LAT)

By Josh Meyer

The Los Angeles Times, September 3, 2006

Officials hunting virtually full time for a Florida computer technician see him as the ultimate 'sleeper agent' in the post-9/11 world.

CHARLIEVILLE, Trinidad and Tobago — Five years ago, as 19 Al Qaeda operatives in the United States put the finishing touches on what would become the Sept. 11 attacks, a frail, asthmatic computer engineer from South Florida paid a visit to this tiny Muslim enclave where he'd lived as a boy.

Adnan Gulshair Muhammad el Shukrijumah, then 25, kept a low profile over the course of the week. He hung out with a small circle of devout older men who were leaders of the local Islamic community. They prayed in mosques, went fishing and enjoyed long walks and leisurely dinners, recalled one of the hosts, Imtiaz Mohammed.

Shukrijumah spoke fondly of his father, an influential Islamic scholar and Charlieville community leader two decades earlier. He also spoke of his family life in Miramar, Fla., his computer technician business and his travels to the Middle East and other exotic locales.

But Shukrijumah said nothing about why he was in Trinidad, nor what his plans were, acquaintances here say.

Two years later, the FBI put out an urgent all-points bulletin for Shukrijumah, depicting him as one of Al Qaeda's most well-trained, intelligent and deadly operatives. He was described as the ultimate "sleeper agent," intent on attacking the U.S., possibly with weapons of mass destruction.

Law enforcement officials and terrorism experts now believe Shukrijumah is one of several young, street-smart leaders of Al Qaeda handpicked by Khalid Shaikh Mohammed, the mastermind of the Sept. 11 attacks, to keep the terrorist network alive and humming in the face of U.S.-led efforts to unravel it.

To be sure, the FBI's record on identifying terrorist plotters since Sept. 11 includes some widely publicized failures. In some cases, law enforcement officials have alleged that suspects were centrally involved in plots, only to back off those assertions when cases moved toward court.

And officials concede that there is much they do not know about Shukrijumah, including what he was doing in Trinidad. Within days of the alert in March 2003, agents arrived on the island looking for him, but he was long gone.

Terrorism authorities both inside and outside the government say they believe Shukrijumah is a major Al Qaeda figure, and the hunt for him is intense, with an FBI team tracking him virtually full time. So far, their quarry has remained elusive.

Whereas Al Qaeda's core followers are young, poor and relatively uneducated, Shukrijumah has attended college and is comfortable with technology. He's also a naturalized U.S. citizen whose appearance would allow him to pass as Latino, Indian or Middle Eastern and who speaks English with no discernible accent, officials say.

That background makes Shukrijumah especially threatening, counter-terrorism authorities say. He is dangerous "because he is so trusted in the organization and because he has traveled in the Western world and is familiar with its customs and procedures," said Joseph Billy Jr., assistant FBI director for counter-terrorism.

Shukrijumah is believed to be "the guy who was reared to replace" Mohammed as an Al Qaeda senior trainer, facilitator and propagandist, playing a central role in the development of hundreds of the network's future soldiers, said Sajjan Gohel, director for international security at the London-based AsiaPacific Foundation. "He is part of Al Qaeda Stage 2." The foundation consults on terrorism assessment for governments.

Shukrijumah has not been charged with a crime, but federal grand juries in Virginia and South Florida are hearing evidence about his activities.

Agents working on the investigation were reluctant to provide many details because of those probes, but the FBI does say that Shukrijumah trained at an Al Qaeda camp in Afghanistan before Sept. 11. There, he learned to handle AK-47s, M-16s, Uzis and other automatic weapons and studied topography, communications, camouflage, clandestine surveillance and explosives, including C-4 plastic charges, dynamite and mines, they say.

The FBI believes Shukrijumah used that training to fight for the Taliban in Afghanistan.

Investigators also believe he was present at a meeting of Al Qaeda leaders in March 2004 near the Pakistan-Afghanistan border, where it appears attendees discussed upcoming terrorist operations in Europe and the United States.

But much of Shukrijumah's life remains a mystery. And the search for him has been through a maze of false leads and vague glimmers.

An Intriguing Lead

The hunt for Adnan Shukrijumah began with a mysterious character called "the South American."

A year after the Sept. 11 attacks, interrogators were desperately trying to determine what other plots might be in the works, and where.

While questioning an Al Qaeda detainee in Pakistan, they got an intriguing lead. An operative known only as the South American had been discussing with Al Qaeda leaders new ways of attacking U.S. citizens, including blowing up apartment buildings with natural gas and spraying people with cyanide in nightclubs, the prisoner said.

Authorities knew little about this person except that he was well trained by Al Qaeda, connected to its top leadership and on the loose, perhaps plotting an attack on U.S. soil.

And their anxiety was growing. By early 2003, detainees held overseas and at the U.S. prison at Guantanamo Bay, Cuba, were telling interrogators that Al Qaeda leaders had sent new terrorist operatives into the United States to launch follow-up attacks.

Unlike the Sept. 11 hijackers, the detainees said, these new teams included second-generation immigrant Muslims who had lived in the U.S., understood its customs and could operate under the radar of law enforcement.

When asked which operative was most likely to launch a U.S.-based attack, many captives mentioned one particular figure with an almost mythical reputation as a ruthless militant. His nom de guerre was Jaffar al Tayyar, a reference to an Islamic hero who had fought beside the prophet Muhammad.

But his identity, too, was a mystery.

The pieces began to come together in early March when Mohammed was captured in Pakistan and his computers, phones and other electronic gear were seized.

The evidence confirmed that Mohammed had been sending "Westernized" Al Qaeda soldiers on missions into the U.S. and other countries.

And when Mohammed was shown a photograph of Shukrijumah, he identified him as Tayyar, U.S. counter-terrorism officials said.

By then, U.S. authorities were concluding that Shukrijumah was also the shadowy South American, an apparent reference to his time spent in Trinidad and nearby Guyana.

To their dismay, they realized that one of Al Qaeda's best-trained operatives had been lurking — and perhaps plotting — in the United States since long before the Sept. 11 attacks.

Father a Missionary

Many Al Qaeda devotees came to the cause of militant Islam as young men; Shukrijumah grew up in it.

His father, Sheik Gulshair el Shukrijumah, was a Muslim missionary from Guyana who worked for the government of Saudi Arabia.

In the early 1990s, Sheik Gulshair was assigned to the Al Farouq Mosque in Brooklyn, some of whose congregants were soon linked to two Islamist terrorist plots: the first World Trade Center bombing in 1993 and an unsuccessful conspiracy to blow up the United Nations, Holland Tunnel and other landmarks.

Sheik Gulshair came to the FBI's attention because of translation work he did for a blind cleric named Omar Abdel Rahman, who was implicated in the first World Trade Center bombing. Abdel Rahman, head of an Egyptian terrorist organization linked to Al Qaeda, was sentenced to life in prison for his lead role in the plot to bomb the tunnel and other New York City landmarks.

Sheik Gulshair, who denied any affiliation with terrorists, retired from service to the Saudi government in 1995 and moved his wife and six children to Miramar, southwest of Fort Lauderdale, where he had been given a small stipend to run the Masid al Hijra Mosque.

By the late 1990s, some of his followers had attracted the attention of the FBI's counterterrorism squad in Miami. One of them was his eldest son, Adnan.

Adnan was born in June 1975 in either Saudi Arabia or Guyana. After the family moved to Florida, he attended Broward Community College, where he excelled in chemistry and biology, as well as computers, according to the FBI.

He also suffered from asthma, which required him to use an inhaler, his mother said in a recent interview. As a result, he often remained indoors, she said, tending to his studies, his computer business and his scholarly work.

Sometime in the late 1990s, Shukrijumah started leaning toward more radical Islamist views, authorities say. The FBI believes he was inspired by a group of Muslim men in South Florida who gave him books and videotapes about jihad in Bosnia-Herzegovina, Kashmir and Afghanistan.

In late 1999, Shukrijumah began traveling to Pakistan and Afghanistan. To get into an Al Qaeda training camp, he needed a sponsor. The FBI says Shukrijumah found one in Ismael Faiz of Lahore, Pakistan. U.S. officials believe Faiz is a member of Al Qaeda and the Pakistani militant group Lashkar-e-Taiba, which has been connected to recent alleged terrorist plots in Canada and London.

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At the camps, Shukrijumah was initially rejected for training. Instead, he started at the bottom, doing dishes and menial work before earning the right to train with weapons and tactics, agents say.

He had trouble getting along with fellow trainees. Shukrijumah was said to be "difficult to work with: temperamental, confident in his ability to the point of being egocentric," said a senior FBI official close to the investigation.

His mother attributes his headstrong personality to his having to assume a father-figure role to his younger siblings because Sheik Gulshair was away so often doing missionary work.

After he started traveling to Pakistan and Afghanistan, however, Shukrijumah began to change, say friends and associates interviewed by the FBI. He would take off for long periods, to places overseas he would not discuss.

"Every time he came back, he was a different person," the FBI official said. "He was more calm, more cool and more purposeful in his actions."

By 2001, the FBI was investigating Shukrijumah in connection with two suspected terrorist plots, one of which involved a group apparently using South Florida as a base from which to recruit militants and finance attacks and assassinations in the Middle East.

But agents were never able to connect him to either plot. They later came to believe that he had been deliberately keeping his distance because, as one agent put it, "it was felt in the [Al Qaeda] community that he was in for bigger and better things."

After the Sept. 11 attacks, federal agents swarmed South Florida looking for clues and connections they might have missed. As many as 15 of the hijackers had spent their last months there, training for and planning the suicide mission.

The FBI ultimately took several of Shukrijumah's acquaintances into custody on terrorism or immigration charges.

Agents also went looking for Shukrijumah. But by then, he was gone and had left few clues.

'He Could Be Anywhere'

When Shukrijumah reemerged in the FBI's consciousness in March 2003, Pasquale "Pat" D'Amuro, then the FBI's senior counter-terrorism official and a veteran Al Qaeda tracker, felt an acute sense of dread.

"We thought he was a grave danger to the security of the United States," D'Amuro recalled recently. "We thought he could be anywhere."

On March 20, 2003, the same day the U.S. began bombing Iraq, the FBI went public. With TV news crews on their heels, more than 50 federal agents and local police officers descended on Shukrijumah's neighborhood.

Armed with a warrant for his arrest as a material witness, FBI agents knocked on doors, showing photographs and asking whether he had been seen in Florida recently.

They scoured his mail, credit cards, bank records and phone bills.

By then, however, Shukrijumah had been away from his family home for almost two years.

In the months before Sept. 11, he had traveled widely through the United States and Canada, scouting potential terrorist targets, say FBI officials, who believe he spent about a week each in New York, Washington, Chicago and Montreal.

Since the attacks, her son had called just once, to check in, Zuhrah Abdu Ahmed told the agents.

The agents asked whether her son knew lead hijacker Mohamed Atta and others she had seen on TV. They wanted to know whether he had ever mentioned Al Qaeda or trips to Pakistan and Afghanistan.

Ahmed said her memory was hazy, but she insisted that her son was innocent.

Sitting on the front stoop of the family home, Ahmed — a tiny woman with warm brown eyes and a big smile, dressed in a flowing black robe and head scarf — said her son didn't like South Florida's freewheeling singles scene and the nightclubs and bikinis.

"But he like America so much," she said. "People, he say, [are] very nice and kind. If only they more decent, he say, this would be the best place on Earth."

Ahmed, whose husband died in 2004, conceded that it was possible her son might have fallen in with the wrong crowd.

"I recognize a lot of people do evil stuff in the name of the religion," she said, and then paused. "He's a young guy. Maybe they try to trap him, without he even knew what was going on around him. Who knows?"

The FBI also began chasing Shukrijumah through the back alleys of cyberspace. Within hours of the FBI's public announcement, Shukrijumah might have given them a lead.

Just after midnight that day, an e-mail popped up in the guestbook section of MasterArabic.com, a website that Shukrijumah had set up to promote his father's Arabic tutoring business and Islamic teachings. Routed to obscure the identity of the sender, the message said only, "I am safe."

Tracking Down Leads

In their hunt for Shukrijumah, the FBI dispatched teams of agents to Saudi Arabia, Morocco and Yemen, where he had relatives. Agents also tracked leads through Europe, Asia and South America.

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One of those leads took them to Charlieville, Trinidad, where a Muslim cleric had called federal agents to say Shukrijumah was traveling to and from the island and "had company." Agents fanned out across the dirt streets of Charlieville and found several men Shukrijumah had spent time with.

One of them, Imtiaz Mohammed, told The Times recently that he had two lengthy, sometimes testy, interviews with FBI agents. He told them that he, Shukrijumah and others in Trinidad did talk about world politics, but that Shukrijumah never said anything suggesting he was a militant, and never explained his travels.

In March 2004, after a year of inconclusive leads, the FBI got wind of a Shukrijumah sighting. Intelligence had placed him at a summit of the so-called second-generation Al Qaeda leaders in the rugged mountains of Waziristan, an area along the Pakistan-Afghanistan border where much of the Al Qaeda brain trust — including Osama bin Laden — was believed to be hiding.

Working together, authorities in Pakistan, Britain and the United States arrested some of the attendees and seized several computers.

The evidence indicated the attendees were discussing future terrorist operations in Europe and the U.S. At least one had compiled video footage of the New York Stock Exchange, a Newark, N.J., insurance building and the World Bank and International Monetary Fund buildings in Washington.

On May 26, 2004, Atty. Gen. John Ashcroft went public again, singling out Shukrijumah as the most dangerous of seven Al Qaeda operatives suspected of planning strikes in the U.S.

Citing "credible intelligence from multiple sources," Ashcroft described Shukrijumah as "a clear and present danger" who might be trying to enter the country.

More tips and rumors continued to pour in. Most were maddeningly vague. They persisted through the elections in November, but nothing ever happened.

Then Shukrijumah appeared to drop off the radar screen again. There hasn't been a publicly disclosed sighting since.

Nearly two years later, senior FBI and intelligence officials say they still debate where Shukrijumah might be. Their best guess is that he remains in Waziristan.

In July, the U.S. government, which is offering a $5-million reward, began handing out fancy green matchboxes in Pakistan bearing a photograph of Shukrijumah.

"You give us Adnan G. el Shukrijumah and in return we will give you rewards," the boxes say in Urdu and Pashto. "We assure you that all information would be kept secret."

Meanwhile, Shukrijumah continues to cause many a sleepless night.

Special Agent Andrew Lenzen, the lead case agent and a veteran of the FBI's Miami counter-terrorism squad, has amassed an encyclopedic knowledge of Shukrijumah's actions and personality quirks. He has even compiled a timeline of his life, beginning with the day he was born.

"I know him almost like his mother," said Lenzen. "I've lived, slept and dreamed him for the past three years."

josh.meyer@latimes.com

Hardball Tactics In An Era Of Threats (WP)

By Mary Beth Sheridan

The Washington Post, September 3, 2006

To the government, they were a terrorist risk in the Washington area. To local Muslims, they were unfairly singled out for prosecution and severe sentences in a post-9/11 world.

The crowd was so big it spilled out of the Alexandria courtroom: teachers, parents, the leader of a College Park mosque. Ali Asad Chandia, 29, a bearded man in a crisp, white shirt, sat quietly amid the throng -- a beloved third-grade teacher convicted of supporting terrorism.

"The defendant portrays himself as a mild-mannered, kind individual," federal prosecutor David Laufman told the judge at the sentencing nine days ago. But in Chandia's home and car, he said, FBI agents had found recordings glorifying terrorism, one even asking God to "grant safety to Osama bin Laden."

"That," concluded Laufman, "is who the defendant really is."

After the Sept. 11, 2001, attacks, law enforcement officials pledged an aggressive effort to choke off future plots. People identified as security threats would be charged as soon as a crime could be proven, even if it was well short of a terrorist strike. The Washington area, where seven of the 19 al-Qaeda hijackers spent time before the attacks, became a focus of their investigations.

"Awaiting an attack is not an option," Paul J. McNulty, the deputy U.S. attorney general, said in a recent speech. He described the approach as "preventative prosecutions."

For prosecutors, that effort has been a success: Chandia was the 11th man convicted in what they describe as a "jihad network" in the D.C. suburbs dedicated to supporting military action on behalf of Muslims. He was sentenced to 15 years in prison.

Muslims in the Washington area, even those unconnected to the defendants, wonder and worry about the implications of these cases for their community. Some feel that the prosecutions could increase the stigma Muslims have faced since Sept. 11. And many Muslims say the aggressive law enforcement has been far out of proportion to the offenses, which harmed no one.

Chandia's trial, for example, focused on favors he did for an acquaintance who belonged to a Pakistani group on the U.S. terrorist list. Chandia drove the visitor around the D.C. suburbs and helped him ship packages abroad.

For that, prosecutors sought 30 years to life. Some of the other defendants will spend decades in jail, including two who received life sentences.

"If this is how you deliver justice, you lose your trust in the justice system," protested Muddasar Ahmed, a Beltsville consultant who was among Chandia's supporters at his sentencing.

Ahmed and others have also argued that the prosecutions show a fundamental misunderstanding of Muslims in America: The local men wanted to help oppressed Muslims overseas, which isn't the same as backing bin Laden.

"The Muslim community . . . does not agree with Osama bin Laden at all," said Tanweer K. Ahmed, a College Park medical specialist who is not related to Muddasar Ahmed but is also among Chandia's supporters.

Law enforcement officials in Washington see powerful evidence for their concern about homegrown terrorists, including the bombings in London a year ago and last month's arrests in an airline-bombing plot.

A few of the local men admitted trying to fight U.S. soldiers in Afghanistan. And even if the local jihad network had its focus abroad, officials say, they couldn't ignore its potential danger.

"These individuals established strong relationships [and] received ideological and physical training" from a group now on the U.S. terrorist list, McNulty said in an interview last year, when he was U.S. attorney in Alexandria. "At the very least, they became a kind of infrastructure of support for international terrorists."Turning to Their Back Yard

Before the Sept. 11 attacks, hundreds of FBI agents worked on counterterrorism at the headquarters on Pennsylvania Avenue NW. But their focus was overseas.

"What we did not know was our own back yard," said Michael E. Rolince, a retired FBI counterterrorism official. Hobbled by staff reductions and wary of violating civil rights, the FBI paid little attention to the Muslim community in the Washington suburbs.

Meanwhile, that community was changing rapidly. Between 1990 and 2000, the number of local residents who claimed ancestry from a mostly Muslim country jumped 75 percent to about 114,000, according to census data analyzed at the State University of New York at Albany. The Council on American-Islamic Relations estimates the total Muslim population in the area at 250,000, including African Americans and white converts.

Like other immigrants, Muslims have been drawn here by the embassies and universities, as well as the booming economy. Many are secular professionals.

But in recent years, an ultra-orthodox Islamic movement blossomed, spurred by a global Saudi missionary campaign. By 2000, the Saudis had built Islamic colleges in Fairfax County and Alexandria and were sending free Korans and preachers to the area. Hundreds of young people were inspired by the movement -- among them, Chandia.

The short, dark-eyed youth arrived from Pakistan in 1994, the son of a lawyer who wanted a U.S. education for his children. "Ali was never especially religious" before he arrived in Gaithersburg at age 17, according to a Web site organized by his supporters.

But he gravitated toward Muslim youths who shared his culture, said the mother of one of his friends at Watkins Mill High School, who spoke on condition of anonymity because Chandia's supporters discouraged contact with the media. For the boys, she said, the mosque "became a community center . . . because they're not really comfortable with the opposite sex. That's a cultural thing."

As a college student, Chandia became increasingly religious. He took classes at a Saudi college in Fairfax. And he began to frequent a new Islamic center in Falls Church called Dar al-Arqam, where he became the assistant to the main speaker, a charismatic scientist in his late thirties named Ali al-Timimi.

Many of those attending the center were children of secular immigrants, rebelling against what they considered their parents' lax observance.

"The older generation was taught that religion was a backward thing," said one of those who attended, referring to the secular nationalism that held sway in the Middle East and South Asia in the 1950s and '60s. But their American children found Islam "did answer a lot of questions. It gave them a purpose in life."

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The gung-ho young Muslims tried to strictly adhere to Islamic scriptures and imitate the prophet Muhammad and his companions in the 7th century -- an approach known as salafism. Men wore beards; women were veiled and sat behind a curtain.

The zealous salafis weren't impressed by the efforts of big mosques in the area -- such as Dar al-Hijrah in Falls Church and the All Dulles Area Muslim Society -- to integrate into American society.

Those mosques "kind of gave you the mushy middle. Don't rock the boat. Don't make people mad," said Umar Lee, a former Falls Church resident who attended Dar al-Arqam. The young people, he said, "wanted authenticity."From Georgetown to Saudi Arabia

Law enforcement officials would eventually trace the rise of the jihad network to two men: Timimi, the lecturer at Dar al-Arqam, and Randall "Ismail" Royer, a public relations professional.

Neither started out as religious Muslims.

The son of an Iraqi lawyer, Timimi had grown up in Northwest Washington and attended the elite Georgetown Day School. When he was 15 years old, his family moved temporarily to Saudi Arabia, where he became an observant Muslim. Timimi spent another year in the kingdom in the late 1980s on a Saudi scholarship, studying with one of the "awakening sheikhs" who would inspire bin Laden with their anti-Western speeches.

His supporters at Dar al-Arqam bristle at prosecutors' assertions that he was spouting radical politics; his speeches, they say, focused on spiritual subjects. But they also reflected an alienation from his own culture.

In one of his taped lectures available on the Internet, Timimi warned Muslims not to become too friendly with non-Muslim "disbelievers" or even work for them if other jobs were available. "A Muslim should never allow the disbeliever to have the upper hand," he said.

And he echoed the widespread perception in the Muslim world that the West is an enemy in a clash of civilizations.

"The greatest power in the world inimical to Islam is the United States," he declared in a lecture cited by prosecutors.

Not all his followers in the Washington suburbs shared such extreme views. But they were dazzled by Timimi, a man who could both translate 7th-century Koranic Arabic and joke about the Redskins.

Increasingly, some of Timimi's students were also pulled by country and faith. Many were U.S. citizens, but their faith emphasized Muslims' responsibility for one another. And the battles over control of Chechnya, the Palestinian territories and Kashmir were flowing into the D.C. suburbs on TV and the Internet. Web sites boasted of young men doing something about the suffering of their fellow Muslims: waging jihad.

"In those days, young men [in the D.C. area] were very interested in jihad and martyrdom," Timimi told the FBI in a voluntary interview before his arrest in 2004, according to an agent's report. Chandia, he said, "used to ask hundreds of questions regarding jihad."Dabbling in Jihad

Since the Sept. 11 attacks, authorities have assiduously tracked down and prosecuted Americans who traveled abroad to train with Islamic militant groups, fearing they could return and form terrorist sleeper cells.

But many Muslims say that supporting such groups was not always the same as backing bin Laden.

Royer, a blue-eyed convert, was studying at American University in the early 1990s when he became aghast at TV footage showing Serb savagery against Bosnian Muslims.

"I felt an obligation, in the same way if you were to see a neighbor being beaten or raped you would feel compelled to step in," he recalled in a telephone interview in 2003. He said he fought in Bosnia for six months.

Royer was among thousands of youths from Europe, South Asia and the Middle East who took up arms to defend Muslims in the 1990s, spurred by the horrors they had glimpsed on al-Jazeera or CNN.

"It became a very, very romantic movement," said Fawaz Gerges, an expert on Islamic militancy at Sarah Lawrence College. But some of the youths gradually became radicalized by a culture of martyrdom. And a small number began to see the United States as the enemy to target.

Long after he returned home, Royer maintained his idealistic view of armed jihad. By 2000, he and other Muslims in Northern Virginia had formed a group that played paintball in the woods near Fredericksburg, donning camouflage gear and learning maneuvers from Muslim U.S. military veterans. Royer would regale them with his stories from Bosnia.

"What was really going on was a group of young men dabbling with the idea of jihad, basking in its aura, dipping their toes in it," Royer wrote recently from a federal prison in Pennsylvania. But officials would later note what they called alarming signs. The men watched bloody videos of holy warriors in Chechnya, Bosnia and Kashmir. Several bought AK-47-style rifles, like those used by the guerrillas.

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And starting with Royer, the men began going to Pakistan to train with Lashkar-e-Taiba, a group fighting to drive India from the disputed border area of Kashmir. Royer later said he didn't think his actions were illegal since the group wasn't on the U.S. terrorist list at the time.

"Neither I nor anyone else had the idea 'I'm doing something against America,' " Royer said.The Impetus to Fight

Five days after the Sept. 11, 2001, hijackings, Royer and several other young Muslims met Timimi at the Fairfax home of a Dar al-Arqam regular, 25-year-old Yong Ki Kwon, and anxiously asked the lecturer's opinion of the attacks.

Timimi urged the men to keep their conversation secret. He suggested that a global war between Muslims and non-Muslims was beginning, according to later testimony. He urged the men to "go be with the mujaheddin anywhere in the world," as Royer would recall. According to three men at the dinner, Timimi urged them to defend the Taliban against an imminent U.S. attack; Timimi and two others denied that.

Four of the men promptly set out for a Lashkar camp, using Royer's contacts. The men were hoping to get weapons training, Kwon later testified, to defend their "brothers and sisters in Afghanistan."

The young men who once dreamed of bravely fighting distant enemies now had widened their idea of jihad: Some were prepared to fight U.S. soldiers, according to court testimony.

But their plans soon fell apart. With the Taliban crumbling, Timimi's followers gave up after a few weeks and left the Pakistani camp. On their way out, two said, they saw Chandia at a Lashkar office.Agents Take No Chances

In late 2002, the FBI's Washington field office received two similar tips from local Muslims: Timimi was running "an Islamic group known as the Dar al-Arqam" that had "conducted military-style training," FBI special agent John Wyman would later write in an affidavit.

Wyman and another agent, Wade Ammerman, pounced on the tips. Searching the Internet, they found a speech by Timimi celebrating the crash of the space shuttle Columbia in 2003, according to the affidavit. The agents also found that Timimi was in contact with Sheikh Safar al-Hawali, a Saudi whose anti-Western speeches in the early 1990s had helped inspire bin Laden.

The agents reached an alarming conclusion: "Timimi is an Islamist supporter of Bin Laden" who was leading a group "training for jihad," the agent wrote in the affidavit. The FBI even came to speculate that Timimi, a doctoral candidate pursuing cancer gene research, might have been involved in the anthrax attacks.

On a frigid day in February 2003, the FBI searched Timimi's brick townhouse on Meadow Field Court, a cul-de-sac near Fair Oaks Mall in Fairfax. Among the items they were seeking, according to court testimony: material on weapons of mass destruction.

There was, in the end, nothing related to that in the house. And yet, as the investigation proceeded, officials learned that some of Timimi's followers had indeed been practicing for possible armed jihad during their paintball games.

Of greater interest to prosecutors were the men's trips to the Lashkar camp. Searches of their homes turned up semiautomatic rifles and radical literature from the Internet, including "The Terrorists' Handbook." And agents would make a chilling discovery in Chandia's house: audiotapes praising bin Laden. On the front seat of Chandia's Dodge Neon, FBI agents found a CD showing the planes smashing into the World Trade Center. Voices in the background chanted "Allahu Akbar" -- God is great.

McNulty acknowledged that simply attending a guerrilla camp "may not have been seen as threatening or as significant prior" to Sept. 11. But after the al-Qaeda attacks, authorities were taking no chances.

Prosecutors hit the men with a barrage of charges. They accused them of violating the Neutrality Act, a decades-old, seldom-enforced law that bans Americans from fighting a nation at peace with the United States -- such as India, the main target of Lashkar's guerrillas. And prosecutors stacked multiple gun charges carrying "mandatory minimum" sentences, based on the few times the men fired weapons at a Lashkar camp.

The hardball tactics worked. Three of the men accused of going to the Lashkar camp after Sept. 11 pleaded guilty and testified against their friends. They served about three years and are now free.

In contrast, Masaud Khan of Gaithersburg, who traveled with them, pleaded not guilty and was convicted. On Friday, a federal appeals court upheld his sentence: life plus 45 years.Looking for Links to Lashkar

At the federal courthouse in Alexandria this summer, witnesses recounted the latest act of the jihad network story.

Prosecutors accused Chandia of attending the Lashkar camp in fall 2001, at Timimi's urging. Chandia's attorney and other witnesses said he simply flew to Pakistan in November 2001 to organize his brother's wedding.

Chandia's real trouble began three months later, after he had returned home. At a friend's request, he went to Reagan National Airport to pick up Mohammed Ajmal Khan, a Lashkar official. By then, the group was on the U.S. terrorist list.

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Over the next year, two of the local men who had trained at the Lashkar camp helped Khan place orders with U.S. companies for 50,000 paintballs -- which are sometimes used in military training -- as well as equipment for a small, remote-controlled glider, according to court testimony.

Chandia's role was apparently smaller. Prosecutors said he allowed the Lashkar official to use his computer. And when Khan visited again in March 2003, Chandia helped him take 21 boxes of Pakistani-bound goods, including the paintballs, to a shipping company in Sterling, according to testimony. Chandia paid the shipping bill -- $761.84, according to testimony.

To the teacher's supporters at the trial, his acts seemed far short of terrorism.

"He mailed something," said Muddasar Ahmed's wife, Keryn, a homemaker whose sons were in Chandia's class. "So what?"

But the U.S. government has grown increasingly concerned about Lashkar, which it designated a terror group in December 2001. Although the group is not known to target Americans, Abu Zubaida, an al-Qaeda official, was seized at a Lashkar safe house in March 2002, raising questions about their ties.

"I'm conceding that it's small types of support" the men provided, McNulty said in the interview. "But a relationship [was] established . . . and that could become more significant in the future."

Legal experts say there is nothing new in charging suspects to head off an attack. In 1995, for example, a federal jury convicted 10 people, including Omar Abdel Rahman -- the "blind sheikh" -- of planning a terrorism rampage in New York. But in that case, the FBI taped the men's conversations about bomb plots and caught several mixing chemicals.

"The paradigm has shifted," said Wayne McCormack, a professor at the University of Utah and author of a textbook on anti-terrorism law. The Justice Department, he said, is "moving much earlier than what would have been true before."

In doing so, he added, the government risks "prosecuting people who, left to their own devices, would never do anything."

In the Chandia case, prosecutors tried to demonstrate his extremism by presenting the material seized in his home and car. Chandia's friends testified that some of the items were for academic research on radical Islam.

"And he is not on trial for what he believes," defense attorney Marvin Miller told the jury. "He is on trial for you to decide whether or not he did anything."

The jury found Chandia guilty of three counts of conspiracy and providing material support to Lashkar. He was acquitted of a charge that he attended a training camp.

Yet even one of the jurors who convicted him said Chandia hardly seemed a security risk. The case "shouldn't have been brought at all," Robert Stosch told The Washington Post.Anger Among Muslims Simmers

Today, the group of ardent salafis who once gathered in Falls Church has dispersed. Dar al-Arqam has closed. Timimi was sentenced to life in prison for urging the men to help the Taliban. One of the local men who ordered equipment for Lashkar got 65 years. Royer, who pleaded guilty to weapons charges, received 20.

The Justice Department has described the jihad network case as one of a string of successes in the war on terrorism. But officials say the threat persists.

"As we approach the fifth anniversary of September 11. . . terrorists and their supporters are growing more sophisticated," McNulty said in his recent speech, noting that the groups are using the Internet to recruit and raise money.

At some local mosques, the trials have left a legacy of distrust of the justice system. Dar al-Hijrah is financially assisting the families of some of those convicted. To raise money for the defendants, a worshiper printed T-shirts with the slogan "Free Our Unjustly Detained Brothers -- Political Pawns in the War on Terror."

Members of Dar-us-Salaam, the mosque connected with the school where Chandia teaches, helped organize a fundraiser and Web site for him.

Authorities "are trying to send a message to every Muslim" with the long imprisonments, said Keryn Ahmed. "But they're just making us mad."

The government has strenuously denied targeting Muslims based on their faith. But prosecutors agree that they are trying to send a message -- of zero tolerance for terrorism-related activities.

In the end, officials acknowledge that they will never know how dangerous the local men were.

"Did we break something up? Yeah, we think we did," said a law enforcement official involved in the case, speaking on condition of anonymity under Justice Department rules. "But we would not profess to say we had anything more than the potential for it."

Tomorrow: Two young Muslims follow different paths

after the Sept. 11 attacks.

Staff writers Jerry Markon and Timothy Dwyer and news researcher Julie Tate contributed to this report.

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Russian Homeland No Haven For Ex-Detainees, Activists Say (WP)

By Peter Finn, Washington Post Foreign Service

The Washington Post, September 3, 2006

Men Freed From Guantanamo Allegedly Face Campaign of Abuse

KAZAN, Russia -- Timur Ishmuratov is back in prison, his fourth stretch in three countries since he crossed into Afghanistan in early 2001 looking, his family says, for the perfect Islamic society.

Now 31, Ishmuratov grew up in western Siberia and, by the time he left university, felt he could not live as a Muslim in Russia. Eventually, he turned to the austere rule of the Taliban in Afghanistan. "He said to me that Afghanistan was the only place where a true Muslim life was possible," said his mother, Zoya Ishmuratova. "He said the country was not influenced by European culture, that women dressed properly."

In 2001, after U.S. forces attacked the Taliban in response to the hijackings of Sept. 11 that year, he was caught in a roundup of foreigners by anti-Taliban forces and turned over to Americans. He spent two years in the prison at Guantanamo Bay, Cuba. Flown back to his homeland on Feb. 27, 2004, with six other Russians, he's now in a jail here.

What these men did in Afghanistan remains unclear. All of them say they went there on religious quests and were not fighters, but there is no way to corroborate their stories. One still carries a bullet in his leg from his period in the country. U.S. authorities, in the end, did not have enough evidence to hold them.

Since returning to this country, human rights groups contend, Ishmuratov and other former Guantanamo inmates have been harassed, physically abused and prosecuted by authorities here in a campaign to lock them up for the long term.

In May of this year, Ishmuratov, a slight man now shorn of his beard, was sentenced to a long prison term on charges of sabotaging a gas pipeline in a town southeast of here in Tatarstan, a majority-Muslim republic in central Russia. Human rights groups say there are credible accusations of torture leading to forced confessions by Ishmuratov and the two other men tried with him.

The fate of the Guantanamo prisoners, activists here say, calls into question not only the rule of law in Russia but also U.S. responsibility under international conventions not to return inmates to countries where they face the threat of torture.

"The U.S. government has failed these men three times," said Carroll Bogert, associate director of Human Rights Watch, the New York-based advocacy group, which is studying the fates of the former Russian inmates. "First, by detaining these men without charge at Guantanamo, then by sending them back to Russia in violation of international law because they faced the real threat of torture, and third, by failing to monitor and protest their treatment."

The U.S. Embassy in Moscow declined to comment on the men. But in a statement it said that "in all instances, the United States seeks assurances that countries will treat their detainees humanely. The United States does not return individuals to their home countries when it is more likely than not that they will be tortured.

"Diplomatic assurances are only one part of the equation, however," it said, "and all facts are taken into consideration. The decision to return a detainee to their home country is based on the totality of the circumstances. Diplomatic assurances are not a substitute for this analysis."

Russian prosecutors reject allegations of mistreatment and said that in the case of Ishmuratov, his guilt was proven in court, albeit in a second trial. A first jury found him and the two other defendants not guilty.

"They are religious fanatics," said Farit Zagidullin, deputy prosecutor in Tatarstan, whose office prosecuted Ishmuratov in the pipeline explosion along with former Guantanamo inmate Ravil Gumarov, 43, and another alleged accomplice, Fanis Shaikhutdinov, 41. "They want to inflame the situation in Tatarstan, where people of all religions want to live in peace with each other."

On returning to Russia in 2004, the seven prisoners were initially held in a detention center in the southern town of Pyatigorsk that is run by the FSB, the domestic successor of the KGB. Russian authorities had assured the U.S. government that they would investigate the inmates, and they were held on suspicion of crossing international borders illegally and mercenary activity.

One of the seven men, Airat Vakhitov, said the prisoners were immediately subjected to physical abuse. "They told me to get down on my knees and pray as a Christian to Jesus Christ," Vakhitov said at a news conference in Moscow last year. "I refused. They beat me and burnt my back with cigarette butts." Russian officials deny the allegations.

In June 2004, the FSB released all seven after prosecutors said there was insufficient evidence to hold them. But that did not end official interest in the men. "They have been subjected to constant surveillance and questioning, home raids which have taken place at all hours of the day and night, mistreatment during these raids and during arrests," said Saadiya Chaudary, a London-based lawyer working with the human rights group Reprieve, which is bringing a lawsuit against the United States on behalf of Guantanamo inmates of various nationalities, including the Russians.

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"The authorities also initially denied them internal and external Russian passports. The internal passports are required in order to obtain medical treatment, which many of the guys were in need of," Chaudary said.

The new case against Ishmuratov began with a gas line explosion on the morning of Jan. 8, 2005, in the town of Bugulma. Local police first thought it was an accident. An FSB forensic team ruled it a deliberate bombing. In April 2005, Ishmuratov, Gumarov and three other men were arrested. Ishmuratov and Gumarov quickly confessed, prosecutors said, and two of the other men provided statements that supported the case against them.

In a letter to the Russian human rights group Memorial, Ishmuratov said he confessed after he was beaten and investigators threatened to arrest his pregnant wife. Gumarov, in a letter to his mother, said his interrogators tore hair from his beard and forced vodka down his throat. Both men later withdrew their confessions, but prosecutors were still able to use the material in court.

Besides the confessions, prosecutors said, forensic investigators found traces of explosives in a car used by Gumarov and a backpack used by another of the defendants. Defense lawyers said Gumarov had fireworks in his car around New Year's Eve, which might explain the traces. But they had no explanation for the traces on the backpack. "I can only assume it was planted," said Hamid Samatov, one of the lawyers.

Prosecutors also pointed to 47 phone and text messages among the three in the run-up to the explosion. But lawyers for the three said there was no record of the men speaking by phone on Jan. 7, the day before the explosion, as they supposedly said in their confessions.

In September 2005, a jury voted 12 to 0 to acquit the men. But the Russian Supreme Court later overturned the verdict, citing hints in the final statement of Gumarov's lawyer that the confessions were coerced, which the court said showed that the entire proceedings were tainted and would have to be conducted again. In May, after hearing much of the same evidence, a second jury voted 12 to 0 to convict the men. Ishmuratov was sentenced to 11 years in prison and Gumarov to 13 years.

Last month, Human Rights Watch, while researching another terrorism case in Tatarstan, found a signed confession by a man named Vilsur Khairullin stating he was responsible for the pipeline bombing. Lawyers for the Guantanamo inmates had been unaware of its existence.

"If Khairullin's confession was truthful, defense lawyers in the explosion case certainly should have been told about it," Bogert said. "If it wasn't, that also raises the question of what methods investigators in Tatarstan are using to extract confessions from suspects."

Vadim Maximov, an investigator in the Khairullin case, said the confession was invalid. Maximov said that he took Khairullin to the scene of the pipeline explosion but that the man was unable to point to where the blast took place and got critical information wrong, such as the type of explosive and timer used.

The spate of prosecutions has apparently frightened the other former Guantanamo inmates. Ruslan Odizhev is in hiding, but whether he is still in Russia is unknown. Two other former inmates, Vakhitov and Rustam Akhmerov, have fled the country, fearing that they, too, would face criminal charges, according to family members and human rights activists.

"He won't return," said Vakhitov's mother, Amina Khasanova, who said she doesn't know where her son is and doesn't ask when he calls.

Another of the men, Shamil Khazhiyev, is still in Russia but keeping a low profile, according to human rights activists who tried unsuccessfully to talk to him about his experience since he returned to Russia.

The seventh inmate, identified here as Rasul Kudayev, was arrested in the southern Russian city of Nalchik after an assault on government facilities in October 2005 and accused of leading a group that killed a police officer in the attack. His lawyers and family said he was tortured into signing a confession.

An eighth Russian, Ravil Mingazov, 38, remains imprisoned at Guantanamo.

"He never said in his letters, but I think he doesn't want to return to Russia," said his mother, Zukhra Mingazova. "I wouldn't want him to return. I will leave for any Muslim country that takes him, with great pleasure. He has no future in this country."

Suspects Angry At Cartoon, German Says (NYT/AP)

By The Associated Press

The New York Times/AP, September 3, 2006

BERLIN, Sept. 2 (AP) — The prime suspects in the failed attempt to blow up two German trains were partly motivated by anger over the publication of Prophet Muhammad cartoons, a leading investigator said in an interview released Saturday.

The cartoons were first printed last September in a Danish newspaper and then republished in other European media months later, setting off protests across the Muslim world.

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One suspect in the failed bombing, Jihad Hamad, 20, told Lebanese interrogators that a fellow suspect, Youssef Muhammad el-Hajdib, 21, considered the publications "an attack of the Western world on Islam," Jörg Ziercke, the chief of Germany's Federal Crime Office, told the magazine Focus in an interview released in advance of publication.

The men are suspected of planting crude bombs July 31 on two trains at the Cologne station. The bombs were found later in the day on regional trains in Koblenz and Dortmund. Authorities have said that the detonators went off but failed to ignite the devices.

It's Congress's War, Too (NYT)

By Kenneth Anderson

The New York Times, September 3, 2006

Two branches of our government are hard at work in the war on terror. Sometimes, to be sure, they work at cross-purposes. Executive agencies devise a warrantless surveillance program — and a federal judge declares it unconstitutional. Administration officials and federal bureaucrats devise rules for trying accused terrorists in military tribunals — and the Supreme Court, in its Hamdan decision, sends the tribunal drafters back to the drawing board. Yet for all their differences, the executive and judicial branches each have important roles to play in establishing U.S. counterterrorism policy.

But where are the people's elected representatives in all this? After all, the Hamdan decision, despite leaving many momentous questions open, makes one thing reasonably clear: responsibility for democratically establishing policy in the war on terror falls to the legislative branch. So where is Congress? Irrespective of where you come down in the debate on the war on terror — including whether it should even be conceived of as a war — counterterrorism policy should be formed through Congressional legislation, the only legitimate mechanism for the long haul in a democracy. This ought to be a priority for both Congress and the Bush administration, because no matter who wins the 2008 election — or the 2006 midterms — there is not likely to be any coherent national counterterrorism policy at all past the end of the second Bush administration unless Congress takes steps to legislate it and go beyond merely executive discretion.

Some in the Bush administration have fixated on this question of executive discretion, insisting that the successful prosecution of the war on terror requires strong executive power — power they see as eroding since Watergate. But in considering its next move, the Bush administration should mark well that what lives by executive discretion also dies by executive discretion. If a comprehensive national counterterrorism policy — that is, a war on terror — is as important as the White House believes it is, then it merits the blessing of the legislature and ought not to exist merely at the discretionary whim of some future president.

What would comprehensive legislation to institutionalize national counterterrorism policy look like? Counterterrorism can be construed to cover almost anything you like — this is why it can so threaten civil liberties. But those policies that matter most are the ones that bring America's basic values into the struggle against terror. Such policies have deeply divided the American people and deserve answers whose democratic legitimacy can only come from the people's representatives.

Surveillance at home and abroad

Whatever you think of the legality of, for example, the National Security Agency's surveillance programs, or Judge Anna Diggs Taylor's ruling of unconstitutionality, Congress needs to decide plainly on the balance between national security and civil liberties that such programs represent. A deal is in the works that puts oversight into the hands of the Foreign Intelligence Surveillance Act court. But the bottom line is not so much who does the oversight as something more basic: if you are reasonably thought to be calling numbers reasonably thought to belong to terrorists abroad, the American people expect their government to try to listen in.

Detention and rendition

The Bush administration claims the right to hold detainees in the war on terror for the duration of the conflict. Its critics counter that the war in question is defined so loosely that you might as well say that detainees may be held until the global war against evil is won and it is banished from the world. Guantánamo has received much understandable criticism; the administration's critics in turn can be questioned for imagining to themselves that the Bush administration's detainees are luckless shepherds. Some are; some aren't. Even Human Rights Watch acknowledges that some "really bad guys" are being held in secret C.I.A. centers abroad. These are serious jihadists, not people to just turn loose. Who should decide how to handle this? Under any administration, serious counterterrorism policy will recognize that people will, in fact, be detained, and we have to have a place and a manner for dealing with them. Only the very wishful can believe that the issue will go away or that it goes away merely by closing Guantánamo.

A domestic intelligence agency

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Does the U.S. need a dedicated domestic intelligence agency, similar to Great Britain's MI5, rather than relying on the F.B.I.? The F.B.I. excels at solving crimes that have already been committed. It is not good at, and not really interested in, finding needles in haystacks. Yet this is precisely what much intelligence work is about when it comes to preventing terrorist attacks rather than investigating them afterward. Establishing such an agency would be an unprecedented and potentially liberty-threatening step, never before seen in this country. Does the threat of catastrophic terrorist attacks — possible plots against the Sears Tower or New York City tunnels, to take two recent examples — warrant a whole new system of domestic intelligence?

Interrogation and the definition of torture

Of all the values issues in the war on terror, none have aroused such strong emotions as interrogation and what crosses the line into torture. The anguished discussion over the possibility that information crucial to preventing the London airline plot was obtained in Pakistan through harsh interrogation, perhaps torture, only raises the stakes. In order to go beyond the abstract phrases of existing laws and treaties, Congress must be willing to legislate what exact techniques are permissible, under what circumstances and with what oversight — not euphemisms, not ambiguous language, but plain, exact descriptions of techniques and when and how they may be used. Is waterboarding, for example, torture? If it is, then Congress should say so without reservation. If it is not and if it is merely "harsh" treatment, should harsh or physically coercive interrogation ever be permitted? If harsh or physically coercive interrogation is ever permitted, then Congress should say exactly and in precise detail when and how it may be performed by American authorities and upon whom. These activities are too morally fraught to permit anything other than the on-the-record vote of each legislator. Let our legislators tell us plainly what tough trade-offs they make between our security and our liberties — because indubitably there are trade-offs.

Reforming the classification system

The statutes for classifying information are inimical to the First Amendment in their vagueness and overreaching — and they have not been consistently enforced. The entire classification system needs to be revamped, first to cut down by whole orders of magnitude the amount of material marked as classified in the first place and second to create meaningful and enforced legal penalties for revealing what is left.

A special counterterrorism court system

Should terrorism cases be quarantined in a special court system? If not, there is a danger that terrorism could become the tail that wags the dog of justice, risking civil liberties across our whole legal system. If we insist on using a judicial system tailored to ordinary criminals to deal with those who are both criminals and enemies of our political order, then we risk dragging down the entire criminal justice system to the level necessary to contain the terrorist threat — or we risk not dealing with the threat at all. When it comes to those who deviate from the social order, we should not sacrifice the nobler aims of the criminal justice system — including rehabilitation — because we have no choice but harshness in dealing with terrorists. We do not owe those who declare themselves enemies of our constitutional political community, and then pursue their war with the most criminal means, the same moral or legal obligations we owe to ordinary criminals.

It is unlikely that the House and Senate will conceive of far-reaching counterterrorism legislation before the November elections, when many things may change. And even after November, it is unlikely that a deeply divided American people and its representatives will be able to achieve the kind of legislative "consensus" that nonpartisan pundits often call for. But perfect consensus should not stand in the way of democratic choice. This is a democracy — let legislative majorities, Republican or Democrat, make decisions. In any case, the Bush administration, as it says goodnight, ought to consider that the war on terror will over time amount to little if it is unwilling to go to Congress to ask that it be enacted as the policy not of the Bush administration or of any administration but of the United States.

The Wrong Battle In Pakistan (NYT)

The New York Times, September 3, 2006

There are dangerous international terrorists hiding out in the mountain caves of Pakistan. But 79-year-old Nawab Akbar Khan Bugti, the Baluch tribal leader, politician and rebel, was not one of them.

Now Mr. Bugti is dead and the impoverished but energy-rich province of Baluchistan is in an uproar after an ill-explained military operation last month. After a week of contradictory government statements, the only things now clear are that Mr. Bugti's body was buried in the rubble of his blown-up mountain hideout, and that antigovernment fury in the restive province is at a new pitch of intensity.

The last thing Pakistan needs is an upsurge in violence and repression in Baluchistan. That would only be a distraction from far more important challenges, like developing a chronically underachieving economy; restoring a ravished democracy; and placing a dangerous nuclear weapons establishment, including exports of bomb-related technology, under firm and reliable civilian control.

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And there are far more crucial things that Pakistan's military could be doing than hunting down Mr. Bugti and his followers. For example, it could finally seal its scandalously porous border with Afghanistan, making it much harder for the Taliban to infiltrate into that country the fighters killing American, NATO and Afghan soldiers. It could permanently shut down the Pakistan-based Kashmiri terrorist groups that have survived past crackdowns by reopening under new names, with little interference from Pakistani authorities. Not least, it could make a more serious effort to find and arrest Osama bin Laden, widely believed to have spent much of the past four and a half years on Pakistani soil.

Any of these efforts would stir up opposition in one part or another of the Pakistani military, the only constituency that Pakistan's president, Gen. Pervez Musharraf, ever really cares about. So long as elections are brazenly rigged, opposition parties are banned and Washington's uncritical support remains guaranteed, General Musharraf has little incentive to take up any of these vital challenges.

When General Musharraf comes to the United States, he loves to be lauded as a leader in the war on terrorism. Back home, his government too often acts like a garden-variety military dictatorship.

HOMELAND RESPONSE:

Screening Tools Slow To Arrive In U.S. Airports (NYT)

By Eric Lipton

The New York Times, September 3, 2006

EGG HARBOR, N.J. — Citing unexpected reliability problems, the Transportation Security Administration is suspending installation of the only airport checkpoint device that automatically screens passengers for hidden explosives.

The rollout of the devices, trace-detection portals, nicknamed puffers because they blow air while searching for residue from explosives, had already been far behind schedule. Now the transportation agency is assessing whether to modify the puffers, upgrade them or wait until better devices are available.

"We are seeing some issues that we did not anticipate," Randy Null, the agency's chief technology officer, said last week.

The portal problems are part of a pattern in which the federal government has been unable to move bomb-detection technologies from the laboratory to the airport successfully. While workers at the Homeland Security Department laboratory here busily build bombs to test the cutting-edge equipment, the agency still relies largely on decidedly low-tech measures to confront the threat posed by explosives at airports, particularly at checkpoints.

Members of Congress and former domestic security officials blame poor management for stumbles in research, turf fights, staff turnover and underfinancing. Some initiatives have also faced opposition from the airlines or been slowed by bureaucratic snarls. Among the troubled or delayed efforts are the following:

¶The agency conducted tests last year that members of Congress and a former Homeland Security Department official called "disastrous" and "stupid" because the agency had not tested the smaller, cheaper baggage-screening device in the way it was intended to be used.

¶After spending years assessing a document scanner that would look for traces of explosives on paper held by a passenger, the agency now realizes it may be preferable to check a passenger's hands. But no plan is in place to do so.

¶The agency gave grant money to an equipment maker to find a way to speed up explosives-detection machines that screen baggage and to reduce the frequency of false positives. Though the work was completed successfully a year ago, the agency has not made the necessary software upgrades on the hundreds of machines already in the nation's airports.

"Continuing to follow the slow, jumbled and disconnected path taken by T.S.A. and Homeland Security in the last five years is no longer acceptable," said Representative John L. Mica, Republican of Florida and chairman of a House panel that oversees aviation security. "The whole program has been haphazard. And the result is that still today we have a series of outdated technology that does little but search for metal or guns."

Though the transportation agency is credited with meeting a Congressional mandate to screen all checked baggage for explosives by December 2003, even security officials agree that the transportation research effort, which has cost $450 million in the last four years, must be fundamentally changed.

"This department can't afford to not be at the cutting edge of innovative technology," Michael P. Jackson, deputy secretary of homeland security, said in an interview. "The bad guys themselves are constantly assessing how good we are at preventing their efforts; we have to be one step ahead of them at all times."

Conflict Between Agencies

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Spread out on a table at the Transportation Security Laboratory outside Atlantic City last week, like a dim sum meal, was a collection of small dishes with samples of the explosives people here are working to defeat. They included Semtex, TNT, C4, British RDX and dynamite — several of which are popular among suicide bombers and have been used in successful airline plots — along with liquid explosives in bottles marked only "A," "A1" and "B."

Scientists and technicians carefully stuff these raw materials into computers, small electronic devices, shoes and cigar boxes, building every imaginable bomb and then testing them on detection equipment.

"We do our best to try to figure out all the options before someone else does," said a laboratory technician who would identify himself only as Mr. T in accordance with a laboratory policy of not identifying staff members.

Criticism of the Homeland Security Department and the Transportation Security Administration is not so much directed at the 190 federal employees and contractors at the laboratory here, or at Susan Hallowell, the chemist who runs the place.

Instead, several former senior department officials say, the problem is the conflict between the T.S.A., which handles airport security, and the Science and Technology division of the Homeland Security Department, which oversees research.

The security administration, seeking to prevent another attack on airliners, is looking for devices that can be moved quickly from the laboratory to the airport, the former officials said. That approach tends to result in finding equipment aimed at detecting the last plot — those relying on knives, guns or plastic explosives — not the new schemes a terrorist may come up with, security experts said.

The Science and Technology division, meanwhile, focuses on finding ways to revolutionize how the nation protects its airports, cities, industrial plants and other targets, though so far the effort has produced few tangible results. In the five years since the 2001 terrorist attacks, the agencies have not figured out how to balance their often conflicting goals.

"You have to have a long-term strategy and a short- to medium-term strategy," said Stephen J. McHale, former deputy administrator of the T.S.A. "What we have been doing is shifting resources back and forth between those two goals. The result of that is we are not making the best progress in either one."

The New Jersey laboratory has also suffered from enormous ups and downs in its budget and from constant oversight changes; it has been supervised by the Department of Transportation, the T.S.A. and now Science and Technology.

Making matters worse, former officials said, sometimes months have passed after Congressional approval of the Homeland Security Department budget before money has reached the laboratory, delaying work. The demands involved with setting up the T.S.A. — buying equipment and hiring tens of thousands of checkpoint screeners — led officials at one point to raid more than half the agency's annual research budget, more than $61 million.

Members of Congress, domestic security officials and even senior T.S.A. officials acknowledge the disappointing results. The Senate, in this year's appropriations committee report on the Homeland Security budget, described the Science and Technology division as a "rudderless ship without a clear way to get back on course."

Ms. Hallowell said she was reasonably satisfied with the progress her laboratory had made. "As Americans, we tend to be focused on the 100 percent measures, the complete solutions," she said. "But to me, if you deploy a device that is not 100 percent successful but that will find most of the bombs, that is great. Then you continue work."

A Troubled Device

The story of the puffer machines, though, demonstrates how troubled even those partial solutions can be.

The machines, developed by Sandia National Laboratories in 1997 and manufactured by General Electric and Smiths Detection at a cost of about $160,000 each, collect particles loosened by puffs of air and then analyze them to identify any bomb-making ingredients. The puffers are the only devices that automatically examine passengers for explosives, taking only about 15 seconds to check a person from head to toe.

Since 2001, the T.S.A. laboratory had worked to improve the devices, testing the prototypes to ensure they could detect explosives and withstand constant use in airports. An earlier model was much slower and required far more power, said Mark Laustra, a vice president of Smiths Detection, which is based in London.

But with budget problems and other distractions, getting the device into airports took too long, said Mr. McHale, the former deputy T.S.A. director, and others.

"Why are the puffers not out there being tested?" the former science adviser to the transportation agency, Anthony Fainberg, said he asked repeatedly.

When two Chechen suicide bombers used explosives to blow up Russian jets in 2004, the puffers were still not ready for widespread use in the United States. So the transportation agency started asking passengers at checkpoints to take off their coats and other bulky clothing in hopes of improving the chances of seeing a bulge that might be a bomb.

Once in use — about 95 machines have been installed in 34 airports, far short of the 350 intended to be in place at 81 airports by the end of this year — the machines' limitations became more obvious.

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The portals do not include sensors for liquid explosives, even though terrorists have long shown an interest in them. And despite the laboratory's work to ensure reliability, the puffers too often broke down or had other performance problems perhaps because of dust and dirt at airports, Mr. Null, the T.S.A. technology official, said.

Other airport security efforts have also drawn criticism. The transportation agency gave Reveal Imaging Technologies of Bedford, Mass., a $2.4 million grant in 2003 to develop a smaller, cheaper explosives-detection machine that could screen checked bags at the ticket counter. The agency spent $3.3 million to buy eight of them.

But testing the devices at Newark Liberty International Airport turned into what Representative Mica called "an absolute fiasco, a farce," because the machines had not been installed as part of a network that, if successful, could save billions of dollars as an alternative way to handle screening at large airports.

Agency officials acknowledged the problem but said the tests had still been useful. Mr. Mica, however, was not satisfied. "This is just an unbelievable waste of time and money," he said at a House hearing in June. "It's an incredible setback for us nationally."

Similarly, after providing a $5.3 million grant to two companies for software to speed up and increase the accuracy of 650 machines to inspect checked baggage, the T.S.A. has yet to make the changes to the machines. Agency officials said they needed to work out contractual details but agreed the delay was unacceptable.

Call for Change

Agency officials promised in 2004 that a device that scanned documents to look for traces of explosives would be in airports by this year. Though the agency invested several years on the project, this deployment is also on hold.

"What we are finding is that an actual finger scan may be a more effective way," Mr. Null said, although there have been no visible steps toward carrying out such tests.

Mr. Null and Ms. Hallowell, the laboratory director, said many of the delays had been unavoidable as they tried to find the balance between developing new technology and making sure it could perform reliably.

Mr. Jackson, the Homeland Security deputy secretary, said the difficulties proved to him that the department must radically change the way it goes about buying aviation security equipment and other high-technology devices.

The agency should hire contractors to help test new equipment, he said, which could reduce the time it takes to certify that a device works. And, he said, the department should consider buying security equipment from manufacturers as a service, like leasing a car instead of buying it, which would allow the government to upgrade technology more quickly as newer products come out.

"We need to make the mad scientist in the garage, the multibillion-dollar corporation, the federal labs and the university researchers all see there is a way to bring the idea to the market in a rapid fashion," Mr. Jackson said.

Mr. Jackson's ideas may provoke protest, particularly the notion of letting independent contractors verify that bomb-detection equipment works.

Regardless, Senator Judd Gregg, Republican of New Hampshire and chairman of the panel that oversees the Homeland Security budget, said he hoped the department was serious about revamping its research and development efforts.

"It has been slow, ineffective and in many ways just plain incompetent," Mr. Gregg said. "Unfortunately, aircraft, especially passenger aircraft, remain a target of opportunity these terrorists clearly still pursue."

Bioterrorism Is No Match For Natural Selection (LAT)

By Wendy Orent, Wendy Orent Is The Author Of "Plague: The Mysterious Past And Terrifying Future Of The World's Most

The Los Angeles Times, September 3, 2006

Germs often take eons to mutate, so what will the feds accomplish with their expensive new bioterror defense lab?

IN THIS AGE OF terrorist plots, the Department of Homeland Security's decision to build a super-secret institute to study possible bioterrorist agents seems natural. But the proposed institute at Ft. Detrick, Md., which was the site of a U.S. biowarfare program that was shut down in 1969, is worrisome. Ft. Detrick has been the home of the Army Medical Research Institute of Infectious Diseases, an open biodefense facility, for decades. But according to news accounts, the new $128-million facility, to be known as the National Biodefense Analysis and Countermeasures Center, will be "black": Nobody working outside the agency, including politicians, will have a clue about what goes on inside.

Although there is no reason to believe that the U.S. will develop offensive bioweapons at the center, there's another question: How useful will it be?

One of its divisions is supposed to analyze "materials recovered from a biological weapons attack," according to its website. But in its other division, the Biological Threat Characterization Center, scientists will seek to create germ agents that they think terrorists might use against us — and to come up with drugs and vaccines to protect us from them.

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In this age of "synthetic genomics," the argument goes, we face a new world of horror. According to biodefense expert Steven Block of Stanford University, "Nature is constantly creating new pathogens, testing out new agents. It seems rather inevitable that if someone is bent on destruction, it should become possible to synthesize entire genes and make chimeras you can mix and match."

That's a lot to expect from strips of genetic information cobbled together in a laboratory.

Despite all the advances in synthetic genomics, making a new germ is harder than it looks. Pathogens don't just happen. They evolve in a particular host, in a particular context.

A germ has to be able to infect, replicate and exploit enough human tissues to kill, never mind spreading from host to host. Re-creating a small, existing virus, as virologist Eckard Wimmer of the State University of New York at Stony Brook showed in 2002 with poliovirus, is possible and easier today. But Wimmer had the polio blueprint in hand. He re-created an agent that had already been through the mill of natural selection.

Scientists in the former Soviet Union's biological weapons program learned that even if you're working with a natural pathogen, it's hard to get the results you want. According to Igor V. Domaradskij, one of the principal designers of the Soviet program, altering a pathogen is easy but maintaining its deadliness isn't. Even the simplest genetic engineering — adding genes for antibiotic resistance to bacteria — is difficult without sacrificing the germ's virulence. These problems can be solved, but it's difficult because you're working with living things.

Still, in 2001, a group of Australian scientists inadvertently made a virus deadlier. They added a mammal gene to a mousepox virus to make the virus produce a chemical called interleukin-4. These scientists discovered that their altered mousepox killed even vaccinated mice. Mousepox is related to smallpox, the most virulent of the highly contagious human diseases. Putting interleukin-4 in smallpox might produce a vaccine-resistant smallpox strain. A terrorist release of such a strain would be a catastrophe.

Or would it? Follow-up experiments performed by Marc Buller of St. Louis University showed, in research he has not yet published, that this strain doesn't spread well because the mice die too quickly. "You'd give them an injection in the foot, and they died," Buller said. Even in experiments in which the mice lived longer, the disease still didn't spread as well as naturally occurring mousepox.

In other words, if interleukin-4 had the same immune-suppressing effect in smallpox as it does in mousepox, a lot of people could be killed. But the disease would end there. You'd essentially have what Buller calls a "one-cycle kill."

This result isn't surprising. For all germs, transmissibility and virulence exist in a delicate balance. If a germ kills the host too quickly, it won't spread. Block admits this but contends that new virulent germs "don't have to work at all well. They don't have to be successful in the wild, they just have to kill a lot of people."

But why would a rogue scientist bother to create a new pathogen if all he wanted was to kill a lot of people? There are guns and bombs and chemicals. There is a proven bioweapons agent — anthrax, as we saw in 2001, perhaps the most durable, and one of the most lethal, of all germs.

Two other deadly agents, plague and smallpox, not only kill, but spread. These three are the "best" threats nature has to offer. There's a handful of second-stringers: tularemia, botulinum toxin, viral hemorrhagic fevers like Ebola and Marburg, perhaps cholera or polio — if we're ever foolish enough to let our immunity wane.

Why waste hundreds of millions of dollars pursuing the fantasy of an engineered disease when deadly agents honed by natural selection are on hand?

The National Biodefense Analysis and Countermeasures Center is a potential boondoggle — and a dangerous one. Its work, even if done by our best scientists, isn't likely to produce any genuinely threatening new germ — and thus no new means of defense. The likelihood that rogue scientists elsewhere could do better is vanishingly small.

But if we keep our enemies wondering what the new biodefense center is up to, they may be disposed to try themselves. Secrecy can only make an arms race more likely — a race in which both sides are running after chimeras, where there's plenty to lose in time and talent and money, and little or nothing to be won.

Democrats Fault Bush's Katrina Response (AP-Y)

The Associated Press, September 3, 2006

In the year since Hurricanes Katrina and Rita struck the Gulf Coast, the Bush administration has been sluggish in helping devastated areas recover, a prominent Mississippi Democrat said in his party's Saturday radio address.

"Unfortunately, though there has been progress to remedy the problems caused by Hurricane Katrina, here we are one year later and many residents still remain displaced and homes and communities still need to be rebuilt," said Rep. Bennie

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Thompson, D-Miss. "In my own home state, thousands of people are still homeless. And throughout the Gulf Coast, 80 percent of businesses with approved federal disaster loans are still waiting for their money."

Thompson said Democratic efforts to jump-start reconstruction efforts were undermined by Republicans, who "let partisanship get in the way of doing the right thing."

Nationally, two-thirds of Americans disapprove of President Bush's handling of the Katrina disaster, according to an AP-Ipsos poll last month. Democrats hope to capitalize on that dissatisfaction in this fall's midterm elections.

Thompson, the senior Democrat on the House Homeland Security Committee, also noted the upcoming fifth anniversary of the Sept. 11, 2001, attacks.

"Despite multiple warnings of future and possible man-made or natural disasters, the Bush administration and the rubber-stamp Republican Congress have failed to adequately prepare our nation, leaving us vulnerable to large-scale disasters," Thompson said.

"There are remarkably troubling gaps that exist in our homeland security," Thompson said, accusing the administration of ignoring the recommendations of the Sept. 11 Commission. "Time and time again, Republicans have blocked Democratic efforts to implement and fund these recommendations to ensure our safety."

A Crisis Manager Has To Help Itself (NYT)

The New York Times, September 3, 2006

It did look a little fishy. At a conference in New Orleans last week, a man who identified himself as an assistant secretary of the Department of Housing and Urban Development apologized on behalf of the federal government and promised a rapid reversal of policy: city public housing projects that were scheduled for a controversial demolition would be renovated instead.

A suspicious reporter called the housing agency's press office, which determined that the man, who shared the stage with Mayor C. Ray Nagin of New Orleans and Gov. Kathleen Babineaux Blanco of Louisiana, was an impostor. The Yes Men, a group of activists, had organized the stunt to protest the government's plan to demolish the buildings, which the group says will prevent low-income residents from returning to New Orleans.

The ruse also put the public relations and crisis-management firm Hill & Knowlton on the defensive. The pranksters had used its name in announcing the conference. "These hoaxers have absolutely no connection to our firm," read its statement, attributed to Gene Reineke, the chief operating officer of Hill & Knowlton U.S.

Sallie L. Gaines, a senior vice president of Hill & Knowlton, said that despite being forced to send out an image-fixing press release, the firm was "not in crisis mode over this." JULIE BOSMAN

TO THE RESCUE Over the years, Steven P. Jobs, the chief executive of Apple Computer, has had a somewhat contentious relationship with the news media. Most recently, Apple sued a Web site, seeking to learn the identities of anonymous sources that had leaked it confidential information about Apple products (a suit Apple lost).

But last week, Mr. Jobs was asked by Reporters Without Borders, a journalism advocacy group, to intercede on behalf of two Chinese reporters who were facing a $3.8 million lawsuit by a Taiwanese contract electronics manufacturer, Foxconn. The company, which assembles iPods for Apple, accused the reporters, Wang You and Weng Bao, of "smearing its reputation" in an article criticizing working conditions.

Apple said that the report of labor abuses was false and that it was now "working behind the scenes" to resolve the dispute between Foxconn and the journalists. Foxconn has since dropped its request for damages. LAURIE J. FLYNN

CANNED Novelis Inc., an Atlanta-based company that supplies the aluminum for Coke and Budweiser cans, fired its chief executive, Brian W. Sturgell, last week, just 18 months after promoting him to the job.

But what an 18 months: soaring prices for raw materials squeezed the company against some fixed-price contracts with its customers. And then there were accounting errors that led to an earnings restatement, missed deadlines in filing reports to the Securities and Exchange Commission, and the hurried renegotiation of some loan terms because of those delays.

Deciding to look for a C.E.O. with experience running a public company, the board passed over Novelis's chief operating officer, Martha Finn Brooks, in favor of its chairman, William T. Monahan, Mr. Monahan wrote in an e-mail message. ELIZABETH OLSON

MILLION A MONTH When he negotiates his next employment contract, Douglas A. Pertz can honestly say that his last job paid more than $1 million a month.

When he signed on in May as the president and C.E.O. of Harman International Industries, which makes JBL and Harman/Kardon audio systems, Mr. Pertz was promised a base annual salary of $850,000, or about $70,800 a month.

But when he resigned in August, Mr. Pertz received more than $3.8 million in "severance compensation," according to a company filing with the S.E.C. PATRICK McGEEHAN

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MAN OF THE WORLD He still sounds Canadian and he definitely has Canadian roots. But the chief executive of the German-owned Chrysler Group, Thomas W. LaSorda, is now entitled to an American passport.

Mr. LaSorda and his wife, Doreen, took their citizenship oaths last month after passing a 10-question test. Mr. LaSorda, born in Windsor, Ontario, actually is entitled to dual American and Canadian citizenship, said Jason Vines, Chrysler's vice president for corporate communications.

Mr. LaSorda took the step mainly to ease issues with immigration, Mr. Vines said. Chrysler executives often travel back and forth between the United States and Germany, the home of the parent company, DaimlerChrysler. MICHELINE MAYNARD

THE (PRAIRIE) DOG HOUSE When Wal-Mart wanted to build a new supercenter in Lafayette, Colo., it faced an unusual obstacle: a colony of prairie dogs on the 31-acre site. When efforts to relocate the prairie dogs failed, Wal-Mart exterminated the animals, poisoning some and gassing the rest.

The prairie-dog fuss is the first dust-up for Leslie A. Dach, a former White House aide in the Clinton administration and public relations expert hired recently to do damage control for Wal-Mart. Mr. Dach, who was awarded a stock option package worth $3 million, reports to Wal-Mart's chairman, H. Lee Scott Jr.

A spokesman, Gray McGinnis, said Wal-Mart and the city considered several options to relocate the prairie dogs, but none were feasible. AMY CORTESE

A Bank Survives Katrina. Now, The Hard Part. (NYT)

By Gary Rivlin

The New York Times, September 3, 2006

New Orleans

TO reach the executive suite of the Liberty Bank and Trust Company here, you first have to navigate a stretch of town that still lacks street signs. Finding an entrance to the bank's headquarters is another challenge. You have to circle behind the building, a six-story glass box that is still missing several windows, and — as if there to work on the plumbing — walk up a set of corrugated steel steps sandwiched between a Dumpster and an oversized air-conditioning unit.

After traversing a bare room that smells of mildew and walking past three disabled elevators, you trudge up five more flights of steel stairs to reach the office of Alden J. McDonald Jr., the chief executive of this institution, which was the country's third-largest black-owned bank until Hurricane Katrina and floodwaters roared through New Orleans one year ago.

Mr. McDonald and his staff count themselves among the fortunate, despite the general state of disrepair inside and outside their building. While their neighborhood wants for many basic amenities, including mail delivery and phone service, their company is one of the few enterprises back in business in the vast northeastern quadrant of New Orleans. And in a city where an estimated two in three businesses remain shuttered, Liberty is not only open but also turning a profit.

Floodwaters still covered much of New Orleans last September when Mr. McDonald first agreed to allow a reporter to chronicle his efforts and those of his staff to resuscitate their battered bank. Working out of a beachhead that Mr. McDonald established in Baton Rouge just after the storm, Liberty seemed on the edge of ruin. Its long-term survival seemed in doubt.

Liberty's most impressive accomplishment, like that of New Orleans itself, may simply be that it has regained some semblance of its old self in only 12 months. But Liberty is also like New Orleans and its ravaged economy in another crucial way: its recovery has a long way to go.

Liberty faces enormous hurdles, chief among them the lingering doubts about the viability of large stretches of the drowned-out, predominantly black eastern half of the city, where Liberty's customers were concentrated and which is still largely in ruin. Liberty's success in helping black professionals and others settle the east established a large African-American homeownership class for the first time in the city's history. But that legacy, combined with the bank's backing of the city's small but growing ranks of black entrepreneurs, prompts concern among experts contemplating how well Liberty will fare if its carefully cultivated customers never return. Liberty's very success, it seems, presents the bank with its greatest challenge.

HURRICANE Katrina delivered body blows to virtually every business along the Gulf Coast, but few were more devastated than Liberty. One year after the storm, only half of the bank's eight New Orleans branches are open, and one of those has limited hours. Flooding badly damaged five branches and looters stole $700,000 from several branches, according to Mr. McDonald. Floodwaters overwhelmed a one-story operations center, which housed its paper records, and putrid water sat for weeks on the ground floor of its headquarters in New Orleans East, destroying the building's electrical system and elevators. Wind damage and rain destroyed sections of the building's top floors.

Insurance will offset some of those losses, but there is no compensating Liberty for the miseries visited upon its customers. Jobs disappeared as businesses closed and flooding destroyed or badly damaged the homes of roughly three-quarters of Liberty's customers — and of most of the bank's staff, including Mr. McDonald.

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By some measurements, Liberty is doing astonishingly well. After posting losses of $3.4 million in 2005, its worst performance since opening its doors 34 years ago, Liberty reported a $2 million profit in the first half of 2006. “We’re feeling very hopeful about the future,” Mr. McDonald said recently. Even so, Liberty has already slipped to fifth in a ranking of the country’s largest black-owned banks, according to Creative Investment Research, a firm that tracks minority-owned financial institutions.

“Liberty seems to have done a remarkable job in a trying situation, certainly better than I ever thought possible,” said William Michael Cunningham, an African-American who runs Creative Investment Research in Minneapolis. “But my concern is with the health of the bank two years, three years out, especially with so many questions around the rebuilding.”

Will New Orleans truly come back, or is it destined to stand as a paler, less diverse version of its former self? There may be no better stand-in for addressing that question than this homegrown bank that, until Katrina, sparkled as a success tale, a black-owned institution in a predominantly African-American city that offered crucial service to sections of town historically underserved by mainstream banks.

Alden McDonald awoke early on the Sunday before Katrina hit New Orleans last year. He planned to check on Liberty’s various properties, ensuring that they had been properly secured, and then to join his wife inside the concrete fortress of the Hyatt hotel in the central business district, to ride out the storm. But Mr. McDonald, a native New Orleanian, changed his mind about staying as he toured the city. Listening to his car radio, he began to appreciate the might of Katrina. He phoned his wife, who checked them out of the Hyatt one hour after checking them in. The pair decided to retreat to the home of good friends in Atlanta.

Then Mr. McDonald, like much of the world, hunkered down helplessly as he watched television coverage of his flooded city and tried hard to think about something other than retiring. “My entire operation was under water,” Mr. McDonald, 63, said. “Which meant I had to go back and rebuild everything. I had to rebuild all systems. I had to rebuild all files. I didn’t know how many of my customers would stay with me.”

He also did not know the fate of tens of millions of dollars that Liberty had lent to homeowners and entrepreneurs in the part of the city that locals referred to simply as “the east.”

“The only thing I could think of is, ‘All of these people lost their real estate, which I had as collateral,’ ” Mr. McDonald said. “I knew I had insurance on a lot of it, but I still didn’t know how much at the time.” Sitting in his friend’s home, he wondered if his bank’s days as an independent institution were over.

This bout of pessimism lasted two or three days, Mr. McDonald said, and over the coming months he was careful never to betray even a hint of doubt about the bank’s future. He had been Liberty’s chief executive since its founding in 1972, when its sole facility was a trailer in a sketchy part of town. He knew about hard times. After a few days in Atlanta, he started working on a survival plan that would quickly bring him to Baton Rouge.

“There were a lot of people depending on me to make this thing come back,” he said. “My staff. The community.”

Liberty had three outposts in Baton Rouge, 80 miles northwest of New Orleans, and two in Jackson, Miss., 160 miles due north. Those branches would prove crucial in the coming months, providing both ballast in unstable times and a base from which to operate. For the next six months, one of the Baton Rouge branches, a homely, spacious brick building missing a corner of its corrugated tin roof, served as the command post for Mr. McDonald and about 20 employees. Two of them, seated on beat-up borrowed chairs behind a pair of folding tables, served as Liberty’s loan department. Four tables pushed together in the middle of a room accommodated a makeshift call center — after BellSouth installed extra phone lines, nine days after the hurricane.

Even after the bank set up a dozen phone lines to field calls, customers preferred driving to Baton Rouge from as far away as Houston and northern Louisiana, in order to meet in person with a bank employee. “Basically it’s everyone’s job to deal with customers right now,” Mr. McDonald said at the time, “including mine.”

Customer service was one major concern right after the storm; reconnecting the bank to the global A.T.M. system was another. Unlike larger banks, which had operation centers around the country, and smaller ones, which tended to outsource data processing, Liberty housed its central computers in New Orleans, which was without electricity or working telephone lines in Katrina’s aftermath.

Mr. McDonald had prepared for the hurricane the same way he prepared for past storms, by creating several backup copies of the bank’s computer records. Two employees got copies and Mr. McDonald sent two more via FedEx to a Pennsylvania company that handles the bank’s computer operations during emergencies. But Mr. McDonald did not hear from either employee for more than a week after the storm, and Katrina interrupted FedEx’s service for days.

With customers scattered around the nation and desperate for cash, Mr. McDonald faced a tough choice: to lock out customers from A.T.M.’s and branches in the midst of the crisis and risk being cast as a Scrooge, or to allow them to withdraw cash and risk being ripped off because he temporarily had no way to determine how much money customers actually had in their accounts. Mr. McDonald chose the second option, permitting anyone with a Liberty account to withdraw up to $100, and then up

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to $500, per day. In the end, that cost the bank hundreds of thousands of dollars in overdrafts during the 10 days that Liberty's records were off the A.T.M. network.

Mr. McDonald's next big worry was cash flow. The same floods that destroyed homes also wiped out jobs. That meant Liberty needed to brace for a steep drop in deposits and mortgage payments. Liberty, like many other area banks, gave both homeowners and its small-business customers until Jan. 1 to resume monthly loan payments — depriving the bank of its two largest revenue streams for four months while it racked up a number of extraordinary expenses.

EMERGENCY computer services were costing the bank more than $50,000 a month, so Mr. McDonald ordered a new computer system, despite its $500,000 price. He spent thousands of dollars dispatching boats to eastern New Orleans to assess damage and to retrieve computers and furniture for Liberty's temporary home in Baton Rouge. Once the floodwaters receded, he brought in emergency generators to keep air blowing through his headquarters to fight mold; filling the generators' fuel tanks cost $1,500 a week. Apartments in Baton Rouge for displaced employees cost thousands of dollars a month.

"I hate losing money," Mr. McDonald said in early October, six weeks after the storm. "But everywhere I look I'm losing money." He had packed only a few short-sleeved shirts and one pair of slacks when he left New Orleans, thinking that he was leaving for a few days. Yet four weeks passed before he was finally able to take a day to relax in Baton Rouge and buy new clothes. "Thank goodness I thought to bring four pair of underwear with me," he joked.

A courtly man with a shock of wavy white hair and a bushy white mustache, Mr. McDonald is more animated than one might expect of a bank president. He laughs often, and, to underscore a point, will let his mouth hang slack-jawed. It would be a month after Katrina before he visited his home for the first time in New Orleans East — a journey he took, he said, because "my wife was bugging me to get stuff out of the house."

Amid muck and mold, he found little to salvage in his home.

At the end of each day, usually around 7 p.m., Mr. McDonald convened a small group in his office for what he called "my daily crisis management meeting." Early on, the gatherings served as forums for sharing bad news. The new computer had arrived (cheers) but parts were missing (groans). New parts had arrived (huzzahs) but not crucial software components (more groans). Tasks that people thought might take a week or two, such as reviving the bank's Web site, ended up requiring a month or more.

The daily financial updates were still more depressing. Before the storm, Liberty generated $150,000 a month in loan fees, but those funds largely evaporated in the first weeks after the storm because the bank was writing virtually no loans. The bank normally collected $70,000 in monthly charges from checking accounts — but Liberty temporarily suspended this fee for most of its customers.

These grim financial realities invariably caused people to ask Mr. McDonald how Liberty could survive. The bank had roughly $40 million in securities, an ample cushion against insolvency if Mr. McDonald could stabilize its finances. But the clock was ticking, and to raise much-needed cash, Liberty sold a portion of its securities at a $1 million loss.

"'These are nervous times for the bank," said Norman C. Francis, Liberty's chairman, five weeks after Katrina.

MR. McDONALD was largely alone in those first months after the storm. The bank's chief operating officer had resigned earlier that year to take a job in Detroit and Mr. McDonald had let his chief financial officer go shortly after the storm.

Monthly board meetings continued, but directors had their own distractions. All but one had lost a home in the storm, and all had other responsibilities that needed attention. "All of us had a lot going on," said Mr. Francis, the president of Xavier University, a historically black college in New Orleans that had been flooded. That was especially true for Mr. McDonald, who was appointed by Mayor C. Ray Nagin to the 17-member commission created last September to devise a blueprint for rebuilding New Orleans.

"Anything we do to get people back in town helps my bank," Mr. McDonald said at the time.

If the first two months after the storm were about bailing water to keep a sinking bank afloat, the next six months were about reigniting Liberty's financial engines. Mortgage payments would restart after the first of the year, and the bank could once again count on a steady stream of fee income. But every week brought more closing of accounts by longtime customers, often because there were no Liberty branches near their new homes.

The top priority during this second phase was to analyze the bank's loan portfolio and to gauge the likelihood of loan defaults. That meant figuring out who had adequate homeowner insurance and who did not. Those without flood insurance were likely to default on their loans and leave Liberty with largely worthless collateral: flood- and hurricane-ravaged homes and businesses. Analyzing potential defaults would have been fairly routine if the bank had access to its paper records, but the floods had destroyed those. So Mr. McDonald assigned a small team of people to track down individual borrowers.

"I can't even begin to tell you how many hundreds of hours we spent on that piece," he said. (In time, though, he will know the precise costs: he has asked his new chief financial officer to tally the figure so he can submit it with insurance claims.)

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IN October, Mr. McDonald opened a pair of branches in neighborhoods that were beginning to repopulate: the Garden District and the West Bank. Almost immediately, lines began to form as customers were eager to get on with their lives. By November, the precipitous drop in Liberty's deposits had stopped.

"People were increasing their balances rather than decreasing their balances," Mr. McDonald said. It was then, he realized, that his bank might make it.

He might have been confident about the bank's prospects, but a large portion of his customer base still had no idea when they would move home, if ever. Working with lobbyists in Washington, he tried, unsuccessfully, to have Congress pass a law requiring the federal government to funnel a large portion of Gulf Coast redevelopment funds through smaller community banks like Liberty. He thought, too, about raising his profile nationally and catering to larger corporate depositors, like Aetna and American Express, which he already had as customers.

In the end, "Phase 2," as Mr. McDonald took to calling it, entailed doing what the bank always did — selling its services to individuals — but doing so with more creative flair.

Earlier this year, Liberty repackaged certificates of deposits as Katrina Investment Deposits, or K.I.D.'s, which were nothing but C.D.'s offered at a below-market interest rate and wrapped in a feel-good package. Countless people had offered to help Liberty, and this was the financial vehicle it created to capitalize on that goodwill.

Though he gave people a choice between interest rates of 2 percent and 2.5 percent, "quite a few people chose 2 percent," Mr. McDonald said. (That rate was well below the 5 percent or so that a customer could have earned on a regular C.D. last spring.) Over the coming months, Liberty would sell $10 million worth of K.I.D.'s — using the money to jump-start lending, its primary source of profits.

To further bolster his flagging loan business, Mr. McDonald offered 100 percent mortgage financing and set in motion a plan to open loan centers in strip malls in other parts of Louisiana as well as Texas and Mississippi.

"I needed those fees," he said. "I needed to get my interest income up." Liberty's staff was able to qualify enough people to approve $10 million in loans in less than three months. That amount exceeded Mr. McDonald's expectations, but it was still just a fraction of the $10 million a month that Liberty lent, on average, before Katrina. Today the bank is writing no more than $3 million a month in loans, Mr. McDonald said, and has stopped writing riskier, no-money-down loans.

In time, Mr. McDonald would complain that while he took time every Monday to drive to New Orleans to attend meetings of Mayor Nagin's commission, the group never discussed the core issue of what to do about the city's most heavily damaged neighborhoods. To this day the city is without a coherent plan for the east. But his trips gave Mr. McDonald an excuse to drive through neighborhoods to see where people were returning. Those tours persuaded him to open two branches in January in Gentilly, a large, racially mixed area in the center of New Orleans.

Other banks, including Chase and Whitney National Bank, a venerable local institution, have followed him into Gentilly. A visit to all three banks in mid-August found what seemed to be a brisk pace of business. But Mr. McDonald stressed that he was the first to open in Gentilly, and that move inspired envy in at least one rival.

"Right now I wish I had a branch in Gentilly," said Virgil Robinson Jr., the chief executive of Dryades Savings, a smaller black-owned bank based in New Orleans. An executive at Liberty until leaving in 1994, Mr. Robinson said his former boss had deftly negotiated that delicate balance between reopening a branch too early and waiting too long.

"We want to be back in the area early but not so early that we're the first one out there," said Mr. Robinson. "There's protection in numbers."

Mr. McDonald proved a trailblazer again in March, when he moved back into his headquarters in the east. When he is too tired to commute back home to Baton Rouge, he sleeps in a borrowed recreational vehicle.

Viewed from the vantage point of the central business district or the French Quarter, the city and its business environment can seem to be in good shape. These areas have been repopulated, and businesses large and small have returned. Most of the city's hotels are open again, as are most of its major employers and its more popular restaurants and music clubs. Focusing solely on Liberty's branches in the western, predominantly white half of the city also might suggest that the bank's operations are more or less back to normal.

But there appears to be relatively little forward motion in the city's eastern business corridors. In New Orleans East, for instance, home to 90,000 people before Katrina, maybe a half-dozen restaurants have opened. A few car dealerships are back in business, along with several gas stations and a giant Home Depot — and Liberty.

Mr. McDonald had anticipated that Katrina would translate into $10 million to $12 million in losses in the last four months of 2005. It ended up costing him half that much. When Katrina hit, Liberty was on pace to post a $3 million profit for the year. Instead, it lost $3.6 million.

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Some bright spots emerged. Only seven borrowers let their flood insurance lapse after taking a loan from Liberty; out of a $150 million loan portfolio, Liberty wrote off only $2 million last year. Most of those bad loans, Mr. McDonald said, were car loans or credit card debt. Like many other banks across the Gulf Coast region, Liberty is now flush with cash as people park large insurance settlements in their accounts while considering their next financial steps.

This year has brought Mr. McDonald and his staff more good news. Based on results from the first half of 2006, he predicted that the bank would earn $4 million for the entire year. "This is going to be the most profitable year in the history of this company," he said.

Yet Liberty's buffed-up bottom line can be deceiving. A widespread lack of housing in New Orleans, Mr. McDonald acknowledged, has meant that the bank has fewer employees than it needs. Where he once had 160 employees, he now has 90. The shortage has kept expenses low, bolstering profitability, but the same shortage makes it hard to generate new revenue. Mr. McDonald wishes that he could hire more tellers, branch assistants, and loan officers and open a fifth branch in New Orleans, he said, "except I'd have no one to staff it."

ONE year ago, Liberty had 35,000 customers. Today it has 20,000 to 25,000, Mr. McDonald said. "I know I have to get an exact count on that," he added, before letting his voice trail off. His half-staff bank, it seems, has other priorities.

Elevator repairs alone will cost Liberty $350,000, and the bank has lost about $100,000 a month in rental income from tenants who once leased office space in its New Orleans headquarters but now have no immediate plans to move back home.

Water, not wind, did most of the damage to Liberty, and it is still uncertain how much its insurers will cover. Mr. McDonald had business-interruption insurance, for instance, but he said it was not clear, even one year after Katrina, whether insurers would approve flood claims. "Everyone is still struggling with insurance companies," he said.

There is another question preoccupying anyone with a financial stake in the eastern half of New Orleans: Which parts of the city will come back and which will end up as forlorn, half-occupied neighborhoods without basic services? Mr. Nagin ended up ignoring his own commission's recommendation that New Orleans devote its limited resources to neighborhoods that can prove that a critical mass of their residents are returning. Instead, the mayor has encouraged people to rebuild anywhere they want in the city.

Mr. McDonald's best guess is that only half the population of the east will eventually move home — if that. Of the 150 families in his subdivision in New Orleans East, he knows about 10 families that are returning. He even counts himself among the undecided.

From his sixth-floor office, Mr. McDonald has a perfect view of the mall next door. Its huge parking lot is empty, except for piles of debris, and its stores sit as ruined reminders of how much the east has lost and how little it has recovered. Mr. McDonald, meanwhile, intends to try to "go to where my customers are" by opening loan centers in strip malls and in places like Houston and some cities elsewhere in Louisiana and in Mississippi.

"Whenever you have obstacles," he says, "you always have opportunities."

To Grasp The Depth And Breadth Of Disaster, Bike New Orleans (NYT)

By Nicholas Kulish

The New York Times, September 3, 2006

We start on high ground. It's hot and muggy, not a pleasant day for a bicycle ride. Then again, New Orleans never was all that pleasant in the late summer, even before the famous storm pushed her underwater and changed her for good.

My colleague says that the best way to fathom the barren city is on two wheels. I don't understand exactly why, but I visit New Orleans only to write about it. He lives there, so I take his word for it. Off we go, with him riding smoothly ahead and me wobbling behind, unsteady enough to slow circumspect drivers passing us.

After half a dozen blocks we've left the Garden District's splendor and entered the poorer Central City district. A few minutes more and rust-colored lines etched by tainted water can be seen creeping up the porches. Hardly crowding the curbs to begin with, the parked cars quickly thin out, the streets empty of people, and the wooden houses seem to sag. We are in the eerie, once-flooded zones that make up the majority of the city.

Seven times the size of Manhattan. That's what they say to try to help people understand what it means for most of a metropolis to sit in ruin. Not much more helpful than saying "a lot" if you haven't seen it yourself. Gentilly, Hollygrove, St. Roch — it is only through accrual that you begin to grasp these seven islands' worth of desolation in patchy recovery — Dillard, Milneburg, Treme. It is too much to take in on foot. You could walk for days. So many people lost cars to the flood and have been hiking for necessities, for months.

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There are tens of thousands of abandoned but still-standing properties. The jaw-dropping demolitions along the levee breaks are easier to grasp, like those made famous in the Lower Ninth Ward. The swaths of less-spectacular destruction confuse rather than clarify, defying easy answers.

Rebuilding is in part a story of neighborhoods, but more often it is that smallest subdivision, the block, that determines whether anyone has returned. We ride on and little white trailers sprout like mushrooms in clusters. There might be five empty blocks and then suddenly six trailers on one. Few want to go it alone.

They aren't eyesores as you might expect, because trailers mean, "Here people are trying." Their pioneer stubbornness upends normal aesthetics. They're there and you root for them, but they are also a sobering minority. Once in a while we see a house propped on fresh cinderblock stems, raised to avoid future floods, a little like an old-fashioned lady raising her skirts to cross puddles.

For someone driving past in a car, the houses can blur together and the proceedings are more like a head count or a survey. Duck, duck, goose; vacant, vacant, trailer. From the bicycle, they are homes. I can smell moldy remnants of recently gutted houses on the curb. People greet us as we pass, waving or saying hello in surprisingly soft voices. I peer inside where doors and windows are gone, a permissible invasion because everyone is doing it. I feel less guilty stopping on the bicycle than I do slowing to a police-cruiser crawl in an air-conditioned rental car.

Right off Napoleon Avenue, one of the principal boulevards, a house sits with its insides exposed, shorn of the back wall on its second floor. A hanger still clings to its hook on the back of the door. There is a mural on the chimney — maybe a children's room. A few doors down, a home has been completely renovated, painted spick-and-span white with blue trim, and with a shiny car in the driveway. It seems to be waiting for a ribbon-cutting.

A dignified older woman in Broadmoor tabs us as visitors and invites us in for a cold drink. She and her husband were lucky enough to have a two-story home and can live upstairs. They show us the bones of the ground floor, picked clean to its skeletal frame to halt the rot before it could creep upstairs.

Scaling the front of the house outside is an explosion of pink bougainvillea blossoms. A new order arose based on which plants could handle the murky waters that stewed in all the yards. "The live oak survived. The magnolia died. The bougainvillea thrived," the husband explained as we said our goodbyes.

We climb back on our bicycles and begin to ride quickly. Dark clouds are gathering overhead. A storm is no place to be caught without windows or a roof. I'm sweating, straining, trying to ride straight while looking up apprehensively every few seconds. And I think I have a pretty good idea why we're on the bikes.

Katrina Evacuees, Down And Out In Fresno (WP)

By Dale Maharidge

The Washington Post, September 3, 2006

FRESNO, Calif.

California is dotted with landmarks from John Steinbeck's novels. The best known may be Monterey's Cannery Row, but the most unchanged are those here in the Central Valley, the destination of last century's disaster exodus -- the Depression-era migration of farmers out of the Great Plains' Dust Bowl that Steinbeck chronicled in "The Grapes of Wrath."

On Highway 99 is an exit for the Tagus Ranch -- Steinbeck's fictional Hooper Ranch. In Weedpatch are the tilted ruins of the government labor camp office where the Joads' jalopy bounced to a stop, and where John Ford filmed the movie adaptation of the novel.

This century's exodus -- the flight from New Orleans -- has had no similar Steinbeckian epicenter. Aside from huge concentrations of evacuees in Baton Rouge and Houston, the people who fled Hurricane Katrina are scattered across 4,000 Zip codes, as far-flung as Nome, Alaska, and Lihue, Hawaii. But 260 New Orleans exiles have ended up in Fresno, the heart of the iconographic lower Central Valley.

And there's an irony in this: Last October, the Brookings Institution released a study showing that among the 50 most populous cities in the United States, Fresno had the highest concentration of urban poor: 43.5 percent of the city's poor population dwells in "extreme-poverty neighborhoods" (neighborhoods in which more than 40 percent of the residents live below the poverty threshold). Second in the rankings -- prior to Katrina and the flood -- was New Orleans, with nearly 38 percent of its poor population living in such neighborhoods. So the evacuees in Fresno have gone from poor to poorer -- but nobody much has noticed.

None of the Katrina evacuees came to Fresno the way the Joads did, with pots and mattresses lashed to junker cars. They flew in jetliners or drove minivans. Many are the working poor. They have gotten low-wage jobs, blended in, become invisible. And that's the problem.

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One year after Katrina, any hopes that the disaster would finally highlight the plight of the tens of millions of Americans living on poverty wages have come to nothing. Would today's America embrace a book like "The Grapes of Wrath"? Released in 1939, it sold 200,000 copies in weeks; the movie was rushed into theaters in 1940. That reaction was a far cry from today's indifference.

"We're the most powerful country the world has ever seen, and the gulf between the rich and the poor has never been greater," lamented Fresno Mayor Alan Autry in a recent interview. A populist, born-again Republican, Autry had hoped to take in as many as 1,000 Katrina evacuees permanently, but the suggestion caused "a political hurricane. I heard, 'We can't afford this, it's going to bankrupt us,' " he told me.

Fresno's problem is that it's two cities in one. The north part of town is a place of obvious wealth, with its upscale shopping centers, McMansions, and SUVs and Hummers still sporting pro-Bush bumper stickers. But as you drive south and, in places, west, the city changes to the Fresno of the Brookings study: a landscape of stunning poverty housed in sagging bungalows and flat-roofed two-story apartment buildings with lightning-bolt cracks running up faded stucco facades.

The most visible poverty is downtown on E Street, where it dead-ends against Highway 99. Along the right-of-way is a city of tents and crude huts that are home to dozens of people. At midnight, 100 or so desperate men and women stand in the middle of the street, some lurching at passing cars to offer drugs or sex.

But at the nearby Poverello House, which provides free drop-in meals and some housing, many of the 450 men and women getting lunch one recent day looked like working-class people. Executive director Jim Connell confirmed that more than 60 percent of those he feeds these days are the working poor.

Between north and south Fresno is the new home of Michael and Kimberly Crocketts and their 10 children. The Crockettses came to Fresno after their home in Slidell, across Lake Pontchartrain from New Orleans, was destroyed by Katrina. Despite the family's size, they got by in Louisiana. But in Fresno, their wages don't match their expenses.

Last November, their landlord started demanding $1,800 in rent for their unremarkable, six-bedroom stucco house. That's three times what they had paid in Louisiana. "Everything is more expensive," said Kimberly, who works as an in-home caregiver for the elderly and disabled. "I go to the stores, it's crazy."

The Crockettses are dreading November, when FEMA funding for the rent runs out. On the upside, they were recently approved for subsidized housing, though they hope to avoid moving to south Fresno, where most of that housing is. They have dreams, and they're working to make them come true. Kimberly is studying bookkeeping and accounting. Michael has even bigger plans.

He is working on opening a restaurant, a place where he'll serve po' boy sandwiches and jambalaya. "I'm going to call it A Taste of New Orleans," he said.

dm2021@columbia.edu

Dale Maharidge, a professor at Columbia University's Graduate School of Journalism, is working on a novel about the Katrina exodus.

U.S. Delays Plan For Machine-Gun Drills On Great Lakes (LAT)

By Michael Hawthorne, Chicago Tribune

The Los Angeles Times, September 3, 2006

CHICAGO — The Coast Guard has been quietly planning to conduct target practice on Lake Michigan with boat-mounted machine guns that would be fired a few miles from beaches along the North Shore.

But plans to establish a permanent "live-fire zone" in waters near Illinois' Highland Park, Lake Forest and Waukegan — and in 33 other spots around the Great Lakes — are on hold after boating groups and a congressman complained that the public wasn't informed about the training exercises.

The plans, which required changes to a nearly 200-year-old disarmament treaty with Canada, are raising concerns that recreational boaters might unwittingly cross into the training areas or get hit by stray bullets. Car ferries that operate during the summer between Wisconsin and Michigan also would pass through the live-fire zones.

And environmental groups are concerned that lead and other metals in the bullets could add more toxic pollution to the Great Lakes.

"This was a surprise to me and many others," said Rep. Peter Hoekstra (R-Mich.), who serves on a congressional subcommittee that oversees the Coast Guard. "When we think about the Coast Guard on the Great Lakes, we think about search-and-rescue missions, not firing machine guns."

Coast Guard stations around the Great Lakes began mounting M-240 machine guns on cutters and small boats this year, the first time since World War II that there have been routine armed patrols on the lakes.

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The guns, which can fire up to 600 rounds a minute, were installed as part of the nation's anti-terrorism efforts, according to filings in the Federal Register.

Firing live ammunition at floating targets in the lakes is "essential to carrying out Coast Guard missions relating to military operations and national security," the documents state.

Coast Guard boats on the Great Lakes previously did not have mounted weapons, though crews carried rifles and pistols on board.

Critics said the only notice of the training exercises was published Aug. 1 in the Federal Register. Because the Coast Guard now is part of the Department of Homeland Security, it was not required to hold public hearings or study potential environmental impact.

Under pressure from Hoekstra, Coast Guard officials decided Friday to accept public comments for 60 days. They also are considering holding meetings around the Great Lakes to provide more information.

Chief Petty Officer Robert Lanier, a spokesman for the Coast Guard's 9th District office in Cleveland, said each zone would be used for target practice by local Guard members two to three times a year. The training exercises would last one or two days, Lanier said, though the notice filed in the Federal Register does not limit when the zones could be used.

"Our top priority when conducting these exercises is public safety," Lanier said.

In response to concerns about lead bullets falling into the lakes, the Coast Guard said its own study found the potential environmental effects would be minimal. The Michigan Environmental Council, though, wants an independent analysis.

After Storm Evacuation, Shuttle Crew Returns To Florida (AP)

By The Associated Press

The Associated PressB, September 3, 2006

CAPE CANAVERAL, Fla., Sept. 2 — Four days after evacuating the Kennedy Space Center as Tropical Storm Ernesto approached, the six crew members of the space shuttle Atlantis flew back to Florida on Saturday to prepare for a launching on Wednesday.

When the crew left in training jets last Tuesday for a trip to Houston, they watched from the air as the space shuttle crawled off the launching pad on a journey to an assembly building for shelter, said Capt. Brent W. Jett Jr., the shuttle commander.

Midway through the shuttle's four-mile journey, managers with the National Aeronautics and Space Administration decided to return it to the launching pad once the storm's intensity had been downgraded. The decision gave NASA an opportunity to launch on Wednesday, rather than several weeks later.

"I think all of us thought we were going to be spending a little while in Houston," Captain Jett said Saturday after returning to the Kennedy Space Center. "I think we're all really happy that just four days later we're back here and we have a shot at this launch window."

By the time the storm reached the Kennedy Space Center on Wednesday night, it had been downgraded to a tropical depression, and peak gusts at the launching pad were at 44 miles an hour, well below the 79 m.p.h. threshold that requires the shuttle to be moved indoors.

Engineers inspecting the Atlantis the next day found three areas of minor foam damage on its external fuel tank: a three-eighths-inch cut in the middle of the liquid oxygen tank, a one-inch scratch near where the tank connects to the solid rocket boosters, and a missing lump of foam from the liquid hydrogen barrel.

The first two scratches were expected to be repaired easily, and the missing foam will not need to be replaced, NASA officials said.

Any kind of foam insulation problem on the external tank is a major concern for NASA engineers. Foam falling off the space shuttle Columbia's external tank during liftoff in 2003 struck the spacecraft's wing, allowing fiery gases to penetrate and kill its seven crew members while it was returning to Earth. Since then, NASA has redesigned the external tank to minimize foam shedding.

The Atlantis will deliver a 35,000-pound, $372 million addition to the half-built International Space Station during the 11-day mission. Four astronauts will take three spacewalks to resume the station's construction, which was stopped after the Columbia accident.

NASA and its international partners hope to finish the space station during 14 other shuttle missions by 2010, when the cargo-carrying vehicles are scheduled to be retired.

The Atlantis was originally to have been launched last Sunday. Liftoff was delayed after lightning struck the launching pad, requiring engineers to check out Atlantis's systems.

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Remnants Of Ernesto Drench East Coast (AP)

By The Associated Press

The Associated Press, September 2, 2006

Filed at 10:56 p.m. ET

RICHMOND, Va. (AP) -- The remnants of Tropical Storm Ernesto put a sloppy wet damper on the last big tourism weekend of the summer for many people, making a mess of some oceanfront hotels and leaving beaches and boardwalks less crowded than usual.

Ernesto was reduced to an area of rain over western New York state and the lower Great Lakes by Saturday afternoon, after drenching Virginia and North Carolina with up to a foot on its run up the East Coast.

It had caused flooding that forced hundreds of people out of their homes, and left more than a half-million homes and businesses without electricity Saturday in the mid-Atlantic states. At least four deaths were blamed on the storm in Virginia, plus one in North Carolina.

Hotels in Virginia Beach reported some last-minute cancelations Saturday as the storm apparently led many people to change their plans. Some who decided to tough it out faced oceanfront rooms with carpets soaked by wind-driven rain.

"I've never seen it this severe in all my years here," said Jimmy Capps, manager of the Breakers Resort Inn. "Probably every oceanfront hotel in Virginia Beach has some wet carpet."

Casino operators in Atlantic City, N.J., had no complaints. Harrah's Entertainment spokeswoman Alyce Parker said all four of the company's hotels -- Harrah's, Showboat, Bally's Atlantic City and Caesars Atlantic City -- were already booked for the weekend and Saturday's wind and drizzle just kept people on the casino floors.

"People really aren't on the beach," Parker said.

Beach-goers were stymied on the south shore of New York state's Long Island, where swimming was banned at most beaches Saturday because of rip currents. Waves up to 12 feet high caused severe beach erosion.

The storm forced most play at the U.S. Open in Queens to be postponed until Sunday, including matches involving Andy Roddick, Maria Sharapova and Andre Agassi.

In New Jersey, high winds and heavy rain also caused Monmouth Park to cancel its thoroughbred racing card Saturday.

Wind and rain delayed flights at John F. Kennedy and LaGuardia airports by up to three hours, said Steve Coleman, a spokesman for the Port Authority of New York and New Jersey.

Flooding remained a problem in North Carolina, where the Northeast Cape Fear River was more than 5 feet above flood stage and not expected to crest until Sunday, the National Weather Service said.

"Right now, we're just holding on," said Terry Smith, a supervisor with Duplin County Emergency Medical Services.

Firefighters had already helped evacuate about 20 people from six houses near the river in Chinquapin. About 50 houses were threatened by the rising water, said David Miller, an EMS worker and a captain with the Chinquapin Volunteer Fire Department.

In Pennsylvania, a man drowned in a rain-swollen retention basin while trying to rescue his dog. Thomas V. Chipley, 45, of Telford, was sucked into a drainage pipe. The dog was injured but survived.

Virginia emergency officials said Ernesto's heaviest rainfall and a tidal surge raked rural communities along Virginia's side of the Chesapeake Bay.

Jeffrey Brown, 37, stayed with his wheelchair-bound father rather than evacuate St. George Island, which juts into the Potomac River where the river meets the Chesapeake Bay.

Three feet of water came into the home, he said.

"I didn't sleep too well last night," Brown said, looking haggard. "It was bad, real bad."

Associated Press writers Steve Szkotak in Richmond; Stephen Manning in St. George Island, Md.; Mark Scolforo in Harrisburg, Pa., and Daniela Flores in Trenton, N.J., contributed to this report.

Ernesto Leaves Area Damaged But Grateful (WP)

By Jerry Markon And Steve Vogel, Washington Post Staff Writers

The Washington Post, September 3, 2006

Remnants of Tropical Storm Ernesto moved slowly northward yesterday after blasting the Washington region with wind and rain and knocking down power lines but causing less damage than some forecasters had feared.

The storm did hit hard in Ocean City on what is usually one of the resort community's busiest weekends of the year. The storm surge eroded the beach in many places, flooded coastal marshes and damaged the siding and awnings of numerous

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buildings and homes. Boards littered the beach, and the boxes that hold rental umbrellas and chairs were tossed around by waves and broken into pieces.

In Southern Maryland, at least three homes were destroyed in St. Mary's County after a tidal surge left boats on rocks and littered roads near the water with trees, ice machines and refrigerators. St. Mary's officials, concerned that some areas might still be without power today, distributed dry ice yesterday for affected residents. No deaths or injuries were reported there.

By later today, utility officials said, they hoped to have power restored throughout the Washington area. About 74,000 customers remained without power in Maryland late yesterday, the majority of them east and south of Washington, including in Anne Arundel, Prince George's, St. Mary's and Calvert counties. In Northern Virginia, the 94,000 customers who lost power during the storm had dwindled to 2,500, Dominion Virginia Power said. About 4,000 people in the District remained in the dark.

Yet even as officials scrambled to turn on the lights and clean up the occasional fallen tree limb and other debris, they expressed relief that the storm that had struck Haiti, Cuba, Florida and the Carolinas before hitting the Washington region had spared the area a bigger blow. "This wasn't as bad a storm as we expected," said Mary-Beth Hutchinson, a Pepco spokeswoman.

And there is better news ahead for the remainder of the Labor Day holiday weekend. The forecast for today and tomorrow calls for partly cloudy skies and a high of 82 degrees, said John Gresiak, senior forecaster for AccuWeather.com, a private forecasting service. Today and tomorrow "are looking pretty good," he said yesterday.

Another weather system is expected to pass through the area Tuesday, causing showers and thunderstorms and possible flooding in low-lying areas. "Given the fact that we now have saturated ground, with this new storm, anything even moderately heavy could cause some localized flooding," said Gresiak, who predicted "perhaps an inch or so of rain" Tuesday.

St. Mary's recorded the area's highest rain total from Ernesto, with 6.92 inches. At Reagan National Airport, 2.63 inches of rain fell, and 3.17 inches were recorded at Dulles International Airport. Wind gusts peaked at 58 mph in Ocean City on Friday, Gresiak said.

He said the rain was beneficial because August was such a dry month, with only 1.03 inches of rain falling at National Airport compared with the normal 3.44 inches. The normal for September is 3.79 inches.

In Northern Virginia, the remaining areas without power yesterday were concentrated in Fairfax and Arlington counties and in Alexandria. Fairfax officials closed the emergency shelter yesterday morning that they had opened at Thomas A. Edison High School because only one person showed up. Periodic flooding of roads was reported, but homes remained safe, even in such areas as Huntington, Belle View and New Alexandria, which often flood during serious storms, county spokeswoman Merni Fitzgerald said.

Elsewhere in Virginia, at least four deaths were attributed to the storm. Gov. Timothy M. Kaine (D) toured a Richmond neighborhood yesterday where about 250 homes had been evacuated.

Still, officials were thankful the toll wasn't higher. "We did dodge a bullet," Maryland Gov. Robert L. Ehrlich (R) told a Baltimore radio station.

Staff writer Carol Sottili in Ocean City contributed to this report.

WAR NEWS:

Bush: Iraq Has Not Fallen Into Civil War (AP)

By Andrew Taylor, Associated Press Writer

The Associated Press, September 2, 2006

President Bush on Saturday kept up his pre-election offensive on Iraq despite a new Pentagon report describing a deteriorating security situation there.

Initial results from a new U.S.-Iraqi campaign to improve the security situation in Baghdad are encouraging, Bush said, and insurgents have failed to drive Iraq into full-blown civil war.

"Our commanders and diplomats on the ground believe that Iraq has not descended into a civil war," Bush said in his weekly radio address. "They report that only a small number of Iraqis are engaged in sectarian violence, while the overwhelming majority want peace and a normal life in a unified country."

The president acknowledged "a bloody campaign of sectarian violence" and the "difficult and dangerous" work of trying to end it.

On Friday, however, the Pentagon reported that death squads increasingly targeting mainly Iraqi civilians heighten the risk of civil war. The report, the latest in a series required by Congress, said the Sunni-led insurgency "remains potent and viable."

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"Conditions that could lead to civil war exist in Iraq, specifically in and around Baghdad, and concern about civil war within the Iraqi civilian population has increased in recent months," the report said.

A growing number of members of Congress — including a few in the president's own party — are calling for either a shift in the Bush administration's Iraq strategy or a timetable for beginning a substantial withdrawal of American forces.

With midterm elections for control of Congress looming, Bush is using a series of speeches to build support for the war in Iraq, casting Democratic opponents of the war as weak on national defense and battling terrorism.

"Here at home, some politicians say that our best option is to pull out of Iraq, regardless of the situation on the ground," Bush said. "They could not be more wrong."

Bush, repeating nearly word for word the message of a recent speech in Salt Lake City, added, "The security of the civilized world depends on victory in the war on terror, and that depends on victory in Iraq, so America will not leave until victory is achieved."

Democrats are not backing down in their criticism of the war, and they vow not to allow Republicans to win a political edge, as they did in making gains in 2002 and with Bush's re-election victory two years ago.

"The war in Iraq is the wrong war, a reality that no amount of White House rhetoric can distort," House Minority Leader Nancy Pelosi, D-Calif., said Friday. "It has strained our military, has crippled our ability to prosecute the war on terrorism, and has dangerously limited our ability to respond to real challenges to our national security around the world."

The White House launched its latest offensive Thursday with Bush's address before an American Legion convention and is to culminate the push Sept. 19 with remarks by the president before the U.N. General Assembly.

The next speech is set for Tuesday, when the White House is bringing representatives from countries that have suffered terrorist attacks to populate the audience and emphasize the global nature of the enemy.

Bush often ticks off a list of recent attacks to demonstrate that the world should be united against Islamic militants who share a purpose, if not a common network. He often says various factions of terrorists — such as Sunnis who swear allegiance to al-Qaida, Shiites who support groups such as Hezbollah, and "homegrown" terrorists with local grievances — belong under the same umbrella, even though many terrorism experts disagree.

The president plans to expand on this description before the Military Officers Association of America, said White House spokeswoman Dana Perino. Bush will describe how Islamic militants think, what they have said about their aims and why the world should take them seriously, Perino said.

In Iraq on Saturday, Prime Minister Nouri al-Maliki met with the country's most influential Shiite cleric, Grand Ayatollah Ali al-Sistani, to discuss the worsening security situation. The meeting came two days after a barrage of coordinated attacks across mainly Shiite eastern Baghdad killed at least 64 people and wounded 286.

The government promised Friday to expand soon the security crackdown in Baghdad to Shiite militia strongholds in the eastern part of the city.

In July, al-Sistani was credited with restraining the Shiite community from widespread retaliation against minority Sunnis following horrific attacks on Shiite civilians.

Bush Calls War `Uphill,' Vital To Establish Middle East Peace (BLOOM)

Bloomberg, September 3, 2006

By Brendan Murray

Sept. 2 (Bloomberg) -- President George W. Bush, continuing his attack on Democrats opposed to an open-ended war in Iraq, said civil war hasn't broken out there and he urged Americans to be patient with an ``uphill and uneven path to victory."

``If we give up the fight in the streets of Baghdad, we will face the terrorists in the streets of our own cities," Bush said in his weekly radio broadcast. ``The security of the civilized world depends on victory in the war on terror, and that depends on victory in Iraq, so America will not leave until victory is achieved."

Bush is making a series of speeches to try to turn the tide of public opinion back in his favor for the war in Iraq he started in March 2003. He is seeking to link the Iraq conflict with the broader war on terrorism as the fifth anniversary of the Sept. 11 attacks on New York and Washington approaches.

``The path to victory will be uphill and uneven, and it will require more patience and sacrifice," Bush said.

Iraq has not descended into civil war, he said.

``On one side are those who believe in freedom and moderation -- the right of all people to speak, worship, and live in liberty," Bush said. ``On the other side are those driven by tyranny and extremism -- the right of a self-appointed few to impose their fanatical views on all the rest."

Increasing Violence

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The U.S. Defense Department said yesterday that preconditions for civil war in Iraq have increased since May, when the new Iraqi government took office.

The number of attacks weekly is up 27 percent, especially executions of civilians, and there's been a ``significant'' surge in attacks in two northern provinces as well as those four provinces near and including Baghdad that are most violent, the Pentagon said in its latest quarterly report to Congress, the most negative to date.

``Weekly attack levels in July 2006 were the highest to date,'' the report said. ``Concern about civil war within the Iraqi population has increased in recent months'' as sectarian violence accelerated.

The report says that ``movement toward civil war can be prevented.'' Joint Chiefs Vice Director for Strategic Plans and Policy Rear Admiral William Sullivan told a Pentagon briefing that intensified combat operations in Baghdad and the addition there of 4,000 U.S. troops who were slated to return home to Alaska are intended to ``defuse'' the worst violence.

Reid's Response

The report brought an immediate response from Senate Democratic leader Harry Reid of Nevada.

``Even the Pentagon acknowledges Iraq is tipping into civil war,'' Reid said in an e-mailed statement. ``Failed Republican policies have left America bogged down in Iraq, with our military stretched thin and less able to fight and win the war on terror. With the security of the American people at risk, Republicans' failed stay the course strategy is not acceptable.''

While national security has been the dominant issue in every election since the Sept. 11 attacks, Bush is facing an increasingly skeptical American public.

The biggest battleground in the war on terrorism, and the one shaping the public's view, is in Iraq, where Bush today said his commanders and diplomats ``that only a small number of Iraqis are engaged in sectarian violence, while the overwhelming majority wants peace and a normal life.''

Thirty-six percent of those surveyed in an Aug. 17-21 CBS News/New York Times poll said they approve of Bush's job performance. Three in 10 approved of how he has handled Iraq. Another sign of trouble for the administration is that 51 percent of those surveyed said Iraq isn't connected to the war on terrorism.

More Speeches

Next week, Bush is scheduled to make war speeches in Washington and in Atlanta, before spending the Sept. 11 anniversary in New York.

The president conducted a similar campaign to drum up public support at the end of last year. Those addresses resulted in Bush gaining several points in job approval in most public opinion polls. The gains were erased as the security situation in Iraq deteriorated.

Bush said a ``vital part of our strategy to defeat the terrorists'' is to set up a functioning democracy in Iraq, which in turn will help create a more stable Middle East. To do otherwise would mean ``our children will face a region dominated by terrorist states and radical dictators armed with nuclear weapons.''

To contact the reporter on this story:

G.O.P. Hopeful Says Rumsfeld Should Resign (NYT)

By David W. Chen

The New York Times, September 3, 2006

MOUNTAINSIDE, N.J., Sept. 2 — State Senator Thomas H. Kean Jr., the Republican nominee for United States Senate in New Jersey, says he is so frustrated with the Bush administration's handling of the war in Iraq that he is pushing for something that few Republicans have supported: the resignation of Defense Secretary Donald H. Rumsfeld.

In an interview at his campaign headquarters here, just shy of midnight on Friday, Mr. Kean said that he had become dissatisfied over the summer with what he said was Mr. Rumsfeld's refusal to consider "competing points of view."

But what compelled him to advocate publicly for a "fresh face" leading the troops, Mr. Kean said, were Mr. Rumsfeld's recent remarks chiding critics of the war for "moral and intellectual confusion," and comparing them to those who advocated appeasing Nazi Germany in the 1930's.

"By engaging in that kind of rhetoric, this secretary has stepped over the line," Mr. Kean said.

Mr. Kean stopped short of criticizing President Bush, other than saying he had not been "well served" by Mr. Rumsfeld. He says he does not support a timetable for the withdrawal of American troops, because he thinks that could lead to a humanitarian crisis and destabilize the region.

Still, Mr. Kean's call for Mr. Rumsfeld to step down comes as more Republicans are distancing themselves, however gingerly, from Mr. Bush and an unpopular war.

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Nowhere has this change of heart been more prevalent, perhaps, than in places where Republicans are engaged in close races. In Rhode Island, Stephen Laffey, a populist Republican who is challenging Senator Lincoln Chafee in a hotly contested primary, has called on Mr. Rumsfeld to resign. In Connecticut, Representative Christopher Shays recently changed his mind on a phased withdrawal and now supports a timetable, something that many Democrats have long advocated.

And then there is New Jersey, where Mr. Kean is locked in a tough fight with his Democratic opponent, Senator Robert Menendez. While Mr. Kean says that he would have voted for the original resolution authorizing the use of force, he agrees that the United States has made some "egregious mistakes."

As examples Mr. Kean cited the abuse of Iraqi prisoners at Abu Ghraib, what he called a poorly executed plan to purge Baathists from the Iraqi military and a lack of sufficient troops at the outset of the conflict. He said he was also stunned, earlier this year, by the number of retired generals who called for Mr. Rumsfeld's resignation.

Jennifer E. Duffy, a political analyst with the Cook Political Report, a nonpartisan online newsletter, in Washington, said she saw shrewdness in Mr. Kean's move. "He can keep his position on the war, and yet still make this call, because all he's asking is for someone to either come up with or execute the plan," she said. "The aim is to show a willingness to challenge Bush. I'm sure that Menendez will find some way to attack it, but I don't see it as a bad move."

When told of Mr. Kean's comments, Matt Miller, a spokesman for Mr. Menendez, wondered aloud whether Mr. Kean had been prompted by a press release just a few hours earlier. In that release, Mr. Menendez repeated his earlier calls for Mr. Rumsfeld to resign, and asked Mr. Kean to join him. (Mr. Kean said that he was unaware of the press release, and that his decision on Mr. Rumsfeld had been made days, if not weeks ago.)

"Rumsfeld needs to go, but it is George Bush who has mismanaged the war in Iraq — it is his responsibility to change the course of events — and the fact that Tom Kean Jr. won't stand up to him now shows that he will never have the strength or the courage to demand real change in Iraq," Mr. Miller said.

Mr. Rumsfeld has brushed aside calls for his resignation, saying such criticism was typical during wartime. "The secretary has addressed this from time to time and continues to serve at the pleasure of the president," Lt. Col. Todd Vician, a Pentagon spokesman, said Saturday.

Though Mr. Kean, 37, has been criticized by Democrats as being too inexperienced, he has earned a lot of good will as the namesake son of a popular former governor and chairman of the 9/11 Commission.

A poll by Fairleigh Dickinson University found that if Iraq were not such an albatross, Mr. Kean would be leading Mr. Menendez by 11 percentage points. The telephone poll, which had a margin of sampling error of four percentage points, was taken of 651 randomly selected registered voters statewide.

For Mr. Kean, though, the issue of Iraq is not just about troops and equipment. He studied Central Asia in graduate school at Tufts University's Fletcher School, and said that it was imperative that the United States develop a consistent foreign policy that would apply to Iran, North Korea and terrorist organizations.

"Iraq is one component of foreign policy," Mr. Kean said. "We've got a responsibility to win the hearts and minds of individuals at home and abroad."

Mr. Kean, who said he was reading a new book on the Iraq war, "Fiasco," by Thomas E. Ricks, likened a replacement of Mr. Rumsfeld to Abraham Lincoln's going through several generals during the Civil War before getting to Ulysses S. Grant.

Mr. Kean declined to suggest any replacements for Mr. Rumsfeld. But he did sketch out the traits he would find satisfactory in a new secretary of defense. "I think it needs to be a person who is agile in their thinking," he said. "A person with impeccable credibility. An individual that is willing to have dialogues with members of both parties, because good ideas can come from a lot of different places."

Bush Shifts Back To Terror Message (HC)

By Julie Mason

Houston Chronicle, September 3, 2006

WASHINGTON — Faster than you can say "Osama bin Laden," President Bush made a pivot from Hurricane Katrina remembrances last week to topics on which he hopes to gain some political ground: Iraq and the war on terrorism.

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Bush addressed the American Legion National Convention in Salt Lake City with the first of a series of speeches aimed at bolstering public support for the war, in part by once again linking the events of 9/11 to the subsequent — and by his own admission, unrelated — war in Iraq.

It's a tactic he's used before in his speeches, without directly connecting the two, Bush nevertheless creates a rhetorical bridge with statements such as, "Iraq is the central front in the war on terror. Osama bin Laden has made that clear."

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Bin Laden, a Saudi, of course was the reputed mastermind behind the 9/11 terrorist attacks. None of the hijackers was Iraqi, and there have been no proven links between Saddam Hussein and the 2001 plot.

The public generally has supported the war on terrorism, though polls show a majority oppose the war in Iraq. Merging the two serves a political purpose in this congressional election year, where differences over Iraq are playing a key role in many races.

Bush also suggested to the American Legion that the Iraq war was the logical next step after 9/11, saying, "We're in a war we didn't ask for, but it's a war we must wage and a war we will win."

And at a recent news conference, Bush said, "The terrorists attacked us and killed 3,000 of our citizens before we started the freedom agenda in the Middle East."

Asked what the war in Iraq had to do with the 9/11 attacks, Bush said, "Nothing," but added that they demonstrated a need to confront threats before they materialize.

Bin Laden's name resurfaces in speech

Bush and his surrogates are working from a new list of vocabulary words in the latest round of speeches.

Echoed words and themes in the remarks of administration officials reflect a strategy to get a particular message across. In this case, it is the drawing of parallels between the war in Iraq with the broader themes of World War II.

To wit: Totalitarian. Bush used the word three times in the American Legion speech. White House Counselor Dan Bartlett said it on MSNBC's Hardball, and Vice President Dick Cheney used "totalitarian" in two speeches on the Iraq war last week.

The word invokes the ideological battles of World War II — but not as directly as the terms Hitler, Nazis and fascism, which also are in heavy rotation with the administration.

Bush, Defense Secretary Donald Rumsfeld and Republican National Committee Chairman Ken Mehlman last week all invoked some variation of the three.

Bin Laden also is back in the mix. Generally, Bush avoids mentioning bin Laden because the name is a reminder that the al-Qaida leader remains at large nearly five years later.

But in the revised context of speeches on Iraq and the war on terrorism, bin Laden is a potent symbol of the lasting threat of terrorism. To that end, bin Laden resurfaced on the lips of Bush, Bartlett, Rumsfeld and Secretary of State Condoleezza Rice.

Katrina anniversary puts Bush in bubble

Bush administration officials have taken pains in the past six months to address criticism that the president exists in a detached bubble of "yes" men, exposed only to those who agree with him and rarely encountering dissent.

To counteract the perception, White House officials invited experts with opposing views to meet with the president on Iraq and other issues, talked up the idea that Bush likes to be challenged and placed Bush in situations where he gets skeptical, unrehearsed questions from the public.

But the Bush team wasn't taking any chances with the Katrina remembrances. In two days of events, Bush was back in the perceived bubble: speaking only to supportive groups and appearing at highly scripted events with supporters.

Whether the bubble is back for the duration or was just a transitory soapsud remains to be seen.

Short take:

"He's a great songwriter, but not as good a senator — as he is a senator," Bush said last week at a fundraiser for Sen. Orrin Hatch of Utah. "And that's saying a lot."

A Change In Tone -- And A Stumble (WP)

By Jim Hoagland

The Washington Post, September 3, 2006

On Iraq, Bush Embraces Nuance. Trusting the Public Is Another Matter.

President Bush made headlines recently by adopting a more somber, realistic tone on Iraq. Then Bush, his vice president and his defense secretary stepped all over that message with unduly harsh assaults on the war's critics last week. What gives?

Several things provide an answer of sorts, and all of them suggest that the transition from the shock-and-awe tactics of Bush's first term to a more cooperative, diplomatic approach this time around is still very much a work in progress.

The late-summer shift of Bush's tone toward increased realism on Iraq came shortly after the White House received a situation report from the CIA highlighting worrisome trends in the administration's effort to shore up a national unity government in Baghdad. The agency says that effort is being undercut by significant population movements of Sunnis and Shiites fleeing each other and huge arms supplies reaching both camps.

"You would have been somber, too, if you had just read what he has been reading," one senior official told me.

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The agency's pessimism is not new. What was different was Bush's subdued public demeanor in discussing Iraq -- captured by The Post's Peter Baker as a message that "things could be even worse." The tone reflects an ongoing change at the White House, where a psychological renovation led by Josh Bolten, Bush's new chief of staff, is having some effect.

Bad news now gets more quickly to Bush, who in his first term "tolerated a system that was designed to evade reality whenever it was unpleasant," says an insider who deals frequently with the White House. "The place has gone from having a concierge who smoothed out wrinkles to having a consigliere running things."

The concierge in that formulation is the departed Andrew Card, whose experience as transportation secretary in George H.W. Bush's presidency made him deferential to Cabinet members eager for face time with a president famous for not being interested in details. Card was also known for indulging Bush's time-consuming tendency to gripe about small matters such as infringements on his vacation time instead of focusing on big problems such as the approach of Hurricane Katrina a year ago.

Bolten is much quicker to say no and to resolve problems that do not need presidential involvement. And while it is still difficult to get Bush to call world leaders he does not already know and like, such calls have increased under Bolten, who worked as Card's assistant before heading the Office of Management and Budget and then returning to the White House on March 29 to replace Card.

Bolten has been helped on the communications front by Secretary of State Condoleezza Rice, who has greatly stepped up her exchanges with foreign counterparts, and by Undersecretary of State Karen Hughes, who has a knack for explaining foreign policy challenges in political terms.

But these welcome changes in management style inside the White House have yet to be felt consistently in the administration's distrustful approach not just to the media but to the American public. That distrust is reflected in the obsessive secrecy that predated Sept. 11, 2001, and in political appeals to the worst instincts of voters. The public, the administration clearly believes, cannot be trusted with information on anti-terrorist surveillance or with greater clarity and measured debate about options in Iraq.

The great irony of this administration is that its opponents credit it with being masterful at spin when it is in fact pathetic in managing its messages and its collective image. Whatever small credit Bush was gaining for becoming more realistic about Iraq was quickly wiped out by the controversy created by sharply partisan speeches of Dick Cheney and Don Rumsfeld last week in the latest example of a gang that can't spin straight. The message water was later muddied even more by a belated reaching-out letter to Democrats from Rumsfeld and by a bleak Pentagon report on sectarian violence in Iraq.

There is a serious debate to be had about the best way forward in the war that Islamic extremists and their state sponsors have declared on the United States and on the related conflict in Iraq. Not all of what Cheney and Rumsfeld have to say on this should be disregarded as rhetorical chaff. Their vision of the world is dark and overstated but not devoid of reality.

But their failure to give critics a respectful hearing makes it difficult for them to get one when they have valid points. Demanding trust from the public without extending it invites great skepticism. Correcting this is one of modern history's great challenges, even for someone with the management skills of Josh Bolten.

A Warrior's Warning On Iraq (WP)

By George F. Will

The Washington Post, September 3, 2006

Late in the 1952 election campaign, he promised that he would "go to Korea." So, in late November, Dwight Eisenhower and aides "used light planes to fly along the front":

"Except for sporadic artillery fire and sniping there was little action at the moment, but in view of the strength of the positions the enemy had developed, it was obvious that any frontal attack would present great difficulties."

With that assessment, laconically recalled in his 1963 memoirs, the experienced soldier decided to liquidate the war. He had seen at a glance that continuing it was not worth the costs.

George W. Bush might yet face an "Eisenhower moment" regarding Iraq. But not yet, in the opinion of Sen. John Warner, the five-term Virginia Republican who chairs the Armed Services Committee.

Warner's father was a field surgeon in World War I; his great-uncle lost an arm fighting for the Confederacy at the Battle of the Wilderness. Warner joined the Navy in January 1945 at 17, served until 1946, then volunteered as an officer in the Marine Corps during the Korean War. Because he is a military man who broadly construes the president's inherent powers as commander in chief, it was startling when he recently said that the Oct. 11, 2002, resolution authorizing the use of force against Iraq did so for purposes that were largely achieved by the removal of Saddam Hussein's regime. Last month Warner asked:

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"What is the mission of the United States today under this resolution if [Iraq] erupts into a civil war? . . . I think we have to examine very carefully what Congress authorized the president to do in the context of a situation if we're faced with all-out civil war and whether we have to come back to the Congress to get further indication of support."

But Warner, who in 27 years has served with 260 of the 1,885 people who have been U.S. senators and who in May became the 26th senator to cast 10,000 votes, knows that no Senate vote is apt to determine war policy. On July 25, 1967, President Lyndon Johnson, meeting with Democratic Senate committee chairmen, was angered when even Georgia's hawkish Richard Russell questioned his Vietnam policy. Johnson acidly told the group: "If you want me to get out of Vietnam, then you have the prerogative of taking out the resolution" -- the Tonkin Gulf resolution -- "under which we are out there now. You can repeal it tomorrow." Every war ends, but none ends that way.

Speaking in his Senate office, Warner says that he is convinced that the essential characteristics of civil war are not yet present in Iraq. Iraq's government, he says, is "functioning," the security forces are improving and senior military officials are not plotting against the government.

But Warner also knows: The Iraqi government's writ runs barely beyond Baghdad's Green Zone. The security forces are not yet competent to hold areas that U.S. forces clear of insurgents. Holding such areas might require sending more U.S. forces to Iraq, which would further alienate Iraqis. Moqtada al-Sadr, whose support helped make Nouri al-Maliki Iraq's prime minister, has a militia that is becoming Iraq's Hezbollah -- a sovereign force within the state, and one imperfectly controlled by Sadr.

For three reasons, Eisenhower's challenge in ending the Korean War was simpler than Bush's problem would be in extracting U.S. forces from Iraq: Eisenhower had a static military front. The U.S. objective of pushing the invaders from South Korea had been accomplished. And Eisenhower had a coercive threat.

In "The Cold War: A New History," John Lewis Gaddis of Yale, who calls Eisenhower "at once the most subtle and brutal strategist of the nuclear age," says that Eisenhower early in his presidency believed -- he later changed his mind -- that when nuclear weapons "can be used on strictly military targets and for strictly military purposes," they should be used "exactly as you would use a bullet or anything else." And Eisenhower allowed America's adversaries to know that his military advisers were seeking ways to use such weapons to end the Korean fighting.

Warner believes that most congressional Democrats understand that there is an unpopular way to oppose an unpopular war -- by voting for abandonment of all the objectives for which blood has been shed. Warner defines the U.S. objective in Iraq not in terms of a glittering achievement, democracy, but as avoiding something appalling -- the Iraqi oil fields in jihadists' hands. Regarding Iraq, there will not soon be an Eisenhower moment.

Donald Rumsfeld's Dance With The Nazis (NYT)

By Frank Rich

The New York Times, September 3, 2006

PRESIDENT BUSH came to Washington vowing to be a uniter, not a divider. Well, you win some and you lose some. But there is one member of his administration who has not broken that promise: Donald Rumsfeld. With indefatigable brio, he has long since united Democrats, Republicans, generals and civilians alike in calling for his scalp.

Last week the man who gave us "stuff happens" and "you go to war with the Army you have" outdid himself. In an instantly infamous address to the American Legion, he likened critics of the Iraq debacle to those who "ridiculed or ignored" the rise of the Nazis in the 1930's and tried to appease Hitler. Such Americans, he said, suffer from a "moral or intellectual confusion" and fail to recognize the "new type of fascism" represented by terrorists. Presumably he was not only describing the usual array of "Defeatocrats" but also the first President Bush, who had already been implicitly tarred as an appeaser by Tony Snow last month for failing to knock out Saddam in 1991.

What made Mr. Rumsfeld's speech noteworthy wasn't its toxic effort to impugn the patriotism of administration critics by conflating dissent on Iraq with cut-and-run surrender and incipient treason. That's old news. No, what made Mr. Rumsfeld's performance special was the preview it offered of the ambitious propaganda campaign planned between now and Election Day. An on-the-ropes White House plans to stop at nothing when rewriting its record of defeat (not to be confused with defeatism) in a war that has now lasted longer than America's fight against the actual Nazis in World War II.

Here's how brazen Mr. Rumsfeld was when he invoked Hitler's appeasers to score his cheap points: Since Hitler was photographed warmly shaking Neville Chamberlain's hand at Munich in 1938, the only image that comes close to matching it in epochal obsequiousness is the December 1983 photograph of Mr. Rumsfeld himself in Baghdad, warmly shaking the hand of Saddam Hussein in full fascist regalia. Is the defense secretary so self-deluded that he thought no one would remember a picture so easily Googled on the Web? Or worse, is he just too shameless to care?

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Mr. Rumsfeld didn't go to Baghdad in 1983 to tour the museum. Then a private citizen, he had been dispatched as an emissary by the Reagan administration, which sought to align itself with Iraq in the Iran-Iraq war. Saddam was already a notorious thug. Well before Mr. Rumsfeld's trip, Amnesty International had reported the dictator's use of torture — "beating, burning, sexual abuse and the infliction of electric shocks" — on hundreds of political prisoners. Dozens more had been summarily executed or had "disappeared." American intelligence agencies knew that Saddam had used chemical weapons to gas both Iraqi Kurds and Iranians.

According to declassified State Department memos detailing Mr. Rumsfeld's Baghdad meetings, the American visitor never raised the subject of these crimes with his host. (Mr. Rumsfeld has since claimed otherwise, but that is not supported by the documents, which can be viewed online at George Washington University's National Security Archive.) Within a year of his visit, the American mission was accomplished: Iraq and the United States resumed diplomatic relations for the first time since Iraq had severed them in 1967 in protest of American backing of Israel in the Six-Day War.

In his speech last week, Mr. Rumsfeld paraphrased Winston Churchill: Appeasing tyrants is "a bit like feeding a crocodile, hoping it would eat you last." He can quote Churchill all he wants, but if he wants to self-righteously use that argument to smear others, the record shows that Mr. Rumsfeld cozied up to the crocodile of Baghdad as smarmily as anyone. To borrow the defense secretary's own formulation, he suffers from moral confusion about Saddam.

Mr. Rumsfeld also suffers from intellectual confusion about terrorism. He might not have appeased Al Qaeda but he certainly enabled it. Like Chamberlain, he didn't recognize the severity of the looming threat until it was too late. Had he done so, maybe his boss would not have blown off intelligence about imminent Qaeda attacks while on siesta in Crawford.

For further proof, read the address Mr. Rumsfeld gave to Pentagon workers on Sept. 10, 2001 — a policy manifesto he regarded as sufficiently important, James Bamford reminds us in his book "A Pretext to War," that it was disseminated to the press. "The topic today is an adversary that poses a threat, a serious threat, to the security of the United States of America" is how the defense secretary began. He then went on to explain that this adversary "crushes new ideas" with "brutal consistency" and "disrupts the defense of the United States." It is a foe "more subtle and implacable" than the former Soviet Union, he continued, stronger and larger and "closer to home" than "the last decrepit dictators of the world."

And who might this ominous enemy be? Of that, Mr. Rumsfeld was as certain as he would later be about troop strength in Iraq: "the Pentagon bureaucracy." In love with the sound of his own voice, he blathered on for almost 4,000 words while Mohamed Atta and the 18 other hijackers fanned out to American airports.

Three months later, Mr. Rumsfeld would still be asleep at the switch, as his war command refused to heed the urgent request by American officers on the ground for the additional troops needed to capture Osama bin Laden when he was cornered in Tora Bora. What would follow in Iraq was also more Chamberlain than Churchill. By failing to secure and rebuild the country after the invasion, he created a terrorist haven where none had been before.

That last story is seeping out in ever more incriminating detail, thanks to well-sourced chronicles like "Fiasco," "Cobra II" and "Blood Money," T. Christian Miller's new account of the billions of dollars squandered and stolen in Iraq reconstruction. Still, Americans have notoriously short memories. The White House hopes that by Election Day it can induce amnesia about its failures in the Middle East as deftly as Mr. Rumsfeld (with an assist from John Mark Karr) helped upstage first-anniversary remembrances of Katrina.

One obstacle is that White House allies, not just Democrats, are sounding the alarm about Iraq. In recent weeks, prominent conservatives, some still war supporters and some not, have steadily broached the dread word Vietnam: Chuck Hagel, William F. Buckley Jr. and the columnists Rich Lowry and Max Boot. A George Will column critical of the war so rattled the White House that it had a flunky release a public 2,400-word response notable for its incoherence.

If even some conservatives are making accurate analogies between Vietnam and Iraq, one way for the administration to drown them out is to step up false historical analogies of its own, like Mr. Rumsfeld's. In the past the administration has been big on comparisons between Iraq and the American Revolution — the defense secretary once likened "the snows of Valley Forge" to "the sandstorms of central Iraq" — but lately the White House vogue has been for "Islamo-fascism," which it sees as another rhetorical means to retrofit Iraq to the more salable template of World War II.

"Islamo-fascism" certainly sounds more impressive than such tired buzzwords as "Plan for Victory" or "Stay the Course." And it serves as a handy substitute for "As the Iraqis stand up, we'll stand down." That slogan had to be retired abruptly last month after The New York Times reported that violence in Baghdad has statistically increased rather than decreased as American troops handed over responsibilities to Iraqis. Yet the term "Islamo-fascists," like the bygone "evildoers," is less telling as a description of the enemy than as a window into the administration's continued confusion about exactly who the enemy is. As the writer Katha Pollitt asks in The Nation, "Who are the 'Islamo-fascists' in Saudi Arabia — the current regime or its religious-fanatical opponents?"

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Next up is the parade of presidential speeches culminating in what The Washington Post describes as "a whirlwind tour of the Sept. 11 attack sites": All Fascism All the Time. In his opening salvo, delivered on Thursday to the same American Legion convention that cheered Mr. Rumsfeld, Mr. Bush worked in the Nazis and Communists and compared battles in Iraq to Omaha Beach and Guadalcanal. He once more interchanged the terrorists who struck the World Trade Center with car bombers in Baghdad, calling them all part of the same epic "ideological struggle of the 21st century." One more drop in the polls, and he may yet rebrand this mess War of the Worlds.

"Iraq is not overwhelmed by foreign terrorists," said the congressman John Murtha in succinct rebuttal to the president's speech. "It is overwhelmed by Iraqis fighting Iraqis." And with Americans caught in the middle. If we owe anything to those who died on 9/11, it is that we not forget how the administration diverted our blood and treasure from the battle against bin Laden and other stateless Islamic terrorists, fascist or whatever, to this quagmire in a country that did not attack us on 9/11. The number of American dead in Iraq — now more than 2,600 — is inexorably approaching the death toll of that Tuesday morning five years ago.

The Man From Munich, Ever Alive In American Politics (NYT)

By Sheryl Gay Stolberg

The New York Times, September 3, 2006

WASHINGTON

A 20th century pejorative worked its way into 21st century politics last week. Appeasement as an attack phrase was back in vogue.

Vice President Dick Cheney and Secretary of Defense Donald H. Rumsfeld invoked the term in speeches to veterans, a not-so-subliminal effort to liken critics of President Bush's Iraq policy to Neville Chamberlain, the British prime minister who disastrously tried to reason with Hitler in Munich in 1938.

In Mr. Rumsfeld's words, Mr. Bush's critics had not "learned history's lessons." Can Americans, he asked, "truly afford to believe that somehow, some way, vicious extremists can be appeased?"

The response from Democrats was swift.

"It's a calculated political argument to throw people off the real facts, which is a military that's stretched to the breaking point, a strategy in Iraq and Afghanistan that doesn't seem to be working well," Senator Jack Reed, Democrat of Rhode Island, told reporters. "It's selective history of the worst kind."

But if it seemed that Republicans had hit on a new campaign theme, not much was new about it. Presidents since Franklin Roosevelt have invoked Munich for political effect, even as some of them fretted over being branded Chamberlains themselves.

Roosevelt accused Republican isolationists of appeasement. Harry Truman cited "the fateful lesson of the 1930's" as a prime reason for sending American troops to Korea, even as Eisenhower and other Republicans accused him of appeasing America's foes. Lyndon Johnson was haunted by Munich. "Everything I knew about history told me that if I got out of Vietnam and let Ho Chi Minh run through the streets of Saigon, then I'd be doing exactly what Chamberlain did," he told the historian Doris Kearns Goodwin.

Vivid memories of Munich have percolated through presidential campaigns. "Even Neville Chamberlain," Vice President Spiro Agnew said in 1972, "did not carry a beggar's cup to Munich as George McGovern proposes to carry to Hanoi." Ronald Reagan compared Jimmy Carter to Chamberlain "tapping the cobblestones of Munich." As president, Reagan himself was accused of appeasement by conservatives furious over his arms talks with the Soviets.

"The Munich analogy is a very deep-rooted analogy within modern international political thought," said Frederick W. Kagan, a resident scholar at the American Enterprise Institute. Chamberlain, Mr. Kagan said, "revealed the bankruptcy of a view which says that all players in the international system are reasonable, rational people and that things could be worked out if only we could communicate."

That is foreign policy talk for the schoolyard lesson: you can't back down from a bully. The Munich analogy may be deeply rooted in political thought, but it is also deeply rooted in the American psyche, which may be why leaders turn to it so often, Ms. Goodwin said.

"Johnson," she said, "had these great colorful words to describe the danger of appeasement: If you let a bully come into your front yard one day, the next day he'll be up on your porch, and the day after that he'll rape your wife in your own bed."

Historians have analyzed the effects of the Munich argument; some, like the presidential biographer Robert Dallek, say Johnson's comparison to Munich was a mistake that drew the United States into an "unwinnable conflict" in Vietnam.

Today, an appeasement debate rages in foreign policy circles around Mr. Bush's efforts to persuade Iran to stop enriching uranium. Neoconservatives want a confrontation; Mr. Bush has tried to negotiate, without success.

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That has left the president open to accusations from foreign policy hawks that he is guilty of ... you guessed it, appeasement.

Bush's Deadly Road To Victory Baffles Many (AJC)

By Cynthia Tucker

The Atlanta Journal-Constitution, September 3, 2006

"How do you ask a man to be the last man to die in Vietnam? How do you ask a man to be the last man to die for a mistake?"

— John Kerry, 1971

Apparently, the state of denial at the White House is worse than I thought.

In a speech Thursday to the annual convention of the American Legion, President Bush declared that, if the United States withdraws from Iraq, "we will face the terrorists in the streets of our own cities. So the United States will not leave until victory is achieved."

He didn't say what "victory" in Iraq will look like. Given that most of the Iraqi deaths over the past several months have been the result of sectarian conflict, would "victory" require U.S. troops to intervene in a civil war? Nor did the president say how the Iraqi enterprise prevents terrorist plots such as the recently disrupted plan to blow up airliners headed to the United States from Great Britain.

Vice President Dick Cheney, meanwhile, still inhabits a lonely planet on which the Iraqis love us. And Donald Rumsfeld, speaking to the Legionnaires earlier, likened anyone who questions an open-ended U.S. commitment in Iraq — a group that now includes several Republicans in Congress — to the Nazi appeasers of the 1930s.

"It was a time when a certain amount of cynicism and moral confusion set in among Western democracies," said Rumsfeld of the years preceding World War II. "When those who warned about a coming crisis, the rise of fascism and Nazism, they were ridiculed or ignored. Indeed, in the decades before World War II, a great many argued that the fascist threat was exaggerated. ...

"With the growing lethality and the increasing availability of weapons, can we truly afford to believe that somehow, some way, vicious extremists can be appeased?"

That pronouncement is packed with so much nonsense that trying to defuse it would cause a minor explosion. Suffice it to say that this administration has no intention of owning up to the awful realities of its misguided invasion of Iraq. It's clear that presidential adviser Karl Rove intends to duplicate for the current campaign season the fear-mongering, name-calling tactics he used successfully in earlier campaigns.

The president and his proxies, including Rumsfeld, are fanning out across the nation to try to scare the voters, once again, into voting Republican. As they've done before, they're conflating Iraq and Sept. 11,denouncing their critics as cowards and making up facts to fit their storyline.

Those tactics may not work so well this time around. It's hard to persuade voters to disregard the video footage of daily carnage in Iraq, the disintegration of Lebanon or tens of thousands of Iraqis marching in support of Hezbollah, chanting "Death to America." Recent polls show that a majority of voters no longer believe in Bush's favorite fallacy — linking the so-called war on terror with the invasion of Iraq.

But the White House shows few signs of acknowledging reality. Bush says we can't withdraw because the sacrifices of the men and women in uniform who have already died — more than 2,600 so far — would be in vain. More Americans must die, it seems, because so many have already died — a pernicious bit of circular reasoning.

So, for now, tens of thousands of soldiers, sailors and Marines are stuck in a quagmire. When the Pentagon announced last month that it would call up Marine reservists, one veteran declared the move "one of the last steps before resorting to a draft." Jon Soltz, an Army captain who has served in Iraq and now heads a group called VoteVets.org, which raises money for the political campaigns of veterans of Iraq and Afghanistan, said: "This move should serve as a wake-up call to America. ... Our military is overextended, and there is no plan for victory in Iraq."

Writing in on The Blotter, an ABCNews blog, last month, a current soldier supported that view. "I think it is only a matter of time before there is a draft," Tony wrote. "I am currently deployed to Iraq and have been in the military for 13 years. All of us who have been in for more than 10 years have seen such a gradual decline in the quality of soldier.

"Each division in the military is deploying to either Iraq or Afghanistan every other year, mine included. No one wants to be in anymore so the older guys looking to retire are saying forget this."

Instead of looking squarely at that, some neoconservatives are advocating a new war — an attack on Iran. I'd like to think they're just saber-rattling, but I remember thinking the same thing around Labor Day four years ago. Perhaps that rattling noise isn't their sabers but their brains.

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Wrong 'Ism,' Wrong History (WT)

By Arnaud De Borchgrave, The Washington Times

The Washington Times, September 3, 2006

When Defense Secretary Donald Rumsfeld compared his Iraq war critics to the appeasers of Nazism in Europe in the mid-1930s, it would seem he got his "isms" confused. A more appropriate analogy would have been the Soviet Union, communism and the Comintern. Founded by V.I. Lenin in 1919, Comintern, or the Communist International, was a compulsory association of national communist parties to promote world revolution. It functioned as an organ of Soviet control over the international communist movement and was appeased by the United States throughout the 1930s.

The Iraqi dictator Saddam Hussein's model was never Germany's defeated Nazi Party, but the Soviet model. His principal supplier of weapons was the Soviet Union. His Mukhabarat was modeled on the very active KGB, not the late Gestapo. Throughout the 1970s, Saddam's KGB worked hand-in-glove with the Soviet KGB in subverting the Gulf states, from the Dhofar rebellion in Oman to Kuwait, after Britain relinquished all its obligations east of Suez.

By the time the Bush administration determined Saddam was a mortal peril to the United States, he and his regime were pretty much burned out. Eight years of war against Iran, followed by his invasion of Kuwait and rout by George H.W. Bush 41's coalition of 29 nations, and then a decade of humiliating U.N. inspections, had reduced Saddam's regime to a dirty little sandbox that was a threat to no one except his own people. His neighbors were not afraid of him. Nor were the Europeans. When Saddam allowed U.N. chief inspector Hans Blix to return to Iraq with as many inspectors as he wished, free to go and look anywhere, it became increasingly obvious he had nothing to hide.

Most important, Saddam and his regime were not part of Osama bin Laden's Islamist "Comintern" organization of global terrorism. But no sooner did the U.S. invade and topple Iraq's Ba'athist regime than "liberated" Iraq became a force multiplier for Islamist extremists.

A remarkably well researched and documented new book titled "The Looming Tower: Al Qaeda and the Road to 9/11," by Lawrence Wright, establishes "there is no evidence that Iraq ever supplied al Qaeda with weapons or camps," but there were talks between Iraqi intelligence agents and bin Laden to try to get him to stop backing anti-Saddam insurgents. Meetings continued intermittently until bin Laden opposed a rapprochement with Saddam and resumed support of Iraqi dissidents.

Al Qaeda today is a global politico-religious, ideological and spiritual movement that has far more in common with global communism than the European fascism of the 1930s and '40s. What Mr. Bush calls the global war on terror is an ideological struggle, punctuated by acts of terrorism, a fundamental clash of civilizations between democratic freedom and totalitarian religious regimentation, that is likely to endure at least as long as the almost half-century Cold War.

The U.S. invasion of Iraq opened fresh opportunities for Iranian troublemaking. Iran's Revolutionary Guards and its intelligence services flooded Shi'ite Iraq with agents of influence and subversion, funding and arming powerful militias -- e.g., the Badr Brigade and the Mahdi Army -- that are paving the way for what Tehran hopes will be a humiliating, Vietnamlike U.S. withdrawal from Iraq.

The British commander in Iraq said the country is now in a civil war, albeit still a mini one. On Aug. 24, after several days of mortar shelling by Muqtada al-Sadr's Mahdi insurgents, the Brits decided to evacuate their second-largest base at Amarah on the Tigris River and turn it over to the Iraqi army. But before the reluctant Iraqis could take over, insurgents swarmed in and ransacked Camp Abu Naji, looting anything of value.

British Challenger II tanks and Warrior Fighting Vehicles made their way south to Basra to be shipped back to the U.K. Instead, the Brits, now in Land Rovers, redeployed along the nearby Iranian border to conduct guerrilla operations against weapons smugglers infiltrating from Iran.

Amarah is a brief ride from Kut where the Brits, 90 years ago, suffered their second-worst defeat in World War I. After a five-month siege, having lost 23,000 Indian Army troops killed (two divisions), eaten their last horse and fired their last bullet, Gen. Sir Charles Townshend surrendered his sword to the Turkish commander in April 1916. Most of the 7,000 survivors died in captivity. Only Gallipoli, four months earlier, was a bigger Allied disaster. Before withdrawing from the Turkish peninsula, some 44,000 British, French, Australian, New Zealanders, and Canadians were killed. The victorious Turks lost 86,700 killed.

The only relevant history for the planners of Operation Iraqi Freedom was the invasion of Normandy June 6, 1944, and the liberation of Europe that followed. Relevant history was judged irrelevant.

Arnaud de Borchgrave is editor at large of The Washington Times and of United Press International.

Iraq's Complications (WP)

The Washington Post, September 3, 2006

The administration's new rhetoric on the war doesn't bear much relation to the critical situation it faces.

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IN THE first of a series of speeches on Iraq last week President Bush described what he said would be the "absolutely disastrous" consequences if the United States withdrew its troops before "Iraq can defend itself": "We would be handing Iraq over to our own worst enemies," he said, "Saddam's former henchmen, armed groups with ties to Iran and al-Qaeda terrorists from all over the world who would suddenly have a base of operations far more valuable than Afghanistan under the Taliban."

The president is right that a precipitate withdrawal from Iraq, or one that ignored conditions on the ground, could lead to a far worse situation than now prevails there. But what's striking is Mr. Bush's failure to acknowledge that the scenario he describes already substantially exists. In large parts of Iraq, Sunni extremists and Iranian-backed militias hold more sway than the government, and al-Qaeda cells continue to operate. The government itself has been penetrated by some of those forces, which employ its ministries and police units to wage sectarian war.

In short, the situation in Iraq is a lot more complicated and ambiguous than what Americans are hearing described by the Bush administration in this electoral season. While that is predictable given this administration's record of distorting and politicizing its accounts of the war, it's particularly unfortunate now. Defending U.S. interests in Iraq in the coming months and avoiding the catastrophe Mr. Bush warns of are going to require navigating a political and military minefield in which there are no clear lines between friends and enemies or between democracy and totalitarianism.

Mr. Bush continues to portray Iraq mainly as a front in a global war against Islamic extremism in which a government aligned with the democracies fights an enemy allied with al-Qaeda. There's no question that al-Qaeda militants are among the forces fighting U.S. troops. But the administration's labels can't easily describe most of the conflict, which is a multi-sided struggle for power, territory and resources among Sunni, Shiite and Kurdish factions. Some of the warring sectarian groups are "insurgents" who fight the elected government, but others operate from inside the government. There are Islamic extremists on both the Sunni and Shiite sides who are fighting each other; there are battles between Shiite religious factions that are nominally allied in the government.

The U.S. challenge in Iraq is consequently not limited to defending a democratic government against its enemies while gradually training an army to take over the fighting. Its most critical challenge is preventing that government and army from being consumed by the parallel sectarian war -- which a more candid Pentagon report on Friday called "the greatest threat to security and stability in Iraq." That will require the factions to disband their own militias -- which are now responsible for most of the bloodshed -- and reach the national accord that is still needed on such issues as the distribution of oil revenue and the degree of self-government in the "federal" Iraq laid out in the incomplete constitution.

Iraqi Prime Minister Nouri al-Maliki and many in his administration have endorsed this agenda, though their efforts to implement it have been slow and weak. If they are able to resolve the critical outstanding constitutional issues in the coming months and curb their militias, there's a chance the government can slowly begin to gain control over Iraq. As long as that chance exists the United States has both a pragmatic interest and a moral obligation to support the government and its army.

Nevertheless, the war President Bush would like to fight -- between an emerging democracy and its totalitarian enemies -- can't be won if it is crosscut by a sectarian conflict. That's why one other passage of the president's speech in Utah on Thursday was striking. "I've been clear with each Iraqi leader I meet," he said. "America's a patient nation, and Iraq can count on our partnership as long as the new government continues to make the hard decisions necessary to advance a unified, democratic and peaceful Iraq." We hope that Iraqi leaders will take the president's implicit warning seriously and that if those decisions are not made, Mr. Bush will have the courage to rethink his policy.

A General's New Plan To Battle Radical Islam (WSJ)

By Greg Jaffe

The Wall Street Journal, September 3, 2006

Top commander Gen. Abizaid uses soldiers to build health clinics and dig wells. But is it enough? Learning from Hezbollah

CAMP LEMONIER, Djibouti -- In the fall of 2002, the U.S. military set up a task force here on the Horn of Africa to kill any al Qaeda fighters seeking refuge in the region. The base was crawling with elite special-operations teams, and an unmanned Predator plane armed with Hellfire missiles sat ready on the runway.

Today, the base houses 1,800 troops whose mission is to build health clinics, wells and schools in areas where Islamic extremists are active. The idea is to ease some of the suffering that leaves the locals susceptible to the radicals' message, thus bolstering local governments, which will run the new facilities and get credit for the improvements.

Behind the shift is Gen. John Abizaid -- a 55-year-old of Lebanese descent and a fluent Arabic speaker -- who leads U.S. forces in the Middle East. In May, the four-star Army general visited 17 Navy Seabees, or engineers, at work designing a school. "Those 17 Seabees doing their mission out there achieve as much for us as a battalion of infantry on the ground looking for bad guys," the general said.

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In an interview in Iraq later, he was even blunter about the limits of U.S. firepower. "Military power can gain us time...but that is about it," he said.

It's a striking comment from one of the country's most influential generals, whose views are increasingly being echoed by President Bush. As head of the U.S. Central Command, Gen. Abizaid oversees the U.S. military effort in Iraq and Afghanistan as well as the Horn of Africa, Central Asia and the Mideast. He wields great military power, commanding more than 200,000 soldiers, sailors, airmen and Marines, along with hundreds of warplanes and dozens of ships.

But his view of the region is increasingly shaped by the inability of all that firepower to prevail against a violent strain of Islam seeking to expand its foothold. "The best way to contain al Qaeda is to increase the capacity of the regional powers to deal with it themselves," he says.

Gen. Abizaid's approach is part of a broader rethinking within the Bush administration of how best to fight terrorism, driven in part by the failures of the past five years. One of its tenets is that change must take place gradually and be led by locals. The U.S. can provide help training and equipping indigenous counterterrorism forces to break up al Qaeda cells, Gen. Abizaid says. But bigger changes that address the root causes of terrorism in the region must take place over years, if not decades.

"We tend to be very impatient and want democracy to form tomorrow," he says. But "reform paced too quickly can have unintended consequences."

Gen. Abizaid says his approach calls for a "long war, because it will take a long time for reform to take place." President Bush has adopted the "long war" notion and uses it regularly in speeches. 1

The general's critics say such a strategy isn't bold enough. "The 'long war' is not a war to transform the Middle East -- it's a light hand and get out of there as fast as you can," says Thomas Donnelly, a conservative military analyst at the Center for Strategic and International Studies, a Washington think tank. Others say helping autocratic regimes to build local support could simply entrench them and further stymie change.

The Horn of Africa effort, the centerpiece of Gen. Abizaid's long war strategy, has had to fend off questions from Washington about its value. Earlier this year, Defense Secretary Donald Rumsfeld, in a pointed memo, asked what the U.S. was getting out of it. Gen. Abizaid says the resistance was less from Mr. Rumsfeld than from the "Pentagon bureaucracy," which he says didn't understand the mission's worth or the peril if it failed.

Gen Abizaid's unorthodox strategy is a product of his unusual career. Most Army officers who rose high in the 1980s and 1990s didn't stray far from basic muddy-boots soldiering. Gen. Abizaid has spent significant stretches of his career immersed in the Arab world. He served a year in Jordan early in his military career, and traveled widely. In the early 1980s he served with a United Nations mission in Lebanon, and after the 1991 Gulf War he was part of a mission to carve out a haven for the Kurds in northern Iraq. Along the way, he earned a Harvard degree in Middle Eastern studies.

In Lebanon, Gen. Abizaid says, he saw firsthand how Hezbollah used guerrilla violence, political activity and social aid to grow over the course of decades. "We Western-educated people tend to view war as first you fight then you talk," he says. "Here you are always talking and fighting." The general's counter strategy -- particularly in the Horn of Africa -- in some ways mimics Hezbollah's hybrid approach to war.

Implementing the "long war strategy," however, has proved fiendishly difficult for troops in the Horn of Africa. The idea is to send small teams into some of the world's most troubled lands to train local forces, gather information and build clinics and schools that extend the local government's influence. The military has long dispatched humanitarian aid, civil affairs teams and military trainers to places like Indonesia, the Philippines and North Africa to provide relief and bolster allies. But the Horn of Africa task force marks the first time that a large military command has been established solely to address the root causes of terrorism in a region.

"This is the most complex thing I have done in my military career," says Rear Adm. Richard Hunt, the commander of the mission. He has struggled mightily in the last nine months to get his troops access to countries in the region. Local leaders, even after they grant U.S. troops access and win projects, don't immediately abandon anti-American attitudes. Even when things are going well, progress is often so slow that it is imperceptible to the soldiers performing the mission.

Earlier this year, the Horn of Africa task force dispatched a six-man civil-affairs team to Yemen. A poor land with a history of Islamic extremism, Yemen is a key battleground in the war on terror. It is the ancestral home of Osama bin Laden and about 106 Yemenis are among prisoners the U.S. holds at Guantanamo Bay, Cuba. The place is awash in arms. Officials at the U.S. embassy in its capital, Sana, worry that without an infusion of aid, Yemen could become a haven for al Qaeda operatives.

Three months into its tour, the U.S. team was having a hard time getting projects going. Just leaving Sana needed approval from a regional government and as many as five national ministries.

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"I am stunned how hard it is. We want to help people and there is an obvious need, but we can't seem to get through the bureaucracy," says the team's senior noncommissioned officer, named Mike. The Army asked that full names not be used because the small team operates on its own in a dangerous place.

The team was eager to start projects in Marib, a restive province where, in 2002, a missile fired by a U.S. Predator drone incinerated six al Qaeda men as they rode across the desert in an SUV. Early in July, after almost two months of planning, the civil-affairs team thought it had finally scheduled a 10-day visit to the province.

The night before the visit, the regional governor canceled it. He said it was too long and he hadn't been briefed sufficiently on the team's movements. To appease him, the U.S. cut the trip to four days. Instead of looking into 10 or 11 potential projects, it would aim for five.

When the team entered the provincial capital, also called Marib, it found a maze of trash-strewn streets, dilapidated shops and mud-brick houses. Virtually every male on the street carried an AK-47 assault rifle on his shoulder. Escorting the team were a dozen Yemeni soldiers and Marib's education minister, who kept a snub-nosed .38-caliber pistol tucked in his belt. Asked why, he smiled and said it was for "bird hunting."

On the first day, the team met with the headmistress of a girls' school, clad head-to-toe in black so only her brown eyes peeked out. The team made plans to double the size of the school, which serves 1,000 students with 19 classrooms.

The next morning they headed deep into the desert on a paved road that after 90 minutes gave way to a rutted dirt trail. It finally ended at a forlorn village named al Faa. Its only school, built of uneven rocks scrounged from a nearby mountain, had no running water, electricity or desks. The town had run out of money to finish the roof.

Doug, a 44-year-old sergeant first class and engineer, sat on a rock with the school principal, who was armed with a pistol and a knife, and sketched out a proposal to finish the school. When they were done, the principal speculated on why the U.S. team had traveled so far. "You are building here and demolishing there," he said, referring to the fighting in Lebanon and Iraq. "You want us to forget the destruction."

Amer Blame, the mayor, adjusted the AK-47 slung over his shoulder and offered a different take. "America is intent on dominating the world, and this is a part of it. So why not come here?" he said. Eventually, the Marib minister of education ended the guessing. "Don't say anything bad or you won't get the project," he warned.

In its remaining days, the team visited a crumbling one-room health clinic at a desert crossroads that treats Bedouins. It needed to be replaced with a larger facility. When a yelling fight broke out among armed men over the where to put a new clinic, the team, worried that the men might begin shooting, sought refuge behind their armored car.

They received a heroes' welcome in a town called al Agaa, where all the males formed a receiving line and treated them to a lavish lunch. Al Agaa needed a new school, and the U.S. soldiers offered to finance one. Later they laid plans to dig a well for a village that was running out of water. The five projects, recently approved by the team's commanders in Djibouti, will cost about $600,000, paid for by the U.S. Central Command.

Team members in Yemen often wondered, despite their recent run of success in Marib, if their effort was too small to make a real difference in a region where the needs are huge and anti-American sentiment entrenched. "This could be a model," says Mike, the senior sergeant. "But it is not working right now."

Compared with other missions in the Horn of Africa, the Americans' experience in Yemen stands as a big success. At times, the command's meticulous plans, laid out over the course of months, have been undone by unexpected regional conflicts or mercurial local leaders.

Earlier this year the Horn of Africa mission's commander, Adm. Hunt, decided to focus on containing a radical Islamic government taking root in southern Somalia. U.S. policy didn't permit sending troops into Somalia, so Adm. Hunt tried seeding border areas with projects that would ease desperate local living conditions.

A goal was to extend the influence of the government of neighboring Ethiopia, which would own and operate the schools and clinics the team financed. Adm. Hunt sent 150 troops to Ethiopia in April.

Soon after they arrived, Ethiopia put tight limits on their movement. "No one could come to a compromise with the Ethiopians on how we should do our job," says Sgt. First Class Timothy Bowman. "So we just sat there. We did nothing."

In July, Ethiopia, citing worsening security, asked the Americans to leave for their own safety. They hadn't been able to start any major projects at all in three months. Recently, after a flood, a small team of engineers was allowed to return to build shelter for those displaced.

As the foray into Ethiopia shows, U.S. commanders have struggled to figure out how business is done in the Horn of Africa. "We don't have a lot of guys who know and understand the region well," Adm. Hunt says. In the 11 months through Thursday, his command spent only a third of the $10 million it had been allocated for aid projects in the fiscal year that ends Sept. 30. Some

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civil-affairs teams have been stuck at the base in Djibouti watching movies, playing bingo and eating diner-style food provided by civilian contractors to the military.

Adm. Hunt had better luck in May, when he traveled to Comoros, a three-island nation off East Africa that has seen 20 coups in three decades. He says he spent two hours with the country's new, Iranian-educated president on the eve of his inauguration discussing possible deployment of a six-soldier civil-affairs team. It's scheduled to arrive this month.

In the future, Gen. Abizaid envisions representatives from the U.S. Department of Agriculture and Border Control moving through parts of the Horn of Africa. State Department representatives might "teach locals ways to open their societies that don't threaten them," he says.

In many ways, Gen. Abizaid has been training for this type of warfare his whole life.

Gen. Abizaid was raised mostly by his widowed father, a mechanic in Coleville, Calif., and went on to graduate from the U.S. Military Academy. His 1973 yearbook offers a nod to his competitive streak, dubbing him "an Arabian Vince Lombardi."

His success continued when he earned a coveted spot as a company commander in one of the Army's elite Ranger units that parachuted into Grenada during the 1983 invasion. At one point, he commandeered a bulldozer and ordered one of his Rangers to drive it toward Cuban troops as he and the rest of his men advanced behind it. The event was highlighted in the 1986 Clint Eastwood movie "Heartbreak Ridge."

By the mid-1980s Gen. Abizaid, who had already learned Arabic and spent significant time in the Middle East, was pegged as "one of the Army's best and brightest," says retired Lt. Gen. Dan Christman. He deployed in 1991 to northern Iraq as part of a relief operation to coax thousands of hungry and freezing Kurds down from the mountains, where they had been driven by Saddam Hussein's troops following an uprising. Then Lt. Col. Abizaid was at the center of the effort to push back Iraqi forces, establish a Kurdish zone and broker a peace between their often-warring factions. "He knew from the beginning he need to get to know the two main Kurdish leaders. He studied them and learned what made them tick," says retired Gen. John Shalikashvili, who was the commander of the mission and went on to become chairman of the Joint Chiefs of Staff. "We all took our cues from John."

At a time when many in the Army saw peacekeeping ventures like the one in Iraq as a distraction from their combat duties, Gen. Abizaid saw such missions -- mixing shows of force, politics and humanitarian relief -- as a key part of the Army's future. In a 1993 article he wrote in an Army journal, the officer practically begged his military colleagues to take such responsibilities more seriously. "We must recognize that peacekeeping is no job for amateurs," he wrote. "It is dangerous stressful duty that requires highly disciplined, well educated soldiers who understand the nature of the peacekeeping beast."

After the Sept. 11 terrorist attacks, Gen. Abizaid held top positions in the Pentagon, where he forged a close relationship with the often prickly Mr. Rumsfeld. In the immediate aftermath of the Iraq war, Mr. Rumsfeld and Gen. Richard Myers, then chairman of the Joint Chiefs of Staff, leaned hard on Gen. Abizaid to take on the Army Chief of Staff post, the top job in the Army. Mr. Rumsfeld wanted him to shake up the service, which the secretary thought was too complacent and out of step with his vision to transform the military.

Gen Abizaid repeatedly turned it down, telling colleagues that if he didn't get the Central Command position he would likely retire to California. "Abizaid disagreed with the technology-focused view of warfare that had taken hold in the Pentagon," says one friend who talked with him about the job. In the summer of 2003, he accepted the job as the head of Central Command.

Posted in Gen. Abizaid's Central Command headquarters in Qatar is some 1918 advice from famed British officer T.E. Lawrence, also known as Lawrence of Arabia: "Better the Arabs do it tolerably than that you do it perfectly. It is their war, and you are to help them, not to win it for them." The saying, often cited by Gen. Abizaid, has become a mantra for commanders throughout the Central Command region.

Gen Abizaid's staff tracks everything from birth rates in places like Sudan to oil-pipeline deals to water consumption in the region. One of his staff officers, who has an advanced degree in Middle Eastern history, recently wrote a long paper for him on the British colonial experience in Iraq in the 1920s and '30s. The general's colleagues praise him for his ease with uncertainty and freewheeling debate.

In May, on a visit through Iraq, he was getting a briefing on security conditions in the country. An officer lamented that a significant share of Iraqis were telling opinion surveys it was honorable to attack U.S. forces. "You act like you're insulted or something," Gen. Abizaid said to the briefing officer.

As the officer looked on, surprised, the general told him why he shouldn't be: Iraqis also thought it honorable to attack the British when they occupied Iraq, and they felt the same way earlier about the Turks. The attitude was "a part of the battlefield," and it showed the need to turn the fight in Iraq over to the Iraqis as quickly as possible, he said.

Gen. Abizaid's influence is evident in Iraq, where the U.S. has shifted away from its initial focus of building a U.S.-style democracy in the heart of the Muslim world. Today the top priority for commanders is building Iraqi police and army forces that

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can take over the fight and shoring up crumbling infrastructure. On the political side, U.S. and Iraqi leaders are working to persuade Sunnis who've supported the insurgency to take part in the political process. They're also trying to reach an accommodation with radical Shiite elements. "In Iraq, we are willing to accept a less-than-perfect democracy. Stability and security are more important," says one U.S. Army counterinsurgency expert. "Instead of mission creep, we are seeing mission shrink."

As for the Horn of Africa, Gen. Abizaid, from his perch atop the Central Command, says it could take years and much patience to make significant progress. He figures it will also take a lot of help from other departments of the government, agencies that aren't geared to providing such overseas assistance.

"I just think we've got to reform our structures, our authorities and our thinking to deal with the way the world is moving," Gen. Abizaid says. "You just can't let these places deteriorate ... unless you are willing to accept what they bring you -- terrorism and crime."

Write to Greg Jaffe at greg.jaffe@wsj.com5

14 South Asian Shiite Pilgrims Shot To Death In Iraqi Desert (NYT)

By Edward Wong

The New York Times, September 3, 2006

BAGHDAD, Iraq, Sept. 2 — Gunmen killed 14 Pakistani and Indian Shiite pilgrims, many of them elderly, and left their bodies in the desert on Friday, contributing to a death toll of at least 28 civilians around Iraq in 24 hours, Iraqi officials said Saturday.

The unrelenting sectarian violence was the main topic of conversation during a meeting in Najaf on Saturday between Prime Minister Nuri Kamal al-Maliki and Grand Ayatollah Ali al-Sistani, the ayatollah's office said. Ayatollah Sistani, the most powerful Shiite cleric in Iraq, emphasized to the prime minister the need to improve security and basic services like electricity and water, his aides said.

"His eminence said that the failure of the government to carry out its duties in security and order and to protect the lives of citizens will make room for other forces to carry out this mission," the office said in a statement. "This is a very dangerous issue."

Those words hint at dwindling confidence in the Shiite-led government from Shiite religious leaders in Najaf. Ayatollah Sistani recently released a statement urging Iraqi politicians to spend less time out of the country and to focus more on improving life for ordinary Iraqis. He also reportedly sent a message to President Bush through a top Shiite leader asking the United States to commit to staying in Iraq until the country was stable.

With the country's top politicians so far unable to persuade armed groups to end the violence, questions are increasingly being raised over whether Iraq's leaders have the will to work toward reinforcing a unified central government.

Those questions have been underscored by an order from the Kurdish regional government telling government offices in Iraqi Kurdistan not to fly the Iraqi flag. The order, issued Friday by Massoud Barzani, the president of Iraqi Kurdistan, is a symbolic move by the Kurds to distance themselves from Iraq's Arab regions. Turkey and Iran have expressed grave concerns over the growing autonomy of Iraqi Kurdistan, which is run as virtually a separate country.

Even before the order, the Iraqi national flag was a rare sight in Kurdistan. Most Kurdish offices fly the regional flag, a green, white and red banner with a yellow sunburst. Kurds have sharply criticized the Iraqi flag because it has the Arab nationalist colors: red, white and black. Many Kurds say Arab nationalism helped motivate Saddam Hussein's campaigns to massacre Kurds and destroy thousands of villages in the mountainous north.

A powerful bloc in the Kurdish parliament has also proposed adopting an anthem for Kurdistan, according to the official Web site of the Kurdish regional government.

The police said the bodies of the South Asian pilgrims were found Saturday in the desert between Sunni-dominated Anbar Province and Karbala, a holy Shiite city that is a pilgrimage center. Most had one bullet wound to the head. The victims, all men, were pulled off a bus and killed Friday afternoon, the police said, and the women on the bus were allowed to continue on to Karbala.

The other 14 victims of violence reported by officials on Saturday were killed in several places around the country. Four bodies were also found in Baghdad; it was unclear when they had been killed.

Asian Pilgrims Killed As Pentagon Warns Of Iraq Civil War (AFP)

By Sabah Jerges

AFP, September 3, 2006

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Iraqi insurgents slaughtered 14 south Asian Shiite pilgrims and 18 Iraqi civilians after the Pentagon warned that the country was close to falling into a sectarian war.

Suspected Sunni gunmen dragged a group of Pakistani and Indian travellers off a bus crossing the desert towards the Shiite holy city of Karbala and shot dead 11 Pakistani and three Indian men.

"They were coming in a big bus with children and women. The attackers freed the women and children and shot dead the men, execution-style," said interior ministry spokesman Brigadier General Abdul Karim Khalaf Saturday.

Karbala city health director Salim Kadhim confirmed the death toll, and said the bus had taken a route past Ramadi, a stronghold of Sunni Arab rebels, who are often blamed for murderous attacks against Iraq's Shiite majority.

Pakistan's foreign ministry spokeswoman Tasnim Aslam said the killing was a "terrorist act," adding that the "president and the prime minister condoled the deaths of the pilgrims."

She said the ministry was ascertaining the details of the attack and arranging the return of survivors.

The murders came as Iraq was already braced for a possible backlash from Shiite militias after a synchronized series of bomb attacks in Baghdad on Thursday by suspected Sunni insurgents left 67 civilians dead.

Prime Minister Nuri al-Maliki -- whose coalition government is struggling to hold the divided country together -- travelled to the Shiite holy city of Najaf to consult the faith's spiritual leader, Grand Ayatollah Ali al-Sistani.

Sistani urged Maliki to quickly gain control of the violence.

"His eminence said when the government fails to do its duty in providing security, order and protection for citizens, this could pave the way for other powers to intercept and carry out this mission," Sistani's office said.

"This is very serious," he warned.

Sistani was alluding to the rise of Shiite militias, such as the Mahdi Army of radical cleric Moqtada al-Sadr and the Badr Organization of the Supreme Council for the Islamic Revolution in Iraq (SCIRI), a leading religious party.

After the meeting, Maliki said: "His eminence thinks the state should be powerful and united and this obviously means that all weapons should be in the hands of the state.

"We are still looking for an opportunity to be able to finish with this issue," he said, when asked about the militias.

Both SCIRI and Sadr are supporters of Maliki's coalition government, but their unofficial armies are seen by some as a danger to Iraq's stability at a time when the Pentagon is warning that it is close to sectarian war.

A quarterly report from the US Department of Defense painted a sombre picture of a still powerful anti-government insurgency and mounting violence between the bitterly divided Sunni and Shiite communities.

Since its last report, the Pentagon said, "the core conflict in Iraq changed into a struggle between Sunni and Shia extremists."

The report covered the period between May and the end of July, which was marked by Iraq's worst bloodshed since the US-led invasion of March 2003.

"The average number of weekly attacks increased 15 percent over the previous reporting period average... Iraqi casualties increased by 51 percent compared to the previous quarter," the report said.

Iraqi and US officials in Baghdad say that civilian casualties dropped significantly in August thanks, they say, to a beefed up security plan in Baghdad and the increasing competence of Iraqi security forces.

Nevertheless, the last few days of August were marked by a series of bloody attacks and clashes with both Sunni insurgents and Shiite militias.

The Pentagon report said armed factions from both sides of Iraq's religious divide "are locked in mutually reinforcing cycles of sectarian strife".

"Concern about civil war within the Iraqi civilian population and among some defense analysts has increased in recent months," it added.

"The security situation is currently at its most complex state since the initiation of Operation Iraq Freedom."

Maliki on Saturday also said that he will reshuffle his cabinet. Four ministers will lose their current jobs, he said, amid speculation that the key interior or defense ministry posts could be one of them.

Meanwhile, in a sign of the violence gripping Iraq, at least 18 other people were killed across Iraq on Saturday, including six truck drivers and three traffic policemen.

Iraq also announced that it had regained control of the infamous Abu Ghraib prison from US authorities and that its cells were now empty.

Iraqi PM Meets With Influential Cleric (AP)

By Elena Becatoros, Associated Press Writer

DOJ_NMG_0057433

AP, September 3, 2006

Iraq's most influential Shiite cleric on Saturday warned the prime minister to quell violence or risk "other powers" filling the gap, while police found the tortured and blindfolded bodies of 13 Pakistani and Indian pilgrims and their Iraqi driver.

At least 15 violent deaths were reported elsewhere in Iraq, while the government announced it had formally taken over the notorious Abu Ghraib prison from coalition authorities.

Prime Minister Nouri al-Maliki met with Grand Ayatollah Ali al-Sistani in Najaf, 100 miles south of Baghdad, the cleric's office said. In July, al-Sistani was credited with restraining the Shiite community from widespread retaliation against minority Sunnis following horrific attacks on Shiite civilians.

"If the government does not do its duty in imposing security and order to the people and protecting them, it will give a chance to other powers to do this duty and this a very dangerous matter," al-Sistani's office quoted him as saying.

The meeting came two days after a barrage of coordinated attacks across mainly Shiite eastern Baghdad killed 64 people and wounded 286. The prime minister's office said in a statement that 17 suspects had been arrested after the bombings, but gave no further details.

Hundreds of Iraqis have been killed in violence this week, despite a massive security operation in the capital involving an extra 12,000 Iraqi and U.S. troops that has targeted some of Baghdad's most problematic neighborhoods.

In Washington, a day after a Pentagon report described spreading sectarian violence, President Bush painted a rosier picture.

"Our commanders and diplomats on the ground believe that Iraq has not descended into a civil war," Bush said in a radio address, although he acknowledged "a bloody campaign of sectarian violence" and the "difficult and dangerous" work of trying to end it.

Authorities, meanwhile, canceled a highly anticipated ceremony in which Iraq's Defense Ministry was to assume operational control of the country's armed forces command from the U.S.-led coalition. No new date was set for the event.

Lt. Col. Barry Johnson, a U.S. military spokesman, originally said the delay was due to "miscommunication" between coalition forces and the Iraqi Ministry of Defense regarding the timing of the ceremony.

Johnson said later that it had become "apparent" that part of the miscommunication had been about the wording of the document "delineating" the responsibilities of the joint headquarters and the coalition's role in supporting their efforts.

Handing over control from the coalition to Iraqi authorities is a key part of any eventual drawdown of U.S. troops in the country.

In the latest violence, police said Saturday that a group of pilgrims — 11 Pakistanis, including five women, and two Indians — and their Iraqi driver were ambushed and killed on their way to the Shiite holy city of Karbala, 50 miles south of the capital.

The bodies, blindfolded and with hands and feet bound, all bore signs of torture, an official at Karbala morgue said. The official, who spoke on condition of anonymity for fear of reprisals, said the 14 had been dead for three days and their bodies had been found on Friday.

Shiite pilgrims are to observe Shaaban, a mid-month religious celebration, on Sept. 9.

Pakistan on Saturday condemned the killings and urged its citizens to postpone travel to Iraq.

Tensions also brewed in the north Saturday, with a leading Sunni politician slamming a decision by Kurdistan president Massoud Barzani ordering the Iraqi national flag to be replaced with the Kurdish one in his northern autonomous region.

The move has troubled Sunni Arabs, who fear Kurds are pushing for secession under the nation's new federal system.

Sunni Arab lawmaker Saleh al-Mutlaq said there was no problem with the Kurds "keeping the land that's within their acknowledged borders," but he said that lowering the Iraqi flag "is definitely disturbing for us and any patriotic individual in Iraq."

A spokesman for the Kurdistan government defended his government's decision to remove the Iraqi flag.

"We consider that this flag represents the ideology of the Baath Party" of Saddam Hussein, Khalid Saleh told The Associated Press. "And this regime has collapsed."

Separately, the Chaldean Patriarch of Baghdad said Saturday he had spoken on the phone with the Rev. Hanna Saad Sirop, who is director of the Theology Department at Babel College and was kidnapped in Baghdad on Aug. 15.

Patriarch Emmanuel Delly told the Italian missionary news agency MISNA that the kidnappers had assured him at the end of his conversation last Saturday that they would release the priest immediately, but he had heard nothing since.

In other violence, according to police:

• A car bomb exploded near a police station, killing three civilians and wounding 14, in Mahaweel, about 35 miles south of Baghdad.

• A car bomb exploded in the Baghdad neighborhood of Waziriyah — which is among those to be included in the expanded security operation — as a police patrol passed by, followed by a roadside bombing later at the same site, killing three people.

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• Police found the bodies of five women dumped in three locations in central Baqouba, 35 miles northeast of Baghdad.
• Gunmen killed three policemen at a Baqouba bus station.
• A mortar round struck a fuel station in Mahmoudiyah, 20 miles south of Baghdad, killed one person.
Associated Press writers Rawya Rageh, Rebecca Santana and Qais al-Bashir in Baghdad contributed to this report.

A Demand For Hussein's Release (WP)

By Amit R. Paley And Saad Sarhan, Washington Post Staff Writers
The Washington Post, September 3, 2006
Sunni Chieftains Also Urge Resistance Against U.S-Led Forces

BAGHDAD, Sept. 2 -- A coalition of 300 Iraqi tribal leaders on Saturday demanded the release of Saddam Hussein so he could reclaim the presidency and also called for armed resistance against U.S.-led forces.

The clan chieftains, most of them Sunni Arabs, included the head of the 1.5 million-member al-Obeidi tribe, said they planned to hold rallies in Sunni cities throughout the country to insist that Hussein be freed and that the charges against him and his co-defendants be dropped.

Hussein is being tried on charges of genocide and other alleged crimes arising from the Iraqi government's killing and forced relocation of ethnic Kurds in 1988, and he is awaiting a verdict in a trial that concluded in late July in the mass killings of Shiites after an assassination attempt against him in 1982.

During Hussein's dictatorship, positions of power in the military and the ruling Baath Party were held overwhelmingly by Sunni Arabs, a minority that formed the backbone of the Iraqi insurgency after Hussein was toppled in 2003.

"If the demand is not carried out, we will lead a general, sweeping and popular uprising," said Sheik Wassfy al-Assy, brother of the chief of the Obeidi tribe, which hosted a meeting of the clan leaders on Monday in Ramal, a village 55 miles southwest of Kirkuk. "As for whether [Hussein] will be reinstated in his post as president after his release, that will be up to him."

The leaders announced their demands on Saturday, as Shiite-Sunni sectarian violence and a move asserting Kurdish independence heightened fears that the country is sliding toward full-scale civil war.

Fourteen Shiite pilgrims from India and Pakistan were shot to death in front of their families as they drove this week through Anbar province, a volatile Sunni insurgent stronghold in western Iraq, on their way to the Shiite holy city of Karbala, according to Akram al-Zubaidie, a member of the Karbala city council. The Associated Press later reported that one of the victims was an Iraqi driver.

In separate incidents across Iraq, at least 18 other people were killed or found dead Saturday, authorities said.

Arabs across the country expressed anger at a decree by Massoud Barzani, president of the regional government in Kurdish-populated northern Iraq, forbidding the Iraqi flag to be raised in government buildings across the north. The government in the western part of the Kurdish region has always flown only the Kurdish flag -- red, white and green stripes emblazoned with a yellow sun -- but Barzani's order, published in newspapers this week, extends that policy to the eastern part of the region, which previously displayed both the Iraqi and Kurdish flags.

"The symptoms of division and separatism and the declaration of a Kurdish state have become apparent in the workings of the Kurdistan government," said Mustafa Tamawi, an Arab leader and human rights activist in Kirkuk. Many Arabs fear that the Kurdish north, which has been largely autonomous since 1991, will secede from the rest of the country.

Mahmoud Othman, a Kurdish member of the Iraqi parliament, said the order is intended to put pressure on the body to choose a new flag to replace the current one, which many Kurds associate with Hussein's Baath Party dictatorship.

In Baghdad, Iraqi military officials announced this weekend that the security plan designed to tamp down sectarian violence in the capital will be extended in the next two weeks into Shiite areas including Sadr City, a stronghold of anti-American Shiite cleric Moqtada al-Sadr. The announcement raised the possibility that entry into the Shiite slum could spark violent clashes with Sadr's Mahdi Army militia.

Prime Minister Nouri al-Maliki traveled to the southern city of Najaf on Saturday to discuss the deteriorating security situation with Grand Ayatollah Ali Sistani, the most revered Shiite leader in Iraq. Sistani's office said in a statement after the meeting that he supported Maliki's 28-step national reconciliation plan and called on the government to quickly reduce violence in the country before other groups, such as armed militias, fill the void.

"The failure of the government to carry out its duty in maintaining security and order and protecting people's lives would open the chance for other forces to carry out this task, which would be a matter of grave danger," the statement said.

Sarhan reported from Najaf. Special correspondents Naseer Nouri, Naseer Mehdawi and K.I. Ibrahim in Baghdad and other Washington Post staff in Iraq contributed to this report.

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Mortar Attack Kills 6 Near Baghdad (AP)

By Elena Becatoros

Associated Press, September 3, 2006

BAGHDAD, Iraq (AP) -- A mortar attack east of Baghdad killed six people, including two children, as a dispute emerged over transferring control of the armed forces from the U.S.-led coalition to the Iraqi government.

Several mortars fell on a residential area of al-Maamel in the capital's eastern outskirts Saturday night, police said. Six people were killed, and 15 were wounded, said Rahim Qasim Basim of the al-Sadr General Hospital.

On Sunday morning, a roadside bomb targeting a police patrol in eastern Baghdad killed two policemen and a civilian and wounded three policemen, police Maj. Mahir Hameed Mosa said.

The mainly Shiite eastern parts of the capital have seen significant violence in recent days. The most severe occurred on Thursday night, when a coordinated barrage of attacks killed 64 people and wounded 286 within half an hour.

Hundreds of Iraqis have been killed over the last week, despite a massive security operation in the capital involving an extra 12,000 Iraqi and U.S. troops targeting some of Baghdad's most problematic neighborhoods.

The defense ministry has said it will expand the security crackdown to include parts of eastern Baghdad.

Meanwhile, authorities canceled a highly touted ceremony in which the U.S.-led coalition was to hand over control of Iraq's armed forces command to the Defense Ministry after disagreements emerged over Iraqi forces' responsibilities and the coalition's role.

The ceremony, initially set for Saturday, was postponed to Sunday and then canceled altogether.

It was to have marked the formal transfer of control of Iraq's armed forces to the government. The ministry and the country's Joint Headquarters are to assume responsibility for the Iraqi Ground Forces Command, the Iraqi Air Force and the Iraqi Navy.

The U.S. has said handing over control of the armed forces to Iraqi authorities is a key part of any eventual drawdown of U.S. troops in the country.

"There are issues that are still being worked out," said U.S. spokesman Lt. Col. Barry Johnson.

The issues were centered on "delineating the responsibilities of the joint headquarters and the coalition's role in supporting their efforts."

Prime Minister Nouri al-Maliki said on Thursday that he believed Iraqi forces would have control of most of the country by the end of the year.

On Saturday, he met with Iraq's most influential Shiite cleric. Grand Ayatollah Ali al-Sistani warned the prime minister to quell violence or risk "other powers" filling the gap.

In July, al-Sistani was credited with restraining the Shiite community from widespread retaliation against minority Sunnis following horrific attacks on Shiite civilians.

"If the government does not do its duty in imposing security and order to the people and protecting them, it will give a chance to other powers to do this duty and this a very dangerous matter," al-Sistani's office quoted him as saying.

Thirteen Pakistani and Indian Shiite pilgrims and their Iraqi driver were ambushed and killed on their way to the holy city of Karbala 50 miles south of the capital, police said Saturday - apparently victims of the country's continuing sectarian violence.

Shiite pilgrims are to observe Shaaban, a mid-month religious celebration, on Sept. 9.

Tensions also brewed in the north Saturday, with a leading Sunni politician slamming a decision by Kurdistan president Massoud Barzani to order the Iraqi national flag to be replaced with the Kurdish one in his northern autonomous region.

The move has troubled Sunni Arabs, who fear Kurds are pushing for secession under the nation's new federal system.

Sunni Arab lawmaker Saleh al-Mutlaq said there was no problem with the Kurds "keeping the land that's within their acknowledged borders," but he said that lowering the Iraqi flag "is definitely disturbing for us and any patriotic individual in Iraq."

A spokesman for the Kurdistan government defended his government's decision to remove the Iraqi flag.

"We consider that this flag represents the ideology of the Baath Party" of Saddam Hussein, Khalid Saleh told The Associated Press. "And this regime has collapsed."

In Washington, a day after a Pentagon report described spreading sectarian violence, President Bush painted a rosier picture.

"Our commanders and diplomats on the ground believe that Iraq has not descended into a civil war," he said, although he acknowledged "a bloody campaign of sectarian violence" and the "difficult and dangerous" work of trying to end it.

Analysis: Shiites May Begin Battling Each Other (PPG/AP)

By Robert H. Reid

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Pittsburgh Post-Gazette/AP, September 3, 2006

Intense rivalries have formed between militias

BAGHDAD, Iraq -- This past week's intense clashes between the Iraqi army and a Shiite militia are part of a strategy to whittle away the power of a radical cleric. But the high-risk gambit could trigger more fighting across the Shiite south -- at a time when the cleric's stronghold in the capital is virtually off-limits.

Prime Minister Nouri al-Maliki has promised to disband militias, including the Mahdi Army of anti-U.S. cleric Muqtada al-Sadr, as a way to curb the sectarian violence propelling Iraq to the brink of civil war. The United States has made clear it views that effort as crucial.

But a full-scale assault by either American or Iraqi forces on Mr. Sadr's stronghold of Sadr City is highly risky. Mr. Maliki, a fellow Shiite with political ties to the cleric, has publicly criticized a U.S.-Iraqi raid on the teeming district in Baghdad, where Mr. Sadr's followers maintain control and mete out Islamic justice in religious courts.

With Sadr City thus out of play for the time being, the U.S. military and its partners have been going after Mr. Sadr's forces outside the capital, arresting a Mahdi commander in Basra and raiding militia offices in other cities to cut into his power base.

The fighting last Sunday and Monday in Diwaniyah, a ramshackle Shiite market town about 100 miles south of Baghdad, was the latest and one of the most intense examples.

The trouble started when Iraqi soldiers arrested one of the cleric's supporters before dawn Sunday, said a Sadr aide. Later in the day, Iraqi soldiers launched more raids and fighting broke out.

Mr. Maliki's office said 73 people, including 23 Iraqi soldiers, were killed before a truce was reached on Monday. Other officials put the death toll at 40, most of them soldiers and civilians caught in the crossfire.

"The battle may be over, but the campaign to clean that city up and to restore it to Iraqi government control isn't finished," the top U.S. commander, Gen. George W. Casey, told reporters Wednesday.

Such confrontations test the loyalty of Iraq's mostly Shiite army and police, whose ranks have been infiltrated by Mr. Sadr's supporters.

But military moves are all the more risky because of the intense rivalry within various Shiite parties and militias -- all competing for power. Diwaniyah, for example, is controlled by a rival Shiite party, leading Sadr aides to blame local officials from the other party of essentially using the national army to deal with their rivals.

The fighting in Diwaniyah thus points to one of the most serious problems facing Iraq -- the possibility that trouble will spread widely throughout the quieter, calmer south.

With its overwhelmingly Shiite population, most of the south has been spared the Sunni-Shiite fighting that has rocked Baghdad. But the internal Shiite divisions pose a threat.

Another raid earlier this month on the office of a relatively obscure cleric, Mahmoud al-Hassani, triggered a day of street fighting in the Shiite city of Karbala and protests in Nasiriyah and Basra.

Within the Shiite community, Mr. Sadr is clearly a dominant figure. His popularity among impoverished Shiites has eclipsed those of mainstream Shiite politicians. Even the country's top Shiite cleric, Grand Ayatollah Ali al-Sistani, has been loathe to speak out publicly against Mr. Sadr.

Yet since the beginning of the U.S. mission in 2003, American officials have struggled to find a way to deal with him.

In 2004, U.S. authorities issued an arrest warrant accusing him of a role in the murder of a moderate cleric. That triggered two armed uprisings that ended when the Americans bowed to Shiite pressure and spared Mr. Sadr and shelved the arrest warrant.

Since then, Mr. Sadr has become a player. His movement controls 30 of the 275 seats in the national parliament and five Cabinet ministries, and his support was critical to Mr. Maliki winning the post of prime minister.

Now, the U.S. military rarely mentions his name or his militia's in connection with sectarian violence, even though U.S. officials say privately that the Mahdi Army is behind much of it. And Iraqi officials invariably speak of incidents involving "breakaway elements," enabling Mr. Sadr to disavow responsbility for his followers' actions.

Mr. Sadr has described the Diwaniyah fighting as "individual acts that occurred without instructions" from him, according to one of his spokesmen, Sheik Mohammed Jamil.

In fact, it is unclear how much control Mr. Sadr does wield over the Mahdi militia, which appears to lack a cohesive command structure, and Mr. Sadr aides have complained about renegades.

Equally unclear are Mr. Sadr's ties to Shiite-dominated Iran. U.S. Ambassador Zalmay Khalilzad contends Iran has urged Shiite militias to fire mortars and rockets on the Green Zone and says splinter groups of the Mahdi Army are behind the attacks.

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Others doubt Mr. Sadr, whose politics are strongly nationalistic, is beholden to the Iranians, who instead have directed most of their aid to mainstream Shiite parties. A recent study by the International Crisis Group think tank concluded that Mr. Sadr receives "at best, limited material support from Iran."

"Learning the hard way, the U.S. and its allies have had to recognize the reality of the Sadrists' strength," the group wrote.

Analysis: U.S. Says Iran Behind Trouble (AP-Y)

By Robert H. Reid, Associated Press Writer

AP, September 3, 2006

Top U.S. officials have made strong charges in recent weeks that Iran is directly stirring up trouble in Iraq. But inside Iraq, it's hard to see any change and some American officials in Baghdad say privately the evidence is not that clear.

Most experts on Iran say there is no question that Iran is funneling support to certain Shiite political parties in Iraq, groups it long supported when they were fighting Saddam Hussein.

Ironically, most of that aid appears to go to the same Shiite parties in Iraq that the American government supports and that are part of the government. The more militant Shiite groups are equally critical of U.S. and Iranian influence in the country.

Nevertheless, the anti-Iran rhetoric from Washington has escalated sharply.

Brig. Gen. Michael Barbero, the deputy director of operations for the Joint Chiefs of Staff, told Pentagon reporters on Aug. 23 that there was "irrefutable" evidence that Iran was training, funding and equipping Shiite militants in Iraq.

Barbero spoke of a "policy of the central government in Iran" to destabilize Iraq and increase the violence there. In the past, U.S. and British officials have alluded to Iranian support for armed groups but always refrained from accusing the Tehran government directly.

The only specifics Barbero cited were allegations — made before — that the Iranians were providing insurgents with technology to build more powerful roadside bombs, including armor-piercing "shaped charges" developed by Iranian-backed Hezbollah guerrillas in south Lebanon.

In background briefings, however, senior U.S. officials in Baghdad have been far less certain about the nature of Iranian involvement. They say that technology to build "shaped charges" in roadside bombs is now widely available across the Middle East.

U.S. officials offered similar skeptical comments last October, when British Prime Minister Tony Blair warned Iran not to meddle in Iraq. Blair cited evidence that explosive devices which killed British troops were similar to those used by Hezbollah.

Unlike their counterparts in Washington, the officials in Baghdad spoke on condition of anonymity because they were not authorized to speak to the media.

Last May, the No. 2 general in Iraq, Lt. Gen. Peter Chiarelli, did say border patrols had found bomb-making materials being smuggled into Iraq from Iran. But he noted that weapons and fighters had been intercepted coming in over Iraq's other borders too, from Jordan, Syria and Saudi Arabia

Earlier in August, U.S. Ambassador Zalmay Khalilzad said in an interview that Tehran was encouraging Shiite militias to step up attacks on U.S. forces in retaliation for the Israeli war with Shiite Hezbollah guerrillas in Lebanon. Iran backs and trains Hezbollah.

Khalilzad blamed the Iranians specifically for an uptick in mortar and rocket attacks on the U.S.-controlled Green Zone in Baghdad, including one attack that wounded four Australian soldiers. Those attacks were believed carried out by the Mahdi Army of radical Shiite cleric Muqtada al-Sadr.

The attacks on the Green Zone from al-Sadr's movement came just after an increase in U.S. and British military pressure on al-Sadr. That included raids on his Baghdad stronghold of Sadr City and the arrest of his top lieutenant in Basra.

Those incidents, rather than any encouragement from Tehran, may well have been behind the Green Zone attacks.

Al-Sadr did sponsor a huge pro-Hezbollah rally in Sadr City on Aug. 4. But aides suggested the rally was aimed more at demonstrating the young cleric's power in Iraqi politics than in mustering support for Hezbollah.

Despite the lack of public evidence, few doubt that Iran is seeking to spread its influence in Iraq, where its fellow Shiites dominate politically.

But many experts on the region believe Iran thinks its interests would be better served by a stable Iraq dominated by Shiites friendly to Tehran. Those experts question why Iran would be trying to destabilize a government already dominated by parties with longtime ties to Tehran.

"Iran has every reason to want a stable Iraq," said Juan Cole, a professor of Middle Eastern history at the University of Michigan. "The evidence is that the Shiite groups most opposed to the (U.S.-led) coalition presence and the current pro-U.S. government ... are also the most anti-Iranian."

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Iran is believed to finance some major Shiite political parties, but mostly ones the United States also backs.

The Shiite party with the closest ties to Iran is the Supreme Council for the Islamic Revolution in Iraq, or SCIRI, which was based in Tehran during the Iran-Iraq war. Its Badr Brigade militia was trained and equipped by the Iranian Revolutionary Guards.

But the United States draws less attention to SCIRI's connection to Iran — presumably because party members hold key positions in the U.S.-backed unity government in Iraq.

Both Prime Minister Nouri al-Maliki and his predecessor, Ibrahim al-Jaafari, belong to the Dawa party, whose ties to Iran are nearly as strong as SCIRI's.

But al-Sadr is an easier target because of his anti-U.S. stand. He also is believed to receive some Iranian money, but not as much as SCIRI.

Al-Sadr's politics also are more strongly nationalistic, and thus he opposes SCIRI's dream of creating a Shiite self-rule region in Iraq's south — something Iran presumably would support.

Two other Shiite groups that are close to al-Sadr's movement are outspokenly critical of Iran and its links to SCIRI and Dawa, America's partners in the Iraqi government.

Of course, nothing is certain in the shadowy world of Iranian influence.

In recent weeks, Shiite residents of Sadr City have talked of the Mahdi Army stocking new weapons, perhaps in preparation for a showdown with the U.S. military.

Some of those weapons may have come from Iran, the residents say.

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Associated Press correspondent-at-large Robert H. Reid has reported frequently from Iraq since 2003.

American Appears In New Al-Qaida Tape (AP)

By Lee Keath, Associated Press Writer

AP, September 3, 2006

An American thought to be an al-Qaida activist appeared in a videotape with the terror group's deputy leader Saturday and called on his countrymen to convert to Islam and for U.S. soldiers to switch sides in the Iraq and Afghan wars.

The 48-minute video, posted on an Islamic militant Web site, had footage of al-Qaida's No. 2 leader, Ayman al-Zawahri, and of Adam Yehiye Gadahn, a 28-year-old American who the FBI believes attended al-Qaida training camps in Pakistan and served as an al-Qaida translator.

It was the second time Gadahn appeared in the same video with al-Zawahri. In a July 7 video marking the one-year anniversary of the terror attack on London commuters, Gadahn appeared briefly, saying no Muslim should "shed tears" for Westerners killed by al-Qaida attacks.

But Saturday's video — and the length of Gadahn's speech — suggested al-Qaida has found in him someone it believes can communicate effectively with Americans.

Appearing days before the fifth anniversary of the Sept. 11 terror attacks on the U.S., Gadahn spoke for nearly the entire video, wearing a white robe and a white turban, sitting in front of a desk with a computer and Islamic religious books in a room with a white wall.

The video included no direct threats of terror attacks.

Gadahn delivered a lecture on Islam and the "errors" in Christianity and Judaism. He also said the United States is losing the wars in Iraq and Afghanistan and told U.S. soldiers they are fighting President Bush's "crusades."

"Instead of killing yourself for Bush ... why not surrender to the truth (of Islam), escape from the unbelieving army and join the winning side. Time is running out so make the right choice before it's too late," he said.

Al-Zawahri gave only a brief introduction to the video, calling on Americans to convert to Islam.

"To the American people and the people of the West in general ... God sent his Prophet Muhammad with guidance and the religion of truth ... and sent him as a herald," he said.

The CIA said it had conducted a technical review on the videotape and concluded the voice is al-Zawahri's. A CIA spokeswoman said the agency is not authorized to conduct such analysis on U.S. citizens such as Gadahn.

White House spokeswoman Christie Parell said the message reflects al-Qaida's "continued attempts to subjugate the world under its twisted view of Islam, which labels as enemies and infidels those who do not have the same beliefs."

Little is known about Gadahn's role in al-Qaida. A Californian who converted to Islam, he disappeared soon after the Sept. 11 attacks. In 2004, the FBI announced it was seeking Gadahn in connection with possible terrorist threats against the U.S., but adding it did not have information linking him to any specific terror activities.

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"You know that if you die as an unbeliever in battle against the Muslims you're going straight to Hell without passing 'Go,'" Gadahn said on the video, addressing American soldiers. "You know you're considered by Bush and his bunch of warmongers as nothing more than expendable cannon fodder ... You know they couldn't care less about your safety and well-being."

"We send a special invitation (to convert to Islam) to all of you fighting Bush's crusader pipe dream in Afghanistan, Iraq and wherever else 'W' has sent you to die. You know the war can't be won," he said, using Bush's nickname.

Gadahn also urged other Americans to convert to Islam.

"It is time for the unbelievers to discard these incoherent and illogical beliefs," he said. "Isn't it the time for the Christians, Jews, Buddhists and atheists to cast off the cloak of the spiritual darkness which enshrouds them and emerge into the light of Islam?"

Gadahn and al-Zawahri appeared in separate parts of the video, which was released by al-Qaida's production wing, As-Sahab. Gadahn spoke with his face uncovered, resembling FBI photos, with his name and nom de guerre — "Azzam the American" — written in titles in Arabic and English next to him. Arabic subtitles translated his comments.

Besides the July 7 video, Gadahn is believed to be a masked figure who appeared in two previous videos not officially from al-Qaida, one given to ABC television in 2004 and another a few days before the fourth anniversary of the Sept. 11 attacks.

In the 2005 tape, the speaker — who had black cloth draped over his face, leaving only his eyes visible — threatened new terror attacks in Los Angeles and Melbourne, Australia. The 2004 tape praised the Sept. 11 attacks and said a new wave of attacks could come at any moment.

Much of Gadahn's latest speech was dedicated to urging Americans to convert to Islam, and he dotted it with fluently recited Arabic verses from the Quran and stories from Islamic history.

He denounced Christianity as a "hollow shell of a religion, whose followers cling to an empty faith and a false conviction in their own salvation."

"It is time for the unbelievers to discard these incoherent and illogical beliefs," he said. "We invite all Americans and other unbelievers to Islam, wherever they are."

Gadahn grew up in rural simplicity on a ranch southwest of Hemet, Calif. His father, Philip, said he moved there in the 1970s to escape the noise and traffic of the city, changing the family name from Pearlman because he was starting a new life. The family tried raising goats as a business, but it wasn't profitable and they now keep them just to eat the grass around the home as fire protection.

Gadahn did not attend college, choosing instead to move to the suburbs of Los Angeles where he became a Muslim and worshipped at the Islamic Society of Orange County. The mosque later expelled him for attacking one of its leaders.

The new video had been advertised on militant Web sites for several days. Al-Zawahri last appeared in a video July 27, calling for Muslims to unite in a holy war against Israel and to join the fighting in Lebanon and Gaza.

Nancy Pearlman, Gadahn's aunt, declined to comment about the tape when contacted by The Associated Press, saying she had not seen it. She declined to talk about anything else regarding Gadahn.

Associated Press writers Omar Sinan and Bassem Mroue contributed to this report.

American Convert Asks U.S. Troops To Defect (WT/AP)

By Lee Keath

The Washington Times/AP, September 3, 2006

CAIRO -- An American who has become a sometime-spokesman for al Qaeda appeared in a videotape with the terror group's deputy leader yesterday and called on his countrymen to convert to Islam and for U.S. soldiers to switch sides in the Iraq and Afghan wars.

The 48-minute video, posted on an Islamic militant Web site, had footage of al Qaeda's No. 2 leader, Ayman al-Zawahri, and of Adam Yehiye Gadahn, 28, an American who the FBI thinks attended al Qaeda training camps in Pakistan and served as an al Qaeda translator.

It was the second time Gadahn appeared in a video with al-Zawahri. In a July 7 video marking the one-year anniversary of the terror attack on London commuters, Gadahn appeared briefly, saying no Muslim should "shed tears" for Westerners killed by al Qaeda attacks.

But Saturday's video -- and the length of Gadahn's speech -- suggested al Qaeda has found in him someone who can directly address the American people in idiom with which they are familiar.

Appearing days before the fifth anniversary of the September 11 terror attacks, Gadahn spoke for nearly the entire video, wearing a white robe and a white turban, sitting in front of a desk with a computer and Islamic religious books in a white-walled room.

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The tape was dated September 2006 and appeared to have been recorded recently as Gadahn referred to Israel's recent war in Lebanon. Unlike past al Qaeda messages, the video included no direct threats of coming terror attacks.

Gadahn delivered a lecture on Islam and the "errors" in Christianity and Judaism. He also the United States is losing the wars in Iraq and Afghanistan and told U.S. soldiers they are fighting President Bush's "crusades."

"Instead of killing yourself for Bush ... why not surrender to the truth [of Islam], escape from the unbelieving army, and join the winning side? Time is running out, so make the right choice before it's too late," he said.

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The CIA said it had conducted a technical review on the videotape and concluded the voice is al-Zawahri's. A CIA spokeswoman said the agency is not authorized to conduct such analysis on U.S. citizens such as Gadahn.

White House spokeswoman Christie Parell said the message reflects al-Qaida's "continued attempts to subjugate the world under its twisted view of Islam, which labels as enemies and infidels those who do not have the same beliefs."

Little is known about Gadahn's role in al Qaeda. A Californian who converted to Islam, he disappeared soon after the September 11 attacks. In 2004, the FBI announced it was seeking Gadahn in connection with possible terrorist threats against the U.S., but added it did not have information linking him to any specific terror activities.

"You know that if you die as an unbeliever in battle against the Muslims, you're going straight to hell without passing 'Go,'" Gadahn said on the video, addressing American soldiers. "You know you're considered by Bush and his bunch of warmongers as nothing more than expendable cannon fodder."

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Nancy Pearlman, Gadahn's aunt, declined to comment about the tape when contacted by the Associated Press, saying she had not seen it. She declined to talk about anything else regarding her nephew.

Lejeune Marine Killed In Anbar Province (AP)

AP, September 3, 2006

CAMP LEJEUNE, N.C. -- Another Marine from Camp Lejeune has been killed in combat in the Anbar province of Iraq, the Department of Defense said Friday.

Pfc. Colin J. Wolfe, 18, of Manassas, Va., died Aug. 30 while conducting combat operations in Al Anbar province. He was assigned to the 3rd Battalion, 2nd Marine Regiment, 2nd Marine Division, II Marine Expeditionary Force, at Camp Lejeune, N.C.

Wolfe, who deployed in July and was scheduled to return in February, was riding in the back of a truck when it hit a roadside bomb, his father, Mark Wolfe told The Washington Post.

His family remembers him as a a typical teenager interested in soccer, football and girls, his father said. But there was also a strong desire to be a Marine, especially after the Sept. 11, 2001 terrorist attacks.

"He was doing what he wanted to do, and he was believing in what he was doing," Mark Wolfe said. "And so it was not a wasted death."

The 2005 Osbourn High School graduate also was a ballet dancer _ a talent he didn't talk about often, but every one knew about.

"He was talented. At some level, he took pride in it," Mark Wolfe said.

Wolfe was at least the third Lejeune-based Marine to be killed in Iraq this week.

Cpl. Christopher Tyler Warndorf, 21, of Burlington, Ky., died Tuesday in combat in the Anbar province. He was assigned to the 3rd Battalion, 8th Marine Regiment.

Lance Cpl. Donald E. Champlin, 28, of Natchitoches, La., died Monday at Landstuhl Regional Medical Center in Germany after being wounded in Anbar. He was a member of the 3rd Battalion, 2nd Marine Regiment.

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Endurance Meets Doubt In Iraq (NYT)

By Michael R. Gordon

The New York Times, September 3, 2006

HIT, Iraq

SOON after Specialist Michael Potocki was shot and killed in June, the soldiers in his platoon agreed on their goal for the months ahead: to survive and make it home alive.

Survival may be the only thing the troops here agree on. The first death of a comrade in battle is always an emotional shock, and the views from the foxhole here are probably as varied as the 34 soldiers. Still, in this hostile stretch of western Iraq, some of the troops have begun to wonder if the presence of United States forces here is worth the cost in American lives.

The vision at the top is that the forces here are a small but vital part of the counterinsurgency campaign, which requires patience and continued sacrifice until newly minted Iraqi forces are ready to take over.

"The coalition needs to leave, but not too fast," says Lt. Col. Thomas Graves, who commands Task Force 1-36, the Army unit responsible for securing the town.

Staff Sgt. Ryan Poetsch, who did a previous tour in Baghdad and serves in Specialist Potocki's platoon, acknowledges that he does not always have the big picture. But he does have a view from the streets in Hit and questions the strategy.

"As a soldier, I am going to do whatever we got to do," he said. "As a personal opinion, I don't think we need to be in this city, period. How much money and how many soldiers is it going to take when these people don't want our help? They just don't. We don't even know who we can trust."

Hit is a tough assignment. The predominantly Sunni town of some 65,000 sits astride the Euphrates in Anbar Province. Saddam Hussein hid in the nearby palm groves soon after escaping from Baghdad in April 2003, a telling indication that the town contained more than a few supporters of the old order.

The overstretched American military got off on the wrong foot here. In the year before Colonel Graves's task force arrived last February, an array of American units rotated through the area, a pattern that made it more difficult for the United States to cultivate relationships with the locals.

The current task force's deployment will last a year, but the mechanized unit has only some 600 troops — far fewer than some of its predecessor units. Many of the city's residents believe that the surest way to put an end to the roadside bombings, sniper attacks and mortar rounds would be for the Americans to deprive the insurgents of their target by leaving.

Colonel Graves seems to have the perfect résumé for the job.

A native of Killeen, Tex., he did a stint on a task force that studied the lessons of the Iraq invasion and served a previous tour as the Army wrestled with insurgent-infested Ramadi. Lean, taciturn and focused, he often jogs around the perimeter of his camp on Hit's outskirts, in part to help him think about the decisions ahead.

Hit's police force was overrun by the insurgents last year, and Colonel Graves has told the town elders that American forces will not leave Hit before a new police force is recruited, trained and on the streets.

Soon after a July police recruiting drive ended, he got into an armored Humvee and headed downtown to hear what the imams were saying at the local mosques. An interpreter scribbled down a sermon blasting from a loudspeaker. It implored the faithful not to cooperate with their occupiers.

Still, the colonel says he is making headway.

"Given where I was in Ramadi, I see progress," he said. "In January 2005 we could not get anybody in Ramadi to participate in the political process. Now you have the citizens of Hit who at least understand that process even if they don't necessarily agree with it."

The colonel is aware that the grunts on the ground may not be making that comparison.

"The leap of logic that is really hard is: What does the daily patrol downtown in Hit do to stabilize the country?" Colonel Graves said. "The answer is that it goes to securing the area so we can get some breathing space to build the Iraqi institutions, to train the Iraqi army and police.

"It is not as simple that if you just leave, everything will be fine. We left Falluja and what happened? It became a haven for murder and intimidation. If you leave too early you create a chaotic situation."

For some troops it is satisfying to know that they are professionals taking on an enormously demanding mission.

A 34-year-old Marine reservist from Detroit, Maj. Brent Lilly, leads the civil affairs team. A practicing Muslim who speaks some Arabic, his goal is to improve the city's ailing infrastructure, show the Iraqis that the Americans can be trusted and pick up some useful intelligence along the way.

The military has distributed $100,000 for sewage, water distribution and other projects, and has plans to spend much more if security improves. Major Lilly, however, is under no illusion about the difficulty of winning over the city's residents.

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"Over all, they just tolerate us," he said. "We're here, and they have no other recourse but to tolerate us. The great majority want us to go home."

Asked how he carries on, Major Lilly says he is a Marine officer who is doing his job.

While it is difficult to gauge their numbers with precision, there are pockets of dispirited troops who are no longer convinced that Washington has committed the resources for a winning strategy.

Sergeant Poetsch, 31, comes from a small town in Ohio. He re-enlisted in the Army just before returning to Iraq, believes the military has made him a better person and says he would like to work as an Army recruiter. His parent battalion — 1st Battalion, 6th Infantry Regiment — is currently fighting in Ramadi, but his company was sent to Hit to augment the Army task force here.

Sergeant Poetsch thought the United States was doing the right thing by toppling Saddam Hussein. But the Army, he says, does not have nearly enough troops to patrol the city effectively, and he says Hit's residents, unlike the people he encountered during his previous tour in Baghdad, do not want to have much to do with the Americans.

"At the beginning, I was all for it," he said. "Saddam Hussein was not a good guy, and I always felt good that he is gone. But somehow it seems it seems that we lost direction. It is just hard for guys here to understand what we are doing. What makes it so significant if we can't have more manpower and better living conditions?"

The task force has rotated the companies among several bases in and around the city. Firm Base 1, where the platoon used to live in the city, is austere even by military standards. On the wall of one room there is a scrawl of graffiti: "God doesn't live here."

Sergeant Poetsch was with Specialist Potocki when he was shot as they manned a combat outpost in the city. At first, it seemed that the 21-year-old specialist from Baltimore would be all right, but he later died from internal bleeding.

The loss of a comrade hit the platoon hard, as Sgt. Ryan Kahlor, 22, noted in an emotional letter to his parents in San Diego.

"The world keeps turning and so does the fighting in Iraq," he wrote. "Yesterday, my soldier and friend was shot and killed. ...He is the first one in our platoon to be killed. His death has started an uproar of emotions in the platoon."

"No one understands why we are here and what our mission is," Sergeant Kahlor added. "This war is lost. We aren't helping these people. We are just dying and getting injured."

To deal with their grief, the platoon drew a memorial for Specialist Potocki and two wounded soldiers on a wooden door in one of their sandbagged rooms. They plan to bring it back to their home base in Germany. But it is not time to leave yet, and even demoralized troops need a mission.

"We are here for each other to make it home," said Sergeant Poetsch. "That's what our motto is. After Potocki went down we sat the platoon down and talked about that even if you don't believe in what is going on, at least we fight for each other. That is how we are going with it now."

U.S. Hands Prison Back To Iraqis (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, September 3, 2006

The notorious facility at Abu Ghraib is emptied. Around the nation, the civilian death toll rises.

BAGHDAD — The U.S. military officially handed over the notorious Abu Ghraib prison to the Iraqi Justice Ministry on Saturday, having moved the final 3,000 inmates to detention facilities at Camp Cropper in Baghdad and Camp Bucca in southern Iraq last month.

The transfer took place on a day that 45 deaths were reported, including 14 Indian and Pakistani pilgrims on their way to the holy Shiite cities of Karbala and Najaf.

The prison is a symbol of both the brutality of Saddam Hussein's regime and, after photographs of prisoner abuse at the hands of U.S. soldiers came to light in April 2004 and February 2006, the ethical perils of the U.S.-led invasion of Iraq.

The emergence of the Abu Ghraib photos, showing naked Iraqi prisoners being humiliated by smiling soldiers and barking dogs, are widely believed to be one of the most damaging blows to American prestige since the conflict began 3 1/2 years ago.

To date, 11 mostly low-ranking soldiers who worked at the prison have been convicted of crimes, including indecent acts, conspiracy and mistreatment of prisoners.

As a result of the Abu Ghraib scandal, Army Reserve Brig. Gen. Janis Karpinski, who ran the prison at the time, was demoted to colonel, and Lt. Gen. Ricardo Sanchez was passed over for an appointment to a four-star command.

Abu Ghraib became a lightning rod for critics around the world and an inspiration for the rising insurgency in Iraq. In 2004, insurgents released a video showing the beheading of American contractor Nick Berg in response to mistreatment of Iraqi

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prisoners at Abu Ghraib. In 2005, insurgents staged an unsuccessful prison break with a 200-man attack on the prison that utilized a barrage of mortar rounds and three suicide vehicle bombs.

In a brief announcement Saturday, Iraqi government spokesman Ali Dabbagh said the prison was empty of prisoners, most of them freed in recent months by Prime Minister Nouri Maliki as a gesture of reconciliation to Sunni Arabs. Iraqi human rights activist Sheik Omar Jibouri and other Iraqi leaders have called for the prison to be converted into a museum devoted to the memory of those who suffered and died there.

More than 13,000 prisoners are still in U.S. custody in Iraq. Many have been held for months without formal charges or access to Iraqi courts.

The Iraqi government holds at least 15,000 more detainees, often in deplorable conditions. In an article published this year, The Times cited internal investigative documents describing beatings, rapes and killings of detainees by prison guards.

Maliki visited Iraq's most revered and influential religious leader, Grand Ayatollah Ali Sistani, Saturday in Najaf to discuss a Shiite militia uprising last week that left 90 dead. Militiamen killed 25 Iraqi army soldiers in the battle, which ended only after a U.S. F-16 dropped a 500-pound bomb on fighters' positions.

The two leaders discussed the thorny issue of controlling Shiite militias, a security sweep underway in Baghdad by U.S. and Iraqi troops and the need to provide the Iraqi people with public resources such as electricity and fuel, Sistani's representatives said. They said Sistani expressed concern about government corruption and inequities in income, but praised Maliki's attempts to bring more Sunni Arab militants into the political process.

In the northern Kurdistan area, regional President Massoud Barzani issued an order banning the Iraqi national flag at all regional offices and checkpoints.

"Under this flag thousands of our people were killed, tortured and displaced," said Khalil Ibrahim, a Kurdistan regional parliament member.

Barzani's move drew a rebuke from the Muslim Scholars Assn., a prominent group of Sunni Arab clerics, who called it "an unjustified action."

Among the deaths reported Saturday across Iraq, the Indian and Pakistani pilgrims were killed on their way to worship at the Shiite holy cities of Najaf and Karbala. Forensic examiner Saad Abdalamir said the group had attempted to trek from Syria through Al Anbar province, the heart of the Sunni Arab insurgency. "All of them were tortured, killed and mutilated," he said.

Morgue workers at Yarmouk Hospital in Baghdad said they had received 16 bodies, including those of four relatives who were shot in the southwest neighborhood of Jihad and three people who had been handcuffed and shot in the head.

In south Baghdad, a car bomb exploded between a police station and gas line, killing four people.

Gunmen killed two people in the Yarmouk neighborhood in southwest Baghdad, and a mortar round killed one person in southeast Baghdad.

In Baqubah, 35 miles northeast of Baghdad, gunmen killed six people, including three traffic policemen.

In the southern port city of Basra, police found the bodies of two women in an industrial area, and British military officials said that unknown attackers fired 10 missiles at their base at the Shat al Arab hotel. The missile barrage caused no troop casualties, British officials said.

solomon.moore@latimes.com

Times staff writers Saif Rasheed and Raheem Salman in Baghdad and special correspondents in Baghdad, Najaf, Irbil, Baqubah, Amarah and Basra contributed to this report.

Army Officer Calls For Death In Slaying Case (NYT)

By Paul Von Zielbauer

The New York Times, September 3, 2006

BAGHDAD, Iraq, Sept. 2 — An Army officer has recommended that four soldiers accused in the killings of three Iraqi men during a raid in May be court-martialed, and that the soldiers face the death penalty, one of the soldier's lawyers said Saturday.

The officer, Lt. Col. James P. Daniel, made his recommendation for the death penalty after finding "aggravating circumstances" in the case, according to Paul W. Bergrin, the lawyer.

The soldiers, all members of the Third Battalion, 187th Infantry Regiment, 101st Airborne Division, were charged with carrying out a plan to murder the three Iraqis after arresting them during an assault on what they thought was an insurgent stronghold northwest of Baghdad.

The soldiers have denied any wrongdoing. After the arrests, the soldiers are said to have released the Iraqis. The two soldiers accused of killing the men as they ran away — Specialist William B. Hunsaker and Pfc. Corey R. Clagett — said they had shot in self-defense after the three escaped from plastic "zip-tie" handcuffs and attacked them.

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A third soldier, Staff Sgt. Raymond L. Girouard, the unit's ranking member, is accused of devising a plan to cut off the men's cuffs, punching Private Clagett and cutting Specialist Hunsaker to give the appearance that they were attacked, and then allowing those two soldiers to spray the men with gunfire as they fled.

The fourth, Specialist Juston R. Graber, was accused of "mercy killing" — shooting one of the Iraqis in the head as the man lay dying.

The recommendations, issued Thursday, were the culmination of a military investigative hearing last month to determine whether enough evidence existed for a court-martial. Such recommendations are not binding, though they are usually followed by the convening authority — an Army major general, in this case.

Mr. Bergrin, a New Jersey lawyer representing Private Clagett, said Saturday in a telephone interview from Newark that he was "in total disbelief" at the recommendation and that the soldiers had acted in self-defense.

Attempts to reach Colonel Daniel and other lawyers in the case were not successful.

A court-martial could be held on a military base in Iraq or in Fort Campbell, Ky., where the soldier's battalion is based.

Army Official Recommends Court-Martial For Soldiers (WP)

By Ann Scott Tyson, Washington Post Staff Writer

The Washington Post, September 3, 2006

Charges Could Carry Death Penalty

An Army investigator has recommended a general court-martial, on charges that could carry the death penalty, for four U.S. soldiers who killed three Iraqi detainees during a May raid, according to a copy of his findings made available to The Washington Post.

The soldiers, all members of the 101st Airborne Division, maintain that they acted in self-defense after the detainees resisted, and further that they had been ordered, before the raid on an al-Qaeda training camp, to kill all military-age males they came across, attorneys for the soldiers said yesterday.

In a 10-page report dated Aug. 31, Lt. Col. James P. Daniel Jr., the Army investigator, recommended that three of the soldiers -- Staff Sgt. Raymond L. Girouard, Spec. William B. Hunsaker and Pfc. Corey R. Clagett -- be charged with conspiring to commit premeditated murder of the detainees and then threatening another soldier not to tell anyone. Daniel found that Spec. Juston R. Graber withdrew from the conspiracy but still should face murder charges for following Girouard's order to shoot a detainee in the head.

In light of aggravating factors, Daniel wrote, the soldiers' alleged offense "warrants a sentence of death," should they be found guilty. All the soldiers are from the 3rd Battalion, 187th Infantry Regiment of the 101st Airborne, based at Fort Campbell, Ky.

"I was extremely disappointed in the findings and recommendations," said Paul Bergrin, who represents Clagett. "Not one shred of credible evidence came forth that any one of these soldiers committed crimes or should face the death penalty."

"I was really shocked to see that on all of them," Michael S. Waddington, an attorney for Hunsaker, said, referring to the death-penalty finding. He said the soldiers believed they had captured al-Qaeda operatives, "so when they resisted and started to run, they dropped into a hostile status again, and under those circumstances it was a legal shooting."

A U.S. military spokesman in Baghdad, Lt. Col. Barry Johnson, declined to comment on the report, saying it had not yet been officially released.

Daniel's report will go to the commander of the 101st Airborne Division, Maj. Gen. Thomas R. Turner II, who will decide whether the case should go to court-martial and whether it will be a death-penalty case, the attorneys said.

Bergrin and Waddington said their clients, as well as the two other soldiers, plan to plead not guilty at a court-martial.

Under the Uniform Code of Military Justice, the commander in chief must personally approve all death sentences. The last execution of a soldier was in 1961 at Fort Leavenworth, Kan., Army spokesman Lt. Col. Carl S. Ey said.

Details of Daniel's findings were first reported by the Associated Press.

4 Soldiers Eligible For Execution If Convicted (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, September 3, 2006

WASHINGTON — Four U.S. soldiers accused of murdering three detainees during a raid in Iraq in May are eligible to receive the death penalty if convicted, a military investigator has determined.

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In a report summarizing the military equivalent of a grand jury investigation, Lt. Col. James P. Daniel Jr. concluded that four members of the 101st Airborne Division deliberately killed the detainees and then tried to cover up by making it look as if the prisoners had attempted to escape.

The four soldiers, Staff Sgt. Raymond L. Girouard, Spc. William B. Hunsaker, Pfc. Corey R. Clagett and Spc. Juston R. Graber, say they are innocent, and lawyers for two of the men called the death penalty eligibility egregious.

"They are trying to say these are just rogue soldiers and this has nothing to do with battle stress or orders. We disagree," Michael Waddington, Hunsaker's civilian lawyer, said Saturday.

The three men who were killed have not been identified. They are referred to only as "detainees of apparent Middle Eastern descent" in the investigator's 10-page report.

A copy of the report, dated Aug. 31, was obtained by The Times on Saturday. Army spokesmen in Iraq and Washington declined to comment. The report findings were first disclosed Saturday by the Associated Press.

At least 20 U.S. service members have been charged in connection with the deaths of Iraqis in the war. Most cases have resulted in acquittals or conviction on lesser charges.

Military executions are rare. The last soldier to be put to death — for rape and attempted murder of a child while the soldier was stationed in Europe — was hanged in 1961.

The final decision to carry out a military death sentence must be affirmed by the president. In 1997, then-President Clinton authorized life in prison without parole as an alternative to death.

Among the few on military death row at Ft. Leavenworth, Kan., is ex-Army Sgt. Hasan Akbar, convicted of killing two service members and wounding 14 in an attack on his own base at the start of the Iraq war.

The killing of the three detainees has raised questions that go beyond the four accused soldiers. The military is also investigating whether Col. Michael Steele, commander of the 101st Airborne Division's 3rd Brigade, encouraged unrestrained violence and condoned a culture of racism among his troops. Investigators have said that Steele handed out knives to his soldiers as rewards for killing insurgents.

All four of the accused were members of his brigade.

Steele, a storied officer who led the Somalia rescue mission recounted in the book and movie "Black Hawk Down," has been issued an administrative reprimand. He denies the accusations and is fighting the disciplinary action against him.

The May 9 raid targeted insurgents believed to be operating on an island near Samarra, in the vicinity of a chemical complex. According to testimony at the investigative hearing, the U.S. soldiers taking part in the raid believed they were under orders to kill all military-age men. The three detainees who were killed had been taken into custody and bound with plastic handcuffs.

Pfc. Bradley L. Mason testified that the four accused soldiers had taken the detainees out of a house they were searching and had indicated they were going to kill them. Mason, who had already shot and killed one man standing in a window, said he remained behind.

Mason testified that he heard gunfire. He said one of the accused soldiers told him the detainees had broken free and attacked, forcing them to shoot. The same soldier later told him that the escape story was made up, Mason testified. Mason also said he was threatened and pressured to keep quiet about the incident.

The investigator's report charged the accused soldiers with "staging the murder scene" to make it look as if the detainees had cut Hunsaker with a knife and hit Clagett as they purportedly tried to escape.

Clagett's civilian lawyer, Paul Bergrin, suggested it was Mason who was not telling the truth.

"Hunsaker was cut and stabbed; Clagett was hit in the face," Bergrin said Saturday. "The detainees cut themselves free while in the course of trying to escape. Using reasonable and necessary force, [the accused soldiers] shot and killed three detainees who were known terrorists."

Bergrin said his client and the other soldiers were being prosecuted "because of the political climate," and he said they would be acquitted at court-martial, which is expected to take place at Ft. Campbell, Ky., the home base of the 101st Airborne.

The four have been jailed in Kuwait since their arrests.

Army Recommends Death In Iraq Slayings (AP)

By Alicia A. Caldwell

AP, September 3, 2006

An Army investigator has recommended that four soldiers accused of murder in a raid in Iraq should face the death penalty if convicted, according to a report obtained Saturday by The Associated Press.

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Lt. Col. James P. Daniel Jr. concluded that the slayings were premeditated and warranted the death sentence based on evidence he heard at an August hearing. The case will now be forwarded to Army officials, who will decide whether Daniel's recommendation should be followed.

The soldiers, all from the Fort Campbell, Ky.-based 101st Airborne Division's 187th Infantry Regiment, are accused of killing three Iraqi men taken from a house May 9 on a marshy island outside Samarra, about 60 miles north of Baghdad.

Staff Sgt. Raymond L. Girouard, Spc. William B. Hunsaker, Pfc. Corey R. Clagett and Spc. Juston R. Graber have claimed they were ordered to "kill all military age males" during the raid on the island. According to statements from some of the soldiers, they were told the target was an al-Qaida training camp.

Hunsaker told investigators that he and Clagett were attacked by the three men, who were being handcuffed, and shot them in self-defense. Clagett said he was hit in the face, and Hunsaker claimed he was stabbed during the attack.

Prosecutors argue the soldiers conspired to kill the men and then altered the scene to fit their story. They contend Girouard stabbed Hunsaker as part of the killing plot.

Clagett, Girouard and Hunsaker also are accused of threatening to kill another soldier who witnessed the slayings. Girouard, the most senior soldier charged, faces several additional charges, including sexual harassment and carrying a personal weapon on duty.

Paul Bergrin, Clagett's civilian attorney, said he was surprised that Daniel recommended the case be taken to trial at all.

"I'm extremely disappointed and disheartened," Bergrin said Saturday. "They are being used as pawns in the war on terror. They followed the rules of engagement. They were confronted with violence by a known al-Qaida training camp member."

Other lawyers in the case, several of whom are deployed to Iraq, did not immediately respond to e-mail requests for comment.

The soldiers are expected to be tried at Fort Campbell. They have been jailed in Kuwait since their arrests this year.

The U.S. military has not executed a soldier since the 1960 hanging of a soldier convicted rape and attempted murder.

Britain's Blackest Day In Afghanistan: 14 Troops Die In Plane Crash (AFP)

AFP, September 3, 2006

British troops in Afghanistan suffered their biggest loss of life in a single incident when an aeroplane flying on a NATO mission crashed, killing 14 people on board.

The Royal Air Force Nimrod MR2 reconnaissance plane came down in Kandahar province in southern Afghanistan due to a technical problem, a NATO spokesman said in Kabul, stressing that it was not shot down.

Twelve RAF personnel, a Royal Marine and a British Army soldier were killed.

The crash brings the number of British armed forces personnel deaths in Afghanistan since the start of operations against the hardline Taliban regime in 2001 to 36, including 15 in combat.

Six soldiers were killed last month alone and the steadily rising death toll has left some questioning the mission and wondering how much longer Britain can tolerate such losses.

Prime Minister Tony Blair said the crash was a "tragedy" which would "distress the whole country".

"British forces are engaged in a vital mission in Afghanistan and this terrible event starkly reminds us of the risk that they face daily," he said.

Britain has nearly 4,000 troops in Helmand as part of a NATO-led force working to bring security to the restive southern province.

With a sizeable British presence also in Iraq, accusations -- denied by the government and military top brass -- have mounted in recent months that troops are overstretched and ill-equipped.

Brigadier Ed Butler, the commander of British forces in Afghanistan, said the recent spike in deaths had caused "profound personal devastation" among families, friends and colleagues.

"Notwithstanding today's accident, and other losses suffered so far, the resilience, morale, and bearing of our servicemen and women is quite remarkable," he said.

"I am humbled by their courage and commitment in getting on with the tough job in hand; delivering over and above, and making a difference to the ordinary people of Afghanistan."

Defence expert Major Charles Heyman said the crash would inevitably cause military and political problems for Blair's government.

"It's always going to have an effect on domestic public opinion: people are going to say, 'what are our troops doing there?'," the military analyst said.

"Overall, it begins to look like an unlucky operation.

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"These soldiers are the finest infantry in the world, but they will look at each other and say 'who's next?.'"

He said Pakistani contacts told him "the hills are crawling with well-armed and well-trained Taliban".

"Given this fact, the government has two options: massive reinforcement or order them to withdraw."

The latest deaths come just a day after a Fijian British Army soldier died fighting militants loyal to the deposed Taliban regime in Helmand.

Britain's Defence Secretary Des Browne called the crash "dreadful and shocking news".

He said work was ongoing to secure the site of the crash.

"All the indications are that this was a terrible accident and not the result of hostile action," he added.

"This tragic incident should serve to remind us all of the risks the British military shoulder on all our behalf across the world every day."

French President Jacques Chirac expressed his "deep emotion" to Blair in a letter. He also voiced his "solidarity in adversity".

Lieutenant General David Richards, the British general in charge of NATO forces in Afghanistan, said they had set themselves a six-month deadline to establish a clear advantage over Taliban insurgents, in an interview with the Financial Times newspaper published earlier Saturday.

14 British Troops Die In Crash (WT/AP)

By Noor Khan, Associated Press

The Washington Times, September 3, 2006

KANDAHAR, Afghanistan -- A British patrol plane crashed yesterday, killing 14 servicemen in the worst loss of life for the NATO-led security force since it took on the mission of taming insurgents in Afghanistan's volatile south a month ago.

A spokesman for the ousted Taliban movement claimed guerrillas shot the plane down with a Stinger missile, but British Defense Secretary Des Browne said the loss appeared to be "a terrible accident." The alliance said the plane's crew had reported a technical problem.

The crash took place as Afghan and foreign troops carried out a big operation near Kandahar, a former Taliban stronghold in a region that has seen a surge of violence. Afghan officials said 13 policemen, 13 insurgents and a civilian had died in clashes across the south since Friday.

Separately, a United Nations report released yesterday in Kabul found that opium cultivation in Afghanistan is spiraling out of control, rising 59 percent this year to produce a record 6,100 tons -- nearly a third more than the world's drug users consume.

Antonio Maria Costa, the U.N. anti-drug chief, called the results "very alarming." He said the government of Afghan President Hamid Karzai had to do much more to root out graft and remove ineffective governors and police chiefs in opium-growing provinces. He accused corrupt administrators of pocketing aid money.

Meanwhile, the British Defense Ministry said the crashed plane was a Nimrod MR2, a long-range aircraft that can carry up to 25 persons and a crew of 13 for reconnaissance and communications missions. The dead included 12 Royal Air Force personnel, a Royal Marine and an army soldier.

Abdul Manan, a witness in Chalaghor, about 12 miles west of Kandahar city, said the plane crashed about 100 yards from his house and pieces of wreckage landed nearby. He reported seeing a fire at the back of the plane before it hit with an explosion that "shook the whole village."

Afghan and NATO troops are conducting a major offensive in Panjwayi district, where Chalaghor village is, but Mr. Manan said the fighting was six miles from the village. Earlier yesterday, authorities had ordered all traffic off roads in the district, warning that any vehicle "will be targeted" in case it was carrying Taliban militants.

Mr. Manan said troops on helicopters landed around the burning plane wreckage and kept onlookers away. He said he could see American soldiers picking up body parts.

Shortly after the crash, a purported spokesman for the fundamentalist Taliban movement, Abdul Khaliq, claimed responsibility for the crash, but it was impossible to verify the claim. "We used a Stinger missile to shoot down the aircraft," he said in a phone call to the Associated Press.

Maj. Scott Lundy, a spokesman for the NATO-led force, said that "there was no indication of an enemy attack."

Opium Harvest At Record Level In Afghanistan (NYT)

By Carlotta Gall

The New York Times, September 3, 2006

DOJ_NMG_0057448

KABUL, Afghanistan, Sept. 2 — Afghanistan's opium harvest this year has reached the highest levels ever recorded, showing an increase of almost 50 percent from last year, the executive director of the United Nations Office on Drugs and Crime, Antonio Maria Costa, said Saturday in Kabul.

He described the figures as "alarming" and "very bad news" for the Afghan government and international donors who have poured millions of dollars into programs to reduce the poppy crop since 2001.

He said the increase in cultivation was significantly fueled by the resurgence of Taliban rebels in the south, the country's prime opium growing region. As the insurgents have stepped up attacks, they have also encouraged and profited from the drug trade, promising protection to growers if they expanded their opium operations.

"This year's harvest will be around 6,100 metric tons of opium — a staggering 92 percent of total world supply. It exceeds global consumption by 30 percent," Mr. Costa said at a news briefing.

He said the harvest increased by 49 percent from the year before, and it drastically outpaced the previous record of 4,600 metric tons, set in 1999 while the Taliban governed the country. The area cultivated increased by 59 percent, with more than 400,000 acres planted with poppies in 2006 compared with less than 260,000 in 2005.

"It is indeed very bad, you can say it is out of control," Mr. Costa said Friday in an interview before the announcement.

President Hamid Karzai expressed disappointment at the results in a statement issued on Saturday and urged the international community to expand its commitment to strengthen the Afghan police and law enforcement agencies.

The Bush administration has made poppy eradication a major facet of its aid to Afghanistan, and it has criticized Mr. Karzai for not doing more to challenge warlords involved in opium production.

On Saturday, a State Department spokeswoman, Joanne Moore, had no immediate comment on the United Nations report, but she pointed to a fact sheet posted on the department's Web site that outlined efforts to support Afghanistan's counternarcotics campaign.

The increase in cultivation was mainly a result of the strength of the insurgency in southern Afghanistan, which has left whole districts outside of government control, and the continuing impunity of everyone involved, from the farmers and traffickers to corrupt police and government officials, Mr. Costa said.

Afghanistan is already the world's largest producer of opium, and 35 percent of its gross domestic product is estimated to come from the narcotics trade.

Most of the heroin made from Afghan poppies is sold in Europe and Asia, drug officials say. Most of the increase in poppy cultivation has occurred in five provinces in southern Afghanistan, in particular Helmand, Kandahar and Oruzgan, where security has sharply deteriorated this year because of Taliban attacks, Mr. Costa said.

"The southern part of Afghanistan was displaying the ominous hallmarks of incipient collapse, with large-scale drug cultivation and trafficking, insurgency and terrorism, crime and corruption," he said in a statement released by his office.

"We are seeing a very strong connection between the increase in the insurgency on the one hand and the increase in cultivation on the other hand," he explained in the interview.

The Taliban had distributed leaflets at night, inviting farmers to increase their poppy cultivation in exchange for protection, Mr. Costa said. The rebels also profit from levies in return for protection of drug convoys passing through the border areas they controlled.

There were also signs of a pernicious strategy to encourage farmers to increase poppy cultivation in an effort to force a government reaction, which would then turn the population further against the government, Mr. Costa said.

But he did not blame only the Taliban for the increase. He specifically accused the former governor of Helmand Province, Sher Muhammad Akhund, of encouraging farmers to grow more poppies in the months before he was removed from office. The result was an increase of 160 percent in that "villain province" from its harvest last year, he said, the highest rise in the country.

"There is evidence of major pressure exerted by him in favor of cultivating opium," Mr. Costa said.

In the news briefing on Saturday, Mr. Costa also criticized the government's action of removing the governor and giving him a position in the upper house of Parliament.

"I have been on record for asking the president for corrupt officials not to be moved around but to be removed, to be neutralized; if records can prove conviction, to be arrested and convicted. So far we do not have much evidence for that And we hope that more forceful initiatives will be taken exactly in that area," he said.

One province in the north, Badakhshan, where there is no problem of an insurgency, also had a significant increase in poppy cultivation.

Mr. Costa attributed that mostly to the lack of government control and the presence of powerful warlords and corrupt local officials. A substantial drought also played a part, because no alternative crop could survive as the poppies did.

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While the government had improved its performance at eradication of the poppy crop, it had failed to do enough to catch traffickers and corrupt officials, he said.

The United Nations drugs office, which measures the eradication program, said about 38,000 acres of poppy fields were confirmed to have been destroyed, whereas only about 12,000 acres were confirmed destroyed last year. Government reporting on how much was eradicated was also less exaggerated, Mr. Costa said. In 2005, province governors had reported eradicating about 87,000 acres and the United Nations could only confirm 12,000 destroyed. In 2006, governors reported 57,000 acres destroyed, and the drug office confirmed 38,000, he said.

The United Nations drugs office surveys cultivation in Afghanistan through satellite imagery and with teams on the ground, who have even worked in Taliban-controlled areas. Usually they travel undercover on motorbikes, and they interview farmers and traders in more than 2,000 villages across the country.

International donors have put a lot of money into training judges and investigators and preparing high-security detention facilities for drug traffickers, and it was now time for the government to act, Mr. Costa said.

"I am pleading with the government to be much tougher," he said. A new high-security prison block would be inaugurated in a few weeks, he said. "We have room for 100 people and I am asking the government to fill it within six months," he said.

Afghanistan's minister for counternarcotics, Habibullah Qaderi, said at the news briefing that the news was a setback for his ministry and for the country. But he said the government's strategy to combat opium production would start to show results in the next three years.

He said he hoped the government would be able to capture more high-level traffickers and corrupt officials. But he said it still lacked the capacity to investigate and catch the "big fish."

Several hundred people have been arrested and convicted for drug offenses in recent months, but Mr. Qaderi admitted most were people who were caught carrying the drugs.

One significant prosecution involved an Interior Ministry official, Lt. Col. Nadir Khan, who was sentenced to 10 years in prison two months ago for stealing 110 pounds of heroin that had been impounded by drug enforcement authorities and selling it, a Western counternarcotics official said, speaking on condition of anonymity.

Afghanistan Opium Cultivation Skyrockets (AP)

By Matthew Pennington, Associated Press Writer

AP, September 3, 2006

Afghanistan's world-leading opium cultivation rose a "staggering" 59 percent this year, the U.N. anti-drugs chief announced Saturday in urging the government to crack down on big traffickers and remove corrupt officials and police.

The record crop yielded 6,100 tons of opium, or enough to make 610 tons of heroin — outstripping the demand of the world's heroin users by a third, according to U.N. figures.

Officials warned that the illicit trade is undermining the Afghan government, which is under attack by Islamic militants that a U.S.-led offensive helped drive from power in late 2001 for harboring Osama bin Laden and al-Qaida bases.

"The news is very bad. On the opium front today in some of the provinces of Afghanistan, we face a state of emergency," Antonio Maria Costa, chief of the U.N. Office on Drugs and Crime, said at a news conference. "In the southern provinces, the situation is out of control."

He talked with reporters after presenting results of the U.N. survey to Afghan President Hamid Karzai, who voiced "disappointment" over the figures. "Our efforts to fight narcotics have proved inadequate," Karzai said in a statement.

With the economy struggling, there are not enough jobs and many Afghans say they have to grow opium poppies to feed their families. The trade already accounts for at least 35 percent of Afghanistan's economy, financing warlords and insurgents.

The top U.S. narcotics official here said the opium trade is a threat to the country's fledgling democracy.

"This country could be taken down by this whole drugs problem," Doug Wankel told reporters. "We have seen what can come from Afghanistan, if you go back to 9/11. Obviously the U.S. does not want to see that again."

The bulk of the opium increase was in lawless Helmand province, where cultivation rose 162 percent and accounted for 42 percent of the Afghan crop. The province has been wracked by the surge in attacks by Taliban-led militants that has produced the worst fighting in five years.

Opium-growing increased despite the injection of hundreds of millions of dollars in foreign aid to fight the drug over the past two years. Costa criticized the international effort and said foreign aid was "plagued by huge overhead costs" in its administration.

Costa said Afghanistan's insecurity is fueling the opium boom, saying he has pleaded with the NATO force that took over military operations in the south a month ago to take a "stronger role" in fighting drugs. NATO says it has no mandate for direct involvement in the anti-drug campaign.

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"We need much stronger, forceful measures to improve security or otherwise I'm afraid we are going to face a dramatic situation of failed regions, districts and even perhaps even provinces in the near future," Costa said.

The U.N. report, based on satellite imagery and ground surveys, said the area under poppy cultivation in Afghanistan reached 407,700 acres in 2006, up 59 percent from 257,000 acres in 2005. The previous high was 323,700 acres in 2004.

The estimated yield of 6,100 tons of opium resin — described by Costa as "staggering" — is up 49 percent from 4,100 tons last year, and exceeds the previous high for total global output of 5,764 tons recorded in 1999.

Last year, about 450 tons of heroin was consumed worldwide, 90 percent of it from Afghanistan, according to the U.N.

The report will increase pressure on the beleaguered Afghan president. Karzai has often talked tough on drugs, even declaring a "holy war" against the trade, but he is increasingly criticized for appointing and failing to sack corrupt provincial governors and police.

Costa urged the arrest of "serious drug traffickers" to fill a new high-security wing for narcotics convicts at Kabul's Policharki prison. "It has 100 beds. We want these beds to be taken up in the next few months," he said.

At the same news conference, the Afghan counternarcotics minister, Habibullah Qaderi, said the government had the will to make arrests, but lacked the capacity to gather evidence to prosecute "the big fish."

Yet he maintained that with its newly unveiled national anti-drugs strategy, Afghanistan could "control" drug production within five years.

Costa was less upbeat. "It's going to take possibly 20 years to get rid of the problem," he said, citing the experience of former opium producers like Thailand, Turkey and Pakistan.

In an indication of the alarming extent of official complicity in the trade, a Western counternarcotics official said about 25,000 to 30,000 acres of government land in Helmand was used to cultivate opium poppies this year.

The official, who requested anonymity because of the sensitivity of the issue, said police and government officials are involved in cultivating poppies, providing protection for growers or taking bribes to ensure the crops aren't destroyed.

He said the Taliban — which managed to nearly eradicate Afghanistan's poppy crop in 2001, just before their ouster for giving refuge to Osama bin Laden — now profit from the trade.

In some instances, drug traffickers have provided vehicles and money to the Taliban to carry out terrorist attacks, he said. But added that the ties seem to be local and that there is no evidence of coordination between drug lords and the Taliban leadership.

Americans' Support For Afghan Military Action Drops In CNN Poll (BLOOM)

By Kerry Young

Bloomberg, September 3, 2006

Sept. 2 (Bloomberg) -- The number of Americans who approve of U.S. military action in Afghanistan dropped to 56 percent in a CNN poll last month, down from 92 percent in November 2001.

CNN today released results of a poll of 1,047 adult Americans, which Opinion Research Corp. conducted by telephone on Aug. 2 and 3. The poll's margin of sampling error was plus or minus 3 percentage points.

The U.S. invaded Afghanistan in October 2001 and ousted the Taliban regime that harbored the al-Qaeda terrorist forces that claimed responsibility for the Sept. 11 attacks. Many Taliban fighters have now returned or come out of hiding.

Violence has increased as a U.S.-led coalition, troops of the North Atlantic Treaty Organization and the Afghan military have cracked down on insurgents in more remote areas of the country. Hundreds of rebels have been killed in battles, mainly in the south and east, and insurgents have carried out suicide attacks and bombings.

The CNN poll found 28 percent of respondents said the U.S. is winning the war in Afghanistan, while 10 percent said the insurgents are. The poll found the majority of respondents, 58 percent, said neither side is winning.

A CNN poll in December 2003 found between 71 percent of Americans approved of U.S. military action in Afghanistan, and 83 percent did in September 2002.

The Department of Defense said that there were 329 U.S. casualties in the Afghanistan War as of Aug. 31.

Air Force Reservist Sen. Lindsey Graham Served In Afghanistan (MCT)

By James Rosen

McClatchy Newspapers, September 3, 2006

WASHINGTON - Col. Lindsey Graham, wearing Air Force desert fatigues and carrying a loaded 9mm pistol and, was growing frustrated as he stood before a roomful of Afghan military lawyers on a steamy August day in Kabul.

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Graham was trying to use his Southern wit to lighten the complex principles and practices of U.S. military law he was teaching. The Republican's self-deprecating, cornball jokes play well on the Senate floor or back home in South Carolina, but in the Afghan capital, delivered through an interpreter, they were falling flat.

Each time the colonel cracked a joke, the few other Americans in the room broke out laughing while the Afghans sat stone-faced. In mock exasperation, Graham turned to the translator and said:

"You're not very funny!"

During his mid-August mission to train Afghan judges, lawyers and prosecutors in the struggling democracy's armed forces, Graham was the first sitting member of Congress in decades to perform military duty in a war zone.

"When you've been working in the military most of your life like I have, you relish the opportunity to put your skills to use in a time that it matters the most," Graham said Thursday in a phone interview from Montenegro in the Balkans.

An Air Force Reserve colonel, Graham served more than six years' active duty as a military lawyer, most of it in Europe, before joining Congress in 1995. Since then, he's sat as a judge on the Air Force Court of Appeals and pulled other Reserve duty. His eight-day trip to Afghanistan, Qatar and the United Arab Emirates was his first foreign assignment as a reservist.

The Afghanistan assignment appealed to Graham, 51, because he felt it would aid the country's rough transition to democracy.

"For us to win the war on terror, it's going to take more than bullets," Graham said. "Our hope is that if we can transform the military to accept the rule of law, it will spread to the civilian population in Afghanistan."

Almost five years after U.S. forces toppled the Taliban regime, drug trafficking is soaring, the Taliban have retaken parts of the country and Afghanistan still endures widespread violence. There was a car-bombing in Kabul shortly before Graham's arrival, and NATO forces were fighting Taliban insurgents in southern Afghanistan during Graham's visit.

Training at Andrews Air Force Base in Maryland, Graham, an avid hunter, qualified as an expert marksman before his departure. He carried a pistol and traveled in an unmarked convoy with three other visiting U.S. officers.

Graham said he never felt directly threatened in Afghanistan, but felt the general danger.

"I realized I was in a war zone - that was never lost on me," Graham said. "I was probably at more personal risk because I went as a senator. I'm just a more visible target."

For security and personal reasons, Graham's trip wasn't publicized in advance, and his office issued no news releases afterward. Word of the unusual journey filtered out after the American Forces Press Service ran an article for military publications.

"I wasn't going to say a word about it because I know that my contribution is minimal," Graham said. "Quite honestly, I know the sacrifices that people are making are so much more than mine. It was something that was personal to me."

The Afghan parliament recently approved the post-Taliban government's first military code of justice. Graham spent part of his time describing its similarities with, and differences from, the U.S. military legal system.

Graham traveled with Maj. Gen. Jack Rives, who as Air Force judge advocate general is his boss in the Air Force Reserve.

Rives noted that while he had his own room and a private bathroom during the trip, Graham bunked with another colonel; they shared a hallway bathroom.

"He traveled as a colonel in the Reserves, and he was treated as a colonel in the Reserves," Rives said. "A lot of folks we met, of course, were aware of his status in civilian life, but not all of them were. Some of them were surprised when they found out."

A declining number of senators or representatives have any military experience - only about a quarter of the 535 members, at last count.

Graham is the only senator in the National Guard or Reserves. There are three representatives: Reps. Stephen Buyer, an Indiana Republican, and John Shimkus, an Illinois Republican, are in the Army Reserve; Rep. Mark Kirk, an Illinois Republican, is in the Navy Reserve. Rep. Joe Wilson, a South Carolina Republican, retired from the Army National Guard three years ago.

Buyer attends weekly drills with Graham, the other congressional Reservists and senior executive agency officials who retain their military commissions. Their unit is a special one for "Individual Mobilization Augmentees," Pentagon-speak for officers who because of their government positions aren't deployable for active duty.

"What is extraordinary about Lindsey doing this overseas is that he serves at no pay and he does not seek reimbursement for his expenses," Buyer said. "Lindsey is a talented lawyer, he is a good Air Force officer, and he's a good person. For him to go over and participate in teaching is crucial because, whether in Afghanistan or Iraq, establishment of the rule of law is so important."

Graham's experience as a military lawyer has helped put him in the middle of the most controversial policy debates and power struggles between Congress and the executive branch since the Sept. 11, 2001, terrorist attacks.

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Graham has helped to try to negotiate compromises over the Bush administration's bid to try accused terrorists in closed military tribunals, employ rough interrogation techniques that border on torture and hold detainees without access to lawyers.

But during his two-day teaching stint in Kabul, it wasn't Graham's analysis of complex military and legal issues that drew the biggest response from the Afghan military lawyers.

The moment that most impressed them was when Graham said that he was following in the footsteps of earlier senators who also served in the military. As Graham paid homage to Strom Thurmond, he mentioned that the late senator from South Carolina had fathered two children after turning 70.

The Afghans broke out in applause, some rising to their feet.

"He almost got a standing ovation," said Rives, the Air Force judge advocate general. "The Afghans did appreciate that."

Fallen Soldiers' Families Say Bush Is 'genuine' (SLTRIB)

By Matthew D. LaPlante

Salt Lake (UT) Tribune, September 2, 2006

Robert Lehmiller isn't really the hugging type.

But when President Bush opened his arms to the father of fallen soldier Michael Lehmiller, the Clearfield man didn't feel he had much of a choice.

Lehmiller said the embrace he received from the president was "warm and sincere."

"It was unexpected and it was absolutely wonderful," Lehmiller said. "It felt as if our loss was truly heartfelt to him."

Several "Gold Star" family members who met Bush while the president was in Salt Lake City this week were similarly impressed with the president's compassion. Bush may be a hard-talking Texan when he's playing the role of commander in chief, but in

Related Articles

Grand honor: George W. slept herethe presence of the families of those who have died in the wars he has directed, the president exudes something altogether different, the families say.

As a rule, the Bush administration doesn't comment on meetings the president has with families of the fallen. And although Bush hasn't attended any funerals for his war dead, he has not been completely successful at hiding his personal grief.

When Bush spoke in Salt Lake City on Thursday, most of those in attendance were veterans and members of the American Legion. But the front row of seats was filled with family members of fallen soldiers and Marines.

Among those in attendance were Amy and Tony Galvez, who the day before had laid their Marine son to rest at the Utah State Veterans Cemetery.

Bush's voice cracked slightly when he spoke about Adam Galvez and he appeared to wipe a tear from his eye as the audience stood to applaud the Galvez parents.

As the president was shaking hands after his speech, the Galvez family was swept away to a backstage room. Minutes later, Bush appeared at the door.

"He walked right in and gave us all a big hug," Amy Galvez said.

The grieving mother said Bush made her feel instantly comfortable.

"Under any other circumstances, I would have been very nervous," she said. "But he seemed so sincere and so genuine. He expressed his sympathy and I really think he felt deep sadness."

Galvez asked the president not to allow her son's death to be for naught. "He assured me that wouldn't happen," she said.

She said Bush also spoke with Adam's siblings, Sarah and Travis, inquiring about their schools and interests. But mostly, Galvez said, Bush tried to let them know he was aware of their sacrifice.

"What I got from him is that the decisions he makes he takes very seriously, knowing how it affects people and knowing that American lives are going to be lost," she said.

Carol Thomas Young, whose son Brandon was killed in Baghdad last year, said her brief encounter with Bush, as the president swept into the audience after his Salt Palace speech on Thursday, was "extremely meaningful."

The president was being pulled in all different directions, she said, "but he stayed there with us for several minutes and didn't walk away until we had been given the time we needed."

In those moments, Colleen Parkin placed her son's dog tags in the president's hand.

"I just want you to know that he served proudly under your command," Parkin told the president of her son, Matthew Smith, who died in a helicopter crash in Iraq last year.

"Of course, he doesn't really know how we feel, he couldn't," Parkin said. "But when you're with him, you feel that he does care."

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Utah Lawmakers May Restrict Payday Loans To Military (AP)

AP, September 3, 2006

HILL AIR FORCE BASE State lawmakers may be calling for restrictions on loans made to military personnel following a recently released Department of Defense report that calls the payday loan industry harmful to the war on terrorism.

"Predatory lending undermines military readiness, harms the morale of troops and their families, and adds to the cost of fielding an all-volunteer fighting force," the report said.

Twelve states prohibit triple-digit rates on payday loans, according to the Consumer Federation of America. They are Arkansas, Connecticut, Georgia, Maine, Maryland, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, Vermont and West Virginia. In New Mexico, borrowers can only renew payday loans twice.

Utah currently doesn't regulate payday loans, but Rep. Paul Ray, R-Clinton, said it's an issue that needs to be looked at.

"Both the religious and military community is very concerned about this issue," Ray said. "I do have some major concerns, especially when it affects the readiness of our troops."

The Pentagon has proposed an interest rate cap of 36 percent.

However, Ray, who works as a commercial mortgage broker, said he isn't sure capping interest rates is the correct course.

"It is still too early to look at that," Ray said. "Putting caps on interest rates can influence other lending areas."

However, a spokesman for the Utah Consumer Lending Association and Check City, a leading short-term loan financial institution, called the federal report flawed and single-sided.

"We think the department's report is deeply flawed," Cort Walker said. "The department relied on anti-business groups that lacked the data to make such a report. What we find interesting is that one of these anti-business groups published the report on its own before it was even given to Congress. It is biased."

Walker said the industry isn't targeting military members and many lending companies bend over backward to help servicemen.

"If there is a member of the military deployed, we would write that loan off," Walker said. "The member would be required to repay principal only. We aren't looking to impede their ability to deploy."

The Pentagon report cites one study that says military personnel are three times more likely to get a payday loan than a civilian. It estimates that 17 percent, or 225,000 members of the active duty force, uses payday loans.

The report said while it can make some improvements through education and regulations governing military personnel, it can't prevent predatory lending without help from Congress and the states.

Sen. Greg Bell, R-Fruit Heights, agrees there is a problem, saying it hurts more than military personnel.

"We need to do more about this industry," Bell said. "They prey on low-income folks as well as the military. These people fall victim to this. To me it's really usury."

Healing War's Wounds (NSWK)

By Karen Breslau, Newsweek

Newsweek, September 3, 2006

The Pentagon is testing a new approach to mending the growing number of severely injured soldiers: extreme sports. A ride on the rugged road to recovery.

Hey, have any of y'all seen the crocodile that got my arm?" U.S. Army Maj. Anthony Smith hoists his prosthetic hook, tied to a paddle, as he floats down Idaho's Salmon River in a large blue raft, manned by a cackling crew of fellow amputees. Momentarily rattled, a group of rafters resting onshore stare as Smith's boat glides by, before someone on the beach points down the rapids and yells, "He went that-a-way." Smith, digging his paddle back into the water, growls with mock pirate glee. "You should see what happens when I'm in a restaurant and I say to the waitress 'Can you give me a hand?' "

He can laugh now. It's the surest sign yet of the progress he's made since April 24, 2004, when Smith, then a captain with an Arkansas National Guard unit stationed near Baghdad, was struck by a rocket-propelled grenade. The three-foot-long missile lodged in his right hip, exploding as Smith's commanding officer rushed to help him. The blast cut Smith's rescuer in half. It blew off Smith's right arm and ripped open his abdomen, destroying one kidney and shredding his intestines, and shattering his femur and right hip. Heat from the explosion burned his retinas and melted his dog tags into his chest. As Smith staggered to his feet, insurgents opened fire, shooting him four times. By the time medics reached him minutes later, Smith had "flat-lined." Finding no pulse or respiration, they loaded him into a body bag and put his name on the list of those KIA, killed in action. Only as a soldier was preparing to zip shut the bag did she notice an air bubble in the blood oozing from Smith's neck wound. "They said, 'Hey, this guy's still alive'," Smith says.

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Two and a half years later, Smith recounts his own resurrection in vivid detail—not because he remembers (he was in a coma for six weeks), but because he has pieced the story together from conversations with his wife, Jackie, and the dozens of doctors who labored to save him. Smith has endured more than 30 surgical procedures to reconstruct his abdomen, the remains of his right arm, his burned face and the gaping wound in his hip, now painfully infected. He must be constantly monitored for signs of traumatic brain injury that may have resulted from the force of his skull's slamming against the inside of his helmet.

Though Smith's tale of survival is extreme, it is no longer unheard of. Thanks to advances in combat medicine and body armor, more than 90 percent of the 20,000 U.S. forces wounded to date in Iraq and Afghanistan are surviving their injuries. (In Vietnam, that figure was closer to 75 percent.) That is encouraging news, to be sure, especially as the U.S. body count in the Iraq war approaches 2,600. But it also presents a huge challenge for the military as this sizable population of wounded veterans returns to society, bearing complex disabilities that will require lifelong care.

To address the problem, the military has adopted a holistic mind-body approach, deploying a fleet of experts ranging from orthopedic surgeons to therapists to work on the wounded. Doctors insist on group therapy to help cope with the guilt that often dogs survivors who have lost—or left—comrades on the battlefield. Of special concern are the service members, like Smith, classified by the Pentagon as "severely injured"—having lost limbs or eyesight, or suffering burns, paralysis or debilitating brain injuries that will not emerge fully in some cases for years. "Technology has advanced to the point where we can salvage patients who would not have survived before," says Lt. Col. John McManus of the Army's Institute for Surgical Research in San Antonio, Texas. "The bigger test is psychological. Can we restore a life worth living?"

The Pentagon has recently begun testing more experimental methods, rehabilitating wounded service members with extreme sports designed to build muscle—and self-confidence. Early next year the Center for the Intrepid, a privately funded $45 million rehab facility featuring rock-climbing walls and an indoor surfing tank, will open on the grounds at Brook Army Medical Center in San Antonio, offering lifelong privileges to those wounded in Iraq and Afghanistan. At BAMC, wounded soldiers are encouraged to get moving as soon as possible, a strategy that promotes independence and wards off depression. Learning to accept their disfigured bodies is "an immense emotional challenge," says Dan Blescini, a psychiatric nurse at BAMC. "They want to know 'Am I a man? Is someone going to love me?' This isn't exactly the stuff you expect the Army to talk about, but this is what's on everyone's mind."

Patients who work out regularly, lifting weights and yanking pulleys from their wheelchairs, often with burned and mangled limbs, are rewarded with all- expenses-paid outdoor expeditions. It was just such an invitation that brought Smith, two other wounded service members and their wives to the Salmon River last month. They were the guests of Sun Valley Adaptive Sports—one of several private nonprofits consulting with the Pentagon. On the week's agenda: white-water rafting, paragliding, rock climbing and horseback riding. With the group is Erik Schultz, a backcountry sports enthusiast who was paralyzed in a skiing accident eight years ago. During his darkest depression, says Schultz, friends "literally dragged me" on a camping trip. After a week in the wilderness, "I was bursting with self-confidence. Things didn't seem that hard anymore." He hopes that his presence in a wheelchair, fly-fishing from a rocky beach and whooping his way down the river, will help "demystify" disabled life for the wounded service members.

Free from their hospital routines, and the weight of their wounds, Smith and the others spend their days splashing like kids. U.S. Marine S/Sgt. Damion Jacobs, who lost his right leg below the knee to an IED near Fallujah six months ago, removes his prosthetic and props it in the sand like a coffee table; he leans against it while watching the show. Jacobs plans to take his Marine Corps physical and return to active duty. Army Spc. Andrew Soule, an intense, dignified 25-year-old who has emerged as the star of BAMC's rehab program, says that before his injury, he wasn't "much of an athlete." A year ago Soule lost both legs and suffered a severe arm injury in a bomb blast in Afghanistan. Now he kayaks, hand-cycles and surfs. On the first day of the river trip, one of Soule's carbon-fiber prosthetics is fractured. He tosses the limb aside and, for the next five days, kayaks legless, dragging his body over rocky beaches, even climbing stairs, with his arms. "People have this tendency to overreact," says Soule, who left Texas A&M after 9/11 to join the Army. "They don't know how much you can do for yourself."

Even Soule is amazed by how far he has come. As he lay tourniqueted on the ground last year next to the wreck-age of his Humvee near the Pakistani border, waiting for a helicopter to rescue him, Soule's squad leader leaned over him and instructed the young soldier to repeat over and over, "I'm going to live. I'm going to live." It's a lesson he carried with him, down the Salmon River and beyond.

Soldiers Who Lost Limbs Learn To Surf (USAT/AP)

AP, September 3, 2006

PISMO BEACH, Calif. (AP) — As a child of 1970s California, Derek McGinnis felt that riding waves was like a birthright, and losing his left leg to a suicide bomber in Iraq wasn't going to stop him from surfing again.

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So, he rallied nearly a dozen other wounded-in-action amputees he met in a military hospital and brought them to one of California's last old-fashioned beach towns.

For some of them, the roiling ocean was a second home. The closest others had come to riding waves were movies.

McGinnis brought determination.

"I have a board and (have to) make sure I keep on using it," said McGinnis, 28, a Navy petty officer and medic who began surfing at 10 in Northern California. "I said 'Man, I've got to be able to do it. It's possible.'"

So there he stood one foggy August morning, with an ear-to-ear grin and wearing a brand new wet suit.

With him on the beach was Tim Brumley, who had never handled a surfboard before though he looked the part with his short-cropped, blond hair. The former paratrooper, who lost a leg in Afghanistan last year, had never even seen the Pacific, save for a fleeting glimpse when he visited San Francisco as a kid.

However, as a teenager in New Mexico, Brumley saw a classic flick with some of the best surfing ever committed to film.

"When I saw Point Break I said, 'That's it! I want to surf!'" declared the 26-year-old veteran of the Army Airborne Infantry as he pounded down beers and told war stories at a seaside bar the night before his first lesson.

Nearly 200 miles north of Los Angeles, Pismo Beach is perhaps most famous to tourists for its clams and funny name. To surfers, Pismo Beach means smooth waves, mild weather and pure white beaches more likely to yield a sand dollar than a rock. It is one of a vanishing breed of surfside towns, a place where die-hards still park beat-up RVs for free right next to the sand and head to the waves.

Better yet for McGinnis and friends, it's also the home turf of champion surfer Rodney Roller. He lost a leg in a forklift accident 16 years ago, but returned to the water lugging a 25-pound wooden limb that could withstand corrosive salt water.

Now the 39-year-old Roller teaches other amputees. After McGinnis tracked him down, he agreed to instruct the military men for free, figuring it was payback for all the people who helped him get back in the water.

McGinnis met most of his crew at Brooke Army Medical Center in Fort Houston, Texas, where he was recovering after a suicide bomber crashed an explosives-laden car into his ambulance two years ago. Money for the trip was raised by Operation Comfort, a San Antonio-based organization that helps wounded veterans rebuild their lives.

Some members of the group had lost an arm to the war. Former Army Sgt. Chang Wong, 24, lost both legs when his tank ran over an explosive. Jesse Schertz, a 22-year-old retired Marine corporal from Peoria, Ill., was severely burned and lost a leg.

"It's going to be a blast," McGinnis promised them. "It will show you can achieve anything. No matter what, you can overcome."

His immediate goal was to stand up on his board within 30 minutes of hitting the water.

During a brief demonstration on shore, novices including Brumley, Schertz and Wong were shown how to get on a board and keep their balance.

They were taught how to paddle — "one arm at a time" as the instructor said.

"I've only got one arm, dude," shouted Michael Owens, drawing laughter. The 22-year-old ex-Marine lost his other arm when his convoy was ambushed in Iraq.

In their first few minutes on the water, some missed waves, some boards capsized and some rocketed away, spilling their riders.

Then a cheer rose as McGinnis met his goal with a nice ride 30 minutes into the day.

The cheers continued as Owens began cruising with his one-arm paddle technique.

Beyond the breakers, a small herd of curious sea lions watched briefly, and a pair of dolphins leaped majestically out of the water.

There would be two more practice days; then the group had an informal competition. First prize, a surfboard donated by a manufacturer, went to Andy Soule, a double amputee who managed a wave-riding handstand.

Although Brumley didn't win, just being there was satisfaction enough.

"I'm thinking about telling my wife, telling her we're moving out here to Cali," Brumley, exhausted but exhilarated, said as he waded to shore for a rest. "Just surf every day for the rest of my life. It wouldn't be bad, you know."

Enlisting In The Aftermath Of 9/11, A Soldier Limps Home, With Pride (SLPD)

By Mary Delach Leonard

St. Louis Post-Dispatch, September 3, 2006

Army Staff Sgt. Phillip Baldwin works his left leg, which is paralyzed from the knee down, in water therapy at the VA Medical Center at Jefferson Barracks. Recreational therapist Matt Luitjohan helps.

(J.B. Forbes/P-D)

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'The aim of my involvement is to make the world safer for the kids'

In one of Regina Baldwin's many scrapbooks from the past five years is a letter her husband wrote during basic training in March 2002. Above his signature is this note: "Thanks for believing in me."

Army Staff Sgt. Phillip Baldwin, 35, is back home in Roxana now, healing from the wounds he suffered during a firefight in Afghanistan in June.

He is stretched out on the living room sofa resting his left leg, which is paralyzed from the knee down, while Regina Baldwin fixes lunch for their children Paige, 12, and Caleb, 10. Their 1-year-old, Isabel, plays on the floor.

Baldwin is explaining what drove him - at age 30 - to take a leave from his job as a dispatcher with the Terminal Railroad Association of St. Louis to enlist in the Army after the Sept. 11 terrorist attacks.

"Deep in my heart, I don't want anybody hurting anybody," Baldwin says quietly, his words surrounded by the noise of family life. "The aim of my involvement is to make the world safer for the kids. We have to put an end to these types of terrorist organizations. We can't have a world where people are flying planes into buildings and killing civilians."

When he was wounded, Baldwin was on his second deployment in Afghanistan with the 10th Mountain Division. Although it had been difficult to leave his family again, Baldwin said he was glad to get another crack at "the bad guys" - the Taliban and al-Qaida fighters who drift back and forth over the Pakistan border, taking cover in the rugged mountain terrain. Baldwin believes that Osama bin Laden is still out there - and that he must be caught for the sake of every American who lost a loved one in the terrorist attacks.

"People know that the plot to attack the United States on Sept. 11 originated in Afghanistan. It was planned, created, devised and paid for by Osama bin Laden and his al-Qaida network. As long as you've got bin Laden running around, the war on terror has not been a success," he said.

For Baldwin, the mission is still that clear, almost five years after he rearranged his life and went to war.

"He needed to do this"

Baldwin dismissed any notion that the sacrifices he made to serve his country are special.

"There were a lot of people who enlisted after Sept. 11; anything that happened to me was not unique," he said.

But the soldier's voice choked when he described how his wife of 14 years has stood behind him.

"If anybody has done anything heroic, it would be Regina," he said. "It was a big sacrifice for her to change her standard of living. She suffered through the hardships of me being deployed. She has had to handle the responsibility of dual parenting. I am extremely proud of her."

Like millions of Americans, Phillip Baldwin spent most of Sept. 11 in front of his television, watching news reports. His first thought was to gather a group of guys - his brother, his cousin - and drive to New York to dig or haul water. But he couldn't get time off from work.

In the weeks that followed, as America struggled to readjust, Baldwin began talking to his wife about joining the military.

"We were going to go after the terrorists," he said. "And I began to think about who that 'we' would be. And it was going to be all these 18- and 19-year-old kids in the service. And I thought, 'There is no way I can let those guys go and fight for me when I am perfectly capable of doing it myself.'"

Regina Baldwin voiced her reservations. She didn't want to leave her home or her job, but she consented to his enlistment in the Army Reserve. After that unit deployed without him - because he had not completed training - she supported his decision to join the Army infantry.

"He needed to do this," she said. "And I saw that."

Regina Baldwin quit her job as an analyst with a managed care firm, and the Baldwins sold their home in Granite City, where Phillip grew up. She and the children moved to New York to be with Baldwin while he was stationed at Fort Drum.

Although the family income dropped by 80 percent, they entered military life debt-free, just as they planned. They sold almost three-quarters of their belongings at an auction, including some favorite things, such as Paige's bedroom set - all white with a canopy bed that belonged to Regina Baldwin when she was a little girl. It went for $30.

That was a hard day, she said. But it was just one more change in a life that had suddenly become full of them.

Regina Baldwin believes the family's faith has gotten it through the rough times.

"The Bible tells you that God will not give you anything you can't handle, and that's the truth," she said. "He is beside you every day. He is beside you when your husband gets shot in Afghanistan, and you are waiting to know if he is going to be all right. He has not let us down."

The couple met at a church camp when he was 15, and she was 13.

"I thought she was older," Phillip Baldwin said, smiling.

Their family and friends say they are soul mates.

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As his mother, Betty Baldwin of Granite City, tells the story, her son was smitten from the day he met Regina, who grew up in Cottage Hills.

"He came home and said, 'Mom, I met this girl, and she had the prettiest blue eyes.' He was done for," she said.

Their new life in New York wasn't easy, said Regina Baldwin, who was older than the other wives of enlistees. As Phillip Baldwin struggled to keep up with the physical demands of training, he had to prove himself constantly with much younger soldiers.

Their greatest concern was how their children would handle moving. Regina Baldwin insisted that she would not work outside the home because she wanted Paige and Caleb to know that she would be there for them when their father could not.

Bill Broyles, president of the Terminal Railroad Association, said some of Phillip Baldwin's co-workers thought he was just having a "patriotic moment" when he began talking about enlisting. "But then he was shipping out, and they said, 'Criminy, he did it.'"

Broyles said there will be a job waiting for Baldwin when he is ready to return.

"I've got the utmost respect for Phillip," Broyles said. "There are still true, patriotic people in this country."

Like a movie

Phillip Baldwin earned his Purple Heart on June 10 during an assault on his unit in the Bermel district in eastern Afghanistan.

The first rounds of machine-gun fire and rocket-propelled grenades hit as the soldiers prepared to leave an observation post they had established on a ridge overlooking a cave complex - a suspected Taliban hide-out.

Baldwin was shot in his left foot; the soldier next to him was shot in the arm.

"It was like a scene straight out of the movies," Baldwin said.

Baldwin has a list of heroes from that day, including the soldiers who carried him to safety while taking enemy fire. Also on that list is Sgt. Dustin Dixon, who was shot while helping Baldwin into a Humvee. A bullet passed through Dixon's wrist and into Baldwin's back.

As he lay on the ground, Baldwin realized that he could not feel his legs. He said he feared internal injuries and that he might die. He prayed that his wife and children would be all right.

Dixon tried to calm him on the helicopter that took the wounded soldiers to Bagram Air Base.

"He held my hand with his good hand, trying to console me," Baldwin said.

While he was being transported, Baldwin considered what his future might be.

"It gave me time to pray and evaluate," he said. "You know, sometimes people think, 'I couldn't live as a paraplegic.' But I realized then and there that I could make it through everything if I could just make it home and be with Regina and the kids."

Interviewed by phone from Walter Reed Army Medical Center in Washington, Dixon shrugged off Baldwin's praise.

"I didn't really do anything," he said. "I just absorbed some of the bullet."

Dixon described Baldwin as a strict but respected squad leader who cared about his men and knew what he was doing.

"A lot of that came from the fact that he wanted to be there," Dixon said. "He believed in what we were doing."

Baldwin underwent surgery at Bagram before being flown to a military hospital in Germany and then on to Walter Reed, where he arrived in time for his family to visit on Father's Day.

Before going to the hospital, Regina warned Paige and Caleb about what they might see - that their father might be in a wheelchair, or worse.

"We got there, and he was on crutches," she said, smiling. "He had been walking the halls waiting for us."

Welcome home

On July 14, police cruisers and firetrucks from Roxana and surrounding cities met the Baldwins' red Durango at the edge of town. With lights and sirens, they escorted the returning soldier to his house, which was decorated with red, white and blue ribbons and balloons.

The family was there - parents, in-laws, aunts and uncles, cousins and nieces - with their cameras ready to capture the welcome-home hugs and what they hoped would be the surprised expression on his face. Just days after learning that Baldwin had been seriously wounded, his father, brother, other family members and friends started converting the Baldwins' garage into a first-floor master bedroom so that he wouldn't have to climb stairs. When the story made the local news, well-wishers made donations and volunteered their help.

The building permit was still in the window, but the new room was ready, down to the handmade quilt on the bed.

Baldwin knew the family had been up to something, but this was more than even he had expected.

"We have been really blessed by God to have this wonderful family," he said. "Every need we've had has been answered before we had to ask."

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Since his return there have been happy reunions and parties: his 35th birthday; Isabel's first birthday; the Baldwins' 14th wedding anniversary.

Baldwin drives himself to physical therapy at VA Medical Center at Jefferson Barracks. At 6-foot-3, and a lean 197 pounds, Baldwin doesn't look like the same man who had to lose 11 pounds before he could join the reserves.

"I spent the last 4 1/2 months climbing up and down mountains in Afghanistan," Baldwin said.

Dr. Florian Thomas, a professor of neurology at St. Louis University who is director of the spinal cord injury service at the St. Louis Veterans Administration Medical Center, said that an injury such as Baldwin's can improve over time. It is possible that some of the damaged nerve endings in his spine could regenerate, but there is no guarantee.

Baldwin pushes himself, often more than his doctors prefer, as he waits for his body to heal.

"You learn to work around your injuries," he said.

The battle is not over

Baldwin, who expects to be discharged soon, still gets frequent e-mails from his friends who are serving in Afghanistan. The fact that news from that war rarely makes headlines anymore is not lost on him.

"I am thrilled that Saddam is out of power in Iraq," Baldwin said. "But I wish we had the same type of commitment to Afghanistan. The same resources."

Baldwin said U.S. troops in Afghanistan are seeing an increase in attacks and improvised explosive devices. Since June 10, when he was wounded, 21 soldiers from the 10th Mountain Division have been killed in Afghanistan, according to Department of Defense casualty reports.

If the terrorist network is to be stopped, Baldwin believes it will take more troops and better coordination between U.S. and Pakistani soldiers along the border.

"If it takes five or 10 or 20 years, bin Laden has to come to justice," Baldwin said. "It is not enough to say that we got Saddam - that we brought a democratic government to Iraq. That we brought a democratic government to Afghanistan. If we have not brought this criminal to justice, we have not been successful."

Sometimes, when her husband is quiet, Regina Baldwin knows he is worrying about his guys - the soldiers in his division still in Afghanistan.

"If they would take him back right now, he would go," she said.

"He told me, 'If they needed me to go back- to operate the radio - I would go.'"

Dispatches: Soldiers' Blogs, Washington's Blunders (WP)

By Michael Hirsh

The Washington Post, September 3, 2006

"It's so hard to let go; you want to make time stand still. You barely breathe and try to feel his heartbeat in your own breast because his heart will always beat in yours." These words, the timeless lament of a father seeing his son off to war, are included in a remarkable collection of e-mails and blogs by soldiers and their families in The Blog of War: Front-line Dispatches From Military Bloggers in Iraq and Afghanistan , by Matthew Currier Burden (Simon & Schuster; paperback, $15). A former Army officer, Burden was inspired to begin a "milblog" of his own -- called Blackfive, "the generic call-sign for the executive officer making things happen behind the scenes" -- in June 2003 after learning of the death in Iraq of a friend, Maj. Mathew E. Schram. Schram was killed when he ordered his Humvee to accelerate into an insurgent position in order to break up an ambush of his convoy, probably saving the life of the reporter embedded with his unit. But "the reporter never wrote a story about my good friend, Mat, the man who saved his life. That wasn't news," Burden explains. "It took a few weeks to figure out what to do with the story that I knew, the news that I felt should be out there."

So he turned to the Web. Blogging the story of Schram and hundreds of other unknown soldier-heroes was a good decision, as was piecing together a collection of military blogs from all over the Iraq theater. Though Burden's politics have a decidedly conservative slant (one of his favorite bloggers, a Marine who re-enlisted as a corporal after watching others go off to Iraq and Afghanistan, calls his site "Red State Rants"), nonpartisan patriotism is the common thread tying together these reflections, love letters and stories of combat. They make for riveting reading.

Everyone, it seems, is vying to be part of the official history of the Iraq debacle these days. That includes James Fallows, the Washington correspondent for the Atlantic Monthly, whose new collection of articles, Blind Into Baghdad: America's War in Iraq (Vintage; paperback, $13.95) might be called "Look, I was right!" Indeed, Fallows often was. In a series of articles from 2002 through 2005 -- one of which, "The Fifty-First State?," won a National Magazine Award -- he proved to be among the most prescient American journalists in questioning both the premises of the Iraq war and the preparations for it.

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Much of this is for Fallows groupies. Still, Blind Into Baghdad contains many reminders of just how good Fallows was at poking his finger into the administration's most vulnerable spots. In "Bush's Lost Year," published in October 2004, Fallows was among the first to take note of what may still be the single most astonishing fact since 9/11: "There is no evidence that the president and those closest to him ever talked systematically about the 'opportunity costs' and trade-offs in their decision to invade Iraq. No one has pointed to a meeting, a memo, a full set of discussions, about what America would gain and lose." He is, sadly, correct in this. And any historian wanting to understand what went wrong over the past six years should start right there.

The Feelings Of Life, Illustrated (NYT)

By George Gene Gustines

The New York Times, September 3, 2006

DO comic book fans realize how much Brian K. Vaughan suffers for their enjoyment? "I start with something that makes me angry or confused, and then I write about it," he said of his approach. "It's a form of self-help."

On Sept. 13 Mr. Vaughan's personal brand of therapy arrives in the shape of "Pride of Baghdad," a graphic novel (his first) about lions that escape a zoo in Iraq during an American bombing raid. The tale, lushly illustrated by Niko Henrichon, was inspired by actual events and stands out as one of Mr. Vaughan's most emotionally charged stories in a career filled with tales of science fiction, superheroes and the supernatural.

" 'Pride of Baghdad' was born out of the fact that I had a lot of conflicted feelings about the war," he said in a recent telephone interview from his home in West Hollywood. The book, he added, "is about me exploring those questions."

"Pride" opens with a peaceful scene of a sun-drenched savanna, where an increasingly frustrated lion confronts a bird who keeps repeating, "The sky is falling." But any resemblance to a Disney fable is shattered on the very next page: the tranquil sky is disrupted by three American jet fighters; the exotic terrain is revealed to be a zoo; the lion's eyes well up with emotion.

This emotional sucker punch — gentle humor giving way to grim reality and violence — is a trademark of Mr. Vaughan's work, most notably "Y: The Last Man," his hugely popular science fiction series about a world in which all men but one are killed by a mysterious plague.

"I want to most closely duplicate the feeling of life: one moment it's humorous, the next it's horrific," he said. "I never want readers to be comfortable, to feel like we're in a comedy or a drama. Life is never just one of those things. Life is a balance of all those things."

So the comic relief provided by Ali, the lion cub, is offset by the brutal demise of a giraffe. A quiet moment honoring a pact between the lions and the antelopes is countered by a bloody battle with monkeys. The majesty of several horses roaming free is undercut by the ruins of a city rocked by war.

One of the most effective scenes is a flashback. "What are they fighting about?" asks Ali in the present. "Damned if I know, son," answers an elderly turtle. "Damned if I care," he continues on the next page, set in the past, which horrifically depicts the carcasses of his fellow turtles covered in oil.

Mr. Vaughan, 30, deliberately used animals to provide multiple viewpoints of wartime Iraq and to deliver his tale's emotional message. "It's very difficult to empathize with foreign casualties of war," he said. "It's always difficult to connect with 'the other.' Animals have a way of bridging that gap."

"I think we were looking to exploit that vulnerability to a certain extent," he added. "Animals don't have a race or creed, so we have a connection with them that we can't have with that 'other.' "

"Pride" may be Mr. Vaughan's first book-length graphic novel, but it's really not such a departure from the themes he is already exploring in his regular comic books. Randy Lander, a popular online reviewer of comics, lauded Mr. Vaughan's flexibility, citing his ability to write science fiction ("Y: The Last Man"), superhero adventures ("Runaways"), political thrillers ("Ex Machina") and crime drama ("The Hood"). "Vaughan's writing style is one that is engaging to the casual fan as well as the hardcore comics readers," he said in an e-mail message. "I can't tell you the number of women I've heard of who don't read a lot of comics but who love 'Y.' "

Like "Pride of Baghdad," each of Mr. Vaughan's monthly series is fueled by thinly veiled social commentary. Y: The Last Man" was a response to America's "gross gender divide," he said. "Ex Machina," about a former superhero who becomes mayor of New York in a skewed post-9/11 world, was "born out of my disappointment with political leaders on both sides of the aisle." Both series, as well as "Pride of Baghdad," are published by imprints owned by DC Comics.

A more traditional series created for Marvel, "Runaways," is about teenagers who discover their parents are supervillains. "Most teenagers go through a part of their life where they think their parents are the most evil in the world," he said. "I thought, what if that was true?"

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Mr. Vaughan has also found time to write "Dr. Strange," a limited series from Marvel that will begin in October, and "The Escapists," a limited series featuring the superhero from Michael Chabon's Pulitzer Prize-winning 2000 novel, "The Amazing Adventures of Kavalier & Clay," for Dark Horse Comics. On his Web site Mr. Chabon hails Mr. Vaughan as "the best young writer in mainstream comics."

Mr. Vaughan has also been moonlighting for Hollywood. He has completed a screenplay adaptation of "Y: The Last Man," and he is working on one for "Ex Machina." Both projects are being developed by New Line Cinema.

Like many comic book fans before him, Mr. Vaughan was introduced to superheroes by his parents, who gave him stacks of comics when he was home sick from school. "I thought comics were activity books where the panels would have to be cut out and arranged in the right order," he said.

In 1996, while Mr. Vaughan was attending film school at New York University, he met two Marvel editors. "They liked my samples, and I clawed my way up the ladder from there," he said. "It wasn't Marvel's best period, economically or creatively," he added. It was "the perfect time for a nobody like me to sneak in."

His first assignment, in 1996, was supplying dialogue for another writer's plot in "Cable," a book in the X-Men franchise, and his first full story followed the next year. In 2000 he landed his first series, a revival of the horror comic "Swamp Thing," at Vertigo, an imprint for mature readers published by DC Comics. "For comics people, that's the holy grail," he said, referring to the character and the stories made famous by Alan Moore, one of the industry's most highly regarded writers. "I was the only person stupid enough to follow in Alan Moore's shoes," Mr. Vaughan said. "The stories probably aren't all great." The series was canceled within two years, but his editor appreciated Mr. Vaughan's distinctive voice and suggested he develop his own characters. "That led me to pitching 'Y: The Last Man,' " he said. The first issue sold out almost immediately and set Mr. Vaughan on his path.

But will there still be time for comic books with Hollywood knocking? "Comics brought me to the dance," Mr. Vaughan said. "It'll always be my first loyalty."

DOJ:

U.S. Attorney Resigns Post (TENN)

By Natalia Mielczarek, Staff Writer

Nashville Tennessean, September 3, 2006

Praise for work, complaints of age bias mark tenure

U.S. Attorney Jim Vines confirmed Saturday that he will be leaving his post at the end of the month to return to private practice.

Vines, who was appointed by President Bush in 2002, departs amid allegations of age discrimination against veteran attorneys in his office but also amid praise for aggressively prosecuting public corruption cases.

"My service is a political appointment so (it) would end at the end of the Bush administration anyway, and I'm resigning … to go back to private practice with a law firm that I used to work with," Vines said, referring to King and Spalding, a firm with offices across the country and abroad.

Vines, who helped the Nashville-based Bridgestone/Firestone create its environmental polices, said he will start his new assignment in early October.

"I'm not a career prosecutor; it's just been an honor for me to work on public service cases with some of the greatest prosecutors in the nation," Vines said.

When he became the U.S. attorney for the Middle District of Tennessee, Vines was charged with turning the office around, boosting morale, introducing a modern management style and prosecuting more complex cases.

But his practices came under fire a couple of years ago after several current and former prosecutors accused him of age discrimination — charges Vines has denied.

One of the assistant U.S. attorneys who works with Vines, Michael Roden, wrote a memo to the U.S. Justice Department in 2004 alleging that Vines forced out older attorneys and replaced them with younger ones.

A former prosecutor, Larry Mood, filed a lawsuit against the office saying he was illegally forced out of the job because of his age. Investigators from the Justice Department made a trip to Nashville last year to interview federal lawyers and judges.

But, amid the turmoil, Vines' office has been praised for its aggressiveness in prosecuting a higher number of cases than in the past.

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Vines said Saturday he was proud that the number of attorneys in the office increased from fewer than 20 to 31 since his appointment.

"We've done several outstanding prosecutions that have a large impact on Middle Tennessee and the state, even some with a national impact," Vines said. "These range from taking down big drug organizations to corruption cases, anti-terrorism cases and child pornography cases."

High-profile public corruption cases that Vines' office tackled include prosecution of Gov. Don Sundquist's friends, including Al Ganier III, on charges of improper contract award practices; inmate abuse at the Wilson County Jail in Lebanon; and allegations of improper use of funds by former Sumner County Sheriff J.D. Vandercook.

CORPORATE SCANDALS:

The S.E.C. And Insider Trading (NYT)

The New York Times, September 3, 2006

To the Editor:

As "Whispers of Mergers Set Off Bouts of Suspicious Trading" (front page, Aug. 27) points out, there are increasingly sophisticated tools to uncover insider trading in advance of corporate mergers.

Through our unparalleled law enforcement experience bringing illegal insider trading cases — from arbitrageurs in the 1980's, to investment bankers in the 90's, to hedge funds today — the Securities and Exchange Commission benefits from cutting-edge computer systems using complex algorithms and proprietary market surveillance data that quickly tell us who traded what, where and when.

The results? Days before your article was published, we concluded a case in an $8 million scheme by an Estonian financier to profit from inside information hacked from an American company's computers.

In May, we named a 14th defendant in a wide-ranging case of an international insider-trading ring that netted millions by stealing information from Merrill Lynch, BusinessWeek and even a grand jury.

In April, the S.E.C. caught three hedge funds, and their tipper, that traded ahead of a merger announcement.

The commission has brought more than 250 insider-trading enforcement actions in the last five years.

Successfully investigating and prosecuting insider trading is difficult, but would-be wrongdoers should know that insider trading results in stiff financial penalties and even jail time. We have the record to prove it.

Linda Chatman Thomsen
Director, Enforcement Division
Securities & Exchange Commission
Washington, Aug. 31, 2006

CRIMINAL LAW:

At 77, Whitey Beats All Odds (BOSH)

By Laurel J. Sweet

Boston Herald, September 3, 2006

Birthday boy bucks past, age and G-men on the lam

As he turns 77 today, fugitive serial killer James "Whitey" Bulger can toast defying the odds.

Yet again.

America's maximum life expectancy is 76.9 years. But then, whoever said South Boston's savage septuagenarian - aging on the fly with a heart condition, for 11 years, 9 months and counting - is still in this country?

"I'd kind of like to see what he looks like after all these years," Teresa Stanley, 65, Bulger's left-behind love of 30 years, told the Herald. "It's just an awful legacy to go out with, but it doesn't seem to be bothering him."

There's no reason to think the birthday boy who turned the city's streets red with the blood of men and impressionable young girls before skipping town needs to shop assisted-living developments.

In 1998, astronaut John Glenn became the oldest person in space at age 77. Actor Paul Newman is 81. In three weeks, fitness guru Jack LaLanne hits 92.

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A reputed millionaire many times over, Bulger, onetime boss of Boston's Irish crime syndicate, has eluded capture since being tipped by the FBI to a grand jury indictment charging him with racketeering. The older brother of former state Senate and University of Massachusetts President William Bulger has since been charged with 18 murders.

With a $1 million bounty on his head unclaimed, Bulger remains second only to Osama bin Laden on the FBI's Most Wanted list.

Last year alone, authorities checked out alleged Whitey sightings in 19 countries.

Both the FBI and U.S. Attorney Michael Sullivan declined to extend birthday greetings to Bulger. But New York Times best-selling author Philip Carlo offered one: "Salud!"

"Whitey had a cleverness about him that made him the Einstein of the street. If he leads the life of a retired, wealthy industrialist and doesn't trust anyone around him, he'll remain free until he dies," said Carlo, who wrote "The Ice Man" about Richard Kuklinski, the most twisted, prolific hit man in history.

Kuklinski, who once left a victim bound and bleeding in a cave and filmed as rats ate him to death, was 70 when he died in March while in custody.

Carlo said the onset of the East Coast Mafia contract killer's twilight years mellowed Kuklinski, a beast who had boasted of 200 gruesome slayings.

Carlo, who also wrote "The Night Stalker" about Richard Ramirez, a serial killer who terrorized Los Angeles in the 1980s, is fascinated by Bulger.

"He could be unbelievably spontaneously vicious," Carlo said. "I think at 77 he's just as dangerous, but he's less apt to lose his temper.

"Most guys on the lam get caught because they've got to keep going back to the neighborhood. Whitey has an international look on the world. He's not only alive, he's enjoying his life. When you're content inside, that's the best fountain of youth there is. And I think he's very content."

Bulger Turns 77, FBI Continues Search For Him (CBS4BOS)

CBS 4 Boston, September 3, 2006

James "Whitey" Bulger Is On The FBI's Most Wanted List

(CBS4) BOSTON Sunday marks the 77th birthday of Boston gangster James "Whitey" Bulger – one of the FBI's most wanted men.

The former leader of the Winter Hill Gang has been on the run since December 1994, when he was tipped off by FBI agent John Connolly, that he was about to be indicted on racketeering charges. Bulger is also wanted for 19 murders.

In March, investigators released video footage of Bulger that was taken 25 years ago. The nearly three-minute long video shows Bulger at an auto shop on Lancaster Street near North Station, which at one point, was his headquarters.

This past June, the search for Bulger led investigators to Chicago. Two two union officials of the International Brotherhood of Electrical Workers Local 134 were questioned. Authorities also delivered two subpoenas and took a palm pilot. "They were just following up on some leads regarding the Whitey Bulger case," said IBEW attorney Matthew J. Cleveland. "The union itself is not a target, nor any employees or the officers of the union."

Several tips on the whereabouts of Bulger have led investigator to more than a dozen countries.

There is a $1 million reward for information leading to Bulger's capture.

If He's Alive, Whitey Bulger's 77 Today (AP)

AP, September 3, 2006

BOSTON Today's the 77th birthday of one of the F-B-I's most wanted men -- notorious Boston gangster James "Whitey" Bulger.Bulger disappeared in late December 1994, after being tipped off that he was about to be indicted on racketeering charges. The former leader of the Winter Hill Gang is wanted in 19 murders and is behind only Osama bin Laden on the F-B-I's "Ten Most Wanted" list.There's a (m) million dollar reward for his capture. Last year, authorities checked out alleged Whitey sightings in 19 countries.

FBI Fugitive Bulger Has 77th Birthday (UPI/UPI)

United Press International, September 3, 2006

BOSTON, Sept. 3 (UPI) -- The former boss of Boston's Irish crime syndicate and the FBI's No. 2 Most Wanted fugitive, James "Whitey" Bulger, marked his 77th birthday Sunday.

Ranking behind only Osama Bin Laden on the most wanted list, the fugitive serial killer turned 77, prompting many to wonder what the alleged killer of 18 is doing now, the Boston Herald reported.

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"He could be unbelievably spontaneously vicious," said author Phillip Carlo. "I think at 77 he's just as dangerous, but he's less apt to lose his temper."

Bulger fled Boston years ago after being tipped by the FBI that he was going to be charged with racketeering and face a grand jury indictment.

In 2006, the FBI investigated alleged sightings of Bulger in 19 countries -- but the $1 million bounty for his capture has not been claimed and Carlo said it likely never will be.

"Most guys on the lam get caught because they've got to keep going back to the neighborhood," the author told the Herald. "Whitey has an international look on the world. He's not only alive, he's enjoying his life. When you're content inside, that's the best fountain of youth there is. And I think he's very content."

Gambling With Success (PTR)

By Andrew Conte

Pittsburgh Tribune-Review, September 3, 2006

When they started out five years ago, Carson Cashman and Adam Marshall had no clue they could be breaking the law.

With a $20 book on poker, a $5-a-month Web site and their home computers, the former University of Pittsburgh students created a home page that offers tips on Texas Hold 'Em and advertises places to play.

Their company in Pittsburgh's Bloomfield neighborhood, Ace Nine, gets paid every time someone visits the Web site and starts playing at one of the online casinos advertised there. The Web site -- www.texasholdem-poker.com -- draws an average of 1 million clicks and 250,000 unique visitors a month.

That puts Ace Nine near the top of an industry niche that is coming under scrutiny from the U.S. Department of Justice. Online gambling is illegal for Americans. And anyone who advertises Internet casinos to American audiences is aiding the crime, prosecutors say, although no one has been convicted in the U.S. of such an offense.

Cashman, 26, and Marshall, 27, swear they're doing nothing wrong.

"It's not like we're doing anything horrible," said Marshall, who lives in Pittsburgh's Squirrel Hill neighborhood. "We're advertising."

Online gambling never has been bigger. The worldwide industry has quadrupled to $15 billion over the past four years, according to Christiansen Capital Advisors, a New York firm that tracks gambling money.

The casinos are located in foreign countries, such as Costa Rica or the British territory of Gibraltar, but many customers are from the United States.

"It is very clearly something that very many Americans do," said Eugene Christiansen, who heads Christiansen Capital Advisors.

Federal prosecutors sent a ripple across the industry this summer when they arrested a top executive behind the sports gambling Web site BetOnSports.com. Prosecutors say the company fraudulently took bets from U.S. residents by phone and the Internet and failed to pay excise taxes.

Prosecutors have brought some high-profile cases related to advertising online casinos, ultimately settling out of court. The Sporting News agreed in January to pay the federal government $4.2 million and to run public service ads worth $3 million to resolve claims it had promoted illegal gambling.

Online gambling advertisements give the impression that it's legal for Americans to gamble on the Internet, said Justice Department spokeswoman Jaclyn Lesch.

"Their behavior could be considered aiding and abetting," Lesch said of the ad companies.

But for such a charge to stick, the Justice Department would have to prove a crime was committed, said I. Nelson Rose, law professor at Whittier Law School in Costa Mesa, Calif., and author of syndicated column "Gambling and the Law." It would be difficult to prove someone helped with a crime if prosecutors couldn't bring the casino operators to trial.

"They're waging a war of intimidation," Rose said. "(They're) going after the easy cases and the cases where they really want to get the guy. They will then use that to scare everybody else. And they're doing a pretty good job of it."

New Jersey convention organizer Shawn Collins plays host to two meetings each year of Internet affiliates -- people who run Web sites steering customers to places that sell everything from books to clothing to real estate.

For the first time, he's not allowing gambling companies to buy space at his next conference in Las Vegas.

"We just got a little bit spooked," Collins said. "We thought anything associated with gambling might be dangerous."

Cashman and Marshall say they're taking the issue seriously and watching to see what happens next. But they are convinced their site is legal.

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The two men met while working at a telemarketing company. Marshall said he was looking to make a little extra money -- at least enough to pay his tuition bills.

After seeing the movie "Rounders," which is about a reformed gambler who starts playing poker to pay off a friend's debts, Cashman suggested they put up a Web site with gambling tips. That was in 2001, just before the wave of poker interest washed across America.

Working in their spare time from home computers -- Marshall still had a dial-up connection to the Internet -- the two men looked for ways to increase their site's presence on popular search engines such as Google and Yahoo.

Within six months, an online casino called UltimateBet.com offered to pay Ace Nine $1,000 a month to run links to the gambling site, Marshall said.

"It was kind of an accident," Cashman said. "We didn't go into this thinking we would make lots of money."

Today, Ace Nine's site carries links to five online casinos. And it's the top result whenever someone searches on Google with almost any variation of the phrase "Texas Hold 'Em."

"It's really simple," said Vincent Miller, 31, Ace Nine's technical assistant and its oldest employee. "These guys got in before the rest of the crowd."

Cashman and Marshall declined to say how much money they make off the site. But Ace Nine has hired two assistants, who said they spend much of their time keeping the poker site at the top of Google's search results.

But for all the success, Cashman and Marshall have a modest real world presence.

They run their company out of a rented third-floor apartment above a well-worn storefront on Liberty Avenue. The building displays signs for an acupuncture clinic but no mention of the poker enterprise.

The office looks like a college dorm room, with Ikea furniture and posters of paintings by Van Gogh and Hokusai.

Cashman wears green camouflage shorts and a tattered baseball cap; Marshall, a black T-shirt and cap from the World Series of Poker, where he won nearly $15,000 this summer by placing 25th in a side tournament.

Ace Nine's founders quit their telemarketing jobs two years ago. Coming back from his punk rock band's practice on a recent weekday afternoon, Cashman said he invested a lot of time setting up the site, but now hardly goes into the office.

"It's not hard at all for someone new to walk in, put up a Web site and make $500 to $2,000 a month, in that range," said Marc Lesnick, who puts on the semi-annual Casino Affiliate Convention.

A top affiliate, he said, could earn $100,000 to $500,000 a month.

Lesnick's two-day conference opens in Las Vegas next month and is expected to draw about 700 people. It would have been more than 1,000, but Lesnick said industry "skittishness" over the federal action scared people away.

Cashman and Marshall said they have no plans to take down their site.

Instead, they have partnered on another Web venture that serves the United Kingdom, and they are working to redesign their main page. The goal, Miller said, is to make it more of a brand-name destination for poker players seeking strategies and advice.

"People will always play poker," Cashman said. "It's like the American pastime, and people always need to learn to play better."

Affiliates make money leading users to a game

Say you want to play Texas Hold'em Poker on the Internet, but you're not sure how to get started.

Go to the popular Internet search engine Google and type in the words "texas hold'em," or any common variation of the phrase.

Click on the first result you see, and you'll join some 250,000 unique visitors a month who visit Bloomfield-based Ace Nine's Web site: www.texasholdem-poker.com. A gambling "affiliate," Ace Nine does not allow gambling, but its site features poker tips and links to online casinos.

Although the Web address is not easy to remember, it scores high with Google's search engine because it includes the key words "Texas," "holdem" and "poker."

"We're trying to get as much traffic as we can from Google," said Adam Marshall, Ace Nine's president of operations.

A Google spokesman said the company encourages site owners to follow its guidelines for improving search results, but does not allow advertising by online casinos or affiliates seeking to drive players to gambling sites.

Ace Nine's Web site prominently displays links for five online casinos. An affiliate gets paid whenever someone goes to its Web page, clicks on the link for the casino and starts playing.

Affiliates receive a flat fee for each new player, a percentage of each new player's gambling losses or a combination of the two.

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Ace Nine's site displays links for Pacific Poker, a casino operated by Cassava Enterprises, based in Gibraltar. It pays up to $75 for every new player or up to 30 percent of the gross revenue from each new player.

Ace Nine's executives said they prefer to receive flat fees for each new player, but wouldn't say how much money they earn.

But it's not hard to see how lucrative being a heavily-trafficked gambling affiliate could be.

If just one in 100 visitors to Ace Nine's site registers with Pacific Poker -- about 2,500 players a month -- the casino would pay the company $187,500 under the fee-based scenario.

If each of those 2,500 new players lost an average of $200, Pacific Poker would pay Ace Nine an average of $60 per player -- or $150,000 a month in the revenue-sharing plan.

Andrew Conte can be reached at aconte@tribweb.com or (412) 765-2312.

CIVIL LAW:

Government Spending More To Classify Files, Report Says (COX)

By Rebecca Carr, COX NEWS SERVICE

Cox News Service, September 3, 2006

Officials requested full secrecy less often in 2005 than in '04

WASHINGTON — The federal government spent an unprecedented $7.7 billion to mark documents secret last year as the public sought more government information, a report to be released today found.

A coalition of conservative and liberal nonprofit groups called OpenTheGovernment.org found that while the number of decisions to classify documents declined by 1.4 million last year to 14.2 million, the cost of classifying those documents rose by nearly 6 percent.

And the report found that the government is keeping other sensitive information from public inspection by placing it in a growing number of new categories known as "pseudo classification," or information that is sensitive but not classified.

Last year, the coalition reported that there were 50 such categories. Now it says there are 60. Unlike classified materials, no single agency is assigned to monitor the information kept in these categories and no one knows exactly how many documents are being restricted.

"Every administration wants to control information about its policies and practices," said Patrice McDermott, director of OpenTheGovernment.org. "But the current administration has restricted access to information about our government and its policies at unprecedented levels."

White House officials have long contended that the threat from terrorist groups makes it necessary to keep sensitive information from disclosure.

"As ruthless and highly-sophisticated terrorists attempt to plot attacks against our country, President Bush remains dedicated to protecting the American people," said Emily A. Lawrimore, a White House spokeswoman, in a written response to the OpenTheGovernment.org report.

"Bush has instructed his administration to use all available resources to prevent terrorism while also remaining accountable to American citizens," Lawrimore said. "He is committed to striking the right balance between national security and openness."

But government watchdogs, such as Gary Bass, executive director of the OMB Watch, disagree.

"What's happening is we have a cultural shift in our government," Bass said. The message sent from the top echelons of the administration, he said, is: when possible, withhold.

Despite the effort to limit the disclosure of government information, the public is more interested than ever in obtaining information from its government, the report shows.

Last year, citizens filed 2.7 million requests for government documents and materials under the Freedom of Information Act, excluding requests to the Social Security Administration. That is 65,000 more than the year before.

Federal agencies have not been able to keep up with the demand. There was a 43 percent increase in the number of pending Freedom of Information Act requests this year than there were in 2002, the report found.

Federal agencies are taking great strides to improve their response times to Freedom of Information Act requests as part of an executive order issued by Bush in December, said Daniel J. Metcalfe, director of the Justice Department's office of information and policy.

The agencies will report their progress on Feb. 1 as part of an annual Freedom of Information Act report.

The OpenTheGovernment.org report also found:

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• The Foreign Intelligence Surveillance Court issued 2,072 secret warrants last year to catch spies and terrorists, 18 percent more than the year before.

• More than 60 percent of federal advisory committee meetings were closed to the public in 2005.

• The cost of declassifying materials increased to $57 million last year. For every dollar spent declassifying documents, the government spent $134 securing classified documents.

CIVIL RIGHTS:

FBI Capabilities Wide For Probe Into Jail Death (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, September 3, 2006

GULFPORT - The FBI, with deep pockets and unlimited resources, widens its net of interviews once the Justice Department's civil-rights division approves an investigation of alleged violence under color of law.

The pockets are open and the resources are being tapped in that agency's scrutiny of the fatal jailhouse beating of Harrison County inmate Jessie Lee Williams Jr., based on FBI Special Agent John Raucci's explanation of the process.

Justice's decision for a full-fledged federal investigation shows that what happened to Williams in the jail booking room on Feb. 4 is a serious concern, according to Raucci.

"More often than not, a county or district attorney decides to hold their prosecution or it's a mutual agreement until the federal government has completed its investigation." said Raucci.

"These trials can take a long time and cost millions of dollars," he said.

"And don't forget, it's not double jeopardy if I charge you in the state and you lose. The federal government can get a second bite at that apple. You can be charged in the state and convicted and the federal government can also charge you separately under color of law and civil-rights violations."

An FBI probe of claims alleging a law-enforcement officer's violation of civil rights could include hundreds of interviews, most with two FBI agents and attorneys present, he said.

Raucci has been the FBI's top official in Mississippi since a year ago, when he left an executive-level post at the bureau's Washington headquarters.

Raucci is the first government official at any level to discuss the procedures and options involved in a probe such as the one involving Williams' death.

He explained the process in generic terms, using as an example the 1991 incident in which a home video camera on a public street recorded Los Angeles police officers' beating of Rodney King.

"I cannot discuss details of the Williams case because it's a pending criminal investigation," Raucci said, "but more so, it is one of extraordinary significance on the Coast. A person lost his life while incarcerated in one of our county jails."

Referring to the King case, Raucci said such an investigation begins at the local police level, likely involves a state investigation, and is given to the FBI.

Preliminary FBI investigation, he said, can include information from state and local reporting and public-source reporting, such as the videotape of King's beating, and eyewitness accounts.

Williams' beating also was videotaped, though the recordings from jail cameras have not been made public.

Raucci said the preliminary field report is sent to FBI headquarters for review, then taken across the street to the Justice Department, where civil-rights officials decide if the FBI will take the case.

"Once we get that formal piece of paper authorizing the FBI to conduct a full-fledged investigation," Raucci said, "we go back to collecting evidence, polygraphing people, widening the net of interviews.

"We might go out and interview every person who was in and out of the jail that day, conduct an examination of individuals. What did the person learn? What was his or her level of experience? Did they have training? We talk about the training.

"What was the lighting? What was the temperature? Do you wear glasses? We ask all sorts of questions."

State prosecutors in the King case failed to obtain convictions against the police officers. The federal case, tried next, resulted in convictions, some with prison time.

Former Harrison County jailer Regina Rhodes pleaded guilty Aug. 7 to federal accusations of assaulting Williams and covering it up. Her sentencing is Oct. 16.

Rhodes has agreed to be a government witness in the case. She claims, by her guilty plea, that she routinely witnessed unnecessary force in the booking room and efforts to conceal it.

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Former Deputy Madeline Dedeaux has told the Sun Herald she warned the jail warden after a Jan. 7 incident that someone was going to die if something wasn't done. Maj. Diane Gatson-Riley, recently replaced as warden and given other duties, is distraught and has taken a month's leave of absence, the sheriff's attorney, Cy Faneca, said Saturday.

Former jailer Ryan Teel, arrested by the FBI on Monday, is set for trial Nov. 6. He is accused of violating Williams' rights under color of law with excessive force in an attempt to kill him.

Raucci on Friday said he was not aware of allegations of a pattern of abuse at the county jail until it came up in regard to Williams' death.

ANTITRUST:

The Last Stand Of The 6-Percenters? (NYT)

By Damon Darlin

The New York Times, September 3, 2006

Seattle

WHEN David and Annette Wolf decided that their family was outgrowing its Seattle area home, they also decided that they did not need much help finding a new one.

They combed Internet listings of homes for sale until they spotted a four-bedroom house on a cul-de-sac with a three-car garage and 2.5 acres.

But the seller's agent refused to show it to them. Why would she turn away an eager buyer? Not because of the Wolfs' race, creed or color. Instead, Mr. Wolf, a software engineering manager at the online directory InfoSpace, said he and his wife were shunned once the agent learned they used an online broker called Redfin.

Mr. Wolf said they turned to Redfin because it gives two-thirds of its sales commission (which is usually 3 percent of the sale price) to its customers. "I didn't want to pay 3 percent for the opening of a door," he said. But customers like Mr. Wolf — affluent and comfortable with the Internet — are a frightening prospect for real estate agents who, as a group, reap at least $60 billion a year in commission income.

Redfin and other innovators, including ZipRealty and BuySideInc.com, are using technology to reduce costs and to save time for their brokers. Agents don't find and recommend homes — customers do that on their own, using Internet listings — and that enables agents to charge less for the services they do provide, chiefly handling the paperwork and negotiations.

The Internet has radically changed the way consumers buy books and airline tickets, trade stock and learn news. But the real estate industry has resisted change — and protected its commission structure — by controlling the information on its Multiple Listing Service database of properties for sale.

"You can find out more on the Internet about an eBay Beanie Baby than you can about a $1 million house," said Glenn Kelman, chief executive of Redfin, a licensed broker in Washington State and California.

The M.L.S. is the only place that contains nearly all the homes for sale in a community. Only brokers can post there, but agents can also display selected information about a listing on their own Web sites and on Realtor.com, a site that works with the National Association of Realtors.

Traditional agents still firmly control the M.L.S., which allows all participating brokers, including Redfin, to view almost every home for sale in a particular area, even those being offered through competitors' agencies. But the typical 6 percent commission, paid out of the seller's proceeds and split between the seller's and buyer's agents, is under attack because, as economists note, it does not serve consumers well.

Economists who have studied the current system say that it also does little for most agents — except for a few stars, whose impressive earnings give hope to the large majority of less-successful agents and thus encourage them to protect the status quo. Rivals on the Internet say they do this by refusing to cooperate with buyers using Web-based brokers and by denying M.L.S. information to some online firms.

THEY have not, as yet, fought back by reducing their commissions. And Paul B. Goodrich, the managing director of the Madrona Venture Group in Seattle, an investor in Redfin, says he thinks that they are unlikely ever to do so. "It will be hard for the real estate industry to change the way it compensates its agents," he said. "If Coldwell Banker announced it was paying 1 percent commission to its agents, there would be a mass exodus."

As it turned out, the Wolfs' offer was the highest of five bids made for the house they wanted, and they were able to buy it despite the balky broker. (They toured the house with a friend who is an agent.) They also received a $16,300 commission rebate from Redfin and became firm believers in online real estate brokers.

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But as the couple's story shows, people who want to use Web-based brokers often have to fight to do so. Many are, and there are growing signs that they are succeeding. BuySideInc.com, an online buyer's broker in Chicago that offers a 75 percent commission rebate, said that at one point 12 percent of its customers reported that traditional agents had refused to show houses to them.

The rate is now down to about 6 percent, perhaps because of responses like this: One client who was denied a showing made an offer anyway that was contingent on getting a tour — a move intended to alert the seller to the refusing agent's actions.

"I'd like to have been the fly on the wall for the conversation between that seller and his agent," said Joseph J. Fox, chief executive of BuySide and a founder of one of the earliest online stock brokerage firms, WebStreet. "The amazing thing," he added, "is that the selling agent still got paid and made $15,000 to $20,000."

In many cities, real estate agents have tried to restrict access to M.L.S. information or to limit its use on the database. Some have asked state legislatures to pass laws forcing brokers to offer certain levels of service, a move that Mr. Kelman sees as intended to squeeze out discount brokers. "It's a thousand tiny shackles on innovation," he said.

The Justice Department and the Federal Trade Commission have fought these tactics in Texas, Kentucky, Tennessee and Oklahoma, among other states, and the department is suing the National Association of Realtors, the powerful trade group of agents and brokers, over what it calls anticompetitive rules.

"Where it comes to our attention that significantly anticompetitive state laws or regulations are under consideration, we approach state officials to advocate that they take into account the benefits to consumers of a more competitive approach," said J. Bruce McDonald, deputy assistant attorney general for the antitrust division of the Justice Department.

The battle by the traditional agents reveals how vulnerable the broker's 6 percent commission has become. Agents are quick to point out that the average commission may be closer to 5 percent — a 17 percent decline over 10 years, they say — but no one knows for sure because no one collects data on that.

In many cities, of course, even a one-point drop in commissions has been more than offset by soaring sale prices in recent years. In 1994, for example, a home in San Francisco that sold for nearly $500,000 earned a total of almost $30,000 for the agents commanding a 6 percent fee. Even if the commission slipped to 5 percent when the same house sold this year for more than $1.5 million, the higher price earned its agents a $75,000 commission.

Some economists wonder why agents fight so hard to maintain this pricing system when it is making so few of them rich. In every housing boom, the number of new agents entering the market tracks the climb in home prices. As a result, the average agent sells far fewer homes and makes less money. On average, agents earn $49,300 a year, according to the National Association of Realtors, and that is before paying for their own health insurance and retirement benefits.

"It's a case where nobody wins," Chang-Tai Hsieh, an associate professor of economics at the University of California, Berkeley, said of the current system. Mr. Hsieh, who has studied real estate commissions, said that they did not vary much from 6 percent and did not generally change in good times or bad. He said it was a form of price fixing, but an odd one. "Consumers pay a lot of money, and even the people who do the price fixing don't win," he said. "So it is a colossal waste."

Traditional agents spend very little time brokering a deal, Mr. Hsieh added. Most of their time is consumed looking for new clients, which is of no benefit to consumers. An agent working for a salary, he said, would be freed of the need to prospect and would thus be more inclined to focus on negotiating.

Others agree. Steven D. Levitt, an economics professor at the University of Chicago, found that commissions did not align the interests of agents with those of their customers, a conclusion he recounted in his book "Freakonomics." The agent has little incentive to get a few thousand dollars more for a homeowner, he wrote, because it will not much improve the commission. It is far more important for an agent working on commission to get the deal done and move on, he added.

A salaried agent is less likely to pressure a customer to make a deal, especially if the agent's bonus depends on customer satisfaction, as at Redfin. Agents at that company, like Allie Howard in Seattle, are quick to point this out. "I don't have to sell anything to the client," she said.

Traditional agents portray their service as more personal and thus more valuable, but such agents, unlike Ms. Howard, are not paid unless a deal is completed.

Redfin opened in 2004 as an online real estate listings site for Seattle, and now has 35 employees, including 12 agents in Washington State and California. Its first innovation was to layer maps with historical prices for each area as well as information on property taxes and which homes had a view, for example.

In February, it introduced a Web site that automates the bidding process — and the commission rebates. The sale of a $500,000 house, for example, typically yields a 3 percent commission of $15,000 for the buyer's agent. A Redfin customer would get $10,000 back.

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"At that point we became a true pariah to the industry," said Rob McGarty, Redfin's director of West Coast operations. Buying a home online is not too different from ordering a book at Amazon.com or a computer at Dell.com. A prospective buyer finds a house on the Redfin site, which populates its maps with homes found on the local M.L.S. A request to see the house can be made with the click of a mouse.

Buyers also enter details of their offers — the price they want to pay, the size of the deposit they are willing to put up and, for example, whether they will pay for the termite inspection. Then they click on "Submit." A Redfin agent checks everything with the customer before passing along the offer to the seller.

"It took eight minutes," said Perry Webster of Des Moines, a suburb of Seattle, who bought a new four-bedroom house through Redfin. "But it didn't really matter that it was online. We just liked the business model." He asked, "Is it really worth $10,000 to ride in a real estate agent's Lexus?"

Redfin can also work the seller's side of a real estate transaction. It uses a disruptive method there, too: it lists homes in the M.L.S. for a flat fee of $2,000. The customer is responsible for showing and advertising the home; Redfin handles paperwork and negotiations. But one part of the old system is steadfastly adhered to: buyer's agents are offered their full share of the usual commission.

Like many Redfin customers who were interviewed, Mr. Webster and his wife, Robin Meyers, told of encountering hostile selling agents who said their offers would not be competitive if they used Redfin. But other agents' antagonism only seems to make Redfin customers more loyal.

Matt Bell, general manager of sales at RealNetworks in Seattle, said that "when the listing agent wouldn't show me the house, that's when I knew Redfin was on to something." He added: "If agents don't like it, then it must be better for consumers."

A dozen Redfin customers described similar experiences during the last few months. The selling agents, at least those who returned calls, denied that they had refused to work with Redfin. "That's an absolute absurdity," said Leslie Hancock, an associate broker at Windermere Real Estate, the dominant agency in the Seattle region. "I don't represent buyers on my own listings. I don't care if it's a Redfin agent or a Windermere agent. I'm not going to turn anyone away."

INITIALLY, many people used Redfin to submit lowball offers, so that the company was not taken seriously by other agents. But those "goofy offers" have disappeared, Mr. Kelman said. His agency, he said, has closed 89 transactions and returned $900,000 in customer rebates.

Traditional agents have criticized Mr. Kelman for appearing, as did representatives of the Justice Department and the F.T.C., before a House subcommittee that was looking into real estate law. At the hearing, Representative Maxine Waters, Democrat of California, wasn't buying his complaints that agents would not show homes to his clients, and seemed doubtful that it was a serious matter. "You want us to stop people from bullying you?" she asked.

Some agents say the biggest problem with Redfin is that it complains too much. "Someone may be trying to manufacture controversy, even going so far as to bait other real estate practitioners, invite 'war stories' on their blog and whine to Congress and to newspaper reporters that they're being treated unfairly," said Marlow Harris, a Seattle agent with Coldwell Banker Bain Associates who also runs the real estate blog 360digest.com.

Still, Redfin agents — like their customers — say they meet real resistance from traditional brokers. Ms. Howard, for example, said that in her first days at Redfin, several agents for sellers said they were too busy to show a house to her clients. "That was my boot camp," she said.

When that happens, Redfin agents contact the sellers and let them know that their agent will not show the house. When they cannot find a phone number, they send a registered letter. When sellers have moved, they track them down through the relocation service that moved them.

That is hardball, but the online agents have learned to be tough. "If we didn't do that, the word would get out that Redfin can be blocked," Ms. Howard said. When Redfin said it would try to make peace with rival agents by sending them gift cards for coffee, some of them told Redfin that such a move could violate a Department of Housing and Urban Development regulation having to do with transactions between agents. Redfin scuttled the plan.

Mr. Fox, the chief executive of BuySide, a start-up that operates in five states, says his company is working harder to get along with existing agents. "You have to play by their rules until the value to the customer drives the change," he said.

Redfin's financial backers, who so far have invested $8 million in the company, say they see parallels in the past introductions of automatic teller machines, big-box stores and discount stock brokerage firms — all innovations that faced industry resistance until consumers embraced them and forced change.

"You can only move as fast as the consumer; you can't move faster," said Marc A. Singer, general partner at BEV Capital, a venture capital firm in Stamford, Conn., that specializes in consumer businesses and is a Redfin investor. Redfin, he said, is becoming smarter in each market it enters. "You learn to cookie-cutter that fight," he said.

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AMID its battles, a funny thing happened to Redfin. It realized it was not primarily a tech company, but a real estate broker. It moved to stylish offices in Pioneer Square in Seattle because many customers wanted to meet agents the old-fashioned way: in person. Redfin posts pictures of agents on the Web so that customers realize, as Mr. Kelman says, "they won't be talking to a person in Mumbai, India."

Redfin said it planned to use the power of the Internet to personalize listings — if local M.L.S.'s allow it. Sellers, for example, could post online brochures that describe the history of their houses, any improvements made or what makes the homes special to them. Buyers, meanwhile, would automatically get help in searches through software that analyzes their past queries.

(Some local M.L.S.'s are particularly eager to fight one Redfin innovation: a display of how long homes have been listed on the market, a possible tip-off to buyers of an eager seller.)

"If you give people freedom, you can't take it away," Mr. Kelman said. "A consumer force has been unleashed."

ENVIRONMENT/INDIAN AFFAIRS:

Court Rules Laws On Wetlands Apply To Family's Farm (PPG)

By Don Hopey, Post-Gazette

Pittsburgh Post-Gazette, September 3, 2006

WATERFORD, Pa. -- Robert Brace rolls into his rough-hewn wood-paneled office, thrusts out a meaty hand and, even before he sits down, is talking fast from beneath his mesh Pennsylvania Landowners Association ball cap.

He's driven here to sandwich an interview between two meetings 20 miles away in Erie, and doesn't have much time, maybe an hour, to talk. It's clear, though, that the robust, 68-year-old former cabbage farmer turned nationally known property rights advocate wouldn't downshift even if he could.

That's especially true when the subject is the Aug. 4 federal court decision that denied his claim that using environmental regulations to prevent him from draining, filling and farming a wetlands amounts to a taking, for which he should be paid.

"I don't like thieves and I don't like thievery, and that's what the government is doing," said Mr. Brace, who has framed, autographed photos of President Bush and Vice President Dick Cheney on his office bookshelf. "What right does the government have to control my land? If I can't use it, we shouldn't be debating if I am entitled to compensation."

But where Mr. Brace sees regulators gone wild, the federal judge in the case and mainstream legal experts see court decisions in step with more than 100 years of precedents that allow government to regulate land use for purposes of protecting other property owners, and benefiting communities, public safety and the environment.

Still, Mr. Brace is revved up, in part because he's angry about the decision by the U.S. Court of Federal Claims in Washington, D.C., and because he senses a watershed moment for a property rights movement in Pennsylvania that, in recent years, has gone as dormant as a fallow farm field.

"People are tired. They still feel the same way, but they can't spend every hour of the day volunteering for these things," Mr. Brace said, noting that many of the activities of the Pennsylvania Landowners Association, the property rights organization he founded in 1987, have been shifted to the Defenders of Property Rights, a Washington, D.C.-based lobbying and legal organization.

"I've worked for 20 years on this, trying to educate the public and Congress about righting a wrong, but how long can I do that?" he said. "I'm hoping I see a turnaround. I believe there's a chance. But if we don't, I don't think we as a nation stand a snowball's chance."

Family farm

His case, Brace vs. The United States, turns on a soggy, 30-acre corner of the Brace family farm near the headwaters of Elk Creek, which, closer to Lake Erie, is a popular steelhead trout fishing creek. The bottom land had been in Mr. Brace's family for 40 years when his father, a cattle and dairy farmer, retired in 1975 and sold the 134-acre parcel to Mr. Brace.

He began to clear the land, which had become overgrown, and started to repair a drainage system and install new ditches and drains with the idea of expanding his cabbage farming operation.

From 1977 to 1986, he did not use the land for pasture or crops. During that time, he installed more than five miles of underground drainage pipe on the property with the knowledge and aid of the U.S. Department of Agriculture.

In 1987, two State Game Commission officers, on the farm to trap beavers that had dammed the creek, questioned whether the drainage work was allowed under the 1972 Clean Water Act. Later that year, Mr. Brace received letters from the U.S. Environmental Protection Agency, the Army Corps of Engineers and the U.S. Fish and Wildlife Service, informing him he

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had drained regulated wetlands, caused sedimentation in the creek and damaged steelhead trout spawning waters. They ordered him to restore the wetlands or face fines of up to $25,000 a day.

But Mr. Brace decided to fight rather than fill the ditches. He made a federal case out of it, arguing he was exempt from the federal rules against draining wetlands under Section 404 of the Clean Water Act because of his farming operations.

Robin Rombach, Post-Gazette

Robert Brace stands on 30 acres of his property in Waterford, Erie County, that is under regulations for wetlands, preventing him from farming it.

Click photo for larger image.

In 1993, the federal District Court in Erie decided in his favor, but the ruling was overturned on appeal in 1994. A three-judge panel of the federal 3rd Circuit Court in Philadelphia said that, while other parts of the farm did qualify for the exemption, the wetland site didn't because it had not previously been used for farming.

As a result of that ruling, Mr. Brace signed a consent order in which he avoided a $125,000 fine by agreeing to pay a $10,000 penalty, disable the drainage network, restore the site and refrain from dumping fill in the wetlands.

In 1998, Mr. Brace filed the case recently decided in the federal Court of Claims, alleging that the federal regulators' actions and the consent agreement resulted in the taking of his property without just compensation, a violation of the Fifth Amendment.

Mr. Brace said he was surprised by the court's ruling that "none of plaintiff's taking claims [are] well-taken."

According to the court, the requirement to maintain the wetlands diminished Mr. Brace's property value 14 percent. Most successful regulatory takings claims require that the value of the property in question be diminished by 90 percent or more.

Mr. Brace said he might appeal -- he has another 30 days to decide -- but the chances of a higher court taking up the appeal are slim, according to Glenn Sugameli, a lawyer with Earth Justice, an environmental group.

"It's an unexceptional result. It's not a groundbreaking decision and it applies well-settled existing law," Mr. Sugameli said. "He can always appeal, but he has a pretty weak claim economically, and it would require a creative interpretation and ignoring binding precedent to decide this differently."

Mr. Sugameli, who, in the 1990s, worked for the National Wildlife Federation and worked with other environmental groups to oppose the kind of expansive definition of a governmental taking that Mr. Brace supports, said the property rights movement was alive, but not kicking as much as it once did.

"There's a couple of ballot initiatives in some Western states, but I don't think there's the same groundswell for changing the definition of property rights to require the government to write a blank check to property owners just so they won't hurt their neighbors," Mr. Sugameli said.

He said property rights advocates had tried to piggyback on public anger over the unrelated U.S. Supreme Court ruling last year in the Kilo case, where the court ruled that local government could condemn private property for the purpose of economic development, but there is little common ground.

"That's different than the zoning and environmental laws those people oppose," Sugameli said, "and which limit the ability of one property owner to use his property in a way that it harms others, and others' properties, the community and the environment."

Down the narrow country lane from the barn where Mr. Brace milked his father's cows as a boy lies the gently rolling, still soggy swath of farmland that defines his politics and the state organization he founded and still leads.

Mr. Brace has stopped here on his way back to his meeting in Erie to point out the wetlands and adjacent farmland, now overgrown with brush and punctuated by the bone-gray trunks and bare branches of dead and dying elms. Water backed up behind beaver dams fills the ditches where cattails and lily pads grow.

He said the water had completely ruined this part of the farm, not just the 30 acres that are wetlands, but all 65 acres on the south corner, where Lane and Greenlee roads intersect. He owns a little more than 2,000 acres and has planted feed corn on 1,700 of them.

"I'm more of an environmentalist than 99 percent of the people yakking, but with a very strong property rights belief," said Mr. Brace, whose politics are a rural mix of traditional moral conservatism and libertarian let-me-aloneism. He wants less government, lower taxes and fewer regulations. He believes global warming is "just another theory without scientific evidence that's being used to manipulate people's minds."

He was named Republican of the Year by the national Republican Party last year, but said he was disenchanted with politicians who say one thing and don't do anything.

"I haven't changed, but 20 years ago, I thought the system still worked. Now I think it's broken," he said. "We've let the regulators control us to no end and the lawmakers are not paying attention to us.

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"If you want to call me a radical for telling the truth, have at it, because if you were on my end of the stick, you'd be saying it, too. I still plan on winning, regardless of the court decisions. The American people will lose if I don't straighten this out."

(Don Hopey can be reached at dhopey@post-gazette.com or 412-263-1983.)

Texas Farms And Ranches Done In By Mean Drought (LAT)

By Lianne Hart, Times Staff Writer

The Los Angeles Times, September 3, 2006

With livestock unfed and livelihoods on the line, owners pray for rain. 'It's nothing but dried weeds out there,' a feed-store manager says.

CANTON, Texas — The effects of a long, stubborn drought are everywhere here: in the parched, wasted fields and the bony cows nosing the dirt for nonexistent grass; in the cracks splitting stone-hard earth and the worried faces of farmers running out of savings, and options.

"It's sad when you see what's going on all around you," said Windy Watkins, a feed-store manager. "This has been the lives of so many for so long, and now it's gone. It's heartbreaking."

Canton, a rural cattle- and sweet-potato-producing area 60 miles east of Dallas, is hardly alone in its misery. From Florida to Arizona and north through the Dakotas, Minnesota and Wisconsin, drought has wiped out summer crops and forced ranchers to sell cattle they can no longer afford to feed.

Crop and livestock losses have reached a record $4.1 billion in Texas alone this year, nearly double the $2.1-billion mark set in 1998, according to Texas Cooperative Extension economists. The projected loss for rural businesses that provide equipment and services to Texas farmers and ranchers is an additional $3.9 billion. "It's as bad as it gets," said Texas A&M University agronomist Travis Miller.

Last week, federal agriculture officials promised nearly $800 million to ranchers and farmers nationwide, an amount state lawmakers, farm organizations and ranchers called a pittance.

"That's like me spitting out there for the cows to get a drink," said sweet-potato farmer Lamar Bass, shooting a glance at the cracked ground on his Canton farm.

With no prospects for rain, farmers can either call it quits or dig deeper into debt, he said.

"That tractor over yonder?" Bass said, pointing to the left. "Mortgaged. That other tractor? Mortgaged. That truck next to it is mortgaged. Mortgaged, mortgaged, mortgaged…. I tell the banker this is more his than mine."

In a field of wilting vines, Bass digs through the sandy dirt and pulls up a lone sweet potato. "There should be six or eight sweet potatoes with this, and there's just the one," he said. But at least the field is producing something, he added. In a scene repeated across the country, a nearby field is overgrown with dried weeds, the ground too scorched to plant.

"Folks are hanging on, hoping it will rain," Bass said. "A lot of people don't want to admit they're on their last leg."

For cattle ranchers, the drought has meant barren pastures that don't produce the hay or grass that feeds their livestock. "The pastures are all burnt up. There's nothing for the cows to eat," rancher Darwin Douthit said.

Those who can afford it import hay from as far as Iowa or Colorado at $90 a bale, double the usual rate. At those prices, only part of a herd can be fed; the rest are sold, underweight and well before they normally go to market.

"The only thing you can do is sell cows. It's the only option you have," said Douthit, 67. He has sold 40 of his 100 head of cattle, and expects to be down to 25 by the first frost. "I'll sell my cows before I watch them starve."

In many Texas counties, more than twice as many head have been sold this year than last, Miller said.

Van Zandt County Livestock auction barn is doing record business, selling an average 600 head each Saturday, compared with 250 in nondrought years. The line of ranchers waiting to unload trailers of cattle starts early in the morning, and backs up for half a mile.

For auction-house owner Tommy Barton, the boom in business has meant watching friends and neighbors slowly liquidate their life's work. "It's been horrible," he said.

The effect on consumers will probably cut two ways.

"In the short term, beef prices will be lower because all those animals are going to auction, and there's more beef on the market. But in the long term, consumers will see higher beef prices because many of the younger cows that would have been producing more calves, and expanding the market, have been slaughtered," said David Anderson, a livestock economist at Texas A&M.

Not all of the younger cows have been turned into beef, Anderson said. Out-of-state producers are buying cows at auction and moving them to states where grass is still abundant.

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But wherever ranchers gather in Texas, the nation's largest cattle-producing state, the conversation is the same. " 'Have you heard where you can get some hay? How much does it cost?' That's what we talk about now," Douthit said.

His wife, Becky, admits to being a poor sounding board. "He doesn't talk about it much to me. I can't take it," she said. "When he told me how much he paid for the hay he bought from Iowa, I nearly choked."

This time of year, most farmers would be preparing the fields for winter grass, but the ground is too hard to plow. "People are losing their ever-living tails," Douthit said.

Worry and financial hardship have forced many older ranchers, spry men in their 70s and 80s, to give up a lifelong passion — and the reason they get up in the morning, Douthit said. One such friend, he said, recently sold virtually his entire herd of 450. "The drought just wiped him out," Douthit said. "He said he kept 11 head for something to look at."

Businesses that support farmers also are hurting. Sales at the Van Zandt Ag feed store are off 40% from last year, Watkins said.

"Anything related to cattle or farming, people aren't buying because they can't use it" with herds so reduced, she said. "It's nothing but dried weeds out there now."

When she runs into former customers at Wal-Mart, they almost always stop and apologize for not patronizing the store, Watkins said. "They tell me: 'The reason I haven't seen you is I sold all my cows,' " she said. It's a melancholy moment. "You want to give them a hug."

In Canton, as in rural towns across the state, churchgoers at Sunday services have prayed for rain for months. Their prayers seemed to be answered here last week, when a light rain fell in parts of the county. But the ground was so hard that the water fell away in sheets, and it wasn't enough to save the summer crops anyway, county extension agent Brian Cummings said. The skies returned to a cloudless blue, and the forecast gave no hope for another summer shower.

Douthit went back outside and worked the land that had been in his family since 1836. This is where he was born and raised, he said. His parents lived through a drought in the 1950s that, before this year, was considered the state's worst, and he intends to soldier through this one.

"It's what I do," he said. "I'm not going anywhere."

lianne.hart@latimes.com

Carbon Dioxide Emissions Get Buried At Sea (LAT)

By Robert Lee Hotz, Times Staff Writer

The Los Angeles Times, September 3, 2006

A Norwegian oil firm injects gas below the seabed to cut its taxes, a practice that could spread as nations fight global warming.

SLEIPNER PLATFORM, North Sea — Buffeted by crosswinds, the lone helicopter flew on for an hour across the shale-gray waves of the North Sea with no destination in sight.

A relief crew huddled unsteadily inside, sweating in their 20-pound immersion suits, festooned with safety whistles, buddy lines, emergency lights and inflatable life vests. Even in summer, survival in the choppy 40-degree water is measured in minutes.

Finally — far off the coast of Norway — the superstructure of the Sleipner platform came into view, towering 500 feet above the swell at this watery crossroads of 3,000 miles of undersea petroleum pipelines that carry natural gas for 50 million European customers.

Only one pipe led from the platform back into the seafloor. It carried industrial carbon dioxide deep into the earth from which it came.

Here, on the remote Sleipner refinery complex, the business of global warming is taking shape.

Since 1996, Norway's largest petroleum company — Statoil — has been injecting 1 million tons of carbon dioxide every year from the Sleipner complex into undersea sediments to keep the potent greenhouse gas from venting into the atmosphere.

Statoil's engineers aren't doing it to save the environment, but to save money. The Sleipner injection facility, which cost about $80 million to build, saves Statoil $53 million every year in Norwegian taxes on carbon dioxide emissions.

In areas such as California — where lawmakers passed a bill last week to curb industrial carbon dioxide emissions 25% by 2020 — the Sleipner platform is a harbinger of the future of fossil fuels, in which energy companies and power utilities retool for new greenhouse gas standards.

Though business executives generally oppose such controls, energy company planners here believe there may be opportunities in the financial balance sheet of global warming.

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Even before all the scientific, safety and legal questions are settled, energy companies from Scotland to Southern California are gambling billions of dollars on the hope that they can meet growing demands for electricity with oil, gas and coal, and avoid the increasing financial penalties by burying the greenhouse gases they generate.

The work can be as dangerous and grueling as extracting oil.

Standing on a blue walkway inside the Sleipner platform, Tor Fjaeran, Statoil's senior vice president for the environment, braced himself against the trunk of Control Valve A-16, where a ring of 12 bolts — each the size of a fist — secured it to a vertical pipe channeling pressurized carbon dioxide almost half a mile underground.

Far below, 70-seat lifeboats hang nose-down in harnesses 60 feet above the water like bullets in a bandolier. In an emergency, they free-fall into the sea. Fjaeran has ridden the boats down twice during training.

"Those 2 1/2 seconds in the air … are very long," he said.

The Sleipner platform, about 140 miles from the city of Stavanger on the Norwegian coast, is a 34,000-ton Rubik's cube of color-coded conduits, control valves and compressors.

The 240 men and women here are engaged in what the United Nations' International Labor Organization has ranked as the world's most hazardous employment.

The threat of a gas explosion is omnipresent.

Flash photography is banned, lest automatic sensors interpret the burst of light as a fire and instantly shut down production, at a cost of millions.

In the most severe weather, winds top 130 mph and 70-foot waves slap against the platform's concrete pilings.

The complex comprises three platforms linked by catwalks — each a pad for the intricate network of turbines and pressure chambers required to pump and refine so much fossil fuel.

Raw natural gas comes into the platform containing as much as 9% carbon dioxide. To reduce the CO2 to acceptable levels, the natural gas is chemically treated in an 11-story carbon-capture unit.

Almost all energy companies vent excess gas into the air. On the Sleipner platform, however, four turbines compress the trapped carbon dioxide to 80 times the normal atmospheric pressure and inject it into a subterranean plateau of porous sandstone 2,600 feet below the seabed. This vast natural storage tank is sealed by a cap of impermeable shale 2,000 feet thick, the same oil dome that trapped the reservoir of North Sea petroleum in place for eons.

By 2050, experts estimate, carbon-capture and storage operations such as those at the Sleipner platform could account for half the reduction in CO2 needed to stabilize rising emissions in the atmosphere.

To avoid rising temperatures, climate experts say carbon dioxide emissions from fossil fuels — which have added 152 billion tons of carbon to the atmosphere since the mid-1970s — must be cut in half by the end of the century.

Energy demand, however, is expected to double in coming decades, much of it to be met by fossil fuels, energy analysts and climate experts say. Consequently, world CO2 emissions are expected to reach 38.8 billion tons annually by 2025 unless something is done, energy analysts predict.

The North Sea aquifer could safely hold all the carbon dioxide emitted by Europe's power plants during the next 600 years, oil company researchers think. Undersea sediments along the U.S. coastline may be sufficient to store the nation's annual CO2 emissions for thousands of years, researchers at Harvard and Columbia universities and MIT determined in August.

"The capacity is essentially infinite," said Harvard climatologist Daniel P. Schrag. "We would run out of coal long before we would run out of storage space."

The technology of injection is well-known. For decades, oil companies have boosted production by raising the pressure in depleted fields with CO2 injections.

Until recently, however, few cared so much about how long the carbon dioxide stayed put.

That is starting to change. Since 2000, the North American energy company EnCana Corp. has boosted oil production 50% at Weyburn, Canada, by injecting millions of tons of surplus CO2 from North Dakota. Plans call for at least 20 million tons in all to be sequestered permanently there in coming decades — an amount equal to the annual emissions of 6.8 million cars.

So far, monitoring indicates that most of it will stay underground but, by one report, about 2,500 tons a day bubble to the surface where it must be recaptured and re-injected.

Critics of the storage operations worry about the long-term safety of the reservoirs. No one knows whether excess carbon dioxide will remain stable underground for hundreds or thousands of years.

"If it can find any well, crack or conduit in the rock, it will escape," said Harvard carbon storage researcher Kurt Zenz House.

With more than 3.5 million oil wells drilled in the U.S. since petroleum exploration began in earnest 150 years ago, there is no shortage of potential leaks.

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Experts also worry how so much carbon dioxide will alter the chemistry of the storage formations themselves. Bubbles composed of millions of tons of sequestered CO2 could form an acid that could etch away the confining rocks or erode the concrete caps on well heads.

To test the effects of carbon dioxide storage, researchers funded by the U.S. Department of Energy recently injected 2,000 tons — about half a day's power plant emissions — into a mile-deep well northeast of Houston.

After monitoring the site for two years, researchers at the U.S. Geological Survey found no leaks.

But in a study made public in July, they did discover that the buried CO2 increased the acidity of the saltwater in the rock enough to dissolve the surrounding minerals. Should enough minerals be eaten away, the gas could seep slowly into the atmosphere again, they reported. The acidic solution also could combine with trace metals and organic compounds to contaminate groundwater.

"We can't just dump this CO2 anywhere without knowing what is there underground and what is happening to it," said USGS scientist Yousif Kharaka, who conducted the analysis.

At Harvard, House and his colleagues believe the most effective way to store excess carbon dioxide is to sequester it offshore in ocean sediments under water more than 9,000 feet deep. In theory, they said, the combination of extreme pressure and severe cold would make the CO2 slurry so dense that it would sink of its own weight.

Since starting injections in 1996, Statoil technicians surveyed the carbon dioxide with 3-D seismic sensors that can track the gas as it moves through the brine-soaked rock. So far, it has stayed where they put it.

If Statoil's computer simulations are correct, the immense CO2 pool may be safely sequestered for at least 5,000 years.

"At Sleipner we know it works," said Julio Friedmann, director of the Carbon Storage Initiative at Lawrence Livermore National Laboratory. "What we don't know is if it works everywhere you need it. The question is whether you can do it a hundred times, a thousand times. Can you do it in the places where the power plants are?"

Ideally, excess CO2 from power generation would be injected into sediments close to the power plant that generated it.

Such is the strategy of BP and Edison International, which have been preparing to build a $1-billion hydrogen fuel plant south of Los Angeles in Carson, in anticipation of new state curbs on carbon dioxide emissions. They expect to dispose of 4 million tons of CO2 per year from the proposed 500-megawatt power plant by injecting it into depleted oil fields throughout Southern California.

In the absence of taxes or federal regulations to encourage its use, the technology of carbon storage so far is too expensive for many power plants to adopt voluntarily, especially coal-fired plants. In the U.S., CO2 emissions from the largest plants can run as high as 18 million tons annually.

But as greenhouse gases in the atmosphere reach increasingly higher levels, the need to sequester carbon dioxide safely may become a profitable enterprise.

"This is the only way for the fossil fuel industries to survive — to become part of the solution," said Fjaeran of Statoil.

Statoil and Royal Dutch Shell announced a proposal in March for a $1.4-billion, 860-megawatt power plant that involves one of the world's largest carbon-capture and storage operations. Almost half of the project's cost stems from its carbon storage plan, but the companies will use the excess CO2 to boost production of even more oil and natural gas from their depleted fields.

That is what worries critics most.

The CO2 storage schemes offer energy companies a way to perpetuate the use of carbon-rich fossil fuels for decades to come. To avoid potentially catastrophic consequences of global warming, environmental critics contend, the world should instead be weaning itself completely from petroleum in favor of alternative energy sources.

Deep in the heart of the Sleipner complex, platform manager Helge Smaamo pursed his lips as he surveyed a leaking CO2 compressor. To avoid the risk of fire, the carbon dioxide injection system had to be shut down until the leak could be repaired.

The platform fell silent.

Inside the industrial intestines of the 8,000-ton CO2 unit, three workers in orange jumpsuits crouched over the leaking turbine, heaving at the bolts on its green cowl with wrenches the size of their leg bones.

Smaamo hurried onto a walkway overlooking the carbon dioxide capture unit. Before his eyes, its 500-foot-high flare tower started to stream flame as venting natural gas ignited safely. His eyes turned to the smaller exhaust stack next to it.

In a few moments, a wispy white plume spilled from its mouth. The company's carbon dioxide was escaping into the atmosphere, to be taxed at more than $50 a ton.

Smaamo grimaced.

He watched money — and more — disappear up the flue.

lee.hotz@latimes.com

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Offshore Terminal's Onshore Effect Debated (LAT)

LA Times, September 3, 2006

Gary Polakovic

Building a floating liquefied natural gas terminal 14 miles off the Ventura County coast may be safer than putting it on shore, but the proposed $800-million project has triggered intense opposition over its effect on air quality in smoggy Southern California.

About 12,000 coastal residents have filed comments, mostly in protest, about a draft air pollution permit the U.S. Environmental Protection Agency is preparing for Australia-based BHP Billiton, one of the world's largest energy companies.

Environmentalists say BHP's project fails to meet Clean Air Act requirements because the EPA is not holding it to the rigorous standards that would apply if it were built on land. The EPA strongly advocated stringent controls for two years, then dropped its demand after intense lobbying from the company and the Bush administration, they said.

"It is being held to the lowest possible level of environmental review," said Susan Jordan, director of the California Coastal Protection Network. "It sets a precedent for all the offshore LNG projects."

But Renee Klimczak, president of BHP Billiton LNG International, said the project would not only provide California with a reliable source of low-polluting energy, it would aid in the fight for clean air. She said the company plans to use the best-available technology so the operation does not degrade air quality on the mainland.

Bill Would Aid Cemeteries For Indian Veterans (NYT)

By Holli Chmela

The New York Times, September 3, 2006

WASHINGTON, Aug. 26 — Traditionally, when American Indians are killed in battle, their remains are returned to their tribal lands for burial.

But for the families of the many Indians who join the United States military, death brings a difficult choice: The veterans can be buried in a national veterans' cemetery with fellow comrades in arms. Or they can be buried close to home on tribal land.

There is no way to do both.

The Native American Veterans Cemetery Act would change that.

Representative Tom Udall, the New Mexico Democrat who wrote the bill, said it would authorize states to provide grants financed by the Department of Veterans Affairs for the development or improvement of veterans' cemeteries on tribal land. At present, tribal governments are not eligible for department money.

In June, Mr. Udall's measure was unanimously approved by the House Veterans Affairs Committee. Both the House and the Senate included it in comprehensive veterans' bills approved last month. The next step is for those bills to be reconciled by a conference committee after Congress returns in September.

Nearly 20,000 people classified as Native American/Alaskan Native are serving in the Army, Navy, Marine Corps and Air Force, according to the Defense Department's most recent tally, from December 2005. By the end of 2006, there will be an estimated 181,361 Native American veterans, according to the V.A. The National Native American Veterans Association estimates that 22 percent of Native Americans 18 years or older are veterans.

"This is about recognizing that it's not just states that have rights — tribes, too, should have rights," Mr. Udall said in a recent interview.

There are 562 federally recognized tribes in the United States. New Mexico alone has 22 tribal reservations, and the population of Mr. Udall's district is 19 percent Indian.

Explaining the importance of being buried close to home, Thomas Berry, a Navy veteran and a founder of the two-year-old National Native American Veterans Association, said tribes have sacred ceremonies and rituals to honor the dead and ease passage into the next life.

"If a Native American is buried in a national cemetery, a lot of the rituals cannot be performed because of coding restrictions and regulations," Mr. Berry said. "So it's important to us to have a place on tribal land to bury our veterans."

Leo Chischilly, 57, the department manager for the Department of Navajo Veterans Affairs in the Navajo capital, Window Rock, Ariz., said having veterans' cemeteries on tribal land was a matter of practicality as well as tradition.

"The Navajo Nation would like to bury their loved ones within the four sacred mountains on Navajo land," Mr. Chischilly said. "But the closest veterans' cemetery is in Santa Fe, N.M., four hours' drive from Window Rock. Some families visit the grave sites on Veterans Day or Memorial Day, but most people would prefer something closer to home."

Some reservations have cemeteries dedicated to veterans, but they are maintained and paid for by the tribal organization or volunteers, not by the V.A.

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Fort Defiance Veterans Cemetery in Arizona is one such example. It is full with more than 300 graves of Navajo veterans. Ten acres have been set aside in Chinle, Ariz., for a new veterans' cemetery, Mr. Chischilly said, but money is needed.

"Hopefully if President Bush signs the legislation we can submit a proposal to get a veterans' cemetery on the Navajo Nation," Mr. Chischilly said. "We'll be able to provide the land, but we will have to get other sources of funding for the operational costs."

FBI/DEA/ATF/USMS:

Deadly, Intentional Ignorance On Guns (LAT)

The Los Angeles Times, September 3, 2006

The Bush administration has blocked collecting data on gun sales and crime. Now Congress wants to go even further.

TWO YEARS AGO THIS MONTH, the federal ban on assault weapons expired. Since then, sales of such weapons have almost certainly increased, and the number of crimes in which they have been used has undoubtedly risen. Unfortunately, there's no way to know for sure. That's because the public and law enforcement agencies no longer have access to information they could routinely get just a few years ago.

A decade ago, the federal government was beginning to make some progress in making information about crime and guns more widely available. During the Clinton administration, the Bureau of Alcohol, Tobacco and Firearms started analyzing its vast database for the first time and in 2000 released its "Commerce in Firearms" report. This report — which was supposed to be issued annually — was full of information about gun sales as well as sales patterns of weapons used to commit crimes.

Armed with that information, federal and local law enforcement began cracking down on suspect dealers and shifting more resources to areas with disproportionally high levels of gun crimes. The federal government also began collecting information from 40 cities nationwide about their gun crimes and looking for helpful patterns in the data.

Today, such information is no longer available. In 2003, federal lawmakers slipped in a provision to an appropriations bill that bars the ATF from spending money to analyze its gun-crime database or making any data available to the public. The federal government also has stopped collecting cities' gun-crime data.

Congress is now intent on going a step further. This month, it's expected to vote on a package of bills that would make it harder to track other kinds of information. One would bar the federal government from releasing gun-crime data of any kind. Another would make it a felony for a law enforcement agency to share information about gun data with another jurisdiction. (This would make it a crime for a police officer in Los Angeles who wanted to pass along a tip about a gun crime to police in Long Beach.)

The gun industry says this kind of information has no value to the public at large and that law enforcement agencies could use it to harass dealers. That's nonsense. What they're probably worried about is that such information could show how to make gun-control laws more effective.

IMMIGRATION:

With Millions In 9/11 Payments, Bereaved Can't Buy Green Cards (NYT)

By Cara Buckley

The New York Times, September 3, 2006

One widow has more than $2 million but walks or rides the bus everywhere, terrified of drawing attention. Another millionaire widow stopped going to 9/11 support groups because she feared that families of police officers and firefighters might betray her. A widower has enough money to start a business building houses, but cannot buy himself a home.

All three lost a husband or a wife when the World Trade Center collapsed. Like thousands of others, they were beneficiaries of the federal Sept. 11 Victim Compensation Fund, which awarded millions of dollars to families whose loved ones died in the attacks.

But a secret sets these three apart. Like their spouses who died, each is in the country illegally. Even though the government compensated them richly for their losses, making them wealthier than they ever dreamed, the money did not change their immigration status. They fear they could be deported any day.

Five years after the terrorist attacks, these people are living with extraordinary contradictions.

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Long accustomed to stashing dollar bills in coffee cans, they became millionaires overnight. But because they do not have Social Security numbers or work visas, they cannot get mortgages or driver's licenses. They say they have spent little of the money, afraid of attracting notice.

Their spouses were labeled heroes, their names emblazoned on placards ringing ground zero. But none of these three, still living in or near New York City, feel they can publicly identify themselves.

"I can't dream very high, because I have no papers," said one widow from Ecuador, who, like the others, agreed to be interviewed on the condition that she not be named. "You're always afraid of exposure. It's a horrible feeling. But I don't want to go back to my country. I know my husband's spirit is here."

After Congress created the victims' fund, promising payouts in return for an agreement not to sue the airlines or other interests, the officials who drafted the fund's rules explicitly stated that foreigners and illegal immigrants would be eligible. And immigration authorities announced that they would not use information provided to the fund to track people down.

But the families who received money could still face deportation if their identities come to light in some other way, their lawyers say.

A spokesman for Immigration and Customs Enforcement in New York, Mark Thorn, said the agency could not comment on specific cases, but confirmed it was not focusing on the families. Still, he added, "generally speaking, anyone who is in this country illegally is vulnerable to removal."

Legislation before Congress would grant green cards to the illegal immigrants who received money. But the measure, attached to the Senate's immigration bill, is deadlocked with the entire package.

From the start, many immigrants were suspicious of the fund.

"They were these modest, poor, fearful people," said Kenneth R. Feinberg, the fund's special master, who determined the awards. "They were afraid they'd be punished."

In the end, 11 awards went to the survivors of illegal immigrants. All those victims had worked at the restaurant Windows on the World. Although they had earned modest wages, many were upwardly mobile and supported relatives back home, factors that increased the payouts. Their awards ranged from $875,000 to $4.1 million.

But their lawyers still worried: That their clients would become marks for hustlers. That relatives, sustained by wire transfers and living in unstable countries, would be kidnapped for ransom.

Details about the 11 families are sketchy. At least three lived abroad at the time of the attack and remain there. At least three were here in New York on 9/11 and still live here with their children in modest apartments.

They could return to their native lands with their money, but feel tethered here, unwilling to leave the country where their spouses worked and died, and determined to give their children a chance to grow up here.

"I have half my life here," one widow said. "And my husband is here."

When the widow from Ecuador first heard about the fund, she thought it might be a trap to catch immigrants like her.

She and her husband moved to Queens in 1992, paying smugglers $11,000 to help them cross the border. But now her husband, a supply-room manager, was dead and she was alone with their son, who had joined them later. She could no longer afford the rent on their cramped basement apartment, where sewage leached through floors, or her son's asthma spray.

The union at Windows on the World arranged for families to meet with pro-bono lawyers. One lawyer, Debra Steinberg, convinced her that Mr. Feinberg, the fund's administrator, was sincere.

But the woman was petrified. Mr. Feinberg worked for the government, after all. When she told him her story at a hearing in April 2003, her voice quavered.

"How could he understand how I was feeling, how I was screaming from the inside?" she said she wondered. "That we need help, and we're alone. That we don't belong here, but that I don't want to go back to my country. That I'm already part of this one, because my husband is here."

Mr. Feinberg awarded her roughly $1.6 million.

The sum frightened her. She had grown up in a mountain town where dinner often consisted of rice and half an egg. "I was praying, 'Please, God, don't let me change, let me stay myself,' " she said.

The woman, 38, tried to make peace with the windfall by thinking of the money as her husband's gift to their son. With help, she put it into conservative investments that she could tap if forced back to Ecuador. She has lived off the interest, she says.

And she has continued to live modestly, renting a two-bedroom apartment in East Elmhurst, Queens, for $1,200 a month. Her splurge was a bedroom set for her son.

But the money did change her life. She is still a warm woman with laughing brown eyes, but she has grown withdrawn.

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She is afraid to tell neighbors she is a 9/11 widow, fearing questions about her immigration status. She yearns for work to fill her days, but has no visa. She stopped seeing old friends who made snide remarks about her sudden wealth. Even 9/11 support groups made her feel unsafe, because they were filled with spouses of dead police officers.

"I'd rather be alone," she said softly.

Her son, 17, is a senior at a private school in Manhattan, his tuition paid by a private foundation. A gifted photographer, he dreams of studying design, but the colleges he is interested in require Social Security numbers.

He says he cannot imagine moving to Ecuador, which he left at age 5.

"I have no idea what I'll do," he said, as a trailer for the movie "World Trade Center" flashed across their television screen. He took a shaky breath and said, "My history is here."

For the second widow, school days are the hardest. The Mexican woman with the soulful eyes and a sweep of dark hair tightens her fingers around her 9-year-old son's hand and boards the public bus. Only 4-foot-7, she almost disappears into the seat. But she feels like a beacon sending off warning signals.

Her son was 4 when his father, a grill cook, died on 9/11. The Windows of Hope Family Relief Fund, which helps families of the restaurant workers, pays the boy's tuition at a private elementary school in Manhattan. But this woman lives outside Newark and has no car. So she takes her son to and from school, a daily commute totaling six hours.

She finds the journey harrowing. Security is tighter now at bridges and tunnels. "I never know if they're going to get me," said the woman, 30, who recently had a baby girl with her new companion.

It is hard to fathom that this woman has about $2.2 million, trusted financial advisers and a lawyer, Ms. Steinberg. Yet there are things that a fortune cannot buy. She has the cash to buy a house outright, but fears that if deported, she could lose any property here. She struggled to find an apartment, because most landlords demand a Social Security number. She cannot get a driver's license, so she carries groceries and laundry for blocks, her baby in tow.

Immigration officials have caught her before. In 2000, she says, she and her husband were intercepted as they were returning from their wedding in Mexico. Deportation hearings were scheduled for May 2002, but by then her husband had been killed.

As a lawyer asked an immigration judge to grant the woman mercy as a 9/11 victim, a memorial service was under way at ground zero. The judge let her go, and she applied to the fund the following year.

If she has to return to Mexico, the money will still be hers, government officials said. But she will have to make a wrenching decision. Her son is a United States citizen, born in Queens. He has relatives he adores nearby, and she feels his future is more assured here. Yet she cannot imagine leaving him behind.

The third spouse, a widower, faces a similar dilemma. He could move back to Ecuador and start the construction business he has always dreamed of. But he is torn — and amazed to find himself in a country where he is not supposed to even work or drive.

"Why am I staying here?" he says he asks himself.

The answer is his 5-year-old daughter, his last link to his wife. The girl has just started prekindergarten. If he can endure staying one more year, her English will improve, he says. And maybe the legislation allowing him a green card will pass.

Yet waiting is not easy for this stocky 35-year-old, caught between his fierce independence and a deep concern for his daughter.

A construction worker, he was always proudly self-sufficient, though his wife earned more as a prep cook. After her death, he threw himself into raising — and coddling — the child, then 8 months old. He filled her bedroom with plush animals and bought her the frilliest dresses he could find.

Yet when his lawyer, Saralyn Cohen, told him about the fund, he balked, offended by charity. But when she gently noted that the money would help his daughter, he softened.

She said he invested the money, about $2.2 million, only occasionally tapping into the interest. Seemingly indifferent about the windfall, he kept the same small apartment in Borough Park, Brooklyn. "Money cannot buy my daughter's mother back," he said.

Though resolved to stay another year, he aches for Ecuador and wants the girl to meet her grandparents. Yet if he traveled home, he could not return.

And so he ticks off the days until his life can begin again.

"It's all for her, so she does something better," he said as his daughter wrapped her arms around his neck. "That she becomes a doctor, a lawyer. That she's not the same as me."

L.A. March Presses For Amnesty For Illegal Immigrants (LAT)

LA Times, September 3, 2006

Rong-Gong Lin II And Ted Rohrlich

More than 1,000 marchers took to the streets of downtown Los Angeles on Saturday to call for a general amnesty for illegal immigrants and highlight the troubles of women facing deportation.

Organizers put the crowd at 5,000, while police estimated 1,500.

"We're telling Congress we're still here, waiting for a positive answer," said Eddie "Piolin" Sotelo, a popular Spanish-language radio deejay, who helped turn out 500,000 people for a demonstration in March against federal legislation cracking down on illegal immigration.

Saturday's demonstration focused largely on undocumented immigrant women threatened with deportation.

It spotlighted the case of a cleaning woman from Mexico who has taken refuge in a Chicago storefront church to avoid being deported.

Elvira Arellano, 31, was arrested in 2002 for using a fake Social Security number to obtain a job at O'Hare International Airport and has been fighting since then for permission to stay in the country with her 7-year-old U.S.-born son.

Ga. National Guard On The Border Illegals Seeking Southeast Jobs Find The Early Going Blocked By Georgians (AJC)

By Jim Tharpe

The Atlanta Journal-Constitution, September 3, 2006

DEMING, N.M. — The beauty of the battlefield jolts the senses.

Here, along the remote, rugged border shared by Mexico and the United States, recent rains have raised a dozen shades of vegetative green from the rocky, tan-and-purplish soil. Flowers have sprouted everywhere. Armies of brilliant yellow caterpillars — some three inches long — nibble at the seasonal feast.

This is the place, about a half-mile north of Mexico, where 150 members of the Georgia National Guard have spent the past two months in a stepped-up fight against illegal immigration. And they are having an impact, say the U.S. Border Patrol agents they assist, at least on this small battlefield of a very large and politically charged war.

"The smugglers are saying, 'Don't go in the Deming area because there are too many Border Patrol and National Guard,'" said Carl McClafferty, assistant Border Patrol agent in charge of the Deming area. "The border crossings have dried up around here since the Georgia folks arrived."

The all-volunteer Georgia Guard contingent is part of Operation Jump Start, which was introduced by President Bush in May. That effort placed about 6,000 Army and Air Guard members from 40 states along the 1,951-mile southern border.

A recent federal report indicated Georgia had the fastest growing population of illegal immigrants in the nation from 2000-2005 — thought to number about 470,000, but possibly twice that. The state Legislature this session enacted laws to crack down on illegals and the people who hire them. And illegal immigration has become an issue in the governor's race.

McClafferty said some of the illegals apprehended in the Deming sector have said they were bound for the Southeast. Some said they were headed directly for Georgia, only to be stopped by Border Patrol with an assist from citizen soldiers from Georgia.

The guard troops do not attempt to arrest border violators, but instead act as the "eyes and ears" for the Border Patrol. They act as a "force multiplier" for the thinly stretched border agents, plugging gaps in the porous boundary.

Spc. Jamey Fortune, of Conley has found himself on the front line of this quiet fight. He mans an elevated viewing tower called a "sky box" with night-vision equipment overlooking the border about 35 miles from Deming.

Georgia Guard troops patrol seven observation points scanning about 54 miles of the border — about 1/40th of the entire U.S.-Mexico border. The sky boxes are manned 24 hours a day, with teams working in eight-hour shifts. It is lonely, often boring work out here, far from the nearest town or even the nearest man-made sound. There are no bathrooms. When nature calls, you spend a lot of time avoiding rattlesnakes.

Fortune spots rabbits, coyotes, prairie dogs and lizards from his hilltop perch. And, occasionally, people trying to crash the border along this area dominated by cacti, rock-strewn hillsides and hidden valleys.

"We scan the border road, and, if we see any vehicles or individuals that look unusual, we'll alert the Border Patrol," he said. "If they actually cross the border, we'll call the Border Patrol again and try to direct them in for an arrest."

In late July, he spotted 15 people trying to sneak across as a group.

"It was a harder task than I thought, especially at night, trying to guide the Border Patrol to the people we saw," he said.

From his high-tech perch, Fortune can see the small town of Palomas, just across the border, which he said is a staging area for people trying to illegally cross the border.

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"We usually try to let them get across the border a little but before we call the Border Patrol," he said. "About nine times out of 10, if they know we see them, they'll drop everything they have and run back across the border."

McClafferty said the Georgia Guard has assisted in about 200 apprehensions and more than 280 "turnbacks" — actions that discouraged crossings — since its members arrived. More importantly, he said, apprehensions are down from about 300 a day to about 50.

No one has any idea what overall impact that patrols like those being conducted by the Georgia Guard will have on illegal immigration. Even the Border Patrol agents think the people who do not cross here will try to cross somewhere else.

At his Deming office, McClafferty shows visitors videos captured from pole-mounted cameras along the nearby border that would give the TV show "Cops" a run for the money. There is the night vision footage of a pickup truck filled with people that bursts through a border fence. After they spot a Border Patrol vehicle, the truck then speeds south back across the border until it crashes in a cloud of dust. Another night, two men with huge backpacks full of drugs are busted by agents. And another video shows a group of several dozen people being escorted across the border by a "coyote," a smuggler who charges up to $2,000 per person for the crossing.

"When we get people coming across the border, we don't know if it's just people or if it's people smuggling dope or plutonium," he said.

The cells at the Deming Border Patrol station held about 50 illegal immigrants last Wednesday. Men were separated from women, juveniles from adults and families from the other groups. A group of men, their jeans muddy from the recent rains and their failed crossing, stared blankly as McClafferty escorted a group of reporters into the holding area. Here, illegal immigrants are booked and checked to see if they have any criminal warrants before being deported.

In one cell, a mother and father rested beneath blankets on a bare concrete floor as their young, ponytailed daughter, maybe 8, stared shyly at reporters and smiled. Her father, who looked tired and broken-spirited, avoided eye contact.

"Do you ever feel sorry for these people?" a reporter asked.

"Every day," McClafferty said without hesitation. "But the immigration problem is not our concern. Our concern is border security."

A visit by Gov. Sonny Perdue, who is in a heated re-election battle, broke the monotony of last week's patrol. Perdue estimated some Guard presence will be requested along the border for the next four years.

"I'm sure we'll be asked to do this again," Perdue said. "I wanted to make sure we are out here making a difference and not just doing something to make everybody feel good."

Perdue dined on pizza with troops at a Deming armory, pinned on a couple of promotions and visited several of the hilltop observation points, where he presented Georgia state flags to troops.

As two Black Hawk helicopters carrying the governor, his aides, troops and reporters took off from one site, troops had already tied a state flag to their Humvee. It flapped briskly in the wind just a few hundredsyards from a country where a lot of people want to make the crossing.

TAX:

IRS Audits May Not Catch Wealthy Cheats (AP)

By Mary Dalrymple, Ap Tax Writer

The Associated Pressb, September 2, 2006

The Internal Revenue Service has been auditing more high-income taxpayers but may not be effectively going after one of the biggest problems — wealthy people who evade taxes by reporting too little business income or overstating business expenses.

The reason is that IRS auditors most often conduct audits of high-income taxpayers by correspondence, said a report by the Treasury office that oversees the tax collection agency's operations. In those cases, the IRS sends letters to taxpayers asking them to verify information on their returns.

Fewer audits actually require high-income taxpayers — those reporting $100,000 or more in income — to sit through intensive, face-to-face examinations.

Those audits could turn up more evidence of missing business income or overstated deductions for business expenses, J. Russell George, the Treasury Department's inspector general for tax administration, said in a new report.

"These types of taxpayers and issues are difficult to examine through correspondence," the inspector's report said. By their nature, audits by letter are "less complex and issues are limited" when compared with traditional audits, it added.

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The IRS has increased the number of intensive face-to-face audits of wealthier taxpayers over the last few years, even though its budget has remained basically flat.

Kevin Brown, who heads the IRS small business and self-employed division, agreed that intensive audits find more unreported income. "The observation is correct," he said. "We don't think we're doing enough there, and we want to do more."

Both types of audits — those by mail and in person — have increased in recent years, reversing a slide in IRS tax law enforcement that started in the late 1990s.

The IRS examined 1 in 65 tax returns filed by high-income individuals and families and 2005, higher than the 1 in 116 examined in 2002. More than 5 percent of people reporting more than $1 million in income saw their returns audited last year.

The number of face-to-face exams increased by 25 percent in that time, a change that the Treasury inspector called a "significant achievement" because they are more complex and time-consuming.

Examinations by letter, however, increased 170 percent during that time. The result was that two-thirds of the audits of high-income taxpayers in 2005 were done by mail.

The IRS uses the correspondence examinations because they cost less and require less time compared with face-to-face meetings, allowing the agency to check up on more tax returns.

Brown said the average face-to-face audit takes 40 hours, compared to the 10 hours an average correspondence audit consumes.

IRS Commissioner Mark Everson has increased audits of high-income taxpayers in an effort to start closing the annual tax gap, the roughly $345 billion owed but not paid.

IRS researchers have found that the biggest contributor to the tax gap are taxpayers who don't report income from business ventures. That includes sole proprietors, independent contractors, self-employed workers and others who report business income on their individual tax returns.

Audits of high-income taxpayers reporting such income on their returns has increased, the Treasury investigators said. The IRS audited 1 in 28 such returns in 2005, an increase from the 1 in 69 examined in 2002.

But more than half, or 54 percent, of those audits were correspondence examinations done by mail, the Treasury inspectors found.

Almost 20,000 high-income taxpayers reporting business income had their returns examined through correspondence. In only 22 percent were raised questions regarding the taxpayer's business, the report found.

Business income, unlike wages paid through paychecks, does not always get reported independently to the Internal Revenue Service. That can make it more difficult for the tax agency to detect when taxpayers understate their business income on their tax returns.

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On the Net:

Treasury Inspector General for Tax Administration: http://www.treasury.gov/tigta/

CONGRESS-ADMINISTRATION:

Texan May Leave Bush Post (DMN)

By G. Robert Hillman, The Dallas Morning News

The Dallas Morning News, September 3, 2006

Exclusive: McClellan directed Medicare, Medicaid in rough time

WASHINGTON – Mark McClellan, the Texan who administers the federal Medicare and Medicaid programs, is set to resign, sources familiar with his decision said Saturday.

An announcement is expected as early as Tuesday, said one of the sources, speaking on the condition of anonymity.

FILE/Bloomberg News Dr. Mark McClellan, who led health care for the elderly as prescription drug benefits were implemented, could announce plans on Tuesday, a source said.

An economist and physician, Dr. McClellan is the older brother of former White House press secretary Scott McClellan. Their mother is Texas State Comptroller Carole Keeton Strayhorn of Austin, a Republican running as an independent for governor.

Dr. McClellan could not be reached Saturday. And neither the White House nor a spokesman for the Centers for Medicare and Medicaid Services had any comment about his planned departure.

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Another source, also speaking on the condition of anonymity, said Dr. McClellan had been considering moving on for some time and would probably pursue new opportunities in the private sector or in academia.

He was appointed administrator of Medicare and Medicaid by President Bush in early 2004 after a stint as commissioner of the Food and Drug Administration. Earlier, he had worked in the White House on health care issues as a member of the President's Council of Economic Advisers.

He also had served as a domestic policy analyst in the Treasury Department during the second Clinton administration and was an associate professor of economics and medicine at Stanford University in Palo Alto, Calif.

Dr. McClellan, 43, has directed Medicare health care for the elderly and Medicaid health care for the poor during a particularly volatile time as prescription drug benefit plans were implemented for Medicare amid considerable confusion and controversy.

Last month, for instance, the federal government mistakenly reimbursed about 230,000 Medicare recipients for their prescription drug premiums. Sen. Charles Grassley, the Iowa Republican who chairs the Senate Finance Committee, has asked Dr. McClellan to detail the error and explain what steps his agency has taken to prevent another like it.

Dr. McClellan, however, has long maintained a good personal rapport with members of Congress of both parties. And the sources familiar with his decision to step down said he has been weighing a move for a while that might allow him to spend more time with his wife, Stephanie, and their young twin daughters.

His brother, Scott, who left as White House press secretary last spring, was replaced by Tony Snow, a former Fox News radio and television anchor.

There was no word Saturday on a successor to Dr. McClellan.

Since his departure, Scott McClellan has been traveling the speaking circuit, talking about his tenure there, the press corps and this fall's midterm elections, while pondering a book on his White House days.

He's also been counseling his mother in her governor's race in Texas, but only "as a son," he says, not as a formal adviser.

GWB's Wish List (Novak)

Novak, September 3, 2006

President George W. Bush, in private conversation, is talking about trying to revive his tax and Social Security reform proposals after the 2006 elections.

Bush stressed those two issues after his 2004 re-election victory, but neither made progress. He campaigned nationwide in 2005 for Social Security personal accounts but never proposed a specific bill. His tax reform did not get beyond recommendations of a presidential commission.

If Democrats gain control of the House in this year's elections, Bush's tax and Social Security proposals will face a cold reception in a House Ways and Means Committee headed by Rep. Charles Rangel.

CONGRESSIONAL POLITICS

A proposed heavy workload for the post-Labor Day session of Congress threatens to postpone pre-election adjournment by a week, to the distress of Republican senators facing tough re-election challenges.

The Sept. 29 adjournment date threatens to slip to Oct. 6. That means endangered incumbent Republicans will have less time to campaign and will have to cast more politically dangerous votes. Particularly affected are Sens. Rick Santorum of Pennsylvania, Mike DeWine of Ohio, Conrad Burns of Montana and Jim Talent of Missouri.

A footnote: A free trade agreement with Communist Vietnam is included in the Bush administration's must list for the September session. President Bush will visit Vietnam in November after the elections and wants the agreement approved by then.

ALLEN IN TROUBLE

Sen. George Allen, once considered a cinch for re-election in Virginia this year and a leader for the 2008 Republican presidential nomination, has been added to the Democratic list of prime targets.

The Wall Street Journal/Zogby poll gives the Democratic nominee, former Navy Secretary Jim Webb, a 1.3-point edge over Allen. Other polls show Allen slightly ahead. Allen's double-digit lead disappeared after his widely publicized taunting of a Webb aide at a political event.

A footnote: The GOP's favorite Senate challenger this year is insurance tycoon Mike McGavick, who has pulled within four to five points of Democratic Sen. Maria Cantwell in the state of Washington. McGavick will be feted by Republican senators when he comes to Washington, D.C., Sept. 20 for a $1,000-a-ticket fund-raiser at the National Republican Senatorial Committee. The event is co-sponsored by 43 of 55 Republican senators.

DISSATISFIED WITH DEAN

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Lifetime Democratic contributors have made good on their threat to stop giving money to the Democratic National Committee (DNC) so long as Howard Dean is its chairman.

Some of the party's longtime money men warned that would happen when Dean took over the DNC following the 2004 elections. Lower contributions, combined with Dean's heavy spending, have resulted in the most recent cash-on-hand report by the DNC of $11.3 million, compared with $43.6 million at the Republican National Committee.

Disaffected Democrats keep giving to congressional committees. Current cash figures are $33 million at the Democratic Congressional Campaign Committee and $35.1 million at the Democratic Senatorial Campaign Committee.

HARD TO WRITE-IN

Selection of a consensus candidate with a long, complicated name menaces Republican efforts to hold former Rep. Tom DeLay's Houston-area congressional seat. A write-in was forced by a federal court ruling that the GOP was too late after DeLay's resignation in putting a new name on the ballot to face the Democratic candidate, former Rep. Nick Lampson.

The vast majority of voters in the district for the first time will use eSlate voting machines that will require voters, for a write-in, to dial up one letter at a time and press "enter" after each letter. It will take around two minutes for a voter to dial in the name of the Republican candidate, Houston City Councilwoman Shelley Sekula-Gibbs (with no option for a hyphen).

Sekula-Gibbs's name will be on the same ballot for a separate election to replace DeLay for the last two months of his term. Republicans pressed for this special election in hopes it would help voters to write in her name for the full term.

GOP Focus On Security Issues To Sideline Other Matters (WP)

By Jonathan Weisman, Washington Post Staff Writer

The Washington Post, September 3, 2006

Congress will return to Washington this week with the Republican majorities in both chambers at risk and GOP leaders planning to turn the floors of the House and Senate into battlegrounds over which political party can best protect the country from terrorists and other security threats.

But in devoting the few remaining legislative days almost exclusively to security issues, Republicans will leave major domestic tasks undone, including President Bush's prized immigration overhaul and long-promised legislation to toughen the restrictions on lobbying after a wide-ranging corruption scandal. No budget plan for 2007 will be completed. Promised relief for seniors struggling with their Medicare prescription drug plans will have to wait. And as many as eight of the 11 bills needed to fund the government will not be passed before the November elections.

That has some Republicans worried.

In Michigan, "the number one issue is the economy," Rep. Thaddeus McCotter (R-Mich.) said. "The emphasis they're putting out there now is related to world events and the fact that the national economy is not facing what Michigan is facing. But if you're hungry, you've got less time to delve into international affairs."

With Senate and House leaders hoping to adjourn by Sept. 29, Congress will have as few as 15 legislative days to finish its work and try to send members on the campaign trail with fresh accomplishments to tout.

Work promises to start slowly. After a five-week summer break, the centerpiece of the House's schedule for the coming week is a bill to toughen rules against horse slaughtering.

If Republicans succeed in the weeks that follow, their accomplishments will be focused on national security. Republican leaders hope to complete a defense spending bill, a defense policy bill, legislation to give Congress's blessing to the National Security Agency's warrantless wiretapping program and to bring the president's military tribunals into constitutional compliance, and a port security overhaul.

A resolution commemorating the fifth anniversary of the Sept. 11, 2001, terrorist attacks will also likely be a vehicle for heated debate on the policies that followed.

Ron Bonjean, a spokesman for House Speaker J. Dennis Hastert (R-Ill.), said it is not politics but a confluence of events that has forced the security focus on Congress, including the foiling of the London bombing plot, a federal judge's ruling against the NSA surveillance program and the Supreme Court's ruling against the administration's military tribunals.

"There's a certain acceptance on both sides of the aisle that we're looking at the House floor as a political arena in the next month," said a senior House Republican leadership aide who requested anonymity because he was not cleared to speak in political terms. "This will be a test of ideas on military security and homeland security."

Democrats will counter with maneuvers to push for a vote of no confidence on Defense Secretary Donald H. Rumsfeld and with multiple calls to fully implement the recommendations of the bipartisan commission that investigated the Sept. 11 terrorist attacks.

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"Our fight is with the Republicans," House Minority Leader Nancy Pelosi (D-Calif.) said. "They have weakened our military, hurt our position in the world, spent away our children's future and again not made America safer."

The single-minded focus has some Republicans concerned that bread-and-butter issues of great importance to the battleground states of the Midwest and the Northeast are being left on the cutting-room floor. Friday was the ninth anniversary of the last increase in the federal minimum wage, yet minimum-wage bills coveted by embattled Republicans are not on the priority list.

In a letter, Sen. Olympia J. Snowe (R-Maine) urged Senate Majority Leader Bill Frist (R-Tenn.) to take up legislation allowing small businesses to band together to purchase health insurance, and to help seniors who have already exhausted their prescription drug coverage find a more generous plan.

Other lawmakers want to make good on promises to forgive penalties for seniors who missed the deadline to sign up for a Medicare drug plan.

But even Republicans who would prefer a domestic-policy emphasis understand what is at work. McCotter said a sustained debate on national security and terrorism is the best way to remind the most voters why they have trusted Republicans with control of Washington.

"As the Democrats have discovered so many times, when national security comes to the fore, all of a sudden things don't look so good for them," he said.

Democrats believe the national security theme will not have the sting it had in 2002 and 2004. A Newsweek poll last month found that 44 percent of those surveyed trusted Republicans to handle the effort against terrorism, at home and abroad, compared with 39 percent who trusted Democrats. In 2002, Republicans led on that question, 47 percent to 24 percent.

Republicans hope to force Democrats into difficult votes on the NSA's warrantless wiretapping program and on the Bush administration's plans to use military tribunals to try terrorism suspects.

Senate Minority Leader Harry M. Reid (Nev.) said he fully expects Republicans to go back to the political playbook that worked so well in the past two elections. But he added: "They've run that play one too many times."

The other problem for Republicans is finishing work on legislation. Republican leaders would like to quickly bring to a vote a bill that would give Bush as much latitude as possible to continue what they call the terrorist surveillance program -- then dare Democrats to oppose it.

But some Republicans close to the issue are committed to serious legislation that could have bipartisan appeal. Rep. Heather A. Wilson (R-N.M.), who wrote the most prominent House surveillance bill, said it is time for Congress to reassert its authority over the NSA's surveillance program and demand that the president obtain a warrant for any wiretapping, unless he expressly seeks Congress's permission not to. That tough stance hardly presents a dilemma for Democrats, who have called for the same thing.

"This is not a partisan issue," Wilson said. "This is a national security issue, and I've tried to keep it that way."

Similarly, Senate Armed Services Committee Chairman John W. Warner (R-Va.) has drafted legislation that he said would bring Bush's military tribunals into compliance with the Constitution and the Geneva Conventions, as well as garner bipartisan support.

That may not fly with House conservatives who are resisting offering due-process rights to terrorism suspects.

The situation could lead to difficult negotiations on the Hill in a supercharged political atmosphere and a tight deadline.

"For a bill as important as this, this is a very quick timetable," conceded John Ullyot, a Senate Armed Services Committee spokesman.

Fixing A Broken Congress (WP)

By David S. Broder

The Washington Post, September 3, 2006

Congress returns for a final preelection push this week, with few of its members believing there is much hope of salvaging some real accomplishments from this dismal session.

In an interview last week, one of the Republican leaders of the House told me that in the 21 districts he visited during the August recess, including those in his own Midwestern state, immigration vies with Iraq as a matter of major concern to the voters. Does that mean, I asked, that you're likely to try to complete a final version of the immigration reform bill, endorsed by President Bush and passed in different forms by the House and Senate?

"No," said the GOP leader, who spoke without attribution in the interest of candor. "The voters would rather we get it done right than done fast. I don't look for any action in September."

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"Fast" is not exactly the adjective that comes to mind to describe a legislative package that cleared the House about nine months ago and that came out of the Senate back in May.

In a normal legislative process, the differing bills would be sent to a conference committee of representatives and senators who would work out the differences and send their product on for final votes and a presidential signature. But there is so little agreement between the two Republican-controlled chambers -- and so little trust among the members -- that they would rather disagree and delay than compromise.

And, politically, they find it safer. As the Republican leader told me, "House Republicans can go home and campaign on the bill the House passed," even though the problem of illegal immigration is left unsolved.

This is but one example of the failures that led Thomas E. Mann of the Brookings Institution and Norman J. Ornstein of the American Enterprise Institute to title their recently published volume "The Broken Branch: How Congress Is Failing America and How to Get It Back on Track."

The two eminent scholars cite many other instances of institutional damage -- from runaway budgets to the lobbying scandals to the near abandonment of effective oversight of executive agencies.

They write as two men who love Congress and admire many who work there. But they say that "over the past two decades, we have become more and more dismayed at the course of Congress. Our unease began with the Democrats in charge of both houses, when a combination of their arrogance after thirty-plus years in the majority and the increasingly shrill frustration of Republicans who chafed under their seemingly permanent minority status was creating strains different and more ominous than any we had seen before."

When the Republicans took over in 1994, they promised needed reforms, "but it did not take long before those promises went by the boards, and practices that were more unsettling than those of the Democrats became the norms." Rules were bent, votes held open, committees sidestepped and communications between the parties cut off -- all in the interests of "moving" the GOP agenda and the president's program, once George Bush arrived in the White House.

The result, they write, has been the increasing enfeeblement of the legislative branch, its abandonment of its proper constitutional role as the first branch of government -- and the loss of both pride and a sense of institutional responsibility.

How else do you explain Congress's impotence and inaction, not just on immigration but on energy, health care and the war in Iraq?

What Mann and Ornstein fear is that, if Democrats regain a majority in the House this fall, they may be tempted to use the same kind of bullying tactics on Republicans that Republicans have employed these past 12 years. That would in turn prolong the policy gridlock and further weaken the already shabby reputation of Congress.

But a new election means new faces -- and possibly a new spirit on Capitol Hill. Mann and Ornstein have a number of specific changes to suggest in congressional rules and procedures -- and in lobbying regulations. But their main point is simple. We need an infusion of men and women committed to Congress as an institution -- to engaging with each other seriously enough to search out and find areas of agreement and to join hands with each other to insist on the rights and prerogatives of the nation's legislature, not make it simply an echo chamber of presidential politics.

That ought to be the criterion by which candidates are judged in this election season.

davidbroder@washpost.com

Nearly 3 Years Later, 'Risk-based' Loan Applicants Still In The Dark (LAT)

By Kenneth R. Harney, Washington Post Writers Group

The Los Angeles Times, September 3, 2006

WASHINGTON — A congressionally mandated consumer protection of huge potential value to home mortgage applicants has been paralyzed because two federal agencies have not published required regulations, 33 months after the legislation was signed into law.

The new consumer protection, created by the Fair and Accurate Credit Transactions Act of 2003, covers loan applications in which a lender uses a "risk-based pricing" system that taps into an applicant's credit files.

In the mortgage industry, risk-based pricing is almost universal: Millions of home loan applicants get their rate quotes and terms this way. The lender checks your credit files, computer software produces a risk score, and the rates and fees you are quoted flow directly from that process.

If your credit file data suggest that you might pay late or go into default, you get charged a higher rate than applicants with "better" credit. But what if there are errors or omissions in your files? Those are common occurrences, according to comprehensive studies of credit file data by the National Credit Reporting Assn. and the Consumer Federation of America. Under the 2003 legislation, Congress ordered lenders to issue risk-based pricing notices whenever credit file data causes them to quote

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rates or fees that are "materially less favorable." The notices were to be provided at the time of application or at the time of the rate quote. Either scenario would allow applicants to request a free copy of their credit report and check what information was causing the problem.

The requirement for notices took effect Dec. 1, 2004. But Congress also directed the Federal Reserve Board and the Federal Trade Commission to issue regulations describing the content, scope and format of the notices. So far, the two agencies have issued nothing.

Ben Hardaway, a spokesman for the Federal Reserve, said: "There is no time line. It's still in the development stage."

Joel Winston, an FTC associate director, said: "We are actively working on it, including a series of meetings with affected parties to help us understand how different kinds of creditors use risk-based pricing and the feasibility of different ways of providing notices to consumers."

Meanwhile, say consumer advocates, Congress' clear intent — helping consumers to obtain the best possible rates and terms in a risk-based pricing environment — is being thwarted by regulatory foot-dragging.

Evan Hendricks, editor of Privacy Times and author of the book "Credit Scores and Credit Reports," blames banking- and mortgage-industry lobbying for the delay. "Lenders don't want to tell their customers that they're being charged more than they otherwise would," Hendricks said. Nor do they like the idea of potentially putting a loan application on hold while customers check out the accuracy of their credit reports.

As long as lenders object to any form of notice alerting applicants to specific issues in their credit files that raise their interest rates and fees, Hendricks said, Congress' directive may be on perpetual hold.

The industry itself, according to a legal memorandum prepared for the Mortgage Bankers Assn. of America, wants only a generic notice, distributed upfront to all applicants "explaining that credit reports may affect" pricing and other terms.

But consumer advocates such as Hendricks feel that generic, boilerplate notices subvert Congress' purpose: to warn borrowers that something is wrong in their personal credit files.

In the absence of action by federal regulators, what can you do as a mortgage shopper? First, order your three national credit reports before applying for a loan. Make sure errors are corrected and that any missing positive payment information is included. Second, at the time of application, ask your loan officer to show you what credit information is being used to compute your rates and fees. Ask if you are receiving the same pricing as someone with the highest credit scores. If not, ask why.

While you're at it, ask yourself how it could be possible that the protections Congress created for millions of consumers are still nowhere in sight, nearly three years after passage.

Comments for Kenneth R. Harney can be sent to kenharney@earthlink.net.

Bush Protesters Moving Operation To D.C. (AP)

By Angela K. Brown, Associated Press Writer

The Associated Press, September 3, 2006

About 100 war protesters ended a monthlong vigil near President Bush's ranch with a rally on their campsite Saturday, and planned to move the demonstration close to the White House.

"We wanted to try to build momentum and needed something to move the focus back to Washington," said retired Army Col. Ann Wright, who resigned as a U.S. diplomat in 2003 to protest the war with Iraq.

The two-week "Camp Democracy" demonstration starts Tuesday on the mall in Washington, centering on issues including the war, environment, health care and attention to Hurricane Katrina victims, organizers said.

Cindy Sheehan, whose oldest son Casey died in Iraq in 2004, started the Crawford protest camp in early August on a 5-acre lot she bought in July. About 50 demonstrators have camped on the land, and a previous weekend's cookout drew more than 100.

Attendance was significantly lower than last summer's protest, when more than 10,000 people streamed into Crawford over Sheehan's 26-day vigil in ditches off the rural road leading to Bush's ranch. But protesters said they were not disappointed.

"I think behind everyone who's here are dozens of people," said Allie Light, 71, of San Francisco, who also attended last summer's protest. "I feel the message has gone farther. There are more people she speaks for."

Bush supporter James Vergauwen sat in a convenience store parking lot in downtown Crawford on Saturday afternoon, under a tent with a sign reading "The Price of Freedom Is Not Free."

The Vietnam veteran from Windthorst, near the Oklahoma line, said he and his wife been staying in his RV in the parking lot the past few weeks to counter Sheehan's protest. Tourists and other supporters stop by or sit with him and thank him, he said.

"She has the right to say whatever she wants, and she does, but she doesn't have the right to slander," said Vergauwen, who added he was also supporting Bush in Crawford last summer.

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Sheehan, who had a hysterectomy last week, said Saturday that she was recovering and would not be able to attend the Washington protest.

The Right Builder For The Right Spacecraft At The Right Time (TIME)

By Jeffrey Kluger

Time, September 3, 2006

Analysis: By awarding the contract for the next generation Orion space vehicle to Lockheed Martin, NASA finally got something right. But will Washington have the political will to complete the trip?

It was a long, long time in coming, but NASA's manned space program finally got one right. Thursday's announcement that the contract for the next generation crew exploration vehicle—now dubbed Orion—had been awarded to Lockheed Martin was the right spacecraft to the right company at the right time.

Going on three years after President Bush announced his plans to send human beings back to the moon and onto Mars, not a bit of metal had yet been cut on the ships that would make the trips. That's not such a long time by government standards. But by three years after President Kennedy made his commitment to send men to the moon in the first place, we had completed the six flights of the Mercury program and were on about the business of Gemini. And Kennedy delivered his speech before we had any real idea of how to make the trip. So it was high time NASA pulled the trigger on the new spacecraft, and the fact that it did so yesterday was a welcome sign of a true commitment.

Lockheed Martin was a good choice for a few reasons. First of all, a NASA contract can be the sweetest of government plums. The projects can go on for decades (look at the 30-year shuttle program) and cost overruns are usually tolerated and even expected. That may not do the federal deficit any favors, but a company that can score a $2 billion deal and know full well that it may turn into $3 billion by the end of the contract term is a company with a lot of happy shareholders. Lockheed Martin has not shared much in the manned space program goodies lately—the big deals historically going to Boeing and Northrop Grumman—and it's healthy for the industry if the wealth gets spread.

What's more, Boeing, which had been considered the front-runner for the new contract, has hardly distinguished itself in space of late. It is the prime contractor for the incomplete and largely useless International Space Station, a project that was originally envisioned as a lean, $8 billion operation and is now projected to cost a cool $100 billion. That's by no means all Boeing's fault, but nor is it to the company's credit.

Far more important is the ship itself. The shuttles have been such pricey, lethal failures for a lot of reasons. They're too complicated, too finicky, and they break too many rules of safe space travel. Until the shuttle, no human being had ever been launched into space with solid-fuel rockets—comparatively primitive motors that burn a sort of rubbery goo and can neither be throttled up and down nor shut off once they're lit. The shuttle's two external engines burn solid fuel and it was one of those that destroyed the Challenger. Moreover, until the shuttle, the crew compartment of any manned ship had always been positioned at the very top of the rocket stack, keeping it away from debris that may shake itself off the booster on the way up. The shuttle orbiter sits rear of the nose of the external tank and it's hard foam from that tank that killed Columbia.

The Orion spacecraft, by contrast, is based on proven Apollo technology. It's configured like a large Apollo: a conical crew compartment atop a cylindrical engine module. It will sit atop heavy-lift boosters that are modelled in part after the shuttle's own liquid—fuel engines—far and away the best part of the old shuttle technology and the part most worth saving. Unlike Apollo, it will be stuffed with 21st century electronics and computers, and it will be cleverly reconfigurable, able to carry six astronauts into Earth orbit and four to the moon or Mars.

Even better, it will also rely on Apollo's lunar landing technique, with a spidery lunar module like the beloved old LEMs still to come. The contractor for that one hasn't been picked, but Northrop Grumman—whose Grumman Corporation granddaddy built the original LEM—would not be a bad choice.

The biggest worry space-watchers have is not whether the technology and the builders are sound; they are. It's whether the political will is in place. There was a lot of heartburn in 2004 when President Bush announced his original timetable for the launch of the new vehicles: 2014 for the first, tentative Earth orbital flight, and 2020 for the first lunar landing. This called to mind the first President Bush's 1989 challenge to put human beings on Mars by 2019—a comfortably remote thirty years away. Hear anything of that ambitious plan since?

The first lunar landing program, from the inception of NASA to the final, Apollo 17 landing, spanned four presidents—Eisenhower, Kennedy, Johnson and Nixon—and repeated changeovers in Congress. The same steadfastness will be required of present and future political leaders if the new ships are to get off the gorund. Anything less than a multi-generational commitment to the new program will waste the government's money—and try the public's patience.

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OTHER NEWS:

Pockets Half Empty, Or Half Full (NYT)

By David Leonhardt

The New York Times, September 3, 2006

JUST in time for Labor Day, the Census Bureau seemed to indicate that labor itself was no longer such a good way to get ahead.

Incomes rose last year, thanks largely to higher Social Security payments and investment returns, the bureau said last week. But median earnings failed to keep pace with inflation for a second straight year. Even as the economy has continued to grow recently, some workers have accepted outright pay cuts, men have dropped out of the labor force, and debt has kept rising relative to income.

Yet by any measure, this remains a fabulously prosperous country. Three and a half million foreigners have applied for residency, employment authorizations or other immigration benefits in the eight months ended in May, a fair indication of the economy's continuing dynamism. Medical advances have kept many elderly people healthy and, whether by choice or need, working. Women have made gains in income. By wide margins, people say they live better than their parents.

To give some clarity to the blur of economic numbers released each month, five New York Times reporters each set out to find one statistic, often overlooked, that said something important about the economic health of the American worker. The results are on Page 12.

What seems clear from the recent data is that the United States has fallen into a new period of wage stagnation — a sequel to another such period lasting from the mid-1970's until the mid-1990's — that has begun to darken the public mood. In a New York Times/CBS News poll done last month, more than two-thirds of respondents said they thought that "things have pretty seriously gotten off on the wrong track" in this country. People's expectations for the economy over the coming year are as downbeat as they were in the pessimistic days of 1982 or 1992, according to the University of Michigan's consumer surveys.

This could all change fairly quickly if the economy begins delivering solid pay gains, much as optimism swelled in the mid-90's just when wages seemed as if they might trail inflation forever. A fall in energy prices could also produce the equivalent of a pay increase. But if this doesn't happen, it is unclear what will.

There is little indication that policy makers of either political party are close to a solution to the pay slump — or even an attempt at one. In Jackson Hole, Wyo., nine days ago, Ben S. Bernanke, the Federal Reserve chairman, gave a speech arguing that freer trade and new technologies had greatly lifted living standards over the course of history. But further progress "should not be taken for granted," he added, in large part because unequal gains were creating political opposition to the economic changes.

Yet strikingly, in an address that spanned Martin Luther, the telegraph and Malaysian microchip laboratories, Mr. Bernanke did not suggest a single possible solution. These are not simple problems.

For all their anxiety, many workers aren't sure what should be done, either. Douglas E. Schoen, a Democratic pollster, conducted a survey this summer in which he found deep concerns over a "crisis of affordability" that includes health care, retirement, education and gasoline. Yet Mr. Schoen said he found little appetite for policies that would redistribute income as his party has advocated over the years.

"Even after six years of Republican rule," he wrote in his summary, "there is no sense whatsoever that the country should in any way move to the left." Instead, he said, people were looking for pro-growth policies that were neither traditionally Democratic nor Republican.

Mr. Schoen usually works with centrist Democrats, including the Clintons, and liberals would surely argue that economic populism, packaged right, could be a winning strategy. Republicans, meanwhile, have said that Democrats are exaggerating the public's unhappiness and that there is no pay problem. President Bush and his allies have frequently, and accurately, pointed out that average incomes are rising at a nice clip.

But averages can be affected by big changes among a small group of people, which is exactly what seems to be happening with incomes, according to an array of government data. The census report, for instance, showed strong income growth last year only at the 95th percentile of the distribution, which covers families making $166,000 a year. Even at the 90th percentile, as well as the 50th and further down, according to the Labor Department, pay increases have trailed inflation over the last three years.b

It's possible that Americans will simply decide that their current living standards are good enough, that further progress is not essential. But that would be a first.

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The Flush Are Working For The Public (NYT)

By Mary Williams Walsh

The New York Times, September 3, 2006

FOR years it has been a workplace truism: jobs with fat paychecks are found in the private sector, while jobs with ho-hum pay but rock-solid benefits are found with the government. But research by the Employee Benefit Research Institute suggests that the truism has not been true for some time.

As of June 2005, overall compensation costs were 46 percent higher for state and local governments than for private-sector employers, according to the institute's research analyst, Ken McDonnell.

And when Mr. McDonnell separated the cost of providing current pay from the cost of providing benefits, he found that government employees were doing better on both counts. An hour's worth of their work cost governments $24.17 in wages and salaries, plus $11.29 in benefits. An hour's worth of work in the private sector cost employers $17.21 for wages and salaries, plus $7.03 for benefits.

The $11.22-per-hour compensation gap reflects big differences in the composition of America's work force. Roughly half of all state and local workers are employed in education — teachers, university professors and others who tend to be well educated and to belong to unions. The cost of compensating workers in that group was $37.99 per hour, Mr. McDonnell found.

By contrast, the biggest block of jobs in the private sector is in services — a mixed bag that includes both lawyers and hotel chambermaids, few of them in unions. Even at the high end, $27.93 per hour, this group's total compensation cost fell short of what the educators could command. At the low end, it was just $10.84 an hour. (Of course, the services group includes about 47 million people and so the relatively few mega-earners don't do much to raise the average.)

"It comes down to an issue of who is expendable," said Mr. McDonnell, who drew on data from the Bureau of Labor Statistics and the Census Bureau. "The greater the skill set," he said, "the more essential the individual becomes."

She Works, Her Grandson Doesn't (NYT)

By Floyd Norris

The New York Times, September 3, 2006

OVER the course of a generation — 20 years — the American labor force has changed substantially. Workers are less likely to have dropped out of high school and more likely to be college graduates. They are less likely to work for companies that make things, and more likely to work for companies that provide services. Women are more likely to be in the labor force than they were 20 years ago, but men in the prime working ages of 20 to 54 are less likely to have jobs.

But perhaps the most notable trend is that men and women are both much more likely to keep working than were their parents in what used to be known as the golden years.

What happened? The economy is better than it was then, with a significantly lower unemployment rate of 4.7 percent, compared with 7.1 percent two decades ago. (All the figures are six-month averages, to reduce the volatility in the monthly numbers.)

The unemployment rate describes the percentage of people who want jobs who don't have them. But another way to look at the numbers is to study the percentage of the entire population who have jobs.

Those statistics show that women have flooded into the labor force in every age group. And they show that this generation of the elderly is less likely to retire than the last one. The proportion of women ages 65 to 69 holding jobs has increased by 8.8 percentage points over the 20 years.

Is that because they love their jobs, or because they need the money? Yes.

Here, Take Back Some Of My Pay, It's Too Much (NYT)

By Louis Uchitelle

The New York Times, September 3, 2006

A number is missing. No one knows how many American workers have agreed to accept, however reluctantly, a cut in their wages or benefits or both in recent years.

The government tracks unemployment, job creation, layoffs, hours worked, average hourly pay and various other aspects of employment. But it doesn't add up the number of people who have forfeited big chunks of their pay and benefits, and neither do unions or academic researchers.

That was true of layoffs until the early 1980's, when the Rust Belt experience, and the devastating loss of blue-collar factory jobs, became a political issue. Congress, in response, asked the Bureau of Labor Statistics to count the layoffs in national surveys. The tally: at least 30 million full-time workers have been laid off over more than two decades.

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Keeping a job, but losing 15 or 20 percent of a salary and most of a pension, is a painful experience — and certainly not good for consumer spending. Still, there has not been enough political pressure for an accurate count of those affected. That is partly because many workers and unions have agreed to the concessions to preserve jobs.

Is there a ballpark number? Piecing together union data shows that it is probably above two million people in this decade alone. But no one knows. The concessions, for example, are particularly noticeable now among pilots and flight attendants at troubled airlines. Unions representing these workers, however, do not keep a running tally, and the same is true for workers at tire factories, supermarkets and auto parts plants, to name just three areas going through the experience.

"None of our earnings surveys show these concessions," said Thomas L. Nardone, an assistant commissioner at the Bureau of Labor Statistics. "We just don't track that number."

Borrowers We Be (NYT)

By Steven Greenhouse

The New York Times, September 3, 2006

WITH their raises often lower than the inflation rate, millions of Americans have embraced the same strategy to maintain their living standards — borrowing and then borrowing some more.

As a result, debt payments now consume 19.4 percent of the income of the average American family, and 23 percent of the families in the bottom two-fifths of families by income devote at least 40 percent of their income to debt payments. With debt burdens so high, some economists fear a new wave of foreclosure and personal bankruptcies now that interest rates have climbed.

"Real median incomes have gone nowhere, and for lower-income households real incomes have been falling," said Mark M. Zandi, chief economist at Moody's Economy.com. "If they want to maintain a certain level of spending, they have to take on more debt."

Household debt rose to 132 percent of disposable income last year, partly because many Americans have pushed their credit card debt to the max and because many, including many high-income Americans, have piled on the mortgage debt. Last year, for the first time since the Depression, the personal savings rate for the nation fell below zero, meaning that Americans are spending more than they are earning (and are saving no money on a net basis).

"There are really two types of households out there," Mr. Zandi said. "High-income households have balance sheets about as good as I've ever seen, while lower-income households have balance sheets about as bad as I've ever seen them — complete tatters. These households are on the financial edge, and if there's any slight disruption, like a car breaking down, it can be a real disaster for them financially."

A Teacher's Year, A C.E.O.'s Day: The Pay's Similar (NYT)

By Hubert B. Herring

The New York Times, September 3, 2006

Enough already on how many millions this or that chief executive earns, how many stock options are tossed around to keep the Champagne flowing, the McMansion dusted, the Bentley polished.

As a little back-to-school thought, let's shift gears to a group of workers who earn pennies in comparison but who, it could be argued, play at least as vital a role in society. It is teachers, after all, who try to make sure that those captains of industry have educated workers.

According to the American Federation of Teachers, the state with the highest average pay for teachers in 2003-04 was Connecticut, at $56,516; the lowest was South Dakota, at $33,236.

Or look at it this way: Pick a corporate chieftain — say, Jeffrey R. Immelt of General Electric. He earns $15.4 million a year. Every single day — including Thanksgiving and Christmas — he makes almost what the average teacher does for a year of taming wild children, staying up nights planning lessons, and, really, helping to shape a generation.

For Those On The Outside, The Urge To Be Here Remains (NYT)

By Vikas Bajaj

The New York Times, September 3, 2006

TO many beyond its borders, America remains the land of opportunity.

From October through May, the United States Citizenship and Immigration Services received 3.5 million applications from foreigners for employment authorizations, green cards and other immigrant benefits relating to residency or citizenship. Though down 9 percent from the same period a year ago in a further decline from the levels in 2001, before immigration rules were tightened, that is one application for every 100 Americans.

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Whatever you may think about the state of the American labor market or the impact of immigrants on it, there is no denying that the right to work and live in the United States remains highly coveted.

Of those seeking entry, two groups dominate the numbers: low-skilled workers from Mexico and other Latin American countries and highly skilled professionals from India and China, said Richard B. Freeman, an economics professor at Harvard.

For the first group, the American labor market offers a higher standard of living and many more job opportunities. Life is certainly difficult for the first ones across the border, but their children have a far better shot at the American dream.

The second group, most of whom have at least a college degree, have different reasons for coming. They could get jobs in fast-growing economies back home, but they earn far more here and get to live in a fully developed, modern society.

"We can complain about our labor market because we are born in the U.S.," said Mr. Freeman, who is also director of labor studies programs at the National Bureau of Economic Research. "But if you come from India or Mexico, you have totally different initial expectations.

"I just can't imagine when we will not be attractive to immigrants," he continued. "We would really have to screw our country up and they would have to run their countries very well."

The Employees' 2006 Bill Of Slights (WP)

By Amy Joyce, Washington Post Staff Writer

The Washington Post, September 3, 2006

No, tell us how you really feel.

This Labor Day, workers are saying their biggest work problems are mostly economic. Their pay is not keeping up with increasing health-care costs or other increases in living expenses. They are disgruntled enough to look for work on the job. Retirement "security" isn't secure.

These issues and more -- so many more -- are major concerns, show several surveys done just in time for Labor Day.

"Three years ago, workers told us they felt overworked, but they were patient. They realized the economy was getting better and they would share in the wealth ultimately," said Stuart Itkin, vice president of marketing for Kronos Inc., a workforce management company that did a study about workers' feelings this Labor Day. "Last year, the work improved, but they are mad as hell. Their paychecks are no better."

According to the Kronos survey, conducted by Harris Interactive as an online poll without using a random sample, 61 percent of employed adults say they are not experiencing the benefits of an improved economy in their work lives, a four-percentage-point increase from last year's survey.

And there are consequences to that: Fifty-eight percent of workers may leave their employer if the economy continues to improve -- that's up 12 percentage points from the 2005 study. Meanwhile, 74 percent say they are actively or passively looking for a new job, and 41 percent of those 'fessed up to looking for a new job while at work, up from 39 percent last year.

No wonder workers are feeling the pain: Inflation is running at an annual rate of 4.8 percent so far this year, higher than any yearly increase since 1991. But wages are not increasing at the same rate, according to a Labor Department report released last month. Average weekly earnings fell 0.1 percent in July and bought 0.1 percent less in July than a year earlier.

Itkin said a lot of the blame lies in the fact that employees believe that they working hard but are underappreciated. Eighty percent of respondents indicated they wanted to be appreciated, yet only 36 percent thought their employers appreciated them.

In a separate report, almost all (97 percent) of the 23,000 or so female workers who chose to respond to an online survey said they were most concerned about not being able to afford health care, according to "Ask a Working Woman," a survey by the AFL-CIO and Working America, its affiliate.

Many think chief executive pay should be limited when workers are losing benefits or being laid off (48 percent), and nine out of 10 participants said they were more worried and concerned about the future of young people going into the workforce than they were hopeful and confident.

Grim news on this last day of summer freedom, indeed.

Take Meagan Jeronimo, 27, one of the survey participants. She made her mark on Washington several years ago when she founded an Internet community for the area's many working moms.

Last year, Jeronimo, her husband and her son moved to Houston to be near her parents for support and for the lower cost of living. In looking for a job as a legal secretary, Jeronimo considered three offers. Two of the firms wanted $600 a month for health care. Jeronimo knew that would not be possible, so she took the job where health insurance for her family cost $223.60 per month for medical and $25 per month for dental. When she was in Washington, she paid $80 per month for medical, dental and vision for herself and Brian, her 3-year-old. Her husband, Edvin, paid about $25 per month for individual coverage.

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And now her brand-name medications are $40 while generics cost her $25. Just two or three years ago, she said, it cost her $25 for brand-name medications and $10 for generic.

She is a college graduate who makes about $54,000 a year, and her husband is a trained chef. They thought they were solidly middle class. But it doesn't feel that way anymore.

First, they moved the week Katrina hit. A job as a chef became a rarity when hundreds of thousands of people were looking for work. And so Jeronimo's husband signed up for truck-driving school. While he was working through class, they lived on Jeronimo's salary and benefits. But then she got sick. In addition, her son is an asthmatic. She now spends $360 a month for prescriptions for them both and had to pay $3,000 for her own medical bills this year, despite having health coverage.

"I was reading these people's comments on this survey who were saying, 'We have great jobs but we're just one tragedy away from disaster,' " she said. And she felt that was what had happened to her family. One sickness, and she was barely able to make ends meet. Together, she and her husband now earn about $75,000.

According to another Labor Day report, this one a scientific random-sample survey released last week by the Pew Research Center, about a quarter of all workers are unhappy with health insurance benefits (27 percent), their retirement plan (28 percent), the amount of money they earn (24 percent) and the level of their job stress (27 percent).

The reason so many are unhappy with health coverage is because, as is the case with Jeronimo, it has become unaffordable for many. Premiums increased an average of 9.2 percent in 2005, down from the 11.2 percent average in 2004, according to the Kaiser Family Foundation. The 2005 increase ended four consecutive years of double-digit increases, but the rate of growth is still more than three times the growth in workers' earnings (2.7 percent), the report said. Since 2000, premiums have gone up 73 percent.

That Jeronimo's husband is now a driver also means he is on the road most days, so she has to take time off when her son is sick.

Still, she considers herself "lucky" because her employer allowed her, in her first year of service, to use vacation and sick leave so she could stay home when her son was sick or go to her own doctor's appointments.

"They've been nothing but supportive," she said.

Well, it's all something that the 42 percent of you who expect to be at work this holiday, according to the Kronos survey, can ponder on Monday.

Happy Labor Day.

Join Amy from 11 a.m. to noon Tuesday athttp://washingtonpost.comto discuss your life at work. You can e-mail her atlifeatwork@washpost.com. Listen to Amy every Monday at 12:50 p.m. on Washington Post Radio, 107.7 FM/1500 AM.

Wages Barely Keep Up With Inflation (AP)

AP, September 2, 2006

Wages for the vast majority of Californians have barely kept pace with the cost of living in the five years since the last recession, according to a new study.

The California Budget Project study tracked hourly wage increases, adjusted for inflation, across three earning categories: low, median and high. In 2005, hourly pay for the lowest earners was $10, median pay was $17, and high pay was $30.

From 2003 to 2005, workers in the low and median ranges saw little or no wage growth, while those at the high end of the wage scale saw increases of barely 1%, according to the study to be released today.

Pay raises slowed after jumping modestly from 2001 to 2003, when workers saw increases ranging as high as 4.5% for the lowest earners.

National School Testing Urged (WP)

By Jay Mathews, Washington Post Staff Writer

The Washington Post, September 3, 2006

Gaps Between State, Federal Assessments Fuel Call for Change

Many states, including Maryland and Virginia, are reporting student proficiency rates so much higher than what the most respected national measure has found that several influential education experts are calling for a move toward a national testing system.

The growing talk of national testing and standards comes in the fifth year of the No Child Left Behind era. That federal law sought to hold public schools accountable for academic performance but left it up to states to design their own assessments. So the definition of proficiency -- what it means for a student to perform at grade level -- varies from coast to coast.

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Maryland recently reported that 82 percent of fourth-graders scored proficient or better in reading on the state's test. The latest data from the National Assessment of Educational Progress, known as "the nation's report card," show 32 percent of Maryland fourth-graders at or above proficiency in reading.

Virginia announced last week that 86 percent of fourth-graders reached that level on its reading test, but the NAEP data show 37 percent at or above proficiency.

Some experts say it's time to be more clear about how well American schoolchildren are doing.

"The more discontented the public is with confusing and dumbed-down standards, the more politically feasible it will be to create national standards of achievement," said Diane Ravitch, a New York University professor who was an assistant U.S. education secretary under President George H.W. Bush.

The political obstacles are formidable, including a long tradition of local control over public education. But the approaching presidential campaign, a pending debate over congressional reauthorization of the No Child Left Behind law and the wide gaps between assessments have raised hopes among proponents that the issue will gain steam. Some say gradual steps toward a national system would be better than none.

A recent study by Bruce Fuller, a professor of education and public policy at the University of California at Berkeley, found that states regularly inflate student achievement. In 12 states studied, the percentage of fourth-graders proficient in reading climbed by nearly two percentage points a year, on average.

The NAEP (pronounced "Nape") data show a decline on average in the percentage who were proficient over the same period, Fuller said.

Another Fuller-led study found only three states -- Massachusetts, Missouri and South Carolina -- with proficiency standards that come close to NAEP's. (A similar rating by the journal Education Next showed that D.C. school standards have been stringent. It showed 14 percent of D.C. elementary school children reading proficiently on the D.C. scale and 11 percent on NAEP's.)

Unlike state tests, which are used to help rate public schools and measure achievement of all students in certain grades, NAEP has a more limited mission. It tests selected pools of students in key subject areas to produce data on long-term educational trends.

NAEP standards were designed to establish what students ought to know to do well in the next grade and beyond, said Mark D. Musick, former president of the Southern Regional Education Board, who helped draft them. State standards, he said, more typically reflect what teachers say are the levels good students reach in their classes.

Although classroom experience varies across the country, Musick said, what students should know to be proficient in Algebra I is clear to most educators, and a national test would help set that standard.

The argument over national standards splits both major political parties. Many Republicans defend each state's right to set its own standards, but the Bush administration includes advocates for a stronger federal role.

No Child Left Behind, which President Bush signed into law in 2002, struck a balance: It required a major expansion of state testing programs but left standard-setting authority to the states.

Many Democrats supported President Bill Clinton's effort in the 1990s to encourage national standards, which was blocked by a Republican-led Congress. Other Democrats, particularly those allied with teachers unions, oppose judging schools by standardized tests.

Charles E. Smith, executive director of the National Assessment Governing Board, which oversees NAEP, said many state officials tell him they are moving toward the national benchmarks.

A senior Maryland education official, for instance, said the state's standards are aligned with some of the NAEP benchmarks. Some, he said, but not all.

"The gaps will generate differences in performance," said Ronald A. Peiffer, Maryland's deputy superintendent for academic policy. "If NAEP were the national test to which all states taught and tested, then there would be no gaps, and I would expect Maryland students to do much better on NAEP."

Last week, the Washington-based Thomas B. Fordham Foundation released a report from several experts, including advisers to Republican and Democratic administrations, that outlined ways to move toward national standards.

First, the federal government could order a new national testing program. The report said that surely would raise standards but would be unlikely to win congressional approval. Second, Washington could fund an expanded, voluntary national testing system. The report said that probably would raise standards and could be passed.

Third, states could build on efforts to share test items among themselves. That would be less likely to raise standards but politically feasible, the report said. Fourth, the federal government could take steps to ensure that state standards and test results could be easily compared with one another and with NAEP.

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The experts in the report include Texas lawyer Sandy Kress and former deputy U.S. education secretary Eugene W. Hickok, both key education advisers to Bush, as well as Ravitch and former Clinton advisers Michael Cohen and Andrew J. Rotherham.

Chester E. Finn Jr., president of the Fordham Foundation, a former Reagan administration official and one of the architects of the NAEP standards in 1990, said creating a national test would be difficult. "But I think it's a manageable hurdle, especially with presidential leadership," he said.

"There's an assumption around that national standards are political suicide even if they make educational sense," Finn said. "We need to bust through that."

Musick said he believes the best way to introduce national tests would be in a few high school subjects, such as first- and second-year algebra.

Some educators see comparisons with NAEP as unrealistic. Gerald W. Bracey, an educational psychologist who writes frequently on testing, noted that 1996 NAEP results found only 30 percent of fourth-graders to be proficient or better in science, even though an international study that year ranked American fourth-graders third in science among 26 nations.

Others want to cut back on standardized testing entirely.

Deborah Meier gained fame for starting schools in low-income areas of New York City's Manhattan that had experts rate students by viewing their schoolwork and discussing it with them. The schools did not rely on standardized tests. Instead of a national test, Meier said, the country should adopt "a combination of in-depth local instruments, independent review of schools and student work."

She also said there is value in limited testing to sample student progress.

Skeptics of national testing have long noted the influence of politics on proficiency standards. Put simply, how many kids will voters allow to score below proficiency? Some policymakers are tempted to keep standards low so that schools will look successful; others seek to set them high to spur schools to improve.

Perfect's New Profile, Warts And All (NYT)

By Tamar Lewin

The New York Times, September 3, 2006

WHEN it comes to the SAT, perfect is now a whole lot harder. But take heart if you favor cursive over printing, the third person over the first, and more over less. You may have an edge.

More than 1,000 students got a perfect 1600 last year, when the college-admissions test consisted of the time-honored two 800-point sections, verbal and math.

But now that the test has been revamped and expanded to nearly four hours, with a new writing section that includes an essay, the average scores have dropped by seven points — and only 238 students received the new perfect score of 2400.

Technically, even perfect isn't necessarily perfect. Students can get the top score even if they miss a few questions.

"We actually don't know how many got a perfect perfect," said Caren Scoropanos, a spokeswoman for the College Board.

What the College Board does know is that the top scorers comprised 131 boys and 107 girls, or just 0.017 percent of the almost 1.5 million college-bound seniors who took the test.

It seems to be the writing test that has made the number of perfects plummet. While the math and reading sections each had more than 8,000 top scores, only 4,102 students were rated perfect on the writing test, the only part of the exam where girls outscored boys.

Most of the writing test — and three-quarters of the writing score — consists of multiple-choice questions on grammar and usage. But most of the anxiety among high school students centers on the 25-minute essay, graded on a scale of one to six by at least two readers, who spend about three minutes on each essay. Their two scores are added. And, the College Board said, the reason so few students won top marks on the writing section is that so few — less than one percent — got sixes from both readers, for that perfect 12.

The SAT Scoring Guide says an essay gets a six if it "effectively and insightfully develops a point of view on the issue," "demonstrates outstanding critical thinking," "is well organized and clearly focused," and "exhibits skillful use of language." Grading is holistic, with no points off for spelling errors or small linguistic flaws.

Last week, when the board released 20 top-scoring essays, all on the topic of whether memories are a help or a hindrance, it was impossible not to notice that many were — what's the right word? — awkward:

"Memory is often the deciding factor between humans and animals," one started.

"It is a commonly cited and often clichéd adage that people learn from their mistakes," wrote another.

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"We reason only with information, that is, reason is the mortar that arranges & connects pieces of information into the palace of understanding," said a third.

Ed Hardin, who helped develop the writing test for the College Board, has an explanation: "Someone has to get a six," he said. "Student writing, over all, is not very strong, which is the reason we added the writing test to the SAT. We hope they'll get better.

After analyzing the results, the board had these insights for the next crop of SAT-takers.

¶Eighty-four percent of the essays took up more than one page, and longer essays were more likely to get a high score than shorter ones. (Two pages is the limit.)

¶Most essays were printed, but those written in cursive got slightly higher scores.

¶About half the essays were written in the first person, but those that did not use the first person got slightly higher scores.

"You can certainly write a first-person essay and get a six, but it's also true that a lot of very low-performing students write first person," Mr. Hardin said. "What we tried to show, in releasing these top-scoring essays, is that lots of different things can work. You can select any style, any approach that you think suits your strengths as a writer."

And on the essay, at least, it's possible to get a six without coming anywhere near perfect.

Rove's Word Is No Longer G.O.P. Gospel (NYT)

By Adam Nagourney And Jim Rutenberg

The New York Times, September 3, 2006

WASHINGTON, Sept. 2 — Karl Rove, the president's chief political adviser, is struggling to steer the Republican Party to victory this fall at a time when he appears to have the least political authority since he came to Washington, party officials said.

Mr. Rove remains a dominant adviser to President Bush, administration officials say. But outside the White House, as Mr. Bush's popularity has waned, and as questions have arisen among Republicans about the White House's political acumen, the party's candidates are going their own way in this difficult election season far more than they have in any other campaign Mr. Rove has overseen.

Some are disregarding Mr. Rove's advice, despite his reputation as the nation's premier strategist. They are criticizing Mr. Bush or his policies. They are avoiding public events with the president and Mr. Rove.

Influential conservative commentators have openly broken with the White House, calling into question the continued enthusiasm of evangelicals, economic conservatives and other groups that Mr. Rove has counted on to win elections. Some Republicans are ignoring Mr. Rove's efforts to hold the party together on issues like immigration and Iraq.

In a reflection of this difficult environment, the White House has decided to concentrate nearly all its resources on the critical fight to keep control of Congress, party officials said, largely stepping away from the governors' races, at least for now.

In Michigan last week, Dick DeVos, a Republican candidate for governor and a longtime contributor to Mr. Bush, startled national Republican Party leaders with a searing attack on the president for failing to meet with the leaders of the Big Three automakers. "We're being ignored here in Michigan by the White House, and it has got to stop," Mr. DeVos said.

His communications director, John Truscott, said the attack was timed to coincide with Mr. Rove's visit to Michigan for a fund-raiser, in an effort to goad Mr. Bush into a response. Asked if the DeVos campaign was worried about angering Mr. Rove, Mr. Truscott said, "That never even crossed our mind."

Representative Thomas M. Davis III of Virginia, who was chairman of the Congressional Republican campaign committee in 2002, said Mr. Rove and the White House seemed measurably less involved this year.

"It's been more of a bunker mentality, don't you think?" Mr. Davis said. "They have been good in terms of raising the money. The problem is, you have a president with a 38 percent approval rating, and it just changes the dynamics of what they can do."

This midterm election presents Mr. Rove with a particularly difficult challenge. Beyond testing his reputation for always finding a way to win, the outcome could determine the extent of Mr. Bush's influence for the rest of his presidency and shape the way he is perceived by history. Mr. Rove has warned associates that a Democratic takeover in Congress would mean an end to Mr. Bush's legislative hopes and invite two years of potentially crippling investigations into the administration.

The White House said that Mr. Rove would consider an interview for this article if it were conducted off the record, with the provision that quotations could be put on the record with White House approval, a condition it said was set for other interviews with Mr. Rove. The New York Times declined.

The diminishment in Mr. Rove's influence reflects the fact that his power is to some extent a function of Mr. Bush's popularity. In some cases, Republican candidates have made a deliberate strategic decision that the way to win is to distance themselves from the White House.

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But a central problem, Republicans said, is that Mr. Rove is seen as juggling two potentially conflicting agendas: protecting the president's legacy and taking steps to help Republican candidates win re-election.

Mr. Rove enters the campaign season after a year of personal tumult. Until mid-June he faced the threat of indictment in the investigation into the leak of a C.I.A. officer's identity, and in April, he was stripped of some of his duties in the White House. Mr. Rove was moved from a West Wing corner suite to a smaller windowless office across the hall, a shift one friend said he found demoralizing.

Mr. Rove's associates said that throughout the leak investigation, he was coiled and withdrawn. They said his demeanor brightened the moment he learned he would not be indicted. Associates described him as displaying relentless optimism about an election that is filling Republicans with a sense of doom.

Mr. Rove determines the bulk of the president's schedule and is a crucial figure in determining what Mr. Bush should say this fall. He is the White House's main conduit to conservatives whose willingness to turn out at the polls could help determine the party's success.

Mr. Rove has become a star fund-raiser for the Republican Party, raising $10,357,486 at 75 events in 29 states, according to the Republican National Committee. Mr. Rove runs regular White House meetings, typically at 6:30 a.m. in the White House mess, reviewing high-profile House and Senate races with the White House political director, Sara Taylor, and sometimes with Congressional leaders. He shares his view of the landscape with Mr. Bush in a daily 8:30 a.m. briefing.

Mr. Rove — with Ken Mehlman, the Republican National Committee chairman, and Ms. Taylor, both of whom have assumed a higher profile than in past years — has settled on a narrow strategy to try to minimize Congressional losses while tending to Mr. Bush's political strength. The White House will reprise the two T's of its successful campaign strategy since 2002: terrorism and turnout.

They have determined that control of Congress is likely to be settled in as few as six states and have decided to focus most of the party's resources there, said Republican officials who did not want to be identified discussing internal deliberations. Those states will likely include Connecticut, Indiana, Missouri, Ohio, Pennsylvania and Washington, though officials said the battle lines could shift in coming weeks.

The White House is largely turning away from the 36 governors' races, although Mr. Rove and Mr. Bush will continue to help Republican candidates for governor raise money, party officials said. The decision has broad significance because building a foundation of Republican governors had been a main part of Mr. Rove's goal of creating a long-lasting Republican majority.

The Republican National Committee expects to spend over $60 million, which would be a record, for the midterm elections. Officials say half of that would pay for get-out-the-vote operations in the targeted states.

In states where Mr. Bush's presence could be problematic, like Pennsylvania and Connecticut, the turnout operations give Mr. Rove a way to provide below-the-radar help.

Mr. Mehlman, whom Mr. Rove assigned to master get-out-the-vote techniques years ago, has handed custom compact discs with lists of voters, along with information on their voting and consumer habits, to every state Republican chairman.

One administration official said that Mr. Rove was also looking beyond Mr. Bush's term, to the creation of his library. And he is quietly making his influence felt in the 2008 presidential campaign. Most significantly, the White House has signaled to Bush supporters that they are free to work for Senator John McCain of Arizona, which could provide Mr. Rove a network of intelligence in 2008. Mr. Rove has made clear to associates that he is not supporting any candidate in that race.

Mr. Rove's associates said it was inevitable that his clout would diminish somewhat given the president's declining approval rating and the history of two-term presidents generally weakening by their sixth year in office.

"Anytime you're in the position of being the prime mover, and you've got five people saying we should do it this way and five others saying we should do it that way, you're going to aggravate five people inevitably when you come down with a decision," said Ed Gillespie, a former Republican National Committee chairman. "But Karl is willing to do that, and you're going to get your share of slings and arrows when you are."

Indeed, Democrats — aware of Mr. Rove's reputation for pulling out all the stops when necessary and his ability to call on a shadow political machine of interest groups and donors to attack opponents — said they remained worried about what kind of effort Mr. Rove might unleash in the closing weeks of the campaign.

But the limits of Mr. Rove's influence were made clear this year when he was unable to persuade the speaker of the Florida House of Representatives, Allan G. Bense, to run in the Republican primary for Senate against Representative Katherine Harris, whom the party judged to be a weak candidate. Mr. Rove invited Mr. Bense for a sit-down at his vacation home in Rosemary Beach, Fla., as part of a long but failed effort to get him to challenge Ms. Harris for the nomination, said Towson Fraser, a spokesman for Mr. Bense.

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And Mr. Rove's associates say he appreciates the need of candidates to distance themselves from the White House to win. But he was described as angered by candidates who he thought were going too far in criticizing Mr. Bush out of concern that attacks could further damage an already weakened president, they said.

Mr. Rove meets in person only infrequently with the Republican heads of the Senate and House campaign committees, Senator Elizabeth Dole of North Carolina and Representative Thomas M. Reynolds of New York, though Mrs. Dole said he was always ready to jump on a plane to a fund-raiser at her request.

Mr. Reynolds said the White House had been untiring in raising money and providing surrogates. But he made clear that when it came to the House races, he was running the show.

"I'm the one who put together what I think is our best effort to win a House majority in 2006," Mr. Reynolds said.

In the Ohio Senate race, Mr. Rove has found himself in a back-and-forth with Senator Mike DeWine. Mr. DeWine has at times resisted Mr. Rove's counsel that he employ an unrelenting focus on terrorism, exhibiting what other Republicans described as ambivalence about a television commercial depicting the World Trade Center burning.

Candidates and strategists across the country say that they hear from Mr. Rove infrequently.

Gov. Mitt Romney of Massachusetts, chairman of the Republican Governors Association, said he encountered Mr. Rove at a dinner at Vice President Dick Cheney's home here in late July. "We chatted for a minute," Mr. Romney said. "He was interested in how the governors' races were looking. But it was interest as a fellow Republican."

Democrats Loath To Predict Win This Fall (AP)

By David Espo, Ap Special Correspondent

The Associated Press, September 3, 2006

Call it the campaign with no margin for Republican error, in a nation that is war-weary and eager for change, yet seems wary of the Democratic option.

Even Republicans tacitly concede they will lose seats in both the House and Senate in Nov. 7 elections midway through President Bush's second term. Yet Democrats, long out of power, are loath to predict publicly they will gain the six Senate and 15 House seats they need for control of Congress.

Voters like Jim Meyer are part of the reason one party is scuffling, yet the other not completely confident.

"I think we're in a lot of trouble," said the 59-year-old resident of Greenhills, Ohio, a Bush voter in 2004. His reasons: "Our commitment overseas, using our National Guard as much as we're using it, calling back our troops" to duty.

Still, he sized up the political alternative in less-than-glowing terms. "I think a lot of Democrats come across as crazies."

It's an impression Democrats are determined to negate — and Republicans eager to reinforce — in the 10 weeks from the traditional Labor Day campaign kickoff until Election Day. In all, 33 Senate seats, the entire 435-member House, 36 governorships and hundreds of ballot questions will go before the voters.

Polls show the war in Iraq is unpopular, Bush's public support is lagging, and the GOP-controlled Congress is viewed poorly by the public. In an Associated Press-Ipsos poll in August, 71 percent of those surveyed said the country was moving in the wrong direction.

As a result, Democrats hope to make the election a referendum on the president and his party. Their targets include the war, the flawed response to Hurricane Katrina, the Jack Abramoff-spawned congressional corruption scandal, the high price of gasoline, the "stay-the-course Republicans," as Rep. Rahm Emanuel, chairman of the House campaign committee, describes them.

The call for change is nothing new for the Democrats, out of power for most of the past 12 years. "What is different this (election) cycle ... is the fact that Democrats were trying to contrive messages of anger, if you will, in 2002 and 2004," said John Anzalone, a pollster for Democrats in several competitive races.

Now, he said, "we're not trying to create that environment. The environment is there for us."

"The (political) environment is very challenging," conceded Ken Melhman, Republican Party chairman.

"The single most important thing that is critical to Republican success is making this a choice and not a referendum. There are two very different strategies for how to prosecute a global war. The reason there is going to be a choice is there are real differences."

It's a point that Bush, Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld have all made in recent days as they seek to cast the war in Iraq as central to a broader war on terror.

Having concluded they ceded the national security issue with little resistance in the last two elections, Democrats push back hard, and one recent poll said a majority of the country does not accept the administration's view of Iraq's place in the overall war on terror.

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In a note of caution to their candidates, some Democratic strategists say there is no public consensus on how the military mission should end, or when.

Maybe not.

But except for seeking Bush's help in raising campaign funds, Republican incumbents are eager to emphasize their independence from him and his prosecution of the war.

That leaves the GOP senatorial and House party committees testing other themes for an autumn attempt to depict Democrats as a risky alternative in an era of terrorism.

The House GOP committee, trying to save Rep. John Hostettler from defeat in Indiana, began airing an ad Friday that asks whether his opponent will support the Democratic leader, California Rep. Nancy Pelosi, for speaker. "She and other Democrats want to raise your taxes, cut and run in Iraq, and give amnesty to illegal immigrants," it says.

The Republican senatorial committee offered a different preview in Rhode Island, using a GOP candidate as a test case. It unleashed an ad accusing GOP Sen. Lincoln Chafee's conservative primary challenger, Steve Laffey, of taking a position on immigration that posed a risk to the nation's security.

While 33 Senate seats are on the ballot, the outcome does not appear seriously in doubt in even a dozen races.

Republican incumbents facing particularly challenging races include Sens. Rick Santorum in Pennsylvania, Conrad Burns in Montana, Mike DeWine in Ohio and Jim Talent in Missouri.

Chafee, a moderate, faces Laffey in a Sept. 12 primary, before the winner can turn to the fall campaign in heavily Democratic Rhode Island.

Democrats also are in a competitive race in Tennessee, where Majority Leader Bill Frist is retiring, and have signaled they intend to make at least initial investments in Virginia and Arizona in hopes of closing polling gaps there.

Republicans tout their challengers against Sens. Ben Nelson in Nebraska, Maria Cantwell in Washington, Debbie Stabenow in Michigan and Robert Menendez in New Jersey, and they hope to pick up an open Democratic seat in Minnesota. Democrats lead in pre-Labor Day polls in most of those states.

Maryland Lt. Gov. Michael Steele, hoping to become the only black Republican in the Senate, faces the winner of a Democratic Sept. 12 primary.

In Connecticut, Sen. Joe Lieberman is running this fall as an independent, openly courting Republican support against the man who defeated him in the Democratic primary, anti-war challenger Ned Lamont. Republicans have abandoned their own candidate in the race.

In the House, Rep. Tom Reynolds, head of the GOP campaign effort, predicted, "There's going to be a hard fought battle over three dozen seats" out of 435.

Emanuel and the Democrats say the number is larger than that, and growing.

Whatever the number, nearly all the contested seats are in Republican hands, many in the Northeast and Midwest, meaning the Democrats are on offense. Connecticut, Pennsylvania and Indiana combined are home to 10 GOP incumbents in tough races.

Republicans also face struggles to hold seats where their incumbents retired, including Arizona, Iowa, Colorado, New York and Illinois. In Texas, where former Majority Leader Tom DeLay's summertime resignation sparked a court battle, the GOP is left with only a write-in candidate.

Republican targets are few, and include seats in Texas, Iowa, Georgia, South Carolina and Vermont, where independent Rep. Bernie Sanders is running for the Senate.

Among governors, Republican Arnold Schwarzenegger is running strongly for re-election in California, and underscored his movement toward the political center recently when he agreed with Democratic legislative leaders to limit the state's greenhouse gas emissions.

Democrats' best chances for regaining big-state governorships are in New York and Ohio, where Republican incumbents are retiring.

The GOP hopes to win back Iowa, where Democratic Gov. Tom Vilsack is stepping down, but the pre-Labor Day polls are close.

For Bush, Hope And Fear In Lessons Of Midterms Past (NYT)

By David Greenberg

The New York Times, September 3, 2006

IT was 1946. President Harry S. Truman was having a bad year. Never able to fill the shoes of Franklin D. Roosevelt, he endured ridicule in the press for his rough manners and political blunders. There were new economic worries: 10 million returning

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servicemen seeking jobs and homes; shortages of meat, coffee and tires; some 4.5 million autoworkers, steelworkers and others on strike. Republicans began to charge Democrats with having coddled Communists. Truman's approval ratings barely cleared 30 percent.

The year ended in a blowout at the polls. Republicans picked up 55 House and 13 Senate seats and took control of both houses. Richard M. Nixon and Joseph R. McCarthy suited up and headed for Washington. Senator J. William Fulbright, Democrat of Arkansas, urged Truman to name a Republican as Secretary of State and then resign, so the new appointee could become president (as succession rules then dictated). Truman scoffed, belittling the senator as "Halfbright." Prospects for his liberal agenda were shattered, while bills like the Taft-Hartley Act, which weakened labor unions, came on the docket.

President Bush is having a bad year, too. And like Truman in 1946, he has cause to worry about the coming midterm elections.

The party occupying the White House almost always loses seats in midterms. One theory political scientists give to explain this tendency is called "surge and decline." It notes that most presidents have coattails when they are elected, carrying the party's candidates into Congress. But in other years those legislators have to run without the presidential surge, and many lose.

But the extent of a party's losses can vary. A different theory of voting behavior, which considers midterm elections to be a referendum on the president, helps explain why. Evidence suggests that when voters support the president — especially his handling of the economy — his party loses fewer seats than when they're unhappy. Some scholars have also noted that midterm turnout is highest among people who want to punish the president, which helps to account for his party's ill fortunes.

Of course, not all midterms are created equal. Some occur in the aftermath of scandal. The 1974 elections, held just months after Richard Nixon resigned over Watergate, were a windfall for the Democrats, who gained 48 House and 4 Senate seats.

Other times, the economy influences the outcome. Recessions exacerbated Republican losses in both 1958 and 1982.

This year, there is no Watergate hovering over the White House, especially with the Jack Abramoff and Valerie Plame affairs having receded from the headlines. The economy is plodding along.

Yet other factors are at work that have played a role in midterms past. The war is going poorly. Voters are anxious about national security. One party dominates the government. And Mr. Bush is in his sixth year — a particularly tough time for a president to maintain clout in the Senate because those he swept into office when he was first elected must now run without him.

A review of key midterm contests when similar factors were at work offers the White House grounds for both encouragement and despair.

1942: HOW'S THE WAR GOING?

In 1942, Franklin D. Roosevelt was midway through his third term. His party dominated Congress. The military was fighting overseas. Some analysts, including the pollster George Gallup, foresaw a strong Democratic showing or, at worst, modest losses. Roosevelt toured the country and gave a rousing fireside chat to rally support for the war and his candidates. He even proposed that Gen. George C. Marshall invade North Africa before Election Day.

But Marshall refused, and other military campaigns bogged down. At home, wartime rationing and regulations rankled voters. Democrats failed to turn out at the polls, while Roosevelt's critics showed up to voice their discontent. The Republicans cut deep into the once-large Democratic majorities, gaining 47 House and 10 Senate seats, the largest increases for the party since before the Depression. This year, the continued bad news from Iraq could portend a similar outcome. Mr. Bush's approval ratings are stuck below 40 percent, and a majority of the public opposes the Iraq war.

1950: A CLIMATE OF FEAR

Truman's victory in 1948 helped bring Congressional Democrats back to power. But by 1950 an anti-Communist mania gripped the country, with the Democrats as the prime targets, and Truman was unpopular again.

Over a few months, Alger Hiss went to jail, Senator McCarthy claimed that Communists infested the State Department, and North Korea invaded South Korea. Running on the slogan "Freedom Versus Socialism," the Republicans ousted the majority leader and two other Democratic Senate leaders. Two other Senate seats and 28 House seats were captured by Republicans, too, though the Democrats kept a slim hold on power in both chambers.

This year Republicans are using similar arguments to imply that Democrats aren't ready to stand up to America's enemies. President Bush has begun a speaking tour underscoring the threat of terrorism. Vice President Dick Cheney has stepped up attacks on opponents of the Iraq war, suggesting that they are effectively appeasing Al Qaeda. Such charges can have an impact, even when a war is going poorly.

1966: RESTRAINING ONE-PARTY RULE

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With Lyndon B. Johnson in the White House and Democrats running Congress, the Great Society was at high tide. The Democrats had passed a raft of liberal legislation on matters from civil rights to fighting poverty. An activist Supreme Court was encouraging a progressive agenda.

But people were concluding that liberalism had gone too far. A backlash of working-class voters was brewing. Many turned against the Democrats for their stands on crime, busing, welfare and other racially infused issues. In the 1966 elections, Republican candidates campaigned against "crime in the streets," denounced housing laws that would force integration, and spoke about recent riots in Watts and other urban neighborhoods.

The Republicans gained 47 House and 3 Senate seats that fall, cutting into the Democratic majorities. Only 21 of 48 pro-Johnson freshmen elected in the president's 1964 landslide survived. "It's going to be rough going for him around here," the House Minority leader, Gerald R. Ford, said in reference to Johnson. "Congress will write the laws, not the executive branch."

Today, the Republicans hold the White House and Congress, and Mr. Bush's recent appointments have pushed the Supreme Court to the right. The president has asserted vast executive powers, assuming the authority to place wiretaps on citizens despite legal restrictions on doing so, for example. Democrats are the ones counting on the public to conclude that the ruling party has overreached.

1986: NO MORE COATTAILS

Ronald Reagan remained quite popular in 1986, with approval ratings around 65 percent. But the senators first elected with him in his 1980 landslide, who had given the Republicans control of the chamber that year and helped him push his agenda, now had to stand for re-election on their own.

Mr. Reagan knew the value of holding the Senate. Visiting 22 states and traveling 24,000 miles, he raised $33 million for Republican candidates. Behind the scenes, his national security aide John Poindexter, seeking an "October surprise" to help the party, secured the release of an American hostage in Lebanon, partly through the secret arms sales to Iran that would later envelop the administration in scandal.

But nothing could thwart what political scientists call the "six-year itch": the loss of Senate seats in a president's sixth year. In November 1986, six of the freshmen senators first elected with Mr. Reagan in 1980 were turned out of office. The Republicans lost two other senate seats as well, handing the chamber back to the Democrats.

Mr. Bush did not bring in nearly as many senators when he was first elected in 2000 as Reagan did in 1980. But one of them, George Allen of Virginia, is struggling to hold onto his seat, as are the two-term veterans Mike DeWine of Ohio and Rick Santorum of Pennsylvania. However, the president is less popular than many of the senators up for election, suggesting they may be better off without him on the ballot.

REVERSING THE CURSE

In 1998 and 2002, the parties in the White House bucked the long-term trends. The drive to impeach Bill Clinton in 1998 reflected poorly on the House Republicans and boosted sympathy for the president. Democrats reversed the sixth-year curse for the first time since 1906, gaining five House seats and breaking even in the Senate.

In 2002, the White House boxed Democrats into a corner by forcing them into an early vote on whether to let Mr. Bush invade Iraq. Tying the vote to the fight against terrorism, Republicans made their rivals seem to be either mere foot soldiers following a bold president, or weak-kneed obstructionists unwilling to fight evil. Republicans made small gains in both chambers.

Other factors in recent times have also scrambled traditional expectations. Sophisticated methods of redistricting have made some Republican House seats safer. Invigorated Republican get-out-the-vote efforts have invalidated the old rule that high turnout helps the Democrats.

The last three elections — presidential and midterm — have been polarizing, brutally fought, and extremely close. If there is one safe bet for 2006, it's that this fall's elections will be all of those things as well.

More GOP Districts Counted As Vulnerable (WP)

Washington Post, September 3, 2006

Dan Balz And David S. Broder

Governors' races often move independently of national trends, but this year Democrats are almost certain to increase their statehouse numbers, as well. Among the major states, prospects for Democratic takeovers are brightest in New York, Ohio and Massachusetts, while Republicans see opportunities in Michigan, Wisconsin and perhaps Illinois. California's Arnold Schwarzenegger has moved from being a distinct underdog to at least a slight favorite. Republicans are favored to retain Florida and Texas, Democrats, to hold on to Pennsylvania. There are now 28 Republican governors and 22 Democratic.

GOP's Hold On House Shakier (LAT)

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By Janet Hook, Times Staff Writer

The Los Angeles Times, September 3, 2006

As Labor Day gets the campaign in full swing, Democrats are counting on voters unhappy with one-party rule and Bush's leadership.

WASHINGTON — Raye Haug, a retired librarian in northern Virginia, for years happily voted to reelect her longtime congressman, Republican Frank R. Wolf. But the GOP record of the last six years — on foreign policy, the economy and the environment — has so soured Haug that she wants to vote for a Democrat in this year's midterm election.

Any Democrat.

"I don't think I've ever before been willing to vote for someone just because of their party affiliation," said Haug, who walked precincts one sweltering Saturday for Judy Feder, Wolf's Democratic opponent, even though she knew little about her.

As Labor Day signals the start of intense campaigning for the Nov. 7 election, the political landscape is crowded with disgruntled voters like Haug, who tell pollsters they don't like the direction the country has taken under President Bush and Republican rule in Congress.

Most voters are just now beginning to pay attention to the campaign, but candidates and their advisors have been mobilized for months. After 12 years of Republican dominance, Democrats have their best shot in years at winning control of Congress — especially the House.

Early this year, the nonpartisan Cook Political Report identified 42 House Republican seats as competitive; now it lists 55. The analysis sees only 20 House Democrats in competitive races. Democrats, who need to gain 15 seats to win control, also have narrowed Republicans' traditional advantage in fundraising.

The mood of the electorate continues to be clouded by deteriorating conditions in Iraq.

"That's a recipe for a GOP disaster, and there is no reason to believe that things will change dramatically between now and election day to improve Republican prospects," said Stuart Rothenberg, editor of a nonpartisan newsletter that recently predicted a Democratic takeover of the House.

The Senate remains more firmly in Republican hands, but even GOP strategists fear their party could reduce their 55-45 margin of control.

The winds are blowing so strongly against the GOP that it raises a new question: If Democrats cannot win control of Congress under these circumstances, when will they?

If they do not triumph in such a hospitable climate, it will be a tribute to the strength of the political machine the GOP has built to cement the realignment that has given them control of Congress since 1994 and the White House since 2000. The party's agenda is tailored to mobilize its base, and its campaign machinery has made a fine art of getting Republican voters to the polls.

And most House members are protected by district boundaries that have been drawn by political bosses to keep seats safely in one party's control.

"If we do endure this cycle with a majority in both chambers, you have to argue this has been an unbelievable 12-year run," said Bill McInturff, a Republican pollster. "You'd have to give Bush and his administration credit. That is an enduring legacy."

Helping secure that legacy are incumbents like Wolf, who make the Democrats' job harder than it seems. Although he is facing a well-financed opponent in a district that shows signs of becoming more Democratic, Wolf is still heavily favored to win. A 13-term incumbent who sits on the powerful House Appropriations Committee, Wolf has been bringing home the bacon for decades and is well-known by his constituents.

Even Haug — who plans to vote against him — concedes, "I like the guy. He has been a good congressman."

That's why Republicans are trying to keep the focus on individual candidates and local issues, while Democrats are trying to turn the election into a broad national referendum on one-party rule in Washington, the war in Iraq and Bush.

The parties' different strategies were on display last week in a day of campaign events in the suburbs of Philadelphia. Democrat Joe Sestak held an event on the anniversary of Hurricane Katrina to criticize Bush's response to the disaster and to link the district's Republican representative to the administration's failures.

"If anybody's happy with George Bush, you are happy with Curt Weldon, and I am not your man," Sestak said. "He is super-glued to the president."

In a nearby district, first-term Republican Rep. Michael G. Fitzpatrick traveled to a dairy farm to say he had bucked the Bush administration to secure funding for a locally popular conservation program. "I've struck a real chord of independence," Fitzpatrick said.

Some Republicans take heart from a few inklings that Democrats may have peaked too soon.

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In recent polls, Bush's approval ratings rose after the arrest last month of terrorism suspects in London. A mid-August Gallup poll found that generic support for a Democratic congressional candidate over a Republican narrowed to 2 percentage points, down from double digits in earlier surveys.

Rep. Rahm Emanuel of Illinois, chairman of the Democratic Congressional Campaign Committee, called those findings fleeting, and he pointed to other signs that voters are as restive as they were in 1994, when they threw Democrats out of power in the House and Senate.

A key question is whether surly voters will punish incumbents of both parties. They have in early primaries: In Connecticut, Sen. Joe Lieberman lost the Democratic primary to an antiwar liberal, Ned Lamont. In Alaska, GOP Gov. Frank H. Murkowski came in third place in his party's gubernatorial primary. One House member from each party has been defeated so far in primaries.

But many analysts predict any throw-the-bums-out tide will take a greater toll on Republicans. Tim Storey, election analyst for the National Conference of State Legislatures, sees warning signs for the GOP in the results of 53 special elections for state legislative seats. In 13 cases, incumbents were dumped; all but two were Republicans.

Most analysts see Democrats' gaining control of the Senate as a long shot, because so many competitions are in states that vote Republican in presidential elections. Virtually every contested race would have to go the Democrats' way for them to gain the six seats needed for a majority.

One sign of Republicans' angst is the number of candidates distancing themselves from Bush and the party.

In Missouri, GOP Sen. Jim Talent's first television ad says: "Most people don't care if you are red or blue, Republican or Democrat." In Maryland, GOP Senate candidate Michael S. Steele told reporters that being a Republican was like wearing a scarlet letter.

The trickiest campaign issue for members of both parties is Iraq.

Most Democrats have criticized Bush's handling of the conflict but have been divided over what alternative course to back. Still, with Iraq riven by sectarian violence, more Democrats have felt it politically safe — even advantageous — to speak out against the president's policy. Rep. Benjamin L. Cardin (D-Md.), running in a contested primary for Senate, bragged in his first television ad of his vote against the Iraq war.

A handful of Republicans have criticized Bush's Iraq strategy. They include Fitzpatrick, who said in an August mailing to voters, "Mike Fitzpatrick to President Bush: America needs a better, smarter plan in Iraq."

But most Republicans have stuck with the GOP approach of lambasting Democrats for advocating a "cut and run" strategy—even though they acknowledge the status quo in Iraq threatens to harm them politically.

"Without more progress on the ground in Iraq, it's going to be a political problem for Republicans," said Rep. Tom Cole (R-Okla.). "I don't think anything rivals Iraq as an issue that shapes the political environment in district after district."

In northern Virginia, however, Feder's long-shot campaign against Wolf is hardly putting that issue front and center. Her pitch to campaign volunteers in Sterling, Va., recently was a broader message.

"Are you ready for change in Washington?" asked Feder, a healthcare advisor to President Clinton who is now dean of the Public Policy Institute at Georgetown University. "We need to get rid of these guys."

Feder is hoping to gain traction in the district — which stretches from the suburbs of Washington, D.C., to West Virginia — because last year a GOP-weighted electorate voted for Democrat Timothy M. Kaine for governor. Dan Scandling, a Wolf spokesman, said he was confident that Wolf's close ties to his district — it is near enough to the Capitol that the congressman returns home every night — would help him easily beat his opponent. But he is not taking anything for granted.

"In this environment, you take every candidate seriously," Scandling said. "If you don't, you're crazy."

janet.hook@latimes.com

(INFOBOX BELOW)

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Midterm elections: races to watch

Here is a selection of Senate and House races that are bellwethers in the battle to control Congress. They will measure the effect of important trends shaping this year's political landscape, such as public opinion of President Bush, the war in Iraq and immigration.

Senate Races

Pennsylvania

Sen. Rick Santorum (R), incumbent

Bob Casey Jr. (D),

state treasurer

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State of the race: Trailing by double digits in polls for months, Santorum has narrowed the gap but is still at about 40%.

Quick take: Darling of the Christian right, the senior GOP leader risks defeat in a swing state. His head is the one Democrats want most. His loss would be a blow to Bush and conservatives — and to Santorum's White House ambitions.

Rhode Island

Sen. Lincoln Chafee (R), incumbent

Stephen Laffey (R),

Cranston mayor

Sheldon Whitehouse (D), former state attorney general

State of the race: Chafee faces a tough GOP primary Sept. 12. If he survives, an even tougher fight looms in November.

Quick take: The Senate's most liberal Republican is buffeted from both right and left. Democrats would have an easier time beating conservative Laffey in this blue state. Chafee's campaign tests whether there is still room in U.S. politics — and in the GOP — for centrists.

Maryland

(Incumbent Democratic Sen. Paul S. Sarbanes is retiring)

Michael S. Steele (R), lieutenant governor

Kweisi Mfume (D), former U.S. representative, former NAACP head

Benjamin L. Cardin (D), U.S. representative

State of the race: Contentious Democratic primary Sept. 12. July poll showed Cardin with bigger margin over Steele than Mfume.

Quick take: Both the Democratic primary and general election may test African American party allegiance. Steele is a rare breed: African American GOPer. Will he pick up black Democratic voters if Mfume, also black, loses the primary?

Washington

Sen. Maria Cantwell (D), incumbent

Mike McGavick (R), businessman,

former Senate aide

State of the race: Cantwell is considered vulnerable to a strong challenger, but it is not clear by how much. There has been little public polling.

Quick take: Cantwell, like Sen. Joe Lieberman (D-Conn.), has taken heat from liberals in this deep-blue state for supporting the Iraq war. Will antiwar Democrats stay home on election day? McGavick must fight a strong anti-Bush current.

House Races

Connecticut 5 (northwest)

Rep. Nancy L. Johnson (R), incumbent

Chris Murphy (D),

state senator

State of the race: Johnson is favored, but is still vulnerable to a Democratic tidal wave.

Quick take: First tough race in a decade for the 12-term moderate in a state where Bush is unpopular. A test of whether the Northeast will become even more Democratic.

Ohio 15 (Columbus)

Rep. Deborah Pryce (R), incumbent

Mary Jo Kilroy (D),

county commissioner

State of the race: The fight of Pryce's political life, but she's still favored.

Quick take: Pryce, a senior Republican leader, is hurt by Ohio GOP scandals and Bush's unpopularity. A test of whether Democrats can dislodge longtime incumbents from once-safe seats.

Pennsylvania 8 (Philadelphia suburbs)

Rep. Michael G. Fitzpatrick (R), incumbent

Patrick Murphy (D),

former prosecutor

State of race: July Democratic poll favored Fitzpatrick, 44% to 38%

Quick take: The first-term Republican, in a swing district, tries to distance himself from Bush on Iraq and the environment. Murphy is an Iraq war veteran. Test of whether moderates will be dragged down by an unpopular war and president.

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South Carolina 5 (north central)
Rep. John M. Spratt Jr. (D), incumbent
Ralph Norman (R),
state representative
State of the race: A long shot for Republicans.
Quick take: Republicans paint the longtime incumbent as out of touch with a conservative district. But a huge fundraising advantage keeps Spratt favored to win. The race is likely to show limits to GOP march through the South.
West Virginia 1 (Wheeling)
Rep. Alan B. Mollohan (D), incumbent
Chris Wakim (R), state representative
State of the race: Mollohan's running hard, favored to win.
Quick take: Dogged by ethics problems, 12-term incumbent faces his first serious challenge in years. A test of whether corruption accusations will hurt Democrats as well as GOPers.
Source: Los Angeles Times

Hillary Can't Dodge Presidential Chatter (WT)

By Amy Fagan, The Washington Times
The Washington Times, September 3, 2006
SYRACUSE, N.Y. -- As Bill and Hillary Clinton shook hands, signed autographs and visited a famous sausage stand at the state fair Friday, they focused on Mrs. Clinton's Senate re-election and tried to steer clear of the question on most minds -- will she run for president in 2008?
But, it was unavoidable.
At a fairground luncheon with supporters that Mrs. Clinton's Senate re-election campaign hosted, laughter erupted during prayer when Father John F. Hogan asked God for "continued blessings on her work, her future," then dramatically added "wherever that may lead."
As the Clintons worked the crowd on their way to Gianelli's sausage stand, a man repeatedly yelled, "Clintons back in the White House."
Mrs. Clinton has strong support in New York state, where she is expected to cruise to a second Senate term. An issue beginning to dog her, however, is the war in Iraq, and some observers say it will only get worse as 2008 nears.
"She has to move to the left on the war," said John Zogby, president of an international polling firm. She "risks losing a chunk" of the liberal vote if she doesn't.
With more than 80 percent of Democrats stridently opposing the war, along with a small but growing percentage of Republicans, the debate is starting to shift, he said, adding that an anti-war candidate with a plan to end Iraq occupation could do well in 2008.
Mrs. Clinton has walked a fine line on the issue. She voted for the use of force in 2002, but has been critical of its execution. She supported a Democratic proposal to start a phased redeployment of troops from Iraq this year, but she hasn't given in to the party's strong anti-war sentiment that calls for an immediate troop pullout.
Her boldest move came last month when she called for the resignation of Defense Secretary Donald H. Rumsfeld. That was shortly before Sen. Joe Lieberman of Connecticut lost his Democratic primary to anti-war challenger Ned Lamont.
Mrs. Clinton faces her own primary challenge from little-known labor organizer and writer Jonathan Tasini, who also campaigned at the state fair. One of his supporters, dressed in a chicken suit, followed the Clintons demanding a debate.
Mrs. Clinton is still predicted to win by a landslide -- a Marist poll in mid-August had her beating Mr. Tasini 80 percent to 15 percent.
But his presence foreshadows the party fight expected after the midterm elections.
"The anti-war crowd is going to have no choice than to bang on her record -- to go after her," said Republican strategist Scott Reed. "They've all been emboldened by this Lamont exercise."
When asked Friday about the war, Mrs. Clinton said, "I've been a constant and consistent critic. I've also tried to work within the fact that this president has made decisions and a series of strategic blunders. ... I have a situation that I'm trying to figure out how we're going to deal with."
Leaning against a pickup truck on display at the fair, the anti-war Mr. Tasini said, "People are furious about the war. It's the precise reason she doesn't want to debate me. She's obfuscating where she stands on the war."

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He pointed to a poll of Moveon.org members released Friday that found 56 percent supporting Mrs. Clinton and 44 percent supporting him. The liberal group isn't endorsing either candidate.

Political analysts from both parties say Mrs. Clinton is escaping Mr. Lieberman's fate in the primary for several reasons, including that she's simply not as supportive of the war as the Connecticut Democrat. Also, they note, Mr. Lamont had millions of his own dollars to get his message out, something Mr. Tasini lacks.

As analysts debate the future, many at the fair sang Mrs. Clinton's praises in a state where she has made inroads even with upstate conservatives by helping them with flood relief, preventing closure of government facilities and assisting small businesses.

"We're thrilled with her," said Anne Weidman, a 70-year-old Red Cross worker from the rural, conservative Wyoming County.

Friends Of Hillary Hint She May Pull Out Of Presidential Race Sarah Baxter (TIMS)

By Sarah Baxter

The Times (U.K.), September 3, 2006

FRIENDS of Hillary Clinton have been whispering the unthinkable. Despite her status as the runaway frontrunner for the 2008 Democratic nomination for president, some of her closest advisers say she might opt out of the White House race and seek to lead her party in the Senate.

The former first lady longs to return to the White House with husband Bill as consort. Only last week she told television viewers America would be led by a woman one day. “Stay tuned,” she said.

First, however, she has to win the election. Some Democratic party elders — the American equivalent of the Tories’ “men in grey suits” — say Clinton may back out of the race of her own volition.

“I would not be surprised if she were to decide that the best contribution she can make to her country is to forget about being president and become a consensus-maker in the Senate,” said a leading Democratic party insider. “She believes there is no trust between the two political sides and that we can’t function as a democracy without it.”

As senator for New York, Clinton has forged alliances across party lines with leading Republicans such as Senator John McCain and Newt Gingrich, the former speaker of the House of Representatives. In the eyes of the electorate, however, she is a potentially divisive figure.

A recent poll for Time magazine showed that 53% of the electorate said they had a favourable impression of Clinton and only 44% viewed her negatively, figures that President George W Bush can only dream of at the moment. Even so, 53% of independent voters said they would not vote for her.

“The prospect of a Hillary for President campaign has put much of the Democratic establishment in a bind,” Time concluded. “The early line is that Hillary would be unstoppable in a Democratic primary but unelectable in a general election.”

The solution, insiders say, is for Clinton to take over as Senate minority leader in 2009 from the lacklustre Harry Reid, senator for Nevada. One well-respected blog, The Washington Note, recently claimed that Reid privately told Clinton the job was hers if she gave up her presidential ambitions.

Reid’s office denied it, but the claim made its way into the Los Angeles Times where it was suggested she would make a “superlative Senate leader” while keeping her options open for the 2012 presidential race.

Clinton has raised a whopping $33m for her Senate re-election campaign in New York, which is likely to result in an emphatic victory for her in November. The leftover sums can be switched to a presidential bid. The size of her war chest is a sure sign that she intends to be ready to campaign at full tilt the moment she presses the “go” button.

Her final decision is likely to be made next spring. One close friend of the Clintons said: “There is no way she won’t run for president.” According to a member of “Hillaryland”, her close-knit inner-circle, she would be letting herself and her supporters down if she declined to take a shot at the White House.

Others are not so sure. If she balks at the presidency, “she can win a huge amount of goodwill by donating her money to colleagues in the Senate,” another associate said.

Terry McAuliffe, the former chairman of the Democratic National Committee and a close friend of the Clintons, believes she will be able to see off all challenges in primary elections should she stand. “She is very tough and very determined. Nobody is going to think she is not strong enough on national security. If she decides to run, clearly she will have the necessary resources and she will give people reasons to vote for her.”

Among them, McAuliffe believes, will be former President Bill Clinton. “He is a gigantic asset. He is probably the most popular politician in the world.”

On one subject, Clinton’s friends are united. They all believe that Bill, her closest adviser, wants her to go for it.

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A Senate Primary In New York (NYT)

The New York Times, September 3, 2006

The Democratic primary for senator in New York, which pits Hillary Clinton against an antiwar candidate, Jonathan Tasini, is not shaping up as a nail-biter. Mrs. Clinton has one of the best-known names on the planet, far more campaign money than she needs and an enormous lead in the polls. Mr. Tasini has a lot of spunk. What attention the race has been getting is due mainly to the proximity of Connecticut. If Democrats turned on Senator Joseph Lieberman because of his support for the war in Iraq, why shouldn't they do the same to Mrs. Clinton, who also has refused to express regret for her vote to authorize the invasion?

This page recommended voting for Ned Lamont over Mr. Lieberman in the primary. Today — not to prolong the suspense — we're endorsing Mrs. Clinton. It seems like an excellent time to discuss her record on the war.

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Mrs. Clinton and Mr. Lieberman have behaved very differently on the Iraq issue from the beginning. In 2002, Mr. Lieberman stood next to President Bush in the Rose Garden when he announced an agreement on a resolution to authorize use of force. Mrs. Clinton, on the other hand, urged that the resolution be regarded not as a go-ahead to invade, but as leverage in negotiations with the United Nations. She argued in the Senate debate that the president should work to get strong United Nations backing for a demand that Saddam Hussein allow weapons inspectors back into Iraq. If that failed, she said, the United States' effort would still win it international support for an invasion later.

She was certainly not a dove. Her husband's administration was convinced that Saddam Hussein had weapons of mass destruction and Mrs. Clinton clearly believed Iraq was a grave threat to international peace. But as the conflict went on, she became increasingly critical of the way it was being conducted. Mr. Lieberman not only defended it, he also chastised other Democrats for criticizing the president during a time of war. A few months ago, Mrs. Clinton joined most Senate Democrats in supporting a resolution that called for American forces to begin leaving Iraq this year, without setting a specific deadline for withdrawal. Mr. Lieberman opposed the resolution and spoke out against it in the Senate.

Mr. Lieberman's actions, it seemed to us, made it easier for the Bush administration to continue pursuing what was obviously becoming a hopeless strategy. Mrs. Clinton was very different. She has performed the proper function of a senator from the minority party — holding the majority accountable.

All that said, she has hardly been a profile in courage. Almost every move Mrs. Clinton has made regarding Iraq reflected her desire to find — or create — a center position on every issue. The resolution she endorsed was extremely vague, more of a potential political embarrassment to the administration than a restriction on the military. Her speech in 2002 was classic triangulation, in which she posed two clear opposing positions and then placed herself in between. And her clash with Secretary of Defense Donald Rumsfeld last month, while dramatic, was late in the game, and an obvious attempt to make it clear to the restive antiwar voters that she was not an appropriate target.

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Mrs. Clinton's biggest flaw is her unwillingness to risk political capital for principle. That is not to say that she lacks principles, but whenever her moral convictions become politically inexpedient, she will struggle to find a way to cloak them in vague rhetoric or deflect attention with a compromise that makes the danger go away.

All that is an issue of leadership, and it will be grist for discussion if she decides to run for president in 2008. Right now we are talking about a Senate race, and Hillary Clinton has been an excellent senator for New York.

Mr. Tasini, a labor leader who once successfully sued The Times on behalf of freelance writers, is the politically impractical candidate from the left that many commentators incorrectly imagined Ned Lamont to be when he challenged Mr. Lieberman in Connecticut. Mr. Tasini deserves credit for making the run and we are sorry that Mrs. Clinton did not respond to his demands for a debate. But it is hard to imagine him working well in a large body of egotistic and generally conservative politicians.

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Mrs. Clinton has been a happy surprise for many doubters since she first won office in 2000. Everyone expected her to be intelligent and hard-working. But despite her obvious ambition for higher office, she has been focused on issues that are important to the state, as well as accessible and aggressive in fighting for New York's interests. She works well with both her Democratic colleagues and with Republicans, who found her far more collegial than they expected. Given the relatively powerless position of Senate Democrats, she has scored a few real wins — most recently in pressuring the Bush administration to allow the "morning-after pill" to be sold over the counter. She has found the right balance between bipartisanship and the responsibility of the minority party to be both watchdog and whistle-blower on behalf of the public. She has also reflected, at least in a general way, the opinions of the majority of her constituents on the war issue. We urge Democrats to vote for her in the primary on Sept. 12.

'Macaca Moment' Marks A Shift In Momentum (WP)

By Michael D. Shear, Washington Post Staff Writer

The Washington Post, September 3, 2006

Allen's Gaffe, Demographic Changes Give Webb a Boost

Sen. George Allen (R) will saddle up tomorrow for his Labor Day trot down the main drag in Buena Vista, the traditional kickoff of Virginia's election season, and what might be the toughest test of his decades-long political career.

The tobacco-chewing, boot-wearing former governor -- whose horse ride along Magnolia Avenue is legendary -- has never lost a statewide campaign. He spent the first half of 2006 courting out-of-state voters who might make him president, and, in early polls, he led former Navy secretary James Webb by double digits in his bid to return to the Senate to represent Virginia.

That was before Allen was forced to apologize for calling a Democratic aide "macaca" at a campaign stop and welcoming the young man of Indian descent to "America and the real world of Virginia." In a flash, his presidential dreams have given way to a tougher than expected reelection campaign.

"We have a real race," said Stuart Rothenberg, who edits the Rothenberg Political Report, a nonpartisan newsletter that tracks elections nationwide. "The race has changed fundamentally."

Allen's "macaca moment" -- a term that has rapidly become part of America's political lexicon -- has breathed new life into Webb, a former Republican and Vietnam war hero who worked for Ronald Reagan.

An author and screenwriter, Webb was an early critic of the Iraq war and is by some accounts the most credible candidate in the nation to give voice to the Democratic Party's anger at President Bush's foreign policy.

But it is far from clear that the first-time candidate has the time, money or personality to oust Allen from the Senate and help Democrats take over.

Webb has been cold to the idea of personally raising money and sometimes is icy on the stump. His occasional scowl contrasts sharply with Allen's rosy-cheeked smile. At the only debate so far, Webb was outmatched by Allen, who made the first-time candidate seem unprepared.

And while money appears to be coming in faster now -- candidates don't have to report their quarterly fundraising results until Oct. 15 -- Webb is struggling to put together in a matter of months the kind of statewide network of supporters and campaign volunteers that Allen began assembling decades ago.

Allen's campaign manager said the "fundamental dynamics" of the race with Webb haven't changed. "We still have a candidate who has served as governor and senator and has a clear record of accomplishment," Dick Wadhams said.

And political observers note that Allen will use his fundraising advantage to remind people of the goodwill he earned as the chief executive of a conservative, Southern state. That will make it tough for Webb to overcome.

Rothenberg said Webb has an opportunity, but now has to make the most of it.

"He's still got to make the sale," Rothenberg said.

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But Democrats say the state is changing in their favor. In the six years since Allen last campaigned, a half-million people have moved into the state, many of them immigrants and, some say, less conservative than voters of old.

"Virginia is becoming a more Democratic state, in what is shaping to be a Democratic year," said New York Sen. Charles E. Schumer, the chairman of the Democratic campaign committee in the Senate, which has promised to help finance Webb.

"We think this is a neck-and-neck race," he said.A Silver Bullet

The war is supposed to be Jim Webb's silver bullet.

This week, he will see his son, Jimmy, deploy with his Marine unit to a war that his father warned against years ago. The elder Webb, himself a decorated veteran of the Vietnam War, said he will continue to wear desert combat boots to symbolize what he calls a failed war that threatens to divert attention from terrorism.

"It is in total disarray," Webb said about the nation's foreign policy in a speech last month. "The Bush administration has failed to bring an end to the occupation of Iraq. The Middle East is in danger of spinning out of control."

But the very qualities that made Democrats drool over his biography -- war hero, GOP Navy secretary, early war critic -- make him more a foreign policy wonk than a fiery antiwar activist.

Unlike Sen. John F. Kerry (D-Mass.), Webb has not called for pulling out troops on a specific date. Unlike Connecticut's Ned Lamont, who whipped up antiwar sentiment to defeat Sen. Joseph I. Lieberman in that state's Democratic primary, Webb does not talk about the war at every campaign stop.

And unlike Democratic candidates across the country, Webb has not demanded the resignation of Secretary of Defense Donald Rumsfeld. Instead, Webb offers a formula for leaving Iraq that includes refusing to build permanent bases in that country and working with allies in the region.

"The number one issue in Virginia is the Iraq war," Webb said. "People are very upset about where we are in the Middle East. The question becomes: 'Is there a way for us to extricate ourselves from Iraq and still maintain stability in the region?' "

Allen's campaign accuses Webb of failing to offer specifics. "Even his signature issue of Iraq . . . is still hazy at best and contradictory at worst," said Wadhams, who declined to make Allen available for an interview, saying, "I'm going to speak for him."

Allen's position on the war is virtually identical to Bush's -- "We can stand American troops down as the Iraqi military stands up," said Wadhams. And he touts Allen's membership on the Senate's foreign relations committee.

But the Virginia Republican has resisted using some of the harshest rhetoric coming from Bush and Rumsfeld about "cut-and-run" Democrats, whom they accuse of appeasing terrorists like some appeased Nazis in another era.

Asked whether Allen thinks Webb is a "cut-and-run" Democrat, Wadhams said, "I don't know. He's clearly identified himself as a Lamont Democrat."Changing Suburbs

Despite the national furor over Iraq, the fate of Allen's future in the Senate may be decided much closer to home, in rapidly growing Northern Virginia.

Allen did well there in 2000, handily beating incumbent Sen. Charles S. Robb (D) in Loudoun County by 15 percentage points and winning 36 of the county's 38 precincts. His win was consistent with a recent GOP strategy that counted on big victories in the region's outer suburbs.

But Loudoun has grown and developed since then, adding 82,000 people and thousands of homes. In 2005, Democrat Timothy M. Kaine stunned the GOP by grabbing the county, winning Loudoun by 6 percentage points and capturing 45 of the county's 56 precincts in his gubernatorial bid.

"A lot of the suburban communities that had been for a long time so reliably Republican are really open to the right kind of message," Kaine said. "Some of the conventional wisdom about the electorate is beginning to change. I don't see those trends reversing. I see those accelerating."

Webb said he's counting on winning the votes of the "new faces, new blood in that region who are receptive to the values of the Democratic Party."

But that could still be tough for a Democrat like Webb, who is himself a newcomer to the politics of the region and has little experience with local issues.

Republican Rep. Frank R. Wolf, who has represented Loudoun for more than two decades, said he believes the county is no less conservative now than it has been for many years. Kaine's victory there was a fluke, he said.

"I know Northern Virginia better than Governor Kaine. I know Northern Virginia better than [former governor] Mark Warner," Wolf said recently. "I don't think there's been a change."

Wolf said voters in Northern Virginia want candidates who address their issues: the war in Iraq, transportation and education. "I don't advise anybody," he said. "But I think a candidate running in Northern Virginia ought to talk about . . . how you're going to deal with this transportation issue. People are concerned about safe schools."

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Allen has already begun to use his huge campaign war chest to do just as Wolf recommends.

Earlier this summer, Allen spent more than $1 million running commercials in Northern Virginia touting his efforts to keep people safe. Last week, he unveiled a TV ad that talks about education and his support for a national innovation act.

"I want today's young minds to create tomorrow's great discoveries," Allen says in the ad.

Webb has yet to advertise, having raised far less money than Allen. But there are signs that his finances are improving: a new Web site, a bigger staff and more offices. Webb consultant Steve Jarding said Allen's "macaca" comment tripled the Democrat's fundraising.

"Webb is now being looked at by people all over the country," Jarding said.

"This is a referendum on George Allen," he added. "Do we want the rubber stamp? Is he the nice guy that he said he was?"Picking the Lock

Allen's campaign workers say they welcome those questions. And national Republicans express confidence that the senator can answer them for Virginia voters.

"We're going to see his campaign roll out his positive record of results," said Brian Nick, a spokesman for the Republican National Senatorial Committee. "That's very difficult to run against when you're someone like Webb, a one-trick pony."

Nick and other Republicans said they believe Allen is still the right fit for Virginia, which has a Republican-controlled legislature and has not voted for a Democratic presidential candidate since Lyndon B. Johnson carried the state in 1964.

"It's competitive, but we're going to do well," Wadhams said last week.

Schumer has promised to help Webb financially, though he hasn't divulged how or when. But there are good reasons he might.

Senate Democrats are looking for one more competitive race in the hopes that they might take control of the chamber. Democratic challengers in Arizona and Tennessee are also vying for national help, but Schumer said Virginia has three advantages: Allen's recent gaffe, his closeness to Bush and Virginia's demographics.

"You put all that together," Schumer said, "you know, it puts the tumblers in place that you can actually open this lock."

Democrat Hopes To Benefit By Comparison (LAT)

By Sam Howe Verhovek, Times Staff Writer

The Los Angeles Times, September 3, 2006

In a fierce Montana race, Jon Tester's best asset may be that he isn't Sen. Conrad Burns.

BIG SANDY, Mont. — When the campaign for U.S. Senate here is over and voters have been saturated with as much as $20 million worth of advertising — in a state of just 935,000 people — it is possible that Montanans will decide whether to send Jon Tester to Washington, D.C., based on who he is not.

He is not Conrad Burns — not the three-term, gaffe-prone Republican incumbent who was the top recipient in Congress of money linked to Jack Abramoff, the lobbyist who pleaded guilty to conspiring to bribe lawmakers.

Yet with both sides deep into what is widely regarded as one of the nation's fiercest and most competitive Senate races this year — the candidates are even in some polls — voters are also starting to focus on just who Tester is.

As his campaign ads emphasize, Tester, 50, is a third-generation wheat farmer from the golden plains of north-central Montana. He's a burly, no-nonsense person, with a flattop haircut and three fingers missing on his left hand, lost in a meat-grinder accident when he was 9.

He is a onetime public-school teacher and current president of the Montana Senate. As just about anyone with access to a television here knows, he drives a pickup: "Special interests will never hitch a ride in this truck," he says in one ad.

According to his foes, there's plenty to be said against Tester. For one, he is a Democrat — and, one ad alleges, he wants to ride the big-spender "gravy train" to Washington to join the likes of Ted Kennedy. Republicans say Tester is a darling of "extreme liberal bloggers," "Hollywood elites" and those who want to "cut and run" from Iraq.

Voters tuning in to the campaign get two dramatically different messages.

One is a portrayal of a candidate and themes that many Democrats say can lead their party to victory in conservative-leaning states — and to control of Congress — in November.

The other is of Republicans hammering back, as they work to keep their majority, even with flawed incumbents and polls suggesting that many Americans are ready for a change in Congress.

Tester figures the voters "won't buy it" — the image of him as a ravenous liberal, that is. He says this as he drives his 9-ton 1986 Case International combine across his 1,800 acres, harvesting a crop of organic gluten-free grain he planted in the spring.

"They know that under a Democratic governor and a Democratic state Senate, we eliminated taxes on 13,000 small businesses," Tester said over the roar of the combine. "They know that what we stand for is a fair shake."

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Among jobs Democrats will perform better than the GOP, he says, are health insurance — Montana has one of the nation's highest rates of uninsured people — and energy. Farmers have been hit hard by increased fuel prices, and Tester echoes popular Democratic Gov. Brian Schweitzer in calling for incentives to develop alternative energy sources, including the reserves of coal in eastern Montana.

Tester jumped into state politics eight years ago — and won in what had been a reliably Republican state Senate district — by seizing on an energy-related theme: Montana's experiment with electricity deregulation, which, as in several other states, became a political disaster when prices soared.

"It was dereg that pushed me to the point of doing it," Tester said, as the sun dropped on a picture-book blue-sky day. "The whole deal just didn't look right to me. I didn't think it would serve regular folks that well, and it didn't."

Both sides in this campaign have run ads using Tester's distinctive haircut as a humorous theme.

"Fella comes in for a trim on his flattop because he's running for U.S. Senate," an actor dressed as a barber says in a Republican-funded ad. "Guess he didn't want anybody to know he opposes a gay-marriage ban. Thinks flag-burning is a right. And supports higher taxes.

"So I told him, 'You're gonna need a lot more than a haircut to cover up all that.' "

(On gay marriage and burning the flag, Tester says he supports neither, but also opposes amending the "sacred document" of the federal Constitution to deal with either issue. He says his tax policies would lower the burden for middle-class taxpayers.)

The Tester campaign responded with a spot that shows Tester getting his hair cut, purportedly inspiring a lot of other Montanans of all ages to adopt the same hairstyle.

An announcer says Tester's campaign themes of "better schools" and "affordable healthcare" are catching on, as is his pledge to "end Sen. Burns' kind of corruption."

"I'm Jon Tester and I approve this message," Tester says at the end, concluding with a laugh: "I approve the haircut too."

In many ways the race comes back to the incumbent senator. To hear Tester tell it to audiences across Montana, Burns "has been around Washington too long."

What is less in contention is that Burns, 71, is prone to outbreaks of political foot-in-mouth.

As Duane Guenthner, a retired oil worker, put it at a rally where Tester spoke last month: "The biggest thing Jon Tester has going for him right now is Conrad's foot."

Even Burns admits he is a walking gaffe machine.

"I can self-destruct in one sentence," Burns told a campaign rally last month in Billings. "Sometimes in one word."

At a fundraiser attended by First Lady Laura Bush on Wednesday, Burns offered the comment that the U.S. faces terrorists who "drive taxicabs in the daytime and kill at night." The remark was criticized as anti-Muslim. A spokesman later said the senator was simply pointing out terrorists could be anywhere.

Burns has apologized in past years for calling Arabs "ragheads" and, in another instance, for recounting someone else's racial epithet and saying that living with blacks in Washington, D.C., was a major "challenge."

In July, Burns issued an apology to federal firefighters battling a wildfire in Montana, whom he publicly berated for doing a terrible job, according to one of the workers.

Last month, he raised eyebrows when he interrupted his own speech at a campaign rally to take a cellphone call from the maintenance man at his suburban Virginia home.

"Hugo is a nice little Guatemalan man who is doing some painting for me," Burns explained to the crowd as he flipped his phone shut. "No, he's terrific. Love him."

The Tester campaign, which has hired a video "tracker" to film all of Burns' public appearances, wasted no time in posting the clip on YouTube, the video-sharing website.

Many nonpartisan political experts rate the race a toss-up, but at least two of them — influential analysts Stuart Rothenberg and Larry J. Sabato — have moved their assessment of the race to Tester's favor.

Rothenberg says the state is currently "leaning" toward the Democrat; Sabato rates the race a "likely" Democratic pickup.

Still, Burns is a resourceful politician and takes credit for steering hundreds of millions in federal funds to Montana. In this sparsely populated state, many voters say they have had personal contact with Burns, and can cite an example of him responding to a concern or straightening out a problem.

Despite pledging in 1988 to serve no more than two terms, he survived a brutal race in 2000 for a third term, besting now-Gov. Schweitzer with 51% of the vote.

Given the interest that both parties have in the race, it is generally expected to be the most expensive race ever in Montana.

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Tester said he would emphasize a campaign theme that he struck in several recent appearances, including a rally in Laurel, a farm town just west of Billings.

"Real Montana is ready for real change," Tester said. "Government just isn't working for regular folks."

And then, smoothing his hand over his flattop, he added: "I may not look like a lot of other senators. But isn't it time the Senate looked a little bit more like Montana?"

sam.verhovek@latimes.com

Foes For U.S. Senate Vie To Show Who Is Less Ethical (PHI)

By Leonard N. Fleming

The Philadelphia Inquirer, September 3, 2006

In New Jersey's increasingly brutal U.S. Senate race, words like shakedown, corruption and impropriety are uttered so much it seems out of place not to hear them.

Democratic incumbent Robert Menendez constantly blasts his Republican opponent, State Sen. Thomas H. Kean Jr., for not supporting legislation to ban smoking in casinos after accepting money from casino interests, among other allegations. The new Menendez catchphrase: "quid pro Kean."

Kean goes after Menendez for pocketing $329,000 as a landlord of an antipoverty organization for which Menendez lobbied to get federal funding while in the U.S. House. Menendez, a Kean spokeswoman says, is so corrupt that he "is an indictment waiting to happen."

The fierce battle about who is more unethical has taken over this race, which is known for its two unprecedented summer debates and constant stream of vitriol and is raising eyebrows even among those familiar with New Jersey's rough-and-tumble political landscape.

New Jersey has had more than its share of ethical lapses and corruption scandals, with the careers of a governor and a U.S. senator crashing to the ground in recent years.

The constant repetition of perceived ethical failings is sure to taint Menendez and Kean somewhat, even as they vigorously deny any impropriety.

But the unknown, said David Rebovich, associate professor of political science and managing director of the Rider Institute for New Jersey Politics at Rider University, is how voters will reward or punish them on Nov. 7.

Trying to win a Senate seat for the Republican Party in the solidly "blue" state for the first time since 1972, Kean "has to play the ethics card" to get people to forget how unpopular President Bush is in New Jersey and instead think about corrupt Democrats, Rebovich said.

"Menendez is part of the Democratic Party establishment in New Jersey, and many citizens view that establishment as unseemly and corrupt," he said. "Corrupt implies illegal. This is about perception."

Rebovich said Menendez was having a "tougher time living down all the battle-worn years of playing hardball politics in Hudson County." That makes it difficult for Menendez to say "he's been playing the role of statesman," he said.

As for Kean, Rebovich said the Menendez camp was trying to damage the son of popular former Gov. Tom Kean by saying he's too secret about his personal fortune and not the populist reformer he claims to be.

"What they do is they take the blush off his rose," Rebovich said. "All of a sudden, a squeaky-clean Tom Kean looks like a calculating politician who will do what is necessary to curry favor with the public."

But the Republicans are trying to choke Menendez with an ethical noose, nicknaming him "Boss Bob" from his days running the Democratic machine in Hudson County and his staunch support of officials such as Zulima Farber, who resigned as attorney general last month under an ethical cloud.

On Tuesday, two GOP state assemblymen sought an investigation by the U.S. Senate ethics committee into Menendez's landlord deal with the North Hudson Community Action Corp. They accused Menendez of lining his pockets at taxpayer expense.

"He was their landlord. That's an obvious conflict of interest," Kean said after a news conference Wednesday in front of the property in Union City. "The fact that Bob Menendez doesn't see anything wrong with that is what the voters of the state of New Jersey are beginning to see."

Menendez has denied there was any conflict of interest and said the House ethics panel had given him an oral go-ahead for the deal. His camp filed its own Senate ethics complaint against Kean recently, accusing him of hiding his income and assets from public view.

At a news conference of his own Wednesday, Menendez railed about Kean's ethics, including what he termed a "shakedown" of corporate executives who depend on the elder Kean for their compensation. Menendez pointed out that Kean had received $62,000 from employees of companies where his father serves on the board of directors.

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"If you're going to hold yourself up on a white stallion, then you'd better be riding a white stallion, not a gray Shetland pony," Menendez said. "And I believe Tom Kean Jr., at best, is riding a gray Shetland pony."

F. Christopher Arterton, dean of the Graduate School of Political Management at George Washington University in Washington, has studied and written extensively about ethics in politics.

The potential harm of the Menendez-Kean ethics battle is that it may prompt independent voters to stay home, with a segment of the electorate already believing politicians are on the take and are unethical, he said.

"Ethics charges are easy to make and often judgmental about the motivation for what somebody is doing, or why they are doing something," Arterton said. "For every charge, there is a denial."

Santorum, Casey: It's Put-up Time (PHI)

By Carrie Budoff

The Philadelphia Inquirer, September 3, 2006

Simple but unflattering, the $3 bumper sticker sums up the plight of Sen. Rick Santorum and his Democratic rival, Bob Casey Jr.

"Bob Casey: Well... he's not Santorum."

It illustrates how the appetite for Santorum's defeat is so strong among many Democrats - abortion-rights advocates, Iraq war opponents, and liberals - that they are willing to overlook key differences with Casey. But the tepid endorsement also underscores Casey's shaky standing - with broad, but not necessarily deep, support.

Santorum faces the opposite problem: dedicated backers, but perhaps not enough of them.

With 64 days left in a campaign that began almost 18 months ago, the nation's top Senate race looks like it did at the start.

Voters remain dissatisfied with President Bush and the direction of the country. Santorum holds the fund-raising edge, but lags in the polls. And Casey continues to run a low-key campaign aimed at minimizing his exposure.

The dynamics could shift after Santorum and Casey appear on NBC's Meet the Press today for their first debate, which will air locally at 10:30 a.m.

Santorum, a skillful speaker, is banking on the debates - at least four, although the first will be the most widely viewed - to improve his standing in the polls. Most recent polls already indicate he is closing in on Casey after a summer advertising blitz.

Democrats expected a tighter race by Labor Day, but some admit being nervous about Casey's ability to compete with Santorum on TV, on the campaign trail, and in turning out the vote on Election Day.

"He is going up against a 12-year incumbent with a solid base of support," said John Morgan, a Berks County Democratic committeeman who briefly worked for one of Casey's primary opponents. "I am afraid Casey will lose it. This is an election he should win."

GOP pessimism has turned into hope for the first time in months, but a harsh reality remains. Santorum languishes around 40 percent in head-to-head polls, which means the toughest stretch of his campaign lies ahead.

"He has been able to drive voters away from Casey," said Berwood Yost, a pollster with Franklin and Marshall College, "but what can he do to attract people to him?"

The race so far

Until the summer, Casey lay low.

Content with allowing Santorum to generate most of the headlines in the last year, Casey concentrated on raising money for the media campaign that began in earnest two weeks ago.

Campaigning on his bus tour, which began in July, he has been similarly cautious.

He's a scripted campaigner who stays on message and sometimes declines to provide a direct answer unless pushed. The approach, analysts say, has helped him maintain the lead, but voters could demand more specificity on key issues as Election Day nears.

For example, Casey says a new Iraq policy is needed, but will not detail his preferred steps other than to say that he would ask "tough questions" and resist a timetable for troop withdrawal, and that President Bush should fire Defense Secretary Donald Rumsfeld. It's up to Bush to offer a plan, Casey says.

His only stated solution for keeping Social Security solvent is to "get our fiscal house back in order and grow the economy."

And at an environmental rally last month, Casey would not say in front of the crowd whether he supported the Kyoto agreement, an international climate treaty that environmentalists pushed but that Bush, saying it would damage the U.S. economy, rejected in 2001. In an interview after the event, Casey acknowledged he opposed it.

The tactic frustrates Santorum, not just because he needs to draw contrasts with Casey, but because it is so contrary to his own style.

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Santorum largely says and does what he chooses, sometimes ignoring conventional wisdom and misjudging the potential fallout. Against the advice of aides, Santorum last summer published 451-page book, It Takes a Family, which his critics have picked apart, excerpting portions that they say portray the senator as extreme. Santorum has acknowledged that he should not have released the book when he did.

And in the spring, he perplexed even his loyalists by focusing his first radio ad on his residency - a political sore spot that has contributed to his low numbers in Southwestern Pennsylvania. (Santorum owns a small home in Penn Hills and a larger one in Leesburg, Va., where he spends most of his time.)

His emphasis on illegal immigration also made observers wonder. Yet Santorum's pollster attributes the narrowing race, in part, to the issue, and at western campaign stops, Santorum's tough talk on immigration draws the loudest applause.

"They are mysterious to me," said Michael Meehan, counsel for the Philadelphia GOP. "I'm not sure the issues they have highlighted I would have highlighted."

Meehan said he would like Santorum to focus more on what the senator had done for the state. As the No. 3 Republican leader in the GOP-controlled Senate, Santorum has made his ability to deliver for Pennsylvania a central part of his strategy.

Looking ahead

The race will turn on numerous factors, some typical in campaigns and others unique to this one. They include:

Scope. In a tough year for incumbents, particularly Republicans, Santorum needs to narrow the race to a choice between him and Casey - and make Casey an unacceptable alternative, likely through negative advertising.

Casey will try to broaden the scope by tying Santorum to Bush and, as he likes to put it, the "crowd in Washington." Casey's 20-minute stump speech refers to Santorum or the others by name more than two dozen times. But will "anybody but Santorum" be enough?

Personality. Democrats and Republicans agree: Santorum is the better campaigner. He can hold an audience's attention, and comes off well on TV. He can discuss policy in such detail that he can make Casey's rhetoric appear lightweight.

The question is whether the contrast is stark enough to matter, and is picked up by enough voters. Casey is soft-spoken and low-key, which could be an advantage when voters might be seeking not just a change in leadership, but a different style altogether.

Turnout. Santorum and Casey will each pour millions in advertising on TV and radio. So will the state and national political parties and interest groups.

But close races are typically decided by the less noticeable field operations. Santorum is modeling his ground operation after his 2000 race and Bush's 2004 Pennsylvania campaign - a get-out-the-vote effort that designates volunteers down to the precinct level. Casey is relying on a network of Democratic groups, unions, Gov. Rendell and the state party.

Outside influences. Entirely unforeseen developments could shift the race: increased instability, or improvement, in North Korea and the Middle East; a terrorist attack; more bloodshed, or less, in Iraq.

But first, in Meet the Press' Washington studio, Santorum and Casey will sit side by side and debate.

Santorum has waited 18 months for this opportunity. Casey's side will spin the meeting as a win if he simply makes it through without a gaffe.

Voters such as Jeanne K.C. Clark, the Pittsburgh Democratic committeewoman who designed the bumper sticker, will listen for reasons to stay with Casey - or move to an alternative, such as the Green Party's Carl Romanelli.

"Being against one person is not sufficient," she said. "We tried that with Bush, and it didn't work."

Political Coverage

Labor Day is the unofficial start of the campaign season. Here are some of the stories for the days ahead.

The Inquirer

Monday:Hall of Fame wide receiver Lynn Swann created quite a buzz when he became the Republican's clear choice to run against Gov. Rendell. But he lags far behind in polls and fund-raising. What happened, and does he have time to recover?

Plus, coverage of the first televised debate between Casey and Santorum, and the weekly political column, "On the Campaign Trial."

Tuesday:Three U.S. House Republicans from the Philadelphia suburbs, targeted for defeat by the national Democratic Party, are working to separate themselves from their president and their party.

Plus, both parties will spend unprecedented amounts of money on TV ads in the House races.

Wednesday: The Democrats look to the Philadelphia suburbs to help their party break - or at least loosen - the Republican grip on the legislature.

Philly.com

Go to philly.com to get the latest on the Casey-

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Santorum debate, and share your thoughts on how the candidates did.
Visit http://go.philly.com/
pavoters for more political news and information.
Debate
Santorum and Casey face off today at 10:30 a.m. on Meet the Press,NBC.

Pennsylvania: Bellwether For November? (LAT)

By Michael Mcgough, Michael Mcgough Writes Editorials For The Times And Is The Former Washington-based Editor-at-large F

The Los Angeles Times, September 3, 2006

The state's ultra-conservative senator could lose his job to an uninspiring centrist Democrat.

TODAY, voters in Pennsylvania will get their first comparative view of the candidates in a race that will be (pick your cliche) crucial, pivotal or decisive in the Democratic Party's attempt to regain control of the Senate.

Perhaps fittingly for what has become an iconic contest, incumbent Republican Rick Santorum and his Democratic challenger, Bob Casey Jr., will tangle for the first time in a joint interview on national television, on NBC's "Meet the Press."

With polls continuing to show Casey ahead — albeit by a narrowing margin in most surveys — Democrats profess optimism that their candidate, the son, namesake and ideological protégé of a popular former governor, will ride family coattails, disaffection with President Bush and anti-incumbent sentiment to a victory over Santorum, who, Casey's advertisements note, "votes with George Bush 98% of the time."

A Casey victory would do more than move an important Senate seat to the Democratic side of the aisle. It also would alter the trajectory of Santorum's career as national champion of social conservatism — though he might be offered the consolation prize of a job in the lame-duck Bush administration.

Finally, a Democratic victory would be seen as a vindication of the national party's still-controversial decision to back Casey, a moderate Democrat who shares his father's (and Santorum's) opposition to abortion and who has refused to endorse a timetable for the withdrawal of U.S. forces from Iraq.

If Ned Lamont, the antiwar candidate who defeated Sen. Joe Lieberman for the Democratic Senate nomination in Connecticut, is the poster boy for the view that the Democratic Party must veer left, Casey is the standard-bearer for the argument that there are still votes to be gained through Clinton-style moderation. It's a perennial debate inside the Democratic Party, but a Casey victory — especially if it contributed to Democratic control of the Senate — would shore up centrists as the party moved toward presidential primaries in 2008.

Despite his lead in public opinion polls, lots of Democratic fingers will be crossed when Casey, Pennsylvania's state treasurer, spars with Santorum today and in two later TV debates. The unease is rooted not only in concern about how Casey, a rather colorless campaigner, will perform. It also reflects the fact that it is easy to underestimate — or, as Bush would say, misunderestimate — Santorum.

I ought to know. Sixteen years ago, I was one of three editors of the Pittsburgh Post-Gazette who interviewed Santorum on public TV during his first run for federal office, a seemingly quixotic attempt to knock off veteran Rep. Doug Walgren. A videotape of the program painfully captures our skepticism. If Walgren was so out of touch with the district, one of my colleagues asked Santorum, why did voters keep reelecting him? After the taping was over, and Santorum had left the building, another editor said, "We'll never hear from this guy again."

We were wrong, of course. Santorum beat Walgren in 1990 and was reelected in 1992 despite adverse redistricting. In 1994, he defeated incumbent Sen. Harris Wofford, who was appointed by Gov. Bob Casey (after John Heinz was killed in a plane crash) and then vanquished Dick Thornburgh, a former governor and U.S. attorney general, in a special election in 1991. In 2000, Santorum was reelected even though Democrat Al Gore comfortably carried Pennsylvania in the presidential race.

Democrats say they are confident that Santorum's luck has run out despite the fact that the incumbent has narrowed Casey's once-cavernous lead in most public opinion polls. An Aug. 24 survey by Franklin & Marshall College showed Casey with 44% and Santorum with 39%, with 4% supporting Green Party candidate Carl Romanelli and 13% undecided. But a USA Today/Gallup Poll of likely voters released Friday put Casey ahead, 56% to 38%.

"We've been saying all along that the polls are going to tighten," said Casey campaign spokesman Larry Smar. "We never expected to win by 24 points. Santorum and his allies have spent $6 million, and he's only at 39%. I don't think that's very good." But other analysts see hope for Santorum in the narrowing of the race. And, as Santorum media strategist John Brabender pointed out, two months of campaigning remain.

"The polls show a high percentage of people who say they don't know [Casey] all that well," he said.

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Debates are a key part of Santorum's strategy to drive up Casey's negatives. In a departure from usual practice, it is Santorum, the incumbent, who has been pressing challenger Casey for more televised encounters. Even some Democrats worry that a lackluster performance by the diffident Democrat could be the undoing of his remaining lead. Santorum is a practiced debater.

Santorum's secret weapon — not only in debates but on the campaign trail — may be his personality. Critics accustomed to thinking of him as a shrill conservative cultural warrior — he once likened gay relationships to "man on dog" sex — need to be reminded that on a personal level Santorum can be genial, funny and self-deprecating. And at 48, he looks remarkably like the youthful challenger who insisted to skeptical journalists in 1990 that he would topple an entrenched incumbent because he had spoken to so many voters.

Santorum has other advantages in this race, including a willingness to rise above conservative principle in the interests of the folks at home. In 1997, for example, he scandalized doctrinaire free-marketers by urging voters in his hometown of Pittsburgh to approve a half-cent sales tax for infrastructure improvements, including the construction of sports stadiums. (The measure failed.) In the current campaign, he boasts of bringing home bacon that conservative purists might call pork.

Other issues are in play. Although Santorum may have voted with Bush 98% of the time, he vociferously opposed legislation supported by the White House that would eventually allow illegal immigrants to gain legal status. Casey endorsed the bill. Although Pennsylvania is hardly at the epicenter of the debate over illegal immigration, Santorum has emphasized the issue.

Immigration aside, however, both campaigns recognize that as an incumbent senator from the president's party Santorum's fate is entwined with Bush's standing. The question is whether Casey can capitalize on that connection forcefully enough to keep Santorum from becoming this election's comeback kid.

One veteran of Democratic campaigns in Pennsylvania said the Bush-Santorum connection could be decisive even if Casey turned in a disappointing performance in debates. "The message is: 'You've been in office for the past six years and your approach isn't working. Why should we let you stay?' It's a compelling argument, even if Casey isn't a good argument-maker."

Santorum And Upstart Allies Now GOP Old Guard (PPG)

By James O'toole, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 3, 2006

CAMPAIGN 2006

Rick Santorum was strolling past a display of highly brightly polished tractors at the Butler Farm Show this summer when he came across an old friend.

Rep. Phil English, R-Erie, and the two-term senator exchanged political intelligence, handicapping his chances in the November election -- just as they had 16 years earlier when Mr. English bunked in his college buddy's attic, helping to manage Mr. Santorum's campaign for Congress.

They were insurgents then, Republicans taking on the region's, and their party's, political establishments in a race in which few outside observers thought Mr. Santorum had a chance. Now, they are the establishment, with all the political power, and vulnerability, conferred by the change in status.

This establishment will meet what is expected to be its sternest test in Pennsylvania this November as Mr. Santorum faces Democratic state Treasurer Bob Casey.

Mr. Santorum's rise, and that of his GOP allies, are a part of a broad national story of the transformation of American politics -- the ascendance of the conservative wing of the Republican Party.

But to a startling extent, the Western Pennsylvania chapter of that saga is more personal story, one in which a relatively small band of partisans, familiar to one another from the first steps of their political careers, nurtured and fed on the changing voting patterns of the region and the state.

Over the years, Mr. Santorum has evolved from a brash outsider who challenged the mores of Congress to an insider at the pinnacle of power. Phil English is one of a band of allies who rose in parallel.

As his friend headed off to work the crowd, Mr. English recalled that he and Mr. Santorum, 48, of Penn Hills, had gotten to know one another in the college Young Republicans at Penn State. When Mr. Santorum took a leave from his law firm job to challenge U.S. Rep. Doug Walgren of Mt. Lebanon, he asked his friend to help organize the campaign. By then, Mr. English had served a four-year term as controller of the city of Erie and had made an unsuccessful run for state treasurer.

At the same time, Melissa Hart, another veteran of the state Young Republicans, was taking on a Democratic state senator in a district that was largely within the congressional district targeted by Mr. Santorum.

In startling, overlapping upsets, both would win. Mr. English would go on to become Ms. Hart's chief of staff in the state Senate. Then, in 1994, he won his seat in Congress, taking the place of Tom Ridge, who was elected governor.

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Six years later, in 2000, Ms. Hart would join her former aide in Washington, after upsetting a favored opponent in an adjoining district. The GOP march on the Western Pennsylvania congressional delegation continued two years later as then-state Sen. Tim Murphy, of Upper St. Clair, won an yet another seat in Congress, in a newly reconstituted 18th District.

Mr. Murphy, a psychologist and author, first met Mr. Santorum and his wife, Karen, when they sang together in the choir of St. Thomas More Roman Catholic Church in Bethel Park.

In Western Pennsylvania, then, all of Republican politics is seemingly governed by the rule of one degree of separation from Rick Santorum.

"I think we really thought we had a chance to do something special. ... I think we thought we were beginning something different out here," Mr. Santorum said of himself, Ms Hart and Mr. English.

"I always tell the people of the 18th District," he said at another point, "that the Republican revolution of 1994 had one of its seeds back in that race in 1990."

But also in 1990, another sign that a new conservative force was ready to challenge the state's GOP establishment came in the form of Peg Luksik, a staunchly anti-abortion candidate, nearly wrested the governor's nomination from the pro-choice Barbara Hafer.

Pro-life volunteers, going door-to-door, lent an under-the-radar strength to the candidacies of both Mr. Santorum and Ms. Hart. Mr. Santorum describes the race as the a catalyst for the process of socially conservative Democrats shaking off their traditions and registrations to vote for Republicans in a once reliably Democratic region.

The other side of that coin involves the other side of the state. There, Mr. Santorum confronts a band of populous counties surrounding Philadelphia where the political demographics are nearly the opposite of those in his home region. Once Republican strongholds and still Republican by registration, those counties have been increasingly hospitable to Democrats.

Mr. Santorum managed to win the suburban swath surrounding Philadelphia in his last race, in 2000, even as President Bush was losing there to Al Gore. But public polling so far suggests that he will be severely challenged to do so again. Seeking to soften his image with Republican women, Mr. Santorum campaigned in suburban Philadelphia last week with prominent GOP women, including Sen. Elizabeth Dole and former U.S. Rep. Susan Molinari of New York.

In a Pittsburgh appearance and later in the east, they argued against what Mr. Santorum regards as an unfair caricature -- that he is an unreasonable, right-wing ideologue.

Trouble by the book

But more specifically they were there to address what Ms. Molinari called "the elephant in the room" -- Mr. Santorum's praised and reviled book, "It Takes a Family."

In the book, Mr. Santorum reinforced his ties to his conservative base but raised hurdles to his chance of winning over more moderate voters with passages that were criticized -- unfairly in his view -- as being dismissive of the values of working women and families.

In it, Mr. Santorum argues that, "in far too many families with young children, both parents are working when, if they really took an honest look at the budget, they might confess that both of them don't really need to work, or at least may not need to work as much as they do."

Later, he states, "Many women have told me, and surveys have shown, that they find it easier, more 'professionally" gratifying, and certainly, more socially affirming, to work outside the home than to give up their careers to take care of this children.

"Respect for stay-at-home mothers, has been poisoned by a toxic combination of the village elders' war on the traditional family and radical feminism's misogynistic crusade to make working outside the home the only marker of social value and self-respect."

Mr. Santorum has repeatedly complained that his Democratic critics have taken passages from the book out of context. That's debatable in the sense that "taken out of context" implies a distortion of their meaning. The passages above, for example, mean what their plain language suggests.

But Mr. Santorum is certainly correct that they, and the issues they raise, are just part of more wide-ranging work.

And defenders, such as Ms. Molinari, endorse the critique of family and work that has stirred such criticism.

"You know, it's not just a message to women," she said, "It's a message to family, I consider myself a feminist and I welcome that message.

"Most people who actually read the book don't say, 'Rick Santorum is a radical, that this is full of crazy ideas.' "

Mr. Santorum's opponent, for one, does. One of Mr. Casey's favorite campaign mantras is to recite selected points from "It Takes a family," followed by the refrain: "Nobody believes that."

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Among its other, less widely noted passages, the book seeks to present a rounder, more fleshed-out rationale for the oft-repeated slogan, "compassionate conservatism." At other points in its text, Mr. Santorum confronts not just issues such as his interpretations of liberalism and "radical feminism," but his own party. He argues that too many Republican lawmakers have not been sufficiently concerned, for example, with urban poverty.

Recounting how he became the ranking GOP member of the human resources panel of the House Ways and Means Committee, the panel with jurisdiction over welfare programs, he says "How I got to be ranking member ... does say a lot, I'm afraid, about how Republicans used to view welfare -- and too many still do ... none of my Republican colleagues saw this committee as particularly important to them or their constituents."

Among Mr. Santorum's chief priorities when he first came to the House was the chamber itself, as he and the group of firebrands known as the Gang of Seven, pressed for reforms in the cozy practices of the House bank and post office. Now, he finds himself the target of Democratic charges over the ties between lawmakers and lobbyists.

He has strenuously distanced himself from what became known as "the K Street project," an effort by conservative activists including Grover Norquist to place Republican loyalists in influential positions in the lobbying ranks. But, as GOP conference chair, he did host weekly meetings of lobbyists where, according to widespread reports at the time, lobbying personnel as well as policy issues were regularly discussed.

Those meetings, like the 2002 Pennsylvania redistricting plan that he was influential in shaping, reflect an ex-staffer's interest in the nuts and bolts of politics. But Mr. Santorum, from his first days in office, has immersed himself in the intricacies and controversies of policy issues.

His book recounts his involvement in what is perhaps his most noteworthy legislative achievement: the welfare reform law signed a decade ago by President Clinton. He has also, at some political peril, argued for the need to transform Social Security with personal accounts for younger workers.

Democratic opponents, including Mr. Casey, argue that this approach is an effort to gut the system. Mr. Santorum counters that the system is on its way to bankruptcy without significant changes.

Mr. Santorum faced heavy criticism in his first Senate election over videotaped remarks in which he called for an increase in the retirement age as a key step to shoring up the system. He disavows that approach now, maintaining that, 12 years ago, he thought of Social Security as "a zero sum game," in which solvency could only be achieved through some retrenchment in benefits.

Now, he contends a system of personal or private accounts could shore up the system without affecting the benefits of older workers. He concedes, however, that the political momentum for the kinds of changes that he and President Bush advocate has eroded and predicts that nothing is likely to happen on the Social Security front until after the next presidential election.

Collecting on welfare reform

While compiling one of the more conservative voting records in the Senate, he has been willing to stray from conservative orthodoxy on Pennsylvania-specific issues such as steel quotas. While a critic of big government, as a candidate he is happy to point to the pork he has brought home in the form of grants and federal aid for Pennsylvania projects. He boasts of the fact that he's never voted for a tax increase, but offers a more muted defense of the continued growth of government spending under a Republican-controlled administration.

"If you look at the growth of government in the United States versus every other western democracy, we are growing at much slower rates and we are growing at a slower rate than we would under Democratic control," he said in a recent interview. "So, yes, government has grown by more than I would have liked to see it grow, but we are doing better than the alternative. That's not a hurrah; that's not a huge win, but it's marginally better."

A champion of conservative social policy in general, Mr. Santorum also has been a leader in efforts to ban the procedure known as partial birth abortion. For most of his career in Washington, Mr. Santorum focused on domestic issues -- abortion policy, House reform, welfare reform and Social Security, but, more recently, and particularly in the last year, he has been more vocal on foreign policy.

President Bush has recently substituted "war on Islamic fascism," for "war on terror." That's a term Mr. Santorum has been using for more than a year as he has become increasingly outspoken on the need to confront Iran and other sources of what he see as threats to the United States.

Mr. Santorum has proposed legislation calling for regime change in Iran, language that led the Bush administration to oppose it. He says, however, that, he's not ready to call for military action against Iran, even as he warns that it's imperative that Tehran does not develop a nuclear weapon. Politically, that issue, along with opposition to illegal immigration, has formed a central part of this campaign.

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The benefits and costs of Mr. Santorum's 16-year rise in political status were highlighted in the 2004 election. After former Mr. Ridge left his Harrisburg office to join the Bush administration in 2001, Mr. Santorum emerged as the top Republican in the state, clearly more influential within the party than his senior partner, Sen. Arlen Specter.

Mr. Santorum chaired President Bush's 2004 campaign in Pennsylvania. The army of volunteers it attracted are a potent grass roots force. They remain a significant potential asset for Mr. Santorum in this election.

But, in the spring of 2004, Mr. Santorum also stuck by his Senate partner in the face of a challenge by the more conservative former U.S. Rep. Pat Toomey.

Mr. Toomey has endorsed Mr. Santorum, but some of his conservative followers are still angry about the race. It is an irony of this race that a figure who did as much as anyone to nurture the conservative wing of the state GOP has had to work to mend his ties with some conservatives over the past two years. The Santorum campaign is counting on Mr. Specter to bolster his appeal to Republican moderates in the Southeast, but, given the intraparty wounds of 2004, their embrace is a balancing act for Mr. Santorum.

Should Mr. Santorum win his re-election battle, his come-from-behind victory in a closely watched race will burnish his credentials to move up in the Senate leadership and would be sure to make him a contender for a spot on his party's national ticket in 2008 or beyond. But even a loss, coupled with the possibility of other GOP carnage in the state, could lead 2006 to be remembered as the high-water mark of a powerful tide in the state's political history.

For Md.'s Cardin, The Delight Is In The Details (WP)

By Michael E. Ruane, Washington Post Staff Writer

The Washington Post, September 3, 2006

Anti-Incumbent Mood Could Hurt Longtime Congressman's Senate Bid

A few years ago, U.S. Rep. Benjamin L. Cardin was asked to throw out the first pitch at an upcoming Orioles game.

He got two baseball gloves and put them in his car. Wherever he went, his wife, Myrna, recalled, he would take out the gloves and a ball and practice.

All summer, he practiced, she remembered.

Nah, he said, it was more like one week, maybe two.

Whatever.

The day came. Cardin took the mound, reared back and fired. "Great pitch," he joked. "It went over the plate. Without any bouncing. No one could have hit it."

It was vintage Cardin. Serious, meticulous, prepared to the last detail. Friends say he has been that way through 20 years in the Maryland House of Delegates and 20 more as a U.S. congressman from Maryland.

Now Cardin (D) is seeking the U.S. Senate seat being vacated by Paul S. Sarbanes (D), promising to approach the job with the same serious attention to detail he gave to the big pitch.

But all those years of practice -- the hundreds of votes he has cast and the quiet, workhorse reputation he has acquired -- could work against him this time, with an electorate in a decidedly anti-incumbent mood and a throng of candidates in the Democratic primary scrambling to be considered the outsider.

Cardin is bald and a bit portly. Easy to overlook in a crowd -- even at his own campaign events. He wears dusty black loafers, drives a Pontiac, collects stamps. People say he lacks charisma, is a "a nuts-and-bolts" guy, a "policy and politics" guy.

A detail guy who reveres the political and legislative processes.

Cardin tells a story about how, as a rookie member of the Maryland House in 1967, he first put his hands on the levers of local politics.

A high school playground in his Baltimore district lacked a baseball backstop. Neighborhood youngsters wanted to play there, but the balls kept rolling into the street.

Cardin, who had been elected largely on the strength of his family's name, boldly telephoned the mayor, Thomas J. D'Alesandro III. He was amazed when D'Alesandro took the call, and within weeks the playground had a backstop.

Cardin, who lives in Pikesville, in Baltimore County, and has been a member of the U.S. House of Representatives since 1987, tells the story to show how he first learned politics' potential for good.

But the tale also suggests his faith in process and mechanics.

"If you don't have process," he said, "the people who depend upon the government working for them are going to get hurt."

As for charisma, "it doesn't concern me because it doesn't affect my ability to get things done," he said.

"He's an adult," said U.S. Rep. Steny H. Hoyer (D-Md.), a friend and longtime colleague. "He's a common-sense, hardworking, focused . . . individual."

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"He works very hard at mastering policy issues," said Matthew A. Crenson, professor of political science at Johns Hopkins University. "Especially the ones that everybody else finds boring."

But after 20 years in Congress, Cardin is 62. During a televised debate last week with his chief opponent, former congressman and NAACP president Kweisi Mfume, 57, the graying Cardin appeared much the older man.

Cardin also has a strong Baltimore accent, which does not lend itself to oratory and marks him as a son of the city in a state that stretches from the Eastern Shore to the Allegheny Mountains.

Indeed, although Cardin was inspired by the eloquence of John F. Kennedy, he was reared on old-fashioned urban politics and schooled in backroom strategy sessions at the feet of his father and uncle, who were pros.

The Cardin family, descendants of Eastern European immigrants, hailed from the old Jewish neighborhood of East Baltimore around Lombard and Baltimore streets.

Crenson said it was a neighborhood rich in tradition and dotted with synagogues. Cardin's late father, Meyer, and uncle, Maurice, both became lawyers and entered Democratic politics. The "family is a political institution in Baltimore," Crenson said.

Cardin said his father, the family patriarch, was elected to the Maryland House before the elder Cardin was married and served from 1935 to 1939. His uncle also served in the State House, from 1951 to 1966.

Cardin was raised with his older brother, Howard, who later served as Baltimore's state's attorney, in a two-bedroom house on Sequoia Avenue in the close-knit Ashburton section of West Baltimore.

"We grew up in politics," Ben Cardin said. "When I was 7 years old, I was on the corner handing out literature. . . . There were political meetings going on all the time. In our house. In other people's houses. I was there when I was a teenager . . . where they would talk about precinct work and organization."

Asked to name a political hero, he points first not to Democratic icons Franklin D. Roosevelt or Kennedy, but to a late Republican mayor of Baltimore and governor of Maryland, Theodore R. McKeldin, who was instrumental in building up Baltimore's modern urban and transportation infrastructure.

McKeldin was also known as one of the first state politicians to court Jewish voters and advisers, and he attended Cardin's bar mitzvah. McKeldin "really opened up both city and state government for opportunity for more diversified representation," Cardin said.

Cardin said he was also deeply influenced by his father, who was the first of his family born in the United States and who went on to become a circuit court judge.

"He looked at politics as an opportunity to empower people otherwise who wouldn't have a chance," Cardin said. "My father taught me from the first day I was elected that you have an unbelievable opportunity to help people. You can open up doors. So use it. Don't waste time."

This is Cardin's first election without his father, who died last year at 97.

But his political support still begins with his family.

"When I first ran for the House of Delegates, even though it was a large district, as long as my family came out to vote I was safe," he joked recently at a breakfast meeting of old friends and relatives.

He said later that he got elected because "people had confidence in my family. They knew me from my family. It was the family connection."

Cardin was still in law school when he was elected to the State House in 1966 as one of the seven delegates from northwest Baltimore's old 5th District. He rapidly distinguished himself and in 1979 became speaker of the House at age 34 -- the youngest speaker in 100 years.

He was "a whiz kid," said former Maryland House speaker Casper R. Taylor Jr. of Cumberland, who served with Cardin. "We got along beautifully from Day One because of his ability to reach out," Taylor said. "He did not ignore the rural parts of the state, which, obviously, I cared a great deal about."

Far from "a city slicker," Cardin was an organized, disciplined, studious consensus-builder, Taylor said.

By 1986, Cardin said, he felt he had accomplished all he could at the state level. He ran for and was elected to Congress, representing Maryland's 3rd District, which includes parts of Baltimore City and Baltimore, Howard and Anne Arundel counties. In Congress, he specialized in health care for senior citizens. He voted against the war in Iraq, has called for the withdrawal of U.S. troops and has criticized the United Nations for what he said is its chronic bias against Israel.

He believes it is again time to move on.

"It's right for me to leave Congress now," he said. "I've been there 20 years. I'm proud of my record."

He believes the House has changed, just in the past six years. "It's become much more partisan," he said. "I think that my skills of bringing people together can work best in the United States Senate."

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Cardin has been married for more than 40 years. He met his wife in elementary school. "We grew up in a neighborhood where families knew everybody," he said. The couple has a daughter, Deborah, and two grandchildren.

The Cardins' son, Michael, 30, an outgoing, civic-minded Baltimore lawyer, took his life six years ago. He was an independent thinker and loved politics, the couple said. "We thought one day he might run for City Council," Myrna Cardin said. "He was a strategist. . . . He inhaled [political] races."

Ben Cardin said: "He did his own thing. Obviously I gave him opportunities, but he would find his own way to get involved."

His son's death "changed my focus on life," Cardin said. "It's hard to describe. . . . I think it points out the importance of not wasting any time. Try to get things done. Don't wait for tomorrow. Do things today."

One afternoon last month, Cardin stood at the top of the escalator at the Glenmont Metro stop greeting homebound commuters. Even here he was meticulous. He didn't ask passersby for their support, only their "consideration."

"Got my vote," Chuck Angelucci, 54, a financial analyst from Layhill, told Cardin as he passed.

"I like him," Angelucci said. "I just like him. . . . He's a quiet guy. . . . He'll be a working part of the Senate instead of someone who's grandstanding."

Femi Akinbi, 48, an entrepreneur from Silver Spring and a native of Nigeria, asked: "What is your platform?"

"For education as a national priority," Cardin replied. "So that we can really provide education opportunities for every child in our country. For becoming energy independent. For universal health coverage. I voted against the war in Iraq."

Akinbi smiled. "I think your agenda might be something a lot of people want to be a part of," he said. "I wish you well."

"I like his demeanor," Akinbi said later. "He is not cocky."

He said the fact that Mfume, Cardin's main opponent in next month's Democratic primary, is African American would "definitely" figure in his voting decision.

But, he said: "That the person is of African descent does not automatically make sure that they get all the black votes."

Jacque W. Leighty, 56, of Aspen Hill, an English teacher at Benjamin Banneker Academic High School in the District, paused to chat with Cardin for several minutes and then said: "You're a good man."

A profile of Democratic U.S. Senate candidate Kweisi Mfume appeared last Sunday.

Katherine Harris' Comedy Of Errors (TIME)

By Barbara Liston

Time, September 3, 2006

The former Florida secretary of state looks to be headed for a Senate primary win. So why is her own party laughing?

Considering how much ridicule she endured from political opponents during and after the 2000 Florida presidential election recount debacle, it's almost astounding that Katherine Harris would willingly put herself in a position to be the butt of more jokes. But as a candidate in the absurd political circus that has been the Republican Senate primary race, that is just what the former Secretary of State and two-term congresswoman has done, and she now finds herself imploding on the eve of the primary election next Tuesday, painted as a bumbling, Starbucks-swilling, intolerant party pariah.

It is only thanks to her unknown and ineffective trio of opponents that Harris, 49, is nonetheless expected by many analysts and recent polls to win the primary — before undoubtedly losing the November election to incumbent Democratic Sen. Bill Nelson. "It really has been a disastrous campaign of epic proportions," says Aubrey Jewett, political science professor of University of Central Florida in Orlando. "I don't think you've ever seen anyone fall from grace so fast in their own party."

How the normally disciplined Republican machine let their primary for such an important office turn into a laughing stock is grist for comedy shows and conspiracy theories alike. Abandoned early and publicly by both state and national party leaders — everyone from Jeb Bush to Karl Rove reportedly tried to recruit an alternative candidate — Harris's every campaign stumble and fashion faux-pas has eclipsed virtually all other issues, even her questionable dealings with Mitchell Wade, the defense contractor who funnelled $32,000 in illegal contributions to her 2004 reelection campaign and has also plead guilty to bribing California congressman Duke Cunningham. (Harris has said she is fully cooperating with the investigation into the illegal donations, and prosecutors say there is no evidence she knew they violated the law; Wade is cooperating with the investigation and has yet to be sentenced.)

Harris has incurred so many self-inflicted wounds that Democrats for the most part have kept quiet and stayed out of the way. Her campaign has suffered from two en masse walkouts of staffers who describe her as erratic and abusive to staff and who often go on to dish insider tales to the media. Her congressional office also has seen a lot of turnover. Harris believes she has been sabotaged by former staffers and the national party, who she said were "putting knives in her back," according to the Tampa Tribune.

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On August 17, Harris promoted a major campaign event at the Orlando Executive Airport hosted by top party officials including Sen. Mel Martinez and Lt. Gov. Toni Jennings. When none of the dignitaries and no elected officials showed up, Harris said they were probably lost when a tree fell on the original hangar and the event was moved. However, airport officials said no hangar had been damaged and the event was held where originally scheduled.

When newspapers aren't covering the more than two dozen staffers who have departed her campaign, her press often veers toward the salacious: her clothing choices are inappropriately tight-fitting to emphasize her bust line; she is so hooked on Starbucks coffee that she requires all Starbucks stores be mapped out on her campaign routes.

The latest headlines revolve around Harris's comments to a Florida Baptist journal that the separation of church and state is "a lie" and that if Christians are not elected, politicians will "legislate sin." She has since backtracked, claiming that she "had been speaking to a Christian audience, addressing a common misperception that people of faith should not be actively involved in government" and that her comments reflected "her deep grounding in Judeo-Christian values". Nonetheless, major newspapers around the state are endorsing 71-year-old LeRoy Collins Jr. whose biggest selling points are that he is the son of Florida's beloved 1950s Gov. LeRoy Collins, he has promised to serve only one term — and most important of all, he is not Katherine Harris.

In defense of Harris's performance, Susan MacManus, political professor and analyst from the University of South Florida in Tampa, notes that Harris has labored under the stress of her father's death, surgery for an ovarian mass, the undermining by her own party and a certain amount of political sexism.

"I think the coverage of the trivial is what is most unfair," says MacManus. "Everybody has some quirky tale to tell about her."

Of course, nobody said politics was fair. Harris is such polarizing figure that she could motivate more Democrats to vote in the general election, which means that come November, Jewett says, Republican leaders might regret not getting behind Harris."They are marching into a race that might go beyond just losing but really might be a drag on other parts of the ticket."

Democrats Davis, Smith Converge On South Florida As Race Nears End (FLSUNSEN)

By Linda Kleindienst And Mark Hollis, Tallahassee Bureau

South Florida Sun-Sentinel, September 3, 2006

SOUTH BAY -- In the opening salvo of a last-minute blitz through voter-rich South Florida, Jim Davis took his fight for governor to the backyard of U.S. Sugar Corp. on Saturday, demanding to know why the company is helping bankroll a nearly $5 million assault on his record.

After driving through miles of cane fields, Davis stood on the edge of Lake Okeechobee's Herbert Hoover dike, pledging to make Everglades preservation a priority and blasting the sugar-funded attack that has helped his rival, state Sen. Rod Smith, of Alachua.

It's an issue that Davis, in a tight Democratic primary battle with Smith, hopes will resound with South Floridians, who might hold the key to victory Tuesday.

Broward, Palm Beach and Miami-Dade counties are home to one-third of the state's registered Democrats and one-quarter of the state's Republicans.

The candidates for governor will hit South Florida with full force this weekend, from churches and Labor Day picnics to art festivals and the annual matchup of fierce college rivals Miami and Florida State in the Orange Bowl.

Davis began the onslaught Saturday with a three-county swing that started in Palm Beach County, included meetings with black and Hispanic supporters in Miami-Dade and ended at a dinner with labor leaders in Broward.

"I don't know whether South Florida will turn the tide, but I think it's a very important area," said Davis, a Tampa congressman and former state legislator.

Smith spent another day shoring up his base in North Florida with a tailgate party at his alma mater, the University of Florida, in Gainesville. He heads south today, where he'll spend most of his time before the election.

"Orlando to Tampa is the area where we've struggled. North Florida is an area where they're struggling," Smith told about 30 volunteers at his campaign headquarters near downtown Orlando. "South Florida is the battleground."

Republican hopefuls Attorney General Charlie Crist and Chief Financial Officer Tom Gallagher also plan to make a sweep of the area. Gallagher will campaign in Hialeah on Monday, and Crist will be in Broward most of today, attending the Las Olas Arts Festival, waving campaign signs and meeting local workers.

Davis and Smith traded barbs over trade, the Everglades and a state House vote Davis cast 16 years ago to deny state compensation to Freddie Lee Pitts and Wilbert Lee. The two black Miami men were wrongly convicted by an all-white jury in the murders of two white gas station attendants in Florida's Panhandle. They spent 12 years in prison, nine of them on Death Row.

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Davis has accused Smith of helping to sabotage an $8 billion state-federal program to restore the Everglades with his 2003 vote to stall tougher pollution standards until 2016.

In answer, Smith's campaign has gotten a nearly $5 million boost from Florida's sugar cane growers, which have bankrolled two independent campaign committees that have criticized Davis' vote on Pitts and Lee.

"I'll be a governor who stands up ... to protect the Everglades, not a candidate controlled by U.S. Sugar and its allies who have a different view of the Everglades," Davis said.

Smith repeatedly reaffirmed his commitment to cleaning up the Everglades, saying sugar interests are criticizing Davis because of his support for free trade.

"We can't trade away our jobs in this country," Smith said. "We can't trade away our agriculture in this country. And we can't trade away our business in this country."

But former U.S. Sen. and Florida Gov. Bob Graham, who campaigned by Davis' side Friday and Saturday, voiced doubts that Smith is immune to the effects the expenditures are having on his campaign.

Exit Poll Pioneer Warren Mitofsky Dies (AP)

The Associated Press, September 2, 2006

Warren Mitofsky, a survey researcher who pioneered the use of exit polls to cover elections and helped develop the sampling method used in most modern telephone polling, has died.

Mitofsky, who was 71, died Friday in New York City of an aortic aneurysm. Joe Lenski, Mitofsky's partner in exit polling for the last two national elections, confirmed his death Saturday.

Mitofsky started conducting exit polls in 1967 for CBS News and developed the projection system and analysis system used by CBS and later by a consortium of news organizations that conducted national exit polls.

"He was the father of exit polling," said Andrew Kohut, director of the Pew Research Center for the People & the Press. "And he pioneered exit polling overseas."

Exit polling surveys voters from a random sample of precincts after they have cast their ballots to quickly determine which candidates voters supported and why they voted the way they did.

With fellow researcher Joseph Waksberg, Mitofsky helped invent a way to sample households by telephone to efficiently reach people with unlisted as well as listed phone numbers. The random digit dial method now is a survey research standard. Waksberg died in January at age 90.

Mitofsky was known for his willingness to share his strong opinions. Many colleagues have experienced "the creativity, passion and dedication that he has brought to his work and have the scars to prove it," said Murray Edelman, a pollster and longtime co-worker.

Mitofsky directed the first network election pool, Voter Research & Surveys, in the 1990 and 1992 elections. In 1993, he founded Mitofsky International; its primary business was conducting exit polls in countries including Russia, Mexico and the Philippines.

Since 2003 Mitofsky International and Edison Media Research have conducted U.S. exit polls for The Associated Press and television networks.

Mitofsky's early survey work was for the U.S. Census Bureau, where he designed surveys that looked at poverty and other social concerns. He led several survey research organizations over his career, including as president of the American Association for Public Opinion Research and the National Council of Public Polls.

Mitofsky is survived by his sister, Lenore Leby, of Williamsport, N.Y.; his wife, Mia Mather of New York; two children, Bryan Mitofsky of Montpelier, Vt.; and Elisa Clancy of Hyde Park, Vt., and four grandchildren.

A Nation Of Free Agents (WP)

By Marc Ambinder

The Washington Post, September 3, 2006

For the first time since presidential candidate Ross Perot won nearly 19 percent of the vote in 1992, technology, egos and politics are colluding to lower the barriers to entry for credible independent candidates for national office.

Signs abound that voters are moving beyond the two major parties and testing the free-agent market. And politicians are responding; the put-yourself-above-partisanship orientation is spreading, even during this midterm election season, when candidates typically seek to rouse the passions of their partisans.

This trend goes far beyond Sen. Joseph I. Lieberman (D-Conn.), who could become the first mainstream incumbent elected as an independent senator in 30 years. Take conservative Sen. James M. Talent (R-Mo.). The first television ad of his

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reelection campaign began with a narrator cautioning that "most people don't care if you're red or blue. Republican or Democrat. They don't use words like 'partisan' or 'obstructionist.' " Or Sen. Lincoln D. Chafee (R-R.I.), who told voters in an ad that "I believe that neither Republicans nor Democrats are always right. I angered Republicans when I voted against the war in Iraq, and Democrats when I voted for legal reform."

The message is clear: Our candidate will work for you, not for a party.

Gallup polls suggest that voters' willingness to reelect incumbents is at one of the lowest levels in half a century. Independent voters comprise about 10 percent of the electorate, but the percentage of persuadable independents has shot up to about 30 percent. In the 27 states that register voters by party, self-declared independents grew from 8 percent of the registered electorate in 1987 to 24 percent in 2004, according to political analyst Rhodes Cook. Consistently, about 30 percent of U.S. voters tell pollsters they don't belong to a party.

John Avlon, author of "Independent Nation," has noted that nearly 39 percent of Iowa voters are registered independents. And among new registrants in New Hampshire, 85 percent decline to identify with a political party. A swing state such as Pennsylvania has nearly 1 million independent voters; Florida has almost twice that many who refuse to register R or D.

One theory -- held mainly by Republicans -- is that these new independents are just closet liberals who are ashamed to be identified as such. Instead of adopting a cleaner euphemism (say, "progressive"), these voters mask their Democratic identity with an inoffensive term such as "moderate." A second view suggests that these voters hail from American suburbia, their wide, manicured lawns separating them from the old-line Democratic city machines and inward-looking pockets of conservatives.

Neither explanation tells the full story. These non-affiliated voters tend to be less fiscally liberal than the Democratic mean and less socially conservative than the Republican mean. And regardless of whether non-affiliated voters lean in any particular direction, there is evidence that their influence is growing just as key instruments of party control are breaking down.

Republicans couldn't prevent a nasty gubernatorial primary in Florida. An upstart almost succeeded in upending the governor of Nebraska. A state senator was inches away from petitioning himself onto the ballot against the Republican governor of South Carolina. Democrats in Massachusetts tried to anoint a front-runner, the state's attorney general, who is now third in the polls in the gubernatorial race. Conservative activists are challenging their establishment through a proxy war in Rhode Island; Chafee is in real danger of losing his GOP primary to insurgent Steve Laffey, the mayor of Cranston. These same forces defeated Rep. John J.H. "Joe" Schwarz (R-Mich.),who was endorsed by President Bush, first lady Laura Bush and Sen. John McCain (R-Ariz.).

Both parties have well-financed internal agitators who yank tight the chains of ideological discipline -- think of MoveOn.Org on the left and the Club for Growth on the right. Democrats are re-fighting the decades-old battle between centrists and liberals. The Republican base is fracturing around fiscal probity, immigration and cultural issues.

As the distance between the parties widens, plenty of voters are left outside both circles.

The Democratic and Republican parties profess not to worry, but they are tripping over themselves to figure out how to reach these free agents. Presidential hopefuls for 2008 in both parties have settled on pragmatism as a grand narrative. Both McCain and Rudolph W. Giuliani self-consciously parade their independence. The Democratic candidate of the moment, former Virginia governor Mark R. Warner, unabashedly renounces orthodox philosophy as he travels around the country, as does Sen. Evan Bayh (D-Ind.). Potential presidential hopeful Hillary Rodham Clinton (D-N.Y.) regularly calls on voters to reject the ideological thinking she attributes to Republicans.

Meanwhile, the parties are spending millions on the latest fads, such as "micro-targeting" to divine voting behavior from auto purchases. But technology cuts both ways: More than ever, voters have the technological resources to consider their political choices more deeply and to seek out new alternatives to those provided by the conventional media and the two parties.

Also, would-be candidates can raise money more easily. The Internet revolution permits geographically separated free agents to find new allies -- Democrat Howard Dean's 2004 presidential campaign was just the beginning. Getting on the ballot has always been a challenge for independents; now it's much easier, via the Web, to find voters to sign ballot-access petitions.

Another signal that the potential for a system shakeup is serious: The smart people in both parties are seeking to profit from it. Strategists behind the polarizing presidential elections of Bill Clinton and George W. Bush have co-founded an Internet startup, HotSoup.com, that aims to harness the anxiety in the electorate. A flash movie on its Web site poses these questions: "Why don't leaders lead anymore?" and "Does anyone care about my opinion?"

Co-founder Mark McKinnon, Bush's media adviser, told the Los Angeles Times that "there's a real appetite out there for less partisanship . . . for less screaming and yelling." Which is much the way Lieberman summed up his appeal as he began the second half of his race against Ned Lamont: "People are fed up with the petty partisanship and angry bickering in Washington. It is continually blocking progress on major problems and wasting America's greatness."

He may be on to something.

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mambinder@nationaljournal.com
Marc Ambinder is associate editor of the Hotline.

Me? I Vote For The Cheez Whiz (WP)

By Chris Cillizza
The Washington Post, September 3, 2006

Connecticut Sen. Joseph I. Lieberman found himself stuck between a pork chop and a hard place.

It was the summer of 2002, and Lieberman was campaigning at the Iowa State Fair in advance of the 2004 presidential campaign when he came to a tent sponsored by the state's pork producers. As a Jew who keeps kosher, Lieberman was prohibited from eating the proffered pork on a stick. As a politician stumping for votes in the Iowa presidential caucuses, passing on the pork could carry repercussions in the polls.

David Yepsen, the state's legendary political reporter, watched as a compromise was struck: Lieberman passed on the pork chop but worked the tent -- meeting and greeting the meat men who form one of the pillars of Iowa's economy.

Empathy is everything in modern politics, and there is no better way for a politician to show it than fluency in the language of local food. "A premium is placed on authenticity and, short of being born and raised in a state or area within a state, demonstrating a taste -- literally or metaphorically -- for local cuisine is one of the best short cuts for connecting with voters," says Thomas Schaller, a professor of political science at the University of Maryland.

In other words, you are what you eat.

Modern presidential politics is littered with candidates who committed fatal food faux pas. Massachusetts Sen. John Kerry's request for Swiss cheese rather than Cheez Whiz on his cheese steak at a stop in Philadelphia during the 2004 campaign cemented the public's view of him as an out-of-touch Brahmin.

During his 1976 primary race against Ronald Reagan, President Gerald R. Ford was offered a tamale at a campaign stop in Texas. He ate it corn husk and all -- a cultural and culinary no-no.

Or how about Sargent Shriver? While he was the Democratic party's 1972 vice presidential candidate, Shriver wandered into a bar in New Hampshire and said: "Beer for the boys, and I'll have a Courvoisier."

Food can humanize as well as dehumanize. Witness Bill Clinton's habit during the 1992 presidential campaign of making unscheduled visits to McDonald's for a Big Mac and fries. Clinton's weakness for fried food and the yo-yo-ing waistline that went with it helped the average voter identify with him. "It said to voters, 'He's just like me even though he's the governor or the president,' " says Arthur English, an Arkansas political scientist.

And so, although the rise of e-mail, television and blogs has altered (and depersonalized) the way politics is performed, the simple act of sharing a meal retains a literal and figurative importance not to be understated.

Put another way, a candidate's willingness to eat a fried Snickers bar (soak in vegetable oil, fry, then douse in powdered sugar for a mere 444 calories per bar) or a stack of hot cakes (preferably at the Merrimack Restaurant in Manchester if you're trying to win the New Hampshire primary), says more about a campaign's chances of winning than a pile of worthy position papers.

Take the variety of food-centered political gatherings staged annually around the country -- all of which serve to test the food bona fides of aspiring candidates.

At Virginia's Shad Planking every April, politicians and the press trek down to a patch of piney woods in Wakefield to eat bony fish, drink cold beer and listen to political stem-winders. The J. Millard Tawes Crab and Clam Bake -- honoring the state's 54th governor -- is held in August on a smoking piece of asphalt on Maryland's Eastern Shore. Arkansas has the Coon Supper -- yes, that is the official name -- where raccoon and beer are on the menu along with politics each January. Attendees (who have included Clinton as well as former Democratic Sens. David Pryor and Dale Bumpers) collectively consume between 600 and 800 pounds of raccoon meat in the small town of Gillett in eastern Arkansas.

Arkansas Gov. Mike Huckabee (R) has attended plenty of Coon Suppers, but it's what he hasn't eaten that has fueled his rise to prominence. A few years ago, Huckabee was an obscure Southern governor who topped the scales at nearly 300 pounds. Now 110 pounds lighter and preparing to compete in his fourth marathon, Huckabee is considered a viable presidential candidate in 2008.

Huckabee's ascent may rewrite the history books when it comes to food and politics. It may yet turn out that skinny is the new skinny, at least when it comes to getting elected.

chris.cillizza@washingtonpost.com
Chris Cillizza covers national politics for washingtonpost.com.

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Nellie Connally, An Occupant Of Kennedy's Limousine, Is Dead At 87 (NYT/AP)

By The Associated Press

The New York Times, September 3, 2006

AUSTIN, Tex., Sept. 2 — Nellie Connally, the last surviving occupant of President Kennedy's limousine when he was assassinated, has died, a family friend said Saturday. She was 87.

Mrs. Connally, the widow of former Gov. John B. Connally Jr. of Texas, died late Friday at Westminster Manor in Austin, said the friend, Julian Read, who had served as the governor's press secretary in the 1960's.

"Total surprise," Mr. Read said. "She has been extremely active and vital the past few days and weeks."

Mrs. Connally had said the most enduring image she had of the assassination in Dallas on Nov. 22, 1963, was of blood and roses. "It's the image of yellow roses and red roses and blood all over the car," she told The Associated Press in 2003. "I'll never forget it. It was so quick and so short, so potent."

As the limousine carrying the Connallys and the Kennedys wound its way through the friendly crowd in downtown Dallas, Mrs. Connally turned to President Kennedy, who was in a seat behind her, and said, "Mr. President, you can't say Dallas doesn't love you." Almost immediately, she heard the first of what she later concluded were three gunshots in quick succession.

Idanell Brill Connally was born Feb. 24, 1919. Over her life, Mrs. Connally raised money for many charities. In 1989, Richard Nixon, Barbara Walters and Donald Trump attended a gala to honor her and raise money for diabetes research.

"I've never known a woman with Nellie's courage, compassion and character," Ms. Walters said. "For all her ups and downs, I've never heard a self-pitying word from her."

Mrs. Connally celebrated her 80th birthday with fellow breast cancer survivors at a ceremony in the Nellie B. Connally Breast Center at the M. D. Anderson Cancer Center in Houston. She had served on the M. D. Anderson Board of Visitors since 1984, and a fund in her name raised millions of dollars for research and patient programs.

Her husband died in 1993.

Survivors include her daughter, Sharon Connally Ammann, and her sons John B. Connally III and Mark Connally.

Why Poverty Doesn't Rate (WP)

By Nicholas Eberstadt

The Washington Post, September 3, 2006

The Census Bureau last week released its latest estimate of the U.S. poverty rate -- the country's most important official statistic on domestic want and deprivation. The figure was sobering, signaling short-run stagnation and deterioration over the past generation. The 2005 poverty rate of 12.6 percent barely budged from the previous year's number, and was substantially higher than the 11.1 percent level registered back in 1973, the lowest on record. No less disturbing, the official measure indicates that a greater portion of families and children live in poverty in America today than three decades ago.

The results seem to suggest a prolonged failure of national policies to address poverty in the United States. However, the problem here lies less with actual living conditions than with the flawed and misleading poverty measure itself. The index that Washington has long used to assess progress in the struggle against poverty is a broken compass, and its misdirection has worsened steadily over time. Hurricane Katrina's destruction of the Gulf Coast one year ago revealed in devastating fashion the poverty and hardships that many people in the United States still endure. Unfortunately, the official poverty rate is utterly incapable of tracking material deprivation in the United States with any accuracy.

The nation's poverty indicator first emerged in 1965, when the Johnson administration launched the War on Poverty. This then-novel measure determined a family's poverty status by comparing its annual income to a federal "poverty threshold" -- set at about three times the cost of a nutritionally adequate food budget and tailored to a family's size. The percentage of people falling below that threshold was deemed the "poverty rate." The threshold is adjusted each year to take into account changing prices.

But much more than prices has changed since 1965 -- and the government's poverty measures have failed to adapt to and recognize the new conditions. With more access to credit, greater income swings from year to year, and improved nutrition, housing and health care, the life of America's poor is radically different today. Unless the nation's basic poverty indicators take into account such new conditions, any efforts to effectively redress poverty in America are bound to fail.

To understand the problems with the official poverty rate, compare the America of 1973 to the America of 2001. In 2001, the country's per capita income was far higher than in 1973 -- according to the Census Bureau, roughly 60 percent higher -- and unemployment rates were lower. In 2001, only one in six adults lacked a high-school diploma; in 1973, two-fifths had not finished high school. And government anti-poverty spending was more than twice as high in 2001 as in 1973.

So, in a richer, more fully employed and better educated nation with a bigger safety net, shouldn't the poverty rate be lower? Wrong. The way the official rate is calculated, the fraction of Americans living below the poverty line was higher in 2001

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(11.7 percent) than in 1973 (11.1 percent). For some reason, our official statisticians insist that America's best year for combating poverty -- ever -- was 1973. Go figure.

Indeed, since 1973, the official poverty rate has usually moved in the opposite, counterintuitive direction from other common-sense indicators of progress and poverty. When the rate of high school dropouts among America's adult population falls, the official poverty rate rises. When anti-poverty spending increases, so does poverty. And even when per capita income in the United States goes up, official poverty somehow increases, too.

Obviously, the official poverty rate isn't reflecting shifting living conditions in the United States. A wealth of evidence shows that those who are counted as poor today have dramatically higher living standards than their counterparts in the 1960s, when the poverty rate was originally devised:

Food and nutrition: In the early 1960s, the poorest fifth of American families were forced to devote nearly 30 percent of their expenditures to buying food; by 2004, the proportion was down to one-sixth of spending. Undernourishment and hunger were common among the most vulnerable elements of society 40 years ago; today, by contrast, obesity is the main nutritional problem facing adult Americans, rich and poor alike. And even children considered poor by official standards are better nourished today than in the 1960s. As recently as 1973, about 8 percent of low-income children surveyed by the Centers for Disease Control were judged underweight; by 2004 the figure had dropped below 5 percent. The prevalence of anemia among poorer American children likewise fell by more than half during those same years.

Housing: In 2001, only about 6 percent of the country's poor households lived in "crowded" dwellings (homes with more than one inhabitant per room), compared with more than 25 percent in 1970, according to the Census Bureau. Today's poor households are more likely to have telephone service and television sets than even non-poor households in 1970; they are much more likely to have central air conditioning than the typical American home of 1980, and almost as likely to have a dishwasher. Moreover, according to a Department of Energy survey in 2001, most poverty households have microwaves, VCRs or DVDs, and cable television -- conveniences unavailable in even the most affluent homes at the time the poverty rate measure was first released.

Autos and motor travel : In 1973, a majority of the households in the bottom fifth of income earners did not own a car. By 2003, nearly three-fourths of all poverty households had a car, truck or van, and a rising fraction owned two or more such vehicles.

Health care: For the affluent and the disadvantaged alike, life expectancy in America has risen significantly since the nation's poverty measures were first developed. The CDC's National Center for Health Statistics has found a broad improvement in national health conditions over the past four decades. Since 1965, for example, the U.S. infant mortality rate (the risk of death in the year after birth) has dropped by more than 70 percent. And regardless of the availability of health insurance, access to medical treatment has risen markedly for poorer Americans: Children in poor families are more likely today to have an annual medical visit or checkup with a doctor than even non-poor children did just 20 years ago.

Why does the official poverty rate fail to quantify the steady improvement in the living standards of America's poor? The answer lies in a simple mistake built into the poverty measure -- one that reflects a misunderstanding of how Americans live, spend and consume. Contradicting both economic theory and readily observable facts, the poverty rate assumes that a household's annual spending cannot, by definition, exceed its annual income.

Of course, this is not true, and economists have won Nobel prizes explaining why spending can far exceed income, particularly in advanced societies. For instance, when families are experiencing an unusually bad year, they may spend more than they earn if they see better prospects in the future. Similarly, a young worker may go into debt if she anticipates increases in her pay or benefits. Living standards, in other words, are linked to purchasing power -- and a family's purchasing power is not limited to its annual earnings.

Among low-income households in the United States, the gap between reported income and reported spending has widened gradually since the 1960s and now has taken on chasm-like dimensions. In the early 1960s, the poorest quarter of U.S. households spent 12 percent more than their annual incomes. In 1973, spending by America's poorest fifth surpassed their income by almost 40 percent. And in 2004, spending by the poorest fifth of American families exceeded income by a whopping 95 percent; in effect, spending was nearly twice as much as income.

These patterns might be due to easy access to credit, with many consumers maxing out their credit cards or engaging in other unsustainable borrowing. (Curiously, however, recent credit surveys suggest that the net worth of poorer Americans has been rising, not falling.)

Another important factor could be the increasing instability of American incomes. Scholars such as Jacob Hacker at Yale University and Robert Moffitt at Johns Hopkins University have noted that the income of American families is likely to bounce around much more today than it did three decades ago -- whether due to greater global competition, increasing rewards for

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education or other factors. Intensified swings, in turn, mean that more households may, in any given year, earn low incomes and be temporarily classified as living in poverty. But they continue to spend as they did before, anticipating that their incomes will bounce back. Such oscillations also mean that the incomes reported by families in annual surveys -- the backbone for the official poverty estimate -- are a steadily less accurate indicator of true living standards.

These criticisms of the official U.S. poverty rate should not be confused with indifference to the plight of America's disadvantaged and poor. Indeed, the opposite is true. In the richest society humanity has ever known, material deprivation still afflicts too many Americans. We cannot expect to make progress, however, without adequate and accurate information. Advocates of social and economic justice in the United States should be in the front ranks of those demanding more accurate assessments of U.S. poverty. Without a clearer sense of where we stand, how we got here and where we are headed, most initiatives aimed at reducing poverty in the United States will be needlessly ineffective.

eberstadt@aei.org

Nicholas Eberstadt is the Henry Wendt Scholar in political economy at the American Enterprise Institute.

Poverty's Top Ten Strongholds (WP)

The Washington Post, September 3, 2006

City Concentrated
Poverty Rate *
Fresno, Calif. 43.5%
New Orleans 37.7
Louisville, Ky. 36.7
Miami 36.4
Atlanta 35.8
Long Beach, Calif. 30.7
Cleveland 29.8
Philadelphia 27.9
Milwaukee 27.0
New York 25.9

*Proportion of all poor people citywide who lived in extreme-poverty neighborhoods.

Source: The Brookings Institution, based on the 2000 Census.

Annan Arrives In Iran For Talks On Nuclear Issue And Lebanon (NYT)

By Warren Hoge

The New York Times, September 3, 2006

TEHRAN, Sept. 2 — Secretary General Kofi Annan arrived here on Saturday for two days of talks in which he hoped to persuade Iran's leaders to throw their support behind plans for the future of Lebanon and to enter negotiations on the country's nuclear program.

His visit, originally planned as a stop on an 11-day Middle East swing seeking regional backing for Lebanon, began two days after Iran missed a Security Council deadline for suspending its enrichment of uranium.

On Saturday, he held separate meetings with Manouchehr Mottaki, the foreign minister; Ali Akbar Hashemi Rafsanjani, a senior cleric who is in charge of the powerful Expediency Council; and Ali Larijani, the chief nuclear negotiator.

On Sunday, he is to meet with Kamal Kharrazi, a former foreign minister, and Mahmoud Ahmadinejad, the president.

Mr. Annan canceled a trip here in November after Mr. Ahmadinejad told students, "Israel must be wiped off the map." Jewish groups in the United States have challenged the secretary general to speak out on this trip against an exhibit of Holocaust cartoons in Tehran that the Iranian government says is in retaliation for the publication last September of caricatures of the Prophet Muhammad in Danish and other European papers.

Aides said Mr. Annan's goal regarding Lebanon is to gain Iran's commitment to the Security Council resolution for a halt to the fighting and calls, among other things, for the disarming and dismantling of the Hezbollah militia, which Iran backs.

On the nuclear issue, they said, Mr. Annan wants to secure Tehran's cooperation with the International Atomic Energy Agency, the United Nations nuclear watchdog, which published a report this week concluding that Iran had not provided necessary assurances that its nuclear program was for peaceful purposes and not for making bombs. The report also noted that a sample taken a year earlier had shown traces of uranium processed far beyond what is necessary for energy production.

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Hours before Mr. Annan arrived, Mr. Ahmadinejad repeated his warning that Iran would not abandon its nuclear program despite the threat of sanctions from Western powers.

"They should know that this nation will not give up its absolute right to benefit from nuclear energy even one iota," he told a cheering crowd in Miandoab, a city in western Iran, Iranian news agencies reported.

The United States is pressing for sanctions against Iran for defying the Security Council, but European countries have emphasized that the door remains open to negotiations. Mr. Larijani is to meet early next week with Javier Solana, the European Union foreign policy chief, to pursue talks.

"Both sides agree and accept that the best solution to this problem can be found through negotiations," Mr. Larijani said in a joint appearance before reporters after the meeting with Mr. Annan.

One basis for talks is an offer of trade and aid incentives from the five permanent Security Council members — Britain, China, France, Russia and the United States — and Germany. Iran responded ambiguously to the offer last month.

Mr. Rafsanjani said Iran objected to the six powers' demand that it suspend uranium enrichment as a condition of beginning negotiations. "If you remove the preconditions," he said, "then there is no hesitation on our part to enter negotiations. This is a fair proposition from our side."

United Nations officials emerged from the talks in an upbeat mood, while conceding that the most important meetings lay ahead.

"The tone of the music is appealing," said Terje Roed-Larsen, a special envoy to the Middle East. "But today is only the first act, and I want to listen to the full libretto."

Annan Pushes Iran To Compromise On Nukes (AP)

By Nasser Karimi, Associated Press Writer

AP, September 3, 2006

U.N. Secretary-General Kofi Annan began meeting with Iranian leaders Saturday to press them to help cut off weapons shipments to Iran's Lebanese ally Hezbollah and to compromise in its nuclear confrontation with the West.

The visit came two days after Iran ignored a U.N. Security Council deadline for the Tehran government to suspend uranium enrichment, paving the way to possible sanctions over the West's suspicions the Islamic republic is trying to develop atomic weapons.

The Europe Union is pursuing a last-ditch attempt at negotiations with Iran this week, and Annan said in a newspaper interview before arriving that he hoped for a diplomatic solution that would "avoid another conflict in a region already subjected to a great stress at this moment."

The tone from Annan's first talks was positive. Iran's top nuclear negotiator, Ali Larijani, said that his meeting with the U.N. chief was "constructive" and that "both sides agreed that problems should be solved through negotiations."

Iranian Foreign Minister Manouchehr Mottaki expressed Iranian backing for the U.N. cease-fire resolution in Lebanon, which calls for halting the flow of weapons to Hezbollah — though he did not directly address that issue.

There was no immediate comment from Annan or other U.N. officials on what was discussed.

Just before Annan's arrival in Tehran, President Mahmoud Ahmadinejad vowed Iran would forge ahead with its nuclear program despite U.S. pressure, state-run television reported. Annan planned to meet with Ahmadinejad on Sunday.

Asked about indications the United States wanted to move quickly on sanctions, Annan told the French daily Le Monde, "I do not believe that sanctions are the solution to all problems."

"There are moments when a bit of patience produces lots of effects. I think that is a quality we must exercise more often," he said in the interview published Saturday.

The EU's foreign policy chief, Javier Solana, plans to meet early in the week with Larijani.

After an EU foreign ministers meeting in Finland, the bloc said there was no deadline for the talks but warned it would give Iran much time to resolve the standoff.

"We need some sessions — one or two, not more — to clarify some of the issues," Solana said at a news conference.

Annan also was urging Iranian leaders to help in the implementation of the U.N.-sponsored cease-fire in Lebanon. He told Le Monde he wants Iran to work with the international community and use its influence so Hezbollah can be disarmed in accordance with the U.N. truce resolution.

"I am very happy to be here in Tehran, to discuss implementation of resolution 1701, which deals with the situation in Lebanon. I will also expect to discuss issues of concern in this region to the international community," Annan told reporters after his arrival.

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Annan, who is on a tour of the Middle East, started by meeting with Iranian Foreign Minister Manouchehr Mottaki. He was expected to meet with Larijani later in the day and hold talks with Iranian President Mahmoud Ahmadinejad on Sunday morning.

The U.N. chief likely faced a tough response on both issues. Just ahead of his arrival, Ahmadinejad vowed Saturday that Iran would forge ahead with its nuclear program despite U.S. pressure, state-run television reported.

Iran and Hezbollah also deny that Tehran supplies arms to the Shiite guerrillas. But many in the West, Israel and the Arab world believe Iran provided many of the rockets that Hezbollah fired at northern Israel during the 34-day war in Lebanon.

On Friday, Annan was in Syria, Hezbollah's other top ally. He said he secured a promise from Syrian President Bashar Assad to increase border patrols and work with Lebanese troops to thwart the arms flow to Hezbollah in neighboring Lebanon.

But the promise was met with immediate skepticism from Israel and some in Lebanon.

U.N. resolution 1701, which halted the fighting Aug. 14, calls on countries not to supply weapons to any parties other than the Lebanese government.

Ahmadinejad maintained his tough tone on the nuclear issue Saturday, saying in a speech that "hyperbole against Iran's peaceful nuclear activities by Western countries especially the U.S. will continue ... But the resistance and awareness of this nation will defuse all these plots."

The Security Council set Thursday as the deadline for Iran to suspend uranium enrichment, dangling the threat of sanctions if Iran defied its will.

The U.N. nuclear watchdog, the International Atomic Energy Agency, said Thursday that Iran had not suspended enrichment and that three years of probing had been unable to confirm "the peaceful nature of Iran's nuclear program" because of lack of cooperation from Tehran.

But Russia and China, among the five permanent members of the council with the power to veto its actions, are opposed to quick and harsh penalties because of their strong trade ties with Iran.

Iran says its nuclear program is intended only to obtain fuel for nuclear reactors that would generate electricity, but enrichment also can produce the material needed to make atomic bombs.

Iran Welcomes Annan, But Not U.N.'s Decree (AP)

By Nasser Karimi, Associated Press

The Associated Press, September 3, 2006

TEHRAN -- Iran offered to help support the cease-fire in Lebanon in talks yesterday with U.N. Secretary-General Kofi Annan, but showed little sign it was ready to bend to Western demands that it immediately halt its suspect nuclear programs.

Mr. Annan's visit occurred two days after Iran defied a U.N. deadline to halt uranium enrichment, opening the door to sanctions to reinforce demands by the United States and its allies that the Islamic republic rein in its nuclear program and allay suspicions it is secretly seeking atomic weapons.

Before the Security Council discusses the issue, the European Union is taking another stab at diplomacy this week, and Mr. Annan said before arriving that he hoped sanctions could be avoided so as to keep from adding to tensions in "a region already subjected to a great stress."

The tone from Mr. Annan's first meetings in Tehran was positive. Iran's top nuclear negotiator, Ali Larijani, described his talks with the U.N. chief as "constructive" and said "both sides agreed that problems should be solved through negotiations."

Foreign Minister Manouchehr Mottaki said the Tehran regime supported the U.N.-mandated truce that ended the fighting in Lebanon, although he didn't directly address the resolution's call for halting shipments of weapons to Hezbollah, which has close ties to Iran.

In Lebanon itself, more than 250 Italian troops landed in the country's southern region yesterday, forming the advance party of Italy's contingent to an expanded U.N. force set up to keep the peace between Israel and Hezbollah guerrillas.

The Italian marines, armed with automatic rifles and wearing blue berets, came ashore in the port of Tyre in helicopters and rubber dinghies from the aircraft carrier Garibaldi, the flagship of the Italian fleet.

Shortly before Mr. Annan arrived in Tehran, Iranian President Mahmoud Ahmadinejad repeated his insistence that the country won't give up its nuclear program, state-run television reported. Iran says the program has only a peaceful purpose -- to generate electricity for civilian uses.

"Hyperbole against Iran's peaceful nuclear activities by Western countries, especially the U.S., will continue. ... But the resistance and awareness of this nation will defuse all these plots," Mr. Ahmadinejad told a crowd in Miandoab in northwestern Iran.

Mr. Annan was scheduled to talk with Mr. Ahmadinejad today, and European Union foreign-policy chief Javier Solana planned to meet with Mr. Larijani in the coming days.

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After an EU foreign ministers' meeting in Finland, the 25-nation bloc said that there was no deadline for the talks to produce results, but warned it would not give Iran much time.

"We need some sessions -- one or two, not more -- to clarify some of the issues," Mr. Solana said at a press conference.

In a reminder of Iran's hard-line stance, Ali Asghar Soltanieh, Iran's envoy to the International Atomic Energy Agency, warned that Tehran could block access by the U.N. watchdog's inspectors if sanctions were imposed.

"Iran will revise in its cooperation with the IAEA if punitive measures by the U.N. Security Council are applied against Iran," he said in a phone interview with state-run television.

There are doubts the Security Council would impose tough sanctions against Iran if it refused to comply. While the Bush administration supports tough sanctions, both Russia and China, which have vetoes on the council, have opposed them because of their strong trade ties with Iran.

EU Will Try To Clarify Tehran's Nuclear Stance (LAT)

From Times Wire Reports

The Los Angeles Times, September 3, 2006

The European Union agreed to try to clarify Iran's nuclear stance within two weeks, and Iran told visiting U.N. Secretary-General Kofi Annan it wanted fresh negotiations on the issue.

Annan's visit to Iran took place two days after the U.N. nuclear watchdog, the International Atomic Energy Agency, reported that Tehran had failed to meet the U.N. Security Council's deadline to suspend uranium enrichment work.

The United States, which accuses Iran of seeking nuclear weapons, said Friday it was consulting European governments about possible sanctions, but the EU signaled it wanted more discussions with Tehran, which says its nuclear activity is aimed at producing energy.

If America Wanted To Talk, Iran Would ... (NYT)

By Michael Slackman

The New York Times, September 3, 2006

TEHRAN

JUST imagine. President Bush phones up Iran's president, thanks him for his thoughtful letter, and asks to sit down and discuss social, political and economic challenges facing the two nations.

Of course, the notion that President Bush would call President Mahmoud Ahmadinejad seems pure fantasy. At the moment, the United States is trying to punish Iran for refusing to give up uranium enrichment. But sanctions may fail, and military options seem bleak at best.

So what might happen if Washington suddenly decided, in a bhigh-level public act, to follow Don Corleone's advice to keep one's friends close but one's enemies closer? Would reaching out to Iran, like agreeing to hold direct talks with Iran's president, do much to persuade Iran's leaders to give up their willingness to pursue a nuclear program at any cost?

Diplomats would say diplomacy doesn't often work that way — that public posturing is almost never what brings peaceful resolution of deep antagonisms; quiet bargaining, far outside the public's eye, is. There are exceptions, of course, like Anwar Sadat's public challenge to Menachem Begin to invite him to Jerusalem to make peace in 1977.

In Iran's case, though, political analysts and Western diplomats here say, that kind of dramatic effort would probably fall flat, at least at first.

Iran's leaders are certain the West wants to remove them from power, and so their first response, many analysts here said, would be to charge that Washington was laying a trap. The second reaction would be to say that the change validated the hard-line approach toward the West — that belligerence had worked, and that more intransigence would get more such results. So, at least in the short term, the public posturing and bluster would continue.

But is Washington thinking only about the short term?

Many political analysts, Western diplomats and reform-minded people here say a gesture from Washington to Tehran, or more precisely a gesture that demonstrates some degree of respect and openness to Iran, might well be seen here as far more threatening to the leadership than the threat of economic or political sanctions.

"Radicalism has always been supported and strengthened by the West," said Emad Baghi, a former cleric from a highly respected family who heads a human-rights organization here even as he retains good contacts with the judiciary.

In Iran, the term hard-liner is part of the political lexicon, less a pejorative title than a label along the lines of liberal or conservative. In that vein, many Iranians refer to President Bush and his administration as hard-liners. And the conventional thinking here is that hard-liners help hard-liners, with their hard-line policies.

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"The forces who advocate integration of Iran into the international system are in the minority today," said a political analyst with a prominent research institute in Tehran who insisted on anonymity out of fear of punishment. Iranian officials have cracked down on those who criticize the government, and they have effectively silenced any debate over their nuclear program.

"The leadership is opposed to international integration," the analyst said. "They are afraid the purity of their system would be broken, lost."

It may be hard for Americans to appreciate the extent to which many Iranians, at least those living in Tehran, crave improved relations with America, and how generally positive the image of the United States, or at least of its people, is on this city's streets.

But those sentiments cannot be influential in changing Iranian society while the United States talks of regime change and threatens sanctions, many analysts and diplomats here argue. A European diplomat in Tehran said that many Iranian intellectuals were shocked, and felt undermined, when in 2002 President Bush lumped Iran with Iraq and North Korea in an "axis of evil."

Today, more than at any time in many years, Iran's most powerful figures define themselves with the language of revolution. Former President Ali Akbar Hashemi Rafsanjani tried to build economic ties with foreign capitals and attract foreign investment. His successor, Mohammad Khatami, talked of a dialogue of civilizations and used the language of diplomacy.

President Ahmadinejad, in contrast, talks of returning to the values of the revolution. An engineer by training, he has nevertheless crafted a persona that seems to meld the combativeness of a cleric and the populism of Venezuela's Hugo Chávez.

Many analysts and former government officials and diplomats here say that as self-styled protectors of the revolution, President Ahmadinejad and his inner circle benefit from the isolation that comes from the argument over nuclear proliferation. It would be hard to maintain that posture while ushering Iran into the World Trade Organization, for example, or into a trade agreement with the United States.

With that in mind, they see even the taste for American products here as a threat. "All of my customers want the American brands," said Ahmed Zadeh, 68, an electronics dealer in central Tehran. "Everyone is fond of American brands."

Such talk makes Iran's hard-liners cringe as they seek to portray the United States as the cause of all of Iran's troubles.

"Decadence," said President Ahmadinejad during a press conference last week, "is the result of Western materialism. We have to some extent been contaminated."

This summer, the authorities have waged a campaign to stop Tehran's residents from watching satellite television. It is a Sisyphean task in a city of 20 million, where rooftops are littered with satellite dishes. (The dishes are illegal, but like almost anything else they can be bought on the black market.)

The authorities are so eager to roll back, or hold back, the influence of American, European, Asian culture — indeed any outside culture — that they have sent busloads of police into apartment complexes to confiscate the dishes. For much of the summer this dish war consumed more front-page space in Iranian newspapers than the controversy over Iran's nuclear program.

"When the West threatens isolation, they welcome it," Mohsen Kadivar, a senior reform-minded cleric, said of the hard-liners. "They cannot integrate. They feel if Iran integrated it would lose its Islamic identity."

And so when President Ahmadinejad sent a letter to President Bush last spring, was he really trying to spur a dialogue?

Or was this a faux invitation, aimed at eliciting a predictable response that would serve to further isolate Iran even as Iran's president seemed reasonable? And last week, when the president offered to debate Mr. Bush, was it genuine, or strategic sleight of hand?

Reading intentions is always risky, but what President Ahmadinejad got was clear. The letter was rejected, as was the debate.

And so he went before a cheering crowd last week and declared: "Those who evade the exchange of ideas on world issues cannot defend themselves logically."

So what would have happened if the White House had taken up the challenge and called Tehran's bluff — responding, for example, with a carefully crafted yes? What would Tehran's leaders have told the crowd then?

A Deadline That's Less Than It Seems (NYT)

By Helene Cooper

The New York Times, September 3, 2006

On June 1, world powers made Iran an offer they said Tehran shouldn't refuse: suspend uranium enrichment in "weeks, not months" or face economic sanctions.

That was three months ago. Iran hasn't suspended anything, despite the passage of an Aug. 31 United Nations Security Council deadline. The six countries that made the offer — the United States, Britain, France, Germany, Russia and China — are

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still debating what to do. And last week, the day after the deadline, European Union foreign ministers meeting in Finland called for more dialogue with Iran before any talk of sanctions. “For the E.U., diplomacy remains the No. 1 way forward,” the Finnish Foreign Minister, Erkki Tuomioja, said.

All of this activity, or lack of it, raises the question: When is a deadline not a deadlineb?

1. When a deal needs support from a bunch of different countries. Because the United States already has placed heavy sanctions on Iran since the hostage crisis in 1979, it doesn’t have the leverage left to inflict much more pain by itself. Washington needs the people who actually do business with Iran — primarily Russia and China — to get on board. And neither of those countries are in any hurry to do so.

2. When everyone is afraid that sanctions will hurt them as much as they’ll hurt Iran. World powers are also dragging their feet because they know Iran could retaliate by cutting oil production, which could drive up the price of oil worldwide.

3. When few people think the sanctions will work anyway. That’s the crux of the problem — the sanctions that the United States and its European allies are trying to get the Russians and Chinese to support are pretty low-pressure, limited to things like travel bans and restrictions against dual-use exports. If Iran’s ruling mullahs really believe that a nuclear program is their inalienable right, will they be cowed by a travel ban? To really hurt Tehran, diplomats would have to hit investment in Iran’s energy sector. But that could bring about retaliation, in the form of Tehran cutting oil production, which could lead to No. 2.

So the deadlines keep sliding by. Right now, Bush administration officials say they hope they can get the Security Council to vote for a first phase of sanctions in the next few weeks. Maybe by mid-September, when the General Assembly meets in New York. Or by the end of the General Assembly meetings in late September. O.K., definitely by October.

Or else.

Annan Questions Iran Holocaust Exhibit (AP)

By Nasser Karimi, Associated Press Writer

AP, September 3, 2006

U.N. Secretary of State Kofi Annan, visiting Iran Saturday, raised concerns with officials over an exhibition of cartoons about the Holocaust that opened in response to Muslim outrage over the Prophet Muhammad caricatures.

Annan brought up the exhibit in talks with Foreign Minister Manouchehr Mottaki, said Annan's spokesman Ahmad Fawzi.

Annan told Mottaki "we should avoid anything that incites hatred" according to Fawzi. The U.N. chief said he had not seen the Holocaust cartoons. "From what he heard, he would find them pretty distasteful, as he did the Danish cartoons about the Prophet Muhammad, which he strongly condemned at the time," Fawzi said.

"While (Annan) respects freedom of expression, he believes it should be used responsibly with due respect for people's feelings," he added.

The Holocaust cartoon exhibit opened last month at Tehran's Caricature House, with 204 entries from Iran and abroad.

The cartoons were submitted after the exhibit's co-sponsor, the Hamshahri newspaper, said it wanted to test the West's tolerance for drawings about the Nazi killing of 6 million Jews in World War II. The entries on display came from nations including United States, Indonesia and Turkey.

One cartoon by Indonesian Tony Thomdean shows the Statue of Liberty holding a book on the Holocaust in its left hand and giving a Nazi-style salute with the other.

The exhibit was a response to the prophet drawings published by the Danish newspaper Jyllands-Posten last year. The publication and subsequent reprinting in other European newspapers set off widespread protests in the Islamic world.

Many Muslims considered the cartoons a violation of traditions prohibiting images of their prophet, while many in the West defended them in the name of freedom of expression.

The exhibition runs until Sept. 13 and the winner of a contest for the best cartoon will receive $12,000.

Khatami: U.S. Muslims Can Promote Peace (LAT)

From Times Wire Reports

The Los Angeles Times, September 3, 2006

Former Iranian President Mohammad Khatami said that U.S. foreign policy triggers terrorism and violence in the world, but American Muslims can play a key role in promoting peace and security.

In his first public appearances during a nearly two-week visit to the United States, Khatami spoke twice in the Chicago area. He is the most senior Iranian official to visit the United States since Islamic fundamentalists seized the U.S. Embassy in Tehran in 1979 and held Americans hostage for 444 days.

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"As America claims to be fighting terrorism, it implements policies that cause the intensification of terrorism and institutionalized violence," Khatami said at the Islamic Society of North America's 43rd annual convention in Rosemont. He said there is a chronic misunderstanding between the West and the East.

GOP Playbook (NSWK)

By Eleanor Clift, Newsweek

Newsweek, September 1, 2006

How will Bush rev up his supporters into coming to the polls? Expect to hear the war drums on Iran. WEB-EXCLUSIVE COMMENTARY

President Bush is boasting about all the books he read this summer, including a tome by the French existentialist, Albert Camus, "and three Shakespeares," he told NBC's Brian Williams. Three Shakespeares? Presumably the president means plays. Williams pressed for more detail. The biography of Joe DiMaggio, which was on last year's reading list, seemed more to his liking. "As you know, I like to keep expectations low," Bush parried, a hint of testiness beneath the cowboy amiability.

Some 63 percent of Americans oppose the Iraq war, according to the latest NEWSWEEK poll, and they deserve better from their president than a calculated verbal assault that calls them appeasers and Fascist sympathizers. This is a new low for Bush, but not surprising given his family history. The Bushes, father and son, traditionally run viciously negative campaigns to win elections. With polls showing the Democrats poised to win control of the House and possibly the Senate, the Bushies are ramping up the rhetoric to smear the opposition.

Bush apparatchiks are good at the politics of destruction. John McCain still carries the wounds from the character attacks they launched against him in South Carolina in 2000. Bush 41 demolished Democrat Michael Dukakis in 1988 by assailing his patriotism and calling him weak on crime. This latest launch of pusillanimous rhetoric is designed to distract from the Katrina anniversary stories and get people talking about the one issue where the Republicans have a fighting chance, the wider war against terrorism. In the GOP playbook, Iraq becomes a footnote and what to do about the nuclear threat posed by Iran becomes the new crisis du jour.

An off-year election without a presidential candidate on the ballot is about turn out, which side can rev up more of its supporters to come to the polls. Conservatives right now feel pretty lackluster about Bush and the Republican Congress. The energy is on the Democratic side. What better way to alter that equation than to generate fears that Democrats are weak on national security and will talk and talk while Iran and the crazy mullahs get the bomb. The tough language could get out the conservative vote in November, and it's also laying the groundwork for a possible attack on Iran. The same people who beat the war drums for invading Iraq are now leading the way within the administration and in the media for a preemptive strike in Iran. Crazy as it sounds with U.S. troops mired in Iraq, it could happen. "I've been in the camp that thinks they're not that nuts to bomb these guys," says Matt Bennett with Third Way, a centrist Democrat group. "But I've talked to a lot of senior smart Democrats who think they are that nuts."

Whether the administration and its allies are serious or bluffing, who knows? But it feels like we've been down this road before. Getting even weak sanctions through the U.N. Security Council will be hard, and Bush has no patience for diplomatic dithering. The temptation to bomb will be there despite what we should have learned about the limitations of air power in Israel's misguided assault on Hizbullah. There's no way to hit all the sites in Iran even if we had good intelligence. Bombing would do little real damage of the nuclear infrastructure while inflicting a huge number of civilian casualties. The blowback would be enormous with everything from attacks on oil tankers in the Gulf to terrorist assaults in America.

The administration's terror talk is at odds with expert opinion that says Iran is five to 10 years away from acquiring the bomb. A new report by the International Atomic Energy Agency is expected to describe only "slow progress" in Iran's ability to enrich uranium. But when U.N. weapons inspectors did not find evidence to back claims about Iraq's possession of weapons of mass destruction, the Bush administration didn't believe them and even accused the inspectors of being in cahoots with the Iraqis. It is unlikely Bush would attempt to attack Iran before the November election, but he'll make the willingness to undertake military action one of the bright lines between Republicans and Democrats. Senate Republicans are also ginning up a package of bills that will force Democrats to vote yes or no on such White House goodies as wiretapping. Those who refuse to give Bush blanket approval will get slapped with the charge "soft on terror." It's the Max Cleland strategy of '06. Former Georgia Senator Cleland remains the cautionary lesson for Democrats. He voted against an early version of the Homeland Security Department in order to protect workers' benefits and was defeated in '02 on grounds of being insufficiently patriotic—despite being a Vietnam veteran and a triple amputee.

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Even if the numbers are looking good for Democrats, never underestimate their ability to seize defeat and hold on to it tightly. Of course, Bush lost a war we didn't have to fight and shouldn't have lost—and he's saying the Democrats don't understand the stakes. Tragedy or comedy, it's Shakespearean.

U.N. Chief Condemned Hezbollah Attacks (1 Letter) (NYT)

The New York Times, September 3, 2006

To the Editor:

The Anti-Defamation League, in an advertisement on the Op-Ed page on Aug. 10, addressed two questions to Secretary General Kofi Annan: "How many more Israeli civilians must die before you condemn Hezbollah?" and "And when will you extend condolences to Israeli victims?"

The clear intention of these questions was to suggest to your readers that Mr. Annan had not condemned Hezbollah and had shown no concern for the Israeli victims of the recent devastating conflict.

In fact, Mr. Annan has repeatedly and publicly condemned Hezbollah's attacks on Israel, including in a statement to the Security Council on July 20.

On July 30, he told the Security Council that "over 50 Israelis have died, including 19 civilians, and the population of northern Israel has been subjected to intense and continuous rocket fire, and thousands are now in shelters."

He went on to say: "The present fighting began on July 12 with an unprovoked Hezbollah attack on Israel and the kidnapping of two Israeli soldiers. Since then, Hezbollah has continued firing rockets indiscriminately into northern Israel, from positions apparently located in the midst of the civilian population. No one disputes Israel's right to defend itself."

Mr. Annan's highest priority throughout this tragic conflict has been to end the fighting as soon as possible and to seek a lasting peace in the Middle East.

Edward Mortimer
Director of Communications
Executive Office of the Secretary General
United Nations
New York, Sept. 1, 2006

Report: Missile Activity Seen In N.Korea (AP)

AP, September 3, 2006

South Korean and U.S. intelligence authorities have detected suspicious vehicle movements in and out of North Korea's major missile test site, a news report said Sunday.

"Military intelligence officials have spotted movements by several large vehicles in the North's Gitdaeryeong area," South Korea's Yonhap news agency said, citing an unnamed government official.

The intelligence authorities do not rule out the possibility that it is part of North Korea's preparations for additional missile tests, Yonhap said.

The communist regime launched a barrage of missiles in July, heightening regional tensions and drawing international condemnation.

National Intelligence Service, South Korea's spy agency, said it "was keeping a close watch on Gitdaeryeong area."

North Korea on Saturday accused the United States of threatening war against the communist country with its missile defense test, and vowed to boost its own self-defense to counter any U.S. attack.

The North's angry reaction came in response to the U.S. successful test on Friday in destroying a mock warhead over the Pacific Ocean as part of its missile defense system.

Italian Troops Land In Southern Lebanon (WP)

By Edward Cody, Washington Post Foreign Service

The Washington Post, September 3, 2006

TYRE, Lebanon, Sept. 2 -- Led by commandos who splashed ashore in black dinghies, a contingent of Italian soldiers landed in southern Lebanon on Saturday in the first substantial strengthening of the U.N. force assigned to guarantee a fragile truce along the border between Israel and Lebanon.

The Italian troops, numbering 880 with 150 trucks and other vehicles, represented a down payment on the 6,900 soldiers that Italy, France and several other European nations have promised to send to create a reinforced version of the United Nations Interim Force in Lebanon, or UNIFIL, that repeatedly has been denounced by Israel as feckless in the 28 years since it was first deployed.

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"This is a new UNIFIL," said Gen. Alain Pellegrini, the French commander of the force.

Reinforcing UNIFIL from its present strength of 2,000 to about 15,000 was a key part of the U.N. cease-fire resolution that stopped a 33-day war between Israel and the Hezbollah militia on Aug. 14. The resolution ordered the strengthened UNIFIL force, armed with tougher rules of engagement, to help a 15,000-strong deployment of Lebanese army troops establish government authority in the Lebanese border hills for the first time in a generation.

The Lebanese Defense Ministry said more than 8,000 Lebanese soldiers have deployed between the Litani River and the border with Israel. By the time the full contingent of 15,000 foreign peacekeepers reaches Lebanon toward the end of this month, a spokesman said, the army's deployment will also have reached full strength. Separately, controls along the border with Syria have been tightened with the dispatch of about 8,500 Lebanese soldiers and Internal Security Forces personnel, Prime Minister Fouad Siniora said.

Israeli officials have insisted the deployments must be in place before they will lift an air, land and sea blockade that remains in force nearly three weeks after the fighting stopped, despite repeated appeals from the Lebanese government and U.N. Secretary General Kofi Annan. With the country's war-shattered economy strangled, enraged Lebanese have charged that the blockade violates the cease-fire accord and is a continuation of Israeli aggression.

Israeli Prime Minister Ehud Olmert has said foreign peacekeepers must be assigned to control border crossings as well to prevent resupply of Hezbollah forces through Syria. But Pellegrini, the French commander, said is not part of UNIFIL's mission, raising the prospect of further delay in lifting the blockade.

In a reflection of the outrage at the Israeli blockade, the Lebanese parliament began a round-the-clock sit-in Saturday. The speaker of parliament, Nabih Berri, said that the legislative body would be in session every day between 11 a.m. and 1 a.m. and that 10 members would sleep in the chambers every night until the blockade is lifted.

"This is a national operation," he told a full chamber, emphasizing that all of Lebanon's many political parties were part of the protest.

Berri, who heads the mainstream Shiite Amal party, has been the main conduit for indirect negotiations between Siniora and Hasan Nasrallah, general secretary of Hezbollah. The militant Shiite movement, which has grown from a heavily armed militia to also become a political party and social works organization, has a dozen elected members of parliament who also participated in the sit-in.

The entire Italian contingent had been set to land on the beaches of Tyre, about 60 miles south of Beirut, in a TV-friendly display of European solidarity with Lebanon. Heavy surf led commanders to change their plans, however, and about 150 soldiers arrived on CH-3 helicopters.

The trucks and other equipment were rerouted to nearby Naqourah, the site of UNIFIL headquarters. The rest of the soldiers were to be brought ashore later, landing on beaches when possible or in the port if the surf remained rough, according to navy Lt. Frederico Mariani, an aide to the Italian admiral who commanded the operation.

Jean-Marie Guehenno, chief of U.N. peacekeeping operations, said UNIFIL participation by Italian, French and other European militaries demonstrated the commitment of their governments to stabilizing the cease-fire and aiding Lebanon's recovery.

Annan has sought to include Muslim troops as well, and Indonesia announced Saturday that it would send about 1,000 soldiers to take part. Israel had voiced objections to the participation of Indonesia because it does not have diplomatic relations with the Jewish state. Turkey, a Muslim nation that maintains friendly ties with Jerusalem, also has decided in principle to send troops.

Guehenno said the large European commitment also could help Lebanon make the sensitive political changes outlined in the U.N. resolution, including Hezbollah's eventual disarmament and evolution into a mainstream political party. While Israel and the United States have insisted on this point, Lebanese officials have expressed doubt it will happen anytime soon, citing Hezbollah's place on the political landscape and its enhanced status after the month-long war with Israel.

Pellegrini made it clear, however, that UNIFIL's mission, even with the new rules of engagement, does not include disarming Hezbollah. "It's not my job," he said. UNIFIL's role, he said, is to assist the Lebanese army in guaranteeing state authority over all Lebanese territory.

The mission of Lebanon's army was defined in an ambiguous compromise. After long negotiations, Hezbollah agreed to put down its weapons and embrace the deployment of the army in the border region it has long controlled, while, in return, the army pledged not to seek out the weapons.

Beefed-up Peacekeeping Force Takes Shape (AP)

By Todd Pitman

DOJ_NMG_0057537

AP, September 3, 2006

TYRE, Lebanon - The beefed-up peacekeeping force in Lebanon began to take shape Saturday as 1,000 Italian soldiers started moving in, the first large contingent of international troops dispatched to help safeguard a cease-fire between Israel and Hezbollah guerrillas.

With Israel apparently racing to destroy Hezbollah arms caches ahead of its impending withdrawal, the U.N. force commander said the truce is still "fragile" and warned any incident could quickly escalate.

The deployment of the peacekeepers has been delayed since the cease-fire began on Aug. 14, in part because it took time to hammer out details over the troops' mandate and persuade hesitant countries to offer troops for what was seen as a potentially risky mission: getting between Israel and Hezbollah.

The full 15,000-member force has not been assembled yet, but with several major Europeans countries on board with contributions, more pledges were coming in.

Mainly Muslim Indonesia announced it will send up to 1,000 soldiers by month's end after Israel dropped objections to its participation in the force. The U.S., Europe and Israel have been eager to have Muslim troops among the peacekeepers to show it is not a solely Christian force — but Israel had opposed Indonesia's taking part because it does not have relations with the Jewish state.

Turkey's prime minister, meanwhile, was trying to ensure that parliament approves his government's promise to send troops amid strong public opposition. Recep Tayyip Erdogan assured Turks the soldiers would not be disarming Hezbollah militants.

"When such a thing is requested from our soldiers, then we will withdraw our soldiers," Erdogan told reporters Saturday.

The U.N. cease-fire resolution calls for Hezbollah to eventually be disarmed, but doesn't mandate the peacekeepers to do it.

Instead, the force — along with the 15,000 Lebanese troops now moving into the south — will ensure a buffer zone along the Israeli-Lebanese border is free of open Hezbollah fighters and arms, up to the Litani river about 18 miles to the north.

At the same time, Lebanese troops on the border with Syria are supposed to prevent new weapons shipments to Hezbollah. U.N. Secretary-General Kofi Annan said Friday that Syria — Hezbollah's ally — promised to patrol its side of the frontier to prevent arms deliveries, though Israel was skeptical it would really do so.

Annan on Saturday was in Iran, another top patron of Hezbollah and believed by many to be its top arms supplier, to press its leadership to ensure no weapons go to Hezbollah, as the U.N. cease-fire resolution requires all nations to do.

After talks with Annan, Iranian Foreign Minister Manouchehr Mottaki gave a vague promise to uphold the resolution, saying, "Iran has supported the Lebanese consensus on the resolution." He did not specifically address the weapons issue.

Despite the lack of a mandate to disarm guerrillas, French Gen. Alain Pellegrini, who commands the U.N. Interim Force in Lebanon known as UNIFIL, said the expanded international force marked a break from a past in which peacekeepers stood helplessly by as conflicts repeatedly flared.

"The previous UNIFIL is dead and the new one is very different," Pellegrini told reporters as black Italian military zodiac boats came ashore outside the southern port city of Tyre. "It is strengthened with stronger rules of engagement. We will have more people, more equipment. We have the possibility to use force to implement our mission."

The new troops are augmenting the 2,000-member UNIFIL force that has been in the area for decades.

Disarming Hezbollah "is a national issue and this has to be solved by the Lebanese authorities," Pellegrini said. "My mission is to keep a well defined area, which is between the Litani River and the Blue Line, clear of any weapons."

Israel's devastating offensive on Lebanon was triggered when Hezbollah guerrillas snatched two Israeli soldiers in a cross-border raid July 12.

Hezbollah has vowed not to lay down its weapons and its fighters have melted away into the civilian population. The Lebanese army has made no moves to disarm them.

Israel has been destroying Hezbollah arms caches in territories it still occupies in the south, Pellegrini said.

On Friday, the Israeli military said its forces had demolished an unspecified number of Hezbollah bunkers that contained rocket-propelled grenade launchers, mortar shells and communications equipment near the Lebanese border village of Aita al-Shaab.

Pellegrini said such actions violated the truce, as do reconnaissance missions by Israeli jets over Lebanese air space.

"The cease-fire is holding for the moment ... but it's fragile, any incident can escalate," Pellegrini said.

Italy's pledge of 2,500 troops for the peacekeeping force is the largest yet. Most of the first 1,000 that began arriving Saturday will move to positions 12 miles inland from Tyre, according to the Italian Defense Ministry.

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The first to arrive were around 150 Italian marines toting automatic weapons and wearing blue berets, brought in gray U.N. helicopters to a Tyre luxury hotel to secure two beaches where the remainder of an 880-member battalion off the coast in warships had been scheduled to land Saturday.

Only part of the force was able to make it to shore due to high waves Saturday. Some vehicles and equipment were diverted further south to Naqoura. The rest were expected Sunday.

The Italian contingent will bring the total number of U.N. peacekeepers in Lebanon to 3,250 — including the 2,000 previous UNIFIL troops and 250 French troops who arrived last week.

France has promised to send another 1,750 soldiers, due to start arriving Sept. 10. The Spanish government agreed Friday to contribute up to 1,100 troops and dozens of other countries have pledged smaller contingents.

Some residents were optimistic about the international force.

"We're happy to see them," said Habib Hadid, a 55-year-old businessman who watched on the beach as Italian forces arrived in four small boats. "I hope this means the war is over."

Lebanese Politicians, Scarce In War, Renew Bickering (NYT)

By John Kifner

The New York Times, September 3, 2006

BEIRUT, Lebanon, Sept. 2 — The man widely viewed as the heir to the Lebanese democratic movement, Saad Hariri, stayed out of the country during the entire war between Hezbollah and Israel. His No. 2, Walid Jumblatt, holed up in his ancestral mountain palace. Gen. Michel Aoun, the maverick Maronite Catholic who sees himself as a future president of Lebanon, remained in his villa in the mountainous Christian heartland, and said little.

Meanwhile, Sheik Hassan Nasrallah of Hezbollah, despite being a target of the Israeli military, gave frequent speeches from deep inside a bunker.

But now, two weeks into a shaky cease-fire between Hezbollah guerrillas and Israel, some of the big names of Lebanese politics are moving back onto the political stage. The result has been an open round of bitter political infighting and backbiting. Figures from various factions have attacked one another in newspapers and on talk shows.

The most vociferous has been General Aoun, who called this week for the resignation of Prime Minister Fouad Siniora and his cabinet.

The government is dominated by figures from the American-backed groups that banded together in what is known as the March 14 alliance, for the date of their huge protest rally after the 2005 assassination of former Prime Minister Rafik Hariri, which helped force Syria to end 15 years of domination in Lebanese politics.

General Aoun, who has established a working relationship not only with Hezbollah but also with his former nemesis, Syria, also called for a “government of national unity.”

That idea, charged Marwan Hamadeh, the minister of telecommunications and a prominent Druse member of the March 14 group, “is in fact a Syrian attempt to topple the government.”

Mr. Siniora refused to resign, saying: “Let these politicians rest. The government is staying, staying, staying.” In almost the same breath, he claimed Arab nationalist credentials by vowing, “Lebanon will be the last Arab country to sign a peace treaty with Israel.”

General Aoun struck back, telling the daily As Safir that “Siniora will pay the price of his stubbornness” and accusing the prime minister of working with “foreign countries” against Lebanon’s interests.

“This will happen very soon; he will not have time to pack his things because he will be forced to leave quickly,” General Aoun said, adding that he had warned of “dangerous repercussions” if the government did not resign.

“Now we will choose the appropriate time to achieve the desired change in our own way,” he asserted, setting off another round of recriminations between the March 14 group and his supporters.

Mr. Hariri, the son of the assassinated former prime minister, has been slower to try to reclaim his standing. He returned from Saudi Arabia and elsewhere as the cease-fire was being declared, and has made a few speeches. His deputy, Mr. Jumblatt, still in the mountains, held a news conference in which he was critical of Hezbollah and asked “to whom will it offer its victory.”

Anyone who wants to wrest the spotlight from Hezbollah and its leader, Sheik Nasrallah, faces an uphill battle, given the respect both won throughout the Islamic world for standing up to Israel’s military might.

“We are all in awe of Hezbollah,” said Jamil Mroue, the publisher of the English-language Daily Star and a secular Shiite.

But like many Western-oriented Lebanese, he is troubled by Hezbollah’s militant Islamicism, its ties to Iran and its willingness to maintain a virtual separate state, adding: “At this stage I cannot look at the situation and say there is a glimmer of light.”

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On Saturday, one of Syria's most important allies here, Nabih Berri, the wily speaker of Parliament, moved to smooth the waters by calling for something everyone could agree on: protesting the continued Israeli air and sea blockade.

Mr. Berri, a Shiite whose Amal movement is aligned with Hezbollah in Parliament, announced a round-the-clock sit-in in Parliament until the embargo was halted.

Politicians from all factions dutifully reported to the Parliament building on a plaza in the beautifully restored downtown, its clock tower now decorated with gory pictures of children wounded in Israeli air raids. Many arrived in identical charcoal-gray Mercedes with smoked windows.

Even Nayla Moawad, a Maronite Catholic and an outspoken March 14 figure in Parliament, had praise for Mr. Berri as she left the meeting, saying: "He is behaving in a very responsible manner."

Nonetheless, Ms. Moawad, whose husband, René, was president for 17 days in 1989 before being assassinated, warned that "these are very dangerous times," and noted that Syrian President Bashar al-Assad had been "very clear in his threats."

A cache of explosives had recently been discovered in the north, she said, and it could only be intended "not to fight Israel, but for car bombs and political assassinations."

When the Lebanese talk politics, it is a quick descent into a Levantine labyrinth of old grudges, treasured grievances, remembered massacres and betrayals, and the hands of shadowy outside forces — most of them probably true.

The French were the mandate power here after World War I and, to make Lebanon more economically viable, attached the largely Shiite rural hinterlands of the Bekaa Valley and southern Lebanon to the mountains and coastal cities populated by Greek Orthodox, Maronites, Druse and Sunni Muslims.

As Catholics, the French were particular patrons of the Maronites, stacking the political system, where power is allocated by sect, in their favor. But there has been no census since 1932, because it would threaten the political system.

Shiites are now believed to number about 40 percent of the population, the largest single group.

Sheik Nasrallah appeared to be trying to ease fears that Hezbollah would try to seize more power in his two-hour television address last Sunday night, saying there would be no "second round" of fighting.

Dr. Amal Saad-Ghorayeb, a professor at the Lebanese American University who has written extensively about Hezbollah, said the speech was directed primarily at Christians and Sunnis.

"It's a way to assuage their fears," she said. "He adopted a modest tone. He was even apologetic, unheard of in Arab politics. He wants to downplay fears of Shiites running the country."

It is, she added, "a very, very delicate situation."

Hezbollah Announces Commander's Death (AP)

AP, September 3, 2006

Hezbollah announced Saturday the death of a military commander from wounds suffered in monthlong fighting with Israel, the highest-ranking guerrilla the group admits losing in the war.

"The commander Hajj Ali Mohammed Saleh Bilal was martyred from wounds he sustained in the confrontations," the group said in a statement carried on Hezbollah's al-Manar TV.

It did not give his rank other than commander, meaning he was from the military wing.

Lebanese security officials, speaking on condition of anonymity, said Bilal was a sector military commander, but had no further details.

Before the announcement, Hezbollah had acknowledged losing 68 fighters out of more than 800 Lebanese killed in the fighting. Most of the rest are civilians.

Israel has said it killed hundreds of guerrillas.

Hezbollah officials have said none of the top leadership was hurt. Naim Kassem, the deputy Hezbollah leader, has said in interviews that his son was badly wounded.

Israel's 34-day offensive on Lebanon was set off when Hezbollah guerrillas captured two Israeli soldiers in a cross-border raid July 12.

Malaysia Intent On Sending Troops To Lebanon: PM (AFP-Y)

AFP, September 3, 2006

Malaysian Prime Minister Abdullah Ahmad Badawi has said his country is intent on sending peacekeeping troops to Lebanon, but is still awaiting the green light from the United Nations.

Malaysia has offered to send 1,000 soldiers to Lebanon to boost an expanded UN force, although Israel has objected because the two countries do not have diplomatic ties.

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"(The UN) have not made a decision. The UN is now only asking European nations to send the peacekeepers," Abdullah was quoted as saying late Saturday by the state Bernama news agency.

"But Malaysia is firm on its stand to send our peacekeepers once we get the call from the UN," he said.

Malaysia has urged the United Nations to allow its soldiers to join the UN Interim Force in Lebanon despite Israel's objections to countries taking part which do not recognise the Jewish state.

Malaysia strongly criticised Israel during its military offensive in Lebanon, but says its troops, which have peacekeeping experience in other countries, would be impartial.

Malaysia is the current chair of the 57-nation Organisation of the Islamic Conference, and Abdullah said his preference was to have peackeepers from OIC countries in addition to European troops, Bernama reported.

Indonesia, which does not have diplomatic relations with Israel, said Friday that Tel Aviv had dropped objections to its participation, and that Jakarta would send send up to 1,000 troops.

European nations have pledged 7,000 troops, including 2,000 from France, which will lead the UN force until February when Italy will take over.

Fighting May Be Over, But Lebanon's Tourist Industry Still Suffering (MCT)

By Leila Fadel

McClatchy Newspapers, September 3, 2006

BEIRUT, Lebanon - With a two-week-old ceasefire holding, Beirut's nightclubs once again are filled with dancing young people, the streets are noisy with the sounds of traffic and fashionistas crowd the shopping districts.

But this seeming return to normal masks a terrible sense of loss: The summer that was supposed to mark Lebanon's return as one of the world's premier tourist destinations is gone, and so is the confidence that made the country's business community eagerly press toward the future.

Lebanon's tourism industry had huge hopes before July 12, when Hezbollah guerrillas abducted two Israeli soldiers, setting off a 34-day conflict. More than 1.6 million tourists were expected to flood into the country, more than any other year in the country's history. They were expected to spend $4.4 billion in Beirut's lavish hotels and upscale shopping district. Huge music and dance festivals were planned for Byblos, Beiteddine and Baalbek.

Instead, tourists fled as Israeli pounded out bridges, buildings and roadways. With them went 60 percent of the expected revenue and any hopes that tourism will become an engine of growth, at least anytime soon. Two-thirds of Lebanon's economy is service-based.

"This 34 days of war has affected the tourist activity for the coming three years," Joe Sarkis, the minister of tourism, said as he sat on his balcony on a recent afternoon outside the town of Broumana, north of Beirut.

Sarkis, a Christian politician and frequent Hezbollah critic, has spent the year since he assumed his position promoting Lebanon as a destination with beautiful people and places. Now he's trying to figure how to rid the country of its image as a place that seems unable to escape the violence of a brutal 15-year civil war, car bombings last year after the assassination of former Prime Minister Rafik Hariri and this summer's Israel-Hezbollah conflict.

First, he's seeking a moratorium on debt collections for tourist-related businesses so they won't be forced into bankruptcy. Then he plans to assess damages and compensate unemployed tourist-industry workers so they don't leave the country. After that, he'll begin mapping out a $2.6 million marketing plan that he'll put into effect only when he's certain the fighting isn't about to restart.

"We cannot act like nothing happened on July 12, launch a campaign and tell the people - Arab or European or Lebanese emigrants - come to Lebanon, a quiet and peaceful country, and then receive them like last time, with bombs," he said.

In June, hotel owners were beginning to see what a resurgent Lebanon could be like.

In Byblos, a 7,000-year-old city north of Beirut, people packed the hotels for a summer-long music festival that was to feature international stars such as French singer Francis Cabrel. In the old marketplace, which dates to the Ottoman empire, tourists were jammed shoulder-to-shoulder. An anticipated concert by Sean Paul, a reggae and hip-hop artist, and two performances by Moroccan humorist Gad Elameh had sold out as soon as tickets went on sale.

Now Latifee Lakkes, 66, the president of the festival's executive committee, sat at an open cafe on the cobbled paths of the old city and bemoaned what might have been. Nearby, a small stage, set up for sideshows during the festival, stood empty in front of a garden. The only customers at the cafe were a spattering of residents.

The festival gave refunds to those who'd bought tickets, paid every artist whose performance had been canceled and lost at least $1.2 million, Lakkes said.

"God willing, Lebanon bounces back easily and quickly," she said.

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In June, Melhem Hage, the managing director of the quaint 39-room Byblos-sur-Mer Hotel, overlooking the harbor, was expecting a record year. His hotel was packed with visitors. Now his employees have no one to serve, and tourist brochures sit untouched. Full bottles of alcohol wait behind the bar. He'd had one customer since the conflict began, a journalist.

It was the first time since 1967 that his hotel had had no guests. Even the civil war was kinder; then, Byblos was considered a refuge from Beirut's carnage.

"I have a problem from this bloody war," he said as he unlocked an empty suite to reveal velvet-covered chairs, mosaics on the wall and a balcony that overlooked the black water of an oil-filled beach. "I don't have enough to pay the salaries for the month of July, and for August I have nothing. We wait for this season to make money for the remainder of the year."

Hage no longer takes his morning swims in the sea. An oil spill caused by Israeli airstrikes ended that. It also ended fishing, which has been a mainstay for thousands of years, while fishermen wait for the water to be cleaned up. The seafood restaurants - one of which Hage owns - are empty.

"All the bookings for the remainder of the year are canceled. The people left like a train leaving the station - whoosh," he said. "People come here to eat fresh fish and swim in the sea. Now the beach season is ending and people are afraid to eat the fish."

In downtown Beirut, the usually packed sidewalk cafes serve a handful of bored Lebanese. Shop owners who cater to tourists sit outside in plastic chairs playing backgammon and smoking. A copy of TimeOut magazine is filled with events that never happened during the summer.

One recent Friday, the tables at Grand Cafe were empty. Manager Jaber Mounzer, 30, sat outside, drinking tea and fiddling with a yellow string of prayer beads.

"We are losing $2,000 a day," he said. "We're waiting for something from God."'

Usually, the phone rings constantly with people seeking reservations. "Now no one calls; only my wife," he said.

Seventy employees have been cut. "We will wait one month, maybe two months, and if nothing changes we can't open anymore," Mounzer said.

Besieged (NYT)

By Scott Anderson

The New York Times, September 3, 2006

Things were getting back to normal in Tyre. The bomb craters in the main streets had been filled in with dirt, which slowed traffic but at least made passage possible. Some of the town's more spectacular ruins were already being shoveled into great heaps of rubble. Under the blanching sun of late August, the Lebanese port city — 12 miles north of the Israeli border on the Mediterranean coast — was returning to its usual dog-day rhythms. In the mornings and again in the late afternoons, shoppers crowded the central market, families strolled the corniche, the old seaside promenade, and traffic along Jal al Baher Street, the main thoroughfare on the east side of town, was a honking, barely moving mass. The midday hours, however, were given over to a heat-imposed somnolence. In the old city, residents settled in their leafy courtyards or brought chairs out to the narrow alleys to while away the time with neighbors. The outdoor cafes along the marina filled with men who appeared able to muster only enough energy to smoke. It was a city at rest. Even Tyre's multitude of cats took part, gathering in bunches to sleep under the shade of parked cars.

But there was also something new in Tyre. Spanning the highway at the northern outskirts of the city stood a high, triumphal arch quickly constructed from wood and yellow cloth. That color featured prominently on the scores of new posters and banners that lined Jal al Baher Street — that were to be found on lampposts and billboards throughout the east side of the city, in fact. The images on these posters varied, as did their slogans, but all ultimately echoed the same thing: praise for Hezbollah, praise for "the divine victory" just won.

It was Aug. 8, and the city had been under attack for 24 days. Sitting on the veranda of her elegant house overlooking the marina of old Tyre, 46-year-old Madona Baradhi was extolling the virtues of her hometown. From a prominent Christian family whose members can trace their roots in Tyre back centuries, Baradhi, an effervescent and congenitally cheerful customer-service representative for the Libano-Française bank, explained that she had traveled much of the world and found no place better.

"Always when I am on vacation," she said, "the last few days, I just want to come home because I miss Tyre so much." She waved a hand out over the bay. "Every day I swim, I walk to my job in downtown, I go to the market. And the people here are wonderful — very tolerant and easygoing. We've never had any of the difficulties between the different groups like other places in Lebanon."

Three days earlier, Baradhi's veranda had afforded her a panoramic view of a predawn, three-hour battle across the bay. Israeli commandos, apparently dropped by helicopter, attacked Hezbollah positions, killing at least eight, then covered their

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withdrawal by strafing the oceanfront promenade a half-mile away with helicopter gunships. The previous afternoon, she watched as four apartment buildings in the northern, predominantly Shiite suburbs were brought down by heavy Israeli bombs in great clouds of black smoke and brown dust. Even on that early evening, as she sipped espresso on her veranda, the concussion of the explosions on the east side of town, two miles away, were powerful enough to occasionally rattle her home's windowpanes, to cause its old joints to creak.

"My friends in Beirut keep calling me," she said. " 'Come stay with us. Tyre is so dangerous.' But no. How can I leave all this?" She waved her hand again over the picturesque marina: no one was moving on its stone walks; the colorful fishing boats had sat in their moorings for weeks.

What appeared to be an almost delusionary optimism may actually have been a practical fatalism, an understanding of the city's violent history. Tyre's very geography was formed by war. During the Phoenician era, the heart of the city was an impregnable island fortress just off the coast that withstood countless sieges — until 332 B.C., when one of its besiegers, Alexander the Great, came up with the idea of building a massive stone causeway to the island. The city fell to his men, and over the centuries, drifting sand built up around his causeway, forever linking the island to the mainland.

Tyre's history is a dizzying saga of rise and fall, periods of splendor followed by ones of abject ruin; the Egyptians, the Romans, the crusaders and the Ottomans all passed through the city, and all left their mark for good or ill. This march of civilizations and armies made Tyre into a complex mosaic of cultures, religious sects and ethnic groups, a multicultural checkerboard that is both the enduring promise and the enduring tragedy of the place: promise because the city's extraordinarily resilient people always rebuild and patch things over; tragedy because they always have to. In just the past 31 years, the city has endured a civil war, a foreign military occupation, a half-dozen air or naval bombardments and at least two massive suicide bombings.

Despite this sad legacy — perhaps because of it — Tyre has long had a reputation as a relaxed and open-minded place. Residents of all sectarian and political stripes tend to echo Baradhi's view of their city as a haven of comity and tolerance. What's more, until mid-July of this year, Tyre appeared on the cusp of a very bright future, about to catch the economic boom that had so transformed Beirut and other Lebanese coastal cities in recent years. Designated a Unesco World Heritage site for its profusion of Hellenic, Roman and Byzantine monuments — among other archaeological highlights, Tyre can lay claim to the world's largest Roman hippodrome — the municipal government had just embarked on the construction of a new stretch of oceanfront promenade along the neglected south shore of the old city, workers laying tiles and erecting lampposts. Along Jal al Baher Street, construction was under way on a modern shopping mall, while on Tyre's south bay a small vacant lot had just sold to a hotel consortium for nearly $2 million, a figure that astounded locals but testified to the city's growing tourist industry and dearth of decent hotel rooms. Tyre did not yet have a Starbucks — so far in Lebanon, those symbols of the arriviste city were limited to Beirut — but by this summer it was easy to imagine that that blessed day was close at hand.

And then, quite literally, a bomb dropped. It happened at about 5:30 on the afternoon of Sunday, July 16, while Madona Baradhi was swimming with her nieces and nephews at the fine, white-sand beach beside the Tyre Rest House, the city's most exclusive hotel. "It was a very nice day," she recalled, "hot but not too humid, and a lot of people were in the water. Suddenly, we heard a very loud boom, and when I looked to the city, I saw this great cloud of black smoke rising up from downtown. That's when we knew Tyre was to be targeted also."

The signal event that set this in motion came four days earlier, when Hezbollah guerrillas launched a bold assault on an Israeli Army border outpost, killing three soldiers and taking two others prisoner. The Israeli response was predictably swift, if unexpectedly fierce. That same day, the Israeli military carried out airstrikes on some 40 suspected Hezbollah strongholds throughout southern Lebanon, then expanded their targets the following day to include the runways of Beirut's international airport and highways and bridges throughout the country. When the heavy bomb dropped on Sunday afternoon — it destroyed the top four floors of an apartment building and killed at least 11 — the residents of Tyre knew that, once again, war had come for them.

"Within minutes," Baradhi said, "everyone had left the beach, and by that night, everyone was leaving Tyre. I could see them from here." On her veranda, she pointed to a headland four or five miles away. "A solid line of red taillights, everyone going north."

As it turned out, Baradhi's decision to stay was not based on simple blithe disregard. By way of explanation, she led me into her study and took a framed photograph down from a bookshelf. In the fall of 1982, when fighting between Israeli troops and Palestinian guerrillas turned the old city of Tyre into a pitched battlefield, the Baradhi family was evacuated to the Tyre Rest House. The photograph was taken there: her father looking somewhat befuddled in the foreground; a pensive, young Madona behind; and in the background, a large crowd of other displaced people.

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"We were only there a few days," she said, "but even that was enough to show me what it was like to be a refugee. When we returned, the house had been badly damaged — you can still see the crack in the wall outside. This is why I will not leave now, because in Lebanon you can leave your home and never come back." She carefully set the photograph back on the shelf. "I look at it very often. I always keep it close to me."

Baradhi's decision also pointed up one of the fault lines that runs through the city. In the days after that first bomb was dropped on Tyre, and under a rain of Israeli leaflets ordering its inhabitants to leave, an estimated 95,000 of the city's 110,000 residents fled north. The pattern of exodus was not uniform, however; instead, it appeared that many calculated who this war's principal victims were likely to be and made their choice accordingly. The overwhelming majority of Shiite civilians living in the Hezbollah strongholds at the east end of town — close to 100 percent in some districts — understood that they were at ground zero and left. In other parts of the city — in al-Bass, the Palestinian refugee camp closer to downtown, and in the Christian quarter at the westernmost tip of the coast — perhaps half the population remained. As time went on and the violence intensified, this phenomenon lent Tyre a surreal quality: vast urban stretches where nothing moved and no one was seen interspersed with pockets where a modicum of normal life continued, where stores were open and old men gathered in cafes to observe the destruction occurring elsewhere.

To the question of why she supported Hezbollah, Amira Khassem, a 58-year-old shopkeeper, seemed perplexed, as if the answer was utterly self-evident. "Because they are the resistance." She shrugged. "Because they have brought order." Khassem evidently saw no contradiction between those two words, "resistance" and "order." Nor did she seem to appreciate that the "order" Hezbollah had brought to south Lebanon had precipitated a war that had turned much of the region into a battlefield and all but crippled the small grocery store that she and her husband ran in downtown Tyre. Just around the corner from their shop on Abu Deeb Street, two weeks into the war, Israeli warplanes flattened a six-story building reported to be one of Hezbollah's local command centers, turning the surrounding commercial district into a ghost town. For Khassem, "order" was a good deal simpler.

"As a woman, I used to be very afraid walking alone around here after dark," she told me in the fourth week of fighting. "With Hezbollah here, I know that now I am completely safe, that nothing will happen to me."

When I asked her who patrolled the streets prior to Hezbollah, Amira shrugged again. "No one."

One of the consequences of the 18-year cat-and-mouse war between Hezbollah and the Israeli occupying army in south Lebanon was the collapse of virtually all Lebanese government institutions in the region. It was a void Hezbollah deftly filled. Using money funneled from Iran, Hezbollah established an elaborate social-welfare apparatus — schools, soup kitchens, medical clinics, even law enforcement — designed to meet the needs of its Shiite constituency throughout the country, but most especially in the war-torn south. By the time Israel finally withdrew from Lebanon in 2000, Hezbollah had become the de facto government in the region. The party had already joined the Lebanese political process; today, with a tenth of the seats in Parliament, Hezbollah has earned a place in the current coalition government and also, given Lebanon's political patronage system, the ability to ensure that greater economic benefits flow to its supporters. In essence, then, the Party of God (the literal translation of Hezbollah) has emerged as the bringer of order and services to a chaos and ruin it helped create.

And yet, according to many residents I spoke to, until mid-July of this year, Hezbollah was neither particularly popular nor trusted in the progressive and easygoing streets of Tyre. While Hezbollah members were respected for their social-service programs for the poor and their personal code of conduct — as part of a general morality checklist, members are not supposed to smoke or drink — many city residents felt a lingering unease over the party's ultimate intentions. The Party of God had long since muted its more radical rhetoric, including its call for an Iranian-style Islamic government in Lebanon, but was it all a ruse to lull their opponents to sleep?

Such fears extended into the Shiite community. In the most recent elections for Tyre City Council, Amal, the other principal Shiite political party in Lebanon, ran a quiet scare campaign suggesting a Hezbollah victory would mean segregated beaches and a ban on outdoor cafes serving alcohol. The tactic apparently worked; in the council elections, the Amal slate (with the support of the Christian minority) swept Hezbollah. Even into the first days of this summer's war, some in Tyre admitted to a quiet satisfaction that, at last, Hezbollah was getting theirs, that however hard the Israelis might strike their enemies, the Party of God had brought it on themselves by their reckless cross-border adventurism.

That attitude soon changed. With Hezbollah giving Israel a far better fight than anyone had anticipated, and with Israeli warplanes engaging in what most in Tyre viewed as the wanton destruction of Lebanon's infrastructure — highways, bridges, gas stations and power plants throughout the country were bombed — national pride and national anger fused together in support of Hezbollah. In Tyre, the catalyzing moment came with the July 16 apartment-building bombing; the following day, three children were critically injured when Israeli warplanes blew up the canal they were swimming in. After that, even most Hezbollah critics in the city came to regard the Israeli offensive as an attack on the entire Lebanese nation. The militiamen who launched their

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Katyusha rockets on Israel from the farm fields surrounding Tyre were no longer viewed as the cause of the city's woes, but as the city's only defenders.

This sense of civic unity played out in myriad ways. After keeping a lower profile in the early days of the war, the Hezbollah auxiliaries — the teenage spotters on their motor scooters, the bearded functionaries in their 20's with their walkie-talkies — suddenly were to be found throughout the city, lounging on street corners, calmly walking past police checkpoints. Defiant posters bearing the Hezbollah logo or the likeness of its bearded and bespectacled leader, Sheik Hassan Nasrallah, were pasted to more and more walls and city monuments. Even Chucrallah Nabil Hage, the Maronite archbishop of Tyre and a man who would seem unlikely to be a fellow traveler of Islamic fundamentalism, allowed that Hezbollah was now seen as the chief protector of the city and the nation. "I've always had very good relations with them," he explained to me as we sat in the stone courtyard of his church in the Christian quarter. "They are very forthright and decent men."

What did not change was the elusiveness of the actual fighters. As arguably the world's most disciplined and hierarchical guerrilla organization, Hezbollah's military wing operates with both a cell structure and a pyramid structure: small units of salaried "soldiers" maneuvering independently of one another, occasionally coming together for joint missions ordered by the next rung up the chain of command, their security and secrecy maintained from below by an army of spotters, couriers and neighborhood patrolmen. A walk down a city street that might conceivably lead to a Hezbollah outpost would invariably end — for a journalist, anyway — in a young unarmed man stepping from the shadows to politely, but very firmly, announce that the path forward was "blocked." In this war, the fighters in the streets were determined to remain almost as invisible as their enemies in the sky.

This vast "neighborhood watch" apparatus also made it very difficult to tell where support left off and coercion began. Any interviews attempted in public settings — in a refugee camp, for example — would usually lead to a young man with a close-cropped beard suddenly appearing at the periphery, casually taking note of the questions asked and the answers given. Even Hezbollah supporters who lauded the movement's social-services programs in their district became visibly nervous if asked for help in locating an actual recipient, as if even this benign peek into the organization might be a breach of the rules on the street.

Perhaps the most intriguing aspect of this code of silence centered on the conflict's victims. In their "all front" war with Israel, Hezbollah had meticulously planned for the psychological dimension, and it appeared that a crucial component in this was to minimize the reporting of their battlefield casualties. On this front, they were able to rely on the support — or acquiescence — of the local medical establishment. While journalists were routinely allowed access to those hospital wards containing wounded women and children, other wards — presumably those housing adult males — were off-limits, blocked by orderlies or the requisite bearded young men. The same pattern extended to the dead: occasionally ghoulish public displays of the torn bodies of obvious civilians and a curious absence of those of fighting-age men.

Each car in the long convoy was crammed to overflowing — women, children, the elderly — and as they passed, all stared back with wide, uncomprehending eyes. They were coming from a cluster of villages at the extreme southwest corner of Lebanon, flush on the border with Israel, and for the past two and a half weeks, they had sheltered in basements and root cellars as their communities on the war's front lines were pounded into rubble. Taking advantage of a lull in the fighting, they had chosen that day — July 31 — to make their escape, fastening strips of white cloth to their cars' antennas and falling in behind a small United Nations convoy heading for Tyre.

The reason for the lull was itself rooted in tragedy. The previous morning, Israeli warplanes bombed a home at the edge of Qana, a small town eight miles southeast of Tyre, in the basement of which two extended families had taken shelter; by the time rescue workers were finished, 28 bodies — 16 of them children — had been pulled from the ruins. By perverse coincidence, Qana was the same town where Israeli artillery killed 108 residents seeking refuge in a United Nations compound during the 1996 incursion known as Operation Grapes of Wrath.

In response to the outcry over the bombing, Israel had announced a 48-hour suspension of "offensive" aerial operations. While no one was quite sure what that meant, throughout south Lebanon, rescue workers struggled to reach those who had been trapped by the fighting and get them out. Where many of them were taken was to the four-story U.N.-administered school in al-Bass, the Palestinian refugee camp in Tyre that had long ago become more like a Palestinian neighborhood. If it struck anyone as ironic that Lebanese should seek sanctuary in a Palestinian refugee camp, it was actually an irony that didn't end there; al-Bass was originally a refugee camp for Armenians escaping the genocide in Turkey in 1915, a purpose that changed only with the flood of displaced Palestinians into Lebanon following the 1948 Arab-Israeli War.

Farouz Atamian, a 51-year-old sanitation worker for the municipal government and one of the last Armenians in al-Bass, has lived there his entire life. "It's very nice here," he told me during the war, while sitting in the small garden of his ramshackle home. "We have more room than most of the others because we are one of the original families in the camp."

Among the estimated 10,000 Palestinian inhabitants of al-Bass, there seemed to be a kind of collective discomfiture over what was happening in their adopted home, a sense that while this wasn't technically their fight, perhaps it should be. After all,

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Hezbollah was taking on the "Zionist entity" and doing very well, and this was the same enemy the Palestinians had battled with far less success for 58 years.

Their sideline status in this fight could partly be attributed to the historical schism that runs through Islam — Hezbollah is Shiite, Palestinians are overwhelmingly Sunni — but it also underscored the troubled position they hold generally in Lebanon. Seen by many Lebanese of all persuasions as a destabilizing force in the country, Palestinians are often held to blame for the 1975 civil war and even more for historically using Lebanon as a base to attack Israel, then offering only feeble resistance in the face of Israel's periodic and ruinous retaliatory attacks. As many Shiites in Tyre will point out, usually with a touch of pride, it was the Palestinian presence that provoked the 1982 Israeli invasion that so devastated their city, while it was Shiite militiamen — precursors to Hezbollah — who dealt the invaders their greatest blow: the successive bombings of Israel's two command centers in downtown Tyre in 1982 and 1983 that together killed 135 Israeli soldiers, events still referred to in Israeli military circles as the first and second Tyre catastrophes.

"In this war against Israeli aggression, we all have our roles to perform," explained Abu Hussein Ali Salem, a craggy-faced man of 66 who is one of the "civic leaders" of al-Bass camp. "So far, Hezbollah has taken the lead on the battlefield, and we" — the Palestinians — "are contributing from behind: by taking care of the wounded, the refugees. That, of course, could change at any time. If we feel our place is on the battlefield, we are all prepared to go."

As a younger man, Salem explained, he had been a fighter for the Popular Front for the Liberation of Palestine, the militant Palestinian guerrilla organization responsible for many of the more spectacular terror attacks against Israel in the 1970's. He claimed to have taken three Israeli soldiers prisoner during the bitter battle for Tyre in 1982 and subsequently to have executed them. "It was at the north end of the city," he said, "and I was cut off from my unit. The Israelis were advancing, and I had to leave, so I just turned to them with my machine gun — pffft." He swept a gnarled finger before him. "I had tried to talk to them before, but they never said a word. They died right there."

There was something slightly unconvincing about this story — or perhaps it had just dulled in the telling over the years. In any event, Salem professed to be more interested in the future. "If the Israelis come to al-Bass, it will be their graveyard. All of us here are ready to fight — and we will fight them as well as Hezbollah."

During Israel's air-war suspension, several thousand refugees had come into Tyre from the southern villages. Most continued up the coastal highway to Sidon or Beirut, determined to get as far away as possible from the principal battle zone, generally delineated as everywhere south of the Litani River. Nevertheless, a more buoyant mood began to spread among many who remained in Tyre, a seeping optimism that the respite might be the harbinger of a general cease-fire. Those hopes ended when, just before the close of the 48-hour window, Israel resumed its airstrikes on the city's outskirts.

On the first day of the resumption of the fighting, I dropped by the U.N. school in al-Bass camp to talk with some of the newly arrived refugees. Each classroom had been taken over by several families — usually grouped together by their home village — and set in neat stacks were whatever meager belongings they had managed to grab up in their flight: blankets, plastic bags filled with clothes. In the corridors outside, a surprising number of elderly women paced or sat slumped against the walls, many of them muttering to themselves or to anyone who came into their range.

At about 4 p.m., the building reverberated from the sound of four very loud bangs — apparently nonlethal concussion grenades detonated close by — and at one corner of the school courtyard, girls began running into one another's arms, screaming and crying. More girls kept rushing in to join the group, the hysteria infectious, until perhaps 40 of them were mashed together in one small, screaming knot. A man hurried over and began pulling the girls free, yanking them from each other's arms one by one, as if he were breaking up a fight.

On the morning of Aug. 3, a small crowd of doctors, orderlies and volunteers from the Lebanese Red Cross milled about the parking lot of the government hospital in al-Bass. They had gathered there to perform a mass burial. Muslim custom holds that the dead should be buried in their home villages, and quickly — on the day of their death whenever possible. But that tradition had now collapsed in south Lebanon. Because of both the sheer numbers of victims and the exodus from the region that the war had sparked — often, there were no family members around to perform the ceremony — bodies were being brought to the government hospital in al-Bass and warehoused in two refrigerated trucks outside its gates.

Hospital administrators had already performed one mass burial in late July. A backhoe had cut two long trenches in a nearby field, the 72 dead were set down in neat rows — each coffin identified by a number so it could eventually be reinterred in the home village of the deceased — and then the trenches were filled in, the whole task completed in a couple of hours.

By early August, however, the trucks were full again. Off to one side of the hospital parking lot, stacks of coffins for future victims were piled five and six high, maybe 100 in all. As proper wood had long since disappeared from Tyre, these were made from cheap shelving material — particleboard topped by a thin veneer of white plastic — and affixed with simple stainless-steel

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door handles for lifting. The local Palestinian carpenter who had constructed most of the coffins, Ali Hussein Firmawi, estimated that they cost $40 apiece and that he had already built around 185.

"They only take about 10 minutes to make," he said. "A little longer for the children, because those sizes aren't standard." He was not at all proud of his work, he explained — to build a proper coffin took weeks — but the need was urgent, and he had no choice in the matter.

After much conferring, the hospital administrators decided to postpone the burial because of "the security situation"; there was a lot of shelling around the city that morning, and a large gathering of people might draw the notice of the Israeli warplanes and drones overhead. Over the coming days, there would be more postponements, and the odor emanating from the trucks would grow until it permeated a wide swath of al-Bass camp.

Tyre now became a city closing in on itself. Against the near-constant thrumming of invisible Israeli spy drones — a sound very much like a lawnmower — the Hezbollah fighters on the outskirts of town and in neighboring villages launched ever more Katyusha rockets toward Israel, drawing ever more Israeli bombing raids in response. As the city grew increasingly isolated from the outside world, rumors became the currency on the streets: there was about to be a peace deal; Israel had finally launched its much-delayed ground offensive; Hezbollah had Israeli forces pinned down just inside the border; the Israelis were sweeping north and might be in Tyre within hours.

The pace of events only added to a general sense of fatigue and disorientation. In the predawn of Aug. 5, there came the Israeli commando raid that Madona Baradhi witnessed, and later that same morning, a missile attack on Jal al Baher Street that killed two young men on their motor scooters. The next afternoon, Israeli missiles hit several cars on the coastal road, their occupants apparently trying to run the gantlet out of the city. Rumors floated back that a family was killed trying to follow an International Red Cross convoy out of town; an alternate rumor held that the car had been coming the other way and traveling alone and that the missile had wounded two.

Along with a cluster of doctors and nurses and other journalists, I was waiting by the emergency-room entrance of Jabal Amel hospital for those coastal-road casualties to be brought in when there came a terrific bang very close by. Two hundred yards down Jal al Baher Street, two Israeli antipersonnel missiles had exploded, and amid a swirl of brown dust and leaves torn from a nearby tree, a wounded man lay on his back in the street. He had just raised his right arm and appeared to be trying to stand when a third missile came in, lifting him six feet in the air and catapulting him face down onto the sidewalk. Incredibly, the man still clung to life, his mouth gasping for air, his severed right arm lying amid a sprawl of plastic coffee cups and shredded leaves. Within minutes, an ambulance arrived to take him up to the Jabal Amel emergency room, where, with one last shudder, he finally died. Nurses quickly wrapped his body in thick plastic sheeting.

The situation just kept getting worse. On Aug. 7, the Israeli military announced a ban on all vehicular traffic south of the Litani River. The sole exception, they said, would be medical vehicles with prior approval — although Israel wasn't giving approval to anyone, so the point was moot. The ban meant that the city's problems, already dire, were about to have a cascading effect. With all gas and oil deliveries cut off for nearly a month, its hospitals and ambulances were operating on emergency backup supplies — and they, too, would start running out in another week or so. With stores of insulin dwindling, Tyre's diabetics might soon start dying. With thousands of refugees crowded into the city's schools and the sanitation system collapsing — to say nothing of the still-unburied bodies decomposing at the edge of al-Bass camp — there was growing concern of an epidemic.

"So right now, we're experiencing a humanitarian crisis," Dr. Ghassan Farran, a member of Tyre's city council, told me on Aug. 8. "Very soon, it will be a catastrophe." Somehow things got worse yet — Israeli warplanes destroyed the last small bridge across the Litani. A fallen tree was maneuvered into place to span the breach, but even this merely underscored a remarkable fact: the only way in or out of a city that had once been home to more than 100,000 people was now across a single 18-inch-wide log.

And then on Aug. 12, the Israeli and Lebanese governments finally agreed to a U.N.-brokered cease-fire, Resolution 1701. After one last furious exchange that continued right until the moment the cease-fire took effect, the guns and rockets and warplanes fell silent over southern Lebanon.

Within the air-conditioned confines of her office in the Libano-Française bank, Madona Baradhi was in a fine mood. Just over a week into the cease-fire, most of the residents of Tyre had come back from their temporary exiles. The central market was filled with shoppers, and the candy vendors had returned to their little stands on the northern corniche.

"Everything must come to an end," she said, "and so it has with this war." Still, Baradhi admitted, it had been a trying week. Each day since the bank reopened had brought a steady stream of people into her office who had lost everything and were trying to figure out how to rebuild their lives again. "They are taking out their savings, their pensions, trying to arrange loans — so many people. That is why I say the Lebanese are both the winners and losers in this war. We are the winners because we resisted Israel, but we are also the losers for how much we suffered."

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As to the question on everyone's mind — whether the cease-fire would lead to an extended period of peace, or was merely a prelude to the next round of war — Baradhi, like many in Tyre, was philosophical. "Of course, I hope for peace, but it depends on the people, the choice they make."

In the Shiite neighborhoods on the east side of Tyre, that choice appeared to have already been made. With its "sacred victory" over Israel, support for Hezbollah had soared, and the Party of God was riding that crest both by maintaining its defiant stand and by, once again, being seen as the chief provider to those in need. In the war-damaged neighborhoods, as in the ruined villages throughout the south, Hezbollah engineers were surveying the damage that had been done and drawing up blueprints for reconstruction, while the party's field representatives were handing out cash payments to the homeless. As for Hezbollah ever surrendering its weapons to the incoming Lebanese Army and U.N. peacekeepers — both the most crucial and contentious point in the debate over Resolution 1701 — the idea was met with derision by the group's supporters.

"Why should the winners give up their weapons?" asked Moen Zaidan, an orange-juice seller on Abu Deeb Street. "That never happens in war. No, Hezbollah knows it must keep its weapons to prepare for the next war." As for when that war might come, Zaidan claimed to have a reliable guide. "We'll know it's starting by what happens in Kiryat Shemona," he said, referring to the town in northern Israel that has been a frequent target of Hezbollah's rockets. "Because we are in a balance with them. If the Israeli Army moves back there, then we'll know it's about to happen."

In this part of town, few seemed to doubt that war would break out again; the real topic of discussion was when. Perhaps this cease-fire would last for a few weeks, perhaps for a few years, but at some point, the missiles between Hezbollah and Israel would start flying again. In the meantime, Ali Hussein Firmawi, the Palestinian coffin maker, was staying busy. With the cease-fire, his open-ended work order with the municipal government to build temporary coffins had come to an end, but, he said, he had recently been commissioned to build 40 more.

"For Hezbollah," he explained outside his small carpentry shop in al-Bass. "These are to be of much better quality than the other ones. And the good thing about Hezbollah, they always pay upfront, and in cash."

Palestinian Teachers Begin New School Year On Strike (NYT)

By Greg Myre

The New York Times, September 3, 2006

JERUSALEM, Sept. 2 — Most Palestinian schoolteachers went on strike on Saturday, the first day of the school year, in the latest protest over wages for Palestinian government employees who have gone largely unpaid for nearly six months.

Other government workers also joined the strike in what was seen as the largest work stoppage since the Hamas-led government came to power in March.

Most public schools throughout the West Bank and the Gaza Strip were reported closed, though a limited number of teachers turned up at some schools.

Ismail Haniya, the Palestinian prime minister, and his government, which has paid salaries only sporadically, opposed the strike and urged teachers to go to their classrooms. Armed Hamas members turned up at schools in Gaza.

Most teachers and students, however, stayed away. The government employees' union, which has been aligned with Fatah, the party ousted in the Palestinian elections in January, supported the strike.

Israel has withheld Palestinian tax revenues, and the United States and the European Union cut off aid to the Palestinian Authority after Hamas, which they consider a terrorist organization, won the elections. As a result, the Palestinian government has been unable to meet the monthly payroll for about 175,000 government workers, including thousands of schoolteachers.

The government has paid partial salaries for some months, but has no regular stream of revenue to cover the roughly $150 million needed each month to cover salaries and other basic expenses for the Palestinian Authority.

Ghazi Hamad, a Palestinian government spokesman, said in a statement that the strike was illegal and would "not lead to the lifting of the siege against our people and will not enhance the payment of salaries."

Atef Adwan, the minister of refugee affairs, said that both foreign and internal groups were conspiring "to topple the legitimate elected government." The organizers of the teachers' strike were serving "external interests that intend to harm the Palestinian cause," he said.

But many teachers said the strike did not have political overtones and was simply about unpaid salaries.

In violence Saturday, Israeli troops killed three Palestinians in Gaza.

In one instance, Israeli troops entered the northern Gaza town of Beit Hanun and exchanged fire with Palestinian gunmen.

Troops surrounded a house where two militants were holed up, and two Palestinians, a father and his grown son, were killed during a shootout, according to the Israeli military and Palestinian medical workers.

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The military said that it had arrested two Hamas members hiding in the house, Muhammad Tarabin and Yunis Abed al-Sita, and that they were wanted for firing rockets into Israel.

Several more Palestinians in the area were wounded.

On the eastern side of Gaza, Israeli troops shot dead a Palestinian who approached Gaza's perimeter fence, the Israeli military said.

More than 200 Palestinians and an Israeli soldier have been killed in Gaza since Israel opened an offensive at the end of June in response to the kidnapping of an Israeli soldier and persistent Palestinian rocket fire.

In Egypt, President Hosni Mubarak was quoted in the Al-Ahram newspaper as saying that negotiations between Palestinian and Israeli nongovernmental groups were taking place in an attempt to resolve the standoff over the soldier, Cpl. Gilad Shalit.

However, Mr. Haniya, the Palestinian prime minister, said there were no new developments.

"The soldier is getting the needed care, and we are working to release him," Mr. Haniya said. But he added, "we have not reached any solution yet."

Egypt Confirms Talks On Israeli Soldier (AP)

By Maggie Michael, Associated Press Writer

AP, September 3, 2006

Egyptian President Hosni Mubarak says negotiations are ongoing to secure the release of an Israeli soldier captured by Palestinian militants, according to an interview published by a semiofficial daily newspaper Saturday.

Israel is waiting for a Palestinian "initiative" that spells out Palestinian conditions for a prisoner exchange, Mubarak told Al-Ahram newspaper. Their demands could include the freeing of imprisoned Palestinian women or minors, he said.

Israeli officials had no immediate comment. Mubarak did not provide information on official involvement in the talks, but said non-governmental groups from each side were participating. He did not name them.

Hamas-linked militants captured Cpl. Gilad Shalit near a crossing on the Israel-Gaza border on June 25. That sparked an ongoing Israeli offensive against Palestinian militants in the Gaza Strip.

On July 12, Hezbollah guerrillas in a cross-border raid from Lebanon captured two more Israeli soldiers, leading to a 34-day conflict in Lebanon.

The militants holding Shalit originally demanded all Palestinian women and minors be released from Israeli jails, then increased their demands to include another 1,000 Arab prisoners.

On Friday, Okaz Saudi newspaper quoted an unidentified Arab source as saying that Egypt was mediating in a proposal to swap 1,000 Palestinian prisoners in three stages starting three days after freeing Shalit.

Israeli government spokeswoman Miri Eisin denied Okaz's report that an Israeli security delegation was currently in Cairo for talks on the issue. Israel has publicly refused calls for a prisoner swap.

Israeli officials, however, have said there are ongoing contacts with Egypt to win the release of the soldier and Egypt often acts as a mediator.

Before the Hezbollah crisis erupted, Egypt had proposed a plan by which Hamas would free Shalit and later Israel would free an unspecified number of detained Palestinians. Egypt would vouch for Israel's releasing the Palestinians, but the releases would not be simultaneous to mitigate the appearance of an exchange.

When the scheme fell through, Egyptian officials blamed Hamas. Mubarak suggested that "other parties" had convinced Hamas to scuttle the deal, apparently referring to Syria, where Hamas' top leadership has offices.

7 Turkish Soldiers Killed By Guerrillas (AP)

By Selcan Hacaoglu, Associated Press Writer

The Associated Press, September 3, 2006

Separatist Kurdish guerrillas killed seven Turkish soldiers and wounded two in stepped-up attacks against the military in southeastern Turkey, local authorities said Saturday.

The guerrillas detonated a remote controlled bomb near an outpost in the town of Guclukonak, killing three soldiers on Friday.

In an overnight attack, guerrillas attacked an outpost in the town of Cukurca further east, killing two soldiers and wounding two. Both Sirnak and Hakkari are close to the Iraqi border.

On Saturday, a Turkish soldier was killed when his unit on patrol along the Iranian border in eastern Van province, came under fire from suspected Kurdish guerrillas from the Iranian side, authorities said.

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Later in the day, the guerrillas detonated a remote controlled bomb killing a soldier near the town of Dicle, increasing the death toll to seven, authorities said.

Guerrillas belonging to the Kurdistan Workers Party or PKK have stepped up their attacks recently both in the southeast and in the west of the country.

More than 37,000 people have died since the guerrillas took up arms for autonomy in the Kurdish-dominated southeast in 1984.

Earlier this week, a Kurdish militant group believed to be linked to the PKK claimed a wave of bombings in tourist resorts and in Istanbul that left three people dead and dozens injured, including 10 Britons and several other tourists.

Turkey has been pressuring the United States and Iraq to wipe out rebel hideouts in neighboring Iraq. The PKK is listed as a terrorist organization by Washington and the European Union.

Earlier this week, the United States appointed former Air Force Gen. Joseph Ralston as a special envoy for countering the PKK.

The World According To China (NYT)

By James Traub

The New York Times, September 3, 2006

In Late July, as the United Nations Security Council argued long into the night over the wording of a so-called presidential statement castigating Israel for the bombing attack that killed four U.N. observers in southern Lebanon, Wang Guangya, the Chinese ambassador, blew his stack. This was almost unprecedented: Wang, a veteran diplomat, typically comports himself with unnerving calm. But one of the four fatalities had been Chinese, and Wang had grown increasingly frustrated with the refusal of the United States to condemn Israel outright for the bombing. Worse still, the United States was represented not by Ambassador John Bolton but by a junior diplomat, a breach of etiquette that Wang apparently took to be a calculated insult.

Without naming any countries — he lost his temper, not his grip — Wang lashed out at "a tyranny of the minority in the council" and vowed that there would be "implications for future discussions" on other subjects. Once the meeting ended, Wang planted himself before the U.N. beat reporters and engaged in 10 minutes of robust public diplomacy, complaining that the presidential statement had been "watered down," observing in several different formulations that "we have to take into account the concerns of other countries" and predicting that the "frustration" his country felt "will affect working relations somewhat."

It was a delicately calibrated performance. In an earlier era, when the People's Republic of China tended to conduct diplomacy by tantrum, this might have been the signal for a real breach. But China cares too much about the international order for such revolutionary shenanigans.

Actually, in an earlier era Chinese nationals would not have served in an observer mission in Lebanon, and the People's Republic would have taken a pass on the whole subject. But China now aspires to play an active role on the global stage, which is why it sends skilled diplomats like Wang Guangya to the U.N. That's the good news. The bad news is that China's view of "the international order" is very different from that of the United States, or of the West, and has led it to frustrate much of the agenda that makes the U.N. worth caring about. The People's Republic has used its position as a permanent, veto-bearing member of the Security Council to protect abusive regimes with which it is on friendly terms, including those of Sudan, Zimbabwe, Eritrea, Myanmar and North Korea. And in the showdown with Iran that is now consuming the Security Council, and indeed the West itself, China is prepared to play the role of spoiler, blocking attempts to levy sanctions against the intransigent regime in Tehran.

It's a truism that the Security Council can function only insofar as the United States lets it. The adage may soon be applied to China as well.

t was only in 1971 that the People's Republic of China supplanted Taiwan as the representative of China in the United Nations. During the remaining years of the cold war, the hermetic Communist regime was generally content to follow the lead of the Soviet Union. Little changed even after the fall of the Berlin Wall: China's permanent representative in the early 90's, Li Daoyu, was known around the U.N. as Ambassador Look Out the Window. The Chinese stirred to action only in order to block peacekeeping missions to countries that had been so foolish as to recognize Taiwan.

Beijing sleeps no longer. The astonishing growth of China's economy has made it a global force, and the accompanying need for resources has pushed it to forge new ties throughout Asia, Africa and Latin America. The old revolutionary ardor is gone, and China surveys the world with increasing pragmatism and confidence. China is now a status quo power — "an exporter of good will and consumer durables instead of revolution and weapons," as David Shambaugh, a China scholar at George Washington University, remarked in a recent essay. Unlike the United States and the West generally, China views the current global situation as fundamentally benign and malleable — a setting conducive to diplomacy.

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China has chosen to enmesh itself in global bodies like the World Trade Organization, regional groupings like the six-member, security-oriented Shanghai Cooperation Organization and a vast range of bilateral partnerships. China has begun routinely signing arms-control agreements and antiterrorism conventions. And it has begun playing a more active role at the U.N., contributing troops — almost all of whom provide medical or engineering services rather than front-line patrolling — as well as policemen to U.N. peacekeeping operations.

Wang Guangya, at 56, is a senior member of a new generation of Chinese diplomats vastly more sophisticated and better educated than the party ideologues of old. His English is quite good, and he so relishes speaking to the U.N. press corps that he sometimes keeps answering questions even as he edges away from the pack while graciously thanking the reporters. Still, he doesn't often attend diplomatic functions, and the occasional dinner in his Trump Tower apartment is normally limited to Asian diplomats. Earlier this summer, I became the first Western reporter to whom he agreed to speak at length.

Wang greeted me in a cheerless reception room in the Chinese mission and invited me to sit parallel to him, as though we were a pair of notables at a reviewing stand. (I took a corner chair instead.) The embassy spokesman and a political counselor seated themselves at a respectful distance across the room. At first the ambassador dutifully recited China's history at the U.N. But once we got on subjects that exercised him, like Japan's bid for Security Council membership, he dispensed with the abstractions and assumed the forthright and confident manner that seems natural to him. Throughout our conversation, Wang chain-smoked Chinese cigarettes — Zhonghuas — a habit that had turned his teeth slightly brown.

Wang is bespectacled and slight and has little of the artful smoothness of the more Westernized Asian diplomats. He grew up in Shanghai, the son of a worker, he says, with a low-level position in the Communist Party. Wang graduated from high school in the midst of the Cultural Revolution and along with tens of millions of other Chinese was sent out to the countryside for "re-education." But after President Richard Nixon's visit to China in 1972, the leadership recognized that it needed trained officials to exploit the new opening to the West. Wang passed a test that gained him entry to one of the country's 11 foreign-language schools. In 1974, he was selected as part of a group of 140 to go to England for further study, making him among the very first citizens of postrevolutionary China to receive a Western education. "You think it's a good thing or a bad thing?" Wang asked me, with a disarming grin.

Apparently, it was a good thing. At the London School of Economics, Wang met Cong Jun, a student from the Beijing foreign-language school and the daughter of Chen Yi, one of Mao's great comrades. They married soon thereafter. (Cong Jun now works as a minister counselor in the mission and has served as co-president, with the wife of the British ambassador, Emyr Jones Parry, of a discussion group called the Women's International Forum.) In 1977 Wang was sent to New York as a junior diplomat and stayed for six years. He returned as a political counselor in 1988, remaining until 1992. He became director of international-organizations policy in the Foreign Ministry, ultimately rising to the position of vice foreign minister before returning to New York as ambassador in 2003. Wang is considered the favored candidate to replace China's foreign minister, Li Zhaoxing, when he steps down a year from now.

Wang is one of the U.N.'s most adroit diplomats. Ambassador Jones Parry says that his Chinese colleague has a trick he's never seen anyone else perform: "In the council, he speaks in Chinese, but at the same time he listens to the English translation. Sometimes he pauses, and then he'll switch into English to say something similar to the translation but nuanced from it." Wang operates by suggestion, by indirection — often by silence. "They play a very skillful game at the U.N.," says Vanu Gopala Menon, the Singaporean ambassador. "They make their opinions felt without much talking. They never come in first and make a statement. They always listen first and then make a statement which captures the main thrust of what the developing world wants."

But the game the Chinese play virtually ensures the U.N.'s regular failure in the face of humanitarian crisis. Indeed, the combination of Wang's deft diplomacy and China's willingness to defend nations it does business with from allegations of even the grossest abuse has made a mockery of all the pious exclamations of "never again" that came in the wake of the Security Council's passive response to Rwanda's genocide in 1994. The most notorious example of China's new activism in this regard is Darfur. While none of the major powers, with the intermittent exception of the United States, have shown any appetite for robust action to protect the people of this Sudanese province from the atrocities visited upon them by the government and its proxy force, known as janjaweed, the Chinese, who buy much of the oil Sudan exports, have appointed themselves Khartoum's chief protector.

China first worked to keep the issue of Darfur off the council agenda when both Kofi Annan and Jan Egeland, the U.N.'s humanitarian coordinator, tried to mount a publicity campaign in early 2004. When this failed and Egeland publicly described the horrors there, Wang — along with the ambassador of Pakistan, a regular ally — diluted the ensuing press statement so that the council simply called on "the parties concerned to fully cooperate in order to address the grave situation prevailing in the region."

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In the summer, after Congress had declared the ruthless assault on unarmed villagers "genocide," China vowed to veto an American resolution threatening (not even imposing) sanctions against Khartoum.

And yet, according to Munir Akram, the ambassador of Pakistan: "China was not nearly as active on Darfur as people think. The proposals came from us or from Algeria." The Islamic countries then serving on the council, as well as several African nations, considered any interference in Sudan's affairs a violation of its national sovereignty, even though the citizens being abused were Islamic and African. Wang was more circumspect. At moments of friction, according to a Western diplomat, he would quietly insist, "You cannot alienate the Sudan government; without them, the U.N. mission will fail." Akram is the kind of bombastic figure who suits Chinese purposes to a tee. "Their national style is different from the style of other people, including India and Pakistan," as Akram puts it. "We are an oral people; the Chinese are not. They make their position clear, and they stand by it."

And then, when it no longer suits their purposes, they change their position. Several years ago, China joined India in principled repudiation of the chlorofluorocarbon reductions mandated by the Montreal Protocol. But when the international community offered to pay for the technology needed to reduce emissions, China decided that global regulation of pollution did not, in fact, constitute a violation of national sovereignty, leaving the Indians all alone in their principled opposition. On Darfur, as well, China has seen the virtue of bending before the wind, if ever so slightly. As the hopelessly overmatched troops of the African Union failed to stem atrocities throughout 2005, China (along with Russia) continued to block a resolution authorizing a U.N. peacekeeping force. Then this past May, the Sudanese regime and one of the rebel armies signed a cease-fire pact, increasing the pressure for U.N. intervention. China's position was looking increasingly untenable. And so Beijing agreed to withhold its veto from — though not actually endorse — a resolution authorizing a U.N. military-planning mission.

The great issue that divides the U.N. is no longer Communism versus capitalism, as it once was; it is sovereignty. Ever since the catastrophes of Bosnia and Rwanda, and increasingly in recent years, the Security Council has been asked to defend individuals against an abusive state. When critics in the West deride the U.N. as a failed institution, they almost always mean that the Security Council cannot find the will to do so, whether through intervention, sanctions or merely opprobrium. But this failing is a Western preoccupation: most developing nations, with their history of colonial rule and often their wish to abuse their own citizens without interference, object to all such inroads on sovereign rights. And in China, where memory of "the century of humiliation" at the hands of Western imperialists runs deep — and where the state's right to abuse its own citizens is not to be questioned — sovereignty has long been a fighting word. During the 90's, the Chinese abstained on, or publicly criticized, key resolutions authorizing the use of force to dislodge Saddam Hussein from Kuwait and establishing or fortifying peacekeeping missions in Somalia, Bosnia, Rwanda and Haiti. China is now more flexible in practice, but the doctrine of absolute sovereign rights remains central to its foreign policy.

My conversations with Wang kept looping back to this fraught topic. "Each country has to provide the well-being of their own people," Wang said to me. "In some countries there is a problem, where the protection of their own people is" — here the diplomatic diplomat searched for the right word — "neglected. The U.N. can come in a quiet way, providing help, providing advice. But the role to play is not to impose it when the government is functioning. Of course there are cases where you can say that the country is a failed country. But wherever there is a government, I think the best way to do it is by giving good advice wherever you can, tough way or soft way, to let the government pick up its main responsibility."

China has, for example, engaged in some gentle prodding of Myanmar — the former Burma — whose authoritarian regime depends on Beijing for weapons and trade. But the generals who run the country have shown no signs of releasing their grip or of ending the house arrest of Daw Aung San Suu Kyi, the opposition leader and recipient of the Nobel Peace Prize. Nevertheless, Wang says that he has "firm" instructions to block a U.S. resolution, now circulating in draft form, that would condemn the regime and threaten sanctions. China does not feel that this issue belongs in the Security Council. "In our contact with the United States," he says, "their argument is that of course they have the human rights problem, they have the problem of drugs, they have the problem of AIDS. And then may I ask: 'The U.S. doesn't have the problem of AIDS, doesn't have the problem of human rights, doesn't have the problem of drugs? Then you ask the Security Council to be involved?' I don't think that is the case." I said that I didn't think John Bolton would be much impressed by this claim of moral equivalency. Wang waved this away.

In another conversation, held a week later in the U.N.'s Delegates Lounge, where Wang blithely violated the no-smoking rules, the ambassador insisted that the right to exercise sovereignty free from outside interference was enshrined in international law. But, I asked, when the world's heads of state, gathered at the U.N.'s 60th-anniversary summit last September, approved the principle of "the responsibility to protect," didn't this, too, become a matter of international law?

This was true, Wang conceded — even though China has strong reservations about the doctrine — "but you have to decide how to apply this." And since this new obligation applied only to genocide or "massive systematic violations of human rights," it had no bearing on Darfur. Wang had just returned from a Security Council visit to the region, where he had concluded

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that the situation was very complicated and that the government had been unfairly criticized. China still stood by Khartoum. After abstaining on the peacekeeping resolution, Wang had asked for the floor in order to reiterate China's position that U.N. peacekeepers could deploy only with the government's consent.

Unfortunately, I observed, President Omar Hassan el-Bashir of Sudan had just flatly rejected the proposed peacekeeping force.

The African Union "is doing a good job on the ground," Wang insisted. "The U.N. force would be a good way to help them, but if in their judgment the Sudan government thinks the A.U. forces are enough, that is their decision." And second, the Sudanese had agreed to disarm the janjaweed.

"And if they can't?"

Wang ground a cigarette into his ashtray. "If you are not sure that it will not be successful, then why impose a solution on them before you prove that they will not be able to do it?"

hina has become so influential a country, such an object of imitation, respect and fear, that you can no longer talk about an "international community" that does not include it. The West has a profound interest in China's development as a global power and its acceptance, however gradual and grudging, of the rules by which the West has defined global citizenship. As Mark Malloch Brown, the deputy secretary general of the U.N., puts it, "How much less intractable so many issues would be if China was as fully engaged in the management and leadership of the United Nations as so many Western nations are." Malloch Brown takes the optimistic, or perhaps wishful, view that China will find itself inevitably adopting Western rules as it seeks to join the global club, arguing that "as soon as you start grappling with global issues, you find that things like human rights and development and legitimate government are things you come to care about as vital to international stability."

You can see why a high-ranking U.N. official would wish for such a denouement. If, alternatively, China continues to insist that the Enlightenment principles enshrined in the U.N. Declaration of Human Rights are little more than a Western hobbyhorse, then the great issues will remain intractable, and they will be resolved elsewhere than the U.N. In recent years, both liberal interventionists and conservative unilateralists have begun to call for some new body, or new mechanism, that will not sit idly by during the next Darfur (or more problematically, the next Iraq). This new entity would not include obstructive nations like China and Russia. But excluding China from the world's foremost decision-making body could have very grave consequences, since it might well rekindle the Middle Kingdom's old sense of encirclement and exclusion. You'd have to save a great many lives to compensate for that kind of damage.

China plainly wishes to join the international community on its own terms. The People's Republic is a singular entity, a world-class power almost wholly preoccupied with harnessing its internal energies and preventing domestic conflict. Unlike Russia, for example, China has little wish to use the power at its disposal, save to establish a harmonious environment for its "peaceful rise." And in any case, China has progressed so rapidly from an insular and impoverished state to a confident and immensely influential one that it has not had time to figure out what to do with its power, or even fully to acknowledge it. China thus cares a very great deal about matters of little concern in the West — "territorial integrity," for example — and very little about the burning issues in Washington, London and Paris. China has, for example, played almost no affirmative role in the reform debate that has exercised the U.N. over the last year. China is a member of the bloc of developing nations known as the Group of 77 — the group's formal name is "the G77 plus China," even though the 77 have grown to 131 — and it shares the organization's view that the U.N. should pay more attention to economic and social issues and less to matters of peace and security. But even on these questions, according to Ambassador Menon of Singapore, "They were basically just going with the tide."

Even with its negative agenda — the reforms it wanted to prevent — Ambassador Wang was happy to remain in the shadows. China had spent more than a decade fighting off resolutions introduced in the U.N.'s Human Rights Commission, and it implacably opposed Kofi Annan's proposal to replace the toothless commission with a much tougher body. But in the crucial final days last September, it was Munir Akram, not Wang, who produced a vague plan supposedly designed to break the deadlock. Western diplomats theorized that China allowed Pakistan to show good faith, intending all the while to block any substantive reforms. Akram, not surprisingly, denies this and says that he does not generally coordinate tactics with Wang. In the end, the General Assembly established a new Human Rights Council with membership standards sufficiently lax that Iran, Cuba, Russia and, of course, China were elected members.

The one issue that roused China to fury was Japan's bid for permanent membership on the Security Council. China's all-hands-on-deck mobilization was a reminder that propriety goes out the window on matters China deems to be of national interest, just as had been the case a decade earlier when it openly tried to kill peacekeeping missions in Guatemala, Haiti and Macedonia to punish those countries for their dealings with Taiwan. The merits were plainly not on China's side. No other country so self-evidently belongs on the council as Japan, which pays 19 percent of the U.N.'s budget, slightly below the U.S.

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assessment. (China pays 2 percent, and Russia 1 percent.) But Japan is China's chief competitor in Asia, as well as America's staunchest ally in the region.

Even more important, though, is China's deep sense of historical grievance over Japan's notorious invasion of Nanking in 1937 and its aggression in World War II. Wang explained to me that Japan's wealth and generosity could not erase this blot: "The current five has been selected not because of their economic power but because of the role they played during the Second World War. China played an important role, and also we didn't occupy other people's territory" — unlike you-know-who. (It seemed too niggling to point out that the regime that had fought with the Allies now held sway in Taipei, not Beijing.) China's bitterness at Japan's alleged lack of repentance has only been sharpened by the annual visits of Prime Minister Junichiro Koizumi to the Yasukuni shrine, popularly seen to be a symbol of militarism. "For the last couple of years," as Wang expressed this in his oblique manner, "the signal from Tokyo is not that positive."

In April 2005, soon after Japan, Germany, India and Brazil formalized their candidacy for an expanded Security Council, anti-Japanese demonstrations sprang up in China. Japanese missions and businesses were trashed. The Japanese were shocked both by the virulence of the demonstrations and by the obvious signs of high-level toleration, if not approval. Meanwhile, Wang and several of his lieutenants worked on the ambassadors of wavering countries. Prince Zeid Ra'ad Zeid al-Hussein, the permanent representative of Jordan, which was considering becoming a co-sponsor of the resolution expanding the council's permanent membership, says that he was called to a caucus room at the Security Council to meet with a Chinese diplomat. "The guy was apoplectic," Prince Zeid recalls. "He said, 'How can a great power refuse to accept essential, fundamental truths and yet take pride in the good works it does across the globe?' " He later sent Prince Zeid a copy of a book titled "The Rape of Nanking: An Undeniable History in Photographs." Jordan continued to support the resolution but declined to become a sponsor.

China failed to persuade African countries to reject Security Council expansion as such, yet it still delivered the coup de grâce at a meeting of the African Union in Libya in early August, where heads of state met to choose two nations that would join the other four in seeking permanent membership. Several weeks earlier, China was the host of a lavish state visit for Robert Mugabe, the increasingly tyrannical and eccentric Zimbabwean strongman and a longtime Chinese client. Soon after returning, Mugabe declared that African countries must insist not only on permanent representation in the Security Council but also on the veto. This demand was obviously self-defeating, since neither China nor the four other permanent members would agree to dilute the value of their veto. Nevertheless, vast shoals of Chinese diplomats roamed the halls in Tripoli, appealing to African pride, to the imperative of global parity and so on. The demand for an African veto carried the day, and with that, Security Council expansion died. The corpse bore no sign of Chinese fingerprints.

Last month, the U.N. began the process of selecting a successor to Secretary General Kofi Annan. Asian countries feel that it is their "turn" for the job, and China has promised to deliver an Asian. Any potential successor must survive both American and Chinese scrutiny. The Americans will reject too open an advocate for the third world agenda; China will reject an aspirant from too close an ally of Washington. Other difficulties will arise. China may be happy to firm up its ties with India by backing Shashi Tharoor, a career U.N. official who is India's candidate, but Pakistan, a close ally, may object strenuously. China may, for once, have to disappoint or even anger some fraternal members of the G77 — a situation it tries very hard to avoid.

The Chinese are much too subtle to throw their support behind a single candidate, but it is widely assumed that they want a technocrat who will put aside Annan's (admittedly tarnished) mantle of moral authority. Wang, of course, disclaims any such ambition, but he does express the hope that Annan's successor "might bring some perspective from Asia." By this, he explained, he meant "patience over rush" and an emphasis on collective rights — those of the state — rather than individual ones. If China succeeds in this regard, the U.S. might find the U.N. an even less hospitable place than it is now.

China and the United States are the twin bêtes noires of the U.N.: the U.S. insists on enlisting the organization in its crusades, while China refuses to let any crusade get in the way of national interest. Washington is all blustering moralism; Beijing, all circumspect mercantilism. Both can afford to defy the consensus view. The emissaries of the two capitals are united by a wary mutual regard and understanding. Bolton and Wang met as midlevel diplomats in the early 90's and worked together on nonproliferation issues in 2001 and 2002. In their first meeting in this latter capacity, according to an American diplomat, who agreed to talk with me only if he remained unnamed, as he was not authorized to speak publicly, Bolton and Wang talked for four and a half hours without finding much common ground. As the discussion drew to a close, the time came for the inevitable speech on China's inalienable claims to Taiwan. Wang, who knew Bolton to be impervious to all such oratory, simply said, "Taiwan." And Bolton nodded and said, "And Taiwan."

Relations between the two are strictly professional. But Bolton, who declined to be interviewed for this article, is said to appreciate his counterpart's pragmatism and lack of polemics. China and Russia take the same view on issues involving sovereignty, but whereas Russia, with a home audience to play to, likes to snap Uncle Sam's suspenders, China, with no wish to harm its relations with Washington, looks for common ground. While Russia openly threatened to veto any resolution authorizing

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war in Iraq, for example, China stated its opposition as undemonstratively as possible. More recently, both Russia and China have resisted any Security Council condemnation of Iran's nuclear program, but China has proved far more accommodating of White House concerns. "The Russians spent 45 minutes arguing over the meaning of consult," the American diplomat recalls. "Wang finally said, 'Consult is fine.' " Wang also earned points when he and the "director" of Taiwan's unofficial mission to the U.N. happened to arrive simultaneously at the Saudi mission to sign the condolence book after the death of King Fahd; Wang walked over and shook the hand of his diplomatic nemesis.

Wang talked with me about Bolton, and about America diplomacy generally, with the faint irony and mellow wisdom of an antique culture. "I can talk to many people," he said equably, "those who wish to have nice discussion or those who wish to quarrel." Wang is, of course, a partisan of the nice discussion. "I do not want to give advice to my good friend," he went on to say, delicately, "but I believe that sometimes the way that you work, especially the way that your work is respected by others as showing due respect for others, is where common ground can be found." But what exactly does Wang mean by "common ground"? The consensus that China has sought on Darfur looks like a formula for paralysis. And China's insistence on showing "due respect" for Iran seems designed less to persuade Tehran to end its nuclear program than to preclude any of the punitive actions currently being contemplated by the West.

Wang told me he believed that blunderbuss diplomacy is the American way "because America is a superpower, so America has a big say." China would appear to have a big say of its own, but that's not Wang's view. At the end of our second conversation, he returned to a favorite theme. "The Americans have muscle and exercise this muscle," he said. "China has no muscle and has no intention of exercising this muscle."

I said that, in fact, China had a great deal of muscle but punched below its weight. Wang smiled at the expression and said, "It's not good?" Well, I said, that depends. And then Wang said something quite startling: "China always regards itself as a weak, small, less powerful country. My feeling is that for the next 30 years, China will remain like this. China likes to punch underweight, as you put it."

Why was that? Why did China want to punch underweight? Wang spoke of China's peaceful rise, of the need to reassure all who fear its growing clout. "We don't," he said, "want to make anyone feel uncomfortable."

As China Spews Pollution, Villagers Rise Up (LAT)

By Mark Magnier, Times Staff Writer

The Los Angeles Times, September 3, 2006

Environment-related unrest is spreading. It's not about old-growth forests; it's about business practices that are killing people.

HUASHUI, China — The tents are gone, the protesters have dispersed and the police have retreated to the shadows. But villagers remain in jail, local women are still tending deformed babies, and rage burns beneath the surface.

With the spread of pollution-related unrest, a contagious source of instability in the world's most populous country, Huashui stands out as a benchmark more than a year after farmers drew a line in the once-fertile earth.

Not only was it one of the largest known protests, with an estimated 10,000 police officers and desperate villagers battling in April 2005, but it also proved a rare case in which citizen outrage prevailed over deeply vested interests. A few months ago, the last of the area's 13 poison-spewing factories was shuttered.

"Without the riot, nothing would have changed," said Wang Xiaofang, a 43-year-old farmer. "People here finally reached their breaking point."

China's pollution has long been a focus of international criticism as clouds of toxic air waft over California and polluted rivers empty into the Pacific Ocean. Increasingly, however, China's own people are taking to the streets to demand an end to the birth defects, Technicolor water, dead crops and murky air that are robbing them of their livelihoods and lives.

"Environmental problems are increasingly a flash point of rising unrest in China," said Nicholas Bequelin, China researcher with Human Rights Watch. "You're not talking about the size of some woodland or whether to cut old-growth trees. You're talking about life-and-death issues for villagers."

In Huashui, villagers may have forced out the factories, but they have paid a price. Nearly a dozen farmers, including Wang's 40-year-old brother, Wang Liangping, have been sent to prison for as long as five years. Several say they have been tortured.

"We're not the troublemakers," Wang said. "It's the government and the factories that poisoned us. They created the problems, but we're the ones sent to jail."

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And local authorities using spies, wiretaps, intimidation and close surveillance keep a tight grip on the area. As villagers spoke with a reporter in Wang's farmhouse, 10 police officers and local officials arrived, tipped off either by tapped cellphones or, as they later claimed, a "patriotic farmer" reporting the "illegal" gathering.

The reporter, along with a villager, was interrogated at the Dongyang police station for nearly three hours, his bags searched, cellphone records examined, notes confiscated and digital photographs deleted before he was made to sign a "self-confession."

Two local foreign affairs representatives remained with the reporter for the next 15 hours before delivering him to the airport.

China saw 50,000 environment-related riots, protests and disputes last year, an increase of nearly 30%, according to the state-run China Daily. Many were closely linked to other divisive and equally sensitive social issues, including the nation's growing wealth gap and illegal land seizures by local officials as new developments gobble up the countryside.

"This environmental problem has become one of the main factors that affect national safety and social stability," said Pan Yue, deputy director of the State Environmental Protection Administration.

Analysts blame a top-down single-party system obsessed with economic growth in which officials are promoted for fulfilling five-year plans, not for listening to citizens.

Structural problems also are a factor. Pan's environmental bureau is weak and easily dominated by muscular economic ministries with bigger budgets and more clout. And the salaries of its local representatives are paid by the pro-growth governments they're supposed to be regulating.

"Many in government worry about instability if economic growth is not very fast," said Daniel C. Esty, head of Yale's Center for Environmental Law and Policy. "But I think instability is a far greater threat from people who find they're being poisoned by the environment."

A government study released in mid-July found that 81% of the nation's chemical plants were dangerously near population centers and sources of drinking water. Aware of the problem and the fury it engenders, Beijing recently promised to spend $175 billion on environmental protection over the next five years.

There are small signs of change. A few groups have started challenging polluters in court, with modest success.

"We're winning more cases," said Xu Kezhu, deputy director of the Center for Legal Assistance to Pollution Victims, which helps farmers file environmental lawsuits. "But it's not easy."

Villagers here say they originally cooperated with the government. The first chemical factories, which sprang up around 2001, were welcomed as a source of jobs and economic growth. That view started to change, however, as stillbirths increased and more children were born with deformed limbs or with learning disabilities.

As more chemical factories moved in, residents saw a "death zone" expand around the industrial area, killing trees and crops as far away as six miles.

"If you ate the rice immediately after harvest, you got a stomachache," said Jiang Yonggen, 44, a farmer. "And vegetables wouldn't grow at all."

They also noticed that the foul-smelling gas clouds emitted by the factories at night left their children's eyes glued shut in the morning.

But when they raised their concerns with government and factory officials, with their yellow shriveled cornstalks in hand, they were told they must have used too much fertilizer.

After four years of excuses, and word that still more chemical factories would be moving in, the farmers settled on a new tack.

On March 20, 2005, they blocked the main road leading to the factories with homemade bamboo tents and mounted slogans on the factory walls that read: "Give us back our land" and "We want to survive." They recruited retirees to keep watch on the tents around the clock, telling them to set off fireworks to alert other villagers if local officials showed up.

Three weeks later, in the wee hours of April 10, thousands of villagers heard the firecracker warning and came running to defend the barricades. Facing off against them, witnesses say, were an estimated 3,000 police officers and government supporters.

Villagers say police threw stones at them from a nearby elementary school in a battle that lasted for hours. Initially, villagers say, they forced the authorities back, overturning government cars and buses and injuring police officers.

But police used a wedge maneuver to split and scatter the protesters before destroying the tents.

Villagers say at least two elderly people died. In a country where information is carefully controlled, the claims are difficult to verify. The government says that the villagers attacked first, that no one died and that most of the injuries were on its side.

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When the dust cleared, the police fingered a few "troublemakers," a centuries-old tactic of making scapegoats, villagers say, quoting a Chinese proverb: "killing one to scare 100."

Wang's brother was sentenced to 15 months in jail. He is mentally disabled and has an extremely gentle disposition, Wang says, and wasn't even at the tents when the alleged assault supposedly took place. She says he's been beaten repeatedly in police custody.

A police officer at Dongyang station, who declined to be identified, acknowledged that the government had not always been responsive to environmental problems.

"The farmers assaulted the police, who didn't fight back, and many police suffered broken bones, stab wounds and poked eyes," he said. "While Wang Liangping may be a gentle man, gentle people can also become violent."

Jiang Yinsheng, Huashui's Communist Party secretary, who was named to the post after the riots, says that he has no direct evidence of police misconduct and that the existence of birth problems is not conclusive.

"I don't believe the villagers were tortured," he said. "And some farmers aren't well-educated and take medicines during pregnancy, so we can't be sure deformed or stillborn babies result from pollution."

Jiang, the 44-year-old farmer, shifts his maimed hip. He says he can barely walk, go to the bathroom by himself or sit for more than a few minutes, the result of near-continual torture sessions during his 117 days in Dongyang jail.

Jiang says he was hit in the face with a shoe more than 30 times, and other prisoners were encouraged to hit him as well or face the same punishment. His buttocks were hit repeatedly with a wooden stick, leaving deep bruises that lasted for weeks.

The pain was so terrible that he considered committing suicide, he says. "Even the doctors were merciless."

Villagers say a few people in China are getting rich by destroying the environment. "This whole system is unfair," said Liu Maotian, a farmer whose 31-year-old son is serving a five-year term on charges of stabbing a police officer during the uprising.

Liu says his son kicked the officer in the melee but didn't stab anyone.

"They're getting wealthy on the backs of poor people like us," he said. "If there was the least bit of concern for ordinary people, this riot never would have happened."

Obama Visits Sudanese Refugees In Chad (AP)

By Christopher Wills, Associated Press Writer

AP, September 3, 2006

Thousands of Sudanese refugees crowded around U.S. Sen. Barack Obama Saturday as he visited their camp in eastern Chad and delivered a single message: Bring in the United Nations.

The refugees told Obama an international peacekeeping force is the only hope they have of returning to their normal lives in Sudan's western region of Darfur. Some carried banners held up on sticks demanding U.N. action.

A man who identified himself only as Musadigo said he and his family of seven have been living in the refugee camp, which is home to about 15,000 people, since fleeing his home three years ago. Chad now hosts more than 200,000 refugees from Darfur.

"We want the U.N. force," he said. "We won't be able to go home without the U.N."

Sudan rejected as "illegal" a U.N. Security Council resolution passed Thursday paving the way for the replacement of 7,000 ill-equipped African Union peacekeepers in Darfur with more than 20,000 U.N. troops and police.

The conflict in Darfur began in 2003 when ethnic African tribes revolted against the Arab-led Khartoum government. The government is accused of unleashing Arab militiamen known as janjaweed who have been blamed for widespread atrocities.

About 200,000 people have died and some 2 million have been displaced by the conflict.

A peace deal in May signed by the government and one of the ethnic African rebel groups operating in the region has had little effect on the conflict.

Obama said the U.S. and other western nations must work to put a peacekeeping force in Darfur, in hopes of preventing further violence.

"My overarching sense is the great urgency about the need to get a U.N. protective force on the ground. We can't wait," he said. "If we wait much longer I think it's fair to say the people we saw today and many who remain in Darfur are going to be in an even worse situation than they are now."

The camp he visited lies about 31 miles inside Chad, far enough from Darfur that violence is rare, but close enough that an escalation there could lead to attacks on the camp.

Obama suggested the U.S. needs a special envoy to focus on the issue and said the U.N. might possibly have to move in without Sudan's permission.

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Obama met with a group of women at the camp to talk about their experiences. He also met with camp leaders who said they ultimately want compensation for losses they have suffered and want to see the janjaweed brought to justice.

Obama, the only black U.S. Senator, is winding down his trip to Africa, which began Aug. 18 in South Africa. Obama's father was a native of Kenya.

Her Majesty's Man In Tashkent (WP)

By Craig Murray

The Washington Post, September 3, 2006

LONDON - The courtroom provided a telling introduction. I had recently arrived as British ambassador in Uzbekistan's old Silk Road capital of Tashkent, where I was watching the trial of a 22-year-old dissident named Iskander Khuderbegainov. The gaunt young man was accused with five other Muslims of several crimes, including membership in a terrorist organization linked to al-Qaeda. The six sat huddled in a cage guarded by 14 Kalashnikov-wielding soldiers. The judge made a show of not listening to the defense, haranguing the men with anti-Islamic jokes. It looked like a replay of footage I'd seen of Nazi show trials.

The next day, an envelope landed on my desk; inside were photos of the corpse of a man who had been imprisoned in Uzbekistan's gulags. I learned that his name was Muzafar Avazov. His face was bruised, his torso and limbs livid purple. We sent the photos to the University of Glasgow. Two weeks later, a pathology report arrived. It said that the man's fingernails had been pulled out, that he had been beaten and that the line around his torso showed he had been immersed in hot liquid. He had been boiled alive.

That was my welcome to Uzbekistan, a U.S. and British ally in the war on terror. Trying to tell the truth about the country cost me my job. Continuing to tell the truth about it dragged me into the Kafkaesque world of official censorship and gave me a taste of the kind of character assassination of which I once thought only a government like Uzbekistan's was capable.

When I arrived in Tashkent, in the summer of 2002, I was a 43-year-old career diplomat with two decades of varied experience, which included analyzing Iraqi efforts at weapons procurement and negotiating a peace treaty with Liberian President Charles Taylor. But nothing had prepared me for Uzbekistan, a country immediately north of Afghanistan in the heart of hydrocarbon-rich Central Asia. President Islam Karimov had reigned here as the Soviet satrap since 1989; after independence two years later, he had managed to make poverty and repression even worse than in Soviet times.

In Karimov's Uzbekistan, no dissent is allowed. Media are state-controlled, and opposition parties are banned from elections. Millions of people, including children, toil on vast state-owned cotton farms, receiving some $2 a month for working 70-hour weeks. Their labor has made Uzbekistan the world's second-largest cotton exporter. More than 10,000 dissidents are held in Soviet-style gulags. Many are pro-democracy advocates, but anyone showing religious enthusiasm is also swept up. Most are Muslims, but Baptists and Jehovah's Witnesses are routinely persecuted, too.

I saw this happening in a country regarded as a strategic friend by the United States, which was looking for well-placed allies after the Sept. 11, 2001, attacks. Karimov had delivered for President Bush, allowing the United States to take over a major former Soviet airbase at Karshi-Khanabad to help wage war in neighboring Afghanistan; the several thousand U.S. forces stationed there were the first Americans permitted to serve in former Soviet territory. As a reward, Karimov had been Bush's guest for tea in the White House in March 2002.

It was clear by the time I arrived in Tashkent a few months later that the United States was handsomely rewarding Karimov's cooperation. Hundreds of millions of dollars in U.S. aid were flowing to the country -- after the U.S. government, evidence to the contrary notwithstanding, repeatedly certified that the Uzbek government was making progress on human rights and democracy. According to a press release distributed to local media by the U.S. Embassy in Tashkent in December 2002, the Karimov regime received more than $500 million in U.S. aid that year alone. That included $120 million for the Uzbek armed forces and more than $80 million for the re-branded Uzbek security services, successor to the KGB.

In other words, when the prisoner was boiled to death that summer, U.S. taxpayers had helped heat the water.

In mid-October, I made a speech at Freedom House in Uzbekistan, in which I made plain what I had learned in my brief time there. "Uzbekistan is not a functioning democracy, nor does it appear to be moving in the direction of democracy," I asserted, contradicting the U.S. ambassador, John Herbst, who had spoken before me. I went on to detail the political prisoners, prevalence of torture and lack of basic freedoms. I spoke out despite a written rebuke I had received from my superiors in London, chastising me for being "over-focused on human rights." Apparently, my job was to stand beside my U.S. colleague and support our Uzbek ally.

Danish journalist Michael Andersen later wrote of conversations he had had with U.S. diplomats in Uzbekistan the day after my remarks. "Murray is a finished man here," one told him.

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The Uzbek people seemed shocked that a senior official from the West would take up their cause. People beat a path to my door: victims of torture, their families, relatives of the disappeared, people with more photographic evidence, or letters smuggled out of the gulags. And I began to build up a picture of torture used to subjugate an entire population.

I learned that there was a pattern to the confessions people were signing -- a pattern reminiscent of the testimony I had heard from an old Muslim man at the trial I attended when I first arrived in the country. He had signed a statement, the man said, asserting that two of the defendants -- his nephews -- were members of al-Qaeda and had met Osama bin Laden. Then, suddenly, he drew himself up: "It is not true," he said. "They tortured my children in front of me until I signed this. We are small farmers from Andijan. What do we know of Osama bin Laden?" Few others were able to retract their forced confessions.

A would-be Islamic insurgency had indeed emerged in the country -- the Islamic Movement of Uzbekistan, which had supported the Taliban in neighboring Afghanistan. However, the IMU had never become a major political force in Uzbekistan, and government efforts to link the insurgency to bombing attacks in Tashkent in 1999 had met with skepticism from many Western analysts.

At the same time that I was receiving word from Uzbek citizens about the gruesome affronts to their humanity, I was also getting CIA intelligence on Uzbekistan, under the U.S.-U.K. intelligence-sharing agreement. This information -- fed to the CIA by Karimov's security services -- revealed the same pattern of information as those forced confessions.

And it was a pattern that was false, often demonstrably so. One piece of CIA intelligence named a Muslim terrorism suspect with alleged links to al-Qaeda, except I happened to know that the person in question was a Jehovah's Witness, not a Sunni Muslim extremist. Another gave a specific location for a terrorist training camp in the hills above Samarkand, a spot I knew was empty.

The CIA was apparently well aware that it was getting material drawn from torture. At my request, my deputy confirmed this with the U.S. Embassy. She reported back to me that she had been told that the United States did not see a problem "in the context of the war on terror." (I immediately reported this back to Britain in a top-secret telegram.) And both the CIA and the British intelligence service, MI6, were accepting and using this intelligence in their assessments, despite its highly questionable validity.

In November 2002 and again in January 2003, I made formal, written complaints to London, arguing that it was morally, legally and practically wrong to obtain intelligence under torture. The law was embodied in the U.N. Convention Against Torture, and in practical terms, torture pollutes intelligence. I was summoned back in early March 2003 for a meeting with Matthew Kydd, head of liaison with the British security services, and Michael Wood, legal adviser to the Foreign Office. Kydd informed me that the intelligence from Uzbekistan was "operationally useful." Wood later wrote that I was incorrect to believe it was an offense to "receive or possess information [obtained] under torture."

To me, the meaning of all this was simple: U.S. officials were justifying their support for Karimov with the argument that he was a bastion against Islamic militancy. That argument enabled Defense Secretary Donald H. Rumsfeld to come to Tashkent in February 2004 and say: "Uzbekistan is a key member of the coalition's global war on terror. And I brought the president the good wishes of President Bush." Karimov's record as a dictator, persecuting democratic opposition, simply does not fit the narrative; it was not a story my government intended to let me tell.

During this period, the key challenge facing then- Secretary of State Colin Powell was the need to keep certifying Uzbekistan's human rights record to Congress. By spring 2004, Congress was waking up to a human rights problem, and in July of that year, the Bush administration announced that it would cut $18 million in military and economic aid to Uzbekistan.

However, just before certification was due, the Uzbek government said that al-Qaeda suicide bombers had attacked Tashkent. I visited each of the alleged bomb sites within hours and saw virtually no damage. The evidence on the ground did not fit the official explanation. I knew al-Qaeda was not behind whatever had occurred: The British embassy had received National Security Agency intercepts of senior al-Qaeda operatives in Pakistan and the Middle East, phoning each other to find out what was going on in Tashkent. Nevertheless, Powell's subsequent claim that Tashkent was under attack by Islamic extremists helped smooth the path for continuing U.S. aid.

In the meantime, my superiors had new complaints against me. I had gone from "over-focused on human rights" to "unpatriotic," according to my supervisor when he came to meet with me in March 2003. By August of that year, I was recalled from holiday in Canada to London, where I faced 18 reputation-wrecking allegations: I was an alcoholic; I was issuing visas in exchange for sex; I was taking bribes.

I was stunned by the speed of it all, even more when I was told by a junior staff member that under no circumstances could I tell anyone about these allegations. I could not call witnesses; I was banned from my embassy; and I would be told later of the results of the investigation.

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I should be quite plain: I did not lead a conventional social life; I had a string of mistresses throughout my career; and I also like a drink, as a good Scot should. But none of the allegations was true, and after a four-month investigation I was cleared of all of them due to lack of evidence. My taste for whisky and women wasn't the problem; it was clear to me that I had no place in Bush and Prime Minister Tony Blair's endless War on Terror. I found the government's hostility almost intolerable, and was hospitalized after suffering a nervous breakdown. I was forced to retire in February 2005.

Just a few months later, in May 2005, Karimov's troops fired into a crowd of anti-government demonstrators in the city of Andijan. Between 400 and 1,000 people died that spring day in what has become known as the Andijan massacre. The initial U.S. reaction was rather low-key. But when Karimov soon gave notice to the U.S. base, the massacre became a pretext for the Bush administration to announce its departure.

When I tried to tell my story -- Uzbekistan's story -- in a book, I was challenged by my government, which sought to suppress the information. The British government has an illustrious history of censoring books by former civil servants, at times even trying to ban them. In the effort to prevent a ban, I succumbed to censorship of particular passages. Even so, the government refused to clear the book for publication, telling Parliament that it would consider suing me.

I also wanted to publish a large number of documents to corroborate my story -- including my official dispatches from Tashkent and the government's demands that I change the text -- but when the government threatened legal action, I removed the documents from my book. I have continued to receive threatening letters; when Foreign Office lawyers argued that the government still retains copyright over all documents produced by the government (even if obtained through Freedom of Information laws), I had to remove them from my Web site.

These days I write, lecture and broadcast from London, where I live with my Uzbek girlfriend. The British government could no doubt prosecute me under our draconian Official Secrets Act, but I am confident they are too scared to have the facts of the case put before a jury. My book was finally published here this summer in its censored form. And the documents are still accessible on scores of Web sites with a little creative online searching. They support a story I have found as hard to tell in retirement as I found it hard to combat in office.

craigjmurray@tiscali.co.uk

Craig Murray, former British ambassador to Uzbekistan, is the author of "Murder in Samarkand" (Mainstream).

Banned In Britain (WP)

The Washington Post, September 3, 2006

Banned in Britain

It was a diplomatic war of words. On one side, Britain's outspoken envoy in Tashkent, Craig Murray, aiming to expose Uzbekistan's human rights abuses. On the other, Murray's superiors in Britain's Foreign and Commonwealth Office, seeking to rein in his criticisms -- and his behavior.

While writing his just-released memoir "Murder in Samarkand," Murray tried to publish several memos and telegrams documenting the FCO's efforts against him. However, he withdrew them after the British government threatened a lawsuit. The documents, excerpted below, are available at sites such as http://blairwatch.co.uk and http://dahrjamailiraq.com .

* * *

Shortly after reaching Tashkent in the summer of 2002, Murray voiced criticisms of human rights violations in Uzbekistan and U.S. policy in Central Asia. Simon Butt, head of the FCO's Eastern department, sent an e-mail about Murray to Michael Jay, chief of Britain's diplomatic services, on Oct 16, 2002:

. . . We are fast developing a problem with Craig Murray, who is using unclassified email pretty indiscriminately to fire off criticisms of the Uzbek regime, US policy etc . . . He has also sent the draft text of a speech he is shortly to give at a Freedom House meeting, which criticises the human rights situation in Uzbekistan in terms which are bound to infuriate the Uzbeks ("This country has made very little progress in moving away from the dictatorship of the Soviet period . . . no effective brake on the authority of a President who has failed to validate his position by facing genuine political opponents in anything resembling a free and fair election").

* * *

Charles Hill of the Eastern department sought to revise the text of Murray's Freedom House speech. He sent this letter to Murray on Oct 16:

Many thanks for sending a copy of your draft speech. It is hard-hitting, and one that (I think) Martin Luther King would have been proud of. But there are elements of it, as currently drafted, that I doubt should be delivered by an HMA [Her Majesty's Ambassador] Tashkent. Language which is too outspoken risks antagonising the Uzbek authorities, and undermining your mission (in both senses of the word) . . .

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Nowhere in the speech is there any acknowledgement of the Soviet legacy Uzbekistan needs to overcome, or the genuine extremist/terrorist challenges it has had to grapple with . . . We do not accept Uzbek arguments that these problems justify human rights abuses, but we do seek to address them in recognising that . . .

The best examples of what the FCO is on record as having said are in publications such as the Human Rights Reports . . . As you will see, on torture the Report says "Uzbekistan has a poor record of ensuring respect for human rights . . . We are concerned about reports of torture . . . etc etc". We would be content for you to jazz up the language of the Report somewhat, but expressions like "deep shame" "outrage" etc go too far.

* * *

On the eve of the U.S. invasion of Iraq, Murray sent a telegram to the FCO accusing the Bush administration of "double standards" for deciding to dismantle "the torture chambers and the rape rooms" in Iraq while treating the "systematic torture and rape" of the Karimov regime as "peccadilloes." Butt subsequently met with Murray in Uzbekistan and reported back to the FCO on April 16, 2003:

. . . Craig was unapologetic. What he had said needed saying. He had again received congratulatory emails from a number of other Posts which had received the telegram. These were issues about which he felt strongly, and which needed to be aired. His drafting style reflected his feelings. He was not prepared to compromise on principles to further his career. I did not dispute his right to air the issues (I myself met with the US Ambassador and queried whether US policy was too indulgent towards Uzbekistan). But he should cultivate a more measured and less emotional style, and should not seek to give the impression that he was the only person in the FCO with a conscience . . .

I ought to mention, without further comment, one further aspect of Craig's unconventional style. After a dinner in Samarkand, the rest of the party returned to our hotel. Craig, in the company of our young female LE [locally engaged] fixer, went off in search of a jazz club. I have heard from others that he has patronised strip clubs in Warsaw . . . But during my visit his demeanour was perfectly correct, and I picked up no signs whatsoever of familial tension while staying at the Residence. It is not particularly palatable to set these tales down, but they should be recorded somewhere. . .

Craig is likely to continue to speak as he finds. But he accepts the need to broaden his functions beyond being a powerful advocate of respect for human rights (and he has got us to raise our game on this).

Lopez Obrador Shows Strength On 2 Fronts (LAT)

By Sam Enriquez

The Los Angeles Times, September 3, 2006

Mexico's presidential runner-up proves he commands authority within the legislature as well as on the streets to push for change.

MEXICO CITY — By delivering a symbolic but stinging blow to the government of President Vicente Fox, losing presidential candidate Andres Manuel Lopez Obrador clinched the first round in his fight for a nonviolent revolution to transform Mexico.

The leftist leader harnessed the full support of his party's congressional delegation to block Fox from delivering his nationally televised State of the Nation speech Friday, humiliating the president and raising fears over his apparent inability to exercise authority against a growing opposition.

"The question becomes, is Mexico on the brink of political crisis? And you could say after Friday that it's entered that realm," said Armand Peschard-Sverdrup, a Mexico expert for the Center for Strategic and International Studies in Washington. "There doesn't seem to be a willingness to negotiate or compromise…. It's like two trains on a head-on collision course."

Authorities deployed thousands of federal police at the Congress building Friday, anticipating a rush by Lopez Obrador supporters who want a recount of the July 2 election, apparently won by conservative Felipe Calderon by less than 1 percentage point.

But Lopez Obrador called off his army of street demonstrators in the late afternoon. Instead, invited lawmakers of his Democratic Revolution Party, or PRD, rose from their seats that evening and took over the hall at a prearranged signal, presumably at the behest of Lopez Obrador.

The seizure of the congressional dais in the moments before Fox's speech revealed the twin strategies of Lopez Obrador to use street demonstrations and Mexico's legislature to hammer away at Fox, Calderon and their National Action Party, or PAN, analysts said.

Looking beyond the disputed election, Lopez Obrador is expected to use both means to try to steer Mexico back to a more protected economy, countering what he sees as unfair global competition that keeps half the country in poverty.

"If he were just a street guy, that'd be one thing," said Daniel Lund, a Mexico City-based political analyst and pollster. "But he's one of the best political operatives in the country. His goal for the PRD is to deepen their roots and build electorally."

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In the last 10 years, first as party president and later as Mexico City mayor, Lopez Obrador helped his party win local, state and federal offices. Last month, the PRD elected its first governor of Chiapas state, defeating a rival who had the backing of a last-minute coalition of PAN and the Institutional Revolutionary Party, or PRI, which held the presidency for seven decades until Fox's victory in 2000.

Many had predicted fractures within the PRD this summer after Lopez Obrador directed weeks of street blockades and protest camps in the center of the capital that, though largely peaceful, snarled traffic, drove away business and alienated residents.

But even though his often strident speeches have scared away many former supporters, Lopez Obrador showed he maintained a firm grasp on his party, now the second-largest bloc in Mexico's newly elected Congress.

"Being able to stand up united and prevent the president from delivering his speech shows the strength of the movement," Peschard-Sverdrup said.

Lopez Obrador, 52, built his support from the mayor's office and the car caravans that crisscrossed the country in nearly 10 months of presidential campaigning.

The charismatic and fiery speaker filled plazas with the many poor who have fallen further behind under Mexico's decade-old move toward a free-market system.

"He believes in revolutionary nationalism: big government, social programs, protectionism and being self-sufficient in oil and natural gas," said George Grayson, a political science professor at the College of William & Mary in Virginia and author of a recent Lopez Obrador biography.

Lopez Obrador lost by 240,000 votes out of 41 million cast in an election he said was stolen on behalf of Calderon by Fox and his allies. His legal challenges have been rebuffed by Mexico's electoral tribunal, which is expected to name Calderon president by its constitutional deadline Wednesday. Fox's term ends Dec. 1.

Lopez Obrador's postelection campaign seeks to discredit the federal government and any Mexican politician or institution that fails to support his claim to the presidency. He's called for a national convention Sept. 16, Mexico's Independence Day, to discuss creating a parallel government.

"Granted, he exposed Mexico's Achilles' heel — that the have-nots haven't benefited to the extent that others have. But I just don't know whether it justifies unraveling Mexico's political system as a result," Peschard-Sverdrup said.

Meanwhile, Lopez Obrador's demonstrations have remained largely unchallenged, protected by the PRD's control over Mexico City, where the protests are centered.

With public opinion divided over the election results, mounting anger at demonstrators and a fear of violent clashes, Fox faces tremendous pressure to reach some accord with Lopez Obrador, an unlikely prospect at the moment, or deal more forcefully with protesters.

"The Fox administration has shown political restraint, but public opinion may force him to finally act," Peschard-Sverdrup said. "Not to mention that he could more easily take the political hit than an incoming Felipe Calderon."

Lopez Obrador retains a popular advantage among the working class here, seen as someone able to outsmart Fox, the police and the government.

Mexican political analyst Leo Zuckerman said, "The real winner was Andres Manuel Lopez Obrador, who continues to look like a great political leader versus a president who, although still popular, has a fading image."

Angola: Chávez In A New Oil Relationship (NYT)

By Simon Romero

The New York Times, September 3, 2006

President Hugo Chávez of Venezuela reached an agreement this week with his counterpart in Angola, José Eduardo dos Santos, for the two countries to work jointly on oil and natural gas exploration projects. Though no formal ventures have been established, the agreement would allow the national oil company Petróleos de Venezuela to assist Sonangol, Angola's state-controlled oil group, in its offshore exploration efforts. Mr. Chávez has been trying to forge stronger political ties with West African nations through energy agreements and contracts to buy exports like cotton, in efforts to enhance Venezuela's influence in the region and expand membership of OPEC.

Caracas Mayor Lays Claim To Golf Links To House Poor (NYT)

By Simon Romero

The New York Times, September 3, 2006

DOJ_NMG_0057562

CARACAS, Venezuela, Sept. 2 — No place in this country symbolizes the resilience of Venezuela's moneyed elite more than the Caracas Country Club, a bastion of tropical luxury from the 1920's, conceived in part for foreign oilmen and designed by American landscape architects who invoked the feeling of a vast coffee plantation.

So imagine the reactions in Caracas, a city choked by shantytowns and traffic congestion, when the mayor ordered the "forced acquisition" this week of the club's 18-hole golf course, and another exclusive course near the United States Embassy, to make way for homes for as many as 11,500 poor families.

"We've done studies that show that 20 families survive for a week on what's needed to maintain each square meter of grass on a golf course," said Juan Barreto, the mayor and a close ally of President Hugo Chávez. "Their use is private and benefits certain sectors which are not the middle class or the poor."

This is not the first volley against private property rights. Mr. Chávez's government has tried for years to alleviate a severe housing shortage. Pro-Chávez politicians have put upscale districts of Caracas in their crosshairs, allowing squatters to occupy apartments in some residential buildings and considering measures that would expropriate apartments owned by landlords who control more than three properties.

Still, nothing touched a nerve in relation to property rights like Mr. Barreto's declaration, broadcast on state television. Even within Mr. Chávez's normally unified government, fissures erupted. Officials wanting to further radicalize Venezuela's socialist-inspired economic policies applauded the decision, while the vice president, José Vicente Rangel, derided it.

"The federal government does not share the decision to forcefully acquire the golf courses of Valle Arriba and the Caracas Country Club," Mr. Rangel said in a statement on Wednesday, adding that the expropriations would be "the exclusive responsibility" of the municipal government for Caracas.

Teodoro Petkoff, an opposition politician and editor of the daily newspaper Tal Cual, alluded to the Bolsheviks in saying that Mr. Barreto, "in his megalomaniacal delirium, must consider this comparable to the storming of the Winter Palace in St. Petersburg in 1917." Mr. Barreto, meanwhile, said he would take the case to the country's Supreme Court.

Almost lost in the uproar was the housing crisis that led the mayor to rattle well-heeled Caraqueños in the first place. Official estimates suggest Venezuela needs 1.7 million new homes to meet low-income housing needs, even though 35,000 such units were built in the first half of the year.

The housing shortage has been decades in the making, created by mass migration to Caracas and other cities from the countryside and natural disasters, like mudslides and Hurricane Mitch in 1998, that left more than 400,000 people homeless and destroyed more than 60,000 homes. Rising prices for new homes, as Venezuela's economic growth has surged by 9 percent this year, have also put owning an apartment out of reach for many people.

Anemic efforts by private construction companies to build low-income housing and a lack of new homes to keep up with population growth in this country of 27 million people have worsened the problem.

Earlier oil windfalls have encouraged the view that the government is almost exclusively responsible for solving housing deficits, according to Carlos Machado, who specializes in real estate and land issues at the Institute of Higher Administrative Studies, a business school here.

That view has only been strengthened by what Mr. Chávez calls his Bolivarian Revolution, an ambitious program to lift the living standards of the poor financed by oil revenues that could exceed $50 billion this year.

But the problem has been a persistent headache for Mr. Chávez, who created the post of housing minister in 2004, and in July named his third: Ramón Carrizales. Mr. Chávez has publicly criticized housing officials for not adequately addressing the crisis, and recently began reaching out to foreign construction companies.

During Mr. Chávez's recent visit to China, Venezuela reached a $1.2 billion deal with the Chinese conglomerate Citic to build 20,000 homes over the next two years.

Construction companies from Brazil, Uruguay and Iran have similar deals with Venezuela's government, part of a broad effort to award contracts to non-American companies.

However, none of the deals are coming together quickly enough to produce the new homes needed in Caracas, a densely populated city of four million. Here, the housing shortage is most acute, and worries over how it will be dealt with have sent the real estate market spinning.

Landlords have flooded the market with apartments for sale, fearful of the measures, some in effect and others under consideration, that would allow more expropriations and bolster the rights of tenants and squatters.

Rentals are so scarce that rents have skyrocketed to as much as $7,000 a month for a three- or four-bedroom apartment near the two golf courses. "The way people react is that you'll find that there's much less property available for lease or for rent, and more property available for sale," said George Kastner, executive director of Coldwell Banker in Venezuela.

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Already, squatters occupy units in more than 140 buildings in Caracas, either illegally or with the approval of city officials. Mayor Barreto, who once pursued doctoral studies in sociology, has ordered more than a dozen takeovers of buildings, including a 96-unit residential complex in El Rosal, a district with soaring postmodern office towers and the Caracas stock exchange.

Mr. Barreto made apartments in the building available to families of firefighters who were homeless or had to commute from far-flung areas to Caracas to work. The firefighters now live in 46 of the building's one- and two-bedroom apartments.

"This is simply our new reality," said Víctor Marval Marcano, an official with Constructora Cohen, the company that owns the building, which is called Rosal Plaza. "We've had cordial discussions with the mayor's office, and we're awaiting payment from the government for the units that have been taken over."

Payment for the golf courses, according to Carlos Escarrá, a constitutional lawyer and top pro-Chávez legislator in the National Assembly, should be "just and opportune."

"If there's agreement on the amount of the payment, then it's over," Mr. Escarrá told reporters. "But if not, then this goes into a judicial phase."

If that occurs, the golf club takeovers may well bog down in Venezuela's byzantine bureaucracy and legal system. By week's end, the mayor's opponents seemed almost nonchalant. "One has to laugh, because sincerely this is a country where everyone rules and no one obeys," Fernando Zozaya, president of the Caracas Country Club, said in an interview.

It would be too easy, perhaps, to accept such sentiment as a bookend to the dispute in a city where protesters gather daily at the government's housing bank in El Rosal to demand new homes. The protesters, who are occasionally dispersed by tear gas, expressed glee at the chance to become neighbors of Venezuela's elite.

"Golf is a beautiful game that I've seen on television, but if that's where I belong, then so be it," Roberto Carlos Valdez, 41, a street vendor, said during a protest this week. "All I want is a roof over my children."

As German Leader's Status Soars Abroad, Her Image Takes A Tumble Back Home (NYT)

By Mark Landler

The New York Times, September 3, 2006

BERLIN, Sept. 1 — With Germany set to deploy a naval contingent of more than 1,000 troops to Lebanon, where it will join a multinational peacekeeping force, Chancellor Angela Merkel is charting a more assertive role for her country, and herself, on the global stage.

Yet Mrs. Merkel, whom Forbes magazine this week designated as the world's most powerful woman, is struggling at home — the victim of eroding public support, infighting in her party and the need to reconcile the competing interests of a balky "grand coalition" government, which has hampered her ability to take bold steps.

"Merkel is more a moderator than a leader, and this is her biggest problem," said Wolfgang Nowak, a former adviser to Gerhard Schröder, who is now an executive at Deutsche Bank. "People want a real leader."

The doubts about Mrs. Merkel have been crystallized in a new poll that shows only 30 percent of voters approve of her Christian Democrats, who govern with the rival Social Democrats.

In a separate survey, her personal approval rating tumbled to 37 percent, from 55 percent in January. The polling company Forsa conducted the telephone surveys, each of 2,501 people and with a margin of error of 2.5 percentage points, for Stern magazine.

Those results make her government scarcely more popular than the previous one, led by Mr. Schröder, which Mrs. Merkel, 52, nudged out of office after an election a year ago this month.

It is an abrupt comedown for a politician who only two months ago was presiding over a rapturous World Cup soccer tournament in Germany. The balmy sunshine of those days is a fading memory, replaced by a more familiar gloom, both in the leaden German skies and the sentiment of the people.

How much of this pessimism is Mrs. Merkel's fault is open to debate. She recently returned from a summer vacation of hiking in the Italian Alps, claiming to be full of confidence. Germany's reinvigorated economy, she said, proved that it was no longer "the sick man of Europe."

Committing troops to a conflict that involves Israel is another milestone in expanding Germany's role in the world. Some analysts contend that Mrs. Merkel's position is firmer than the poll numbers suggest. She has no serious rivals for the chancellorship, her coalition is stable — if awkward to manage — and her party faces no major regional elections of the kind that hobbled Mr. Schröder until 2008.

A spokesman for Mrs. Merkel, Ulrich Wilhelm, said other polls painted a less bleak picture and criticism was inevitable. The chancellor, he agreed, has played the role of a moderator.

"But that doesn't mean she has no goals," Mr. Wilhelm said. "She is just pursuing her goals in a different style."

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With the leaders of Britain and France in their twilight, Mrs. Merkel, a physicist-turned-politician who barely squeaked into office, could yet become the dominant figure on the European political scene — sharing the stage, perhaps, with Italy's recently elected leader, Romano Prodi.

And yet, at home, Mrs. Merkel's leadership has been vague and indecisive, in the view of many analysts. Her first stab at economic change — an overhaul of Germany's unwieldy, expensive health care system — was condemned across the political spectrum as a weak-kneed compromise.

With other key changes, like opening up the calcified labor market, hard to pursue because of resistance from the Social Democrats and even elements in her own party, Mrs. Merkel has been unable to sketch out a plan for how she plans to tackle Germany's deep-seated problems.

"The government's broader goals are no longer visible," said Paul Nolte, a professor of modern history at the Free University of Berlin. "I think she would like to be bolder, but she feels very chained by the grand coalition. There is very little room for her to maneuver."

This domestic drift is in sharp contrast to foreign policy, where Mrs. Merkel has shown a surprisingly sure hand.

From repairing Germany's frayed ties with the United States to mediating among bickering European neighbors, analysts credit the chancellor with the instincts of a seasoned diplomat.

"She's had a great start in a field that's new to her," said John C. Kornblum, a former American ambassador to Germany and the chairman of the Lazard investment bank here. "She has a clear, honest style. It shows what having a healthy psychological makeup can do for you."

Few have responded more warmly to her forthright approach than President Bush, who visited Mrs. Merkel two months ago in her parliamentary constituency in eastern Germany, and gave her a playful — if ill-received — shoulder rub at a summit meeting in St. Petersburg, Russia.

Despite its growing self-confidence, Germany's decision to join the peacekeeping force in Lebanon could still be perilous for Mrs. Merkel. Germans, because of the Holocaust, have deep qualms about entering any conflict that could put their troops in a confrontation with Israeli soldiers.

Germany's solution — to send naval forces that will patrol Lebanese waters, but not ground troops — has defused the issue here so far. Polls show that Germans are divided about being involved, but it has aroused little debate, in part because both major parties support it.

"It's not a sensational step, but it is one more step in the 10-year evolution of German foreign policy," said Karsten D. Voigt, the coordinator of German-American cooperation in the Foreign Ministry.

Germany had begun taking a more assertive role — deploying troops to Afghanistan, for example — under the Schröder government.

Next year, Mrs. Merkel will get many more chances to stride on the world stage. Germany will have the rotating presidencies of the European Union and the Group of 8 countries, which is scheduled to meet in June at a Baltic seaside resort.

No amount of international acclaim, however, will shield Mrs. Merkel if she fails to confront homegrown problems, analysts say. These include Germany's chronic double-digit inflation and a health care system that is going bankrupt because of rising costs and an aging population.

Many of Mrs. Merkel's woes were foretold by the election, which produced no clear winner and was interpreted as a sign that German voters opposed radical changes of the kind she has long advocated.

"The dilemma facing Merkel is that if she lays out a bold course, even her own party won't follow her," Mr. Nowak said. "But if she keeps her true motives hidden, the electorate won't follow her."

Faced with this riddle, some analysts say, Mrs. Merkel is right to move gingerly and keep her long-term plans vague.

She hopes to streamline corporate taxes to make Germany more attractive to industry.

And despite the criticism of economists, she is sticking to plans to increase the valued-added tax to 19 percent, from 16 percent, in 2007 to cut a ballooning federal budget deficit.

Germany's rising economic fortunes give Mrs. Merkel something of a tailwind. The economy is likely to grow at its fastest rate in years in 2006, and unemployment has declined slightly.

"Nobody actually wanted this grand coalition," said Richard Hilmer, managing director of the polling firm Infratest Dimap. "People aren't happy with the situation, but they know it's only the beginning."

France Deports More Illegal Immigrants, But Shies From Children (NYT)

By Katrin Bennhold

The New York Times, September 3, 2006

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PARIS, Sept. 2 — France has accelerated its deportation of illegal immigrants and is more than halfway toward its 2006 target of 25,000, the Interior Ministry says, but with a new school year approaching the government appears to have largely refrained from expelling families with school-age children.

The interior minister, Nicolas Sarkozy, vowed to step up the pace of expulsions after suburban riots last fall in areas largely inhabited by people of foreign extraction. The deportations — mainly of Africans, Asians and East Europeans — reached 12,716 as of July 31 and sped up in August, said Franck Louvrier, a spokesman for Mr. Sarkozy.

But while support for stemming illegal immigration is broad, Mr. Sarkozy — a contender in presidential elections only eight months away — must also contend with the public's sympathy for children threatened by expulsion. That was in full view on Wednesday, when passengers on an Air France flight to Lagos tried to prevent the plane from taking off after they learned that a Nigerian youth was being deported. In the spring, after parents and teachers hid children without legal status, Mr. Sarkozy froze deportations until the end of the school year and offered to legalize 6,000 families. Nearly 30,000 have applied.

Since early July, only four high school students and two primary school pupils are known to have been deported, according to the Education Without Borders Network, which has organized protests and collected more than 100,000 signatures in its campaign to protect children from deportation. "Sarkozy knows this is political dynamite," said Richard Moyon, a founder of the network. "I don't think he can afford to go after the tens of thousands of children who are in France illegally."

France has 4.9 million immigrants, slightly more than 8 percent of the population, according to Insee, the national statistics office. The government estimates that 200,000 to 400,000 foreigners are here illegally.

The incident on Wednesday involved Jeff Babatunde, 19, a Nigerian who arrived in France illegally in 2004 and was arrested Aug. 1. He says his mother was an advocate of political causes in Nigeria and was shot in a demonstration in 2004, leaving him without family there. The government says there is no evidence to support his story.

His flight back to Nigeria left from Charles de Gaulle Airport, and advocates and opposition politicians including Jack Lang, a former Socialist education minister and current presidential contender, demonstrated. Two passengers were arrested when a protest erupted on the plane.

France has other high-profile immigrant cases. In Limoges, in central France, 44 Africans are on their fourth week of a hunger strike, trying to force the government to give them residency papers.

At the same time, the far right accuses Mr. Sarkozy of being too soft.

This week, Jean-Marie Le Pen, the leader of the National Front, went on the attack after an Algerian immigrant and former prison inmate who was saved from deportation by Mr. Sarkozy three years ago stole a car and burst through police barriers outside a building where Prime Minister Dominique de Villepin was speaking. In 2003, Mr. Sarkozy repealed the longstanding practice of expelling immigrants convicted of crimes after they had served their prison terms.

Mr. Sarkozy said the Algerian, Cherif Bouchelaleg, should be punished severely, but he stood by his repeal of double jeopardy laws. "It's not about sending him away, because he'd just come back," he said. "The issue is the severest possible punishment for repeat offenders."

Many Panamanians Say No To Canal Upgrade (NYT)

By Marc Lacey

The New York Times, September 3, 2006

PANAMA — Once the equivalent of a modern, multilane highway, the Panama Canal may be on the verge, say those who run it, of becoming something closer to an old, congested country road.

The increasing number of ships hovering off shore awaiting a chance to cross the isthmus is just one sign of the 92-year-old canal's status as a bottleneck. On top of that, hundreds of modern superships are too wide to squeeze into the canal's aging locks at all.

All this would seem to be evidence of the need to modernize the canal. But a government plan to do that, which Panamanians will vote on in a referendum in October, may be in danger of failing because of a host of considerations that say much about this country's difficult past and challenging present.

The canal means everything to Panamanians, who view it as Saudis might view their oil or Kenyans their wildlife. It is what makes their tiny country stand out on the map and generates a good portion of its outside income.

For so long, though, the canal was controlled by someone else. Taking possession of it from the United States in 1999 was a source of enormous pride for Panama, especially since canal authorities subsequently dispelled fears that the withdrawal of American experts would turn it into a flop.

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Nonetheless, many Panamanians intend to vote against the expansion plan, which would construct new three-step locks on either end of the canal. They intend to ignore government cries that doing so could prompt shippers to seek alternate routes and could turn the canal into an outmoded ditch.

"I've heard all that, and I'm still voting no," said Tomás Drohan, who recently retired as chief engineer of the Panama Canal Authority and is a vocal critic of the expansion plan.

Although Mr. Drohan recognizes the need for a bigger canal, he predicts the project will cost considerably more than the $5.2 billion the government estimates. He also says he is sure that the corruption that pervades the upper reaches of Panamanian society will find its way into this megaproject, which is almost as large as the country's annual $6.5 billion budget.

Such concerns about Panama's decision makers are widespread here, prompting many to question the project, which would begin next year if approved. No one is certain just how strong the "no" movement is, but the outspokenness of the opposition has surprised those in government who had expected Panamanians to back their canal reflexively.

"This is supposedly for us, the next generation," said Razne Pette, 26, a student leader who opposes the project. "And of course we don't want it to become out of date. But we know the politicians in this country, and we know they are drooling at the thought of such a big project."

President Martín Torrijos, whose government is pushing hard for a yes vote, scoffs at the notion that all politicians are corrupt. "It's like if I said that all men cheat on women," he told reporters recently. "Some of them do, but not all. Ah!"

Looking back provides part of the reason for the skepticism. Dictators, including Mr. Torrijos's father, have ruled Panama for a good chunk of its history. And even the arrival of better governance, and a campaign by Mr. Torrijos to clamp down on corruption, has not wiped out the scandals or the doubts that Panamanians have about the country's wealthy ruling clique.

Although Panama's economy has benefited significantly from canal spinoffs, like a thriving banking sector, about 40 percent of the population lives in poverty. For them, the canal is a source of pride but one they contend benefits them little.

"You can walk around and see all the big buildings here and think you're in Geneva," said Miguel Antonio Bernal, a law professor and advocate who is leading the opposition. "But keep walking, and you're in Haiti."

Adding a third lane to the canal, which would speed up traffic, has been talked about in one form or another for decades. The United States even began excavation for such a project as early as the 1930's, although the advent of World War II ended that expansion.

In the final years of American control of the canal, a joint study by the governments of the United States, Japan and Panama concluded that the canal would reach its maximum capacity in this century and that its banks needed to be widened. But the question of who would finance the effort was put off.

"The case is so compelling for it," said Robert Pastor, director of the Center for North American Studies at American University.

The latest effort, which would allow some of the world's largest vessels to navigate the canal with room to spare, is purely Panamanian. The government here hatched it and plans to finance it without the involvement of foreign governments.

The Bush administration has largely remained neutral, portraying the plan as a decision that is up to Panamanians. But during a visit to Panama last fall, before the latest plan was unveiled, President Bush said, "It's in our nation's interest that this canal be modernized."

The plan has won the support of the maritime industry, even though shipping companies would bear much of the cost through increased fees. Bank loans would make up the rest, canal authorities say, pointing out that the canal itself would not be put up for collateral.

The government says the revenue the canal generates, which now exceeds $1 billion a year, would grow considerably with a new and improved canal. But just where that money would go remains a concern to many Panamanians.

The Torrijos administration has proposed a national dialogue on how best to spend canal revenues, but many remain suspicious that his effort would begin only after the referendum is approved.

"This vote is holding the government's feet to the fire," said a Western diplomat monitoring the referendum, who declined to be identified because he did have his government's permission to speak on the topic. "It's healthy to have the Panamanian people have a role in how the canal's funds will be used."

Panamanians have used past referendums to voice their discontent. But the effect of a no vote this time around remains a subject of fierce debate. Would it force the government to acknowledge the masses and begin spending canal revenue to improve education and health care, to name just a couple of areas in considerable need?

Or would it send a message to the world that Panama is unstable and that alternate trade routes might be worth exploring?

"This project is not only for the rich," argued Alberto Alemán Zubieta, the administrator of the canal and the lead advocate of expanding it. "This is for the benefit of this country. This is like our petroleum."

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But after fervently defending the expansion project in an interview, Mr. Alemán turned philosophical and acknowledged that the ongoing debate was healthy.

"What's beautiful about this is that whatever decision we make is being made by us," he said. "This is about more than just building a bigger canal. We're talking about building our country."

Aid Agencies Warn Of Sri Lanka Problems (AP)

By Cassie Biggs, Associated Press Writer

AP, September 3, 2006

Aid workers warned Saturday of a humanitarian catastrophe if the United Nations and Red Cross pull out of Sri Lanka, where agency staff are facing mounting restrictions and threats to their safety amid a worsening civil conflict.

U.N. agencies and the International Committee of the Red Cross are the only relief groups with access to some parts of the north and east, where the government is locked in fierce battles with Tamil Tiger rebels. Hundreds of thousands of mostly ethnic Tamils in those areas are facing food, water and other shortages.

In the last few days, the U.N. and the ICRC have both warned that if security does not improve for staff in the country, they could stop their operations.

The warnings come after independent monitors of Sri Lanka's all-but-defunct 2002 cease-fire said they were convinced that security forces were behind the killings of 17 local staff for an international aid agency, Action Against Hunger, earlier this month. The government has vehemently rejected the allegation.

"If we felt that our staff were not safe, we would not operate," Reto Meister, ICRC delegate-general for Asia-Pacific, told reporters in Geneva on Friday.

His warning followed a similar word of caution by U.N. humanitarian chief Jan Egeland.

"We cannot continue in this area unless we know that people will be held accountable for the execution of 17 of our colleagues," Egeland said in New York.

Aid workers warned that such a situation would be a catastrophe for the nearly 220,000 people who have been displaced by the last five months of near-daily shelling, air strikes and artillery battles in the north and east, where the Tigers are fighting to establish a separate Tamil homeland.

Sri Lanka's navy said Saturday it sank 12 Tamil Tiger boats, including five suicide craft, and killed as many as 100 rebel fighters during a fierce six-hour sea battle off the country's northern coast.

The fighting broke out late Friday when about 20 boats belonging to the Tigers' fierce sea wing attacked a navy patrol near Kankasanthurai harbor, to the east of the northern Jaffna peninsula, navy spokesman Commander D.K.P. Dassanayake said.

"At a time when more people are increasingly in need, and aid agencies need more humanitarian space to work, the government is trying to limit our space. If the U.N. agencies pull out, it would be a catastrophe," said one aid worker who requested anonymity, fearing that speaking publicly on the matter would jeopardize his agency's work in the country.

As fighting between separatist rebels and the government has escalated, aid workers have been hit with a slew of new travel and work restrictions, mostly in conflict zones where there are sizable ethnic Tamil populations.

Some aid workers and human rights groups have suggested the government and rebels do not want "external witnesses" in these areas, but the government says the restrictions are to protect the safety of aid agency staff.

Over the last few weeks, aid workers have been "stopped, blocked and intimidated" by security forces in eastern Trincomalee, Batticaloa and Ampara districts demanding to see nonexistent Ministry of Defense registrations, said another foreign aid worker, also requesting anonymity.

While the Ministry of Defense in Colombo has assured aid agencies that they do not need the registration, the message has failed to filter down to security forces on the ground, said Jeevan Thiagarajah, executive director of the Consortium of Humanitarian Agencies, an umbrella group for local and international aid agencies in Sri Lanka.

"The government and the (rebels) need to be up front and say that they will not impede or harm humanitarian workers or their work," Thiagarajah said.

"Right now, we are getting mixed messages. The government is saying that it doing its best to help us, but on the ground it is a different story," he said.

Hundreds of aid workers also are still waiting for newly introduced work permits, despite submitting applications months before the Aug. 31 deadline.

Associated Press Writer Bharatha Mallawarachi contributed to this report.

Accommodating Genocide (WP)

DOJ_NMG_0057568

By Eric Reeves

The Washington Post, September 3, 2006

In the face of ongoing genocide in Darfur, the international community's failure to accept the "responsibility to protect" (that's United Nations language, officially adopted) innocent civilian lives has taken its last, abject form. The National Islamic Front (NIF) regime in Khartoum, made up of the very men who have for more than three years orchestrated the systematic destruction of Darfur's African tribal populations, has been told directly and unambiguously that there will be no U.N. peacemaking force without its consent.

In the revealing words of British U.N. Ambassador Emyr Jones Parry, Khartoum's agreement to U.N. deployment "is quite crucial" to taking any meaningful action. Jones Parry's words have been repeated explicitly by U.N. and U.S. officials, as well as officials of other countries possessing the military resources that are the only possible source of protection for approximately 4 million people in Darfur and eastern Chad -- people whom the United Nations describes as "conflict-affected" and in growing need of humanitarian assistance.

In short, the international community has conferred upon the genocidaires the power to veto deployment of the very force that might halt an accelerating slide toward catastrophic human destruction.

Given present trends (Khartoum has launched a major military offensive in northern Darfur) and the woeful inadequacy of the present African Union monitoring force -- and presuming no intervention to protect civilians or the humanitarian efforts upon which they depend -- mortality in Darfur over the next year could exceed the present death toll of about half a million human beings, some 10,000 people a week.

This is a moment that requires the utmost clarity, both moral and political. Secretary General Kofi Annan, on the basis of a detailed U.N. assessment, proposed a robust force of some 24,000 troops and security personnel. In turn, the Security Council has just passed a U.S.-U.K. resolution guided by Annan's proposal. But despite the rapid deterioration of security throughout Darfur, Khartoum has been assured that there will be no actual deployment of U.N. forces without its consent.

The Sudanese regime has been powerfully encouraged by these repeated assurances. Moreover, the NIF has diplomatic backing from the Arab League in opposing any U.N. deployment, along with expedient support from countries such as Eritrea.

These circumstances force a question that has been skirted not only by governments but by human rights and policy organizations, as well as advocacy groups, newspaper editorials and American politicians (including all in Congress who voted in July 2004 to declare that the situation in Darfur constitutes genocide): With the clear prospect of humanitarian collapse and massive civilian destruction, will the world continue to defer to Khartoum's claims of national sovereignty? Has the grim shadow of Iraq, and fallout from the crisis in Lebanon, paralyzed the Western democracies in responding to a terrible "genocide by attrition" among the African tribal populations of Darfur?

Further, does the fact that Sudan is regarded as Islamic and Arab protect its government from being held responsible for the ultimate crime? All too much evidence suggests that the answer, on all counts, is yes.

This is obscured by the continuing pretense that Khartoum's stubborn resistance will somehow collapse simply because the Security Council has passed an essentially hortatory resolution. Ten previous, and essentially ineffectual, resolutions should disabuse all but the most naive of this notion. The continually invoked threat of sanctions has proved thoroughly empty: To date one mid-level (and retired) member of the NIF military and security apparatus has been subjected to sanctions. China and Russia are adamantly opposed to further sanctions, and Khartoum is thoroughly inured to such vacuous threats.

Moreover, continual assurances by U.N. and Western officials that no deployment of forces is contemplated without Khartoum's consent are mirrored in the advocacy posture of human rights and policy organizations that refuse to ask the difficult but essential question: Will the world intervene to stop genocide if the genocidal regime refuses to accept such intervention?

The U.N. World Summit of September 2005 produced an "outcome document" (unanimously endorsed) that commits the international community to a "responsibility to protect" civilians who are victims of genocide, ethnic cleansing or crimes against humanity. This "responsibility" was explicitly framed as superseding claims of national sovereignty such as Khartoum continues to assert. If the world fails to intervene in Darfur, with or without the consent of Sudan's government, the fleeting ideal of an international "responsibility to protect" civilians at the most acute risk will have collapsed -- another consequential casualty of Darfur's genocide.

The writer is a professor at Smith College.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: **THE ATTORNEY GENERAL AND SENIOR STAFF**

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TODAY'S EDITION

Terrorism News:

British Seize 16 In Anti-Terror Raids (WP) 3
14 Arrested In London Anti-Terror Raids (NYT) 4
14 Held In Raids Targeting British Terror Training (LAT) 5
THE CASE OF THE GLOBE TROTTING GROCER (CHIT) 6
A Judge Willing To Let A Leak Case Be Misused (WP) 12
A Mystery Man Who Keeps The FBI Up At Night (LAT) 12
Hardball Tactics In An Era Of Threats (WP) 16
Russian Homeland No Haven For Ex-Detainees, Activists Say (WP) 20
Suspects Angry At Cartoon, German Says (NYT/AP) 22
It's Congress's War, Too (NYT) 22
The Wrong Battle In Pakistan (NYT) 24

Homeland Response:

Screening Tools Slow To Arrive In U.S. Airports (NYT) 24
Bioterrorism Is No Match For Natural Selection (LAT) 27
Democrats Fault Bush's Katrina Response (AP-Y) 28
A Crisis Manager Has To Help Itself (NYT) 28
A Bank Survives Katrina. Now, The Hard Part. (NYT) 29
To Grasp The Depth And Breadth Of Disaster, Bike New Orleans (NYT) 34
Katrina Evacuees, Down And Out In Fresno (WP) 34
U.S. Delays Plan For Machine-Gun Drills On Great Lakes (LAT) 36
After Storm Evacuation, Shuttle Crew Returns To Florida (AP) .. 36
Remnants Of Ernesto Drench East Coast (AP) 37
Ernesto Leaves Area Damaged But Grateful (WP) 38

War News:

Bush: Iraq Has Not Fallen Into Civil War (AP) 39
Bush Calls War `Uphill,' Vital To Establish Middle East Peace (BLOOM) 39
G.O.P. Hopeful Says Rumsfeld Should Resign (NYT) 40
Bush Shifts Back To Terror Message (HC) 42
A Change In Tone -- And A Stumble (WP) 42
A Warrior's Warning On Iraq (WP) 43
Donald Rumsfeld's Dance With The Nazis (NYT) 44
The Man From Munich, Ever Alive In American Politics (NYT) ... 46
Bush's Deadly Road To Victory Baffles Many (AJC) 47
Wrong 'Ism,' Wrong History (WT) 48
Iraq's Complications (WP) 49
A General's New Plan To Battle Radical Islam (WSJ) 49
14 South Asian Shiite Pilgrims Shot To Death In Iraqi Desert (NYT) 53
Asian Pilgrims Killed As Pentagon Warns Of Iraq Civil War (AFP) 53
Iraqi PM Meets With Influential Cleric (AP) 54
A Demand For Hussein's Release (WP) 56
Mortar Attack Kills 6 Near Baghdad (AP) 56
Analysis: Shiites May Begin Battling Each Other (PPG/AP) 57
Analysis: U.S. Says Iran Behind Trouble (AP-Y) 58
American Appears In New Al-Qaida Tape (AP) 60
American Convert Asks U.S. Troops To Defect (WT/AP) 61
Lejeune Marine Killed In Anbar Province (AP) 62
Endurance Meets Doubt In Iraq (NYT) 62
U.S. Hands Prison Back To Iraqis (LAT) 64
Army Officer Calls For Death In Slaying Case (NYT) 65
Army Official Recommends Court-Martial For Soldiers (WP) 66
4 Soldiers Eligible For Execution If Convicted (LAT) 66
Army Recommends Death In Iraq Slayings (AP) 67
Britain's Blackest Day In Afghanistan: 14 Troops Die In Plane Crash (AFP) 68
14 British Troops Die In Crash (WT/AP) 69
Opium Harvest At Record Level In Afghanistan (NYT) 69
Afghanistan Opium Cultivation Skyrockets (AP) 71
Americans' Support For Afghan Military Action Drops In CNN Poll (BLOOM) 72
Air Force Reservist Sen. Lindsey Graham Served In Afghanistan (MCT) 72
Fallen Soldiers' Families Say Bush Is 'genuine' (SLTRIB) 73
Utah Lawmakers May Restrict Payday Loans To Military (AP) ... 74
Healing War's Wounds (NSWK) 75
Soldiers Who Lost Limbs Learn To Surf (USAT/AP) 76
Enlisting In The Aftermath Of 9/11, A Soldier Limps Home, With Pride (SLPD) 77
Dispatches: Soldiers' Blogs, Washington's Blunders (WP) 80
The Feelings Of Life, Illustrated (NYT) 80

DOJ:

U.S. Attorney Resigns Post (TENN) 82

Corporate Scandals:

The S.E.C. And Insider Trading (NYT) 82

Criminal Law:
At 77, Whitey Beats All Odds (BOSH) ... 83
Bulger Turns 77, FBI Continues Search For Him (CBS4BOS) ... 83
If He's Alive, Whitey Bulger's 77 Today (AP) ... 84
FBI Fugitive Bulger Has 77th Birthday (UPI/UPI) ... 84
Gambling With Success (PTR) ... 84

Civil Law:
Government Spending More To Classify Files, Report Says (COX) ... 86

Civil Rights:
FBI Capabilities Wide For Probe Into Jail Death (BSH) ... 87

Antitrust:
The Last Stand Of The 6-Percenters? (NYT) ... 88

Environment/Indian Affairs:
Court Rules Laws On Wetlands Apply To Family's Farm (PPG) 91
Texas Farms And Ranches Done In By Mean Drought (LAT) ... 93
Carbon Dioxide Emissions Get Buried At Sea (LAT) ... 94
Offshore Terminal's Onshore Effect Debated (LAT) ... 97
Bill Would Aid Cemeteries For Indian Veterans (NYT) ... 97

FBI/DEA/ATF/USMS:
Deadly, Intentional Ignorance On Guns (LAT) ... 98

Immigration:
With Millions In 9/11 Payments, Bereaved Can't Buy Green Cards (NYT) ... 98
L.A. March Presses For Amnesty For Illegal Immigrants (LAT) 101
Ga. National Guard On The Border Illegals Seeking Southeast Jobs Find The Early Going Blocked By Georgians (AJC) 101

Tax:
IRS Audits May Not Catch Wealthy Cheats (AP) ... 102

Congress-Administration:
Texan May Leave Bush Post (DMN) ... 103
GWB's Wish List (Novak) ... 104
GOP Focus On Security Issues To Sideline Other Matters (WP) 105
Fixing A Broken Congress (WP) ... 106
Nearly 3 Years Later, 'Risk-based' Loan Applicants Still In The Dark (LAT) ... 107
Bush Protesters Moving Operation To D.C. (AP) ... 108
The Right Builder For The Right Spacecraft At The Right Time (TIME) ... 109

Other News:
Pockets Half Empty, Or Half Full (NYT) ... 110
The Flush Are Working For The Public (NYT) ... 111
She Works, Her Grandson Doesn't (NYT) ... 111
Here, Take Back Some Of My Pay, It's Too Much (NYT) ... 111
Borrowers We Be (NYT) ... 112
A Teacher's Year, A C.E.O.'s Day: The Pay's Similar (NYT) ... 112
For Those On The Outside, The Urge To Be Here Remains (NYT) ... 112
The Employees' 2006 Bill Of Slights (WP) ... 113
Wages Barely Keep Up With Inflation (AP) ... 114
National School Testing Urged (WP) ... 114
Perfect's New Profile, Warts And All (NYT) ... 116
Rove's Word Is No Longer G.O.P. Gospel (NYT) ... 117
Democrats Loath To Predict Win This Fall (AP) ... 119
For Bush, Hope And Fear In Lessons Of Midterms Past (NYT) 120
More GOP Districts Counted As Vulnerable (WP) ... 122
GOP's Hold On House Shakier (LAT) ... 122
Hillary Can't Dodge Presidential Chatter (WT) ... 126
Friends Of Hillary Hint She May Pull Out Of Presidential Race Sarah Baxter (TIMS) ... 126
A Senate Primary In New York (NYT) ... 128
'Macaca Moment' Marks A Shift In Momentum (WP) ... 129
Democrat Hopes To Benefit By Comparison (LAT) ... 131
Foes For U.S. Senate Vie To Show Who Is Less Ethical (PHI) 132
Santorum, Casey: It's Put-up Time (PHI) ... 133
Pennsylvania: Bellwether For November? (LAT) ... 135
Santorum And Upstart Allies Now GOP Old Guard (PPG) ... 137
For Md.'s Cardin, The Delight Is In The Details (WP) ... 139
Katherine Harris' Comedy Of Errors (TIME) ... 142
Democrats Davis, Smith Converge On South Florida As Race Nears End (FLSUNSEN) ... 143
Exit Poll Pioneer Warren Mitofsky Dies (AP) ... 143
A Nation Of Free Agents (WP) ... 144
Me? I Vote For The Cheez Whiz (WP) ... 145
Nellie Connally, An Occupant Of Kennedy's Limousine, Is Dead At 87 (NYT/AP) ... 146
Why Poverty Doesn't Rate (WP) ... 146
Poverty's Top Ten Strongholds (WP) ... 148
Annan Arrives In Iran For Talks On Nuclear Issue And Lebanon (NYT) ... 149
Annan Pushes Iran To Compromise On Nukes (AP) ... 149
Iran Welcomes Annan, But Not U.N.'s Decree (AP) ... 150
EU Will Try To Clarify Tehran's Nuclear Stance (LAT) ... 151
If America Wanted To Talk, Iran Would ... (NYT) ... 151
A Deadline That's Less Than It Seems (NYT) ... 153
Annan Questions Iran Holocaust Exhibit (AP) ... 153
Khatami: U.S. Muslims Can Promote Peace (LAT) ... 154
GOP Playbook (NSWK) ... 154
U.N. Chief Condemned Hezbollah Attacks (1 Letter) (NYT) ... 155
Report: Missile Activity Seen In N.Korea (AP) ... 155
Italian Troops Land In Southern Lebanon (WP) ... 156
Beefed-up Peacekeeping Force Takes Shape (AP) ... 157
Lebanese Politicians, Scarce In War, Renew Bickering (NYT) . 158
Hezbollah Announces Commander's Death (AP) ... 159
Malaysia Intent On Sending Troops To Lebanon: PM (AFP-Y) 160
Fighting May Be Over, But Lebanon's Tourist Industry Still Suffering (MCT) ... 160
Besieged (NYT) ... 161
Palestinian Teachers Begin New School Year On Strike (NYT) 167
Egypt Confirms Talks On Israeli Soldier (AP) ... 168
7 Turkish Soldiers Killed By Guerrillas (AP) ... 169
The World According To China (NYT) ... 169
As China Spews Pollution, Villagers Rise Up (LAT) ... 174
Obama Visits Sudanese Refugees In Chad (AP) ... 176
Her Majesty's Man In Tashkent (WP) ... 177

DOJ_NMG_0057571

Banned In Britain (WP) 179
Lopez Obrador Shows Strength On 2 Fronts (LAT) 180
Angola: Chávez In A New Oil Relationship (NYT) 181
Caracas Mayor Lays Claim To Golf Links To House Poor (NYT)181
As German Leader's Status Soars Abroad, Her Image Takes A Tumble Back Home (NYT) 183
France Deports More Illegal Immigrants, But Shies From Children (NYT) 184
Many Panamanians Say No To Canal Upgrade (NYT)..... 185
Aid Agencies Warn Of Sri Lanka Problems (AP)..... 186
Accommodating Genocide (WP) 187

TERRORISM NEWS:

British Seize 16 In Anti-Terror Raids (WP)

By Kevin Sullivan, Washington Post Foreign Service
The Washington Post, September 3, 2006
Arrests in Two Cities Not Tied to Airliner Plot, Officials Say

LONDON, Sept. 2 -- Authorities arrested 16 people early Saturday in two unrelated anti-terrorism operations in London and Manchester, reflecting growing concern over the threat of homegrown Islamic extremism in Britain.

The larger operation, in London, resulted in the arrests of 14 suspects, including some who were seized when police raided a Chinese restaurant south of the Thames River. Scores of police officers backed by helicopters also searched the 54-acre grounds of an Islamic school in a village southeast of London.

Police said the arrests of two suspects in Manchester were unrelated to the London arrests.

Officials said neither operation was connected to the investigation of an alleged plot to bomb U.S.-bound airliners, in which police arrested 25 suspects last month -- 15 of whom have been charged with terror-related offenses -- nor to the probe into the July 2005 attacks on the London public transportation system in which 52 passengers and four bombers were killed.

Saturday's arrests, which police said followed "many months of surveillance and investigation," come as British authorities are becoming increasingly worried about the threat of attacks from Islamic extremists born and raised in Britain. British media, citing unidentified sources, reported the arrests were related to the alleged recruitment and training of people for participation in extremist attacks; police would not comment on those reports.

"What we've learned since 9/11 is that the threat is not something that's simply coming from overseas into the United Kingdom," Peter Clarke, the head of Scotland Yard's anti-terrorist branch, said in an interview with the BBC, excerpts of which were carried in the British media Saturday. "What we've learned, and what we've seen all too murderously, is that we have a threat which is being generated here within the United Kingdom."

Clarke said Scotland Yard and the MI5 domestic security service were not focusing surveillance efforts on a few violent extremists but on a much wider slice of the community.

"The numbers of people who we have to be interested in are into the thousands," he said. "That includes a whole range of people, not just terrorists, not just attackers, but the people who might be tempted to support or encourage or to assist."

The London operation began about 10 p.m. Friday, when more than 50 armed police officers wearing helmets and protective gear entered the Bridge to China Town restaurant, owner Medhi Belyani said in a telephone interview. Belyani said that the police entered peacefully and that he did not recall seeing guns drawn.

Belyani said police approached about 15 men and two boys who were sitting at a table eating. Police sealed off the restaurant, ordered him to close down the kitchen and did not allow anyone in or out. He said about 10 or 15 other customers were in the restaurant at the time.

Police questioned the 15 men individually at the table, he said.

Belyani said some of the men, who appeared to range in age from about 25 to 40, were wearing traditional Muslim dress. Police said the 14 suspects arrested in London ranged in age from 17 to 48. The restaurant is located near London South Bank University, which has a large number of Muslim students. The restaurant, which serves meat prepared in a halal manner and no alcohol, is popular with Muslim customers, Belyani said.

Belyani said he did not recognize any of the men who were questioned. After about two hours, he said, police led the men out. He said they were not handcuffed; he was unsure how many were arrested.

Police said they were also searching at least 10 properties in London as part of the operation.

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Saturday morning in Mark Cross, a village of about 200 to 300 residents, scores of police began searching the building and grounds of Jameah Islameah, a school described on its Web site as a training facility for Islamic teachers. Government education officials described it as a private secondary school for boys ages 11 to 16 and said that just nine pupils are enrolled there.

Police did not comment on what they were looking for or how the school was connected to the arrests in London.

Photos on the Jameah Islameah site show a vast Victorian-style central building and about a dozen other structures, including a church building, amid green fields. In addition to offering teacher-training and boarding facilities, the school also makes its grounds available for camping, the Web site said.

Nick Benson, chairman of the Village Association in Mark Cross, said that buildings on the site date to 1875 and that over the years it has been a Catholic girls orphanage, a school for boys and a training center for Catholic priests. Benson said the site was bought by a ballet school in 1970 but then lay virtually unused for many years.

Benson said in a phone interview that residents became aware the property had changed hands in 1993 when a sign saying Jameah Islameah appeared at the front gate.

Government education officials issued a report on the school in January concluding after an inspection that the school "does not provide a satisfactory education for its pupils." The report, by the Office for Standards in Education, found that the school's curriculum and teacher quality were inadequate and its facilities were in poor condition.

The Sunday Express newspaper reported last Sunday that Abu Hamza Masri, a radical Muslim preacher who was convicted in February of inciting racial hatred and sentenced to seven years in prison, once spent a weekend camping at the school with about 15 followers. Bilal Patel, the school's head, said that he told Hamza not to return "because he was so strange" and that he gave local police a letter Hamza had given him outlining his views, the newspaper reported. Patel said MI5 agents later questioned him about Hamza.

Messages left on the school's answering machine on Saturday were not returned.

14 Arrested In London Anti-Terror Raids (NYT)

By Alan Cowell

The New York Times, September 3, 2006

LONDON, Sept. 2 — The British police arrested 14 men in south, east and north London overnight, raiding a halal restaurant and an Islamic school in the latest display of concern about the spread of potential terrorists among British Muslims, police officials said Saturday.

Separately, the police in Manchester in the northwest said they arrested two men in raids on three homes on Saturday morning. The police linked the arrests, at 6 a.m., to the detention of a third man in the same area on Aug. 23.

None of the arrests were linked to the huge security alert that began Aug. 10 when the police rounded up 24 people to thwart what they called a terrorist suicide plot to bomb trans-Atlantic airliners, police officials said.

At that time, the British authorities had raised their terrorism threat assessment level to “critical,” the highest designation meaning that an attack was imminent. That was reduced four days later to “severe,” meaning that an attack was “highly likely.” The threat assessment level remained at “severe” on Saturday, according to the British MI5 Security Service Web site.

There was no immediate indication from the police that the latest arrests were related to a specific conspiracy such as the one described by the authorities on Aug 10. A police official, who spoke in return for anonymity because the investigation was continuing, said one line of inquiry was whether those arrested had been seeking to set up training facilities for would-be terrorists.

Word of the latest raids in London began to emerge late Friday after as many as 50 officers stormed into the Bridge to China Town restaurant on Borough Road, south London. People living nearby said the restaurant was crowded at the time. The police did not say what the men were suspected of doing.

Referring to the number of police officers, the restaurant owner, Madi Blyani, told the British Broadcasting Corporation: “It was surprising, actually, because plenty of them suddenly came in all together. There were more than 50 or 60 of them. They suddenly came inside because they were suspicious of some of the customers, and they talked to them. They talked to them more than one hour, two hours. And they arrested some of them.”

A police statement on Saturday said the 14 men arrested in London had been seized under counterterrorism laws “on suspicion of the commission, preparation or instigation of acts of terrorism.” Police officers declined to go into detail about their search of a privately financed Islamic school in the village of Mark Cross, south of London, but said it was linked to the overnight raids.

A British newspaper, The Express on Sunday, reported this week that Abu Hamza al-Masri, a radical Islamic cleric imprisoned this year on charges of inciting racial hatred and soliciting murder, had sought to use the Jameah Islameah Islamic school at Mark Cross, which offered weekend camping sites for Muslims. It quoted the school’s imam, Bilal Patel, as saying Mr.

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Masri and a group of followers had camped on the school's 54-acre grounds but had been asked not to return. The newspaper did not say when Mr. Masri had used the school.

"We had to tell Abu Hamza that we did not want him to come again because he was so strange," Mr. Patel was quoted as saying. "He had given me a letter explaining some of his views, and I passed that on to the local police. Later on I was visited by some people from the security services. I assumed they were from MI5 because they asked an awful lot of questions but they didn't really say who they were."

According to figures released in 2005, the vast majority of Britain's 7,000 publicly financed religious schools were Christian, in addition to 36 Jewish, 5 Muslim and 2 Sikh schools. But there are also around 120 private Islamic schools.

"The arrests in south and east London follow many months of surveillance and investigation," the police statement said.

The raids began only hours after Peter Clarke, the chief of London's counterterrorism police force, was quoted as saying that thousands of terrorism suspects may be at large in Britain — a figure certain to alarm those in the United States who have taken to depicting some of Britain's 1.6 million Muslims as a growing security threat.

Mr. Clarke was speaking in an interview, recorded in July, that is to be broadcast Sunday as part of a BBC program tracing links between British and foreign terrorists.

He said of the thousands of possible suspects, "That includes a whole range of people, not just terrorists, not just attackers, but the people who might be tempted to support or encourage or to assist."

14 Held In Raids Targeting British Terror Training (LAT)

By Kim Murphy And Sebastian Rotella, Times Staff Writers

The Los Angeles Times, September 3, 2006

The sweep in London is followed by the search of a countryside Islamic school. In Manchester, two are arrested in an unrelated terror case.

MARK CROSS, England — A former stately orphanage that is now a decrepit Islamic school was searched by police Saturday as authorities announced 14 arrests in an investigation of possible terrorist retreats and recruitment in the wooded English countryside.

Officers sealed off the Victorian-era, 100-room institution and its 54 acres of grounds at dawn, hours after they arrested 12 suspects in a raid on a South London Chinese restaurant frequented by Muslims.

Two others were arrested elsewhere in London in an operation that followed months of surveillance by police and MI-5 intelligence services. Searches were underway at the suspects' homes and in Manchester, where two more people were arrested in a separate terrorism case.

All 16 detainees, who were not identified, were arrested on suspicion of the commission, preparation or instigation of acts of terrorism.

Police said the sweep had no connection to an alleged plot to smuggle liquid explosives onto airliners that led to two dozen arrests here last month or the July 2005 bombings on the London transit system.

The latest arrests also were not connected to any imminent plot, authorities said. Rather, they said, the raids were an attempt to catch those in Britain planning and recruiting for terrorism, focusing on young Muslims who may be drawn into militant networks through outdoor programs in the countryside.

The Jameah Islameah school run by a Muslim charity in this rural village of East Sussex, in southeast England, was providing a Koranic education to about a dozen youths and served as a retreat center for Muslims, police and neighbors said.

"Friday nights after people came up for Friday prayers, they camp here for the weekend," said a police spokeswoman at the cordoned-off site, who under police protocol was not named. She said school officials were cooperating in the search, which was expected to take several weeks.

In Britain, as in France and Italy, militant groups have long used outdoor activities as a cover for recruiting, radicalizing and training followers, according to European anti-terrorism officials. The training in Europe has tended to center on physical conditioning and martial arts rather than firearms or explosives.

Recruiters use outdoor excursions to promote bonding and to screen for promising prospects, who are sometimes sent on for terrorist and combat training at foreign camps, particularly in Pakistan, said a British law enforcement official who was briefed on the investigation.

"It's not unusual within Muslim communities for quite large groups to go on camping trips and team-building activities," said the official, who requested anonymity because police were not authorized to discuss the investigation. "But the thinking is that extremist groups use this for talent-spotting. You have individuals who spot talented ones for aptitude and send them on for training in Pakistan, Afghanistan or other foreign venues."

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Investigators are primarily interested in the activities that have gone on in the sprawling wooded areas around the campus in East Sussex, the official said.

The concern is not new. The investigation of last year's transit bombings focused public attention on this trend because of published photos of the bombers on a rafting excursion. Moreover, Al Muhajiroun and other British militant groups have conducted outdoor and survival excursions as part of their radicalization process, experts said.

Once the site of a Catholic orphanage and junior seminary, then a ballet academy, the rambling, ornate facility was transferred to the Jameatul-Uloum-al-Islameyah charity in 1992, according to government records. Its declared purpose was to teach young Muslims to become teachers and assistant imams.

Neighbors and government inspectors said that the facility had fallen into disrepair, and that teachers and students did not mix much in the community.

"The place is in quite a derelict condition. A friend of mine went there, and it was pretty peculiar," said Daphne Street, who lives near the school. "They said they were taken along the corridors. One of the doors was open, and there were people in there, and there was hardly any floor. I mean, the center had gone out, and they were all sitting around on the edge, I guess. She was quite horrified."

Nick Benson, head of the Mark Cross Village Assn., said there seemed to be only about a dozen students at the school.

"We see them occasionally walking on the street; they're always wearing their traditional costume, not European-style clothes. They just kept to themselves," he said.

In an interview with London's Sunday Express, school proprietor Bilal Patel said radical Muslim cleric Abu Hamza al Masri, sentenced in February to seven years in prison for inciting murder and racial hatred, had once booked a school camping weekend with about 15 followers.

"We were immediately concerned about his strange behavior," he said. "At night they went for walks around the country lanes … and we knew it would upset the neighbors. They must have looked intimidating."

A government inspection of the school in December found that nine boys from 12 to 15 years of age were following a curriculum that was deficient in most areas except science and Islamic studies. The school "does not provide a satisfactory education," the review found.

The arrests in London were part of the same inquiry, but it was not clear whether any of the detainees had connections to the school or were suspected of having used the campus or other facilities for recruiting or training.

Mehdi Belyali, owner of the restaurant where most of the arrests took place, said 40 to 50 police officers swept into the establishment Friday night and began asking patrons for their names and addresses.

"They spent about two hours here questioning people, and then they left," leading away the detainees in handcuffs, he said. Police also seized six vehicles parked outside the restaurant.

kim.murphy@latimes.com

rotella@latimes.com

Murphy reported from Mark Cross and Rotella from Paris.

THE CASE OF THE GLOBE TROTTING GROCER (CHIT)

By Ron Grossman, A Tribune Reporter Who Frequently Covers Middle Eastern Issues

Chicago Tribune, September 3, 2006

THE U.S. SAYS MUHAMMAD SALAH WAS FINANCING MIDDLE EAST TERRORISM. SALAH SAYS HE WAS BRINGING MONEY TO STRICKEN FAMILIES. NEXT MONTH, A JURY WILL BEGIN DECIDING WHO'S RIGHT.

SITTING NEXT TO MUHAMMAD SALAH on a courtroom bench, it is hard to keep him in focus. The physical presence doesn't jibe with legal papers describing him as a terrorist kingpin with blood on his hands.

The 53-year-old Palestinian-American from southwest suburban Bridgeview seems remarkably calm for someone facing the possibility of spending the rest of his life behind bars. He projects the kind of inner peace ascribed to the great Christian mystics-or, perhaps more aptly in this instance, the Sufis of the Islamic world.

He is given to speaking in aphorisms.

"People are slaves to politics," he told me during one of the pretrial skirmishes at the Dirksen Federal Building, where his criminal trial is scheduled to open in early October. He is accused of providing material support to a foreign terrorist group and lying under oath by denying that he was a member of Hamas, a group officially designated by the U.S. as a terrorist organization and now the majority party in the Palestinian legislature.

When Salah was charged two years ago, then-Atty. Gen. John Ashcroft heralded it as a vindication of the USA Patriot Act, the controversial terrorism-fighting tool forged by the Bush administration in the wake of 9/11.

"Today, terrorists have lost yet another source of financing and support for their bombs and bloodshed," Ashcroft said in announcing the indictment by a federal grand jury of Salah and two co-defendants, including Mousa Mohammed Abu Marzook, a top leader of Hamas' political wing.

Given the White House's highly publicized strategy of maintaining a courtroom front in the war on terrorism, the government has bet a lot of chips on its prosecution of Salah and his alleged co-conspirators.

Yet there was a point in 2000 when the case appeared to have been dropped. The Justice Department shut down without fanfare its long-running investigation of Salah and Hamas.

The current reversal of that decision epitomizes the Salah case, which besides raising civil libertarians' hackles, is also a saga with more twists and turns than a John le Carre spy novel. It includes enough bureaucratic infighting to send shivers up the spines of citizens who'd like to think of their government as a shield against a repeat of the World Trade Center tragedy. It even has a cameo appearance by Judith Miller, the former New York Times reporter, who went from hero to goat after refusing to testify in the White House leak investigation.

Submitted as a movie script, the story might elicit a Hollywood producer's critique: "Fascinating yarn, but needs simplifying."

MUHAMMAD SALAH WAS BORN in 1953 in Jerusalem, on the Jordanian side of a city then divided between Israel and Jordan. In 1967, the Israeli army captured East Jerusalem and the West Bank and three years later, Salah emigrated to the U.S. and became an American citizen. A high-school dropout, he got his GED in this country and some training in computers. He worked as a grocer and sometime car dealer, and also took a course in how to become a security guard, which included training in the use of firearms. He made his home in Bridgeview, which has a considerable Palestinian presence, and became a board member of the Bridgeview Mosque Foundation.

In the 1980s, the Bridgeview Mosque was the site of a theological civil war pitting more- assimilated members against fundamentalist newcomers. It was in 1987, according to a statement Salah subsequently gave while in Israeli detention, that he joined the Muslim Brotherhood, a militant group founded in Egypt in 1928, of which Hamas is a Palestinian offshoot. In his statement, which he now disavows, Salah reputedly tied his recruitment in the militant organization to Sheik Jamal Said, a prayer leader at the Bridgeview Mosque.

For Salah, the current proceeding-case No. 03 CR 978 in U.S. District Court, Northern District of Illinois, Eastern Division-is only the latest in a long-running series of summonses before various bars of justice. Yet the only visual clue to his legal odyssey is a parched and lined face that echoes the desert landscapes of his homeland. Seated alongside him during a March hearing was a woman who looked 20 years his junior. When Salah momentarily left the courtroom, I asked her if she was a daughter.

"I'm his wife," replied Maryam Salah, flashing a smile indicating she was familiar with the confusion. "We're the same age," she explained. "He went into prison a young man and came out an old man."

Salah spent four years in Israeli prisons in the 1990s after purportedly confessing to serving as a courier and financial conduit between American supporters of Hamas and terrorist cells in Gaza and the West Bank. In one instance, Salah reportedly told his interrogators he met with a student at Hebron University "who asked me for the sum of $8,000 for buying weapons for the activity. I gave him the sum in cash."

He doesn't look typecast for cloak-and-dagger work. It is easier to picture him, an apron tied around his waist, behind the counter of the grocery store that, according to court documents, he once owned in a Chicago neighborhood.

Yet it could be his mild-mannered appearance that made Salah fit for the role that Israeli and American authorities ascribe to him. Underground groups need fiery orators and wild-eyed bomb throwers. But they also need innocuous- looking conspirators who can fade into a crowd.

It was that look of tranquil confidence-all too carefully crafted, in her eyes-that drove Joyce Boim to barely controllable rage when she met Salah across a table in the Dirksen Building. Six years ago, she and her husband, Stanley Boim, sued Salah and several Islamic charities under the Federal Anti-Terrorism Act of 1992. It allows victims of terrorist attacks overseas to seek financial compensation in American courts.

Their 17-year-old son, David Boim, was killed by Hamas gunmen at a Jerusalem bus stop in 1996. Because Salah allegedly helped finance Hamas, he should be held accountable, the Boims argued.

During a pretrial conference between plaintiffs and defendants, Salah claimed he was the injured party, having been imprisoned and maltreated by Israeli authorities who tricked him into making a false confession.

"I remember having to grip the arms of my chair," Joyce Boim recalls. "I wanted to reach across the table and strangle him. He was sitting there, making himself so innocent."

In late 2004, a Chicago jury found for the Boims, and the court awarded the couple $156 million in damages from Salah and the charities, including the Quranic Literacy Institute, with offices in Oak Lawn. The Boims, New Yorkers who have lived in

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Israel for years, aren't likely to see the money any time soon. As financial claimants, they are in line behind the U.S. government, which previously froze Salah's assets through a so-called RICO attachment.

"That's OK," says Joyce Boim. "We did it to show to show other terrorists they are not going to be able to collect money for terrorism while hiding behind a charity."

The admissions Salah made while in Israeli custody are the centerpiece of the government's case in the current criminal proceedings. Yet had that chapter of his saga been transacted on American soil, his confession might not make it past the doorway of Judge Amy St. Eve's 12th-floor courtroom.

Salah's supporters claim he was browbeaten-they stop short of calling it torture-into confessing by weeks of incessant questioning. Arguing that the confession should be disallowed, his attorney, Michael Deutsch, asked the judge earlier this year to consider his client's statement in the context of a larger narrative:

"It's about a broken man who has been through 53 days of interrogation."

The Israelis countered by flying over two intelligence officers who had questioned Salah. Testifying last March, they denied subjecting him to undue coercion, and Judge St. Eve found their testimony credible.

At one point, though, it did push the envelope. Deutsch brought into court a wooden chair with its legs largely cut off, the front ones more so than the back ones. His client, he said, had been forced to sit in a similar chair, in a painful position, while being interrogated. The Israelis reportedly countered (their testimony was behind closed doors) that the chair's design had a benevolent intent. During long interrogations, they explained, prisoners fall asleep. By being seated so low they are protected against injury should they fall to the floor.

The Israelis' testimony left Deutsch with a tough decision: whether to put his client on the stand. A criminal trial is fought much like a chess match. Before making a move, a lawyer has to carefully consider if it might leave his client vulnerable to a checkmate countermove.

The best available evidence for countering the Israelis' assertions would come from his client's mouth. Salah, and only Salah, could take the stand to attest to what the Israelis did, or did not, do to him.

But it would give the prosecution an opportunity to cross-examine Salah, and that carries risks defense attorneys don't relish, even when convinced a client is innocent. A slip of the tongue could give the other side a weapon it otherwise wouldn't have. Yet not putting Salah on the stand would leave the Israelis' version of the story unrebutted.

"If believed, they are very damaging," Deutsch subsequently said of the statements Salah made while in Israeli prisons.

Yet Deutsch decided that the time wasn't right, if indeed it ever would be, to have Salah testify. Instead, the defense relied on a written affidavit to tell Salah's version of the interrogation.

"Any time an agent observed me nodding off to sleep, he would slap my face and kick me to keep me awake," Salah wrote in the sworn statement. "It still is difficult for me to believe that any human being could do these things to another human being."

In large part, his alleged confession was allowed into evidence. It would have been hard for St. Eve to rule otherwise. A longstanding legal principle dictates that, when weighing evidence, the spoken word trumps the written one. With a live witness, a judge or jury gets to see the witness' demeanor and can evaluate his or her believability accordingly. The other side gets a chance to try to poke holes in the witness' story. But words on paper are just that-an assertion untested by the parry and thrust of cross-examination.

Still, the episode, which went on through several court sessions, left unresolved an issue of equity: It was well into his time in Israeli custody before Salah was able to meet with a lawyer.

Had the delay occurred in the U.S., it would have violated his right to have an attorney present during questioning, tainting the confession and probably causing it to be thrown out. But Judge St. Eve decided that American law allows the confession to be admitted as evidence. The October trial will be conducted in accordance with American practices, but with evidence collected by Israeli rules.

It will also be largely pre-scripted, thanks to the Boims' lawsuit. The basic outline of the government's case can be seen in the court filings, depositions, legal exhibits and judicial rulings preserved in the thick file of the civil case.

But federal prosecutors undoubtedly have fresh ammunition to throw against Salah and his legal team. Deutsch says the FBI managed to plant an informant in his client's circle of friends. When Salah was released by the Israelis in 1997, there was an unfamiliar face among those who welcomed him home.

This person "made himself Salah's best friend and business partner," Deutsch says. "They were together for six years."

According to Deutsch, Salah and the FBI plant ran a used-car business together, and the FBI was able to compile 500 pages of reports based on the undercover work of the informant, identified in court records as "Individual A."

So for courtroom buffs, and partisans on both sides, when St. Eve takes the bench on Oct. 12, it will be like watching the curtain go up on an opera, libretto in hand.

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It will play in an impressive venue. The kind of court most of us are likely to experience-fighting a traffic ticket, getting divorced, testifying as a witness to a street crime-is noisy and chaotic. By contrast, the atmosphere in the Dirksen Building is so majestically serene it seems like a theatrical tableau. The front section of the courtroom is built up like a ziggurat: St. Eve's assistants sit on one level, her bench is still higher above the floor. She seems to tower above the proceedings, making her appear both larger and smaller than life.

She is a petite woman and her blond hair is stylishly clipped. Save for the black robe and high perch, she almost could be mistaken for a teenager. She runs her courtroom as if determined not to let anyone take advantage of her appearance. At one point during pretrial motions, Deutsch sensed that a hearing wasn't going his way and he broadly hinted that it was because St. Eve leans toward the prosecution. As a former federal prosecutor, she did a stint on the Whitewater investigating team.

"I know this court is going to agree with the government," Deutsch said.

"You are walking a close line of contempt," St. Eve shot back.

Deutsch's chief foe is Joseph Ferguson, lead prosecutor and deputy chief of the federal Money Laundering and

Asset Forfeiture section. Presumably, he was

assigned to the case because so much of it turns on fund transfers, mind-boggling in their complexity. He is tall, lean and walks with a crisp, purposeful gait. His receding hairline gives him look of an intellectual; he could be taken for a professor of law.

(Full disclosure: I was once his professor at Lake Forest College, though we haven't spoken in decades. The government declined to let the prosecution team be interviewed.)

Ferguson and his assistants generally enter the courtroom in single file, perhaps in order of descending seniority. To a man-and woman-the team dresses in neatly tailored suits, so uniformly dark blue you can imagine a big bolt of the fabric in the basement of the Justice Department from which they are cut when someone is appointed an assistant U.S. attorney.

Ferguson usually makes his point without verbal flourishes. But he can put the needle in, too. During a hearing on the Salah confession's admissibility, he virtually dared Salah to testify. A prosecutor or judge can't order a defendant to do that because of the constitutional protection against self-incrimination.

"Unless he takes the stand, Judge, the evidence will permit only one conclusion: Mr. Salah has lied," Ferguson told St. Eve.

For Deutsch, heavy rhetoric is a weapon of choice. In one motion, Deutsch and a co-counsel characterized the federal attorneys as lackeys of Israel, "a violent and racist government." A foreign nation, they charged, "[has taken] over control of an American courtroom."

Deutsch walks with great loping strides. He, too, could be taken for a professor, perhaps of art. He dresses in not-quite-matching jacket and pants, as if to proclaim he saves the aesthetic sensibilities for his work.

His courtroom delivery is flamboyant, and there is more than a hint of Clarence Darrow about him. Like Darrow, he forsook a conventional legal career to become a self-proclaimed champion of the underdog. He clerked for former federal appeals court Judge Otto Kerner and was scheduled to move on to a corporate law firm. But the Chicago 7 Conspiracy Trial was taking place in the same Dirksen Building that housed Kerner's chambers and where the Salah trial will be held.

Antiwar activists were charged with conspiring to provoke riots in Chicago's streets during the 1968 Democratic National Convention. After dropping in on trial sessions, Deutsch was prompted to sign on with the People's Law Office. As its name suggests, it is a creature of the egalitarian spirit of the 1960s. One of his first assignments was to represent inmates at New York's Attica Penitentiary, after a bloody riot there.

Deutsch calls Salah "a pawn in a larger political game."

Others, of course, see Salah differently. To the Boims he is evil incarnate. To the federal government, he is an enemy agent who not only financed terrorism but sought and trained recruits for Hamas on U.S. soil. To some Arab-Americans, he is the victim of a McCarthyite witch hunt that presumes all Muslims guilty until proven otherwise.

"For many, he is a symbol of a larger Palestinian struggle," says Ahmed Rehab, executive director of the Chicago chapter of the Council on American-Islamic Relations. "Nobody sees Salah in a vacuum."

Yet there is one thing friend and foe agree upon: Salah was a bagman.

ON JANUARY 25, 1993, SALAH was arrested at a checkpoint in Gaza, then under Israeli occupation. He was found with $97,400 in his possession, according to the affidavit of Robert Wright, a FBI agent who worked on the U.S. government's case. The Israelis also confiscated notes Salah had kept on meetings with Hamas operatives in the 11 days since he had arrived in Israel, according to Wright's account.

What he was doing there, and why he brought the money will be batted back and forth between the prosecution and defense tables at the trial.

"The question is, what was his intent?" says Deutsch.

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Deutsch's answer is that his client was on a humanitarian mission. Shortly before, Israel had deported a number of Hamas activists to Lebanon. The money Salah brought to the Holy Land was for the support of the exiles' families, Deutsch says.

By Deutsch's account, Salah had entered a Kafkaesque nightmare. At one point, the Israelis had considered Hamas to be a counterweight to Yasser Arafat and the Palestine Liberation Organization, but by the time of Salah's arrest the honeymoon was over, and the Israelis were leaning on Washington to cut off Hamas' funding sources in the U.S.

So they pumped up Salah's arrest into a front-page story, Deutsch contends. Like other conspiracy theories, Deutsch's hypothesis makes use of micro-fine readings of the text that aren't necessarily convincing to those who don't buy in. Israeli officials invited New York Times Middle Eastern reporter Judith Miller to witness Salah's interrogation, presumably as part of the media blitz.

"When Miller wrote about it for the Times, she didn't say she saw Salah being questioned," Deutsch says. "But in her book 'God Has Ninety-Nine Names' she retold the incident in the first person. Why?"

Deutsch says the Israelis locked up Salah with Palestinian collaborators, jailhouse snitches who demanded Salah prove he wasn't an Israeli spy. "I was repeatedly threatened in many ways unless I wrote a statement in which I was to state that I was involved with Hamas," Salah wrote in his 2005 affidavit.

Salah pleaded guilty in 1995 on the advice of an Israeli civil-rights attorney who said the chances were slim of prevailing in an Israeli military court. While Salah was in prison, the U.S. government officially declared him a terrorist, which led to his bank accounts being frozen and a failed attempt to seize his house. All of which led to nothing, Deutsch notes. For seven years after Salah's return to Chicago, there was no indictment, no trial.

"Just before 9/11, the government was working out an agreement to return his assets," Deutsch says. "9/11 was the defining thing. The Justice Department needed to show it was fighting terrorism."

During the years the case seemed to vanish down a rabbit hole, Mark Flessner headed the Justice Department's investigating team. He reports the delay wasn't for lack of manpower: At its peak, the investigation had 13 FBI agents and two other Justice Department officials assigned to it. By the middle of the 1990s, the government realized charities in this country were laundering money to support violent groups abroad. The investigation was aptly code-named Vulgar Betrayal. The paper trail it uncovered was lengthy and convoluted.

"It quickly became obvious we had an octopus on our hands," Flessner says. "Every bank record, every deposit slip we looked at led to dozens of other transactions that had to be run down,"

He gestured around his office at Sonnenschein Nath & Rosenthal, the law firm he joined after a dozen years in federal service. "Imagine a room twice this size, maybe 30 by 40 feet, lined with boxes filled with bank records."

Those boxes got filled in the midst of more than one bureaucratic civil war. Justice Department terrorism investigations are compartmentalized. For security reasons, investigative teams and prosecutors are separated, Flessner explained. The inclination of prosecutors is to take a case to court. In department lingo, they want the file "thrown over the wall" to them. The impulse of investigators is to hesitate: Once a probe is made public, the bad guys know the feds are on to them. Sources dry up, suspects flee.

Then there are life's petty jealousies. Relations between FBI agents in Chicago and those assigned to Milwaukee became so hostile, an office had to be rented in Kenosha for a neutral meeting ground, Flessner recalled. An Arabic-speaking FBI agent, Gamal Abdel-Hafiz, refused to wear a wire while tracking a suspect in the probe.

"He said a Muslim doesn't, or couldn't, record another Muslim without him knowing it," Flessner says. "It is not an option for an agent to decide how an investigation should be conducted, because of religious or philosophical reasons. Does a Christian FBI agent have the right to refuse to tape a Christian suspect?"

The episode threatened to turn Vulgar Betrayal into a cottage industry for lawyers filing spin-off legal actions. Abdel-Hafiz sued another member of the team, Robert Wright, the agent whose affidavit records Salah's arrest in Israel. Wright had complained to their superiors about Abdel-Hafiz, eventually taking the story public. Wright, in turn, sued the Justice Department for denying him permission to publish a book about the terrorism investigation.

All the while, Flessner's bosses in Washington were constantly second-guessing the investigation. Looking into religious groups was a new tactic and politically sensitive. So, too, was evidence that money headed for terrorists was flowing in and out of Saudi Arabia, a U.S. ally. Despite the roadblocks, Flessner thought there was sufficient evidence to take to a grand jury.

"Had there been the will in the Justice Department," Flessner says, "we had a case."

Instead, he was told to wrap up the investigation, which was closed shortly after he left federal service in 2000.

Four years later, and with considerable fanfare, the Justice Department announced Salah's indictment. How come? Deutsch thinks it was another instance of a little man caught in a labyrinth fashioned by powerful hands.

"Nathan Lewin was flogging the feds," said Deutsch. "It was part of the civil-case strategy."

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Lewin is a Washington, D.C., attorney whose high-profile clients include former President Richard Nixon and former Atty. Gen. Edwin Meese. A onetime federal prosecutor, he was enlisted by the Boim family to seek redress for their son's murder. Because of the complexity of the case, Lewin brought in as co-counsel a Chicago firm, Wildman Harrold.

If there is, indeed, a causal relationship between Salah's criminal prosecution and the Boims' case it would vindicate the intent of the law under which the Boims' suit was brought.

Joseph Morris, a Chicago attorney and former assistant U.S. attorney general, drafted federal legislation designed to entice private attorneys to take terrorism cases by allowing them to collect their fees from the defendants. The usual rule in civil suits is that each side pays its own way.

"This way, private attorneys produce information for the government on a silver platter," Morris says. "The Boim case was a pioneering effort that lived up to my hopes when I drafted the statute."

Just what evidence from the civil suit wound up in the criminal case isn't immediately apparent.

"The FBI looked through our files, but they don't say what they might have found there," says Steve Landes, a partner in Wildman Harrold. "But one of the counts against Salah came from our case: Lying when he denied being with Hamas."

When the trial opens in October, opposing consul will have opposing tasks: connecting versus disconnecting the dots.

he theory of the government's case, as outlined in court filings, is this: Salah took orders from a co-defendant, Mousa Mohammed

Abu Marzook. Variously identified as the

No. 1 or No. 2 man in Hamas' political hierarchy, Marzook reportedly lives in Syria, from where he directed the organization's money-laundering operation. Salah was its point man in the U.S., receiving funds and dishing them out to terrorist cells in Israel as well as finding new recruits.

A third defendant, Abdelhaleem Hasan Abelraziq Ashqar, of suburban Washington, maintained a branch operation through bank accounts in Mississippi. Unnamed co-conspirators also helped maintain the conduit.

The challenge for Ferguson, the lead prosecutor, will be to hold the attention of jury members while walking them through a mountain of paperwork A Justice Department press release, for example, reported: "In February 1991, Abu Marzook's associate, Co-conspirator I, received a transfer of $480,000 from a bank in Saudi Arabia to his Virginia-based account, and then wired approximately $99,000 to an account in Cleveland belonging to Co-conspirator H, who, in turn wrote 16 checks totaling $100,000 to Co-conspirator F, which were cashed in Israel."

If that doesn't put jurors to sleep, Ferguson will still have to link Salah to that financial labyrinth and then prove that he kept doing terrorist work more recently, so his lawyers can't invoke a statute-of-limitations defense.

Salah told me he is confident of ultimate vindication. "I wait for the supreme judge," he said one day in court. "That's what keeps me going."

But he seemed troubled at a hearing in mid-August. His attorney was petitioning for a postponement of the trial, arguing it would be impossible to pick an impartial jury in the wake of the fierce fighting between Israel and Hezbollah, and the arrests of Muslims in England alleged to have planned to blow up U.S.-bound airliners with liquid explosives. British and Pakistani investigators have also launched a probe of an Islamic charity that purported to help refugees of the Pakistani earthquake of 2005. The charity allegedly financed the airliner plot the way the U.S. contends Islamic-American charities were used to money-launder funds destined for terrrorists in the Salah case.

Judge St. Eve rejected the motion, noting only an oracle could predict when things would quiet down in the Middle East. With that ruling, she renewed the challenge Deutsch will face at the forthcoming trial: to show that there are alternative interpretations for evidence offered by the prosecution. But the defense will be confronted by the same dilemma as during pretrial hearings. Who besides Salah can make his story? Absent fuller explanation, several chapters are murky.

It is unclear how Salah made a living after 1989 or 1990 when he sold his business, according to the deposition of a woman who bought it.

When applying for a home mortgage, Salah showed a letter from the Quranic Literacy Institute saying he was their employee. But the Institute, itself labeled a money-laundering front, denied Salah was on its payroll. In its pleadings, the Institute argued that Salah hardly needed its financial support, since "Salah was receiving big chunks of money from a variety of sources."

Moreover, setting aside the question of how the Israelis got it out of Salah, the confession does parallel a paper trail.

In the disputed statement, Salah said that in the early '90s he was asked to go from a part-time to full-time Hamas activist.

He seems to have done what many would do when presented with a job offer: dicker over the terms: "I told him I would think about it and after some time I responded in the negative because my expenses in the U.S. were many and I could not subsist on what the movement would give me. Nevertheless, we agreed to continue discussions in order to reach a situation which would fit in with my standard of living and the situation of the movement."

In his statement, Salah said that before his fateful trip to Israel, the Hamas leader Marzook "deposited in my Chicago bank account $300,000 for distribution among Hamas activists in the

West Bank and Gaza."

Salah's bank accounts did suddenly grow by hundreds of thousand dollars on the eve his trip to Israel in 1993-$985,000 by the U.S. government's count. Once there, Salah used a money-changer to convert funds from those accounts into cash. If he was simply distributing charity, why not write checks to the recipients?

If Salah does take the stand to explain, the prosecution gets a chance to impeach his testimony. Whatever he has said and written could return to haunt him. For instance, early in a criminal case, it's common for the defense to throw up a paperwork smokescreen, citing a litany of reasons why the suit should be dismissed without trial. One reason offered in Salah's behalf was what might be called the Valley Forge defense. It argued that liberation movements historically use violence, therefore Salah shouldn't be tried for helping Palestinians fight for a homeland.

Salah's motion argued: "Delving back into the history of our own republic, the British, using the same definition of 'extortion' urged by the government in this case, could have charged our Founding Fathers with that crime when they declared independence from the Empire and threatened to accomplish that independence (and ultimately did so) by use of force."

It is not hard to imagine one of the prosecutors, clad in a dark blue suit, carrying that piece of paper slowly over to the witness stand.

"So, Mr Salah," he might ask. "Do you mean to tell these jurors there's no difference between Patrick Henry and a suicide bomber?"

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rgrossman@tribune.com

A Judge Willing To Let A Leak Case Be Misused (WP)

The Washington Post, September 3, 2006

A chill ran down my spine when I read the Aug. 23 news story about U.S. District Judge T.S. Ellis ordering a "leak investigation" into how reporters learned that two pro-Israel lobbyists were under federal investigation before they were formally charged. The article noted that "legal experts said Ellis's order is noteworthy because it is unusual for a judge to initiate such an inquiry."

Not for Judge Ellis.

In June 2002 Judge Ellis ordered a three-week investigation into how a national periodical obtained certain information in the case of "American Taliban" John Walker Lindh. As the ethics attorney in that case, I disclosed the information at issue in accordance with the Whistleblower Protection Act after it "disappeared" from the file. The Justice Department used Judge Ellis's order as a pretext to get me fired from my law firm, place me under criminal investigation for more than a year, help my law firm contest my receipt of meager unemployment compensation, refer me to the state bars in which I'm licensed as an attorney and put me on the "no-fly" list.

The criminal case was closed without charges ever being brought and the Maryland Bar complaint was dismissed, but the D.C. Bar complaint is still pending after nearly three years. Judge Ellis is aware of the Justice Department's abuse of his order and should be mindful that such leak investigation orders issued to the government effectively place a sword of Damocles over the head of the target. Whether a source or not, no citizen should be subject to this kind of treatment.

JESSELYN RADACK

Washington

A Mystery Man Who Keeps The FBI Up At Night (LAT)

By Josh Meyer

The Los Angeles Times, September 3, 2006

Officials hunting virtually full time for a Florida computer technician see him as the ultimate 'sleeper agent' in the post-9/11 world.

CHARLIEVILLE, Trinidad and Tobago — Five years ago, as 19 Al Qaeda operatives in the United States put the finishing touches on what would become the Sept. 11 attacks, a frail, asthmatic computer engineer from South Florida paid a visit to this tiny Muslim enclave where he'd lived as a boy.

Adnan Gulshair Muhammad el Shukrijumah, then 25, kept a low profile over the course of the week. He hung out with a small circle of devout older men who were leaders of the local Islamic community. They prayed in mosques, went fishing and enjoyed long walks and leisurely dinners, recalled one of the hosts, Imtiaz Mohammed.

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Shukrijumah spoke fondly of his father, an influential Islamic scholar and Charlieville community leader two decades earlier. He also spoke of his family life in Miramar, Fla., his computer technician business and his travels to the Middle East and other exotic locales.

But Shukrijumah said nothing about why he was in Trinidad, nor what his plans were, acquaintances here say.

Two years later, the FBI put out an urgent all-points bulletin for Shukrijumah, depicting him as one of Al Qaeda's most well-trained, intelligent and deadly operatives. He was described as the ultimate "sleeper agent," intent on attacking the U.S., possibly with weapons of mass destruction.

Law enforcement officials and terrorism experts now believe Shukrijumah is one of several young, street-smart leaders of Al Qaeda handpicked by Khalid Shaikh Mohammed, the mastermind of the Sept. 11 attacks, to keep the terrorist network alive and humming in the face of U.S.-led efforts to unravel it.

To be sure, the FBI's record on identifying terrorist plotters since Sept. 11 includes some widely publicized failures. In some cases, law enforcement officials have alleged that suspects were centrally involved in plots, only to back off those assertions when cases moved toward court.

And officials concede that there is much they do not know about Shukrijumah, including what he was doing in Trinidad. Within days of the alert in March 2003, agents arrived on the island looking for him, but he was long gone.

Terrorism authorities both inside and outside the government say they believe Shukrijumah is a major Al Qaeda figure, and the hunt for him is intense, with an FBI team tracking him virtually full time. So far, their quarry has remained elusive.

Whereas Al Qaeda's core followers are young, poor and relatively uneducated, Shukrijumah has attended college and is comfortable with technology. He's also a naturalized U.S. citizen whose appearance would allow him to pass as Latino, Indian or Middle Eastern and who speaks English with no discernible accent, officials say.

That background makes Shukrijumah especially threatening, counter-terrorism authorities say. He is dangerous "because he is so trusted in the organization and because he has traveled in the Western world and is familiar with its customs and procedures," said Joseph Billy Jr., assistant FBI director for counter-terrorism.

Shukrijumah is believed to be "the guy who was reared to replace" Mohammed as an Al Qaeda senior trainer, facilitator and propagandist, playing a central role in the development of hundreds of the network's future soldiers, said Sajjan Gohel, director for international security at the London-based AsiaPacific Foundation. "He is part of Al Qaeda Stage 2." The foundation consults on terrorism assessment for governments.

Shukrijumah has not been charged with a crime, but federal grand juries in Virginia and South Florida are hearing evidence about his activities.

Agents working on the investigation were reluctant to provide many details because of those probes, but the FBI does say that Shukrijumah trained at an Al Qaeda camp in Afghanistan before Sept. 11. There, he learned to handle AK-47s, M-16s, Uzis and other automatic weapons and studied topography, communications, camouflage, clandestine surveillance and explosives, including C-4 plastic charges, dynamite and mines, they say.

The FBI believes Shukrijumah used that training to fight for the Taliban in Afghanistan.

Investigators also believe he was present at a meeting of Al Qaeda leaders in March 2004 near the Pakistan-Afghanistan border, where it appears attendees discussed upcoming terrorist operations in Europe and the United States.

But much of Shukrijumah's life remains a mystery. And the search for him has been through a maze of false leads and vague glimmers.

An Intriguing Lead

The hunt for Adnan Shukrijumah began with a mysterious character called "the South American."

A year after the Sept. 11 attacks, interrogators were desperately trying to determine what other plots might be in the works, and where.

While questioning an Al Qaeda detainee in Pakistan, they got an intriguing lead. An operative known only as the South American had been discussing with Al Qaeda leaders new ways of attacking U.S. citizens, including blowing up apartment buildings with natural gas and spraying people with cyanide in nightclubs, the prisoner said.

Authorities knew little about this person except that he was well trained by Al Qaeda, connected to its top leadership and on the loose, perhaps plotting an attack on U.S. soil.

And their anxiety was growing. By early 2003, detainees held overseas and at the U.S. prison at Guantanamo Bay, Cuba, were telling interrogators that Al Qaeda leaders had sent new terrorist operatives into the United States to launch follow-up attacks.

Unlike the Sept. 11 hijackers, the detainees said, these new teams included second-generation immigrant Muslims who had lived in the U.S., understood its customs and could operate under the radar of law enforcement.

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When asked which operative was most likely to launch a U.S.-based attack, many captives mentioned one particular figure with an almost mythical reputation as a ruthless militant. His nom de guerre was Jaffar al Tayyar, a reference to an Islamic hero who had fought beside the prophet Muhammad.

But his identity, too, was a mystery.

The pieces began to come together in early March when Mohammed was captured in Pakistan and his computers, phones and other electronic gear were seized.

The evidence confirmed that Mohammed had been sending "Westernized" Al Qaeda soldiers on missions into the U.S. and other countries.

And when Mohammed was shown a photograph of Shukrijumah, he identified him as Tayyar, U.S. counter-terrorism officials said.

By then, U.S. authorities were concluding that Shukrijumah was also the shadowy South American, an apparent reference to his time spent in Trinidad and nearby Guyana.

To their dismay, they realized that one of Al Qaeda's best-trained operatives had been lurking — and perhaps plotting — in the United States since long before the Sept. 11 attacks.

Father a Missionary

Many Al Qaeda devotees came to the cause of militant Islam as young men; Shukrijumah grew up in it.

His father, Sheik Gulshair el Shukrijumah, was a Muslim missionary from Guyana who worked for the government of Saudi Arabia.

In the early 1990s, Sheik Gulshair was assigned to the Al Farouq Mosque in Brooklyn, some of whose congregants were soon linked to two Islamist terrorist plots: the first World Trade Center bombing in 1993 and an unsuccessful conspiracy to blow up the United Nations, Holland Tunnel and other landmarks.

Sheik Gulshair came to the FBI's attention because of translation work he did for a blind cleric named Omar Abdel Rahman, who was implicated in the first World Trade Center bombing. Abdel Rahman, head of an Egyptian terrorist organization linked to Al Qaeda, was sentenced to life in prison for his lead role in the plot to bomb the tunnel and other New York City landmarks.

Sheik Gulshair, who denied any affiliation with terrorists, retired from service to the Saudi government in 1995 and moved his wife and six children to Miramar, southwest of Fort Lauderdale, where he had been given a small stipend to run the Masid al Hijra Mosque.

By the late 1990s, some of his followers had attracted the attention of the FBI's counterterrorism squad in Miami. One of them was his eldest son, Adnan.

Adnan was born in June 1975 in either Saudi Arabia or Guyana. After the family moved to Florida, he attended Broward Community College, where he excelled in chemistry and biology, as well as computers, according to the FBI.

He also suffered from asthma, which required him to use an inhaler, his mother said in a recent interview. As a result, he often remained indoors, she said, tending to his studies, his computer business and his scholarly work.

Sometime in the late 1990s, Shukrijumah started leaning toward more radical Islamist views, authorities say. The FBI believes he was inspired by a group of Muslim men in South Florida who gave him books and videotapes about jihad in Bosnia-Herzegovina, Kashmir and Afghanistan.

In late 1999, Shukrijumah began traveling to Pakistan and Afghanistan. To get into an Al Qaeda training camp, he needed a sponsor. The FBI says Shukrijumah found one in Ismael Faiz of Lahore, Pakistan. U.S. officials believe Faiz is a member of Al Qaeda and the Pakistani militant group Lashkar-e-Taiba, which has been connected to recent alleged terrorist plots in Canada and London.

At the camps, Shukrijumah was initially rejected for training. Instead, he started at the bottom, doing dishes and menial work before earning the right to train with weapons and tactics, agents say.

He had trouble getting along with fellow trainees. Shukrijumah was said to be "difficult to work with: temperamental, confident in his ability to the point of being egocentric," said a senior FBI official close to the investigation.

His mother attributes his headstrong personality to his having to assume a father-figure role to his younger siblings because Sheik Gulshair was away so often doing missionary work.

After he started traveling to Pakistan and Afghanistan, however, Shukrijumah began to change, say friends and associates interviewed by the FBI. He would take off for long periods, to places overseas he would not discuss.

"Every time he came back, he was a different person," the FBI official said. "He was more calm, more cool and more purposeful in his actions."

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By 2001, the FBI was investigating Shukrijumah in connection with two suspected terrorist plots, one of which involved a group apparently using South Florida as a base from which to recruit militants and finance attacks and assassinations in the Middle East.

But agents were never able to connect him to either plot. They later came to believe that he had been deliberately keeping his distance because, as one agent put it, "it was felt in the [Al Qaeda] community that he was in for bigger and better things."

After the Sept. 11 attacks, federal agents swarmed South Florida looking for clues and connections they might have missed. As many as 15 of the hijackers had spent their last months there, training for and planning the suicide mission.

The FBI ultimately took several of Shukrijumah's acquaintances into custody on terrorism or immigration charges.

Agents also went looking for Shukrijumah. But by then, he was gone and had left few clues.

'He Could Be Anywhere'

When Shukrijumah reemerged in the FBI's consciousness in March 2003, Pasquale "Pat" D'Amuro, then the FBI's senior counter-terrorism official and a veteran Al Qaeda tracker, felt an acute sense of dread.

"We thought he was a grave danger to the security of the United States," D'Amuro recalled recently. "We thought he could be anywhere."

On March 20, 2003, the same day the U.S. began bombing Iraq, the FBI went public. With TV news crews on their heels, more than 50 federal agents and local police officers descended on Shukrijumah's neighborhood.

Armed with a warrant for his arrest as a material witness, FBI agents knocked on doors, showing photographs and asking whether he had been seen in Florida recently.

They scoured his mail, credit cards, bank records and phone bills.

By then, however, Shukrijumah had been away from his family home for almost two years.

In the months before Sept. 11, he had traveled widely through the United States and Canada, scouting potential terrorist targets, say FBI officials, who believe he spent about a week each in New York, Washington, Chicago and Montreal.

Since the attacks, her son had called just once, to check in, Zuhrah Abdu Ahmed told the agents.

The agents asked whether her son knew lead hijacker Mohamed Atta and others she had seen on TV. They wanted to know whether he had ever mentioned Al Qaeda or trips to Pakistan and Afghanistan.

Ahmed said her memory was hazy, but she insisted that her son was innocent.

Sitting on the front stoop of the family home, Ahmed — a tiny woman with warm brown eyes and a big smile, dressed in a flowing black robe and head scarf — said her son didn't like South Florida's freewheeling singles scene and the nightclubs and bikinis.

"But he like America so much," she said. "People, he say, [are] very nice and kind. If only they more decent, he say, this would be the best place on Earth."

Ahmed, whose husband died in 2004, conceded that it was possible her son might have fallen in with the wrong crowd.

"I recognize a lot of people do evil stuff in the name of the religion," she said, and then paused. "He's a young guy. Maybe they try to trap him, without he even knew what was going on around him. Who knows?"

The FBI also began chasing Shukrijumah through the back alleys of cyberspace. Within hours of the FBI's public announcement, Shukrijumah might have given them a lead.

Just after midnight that day, an e-mail popped up in the guestbook section of MasterArabic.com, a website that Shukrijumah had set up to promote his father's Arabic tutoring business and Islamic teachings. Routed to obscure the identity of the sender, the message said only, "I am safe."

Tracking Down Leads

In their hunt for Shukrijumah, the FBI dispatched teams of agents to Saudi Arabia, Morocco and Yemen, where he had relatives. Agents also tracked leads through Europe, Asia and South America.

One of those leads took them to Charlieville, Trinidad, where a Muslim cleric had called federal agents to say Shukrijumah was traveling to and from the island and "had company." Agents fanned out across the dirt streets of Charlieville and found several men Shukrijumah had spent time with.

One of them, Imtiaz Mohammed, told The Times recently that he had two lengthy, sometimes testy, interviews with FBI agents. He told them that he, Shukrijumah and others in Trinidad did talk about world politics, but that Shukrijumah never said anything suggesting he was a militant, and never explained his travels.

In March 2004, after a year of inconclusive leads, the FBI got wind of a Shukrijumah sighting. Intelligence had placed him at a summit of the so-called second-generation Al Qaeda leaders in the rugged mountains of Waziristan, an area along the Pakistan-Afghanistan border where much of the Al Qaeda brain trust — including Osama bin Laden — was believed to be hiding.

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Working together, authorities in Pakistan, Britain and the United States arrested some of the attendees and seized several computers.

The evidence indicated the attendees were discussing future terrorist operations in Europe and the U.S. At least one had compiled video footage of the New York Stock Exchange, a Newark, N.J., insurance building and the World Bank and International Monetary Fund buildings in Washington.

On May 26, 2004, Atty. Gen. John Ashcroft went public again, singling out Shukrijumah as the most dangerous of seven Al Qaeda operatives suspected of planning strikes in the U.S.

Citing "credible intelligence from multiple sources," Ashcroft described Shukrijumah as "a clear and present danger" who might be trying to enter the country.

More tips and rumors continued to pour in. Most were maddeningly vague. They persisted through the elections in November, but nothing ever happened.

Then Shukrijumah appeared to drop off the radar screen again. There hasn't been a publicly disclosed sighting since.

Nearly two years later, senior FBI and intelligence officials say they still debate where Shukrijumah might be. Their best guess is that he remains in Waziristan.

In July, the U.S. government, which is offering a $5-million reward, began handing out fancy green matchboxes in Pakistan bearing a photograph of Shukrijumah.

"You give us Adnan G. el Shukrijumah and in return we will give you rewards," the boxes say in Urdu and Pashto. "We assure you that all information would be kept secret."

Meanwhile, Shukrijumah continues to cause many a sleepless night.

Special Agent Andrew Lenzen, the lead case agent and a veteran of the FBI's Miami counter-terrorism squad, has amassed an encyclopedic knowledge of Shukrijumah's actions and personality quirks. He has even compiled a timeline of his life, beginning with the day he was born.

"I know him almost like his mother," said Lenzen. "I've lived, slept and dreamed him for the past three years."

josh.meyer@latimes.com

Hardball Tactics In An Era Of Threats (WP)

By Mary Beth Sheridan

The Washington Post, September 3, 2006

To the government, they were a terrorist risk in the Washington area. To local Muslims, they were unfairly singled out for prosecution and severe sentences in a post-9/11 world.

The crowd was so big it spilled out of the Alexandria courtroom: teachers, parents, the leader of a College Park mosque. Ali Asad Chandia, 29, a bearded man in a crisp, white shirt, sat quietly amid the throng -- a beloved third-grade teacher convicted of supporting terrorism.

"The defendant portrays himself as a mild-mannered, kind individual," federal prosecutor David Laufman told the judge at the sentencing nine days ago. But in Chandia's home and car, he said, FBI agents had found recordings glorifying terrorism, one even asking God to "grant safety to Osama bin Laden."

"That," concluded Laufman, "is who the defendant really is."

After the Sept. 11, 2001, attacks, law enforcement officials pledged an aggressive effort to choke off future plots. People identified as security threats would be charged as soon as a crime could be proven, even if it was well short of a terrorist strike. The Washington area, where seven of the 19 al-Qaeda hijackers spent time before the attacks, became a focus of their investigations.

"Awaiting an attack is not an option," Paul J. McNulty, the deputy U.S. attorney general, said in a recent speech. He described the approach as "preventative prosecutions."

For prosecutors, that effort has been a success: Chandia was the 11th man convicted in what they describe as a "jihad network" in the D.C. suburbs dedicated to supporting military action on behalf of Muslims. He was sentenced to 15 years in prison.

Muslims in the Washington area, even those unconnected to the defendants, wonder and worry about the implications of these cases for their community. Some feel that the prosecutions could increase the stigma Muslims have faced since Sept. 11. And many Muslims say the aggressive law enforcement has been far out of proportion to the offenses, which harmed no one.

Chandia's trial, for example, focused on favors he did for an acquaintance who belonged to a Pakistani group on the U.S. terrorist list. Chandia drove the visitor around the D.C. suburbs and helped him ship packages abroad.

For that, prosecutors sought 30 years to life. Some of the other defendants will spend decades in jail, including two who received life sentences.

"If this is how you deliver justice, you lose your trust in the justice system," protested Muddasar Ahmed, a Beltsville consultant who was among Chandia's supporters at his sentencing.

Ahmed and others have also argued that the prosecutions show a fundamental misunderstanding of Muslims in America: The local men wanted to help oppressed Muslims overseas, which isn't the same as backing bin Laden.

"The Muslim community . . . does not agree with Osama bin Laden at all," said Tanweer K. Ahmed, a College Park medical specialist who is not related to Muddasar Ahmed but is also among Chandia's supporters.

Law enforcement officials in Washington see powerful evidence for their concern about homegrown terrorists, including the bombings in London a year ago and last month's arrests in an airline-bombing plot.

A few of the local men admitted trying to fight U.S. soldiers in Afghanistan. And even if the local jihad network had its focus abroad, officials say, they couldn't ignore its potential danger.

"These individuals established strong relationships [and] received ideological and physical training" from a group now on the U.S. terrorist list, McNulty said in an interview last year, when he was U.S. attorney in Alexandria. "At the very least, they became a kind of infrastructure of support for international terrorists."Turning to Their Back Yard

Before the Sept. 11 attacks, hundreds of FBI agents worked on counterterrorism at the headquarters on Pennsylvania Avenue NW. But their focus was overseas.

"What we did not know was our own back yard," said Michael E. Rolince, a retired FBI counterterrorism official. Hobbled by staff reductions and wary of violating civil rights, the FBI paid little attention to the Muslim community in the Washington suburbs.

Meanwhile, that community was changing rapidly. Between 1990 and 2000, the number of local residents who claimed ancestry from a mostly Muslim country jumped 75 percent to about 114,000, according to census data analyzed at the State University of New York at Albany. The Council on American-Islamic Relations estimates the total Muslim population in the area at 250,000, including African Americans and white converts.

Like other immigrants, Muslims have been drawn here by the embassies and universities, as well as the booming economy. Many are secular professionals.

But in recent years, an ultra-orthodox Islamic movement blossomed, spurred by a global Saudi missionary campaign. By 2000, the Saudis had built Islamic colleges in Fairfax County and Alexandria and were sending free Korans and preachers to the area. Hundreds of young people were inspired by the movement -- among them, Chandia.

The short, dark-eyed youth arrived from Pakistan in 1994, the son of a lawyer who wanted a U.S. education for his children. "Ali was never especially religious" before he arrived in Gaithersburg at age 17, according to a Web site organized by his supporters.

But he gravitated toward Muslim youths who shared his culture, said the mother of one of his friends at Watkins Mill High School, who spoke on condition of anonymity because Chandia's supporters discouraged contact with the media. For the boys, she said, the mosque "became a community center . . . because they're not really comfortable with the opposite sex. That's a cultural thing."

As a college student, Chandia became increasingly religious. He took classes at a Saudi college in Fairfax. And he began to frequent a new Islamic center in Falls Church called Dar al-Arqam, where he became the assistant to the main speaker, a charismatic scientist in his late thirties named Ali al-Timimi.

Many of those attending the center were children of secular immigrants, rebelling against what they considered their parents' lax observance.

"The older generation was taught that religion was a backward thing," said one of those who attended, referring to the secular nationalism that held sway in the Middle East and South Asia in the 1950s and '60s. But their American children found Islam "did answer a lot of questions. It gave them a purpose in life."

The gung-ho young Muslims tried to strictly adhere to Islamic scriptures and imitate the prophet Muhammad and his companions in the 7th century -- an approach known as salafism. Men wore beards; women were veiled and sat behind a curtain.

The zealous salafis weren't impressed by the efforts of big mosques in the area -- such as Dar al-Hijrah in Falls Church and the All Dulles Area Muslim Society -- to integrate into American society.

Those mosques "kind of gave you the mushy middle. Don't rock the boat. Don't make people mad," said Umar Lee, a former Falls Church resident who attended Dar al-Arqam. The young people, he said, "wanted authenticity."From Georgetown to Saudi Arabia

Law enforcement officials would eventually trace the rise of the jihad network to two men: Timimi, the lecturer at Dar al-Arqam, and Randall "Ismail" Royer, a public relations professional.

Neither started out as religious Muslims.

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The son of an Iraqi lawyer, Timimi had grown up in Northwest Washington and attended the elite Georgetown Day School. When he was 15 years old, his family moved temporarily to Saudi Arabia, where he became an observant Muslim. Timimi spent another year in the kingdom in the late 1980s on a Saudi scholarship, studying with one of the "awakening sheikhs" who would inspire bin Laden with their anti-Western speeches.

His supporters at Dar al-Arqam bristle at prosecutors' assertions that he was spouting radical politics; his speeches, they say, focused on spiritual subjects. But they also reflected an alienation from his own culture.

In one of his taped lectures available on the Internet, Timimi warned Muslims not to become too friendly with non-Muslim "disbelievers" or even work for them if other jobs were available. "A Muslim should never allow the disbeliever to have the upper hand," he said.

And he echoed the widespread perception in the Muslim world that the West is an enemy in a clash of civilizations.

"The greatest power in the world inimical to Islam is the United States," he declared in a lecture cited by prosecutors.

Not all his followers in the Washington suburbs shared such extreme views. But they were dazzled by Timimi, a man who could both translate 7th-century Koranic Arabic and joke about the Redskins.

Increasingly, some of Timimi's students were also pulled by country and faith. Many were U.S. citizens, but their faith emphasized Muslims' responsibility for one another. And the battles over control of Chechnya, the Palestinian territories and Kashmir were flowing into the D.C. suburbs on TV and the Internet. Web sites boasted of young men doing something about the suffering of their fellow Muslims: waging jihad.

"In those days, young men [in the D.C. area] were very interested in jihad and martyrdom," Timimi told the FBI in a voluntary interview before his arrest in 2004, according to an agent's report. Chandia, he said, "used to ask hundreds of questions regarding jihad."Dabbling in Jihad

Since the Sept. 11 attacks, authorities have assiduously tracked down and prosecuted Americans who traveled abroad to train with Islamic militant groups, fearing they could return and form terrorist sleeper cells.

But many Muslims say that supporting such groups was not always the same as backing bin Laden.

Royer, a blue-eyed convert, was studying at American University in the early 1990s when he became aghast at TV footage showing Serb savagery against Bosnian Muslims.

"I felt an obligation, in the same way if you were to see a neighbor being beaten or raped you would feel compelled to step in," he recalled in a telephone interview in 2003. He said he fought in Bosnia for six months.

Royer was among thousands of youths from Europe, South Asia and the Middle East who took up arms to defend Muslims in the 1990s, spurred by the horrors they had glimpsed on al-Jazeera or CNN.

"It became a very, very romantic movement," said Fawaz Gerges, an expert on Islamic militancy at Sarah Lawrence College. But some of the youths gradually became radicalized by a culture of martyrdom. And a small number began to see the United States as the enemy to target.

Long after he returned home, Royer maintained his idealistic view of armed jihad. By 2000, he and other Muslims in Northern Virginia had formed a group that played paintball in the woods near Fredericksburg, donning camouflage gear and learning maneuvers from Muslim U.S. military veterans. Royer would regale them with his stories from Bosnia.

"What was really going on was a group of young men dabbling with the idea of jihad, basking in its aura, dipping their toes in it," Royer wrote recently from a federal prison in Pennsylvania. But officials would later note what they called alarming signs. The men watched bloody videos of holy warriors in Chechnya, Bosnia and Kashmir. Several bought AK-47-style rifles, like those used by the guerrillas.

And starting with Royer, the men began going to Pakistan to train with Lashkar-e-Taiba, a group fighting to drive India from the disputed border area of Kashmir. Royer later said he didn't think his actions were illegal since the group wasn't on the U.S. terrorist list at the time.

"Neither I nor anyone else had the idea 'I'm doing something against America,' " Royer said.The Impetus to Fight

Five days after the Sept. 11, 2001, hijackings, Royer and several other young Muslims met Timimi at the Fairfax home of a Dar al-Arqam regular, 25-year-old Yong Ki Kwon, and anxiously asked the lecturer's opinion of the attacks.

Timimi urged the men to keep their conversation secret. He suggested that a global war between Muslims and non-Muslims was beginning, according to later testimony. He urged the men to "go be with the mujaheddin anywhere in the world," as Royer would recall. According to three men at the dinner, Timimi urged them to defend the Taliban against an imminent U.S. attack; Timimi and two others denied that.

Four of the men promptly set out for a Lashkar camp, using Royer's contacts. The men were hoping to get weapons training, Kwon later testified, to defend their "brothers and sisters in Afghanistan."

The young men who once dreamed of bravely fighting distant enemies now had widened their idea of jihad: Some were prepared to fight U.S. soldiers, according to court testimony.

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But their plans soon fell apart. With the Taliban crumbling, Timimi's followers gave up after a few weeks and left the Pakistani camp. On their way out, two said, they saw Chandia at a Lashkar office.Agents Take No Chances

In late 2002, the FBI's Washington field office received two similar tips from local Muslims: Timimi was running "an Islamic group known as the Dar al-Arqam" that had "conducted military-style training," FBI special agent John Wyman would later write in an affidavit.

Wyman and another agent, Wade Ammerman, pounced on the tips. Searching the Internet, they found a speech by Timimi celebrating the crash of the space shuttle Columbia in 2003, according to the affidavit. The agents also found that Timimi was in contact with Sheikh Safar al-Hawali, a Saudi whose anti-Western speeches in the early 1990s had helped inspire bin Laden.

The agents reached an alarming conclusion: "Timimi is an Islamist supporter of Bin Laden" who was leading a group "training for jihad," the agent wrote in the affidavit. The FBI even came to speculate that Timimi, a doctoral candidate pursuing cancer gene research, might have been involved in the anthrax attacks.

On a frigid day in February 2003, the FBI searched Timimi's brick townhouse on Meadow Field Court, a cul-de-sac near Fair Oaks Mall in Fairfax. Among the items they were seeking, according to court testimony: material on weapons of mass destruction.

There was, in the end, nothing related to that in the house. And yet, as the investigation proceeded, officials learned that some of Timimi's followers had indeed been practicing for possible armed jihad during their paintball games.

Of greater interest to prosecutors were the men's trips to the Lashkar camp. Searches of their homes turned up semiautomatic rifles and radical literature from the Internet, including "The Terrorists' Handbook." And agents would make a chilling discovery in Chandia's house: audiotapes praising bin Laden. On the front seat of Chandia's Dodge Neon, FBI agents found a CD showing the planes smashing into the World Trade Center. Voices in the background chanted "Allahu Akbar" -- God is great.

McNulty acknowledged that simply attending a guerrilla camp "may not have been seen as threatening or as significant prior" to Sept. 11. But after the al-Qaeda attacks, authorities were taking no chances.

Prosecutors hit the men with a barrage of charges. They accused them of violating the Neutrality Act, a decades-old, seldom-enforced law that bans Americans from fighting a nation at peace with the United States -- such as India, the main target of Lashkar's guerrillas. And prosecutors stacked multiple gun charges carrying "mandatory minimum" sentences, based on the few times the men fired weapons at a Lashkar camp.

The hardball tactics worked. Three of the men accused of going to the Lashkar camp after Sept. 11 pleaded guilty and testified against their friends. They served about three years and are now free.

In contrast, Masaud Khan of Gaithersburg, who traveled with them, pleaded not guilty and was convicted. On Friday, a federal appeals court upheld his sentence: life plus 45 years.Looking for Links to Lashkar

At the federal courthouse in Alexandria this summer, witnesses recounted the latest act of the jihad network story.

Prosecutors accused Chandia of attending the Lashkar camp in fall 2001, at Timimi's urging. Chandia's attorney and other witnesses said he simply flew to Pakistan in November 2001 to organize his brother's wedding.

Chandia's real trouble began three months later, after he had returned home. At a friend's request, he went to Reagan National Airport to pick up Mohammed Ajmal Khan, a Lashkar official. By then, the group was on the U.S. terrorist list.

Over the next year, two of the local men who had trained at the Lashkar camp helped Khan place orders with U.S. companies for 50,000 paintballs -- which are sometimes used in military training -- as well as equipment for a small, remote-controlled glider, according to court testimony.

Chandia's role was apparently smaller. Prosecutors said he allowed the Lashkar official to use his computer. And when Khan visited again in March 2003, Chandia helped him take 21 boxes of Pakistani-bound goods, including the paintballs, to a shipping company in Sterling, according to testimony. Chandia paid the shipping bill -- $761.84, according to testimony.

To the teacher's supporters at the trial, his acts seemed far short of terrorism.

"He mailed something," said Muddasar Ahmed's wife, Keryn, a homemaker whose sons were in Chandia's class. "So what?"

But the U.S. government has grown increasingly concerned about Lashkar, which it designated a terror group in December 2001. Although the group is not known to target Americans, Abu Zubaida, an al-Qaeda official, was seized at a Lashkar safe house in March 2002, raising questions about their ties.

"I'm conceding that it's small types of support" the men provided, McNulty said in the interview. "But a relationship [was] established . . . and that could become more significant in the future."

Legal experts say there is nothing new in charging suspects to head off an attack. In 1995, for example, a federal jury convicted 10 people, including Omar Abdel Rahman -- the "blind sheikh" -- of planning a terrorism rampage in New York. But in that case, the FBI taped the men's conversations about bomb plots and caught several mixing chemicals.

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"The paradigm has shifted," said Wayne McCormack, a professor at the University of Utah and author of a textbook on anti-terrorism law. The Justice Department, he said, is "moving much earlier than what would have been true before."

In doing so, he added, the government risks "prosecuting people who, left to their own devices, would never do anything."

In the Chandia case, prosecutors tried to demonstrate his extremism by presenting the material seized in his home and car. Chandia's friends testified that some of the items were for academic research on radical Islam.

"And he is not on trial for what he believes," defense attorney Marvin Miller told the jury. "He is on trial for you to decide whether or not he did anything."

The jury found Chandia guilty of three counts of conspiracy and providing material support to Lashkar. He was acquitted of a charge that he attended a training camp.

Yet even one of the jurors who convicted him said Chandia hardly seemed a security risk. The case "shouldn't have been brought at all," Robert Stosch told The Washington Post.Anger Among Muslims Simmers

Today, the group of ardent salafis who once gathered in Falls Church has dispersed. Dar al-Arqam has closed. Timimi was sentenced to life in prison for urging the men to help the Taliban. One of the local men who ordered equipment for Lashkar got 65 years. Royer, who pleaded guilty to weapons charges, received 20.

The Justice Department has described the jihad network case as one of a string of successes in the war on terrorism. But officials say the threat persists.

"As we approach the fifth anniversary of September 11. . . terrorists and their supporters are growing more sophisticated," McNulty said in his recent speech, noting that the groups are using the Internet to recruit and raise money.

At some local mosques, the trials have left a legacy of distrust of the justice system. Dar al-Hijrah is financially assisting the families of some of those convicted. To raise money for the defendants, a worshiper printed T-shirts with the slogan "Free Our Unjustly Detained Brothers -- Political Pawns in the War on Terror."

Members of Dar-us-Salaam, the mosque connected with the school where Chandia teaches, helped organize a fundraiser and Web site for him.

Authorities "are trying to send a message to every Muslim" with the long imprisonments, said Keryn Ahmed. "But they're just making us mad."

The government has strenuously denied targeting Muslims based on their faith. But prosecutors agree that they are trying to send a message -- of zero tolerance for terrorism-related activities.

In the end, officials acknowledge that they will never know how dangerous the local men were.

"Did we break something up? Yeah, we think we did," said a law enforcement official involved in the case, speaking on condition of anonymity under Justice Department rules. "But we would not profess to say we had anything more than the potential for it."

Tomorrow: Two young Muslims follow different paths
after the Sept. 11 attacks.

Staff writers Jerry Markon and Timothy Dwyer and news researcher Julie Tate contributed to this report.

Russian Homeland No Haven For Ex-Detainees, Activists Say (WP)

By Peter Finn, Washington Post Foreign Service

The Washington Post, September 3, 2006

Men Freed From Guantanamo Allegedly Face Campaign of Abuse

KAZAN, Russia -- Timur Ishmuratov is back in prison, his fourth stretch in three countries since he crossed into Afghanistan in early 2001 looking, his family says, for the perfect Islamic society.

Now 31, Ishmuratov grew up in western Siberia and, by the time he left university, felt he could not live as a Muslim in Russia. Eventually, he turned to the austere rule of the Taliban in Afghanistan. "He said to me that Afghanistan was the only place where a true Muslim life was possible," said his mother, Zoya Ishmuratova. "He said the country was not influenced by European culture, that women dressed properly."

In 2001, after U.S. forces attacked the Taliban in response to the hijackings of Sept. 11 that year, he was caught in a roundup of foreigners by anti-Taliban forces and turned over to Americans. He spent two years in the prison at Guantanamo Bay, Cuba. Flown back to his homeland on Feb. 27, 2004, with six other Russians, he's now in a jail here.

What these men did in Afghanistan remains unclear. All of them say they went there on religious quests and were not fighters, but there is no way to corroborate their stories. One still carries a bullet in his leg from his period in the country. U.S. authorities, in the end, did not have enough evidence to hold them.

Since returning to this country, human rights groups contend, Ishmuratov and other former Guantanamo inmates have been harassed, physically abused and prosecuted by authorities here in a campaign to lock them up for the long term.

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In May of this year, Ishmuratov, a slight man now shorn of his beard, was sentenced to a long prison term on charges of sabotaging a gas pipeline in a town southeast of here in Tatarstan, a majority-Muslim republic in central Russia. Human rights groups say there are credible accusations of torture leading to forced confessions by Ishmuratov and the two other men tried with him.

The fate of the Guantanamo prisoners, activists here say, calls into question not only the rule of law in Russia but also U.S. responsibility under international conventions not to return inmates to countries where they face the threat of torture.

"The U.S. government has failed these men three times," said Carroll Bogert, associate director of Human Rights Watch, the New York-based advocacy group, which is studying the fates of the former Russian inmates. "First, by detaining these men without charge at Guantanamo, then by sending them back to Russia in violation of international law because they faced the real threat of torture, and third, by failing to monitor and protest their treatment."

The U.S. Embassy in Moscow declined to comment on the men. But in a statement it said that "in all instances, the United States seeks assurances that countries will treat their detainees humanely. The United States does not return individuals to their home countries when it is more likely than not that they will be tortured.

"Diplomatic assurances are only one part of the equation, however," it said, "and all facts are taken into consideration. The decision to return a detainee to their home country is based on the totality of the circumstances. Diplomatic assurances are not a substitute for this analysis."

Russian prosecutors reject allegations of mistreatment and said that in the case of Ishmuratov, his guilt was proven in court, albeit in a second trial. A first jury found him and the two other defendants not guilty.

"They are religious fanatics," said Farit Zagidullin, deputy prosecutor in Tatarstan, whose office prosecuted Ishmuratov in the pipeline explosion along with former Guantanamo inmate Ravil Gumarov, 43, and another alleged accomplice, Fanis Shaikhutdinov, 41. "They want to inflame the situation in Tatarstan, where people of all religions want to live in peace with each other."

On returning to Russia in 2004, the seven prisoners were initially held in a detention center in the southern town of Pyatigorsk that is run by the FSB, the domestic successor of the KGB. Russian authorities had assured the U.S. government that they would investigate the inmates, and they were held on suspicion of crossing international borders illegally and mercenary activity.

One of the seven men, Airat Vakhitov, said the prisoners were immediately subjected to physical abuse. "They told me to get down on my knees and pray as a Christian to Jesus Christ," Vakhitov said at a news conference in Moscow last year. "I refused. They beat me and burnt my back with cigarette butts." Russian officials deny the allegations.

In June 2004, the FSB released all seven after prosecutors said there was insufficient evidence to hold them. But that did not end official interest in the men. "They have been subjected to constant surveillance and questioning, home raids which have taken place at all hours of the day and night, mistreatment during these raids and during arrests," said Saadiya Chaudary, a London-based lawyer working with the human rights group Reprieve, which is bringing a lawsuit against the United States on behalf of Guantanamo inmates of various nationalities, including the Russians.

"The authorities also initially denied them internal and external Russian passports. The internal passports are required in order to obtain medical treatment, which many of the guys were in need of," Chaudary said.

The new case against Ishmuratov began with a gas line explosion on the morning of Jan. 8, 2005, in the town of Bugulma. Local police first thought it was an accident. An FSB forensic team ruled it a deliberate bombing. In April 2005, Ishmuratov, Gumarov and three other men were arrested. Ishmuratov and Gumarov quickly confessed, prosecutors said, and two of the other men provided statements that supported the case against them.

In a letter to the Russian human rights group Memorial, Ishmuratov said he confessed after he was beaten and investigators threatened to arrest his pregnant wife. Gumarov, in a letter to his mother, said his interrogators tore hair from his beard and forced vodka down his throat. Both men later withdrew their confessions, but prosecutors were still able to use the material in court.

Besides the confessions, prosecutors said, forensic investigators found traces of explosives in a car used by Gumarov and a backpack used by another of the defendants. Defense lawyers said Gumarov had fireworks in his car around New Year's Eve, which might explain the traces. But they had no explanation for the traces on the backpack. "I can only assume it was planted," said Hamid Samatov, one of the lawyers.

Prosecutors also pointed to 47 phone and text messages among the three in the run-up to the explosion. But lawyers for the three said there was no record of the men speaking by phone on Jan. 7, the day before the explosion, as they supposedly said in their confessions.

In September 2005, a jury voted 12 to 0 to acquit the men. But the Russian Supreme Court later overturned the verdict, citing hints in the final statement of Gumarov's lawyer that the confessions were coerced, which the court said showed that the

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entire proceedings were tainted and would have to be conducted again. In May, after hearing much of the same evidence, a second jury voted 12 to 0 to convict the men. Ishmuratov was sentenced to 11 years in prison and Gumarov to 13 years.

Last month, Human Rights Watch, while researching another terrorism case in Tatarstan, found a signed confession by a man named Vilsur Khairullin stating he was responsible for the pipeline bombing. Lawyers for the Guantanamo inmates had been unaware of its existence.

"If Khairullin's confession was truthful, defense lawyers in the explosion case certainly should have been told about it," Bogert said. "If it wasn't, that also raises the question of what methods investigators in Tatarstan are using to extract confessions from suspects."

Vadim Maximov, an investigator in the Khairullin case, said the confession was invalid. Maximov said that he took Khairullin to the scene of the pipeline explosion but that the man was unable to point to where the blast took place and got critical information wrong, such as the type of explosive and timer used.

The spate of prosecutions has apparently frightened the other former Guantanamo inmates. Ruslan Odizhev is in hiding, but whether he is still in Russia is unknown. Two other former inmates, Vakhitov and Rustam Akhmerov, have fled the country, fearing that they, too, would face criminal charges, according to family members and human rights activists.

"He won't return," said Vakhitov's mother, Amina Khasanova, who said she doesn't know where her son is and doesn't ask when he calls.

Another of the men, Shamil Khazhiyev, is still in Russia but keeping a low profile, according to human rights activists who tried unsuccessfully to talk to him about his experience since he returned to Russia.

The seventh inmate, identified here as Rasul Kudayev, was arrested in the southern Russian city of Nalchik after an assault on government facilities in October 2005 and accused of leading a group that killed a police officer in the attack. His lawyers and family said he was tortured into signing a confession.

An eighth Russian, Ravil Mingazov, 38, remains imprisoned at Guantanamo.

"He never said in his letters, but I think he doesn't want to return to Russia," said his mother, Zukhra Mingazova. "I wouldn't want him to return. I will leave for any Muslim country that takes him, with great pleasure. He has no future in this country."

Suspects Angry At Cartoon, German Says (NYT/AP)

By The Associated Press

The New York Times/AP, September 3, 2006

BERLIN, Sept. 2 (AP) — The prime suspects in the failed attempt to blow up two German trains were partly motivated by anger over the publication of Prophet Muhammad cartoons, a leading investigator said in an interview released Saturday.

The cartoons were first printed last September in a Danish newspaper and then republished in other European media months later, setting off protests across the Muslim world.

One suspect in the failed bombing, Jihad Hamad, 20, told Lebanese interrogators that a fellow suspect, Youssef Muhammad el-Hajdib, 21, considered the publications “an attack of the Western world on Islam,” Jörg Ziercke, the chief of Germany’s Federal Crime Office, told the magazine Focus in an interview released in advance of publication.

The men are suspected of planting crude bombs July 31 on two trains at the Cologne station. The bombs were found later in the day on regional trains in Koblenz and Dortmund. Authorities have said that the detonators went off but failed to ignite the devices.

It’s Congress’s War, Too (NYT)

By Kenneth Anderson

The New York Times, September 3, 2006

Two branches of our government are hard at work in the war on terror. Sometimes, to be sure, they work at cross-purposes. Executive agencies devise a warrantless surveillance program — and a federal judge declares it unconstitutional. Administration officials and federal bureaucrats devise rules for trying accused terrorists in military tribunals — and the Supreme Court, in its Hamdan decision, sends the tribunal drafters back to the drawing board. Yet for all their differences, the executive and judicial branches each have important roles to play in establishing U.S. counterterrorism policy.

But where are the people’s elected representatives in all this? After all, the Hamdan decision, despite leaving many momentous questions open, makes one thing reasonably clear: responsibility for democratically establishing policy in the war on terror falls to the legislative branch. So where is Congress? Irrespective of where you come down in the debate on the war on terror — including whether it should even be conceived of as a war — counterterrorism policy should be formed through Congressional legislation, the only legitimate mechanism for the long haul in a democracy. This ought to be a priority for both Congress and the Bush administration, because no matter who wins the 2008 election — or the 2006 midterms — there is not

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likely to be any coherent national counterterrorism policy at all past the end of the second Bush administration unless Congress takes steps to legislate it and go beyond merely executive discretion.

Some in the Bush administration have fixated on this question of executive discretion, insisting that the successful prosecution of the war on terror requires strong executive power — power they see as eroding since Watergate. But in considering its next move, the Bush administration should mark well that what lives by executive discretion also dies by executive discretion. If a comprehensive national counterterrorism policy — that is, a war on terror — is as important as the White House believes it is, then it merits the blessing of the legislature and ought not to exist merely at the discretionary whim of some future president.

What would comprehensive legislation to institutionalize national counterterrorism policy look like? Counterterrorism can be construed to cover almost anything you like — this is why it can so threaten civil liberties. But those policies that matter most are the ones that bring America's basic values into the struggle against terror. Such policies have deeply divided the American people and deserve answers whose democratic legitimacy can only come from the people's representatives.

Surveillance at home and abroad

Whatever you think of the legality of, for example, the National Security Agency's surveillance programs, or Judge Anna Diggs Taylor's ruling of unconstitutionality, Congress needs to decide plainly on the balance between national security and civil liberties that such programs represent. A deal is in the works that puts oversight into the hands of the Foreign Intelligence Surveillance Act court. But the bottom line is not so much who does the oversight as something more basic: if you are reasonably thought to be calling numbers reasonably thought to belong to terrorists abroad, the American people expect their government to try to listen in.

Detention and rendition

The Bush administration claims the right to hold detainees in the war on terror for the duration of the conflict. Its critics counter that the war in question is defined so loosely that you might as well say that detainees may be held until the global war against evil is won and it is banished from the world. Guantánamo has received much understandable criticism; the administration's critics in turn can be questioned for imagining to themselves that the Bush administration's detainees are luckless shepherds. Some are; some aren't. Even Human Rights Watch acknowledges that some "really bad guys" are being held in secret C.I.A. centers abroad. These are serious jihadists, not people to just turn loose. Who should decide how to handle this? Under any administration, serious counterterrorism policy will recognize that people will, in fact, be detained, and we have to have a place and a manner for dealing with them. Only the very wishful can believe that the issue will go away or that it goes away merely by closing Guantánamo.

A domestic intelligence agency

Does the U.S. need a dedicated domestic intelligence agency, similar to Great Britain's MI5, rather than relying on the F.B.I.? The F.B.I. excels at solving crimes that have already been committed. It is not good at, and not really interested in, finding needles in haystacks. Yet this is precisely what much intelligence work is about when it comes to preventing terrorist attacks rather than investigating them afterward. Establishing such an agency would be an unprecedented and potentially liberty-threatening step, never before seen in this country. Does the threat of catastrophic terrorist attacks — possible plots against the Sears Tower or New York City tunnels, to take two recent examples — warrant a whole new system of domestic intelligence?

Interrogation and the definition of torture

Of all the values issues in the war on terror, none have aroused such strong emotions as interrogation and what crosses the line into torture. The anguished discussion over the possibility that information crucial to preventing the London airline plot was obtained in Pakistan through harsh interrogation, perhaps torture, only raises the stakes. In order to go beyond the abstract phrases of existing laws and treaties, Congress must be willing to legislate what exact techniques are permissible, under what circumstances and with what oversight — not euphemisms, not ambiguous language, but plain, exact descriptions of techniques and when and how they may be used. Is waterboarding, for example, torture? If it is, then Congress should say so without reservation. If it is not and if it is merely "harsh" treatment, should harsh or physically coercive interrogation ever be permitted? If harsh or physically coercive interrogation is ever permitted, then Congress should say exactly and in precise detail when and how it may be performed by American authorities and upon whom. These activities are too morally fraught to permit anything other than the on-the-record vote of each legislator. Let our legislators tell us plainly what tough trade-offs they make between our security and our liberties — because indubitably there are trade-offs.

Reforming the classification system

The statutes for classifying information are inimical to the First Amendment in their vagueness and overreaching — and they have not been consistently enforced. The entire classification system needs to be revamped, first to cut down by whole orders of magnitude the amount of material marked as classified in the first place and second to create meaningful and enforced legal penalties for revealing what is left.

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A special counterterrorism court system

Should terrorism cases be quarantined in a special court system? If not, there is a danger that terrorism could become the tail that wags the dog of justice, risking civil liberties across our whole legal system. If we insist on using a judicial system tailored to ordinary criminals to deal with those who are both criminals and enemies of our political order, then we risk dragging down the entire criminal justice system to the level necessary to contain the terrorist threat — or we risk not dealing with the threat at all. When it comes to those who deviate from the social order, we should not sacrifice the nobler aims of the criminal justice system — including rehabilitation — because we have no choice but harshness in dealing with terrorists. We do not owe those who declare themselves enemies of our constitutional political community, and then pursue their war with the most criminal means, the same moral or legal obligations we owe to ordinary criminals.

It is unlikely that the House and Senate will conceive of far-reaching counterterrorism legislation before the November elections, when many things may change. And even after November, it is unlikely that a deeply divided American people and its representatives will be able to achieve the kind of legislative "consensus" that nonpartisan pundits often call for. But perfect consensus should not stand in the way of democratic choice. This is a democracy — let legislative majorities, Republican or Democrat, make decisions. In any case, the Bush administration, as it says goodnight, ought to consider that the war on terror will over time amount to little if it is unwilling to go to Congress to ask that it be enacted as the policy not of the Bush administration or of any administration but of the United States.

The Wrong Battle In Pakistan (NYT)

The New York Times, September 3, 2006

There are dangerous international terrorists hiding out in the mountain caves of Pakistan. But 79-year-old Nawab Akbar Khan Bugti, the Baluch tribal leader, politician and rebel, was not one of them.

Now Mr. Bugti is dead and the impoverished but energy-rich province of Baluchistan is in an uproar after an ill-explained military operation last month. After a week of contradictory government statements, the only things now clear are that Mr. Bugti's body was buried in the rubble of his blown-up mountain hideout, and that antigovernment fury in the restive province is at a new pitch of intensity.

The last thing Pakistan needs is an upsurge in violence and repression in Baluchistan. That would only be a distraction from far more important challenges, like developing a chronically underachieving economy; restoring a ravished democracy; and placing a dangerous nuclear weapons establishment, including exports of bomb-related technology, under firm and reliable civilian control.

And there are far more crucial things that Pakistan's military could be doing than hunting down Mr. Bugti and his followers. For example, it could finally seal its scandalously porous border with Afghanistan, making it much harder for the Taliban to infiltrate into that country the fighters killing American, NATO and Afghan soldiers. It could permanently shut down the Pakistan-based Kashmiri terrorist groups that have survived past crackdowns by reopening under new names, with little interference from Pakistani authorities. Not least, it could make a more serious effort to find and arrest Osama bin Laden, widely believed to have spent much of the past four and a half years on Pakistani soil.

Any of these efforts would stir up opposition in one part or another of the Pakistani military, the only constituency that Pakistan's president, Gen. Pervez Musharraf, ever really cares about. So long as elections are brazenly rigged, opposition parties are banned and Washington's uncritical support remains guaranteed, General Musharraf has little incentive to take up any of these vital challenges.

When General Musharraf comes to the United States, he loves to be lauded as a leader in the war on terrorism. Back home, his government too often acts like a garden-variety military dictatorship.

HOMELAND RESPONSE:

Screening Tools Slow To Arrive In U.S. Airports (NYT)

By Eric Lipton

The New York Times, September 3, 2006

EGG HARBOR, N.J. — Citing unexpected reliability problems, the Transportation Security Administration is suspending installation of the only airport checkpoint device that automatically screens passengers for hidden explosives.

The rollout of the devices, trace-detection portals, nicknamed puffers because they blow air while searching for residue from explosives, had already been far behind schedule. Now the transportation agency is assessing whether to modify the puffers, upgrade them or wait until better devices are available.

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"We are seeing some issues that we did not anticipate," Randy Null, the agency's chief technology officer, said last week.

The portal problems are part of a pattern in which the federal government has been unable to move bomb-detection technologies from the laboratory to the airport successfully. While workers at the Homeland Security Department laboratory here busily build bombs to test the cutting-edge equipment, the agency still relies largely on decidedly low-tech measures to confront the threat posed by explosives at airports, particularly at checkpoints.

Members of Congress and former domestic security officials blame poor management for stumbles in research, turf fights, staff turnover and underfinancing. Some initiatives have also faced opposition from the airlines or been slowed by bureaucratic snarls. Among the troubled or delayed efforts are the following:

¶The agency conducted tests last year that members of Congress and a former Homeland Security Department official called "disastrous" and "stupid" because the agency had not tested the smaller, cheaper baggage-screening device in the way it was intended to be used.

¶After spending years assessing a document scanner that would look for traces of explosives on paper held by a passenger, the agency now realizes it may be preferable to check a passenger's hands. But no plan is in place to do so.

¶The agency gave grant money to an equipment maker to find a way to speed up explosives-detection machines that screen baggage and to reduce the frequency of false positives. Though the work was completed successfully a year ago, the agency has not made the necessary software upgrades on the hundreds of machines already in the nation's airports.

"Continuing to follow the slow, jumbled and disconnected path taken by T.S.A. and Homeland Security in the last five years is no longer acceptable," said Representative John L. Mica, Republican of Florida and chairman of a House panel that oversees aviation security. "The whole program has been haphazard. And the result is that still today we have a series of outdated technology that does little but search for metal or guns."

Though the transportation agency is credited with meeting a Congressional mandate to screen all checked baggage for explosives by December 2003, even security officials agree that the transportation research effort, which has cost $450 million in the last four years, must be fundamentally changed.

"This department can't afford to not be at the cutting edge of innovative technology," Michael P. Jackson, deputy secretary of homeland security, said in an interview. "The bad guys themselves are constantly assessing how good we are at preventing their efforts; we have to be one step ahead of them at all times."

Conflict Between Agencies

Spread out on a table at the Transportation Security Laboratory outside Atlantic City last week, like a dim sum meal, was a collection of small dishes with samples of the explosives people here are working to defeat. They included Semtex, TNT, C4, British RDX and dynamite — several of which are popular among suicide bombers and have been used in successful airline plots — along with liquid explosives in bottles marked only "A," "A1" and "B."

Scientists and technicians carefully stuff these raw materials into computers, small electronic devices, shoes and cigar boxes, building every imaginable bomb and then testing them on detection equipment.

"We do our best to try to figure out all the options before someone else does," said a laboratory technician who would identify himself only as Mr. T in accordance with a laboratory policy of not identifying staff members.

Criticism of the Homeland Security Department and the Transportation Security Administration is not so much directed at the 190 federal employees and contractors at the laboratory here, or at Susan Hallowell, the chemist who runs the place.

Instead, several former senior department officials say, the problem is the conflict between the T.S.A., which handles airport security, and the Science and Technology division of the Homeland Security Department, which oversees research.

The security administration, seeking to prevent another attack on airliners, is looking for devices that can be moved quickly from the laboratory to the airport, the former officials said. That approach tends to result in finding equipment aimed at detecting the last plot — those relying on knives, guns or plastic explosives — not the new schemes a terrorist may come up with, security experts said.

The Science and Technology division, meanwhile, focuses on finding ways to revolutionize how the nation protects its airports, cities, industrial plants and other targets, though so far the effort has produced few tangible results. In the five years since the 2001 terrorist attacks, the agencies have not figured out how to balance their often conflicting goals.

"You have to have a long-term strategy and a short- to medium-term strategy," said Stephen J. McHale, former deputy administrator of the T.S.A. "What we have been doing is shifting resources back and forth between those two goals. The result of that is we are not making the best progress in either one."

The New Jersey laboratory has also suffered from enormous ups and downs in its budget and from constant oversight changes; it has been supervised by the Department of Transportation, the T.S.A. and now Science and Technology.

Making matters worse, former officials said, sometimes months have passed after Congressional approval of the Homeland Security Department budget before money has reached the laboratory, delaying work. The demands involved with

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setting up the T.S.A. — buying equipment and hiring tens of thousands of checkpoint screeners — led officials at one point to raid more than half the agency's annual research budget, more than $61 million.

Members of Congress, domestic security officials and even senior T.S.A. officials acknowledge the disappointing results. The Senate, in this year's appropriations committee report on the Homeland Security budget, described the Science and Technology division as a "rudderless ship without a clear way to get back on course."

Ms. Hallowell said she was reasonably satisfied with the progress her laboratory had made. "As Americans, we tend to be focused on the 100 percent measures, the complete solutions," she said. "But to me, if you deploy a device that is not 100 percent successful but that will find most of the bombs, that is great. Then you continue work."

A Troubled Device

The story of the puffer machines, though, demonstrates how troubled even those partial solutions can be.

The machines, developed by Sandia National Laboratories in 1997 and manufactured by General Electric and Smiths Detection at a cost of about $160,000 each, collect particles loosened by puffs of air and then analyze them to identify any bomb-making ingredients. The puffers are the only devices that automatically examine passengers for explosives, taking only about 15 seconds to check a person from head to toe.

Since 2001, the T.S.A. laboratory had worked to improve the devices, testing the prototypes to ensure they could detect explosives and withstand constant use in airports. An earlier model was much slower and required far more power, said Mark Laustra, a vice president of Smiths Detection, which is based in London.

But with budget problems and other distractions, getting the device into airports took too long, said Mr. McHale, the former deputy T.S.A. director, and others.

"Why are the puffers not out there being tested?" the former science adviser to the transportation agency, Anthony Fainberg, said he asked repeatedly.

When two Chechen suicide bombers used explosives to blow up Russian jets in 2004, the puffers were still not ready for widespread use in the United States. So the transportation agency started asking passengers at checkpoints to take off their coats and other bulky clothing in hopes of improving the chances of seeing a bulge that might be a bomb.

Once in use — about 95 machines have been installed in 34 airports, far short of the 350 intended to be in place at 81 airports by the end of this year — the machines' limitations became more obvious.

The portals do not include sensors for liquid explosives, even though terrorists have long shown an interest in them. And despite the laboratory's work to ensure reliability, the puffers too often broke down or had other performance problems perhaps because of dust and dirt at airports, Mr. Null, the T.S.A. technology official, said.

Other airport security efforts have also drawn criticism. The transportation agency gave Reveal Imaging Technologies of Bedford, Mass., a $2.4 million grant in 2003 to develop a smaller, cheaper explosives-detection machine that could screen checked bags at the ticket counter. The agency spent $3.3 million to buy eight of them.

But testing the devices at Newark Liberty International Airport turned into what Representative Mica called "an absolute fiasco, a farce," because the machines had not been installed as part of a network that, if successful, could save billions of dollars as an alternative way to handle screening at large airports.

Agency officials acknowledged the problem but said the tests had still been useful. Mr. Mica, however, was not satisfied. "This is just an unbelievable waste of time and money," he said at a House hearing in June. "It's an incredible setback for us nationally."

Similarly, after providing a $5.3 million grant to two companies for software to speed up and increase the accuracy of 650 machines to inspect checked baggage, the T.S.A. has yet to make the changes to the machines. Agency officials said they needed to work out contractual details but agreed the delay was unacceptable.

Call for Change

Agency officials promised in 2004 that a device that scanned documents to look for traces of explosives would be in airports by this year. Though the agency invested several years on the project, this deployment is also on hold.

"What we are finding is that an actual finger scan may be a more effective way," Mr. Null said, although there have been no visible steps toward carrying out such tests.

Mr. Null and Ms. Hallowell, the laboratory director, said many of the delays had been unavoidable as they tried to find the balance between developing new technology and making sure it could perform reliably.

Mr. Jackson, the Homeland Security deputy secretary, said the difficulties proved to him that the department must radically change the way it goes about buying aviation security equipment and other high-technology devices.

The agency should hire contractors to help test new equipment, he said, which could reduce the time it takes to certify that a device works. And, he said, the department should consider buying security equipment from manufacturers as a service, like

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leasing a car instead of buying it, which would allow the government to upgrade technology more quickly as newer products come out.

"We need to make the mad scientist in the garage, the multibillion-dollar corporation, the federal labs and the university researchers all see there is a way to bring the idea to the market in a rapid fashion," Mr. Jackson said.

Mr. Jackson's ideas may provoke protest, particularly the notion of letting independent contractors verify that bomb-detection equipment works.

Regardless, Senator Judd Gregg, Republican of New Hampshire and chairman of the panel that oversees the Homeland Security budget, said he hoped the department was serious about revamping its research and development efforts.

"It has been slow, ineffective and in many ways just plain incompetent," Mr. Gregg said. "Unfortunately, aircraft, especially passenger aircraft, remain a target of opportunity these terrorists clearly still pursue."

Bioterrorism Is No Match For Natural Selection (LAT)

By Wendy Orent, Wendy Orent Is The Author Of "Plague: The Mysterious Past And Terrifying Future Of The World's Most
The Los Angeles Times, September 3, 2006

Germs often take eons to mutate, so what will the feds accomplish with their expensive new bioterror defense lab?

IN THIS AGE OF terrorist plots, the Department of Homeland Security's decision to build a super-secret institute to study possible bioterrorist agents seems natural. But the proposed institute at Ft. Detrick, Md., which was the site of a U.S. biowarfare program that was shut down in 1969, is worrisome. Ft. Detrick has been the home of the Army Medical Research Institute of Infectious Diseases, an open biodefense facility, for decades. But according to news accounts, the new $128-million facility, to be known as the National Biodefense Analysis and Countermeasures Center, will be "black": Nobody working outside the agency, including politicians, will have a clue about what goes on inside.

Although there is no reason to believe that the U.S. will develop offensive bioweapons at the center, there's another question: How useful will it be?

One of its divisions is supposed to analyze "materials recovered from a biological weapons attack," according to its website. But in its other division, the Biological Threat Characterization Center, scientists will seek to create germ agents that they think terrorists might use against us — and to come up with drugs and vaccines to protect us from them.

In this age of "synthetic genomics," the argument goes, we face a new world of horror. According to biodefense expert Steven Block of Stanford University, "Nature is constantly creating new pathogens, testing out new agents. It seems rather inevitable that if someone is bent on destruction, it should become possible to synthesize entire genes and make chimeras you can mix and match."

That's a lot to expect from strips of genetic information cobbled together in a laboratory.

Despite all the advances in synthetic genomics, making a new germ is harder than it looks. Pathogens don't just happen. They evolve in a particular host, in a particular context.

A germ has to be able to infect, replicate and exploit enough human tissues to kill, never mind spreading from host to host. Re-creating a small, existing virus, as virologist Eckard Wimmer of the State University of New York at Stony Brook showed in 2002 with poliovirus, is possible and easier today. But Wimmer had the polio blueprint in hand. He re-created an agent that had already been through the mill of natural selection.

Scientists in the former Soviet Union's biological weapons program learned that even if you're working with a natural pathogen, it's hard to get the results you want. According to Igor V. Domaradskij, one of the principal designers of the Soviet program, altering a pathogen is easy but maintaining its deadliness isn't. Even the simplest genetic engineering — adding genes for antibiotic resistance to bacteria — is difficult without sacrificing the germ's virulence. These problems can be solved, but it's difficult because you're working with living things.

Still, in 2001, a group of Australian scientists inadvertently made a virus deadlier. They added a mammal gene to a mousepox virus to make the virus produce a chemical called interleukin-4. These scientists discovered that their altered mousepox killed even vaccinated mice. Mousepox is related to smallpox, the most virulent of the highly contagious human diseases. Putting interleukin-4 in smallpox might produce a vaccine-resistant smallpox strain. A terrorist release of such a strain would be a catastrophe.

Or would it? Follow-up experiments performed by Marc Buller of St. Louis University showed, in research he has not yet published, that this strain doesn't spread well because the mice die too quickly. "You'd give them an injection in the foot, and they died," Buller said. Even in experiments in which the mice lived longer, the disease still didn't spread as well as naturally occurring mousepox.

In other words, if interleukin-4 had the same immune-suppressing effect in smallpox as it does in mousepox, a lot of people could be killed. But the disease would end there. You'd essentially have what Buller calls a "one-cycle kill."

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This result isn't surprising. For all germs, transmissibility and virulence exist in a delicate balance. If a germ kills the host too quickly, it won't spread. Block admits this but contends that new virulent germs "don't have to work at all well. They don't have to be successful in the wild, they just have to kill a lot of people."

But why would a rogue scientist bother to create a new pathogen if all he wanted was to kill a lot of people? There are guns and bombs and chemicals. There is a proven bioweapons agent — anthrax, as we saw in 2001, perhaps the most durable, and one of the most lethal, of all germs.

Two other deadly agents, plague and smallpox, not only kill, but spread. These three are the "best" threats nature has to offer. There's a handful of second-stringers: tularemia, botulinum toxin, viral hemorrhagic fevers like Ebola and Marburg, perhaps cholera or polio — if we're ever foolish enough to let our immunity wane.

Why waste hundreds of millions of dollars pursuing the fantasy of an engineered disease when deadly agents honed by natural selection are on hand?

The National Biodefense Analysis and Countermeasures Center is a potential boondoggle — and a dangerous one. Its work, even if done by our best scientists, isn't likely to produce any genuinely threatening new germ — and thus no new means of defense. The likelihood that rogue scientists elsewhere could do better is vanishingly small.

But if we keep our enemies wondering what the new biodefense center is up to, they may be disposed to try themselves. Secrecy can only make an arms race more likely — a race in which both sides are running after chimeras, where there's plenty to lose in time and talent and money, and little or nothing to be won.

Democrats Fault Bush's Katrina Response (AP-Y)

The Associated Press, September 3, 2006

In the year since Hurricanes Katrina and Rita struck the Gulf Coast, the Bush administration has been sluggish in helping devastated areas recover, a prominent Mississippi Democrat said in his party's Saturday radio address.

"Unfortunately, though there has been progress to remedy the problems caused by Hurricane Katrina, here we are one year later and many residents still remain displaced and homes and communities still need to be rebuilt," said Rep. Bennie Thompson, D-Miss. "In my own home state, thousands of people are still homeless. And throughout the Gulf Coast, 80 percent of businesses with approved federal disaster loans are still waiting for their money."

Thompson said Democratic efforts to jump-start reconstruction efforts were undermined by Republicans, who "let partisanship get in the way of doing the right thing."

Nationally, two-thirds of Americans disapprove of President Bush's handling of the Katrina disaster, according to an AP-Ipsos poll last month. Democrats hope to capitalize on that dissatisfaction in this fall's midterm elections.

Thompson, the senior Democrat on the House Homeland Security Committee, also noted the upcoming fifth anniversary of the Sept. 11, 2001, attacks.

"Despite multiple warnings of future and possible man-made or natural disasters, the Bush administration and the rubber-stamp Republican Congress have failed to adequately prepare our nation, leaving us vulnerable to large-scale disasters," Thompson said.

"There are remarkably troubling gaps that exist in our homeland security," Thompson said, accusing the administration of ignoring the recommendations of the Sept. 11 Commission. "Time and time again, Republicans have blocked Democratic efforts to implement and fund these recommendations to ensure our safety."

A Crisis Manager Has To Help Itself (NYT)

The New York Times, September 3, 2006

It did look a little fishy. At a conference in New Orleans last week, a man who identified himself as an assistant secretary of the Department of Housing and Urban Development apologized on behalf of the federal government and promised a rapid reversal of policy: city public housing projects that were scheduled for a controversial demolition would be renovated instead.

A suspicious reporter called the housing agency's press office, which determined that the man, who shared the stage with Mayor C. Ray Nagin of New Orleans and Gov. Kathleen Babineaux Blanco of Louisiana, was an impostor. The Yes Men, a group of activists, had organized the stunt to protest the government's plan to demolish the buildings, which the group says will prevent low-income residents from returning to New Orleans.

The ruse also put the public relations and crisis-management firm Hill & Knowlton on the defensive. The pranksters had used its name in announcing the conference. "These hoaxers have absolutely no connection to our firm," read its statement, attributed to Gene Reineke, the chief operating officer of Hill & Knowlton U.S.

Sallie L. Gaines, a senior vice president of Hill & Knowlton, said that despite being forced to send out an image-fixing press release, the firm was "not in crisis mode over this." JULIE BOSMAN

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TO THE RESCUE Over the years, Steven P. Jobs, the chief executive of Apple Computer, has had a somewhat contentious relationship with the news media. Most recently, Apple sued a Web site, seeking to learn the identities of anonymous sources that had leaked it confidential information about Apple products (a suit Apple lost).

But last week, Mr. Jobs was asked by Reporters Without Borders, a journalism advocacy group, to intercede on behalf of two Chinese reporters who were facing a $3.8 million lawsuit by a Taiwanese contract electronics manufacturer, Foxconn. The company, which assembles iPods for Apple, accused the reporters, Wang You and Weng Bao, of "smearing its reputation" in an article criticizing working conditions.

Apple said that the report of labor abuses was false and that it was now "working behind the scenes" to resolve the dispute between Foxconn and the journalists. Foxconn has since dropped its request for damages. LAURIE J. FLYNN

CANNED Novelis Inc., an Atlanta-based company that supplies the aluminum for Coke and Budweiser cans, fired its chief executive, Brian W. Sturgell, last week, just 18 months after promoting him to the job.

But what an 18 months: soaring prices for raw materials squeezed the company against some fixed-price contracts with its customers. And then there were accounting errors that led to an earnings restatement, missed deadlines in filing reports to the Securities and Exchange Commission, and the hurried renegotiation of some loan terms because of those delays.

Deciding to look for a C.E.O. with experience running a public company, the board passed over Novelis's chief operating officer, Martha Finn Brooks, in favor of its chairman, William T. Monahan, Mr. Monahan wrote in an e-mail message. ELIZABETH OLSON

MILLION A MONTH When he negotiates his next employment contract, Douglas A. Pertz can honestly say that his last job paid more than $1 million a month.

When he signed on in May as the president and C.E.O. of Harman International Industries, which makes JBL and Harman/Kardon audio systems, Mr. Pertz was promised a base annual salary of $850,000, or about $70,800 a month.

But when he resigned in August, Mr. Pertz received more than $3.8 million in "severance compensation," according to a company filing with the S.E.C. PATRICK McGEEHAN

MAN OF THE WORLD He still sounds Canadian and he definitely has Canadian roots. But the chief executive of the German-owned Chrysler Group, Thomas W. LaSorda, is now entitled to an American passport.

Mr. LaSorda and his wife, Doreen, took their citizenship oaths last month after passing a 10-question test. Mr. LaSorda, born in Windsor, Ontario, actually is entitled to dual American and Canadian citizenship, said Jason Vines, Chrysler's vice president for corporate communications.

Mr. LaSorda took the step mainly to ease issues with immigration, Mr. Vines said. Chrysler executives often travel back and forth between the United States and Germany, the home of the parent company, DaimlerChrysler. MICHELINE MAYNARD

THE (PRAIRIE) DOG HOUSE When Wal-Mart wanted to build a new supercenter in Lafayette, Colo., it faced an unusual obstacle: a colony of prairie dogs on the 31-acre site. When efforts to relocate the prairie dogs failed, Wal-Mart exterminated the animals, poisoning some and gassing the rest.

The prairie-dog fuss is the first dust-up for Leslie A. Dach, a former White House aide in the Clinton administration and public relations expert hired recently to do damage control for Wal-Mart. Mr. Dach, who was awarded a stock option package worth $3 million, reports to Wal-Mart's chairman, H. Lee Scott Jr.

A spokesman, Gray McGinnis, said Wal-Mart and the city considered several options to relocate the prairie dogs, but none were feasible. AMY CORTESE

A Bank Survives Katrina. Now, The Hard Part. (NYT)

By Gary Rivlin

The New York Times, September 3, 2006

New Orleans

TO reach the executive suite of the Liberty Bank and Trust Company here, you first have to navigate a stretch of town that still lacks street signs. Finding an entrance to the bank's headquarters is another challenge. You have to circle behind the building, a six-story glass box that is still missing several windows, and — as if there to work on the plumbing — walk up a set of corrugated steel steps sandwiched between a Dumpster and an oversized air-conditioning unit.

After traversing a bare room that smells of mildew and walking past three disabled elevators, you trudge up five more flights of steel stairs to reach the office of Alden J. McDonald Jr., the chief executive of this institution, which was the country's third-largest black-owned bank until Hurricane Katrina and floodwaters roared through New Orleans one year ago.

Mr. McDonald and his staff count themselves among the fortunate, despite the general state of disrepair inside and outside their building. While their neighborhood wants for many basic amenities, including mail delivery and phone service, their

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company is one of the few enterprises back in business in the vast northeastern quadrant of New Orleans. And in a city where an estimated two in three businesses remain shuttered, Liberty is not only open but also turning a profit.

Floodwaters still covered much of New Orleans last September when Mr. McDonald first agreed to allow a reporter to chronicle his efforts and those of his staff to resuscitate their battered bank. Working out of a beachhead that Mr. McDonald established in Baton Rouge just after the storm, Liberty seemed on the edge of ruin. Its long-term survival seemed in doubt.

Liberty's most impressive accomplishment, like that of New Orleans itself, may simply be that it has regained some semblance of its old self in only 12 months. But Liberty is also like New Orleans and its ravaged economy in another crucial way: its recovery has a long way to go.

Liberty faces enormous hurdles, chief among them the lingering doubts about the viability of large stretches of the drowned-out, predominantly black eastern half of the city, where Liberty's customers were concentrated and which is still largely in ruin. Liberty's success in helping black professionals and others settle the east established a large African-American homeownership class for the first time in the city's history. But that legacy, combined with the bank's backing of the city's small but growing ranks of black entrepreneurs, prompts concern among experts contemplating how well Liberty will fare if its carefully cultivated customers never return. Liberty's very success, it seems, presents the bank with its greatest challenge.

HURRICANE Katrina delivered body blows to virtually every business along the Gulf Coast, but few were more devastated than Liberty. One year after the storm, only half of the bank's eight New Orleans branches are open, and one of those has limited hours. Flooding badly damaged five branches and looters stole $700,000 from several branches, according to Mr. McDonald. Floodwaters overwhelmed a one-story operations center, which housed its paper records, and putrid water sat for weeks on the ground floor of its headquarters in New Orleans East, destroying the building's electrical system and elevators. Wind damage and rain destroyed sections of the building's top floors.

Insurance will offset some of those losses, but there is no compensating Liberty for the miseries visited upon its customers. Jobs disappeared as businesses closed and flooding destroyed or badly damaged the homes of roughly three-quarters of Liberty's customers — and of most of the bank's staff, including Mr. McDonald.

By some measurements, Liberty is doing astonishingly well. After posting losses of $3.4 million in 2005, its worst performance since opening its doors 34 years ago, Liberty reported a $2 million profit in the first half of 2006. "We're feeling very hopeful about the future," Mr. McDonald said recently. Even so, Liberty has already slipped to fifth in a ranking of the country's largest black-owned banks, according to Creative Investment Research, a firm that tracks minority-owned financial institutions.

"Liberty seems to have done a remarkable job in a trying situation, certainly better than I ever thought possible," said William Michael Cunningham, an African-American who runs Creative Investment Research in Minneapolis. "But my concern is with the health of the bank two years, three years out, especially with so many questions around the rebuilding."

Will New Orleans truly come back, or is it destined to stand as a paler, less diverse version of its former self? There may be no better stand-in for addressing that question than this homegrown bank that, until Katrina, sparkled as a success tale, a black-owned institution in a predominantly African-American city that offered crucial service to sections of town historically underserved by mainstream banks.

Alden McDonald awoke early on the Sunday before Katrina hit New Orleans last year. He planned to check on Liberty's various properties, ensuring that they had been properly secured, and then to join his wife inside the concrete fortress of the Hyatt hotel in the central business district, to ride out the storm. But Mr. McDonald, a native New Orleanian, changed his mind about staying as he toured the city. Listening to his car radio, he began to appreciate the might of Katrina. He phoned his wife, who checked them out of the Hyatt one hour after checking them in. The pair decided to retreat to the home of good friends in Atlanta.

Then Mr. McDonald, like much of the world, hunkered down helplessly as he watched television coverage of his flooded city and tried hard to think about something other than retiring. "My entire operation was under water," Mr. McDonald, 63, said. "Which meant I had to go back and rebuild everything. I had to rebuild all systems. I had to rebuild all files. I didn't know how many of my customers would stay with me."

He also did not know the fate of tens of millions of dollars that Liberty had lent to homeowners and entrepreneurs in the part of the city that locals referred to simply as "the east."

"The only thing I could think of is, 'All of these people lost their real estate, which I had as collateral,' " Mr. McDonald said. "I knew I had insurance on a lot of it, but I still didn't know how much at the time." Sitting in his friend's home, he wondered if his bank's days as an independent institution were over.

This bout of pessimism lasted two or three days, Mr. McDonald said, and over the coming months he was careful never to betray even a hint of doubt about the bank's future. He had been Liberty's chief executive since its founding in 1972, when its sole facility was a trailer in a sketchy part of town. He knew about hard times. After a few days in Atlanta, he started working on a survival plan that would quickly bring him to Baton Rouge.

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"There were a lot of people depending on me to make this thing come back," he said. "My staff. The community."

Liberty had three outposts in Baton Rouge, 80 miles northwest of New Orleans, and two in Jackson, Miss., 160 miles due north. Those branches would prove crucial in the coming months, providing both ballast in unstable times and a base from which to operate. For the next six months, one of the Baton Rouge branches, a homely, spacious brick building missing a corner of its corrugated tin roof, served as the command post for Mr. McDonald and about 20 employees. Two of them, seated on beat-up borrowed chairs behind a pair of folding tables, served as Liberty's loan department. Four tables pushed together in the middle of a room accommodated a makeshift call center — after BellSouth installed extra phone lines, nine days after the hurricane.

Even after the bank set up a dozen phone lines to field calls, customers preferred driving to Baton Rouge from as far away as Houston and northern Louisiana, in order to meet in person with a bank employee. "Basically it's everyone's job to deal with customers right now," Mr. McDonald said at the time, "including mine."

Customer service was one major concern right after the storm; reconnecting the bank to the global A.T.M. system was another. Unlike larger banks, which had operation centers around the country, and smaller ones, which tended to outsource data processing, Liberty housed its central computers in New Orleans, which was without electricity or working telephone lines in Katrina's aftermath.

Mr. McDonald had prepared for the hurricane the same way he prepared for past storms, by creating several backup copies of the bank's computer records. Two employees got copies and Mr. McDonald sent two more via FedEx to a Pennsylvania company that handles the bank's computer operations during emergencies. But Mr. McDonald did not hear from either employee for more than a week after the storm, and Katrina interrupted FedEx's service for days.

With customers scattered around the nation and desperate for cash, Mr. McDonald faced a tough choice: to lock out customers from A.T.M.'s and branches in the midst of the crisis and risk being cast as a Scrooge, or to allow them to withdraw cash and risk being ripped off because he temporarily had no way to determine how much money customers actually had in their accounts. Mr. McDonald chose the second option, permitting anyone with a Liberty account to withdraw up to $100, and then up to $500, per day. In the end, that cost the bank hundreds of thousands of dollars in overdrafts during the 10 days that Liberty's records were off the A.T.M. network.

Mr. McDonald's next big worry was cash flow. The same floods that destroyed homes also wiped out jobs. That meant Liberty needed to brace for a steep drop in deposits and mortgage payments. Liberty, like many other area banks, gave both homeowners and its small-business customers until Jan. 1 to resume monthly loan payments — depriving the bank of its two largest revenue streams for four months while it racked up a number of extraordinary expenses.

EMERGENCY computer services were costing the bank more than $50,000 a month, so Mr. McDonald ordered a new computer system, despite its $500,000 price. He spent thousands of dollars dispatching boats to eastern New Orleans to assess damage and to retrieve computers and furniture for Liberty's temporary home in Baton Rouge. Once the floodwaters receded, he brought in emergency generators to keep air blowing through his headquarters to fight mold; filling the generators' fuel tanks cost $1,500 a week. Apartments in Baton Rouge for displaced employees cost thousands of dollars a month.

"I hate losing money," Mr. McDonald said in early October, six weeks after the storm. "But everywhere I look I'm losing money." He had packed only a few short-sleeved shirts and one pair of slacks when he left New Orleans, thinking that he was leaving for a few days. Yet four weeks passed before he was finally able to take a day to relax in Baton Rouge and buy new clothes. "Thank goodness I thought to bring four pair of underwear with me," he joked.

A courtly man with a shock of wavy white hair and a bushy white mustache, Mr. McDonald is more animated than one might expect of a bank president. He laughs often, and, to underscore a point, will let his mouth hang slack-jawed. It would be a month after Katrina before he visited his home for the first time in New Orleans East — a journey he took, he said, because "my wife was bugging me to get stuff out of the house."

Amid muck and mold, he found little to salvage in his home.

At the end of each day, usually around 7 p.m., Mr. McDonald convened a small group in his office for what he called "my daily crisis management meeting." Early on, the gatherings served as forums for sharing bad news. The new computer had arrived (cheers) but parts were missing (groans). New parts had arrived (huzzahs) but not crucial software components (more groans). Tasks that people thought might take a week or two, such as reviving the bank's Web site, ended up requiring a month or more.

The daily financial updates were still more depressing. Before the storm, Liberty generated $150,000 a month in loan fees, but those funds largely evaporated in the first weeks after the storm because the bank was writing virtually no loans. The bank normally collected $70,000 in monthly charges from checking accounts — but Liberty temporarily suspended this fee for most of its customers.

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These grim financial realities invariably caused people to ask Mr. McDonald how Liberty could survive. The bank had roughly $40 million in securities, an ample cushion against insolvency if Mr. McDonald could stabilize its finances. But the clock was ticking, and to raise much-needed cash, Liberty sold a portion of its securities at a $1 million loss.

"'These are nervous times for the bank," said Norman C. Francis, Liberty's chairman, five weeks after Katrina.

MR. McDONALD was largely alone in those first months after the storm. The bank's chief operating officer had resigned earlier that year to take a job in Detroit and Mr. McDonald had let his chief financial officer go shortly after the storm.

Monthly board meetings continued, but directors had their own distractions. All but one had lost a home in the storm, and all had other responsibilities that needed attention. "All of us had a lot going on," said Mr. Francis, the president of Xavier University, a historically black college in New Orleans that had been flooded. That was especially true for Mr. McDonald, who was appointed by Mayor C. Ray Nagin to the 17-member commission created last September to devise a blueprint for rebuilding New Orleans.

"Anything we do to get people back in town helps my bank," Mr. McDonald said at the time.

If the first two months after the storm were about bailing water to keep a sinking bank afloat, the next six months were about reigniting Liberty's financial engines. Mortgage payments would restart after the first of the year, and the bank could once again count on a steady stream of fee income. But every week brought more closing of accounts by longtime customers, often because there were no Liberty branches near their new homes.

The top priority during this second phase was to analyze the bank's loan portfolio and to gauge the likelihood of loan defaults. That meant figuring out who had adequate homeowner insurance and who did not. Those without flood insurance were likely to default on their loans and leave Liberty with largely worthless collateral: flood- and hurricane-ravaged homes and businesses. Analyzing potential defaults would have been fairly routine if the bank had access to its paper records, but the floods had destroyed those. So Mr. McDonald assigned a small team of people to track down individual borrowers.

"I can't even begin to tell you how many hundreds of hours we spent on that piece," he said. (In time, though, he will know the precise costs: he has asked his new chief financial officer to tally the figure so he can submit it with insurance claims.)

IN October, Mr. McDonald opened a pair of branches in neighborhoods that were beginning to repopulate: the Garden District and the West Bank. Almost immediately, lines began to form as customers were eager to get on with their lives. By November, the precipitous drop in Liberty's deposits had stopped.

"People were increasing their balances rather than decreasing their balances," Mr. McDonald said. It was then, he realized, that his bank might make it.

He might have been confident about the bank's prospects, but a large portion of his customer base still had no idea when they would move home, if ever. Working with lobbyists in Washington, he tried, unsuccessfully, to have Congress pass a law requiring the federal government to funnel a large portion of Gulf Coast redevelopment funds through smaller community banks like Liberty. He thought, too, about raising his profile nationally and catering to larger corporate depositors, like Aetna and American Express, which he already had as customers.

In the end, "Phase 2," as Mr. McDonald took to calling it, entailed doing what the bank always did — selling its services to individuals — but doing so with more creative flair.

Earlier this year, Liberty repackaged certificates of deposits as Katrina Investment Deposits, or K.I.D.'s, which were nothing but C.D.'s offered at a below-market interest rate and wrapped in a feel-good package. Countless people had offered to help Liberty, and this was the financial vehicle it created to capitalize on that goodwill.

Though he gave people a choice between interest rates of 2 percent and 2.5 percent, "quite a few people chose 2 percent," Mr. McDonald said. (That rate was well below the 5 percent or so that a customer could have earned on a regular C.D. last spring.) Over the coming months, Liberty would sell $10 million worth of K.I.D.'s — using the money to jump-start lending, its primary source of profits.

To further bolster his flagging loan business, Mr. McDonald offered 100 percent mortgage financing and set in motion a plan to open loan centers in strip malls in other parts of Louisiana as well as Texas and Mississippi.

"I needed those fees," he said. "I needed to get my interest income up." Liberty's staff was able to qualify enough people to approve $10 million in loans in less than three months. That amount exceeded Mr. McDonald's expectations, but it was still just a fraction of the $10 million a month that Liberty lent, on average, before Katrina. Today the bank is writing no more than $3 million a month in loans, Mr. McDonald said, and has stopped writing riskier, no-money-down loans.

In time, Mr. McDonald would complain that while he took time every Monday to drive to New Orleans to attend meetings of Mayor Nagin's commission, the group never discussed the core issue of what to do about the city's most heavily damaged neighborhoods. To this day the city is without a coherent plan for the east. But his trips gave Mr. McDonald an excuse to drive through neighborhoods to see where people were returning. Those tours persuaded him to open two branches in January in Gentilly, a large, racially mixed area in the center of New Orleans.

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Other banks, including Chase and Whitney National Bank, a venerable local institution, have followed him into Gentilly. A visit to all three banks in mid-August found what seemed to be a brisk pace of business. But Mr. McDonald stressed that he was the first to open in Gentilly, and that move inspired envy in at least one rival.

"Right now I wish I had a branch in Gentilly," said Virgil Robinson Jr., the chief executive of Dryades Savings, a smaller black-owned bank based in New Orleans. An executive at Liberty until leaving in 1994, Mr. Robinson said his former boss had deftly negotiated that delicate balance between reopening a branch too early and waiting too long.

"We want to be back in the area early but not so early that we're the first one out there," said Mr. Robinson. "There's protection in numbers."

Mr. McDonald proved a trailblazer again in March, when he moved back into his headquarters in the east. When he is too tired to commute back home to Baton Rouge, he sleeps in a borrowed recreational vehicle.

Viewed from the vantage point of the central business district or the French Quarter, the city and its business environment can seem to be in good shape. These areas have been repopulated, and businesses large and small have returned. Most of the city's hotels are open again, as are most of its major employers and its more popular restaurants and music clubs. Focusing solely on Liberty's branches in the western, predominantly white half of the city also might suggest that the bank's operations are more or less back to normal.

But there appears to be relatively little forward motion in the city's eastern business corridors. In New Orleans East, for instance, home to 90,000 people before Katrina, maybe a half-dozen restaurants have opened. A few car dealerships are back in business, along with several gas stations and a giant Home Depot — and Liberty.

Mr. McDonald had anticipated that Katrina would translate into $10 million to $12 million in losses in the last four months of 2005. It ended up costing him half that much. When Katrina hit, Liberty was on pace to post a $3 million profit for the year. Instead, it lost $3.6 million.

Some bright spots emerged. Only seven borrowers let their flood insurance lapse after taking a loan from Liberty; out of a $150 million loan portfolio, Liberty wrote off only $2 million last year. Most of those bad loans, Mr. McDonald said, were car loans or credit card debt. Like many other banks across the Gulf Coast region, Liberty is now flush with cash as people park large insurance settlements in their accounts while considering their next financial steps.

This year has brought Mr. McDonald and his staff more good news. Based on results from the first half of 2006, he predicted that the bank would earn $4 million for the entire year. "This is going to be the most profitable year in the history of this company," he said.

Yet Liberty's buffed-up bottom line can be deceiving. A widespread lack of housing in New Orleans, Mr. McDonald acknowledged, has meant that the bank has fewer employees than it needs. Where he once had 160 employees, he now has 90. The shortage has kept expenses low, bolstering profitability, but the same shortage makes it hard to generate new revenue. Mr. McDonald wishes that he could hire more tellers, branch assistants, and loan officers and open a fifth branch in New Orleans, he said, "except I'd have no one to staff it."

ONE year ago, Liberty had 35,000 customers. Today it has 20,000 to 25,000, Mr. McDonald said. "I know I have to get an exact count on that," he added, before letting his voice trail off. His half-staff bank, it seems, has other priorities.

Elevator repairs alone will cost Liberty $350,000, and the bank has lost about $100,000 a month in rental income from tenants who once leased office space in its New Orleans headquarters but now have no immediate plans to move back home.

Water, not wind, did most of the damage to Liberty, and it is still uncertain how much its insurers will cover. Mr. McDonald had business-interruption insurance, for instance, but he said it was not clear, even one year after Katrina, whether insurers would approve flood claims. "Everyone is still struggling with insurance companies," he said.

There is another question preoccupying anyone with a financial stake in the eastern half of New Orleans: Which parts of the city will come back and which will end up as forlorn, half-occupied neighborhoods without basic services? Mr. Nagin ended up ignoring his own commission's recommendation that New Orleans devote its limited resources to neighborhoods that can prove that a critical mass of their residents are returning. Instead, the mayor has encouraged people to rebuild anywhere they want in the city.

Mr. McDonald's best guess is that only half the population of the east will eventually move home — if that. Of the 150 families in his subdivision in New Orleans East, he knows about 10 families that are returning. He even counts himself among the undecided.

From his sixth-floor office, Mr. McDonald has a perfect view of the mall next door. Its huge parking lot is empty, except for piles of debris, and its stores sit as ruined reminders of how much the east has lost and how little it has recovered. Mr. McDonald, meanwhile, intends to try to "go to where my customers are" by opening loan centers in strip malls and in places like Houston and some cities elsewhere in Louisiana and in Mississippi.

"Whenever you have obstacles," he says, "you always have opportunities."

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To Grasp The Depth And Breadth Of Disaster, Bike New Orleans (NYT)

By Nicholas Kulish

The New York Times, September 3, 2006

We start on high ground. It's hot and muggy, not a pleasant day for a bicycle ride. Then again, New Orleans never was all that pleasant in the late summer, even before the famous storm pushed her underwater and changed her for good.

My colleague says that the best way to fathom the barren city is on two wheels. I don't understand exactly why, but I visit New Orleans only to write about it. He lives there, so I take his word for it. Off we go, with him riding smoothly ahead and me wobbling behind, unsteady enough to slow circumspect drivers passing us.

After half a dozen blocks we've left the Garden District's splendor and entered the poorer Central City district. A few minutes more and rust-colored lines etched by tainted water can be seen creeping up the porches. Hardly crowding the curbs to begin with, the parked cars quickly thin out, the streets empty of people, and the wooden houses seem to sag. We are in the eerie, once-flooded zones that make up the majority of the city.

Seven times the size of Manhattan. That's what they say to try to help people understand what it means for most of a metropolis to sit in ruin. Not much more helpful than saying "a lot" if you haven't seen it yourself. Gentilly, Hollygrove, St. Roch — it is only through accrual that you begin to grasp these seven islands' worth of desolation in patchy recovery — Dillard, Milneburg, Treme. It is too much to take in on foot. You could walk for days. So many people lost cars to the flood and have been hiking for necessities, for months.

There are tens of thousands of abandoned but still-standing properties. The jaw-dropping demolitions along the levee breaks are easier to grasp, like those made famous in the Lower Ninth Ward. The swaths of less-spectacular destruction confuse rather than clarify, defying easy answers.

Rebuilding is in part a story of neighborhoods, but more often it is that smallest subdivision, the block, that determines whether anyone has returned. We ride on and little white trailers sprout like mushrooms in clusters. There might be five empty blocks and then suddenly six trailers on one. Few want to go it alone.

They aren't eyesores as you might expect, because trailers mean, "Here people are trying." Their pioneer stubbornness upends normal aesthetics. They're there and you root for them, but they are also a sobering minority. Once in a while we see a house propped on fresh cinderblock stems, raised to avoid future floods, a little like an old-fashioned lady raising her skirts to cross puddles.

For someone driving past in a car, the houses can blur together and the proceedings are more like a head count or a survey. Duck, duck, goose; vacant, vacant, trailer. From the bicycle, they are homes. I can smell moldy remnants of recently gutted houses on the curb. People greet us as we pass, waving or saying hello in surprisingly soft voices. I peer inside where doors and windows are gone, a permissible invasion because everyone is doing it. I feel less guilty stopping on the bicycle than I do slowing to a police-cruiser crawl in an air-conditioned rental car.

Right off Napoleon Avenue, one of the principal boulevards, a house sits with its insides exposed, shorn of the back wall on its second floor. A hanger still clings to its hook on the back of the door. There is a mural on the chimney — maybe a children's room. A few doors down, a home has been completely renovated, painted spick-and-span white with blue trim, and with a shiny car in the driveway. It seems to be waiting for a ribbon-cutting.

A dignified older woman in Broadmoor tabs us as visitors and invites us in for a cold drink. She and her husband were lucky enough to have a two-story home and can live upstairs. They show us the bones of the ground floor, picked clean to its skeletal frame to halt the rot before it could creep upstairs.

Scaling the front of the house outside is an explosion of pink bougainvillea blossoms. A new order arose based on which plants could handle the murky waters that stewed in all the yards. "The live oak survived. The magnolia died. The bougainvillea thrived," the husband explained as we said our goodbyes.

We climb back on our bicycles and begin to ride quickly. Dark clouds are gathering overhead. A storm is no place to be caught without windows or a roof. I'm sweating, straining, trying to ride straight while looking up apprehensively every few seconds. And I think I have a pretty good idea why we're on the bikes.

Katrina Evacuees, Down And Out In Fresno (WP)

By Dale Maharidge

The Washington Post, September 3, 2006

FRESNO, Calif.

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California is dotted with landmarks from John Steinbeck's novels. The best known may be Monterey's Cannery Row, but the most unchanged are those here in the Central Valley, the destination of last century's disaster exodus -- the Depression-era migration of farmers out of the Great Plains' Dust Bowl that Steinbeck chronicled in "The Grapes of Wrath."

On Highway 99 is an exit for the Tagus Ranch -- Steinbeck's fictional Hooper Ranch. In Weedpatch are the tilted ruins of the government labor camp office where the Joads' jalopy bounced to a stop, and where John Ford filmed the movie adaptation of the novel.

This century's exodus -- the flight from New Orleans -- has had no similar Steinbeckian epicenter. Aside from huge concentrations of evacuees in Baton Rouge and Houston, the people who fled Hurricane Katrina are scattered across 4,000 Zip codes, as far-flung as Nome, Alaska, and Lihue, Hawaii. But 260 New Orleans exiles have ended up in Fresno, the heart of the iconographic lower Central Valley.

And there's an irony in this: Last October, the Brookings Institution released a study showing that among the 50 most populous cities in the United States, Fresno had the highest concentration of urban poor: 43.5 percent of the city's poor population dwells in "extreme-poverty neighborhoods" (neighborhoods in which more than 40 percent of the residents live below the poverty threshold). Second in the rankings -- prior to Katrina and the flood -- was New Orleans, with nearly 38 percent of its poor population living in such neighborhoods. So the evacuees in Fresno have gone from poor to poorer -- but nobody much has noticed.

None of the Katrina evacuees came to Fresno the way the Joads did, with pots and mattresses lashed to junker cars. They flew in jetliners or drove minivans. Many are the working poor. They have gotten low-wage jobs, blended in, become invisible. And that's the problem.

One year after Katrina, any hopes that the disaster would finally highlight the plight of the tens of millions of Americans living on poverty wages have come to nothing. Would today's America embrace a book like "The Grapes of Wrath"? Released in 1939, it sold 200,000 copies in weeks; the movie was rushed into theaters in 1940. That reaction was a far cry from today's indifference.

"We're the most powerful country the world has ever seen, and the gulf between the rich and the poor has never been greater," lamented Fresno Mayor Alan Autry in a recent interview. A populist, born-again Republican, Autry had hoped to take in as many as 1,000 Katrina evacuees permanently, but the suggestion caused "a political hurricane. I heard, 'We can't afford this, it's going to bankrupt us,' " he told me.

Fresno's problem is that it's two cities in one. The north part of town is a place of obvious wealth, with its upscale shopping centers, McMansions, and SUVs and Hummers still sporting pro-Bush bumper stickers. But as you drive south and, in places, west, the city changes to the Fresno of the Brookings study: a landscape of stunning poverty housed in sagging bungalows and flat-roofed two-story apartment buildings with lightning-bolt cracks running up faded stucco facades.

The most visible poverty is downtown on E Street, where it dead-ends against Highway 99. Along the right-of-way is a city of tents and crude huts that are home to dozens of people. At midnight, 100 or so desperate men and women stand in the middle of the street, some lurching at passing cars to offer drugs or sex.

But at the nearby Poverello House, which provides free drop-in meals and some housing, many of the 450 men and women getting lunch one recent day looked like working-class people. Executive director Jim Connell confirmed that more than 60 percent of those he feeds these days are the working poor.

Between north and south Fresno is the new home of Michael and Kimberly Crocketts and their 10 children. The Crockettses came to Fresno after their home in Slidell, across Lake Pontchartrain from New Orleans, was destroyed by Katrina. Despite the family's size, they got by in Louisiana. But in Fresno, their wages don't match their expenses.

Last November, their landlord started demanding $1,800 in rent for their unremarkable, six-bedroom stucco house. That's three times what they had paid in Louisiana. "Everything is more expensive," said Kimberly, who works as an in-home caregiver for the elderly and disabled. "I go to the stores, it's crazy."

The Crockettses are dreading November, when FEMA funding for the rent runs out. On the upside, they were recently approved for subsidized housing, though they hope to avoid moving to south Fresno, where most of that housing is. They have dreams, and they're working to make them come true. Kimberly is studying bookkeeping and accounting. Michael has even bigger plans.

He is working on opening a restaurant, a place where he'll serve po' boy sandwiches and jambalaya. "I'm going to call it A Taste of New Orleans," he said.

dm2021@columbia.edu

Dale Maharidge, a professor at Columbia University's Graduate School of Journalism, is working on a novel about the Katrina exodus.

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U.S. Delays Plan For Machine-Gun Drills On Great Lakes (LAT)

By Michael Hawthorne, Chicago Tribune

The Los Angeles Times, September 3, 2006

CHICAGO — The Coast Guard has been quietly planning to conduct target practice on Lake Michigan with boat-mounted machine guns that would be fired a few miles from beaches along the North Shore.

But plans to establish a permanent "live-fire zone" in waters near Illinois' Highland Park, Lake Forest and Waukegan — and in 33 other spots around the Great Lakes — are on hold after boating groups and a congressman complained that the public wasn't informed about the training exercises.

The plans, which required changes to a nearly 200-year-old disarmament treaty with Canada, are raising concerns that recreational boaters might unwittingly cross into the training areas or get hit by stray bullets. Car ferries that operate during the summer between Wisconsin and Michigan also would pass through the live-fire zones.

And environmental groups are concerned that lead and other metals in the bullets could add more toxic pollution to the Great Lakes.

"This was a surprise to me and many others," said Rep. Peter Hoekstra (R-Mich.), who serves on a congressional subcommittee that oversees the Coast Guard. "When we think about the Coast Guard on the Great Lakes, we think about search-and-rescue missions, not firing machine guns."

Coast Guard stations around the Great Lakes began mounting M-240 machine guns on cutters and small boats this year, the first time since World War II that there have been routine armed patrols on the lakes.

The guns, which can fire up to 600 rounds a minute, were installed as part of the nation's anti-terrorism efforts, according to filings in the Federal Register.

Firing live ammunition at floating targets in the lakes is "essential to carrying out Coast Guard missions relating to military operations and national security," the documents state.

Coast Guard boats on the Great Lakes previously did not have mounted weapons, though crews carried rifles and pistols on board.

Critics said the only notice of the training exercises was published Aug. 1 in the Federal Register. Because the Coast Guard now is part of the Department of Homeland Security, it was not required to hold public hearings or study potential environmental impact.

Under pressure from Hoekstra, Coast Guard officials decided Friday to accept public comments for 60 days. They also are considering holding meetings around the Great Lakes to provide more information.

Chief Petty Officer Robert Lanier, a spokesman for the Coast Guard's 9th District office in Cleveland, said each zone would be used for target practice by local Guard members two to three times a year. The training exercises would last one or two days, Lanier said, though the notice filed in the Federal Register does not limit when the zones could be used.

"Our top priority when conducting these exercises is public safety," Lanier said.

In response to concerns about lead bullets falling into the lakes, the Coast Guard said its own study found the potential environmental effects would be minimal. The Michigan Environmental Council, though, wants an independent analysis.

After Storm Evacuation, Shuttle Crew Returns To Florida (AP)

By The Associated Press

The Associated PressB, September 3, 2006

CAPE CANAVERAL, Fla., Sept. 2 — Four days after evacuating the Kennedy Space Center as Tropical Storm Ernesto approached, the six crew members of the space shuttle Atlantis flew back to Florida on Saturday to prepare for a launching on Wednesday.

When the crew left in training jets last Tuesday for a trip to Houston, they watched from the air as the space shuttle crawled off the launching pad on a journey to an assembly building for shelter, said Capt. Brent W. Jett Jr., the shuttle commander.

Midway through the shuttle's four-mile journey, managers with the National Aeronautics and Space Administration decided to return it to the launching pad once the storm's intensity had been downgraded. The decision gave NASA an opportunity to launch on Wednesday, rather than several weeks later.

"I think all of us thought we were going to be spending a little while in Houston," Captain Jett said Saturday after returning to the Kennedy Space Center. "I think we're all really happy that just four days later we're back here and we have a shot at this launch window."

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By the time the storm reached the Kennedy Space Center on Wednesday night, it had been downgraded to a tropical depression, and peak gusts at the launching pad were at 44 miles an hour, well below the 79 m.p.h. threshold that requires the shuttle to be moved indoors.

Engineers inspecting the Atlantis the next day found three areas of minor foam damage on its external fuel tank: a three-eighths-inch cut in the middle of the liquid oxygen tank, a one-inch scratch near where the tank connects to the solid rocket boosters, and a missing lump of foam from the liquid hydrogen barrel.

The first two scratches were expected to be repaired easily, and the missing foam will not need to be replaced, NASA officials said.

Any kind of foam insulation problem on the external tank is a major concern for NASA engineers. Foam falling off the space shuttle Columbia's external tank during liftoff in 2003 struck the spacecraft's wing, allowing fiery gases to penetrate and kill its seven crew members while it was returning to Earth. Since then, NASA has redesigned the external tank to minimize foam shedding.

The Atlantis will deliver a 35,000-pound, $372 million addition to the half-built International Space Station during the 11-day mission. Four astronauts will take three spacewalks to resume the station's construction, which was stopped after the Columbia accident.

NASA and its international partners hope to finish the space station during 14 other shuttle missions by 2010, when the cargo-carrying vehicles are scheduled to be retired.

The Atlantis was originally to have been launched last Sunday. Liftoff was delayed after lightning struck the launching pad, requiring engineers to check out Atlantis's systems.

Remnants Of Ernesto Drench East Coast (AP)

By The Associated Press

The Associated Press, September 2, 2006

Filed at 10:56 p.m. ET

RICHMOND, Va. (AP) -- The remnants of Tropical Storm Ernesto put a sloppy wet damper on the last big tourism weekend of the summer for many people, making a mess of some oceanfront hotels and leaving beaches and boardwalks less crowded than usual.

Ernesto was reduced to an area of rain over western New York state and the lower Great Lakes by Saturday afternoon, after drenching Virginia and North Carolina with up to a foot on its run up the East Coast.

It had caused flooding that forced hundreds of people out of their homes, and left more than a half-million homes and businesses without electricity Saturday in the mid-Atlantic states. At least four deaths were blamed on the storm in Virginia, plus one in North Carolina.

Hotels in Virginia Beach reported some last-minute cancelations Saturday as the storm apparently led many people to change their plans. Some who decided to tough it out faced oceanfront rooms with carpets soaked by wind-driven rain.

"I've never seen it this severe in all my years here," said Jimmy Capps, manager of the Breakers Resort Inn. "Probably every oceanfront hotel in Virginia Beach has some wet carpet."

Casino operators in Atlantic City, N.J., had no complaints. Harrah's Entertainment spokeswoman Alyce Parker said all four of the company's hotels -- Harrah's, Showboat, Bally's Atlantic City and Caesars Atlantic City -- were already booked for the weekend and Saturday's wind and drizzle just kept people on the casino floors.

"People really aren't on the beach," Parker said.

Beach-goers were stymied on the south shore of New York state's Long Island, where swimming was banned at most beaches Saturday because of rip currents. Waves up to 12 feet high caused severe beach erosion.

The storm forced most play at the U.S. Open in Queens to be postponed until Sunday, including matches involving Andy Roddick, Maria Sharapova and Andre Agassi.

In New Jersey, high winds and heavy rain also caused Monmouth Park to cancel its thoroughbred racing card Saturday.

Wind and rain delayed flights at John F. Kennedy and LaGuardia airports by up to three hours, said Steve Coleman, a spokesman for the Port Authority of New York and New Jersey.

Flooding remained a problem in North Carolina, where the Northeast Cape Fear River was more than 5 feet above flood stage and not expected to crest until Sunday, the National Weather Service said.

"Right now, we're just holding on," said Terry Smith, a supervisor with Duplin County Emergency Medical Services.

Firefighters had already helped evacuate about 20 people from six houses near the river in Chinquapin. About 50 houses were threatened by the rising water, said David Miller, an EMS worker and a captain with the Chinquapin Volunteer Fire Department.

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In Pennsylvania, a man drowned in a rain-swollen retention basin while trying to rescue his dog. Thomas V. Chipley, 45, of Telford, was sucked into a drainage pipe. The dog was injured but survived.

Virginia emergency officials said Ernesto's heaviest rainfall and a tidal surge raked rural communities along Virginia's side of the Chesapeake Bay.

Jeffrey Brown, 37, stayed with his wheelchair-bound father rather than evacuate St. George Island, which juts into the Potomac River where the river meets the Chesapeake Bay.

Three feet of water came into the home, he said.

"I didn't sleep too well last night," Brown said, looking haggard. "It was bad, real bad."

Associated Press writers Steve Szkotak in Richmond; Stephen Manning in St. George Island, Md.; Mark Scolforo in Harrisburg, Pa., and Daniela Flores in Trenton, N.J., contributed to this report.

Ernesto Leaves Area Damaged But Grateful (WP)

By Jerry Markon And Steve Vogel, Washington Post Staff Writers

The Washington Post, September 3, 2006

Remnants of Tropical Storm Ernesto moved slowly northward yesterday after blasting the Washington region with wind and rain and knocking down power lines but causing less damage than some forecasters had feared.

The storm did hit hard in Ocean City on what is usually one of the resort community's busiest weekends of the year. The storm surge eroded the beach in many places, flooded coastal marshes and damaged the siding and awnings of numerous buildings and homes. Boards littered the beach, and the boxes that hold rental umbrellas and chairs were tossed around by waves and broken into pieces.

In Southern Maryland, at least three homes were destroyed in St. Mary's County after a tidal surge left boats on rocks and littered roads near the water with trees, ice machines and refrigerators. St. Mary's officials, concerned that some areas might still be without power today, distributed dry ice yesterday for affected residents. No deaths or injuries were reported there.

By later today, utility officials said, they hoped to have power restored throughout the Washington area. About 74,000 customers remained without power in Maryland late yesterday, the majority of them east and south of Washington, including in Anne Arundel, Prince George's, St. Mary's and Calvert counties. In Northern Virginia, the 94,000 customers who lost power during the storm had dwindled to 2,500, Dominion Virginia Power said. About 4,000 people in the District remained in the dark.

Yet even as officials scrambled to turn on the lights and clean up the occasional fallen tree limb and other debris, they expressed relief that the storm that had struck Haiti, Cuba, Florida and the Carolinas before hitting the Washington region had spared the area a bigger blow. "This wasn't as bad a storm as we expected," said Mary-Beth Hutchinson, a Pepco spokeswoman.

And there is better news ahead for the remainder of the Labor Day holiday weekend. The forecast for today and tomorrow calls for partly cloudy skies and a high of 82 degrees, said John Gresiak, senior forecaster for AccuWeather.com, a private forecasting service. Today and tomorrow "are looking pretty good," he said yesterday.

Another weather system is expected to pass through the area Tuesday, causing showers and thunderstorms and possible flooding in low-lying areas. "Given the fact that we now have saturated ground, with this new storm, anything even moderately heavy could cause some localized flooding," said Gresiak, who predicted "perhaps an inch or so of rain" Tuesday.

St. Mary's recorded the area's highest rain total from Ernesto, with 6.92 inches. At Reagan National Airport, 2.63 inches of rain fell, and 3.17 inches were recorded at Dulles International Airport. Wind gusts peaked at 58 mph in Ocean City on Friday, Gresiak said.

He said the rain was beneficial because August was such a dry month, with only 1.03 inches of rain falling at National Airport compared with the normal 3.44 inches. The normal for September is 3.79 inches.

In Northern Virginia, the remaining areas without power yesterday were concentrated in Fairfax and Arlington counties and in Alexandria. Fairfax officials closed the emergency shelter yesterday morning that they had opened at Thomas A. Edison High School because only one person showed up. Periodic flooding of roads was reported, but homes remained safe, even in such areas as Huntington, Belle View and New Alexandria, which often flood during serious storms, county spokeswoman Merni Fitzgerald said.

Elsewhere in Virginia, at least four deaths were attributed to the storm. Gov. Timothy M. Kaine (D) toured a Richmond neighborhood yesterday where about 250 homes had been evacuated.

Still, officials were thankful the toll wasn't higher. "We did dodge a bullet," Maryland Gov. Robert L. Ehrlich (R) told a Baltimore radio station.

Staff writer Carol Sottili in Ocean City contributed to this report.

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WAR NEWS:

Bush: Iraq Has Not Fallen Into Civil War (AP)

By Andrew Taylor, Associated Press Writer

The Associated Press, September 2, 2006

President Bush on Saturday kept up his pre-election offensive on Iraq despite a new Pentagon report describing a deteriorating security situation there.

Initial results from a new U.S.-Iraqi campaign to improve the security situation in Baghdad are encouraging, Bush said, and insurgents have failed to drive Iraq into full-blown civil war.

"Our commanders and diplomats on the ground believe that Iraq has not descended into a civil war," Bush said in his weekly radio address. "They report that only a small number of Iraqis are engaged in sectarian violence, while the overwhelming majority want peace and a normal life in a unified country."

The president acknowledged "a bloody campaign of sectarian violence" and the "difficult and dangerous" work of trying to end it.

On Friday, however, the Pentagon reported that death squads increasingly targeting mainly Iraqi civilians heighten the risk of civil war. The report, the latest in a series required by Congress, said the Sunni-led insurgency "remains potent and viable."

"Conditions that could lead to civil war exist in Iraq, specifically in and around Baghdad, and concern about civil war within the Iraqi civilian population has increased in recent months," the report said.

A growing number of members of Congress — including a few in the president's own party — are calling for either a shift in the Bush administration's Iraq strategy or a timetable for beginning a substantial withdrawal of American forces.

With midterm elections for control of Congress looming, Bush is using a series of speeches to build support for the war in Iraq, casting Democratic opponents of the war as weak on national defense and battling terrorism.

"Here at home, some politicians say that our best option is to pull out of Iraq, regardless of the situation on the ground," Bush said. "They could not be more wrong."

Bush, repeating nearly word for word the message of a recent speech in Salt Lake City, added, "The security of the civilized world depends on victory in the war on terror, and that depends on victory in Iraq, so America will not leave until victory is achieved."

Democrats are not backing down in their criticism of the war, and they vow not to allow Republicans to win a political edge, as they did in making gains in 2002 and with Bush's re-election victory two years ago.

"The war in Iraq is the wrong war, a reality that no amount of White House rhetoric can distort," House Minority Leader Nancy Pelosi, D-Calif., said Friday. "It has strained our military, has crippled our ability to prosecute the war on terrorism, and has dangerously limited our ability to respond to real challenges to our national security around the world."

The White House launched its latest offensive Thursday with Bush's address before an American Legion convention and is to culminate the push Sept. 19 with remarks by the president before the U.N. General Assembly.

The next speech is set for Tuesday, when the White House is bringing representatives from countries that have suffered terrorist attacks to populate the audience and emphasize the global nature of the enemy.

Bush often ticks off a list of recent attacks to demonstrate that the world should be united against Islamic militants who share a purpose, if not a common network. He often says various factions of terrorists — such as Sunnis who swear allegiance to al-Qaida, Shiites who support groups such as Hezbollah, and "homegrown" terrorists with local grievances — belong under the same umbrella, even though many terrorism experts disagree.

The president plans to expand on this description before the Military Officers Association of America, said White House spokeswoman Dana Perino. Bush will describe how Islamic militants think, what they have said about their aims and why the world should take them seriously, Perino said.

In Iraq on Saturday, Prime Minister Nouri al-Maliki met with the country's most influential Shiite cleric, Grand Ayatollah Ali al-Sistani, to discuss the worsening security situation. The meeting came two days after a barrage of coordinated attacks across mainly Shiite eastern Baghdad killed at least 64 people and wounded 286.

The government promised Friday to expand soon the security crackdown in Baghdad to Shiite militia strongholds in the eastern part of the city.

In July, al-Sistani was credited with restraining the Shiite community from widespread retaliation against minority Sunnis following horrific attacks on Shiite civilians.

Bush Calls War `Uphill,' Vital To Establish Middle East Peace (BLOOM)

DOJ_NMG_0057608

Bloomberg, September 3, 2006

By Brendan Murray

Sept. 2 (Bloomberg) -- President George W. Bush, continuing his attack on Democrats opposed to an open-ended war in Iraq, said civil war hasn't broken out there and he urged Americans to be patient with an ``uphill and uneven path to victory."

``If we give up the fight in the streets of Baghdad, we will face the terrorists in the streets of our own cities," Bush said in his weekly radio broadcast. ``The security of the civilized world depends on victory in the war on terror, and that depends on victory in Iraq, so America will not leave until victory is achieved."

Bush is making a series of speeches to try to turn the tide of public opinion back in his favor for the war in Iraq he started in March 2003. He is seeking to link the Iraq conflict with the broader war on terrorism as the fifth anniversary of the Sept. 11 attacks on New York and Washington approaches.

``The path to victory will be uphill and uneven, and it will require more patience and sacrifice," Bush said.

Iraq has not descended into civil war, he said.

``On one side are those who believe in freedom and moderation -- the right of all people to speak, worship, and live in liberty," Bush said. ``On the other side are those driven by tyranny and extremism -- the right of a self-appointed few to impose their fanatical views on all the rest."

Increasing Violence

The U.S. Defense Department said yesterday that preconditions for civil war in Iraq have increased since May, when the new Iraqi government took office.

The number of attacks weekly is up 27 percent, especially executions of civilians, and there's been a ``significant" surge in attacks in two northern provinces as well as those four provinces near and including Baghdad that are most violent, the Pentagon said in its latest quarterly report to Congress, the most negative to date.

``Weekly attack levels in July 2006 were the highest to date," the report said. ``Concern about civil war within the Iraqi population has increased in recent months" as sectarian violence accelerated.

The report says that ``movement toward civil war can be prevented." Joint Chiefs Vice Director for Strategic Plans and Policy Rear Admiral William Sullivan told a Pentagon briefing that intensified combat operations in Baghdad and the addition there of 4,000 U.S. troops who were slated to return home to Alaska are intended to ``defuse" the worst violence.

Reid's Response

The report brought an immediate response from Senate Democratic leader Harry Reid of Nevada.

``Even the Pentagon acknowledges Iraq is tipping into civil war," Reid said in an e-mailed statement. ``Failed Republican policies have left America bogged down in Iraq, with our military stretched thin and less able to fight and win the war on terror. With the security of the American people at risk, Republicans' failed stay the course strategy is not acceptable."

While national security has been the dominant issue in every election since the Sept. 11 attacks, Bush is facing an increasingly skeptical American public.

The biggest battleground in the war on terrorism, and the one shaping the public's view, is in Iraq, where Bush today said his commanders and diplomats ``that only a small number of Iraqis are engaged in sectarian violence, while the overwhelming majority wants peace and a normal life."

Thirty-six percent of those surveyed in an Aug. 17-21 CBS News/New York Times poll said they approve of Bush's job performance. Three in 10 approved of how he has handled Iraq. Another sign of trouble for the administration is that 51 percent of those surveyed said Iraq isn't connected to the war on terrorism.

More Speeches

Next week, Bush is scheduled to make war speeches in Washington and in Atlanta, before spending the Sept. 11 anniversary in New York.

The president conducted a similar campaign to drum up public support at the end of last year. Those addresses resulted in Bush gaining several points in job approval in most public opinion polls. The gains were erased as the security situation in Iraq deteriorated.

Bush said a ``vital part of our strategy to defeat the terrorists" is to set up a functioning democracy in Iraq, which in turn will help create a more stable Middle East. To do otherwise would mean ``our children will face a region dominated by terrorist states and radical dictators armed with nuclear weapons."

To contact the reporter on this story:

G.O.P. Hopeful Says Rumsfeld Should Resign (NYT)

By David W. Chen

The New York Times, September 3, 2006

DOJ_NMG_0057609

MOUNTAINSIDE, N.J., Sept. 2 — State Senator Thomas H. Kean Jr., the Republican nominee for United States Senate in New Jersey, says he is so frustrated with the Bush administration's handling of the war in Iraq that he is pushing for something that few Republicans have supported: the resignation of Defense Secretary Donald H. Rumsfeld.

In an interview at his campaign headquarters here, just shy of midnight on Friday, Mr. Kean said that he had become dissatisfied over the summer with what he said was Mr. Rumsfeld's refusal to consider "competing points of view."

But what compelled him to advocate publicly for a "fresh face" leading the troops, Mr. Kean said, were Mr. Rumsfeld's recent remarks chiding critics of the war for "moral and intellectual confusion," and comparing them to those who advocated appeasing Nazi Germany in the 1930's.

"By engaging in that kind of rhetoric, this secretary has stepped over the line," Mr. Kean said.

Mr. Kean stopped short of criticizing President Bush, other than saying he had not been "well served" by Mr. Rumsfeld. He says he does not support a timetable for the withdrawal of American troops, because he thinks that could lead to a humanitarian crisis and destabilize the region.

Still, Mr. Kean's call for Mr. Rumsfeld to step down comes as more Republicans are distancing themselves, however gingerly, from Mr. Bush and an unpopular war.

Nowhere has this change of heart been more prevalent, perhaps, than in places where Republicans are engaged in close races. In Rhode Island, Stephen Laffey, a populist Republican who is challenging Senator Lincoln Chafee in a hotly contested primary, has called on Mr. Rumsfeld to resign. In Connecticut, Representative Christopher Shays recently changed his mind on a phased withdrawal and now supports a timetable, something that many Democrats have long advocated.

And then there is New Jersey, where Mr. Kean is locked in a tough fight with his Democratic opponent, Senator Robert Menendez. While Mr. Kean says that he would have voted for the original resolution authorizing the use of force, he agrees that the United States has made some "egregious mistakes."

As examples Mr. Kean cited the abuse of Iraqi prisoners at Abu Ghraib, what he called a poorly executed plan to purge Baathists from the Iraqi military and a lack of sufficient troops at the outset of the conflict. He said he was also stunned, earlier this year, by the number of retired generals who called for Mr. Rumsfeld's resignation.

Jennifer E. Duffy, a political analyst with the Cook Political Report, a nonpartisan online newsletter, in Washington, said she saw shrewdness in Mr. Kean's move. "He can keep his position on the war, and yet still make this call, because all he's asking is for someone to either come up with or execute the plan," she said. "The aim is to show a willingness to challenge Bush. I'm sure that Menendez will find some way to attack it, but I don't see it as a bad move."

When told of Mr. Kean's comments, Matt Miller, a spokesman for Mr. Menendez, wondered aloud whether Mr. Kean had been prompted by a press release just a few hours earlier. In that release, Mr. Menendez repeated his earlier calls for Mr. Rumsfeld to resign, and asked Mr. Kean to join him. (Mr. Kean said that he was unaware of the press release, and that his decision on Mr. Rumsfeld had been made days, if not weeks ago.)

"Rumsfeld needs to go, but it is George Bush who has mismanaged the war in Iraq — it is his responsibility to change the course of events — and the fact that Tom Kean Jr. won't stand up to him now shows that he will never have the strength or the courage to demand real change in Iraq," Mr. Miller said.

Mr. Rumsfeld has brushed aside calls for his resignation, saying such criticism was typical during wartime. "The secretary has addressed this from time to time and continues to serve at the pleasure of the president," Lt. Col. Todd Vician, a Pentagon spokesman, said Saturday.

Though Mr. Kean, 37, has been criticized by Democrats as being too inexperienced, he has earned a lot of good will as the namesake son of a popular former governor and chairman of the 9/11 Commission.

A poll by Fairleigh Dickinson University found that if Iraq were not such an albatross, Mr. Kean would be leading Mr. Menendez by 11 percentage points. The telephone poll, which had a margin of sampling error of four percentage points, was taken of 651 randomly selected registered voters statewide.

For Mr. Kean, though, the issue of Iraq is not just about troops and equipment. He studied Central Asia in graduate school at Tufts University's Fletcher School, and said that it was imperative that the United States develop a consistent foreign policy that would apply to Iran, North Korea and terrorist organizations.

"Iraq is one component of foreign policy," Mr. Kean said. "We've got a responsibility to win the hearts and minds of individuals at home and abroad."

Mr. Kean, who said he was reading a new book on the Iraq war, "Fiasco," by Thomas E. Ricks, likened a replacement of Mr. Rumsfeld to Abraham Lincoln's going through several generals during the Civil War before getting to Ulysses S. Grant.

Mr. Kean declined to suggest any replacements for Mr. Rumsfeld. But he did sketch out the traits he would find satisfactory in a new secretary of defense. "I think it needs to be a person who is agile in their thinking," he said. "A person with impeccable

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credibility. An individual that is willing to have dialogues with members of both parties, because good ideas can come from a lot of different places."

Bush Shifts Back To Terror Message (HC)

By Julie Mason

Houston Chronicle, September 3, 2006

WASHINGTON — Faster than you can say "Osama bin Laden," President Bush made a pivot from Hurricane Katrina remembrances last week to topics on which he hopes to gain some political ground: Iraq and the war on terrorism.

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Bush addressed the American Legion National Convention in Salt Lake City with the first of a series of speeches aimed at bolstering public support for the war, in part by once again linking the events of 9/11 to the subsequent — and by his own admission, unrelated — war in Iraq.

It's a tactic he's used before in his speeches, without directly connecting the two, Bush nevertheless creates a rhetorical bridge with statements such as, "Iraq is the central front in the war on terror. Osama bin Laden has made that clear."

Bin Laden, a Saudi, of course was the reputed mastermind behind the 9/11 terrorist attacks. None of the hijackers was Iraqi, and there have been no proven links between Saddam Hussein and the 2001 plot.

The public generally has supported the war on terrorism, though polls show a majority oppose the war in Iraq. Merging the two serves a political purpose in this congressional election year, where differences over Iraq are playing a key role in many races.

Bush also suggested to the American Legion that the Iraq war was the logical next step after 9/11, saying, "We're in a war we didn't ask for, but it's a war we must wage and a war we will win."

And at a recent news conference, Bush said, "The terrorists attacked us and killed 3,000 of our citizens before we started the freedom agenda in the Middle East."

Asked what the war in Iraq had to do with the 9/11 attacks, Bush said, "Nothing," but added that they demonstrated a need to confront threats before they materialize.

Bin Laden's name resurfaces in speech

Bush and his surrogates are working from a new list of vocabulary words in the latest round of speeches.

Echoed words and themes in the remarks of administration officials reflect a strategy to get a particular message across. In this case, it is the drawing of parallels between the war in Iraq with the broader themes of World War II.

To wit: Totalitarian. Bush used the word three times in the American Legion speech. White House Counselor Dan Bartlett said it on MSNBC's Hardball, and Vice President Dick Cheney used "totalitarian" in two speeches on the Iraq war last week.

The word invokes the ideological battles of World War II — but not as directly as the terms Hitler, Nazis and fascism, which also are in heavy rotation with the administration.

Bush, Defense Secretary Donald Rumsfeld and Republican National Committee Chairman Ken Mehlman last week all invoked some variation of the three.

Bin Laden also is back in the mix. Generally, Bush avoids mentioning bin Laden because the name is a reminder that the al-Qaida leader remains at large nearly five years later.

But in the revised context of speeches on Iraq and the war on terrorism, bin Laden is a potent symbol of the lasting threat of terrorism. To that end, bin Laden resurfaced on the lips of Bush, Bartlett, Rumsfeld and Secretary of State Condoleezza Rice.

Katrina anniversary puts Bush in bubble

Bush administration officials have taken pains in the past six months to address criticism that the president exists in a detached bubble of "yes" men, exposed only to those who agree with him and rarely encountering dissent.

To counteract the perception, White House officials invited experts with opposing views to meet with the president on Iraq and other issues, talked up the idea that Bush likes to be challenged and placed Bush in situations where he gets skeptical, unrehearsed questions from the public.

But the Bush team wasn't taking any chances with the Katrina remembrances. In two days of events, Bush was back in the perceived bubble: speaking only to supportive groups and appearing at highly scripted events with supporters.

Whether the bubble is back for the duration or was just a transitory soapsud remains to be seen.

Short take:

"He's a great songwriter, but not as good a senator — as he is a senator," Bush said last week at a fundraiser for Sen. Orrin Hatch of Utah. "And that's saying a lot."

A Change In Tone -- And A Stumble (WP)

DOJ_NMG_0057611

By Jim Hoagland
The Washington Post, September 3, 2006
On Iraq, Bush Embraces Nuance. Trusting the Public Is Another Matter.

President Bush made headlines recently by adopting a more somber, realistic tone on Iraq. Then Bush, his vice president and his defense secretary stepped all over that message with unduly harsh assaults on the war's critics last week. What gives?

Several things provide an answer of sorts, and all of them suggest that the transition from the shock-and-awe tactics of Bush's first term to a more cooperative, diplomatic approach this time around is still very much a work in progress.

The late-summer shift of Bush's tone toward increased realism on Iraq came shortly after the White House received a situation report from the CIA highlighting worrisome trends in the administration's effort to shore up a national unity government in Baghdad. The agency says that effort is being undercut by significant population movements of Sunnis and Shiites fleeing each other and huge arms supplies reaching both camps.

"You would have been somber, too, if you had just read what he has been reading," one senior official told me.

The agency's pessimism is not new. What was different was Bush's subdued public demeanor in discussing Iraq -- captured by The Post's Peter Baker as a message that "things could be even worse." The tone reflects an ongoing change at the White House, where a psychological renovation led by Josh Bolten, Bush's new chief of staff, is having some effect.

Bad news now gets more quickly to Bush, who in his first term "tolerated a system that was designed to evade reality whenever it was unpleasant," says an insider who deals frequently with the White House. "The place has gone from having a concierge who smoothed out wrinkles to having a consigliere running things."

The concierge in that formulation is the departed Andrew Card, whose experience as transportation secretary in George H.W. Bush's presidency made him deferential to Cabinet members eager for face time with a president famous for not being interested in details. Card was also known for indulging Bush's time-consuming tendency to gripe about small matters such as infringements on his vacation time instead of focusing on big problems such as the approach of Hurricane Katrina a year ago.

Bolten is much quicker to say no and to resolve problems that do not need presidential involvement. And while it is still difficult to get Bush to call world leaders he does not already know and like, such calls have increased under Bolten, who worked as Card's assistant before heading the Office of Management and Budget and then returning to the White House on March 29 to replace Card.

Bolten has been helped on the communications front by Secretary of State Condoleezza Rice, who has greatly stepped up her exchanges with foreign counterparts, and by Undersecretary of State Karen Hughes, who has a knack for explaining foreign policy challenges in political terms.

But these welcome changes in management style inside the White House have yet to be felt consistently in the administration's distrustful approach not just to the media but to the American public. That distrust is reflected in the obsessive secrecy that predated Sept. 11, 2001, and in political appeals to the worst instincts of voters. The public, the administration clearly believes, cannot be trusted with information on anti-terrorist surveillance or with greater clarity and measured debate about options in Iraq.

The great irony of this administration is that its opponents credit it with being masterful at spin when it is in fact pathetic in managing its messages and its collective image. Whatever small credit Bush was gaining for becoming more realistic about Iraq was quickly wiped out by the controversy created by sharply partisan speeches of Dick Cheney and Don Rumsfeld last week in the latest example of a gang that can't spin straight. The message water was later muddied even more by a belated reaching-out letter to Democrats from Rumsfeld and by a bleak Pentagon report on sectarian violence in Iraq.

There is a serious debate to be had about the best way forward in the war that Islamic extremists and their state sponsors have declared on the United States and on the related conflict in Iraq. Not all of what Cheney and Rumsfeld have to say on this should be disregarded as rhetorical chaff. Their vision of the world is dark and overstated but not devoid of reality.

But their failure to give critics a respectful hearing makes it difficult for them to get one when they have valid points. Demanding trust from the public without extending it invites great skepticism. Correcting this is one of modern history's great challenges, even for someone with the management skills of Josh Bolten.

A Warrior's Warning On Iraq (WP)

By George F. Will
The Washington Post, September 3, 2006

Late in the 1952 election campaign, he promised that he would "go to Korea." So, in late November, Dwight Eisenhower and aides "used light planes to fly along the front":

"Except for sporadic artillery fire and sniping there was little action at the moment, but in view of the strength of the positions the enemy had developed, it was obvious that any frontal attack would present great difficulties."

With that assessment, laconically recalled in his 1963 memoirs, the experienced soldier decided to liquidate the war. He had seen at a glance that continuing it was not worth the costs.

George W. Bush might yet face an "Eisenhower moment" regarding Iraq. But not yet, in the opinion of Sen. John Warner, the five-term Virginia Republican who chairs the Armed Services Committee.

Warner's father was a field surgeon in World War I; his great-uncle lost an arm fighting for the Confederacy at the Battle of the Wilderness. Warner joined the Navy in January 1945 at 17, served until 1946, then volunteered as an officer in the Marine Corps during the Korean War. Because he is a military man who broadly construes the president's inherent powers as commander in chief, it was startling when he recently said that the Oct. 11, 2002, resolution authorizing the use of force against Iraq did so for purposes that were largely achieved by the removal of Saddam Hussein's regime. Last month Warner asked:

"What is the mission of the United States today under this resolution if [Iraq] erupts into a civil war? . . . I think we have to examine very carefully what Congress authorized the president to do in the context of a situation if we're faced with all-out civil war and whether we have to come back to the Congress to get further indication of support."

But Warner, who in 27 years has served with 260 of the 1,885 people who have been U.S. senators and who in May became the 26th senator to cast 10,000 votes, knows that no Senate vote is apt to determine war policy. On July 25, 1967, President Lyndon Johnson, meeting with Democratic Senate committee chairmen, was angered when even Georgia's hawkish Richard Russell questioned his Vietnam policy. Johnson acidly told the group: "If you want me to get out of Vietnam, then you have the prerogative of taking out the resolution" -- the Tonkin Gulf resolution -- "under which we are out there now. You can repeal it tomorrow." Every war ends, but none ends that way.

Speaking in his Senate office, Warner says that he is convinced that the essential characteristics of civil war are not yet present in Iraq. Iraq's government, he says, is "functioning," the security forces are improving and senior military officials are not plotting against the government.

But Warner also knows: The Iraqi government's writ runs barely beyond Baghdad's Green Zone. The security forces are not yet competent to hold areas that U.S. forces clear of insurgents. Holding such areas might require sending more U.S. forces to Iraq, which would further alienate Iraqis. Moqtada al-Sadr, whose support helped make Nouri al-Maliki Iraq's prime minister, has a militia that is becoming Iraq's Hezbollah -- a sovereign force within the state, and one imperfectly controlled by Sadr.

For three reasons, Eisenhower's challenge in ending the Korean War was simpler than Bush's problem would be in extracting U.S. forces from Iraq: Eisenhower had a static military front. The U.S. objective of pushing the invaders from South Korea had been accomplished. And Eisenhower had a coercive threat.

In "The Cold War: A New History," John Lewis Gaddis of Yale, who calls Eisenhower "at once the most subtle and brutal strategist of the nuclear age," says that Eisenhower early in his presidency believed -- he later changed his mind -- that when nuclear weapons "can be used on strictly military targets and for strictly military purposes," they should be used "exactly as you would use a bullet or anything else." And Eisenhower allowed America's adversaries to know that his military advisers were seeking ways to use such weapons to end the Korean fighting.

Warner believes that most congressional Democrats understand that there is an unpopular way to oppose an unpopular war -- by voting for abandonment of all the objectives for which blood has been shed. Warner defines the U.S. objective in Iraq not in terms of a glittering achievement, democracy, but as avoiding something appalling -- the Iraqi oil fields in jihadists' hands. Regarding Iraq, there will not soon be an Eisenhower moment.

Donald Rumsfeld's Dance With The Nazis (NYT)

By Frank Rich

The New York Times, September 3, 2006

PRESIDENT BUSH came to Washington vowing to be a uniter, not a divider. Well, you win some and you lose some. But there is one member of his administration who has not broken that promise: Donald Rumsfeld. With indefatigable brio, he has long since united Democrats, Republicans, generals and civilians alike in calling for his scalp.

Last week the man who gave us "stuff happens" and "you go to war with the Army you have" outdid himself. In an instantly infamous address to the American Legion, he likened critics of the Iraq debacle to those who "ridiculed or ignored" the rise of the Nazis in the 1930's and tried to appease Hitler. Such Americans, he said, suffer from a "moral or intellectual confusion" and fail to recognize the "new type of fascism" represented by terrorists. Presumably he was not only describing the usual array of "Defeatocrats" but also the first President Bush, who had already been implicitly tarred as an appeaser by Tony Snow last month for failing to knock out Saddam in 1991.

What made Mr. Rumsfeld's speech noteworthy wasn't its toxic effort to impugn the patriotism of administration critics by conflating dissent on Iraq with cut-and-run surrender and incipient treason. That's old news. No, what made Mr. Rumsfeld's performance special was the preview it offered of the ambitious propaganda campaign planned between now and Election Day.

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An on-the-ropes White House plans to stop at nothing when rewriting its record of defeat (not to be confused with defeatism) in a war that has now lasted longer than America's fight against the actual Nazis in World War II.

Here's how brazen Mr. Rumsfeld was when he invoked Hitler's appeasers to score his cheap points: Since Hitler was photographed warmly shaking Neville Chamberlain's hand at Munich in 1938, the only image that comes close to matching it in epochal obsequiousness is the December 1983 photograph of Mr. Rumsfeld himself in Baghdad, warmly shaking the hand of Saddam Hussein in full fascist regalia. Is the defense secretary so self-deluded that he thought no one would remember a picture so easily Googled on the Web? Or worse, is he just too shameless to care?

Mr. Rumsfeld didn't go to Baghdad in 1983 to tour the museum. Then a private citizen, he had been dispatched as an emissary by the Reagan administration, which sought to align itself with Iraq in the Iran-Iraq war. Saddam was already a notorious thug. Well before Mr. Rumsfeld's trip, Amnesty International had reported the dictator's use of torture — "beating, burning, sexual abuse and the infliction of electric shocks" — on hundreds of political prisoners. Dozens more had been summarily executed or had "disappeared." American intelligence agencies knew that Saddam had used chemical weapons to gas both Iraqi Kurds and Iranians.

According to declassified State Department memos detailing Mr. Rumsfeld's Baghdad meetings, the American visitor never raised the subject of these crimes with his host. (Mr. Rumsfeld has since claimed otherwise, but that is not supported by the documents, which can be viewed online at George Washington University's National Security Archive.) Within a year of his visit, the American mission was accomplished: Iraq and the United States resumed diplomatic relations for the first time since Iraq had severed them in 1967 in protest of American backing of Israel in the Six-Day War.

In his speech last week, Mr. Rumsfeld paraphrased Winston Churchill: Appeasing tyrants is "a bit like feeding a crocodile, hoping it would eat you last." He can quote Churchill all he wants, but if he wants to self-righteously use that argument to smear others, the record shows that Mr. Rumsfeld cozied up to the crocodile of Baghdad as smarmily as anyone. To borrow the defense secretary's own formulation, he suffers from moral confusion about Saddam.

Mr. Rumsfeld also suffers from intellectual confusion about terrorism. He might not have appeased Al Qaeda but he certainly enabled it. Like Chamberlain, he didn't recognize the severity of the looming threat until it was too late. Had he done so, maybe his boss would not have blown off intelligence about imminent Qaeda attacks while on siesta in Crawford.

For further proof, read the address Mr. Rumsfeld gave to Pentagon workers on Sept. 10, 2001 — a policy manifesto he regarded as sufficiently important, James Bamford reminds us in his book "A Pretext to War," that it was disseminated to the press. "The topic today is an adversary that poses a threat, a serious threat, to the security of the United States of America" is how the defense secretary began. He then went on to explain that this adversary "crushes new ideas" with "brutal consistency" and "disrupts the defense of the United States." It is a foe "more subtle and implacable" than the former Soviet Union, he continued, stronger and larger and "closer to home" than "the last decrepit dictators of the world."

And who might this ominous enemy be? Of that, Mr. Rumsfeld was as certain as he would later be about troop strength in Iraq: "the Pentagon bureaucracy." In love with the sound of his own voice, he blathered on for almost 4,000 words while Mohamed Atta and the 18 other hijackers fanned out to American airports.

Three months later, Mr. Rumsfeld would still be asleep at the switch, as his war command refused to heed the urgent request by American officers on the ground for the additional troops needed to capture Osama bin Laden when he was cornered in Tora Bora. What would follow in Iraq was also more Chamberlain than Churchill. By failing to secure and rebuild the country after the invasion, he created a terrorist haven where none had been before.

That last story is seeping out in ever more incriminating detail, thanks to well-sourced chronicles like "Fiasco," "Cobra II" and "Blood Money," T. Christian Miller's new account of the billions of dollars squandered and stolen in Iraq reconstruction. Still, Americans have notoriously short memories. The White House hopes that by Election Day it can induce amnesia about its failures in the Middle East as deftly as Mr. Rumsfeld (with an assist from John Mark Karr) helped upstage first-anniversary remembrances of Katrina.

One obstacle is that White House allies, not just Democrats, are sounding the alarm about Iraq. In recent weeks, prominent conservatives, some still war supporters and some not, have steadily broached the dread word Vietnam: Chuck Hagel, William F. Buckley Jr. and the columnists Rich Lowry and Max Boot. A George Will column critical of the war so rattled the White House that it had a flunky release a public 2,400-word response notable for its incoherence.

If even some conservatives are making accurate analogies between Vietnam and Iraq, one way for the administration to drown them out is to step up false historical analogies of its own, like Mr. Rumsfeld's. In the past the administration has been big on comparisons between Iraq and the American Revolution — the defense secretary once likened "the snows of Valley Forge" to "the sandstorms of central Iraq" — but lately the White House vogue has been for "Islamo-fascism," which it sees as another rhetorical means to retrofit Iraq to the more salable template of World War II.

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"Islamo-fascism" certainly sounds more impressive than such tired buzzwords as "Plan for Victory" or "Stay the Course." And it serves as a handy substitute for "As the Iraqis stand up, we'll stand down." That slogan had to be retired abruptly last month after The New York Times reported that violence in Baghdad has statistically increased rather than decreased as American troops handed over responsibilities to Iraqis. Yet the term "Islamo-fascists," like the bygone "evildoers," is less telling as a description of the enemy than as a window into the administration's continued confusion about exactly who the enemy is. As the writer Katha Pollitt asks in The Nation, "Who are the 'Islamo-fascists' in Saudi Arabia — the current regime or its religious-fanatical opponents?"

Next up is the parade of presidential speeches culminating in what The Washington Post describes as "a whirlwind tour of the Sept. 11 attack sites": All Fascism All the Time. In his opening salvo, delivered on Thursday to the same American Legion convention that cheered Mr. Rumsfeld, Mr. Bush worked in the Nazis and Communists and compared battles in Iraq to Omaha Beach and Guadalcanal. He once more interchanged the terrorists who struck the World Trade Center with car bombers in Baghdad, calling them all part of the same epic "ideological struggle of the 21st century." One more drop in the polls, and he may yet rebrand this mess War of the Worlds.

"Iraq is not overwhelmed by foreign terrorists," said the congressman John Murtha in succinct rebuttal to the president's speech. "It is overwhelmed by Iraqis fighting Iraqis." And with Americans caught in the middle. If we owe anything to those who died on 9/11, it is that we not forget how the administration diverted our blood and treasure from the battle against bin Laden and other stateless Islamic terrorists, fascist or whatever, to this quagmire in a country that did not attack us on 9/11. The number of American dead in Iraq — now more than 2,600 — is inexorably approaching the death toll of that Tuesday morning five years ago.

The Man From Munich, Ever Alive In American Politics (NYT)

By Sheryl Gay Stolberg

The New York Times, September 3, 2006

WASHINGTON

A 20th century pejorative worked its way into 21st century politics last week. Appeasement as an attack phrase was back in vogue.

Vice President Dick Cheney and Secretary of Defense Donald H. Rumsfeld invoked the term in speeches to veterans, a not-so-subliminal effort to liken critics of President Bush's Iraq policy to Neville Chamberlain, the British prime minister who disastrously tried to reason with Hitler in Munich in 1938.

In Mr. Rumsfeld's words, Mr. Bush's critics had not "learned history's lessons." Can Americans, he asked, "truly afford to believe that somehow, some way, vicious extremists can be appeased?"

The response from Democrats was swift.

"It's a calculated political argument to throw people off the real facts, which is a military that's stretched to the breaking point, a strategy in Iraq and Afghanistan that doesn't seem to be working well," Senator Jack Reed, Democrat of Rhode Island, told reporters. "It's selective history of the worst kind."

But if it seemed that Republicans had hit on a new campaign theme, not much was new about it. Presidents since Franklin Roosevelt have invoked Munich for political effect, even as some of them fretted over being branded Chamberlains themselves.

Roosevelt accused Republican isolationists of appeasement. Harry Truman cited "the fateful lesson of the 1930's" as a prime reason for sending American troops to Korea, even as Eisenhower and other Republicans accused him of appeasing America's foes. Lyndon Johnson was haunted by Munich. "Everything I knew about history told me that if I got out of Vietnam and let Ho Chi Minh run through the streets of Saigon, then I'd be doing exactly what Chamberlain did," he told the historian Doris Kearns Goodwin.

Vivid memories of Munich have percolated through presidential campaigns. "Even Neville Chamberlain," Vice President Spiro Agnew said in 1972, "did not carry a beggar's cup to Munich as George McGovern proposes to carry to Hanoi." Ronald Reagan compared Jimmy Carter to Chamberlain "tapping the cobblestones of Munich." As president, Reagan himself was accused of appeasement by conservatives furious over his arms talks with the Soviets.

"The Munich analogy is a very deep-rooted analogy within modern international political thought," said Frederick W. Kagan, a resident scholar at the American Enterprise Institute. Chamberlain, Mr. Kagan said, "revealed the bankruptcy of a view which says that all players in the international system are reasonable, rational people and that things could be worked out if only we could communicate."

That is foreign policy talk for the schoolyard lesson: you can't back down from a bully. The Munich analogy may be deeply rooted in political thought, but it is also deeply rooted in the American psyche, which may be why leaders turn to it so often, Ms. Goodwin said.

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“Johnson,” she said, “had these great colorful words to describe the danger of appeasement: If you let a bully come into your front yard one day, the next day he’ll be up on your porch, and the day after that he’ll rape your wife in your own bed.”

Historians have analyzed the effects of the Munich argument; some, like the presidential biographer Robert Dallek, say Johnson’s comparison to Munich was a mistake that drew the United States into an “unwinnable conflict” in Vietnam.

Today, an appeasement debate rages in foreign policy circles around Mr. Bush’s efforts to persuade Iran to stop enriching uranium. Neoconservatives want a confrontation; Mr. Bush has tried to negotiate, without success.

That has left the president open to accusations from foreign policy hawks that he is guilty of ... you guessed it, appeasement.

Bush's Deadly Road To Victory Baffles Many (AJC)

By Cynthia Tucker

The Atlanta Journal-Constitution, September 3, 2006

"How do you ask a man to be the last man to die in Vietnam? How do you ask a man to be the last man to die for a mistake?"

— John Kerry, 1971

Apparently, the state of denial at the White House is worse than I thought.

In a speech Thursday to the annual convention of the American Legion, President Bush declared that, if the United States withdraws from Iraq, "we will face the terrorists in the streets of our own cities. So the United States will not leave until victory is achieved."

He didn't say what "victory" in Iraq will look like. Given that most of the Iraqi deaths over the past several months have been the result of sectarian conflict, would "victory" require U.S. troops to intervene in a civil war? Nor did the president say how the Iraqi enterprise prevents terrorist plots such as the recently disrupted plan to blow up airliners headed to the United States from Great Britain.

Vice President Dick Cheney, meanwhile, still inhabits a lonely planet on which the Iraqis love us. And Donald Rumsfeld, speaking to the Legionnaires earlier, likened anyone who questions an open-ended U.S. commitment in Iraq — a group that now includes several Republicans in Congress — to the Nazi appeasers of the 1930s.

"It was a time when a certain amount of cynicism and moral confusion set in among Western democracies," said Rumsfeld of the years preceding World War II. "When those who warned about a coming crisis, the rise of fascism and Nazism, they were ridiculed or ignored. Indeed, in the decades before World War II, a great many argued that the fascist threat was exaggerated. ...

"With the growing lethality and the increasing availability of weapons, can we truly afford to believe that somehow, some way, vicious extremists can be appeased?"

That pronouncement is packed with so much nonsense that trying to defuse it would cause a minor explosion. Suffice it to say that this administration has no intention of owning up to the awful realities of its misguided invasion of Iraq. It's clear that presidential adviser Karl Rove intends to duplicate for the current campaign season the fear-mongering, name-calling tactics he used successfully in earlier campaigns.

The president and his proxies, including Rumsfeld, are fanning out across the nation to try to scare the voters, once again, into voting Republican. As they've done before, they're conflating Iraq and Sept. 11,denouncing their critics as cowards and making up facts to fit their storyline.

Those tactics may not work so well this time around. It's hard to persuade voters to disregard the video footage of daily carnage in Iraq, the disintegration of Lebanon or tens of thousands of Iraqis marching in support of Hezbollah, chanting "Death to America." Recent polls show that a majority of voters no longer believe in Bush's favorite fallacy — linking the so-called war on terror with the invasion of Iraq.

But the White House shows few signs of acknowledging reality. Bush says we can't withdraw because the sacrifices of the men and women in uniform who have already died — more than 2,600 so far — would be in vain. More Americans must die, it seems, because so many have already died — a pernicious bit of circular reasoning.

So, for now, tens of thousands of soldiers, sailors and Marines are stuck in a quagmire. When the Pentagon announced last month that it would call up Marine reservists, one veteran declared the move "one of the last steps before resorting to a draft." Jon Soltz, an Army captain who has served in Iraq and now heads a group called VoteVets.org, which raises money for the political campaigns of veterans of Iraq and Afghanistan, said: "This move should serve as a wake-up call to America. ... Our military is overextended, and there is no plan for victory in Iraq."

Writing in on The Blotter, an ABCNews blog, last month, a current soldier supported that view. "I think it is only a matter of time before there is a draft," Tony wrote. "I am currently deployed to Iraq and have been in the military for 13 years. All of us who have been in for more than 10 years have seen such a gradual decline in the quality of soldier.

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"Each division in the military is deploying to either Iraq or Afghanistan every other year, mine included. No one wants to be in anymore so the older guys looking to retire are saying forget this."

Instead of looking squarely at that, some neoconservatives are advocating a new war — an attack on Iran. I'd like to think they're just saber-rattling, but I remember thinking the same thing around Labor Day four years ago. Perhaps that rattling noise isn't their sabers but their brains.

Wrong 'Ism,' Wrong History (WT)

By Arnaud De Borchgrave, The Washington Times

The Washington Times, September 3, 2006

When Defense Secretary Donald Rumsfeld compared his Iraq war critics to the appeasers of Nazism in Europe in the mid-1930s, it would seem he got his "isms" confused. A more appropriate analogy would have been the Soviet Union, communism and the Comintern. Founded by V.I. Lenin in 1919, Comintern, or the Communist International, was a compulsory association of national communist parties to promote world revolution. It functioned as an organ of Soviet control over the international communist movement and was appeased by the United States throughout the 1930s.

The Iraqi dictator Saddam Hussein's model was never Germany's defeated Nazi Party, but the Soviet model. His principal supplier of weapons was the Soviet Union. His Mukhabarat was modeled on the very active KGB, not the late Gestapo. Throughout the 1970s, Saddam's KGB worked hand-in-glove with the Soviet KGB in subverting the Gulf states, from the Dhofar rebellion in Oman to Kuwait, after Britain relinquished all its obligations east of Suez.

By the time the Bush administration determined Saddam was a mortal peril to the United States, he and his regime were pretty much burned out. Eight years of war against Iran, followed by his invasion of Kuwait and rout by George H.W. Bush 41's coalition of 29 nations, and then a decade of humiliating U.N. inspections, had reduced Saddam's regime to a dirty little sandbox that was a threat to no one except his own people. His neighbors were not afraid of him. Nor were the Europeans. When Saddam allowed U.N. chief inspector Hans Blix to return to Iraq with as many inspectors as he wished, free to go and look anywhere, it became increasingly obvious he had nothing to hide.

Most important, Saddam and his regime were not part of Osama bin Laden's Islamist "Comintern" organization of global terrorism. But no sooner did the U.S. invade and topple Iraq's Ba'athist regime than "liberated" Iraq became a force multiplier for Islamist extremists.

A remarkably well researched and documented new book titled "The Looming Tower: Al Qaeda and the Road to 9/11," by Lawrence Wright, establishes "there is no evidence that Iraq ever supplied al Qaeda with weapons or camps," but there were talks between Iraqi intelligence agents and bin Laden to try to get him to stop backing anti-Saddam insurgents. Meetings continued intermittently until bin Laden opposed a rapprochement with Saddam and resumed support of Iraqi dissidents.

Al Qaeda today is a global politico-religious, ideological and spiritual movement that has far more in common with global communism than the European fascism of the 1930s and '40s. What Mr. Bush calls the global war on terror is an ideological struggle, punctuated by acts of terrorism, a fundamental clash of civilizations between democratic freedom and totalitarian religious regimentation, that is likely to endure at least as long as the almost half-century Cold War.

The U.S. invasion of Iraq opened fresh opportunities for Iranian troublemaking. Iran's Revolutionary Guards and its intelligence services flooded Shi'ite Iraq with agents of influence and subversion, funding and arming powerful militias -- e.g., the Badr Brigade and the Mahdi Army -- that are paving the way for what Tehran hopes will be a humiliating, Vietnamlike U.S. withdrawal from Iraq.

The British commander in Iraq said the country is now in a civil war, albeit still a mini one. On Aug. 24, after several days of mortar shelling by Muqtada al-Sadr's Mahdi insurgents, the Brits decided to evacuate their second-largest base at Amarah on the Tigris River and turn it over to the Iraqi army. But before the reluctant Iraqis could take over, insurgents swarmed in and ransacked Camp Abu Naji, looting anything of value.

British Challenger II tanks and Warrior Fighting Vehicles made their way south to Basra to be shipped back to the U.K. Instead, the Brits, now in Land Rovers, redeployed along the nearby Iranian border to conduct guerrilla operations against weapons smugglers infiltrating from Iran.

Amarah is a brief ride from Kut where the Brits, 90 years ago, suffered their second-worst defeat in World War I. After a five-month siege, having lost 23,000 Indian Army troops killed (two divisions), eaten their last horse and fired their last bullet, Gen. Sir Charles Townshend surrendered his sword to the Turkish commander in April 1916. Most of the 7,000 survivors died in captivity. Only Gallipoli, four months earlier, was a bigger Allied disaster. Before withdrawing from the Turkish peninsula, some 44,000 British, French, Australian, New Zealanders, and Canadians were killed. The victorious Turks lost 86,700 killed.

The only relevant history for the planners of Operation Iraqi Freedom was the invasion of Normandy June 6, 1944, and the liberation of Europe that followed. Relevant history was judged irrelevant.

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Arnaud de Borchgrave is editor at large of The Washington Times and of United Press International.

Iraq's Complications (WP)

The Washington Post, September 3, 2006

The administration's new rhetoric on the war doesn't bear much relation to the critical situation it faces.

IN THE first of a series of speeches on Iraq last week President Bush described what he said would be the "absolutely disastrous" consequences if the United States withdrew its troops before "Iraq can defend itself": "We would be handing Iraq over to our own worst enemies," he said, "Saddam's former henchmen, armed groups with ties to Iran and al-Qaeda terrorists from all over the world who would suddenly have a base of operations far more valuable than Afghanistan under the Taliban."

The president is right that a precipitate withdrawal from Iraq, or one that ignored conditions on the ground, could lead to a far worse situation than now prevails there. But what's striking is Mr. Bush's failure to acknowledge that the scenario he describes already substantially exists. In large parts of Iraq, Sunni extremists and Iranian-backed militias hold more sway than the government, and al-Qaeda cells continue to operate. The government itself has been penetrated by some of those forces, which employ its ministries and police units to wage sectarian war.

In short, the situation in Iraq is a lot more complicated and ambiguous than what Americans are hearing described by the Bush administration in this electoral season. While that is predictable given this administration's record of distorting and politicizing its accounts of the war, it's particularly unfortunate now. Defending U.S. interests in Iraq in the coming months and avoiding the catastrophe Mr. Bush warns of are going to require navigating a political and military minefield in which there are no clear lines between friends and enemies or between democracy and totalitarianism.

Mr. Bush continues to portray Iraq mainly as a front in a global war against Islamic extremism in which a government aligned with the democracies fights an enemy allied with al-Qaeda. There's no question that al-Qaeda militants are among the forces fighting U.S. troops. But the administration's labels can't easily describe most of the conflict, which is a multi-sided struggle for power, territory and resources among Sunni, Shiite and Kurdish factions. Some of the warring sectarian groups are "insurgents" who fight the elected government, but others operate from inside the government. There are Islamic extremists on both the Sunni and Shiite sides who are fighting each other; there are battles between Shiite religious factions that are nominally allied in the government.

The U.S. challenge in Iraq is consequently not limited to defending a democratic government against its enemies while gradually training an army to take over the fighting. Its most critical challenge is preventing that government and army from being consumed by the parallel sectarian war -- which a more candid Pentagon report on Friday called "the greatest threat to security and stability in Iraq." That will require the factions to disband their own militias -- which are now responsible for most of the bloodshed -- and reach the national accord that is still needed on such issues as the distribution of oil revenue and the degree of self-government in the "federal" Iraq laid out in the incomplete constitution.

Iraqi Prime Minister Nouri al-Maliki and many in his administration have endorsed this agenda, though their efforts to implement it have been slow and weak. If they are able to resolve the critical outstanding constitutional issues in the coming months and curb their militias, there's a chance the government can slowly begin to gain control over Iraq. As long as that chance exists the United States has both a pragmatic interest and a moral obligation to support the government and its army.

Nevertheless, the war President Bush would like to fight -- between an emerging democracy and its totalitarian enemies -- can't be won if it is crosscut by a sectarian conflict. That's why one other passage of the president's speech in Utah on Thursday was striking. "I've been clear with each Iraqi leader I meet," he said. "America's a patient nation, and Iraq can count on our partnership as long as the new government continues to make the hard decisions necessary to advance a unified, democratic and peaceful Iraq." We hope that Iraqi leaders will take the president's implicit warning seriously and that if those decisions are not made, Mr. Bush will have the courage to rethink his policy.

A General's New Plan To Battle Radical Islam (WSJ)

By Greg Jaffe

The Wall Street Journal, September 3, 2006

Top commander Gen. Abizaid uses soldiers to build health clinics and dig wells. But is it enough? Learning from Hezbollah

CAMP LEMONIER, Djibouti -- In the fall of 2002, the U.S. military set up a task force here on the Horn of Africa to kill any al Qaeda fighters seeking refuge in the region. The base was crawling with elite special-operations teams, and an unmanned Predator plane armed with Hellfire missiles sat ready on the runway.

Today, the base houses 1,800 troops whose mission is to build health clinics, wells and schools in areas where Islamic extremists are active. The idea is to ease some of the suffering that leaves the locals susceptible to the radicals' message, thus bolstering local governments, which will run the new facilities and get credit for the improvements.

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Behind the shift is Gen. John Abizaid -- a 55-year-old of Lebanese descent and a fluent Arabic speaker -- who leads U.S. forces in the Middle East. In May, the four-star Army general visited 17 Navy Seabees, or engineers, at work designing a school. "Those 17 Seabees doing their mission out there achieve as much for us as a battalion of infantry on the ground looking for bad guys," the general said.

In an interview in Iraq later, he was even blunter about the limits of U.S. firepower. "Military power can gain us time...but that is about it," he said.

It's a striking comment from one of the country's most influential generals, whose views are increasingly being echoed by President Bush. As head of the U.S. Central Command, Gen. Abizaid oversees the U.S. military effort in Iraq and Afghanistan as well as the Horn of Africa, Central Asia and the Mideast. He wields great military power, commanding more than 200,000 soldiers, sailors, airmen and Marines, along with hundreds of warplanes and dozens of ships.

But his view of the region is increasingly shaped by the inability of all that firepower to prevail against a violent strain of Islam seeking to expand its foothold. "The best way to contain al Qaeda is to increase the capacity of the regional powers to deal with it themselves," he says.

Gen. Abizaid's approach is part of a broader rethinking within the Bush administration of how best to fight terrorism, driven in part by the failures of the past five years. One of its tenets is that change must take place gradually and be led by locals. The U.S. can provide help training and equipping indigenous counterterrorism forces to break up al Qaeda cells, Gen. Abizaid says. But bigger changes that address the root causes of terrorism in the region must take place over years, if not decades.

"We tend to be very impatient and want democracy to form tomorrow," he says. But "reform paced too quickly can have unintended consequences."

Gen. Abizaid says his approach calls for a "long war, because it will take a long time for reform to take place." President Bush has adopted the "long war" notion and uses it regularly in speeches. 1

The general's critics say such a strategy isn't bold enough. "The 'long war' is not a war to transform the Middle East -- it's a light hand and get out of there as fast as you can," says Thomas Donnelly, a conservative military analyst at the Center for Strategic and International Studies, a Washington think tank. Others say helping autocratic regimes to build local support could simply entrench them and further stymie change.

The Horn of Africa effort, the centerpiece of Gen. Abizaid's long war strategy, has had to fend off questions from Washington about its value. Earlier this year, Defense Secretary Donald Rumsfeld, in a pointed memo, asked what the U.S. was getting out of it. Gen. Abizaid says the resistance was less from Mr. Rumsfeld than from the "Pentagon bureaucracy," which he says didn't understand the mission's worth or the peril if it failed.

Gen Abizaid's unorthodox strategy is a product of his unusual career. Most Army officers who rose high in the 1980s and 1990s didn't stray far from basic muddy-boots soldiering. Gen. Abizaid has spent significant stretches of his career immersed in the Arab world. He served a year in Jordan early in his military career, and traveled widely. In the early 1980s he served with a United Nations mission in Lebanon, and after the 1991 Gulf War he was part of a mission to carve out a haven for the Kurds in northern Iraq. Along the way, he earned a Harvard degree in Middle Eastern studies.

In Lebanon, Gen. Abizaid says, he saw firsthand how Hezbollah used guerrilla violence, political activity and social aid to grow over the course of decades. "We Western-educated people tend to view war as first you fight then you talk," he says. "Here you are always talking and fighting." The general's counter strategy -- particularly in the Horn of Africa -- in some ways mimics Hezbollah's hybrid approach to war.

Implementing the "long war strategy," however, has proved fiendishly difficult for troops in the Horn of Africa. The idea is to send small teams into some of the world's most troubled lands to train local forces, gather information and build clinics and schools that extend the local government's influence. The military has long dispatched humanitarian aid, civil affairs teams and military trainers to places like Indonesia, the Philippines and North Africa to provide relief and bolster allies. But the Horn of Africa task force marks the first time that a large military command has been established solely to address the root causes of terrorism in a region.

"This is the most complex thing I have done in my military career," says Rear Adm. Richard Hunt, the commander of the mission. He has struggled mightily in the last nine months to get his troops access to countries in the region. Local leaders, even after they grant U.S. troops access and win projects, don't immediately abandon anti-American attitudes. Even when things are going well, progress is often so slow that it is imperceptible to the soldiers performing the mission.

Earlier this year, the Horn of Africa task force dispatched a six-man civil-affairs team to Yemen. A poor land with a history of Islamic extremism, Yemen is a key battleground in the war on terror. It is the ancestral home of Osama bin Laden and about 106 Yemenis are among prisoners the U.S. holds at Guantanamo Bay, Cuba. The place is awash in arms. Officials at the U.S. embassy in its capital, Sana, worry that without an infusion of aid, Yemen could become a haven for al Qaeda operatives.

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Three months into its tour, the U.S. team was having a hard time getting projects going. Just leaving Sana needed approval from a regional government and as many as five national ministries.

"I am stunned how hard it is. We want to help people and there is an obvious need, but we can't seem to get through the bureaucracy," says the team's senior noncommissioned officer, named Mike. The Army asked that full names not be used because the small team operates on its own in a dangerous place.

The team was eager to start projects in Marib, a restive province where, in 2002, a missile fired by a U.S. Predator drone incinerated six al Qaeda men as they rode across the desert in an SUV. Early in July, after almost two months of planning, the civil-affairs team thought it had finally scheduled a 10-day visit to the province.

The night before the visit, the regional governor canceled it. He said it was too long and he hadn't been briefed sufficiently on the team's movements. To appease him, the U.S. cut the trip to four days. Instead of looking into 10 or 11 potential projects, it would aim for five.

When the team entered the provincial capital, also called Marib, it found a maze of trash-strewn streets, dilapidated shops and mud-brick houses. Virtually every male on the street carried an AK-47 assault rifle on his shoulder. Escorting the team were a dozen Yemeni soldiers and Marib's education minister, who kept a snub-nosed .38-caliber pistol tucked in his belt. Asked why, he smiled and said it was for "bird hunting."

On the first day, the team met with the headmistress of a girls' school, clad head-to-toe in black so only her brown eyes peeked out. The team made plans to double the size of the school, which serves 1,000 students with 19 classrooms.

The next morning they headed deep into the desert on a paved road that after 90 minutes gave way to a rutted dirt trail. It finally ended at a forlorn village named al Faa. Its only school, built of uneven rocks scrounged from a nearby mountain, had no running water, electricity or desks. The town had run out of money to finish the roof.

Doug, a 44-year-old sergeant first class and engineer, sat on a rock with the school principal, who was armed with a pistol and a knife, and sketched out a proposal to finish the school. When they were done, the principal speculated on why the U.S. team had traveled so far. "You are building here and demolishing there," he said, referring to the fighting in Lebanon and Iraq. "You want us to forget the destruction."

Amer Blame, the mayor, adjusted the AK-47 slung over his shoulder and offered a different take. "America is intent on dominating the world, and this is a part of it. So why not come here?" he said. Eventually, the Marib minister of education ended the guessing. "Don't say anything bad or you won't get the project," he warned.

In its remaining days, the team visited a crumbling one-room health clinic at a desert crossroads that treats Bedouins. It needed to be replaced with a larger facility. When a yelling fight broke out among armed men over the where to put a new clinic, the team, worried that the men might begin shooting, sought refuge behind their armored car.

They received a heroes' welcome in a town called al Agaa, where all the males formed a receiving line and treated them to a lavish lunch. Al Agaa needed a new school, and the U.S. soldiers offered to finance one. Later they laid plans to dig a well for a village that was running out of water. The five projects, recently approved by the team's commanders in Djibouti, will cost about $600,000, paid for by the U.S. Central Command.

Team members in Yemen often wondered, despite their recent run of success in Marib, if their effort was too small to make a real difference in a region where the needs are huge and anti-American sentiment entrenched. "This could be a model," says Mike, the senior sergeant. "But it is not working right now."

Compared with other missions in the Horn of Africa, the Americans' experience in Yemen stands as a big success. At times, the command's meticulous plans, laid out over the course of months, have been undone by unexpected regional conflicts or mercurial local leaders.

Earlier this year the Horn of Africa mission's commander, Adm. Hunt, decided to focus on containing a radical Islamic government taking root in southern Somalia. U.S. policy didn't permit sending troops into Somalia, so Adm. Hunt tried seeding border areas with projects that would ease desperate local living conditions.

A goal was to extend the influence of the government of neighboring Ethiopia, which would own and operate the schools and clinics the team financed. Adm. Hunt sent 150 troops to Ethiopia in April.

Soon after they arrived, Ethiopia put tight limits on their movement. "No one could come to a compromise with the Ethiopians on how we should do our job," says Sgt. First Class Timothy Bowman. "So we just sat there. We did nothing."

In July, Ethiopia, citing worsening security, asked the Americans to leave for their own safety. They hadn't been able to start any major projects at all in three months. Recently, after a flood, a small team of engineers was allowed to return to build shelter for those displaced.

As the foray into Ethiopia shows, U.S. commanders have struggled to figure out how business is done in the Horn of Africa. "We don't have a lot of guys who know and understand the region well," Adm. Hunt says. In the 11 months through Thursday, his command spent only a third of the $10 million it had been allocated for aid projects in the fiscal year that ends Sept. 30. Some

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civil-affairs teams have been stuck at the base in Djibouti watching movies, playing bingo and eating diner-style food provided by civilian contractors to the military.

Adm. Hunt had better luck in May, when he traveled to Comoros, a three-island nation off East Africa that has seen 20 coups in three decades. He says he spent two hours with the country's new, Iranian-educated president on the eve of his inauguration discussing possible deployment of a six-soldier civil-affairs team. It's scheduled to arrive this month.

In the future, Gen. Abizaid envisions representatives from the U.S. Department of Agriculture and Border Control moving through parts of the Horn of Africa. State Department representatives might "teach locals ways to open their societies that don't threaten them," he says.

In many ways, Gen. Abizaid has been training for this type of warfare his whole life.

Gen. Abizaid was raised mostly by his widowed father, a mechanic in Coleville, Calif., and went on to graduate from the U.S. Military Academy. His 1973 yearbook offers a nod to his competitive streak, dubbing him "an Arabian Vince Lombardi."

His success continued when he earned a coveted spot as a company commander in one of the Army's elite Ranger units that parachuted into Grenada during the 1983 invasion. At one point, he commandeered a bulldozer and ordered one of his Rangers to drive it toward Cuban troops as he and the rest of his men advanced behind it. The event was highlighted in the 1986 Clint Eastwood movie "Heartbreak Ridge."

By the mid-1980s Gen. Abizaid, who had already learned Arabic and spent significant time in the Middle East, was pegged as "one of the Army's best and brightest," says retired Lt. Gen. Dan Christman. He deployed in 1991 to northern Iraq as part of a relief operation to coax thousands of hungry and freezing Kurds down from the mountains, where they had been driven by Saddam Hussein's troops following an uprising. Then Lt. Col. Abizaid was at the center of the effort to push back Iraqi forces, establish a Kurdish zone and broker a peace between their often-warring factions. "He knew from the beginning he need to get to know the two main Kurdish leaders. He studied them and learned what made them tick," says retired Gen. John Shalikashvili, who was the commander of the mission and went on to become chairman of the Joint Chiefs of Staff. "We all took our cues from John."

At a time when many in the Army saw peacekeeping ventures like the one in Iraq as a distraction from their combat duties, Gen. Abizaid saw such missions -- mixing shows of force, politics and humanitarian relief -- as a key part of the Army's future. In a 1993 article he wrote in an Army journal, the officer practically begged his military colleagues to take such responsibilities more seriously. "We must recognize that peacekeeping is no job for amateurs," he wrote. "It is dangerous stressful duty that requires highly disciplined, well educated soldiers who understand the nature of the peacekeeping beast."

After the Sept. 11 terrorist attacks, Gen. Abizaid held top positions in the Pentagon, where he forged a close relationship with the often prickly Mr. Rumsfeld. In the immediate aftermath of the Iraq war, Mr. Rumsfeld and Gen. Richard Myers, then chairman of the Joint Chiefs of Staff, leaned hard on Gen. Abizaid to take on the Army Chief of Staff post, the top job in the Army. Mr. Rumsfeld wanted him to shake up the service, which the secretary thought was too complacent and out of step with his vision to transform the military.

Gen Abizaid repeatedly turned it down, telling colleagues that if he didn't get the Central Command position he would likely retire to California. "Abizaid disagreed with the technology-focused view of warfare that had taken hold in the Pentagon," says one friend who talked with him about the job. In the summer of 2003, he accepted the job as the head of Central Command.

Posted in Gen. Abizaid's Central Command headquarters in Qatar is some 1918 advice from famed British officer T.E. Lawrence, also known as Lawrence of Arabia: "Better the Arabs do it tolerably than that you do it perfectly. It is their war, and you are to help them, not to win it for them." The saying, often cited by Gen. Abizaid, has become a mantra for commanders throughout the Central Command region.

Gen Abizaid's staff tracks everything from birth rates in places like Sudan to oil-pipeline deals to water consumption in the region. One of his staff officers, who has an advanced degree in Middle Eastern history, recently wrote a long paper for him on the British colonial experience in Iraq in the 1920s and '30s. The general's colleagues praise him for his ease with uncertainty and freewheeling debate.

In May, on a visit through Iraq, he was getting a briefing on security conditions in the country. An officer lamented that a significant share of Iraqis were telling opinion surveys it was honorable to attack U.S. forces. "You act like you're insulted or something," Gen. Abizaid said to the briefing officer.

As the officer looked on, surprised, the general told him why he shouldn't be: Iraqis also thought it honorable to attack the British when they occupied Iraq, and they felt the same way earlier about the Turks. The attitude was "a part of the battlefield," and it showed the need to turn the fight in Iraq over to the Iraqis as quickly as possible, he said.

Gen. Abizaid's influence is evident in Iraq, where the U.S. has shifted away from its initial focus of building a U.S.-style democracy in the heart of the Muslim world. Today the top priority for commanders is building Iraqi police and army forces that can take over the fight and shoring up crumbling infrastructure. On the political side, U.S. and Iraqi leaders are working to

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persuade Sunnis who've supported the insurgency to take part in the political process. They're also trying to reach an accommodation with radical Shiite elements. "In Iraq, we are willing to accept a less-than-perfect democracy. Stability and security are more important," says one U.S. Army counterinsurgency expert. "Instead of mission creep, we are seeing mission shrink."

As for the Horn of Africa, Gen. Abizaid, from his perch atop the Central Command, says it could take years and much patience to make significant progress. He figures it will also take a lot of help from other departments of the government, agencies that aren't geared to providing such overseas assistance.

"I just think we've got to reform our structures, our authorities and our thinking to deal with the way the world is moving," Gen. Abizaid says. "You just can't let these places deteriorate ... unless you are willing to accept what they bring you -- terrorism and crime."

Write to Greg Jaffe at greg.jaffe@wsj.com5

14 South Asian Shiite Pilgrims Shot To Death In Iraqi Desert (NYT)

By Edward Wong

The New York Times, September 3, 2006

BAGHDAD, Iraq, Sept. 2 — Gunmen killed 14 Pakistani and Indian Shiite pilgrims, many of them elderly, and left their bodies in the desert on Friday, contributing to a death toll of at least 28 civilians around Iraq in 24 hours, Iraqi officials said Saturday.

The unrelenting sectarian violence was the main topic of conversation during a meeting in Najaf on Saturday between Prime Minister Nuri Kamal al-Maliki and Grand Ayatollah Ali al-Sistani, the ayatollah's office said. Ayatollah Sistani, the most powerful Shiite cleric in Iraq, emphasized to the prime minister the need to improve security and basic services like electricity and water, his aides said.

"His eminence said that the failure of the government to carry out its duties in security and order and to protect the lives of citizens will make room for other forces to carry out this mission," the office said in a statement. "This is a very dangerous issue."

Those words hint at dwindling confidence in the Shiite-led government from Shiite religious leaders in Najaf. Ayatollah Sistani recently released a statement urging Iraqi politicians to spend less time out of the country and to focus more on improving life for ordinary Iraqis. He also reportedly sent a message to President Bush through a top Shiite leader asking the United States to commit to staying in Iraq until the country was stable.

With the country's top politicians so far unable to persuade armed groups to end the violence, questions are increasingly being raised over whether Iraq's leaders have the will to work toward reinforcing a unified central government.

Those questions have been underscored by an order from the Kurdish regional government telling government offices in Iraqi Kurdistan not to fly the Iraqi flag. The order, issued Friday by Massoud Barzani, the president of Iraqi Kurdistan, is a symbolic move by the Kurds to distance themselves from Iraq's Arab regions. Turkey and Iran have expressed grave concerns over the growing autonomy of Iraqi Kurdistan, which is run as virtually a separate country.

Even before the order, the Iraqi national flag was a rare sight in Kurdistan. Most Kurdish offices fly the regional flag, a green, white and red banner with a yellow sunburst. Kurds have sharply criticized the Iraqi flag because it has the Arab nationalist colors: red, white and black. Many Kurds say Arab nationalism helped motivate Saddam Hussein's campaigns to massacre Kurds and destroy thousands of villages in the mountainous north.

A powerful bloc in the Kurdish parliament has also proposed adopting an anthem for Kurdistan, according to the official Web site of the Kurdish regional government.

The police said the bodies of the South Asian pilgrims were found Saturday in the desert between Sunni-dominated Anbar Province and Karbala, a holy Shiite city that is a pilgrimage center. Most had one bullet wound to the head. The victims, all men, were pulled off a bus and killed Friday afternoon, the police said, and the women on the bus were allowed to continue on to Karbala.

The other 14 victims of violence reported by officials on Saturday were killed in several places around the country. Four bodies were also found in Baghdad; it was unclear when they had been killed.

Asian Pilgrims Killed As Pentagon Warns Of Iraq Civil War (AFP)

By Sabah Jerges

AFP, September 3, 2006

Iraqi insurgents slaughtered 14 south Asian Shiite pilgrims and 18 Iraqi civilians after the Pentagon warned that the country was close to falling into a sectarian war.

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Suspected Sunni gunmen dragged a group of Pakistani and Indian travellers off a bus crossing the desert towards the Shiite holy city of Karbala and shot dead 11 Pakistani and three Indian men.

"They were coming in a big bus with children and women. The attackers freed the women and children and shot dead the men, execution-style," said interior ministry spokesman Brigadier General Abdul Karim Khalaf Saturday.

Karbala city health director Salim Kadhim confirmed the death toll, and said the bus had taken a route past Ramadi, a stronghold of Sunni Arab rebels, who are often blamed for murderous attacks against Iraq's Shiite majority.

Pakistan's foreign ministry spokeswoman Tasnim Aslam said the killing was a "terrorist act," adding that the "president and the prime minister condoled the deaths of the pilgrims."

She said the ministry was ascertaining the details of the attack and arranging the return of survivors.

The murders came as Iraq was already braced for a possible backlash from Shiite militias after a synchronized series of bomb attacks in Baghdad on Thursday by suspected Sunni insurgents left 67 civilians dead.

Prime Minister Nuri al-Maliki -- whose coalition government is struggling to hold the divided country together -- travelled to the Shiite holy city of Najaf to consult the faith's spiritual leader, Grand Ayatollah Ali al-Sistani.

Sistani urged Maliki to quickly gain control of the violence.

"His eminence said when the government fails to do its duty in providing security, order and protection for citizens, this could pave the way for other powers to intercept and carry out this mission," Sistani's office said.

"This is very serious," he warned.

Sistani was alluding to the rise of Shiite militias, such as the Mahdi Army of radical cleric Moqtada al-Sadr and the Badr Organization of the Supreme Council for the Islamic Revolution in Iraq (SCIRI), a leading religious party.

After the meeting, Maliki said: "His eminence thinks the state should be powerful and united and this obviously means that all weapons should be in the hands of the state.

"We are still looking for an opportunity to be able to finish with this issue," he said, when asked about the militias.

Both SCIRI and Sadr are supporters of Maliki's coalition government, but their unofficial armies are seen by some as a danger to Iraq's stability at a time when the Pentagon is warning that it is close to sectarian war.

A quarterly report from the US Department of Defense painted a sombre picture of a still powerful anti-government insurgency and mounting violence between the bitterly divided Sunni and Shiite communities.

Since its last report, the Pentagon said, "the core conflict in Iraq changed into a struggle between Sunni and Shia extremists."

The report covered the period between May and the end of July, which was marked by Iraq's worst bloodshed since the US-led invasion of March 2003.

"The average number of weekly attacks increased 15 percent over the previous reporting period average... Iraqi casualties increased by 51 percent compared to the previous quarter," the report said.

Iraqi and US officials in Baghdad say that civilian casualties dropped significantly in August thanks, they say, to a beefed up security plan in Baghdad and the increasing competence of Iraqi security forces.

Nevertheless, the last few days of August were marked by a series of bloody attacks and clashes with both Sunni insurgents and Shiite militias.

The Pentagon report said armed factions from both sides of Iraq's religious divide "are locked in mutually reinforcing cycles of sectarian strife".

"Concern about civil war within the Iraqi civilian population and among some defense analysts has increased in recent months," it added.

"The security situation is currently at its most complex state since the initiation of Operation Iraq Freedom."

Maliki on Saturday also said that he will reshuffle his cabinet. Four ministers will lose their current jobs, he said, amid speculation that the key interior or defense ministry posts could be one of them.

Meanwhile, in a sign of the violence gripping Iraq, at least 18 other people were killed across Iraq on Saturday, including six truck drivers and three traffic policemen.

Iraq also announced that it had regained control of the infamous Abu Ghraib prison from US authorities and that its cells were now empty.

Iraqi PM Meets With Influential Cleric (AP)

By Elena Becatoros, Associated Press Writer

AP, September 3, 2006

Iraq's most influential Shiite cleric on Saturday warned the prime minister to quell violence or risk "other powers" filling the gap, while police found the tortured and blindfolded bodies of 13 Pakistani and Indian pilgrims and their Iraqi driver.

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At least 15 violent deaths were reported elsewhere in Iraq, while the government announced it had formally taken over the notorious Abu Ghraib prison from coalition authorities.

Prime Minister Nouri al-Maliki met with Grand Ayatollah Ali al-Sistani in Najaf, 100 miles south of Baghdad, the cleric's office said. In July, al-Sistani was credited with restraining the Shiite community from widespread retaliation against minority Sunnis following horrific attacks on Shiite civilians.

"If the government does not do its duty in imposing security and order to the people and protecting them, it will give a chance to other powers to do this duty and this a very dangerous matter," al-Sistani's office quoted him as saying.

The meeting came two days after a barrage of coordinated attacks across mainly Shiite eastern Baghdad killed 64 people and wounded 286. The prime minister's office said in a statement that 17 suspects had been arrested after the bombings, but gave no further details.

Hundreds of Iraqis have been killed in violence this week, despite a massive security operation in the capital involving an extra 12,000 Iraqi and U.S. troops that has targeted some of Baghdad's most problematic neighborhoods.

In Washington, a day after a Pentagon report described spreading sectarian violence, President Bush painted a rosier picture.

"Our commanders and diplomats on the ground believe that Iraq has not descended into a civil war," Bush said in a radio address, although he acknowledged "a bloody campaign of sectarian violence" and the "difficult and dangerous" work of trying to end it.

Authorities, meanwhile, canceled a highly anticipated ceremony in which Iraq's Defense Ministry was to assume operational control of the country's armed forces command from the U.S.-led coalition. No new date was set for the event.

Lt. Col. Barry Johnson, a U.S. military spokesman, originally said the delay was due to "miscommunication" between coalition forces and the Iraqi Ministry of Defense regarding the timing of the ceremony.

Johnson said later that it had become "apparent" that part of the miscommunication had been about the wording of the document "delineating" the responsibilities of the joint headquarters and the coalition's role in supporting their efforts.

Handing over control from the coalition to Iraqi authorities is a key part of any eventual drawdown of U.S. troops in the country.

In the latest violence, police said Saturday that a group of pilgrims — 11 Pakistanis, including five women, and two Indians — and their Iraqi driver were ambushed and killed on their way to the Shiite holy city of Karbala, 50 miles south of the capital.

The bodies, blindfolded and with hands and feet bound, all bore signs of torture, an official at Karbala morgue said. The official, who spoke on condition of anonymity for fear of reprisals, said the 14 had been dead for three days and their bodies had been found on Friday.

Shiite pilgrims are to observe Shaaban, a mid-month religious celebration, on Sept. 9.

Pakistan on Saturday condemned the killings and urged its citizens to postpone travel to Iraq.

Tensions also brewed in the north Saturday, with a leading Sunni politician slamming a decision by Kurdistan president Massoud Barzani ordering the Iraqi national flag to be replaced with the Kurdish one in his northern autonomous region.

The move has troubled Sunni Arabs, who fear Kurds are pushing for secession under the nation's new federal system.

Sunni Arab lawmaker Saleh al-Mutlaq said there was no problem with the Kurds "keeping the land that's within their acknowledged borders," but he said that lowering the Iraqi flag "is definitely disturbing for us and any patriotic individual in Iraq."

A spokesman for the Kurdistan government defended his government's decision to remove the Iraqi flag.

"We consider that this flag represents the ideology of the Baath Party" of Saddam Hussein, Khalid Saleh told The Associated Press. "And this regime has collapsed."

Separately, the Chaldean Patriarch of Baghdad said Saturday he had spoken on the phone with the Rev. Hanna Saad Sirop, who is director of the Theology Department at Babel College and was kidnapped in Baghdad on Aug. 15.

Patriarch Emmanuel Delly told the Italian missionary news agency MISNA that the kidnappers had assured him at the end of his conversation last Saturday that they would release the priest immediately, but he had heard nothing since.

In other violence, according to police:

· A car bomb exploded near a police station, killing three civilians and wounding 14, in Mahaweel, about 35 miles south of Baghdad.

· A car bomb exploded in the Baghdad neighborhood of Waziriyah — which is among those to be included in the expanded security operation — as a police patrol passed by, followed by a roadside bombing later at the same site, killing three people.

· Police found the bodies of five women dumped in three locations in central Baqouba, 35 miles northeast of Baghdad.

· Gunmen killed three policemen at a Baqouba bus station.

· A mortar round struck a fuel station in Mahmoudiyah, 20 miles south of Baghdad, killed one person.

Associated Press writers Rawya Rageh, Rebecca Santana and Qais al-Bashir in Baghdad contributed to this report.

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A Demand For Hussein's Release (WP)

By Amit R. Paley And Saad Sarhan, Washington Post Staff Writers

The Washington Post, September 3, 2006

Sunni Chieftains Also Urge Resistance Against U.S-Led Forces

BAGHDAD, Sept. 2 -- A coalition of 300 Iraqi tribal leaders on Saturday demanded the release of Saddam Hussein so he could reclaim the presidency and also called for armed resistance against U.S.-led forces.

The clan chieftains, most of them Sunni Arabs, included the head of the 1.5 million-member al-Obeidi tribe, said they planned to hold rallies in Sunni cities throughout the country to insist that Hussein be freed and that the charges against him and his co-defendants be dropped.

Hussein is being tried on charges of genocide and other alleged crimes arising from the Iraqi government's killing and forced relocation of ethnic Kurds in 1988, and he is awaiting a verdict in a trial that concluded in late July in the mass killings of Shiites after an assassination attempt against him in 1982.

During Hussein's dictatorship, positions of power in the military and the ruling Baath Party were held overwhelmingly by Sunni Arabs, a minority that formed the backbone of the Iraqi insurgency after Hussein was toppled in 2003.

"If the demand is not carried out, we will lead a general, sweeping and popular uprising," said Sheik Wassfy al-Assy, brother of the chief of the Obeidi tribe, which hosted a meeting of the clan leaders on Monday in Ramal, a village 55 miles southwest of Kirkuk. "As for whether [Hussein] will be reinstated in his post as president after his release, that will be up to him."

The leaders announced their demands on Saturday, as Shiite-Sunni sectarian violence and a move asserting Kurdish independence heightened fears that the country is sliding toward full-scale civil war.

Fourteen Shiite pilgrims from India and Pakistan were shot to death in front of their families as they drove this week through Anbar province, a volatile Sunni insurgent stronghold in western Iraq, on their way to the Shiite holy city of Karbala, according to Akram al-Zubaidie, a member of the Karbala city council. The Associated Press later reported that one of the victims was an Iraqi driver.

In separate incidents across Iraq, at least 18 other people were killed or found dead Saturday, authorities said.

Arabs across the country expressed anger at a decree by Massoud Barzani, president of the regional government in Kurdish-populated northern Iraq, forbidding the Iraqi flag to be raised in government buildings across the north. The government in the western part of the Kurdish region has always flown only the Kurdish flag -- red, white and green stripes emblazoned with a yellow sun -- but Barzani's order, published in newspapers this week, extends that policy to the eastern part of the region, which previously displayed both the Iraqi and Kurdish flags.

"The symptoms of division and separatism and the declaration of a Kurdish state have become apparent in the workings of the Kurdistan government," said Mustafa Tamawi, an Arab leader and human rights activist in Kirkuk. Many Arabs fear that the Kurdish north, which has been largely autonomous since 1991, will secede from the rest of the country.

Mahmoud Othman, a Kurdish member of the Iraqi parliament, said the order is intended to put pressure on the body to choose a new flag to replace the current one, which many Kurds associate with Hussein's Baath Party dictatorship.

In Baghdad, Iraqi military officials announced this weekend that the security plan designed to tamp down sectarian violence in the capital will be extended in the next two weeks into Shiite areas including Sadr City, a stronghold of anti-American Shiite cleric Moqtada al-Sadr. The announcement raised the possibility that entry into the Shiite slum could spark violent clashes with Sadr's Mahdi Army militia.

Prime Minister Nouri al-Maliki traveled to the southern city of Najaf on Saturday to discuss the deteriorating security situation with Grand Ayatollah Ali Sistani, the most revered Shiite leader in Iraq. Sistani's office said in a statement after the meeting that he supported Maliki's 28-step national reconciliation plan and called on the government to quickly reduce violence in the country before other groups, such as armed militias, fill the void.

"The failure of the government to carry out its duty in maintaining security and order and protecting people's lives would open the chance for other forces to carry out this task, which would be a matter of grave danger," the statement said.

Sarhan reported from Najaf. Special correspondents Naseer Nouri, Naseer Mehdawi and K.I. Ibrahim in Baghdad and other Washington Post staff in Iraq contributed to this report.

Mortar Attack Kills 6 Near Baghdad (AP)

By Elena Becatoros

Associated Press, September 3, 2006

BAGHDAD, Iraq (AP) -- A mortar attack east of Baghdad killed six people, including two children, as a dispute emerged over transferring control of the armed forces from the U.S.-led coalition to the Iraqi government.

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Several mortars fell on a residential area of al-Maamel in the capital's eastern outskirts Saturday night, police said. Six people were killed, and 15 were wounded, said Rahim Qasim Basim of the al-Sadr General Hospital.

On Sunday morning, a roadside bomb targeting a police patrol in eastern Baghdad killed two policemen and a civilian and wounded three policemen, police Maj. Mahir Hameed Mosa said.

The mainly Shiite eastern parts of the capital have seen significant violence in recent days. The most severe occurred on Thursday night, when a coordinated barrage of attacks killed 64 people and wounded 286 within half an hour.

Hundreds of Iraqis have been killed over the last week, despite a massive security operation in the capital involving an extra 12,000 Iraqi and U.S. troops targeting some of Baghdad's most problematic neighborhoods.

The defense ministry has said it will expand the security crackdown to include parts of eastern Baghdad.

Meanwhile, authorities canceled a highly touted ceremony in which the U.S.-led coalition was to hand over control of Iraq's armed forces command to the Defense Ministry after disagreements emerged over Iraqi forces' responsibilities and the coalition's role.

The ceremony, initially set for Saturday, was postponed to Sunday and then canceled altogether.

It was to have marked the formal transfer of control of Iraq's armed forces to the government. The ministry and the country's Joint Headquarters are to assume responsibility for the Iraqi Ground Forces Command, the Iraqi Air Force and the Iraqi Navy.

The U.S. has said handing over control of the armed forces to Iraqi authorities is a key part of any eventual drawdown of U.S. troops in the country.

"There are issues that are still being worked out," said U.S. spokesman Lt. Col. Barry Johnson.

The issues were centered on "delineating the responsibilities of the joint headquarters and the coalition's role in supporting their efforts."

Prime Minister Nouri al-Maliki said on Thursday that he believed Iraqi forces would have control of most of the country by the end of the year.

On Saturday, he met with Iraq's most influential Shiite cleric. Grand Ayatollah Ali al-Sistani warned the prime minister to quell violence or risk "other powers" filling the gap.

In July, al-Sistani was credited with restraining the Shiite community from widespread retaliation against minority Sunnis following horrific attacks on Shiite civilians.

"If the government does not do its duty in imposing security and order to the people and protecting them, it will give a chance to other powers to do this duty and this a very dangerous matter," al-Sistani's office quoted him as saying.

Thirteen Pakistani and Indian Shiite pilgrims and their Iraqi driver were ambushed and killed on their way to the holy city of Karbala 50 miles south of the capital, police said Saturday - apparently victims of the country's continuing sectarian violence.

Shiite pilgrims are to observe Shaaban, a mid-month religious celebration, on Sept. 9.

Tensions also brewed in the north Saturday, with a leading Sunni politician slamming a decision by Kurdistan president Massoud Barzani to order the Iraqi national flag to be replaced with the Kurdish one in his northern autonomous region.

The move has troubled Sunni Arabs, who fear Kurds are pushing for secession under the nation's new federal system.

Sunni Arab lawmaker Saleh al-Mutlaq said there was no problem with the Kurds "keeping the land that's within their acknowledged borders," but he said that lowering the Iraqi flag "is definitely disturbing for us and any patriotic individual in Iraq."

A spokesman for the Kurdistan government defended his government's decision to remove the Iraqi flag.

"We consider that this flag represents the ideology of the Baath Party" of Saddam Hussein, Khalid Saleh told The Associated Press. "And this regime has collapsed."

In Washington, a day after a Pentagon report described spreading sectarian violence, President Bush painted a rosier picture.

"Our commanders and diplomats on the ground believe that Iraq has not descended into a civil war," he said, although he acknowledged "a bloody campaign of sectarian violence" and the "difficult and dangerous" work of trying to end it.

Analysis: Shiites May Begin Battling Each Other (PPG/AP)

By Robert H. Reid

Pittsburgh Post-Gazette/AP, September 3, 2006

Intense rivalries have formed between militias

BAGHDAD, Iraq -- This past week's intense clashes between the Iraqi army and a Shiite militia are part of a strategy to whittle away the power of a radical cleric. But the high-risk gambit could trigger more fighting across the Shiite south -- at a time when the cleric's stronghold in the capital is virtually off-limits.

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Prime Minister Nouri al-Maliki has promised to disband militias, including the Mahdi Army of anti-U.S. cleric Muqtada al-Sadr, as a way to curb the sectarian violence propelling Iraq to the brink of civil war. The United States has made clear it views that effort as crucial.

But a full-scale assault by either American or Iraqi forces on Mr. Sadr's stronghold of Sadr City is highly risky. Mr. Maliki, a fellow Shiite with political ties to the cleric, has publicly criticized a U.S.-Iraqi raid on the teeming district in Baghdad, where Mr. Sadr's followers maintain control and mete out Islamic justice in religious courts.

With Sadr City thus out of play for the time being, the U.S. military and its partners have been going after Mr. Sadr's forces outside the capital, arresting a Mahdi commander in Basra and raiding militia offices in other cities to cut into his power base.

The fighting last Sunday and Monday in Diwaniyah, a ramshackle Shiite market town about 100 miles south of Baghdad, was the latest and one of the most intense examples.

The trouble started when Iraqi soldiers arrested one of the cleric's supporters before dawn Sunday, said a Sadr aide. Later in the day, Iraqi soldiers launched more raids and fighting broke out.

Mr. Maliki's office said 73 people, including 23 Iraqi soldiers, were killed before a truce was reached on Monday. Other officials put the death toll at 40, most of them soldiers and civilians caught in the crossfire.

"The battle may be over, but the campaign to clean that city up and to restore it to Iraqi government control isn't finished," the top U.S. commander, Gen. George W. Casey, told reporters Wednesday.

Such confrontations test the loyalty of Iraq's mostly Shiite army and police, whose ranks have been infiltrated by Mr. Sadr's supporters.

But military moves are all the more risky because of the intense rivalry within various Shiite parties and militias -- all competing for power. Diwaniyah, for example, is controlled by a rival Shiite party, leading Sadr aides to blame local officials from the other party of essentially using the national army to deal with their rivals.

The fighting in Diwaniyah thus points to one of the most serious problems facing Iraq -- the possibility that trouble will spread widely throughout the quieter, calmer south.

With its overwhelmingly Shiite population, most of the south has been spared the Sunni-Shiite fighting that has rocked Baghdad. But the internal Shiite divisions pose a threat.

Another raid earlier this month on the office of a relatively obscure cleric, Mahmoud al-Hassani, triggered a day of street fighting in the Shiite city of Karbala and protests in Nasiriyah and Basra.

Within the Shiite community, Mr. Sadr is clearly a dominant figure. His popularity among impoverished Shiites has eclipsed those of mainstream Shiite politicians. Even the country's top Shiite cleric, Grand Ayatollah Ali al-Sistani, has been loathe to speak out publicly against Mr. Sadr.

Yet since the beginning of the U.S. mission in 2003, American officials have struggled to find a way to deal with him.

In 2004, U.S. authorities issued an arrest warrant accusing him of a role in the murder of a moderate cleric. That triggered two armed uprisings that ended when the Americans bowed to Shiite pressure and spared Mr. Sadr and shelved the arrest warrant.

Since then, Mr. Sadr has become a player. His movement controls 30 of the 275 seats in the national parliament and five Cabinet ministries, and his support was critical to Mr. Maliki winning the post of prime minister.

Now, the U.S. military rarely mentions his name or his militia's in connection with sectarian violence, even though U.S. officials say privately that the Mahdi Army is behind much of it. And Iraqi officials invariably speak of incidents involving "breakaway elements," enabling Mr. Sadr to disavow responsbility for his followers' actions.

Mr. Sadr has described the Diwaniyah fighting as "individual acts that occurred without instructions" from him, according to one of his spokesmen, Sheik Mohammed Jamil.

In fact, it is unclear how much control Mr. Sadr does wield over the Mahdi militia, which appears to lack a cohesive command structure, and Mr. Sadr aides have complained about renegades.

Equally unclear are Mr. Sadr's ties to Shiite-dominated Iran. U.S. Ambassador Zalmay Khalilzad contends Iran has urged Shiite militias to fire mortars and rockets on the Green Zone and says splinter groups of the Mahdi Army are behind the attacks.

Others doubt Mr. Sadr, whose politics are strongly nationalistic, is beholden to the Iranians, who instead have directed most of their aid to mainstream Shiite parties. A recent study by the International Crisis Group think tank concluded that Mr. Sadr receives "at best, limited material support from Iran."

"Learning the hard way, the U.S. and its allies have had to recognize the reality of the Sadrists' strength," the group wrote.

Analysis: U.S. Says Iran Behind Trouble (AP-Y)

By Robert H. Reid, Associated Press Writer

AP, September 3, 2006

Top U.S. officials have made strong charges in recent weeks that Iran is directly stirring up trouble in Iraq. But inside Iraq, it's hard to see any change and some American officials in Baghdad say privately the evidence is not that clear.

Most experts on Iran say there is no question that Iran is funneling support to certain Shiite political parties in Iraq, groups it long supported when they were fighting Saddam Hussein.

Ironically, most of that aid appears to go to the same Shiite parties in Iraq that the American government supports and that are part of the government. The more militant Shiite groups are equally critical of U.S. and Iranian influence in the country.

Nevertheless, the anti-Iran rhetoric from Washington has escalated sharply.

Brig. Gen. Michael Barbero, the deputy director of operations for the Joint Chiefs of Staff, told Pentagon reporters on Aug. 23 that there was "irrefutable" evidence that Iran was training, funding and equipping Shiite militants in Iraq.

Barbero spoke of a "policy of the central government in Iran" to destabilize Iraq and increase the violence there. In the past, U.S. and British officials have alluded to Iranian support for armed groups but always refrained from accusing the Tehran government directly.

The only specifics Barbero cited were allegations — made before — that the Iranians were providing insurgents with technology to build more powerful roadside bombs, including armor-piercing "shaped charges" developed by Iranian-backed Hezbollah guerrillas in south Lebanon.

In background briefings, however, senior U.S. officials in Baghdad have been far less certain about the nature of Iranian involvement. They say that technology to build "shaped charges" in roadside bombs is now widely available across the Middle East.

U.S. officials offered similar skeptical comments last October, when British Prime Minister Tony Blair warned Iran not to meddle in Iraq. Blair cited evidence that explosive devices which killed British troops were similar to those used by Hezbollah.

Unlike their counterparts in Washington, the officials in Baghdad spoke on condition of anonymity because they were not authorized to speak to the media.

Last May, the No. 2 general in Iraq, Lt. Gen. Peter Chiarelli, did say border patrols had found bomb-making materials being smuggled into Iraq from Iran. But he noted that weapons and fighters had been intercepted coming in over Iraq's other borders too, from Jordan, Syria and Saudi Arabia

Earlier in August, U.S. Ambassador Zalmay Khalilzad said in an interview that Tehran was encouraging Shiite militias to step up attacks on U.S. forces in retaliation for the Israeli war with Shiite Hezbollah guerrillas in Lebanon. Iran backs and trains Hezbollah.

Khalilzad blamed the Iranians specifically for an uptick in mortar and rocket attacks on the U.S.-controlled Green Zone in Baghdad, including one attack that wounded four Australian soldiers. Those attacks were believed carried out by the Mahdi Army of radical Shiite cleric Muqtada al-Sadr.

The attacks on the Green Zone from al-Sadr's movement came just after an increase in U.S. and British military pressure on al-Sadr. That included raids on his Baghdad stronghold of Sadr City and the arrest of his top lieutenant in Basra.

Those incidents, rather than any encouragement from Tehran, may well have been behind the Green Zone attacks.

Al-Sadr did sponsor a huge pro-Hezbollah rally in Sadr City on Aug. 4. But aides suggested the rally was aimed more at demonstrating the young cleric's power in Iraqi politics than in mustering support for Hezbollah.

Despite the lack of public evidence, few doubt that Iran is seeking to spread its influence in Iraq, where its fellow Shiites dominate politically.

But many experts on the region believe Iran thinks its interests would be better served by a stable Iraq dominated by Shiites friendly to Tehran. Those experts question why Iran would be trying to destabilize a government already dominated by parties with longtime ties to Tehran.

"Iran has every reason to want a stable Iraq," said Juan Cole, a professor of Middle Eastern history at the University of Michigan. "The evidence is that the Shiite groups most opposed to the (U.S.-led) coalition presence and the current pro-U.S. government ... are also the most anti-Iranian."

Iran is believed to finance some major Shiite political parties, but mostly ones the United States also backs.

The Shiite party with the closest ties to Iran is the Supreme Council for the Islamic Revolution in Iraq, or SCIRI, which was based in Tehran during the Iran-Iraq war. Its Badr Brigade militia was trained and equipped by the Iranian Revolutionary Guards.

But the United States draws less attention to SCIRI's connection to Iran — presumably because party members hold key positions in the U.S.-backed unity government in Iraq.

Both Prime Minister Nouri al-Maliki and his predecessor, Ibrahim al-Jaafari, belong to the Dawa party, whose ties to Iran are nearly as strong as SCIRI's.

But al-Sadr is an easier target because of his anti-U.S. stand. He also is believed to receive some Iranian money, but not as much as SCIRI.

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Al-Sadr's politics also are more strongly nationalistic, and thus he opposes SCIRI's dream of creating a Shiite self-rule region in Iraq's south — something Iran presumably would support.

Two other Shiite groups that are close to al-Sadr's movement are outspokenly critical of Iran and its links to SCIRI and Dawa, America's partners in the Iraqi government.

Of course, nothing is certain in the shadowy world of Iranian influence.

In recent weeks, Shiite residents of Sadr City have talked of the Mahdi Army stocking new weapons, perhaps in preparation for a showdown with the U.S. military.

Some of those weapons may have come from Iran, the residents say.

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Associated Press correspondent-at-large Robert H. Reid has reported frequently from Iraq since 2003.

American Appears In New Al-Qaida Tape (AP)

By Lee Keath, Associated Press Writer

AP, September 3, 2006

An American thought to be an al-Qaida activist appeared in a videotape with the terror group's deputy leader Saturday and called on his countrymen to convert to Islam and for U.S. soldiers to switch sides in the Iraq and Afghan wars.

The 48-minute video, posted on an Islamic militant Web site, had footage of al-Qaida's No. 2 leader, Ayman al-Zawahri, and of Adam Yehiye Gadahn, a 28-year-old American who the FBI believes attended al-Qaida training camps in Pakistan and served as an al-Qaida translator.

It was the second time Gadahn appeared in the same video with al-Zawahri. In a July 7 video marking the one-year anniversary of the terror attack on London commuters, Gadahn appeared briefly, saying no Muslim should "shed tears" for Westerners killed by al-Qaida attacks.

But Saturday's video — and the length of Gadahn's speech — suggested al-Qaida has found in him someone it believes can communicate effectively with Americans.

Appearing days before the fifth anniversary of the Sept. 11 terror attacks on the U.S., Gadahn spoke for nearly the entire video, wearing a white robe and a white turban, sitting in front of a desk with a computer and Islamic religious books in a room with a white wall.

The video included no direct threats of terror attacks.

Gadahn delivered a lecture on Islam and the "errors" in Christianity and Judaism. He also said the United States is losing the wars in Iraq and Afghanistan and told U.S. soldiers they are fighting President Bush's "crusades."

"Instead of killing yourself for Bush ... why not surrender to the truth (of Islam), escape from the unbelieving army and join the winning side. Time is running out so make the right choice before it's too late," he said.

Al-Zawahri gave only a brief introduction to the video, calling on Americans to convert to Islam.

"To the American people and the people of the West in general ... God sent his Prophet Muhammad with guidance and the religion of truth ... and sent him as a herald," he said.

The CIA said it had conducted a technical review on the videotape and concluded the voice is al-Zawahri's. A CIA spokeswoman said the agency is not authorized to conduct such analysis on U.S. citizens such as Gadahn.

White House spokeswoman Christie Parell said the message reflects al-Qaida's "continued attempts to subjugate the world under its twisted view of Islam, which labels as enemies and infidels those who do not have the same beliefs."

Little is known about Gadahn's role in al-Qaida. A Californian who converted to Islam, he disappeared soon after the Sept. 11 attacks. In 2004, the FBI announced it was seeking Gadahn in connection with possible terrorist threats against the U.S., but adding it did not have information linking him to any specific terror activities.

"You know that if you die as an unbeliever in battle against the Muslims you're going straight to Hell without passing 'Go,'" Gadahn said on the video, addressing American soldiers. "You know you're considered by Bush and his bunch of warmongers as nothing more than expendable cannon fodder ... You know they couldn't care less about your safety and well-being."

"We send a special invitation (to convert to Islam) to all of you fighting Bush's crusader pipe dream in Afghanistan, Iraq and wherever else 'W' has sent you to die. You know the war can't be won," he said, using Bush's nickname.

Gadahn also urged other Americans to convert to Islam.

"It is time for the unbelievers to discard these incoherent and illogical beliefs," he said. "Isn't it the time for the Christians, Jews, Buddhists and atheists to cast off the cloak of the spiritual darkness which enshrouds them and emerge into the light of Islam?"

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Gadahn and al-Zawahri appeared in separate parts of the video, which was released by al-Qaida's production wing, As-Sahab. Gadahn spoke with his face uncovered, resembling FBI photos, with his name and nom de guerre — "Azzam the American" — written in titles in Arabic and English next to him. Arabic subtitles translated his comments.

Besides the July 7 video, Gadahn is believed to be a masked figure who appeared in two previous videos not officially from al-Qaida, one given to ABC television in 2004 and another a few days before the fourth anniversary of the Sept. 11 attacks.

In the 2005 tape, the speaker — who had black cloth draped over his face, leaving only his eyes visible — threatened new terror attacks in Los Angeles and Melbourne, Australia. The 2004 tape praised the Sept. 11 attacks and said a new wave of attacks could come at any moment.

Much of Gadahn's latest speech was dedicated to urging Americans to convert to Islam, and he dotted it with fluently recited Arabic verses from the Quran and stories from Islamic history.

He denounced Christianity as a "hollow shell of a religion, whose followers cling to an empty faith and a false conviction in their own salvation."

"It is time for the unbelievers to discard these incoherent and illogical beliefs," he said. "We invite all Americans and other unbelievers to Islam, wherever they are."

Gadahn grew up in rural simplicity on a ranch southwest of Hemet, Calif. His father, Philip, said he moved there in the 1970s to escape the noise and traffic of the city, changing the family name from Pearlman because he was starting a new life. The family tried raising goats as a business, but it wasn't profitable and they now keep them just to eat the grass around the home as fire protection.

Gadahn did not attend college, choosing instead to move to the suburbs of Los Angeles where he became a Muslim and worshipped at the Islamic Society of Orange County. The mosque later expelled him for attacking one of its leaders.

The new video had been advertised on militant Web sites for several days. Al-Zawahri last appeared in a video July 27, calling for Muslims to unite in a holy war against Israel and to join the fighting in Lebanon and Gaza.

Nancy Pearlman, Gadahn's aunt, declined to comment about the tape when contacted by The Associated Press, saying she had not seen it. She declined to talk about anything else regarding Gadahn.

Associated Press writers Omar Sinan and Bassem Mroue contributed to this report.

American Convert Asks U.S. Troops To Defect (WT/AP)

By Lee Keath

The Washington Times/AP, September 3, 2006

CAIRO -- An American who has become a sometime-spokesman for al Qaeda appeared in a videotape with the terror group's deputy leader yesterday and called on his countrymen to convert to Islam and for U.S. soldiers to switch sides in the Iraq and Afghan wars.

The 48-minute video, posted on an Islamic militant Web site, had footage of al Qaeda's No. 2 leader, Ayman al-Zawahri, and of Adam Yehiye Gadahn, 28, an American who the FBI thinks attended al Qaeda training camps in Pakistan and served as an al Qaeda translator.

It was the second time Gadahn appeared in a video with al-Zawahri. In a July 7 video marking the one-year anniversary of the terror attack on London commuters, Gadahn appeared briefly, saying no Muslim should "shed tears" for Westerners killed by al Qaeda attacks.

But Saturday's video -- and the length of Gadahn's speech -- suggested al Qaeda has found in him someone who can directly address the American people in idiom with which they are familiar.

Appearing days before the fifth anniversary of the September 11 terror attacks, Gadahn spoke for nearly the entire video, wearing a white robe and a white turban, sitting in front of a desk with a computer and Islamic religious books in a white-walled room.

The tape was dated September 2006 and appeared to have been recorded recently as Gadahn referred to Israel's recent war in Lebanon. Unlike past al Qaeda messages, the video included no direct threats of coming terror attacks.

Gadahn delivered a lecture on Islam and the "errors" in Christianity and Judaism. He also the United States is losing the wars in Iraq and Afghanistan and told U.S. soldiers they are fighting President Bush's "crusades."

"Instead of killing yourself for Bush ... why not surrender to the truth [of Islam], escape from the unbelieving army, and join the winning side? Time is running out, so make the right choice before it's too late," he said.

Al-Zawahri gave only a brief introduction to the video, calling on Americans to convert to Islam.

The CIA said it had conducted a technical review on the videotape and concluded the voice is al-Zawahri's. A CIA spokeswoman said the agency is not authorized to conduct such analysis on U.S. citizens such as Gadahn.

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White House spokeswoman Christie Parell said the message reflects al-Qaida's "continued attempts to subjugate the world under its twisted view of Islam, which labels as enemies and infidels those who do not have the same beliefs."

Little is known about Gadahn's role in al Qaeda. A Californian who converted to Islam, he disappeared soon after the September 11 attacks. In 2004, the FBI announced it was seeking Gadahn in connection with possible terrorist threats against the U.S., but added it did not have information linking him to any specific terror activities.

"You know that if you die as an unbeliever in battle against the Muslims, you're going straight to hell without passing 'Go,'" Gadahn said on the video, addressing American soldiers. "You know you're considered by Bush and his bunch of warmongers as nothing more than expendable cannon fodder."

Gadahn also urged other Americans to convert to Islam.

Gadahn and al-Zawahri appeared in separate parts of the video, which was released by al Qaeda's production wing, As-Sahab. Gadahn spoke with his face uncovered, resembling FBI photos, with his name and nom de guerre -- "Azzam the American" -- written in titles in Arabic and English next to him. Arabic subtitles translated his comments.

Gadahn is believed to be a masked figure who appeared in two previous videos not officially from al Qaeda, one given to ABC television in 2004 and another a few days before the fourth anniversary of the September 11 attacks.

In the 2005 tape, the speaker -- who had black cloth draped over his face, leaving only his eyes visible -- threatened new terror attacks in Los Angeles and Melbourne, Australia. The 2004 tape praised the September 11 attacks and said a new wave of attacks could come at any moment.

The latest video had been advertised on militant Web sites for several days. Al-Zawahri last appeared in a video July 27, calling for Muslims to unite in a holy war against Israel and to join the fighting in Lebanon and Gaza.

Nancy Pearlman, Gadahn's aunt, declined to comment about the tape when contacted by the Associated Press, saying she had not seen it. She declined to talk about anything else regarding her nephew.

Lejeune Marine Killed In Anbar Province (AP)

AP, September 3, 2006

CAMP LEJEUNE, N.C. -- Another Marine from Camp Lejeune has been killed in combat in the Anbar province of Iraq, the Department of Defense said Friday.

Pfc. Colin J. Wolfe, 18, of Manassas, Va., died Aug. 30 while conducting combat operations in Al Anbar province. He was assigned to the 3rd Battalion, 2nd Marine Regiment, 2nd Marine Division, II Marine Expeditionary Force, at Camp Lejeune, N.C.

Wolfe, who deployed in July and was scheduled to return in February, was riding in the back of a truck when it hit a roadside bomb, his father, Mark Wolfe told The Washington Post.

His family remembers him as a a typical teenager interested in soccer, football and girls, his father said. But there was also a strong desire to be a Marine, especially after the Sept. 11, 2001 terrorist attacks.

"He was doing what he wanted to do, and he was believing in what he was doing," Mark Wolfe said. "And so it was not a wasted death."

The 2005 Osbourn High School graduate also was a ballet dancer _ a talent he didn't talk about often, but every one knew about.

"He was talented. At some level, he took pride in it," Mark Wolfe said.

Wolfe was at least the third Lejeune-based Marine to be killed in Iraq this week.

Cpl. Christopher Tyler Warndorf, 21, of Burlington, Ky., died Tuesday in combat in the Anbar province. He was assigned to the 3rd Battalion, 8th Marine Regiment.

Lance Cpl. Donald E. Champlin, 28, of Natchitoches, La., died Monday at Landstuhl Regional Medical Center in Germany after being wounded in Anbar. He was a member of the 3rd Battalion, 2nd Marine Regiment.

Endurance Meets Doubt In Iraq (NYT)

By Michael R. Gordon

The New York Times, September 3, 2006

HIT, Iraq

SOON after Specialist Michael Potocki was shot and killed in June, the soldiers in his platoon agreed on their goal for the months ahead: to survive and make it home alive.

Survival may be the only thing the troops here agree on. The first death of a comrade in battle is always an emotional shock, and the views from the foxhole here are probably as varied as the 34 soldiers. Still, in this hostile stretch of western Iraq, some of the troops have begun to wonder if the presence of United States forces here is worth the cost in American lives.

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The vision at the top is that the forces here are a small but vital part of the counterinsurgency campaign, which requires patience and continued sacrifice until newly minted Iraqi forces are ready to take over.

"The coalition needs to leave, but not too fast," says Lt. Col. Thomas Graves, who commands Task Force 1-36, the Army unit responsible for securing the town.

Staff Sgt. Ryan Poetsch, who did a previous tour in Baghdad and serves in Specialist Potocki's platoon, acknowledges that he does not always have the big picture. But he does have a view from the streets in Hit and questions the strategy.

"As a soldier, I am going to do whatever we got to do," he said. "As a personal opinion, I don't think we need to be in this city, period. How much money and how many soldiers is it going to take when these people don't want our help? They just don't. We don't even know who we can trust."

Hit is a tough assignment. The predominantly Sunni town of some 65,000 sits astride the Euphrates in Anbar Province. Saddam Hussein hid in the nearby palm groves soon after escaping from Baghdad in April 2003, a telling indication that the town contained more than a few supporters of the old order.

The overstretched American military got off on the wrong foot here. In the year before Colonel Graves's task force arrived last February, an array of American units rotated through the area, a pattern that made it more difficult for the United States to cultivate relationships with the locals.

The current task force's deployment will last a year, but the mechanized unit has only some 600 troops — far fewer than some of its predecessor units. Many of the city's residents believe that the surest way to put an end to the roadside bombings, sniper attacks and mortar rounds would be for the Americans to deprive the insurgents of their target by leaving.

Colonel Graves seems to have the perfect résumé for the job.

A native of Killeen, Tex., he did a stint on a task force that studied the lessons of the Iraq invasion and served a previous tour as the Army wrestled with insurgent-infested Ramadi. Lean, taciturn and focused, he often jogs around the perimeter of his camp on Hit's outskirts, in part to help him think about the decisions ahead.

Hit's police force was overrun by the insurgents last year, and Colonel Graves has told the town elders that American forces will not leave Hit before a new police force is recruited, trained and on the streets.

Soon after a July police recruiting drive ended, he got into an armored Humvee and headed downtown to hear what the imams were saying at the local mosques. An interpreter scribbled down a sermon blasting from a loudspeaker. It implored the faithful not to cooperate with their occupiers.

Still, the colonel says he is making headway.

"Given where I was in Ramadi, I see progress," he said. "In January 2005 we could not get anybody in Ramadi to participate in the political process. Now you have the citizens of Hit who at least understand that process even if they don't necessarily agree with it."

The colonel is aware that the grunts on the ground may not be making that comparison.

"The leap of logic that is really hard is: What does the daily patrol downtown in Hit do to stabilize the country?" Colonel Graves said. "The answer is that it goes to securing the area so we can get some breathing space to build the Iraqi institutions, to train the Iraqi army and police.

"It is not as simple that if you just leave, everything will be fine. We left Falluja and what happened? It became a haven for murder and intimidation. If you leave too early you create a chaotic situation."

For some troops it is satisfying to know that they are professionals taking on an enormously demanding mission.

A 34-year-old Marine reservist from Detroit, Maj. Brent Lilly, leads the civil affairs team. A practicing Muslim who speaks some Arabic, his goal is to improve the city's ailing infrastructure, show the Iraqis that the Americans can be trusted and pick up some useful intelligence along the way.

The military has distributed $100,000 for sewage, water distribution and other projects, and has plans to spend much more if security improves. Major Lilly, however, is under no illusion about the difficulty of winning over the city's residents.

"Over all, they just tolerate us," he said. "We're here, and they have no other recourse but to tolerate us. The great majority want us to go home."

Asked how he carries on, Major Lilly says he is a Marine officer who is doing his job.

While it is difficult to gauge their numbers with precision, there are pockets of dispirited troops who are no longer convinced that Washington has committed the resources for a winning strategy.

Sergeant Poetsch, 31, comes from a small town in Ohio. He re-enlisted in the Army just before returning to Iraq, believes the military has made him a better person and says he would like to work as an Army recruiter. His parent battalion — 1st Battalion, 6th Infantry Regiment — is currently fighting in Ramadi, but his company was sent to Hit to augment the Army task force here.

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Sergeant Poetsch thought the United States was doing the right thing by toppling Saddam Hussein. But the Army, he says, does not have nearly enough troops to patrol the city effectively, and he says Hit's residents, unlike the people he encountered during his previous tour in Baghdad, do not want to have much to do with the Americans.

"At the beginning, I was all for it," he said. "Saddam Hussein was not a good guy, and I always felt good that he is gone. But somehow it seems it seems that we lost direction. It is just hard for guys here to understand what we are doing. What makes it so significant if we can't have more manpower and better living conditions?"

The task force has rotated the companies among several bases in and around the city. Firm Base 1, where the platoon used to live in the city, is austere even by military standards. On the wall of one room there is a scrawl of graffiti: "God doesn't live here."

Sergeant Poetsch was with Specialist Potocki when he was shot as they manned a combat outpost in the city. At first, it seemed that the 21-year-old specialist from Baltimore would be all right, but he later died from internal bleeding.

The loss of a comrade hit the platoon hard, as Sgt. Ryan Kahlor, 22, noted in an emotional letter to his parents in San Diego.

"The world keeps turning and so does the fighting in Iraq," he wrote. "Yesterday, my soldier and friend was shot and killed. ...He is the first one in our platoon to be killed. His death has started an uproar of emotions in the platoon."

"No one understands why we are here and what our mission is," Sergeant Kahlor added. "This war is lost. We aren't helping these people. We are just dying and getting injured."

To deal with their grief, the platoon drew a memorial for Specialist Potocki and two wounded soldiers on a wooden door in one of their sandbagged rooms. They plan to bring it back to their home base in Germany. But it is not time to leave yet, and even demoralized troops need a mission.

"We are here for each other to make it home," said Sergeant Poetsch. "That's what our motto is. After Potocki went down we sat the platoon down and talked about that even if you don't believe in what is going on, at least we fight for each other. That is how we are going with it now."

U.S. Hands Prison Back To Iraqis (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, September 3, 2006

The notorious facility at Abu Ghraib is emptied. Around the nation, the civilian death toll rises.

BAGHDAD — The U.S. military officially handed over the notorious Abu Ghraib prison to the Iraqi Justice Ministry on Saturday, having moved the final 3,000 inmates to detention facilities at Camp Cropper in Baghdad and Camp Bucca in southern Iraq last month.

The transfer took place on a day that 45 deaths were reported, including 14 Indian and Pakistani pilgrims on their way to the holy Shiite cities of Karbala and Najaf.

The prison is a symbol of both the brutality of Saddam Hussein's regime and, after photographs of prisoner abuse at the hands of U.S. soldiers came to light in April 2004 and February 2006, the ethical perils of the U.S.-led invasion of Iraq.

The emergence of the Abu Ghraib photos, showing naked Iraqi prisoners being humiliated by smiling soldiers and barking dogs, are widely believed to be one of the most damaging blows to American prestige since the conflict began 3 1/2 years ago.

To date, 11 mostly low-ranking soldiers who worked at the prison have been convicted of crimes, including indecent acts, conspiracy and mistreatment of prisoners.

As a result of the Abu Ghraib scandal, Army Reserve Brig. Gen. Janis Karpinski, who ran the prison at the time, was demoted to colonel, and Lt. Gen. Ricardo Sanchez was passed over for an appointment to a four-star command.

Abu Ghraib became a lightning rod for critics around the world and an inspiration for the rising insurgency in Iraq. In 2004, insurgents released a video showing the beheading of American contractor Nick Berg in response to mistreatment of Iraqi prisoners at Abu Ghraib. In 2005, insurgents staged an unsuccessful prison break with a 200-man attack on the prison that utilized a barrage of mortar rounds and three suicide vehicle bombs.

In a brief announcement Saturday, Iraqi government spokesman Ali Dabbagh said the prison was empty of prisoners, most of them freed in recent months by Prime Minister Nouri Maliki as a gesture of reconciliation to Sunni Arabs. Iraqi human rights activist Sheik Omar Jibouri and other Iraqi leaders have called for the prison to be converted into a museum devoted to the memory of those who suffered and died there.

More than 13,000 prisoners are still in U.S. custody in Iraq. Many have been held for months without formal charges or access to Iraqi courts.

The Iraqi government holds at least 15,000 more detainees, often in deplorable conditions. In an article published this year, The Times cited internal investigative documents describing beatings, rapes and killings of detainees by prison guards.

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Maliki visited Iraq's most revered and influential religious leader, Grand Ayatollah Ali Sistani, Saturday in Najaf to discuss a Shiite militia uprising last week that left 90 dead. Militiamen killed 25 Iraqi army soldiers in the battle, which ended only after a U.S. F-16 dropped a 500-pound bomb on fighters' positions.

The two leaders discussed the thorny issue of controlling Shiite militias, a security sweep underway in Baghdad by U.S. and Iraqi troops and the need to provide the Iraqi people with public resources such as electricity and fuel, Sistani's representatives said. They said Sistani expressed concern about government corruption and inequities in income, but praised Maliki's attempts to bring more Sunni Arab militants into the political process.

In the northern Kurdistan area, regional President Massoud Barzani issued an order banning the Iraqi national flag at all regional offices and checkpoints.

"Under this flag thousands of our people were killed, tortured and displaced," said Khalil Ibrahim, a Kurdistan regional parliament member.

Barzani's move drew a rebuke from the Muslim Scholars Assn., a prominent group of Sunni Arab clerics, who called it "an unjustified action."

Among the deaths reported Saturday across Iraq, the Indian and Pakistani pilgrims were killed on their way to worship at the Shiite holy cities of Najaf and Karbala. Forensic examiner Saad Abdalamir said the group had attempted to trek from Syria through Al Anbar province, the heart of the Sunni Arab insurgency. "All of them were tortured, killed and mutilated," he said.

Morgue workers at Yarmouk Hospital in Baghdad said they had received 16 bodies, including those of four relatives who were shot in the southwest neighborhood of Jihad and three people who had been handcuffed and shot in the head.

In south Baghdad, a car bomb exploded between a police station and gas line, killing four people.

Gunmen killed two people in the Yarmouk neighborhood in southwest Baghdad, and a mortar round killed one person in southeast Baghdad.

In Baqubah, 35 miles northeast of Baghdad, gunmen killed six people, including three traffic policemen.

In the southern port city of Basra, police found the bodies of two women in an industrial area, and British military officials said that unknown attackers fired 10 missiles at their base at the Shat al Arab hotel. The missile barrage caused no troop casualties, British officials said.

solomon.moore@latimes.com

Times staff writers Saif Rasheed and Raheem Salman in Baghdad and special correspondents in Baghdad, Najaf, Irbil, Baqubah, Amarah and Basra contributed to this report.

Army Officer Calls For Death In Slaying Case (NYT)

By Paul Von Zielbauer

The New York Times, September 3, 2006

BAGHDAD, Iraq, Sept. 2 — An Army officer has recommended that four soldiers accused in the killings of three Iraqi men during a raid in May be court-martialed, and that the soldiers face the death penalty, one of the soldier's lawyers said Saturday.

The officer, Lt. Col. James P. Daniel, made his recommendation for the death penalty after finding "aggravating circumstances" in the case, according to Paul W. Bergrin, the lawyer.

The soldiers, all members of the Third Battalion, 187th Infantry Regiment, 101st Airborne Division, were charged with carrying out a plan to murder the three Iraqis after arresting them during an assault on what they thought was an insurgent stronghold northwest of Baghdad.

The soldiers have denied any wrongdoing. After the arrests, the soldiers are said to have released the Iraqis. The two soldiers accused of killing the men as they ran away — Specialist William B. Hunsaker and Pfc. Corey R. Clagett — said they had shot in self-defense after the three escaped from plastic "zip-tie" handcuffs and attacked them.

A third soldier, Staff Sgt. Raymond L. Girouard, the unit's ranking member, is accused of devising a plan to cut off the men's cuffs, punching Private Clagett and cutting Specialist Hunsaker to give the appearance that they were attacked, and then allowing those two soldiers to spray the men with gunfire as they fled.

The fourth, Specialist Juston R. Graber, was accused of "mercy killing" — shooting one of the Iraqis in the head as the man lay dying.

The recommendations, issued Thursday, were the culmination of a military investigative hearing last month to determine whether enough evidence existed for a court-martial. Such recommendations are not binding, though they are usually followed by the convening authority — an Army major general, in this case.

Mr. Bergrin, a New Jersey lawyer representing Private Clagett, said Saturday in a telephone interview from Newark that he was "in total disbelief" at the recommendation and that the soldiers had acted in self-defense.

Attempts to reach Colonel Daniel and other lawyers in the case were not successful.

A court-martial could be held on a military base in Iraq or in Fort Campbell, Ky., where the soldier's battalion is based.

Army Official Recommends Court-Martial For Soldiers (WP)

By Ann Scott Tyson, Washington Post Staff Writer

The Washington Post, September 3, 2006

Charges Could Carry Death Penalty

An Army investigator has recommended a general court-martial, on charges that could carry the death penalty, for four U.S. soldiers who killed three Iraqi detainees during a May raid, according to a copy of his findings made available to The Washington Post.

The soldiers, all members of the 101st Airborne Division, maintain that they acted in self-defense after the detainees resisted, and further that they had been ordered, before the raid on an al-Qaeda training camp, to kill all military-age males they came across, attorneys for the soldiers said yesterday.

In a 10-page report dated Aug. 31, Lt. Col. James P. Daniel Jr., the Army investigator, recommended that three of the soldiers -- Staff Sgt. Raymond L. Girouard, Spec. William B. Hunsaker and Pfc. Corey R. Clagett -- be charged with conspiring to commit premeditated murder of the detainees and then threatening another soldier not to tell anyone. Daniel found that Spec. Juston R. Graber withdrew from the conspiracy but still should face murder charges for following Girouard's order to shoot a detainee in the head.

In light of aggravating factors, Daniel wrote, the soldiers' alleged offense "warrants a sentence of death," should they be found guilty. All the soldiers are from the 3rd Battalion, 187th Infantry Regiment of the 101st Airborne, based at Fort Campbell, Ky.

"I was extremely disappointed in the findings and recommendations," said Paul Bergrin, who represents Clagett. "Not one shred of credible evidence came forth that any one of these soldiers committed crimes or should face the death penalty."

"I was really shocked to see that on all of them," Michael S. Waddington, an attorney for Hunsaker, said, referring to the death-penalty finding. He said the soldiers believed they had captured al-Qaeda operatives, "so when they resisted and started to run, they dropped into a hostile status again, and under those circumstances it was a legal shooting."

A U.S. military spokesman in Baghdad, Lt. Col. Barry Johnson, declined to comment on the report, saying it had not yet been officially released.

Daniel's report will go to the commander of the 101st Airborne Division, Maj. Gen. Thomas R. Turner II, who will decide whether the case should go to court-martial and whether it will be a death-penalty case, the attorneys said.

Bergrin and Waddington said their clients, as well as the two other soldiers, plan to plead not guilty at a court-martial.

Under the Uniform Code of Military Justice, the commander in chief must personally approve all death sentences. The last execution of a soldier was in 1961 at Fort Leavenworth, Kan., Army spokesman Lt. Col. Carl S. Ey said.

Details of Daniel's findings were first reported by the Associated Press.

4 Soldiers Eligible For Execution If Convicted (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, September 3, 2006

WASHINGTON — Four U.S. soldiers accused of murdering three detainees during a raid in Iraq in May are eligible to receive the death penalty if convicted, a military investigator has determined.

In a report summarizing the military equivalent of a grand jury investigation, Lt. Col. James P. Daniel Jr. concluded that four members of the 101st Airborne Division deliberately killed the detainees and then tried to cover up by making it look as if the prisoners had attempted to escape.

The four soldiers, Staff Sgt. Raymond L. Girouard, Spc. William B. Hunsaker, Pfc. Corey R. Clagett and Spc. Juston R. Graber, say they are innocent, and lawyers for two of the men called the death penalty eligibility egregious.

"They are trying to say these are just rogue soldiers and this has nothing to do with battle stress or orders. We disagree," Michael Waddington, Hunsaker's civilian lawyer, said Saturday.

The three men who were killed have not been identified. They are referred to only as "detainees of apparent Middle Eastern descent" in the investigator's 10-page report.

A copy of the report, dated Aug. 31, was obtained by The Times on Saturday. Army spokesmen in Iraq and Washington declined to comment. The report findings were first disclosed Saturday by the Associated Press.

At least 20 U.S. service members have been charged in connection with the deaths of Iraqis in the war. Most cases have resulted in acquittals or conviction on lesser charges.

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Military executions are rare. The last soldier to be put to death — for rape and attempted murder of a child while the soldier was stationed in Europe — was hanged in 1961.

The final decision to carry out a military death sentence must be affirmed by the president. In 1997, then-President Clinton authorized life in prison without parole as an alternative to death.

Among the few on military death row at Ft. Leavenworth, Kan., is ex-Army Sgt. Hasan Akbar, convicted of killing two service members and wounding 14 in an attack on his own base at the start of the Iraq war.

The killing of the three detainees has raised questions that go beyond the four accused soldiers. The military is also investigating whether Col. Michael Steele, commander of the 101st Airborne Division's 3rd Brigade, encouraged unrestrained violence and condoned a culture of racism among his troops. Investigators have said that Steele handed out knives to his soldiers as rewards for killing insurgents.

All four of the accused were members of his brigade.

Steele, a storied officer who led the Somalia rescue mission recounted in the book and movie "Black Hawk Down," has been issued an administrative reprimand. He denies the accusations and is fighting the disciplinary action against him.

The May 9 raid targeted insurgents believed to be operating on an island near Samarra, in the vicinity of a chemical complex. According to testimony at the investigative hearing, the U.S. soldiers taking part in the raid believed they were under orders to kill all military-age men. The three detainees who were killed had been taken into custody and bound with plastic handcuffs.

Pfc. Bradley L. Mason testified that the four accused soldiers had taken the detainees out of a house they were searching and had indicated they were going to kill them. Mason, who had already shot and killed one man standing in a window, said he remained behind.

Mason testified that he heard gunfire. He said one of the accused soldiers told him the detainees had broken free and attacked, forcing them to shoot. The same soldier later told him that the escape story was made up, Mason testified. Mason also said he was threatened and pressured to keep quiet about the incident.

The investigator's report charged the accused soldiers with "staging the murder scene" to make it look as if the detainees had cut Hunsaker with a knife and hit Clagett as they purportedly tried to escape.

Clagett's civilian lawyer, Paul Bergrin, suggested it was Mason who was not telling the truth.

"Hunsaker was cut and stabbed; Clagett was hit in the face," Bergrin said Saturday. "The detainees cut themselves free while in the course of trying to escape. Using reasonable and necessary force, [the accused soldiers] shot and killed three detainees who were known terrorists."

Bergrin said his client and the other soldiers were being prosecuted "because of the political climate," and he said they would be acquitted at court-martial, which is expected to take place at Ft. Campbell, Ky., the home base of the 101st Airborne.

The four have been jailed in Kuwait since their arrests.

Army Recommends Death In Iraq Slayings (AP)

By Alicia A. Caldwell

AP, September 3, 2006

An Army investigator has recommended that four soldiers accused of murder in a raid in Iraq should face the death penalty if convicted, according to a report obtained Saturday by The Associated Press.

Lt. Col. James P. Daniel Jr. concluded that the slayings were premeditated and warranted the death sentence based on evidence he heard at an August hearing. The case will now be forwarded to Army officials, who will decide whether Daniel's recommendation should be followed.

The soldiers, all from the Fort Campbell, Ky.-based 101st Airborne Division's 187th Infantry Regiment, are accused of killing three Iraqi men taken from a house May 9 on a marshy island outside Samarra, about 60 miles north of Baghdad.

Staff Sgt. Raymond L. Girouard, Spc. William B. Hunsaker, Pfc. Corey R. Clagett and Spc. Juston R. Graber have claimed they were ordered to "kill all military age males" during the raid on the island. According to statements from some of the soldiers, they were told the target was an al-Qaida training camp.

Hunsaker told investigators that he and Clagett were attacked by the three men, who were being handcuffed, and shot them in self-defense. Clagett said he was hit in the face, and Hunsaker claimed he was stabbed during the attack.

Prosecutors argue the soldiers conspired to kill the men and then altered the scene to fit their story. They contend Girouard stabbed Hunsaker as part of the killing plot.

Clagett, Girouard and Hunsaker also are accused of threatening to kill another soldier who witnessed the slayings. Girouard, the most senior soldier charged, faces several additional charges, including sexual harassment and carrying a personal weapon on duty.

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Paul Bergrin, Clagett's civilian attorney, said he was surprised that Daniel recommended the case be taken to trial at all.

"I'm extremely disappointed and disheartened," Bergrin said Saturday. "They are being used as pawns in the war on terror. They followed the rules of engagement. They were confronted with violence by a known al-Qaida training camp member."

Other lawyers in the case, several of whom are deployed to Iraq, did not immediately respond to e-mail requests for comment.

The soldiers are expected to be tried at Fort Campbell. They have been jailed in Kuwait since their arrests this year.

The U.S. military has not executed a soldier since the 1960 hanging of a soldier convicted rape and attempted murder.

Britain's Blackest Day In Afghanistan: 14 Troops Die In Plane Crash (AFP)

AFP, September 3, 2006

British troops in Afghanistan suffered their biggest loss of life in a single incident when an aeroplane flying on a NATO mission crashed, killing 14 people on board.

The Royal Air Force Nimrod MR2 reconnaissance plane came down in Kandahar province in southern Afghanistan due to a technical problem, a NATO spokesman said in Kabul, stressing that it was not shot down.

Twelve RAF personnel, a Royal Marine and a British Army soldier were killed.

The crash brings the number of British armed forces personnel deaths in Afghanistan since the start of operations against the hardline Taliban regime in 2001 to 36, including 15 in combat.

Six soldiers were killed last month alone and the steadily rising death toll has left some questioning the mission and wondering how much longer Britain can tolerate such losses.

Prime Minister Tony Blair said the crash was a "tragedy" which would "distress the whole country".

"British forces are engaged in a vital mission in Afghanistan and this terrible event starkly reminds us of the risk that they face daily," he said.

Britain has nearly 4,000 troops in Helmand as part of a NATO-led force working to bring security to the restive southern province.

With a sizeable British presence also in Iraq, accusations -- denied by the government and military top brass -- have mounted in recent months that troops are overstretched and ill-equipped.

Brigadier Ed Butler, the commander of British forces in Afghanistan, said the recent spike in deaths had caused "profound personal devastation" among families, friends and colleagues.

"Notwithstanding today's accident, and other losses suffered so far, the resilience, morale, and bearing of our servicemen and women is quite remarkable," he said.

"I am humbled by their courage and commitment in getting on with the tough job in hand; delivering over and above, and making a difference to the ordinary people of Afghanistan."

Defence expert Major Charles Heyman said the crash would inevitably cause military and political problems for Blair's government.

"It's always going to have an effect on domestic public opinion: people are going to say, 'what are our troops doing there?'," the military analyst said.

"Overall, it begins to look like an unlucky operation.

"These soldiers are the finest infantry in the world, but they will look at each other and say 'who's next?.'"

He said Pakistani contacts told him "the hills are crawling with well-armed and well-trained Taliban".

"Given this fact, the government has two options: massive reinforcement or order them to withdraw."

The latest deaths come just a day after a Fijian British Army soldier died fighting militants loyal to the deposed Taliban regime in Helmand.

Britain's Defence Secretary Des Browne called the crash "dreadful and shocking news".

He said work was ongoing to secure the site of the crash.

"All the indications are that this was a terrible accident and not the result of hostile action," he added.

"This tragic incident should serve to remind us all of the risks the British military shoulder on all our behalf across the world every day."

French President Jacques Chirac expressed his "deep emotion" to Blair in a letter. He also voiced his "solidarity in adversity".

Lieutenant General David Richards, the British general in charge of NATO forces in Afghanistan, said they had set themselves a six-month deadline to establish a clear advantage over Taliban insurgents, in an interview with the Financial Times newspaper published earlier Saturday.

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14 British Troops Die In Crash (WT/AP)

By Noor Khan, Associated Press

The Washington Times, September 3, 2006

KANDAHAR, Afghanistan -- A British patrol plane crashed yesterday, killing 14 servicemen in the worst loss of life for the NATO-led security force since it took on the mission of taming insurgents in Afghanistan's volatile south a month ago.

A spokesman for the ousted Taliban movement claimed guerrillas shot the plane down with a Stinger missile, but British Defense Secretary Des Browne said the loss appeared to be "a terrible accident." The alliance said the plane's crew had reported a technical problem.

The crash took place as Afghan and foreign troops carried out a big operation near Kandahar, a former Taliban stronghold in a region that has seen a surge of violence. Afghan officials said 13 policemen, 13 insurgents and a civilian had died in clashes across the south since Friday.

Separately, a United Nations report released yesterday in Kabul found that opium cultivation in Afghanistan is spiraling out of control, rising 59 percent this year to produce a record 6,100 tons -- nearly a third more than the world's drug users consume.

Antonio Maria Costa, the U.N. anti-drug chief, called the results "very alarming." He said the government of Afghan President Hamid Karzai had to do much more to root out graft and remove ineffective governors and police chiefs in opium-growing provinces. He accused corrupt administrators of pocketing aid money.

Meanwhile, the British Defense Ministry said the crashed plane was a Nimrod MR2, a long-range aircraft that can carry up to 25 persons and a crew of 13 for reconnaissance and communications missions. The dead included 12 Royal Air Force personnel, a Royal Marine and an army soldier.

Abdul Manan, a witness in Chalaghor, about 12 miles west of Kandahar city, said the plane crashed about 100 yards from his house and pieces of wreckage landed nearby. He reported seeing a fire at the back of the plane before it hit with an explosion that "shook the whole village."

Afghan and NATO troops are conducting a major offensive in Panjwayi district, where Chalaghor village is, but Mr. Manan said the fighting was six miles from the village. Earlier yesterday, authorities had ordered all traffic off roads in the district, warning that any vehicle "will be targeted" in case it was carrying Taliban militants.

Mr. Manan said troops on helicopters landed around the burning plane wreckage and kept onlookers away. He said he could see American soldiers picking up body parts.

Shortly after the crash, a purported spokesman for the fundamentalist Taliban movement, Abdul Khaliq, claimed responsibility for the crash, but it was impossible to verify the claim. "We used a Stinger missile to shoot down the aircraft," he said in a phone call to the Associated Press.

Maj. Scott Lundy, a spokesman for the NATO-led force, said that "there was no indication of an enemy attack."

Opium Harvest At Record Level In Afghanistan (NYT)

By Carlotta Gall

The New York Times, September 3, 2006

KABUL, Afghanistan, Sept. 2 — Afghanistan's opium harvest this year has reached the highest levels ever recorded, showing an increase of almost 50 percent from last year, the executive director of the United Nations Office on Drugs and Crime, Antonio Maria Costa, said Saturday in Kabul.

He described the figures as "alarming" and "very bad news" for the Afghan government and international donors who have poured millions of dollars into programs to reduce the poppy crop since 2001.

He said the increase in cultivation was significantly fueled by the resurgence of Taliban rebels in the south, the country's prime opium growing region. As the insurgents have stepped up attacks, they have also encouraged and profited from the drug trade, promising protection to growers if they expanded their opium operations.

"This year's harvest will be around 6,100 metric tons of opium — a staggering 92 percent of total world supply. It exceeds global consumption by 30 percent," Mr. Costa said at a news briefing.

He said the harvest increased by 49 percent from the year before, and it drastically outpaced the previous record of 4,600 metric tons, set in 1999 while the Taliban governed the country. The area cultivated increased by 59 percent, with more than 400,000 acres planted with poppies in 2006 compared with less than 260,000 in 2005.

"It is indeed very bad, you can say it is out of control," Mr. Costa said Friday in an interview before the announcement.

President Hamid Karzai expressed disappointment at the results in a statement issued on Saturday and urged the international community to expand its commitment to strengthen the Afghan police and law enforcement agencies.

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The Bush administration has made poppy eradication a major facet of its aid to Afghanistan, and it has criticized Mr. Karzai for not doing more to challenge warlords involved in opium production.

On Saturday, a State Department spokeswoman, Joanne Moore, had no immediate comment on the United Nations report, but she pointed to a fact sheet posted on the department's Web site that outlined efforts to support Afghanistan's counternarcotics campaign.

The increase in cultivation was mainly a result of the strength of the insurgency in southern Afghanistan, which has left whole districts outside of government control, and the continuing impunity of everyone involved, from the farmers and traffickers to corrupt police and government officials, Mr. Costa said.

Afghanistan is already the world's largest producer of opium, and 35 percent of its gross domestic product is estimated to come from the narcotics trade.

Most of the heroin made from Afghan poppies is sold in Europe and Asia, drug officials say. Most of the increase in poppy cultivation has occurred in five provinces in southern Afghanistan, in particular Helmand, Kandahar and Oruzgan, where security has sharply deteriorated this year because of Taliban attacks, Mr. Costa said.

"The southern part of Afghanistan was displaying the ominous hallmarks of incipient collapse, with large-scale drug cultivation and trafficking, insurgency and terrorism, crime and corruption," he said in a statement released by his office.

"We are seeing a very strong connection between the increase in the insurgency on the one hand and the increase in cultivation on the other hand," he explained in the interview.

The Taliban had distributed leaflets at night, inviting farmers to increase their poppy cultivation in exchange for protection, Mr. Costa said. The rebels also profit from levies in return for protection of drug convoys passing through the border areas they controlled.

There were also signs of a pernicious strategy to encourage farmers to increase poppy cultivation in an effort to force a government reaction, which would then turn the population further against the government, Mr. Costa said.

But he did not blame only the Taliban for the increase. He specifically accused the former governor of Helmand Province, Sher Muhammad Akhund, of encouraging farmers to grow more poppies in the months before he was removed from office. The result was an increase of 160 percent in that "villain province" from its harvest last year, he said, the highest rise in the country.

"There is evidence of major pressure exerted by him in favor of cultivating opium," Mr. Costa said.

In the news briefing on Saturday, Mr. Costa also criticized the government's action of removing the governor and giving him a position in the upper house of Parliament.

"I have been on record for asking the president for corrupt officials not to be moved around but to be removed, to be neutralized; if records can prove conviction, to be arrested and convicted. So far we do not have much evidence for that And we hope that more forceful initiatives will be taken exactly in that area," he said.

One province in the north, Badakhshan, where there is no problem of an insurgency, also had a significant increase in poppy cultivation.

Mr. Costa attributed that mostly to the lack of government control and the presence of powerful warlords and corrupt local officials. A substantial drought also played a part, because no alternative crop could survive as the poppies did.

While the government had improved its performance at eradication of the poppy crop, it had failed to do enough to catch traffickers and corrupt officials, he said.

The United Nations drugs office, which measures the eradication program, said about 38,000 acres of poppy fields were confirmed to have been destroyed, whereas only about 12,000 acres were confirmed destroyed last year. Government reporting on how much was eradicated was also less exaggerated, Mr. Costa said. In 2005, province governors had reported eradicating about 87,000 acres and the United Nations could only confirm 12,000 destroyed. In 2006, governors reported 57,000 acres destroyed, and the drug office confirmed 38,000, he said.

The United Nations drugs office surveys cultivation in Afghanistan through satellite imagery and with teams on the ground, who have even worked in Taliban-controlled areas. Usually they travel undercover on motorbikes, and they interview farmers and traders in more than 2,000 villages across the country.

International donors have put a lot of money into training judges and investigators and preparing high-security detention facilities for drug traffickers, and it was now time for the government to act, Mr. Costa said.

"I am pleading with the government to be much tougher," he said. A new high-security prison block would be inaugurated in a few weeks, he said. "We have room for 100 people and I am asking the government to fill it within six months," he said.

Afghanistan's minister for counternarcotics, Habibullah Qaderi, said at the news briefing that the news was a setback for his ministry and for the country. But he said the government's strategy to combat opium production would start to show results in the next three years.

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He said he hoped the government would be able to capture more high-level traffickers and corrupt officials. But he said it still lacked the capacity to investigate and catch the “big fish.”

Several hundred people have been arrested and convicted for drug offenses in recent months, but Mr. Qaderi admitted most were people who were caught carrying the drugs.

One significant prosecution involved an Interior Ministry official, Lt. Col. Nadir Khan, who was sentenced to 10 years in prison two months ago for stealing 110 pounds of heroin that had been impounded by drug enforcement authorities and selling it, a Western counternarcotics official said, speaking on condition of anonymity.

Afghanistan Opium Cultivation Skyrockets (AP)

By Matthew Pennington, Associated Press Writer

AP, September 3, 2006

Afghanistan's world-leading opium cultivation rose a "staggering" 59 percent this year, the U.N. anti-drugs chief announced Saturday in urging the government to crack down on big traffickers and remove corrupt officials and police.

The record crop yielded 6,100 tons of opium, or enough to make 610 tons of heroin — outstripping the demand of the world's heroin users by a third, according to U.N. figures.

Officials warned that the illicit trade is undermining the Afghan government, which is under attack by Islamic militants that a U.S.-led offensive helped drive from power in late 2001 for harboring Osama bin Laden and al-Qaida bases.

"The news is very bad. On the opium front today in some of the provinces of Afghanistan, we face a state of emergency," Antonio Maria Costa, chief of the U.N. Office on Drugs and Crime, said at a news conference. "In the southern provinces, the situation is out of control."

He talked with reporters after presenting results of the U.N. survey to Afghan President Hamid Karzai, who voiced "disappointment" over the figures. "Our efforts to fight narcotics have proved inadequate," Karzai said in a statement.

With the economy struggling, there are not enough jobs and many Afghans say they have to grow opium poppies to feed their families. The trade already accounts for at least 35 percent of Afghanistan's economy, financing warlords and insurgents.

The top U.S. narcotics official here said the opium trade is a threat to the country's fledgling democracy.

"This country could be taken down by this whole drugs problem," Doug Wankel told reporters. "We have seen what can come from Afghanistan, if you go back to 9/11. Obviously the U.S. does not want to see that again."

The bulk of the opium increase was in lawless Helmand province, where cultivation rose 162 percent and accounted for 42 percent of the Afghan crop. The province has been wracked by the surge in attacks by Taliban-led militants that has produced the worst fighting in five years.

Opium-growing increased despite the injection of hundreds of millions of dollars in foreign aid to fight the drug over the past two years. Costa criticized the international effort and said foreign aid was "plagued by huge overhead costs" in its administration.

Costa said Afghanistan's insecurity is fueling the opium boom, saying he has pleaded with the NATO force that took over military operations in the south a month ago to take a "stronger role" in fighting drugs. NATO says it has no mandate for direct involvement in the anti-drug campaign.

"We need much stronger, forceful measures to improve security or otherwise I'm afraid we are going to face a dramatic situation of failed regions, districts and even perhaps even provinces in the near future," Costa said.

The U.N. report, based on satellite imagery and ground surveys, said the area under poppy cultivation in Afghanistan reached 407,700 acres in 2006, up 59 percent from 257,000 acres in 2005. The previous high was 323,700 acres in 2004.

The estimated yield of 6,100 tons of opium resin — described by Costa as "staggering" — is up 49 percent from 4,100 tons last year, and exceeds the previous high for total global output of 5,764 tons recorded in 1999.

Last year, about 450 tons of heroin was consumed worldwide, 90 percent of it from Afghanistan, according to the U.N.

The report will increase pressure on the beleaguered Afghan president. Karzai has often talked tough on drugs, even declaring a "holy war" against the trade, but he is increasingly criticized for appointing and failing to sack corrupt provincial governors and police.

Costa urged the arrest of "serious drug traffickers" to fill a new high-security wing for narcotics convicts at Kabul's Policharki prison. "It has 100 beds. We want these beds to be taken up in the next few months," he said.

At the same news conference, the Afghan counternarcotics minister, Habibullah Qaderi, said the government had the will to make arrests, but lacked the capacity to gather evidence to prosecute "the big fish."

Yet he maintained that with its newly unveiled national anti-drugs strategy, Afghanistan could "control" drug production within five years.

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Costa was less upbeat. "It's going to take possibly 20 years to get rid of the problem," he said, citing the experience of former opium producers like Thailand, Turkey and Pakistan.

In an indication of the alarming extent of official complicity in the trade, a Western counternarcotics official said about 25,000 to 30,000 acres of government land in Helmand was used to cultivate opium poppies this year.

The official, who requested anonymity because of the sensitivity of the issue, said police and government officials are involved in cultivating poppies, providing protection for growers or taking bribes to ensure the crops aren't destroyed.

He said the Taliban — which managed to nearly eradicate Afghanistan's poppy crop in 2001, just before their ouster for giving refuge to Osama bin Laden — now profit from the trade.

In some instances, drug traffickers have provided vehicles and money to the Taliban to carry out terrorist attacks, he said. But added that the ties seem to be local and that there is no evidence of coordination between drug lords and the Taliban leadership.

Americans' Support For Afghan Military Action Drops In CNN Poll (BLOOM)

By Kerry Young

Bloomberg, September 3, 2006

Sept. 2 (Bloomberg) -- The number of Americans who approve of U.S. military action in Afghanistan dropped to 56 percent in a CNN poll last month, down from 92 percent in November 2001.

CNN today released results of a poll of 1,047 adult Americans, which Opinion Research Corp. conducted by telephone on Aug. 2 and 3. The poll's margin of sampling error was plus or minus 3 percentage points.

The U.S. invaded Afghanistan in October 2001 and ousted the Taliban regime that harbored the al-Qaeda terrorist forces that claimed responsibility for the Sept. 11 attacks. Many Taliban fighters have now returned or come out of hiding.

Violence has increased as a U.S.-led coalition, troops of the North Atlantic Treaty Organization and the Afghan military have cracked down on insurgents in more remote areas of the country. Hundreds of rebels have been killed in battles, mainly in the south and east, and insurgents have carried out suicide attacks and bombings.

The CNN poll found 28 percent of respondents said the U.S. is winning the war in Afghanistan, while 10 percent said the insurgents are. The poll found the majority of respondents, 58 percent, said neither side is winning.

A CNN poll in December 2003 found between 71 percent of Americans approved of U.S. military action in Afghanistan, and 83 percent did in September 2002.

The Department of Defense said that there were 329 U.S. casualties in the Afghanistan War as of Aug. 31.

Air Force Reservist Sen. Lindsey Graham Served In Afghanistan (MCT)

By James Rosen

McClatchy Newspapers, September 3, 2006

WASHINGTON - Col. Lindsey Graham, wearing Air Force desert fatigues and carrying a loaded 9mm pistol and, was growing frustrated as he stood before a roomful of Afghan military lawyers on a steamy August day in Kabul.

Graham was trying to use his Southern wit to lighten the complex principles and practices of U.S. military law he was teaching. The Republican's self-deprecating, cornball jokes play well on the Senate floor or back home in South Carolina, but in the Afghan capital, delivered through an interpreter, they were falling flat.

Each time the colonel cracked a joke, the few other Americans in the room broke out laughing while the Afghans sat stone-faced. In mock exasperation, Graham turned to the translator and said:

"You're not very funny!"

During his mid-August mission to train Afghan judges, lawyers and prosecutors in the struggling democracy's armed forces, Graham was the first sitting member of Congress in decades to perform military duty in a war zone.

"When you've been working in the military most of your life like I have, you relish the opportunity to put your skills to use in a time that it matters the most," Graham said Thursday in a phone interview from Montenegro in the Balkans.

An Air Force Reserve colonel, Graham served more than six years' active duty as a military lawyer, most of it in Europe, before joining Congress in 1995. Since then, he's sat as a judge on the Air Force Court of Appeals and pulled other Reserve duty. His eight-day trip to Afghanistan, Qatar and the United Arab Emirates was his first foreign assignment as a reservist.

The Afghanistan assignment appealed to Graham, 51, because he felt it would aid the country's rough transition to democracy.

"For us to win the war on terror, it's going to take more than bullets," Graham said. "Our hope is that if we can transform the military to accept the rule of law, it will spread to the civilian population in Afghanistan."

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Almost five years after U.S. forces toppled the Taliban regime, drug trafficking is soaring, the Taliban have retaken parts of the country and Afghanistan still endures widespread violence. There was a car-bombing in Kabul shortly before Graham's arrival, and NATO forces were fighting Taliban insurgents in southern Afghanistan during Graham's visit.

Training at Andrews Air Force Base in Maryland, Graham, an avid hunter, qualified as an expert marksman before his departure. He carried a pistol and traveled in an unmarked convoy with three other visiting U.S. officers.

Graham said he never felt directly threatened in Afghanistan, but felt the general danger.

"I realized I was in a war zone - that was never lost on me," Graham said. "I was probably at more personal risk because I went as a senator. I'm just a more visible target."

For security and personal reasons, Graham's trip wasn't publicized in advance, and his office issued no news releases afterward. Word of the unusual journey filtered out after the American Forces Press Service ran an article for military publications.

"I wasn't going to say a word about it because I know that my contribution is minimal," Graham said. "Quite honestly, I know the sacrifices that people are making are so much more than mine. It was something that was personal to me."

The Afghan parliament recently approved the post-Taliban government's first military code of justice. Graham spent part of his time describing its similarities with, and differences from, the U.S. military legal system.

Graham traveled with Maj. Gen. Jack Rives, who as Air Force judge advocate general is his boss in the Air Force Reserve.

Rives noted that while he had his own room and a private bathroom during the trip, Graham bunked with another colonel; they shared a hallway bathroom.

"He traveled as a colonel in the Reserves, and he was treated as a colonel in the Reserves," Rives said. "A lot of folks we met, of course, were aware of his status in civilian life, but not all of them were. Some of them were surprised when they found out."

A declining number of senators or representatives have any military experience - only about a quarter of the 535 members, at last count.

Graham is the only senator in the National Guard or Reserves. There are three representatives: Reps. Stephen Buyer, an Indiana Republican, and John Shimkus, an Illinois Republican, are in the Army Reserve; Rep. Mark Kirk, an Illinois Republican, is in the Navy Reserve. Rep. Joe Wilson, a South Carolina Republican, retired from the Army National Guard three years ago.

Buyer attends weekly drills with Graham, the other congressional Reservists and senior executive agency officials who retain their military commissions. Their unit is a special one for "Individual Mobilization Augmentees," Pentagon-speak for officers who because of their government positions aren't deployable for active duty.

"What is extraordinary about Lindsey doing this overseas is that he serves at no pay and he does not seek reimbursement for his expenses," Buyer said. "Lindsey is a talented lawyer, he is a good Air Force officer, and he's a good person. For him to go over and participate in teaching is crucial because, whether in Afghanistan or Iraq, establishment of the rule of law is so important."

Graham's experience as a military lawyer has helped put him in the middle of the most controversial policy debates and power struggles between Congress and the executive branch since the Sept. 11, 2001, terrorist attacks.

Graham has helped to try to negotiate compromises over the Bush administration's bid to try accused terrorists in closed military tribunals, employ rough interrogation techniques that border on torture and hold detainees without access to lawyers.

But during his two-day teaching stint in Kabul, it wasn't Graham's analysis of complex military and legal issues that drew the biggest response from the Afghan military lawyers.

The moment that most impressed them was when Graham said that he was following in the footsteps of earlier senators who also served in the military. As Graham paid homage to Strom Thurmond, he mentioned that the late senator from South Carolina had fathered two children after turning 70.

The Afghans broke out in applause, some rising to their feet.

"He almost got a standing ovation," said Rives, the Air Force judge advocate general. "The Afghans did appreciate that."

Fallen Soldiers' Families Say Bush Is 'genuine' (SLTRIB)

By Matthew D. LaPlante

Salt Lake (UT) Tribune, September 2, 2006

Robert Lehmiller isn't really the hugging type.

But when President Bush opened his arms to the father of fallen soldier Michael Lehmiller, the Clearfield man didn't feel he had much of a choice.

Lehmiller said the embrace he received from the president was "warm and sincere."

"It was unexpected and it was absolutely wonderful," Lehmiller said. "It felt as if our loss was truly heartfelt to him."

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Several "Gold Star" family members who met Bush while the president was in Salt Lake City this week were similarly impressed with the president's compassion. Bush may be a hard-talking Texan when he's playing the role of commander in chief, but in

Related Articles

Grand honor: George W. slept herethe presence of the families of those who have died in the wars he has directed, the president exudes something altogether different, the families say.

As a rule, the Bush administration doesn't comment on meetings the president has with families of the fallen. And although Bush hasn't attended any funerals for his war dead, he has not been completely successful at hiding his personal grief.

When Bush spoke in Salt Lake City on Thursday, most of those in attendance were veterans and members of the American Legion. But the front row of seats was filled with family members of fallen soldiers and Marines.

Among those in attendance were Amy and Tony Galvez, who the day before had laid their Marine son to rest at the Utah State Veterans Cemetery.

Bush's voice cracked slightly when he spoke about Adam Galvez and he appeared to wipe a tear from his eye as the audience stood to applaud the Galvez parents.

As the president was shaking hands after his speech, the Galvez family was swept away to a backstage room. Minutes later, Bush appeared at the door.

"He walked right in and gave us all a big hug," Amy Galvez said.

The grieving mother said Bush made her feel instantly comfortable.

"Under any other circumstances, I would have been very nervous," she said. "But he seemed so sincere and so genuine. He expressed his sympathy and I really think he felt deep sadness."

Galvez asked the president not to allow her son's death to be for naught. "He assured me that wouldn't happen," she said.

She said Bush also spoke with Adam's siblings, Sarah and Travis, inquiring about their schools and interests. But mostly, Galvez said, Bush tried to let them know he was aware of their sacrifice.

"What I got from him is that the decisions he makes he takes very seriously, knowing how it affects people and knowing that American lives are going to be lost," she said.

Carol Thomas Young, whose son Brandon was killed in Baghdad last year, said her brief encounter with Bush, as the president swept into the audience after his Salt Palace speech on Thursday, was "extremely meaningful."

The president was being pulled in all different directions, she said, "but he stayed there with us for several minutes and didn't walk away until we had been given the time we needed."

In those moments, Colleen Parkin placed her son's dog tags in the president's hand.

"I just want you to know that he served proudly under your command," Parkin told the president of her son, Matthew Smith, who died in a helicopter crash in Iraq last year.

"Of course, he doesn't really know how we feel, he couldn't," Parkin said. "But when you're with him, you feel that he does care."

Utah Lawmakers May Restrict Payday Loans To Military (AP)

AP, September 3, 2006

HILL AIR FORCE BASE State lawmakers may be calling for restrictions on loans made to military personnel following a recently released Department of Defense report that calls the payday loan industry harmful to the war on terrorism.

“Predatory lending undermines military readiness, harms the morale of troops and their families, and adds to the cost of fielding an all-volunteer fighting force,” the report said.

Twelve states prohibit triple-digit rates on payday loans, according to the Consumer Federation of America. They are Arkansas, Connecticut, Georgia, Maine, Maryland, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, Vermont and West Virginia. In New Mexico, borrowers can only renew payday loans twice.

Utah currently doesn’t regulate payday loans, but Rep. Paul Ray, R-Clinton, said it’s an issue that needs to be looked at.

“Both the religious and military community is very concerned about this issue,” Ray said. “I do have some major concerns, especially when it affects the readiness of our troops.”

The Pentagon has proposed an interest rate cap of 36 percent.

However, Ray, who works as a commercial mortgage broker, said he isn’t sure capping interest rates is the correct course.

“It is still too early to look at that,” Ray said. “Putting caps on interest rates can influence other lending areas.”

However, a spokesman for the Utah Consumer Lending Association and Check City, a leading short-term loan financial institution, called the federal report flawed and single-sided.

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"We think the department's report is deeply flawed," Cort Walker said. "The department relied on anti-business groups that lacked the data to make such a report. What we find interesting is that one of these anti-business groups published the report on its own before it was even given to Congress. It is biased."

Walker said the industry isn't targeting military members and many lending companies bend over backward to help servicemen.

"If there is a member of the military deployed, we would write that loan off," Walker said. "The member would be required to repay principal only. We aren't looking to impede their ability to deploy."

The Pentagon report cites one study that says military personnel are three times more likely to get a payday loan than a civilian. It estimates that 17 percent, or 225,000 members of the active duty force, uses payday loans.

The report said while it can make some improvements through education and regulations governing military personnel, it can't prevent predatory lending without help from Congress and the states.

Sen. Greg Bell, R-Fruit Heights, agrees there is a problem, saying it hurts more than military personnel.

"We need to do more about this industry," Bell said. "They prey on low-income folks as well as the military. These people fall victim to this. To me it's really usury."

Healing War's Wounds (NSWK)

By Karen Breslau, Newsweek

Newsweek, September 3, 2006

The Pentagon is testing a new approach to mending the growing number of severely injured soldiers: extreme sports. A ride on the rugged road to recovery.

Hey, have any of y'all seen the crocodile that got my arm?" U.S. Army Maj. Anthony Smith hoists his prosthetic hook, tied to a paddle, as he floats down Idaho's Salmon River in a large blue raft, manned by a cackling crew of fellow amputees. Momentarily rattled, a group of rafters resting onshore stare as Smith's boat glides by, before someone on the beach points down the rapids and yells, "He went that-a-way." Smith, digging his paddle back into the water, growls with mock pirate glee. "You should see what happens when I'm in a restaurant and I say to the waitress 'Can you give me a hand?' "

He can laugh now. It's the surest sign yet of the progress he's made since April 24, 2004, when Smith, then a captain with an Arkansas National Guard unit stationed near Baghdad, was struck by a rocket-propelled grenade. The three-foot-long missile lodged in his right hip, exploding as Smith's commanding officer rushed to help him. The blast cut Smith's rescuer in half. It blew off Smith's right arm and ripped open his abdomen, destroying one kidney and shredding his intestines, and shattering his femur and right hip. Heat from the explosion burned his retinas and melted his dog tags into his chest. As Smith staggered to his feet, insurgents opened fire, shooting him four times. By the time medics reached him minutes later, Smith had "flat-lined." Finding no pulse or respiration, they loaded him into a body bag and put his name on the list of those KIA, killed in action. Only as a soldier was preparing to zip shut the bag did she notice an air bubble in the blood oozing from Smith's neck wound. "They said, 'Hey, this guy's still alive'," Smith says.

Two and a half years later, Smith recounts his own resurrection in vivid detail—not because he remembers (he was in a coma for six weeks), but because he has pieced the story together from conversations with his wife, Jackie, and the dozens of doctors who labored to save him. Smith has endured more than 30 surgical procedures to reconstruct his abdomen, the remains of his right arm, his burned face and the gaping wound in his hip, now painfully infected. He must be constantly monitored for signs of traumatic brain injury that may have resulted from the force of his skull's slamming against the inside of his helmet.

Though Smith's tale of survival is extreme, it is no longer unheard of. Thanks to advances in combat medicine and body armor, more than 90 percent of the 20,000 U.S. forces wounded to date in Iraq and Afghanistan are surviving their injuries. (In Vietnam, that figure was closer to 75 percent.) That is encouraging news, to be sure, especially as the U.S. body count in the Iraq war approaches 2,600. But it also presents a huge challenge for the military as this sizable population of wounded veterans returns to society, bearing complex disabilities that will require lifelong care.

To address the problem, the military has adopted a holistic mind-body approach, deploying a fleet of experts ranging from orthopedic surgeons to therapists to work on the wounded. Doctors insist on group therapy to help cope with the guilt that often dogs survivors who have lost—or left—comrades on the battlefield. Of special concern are the service members, like Smith, classified by the Pentagon as "severely injured"—having lost limbs or eyesight, or suffering burns, paralysis or debilitating brain injuries that will not emerge fully in some cases for years. "Technology has advanced to the point where we can salvage patients who would not have survived before," says Lt. Col. John McManus of the Army's Institute for Surgical Research in San Antonio, Texas. "The bigger test is psychological. Can we restore a life worth living?"

The Pentagon has recently begun testing more experimental methods, rehabilitating wounded service members with extreme sports designed to build muscle—and self-confidence. Early next year the Center for the Intrepid, a privately funded $45

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million rehab facility featuring rock-climbing walls and an indoor surfing tank, will open on the grounds at Brook Army Medical Center in San Antonio, offering lifelong privileges to those wounded in Iraq and Afghanistan. At BAMC, wounded soldiers are encouraged to get moving as soon as possible, a strategy that promotes independence and wards off depression. Learning to accept their disfigured bodies is "an immense emotional challenge," says Dan Blescini, a psychiatric nurse at BAMC. "They want to know 'Am I a man? Is someone going to love me?' This isn't exactly the stuff you expect the Army to talk about, but this is what's on everyone's mind."

Patients who work out regularly, lifting weights and yanking pulleys from their wheelchairs, often with burned and mangled limbs, are rewarded with all- expenses-paid outdoor expeditions. It was just such an invitation that brought Smith, two other wounded service members and their wives to the Salmon River last month. They were the guests of Sun Valley Adaptive Sports—one of several private nonprofits consulting with the Pentagon. On the week's agenda: white-water rafting, paragliding, rock climbing and horseback riding. With the group is Erik Schultz, a backcountry sports enthusiast who was paralyzed in a skiing accident eight years ago. During his darkest depression, says Schultz, friends "literally dragged me" on a camping trip. After a week in the wilderness, "I was bursting with self-confidence. Things didn't seem that hard anymore." He hopes that his presence in a wheelchair, fly-fishing from a rocky beach and whooping his way down the river, will help "demystify" disabled life for the wounded service members.

Free from their hospital routines, and the weight of their wounds, Smith and the others spend their days splashing like kids. U.S. Marine S/Sgt. Damion Jacobs, who lost his right leg below the knee to an IED near Fallujah six months ago, removes his prosthetic and props it in the sand like a coffee table; he leans against it while watching the show. Jacobs plans to take his Marine Corps physical and return to active duty. Army Spc. Andrew Soule, an intense, dignified 25-year-old who has emerged as the star of BAMC's rehab program, says that before his injury, he wasn't "much of an athlete." A year ago Soule lost both legs and suffered a severe arm injury in a bomb blast in Afghanistan. Now he kayaks, hand-cycles and surfs. On the first day of the river trip, one of Soule's carbon-fiber prosthetics is fractured. He tosses the limb aside and, for the next five days, kayaks legless, dragging his body over rocky beaches, even climbing stairs, with his arms. "People have this tendency to overreact," says Soule, who left Texas A&M after 9/11 to join the Army. "They don't know how much you can do for yourself."

Even Soule is amazed by how far he has come. As he lay tourniqueted on the ground last year next to the wreck-age of his Humvee near the Pakistani border, waiting for a helicopter to rescue him, Soule's squad leader leaned over him and instructed the young soldier to repeat over and over, "I'm going to live. I'm going to live." It's a lesson he carried with him, down the Salmon River and beyond.

Soldiers Who Lost Limbs Learn To Surf (USAT/AP)

AP, September 3, 2006

PISMO BEACH, Calif. (AP) — As a child of 1970s California, Derek McGinnis felt that riding waves was like a birthright, and losing his left leg to a suicide bomber in Iraq wasn't going to stop him from surfing again.

So, he rallied nearly a dozen other wounded-in-action amputees he met in a military hospital and brought them to one of California's last old-fashioned beach towns.

For some of them, the roiling ocean was a second home. The closest others had come to riding waves were movies.

McGinnis brought determination.

"I have a board and (have to) make sure I keep on using it," said McGinnis, 28, a Navy petty officer and medic who began surfing at 10 in Northern California. "I said 'Man, I've got to be able to do it. It's possible.'"

So there he stood one foggy August morning, with an ear-to-ear grin and wearing a brand new wet suit.

With him on the beach was Tim Brumley, who had never handled a surfboard before though he looked the part with his short-cropped, blond hair. The former paratrooper, who lost a leg in Afghanistan last year, had never even seen the Pacific, save for a fleeting glimpse when he visited San Francisco as a kid.

However, as a teenager in New Mexico, Brumley saw a classic flick with some of the best surfing ever committed to film.

"When I saw Point Break I said, 'That's it! I want to surf!'" declared the 26-year-old veteran of the Army Airborne Infantry as he pounded down beers and told war stories at a seaside bar the night before his first lesson.

Nearly 200 miles north of Los Angeles, Pismo Beach is perhaps most famous to tourists for its clams and funny name. To surfers, Pismo Beach means smooth waves, mild weather and pure white beaches more likely to yield a sand dollar than a rock. It is one of a vanishing breed of surfside towns, a place where die-hards still park beat-up RVs for free right next to the sand and head to the waves.

Better yet for McGinnis and friends, it's also the home turf of champion surfer Rodney Roller. He lost a leg in a forklift accident 16 years ago, but returned to the water lugging a 25-pound wooden limb that could withstand corrosive salt water.

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Now the 39-year-old Roller teaches other amputees. After McGinnis tracked him down, he agreed to instruct the military men for free, figuring it was payback for all the people who helped him get back in the water.

McGinnis met most of his crew at Brooke Army Medical Center in Fort Houston, Texas, where he was recovering after a suicide bomber crashed an explosives-laden car into his ambulance two years ago. Money for the trip was raised by Operation Comfort, a San Antonio-based organization that helps wounded veterans rebuild their lives.

Some members of the group had lost an arm to the war. Former Army Sgt. Chang Wong, 24, lost both legs when his tank ran over an explosive. Jesse Schertz, a 22-year-old retired Marine corporal from Peoria, Ill., was severely burned and lost a leg.

"It's going to be a blast," McGinnis promised them. "It will show you can achieve anything. No matter what, you can overcome."

His immediate goal was to stand up on his board within 30 minutes of hitting the water.

During a brief demonstration on shore, novices including Brumley, Schertz and Wong were shown how to get on a board and keep their balance.

They were taught how to paddle — "one arm at a time" as the instructor said.

"I've only got one arm, dude," shouted Michael Owens, drawing laughter. The 22-year-old ex-Marine lost his other arm when his convoy was ambushed in Iraq.

In their first few minutes on the water, some missed waves, some boards capsized and some rocketed away, spilling their riders.

Then a cheer rose as McGinnis met his goal with a nice ride 30 minutes into the day.

The cheers continued as Owens began cruising with his one-arm paddle technique.

Beyond the breakers, a small herd of curious sea lions watched briefly, and a pair of dolphins leaped majestically out of the water.

There would be two more practice days; then the group had an informal competition. First prize, a surfboard donated by a manufacturer, went to Andy Soule, a double amputee who managed a wave-riding handstand.

Although Brumley didn't win, just being there was satisfaction enough.

"I'm thinking about telling my wife, telling her we're moving out here to Cali," Brumley, exhausted but exhilarated, said as he waded to shore for a rest. "Just surf every day for the rest of my life. It wouldn't be bad, you know."

Enlisting In The Aftermath Of 9/11, A Soldier Limps Home, With Pride (SLPD)

By Mary Delach Leonard

St. Louis Post-Dispatch, September 3, 2006

Army Staff Sgt. Phillip Baldwin works his left leg, which is paralyzed from the knee down, in water therapy at the VA Medical Center at Jefferson Barracks. Recreational therapist Matt Luitjohan helps.

(J.B. Forbes/P-D)

'The aim of my involvement is to make the world safer for the kids'

In one of Regina Baldwin's many scrapbooks from the past five years is a letter her husband wrote during basic training in March 2002. Above his signature is this note: "Thanks for believing in me."

Army Staff Sgt. Phillip Baldwin, 35, is back home in Roxana now, healing from the wounds he suffered during a firefight in Afghanistan in June.

He is stretched out on the living room sofa resting his left leg, which is paralyzed from the knee down, while Regina Baldwin fixes lunch for their children Paige, 12, and Caleb, 10. Their 1-year-old, Isabel, plays on the floor.

Baldwin is explaining what drove him - at age 30 - to take a leave from his job as a dispatcher with the Terminal Railroad Association of St. Louis to enlist in the Army after the Sept. 11 terrorist attacks.

"Deep in my heart, I don't want anybody hurting anybody," Baldwin says quietly, his words surrounded by the noise of family life. "The aim of my involvement is to make the world safer for the kids. We have to put an end to these types of terrorist organizations. We can't have a world where people are flying planes into buildings and killing civilians."

When he was wounded, Baldwin was on his second deployment in Afghanistan with the 10th Mountain Division. Although it had been difficult to leave his family again, Baldwin said he was glad to get another crack at "the bad guys" - the Taliban and al-Qaida fighters who drift back and forth over the Pakistan border, taking cover in the rugged mountain terrain. Baldwin believes that Osama bin Laden is still out there - and that he must be caught for the sake of every American who lost a loved one in the terrorist attacks.

"People know that the plot to attack the United States on Sept. 11 originated in Afghanistan. It was planned, created, devised and paid for by Osama bin Laden and his al-Qaida network. As long as you've got bin Laden running around, the war on terror has not been a success," he said.

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For Baldwin, the mission is still that clear, almost five years after he rearranged his life and went to war.

"He needed to do this"

Baldwin dismissed any notion that the sacrifices he made to serve his country are special.

"There were a lot of people who enlisted after Sept. 11; anything that happened to me was not unique," he said.

But the soldier's voice choked when he described how his wife of 14 years has stood behind him.

"If anybody has done anything heroic, it would be Regina," he said. "It was a big sacrifice for her to change her standard of living. She suffered through the hardships of me being deployed. She has had to handle the responsibility of dual parenting. I am extremely proud of her."

Like millions of Americans, Phillip Baldwin spent most of Sept. 11 in front of his television, watching news reports. His first thought was to gather a group of guys - his brother, his cousin - and drive to New York to dig or haul water. But he couldn't get time off from work.

In the weeks that followed, as America struggled to readjust, Baldwin began talking to his wife about joining the military.

"We were going to go after the terrorists," he said. "And I began to think about who that 'we' would be. And it was going to be all these 18- and 19-year-old kids in the service. And I thought, 'There is no way I can let those guys go and fight for me when I am perfectly capable of doing it myself.'"

Regina Baldwin voiced her reservations. She didn't want to leave her home or her job, but she consented to his enlistment in the Army Reserve. After that unit deployed without him - because he had not completed training - she supported his decision to join the Army infantry.

"He needed to do this," she said. "And I saw that."

Regina Baldwin quit her job as an analyst with a managed care firm, and the Baldwins sold their home in Granite City, where Phillip grew up. She and the children moved to New York to be with Baldwin while he was stationed at Fort Drum.

Although the family income dropped by 80 percent, they entered military life debt-free, just as they planned. They sold almost three-quarters of their belongings at an auction, including some favorite things, such as Paige's bedroom set - all white with a canopy bed that belonged to Regina Baldwin when she was a little girl. It went for $30.

That was a hard day, she said. But it was just one more change in a life that had suddenly become full of them.

Regina Baldwin believes the family's faith has gotten it through the rough times.

"The Bible tells you that God will not give you anything you can't handle, and that's the truth," she said. "He is beside you every day. He is beside you when your husband gets shot in Afghanistan, and you are waiting to know if he is going to be all right. He has not let us down."

The couple met at a church camp when he was 15, and she was 13.

"I thought she was older," Phillip Baldwin said, smiling.

Their family and friends say they are soul mates.

As his mother, Betty Baldwin of Granite City, tells the story, her son was smitten from the day he met Regina, who grew up in Cottage Hills.

"He came home and said, 'Mom, I met this girl, and she had the prettiest blue eyes.' He was done for," she said.

Their new life in New York wasn't easy, said Regina Baldwin, who was older than the other wives of enlistees. As Phillip Baldwin struggled to keep up with the physical demands of training, he had to prove himself constantly with much younger soldiers.

Their greatest concern was how their children would handle moving. Regina Baldwin insisted that she would not work outside the home because she wanted Paige and Caleb to know that she would be there for them when their father could not.

Bill Broyles, president of the Terminal Railroad Association, said some of Phillip Baldwin's co-workers thought he was just having a "patriotic moment" when he began talking about enlisting. "But then he was shipping out, and they said, 'Criminy, he did it.'"

Broyles said there will be a job waiting for Baldwin when he is ready to return.

"I've got the utmost respect for Phillip," Broyles said. "There are still true, patriotic people in this country."

Like a movie

Phillip Baldwin earned his Purple Heart on June 10 during an assault on his unit in the Bermel district in eastern Afghanistan.

The first rounds of machine-gun fire and rocket-propelled grenades hit as the soldiers prepared to leave an observation post they had established on a ridge overlooking a cave complex - a suspected Taliban hide-out.

Baldwin was shot in his left foot; the soldier next to him was shot in the arm.

"It was like a scene straight out of the movies," Baldwin said.

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Baldwin has a list of heroes from that day, including the soldiers who carried him to safety while taking enemy fire. Also on that list is Sgt. Dustin Dixon, who was shot while helping Baldwin into a Humvee. A bullet passed through Dixon's wrist and into Baldwin's back.

As he lay on the ground, Baldwin realized that he could not feel his legs. He said he feared internal injuries and that he might die. He prayed that his wife and children would be all right.

Dixon tried to calm him on the helicopter that took the wounded soldiers to Bagram Air Base.

"He held my hand with his good hand, trying to console me," Baldwin said.

While he was being transported, Baldwin considered what his future might be.

"It gave me time to pray and evaluate," he said. "You know, sometimes people think, 'I couldn't live as a paraplegic.' But I realized then and there that I could make it through everything if I could just make it home and be with Regina and the kids."

Interviewed by phone from Walter Reed Army Medical Center in Washington, Dixon shrugged off Baldwin's praise.

"I didn't really do anything," he said. "I just absorbed some of the bullet."

Dixon described Baldwin as a strict but respected squad leader who cared about his men and knew what he was doing.

"A lot of that came from the fact that he wanted to be there," Dixon said. "He believed in what we were doing."

Baldwin underwent surgery at Bagram before being flown to a military hospital in Germany and then on to Walter Reed, where he arrived in time for his family to visit on Father's Day.

Before going to the hospital, Regina warned Paige and Caleb about what they might see - that their father might be in a wheelchair, or worse.

"We got there, and he was on crutches," she said, smiling. "He had been walking the halls waiting for us."

Welcome home

On July 14, police cruisers and firetrucks from Roxana and surrounding cities met the Baldwins' red Durango at the edge of town. With lights and sirens, they escorted the returning soldier to his house, which was decorated with red, white and blue ribbons and balloons.

The family was there - parents, in-laws, aunts and uncles, cousins and nieces - with their cameras ready to capture the welcome-home hugs and what they hoped would be the surprised expression on his face. Just days after learning that Baldwin had been seriously wounded, his father, brother, other family members and friends started converting the Baldwins' garage into a first-floor master bedroom so that he wouldn't have to climb stairs. When the story made the local news, well-wishers made donations and volunteered their help.

The building permit was still in the window, but the new room was ready, down to the handmade quilt on the bed.

Baldwin knew the family had been up to something, but this was more than even he had expected.

"We have been really blessed by God to have this wonderful family," he said. "Every need we've had has been answered before we had to ask."

Since his return there have been happy reunions and parties: his 35th birthday; Isabel's first birthday; the Baldwins' 14th wedding anniversary.

Baldwin drives himself to physical therapy at VA Medical Center at Jefferson Barracks. At 6-foot-3, and a lean 197 pounds, Baldwin doesn't look like the same man who had to lose 11 pounds before he could join the reserves.

"I spent the last 4 1/2 months climbing up and down mountains in Afghanistan," Baldwin said.

Dr. Florian Thomas, a professor of neurology at St. Louis University who is director of the spinal cord injury service at the St. Louis Veterans Administration Medical Center, said that an injury such as Baldwin's can improve over time. It is possible that some of the damaged nerve endings in his spine could regenerate, but there is no guarantee.

Baldwin pushes himself, often more than his doctors prefer, as he waits for his body to heal.

"You learn to work around your injuries," he said.

The battle is not over

Baldwin, who expects to be discharged soon, still gets frequent e-mails from his friends who are serving in Afghanistan. The fact that news from that war rarely makes headlines anymore is not lost on him.

"I am thrilled that Saddam is out of power in Iraq," Baldwin said. "But I wish we had the same type of commitment to Afghanistan. The same resources."

Baldwin said U.S. troops in Afghanistan are seeing an increase in attacks and improvised explosive devices. Since June 10, when he was wounded, 21 soldiers from the 10th Mountain Division have been killed in Afghanistan, according to Department of Defense casualty reports.

If the terrorist network is to be stopped, Baldwin believes it will take more troops and better coordination between U.S. and Pakistani soldiers along the border.

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"If it takes five or 10 or 20 years, bin Laden has to come to justice," Baldwin said. "It is not enough to say that we got Saddam - that we brought a democratic government to Iraq. That we brought a democratic government to Afghanistan. If we have not brought this criminal to justice, we have not been successful."

Sometimes, when her husband is quiet, Regina Baldwin knows he is worrying about his guys - the soldiers in his division still in Afghanistan.

"If they would take him back right now, he would go," she said.

"He told me, 'If they needed me to go back- to operate the radio - I would go.'"

Dispatches: Soldiers' Blogs, Washington's Blunders (WP)

By Michael Hirsh

The Washington Post, September 3, 2006

"It's so hard to let go; you want to make time stand still. You barely breathe and try to feel his heartbeat in your own breast because his heart will always beat in yours." These words, the timeless lament of a father seeing his son off to war, are included in a remarkable collection of e-mails and blogs by soldiers and their families in The Blog of War: Front-line Dispatches From Military Bloggers in Iraq and Afghanistan , by Matthew Currier Burden (Simon & Schuster; paperback, $15). A former Army officer, Burden was inspired to begin a "milblog" of his own -- called Blackfive, "the generic call-sign for the executive officer making things happen behind the scenes" -- in June 2003 after learning of the death in Iraq of a friend, Maj. Mathew E. Schram. Schram was killed when he ordered his Humvee to accelerate into an insurgent position in order to break up an ambush of his convoy, probably saving the life of the reporter embedded with his unit. But "the reporter never wrote a story about my good friend, Mat, the man who saved his life. That wasn't news," Burden explains. "It took a few weeks to figure out what to do with the story that I knew, the news that I felt should be out there."

So he turned to the Web. Blogging the story of Schram and hundreds of other unknown soldier-heroes was a good decision, as was piecing together a collection of military blogs from all over the Iraq theater. Though Burden's politics have a decidedly conservative slant (one of his favorite bloggers, a Marine who re-enlisted as a corporal after watching others go off to Iraq and Afghanistan, calls his site "Red State Rants"), nonpartisan patriotism is the common thread tying together these reflections, love letters and stories of combat. They make for riveting reading.

Everyone, it seems, is vying to be part of the official history of the Iraq debacle these days. That includes James Fallows, the Washington correspondent for the Atlantic Monthly, whose new collection of articles, Blind Into Baghdad: America's War in Iraq (Vintage; paperback, $13.95) might be called "Look, I was right!" Indeed, Fallows often was. In a series of articles from 2002 through 2005 -- one of which, "The Fifty-First State?," won a National Magazine Award -- he proved to be among the most prescient American journalists in questioning both the premises of the Iraq war and the preparations for it.

Much of this is for Fallows groupies. Still, Blind Into Baghdad contains many reminders of just how good Fallows was at poking his finger into the administration's most vulnerable spots. In "Bush's Lost Year," published in October 2004, Fallows was among the first to take note of what may still be the single most astonishing fact since 9/11: "There is no evidence that the president and those closest to him ever talked systematically about the 'opportunity costs' and trade-offs in their decision to invade Iraq. No one has pointed to a meeting, a memo, a full set of discussions, about what America would gain and lose." He is, sadly, correct in this. And any historian wanting to understand what went wrong over the past six years should start right there.

The Feelings Of Life, Illustrated (NYT)

By George Gene Gustines

The New York Times, September 3, 2006

DO comic book fans realize how much Brian K. Vaughan suffers for their enjoyment? “I start with something that makes me angry or confused, and then I write about it,” he said of his approach. “It’s a form of self-help.”

On Sept. 13 Mr. Vaughan’s personal brand of therapy arrives in the shape of “Pride of Baghdad,” a graphic novel (his first) about lions that escape a zoo in Iraq during an American bombing raid. The tale, lushly illustrated by Niko Henrichon, was inspired by actual events and stands out as one of Mr. Vaughan’s most emotionally charged stories in a career filled with tales of science fiction, superheroes and the supernatural.

“ ‘Pride of Baghdad’ was born out of the fact that I had a lot of conflicted feelings about the war,” he said in a recent telephone interview from his home in West Hollywood. The book, he added, “is about me exploring those questions.”

“Pride” opens with a peaceful scene of a sun-drenched savanna, where an increasingly frustrated lion confronts a bird who keeps repeating, “The sky is falling.” But any resemblance to a Disney fable is shattered on the very next page: the tranquil sky is disrupted by three American jet fighters; the exotic terrain is revealed to be a zoo; the lion’s eyes well up with emotion.

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This emotional sucker punch — gentle humor giving way to grim reality and violence — is a trademark of Mr. Vaughan's work, most notably "Y: The Last Man,'' his hugely popular science fiction series about a world in which all men but one are killed by a mysterious plague.

"I want to most closely duplicate the feeling of life: one moment it's humorous, the next it's horrific," he said. "I never want readers to be comfortable, to feel like we're in a comedy or a drama. Life is never just one of those things. Life is a balance of all those things."

So the comic relief provided by Ali, the lion cub, is offset by the brutal demise of a giraffe. A quiet moment honoring a pact between the lions and the antelopes is countered by a bloody battle with monkeys. The majesty of several horses roaming free is undercut by the ruins of a city rocked by war.

One of the most effective scenes is a flashback. "What are they fighting about?" asks Ali in the present. "Damned if I know, son," answers an elderly turtle. "Damned if I care," he continues on the next page, set in the past, which horrifically depicts the carcasses of his fellow turtles covered in oil.

Mr. Vaughan, 30, deliberately used animals to provide multiple viewpoints of wartime Iraq and to deliver his tale's emotional message. "It's very difficult to empathize with foreign casualties of war," he said. "It's always difficult to connect with 'the other.' Animals have a way of bridging that gap.''

"I think we were looking to exploit that vulnerability to a certain extent," he added. "Animals don't have a race or creed, so we have a connection with them that we can't have with that 'other.' "

"Pride" may be Mr. Vaughan's first book-length graphic novel, but it's really not such a departure from the themes he is already exploring in his regular comic books. Randy Lander, a popular online reviewer of comics, lauded Mr. Vaughan's flexibility, citing his ability to write science fiction ("Y: The Last Man"), superhero adventures ("Runaways"), political thrillers ("Ex Machina") and crime drama ("The Hood"). "Vaughan's writing style is one that is engaging to the casual fan as well as the hardcore comics readers,'' he said in an e-mail message. "I can't tell you the number of women I've heard of who don't read a lot of comics but who love 'Y.' "

Like "Pride of Baghdad," each of Mr. Vaughan's monthly series is fueled by thinly veiled social commentary. Y: The Last Man" was a response to America's "gross gender divide," he said. "Ex Machina," about a former superhero who becomes mayor of New York in a skewed post-9/11 world, was "born out of my disappointment with political leaders on both sides of the aisle." Both series, as well as "Pride of Baghdad," are published by imprints owned by DC Comics.

A more traditional series created for Marvel, "Runaways,'' is about teenagers who discover their parents are supervillains. "Most teenagers go through a part of their life where they think their parents are the most evil in the world," he said. "I thought, what if that was true?"

Mr. Vaughan has also found time to write "Dr. Strange," a limited series from Marvel that will begin in October, and "The Escapists," a limited series featuring the superhero from Michael Chabon's Pulitzer Prize-winning 2000 novel, "The Amazing Adventures of Kavalier & Clay," for Dark Horse Comics. On his Web site Mr. Chabon hails Mr. Vaughan as "the best young writer in mainstream comics."

Mr. Vaughan has also been moonlighting for Hollywood. He has completed a screenplay adaptation of "Y: The Last Man," and he is working on one for "Ex Machina." Both projects are being developed by New Line Cinema.

Like many comic book fans before him, Mr. Vaughan was introduced to superheroes by his parents, who gave him stacks of comics when he was home sick from school. "I thought comics were activity books where the panels would have to be cut out and arranged in the right order," he said.

In 1996, while Mr. Vaughan was attending film school at New York University, he met two Marvel editors. "They liked my samples, and I clawed my way up the ladder from there," he said. "It wasn't Marvel's best period, economically or creatively," he added. It was "the perfect time for a nobody like me to sneak in."

His first assignment, in 1996, was supplying dialogue for another writer's plot in "Cable," a book in the X-Men franchise, and his first full story followed the next year. In 2000 he landed his first series, a revival of the horror comic "Swamp Thing,'' at Vertigo, an imprint for mature readers published by DC Comics. "For comics people, that's the holy grail," he said, referring to the character and the stories made famous by Alan Moore, one of the industry's most highly regarded writers. "I was the only person stupid enough to follow in Alan Moore's shoes," Mr. Vaughan said. "The stories probably aren't all great." The series was canceled within two years, but his editor appreciated Mr. Vaughan's distinctive voice and suggested he develop his own characters. "That led me to pitching 'Y: The Last Man,' " he said. The first issue sold out almost immediately and set Mr. Vaughan on his path.

But will there still be time for comic books with Hollywood knocking? "Comics brought me to the dance," Mr. Vaughan said. "It'll always be my first loyalty."

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DOJ:

U.S. Attorney Resigns Post (TENN)

By Natalia Mielczarek, Staff Writer

Nashville Tennessean, September 3, 2006

Praise for work, complaints of age bias mark tenure

U.S. Attorney Jim Vines confirmed Saturday that he will be leaving his post at the end of the month to return to private practice.

Vines, who was appointed by President Bush in 2002, departs amid allegations of age discrimination against veteran attorneys in his office but also amid praise for aggressively prosecuting public corruption cases.

"My service is a political appointment so (it) would end at the end of the Bush administration anyway, and I'm resigning … to go back to private practice with a law firm that I used to work with," Vines said, referring to King and Spalding, a firm with offices across the country and abroad.

Vines, who helped the Nashville-based Bridgestone/Firestone create its environmental polices, said he will start his new assignment in early October.

"I'm not a career prosecutor; it's just been an honor for me to work on public service cases with some of the greatest prosecutors in the nation," Vines said.

When he became the U.S. attorney for the Middle District of Tennessee, Vines was charged with turning the office around, boosting morale, introducing a modern management style and prosecuting more complex cases.

But his practices came under fire a couple of years ago after several current and former prosecutors accused him of age discrimination — charges Vines has denied.

One of the assistant U.S. attorneys who works with Vines, Michael Roden, wrote a memo to the U.S. Justice Department in 2004 alleging that Vines forced out older attorneys and replaced them with younger ones.

A former prosecutor, Larry Mood, filed a lawsuit against the office saying he was illegally forced out of the job because of his age. Investigators from the Justice Department made a trip to Nashville last year to interview federal lawyers and judges.

But, amid the turmoil, Vines' office has been praised for its aggressiveness in prosecuting a higher number of cases than in the past.

Vines said Saturday he was proud that the number of attorneys in the office increased from fewer than 20 to 31 since his appointment.

"We've done several outstanding prosecutions that have a large impact on Middle Tennessee and the state, even some with a national impact," Vines said. "These range from taking down big drug organizations to corruption cases, anti-terrorism cases and child pornography cases."

High-profile public corruption cases that Vines' office tackled include prosecution of Gov. Don Sundquist's friends, including Al Ganier III, on charges of improper contract award practices; inmate abuse at the Wilson County Jail in Lebanon; and allegations of improper use of funds by former Sumner County Sheriff J.D. Vandercook.

CORPORATE SCANDALS:

The S.E.C. And Insider Trading (NYT)

The New York Times, September 3, 2006

To the Editor:

As “Whispers of Mergers Set Off Bouts of Suspicious Trading” (front page, Aug. 27) points out, there are increasingly sophisticated tools to uncover insider trading in advance of corporate mergers.

Through our unparalleled law enforcement experience bringing illegal insider trading cases — from arbitrageurs in the 1980’s, to investment bankers in the 90’s, to hedge funds today — the Securities and Exchange Commission benefits from cutting-edge computer systems using complex algorithms and proprietary market surveillance data that quickly tell us who traded what, where and when.

The results? Days before your article was published, we concluded a case in an $8 million scheme by an Estonian financier to profit from inside information hacked from an American company’s computers.

In May, we named a 14th defendant in a wide-ranging case of an international insider-trading ring that netted millions by stealing information from Merrill Lynch, BusinessWeek and even a grand jury.

In April, the S.E.C. caught three hedge funds, and their tipper, that traded ahead of a merger announcement.

The commission has brought more than 250 insider-trading enforcement actions in the last five years.

Successfully investigating and prosecuting insider trading is difficult, but would-be wrongdoers should know that insider trading results in stiff financial penalties and even jail time. We have the record to prove it.

Linda Chatman Thomsen
Director, Enforcement Division
Securities & Exchange Commission
Washington, Aug. 31, 2006

CRIMINAL LAW:

At 77, Whitey Beats All Odds (BOSH)

By Laurel J. Sweet
Boston Herald, September 3, 2006
Birthday boy bucks past, age and G-men on the lam

As he turns 77 today, fugitive serial killer James "Whitey" Bulger can toast defying the odds.

Yet again.

America's maximum life expectancy is 76.9 years. But then, whoever said South Boston's savage septuagenarian - aging on the fly with a heart condition, for 11 years, 9 months and counting - is still in this country?

"I'd kind of like to see what he looks like after all these years," Teresa Stanley, 65, Bulger's left-behind love of 30 years, told the Herald. "It's just an awful legacy to go out with, but it doesn't seem to be bothering him."

There's no reason to think the birthday boy who turned the city's streets red with the blood of men and impressionable young girls before skipping town needs to shop assisted-living developments.

In 1998, astronaut John Glenn became the oldest person in space at age 77. Actor Paul Newman is 81. In three weeks, fitness guru Jack LaLanne hits 92.

A reputed millionaire many times over, Bulger, onetime boss of Boston's Irish crime syndicate, has eluded capture since being tipped by the FBI to a grand jury indictment charging him with racketeering. The older brother of former state Senate and University of Massachusetts President William Bulger has since been charged with 18 murders.

With a $1 million bounty on his head unclaimed, Bulger remains second only to Osama bin Laden on the FBI's Most Wanted list.

Last year alone, authorities checked out alleged Whitey sightings in 19 countries.

Both the FBI and U.S. Attorney Michael Sullivan declined to extend birthday greetings to Bulger. But New York Times best-selling author Philip Carlo offered one: "Salud!"

"Whitey had a cleverness about him that made him the Einstein of the street. If he leads the life of a retired, wealthy industrialist and doesn't trust anyone around him, he'll remain free until he dies," said Carlo, who wrote "The Ice Man" about Richard Kuklinski, the most twisted, prolific hit man in history.

Kuklinski, who once left a victim bound and bleeding in a cave and filmed as rats ate him to death, was 70 when he died in March while in custody.

Carlo said the onset of the East Coast Mafia contract killer's twilight years mellowed Kuklinski, a beast who had boasted of 200 gruesome slayings.

Carlo, who also wrote "The Night Stalker" about Richard Ramirez, a serial killer who terrorized Los Angeles in the 1980s, is fascinated by Bulger.

"He could be unbelievably spontaneously vicious," Carlo said. "I think at 77 he's just as dangerous, but he's less apt to lose his temper.

"Most guys on the lam get caught because they've got to keep going back to the neighborhood. Whitey has an international look on the world. He's not only alive, he's enjoying his life. When you're content inside, that's the best fountain of youth there is. And I think he's very content."

Bulger Turns 77, FBI Continues Search For Him (CBS4BOS)

CBS 4 Boston, September 3, 2006
James "Whitey" Bulger Is On The FBI's Most Wanted List

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(CBS4) BOSTON Sunday marks the 77th birthday of Boston gangster James “Whitey” Bulger – one of the FBI’s most wanted men.

The former leader of the Winter Hill Gang has been on the run since December 1994, when he was tipped off by FBI agent John Connolly, that he was about to be indicted on racketeering charges. Bulger is also wanted for 19 murders.

In March, investigators released video footage of Bulger that was taken 25 years ago. The nearly three-minute long video shows Bulger at an auto shop on Lancaster Street near North Station, which at one point, was his headquarters.

This past June, the search for Bulger led investigators to Chicago. Two two union officials of the International Brotherhood of Electrical Workers Local 134 were questioned. Authorities also delivered two subpoenas and took a palm pilot. "They were just following up on some leads regarding the Whitey Bulger case," said IBEW attorney Matthew J. Cleveland. "The union itself is not a target, nor any employees or the officers of the union."

Several tips on the whereabouts of Bulger have led investigator to more than a dozen countries.

There is a $1 million reward for information leading to Bulger’s capture.

If He's Alive, Whitey Bulger's 77 Today (AP)

AP, September 3, 2006

BOSTON Today's the 77th birthday of one of the F-B-I's most wanted men -- notorious Boston gangster James "Whitey" Bulger.Bulger disappeared in late December 1994, after being tipped off that he was about to be indicted on racketeering charges. The former leader of the Winter Hill Gang is wanted in 19 murders and is behind only Osama bin Laden on the F-B-I's "Ten Most Wanted" list.There's a (m) million dollar reward for his capture. Last year, authorities checked out alleged Whitey sightings in 19 countries.

FBI Fugitive Bulger Has 77th Birthday (UPI/UPI)

United Press International, September 3, 2006

BOSTON, Sept. 3 (UPI) -- The former boss of Boston's Irish crime syndicate and the FBI's No. 2 Most Wanted fugitive, James "Whitey" Bulger, marked his 77th birthday Sunday.

Ranking behind only Osama Bin Laden on the most wanted list, the fugitive serial killer turned 77, prompting many to wonder what the alleged killer of 18 is doing now, the Boston Herald reported.

"He could be unbelievably spontaneously vicious," said author Phillip Carlo. "I think at 77 he's just as dangerous, but he's less apt to lose his temper."

Bulger fled Boston years ago after being tipped by the FBI that he was going to be charged with racketeering and face a grand jury indictment.

In 2006, the FBI investigated alleged sightings of Bulger in 19 countries -- but the $1 million bounty for his capture has not been claimed and Carlo said it likely never will be.

"Most guys on the lam get caught because they've got to keep going back to the neighborhood," the author told the Herald. "Whitey has an international look on the world. He's not only alive, he's enjoying his life. When you're content inside, that's the best fountain of youth there is. And I think he's very content."

Gambling With Success (PTR)

By Andrew Conte

Pittsburgh Tribune-Review, September 3, 2006

When they started out five years ago, Carson Cashman and Adam Marshall had no clue they could be breaking the law.

With a $20 book on poker, a $5-a-month Web site and their home computers, the former University of Pittsburgh students created a home page that offers tips on Texas Hold 'Em and advertises places to play.

Their company in Pittsburgh's Bloomfield neighborhood, Ace Nine, gets paid every time someone visits the Web site and starts playing at one of the online casinos advertised there. The Web site -- www.texasholdem-poker.com -- draws an average of 1 million clicks and 250,000 unique visitors a month.

That puts Ace Nine near the top of an industry niche that is coming under scrutiny from the U.S. Department of Justice. Online gambling is illegal for Americans. And anyone who advertises Internet casinos to American audiences is aiding the crime, prosecutors say, although no one has been convicted in the U.S. of such an offense.

Cashman, 26, and Marshall, 27, swear they're doing nothing wrong.

"It's not like we're doing anything horrible," said Marshall, who lives in Pittsburgh's Squirrel Hill neighborhood. "We're advertising."

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Online gambling never has been bigger. The worldwide industry has quadrupled to $15 billion over the past four years, according to Christiansen Capital Advisors, a New York firm that tracks gambling money.

The casinos are located in foreign countries, such as Costa Rica or the British territory of Gibraltar, but many customers are from the United States.

"It is very clearly something that very many Americans do," said Eugene Christiansen, who heads Christiansen Capital Advisors.

Federal prosecutors sent a ripple across the industry this summer when they arrested a top executive behind the sports gambling Web site BetOnSports.com. Prosecutors say the company fraudulently took bets from U.S. residents by phone and the Internet and failed to pay excise taxes.

Prosecutors have brought some high-profile cases related to advertising online casinos, ultimately settling out of court. The Sporting News agreed in January to pay the federal government $4.2 million and to run public service ads worth $3 million to resolve claims it had promoted illegal gambling.

Online gambling advertisements give the impression that it's legal for Americans to gamble on the Internet, said Justice Department spokeswoman Jaclyn Lesch.

"Their behavior could be considered aiding and abetting," Lesch said of the ad companies.

But for such a charge to stick, the Justice Department would have to prove a crime was committed, said I. Nelson Rose, law professor at Whittier Law School in Costa Mesa, Calif., and author of syndicated column "Gambling and the Law." It would be difficult to prove someone helped with a crime if prosecutors couldn't bring the casino operators to trial.

"They're waging a war of intimidation," Rose said. "(They're) going after the easy cases and the cases where they really want to get the guy. They will then use that to scare everybody else. And they're doing a pretty good job of it."

New Jersey convention organizer Shawn Collins plays host to two meetings each year of Internet affiliates -- people who run Web sites steering customers to places that sell everything from books to clothing to real estate.

For the first time, he's not allowing gambling companies to buy space at his next conference in Las Vegas.

"We just got a little bit spooked," Collins said. "We thought anything associated with gambling might be dangerous."

Cashman and Marshall say they're taking the issue seriously and watching to see what happens next. But they are convinced their site is legal.

The two men met while working at a telemarketing company. Marshall said he was looking to make a little extra money -- at least enough to pay his tuition bills.

After seeing the movie "Rounders," which is about a reformed gambler who starts playing poker to pay off a friend's debts, Cashman suggested they put up a Web site with gambling tips. That was in 2001, just before the wave of poker interest washed across America.

Working in their spare time from home computers -- Marshall still had a dial-up connection to the Internet -- the two men looked for ways to increase their site's presence on popular search engines such as Google and Yahoo.

Within six months, an online casino called UltimateBet.com offered to pay Ace Nine $1,000 a month to run links to the gambling site, Marshall said.

"It was kind of an accident," Cashman said. "We didn't go into this thinking we would make lots of money."

Today, Ace Nine's site carries links to five online casinos. And it's the top result whenever someone searches on Google with almost any variation of the phrase "Texas Hold 'Em."

"It's really simple," said Vincent Miller, 31, Ace Nine's technical assistant and its oldest employee. "These guys got in before the rest of the crowd."

Cashman and Marshall declined to say how much money they make off the site. But Ace Nine has hired two assistants, who said they spend much of their time keeping the poker site at the top of Google's search results.

But for all the success, Cashman and Marshall have a modest real world presence.

They run their company out of a rented third-floor apartment above a well-worn storefront on Liberty Avenue. The building displays signs for an acupuncture clinic but no mention of the poker enterprise.

The office looks like a college dorm room, with Ikea furniture and posters of paintings by Van Gogh and Hokusai.

Cashman wears green camouflage shorts and a tattered baseball cap; Marshall, a black T-shirt and cap from the World Series of Poker, where he won nearly $15,000 this summer by placing 25th in a side tournament.

Ace Nine's founders quit their telemarketing jobs two years ago. Coming back from his punk rock band's practice on a recent weekday afternoon, Cashman said he invested a lot of time setting up the site, but now hardly goes into the office.

"It's not hard at all for someone new to walk in, put up a Web site and make $500 to $2,000 a month, in that range," said Marc Lesnick, who puts on the semi-annual Casino Affiliate Convention.

A top affiliate, he said, could earn $100,000 to $500,000 a month.

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Lesnick's two-day conference opens in Las Vegas next month and is expected to draw about 700 people. It would have been more than 1,000, but Lesnick said industry "skittishness" over the federal action scared people away.

Cashman and Marshall said they have no plans to take down their site.

Instead, they have partnered on another Web venture that serves the United Kingdom, and they are working to redesign their main page. The goal, Miller said, is to make it more of a brand-name destination for poker players seeking strategies and advice.

"People will always play poker," Cashman said. "It's like the American pastime, and people always need to learn to play better."

Affiliates make money leading users to a game

Say you want to play Texas Hold'em Poker on the Internet, but you're not sure how to get started.

Go to the popular Internet search engine Google and type in the words "texas hold'em," or any common variation of the phrase.

Click on the first result you see, and you'll join some 250,000 unique visitors a month who visit Bloomfield-based Ace Nine's Web site: www.texasholdem-poker.com. A gambling "affiliate," Ace Nine does not allow gambling, but its site features poker tips and links to online casinos.

Although the Web address is not easy to remember, it scores high with Google's search engine because it includes the key words "Texas," "holdem" and "poker."

"We're trying to get as much traffic as we can from Google," said Adam Marshall, Ace Nine's president of operations.

A Google spokesman said the company encourages site owners to follow its guidelines for improving search results, but does not allow advertising by online casinos or affiliates seeking to drive players to gambling sites.

Ace Nine's Web site prominently displays links for five online casinos. An affiliate gets paid whenever someone goes to its Web page, clicks on the link for the casino and starts playing.

Affiliates receive a flat fee for each new player, a percentage of each new player's gambling losses or a combination of the two.

Ace Nine's site displays links for Pacific Poker, a casino operated by Cassava Enterprises, based in Gibraltar. It pays up to $75 for every new player or up to 30 percent of the gross revenue from each new player.

Ace Nine's executives said they prefer to receive flat fees for each new player, but wouldn't say how much money they earn.

But it's not hard to see how lucrative being a heavily-trafficked gambling affiliate could be.

If just one in 100 visitors to Ace Nine's site registers with Pacific Poker -- about 2,500 players a month -- the casino would pay the company $187,500 under the fee-based scenario.

If each of those 2,500 new players lost an average of $200, Pacific Poker would pay Ace Nine an average of $60 per player -- or $150,000 a month in the revenue-sharing plan.

Andrew Conte can be reached at aconte@tribweb.com or (412) 765-2312.

CIVIL LAW:

Government Spending More To Classify Files, Report Says (COX)

By Rebecca Carr, COX NEWS SERVICE

Cox News Service, September 3, 2006

Officials requested full secrecy less often in 2005 than in '04

WASHINGTON — The federal government spent an unprecedented $7.7 billion to mark documents secret last year as the public sought more government information, a report to be released today found.

A coalition of conservative and liberal nonprofit groups called OpenTheGovernment.org found that while the number of decisions to classify documents declined by 1.4 million last year to 14.2 million, the cost of classifying those documents rose by nearly 6 percent.

And the report found that the government is keeping other sensitive information from public inspection by placing it in a growing number of new categories known as "pseudo classification," or information that is sensitive but not classified.

Last year, the coalition reported that there were 50 such categories. Now it says there are 60. Unlike classified materials, no single agency is assigned to monitor the information kept in these categories and no one knows exactly how many documents are being restricted.

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"Every administration wants to control information about its policies and practices," said Patrice McDermott, director of OpenTheGovernment.org. "But the current administration has restricted access to information about our government and its policies at unprecedented levels."

White House officials have long contended that the threat from terrorist groups makes it necessary to keep sensitive information from disclosure.

"As ruthless and highly-sophisticated terrorists attempt to plot attacks against our country, President Bush remains dedicated to protecting the American people," said Emily A. Lawrimore, a White House spokeswoman, in a written response to the OpenTheGovernment.org report.

"Bush has instructed his administration to use all available resources to prevent terrorism while also remaining accountable to American citizens," Lawrimore said. "He is committed to striking the right balance between national security and openness."

But government watchdogs, such as Gary Bass, executive director of the OMB Watch, disagree.

"What's happening is we have a cultural shift in our government," Bass said. The message sent from the top echelons of the administration, he said, is: when possible, withhold.

Despite the effort to limit the disclosure of government information, the public is more interested than ever in obtaining information from its government, the report shows.

Last year, citizens filed 2.7 million requests for government documents and materials under the Freedom of Information Act, excluding requests to the Social Security Administration. That is 65,000 more than the year before.

Federal agencies have not been able to keep up with the demand. There was a 43 percent increase in the number of pending Freedom of Information Act requests this year than there were in 2002, the report found.

Federal agencies are taking great strides to improve their response times to Freedom of Information Act requests as part of an executive order issued by Bush in December, said Daniel J. Metcalfe, director of the Justice Department's office of information and policy.

The agencies will report their progress on Feb. 1 as part of an annual Freedom of Information Act report.

The OpenTheGovernment.org report also found:

· The Foreign Intelligence Surveillance Court issued 2,072 secret warrants last year to catch spies and terrorists, 18 percent more than the year before.

· More than 60 percent of federal advisory committee meetings were closed to the public in 2005.

· The cost of declassifying materials increased to $57 million last year. For every dollar spent declassifying documents, the government spent $134 securing classified documents.

CIVIL RIGHTS:

FBI Capabilities Wide For Probe Into Jail Death (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, September 3, 2006

GULFPORT - The FBI, with deep pockets and unlimited resources, widens its net of interviews once the Justice Department's civil-rights division approves an investigation of alleged violence under color of law.

The pockets are open and the resources are being tapped in that agency's scrutiny of the fatal jailhouse beating of Harrison County inmate Jessie Lee Williams Jr., based on FBI Special Agent John Raucci's explanation of the process.

Justice's decision for a full-fledged federal investigation shows that what happened to Williams in the jail booking room on Feb. 4 is a serious concern, according to Raucci.

"More often than not, a county or district attorney decides to hold their prosecution or it's a mutual agreement until the federal government has completed its investigation." said Raucci.

"These trials can take a long time and cost millions of dollars," he said.

"And don't forget, it's not double jeopardy if I charge you in the state and you lose. The federal government can get a second bite at that apple. You can be charged in the state and convicted and the federal government can also charge you separately under color of law and civil-rights violations."

An FBI probe of claims alleging a law-enforcement officer's violation of civil rights could include hundreds of interviews, most with two FBI agents and attorneys present, he said.

Raucci has been the FBI's top official in Mississippi since a year ago, when he left an executive-level post at the bureau's Washington headquarters.

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Raucci is the first government official at any level to discuss the procedures and options involved in a probe such as the one involving Williams' death.

He explained the process in generic terms, using as an example the 1991 incident in which a home video camera on a public street recorded Los Angeles police officers' beating of Rodney King.

"I cannot discuss details of the Williams case because it's a pending criminal investigation," Raucci said, "but more so, it is one of extraordinary significance on the Coast. A person lost his life while incarcerated in one of our county jails."

Referring to the King case, Raucci said such an investigation begins at the local police level, likely involves a state investigation, and is given to the FBI.

Preliminary FBI investigation, he said, can include information from state and local reporting and public-source reporting, such as the videotape of King's beating, and eyewitness accounts.

Williams' beating also was videotaped, though the recordings from jail cameras have not been made public.

Raucci said the preliminary field report is sent to FBI headquarters for review, then taken across the street to the Justice Department, where civil-rights officials decide if the FBI will take the case.

"Once we get that formal piece of paper authorizing the FBI to conduct a full-fledged investigation," Raucci said, "we go back to collecting evidence, polygraphing people, widening the net of interviews.

"We might go out and interview every person who was in and out of the jail that day, conduct an examination of individuals. What did the person learn? What was his or her level of experience? Did they have training? We talk about the training.

"What was the lighting? What was the temperature? Do you wear glasses? We ask all sorts of questions."

State prosecutors in the King case failed to obtain convictions against the police officers. The federal case, tried next, resulted in convictions, some with prison time.

Former Harrison County jailer Regina Rhodes pleaded guilty Aug. 7 to federal accusations of assaulting Williams and covering it up. Her sentencing is Oct. 16.

Rhodes has agreed to be a government witness in the case. She claims, by her guilty plea, that she routinely witnessed unnecessary force in the booking room and efforts to conceal it.

Former Deputy Madeline Dedeaux has told the Sun Herald she warned the jail warden after a Jan. 7 incident that someone was going to die if something wasn't done. Maj. Diane Gatson-Riley, recently replaced as warden and given other duties, is distraught and has taken a month's leave of absence, the sheriff's attorney, Cy Faneca, said Saturday.

Former jailer Ryan Teel, arrested by the FBI on Monday, is set for trial Nov. 6. He is accused of violating Williams' rights under color of law with excessive force in an attempt to kill him.

Raucci on Friday said he was not aware of allegations of a pattern of abuse at the county jail until it came up in regard to Williams' death.

ANTITRUST:

The Last Stand Of The 6-Percenters? (NYT)

By Damon Darlin

The New York Times, September 3, 2006

Seattle

WHEN David and Annette Wolf decided that their family was outgrowing its Seattle area home, they also decided that they did not need much help finding a new one.

They combed Internet listings of homes for sale until they spotted a four-bedroom house on a cul-de-sac with a three-car garage and 2.5 acres.

But the seller's agent refused to show it to them. Why would she turn away an eager buyer? Not because of the Wolfs' race, creed or color. Instead, Mr. Wolf, a software engineering manager at the online directory InfoSpace, said he and his wife were shunned once the agent learned they used an online broker called Redfin.

Mr. Wolf said they turned to Redfin because it gives two-thirds of its sales commission (which is usually 3 percent of the sale price) to its customers. "I didn't want to pay 3 percent for the opening of a door," he said. But customers like Mr. Wolf — affluent and comfortable with the Internet — are a frightening prospect for real estate agents who, as a group, reap at least $60 billion a year in commission income.

Redfin and other innovators, including ZipRealty and BuySideInc.com, are using technology to reduce costs and to save time for their brokers. Agents don't find and recommend homes — customers do that on their own, using Internet listings — and that enables agents to charge less for the services they do provide, chiefly handling the paperwork and negotiations.

The Internet has radically changed the way consumers buy books and airline tickets, trade stock and learn news. But the real estate industry has resisted change — and protected its commission structure — by controlling the information on its Multiple Listing Service database of properties for sale.

"You can find out more on the Internet about an eBay Beanie Baby than you can about a $1 million house," said Glenn Kelman, chief executive of Redfin, a licensed broker in Washington State and California.

The M.L.S. is the only place that contains nearly all the homes for sale in a community. Only brokers can post there, but agents can also display selected information about a listing on their own Web sites and on Realtor.com, a site that works with the National Association of Realtors.

Traditional agents still firmly control the M.L.S., which allows all participating brokers, including Redfin, to view almost every home for sale in a particular area, even those being offered through competitors' agencies. But the typical 6 percent commission, paid out of the seller's proceeds and split between the seller's and buyer's agents, is under attack because, as economists note, it does not serve consumers well.

Economists who have studied the current system say that it also does little for most agents — except for a few stars, whose impressive earnings give hope to the large majority of less-successful agents and thus encourage them to protect the status quo. Rivals on the Internet say they do this by refusing to cooperate with buyers using Web-based brokers and by denying M.L.S. information to some online firms.

THEY have not, as yet, fought back by reducing their commissions. And Paul B. Goodrich, the managing director of the Madrona Venture Group in Seattle, an investor in Redfin, says he thinks that they are unlikely ever to do so. "It will be hard for the real estate industry to change the way it compensates its agents," he said. "If Coldwell Banker announced it was paying 1 percent commission to its agents, there would be a mass exodus."

As it turned out, the Wolfs' offer was the highest of five bids made for the house they wanted, and they were able to buy it despite the balky broker. (They toured the house with a friend who is an agent.) They also received a $16,300 commission rebate from Redfin and became firm believers in online real estate brokers.

But as the couple's story shows, people who want to use Web-based brokers often have to fight to do so. Many are, and there are growing signs that they are succeeding. BuySideInc.com, an online buyer's broker in Chicago that offers a 75 percent commission rebate, said that at one point 12 percent of its customers reported that traditional agents had refused to show houses to them.

The rate is now down to about 6 percent, perhaps because of responses like this: One client who was denied a showing made an offer anyway that was contingent on getting a tour — a move intended to alert the seller to the refusing agent's actions.

"I'd like to have been the fly on the wall for the conversation between that seller and his agent," said Joseph J. Fox, chief executive of BuySide and a founder of one of the earliest online stock brokerage firms, WebStreet. "The amazing thing," he added, "is that the selling agent still got paid and made $15,000 to $20,000."

In many cities, real estate agents have tried to restrict access to M.L.S. information or to limit its use on the database. Some have asked state legislatures to pass laws forcing brokers to offer certain levels of service, a move that Mr. Kelman sees as intended to squeeze out discount brokers. "It's a thousand tiny shackles on innovation," he said.

The Justice Department and the Federal Trade Commission have fought these tactics in Texas, Kentucky, Tennessee and Oklahoma, among other states, and the department is suing the National Association of Realtors, the powerful trade group of agents and brokers, over what it calls anticompetitive rules.

"Where it comes to our attention that significantly anticompetitive state laws or regulations are under consideration, we approach state officials to advocate that they take into account the benefits to consumers of a more competitive approach," said J. Bruce McDonald, deputy assistant attorney general for the antitrust division of the Justice Department.

The battle by the traditional agents reveals how vulnerable the broker's 6 percent commission has become. Agents are quick to point out that the average commission may be closer to 5 percent — a 17 percent decline over 10 years, they say — but no one knows for sure because no one collects data on that.

In many cities, of course, even a one-point drop in commissions has been more than offset by soaring sale prices in recent years. In 1994, for example, a home in San Francisco that sold for nearly $500,000 earned a total of almost $30,000 for the agents commanding a 6 percent fee. Even if the commission slipped to 5 percent when the same house sold this year for more than $1.5 million, the higher price earned its agents a $75,000 commission.

Some economists wonder why agents fight so hard to maintain this pricing system when it is making so few of them rich. In every housing boom, the number of new agents entering the market tracks the climb in home prices. As a result, the average agent sells far fewer homes and makes less money. On average, agents earn $49,300 a year, according to the National Association of Realtors, and that is before paying for their own health insurance and retirement benefits.

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"It's a case where nobody wins," Chang-Tai Hsieh, an associate professor of economics at the University of California, Berkeley, said of the current system. Mr. Hsieh, who has studied real estate commissions, said that they did not vary much from 6 percent and did not generally change in good times or bad. He said it was a form of price fixing, but an odd one. "Consumers pay a lot of money, and even the people who do the price fixing don't win," he said. "So it is a colossal waste."

Traditional agents spend very little time brokering a deal, Mr. Hsieh added. Most of their time is consumed looking for new clients, which is of no benefit to consumers. An agent working for a salary, he said, would be freed of the need to prospect and would thus be more inclined to focus on negotiating.

Others agree. Steven D. Levitt, an economics professor at the University of Chicago, found that commissions did not align the interests of agents with those of their customers, a conclusion he recounted in his book "Freakonomics." The agent has little incentive to get a few thousand dollars more for a homeowner, he wrote, because it will not much improve the commission. It is far more important for an agent working on commission to get the deal done and move on, he added.

A salaried agent is less likely to pressure a customer to make a deal, especially if the agent's bonus depends on customer satisfaction, as at Redfin. Agents at that company, like Allie Howard in Seattle, are quick to point this out. "I don't have to sell anything to the client," she said.

Traditional agents portray their service as more personal and thus more valuable, but such agents, unlike Ms. Howard, are not paid unless a deal is completed.

Redfin opened in 2004 as an online real estate listings site for Seattle, and now has 35 employees, including 12 agents in Washington State and California. Its first innovation was to layer maps with historical prices for each area as well as information on property taxes and which homes had a view, for example.

In February, it introduced a Web site that automates the bidding process — and the commission rebates. The sale of a $500,000 house, for example, typically yields a 3 percent commission of $15,000 for the buyer's agent. A Redfin customer would get $10,000 back.

"At that point we became a true pariah to the industry," said Rob McGarty, Redfin's director of West Coast operations. Buying a home online is not too different from ordering a book at Amazon.com or a computer at Dell.com. A prospective buyer finds a house on the Redfin site, which populates its maps with homes found on the local M.L.S. A request to see the house can be made with the click of a mouse.

Buyers also enter details of their offers — the price they want to pay, the size of the deposit they are willing to put up and, for example, whether they will pay for the termite inspection. Then they click on "Submit." A Redfin agent checks everything with the customer before passing along the offer to the seller.

"It took eight minutes," said Perry Webster of Des Moines, a suburb of Seattle, who bought a new four-bedroom house through Redfin. "But it didn't really matter that it was online. We just liked the business model." He asked, "Is it really worth $10,000 to ride in a real estate agent's Lexus?"

Redfin can also work the seller's side of a real estate transaction. It uses a disruptive method there, too: it lists homes in the M.L.S. for a flat fee of $2,000. The customer is responsible for showing and advertising the home; Redfin handles paperwork and negotiations. But one part of the old system is steadfastly adhered to: buyer's agents are offered their full share of the usual commission.

Like many Redfin customers who were interviewed, Mr. Webster and his wife, Robin Meyers, told of encountering hostile selling agents who said their offers would not be competitive if they used Redfin. But other agents' antagonism only seems to make Redfin customers more loyal.

Matt Bell, general manager of sales at RealNetworks in Seattle, said that "when the listing agent wouldn't show me the house, that's when I knew Redfin was on to something." He added: "If agents don't like it, then it must be better for consumers."

A dozen Redfin customers described similar experiences during the last few months. The selling agents, at least those who returned calls, denied that they had refused to work with Redfin. "That's an absolute absurdity," said Leslie Hancock, an associate broker at Windermere Real Estate, the dominant agency in the Seattle region. "I don't represent buyers on my own listings. I don't care if it's a Redfin agent or a Windermere agent. I'm not going to turn anyone away."

INITIALLY, many people used Redfin to submit lowball offers, so that the company was not taken seriously by other agents. But those "goofy offers" have disappeared, Mr. Kelman said. His agency, he said, has closed 89 transactions and returned $900,000 in customer rebates.

Traditional agents have criticized Mr. Kelman for appearing, as did representatives of the Justice Department and the F.T.C., before a House subcommittee that was looking into real estate law. At the hearing, Representative Maxine Waters, Democrat of California, wasn't buying his complaints that agents would not show homes to his clients, and seemed doubtful that it was a serious matter. "You want us to stop people from bullying you?" she asked.

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Some agents say the biggest problem with Redfin is that it complains too much. “Someone may be trying to manufacture controversy, even going so far as to bait other real estate practitioners, invite ‘war stories’ on their blog and whine to Congress and to newspaper reporters that they’re being treated unfairly,” said Marlow Harris, a Seattle agent with Coldwell Banker Bain Associates who also runs the real estate blog 360digest.com.

Still, Redfin agents — like their customers — say they meet real resistance from traditional brokers. Ms. Howard, for example, said that in her first days at Redfin, several agents for sellers said they were too busy to show a house to her clients. “That was my boot camp,” she said.

When that happens, Redfin agents contact the sellers and let them know that their agent will not show the house. When they cannot find a phone number, they send a registered letter. When sellers have moved, they track them down through the relocation service that moved them.

That is hardball, but the online agents have learned to be tough. “If we didn’t do that, the word would get out that Redfin can be blocked,” Ms. Howard said. When Redfin said it would try to make peace with rival agents by sending them gift cards for coffee, some of them told Redfin that such a move could violate a Department of Housing and Urban Development regulation having to do with transactions between agents. Redfin scuttled the plan.

Mr. Fox, the chief executive of BuySide, a start-up that operates in five states, says his company is working harder to get along with existing agents. “You have to play by their rules until the value to the customer drives the change,” he said.

Redfin’s financial backers, who so far have invested $8 million in the company, say they see parallels in the past introductions of automatic teller machines, big-box stores and discount stock brokerage firms — all innovations that faced industry resistance until consumers embraced them and forced change.

“You can only move as fast as the consumer; you can’t move faster,” said Marc A. Singer, general partner at BEV Capital, a venture capital firm in Stamford, Conn., that specializes in consumer businesses and is a Redfin investor. Redfin, he said, is becoming smarter in each market it enters. “You learn to cookie-cutter that fight,” he said.

AMID its battles, a funny thing happened to Redfin. It realized it was not primarily a tech company, but a real estate broker. It moved to stylish offices in Pioneer Square in Seattle because many customers wanted to meet agents the old-fashioned way: in person. Redfin posts pictures of agents on the Web so that customers realize, as Mr. Kelman says, “they won’t be talking to a person in Mumbai, India.”

Redfin said it planned to use the power of the Internet to personalize listings — if local M.L.S.’s allow it. Sellers, for example, could post online brochures that describe the history of their houses, any improvements made or what makes the homes special to them. Buyers, meanwhile, would automatically get help in searches through software that analyzes their past queries.

(Some local M.L.S.’s are particularly eager to fight one Redfin innovation: a display of how long homes have been listed on the market, a possible tip-off to buyers of an eager seller.)

“If you give people freedom, you can’t take it away,” Mr. Kelman said. “A consumer force has been unleashed.”

ENVIRONMENT/INDIAN AFFAIRS:

Court Rules Laws On Wetlands Apply To Family's Farm (PPG)

By Don Hopey, Post-Gazette

Pittsburgh Post-Gazette, September 3, 2006

WATERFORD, Pa. -- Robert Brace rolls into his rough-hewn wood-paneled office, thrusts out a meaty hand and, even before he sits down, is talking fast from beneath his mesh Pennsylvania Landowners Association ball cap.

He's driven here to sandwich an interview between two meetings 20 miles away in Erie, and doesn't have much time, maybe an hour, to talk. It's clear, though, that the robust, 68-year-old former cabbage farmer turned nationally known property rights advocate wouldn't downshift even if he could.

That's especially true when the subject is the Aug. 4 federal court decision that denied his claim that using environmental regulations to prevent him from draining, filling and farming a wetlands amounts to a taking, for which he should be paid.

"I don't like thieves and I don't like thievery, and that's what the government is doing," said Mr. Brace, who has framed, autographed photos of President Bush and Vice President Dick Cheney on his office bookshelf. "What right does the government have to control my land? If I can't use it, we shouldn't be debating if I am entitled to compensation."

But where Mr. Brace sees regulators gone wild, the federal judge in the case and mainstream legal experts see court decisions in step with more than 100 years of precedents that allow government to regulate land use for purposes of protecting other property owners, and benefiting communities, public safety and the environment.

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Still, Mr. Brace is revved up, in part because he's angry about the decision by the U.S. Court of Federal Claims in Washington, D.C., and because he senses a watershed moment for a property rights movement in Pennsylvania that, in recent years, has gone as dormant as a fallow farm field.

"People are tired. They still feel the same way, but they can't spend every hour of the day volunteering for these things," Mr. Brace said, noting that many of the activities of the Pennsylvania Landowners Association, the property rights organization he founded in 1987, have been shifted to the Defenders of Property Rights, a Washington, D.C.-based lobbying and legal organization.

"I've worked for 20 years on this, trying to educate the public and Congress about righting a wrong, but how long can I do that?" he said. "I'm hoping I see a turnaround. I believe there's a chance. But if we don't, I don't think we as a nation stand a snowball's chance."

Family farm

His case, Brace vs. The United States, turns on a soggy, 30-acre corner of the Brace family farm near the headwaters of Elk Creek, which, closer to Lake Erie, is a popular steelhead trout fishing creek. The bottom land had been in Mr. Brace's family for 40 years when his father, a cattle and dairy farmer, retired in 1975 and sold the 134-acre parcel to Mr. Brace.

He began to clear the land, which had become overgrown, and started to repair a drainage system and install new ditches and drains with the idea of expanding his cabbage farming operation.

From 1977 to 1986, he did not use the land for pasture or crops. During that time, he installed more than five miles of underground drainage pipe on the property with the knowledge and aid of the U.S. Department of Agriculture.

In 1987, two State Game Commission officers, on the farm to trap beavers that had dammed the creek, questioned whether the drainage work was allowed under the 1972 Clean Water Act. Later that year, Mr. Brace received letters from the U.S. Environmental Protection Agency, the Army Corps of Engineers and the U.S. Fish and Wildlife Service, informing him he had drained regulated wetlands, caused sedimentation in the creek and damaged steelhead trout spawning waters. They ordered him to restore the wetlands or face fines of up to $25,000 a day.

But Mr. Brace decided to fight rather than fill the ditches. He made a federal case out of it, arguing he was exempt from the federal rules against draining wetlands under Section 404 of the Clean Water Act because of his farming operations.

Robin Rombach, Post-Gazette

Robert Brace stands on 30 acres of his property in Waterford, Erie County, that is under regulations for wetlands, preventing him from farming it.

Click photo for larger image.

In 1993, the federal District Court in Erie decided in his favor, but the ruling was overturned on appeal in 1994. A three-judge panel of the federal 3rd Circuit Court in Philadelphia said that, while other parts of the farm did qualify for the exemption, the wetland site didn't because it had not previously been used for farming.

As a result of that ruling, Mr. Brace signed a consent order in which he avoided a $125,000 fine by agreeing to pay a $10,000 penalty, disable the drainage network, restore the site and refrain from dumping fill in the wetlands.

In 1998, Mr. Brace filed the case recently decided in the federal Court of Claims, alleging that the federal regulators' actions and the consent agreement resulted in the taking of his property without just compensation, a violation of the Fifth Amendment.

Mr. Brace said he was surprised by the court's ruling that "none of plaintiff's taking claims [are] well-taken."

According to the court, the requirement to maintain the wetlands diminished Mr. Brace's property value 14 percent. Most successful regulatory takings claims require that the value of the property in question be diminished by 90 percent or more.

Mr. Brace said he might appeal -- he has another 30 days to decide -- but the chances of a higher court taking up the appeal are slim, according to Glenn Sugameli, a lawyer with Earth Justice, an environmental group.

"It's an unexceptional result. It's not a groundbreaking decision and it applies well-settled existing law," Mr. Sugameli said. "He can always appeal, but he has a pretty weak claim economically, and it would require a creative interpretation and ignoring binding precedent to decide this differently."

Mr. Sugameli, who, in the 1990s, worked for the National Wildlife Federation and worked with other environmental groups to oppose the kind of expansive definition of a governmental taking that Mr. Brace supports, said the property rights movement was alive, but not kicking as much as it once did.

"There's a couple of ballot initiatives in some Western states, but I don't think there's the same groundswell for changing the definition of property rights to require the government to write a blank check to property owners just so they won't hurt their neighbors," Mr. Sugameli said.

He said property rights advocates had tried to piggyback on public anger over the unrelated U.S. Supreme Court ruling last year in the Kilo case, where the court ruled that local government could condemn private property for the purpose of economic development, but there is little common ground.

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"That's different than the zoning and environmental laws those people oppose," Sugameli said, "and which limit the ability of one property owner to use his property in a way that it harms others, and others' properties, the community and the environment."

Down the narrow country lane from the barn where Mr. Brace milked his father's cows as a boy lies the gently rolling, still soggy swath of farmland that defines his politics and the state organization he founded and still leads.

Mr. Brace has stopped here on his way back to his meeting in Erie to point out the wetlands and adjacent farmland, now overgrown with brush and punctuated by the bone-gray trunks and bare branches of dead and dying elms. Water backed up behind beaver dams fills the ditches where cattails and lily pads grow.

He said the water had completely ruined this part of the farm, not just the 30 acres that are wetlands, but all 65 acres on the south corner, where Lane and Greenlee roads intersect. He owns a little more than 2,000 acres and has planted feed corn on 1,700 of them.

"I'm more of an environmentalist than 99 percent of the people yakking, but with a very strong property rights belief," said Mr. Brace, whose politics are a rural mix of traditional moral conservatism and libertarian let-me-aloneism. He wants less government, lower taxes and fewer regulations. He believes global warming is "just another theory without scientific evidence that's being used to manipulate people's minds."

He was named Republican of the Year by the national Republican Party last year, but said he was disenchanted with politicians who say one thing and don't do anything.

"I haven't changed, but 20 years ago, I thought the system still worked. Now I think it's broken," he said. "We've let the regulators control us to no end and the lawmakers are not paying attention to us.

"If you want to call me a radical for telling the truth, have at it, because if you were on my end of the stick, you'd be saying it, too. I still plan on winning, regardless of the court decisions. The American people will lose if I don't straighten this out."

(Don Hopey can be reached at dhopey@post-gazette.com or 412-263-1983.)

Texas Farms And Ranches Done In By Mean Drought (LAT)

By Lianne Hart, Times Staff Writer

The Los Angeles Times, September 3, 2006

With livestock unfed and livelihoods on the line, owners pray for rain. 'It's nothing but dried weeds out there,' a feed-store manager says.

CANTON, Texas — The effects of a long, stubborn drought are everywhere here: in the parched, wasted fields and the bony cows nosing the dirt for nonexistent grass; in the cracks splitting stone-hard earth and the worried faces of farmers running out of savings, and options.

"It's sad when you see what's going on all around you," said Windy Watkins, a feed-store manager. "This has been the lives of so many for so long, and now it's gone. It's heartbreaking."

Canton, a rural cattle- and sweet-potato-producing area 60 miles east of Dallas, is hardly alone in its misery. From Florida to Arizona and north through the Dakotas, Minnesota and Wisconsin, drought has wiped out summer crops and forced ranchers to sell cattle they can no longer afford to feed.

Crop and livestock losses have reached a record $4.1 billion in Texas alone this year, nearly double the $2.1-billion mark set in 1998, according to Texas Cooperative Extension economists. The projected loss for rural businesses that provide equipment and services to Texas farmers and ranchers is an additional $3.9 billion. "It's as bad as it gets," said Texas A&M University agronomist Travis Miller.

Last week, federal agriculture officials promised nearly $800 million to ranchers and farmers nationwide, an amount state lawmakers, farm organizations and ranchers called a pittance.

"That's like me spitting out there for the cows to get a drink," said sweet-potato farmer Lamar Bass, shooting a glance at the cracked ground on his Canton farm.

With no prospects for rain, farmers can either call it quits or dig deeper into debt, he said.

"That tractor over yonder?" Bass said, pointing to the left. "Mortgaged. That other tractor? Mortgaged. That truck next to it is mortgaged. Mortgaged, mortgaged, mortgaged…. I tell the banker this is more his than mine."

In a field of wilting vines, Bass digs through the sandy dirt and pulls up a lone sweet potato. "There should be six or eight sweet potatoes with this, and there's just the one," he said. But at least the field is producing something, he added. In a scene repeated across the country, a nearby field is overgrown with dried weeds, the ground too scorched to plant.

"Folks are hanging on, hoping it will rain," Bass said. "A lot of people don't want to admit they're on their last leg."

For cattle ranchers, the drought has meant barren pastures that don't produce the hay or grass that feeds their livestock. "The pastures are all burnt up. There's nothing for the cows to eat," rancher Darwin Douthit said.

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Those who can afford it import hay from as far as Iowa or Colorado at $90 a bale, double the usual rate. At those prices, only part of a herd can be fed; the rest are sold, underweight and well before they normally go to market.

"The only thing you can do is sell cows. It's the only option you have," said Douthit, 67. He has sold 40 of his 100 head of cattle, and expects to be down to 25 by the first frost. "I'll sell my cows before I watch them starve."

In many Texas counties, more than twice as many head have been sold this year than last, Miller said.

Van Zandt County Livestock auction barn is doing record business, selling an average 600 head each Saturday, compared with 250 in nondrought years. The line of ranchers waiting to unload trailers of cattle starts early in the morning, and backs up for half a mile.

For auction-house owner Tommy Barton, the boom in business has meant watching friends and neighbors slowly liquidate their life's work. "It's been horrible," he said.

The effect on consumers will probably cut two ways.

"In the short term, beef prices will be lower because all those animals are going to auction, and there's more beef on the market. But in the long term, consumers will see higher beef prices because many of the younger cows that would have been producing more calves, and expanding the market, have been slaughtered," said David Anderson, a livestock economist at Texas A&M.

Not all of the younger cows have been turned into beef, Anderson said. Out-of-state producers are buying cows at auction and moving them to states where grass is still abundant.

But wherever ranchers gather in Texas, the nation's largest cattle-producing state, the conversation is the same. " 'Have you heard where you can get some hay? How much does it cost?' That's what we talk about now," Douthit said.

His wife, Becky, admits to being a poor sounding board. "He doesn't talk about it much to me. I can't take it," she said. "When he told me how much he paid for the hay he bought from Iowa, I nearly choked."

This time of year, most farmers would be preparing the fields for winter grass, but the ground is too hard to plow. "People are losing their ever-living tails," Douthit said.

Worry and financial hardship have forced many older ranchers, spry men in their 70s and 80s, to give up a lifelong passion — and the reason they get up in the morning, Douthit said. One such friend, he said, recently sold virtually his entire herd of 450. "The drought just wiped him out," Douthit said. "He said he kept 11 head for something to look at."

Businesses that support farmers also are hurting. Sales at the Van Zandt Ag feed store are off 40% from last year, Watkins said.

"Anything related to cattle or farming, people aren't buying because they can't use it" with herds so reduced, she said. "It's nothing but dried weeds out there now."

When she runs into former customers at Wal-Mart, they almost always stop and apologize for not patronizing the store, Watkins said. "They tell me: 'The reason I haven't seen you is I sold all my cows,' " she said. It's a melancholy moment. "You want to give them a hug."

In Canton, as in rural towns across the state, churchgoers at Sunday services have prayed for rain for months. Their prayers seemed to be answered here last week, when a light rain fell in parts of the county. But the ground was so hard that the water fell away in sheets, and it wasn't enough to save the summer crops anyway, county extension agent Brian Cummings said. The skies returned to a cloudless blue, and the forecast gave no hope for another summer shower.

Douthit went back outside and worked the land that had been in his family since 1836. This is where he was born and raised, he said. His parents lived through a drought in the 1950s that, before this year, was considered the state's worst, and he intends to soldier through this one.

"It's what I do," he said. "I'm not going anywhere."

lianne.hart@latimes.com

Carbon Dioxide Emissions Get Buried At Sea (LAT)

By Robert Lee Hotz, Times Staff Writer

The Los Angeles Times, September 3, 2006

A Norwegian oil firm injects gas below the seabed to cut its taxes, a practice that could spread as nations fight global warming.

SLEIPNER PLATFORM, North Sea — Buffeted by crosswinds, the lone helicopter flew on for an hour across the shale-gray waves of the North Sea with no destination in sight.

A relief crew huddled unsteadily inside, sweating in their 20-pound immersion suits, festooned with safety whistles, buddy lines, emergency lights and inflatable life vests. Even in summer, survival in the choppy 40-degree water is measured in minutes.

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Finally — far off the coast of Norway — the superstructure of the Sleipner platform came into view, towering 500 feet above the swell at this watery crossroads of 3,000 miles of undersea petroleum pipelines that carry natural gas for 50 million European customers.

Only one pipe led from the platform back into the seafloor. It carried industrial carbon dioxide deep into the earth from which it came.

Here, on the remote Sleipner refinery complex, the business of global warming is taking shape.

Since 1996, Norway's largest petroleum company — Statoil — has been injecting 1 million tons of carbon dioxide every year from the Sleipner complex into undersea sediments to keep the potent greenhouse gas from venting into the atmosphere.

Statoil's engineers aren't doing it to save the environment, but to save money. The Sleipner injection facility, which cost about $80 million to build, saves Statoil $53 million every year in Norwegian taxes on carbon dioxide emissions.

In areas such as California — where lawmakers passed a bill last week to curb industrial carbon dioxide emissions 25% by 2020 — the Sleipner platform is a harbinger of the future of fossil fuels, in which energy companies and power utilities retool for new greenhouse gas standards.

Though business executives generally oppose such controls, energy company planners here believe there may be opportunities in the financial balance sheet of global warming.

Even before all the scientific, safety and legal questions are settled, energy companies from Scotland to Southern California are gambling billions of dollars on the hope that they can meet growing demands for electricity with oil, gas and coal, and avoid the increasing financial penalties by burying the greenhouse gases they generate.

The work can be as dangerous and grueling as extracting oil.

Standing on a blue walkway inside the Sleipner platform, Tor Fjaeran, Statoil's senior vice president for the environment, braced himself against the trunk of Control Valve A-16, where a ring of 12 bolts — each the size of a fist — secured it to a vertical pipe channeling pressurized carbon dioxide almost half a mile underground.

Far below, 70-seat lifeboats hang nose-down in harnesses 60 feet above the water like bullets in a bandolier. In an emergency, they free-fall into the sea. Fjaeran has ridden the boats down twice during training.

"Those 2 1/2 seconds in the air … are very long," he said.

The Sleipner platform, about 140 miles from the city of Stavanger on the Norwegian coast, is a 34,000-ton Rubik's cube of color-coded conduits, control valves and compressors.

The 240 men and women here are engaged in what the United Nations' International Labor Organization has ranked as the world's most hazardous employment.

The threat of a gas explosion is omnipresent.

Flash photography is banned, lest automatic sensors interpret the burst of light as a fire and instantly shut down production, at a cost of millions.

In the most severe weather, winds top 130 mph and 70-foot waves slap against the platform's concrete pilings.

The complex comprises three platforms linked by catwalks — each a pad for the intricate network of turbines and pressure chambers required to pump and refine so much fossil fuel.

Raw natural gas comes into the platform containing as much as 9% carbon dioxide. To reduce the CO2 to acceptable levels, the natural gas is chemically treated in an 11-story carbon-capture unit.

Almost all energy companies vent excess gas into the air. On the Sleipner platform, however, four turbines compress the trapped carbon dioxide to 80 times the normal atmospheric pressure and inject it into a subterranean plateau of porous sandstone 2,600 feet below the seabed. This vast natural storage tank is sealed by a cap of impermeable shale 2,000 feet thick, the same oil dome that trapped the reservoir of North Sea petroleum in place for eons.

By 2050, experts estimate, carbon-capture and storage operations such as those at the Sleipner platform could account for half the reduction in CO2 needed to stabilize rising emissions in the atmosphere.

To avoid rising temperatures, climate experts say carbon dioxide emissions from fossil fuels — which have added 152 billion tons of carbon to the atmosphere since the mid-1970s — must be cut in half by the end of the century.

Energy demand, however, is expected to double in coming decades, much of it to be met by fossil fuels, energy analysts and climate experts say. Consequently, world CO2 emissions are expected to reach 38.8 billion tons annually by 2025 unless something is done, energy analysts predict.

The North Sea aquifer could safely hold all the carbon dioxide emitted by Europe's power plants during the next 600 years, oil company researchers think. Undersea sediments along the U.S. coastline may be sufficient to store the nation's annual CO2 emissions for thousands of years, researchers at Harvard and Columbia universities and MIT determined in August.

"The capacity is essentially infinite," said Harvard climatologist Daniel P. Schrag. "We would run out of coal long before we would run out of storage space."

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The technology of injection is well-known. For decades, oil companies have boosted production by raising the pressure in depleted fields with CO_2 injections.

Until recently, however, few cared so much about how long the carbon dioxide stayed put.

That is starting to change. Since 2000, the North American energy company EnCana Corp. has boosted oil production 50% at Weyburn, Canada, by injecting millions of tons of surplus CO_2 from North Dakota. Plans call for at least 20 million tons in all to be sequestered permanently there in coming decades — an amount equal to the annual emissions of 6.8 million cars.

So far, monitoring indicates that most of it will stay underground but, by one report, about 2,500 tons a day bubble to the surface where it must be recaptured and re-injected.

Critics of the storage operations worry about the long-term safety of the reservoirs. No one knows whether excess carbon dioxide will remain stable underground for hundreds or thousands of years.

"If it can find any well, crack or conduit in the rock, it will escape," said Harvard carbon storage researcher Kurt Zenz House.

With more than 3.5 million oil wells drilled in the U.S. since petroleum exploration began in earnest 150 years ago, there is no shortage of potential leaks.

Experts also worry how so much carbon dioxide will alter the chemistry of the storage formations themselves. Bubbles composed of millions of tons of sequestered CO_2 could form an acid that could etch away the confining rocks or erode the concrete caps on well heads.

To test the effects of carbon dioxide storage, researchers funded by the U.S. Department of Energy recently injected 2,000 tons — about half a day's power plant emissions — into a mile-deep well northeast of Houston.

After monitoring the site for two years, researchers at the U.S. Geological Survey found no leaks.

But in a study made public in July, they did discover that the buried CO_2 increased the acidity of the saltwater in the rock enough to dissolve the surrounding minerals. Should enough minerals be eaten away, the gas could seep slowly into the atmosphere again, they reported. The acidic solution also could combine with trace metals and organic compounds to contaminate groundwater.

"We can't just dump this CO_2 anywhere without knowing what is there underground and what is happening to it," said USGS scientist Yousif Kharaka, who conducted the analysis.

At Harvard, House and his colleagues believe the most effective way to store excess carbon dioxide is to sequester it offshore in ocean sediments under water more than 9,000 feet deep. In theory, they said, the combination of extreme pressure and severe cold would make the CO_2 slurry so dense that it would sink of its own weight.

Since starting injections in 1996, Statoil technicians surveyed the carbon dioxide with 3-D seismic sensors that can track the gas as it moves through the brine-soaked rock. So far, it has stayed where they put it.

If Statoil's computer simulations are correct, the immense CO_2 pool may be safely sequestered for at least 5,000 years.

"At Sleipner we know it works," said Julio Friedmann, director of the Carbon Storage Initiative at Lawrence Livermore National Laboratory. "What we don't know is if it works everywhere you need it. The question is whether you can do it a hundred times, a thousand times. Can you do it in the places where the power plants are?"

Ideally, excess CO_2 from power generation would be injected into sediments close to the power plant that generated it.

Such is the strategy of BP and Edison International, which have been preparing to build a $1-billion hydrogen fuel plant south of Los Angeles in Carson, in anticipation of new state curbs on carbon dioxide emissions. They expect to dispose of 4 million tons of CO_2 per year from the proposed 500-megawatt power plant by injecting it into depleted oil fields throughout Southern California.

In the absence of taxes or federal regulations to encourage its use, the technology of carbon storage so far is too expensive for many power plants to adopt voluntarily, especially coal-fired plants. In the U.S., CO_2 emissions from the largest plants can run as high as 18 million tons annually.

But as greenhouse gases in the atmosphere reach increasingly higher levels, the need to sequester carbon dioxide safely may become a profitable enterprise.

"This is the only way for the fossil fuel industries to survive — to become part of the solution," said Fjaeran of Statoil.

Statoil and Royal Dutch Shell announced a proposal in March for a $1.4-billion, 860-megawatt power plant that involves one of the world's largest carbon-capture and storage operations. Almost half of the project's cost stems from its carbon storage plan, but the companies will use the excess CO_2 to boost production of even more oil and natural gas from their depleted fields.

That is what worries critics most.

The CO_2 storage schemes offer energy companies a way to perpetuate the use of carbon-rich fossil fuels for decades to come. To avoid potentially catastrophic consequences of global warming, environmental critics contend, the world should instead be weaning itself completely from petroleum in favor of alternative energy sources.

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Deep in the heart of the Sleipner complex, platform manager Helge Smaamo pursed his lips as he surveyed a leaking CO2 compressor. To avoid the risk of fire, the carbon dioxide injection system had to be shut down until the leak could be repaired.

The platform fell silent.

Inside the industrial intestines of the 8,000-ton CO2 unit, three workers in orange jumpsuits crouched over the leaking turbine, heaving at the bolts on its green cowl with wrenches the size of their leg bones.

Smaamo hurried onto a walkway overlooking the carbon dioxide capture unit. Before his eyes, its 500-foot-high flare tower started to stream flame as venting natural gas ignited safely. His eyes turned to the smaller exhaust stack next to it.

In a few moments, a wispy white plume spilled from its mouth. The company's carbon dioxide was escaping into the atmosphere, to be taxed at more than $50 a ton.

Smaamo grimaced.

He watched money — and more — disappear up the flue.

lee.hotz@latimes.com

Offshore Terminal's Onshore Effect Debated (LAT)

LA Times, September 3, 2006

Gary Polakovic

Building a floating liquefied natural gas terminal 14 miles off the Ventura County coast may be safer than putting it on shore, but the proposed $800-million project has triggered intense opposition over its effect on air quality in smoggy Southern California.

About 12,000 coastal residents have filed comments, mostly in protest, about a draft air pollution permit the U.S. Environmental Protection Agency is preparing for Australia-based BHP Billiton, one of the world's largest energy companies.

Environmentalists say BHP's project fails to meet Clean Air Act requirements because the EPA is not holding it to the rigorous standards that would apply if it were built on land. The EPA strongly advocated stringent controls for two years, then dropped its demand after intense lobbying from the company and the Bush administration, they said.

"It is being held to the lowest possible level of environmental review," said Susan Jordan, director of the California Coastal Protection Network. "It sets a precedent for all the offshore LNG projects."

But Renee Klimczak, president of BHP Billiton LNG International, said the project would not only provide California with a reliable source of low-polluting energy, it would aid in the fight for clean air. She said the company plans to use the best-available technology so the operation does not degrade air quality on the mainland.

Bill Would Aid Cemeteries For Indian Veterans (NYT)

By Holli Chmela

The New York Times, September 3, 2006

WASHINGTON, Aug. 26 — Traditionally, when American Indians are killed in battle, their remains are returned to their tribal lands for burial.

But for the families of the many Indians who join the United States military, death brings a difficult choice: The veterans can be buried in a national veterans' cemetery with fellow comrades in arms. Or they can be buried close to home on tribal land.

There is no way to do both.

The Native American Veterans Cemetery Act would change that.

Representative Tom Udall, the New Mexico Democrat who wrote the bill, said it would authorize states to provide grants financed by the Department of Veterans Affairs for the development or improvement of veterans' cemeteries on tribal land. At present, tribal governments are not eligible for department money.

In June, Mr. Udall's measure was unanimously approved by the House Veterans Affairs Committee. Both the House and the Senate included it in comprehensive veterans' bills approved last month. The next step is for those bills to be reconciled by a conference committee after Congress returns in September.

Nearly 20,000 people classified as Native American/Alaskan Native are serving in the Army, Navy, Marine Corps and Air Force, according to the Defense Department's most recent tally, from December 2005. By the end of 2006, there will be an estimated 181,361 Native American veterans, according to the V.A. The National Native American Veterans Association estimates that 22 percent of Native Americans 18 years or older are veterans.

"This is about recognizing that it's not just states that have rights — tribes, too, should have rights," Mr. Udall said in a recent interview.

There are 562 federally recognized tribes in the United States. New Mexico alone has 22 tribal reservations, and the population of Mr. Udall's district is 19 percent Indian.

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Explaining the importance of being buried close to home, Thomas Berry, a Navy veteran and a founder of the two-year-old National Native American Veterans Association, said tribes have sacred ceremonies and rituals to honor the dead and ease passage into the next life.

"If a Native American is buried in a national cemetery, a lot of the rituals cannot be performed because of coding restrictions and regulations," Mr. Berry said. "So it's important to us to have a place on tribal land to bury our veterans."

Leo Chischilly, 57, the department manager for the Department of Navajo Veterans Affairs in the Navajo capital, Window Rock, Ariz., said having veterans' cemeteries on tribal land was a matter of practicality as well as tradition.

"The Navajo Nation would like to bury their loved ones within the four sacred mountains on Navajo land," Mr. Chischilly said. "But the closest veterans' cemetery is in Santa Fe, N.M., four hours' drive from Window Rock. Some families visit the grave sites on Veterans Day or Memorial Day, but most people would prefer something closer to home."

Some reservations have cemeteries dedicated to veterans, but they are maintained and paid for by the tribal organization or volunteers, not by the V.A.

Fort Defiance Veterans Cemetery in Arizona is one such example. It is full with more than 300 graves of Navajo veterans. Ten acres have been set aside in Chinle, Ariz., for a new veterans' cemetery, Mr. Chischilly said, but money is needed.

"Hopefully if President Bush signs the legislation we can submit a proposal to get a veterans' cemetery on the Navajo Nation," Mr. Chischilly said. "We'll be able to provide the land, but we will have to get other sources of funding for the operational costs."

FBI/DEA/ATF/USMS:

Deadly, Intentional Ignorance On Guns (LAT)

The Los Angeles Times, September 3, 2006

The Bush administration has blocked collecting data on gun sales and crime. Now Congress wants to go even further.

TWO YEARS AGO THIS MONTH, the federal ban on assault weapons expired. Since then, sales of such weapons have almost certainly increased, and the number of crimes in which they have been used has undoubtedly risen. Unfortunately, there's no way to know for sure. That's because the public and law enforcement agencies no longer have access to information they could routinely get just a few years ago.

A decade ago, the federal government was beginning to make some progress in making information about crime and guns more widely available. During the Clinton administration, the Bureau of Alcohol, Tobacco and Firearms started analyzing its vast database for the first time and in 2000 released its "Commerce in Firearms" report. This report — which was supposed to be issued annually — was full of information about gun sales as well as sales patterns of weapons used to commit crimes.

Armed with that information, federal and local law enforcement began cracking down on suspect dealers and shifting more resources to areas with disproportionally high levels of gun crimes. The federal government also began collecting information from 40 cities nationwide about their gun crimes and looking for helpful patterns in the data.

Today, such information is no longer available. In 2003, federal lawmakers slipped in a provision to an appropriations bill that bars the ATF from spending money to analyze its gun-crime database or making any data available to the public. The federal government also has stopped collecting cities' gun-crime data.

Congress is now intent on going a step further. This month, it's expected to vote on a package of bills that would make it harder to track other kinds of information. One would bar the federal government from releasing gun-crime data of any kind. Another would make it a felony for a law enforcement agency to share information about gun data with another jurisdiction. (This would make it a crime for a police officer in Los Angeles who wanted to pass along a tip about a gun crime to police in Long Beach.)

The gun industry says this kind of information has no value to the public at large and that law enforcement agencies could use it to harass dealers. That's nonsense. What they're probably worried about is that such information could show how to make gun-control laws more effective.

IMMIGRATION:

With Millions In 9/11 Payments, Bereaved Can't Buy Green Cards (NYT)

By Cara Buckley

The New York Times, September 3, 2006

DOJ_NMG_0057667

One widow has more than $2 million but walks or rides the bus everywhere, terrified of drawing attention. Another millionaire widow stopped going to 9/11 support groups because she feared that families of police officers and firefighters might betray her. A widower has enough money to start a business building houses, but cannot buy himself a home.

All three lost a husband or a wife when the World Trade Center collapsed. Like thousands of others, they were beneficiaries of the federal Sept. 11 Victim Compensation Fund, which awarded millions of dollars to families whose loved ones died in the attacks.

But a secret sets these three apart. Like their spouses who died, each is in the country illegally. Even though the government compensated them richly for their losses, making them wealthier than they ever dreamed, the money did not change their immigration status. They fear they could be deported any day.

Five years after the terrorist attacks, these people are living with extraordinary contradictions.

Long accustomed to stashing dollar bills in coffee cans, they became millionaires overnight. But because they do not have Social Security numbers or work visas, they cannot get mortgages or driver's licenses. They say they have spent little of the money, afraid of attracting notice.

Their spouses were labeled heroes, their names emblazoned on placards ringing ground zero. But none of these three, still living in or near New York City, feel they can publicly identify themselves.

"I can't dream very high, because I have no papers," said one widow from Ecuador, who, like the others, agreed to be interviewed on the condition that she not be named. "You're always afraid of exposure. It's a horrible feeling. But I don't want to go back to my country. I know my husband's spirit is here."

After Congress created the victims' fund, promising payouts in return for an agreement not to sue the airlines or other interests, the officials who drafted the fund's rules explicitly stated that foreigners and illegal immigrants would be eligible. And immigration authorities announced that they would not use information provided to the fund to track people down.

But the families who received money could still face deportation if their identities come to light in some other way, their lawyers say.

A spokesman for Immigration and Customs Enforcement in New York, Mark Thorn, said the agency could not comment on specific cases, but confirmed it was not focusing on the families. Still, he added, "generally speaking, anyone who is in this country illegally is vulnerable to removal."

Legislation before Congress would grant green cards to the illegal immigrants who received money. But the measure, attached to the Senate's immigration bill, is deadlocked with the entire package.

From the start, many immigrants were suspicious of the fund.

"They were these modest, poor, fearful people," said Kenneth R. Feinberg, the fund's special master, who determined the awards. "They were afraid they'd be punished."

In the end, 11 awards went to the survivors of illegal immigrants. All those victims had worked at the restaurant Windows on the World. Although they had earned modest wages, many were upwardly mobile and supported relatives back home, factors that increased the payouts. Their awards ranged from $875,000 to $4.1 million.

But their lawyers still worried: That their clients would become marks for hustlers. That relatives, sustained by wire transfers and living in unstable countries, would be kidnapped for ransom.

Details about the 11 families are sketchy. At least three lived abroad at the time of the attack and remain there. At least three were here in New York on 9/11 and still live here with their children in modest apartments.

They could return to their native lands with their money, but feel tethered here, unwilling to leave the country where their spouses worked and died, and determined to give their children a chance to grow up here.

"I have half my life here," one widow said. "And my husband is here."

When the widow from Ecuador first heard about the fund, she thought it might be a trap to catch immigrants like her.

She and her husband moved to Queens in 1992, paying smugglers $11,000 to help them cross the border. But now her husband, a supply-room manager, was dead and she was alone with their son, who had joined them later. She could no longer afford the rent on their cramped basement apartment, where sewage leached through floors, or her son's asthma spray.

The union at Windows on the World arranged for families to meet with pro-bono lawyers. One lawyer, Debra Steinberg, convinced her that Mr. Feinberg, the fund's administrator, was sincere.

But the woman was petrified. Mr. Feinberg worked for the government, after all. When she told him her story at a hearing in April 2003, her voice quavered.

"How could he understand how I was feeling, how I was screaming from the inside?" she said she wondered. "That we need help, and we're alone. That we don't belong here, but that I don't want to go back to my country. That I'm already part of this one, because my husband is here."

Mr. Feinberg awarded her roughly $1.6 million.

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The sum frightened her. She had grown up in a mountain town where dinner often consisted of rice and half an egg. “I was praying, ‘Please, God, don’t let me change, let me stay myself,’ ” she said.

The woman, 38, tried to make peace with the windfall by thinking of the money as her husband’s gift to their son. With help, she put it into conservative investments that she could tap if forced back to Ecuador. She has lived off the interest, she says.

And she has continued to live modestly, renting a two-bedroom apartment in East Elmhurst, Queens, for $1,200 a month. Her splurge was a bedroom set for her son.

But the money did change her life. She is still a warm woman with laughing brown eyes, but she has grown withdrawn.

She is afraid to tell neighbors she is a 9/11 widow, fearing questions about her immigration status. She yearns for work to fill her days, but has no visa. She stopped seeing old friends who made snide remarks about her sudden wealth. Even 9/11 support groups made her feel unsafe, because they were filled with spouses of dead police officers.

“I’d rather be alone,” she said softly.

Her son, 17, is a senior at a private school in Manhattan, his tuition paid by a private foundation. A gifted photographer, he dreams of studying design, but the colleges he is interested in require Social Security numbers.

He says he cannot imagine moving to Ecuador, which he left at age 5.

“I have no idea what I’ll do,” he said, as a trailer for the movie “World Trade Center” flashed across their television screen. He took a shaky breath and said, “My history is here.”

For the second widow, school days are the hardest. The Mexican woman with the soulful eyes and a sweep of dark hair tightens her fingers around her 9-year-old son’s hand and boards the public bus. Only 4-foot-7, she almost disappears into the seat. But she feels like a beacon sending off warning signals.

Her son was 4 when his father, a grill cook, died on 9/11. The Windows of Hope Family Relief Fund, which helps families of the restaurant workers, pays the boy’s tuition at a private elementary school in Manhattan. But this woman lives outside Newark and has no car. So she takes her son to and from school, a daily commute totaling six hours.

She finds the journey harrowing. Security is tighter now at bridges and tunnels. “I never know if they’re going to get me,” said the woman, 30, who recently had a baby girl with her new companion.

It is hard to fathom that this woman has about $2.2 million, trusted financial advisers and a lawyer, Ms. Steinberg. Yet there are things that a fortune cannot buy. She has the cash to buy a house outright, but fears that if deported, she could lose any property here. She struggled to find an apartment, because most landlords demand a Social Security number. She cannot get a driver’s license, so she carries groceries and laundry for blocks, her baby in tow.

Immigration officials have caught her before. In 2000, she says, she and her husband were intercepted as they were returning from their wedding in Mexico. Deportation hearings were scheduled for May 2002, but by then her husband had been killed.

As a lawyer asked an immigration judge to grant the woman mercy as a 9/11 victim, a memorial service was under way at ground zero. The judge let her go, and she applied to the fund the following year.

If she has to return to Mexico, the money will still be hers, government officials said. But she will have to make a wrenching decision. Her son is a United States citizen, born in Queens. He has relatives he adores nearby, and she feels his future is more assured here. Yet she cannot imagine leaving him behind.

The third spouse, a widower, faces a similar dilemma. He could move back to Ecuador and start the construction business he has always dreamed of. But he is torn — and amazed to find himself in a country where he is not supposed to even work or drive.

“Why am I staying here?” he says he asks himself.

The answer is his 5-year-old daughter, his last link to his wife. The girl has just started prekindergarten. If he can endure staying one more year, her English will improve, he says. And maybe the legislation allowing him a green card will pass.

Yet waiting is not easy for this stocky 35-year-old, caught between his fierce independence and a deep concern for his daughter.

A construction worker, he was always proudly self-sufficient, though his wife earned more as a prep cook. After her death, he threw himself into raising — and coddling — the child, then 8 months old. He filled her bedroom with plush animals and bought her the frilliest dresses he could find.

Yet when his lawyer, Saralyn Cohen, told him about the fund, he balked, offended by charity. But when she gently noted that the money would help his daughter, he softened.

She said he invested the money, about $2.2 million, only occasionally tapping into the interest. Seemingly indifferent about the windfall, he kept the same small apartment in Borough Park, Brooklyn. “Money cannot buy my daughter’s mother back,” he said.

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Though resolved to stay another year, he aches for Ecuador and wants the girl to meet her grandparents. Yet if he traveled home, he could not return.

And so he ticks off the days until his life can begin again.

"It's all for her, so she does something better," he said as his daughter wrapped her arms around his neck. "That she becomes a doctor, a lawyer. That she's not the same as me."

L.A. March Presses For Amnesty For Illegal Immigrants (LAT)

LA Times, September 3, 2006

Rong-Gong Lin II And Ted Rohrlich

More than 1,000 marchers took to the streets of downtown Los Angeles on Saturday to call for a general amnesty for illegal immigrants and highlight the troubles of women facing deportation.

Organizers put the crowd at 5,000, while police estimated 1,500.

"We're telling Congress we're still here, waiting for a positive answer," said Eddie "Piolin" Sotelo, a popular Spanish-language radio deejay, who helped turn out 500,000 people for a demonstration in March against federal legislation cracking down on illegal immigration.

Saturday's demonstration focused largely on undocumented immigrant women threatened with deportation.

It spotlighted the case of a cleaning woman from Mexico who has taken refuge in a Chicago storefront church to avoid being deported.

Elvira Arellano, 31, was arrested in 2002 for using a fake Social Security number to obtain a job at O'Hare International Airport and has been fighting since then for permission to stay in the country with her 7-year-old U.S.-born son.

Ga. National Guard On The Border Illegals Seeking Southeast Jobs Find The Early Going Blocked By Georgians (AJC)

By Jim Tharpe

The Atlanta Journal-Constitution, September 3, 2006

DEMING, N.M. — The beauty of the battlefield jolts the senses.

Here, along the remote, rugged border shared by Mexico and the United States, recent rains have raised a dozen shades of vegetative green from the rocky, tan-and-purplish soil. Flowers have sprouted everywhere. Armies of brilliant yellow caterpillars — some three inches long — nibble at the seasonal feast.

This is the place, about a half-mile north of Mexico, where 150 members of the Georgia National Guard have spent the past two months in a stepped-up fight against illegal immigration. And they are having an impact, say the U.S. Border Patrol agents they assist, at least on this small battlefield of a very large and politically charged war.

"The smugglers are saying, 'Don't go in the Deming area because there are too many Border Patrol and National Guard,'" said Carl McClafferty, assistant Border Patrol agent in charge of the Deming area. "The border crossings have dried up around here since the Georgia folks arrived."

The all-volunteer Georgia Guard contingent is part of Operation Jump Start, which was introduced by President Bush in May. That effort placed about 6,000 Army and Air Guard members from 40 states along the 1,951-mile southern border.

A recent federal report indicated Georgia had the fastest growing population of illegal immigrants in the nation from 2000-2005 — thought to number about 470,000, but possibly twice that. The state Legislature this session enacted laws to crack down on illegals and the people who hire them. And illegal immigration has become an issue in the governor's race.

McClafferty said some of the illegals apprehended in the Deming sector have said they were bound for the Southeast. Some said they were headed directly for Georgia, only to be stopped by Border Patrol with an assist from citizen soldiers from Georgia.

The guard troops do not attempt to arrest border violators, but instead act as the "eyes and ears" for the Border Patrol. They act as a "force multiplier" for the thinly stretched border agents, plugging gaps in the porous boundary.

Spc. Jamey Fortune, of Conley has found himself on the front line of this quiet fight. He mans an elevated viewing tower called a "sky box" with night-vision equipment overlooking the border about 35 miles from Deming.

Georgia Guard troops patrol seven observation points scanning about 54 miles of the border — about 1/40th of the entire U.S.-Mexico border. The sky boxes are manned 24 hours a day, with teams working in eight-hour shifts. It is lonely, often boring work out here, far from the nearest town or even the nearest man-made sound. There are no bathrooms. When nature calls, you spend a lot of time avoiding rattlesnakes.

Fortune spots rabbits, coyotes, prairie dogs and lizards from his hilltop perch. And, occasionally, people trying to crash the border along this area dominated by cacti, rock-strewn hillsides and hidden valleys.

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"We scan the border road, and, if we see any vehicles or individuals that look unusual, we'll alert the Border Patrol," he said. "If they actually cross the border, we'll call the Border Patrol again and try to direct them in for an arrest."

In late July, he spotted 15 people trying to sneak across as a group.

"It was a harder task than I thought, especially at night, trying to guide the Border Patrol to the people we saw," he said.

From his high-tech perch, Fortune can see the small town of Palomas, just across the border, which he said is a staging area for people trying to illegally cross the border.

"We usually try to let them get across the border a little but before we call the Border Patrol," he said. "About nine times out of 10, if they know we see them, they'll drop everything they have and run back across the border."

McClafferty said the Georgia Guard has assisted in about 200 apprehensions and more than 280 "turnbacks" — actions that discouraged crossings — since its members arrived. More importantly, he said, apprehensions are down from about 300 a day to about 50.

No one has any idea what overall impact that patrols like those being conducted by the Georgia Guard will have on illegal immigration. Even the Border Patrol agents think the people who do not cross here will try to cross somewhere else.

At his Deming office, McClafferty shows visitors videos captured from pole-mounted cameras along the nearby border that would give the TV show "Cops" a run for the money. There is the night vision footage of a pickup truck filled with people that bursts through a border fence. After they spot a Border Patrol vehicle, the truck then speeds south back across the border until it crashes in a cloud of dust. Another night, two men with huge backpacks full of drugs are busted by agents. And another video shows a group of several dozen people being escorted across the border by a "coyote," a smuggler who charges up to $2,000 per person for the crossing.

"When we get people coming across the border, we don't know if it's just people or if it's people smuggling dope or plutonium," he said.

The cells at the Deming Border Patrol station held about 50 illegal immigrants last Wednesday. Men were separated from women, juveniles from adults and families from the other groups. A group of men, their jeans muddy from the recent rains and their failed crossing, stared blankly as McClafferty escorted a group of reporters into the holding area. Here, illegal immigrants are booked and checked to see if they have any criminal warrants before being deported.

In one cell, a mother and father rested beneath blankets on a bare concrete floor as their young, ponytailed daughter, maybe 8, stared shyly at reporters and smiled. Her father, who looked tired and broken-spirited, avoided eye contact.

"Do you ever feel sorry for these people?" a reporter asked.

"Every day," McClafferty said without hesitation. "But the immigration problem is not our concern. Our concern is border security."

A visit by Gov. Sonny Perdue, who is in a heated re-election battle, broke the monotony of last week's patrol. Perdue estimated some Guard presence will be requested along the border for the next four years.

"I'm sure we'll be asked to do this again," Perdue said. "I wanted to make sure we are out here making a difference and not just doing something to make everybody feel good."

Perdue dined on pizza with troops at a Deming armory, pinned on a couple of promotions and visited several of the hilltop observation points, where he presented Georgia state flags to troops.

As two Black Hawk helicopters carrying the governor, his aides, troops and reporters took off from one site, troops had already tied a state flag to their Humvee. It flapped briskly in the wind just a few hundredsyards from a country where a lot of people want to make the crossing.

TAX:

IRS Audits May Not Catch Wealthy Cheats (AP)

By Mary Dalrymple, Ap Tax Writer

The Associated Pressb, September 2, 2006

The Internal Revenue Service has been auditing more high-income taxpayers but may not be effectively going after one of the biggest problems — wealthy people who evade taxes by reporting too little business income or overstating business expenses.

The reason is that IRS auditors most often conduct audits of high-income taxpayers by correspondence, said a report by the Treasury office that oversees the tax collection agency's operations. In those cases, the IRS sends letters to taxpayers asking them to verify information on their returns.

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Fewer audits actually require high-income taxpayers — those reporting $100,000 or more in income — to sit through intensive, face-to-face examinations.

Those audits could turn up more evidence of missing business income or overstated deductions for business expenses, J. Russell George, the Treasury Department's inspector general for tax administration, said in a new report.

"These types of taxpayers and issues are difficult to examine through correspondence," the inspector's report said. By their nature, audits by letter are "less complex and issues are limited" when compared with traditional audits, it added.

The IRS has increased the number of intensive face-to-face audits of wealthier taxpayers over the last few years, even though its budget has remained basically flat.

Kevin Brown, who heads the IRS small business and self-employed division, agreed that intensive audits find more unreported income. "The observation is correct," he said. "We don't think we're doing enough there, and we want to do more."

Both types of audits — those by mail and in person — have increased in recent years, reversing a slide in IRS tax law enforcement that started in the late 1990s.

The IRS examined 1 in 65 tax returns filed by high-income individuals and families and 2005, higher than the 1 in 116 examined in 2002. More than 5 percent of people reporting more than $1 million in income saw their returns audited last year.

The number of face-to-face exams increased by 25 percent in that time, a change that the Treasury inspector called a "significant achievement" because they are more complex and time-consuming.

Examinations by letter, however, increased 170 percent during that time. The result was that two-thirds of the audits of high-income taxpayers in 2005 were done by mail.

The IRS uses the correspondence examinations because they cost less and require less time compared with face-to-face meetings, allowing the agency to check up on more tax returns.

Brown said the average face-to-face audit takes 40 hours, compared to the 10 hours an average correspondence audit consumes.

IRS Commissioner Mark Everson has increased audits of high-income taxpayers in an effort to start closing the annual tax gap, the roughly $345 billion owed but not paid.

IRS researchers have found that the biggest contributor to the tax gap are taxpayers who don't report income from business ventures. That includes sole proprietors, independent contractors, self-employed workers and others who report business income on their individual tax returns.

Audits of high-income taxpayers reporting such income on their returns has increased, the Treasury investigators said. The IRS audited 1 in 28 such returns in 2005, an increase from the 1 in 69 examined in 2002.

But more than half, or 54 percent, of those audits were correspondence examinations done by mail, the Treasury inspectors found.

Almost 20,000 high-income taxpayers reporting business income had their returns examined through correspondence. In only 22 percent were raised questions regarding the taxpayer's business, the report found.

Business income, unlike wages paid through paychecks, does not always get reported independently to the Internal Revenue Service. That can make it more difficult for the tax agency to detect when taxpayers understate their business income on their tax returns.

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On the Net:

Treasury Inspector General for Tax Administration: http://www.treasury.gov/tigta/

CONGRESS-ADMINISTRATION:

Texan May Leave Bush Post (DMN)

By G. Robert Hillman, The Dallas Morning News

The Dallas Morning News, September 3, 2006

Exclusive: McClellan directed Medicare, Medicaid in rough time

WASHINGTON – Mark McClellan, the Texan who administers the federal Medicare and Medicaid programs, is set to resign, sources familiar with his decision said Saturday.

An announcement is expected as early as Tuesday, said one of the sources, speaking on the condition of anonymity.

FILE/Bloomberg News Dr. Mark McClellan, who led health care for the elderly as prescription drug benefits were implemented, could announce plans on Tuesday, a source said.

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An economist and physician, Dr. McClellan is the older brother of former White House press secretary Scott McClellan. Their mother is Texas State Comptroller Carole Keeton Strayhorn of Austin, a Republican running as an independent for governor.

Dr. McClellan could not be reached Saturday. And neither the White House nor a spokesman for the Centers for Medicare and Medicaid Services had any comment about his planned departure.

Another source, also speaking on the condition of anonymity, said Dr. McClellan had been considering moving on for some time and would probably pursue new opportunities in the private sector or in academia.

He was appointed administrator of Medicare and Medicaid by President Bush in early 2004 after a stint as commissioner of the Food and Drug Administration. Earlier, he had worked in the White House on health care issues as a member of the President's Council of Economic Advisers.

He also had served as a domestic policy analyst in the Treasury Department during the second Clinton administration and was an associate professor of economics and medicine at Stanford University in Palo Alto, Calif.

Dr. McClellan, 43, has directed Medicare health care for the elderly and Medicaid health care for the poor during a particularly volatile time as prescription drug benefit plans were implemented for Medicare amid considerable confusion and controversy.

Last month, for instance, the federal government mistakenly reimbursed about 230,000 Medicare recipients for their prescription drug premiums. Sen. Charles Grassley, the Iowa Republican who chairs the Senate Finance Committee, has asked Dr. McClellan to detail the error and explain what steps his agency has taken to prevent another like it.

Dr. McClellan, however, has long maintained a good personal rapport with members of Congress of both parties. And the sources familiar with his decision to step down said he has been weighing a move for a while that might allow him to spend more time with his wife, Stephanie, and their young twin daughters.

His brother, Scott, who left as White House press secretary last spring, was replaced by Tony Snow, a former Fox News radio and television anchor.

There was no word Saturday on a successor to Dr. McClellan.

Since his departure, Scott McClellan has been traveling the speaking circuit, talking about his tenure there, the press corps and this fall's midterm elections, while pondering a book on his White House days.

He's also been counseling his mother in her governor's race in Texas, but only "as a son," he says, not as a formal adviser.

GWB's Wish List (Novak)

Novak, September 3, 2006

President George W. Bush, in private conversation, is talking about trying to revive his tax and Social Security reform proposals after the 2006 elections.

Bush stressed those two issues after his 2004 re-election victory, but neither made progress. He campaigned nationwide in 2005 for Social Security personal accounts but never proposed a specific bill. His tax reform did not get beyond recommendations of a presidential commission.

If Democrats gain control of the House in this year's elections, Bush's tax and Social Security proposals will face a cold reception in a House Ways and Means Committee headed by Rep. Charles Rangel.

CONGRESSIONAL POLITICS

A proposed heavy workload for the post-Labor Day session of Congress threatens to postpone pre-election adjournment by a week, to the distress of Republican senators facing tough re-election challenges.

The Sept. 29 adjournment date threatens to slip to Oct. 6. That means endangered incumbent Republicans will have less time to campaign and will have to cast more politically dangerous votes. Particularly affected are Sens. Rick Santorum of Pennsylvania, Mike DeWine of Ohio, Conrad Burns of Montana and Jim Talent of Missouri.

A footnote: A free trade agreement with Communist Vietnam is included in the Bush administration's must list for the September session. President Bush will visit Vietnam in November after the elections and wants the agreement approved by then.

ALLEN IN TROUBLE

Sen. George Allen, once considered a cinch for re-election in Virginia this year and a leader for the 2008 Republican presidential nomination, has been added to the Democratic list of prime targets.

The Wall Street Journal/Zogby poll gives the Democratic nominee, former Navy Secretary Jim Webb, a 1.3-point edge over Allen. Other polls show Allen slightly ahead. Allen's double-digit lead disappeared after his widely publicized taunting of a Webb aide at a political event.

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A footnote: The GOP's favorite Senate challenger this year is insurance tycoon Mike McGavick, who has pulled within four to five points of Democratic Sen. Maria Cantwell in the state of Washington. McGavick will be feted by Republican senators when he comes to Washington, D.C., Sept. 20 for a $1,000-a-ticket fund-raiser at the National Republican Senatorial Committee. The event is co-sponsored by 43 of 55 Republican senators.

DISSATISFIED WITH DEAN

Lifetime Democratic contributors have made good on their threat to stop giving money to the Democratic National Committee (DNC) so long as Howard Dean is its chairman.

Some of the party's longtime money men warned that would happen when Dean took over the DNC following the 2004 elections. Lower contributions, combined with Dean's heavy spending, have resulted in the most recent cash-on-hand report by the DNC of $11.3 million, compared with $43.6 million at the Republican National Committee.

Disaffected Democrats keep giving to congressional committees. Current cash figures are $33 million at the Democratic Congressional Campaign Committee and $35.1 million at the Democratic Senatorial Campaign Committee.

HARD TO WRITE-IN

Selection of a consensus candidate with a long, complicated name menaces Republican efforts to hold former Rep. Tom DeLay's Houston-area congressional seat. A write-in was forced by a federal court ruling that the GOP was too late after DeLay's resignation in putting a new name on the ballot to face the Democratic candidate, former Rep. Nick Lampson.

The vast majority of voters in the district for the first time will use eSlate voting machines that will require voters, for a write-in, to dial up one letter at a time and press "enter" after each letter. It will take around two minutes for a voter to dial in the name of the Republican candidate, Houston City Councilwoman Shelley Sekula-Gibbs (with no option for a hyphen).

Sekula-Gibbs's name will be on the same ballot for a separate election to replace DeLay for the last two months of his term. Republicans pressed for this special election in hopes it would help voters to write in her name for the full term.

GOP Focus On Security Issues To Sideline Other Matters (WP)

By Jonathan Weisman, Washington Post Staff Writer

The Washington Post, September 3, 2006

Congress will return to Washington this week with the Republican majorities in both chambers at risk and GOP leaders planning to turn the floors of the House and Senate into battlegrounds over which political party can best protect the country from terrorists and other security threats.

But in devoting the few remaining legislative days almost exclusively to security issues, Republicans will leave major domestic tasks undone, including President Bush's prized immigration overhaul and long-promised legislation to toughen the restrictions on lobbying after a wide-ranging corruption scandal. No budget plan for 2007 will be completed. Promised relief for seniors struggling with their Medicare prescription drug plans will have to wait. And as many as eight of the 11 bills needed to fund the government will not be passed before the November elections.

That has some Republicans worried.

In Michigan, "the number one issue is the economy," Rep. Thaddeus McCotter (R-Mich.) said. "The emphasis they're putting out there now is related to world events and the fact that the national economy is not facing what Michigan is facing. But if you're hungry, you've got less time to delve into international affairs."

With Senate and House leaders hoping to adjourn by Sept. 29, Congress will have as few as 15 legislative days to finish its work and try to send members on the campaign trail with fresh accomplishments to tout.

Work promises to start slowly. After a five-week summer break, the centerpiece of the House's schedule for the coming week is a bill to toughen rules against horse slaughtering.

If Republicans succeed in the weeks that follow, their accomplishments will be focused on national security. Republican leaders hope to complete a defense spending bill, a defense policy bill, legislation to give Congress's blessing to the National Security Agency's warrantless wiretapping program and to bring the president's military tribunals into constitutional compliance, and a port security overhaul.

A resolution commemorating the fifth anniversary of the Sept. 11, 2001, terrorist attacks will also likely be a vehicle for heated debate on the policies that followed.

Ron Bonjean, a spokesman for House Speaker J. Dennis Hastert (R-Ill.), said it is not politics but a confluence of events that has forced the security focus on Congress, including the foiling of the London bombing plot, a federal judge's ruling against the NSA surveillance program and the Supreme Court's ruling against the administration's military tribunals.

"There's a certain acceptance on both sides of the aisle that we're looking at the House floor as a political arena in the next month," said a senior House Republican leadership aide who requested anonymity because he was not cleared to speak in political terms. "This will be a test of ideas on military security and homeland security."

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Democrats will counter with maneuvers to push for a vote of no confidence on Defense Secretary Donald H. Rumsfeld and with multiple calls to fully implement the recommendations of the bipartisan commission that investigated the Sept. 11 terrorist attacks.

"Our fight is with the Republicans," House Minority Leader Nancy Pelosi (D-Calif.) said. "They have weakened our military, hurt our position in the world, spent away our children's future and again not made America safer."

The single-minded focus has some Republicans concerned that bread-and-butter issues of great importance to the battleground states of the Midwest and the Northeast are being left on the cutting-room floor. Friday was the ninth anniversary of the last increase in the federal minimum wage, yet minimum-wage bills coveted by embattled Republicans are not on the priority list.

In a letter, Sen. Olympia J. Snowe (R-Maine) urged Senate Majority Leader Bill Frist (R-Tenn.) to take up legislation allowing small businesses to band together to purchase health insurance, and to help seniors who have already exhausted their prescription drug coverage find a more generous plan.

Other lawmakers want to make good on promises to forgive penalties for seniors who missed the deadline to sign up for a Medicare drug plan.

But even Republicans who would prefer a domestic-policy emphasis understand what is at work. McCotter said a sustained debate on national security and terrorism is the best way to remind the most voters why they have trusted Republicans with control of Washington.

"As the Democrats have discovered so many times, when national security comes to the fore, all of a sudden things don't look so good for them," he said.

Democrats believe the national security theme will not have the sting it had in 2002 and 2004. A Newsweek poll last month found that 44 percent of those surveyed trusted Republicans to handle the effort against terrorism, at home and abroad, compared with 39 percent who trusted Democrats. In 2002, Republicans led on that question, 47 percent to 24 percent.

Republicans hope to force Democrats into difficult votes on the NSA's warrantless wiretapping program and on the Bush administration's plans to use military tribunals to try terrorism suspects.

Senate Minority Leader Harry M. Reid (Nev.) said he fully expects Republicans to go back to the political playbook that worked so well in the past two elections. But he added: "They've run that play one too many times."

The other problem for Republicans is finishing work on legislation. Republican leaders would like to quickly bring to a vote a bill that would give Bush as much latitude as possible to continue what they call the terrorist surveillance program -- then dare Democrats to oppose it.

But some Republicans close to the issue are committed to serious legislation that could have bipartisan appeal. Rep. Heather A. Wilson (R-N.M.), who wrote the most prominent House surveillance bill, said it is time for Congress to reassert its authority over the NSA's surveillance program and demand that the president obtain a warrant for any wiretapping, unless he expressly seeks Congress's permission not to. That tough stance hardly presents a dilemma for Democrats, who have called for the same thing.

"This is not a partisan issue," Wilson said. "This is a national security issue, and I've tried to keep it that way."

Similarly, Senate Armed Services Committee Chairman John W. Warner (R-Va.) has drafted legislation that he said would bring Bush's military tribunals into compliance with the Constitution and the Geneva Conventions, as well as garner bipartisan support.

That may not fly with House conservatives who are resisting offering due-process rights to terrorism suspects.

The situation could lead to difficult negotiations on the Hill in a supercharged political atmosphere and a tight deadline.

"For a bill as important as this, this is a very quick timetable," conceded John Ullyot, a Senate Armed Services Committee spokesman.

Fixing A Broken Congress (WP)

By David S. Broder

The Washington Post, September 3, 2006

Congress returns for a final preelection push this week, with few of its members believing there is much hope of salvaging some real accomplishments from this dismal session.

In an interview last week, one of the Republican leaders of the House told me that in the 21 districts he visited during the August recess, including those in his own Midwestern state, immigration vies with Iraq as a matter of major concern to the voters. Does that mean, I asked, that you're likely to try to complete a final version of the immigration reform bill, endorsed by President Bush and passed in different forms by the House and Senate?

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"No," said the GOP leader, who spoke without attribution in the interest of candor. "The voters would rather we get it done right than done fast. I don't look for any action in September."

"Fast" is not exactly the adjective that comes to mind to describe a legislative package that cleared the House about nine months ago and that came out of the Senate back in May.

In a normal legislative process, the differing bills would be sent to a conference committee of representatives and senators who would work out the differences and send their product on for final votes and a presidential signature. But there is so little agreement between the two Republican-controlled chambers -- and so little trust among the members -- that they would rather disagree and delay than compromise.

And, politically, they find it safer. As the Republican leader told me, "House Republicans can go home and campaign on the bill the House passed," even though the problem of illegal immigration is left unsolved.

This is but one example of the failures that led Thomas E. Mann of the Brookings Institution and Norman J. Ornstein of the American Enterprise Institute to title their recently published volume "The Broken Branch: How Congress Is Failing America and How to Get It Back on Track."

The two eminent scholars cite many other instances of institutional damage -- from runaway budgets to the lobbying scandals to the near abandonment of effective oversight of executive agencies.

They write as two men who love Congress and admire many who work there. But they say that "over the past two decades, we have become more and more dismayed at the course of Congress. Our unease began with the Democrats in charge of both houses, when a combination of their arrogance after thirty-plus years in the majority and the increasingly shrill frustration of Republicans who chafed under their seemingly permanent minority status was creating strains different and more ominous than any we had seen before."

When the Republicans took over in 1994, they promised needed reforms, "but it did not take long before those promises went by the boards, and practices that were more unsettling than those of the Democrats became the norms." Rules were bent, votes held open, committees sidestepped and communications between the parties cut off -- all in the interests of "moving" the GOP agenda and the president's program, once George Bush arrived in the White House.

The result, they write, has been the increasing enfeeblement of the legislative branch, its abandonment of its proper constitutional role as the first branch of government -- and the loss of both pride and a sense of institutional responsibility.

How else do you explain Congress's impotence and inaction, not just on immigration but on energy, health care and the war in Iraq?

What Mann and Ornstein fear is that, if Democrats regain a majority in the House this fall, they may be tempted to use the same kind of bullying tactics on Republicans that Republicans have employed these past 12 years. That would in turn prolong the policy gridlock and further weaken the already shabby reputation of Congress.

But a new election means new faces -- and possibly a new spirit on Capitol Hill. Mann and Ornstein have a number of specific changes to suggest in congressional rules and procedures -- and in lobbying regulations. But their main point is simple. We need an infusion of men and women committed to Congress as an institution -- to engaging with each other seriously enough to search out and find areas of agreement and to join hands with each other to insist on the rights and prerogatives of the nation's legislature, not make it simply an echo chamber of presidential politics.

That ought to be the criterion by which candidates are judged in this election season.

davidbroder@washpost.com

Nearly 3 Years Later, 'Risk-based' Loan Applicants Still In The Dark (LAT)

By Kenneth R. Harney, Washington Post Writers Group

The Los Angeles Times, September 3, 2006

WASHINGTON — A congressionally mandated consumer protection of huge potential value to home mortgage applicants has been paralyzed because two federal agencies have not published required regulations, 33 months after the legislation was signed into law.

The new consumer protection, created by the Fair and Accurate Credit Transactions Act of 2003, covers loan applications in which a lender uses a "risk-based pricing" system that taps into an applicant's credit files.

In the mortgage industry, risk-based pricing is almost universal: Millions of home loan applicants get their rate quotes and terms this way. The lender checks your credit files, computer software produces a risk score, and the rates and fees you are quoted flow directly from that process.

If your credit file data suggest that you might pay late or go into default, you get charged a higher rate than applicants with "better" credit. But what if there are errors or omissions in your files? Those are common occurrences, according to comprehensive studies of credit file data by the National Credit Reporting Assn. and the Consumer Federation of America. Under

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the 2003 legislation, Congress ordered lenders to issue risk-based pricing notices whenever credit file data causes them to quote rates or fees that are "materially less favorable." The notices were to be provided at the time of application or at the time of the rate quote. Either scenario would allow applicants to request a free copy of their credit report and check what information was causing the problem.

The requirement for notices took effect Dec. 1, 2004. But Congress also directed the Federal Reserve Board and the Federal Trade Commission to issue regulations describing the content, scope and format of the notices. So far, the two agencies have issued nothing.

Ben Hardaway, a spokesman for the Federal Reserve, said: "There is no time line. It's still in the development stage."

Joel Winston, an FTC associate director, said: "We are actively working on it, including a series of meetings with affected parties to help us understand how different kinds of creditors use risk-based pricing and the feasibility of different ways of providing notices to consumers."

Meanwhile, say consumer advocates, Congress' clear intent — helping consumers to obtain the best possible rates and terms in a risk-based pricing environment — is being thwarted by regulatory foot-dragging.

Evan Hendricks, editor of Privacy Times and author of the book "Credit Scores and Credit Reports," blames banking- and mortgage-industry lobbying for the delay. "Lenders don't want to tell their customers that they're being charged more than they otherwise would," Hendricks said. Nor do they like the idea of potentially putting a loan application on hold while customers check out the accuracy of their credit reports.

As long as lenders object to any form of notice alerting applicants to specific issues in their credit files that raise their interest rates and fees, Hendricks said, Congress' directive may be on perpetual hold.

The industry itself, according to a legal memorandum prepared for the Mortgage Bankers Assn. of America, wants only a generic notice, distributed upfront to all applicants "explaining that credit reports may affect" pricing and other terms.

But consumer advocates such as Hendricks feel that generic, boilerplate notices subvert Congress' purpose: to warn borrowers that something is wrong in their personal credit files.

In the absence of action by federal regulators, what can you do as a mortgage shopper? First, order your three national credit reports before applying for a loan. Make sure errors are corrected and that any missing positive payment information is included. Second, at the time of application, ask your loan officer to show you what credit information is being used to compute your rates and fees. Ask if you are receiving the same pricing as someone with the highest credit scores. If not, ask why.

While you're at it, ask yourself how it could be possible that the protections Congress created for millions of consumers are still nowhere in sight, nearly three years after passage.

Comments for Kenneth R. Harney can be sent to kenharney@earthlink.net.

Bush Protesters Moving Operation To D.C. (AP)

By Angela K. Brown, Associated Press Writer

The Associated Press, September 3, 2006

About 100 war protesters ended a monthlong vigil near President Bush's ranch with a rally on their campsite Saturday, and planned to move the demonstration close to the White House.

"We wanted to try to build momentum and needed something to move the focus back to Washington," said retired Army Col. Ann Wright, who resigned as a U.S. diplomat in 2003 to protest the war with Iraq.

The two-week "Camp Democracy" demonstration starts Tuesday on the mall in Washington, centering on issues including the war, environment, health care and attention to Hurricane Katrina victims, organizers said.

Cindy Sheehan, whose oldest son Casey died in Iraq in 2004, started the Crawford protest camp in early August on a 5-acre lot she bought in July. About 50 demonstrators have camped on the land, and a previous weekend's cookout drew more than 100.

Attendance was significantly lower than last summer's protest, when more than 10,000 people streamed into Crawford over Sheehan's 26-day vigil in ditches off the rural road leading to Bush's ranch. But protesters said they were not disappointed.

"I think behind everyone who's here are dozens of people," said Allie Light, 71, of San Francisco, who also attended last summer's protest. "I feel the message has gone farther. There are more people she speaks for."

Bush supporter James Vergauwen sat in a convenience store parking lot in downtown Crawford on Saturday afternoon, under a tent with a sign reading "The Price of Freedom Is Not Free."

The Vietnam veteran from Windthorst, near the Oklahoma line, said he and his wife been staying in his RV in the parking lot the past few weeks to counter Sheehan's protest. Tourists and other supporters stop by or sit with him and thank him, he said.

"She has the right to say whatever she wants, and she does, but she doesn't have the right to slander," said Vergauwen, who added he was also supporting Bush in Crawford last summer.

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Sheehan, who had a hysterectomy last week, said Saturday that she was recovering and would not be able to attend the Washington protest.

The Right Builder For The Right Spacecraft At The Right Time (TIME)

By Jeffrey Kluger

Time, September 3, 2006

Analysis: By awarding the contract for the next generation Orion space vehicle to Lockheed Martin, NASA finally got something right. But will Washington have the political will to complete the trip?

It was a long, long time in coming, but NASA's manned space program finally got one right. Thursday's announcement that the contract for the next generation crew exploration vehicle—now dubbed Orion—had been awarded to Lockheed Martin was the right spacecraft to the right company at the right time.

Going on three years after President Bush announced his plans to send human beings back to the moon and onto Mars, not a bit of metal had yet been cut on the ships that would make the trips. That's not such a long time by government standards. But by three years after President Kennedy made his commitment to send men to the moon in the first place, we had completed the six flights of the Mercury program and were on about the business of Gemini. And Kennedy delivered his speech before we had any real idea of how to make the trip. So it was high time NASA pulled the trigger on the new spacecraft, and the fact that it did so yesterday was a welcome sign of a true commitment.

Lockheed Martin was a good choice for a few reasons. First of all, a NASA contract can be the sweetest of government plums. The projects can go on for decades (look at the 30-year shuttle program) and cost overruns are usually tolerated and even expected. That may not do the federal deficit any favors, but a company that can score a $2 billion deal and know full well that it may turn into $3 billion by the end of the contract term is a company with a lot of happy shareholders. Lockheed Martin has not shared much in the manned space program goodies lately—the big deals historically going to Boeing and Northrop Grumman—and it's healthy for the industry if the wealth gets spread.

What's more, Boeing, which had been considered the front-runner for the new contract, has hardly distinguished itself in space of late. It is the prime contractor for the incomplete and largely useless International Space Station, a project that was originally envisioned as a lean, $8 billion operation and is now projected to cost a cool $100 billion. That's by no means all Boeing's fault, but nor is it to the company's credit.

Far more important is the ship itself. The shuttles have been such pricey, lethal failures for a lot of reasons. They're too complicated, too finicky, and they break too many rules of safe space travel. Until the shuttle, no human being had ever been launched into space with solid-fuel rockets—comparatively primitive motors that burn a sort of rubbery goo and can neither be throttled up and down nor shut off once they're lit. The shuttle's two external engines burn solid fuel and it was one of those that destroyed the Challenger. Moreover, until the shuttle, the crew compartment of any manned ship had always been positioned at the very top of the rocket stack, keeping it away from debris that may shake itself off the booster on the way up. The shuttle orbiter sits rear of the nose of the external tank and it's hard foam from that tank that killed Columbia.

The Orion spacecraft, by contrast, is based on proven Apollo technology. It's configured like a large Apollo: a conical crew compartment atop a cylindrical engine module. It will sit atop heavy-lift boosters that are modelled in part after the shuttle's own liquid—fuel engines—far and away the best part of the old shuttle technology and the part most worth saving. Unlike Apollo, it will be stuffed with 21st century electronics and computers, and it will be cleverly reconfigurable, able to carry six astronauts into Earth orbit and four to the moon or Mars.

Even better, it will also rely on Apollo's lunar landing technique, with a spidery lunar module like the beloved old LEMs still to come. The contractor for that one hasn't been picked, but Northrop Grumman—whose Grumman Corporation granddaddy built the original LEM—would not be a bad choice.

The biggest worry space-watchers have is not whether the technology and the builders are sound; they are. It's whether the political will is in place. There was a lot of heartburn in 2004 when President Bush announced his original timetable for the launch of the new vehicles: 2014 for the first, tentative Earth orbital flight, and 2020 for the first lunar landing. This called to mind the first President Bush's 1989 challenge to put human beings on Mars by 2019—a comfortably remote thirty years away. Hear anything of that ambitious plan since?

The first lunar landing program, from the inception of NASA to the final, Apollo 17 landing, spanned four presidents—Eisenhower, Kennedy, Johnson and Nixon—and repeated changeovers in Congress. The same steadfastness will be required of present and future political leaders if the new ships are to get off the gorund. Anything less than a multi-generational commitment to the new program will waste the government's money—and try the public's patience.

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OTHER NEWS:

Pockets Half Empty, Or Half Full (NYT)

By David Leonhardt

The New York Times, September 3, 2006

JUST in time for Labor Day, the Census Bureau seemed to indicate that labor itself was no longer such a good way to get ahead.

Incomes rose last year, thanks largely to higher Social Security payments and investment returns, the bureau said last week. But median earnings failed to keep pace with inflation for a second straight year. Even as the economy has continued to grow recently, some workers have accepted outright pay cuts, men have dropped out of the labor force, and debt has kept rising relative to income.

Yet by any measure, this remains a fabulously prosperous country. Three and a half million foreigners have applied for residency, employment authorizations or other immigration benefits in the eight months ended in May, a fair indication of the economy's continuing dynamism. Medical advances have kept many elderly people healthy and, whether by choice or need, working. Women have made gains in income. By wide margins, people say they live better than their parents.

To give some clarity to the blur of economic numbers released each month, five New York Times reporters each set out to find one statistic, often overlooked, that said something important about the economic health of the American worker. The results are on Page 12.

What seems clear from the recent data is that the United States has fallen into a new period of wage stagnation — a sequel to another such period lasting from the mid-1970's until the mid-1990's — that has begun to darken the public mood. In a New York Times/CBS News poll done last month, more than two-thirds of respondents said they thought that "things have pretty seriously gotten off on the wrong track" in this country. People's expectations for the economy over the coming year are as downbeat as they were in the pessimistic days of 1982 or 1992, according to the University of Michigan's consumer surveys.

This could all change fairly quickly if the economy begins delivering solid pay gains, much as optimism swelled in the mid-90's just when wages seemed as if they might trail inflation forever. A fall in energy prices could also produce the equivalent of a pay increase. But if this doesn't happen, it is unclear what will.

There is little indication that policy makers of either political party are close to a solution to the pay slump — or even an attempt at one. In Jackson Hole, Wyo., nine days ago, Ben S. Bernanke, the Federal Reserve chairman, gave a speech arguing that freer trade and new technologies had greatly lifted living standards over the course of history. But further progress "should not be taken for granted," he added, in large part because unequal gains were creating political opposition to the economic changes.

Yet strikingly, in an address that spanned Martin Luther, the telegraph and Malaysian microchip laboratories, Mr. Bernanke did not suggest a single possible solution. These are not simple problems.

For all their anxiety, many workers aren't sure what should be done, either. Douglas E. Schoen, a Democratic pollster, conducted a survey this summer in which he found deep concerns over a "crisis of affordability" that includes health care, retirement, education and gasoline. Yet Mr. Schoen said he found little appetite for policies that would redistribute income as his party has advocated over the years.

"Even after six years of Republican rule," he wrote in his summary, "there is no sense whatsoever that the country should in any way move to the left." Instead, he said, people were looking for pro-growth policies that were neither traditionally Democratic nor Republican.

Mr. Schoen usually works with centrist Democrats, including the Clintons, and liberals would surely argue that economic populism, packaged right, could be a winning strategy. Republicans, meanwhile, have said that Democrats are exaggerating the public's unhappiness and that there is no pay problem. President Bush and his allies have frequently, and accurately, pointed out that average incomes are rising at a nice clip.

But averages can be affected by big changes among a small group of people, which is exactly what seems to be happening with incomes, according to an array of government data. The census report, for instance, showed strong income growth last year only at the 95th percentile of the distribution, which covers families making $166,000 a year. Even at the 90th percentile, as well as the 50th and further down, according to the Labor Department, pay increases have trailed inflation over the last three years.b

It's possible that Americans will simply decide that their current living standards are good enough, that further progress is not essential. But that would be a first.

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The Flush Are Working For The Public (NYT)

By Mary Williams Walsh

The New York Times, September 3, 2006

FOR years it has been a workplace truism: jobs with fat paychecks are found in the private sector, while jobs with ho-hum pay but rock-solid benefits are found with the government. But research by the Employee Benefit Research Institute suggests that the truism has not been true for some time.

As of June 2005, overall compensation costs were 46 percent higher for state and local governments than for private-sector employers, according to the institute's research analyst, Ken McDonnell.

And when Mr. McDonnell separated the cost of providing current pay from the cost of providing benefits, he found that government employees were doing better on both counts. An hour's worth of their work cost governments $24.17 in wages and salaries, plus $11.29 in benefits. An hour's worth of work in the private sector cost employers $17.21 for wages and salaries, plus $7.03 for benefits.

The $11.22-per-hour compensation gap reflects big differences in the composition of America's work force. Roughly half of all state and local workers are employed in education — teachers, university professors and others who tend to be well educated and to belong to unions. The cost of compensating workers in that group was $37.99 per hour, Mr. McDonnell found.

By contrast, the biggest block of jobs in the private sector is in services — a mixed bag that includes both lawyers and hotel chambermaids, few of them in unions. Even at the high end, $27.93 per hour, this group's total compensation cost fell short of what the educators could command. At the low end, it was just $10.84 an hour. (Of course, the services group includes about 47 million people and so the relatively few mega-earners don't do much to raise the average.)

"It comes down to an issue of who is expendable," said Mr. McDonnell, who drew on data from the Bureau of Labor Statistics and the Census Bureau. "The greater the skill set," he said, "the more essential the individual becomes."

She Works, Her Grandson Doesn't (NYT)

By Floyd Norris

The New York Times, September 3, 2006

OVER the course of a generation — 20 years — the American labor force has changed substantially. Workers are less likely to have dropped out of high school and more likely to be college graduates. They are less likely to work for companies that make things, and more likely to work for companies that provide services. Women are more likely to be in the labor force than they were 20 years ago, but men in the prime working ages of 20 to 54 are less likely to have jobs.

But perhaps the most notable trend is that men and women are both much more likely to keep working than were their parents in what used to be known as the golden years.

What happened? The economy is better than it was then, with a significantly lower unemployment rate of 4.7 percent, compared with 7.1 percent two decades ago. (All the figures are six-month averages, to reduce the volatility in the monthly numbers.)

The unemployment rate describes the percentage of people who want jobs who don't have them. But another way to look at the numbers is to study the percentage of the entire population who have jobs.

Those statistics show that women have flooded into the labor force in every age group. And they show that this generation of the elderly is less likely to retire than the last one. The proportion of women ages 65 to 69 holding jobs has increased by 8.8 percentage points over the 20 years.

Is that because they love their jobs, or because they need the money? Yes.

Here, Take Back Some Of My Pay, It's Too Much (NYT)

By Louis Uchitelle

The New York Times, September 3, 2006

A number is missing. No one knows how many American workers have agreed to accept, however reluctantly, a cut in their wages or benefits or both in recent years.

The government tracks unemployment, job creation, layoffs, hours worked, average hourly pay and various other aspects of employment. But it doesn't add up the number of people who have forfeited big chunks of their pay and benefits, and neither do unions or academic researchers.

That was true of layoffs until the early 1980's, when the Rust Belt experience, and the devastating loss of blue-collar factory jobs, became a political issue. Congress, in response, asked the Bureau of Labor Statistics to count the layoffs in national surveys. The tally: at least 30 million full-time workers have been laid off over more than two decades.

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Keeping a job, but losing 15 or 20 percent of a salary and most of a pension, is a painful experience — and certainly not good for consumer spending. Still, there has not been enough political pressure for an accurate count of those affected. That is partly because many workers and unions have agreed to the concessions to preserve jobs.

Is there a ballpark number? Piecing together union data shows that it is probably above two million people in this decade alone. But no one knows. The concessions, for example, are particularly noticeable now among pilots and flight attendants at troubled airlines. Unions representing these workers, however, do not keep a running tally, and the same is true for workers at tire factories, supermarkets and auto parts plants, to name just three areas going through the experience.

"None of our earnings surveys show these concessions," said Thomas L. Nardone, an assistant commissioner at the Bureau of Labor Statistics. "We just don't track that number."

Borrowers We Be (NYT)

By Steven Greenhouse

The New York Times, September 3, 2006

WITH their raises often lower than the inflation rate, millions of Americans have embraced the same strategy to maintain their living standards — borrowing and then borrowing some more.

As a result, debt payments now consume 19.4 percent of the income of the average American family, and 23 percent of the families in the bottom two-fifths of families by income devote at least 40 percent of their income to debt payments. With debt burdens so high, some economists fear a new wave of foreclosure and personal bankruptcies now that interest rates have climbed.

"Real median incomes have gone nowhere, and for lower-income households real incomes have been falling," said Mark M. Zandi, chief economist at Moody's Economy.com. "If they want to maintain a certain level of spending, they have to take on more debt."

Household debt rose to 132 percent of disposable income last year, partly because many Americans have pushed their credit card debt to the max and because many, including many high-income Americans, have piled on the mortgage debt. Last year, for the first time since the Depression, the personal savings rate for the nation fell below zero, meaning that Americans are spending more than they are earning (and are saving no money on a net basis).

"There are really two types of households out there," Mr. Zandi said. "High-income households have balance sheets about as good as I've ever seen, while lower-income households have balance sheets about as bad as I've ever seen them — complete tatters. These households are on the financial edge, and if there's any slight disruption, like a car breaking down, it can be a real disaster for them financially."

A Teacher's Year, A C.E.O.'s Day: The Pay's Similar (NYT)

By Hubert B. Herring

The New York Times, September 3, 2006

Enough already on how many millions this or that chief executive earns, how many stock options are tossed around to keep the Champagne flowing, the McMansion dusted, the Bentley polished.

As a little back-to-school thought, let's shift gears to a group of workers who earn pennies in comparison but who, it could be argued, play at least as vital a role in society. It is teachers, after all, who try to make sure that those captains of industry have educated workers.

According to the American Federation of Teachers, the state with the highest average pay for teachers in 2003-04 was Connecticut, at $56,516; the lowest was South Dakota, at $33,236.

Or look at it this way: Pick a corporate chieftain — say, Jeffrey R. Immelt of General Electric. He earns $15.4 million a year. Every single day — including Thanksgiving and Christmas — he makes almost what the average teacher does for a year of taming wild children, staying up nights planning lessons, and, really, helping to shape a generation.

For Those On The Outside, The Urge To Be Here Remains (NYT)

By Vikas Bajaj

The New York Times, September 3, 2006

TO many beyond its borders, America remains the land of opportunity.

From October through May, the United States Citizenship and Immigration Services received 3.5 million applications from foreigners for employment authorizations, green cards and other immigrant benefits relating to residency or citizenship. Though down 9 percent from the same period a year ago in a further decline from the levels in 2001, before immigration rules were tightened, that is one application for every 100 Americans.

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Whatever you may think about the state of the American labor market or the impact of immigrants on it, there is no denying that the right to work and live in the United States remains highly coveted.

Of those seeking entry, two groups dominate the numbers: low-skilled workers from Mexico and other Latin American countries and highly skilled professionals from India and China, said Richard B. Freeman, an economics professor at Harvard.

For the first group, the American labor market offers a higher standard of living and many more job opportunities. Life is certainly difficult for the first ones across the border, but their children have a far better shot at the American dream.

The second group, most of whom have at least a college degree, have different reasons for coming. They could get jobs in fast-growing economies back home, but they earn far more here and get to live in a fully developed, modern society.

"We can complain about our labor market because we are born in the U.S.," said Mr. Freeman, who is also director of labor studies programs at the National Bureau of Economic Research. "But if you come from India or Mexico, you have totally different initial expectations.

"I just can't imagine when we will not be attractive to immigrants," he continued. "We would really have to screw our country up and they would have to run their countries very well."

The Employees' 2006 Bill Of Slights (WP)

By Amy Joyce, Washington Post Staff Writer

The Washington Post, September 3, 2006

No, tell us how you really feel.

This Labor Day, workers are saying their biggest work problems are mostly economic. Their pay is not keeping up with increasing health-care costs or other increases in living expenses. They are disgruntled enough to look for work on the job. Retirement "security" isn't secure.

These issues and more -- so many more -- are major concerns, show several surveys done just in time for Labor Day.

"Three years ago, workers told us they felt overworked, but they were patient. They realized the economy was getting better and they would share in the wealth ultimately," said Stuart Itkin, vice president of marketing for Kronos Inc., a workforce management company that did a study about workers' feelings this Labor Day. "Last year, the work improved, but they are mad as hell. Their paychecks are no better."

According to the Kronos survey, conducted by Harris Interactive as an online poll without using a random sample, 61 percent of employed adults say they are not experiencing the benefits of an improved economy in their work lives, a four-percentage-point increase from last year's survey.

And there are consequences to that: Fifty-eight percent of workers may leave their employer if the economy continues to improve -- that's up 12 percentage points from the 2005 study. Meanwhile, 74 percent say they are actively or passively looking for a new job, and 41 percent of those 'fessed up to looking for a new job while at work, up from 39 percent last year.

No wonder workers are feeling the pain: Inflation is running at an annual rate of 4.8 percent so far this year, higher than any yearly increase since 1991. But wages are not increasing at the same rate, according to a Labor Department report released last month. Average weekly earnings fell 0.1 percent in July and bought 0.1 percent less in July than a year earlier.

Itkin said a lot of the blame lies in the fact that employees believe that they working hard but are underappreciated. Eighty percent of respondents indicated they wanted to be appreciated, yet only 36 percent thought their employers appreciated them.

In a separate report, almost all (97 percent) of the 23,000 or so female workers who chose to respond to an online survey said they were most concerned about not being able to afford health care, according to "Ask a Working Woman," a survey by the AFL-CIO and Working America, its affiliate.

Many think chief executive pay should be limited when workers are losing benefits or being laid off (48 percent), and nine out of 10 participants said they were more worried and concerned about the future of young people going into the workforce than they were hopeful and confident.

Grim news on this last day of summer freedom, indeed.

Take Meagan Jeronimo, 27, one of the survey participants. She made her mark on Washington several years ago when she founded an Internet community for the area's many working moms.

Last year, Jeronimo, her husband and her son moved to Houston to be near her parents for support and for the lower cost of living. In looking for a job as a legal secretary, Jeronimo considered three offers. Two of the firms wanted $600 a month for health care. Jeronimo knew that would not be possible, so she took the job where health insurance for her family cost $223.60 per month for medical and $25 per month for dental. When she was in Washington, she paid $80 per month for medical, dental and vision for herself and Brian, her 3-year-old. Her husband, Edvin, paid about $25 per month for individual coverage.

And now her brand-name medications are $40 while generics cost her $25. Just two or three years ago, she said, it cost her $25 for brand-name medications and $10 for generic.

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She is a college graduate who makes about $54,000 a year, and her husband is a trained chef. They thought they were solidly middle class. But it doesn't feel that way anymore.

First, they moved the week Katrina hit. A job as a chef became a rarity when hundreds of thousands of people were looking for work. And so Jeronimo's husband signed up for truck-driving school. While he was working through class, they lived on Jeronimo's salary and benefits. But then she got sick. In addition, her son is an asthmatic. She now spends $360 a month for prescriptions for them both and had to pay $3,000 for her own medical bills this year, despite having health coverage.

"I was reading these people's comments on this survey who were saying, 'We have great jobs but we're just one tragedy away from disaster,' " she said. And she felt that was what had happened to her family. One sickness, and she was barely able to make ends meet. Together, she and her husband now earn about $75,000.

According to another Labor Day report, this one a scientific random-sample survey released last week by the Pew Research Center, about a quarter of all workers are unhappy with health insurance benefits (27 percent), their retirement plan (28 percent), the amount of money they earn (24 percent) and the level of their job stress (27 percent).

The reason so many are unhappy with health coverage is because, as is the case with Jeronimo, it has become unaffordable for many. Premiums increased an average of 9.2 percent in 2005, down from the 11.2 percent average in 2004, according to the Kaiser Family Foundation. The 2005 increase ended four consecutive years of double-digit increases, but the rate of growth is still more than three times the growth in workers' earnings (2.7 percent), the report said. Since 2000, premiums have gone up 73 percent.

That Jeronimo's husband is now a driver also means he is on the road most days, so she has to take time off when her son is sick.

Still, she considers herself "lucky" because her employer allowed her, in her first year of service, to use vacation and sick leave so she could stay home when her son was sick or go to her own doctor's appointments.

"They've been nothing but supportive," she said.

Well, it's all something that the 42 percent of you who expect to be at work this holiday, according to the Kronos survey, can ponder on Monday.

Happy Labor Day.

Join Amy from 11 a.m. to noon Tuesday athttp://washingtonpost.comto discuss your life at work. You can e-mail her atlifeatwork@washpost.com. Listen to Amy every Monday at 12:50 p.m. on Washington Post Radio, 107.7 FM/1500 AM.

Wages Barely Keep Up With Inflation (AP)

AP, September 2, 2006

Wages for the vast majority of Californians have barely kept pace with the cost of living in the five years since the last recession, according to a new study.

The California Budget Project study tracked hourly wage increases, adjusted for inflation, across three earning categories: low, median and high. In 2005, hourly pay for the lowest earners was $10, median pay was $17, and high pay was $30.

From 2003 to 2005, workers in the low and median ranges saw little or no wage growth, while those at the high end of the wage scale saw increases of barely 1%, according to the study to be released today.

Pay raises slowed after jumping modestly from 2001 to 2003, when workers saw increases ranging as high as 4.5% for the lowest earners.

National School Testing Urged (WP)

By Jay Mathews, Washington Post Staff Writer

The Washington Post, September 3, 2006

Gaps Between State, Federal Assessments Fuel Call for Change

Many states, including Maryland and Virginia, are reporting student proficiency rates so much higher than what the most respected national measure has found that several influential education experts are calling for a move toward a national testing system.

The growing talk of national testing and standards comes in the fifth year of the No Child Left Behind era. That federal law sought to hold public schools accountable for academic performance but left it up to states to design their own assessments. So the definition of proficiency -- what it means for a student to perform at grade level -- varies from coast to coast.

Maryland recently reported that 82 percent of fourth-graders scored proficient or better in reading on the state's test. The latest data from the National Assessment of Educational Progress, known as "the nation's report card," show 32 percent of Maryland fourth-graders at or above proficiency in reading.

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Virginia announced last week that 86 percent of fourth-graders reached that level on its reading test, but the NAEP data show 37 percent at or above proficiency.

Some experts say it's time to be more clear about how well American schoolchildren are doing.

"The more discontented the public is with confusing and dumbed-down standards, the more politically feasible it will be to create national standards of achievement," said Diane Ravitch, a New York University professor who was an assistant U.S. education secretary under President George H.W. Bush.

The political obstacles are formidable, including a long tradition of local control over public education. But the approaching presidential campaign, a pending debate over congressional reauthorization of the No Child Left Behind law and the wide gaps between assessments have raised hopes among proponents that the issue will gain steam. Some say gradual steps toward a national system would be better than none.

A recent study by Bruce Fuller, a professor of education and public policy at the University of California at Berkeley, found that states regularly inflate student achievement. In 12 states studied, the percentage of fourth-graders proficient in reading climbed by nearly two percentage points a year, on average.

The NAEP (pronounced "Nape") data show a decline on average in the percentage who were proficient over the same period, Fuller said.

Another Fuller-led study found only three states -- Massachusetts, Missouri and South Carolina -- with proficiency standards that come close to NAEP's. (A similar rating by the journal Education Next showed that D.C. school standards have been stringent. It showed 14 percent of D.C. elementary school children reading proficiently on the D.C. scale and 11 percent on NAEP's.)

Unlike state tests, which are used to help rate public schools and measure achievement of all students in certain grades, NAEP has a more limited mission. It tests selected pools of students in key subject areas to produce data on long-term educational trends.

NAEP standards were designed to establish what students ought to know to do well in the next grade and beyond, said Mark D. Musick, former president of the Southern Regional Education Board, who helped draft them. State standards, he said, more typically reflect what teachers say are the levels good students reach in their classes.

Although classroom experience varies across the country, Musick said, what students should know to be proficient in Algebra I is clear to most educators, and a national test would help set that standard.

The argument over national standards splits both major political parties. Many Republicans defend each state's right to set its own standards, but the Bush administration includes advocates for a stronger federal role.

No Child Left Behind, which President Bush signed into law in 2002, struck a balance: It required a major expansion of state testing programs but left standard-setting authority to the states.

Many Democrats supported President Bill Clinton's effort in the 1990s to encourage national standards, which was blocked by a Republican-led Congress. Other Democrats, particularly those allied with teachers unions, oppose judging schools by standardized tests.

Charles E. Smith, executive director of the National Assessment Governing Board, which oversees NAEP, said many state officials tell him they are moving toward the national benchmarks.

A senior Maryland education official, for instance, said the state's standards are aligned with some of the NAEP benchmarks. Some, he said, but not all.

"The gaps will generate differences in performance," said Ronald A. Peiffer, Maryland's deputy superintendent for academic policy. "If NAEP were the national test to which all states taught and tested, then there would be no gaps, and I would expect Maryland students to do much better on NAEP."

Last week, the Washington-based Thomas B. Fordham Foundation released a report from several experts, including advisers to Republican and Democratic administrations, that outlined ways to move toward national standards.

First, the federal government could order a new national testing program. The report said that surely would raise standards but would be unlikely to win congressional approval. Second, Washington could fund an expanded, voluntary national testing system. The report said that probably would raise standards and could be passed.

Third, states could build on efforts to share test items among themselves. That would be less likely to raise standards but politically feasible, the report said. Fourth, the federal government could take steps to ensure that state standards and test results could be easily compared with one another and with NAEP.

The experts in the report include Texas lawyer Sandy Kress and former deputy U.S. education secretary Eugene W. Hickok, both key education advisers to Bush, as well as Ravitch and former Clinton advisers Michael Cohen and Andrew J. Rotherham.

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Chester E. Finn Jr., president of the Fordham Foundation, a former Reagan administration official and one of the architects of the NAEP standards in 1990, said creating a national test would be difficult. "But I think it's a manageable hurdle, especially with presidential leadership," he said.

"There's an assumption around that national standards are political suicide even if they make educational sense," Finn said. "We need to bust through that."

Musick said he believes the best way to introduce national tests would be in a few high school subjects, such as first- and second-year algebra.

Some educators see comparisons with NAEP as unrealistic. Gerald W. Bracey, an educational psychologist who writes frequently on testing, noted that 1996 NAEP results found only 30 percent of fourth-graders to be proficient or better in science, even though an international study that year ranked American fourth-graders third in science among 26 nations.

Others want to cut back on standardized testing entirely.

Deborah Meier gained fame for starting schools in low-income areas of New York City's Manhattan that had experts rate students by viewing their schoolwork and discussing it with them. The schools did not rely on standardized tests. Instead of a national test, Meier said, the country should adopt "a combination of in-depth local instruments, independent review of schools and student work."

She also said there is value in limited testing to sample student progress.

Skeptics of national testing have long noted the influence of politics on proficiency standards. Put simply, how many kids will voters allow to score below proficiency? Some policymakers are tempted to keep standards low so that schools will look successful; others seek to set them high to spur schools to improve.

Perfect's New Profile, Warts And All (NYT)

By Tamar Lewin

The New York Times, September 3, 2006

WHEN it comes to the SAT, perfect is now a whole lot harder. But take heart if you favor cursive over printing, the third person over the first, and more over less. You may have an edge.

More than 1,000 students got a perfect 1600 last year, when the college-admissions test consisted of the time-honored two 800-point sections, verbal and math.

But now that the test has been revamped and expanded to nearly four hours, with a new writing section that includes an essay, the average scores have dropped by seven points — and only 238 students received the new perfect score of 2400.

Technically, even perfect isn't necessarily perfect. Students can get the top score even if they miss a few questions.

"We actually don't know how many got a perfect perfect," said Caren Scoropanos, a spokeswoman for the College Board.

What the College Board does know is that the top scorers comprised 131 boys and 107 girls, or just 0.017 percent of the almost 1.5 million college-bound seniors who took the test.

It seems to be the writing test that has made the number of perfects plummet. While the math and reading sections each had more than 8,000 top scores, only 4,102 students were rated perfect on the writing test, the only part of the exam where girls outscored boys.

Most of the writing test — and three-quarters of the writing score — consists of multiple-choice questions on grammar and usage. But most of the anxiety among high school students centers on the 25-minute essay, graded on a scale of one to six by at least two readers, who spend about three minutes on each essay. Their two scores are added. And, the College Board said, the reason so few students won top marks on the writing section is that so few — less than one percent — got sixes from both readers, for that perfect 12.

The SAT Scoring Guide says an essay gets a six if it "effectively and insightfully develops a point of view on the issue," "demonstrates outstanding critical thinking," "is well organized and clearly focused," and "exhibits skillful use of language." Grading is holistic, with no points off for spelling errors or small linguistic flaws.

Last week, when the board released 20 top-scoring essays, all on the topic of whether memories are a help or a hindrance, it was impossible not to notice that many were — what's the right word? — awkward:

"Memory is often the deciding factor between humans and animals," one started.

"It is a commonly cited and often clichéd adage that people learn from their mistakes," wrote another.

"We reason only with information, that is, reason is the mortar that arranges & connects pieces of information into the palace of understanding," said a third.

Ed Hardin, who helped develop the writing test for the College Board, has an explanation: "Someone has to get a six," he said. "Student writing, over all, is not very strong, which is the reason we added the writing test to the SAT. We hope they'll get better.

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After analyzing the results, the board had these insights for the next crop of SAT-takers.

¶Eighty-four percent of the essays took up more than one page, and longer essays were more likely to get a high score than shorter ones. (Two pages is the limit.)

¶Most essays were printed, but those written in cursive got slightly higher scores.

¶About half the essays were written in the first person, but those that did not use the first person got slightly higher scores.

"You can certainly write a first-person essay and get a six, but it's also true that a lot of very low-performing students write first person," Mr. Hardin said. "What we tried to show, in releasing these top-scoring essays, is that lots of different things can work. You can select any style, any approach that you think suits your strengths as a writer."

And on the essay, at least, it's possible to get a six without coming anywhere near perfect.

Rove's Word Is No Longer G.O.P. Gospel (NYT)

By Adam Nagourney And Jim Rutenberg

The New York Times, September 3, 2006

WASHINGTON, Sept. 2 — Karl Rove, the president's chief political adviser, is struggling to steer the Republican Party to victory this fall at a time when he appears to have the least political authority since he came to Washington, party officials said.

Mr. Rove remains a dominant adviser to President Bush, administration officials say. But outside the White House, as Mr. Bush's popularity has waned, and as questions have arisen among Republicans about the White House's political acumen, the party's candidates are going their own way in this difficult election season far more than they have in any other campaign Mr. Rove has overseen.

Some are disregarding Mr. Rove's advice, despite his reputation as the nation's premier strategist. They are criticizing Mr. Bush or his policies. They are avoiding public events with the president and Mr. Rove.

Influential conservative commentators have openly broken with the White House, calling into question the continued enthusiasm of evangelicals, economic conservatives and other groups that Mr. Rove has counted on to win elections. Some Republicans are ignoring Mr. Rove's efforts to hold the party together on issues like immigration and Iraq.

In a reflection of this difficult environment, the White House has decided to concentrate nearly all its resources on the critical fight to keep control of Congress, party officials said, largely stepping away from the governors' races, at least for now.

In Michigan last week, Dick DeVos, a Republican candidate for governor and a longtime contributor to Mr. Bush, startled national Republican Party leaders with a searing attack on the president for failing to meet with the leaders of the Big Three automakers. "We're being ignored here in Michigan by the White House, and it has got to stop," Mr. DeVos said.

His communications director, John Truscott, said the attack was timed to coincide with Mr. Rove's visit to Michigan for a fund-raiser, in an effort to goad Mr. Bush into a response. Asked if the DeVos campaign was worried about angering Mr. Rove, Mr. Truscott said, "That never even crossed our mind."

Representative Thomas M. Davis III of Virginia, who was chairman of the Congressional Republican campaign committee in 2002, said Mr. Rove and the White House seemed measurably less involved this year.

"It's been more of a bunker mentality, don't you think?" Mr. Davis said. "They have been good in terms of raising the money. The problem is, you have a president with a 38 percent approval rating, and it just changes the dynamics of what they can do."

This midterm election presents Mr. Rove with a particularly difficult challenge. Beyond testing his reputation for always finding a way to win, the outcome could determine the extent of Mr. Bush's influence for the rest of his presidency and shape the way he is perceived by history. Mr. Rove has warned associates that a Democratic takeover in Congress would mean an end to Mr. Bush's legislative hopes and invite two years of potentially crippling investigations into the administration.

The White House said that Mr. Rove would consider an interview for this article if it were conducted off the record, with the provision that quotations could be put on the record with White House approval, a condition it said was set for other interviews with Mr. Rove. The New York Times declined.

The diminishment in Mr. Rove's influence reflects the fact that his power is to some extent a function of Mr. Bush's popularity. In some cases, Republican candidates have made a deliberate strategic decision that the way to win is to distance themselves from the White House.

But a central problem, Republicans said, is that Mr. Rove is seen as juggling two potentially conflicting agendas: protecting the president's legacy and taking steps to help Republican candidates win re-election.

Mr. Rove enters the campaign season after a year of personal tumult. Until mid-June he faced the threat of indictment in the investigation into the leak of a C.I.A. officer's identity, and in April, he was stripped of some of his duties in the White House. Mr. Rove was moved from a West Wing corner suite to a smaller windowless office across the hall, a shift one friend said he found demoralizing.

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Mr. Rove's associates said that throughout the leak investigation, he was coiled and withdrawn. They said his demeanor brightened the moment he learned he would not be indicted. Associates described him as displaying relentless optimism about an election that is filling Republicans with a sense of doom.

Mr. Rove determines the bulk of the president's schedule and is a crucial figure in determining what Mr. Bush should say this fall. He is the White House's main conduit to conservatives whose willingness to turn out at the polls could help determine the party's success.

Mr. Rove has become a star fund-raiser for the Republican Party, raising $10,357,486 at 75 events in 29 states, according to the Republican National Committee. Mr. Rove runs regular White House meetings, typically at 6:30 a.m. in the White House mess, reviewing high-profile House and Senate races with the White House political director, Sara Taylor, and sometimes with Congressional leaders. He shares his view of the landscape with Mr. Bush in a daily 8:30 a.m. briefing.

Mr. Rove — with Ken Mehlman, the Republican National Committee chairman, and Ms. Taylor, both of whom have assumed a higher profile than in past years — has settled on a narrow strategy to try to minimize Congressional losses while tending to Mr. Bush's political strength. The White House will reprise the two T's of its successful campaign strategy since 2002: terrorism and turnout.

They have determined that control of Congress is likely to be settled in as few as six states and have decided to focus most of the party's resources there, said Republican officials who did not want to be identified discussing internal deliberations. Those states will likely include Connecticut, Indiana, Missouri, Ohio, Pennsylvania and Washington, though officials said the battle lines could shift in coming weeks.

The White House is largely turning away from the 36 governors' races, although Mr. Rove and Mr. Bush will continue to help Republican candidates for governor raise money, party officials said. The decision has broad significance because building a foundation of Republican governors had been a main part of Mr. Rove's goal of creating a long-lasting Republican majority.

The Republican National Committee expects to spend over $60 million, which would be a record, for the midterm elections. Officials say half of that would pay for get-out-the-vote operations in the targeted states.

In states where Mr. Bush's presence could be problematic, like Pennsylvania and Connecticut, the turnout operations give Mr. Rove a way to provide below-the-radar help.

Mr. Mehlman, whom Mr. Rove assigned to master get-out-the-vote techniques years ago, has handed custom compact discs with lists of voters, along with information on their voting and consumer habits, to every state Republican chairman.

One administration official said that Mr. Rove was also looking beyond Mr. Bush's term, to the creation of his library. And he is quietly making his influence felt in the 2008 presidential campaign. Most significantly, the White House has signaled to Bush supporters that they are free to work for Senator John McCain of Arizona, which could provide Mr. Rove a network of intelligence in 2008. Mr. Rove has made clear to associates that he is not supporting any candidate in that race.

Mr. Rove's associates said it was inevitable that his clout would diminish somewhat given the president's declining approval rating and the history of two-term presidents generally weakening by their sixth year in office.

"Anytime you're in the position of being the prime mover, and you've got five people saying we should do it this way and five others saying we should do it that way, you're going to aggravate five people inevitably when you come down with a decision," said Ed Gillespie, a former Republican National Committee chairman. "But Karl is willing to do that, and you're going to get your share of slings and arrows when you are."

Indeed, Democrats — aware of Mr. Rove's reputation for pulling out all the stops when necessary and his ability to call on a shadow political machine of interest groups and donors to attack opponents — said they remained worried about what kind of effort Mr. Rove might unleash in the closing weeks of the campaign.

But the limits of Mr. Rove's influence were made clear this year when he was unable to persuade the speaker of the Florida House of Representatives, Allan G. Bense, to run in the Republican primary for Senate against Representative Katherine Harris, whom the party judged to be a weak candidate. Mr. Rove invited Mr. Bense for a sit-down at his vacation home in Rosemary Beach, Fla., as part of a long but failed effort to get him to challenge Ms. Harris for the nomination, said Towson Fraser, a spokesman for Mr. Bense.

And Mr. Rove's associates say he appreciates the need of candidates to distance themselves from the White House to win. But he was described as angered by candidates who he thought were going too far in criticizing Mr. Bush out of concern that attacks could further damage an already weakened president, they said.

Mr. Rove meets in person only infrequently with the Republican heads of the Senate and House campaign committees, Senator Elizabeth Dole of North Carolina and Representative Thomas M. Reynolds of New York, though Mrs. Dole said he was always ready to jump on a plane to a fund-raiser at her request.

Mr. Reynolds said the White House had been untiring in raising money and providing surrogates. But he made clear that when it came to the House races, he was running the show.

"I'm the one who put together what I think is our best effort to win a House majority in 2006," Mr. Reynolds said.

In the Ohio Senate race, Mr. Rove has found himself in a back-and-forth with Senator Mike DeWine. Mr. DeWine has at times resisted Mr. Rove's counsel that he employ an unrelenting focus on terrorism, exhibiting what other Republicans described as ambivalence about a television commercial depicting the World Trade Center burning.

Candidates and strategists across the country say that they hear from Mr. Rove infrequently.

Gov. Mitt Romney of Massachusetts, chairman of the Republican Governors Association, said he encountered Mr. Rove at a dinner at Vice President Dick Cheney's home here in late July. "We chatted for a minute," Mr. Romney said. "He was interested in how the governors' races were looking. But it was interest as a fellow Republican."

Democrats Loath To Predict Win This Fall (AP)

By David Espo, Ap Special Correspondent

The Associated Press, September 3, 2006

Call it the campaign with no margin for Republican error, in a nation that is war-weary and eager for change, yet seems wary of the Democratic option.

Even Republicans tacitly concede they will lose seats in both the House and Senate in Nov. 7 elections midway through President Bush's second term. Yet Democrats, long out of power, are loath to predict publicly they will gain the six Senate and 15 House seats they need for control of Congress.

Voters like Jim Meyer are part of the reason one party is scuffling, yet the other not completely confident.

"I think we're in a lot of trouble," said the 59-year-old resident of Greenhills, Ohio, a Bush voter in 2004. His reasons: "Our commitment overseas, using our National Guard as much as we're using it, calling back our troops" to duty.

Still, he sized up the political alternative in less-than-glowing terms. "I think a lot of Democrats come across as crazies."

It's an impression Democrats are determined to negate — and Republicans eager to reinforce — in the 10 weeks from the traditional Labor Day campaign kickoff until Election Day. In all, 33 Senate seats, the entire 435-member House, 36 governorships and hundreds of ballot questions will go before the voters.

Polls show the war in Iraq is unpopular, Bush's public support is lagging, and the GOP-controlled Congress is viewed poorly by the public. In an Associated Press-Ipsos poll in August, 71 percent of those surveyed said the country was moving in the wrong direction.

As a result, Democrats hope to make the election a referendum on the president and his party. Their targets include the war, the flawed response to Hurricane Katrina, the Jack Abramoff-spawned congressional corruption scandal, the high price of gasoline, the "stay-the-course Republicans," as Rep. Rahm Emanuel, chairman of the House campaign committee, describes them.

The call for change is nothing new for the Democrats, out of power for most of the past 12 years. "What is different this (election) cycle ... is the fact that Democrats were trying to contrive messages of anger, if you will, in 2002 and 2004," said John Anzalone, a pollster for Democrats in several competitive races.

Now, he said, "we're not trying to create that environment. The environment is there for us."

"The (political) environment is very challenging," conceded Ken Melhman, Republican Party chairman.

"The single most important thing that is critical to Republican success is making this a choice and not a referendum. There are two very different strategies for how to prosecute a global war. The reason there is going to be a choice is there are real differences."

It's a point that Bush, Vice President Dick Cheney and Defense Secretary Donald H. Rumsfeld have all made in recent days as they seek to cast the war in Iraq as central to a broader war on terror.

Having concluded they ceded the national security issue with little resistance in the last two elections, Democrats push back hard, and one recent poll said a majority of the country does not accept the administration's view of Iraq's place in the overall war on terror.

In a note of caution to their candidates, some Democratic strategists say there is no public consensus on how the military mission should end, or when.

Maybe not.

But except for seeking Bush's help in raising campaign funds, Republican incumbents are eager to emphasize their independence from him and his prosecution of the war.

That leaves the GOP senatorial and House party committees testing other themes for an autumn attempt to depict Democrats as a risky alternative in an era of terrorism.

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The House GOP committee, trying to save Rep. John Hostettler from defeat in Indiana, began airing an ad Friday that asks whether his opponent will support the Democratic leader, California Rep. Nancy Pelosi, for speaker. "She and other Democrats want to raise your taxes, cut and run in Iraq, and give amnesty to illegal immigrants," it says.

The Republican senatorial committee offered a different preview in Rhode Island, using a GOP candidate as a test case. It unleashed an ad accusing GOP Sen. Lincoln Chafee's conservative primary challenger, Steve Laffey, of taking a position on immigration that posed a risk to the nation's security.

While 33 Senate seats are on the ballot, the outcome does not appear seriously in doubt in even a dozen races.

Republican incumbents facing particularly challenging races include Sens. Rick Santorum in Pennsylvania, Conrad Burns in Montana, Mike DeWine in Ohio and Jim Talent in Missouri.

Chafee, a moderate, faces Laffey in a Sept. 12 primary, before the winner can turn to the fall campaign in heavily Democratic Rhode Island.

Democrats also are in a competitive race in Tennessee, where Majority Leader Bill Frist is retiring, and have signaled they intend to make at least initial investments in Virginia and Arizona in hopes of closing polling gaps there.

Republicans tout their challengers against Sens. Ben Nelson in Nebraska, Maria Cantwell in Washington, Debbie Stabenow in Michigan and Robert Menendez in New Jersey, and they hope to pick up an open Democratic seat in Minnesota. Democrats lead in pre-Labor Day polls in most of those states.

Maryland Lt. Gov. Michael Steele, hoping to become the only black Republican in the Senate, faces the winner of a Democratic Sept. 12 primary.

In Connecticut, Sen. Joe Lieberman is running this fall as an independent, openly courting Republican support against the man who defeated him in the Democratic primary, anti-war challenger Ned Lamont. Republicans have abandoned their own candidate in the race.

In the House, Rep. Tom Reynolds, head of the GOP campaign effort, predicted, "There's going to be a hard fought battle over three dozen seats" out of 435.

Emanuel and the Democrats say the number is larger than that, and growing.

Whatever the number, nearly all the contested seats are in Republican hands, many in the Northeast and Midwest, meaning the Democrats are on offense. Connecticut, Pennsylvania and Indiana combined are home to 10 GOP incumbents in tough races.

Republicans also face struggles to hold seats where their incumbents retired, including Arizona, Iowa, Colorado, New York and Illinois. In Texas, where former Majority Leader Tom DeLay's summertime resignation sparked a court battle, the GOP is left with only a write-in candidate.

Republican targets are few, and include seats in Texas, Iowa, Georgia, South Carolina and Vermont, where independent Rep. Bernie Sanders is running for the Senate.

Among governors, Republican Arnold Schwarzenegger is running strongly for re-election in California, and underscored his movement toward the political center recently when he agreed with Democratic legislative leaders to limit the state's greenhouse gas emissions.

Democrats' best chances for regaining big-state governorships are in New York and Ohio, where Republican incumbents are retiring.

The GOP hopes to win back Iowa, where Democratic Gov. Tom Vilsack is stepping down, but the pre-Labor Day polls are close.

For Bush, Hope And Fear In Lessons Of Midterms Past (NYT)

By David Greenberg

The New York Times, September 3, 2006

IT was 1946. President Harry S. Truman was having a bad year. Never able to fill the shoes of Franklin D. Roosevelt, he endured ridicule in the press for his rough manners and political blunders. There were new economic worries: 10 million returning servicemen seeking jobs and homes; shortages of meat, coffee and tires; some 4.5 million autoworkers, steelworkers and others on strike. Republicans began to charge Democrats with having coddled Communists. Truman's approval ratings barely cleared 30 percent.

The year ended in a blowout at the polls. Republicans picked up 55 House and 13 Senate seats and took control of both houses. Richard M. Nixon and Joseph R. McCarthy suited up and headed for Washington. Senator J. William Fulbright, Democrat of Arkansas, urged Truman to name a Republican as Secretary of State and then resign, so the new appointee could become president (as succession rules then dictated). Truman scoffed, belittling the senator as "Halfbright." Prospects for his liberal agenda were shattered, while bills like the Taft-Hartley Act, which weakened labor unions, came on the docket.

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President Bush is having a bad year, too. And like Truman in 1946, he has cause to worry about the coming midterm elections.

The party occupying the White House almost always loses seats in midterms. One theory political scientists give to explain this tendency is called "surge and decline." It notes that most presidents have coattails when they are elected, carrying the party's candidates into Congress. But in other years those legislators have to run without the presidential surge, and many lose.

But the extent of a party's losses can vary. A different theory of voting behavior, which considers midterm elections to be a referendum on the president, helps explain why. Evidence suggests that when voters support the president — especially his handling of the economy — his party loses fewer seats than when they're unhappy. Some scholars have also noted that midterm turnout is highest among people who want to punish the president, which helps to account for his party's ill fortunes.

Of course, not all midterms are created equal. Some occur in the aftermath of scandal. The 1974 elections, held just months after Richard Nixon resigned over Watergate, were a windfall for the Democrats, who gained 48 House and 4 Senate seats.

Other times, the economy influences the outcome. Recessions exacerbated Republican losses in both 1958 and 1982.

This year, there is no Watergate hovering over the White House, especially with the Jack Abramoff and Valerie Plame affairs having receded from the headlines. The economy is plodding along.

Yet other factors are at work that have played a role in midterms past. The war is going poorly. Voters are anxious about national security. One party dominates the government. And Mr. Bush is in his sixth year — a particularly tough time for a president to maintain clout in the Senate because those he swept into office when he was first elected must now run without him.

A review of key midterm contests when similar factors were at work offers the White House grounds for both encouragement and despair.

1942: HOW'S THE WAR GOING?

In 1942, Franklin D. Roosevelt was midway through his third term. His party dominated Congress. The military was fighting overseas. Some analysts, including the pollster George Gallup, foresaw a strong Democratic showing or, at worst, modest losses. Roosevelt toured the country and gave a rousing fireside chat to rally support for the war and his candidates. He even proposed that Gen. George C. Marshall invade North Africa before Election Day.

But Marshall refused, and other military campaigns bogged down. At home, wartime rationing and regulations rankled voters. Democrats failed to turn out at the polls, while Roosevelt's critics showed up to voice their discontent. The Republicans cut deep into the once-large Democratic majorities, gaining 47 House and 10 Senate seats, the largest increases for the party since before the Depression. This year, the continued bad news from Iraq could portend a similar outcome. Mr. Bush's approval ratings are stuck below 40 percent, and a majority of the public opposes the Iraq war.

1950: A CLIMATE OF FEAR

Truman's victory in 1948 helped bring Congressional Democrats back to power. But by 1950 an anti-Communist mania gripped the country, with the Democrats as the prime targets, and Truman was unpopular again.

Over a few months, Alger Hiss went to jail, Senator McCarthy claimed that Communists infested the State Department, and North Korea invaded South Korea. Running on the slogan "Freedom Versus Socialism," the Republicans ousted the majority leader and two other Democratic Senate leaders. Two other Senate seats and 28 House seats were captured by Republicans, too, though the Democrats kept a slim hold on power in both chambers.

This year Republicans are using similar arguments to imply that Democrats aren't ready to stand up to America's enemies. President Bush has begun a speaking tour underscoring the threat of terrorism. Vice President Dick Cheney has stepped up attacks on opponents of the Iraq war, suggesting that they are effectively appeasing Al Qaeda. Such charges can have an impact, even when a war is going poorly.

1966: RESTRAINING ONE-PARTY RULE

With Lyndon B. Johnson in the White House and Democrats running Congress, the Great Society was at high tide. The Democrats had passed a raft of liberal legislation on matters from civil rights to fighting poverty. An activist Supreme Court was encouraging a progressive agenda.

But people were concluding that liberalism had gone too far. A backlash of working-class voters was brewing. Many turned against the Democrats for their stands on crime, busing, welfare and other racially infused issues. In the 1966 elections, Republican candidates campaigned against "crime in the streets," denounced housing laws that would force integration, and spoke about recent riots in Watts and other urban neighborhoods.

The Republicans gained 47 House and 3 Senate seats that fall, cutting into the Democratic majorities. Only 21 of 48 pro-Johnson freshmen elected in the president's 1964 landslide survived. "It's going to be rough going for him around here," the House Minority leader, Gerald R. Ford, said in reference to Johnson. "Congress will write the laws, not the executive branch."

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Today, the Republicans hold the White House and Congress, and Mr. Bush's recent appointments have pushed the Supreme Court to the right. The president has asserted vast executive powers, assuming the authority to place wiretaps on citizens despite legal restrictions on doing so, for example. Democrats are the ones counting on the public to conclude that the ruling party has overreached.

1986: NO MORE COATTAILS

Ronald Reagan remained quite popular in 1986, with approval ratings around 65 percent. But the senators first elected with him in his 1980 landslide, who had given the Republicans control of the chamber that year and helped him push his agenda, now had to stand for re-election on their own.

Mr. Reagan knew the value of holding the Senate. Visiting 22 states and traveling 24,000 miles, he raised $33 million for Republican candidates. Behind the scenes, his national security aide John Poindexter, seeking an "October surprise" to help the party, secured the release of an American hostage in Lebanon, partly through the secret arms sales to Iran that would later envelop the administration in scandal.

But nothing could thwart what political scientists call the "six-year itch": the loss of Senate seats in a president's sixth year. In November 1986, six of the freshmen senators first elected with Mr. Reagan in 1980 were turned out of office. The Republicans lost two other senate seats as well, handing the chamber back to the Democrats.

Mr. Bush did not bring in nearly as many senators when he was first elected in 2000 as Reagan did in 1980. But one of them, George Allen of Virginia, is struggling to hold onto his seat, as are the two-term veterans Mike DeWine of Ohio and Rick Santorum of Pennsylvania. However, the president is less popular than many of the senators up for election, suggesting they may be better off without him on the ballot.

REVERSING THE CURSE

In 1998 and 2002, the parties in the White House bucked the long-term trends. The drive to impeach Bill Clinton in 1998 reflected poorly on the House Republicans and boosted sympathy for the president. Democrats reversed the sixth-year curse for the first time since 1906, gaining five House seats and breaking even in the Senate.

In 2002, the White House boxed Democrats into a corner by forcing them into an early vote on whether to let Mr. Bush invade Iraq. Tying the vote to the fight against terrorism, Republicans made their rivals seem to be either mere foot soldiers following a bold president, or weak-kneed obstructionists unwilling to fight evil. Republicans made small gains in both chambers.

Other factors in recent times have also scrambled traditional expectations. Sophisticated methods of redistricting have made some Republican House seats safer. Invigorated Republican get-out-the-vote efforts have invalidated the old rule that high turnout helps the Democrats.

The last three elections — presidential and midterm — have been polarizing, brutally fought, and extremely close. If there is one safe bet for 2006, it's that this fall's elections will be all of those things as well.

More GOP Districts Counted As Vulnerable (WP)

Washington Post, September 3, 2006

Dan Balz And David S. Broder

Governors' races often move independently of national trends, but this year Democrats are almost certain to increase their statehouse numbers, as well. Among the major states, prospects for Democratic takeovers are brightest in New York, Ohio and Massachusetts, while Republicans see opportunities in Michigan, Wisconsin and perhaps Illinois. California's Arnold Schwarzenegger has moved from being a distinct underdog to at least a slight favorite. Republicans are favored to retain Florida and Texas, Democrats, to hold on to Pennsylvania. There are now 28 Republican governors and 22 Democratic.

GOP's Hold On House Shakier (LAT)

By Janet Hook, Times Staff Writer

The Los Angeles Times, September 3, 2006

As Labor Day gets the campaign in full swing, Democrats are counting on voters unhappy with one-party rule and Bush's leadership.

WASHINGTON — Raye Haug, a retired librarian in northern Virginia, for years happily voted to reelect her longtime congressman, Republican Frank R. Wolf. But the GOP record of the last six years — on foreign policy, the economy and the environment — has so soured Haug that she wants to vote for a Democrat in this year's midterm election.

Any Democrat.

"I don't think I've ever before been willing to vote for someone just because of their party affiliation," said Haug, who walked precincts one sweltering Saturday for Judy Feder, Wolf's Democratic opponent, even though she knew little about her.

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As Labor Day signals the start of intense campaigning for the Nov. 7 election, the political landscape is crowded with disgruntled voters like Haug, who tell pollsters they don't like the direction the country has taken under President Bush and Republican rule in Congress.

Most voters are just now beginning to pay attention to the campaign, but candidates and their advisors have been mobilized for months. After 12 years of Republican dominance, Democrats have their best shot in years at winning control of Congress — especially the House.

Early this year, the nonpartisan Cook Political Report identified 42 House Republican seats as competitive; now it lists 55. The analysis sees only 20 House Democrats in competitive races. Democrats, who need to gain 15 seats to win control, also have narrowed Republicans' traditional advantage in fundraising.

The mood of the electorate continues to be clouded by deteriorating conditions in Iraq.

"That's a recipe for a GOP disaster, and there is no reason to believe that things will change dramatically between now and election day to improve Republican prospects," said Stuart Rothenberg, editor of a nonpartisan newsletter that recently predicted a Democratic takeover of the House.

The Senate remains more firmly in Republican hands, but even GOP strategists fear their party could reduce their 55-45 margin of control.

The winds are blowing so strongly against the GOP that it raises a new question: If Democrats cannot win control of Congress under these circumstances, when will they?

If they do not triumph in such a hospitable climate, it will be a tribute to the strength of the political machine the GOP has built to cement the realignment that has given them control of Congress since 1994 and the White House since 2000. The party's agenda is tailored to mobilize its base, and its campaign machinery has made a fine art of getting Republican voters to the polls.

And most House members are protected by district boundaries that have been drawn by political bosses to keep seats safely in one party's control.

"If we do endure this cycle with a majority in both chambers, you have to argue this has been an unbelievable 12-year run," said Bill McInturff, a Republican pollster. "You'd have to give Bush and his administration credit. That is an enduring legacy."

Helping secure that legacy are incumbents like Wolf, who make the Democrats' job harder than it seems. Although he is facing a well-financed opponent in a district that shows signs of becoming more Democratic, Wolf is still heavily favored to win. A 13-term incumbent who sits on the powerful House Appropriations Committee, Wolf has been bringing home the bacon for decades and is well-known by his constituents.

Even Haug — who plans to vote against him — concedes, "I like the guy. He has been a good congressman."

That's why Republicans are trying to keep the focus on individual candidates and local issues, while Democrats are trying to turn the election into a broad national referendum on one-party rule in Washington, the war in Iraq and Bush.

The parties' different strategies were on display last week in a day of campaign events in the suburbs of Philadelphia. Democrat Joe Sestak held an event on the anniversary of Hurricane Katrina to criticize Bush's response to the disaster and to link the district's Republican representative to the administration's failures.

"If anybody's happy with George Bush, you are happy with Curt Weldon, and I am not your man," Sestak said. "He is super-glued to the president."

In a nearby district, first-term Republican Rep. Michael G. Fitzpatrick traveled to a dairy farm to say he had bucked the Bush administration to secure funding for a locally popular conservation program. "I've struck a real chord of independence," Fitzpatrick said.

Some Republicans take heart from a few inklings that Democrats may have peaked too soon.

In recent polls, Bush's approval ratings rose after the arrest last month of terrorism suspects in London. A mid-August Gallup poll found that generic support for a Democratic congressional candidate over a Republican narrowed to 2 percentage points, down from double digits in earlier surveys.

Rep. Rahm Emanuel of Illinois, chairman of the Democratic Congressional Campaign Committee, called those findings fleeting, and he pointed to other signs that voters are as restive as they were in 1994, when they threw Democrats out of power in the House and Senate.

A key question is whether surly voters will punish incumbents of both parties. They have in early primaries: In Connecticut, Sen. Joe Lieberman lost the Democratic primary to an antiwar liberal, Ned Lamont. In Alaska, GOP Gov. Frank H. Murkowski came in third place in his party's gubernatorial primary. One House member from each party has been defeated so far in primaries.

But many analysts predict any throw-the-bums-out tide will take a greater toll on Republicans. Tim Storey, election analyst for the National Conference of State Legislatures, sees warning signs for the GOP in the results of 53 special elections for state legislative seats. In 13 cases, incumbents were dumped; all but two were Republicans.

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Most analysts see Democrats' gaining control of the Senate as a long shot, because so many competitions are in states that vote Republican in presidential elections. Virtually every contested race would have to go the Democrats' way for them to gain the six seats needed for a majority.

One sign of Republicans' angst is the number of candidates distancing themselves from Bush and the party.

In Missouri, GOP Sen. Jim Talent's first television ad says: "Most people don't care if you are red or blue, Republican or Democrat." In Maryland, GOP Senate candidate Michael S. Steele told reporters that being a Republican was like wearing a scarlet letter.

The trickiest campaign issue for members of both parties is Iraq.

Most Democrats have criticized Bush's handling of the conflict but have been divided over what alternative course to back. Still, with Iraq riven by sectarian violence, more Democrats have felt it politically safe — even advantageous — to speak out against the president's policy. Rep. Benjamin L. Cardin (D-Md.), running in a contested primary for Senate, bragged in his first television ad of his vote against the Iraq war.

A handful of Republicans have criticized Bush's Iraq strategy. They include Fitzpatrick, who said in an August mailing to voters, "Mike Fitzpatrick to President Bush: America needs a better, smarter plan in Iraq."

But most Republicans have stuck with the GOP approach of lambasting Democrats for advocating a "cut and run" strategy—even though they acknowledge the status quo in Iraq threatens to harm them politically.

"Without more progress on the ground in Iraq, it's going to be a political problem for Republicans," said Rep. Tom Cole (R-Okla.). "I don't think anything rivals Iraq as an issue that shapes the political environment in district after district."

In northern Virginia, however, Feder's long-shot campaign against Wolf is hardly putting that issue front and center. Her pitch to campaign volunteers in Sterling, Va., recently was a broader message.

"Are you ready for change in Washington?" asked Feder, a healthcare advisor to President Clinton who is now dean of the Public Policy Institute at Georgetown University. "We need to get rid of these guys."

Feder is hoping to gain traction in the district — which stretches from the suburbs of Washington, D.C., to West Virginia — because last year a GOP-weighted electorate voted for Democrat Timothy M. Kaine for governor. Dan Scandling, a Wolf spokesman, said he was confident that Wolf's close ties to his district — it is near enough to the Capitol that the congressman returns home every night — would help him easily beat his opponent. But he is not taking anything for granted.

"In this environment, you take every candidate seriously," Scandling said. "If you don't, you're crazy."

janet.hook@latimes.com

(INFOBOX BELOW)

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Midterm elections: races to watch

Here is a selection of Senate and House races that are bellwethers in the battle to control Congress. They will measure the effect of important trends shaping this year's political landscape, such as public opinion of President Bush, the war in Iraq and immigration.

Senate Races

Pennsylvania

Sen. Rick Santorum (R), incumbent

Bob Casey Jr. (D),

state treasurer

State of the race: Trailing by double digits in polls for months, Santorum has narrowed the gap but is

still at about 40%.

Quick take: Darling of the Christian right, the senior GOP leader risks defeat in a swing state. His head is the one Democrats want most. His loss would be a blow to Bush and conservatives — and to Santorum's White House ambitions.

Rhode Island

Sen. Lincoln Chafee (R), incumbent

Stephen Laffey (R),

Cranston mayor

Sheldon Whitehouse (D), former state attorney general

State of the race: Chafee faces a tough GOP primary Sept. 12. If he survives, an even tougher fight looms in November.

Quick take: The Senate's most liberal Republican is buffeted from both right and left. Democrats would have an easier time beating conservative Laffey in this blue state. Chafee's campaign tests whether there is still room in U.S. politics — and in the GOP — for centrists.

Maryland

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(Incumbent Democratic Sen. Paul S. Sarbanes is retiring)
Michael S. Steele (R), lieutenant governor
Kweisi Mfume (D), former U.S. representative, former NAACP head
Benjamin L. Cardin (D), U.S. representative
State of the race: Contentious Democratic primary Sept. 12. July poll showed Cardin with bigger margin over Steele than Mfume.
Quick take: Both the Democratic primary and general election may test African American party allegiance. Steele is a rare breed: African American GOPer. Will he pick up black Democratic voters if Mfume, also black, loses the primary?
Washington
Sen. Maria Cantwell (D), incumbent
Mike McGavick (R), businessman,
former Senate aide
State of the race: Cantwell is considered vulnerable to a strong challenger, but it is not clear by how much. There has been little public polling.
Quick take: Cantwell, like Sen. Joe Lieberman (D-Conn.), has taken heat from liberals in this deep-blue state for supporting the Iraq war. Will antiwar Democrats stay home on election day? McGavick must fight a strong anti-Bush current.
House Races
Connecticut 5 (northwest)
Rep. Nancy L. Johnson (R), incumbent
Chris Murphy (D),
state senator
State of the race: Johnson is favored, but is still vulnerable to a Democratic tidal wave.
Quick take: First tough race in a decade for the 12-term moderate in a state where Bush is unpopular. A test of whether the Northeast will become even more Democratic.
Ohio 15 (Columbus)
Rep. Deborah Pryce (R), incumbent
Mary Jo Kilroy (D),
county commissioner
State of the race: The fight of Pryce's political life, but she's still favored.
Quick take: Pryce, a senior Republican leader, is hurt by Ohio GOP scandals and Bush's unpopularity. A test of whether Democrats can dislodge longtime incumbents from once-safe seats.
Pennsylvania 8 (Philadelphia suburbs)
Rep. Michael G. Fitzpatrick (R), incumbent
Patrick Murphy (D),
former prosecutor
State of race: July Democratic poll favored Fitzpatrick, 44% to 38%
Quick take: The first-term Republican, in a swing district, tries to distance himself from Bush on Iraq and the environment. Murphy is an Iraq war veteran. Test of whether moderates will be dragged down by an unpopular war and president.
South Carolina 5 (north central)
Rep. John M. Spratt Jr. (D), incumbent
Ralph Norman (R),
state representative
State of the race: A long shot for Republicans.
Quick take: Republicans paint the longtime incumbent as out of touch with a conservative district. But a huge fundraising advantage keeps Spratt favored to win. The race is likely to show limits to GOP march through the South.
West Virginia 1 (Wheeling)
Rep. Alan B. Mollohan (D), incumbent
Chris Wakim (R), state representative
State of the race: Mollohan's running hard, favored to win.
Quick take: Dogged by ethics problems, 12-term incumbent faces his first serious challenge in years. A test of whether corruption accusations will hurt Democrats as well as GOPers.
Source: Los Angeles Times

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Hillary Can't Dodge Presidential Chatter (WT)

By Amy Fagan, The Washington Times

The Washington Times, September 3, 2006

SYRACUSE, N.Y. -- As Bill and Hillary Clinton shook hands, signed autographs and visited a famous sausage stand at the state fair Friday, they focused on Mrs. Clinton's Senate re-election and tried to steer clear of the question on most minds -- will she run for president in 2008?

But, it was unavoidable.

At a fairground luncheon with supporters that Mrs. Clinton's Senate re-election campaign hosted, laughter erupted during prayer when Father John F. Hogan asked God for "continued blessings on her work, her future," then dramatically added "wherever that may lead."

As the Clintons worked the crowd on their way to Gianelli's sausage stand, a man repeatedly yelled, "Clintons back in the White House."

Mrs. Clinton has strong support in New York state, where she is expected to cruise to a second Senate term. An issue beginning to dog her, however, is the war in Iraq, and some observers say it will only get worse as 2008 nears.

"She has to move to the left on the war," said John Zogby, president of an international polling firm. She "risks losing a chunk" of the liberal vote if she doesn't.

With more than 80 percent of Democrats stridently opposing the war, along with a small but growing percentage of Republicans, the debate is starting to shift, he said, adding that an anti-war candidate with a plan to end Iraq occupation could do well in 2008.

Mrs. Clinton has walked a fine line on the issue. She voted for the use of force in 2002, but has been critical of its execution. She supported a Democratic proposal to start a phased redeployment of troops from Iraq this year, but she hasn't given in to the party's strong anti-war sentiment that calls for an immediate troop pullout.

Her boldest move came last month when she called for the resignation of Defense Secretary Donald H. Rumsfeld. That was shortly before Sen. Joe Lieberman of Connecticut lost his Democratic primary to anti-war challenger Ned Lamont.

Mrs. Clinton faces her own primary challenge from little-known labor organizer and writer Jonathan Tasini, who also campaigned at the state fair. One of his supporters, dressed in a chicken suit, followed the Clintons demanding a debate.

Mrs. Clinton is still predicted to win by a landslide -- a Marist poll in mid-August had her beating Mr. Tasini 80 percent to 15 percent.

But his presence foreshadows the party fight expected after the midterm elections.

"The anti-war crowd is going to have no choice than to bang on her record -- to go after her," said Republican strategist Scott Reed. "They've all been emboldened by this Lamont exercise."

When asked Friday about the war, Mrs. Clinton said, "I've been a constant and consistent critic. I've also tried to work within the fact that this president has made decisions and a series of strategic blunders. ... I have a situation that I'm trying to figure out how we're going to deal with."

Leaning against a pickup truck on display at the fair, the anti-war Mr. Tasini said, "People are furious about the war. It's the precise reason she doesn't want to debate me. She's obfuscating where she stands on the war."

He pointed to a poll of Moveon.org members released Friday that found 56 percent supporting Mrs. Clinton and 44 percent supporting him. The liberal group isn't endorsing either candidate.

Political analysts from both parties say Mrs. Clinton is escaping Mr. Lieberman's fate in the primary for several reasons, including that she's simply not as supportive of the war as the Connecticut Democrat. Also, they note, Mr. Lamont had millions of his own dollars to get his message out, something Mr. Tasini lacks.

As analysts debate the future, many at the fair sang Mrs. Clinton's praises in a state where she has made inroads even with upstate conservatives by helping them with flood relief, preventing closure of government facilities and assisting small businesses.

"We're thrilled with her," said Anne Weidman, a 70-year-old Red Cross worker from the rural, conservative Wyoming County.

Friends Of Hillary Hint She May Pull Out Of Presidential Race Sarah Baxter (TIMS)

By Sarah Baxter

The Times (U.K.), September 3, 2006

DOJ_NMG_0057695

FRIENDS of Hillary Clinton have been whispering the unthinkable. Despite her status as the runaway frontrunner for the 2008 Democratic nomination for president, some of her closest advisers say she might opt out of the White House race and seek to lead her party in the Senate.

The former first lady longs to return to the White House with husband Bill as consort. Only last week she told television viewers America would be led by a woman one day. "Stay tuned," she said.

First, however, she has to win the election. Some Democratic party elders — the American equivalent of the Tories' "men in grey suits" — say Clinton may back out of the race of her own volition.

"I would not be surprised if she were to decide that the best contribution she can make to her country is to forget about being president and become a consensus-maker in the Senate," said a leading Democratic party insider. "She believes there is no trust between the two political sides and that we can't function as a democracy without it."

As senator for New York, Clinton has forged alliances across party lines with leading Republicans such as Senator John McCain and Newt Gingrich, the former speaker of the House of Representatives. In the eyes of the electorate, however, she is a potentially divisive figure.

A recent poll for Time magazine showed that 53% of the electorate said they had a favourable impression of Clinton and only 44% viewed her negatively, figures that President George W Bush can only dream of at the moment. Even so, 53% of independent voters said they would not vote for her.

"The prospect of a Hillary for President campaign has put much of the Democratic establishment in a bind," Time concluded. "The early line is that Hillary would be unstoppable in a Democratic primary but unelectable in a general election."

The solution, insiders say, is for Clinton to take over as Senate minority leader in 2009 from the lacklustre Harry Reid, senator for Nevada. One well-respected blog, The Washington Note, recently claimed that Reid privately told Clinton the job was hers if she gave up her presidential ambitions.

Reid's office denied it, but the claim made its way into the Los Angeles Times where it was suggested she would make a "superlative Senate leader" while keeping her options open for the 2012 presidential race.

Clinton has raised a whopping $33m for her Senate re-election campaign in New York, which is likely to result in an emphatic victory for her in November. The leftover sums can be switched to a presidential bid. The size of her war chest is a sure sign that she intends to be ready to campaign at full tilt the moment she presses the "go" button.

Her final decision is likely to be made next spring. One close friend of the Clintons said: "There is no way she won't run for president." According to a member of "Hillaryland", her close-knit inner-circle, she would be letting herself and her supporters down if she declined to take a shot at the White House.

Others are not so sure. If she balks at the presidency, "she can win a huge amount of goodwill by donating her money to colleagues in the Senate," another associate said.

Terry McAuliffe, the former chairman of the Democratic National Committee and a close friend of the Clintons, believes she will be able to see off all challenges in primary elections should she stand. "She is very tough and very determined. Nobody is going to think she is not strong enough on national security. If she decides to run, clearly she will have the necessary resources and she will give people reasons to vote for her."

Among them, McAuliffe believes, will be former President Bill Clinton. "He is a gigantic asset. He is probably the most popular politician in the world."

On one subject, Clinton's friends are united. They all believe that Bill, her closest adviser, wants her to go for it.

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A Senate Primary In New York (NYT)

The New York Times, September 3, 2006

The Democratic primary for senator in New York, which pits Hillary Clinton against an antiwar candidate, Jonathan Tasini, is not shaping up as a nail-biter. Mrs. Clinton has one of the best-known names on the planet, far more campaign money than she needs and an enormous lead in the polls. Mr. Tasini has a lot of spunk. What attention the race has been getting is due mainly to the proximity of Connecticut. If Democrats turned on Senator Joseph Lieberman because of his support for the war in Iraq, why shouldn't they do the same to Mrs. Clinton, who also has refused to express regret for her vote to authorize the invasion?

This page recommended voting for Ned Lamont over Mr. Lieberman in the primary. Today — not to prolong the suspense — we're endorsing Mrs. Clinton. It seems like an excellent time to discuss her record on the war.

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Mrs. Clinton and Mr. Lieberman have behaved very differently on the Iraq issue from the beginning. In 2002, Mr. Lieberman stood next to President Bush in the Rose Garden when he announced an agreement on a resolution to authorize use of force. Mrs. Clinton, on the other hand, urged that the resolution be regarded not as a go-ahead to invade, but as leverage in negotiations with the United Nations. She argued in the Senate debate that the president should work to get strong United Nations backing for a demand that Saddam Hussein allow weapons inspectors back into Iraq. If that failed, she said, the United States' effort would still win it international support for an invasion later.

She was certainly not a dove. Her husband's administration was convinced that Saddam Hussein had weapons of mass destruction and Mrs. Clinton clearly believed Iraq was a grave threat to international peace. But as the conflict went on, she became increasingly critical of the way it was being conducted. Mr. Lieberman not only defended it, he also chastised other Democrats for criticizing the president during a time of war. A few months ago, Mrs. Clinton joined most Senate Democrats in supporting a resolution that called for American forces to begin leaving Iraq this year, without setting a specific deadline for withdrawal. Mr. Lieberman opposed the resolution and spoke out against it in the Senate.

Mr. Lieberman's actions, it seemed to us, made it easier for the Bush administration to continue pursuing what was obviously becoming a hopeless strategy. Mrs. Clinton was very different. She has performed the proper function of a senator from the minority party — holding the majority accountable.

All that said, she has hardly been a profile in courage. Almost every move Mrs. Clinton has made regarding Iraq reflected her desire to find — or create — a center position on every issue. The resolution she endorsed was extremely vague, more of a potential political embarrassment to the administration than a restriction on the military. Her speech in 2002 was classic triangulation, in which she posed two clear opposing positions and then placed herself in between. And her clash with Secretary of Defense Donald Rumsfeld last month, while dramatic, was late in the game, and an obvious attempt to make it clear to the restive antiwar voters that she was not an appropriate target.

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Mrs. Clinton's biggest flaw is her unwillingness to risk political capital for principle. That is not to say that she lacks principles, but whenever her moral convictions become politically inexpedient, she will struggle to find a way to cloak them in vague rhetoric or deflect attention with a compromise that makes the danger go away.

All that is an issue of leadership, and it will be grist for discussion if she decides to run for president in 2008. Right now we are talking about a Senate race, and Hillary Clinton has been an excellent senator for New York.

Mr. Tasini, a labor leader who once successfully sued The Times on behalf of freelance writers, is the politically impractical candidate from the left that many commentators incorrectly imagined Ned Lamont to be when he challenged Mr. Lieberman in Connecticut. Mr. Tasini deserves credit for making the run and we are sorry that Mrs. Clinton did not respond to his demands for a debate. But it is hard to imagine him working well in a large body of egotistic and generally conservative politicians.

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Mrs. Clinton has been a happy surprise for many doubters since she first won office in 2000. Everyone expected her to be intelligent and hard-working. But despite her obvious ambition for higher office, she has been focused on issues that are important to the state, as well as accessible and aggressive in fighting for New York's interests. She works well with both her Democratic colleagues and with Republicans, who found her far more collegial than they expected. Given the relatively powerless position of Senate Democrats, she has scored a few real wins — most recently in pressuring the Bush administration to allow the "morning-after pill" to be sold over the counter. She has found the right balance between bipartisanship and the responsibility of the minority party to be both watchdog and whistle-blower on behalf of the public. She has also reflected, at least

in a general way, the opinions of the majority of her constituents on the war issue. We urge Democrats to vote for her in the primary on Sept. 12.

'Macaca Moment' Marks A Shift In Momentum (WP)

By Michael D. Shear, Washington Post Staff Writer

The Washington Post, September 3, 2006

Allen's Gaffe, Demographic Changes Give Webb a Boost

Sen. George Allen (R) will saddle up tomorrow for his Labor Day trot down the main drag in Buena Vista, the traditional kickoff of Virginia's election season, and what might be the toughest test of his decades-long political career.

The tobacco-chewing, boot-wearing former governor -- whose horse ride along Magnolia Avenue is legendary -- has never lost a statewide campaign. He spent the first half of 2006 courting out-of-state voters who might make him president, and, in early polls, he led former Navy secretary James Webb by double digits in his bid to return to the Senate to represent Virginia.

That was before Allen was forced to apologize for calling a Democratic aide "macaca" at a campaign stop and welcoming the young man of Indian descent to "America and the real world of Virginia." In a flash, his presidential dreams have given way to a tougher than expected reelection campaign.

"We have a real race," said Stuart Rothenberg, who edits the Rothenberg Political Report, a nonpartisan newsletter that tracks elections nationwide. "The race has changed fundamentally."

Allen's "macaca moment" -- a term that has rapidly become part of America's political lexicon -- has breathed new life into Webb, a former Republican and Vietnam war hero who worked for Ronald Reagan.

An author and screenwriter, Webb was an early critic of the Iraq war and is by some accounts the most credible candidate in the nation to give voice to the Democratic Party's anger at President Bush's foreign policy.

But it is far from clear that the first-time candidate has the time, money or personality to oust Allen from the Senate and help Democrats take over.

Webb has been cold to the idea of personally raising money and sometimes is icy on the stump. His occasional scowl contrasts sharply with Allen's rosy-cheeked smile. At the only debate so far, Webb was outmatched by Allen, who made the first-time candidate seem unprepared.

And while money appears to be coming in faster now -- candidates don't have to report their quarterly fundraising results until Oct. 15 -- Webb is struggling to put together in a matter of months the kind of statewide network of supporters and campaign volunteers that Allen began assembling decades ago.

Allen's campaign manager said the "fundamental dynamics" of the race with Webb haven't changed. "We still have a candidate who has served as governor and senator and has a clear record of accomplishment," Dick Wadhams said.

And political observers note that Allen will use his fundraising advantage to remind people of the goodwill he earned as the chief executive of a conservative, Southern state. That will make it tough for Webb to overcome.

Rothenberg said Webb has an opportunity, but now has to make the most of it.

"He's still got to make the sale," Rothenberg said.

But Democrats say the state is changing in their favor. In the six years since Allen last campaigned, a half-million people have moved into the state, many of them immigrants and, some say, less conservative than voters of old.

"Virginia is becoming a more Democratic state, in what is shaping to be a Democratic year," said New York Sen. Charles E. Schumer, the chairman of the Democratic campaign committee in the Senate, which has promised to help finance Webb.

"We think this is a neck-and-neck race," he said.A Silver Bullet

The war is supposed to be Jim Webb's silver bullet.

This week, he will see his son, Jimmy, deploy with his Marine unit to a war that his father warned against years ago. The elder Webb, himself a decorated veteran of the Vietnam War, said he will continue to wear desert combat boots to symbolize what he calls a failed war that threatens to divert attention from terrorism.

"It is in total disarray," Webb said about the nation's foreign policy in a speech last month. "The Bush administration has failed to bring an end to the occupation of Iraq. The Middle East is in danger of spinning out of control."

But the very qualities that made Democrats drool over his biography -- war hero, GOP Navy secretary, early war critic -- make him more a foreign policy wonk than a fiery antiwar activist.

Unlike Sen. John F. Kerry (D-Mass.), Webb has not called for pulling out troops on a specific date. Unlike Connecticut's Ned Lamont, who whipped up antiwar sentiment to defeat Sen. Joseph I. Lieberman in that state's Democratic primary, Webb does not talk about the war at every campaign stop.

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And unlike Democratic candidates across the country, Webb has not demanded the resignation of Secretary of Defense Donald Rumsfeld. Instead, Webb offers a formula for leaving Iraq that includes refusing to build permanent bases in that country and working with allies in the region.

"The number one issue in Virginia is the Iraq war," Webb said. "People are very upset about where we are in the Middle East. The question becomes: 'Is there a way for us to extricate ourselves from Iraq and still maintain stability in the region?' "

Allen's campaign accuses Webb of failing to offer specifics. "Even his signature issue of Iraq . . . is still hazy at best and contradictory at worst," said Wadhams, who declined to make Allen available for an interview, saying, "I'm going to speak for him."

Allen's position on the war is virtually identical to Bush's -- "We can stand American troops down as the Iraqi military stands up," said Wadhams. And he touts Allen's membership on the Senate's foreign relations committee.

But the Virginia Republican has resisted using some of the harshest rhetoric coming from Bush and Rumsfeld about "cut-and-run" Democrats, whom they accuse of appeasing terrorists like some appeased Nazis in another era.

Asked whether Allen thinks Webb is a "cut-and-run" Democrat, Wadhams said, "I don't know. He's clearly identified himself as a Lamont Democrat."Changing Suburbs

Despite the national furor over Iraq, the fate of Allen's future in the Senate may be decided much closer to home, in rapidly growing Northern Virginia.

Allen did well there in 2000, handily beating incumbent Sen. Charles S. Robb (D) in Loudoun County by 15 percentage points and winning 36 of the county's 38 precincts. His win was consistent with a recent GOP strategy that counted on big victories in the region's outer suburbs.

But Loudoun has grown and developed since then, adding 82,000 people and thousands of homes. In 2005, Democrat Timothy M. Kaine stunned the GOP by grabbing the county, winning Loudoun by 6 percentage points and capturing 45 of the county's 56 precincts in his gubernatorial bid.

"A lot of the suburban communities that had been for a long time so reliably Republican are really open to the right kind of message," Kaine said. "Some of the conventional wisdom about the electorate is beginning to change. I don't see those trends reversing. I see those accelerating."

Webb said he's counting on winning the votes of the "new faces, new blood in that region who are receptive to the values of the Democratic Party."

But that could still be tough for a Democrat like Webb, who is himself a newcomer to the politics of the region and has little experience with local issues.

Republican Rep. Frank R. Wolf, who has represented Loudoun for more than two decades, said he believes the county is no less conservative now than it has been for many years. Kaine's victory there was a fluke, he said.

"I know Northern Virginia better than Governor Kaine. I know Northern Virginia better than [former governor] Mark Warner," Wolf said recently. "I don't think there's been a change."

Wolf said voters in Northern Virginia want candidates who address their issues: the war in Iraq, transportation and education. "I don't advise anybody," he said. "But I think a candidate running in Northern Virginia ought to talk about . . . how you're going to deal with this transportation issue. People are concerned about safe schools."

Allen has already begun to use his huge campaign war chest to do just as Wolf recommends.

Earlier this summer, Allen spent more than $1 million running commercials in Northern Virginia touting his efforts to keep people safe. Last week, he unveiled a TV ad that talks about education and his support for a national innovation act.

"I want today's young minds to create tomorrow's great discoveries," Allen says in the ad.

Webb has yet to advertise, having raised far less money than Allen. But there are signs that his finances are improving: a new Web site, a bigger staff and more offices. Webb consultant Steve Jarding said Allen's "macaca" comment tripled the Democrat's fundraising.

"Webb is now being looked at by people all over the country," Jarding said.

"This is a referendum on George Allen," he added. "Do we want the rubber stamp? Is he the nice guy that he said he was?"Picking the Lock

Allen's campaign workers say they welcome those questions. And national Republicans express confidence that the senator can answer them for Virginia voters.

"We're going to see his campaign roll out his positive record of results," said Brian Nick, a spokesman for the Republican National Senatorial Committee. "That's very difficult to run against when you're someone like Webb, a one-trick pony."

Nick and other Republicans said they believe Allen is still the right fit for Virginia, which has a Republican-controlled legislature and has not voted for a Democratic presidential candidate since Lyndon B. Johnson carried the state in 1964.

"It's competitive, but we're going to do well," Wadhams said last week.

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Schumer has promised to help Webb financially, though he hasn't divulged how or when. But there are good reasons he might.

Senate Democrats are looking for one more competitive race in the hopes that they might take control of the chamber. Democratic challengers in Arizona and Tennessee are also vying for national help, but Schumer said Virginia has three advantages: Allen's recent gaffe, his closeness to Bush and Virginia's demographics.

"You put all that together," Schumer said, "you know, it puts the tumblers in place that you can actually open this lock."

Democrat Hopes To Benefit By Comparison (LAT)

By Sam Howe Verhovek, Times Staff Writer

The Los Angeles Times, September 3, 2006

In a fierce Montana race, Jon Tester's best asset may be that he isn't Sen. Conrad Burns.

BIG SANDY, Mont. — When the campaign for U.S. Senate here is over and voters have been saturated with as much as $20 million worth of advertising — in a state of just 935,000 people — it is possible that Montanans will decide whether to send Jon Tester to Washington, D.C., based on who he is not.

He is not Conrad Burns — not the three-term, gaffe-prone Republican incumbent who was the top recipient in Congress of money linked to Jack Abramoff, the lobbyist who pleaded guilty to conspiring to bribe lawmakers.

Yet with both sides deep into what is widely regarded as one of the nation's fiercest and most competitive Senate races this year — the candidates are even in some polls — voters are also starting to focus on just who Tester is.

As his campaign ads emphasize, Tester, 50, is a third-generation wheat farmer from the golden plains of north-central Montana. He's a burly, no-nonsense person, with a flattop haircut and three fingers missing on his left hand, lost in a meat-grinder accident when he was 9.

He is a onetime public-school teacher and current president of the Montana Senate. As just about anyone with access to a television here knows, he drives a pickup: "Special interests will never hitch a ride in this truck," he says in one ad.

According to his foes, there's plenty to be said against Tester. For one, he is a Democrat — and, one ad alleges, he wants to ride the big-spender "gravy train" to Washington to join the likes of Ted Kennedy. Republicans say Tester is a darling of "extreme liberal bloggers," "Hollywood elites" and those who want to "cut and run" from Iraq.

Voters tuning in to the campaign get two dramatically different messages.

One is a portrayal of a candidate and themes that many Democrats say can lead their party to victory in conservative-leaning states — and to control of Congress — in November.

The other is of Republicans hammering back, as they work to keep their majority, even with flawed incumbents and polls suggesting that many Americans are ready for a change in Congress.

Tester figures the voters "won't buy it" — the image of him as a ravenous liberal, that is. He says this as he drives his 9-ton 1986 Case International combine across his 1,800 acres, harvesting a crop of organic gluten-free grain he planted in the spring.

"They know that under a Democratic governor and a Democratic state Senate, we eliminated taxes on 13,000 small businesses," Tester said over the roar of the combine. "They know that what we stand for is a fair shake."

Among jobs Democrats will perform better than the GOP, he says, are health insurance — Montana has one of the nation's highest rates of uninsured people — and energy. Farmers have been hit hard by increased fuel prices, and Tester echoes popular Democratic Gov. Brian Schweitzer in calling for incentives to develop alternative energy sources, including the reserves of coal in eastern Montana.

Tester jumped into state politics eight years ago — and won in what had been a reliably Republican state Senate district — by seizing on an energy-related theme: Montana's experiment with electricity deregulation, which, as in several other states, became a political disaster when prices soared.

"It was dereg that pushed me to the point of doing it," Tester said, as the sun dropped on a picture-book blue-sky day. "The whole deal just didn't look right to me. I didn't think it would serve regular folks that well, and it didn't."

Both sides in this campaign have run ads using Tester's distinctive haircut as a humorous theme.

"Fella comes in for a trim on his flattop because he's running for U.S. Senate," an actor dressed as a barber says in a Republican-funded ad. "Guess he didn't want anybody to know he opposes a gay-marriage ban. Thinks flag-burning is a right. And supports higher taxes.

"So I told him, 'You're gonna need a lot more than a haircut to cover up all that.' "

(On gay marriage and burning the flag, Tester says he supports neither, but also opposes amending the "sacred document" of the federal Constitution to deal with either issue. He says his tax policies would lower the burden for middle-class taxpayers.)

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The Tester campaign responded with a spot that shows Tester getting his hair cut, purportedly inspiring a lot of other Montanans of all ages to adopt the same hairstyle.

An announcer says Tester's campaign themes of "better schools" and "affordable healthcare" are catching on, as is his pledge to "end Sen. Burns' kind of corruption."

"I'm Jon Tester and I approve this message," Tester says at the end, concluding with a laugh: "I approve the haircut too."

In many ways the race comes back to the incumbent senator. To hear Tester tell it to audiences across Montana, Burns "has been around Washington too long."

What is less in contention is that Burns, 71, is prone to outbreaks of political foot-in-mouth.

As Duane Guenthner, a retired oil worker, put it at a rally where Tester spoke last month: "The biggest thing Jon Tester has going for him right now is Conrad's foot."

Even Burns admits he is a walking gaffe machine.

"I can self-destruct in one sentence," Burns told a campaign rally last month in Billings. "Sometimes in one word."

At a fundraiser attended by First Lady Laura Bush on Wednesday, Burns offered the comment that the U.S. faces terrorists who "drive taxicabs in the daytime and kill at night." The remark was criticized as anti-Muslim. A spokesman later said the senator was simply pointing out terrorists could be anywhere.

Burns has apologized in past years for calling Arabs "ragheads" and, in another instance, for recounting someone else's racial epithet and saying that living with blacks in Washington, D.C., was a major "challenge."

In July, Burns issued an apology to federal firefighters battling a wildfire in Montana, whom he publicly berated for doing a terrible job, according to one of the workers.

Last month, he raised eyebrows when he interrupted his own speech at a campaign rally to take a cellphone call from the maintenance man at his suburban Virginia home.

"Hugo is a nice little Guatemalan man who is doing some painting for me," Burns explained to the crowd as he flipped his phone shut. "No, he's terrific. Love him."

The Tester campaign, which has hired a video "tracker" to film all of Burns' public appearances, wasted no time in posting the clip on YouTube, the video-sharing website.

Many nonpartisan political experts rate the race a toss-up, but at least two of them — influential analysts Stuart Rothenberg and Larry J. Sabato — have moved their assessment of the race to Tester's favor.

Rothenberg says the state is currently "leaning" toward the Democrat; Sabato rates the race a "likely" Democratic pickup.

Still, Burns is a resourceful politician and takes credit for steering hundreds of millions in federal funds to Montana. In this sparsely populated state, many voters say they have had personal contact with Burns, and can cite an example of him responding to a concern or straightening out a problem.

Despite pledging in 1988 to serve no more than two terms, he survived a brutal race in 2000 for a third term, besting now-Gov. Schweitzer with 51% of the vote.

Given the interest that both parties have in the race, it is generally expected to be the most expensive race ever in Montana.

Tester said he would emphasize a campaign theme that he struck in several recent appearances, including a rally in Laurel, a farm town just west of Billings.

"Real Montana is ready for real change," Tester said. "Government just isn't working for regular folks."

And then, smoothing his hand over his flattop, he added: "I may not look like a lot of other senators. But isn't it time the Senate looked a little bit more like Montana?"

sam.verhovek@latimes.com

Foes For U.S. Senate Vie To Show Who Is Less Ethical (PHI)

By Leonard N. Fleming

The Philadelphia Inquirer, September 3, 2006

In New Jersey's increasingly brutal U.S. Senate race, words like shakedown, corruption and impropriety are uttered so much it seems out of place not to hear them.

Democratic incumbent Robert Menendez constantly blasts his Republican opponent, State Sen. Thomas H. Kean Jr., for not supporting legislation to ban smoking in casinos after accepting money from casino interests, among other allegations. The new Menendez catchphrase: "quid pro Kean."

Kean goes after Menendez for pocketing $329,000 as a landlord of an antipoverty organization for which Menendez lobbied to get federal funding while in the U.S. House. Menendez, a Kean spokeswoman says, is so corrupt that he "is an indictment waiting to happen."

The fierce battle about who is more unethical has taken over this race, which is known for its two unprecedented summer debates and constant stream of vitriol and is raising eyebrows even among those familiar with New Jersey's rough-and-tumble political landscape.

New Jersey has had more than its share of ethical lapses and corruption scandals, with the careers of a governor and a U.S. senator crashing to the ground in recent years.

The constant repetition of perceived ethical failings is sure to taint Menendez and Kean somewhat, even as they vigorously deny any impropriety.

But the unknown, said David Rebovich, associate professor of political science and managing director of the Rider Institute for New Jersey Politics at Rider University, is how voters will reward or punish them on Nov. 7.

Trying to win a Senate seat for the Republican Party in the solidly "blue" state for the first time since 1972, Kean "has to play the ethics card" to get people to forget how unpopular President Bush is in New Jersey and instead think about corrupt Democrats, Rebovich said.

"Menendez is part of the Democratic Party establishment in New Jersey, and many citizens view that establishment as unseemly and corrupt," he said. "Corrupt implies illegal. This is about perception."

Rebovich said Menendez was having a "tougher time living down all the battle-worn years of playing hardball politics in Hudson County." That makes it difficult for Menendez to say "he's been playing the role of statesman," he said.

As for Kean, Rebovich said the Menendez camp was trying to damage the son of popular former Gov. Tom Kean by saying he's too secret about his personal fortune and not the populist reformer he claims to be.

"What they do is they take the blush off his rose," Rebovich said. "All of a sudden, a squeaky-clean Tom Kean looks like a calculating politician who will do what is necessary to curry favor with the public."

But the Republicans are trying to choke Menendez with an ethical noose, nicknaming him "Boss Bob" from his days running the Democratic machine in Hudson County and his staunch support of officials such as Zulima Farber, who resigned as attorney general last month under an ethical cloud.

On Tuesday, two GOP state assemblymen sought an investigation by the U.S. Senate ethics committee into Menendez's landlord deal with the North Hudson Community Action Corp. They accused Menendez of lining his pockets at taxpayer expense.

"He was their landlord. That's an obvious conflict of interest," Kean said after a news conference Wednesday in front of the property in Union City. "The fact that Bob Menendez doesn't see anything wrong with that is what the voters of the state of New Jersey are beginning to see."

Menendez has denied there was any conflict of interest and said the House ethics panel had given him an oral go-ahead for the deal. His camp filed its own Senate ethics complaint against Kean recently, accusing him of hiding his income and assets from public view.

At a news conference of his own Wednesday, Menendez railed about Kean's ethics, including what he termed a "shakedown" of corporate executives who depend on the elder Kean for their compensation. Menendez pointed out that Kean had received $62,000 from employees of companies where his father serves on the board of directors.

"If you're going to hold yourself up on a white stallion, then you'd better be riding a white stallion, not a gray Shetland pony," Menendez said. "And I believe Tom Kean Jr., at best, is riding a gray Shetland pony."

F. Christopher Arterton, dean of the Graduate School of Political Management at George Washington University in Washington, has studied and written extensively about ethics in politics.

The potential harm of the Menendez-Kean ethics battle is that it may prompt independent voters to stay home, with a segment of the electorate already believing politicians are on the take and are unethical, he said.

"Ethics charges are easy to make and often judgmental about the motivation for what somebody is doing, or why they are doing something," Arterton said. "For every charge, there is a denial."

Santorum, Casey: It's Put-up Time (PHI)

By Carrie Budoff

The Philadelphia Inquirer, September 3, 2006

Simple but unflattering, the $3 bumper sticker sums up the plight of Sen. Rick Santorum and his Democratic rival, Bob Casey Jr.

"Bob Casey: Well... he's not Santorum."

It illustrates how the appetite for Santorum's defeat is so strong among many Democrats - abortion-rights advocates, Iraq war opponents, and liberals - that they are willing to overlook key differences with Casey. But the tepid endorsement also underscores Casey's shaky standing - with broad, but not necessarily deep, support.

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Santorum faces the opposite problem: dedicated backers, but perhaps not enough of them.

With 64 days left in a campaign that began almost 18 months ago, the nation's top Senate race looks like it did at the start.

Voters remain dissatisfied with President Bush and the direction of the country. Santorum holds the fund-raising edge, but lags in the polls. And Casey continues to run a low-key campaign aimed at minimizing his exposure.

The dynamics could shift after Santorum and Casey appear on NBC's Meet the Press today for their first debate, which will air locally at 10:30 a.m.

Santorum, a skillful speaker, is banking on the debates - at least four, although the first will be the most widely viewed - to improve his standing in the polls. Most recent polls already indicate he is closing in on Casey after a summer advertising blitz.

Democrats expected a tighter race by Labor Day, but some admit being nervous about Casey's ability to compete with Santorum on TV, on the campaign trail, and in turning out the vote on Election Day.

"He is going up against a 12-year incumbent with a solid base of support," said John Morgan, a Berks County Democratic committeeman who briefly worked for one of Casey's primary opponents. "I am afraid Casey will lose it. This is an election he should win."

GOP pessimism has turned into hope for the first time in months, but a harsh reality remains. Santorum languishes around 40 percent in head-to-head polls, which means the toughest stretch of his campaign lies ahead.

"He has been able to drive voters away from Casey," said Berwood Yost, a pollster with Franklin and Marshall College, "but what can he do to attract people to him?"

The race so far

Until the summer, Casey lay low.

Content with allowing Santorum to generate most of the headlines in the last year, Casey concentrated on raising money for the media campaign that began in earnest two weeks ago.

Campaigning on his bus tour, which began in July, he has been similarly cautious.

He's a scripted campaigner who stays on message and sometimes declines to provide a direct answer unless pushed. The approach, analysts say, has helped him maintain the lead, but voters could demand more specificity on key issues as Election Day nears.

For example, Casey says a new Iraq policy is needed, but will not detail his preferred steps other than to say that he would ask "tough questions" and resist a timetable for troop withdrawal, and that President Bush should fire Defense Secretary Donald Rumsfeld. It's up to Bush to offer a plan, Casey says.

His only stated solution for keeping Social Security solvent is to "get our fiscal house back in order and grow the economy."

And at an environmental rally last month, Casey would not say in front of the crowd whether he supported the Kyoto agreement, an international climate treaty that environmentalists pushed but that Bush, saying it would damage the U.S. economy, rejected in 2001. In an interview after the event, Casey acknowledged he opposed it.

The tactic frustrates Santorum, not just because he needs to draw contrasts with Casey, but because it is so contrary to his own style.

Santorum largely says and does what he chooses, sometimes ignoring conventional wisdom and misjudging the potential fallout. Against the advice of aides, Santorum last summer published 451-page book, It Takes a Family, which his critics have picked apart, excerpting portions that they say portray the senator as extreme. Santorum has acknowledged that he should not have released the book when he did.

And in the spring, he perplexed even his loyalists by focusing his first radio ad on his residency - a political sore spot that has contributed to his low numbers in Southwestern Pennsylvania. (Santorum owns a small home in Penn Hills and a larger one in Leesburg, Va., where he spends most of his time.)

His emphasis on illegal immigration also made observers wonder. Yet Santorum's pollster attributes the narrowing race, in part, to the issue, and at western campaign stops, Santorum's tough talk on immigration draws the loudest applause.

"They are mysterious to me," said Michael Meehan, counsel for the Philadelphia GOP. "I'm not sure the issues they have highlighted I would have highlighted."

Meehan said he would like Santorum to focus more on what the senator had done for the state. As the No. 3 Republican leader in the GOP-controlled Senate, Santorum has made his ability to deliver for Pennsylvania a central part of his strategy.

Looking ahead

The race will turn on numerous factors, some typical in campaigns and others unique to this one. They include:

Scope. In a tough year for incumbents, particularly Republicans, Santorum needs to narrow the race to a choice between him and Casey - and make Casey an unacceptable alternative, likely through negative advertising.

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Casey will try to broaden the scope by tying Santorum to Bush and, as he likes to put it, the "crowd in Washington." Casey's 20-minute stump speech refers to Santorum or the others by name more than two dozen times. But will "anybody but Santorum" be enough?

Personality. Democrats and Republicans agree: Santorum is the better campaigner. He can hold an audience's attention, and comes off well on TV. He can discuss policy in such detail that he can make Casey's rhetoric appear lightweight.

The question is whether the contrast is stark enough to matter, and is picked up by enough voters. Casey is soft-spoken and low-key, which could be an advantage when voters might be seeking not just a change in leadership, but a different style altogether.

Turnout. Santorum and Casey will each pour millions in advertising on TV and radio. So will the state and national political parties and interest groups.

But close races are typically decided by the less noticeable field operations. Santorum is modeling his ground operation after his 2000 race and Bush's 2004 Pennsylvania campaign - a get-out-the-vote effort that designates volunteers down to the precinct level. Casey is relying on a network of Democratic groups, unions, Gov. Rendell and the state party.

Outside influences. Entirely unforeseen developments could shift the race: increased instability, or improvement, in North Korea and the Middle East; a terrorist attack; more bloodshed, or less, in Iraq.

But first, in Meet the Press' Washington studio, Santorum and Casey will sit side by side and debate.

Santorum has waited 18 months for this opportunity. Casey's side will spin the meeting as a win if he simply makes it through without a gaffe.

Voters such as Jeanne K.C. Clark, the Pittsburgh Democratic committeewoman who designed the bumper sticker, will listen for reasons to stay with Casey - or move to an alternative, such as the Green Party's Carl Romanelli.

"Being against one person is not sufficient," she said. "We tried that with Bush, and it didn't work."

Political Coverage

Labor Day is the unofficial start of the campaign season. Here are some of the stories for the days ahead.

The Inquirer

Monday:Hall of Fame wide receiver Lynn Swann created quite a buzz when he became the Republican's clear choice to run against Gov. Rendell. But he lags far behind in polls and fund-raising. What happened, and does he have time to recover?

Plus, coverage of the first televised debate between Casey and Santorum, and the weekly political column, "On the Campaign Trial."

Tuesday:Three U.S. House Republicans from the Philadelphia suburbs, targeted for defeat by the national Democratic Party, are working to separate themselves from their president and their party.

Plus, both parties will spend unprecedented amounts of money on TV ads in the House races.

Wednesday: The Democrats look to the Philadelphia suburbs to help their party break - or at least loosen - the Republican grip on the legislature.

Philly.com

Go to philly.com to get the latest on the Casey-

Santorum debate, and share your thoughts on how the candidates did.

Visit http://go.philly.com/

pavoters for more political news and information.

Debate

Santorum and Casey face off today at 10:30 a.m. on Meet the Press,NBC.

Pennsylvania: Bellwether For November? (LAT)

By Michael Mcgough, Michael Mcgough Writes Editorials For The Times And Is The Former Washington-based Editor-at-large F

The Los Angeles Times, September 3, 2006

The state's ultra-conservative senator could lose his job to an uninspiring centrist Democrat.

TODAY, voters in Pennsylvania will get their first comparative view of the candidates in a race that will be (pick your cliche) crucial, pivotal or decisive in the Democratic Party's attempt to regain control of the Senate.

Perhaps fittingly for what has become an iconic contest, incumbent Republican Rick Santorum and his Democratic challenger, Bob Casey Jr., will tangle for the first time in a joint interview on national television, on NBC's "Meet the Press."

With polls continuing to show Casey ahead — albeit by a narrowing margin in most surveys — Democrats profess optimism that their candidate, the son, namesake and ideological protégé of a popular former governor, will ride family coattails,

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disaffection with President Bush and anti-incumbent sentiment to a victory over Santorum, who, Casey's advertisements note, "votes with George Bush 98% of the time."

A Casey victory would do more than move an important Senate seat to the Democratic side of the aisle. It also would alter the trajectory of Santorum's career as national champion of social conservatism — though he might be offered the consolation prize of a job in the lame-duck Bush administration.

Finally, a Democratic victory would be seen as a vindication of the national party's still-controversial decision to back Casey, a moderate Democrat who shares his father's (and Santorum's) opposition to abortion and who has refused to endorse a timetable for the withdrawal of U.S. forces from Iraq.

If Ned Lamont, the antiwar candidate who defeated Sen. Joe Lieberman for the Democratic Senate nomination in Connecticut, is the poster boy for the view that the Democratic Party must veer left, Casey is the standard-bearer for the argument that there are still votes to be gained through Clinton-style moderation. It's a perennial debate inside the Democratic Party, but a Casey victory — especially if it contributed to Democratic control of the Senate — would shore up centrists as the party moved toward presidential primaries in 2008.

Despite his lead in public opinion polls, lots of Democratic fingers will be crossed when Casey, Pennsylvania's state treasurer, spars with Santorum today and in two later TV debates. The unease is rooted not only in concern about how Casey, a rather colorless campaigner, will perform. It also reflects the fact that it is easy to underestimate — or, as Bush would say, misunderestimate — Santorum.

I ought to know. Sixteen years ago, I was one of three editors of the Pittsburgh Post-Gazette who interviewed Santorum on public TV during his first run for federal office, a seemingly quixotic attempt to knock off veteran Rep. Doug Walgren. A videotape of the program painfully captures our skepticism. If Walgren was so out of touch with the district, one of my colleagues asked Santorum, why did voters keep reelecting him? After the taping was over, and Santorum had left the building, another editor said, "We'll never hear from this guy again."

We were wrong, of course. Santorum beat Walgren in 1990 and was reelected in 1992 despite adverse redistricting. In 1994, he defeated incumbent Sen. Harris Wofford, who was appointed by Gov. Bob Casey (after John Heinz was killed in a plane crash) and then vanquished Dick Thornburgh, a former governor and U.S. attorney general, in a special election in 1991. In 2000, Santorum was reelected even though Democrat Al Gore comfortably carried Pennsylvania in the presidential race.

Democrats say they are confident that Santorum's luck has run out despite the fact that the incumbent has narrowed Casey's once-cavernous lead in most public opinion polls. An Aug. 24 survey by Franklin & Marshall College showed Casey with 44% and Santorum with 39%, with 4% supporting Green Party candidate Carl Romanelli and 13% undecided. But a USA Today/Gallup Poll of likely voters released Friday put Casey ahead, 56% to 38%.

"We've been saying all along that the polls are going to tighten," said Casey campaign spokesman Larry Smar. "We never expected to win by 24 points. Santorum and his allies have spent $6 million, and he's only at 39%. I don't think that's very good." But other analysts see hope for Santorum in the narrowing of the race. And, as Santorum media strategist John Brabender pointed out, two months of campaigning remain.

"The polls show a high percentage of people who say they don't know [Casey] all that well," he said.

Debates are a key part of Santorum's strategy to drive up Casey's negatives. In a departure from usual practice, it is Santorum, the incumbent, who has been pressing challenger Casey for more televised encounters. Even some Democrats worry that a lackluster performance by the diffident Democrat could be the undoing of his remaining lead. Santorum is a practiced debater.

Santorum's secret weapon — not only in debates but on the campaign trail — may be his personality. Critics accustomed to thinking of him as a shrill conservative cultural warrior — he once likened gay relationships to "man on dog" sex — need to be reminded that on a personal level Santorum can be genial, funny and self-deprecating. And at 48, he looks remarkably like the youthful challenger who insisted to skeptical journalists in 1990 that he would topple an entrenched incumbent because he had spoken to so many voters.

Santorum has other advantages in this race, including a willingness to rise above conservative principle in the interests of the folks at home. In 1997, for example, he scandalized doctrinaire free-marketers by urging voters in his hometown of Pittsburgh to approve a half-cent sales tax for infrastructure improvements, including the construction of sports stadiums. (The measure failed.) In the current campaign, he boasts of bringing home bacon that conservative purists might call pork.

Other issues are in play. Although Santorum may have voted with Bush 98% of the time, he vociferously opposed legislation supported by the White House that would eventually allow illegal immigrants to gain legal status. Casey endorsed the bill. Although Pennsylvania is hardly at the epicenter of the debate over illegal immigration, Santorum has emphasized the issue.

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Immigration aside, however, both campaigns recognize that as an incumbent senator from the president's party Santorum's fate is entwined with Bush's standing. The question is whether Casey can capitalize on that connection forcefully enough to keep Santorum from becoming this election's comeback kid.

One veteran of Democratic campaigns in Pennsylvania said the Bush-Santorum connection could be decisive even if Casey turned in a disappointing performance in debates. "The message is: 'You've been in office for the past six years and your approach isn't working. Why should we let you stay?' It's a compelling argument, even if Casey isn't a good argument-maker."

Santorum And Upstart Allies Now GOP Old Guard (PPG)

By James O'toole, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 3, 2006

CAMPAIGN 2006

Rick Santorum was strolling past a display of highly brightly polished tractors at the Butler Farm Show this summer when he came across an old friend.

Rep. Phil English, R-Erie, and the two-term senator exchanged political intelligence, handicapping his chances in the November election -- just as they had 16 years earlier when Mr. English bunked in his college buddy's attic, helping to manage Mr. Santorum's campaign for Congress.

They were insurgents then, Republicans taking on the region's, and their party's, political establishments in a race in which few outside observers thought Mr. Santorum had a chance. Now, they are the establishment, with all the political power, and vulnerability, conferred by the change in status.

This establishment will meet what is expected to be its sternest test in Pennsylvania this November as Mr. Santorum faces Democratic state Treasurer Bob Casey.

Mr. Santorum's rise, and that of his GOP allies, are a part of a broad national story of the transformation of American politics -- the ascendance of the conservative wing of the Republican Party.

But to a startling extent, the Western Pennsylvania chapter of that saga is more personal story, one in which a relatively small band of partisans, familiar to one another from the first steps of their political careers, nurtured and fed on the changing voting patterns of the region and the state.

Over the years, Mr. Santorum has evolved from a brash outsider who challenged the mores of Congress to an insider at the pinnacle of power. Phil English is one of a band of allies who rose in parallel.

As his friend headed off to work the crowd, Mr. English recalled that he and Mr. Santorum, 48, of Penn Hills, had gotten to know one another in the college Young Republicans at Penn State. When Mr. Santorum took a leave from his law firm job to challenge U.S. Rep. Doug Walgren of Mt. Lebanon, he asked his friend to help organize the campaign. By then, Mr. English had served a four-year term as controller of the city of Erie and had made an unsuccessful run for state treasurer.

At the same time, Melissa Hart, another veteran of the state Young Republicans, was taking on a Democratic state senator in a district that was largely within the congressional district targeted by Mr. Santorum.

In startling, overlapping upsets, both would win. Mr. English would go on to become Ms. Hart's chief of staff in the state Senate. Then, in 1994, he won his seat in Congress, taking the place of Tom Ridge, who was elected governor.

Six years later, in 2000, Ms. Hart would join her former aide in Washington, after upsetting a favored opponent in an adjoining district. The GOP march on the Western Pennsylvania congressional delegation continued two years later as then-state Sen. Tim Murphy, of Upper St. Clair, won an yet another seat in Congress, in a newly reconstituted 18th District.

Mr. Murphy, a psychologist and author, first met Mr. Santorum and his wife, Karen, when they sang together in the choir of St. Thomas More Roman Catholic Church in Bethel Park.

In Western Pennsylvania, then, all of Republican politics is seemingly governed by the rule of one degree of separation from Rick Santorum.

"I think we really thought we had a chance to do something special. ... I think we thought we were beginning something different out here," Mr. Santorum said of himself, Ms Hart and Mr. English.

"I always tell the people of the 18th District," he said at another point, "that the Republican revolution of 1994 had one of its seeds back in that race in 1990."

But also in 1990, another sign that a new conservative force was ready to challenge the state's GOP establishment came in the form of Peg Luksik, a staunchly anti-abortion candidate, nearly wrested the governor's nomination from the pro-choice Barbara Hafer.

Pro-life volunteers, going door-to-door, lent an under-the-radar strength to the candidacies of both Mr. Santorum and Ms. Hart. Mr. Santorum describes the race as the a catalyst for the process of socially conservative Democrats shaking off their traditions and registrations to vote for Republicans in a once reliably Democratic region.

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The other side of that coin involves the other side of the state. There, Mr. Santorum confronts a band of populous counties surrounding Philadelphia where the political demographics are nearly the opposite of those in his home region. Once Republican strongholds and still Republican by registration, those counties have been increasingly hospitable to Democrats.

Mr. Santorum managed to win the suburban swath surrounding Philadelphia in his last race, in 2000, even as President Bush was losing there to Al Gore. But public polling so far suggests that he will be severely challenged to do so again. Seeking to soften his image with Republican women, Mr. Santorum campaigned in suburban Philadelphia last week with prominent GOP women, including Sen. Elizabeth Dole and former U.S. Rep. Susan Molinari of New York.

In a Pittsburgh appearance and later in the east, they argued against what Mr. Santorum regards as an unfair caricature -- that he is an unreasonable, right-wing ideologue.

Trouble by the book

But more specifically they were there to address what Ms. Molinari called "the elephant in the room" -- Mr. Santorum's praised and reviled book, "It Takes a Family."

In the book, Mr. Santorum reinforced his ties to his conservative base but raised hurdles to his chance of winning over more moderate voters with passages that were criticized -- unfairly in his view -- as being dismissive of the values of working women and families.

In it, Mr. Santorum argues that, "in far too many families with young children, both parents are working when, if they really took an honest look at the budget, they might confess that both of them don't really need to work, or at least may not need to work as much as they do."

Later, he states, "Many women have told me, and surveys have shown, that they find it easier, more 'professionally" gratifying, and certainly, more socially affirming, to work outside the home than to give up their careers to take care of this children.

"Respect for stay-at-home mothers, has been poisoned by a toxic combination of the village elders' war on the traditional family and radical feminism's misogynistic crusade to make working outside the home the only marker of social value and self-respect."

Mr. Santorum has repeatedly complained that his Democratic critics have taken passages from the book out of context. That's debatable in the sense that "taken out of context" implies a distortion of their meaning. The passages above, for example, mean what their plain language suggests.

But Mr. Santorum is certainly correct that they, and the issues they raise, are just part of more wide-ranging work.

And defenders, such as Ms. Molinari, endorse the critique of family and work that has stirred such criticism.

"You know, it's not just a message to women," she said, "It's a message to family, I consider myself a feminist and I welcome that message.

"Most people who actually read the book don't say, 'Rick Santorum is a radical, that this is full of crazy ideas.' "

Mr. Santorum's opponent, for one, does. One of Mr. Casey's favorite campaign mantras is to recite selected points from "It Takes a family," followed by the refrain: "Nobody believes that."

Among its other, less widely noted passages, the book seeks to present a rounder, more fleshed-out rationale for the oft-repeated slogan, "compassionate conservatism." At other points in its text, Mr. Santorum confronts not just issues such as his interpretations of liberalism and "radical feminism," but his own party. He argues that too many Republican lawmakers have not been sufficiently concerned, for example, with urban poverty.

Recounting how he became the ranking GOP member of the human resources panel of the House Ways and Means Committee, the panel with jurisdiction over welfare programs, he says "How I got to be ranking member ... does say a lot, I'm afraid, about how Republicans used to view welfare -- and too many still do ... none of my Republican colleagues saw this committee as particularly important to them or their constituents."

Among Mr. Santorum's chief priorities when he first came to the House was the chamber itself, as he and the group of firebrands known as the Gang of Seven, pressed for reforms in the cozy practices of the House bank and post office. Now, he finds himself the target of Democratic charges over the ties between lawmakers and lobbyists.

He has strenuously distanced himself from what became known as "the K Street project," an effort by conservative activists including Grover Norquist to place Republican loyalists in influential positions in the lobbying ranks. But, as GOP conference chair, he did host weekly meetings of lobbyists where, according to widespread reports at the time, lobbying personnel as well as policy issues were regularly discussed.

Those meetings, like the 2002 Pennsylvania redistricting plan that he was influential in shaping, reflect an ex-staffer's interest in the nuts and bolts of politics. But Mr. Santorum, from his first days in office, has immersed himself in the intricacies and controversies of policy issues.

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His book recounts his involvement in what is perhaps his most noteworthy legislative achievement: the welfare reform law signed a decade ago by President Clinton. He has also, at some political peril, argued for the need to transform Social Security with personal accounts for younger workers.

Democratic opponents, including Mr. Casey, argue that this approach is an effort to gut the system. Mr. Santorum counters that the system is on its way to bankruptcy without significant changes.

Mr. Santorum faced heavy criticism in his first Senate election over videotaped remarks in which he called for an increase in the retirement age as a key step to shoring up the system. He disavows that approach now, maintaining that, 12 years ago, he thought of Social Security as "a zero sum game," in which solvency could only be achieved through some retrenchment in benefits.

Now, he contends a system of personal or private accounts could shore up the system without affecting the benefits of older workers. He concedes, however, that the political momentum for the kinds of changes that he and President Bush advocate has eroded and predicts that nothing is likely to happen on the Social Security front until after the next presidential election.

Collecting on welfare reform

While compiling one of the more conservative voting records in the Senate, he has been willing to stray from conservative orthodoxy on Pennsylvania-specific issues such as steel quotas. While a critic of big government, as a candidate he is happy to point to the pork he has brought home in the form of grants and federal aid for Pennsylvania projects. He boasts of the fact that he's never voted for a tax increase, but offers a more muted defense of the continued growth of government spending under a Republican-controlled administration.

"If you look at the growth of government in the United States versus every other western democracy, we are growing at much slower rates and we are growing at a slower rate than we would under Democratic control," he said in a recent interview. "So, yes, government has grown by more than I would have liked to see it grow, but we are doing better than the alternative. That's not a hurrah; that's not a huge win, but it's marginally better."

A champion of conservative social policy in general, Mr. Santorum also has been a leader in efforts to ban the procedure known as partial birth abortion. For most of his career in Washington, Mr. Santorum focused on domestic issues -- abortion policy, House reform, welfare reform and Social Security, but, more recently, and particularly in the last year, he has been more vocal on foreign policy.

President Bush has recently substituted "war on Islamic fascism," for "war on terror." That's a term Mr. Santorum has been using for more than a year as he has become increasingly outspoken on the need to confront Iran and other sources of what he see as threats to the United States.

Mr. Santorum has proposed legislation calling for regime change in Iran, language that led the Bush administration to oppose it. He says, however, that, he's not ready to call for military action against Iran, even as he warns that it's imperative that Tehran does not develop a nuclear weapon. Politically, that issue, along with opposition to illegal immigration, has formed a central part of this campaign.

The benefits and costs of Mr. Santorum's 16-year rise in political status were highlighted in the 2004 election. After former Mr. Ridge left his Harrisburg office to join the Bush administration in 2001, Mr. Santorum emerged as the top Republican in the state, clearly more influential within the party than his senior partner, Sen. Arlen Specter.

Mr. Santorum chaired President Bush's 2004 campaign in Pennsylvania. The army of volunteers it attracted are a potent grass roots force. They remain a significant potential asset for Mr. Santorum in this election.

But, in the spring of 2004, Mr. Santorum also stuck by his Senate partner in the face of a challenge by the more conservative former U.S. Rep. Pat Toomey.

Mr. Toomey has endorsed Mr. Santorum, but some of his conservative followers are still angry about the race. It is an irony of this race that a figure who did as much as anyone to nurture the conservative wing of the state GOP has had to work to mend his ties with some conservatives over the past two years. The Santorum campaign is counting on Mr. Specter to bolster his appeal to Republican moderates in the Southeast, but, given the intraparty wounds of 2004, their embrace is a balancing act for Mr. Santorum.

Should Mr. Santorum win his re-election battle, his come-from-behind victory in a closely watched race will burnish his credentials to move up in the Senate leadership and would be sure to make him a contender for a spot on his party's national ticket in 2008 or beyond. But even a loss, coupled with the possibility of other GOP carnage in the state, could lead 2006 to be remembered as the high-water mark of a powerful tide in the state's political history.

For Md.'s Cardin, The Delight Is In The Details (WP)

By Michael E. Ruane, Washington Post Staff Writer

DOJ_NMG_0057708

The Washington Post, September 3, 2006

Anti-Incumbent Mood Could Hurt Longtime Congressman's Senate Bid

A few years ago, U.S. Rep. Benjamin L. Cardin was asked to throw out the first pitch at an upcoming Orioles game.

He got two baseball gloves and put them in his car. Wherever he went, his wife, Myrna, recalled, he would take out the gloves and a ball and practice.

All summer, he practiced, she remembered.

Nah, he said, it was more like one week, maybe two.

Whatever.

The day came. Cardin took the mound, reared back and fired. "Great pitch," he joked. "It went over the plate. Without any bouncing. No one could have hit it."

It was vintage Cardin. Serious, meticulous, prepared to the last detail. Friends say he has been that way through 20 years in the Maryland House of Delegates and 20 more as a U.S. congressman from Maryland.

Now Cardin (D) is seeking the U.S. Senate seat being vacated by Paul S. Sarbanes (D), promising to approach the job with the same serious attention to detail he gave to the big pitch.

But all those years of practice -- the hundreds of votes he has cast and the quiet, workhorse reputation he has acquired -- could work against him this time, with an electorate in a decidedly anti-incumbent mood and a throng of candidates in the Democratic primary scrambling to be considered the outsider.

Cardin is bald and a bit portly. Easy to overlook in a crowd -- even at his own campaign events. He wears dusty black loafers, drives a Pontiac, collects stamps. People say he lacks charisma, is a "a nuts-and-bolts" guy, a "policy and politics" guy.

A detail guy who reveres the political and legislative processes.

Cardin tells a story about how, as a rookie member of the Maryland House in 1967, he first put his hands on the levers of local politics.

A high school playground in his Baltimore district lacked a baseball backstop. Neighborhood youngsters wanted to play there, but the balls kept rolling into the street.

Cardin, who had been elected largely on the strength of his family's name, boldly telephoned the mayor, Thomas J. D'Alesandro III. He was amazed when D'Alesandro took the call, and within weeks the playground had a backstop.

Cardin, who lives in Pikesville, in Baltimore County, and has been a member of the U.S. House of Representatives since 1987, tells the story to show how he first learned politics' potential for good.

But the tale also suggests his faith in process and mechanics.

"If you don't have process," he said, "the people who depend upon the government working for them are going to get hurt."

As for charisma, "it doesn't concern me because it doesn't affect my ability to get things done," he said.

"He's an adult," said U.S. Rep. Steny H. Hoyer (D-Md.), a friend and longtime colleague. "He's a common-sense, hardworking, focused . . . individual."

"He works very hard at mastering policy issues," said Matthew A. Crenson, professor of political science at Johns Hopkins University. "Especially the ones that everybody else finds boring."

But after 20 years in Congress, Cardin is 62. During a televised debate last week with his chief opponent, former congressman and NAACP president Kweisi Mfume, 57, the graying Cardin appeared much the older man.

Cardin also has a strong Baltimore accent, which does not lend itself to oratory and marks him as a son of the city in a state that stretches from the Eastern Shore to the Allegheny Mountains.

Indeed, although Cardin was inspired by the eloquence of John F. Kennedy, he was reared on old-fashioned urban politics and schooled in backroom strategy sessions at the feet of his father and uncle, who were pros.

The Cardin family, descendants of Eastern European immigrants, hailed from the old Jewish neighborhood of East Baltimore around Lombard and Baltimore streets.

Crenson said it was a neighborhood rich in tradition and dotted with synagogues. Cardin's late father, Meyer, and uncle, Maurice, both became lawyers and entered Democratic politics. The "family is a political institution in Baltimore," Crenson said.

Cardin said his father, the family patriarch, was elected to the Maryland House before the elder Cardin was married and served from 1935 to 1939. His uncle also served in the State House, from 1951 to 1966.

Cardin was raised with his older brother, Howard, who later served as Baltimore's state's attorney, in a two-bedroom house on Sequoia Avenue in the close-knit Ashburton section of West Baltimore.

"We grew up in politics," Ben Cardin said. "When I was 7 years old, I was on the corner handing out literature. . . . There were political meetings going on all the time. In our house. In other people's houses. I was there when I was a teenager . . . where they would talk about precinct work and organization."

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Asked to name a political hero, he points first not to Democratic icons Franklin D. Roosevelt or Kennedy, but to a late Republican mayor of Baltimore and governor of Maryland, Theodore R. McKeldin, who was instrumental in building up Baltimore's modern urban and transportation infrastructure.

McKeldin was also known as one of the first state politicians to court Jewish voters and advisers, and he attended Cardin's bar mitzvah. McKeldin "really opened up both city and state government for opportunity for more diversified representation," Cardin said.

Cardin said he was also deeply influenced by his father, who was the first of his family born in the United States and who went on to become a circuit court judge.

"He looked at politics as an opportunity to empower people otherwise who wouldn't have a chance," Cardin said. "My father taught me from the first day I was elected that you have an unbelievable opportunity to help people. You can open up doors. So use it. Don't waste time."

This is Cardin's first election without his father, who died last year at 97.

But his political support still begins with his family.

"When I first ran for the House of Delegates, even though it was a large district, as long as my family came out to vote I was safe," he joked recently at a breakfast meeting of old friends and relatives.

He said later that he got elected because "people had confidence in my family. They knew me from my family. It was the family connection."

Cardin was still in law school when he was elected to the State House in 1966 as one of the seven delegates from northwest Baltimore's old 5th District. He rapidly distinguished himself and in 1979 became speaker of the House at age 34 -- the youngest speaker in 100 years.

He was "a whiz kid," said former Maryland House speaker Casper R. Taylor Jr. of Cumberland, who served with Cardin. "We got along beautifully from Day One because of his ability to reach out," Taylor said. "He did not ignore the rural parts of the state, which, obviously, I cared a great deal about."

Far from "a city slicker," Cardin was an organized, disciplined, studious consensus-builder, Taylor said.

By 1986, Cardin said, he felt he had accomplished all he could at the state level. He ran for and was elected to Congress, representing Maryland's 3rd District, which includes parts of Baltimore City and Baltimore, Howard and Anne Arundel counties. In Congress, he specialized in health care for senior citizens. He voted against the war in Iraq, has called for the withdrawal of U.S. troops and has criticized the United Nations for what he said is its chronic bias against Israel.

He believes it is again time to move on.

"It's right for me to leave Congress now," he said. "I've been there 20 years. I'm proud of my record."

He believes the House has changed, just in the past six years. "It's become much more partisan," he said. "I think that my skills of bringing people together can work best in the United States Senate."

Cardin has been married for more than 40 years. He met his wife in elementary school. "We grew up in a neighborhood where families knew everybody," he said. The couple has a daughter, Deborah, and two grandchildren.

The Cardins' son, Michael, 30, an outgoing, civic-minded Baltimore lawyer, took his life six years ago. He was an independent thinker and loved politics, the couple said. "We thought one day he might run for City Council," Myrna Cardin said. "He was a strategist. . . . He inhaled [political] races."

Ben Cardin said: "He did his own thing. Obviously I gave him opportunities, but he would find his own way to get involved."

His son's death "changed my focus on life," Cardin said. "It's hard to describe. . . . I think it points out the importance of not wasting any time. Try to get things done. Don't wait for tomorrow. Do things today."

One afternoon last month, Cardin stood at the top of the escalator at the Glenmont Metro stop greeting homebound commuters. Even here he was meticulous. He didn't ask passersby for their support, only their "consideration."

"Got my vote," Chuck Angelucci, 54, a financial analyst from Layhill, told Cardin as he passed.

"I like him," Angelucci said. "I just like him. . . . He's a quiet guy. . . . He'll be a working part of the Senate instead of someone who's grandstanding."

Femi Akinbi, 48, an entrepreneur from Silver Spring and a native of Nigeria, asked: "What is your platform?"

"For education as a national priority," Cardin replied. "So that we can really provide education opportunities for every child in our country. For becoming energy independent. For universal health coverage. I voted against the war in Iraq."

Akinbi smiled. "I think your agenda might be something a lot of people want to be a part of," he said. "I wish you well."

"I like his demeanor," Akinbi said later. "He is not cocky."

He said the fact that Mfume, Cardin's main opponent in next month's Democratic primary, is African American would "definitely" figure in his voting decision.

But, he said: "That the person is of African descent does not automatically make sure that they get all the black votes."

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Jacque W. Leighty, 56, of Aspen Hill, an English teacher at Benjamin Banneker Academic High School in the District, paused to chat with Cardin for several minutes and then said: "You're a good man."

A profile of Democratic U.S. Senate candidate Kweisi Mfume appeared last Sunday.

Katherine Harris' Comedy Of Errors (TIME)

By Barbara Liston

Time, September 3, 2006

The former Florida secretary of state looks to be headed for a Senate primary win. So why is her own party laughing?

Considering how much ridicule she endured from political opponents during and after the 2000 Florida presidential election recount debacle, it's almost astounding that Katherine Harris would willingly put herself in a position to be the butt of more jokes. But as a candidate in the absurd political circus that has been the Republican Senate primary race, that is just what the former Secretary of State and two-term congresswoman has done, and she now finds herself imploding on the eve of the primary election next Tuesday, painted as a bumbling, Starbucks-swilling, intolerant party pariah.

It is only thanks to her unknown and ineffective trio of opponents that Harris, 49, is nonetheless expected by many analysts and recent polls to win the primary — before undoubtedly losing the November election to incumbent Democratic Sen. Bill Nelson. "It really has been a disastrous campaign of epic proportions," says Aubrey Jewett, political science professor of University of Central Florida in Orlando. "I don't think you've ever seen anyone fall from grace so fast in their own party."

How the normally disciplined Republican machine let their primary for such an important office turn into a laughing stock is grist for comedy shows and conspiracy theories alike. Abandoned early and publicly by both state and national party leaders — everyone from Jeb Bush to Karl Rove reportedly tried to recruit an alternative candidate — Harris's every campaign stumble and fashion faux-pas has eclipsed virtually all other issues, even her questionable dealings with Mitchell Wade, the defense contractor who funnelled $32,000 in illegal contributions to her 2004 reelection campaign and has also plead guilty to bribing California congressman Duke Cunningham. (Harris has said she is fully cooperating with the investigation into the illegal donations, and prosecutors say there is no evidence she knew they violated the law; Wade is cooperating with the investigation and has yet to be sentenced.)

Harris has incurred so many self-inflicted wounds that Democrats for the most part have kept quiet and stayed out of the way. Her campaign has suffered from two en masse walkouts of staffers who describe her as erratic and abusive to staff and who often go on to dish insider tales to the media. Her congressional office also has seen a lot of turnover. Harris believes she has been sabotaged by former staffers and the national party, who she said were "putting knives in her back," according to the Tampa Tribune.

On August 17, Harris promoted a major campaign event at the Orlando Executive Airport hosted by top party officials including Sen. Mel Martinez and Lt. Gov. Toni Jennings. When none of the dignitaries and no elected officials showed up, Harris said they were probably lost when a tree fell on the original hangar and the event was moved. However, airport officials said no hangar had been damaged and the event was held where originally scheduled.

When newspapers aren't covering the more than two dozen staffers who have departed her campaign, her press often veers toward the salacious: her clothing choices are inappropriately tight-fitting to emphasize her bust line; she is so hooked on Starbucks coffee that she requires all Starbucks stores be mapped out on her campaign routes.

The latest headlines revolve around Harris's comments to a Florida Baptist journal that the separation of church and state is "a lie" and that if Christians are not elected, politicians will "legislate sin." She has since backtracked, claiming that she "had been speaking to a Christian audience, addressing a common misperception that people of faith should not be actively involved in government" and that her comments reflected "her deep grounding in Judeo-Christian values". Nonetheless, major newspapers around the state are endorsing 71-year-old LeRoy Collins Jr. whose biggest selling points are that he is the son of Florida's beloved 1950s Gov. LeRoy Collins, he has promised to serve only one term — and most important of all, he is not Katherine Harris.

In defense of Harris's performance, Susan MacManus, political professor and analyst from the University of South Florida in Tampa, notes that Harris has labored under the stress of her father's death, surgery for an ovarian mass, the undermining by her own party and a certain amount of political sexism.

"I think the coverage of the trivial is what is most unfair," says MacManus. "Everybody has some quirky tale to tell about her."

Of course, nobody said politics was fair. Harris is such polarizing figure that she could motivate more Democrats to vote in the general election, which means that come November, Jewett says, Republican leaders might regret not getting behind Harris."They are marching into a race that might go beyond just losing but really might be a drag on other parts of the ticket."

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Democrats Davis, Smith Converge On South Florida As Race Nears End (FLSUNSEN)

By Linda Kleindienst And Mark Hollis, Tallahassee Bureau

South Florida Sun-Sentinel, September 3, 2006

SOUTH BAY -- In the opening salvo of a last-minute blitz through voter-rich South Florida, Jim Davis took his fight for governor to the backyard of U.S. Sugar Corp. on Saturday, demanding to know why the company is helping bankroll a nearly $5 million assault on his record.

After driving through miles of cane fields, Davis stood on the edge of Lake Okeechobee's Herbert Hoover dike, pledging to make Everglades preservation a priority and blasting the sugar-funded attack that has helped his rival, state Sen. Rod Smith, of Alachua.

It's an issue that Davis, in a tight Democratic primary battle with Smith, hopes will resound with South Floridians, who might hold the key to victory Tuesday.

Broward, Palm Beach and Miami-Dade counties are home to one-third of the state's registered Democrats and one-quarter of the state's Republicans.

The candidates for governor will hit South Florida with full force this weekend, from churches and Labor Day picnics to art festivals and the annual matchup of fierce college rivals Miami and Florida State in the Orange Bowl.

Davis began the onslaught Saturday with a three-county swing that started in Palm Beach County, included meetings with black and Hispanic supporters in Miami-Dade and ended at a dinner with labor leaders in Broward.

"I don't know whether South Florida will turn the tide, but I think it's a very important area," said Davis, a Tampa congressman and former state legislator.

Smith spent another day shoring up his base in North Florida with a tailgate party at his alma mater, the University of Florida, in Gainesville. He heads south today, where he'll spend most of his time before the election.

"Orlando to Tampa is the area where we've struggled. North Florida is an area where they're struggling," Smith told about 30 volunteers at his campaign headquarters near downtown Orlando. "South Florida is the battleground."

Republican hopefuls Attorney General Charlie Crist and Chief Financial Officer Tom Gallagher also plan to make a sweep of the area. Gallagher will campaign in Hialeah on Monday, and Crist will be in Broward most of today, attending the Las Olas Arts Festival, waving campaign signs and meeting local workers.

Davis and Smith traded barbs over trade, the Everglades and a state House vote Davis cast 16 years ago to deny state compensation to Freddie Lee Pitts and Wilbert Lee. The two black Miami men were wrongly convicted by an all-white jury in the murders of two white gas station attendants in Florida's Panhandle. They spent 12 years in prison, nine of them on Death Row.

Davis has accused Smith of helping to sabotage an $8 billion state-federal program to restore the Everglades with his 2003 vote to stall tougher pollution standards until 2016.

In answer, Smith's campaign has gotten a nearly $5 million boost from Florida's sugar cane growers, which have bankrolled two independent campaign committees that have criticized Davis' vote on Pitts and Lee.

"I'll be a governor who stands up ... to protect the Everglades, not a candidate controlled by U.S. Sugar and its allies who have a different view of the Everglades," Davis said.

Smith repeatedly reaffirmed his commitment to cleaning up the Everglades, saying sugar interests are criticizing Davis because of his support for free trade.

"We can't trade away our jobs in this country," Smith said. "We can't trade away our agriculture in this country. And we can't trade away our business in this country."

But former U.S. Sen. and Florida Gov. Bob Graham, who campaigned by Davis' side Friday and Saturday, voiced doubts that Smith is immune to the effects the expenditures are having on his campaign.

Exit Poll Pioneer Warren Mitofsky Dies (AP)

The Associated Press, September 2, 2006

Warren Mitofsky, a survey researcher who pioneered the use of exit polls to cover elections and helped develop the sampling method used in most modern telephone polling, has died.

Mitofsky, who was 71, died Friday in New York City of an aortic aneurysm. Joe Lenski, Mitofsky's partner in exit polling for the last two national elections, confirmed his death Saturday.

Mitofsky started conducting exit polls in 1967 for CBS News and developed the projection system and analysis system used by CBS and later by a consortium of news organizations that conducted national exit polls.

"He was the father of exit polling," said Andrew Kohut, director of the Pew Research Center for the People & the Press. "And he pioneered exit polling overseas."

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Exit polling surveys voters from a random sample of precincts after they have cast their ballots to quickly determine which candidates voters supported and why they voted the way they did.

With fellow researcher Joseph Waksberg, Mitofsky helped invent a way to sample households by telephone to efficiently reach people with unlisted as well as listed phone numbers. The random digit dial method now is a survey research standard. Waksberg died in January at age 90.

Mitofsky was known for his willingness to share his strong opinions. Many colleagues have experienced "the creativity, passion and dedication that he has brought to his work and have the scars to prove it," said Murray Edelman, a pollster and longtime co-worker.

Mitofsky directed the first network election pool, Voter Research & Surveys, in the 1990 and 1992 elections. In 1993, he founded Mitofsky International; its primary business was conducting exit polls in countries including Russia, Mexico and the Philippines.

Since 2003 Mitofsky International and Edison Media Research have conducted U.S. exit polls for The Associated Press and television networks.

Mitofsky's early survey work was for the U.S. Census Bureau, where he designed surveys that looked at poverty and other social concerns. He led several survey research organizations over his career, including as president of the American Association for Public Opinion Research and the National Council of Public Polls.

Mitofsky is survived by his sister, Lenore Leby, of Williamsport, N.Y.; his wife, Mia Mather of New York; two children, Bryan Mitofsky of Montpelier, Vt.; and Elisa Clancy of Hyde Park, Vt., and four grandchildren.

A Nation Of Free Agents (WP)

By Marc Ambinder

The Washington Post, September 3, 2006

For the first time since presidential candidate Ross Perot won nearly 19 percent of the vote in 1992, technology, egos and politics are colluding to lower the barriers to entry for credible independent candidates for national office.

Signs abound that voters are moving beyond the two major parties and testing the free-agent market. And politicians are responding; the put-yourself-above-partisanship orientation is spreading, even during this midterm election season, when candidates typically seek to rouse the passions of their partisans.

This trend goes far beyond Sen. Joseph I. Lieberman (D-Conn.), who could become the first mainstream incumbent elected as an independent senator in 30 years. Take conservative Sen. James M. Talent (R-Mo.). The first television ad of his reelection campaign began with a narrator cautioning that "most people don't care if you're red or blue. Republican or Democrat. They don't use words like 'partisan' or 'obstructionist.' " Or Sen. Lincoln D. Chafee (R-R.I.), who told voters in an ad that "I believe that neither Republicans nor Democrats are always right. I angered Republicans when I voted against the war in Iraq, and Democrats when I voted for legal reform."

The message is clear: Our candidate will work for you, not for a party.

Gallup polls suggest that voters' willingness to reelect incumbents is at one of the lowest levels in half a century. Independent voters comprise about 10 percent of the electorate, but the percentage of persuadable independents has shot up to about 30 percent. In the 27 states that register voters by party, self-declared independents grew from 8 percent of the registered electorate in 1987 to 24 percent in 2004, according to political analyst Rhodes Cook. Consistently, about 30 percent of U.S. voters tell pollsters they don't belong to a party.

John Avlon, author of "Independent Nation," has noted that nearly 39 percent of Iowa voters are registered independents. And among new registrants in New Hampshire, 85 percent decline to identify with a political party. A swing state such as Pennsylvania has nearly 1 million independent voters; Florida has almost twice that many who refuse to register R or D.

One theory -- held mainly by Republicans -- is that these new independents are just closet liberals who are ashamed to be identified as such. Instead of adopting a cleaner euphemism (say, "progressive"), these voters mask their Democratic identity with an inoffensive term such as "moderate." A second view suggests that these voters hail from American suburbia, their wide, manicured lawns separating them from the old-line Democratic city machines and inward-looking pockets of conservatives.

Neither explanation tells the full story. These non-affiliated voters tend to be less fiscally liberal than the Democratic mean and less socially conservative than the Republican mean. And regardless of whether non-affiliated voters lean in any particular direction, there is evidence that their influence is growing just as key instruments of party control are breaking down.

Republicans couldn't prevent a nasty gubernatorial primary in Florida. An upstart almost succeeded in upending the governor of Nebraska. A state senator was inches away from petitioning himself onto the ballot against the Republican governor of South Carolina. Democrats in Massachusetts tried to anoint a front-runner, the state's attorney general, who is now third in the polls in the gubernatorial race. Conservative activists are challenging their establishment through a proxy war in Rhode Island;

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Chafee is in real danger of losing his GOP primary to insurgent Steve Laffey, the mayor of Cranston. These same forces defeated Rep. John J.H. "Joe" Schwarz (R-Mich.),who was endorsed by President Bush, first lady Laura Bush and Sen. John McCain (R-Ariz.).

Both parties have well-financed internal agitators who yank tight the chains of ideological discipline -- think of MoveOn.Org on the left and the Club for Growth on the right. Democrats are re-fighting the decades-old battle between centrists and liberals. The Republican base is fracturing around fiscal probity, immigration and cultural issues.

As the distance between the parties widens, plenty of voters are left outside both circles.

The Democratic and Republican parties profess not to worry, but they are tripping over themselves to figure out how to reach these free agents. Presidential hopefuls for 2008 in both parties have settled on pragmatism as a grand narrative. Both McCain and Rudolph W. Giuliani self-consciously parade their independence. The Democratic candidate of the moment, former Virginia governor Mark R. Warner, unabashedly renounces orthodox philosophy as he travels around the country, as does Sen. Evan Bayh (D-Ind.). Potential presidential hopeful Hillary Rodham Clinton (D-N.Y.) regularly calls on voters to reject the ideological thinking she attributes to Republicans.

Meanwhile, the parties are spending millions on the latest fads, such as "micro-targeting" to divine voting behavior from auto purchases. But technology cuts both ways: More than ever, voters have the technological resources to consider their political choices more deeply and to seek out new alternatives to those provided by the conventional media and the two parties.

Also, would-be candidates can raise money more easily. The Internet revolution permits geographically separated free agents to find new allies -- Democrat Howard Dean's 2004 presidential campaign was just the beginning. Getting on the ballot has always been a challenge for independents; now it's much easier, via the Web, to find voters to sign ballot-access petitions.

Another signal that the potential for a system shakeup is serious: The smart people in both parties are seeking to profit from it. Strategists behind the polarizing presidential elections of Bill Clinton and George W. Bush have co-founded an Internet startup, HotSoup.com, that aims to harness the anxiety in the electorate. A flash movie on its Web site poses these questions: "Why don't leaders lead anymore?" and "Does anyone care about my opinion?"

Co-founder Mark McKinnon, Bush's media adviser, told the Los Angeles Times that "there's a real appetite out there for less partisanship . . . for less screaming and yelling." Which is much the way Lieberman summed up his appeal as he began the second half of his race against Ned Lamont: "People are fed up with the petty partisanship and angry bickering in Washington. It is continually blocking progress on major problems and wasting America's greatness."

He may be on to something.

mambinder@nationaljournal.com

Marc Ambinder is associate editor of the Hotline.

Me? I Vote For The Cheez Whiz (WP)

By Chris Cillizza

The Washington Post, September 3, 2006

Connecticut Sen. Joseph I. Lieberman found himself stuck between a pork chop and a hard place.

It was the summer of 2002, and Lieberman was campaigning at the Iowa State Fair in advance of the 2004 presidential campaign when he came to a tent sponsored by the state's pork producers. As a Jew who keeps kosher, Lieberman was prohibited from eating the proffered pork on a stick. As a politician stumping for votes in the Iowa presidential caucuses, passing on the pork could carry repercussions in the polls.

David Yepsen, the state's legendary political reporter, watched as a compromise was struck: Lieberman passed on the pork chop but worked the tent -- meeting and greeting the meat men who form one of the pillars of Iowa's economy.

Empathy is everything in modern politics, and there is no better way for a politician to show it than fluency in the language of local food. "A premium is placed on authenticity and, short of being born and raised in a state or area within a state, demonstrating a taste -- literally or metaphorically -- for local cuisine is one of the best short cuts for connecting with voters," says Thomas Schaller, a professor of political science at the University of Maryland.

In other words, you are what you eat.

Modern presidential politics is littered with candidates who committed fatal food faux pas. Massachusetts Sen. John Kerry's request for Swiss cheese rather than Cheez Whiz on his cheese steak at a stop in Philadelphia during the 2004 campaign cemented the public's view of him as an out-of-touch Brahmin.

During his 1976 primary race against Ronald Reagan, President Gerald R. Ford was offered a tamale at a campaign stop in Texas. He ate it corn husk and all -- a cultural and culinary no-no.

Or how about Sargent Shriver? While he was the Democratic party's 1972 vice presidential candidate, Shriver wandered into a bar in New Hampshire and said: "Beer for the boys, and I'll have a Courvoisier."

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Food can humanize as well as dehumanize. Witness Bill Clinton's habit during the 1992 presidential campaign of making unscheduled visits to McDonald's for a Big Mac and fries. Clinton's weakness for fried food and the yo-yo-ing waistline that went with it helped the average voter identify with him. "It said to voters, 'He's just like me even though he's the governor or the president,' " says Arthur English, an Arkansas political scientist.

And so, although the rise of e-mail, television and blogs has altered (and depersonalized) the way politics is performed, the simple act of sharing a meal retains a literal and figurative importance not to be understated.

Put another way, a candidate's willingness to eat a fried Snickers bar (soak in vegetable oil, fry, then douse in powdered sugar for a mere 444 calories per bar) or a stack of hot cakes (preferably at the Merrimack Restaurant in Manchester if you're trying to win the New Hampshire primary), says more about a campaign's chances of winning than a pile of worthy position papers.

Take the variety of food-centered political gatherings staged annually around the country -- all of which serve to test the food bona fides of aspiring candidates.

At Virginia's Shad Planking every April, politicians and the press trek down to a patch of piney woods in Wakefield to eat bony fish, drink cold beer and listen to political stem-winders. The J. Millard Tawes Crab and Clam Bake -- honoring the state's 54th governor -- is held in August on a smoking piece of asphalt on Maryland's Eastern Shore. Arkansas has the Coon Supper -- yes, that is the official name -- where raccoon and beer are on the menu along with politics each January. Attendees (who have included Clinton as well as former Democratic Sens. David Pryor and Dale Bumpers) collectively consume between 600 and 800 pounds of raccoon meat in the small town of Gillett in eastern Arkansas.

Arkansas Gov. Mike Huckabee (R) has attended plenty of Coon Suppers, but it's what he hasn't eaten that has fueled his rise to prominence. A few years ago, Huckabee was an obscure Southern governor who topped the scales at nearly 300 pounds. Now 110 pounds lighter and preparing to compete in his fourth marathon, Huckabee is considered a viable presidential candidate in 2008.

Huckabee's ascent may rewrite the history books when it comes to food and politics. It may yet turn out that skinny is the new skinny, at least when it comes to getting elected.

chris.cillizza@washingtonpost.com

Chris Cillizza covers national politics for washingtonpost.com.

Nellie Connally, An Occupant Of Kennedy's Limousine, Is Dead At 87 (NYT/AP)

By The Associated Press

The New York Times, September 3, 2006

AUSTIN, Tex., Sept. 2 — Nellie Connally, the last surviving occupant of President Kennedy's limousine when he was assassinated, has died, a family friend said Saturday. She was 87.

Mrs. Connally, the widow of former Gov. John B. Connally Jr. of Texas, died late Friday at Westminster Manor in Austin, said the friend, Julian Read, who had served as the governor's press secretary in the 1960's.

"Total surprise," Mr. Read said. "She has been extremely active and vital the past few days and weeks."

Mrs. Connally had said the most enduring image she had of the assassination in Dallas on Nov. 22, 1963, was of blood and roses. "It's the image of yellow roses and red roses and blood all over the car," she told The Associated Press in 2003. "I'll never forget it. It was so quick and so short, so potent."

As the limousine carrying the Connallys and the Kennedys wound its way through the friendly crowd in downtown Dallas, Mrs. Connally turned to President Kennedy, who was in a seat behind her, and said, "Mr. President, you can't say Dallas doesn't love you." Almost immediately, she heard the first of what she later concluded were three gunshots in quick succession.

Idanell Brill Connally was born Feb. 24, 1919. Over her life, Mrs. Connally raised money for many charities. In 1989, Richard Nixon, Barbara Walters and Donald Trump attended a gala to honor her and raise money for diabetes research.

"I've never known a woman with Nellie's courage, compassion and character," Ms. Walters said. "For all her ups and downs, I've never heard a self-pitying word from her."

Mrs. Connally celebrated her 80th birthday with fellow breast cancer survivors at a ceremony in the Nellie B. Connally Breast Center at the M. D. Anderson Cancer Center in Houston. She had served on the M. D. Anderson Board of Visitors since 1984, and a fund in her name raised millions of dollars for research and patient programs.

Her husband died in 1993.

Survivors include her daughter, Sharon Connally Ammann, and her sons John B. Connally III and Mark Connally.

Why Poverty Doesn't Rate (WP)

By Nicholas Eberstadt

DOJ_NMG_0057715

The Washington Post, September 3, 2006

The Census Bureau last week released its latest estimate of the U.S. poverty rate -- the country's most important official statistic on domestic want and deprivation. The figure was sobering, signaling short-run stagnation and deterioration over the past generation. The 2005 poverty rate of 12.6 percent barely budged from the previous year's number, and was substantially higher than the 11.1 percent level registered back in 1973, the lowest on record. No less disturbing, the official measure indicates that a greater portion of families and children live in poverty in America today than three decades ago.

The results seem to suggest a prolonged failure of national policies to address poverty in the United States. However, the problem here lies less with actual living conditions than with the flawed and misleading poverty measure itself. The index that Washington has long used to assess progress in the struggle against poverty is a broken compass, and its misdirection has worsened steadily over time. Hurricane Katrina's destruction of the Gulf Coast one year ago revealed in devastating fashion the poverty and hardships that many people in the United States still endure. Unfortunately, the official poverty rate is utterly incapable of tracking material deprivation in the United States with any accuracy.

The nation's poverty indicator first emerged in 1965, when the Johnson administration launched the War on Poverty. This then-novel measure determined a family's poverty status by comparing its annual income to a federal "poverty threshold" -- set at about three times the cost of a nutritionally adequate food budget and tailored to a family's size. The percentage of people falling below that threshold was deemed the "poverty rate." The threshold is adjusted each year to take into account changing prices.

But much more than prices has changed since 1965 -- and the government's poverty measures have failed to adapt to and recognize the new conditions. With more access to credit, greater income swings from year to year, and improved nutrition, housing and health care, the life of America's poor is radically different today. Unless the nation's basic poverty indicators take into account such new conditions, any efforts to effectively redress poverty in America are bound to fail.

To understand the problems with the official poverty rate, compare the America of 1973 to the America of 2001. In 2001, the country's per capita income was far higher than in 1973 -- according to the Census Bureau, roughly 60 percent higher -- and unemployment rates were lower. In 2001, only one in six adults lacked a high-school diploma; in 1973, two-fifths had not finished high school. And government anti-poverty spending was more than twice as high in 2001 as in 1973.

So, in a richer, more fully employed and better educated nation with a bigger safety net, shouldn't the poverty rate be lower? Wrong. The way the official rate is calculated, the fraction of Americans living below the poverty line was higher in 2001 (11.7 percent) than in 1973 (11.1 percent). For some reason, our official statisticians insist that America's best year for combating poverty -- ever -- was 1973. Go figure.

Indeed, since 1973, the official poverty rate has usually moved in the opposite, counterintuitive direction from other common-sense indicators of progress and poverty. When the rate of high school dropouts among America's adult population falls, the official poverty rate rises. When anti-poverty spending increases, so does poverty. And even when per capita income in the United States goes up, official poverty somehow increases, too.

Obviously, the official poverty rate isn't reflecting shifting living conditions in the United States. A wealth of evidence shows that those who are counted as poor today have dramatically higher living standards than their counterparts in the 1960s, when the poverty rate was originally devised:

Food and nutrition: In the early 1960s, the poorest fifth of American families were forced to devote nearly 30 percent of their expenditures to buying food; by 2004, the proportion was down to one-sixth of spending. Undernourishment and hunger were common among the most vulnerable elements of society 40 years ago; today, by contrast, obesity is the main nutritional problem facing adult Americans, rich and poor alike. And even children considered poor by official standards are better nourished today than in the 1960s. As recently as 1973, about 8 percent of low-income children surveyed by the Centers for Disease Control were judged underweight; by 2004 the figure had dropped below 5 percent. The prevalence of anemia among poorer American children likewise fell by more than half during those same years.

Housing: In 2001, only about 6 percent of the country's poor households lived in "crowded" dwellings (homes with more than one inhabitant per room), compared with more than 25 percent in 1970, according to the Census Bureau. Today's poor households are more likely to have telephone service and television sets than even non-poor households in 1970; they are much more likely to have central air conditioning than the typical American home of 1980, and almost as likely to have a dishwasher. Moreover, according to a Department of Energy survey in 2001, most poverty households have microwaves, VCRs or DVDs, and cable television -- conveniences unavailable in even the most affluent homes at the time the poverty rate measure was first released.

Autos and motor travel : In 1973, a majority of the households in the bottom fifth of income earners did not own a car. By 2003, nearly three-fourths of all poverty households had a car, truck or van, and a rising fraction owned two or more such vehicles.

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Health care: For the affluent and the disadvantaged alike, life expectancy in America has risen significantly since the nation's poverty measures were first developed. The CDC's National Center for Health Statistics has found a broad improvement in national health conditions over the past four decades. Since 1965, for example, the U.S. infant mortality rate (the risk of death in the year after birth) has dropped by more than 70 percent. And regardless of the availability of health insurance, access to medical treatment has risen markedly for poorer Americans: Children in poor families are more likely today to have an annual medical visit or checkup with a doctor than even non-poor children did just 20 years ago.

Why does the official poverty rate fail to quantify the steady improvement in the living standards of America's poor? The answer lies in a simple mistake built into the poverty measure -- one that reflects a misunderstanding of how Americans live, spend and consume. Contradicting both economic theory and readily observable facts, the poverty rate assumes that a household's annual spending cannot, by definition, exceed its annual income.

Of course, this is not true, and economists have won Nobel prizes explaining why spending can far exceed income, particularly in advanced societies. For instance, when families are experiencing an unusually bad year, they may spend more than they earn if they see better prospects in the future. Similarly, a young worker may go into debt if she anticipates increases in her pay or benefits. Living standards, in other words, are linked to purchasing power -- and a family's purchasing power is not limited to its annual earnings.

Among low-income households in the United States, the gap between reported income and reported spending has widened gradually since the 1960s and now has taken on chasm-like dimensions. In the early 1960s, the poorest quarter of U.S. households spent 12 percent more than their annual incomes. In 1973, spending by America's poorest fifth surpassed their income by almost 40 percent. And in 2004, spending by the poorest fifth of American families exceeded income by a whopping 95 percent; in effect, spending was nearly twice as much as income.

These patterns might be due to easy access to credit, with many consumers maxing out their credit cards or engaging in other unsustainable borrowing. (Curiously, however, recent credit surveys suggest that the net worth of poorer Americans has been rising, not falling.)

Another important factor could be the increasing instability of American incomes. Scholars such as Jacob Hacker at Yale University and Robert Moffitt at Johns Hopkins University have noted that the income of American families is likely to bounce around much more today than it did three decades ago -- whether due to greater global competition, increasing rewards for education or other factors. Intensified swings, in turn, mean that more households may, in any given year, earn low incomes and be temporarily classified as living in poverty. But they continue to spend as they did before, anticipating that their incomes will bounce back. Such oscillations also mean that the incomes reported by families in annual surveys -- the backbone for the official poverty estimate -- are a steadily less accurate indicator of true living standards.

These criticisms of the official U.S. poverty rate should not be confused with indifference to the plight of America's disadvantaged and poor. Indeed, the opposite is true. In the richest society humanity has ever known, material deprivation still afflicts too many Americans. We cannot expect to make progress, however, without adequate and accurate information. Advocates of social and economic justice in the United States should be in the front ranks of those demanding more accurate assessments of U.S. poverty. Without a clearer sense of where we stand, how we got here and where we are headed, most initiatives aimed at reducing poverty in the United States will be needlessly ineffective.

eberstadt@aei.org

Nicholas Eberstadt is the Henry Wendt Scholar in political economy at the American Enterprise Institute.

Poverty's Top Ten Strongholds (WP)

The Washington Post, September 3, 2006

City Concentrated
Poverty Rate *
Fresno, Calif. 43.5%
New Orleans 37.7
Louisville, Ky. 36.7
Miami 36.4
Atlanta 35.8
Long Beach, Calif. 30.7
Cleveland 29.8
Philadelphia 27.9
Milwaukee 27.0
New York 25.9

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*Proportion of all poor people citywide who lived in extreme-poverty neighborhoods.
Source: The Brookings Institution, based on the 2000 Census.

Annan Arrives In Iran For Talks On Nuclear Issue And Lebanon (NYT)

By Warren Hoge
The New York Times, September 3, 2006

TEHRAN, Sept. 2 — Secretary General Kofi Annan arrived here on Saturday for two days of talks in which he hoped to persuade Iran's leaders to throw their support behind plans for the future of Lebanon and to enter negotiations on the country's nuclear program.

His visit, originally planned as a stop on an 11-day Middle East swing seeking regional backing for Lebanon, began two days after Iran missed a Security Council deadline for suspending its enrichment of uranium.

On Saturday, he held separate meetings with Manouchehr Mottaki, the foreign minister; Ali Akbar Hashemi Rafsanjani, a senior cleric who is in charge of the powerful Expediency Council; and Ali Larijani, the chief nuclear negotiator.

On Sunday, he is to meet with Kamal Kharrazi, a former foreign minister, and Mahmoud Ahmadinejad, the president.

Mr. Annan canceled a trip here in November after Mr. Ahmadinejad told students, "Israel must be wiped off the map." Jewish groups in the United States have challenged the secretary general to speak out on this trip against an exhibit of Holocaust cartoons in Tehran that the Iranian government says is in retaliation for the publication last September of caricatures of the Prophet Muhammad in Danish and other European papers.

Aides said Mr. Annan's goal regarding Lebanon is to gain Iran's commitment to the Security Council resolution for a halt to the fighting and calls, among other things, for the disarming and dismantling of the Hezbollah militia, which Iran backs.

On the nuclear issue, they said, Mr. Annan wants to secure Tehran's cooperation with the International Atomic Energy Agency, the United Nations nuclear watchdog, which published a report this week concluding that Iran had not provided necessary assurances that its nuclear program was for peaceful purposes and not for making bombs. The report also noted that a sample taken a year earlier had shown traces of uranium processed far beyond what is necessary for energy production.

Hours before Mr. Annan arrived, Mr. Ahmadinejad repeated his warning that Iran would not abandon its nuclear program despite the threat of sanctions from Western powers.

"They should know that this nation will not give up its absolute right to benefit from nuclear energy even one iota," he told a cheering crowd in Miandoab, a city in western Iran, Iranian news agencies reported.

The United States is pressing for sanctions against Iran for defying the Security Council, but European countries have emphasized that the door remains open to negotiations. Mr. Larijani is to meet early next week with Javier Solana, the European Union foreign policy chief, to pursue talks.

"Both sides agree and accept that the best solution to this problem can be found through negotiations," Mr. Larijani said in a joint appearance before reporters after the meeting with Mr. Annan.

One basis for talks is an offer of trade and aid incentives from the five permanent Security Council members — Britain, China, France, Russia and the United States — and Germany. Iran responded ambiguously to the offer last month.

Mr. Rafsanjani said Iran objected to the six powers' demand that it suspend uranium enrichment as a condition of beginning negotiations. "If you remove the preconditions," he said, "then there is no hesitation on our part to enter negotiations. This is a fair proposition from our side."

United Nations officials emerged from the talks in an upbeat mood, while conceding that the most important meetings lay ahead.

"The tone of the music is appealing," said Terje Roed-Larsen, a special envoy to the Middle East. "But today is only the first act, and I want to listen to the full libretto."

Annan Pushes Iran To Compromise On Nukes (AP)

By Nasser Karimi, Associated Press Writer
AP, September 3, 2006

U.N. Secretary-General Kofi Annan began meeting with Iranian leaders Saturday to press them to help cut off weapons shipments to Iran's Lebanese ally Hezbollah and to compromise in its nuclear confrontation with the West.

The visit came two days after Iran ignored a U.N. Security Council deadline for the Tehran government to suspend uranium enrichment, paving the way to possible sanctions over the West's suspicions the Islamic republic is trying to develop atomic weapons.

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The Europe Union is pursuing a last-ditch attempt at negotiations with Iran this week, and Annan said in a newspaper interview before arriving that he hoped for a diplomatic solution that would "avoid another conflict in a region already subjected to a great stress at this moment."

The tone from Annan's first talks was positive. Iran's top nuclear negotiator, Ali Larijani, said that his meeting with the U.N. chief was "constructive" and that "both sides agreed that problems should be solved through negotiations."

Iranian Foreign Minister Manouchehr Mottaki expressed Iranian backing for the U.N. cease-fire resolution in Lebanon, which calls for halting the flow of weapons to Hezbollah — though he did not directly address that issue.

There was no immediate comment from Annan or other U.N. officials on what was discussed.

Just before Annan's arrival in Tehran, President Mahmoud Ahmadinejad vowed Iran would forge ahead with its nuclear program despite U.S. pressure, state-run television reported. Annan planned to meet with Ahmadinejad on Sunday.

Asked about indications the United States wanted to move quickly on sanctions, Annan told the French daily Le Monde, "I do not believe that sanctions are the solution to all problems."

"There are moments when a bit of patience produces lots of effects. I think that is a quality we must exercise more often," he said in the interview published Saturday.

The EU's foreign policy chief, Javier Solana, plans to meet early in the week with Larijani.

After an EU foreign ministers meeting in Finland, the bloc said there was no deadline for the talks but warned it would give Iran much time to resolve the standoff.

"We need some sessions — one or two, not more — to clarify some of the issues," Solana said at a news conference.

Annan also was urging Iranian leaders to help in the implementation of the U.N.-sponsored cease-fire in Lebanon. He told Le Monde he wants Iran to work with the international community and use its influence so Hezbollah can be disarmed in accordance with the U.N. truce resolution.

"I am very happy to be here in Tehran, to discuss implementation of resolution 1701, which deals with the situation in Lebanon. I will also expect to discuss issues of concern in this region to the international community," Annan told reporters after his arrival.

Annan, who is on a tour of the Middle East, started by meeting with Iranian Foreign Minister Manouchehr Mottaki. He was expected to meet with Larijani later in the day and hold talks with Iranian President Mahmoud Ahmadinejad on Sunday morning.

The U.N. chief likely faced a tough response on both issues. Just ahead of his arrival, Ahmadinejad vowed Saturday that Iran would forge ahead with its nuclear program despite U.S. pressure, state-run television reported.

Iran and Hezbollah also deny that Tehran supplies arms to the Shiite guerrillas. But many in the West, Israel and the Arab world believe Iran provided many of the rockets that Hezbollah fired at northern Israel during the 34-day war in Lebanon.

On Friday, Annan was in Syria, Hezbollah's other top ally. He said he secured a promise from Syrian President Bashar Assad to increase border patrols and work with Lebanese troops to thwart the arms flow to Hezbollah in neighboring Lebanon.

But the promise was met with immediate skepticism from Israel and some in Lebanon.

U.N. resolution 1701, which halted the fighting Aug. 14, calls on countries not to supply weapons to any parties other than the Lebanese government.

Ahmadinejad maintained his tough tone on the nuclear issue Saturday, saying in a speech that "hyperbole against Iran's peaceful nuclear activities by Western countries especially the U.S. will continue ... But the resistance and awareness of this nation will defuse all these plots."

The Security Council set Thursday as the deadline for Iran to suspend uranium enrichment, dangling the threat of sanctions if Iran defied its will.

The U.N. nuclear watchdog, the International Atomic Energy Agency, said Thursday that Iran had not suspended enrichment and that three years of probing had been unable to confirm "the peaceful nature of Iran's nuclear program" because of lack of cooperation from Tehran.

But Russia and China, among the five permanent members of the council with the power to veto its actions, are opposed to quick and harsh penalties because of their strong trade ties with Iran.

Iran says its nuclear program is intended only to obtain fuel for nuclear reactors that would generate electricity, but enrichment also can produce the material needed to make atomic bombs.

Iran Welcomes Annan, But Not U.N.'s Decree (AP)

By Nasser Karimi, Associated Press

The Associated Press, September 3, 2006

TEHRAN -- Iran offered to help support the cease-fire in Lebanon in talks yesterday with U.N. Secretary-General Kofi Annan, but showed little sign it was ready to bend to Western demands that it immediately halt its suspect nuclear programs.

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Mr. Annan's visit occurred two days after Iran defied a U.N. deadline to halt uranium enrichment, opening the door to sanctions to reinforce demands by the United States and its allies that the Islamic republic rein in its nuclear program and allay suspicions it is secretly seeking atomic weapons.

Before the Security Council discusses the issue, the European Union is taking another stab at diplomacy this week, and Mr. Annan said before arriving that he hoped sanctions could be avoided so as to keep from adding to tensions in "a region already subjected to a great stress."

The tone from Mr. Annan's first meetings in Tehran was positive. Iran's top nuclear negotiator, Ali Larijani, described his talks with the U.N. chief as "constructive" and said "both sides agreed that problems should be solved through negotiations."

Foreign Minister Manouchehr Mottaki said the Tehran regime supported the U.N.-mandated truce that ended the fighting in Lebanon, although he didn't directly address the resolution's call for halting shipments of weapons to Hezbollah, which has close ties to Iran.

In Lebanon itself, more than 250 Italian troops landed in the country's southern region yesterday, forming the advance party of Italy's contingent to an expanded U.N. force set up to keep the peace between Israel and Hezbollah guerrillas.

The Italian marines, armed with automatic rifles and wearing blue berets, came ashore in the port of Tyre in helicopters and rubber dinghies from the aircraft carrier Garibaldi, the flagship of the Italian fleet.

Shortly before Mr. Annan arrived in Tehran, Iranian President Mahmoud Ahmadinejad repeated his insistence that the country won't give up its nuclear program, state-run television reported. Iran says the program has only a peaceful purpose -- to generate electricity for civilian uses.

"Hyperbole against Iran's peaceful nuclear activities by Western countries, especially the U.S., will continue. ... But the resistance and awareness of this nation will defuse all these plots," Mr. Ahmadinejad told a crowd in Miandoab in northwestern Iran.

Mr. Annan was scheduled to talk with Mr. Ahmadinejad today, and European Union foreign-policy chief Javier Solana planned to meet with Mr. Larijani in the coming days.

After an EU foreign ministers' meeting in Finland, the 25-nation bloc said that there was no deadline for the talks to produce results, but warned it would not give Iran much time.

"We need some sessions -- one or two, not more -- to clarify some of the issues," Mr. Solana said at a press conference.

In a reminder of Iran's hard-line stance, Ali Asghar Soltanieh, Iran's envoy to the International Atomic Energy Agency, warned that Tehran could block access by the U.N. watchdog's inspectors if sanctions were imposed.

"Iran will revise in its cooperation with the IAEA if punitive measures by the U.N. Security Council are applied against Iran," he said in a phone interview with state-run television.

There are doubts the Security Council would impose tough sanctions against Iran if it refused to comply. While the Bush administration supports tough sanctions, both Russia and China, which have vetoes on the council, have opposed them because of their strong trade ties with Iran.

EU Will Try To Clarify Tehran's Nuclear Stance (LAT)

From Times Wire Reports

The Los Angeles Times, September 3, 2006

The European Union agreed to try to clarify Iran's nuclear stance within two weeks, and Iran told visiting U.N. Secretary-General Kofi Annan it wanted fresh negotiations on the issue.

Annan's visit to Iran took place two days after the U.N. nuclear watchdog, the International Atomic Energy Agency, reported that Tehran had failed to meet the U.N. Security Council's deadline to suspend uranium enrichment work.

The United States, which accuses Iran of seeking nuclear weapons, said Friday it was consulting European governments about possible sanctions, but the EU signaled it wanted more discussions with Tehran, which says its nuclear activity is aimed at producing energy.

If America Wanted To Talk, Iran Would ... (NYT)

By Michael Slackman

The New York Times, September 3, 2006

TEHRAN

JUST imagine. President Bush phones up Iran’s president, thanks him for his thoughtful letter, and asks to sit down and discuss social, political and economic challenges facing the two nations.

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Of course, the notion that President Bush would call President Mahmoud Ahmadinejad seems pure fantasy. At the moment, the United States is trying to punish Iran for refusing to give up uranium enrichment. But sanctions may fail, and military options seem bleak at best.

So what might happen if Washington suddenly decided, in a bhigh-level public act, to follow Don Corleone's advice to keep one's friends close but one's enemies closer? Would reaching out to Iran, like agreeing to hold direct talks with Iran's president, do much to persuade Iran's leaders to give up their willingness to pursue a nuclear program at any cost?

Diplomats would say diplomacy doesn't often work that way — that public posturing is almost never what brings peaceful resolution of deep antagonisms; quiet bargaining, far outside the public's eye, is. There are exceptions, of course, like Anwar Sadat's public challenge to Menachem Begin to invite him to Jerusalem to make peace in 1977.

In Iran's case, though, political analysts and Western diplomats here say, that kind of dramatic effort would probably fall flat, at least at first.

Iran's leaders are certain the West wants to remove them from power, and so their first response, many analysts here said, would be to charge that Washington was laying a trap. The second reaction would be to say that the change validated the hard-line approach toward the West — that belligerence had worked, and that more intransigence would get more such results. So, at least in the short term, the public posturing and bluster would continue.

But is Washington thinking only about the short term?

Many political analysts, Western diplomats and reform-minded people here say a gesture from Washington to Tehran, or more precisely a gesture that demonstrates some degree of respect and openness to Iran, might well be seen here as far more threatening to the leadership than the threat of economic or political sanctions.

"Radicalism has always been supported and strengthened by the West," said Emad Baghi, a former cleric from a highly respected family who heads a human-rights organization here even as he retains good contacts with the judiciary.

In Iran, the term hard-liner is part of the political lexicon, less a pejorative title than a label along the lines of liberal or conservative. In that vein, many Iranians refer to President Bush and his administration as hard-liners. And the conventional thinking here is that hard-liners help hard-liners, with their hard-line policies.

"The forces who advocate integration of Iran into the international system are in the minority today," said a political analyst with a prominent research institute in Tehran who insisted on anonymity out of fear of punishment. Iranian officials have cracked down on those who criticize the government, and they have effectively silenced any debate over their nuclear program.

"The leadership is opposed to international integration," the analyst said. "They are afraid the purity of their system would be broken, lost."

It may be hard for Americans to appreciate the extent to which many Iranians, at least those living in Tehran, crave improved relations with America, and how generally positive the image of the United States, or at least of its people, is on this city's streets.

But those sentiments cannot be influential in changing Iranian society while the United States talks of regime change and threatens sanctions, many analysts and diplomats here argue. A European diplomat in Tehran said that many Iranian intellectuals were shocked, and felt undermined, when in 2002 President Bush lumped Iran with Iraq and North Korea in an "axis of evil."

Today, more than at any time in many years, Iran's most powerful figures define themselves with the language of revolution. Former President Ali Akbar Hashemi Rafsanjani tried to build economic ties with foreign capitals and attract foreign investment. His successor, Mohammad Khatami, talked of a dialogue of civilizations and used the language of diplomacy.

President Ahmadinejad, in contrast, talks of returning to the values of the revolution. An engineer by training, he has nevertheless crafted a persona that seems to meld the combativeness of a cleric and the populism of Venezuela's Hugo Chávez.

Many analysts and former government officials and diplomats here say that as self-styled protectors of the revolution, President Ahmadinejad and his inner circle benefit from the isolation that comes from the argument over nuclear proliferation. It would be hard to maintain that posture while ushering Iran into the World Trade Organization, for example, or into a trade agreement with the United States.

With that in mind, they see even the taste for American products here as a threat. "All of my customers want the American brands," said Ahmed Zadeh, 68, an electronics dealer in central Tehran. "Everyone is fond of American brands."

Such talk makes Iran's hard-liners cringe as they seek to portray the United States as the cause of all of Iran's troubles.

"Decadence," said President Ahmadinejad during a press conference last week, "is the result of Western materialism. We have to some extent been contaminated."

This summer, the authorities have waged a campaign to stop Tehran's residents from watching satellite television. It is a Sisyphean task in a city of 20 million, where rooftops are littered with satellite dishes. (The dishes are illegal, but like almost anything else they can be bought on the black market.)

The authorities are so eager to roll back, or hold back, the influence of American, European, Asian culture — indeed any outside culture — that they have sent busloads of police into apartment complexes to confiscate the dishes. For much of the summer this dish war consumed more front-page space in Iranian newspapers than the controversy over Iran's nuclear program.

"When the West threatens isolation, they welcome it," Mohsen Kadivar, a senior reform-minded cleric, said of the hard-liners. "They cannot integrate. They feel if Iran integrated it would lose its Islamic identity."

And so when President Ahmadinejad sent a letter to President Bush last spring, was he really trying to spur a dialogue?

Or was this a faux invitation, aimed at eliciting a predictable response that would serve to further isolate Iran even as Iran's president seemed reasonable? And last week, when the president offered to debate Mr. Bush, was it genuine, or strategic sleight of hand?

Reading intentions is always risky, but what President Ahmadinejad got was clear. The letter was rejected, as was the debate.

And so he went before a cheering crowd last week and declared: "Those who evade the exchange of ideas on world issues cannot defend themselves logically."

So what would have happened if the White House had taken up the challenge and called Tehran's bluff — responding, for example, with a carefully crafted yes? What would Tehran's leaders have told the crowd then?

A Deadline That's Less Than It Seems (NYT)

By Helene Cooper

The New York Times, September 3, 2006

On June 1, world powers made Iran an offer they said Tehran shouldn't refuse: suspend uranium enrichment in "weeks, not months" or face economic sanctions.

That was three months ago. Iran hasn't suspended anything, despite the passage of an Aug. 31 United Nations Security Council deadline. The six countries that made the offer — the United States, Britain, France, Germany, Russia and China — are still debating what to do. And last week, the day after the deadline, European Union foreign ministers meeting in Finland called for more dialogue with Iran before any talk of sanctions. "For the E.U., diplomacy remains the No. 1 way forward," the Finnish Foreign Minister, Erkki Tuomioja, said.

All of this activity, or lack of it, raises the question: When is a deadline not a deadlineb?

1. When a deal needs support from a bunch of different countries. Because the United States already has placed heavy sanctions on Iran since the hostage crisis in 1979, it doesn't have the leverage left to inflict much more pain by itself. Washington needs the people who actually do business with Iran — primarily Russia and China — to get on board. And neither of those countries are in any hurry to do so.

2. When everyone is afraid that sanctions will hurt them as much as they'll hurt Iran. World powers are also dragging their feet because they know Iran could retaliate by cutting oil production, which could drive up the price of oil worldwide.

3. When few people think the sanctions will work anyway. That's the crux of the problem — the sanctions that the United States and its European allies are trying to get the Russians and Chinese to support are pretty low-pressure, limited to things like travel bans and restrictions against dual-use exports. If Iran's ruling mullahs really believe that a nuclear program is their inalienable right, will they be cowed by a travel ban? To really hurt Tehran, diplomats would have to hit investment in Iran's energy sector. But that could bring about retaliation, in the form of Tehran cutting oil production, which could lead to No. 2.

So the deadlines keep sliding by. Right now, Bush administration officials say they hope they can get the Security Council to vote for a first phase of sanctions in the next few weeks. Maybe by mid-September, when the General Assembly meets in New York. Or by the end of the General Assembly meetings in late September. O.K., definitely by October.

Or else.

Annan Questions Iran Holocaust Exhibit (AP)

By Nasser Karimi, Associated Press Writer

AP, September 3, 2006

U.N. Secretary of State Kofi Annan, visiting Iran Saturday, raised concerns with officials over an exhibition of cartoons about the Holocaust that opened in response to Muslim outrage over the Prophet Muhammad caricatures.

Annan brought up the exhibit in talks with Foreign Minister Manouchehr Mottaki, said Annan's spokesman Ahmad Fawzi.

Annan told Mottaki "we should avoid anything that incites hatred" according to Fawzi. The U.N. chief said he had not seen the Holocaust cartoons. "From what he heard, he would find them pretty distasteful, as he did the Danish cartoons about the Prophet Muhammad, which he strongly condemned at the time," Fawzi said.

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"While (Annan) respects freedom of expression, he believes it should be used responsibly with due respect for people's feelings," he added.

The Holocaust cartoon exhibit opened last month at Tehran's Caricature House, with 204 entries from Iran and abroad.

The cartoons were submitted after the exhibit's co-sponsor, the Hamshahri newspaper, said it wanted to test the West's tolerance for drawings about the Nazi killing of 6 million Jews in World War II. The entries on display came from nations including United States, Indonesia and Turkey.

One cartoon by Indonesian Tony Thomdean shows the Statue of Liberty holding a book on the Holocaust in its left hand and giving a Nazi-style salute with the other.

The exhibit was a response to the prophet drawings published by the Danish newspaper Jyllands-Posten last year. The publication and subsequent reprinting in other European newspapers set off widespread protests in the Islamic world.

Many Muslims considered the cartoons a violation of traditions prohibiting images of their prophet, while many in the West defended them in the name of freedom of expression.

The exhibition runs until Sept. 13 and the winner of a contest for the best cartoon will receive $12,000.

Khatami: U.S. Muslims Can Promote Peace (LAT)

From Times Wire Reports

The Los Angeles Times, September 3, 2006

Former Iranian President Mohammad Khatami said that U.S. foreign policy triggers terrorism and violence in the world, but American Muslims can play a key role in promoting peace and security.

In his first public appearances during a nearly two-week visit to the United States, Khatami spoke twice in the Chicago area. He is the most senior Iranian official to visit the United States since Islamic fundamentalists seized the U.S. Embassy in Tehran in 1979 and held Americans hostage for 444 days.

"As America claims to be fighting terrorism, it implements policies that cause the intensification of terrorism and institutionalized violence," Khatami said at the Islamic Society of North America's 43rd annual convention in Rosemont. He said there is a chronic misunderstanding between the West and the East.

GOP Playbook (NSWK)

By Eleanor Clift, Newsweek

Newsweek, September 1, 2006

How will Bush rev up his supporters into coming to the polls? Expect to hear the war drums on Iran. WEB-EXCLUSIVE COMMENTARY

President Bush is boasting about all the books he read this summer, including a tome by the French existentialist, Albert Camus, “and three Shakespeares,” he told NBC’s Brian Williams. Three Shakespeares? Presumably the president means plays. Williams pressed for more detail. The biography of Joe DiMaggio, which was on last year’s reading list, seemed more to his liking. “As you know, I like to keep expectations low,” Bush parried, a hint of testiness beneath the cowboy amiability.

Some 63 percent of Americans oppose the Iraq war, according to the latest NEWSWEEK poll, and they deserve better from their president than a calculated verbal assault that calls them appeasers and Fascist sympathizers. This is a new low for Bush, but not surprising given his family history. The Bushes, father and son, traditionally run viciously negative campaigns to win elections. With polls showing the Democrats poised to win control of the House and possibly the Senate, the Bushies are ramping up the rhetoric to smear the opposition.

Bush apparatchiks are good at the politics of destruction. John McCain still carries the wounds from the character attacks they launched against him in South Carolina in 2000. Bush 41 demolished Democrat Michael Dukakis in 1988 by assailing his patriotism and calling him weak on crime. This latest launch of pusillanimous rhetoric is designed to distract from the Katrina anniversary stories and get people talking about the one issue where the Republicans have a fighting chance, the wider war against terrorism. In the GOP playbook, Iraq becomes a footnote and what to do about the nuclear threat posed by Iran becomes the new crisis du jour.

An off-year election without a presidential candidate on the ballot is about turn out, which side can rev up more of its supporters to come to the polls. Conservatives right now feel pretty lackluster about Bush and the Republican Congress. The energy is on the Democratic side. What better way to alter that equation than to generate fears that Democrats are weak on national security and will talk and talk while Iran and the crazy mullahs get the bomb. The tough language could get out the conservative vote in November, and it’s also laying the groundwork for a possible attack on Iran. The same people who beat the war drums for invading Iraq are now leading the way within the administration and in the media for a preemptive strike in Iran. Crazy as it sounds with U.S. troops mired in Iraq, it could happen. “I’ve been in the camp that thinks they’re not that nuts to bomb

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these guys," says Matt Bennett with Third Way, a centrist Democrat group. "But I've talked to a lot of senior smart Democrats who think they are that nuts."

Whether the administration and its allies are serious or bluffing, who knows? But it feels like we've been down this road before. Getting even weak sanctions through the U.N. Security Council will be hard, and Bush has no patience for diplomatic dithering. The temptation to bomb will be there despite what we should have learned about the limitations of air power in Israel's misguided assault on Hizbullah. There's no way to hit all the sites in Iran even if we had good intelligence. Bombing would do little real damage of the nuclear infrastructure while inflicting a huge number of civilian casualties. The blowback would be enormous with everything from attacks on oil tankers in the Gulf to terrorist assaults in America.

The administration's terror talk is at odds with expert opinion that says Iran is five to 10 years away from acquiring the bomb. A new report by the International Atomic Energy Agency is expected to describe only "slow progress" in Iran's ability to enrich uranium. But when U.N. weapons inspectors did not find evidence to back claims about Iraq's possession of weapons of mass destruction, the Bush administration didn't believe them and even accused the inspectors of being in cahoots with the Iraqis. It is unlikely Bush would attempt to attack Iran before the November election, but he'll make the willingness to undertake military action one of the bright lines between Republicans and Democrats. Senate Republicans are also ginning up a package of bills that will force Democrats to vote yes or no on such White House goodies as wiretapping. Those who refuse to give Bush blanket approval will get slapped with the charge "soft on terror." It's the Max Cleland strategy of '06. Former Georgia Senator Cleland remains the cautionary lesson for Democrats. He voted against an early version of the Homeland Security Department in order to protect workers' benefits and was defeated in '02 on grounds of being insufficiently patriotic—despite being a Vietnam veteran and a triple amputee.

Even if the numbers are looking good for Democrats, never underestimate their ability to seize defeat and hold on to it tightly. Of course, Bush lost a war we didn't have to fight and shouldn't have lost—and he's saying the Democrats don't understand the stakes. Tragedy or comedy, it's Shakespearean.

U.N. Chief Condemned Hezbollah Attacks (1 Letter) (NYT)

The New York Times, September 3, 2006

To the Editor:

The Anti-Defamation League, in an advertisement on the Op-Ed page on Aug. 10, addressed two questions to Secretary General Kofi Annan: "How many more Israeli civilians must die before you condemn Hezbollah?" and "And when will you extend condolences to Israeli victims?"

The clear intention of these questions was to suggest to your readers that Mr. Annan had not condemned Hezbollah and had shown no concern for the Israeli victims of the recent devastating conflict.

In fact, Mr. Annan has repeatedly and publicly condemned Hezbollah's attacks on Israel, including in a statement to the Security Council on July 20.

On July 30, he told the Security Council that "over 50 Israelis have died, including 19 civilians, and the population of northern Israel has been subjected to intense and continuous rocket fire, and thousands are now in shelters."

He went on to say: "The present fighting began on July 12 with an unprovoked Hezbollah attack on Israel and the kidnapping of two Israeli soldiers. Since then, Hezbollah has continued firing rockets indiscriminately into northern Israel, from positions apparently located in the midst of the civilian population. No one disputes Israel's right to defend itself."

Mr. Annan's highest priority throughout this tragic conflict has been to end the fighting as soon as possible and to seek a lasting peace in the Middle East.

Edward Mortimer
Director of Communications
Executive Office of the Secretary General
United Nations
New York, Sept. 1, 2006

Report: Missile Activity Seen In N.Korea (AP)

AP, September 3, 2006

South Korean and U.S. intelligence authorities have detected suspicious vehicle movements in and out of North Korea's major missile test site, a news report said Sunday.

"Military intelligence officials have spotted movements by several large vehicles in the North's Gitdaeryeong area," South Korea's Yonhap news agency said, citing an unnamed government official.

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The intelligence authorities do not rule out the possibility that it is part of North Korea's preparations for additional missile tests, Yonhap said.

The communist regime launched a barrage of missiles in July, heightening regional tensions and drawing international condemnation.

National Intelligence Service, South Korea's spy agency, said it "was keeping a close watch on Gitdaeryeong area."

North Korea on Saturday accused the United States of threatening war against the communist country with its missile defense test, and vowed to boost its own self-defense to counter any U.S. attack.

The North's angry reaction came in response to the U.S. successful test on Friday in destroying a mock warhead over the Pacific Ocean as part of its missile defense system.

Italian Troops Land In Southern Lebanon (WP)

By Edward Cody, Washington Post Foreign Service

The Washington Post, September 3, 2006

TYRE, Lebanon, Sept. 2 -- Led by commandos who splashed ashore in black dinghies, a contingent of Italian soldiers landed in southern Lebanon on Saturday in the first substantial strengthening of the U.N. force assigned to guarantee a fragile truce along the border between Israel and Lebanon.

The Italian troops, numbering 880 with 150 trucks and other vehicles, represented a down payment on the 6,900 soldiers that Italy, France and several other European nations have promised to send to create a reinforced version of the United Nations Interim Force in Lebanon, or UNIFIL, that repeatedly has been denounced by Israel as feckless in the 28 years since it was first deployed.

"This is a new UNIFIL," said Gen. Alain Pellegrini, the French commander of the force.

Reinforcing UNIFIL from its present strength of 2,000 to about 15,000 was a key part of the U.N. cease-fire resolution that stopped a 33-day war between Israel and the Hezbollah militia on Aug. 14. The resolution ordered the strengthened UNIFIL force, armed with tougher rules of engagement, to help a 15,000-strong deployment of Lebanese army troops establish government authority in the Lebanese border hills for the first time in a generation.

The Lebanese Defense Ministry said more than 8,000 Lebanese soldiers have deployed between the Litani River and the border with Israel. By the time the full contingent of 15,000 foreign peacekeepers reaches Lebanon toward the end of this month, a spokesman said, the army's deployment will also have reached full strength. Separately, controls along the border with Syria have been tightened with the dispatch of about 8,500 Lebanese soldiers and Internal Security Forces personnel, Prime Minister Fouad Siniora said.

Israeli officials have insisted the deployments must be in place before they will lift an air, land and sea blockade that remains in force nearly three weeks after the fighting stopped, despite repeated appeals from the Lebanese government and U.N. Secretary General Kofi Annan. With the country's war-shattered economy strangled, enraged Lebanese have charged that the blockade violates the cease-fire accord and is a continuation of Israeli aggression.

Israeli Prime Minister Ehud Olmert has said foreign peacekeepers must be assigned to control border crossings as well to prevent resupply of Hezbollah forces through Syria. But Pellegrini, the French commander, said is not part of UNIFIL's mission, raising the prospect of further delay in lifting the blockade.

In a reflection of the outrage at the Israeli blockade, the Lebanese parliament began a round-the-clock sit-in Saturday. The speaker of parliament, Nabih Berri, said that the legislative body would be in session every day between 11 a.m. and 1 a.m. and that 10 members would sleep in the chambers every night until the blockade is lifted.

"This is a national operation," he told a full chamber, emphasizing that all of Lebanon's many political parties were part of the protest.

Berri, who heads the mainstream Shiite Amal party, has been the main conduit for indirect negotiations between Siniora and Hasan Nasrallah, general secretary of Hezbollah. The militant Shiite movement, which has grown from a heavily armed militia to also become a political party and social works organization, has a dozen elected members of parliament who also participated in the sit-in.

The entire Italian contingent had been set to land on the beaches of Tyre, about 60 miles south of Beirut, in a TV-friendly display of European solidarity with Lebanon. Heavy surf led commanders to change their plans, however, and about 150 soldiers arrived on CH-3 helicopters.

The trucks and other equipment were rerouted to nearby Naqourah, the site of UNIFIL headquarters. The rest of the soldiers were to be brought ashore later, landing on beaches when possible or in the port if the surf remained rough, according to navy Lt. Frederico Mariani, an aide to the Italian admiral who commanded the operation.

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Jean-Marie Guehenno, chief of U.N. peacekeeping operations, said UNIFIL participation by Italian, French and other European militaries demonstrated the commitment of their governments to stabilizing the cease-fire and aiding Lebanon's recovery.

Annan has sought to include Muslim troops as well, and Indonesia announced Saturday that it would send about 1,000 soldiers to take part. Israel had voiced objections to the participation of Indonesia because it does not have diplomatic relations with the Jewish state. Turkey, a Muslim nation that maintains friendly ties with Jerusalem, also has decided in principle to send troops.

Guehenno said the large European commitment also could help Lebanon make the sensitive political changes outlined in the U.N. resolution, including Hezbollah's eventual disarmament and evolution into a mainstream political party. While Israel and the United States have insisted on this point, Lebanese officials have expressed doubt it will happen anytime soon, citing Hezbollah's place on the political landscape and its enhanced status after the month-long war with Israel.

Pellegrini made it clear, however, that UNIFIL's mission, even with the new rules of engagement, does not include disarming Hezbollah. "It's not my job," he said. UNIFIL's role, he said, is to assist the Lebanese army in guaranteeing state authority over all Lebanese territory.

The mission of Lebanon's army was defined in an ambiguous compromise. After long negotiations, Hezbollah agreed to put down its weapons and embrace the deployment of the army in the border region it has long controlled, while, in return, the army pledged not to seek out the weapons.

Beefed-up Peacekeeping Force Takes Shape (AP)

By Todd Pitman

AP, September 3, 2006

TYRE, Lebanon - The beefed-up peacekeeping force in Lebanon began to take shape Saturday as 1,000 Italian soldiers started moving in, the first large contingent of international troops dispatched to help safeguard a cease-fire between Israel and Hezbollah guerrillas.

With Israel apparently racing to destroy Hezbollah arms caches ahead of its impending withdrawal, the U.N. force commander said the truce is still "fragile" and warned any incident could quickly escalate.

The deployment of the peacekeepers has been delayed since the cease-fire began on Aug. 14, in part because it took time to hammer out details over the troops' mandate and persuade hesitant countries to offer troops for what was seen as a potentially risky mission: getting between Israel and Hezbollah.

The full 15,000-member force has not been assembled yet, but with several major Europeans countries on board with contributions, more pledges were coming in.

Mainly Muslim Indonesia announced it will send up to 1,000 soldiers by month's end after Israel dropped objections to its participation in the force. The U.S., Europe and Israel have been eager to have Muslim troops among the peacekeepers to show it is not a solely Christian force — but Israel had opposed Indonesia's taking part because it does not have relations with the Jewish state.

Turkey's prime minister, meanwhile, was trying to ensure that parliament approves his government's promise to send troops amid strong public opposition. Recep Tayyip Erdogan assured Turks the soldiers would not be disarming Hezbollah militants.

"When such a thing is requested from our soldiers, then we will withdraw our soldiers," Erdogan told reporters Saturday.

The U.N. cease-fire resolution calls for Hezbollah to eventually be disarmed, but doesn't mandate the peacekeepers to do it.

Instead, the force — along with the 15,000 Lebanese troops now moving into the south — will ensure a buffer zone along the Israeli-Lebanese border is free of open Hezbollah fighters and arms, up to the Litani river about 18 miles to the north.

At the same time, Lebanese troops on the border with Syria are supposed to prevent new weapons shipments to Hezbollah. U.N. Secretary-General Kofi Annan said Friday that Syria — Hezbollah's ally — promised to patrol its side of the frontier to prevent arms deliveries, though Israel was skeptical it would really do so.

Annan on Saturday was in Iran, another top patron of Hezbollah and believed by many to be its top arms supplier, to press its leadership to ensure no weapons go to Hezbollah, as the U.N. cease-fire resolution requires all nations to do.

After talks with Annan, Iranian Foreign Minister Manouchehr Mottaki gave a vague promise to uphold the resolution, saying, "Iran has supported the Lebanese consensus on the resolution." He did not specifically address the weapons issue.

Despite the lack of a mandate to disarm guerrillas, French Gen. Alain Pellegrini, who commands the U.N. Interim Force in Lebanon known as UNIFIL, said the expanded international force marked a break from a past in which peacekeepers stood helplessly by as conflicts repeatedly flared.

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"The previous UNIFIL is dead and the new one is very different," Pellegrini told reporters as black Italian military zodiac boats came ashore outside the southern port city of Tyre. "It is strengthened with stronger rules of engagement. We will have more people, more equipment. We have the possibility to use force to implement our mission."

The new troops are augmenting the 2,000-member UNIFIL force that has been in the area for decades.

Disarming Hezbollah "is a national issue and this has to be solved by the Lebanese authorities," Pellegrini said. "My mission is to keep a well defined area, which is between the Litani River and the Blue Line, clear of any weapons."

Israel's devastating offensive on Lebanon was triggered when Hezbollah guerrillas snatched two Israeli soldiers in a cross-border raid July 12.

Hezbollah has vowed not to lay down its weapons and its fighters have melted away into the civilian population. The Lebanese army has made no moves to disarm them.

Israel has been destroying Hezbollah arms caches in territories it still occupies in the south, Pellegrini said.

On Friday, the Israeli military said its forces had demolished an unspecified number of Hezbollah bunkers that contained rocket-propelled grenade launchers, mortar shells and communications equipment near the Lebanese border village of Aita al-Shaab.

Pellegrini said such actions violated the truce, as do reconnaissance missions by Israeli jets over Lebanese air space.

"The cease-fire is holding for the moment ... but it's fragile, any incident can escalate," Pellegrini said.

Italy's pledge of 2,500 troops for the peacekeeping force is the largest yet. Most of the first 1,000 that began arriving Saturday will move to positions 12 miles inland from Tyre, according to the Italian Defense Ministry.

The first to arrive were around 150 Italian marines toting automatic weapons and wearing blue berets, brought in gray U.N. helicopters to a Tyre luxury hotel to secure two beaches where the remainder of an 880-member battalion off the coast in warships had been scheduled to land Saturday.

Only part of the force was able to make it to shore due to high waves Saturday. Some vehicles and equipment were diverted further south to Naqoura. The rest were expected Sunday.

The Italian contingent will bring the total number of U.N. peacekeepers in Lebanon to 3,250 — including the 2,000 previous UNIFIL troops and 250 French troops who arrived last week.

France has promised to send another 1,750 soldiers, due to start arriving Sept. 10. The Spanish government agreed Friday to contribute up to 1,100 troops and dozens of other countries have pledged smaller contingents.

Some residents were optimistic about the international force.

"We're happy to see them," said Habib Hadid, a 55-year-old businessman who watched on the beach as Italian forces arrived in four small boats. "I hope this means the war is over."

Lebanese Politicians, Scarce In War, Renew Bickering (NYT)

By John Kifner

The New York Times, September 3, 2006

BEIRUT, Lebanon, Sept. 2 — The man widely viewed as the heir to the Lebanese democratic movement, Saad Hariri, stayed out of the country during the entire war between Hezbollah and Israel. His No. 2, Walid Jumblatt, holed up in his ancestral mountain palace. Gen. Michel Aoun, the maverick Maronite Catholic who sees himself as a future president of Lebanon, remained in his villa in the mountainous Christian heartland, and said little.

Meanwhile, Sheik Hassan Nasrallah of Hezbollah, despite being a target of the Israeli military, gave frequent speeches from deep inside a bunker.

But now, two weeks into a shaky cease-fire between Hezbollah guerrillas and Israel, some of the big names of Lebanese politics are moving back onto the political stage. The result has been an open round of bitter political infighting and backbiting. Figures from various factions have attacked one another in newspapers and on talk shows.

The most vociferous has been General Aoun, who called this week for the resignation of Prime Minister Fouad Siniora and his cabinet.

The government is dominated by figures from the American-backed groups that banded together in what is known as the March 14 alliance, for the date of their huge protest rally after the 2005 assassination of former Prime Minister Rafik Hariri, which helped force Syria to end 15 years of domination in Lebanese politics.

General Aoun, who has established a working relationship not only with Hezbollah but also with his former nemesis, Syria, also called for a “government of national unity.”

That idea, charged Marwan Hamadeh, the minister of telecommunications and a prominent Druse member of the March 14 group, “is in fact a Syrian attempt to topple the government.”

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Mr. Siniora refused to resign, saying: "Let these politicians rest. The government is staying, staying, staying." In almost the same breath, he claimed Arab nationalist credentials by vowing, "Lebanon will be the last Arab country to sign a peace treaty with Israel."

General Aoun struck back, telling the daily As Safir that "Siniora will pay the price of his stubbornness" and accusing the prime minister of working with "foreign countries" against Lebanon's interests.

"This will happen very soon; he will not have time to pack his things because he will be forced to leave quickly," General Aoun said, adding that he had warned of "dangerous repercussions" if the government did not resign.

"Now we will choose the appropriate time to achieve the desired change in our own way," he asserted, setting off another round of recriminations between the March 14 group and his supporters.

Mr. Hariri, the son of the assassinated former prime minister, has been slower to try to reclaim his standing. He returned from Saudi Arabia and elsewhere as the cease-fire was being declared, and has made a few speeches. His deputy, Mr. Jumblatt, still in the mountains, held a news conference in which he was critical of Hezbollah and asked "to whom will it offer its victory."

Anyone who wants to wrest the spotlight from Hezbollah and its leader, Sheik Nasrallah, faces an uphill battle, given the respect both won throughout the Islamic world for standing up to Israel's military might.

"We are all in awe of Hezbollah," said Jamil Mroue, the publisher of the English-language Daily Star and a secular Shiite.

But like many Western-oriented Lebanese, he is troubled by Hezbollah's militant Islamicism, its ties to Iran and its willingness to maintain a virtual separate state, adding: "At this stage I cannot look at the situation and say there is a glimmer of light."

On Saturday, one of Syria's most important allies here, Nabih Berri, the wily speaker of Parliament, moved to smooth the waters by calling for something everyone could agree on: protesting the continued Israeli air and sea blockade.

Mr. Berri, a Shiite whose Amal movement is aligned with Hezbollah in Parliament, announced a round-the-clock sit-in in Parliament until the embargo was halted.

Politicians from all factions dutifully reported to the Parliament building on a plaza in the beautifully restored downtown, its clock tower now decorated with gory pictures of children wounded in Israeli air raids. Many arrived in identical charcoal-gray Mercedes with smoked windows.

Even Nayla Moawad, a Maronite Catholic and an outspoken March 14 figure in Parliament, had praise for Mr. Berri as she left the meeting, saying: "He is behaving in a very responsible manner."

Nonetheless, Ms. Moawad, whose husband, René, was president for 17 days in 1989 before being assassinated, warned that "these are very dangerous times," and noted that Syrian President Bashar al-Assad had been "very clear in his threats."

A cache of explosives had recently been discovered in the north, she said, and it could only be intended "not to fight Israel, but for car bombs and political assassinations."

When the Lebanese talk politics, it is a quick descent into a Levantine labyrinth of old grudges, treasured grievances, remembered massacres and betrayals, and the hands of shadowy outside forces — most of them probably true.

The French were the mandate power here after World War I and, to make Lebanon more economically viable, attached the largely Shiite rural hinterlands of the Bekaa Valley and southern Lebanon to the mountains and coastal cities populated by Greek Orthodox, Maronites, Druse and Sunni Muslims.

As Catholics, the French were particular patrons of the Maronites, stacking the political system, where power is allocated by sect, in their favor. But there has been no census since 1932, because it would threaten the political system.

Shiites are now believed to number about 40 percent of the population, the largest single group.

Sheik Nasrallah appeared to be trying to ease fears that Hezbollah would try to seize more power in his two-hour television address last Sunday night, saying there would be no "second round" of fighting.

Dr. Amal Saad-Ghorayeb, a professor at the Lebanese American University who has written extensively about Hezbollah, said the speech was directed primarily at Christians and Sunnis.

"It's a way to assuage their fears," she said. "He adopted a modest tone. He was even apologetic, unheard of in Arab politics. He wants to downplay fears of Shiites running the country."

It is, she added, "a very, very delicate situation."

Hezbollah Announces Commander's Death (AP)

AP, September 3, 2006

Hezbollah announced Saturday the death of a military commander from wounds suffered in monthlong fighting with Israel, the highest-ranking guerrilla the group admits losing in the war.

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"The commander Hajj Ali Mohammed Saleh Bilal was martyred from wounds he sustained in the confrontations," the group said in a statement carried on Hezbollah's al-Manar TV.

It did not give his rank other than commander, meaning he was from the military wing.

Lebanese security officials, speaking on condition of anonymity, said Bilal was a sector military commander, but had no further details.

Before the announcement, Hezbollah had acknowledged losing 68 fighters out of more than 800 Lebanese killed in the fighting. Most of the rest are civilians.

Israel has said it killed hundreds of guerrillas.

Hezbollah officials have said none of the top leadership was hurt. Naim Kassem, the deputy Hezbollah leader, has said in interviews that his son was badly wounded.

Israel's 34-day offensive on Lebanon was set off when Hezbollah guerrillas captured two Israeli soldiers in a cross-border raid July 12.

Malaysia Intent On Sending Troops To Lebanon: PM (AFP-Y)

AFP, September 3, 2006

Malaysian Prime Minister Abdullah Ahmad Badawi has said his country is intent on sending peacekeeping troops to Lebanon, but is still awaiting the green light from the United Nations.

Malaysia has offered to send 1,000 soldiers to Lebanon to boost an expanded UN force, although Israel has objected because the two countries do not have diplomatic ties.

"(The UN) have not made a decision. The UN is now only asking European nations to send the peacekeepers," Abdullah was quoted as saying late Saturday by the state Bernama news agency.

"But Malaysia is firm on its stand to send our peacekeepers once we get the call from the UN," he said.

Malaysia has urged the United Nations to allow its soldiers to join the UN Interim Force in Lebanon despite Israel's objections to countries taking part which do not recognise the Jewish state.

Malaysia strongly criticised Israel during its military offensive in Lebanon, but says its troops, which have peacekeeping experience in other countries, would be impartial.

Malaysia is the current chair of the 57-nation Organisation of the Islamic Conference, and Abdullah said his preference was to have peackeepers from OIC countries in addition to European troops, Bernama reported.

Indonesia, which does not have diplomatic relations with Israel, said Friday that Tel Aviv had dropped objections to its participation, and that Jakarta would send send up to 1,000 troops.

European nations have pledged 7,000 troops, including 2,000 from France, which will lead the UN force until February when Italy will take over.

Fighting May Be Over, But Lebanon's Tourist Industry Still Suffering (MCT)

By Leila Fadel

McClatchy Newspapers, September 3, 2006

BEIRUT, Lebanon - With a two-week-old ceasefire holding, Beirut's nightclubs once again are filled with dancing young people, the streets are noisy with the sounds of traffic and fashionistas crowd the shopping districts.

But this seeming return to normal masks a terrible sense of loss: The summer that was supposed to mark Lebanon's return as one of the world's premier tourist destinations is gone, and so is the confidence that made the country's business community eagerly press toward the future.

Lebanon's tourism industry had huge hopes before July 12, when Hezbollah guerrillas abducted two Israeli soldiers, setting off a 34-day conflict. More than 1.6 million tourists were expected to flood into the country, more than any other year in the country's history. They were expected to spend $4.4 billion in Beirut's lavish hotels and upscale shopping district. Huge music and dance festivals were planned for Byblos, Beiteddine and Baalbek.

Instead, tourists fled as Israeli pounded out bridges, buildings and roadways. With them went 60 percent of the expected revenue and any hopes that tourism will become an engine of growth, at least anytime soon. Two-thirds of Lebanon's economy is service-based.

"This 34 days of war has affected the tourist activity for the coming three years," Joe Sarkis, the minister of tourism, said as he sat on his balcony on a recent afternoon outside the town of Broumana, north of Beirut.

Sarkis, a Christian politician and frequent Hezbollah critic, has spent the year since he assumed his position promoting Lebanon as a destination with beautiful people and places. Now he's trying to figure how to rid the country of its image as a place

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that seems unable to escape the violence of a brutal 15-year civil war, car bombings last year after the assassination of former Prime Minister Rafik Hariri and this summer's Israel-Hezbollah conflict.

First, he's seeking a moratorium on debt collections for tourist-related businesses so they won't be forced into bankruptcy. Then he plans to assess damages and compensate unemployed tourist-industry workers so they don't leave the country. After that, he'll begin mapping out a $2.6 million marketing plan that he'll put into effect only when he's certain the fighting isn't about to restart.

"We cannot act like nothing happened on July 12, launch a campaign and tell the people - Arab or European or Lebanese emigrants - come to Lebanon, a quiet and peaceful country, and then receive them like last time, with bombs," he said.

In June, hotel owners were beginning to see what a resurgent Lebanon could be like.

In Byblos, a 7,000-year-old city north of Beirut, people packed the hotels for a summer-long music festival that was to feature international stars such as French singer Francis Cabrel. In the old marketplace, which dates to the Ottoman empire, tourists were jammed shoulder-to-shoulder. An anticipated concert by Sean Paul, a reggae and hip-hop artist, and two performances by Moroccan humorist Gad Elameh had sold out as soon as tickets went on sale.

Now Latifee Lakkes, 66, the president of the festival's executive committee, sat at an open cafe on the cobbled paths of the old city and bemoaned what might have been. Nearby, a small stage, set up for sideshows during the festival, stood empty in front of a garden. The only customers at the cafe were a spattering of residents.

The festival gave refunds to those who'd bought tickets, paid every artist whose performance had been canceled and lost at least $1.2 million, Lakkes said.

"God willing, Lebanon bounces back easily and quickly," she said.

In June, Melhem Hage, the managing director of the quaint 39-room Byblos-sur-Mer Hotel, overlooking the harbor, was expecting a record year. His hotel was packed with visitors. Now his employees have no one to serve, and tourist brochures sit untouched. Full bottles of alcohol wait behind the bar. He'd had one customer since the conflict began, a journalist.

It was the first time since 1967 that his hotel had had no guests. Even the civil war was kinder; then, Byblos was considered a refuge from Beirut's carnage.

"I have a problem from this bloody war," he said as he unlocked an empty suite to reveal velvet-covered chairs, mosaics on the wall and a balcony that overlooked the black water of an oil-filled beach. "I don't have enough to pay the salaries for the month of July, and for August I have nothing. We wait for this season to make money for the remainder of the year."

Hage no longer takes his morning swims in the sea. An oil spill caused by Israeli airstrikes ended that. It also ended fishing, which has been a mainstay for thousands of years, while fishermen wait for the water to be cleaned up. The seafood restaurants - one of which Hage owns - are empty.

"All the bookings for the remainder of the year are canceled. The people left like a train leaving the station - whoosh," he said. "People come here to eat fresh fish and swim in the sea. Now the beach season is ending and people are afraid to eat the fish."

In downtown Beirut, the usually packed sidewalk cafes serve a handful of bored Lebanese. Shop owners who cater to tourists sit outside in plastic chairs playing backgammon and smoking. A copy of TimeOut magazine is filled with events that never happened during the summer.

One recent Friday, the tables at Grand Cafe were empty. Manager Jaber Mounzer, 30, sat outside, drinking tea and fiddling with a yellow string of prayer beads.

"We are losing $2,000 a day," he said. "We're waiting for something from God."'

Usually, the phone rings constantly with people seeking reservations. "Now no one calls; only my wife," he said.

Seventy employees have been cut. "We will wait one month, maybe two months, and if nothing changes we can't open anymore," Mounzer said.

Besieged (NYT)

By Scott Anderson

The New York Times, September 3, 2006

Things were getting back to normal in Tyre. The bomb craters in the main streets had been filled in with dirt, which slowed traffic but at least made passage possible. Some of the town's more spectacular ruins were already being shoveled into great heaps of rubble. Under the blanching sun of late August, the Lebanese port city — 12 miles north of the Israeli border on the Mediterranean coast — was returning to its usual dog-day rhythms. In the mornings and again in the late afternoons, shoppers crowded the central market, families strolled the corniche, the old seaside promenade, and traffic along Jal al Baher Street, the main thoroughfare on the east side of town, was a honking, barely moving mass. The midday hours, however, were given over to a heat-imposed somnolence. In the old city, residents settled in their leafy courtyards or brought chairs out to the narrow alleys to

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while away the time with neighbors. The outdoor cafes along the marina filled with men who appeared able to muster only enough energy to smoke. It was a city at rest. Even Tyre's multitude of cats took part, gathering in bunches to sleep under the shade of parked cars.

But there was also something new in Tyre. Spanning the highway at the northern outskirts of the city stood a high, triumphal arch quickly constructed from wood and yellow cloth. That color featured prominently on the scores of new posters and banners that lined Jal al Baher Street — that were to be found on lampposts and billboards throughout the east side of the city, in fact. The images on these posters varied, as did their slogans, but all ultimately echoed the same thing: praise for Hezbollah, praise for "the divine victory" just won.

It was Aug. 8, and the city had been under attack for 24 days. Sitting on the veranda of her elegant house overlooking the marina of old Tyre, 46-year-old Madona Baradhi was extolling the virtues of her hometown. From a prominent Christian family whose members can trace their roots in Tyre back centuries, Baradhi, an effervescent and congenitally cheerful customer-service representative for the Libano-Française bank, explained that she had traveled much of the world and found no place better.

"Always when I am on vacation," she said, "the last few days, I just want to come home because I miss Tyre so much." She waved a hand out over the bay. "Every day I swim, I walk to my job in downtown, I go to the market. And the people here are wonderful — very tolerant and easygoing. We've never had any of the difficulties between the different groups like other places in Lebanon."

Three days earlier, Baradhi's veranda had afforded her a panoramic view of a predawn, three-hour battle across the bay. Israeli commandos, apparently dropped by helicopter, attacked Hezbollah positions, killing at least eight, then covered their withdrawal by strafing the oceanfront promenade a half-mile away with helicopter gunships. The previous afternoon, she watched as four apartment buildings in the northern, predominantly Shiite suburbs were brought down by heavy Israeli bombs in great clouds of black smoke and brown dust. Even on that early evening, as she sipped espresso on her veranda, the concussion of the explosions on the east side of town, two miles away, were powerful enough to occasionally rattle her home's windowpanes, to cause its old joints to creak.

"My friends in Beirut keep calling me," she said. " 'Come stay with us. Tyre is so dangerous.' But no. How can I leave all this?" She waved her hand again over the picturesque marina: no one was moving on its stone walks; the colorful fishing boats had sat in their moorings for weeks.

What appeared to be an almost delusionary optimism may actually have been a practical fatalism, an understanding of the city's violent history. Tyre's very geography was formed by war. During the Phoenician era, the heart of the city was an impregnable island fortress just off the coast that withstood countless sieges — until 332 B.C., when one of its besiegers, Alexander the Great, came up with the idea of building a massive stone causeway to the island. The city fell to his men, and over the centuries, drifting sand built up around his causeway, forever linking the island to the mainland.

Tyre's history is a dizzying saga of rise and fall, periods of splendor followed by ones of abject ruin; the Egyptians, the Romans, the crusaders and the Ottomans all passed through the city, and all left their mark for good or ill. This march of civilizations and armies made Tyre into a complex mosaic of cultures, religious sects and ethnic groups, a multicultural checkerboard that is both the enduring promise and the enduring tragedy of the place: promise because the city's extraordinarily resilient people always rebuild and patch things over; tragedy because they always have to. In just the past 31 years, the city has endured a civil war, a foreign military occupation, a half-dozen air or naval bombardments and at least two massive suicide bombings.

Despite this sad legacy — perhaps because of it — Tyre has long had a reputation as a relaxed and open-minded place. Residents of all sectarian and political stripes tend to echo Baradhi's view of their city as a haven of comity and tolerance. What's more, until mid-July of this year, Tyre appeared on the cusp of a very bright future, about to catch the economic boom that had so transformed Beirut and other Lebanese coastal cities in recent years. Designated a Unesco World Heritage site for its profusion of Hellenic, Roman and Byzantine monuments — among other archaeological highlights, Tyre can lay claim to the world's largest Roman hippodrome — the municipal government had just embarked on the construction of a new stretch of oceanfront promenade along the neglected south shore of the old city, workers laying tiles and erecting lampposts. Along Jal al Baher Street, construction was under way on a modern shopping mall, while on Tyre's south bay a small vacant lot had just sold to a hotel consortium for nearly $2 million, a figure that astounded locals but testified to the city's growing tourist industry and dearth of decent hotel rooms. Tyre did not yet have a Starbucks — so far in Lebanon, those symbols of the arriviste city were limited to Beirut — but by this summer it was easy to imagine that that blessed day was close at hand.

And then, quite literally, a bomb dropped. It happened at about 5:30 on the afternoon of Sunday, July 16, while Madona Baradhi was swimming with her nieces and nephews at the fine, white-sand beach beside the Tyre Rest House, the city's most exclusive hotel. "It was a very nice day," she recalled, "hot but not too humid, and a lot of people were in the water. Suddenly, we

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heard a very loud boom, and when I looked to the city, I saw this great cloud of black smoke rising up from downtown. That's when we knew Tyre was to be targeted also."

The signal event that set this in motion came four days earlier, when Hezbollah guerrillas launched a bold assault on an Israeli Army border outpost, killing three soldiers and taking two others prisoner. The Israeli response was predictably swift, if unexpectedly fierce. That same day, the Israeli military carried out airstrikes on some 40 suspected Hezbollah strongholds throughout southern Lebanon, then expanded their targets the following day to include the runways of Beirut's international airport and highways and bridges throughout the country. When the heavy bomb dropped on Sunday afternoon — it destroyed the top four floors of an apartment building and killed at least 11 — the residents of Tyre knew that, once again, war had come for them.

"Within minutes," Baradhi said, "everyone had left the beach, and by that night, everyone was leaving Tyre. I could see them from here." On her veranda, she pointed to a headland four or five miles away. "A solid line of red taillights, everyone going north."

As it turned out, Baradhi's decision to stay was not based on simple blithe disregard. By way of explanation, she led me into her study and took a framed photograph down from a bookshelf. In the fall of 1982, when fighting between Israeli troops and Palestinian guerrillas turned the old city of Tyre into a pitched battlefield, the Baradhi family was evacuated to the Tyre Rest House. The photograph was taken there: her father looking somewhat befuddled in the foreground; a pensive, young Madona behind; and in the background, a large crowd of other displaced people.

"We were only there a few days," she said, "but even that was enough to show me what it was like to be a refugee. When we returned, the house had been badly damaged — you can still see the crack in the wall outside. This is why I will not leave now, because in Lebanon you can leave your home and never come back." She carefully set the photograph back on the shelf. "I look at it very often. I always keep it close to me."

Baradhi's decision also pointed up one of the fault lines that runs through the city. In the days after that first bomb was dropped on Tyre, and under a rain of Israeli leaflets ordering its inhabitants to leave, an estimated 95,000 of the city's 110,000 residents fled north. The pattern of exodus was not uniform, however; instead, it appeared that many calculated who this war's principal victims were likely to be and made their choice accordingly. The overwhelming majority of Shiite civilians living in the Hezbollah strongholds at the east end of town — close to 100 percent in some districts — understood that they were at ground zero and left. In other parts of the city — in al-Bass, the Palestinian refugee camp closer to downtown, and in the Christian quarter at the westernmost tip of the coast — perhaps half the population remained. As time went on and the violence intensified, this phenomenon lent Tyre a surreal quality: vast urban stretches where nothing moved and no one was seen interspersed with pockets where a modicum of normal life continued, where stores were open and old men gathered in cafes to observe the destruction occurring elsewhere.

To the question of why she supported Hezbollah, Amira Khassem, a 58-year-old shopkeeper, seemed perplexed, as if the answer was utterly self-evident. "Because they are the resistance." She shrugged. "Because they have brought order." Khassem evidently saw no contradiction between those two words, "resistance" and "order." Nor did she seem to appreciate that the "order" Hezbollah had brought to south Lebanon had precipitated a war that had turned much of the region into a battlefield and all but crippled the small grocery store that she and her husband ran in downtown Tyre. Just around the corner from their shop on Abu Deeb Street, two weeks into the war, Israeli warplanes flattened a six-story building reported to be one of Hezbollah's local command centers, turning the surrounding commercial district into a ghost town. For Khassem, "order" was a good deal simpler.

"As a woman, I used to be very afraid walking alone around here after dark," she told me in the fourth week of fighting. "With Hezbollah here, I know that now I am completely safe, that nothing will happen to me."

When I asked her who patrolled the streets prior to Hezbollah, Amira shrugged again. "No one."

One of the consequences of the 18-year cat-and-mouse war between Hezbollah and the Israeli occupying army in south Lebanon was the collapse of virtually all Lebanese government institutions in the region. It was a void Hezbollah deftly filled. Using money funneled from Iran, Hezbollah established an elaborate social-welfare apparatus — schools, soup kitchens, medical clinics, even law enforcement — designed to meet the needs of its Shiite constituency throughout the country, but most especially in the war-torn south. By the time Israel finally withdrew from Lebanon in 2000, Hezbollah had become the de facto government in the region. The party had already joined the Lebanese political process; today, with a tenth of the seats in Parliament, Hezbollah has earned a place in the current coalition government and also, given Lebanon's political patronage system, the ability to ensure that greater economic benefits flow to its supporters. In essence, then, the Party of God (the literal translation of Hezbollah) has emerged as the bringer of order and services to a chaos and ruin it helped create.

And yet, according to many residents I spoke to, until mid-July of this year, Hezbollah was neither particularly popular nor trusted in the progressive and easygoing streets of Tyre. While Hezbollah members were respected for their social-service

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programs for the poor and their personal code of conduct — as part of a general morality checklist, members are not supposed to smoke or drink — many city residents felt a lingering unease over the party's ultimate intentions. The Party of God had long since muted its more radical rhetoric, including its call for an Iranian-style Islamic government in Lebanon, but was it all a ruse to lull their opponents to sleep?

Such fears extended into the Shiite community. In the most recent elections for Tyre City Council, Amal, the other principal Shiite political party in Lebanon, ran a quiet scare campaign suggesting a Hezbollah victory would mean segregated beaches and a ban on outdoor cafes serving alcohol. The tactic apparently worked; in the council elections, the Amal slate (with the support of the Christian minority) swept Hezbollah. Even into the first days of this summer's war, some in Tyre admitted to a quiet satisfaction that, at last, Hezbollah was getting theirs, that however hard the Israelis might strike their enemies, the Party of God had brought it on themselves by their reckless cross-border adventurism.

That attitude soon changed. With Hezbollah giving Israel a far better fight than anyone had anticipated, and with Israeli warplanes engaging in what most in Tyre viewed as the wanton destruction of Lebanon's infrastructure — highways, bridges, gas stations and power plants throughout the country were bombed — national pride and national anger fused together in support of Hezbollah. In Tyre, the catalyzing moment came with the July 16 apartment-building bombing; the following day, three children were critically injured when Israeli warplanes blew up the canal they were swimming in. After that, even most Hezbollah critics in the city came to regard the Israeli offensive as an attack on the entire Lebanese nation. The militiamen who launched their Katyusha rockets on Israel from the farm fields surrounding Tyre were no longer viewed as the cause of the city's woes, but as the city's only defenders.

This sense of civic unity played out in myriad ways. After keeping a lower profile in the early days of the war, the Hezbollah auxiliaries — the teenage spotters on their motor scooters, the bearded functionaries in their 20's with their walkie-talkies — suddenly were to be found throughout the city, lounging on street corners, calmly walking past police checkpoints. Defiant posters bearing the Hezbollah logo or the likeness of its bearded and bespectacled leader, Sheik Hassan Nasrallah, were pasted to more and more walls and city monuments. Even Chucrallah Nabil Hage, the Maronite archbishop of Tyre and a man who would seem unlikely to be a fellow traveler of Islamic fundamentalism, allowed that Hezbollah was now seen as the chief protector of the city and the nation. "I've always had very good relations with them," he explained to me as we sat in the stone courtyard of his church in the Christian quarter. "They are very forthright and decent men."

What did not change was the elusiveness of the actual fighters. As arguably the world's most disciplined and hierarchical guerrilla organization, Hezbollah's military wing operates with both a cell structure and a pyramid structure: small units of salaried "soldiers" maneuvering independently of one another, occasionally coming together for joint missions ordered by the next rung up the chain of command, their security and secrecy maintained from below by an army of spotters, couriers and neighborhood patrolmen. A walk down a city street that might conceivably lead to a Hezbollah outpost would invariably end — for a journalist, anyway — in a young unarmed man stepping from the shadows to politely, but very firmly, announce that the path forward was "blocked." In this war, the fighters in the streets were determined to remain almost as invisible as their enemies in the sky.

This vast "neighborhood watch" apparatus also made it very difficult to tell where support left off and coercion began. Any interviews attempted in public settings — in a refugee camp, for example — would usually lead to a young man with a close-cropped beard suddenly appearing at the periphery, casually taking note of the questions asked and the answers given. Even Hezbollah supporters who lauded the movement's social-services programs in their district became visibly nervous if asked for help in locating an actual recipient, as if even this benign peek into the organization might be a breach of the rules on the street.

Perhaps the most intriguing aspect of this code of silence centered on the conflict's victims. In their "all front" war with Israel, Hezbollah had meticulously planned for the psychological dimension, and it appeared that a crucial component in this was to minimize the reporting of their battlefield casualties. On this front, they were able to rely on the support — or acquiescence — of the local medical establishment. While journalists were routinely allowed access to those hospital wards containing wounded women and children, other wards — presumably those housing adult males — were off-limits, blocked by orderlies or the requisite bearded young men. The same pattern extended to the dead: occasionally ghoulish public displays of the torn bodies of obvious civilians and a curious absence of those of fighting-age men.

Each car in the long convoy was crammed to overflowing — women, children, the elderly — and as they passed, all stared back with wide, uncomprehending eyes. They were coming from a cluster of villages at the extreme southwest corner of Lebanon, flush on the border with Israel, and for the past two and a half weeks, they had sheltered in basements and root cellars as their communities on the war's front lines were pounded into rubble. Taking advantage of a lull in the fighting, they had chosen that day — July 31 — to make their escape, fastening strips of white cloth to their cars' antennas and falling in behind a small United Nations convoy heading for Tyre.

The reason for the lull was itself rooted in tragedy. The previous morning, Israeli warplanes bombed a home at the edge of Qana, a small town eight miles southeast of Tyre, in the basement of which two extended families had taken shelter; by the time

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rescue workers were finished, 28 bodies — 16 of them children — had been pulled from the ruins. By perverse coincidence, Qana was the same town where Israeli artillery killed 108 residents seeking refuge in a United Nations compound during the 1996 incursion known as Operation Grapes of Wrath.

In response to the outcry over the bombing, Israel had announced a 48-hour suspension of "offensive" aerial operations. While no one was quite sure what that meant, throughout south Lebanon, rescue workers struggled to reach those who had been trapped by the fighting and get them out. Where many of them were taken was to the four-story U.N.-administered school in al-Bass, the Palestinian refugee camp in Tyre that had long ago become more like a Palestinian neighborhood. If it struck anyone as ironic that Lebanese should seek sanctuary in a Palestinian refugee camp, it was actually an irony that didn't end there; al-Bass was originally a refugee camp for Armenians escaping the genocide in Turkey in 1915, a purpose that changed only with the flood of displaced Palestinians into Lebanon following the 1948 Arab-Israeli War.

Farouz Atamian, a 51-year-old sanitation worker for the municipal government and one of the last Armenians in al-Bass, has lived there his entire life. "It's very nice here," he told me during the war, while sitting in the small garden of his ramshackle home. "We have more room than most of the others because we are one of the original families in the camp."

Among the estimated 10,000 Palestinian inhabitants of al-Bass, there seemed to be a kind of collective discomfiture over what was happening in their adopted home, a sense that while this wasn't technically their fight, perhaps it should be. After all, Hezbollah was taking on the "Zionist entity" and doing very well, and this was the same enemy the Palestinians had battled with far less success for 58 years.

Their sideline status in this fight could partly be attributed to the historical schism that runs through Islam — Hezbollah is Shiite, Palestinians are overwhelmingly Sunni — but it also underscored the troubled position they hold generally in Lebanon. Seen by many Lebanese of all persuasions as a destabilizing force in the country, Palestinians are often held to blame for the 1975 civil war and even more for historically using Lebanon as a base to attack Israel, then offering only feeble resistance in the face of Israel's periodic and ruinous retaliatory attacks. As many Shiites in Tyre will point out, usually with a touch of pride, it was the Palestinian presence that provoked the 1982 Israeli invasion that so devastated their city, while it was Shiite militiamen — precursors to Hezbollah — who dealt the invaders their greatest blow: the successive bombings of Israel's two command centers in downtown Tyre in 1982 and 1983 that together killed 135 Israeli soldiers, events still referred to in Israeli military circles as the first and second Tyre catastrophes.

"In this war against Israeli aggression, we all have our roles to perform," explained Abu Hussein Ali Salem, a craggy-faced man of 66 who is one of the "civic leaders" of al-Bass camp. "So far, Hezbollah has taken the lead on the battlefield, and we" — the Palestinians — "are contributing from behind: by taking care of the wounded, the refugees. That, of course, could change at any time. If we feel our place is on the battlefield, we are all prepared to go."

As a younger man, Salem explained, he had been a fighter for the Popular Front for the Liberation of Palestine, the militant Palestinian guerrilla organization responsible for many of the more spectacular terror attacks against Israel in the 1970's. He claimed to have taken three Israeli soldiers prisoner during the bitter battle for Tyre in 1982 and subsequently to have executed them. "It was at the north end of the city," he said, "and I was cut off from my unit. The Israelis were advancing, and I had to leave, so I just turned to them with my machine gun — pffft." He swept a gnarled finger before him. "I had tried to talk to them before, but they never said a word. They died right there."

There was something slightly unconvincing about this story — or perhaps it had just dulled in the telling over the years. In any event, Salem professed to be more interested in the future. "If the Israelis come to al-Bass, it will be their graveyard. All of us here are ready to fight — and we will fight them as well as Hezbollah."

During Israel's air-war suspension, several thousand refugees had come into Tyre from the southern villages. Most continued up the coastal highway to Sidon or Beirut, determined to get as far away as possible from the principal battle zone, generally delineated as everywhere south of the Litani River. Nevertheless, a more buoyant mood began to spread among many who remained in Tyre, a seeping optimism that the respite might be the harbinger of a general cease-fire. Those hopes ended when, just before the close of the 48-hour window, Israel resumed its airstrikes on the city's outskirts.

On the first day of the resumption of the fighting, I dropped by the U.N. school in al-Bass camp to talk with some of the newly arrived refugees. Each classroom had been taken over by several families — usually grouped together by their home village — and set in neat stacks were whatever meager belongings they had managed to grab up in their flight: blankets, plastic bags filled with clothes. In the corridors outside, a surprising number of elderly women paced or sat slumped against the walls, many of them muttering to themselves or to anyone who came into their range.

At about 4 p.m., the building reverberated from the sound of four very loud bangs — apparently nonlethal concussion grenades detonated close by — and at one corner of the school courtyard, girls began running into one another's arms, screaming and crying. More girls kept rushing in to join the group, the hysteria infectious, until perhaps 40 of them were mashed

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together in one small, screaming knot. A man hurried over and began pulling the girls free, yanking them from each other's arms one by one, as if he were breaking up a fight.

On the morning of Aug. 3, a small crowd of doctors, orderlies and volunteers from the Lebanese Red Cross milled about the parking lot of the government hospital in al-Bass. They had gathered there to perform a mass burial. Muslim custom holds that the dead should be buried in their home villages, and quickly — on the day of their death whenever possible. But that tradition had now collapsed in south Lebanon. Because of both the sheer numbers of victims and the exodus from the region that the war had sparked — often, there were no family members around to perform the ceremony — bodies were being brought to the government hospital in al-Bass and warehoused in two refrigerated trucks outside its gates.

Hospital administrators had already performed one mass burial in late July. A backhoe had cut two long trenches in a nearby field, the 72 dead were set down in neat rows — each coffin identified by a number so it could eventually be reinterred in the home village of the deceased — and then the trenches were filled in, the whole task completed in a couple of hours.

By early August, however, the trucks were full again. Off to one side of the hospital parking lot, stacks of coffins for future victims were piled five and six high, maybe 100 in all. As proper wood had long since disappeared from Tyre, these were made from cheap shelving material — particleboard topped by a thin veneer of white plastic — and affixed with simple stainless-steel door handles for lifting. The local Palestinian carpenter who had constructed most of the coffins, Ali Hussein Firmawi, estimated that they cost $40 apiece and that he had already built around 185.

"They only take about 10 minutes to make," he said. "A little longer for the children, because those sizes aren't standard." He was not at all proud of his work, he explained — to build a proper coffin took weeks — but the need was urgent, and he had no choice in the matter.

After much conferring, the hospital administrators decided to postpone the burial because of "the security situation"; there was a lot of shelling around the city that morning, and a large gathering of people might draw the notice of the Israeli warplanes and drones overhead. Over the coming days, there would be more postponements, and the odor emanating from the trucks would grow until it permeated a wide swath of al-Bass camp.

Tyre now became a city closing in on itself. Against the near-constant thrumming of invisible Israeli spy drones — a sound very much like a lawnmower — the Hezbollah fighters on the outskirts of town and in neighboring villages launched ever more Katyusha rockets toward Israel, drawing ever more Israeli bombing raids in response. As the city grew increasingly isolated from the outside world, rumors became the currency on the streets: there was about to be a peace deal; Israel had finally launched its much-delayed ground offensive; Hezbollah had Israeli forces pinned down just inside the border; the Israelis were sweeping north and might be in Tyre within hours.

The pace of events only added to a general sense of fatigue and disorientation. In the predawn of Aug. 5, there came the Israeli commando raid that Madona Baradhi witnessed, and later that same morning, a missile attack on Jal al Baher Street that killed two young men on their motor scooters. The next afternoon, Israeli missiles hit several cars on the coastal road, their occupants apparently trying to run the gantlet out of the city. Rumors floated back that a family was killed trying to follow an International Red Cross convoy out of town; an alternate rumor held that the car had been coming the other way and traveling alone and that the missile had wounded two.

Along with a cluster of doctors and nurses and other journalists, I was waiting by the emergency-room entrance of Jabal Amel hospital for those coastal-road casualties to be brought in when there came a terrific bang very close by. Two hundred yards down Jal al Baher Street, two Israeli antipersonnel missiles had exploded, and amid a swirl of brown dust and leaves torn from a nearby tree, a wounded man lay on his back in the street. He had just raised his right arm and appeared to be trying to stand when a third missile came in, lifting him six feet in the air and catapulting him face down onto the sidewalk. Incredibly, the man still clung to life, his mouth gasping for air, his severed right arm lying amid a sprawl of plastic coffee cups and shredded leaves. Within minutes, an ambulance arrived to take him up to the Jabal Amel emergency room, where, with one last shudder, he finally died. Nurses quickly wrapped his body in thick plastic sheeting.

The situation just kept getting worse. On Aug. 7, the Israeli military announced a ban on all vehicular traffic south of the Litani River. The sole exception, they said, would be medical vehicles with prior approval — although Israel wasn't giving approval to anyone, so the point was moot. The ban meant that the city's problems, already dire, were about to have a cascading effect. With all gas and oil deliveries cut off for nearly a month, its hospitals and ambulances were operating on emergency backup supplies — and they, too, would start running out in another week or so. With stores of insulin dwindling, Tyre's diabetics might soon start dying. With thousands of refugees crowded into the city's schools and the sanitation system collapsing — to say nothing of the still-unburied bodies decomposing at the edge of al-Bass camp — there was growing concern of an epidemic.

"So right now, we're experiencing a humanitarian crisis," Dr. Ghassan Farran, a member of Tyre's city council, told me on Aug. 8. "Very soon, it will be a catastrophe." Somehow things got worse yet — Israeli warplanes destroyed the last small bridge

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across the Litani. A fallen tree was maneuvered into place to span the breach, but even this merely underscored a remarkable fact: the only way in or out of a city that had once been home to more than 100,000 people was now across a single 18-inch-wide log.

And then on Aug. 12, the Israeli and Lebanese governments finally agreed to a U.N.-brokered cease-fire, Resolution 1701. After one last furious exchange that continued right until the moment the cease-fire took effect, the guns and rockets and warplanes fell silent over southern Lebanon.

Within the air-conditioned confines of her office in the Libano-Française bank, Madona Baradhi was in a fine mood. Just over a week into the cease-fire, most of the residents of Tyre had come back from their temporary exiles. The central market was filled with shoppers, and the candy vendors had returned to their little stands on the northern corniche.

"Everything must come to an end," she said, "and so it has with this war." Still, Baradhi admitted, it had been a trying week. Each day since the bank reopened had brought a steady stream of people into her office who had lost everything and were trying to figure out how to rebuild their lives again. "They are taking out their savings, their pensions, trying to arrange loans — so many people. That is why I say the Lebanese are both the winners and losers in this war. We are the winners because we resisted Israel, but we are also the losers for how much we suffered."

As to the question on everyone's mind — whether the cease-fire would lead to an extended period of peace, or was merely a prelude to the next round of war — Baradhi, like many in Tyre, was philosophical. "Of course, I hope for peace, but it depends on the people, the choice they make."

In the Shiite neighborhoods on the east side of Tyre, that choice appeared to have already been made. With its "sacred victory" over Israel, support for Hezbollah had soared, and the Party of God was riding that crest both by maintaining its defiant stand and by, once again, being seen as the chief provider to those in need. In the war-damaged neighborhoods, as in the ruined villages throughout the south, Hezbollah engineers were surveying the damage that had been done and drawing up blueprints for reconstruction, while the party's field representatives were handing out cash payments to the homeless. As for Hezbollah ever surrendering its weapons to the incoming Lebanese Army and U.N. peacekeepers — both the most crucial and contentious point in the debate over Resolution 1701 — the idea was met with derision by the group's supporters.

"Why should the winners give up their weapons?" asked Moen Zaidan, an orange-juice seller on Abu Deeb Street. "That never happens in war. No, Hezbollah knows it must keep its weapons to prepare for the next war." As for when that war might come, Zaidan claimed to have a reliable guide. "We'll know it's starting by what happens in Kiryat Shemona," he said, referring to the town in northern Israel that has been a frequent target of Hezbollah's rockets. "Because we are in a balance with them. If the Israeli Army moves back there, then we'll know it's about to happen."

In this part of town, few seemed to doubt that war would break out again; the real topic of discussion was when. Perhaps this cease-fire would last for a few weeks, perhaps for a few years, but at some point, the missiles between Hezbollah and Israel would start flying again. In the meantime, Ali Hussein Firmawi, the Palestinian coffin maker, was staying busy. With the cease-fire, his open-ended work order with the municipal government to build temporary coffins had come to an end, but, he said, he had recently been commissioned to build 40 more.

"For Hezbollah," he explained outside his small carpentry shop in al-Bass. "These are to be of much better quality than the other ones. And the good thing about Hezbollah, they always pay upfront, and in cash."

Palestinian Teachers Begin New School Year On Strike (NYT)

By Greg Myre

The New York Times, September 3, 2006

JERUSALEM, Sept. 2 — Most Palestinian schoolteachers went on strike on Saturday, the first day of the school year, in the latest protest over wages for Palestinian government employees who have gone largely unpaid for nearly six months.

Other government workers also joined the strike in what was seen as the largest work stoppage since the Hamas-led government came to power in March.

Most public schools throughout the West Bank and the Gaza Strip were reported closed, though a limited number of teachers turned up at some schools.

Ismail Haniya, the Palestinian prime minister, and his government, which has paid salaries only sporadically, opposed the strike and urged teachers to go to their classrooms. Armed Hamas members turned up at schools in Gaza.

Most teachers and students, however, stayed away. The government employees' union, which has been aligned with Fatah, the party ousted in the Palestinian elections in January, supported the strike.

Israel has withheld Palestinian tax revenues, and the United States and the European Union cut off aid to the Palestinian Authority after Hamas, which they consider a terrorist organization, won the elections. As a result, the Palestinian government has been unable to meet the monthly payroll for about 175,000 government workers, including thousands of schoolteachers.

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The government has paid partial salaries for some months, but has no regular stream of revenue to cover the roughly $150 million needed each month to cover salaries and other basic expenses for the Palestinian Authority.

Ghazi Hamad, a Palestinian government spokesman, said in a statement that the strike was illegal and would "not lead to the lifting of the siege against our people and will not enhance the payment of salaries."

Atef Adwan, the minister of refugee affairs, said that both foreign and internal groups were conspiring "to topple the legitimate elected government." The organizers of the teachers' strike were serving "external interests that intend to harm the Palestinian cause," he said.

But many teachers said the strike did not have political overtones and was simply about unpaid salaries.

In violence Saturday, Israeli troops killed three Palestinians in Gaza.

In one instance, Israeli troops entered the northern Gaza town of Beit Hanun and exchanged fire with Palestinian gunmen.

Troops surrounded a house where two militants were holed up, and two Palestinians, a father and his grown son, were killed during a shootout, according to the Israeli military and Palestinian medical workers.

The military said that it had arrested two Hamas members hiding in the house, Muhammad Tarabin and Yunis Abed al-Sita, and that they were wanted for firing rockets into Israel.

Several more Palestinians in the area were wounded.

On the eastern side of Gaza, Israeli troops shot dead a Palestinian who approached Gaza's perimeter fence, the Israeli military said.

More than 200 Palestinians and an Israeli soldier have been killed in Gaza since Israel opened an offensive at the end of June in response to the kidnapping of an Israeli soldier and persistent Palestinian rocket fire.

In Egypt, President Hosni Mubarak was quoted in the Al-Ahram newspaper as saying that negotiations between Palestinian and Israeli nongovernmental groups were taking place in an attempt to resolve the standoff over the soldier, Cpl. Gilad Shalit.

However, Mr. Haniya, the Palestinian prime minister, said there were no new developments.

"The soldier is getting the needed care, and we are working to release him," Mr. Haniya said. But he added, "we have not reached any solution yet."

Egypt Confirms Talks On Israeli Soldier (AP)

By Maggie Michael, Associated Press Writer

AP, September 3, 2006

Egyptian President Hosni Mubarak says negotiations are ongoing to secure the release of an Israeli soldier captured by Palestinian militants, according to an interview published by a semiofficial daily newspaper Saturday.

Israel is waiting for a Palestinian "initiative" that spells out Palestinian conditions for a prisoner exchange, Mubarak told Al-Ahram newspaper. Their demands could include the freeing of imprisoned Palestinian women or minors, he said.

Israeli officials had no immediate comment. Mubarak did not provide information on official involvement in the talks, but said non-governmental groups from each side were participating. He did not name them.

Hamas-linked militants captured Cpl. Gilad Shalit near a crossing on the Israel-Gaza border on June 25. That sparked an ongoing Israeli offensive against Palestinian militants in the Gaza Strip.

On July 12, Hezbollah guerrillas in a cross-border raid from Lebanon captured two more Israeli soldiers, leading to a 34-day conflict in Lebanon.

The militants holding Shalit originally demanded all Palestinian women and minors be released from Israeli jails, then increased their demands to include another 1,000 Arab prisoners.

On Friday, Okaz Saudi newspaper quoted an unidentified Arab source as saying that Egypt was mediating in a proposal to swap 1,000 Palestinian prisoners in three stages starting three days after freeing Shalit.

Israeli government spokeswoman Miri Eisin denied Okaz's report that an Israeli security delegation was currently in Cairo for talks on the issue. Israel has publicly refused calls for a prisoner swap.

Israeli officials, however, have said there are ongoing contacts with Egypt to win the release of the soldier and Egypt often acts as a mediator.

Before the Hezbollah crisis erupted, Egypt had proposed a plan by which Hamas would free Shalit and later Israel would free an unspecified number of detained Palestinians. Egypt would vouch for Israel's releasing the Palestinians, but the releases would not be simultaneous to mitigate the appearance of an exchange.

When the scheme fell through, Egyptian officials blamed Hamas. Mubarak suggested that "other parties" had convinced Hamas to scuttle the deal, apparently referring to Syria, where Hamas' top leadership has offices.

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7 Turkish Soldiers Killed By Guerrillas (AP)

By Selcan Hacaoglu, Associated Press Writer

The Associated Press, September 3, 2006

Separatist Kurdish guerrillas killed seven Turkish soldiers and wounded two in stepped-up attacks against the military in southeastern Turkey, local authorities said Saturday.

The guerrillas detonated a remote controlled bomb near an outpost in the town of Guclukonak, killing three soldiers on Friday.

In an overnight attack, guerrillas attacked an outpost in the town of Cukurca further east, killing two soldiers and wounding two. Both Sirnak and Hakkari are close to the Iraqi border.

On Saturday, a Turkish soldier was killed when his unit on patrol along the Iranian border in eastern Van province, came under fire from suspected Kurdish guerrillas from the Iranian side, authorities said.

Later in the day, the guerrillas detonated a remote controlled bomb killing a soldier near the town of Dicle, increasing the death toll to seven, authorities said.

Guerrillas belonging to the Kurdistan Workers Party or PKK have stepped up their attacks recently both in the southeast and in the west of the country.

More than 37,000 people have died since the guerrillas took up arms for autonomy in the Kurdish-dominated southeast in 1984.

Earlier this week, a Kurdish militant group believed to be linked to the PKK claimed a wave of bombings in tourist resorts and in Istanbul that left three people dead and dozens injured, including 10 Britons and several other tourists.

Turkey has been pressuring the United States and Iraq to wipe out rebel hideouts in neighboring Iraq. The PKK is listed as a terrorist organization by Washington and the European Union.

Earlier this week, the United States appointed former Air Force Gen. Joseph Ralston as a special envoy for countering the PKK.

The World According To China (NYT)

By James Traub

The New York Times, September 3, 2006

In Late July, as the United Nations Security Council argued long into the night over the wording of a so-called presidential statement castigating Israel for the bombing attack that killed four U.N. observers in southern Lebanon, Wang Guangya, the Chinese ambassador, blew his stack. This was almost unprecedented: Wang, a veteran diplomat, typically comports himself with unnerving calm. But one of the four fatalities had been Chinese, and Wang had grown increasingly frustrated with the refusal of the United States to condemn Israel outright for the bombing. Worse still, the United States was represented not by Ambassador John Bolton but by a junior diplomat, a breach of etiquette that Wang apparently took to be a calculated insult.

Without naming any countries — he lost his temper, not his grip — Wang lashed out at “a tyranny of the minority in the council” and vowed that there would be “implications for future discussions” on other subjects. Once the meeting ended, Wang planted himself before the U.N. beat reporters and engaged in 10 minutes of robust public diplomacy, complaining that the presidential statement had been “watered down,” observing in several different formulations that “we have to take into account the concerns of other countries” and predicting that the “frustration” his country felt “will affect working relations somewhat.”

It was a delicately calibrated performance. In an earlier era, when the People’s Republic of China tended to conduct diplomacy by tantrum, this might have been the signal for a real breach. But China cares too much about the international order for such revolutionary shenanigans.

Actually, in an earlier era Chinese nationals would not have served in an observer mission in Lebanon, and the People’s Republic would have taken a pass on the whole subject. But China now aspires to play an active role on the global stage, which is why it sends skilled diplomats like Wang Guangya to the U.N. That’s the good news. The bad news is that China’s view of “the international order” is very different from that of the United States, or of the West, and has led it to frustrate much of the agenda that makes the U.N. worth caring about. The People’s Republic has used its position as a permanent, veto-bearing member of the Security Council to protect abusive regimes with which it is on friendly terms, including those of Sudan, Zimbabwe, Eritrea, Myanmar and North Korea. And in the showdown with Iran that is now consuming the Security Council, and indeed the West itself, China is prepared to play the role of spoiler, blocking attempts to levy sanctions against the intransigent regime in Tehran.

It’s a truism that the Security Council can function only insofar as the United States lets it. The adage may soon be applied to China as well.

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t was only in 1971 that the People's Republic of China supplanted Taiwan as the representative of China in the United Nations. During the remaining years of the cold war, the hermetic Communist regime was generally content to follow the lead of the Soviet Union. Little changed even after the fall of the Berlin Wall: China's permanent representative in the early 90's, Li Daoyu, was known around the U.N. as Ambassador Look Out the Window. The Chinese stirred to action only in order to block peacekeeping missions to countries that had been so foolish as to recognize Taiwan.

Beijing sleeps no longer. The astonishing growth of China's economy has made it a global force, and the accompanying need for resources has pushed it to forge new ties throughout Asia, Africa and Latin America. The old revolutionary ardor is gone, and China surveys the world with increasing pragmatism and confidence. China is now a status quo power — "an exporter of good will and consumer durables instead of revolution and weapons," as David Shambaugh, a China scholar at George Washington University, remarked in a recent essay. Unlike the United States and the West generally, China views the current global situation as fundamentally benign and malleable — a setting conducive to diplomacy.

China has chosen to enmesh itself in global bodies like the World Trade Organization, regional groupings like the six-member, security-oriented Shanghai Cooperation Organization and a vast range of bilateral partnerships. China has begun routinely signing arms-control agreements and antiterrorism conventions. And it has begun playing a more active role at the U.N., contributing troops — almost all of whom provide medical or engineering services rather than front-line patrolling — as well as policemen to U.N. peacekeeping operations.

Wang Guangya, at 56, is a senior member of a new generation of Chinese diplomats vastly more sophisticated and better educated than the party ideologues of old. His English is quite good, and he so relishes speaking to the U.N. press corps that he sometimes keeps answering questions even as he edges away from the pack while graciously thanking the reporters. Still, he doesn't often attend diplomatic functions, and the occasional dinner in his Trump Tower apartment is normally limited to Asian diplomats. Earlier this summer, I became the first Western reporter to whom he agreed to speak at length.

Wang greeted me in a cheerless reception room in the Chinese mission and invited me to sit parallel to him, as though we were a pair of notables at a reviewing stand. (I took a corner chair instead.) The embassy spokesman and a political counselor seated themselves at a respectful distance across the room. At first the ambassador dutifully recited China's history at the U.N. But once we got on subjects that exercised him, like Japan's bid for Security Council membership, he dispensed with the abstractions and assumed the forthright and confident manner that seems natural to him. Throughout our conversation, Wang chain-smoked Chinese cigarettes — Zhonghuas — a habit that had turned his teeth slightly brown.

Wang is bespectacled and slight and has little of the artful smoothness of the more Westernized Asian diplomats. He grew up in Shanghai, the son of a worker, he says, with a low-level position in the Communist Party. Wang graduated from high school in the midst of the Cultural Revolution and along with tens of millions of other Chinese was sent out to the countryside for "re-education." But after President Richard Nixon's visit to China in 1972, the leadership recognized that it needed trained officials to exploit the new opening to the West. Wang passed a test that gained him entry to one of the country's 11 foreign-language schools. In 1974, he was selected as part of a group of 140 to go to England for further study, making him among the very first citizens of postrevolutionary China to receive a Western education. "You think it's a good thing or a bad thing?" Wang asked me, with a disarming grin.

Apparently, it was a good thing. At the London School of Economics, Wang met Cong Jun, a student from the Beijing foreign-language school and the daughter of Chen Yi, one of Mao's great comrades. They married soon thereafter. (Cong Jun now works as a minister counselor in the mission and has served as co-president, with the wife of the British ambassador, Emyr Jones Parry, of a discussion group called the Women's International Forum.) In 1977 Wang was sent to New York as a junior diplomat and stayed for six years. He returned as a political counselor in 1988, remaining until 1992. He became director of international-organizations policy in the Foreign Ministry, ultimately rising to the position of vice foreign minister before returning to New York as ambassador in 2003. Wang is considered the favored candidate to replace China's foreign minister, Li Zhaoxing, when he steps down a year from now.

Wang is one of the U.N.'s most adroit diplomats. Ambassador Jones Parry says that his Chinese colleague has a trick he's never seen anyone else perform: "In the council, he speaks in Chinese, but at the same time he listens to the English translation. Sometimes he pauses, and then he'll switch into English to say something similar to the translation but nuanced from it." Wang operates by suggestion, by indirection — often by silence. "They play a very skillful game at the U.N.," says Vanu Gopala Menon, the Singaporean ambassador. "They make their opinions felt without much talking. They never come in first and make a statement. They always listen first and then make a statement which captures the main thrust of what the developing world wants."

But the game the Chinese play virtually ensures the U.N.'s regular failure in the face of humanitarian crisis. Indeed, the combination of Wang's deft diplomacy and China's willingness to defend nations it does business with from allegations of even the grossest abuse has made a mockery of all the pious exclamations of "never again" that came in the wake of the Security

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Council's passive response to Rwanda's genocide in 1994. The most notorious example of China's new activism in this regard is Darfur. While none of the major powers, with the intermittent exception of the United States, have shown any appetite for robust action to protect the people of this Sudanese province from the atrocities visited upon them by the government and its proxy force, known as janjaweed, the Chinese, who buy much of the oil Sudan exports, have appointed themselves Khartoum's chief protector.

China first worked to keep the issue of Darfur off the council agenda when both Kofi Annan and Jan Egeland, the U.N.'s humanitarian coordinator, tried to mount a publicity campaign in early 2004. When this failed and Egeland publicly described the horrors there, Wang — along with the ambassador of Pakistan, a regular ally — diluted the ensuing press statement so that the council simply called on "the parties concerned to fully cooperate in order to address the grave situation prevailing in the region." In the summer, after Congress had declared the ruthless assault on unarmed villagers "genocide," China vowed to veto an American resolution threatening (not even imposing) sanctions against Khartoum.

And yet, according to Munir Akram, the ambassador of Pakistan: "China was not nearly as active on Darfur as people think. The proposals came from us or from Algeria." The Islamic countries then serving on the council, as well as several African nations, considered any interference in Sudan's affairs a violation of its national sovereignty, even though the citizens being abused were Islamic and African. Wang was more circumspect. At moments of friction, according to a Western diplomat, he would quietly insist, "You cannot alienate the Sudan government; without them, the U.N. mission will fail." Akram is the kind of bombastic figure who suits Chinese purposes to a tee. "Their national style is different from the style of other people, including India and Pakistan," as Akram puts it. "We are an oral people; the Chinese are not. They make their position clear, and they stand by it."

And then, when it no longer suits their purposes, they change their position. Several years ago, China joined India in principled repudiation of the chlorofluorocarbon reductions mandated by the Montreal Protocol. But when the international community offered to pay for the technology needed to reduce emissions, China decided that global regulation of pollution did not, in fact, constitute a violation of national sovereignty, leaving the Indians all alone in their principled opposition. On Darfur, as well, China has seen the virtue of bending before the wind, if ever so slightly. As the hopelessly overmatched troops of the African Union failed to stem atrocities throughout 2005, China (along with Russia) continued to block a resolution authorizing a U.N. peacekeeping force. Then this past May, the Sudanese regime and one of the rebel armies signed a cease-fire pact, increasing the pressure for U.N. intervention. China's position was looking increasingly untenable. And so Beijing agreed to withhold its veto from — though not actually endorse — a resolution authorizing a U.N. military-planning mission.

The great issue that divides the U.N. is no longer Communism versus capitalism, as it once was; it is sovereignty. Ever since the catastrophes of Bosnia and Rwanda, and increasingly in recent years, the Security Council has been asked to defend individuals against an abusive state. When critics in the West deride the U.N. as a failed institution, they almost always mean that the Security Council cannot find the will to do so, whether through intervention, sanctions or merely opprobrium. But this failing is a Western preoccupation: most developing nations, with their history of colonial rule and often their wish to abuse their own citizens without interference, object to all such inroads on sovereign rights. And in China, where memory of "the century of humiliation" at the hands of Western imperialists runs deep — and where the state's right to abuse its own citizens is not to be questioned — sovereignty has long been a fighting word. During the 90's, the Chinese abstained on, or publicly criticized, key resolutions authorizing the use of force to dislodge Saddam Hussein from Kuwait and establishing or fortifying peacekeeping missions in Somalia, Bosnia, Rwanda and Haiti. China is now more flexible in practice, but the doctrine of absolute sovereign rights remains central to its foreign policy.

My conversations with Wang kept looping back to this fraught topic. "Each country has to provide the well-being of their own people," Wang said to me. "In some countries there is a problem, where the protection of their own people is" — here the diplomatic diplomat searched for the right word — "neglected. The U.N. can come in a quiet way, providing help, providing advice. But the role to play is not to impose it when the government is functioning. Of course there are cases where you can say that the country is a failed country. But wherever there is a government, I think the best way to do it is by giving good advice wherever you can, tough way or soft way, to let the government pick up its main responsibility."

China has, for example, engaged in some gentle prodding of Myanmar — the former Burma — whose authoritarian regime depends on Beijing for weapons and trade. But the generals who run the country have shown no signs of releasing their grip or of ending the house arrest of Daw Aung San Suu Kyi, the opposition leader and recipient of the Nobel Peace Prize. Nevertheless, Wang says that he has "firm" instructions to block a U.S. resolution, now circulating in draft form, that would condemn the regime and threaten sanctions. China does not feel that this issue belongs in the Security Council. "In our contact with the United States," he says, "their argument is that of course they have the human rights problem, they have the problem of drugs, they have the problem of AIDS. And then may I ask: 'The U.S. doesn't have the problem of AIDS, doesn't have the problem of human rights, doesn't have the problem of drugs? Then you ask the Security Council to be involved?' I don't think that

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is the case." I said that I didn't think John Bolton would be much impressed by this claim of moral equivalency. Wang waved this away.

In another conversation, held a week later in the U.N.'s Delegates Lounge, where Wang blithely violated the no-smoking rules, the ambassador insisted that the right to exercise sovereignty free from outside interference was enshrined in international law. But, I asked, when the world's heads of state, gathered at the U.N.'s 60th-anniversary summit last September, approved the principle of "the responsibility to protect," didn't this, too, become a matter of international law?

This was true, Wang conceded — even though China has strong reservations about the doctrine — "but you have to decide how to apply this." And since this new obligation applied only to genocide or "massive systematic violations of human rights," it had no bearing on Darfur. Wang had just returned from a Security Council visit to the region, where he had concluded that the situation was very complicated and that the government had been unfairly criticized. China still stood by Khartoum. After abstaining on the peacekeeping resolution, Wang had asked for the floor in order to reiterate China's position that U.N. peacekeepers could deploy only with the government's consent.

Unfortunately, I observed, President Omar Hassan el-Bashir of Sudan had just flatly rejected the proposed peacekeeping force.

The African Union "is doing a good job on the ground," Wang insisted. "The U.N. force would be a good way to help them, but if in their judgment the Sudan government thinks the A.U. forces are enough, that is their decision." And second, the Sudanese had agreed to disarm the janjaweed.

"And if they can't?"

Wang ground a cigarette into his ashtray. "If you are not sure that it will not be successful, then why impose a solution on them before you prove that they will not be able to do it?"

hina has become so influential a country, such an object of imitation, respect and fear, that you can no longer talk about an "international community" that does not include it. The West has a profound interest in China's development as a global power and its acceptance, however gradual and grudging, of the rules by which the West has defined global citizenship. As Mark Malloch Brown, the deputy secretary general of the U.N., puts it, "How much less intractable so many issues would be if China was as fully engaged in the management and leadership of the United Nations as so many Western nations are." Malloch Brown takes the optimistic, or perhaps wishful, view that China will find itself inevitably adopting Western rules as it seeks to join the global club, arguing that "as soon as you start grappling with global issues, you find that things like human rights and development and legitimate government are things you come to care about as vital to international stability."

You can see why a high-ranking U.N. official would wish for such a denouement. If, alternatively, China continues to insist that the Enlightenment principles enshrined in the U.N. Declaration of Human Rights are little more than a Western hobbyhorse, then the great issues will remain intractable, and they will be resolved elsewhere than the U.N. In recent years, both liberal interventionists and conservative unilateralists have begun to call for some new body, or new mechanism, that will not sit idly by during the next Darfur (or more problematically, the next Iraq). This new entity would not include obstructive nations like China and Russia. But excluding China from the world's foremost decision-making body could have very grave consequences, since it might well rekindle the Middle Kingdom's old sense of encirclement and exclusion. You'd have to save a great many lives to compensate for that kind of damage.

China plainly wishes to join the international community on its own terms. The People's Republic is a singular entity, a world-class power almost wholly preoccupied with harnessing its internal energies and preventing domestic conflict. Unlike Russia, for example, China has little wish to use the power at its disposal, save to establish a harmonious environment for its "peaceful rise." And in any case, China has progressed so rapidly from an insular and impoverished state to a confident and immensely influential one that it has not had time to figure out what to do with its power, or even fully to acknowledge it. China thus cares a very great deal about matters of little concern in the West — "territorial integrity," for example — and very little about the burning issues in Washington, London and Paris. China has, for example, played almost no affirmative role in the reform debate that has exercised the U.N. over the last year. China is a member of the bloc of developing nations known as the Group of 77 — the group's formal name is "the G77 plus China," even though the 77 have grown to 131 — and it shares the organization's view that the U.N. should pay more attention to economic and social issues and less to matters of peace and security. But even on these questions, according to Ambassador Menon of Singapore, "They were basically just going with the tide."

Even with its negative agenda — the reforms it wanted to prevent — Ambassador Wang was happy to remain in the shadows. China had spent more than a decade fighting off resolutions introduced in the U.N.'s Human Rights Commission, and it implacably opposed Kofi Annan's proposal to replace the toothless commission with a much tougher body. But in the crucial final days last September, it was Munir Akram, not Wang, who produced a vague plan supposedly designed to break the deadlock. Western diplomats theorized that China allowed Pakistan to show good faith, intending all the while to block any

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substantive reforms. Akram, not surprisingly, denies this and says that he does not generally coordinate tactics with Wang. In the end, the General Assembly established a new Human Rights Council with membership standards sufficiently lax that Iran, Cuba, Russia and, of course, China were elected members.

The one issue that roused China to fury was Japan's bid for permanent membership on the Security Council. China's all-hands-on-deck mobilization was a reminder that propriety goes out the window on matters China deems to be of national interest, just as had been the case a decade earlier when it openly tried to kill peacekeeping missions in Guatemala, Haiti and Macedonia to punish those countries for their dealings with Taiwan. The merits were plainly not on China's side. No other country so self-evidently belongs on the council as Japan, which pays 19 percent of the U.N.'s budget, slightly below the U.S. assessment. (China pays 2 percent, and Russia 1 percent.) But Japan is China's chief competitor in Asia, as well as America's staunchest ally in the region.

Even more important, though, is China's deep sense of historical grievance over Japan's notorious invasion of Nanking in 1937 and its aggression in World War II. Wang explained to me that Japan's wealth and generosity could not erase this blot: "The current five has been selected not because of their economic power but because of the role they played during the Second World War. China played an important role, and also we didn't occupy other people's territory" — unlike you-know-who. (It seemed too niggling to point out that the regime that had fought with the Allies now held sway in Taipei, not Beijing.) China's bitterness at Japan's alleged lack of repentance has only been sharpened by the annual visits of Prime Minister Junichiro Koizumi to the Yasukuni shrine, popularly seen to be a symbol of militarism. "For the last couple of years," as Wang expressed this in his oblique manner, "the signal from Tokyo is not that positive."

In April 2005, soon after Japan, Germany, India and Brazil formalized their candidacy for an expanded Security Council, anti-Japanese demonstrations sprang up in China. Japanese missions and businesses were trashed. The Japanese were shocked both by the virulence of the demonstrations and by the obvious signs of high-level toleration, if not approval. Meanwhile, Wang and several of his lieutenants worked on the ambassadors of wavering countries. Prince Zeid Ra'ad Zeid al-Hussein, the permanent representative of Jordan, which was considering becoming a co-sponsor of the resolution expanding the council's permanent membership, says that he was called to a caucus room at the Security Council to meet with a Chinese diplomat. "The guy was apoplectic," Prince Zeid recalls. "He said, 'How can a great power refuse to accept essential, fundamental truths and yet take pride in the good works it does across the globe?' " He later sent Prince Zeid a copy of a book titled "The Rape of Nanking: An Undeniable History in Photographs." Jordan continued to support the resolution but declined to become a sponsor.

China failed to persuade African countries to reject Security Council expansion as such, yet it still delivered the coup de grâce at a meeting of the African Union in Libya in early August, where heads of state met to choose two nations that would join the other four in seeking permanent membership. Several weeks earlier, China was the host of a lavish state visit for Robert Mugabe, the increasingly tyrannical and eccentric Zimbabwean strongman and a longtime Chinese client. Soon after returning, Mugabe declared that African countries must insist not only on permanent representation in the Security Council but also on the veto. This demand was obviously self-defeating, since neither China nor the four other permanent members would agree to dilute the value of their veto. Nevertheless, vast shoals of Chinese diplomats roamed the halls in Tripoli, appealing to African pride, to the imperative of global parity and so on. The demand for an African veto carried the day, and with that, Security Council expansion died. The corpse bore no sign of Chinese fingerprints.

Last month, the U.N. began the process of selecting a successor to Secretary General Kofi Annan. Asian countries feel that it is their "turn" for the job, and China has promised to deliver an Asian. Any potential successor must survive both American and Chinese scrutiny. The Americans will reject too open an advocate for the third world agenda; China will reject an aspirant from too close an ally of Washington. Other difficulties will arise. China may be happy to firm up its ties with India by backing Shashi Tharoor, a career U.N. official who is India's candidate, but Pakistan, a close ally, may object strenuously. China may, for once, have to disappoint or even anger some fraternal members of the G77 — a situation it tries very hard to avoid.

The Chinese are much too subtle to throw their support behind a single candidate, but it is widely assumed that they want a technocrat who will put aside Annan's (admittedly tarnished) mantle of moral authority. Wang, of course, disclaims any such ambition, but he does express the hope that Annan's successor "might bring some perspective from Asia." By this, he explained, he meant "patience over rush" and an emphasis on collective rights — those of the state — rather than individual ones. If China succeeds in this regard, the U.S. might find the U.N. an even less hospitable place than it is now.

China and the United States are the twin bêtes noires of the U.N.: the U.S. insists on enlisting the organization in its crusades, while China refuses to let any crusade get in the way of national interest. Washington is all blustering moralism; Beijing, all circumspect mercantilism. Both can afford to defy the consensus view. The emissaries of the two capitals are united by a wary mutual regard and understanding. Bolton and Wang met as midlevel diplomats in the early 90's and worked together on nonproliferation issues in 2001 and 2002. In their first meeting in this latter capacity, according to an American diplomat, who agreed to talk with me only if he remained unnamed, as he was not authorized to speak publicly, Bolton and Wang talked for four

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and a half hours without finding much common ground. As the discussion drew to a close, the time came for the inevitable speech on China's inalienable claims to Taiwan. Wang, who knew Bolton to be impervious to all such oratory, simply said, "Taiwan." And Bolton nodded and said, "And Taiwan."

Relations between the two are strictly professional. But Bolton, who declined to be interviewed for this article, is said to appreciate his counterpart's pragmatism and lack of polemics. China and Russia take the same view on issues involving sovereignty, but whereas Russia, with a home audience to play to, likes to snap Uncle Sam's suspenders, China, with no wish to harm its relations with Washington, looks for common ground. While Russia openly threatened to veto any resolution authorizing war in Iraq, for example, China stated its opposition as undemonstratively as possible. More recently, both Russia and China have resisted any Security Council condemnation of Iran's nuclear program, but China has proved far more accommodating of White House concerns. "The Russians spent 45 minutes arguing over the meaning of consult," the American diplomat recalls. "Wang finally said, 'Consult is fine.' " Wang also earned points when he and the "director" of Taiwan's unofficial mission to the U.N. happened to arrive simultaneously at the Saudi mission to sign the condolence book after the death of King Fahd; Wang walked over and shook the hand of his diplomatic nemesis.

Wang talked with me about Bolton, and about America diplomacy generally, with the faint irony and mellow wisdom of an antique culture. "I can talk to many people," he said equably, "those who wish to have nice discussion or those who wish to quarrel." Wang is, of course, a partisan of the nice discussion. "I do not want to give advice to my good friend," he went on to say, delicately, "but I believe that sometimes the way that you work, especially the way that your work is respected by others as showing due respect for others, is where common ground can be found." But what exactly does Wang mean by "common ground"? The consensus that China has sought on Darfur looks like a formula for paralysis. And China's insistence on showing "due respect" for Iran seems designed less to persuade Tehran to end its nuclear program than to preclude any of the punitive actions currently being contemplated by the West.

Wang told me he believed that blunderbuss diplomacy is the American way "because America is a superpower, so America has a big say." China would appear to have a big say of its own, but that's not Wang's view. At the end of our second conversation, he returned to a favorite theme. "The Americans have muscle and exercise this muscle," he said. "China has no muscle and has no intention of exercising this muscle."

I said that, in fact, China had a great deal of muscle but punched below its weight. Wang smiled at the expression and said, "It's not good?" Well, I said, that depends. And then Wang said something quite startling: "China always regards itself as a weak, small, less powerful country. My feeling is that for the next 30 years, China will remain like this. China likes to punch underweight, as you put it."

Why was that? Why did China want to punch underweight? Wang spoke of China's peaceful rise, of the need to reassure all who fear its growing clout. "We don't," he said, "want to make anyone feel uncomfortable."

As China Spews Pollution, Villagers Rise Up (LAT)

By Mark Magnier, Times Staff Writer

The Los Angeles Times, September 3, 2006

Environment-related unrest is spreading. It's not about old-growth forests; it's about business practices that are killing people.

HUASHUI, China — The tents are gone, the protesters have dispersed and the police have retreated to the shadows. But villagers remain in jail, local women are still tending deformed babies, and rage burns beneath the surface.

With the spread of pollution-related unrest, a contagious source of instability in the world's most populous country, Huashui stands out as a benchmark more than a year after farmers drew a line in the once-fertile earth.

Not only was it one of the largest known protests, with an estimated 10,000 police officers and desperate villagers battling in April 2005, but it also proved a rare case in which citizen outrage prevailed over deeply vested interests. A few months ago, the last of the area's 13 poison-spewing factories was shuttered.

"Without the riot, nothing would have changed," said Wang Xiaofang, a 43-year-old farmer. "People here finally reached their breaking point."

China's pollution has long been a focus of international criticism as clouds of toxic air waft over California and polluted rivers empty into the Pacific Ocean. Increasingly, however, China's own people are taking to the streets to demand an end to the birth defects, Technicolor water, dead crops and murky air that are robbing them of their livelihoods and lives.

"Environmental problems are increasingly a flash point of rising unrest in China," said Nicholas Bequelin, China researcher with Human Rights Watch. "You're not talking about the size of some woodland or whether to cut old-growth trees. You're talking about life-and-death issues for villagers."

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In Huashui, villagers may have forced out the factories, but they have paid a price. Nearly a dozen farmers, including Wang's 40-year-old brother, Wang Liangping, have been sent to prison for as long as five years. Several say they have been tortured.

"We're not the troublemakers," Wang said. "It's the government and the factories that poisoned us. They created the problems, but we're the ones sent to jail."

And local authorities using spies, wiretaps, intimidation and close surveillance keep a tight grip on the area. As villagers spoke with a reporter in Wang's farmhouse, 10 police officers and local officials arrived, tipped off either by tapped cellphones or, as they later claimed, a "patriotic farmer" reporting the "illegal" gathering.

The reporter, along with a villager, was interrogated at the Dongyang police station for nearly three hours, his bags searched, cellphone records examined, notes confiscated and digital photographs deleted before he was made to sign a "self-confession."

Two local foreign affairs representatives remained with the reporter for the next 15 hours before delivering him to the airport.

China saw 50,000 environment-related riots, protests and disputes last year, an increase of nearly 30%, according to the state-run China Daily. Many were closely linked to other divisive and equally sensitive social issues, including the nation's growing wealth gap and illegal land seizures by local officials as new developments gobble up the countryside.

"This environmental problem has become one of the main factors that affect national safety and social stability," said Pan Yue, deputy director of the State Environmental Protection Administration.

Analysts blame a top-down single-party system obsessed with economic growth in which officials are promoted for fulfilling five-year plans, not for listening to citizens.

Structural problems also are a factor. Pan's environmental bureau is weak and easily dominated by muscular economic ministries with bigger budgets and more clout. And the salaries of its local representatives are paid by the pro-growth governments they're supposed to be regulating.

"Many in government worry about instability if economic growth is not very fast," said Daniel C. Esty, head of Yale's Center for Environmental Law and Policy. "But I think instability is a far greater threat from people who find they're being poisoned by the environment."

A government study released in mid-July found that 81% of the nation's chemical plants were dangerously near population centers and sources of drinking water. Aware of the problem and the fury it engenders, Beijing recently promised to spend $175 billion on environmental protection over the next five years.

There are small signs of change. A few groups have started challenging polluters in court, with modest success.

"We're winning more cases," said Xu Kezhu, deputy director of the Center for Legal Assistance to Pollution Victims, which helps farmers file environmental lawsuits. "But it's not easy."

Villagers here say they originally cooperated with the government. The first chemical factories, which sprang up around 2001, were welcomed as a source of jobs and economic growth. That view started to change, however, as stillbirths increased and more children were born with deformed limbs or with learning disabilities.

As more chemical factories moved in, residents saw a "death zone" expand around the industrial area, killing trees and crops as far away as six miles.

"If you ate the rice immediately after harvest, you got a stomachache," said Jiang Yonggen, 44, a farmer. "And vegetables wouldn't grow at all."

They also noticed that the foul-smelling gas clouds emitted by the factories at night left their children's eyes glued shut in the morning.

But when they raised their concerns with government and factory officials, with their yellow shriveled cornstalks in hand, they were told they must have used too much fertilizer.

After four years of excuses, and word that still more chemical factories would be moving in, the farmers settled on a new tack.

On March 20, 2005, they blocked the main road leading to the factories with homemade bamboo tents and mounted slogans on the factory walls that read: "Give us back our land" and "We want to survive." They recruited retirees to keep watch on the tents around the clock, telling them to set off fireworks to alert other villagers if local officials showed up.

Three weeks later, in the wee hours of April 10, thousands of villagers heard the firecracker warning and came running to defend the barricades. Facing off against them, witnesses say, were an estimated 3,000 police officers and government supporters.

Villagers say police threw stones at them from a nearby elementary school in a battle that lasted for hours. Initially, villagers say, they forced the authorities back, overturning government cars and buses and injuring police officers.

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But police used a wedge maneuver to split and scatter the protesters before destroying the tents.

Villagers say at least two elderly people died. In a country where information is carefully controlled, the claims are difficult to verify. The government says that the villagers attacked first, that no one died and that most of the injuries were on its side.

When the dust cleared, the police fingered a few "troublemakers," a centuries-old tactic of making scapegoats, villagers say, quoting a Chinese proverb: "killing one to scare 100."

Wang's brother was sentenced to 15 months in jail. He is mentally disabled and has an extremely gentle disposition, Wang says, and wasn't even at the tents when the alleged assault supposedly took place. She says he's been beaten repeatedly in police custody.

A police officer at Dongyang station, who declined to be identified, acknowledged that the government had not always been responsive to environmental problems.

"The farmers assaulted the police, who didn't fight back, and many police suffered broken bones, stab wounds and poked eyes," he said. "While Wang Liangping may be a gentle man, gentle people can also become violent."

Jiang Yinsheng, Huashui's Communist Party secretary, who was named to the post after the riots, says that he has no direct evidence of police misconduct and that the existence of birth problems is not conclusive.

"I don't believe the villagers were tortured," he said. "And some farmers aren't well-educated and take medicines during pregnancy, so we can't be sure deformed or stillborn babies result from pollution."

Jiang, the 44-year-old farmer, shifts his maimed hip. He says he can barely walk, go to the bathroom by himself or sit for more than a few minutes, the result of near-continual torture sessions during his 117 days in Dongyang jail.

Jiang says he was hit in the face with a shoe more than 30 times, and other prisoners were encouraged to hit him as well or face the same punishment. His buttocks were hit repeatedly with a wooden stick, leaving deep bruises that lasted for weeks.

The pain was so terrible that he considered committing suicide, he says. "Even the doctors were merciless."

Villagers say a few people in China are getting rich by destroying the environment. "This whole system is unfair," said Liu Maotian, a farmer whose 31-year-old son is serving a five-year term on charges of stabbing a police officer during the uprising.

Liu says his son kicked the officer in the melee but didn't stab anyone.

"They're getting wealthy on the backs of poor people like us," he said. "If there was the least bit of concern for ordinary people, this riot never would have happened."

Obama Visits Sudanese Refugees In Chad (AP)

By Christopher Wills, Associated Press Writer

AP, September 3, 2006

Thousands of Sudanese refugees crowded around U.S. Sen. Barack Obama Saturday as he visited their camp in eastern Chad and delivered a single message: Bring in the United Nations.

The refugees told Obama an international peacekeeping force is the only hope they have of returning to their normal lives in Sudan's western region of Darfur. Some carried banners held up on sticks demanding U.N. action.

A man who identified himself only as Musadigo said he and his family of seven have been living in the refugee camp, which is home to about 15,000 people, since fleeing his home three years ago. Chad now hosts more than 200,000 refugees from Darfur.

"We want the U.N. force," he said. "We won't be able to go home without the U.N."

Sudan rejected as "illegal" a U.N. Security Council resolution passed Thursday paving the way for the replacement of 7,000 ill-equipped African Union peacekeepers in Darfur with more than 20,000 U.N. troops and police.

The conflict in Darfur began in 2003 when ethnic African tribes revolted against the Arab-led Khartoum government. The government is accused of unleashing Arab militiamen known as janjaweed who have been blamed for widespread atrocities.

About 200,000 people have died and some 2 million have been displaced by the conflict.

A peace deal in May signed by the government and one of the ethnic African rebel groups operating in the region has had little effect on the conflict.

Obama said the U.S. and other western nations must work to put a peacekeeping force in Darfur, in hopes of preventing further violence.

"My overarching sense is the great urgency about the need to get a U.N. protective force on the ground. We can't wait," he said. "If we wait much longer I think it's fair to say the people we saw today and many who remain in Darfur are going to be in an even worse situation than they are now."

The camp he visited lies about 31 miles inside Chad, far enough from Darfur that violence is rare, but close enough that an escalation there could lead to attacks on the camp.

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Obama suggested the U.S. needs a special envoy to focus on the issue and said the U.N. might possibly have to move in without Sudan's permission.

Obama met with a group of women at the camp to talk about their experiences. He also met with camp leaders who said they ultimately want compensation for losses they have suffered and want to see the janjaweed brought to justice.

Obama, the only black U.S. Senator, is winding down his trip to Africa, which began Aug. 18 in South Africa. Obama's father was a native of Kenya.

Her Majesty's Man In Tashkent (WP)

By Craig Murray

The Washington Post, September 3, 2006

LONDON - The courtroom provided a telling introduction. I had recently arrived as British ambassador in Uzbekistan's old Silk Road capital of Tashkent, where I was watching the trial of a 22-year-old dissident named Iskander Khuderbegainov. The gaunt young man was accused with five other Muslims of several crimes, including membership in a terrorist organization linked to al-Qaeda. The six sat huddled in a cage guarded by 14 Kalashnikov-wielding soldiers. The judge made a show of not listening to the defense, haranguing the men with anti-Islamic jokes. It looked like a replay of footage I'd seen of Nazi show trials.

The next day, an envelope landed on my desk; inside were photos of the corpse of a man who had been imprisoned in Uzbekistan's gulags. I learned that his name was Muzafar Avazov. His face was bruised, his torso and limbs livid purple. We sent the photos to the University of Glasgow. Two weeks later, a pathology report arrived. It said that the man's fingernails had been pulled out, that he had been beaten and that the line around his torso showed he had been immersed in hot liquid. He had been boiled alive.

That was my welcome to Uzbekistan, a U.S. and British ally in the war on terror. Trying to tell the truth about the country cost me my job. Continuing to tell the truth about it dragged me into the Kafkaesque world of official censorship and gave me a taste of the kind of character assassination of which I once thought only a government like Uzbekistan's was capable.

When I arrived in Tashkent, in the summer of 2002, I was a 43-year-old career diplomat with two decades of varied experience, which included analyzing Iraqi efforts at weapons procurement and negotiating a peace treaty with Liberian President Charles Taylor. But nothing had prepared me for Uzbekistan, a country immediately north of Afghanistan in the heart of hydrocarbon-rich Central Asia. President Islam Karimov had reigned here as the Soviet satrap since 1989; after independence two years later, he had managed to make poverty and repression even worse than in Soviet times.

In Karimov's Uzbekistan, no dissent is allowed. Media are state-controlled, and opposition parties are banned from elections. Millions of people, including children, toil on vast state-owned cotton farms, receiving some $2 a month for working 70-hour weeks. Their labor has made Uzbekistan the world's second-largest cotton exporter. More than 10,000 dissidents are held in Soviet-style gulags. Many are pro-democracy advocates, but anyone showing religious enthusiasm is also swept up. Most are Muslims, but Baptists and Jehovah's Witnesses are routinely persecuted, too.

I saw this happening in a country regarded as a strategic friend by the United States, which was looking for well-placed allies after the Sept. 11, 2001, attacks. Karimov had delivered for President Bush, allowing the United States to take over a major former Soviet airbase at Karshi-Khanabad to help wage war in neighboring Afghanistan; the several thousand U.S. forces stationed there were the first Americans permitted to serve in former Soviet territory. As a reward, Karimov had been Bush's guest for tea in the White House in March 2002.

It was clear by the time I arrived in Tashkent a few months later that the United States was handsomely rewarding Karimov's cooperation. Hundreds of millions of dollars in U.S. aid were flowing to the country -- after the U.S. government, evidence to the contrary notwithstanding, repeatedly certified that the Uzbek government was making progress on human rights and democracy. According to a press release distributed to local media by the U.S. Embassy in Tashkent in December 2002, the Karimov regime received more than $500 million in U.S. aid that year alone. That included $120 million for the Uzbek armed forces and more than $80 million for the re-branded Uzbek security services, successor to the KGB.

In other words, when the prisoner was boiled to death that summer, U.S. taxpayers had helped heat the water.

In mid-October, I made a speech at Freedom House in Uzbekistan, in which I made plain what I had learned in my brief time there. "Uzbekistan is not a functioning democracy, nor does it appear to be moving in the direction of democracy," I asserted, contradicting the U.S. ambassador, John Herbst, who had spoken before me. I went on to detail the political prisoners, prevalence of torture and lack of basic freedoms. I spoke out despite a written rebuke I had received from my superiors in London, chastising me for being "over-focused on human rights." Apparently, my job was to stand beside my U.S. colleague and support our Uzbek ally.

Danish journalist Michael Andersen later wrote of conversations he had had with U.S. diplomats in Uzbekistan the day after my remarks. "Murray is a finished man here," one told him.

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The Uzbek people seemed shocked that a senior official from the West would take up their cause. People beat a path to my door: victims of torture, their families, relatives of the disappeared, people with more photographic evidence, or letters smuggled out of the gulags. And I began to build up a picture of torture used to subjugate an entire population.

I learned that there was a pattern to the confessions people were signing -- a pattern reminiscent of the testimony I had heard from an old Muslim man at the trial I attended when I first arrived in the country. He had signed a statement, the man said, asserting that two of the defendants -- his nephews -- were members of al-Qaeda and had met Osama bin Laden. Then, suddenly, he drew himself up: "It is not true," he said. "They tortured my children in front of me until I signed this. We are small farmers from Andijan. What do we know of Osama bin Laden?" Few others were able to retract their forced confessions.

A would-be Islamic insurgency had indeed emerged in the country -- the Islamic Movement of Uzbekistan, which had supported the Taliban in neighboring Afghanistan. However, the IMU had never become a major political force in Uzbekistan, and government efforts to link the insurgency to bombing attacks in Tashkent in 1999 had met with skepticism from many Western analysts.

At the same time that I was receiving word from Uzbek citizens about the gruesome affronts to their humanity, I was also getting CIA intelligence on Uzbekistan, under the U.S.-U.K. intelligence-sharing agreement. This information -- fed to the CIA by Karimov's security services -- revealed the same pattern of information as those forced confessions.

And it was a pattern that was false, often demonstrably so. One piece of CIA intelligence named a Muslim terrorism suspect with alleged links to al-Qaeda, except I happened to know that the person in question was a Jehovah's Witness, not a Sunni Muslim extremist. Another gave a specific location for a terrorist training camp in the hills above Samarkand, a spot I knew was empty.

The CIA was apparently well aware that it was getting material drawn from torture. At my request, my deputy confirmed this with the U.S. Embassy. She reported back to me that she had been told that the United States did not see a problem "in the context of the war on terror." (I immediately reported this back to Britain in a top-secret telegram.) And both the CIA and the British intelligence service, MI6, were accepting and using this intelligence in their assessments, despite its highly questionable validity.

In November 2002 and again in January 2003, I made formal, written complaints to London, arguing that it was morally, legally and practically wrong to obtain intelligence under torture. The law was embodied in the U.N. Convention Against Torture, and in practical terms, torture pollutes intelligence. I was summoned back in early March 2003 for a meeting with Matthew Kydd, head of liaison with the British security services, and Michael Wood, legal adviser to the Foreign Office. Kydd informed me that the intelligence from Uzbekistan was "operationally useful." Wood later wrote that I was incorrect to believe it was an offense to "receive or possess information [obtained] under torture."

To me, the meaning of all this was simple: U.S. officials were justifying their support for Karimov with the argument that he was a bastion against Islamic militancy. That argument enabled Defense Secretary Donald H. Rumsfeld to come to Tashkent in February 2004 and say: "Uzbekistan is a key member of the coalition's global war on terror. And I brought the president the good wishes of President Bush." Karimov's record as a dictator, persecuting democratic opposition, simply does not fit the narrative; it was not a story my government intended to let me tell.

During this period, the key challenge facing then- Secretary of State Colin Powell was the need to keep certifying Uzbekistan's human rights record to Congress. By spring 2004, Congress was waking up to a human rights problem, and in July of that year, the Bush administration announced that it would cut $18 million in military and economic aid to Uzbekistan.

However, just before certification was due, the Uzbek government said that al-Qaeda suicide bombers had attacked Tashkent. I visited each of the alleged bomb sites within hours and saw virtually no damage. The evidence on the ground did not fit the official explanation. I knew al-Qaeda was not behind whatever had occurred: The British embassy had received National Security Agency intercepts of senior al-Qaeda operatives in Pakistan and the Middle East, phoning each other to find out what was going on in Tashkent. Nevertheless, Powell's subsequent claim that Tashkent was under attack by Islamic extremists helped smooth the path for continuing U.S. aid.

In the meantime, my superiors had new complaints against me. I had gone from "over-focused on human rights" to "unpatriotic," according to my supervisor when he came to meet with me in March 2003. By August of that year, I was recalled from holiday in Canada to London, where I faced 18 reputation-wrecking allegations: I was an alcoholic; I was issuing visas in exchange for sex; I was taking bribes.

I was stunned by the speed of it all, even more when I was told by a junior staff member that under no circumstances could I tell anyone about these allegations. I could not call witnesses; I was banned from my embassy; and I would be told later of the results of the investigation.

I should be quite plain: I did not lead a conventional social life; I had a string of mistresses throughout my career; and I also like a drink, as a good Scot should. But none of the allegations was true, and after a four-month investigation I was cleared of all

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of them due to lack of evidence. My taste for whisky and women wasn't the problem; it was clear to me that I had no place in Bush and Prime Minister Tony Blair's endless War on Terror. I found the government's hostility almost intolerable, and was hospitalized after suffering a nervous breakdown. I was forced to retire in February 2005.

Just a few months later, in May 2005, Karimov's troops fired into a crowd of anti-government demonstrators in the city of Andijan. Between 400 and 1,000 people died that spring day in what has become known as the Andijan massacre. The initial U.S. reaction was rather low-key. But when Karimov soon gave notice to the U.S. base, the massacre became a pretext for the Bush administration to announce its departure.

When I tried to tell my story -- Uzbekistan's story -- in a book, I was challenged by my government, which sought to suppress the information. The British government has an illustrious history of censoring books by former civil servants, at times even trying to ban them. In the effort to prevent a ban, I succumbed to censorship of particular passages. Even so, the government refused to clear the book for publication, telling Parliament that it would consider suing me.

I also wanted to publish a large number of documents to corroborate my story -- including my official dispatches from Tashkent and the government's demands that I change the text -- but when the government threatened legal action, I removed the documents from my book. I have continued to receive threatening letters; when Foreign Office lawyers argued that the government still retains copyright over all documents produced by the government (even if obtained through Freedom of Information laws), I had to remove them from my Web site.

These days I write, lecture and broadcast from London, where I live with my Uzbek girlfriend. The British government could no doubt prosecute me under our draconian Official Secrets Act, but I am confident they are too scared to have the facts of the case put before a jury. My book was finally published here this summer in its censored form. And the documents are still accessible on scores of Web sites with a little creative online searching. They support a story I have found as hard to tell in retirement as I found it hard to combat in office.

craigjmurray@tiscali.co.uk

Craig Murray, former British ambassador to Uzbekistan, is the author of "Murder in Samarkand" (Mainstream).

Banned In Britain (WP)

The Washington Post, September 3, 2006

Banned in Britain

It was a diplomatic war of words. On one side, Britain's outspoken envoy in Tashkent, Craig Murray, aiming to expose Uzbekistan's human rights abuses. On the other, Murray's superiors in Britain's Foreign and Commonwealth Office, seeking to rein in his criticisms -- and his behavior.

While writing his just-released memoir "Murder in Samarkand," Murray tried to publish several memos and telegrams documenting the FCO's efforts against him. However, he withdrew them after the British government threatened a lawsuit. The documents, excerpted below, are available at sites such as http://blairwatch.co.uk and http://dahrjamailiraq.com .

* * *

Shortly after reaching Tashkent in the summer of 2002, Murray voiced criticisms of human rights violations in Uzbekistan and U.S. policy in Central Asia. Simon Butt, head of the FCO's Eastern department, sent an e-mail about Murray to Michael Jay, chief of Britain's diplomatic services, on Oct 16, 2002:

. . . We are fast developing a problem with Craig Murray, who is using unclassified email pretty indiscriminately to fire off criticisms of the Uzbek regime, US policy etc . . . He has also sent the draft text of a speech he is shortly to give at a Freedom House meeting, which criticises the human rights situation in Uzbekistan in terms which are bound to infuriate the Uzbeks ("This country has made very little progress in moving away from the dictatorship of the Soviet period . . . no effective brake on the authority of a President who has failed to validate his position by facing genuine political opponents in anything resembling a free and fair election").

* * *

Charles Hill of the Eastern department sought to revise the text of Murray's Freedom House speech. He sent this letter to Murray on Oct 16:

Many thanks for sending a copy of your draft speech. It is hard-hitting, and one that (I think) Martin Luther King would have been proud of. But there are elements of it, as currently drafted, that I doubt should be delivered by an HMA [Her Majesty's Ambassador] Tashkent. Language which is too outspoken risks antagonising the Uzbek authorities, and undermining your mission (in both senses of the word) . . .

Nowhere in the speech is there any acknowledgement of the Soviet legacy Uzbekistan needs to overcome, or the genuine extremist/terrorist challenges it has had to grapple with . . . We do not accept Uzbek arguments that these problems justify human rights abuses, but we do seek to address them in recognising that . . .

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The best examples of what the FCO is on record as having said are in publications such as the Human Rights Reports . . . As you will see, on torture the Report says "Uzbekistan has a poor record of ensuring respect for human rights . . . We are concerned about reports of torture . . . etc etc". We would be content for you to jazz up the language of the Report somewhat, but expressions like "deep shame" "outrage" etc go too far.

* * *

On the eve of the U.S. invasion of Iraq, Murray sent a telegram to the FCO accusing the Bush administration of "double standards" for deciding to dismantle "the torture chambers and the rape rooms" in Iraq while treating the "systematic torture and rape" of the Karimov regime as "peccadilloes." Butt subsequently met with Murray in Uzbekistan and reported back to the FCO on April 16, 2003:

. . . Craig was unapologetic. What he had said needed saying. He had again received congratulatory emails from a number of other Posts which had received the telegram. These were issues about which he felt strongly, and which needed to be aired. His drafting style reflected his feelings. He was not prepared to compromise on principles to further his career. I did not dispute his right to air the issues (I myself met with the US Ambassador and queried whether US policy was too indulgent towards Uzbekistan). But he should cultivate a more measured and less emotional style, and should not seek to give the impression that he was the only person in the FCO with a conscience . . .

I ought to mention, without further comment, one further aspect of Craig's unconventional style. After a dinner in Samarkand, the rest of the party returned to our hotel. Craig, in the company of our young female LE [locally engaged] fixer, went off in search of a jazz club. I have heard from others that he has patronised strip clubs in Warsaw . . . But during my visit his demeanour was perfectly correct, and I picked up no signs whatsoever of familial tension while staying at the Residence. It is not particularly palatable to set these tales down, but they should be recorded somewhere. . .

Craig is likely to continue to speak as he finds. But he accepts the need to broaden his functions beyond being a powerful advocate of respect for human rights (and he has got us to raise our game on this).

Lopez Obrador Shows Strength On 2 Fronts (LAT)

By Sam Enriquez

The Los Angeles Times, September 3, 2006

Mexico's presidential runner-up proves he commands authority within the legislature as well as on the streets to push for change.

MEXICO CITY — By delivering a symbolic but stinging blow to the government of President Vicente Fox, losing presidential candidate Andres Manuel Lopez Obrador clinched the first round in his fight for a nonviolent revolution to transform Mexico.

The leftist leader harnessed the full support of his party's congressional delegation to block Fox from delivering his nationally televised State of the Nation speech Friday, humiliating the president and raising fears over his apparent inability to exercise authority against a growing opposition.

"The question becomes, is Mexico on the brink of political crisis? And you could say after Friday that it's entered that realm," said Armand Peschard-Sverdrup, a Mexico expert for the Center for Strategic and International Studies in Washington. "There doesn't seem to be a willingness to negotiate or compromise…. It's like two trains on a head-on collision course."

Authorities deployed thousands of federal police at the Congress building Friday, anticipating a rush by Lopez Obrador supporters who want a recount of the July 2 election, apparently won by conservative Felipe Calderon by less than 1 percentage point.

But Lopez Obrador called off his army of street demonstrators in the late afternoon. Instead, invited lawmakers of his Democratic Revolution Party, or PRD, rose from their seats that evening and took over the hall at a prearranged signal, presumably at the behest of Lopez Obrador.

The seizure of the congressional dais in the moments before Fox's speech revealed the twin strategies of Lopez Obrador to use street demonstrations and Mexico's legislature to hammer away at Fox, Calderon and their National Action Party, or PAN, analysts said.

Looking beyond the disputed election, Lopez Obrador is expected to use both means to try to steer Mexico back to a more protected economy, countering what he sees as unfair global competition that keeps half the country in poverty.

"If he were just a street guy, that'd be one thing," said Daniel Lund, a Mexico City-based political analyst and pollster. "But he's one of the best political operatives in the country. His goal for the PRD is to deepen their roots and build electorally."

In the last 10 years, first as party president and later as Mexico City mayor, Lopez Obrador helped his party win local, state and federal offices. Last month, the PRD elected its first governor of Chiapas state, defeating a rival who had the backing of a

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last-minute coalition of PAN and the Institutional Revolutionary Party, or PRI, which held the presidency for seven decades until Fox's victory in 2000.

Many had predicted fractures within the PRD this summer after Lopez Obrador directed weeks of street blockades and protest camps in the center of the capital that, though largely peaceful, snarled traffic, drove away business and alienated residents.

But even though his often strident speeches have scared away many former supporters, Lopez Obrador showed he maintained a firm grasp on his party, now the second-largest bloc in Mexico's newly elected Congress.

"Being able to stand up united and prevent the president from delivering his speech shows the strength of the movement," Peschard-Sverdrup said.

Lopez Obrador, 52, built his support from the mayor's office and the car caravans that crisscrossed the country in nearly 10 months of presidential campaigning.

The charismatic and fiery speaker filled plazas with the many poor who have fallen further behind under Mexico's decade-old move toward a free-market system.

"He believes in revolutionary nationalism: big government, social programs, protectionism and being self-sufficient in oil and natural gas," said George Grayson, a political science professor at the College of William & Mary in Virginia and author of a recent Lopez Obrador biography.

Lopez Obrador lost by 240,000 votes out of 41 million cast in an election he said was stolen on behalf of Calderon by Fox and his allies. His legal challenges have been rebuffed by Mexico's electoral tribunal, which is expected to name Calderon president by its constitutional deadline Wednesday. Fox's term ends Dec. 1.

Lopez Obrador's postelection campaign seeks to discredit the federal government and any Mexican politician or institution that fails to support his claim to the presidency. He's called for a national convention Sept. 16, Mexico's Independence Day, to discuss creating a parallel government.

"Granted, he exposed Mexico's Achilles' heel — that the have-nots haven't benefited to the extent that others have. But I just don't know whether it justifies unraveling Mexico's political system as a result," Peschard-Sverdrup said.

Meanwhile, Lopez Obrador's demonstrations have remained largely unchallenged, protected by the PRD's control over Mexico City, where the protests are centered.

With public opinion divided over the election results, mounting anger at demonstrators and a fear of violent clashes, Fox faces tremendous pressure to reach some accord with Lopez Obrador, an unlikely prospect at the moment, or deal more forcefully with protesters.

"The Fox administration has shown political restraint, but public opinion may force him to finally act," Peschard-Sverdrup said. "Not to mention that he could more easily take the political hit than an incoming Felipe Calderon."

Lopez Obrador retains a popular advantage among the working class here, seen as someone able to outsmart Fox, the police and the government.

Mexican political analyst Leo Zuckerman said, "The real winner was Andres Manuel Lopez Obrador, who continues to look like a great political leader versus a president who, although still popular, has a fading image."

Angola: Chávez In A New Oil Relationship (NYT)

By Simon Romero

The New York Times, September 3, 2006

President Hugo Chávez of Venezuela reached an agreement this week with his counterpart in Angola, José Eduardo dos Santos, for the two countries to work jointly on oil and natural gas exploration projects. Though no formal ventures have been established, the agreement would allow the national oil company Petróleos de Venezuela to assist Sonangol, Angola's state-controlled oil group, in its offshore exploration efforts. Mr. Chávez has been trying to forge stronger political ties with West African nations through energy agreements and contracts to buy exports like cotton, in efforts to enhance Venezuela's influence in the region and expand membership of OPEC.

Caracas Mayor Lays Claim To Golf Links To House Poor (NYT)

By Simon Romero

The New York Times, September 3, 2006

CARACAS, Venezuela, Sept. 2 — No place in this country symbolizes the resilience of Venezuela's moneyed elite more than the Caracas Country Club, a bastion of tropical luxury from the 1920's, conceived in part for foreign oilmen and designed by American landscape architects who invoked the feeling of a vast coffee plantation.

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So imagine the reactions in Caracas, a city choked by shantytowns and traffic congestion, when the mayor ordered the "forced acquisition" this week of the club's 18-hole golf course, and another exclusive course near the United States Embassy, to make way for homes for as many as 11,500 poor families.

"We've done studies that show that 20 families survive for a week on what's needed to maintain each square meter of grass on a golf course," said Juan Barreto, the mayor and a close ally of President Hugo Chávez. "Their use is private and benefits certain sectors which are not the middle class or the poor."

This is not the first volley against private property rights. Mr. Chávez's government has tried for years to alleviate a severe housing shortage. Pro-Chávez politicians have put upscale districts of Caracas in their crosshairs, allowing squatters to occupy apartments in some residential buildings and considering measures that would expropriate apartments owned by landlords who control more than three properties.

Still, nothing touched a nerve in relation to property rights like Mr. Barreto's declaration, broadcast on state television. Even within Mr. Chávez's normally unified government, fissures erupted. Officials wanting to further radicalize Venezuela's socialist-inspired economic policies applauded the decision, while the vice president, José Vicente Rangel, derided it.

"The federal government does not share the decision to forcefully acquire the golf courses of Valle Arriba and the Caracas Country Club," Mr. Rangel said in a statement on Wednesday, adding that the expropriations would be "the exclusive responsibility" of the municipal government for Caracas.

Teodoro Petkoff, an opposition politician and editor of the daily newspaper Tal Cual, alluded to the Bolsheviks in saying that Mr. Barreto, "in his megalomaniacal delirium, must consider this comparable to the storming of the Winter Palace in St. Petersburg in 1917." Mr. Barreto, meanwhile, said he would take the case to the country's Supreme Court.

Almost lost in the uproar was the housing crisis that led the mayor to rattle well-heeled Caraqueños in the first place. Official estimates suggest Venezuela needs 1.7 million new homes to meet low-income housing needs, even though 35,000 such units were built in the first half of the year.

The housing shortage has been decades in the making, created by mass migration to Caracas and other cities from the countryside and natural disasters, like mudslides and Hurricane Mitch in 1998, that left more than 400,000 people homeless and destroyed more than 60,000 homes. Rising prices for new homes, as Venezuela's economic growth has surged by 9 percent this year, have also put owning an apartment out of reach for many people.

Anemic efforts by private construction companies to build low-income housing and a lack of new homes to keep up with population growth in this country of 27 million people have worsened the problem.

Earlier oil windfalls have encouraged the view that the government is almost exclusively responsible for solving housing deficits, according to Carlos Machado, who specializes in real estate and land issues at the Institute of Higher Administrative Studies, a business school here.

That view has only been strengthened by what Mr. Chávez calls his Bolivarian Revolution, an ambitious program to lift the living standards of the poor financed by oil revenues that could exceed $50 billion this year.

But the problem has been a persistent headache for Mr. Chávez, who created the post of housing minister in 2004, and in July named his third: Ramón Carrizales. Mr. Chávez has publicly criticized housing officials for not adequately addressing the crisis, and recently began reaching out to foreign construction companies.

During Mr. Chávez's recent visit to China, Venezuela reached a $1.2 billion deal with the Chinese conglomerate Citic to build 20,000 homes over the next two years.

Construction companies from Brazil, Uruguay and Iran have similar deals with Venezuela's government, part of a broad effort to award contracts to non-American companies.

However, none of the deals are coming together quickly enough to produce the new homes needed in Caracas, a densely populated city of four million. Here, the housing shortage is most acute, and worries over how it will be dealt with have sent the real estate market spinning.

Landlords have flooded the market with apartments for sale, fearful of the measures, some in effect and others under consideration, that would allow more expropriations and bolster the rights of tenants and squatters.

Rentals are so scarce that rents have skyrocketed to as much as $7,000 a month for a three- or four-bedroom apartment near the two golf courses. "The way people react is that you'll find that there's much less property available for lease or for rent, and more property available for sale," said George Kastner, executive director of Coldwell Banker in Venezuela.

Already, squatters occupy units in more than 140 buildings in Caracas, either illegally or with the approval of city officials. Mayor Barreto, who once pursued doctoral studies in sociology, has ordered more than a dozen takeovers of buildings, including a 96-unit residential complex in El Rosal, a district with soaring postmodern office towers and the Caracas stock exchange.

Mr. Barreto made apartments in the building available to families of firefighters who were homeless or had to commute from far-flung areas to Caracas to work. The firefighters now live in 46 of the building's one- and two-bedroom apartments.

"This is simply our new reality," said Víctor Marval Marcano, an official with Constructora Cohen, the company that owns the building, which is called Rosal Plaza. "We've had cordial discussions with the mayor's office, and we're awaiting payment from the government for the units that have been taken over."

Payment for the golf courses, according to Carlos Escarrá, a constitutional lawyer and top pro-Chávez legislator in the National Assembly, should be "just and opportune."

"If there's agreement on the amount of the payment, then it's over," Mr. Escarrá told reporters. "But if not, then this goes into a judicial phase."

If that occurs, the golf club takeovers may well bog down in Venezuela's byzantine bureaucracy and legal system. By week's end, the mayor's opponents seemed almost nonchalant. "One has to laugh, because sincerely this is a country where everyone rules and no one obeys," Fernando Zozaya, president of the Caracas Country Club, said in an interview.

It would be too easy, perhaps, to accept such sentiment as a bookend to the dispute in a city where protesters gather daily at the government's housing bank in El Rosal to demand new homes. The protesters, who are occasionally dispersed by tear gas, expressed glee at the chance to become neighbors of Venezuela's elite.

"Golf is a beautiful game that I've seen on television, but if that's where I belong, then so be it," Roberto Carlos Valdez, 41, a street vendor, said during a protest this week. "All I want is a roof over my children."

As German Leader's Status Soars Abroad, Her Image Takes A Tumble Back Home (NYT)

By Mark Landler

The New York Times, September 3, 2006

BERLIN, Sept. 1 — With Germany set to deploy a naval contingent of more than 1,000 troops to Lebanon, where it will join a multinational peacekeeping force, Chancellor Angela Merkel is charting a more assertive role for her country, and herself, on the global stage.

Yet Mrs. Merkel, whom Forbes magazine this week designated as the world's most powerful woman, is struggling at home — the victim of eroding public support, infighting in her party and the need to reconcile the competing interests of a balky "grand coalition" government, which has hampered her ability to take bold steps.

"Merkel is more a moderator than a leader, and this is her biggest problem," said Wolfgang Nowak, a former adviser to Gerhard Schröder, who is now an executive at Deutsche Bank. "People want a real leader."

The doubts about Mrs. Merkel have been crystallized in a new poll that shows only 30 percent of voters approve of her Christian Democrats, who govern with the rival Social Democrats.

In a separate survey, her personal approval rating tumbled to 37 percent, from 55 percent in January. The polling company Forsa conducted the telephone surveys, each of 2,501 people and with a margin of error of 2.5 percentage points, for Stern magazine.

Those results make her government scarcely more popular than the previous one, led by Mr. Schröder, which Mrs. Merkel, 52, nudged out of office after an election a year ago this month.

It is an abrupt comedown for a politician who only two months ago was presiding over a rapturous World Cup soccer tournament in Germany. The balmy sunshine of those days is a fading memory, replaced by a more familiar gloom, both in the leaden German skies and the sentiment of the people.

How much of this pessimism is Mrs. Merkel's fault is open to debate. She recently returned from a summer vacation of hiking in the Italian Alps, claiming to be full of confidence. Germany's reinvigorated economy, she said, proved that it was no longer "the sick man of Europe."

Committing troops to a conflict that involves Israel is another milestone in expanding Germany's role in the world. Some analysts contend that Mrs. Merkel's position is firmer than the poll numbers suggest. She has no serious rivals for the chancellorship, her coalition is stable — if awkward to manage — and her party faces no major regional elections of the kind that hobbled Mr. Schröder until 2008.

A spokesman for Mrs. Merkel, Ulrich Wilhelm, said other polls painted a less bleak picture and criticism was inevitable. The chancellor, he agreed, has played the role of a moderator.

"But that doesn't mean she has no goals," Mr. Wilhelm said. "She is just pursuing her goals in a different style."

With the leaders of Britain and France in their twilight, Mrs. Merkel, a physicist-turned-politician who barely squeaked into office, could yet become the dominant figure on the European political scene — sharing the stage, perhaps, with Italy's recently elected leader, Romano Prodi.

And yet, at home, Mrs. Merkel's leadership has been vague and indecisive, in the view of many analysts. Her first stab at economic change — an overhaul of Germany's unwieldy, expensive health care system — was condemned across the political spectrum as a weak-kneed compromise.

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With other key changes, like opening up the calcified labor market, hard to pursue because of resistance from the Social Democrats and even elements in her own party, Mrs. Merkel has been unable to sketch out a plan for how she plans to tackle Germany's deep-seated problems.

"The government's broader goals are no longer visible," said Paul Nolte, a professor of modern history at the Free University of Berlin. "I think she would like to be bolder, but she feels very chained by the grand coalition. There is very little room for her to maneuver."

This domestic drift is in sharp contrast to foreign policy, where Mrs. Merkel has shown a surprisingly sure hand.

From repairing Germany's frayed ties with the United States to mediating among bickering European neighbors, analysts credit the chancellor with the instincts of a seasoned diplomat.

"She's had a great start in a field that's new to her," said John C. Kornblum, a former American ambassador to Germany and the chairman of the Lazard investment bank here. "She has a clear, honest style. It shows what having a healthy psychological makeup can do for you."

Few have responded more warmly to her forthright approach than President Bush, who visited Mrs. Merkel two months ago in her parliamentary constituency in eastern Germany, and gave her a playful — if ill-received — shoulder rub at a summit meeting in St. Petersburg, Russia.

Despite its growing self-confidence, Germany's decision to join the peacekeeping force in Lebanon could still be perilous for Mrs. Merkel. Germans, because of the Holocaust, have deep qualms about entering any conflict that could put their troops in a confrontation with Israeli soldiers.

Germany's solution — to send naval forces that will patrol Lebanese waters, but not ground troops — has defused the issue here so far. Polls show that Germans are divided about being involved, but it has aroused little debate, in part because both major parties support it.

"It's not a sensational step, but it is one more step in the 10-year evolution of German foreign policy," said Karsten D. Voigt, the coordinator of German-American cooperation in the Foreign Ministry.

Germany had begun taking a more assertive role — deploying troops to Afghanistan, for example — under the Schröder government.

Next year, Mrs. Merkel will get many more chances to stride on the world stage. Germany will have the rotating presidencies of the European Union and the Group of 8 countries, which is scheduled to meet in June at a Baltic seaside resort.

No amount of international acclaim, however, will shield Mrs. Merkel if she fails to confront homegrown problems, analysts say. These include Germany's chronic double-digit inflation and a health care system that is going bankrupt because of rising costs and an aging population.

Many of Mrs. Merkel's woes were foretold by the election, which produced no clear winner and was interpreted as a sign that German voters opposed radical changes of the kind she has long advocated.

"The dilemma facing Merkel is that if she lays out a bold course, even her own party won't follow her," Mr. Nowak said. "But if she keeps her true motives hidden, the electorate won't follow her."

Faced with this riddle, some analysts say, Mrs. Merkel is right to move gingerly and keep her long-term plans vague.

She hopes to streamline corporate taxes to make Germany more attractive to industry.

And despite the criticism of economists, she is sticking to plans to increase the valued-added tax to 19 percent, from 16 percent, in 2007 to cut a ballooning federal budget deficit.

Germany's rising economic fortunes give Mrs. Merkel something of a tailwind. The economy is likely to grow at its fastest rate in years in 2006, and unemployment has declined slightly.

"Nobody actually wanted this grand coalition," said Richard Hilmer, managing director of the polling firm Infratest Dimap. "People aren't happy with the situation, but they know it's only the beginning."

France Deports More Illegal Immigrants, But Shies From Children (NYT)

By Katrin Bennhold

The New York Times, September 3, 2006

PARIS, Sept. 2 — France has accelerated its deportation of illegal immigrants and is more than halfway toward its 2006 target of 25,000, the Interior Ministry says, but with a new school year approaching the government appears to have largely refrained from expelling families with school-age children.

The interior minister, Nicolas Sarkozy, vowed to step up the pace of expulsions after suburban riots last fall in areas largely inhabited by people of foreign extraction. The deportations — mainly of Africans, Asians and East Europeans — reached 12,716 as of July 31 and sped up in August, said Franck Louvrier, a spokesman for Mr. Sarkozy.

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But while support for stemming illegal immigration is broad, Mr. Sarkozy — a contender in presidential elections only eight months away — must also contend with the public's sympathy for children threatened by expulsion. That was in full view on Wednesday, when passengers on an Air France flight to Lagos tried to prevent the plane from taking off after they learned that a Nigerian youth was being deported. In the spring, after parents and teachers hid children without legal status, Mr. Sarkozy froze deportations until the end of the school year and offered to legalize 6,000 families. Nearly 30,000 have applied.

Since early July, only four high school students and two primary school pupils are known to have been deported, according to the Education Without Borders Network, which has organized protests and collected more than 100,000 signatures in its campaign to protect children from deportation. "Sarkozy knows this is political dynamite," said Richard Moyon, a founder of the network. "I don't think he can afford to go after the tens of thousands of children who are in France illegally."

France has 4.9 million immigrants, slightly more than 8 percent of the population, according to Insee, the national statistics office. The government estimates that 200,000 to 400,000 foreigners are here illegally.

The incident on Wednesday involved Jeff Babatunde, 19, a Nigerian who arrived in France illegally in 2004 and was arrested Aug. 1. He says his mother was an advocate of political causes in Nigeria and was shot in a demonstration in 2004, leaving him without family there. The government says there is no evidence to support his story.

His flight back to Nigeria left from Charles de Gaulle Airport, and advocates and opposition politicians including Jack Lang, a former Socialist education minister and current presidential contender, demonstrated. Two passengers were arrested when a protest erupted on the plane.

France has other high-profile immigrant cases. In Limoges, in central France, 44 Africans are on their fourth week of a hunger strike, trying to force the government to give them residency papers.

At the same time, the far right accuses Mr. Sarkozy of being too soft.

This week, Jean-Marie Le Pen, the leader of the National Front, went on the attack after an Algerian immigrant and former prison inmate who was saved from deportation by Mr. Sarkozy three years ago stole a car and burst through police barriers outside a building where Prime Minister Dominique de Villepin was speaking. In 2003, Mr. Sarkozy repealed the longstanding practice of expelling immigrants convicted of crimes after they had served their prison terms.

Mr. Sarkozy said the Algerian, Cherif Bouchelaleg, should be punished severely, but he stood by his repeal of double jeopardy laws. "It's not about sending him away, because he'd just come back," he said. "The issue is the severest possible punishment for repeat offenders."

Many Panamanians Say No To Canal Upgrade (NYT)

By Marc Lacey

The New York Times, September 3, 2006

PANAMA — Once the equivalent of a modern, multilane highway, the Panama Canal may be on the verge, say those who run it, of becoming something closer to an old, congested country road.

The increasing number of ships hovering off shore awaiting a chance to cross the isthmus is just one sign of the 92-year-old canal's status as a bottleneck. On top of that, hundreds of modern superships are too wide to squeeze into the canal's aging locks at all.

All this would seem to be evidence of the need to modernize the canal. But a government plan to do that, which Panamanians will vote on in a referendum in October, may be in danger of failing because of a host of considerations that say much about this country's difficult past and challenging present.

The canal means everything to Panamanians, who view it as Saudis might view their oil or Kenyans their wildlife. It is what makes their tiny country stand out on the map and generates a good portion of its outside income.

For so long, though, the canal was controlled by someone else. Taking possession of it from the United States in 1999 was a source of enormous pride for Panama, especially since canal authorities subsequently dispelled fears that the withdrawal of American experts would turn it into a flop.

Nonetheless, many Panamanians intend to vote against the expansion plan, which would construct new three-step locks on either end of the canal. They intend to ignore government cries that doing so could prompt shippers to seek alternate routes and could turn the canal into an outmoded ditch.

"I've heard all that, and I'm still voting no," said Tomás Drohan, who recently retired as chief engineer of the Panama Canal Authority and is a vocal critic of the expansion plan.

Although Mr. Drohan recognizes the need for a bigger canal, he predicts the project will cost considerably more than the $5.2 billion the government estimates. He also says he is sure that the corruption that pervades the upper reaches of Panamanian society will find its way into this megaproject, which is almost as large as the country's annual $6.5 billion budget.

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Such concerns about Panama's decision makers are widespread here, prompting many to question the project, which would begin next year if approved. No one is certain just how strong the "no" movement is, but the outspokenness of the opposition has surprised those in government who had expected Panamanians to back their canal reflexively.

"This is supposedly for us, the next generation," said Razne Pette, 26, a student leader who opposes the project. "And of course we don't want it to become out of date. But we know the politicians in this country, and we know they are drooling at the thought of such a big project."

President Martín Torrijos, whose government is pushing hard for a yes vote, scoffs at the notion that all politicians are corrupt. "It's like if I said that all men cheat on women," he told reporters recently. "Some of them do, but not all. Ah!"

Looking back provides part of the reason for the skepticism. Dictators, including Mr. Torrijos's father, have ruled Panama for a good chunk of its history. And even the arrival of better governance, and a campaign by Mr. Torrijos to clamp down on corruption, has not wiped out the scandals or the doubts that Panamanians have about the country's wealthy ruling clique.

Although Panama's economy has benefited significantly from canal spinoffs, like a thriving banking sector, about 40 percent of the population lives in poverty. For them, the canal is a source of pride but one they contend benefits them little.

"You can walk around and see all the big buildings here and think you're in Geneva," said Miguel Antonio Bernal, a law professor and advocate who is leading the opposition. "But keep walking, and you're in Haiti."

Adding a third lane to the canal, which would speed up traffic, has been talked about in one form or another for decades. The United States even began excavation for such a project as early as the 1930's, although the advent of World War II ended that expansion.

In the final years of American control of the canal, a joint study by the governments of the United States, Japan and Panama concluded that the canal would reach its maximum capacity in this century and that its banks needed to be widened. But the question of who would finance the effort was put off.

"The case is so compelling for it," said Robert Pastor, director of the Center for North American Studies at American University.

The latest effort, which would allow some of the world's largest vessels to navigate the canal with room to spare, is purely Panamanian. The government here hatched it and plans to finance it without the involvement of foreign governments.

The Bush administration has largely remained neutral, portraying the plan as a decision that is up to Panamanians. But during a visit to Panama last fall, before the latest plan was unveiled, President Bush said, "It's in our nation's interest that this canal be modernized."

The plan has won the support of the maritime industry, even though shipping companies would bear much of the cost through increased fees. Bank loans would make up the rest, canal authorities say, pointing out that the canal itself would not be put up for collateral.

The government says the revenue the canal generates, which now exceeds $1 billion a year, would grow considerably with a new and improved canal. But just where that money would go remains a concern to many Panamanians.

The Torrijos administration has proposed a national dialogue on how best to spend canal revenues, but many remain suspicious that his effort would begin only after the referendum is approved.

"This vote is holding the government's feet to the fire," said a Western diplomat monitoring the referendum, who declined to be identified because he did have his government's permission to speak on the topic. "It's healthy to have the Panamanian people have a role in how the canal's funds will be used."

Panamanians have used past referendums to voice their discontent. But the effect of a no vote this time around remains a subject of fierce debate. Would it force the government to acknowledge the masses and begin spending canal revenue to improve education and health care, to name just a couple of areas in considerable need?

Or would it send a message to the world that Panama is unstable and that alternate trade routes might be worth exploring?

"This project is not only for the rich," argued Alberto Alemán Zubieta, the administrator of the canal and the lead advocate of expanding it. "This is for the benefit of this country. This is like our petroleum."

But after fervently defending the expansion project in an interview, Mr. Alemán turned philosophical and acknowledged that the ongoing debate was healthy.

"What's beautiful about this is that whatever decision we make is being made by us," he said. "This is about more than just building a bigger canal. We're talking about building our country."

Aid Agencies Warn Of Sri Lanka Problems (AP)

By Cassie Biggs, Associated Press Writer

AP, September 3, 2006

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Aid workers warned Saturday of a humanitarian catastrophe if the United Nations and Red Cross pull out of Sri Lanka, where agency staff are facing mounting restrictions and threats to their safety amid a worsening civil conflict.

U.N. agencies and the International Committee of the Red Cross are the only relief groups with access to some parts of the north and east, where the government is locked in fierce battles with Tamil Tiger rebels. Hundreds of thousands of mostly ethnic Tamils in those areas are facing food, water and other shortages.

In the last few days, the U.N. and the ICRC have both warned that if security does not improve for staff in the country, they could stop their operations.

The warnings come after independent monitors of Sri Lanka's all-but-defunct 2002 cease-fire said they were convinced that security forces were behind the killings of 17 local staff for an international aid agency, Action Against Hunger, earlier this month. The government has vehemently rejected the allegation.

"If we felt that our staff were not safe, we would not operate," Reto Meister, ICRC delegate-general for Asia-Pacific, told reporters in Geneva on Friday.

His warning followed a similar word of caution by U.N. humanitarian chief Jan Egeland.

"We cannot continue in this area unless we know that people will be held accountable for the execution of 17 of our colleagues," Egeland said in New York.

Aid workers warned that such a situation would be a catastrophe for the nearly 220,000 people who have been displaced by the last five months of near-daily shelling, air strikes and artillery battles in the north and east, where the Tigers are fighting to establish a separate Tamil homeland.

Sri Lanka's navy said Saturday it sank 12 Tamil Tiger boats, including five suicide craft, and killed as many as 100 rebel fighters during a fierce six-hour sea battle off the country's northern coast.

The fighting broke out late Friday when about 20 boats belonging to the Tigers' fierce sea wing attacked a navy patrol near Kankasanthurai harbor, to the east of the northern Jaffna peninsula, navy spokesman Commander D.K.P. Dassanayake said.

"At a time when more people are increasingly in need, and aid agencies need more humanitarian space to work, the government is trying to limit our space. If the U.N. agencies pull out, it would be a catastrophe," said one aid worker who requested anonymity, fearing that speaking publicly on the matter would jeopardize his agency's work in the country.

As fighting between separatist rebels and the government has escalated, aid workers have been hit with a slew of new travel and work restrictions, mostly in conflict zones where there are sizable ethnic Tamil populations.

Some aid workers and human rights groups have suggested the government and rebels do not want "external witnesses" in these areas, but the government says the restrictions are to protect the safety of aid agency staff.

Over the last few weeks, aid workers have been "stopped, blocked and intimidated" by security forces in eastern Trincomalee, Batticaloa and Ampara districts demanding to see nonexistent Ministry of Defense registrations, said another foreign aid worker, also requesting anonymity.

While the Ministry of Defense in Colombo has assured aid agencies that they do not need the registration, the message has failed to filter down to security forces on the ground, said Jeevan Thiagarajah, executive director of the Consortium of Humanitarian Agencies, an umbrella group for local and international aid agencies in Sri Lanka.

"The government and the (rebels) need to be up front and say that they will not impede or harm humanitarian workers or their work," Thiagarajah said.

"Right now, we are getting mixed messages. The government is saying that it doing its best to help us, but on the ground it is a different story," he said.

Hundreds of aid workers also are still waiting for newly introduced work permits, despite submitting applications months before the Aug. 31 deadline.

Associated Press Writer Bharatha Mallawarachi contributed to this report.

Accommodating Genocide (WP)

By Eric Reeves

The Washington Post, September 3, 2006

In the face of ongoing genocide in Darfur, the international community's failure to accept the "responsibility to protect" (that's United Nations language, officially adopted) innocent civilian lives has taken its last, abject form. The National Islamic Front (NIF) regime in Khartoum, made up of the very men who have for more than three years orchestrated the systematic destruction of Darfur's African tribal populations, has been told directly and unambiguously that there will be no U.N. peacemaking force without its consent.

In the revealing words of British U.N. Ambassador Emyr Jones Parry, Khartoum's agreement to U.N. deployment "is quite crucial" to taking any meaningful action. Jones Parry's words have been repeated explicitly by U.N. and U.S. officials, as well as

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officials of other countries possessing the military resources that are the only possible source of protection for approximately 4 million people in Darfur and eastern Chad -- people whom the United Nations describes as "conflict-affected" and in growing need of humanitarian assistance.

In short, the international community has conferred upon the genocidaires the power to veto deployment of the very force that might halt an accelerating slide toward catastrophic human destruction.

Given present trends (Khartoum has launched a major military offensive in northern Darfur) and the woeful inadequacy of the present African Union monitoring force -- and presuming no intervention to protect civilians or the humanitarian efforts upon which they depend -- mortality in Darfur over the next year could exceed the present death toll of about half a million human beings, some 10,000 people a week.

This is a moment that requires the utmost clarity, both moral and political. Secretary General Kofi Annan, on the basis of a detailed U.N. assessment, proposed a robust force of some 24,000 troops and security personnel. In turn, the Security Council has just passed a U.S.-U.K. resolution guided by Annan's proposal. But despite the rapid deterioration of security throughout Darfur, Khartoum has been assured that there will be no actual deployment of U.N. forces without its consent.

The Sudanese regime has been powerfully encouraged by these repeated assurances. Moreover, the NIF has diplomatic backing from the Arab League in opposing any U.N. deployment, along with expedient support from countries such as Eritrea.

These circumstances force a question that has been skirted not only by governments but by human rights and policy organizations, as well as advocacy groups, newspaper editorials and American politicians (including all in Congress who voted in July 2004 to declare that the situation in Darfur constitutes genocide): With the clear prospect of humanitarian collapse and massive civilian destruction, will the world continue to defer to Khartoum's claims of national sovereignty? Has the grim shadow of Iraq, and fallout from the crisis in Lebanon, paralyzed the Western democracies in responding to a terrible "genocide by attrition" among the African tribal populations of Darfur?

Further, does the fact that Sudan is regarded as Islamic and Arab protect its government from being held responsible for the ultimate crime? All too much evidence suggests that the answer, on all counts, is yes.

This is obscured by the continuing pretense that Khartoum's stubborn resistance will somehow collapse simply because the Security Council has passed an essentially hortatory resolution. Ten previous, and essentially ineffectual, resolutions should disabuse all but the most naive of this notion. The continually invoked threat of sanctions has proved thoroughly empty: To date one mid-level (and retired) member of the NIF military and security apparatus has been subjected to sanctions. China and Russia are adamantly opposed to further sanctions, and Khartoum is thoroughly inured to such vacuous threats.

Moreover, continual assurances by U.N. and Western officials that no deployment of forces is contemplated without Khartoum's consent are mirrored in the advocacy posture of human rights and policy organizations that refuse to ask the difficult but essential question: Will the world intervene to stop genocide if the genocidal regime refuses to accept such intervention?

The U.N. World Summit of September 2005 produced an "outcome document" (unanimously endorsed) that commits the international community to a "responsibility to protect" civilians who are victims of genocide, ethnic cleansing or crimes against humanity. This "responsibility" was explicitly framed as superseding claims of national sovereignty such as Khartoum continues to assert. If the world fails to intervene in Darfur, with or without the consent of Sudan's government, the fleeting ideal of an international "responsibility to protect" civilians at the most acute risk will have collapsed -- another consequential casualty of Darfur's genocide.

The writer is a professor at Smith College.

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Attachments:	agnb060902.pdf; agnb060902.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, SEPTEMBER 2, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

DOJ Seeks Stay On Order Against NSA Terrorist Monitoring Program 4
DOJ Argues Against Release Of Document In Oregon Eavesdropping Case 4
Bush Seeks To Define War Against Terrorism As International Threat 4
Suspects In Miami Terror Plot Accuse FBI Of Entrapment 6
Canada To Increase Border Security Gradually 6
Father Of Guantanamo Detainee Calls For Administration To Charge Or Free Son 6

Homeland Response:

US Seen As Still Vulnerable, Despite Increased Counter-Terror Efforts 7
Experts Warn Public To Expect Continued Delays As Airlines Tighten Security 7
Transportation IG Recommends Disciplinary Action Against FAA Executives Over 9/11 Testimony 7
9/11 Conspiracy Theories Debunked By Two Recent Federal Reports 7
9/11 Documentary To Be Shown Late Night To Avoid Indecency Fines 8
FEMA Seen As More Prepared 8
Many Displaced By Katrina Not Expecting To Return To New Orleans 8
Ernesto Threatens Flooding Throughout Mid-Atlantic States 8

War News:

Bush Said To Shift Focus From Benefits Of Victory To Costs Of Failure In Iraq 9
Democrats Seek Vote On Rumsfeld 10
Pentagon Report Details Deteriorating Security In Iraq 11
Gasoline Easier To Buy In Iraq 12
Kurdish President Replaces Iraqi Flag 13
Taliban Truce Seen As "Backfiring." 14
Indian Company Implicated In Oil For Food 14

DOJ:

Georgia US Attorney Returns From Iraq Mission 14
Catholic Sister Retires From Career With DOJ 14

Corporate Scandals:

List Of Potential Witnesses In Nacchio Case Disclosed 15
SEC Joins DOJ In Defending PCAOB Against Constitutional Challenge 15

Criminal Law:

Former Detroit City Councilman Convicted Of Theft, Bank Fraud 15
Armitage Revelation Spurs Debate Over Fitzgerald's Handling Of Plame Probe 16
Former Alabama Mayor, Two Others Convicted In Bribery Scheme 16
Stevens' Son Among Alaska Legislators Targeted By FBI Raid 17
New York ELF Arsonist Sentenced To Six Months In Federal Prison Camp 17

Civil Law:

Tobacco Companies Seek To Continue Selling "Light," "Low-Tar" Cigarettes 17

Civil Rights:

DOJ, EEOC Side With Religious Objector Over Union Dues 18
DOJ Helping Improve Racial Tensions At U-Missouri-Kansas City 18
DOJ Settles Sex Harassment Cases Against Twin Cities Landlords 18
Judge Delays Most Of Order Allowing Felon Voting Rights 18
Few Overseas Soldiers Voted In Alabama Runoff Election 19
Judge Suspends Ohio Voter Registration Rules 19

Georgia State Election Board Votes To Notify Voters Of Need For Official ID At Polls 19

Antitrust:

FTC Battles Drug Makers' Payments To Generic Competitors 19

Environment/Indian Affairs:

Judge Rules Fish And Wildlife Service Broke Law In Opening 37 Refuges To Hunting 20
Energy Department "Dismantling" Office of Environment, Safety and Health 20
Bipartisan Opposition Dooms Plan To Sell National Forest Land 20
National Parks' Rules Boost Clout Of Neighboring Communities 21
Salmon Industry Looks To Congress After California Assembly Fails To Pass Bailout 21
Rains Slow Wildfires In Montana 21
Schwarzenegger Describes His Interest In Combating Global Warming 21
California Lawmakers Reject Increase In Indian Gambling 21

FBI/DEA/ATF/USMS:

Tough Drug Policies Said To Result In Lower Rates Of Use 22
Writers Argue Againist "No-Knock" Raids 22
DEA Agent Says Memo Destroyed His Career 22

Immigration:

Bush's Immigration Reform Proposal Called "Likely Dead For The Year." 23

Tax:

US Cites Tax Scheme In Suit Against California Man 24
IRS Sues Former NFL Quarterback Stabler Over Unpaid Taxes 24
IRS Failure To Update Program May Have Cost $318 Million In Improper Tax Refunds 24
New Tax Law Hurts US Citizens Working Abroad 24

Congress-Administration:

Interceptor Missile Hits Target 25
China Policy Seen As Focus Of Paulson's Trip To Asia 26
Trade Deals Facing More Hurdles In Congress 26
Embattled House Republicans Seek Another Minimum Wage Vote 26
VA Response To Data Theft Criticized 26
NASA Awards Spacecraft Contract To Lockheed Martin 26
Dowd Thinks Bush Could Learn From Reading Shakespeare 27
Congress Urged To Approve Limited-Term Licensing Of Drugs 27

Other News:

Labor Report Shows Jobs And Wages Up, Jobless Rate Down 27
Stocks Respond Favorably To Economic Reports 29
Gas Prices Drop Dramatically 30
Bernanke Visits His Hometown In South Carolina 30
Nevada Politics Invigorated By Democrats' New Primary Schedule 31
Clinton Using Reelection Campaign To Showcase Her Appeal To Moderates 31
Talent Has Pulled To Within One Point Of McCaskill According To New Poll 31
Santorum Enlists Dole And Others In Effort To Close "Yawning Gender Gap." 31
Kennedy-Klobuchar Debate Turns Acrimonious Quickly 32
McGavick Admits To 1993 Drunk Driving Incident 32
Kristol And Former Bush Officials Air Ads On Behalf Of Lieberman 32
Corker And Ford Seen As Representing Their Parties' Moderate Wings 32
"Culture Of Scandal" Seen As Far From Most Voters' Most Pressing Concern 32
Five Candidates File To Run In Special Election For DeLay's Seat 32
Four Candidates Promote Their Endorsements In NY11 33
Judge Denies Request For New GOP Primary In NV2 33
MN6 DFL Candidate Wetterling Announces Proposal For "Tax Breaks For The Middle Class." 33
Allegations Fail To Cut Into Spitzer's Lead Over Rivals 33
Ehrlich Has Almost Twice As Much Cash On Hand As O'Malley 34
Pew Study Finds Americans Have Mixed Views On Religion And Public Life 34
Assisted Living Facilities In Greater Demand As States Seek To Reduce Medicaid Costs 34
1,500 AP Tests And 2,700 Teacher Licensing Tests Lost Or Misplaced 34
More Students Begin Study At Community Colleges But Few Graduate 35
Nature Corrects Press Release On Stem Cell Generation Technique 35
Pittsburgh Mayor Dies Of Brain Cancer 35
GOP Urged To Seek Votes Among Small Government Voters Of Interior West 35

DOJ_NMG_0057760

Russia "Casts Doubt" On Iran Sanctions 35
US Envoy On Human Rights To Inspect North Korean Complex 36
Annan Gets Pledge From Syria To Keep Arms Out Of Lebanon 37
Israeli Defense Minister Calls For War Investigation 37
Continued Lack Of Wages Has Palestinians Blaming Authority 38
US Seeks To Add Burma To UN Security Council Agenda ... 38
UN Investigation Accuses Official Of Corruption 39
Sudanese Government "Launched Major Offensive" In Darfur 39
VOA Head Accused Of Misconduct 39
Blair Won't Announce Departure Date 39
Data Suggests Eurozone Grew Faster Than Previously Thought 39
Likely Next Japanese PM Calls For Revising Constitution 39
Prodded By US, IMF Board Endorses Giving China, Others More Say In Policies 40
Fox Prevented From Delivering State Of The Union By Opposition Lawmakers 40
Chavez Visits Castro As He Recovers 40
Kosovo Negotiations Complicated By Serbian Reaction To Remarks By UN Mediator 40
Pope To Discuss Evolution With Former Students 41

The Big Picture:

Headlines From Today's Front Pages 41

Washington's Schedule:

Today's Events In Washington 42
Other 42

DOJ_NMG_0057761

TERRORISM NEWS:

DOJ Seeks Stay On Order Against NSA Terrorist Monitoring Program. The CBS Evening News (9/1, story 11, 0:10, Mitchell, 7.66M) reported, "The White House today asked a Federal judge to put off an order to halt the government's warrantless wire tapping. That is the same judge who ruled the wiretaps unconstitutional last month. The Justice Department says ending the program would threaten national security and leave the US more vulnerable to terrorist attack."

The AP (9/2, Shrader) notes the ACLU "will oppose a stay, but agreed to delay enforcement of the injunction until Taylor hears arguments Sept. 7." ACLU attorney Melissa Goodman said, "Every time the NSA engages in warrantless wiretapping, they are violating the law and the United States Constitution." But the DOJ argues "that Taylor's verdict is overly broad because it calls for an end to the program entirely, not just with respect to the ACLU and the suit's other plaintiffs." The DOJ "also argued that the judge's decision is flawed because classified facts needed to evaluate the case are protected under the so-called 'state secrets' privilege."

DOJ Argues Against Release Of Document In Oregon Eavesdropping Case. Newhouse News Service (9/2, Green) reports, "An Oregon lawsuit with profound national security significance hinges on a single document." Newhouse continues, "A defunct Oregon charity that distributed Islamic literature to prison inmates claims it was the subject of an illegal federal eavesdropping program. But the only way it can prove its case is with a top-secret document held under lock and key. … U.S. Justice Department lawyers say the document is too sensitive; it contains information that -- if revealed -- would cause 'exceptionally grave damage' to U.S. attempts to prevent future terrorist attacks. They say that even allowing a lawsuit to go forward would reveal state secrets." Newhouse adds, "The task of tiptoeing around the document falls to U.S. District Judge Garr M. King, a Portland-based federal judge. …. During a hearing this week, King repeatedly pushed lawyers for both sides to consider ways to protect the document and national security while allowing the lawsuit to proceed. … King, who intends to rule next week, said it was 'appropriate and necessary' to evaluate the specifics of the case and not be afraid to come up with creative solutions -- if possible -- to allow it to go forward."

Bush Seeks To Define War Against Terrorism As International Threat. President Bush will visit the sites of the 9/11 attacks as he seeks to boost public support for the Administration's efforts to combat terrorism. Bush's campaign was ignored by the national network TV news programs Friday night and a number of articles by the AP and McClatchy news services offer critical analyses of the Administration's counter-terrorism response Saturday morning. Previewing the Administration's strategy, the AP (9/2) reports on the White House's plan to bring "representatives from countries that have suffered terrorist attacks to populate the audience at President Bush's next war-on-terror speech, to emphasize the global nature of the enemy." Bush commonly lists international attacks "to demonstrate that the world should be united against Islamic militants who share a purpose if not a common network." Bush recently "launched a new offensive to build support for the Iraq war and for Republicans in the fall elections," saying "various factions of terrorists belong under the same umbrella, even though many terrorism experts do not agree."

14 Arrested On Terrorism Charges In London. The Minneapolis Star Tribune/AP (9/2) reports, "Police have arrested 14 people in anti-terrorism raids, saying Saturday they suspected the men were involved in training and recruiting for terror." They "were not linked to the alleged plot to bomb trans-Atlantic airliners or to the July 2005 bomb attacks on London's transport network, the capital's Metropolitan Police said. They declined to give details of what the suspects were believed to have done" but the arrests were the result of "months of surveillance and investigation, police said."

UK Police Keeping Track Of Thousands Of Homegrown Terrorism Suspects. The AP (9/2, Stringer) reports a transcript shows that in BBC program that will be aired Sept. 3, "Britain's top counterterrorism detective warned the threat from homegrown terrorism is increasing, and said police were trying to track thousands of Britons suspected of planning, financing or encouraging attacks." Metropolitan Police anti-terrorist squad leader Peter Clarke said "officers had seen an enormous rise in the number of people inside

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Britain who needed to be tracked and monitored since the Sept. 11, 2001, attacks."

56 Terror Suspects Arrested In Morocco. The New York Times (9/2, Smith, 1.21M) reports, "The Moroccan police have arrested 56 suspected members of a terrorist network as part of a monthlong antiterror sweep, the country's official news agency reported on Thursday." The Times continues, "Morocc…has been battling a radical Islamic movement that inspired deadly suicide bombings in Casablanca in 2003. The fundamentalist Islamic trend has continued to grow among the largely disenfranchised youth of Morocco's poorest quarters despite antiterrorist crackdowns." After the 2003 attacks "Moroccan authorities arrested thousands of Islamists and claimed to have uncovered dozens of terrorist cells, some linked to Al Qaeda."

Bush Seen As Struggling To Meet Goals. The AP (9/2, Raum) in a critical analysis of Bush's recent speeches on terrorism titled "Bush Struggles To Deliver" says, "Bush is finding it increasingly hard to make good on foreign-policy promises or threats. The biggest source of his frustration is the 'axis of evil' -- Iran, North Korea and Iraq -- that he warned four years ago imperiled world peace." He "faces a daunting number of simultaneous international crises as he tries to shore up flagging support at home for the Iraq war and roll back nuclear programs in Iran and North Korea." And some experts "suggest Bush has overreached, or set the bar impossibly high, laying out goals he cannot achieve -- while not acknowledging blunders." University of Maryland Mideast scholar Shibley Telhami said, "Spreading democracy, eradicating terrorism, ending Iran's nuclear potential. Those are huge goals. When one makes an assessment and sees that none of these is closer to being achieved, it becomes a real problem for America's credibility."

US Remains Vulnerable To Attacks Despite Efforts To Increase Domestic Security. In one 2,941 word article titled "Five Years Later, We're Still Not Safe" in a four-part retrospective of the 9/11 attacks McClatchy Newspapers (9/2, Gordon, Taylor, Hutcheson) reports, "A close examination of the federal government's homeland security effort shows that there have been major accomplishments since the attacks on Sept. 11, 2001. But it also reveals how vulnerable the nation remains to catastrophe." McClatchy adds, "Federal officials and security experts directly involved in the cat-and-mouse game with terrorists have realized that the nation faces more threats than the government can ever combat. The result is a deadly guessing game on a global scale, with security officials often one step behind the terrorists." The "more than $280 billion" the US has spent on domestic preventative measures "far exceeds the post-World War II Marshall Plan…but it's not nearly enough to close off every possible line of attack. Some experts say part of the money has been wasted on efforts to combat nonexistent or highly unlikely threats, while other, more pressing risks, were ignored."

In a second much briefer article McClatchy Newspapers (9/2, Strobel) examines the possible reasons there have been no additional attacks on the US, citing better domestic prevention measures and noting the threat of homegrown terrorism is offset because "Osama bin Laden's worldview hasn't caught on here." In addition former White House officials Daniel Benjamin and Steve Simon in their book "The Next Attack," argue "that the presence of about 130,000 U.S. troops in Iraq is providing plenty of opportunities for jihadists to confront the American superpower directly." Another fear "is that al Qaida and its affiliates feel they must outdo the carnage of 9/11." And "Sherifa Zuhur, a visiting professor at the U.S. Army War College in Carlisle Barracks, Pa., says al Qaida, which was surprised by the U.S. reaction after 9/11, may be simply waiting for the right moment."

Bin Laden Remains At Large Despite Extensive US Efforts. The AP (9/2, Garwood, Pennington) in a 1,864 word analysis highlighting the US' failure to capture Osama bin Laden reports that "tens of thousands of U.S. and Pakistani troops have spent nearly five years searching for" bin Laden but "hopes of cornering" him "seem distant as ever. The last time authorities said they were close to getting him was in 2004, and in hindsight those statements seem more hope than fact." As the fifth anniversary of the 9/11 attacks approaches "the most publicized manhunt in history has drawn a blank" and the US military's "once-singular focus is diffused by the need for reconstruction and a growing fight against the Taliban." The "frustrating" effort to capture bin Laden has increased tensions between Afghanistan and Pakistan and one Afghan official accused Pakistan of harboring him "as a prize, as an ultimate bargaining chip."

Similarly, as part of its four-part series on the response to the 9/11 attacks, McClatchy Newspapers (9/2, Strobel, Landay) in an article titled "In Afghanistan, The Taliban And Al Qaida Resurge" reports that after five years the US "and its allies are struggling to halt advances by a resurgent Taliban and al Qaida fighters in large swaths of" Afghanistan. One unidentified official with the allied military forces said, "Things

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are going very badly. … We've arrived at a situation where things are significantly worse than we anticipated." McClatchy states, "The trends in Afghanistan appear to mirror the global war on terror a half-decade after the Sept. 11, 2001, attacks. The Bush administration and allied governments have won battle after battle, but appear to be in danger of losing the war." And "a growing number of analysts, many of them former top government counterterrorism officials, argue that the very notion of a 'war' on terrorism is the wrong strategy." By "relying overwhelmingly on bombs and bullets, they say, the United States has alienated much of the Muslim world, driving away even moderates who might be open to Western ideas. The West has largely failed to offer a positive vision or deal with the root causes of Islamic extremism." And "Many -- if not most -- counterterrorism experts now see the U.S. invasion and bungled occupation of Iraq as a grave misstep in the struggle against Islamic extremism."

For First Time Since First Anniversary Of 9/11 Attacks Bush To Visit All Three Sites. In a brief article the New York Times (9/2, 1.21M) notes, "President Bush will lay a wreath at ground zero on the eve of Sept. 11, his first stop in a three-state trip to observe the fifth anniversary of the terrorist attacks." The First couple plan "to travel to New York City on Sept. 10 for the wreath-laying ceremony that afternoon. They will then attend a prayer service at St. Paul's Chapel, next to the World Trade Center site." The Times notes, "It will be the first time since the first anniversary of the attacks that Mr. Bush has traveled to all three places in remembrance of the victims."

Some Family Members Of 9/11 Victims Continue To Struggle With Loss. As part of its four-part series on the impact of the 9/11 attacks McClatchy Newspapers (9/2, Gordon) reports that testimony from "more than 40 other surviving friends and family members at last spring's trial of confessed al Qaida conspirator Zacarias Moussaoui offered an extraordinary glimpse of the long-term, life-altering effects of the terror attacks that killed 2,972 people. While some survivors said they've found ways to move on, others remain emotionally paralyzed." The World Trade Center Family Center "has provided therapy and grief counseling to about 2,000 family members of those killed on Sept. 11. Its staff also has counseled some 3,500 emergency responders and their families who are dealing with both grief and a new fear: that another wave of deaths will strike fire and rescue crews who breathed asbestos and other toxins while searching the smoldering wreckage."

Suspects In Miami Terror Plot Accuse FBI Of Entrapment. The Washington Post (9/2, A1, Pincus, 748K) in a front page story reports that the lawyers for the seven men suspected of plotting terror attacks in the US allege that the FBI informant engaged in entrapment. After they were arrested AG Alberto Gonzales announced "the destruction of a terrorist cell inside the United States, hailing 'our commitment to preventing terrorism through energetic law enforcement efforts aimed at detecting and thwarting terrorist acts.'" Yet, "court records released since then suggest that what Gonzales described as a 'deadly plot' was virtually the pipe dream of a few men with almost no ability to pull it off on their own. The suspects have raised questions in court about the FBI informants' role in keeping the plan alive." Their lawyers "have raised questions about where a government sting ends and entrapment begins. Not only did government informants provide money and a meeting place for Batiste and his followers, but they also gave them video cameras for conducting surveillance, as well as cellphones, and suggested that their first target be a Miami FBI office, court records show."

Canada To Increase Border Security Gradually. The Washington Post (9/2, A17, Struck, 748K) reports that in response to complaints from Canadian border guards that they are ill-equipped to face serious threats, "Prime Minister Stephen Harper said he is giving the officers what they want, if slowly. He announced Thursday that the 4,400 officers of the Canada Border Services Agency…will be armed with guns over the next decade." He "also said the government will hire 400 more officers, partly to try to put an additional officer at some of the remote posts currently staffed by only a single guard, an arrangement that the guards' union has argued is dangerous."

Father Of Guantanamo Detainee Calls For Administration To Charge Or Free Son. Khalid Al-Odah, who founded the Kuwaiti Family Committee four years ago to secure the legal rights Guantanamo Bay detainees in an op-ed in the Washington Post (9/2, A29, 748K) urges the Administration to allow Guantanamo detainees, including his son, to be charged and tried in court asking, "How many more deaths and years of injustice will it

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take before the United States ends this violation of both human rights and U.S. law, and either formally charges the detainees with crimes or sets them free? If the Bush administration truly wants to close Guantanamo, it should first work to apply a fair legal process to separate the guilty from the innocent."

HOMELAND RESPONSE:

US Seen As Still Vulnerable, Despite Increased Counter-Terror Efforts. McClatchy Newspapers (9/2, Gordon, Taylor, Hutcheson) reported that since 9/11, "Americans have accepted inconvenience, sacrificed personal liberties and paid billions of dollars for a security clampdown that touches virtually every aspect of their lives. And we're still not safe." McClatchy noted, "Federal officials take pride in the fact that the United States has avoided a major terrorist attack since Sept. 11, but they're under no illusions that it couldn't happen again. 'I don't think there's any agency that exists that's going to be able to stop every single plan every single time,' Assistant FBI Director John Miller said. … The FBI and other federal law enforcement agencies have made pursuing terrorists their top priority since Sept. 11, and they've had some notable successes as well as some embarrassing mistakes. … 'We know a lot about a lot of people here in the United States and overseas,' said John Pistole, the FBI's No. 2 official. 'Our concern, of course, is in those gaps in intelligence.' … But critics contend that the domestic law enforcement agencies' record is marred by inflated claims, mistaken arrests and botched prosecutions." McClatchy added, "The FBI has more than doubled both its number of intelligence analysts…and the number of special agents devoted to counterterrorism and intelligence gathering," and it "has improved its computer capability, despite a major setback when technical problems led to the scuttling of a new $170 million virtual case file system, said Pistole. … 'There would be a much greater probability that somebody would say, "Wait a minute – some Middle Eastern males wanting to take flight lessons? That fits into this other side of the equation,"' Pistole said. 'That's simply something that we didn't have prior to 9-11.'"

Experts Warn Public To Expect Continued Delays As Airlines Tighten Security. The Washington Post (9/2, D1, Wilber, 748K) in an article titled "Heightened Airport Insecurity" reports, "Since British officials said they foiled a terrorist plot to blow up planes over the Atlantic Ocean, hyper-vigilance aboard U.S. airliners has prompted a rash of emergency landings based on threats that turned out to pose no danger. The incidents suggest that pilots, flight attendants and passengers are ready to err on the side of extreme caution in a period of heightened anxiety in air travel." Experts "said passengers should expect more airline diversions, delays and airport evacuations. The hair-trigger responses to perceived threats are an unavoidable condition of the times, they said."

Transportation IG Recommends Disciplinary Action Against FAA Executives Over 9/11 Testimony. The New York Times (9/2, Shenon, 1.21M) reports acting Transportation Department inspector general Todd Zinser urged the FAA "to consider disciplinary action against two executives who failed to correct false information provided to the independent commission that investigated the Sept. 11 terror attacks." The two FAA executives and a third one, now retired, unintentionally offered information that "suggested that the aviation agency had established contact with its Air Force liaison immediately after the first of the four hijacked planes struck the World Trade Center at 8:46 a.m." But the 9/11 commission found "the Air Force's liaison did not join a conference call with the F.A.A. until after the third plane crashed, at 9:37 a.m. The 51-minute gap is significant because it helps undermine an initial claim by" NORAD "that it scrambled quickly on Sept. 11 and had a chance to shoot down the last of the hijacked planes still in the air, United Airlines Flight 93."

The Washington Post (9/2, A4, Eggen, 748K) reports, "Investigators found no evidence that aviation officials intentionally misled the Sept. 11 commission when they made inaccurate statements about their response to the 2001 terrorist attacks but recommended that two officials face 'appropriate administrative action' for failing to correct the record." The IG's "conclusions echo the findings of a separate inquiry at the Defense Department, which found no evidence that authorities at the North American Aerospace Defense Command (NORAD) intended to mislead the Sept. 11 panel." The AP (9/2, Miller) reports similar details.

9/11 Conspiracy Theories Debunked By Two Recent Federal Reports. The New York Times (9/2, Dwyer, 1.21M) reports, "Faced with an angry minority of

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people who believe the Sept. 11 attacks were part of a shadowy and sprawling plot run by Americans, separate reports were published this week by the State Department and a federal science agency insisting that the catastrophes were caused by hijackers who used commercial airliners as weapons." A Scripps Survey Research poll this summer "found that more than a third of those surveyed said the federal government either took part in the attacks or allowed them to happen. And 16 percent said the destruction of the trade center was aided by explosives hidden in the buildings."

9/11 Documentary To Be Shown Late Night To Avoid Indecency Fines. The Washington Post (9/2, D1, Musgrove, 748K) reports, "Sinclair Broadcast Group Inc. said yesterday that it will delay airing a documentary about the" 9/11 attacks "until after prime time to avoid the risk of incurring fines from the" FCC "over indecent language." But "other station owners do not seem to be following Sinclair's lead. … The documentary, called '9/11,' was produced in 2002 and has already aired on most CBS stations more than once. When it aired a year after the attacks, it was the most-watched piece of the anniversary coverage and drew in 12 million viewers."

FEMA Seen As More Prepared. The CBS Evening News (9/1, story 2, 2:20, Mitchell, 7.66M) reported, "Following the disastrous response to hurricane Katrina, the Federal Emergency Management Agency, pledged to turn itself around." FEMA is said to have "fired up this command center in Raleigh" days before Ernesto was expected to hit and "the agency's logistics center in Atlanta swung into action" with trucks newly outfitted with GPS systems. FEMA "has also launched its own fleet of TV news trucks that can feed back live video of disaster areas." FEMA Director David Paulison said, "I can guaranty you won't see the lack of coordination between agencies." CBS (Acosta) concluded, "FEMA needs another major hurricane to prove it's on the right track with these changes, but it's not getting that tonight from Ernesto."

Florida Counties To Seek Reimbursements For Cost Of Preparations. The Washington Post/AP (9/2, A2) reports, "Tropical Storm Ernesto didn't do much damage in South Florida, but it still ran up a tab." So "county and state officials were getting ready to ask the federal government to reimburse them for millions of dollars spent preparing for a powerful storm that didn't materialize. As of Friday, however, the only payment the Federal Emergency Management Agency planned was a thank-you." But "Miami-Dade County expected its costs to be near $10 million for preparations" and "Broward County was preparing to seek reimbursement for about $2.5 million." FL Gov. Jeb Bush (R) said that "it was too soon to tell whether Florida would qualify for any reimbursements."

Many Displaced By Katrina Not Expecting To Return To New Orleans. ABC World News Tonight (9/1, story 8, 2:00, Gibson, 8.78M) reported on persons displaced by Katrina focusing on one person who has since moved to Seattle and has "no intention of going back."

NBC Nightly News (9/1, story 9, 2:00, Brown, 9.87M) also reported on "some 266,000 people who left the New Orleans area" and "for many the exodus may be permanent." Several who who moved to Dallas are highlighted.

Report Says New Orleans Economic Recovery Is Strong. The Baton Rouge Advocate (9/2, Gyan) reports that a study by the Division of Business and Economic Research in the University of New Orleans's College of Business Administration "uses words like booming, surprisingly high, bright spot and astonishing" to describe the "post-Katrina recovery of the New Orleans area." It reports, "the mining (oil and gas), chemical manufacturing and utilities sectors have regained or surpassed their pre-Katrina" job-levels. Also, "the local area has 12.6 percent more gambling revenue than before the storm." Sales at retail stores are said to be "booming." While, "the construction sector, despite the investment in rebuilding local housing, has just 66 percent of its pre-Katrina wage and salary jobs."

Nagin Retracts Description Of Ground Zero As "Hole In The Ground." The New York Times (9/2, Ramirez, 1.21M) reports New Orleans Mayor Ray Nagin "backed away yesterday from his heavily criticized remarks about the slow pace of rebuilding at the World Trade Center site. But he declined to say he was sorry." The Times notes that "on a segment of CBS's '60 Minutes,' a reporter asked Mayor Nagin why so little debris, including long-abandoned automobiles, had been cleared from New Orleans neighborhoods. … Nagin replied sharply: 'That's all right. You guys in New York can't get a hole in the ground fixed and it's five years later. So let's be fair.' His remarks were widely criticized as flippant and insensitive."

Ernesto Threatens Flooding Throughout Mid-Atlantic States. All three networks led off with

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stories about Ernesto and its effects in the mid-Atlantic states. The CBS Evening News (9/1, lead story, 3:00, Mitchell, 7.66M) reported, "The Mid-Atlantic states are taking a pounding tonight from Ernesto, now a tropical depression threatening floods this weekend from the Carolinas to New York." Ernesto "was never a major storm but it's a dangerous rainmaker." CBS (Chen) added, "The water is coming up, not just in the southern part of North Carolina where Ernesto came ashore late last night, but up through the Mid-Atlantic states."

ABC World News Tonight (9/1, lead story, 3:00, Gibson, 8.78M) reported, "There are states of emergency across the mid-Atlantic as what is left of Ernesto brings heavy rains to the region. Storm strength is measured by wind, but floods pose the greatest danger. And Ernesto is delivering rain, lots of it, up to ten inches have fallen in parts of North Carolina and Virginia. Hundreds of thousands of homes are without power. And more than one thousand families are under orders to evacuate." ABC also reported delays at airports in New York and Philadelphia and cancellations of Amtrak trains. It also briefly mentioned Hurricane John stranding travelers in Cabo San Lucas, Mexico.

NBC Nightly News (9/1, lead story, 3:00, Brown, 9.87M) reported, "Tonight we are tracking two storms causing a lot of headaches here and in Mexico. Ernesto has weakened to a tropical depression, but it is still dumping rain as it churns north. Hurricane John is now a strong category two hurricane. Villages are being evacuated while tourists are hunkering down in shelters at resort hotels." NBC (Costello) added, "We have significant travel delays on highways and in airports and significant flash flood warnings up and down the east coast." While, "the storm lost some of its punch as it moved north, forecasters say Ernesto will dump a tremendous amount of moisture on the mid-Atlantic states." And "in Washington crews piled sand bags in front of government buildings anxious to avoid the flooding in June."

Hurricane John Approaches Mexico. The New York Times (9/2, Malkin, 1.21M) reports Hurricane John was advancing to Cabo San Lucas, Mexico "as residents boarded up their houses and tourists gathered in hotel ballrooms to wait out the storm." The storm was expected to cause substantial flooding and "as many as 15,000 people" were evacuated.

NBC Nightly News (9/1, story 2, 2:30, Teague, 9.87M) reported, "It is the most powerful storm to threaten the Los Cabos resort in more than 15 years." And "thousands are riding out the storm in emergency shelters" while "tourists are gathering in safe rooms at luxury hotels."

Forecasters Predict Below-Average Year For Storms. The Washington Post/AP (9/2, A2) reports, "Hurricane forecaster William M. Gray downgraded his expectations for the 2006 Atlantic storm season Friday, calling for a slightly below-average year, with five hurricanes instead of the seven previously forecast." The forecast included a prediction of "a 59 percent likelihood of a hurricane hitting the U.S. coastline in September and a 35 percent chance of an intense hurricane. For October, the forecasters put the probability at 14 percent." The National Hurricane Center had earlier "lowered its Atlantic storms forecast" to "between 12 and 15 named storms and seven to nine hurricanes."

WAR NEWS:

Bush Said To Shift Focus From Benefits Of Victory To Costs Of Failure In Iraq. The New York Times (9/2, Sanger, 1.21M) reports President Bush has made "a distinct shift" in his defense of U.S. efforts in Iraq. "Rather than stressing the benefits of eventual victory, he and his top aides are beginning to lay out the grim consequences of failure." This new approach is said to be seen "in his speech on Thursday in Salt Lake City" and in recent speeches by Gen. John P. Abizaid and Vice President Dick Cheney. The argument is characterized as "reminiscent of…President Lyndon B. Johnson's adoption of the 'domino theory.'" The Times distills the case to "a statement" the president "quoted from General Abizaid…'If we leave, they will follow us.'" But "Mr. Bush's aides…insist that the new tone is simply to make the stakes clear." They also "acknowledge that the message of optimism no longer fits the moment." Vice President Cheney is also said to have conducted "a major rhetorical reversal" from earlier arguments that "ousting Saddam Hussein would usher in a new era of stability in the Middle East." The Times concludes the article with a quote from former Bush speechwriter David Frum, "the public understands the consequences of not winning" so "what they really want to hear is a plan…that addresses…the sectarian violence." And a suggestion that "the specifics may emerge in two speeches planned for next week, and another in New York, at ground zero on the fifth anniversary of the event that redefined his presidency."

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Shift Said To Be Attempt To Manipulate Media. Tim Rutten writes in his "Regarding Media" column for the Los Angeles Times (9/2, 918K) reports, "Political rhetoric is a never-ending chess match that gathers intensity as an election approaches." And "whatever else it can or cannot do, the Bush administration plays major league electoral chess. So, it's the proximity of November's midterms that made this week's speeches by President Bush, Vice President Dick Cheney and Secretary of Defense Donald H. Rumsfeld…matters of more than passing interest. Essentially, all three attempted to draw a parallel between the debates over how best to resolve the increasingly unpopular war in Iraq and the pre-World War II controversies over whether or how to confront rising fascism." Rutten adds, "not even Karl Rove could convince anyone that George W. Bush can tell the difference between a fascist and a frankfurter." Meanwhile, Rutten argues that "this sequence of speeches with their carefully chosen audiences has nothing to do with fascism…and everything to do with introducing the word 'appeasement' into our domestic debate over the war in Iraq." He concludes after a treatment of what he calls the Administration's adoption of torture as national policy and the media's "failure" to report on this, "If the administration now is allowed to recast the critical debate over the war in Iraq into a spitting match between farsighted anti-fascists and cringing appeasers, it will be worse than tragic."

Bush Not Be Able To Count On Substantial GOP Edge On National Security Issues. The San Diego Union-Tribune (9/2, Condon, 337K) reports, "With his party's loss of Congress looming as a real possibility, President Bush has launched yet another effort to rally uneasy Republicans and raise fresh concerns about Democrats with a series of increasingly pointed speeches that began this week." The Union-Tribune notes Bush's Thursday speech to the American Legion in which he "warned that defeat in Iraq will mean 'terrorists in the streets of our own cities.' … Republicans plan even more speeches and congressional debates in the lead-up" to the anniversary of 9/11 "in the hope of energizing core Republicans and portraying Bush as the only safe alternative. For the president, it's a return to the political strategy that paid off with voters in 2002 and 2004. But there are questions whether it can work a third time in 2006 with an electorate that has soured on the war in Iraq." Democratic pollster Mark Mellman is quoted as saying, "In those earlier elections, Republicans had a 35-point advantage on national security. Today, that is down to between zero and 8 points."

Democrats Seek Vote On Rumsfeld. UPI (9/1) reports, "Democrats in the U.S. Congress want to force a vote of no confidence on Defense Secretary Donald Rumsfeld after the August recess. Sen. Barbara Boxer, D-Calif., plans to attach a resolution calling on President Bush to fire Rumsfeld to the defense appropriations bill, CNN reported Friday." UPI adds that "many supporters" of the war fault him "for carrying out the invasion with too small a force and ignoring unrest until it blossomed into an insurgency." In addition, his American Legion speech "reportedly outraged Democrats."

CNN (9/1) reports the Democrats' plan "is to force Republicans to cast what would amount to a vote of confidence in Rumsfeld -- one of the architects of the increasingly unpopular war in Iraq -- before November's midterm elections, said a Democratic strategist close to the House. Such a move also would give Democrats a chance to show a united front on Iraq by calling for Rumsfeld's dismissal."

The Chicago Tribune (9/2, Hedges, 623K) reports, "In a wave of statements, Democratic Party leaders targeted Bush, Vice President Dick Cheney and Defense Secretary Donald Rumsfeld for casting the Iraq war as part of a broader war on terrorism." Sen. Harry Reid (D-NV) said, "Even the Pentagon acknowledges Iraq is tipping into civil war."

Rumsfeld Calls For Constructive Debate. The Washington Post/AP (9/2, Flaherty) reports, "Defense Secretary Donald H. Rumsfeld reached out to Democrats yesterday, opening the door for them to retract their stinging indictment of him as Pentagon chief. In a letter to Congress's top Democrats, Rumsfeld said remarks he made Tuesday during a speech in Salt Lake City were misrepresented by the news media." Spokeswomen for Rep. Nancy Pelosi and Sen. Reid "said yesterday that they stood by their remarks." The New York Times carries a shorter version of this AP article.

Leonard Pitts Attacks Rumsfeld's "World War II Allusions." Writing in the Detroit Free Press (9/2, 346K), syndicated columnist Leonard Pitts disputes Secretary Rumsfeld's use of "World War II allusions" for the war in Iraq, saying, "Hold on, let me check my calendar -- yep, there's an election coming. The war on terror has, after all, been this gang's get-out-of-jail-free card for years. High gas prices, a hurricane fiasco, red ink, an overall patina of ineptness overtopped by arrogance, and it's all forgotten the moment

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they say 9/11." Pitts responds, "On Sept. 11, 2001, we were attacked by men directed from a terrorist base in Afghanistan. ... Now we find ourselves mired in a poorly defined, poorly designed mission in a nation that, with all due respect to the presidential gut, had NO known connection to Sept. 11."

Pentagon Report Details Deteriorating Security In Iraq. The release of a Pentagon report on the security environment in Iraq received extensive coverage in major US media outlets. All three network news program described the report as "grim." ABC World News Tonight (9/1, story 2, 1:30, Gibson, 8.78M) reports, "We turn next to Iraq and a significant report presented to the Congress today on the status of the situation there. The report was grim. And the surprise is the source of that report." ABC (Raddatz): "The bottom line is that by almost every measure, security has deteriorated in Iraq. And what is most surprising about this report is it wasn't written by critics of the war. It's not a partisan report. It was written by the Pentagon."

NBC Nightly News (9/1, story 3, 3:00, Miklaszewski, 9.87M) reported, "There was no sugarcoating the recent spike in violence in Iraq. This brutally honest report warns conditions in Iraq could lead to civil war and senior Pentagon officials are calling the facts in this report disturbing and sobering."

And in an otherwise positive story on Vietnam Veterans assisting in the reconstruction of Iraq the CBS Evening News (9/1, story 9, 3:00, Mitchell, 7.66M) opened its story reporting, "The Pentagon issued a grim assessment of the situation in Iraq today, saying that sectarian violence, Iraqi against Iraqi, has intensified in the last three months. The violence has spread outside Baghdad. The insurgency is growing stronger, and civilian casualties have increased by 1,000 a month since the last report."

An NBC analyst discussed reasons for the upsurge in violence. NBC Nightly News (9/1, story 4, 1:30, Brown, 9.87M) reported, "Middle east bureau chief Richard Engel joins us now from our Los Angeles bureau. ... Why do you think the violence has increased so much in the past few months?" NBC's Richard Engel: "For the last three years the Shiites have mostly been victims and avoided the violence now the Shiite community -- 60% of the population in Iraq -- are involved in violent attacks. They are doing it through militia groups that are operating in Baghdad and in southern Iraq that are attacking Sunni insurgent groups. This is a major development it is a new phase of the war and one that's proving to be more deadly." Brown: "Life in Baghdad has always been tough but has the new violence made it even more challenging?" Engel: "It is right now a city of illegal checkpoints where militia groups either Sunni or Shiite control their own neighborhoods. ... these organizations operate as courts, communicate watch programs and they are effectively governments within the state of Iraq."

The New York Times (9/2, Gordon, 1.21M) reports in a front page article, "Iraqi casualties soared by more than 50 percent in recent months, the product of spiraling sectarian clashes and a Sunni-based insurgency that remains 'potent and viable,' the Pentagon said in its latest comprehensive assessment of security in Iraq." The report this quarter "is the focus of special interest because of increasing fears that Iraq is sliding into civil war and because it is being published at a time when President Bush and members of his cabinet have been trying to present a strong case in support of the war, in the face of vehement criticism from Democrats." Democrats, including Sen. Jack Reed, "portrayed the report as evidence that the administration's strategy was failing."

In a front page story, the Washington Post (9/2, Tyson, 748K) reports on the same study, "Rising sectarian bloodshed has pushed violence in Iraq to its highest level in more than two years, and preventing civil war is now the most urgent mission of the growing contingent of 140,000 U.S. troops in the country." The Post calls the Pentagon report "significant because it represents an official acknowledgment of trends that are widely believed to be driving the country toward full-scale civil war." Brookings pundit Michael O'Hanlon said the report represented "reality catching up with Rumsfeld and the Pentagon." Democratic Sens. Harry Reid and Jack Reed are quoted as criticizing the administration's strategy. Like the New York Times, it quotes Assistant Secretary Rodman as calling the findings "sober."

The Financial Times (9/1, Dinmore) reports this story as well, observing, "The report, mandated by Congress each quarter, was likely to add to growing calls for Mr Rumsfeld to resign. ... Democrats in Congress said the report showed that Mr Rumsfeld and the administration leadership were disconnected from reality."

The Los Angeles Times (9/2, Barnes, 918K) calls the Pentagon document a "strikingly dismal report" saying "The data and language of the report also contrasted with recent statements by administration officials who have been seeking to shore up sagging public support for the war. Administration officials, for example, repeatedly have emphasized that recent

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violence has been concentrated in Baghdad. The new report notes that violence has increased in Diyala, Mosul and Kirkuk as the sectarian conflict has spread to those cities." The Times quotes a defense of the policy by Rear Adm. William Sullivan, criticism by Sen. Harry Reid and Rep. Nancy Pelosi, and a warning by CSIS pundit Anthony Cordesman that "the situation was growing bleaker."

The AP (9/2, Burns) reports that the "notably gloomy" Pentagon document "reported that illegal militias have become more entrenched, especially in Baghdad neighborhoods where they are seen as providers of both security and basic social services. The report described a rising tide of sectarian violence, fed in part by interference from neighboring Iran and Syria and driven by a 'vocal minority' of religious extremists who oppose the idea of a democratic Iraq." It adds, "A growing number of members of Congress are calling for either a shift in the Bush administration's Iraq strategy or a timetable for beginning a substantial withdrawal of American forces." It quotes criticism from Democratic Sens. Harry Reid and Jack Reed, the latter of whom said, "Iraq is tipping toward civil war." On the other hand, Col. Thomas Vail stated that a crackdown in Baghdad was "bearing fruit." More than 170 sites carried this article.

The Baltimore Sun (9/2, Wood, 262K) reports, "Senior Pentagon officials sketched out a bloody landscape Friday of sectarian violence spreading beyond Baghdad and execution-style assassinations and terrorist bombings by increasingly entrenched private militias and death squads. ... The severity and breadth of the Defense Department report, which is required four times a year by Congress, appeared to undercut recent statements by President Bush and Defense Secretary Donald H. Rumsfeld."

CNN (9/1) reports in an article titled "Pentagon: Cold-blooded carnage soaring in Iraq," that the Pentagon concluded "current violence is not a civil war, and movement toward civil war can be prevented," even though "the quarter had seen a 51 percent increase in Iraqi casualties and a 15 percent increase in the number of attacks." CNN wraps up the article by noting transfer or impending transfer of security duties to Iraqis in three provinces and the deaths of two US servicemen on Wednesday.

The Washington Times (9/2, Gertz, 88K) reports in a more optimistically pitched article, "Tribal and religious violence is increasing in Iraq but has not become a civil war, according to a Pentagon quarterly report." It adds, "For its part, the Iraqi government yesterday released a report saying that violent deaths among civilians in Iraq may have fallen by a quarter last month. ... The figures tend to back U.S. military confidence that a crackdown in the capital has slowed the bloodletting some." In addition, coalition forces "continued to make progress toward improving stability in Fallujah and some parts of northern Iraq."

McClatchy Newspapers (9/2, Brown) reports that the Pentagon study finds that "a struggle between Sunni and Shiite Muslim extremists seeking to control Baghdad has eclipsed the Sunni insurgency against U.S.-led coalition forces and is spreading to other parts of the country." It contrasts the latest report with previous ones that "tended to describe steady progress in Iraq."

Iraqis Expand Baghdad Security Sweep. The AP (9/1, Becatoros) reports, "Iraqi forces will expand their security operation into eastern Baghdad -- including Shiite militia strongholds -- the Defense Ministry said Friday, a day after a barrage of coordinated attacks across those areas killed 64 people and wounded 286." The violence "capped a violent week that saw hundreds of Iraqis killed, despite a massive security crackdown in the capital that has targeted some of Baghdad's most violent neighborhoods." The Los Angeles Times (9/2, 918K) carries an abbreviated version of this article.

Fourteen Foreign Pilgrims Killed In Iraq. In a brief article, the AP (9/2) reports, "Fourteen pilgrims from Pakistan and India were killed on their way to the Shiite holy city of Karbala."

Anguished Iraqis Contemplate Civilian Toll. The Los Angeles Times (9/2, McDonnell, Salman, 918K) reports, "The day-after canvass through the ruins has become so familiar in this tormented nation that the images may now seem to some cliche, the grief ritualized." It reports on the aftermath of a "highly coordinated bombardment that was stunning even by Baghdad's gruesome standards," killing 63 on Thursday, of which "19 were children younger than 16." Authorities said "the plotters may have rented apartments and shops with the sole intention of blowing them up — a sinister new turn in Iraq's cycle of carnage."

Gasoline Easier To Buy In Iraq. ABC World News Tonight (9/1, story 3, 2:00, Gibson, 8.78M) reports, "Despite the reports of deepening violence, we do have a story tonight of progress in Iraq. Progress in what may be the most important area of life for Iraqis, their everyday life. Trying to fill up a car with gas in Iraq has been at best an exercise in

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frustration. At worst, drivers stuck in slow-moving gas lines have become sitting targets for deadly attacks. We report on a sudden change." ABC (Marquez) added, "For years, it has been the cruelest of jokes in a country with the world's second largest oil reserves; filling up the tank could take days. A trip to the gas station meant getting up before sunrise then waiting, waiting through the morning, then the afternoon, sometimes overnight and then into the next morning, which is why this is something just short of a miracle. ... The solution, simple. A few rule changes enforced this week by Iraq's oil minister. Gas stations are now open four more hours, filling up extra tanks is no longer legal. … Now Iraqis who had shown little confidence in their government's ability to improve the quality of life here are grateful and hopeful this will last, and it just might."

Vietnam Veterans Assist In Iraq Reconstruction. The CBS Evening News (9/1, story 9, 3:00, Mitchell, 7.66M) reported, "The Pentagon issued a grim assessment of the situation in Iraq today, saying that sectarian violence, Iraqi against Iraqi, has intensified in the last three months. ... Despite violence, there are many in Iraq determined to get the country on the road to recovery. They include Americans with memories still raw from another war a generation ago. They vow this time things will end differently." CBS (Strassman): "A generation after the jungle, some Vietnam vets are seeking redemption in the desert in Iraq." Vietnam Veteran Jack Holly: "Yeah, I'm a nation builder, and I'm proud of it." Strassman: "In Baghdad, Jack Holly has a daunting job -- get Iraqis whatever they need from socks to tanks. He calls himself the concierge the battlefield, driven to rebuild both Iraq and a sense of American commitment that then-Second Lieutenant Holly felt was lost in Vietnam." Strassman: "Tommy Clarkson was an Army First Lieutenant in Vietnam. He's now working on dozens of reconstruction projects in Iraq, where some of Vietnam's ghosts have resurfaced, a stubborn enemy, relentless bloodshed, a war that's divided Americans." Clarkson: "We're doing the right thing. It just can't be done in a day or a week or a month or a year."

More Iraqi Orphans Go Into Public Care. The Washington Post (9/2, Finer, 748K) reports, "Before the U.S. invasion in 2003, about 400 children lived in Iraqi orphanages, to which Saddam Hussein often paid high-profile visits to demonstrate his magnanimity. But by early 2006, that number had grown to nearly 1,000, according to government statistics. ... Social workers and Iraqi officials say the steady climb in the number of orphans turned over to the government -- which has required the construction of three new orphanages in Baghdad alone in the past three years -- reflects the toll that war and economic hardship are taking on families, considered the nucleus of Muslim society. The trend also is evidence, they say, of the newly emerging belief that children may be better off in institutions than in war-torn neighborhoods."

New Book Blasts "Pork Buffet" Of Iraqi Rebuilding. In a book review to appear on Sunday, the Washington Post (9/3, Hirsh, 748K) discusses *Blood Money* by Los Angeles Times reporter T. Christian Miller. While other books like *Fiasco* have discussed the "military and political mistakes" of US policy in Iraq, *Blood Money* "fills in the missing piece: the staggering incompetence and corruption of the U.S.-led reconstruction effort, which may have done almost as much as anything else to turn the Iraqi population against its occupiers."

Kurdish President Replaces Iraqi Flag. The AP (9/2) reports, "Kurdistan president Massoud Barzani has ordered the Iraqi national flag to be replaced with the Kurdish one in his northern autonomous region in what appeared to be another move toward more self-rule in the north, local officials said Friday. ... Barzani issued a formal message asking for the Iraqi flag to be lowered. The message was also broadcast on Kurdish radio. Iraq's northern Kurdish region has slowly been gaining more autonomy since the 2003 U.S.-led invasion of Iraq." The AP adds, "Sunni Arabs fear that Kurds are pushing for secession under the nation's new federal system, a step which, if imitated by the Shiite majority in the oil-rich south, would leave Sunnis with little more than date groves and sand."

Arabs Ironically Find Haven In Kurdish Region. The New York Times (9/2, Wong, 1.21M) reports in a front page story, "With sectarian violence boiling over in much of Iraq, tens of thousands of Arab families are on the move, searching for a safe place to live. Surprisingly, given the decades of brutal Sunni Arab rule over the Kurdish minority and the continuing ethnic tensions, many like Mr. Abdul Rahman are settling in the secure provinces of Iraqi Kurdistan, run virtually as a separate country by the regional government. The influx of Arabs has made many Kurds nervous, and regional leaders are debating whether to corral the Arabs into separate housing estates or camps." Fears expressed by Kurds include the risk of suicide bombers coming with the Arabs, the effect on housing prices, and the

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revival of "Arabization," Saddam Hussein's effort to "change the demographics" of the Kurdish region.

Taliban Truce Seen As "Backfiring." McClatchy Newspapers (9/2, Landay) report, "The Pakistani military is striking truces with Islamic separatists along the country's border with Afghanistan, freeing Pakistani militants and al-Qaida fighters to join Taliban insurgents battling U.S.-led troops and government forces in Afghanistan." The truces, which Pakistan negotiated with US encouragement, hinder coalition forces "struggling to stem a resurgence of the Taliban across large swaths of southern and eastern Afghanistan." An unnamed Western diplomat said the Pakistanis "have bought peace there by exporting the problem."

NATO Gives Self 6 Months To Beat Taliban. AFP (9/1) reports, "NATO forces in Afghanistan have set themselves a six-month deadline to establish a clear advantage over Taliban insurgents, their commander said in an interview [with the *Financial Times*]." The AFP notes "the increasingly sophisticated insurgency" that NATO forces are battling.

The Financial Times (9/1, Morarjee, Dombey) in reporting the self-imposed deadline, says, "The Nato chief's remarks also illustrate mounting concern that international and Afghan officials need to do more to win the support of the population in the south."

UK Soldier Is Killed In Afghanistan. The Washington Post/AP (9/2, A26, Pennington) reports, "An insurgent attack killed one British soldier and seriously wounded another Friday in the latest fighting to rack southern Afghanistan, while suspected Taliban gunmen ambushed and shot dead a district chief, officials said." The British soldier was killed in Helmand province. The AP says of British casualties, "Twenty-two British soldiers have died in the country since November 2001, 17 of them this March when the NATO force moved into Helmand, the hub of Afghanistan's growing heroin industry."

For First Time Since First Anniversary Of 9/11 Attacks Bush To Visit All Three Sites. In a brief article the New York Times (9/2, 1.21M) notes, "President Bush will lay a wreath at ground zero on the eve of Sept. 11, his first stop in a three-state trip to observe the fifth anniversary of the terrorist attacks." The First couple plan "to travel to New York City on Sept. 10 for the wreath-laying ceremony that afternoon. They will then attend a prayer service at St. Paul's Chapel, next to the World Trade Center site." The Times notes, "It will be the first time since the first anniversary of the attacks that Mr. Bush has traveled to all three places in remembrance of the victims."

Indian Company Implicated In Oil For Food. The New York Times/AP (9/2) reports, "An internal investigation has concluded that a United Nations official steered millions of dollars in contracts to a company owned by the government of his native India in exchange for favors that included low-rent apartments, according to a United Nations report." Sanjaya Bahel denied the claims of his practices on behalf of Telecommunications Consultants India. *Il Sole 24 Ore*, an Italian business daily, reported the allegations on Friday.

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Georgia US Attorney Returns From Iraq Mission. The Macon Telegraph (9/2, Fabian) reports, "If Macon's Max Wood has his way, CSI Baghdad is on the way. … Wood, 46, the U.S. Attorney for the Middle District of Georgia, has spent much of the past 15 months in Iraq, helping to establish a modern justice system that begins at the scene of the crime." The Telegraph continues, "Unlike the trained forensic technicians of the United States who pore over every square inch to gather fingerprints, hair and blood samples, Iraqis have taken a clue-less approach to solving crimes, Wood said. … 'Under Saddam Hussein, they would arrest somebody and beat a confession out of him,' Wood said. 'The judges were required to determine whether it was a true confession.'" The Telegraph adds, "As the U.S. Department of Justice's senior representative in the fledgling democracy, Wood has been trying to raise the bar for the new Iraqi justice system. … Wood's main mission was to create a major crimes task force of representatives of investigative agencies of the U.S. government. … This year, about a dozen officers from the FBI, Bureau of Alcohol, Tobacco and Firearms, the U.S. Marshals Office and the Drug Enforcement Administration have been schooling Iraqis in the art of fingerprinting, securing a crime scene and determining cause of death, Wood said."

Catholic Sister Retires From Career With DOJ. The Erie (PA) Times & News (9/2, Massing) reports, "Sister Rose Anne Fedorko wanted to work for the U.S.

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Department of Education. … She was hired by the Department of Justice, instead. … 'I was going from sisters carrying rosaries to agents carrying guns,' the former Catholic-school teacher said." The Times & News continues, "Twenty years later, Fedorko is back in Erie, proudly displaying the plaques that celebrate her two decades with the FBI. … A nondisclosure agreement prevents her from revealing all she did. … But she said her assignments with the Department of Justice agency ranged from the fingerprinting division to the inspection division." The Times & News adds, "Fedorko, who stands 5 feet tall and weighs 108 pounds, wasn't an FBI agent. But her work helped them. … 'There were so many things that I could do in the FBI,' she said. 'I think (people) think of the FBI naturally as agents and crime and there are many supporting people (such) as myself who do other jobs that are equally important.' … Her January retirement from the Department of Justice saddened her. Yet Fedorko, 77, is looking forward to a new role this fall helping her fellow Sisters of St. Joseph of Northwestern Pennsylvania improve their lives."

CORPORATE SCANDALS:

List Of Potential Witnesses In Nacchio Case Disclosed. The Rocky Mountain News (9/2, Smith) reports, "Court documents filed this week name more than 15 former Qwest executives and directors who may be critical to the government's criminal case against former CEO Joe Nacchio." The News continues, "Some - such as former Chief Operating Officer Afshin Mohebbi and former Chief Financial Officer Robin Szeliga - already were assumed to be key prosecution witnesses. … Others could be potential witnesses or individuals who possess information prosecutors believe is important to the case." The News adds, "The list includes former Qwest Chief Financial Officer Robert Woodruff, who faces civil fraud charges, and former Chief Legal Counsel Drake Tempest, who regularly commuted with Nacchio between Denver and their East Coast homes. … The names, described as the Justice Department's 'embargoed list,' were disclosed in federal court filings by defense attorneys whose clients face civil fraud charges by the Securities and Exchange Commission. Attorneys representing two former Qwest midlevel accountants are trying to get permission to take some depositions and move forward with their cases. … The 'embargoed list' names individuals federal prosecutors don't want defense attorneys to take depositions from until the Nacchio criminal case is resolved."

SEC Joins DOJ In Defending PCAOB Against Constitutional Challenge. Dow Jones (9/2, Hughes) reports, "The Securities and Exchange Commission Friday joined the Justice Department in defending the audit-oversight board created by Congress in 2002 against a legal challenge to its constitutionality." Dow Jones continues, "The Free Enterprise Fund and Beckstead & Watts, a small Nevada accounting firm, are suing the Public Company Accounting Oversight Board, claiming it is unconstitutional. They contend that since the private body has government-like powers to inspect and discipline public company auditors, the oversight board members should be appointed by the president, not the SEC." Dow Jones adds, "The plaintiffs also say that even if it is proper for appointment of the PCAOB board members to be delegated, the SEC doesn't have appointment power, since only heads of U.S. departments may make such appointments. … In a legal brief filed Friday and signed by a group including the SEC's general counsel, the government argues that 'at bottom, plaintiff's argument offers little more than a series of unfounded speculations premised on unlikely readings of statutory terms.'"

CRIMINAL LAW:

Former Detroit City Councilman Convicted Of Theft, Bank Fraud. The Detroit News (9/1, Egan) reports, "Alonzo (Lonnie) Bates, one of Detroit's most polarizing and controversial political figures of the last 30 years, is facing prison time after a federal jury convicted him Thursday of theft and bank fraud." The News continues, "A jury of seven women and five men unanimously found the former city councilman placed four 'ghost employees' who did little or no city work on the City Hall payroll. They also determined Bates, 66, forged signatures and continued to cash checks for one of the ghost employees for several months after the man returned to Alabama, pocketing the money for himself. … 'If it weren't for all the dark suits, you would swear it was the Ku Klux Klan,' Bates told supporters after the verdict as he glared at two rows of federal agents who investigated his conduct. 'That's what it is, the Ku Klux Klan.' … Bates' conviction is the only one to date in ongoing federal investigations involving Detroit city government."

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The Detroit Free Press (9/1, Ashenfelter, Bello) reports, "The jury deadlocked on whether Bates, 66, extorted a $7,480 roof from a city contractor, prompting the judge to declare a mistrial on that count." The Free Press adds, "The most serious charge, bank fraud -- for forging and cashing several of the yardman's checks -- carries a maximum penalty of 30 years in prison and a $1-million fine. But Bates likely will face up to 3 years based on federal sentencing guidelines, which will take into account that he has no criminal record and that the crime involved less than $100,000." The Free Press adds, "U.S. Attorney Stephen Murphy III, flanked by Assistant U.S. Attorney Michael Bullotta, who tried the case, said at a news conference that the verdict sends a message to public officials that corruption will be prosecuted. … Murphy rejected claims by Bates' lawyer, Steve Fishman of Detroit, who said the federal government pursued Bates because he's an urban Democrat. Bates has claimed he was targeted because he is black. … 'That is absolutely preposterous,' said Murphy, a Republican. 'We go where the evidence takes us, regardless of race, party affiliation or geography.' … Murphy said he hadn't decided whether to retry Bates on the extortion count."

Conviction May Lead To School Name Change. The Detroit News (9/1, Egan) reports, "Alonzo Bates' conviction Thursday on felony charges could result in a name change for a Detroit public school." The News continues, "The Alonzo W. Bates Academy for the Gifted and Talented on Greenlawn on the city's west side, part of Detroit Public Schools, was founded by Bates while he was a school board member in the early 1980s. .. . The Rev. Jimmy Womack, president of the school board, said Thursday he expects discussion about changing the name but no decision has yet been made."

More Commentary. The Detroit Free Press (9/1) editorializes, "A federal court jury convicted (Bates)Thursday of bank fraud and stealing public funds for putting people on the city payroll who did little or no work for the city or only personal work for Bates. Testimony also showed that Bates — one of the most arrogant and least-accomplished public officials in recent Detroit history — even forged signatures on a series of checks to one of the nonemployees and pocketed the money." The Free Press continues, "Prosecutors said about $91,000 was involved, not a huge amount of money in a city with a $1.6-billion budget — but that doesn't make stealing and lying any less offensive. … Bates was indicted last year after city voters had the good sense to deny him re-election. He has alternately blamed racism and the media for his troubles, or said that what he did is common among council members. The jury obviously chose only to look at the evidence."

Armitage Revelation Spurs Debate Over Fitzgerald's Handling Of Plame Probe. The New York Times (9/2, Johnston, 1.21M) reports, "An enduring mystery of the C.I.A. leak case has been solved in recent days, but with a new twist: Patrick J. Fitzgerald, the prosecutor, knew the identity of the leaker" Richard Armitage "from his very first day in the special counsel's chair, but kept the inquiry open for nearly two more years before indicting I. Lewis Libby Jr., Vice President Dick Cheney's former chief of staff, on obstruction charges. Now, the question of whether Mr. Fitzgerald properly exercised his prosecutorial discretion in continuing to pursue possible wrongdoing in the case has become the subject of rich debate on editorial pages and in legal and political circles." The Times goes on to report, "Bush administration officials have argued that because the original leak came from a State Department official, it was clear there had been no concerted White House effort to disclose Ms. Wilson's identity. But Mr. Fitzgerald's defenders point out that the revelation about Mr. Armitage did not rule out a White House effort because officials like Mr. Libby and Karl Rove…had spoken about Ms. Wilson with other journalists." Fitzgerald "came close to providing a defense for his actions at a news conference in October 2005, when Mr. Libby was indicted. Mr. Fitzgerald said that apart from the issue of whether any crime had been committed, the justice system depended on the ability of prosecutors to obtain truthful information from witnesses during any investigation."

Former Alabama Mayor, Two Others Convicted In Bribery Scheme. The Mobile Press-Register (9/2, Kirby, Dezember) reported, "A federal jury in Mobile on Friday found former Orange Beach Mayor Steve Russo, City Attorney Larry Sutley and developer Ken Wall guilty of a multi-faceted conspiracy to enrich the mayor in exchange for his influence with controversial developments. … After deliberating for about six hours, the…jury convicted Russo on 22 of 25 counts. Sutley, who took a leave of absence from his position earlier this year following his indictment, was convicted of eight of 11 counts, and Wall was found guilty of six of 11 counts." The Press-Register noted, "Barring a reversal by the judge or a successful appeal, all

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three defendants face significant prison time when they are sentenced in January."

The AP (9/2, Mitchell) reported, "A centerpiece of the case against…Russo was a prosecution claim that he made $400,000 simply by signing his name to a $1.6 million waterfront tract sale. Along with being convicted on wire and mail fraud counts, Russo was found guilty of diverting campaign funds to personal use, including charges at Mississippi casinos, and obstructing justice." The AP noted, "Reacting to the verdicts, U.S. Attorney Deborah Rhodes said, 'It's a good day for Orange Beach. It's a good day for honest government.' She said the investigation began with complaints from citizens."

Stevens' Son Among Alaska Legislators Targeted By FBI Raid. The Wall Street Journal (9/2, Carlton, Levine, 2.03M) reports the FBI "raided six Alaska state legislative offices, carrying away boxes of documents in what appears to be a probe into whether VECO Corp., an oil-field-services contractor with close political ties, engaged in influence peddling. On Thursday and continuing on Friday, FBI agents launched a series of raids in Juneau and other cities, according to Alaskan legislative officials, pouring into offices that include those of State Senate President Ben Stevens, son of longtime U.S. Sen. Ted Stevens." According to the Journal, "The agents sought documents and other records showing ties between the legislators and VECO and its executives, including Bill Allen, the company's chairman, the officials said. VECO and its employees are major political-campaign contributors in Alaska, giving mostly to Republicans. In 2000, Mr. Allen was co-chairman of President Bush's Alaska state campaign."

The New York Times (9/2, Yardley, 1.21M) reports Amy Menard, a lawyer for VECO, "said that a search warrant had been issued seeking information from VECO and that the company 'has information to suggest that federal agents may have been to the offices of VECO Corporation.' … Critics of Ben Stevens have said he is too close with some companies that benefit from the state. Mr. Stevens has worked as a consultant to VECO while serving in the Legislature. Mr. Stevens, who was appointed to fill a vacant seat in 2001 and was elected to a full term in 2002, is not seeking re-election this year."

The Washington Post/AP (9/2, A3, Volz) reports, "A copy of one of the search warrants, obtained by the Associated Press, links the investigation to a new production-tax law signed last month by Gov. Frank H. Murkowski (R) and to a draft natural gas pipeline contract that Murkowski and the state's three largest oil companies negotiated.

New York ELF Arsonist Sentenced To Six Months In Federal Prison Camp. Newsday (9/2, Freedman) reported, "A self-styled ecological freedom fighter was sentenced Friday to serve six months in a federal low-security prison camp for starting fires at construction sites that damaged four homes in Middle Island and five homes in Mount Sinai in December 2000, claiming the act was the work of the Earth Liberation Front. Matthew Rammelkamp is the last of four people charged in the case. U.S. District Court Judge Thomas Platt said he could continue his studies at Stony Brook University, and he will begin his sentence 10 days after he graduates in January." Newsday noted, "Rammelkamp, who was 16 when he started the fires, pleaded guilty in 2001 and has cooperated with officials who were investigating the Earth Liberation Front, which federal officials consider a terrorist organization."

CIVIL LAW:

Tobacco Companies Seek To Continue Selling "Light," "Low-Tar" Cigarettes. The Kansas City Star (9/2, Zuckerbrod) reports, "Top tobacco companies on Friday urged a federal judge to let them sell 'light' and 'low-tar' cigarettes until their appeal of her ruling against such labeling could be decided. … The companies argued that they would lose sales to smaller companies not covered by the ruling." The Star continues, "Two weeks ago U.S. District Judge Gladys Kessler sided with the federal government, ruling that the major cigarette manufacturers violated racketeering laws. She said the companies conspired for decades to mislead the public about the health hazards of smoking. … Kessler rejected a bid by the Justice Department to make the companies pay billions of dollars to finance smoking-cessation efforts. However, she banned the use of labels such as 'low-tar' and 'light.' … Earlier this week, a report testing cigarette nicotine levels for the Massachusetts Department of Health found that for all brands tested in 1998 and in 2004 there was no significant difference in the total nicotine delivered between 'full-flavor,' 'medium,' 'light,' or 'ultra-light' cigarettes. … That report also found that the level of nicotine that smokers typically consume per cigarette had risen about 10 percent in the past six years, making it easier

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to get hooked and harder to quit. Some researchers have argued that cutting nicotine levels would be much more effective in reducing smoking than education efforts."

CIVIL RIGHTS:

DOJ, EEOC Side With Religious Objector Over Union Dues. The AP (9/2) reports, "State employees should be able to donate their union dues to any charity, not just a church, when they have religious objections to how the money's being spent, federal justice and civil rights officials decreed Friday." The AP continues, "The U.S. Justice Department and U.S. Equal Employment Opportunity Commission said a union must give all employees -- not just active churchgoers -- who object to its expenditures for religious reasons the same opportunity to divert their dues away from the organization. The settlement affects 37,000 of Ohio's unionized public employees," The AP adds, "The decision came in a case involving an Ohio Environmental Protection Agency employee without a church affiliation who opposed paying dues to his union, the Ohio Civil Service Employees Association, because of its support of abortion and same-sex marriage. … While the union had a policy allowing employees with similar objections to donate their dues to their churches, synagogues or other religious organizations, it prohibited those without church affiliations to donate to a secular charity. Federal officials said that policy violates equal protection statutes. … 'The law protects the religious observances, practices and beliefs of all Americans,' Wan J. Kim, assistant attorney general for the Civil Rights Division said in a statement. 'I applaud the Ohio state officials for working with the Department to resolve this case.'"

DOJ Helping Improve Racial Tensions At U-Missouri-Kansas City. The Kansas City Star (9/2, Williams) reports, "Complaints about racism at the University of Missouri-Kansas City have gotten the attention of the U.S. Department of Justice and the local NAACP." The Star continues, "The two agencies said they have discussed with university officials the development of a plan for improving the racial atmosphere on campus. But none of the parties would reveal specifics of those talks, which they said are in the very early stages. … 'No plan has been developed yet,' said Bill Whitcomb, a spokesman for the Justice Department's Community Relations Service, which deals with resolving disputes over race, national origin and color." The Star adds, "UMKC Chancellor Guy Bailey said that university officials have met two or three times with the two agencies and that 'they have been very helpful giving an external perspective and making suggestions.' … Bailey, who took over at UMKC in January, said improving the racial climate is one of his administration's top three priorities."

DOJ Settles Sex Harassment Cases Against Twin Cities Landlords. The St. Paul Pioneer-Press (9/2, Egerstrom) reports, "The U.S. Department of Justice has reached an agreement with several Twin Cities rental property owners and managers in a sexual-harassment action under the federal Fair Housing Act. … The agreement calls for the defendants to pay $325,500 to harassed tenants and a $35,000 civil penalty." The Pioneer-Press continues, "The Justice Department's said the settlement involves Robert Wones, a former owner and a management employee of S&R Property Management, of Coon Rapids; property manager Howard Melin; Welty Properties Inc., of Edina; and Shumel Management, of Coon Rapids. … Settlement terms also forbid the corporate defendants from future discrimination, and ordered that Wones must hire an independent management to operate any future rental property that he might acquire." The Pioneer-Press adds, "The U.S. Attorney's Office in Minnesota argued in a lawsuit filed in December 2004 that Wones subjected women to sexual touching and advances and forced them to have sex with him if they wanted to rent an apartment. It was the second lawsuit brought against Twin Cities landlords by the Justice Department."

Judge Delays Most Of Order Allowing Felon Voting Rights. The Birmingham News (AL) (9/2, Walton) reports, "A Jefferson County (AL) judge agreed Friday to delay for review by the Alabama Supreme Court most of his order that would allow all felons to vote." The News continues, "Circuit Judge Robert Vance Jr., at the state attorney general's request, stayed portions of his ruling such as requiring the attorney general's office to send Vance's order immediately for clearance by the U.S. Justice Department. The federal Voting Rights Act requires changes in state election law be approved through the Justice Department." The News adds, "Vance ruled last month that all voter registrars in Alabama counties must allow felons to register to vote until the state Legislature passes a law that

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defines crimes of moral turpitude. Vance had said state law does not define them, and the state constitution holds that those guilty of crimes of moral turpitude forfeit the right to vote. .. . The attorney general's office appealed Vance's decision to the state Supreme Court."

Few Overseas Soldiers Voted In Alabama Runoff Election. The AP (9/2) reports, "After a Justice Department suit and legislative action to extend the primary runoff from three weeks to six weeks, only a small number of military personnel stationed overseas voted in the July 18 primary runoff." The AP continues, "The runoff was extended to give soldiers more time to receive and return absentee ballots and to keep their votes secret. Incomplete figures in the Alabama Secretary of State's office show that some counties received no overseas military absentee ballots and in many the number was fewer than five." The AP adds, 'Just 13 overseas military absentee ballots were received for the runoff in Jefferson County, the state's most populous. … That may be in part because there was no gubernatorial primary runoff — and no statewide Democratic runoff race at all — to excite voters overseas, or at home. The July 18 turnout was estimated to be in the low teens, down from the 38 percent who voted in the June 6 primary."

Judge Suspends Ohio Voter Registration Rules. The New York Times/AP (9/2) reports Judge Kathleen M. O'Malley of Federal District Court "threw out" new Ohio rules "governing voter registration drives, saying they appeared to violate the First Amendment and hinder efforts to sign up new voters." O'Malley "issued an order from the bench immediately halting enforcement of the registration rules. Judge O'Malley said she planned to issue a detailed written order next week. A coalition of voter advocacy groups and Democratic lawmakers sued the state, asking that the regulations be thrown out. They claimed the regulations were intimidating and impaired their registration drives, particularly in low-income and minority areas, because the rules carried potential criminal penalties. The state said the rules were needed to guard against voter fraud. Judge O'Malley said she would have liked to have months to study the case but felt she had to make a ruling Friday ahead of the Labor Day weekend, which is traditionally a time for voter registration drives."

Georgia State Election Board Votes To Notify Voters Of Need For Official ID At Polls. The Atlanta Journal-Constitution (9/2, Campos, 399K) reports, "Georgia's effort to require voters to show photo identification at the polls is back on -- for now. The State Election Board on Friday agreed to launch an education campaign to let voters know they will need one of six forms of government-issued photo identification when they cast a ballot in special elections to be held later this month and the general election in November." But opponents "immediately pledged to go back to court to get the law tossed again." Both state and federal judges temporarily "halted enforcement of the voter ID law for the July primaries" but they "have yet to rule on the merits of the law." The Fulton County Superior Court will hold a hearing on Friday "in a lawsuit brought by former Gov. Roy Barnes."

ANTITRUST:

FTC Battles Drug Makers' Payments To Generic Competitors. The AP (9/2) reports, "The Federal Trade Commission has struck out so far in trying to block drug companies from reaching settlements it fears are slowing the introduction of generic competitors, but the head of the agency said she won't stop fighting to end such deals." The AP continues, "FTC Chairman Deborah Platt Majoras said she's concerned payments by brand name drug makers to their generic rivals may be nothing more than payoffs to keep cheap drugs off the market, depriving consumers of low-cost medicines. … 'There is no question we've taken some hits on this,' Platt Majoras said in an interview with The Associated Press. But 'we are not walking away.'" The AP adds, "The FTC lost a court challenge of one of the deals in 2005 and the Supreme Court declined to hear its appeal. The trial court found that such settlements are permissible as long as a generic's entry isn't delayed beyond a drug's patent term. … Platt Majoras said it's apparent drug that companies aren't especially worried about the FTC threat since they continue to negotiate new patent settlements. But 'they do so at their own peril,' she warned. .. . Earlier this year, Bristol-Myers Squibb Co. and it marketing partner Sanofi-Aventis SA agreed to pay $40 million to Apotex Inc. to end its litigation over the blood thinner Plavix -- a move that would have prevented a generic competitor for Plavix from reaching the market until 2011. .. . However, state regulators rejected the deal, clearing

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the way for Apotex to begin selling a generic version of Plavix on Aug. 8. The Canadian drug company's sales of the cheaper medication were booming until a federal judge in New York ordered a temporary halt in its sales this week. .. . Platt Majoras declined to say whether the FTC instigated the Justice Department's criminal probe into the arrangement among the drug companies."

Generic Plavix Ruling Reduces Bristol-Myers Profits. The New York Times (9/2, Saul) reports, "Bristol-Myers Squibb, reeling from the incursion of a generic competitor to its top-selling drug Plavix, said yesterday evening that the impact would reduce its profits this year by at least 20 cents a share, or about $400 million. … Instead of a profit of at least $2.3 billion that the company had been expecting earlier, Bristol-Myers now expects to earn only $1.9 billion for the year." The Times continues, "The company also said that 2007 sales of Plavix could be harmed if large enough supplies of the generic competitor from Apotex, a Canadian company, are already in wholesale channels. … Apotex began marketing its drug last month in violation of an existing patent. Apotex is challenging that patent in court. … A federal judge on Thursday issued an order blocking additional distribution of the generic drug and signaled that the patent was likely to be upheld at a trial next year. But Bristol-Myers's revised earnings forecast yesterday indicated the extent of the damage the company expects from the supply of the lower-priced generic already on the market." The Times adds, "Plavix sales in the United States amounted to $3.5 billion last year and accounted for 30 percent of Bristol-Myers's profit. The drug is used by 48 million Americans primarily to prevent the recurrence of heart attack and stroke. Earlier in the day, the company's partner in sales of the drug, the French company Sanofi-Aventis, announced a lowered earnings forecast for the year, predicting growth of earnings per share of 2 percent rather than the 12 percent previously announced by the company."

ENVIRONMENT/INDIAN AFFAIRS:

Judge Rules Fish And Wildlife Service Broke Law In Opening 37 Refuges To Hunting. The AP (9/2, Apuzzo) reports, "Dozens of wildlife refuges could be closed to hunters" because U.S. District Judge Ricardo M. Urbina ruled that "the U.S. Fish and Wildlife Service violated federal law when it allowed or expanded hunting at 37 refuges from 1997-2003." Judge Urbina "stopped short of overturning the hunting rules and asked attorneys for both sides to propose solutions."

Energy Department "Dismantling" Office of Environment, Safety and Health. McClatchy (9/2, Blumenthal) reports, "Months before new health and safety rules are to take effect for more than 100,000 workers at Department of Energy sites across the nation, the DOE is dismantling the office that's in charge of implementing them. The move has drawn sharp criticism on Capitol Hill and from others, who say it will gut the department's worker-safety and health programs. Lawmakers and other critics say the restructuring will roll back more than 20 years of better worker safeguards while appeasing contractors who've long complained about overly restrictive regulations. … Department officials defended the restructuring, saying the Office of Environment, Safety and Health needed to be overhauled. Combining it with the DOE's security office will increase, not lessen, workers' safety, they said. They bristled at any suggestion that the department is downgrading its commitment to safety. 'That is absolutely and totally incorrect,' said Clay Sell, the department's deputy secretary."

Bipartisan Opposition Dooms Plan To Sell National Forest Land. The Los Angeles Times (9/2, Boxall, 918K) reports, "A Bush administration proposal to sell 300,000 acres of national forest land — a quarter of it in California — to raise money for rural counties has been shelved amid widespread opposition. Congress refused to move the legislation this summer, and groups that typically ally themselves with the president, such as the National Rifle Assn., came out against the measure, spelling its doom in this congressional session. Agriculture Undersecretary Mark Rey, the proposal's chief architect, acknowledged as much last month when he agreed to find other funding for the program, which finances rural schools and roads. … Also dead is an accompanying administration proposal to require the U.S. Bureau of Land Management, the federal government's largest landowner, to dramatically boost its land sales to raise $350 million over the next decade. The demise of the proposals marks the second recent defeat for efforts to sell substantial public holdings. Last year a House committee under the leadership of Rep. Richard W. Pombo (R-Tracy) drafted budget language that would have forced the federal government to sell potentially millions of acres next to mining

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claims that stud Western public lands. That died after sports groups and westerners complained."

National Parks' Rules Boost Clout Of Neighboring Communities. McClatchy (9/2, Doyle) reports, "Neighbors of the nation's U.S. parks may speak louder under new management policies signed this week. But after wading through 45,000 often-angry public comments, park service officials backed off earlier plans that could have opened up parks to more motorized vehicles. It's a retreat that environmentalists score as a victory. … So-called 'gateway communities,' for instance, are supposed to get more of a say when parks consider new fees or other changes. In the past, nearby towns have complained their commercial concerns go unheeded." The "enhanced gateway community outreach" has "long been a priority for conservative lawmakers who represent towns bordering California's mountainous national parks." McClatchy notes, "An early draft of the policies, drafted by a Bush administration political appointee who since has been sidelined, would have made it harder for park managers to ban snowmobiles and off-road vehicles."

Controversy Over Snowmobiles In Yellowstone Persists. The New York Times (9/2, 1.21M) editorializes that the new policies do "nothing to change the perennial struggle over snowmobiles in Yellowstone, an issue that persists only because political appointees refuse to accept what three scientific studies have already told them. The new policy makes it possible for the park service to make science-based decisions, as it used to do."

Salmon Industry Looks To Congress After California Assembly Fails To Pass Bailout. The Los Angeles Times (9/2, Bailey, 918K) reports, "Commercial fishermen hit hard this year by a virtual shutdown of salmon fishing in West Coast waters voiced anger Friday after a $25-million bailout package died in the waning days of the legislative session. They blamed intramural politics for undercutting the relief legislation, which sought direct cash grants as well as zero-interest loans to fishermen, bait shops and other on-shore businesses that support the beleaguered salmon industry. The salmon harvest so far this year has been about 10% of average because of fishing limits set by federal officials concerned about ebbing returns of adult fish to the Klamath River. … Fishermen held Assembly Speaker Fabian Nuñez (D-Los Angeles) responsible for the measure's demise, saying he refused to push any meaningful bailout." The Times adds, "Now the hopes of California fishermen and the salmon industry will turn to Congress. On Aug. 10, U.S. Commerce Secretary Carlos Gutierrez declared a commercial fisheries failure for the West Coast salmon industry after months of prodding by Schwarzenegger and the other West Coast governors, U.S. senators and representatives. The declaration opened the door for Congress to approve relief funding."

Rains Slow Wildfires In Montana. NBC Nightly News (9/1, story 8, :30, Brown, 9.87M) reported, "Firefighters battling an enormous blaze in south central Montana got help from mother nature. Rains slowed the fast moving wildfire that's burned more than 156,000 acres, destroyed 20 homes and led to hundreds of evacuation orders. Officials hope the break in the weather will give them the edge they need to bring the fire under control."

Schwarzenegger Describes His Interest In Combating Global Warming. ABC's World News (9/1, story 7, 4:00,Gibson) reports, "There is a vigorous debate underway in California following the landmark agreement that we told you about earlier in the week. The deal between Governor Schwarzenegger and Democratic lawmakers will fight global warming by slashing green house gas emissions by 25%. Now business groups charge the law is going to drive up costs and kill jobs. We had an exclusive interview with Governor Schwarzenegger today." Schwarzenegger was shown saying, "I think it's very important to show leadership. … And when you know green house emissions cause global warming, we have to fight that. And global warming is one of those things, not like an earthquake where there's a big bang and you say, 'oh, my God.' This hit us. It creeps up on you. It creeps up on you. Half a degree temperature difference from one year to the next. A little bit of rise of the ocean. A little bit of melting of the glaciers. And all of a sudden, it's too late to do something about it. It's like cancer. It creeps up on you and gets a hold of you. We don't want to go there. Right now is the right time to reverse it."

California Lawmakers Reject Increase In Indian Gambling. The New York Times (9/2, Archibold, 1.21M) reports the California legislature defeated a "major goal" of Gov. Arnold Schwarzenegger (R) in rejecting an expansion of Indian gambling "after heavy lobbying by union

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groups frustrated by efforts to organize workers at the casinos." The rejected proposals would have "allowed for some 20,000 new slot machines on several reservations, in addition to the 60,000 already there."

FBI/DEA/ATF/USMS:

Tough Drug Policies Said To Result In Lower Rates Of Use. Tom Riley, Communications Director, Office of National Drug Control Policy, writes in a letter to the New York Times (9/2, 1.21M), responding to a John Tierney column on drug policy and drug use, arguing that "European countries with softer drug laws have higher rates of use" of marijuana while those with "tough drug policies" have lower rates. He notes that "Canada, sliding toward decriminalization, experienced a doubling of marijuana use between 1994 and 2004, while the United States witnessed a nearly 20 percent decline among young people between 2001 and 2005."

Writers Argue Againist "No-Knock" Raids. In an op-ed in the Wall Street Journal (9/2), Radley Balko, author of 'Overkill: The Rise of Paramilitary Police Raids in America,' published by the Cato Institute, where he is a policy analyst, and Joel Berger, an attorney and a former New York City Law Department executive, write, "The Supreme Court ruled this June that evidence seized in an illegally performed 'no-knock' police raid can still be used against a defendant. Though disturbing in its own right, Hudson v. Michigan touched on only a small part of a larger problem -- the trend toward paramilitary tactics in domestic policing." Balco and Berger continue, "Criminologist Peter Kraska estimates that the number of SWAT team 'call-outs' soared past 40,000 in 2001 (the latest year for which figures are available) from about 3,000 in 1981. The vast majority are employed for routine police work -- such as serving drug warrants -- not the types of situations for which SWAT teams were originally established. And because drug policing often involves tips from confidential informants -- many of whom are drug dealers themselves, or convicts looking for leniency -- it's rife with bad information. As a result, hundreds of innocent families and civilians have been wrongly subjected to violent, forced-entry raids. … Home invasions can also provoke deadly violence because forced-entry raids offer very little margin for error. Since SWAT teams began proliferating in the late 1980s, at least 40 innocent people have been killed in botched raids. There are dozens more cases where low-level, nonviolent offenders and police officers themselves have been killed." Balko and Berger continue, "A few cities, such as New Haven, Conn., and San Jose, Calif., restrict the use of SWAT teams to cases where a suspect presents an immediate threat. Denver dramatically cut back the number of 'no-knock' raids conducted after a SWAT team shot and killed an innocent man in a botched raid in 1999, and follow-up investigations revealed severe deficiencies in the how police had obtained 'no-knock' warrants. … But these examples are few and far between. Most of the country is moving toward more militarization, more aggressive drug policing -- and less accountability when things go wrong."

DEA Agent Says Memo Destroyed His Career. WFAA-TV, Dallas-Fort Worth (9/2, Harris, Smith) reports, "The memo was direct and extremely troubling. … It detailed concerns about the 'unnecessary loss of human life in the Republic of Mexico', and it claimed U.S. Immigration and Customs Enforcement officials may have gone to 'extreme lengths to protect' a 'homicidal maniac' informant. … The memo, written by then DEA Special Agent in Charge Sandalio 'Sandy' Gonzalez, would forever change his life." WFAA-TV continues, "Gonzalez began in early 2004 to question the U.S. government's role in allowing an informant to commit possible crimes, even murder. .. . Twelve bodies had been uncovered in a small duplex in Ciudad Juarez, Mexico - a short drive from Gonzalez's El Paso office. … Gonzalez, however, became shocked when he began to review government reports, including a report saying a paid U.S. informant supervised and participated in at least one murder at the cartel-operated house. … 'We have an obligation as law enforcement officers to stop a murder from being committed,' said Gonzalez, a 26-year DEA veteran agent speaking in an exclusive television interview with WFAA." WFAA-TV adds, "Internal memos also said the informant ensured the duplex was open prior to murders and supervised their burial. What's more, the informant audio-taped the first murder on August 2003, and provided the tape to federal agents, memos said. .. . ICE and federal prosecutors may have ignored a DEA request to shut down their investigation after the first murder, allowing murders to occur at the house for five more months – until January 2004. … Troubled by what he found, Gonzalez ultimately wrote a memo to his ICE counterpart in El Paso, and sent a copy to the Justice Department. … That was the beginning of the end

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of his career. … Gonzalez got a bad job review from DEA Administrator Karen Tandy, his boss. And felt pressure to retire early. .. . Since then, he's challenged and overturned the job review. But the lack of investigation into the government's actions, he said, has been a 'black-eye on law enforcement.'"

IMMIGRATION:

Bush's Immigration Reform Proposal Called "Likely Dead For The Year." McClatchy (9/2, Montgomery) reports "many" supporters of President Bush's immigration reform "concede that it may be a lost cause." McClatchy cites "what appears to be a widening consensus that Bush's top domestic priority is likely dead for the year." Sen. John Cornyn is quoted as saying, "I don't get the sense that people have given up, but with every day that goes by, the stark reality of the calendar is setting in." McClatchy adds, "Lawmakers could take a final shot at resolving the issue this year in a brief, post-election 'lame-duck session' in November. But the prospects of finding accord particularly if Republicans lose control of one or both chambers appear highly unlikely, many lawmakers and immigration experts said. … One potential avenue for compromise centers on a plan" authored by Sen. Kay Bailey Hutchison and Rep. Mike Pence "in an attempt to overcome a deadlock between the House of Representatives and the Senate. The plan, which would create a privately run guest-worker program, has drawn favorable editorial reviews in several major newspapers as well as guarded, though non-committal, support from the administration and some congressional leaders. Commerce Secretary Carlos Gutierrez described it as 'an intriguing proposal' and a potential starting point for compromise." Hutchison "said she is optimistic that a version of the proposal could get both sides talking and possibly win passage in a lame-duck session. But Rep. Tom Tancredo…said his allies probably would oppose the concept as a form of amnesty for illegal behavior."

Immigration Activists Begin March To Hastert's Office. The Los Angeles Times (9/2, Olkon, 918K) reports, "About 400 supporters of broader immigrant rights streamed out of Chinatown Square at noon Friday to kick off a four-day journey that will end at the district office of House Speaker J. Dennis Hastert in Batavia. … Organizers said they hoped to persuade Hastert, a Republican, to offer a path to citizenship for the nation's estimated 12 million illegal immigrants and to put a moratorium on raids and deportations by the U.S. Department of Homeland Security." Catherine Salgado of the Illinois Coalition for Immigrant and Refugee Rights "said she expected a few hundred supporters to walk the distance to Hastert's office. She predicted that thousands more would show up at rallies along the route."

Hazleton, Pennsylvania Delays Enforcement Of Law Meant To Curtail Illegals. The New York Times (9/2, Preston, 1.21M) reports Hazleton, PA "has agreed to hold off temporarily from enforcing an ordinance that fines landlords who rent to illegal immigrants, denies business permits to employers who hire them and requires that all city business be conducted only in English. A federal district judge, James M. Munley, issued an order yesterday confirming an agreement between…Hazleton, and civil liberties groups that challenged the ordinance in a lawsuit filed Aug. 15. Hazleton said it would not immediately enforce the measure, passed July 13, and its opponents agreed not to seek a formal injunction for the time being.

The AP (9/2) reports Mayor Lou Barletta "said the city agreed to the delay only because it is working on a replacement ordinance that he says will better stand up in court." Barletta "proposed the ordinance after two illegal immigrants were charged with shooting and killing a man. He has said the new law has already spurred many illegal immigrants to leave the city."

"National Latino Congreso" To Meet In Los Angeles. The Los Angeles Times (9/2, Ganga, Watanabe, 918K) reports, "Latino leaders from throughout the country are scheduled to gather in Los Angeles next week to address pervasive gaps between whites and Latinos in critical areas, including income, home ownership, education and access to healthcare. The National Latino Congreso — billed as the first comprehensive gathering of Latino leaders and community members in nearly 30 years — is to begin Wednesday and feature a rally and vigil Sept. 9 urging Congress to pass an immigration reform bill."

Bush Criticized For Failing To "Rein In" GOP Immigration "Rabble-Rousers." The Los Angeles Times (9/2, 918K) editorializes that "after a summer filled with no fewer than 20 congressional immigration hearings, blustery news conferences on border enforcement and other election-year artifacts, the immigration reform process is likely to remain silly — that is, effectively dormant — until November. Not even marches for immigration reform, scheduled today for Los Angeles and other cities, are likely to change that. … Rather than rein in his party's rabble-rousers — or at least

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gently steer them toward a legislative goal he's called for repeatedly — President Bush has been silent on immigration for weeks. Instead, officials from the Department of Homeland Security have been sent around the country to make the case that the administration's recent border-policing upgrades are already accomplishing the 'enforcement-first' agenda required by House hard-liners."

TAX:

US Cites Tax Scheme In Suit Against California Man. The Contra Costa Times (9/2) reports, "The Justice Department announced Friday that it has sued to block William Kennedy of Livermore from selling an alleged tax fraud scheme. The complaint, filed in U.S. District Court in San Francisco, claims Kennedy falsely advised customers that they can use an entity known as a 'corporation sole' to avoid paying federal income taxes." The Times continues, "Kennedy conducted his business through an entity he calls the 'Ear of Malchus,' which is referenced in the New Testament. According to the complaint, the IRS estimates that Kennedy's tax-fraud scheme results in an annual loss to the federal Treasury of $500,000." The Times adds, "Some states authorize corporations sole to enable religious leaders to hold property and conduct business, the complaint states. But tax benefits are available only to tax-exempt religious or charitable organizations under federal tax laws. The complaint alleges that Kennedy falsely advises customers that corporations sole used for their personal benefit can qualify as tax-exempt religious organizations. … The government's complaint states that Kennedy charges his customers from $15,000 to $25,000 to participate in the corporation sole scheme. The suit asks the court to order Kennedy to remove from his Web site all information advertising the scheme and to give the government a list with his customers' names, addresses and Social Security numbers."

IRS Sues Former NFL Quarterback Stabler Over Unpaid Taxes. The Birmingham News (AL) (9/2, Hubbard) reports, "University of Alabama football broadcaster Ken Stabler has been sued by federal prosecutors who want to seize his south Alabama land to pay more than $500,000 of what they say are overdue personal and business taxes." The News continues, "The civil suit was filed Tuesday in U.S. District Court in Mobile by the Tax Division of the Justice Department. It says the former Crimson Tide and Oakland Raiders standout quarterback owes $544,847 in unpaid federal taxes, and that his property in Mobile and Orange Beach should be seized and sold to pay the debt. … Robert Galloway, Stabler's tax attorney, said Friday he has been negotiating with the Internal Revenue Service on his client's behalf and that he expects the matter to be settled before any property is seized."

The AP (9/2) reports, "The suit, filed Tuesday in U.S. District Court by the Justice Department's Tax Division, says Stabler owes $241,565 in unpaid income taxes, penalties and interest from 1999, 2000 and 2001. … It also says the Stabler Co., which he owns, owes $303,282 in unpaid income and employment taxes, penalties and interest from 1995, 1998, 1999 and 2000. The Stabler Co. arranges speaking engagements." The AP adds, "The suit asks a judge to make sure the amounts are paid by foreclosing on property that the former University of Alabama and Oakland Raiders quarterback owns in Mobile and on Ono Island, an upscale residential island."

IRS Failure To Update Program May Have Cost $318 Million In Improper Tax Refunds. The AP (9/2, Dalrymple) reports, "The Internal Revenue Service gave away $318 million in improper refunds this year because a computer program that screens tax returns for fraud was not working." The program is said to have "stopped $412 million in fraudulent returns" in 2005, but Computer Sciences Corp. was unable to update the program for 2006 in time. The IRS is reportedly "trying to get the program up and running in time for the 2007 deadline." IRS Commissioner Mark W. Everson said that "the performance of the agency and the contractor were 'insufficient and are unacceptable.'" The Washington Post (9/2, A13, 748K) published this story.

New Tax Law Hurts US Citizens Working Abroad. The New York Times (9/2, Bradsher, 1.21M) reports, "Congress sharply raised the percentage tax rates this year on Americans working overseas who have salaries plus taxable benefits totaling $93,000 a year or more. The bill, signed by President Bush in May, also imposes taxes on more of the rent assistance that many companies provide their employees to help them cope with high rents overseas. The businesses are taking notice. The United States is the only developed country that taxes its citizens while they are overseas. … Americans living overseas, particularly those

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facing high taxes on employer-provided benefits like housing assistance and tuition for school-age children, are reviewing whether it makes better financial sense to move back to the United States — and whether their employers will try to transfer them home in any case."

CONGRESS-ADMINISTRATION:

Interceptor Missile Hits Target. Two networks reported the test success on the evening news, as well as numerous print media. The Washington Post (9/2, A1, White, 748K) reports in a front page article, "The U.S. military shot down a target missile using its long-range missile defense system yesterday, the first time such a test has intercepted a mock enemy warhead since 2002, officials said." Missile defense "has been controversial both for its cost and for its lack of demonstrated capabilities." Experts, such as CSIS pundit Anthony Cordesman, warned "that the test lacked some real-world conditions, such as enemy efforts to defeat the missile defense system, a surprise attack and an attack involving multiple missiles. They said it does not indicate that the nation is secure from a missile attack." Secretary Rumsfeld's statement on the success is called "cautious."

The New York Times (9/2, Cloud, 1.21M) reports, "An interceptor rocket launched from California on Friday shot down a target fired from Alaska that officials said in some respects resembled a warhead from a North Korean rocket." However, critics "said that the test lacked key elements of realism and that its main objective had been to allow the Missile Defense Agency to claim the program was back on track after the interceptors in the last two flight tests, in December 2004 and February 2005, failed to leave their silos." Union of Concerned Scientists expert Stephen Young called the exercise "as scripted as it can be." Secretary Rumsfeld's statement is quoted.

The Wall Street Journal (9/2, Karp, 2.03M) reports, "The test Friday was the most extensive and realistic trial in nearly two years of the Boeing Co.-led backbone of the missile-defense shield, in which missiles based in Alaska and California are meant to intercept and destroy enemy warheads in space." The success "is bound to give a boost to one of President Bush's top defense priorities, which receives about $9 billion a year in funding but has yet to sway critics."

The Washington Times (9/2, Gertz, 88K) reports that the test hit a "Korean bull's-eye," calling the success "a milestone that U.S. officials expect to counter critics of earlier tests." The Washington Times quotes Rumsfeld, Director Obering, and Undersecretary of State Robert Joseph. North Korea's Committee for the Peaceful Reunification of the Fatherland issued a statement saying that the test "clearly shows that it is the U.S. which is increasing tensions on the Korean Peninsula and threatening war against our country."

The AP (9/1, Jablon) reports, "An interceptor missile destroyed a mock warhead in space over the Pacific Ocean on Friday, a key test of the U.S. missile defense system that prompted North Korea to accuse America of threatening war." Besides the Missile Defense Agency's praise of the results and North Korean denunciation of the test, the AP quotes skepticism about the effectiveness of the system from the Union of Concerned Scientists and GlobalSecurity.org. It adds, "The target missile did not deploy decoys or other devices that might be aboard an actual long-range ballistic missile fired by an attacking country."

Bloomberg (9/2) reports, "The result was welcome news for a Boeing Co.-managed program that hasn't had a successful intercept since 2002 and set a low bar for today's test. While the rocket was aimed at the mock enemy warhead, the goal was to spot and track this target, not necessarily hit it." Rumsfeld had "seemed skeptical during an Aug. 27 press conference at Fort Greely, Alaska, after touring the missile defense site there ahead of today's test." Former Pentagon testing chief Thomas Christie said it was "about time" for the system to succeed. Boeing "is attempting to rebound from test failures that last year cost it $107 million in missile defense bonuses out of a potential pool of $407 million."

UPI (9/1) quotes MDA Director Lt. Gen. Henry Obering's highly positive remarks on the test's success. He stated, "This is about as close as we can come to an end-to-end test of our long-range missile defense system."

Rumsfeld Was "Responsible" For Missile Defense Development Problems. UPI analyst Martin Sieff (9/1) writes that Secretary Rumsfeld "expressed a certain realism that the program was still a long way from reliable operational deployment. ... Rumsfeld`s U.S. Department of Defense spin-masters presented the septuagenarian secretary`s comments as proof of his skeptical, realistic attitude ... However, the real reason so much uncertainty still exists over the operational reliability of the interceptors is the highly controversial production policies that Rumsfeld personally insisted upon." The Secretary and his then-aides Paul Wolfowitz and

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Douglas Feith "drove the U.S. Missile Defense Agency and the prime U.S. industrial contractors on the interceptors so hard that they forced the assembly and deployment of the interceptors without any of the meticulous individual component testing that Pentagon protocols on ballistic missile production have demanded for more than four-and-a-half decades."

China Policy Seen As Focus Of Paulson's Trip To Asia. The Wall Street Journal (9/2, Solomon, 2.03M) reports Treasury Secretary Henry Paulson "is set to make his first official trip overseas this coming week when he heads to Vietnam to huddle with other finance ministers at the Asia-Pacific Economic Cooperation forum. The trip to Hanoi will be closely watched -- both here and abroad -- for what Mr. Paulson has to say about China and the role it plays in global trade imbalances. Asian leaders, and financial markets around the world, are looking for clues to whether Mr. Paulson's approach to China will be different and, perhaps, more successful, than predecessor John Snow's." Paulson "has had extensive dealings with the Chinese, and is sure to fine-tune the Bush administration's approach. Indeed, with domestic economic policy on hold until after November's elections, Mr. Paulson is likely to make dealing with China one of his top priorities."

Trade Deals Facing More Hurdles In Congress. The Los Angeles Times/AP (9/2, Abrams) reports, "The Bush administration's winning streak in getting Congress to go along with trade agreements may be in trouble, particularly if Democrats make the gains predicted for them in November's election. It took anguished debate and an uncomfortably close vote in July for Congress to pass a trade agreement with Oman, an Arabian Sea nation of 3 million people. For President Bush's team, which views free trade as a means to promote prosperity and democracy around the world, it was not a good sign. Critics of the administration's trade agenda saw the 221-205 House vote…as a turning point." U.S. Trade Representative Susan Schwab, "meanwhile, continues to aggressively pursue bilateral agreements. Negotiations are under way with Panama, South Africa and Thailand, and talks have begun with South Korea and Malaysia. The Senate Finance Committee approved measures to advance free trade with Peru and establish permanent normal trade relations with Vietnam."

Embattled House Republicans Seek Another Minimum Wage Vote. The Wall Street Journal (9/2, Lueck, 2.03M) reports, "As Congress returns to work after Labor Day, Republicans face a burning question: whether to try again to pass a minimum-wage increase, or risk facing voters in November without having done so. Some Republican lawmakers, particularly those facing tough re-election fights, want another chance to back an increase from the current $5.15 an hour, a move that would deprive Democrats of a major campaign talking point." Rep. Chris Shays is quoted as saying, "After 10 years, good grief, it's not like we're increasing it in a way that would cause unemployment. … I think it should be passed under our watch." However, the Journal notes, "other Republicans hate the idea and are unlikely to support such a move or would do so only with big sweeteners for their business base. … House Republican leaders are cool to taking up the minimum-wage issue again. So far, they say they plan this month to focus on national-security matters."

VA Response To Data Theft Criticized. In the Air Force Association's journal, Air Force Magazine (9/2), Christian Science Monitor Washington editor Peter Grier cites the VA Inspector General's report on the May theft of veterans' data from an analyst's home as he evaluates the data theft and VA's response. Grier writes, "Backstabbing, rear-covering, interoffice bickering, and a general lack of urgency throughout the Department of Veterans Affairs made the whole situation worse. Lots worse. These are among the conclusions in an official report on the theft in May of personal data for more than 26 million US veterans and active duty and reserve military personnel."

NASA Awards Spacecraft Contract To Lockheed Martin. ABC World News Tonight (9/1, story 5, 1:40, Gibson, 8.78M) reports, "NASA has taken a major step toward a new era of space travel -- awarding a multibillion dollar contract to Lockheed Martin to build the next generation of spaceships." The Orion craft "is a throwback" to the Apollo. A design chosen for "safety" because while, "the shuttle program lost Challenger's crew on liftoff and Columbia's on reentry," Apollo "and the similar Mercury and Gemini capsules lost no one in flight."

NYTimes Worries Dispute At NASA Will Harm Planning Of Space Research. The New York Times (9/2, 1.21M) writes in an editorial, "A battle has erupted" between

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NASA administrator Michael Griffin "and some of his top scientific advisers. Two scientists have been forced to resign from NASA's Advisory Council…and a third has resigned without being asked to." The Times concludes, "The passions unleashed in recent weeks may bode ill for the sound planning of space research in the future." The dispute is described as being between supporters of "a longstanding advisory structure in which panels of scientists fed their suggestions directly to administrators responsible for research programs" and Mr. Griffin who, because of his changes is able "to see the advice before it funnels into the bureaucracy below him, where it might undercut his own plans for the agency."

Dowd Thinks Bush Could Learn From Reading Shakespeare. Maureen Dowd writes in her column for the New York Times (9/2, 1.21M) about President Bush's "summer reading list." "Under Laura the Librarian's tutelage, the president is discovering the little black dress of 60's education, as one scholar referred to the president's summer reading list of 'The Stranger,' 'Hamlet' and 'Macbeth.'" But "I'm tickled that W. is reading Shakespeare, even if it's just to please his wife or win a bet with his strategist." She cites some Shakespeare scholars responding to he suggestion that the president might learn "some trenchant lessons…including Shakespeare's doubt about quick and easy wars."

Congress Urged To Approve Limited-Term Licensing Of Drugs. Marsha Cohen, who teaches food and drug law at the University of California's Hastings College of the Law in San Francisco, writes in the Washington Post (9/2, A29, 748K), "Because this country has what is generally deemed the world's best system for ensuring the safety of prescription drugs, the risks are usually well worth the benefits." But "dangerous, even deadly, side effects that might arise only once in a thousand uses are extremely unlikely to be revealed in pre-market testing." Yet "drugs are in essence approved forever." Cohen proposes "limited-term licensing and a license renewal process." She argues that it "would yield a bonanza of important information on the safety and effectiveness of drugs in use, in comparison to the anemic feedback on newly marketed drugs now available."

OTHER NEWS:

Labor Report Shows Jobs And Wages Up, Jobless Rate Down. The Labor Department reports showing US employers added 128,000 workers and a decline in the jobless rate to 4.7% received extensive coverage in major US media outlets. The stock market responded favorably and in general the media coverage was positive or neutral in tone, but on the national TV news programs Bush Administration economic policies were not mentioned and no Administration officials were quoted.

Providing the most extensive network TV coverage, the CBS Evening News (9/1, story 4, 2:30, Mitchell, 7.66M) in the first of two positive stories on the economy reported that "there was good news for American workers headlined into this Labor Day weekend. More jobs and lower unemployment." The news "encouraged investors. The Dow and NASDAQ were both up sharply today, closing at their highest levels in three months." CBS (Regan): "It was the best of both worlds for Wall Street -- job growth in August proved strong enough to fuel the economy but not strong enough to trigger worries about inflation. Good but not too good." FAO economist Robert Brusca: "That's right. The economy appears to be growing. We're creating jobs, nearly 130,000 jobs in the month, and the unemployment rate has fallen back, but, yet, there are some questions about the future, some weak sectors." Regan: "But many economists believe the job market just as it is now may be about as good as it is going to get."

Continuing with more in depth analysis the CBS Evening News (9/1, story 5, 1:00, Mitchell, 7.66M) reported, "Jobs are up, the market is up. How encourage should we be by these numbers today?" Economic correspondent Anthony Mason: "It looks like we're heading for a soft landing.. The worry had been the Fed in trying to slow inflation could slam the brakes on the economy" but "Ben Bernanke is going to like the numbers a lot." Mitchell concluded: "Good news all around, for the moment, anyway."

In brief stories ABC and NBC were more reserved in their assessment. ABC World News Tonight (9/1, story 4, 0:30, Gibson, 8.78M) called the number of new jobs added "A relatively modest amount, but fresh evidence of a slowdown and analysts predicted the tepid growth might convince the Federal Reserve to hold interest rates steady; a view that

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cheered Wall Street; the Dow Jones and NASDAQ posted healthy gains -- both hitting three month highs."

And NBC Nightly News (9/1, story 5, :20, Brown, 9.87M) noted that in August the economy added "slightly more jobs than in July and the national unemployment rate was down to 4.7%. Wall Street liked the news. The Dow was up 83 points for the day, NASDAQ almost nine and a half. For the week, the Dow was up 180 points, NASDAQ up more than 52."

Saturday's newspapers did relate the news with the Administration's economic policies. Adopting a dismissive tone and focusing on wage growth the New York Times (9/2, Porter, 1.21M) reports, "Job growth seems to be reaching its peak" and "wages inched up, confirming that economic activity is slowing from its brisk pace earlier this year to a more sustainable rate." The news "eased the concerns of many that wage growth might push inflation higher, or that the weak housing market might abruptly slow the economy. But at the same time, the report also underscored how little the economic recovery has done for the pay of workers." While the jobs numbers "fitted into the pattern of the previous four months," wages "kept treading water. … While the government has not yet released pricing data for August, inflation has been topping 4 percent in recent months, so it is likely that the increase in pay will be swallowed by rising prices as it has for the last two years." Commerce Secretary Carlos Gutierrez "pointed to the low unemployment rate, which remains below the average of the last three decades. 'This is something workers throughout the country should feel very good about,' he said." He "argued that the hourly earnings exclude health insurance and other benefits paid by employers and are not the best measure of the well-being of workers. He pointed instead to the rapid increase in disposable income, an after-tax measure that includes wages, dividends and other sources of income and which rose by 2.5 percent in July compared with a year earlier, after accounting for inflation."

The Wall Street Journal (9/2, Gerena-Morales, 2.03M) reports, "The government's latest reading on the job market and a survey of factory purchasing managers offered fresh evidence that the economy has shifted into slower growth, but, so far at least, isn't tumbling into recession. The data suggested that the Federal Reserve has more latitude to hold interest rates steady again when officials meet later this month." The Journal adds, "Friday's reports, along with data released during the week, suggest the economy is expanding at an inflation-adjusted annual rate of about 3% in the third quarter, economists said. Growth slowed to a 2.9% rate in the second quarter after a torrid 5.6% pace in the first."

The Washington Post (9/2, D1, Blustein, 748K) says it was "welcome news for the White House, the Federal Reserve and Wall Street, with fears that the economy may be headed into a period of stagnation coupled with escalating prices." Experts said the news "should thus be particularly heartening for the Federal Reserve, which is hoping to engineer a 'soft landing' in which economic growth falls just enough to keep inflationary pressures in check." Experts "are skeptical that the central bank can achieve such an ideal outcome, but the data released yesterday indicated that for now, at least, the economy is performing almost exactly as Fed Chairman Ben S. Bernanke would like."

The Financial Times (9/2, Beales) reports, "US unemployment fell slightly to 4.7 per cent in August, suggesting the US economy is still generating jobs, but a sharp slowdown in the residential property market persists, according to data released on Friday." The Times adds, "Construction spending dropped an unexpected 1.2 per cent in July, pulled down by a 2 per cent fall in private residential activity. And the National Association of Realtors' pending home sales index plunged 7 per cent in July. Each was the biggest monthly decline of its kind for five years." The Los Angeles Times (9/2, Sanchez, 918K), Bloomberg (9/2, Torres) and the AP (9/2, Aversa) report similar details.

Workers Remain Unhappy About Wage Growth. Mark Stein in an analysis titled "It's Their Holiday, But Wage Earners Aren't Happy" in the New York Times (9/2, 1.21M) writes, "Consumer confidence plummeted last month amid slowing job growth, the weak housing market and stubbornly high energy costs. In its steepest one-month drop since Hurricane Katrina a year ago, the Conference Board's consumer confidence index fell to 99.6 in August, its lowest level since November." And "three opinion polls found deep pessimism among American workers, with most saying that their wages were not keeping pace with inflation, that they had less job security and more on-the-job stress and that they were worse off in many ways than a generation ago."

Pension Concerns Dampen Worker Sentiment. The Wall Street Journal (9/2, Etter, 2.03M) in a Labor Day report card for workers notes, "Further weighing on the U.S. worker: disappearing pensions. Companies are increasingly cutting or freezing workers' pension benefits, leaving many workers with smaller nest eggs for retirement. Verizon Communications Inc. and International Business Machines

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Corp. both recently announced they would freeze their pension plans. In 2004, only 18% of private-sector workers were offered a traditional defined-benefit plan, down from 24% in 1994, according to the Employment Benefit Research Institute. More employees are being offered 401(k)-style plans, but 40% of private-sector workers don't have any on-the-job retirement plan."

Comparing Bush Vs Clinton, WSJ Dismisses Claims About Wage Inequality. The Wall Street Journal (9/2, 2.03M) editorializes, "One sure sign that the economy is doing well is when the left revives that old political warhorse, inequality. With GDP growth of nearly 4% for three years running and a jobless rate of 4.7%, it's their last economic resort in an election year. But when you look at the actual evidence, the inequality campaign also proves to be trumped up." The Journal has examined the "latest IRS data on who paid how much in taxes in America through 2004" and "anyone who reads the front pages of our leading dailies may be surprised to learn that the Bush years compare very well by tax and income equality to the sainted Clinton era." For example, "the new data show that the bottom 50% of Americans in income…paid a smaller share of total income taxes in 2004 (3.3%) than in Bill Clinton's last year in office (3.9%). That 3.3% is the lowest share of total income taxes paid by the bottom half of earners in at least 30 years, and probably ever. The majority of American families with an income below $40,000 pay no income tax at all today, and many of them also get a welfare subsidy from the Earned Income Tax Credit that effectively offsets much of what they pay in payroll taxes."

More Commentary. Floyd Norris in his column in the New York Times (9/2, 1.21M) writes, "Nearly five years after the end of the 2001 recession in the United States, this recovery can be painted using employment statistics as the worst — or one of the best — of the aftermaths of the 10 post-World War II recessions." Norris continues, "The low unemployment rate has come about despite a slow rate of job creation. At this point after the previous nine recessions, there were an average of 11.9 percent more jobs in the economy than there had been at the end of the recession." Yet "so far, as the charts show, there are just 3.5 percent more jobs than at the end of the last recession. That is less than half the lowest of the nine previous moves — a gain of 7.6 percent in the period after the 1953-54 recession. And that figure was held down by the fact that another recession, in 1957-58, had taken place by then."

The New York Times (9/2, 1.21M) editorializes, "Hiring was tepid in August, bringing average job creation in the private sector to 102,000 jobs a month since April. That is nowhere near the level of labor demand that's needed to give employees the clout to bargain for raises. Accordingly, hourly wages weakened in August, up only one-tenth of a percent, all of which is most likely to be eaten up by inflation. (In 26 of the last 28 months, annual hourly wage growth has failed to outpace inflation.)" Workers "always suffers in a slowdown. But this one could hit employees especially hard because they will experience the lows -- in terms of insecurity, stagnating wages and job loss -- without ever having participated fully in the highs." The Times concludes, "A slowdown is preferable to the alternatives -- a recession, or worse, stagflation, in which the economy is plagued by decreasing growth and rising inflation. But the time may come -- soon -- when investors, bankers and businesses will find little to cheer about in the good news."

Stocks Respond Favorably To Economic Reports. All three network news programs noted that stocks were up Friday and it was covered in the national press Saturday morning as well. The New York Times (9/2, News, 1.21M) reports, "Shares rallied yesterday after the government said that employers added more jobs and that wage increases slowed last month, easing concern that higher interest rates would lead to an economic slump."

The Wall Street Journal (9/2, McKay, 2.03M) reports, "A lack of nasty surprises in the government's employment data, along with a continued selloff in crude oil, helped push the stock market Friday to its biggest gains in more than two weeks." The Journal notes, "The Dow is now less than 260 points away from its record close of 11722.98 in January 2000." The jobs figures were "in line with Wall Street's expectations. At least for the moment, analysts said, that was enough to bolster investors' hopes that the U.S. economy is headed for a 'soft landing.'"

Bloomberg (9/2) notes, "The Standard & Poor's 500 Index added 7.19, or 0.6 percent, to 1311.01, the highest level since May 10. The Dow Jones Industrial Average climbed 83, or 0.7 percent, to 11,464.15, the highest since May 11. The Nasdaq Composite Index gained 9.41, or 0.4 percent, to 2193.16." Bloomberg adds, "For the week, the S&P 500 added 1.2 percent, the Dow rose 1.6 percent and the Nasdaq jumped 2.5 percent. The S&P 500 had its biggest increase

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last month since January, rising 2.1 percent, on signs that the Fed has tamed inflation."

Stocks May Face Tough Fall. The New York Times (9/2, De Aenlle, 1.21M) reports, "Economic growth is ebbing and the housing boom seems to have run its course, while political tension and high energy prices appear as though they will go on forever. Investors have more than enough to worry about, but as Labor Day nears, the calendar may provide an added source of anxiety." Historically in September returns on stocks are lower "than in any other month, followed by October, when the market often puts in its bottom for the year. Share prices also tend to fall in the months leading up to an off-year election, as they did during the last three such periods." But taking a counterintuitive position, Eaton Vance chief economist Robert MacIntosh said, "If the Republicans look as though they are going to lose one or two houses of Congress, that means gridlock, and the markets have tended to like gridlock. … The Fed, coupled with election season, makes me think it's going to be different this fall."

The Wall Street Journal (9/2, Hulbert, 2.03M) notes, "The stock market over the past three months has acted as though it were March rather than summer: It came in like a lion on investors' portfolios, and is going out like a lamb." That "increases the odds that the stock market will perform well in September. But it doesn't mean that happy days are here again to stay." And "opinion is divided over whether the summer's unexpected strength increases odds for a strong fall. Some believe that there must be a lot of subsurface strength for the market to so decisively buck the seasonal tendencies. Others argue that surprising summer strength means that the market has gotten ahead of itself."

Gas Prices Drop Dramatically. NBC Nightly News (9/1, story 6, 2:40, Brown, 9.87M) reported that "it was in August gas prices reached their peak. On average $3.03 for a gallon of regular. Today that same gallon is $2.79. Why are we seeing slight relief at the pump now?" NBC (Shamlian): "It's been an all-out assault on the American motorist. A long summer of soaring gas prices. Now, finally there is a smooth spot. We have one of the most dramatic drops we have seen all summer. With the average price of regular down 10 cents this week alone. This could just be the start." Oil analyst Tom Kloza: "We will see a lot more decreases in the next few weeks."

And in its analysis of the recent positive economic reports the CBS Evening News (9/1, story 5, 1:00, Mason, 7.66M) also noted, "There was another number Wall Street liked a lot. Oil prices came down more than a buck a barrel today to less than $70, $69 and change. That means our gas prices are going to get cheaper, which means we can go shopping and the economy always likes that."

The Wall Street Journal (9/2, Whitehouse, Levine, 2.03M) reports, "Gasoline prices are volatile and often confound experts attempting to predict their behavior. Some analysts in fact say that prices aren't headed further down, but back up. The U.S. Energy Information Administration points out that while gasoline prices have fallen sharply, diesel prices have dropped just a tad and are still up 31% this year, indicating that the energy market isn't as soft as some suspect. In addition, 'oil supplies are still being disrupted in Nigeria, concerns about oil production in other parts of the world remain, and the peak of the hurricane season is still ahead,' the EIA said in a report this week." But "other analysts expect the price break to continue. If it does, inflationary pressures would ease and more money would be left in the pockets of consumers, whose spending makes up more than two-thirds of the U.S. economy. That would be a welcome gift at a time when a sharp slowdown in housing has damped economic growth and consumer confidence."

Bloomberg (9/2, Tuttle) adds, "Pump prices have declined 7 percent since early August and futures contracts indicate further reductions as the end of summer usually means fewer motorists filling their tanks. U.S. gasoline inventories are 2.6 percent above the five-year average, and forecasts indicate the chances a hurricane will interrupt refining in the Gulf of Mexico are lessening."

The AP (9/2, Foss) in an analysis notes, "It wasn't long ago when U.S. motorists gritted their teeth at the prospect of $2 a gallon. And while it might be a welcome relief right now, most analysts say getting back to that level anytime soon is unlikely and would entail a major slowdown in the economy, if not a downright recession." These experts predict "that retail gasoline prices will slide to about $2.50 a gallon by winter — and then head higher again early next year." Yet, "even a temporary reprieve from soaring energy prices will be a balm for consumers, especially as the economy continues to cool."

Bernanke Visits His Hometown In South Carolina. The Washington Times/AP (9/2) reports Ben S. Bernanke, chairman of the Federal Reserve, "fondly

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recounted his days growing up in Dillon, S.C., in a visit to his hometown yesterday. … In his remarks, Mr. Bernanke did not discuss the economy or the future course of interest rates."

Nevada Politics Invigorated By Democrats' New Primary Schedule. The Boston Globe (9/2, Savage, 425K) reports, "The Democratic Party's decision last month to thrust Nevada ahead of New Hampshire as the host of the second contest in their 2008 presidential nomination campaign has unleashed a wave of national attention on politicians, as presidential hopefuls line up to court potential supporters. Sitting in her strip mall campaign headquarters surrounded by telephones and signs, state Senator Dina Titus ticked off names of likely presidential candidates who called her after she won the Democratic nomination for governor two weeks ago. `They've all called -- Warner, Kerry, Hillary, Vilsack, Edwards, Feingold,' Titus said. `Who else? Bayh. I haven't heard from Biden. Biden didn't call.'" According to the Globe, "The decision to hold Nevada's contest in January 2008…sprang from DNC chairman Howard Dean 's push to front-load the Democrats' calendar with states representing a more diverse swath of the country. … Both local and national party supporters of holding the early Nevada caucuses say the candidate who appeals to voters here will have a better chance of winning the general election, in part because many Western states share the same issues, and the region is closely divided between Republicans and Democrats."

Clinton Using Reelection Campaign To Showcase Her Appeal To Moderates. The Los Angeles Times (9/2, Barabak, 918K) reports, "Six years ago, when Hillary Rodham Clinton first ran for the U.S. Senate, Republican Rep. Thomas M. Reynolds derided her as a carpetbagger who brought nothing to New York but overweening ambition. Today, he raves about their relationship. … Like many New Yorkers who were skeptical, if not downright hostile, when Clinton…started campaigning in 1999, his views of the former first lady have changed considerably. The turnabout helps explain why Clinton is romping to reelection in November — and may offer clues about how she plans to run for president, if she chooses to take that plunge." According to the Times, Clinton "is widely seen" in New York as "a bipartisan problem-solver who has never seen an issue too parochial for her concern." The Times adds, "Clinton strategists are mindful of how New York's Nov. 7 election returns will be studied. They are prepared to argue that a strong showing in traditionally Republican upstate New York proves that, if she runs for president, Clinton can reach beyond hard-core Democrats and win over independents and even dubious Republicans."

Talent Has Pulled To Within One Point Of McCaskill According To New Poll. The St. Louis Post-Dispatch (9/2, Mannies, 300K) reports Sen. Jim Talent's "deluge of ad spending apparently has paid off. The latest Research 2000 poll for the Post-Dispatch and KMOV-TV (Channel 4) found that Talent, R-Mo., has chipped away at the edge held by his Democratic rival, state Auditor Claire McCaskill. … The Maryland-based firm's latest poll of 800 likely voters, conducted Monday through Thursday, found that 47 percent backed McCaskill and 46 percent supported Talent. Two percent supported Libertarian Frank Gilmour, while the remaining 5 percent were undecided. Green Party candidate Lydia Lewis, who was just added to the November ballot, had no measurable support among those polled. The poll has a margin of error of 3.5 percentage points, which means that any individual figure could be that much higher or lower."

Talent Enjoys Significant Fundraising Edge. he Kansas City Star (9/2, Goldstein, 278K) reports Talent h"as raised more than twice as much — $10 million versus $4.6 million — as…McCaskill. So far he has outspent her 3-1." PACs "have sprinkled a little more than $600,000 on McCaskill. … For Talent, it has been more of a downpour — $2.5 million in PAC dollars, according to the latest expense reports."

Santorum Enlists Dole And Others In Effort To Close "Yawning Gender Gap." The Pittsburgh Post-Gazette (9/2, O'toole, 241K) reports, "Hoping to close a yawning gender gap in his re-election support," Sen. Rick Santorum "showcased the endorsements of a group of prominent Republican women, led by Sen. Elizabeth Dole. About two dozen women joined the Senate colleagues, along with former U.S. Rep. Susan Molinari, state Sen. Mary Jo White and county Councilwoman Jan Rea, in a news conferencel." Dole and Santorum "were scheduled to repeat the performance later in suburban Philadelphia." The Post-Gazette adds, "In the most recent Keystone Poll, conducted by Franklin & Marshall College, the incumbent's re-election prospects were weighed down by his weak showing among women voters. Mr. Santorum was actually running ahead

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among men, with the support of 46 percent of those surveyed compared with 40 percent for Mr. Casey and 3 percent for Carl Romanelli, the Green Party candidate. Among women, however, the standings were more than reversed, with Mr. Casey at 47 percent, Mr. Santorum, just 34 percent, and 4 percent for Mr. Romanelli."

Kennedy-Klobuchar Debate Turns Acrimonious Quickly. The Minneapolis Star Tribune (9/2, Lopez, 398K) reports, "Three U.S. Senate candidates lit into one another on Friday during a State Fair debate that saw them challenging one another on the Iraq war, the federal deficit, health care, stem cells and other hot-button issues. Dispensing with the usual cordialities, Republican U.S. Rep. Mark Kennedy used his introductory remarks to jab at DFL rival Amy Klobuchar, telling the crowd of more than 800 that 'You don't get real change by sending another lawyer/lobbyist to the U.S. Senate. One look at the budget tells you we need at least one CPA.'" Klobuchar "arrived amid a noisy entourage of dozens of cheering campaign volunteers, all wearing blue-and-white Klobuchar T-shirts, waving placards and chanting 'Amy! Amy!' a tight-lipped Kennedy watched from the stage in Carousel Park. Hours earlier, the two campaigns had released a joint set of rules to govern their debates that prohibited noisy displays, applause and attempts by one campaign to 'dominate' the crowd.

McGavick Admits To 1993 Drunk Driving Incident. The Los Angeles Times/AP (9/2, Daly) reports Sen. Maria Cantwell's Republican challenger Mike McGavick "ran a red light before being stopped for drunken driving, failed a roadside sobriety test and fell asleep during processing, according to a police report on the 1993 incident." McGavick "confessed to the previously unknown incident last week in an interview with The Associated Press. … The police report, obtained by AP, says that McGavick registered a 0.17 percent blood alcohol level -- twice the current limit of 0.08 percent. McGavick told the arresting officer he had 'two, maybe three beers' that night."

Kristol And Former Bush Officials Air Ads On Behalf Of Lieberman. The New York Times (9/2, Medina, 1.21M) reports, "An independent group, Vets for Freedom, will begin sponsoring television commercials early next week for Senator Joseph I. Lieberman, thanking him for his support of the war in Iraq. Vets for Freedom is a group of veterans of the wars in Iraq and Afghanistan and has ties to top Republican leaders. … The group is receiving advice from Taylor Gross, a former White House official; Bill Kristol, the editor of The Weekly Standard; and the Republican strategist Dan Senor. Mr. Lieberman's former chief of staff, Bill Andresen, is also helping the group, which by law is prohibited from communicating with the campaign."

Corker And Ford Seen As Representing Their Parties' Moderate Wings. The Wall Street Journal's John Harwood (9/2) writes, "From the reigning analysis of President Bush's 2004 re-election victory, and lately from Ned Lamont's defeat of Joe Lieberman in Connecticut's Democratic Senate primary, you would conclude that the 'base' -- the most ideologically pure wing of each party -- is all that matters. But the pivotal Senate battle unfolding in Tennessee for the seat of retiring Majority Leader Bill Frist shows that isn't so. Tennessee Republicans nominated former Chattanooga Mayor Bob Corker -- their most moderate primary candidate, with what some conservatives consider a suspect commitment to opposing abortion. And in 36-year-old Rep. Harold Ford, Democrats chose a nominee who voted for the war in Iraq, denounces 'amnesty' for illegal aliens and backs a ban on gay marriage. They are running close in the polls."

"Culture Of Scandal" Seen As Far From Most Voters' Most Pressing Concern. The Los Angeles Times (9/2, Simon, 918K) reports Rep. John T. Doolittle "has called Jack Abramoff a friend. The Republican from Roseville, Calif., used Abramoff's skybox at a Washington sports arena for fundraising and has refused to return political donations from the disgraced lobbyist. Now the congressman is the target of attack ads. One, a takeoff on the old 'tastes great, less filling' beer ads, features an argument over whether Doolittle is 'corrupt or ineffective.' Even so, Doolittle is favored to win reelection. ... Political observers say voters are focused instead on the Iraq war, immigration and gasoline prices. And the fact that some incumbents under the ethical cloud are Democrats has undercut the party's ability to use the issue as a major weapon against Republicans. In fact, a number of lawmakers whose conduct has come under scrutiny are expected to be reelected."

Five Candidates File To Run In Special Election For DeLay's Seat. The AP (9/2) reports,

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"Five people will run in the special election to temporarily fill the seat vacated by former House Majority leader Tom DeLay, the secretary of state's office said Friday. The special election will be held Nov. 7, the same day as the general election. Houston City Councilwoman Shelley Sekula-Gibbs, backed by Republicans as a write-in candidate in the general election, is among those who filed by Friday's deadline for the special election. She is joined by three other Republicans — retired Air Force Maj. Don Richardson; Dr. Hoa Tran Giannibecego; and former U.S. Rep. Steve Stockman — and Libertarian Bob Smither. Nick Lampson, the Democratic candidate for DeLay's seat, has said he would not run in the special election but would instead focus his attention on the general election."

Four Candidates Promote Their Endorsements In NY11. The New York Times (9/2, Hicks, 1.21M) reports, "At a breakfast in Brooklyn yesterday morning, more than 50 ministers hailed City Councilwoman Yvette D. Clarke as the next member of Congress from their borough. City Councilman David Yassky, meanwhile, was endorsed by the influential Crown Heights Political Action Committee, the political arm of the Crown Heights Jewish Community Council. State Senator Carl Andrews was preparing to tour the district alongside the Rev. Al Sharpton, one of his well-known supporters. And Chris Owens, the son of the man each of the candidates hopes to succeed, was telling voters of his endorsement by the city's best-known black newspaper, The Amsterdam News." The Times notes that Yassky, "who has raised more money and spent more than his rivals, has been promoting his endorsement by the editorial page of The New York Times at every turn."

Judge Denies Request For New GOP Primary In NV2. The AP (9/2, Chereb) reports, "A judge on Friday denied a defeated congressional candidate's request for a new Republican primary, saying the state court lacks jurisdiction. Assemblywoman Sharron Angle lost to Secretary of State Dean Heller by 421 votes the three-way Aug. 15 GOP primary. They were seeking to replace U.S. Rep. Jim Gibbons, who is running for governor. … Instead of a recount, Angle sought to void the contest results and argued that confusion and delays at some polling places disenfranchised voters. After a daylong hearing, District Judge Bill Maddox said there was no evidence election officials in Washoe County committed malfeasance when some voting locations opened late because polling workers didn't show up." Angle "said she would not appeal Maddox's findings to the Nevada Supreme Court, and congratulated Heller on his victory."

MN6 DFL Candidate Wetterling Announces Proposal For "Tax Breaks For The Middle Class." The Minneapolis Star Tribune (9/2, Doyle, 398K) reports Patty Wetterling (DFL) who is running for the U.S. House in Minnesota's 6th CD is "calling for tax breaks for the middle class" by proposing "bigger credits for families with children and for college students and expanded mortgage deductions for homeowners." She said that the plan "would cost $389 billion over 10 years, much of it offset by crackdowns on tax cheats and corporate loopholes." She defended the plan as supporting a "middle class whose wages have lagged the increased costs of gasoline, college education and health care." Her opponent Michele Bachmann (R) "denounced the plan" as "making our tax code more complicated and burdensome to the average Minnesotan." She and Tom Reynolds, chairman of the National Republican Congressional Committee, said that "Wetterling's proposal would do less to help the middle class than extending President Bush's tax cuts." Wetterling's campaign said that "she may support some of the Bush tax cuts that primarily affect the middle class Americans but reject others."

Allegations Fail To Cut Into Spitzer's Lead Over Rivals. The New York Times (9/2, Hakim, 1.21M) reports New York Attorney General Eliot Spitzer "may be far ahead in the polls as he heads toward the Sept. 12 Democratic primary in the race for governor, but he did have a bumpy week." GOP nominee John Faso, "hammered" Spitzer "for accepting flights on a private jet owned by Richard Fields, a developer who ferried Mr. Spitzer to fund-raisers across the country, and who has himself donated $200,000 through various entities he controls. Thomas R. Suozzi, the Nassau County executive and Mr. Spitzer's Democratic primary rival, mistakenly accused the Spitzer campaign of accepting $50,000 from a consortium leading a project to drape jumbo power lines across swaths of upstate. The charge proved to be false, but Mr. Spitzer's campaign fanned the story by initially confirming it. … Not that any of this came close to making a dent in Mr. Spitzer's aura of invincibility. The attorney general leads Mr. Suozzi by more than 50 points

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in various polls. In keeping with his Rose Garden strategy, Mr. Spitzer declined invitations to three debates this week."

The New York Times (9/2, Cooper, 1.21M) describes a new ad Spitzer "began running last night on network and cable stations throughout the state. The Times reports that the ad "is notable for what it does not say: The announcer never mentions the name 'Spitzer,' and the final screen asks people to vote, but not specifically for Mr. Spitzer."

Ehrlich Has Almost Twice As Much Cash On Hand As O'Malley. The Washington Post (9/2, B4, Rich, 748K) reports Maryland Gov. Robert Ehrlich "raised $630,000 in the 17 days ending Aug. 25, sprinting past Baltimore Mayor Martin O'Malley (D) and his running mate as they collected $455,000, according to figures provided by their aides yesterday. Ehrlich's Republican ticket headed into the final 10 weeks of the campaign with far more cash on hand, ending the period with $8.59 million in reserve, compared with the O'Malley ticket's $4.64 million, aides said."

Candidates Acknowledge Maryland Minorities' Increasing Clout. The Washington Post (9/2, A1, Marimow, 748K) reports, "Since the 2000 election cycle, nearly all of Maryland's population growth has been among blacks, Hispanics and Asians. Leaders of those communities are trying to turn those numbers into political clout, and candidates -- from those in county executive contests to those in the race for governor -- are responding by courting them for endorsements and campaign cash." Ehrlich "raised $60,000 one night this spring at the home of a Korean American business owner in Howard County. Another fundraiser is planned with Asian leaders in Montgomery." O'Malley "is creating a Spanish version of his Web site and preparing to roll out Amigos de O'Malley, a group of Latino supporters in Prince George's and Montgomery counties. The leaders of these diverse groups say they are motivated by the national debate over immigration and the renewal of the Voting Rights Act in Congress, but their efforts could have repercussions at the local and state level, including in the Sept. 12 primaries in Maryland and the District."

Pew Study Finds Americans Have Mixed Views On Religion And Public Life. The Los Angeles Times (9/2, Kang, 918K) reports the Pew Forum on Religion & Public Life and the Pew Research Center for the People & the Press released a poll of 2,003 adults conducted July 6-19 (+/-2.5%) that found "Americans are critical of both the political left and the Christian right when it comes to their approaches to religion in the public square." Sixty-Nine percent of those polled said that "liberals have gone 'too far to keep religion out of school and government' and 49% contended that conservatives have gone 'too far in imposing their religious values.'" It found that "large majorities of Republicans (87%), independents (65%) and Democrats (60%) denounced efforts by liberals to minimize religious influence in the public square, including 70% of conservative and moderate Democrats. Just 38% of liberal Democrats expressed this view." Also "two in three respondents (67%) characterize the United States as a Christian country." And "most" (78%) "view the Bible as the word of God." Yet "most said the Bible should not be the driving force behind creating laws." With respect to the president, "slightly more than half (52%) said Bush mentions his religious faith the right amount and 14% said he talks about his faith too little. Almost a quarter (24%) believed the president mentions his faith too often." Covering other issues, 56% "continued to oppose allowing gays and lesbians to marry" but "just three in 10 favored a constitutional amendment to ban same-sex marriages" and "a slim majority (54%) favored allowing gay couples to enter into civil unions" while "only 42% thought gay couples should be allowed to adopt children." Also "for the first time in Pew polling, more white evangelicals now favor stem cell research (44%) than oppose it (40%)." Finally, "the big spike in religious activity such as attending church, praying and studying the Bible in the immediate aftermath of 9/11 had no lasting impact."

Assisted Living Facilities In Greater Demand As States Seek To Reduce Medicaid Costs. The Wall Street Journal (9/2, Opdyke, 2.03M) reports demand for "space in an assisted-living center" is "soaring as the aging U.S. population goes looking for someplace staffed to help elderly residents with day-to-day tasks (housekeeping, pill-taking and the like) but isn't a full-blown nursing home." Such facilities "cost about $35,000 a year in 2005, up roughly a third from 2002." One reason for the increased demand is states "seeking to lower their health-care costs" by "revamping their Medicaid programs to let some low-income retirees enter assisted-living centers instead of nursing homes."

1,500 AP Tests And 2,700 Teacher Licensing Tests Lost Or Misplaced. The Washington Post

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(9/2, A3, Strauss, 748K) reports the Educational Testing Service "said yesterday that more" Advanced Placement "test results than previously disclosed were lost and for the first time blamed computer glitches for part of the problem. Score sheets for portions of at least 1,500 exams taken in May around the world were discovered missing." The ETS also said that "about 2,700 scores for the Praxis teacher licensing examinations taken in the United States in June had been delayed or misplaced but that most have been found." Students whose tests were lost have the option of retaking the test, or seeking a refund.

More Students Begin Study At Community Colleges But Few Graduate. The New York Times (9/2, A1, Schemo, 1.21M) reports in a front-page story that "nearly half" of all students seeking college degrees begin in community college, but "their chances of succeeding are low" with just "22 percent" of community college students earning four-year degrees within six years. The ACT found that just "21 percent of students applying to four-year institutions are ready for college-level work." In response, "federal and state education officials are pressing for a K-16 vision of education."

Nature Corrects Press Release On Stem Cell Generation Technique. The New York Times (9/2, Wade, 1.21M) reports the scientific journal Nature "has corrected a press release and is considering whether to add further information to an article published last week reporting that human embryonic stem cells could be generated without destroying an embryo. … The journal's action follows numerous news reports on the article and criticism from the United States Conference of Catholic Bishops, which pointed out that embryos used in the research were being destroyed, a fact made clear in the scientific paper but not the press release. Both the journal and the principal author of the article, Dr. Robert Lanza of Advanced Cell Technology, say that the scientific report is correct and that any addition would be solely for purposes of clarification."

Pittsburgh Mayor Dies Of Brain Cancer. The AP (9/2, Cowden) reports Pittsburgh Mayor Bob O'Connor, "who learned he had a rare form of brain cancer only seven months into his term, died Friday night, his spokesman said. He was 61." Gov. Ed Rendell "ordered state flags in Pittsburgh and Allegheny County to be flown at half-staff."

GOP Urged To Seek Votes Among Small Government Voters Of Interior West. John Tierney writes in his column for the New York Times (9/2, 1.21M), "Republicans in Washington did not abandon their principles lightly. When they embraced 'compassionate conservatism,' when they started spending like Democrats, most of them didn't claim to suddenly love big government. No, they were just being practical." But "what do Republicans have to show for their largess?" Tierney notes a "slight" and temporary boost in polls that has left them scoring "worse than they did before" and "sacrificing its future by breaking up the coalition that brought it to power." That coalition is described as a fusion of traditionalists and libertarians in favor of "smaller government and fewer services." Republicans are urged to look to "the interior West" where residents "have been voting Republican in presidential elections, but have also gone for Democratic governors." Tierney identifies these voters as "economic conservatives and cultural liberals" who "would have felt at home in the old fusionist G.O.P. But now they're up for grabs, just like the party's principles."

Russia "Casts Doubt" On Iran Sanctions. The New York Times (9/2, Myers, 1.21M) reports, "Russia on Friday cast new doubt on the prospects for the Bush administration's efforts to punish Iran for refusing to suspend its nuclear program, even as European leaders expressed wariness at moving quickly to impose sanctions." While it "expressed regret that an Aug. 31 deadline had passed without an agreement by Iran to halt its efforts to enrich uranium," Russian officials also "made it clear that they do not support retaliatory sanctions or other steps to isolate Iran's leadership. That was a view that seemed to be widely shared across Europe, despite public consternation over Iran's defiance of a United Nations Security Council resolution." Russia's foreign minister, Sergey V. Lavrov's' views "echoed one heard increasingly here: that sanctions could be a first step toward a new American-led military conflict in the Middle East.

Iranian Jet Crashes. The CBS Evening News (9/1, story 8, 0:10, Mitchell, 7.66M) reported, "An Iranian airliner on a domestic flight skidded off the runway as it landed today and caught fire, killing at least 29 of the 148 on board. Rescue workers carried survivors out of the burned-out jet. Iranian officials would not confirm reports the plane blew a tire on landing."

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The New York Times (9/2, Fathi, 1.21M) reports, "Officials said it would take some time to determined the precise cause of the crash," but "Iran has been plagued by plane crashes in recent years, a record that aviation experts have attributed to the country's aging and outdated planes, most of them secondhand aircraft leased from Russia." According to Iranian officials, "they would like to buy new aircraft from Boeing and Airbus, but are unable to because of the American economic sanctions that govern American-made airplanes and parts" that "were imposed after the Iran hostage crisis more than a quarter century ago."

US Calls On Iran To Release Activists. The AP (9/2, Schweid) reports, "The State Department accused Iran on Friday of detaining at least four student activists and called for their release." Spokesman Sean McCormack said in a statement, "The Iranian regime's continued efforts to suppress freedom of speech and assembly make clear the hollowness of professed openness to peaceful dialogue and debate." He added, "The United States is deeply concerned." The Los Angeles Times (9/2, 918K) also covers this story.

Iranian Activists Call For Annan To Focus On Human Rights. Ali Afshari and Akbar Atri, the founding members of Iranian Students for Democracy and Human Rights, write in an op-ed in the Wall Street Journal (9/2, 2.03M), "We are concerned that the country's nuclear activities may overshadow other subjects that are equally, if not more, important. Unlike the nuclear threat, these issues are affecting the lives of Iranians here and now, as we speak." In Iran "civil and human rights are in dire need of the secretary-general's attention." We "believe that all the violent rhetoric of our rulers, especially that of President Ahmadinejad, is rooted in our domestic problems. An undemocratic Iran will be a danger to the world, with or without nuclear arms," and "An Iranian government that has no regards for human rights cannot be a reliable party in any negotiations." Therefore, "we urge Kofi Annan to place the issue of human rights as the top priority on his agenda."

Iranian Jew Argues Iranian People Don't Embrace Ahmadinejad's Degree Of Bigotry. Roya Hakakian, the author of two books of poetry in Persian and the memoir "Journey from the Land of No: A Girlhood Caught in Revolutionary Iran," writes in an op-ed in the New York Times (9/2, 1.21M), "President Mahmoud Ahmadinejad's rhetoric about the Holocaust may terrify people who don't know Iran. But those who do, find it, above all, tragic. By resuscitating symbols like the swastika and other Nazi-era relics, he is contaminating the Iranian social realm, where such concepts have scarcely existed. No doubt Jews have been mistreated in Iran throughout their long history, but to a degree incomparable to that suffered by Russian and European Jews." In fact, "throughout its 2,000-year presence in Persia, the Jewish community has helped shape the Iranian identity." Today, "the post-revolutionary regime has had the misfortune of ruling a people reluctant to embrace its radical message. That is why Iran remains home to the second-largest community of Jews in the Middle East — second only to Israel."

NYTimes Argues Only Diplomacy Will Prevent Nuclear Iran, Korea. The New York Times (9/2, 1.21M) editorializes, "Unless something changes soon, by the end of President Bush's second term North Korea will have produced enough plutonium for 10 or more nuclear weapons while Iran's scientists will be close to mastering the skills needed to build their own. That's quite a legacy for a president sworn to keep the world's most dangerous weapons out of the hands of the world's most dangerous regimes." As "military action would be a disaster," to have "any hope of avoiding this legacy, he will have to give up his dreams of regime change, persuade his battling inner circle he means it and direct Secretary of State Condoleezza Rice to do some real diplomatic horse trading — starting with a clear pledge that the United States will not try to overthrow their governments as long as they give up their nuclear ambitions," as "the only approach with even the remotest chance of success is to persuade these regimes that they do not need nuclear weapons to ensure their survival, and that there will be real rewards for good behavior." True, "there is no guarantee that Tehran or Pyongyang will accept such an offer," but "a serious try by Washington would certainly make it harder for Russia and China and skittish Europeans to oppose sanctions," and, for Iran, "it might also start the internal political debate that Mr. Bush has been hoping for."

US Envoy On Human Rights To Inspect North Korean Complex. The AP (9/2, Klug) reports, "The U.S. envoy for North Korean human rights," Jay Lefkowitz "said he will visit the country this year for the first time to inspect a jointly run North-South industrial complex that he has criticized for exploiting workers." He also "indicated a trip there to talk with officials in Kim Jong Il's reclusive regime was a possibility some day." His trip was delayed by the missile test.

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Annan Gets Pledge From Syria To Keep Arms Out Of Lebanon. The New York Times (9/2, Hoge, 1.21M) reports that United Nations secretary general Kofi Annan "said Friday that President Bashar al-Assad of Syria had pledged to respect an embargo on weapons going into Lebanon and to help secure the border with added guards and a greater liaison with the Beirut authorities." He added that the one-hour talk "had also produced agreements to open bilateral negotiations on setting up formal diplomatic relations between Syria and Lebanon and on delineating their contested border." These pledges "are aimed at shoring up the independence of Lebanon, a country whose politics were long dominated by Syria and whose authority has been undermined by Hezbollah." Annan also "encouraged Mr. Assad to meet with the Lebanese prime minister, Fouad Siniora, who is backed by an anti-Syrian majority. The Syrian president told him he was ready to do that at any time." Still, "Syria's foreign minister, dismissed reports of arms shipments by Syria as 'something you read only in the Western media.'"

The Financial Times (9/2, Peel) leads that the border controls are "to stop the flow of arms to Hizbollah." However, Assad "did not commit himself to any timetable." Still, the Times calls the agreement "an essential step towards implementation of the UN peace plan." The AP (9/2, Ghattas) agrees that "If carried out, the promises made by Syrian President Bashar Assad to U.N. Secretary-General Kofi Annan would be a major boost to efforts to keep the peace in Lebanon." However, a separate Financial Times (9/2, Peel) article notes "Mr Assad's assurances will be treated with caution, not least by UN officials. He has made promises before and failed to deliver." The AP (9/2, Karam) reports, "Many in Lebanon expressed skepticism, saying Assad's promises to U.N. chief Kofi Annan would likely remain just talk unless international pressure mounted on Damascus." The Washington Times/AP (9/2, Ghattas) runs an abreivated version of the first AP story.

Italian Soldiers Land In Lebanon. The AP (9/2, Pitman) reports, "Italian soldiers began arriving Saturday in Lebanon, part of the first large contingent of international troops dispatched to boost the U.N. force keeping the peace between Israel and Hezbollah guerrillas." 880 are landing, and another 200 are expected Sunday. The additional "U.N. troops in Lebanon may help assuage fears of a renewal of hostilities between Hezbollah and Israel. But the peacekeepers will stay out of the most sensitive issues, both demanded by Israel: disarming Hezbollah and keeping the guerrillas from receiving fresh arms, especially via Lebanon's border with Syria."

Indonesia To Send Troops For UN Force. The New York Times (9/2, Perlez, 1.21M) reports, "Indonesia said Friday that it expected to send a contingent of 1,000 soldiers to join the United Nations peacekeeping force in southern Lebanon, even though Israel had earlier objected to its participation." In the "early discussions about a peacekeeping force, Israel said it would oppose the participation of soldiers from Muslim countries that did not have diplomatic relations with Israel, a position that appeared to bar soldiers from Indonesia, Malaysia and Bangladesh." However, "In Tel Aviv, Mark Regev, the spokesman for the Israeli Foreign Ministry, couched Israel's position in a way that fell short of outright rejection." UN peacekeeping officials "said they regarded Indonesia and Malaysia as strong participants in past peacekeeping missions and were moving ahead with plans to incorporate soldiers from both countries. Malaysia has also offered 1,000 troops for the force," but "Israel has voiced harsher reservations about troops from Malaysia, which it regards as less friendly toward it than Indonesia is." The Indonesians see "the dispatch of troops to the high-profile peacekeeping assignment in Lebanon…as a prestigious role, particularly as the military adjusts to a less powerful role at home after the collapse in 1998 of the authoritarian regime of Gen. Suharto."

Israeli Defense Minister Calls For War Investigation. The CBS Evening News (9/1, story 7, 2:30, Mitchell, 7.66M) reported, "Israel's defense minister said today he supports a tough and independent investigation of the Israeli army's conduct of the war in Lebanon. The war and its outcome have provoked harsh criticisms from many Israelis, dissatisfied with both its cost in blood and prestige" CBS (Roth): "Leaving Lebanon, Israeli soldiers came home with relief and fatigue, along with something their army is not accustomed to facing after battle -- anger and disappointment." Roth added, "There are fierce arguments here, the war was badly managed, that the military was unprepared, and relied too much on air power instead of ground troops. It was an early test for Prime Minister Olmert, facing calls to quit, he's been touring rocket-scarred towns in northern Israel, promising to pour in money. It's now three weeks since last Hezbollah rocket landed here in Nahariya. The anxiety's gone, but not the sense of vulnerability. How the war was fought and how it ended have left all of Israel with a

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powerful feeling there's unfinished business. That includes the unsettled fate of Israeli soldiers captured in the cross-border raid by Hezbollah that began the fighting."

The New York Times (9/2, Erlanger, 1.21M) reports, "Bowing to rebels in his own Labor Party" who "have seen a chance to tame him or even pull him down," Israeli Defense Minister Amir Peretz "called Friday for a full independent inquiry into the recent war in Lebanon, changing his previous position and putting him publicly at odds with Prime Minister Ehud Olmert," who "announced two government-controlled investigations, one into the military's performance and one into the government's." In spite of "Mr. Peretz's switch, Mr. Olmert is expected to have little trouble getting approval from the full cabinet for his own government commissions."

The Los Angeles Times (9/2, Ellingwood, 918K) adds that this is Peretz and Olmert's "first serious disagreement since becoming coalition partners four months ago." However, "the effect of the disagreement on the coalition's future remains unclear. For now, the prime minister and Peretz share an interest in keeping it together."

UN Rights Council Names Panel To Investigate Israeli's War Conduct. The Los Angeles Times/AP (9/2) reports, "The U.N. Human Rights Council on Friday appointed" Joao Baena Soares, a Brazilian diplomat; Mohamed Chande Othman, a Tanzanian judge; and Stelios Perrakis, a Greek professor, "to a commission investigating whether Israel committed systematic human rights abuses in Lebanon during recent fighting with Hezbollah militants. The commission was created last month by the council, which condemned Israel for what it called 'massive bombardment of Lebanese civilian populations' and other human rights violations." Israel's ambassador to the U.N. in Geneva, Itzhak Levanon, "reiterated his criticism of the council for making a distinction 'between the suffering and deaths occurring in different countries' by not naming Hezbollah in the resolution," a position that the European, Japanese, and Canadian members of the council supported.

Continued Lack Of Wages Has Palestinians Blaming Authority. The Los Angeles Times (9/2, Ellingwood, 918K) reports that, in Palestine "growing public disenchantment over unpaid wages has triggered threats of a walkout by most of the 165,000 public employees. The protest began early today when more than 30,000 public school teachers sat out, disrupting the first day of classes. Many other public employees joined in, and thousands more were scheduled to strike on Sunday." After cutting off aid and tax revenue to the Palestinian Authority once Hamas took power, "Israeli and U.S. officials have said they hoped the cutoff of money and other moves would eventually cause the Palestinian public to turn against Hamas. That may now be happening," and "some analysts and Palestinian officials say that beleaguered Hamas leaders may now be ready to yield a bit." Things have progress so fare that "a gathering sense of desperation has led some Palestinians to question the need for the Palestinian Authority."

Nearly $500 Million To Go To Palestinian Aid. The Washington Times/AP (9/2, Karen) reports that at a conference hosted by Carin Jamtin, Sweden's aid minister, "a group of donor countries and international organizations yesterday pledged to send nearly $500 million in aid to the Palestinians, saying the humanitarian situation in the Gaza Strip turned critical while the world focused on halting a monthlong war in Lebanon. Only 10 percent of the donations pledged at an aid conference in Stockholm were to be channeled through the United Nations, raising concerns that sizable sums may go straight to the Hamas-led Palestinian government."

US Seeks To Add Burma To UN Security Council Agenda. The Washington Post (9/, A21, Kessler, 748K) reports, "The United States moved yesterday to formally add Burma to the agenda of the U.N. Security Council, potentially exposing the Southeast Asian nation, which is ruled by a military junta, to international condemnation for human rights violations and other abuses." U.S. ambassador to the United Nations John R. Bolton "sent a letter to the council's president, Greek Ambassador Adamantios Vassilakis, requesting that Burma fall under the council's scrutiny because the junta's behavior threatens regional peace and security." He "and other U.S. officials said they are confident they have the necessary nine votes, among the 15 council members, to add Burma to the agenda. China in particular has opposed the move -- and could veto any potential resolution -- but U.S. diplomats, including Secretary of State Condoleezza Rice, have worked relentlessly in recent months to line up the votes." The AFP (9/2) adds, "The US envoy said he had no immediate plan to introduce a draft resolution but said his move was meant to force a discussion of Myanmar in the council in the face of opposition from China and Russia."

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UN Investigation Accuses Official Of Corruption. The AP (9/2, Wadhams) reports, "A United Nations investigation has concluded that a U.N. official took kickbacks such as low-cost apartments for steering lucrative contracts to a company from his native India." Sanjaya Bahel "used his relationship with a wealthy Indian businessman and his son to steer the deals to the company they represented, Telecommunications Consultants India Ltd." The investigation "found Bahel refused to act on complaints that the company denied payment to employees in peacekeeping missions worldwide despite repeated claims they did not have enough money to eat."

Sudanese Government "Launched Major Offensive" In Darfur. The AP (9/2, Meyer) reports, "The Sudanese government has launched a major offensive against rebels in war-torn Darfur, human rights activists and African Union officials said Friday," even "as a senior U.S. envoy was in Khartoum to press the government to accept the deployment of U.N. peacekeepers in the western region." According to Sam Ibok, an African Union official in Khartoum, "more than 20 civilians have been killed and more than 1,000 have been displaced since major clashes started early this week according to reports from the affected areas."

VOA Head Accused Of Misconduct. The Washington Times/AP (9/2) reports that Kenneth Y. Tomlinson, "chairman of the agency that oversees Voice of America and other U.S. overseas broadcasts," yesterday "defended his record…against accusations of misconduct and vowed to stay on the job." He "flatly disputed accusations in a State Department inspector general's report that he hired a friend as a consultant and overbilled for his time." He added that "he was prepared to answer any questions put to him by congressional Republicans and Democrats."

Blair Won't Announce Departure Date. The New York Times (9/2, Cowell, 1.21M) reports, "After a summer of grumbles about Tony Blair, Britain's political season got under way Friday to a familiar libretto: The prime minister said he would not be quitting any time soon; his adversaries within his own party said he should. In an interview published in The Times of London, Mr. Blair castigated his foes and told them to stop 'obsessing' about the possible duration of his tenure and 'get on with the business of government.'" Blair "has spoken dismissively of those who demand a schedule for his departure, effectively challenging them to show their hand or be silent before the Labor Party conference." Right now "the extent of support for the Labor rebellion against Mr. Blair is difficult to gauge, as the contest over his future is generally fought out in surreptitious background briefings by the protagonists or their champions." Still, "the timing of Mr. Blair's remarks was significant. Later this month, he faces the annual conference of his Labor Party, now in its ninth year of office and showing signs of the third-term fatigue to which British administrations have often been heir," and "Some among his foes had urged him to use the conference to announce a schedule for redeeming a two-year-old pledge to step down as Labor Party leader." This "debate reflects a concern among some Laborites that Mr. Blair has become an electoral liability."

The Financial Times (9/2, Blitz, Eaglesham) adds that Blair "triggered a sharp backlash from Labour MPs and trade union leaders" who "attacked Mr Blair's decision to keep the date vague. Many argued that continuing uncertainty over the leadership would damage Labour at the hands of the Conservative party." Also, a "danger for Mr Blair is he now risks upsetting moderate Labour MPs who are concerned that the party will look directionless - and slump further in the polls - unless there is clarity over his intentions."

Data Suggests Eurozone Grew Faster Than Previously Thought. The Financial Times (9/2, Atkins) reports that data released on Friday suggested that while "the eurozone economy grew even faster than previously reported in the first half of this year," some "fresh signs of a slowdown in coming months are emerging." The "Gross domestic product in the first quarter of 2006 was revised up to show a growth rate of 0.8 per cent," and "the data highlighted the economic turnaround in the 12-country region after years of sluggish growth."

Likely Next Japanese PM Calls For Revising Constitution. The New York Times (9/2, Onishi, 1.21M) reports, "Shinzo Abe, the nationalist politician who is expected to become Japan's next prime minister, said Friday that Japan should revise the pacifist Constitution imposed on it by the United States" during his formal declaration of "his candidacy for the presidency of the governing Liberal Democratic Party." He added, "I'd like to draft a new Constitution with my own hands." Abe, who "is almost certain to succeed Prime Minister Junichiro Koizumi," added that

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"Japan should seek a larger role in the world and further strengthen its alliance with the United States."

Prodded By US, IMF Board Endorses Giving China, Others More Say In Policies. The New York Times (9/2, Weisman, 1.21M) reports, "The International Monetary Fund's executive board, responding to appeals by the United States, has taken a step toward giving more of a voice to China", Mexico, South Korea and Turkey "in setting policy on global economic matters" and "also endorsed a two-year process that would eventually give more weight to economic growth and performance as criteria for apportioning voting rights on the fund, but details remain to be worked out." The Administration "sought a greater share for China because it wants the fund to play a more aggressive role in monitoring capital flows and any possible cases of currency manipulation by member countries." The "votes on the board's decisions are expected later this month in Singapore at the annual meeting of the International Monetary Fund and the World Bank. Treasury Secretary Henry M. Paulson Jr. is planning to attend the sessions."

Fox Prevented From Delivering State Of The Union By Opposition Lawmakers. The New York Times (9/2, Mckinley, 1.21M) reports Mexican President Vicente Fox was "prevented" from making his final state of the union speech to the Congress due to a "protest" by members of Andrés Manuel López Obrador's Democratic Revolution Party. When President Fox arrived at the congress, "leaders of his party told him it would be impossible for him to speak. He dropped off his yearly report, turned on his heel and left the building."

The Washington Post (9/2, A1, Roig-franzia, 748K) called the protests "a historic rebuke" and added that Fox "stood awkwardly in the chamber's foyer for nearly 10 minutes before conceding that he had no chance of entering." The Chamber of Deputies had been "ringed by riot fencing and was guarded by 6,000 police officers" because of "massive protests and chaos" in Mexico City.

The Washington Times/AP (9/2, Watson) reports the action of the opposition lawmakers "stok[ed] an already inflamed electoral crisis." The AP adds, "as surreal as the scene inside the Mexican Congress was, it wasn't unexpected" because "opposition lawmakers in Mexico have a growing tradition of interrupting" the state of the union address "with catcalls and hoisting signs with angry messages."

The Los Angeles Times (9/2, Tobar, Enriquez, 918K) called it "a bold protest that heightened the crisis surrounding Mexico's disputed presidential election." It is also described as "the first act of what could be a tumultuous month of protests led by supporters of leftist Andres Manuel Lopez Obrador, who is challenging [Felipe] Calderon's apparent victory." The Federal Electoral Tribunal "must declare a winner of the election by Wednesday. Fox is to step down Dec. 1."

Chavez Visits Castro As He Recovers. The CBS Evening News (9/1, story 10, 0:10, Mitchell, 7.66M) reported, " We have an update on Cuban president Fidel Castro tonight. He is said to be recovering well from intestinal surgery. That word from one of Castro's closest allies, Venezuelan president Hugo Chavez who visited Castro last night. Castro turned 80 last month. His younger brother has been running the Cuban government since late July."

NBC Nightly News (9/1, story 7, :30, Brown, 9.87M) reported, "Cuban officials say President Fidel Castro is recovering from the illness that sent him to surgery. And today the Cuban government released pictures of Castro with Venezuelan President Hugo. Chavez has visited Castro three times since he announced he had undergone surgery. The specific illness has been kept a state secret."

The Washington Post/AP (9/2, A24, Snow) reports, :Cuban leader Fidel Castro, looking notably better than he did when last seen almost three weeks ago, happily greeted Venezuelan President Hugo Chavez during a brief visit Friday aired on state television." Castro "appeared much more animated and alert on the video than in those made when Chavez made his first post-surgery visit, when "Castro was more lethargic and did not move his head from the pillow. And it was difficult to make out his words."

Kosovo Negotiations Complicated By Serbian Reaction To Remarks By UN Mediator. The New York Times (9/2, Wood, 1.21M) reports, "Talks on the future of Kosovo…appeared further complicated this week as their main mediator, the veteran Finnish politician Martti Ahtisaari, was accused by Serbs of bias against them." The accusations are reportedly based on Ahtisaari's "comments last month that Serbia needed to take into account the legacy of its late leader, Slobodan Milosevic,

DOJ_NMG_0057798

while negotiating Kosovo's final status." That was "interpreted by the Serbian negotiating team as a suggestion that the Serbian nation was guilty for crimes committed during the Milosevic era, despite statements to the contrary by Mr. Ahtisaari and United Nations officials." In response, "many senior Serbian politicians said the remarks attributed to Mr. Ahtisaari indicated that he favored independence for Kosovo."

Pope To Discuss Evolution With Former Students. The New York Times (9/2, Fisher, 1.21M) reports Pope Benedict XVI is continuing his long-established habit of meeting with former doctoral students "for a weekend of high-minded talk on a chosen topic." This year, "the topic on the table is evolution." And some are said to wonder whether that means the Pope "may join in earnest the emotional debate over evolution, intelligent design and all that might mean for politics and faith, especially in the United States?"

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

Father, Son and Holy Rift
Investigators Secretly Mined Munitz's Records
Pentagon Issues Grim Iraq Report
U.S. Test Missile Hits Mock Warhead
Palestinians Begin to Direct Blame Inward
Leftists Block Fox's Final State of the Nation Address

New York Times:

Iraqi Casualties Are Up Sharply, Study Finds
Iraqi Arabs See Unlikely Haven With Old Foes
At 2-Year Colleges, Students Eager but Unready
New Questions About Inquiry in C.I.A. Leak
Dragnet Widens as 2 Troopers Are Shot in Ambush
Boredom in the West Fuels Binge Drinking
Missile Defense System Intercepts Rocket in Test
Jobs and Wages Increased Modestly Last Month
Protest Keeps Fox From Giving State of the Union Speech
Japan's Likely Next Premier in Hawkish Stand

Washington Post:

Target Intercepted in Anti-Missile Test
Pentagon Cites Spike in Violence in Iraq
FBI Role in Terror Probe Questioned
Area Minorities' Political Clout on Rise
Candidates Seek Support Of Growing Ethnic Groups
Mexican Lawmakers Block Fox's Speech

Washington Times:

U.S. test missile hits a Korean bull's-eye
Syria pledges to halt weapons
Opposition seizes Mexico's Congress
Van skids into children at Silver Spring bus stop

Atlanta Journal-Constitution:

Voter ID law back in force
Perdue invests close to home
Frat plans rile neighbors
Child left in car 8 hours dies
Family sues over Comair crash
Gas prices falling fast
Mom gets pix of missing son

Dallas Morning News:

Leftist lawmakers prevent Fox address
Dad accused of letting son, 10, take the wheel
Pa. city delays immigrant crackdown law
British TV to show film about fictional Bush assassination
U.S. interceptor missile blasts mock warhead in space
Recovered Munch masterpieces damaged but repairable

Houston Chronicle:

Protest keeps Fox from delivering address
Suspect charged in fatal carjacking of woman
Houston's red-light cameras make first busts
1975 Lee High class ring is top clue in cold case
2 Sugar Land men plead not guilty in girl's death
Evicted Lake Jackson bats may be making encore

Story Lineup From Last Night's Network News:

ABC: Ernesto flooding; Iraq Pentagon report; Progress in Iraq; Economic reports; NASA Space Travel; Missile defense test; Schwarzenegger greenhouse gases; Katrina anniversary; U.S. Open; Person of the week -- Billie Jean King.

CBS: Mid-Atlantic Flooding; FEMA Response Improvements; Pacific Hurricane; Jobs Report; Positive Economic News; Missile Defense Test Success; Israeli Military Questions; Iran Jet Crash; Vietnam Vets Iraq Recovery; Castro Health Improving; Administration Terrorist Monitoring; Corporate Internet Monitoring.

NBC: Ernesto, Hurricane John, Pentagon Report On Iraq, Iraq Analysis, Unemployment, Gas Prices, Castro And Chavez, Montana wildfires, Katrina Evacuees, Wheelchair activist

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WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH – At Camp David.

VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.

US House: -- No events scheduled.

Other. ALL DAY

Sept. 1 - 3. AHMADIYA MUSLIMS _ The Ahmadiyya Muslim Community holds its 58th annual convention to discuss such topics as dispelling misconceptions about Jihad and reanalyzing the original teachings of Islam. Location: Dulles Expo Center, Chantilly, Va. Contacts: Mujeeb Ijaz, 703-991-1311

Sept. 2 - 5. HUMANE SOCIETY _ The Humane Society of the United States and other leading national animal advocacy groups hold their ``Taking Action for Animals Conference" to motivate, train and inspire animal advocates from around the country. Speakers include ``Mutts cartoonist Patrick McDonnell and Animal Liberation author Peter Singer with a special performance by musical artist Nellie McKay. Location: Renaissance Washington Hotel, 999 9th St. NW. Contacts: ., 202-452-1100

Sept. 2 - 5. 10 a.m. - 11 a.m. ANIMAL RIGHTS _ Taking Action for Animals holds a four-day animal rights conference. Speakers include ``Mutts cartoonist Patrick McDonnell and Animal Liberation author Peter Singer with a special performance by musical artist Nellie McKay. Location: Washington Renaissance Hotel, 999 9th St. NW. Contacts: ., 202-452-1100

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, SEPTEMBER 2, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

DOJ Seeks Stay On Order Against NSA Terrorist Monitoring Program ... 3
DOJ Argues Against Release Of Document In Oregon Eavesdropping Case ... 3
Bush Seeks To Define War Against Terrorism As International Threat ... 3
Suspects In Miami Terror Plot Accuse FBI Of Entrapment ... 5
Canada To Increase Border Security Gradually ... 5
Father Of Guantanamo Detainee Calls For Administration To Charge Or Free Son ... 5

Homeland Response:

US Seen As Still Vulnerable, Despite Increased Counter-Terror Efforts ... 5
Experts Warn Public To Expect Continued Delays As Airlines Tighten Security ... 6
Transportation IG Recommends Disciplinary Action Against FAA Executives Over 9/11 Testimony ... 6
9/11 Conspiracy Theories Debunked By Two Recent Federal Reports ... 6
9/11 Documentary To Be Shown Late Night To Avoid Indecency Fines ... 6
FEMA Seen As More Prepared ... 6
Many Displaced By Katrina Not Expecting To Return To New Orleans ... 6
Ernesto Threatens Flooding Throughout Mid-Atlantic States ... 7

War News:

Bush Said To Shift Focus From Benefits Of Victory To Costs Of Failure In Iraq ... 7
Democrats Seek Vote On Rumsfeld ... 8
Pentagon Report Details Deteriorating Security In Iraq ... 9
Gasoline Easier To Buy In Iraq ... 10
Kurdish President Replaces Iraqi Flag ... 11
Taliban Truce Seen As "Backfiring." ... 11
Indian Company Implicated In Oil For Food ... 12

DOJ:

Georgia US Attorney Returns From Iraq Mission ... 12
Catholic Sister Retires From Career With DOJ ... 12

Corporate Scandals:

List Of Potential Witnesses In Nacchio Case Disclosed ... 12
SEC Joins DOJ In Defending PCAOB Against Constitutional Challenge ... 13

Criminal Law:

Former Detroit City Councilman Convicted Of Theft, Bank Fraud 13
Armitage Revelation Spurs Debate Over Fitzgerald's Handling Of Plame Probe ... 13
Former Alabama Mayor, Two Others Convicted In Bribery Scheme ... 14
Stevens' Son Among Alaska Legislators Targeted By FBI Raid ... 14
New York ELF Arsonist Sentenced To Six Months In Federal Prison Camp ... 14

Civil Law:

Tobacco Companies Seek To Continue Selling "Light," "Low-Tar" Cigarettes ... 15

Civil Rights:

DOJ, EEOC Side With Religious Objector Over Union Dues ... 15
DOJ Helping Improve Racial Tensions At U-Missouri-Kansas City ... 15
DOJ Settles Sex Harassment Cases Against Twin Cities Landlords ... 15
Judge Delays Most Of Order Allowing Felon Voting Rights ... 16
Few Overseas Soldiers Voted In Alabama Runoff Election ... 16
Judge Suspends Ohio Voter Registration Rules ... 16
Georgia State Election Board Votes To Notify Voters Of Need For Official ID At Polls ... 16

Antitrust:

FTC Battles Drug Makers' Payments To Generic Competitors ... 16

Environment/Indian Affairs:

Judge Rules Fish And Wildlife Service Broke Law In Opening 37 Refuges To Hunting ... 17
Energy Department "Dismantling" Office of Environment, Safety and Health ... 17
Bipartisan Opposition Dooms Plan To Sell National Forest Land 17
National Parks' Rules Boost Clout Of Neighboring Communities 17
Salmon Industry Looks To Congress After California Assembly Fails To Pass Bailout ... 18

Rains Slow Wildfires In Montana 18
Schwarzenegger Describes His Interest In Combating Global Warming 18
California Lawmakers Reject Increase In Indian Gambling 18

FBI/DEA/ATF/USMS:

Tough Drug Policies Said To Result In Lower Rates Of Use 18
Writers Argue Againist "No-Knock" Raids 18
DEA Agent Says Memo Destroyed His Career 19

Immigration:

Bush's Immigration Reform Proposal Called "Likely Dead For The Year." 19

Tax:

US Cites Tax Scheme In Suit Against California Man 20
IRS Sues Former NFL Quarterback Stabler Over Unpaid Taxes 20
IRS Failure To Update Program May Have Cost $318 Million In Improper Tax Refunds 21
New Tax Law Hurts US Citizens Working Abroad 21

Congress-Administration:

Interceptor Missile Hits Target 21
China Policy Seen As Focus Of Paulson's Trip To Asia 22
Trade Deals Facing More Hurdles In Congress 22
Embattled House Republicans Seek Another Minimum Wage Vote 22
VA Response To Data Theft Criticized 22
NASA Awards Spacecraft Contract To Lockheed Martin 23
Dowd Thinks Bush Could Learn From Reading Shakespeare 23
Congress Urged To Approve Limited-Term Licensing Of Drugs. 23

Other News:

Labor Report Shows Jobs And Wages Up, Jobless Rate Down. 23
Stocks Respond Favorably To Economic Reports 25
Gas Prices Drop Dramatically 26
Bernanke Visits His Hometown In South Carolina 26
Nevada Politics Invigorated By Democrats' New Primary Schedule 26
Clinton Using Reelection Campaign To Showcase Her Appeal To Moderates 26
Talent Has Pulled To Within One Point Of McCaskill According To New Poll 27
Santorum Enlists Dole And Others In Effort To Close "Yawning Gender Gap." 27
Kennedy-Klobuchar Debate Turns Acrimonious Quickly 27
McGavick Admits To 1993 Drunk Driving Incident 27
Kristol And Former Bush Officials Air Ads On Behalf Of Lieberman 27
Corker And Ford Seen As Representing Their Parties' Moderate Wings 28
"Culture Of Scandal" Seen As Far From Most Voters' Most Pressing Concern 28
Five Candidates File To Run In Special Election For DeLay's Seat 28
Four Candidates Promote Their Endorsements In NY11 28
Judge Denies Request For New GOP Primary In NV2 28
MN6 DFL Candidate Wetterling Announces Proposal For "Tax Breaks For The Middle Class." 28
Allegations Fail To Cut Into Spitzer's Lead Over Rivals 29
Ehrlich Has Almost Twice As Much Cash On Hand As O'Malley 29
Pew Study Finds Americans Have Mixed Views On Religion And Public Life 29
Assisted Living Facilities In Greater Demand As States Seek To Reduce Medicaid Costs 30
1,500 AP Tests And 2,700 Teacher Licensing Tests Lost Or Misplaced 30
More Students Begin Study At Community Colleges But Few Graduate 30
Nature Corrects Press Release On Stem Cell Generation Technique 30
Pittsburgh Mayor Dies Of Brain Cancer 30
GOP Urged To Seek Votes Among Small Government Voters Of Interior West 30
Russia "Casts Doubt" On Iran Sanctions 30
US Envoy On Human Rights To Inspect North Korean Complex 31
Annan Gets Pledge From Syria To Keep Arms Out Of Lebanon 32
Israeli Defense Minister Calls For War Investigation 32
Continued Lack Of Wages Has Palestinians Blaming Authority . 33
US Seeks To Add Burma To UN Security Council Agenda 33
UN Investigation Accuses Official Of Corruption 33
Sudanese Government "Launched Major Offensive" In Darfur ... 33
VOA Head Accused Of Misconduct 34
Blair Won't Announce Departure Date 34
Data Suggests Eurozone Grew Faster Than Previously Thought34
Likely Next Japanese PM Calls For Revising Constitution 34
Prodded By US, IMF Board Endorses Giving China, Others More Say In Policies 34
Fox Prevented From Delivering State Of The Union By Opposition Lawmakers 34
Chavez Visits Castro As He Recovers 35
Kosovo Negotiations Complicated By Serbian Reaction To Remarks By UN Mediator 35
Pope To Discuss Evolution With Former Students 35

The Big Picture:

Headlines From Today's Front Pages 35

Washington's Schedule:

Today's Events In Washington 36
Other 36

DOJ_NMG_0057802

TERRORISM NEWS:

DOJ Seeks Stay On Order Against NSA Terrorist Monitoring Program. The CBS Evening News (9/1, story 11, 0:10, Mitchell, 7.66M) reported, "The White House today asked a Federal judge to put off an order to halt the government's warrantless wire tapping. That is the same judge who ruled the wiretaps unconstitutional last month. The Justice Department says ending the program would threaten national security and leave the US more vulnerable to terrorist attack."

The AP (9/2, Shrader) notes the ACLU "will oppose a stay, but agreed to delay enforcement of the injunction until Taylor hears arguments Sept. 7." ACLU attorney Melissa Goodman said, "Every time the NSA engages in warrantless wiretapping, they are violating the law and the United States Constitution." But the DOJ argues "that Taylor's verdict is overly broad because it calls for an end to the program entirely, not just with respect to the ACLU and the suit's other plaintiffs." The DOJ "also argued that the judge's decision is flawed because classified facts needed to evaluate the case are protected under the so-called 'state secrets' privilege."

DOJ Argues Against Release Of Document In Oregon Eavesdropping Case. Newhouse News Service (9/2, Green) reports, "An Oregon lawsuit with profound national security significance hinges on a single document." Newhouse continues, "A defunct Oregon charity that distributed Islamic literature to prison inmates claims it was the subject of an illegal federal eavesdropping program. But the only way it can prove its case is with a top-secret document held under lock and key. … U.S. Justice Department lawyers say the document is too sensitive; it contains information that -- if revealed -- would cause 'exceptionally grave damage' to U.S. attempts to prevent future terrorist attacks. They say that even allowing a lawsuit to go forward would reveal state secrets." Newhouse adds, "The task of tiptoeing around the document falls to U.S. District Judge Garr M. King, a Portland-based federal judge. …. During a hearing this week, King repeatedly pushed lawyers for both sides to consider ways to protect the document and national security while allowing the lawsuit to proceed. … King, who intends to rule next week, said it was 'appropriate and necessary' to evaluate the specifics of the case and not be afraid to come up with creative solutions -- if possible -- to allow it to go forward."

Bush Seeks To Define War Against Terrorism As International Threat. President Bush will visit the sites of the 9/11 attacks as he seeks to boost public support for the Administration's efforts to combat terrorism. Bush's campaign was ignored by the national network TV news programs Friday night and a number of articles by the AP and McClatchy news services offer critical analyses of the Administration's counter-terrorism response Saturday morning. Previewing the Administration's strategy, the AP (9/2) reports on the White House's plan to bring "representatives from countries that have suffered terrorist attacks to populate the audience at President Bush's next war-on-terror speech, to emphasize the global nature of the enemy." Bush commonly lists international attacks "to demonstrate that the world should be united against Islamic militants who share a purpose if not a common network." Bush recently "launched a new offensive to build support for the Iraq war and for Republicans in the fall elections," saying "various factions of terrorists belong under the same umbrella, even though many terrorism experts do not agree."

14 Arrested On Terrorism Charges In London. The Minneapolis Star Tribune/AP (9/2) reports, "Police have arrested 14 people in anti-terrorism raids, saying Saturday they suspected the men were involved in training and recruiting for terror." They "were not linked to the alleged plot to bomb trans-Atlantic airliners or to the July 2005 bomb attacks on London's transport network, the capital's Metropolitan Police said. They declined to give details of what the suspects were believed to have done" but the arrests were the result of "months of surveillance and investigation, police said."

UK Police Keeping Track Of Thousands Of Homegrown Terrorism Suspects. The AP (9/2, Stringer) reports a transcript shows that in BBC program that will be aired Sept. 3, "Britain's top counterterrorism detective warned the threat from homegrown terrorism is increasing, and said police were trying to track thousands of Britons suspected of planning, financing or encouraging attacks." Metropolitan Police anti-terrorist squad leader Peter Clarke said "officers had seen an enormous rise in the number of people inside Britain who needed to be tracked and monitored since the Sept. 11, 2001, attacks."

56 Terror Suspects Arrested In Morocco. The New York Times (9/2, Smith, 1.21M) reports, "The Moroccan police have arrested 56 suspected members of a terrorist network as part of a monthlong antiterror sweep, the country's official news agency reported on Thursday." The Times continues, "Morocc…has been battling a radical Islamic movement that inspired deadly suicide bombings in Casablanca in 2003. The fundamentalist Islamic trend has continued to grow among the largely disenfranchised youth of Morocco's poorest quarters despite antiterrorist crackdowns." After the 2003 attacks "Moroccan authorities arrested

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thousands of Islamists and claimed to have uncovered dozens of terrorist cells, some linked to Al Qaeda."

Bush Seen As Struggling To Meet Goals. The AP (9/2, Raum) in a critical analysis of Bush's recent speeches on terrorism titled "Bush Struggles To Deliver" says, "Bush is finding it increasingly hard to make good on foreign-policy promises or threats. The biggest source of his frustration is the 'axis of evil' -- Iran, North Korea and Iraq -- that he warned four years ago imperiled world peace." He "faces a daunting number of simultaneous international crises as he tries to shore up flagging support at home for the Iraq war and roll back nuclear programs in Iran and North Korea." And some experts "suggest Bush has overreached, or set the bar impossibly high, laying out goals he cannot achieve -- while not acknowledging blunders." University of Maryland Mideast scholar Shibley Telhami said, "Spreading democracy, eradicating terrorism, ending Iran's nuclear potential. Those are huge goals. When one makes an assessment and sees that none of these is closer to being achieved, it becomes a real problem for America's credibility."

US Remains Vulnerable To Attacks Despite Efforts To Increase Domestic Security. In one 2,941 word article titled "Five Years Later, We're Still Not Safe" in a four-part retrospective of the 9/11 attacks McClatchy Newspapers (9/2, Gordon, Taylor, Hutcheson) reports, "A close examination of the federal government's homeland security effort shows that there have been major accomplishments since the attacks on Sept. 11, 2001. But it also reveals how vulnerable the nation remains to catastrophe." McClatchy adds, "Federal officials and security experts directly involved in the cat-and-mouse game with terrorists have realized that the nation faces more threats than the government can ever combat. The result is a deadly guessing game on a global scale, with security officials often one step behind the terrorists." The "more than $280 billion" the US has spent on domestic preventative measures "far exceeds the post-World War II Marshall Plan…but it's not nearly enough to close off every possible line of attack. Some experts say part of the money has been wasted on efforts to combat nonexistent or highly unlikely threats, while other, more pressing risks, were ignored."

In a second much briefer article McClatchy Newspapers (9/2, Strobel) examines the possible reasons there have been no additional attacks on the US, citing better domestic prevention measures and noting the threat of homegrown terrorism is offset because "Osama bin Laden's worldview hasn't caught on here." In addition former White House officials Daniel Benjamin and Steve Simon in their book "The Next Attack," argue "that the presence of about 130,000 U.S. troops in Iraq is providing plenty of opportunities for jihadists to confront the American superpower directly." Another fear "is that al Qaida and its affiliates feel they must outdo the carnage of 9/11." And "Sherifa Zuhur, a visiting professor at the U.S. Army War College in Carlisle Barracks, Pa., says al Qaida, which was surprised by the U.S. reaction after 9/11, may be simply waiting for the right moment."

Bin Laden Remains At Large Despite Extensive US Efforts. The AP (9/2, Garwood, Pennington) in a 1,864 word analysis highlighting the US' failure to capture Osama bin Laden reports that "tens of thousands of U.S. and Pakistani troops have spent nearly five years searching for" bin Laden but "hopes of cornering" him "seem distant as ever. The last time authorities said they were close to getting him was in 2004, and in hindsight those statements seem more hope than fact." As the fifth anniversary of the 9/11 attacks approaches "the most publicized manhunt in history has drawn a blank" and the US military's "once-singular focus is diffused by the need for reconstruction and a growing fight against the Taliban." The "frustrating" effort to capture bin Laden has increased tensions between Afghanistan and Pakistan and one Afghan official accused Pakistan of harboring him "as a prize, as an ultimate bargaining chip."

Similarly, as part of its four-part series on the response to the 9/11 attacks, McClatchy Newspapers (9/2, Strobel, Landay) in an article titled "In Afghanistan, The Taliban And Al Qaida Resurge" reports that after five years the US "and its allies are struggling to halt advances by a resurgent Taliban and al Qaida fighters in large swaths of" Afghanistan. One unidentified official with the allied military forces said, "Things are going very badly. … We've arrived at a situation where things are significantly worse than we anticipated." McClatchy states, "The trends in Afghanistan appear to mirror the global war on terror a half-decade after the Sept. 11, 2001, attacks. The Bush administration and allied governments have won battle after battle, but appear to be in danger of losing the war." And "a growing number of analysts, many of them former top government counterterrorism officials, argue that the very notion of a 'war' on terrorism is the wrong strategy." By "relying overwhelmingly on bombs and bullets, they say, the United States has alienated much of the Muslim world, driving away even moderates who might be open to Western ideas. The West has largely failed to offer a positive vision or deal with the root causes of Islamic extremism." And "Many -- if not most -- counterterrorism experts now see the U.S. invasion and bungled occupation of Iraq as a grave misstep in the struggle against Islamic extremism."

For First Time Since First Anniversary Of 9/11 Attacks Bush To Visit All Three Sites. In a brief article the New York Times (9/2, 1.21M) notes, "President Bush will lay a wreath at ground zero on the eve of Sept. 11, his first stop in a three-state trip to observe the fifth anniversary of the terrorist attacks." The First couple plan "to travel to New York City on Sept. 10 for the wreath-laying ceremony that afternoon. They will then attend a prayer service at St. Paul's Chapel, next to the World Trade Center site." The Times notes, "It will be the first time since the first anniversary of the

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attacks that Mr. Bush has traveled to all three places in remembrance of the victims."

Some Family Members Of 9/11 Victims Continue To Struggle With Loss. As part of its four-part series on the impact of the 9/11 attacks McClatchy Newspapers (9/2, Gordon) reports that testimony from "more than 40 other surviving friends and family members at last spring's trial of confessed al Qaida conspirator Zacarias Moussaoui offered an extraordinary glimpse of the long-term, life-altering effects of the terror attacks that killed 2,972 people. While some survivors said they've found ways to move on, others remain emotionally paralyzed." The World Trade Center Family Center "has provided therapy and grief counseling to about 2,000 family members of those killed on Sept. 11. Its staff also has counseled some 3,500 emergency responders and their families who are dealing with both grief and a new fear: that another wave of deaths will strike fire and rescue crews who breathed asbestos and other toxins while searching the smoldering wreckage."

Suspects In Miami Terror Plot Accuse FBI Of Entrapment. The Washington Post (9/2, A1, Pincus, 748K) in a front page story reports that the lawyers for the seven men suspected of plotting terror attacks in the US allege that the FBI informant engaged in entrapment. After they were arrested AG Alberto Gonzales announced "the destruction of a terrorist cell inside the United States, hailing 'our commitment to preventing terrorism through energetic law enforcement efforts aimed at detecting and thwarting terrorist acts.'" Yet, "court records released since then suggest that what Gonzales described as a 'deadly plot' was virtually the pipe dream of a few men with almost no ability to pull it off on their own. The suspects have raised questions in court about the FBI informants' role in keeping the plan alive." Their lawyers "have raised questions about where a government sting ends and entrapment begins. Not only did government informants provide money and a meeting place for Batiste and his followers, but they also gave them video cameras for conducting surveillance, as well as cellphones, and suggested that their first target be a Miami FBI office, court records show."

Canada To Increase Border Security Gradually. The Washington Post (9/2, A17, Struck, 748K) reports that in response to complaints from Canadian border guards that they are ill-equipped to face serious threats, "Prime Minister Stephen Harper said he is giving the officers what they want, if slowly. He announced Thursday that the 4,400 officers of the Canada Border Services Agency…will be armed with guns over the next decade." He "also said the government will hire 400 more officers, partly to try to put an additional officer at some of the remote posts currently staffed by only a single guard, an arrangement that the guards' union has argued is dangerous."

Father Of Guantanamo Detainee Calls For Administration To Charge Or Free Son. Khalid Al-Odah, who founded the Kuwaiti Family Committee four years ago to secure the legal rights Guantanamo Bay detainees in an op-ed in the Washington Post (9/2, A29, 748K) urges the Administration to allow Guantanamo detainees, including his son, to be charged and tried in court asking, "How many more deaths and years of injustice will it take before the United States ends this violation of both human rights and U.S. law, and either formally charges the detainees with crimes or sets them free? If the Bush administration truly wants to close Guantanamo, it should first work to apply a fair legal process to separate the guilty from the innocent."

HOMELAND RESPONSE:

US Seen As Still Vulnerable, Despite Increased Counter-Terror Efforts. McClatchy Newspapers (9/2, Gordon, Taylor, Hutcheson) reported that since 9/11, "Americans have accepted inconvenience, sacrificed personal liberties and paid billions of dollars for a security clampdown that touches virtually every aspect of their lives. And we're still not safe." McClatchy noted, "Federal officials take pride in the fact that the United States has avoided a major terrorist attack since Sept. 11, but they're under no illusions that it couldn't happen again. 'I don't think there's any agency that exists that's going to be able to stop every single plan every single time,' Assistant FBI Director John Miller said. … The FBI and other federal law enforcement agencies have made pursuing terrorists their top priority since Sept. 11, and they've had some notable successes as well as some embarrassing mistakes. … 'We know a lot about a lot of people here in the United States and overseas,' said John Pistole, the FBI's No. 2 official. 'Our concern, of course, is in those gaps in intelligence.' … But critics contend that the domestic law enforcement agencies' record is marred by inflated claims, mistaken arrests and botched prosecutions." McClatchy added, "The FBI has more than doubled both its number of intelligence analysts…and the number of special agents devoted to counterterrorism and intelligence gathering," and it "has improved its computer capability, despite a major setback when technical problems led to the scuttling of a new $170 million virtual case file system, said Pistole. … 'There would be a much greater probability that somebody would say, "Wait a minute – some Middle Eastern males wanting to take flight lessons? That fits into this other side of the equation,"' Pistole said. 'That's simply something that we didn't have prior to 9-11.'"

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Experts Warn Public To Expect Continued Delays As Airlines Tighten Security. The Washington Post (9/2, D1, Wilber, 748K) in an article titled "Heightened Airport Insecurity" reports, "Since British officials said they foiled a terrorist plot to blow up planes over the Atlantic Ocean, hyper-vigilance aboard U.S. airliners has prompted a rash of emergency landings based on threats that turned out to pose no danger. The incidents suggest that pilots, flight attendants and passengers are ready to err on the side of extreme caution in a period of heightened anxiety in air travel." Experts "said passengers should expect more airline diversions, delays and airport evacuations. The hair-trigger responses to perceived threats are an unavoidable condition of the times, they said."

Transportation IG Recommends Disciplinary Action Against FAA Executives Over 9/11 Testimony. The New York Times (9/2, Shenon, 1.21M) reports acting Transportation Department inspector general Todd Zinser urged the FAA "to consider disciplinary action against two executives who failed to correct false information provided to the independent commission that investigated the Sept. 11 terror attacks." The two FAA executives and a third one, now retired, unintentionally offered information that "suggested that the aviation agency had established contact with its Air Force liaison immediately after the first of the four hijacked planes struck the World Trade Center at 8:46 a.m." But the 9/11 commission found "the Air Force's liaison did not join a conference call with the F.A.A. until after the third plane crashed, at 9:37 a.m. The 51-minute gap is significant because it helps undermine an initial claim by" NORAD "that it scrambled quickly on Sept. 11 and had a chance to shoot down the last of the hijacked planes still in the air, United Airlines Flight 93."

The Washington Post (9/2, A4, Eggen, 748K) reports, "Investigators found no evidence that aviation officials intentionally misled the Sept. 11 commission when they made inaccurate statements about their response to the 2001 terrorist attacks but recommended that two officials face 'appropriate administrative action' for failing to correct the record." The IG's "conclusions echo the findings of a separate inquiry at the Defense Department, which found no evidence that authorities at the North American Aerospace Defense Command (NORAD) intended to mislead the Sept. 11 panel." The AP (9/2, Miller) reports similar details.

9/11 Conspiracy Theories Debunked By Two Recent Federal Reports. The New York Times (9/2, Dwyer, 1.21M) reports, "Faced with an angry minority of people who believe the Sept. 11 attacks were part of a shadowy and sprawling plot run by Americans, separate reports were published this week by the State Department and a federal science agency insisting that the catastrophes were caused by hijackers who used commercial airliners as weapons." A Scripps Survey Research poll this summer "found that more than a third of those surveyed said the federal government either took part in the attacks or allowed them to happen. And 16 percent said the destruction of the trade center was aided by explosives hidden in the buildings."

9/11 Documentary To Be Shown Late Night To Avoid Indecency Fines. The Washington Post (9/2, D1, Musgrove, 748K) reports, "Sinclair Broadcast Group Inc. said yesterday that it will delay airing a documentary about the" 9/11 attacks "until after prime time to avoid the risk of incurring fines from the" FCC "over indecent language." But "other station owners do not seem to be following Sinclair's lead. … The documentary, called '9/11,' was produced in 2002 and has already aired on most CBS stations more than once. When it aired a year after the attacks, it was the most-watched piece of the anniversary coverage and drew in 12 million viewers."

FEMA Seen As More Prepared. The CBS Evening News (9/1, story 2, 2:20, Mitchell, 7.66M) reported, "Following the disastrous response to hurricane Katrina, the Federal Emergency Management Agency, pledged to turn itself around." FEMA is said to have "fired up this command center in Raleigh" days before Ernesto was expected to hit and "the agency's logistics center in Atlanta swung into action" with trucks newly outfitted with GPS systems. FEMA "has also launched its own fleet of TV news trucks that can feed back live video of disaster areas." FEMA Director David Paulison said, "I can guaranty you won't see the lack of coordination between agencies." CBS (Acosta) concluded, "FEMA needs another major hurricane to prove it's on the right track with these changes, but it's not getting that tonight from Ernesto."

Florida Counties To Seek Reimbursements For Cost Of Preparations. The Washington Post/AP (9/2, A2) reports, "Tropical Storm Ernesto didn't do much damage in South Florida, but it still ran up a tab." So "county and state officials were getting ready to ask the federal government to reimburse them for millions of dollars spent preparing for a powerful storm that didn't materialize. As of Friday, however, the only payment the Federal Emergency Management Agency planned was a thank-you." But "Miami-Dade County expected its costs to be near $10 million for preparations" and "Broward County was preparing to seek reimbursement for about $2.5 million." FL Gov. Jeb Bush (R) said that "it was too soon to tell whether Florida would qualify for any reimbursements."

Many Displaced By Katrina Not Expecting To Return To New Orleans. ABC World News Tonight (9/1, story 8, 2:00, Gibson, 8.78M) reported on persons

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displaced by Katrina focusing on one person who has since moved to Seattle and has "no intention of going back."

NBC Nightly News (9/1, story 9, 2:00, Brown, 9.87M) also reported on "some 266,000 people who left the New Orleans area" and "for many the exodus may be permanent." Several who who moved to Dallas are highlighted.

Report Says New Orleans Economic Recovery Is Strong. The Baton Rouge Advocate (9/2, Gyan) reports that a study by the Division of Business and Economic Research in the University of New Orleans's College of Business Administration "uses words like booming, surprisingly high, bright spot and astonishing" to describe the "post-Katrina recovery of the New Orleans area." It reports, "the mining (oil and gas), chemical manufacturing and utilities sectors have regained or surpassed their pre-Katrina" job-levels. Also, "the local area has 12.6 percent more gambling revenue than before the storm." Sales at retail stores are said to be "booming." While, "the construction sector, despite the investment in rebuilding local housing, has just 66 percent of its pre-Katrina wage and salary jobs."

Nagin Retracts Description Of Ground Zero As "Hole In The Ground." The New York Times (9/2, Ramirez, 1.21M) reports New Orleans Mayor Ray Nagin "backed away yesterday from his heavily criticized remarks about the slow pace of rebuilding at the World Trade Center site. But he declined to say he was sorry." The Times notes that "on a segment of CBS's '60 Minutes,' a reporter asked Mayor Nagin why so little debris, including long-abandoned automobiles, had been cleared from New Orleans neighborhoods. … Nagin replied sharply: 'That's all right. You guys in New York can't get a hole in the ground fixed and it's five years later. So let's be fair.' His remarks were widely criticized as flippant and insensitive."

Ernesto Threatens Flooding Throughout Mid-Atlantic States. All three networks led off with stories about Ernesto and its effects in the mid-Atlantic states. The CBS Evening News (9/1, lead story, 3:00, Mitchell, 7.66M) reported, "The Mid-Atlantic states are taking a pounding tonight from Ernesto, now a tropical depression threatening floods this weekend from the Carolinas to New York." Ernesto "was never a major storm but it's a dangerous rainmaker." CBS (Chen) added, "The water is coming up, not just in the southern part of North Carolina where Ernesto came ashore late last night, but up through the Mid-Atlantic states."

ABC World News Tonight (9/1, lead story, 3:00, Gibson, 8.78M) reported, "There are states of emergency across the mid-Atlantic as what is left of Ernesto brings heavy rains to the region. Storm strength is measured by wind, but floods pose the greatest danger. And Ernesto is delivering rain, lots of it, up to ten inches have fallen in parts of North Carolina and Virginia. Hundreds of thousands of homes are without power. And more than one thousand families are under orders to evacuate." ABC also reported delays at airports in New York and Philadelphia and cancellations of Amtrak trains. It also briefly mentioned Hurricane John stranding travelers in Cabo San Lucas, Mexico.

NBC Nightly News (9/1, lead story, 3:00, Brown, 9.87M) reported, "Tonight we are tracking two storms causing a lot of headaches here and in Mexico. Ernesto has weakened to a tropical depression, but it is still dumping rain as it churns north. Hurricane John is now a strong category two hurricane. Villages are being evacuated while tourists are hunkering down in shelters at resort hotels." NBC (Costello) added, "We have significant travel delays on highways and in airports and significant flash flood warnings up and down the east coast." While, "the storm lost some of its punch as it moved north, forecasters say Ernesto will dump a tremendous amount of moisture on the mid-Atlantic states." And "in Washington crews piled sand bags in front of government buildings anxious to avoid the flooding in June."

Hurricane John Approaches Mexico. The New York Times (9/2, Malkin, 1.21M) reports Hurricane John was advancing to Cabo San Lucas, Mexico "as residents boarded up their houses and tourists gathered in hotel ballrooms to wait out the storm." The storm was expected to cause substantial flooding and "as many as 15,000 people" were evacuated.

NBC Nightly News (9/1, story 2, 2:30, Teague, 9.87M) reported, "It is the most powerful storm to threaten the Los Cabos resort in more than 15 years." And "thousands are riding out the storm in emergency shelters" while "tourists are gathering in safe rooms at luxury hotels."

Forecasters Predict Below-Average Year For Storms. The Washington Post/AP (9/2, A2) reports, "Hurricane forecaster William M. Gray downgraded his expectations for the 2006 Atlantic storm season Friday, calling for a slightly below-average year, with five hurricanes instead of the seven previously forecast." The forecast included a prediction of "a 59 percent likelihood of a hurricane hitting the U.S. coastline in September and a 35 percent chance of an intense hurricane. For October, the forecasters put the probability at 14 percent." The National Hurricane Center had earlier "lowered its Atlantic storms forecast" to "between 12 and 15 named storms and seven to nine hurricanes."

WAR NEWS:

Bush Said To Shift Focus From Benefits Of Victory To Costs Of Failure In Iraq. The New York Times (9/2, Sanger, 1.21M) reports President Bush has made "a distinct shift" in his defense of U.S. efforts in Iraq. "Rather than stressing the benefits of eventual victory, he and his top

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aides are beginning to lay out the grim consequences of failure." This new approach is said to be seen "in his speech on Thursday in Salt Lake City" and in recent speeches by Gen. John P. Abizaid and Vice President Dick Cheney. The argument is characterized as "reminiscent of…President Lyndon B. Johnson's adoption of the 'domino theory.'" The Times distills the case to "a statement" the president "quoted from General Abizaid…'If we leave, they will follow us.'" But "Mr. Bush's aides…insist that the new tone is simply to make the stakes clear." They also "acknowledge that the message of optimism no longer fits the moment." Vice President Cheney is also said to have conducted "a major rhetorical reversal" from earlier arguments that "ousting Saddam Hussein would usher in a new era of stability in the Middle East." The Times concludes the article with a quote from former Bush speechwriter David Frum, "the public understands the consequences of not winning" so "what they really want to hear is a plan…that addresses…the sectarian violence." And a suggestion that "the specifics may emerge in two speeches planned for next week, and another in New York, at ground zero on the fifth anniversary of the event that redefined his presidency."

Shift Said To Be Attempt To Manipulate Media. Tim Rutten writes in his "Regarding Media" column for the Los Angeles Times (9/2, 918K) reports, "Political rhetoric is a never-ending chess match that gathers intensity as an election approaches." And "whatever else it can or cannot do, the Bush administration plays major league electoral chess. So, it's the proximity of November's midterms that made this week's speeches by President Bush, Vice President Dick Cheney and Secretary of Defense Donald H. Rumsfeld…matters of more than passing interest. Essentially, all three attempted to draw a parallel between the debates over how best to resolve the increasingly unpopular war in Iraq and the pre-World War II controversies over whether or how to confront rising fascism." Rutten adds, "not even Karl Rove could convince anyone that George W. Bush can tell the difference between a fascist and a frankfurter." Meanwhile, Rutten argues that "this sequence of speeches with their carefully chosen audiences has nothing to do with fascism…and everything to do with introducing the word 'appeasement' into our domestic debate over the war in Iraq." He concludes after a treatment of what he calls the Administration's adoption of torture as national policy and the media's "failure" to report on this, "If the administration now is allowed to recast the critical debate over the war in Iraq into a spitting match between farsighted anti-fascists and cringing appeasers, it will be worse than tragic."

Bush Not Be Able To Count On Substantial GOP Edge On National Security Issues. The San Diego Union-Tribune (9/2, Condon, 337K) reports, "With his party's loss of Congress looming as a real possibility, President Bush has launched yet another effort to rally uneasy Republicans and raise fresh concerns about Democrats with a series of increasingly pointed speeches that began this week." The Union-Tribune notes Bush's Thursday speech to the American Legion in which he "warned that defeat in Iraq will mean 'terrorists in the streets of our own cities.' … Republicans plan even more speeches and congressional debates in the lead-up" to the anniversary of 9/11 "in the hope of energizing core Republicans and portraying Bush as the only safe alternative. For the president, it's a return to the political strategy that paid off with voters in 2002 and 2004. But there are questions whether it can work a third time in 2006 with an electorate that has soured on the war in Iraq." Democratic pollster Mark Mellman is quoted as saying, "In those earlier elections, Republicans had a 35-point advantage on national security. Today, that is down to between zero and 8 points."

Democrats Seek Vote On Rumsfeld. UPI (9/1) reports, "Democrats in the U.S. Congress want to force a vote of no confidence on Defense Secretary Donald Rumsfeld after the August recess. Sen. Barbara Boxer, D-Calif., plans to attach a resolution calling on President Bush to fire Rumsfeld to the defense appropriations bill, CNN reported Friday." UPI adds that "many supporters" of the war fault him "for carrying out the invasion with too small a force and ignoring unrest until it blossomed into an insurgency." In addition, his American Legion speech "reportedly outraged Democrats."

CNN (9/1) reports the Democrats' plan "is to force Republicans to cast what would amount to a vote of confidence in Rumsfeld -- one of the architects of the increasingly unpopular war in Iraq -- before November's midterm elections, said a Democratic strategist close to the House. Such a move also would give Democrats a chance to show a united front on Iraq by calling for Rumsfeld's dismissal."

The Chicago Tribune (9/2, Hedges, 623K) reports, "In a wave of statements, Democratic Party leaders targeted Bush, Vice President Dick Cheney and Defense Secretary Donald Rumsfeld for casting the Iraq war as part of a broader war on terrorism." Sen. Harry Reid (D-NV) said, "Even the Pentagon acknowledges Iraq is tipping into civil war."

Rumsfeld Calls For Constructive Debate. The Washington Post/AP (9/2, Flaherty) reports, "Defense Secretary Donald H. Rumsfeld reached out to Democrats yesterday, opening the door for them to retract their stinging indictment of him as Pentagon chief. In a letter to Congress's top Democrats, Rumsfeld said remarks he made Tuesday during a speech in Salt Lake City were misrepresented by the news media." Spokeswomen for Rep. Nancy Pelosi and Sen. Reid "said yesterday that they stood by their remarks." The New York Times carries a shorter version of this AP article.

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Leonard Pitts Attacks Rumsfeld's "World War II Allusions." Writing in the Detroit Free Press (9/2, 346K), syndicated columnist Leonard Pitts disputes Secretary Rumsfeld's use of "World War II allusions" for the war in Iraq, saying, "Hold on, let me check my calendar -- yep, there's an election coming. The war on terror has, after all, been this gang's get-out-of-jail-free card for years. High gas prices, a hurricane fiasco, red ink, an overall patina of ineptness overtopped by arrogance, and it's all forgotten the moment they say 9/11." Pitts responds, "On Sept. 11, 2001, we were attacked by men directed from a terrorist base in Afghanistan. ... Now we find ourselves mired in a poorly defined, poorly designed mission in a nation that, with all due respect to the presidential gut, had NO known connection to Sept. 11."

Pentagon Report Details Deteriorating Security In Iraq. The release of a Pentagon report on the security environment in Iraq received extensive coverage in major US media outlets. All three network news program described the report as "grim." ABC World News Tonight (9/1, story 2, 1:30, Gibson, 8.78M) reports, "We turn next to Iraq and a significant report presented to the Congress today on the status of the situation there. The report was grim. And the surprise is the source of that report." ABC (Raddatz): "The bottom line is that by almost every measure, security has deteriorated in Iraq. And what is most surprising about this report is it wasn't written by critics of the war. It's not a partisan report. It was written by the Pentagon."

NBC Nightly News (9/1, story 3, 3:00, Miklaszewski, 9.87M) reported, "There was no sugarcoating the recent spike in violence in Iraq. This brutally honest report warns conditions in Iraq could lead to civil war and senior Pentagon officials are calling the facts in this report disturbing and sobering."

And in an otherwise positive story on Vietnam Veterans assisting in the reconstruction of Iraq the CBS Evening News (9/1, story 9, 3:00, Mitchell, 7.66M) opened its story reporting, "The Pentagon issued a grim assessment of the situation in Iraq today, saying that sectarian violence, Iraqi against Iraqi, has intensified in the last three months. The violence has spread outside Baghdad. The insurgency is growing stronger, and civilian casualties have increased by 1,000 a month since the last report."

An NBC analyst discussed reasons for the upsurge in violence. NBC Nightly News (9/1, story 4, 1:30, Brown, 9.87M) reported, "Middle east bureau chief Richard Engel joins us now from our Los Angeles bureau. ... Why do you think the violence has increased so much in the past few months?" NBC's Richard Engel: "For the last three years the Shiites have mostly been victims and avoided the violence now the Shiite community -- 60% of the population in Iraq -- are involved in violent attacks. They are doing it through militia groups that are operating in Baghdad and in southern Iraq that are attacking Sunni insurgent groups. This is a major development it is a new phase of the war and one that's proving to be more deadly." Brown: "Life in Baghdad has always been tough but has the new violence made it even more challenging?" Engel: "It is right now a city of illegal checkpoints where militia groups either Sunni or Shiite control their own neighborhoods. ... these organizations operate as courts, communicate watch programs and they are effectively governments within the state of Iraq."

The New York Times (9/2, Gordon, 1.21M) reports in a front page article, "Iraqi casualties soared by more than 50 percent in recent months, the product of spiraling sectarian clashes and a Sunni-based insurgency that remains 'potent and viable,' the Pentagon said in its latest comprehensive assessment of security in Iraq." The report this quarter "is the focus of special interest because of increasing fears that Iraq is sliding into civil war and because it is being published at a time when President Bush and members of his cabinet have been trying to present a strong case in support of the war, in the face of vehement criticism from Democrats." Democrats, including Sen. Jack Reed, "portrayed the report as evidence that the administration's strategy was failing."

In a front page story, the Washington Post (9/2, Tyson, 748K) reports on the same study, "Rising sectarian bloodshed has pushed violence in Iraq to its highest level in more than two years, and preventing civil war is now the most urgent mission of the growing contingent of 140,000 U.S. troops in the country." The Post calls the Pentagon report "significant because it represents an official acknowledgment of trends that are widely believed to be driving the country toward full-scale civil war." Brookings pundit Michael O'Hanlon said the report represented "reality catching up with Rumsfeld and the Pentagon." Democratic Sens. Harry Reid and Jack Reed are quoted as criticizing the administration's strategy. Like the New York Times, it quotes Assistant Secretary Rodman as calling the findings "sober."

The Financial Times (9/1, Dinmore) reports this story as well, observing, "The report, mandated by Congress each quarter, was likely to add to growing calls for Mr Rumsfeld to resign. ... Democrats in Congress said the report showed that Mr Rumsfeld and the administration leadership were disconnected from reality."

The Los Angeles Times (9/2, Barnes, 918K) calls the Pentagon document a "strikingly dismal report" saying "The data and language of the report also contrasted with recent statements by administration officials who have been seeking to shore up sagging public support for the war. Administration officials, for example, repeatedly have emphasized that recent violence has been concentrated in Baghdad. The new report notes that violence has increased in Diyala, Mosul and Kirkuk as the sectarian conflict has spread to those cities." The Times quotes a defense of the

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policy by Rear Adm. William Sullivan, criticism by Sen. Harry Reid and Rep. Nancy Pelosi, and a warning by CSIS pundit Anthony Cordesman that "the situation was growing bleaker."

The AP (9/2, Burns) reports that the "notably gloomy" Pentagon document "reported that illegal militias have become more entrenched, especially in Baghdad neighborhoods where they are seen as providers of both security and basic social services. The report described a rising tide of sectarian violence, fed in part by interference from neighboring Iran and Syria and driven by a 'vocal minority' of religious extremists who oppose the idea of a democratic Iraq." It adds, "A growing number of members of Congress are calling for either a shift in the Bush administration's Iraq strategy or a timetable for beginning a substantial withdrawal of American forces." It quotes criticism from Democratic Sens. Harry Reid and Jack Reed, the latter of whom said, "Iraq is tipping toward civil war." On the other hand, Col. Thomas Vail stated that a crackdown in Baghdad was "bearing fruit." More than 170 sites carried this article.

The Baltimore Sun (9/2, Wood, 262K) reports, "Senior Pentagon officials sketched out a bloody landscape Friday of sectarian violence spreading beyond Baghdad and execution-style assassinations and terrorist bombings by increasingly entrenched private militias and death squads. ... The severity and breadth of the Defense Department report, which is required four times a year by Congress, appeared to undercut recent statements by President Bush and Defense Secretary Donald H. Rumsfeld."

CNN (9/1) reports in an article titled "Pentagon: Cold-blooded carnage soaring in Iraq," that the Pentagon concluded "current violence is not a civil war, and movement toward civil war can be prevented," even though "the quarter had seen a 51 percent increase in Iraqi casualties and a 15 percent increase in the number of attacks." CNN wraps up the article by noting transfer or impending transfer of security duties to Iraqis in three provinces and the deaths of two US servicemen on Wednesday.

The Washington Times (9/2, Gertz, 88K) reports in a more optimistically pitched article, "Tribal and religious violence is increasing in Iraq but has not become a civil war, according to a Pentagon quarterly report." It adds, "For its part, the Iraqi government yesterday released a report saying that violent deaths among civilians in Iraq may have fallen by a quarter last month. ... The figures tend to back U.S. military confidence that a crackdown in the capital has slowed the bloodletting some." In addition, coalition forces "continued to make progress toward improving stability in Fallujah and some parts of northern Iraq."

McClatchy Newspapers (9/2, Brown) reports that the Pentagon study finds that "a struggle between Sunni and Shiite Muslim extremists seeking to control Baghdad has eclipsed the Sunni insurgency against U.S.-led coalition forces and is spreading to other parts of the country." It contrasts the latest report with previous ones that "tended to describe steady progress in Iraq."

Iraqis Expand Baghdad Security Sweep. The AP (9/1, Becatoros) reports, "Iraqi forces will expand their security operation into eastern Baghdad -- including Shiite militia strongholds -- the Defense Ministry said Friday, a day after a barrage of coordinated attacks across those areas killed 64 people and wounded 286." The violence "capped a violent week that saw hundreds of Iraqis killed, despite a massive security crackdown in the capital that has targeted some of Baghdad's most violent neighborhoods." The Los Angeles Times (9/2, 918K) carries an abbreviated version of this article.

Fourteen Foreign Pilgrims Killed In Iraq. In a brief article, the AP (9/2) reports, "Fourteen pilgrims from Pakistan and India were killed on their way to the Shiite holy city of Karbala."

Anguished Iraqis Contemplate Civilian Toll. The Los Angeles Times (9/2, McDonnell, Salman, 918K) reports, "The day-after canvass through the ruins has become so familiar in this tormented nation that the images may now seem to some cliche, the grief ritualized." It reports on the aftermath of a "highly coordinated bombardment that was stunning even by Baghdad's gruesome standards," killing 63 on Thursday, of which "19 were children younger than 16." Authorities said "the plotters may have rented apartments and shops with the sole intention of blowing them up — a sinister new turn in Iraq's cycle of carnage."

Gasoline Easier To Buy In Iraq. ABC World News Tonight (9/1, story 3, 2:00, Gibson, 8.78M) reports, "Despite the reports of deepening violence, we do have a story tonight of progress in Iraq. Progress in what may be the most important area of life for Iraqis, their everyday life. Trying to fill up a car with gas in Iraq has been at best an exercise in frustration. At worst, drivers stuck in slow-moving gas lines have become sitting targets for deadly attacks. We report on a sudden change." ABC (Marquez) added, "For years, it has been the cruelest of jokes in a country with the world's second largest oil reserves; filling up the tank could take days. A trip to the gas station meant getting up before sunrise then waiting, waiting through the morning, then the afternoon, sometimes overnight and then into the next morning, which is why this is something just short of a miracle. ... The solution, simple. A few rule changes enforced this week by Iraq's oil minister. Gas stations are now open four more hours, filling up extra tanks is no longer legal. … Now Iraqis who had shown little confidence in their government's ability to improve the quality of life here are grateful and hopeful this will last, and it just might."

Vietnam Veterans Assist In Iraq Reconstruction. The CBS Evening News (9/1, story 9, 3:00, Mitchell, 7.66M) reported, "The Pentagon issued a grim assessment of the

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situation in Iraq today, saying that sectarian violence, Iraqi against Iraqi, has intensified in the last three months. ... Despite violence, there are many in Iraq determined to get the country on the road to recovery. They include Americans with memories still raw from another war a generation ago. They vow this time things will end differently." CBS (Strassman): "A generation after the jungle, some Vietnam vets are seeking redemption in the desert in Iraq." Vietnam Veteran Jack Holly: "Yeah, I'm a nation builder, and I'm proud of it." Strassman: "In Baghdad, Jack Holly has a daunting job -- get Iraqis whatever they need from socks to tanks. He calls himself the concierge the battlefield, driven to rebuild both Iraq and a sense of American commitment that then-Second Lieutenant Holly felt was lost in Vietnam." Strassman: "Tommy Clarkson was an Army First Lieutenant in Vietnam. He's now working on dozens of reconstruction projects in Iraq, where some of Vietnam's ghosts have resurfaced, a stubborn enemy, relentless bloodshed, a war that's divided Americans." Clarkson: "We're doing the right thing. It just can't be done in a day or a week or a month or a year."

More Iraqi Orphans Go Into Public Care. The Washington Post (9/2, Finer, 748K) reports, "Before the U.S. invasion in 2003, about 400 children lived in Iraqi orphanages, to which Saddam Hussein often paid high-profile visits to demonstrate his magnanimity. But by early 2006, that number had grown to nearly 1,000, according to government statistics. ... Social workers and Iraqi officials say the steady climb in the number of orphans turned over to the government -- which has required the construction of three new orphanages in Baghdad alone in the past three years -- reflects the toll that war and economic hardship are taking on families, considered the nucleus of Muslim society. The trend also is evidence, they say, of the newly emerging belief that children may be better off in institutions than in war-torn neighborhoods."

New Book Blasts "Pork Buffet" Of Iraqi Rebuilding. In a book review to appear on Sunday, the Washington Post (9/3, Hirsh, 748K) discusses *Blood Money* by Los Angeles Times reporter T. Christian Miller. While other books like *Fiasco* have discussed the "military and political mistakes" of US policy in Iraq, *Blood Money* "fills in the missing piece: the staggering incompetence and corruption of the U.S.-led reconstruction effort, which may have done almost as much as anything else to turn the Iraqi population against its occupiers."

Kurdish President Replaces Iraqi Flag. The AP (9/2) reports, "Kurdistan president Massoud Barzani has ordered the Iraqi national flag to be replaced with the Kurdish one in his northern autonomous region in what appeared to be another move toward more self-rule in the north, local officials said Friday. ... Barzani issued a formal message asking for the Iraqi flag to be lowered. The message was also broadcast on Kurdish radio. Iraq's northern Kurdish region has slowly been gaining more autonomy since the 2003 U.S.-led invasion of Iraq." The AP adds, "Sunni Arabs fear that Kurds are pushing for secession under the nation's new federal system, a step which, if imitated by the Shiite majority in the oil-rich south, would leave Sunnis with little more than date groves and sand."

Arabs Ironically Find Haven In Kurdish Region. The New York Times (9/2, Wong, 1.21M) reports in a front page story, "With sectarian violence boiling over in much of Iraq, tens of thousands of Arab families are on the move, searching for a safe place to live. Surprisingly, given the decades of brutal Sunni Arab rule over the Kurdish minority and the continuing ethnic tensions, many like Mr. Abdul Rahman are settling in the secure provinces of Iraqi Kurdistan, run virtually as a separate country by the regional government. The influx of Arabs has made many Kurds nervous, and regional leaders are debating whether to corral the Arabs into separate housing estates or camps." Fears expressed by Kurds include the risk of suicide bombers coming with the Arabs, the effect on housing prices, and the revival of "Arabization," Saddam Hussein's effort to "change the demographics" of the Kurdish region.

Taliban Truce Seen As "Backfiring." McClatchy Newspapers (9/2, Landay) report, "The Pakistani military is striking truces with Islamic separatists along the country's border with Afghanistan, freeing Pakistani militants and al-Qaida fighters to join Taliban insurgents battling U.S.-led troops and government forces in Afghanistan." The truces, which Pakistan negotiated with US encouragement, hinder coalition forces "struggling to stem a resurgence of the Taliban across large swaths of southern and eastern Afghanistan." An unnamed Western diplomat said the Pakistanis "have bought peace there by exporting the problem."

NATO Gives Self 6 Months To Beat Taliban. AFP (9/1) reports, "NATO forces in Afghanistan have set themselves a six-month deadline to establish a clear advantage over Taliban insurgents, their commander said in an interview [with the *Financial Times*]." The AFP notes "the increasingly sophisticated insurgency" that NATO forces are battling.

The Financial Times (9/1, Morarjee, Dombey) in reporting the self-imposed deadline, says, "The Nato chief's remarks also illustrate mounting concern that international and Afghan officials need to do more to win the support of the population in the south."

UK Soldier Is Killed In Afghanistan. The Washington Post/AP (9/2, A26, Pennington) reports, "An insurgent attack killed one British soldier and seriously wounded another Friday in the latest fighting to rack southern Afghanistan,

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while suspected Taliban gunmen ambushed and shot dead a district chief, officials said." The British soldier was killed in Helmand province. The AP says of British casualties, "Twenty-two British soldiers have died in the country since November 2001, 17 of them this March when the NATO force moved into Helmand, the hub of Afghanistan's growing heroin industry."

For First Time Since First Anniversary Of 9/11 Attacks Bush To Visit All Three Sites. In a brief article the New York Times (9/2, 1.21M) notes, "President Bush will lay a wreath at ground zero on the eve of Sept. 11, his first stop in a three-state trip to observe the fifth anniversary of the terrorist attacks." The First couple plan "to travel to New York City on Sept. 10 for the wreath-laying ceremony that afternoon. They will then attend a prayer service at St. Paul's Chapel, next to the World Trade Center site." The Times notes, "It will be the first time since the first anniversary of the attacks that Mr. Bush has traveled to all three places in remembrance of the victims."

Indian Company Implicated In Oil For Food. The New York Times/AP (9/2) reports, "An internal investigation has concluded that a United Nations official steered millions of dollars in contracts to a company owned by the government of his native India in exchange for favors that included low-rent apartments, according to a United Nations report." Sanjaya Bahel denied the claims of his practices on behalf of Telecommunications Consultants India. *Il Sole 24 Ore*, an Italian business daily, reported the allegations on Friday.

DOJ:

Georgia US Attorney Returns From Iraq Mission. The Macon Telegraph (9/2, Fabian) reports, "If Macon's Max Wood has his way, CSI Baghdad is on the way. … Wood, 46, the U.S. Attorney for the Middle District of Georgia, has spent much of the past 15 months in Iraq, helping to establish a modern justice system that begins at the scene of the crime." The Telegraph continues, "Unlike the trained forensic technicians of the United States who pore over every square inch to gather fingerprints, hair and blood samples, Iraqis have taken a clue-less approach to solving crimes, Wood said. … 'Under Saddam Hussein, they would arrest somebody and beat a confession out of him,' Wood said. 'The judges were required to determine whether it was a true confession.'" The Telegraph adds, "As the U.S. Department of Justice's senior representative in the fledgling democracy, Wood has been trying to raise the bar for the new Iraqi justice system. … Wood's main mission was to create a major crimes task force of representatives of investigative agencies of the U.S. government. … This year, about a dozen officers from the FBI, Bureau of Alcohol, Tobacco and Firearms, the U.S. Marshals Office and the Drug Enforcement Administration have been schooling Iraqis in the art of fingerprinting, securing a crime scene and determining cause of death, Wood said."

Catholic Sister Retires From Career With DOJ. The Erie (PA) Times & News (9/2, Massing) reports, "Sister Rose Anne Fedorko wanted to work for the U.S. Department of Education. … She was hired by the Department of Justice, instead. … 'I was going from sisters carrying rosaries to agents carrying guns,' the former Catholic-school teacher said." The Times & News continues, "Twenty years later, Fedorko is back in Erie, proudly displaying the plaques that celebrate her two decades with the FBI. … A nondisclosure agreement prevents her from revealing all she did. … But she said her assignments with the Department of Justice agency ranged from the fingerprinting division to the inspection division." The Times & News adds, "Fedorko, who stands 5 feet tall and weighs 108 pounds, wasn't an FBI agent. But her work helped them. … 'There were so many things that I could do in the FBI,' she said. 'I think (people) think of the FBI naturally as agents and crime and there are many supporting people (such) as myself who do other jobs that are equally important.' … Her January retirement from the Department of Justice saddened her. Yet Fedorko, 77, is looking forward to a new role this fall helping her fellow Sisters of St. Joseph of Northwestern Pennsylvania improve their lives."

CORPORATE SCANDALS:

List Of Potential Witnesses In Nacchio Case Disclosed. The Rocky Mountain News (9/2, Smith) reports, "Court documents filed this week name more than 15 former Qwest executives and directors who may be critical to the government's criminal case against former CEO Joe Nacchio." The News continues, "Some - such as former Chief Operating Officer Afshin Mohebbi and former Chief Financial Officer Robin Szeliga - already were assumed to be key prosecution witnesses. … Others could be potential witnesses or individuals who possess information prosecutors believe is important to the case." The News adds, "The list includes former Qwest Chief Financial Officer Robert Woodruff, who faces civil fraud charges, and former Chief Legal Counsel Drake Tempest, who regularly commuted with Nacchio between Denver and their East Coast homes. … The names, described as the Justice Department's 'embargoed list,' were disclosed in federal court filings by defense attorneys whose clients face civil fraud charges by the Securities and Exchange Commission. Attorneys representing two former Qwest midlevel accountants are

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trying to get permission to take some depositions and move forward with their cases. … The 'embargoed list' names individuals federal prosecutors don't want defense attorneys to take depositions from until the Nacchio criminal case is resolved."

SEC Joins DOJ In Defending PCAOB Against Constitutional Challenge. Dow Jones (9/2, Hughes) reports, "The Securities and Exchange Commission Friday joined the Justice Department in defending the audit-oversight board created by Congress in 2002 against a legal challenge to its constitutionality." Dow Jones continues, "The Free Enterprise Fund and Beckstead & Watts, a small Nevada accounting firm, are suing the Public Company Accounting Oversight Board, claiming it is unconstitutional. They contend that since the private body has government-like powers to inspect and discipline public company auditors, the oversight board members should be appointed by the president, not the SEC." Dow Jones adds, "The plaintiffs also say that even if it is proper for appointment of the PCAOB board members to be delegated, the SEC doesn't have appointment power, since only heads of U.S. departments may make such appointments. … In a legal brief filed Friday and signed by a group including the SEC's general counsel, the government argues that 'at bottom, plaintiff's argument offers little more than a series of unfounded speculations premised on unlikely readings of statutory terms.'"

CRIMINAL LAW:

Former Detroit City Councilman Convicted Of Theft, Bank Fraud. The Detroit News (9/1, Egan) reports, "Alonzo (Lonnie) Bates, one of Detroit's most polarizing and controversial political figures of the last 30 years, is facing prison time after a federal jury convicted him Thursday of theft and bank fraud." The News continues, "A jury of seven women and five men unanimously found the former city councilman placed four 'ghost employees' who did little or no city work on the City Hall payroll. They also determined Bates, 66, forged signatures and continued to cash checks for one of the ghost employees for several months after the man returned to Alabama, pocketing the money for himself. … 'If it weren't for all the dark suits, you would swear it was the Ku Klux Klan,' Bates told supporters after the verdict as he glared at two rows of federal agents who investigated his conduct. 'That's what it is, the Ku Klux Klan.' … Bates' conviction is the only one to date in ongoing federal investigations involving Detroit city government."

The Detroit Free Press (9/1, Ashenfelter, Bello) reports, "The jury deadlocked on whether Bates, 66, extorted a $7,480 roof from a city contractor, prompting the judge to declare a mistrial on that count." The Free Press adds, "The most serious charge, bank fraud -- for forging and cashing several of the yardman's checks -- carries a maximum penalty of 30 years in prison and a $1-million fine. But Bates likely will face up to 3 years based on federal sentencing guidelines, which will take into account that he has no criminal record and that the crime involved less than $100,000." The Free Press adds, "U.S. Attorney Stephen Murphy III, flanked by Assistant U.S. Attorney Michael Bullotta, who tried the case, said at a news conference that the verdict sends a message to public officials that corruption will be prosecuted. … Murphy rejected claims by Bates' lawyer, Steve Fishman of Detroit, who said the federal government pursued Bates because he's an urban Democrat. Bates has claimed he was targeted because he is black. … 'That is absolutely preposterous,' said Murphy, a Republican. 'We go where the evidence takes us, regardless of race, party affiliation or geography.' … Murphy said he hadn't decided whether to retry Bates on the extortion count."

Conviction May Lead To School Name Change. The Detroit News (9/1, Egan) reports, "Alonzo Bates' conviction Thursday on felony charges could result in a name change for a Detroit public school." The News continues, "The Alonzo W. Bates Academy for the Gifted and Talented on Greenlawn on the city's west side, part of Detroit Public Schools, was founded by Bates while he was a school board member in the early 1980s. .. . The Rev. Jimmy Womack, president of the school board, said Thursday he expects discussion about changing the name but no decision has yet been made."

More Commentary. The Detroit Free Press (9/1) editorializes, "A federal court jury convicted (Bates)Thursday of bank fraud and stealing public funds for putting people on the city payroll who did little or no work for the city or only personal work for Bates. Testimony also showed that Bates — one of the most arrogant and least-accomplished public officials in recent Detroit history — even forged signatures on a series of checks to one of the nonemployees and pocketed the money." The Free Press continues, "Prosecutors said about $91,000 was involved, not a huge amount of money in a city with a $1.6-billion budget — but that doesn't make stealing and lying any less offensive. … Bates was indicted last year after city voters had the good sense to deny him re-election. He has alternately blamed racism and the media for his troubles, or said that what he did is common among council members. The jury obviously chose only to look at the evidence."

Armitage Revelation Spurs Debate Over Fitzgerald's Handling Of Plame Probe. The New York Times (9/2, Johnston, 1.21M) reports, "An enduring mystery of the C.I.A. leak case has been solved in recent days, but with a new twist: Patrick J. Fitzgerald, the prosecutor, knew the identity of the leaker" Richard Armitage

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"from his very first day in the special counsel's chair, but kept the inquiry open for nearly two more years before indicting I. Lewis Libby Jr., Vice President Dick Cheney's former chief of staff, on obstruction charges. Now, the question of whether Mr. Fitzgerald properly exercised his prosecutorial discretion in continuing to pursue possible wrongdoing in the case has become the subject of rich debate on editorial pages and in legal and political circles." The Times goes on to report, "Bush administration officials have argued that because the original leak came from a State Department official, it was clear there had been no concerted White House effort to disclose Ms. Wilson's identity. But Mr. Fitzgerald's defenders point out that the revelation about Mr. Armitage did not rule out a White House effort because officials like Mr. Libby and Karl Rove…had spoken about Ms. Wilson with other journalists." Fitzgerald "came close to providing a defense for his actions at a news conference in October 2005, when Mr. Libby was indicted. Mr. Fitzgerald said that apart from the issue of whether any crime had been committed, the justice system depended on the ability of prosecutors to obtain truthful information from witnesses during any investigation."

Former Alabama Mayor, Two Others Convicted In Bribery Scheme. The Mobile Press-Register (9/2, Kirby, Dezember) reported, "A federal jury in Mobile on Friday found former Orange Beach Mayor Steve Russo, City Attorney Larry Sutley and developer Ken Wall guilty of a multi-faceted conspiracy to enrich the mayor in exchange for his influence with controversial developments. … After deliberating for about six hours, the…jury convicted Russo on 22 of 25 counts. Sutley, who took a leave of absence from his position earlier this year following his indictment, was convicted of eight of 11 counts, and Wall was found guilty of six of 11 counts." The Press-Register noted, "Barring a reversal by the judge or a successful appeal, all three defendants face significant prison time when they are sentenced in January."

The AP (9/2, Mitchell) reported, "A centerpiece of the case against…Russo was a prosecution claim that he made $400,000 simply by signing his name to a $1.6 million waterfront tract sale. Along with being convicted on wire and mail fraud counts, Russo was found guilty of diverting campaign funds to personal use, including charges at Mississippi casinos, and obstructing justice." The AP noted, "Reacting to the verdicts, U.S. Attorney Deborah Rhodes said, 'It's a good day for Orange Beach. It's a good day for honest government.' She said the investigation began with complaints from citizens."

Stevens' Son Among Alaska Legislators Targeted By FBI Raid. The Wall Street Journal (9/2, Carlton, Levine, 2.03M) reports the FBI "raided six Alaska state legislative offices, carrying away boxes of documents in what appears to be a probe into whether VECO Corp., an oil-field-services contractor with close political ties, engaged in influence peddling. On Thursday and continuing on Friday, FBI agents launched a series of raids in Juneau and other cities, according to Alaskan legislative officials, pouring into offices that include those of State Senate President Ben Stevens, son of longtime U.S. Sen. Ted Stevens." According to the Journal, "The agents sought documents and other records showing ties between the legislators and VECO and its executives, including Bill Allen, the company's chairman, the officials said. VECO and its employees are major political-campaign contributors in Alaska, giving mostly to Republicans. In 2000, Mr. Allen was co-chairman of President Bush's Alaska state campaign."

The New York Times (9/2, Yardley, 1.21M) reports Amy Menard, a lawyer for VECO, "said that a search warrant had been issued seeking information from VECO and that the company 'has information to suggest that federal agents may have been to the offices of VECO Corporation.' … Critics of Ben Stevens have said he is too close with some companies that benefit from the state. Mr. Stevens has worked as a consultant to VECO while serving in the Legislature. Mr. Stevens, who was appointed to fill a vacant seat in 2001 and was elected to a full term in 2002, is not seeking re-election this year."

The Washington Post/AP (9/2, A3, Volz) reports, "A copy of one of the search warrants, obtained by the Associated Press, links the investigation to a new production-tax law signed last month by Gov. Frank H. Murkowski (R) and to a draft natural gas pipeline contract that Murkowski and the state's three largest oil companies negotiated.

New York ELF Arsonist Sentenced To Six Months In Federal Prison Camp. Newsday (9/2, Freedman) reported, "A self-styled ecological freedom fighter was sentenced Friday to serve six months in a federal low-security prison camp for starting fires at construction sites that damaged four homes in Middle Island and five homes in Mount Sinai in December 2000, claiming the act was the work of the Earth Liberation Front. Matthew Rammelkamp is the last of four people charged in the case. U.S. District Court Judge Thomas Platt said he could continue his studies at Stony Brook University, and he will begin his sentence 10 days after he graduates in January." Newsday noted, "Rammelkamp, who was 16 when he started the fires, pleaded guilty in 2001 and has cooperated with officials who were investigating the Earth Liberation Front, which federal officials consider a terrorist organization."

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CIVIL LAW:

Tobacco Companies Seek To Continue Selling "Light," "Low-Tar" Cigarettes. The Kansas City Star (9/2, Zuckerbrod) reports, "Top tobacco companies on Friday urged a federal judge to let them sell 'light' and 'low-tar' cigarettes until their appeal of her ruling against such labeling could be decided. … The companies argued that they would lose sales to smaller companies not covered by the ruling." The Star continues, "Two weeks ago U.S. District Judge Gladys Kessler sided with the federal government, ruling that the major cigarette manufacturers violated racketeering laws. She said the companies conspired for decades to mislead the public about the health hazards of smoking. … Kessler rejected a bid by the Justice Department to make the companies pay billions of dollars to finance smoking-cessation efforts. However, she banned the use of labels such as 'low-tar' and 'light.' … Earlier this week, a report testing cigarette nicotine levels for the Massachusetts Department of Health found that for all brands tested in 1998 and in 2004 there was no significant difference in the total nicotine delivered between 'full-flavor,' 'medium,' 'light,' or 'ultra-light' cigarettes. … That report also found that the level of nicotine that smokers typically consume per cigarette had risen about 10 percent in the past six years, making it easier to get hooked and harder to quit. Some researchers have argued that cutting nicotine levels would be much more effective in reducing smoking than education efforts."

CIVIL RIGHTS:

DOJ, EEOC Side With Religious Objector Over Union Dues. The AP (9/2) reports, "State employees should be able to donate their union dues to any charity, not just a church, when they have religious objections to how the money's being spent, federal justice and civil rights officials decreed Friday." The AP continues, "The U.S. Justice Department and U.S. Equal Employment Opportunity Commission said a union must give all employees -- not just active churchgoers -- who object to its expenditures for religious reasons the same opportunity to divert their dues away from the organization. The settlement affects 37,000 of Ohio's unionized public employees," The AP adds, "The decision came in a case involving an Ohio Environmental Protection Agency employee without a church affiliation who opposed paying dues to his union, the Ohio Civil Service Employees Association, because of its support of abortion and same-sex marriage. … While the union had a policy allowing employees with similar objections to donate their dues to their churches, synagogues or other religious organizations, it prohibited those without church affiliations to donate to a secular charity. Federal officials said that policy violates equal protection statutes. … 'The law protects the religious observances, practices and beliefs of all Americans,' Wan J. Kim, assistant attorney general for the Civil Rights Division said in a statement. 'I applaud the Ohio state officials for working with the Department to resolve this case.'"

DOJ Helping Improve Racial Tensions At U-Missouri-Kansas City. The Kansas City Star (9/2, Williams) reports, "Complaints about racism at the University of Missouri-Kansas City have gotten the attention of the U.S. Department of Justice and the local NAACP." The Star continues, "The two agencies said they have discussed with university officials the development of a plan for improving the racial atmosphere on campus. But none of the parties would reveal specifics of those talks, which they said are in the very early stages. … 'No plan has been developed yet,' said Bill Whitcomb, a spokesman for the Justice Department's Community Relations Service, which deals with resolving disputes over race, national origin and color." The Star adds, "UMKC Chancellor Guy Bailey said that university officials have met two or three times with the two agencies and that 'they have been very helpful giving an external perspective and making suggestions.' … Bailey, who took over at UMKC in January, said improving the racial climate is one of his administration's top three priorities."

DOJ Settles Sex Harassment Cases Against Twin Cities Landlords. The St. Paul Pioneer-Press (9/2, Egerstrom) reports, "The U.S. Department of Justice has reached an agreement with several Twin Cities rental property owners and managers in a sexual-harassment action under the federal Fair Housing Act. … The agreement calls for the defendants to pay $325,500 to harassed tenants and a $35,000 civil penalty." The Pioneer-Press continues, "The Justice Department's said the settlement involves Robert Wones, a former owner and a management employee of S&R Property Management, of Coon Rapids; property manager Howard Melin; Welty Properties Inc., of Edina; and Shumel Management, of Coon Rapids. … Settlement terms also forbid the corporate defendants from future discrimination, and ordered that Wones must hire an independent management to operate any future rental property that he might acquire." The Pioneer-Press adds, "The U.S. Attorney's Office in Minnesota argued in a lawsuit filed in December 2004 that Wones subjected women to sexual touching and advances and forced them to have sex with him if they wanted to rent an apartment. It was the second lawsuit brought against Twin Cities landlords by the Justice Department."

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Judge Delays Most Of Order Allowing Felon Voting Rights. The Birmingham News (AL) (9/2, Walton) reports, "A Jefferson County (AL) judge agreed Friday to delay for review by the Alabama Supreme Court most of his order that would allow all felons to vote." The News continues, "Circuit Judge Robert Vance Jr., at the state attorney general's request, stayed portions of his ruling such as requiring the attorney general's office to send Vance's order immediately for clearance by the U.S. Justice Department. The federal Voting Rights Act requires changes in state election law be approved through the Justice Department." The News adds, "Vance ruled last month that all voter registrars in Alabama counties must allow felons to register to vote until the state Legislature passes a law that defines crimes of moral turpitude. Vance had said state law does not define them, and the state constitution holds that those guilty of crimes of moral turpitude forfeit the right to vote. .. . The attorney general's office appealed Vance's decision to the state Supreme Court."

Few Overseas Soldiers Voted In Alabama Runoff Election. The AP (9/2) reports, "After a Justice Department suit and legislative action to extend the primary runoff from three weeks to six weeks, only a small number of military personnel stationed overseas voted in the July 18 primary runoff." The AP continues, "The runoff was extended to give soldiers more time to receive and return absentee ballots and to keep their votes secret. Incomplete figures in the Alabama Secretary of State's office show that some counties received no overseas military absentee ballots and in many the number was fewer than five." The AP adds, 'Just 13 overseas military absentee ballots were received for the runoff in Jefferson County, the state's most populous. … That may be in part because there was no gubernatorial primary runoff — and no statewide Democratic runoff race at all — to excite voters overseas, or at home. The July 18 turnout was estimated to be in the low teens, down from the 38 percent who voted in the June 6 primary."

Judge Suspends Ohio Voter Registration Rules. The New York Times/AP (9/2) reports Judge Kathleen M. O'Malley of Federal District Court "threw out" new Ohio rules "governing voter registration drives, saying they appeared to violate the First Amendment and hinder efforts to sign up new voters." O'Malley "issued an order from the bench immediately halting enforcement of the registration rules. Judge O'Malley said she planned to issue a detailed written order next week. A coalition of voter advocacy groups and Democratic lawmakers sued the state, asking that the regulations be thrown out. They claimed the regulations were intimidating and impaired their registration drives, particularly in low-income and minority areas, because the rules carried potential criminal penalties. The state said the rules were needed to guard against voter fraud. Judge O'Malley said she would have liked to have months to study the case but felt she had to make a ruling Friday ahead of the Labor Day weekend, which is traditionally a time for voter registration drives."

Georgia State Election Board Votes To Notify Voters Of Need For Official ID At Polls. The Atlanta Journal-Constitution (9/2, Campos, 399K) reports, "Georgia's effort to require voters to show photo identification at the polls is back on -- for now. The State Election Board on Friday agreed to launch an education campaign to let voters know they will need one of six forms of government-issued photo identification when they cast a ballot in special elections to be held later this month and the general election in November." But opponents "immediately pledged to go back to court to get the law tossed again." Both state and federal judges temporarily "halted enforcement of the voter ID law for the July primaries" but they "have yet to rule on the merits of the law." The Fulton County Superior Court will hold a hearing on Friday "in a lawsuit brought by former Gov. Roy Barnes."

ANTITRUST:

FTC Battles Drug Makers' Payments To Generic Competitors. The AP (9/2) reports, "The Federal Trade Commission has struck out so far in trying to block drug companies from reaching settlements it fears are slowing the introduction of generic competitors, but the head of the agency said she won't stop fighting to end such deals." The AP continues, "FTC Chairman Deborah Platt Majoras said she's concerned payments by brand name drug makers to their generic rivals may be nothing more than payoffs to keep cheap drugs off the market, depriving consumers of low-cost medicines. … 'There is no question we've taken some hits on this,' Platt Majoras said in an interview with The Associated Press. But 'we are not walking away.'" The AP adds, "The FTC lost a court challenge of one of the deals in 2005 and the Supreme Court declined to hear its appeal. The trial court found that such settlements are permissible as long as a generic's entry isn't delayed beyond a drug's patent term. … Platt Majoras said it's apparent drug that companies aren't especially worried about the FTC threat since they continue to negotiate new patent settlements. But 'they do so at their own peril,' she warned. .. . Earlier this year, Bristol-Myers Squibb Co. and it marketing partner Sanofi-Aventis SA agreed to pay $40 million to Apotex Inc. to end its litigation over the blood thinner Plavix -- a move that would have prevented a generic competitor for Plavix from reaching the market until 2011. .. . However, state regulators rejected the

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deal, clearing the way for Apotex to begin selling a generic version of Plavix on Aug. 8. The Canadian drug company's sales of the cheaper medication were booming until a federal judge in New York ordered a temporary halt in its sales this week. .. . Platt Majoras declined to say whether the FTC instigated the Justice Department's criminal probe into the arrangement among the drug companies."

Generic Plavix Ruling Reduces Bristol-Myers Profits. The New York Times (9/2, Saul) reports, "Bristol-Myers Squibb, reeling from the incursion of a generic competitor to its top-selling drug Plavix, said yesterday evening that the impact would reduce its profits this year by at least 20 cents a share, or about $400 million. … Instead of a profit of at least $2.3 billion that the company had been expecting earlier, Bristol-Myers now expects to earn only $1.9 billion for the year." The Times continues, "The company also said that 2007 sales of Plavix could be harmed if large enough supplies of the generic competitor from Apotex, a Canadian company, are already in wholesale channels. … Apotex began marketing its drug last month in violation of an existing patent. Apotex is challenging that patent in court. … A federal judge on Thursday issued an order blocking additional distribution of the generic drug and signaled that the patent was likely to be upheld at a trial next year. But Bristol-Myers's revised earnings forecast yesterday indicated the extent of the damage the company expects from the supply of the lower-priced generic already on the market." The Times adds, "Plavix sales in the United States amounted to $3.5 billion last year and accounted for 30 percent of Bristol-Myers's profit. The drug is used by 48 million Americans primarily to prevent the recurrence of heart attack and stroke. Earlier in the day, the company's partner in sales of the drug, the French company Sanofi-Aventis, announced a lowered earnings forecast for the year, predicting growth of earnings per share of 2 percent rather than the 12 percent previously announced by the company."

ENVIRONMENT/INDIAN AFFAIRS:

Judge Rules Fish And Wildlife Service Broke Law In Opening 37 Refuges To Hunting. The AP (9/2, Apuzzo) reports, "Dozens of wildlife refuges could be closed to hunters" because U.S. District Judge Ricardo M. Urbina ruled that "the U.S. Fish and Wildlife Service violated federal law when it allowed or expanded hunting at 37 refuges from 1997-2003." Judge Urbina "stopped short of overturning the hunting rules and asked attorneys for both sides to propose solutions."

Energy Department "Dismantling" Office of Environment, Safety and Health. McClatchy (9/2, Blumenthal) reports, "Months before new health and safety rules are to take effect for more than 100,000 workers at Department of Energy sites across the nation, the DOE is dismantling the office that's in charge of implementing them. The move has drawn sharp criticism on Capitol Hill and from others, who say it will gut the department's worker-safety and health programs. Lawmakers and other critics say the restructuring will roll back more than 20 years of better worker safeguards while appeasing contractors who've long complained about overly restrictive regulations. … Department officials defended the restructuring, saying the Office of Environment, Safety and Health needed to be overhauled. Combining it with the DOE's security office will increase, not lessen, workers' safety, they said. They bristled at any suggestion that the department is downgrading its commitment to safety. 'That is absolutely and totally incorrect,' said Clay Sell, the department's deputy secretary."

Bipartisan Opposition Dooms Plan To Sell National Forest Land. The Los Angeles Times (9/2, Boxall, 918K) reports, "A Bush administration proposal to sell 300,000 acres of national forest land — a quarter of it in California — to raise money for rural counties has been shelved amid widespread opposition. Congress refused to move the legislation this summer, and groups that typically ally themselves with the president, such as the National Rifle Assn., came out against the measure, spelling its doom in this congressional session. Agriculture Undersecretary Mark Rey, the proposal's chief architect, acknowledged as much last month when he agreed to find other funding for the program, which finances rural schools and roads. … Also dead is an accompanying administration proposal to require the U.S. Bureau of Land Management, the federal government's largest landowner, to dramatically boost its land sales to raise $350 million over the next decade. The demise of the proposals marks the second recent defeat for efforts to sell substantial public holdings. Last year a House committee under the leadership of Rep. Richard W. Pombo (R-Tracy) drafted budget language that would have forced the federal government to sell potentially millions of acres next to mining claims that stud Western public lands. That died after sports groups and westerners complained."

National Parks' Rules Boost Clout Of Neighboring Communities. McClatchy (9/2, Doyle) reports, "Neighbors of the nation's U.S. parks may speak louder under new management policies signed this week. But after wading through 45,000 often-angry public comments, park service officials backed off earlier plans that could have opened up parks to more motorized vehicles. It's a retreat that environmentalists score as a victory. … So-called 'gateway communities,' for instance, are supposed to get more of a say when parks consider new fees or other

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changes. In the past, nearby towns have complained their commercial concerns go unheeded." The "enhanced gateway community outreach" has "long been a priority for conservative lawmakers who represent towns bordering California's mountainous national parks." McClatchy notes, "An early draft of the policies, drafted by a Bush administration political appointee who since has been sidelined, would have made it harder for park managers to ban snowmobiles and off-road vehicles."

Controversy Over Snowmobiles In Yellowstone Persists. The New York Times (9/2, 1.21M) editorializes that the new policies do "nothing to change the perennial struggle over snowmobiles in Yellowstone, an issue that persists only because political appointees refuse to accept what three scientific studies have already told them. The new policy makes it possible for the park service to make science-based decisions, as it used to do."

Salmon Industry Looks To Congress After California Assembly Fails To Pass Bailout. The Los Angeles Times (9/2, Bailey, 918K) reports, "Commercial fishermen hit hard this year by a virtual shutdown of salmon fishing in West Coast waters voiced anger Friday after a $25-million bailout package died in the waning days of the legislative session. They blamed intramural politics for undercutting the relief legislation, which sought direct cash grants as well as zero-interest loans to fishermen, bait shops and other on-shore businesses that support the beleaguered salmon industry. The salmon harvest so far this year has been about 10% of average because of fishing limits set by federal officials concerned about ebbing returns of adult fish to the Klamath River. … Fishermen held Assembly Speaker Fabian Nuñez (D-Los Angeles) responsible for the measure's demise, saying he refused to push any meaningful bailout." The Times adds, "Now the hopes of California fishermen and the salmon industry will turn to Congress. On Aug. 10, U.S. Commerce Secretary Carlos Gutierrez declared a commercial fisheries failure for the West Coast salmon industry after months of prodding by Schwarzenegger and the other West Coast governors, U.S. senators and representatives. The declaration opened the door for Congress to approve relief funding."

Rains Slow Wildfires In Montana. NBC Nightly News (9/1, story 8, :30, Brown, 9.87M) reported, "Firefighters battling an enormous blaze in south central Montana got help from mother nature. Rains slowed the fast moving wildfire that's burned more than 156,000 acres, destroyed 20 homes and led to hundreds of evacuation orders. Officials hope the break in the weather will give them the edge they need to bring the fire under control."

Schwarzenegger Describes His Interest In Combating Global Warming. ABC's World News (9/1, story 7, 4:00,Gibson) reports, "There is a vigorous debate underway in California following the landmark agreement that we told you about earlier in the week. The deal between Governor Schwarzenegger and Democratic lawmakers will fight global warming by slashing green house gas emissions by 25%. Now business groups charge the law is going to drive up costs and kill jobs. We had an exclusive interview with Governor Schwarzenegger today." Schwarzenegger was shown saying, "I think it's very important to show leadership. … And when you know green house emissions cause global warming, we have to fight that. And global warming is one of those things, not like an earthquake where there's a big bang and you say, 'oh, my God.' This hit us. It creeps up on you. It creeps up on you. Half a degree temperature difference from one year to the next. A little bit of rise of the ocean. A little bit of melting of the glaciers. And all of a sudden, it's too late to do something about it. It's like cancer. It creeps up on you and gets a hold of you. We don't want to go there. Right now is the right time to reverse it."

California Lawmakers Reject Increase In Indian Gambling. The New York Times (9/2, Archibold, 1.21M) reports the California legislature defeated a "major goal" of Gov. Arnold Schwarzenegger (R) in rejecting an expansion of Indian gambling "after heavy lobbying by union groups frustrated by efforts to organize workers at the casinos." The rejected proposals would have "allowed for some 20,000 new slot machines on several reservations, in addition to the 60,000 already there."

FBI/DEA/ATF/USMS:

Tough Drug Policies Said To Result In Lower Rates Of Use. Tom Riley, Communications Director, Office of National Drug Control Policy, writes in a letter to the New York Times (9/2, 1.21M), responding to a John Tierney column on drug policy and drug use, arguing that "European countries with softer drug laws have higher rates of use" of marijuana while those with "tough drug policies" have lower rates. He notes that "Canada, sliding toward decriminalization, experienced a doubling of marijuana use between 1994 and 2004, while the United States witnessed a nearly 20 percent decline among young people between 2001 and 2005."

Writers Argue Againist "No-Knock" Raids. In an op-ed in the Wall Street Journal (9/2), Radley Balko, author of 'Overkill: The Rise of Paramilitary Police Raids in America,'

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published by the Cato Institute, where he is a policy analyst, and Joel Berger, an attorney and a former New York City Law Department executive, write, "The Supreme Court ruled this June that evidence seized in an illegally performed 'no-knock' police raid can still be used against a defendant. Though disturbing in its own right, Hudson v. Michigan touched on only a small part of a larger problem -- the trend toward paramilitary tactics in domestic policing." Balco and Berger continue, "Criminologist Peter Kraska estimates that the number of SWAT team 'call-outs' soared past 40,000 in 2001 (the latest year for which figures are available) from about 3,000 in 1981. The vast majority are employed for routine police work -- such as serving drug warrants -- not the types of situations for which SWAT teams were originally established. And because drug policing often involves tips from confidential informants -- many of whom are drug dealers themselves, or convicts looking for leniency -- it's rife with bad information. As a result, hundreds of innocent families and civilians have been wrongly subjected to violent, forced-entry raids. … Home invasions can also provoke deadly violence because forced-entry raids offer very little margin for error. Since SWAT teams began proliferating in the late 1980s, at least 40 innocent people have been killed in botched raids. There are dozens more cases where low-level, nonviolent offenders and police officers themselves have been killed." Balko and Berger continue, "A few cities, such as New Haven, Conn., and San Jose, Calif., restrict the use of SWAT teams to cases where a suspect presents an immediate threat. Denver dramatically cut back the number of 'no-knock' raids conducted after a SWAT team shot and killed an innocent man in a botched raid in 1999, and follow-up investigations revealed severe deficiencies in the how police had obtained 'no-knock' warrants. … But these examples are few and far between. Most of the country is moving toward more militarization, more aggressive drug policing -- and less accountability when things go wrong."

DEA Agent Says Memo Destroyed His Career. WFAA-TV, Dallas-Fort Worth (9/2, Harris, Smith) reports, "The memo was direct and extremely troubling. … It detailed concerns about the 'unnecessary loss of human life in the Republic of Mexico', and it claimed U.S. Immigration and Customs Enforcement officials may have gone to 'extreme lengths to protect' a 'homicidal maniac' informant. … The memo, written by then DEA Special Agent in Charge Sandalio 'Sandy' Gonzalez, would forever change his life." WFAA-TV continues, "Gonzalez began in early 2004 to question the U.S. government's role in allowing an informant to commit possible crimes, even murder. .. . Twelve bodies had been uncovered in a small duplex in Ciudad Juarez, Mexico - a short drive from Gonzalez's El Paso office. … Gonzalez, however, became shocked when he began to review government reports, including a report saying a paid U.S. informant supervised and participated in at least one murder at the cartel-operated house. … 'We have an obligation as law enforcement officers to stop a murder from being committed,' said Gonzalez, a 26-year DEA veteran agent speaking in an exclusive television interview with WFAA." WFAA-TV adds, "Internal memos also said the informant ensured the duplex was open prior to murders and supervised their burial. What's more, the informant audio-taped the first murder on August 2003, and provided the tape to federal agents, memos said. .. . ICE and federal prosecutors may have ignored a DEA request to shut down their investigation after the first murder, allowing murders to occur at the house for five more months – until January 2004. … Troubled by what he found, Gonzalez ultimately wrote a memo to his ICE counterpart in El Paso, and sent a copy to the Justice Department. … That was the beginning of the end of his career. … Gonzalez got a bad job review from DEA Administrator Karen Tandy, his boss. And felt pressure to retire early. .. . Since then, he's challenged and overturned the job review. But the lack of investigation into the government's actions, he said, has been a 'black-eye on law enforcement.'"

IMMIGRATION:

Bush's Immigration Reform Proposal Called "Likely Dead For The Year." McClatchy (9/2, Montgomery) reports "many" supporters of President Bush's immigration reform "concede that it may be a lost cause." McClatchy cites "what appears to be a widening consensus that Bush's top domestic priority is likely dead for the year." Sen. John Cornyn is quoted as saying, "I don't get the sense that people have given up, but with every day that goes by, the stark reality of the calendar is setting in." McClatchy adds, "Lawmakers could take a final shot at resolving the issue this year in a brief, post-election 'lame-duck session' in November. But the prospects of finding accord particularly if Republicans lose control of one or both chambers appear highly unlikely, many lawmakers and immigration experts said. … One potential avenue for compromise centers on a plan" authored by Sen. Kay Bailey Hutchison and Rep. Mike Pence "in an attempt to overcome a deadlock between the House of Representatives and the Senate. The plan, which would create a privately run guest-worker program, has drawn favorable editorial reviews in several major newspapers as well as guarded, though non-committal, support from the administration and some congressional leaders. Commerce Secretary Carlos Gutierrez described it as 'an intriguing proposal' and a potential starting point for compromise." Hutchison "said she is optimistic that a version of the proposal could get both sides talking and possibly win passage in a lame-duck session. But Rep. Tom

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Tancredo…said his allies probably would oppose the concept as a form of amnesty for illegal behavior."

Immigration Activists Begin March To Hastert's Office. The Los Angeles Times (9/2, Olkon, 918K) reports, "About 400 supporters of broader immigrant rights streamed out of Chinatown Square at noon Friday to kick off a four-day journey that will end at the district office of House Speaker J. Dennis Hastert in Batavia. … Organizers said they hoped to persuade Hastert, a Republican, to offer a path to citizenship for the nation's estimated 12 million illegal immigrants and to put a moratorium on raids and deportations by the U.S. Department of Homeland Security." Catherine Salgado of the Illinois Coalition for Immigrant and Refugee Rights "said she expected a few hundred supporters to walk the distance to Hastert's office. She predicted that thousands more would show up at rallies along the route."

Hazleton, Pennsylvania Delays Enforcement Of Law Meant To Curtail Illegals. The New York Times (9/2, Preston, 1.21M) reports Hazleton, PA "has agreed to hold off temporarily from enforcing an ordinance that fines landlords who rent to illegal immigrants, denies business permits to employers who hire them and requires that all city business be conducted only in English. A federal district judge, James M. Munley, issued an order yesterday confirming an agreement between…Hazleton, and civil liberties groups that challenged the ordinance in a lawsuit filed Aug. 15. Hazleton said it would not immediately enforce the measure, passed July 13, and its opponents agreed not to seek a formal injunction for the time being.

The AP (9/2) reports Mayor Lou Barletta "said the city agreed to the delay only because it is working on a replacement ordinance that he says will better stand up in court." Barletta "proposed the ordinance after two illegal immigrants were charged with shooting and killing a man. He has said the new law has already spurred many illegal immigrants to leave the city."

"National Latino Congreso" To Meet In Los Angeles. The Los Angeles Times (9/2, Ganga, Watanabe, 918K) reports, "Latino leaders from throughout the country are scheduled to gather in Los Angeles next week to address pervasive gaps between whites and Latinos in critical areas, including income, home ownership, education and access to healthcare. The National Latino Congreso — billed as the first comprehensive gathering of Latino leaders and community members in nearly 30 years — is to begin Wednesday and feature a rally and vigil Sept. 9 urging Congress to pass an immigration reform bill."

Bush Criticized For Failing To "Rein In" GOP Immigration "Rabble-Rousers." The Los Angeles Times (9/2, 918K) editorializes that "after a summer filled with no fewer than 20 congressional immigration hearings, blustery news conferences on border enforcement and other election-year artifacts, the immigration reform process is likely to remain silly — that is, effectively dormant — until November. Not even marches for immigration reform, scheduled today for Los Angeles and other cities, are likely to change that. … Rather than rein in his party's rabble-rousers — or at least gently steer them toward a legislative goal he's called for repeatedly — President Bush has been silent on immigration for weeks. Instead, officials from the Department of Homeland Security have been sent around the country to make the case that the administration's recent border-policing upgrades are already accomplishing the 'enforcement-first' agenda required by House hard-liners."

TAX:

US Cites Tax Scheme In Suit Against California Man. The Contra Costa Times (9/2) reports, "The Justice Department announced Friday that it has sued to block William Kennedy of Livermore from selling an alleged tax fraud scheme. The complaint, filed in U.S. District Court in San Francisco, claims Kennedy falsely advised customers that they can use an entity known as a 'corporation sole' to avoid paying federal income taxes." The Times continues, "Kennedy conducted his business through an entity he calls the 'Ear of Malchus,' which is referenced in the New Testament. According to the complaint, the IRS estimates that Kennedy's tax-fraud scheme results in an annual loss to the federal Treasury of $500,000." The Times adds, "Some states authorize corporations sole to enable religious leaders to hold property and conduct business, the complaint states. But tax benefits are available only to tax-exempt religious or charitable organizations under federal tax laws. The complaint alleges that Kennedy falsely advises customers that corporations sole used for their personal benefit can qualify as tax-exempt religious organizations. … The government's complaint states that Kennedy charges his customers from $15,000 to $25,000 to participate in the corporation sole scheme. The suit asks the court to order Kennedy to remove from his Web site all information advertising the scheme and to give the government a list with his customers' names, addresses and Social Security numbers."

IRS Sues Former NFL Quarterback Stabler Over Unpaid Taxes. The Birmingham News (AL) (9/2, Hubbard) reports, "University of Alabama football broadcaster Ken Stabler has been sued by federal prosecutors who want to seize his south Alabama land to pay more than $500,000 of what they say are overdue personal and business taxes." The News continues, "The civil suit was filed Tuesday in U.S. District Court in Mobile by the Tax Division of the Justice Department. It says the former Crimson Tide and Oakland Raiders standout quarterback owes $544,847 in unpaid

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federal taxes, and that his property in Mobile and Orange Beach should be seized and sold to pay the debt. … Robert Galloway, Stabler's tax attorney, said Friday he has been negotiating with the Internal Revenue Service on his client's behalf and that he expects the matter to be settled before any property is seized."

The AP (9/2) reports, "The suit, filed Tuesday in U.S. District Court by the Justice Department's Tax Division, says Stabler owes $241,565 in unpaid income taxes, penalties and interest from 1999, 2000 and 2001. … It also says the Stabler Co., which he owns, owes $303,282 in unpaid income and employment taxes, penalties and interest from 1995, 1998, 1999 and 2000. The Stabler Co. arranges speaking engagements." The AP adds, "The suit asks a judge to make sure the amounts are paid by foreclosing on property that the former University of Alabama and Oakland Raiders quarterback owns in Mobile and on Ono Island, an upscale residential island."

IRS Failure To Update Program May Have Cost $318 Million In Improper Tax Refunds. The AP (9/2, Dalrymple) reports, "The Internal Revenue Service gave away $318 million in improper refunds this year because a computer program that screens tax returns for fraud was not working." The program is said to have "stopped $412 million in fraudulent returns" in 2005, but Computer Sciences Corp. was unable to update the program for 2006 in time. The IRS is reportedly "trying to get the program up and running in time for the 2007 deadline." IRS Commissioner Mark W. Everson said that "the performance of the agency and the contractor were 'insufficient and are unacceptable.'" The Washington Post (9/2, A13, 748K) published this story.

New Tax Law Hurts US Citizens Working Abroad. The New York Times (9/2, Bradsher, 1.21M) reports, "Congress sharply raised the percentage tax rates this year on Americans working overseas who have salaries plus taxable benefits totaling $93,000 a year or more. The bill, signed by President Bush in May, also imposes taxes on more of the rent assistance that many companies provide their employees to help them cope with high rents overseas. The businesses are taking notice. The United States is the only developed country that taxes its citizens while they are overseas. … Americans living overseas, particularly those facing high taxes on employer-provided benefits like housing assistance and tuition for school-age children, are reviewing whether it makes better financial sense to move back to the United States — and whether their employers will try to transfer them home in any case."

CONGRESS-ADMINISTRATION:

Interceptor Missile Hits Target. Two networks reported the test success on the evening news, as well as numerous print media. The Washington Post (9/2, A1, White, 748K) reports in a front page article, "The U.S. military shot down a target missile using its long-range missile defense system yesterday, the first time such a test has intercepted a mock enemy warhead since 2002, officials said." Missile defense "has been controversial both for its cost and for its lack of demonstrated capabilities." Experts, such as CSIS pundit Anthony Cordesman, warned "that the test lacked some real-world conditions, such as enemy efforts to defeat the missile defense system, a surprise attack and an attack involving multiple missiles. They said it does not indicate that the nation is secure from a missile attack." Secretary Rumsfeld's statement on the success is called "cautious."

The New York Times (9/2, Cloud, 1.21M) reports, "An interceptor rocket launched from California on Friday shot down a target fired from Alaska that officials said in some respects resembled a warhead from a North Korean rocket." However, critics "said that the test lacked key elements of realism and that its main objective had been to allow the Missile Defense Agency to claim the program was back on track after the interceptors in the last two flight tests, in December 2004 and February 2005, failed to leave their silos." Union of Concerned Scientists expert Stephen Young called the exercise "as scripted as it can be." Secretary Rumsfeld's statement is quoted.

The Wall Street Journal (9/2, Karp, 2.03M) reports, "The test Friday was the most extensive and realistic trial in nearly two years of the Boeing Co.-led backbone of the missile-defense shield, in which missiles based in Alaska and California are meant to intercept and destroy enemy warheads in space." The success "is bound to give a boost to one of President Bush's top defense priorities, which receives about $9 billion a year in funding but has yet to sway critics."

The Washington Times (9/2, Gertz, 88K) reports that the test hit a "Korean bull's-eye," calling the success "a milestone that U.S. officials expect to counter critics of earlier tests." The Washington Times quotes Rumsfeld, Director Obering, and Undersecretary of State Robert Joseph. North Korea's Committee for the Peaceful Reunification of the Fatherland issued a statement saying that the test "clearly shows that it is the U.S. which is increasing tensions on the Korean Peninsula and threatening war against our country."

The AP (9/1, Jablon) reports, "An interceptor missile destroyed a mock warhead in space over the Pacific Ocean on Friday, a key test of the U.S. missile defense system that prompted North Korea to accuse America of threatening war."

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Besides the Missile Defense Agency's praise of the results and North Korean denunciation of the test, the AP quotes skepticism about the effectiveness of the system from the Union of Concerned Scientists and GlobalSecurity.org. It adds, "The target missile did not deploy decoys or other devices that might be aboard an actual long-range ballistic missile fired by an attacking country."

Bloomberg (9/2) reports, "The result was welcome news for a Boeing Co.-managed program that hasn't had a successful intercept since 2002 and set a low bar for today's test. While the rocket was aimed at the mock enemy warhead, the goal was to spot and track this target, not necessarily hit it." Rumsfeld had "seemed skeptical during an Aug. 27 press conference at Fort Greely, Alaska, after touring the missile defense site there ahead of today's test." Former Pentagon testing chief Thomas Christie said it was "about time" for the system to succeed. Boeing "is attempting to rebound from test failures that last year cost it $107 million in missile defense bonuses out of a potential pool of $407 million."

UPI (9/1) quotes MDA Director Lt. Gen. Henry Obering's highly positive remarks on the test's success. He stated, "This is about as close as we can come to an end-to-end test of our long-range missile defense system."

Rumsfeld Was "Responsible" For Missile Defense Development Problems. UPI analyst Martin Sieff (9/1) writes that Secretary Rumsfeld "expressed a certain realism that the program was still a long way from reliable operational deployment. ... Rumsfeld`s U.S. Department of Defense spin-masters presented the septuagenarian secretary`s comments as proof of his skeptical, realistic attitude ... However, the real reason so much uncertainty still exists over the operational reliability of the interceptors is the highly controversial production policies that Rumsfeld personally insisted upon." The Secretary and his then-aides Paul Wolfowitz and Douglas Feith "drove the U.S. Missile Defense Agency and the prime U.S. industrial contractors on the interceptors so hard that they forced the assembly and deployment of the interceptors without any of the meticulous individual component testing that Pentagon protocols on ballistic missile production have demanded for more than four-and-a-half decades."

China Policy Seen As Focus Of Paulson's Trip To Asia. The Wall Street Journal (9/2, Solomon, 2.03M) reports Treasury Secretary Henry Paulson "is set to make his first official trip overseas this coming week when he heads to Vietnam to huddle with other finance ministers at the Asia-Pacific Economic Cooperation forum. The trip to Hanoi will be closely watched -- both here and abroad -- for what Mr. Paulson has to say about China and the role it plays in global trade imbalances. Asian leaders, and financial markets around the world, are looking for clues to whether Mr. Paulson's approach to China will be different and, perhaps, more successful, than predecessor John Snow's." Paulson "has had extensive dealings with the Chinese, and is sure to fine-tune the Bush administration's approach. Indeed, with domestic economic policy on hold until after November's elections, Mr. Paulson is likely to make dealing with China one of his top priorities."

Trade Deals Facing More Hurdles In Congress. The Los Angeles Times/AP (9/2, Abrams) reports, "The Bush administration's winning streak in getting Congress to go along with trade agreements may be in trouble, particularly if Democrats make the gains predicted for them in November's election. It took anguished debate and an uncomfortably close vote in July for Congress to pass a trade agreement with Oman, an Arabian Sea nation of 3 million people. For President Bush's team, which views free trade as a means to promote prosperity and democracy around the world, it was not a good sign. Critics of the administration's trade agenda saw the 221-205 House vote…as a turning point." U.S. Trade Representative Susan Schwab, "meanwhile, continues to aggressively pursue bilateral agreements. Negotiations are under way with Panama, South Africa and Thailand, and talks have begun with South Korea and Malaysia. The Senate Finance Committee approved measures to advance free trade with Peru and establish permanent normal trade relations with Vietnam."

Embattled House Republicans Seek Another Minimum Wage Vote. The Wall Street Journal (9/2, Lueck, 2.03M) reports, "As Congress returns to work after Labor Day, Republicans face a burning question: whether to try again to pass a minimum-wage increase, or risk facing voters in November without having done so. Some Republican lawmakers, particularly those facing tough re-election fights, want another chance to back an increase from the current $5.15 an hour, a move that would deprive Democrats of a major campaign talking point." Rep. Chris Shays is quoted as saying, "After 10 years, good grief, it's not like we're increasing it in a way that would cause unemployment. … I think it should be passed under our watch." However, the Journal notes, "other Republicans hate the idea and are unlikely to support such a move or would do so only with big sweeteners for their business base. … House Republican leaders are cool to taking up the minimum-wage issue again. So far, they say they plan this month to focus on national-security matters."

VA Response To Data Theft Criticized. In the Air Force Association's journal, Air Force Magazine (9/2), Christian Science Monitor Washington editor Peter Grier cites the VA Inspector General's report on the May theft of

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veterans' data from an analyst's home as he evaluates the data theft and VA's response. Grier writes, "Backstabbing, rear-covering, interoffice bickering, and a general lack of urgency throughout the Department of Veterans Affairs made the whole situation worse. Lots worse. These are among the conclusions in an official report on the theft in May of personal data for more than 26 million US veterans and active duty and reserve military personnel."

NASA Awards Spacecraft Contract To Lockheed Martin. ABC World News Tonight (9/1, story 5, 1:40, Gibson, 8.78M) reports, "NASA has taken a major step toward a new era of space travel -- awarding a multibillion dollar contract to Lockheed Martin to build the next generation of spaceships." The Orion craft "is a throwback" to the Apollo. A design chosen for "safety" because while, "the shuttle program lost Challenger's crew on liftoff and Columbia's on reentry," Apollo "and the similar Mercury and Gemini capsules lost no one in flight."

NYTimes Worries Dispute At NASA Will Harm Planning Of Space Research. The New York Times (9/2, 1.21M) writes in an editorial, "A battle has erupted" between NASA administrator Michael Griffin "and some of his top scientific advisers. Two scientists have been forced to resign from NASA's Advisory Council…and a third has resigned without being asked to." The Times concludes, "The passions unleashed in recent weeks may bode ill for the sound planning of space research in the future." The dispute is described as being between supporters of "a longstanding advisory structure in which panels of scientists fed their suggestions directly to administrators responsible for research programs" and Mr. Griffin who, because of his changes is able "to see the advice before it funnels into the bureaucracy below him, where it might undercut his own plans for the agency."

Dowd Thinks Bush Could Learn From Reading Shakespeare. Maureen Dowd writes in her column for the New York Times (9/2, 1.21M) about President Bush's "summer reading list." "Under Laura the Librarian's tutelage, the president is discovering the little black dress of 60's education, as one scholar referred to the president's summer reading list of 'The Stranger,' 'Hamlet' and 'Macbeth.'" But "I'm tickled that W. is reading Shakespeare, even if it's just to please his wife or win a bet with his strategist." She cites some Shakespeare scholars responding to he suggestion that the president might learn "some trenchant lessons…including Shakespeare's doubt about quick and easy wars."

Congress Urged To Approve Limited-Term Licensing Of Drugs. Marsha Cohen, who teaches food and drug law at the University of California's Hastings College of the Law in San Francisco, writes in the Washington Post (9/2, A29, 748K), "Because this country has what is generally deemed the world's best system for ensuring the safety of prescription drugs, the risks are usually well worth the benefits." But "dangerous, even deadly, side effects that might arise only once in a thousand uses are extremely unlikely to be revealed in pre-market testing." Yet "drugs are in essence approved forever." Cohen proposes "limited-term licensing and a license renewal process." She argues that it "would yield a bonanza of important information on the safety and effectiveness of drugs in use, in comparison to the anemic feedback on newly marketed drugs now available."

OTHER NEWS:

Labor Report Shows Jobs And Wages Up, Jobless Rate Down. The Labor Department reports showing US employers added 128,000 workers and a decline in the jobless rate to 4.7% received extensive coverage in major US media outlets. The stock market responded favorably and in general the media coverage was positive or neutral in tone, but on the national TV news programs Bush Administration economic policies were not mentioned and no Administration officials were quoted.

Providing the most extensive network TV coverage, the CBS Evening News (9/1, story 4, 2:30, Mitchell, 7.66M) in the first of two positive stories on the economy reported that "there was good news for American workers headlined into this Labor Day weekend. More jobs and lower unemployment." The news "encouraged investors. The Dow and NASDAQ were both up sharply today, closing at their highest levels in three months." CBS (Regan): "It was the best of both worlds for Wall Street -- job growth in August proved strong enough to fuel the economy but not strong enough to trigger worries about inflation. Good but not too good." FAO economist Robert Brusca: "That's right. The economy appears to be growing. We're creating jobs, nearly 130,000 jobs in the month, and the unemployment rate has fallen back, but, yet, there are some questions about the future, some weak sectors." Regan: "But many economists believe the job market just as it is now may be about as good as it is going to get."

Continuing with more in depth analysis the CBS Evening News (9/1, story 5, 1:00, Mitchell, 7.66M) reported, "Jobs are up, the market is up. How encourage should we be by these numbers today?" Economic correspondent Anthony Mason: "It looks like we're heading for a soft landing.. The worry had been the Fed in trying to slow inflation could slam the brakes on the economy" but "Ben Bernanke is going to like the numbers a lot." Mitchell concluded: "Good news all around, for the moment, anyway."

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In brief stories ABC and NBC were more reserved in their assessment. ABC World News Tonight (9/1, story 4, 0:30, Gibson, 8.78M) called the number of new jobs added "A relatively modest amount, but fresh evidence of a slowdown and analysts predicted the tepid growth might convince the Federal Reserve to hold interest rates steady; a view that cheered Wall Street; the Dow Jones and NASDAQ posted healthy gains -- both hitting three month highs."

And NBC Nightly News (9/1, story 5, :20, Brown, 9.87M) noted that in August the economy added "slightly more jobs than in July and the national unemployment rate was down to 4.7%. Wall Street liked the news. The Dow was up 83 points for the day, NASDAQ almost nine and a half. For the week, the Dow was up 180 points, NASDAQ up more than 52."

Saturday's newspapers did relate the news with the Administration's economic policies. Adopting a dismissive tone and focusing on wage growth the New York Times (9/2, Porter, 1.21M) reports, "Job growth seems to be reaching its peak" and "wages inched up, confirming that economic activity is slowing from its brisk pace earlier this year to a more sustainable rate." The news "eased the concerns of many that wage growth might push inflation higher, or that the weak housing market might abruptly slow the economy. But at the same time, the report also underscored how little the economic recovery has done for the pay of workers." While the jobs numbers "fitted into the pattern of the previous four months," wages "kept treading water. … While the government has not yet released pricing data for August, inflation has been topping 4 percent in recent months, so it is likely that the increase in pay will be swallowed by rising prices as it has for the last two years." Commerce Secretary Carlos Gutierrez "pointed to the low unemployment rate, which remains below the average of the last three decades. 'This is something workers throughout the country should feel very good about,' he said." He "argued that the hourly earnings exclude health insurance and other benefits paid by employers and are not the best measure of the well-being of workers. He pointed instead to the rapid increase in disposable income, an after-tax measure that includes wages, dividends and other sources of income and which rose by 2.5 percent in July compared with a year earlier, after accounting for inflation."

The Wall Street Journal (9/2, Gerena-Morales, 2.03M) reports, "The government's latest reading on the job market and a survey of factory purchasing managers offered fresh evidence that the economy has shifted into slower growth, but, so far at least, isn't tumbling into recession. The data suggested that the Federal Reserve has more latitude to hold interest rates steady again when officials meet later this month." The Journal adds, "Friday's reports, along with data released during the week, suggest the economy is expanding at an inflation-adjusted annual rate of about 3% in the third quarter, economists said. Growth slowed to a 2.9% rate in the second quarter after a torrid 5.6% pace in the first."

The Washington Post (9/2, D1, Blustein, 748K) says it was "welcome news for the White House, the Federal Reserve and Wall Street, with fears that the economy may be headed into a period of stagnation coupled with escalating prices." Experts said the news "should thus be particularly heartening for the Federal Reserve, which is hoping to engineer a 'soft landing' in which economic growth falls just enough to keep inflationary pressures in check." Experts "are skeptical that the central bank can achieve such an ideal outcome, but the data released yesterday indicated that for now, at least, the economy is performing almost exactly as Fed Chairman Ben S. Bernanke would like."

The Financial Times (9/2, Beales) reports, "US unemployment fell slightly to 4.7 per cent in August, suggesting the US economy is still generating jobs, but a sharp slowdown in the residential property market persists, according to data released on Friday." The Times adds, "Construction spending dropped an unexpected 1.2 per cent in July, pulled down by a 2 per cent fall in private residential activity. And the National Association of Realtors' pending home sales index plunged 7 per cent in July. Each was the biggest monthly decline of its kind for five years." The Los Angeles Times (9/2, Sanchez, 918K), Bloomberg (9/2, Torres) and the AP (9/2, Aversa) report similar details.

Workers Remain Unhappy About Wage Growth. Mark Stein in an analysis titled "It's Their Holiday, But Wage Earners Aren't Happy" in the New York Times (9/2, 1.21M) writes, "Consumer confidence plummeted last month amid slowing job growth, the weak housing market and stubbornly high energy costs. In its steepest one-month drop since Hurricane Katrina a year ago, the Conference Board's consumer confidence index fell to 99.6 in August, its lowest level since November." And "three opinion polls found deep pessimism among American workers, with most saying that their wages were not keeping pace with inflation, that they had less job security and more on-the-job stress and that they were worse off in many ways than a generation ago."

Pension Concerns Dampen Worker Sentiment. The Wall Street Journal (9/2, Etter, 2.03M) in a Labor Day report card for workers notes, "Further weighing on the U.S. worker: disappearing pensions. Companies are increasingly cutting or freezing workers' pension benefits, leaving many workers with smaller nest eggs for retirement. Verizon Communications Inc. and International Business Machines Corp. both recently announced they would freeze their pension plans. In 2004, only 18% of private-sector workers were offered a traditional defined-benefit plan, down from 24% in 1994, according to the Employment Benefit Research Institute. More employees are being offered 401(k)-style plans, but 40% of private-sector workers don't have any on-the-job retirement plan."

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Comparing Bush Vs Clinton, WSJ Dismisses Claims About Wage Inequality. The Wall Street Journal (9/2, 2.03M) editorializes, "One sure sign that the economy is doing well is when the left revives that old political warhorse, inequality. With GDP growth of nearly 4% for three years running and a jobless rate of 4.7%, it's their last economic resort in an election year. But when you look at the actual evidence, the inequality campaign also proves to be trumped up." The Journal has examined the "latest IRS data on who paid how much in taxes in America through 2004" and "anyone who reads the front pages of our leading dailies may be surprised to learn that the Bush years compare very well by tax and income equality to the sainted Clinton era." For example, "the new data show that the bottom 50% of Americans in income…paid a smaller share of total income taxes in 2004 (3.3%) than in Bill Clinton's last year in office (3.9%). That 3.3% is the lowest share of total income taxes paid by the bottom half of earners in at least 30 years, and probably ever. The majority of American families with an income below $40,000 pay no income tax at all today, and many of them also get a welfare subsidy from the Earned Income Tax Credit that effectively offsets much of what they pay in payroll taxes."

More Commentary. Floyd Norris in his column in the New York Times (9/2, 1.21M) writes, "Nearly five years after the end of the 2001 recession in the United States, this recovery can be painted using employment statistics as the worst — or one of the best — of the aftermaths of the 10 post-World War II recessions." Norris continues, "The low unemployment rate has come about despite a slow rate of job creation. At this point after the previous nine recessions, there were an average of 11.9 percent more jobs in the economy than there had been at the end of the recession." Yet "so far, as the charts show, there are just 3.5 percent more jobs than at the end of the last recession. That is less than half the lowest of the nine previous moves — a gain of 7.6 percent in the period after the 1953-54 recession. And that figure was held down by the fact that another recession, in 1957-58, had taken place by then."

The New York Times (9/2, 1.21M) editorializes, "Hiring was tepid in August, bringing average job creation in the private sector to 102,000 jobs a month since April. That is nowhere near the level of labor demand that's needed to give employees the clout to bargain for raises. Accordingly, hourly wages weakened in August, up only one-tenth of a percent, all of which is most likely to be eaten up by inflation. (In 26 of the last 28 months, annual hourly wage growth has failed to outpace inflation.)" Workers "always suffers in a slowdown. But this one could hit employees especially hard because they will experience the lows -- in terms of insecurity, stagnating wages and job loss -- without ever having participated fully in the highs." The Times concludes, "A slowdown is preferable to the alternatives -- a recession, or worse, stagflation, in which the economy is plagued by decreasing growth and rising inflation. But the time may come -- soon -- when investors, bankers and businesses will find little to cheer about in the good news."

Stocks Respond Favorably To Economic Reports. All three network news programs noted that stocks were up Friday and it was covered in the national press Saturday morning as well. The New York Times (9/2, News, 1.21M) reports, "Shares rallied yesterday after the government said that employers added more jobs and that wage increases slowed last month, easing concern that higher interest rates would lead to an economic slump."

The Wall Street Journal (9/2, McKay, 2.03M) reports, "A lack of nasty surprises in the government's employment data, along with a continued selloff in crude oil, helped push the stock market Friday to its biggest gains in more than two weeks." The Journal notes, "The Dow is now less than 260 points away from its record close of 11722.98 in January 2000." The jobs figures were "in line with Wall Street's expectations. At least for the moment, analysts said, that was enough to bolster investors' hopes that the U.S. economy is headed for a 'soft landing.'"

Bloomberg (9/2) notes, "The Standard & Poor's 500 Index added 7.19, or 0.6 percent, to 1311.01, the highest level since May 10. The Dow Jones Industrial Average climbed 83, or 0.7 percent, to 11,464.15, the highest since May 11. The Nasdaq Composite Index gained 9.41, or 0.4 percent, to 2193.16." Bloomberg adds, "For the week, the S&P 500 added 1.2 percent, the Dow rose 1.6 percent and the Nasdaq jumped 2.5 percent. The S&P 500 had its biggest increase last month since January, rising 2.1 percent, on signs that the Fed has tamed inflation."

Stocks May Face Tough Fall. The New York Times (9/2, De Aenlle, 1.21M) reports, "Economic growth is ebbing and the housing boom seems to have run its course, while political tension and high energy prices appear as though they will go on forever. Investors have more than enough to worry about, but as Labor Day nears, the calendar may provide an added source of anxiety." Historically in September returns on stocks are lower "than in any other month, followed by October, when the market often puts in its bottom for the year. Share prices also tend to fall in the months leading up to an off-year election, as they did during the last three such periods." But taking a counterintuitive position, Eaton Vance chief economist Robert MacIntosh said, "If the Republicans look as though they are going to lose one or two houses of Congress, that means gridlock, and the markets have tended to like gridlock. … The Fed, coupled with election season, makes me think it's going to be different this fall."

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The Wall Street Journal (9/2, Hulbert, 2.03M) notes, "The stock market over the past three months has acted as though it were March rather than summer: It came in like a lion on investors' portfolios, and is going out like a lamb." That "increases the odds that the stock market will perform well in September. But it doesn't mean that happy days are here again to stay." And "opinion is divided over whether the summer's unexpected strength increases odds for a strong fall. Some believe that there must be a lot of subsurface strength for the market to so decisively buck the seasonal tendencies. Others argue that surprising summer strength means that the market has gotten ahead of itself."

Gas Prices Drop Dramatically. NBC Nightly News (9/1, story 6, 2:40, Brown, 9.87M) reported that "it was in August gas prices reached their peak. On average $3.03 for a gallon of regular. Today that same gallon is $2.79. Why are we seeing slight relief at the pump now?" NBC (Shamlian): "It's been an all-out assault on the American motorist. A long summer of soaring gas prices. Now, finally there is a smooth spot. We have one of the most dramatic drops we have seen all summer. With the average price of regular down 10 cents this week alone. This could just be the start." Oil analyst Tom Kloza: "We will see a lot more decreases in the next few weeks."

And in its analysis of the recent positive economic reports the CBS Evening News (9/1, story 5, 1:00, Mason, 7.66M) also noted, "There was another number Wall Street liked a lot. Oil prices came down more than a buck a barrel today to less than $70, $69 and change. That means our gas prices are going to get cheaper, which means we can go shopping and the economy always likes that."

The Wall Street Journal (9/2, Whitehouse, Levine, 2.03M) reports, "Gasoline prices are volatile and often confound experts attempting to predict their behavior. Some analysts in fact say that prices aren't headed further down, but back up. The U.S. Energy Information Administration points out that while gasoline prices have fallen sharply, diesel prices have dropped just a tad and are still up 31% this year, indicating that the energy market isn't as soft as some suspect. In addition, 'oil supplies are still being disrupted in Nigeria, concerns about oil production in other parts of the world remain, and the peak of the hurricane season is still ahead,' the EIA said in a report this week." But "other analysts expect the price break to continue. If it does, inflationary pressures would ease and more money would be left in the pockets of consumers, whose spending makes up more than two-thirds of the U.S. economy. That would be a welcome gift at a time when a sharp slowdown in housing has damped economic growth and consumer confidence."

Bloomberg (9/2, Tuttle) adds, "Pump prices have declined 7 percent since early August and futures contracts indicate further reductions as the end of summer usually means fewer motorists filling their tanks. U.S. gasoline inventories are 2.6 percent above the five-year average, and forecasts indicate the chances a hurricane will interrupt refining in the Gulf of Mexico are lessening."

The AP (9/2, Foss) in an analysis notes, "It wasn't long ago when U.S. motorists gritted their teeth at the prospect of $2 a gallon. And while it might be a welcome relief right now, most analysts say getting back to that level anytime soon is unlikely and would entail a major slowdown in the economy, if not a downright recession." These experts predict "that retail gasoline prices will slide to about $2.50 a gallon by winter — and then head higher again early next year." Yet, "even a temporary reprieve from soaring energy prices will be a balm for consumers, especially as the economy continues to cool."

Bernanke Visits His Hometown In South Carolina. The Washington Times/AP (9/2) reports Ben S. Bernanke, chairman of the Federal Reserve, "fondly recounted his days growing up in Dillon, S.C., in a visit to his hometown yesterday. … In his remarks, Mr. Bernanke did not discuss the economy or the future course of interest rates."

Nevada Politics Invigorated By Democrats' New Primary Schedule. The Boston Globe (9/2, Savage, 425K) reports, "The Democratic Party's decision last month to thrust Nevada ahead of New Hampshire as the host of the second contest in their 2008 presidential nomination campaign has unleashed a wave of national attention on politicians, as presidential hopefuls line up to court potential supporters. Sitting in her strip mall campaign headquarters surrounded by telephones and signs, state Senator Dina Titus ticked off names of likely presidential candidates who called her after she won the Democratic nomination for governor two weeks ago. `They've all called -- Warner, Kerry, Hillary, Vilsack, Edwards, Feingold,' Titus said. `Who else? Bayh. I haven't heard from Biden. Biden didn't call.'" According to the Globe, "The decision to hold Nevada's contest in January 2008…sprang from DNC chairman Howard Dean 's push to front-load the Democrats' calendar with states representing a more diverse swath of the country. … Both local and national party supporters of holding the early Nevada caucuses say the candidate who appeals to voters here will have a better chance of winning the general election, in part because many Western states share the same issues, and the region is closely divided between Republicans and Democrats."

Clinton Using Reelection Campaign To Showcase Her Appeal To Moderates. The Los Angeles Times (9/2, Barabak, 918K) reports, "Six years ago, when Hillary Rodham Clinton first ran for the U.S. Senate,

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Republican Rep. Thomas M. Reynolds derided her as a carpetbagger who brought nothing to New York but overweening ambition. Today, he raves about their relationship. … Like many New Yorkers who were skeptical, if not downright hostile, when Clinton…started campaigning in 1999, his views of the former first lady have changed considerably. The turnabout helps explain why Clinton is romping to reelection in November — and may offer clues about how she plans to run for president, if she chooses to take that plunge." According to the Times, Clinton "is widely seen" in New York as "a bipartisan problem-solver who has never seen an issue too parochial for her concern." The Times adds, "Clinton strategists are mindful of how New York's Nov. 7 election returns will be studied. They are prepared to argue that a strong showing in traditionally Republican upstate New York proves that, if she runs for president, Clinton can reach beyond hard-core Democrats and win over independents and even dubious Republicans."

Talent Has Pulled To Within One Point Of McCaskill According To New Poll. The St. Louis Post-Dispatch (9/2, Mannies, 300K) reports Sen. Jim Talent's "deluge of ad spending apparently has paid off. The latest Research 2000 poll for the Post-Dispatch and KMOV-TV (Channel 4) found that Talent, R-Mo., has chipped away at the edge held by his Democratic rival, state Auditor Claire McCaskill. … The Maryland-based firm's latest poll of 800 likely voters, conducted Monday through Thursday, found that 47 percent backed McCaskill and 46 percent supported Talent. Two percent supported Libertarian Frank Gilmour, while the remaining 5 percent were undecided. Green Party candidate Lydia Lewis, who was just added to the November ballot, had no measurable support among those polled. The poll has a margin of error of 3.5 percentage points, which means that any individual figure could be that much higher or lower."

Talent Enjoys Significant Fundraising Edge. he Kansas City Star (9/2, Goldstein, 278K) reports Talent h"as raised more than twice as much — $10 million versus $4.6 million — as…McCaskill. So far he has outspent her 3-1." PACs "have sprinkled a little more than $600,000 on McCaskill. … For Talent, it has been more of a downpour — $2.5 million in PAC dollars, according to the latest expense reports."

Santorum Enlists Dole And Others In Effort To Close "Yawning Gender Gap." The Pittsburgh Post-Gazette (9/2, O'toole, 241K) reports, "Hoping to close a yawning gender gap in his re-election support," Sen. Rick Santorum "showcased the endorsements of a group of prominent Republican women, led by Sen. Elizabeth Dole. About two dozen women joined the Senate colleagues, along with former U.S. Rep. Susan Molinari, state Sen. Mary Jo White and county Councilwoman Jan Rea, in a news conferencel." Dole and Santorum "were scheduled to repeat the performance later in suburban Philadelphia." The Post-Gazette adds, "In the most recent Keystone Poll, conducted by Franklin & Marshall College, the incumbent's re-election prospects were weighed down by his weak showing among women voters. Mr. Santorum was actually running ahead among men, with the support of 46 percent of those surveyed compared with 40 percent for Mr. Casey and 3 percent for Carl Romanelli, the Green Party candidate. Among women, however, the standings were more than reversed, with Mr. Casey at 47 percent, Mr. Santorum, just 34 percent, and 4 percent for Mr. Romanelli."

Kennedy-Klobuchar Debate Turns Acrimonious Quickly. The Minneapolis Star Tribune (9/2, Lopez, 398K) reports, "Three U.S. Senate candidates lit into one another on Friday during a State Fair debate that saw them challenging one another on the Iraq war, the federal deficit, health care, stem cells and other hot-button issues. Dispensing with the usual cordialities, Republican U.S. Rep. Mark Kennedy used his introductory remarks to jab at DFL rival Amy Klobuchar, telling the crowd of more than 800 that 'You don't get real change by sending another lawyer/lobbyist to the U.S. Senate. One look at the budget tells you we need at least one CPA.'" Klobuchar "arrived amid a noisy entourage of dozens of cheering campaign volunteers, all wearing blue-and-white Klobuchar T-shirts, waving placards and chanting 'Amy! Amy!' a tight-lipped Kennedy watched from the stage in Carousel Park. Hours earlier, the two campaigns had released a joint set of rules to govern their debates that prohibited noisy displays, applause and attempts by one campaign to 'dominate' the crowd.

McGavick Admits To 1993 Drunk Driving Incident. The Los Angeles Times/AP (9/2, Daly) reports Sen. Maria Cantwell's Republican challenger Mike McGavick "ran a red light before being stopped for drunken driving, failed a roadside sobriety test and fell asleep during processing, according to a police report on the 1993 incident." McGavick "confessed to the previously unknown incident last week in an interview with The Associated Press. … The police report, obtained by AP, says that McGavick registered a 0.17 percent blood alcohol level -- twice the current limit of 0.08 percent. McGavick told the arresting officer he had 'two, maybe three beers' that night."

Kristol And Former Bush Officials Air Ads On Behalf Of Lieberman. The New York Times (9/2, Medina, 1.21M) reports, "An independent group, Vets for Freedom, will begin sponsoring television commercials early

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next week for Senator Joseph I. Lieberman, thanking him for his support of the war in Iraq. Vets for Freedom is a group of veterans of the wars in Iraq and Afghanistan and has ties to top Republican leaders. … The group is receiving advice from Taylor Gross, a former White House official; Bill Kristol, the editor of The Weekly Standard; and the Republican strategist Dan Senor. Mr. Lieberman's former chief of staff, Bill Andresen, is also helping the group, which by law is prohibited from communicating with the campaign."

Corker And Ford Seen As Representing Their Parties' Moderate Wings. The Wall Street Journal's John Harwood (9/2) writes, "From the reigning analysis of President Bush's 2004 re-election victory, and lately from Ned Lamont's defeat of Joe Lieberman in Connecticut's Democratic Senate primary, you would conclude that the 'base' -- the most ideologically pure wing of each party -- is all that matters. But the pivotal Senate battle unfolding in Tennessee for the seat of retiring Majority Leader Bill Frist shows that isn't so. Tennessee Republicans nominated former Chattanooga Mayor Bob Corker -- their most moderate primary candidate, with what some conservatives consider a suspect commitment to opposing abortion. And in 36-year-old Rep. Harold Ford, Democrats chose a nominee who voted for the war in Iraq, denounces 'amnesty' for illegal aliens and backs a ban on gay marriage. They are running close in the polls."

"Culture Of Scandal" Seen As Far From Most Voters' Most Pressing Concern. The Los Angeles Times (9/2, Simon, 918K) reports Rep. John T. Doolittle "has called Jack Abramoff a friend. The Republican from Roseville, Calif., used Abramoff's skybox at a Washington sports arena for fundraising and has refused to return political donations from the disgraced lobbyist. Now the congressman is the target of attack ads. One, a takeoff on the old 'tastes great, less filling' beer ads, features an argument over whether Doolittle is 'corrupt or ineffective.' Even so, Doolittle is favored to win reelection. ... Political observers say voters are focused instead on the Iraq war, immigration and gasoline prices. And the fact that some incumbents under the ethical cloud are Democrats has undercut the party's ability to use the issue as a major weapon against Republicans. In fact, a number of lawmakers whose conduct has come under scrutiny are expected to be reelected."

Five Candidates File To Run In Special Election For DeLay's Seat. The AP (9/2) reports, "Five people will run in the special election to temporarily fill the seat vacated by former House Majority leader Tom DeLay, the secretary of state's office said Friday. The special election will be held Nov. 7, the same day as the general election. Houston City Councilwoman Shelley Sekula-Gibbs, backed by Republicans as a write-in candidate in the general election, is among those who filed by Friday's deadline for the special election. She is joined by three other Republicans — retired Air Force Maj. Don Richardson; Dr. Hoa Tran Giannibecego; and former U.S. Rep. Steve Stockman — and Libertarian Bob Smither. Nick Lampson, the Democratic candidate for DeLay's seat, has said he would not run in the special election but would instead focus his attention on the general election."

Four Candidates Promote Their Endorsements In NY11. The New York Times (9/2, Hicks, 1.21M) reports, "At a breakfast in Brooklyn yesterday morning, more than 50 ministers hailed City Councilwoman Yvette D. Clarke as the next member of Congress from their borough. City Councilman David Yassky, meanwhile, was endorsed by the influential Crown Heights Political Action Committee, the political arm of the Crown Heights Jewish Community Council. State Senator Carl Andrews was preparing to tour the district alongside the Rev. Al Sharpton, one of his well-known supporters. And Chris Owens, the son of the man each of the candidates hopes to succeed, was telling voters of his endorsement by the city's best-known black newspaper, The Amsterdam News." The Times notes that Yassky, "who has raised more money and spent more than his rivals, has been promoting his endorsement by the editorial page of The New York Times at every turn."

Judge Denies Request For New GOP Primary In NV2. The AP (9/2, Chereb) reports, "A judge on Friday denied a defeated congressional candidate's request for a new Republican primary, saying the state court lacks jurisdiction. Assemblywoman Sharron Angle lost to Secretary of State Dean Heller by 421 votes the three-way Aug. 15 GOP primary. They were seeking to replace U.S. Rep. Jim Gibbons, who is running for governor. … Instead of a recount, Angle sought to void the contest results and argued that confusion and delays at some polling places disenfranchised voters. After a daylong hearing, District Judge Bill Maddox said there was no evidence election officials in Washoe County committed malfeasance when some voting locations opened late because polling workers didn't show up." Angle "said she would not appeal Maddox's findings to the Nevada Supreme Court, and congratulated Heller on his victory."

MN6 DFL Candidate Wetterling Announces Proposal For "Tax Breaks For The Middle Class." The Minneapolis Star Tribune (9/2, Doyle, 398K) reports Patty Wetterling (DFL) who is running for the U.S.

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House in Minnesota's 6th CD is "calling for tax breaks for the middle class" by proposing "bigger credits for families with children and for college students and expanded mortgage deductions for homeowners." She said that the plan "would cost $389 billion over 10 years, much of it offset by crackdowns on tax cheats and corporate loopholes." She defended the plan as supporting a "middle class whose wages have lagged the increased costs of gasoline, college education and health care." Her opponent Michele Bachmann (R) "denounced the plan" as "making our tax code more complicated and burdensome to the average Minnesotan." She and Tom Reynolds, chairman of the National Republican Congressional Committee, said that "Wetterling's proposal would do less to help the middle class than extending President Bush's tax cuts." Wetterling's campaign said that "she may support some of the Bush tax cuts that primarily affect the middle class Americans but reject others."

Allegations Fail To Cut Into Spitzer's Lead Over Rivals. The New York Times (9/2, Hakim, 1.21M) reports New York Attorney General Eliot Spitzer "may be far ahead in the polls as he heads toward the Sept. 12 Democratic primary in the race for governor, but he did have a bumpy week." GOP nominee John Faso, "hammered" Spitzer "for accepting flights on a private jet owned by Richard Fields, a developer who ferried Mr. Spitzer to fund-raisers across the country, and who has himself donated $200,000 through various entities he controls. Thomas R. Suozzi, the Nassau County executive and Mr. Spitzer's Democratic primary rival, mistakenly accused the Spitzer campaign of accepting $50,000 from a consortium leading a project to drape jumbo power lines across swaths of upstate. The charge proved to be false, but Mr. Spitzer's campaign fanned the story by initially confirming it. … Not that any of this came close to making a dent in Mr. Spitzer's aura of invincibility. The attorney general leads Mr. Suozzi by more than 50 points in various polls. In keeping with his Rose Garden strategy, Mr. Spitzer declined invitations to three debates this week."

The New York Times (9/2, Cooper, 1.21M) describes a new ad Spitzer "began running last night on network and cable stations throughout the state. The Times reports that the ad "is notable for what it does not say: The announcer never mentions the name 'Spitzer,' and the final screen asks people to vote, but not specifically for Mr. Spitzer."

Ehrlich Has Almost Twice As Much Cash On Hand As O'Malley. The Washington Post (9/2, B4, Rich, 748K) reports Maryland Gov. Robert Ehrlich "raised $630,000 in the 17 days ending Aug. 25, sprinting past Baltimore Mayor Martin O'Malley (D) and his running mate as they collected $455,000, according to figures provided by their aides yesterday. Ehrlich's Republican ticket headed into the final 10 weeks of the campaign with far more cash on hand, ending the period with $8.59 million in reserve, compared with the O'Malley ticket's $4.64 million, aides said."

Candidates Acknowledge Maryland Minorities' Increasing Clout. The Washington Post (9/2, A1, Marimow, 748K) reports, "Since the 2000 election cycle, nearly all of Maryland's population growth has been among blacks, Hispanics and Asians. Leaders of those communities are trying to turn those numbers into political clout, and candidates -- from those in county executive contests to those in the race for governor -- are responding by courting them for endorsements and campaign cash." Ehrlich "raised $60,000 one night this spring at the home of a Korean American business owner in Howard County. Another fundraiser is planned with Asian leaders in Montgomery." O'Malley "is creating a Spanish version of his Web site and preparing to roll out Amigos de O'Malley, a group of Latino supporters in Prince George's and Montgomery counties. The leaders of these diverse groups say they are motivated by the national debate over immigration and the renewal of the Voting Rights Act in Congress, but their efforts could have repercussions at the local and state level, including in the Sept. 12 primaries in Maryland and the District."

Pew Study Finds Americans Have Mixed Views On Religion And Public Life. The Los Angeles Times (9/2, Kang, 918K) reports the Pew Forum on Religion & Public Life and the Pew Research Center for the People & the Press released a poll of 2,003 adults conducted July 6-19 (+/-2.5%) that found "Americans are critical of both the political left and the Christian right when it comes to their approaches to religion in the public square." Sixty-Nine percent of those polled said that "liberals have gone 'too far to keep religion out of school and government' and 49% contended that conservatives have gone 'too far in imposing their religious values.'" It found that "large majorities of Republicans (87%), independents (65%) and Democrats (60%) denounced efforts by liberals to minimize religious influence in the public square, including 70% of conservative and moderate Democrats. Just 38% of liberal Democrats expressed this view." Also "two in three respondents (67%) characterize the United States as a Christian country." And "most" (78%) "view the Bible as the word of God." Yet "most said the Bible should not be the driving force behind creating laws." With respect to the president, "slightly more than half (52%) said Bush mentions his religious faith the right amount and 14% said he talks about his faith too little. Almost a quarter (24%) believed the president mentions his faith too often." Covering other issues, 56% "continued to oppose allowing gays and lesbians to marry" but "just three in 10 favored a constitutional amendment to ban same-sex

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marriages" and "a slim majority (54%) favored allowing gay couples to enter into civil unions" while "only 42% thought gay couples should be allowed to adopt children." Also "for the first time in Pew polling, more white evangelicals now favor stem cell research (44%) than oppose it (40%)." Finally, "the big spike in religious activity such as attending church, praying and studying the Bible in the immediate aftermath of 9/11 had no lasting impact."

Assisted Living Facilities In Greater Demand As States Seek To Reduce Medicaid Costs. The Wall Street Journal (9/2, Opdyke, 2.03M) reports demand for "space in an assisted-living center" is "soaring as the aging U.S. population goes looking for someplace staffed to help elderly residents with day-to-day tasks (housekeeping, pill-taking and the like) but isn't a full-blown nursing home." Such facilities "cost about $35,000 a year in 2005, up roughly a third from 2002." One reason for the increased demand is states "seeking to lower their health-care costs" by "revamping their Medicaid programs to let some low-income retirees enter assisted-living centers instead of nursing homes."

1,500 AP Tests And 2,700 Teacher Licensing Tests Lost Or Misplaced. The Washington Post (9/2, A3, Strauss, 748K) reports the Educational Testing Service "said yesterday that more" Advanced Placement "test results than previously disclosed were lost and for the first time blamed computer glitches for part of the problem. Score sheets for portions of at least 1,500 exams taken in May around the world were discovered missing." The ETS also said that "about 2,700 scores for the Praxis teacher licensing examinations taken in the United States in June had been delayed or misplaced but that most have been found." Students whose tests were lost have the option of retaking the test, or seeking a refund.

More Students Begin Study At Community Colleges But Few Graduate. The New York Times (9/2, A1, Schemo, 1.21M) reports in a front-page story that "nearly half" of all students seeking college degrees begin in community college, but "their chances of succeeding are low" with just "22 percent" of community college students earning four-year degrees within six years. The ACT found that just "21 percent of students applying to four-year institutions are ready for college-level work." In response, "federal and state education officials are pressing for a K-16 vision of education."

Nature Corrects Press Release On Stem Cell Generation Technique. The New York Times (9/2, Wade, 1.21M) reports the scientific journal Nature "has corrected a press release and is considering whether to add further information to an article published last week reporting that human embryonic stem cells could be generated without destroying an embryo. … The journal's action follows numerous news reports on the article and criticism from the United States Conference of Catholic Bishops, which pointed out that embryos used in the research were being destroyed, a fact made clear in the scientific paper but not the press release. Both the journal and the principal author of the article, Dr. Robert Lanza of Advanced Cell Technology, say that the scientific report is correct and that any addition would be solely for purposes of clarification."

Pittsburgh Mayor Dies Of Brain Cancer. The AP (9/2, Cowden) reports Pittsburgh Mayor Bob O'Connor, "who learned he had a rare form of brain cancer only seven months into his term, died Friday night, his spokesman said. He was 61." Gov. Ed Rendell "ordered state flags in Pittsburgh and Allegheny County to be flown at half-staff."

GOP Urged To Seek Votes Among Small Government Voters Of Interior West. John Tierney writes in his column for the New York Times (9/2, 1.21M), "Republicans in Washington did not abandon their principles lightly. When they embraced 'compassionate conservatism,' when they started spending like Democrats, most of them didn't claim to suddenly love big government. No, they were just being practical." But "what do Republicans have to show for their largess?" Tierney notes a "slight" and temporary boost in polls that has left them scoring "worse than they did before" and "sacrificing its future by breaking up the coalition that brought it to power." That coalition is described as a fusion of traditionalists and libertarians in favor of "smaller government and fewer services." Republicans are urged to look to "the interior West" where residents "have been voting Republican in presidential elections, but have also gone for Democratic governors." Tierney identifies these voters as "economic conservatives and cultural liberals" who "would have felt at home in the old fusionist G.O.P. But now they're up for grabs, just like the party's principles."

Russia "Casts Doubt" On Iran Sanctions. The New York Times (9/2, Myers, 1.21M) reports, "Russia on Friday cast new doubt on the prospects for the Bush administration's efforts to punish Iran for refusing to suspend its nuclear program, even as European leaders expressed wariness at moving quickly to impose sanctions." While it "expressed regret that an Aug. 31 deadline had passed without an agreement by Iran to halt its efforts to enrich uranium," Russian officials also "made it clear that they do not support retaliatory sanctions or other steps to isolate Iran's leadership. That was a view that seemed to be widely shared across Europe, despite public consternation over Iran's

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defiance of a United Nations Security Council resolution." Russia's foreign minister, Sergey V. Lavrov's' views "echoed one heard increasingly here: that sanctions could be a first step toward a new American-led military conflict in the Middle East.

Iranian Jet Crashes. The CBS Evening News (9/1, story 8, 0:10, Mitchell, 7.66M) reported, "An Iranian airliner on a domestic flight skidded off the runway as it landed today and caught fire, killing at least 29 of the 148 on board. Rescue workers carried survivors out of the burned-out jet. Iranian officials would not confirm reports the plane blew a tire on landing."

The New York Times (9/2, Fathi, 1.21M) reports, "Officials said it would take some time to determined the precise cause of the crash," but "Iran has been plagued by plane crashes in recent years, a record that aviation experts have attributed to the country's aging and outdated planes, most of them secondhand aircraft leased from Russia." According to Iranian officials, "they would like to buy new aircraft from Boeing and Airbus, but are unable to because of the American economic sanctions that govern American-made airplanes and parts" that "were imposed after the Iran hostage crisis more than a quarter century ago."

US Calls On Iran To Release Activists. The AP (9/2, Schweid) reports, "The State Department accused Iran on Friday of detaining at least four student activists and called for their release." Spokesman Sean McCormack said in a statement, "The Iranian regime's continued efforts to suppress freedom of speech and assembly make clear the hollowness of professed openness to peaceful dialogue and debate." He added, "The United States is deeply concerned." The Los Angeles Times (9/2, 918K) also covers this story.

Iranian Activists Call For Annan To Focus On Human Rights. Ali Afshari and Akbar Atri, the founding members of Iranian Students for Democracy and Human Rights, write in an op-ed in the Wall Street Journal (9/2, 2.03M), "We are concerned that the country's nuclear activities may overshadow other subjects that are equally, if not more, important. Unlike the nuclear threat, these issues are affecting the lives of Iranians here and now, as we speak." In Iran "civil and human rights are in dire need of the secretary-general's attention." We "believe that all the violent rhetoric of our rulers, especially that of President Ahmadinejad, is rooted in our domestic problems. An undemocratic Iran will be a danger to the world, with or without nuclear arms," and "An Iranian government that has no regards for human rights cannot be a reliable party in any negotiations." Therefore, "we urge Kofi Annan to place the issue of human rights as the top priority on his agenda."

Iranian Jew Argues Iranian People Don't Embrace Ahmadinejad's Degree Of Bigotry. Roya Hakakian, the author of two books of poetry in Persian and the memoir "Journey from the Land of No: A Girlhood Caught in Revolutionary Iran," writes in an op-ed in the New York Times (9/2, 1.21M), "President Mahmoud Ahmadinejad's rhetoric about the Holocaust may terrify people who don't know Iran. But those who do, find it, above all, tragic. By resuscitating symbols like the swastika and other Nazi-era relics, he is contaminating the Iranian social realm, where such concepts have scarcely existed. No doubt Jews have been mistreated in Iran throughout their long history, but to a degree incomparable to that suffered by Russian and European Jews." In fact, "throughout its 2,000-year presence in Persia, the Jewish community has helped shape the Iranian identity." Today, "the post-revolutionary regime has had the misfortune of ruling a people reluctant to embrace its radical message. That is why Iran remains home to the second-largest community of Jews in the Middle East — second only to Israel."

NYTimes Argues Only Diplomacy Will Prevent Nuclear Iran, Korea. The New York Times (9/2, 1.21M) editorializes, "Unless something changes soon, by the end of President Bush's second term North Korea will have produced enough plutonium for 10 or more nuclear weapons while Iran's scientists will be close to mastering the skills needed to build their own. That's quite a legacy for a president sworn to keep the world's most dangerous weapons out of the hands of the world's most dangerous regimes." As "military action would be a disaster," to have "any hope of avoiding this legacy, he will have to give up his dreams of regime change, persuade his battling inner circle he means it and direct Secretary of State Condoleezza Rice to do some real diplomatic horse trading — starting with a clear pledge that the United States will not try to overthrow their governments as long as they give up their nuclear ambitions," as "the only approach with even the remotest chance of success is to persuade these regimes that they do not need nuclear weapons to ensure their survival, and that there will be real rewards for good behavior." True, "there is no guarantee that Tehran or Pyongyang will accept such an offer," but "a serious try by Washington would certainly make it harder for Russia and China and skittish Europeans to oppose sanctions," and, for Iran, "it might also start the internal political debate that Mr. Bush has been hoping for."

US Envoy On Human Rights To Inspect North Korean Complex. The AP (9/2, Klug) reports, "The U.S. envoy for North Korean human rights," Jay Lefkowitz "said he will visit the country this year for the first time to inspect a jointly run North-South industrial complex that he has criticized for exploiting workers." He also "indicated a trip there to talk with officials in Kim Jong Il's reclusive regime was a possibility some day." His trip was delayed by the missile test.

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Annan Gets Pledge From Syria To Keep Arms Out Of Lebanon. The New York Times (9/2, Hoge, 1.21M) reports that United Nations secretary general Kofi Annan "said Friday that President Bashar al-Assad of Syria had pledged to respect an embargo on weapons going into Lebanon and to help secure the border with added guards and a greater liaison with the Beirut authorities." He added that the one-hour talk "had also produced agreements to open bilateral negotiations on setting up formal diplomatic relations between Syria and Lebanon and on delineating their contested border." These pledges "are aimed at shoring up the independence of Lebanon, a country whose politics were long dominated by Syria and whose authority has been undermined by Hezbollah." Annan also "encouraged Mr. Assad to meet with the Lebanese prime minister, Fouad Siniora, who is backed by an anti-Syrian majority. The Syrian president told him he was ready to do that at any time." Still, "Syria's foreign minister, dismissed reports of arms shipments by Syria as 'something you read only in the Western media.'"

The Financial Times (9/2, Peel) leads that the border controls are "to stop the flow of arms to Hizbollah." However, Assad "did not commit himself to any timetable." Still, the Times calls the agreement "an essential step towards implementation of the UN peace plan." The AP (9/2, Ghattas) agrees that "If carried out, the promises made by Syrian President Bashar Assad to U.N. Secretary-General Kofi Annan would be a major boost to efforts to keep the peace in Lebanon." However, a separate Financial Times (9/2, Peel) article notes "Mr Assad's assurances will be treated with caution, not least by UN officials. He has made promises before and failed to deliver." The AP (9/2, Karam) reports, "Many in Lebanon expressed skepticism, saying Assad's promises to U.N. chief Kofi Annan would likely remain just talk unless international pressure mounted on Damascus." The Washington Times/AP (9/2, Ghattas) runs an abreivated version of the first AP story.

Italian Soldiers Land In Lebanon. The AP (9/2, Pitman) reports, "Italian soldiers began arriving Saturday in Lebanon, part of the first large contingent of international troops dispatched to boost the U.N. force keeping the peace between Israel and Hezbollah guerrillas." 880 are landing, and another 200 are expected Sunday. The additional "U.N. troops in Lebanon may help assuage fears of a renewal of hostilities between Hezbollah and Israel. But the peacekeepers will stay out of the most sensitive issues, both demanded by Israel: disarming Hezbollah and keeping the guerrillas from receiving fresh arms, especially via Lebanon's border with Syria."

Indonesia To Send Troops For UN Force. The New York Times (9/2, Perlez, 1.21M) reports, "Indonesia said Friday that it expected to send a contingent of 1,000 soldiers to join the United Nations peacekeeping force in southern Lebanon, even though Israel had earlier objected to its participation." In the "early discussions about a peacekeeping force, Israel said it would oppose the participation of soldiers from Muslim countries that did not have diplomatic relations with Israel, a position that appeared to bar soldiers from Indonesia, Malaysia and Bangladesh." However, "In Tel Aviv, Mark Regev, the spokesman for the Israeli Foreign Ministry, couched Israel's position in a way that fell short of outright rejection." UN peacekeeping officials "said they regarded Indonesia and Malaysia as strong participants in past peacekeeping missions and were moving ahead with plans to incorporate soldiers from both countries. Malaysia has also offered 1,000 troops for the force," but "Israel has voiced harsher reservations about troops from Malaysia, which it regards as less friendly toward it than Indonesia is." The Indonesians see "the dispatch of troops to the high-profile peacekeeping assignment in Lebanon…as a prestigious role, particularly as the military adjusts to a less powerful role at home after the collapse in 1998 of the authoritarian regime of Gen. Suharto."

Israeli Defense Minister Calls For War Investigation. The CBS Evening News (9/1, story 7, 2:30, Mitchell, 7.66M) reported, "Israel's defense minister said today he supports a tough and independent investigation of the Israeli army's conduct of the war in Lebanon. The war and its outcome have provoked harsh criticisms from many Israelis, dissatisfied with both its cost in blood and prestige" CBS (Roth): "Leaving Lebanon, Israeli soldiers came home with relief and fatigue, along with something their army is not accustomed to facing after battle -- anger and disappointment." Roth added, "There are fierce arguments here, the war was badly managed, that the military was unprepared, and relied too much on air power instead of ground troops. It was an early test for Prime Minister Olmert, facing calls to quit, he's been touring rocket-scarred towns in northern Israel, promising to pour in money. It's now three weeks since last Hezbollah rocket landed here in Nahariya. The anxiety's gone, but not the sense of vulnerability. How the war was fought and how it ended have left all of Israel with a powerful feeling there's unfinished business. That includes the unsettled fate of Israeli soldiers captured in the cross-border raid by Hezbollah that began the fighting."

The New York Times (9/2, Erlanger, 1.21M) reports, "Bowing to rebels in his own Labor Party" who "have seen a chance to tame him or even pull him down," Israeli Defense Minister Amir Peretz "called Friday for a full independent inquiry into the recent war in Lebanon, changing his previous position and putting him publicly at odds with Prime Minister Ehud Olmert," who "announced two government-controlled investigations, one into the military's performance and one into the government's." In spite of "Mr. Peretz's switch, Mr.

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Olmert is expected to have little trouble getting approval from the full cabinet for his own government commissions."

The Los Angeles Times (9/2, Ellingwood, 918K) adds that this is Peretz and Olmert's "first serious disagreement since becoming coalition partners four months ago." However, "the effect of the disagreement on the coalition's future remains unclear. For now, the prime minister and Peretz share an interest in keeping it together."

UN Rights Council Names Panel To Investigate Israeli's War Conduct. The Los Angeles Times/AP (9/2) reports, "The U.N. Human Rights Council on Friday appointed" Joao Baena Soares, a Brazilian diplomat; Mohamed Chande Othman, a Tanzanian judge; and Stelios Perrakis, a Greek professor, "to a commission investigating whether Israel committed systematic human rights abuses in Lebanon during recent fighting with Hezbollah militants. The commission was created last month by the council, which condemned Israel for what it called 'massive bombardment of Lebanese civilian populations' and other human rights violations." Israel's ambassador to the U.N. in Geneva, Itzhak Levanon, "reiterated his criticism of the council for making a distinction 'between the suffering and deaths occurring in different countries' by not naming Hezbollah in the resolution," a position that the European, Japanese, and Canadian members of the council supported.

Continued Lack Of Wages Has Palestinians Blaming Authority. The Los Angeles Times (9/2, Ellingwood, 918K) reports that, in Palestine "growing public disenchantment over unpaid wages has triggered threats of a walkout by most of the 165,000 public employees. The protest began early today when more than 30,000 public school teachers sat out, disrupting the first day of classes. Many other public employees joined in, and thousands more were scheduled to strike on Sunday." After cutting off aid and tax revenue to the Palestinian Authority once Hamas took power, "Israeli and U.S. officials have said they hoped the cutoff of money and other moves would eventually cause the Palestinian public to turn against Hamas. That may now be happening," and "some analysts and Palestinian officials say that beleaguered Hamas leaders may now be ready to yield a bit." Things have progress so fare that "a gathering sense of desperation has led some Palestinians to question the need for the Palestinian Authority."

Nearly $500 Million To Go To Palestinian Aid. The Washington Times/AP (9/2, Karen) reports that at a conference hosted by Carin Jamtin, Sweden's aid minister, "a group of donor countries and international organizations yesterday pledged to send nearly $500 million in aid to the Palestinians, saying the humanitarian situation in the Gaza Strip turned critical while the world focused on halting a monthlong war in Lebanon. Only 10 percent of the donations pledged at an aid conference in Stockholm were to be channeled through the United Nations, raising concerns that sizable sums may go straight to the Hamas-led Palestinian government."

US Seeks To Add Burma To UN Security Council Agenda. The Washington Post (9/, A21, Kessler, 748K) reports, "The United States moved yesterday to formally add Burma to the agenda of the U.N. Security Council, potentially exposing the Southeast Asian nation, which is ruled by a military junta, to international condemnation for human rights violations and other abuses." U.S. ambassador to the United Nations John R. Bolton "sent a letter to the council's president, Greek Ambassador Adamantios Vassilakis, requesting that Burma fall under the council's scrutiny because the junta's behavior threatens regional peace and security." He "and other U.S. officials said they are confident they have the necessary nine votes, among the 15 council members, to add Burma to the agenda. China in particular has opposed the move -- and could veto any potential resolution -- but U.S. diplomats, including Secretary of State Condoleezza Rice, have worked relentlessly in recent months to line up the votes." The AFP (9/2) adds, "The US envoy said he had no immediate plan to introduce a draft resolution but said his move was meant to force a discussion of Myanmar in the council in the face of opposition from China and Russia."

UN Investigation Accuses Official Of Corruption. The AP (9/2, Wadhams) reports, "A United Nations investigation has concluded that a U.N. official took kickbacks such as low-cost apartments for steering lucrative contracts to a company from his native India." Sanjaya Bahel "used his relationship with a wealthy Indian businessman and his son to steer the deals to the company they represented, Telecommunications Consultants India Ltd." The investigation "found Bahel refused to act on complaints that the company denied payment to employees in peacekeeping missions worldwide despite repeated claims they did not have enough money to eat."

Sudanese Government "Launched Major Offensive" In Darfur. The AP (9/2, Meyer) reports, "The Sudanese government has launched a major offensive against rebels in war-torn Darfur, human rights activists and African Union officials said Friday," even "as a senior U.S. envoy was in Khartoum to press the government to accept the deployment of U.N. peacekeepers in the western region." According to Sam Ibok, an African Union official in Khartoum, "more than 20 civilians have been killed and more than 1,000 have been displaced since major clashes started early this week according to reports from the affected areas."

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VOA Head Accused Of Misconduct. The Washington Times/AP (9/2) reports that Kenneth Y. Tomlinson, "chairman of the agency that oversees Voice of America and other U.S. overseas broadcasts," yesterday "defended his record…against accusations of misconduct and vowed to stay on the job." He "flatly disputed accusations in a State Department inspector general's report that he hired a friend as a consultant and overbilled for his time." He added that "he was prepared to answer any questions put to him by congressional Republicans and Democrats."

Blair Won't Announce Departure Date. The New York Times (9/2, Cowell, 1.21M) reports, "After a summer of grumbles about Tony Blair, Britain's political season got under way Friday to a familiar libretto: The prime minister said he would not be quitting any time soon; his adversaries within his own party said he should. In an interview published in The Times of London, Mr. Blair castigated his foes and told them to stop 'obsessing' about the possible duration of his tenure and 'get on with the business of government.'" Blair "has spoken dismissively of those who demand a schedule for his departure, effectively challenging them to show their hand or be silent before the Labor Party conference." Right now "the extent of support for the Labor rebellion against Mr. Blair is difficult to gauge, as the contest over his future is generally fought out in surreptitious background briefings by the protagonists or their champions." Still, "the timing of Mr. Blair's remarks was significant. Later this month, he faces the annual conference of his Labor Party, now in its ninth year of office and showing signs of the third-term fatigue to which British administrations have often been heir," and "Some among his foes had urged him to use the conference to announce a schedule for redeeming a two-year-old pledge to step down as Labor Party leader." This "debate reflects a concern among some Laborites that Mr. Blair has become an electoral liability."

The Financial Times (9/2, Blitz, Eaglesham) adds that Blair "triggered a sharp backlash from Labour MPs and trade union leaders" who "attacked Mr Blair's decision to keep the date vague. Many argued that continuing uncertainty over the leadership would damage Labour at the hands of the Conservative party." Also, a "danger for Mr Blair is he now risks upsetting moderate Labour MPs who are concerned that the party will look directionless - and slump further in the polls - unless there is clarity over his intentions."

Data Suggests Eurozone Grew Faster Than Previously Thought. The Financial Times (9/2, Atkins) reports that data released on Friday suggested that while "the eurozone economy grew even faster than previously reported in the first half of this year," some "fresh signs of a slowdown in coming months are emerging." The "Gross domestic product in the first quarter of 2006 was revised up to show a growth rate of 0.8 per cent," and "the data highlighted the economic turnaround in the 12-country region after years of sluggish growth."

Likely Next Japanese PM Calls For Revising Constitution. The New York Times (9/2, Onishi, 1.21M) reports, "Shinzo Abe, the nationalist politician who is expected to become Japan's next prime minister, said Friday that Japan should revise the pacifist Constitution imposed on it by the United States" during his formal declaration of "his candidacy for the presidency of the governing Liberal Democratic Party." He added, "I'd like to draft a new Constitution with my own hands." Abe, who "is almost certain to succeed Prime Minister Junichiro Koizumi," added that "Japan should seek a larger role in the world and further strengthen its alliance with the United States."

Prodded By US, IMF Board Endorses Giving China, Others More Say In Policies. The New York Times (9/2, Weisman, 1.21M) reports, "The International Monetary Fund's executive board, responding to appeals by the United States, has taken a step toward giving more of a voice to China", Mexico, South Korea and Turkey "in setting policy on global economic matters" and "also endorsed a two-year process that would eventually give more weight to economic growth and performance as criteria for apportioning voting rights on the fund, but details remain to be worked out." The Administration "sought a greater share for China because it wants the fund to play a more aggressive role in monitoring capital flows and any possible cases of currency manipulation by member countries." The "votes on the board's decisions are expected later this month in Singapore at the annual meeting of the International Monetary Fund and the World Bank. Treasury Secretary Henry M. Paulson Jr. is planning to attend the sessions."

Fox Prevented From Delivering State Of The Union By Opposition Lawmakers. The New York Times (9/2, Mckinley, 1.21M) reports Mexican President Vicente Fox was "prevented" from making his final state of the union speech to the Congress due to a "protest" by members of Andrés Manuel López Obrador's Democratic Revolution Party. When President Fox arrived at the congress, "leaders of his party told him it would be impossible for him to speak. He dropped off his yearly report, turned on his heel and left the building."

The Washington Post (9/2, A1, Roig-franzia, 748K) called the protests "a historic rebuke" and added that Fox "stood awkwardly in the chamber's foyer for nearly 10 minutes before conceding that he had no chance of entering."

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The Chamber of Deputies had been "ringed by riot fencing and was guarded by 6,000 police officers" because of "massive protests and chaos" in Mexico City.

The Washington Times/AP (9/2, Watson) reports the action of the opposition lawmakers "stok[ed] an already inflamed electoral crisis." The AP adds, "as surreal as the scene inside the Mexican Congress was, it wasn't unexpected" because "opposition lawmakers in Mexico have a growing tradition of interrupting" the state of the union address "with catcalls and hoisting signs with angry messages."

The Los Angeles Times (9/2, Tobar, Enriquez, 918K) called it "a bold protest that heightened the crisis surrounding Mexico's disputed presidential election." It is also described as "the first act of what could be a tumultuous month of protests led by supporters of leftist Andres Manuel Lopez Obrador, who is challenging [Felipe] Calderon's apparent victory." The Federal Electoral Tribunal "must declare a winner of the election by Wednesday. Fox is to step down Dec. 1."

Chavez Visits Castro As He Recovers. The CBS Evening News (9/1, story 10, 0:10, Mitchell, 7.66M) reported, " We have an update on Cuban president Fidel Castro tonight. He is said to be recovering well from intestinal surgery. That word from one of Castro's closest allies, Venezuelan president Hugo Chavez who visited Castro last night. Castro turned 80 last month. His younger brother has been running the Cuban government since late July."

NBC Nightly News (9/1, story 7, :30, Brown, 9.87M) reported, "Cuban officials say President Fidel Castro is recovering from the illness that sent him to surgery. And today the Cuban government released pictures of Castro with Venezuelan President Hugo. Chavez has visited Castro three times since he announced he had undergone surgery. The specific illness has been kept a state secret."

The Washington Post/AP (9/2, A24, Snow) reports, :Cuban leader Fidel Castro, looking notably better than he did when last seen almost three weeks ago, happily greeted Venezuelan President Hugo Chavez during a brief visit Friday aired on state television." Castro "appeared much more animated and alert on the video than in those made when Chavez made his first post-surgery visit, when "Castro was more lethargic and did not move his head from the pillow. And it was difficult to make out his words."

Kosovo Negotiations Complicated By Serbian Reaction To Remarks By UN Mediator. The New York Times (9/2, Wood, 1.21M) reports, "Talks on the future of Kosovo…appeared further complicated this week as their main mediator, the veteran Finnish politician Martti Ahtisaari, was accused by Serbs of bias against them." The accusations are reportedly based on Ahtisaari's "comments last month that Serbia needed to take into account the legacy of its late leader, Slobodan Milosevic, while negotiating Kosovo's final status." That was "interpreted by the Serbian negotiating team as a suggestion that the Serbian nation was guilty for crimes committed during the Milosevic era, despite statements to the contrary by Mr. Ahtisaari and United Nations officials." In response, "many senior Serbian politicians said the remarks attributed to Mr. Ahtisaari indicated that he favored independence for Kosovo."

Pope To Discuss Evolution With Former Students. The New York Times (9/2, Fisher, 1.21M) reports Pope Benedict XVI is continuing his long-established habit of meeting with former doctoral students "for a weekend of high-minded talk on a chosen topic." This year, "the topic on the table is evolution." And some are said to wonder whether that means the Pope "may join in earnest the emotional debate over evolution, intelligent design and all that might mean for politics and faith, especially in the United States?"

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

Father, Son and Holy Rift
Investigators Secretly Mined Munitz's Records
Pentagon Issues Grim Iraq Report
U.S. Test Missile Hits Mock Warhead
Palestinians Begin to Direct Blame Inward
Leftists Block Fox's Final State of the Nation Address

New York Times:

Iraqi Casualties Are Up Sharply, Study Finds
Iraqi Arabs See Unlikely Haven With Old Foes
At 2-Year Colleges, Students Eager but Unready
New Questions About Inquiry in C.I.A. Leak
Dragnet Widens as 2 Troopers Are Shot in Ambush
Boredom in the West Fuels Binge Drinking
Missile Defense System Intercepts Rocket in Test
Jobs and Wages Increased Modestly Last Month
Protest Keeps Fox From Giving State of the Union Speech
Japan's Likely Next Premier in Hawkish Stand

Washington Post:

Target Intercepted in Anti-Missile Test
Pentagon Cites Spike in Violence in Iraq
FBI Role in Terror Probe Questioned
Area Minorities' Political Clout on Rise
Candidates Seek Support Of Growing Ethnic Groups
Mexican Lawmakers Block Fox's Speech

DOJ_NMG_0057835

Washington Times:
U.S. test missile hits a Korean bull's-eye
Syria pledges to halt weapons
Opposition seizes Mexico's Congress
Van skids into children at Silver Spring bus stop

Atlanta Journal-Constitution:
Voter ID law back in force
Perdue invests close to home
Frat plans rile neighbors
Child left in car 8 hours dies
Family sues over Comair crash
Gas prices falling fast
Mom gets pix of missing son

Dallas Morning News:
Leftist lawmakers prevent Fox address
Dad accused of letting son, 10, take the wheel
Pa. city delays immigrant crackdown law
British TV to show film about fictional Bush assassination
U.S. interceptor missile blasts mock warhead in space
Recovered Munch masterpieces damaged but repairable

Houston Chronicle:
Protest keeps Fox from delivering address
Suspect charged in fatal carjacking of woman
Houston's red-light cameras make first busts
1975 Lee High class ring is top clue in cold case
2 Sugar Land men plead not guilty in girl's death
Evicted Lake Jackson bats may be making encore

Story Lineup From Last Night's Network News:
ABC: Ernesto flooding; Iraq Pentagon report; Progress in Iraq; Economic reports; NASA Space Travel; Missile defense test; Schwarzenegger greenhouse gases; Katrina anniversary; U.S. Open; Person of the week -- Billie Jean King.
CBS: Mid-Atlantic Flooding; FEMA Response Improvements; Pacific Hurricane; Jobs Report; Positive Economic News; Missile Defense Test Success; Israeli Military Questions; Iran Jet Crash; Vietnam Vets Iraq Recovery; Castro Health Improving; Administration Terrorist Monitoring; Corporate Internet Monitoring.
NBC: Ernesto, Hurricane John, Pentagon Report On Iraq, Iraq Analysis, Unemployment, Gas Prices, Castro And Chavez, Montana wildfires, Katrina Evacuees, Wheelchair activist

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH – At Camp David.
VICE PRESIDENT CHENEY -- No schedule available.

US Senate: -- No events scheduled.
US House: -- No events scheduled.
Other. ALL DAY

Sept. 1 - 3. AHMADIYA MUSLIMS _ The Ahmadiyya Muslim Community holds its 58th annual convention to discuss such topics as dispelling misconceptions about Jihad and reanalyzing the original teachings of Islam. Location: Dulles Expo Center, Chantilly, Va. Contacts: Mujeeb Ijaz, 703-991-1311

Sept. 2 - 5. HUMANE SOCIETY _ The Humane Society of the United States and other leading national animal advocacy groups hold their ``Taking Action for Animals Conference" to motivate, train and inspire animal advocates from around the country. Speakers include ``Mutts cartoonist Patrick McDonnell and Animal Liberation author Peter Singer with a special performance by musical artist Nellie McKay. Location: Renaissance Washington Hotel, 999 9th St. NW. Contacts: ., 202-452-1100

Sept. 2 - 5. 10 a.m. - 11 a.m. ANIMAL RIGHTS _ Taking Action for Animals holds a four-day animal rights conference. Speakers include ``Mutts cartoonist Patrick McDonnell and Animal Liberation author Peter Singer with a special performance by musical artist Nellie McKay. Location: Washington Renaissance Hotel, 999 9th St. NW. Contacts: ., 202-452-1100

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Attachments:	dojclips060902.pdf; dojclips060902.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: **THE ATTORNEY GENERAL AND SENIOR STAFF**

DATE: **SATURDAY, SEPTEMBER 2, 2006 7:45 AM EDT**

TODAY'S EDITION

Terrorism News:

Govt. Asks To Keep Eavesdropping Program (AP-Y) 5
Oregon Eavesdropping Case Could Expose U.S. Secrets (NEWHOUSE) 5
Bush Setting Up Next Terror Speech (AP-Y) 6
London Police Arrest 14 In Terror Raids (MINNST/AP) 7
Homegrown Terrorism On The Rise In U.K. (AP-Y) 7
Moroccan Terror Plot Foiled With 56 Arrests, Officials Say (NYT) 8
Analysis: Bush Struggles To Deliver (AP) 9
Five Years Later, We're Still Not Safe (MCT) 10
Why No New Attacks On The U.S.? (MCT) 14
Bin Laden Manhunt Still Drawing A Blank (AP-Y) 15
In Afghanistan, The Taliban And Al Qaida Resurge (MCT) ... 18
Bush To Visit All Three Sites Of 9/11 Attacks (NYT) 20
Some Still Struggle With Loss (MCT) 20
FBI Role In Terror Probe Questioned (WP) 21
Canadian Border Force To Be Armed (WP) 24
Put My Son On Trial -- Or Free Him (WP) 25

Homeland Response:

Heightened Airport Insecurity (WP) 26
Report Urges F.A.A. To Act Regarding False 9/11 Testimony (NYT) 28
No Intent To Mislead Panel Found In Aviation Officials' 9/11 Errors (WP) 28
Report: No Knowingly False Info By FAA (AP-Y) 29
2 U.S. Reports Seek To Counter Conspiracy Theories About 9/11 (NYT) 30
Sinclair Puts 9/11 Show In Late-Night Time Slots (WP) 32
South Florida Skirts Storm Damage But Still Seeks FEMA Aid (WP/AP) 33
Economic Report Buoys Big Easy (BRADV) 34
New Orleans Mayor Finds His Words Follow Him To New York (NYT) 35
As John Neared Mexico, Memories Of Juliet Recalled (NYT) 36
A Tamer Forecast For Storm Season (WP/AP) 37

War News:

Bush's Shift Of Tone On Iraq: The Grim Cost Of Losing (NYT) 37
In Verbal Chess, Who's Appeaser? (LAT) 38
Bush Turning Up The Rhetoric Once More To Rally GOP Troops (SDUT) 40
Democrats Plan To Force Vote On Rumsfeld (UPI/UPI) 41
Democrats Raise Rumsfeld Attacks To Put GOP On Defensive (CNN) 42
Democrats Cite Pentagon Report In War Criticism (CHIT) 42
Rumsfeld Reaches Out To Democrats (WP/AP) 44
Washington: Rumsfeld Writes To Democrats (NYT/AP) 44
LEONARD PITTS JR.: Don't Believe Rumsfeld's Fantasy (FREEP/KRT) 45
Iraqi Casualties Have Risen 51%, U.S. Study Finds (NYT) 45
Pentagon Cites Spike In Violence In Iraq (WP) 47
Pentagon Says Iraq Strife Has Worsened (FT) 48
Pentagon Issues Grim Iraq Report (LAT) 48
Pentagon Gives Gloomy Iraq Report (AP) 50
Pentagon Delivers Grim Report On Iraq (BSUN) 52
Pentagon: Cold-blooded Carnage Soaring In Iraq (CNN) 53
Pentagon Sees No Civil War In Iraq (WT) 54
Pentagon Reports An Increase In Factional Fighting In Iraq (MCT) 55
Iraqis Expand Baghdad Security Operation (AP) 56
Iraqi Troops To Move Into East Baghdad (LAT/AP) 58
Kurdistan President Replaces Iraqi Flag (AP) 58
Questions Echo Amid The Din Of Explosions (LAT) 58
Orphans In Iraq's Storm (WP) 60
The Spoils Of War (WP) 61
Iraqi Arabs See Unlikely Haven With Old Foes (NYT) 63
Truces Fueling Resurgence Of Taliban, Critics Say (MCT) . 65

NATO Gives Itself Six Months To Tame The Taliban (AFP-Y) ... 66
Nato Sets Deadline To Beat Taliban (FT) ... 67
British Soldier Dies In Afghanistan (WP/AP) ... 67
Report Says U.N. Official Directed Contracts To Indian Company (NYT/AP) ... 68

DOJ:

U.S. Attorney Max Wood Returns From His Mission To Foster Justice System In Iraq (MACT) ... 69
Sister Returns After Career With Department Of Justice (ETN) ... 70

Corporate Scandals:

'Embargoed List' Disclosed (RMN) ... 72
SEC Defends PCAOB Against Constitutional Challenge (DOW) ... 73

Criminal Law:

Bates Guilty; Faces Prison (DEN) ... 73
Bates Found Guilty Of Fraud (FREEP) ... 75
School Name May Change (DEN) ... 76
Alonzo Bates Gets Trouble He Deserves (FREEP) ... 76
New Questions About Inquiry In C.I.A. Leak (NYT) ... 77
Orange Beach's Russo, Pals Found Guilty (MR) ... 78
Former Orange Beach Mayor, Others Convicted Of Fraud (AP) ... 80
FBI Raids Alaska State Offices In Probe Of Oil-Field Firm VECO (WSJ) ... 81
Oil Industry-Lawmaker Link Is Focus Of An Alaskan Inquiry (NYT) ... 82
FBI Raids Offices Of 6 Alaska Legislators (WP/AP) ... 83
Graduation - Then Prison (NSDY) ... 84

Civil Law:

Cigarette Makers Fight For 'lights' (KCS) ... 85

Civil Rights:

Justice Department Sides With Religious Objector Over Union Dues (AP) ... 86
Racial Issues Studied At UMKC (KCS) ... 86
Feds And Landlords Settle Sex Harassment Cases (STPPP) 87
Judge Delays Parts Of Order Allowing All Felons To Vote (BN) ... 88
Few Overseas Soldiers Voted In State Runoff (AP) ... 88
Judge Voids Ohio's Change In Vote Drives (NYT/AP) ... 89
Fight Over Photo ID Resumes Election Board Decision Sends Issue Back To Court (AJC) ... 89

Antitrust:

FTC Fights Drug Makers' Payments To Generic Competitors (AP) ... 90
Blow Seen To Profit At Bristol (NYT) ... 91

Environment/Indian Affairs:

Judge Says Wildlife Refuge Hunts Illegal (AP-Y) ... 93
DOE Reorganization Raises Concerns About Worker Safety (MCT) ... 93
Opposition Dooms Sale Of Forest Land (LAT) ... 95
Neighbors Of Nation's Parks To Get More Say (MCT) ... 97
A Victory For The National Parks (NYT) ... 97
California Salmon Fishermen Angered By Lack Of Bailout (LAT) ... 98
Governor's Push To Expand Indian Casinos Fails In California (NYT) ... 99

FBI/DEA/ATF/USMS:

American Drug Policy (1 Letter) (NYT) ... 99
Op-Ed: Wrong Door (WSJ) ... 100
Memo Calls DEA Informant "homicidal Maniac" (WFAA-TV) 101

Immigration:

Backers Of Bush's Immigration Plan Face Long Odds (MCT) ... 102
4-Day Illinois March For Immigrant Rights Begins (LAT) ... 103
Pennsylvania Town Delays Enforcing Tough Immigration Law (NYT) ... 104
Pa. City Delays Immigrant Crackdown Law (AP) ... 104
Nation's Latino Leaders To Discuss Immigration, Other Issues In L.A. (LAT) ... 105
Immigration Politics' Endless Summer (LAT) ... 105

Tax:

Government Cites Tax Scheme In Suit (CCT) ... 106
Stabler Sued For Past Taxes (BN) ... 107
Feds Sue Former QB Ken Stabler Over Unpaid Taxes (AP) 107
IRS Fraudulent Refunds An Estimated $318M (AP-Y) ... 108
Software Delay Said To Cost IRS $318 Million In Overpaid Refunds (WP/AP) ... 109
For Workers Sent Abroad, A Tax Jolt (NYT) ... 109

Congress-Administration:

Target Intercepted In Anti-Missile Test (WP) ... 111
Missile Defense System Intercepts Rocket In Test (NYT) ... 112
Test Of Missile-Defense Shield Validates System, Says Pentagon (WSJ) ... 113
U.S. Test Missile Hits A Korean Bull's-eye (WT) ... 114
U.S. Missile Hits Target In Test (AP) ... 115

DOJ_NMG_0057839

U.S. Says Missile Defense Has Successful Intercept (Update4) (BLOOM) 116
General: Missile Intercept 'Huge' Step (UPI) 118
BMD Focus: Why Rumsfeld Doubts His GBIs (UPI) 118
Policy (WSJ) 120
Bush Faces Struggle In Trade Politics (LAT/AP) 120
Grappling Over Minimum Wage Builds As Republicans Disagree (WSJ) 122
The Laptop Scandal (AFMAG) 123
Tumult Among NASA Advisers (NYT) 126
Much Ado About Reading (NYT) 126
A License For Safer Drugs (WP) 127

Other News:

Jobs And Wages Increased Modestly Last Month (NYT) 129
Job, Manufacturing Data Confirm Slower Growth (WSJ) 131
Jobless Rate Fell Slightly In August (WP) 132
Property Decline Offsets US Jobless Fall (FT) 133
Growing Economy Adds 128,000 Jobs (LAT) 133
August U.S. Payrolls Rise 128,000; Jobless Rate Falls (Update5) (BLOOM) 134
U.S. Unemployment Rate Slides In August (AP-Y) 136
It's Their Holiday, But Wage Earners Aren't Happy (NYT) 137
Labor Day: A Report Card For American Workers (WSJ) 138
Incomes And Politics (WSJ) 139
The Odd Recovery: Unemployment Is Low And So Is Employment (NYT) 141
The Lowdown On The Slowdown (NYT) 141
Jobs Data Is Welcomed With A Rally (NYT) 142
Dow Climbs 83 Points, Capping A Good Week (WSJ) 143
U.S. Stocks Rise On Employment, Wage Growth Data; GM Advances (BLOOM) 143
A Swoon In Autumn, With Asterisks (NYT) 145
MarketWatch / Weekend Investor Stocks' September Could Be Strong, Judging By History (WSJ) 146
Gasoline Prices Fall, Signaling Possible Easing Of Inflation Pressure (WSJ) 147
Gasoline In U.S. May Fall On Slow Hurricane Season (BLOOM) 148
Experts: Big Drop In Gas Prices Unlikely (AP-Y) 150
Bernanke Revisits Roots In Small S.C. Town (WT/AP) 151
Nevada Democrats Beam In New Spotlight (BOS) 152
Can Recast Clinton Play To Nation? (LAT) 154
Talent Spending Seems To Have Paid Off (SLPD) 155
PACs Fuel A Battle Of Bucks (KCS) 156
Santorum Seeking Support From Women (PPG) 158
Kennedy, Klobuchar Come Out Swinging In Debate (MINNST) 158
GOP Senate Challenger's Arrest Detailed (LAT/AP) 159
War Veterans Lend Support To Lieberman In TV Ads (NYT) 160
Politics (WSJ) 160
Not All Ethics Clouds Darken Election Day (LAT) 161
Special Election Draws 5 For DeLay Seat (AP-Y) 163
Each Candidate Claims The Advantage In A Fierce 4-Way Congressional Race In Brooklyn (NYT) 163
Judge Denies Bid For New Nev. Primary (AP-Y) 165
Wetterling Aims Tax Plan At Middle Class (MINNST) 165
Hammering At Spitzer, But With Nary A Dent To Show (NYT) 166
Spitzer Makes An Appeal For Reform (NYT) 167
Ehrlich Easily Tops O'Malley In Funds (WP) 167
Area Minorities Try To Expand Political Power, Involvement (WP) 168
Left And Christian Right Take Lumps In Poll (LAT) 171
Assisted Living: New Obstacles (WSJ) 172
Hundreds More AP Test Scores Reported Missing (WP) 174
At 2-Year Colleges, Students Eager But Unready (NYT) 175
Clarification Issued On Stem Cell Work (NYT) 178
Pittsburgh Mayor Bob O'Connor Dies At 61 (AP-Y) 178
Can This Party Be Saved? (NYT) 179
Russia Hints It Won't Back Any Penalties Against Iran (NYT) 180
Plane Landing In Northeastern Iran Catches Fire, Killing 29 (NYT) 181
U.S. Wants Iran To Release Activists (AP) 182
U.S. Accuses Iran Of Holding Activists (LAT) 182
An Undemocratic Iran Is Dangerous . . . (WSJ) 182
Reading The Holocaust Cartoons In Tehran (NYT) 183
Mr. Bush's Nuclear Legacy (NYT) 184
AP: U.S. Envoy To Inspect N. Korea Complex (AP-Y) 185
Syria Agrees To Lebanon Arms Embargo (NYT) 186
Annan Wins Syrian Support On Lebanon (FT) 187
Syria Promises To Enforce Arms Embargo (AP) 188
Annan Seen As Pivot In Peace Process (FT) 190
Annan Says Syria Ready For Lebanon Ties (AP) 191
Syria Pledges To Halt Weapons (WT/AP) 191
Italian Troops Arrive In Lebanon (AP) 192
Indonesia To Send Soldiers For U.N.'s Force In Lebanon (NYT) 193
Israeli Defense Chief Agrees To Independent Inquiry Into Lebanon War (NYT) 194
Olmert, Israeli Defense Minister Clash Over War Inquiry (LAT) 196

DOJ_NMG_0057840

U.N. Names Panelists To Probe Israel's War Conduct (LAT/AP) 197
Palestinians Begin To Direct Blame Inward (LAT) 197
$500 Million Pledged For Palestinian Aid (WT/AP) 199
U.S. Makes A Push For U.N. Action On Burma (WP) 200
US Pushing To Have Myanmar Issue Put On Formal Security Council Agenda (AFP-Y) 200
U.N. Accuses Official Of Corruption (AP-Y) 201
Sudan Gov't Launches Darfur Offensive (AP-Y) 202
Head Of VOA Agency Defends His Record (WT/AP) 203
No Exit Date From Blair, Who Tells Critics To Stop 'Obsessing' (NYT) 204
Blair Sparks Backlash Over Departure Date (FT) 205
Data Highlight Eurozone Turnround (FT) 206
Japan's Likely Next Premier In Hawkish Stand (NYT) 206
I.M.F. Board Supports Giving China And 3 Others Bigger Voices On Policy (NYT) 208
Protest Keeps Fox From Giving State Of The Union Speech (NYT) 208
Mexican Lawmakers Block Fox's Speech (WP) 209
Opposition Seizes Mexico's Congress (AP) 209
Leftists Block Fox's Final State Of The Nation Address (LAT) 209
Castro Shows Marked Recovery During Meeting With ChÃ¡vez (WP/AP) 210
Serbs Criticize U.N. Mediator, Further Bogging Down Kosovo Talks (NYT) 210
Professor-Turned-Pope Leads A Seminar On Evolution (NYT) 211

DOJ_NMG_0057841

TERRORISM NEWS:

Govt. Asks To Keep Eavesdropping Program (AP-Y)

By Katherine Shrader, Associated Press Writer

AP, September 2, 2006

The Bush administration on Friday asked a federal judge to delay enforcing her order for a halt to the government's warrantless communications surveillance program.

The Justice Department argued that ending the intelligence-gathering program threatens "the gravest of harms to the government and to the American public" and leaves the country "more vulnerable to terrorist attack."

"We respectfully submit that this court should not override the national security judgment of the president and the nation's senior intelligence officers regarding the harm that would result" from the program's suspension, the government lawyers argued in a motion filed with the court.

U.S. District Judge Anna Diggs Taylor ruled last month in Detroit that the National Security Agency's warrantless surveillance program is unconstitutional and ordered that it be halted.

The Justice Department appealed Taylor's decision to the Cincinnati-based 6th U.S. Circuit Court of Appeals.

The American Civil Liberties Union, which brought the suit along with 11 other parties, will oppose a stay, but agreed to delay enforcement of the injunction until Taylor hears arguments Sept. 7.

"Every time the NSA engages in warrantless wiretapping, they are violating the law and the United States Constitution," ACLU attorney Melissa Goodman said.

The controversial program allows the NSA to monitor communications into and out of the United States when links to al-Qaida are suspected. Breaking with historic norms, President Bush allowed the NSA to conduct the surveillance without first getting court approval.

In its latest filing, the Justice Department argued that Taylor's verdict is overly broad because it calls for an end to the program entirely, not just with respect to the ACLU and the suit's other plaintiffs.

The government lawyers also argued that the judge's decision is flawed because classified facts needed to evaluate the case are protected under the so-called "state secrets" privilege.

Oregon Eavesdropping Case Could Expose U.S. Secrets (NEWHOUSE)

By Ashbel S. Green, Newhouse News Service

Newhouse News Service, September 2, 2006

Justice Department claims release of classified document will bring 'grave damage'

PORTLAND, Ore. -- An Oregon lawsuit with profound national security significance hinges on a single document.

A defunct Oregon charity that distributed Islamic literature to prison inmates claims it was the subject of an illegal federal eavesdropping program. But the only way it can prove its case is with a top-secret document held under lock and key.

U.S. Justice Department lawyers say the document is too sensitive; it contains information that -- if revealed -- would cause "exceptionally grave damage" to U.S. attempts to prevent future terrorist attacks. They say that even allowing a lawsuit to go forward would reveal state secrets.

The task of tiptoeing around the document falls to U.S. District Judge Garr M. King, a Portland-based federal judge.

During a hearing this week, King repeatedly pushed lawyers for both sides to consider ways to protect the document and national security while allowing the lawsuit to proceed.

King, who intends to rule next week, said it was "appropriate and necessary" to evaluate the specifics of the case and not be afraid to come up with creative solutions -- if possible -- to allow it to go forward.

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"It seems to me the case law here instructs the courts to be original," he said.

A handful of lawsuits around the country have challenged the National Security Agency's warrantless eavesdropping program since the New York Times revealed it late last year.

A federal judge in Michigan ruled in August that the program was unconstitutional and ordered its immediate halt. President Bush criticized the ruling and promised to appeal.

A federal judge in San Francisco previously had refused to dismiss a lawsuit against the eavesdropping program, but did not rule on its legality.

The Oregon case, filed by the Al-Haramain Islamic Foundation, is unique because it is the only one that involves a classified document that attorneys claim proves illegal eavesdropping on U.S. citizens.

Treasury officials in 2004 designated Al-Haramain a global terrorist organization, accusing it of sending money to Islamic fighters in Chechnya. During the investigation of the charity, Treasury officials inadvertently turned over to Al-Haramain's lawyers a classified document.

The document, according to court papers, is a log of intercepted phone calls between an Al-Haramain official in Saudi Arabia and the charity's American lawyers in the United States.

Earlier this year, lawyers for Al-Haramain sued, claiming the eavesdropping violated the Foreign Intelligence Surveillance Act, which generally prohibits wiretaps of phone calls on U.S. soil without a warrant. The lawyers also submitted under seal a copy of a document that they claim is evidence of the wiretapping program.

Justice Department lawyers responded by demanding that the classified document be put in a secure facility and that Al-Haramain lawyers be denied access to it.

In addition, Justice Department lawyers asserted what's called the "state secrets privilege," a legal silver bullet that for the last 50 years has usually meant the end of a case. Courts have generally held that if a lawsuit might reveal state secrets, it must be dismissed.

A hearing on Tuesday involved access to the document, the state secrets privilege, and whether federal authorities would be forced to answer more questions about the program.

In addition, an attorney for the Oregonian newspaper here argued that King should make public the classified document because of public interest.

Early in the hearing, Justice Department lawyers came out blazing.

Andrew H. Tannenbaum said Al-Haramain was directly tied to al Qaeda leader Osama bin Laden. He said the organization was using the lawsuit to obtain information about a top-secret terrorist-surveillance program.

"The litigation of the case would cause great harm to national security," Tannenbaum said.

Though Al-Haramain attorneys had seen the document central to the case, Tannenbaum said that it was still classified and by law must not be released back to them.

Tannenbaum also argued that the government cannot even respond to the lawsuit's allegations without helping out enemies of the country.

"There is a risk in just proceeding," he said. "The case must be dismissed."

Jon Eisenberg, an Oakland, Ore., attorney representing Al-Haramain, argued that King should not dismiss based on state secrets because federal officials already have confirmed the existence and basic structure of the program.

"It's called the state secrets privilege for a reason," Eisenberg said. "It applies to secrets."

Steven Goldberg, a Portland-based attorney for Al-Haramain, said Congress had specifically outlawed the type of wiretapping program that Bush and other federal officials have acknowledged. In addition, Congress gave the subjects of illegal wiretapping the right to sue for damages.

Bush Setting Up Next Terror Speech (AP-Y)

AP, September 2, 2006

The White House is bringing representatives from countries that have suffered terrorist attacks to populate the audience at President Bush's next war-on-terror speech, to emphasize the global nature of the enemy.

DOJ_NMG_0057843

Bush often ticks off a list of attacks from recent years, such as those in London, Madrid, Indonesia, Saudi Arabia and Jordan, to demonstrate that the world should be united against Islamic militants who share a purpose if not a common network.

In a speech Thursday that launched a new offensive to build support for the Iraq war and for Republicans in the fall elections, Bush said various factions of terrorists belong under the same umbrella, even though many terrorism experts do not agree.

The president included under that large tent Sunnis who swear allegiance to al-Qaida, Shiites who support groups such as Hezbollah, and so-called "homegrown" terrorists with more local grievances.

Speaking before an American Legion convention in Salt Lake City, Bush said the global war against these terrorists — whom he said share "the rigid conviction that free societies are a threat to their twisted view of Islam" — is today's successor to last century's fights against Nazism, fascism and communism.

On Tuesday, the president plans to expand on this description of the enemy, said White House spokeswoman Dana Perino. The speech is being delivered to the Military Officers Association of America. Members of the diplomatic corps, all representatives of countries that have been attacked, will also be there, she said.

Bush will describe how Islamic militants think, what they have said about their aims and why the world should take them seriously, Perino said.

The speech is to be the second in Bush's latest round of addresses on Iraq and the war on terror. This round is to culminate in remarks on Sept. 19 before the U.N. General Assembly in New York.

Other speeches are expected to focus on successes and setbacks in the war on terror and on the Bush administration's strategy to win.

London Police Arrest 14 In Terror Raids (MINNST/AP)

Associated Press

Minneapolis Star Tribune, September 2, 2006

LONDON — Police have arrested 14 people in anti-terrorism raids, saying Saturday they suspected the men were involved in training and recruiting for terror.

The arrests in London late Friday and early Saturday were not linked to the alleged plot to bomb trans-Atlantic airliners or to the July 2005 bomb attacks on London's transport network, the capital's Metropolitan Police said. They declined to give details of what the suspects were believed to have done.

The raids followed months of surveillance and investigation, police said.

The 14 people, arrested on suspicion of the commission, preparation or instigation of acts of terrorism were being held in central London, police said. Officers were searching an unspecified number of homes around the capital, they added.

One of the raids took place at a south London restaurant packed with diners shortly after 10 p.m. Friday, the British Broadcasting Corp. said.

Homegrown Terrorism On The Rise In U.K. (AP-Y)

By David Stringer, Associated Press Writer

AP, September 2, 2006

Britain's top counterterrorism detective warned the threat from homegrown terrorism is increasing, and said police were trying to track thousands of Britons suspected of planning, financing or encouraging attacks.

Peter Clarke, head of the Metropolitan Police anti-terrorist squad, told the British Broadcasting Corp. officers had seen an enormous rise in the number of people inside Britain who needed to be tracked and monitored since the Sept. 11, 2001, attacks on the United States. A transcript of the interview was released Friday.

Clarke said police and intelligence agents were carrying out an unprecedented level of operations in Britain.

"What we've learned since 9/11 is that the threat is not something that's simply coming from overseas into the United Kingdom," Clarke said in the recorded interview for the BBC program "Al-Qaida — Time to Talk?"

"What we've learned, and what we've seen all too graphically and all too murderously is that we have a threat which is being generated here within the United Kingdom," he said.

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Clarke declined to reveal the precise number of suspected terrorists operating in Britain.

"All I can say is that our knowledge is increasing and ... the numbers of people who we have to be interested in are into the thousands," he told the program to be broadcast Sept. 3.

According to a report by lawmakers published in May, Britain's MI5 domestic intelligence service in 2001 was tracking around 250 suspected terrorists. But by July 2004, it had 500 so-called primary investigative targets.

The report, by the Intelligence and Security Committee, said that by 2005, the number had risen to 800.

On Thursday, senior counterterrorism officials from across Europe met in London to discuss the threat of homegrown extremists and were briefed on details of the investigation into the alleged plot to down trans-Atlantic airliners with liquid explosives, MI5 said in a statement released Friday.

Similar meetings were held after the 2004 Madrid train bombings and the attacks on London's transport network last July.

Investigators probing the alleged plot arrested 25 people in raids on Aug. 9-10. A total of 15 people have been charged with offenses, five remain in custody without charge and five have been released.

Officials at the London meeting also reviewed "the longer-term implications of the threat posed by this particular modus operandi of attack," the MI5 statement said of the alleged plan to use liquid explosives that were apparently to be smuggled on board aircraft in hand luggage.

Moroccan Terror Plot Foiled With 56 Arrests, Officials Say (NYT)

By Craig S. Smith

The New York Times, September 2, 2006

PARIS, Sept. 1 — The Moroccan police have arrested 56 suspected members of a terrorist network as part of a monthlong antiterror sweep, the country's official news agency reported on Thursday.

The suspects, associated with a Muslim group calling itself Ansar al-Mahdi, are accused of plotting terrorist attacks in the North African kingdom, the official MAP news agency said. Moroccan officials could not be reached for comment on Friday.

The group was planning to "announce a holy war in the mountains of North Morocco, attack sensitive targets, foreign interests and well-known Moroccans because they represent the state or for moral reasons," the news agency quoted the interior minister, Chakib Benmoussa, as saying.

Morocco, a moderate Islamic country, has been battling a radical Islamic movement that inspired deadly suicide bombings in Casablanca in 2003. The fundamentalist Islamic trend has continued to grow among the largely disenfranchised youth of Morocco's poorest quarters despite antiterrorist crackdowns.

Mr. Benmoussa told a parliamentary commission last week that the Ansar al-Mahdi group had amassed "material to manufacture far more explosives" than those used during the 2003 bombings, according to a MAP report of the meeting.

Local news reports have also said that the group planned to kidnap Moroccan politicians, including at least two ministers and several legislators.

Four women were among those arrested, including the wives of two pilots for the national airline, Royal Air Maroc, according to Mr. Benmoussa. One of the women had had contacts with the wife of a slain member of Al Qaeda from Morocco who was accused of helping plan the 2004 Madrid train bombings, the ministry said.

Those arrested also included at least five former soldiers with training in the use of explosives. Mr. Benmoussa told the parliamentary commission that while the recruitment of members of the military and security services was a new element, the number of the members recruited was very limited and involved isolated and marginal cases. He said one of the men recruited belonged to a military music unit and another to a department that serviced vehicles.

After the Casablanca bombings, the Moroccan authorities arrested thousands of Islamists and claimed to have uncovered dozens of terrorist cells, some linked to Al Qaeda.

Among those sent to jail was Hassan el-Khattab, also known as Abu Osama, who was released last year after serving two years. The Interior Ministry describes him as the leader of the terrorist group. He was among about 50 people arrested when the current crackdown began in late July.

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The Interior Ministry said Mr. Khattab had operated a training camp for would-be terrorists in the country's northern mountains and he had carried out tests of cellphone detonators in a forest near Rabat.

The police have seized explosives, laboratory materials and propaganda leaflets during recent raids on the group, the ministry said.

Analysis: Bush Struggles To Deliver (AP)

By Tom Raum

AP, September 2, 2006

As the fifth anniversary of the Sept. 11 terror attacks nears, President Bush is finding it increasingly hard to make good on foreign-policy promises or threats. The biggest source of his frustration is the "axis of evil" — Iran, North Korea and Iraq — that he warned four years ago imperiled world peace.

Bush faces a daunting number of simultaneous international crises as he tries to shore up flagging support at home for the Iraq war and roll back nuclear programs in Iran and North Korea.

Sectarian violence remains rampant in Iraq, suicide attacks are increasing in Afghanistan and a truce in southern Lebanon between Israel and Hezbollah guerrillas is wobbly. Iran and North Korea ignore his insistence that they must not have nuclear weapons. Syria turns a deaf ear to U.S. demands that it stop supporting terrorism.

A U.N. Security Council deadline came and went on Thursday for Iran to stop uranium enrichment, yet veto-wielding Russia and China are resisting Bush's call for stiff sanctions. Likewise, six-nation talks to restrict North Korea's nuclear program have been stalled for months.

Some analysts suggest Bush has overreached, or set the bar impossibly high, laying out goals he cannot achieve — while not acknowledging blunders.

"Spreading democracy, eradicating terrorism, ending Iran's nuclear potential. Those are huge goals. When one makes an assessment and sees that none of these is closer to being achieved, it becomes a real problem for America's credibility," said Shibley Telhami, a Mideast scholar at the University of Maryland.

Bush asserted earlier this summer, "You know, the problem with diplomacy: It takes a while to get something done. If you're acting alone, you can move quickly." Ever since, diplomacy has only gotten harder.

The president has embarked on a series of speeches bracketing Sept. 11 and leading up to an address to the U.N. General Assembly later this month.

Likening the war against terrorism to struggles against World War II and Cold War foes, Bush told an American Legion convention on Thursday: "It is the decisive ideological struggle of the 21st century." He makes another speech in the series on Tuesday in Washington, D.C.

It's the administration's third public relations offensive in less than a year to try to rally support for the war.

Violence persists in Iraq as U.S. public opinion turns increasingly against the war, a big liability for Republicans on the ballot in November. More than 2,600 members of the U.S. military have died since the war began in March 2003.

Fully one-third of Americans think the terrorists may be winning the war, an AP-Ipsos poll suggested this week. It showed that Iraq worries have spilled over into the broader campaign against terrorists who directly target the United States. Half in the poll questioned whether the costs of the anti-terror campaign are too great, and even more admit that thought has crossed their mind.

While Bush has declared a nuclear Iran "unacceptable" and has threatened sanctions, administration officials are already talking about a potential backup plan if the Security Council doesn't go along: assembling a separate coalition of countries willing to slap economic sanctions on Iran.

"There are just contradictions between goals and objectives and the reality of contemporary politics," said Stephen Wayne, a Georgetown University political scientist. "The fact of the matter is that Iran and North Korea having nuclear weapons is unacceptable. But that doesn't mean we're going to be able to do anything about it."

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Meanwhile, in Afghanistan, the Taliban have increased suicide attacks, borrowing tactics from militants in Iraq. The escalation in the Taliban insurgency has stoked bitter fighting. More than 1,600 people, mostly militants, have died across Afghanistan in the past four months.

Bush jettisoned the go-it-alone bravado of his first term. But he is finding that working more cooperatively with European and other allies has not been particularly rewarding. And it's angered some hardline conservatives in his own party.

"The State Department has succeeded in the past year in making the Bush administration more Euro-friendly and U.N.-attentive than ever," wrote Bill Kristol, who worked in the first Bush White House and is now editor of the conservative Weekly Standard. "For this, the president has reaped no political benefit at home — and the dangers continue to mount abroad."

Nearly all two-term presidents have trouble advancing their agendas in their second terms. Bush also has failed to get key domestic initiatives through the GOP-led Congress, including Social Security overhaul and revamping immigration laws.

"What I see is a problem many administrations have, which is an unwillingness to acknowledge mistakes for fear that your political rivals will seize on them," said Jon Alterman, an analyst with the Center for Strategic and International Studies.

"The problem is, you find yourself backed into a corner supporting strategies that don't work," Alterman said.

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Tom Raum has covered Washington for The Associated Press since 1973, including five presidencies.

Five Years Later, We're Still Not Safe (MCT)

By Greg Gordon, Marisa Taylor And Ron Hutcheson

McClatchy Newspapers, September 2, 2006

WASHINGTON — In the five years since terrorists flew hijacked airliners into the World Trade Center and the Pentagon, Americans have accepted inconvenience, sacrificed personal liberties and paid billions of dollars for a security clampdown that touches virtually every aspect of their lives.

And we're still not safe.

A close examination of the federal government's homeland security effort shows that there have been major accomplishments since the attacks on Sept. 11, 2001. But it also reveals how vulnerable the nation remains to catastrophe.

Federal officials and security experts directly involved in the cat-and-mouse game with terrorists have realized that the nation faces more threats than the government can ever combat. The result is a deadly guessing game on a global scale, with security officials often one step behind the terrorists.

"We can't cover every conceivable target against every conceivable attack at every waking moment," said Bruce Hoffman, a Georgetown University professor in security studies. "You strengthen one set of targets, they'll shift to another."

Protect against box cutters, and the terrorists try shoe bombs. Protect against shoe bombs, and the terrorists try liquid explosives. Protect airliners, and the terrorists blow up buses and trains. The list of possibilities is endless, but the government's resources aren't.

The nation has spent more than $280 billion on the domestic side of the war on terrorism over the past five years to hire thousands more FBI and Border Patrol agents and buy high-tech devices to secure the nation's planes, trains, ports, nuclear reactors and other potential targets. U.S. military operations in Iraq and Afghanistan have cost $400-plus billion more.

It's a commitment that far exceeds the post-World War II Marshall Plan to rebuild Western Europe, but it's not nearly enough to close off every possible line of attack. Some experts say part of the money has been wasted on efforts to combat nonexistent or highly unlikely threats, while other, more pressing risks, were ignored.

In the frenzied attempt to patch holes in the nation's defenses, government agencies seemed to buy a device for everything: from computerized fingerprinting systems to trace explosives detectors to full body scanners to sensors that pick up deadly germs and radiation. Some of it works as advertised; some of it doesn't.

"The problem with much of this technology is that it's valuable only if you guess the plot," said Bruce Schneier, author of "Beyond Fear: Thinking Sensibly About Security in an Uncertain World." "We could sit here and come up with millions of identifiable risks. If we had infinite money we could address everything. But we have finite money and we should pick and choose carefully."

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Independent security experts say the government should sharpen its priorities and adopt a long-term strategy that reflects a deeper understanding of the enemy.

Federal officials take pride in the fact that the United States has avoided a major terrorist attack since Sept. 11, but they're under no illusions that it couldn't happen again.

"I don't think there's any agency that exists that's going to be able to stop every single plan every single time," Assistant FBI Director John Miller said.

Americans are safer than they were five years ago. But any accounting of the government's performance shows missteps and gaps along with the successes.

AVERTING ARMAGEDDON

Some counterterrorism experts think it's only a matter of time before terrorists unleash weapons of mass destruction on an American city.

With so much radioactive material available worldwide, some of it is bound to fall into terrorists' hands, said retired Air Force Gen. Eugene Habiger, the former commander of U.S. nuclear forces and the former head of nuclear security at the Energy Department.

Gaps in port security could allow terrorists to smuggle a nuclear weapon into the country. Or they could assemble a "dirty bomb" by using a conventional explosive to spew radioactive material.

The government has done little to prepare for the possibility of a radioactive event.

While the Centers for Disease Control and Prevention has spent billions of dollars stockpiling medicines to treat anthrax, smallpox and nerve-gas victims, it's failed to buy experimental drugs that could help hundreds of thousands of potential victims of acute radiation exposure.

The Homeland Security Department is working on a contract for anti-radiation drugs, but only for enough medicine to treat 100,000 people.

Former Homeland Security Secretary Tom Ridge harbors deeper worries: that terrorists will genetically engineer a germ "that is communicable for which we have no antidote and nothing to diagnose."

Lee Hamilton, who co-chaired the Sept. 11 commission, agreed that "several highly talented scientists with reasonable access to sophisticated (laboratory) equipment could bring down a city or a large swath of America."

Some experts advocate funding state-of-the-art laboratories that could seek antidotes to new germs within days of their appearance. For now, though, most of the government's efforts are focused on known threats.

Detectors scattered around New York, Washington, Chicago, Minneapolis and dozens of other cities sample the air for anthrax, smallpox and other deadly germs invisible to the naked eye. Biological and radiation detectors are also deployed during the Super Bowl and other major public events.

The Homeland Security Department is spending at least $1.1 billion on a new generation of radiation detectors that are scheduled to be in the nation's ports by year's end. Secretary Michael Chertoff said they would be used to inspect nearly 90 percent of the cargo entering the country by sea.

Terrorists, however, have other ways to wreak havoc, including using low-tech methods to defeat high-tech detectors. Rather than trying to smuggle germs past sniffers, for example, terrorists could smuggle infected people into crowded arenas or mass transit systems as a new form of suicide bombers.

Working with state officials, Homeland Security has developed a list of 77,000 potential terrorist targets, including 1,100 nuclear-power facilities, chemical plants, national monuments and other vulnerable sites.

But a recent internal audit said the agency had failed to conduct risk assessments on many of the 77,000 sites. The result is a security patchwork. Some sites are far more secure than they were five years ago; others remain open to attack.

CLOSING SECURITY GAPS

Gun-toting National Guard troops no longer patrol the nation's airports, but other changes have greatly reduced the risk of a replay of the Sept. 11 attacks. Still, the alleged London bomb plot, which called for using liquid explosives to blow up U.S.-bound jetliners, suggests that Islamic terrorists remain determined to seize or destroy commercial planes.

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"They will adapt to try to get around whatever systems we have in place," said Kip Hawley, the head of the Transportation Security Administration.

While Hawley said airline security is "geometrically better than it was five years ago," progress has come in fits and starts - and at a big price.

Annual spending on air safety has nearly quadrupled since 2001, to about $6 billion, in part because the government now deploys a 43,000-member federal force to screen passengers.

But critics say the aviation-security system tends to fixate on the last terrorist plot while overlooking other potential terrorist tactics.

"We're still struggling to keep up with the terrorists," Georgetown's Hoffman said. "It's not just the spending of the money. It's how it's spent and the effect, and how good we are in anticipating and blocking terrorist threats."

U.S. officials have known for years that terrorists could mix easy-to-obtain liquids into an explosive cocktail on an aircraft. Hamilton called the U.S. government's lack of urgency to do anything about it until British authorities uncovered the London plot "extremely disturbing."

On the other hand, some measures adopted in haste were soon rendered inadequate by technological advances. Luggage-screening systems that were installed at major airports across the country after Sept. 11 are already being replaced by new, more efficient equipment.

Some security experts say the government isn't doing enough to guard against the possible use of shoulder-fired, heat-seeking missiles against passenger jets.

At least two dozen terrorist groups are known to possess shoulder-fired missiles, and a government report this summer concluded that it would take at least 20 years to develop and install laser-based electronic countermeasures on passenger aircraft.

"Obviously, there've been improvements in security," Hoffman said. "But the question is, are they enough?"

Efforts to improve border security have been equally challenging, partly because 1.2 million people enter and leave the country each day. The government hired 2,263 more Border Patrol agents, nearly tripled the number of agents on the northern border and deployed video surveillance cameras and other electronic equipment to monitor remote areas. The equipment has limitations, however, and illegal immigrants can still find their way around agents.

Investigators from the Government Accountability Office were able to cross both the northern and southern borders repeatedly with fake documents and radioactive materials. At one border checkpoint, the investigators posed as employees of a fictitious company and entered the United States with enough radioactive material in the trunks of their vehicles to make two dirty bombs.

"If you want to smuggle a nuclear weapon into the country, just wrap it in a bale of marijuana," Frank Cilluffo, former special assistant to President Bush on domestic security matters, said half-jokingly. "The truth is, we still have a very porous border."

Federal officials say they have to be careful not to impose measures that might not be effective - or even worse could hurt the economies of border states.

"There are a lot of zealots out there who want us to go ahead and basically close our borders to ensure 100 percent security," said Jayson Ahern, who oversees the nation's 322 ports for Customs and Border Patrol. "We have to make sure as we implement security measures that we're not stifling legitimate travel and trade."

Other security gaps increase the risk that terrorists could slip into the country legally, then overstay their visas.

The Homeland Security Department spent more than $900 million on a database tracking system that electronically records the arrival of about 1.5 million airline passengers and other foreign guests each month.

At least 1,300 criminals and one suspected terrorist have been denied entry. But only a small fraction of foreign visitors have to check out through the system when they leave the country, so the government doesn't know how many have illegally overstayed their visas.

CATCHING AND PROSECUTING TERRORIST SUSPECTS

The FBI and other federal law enforcement agencies have made pursuing terrorists their top priority since Sept. 11, and they've had some notable successes as well as some embarrassing mistakes.

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Federal officials say they've disrupted at least 10 terrorist plots since Sept. 11 and played a role in the recent arrests in London.

"We know a lot about a lot of people here in the United States and overseas," said John Pistole, the FBI's No. 2 official. "Our concern, of course, is in those gaps in intelligence."

More than 260 defendants have been convicted of terrorism-related charges in the United States, and trials are pending for 150 more.

Charges have been dismissed against eight defendants, and four defendants were deported after charges were dropped, according to Justice Department estimates released in June. The Justice Department didn't report how many defendants were acquitted.

But critics contend that the domestic law enforcement agencies' record is marred by inflated claims, mistaken arrests and botched prosecutions.

"What they've been able to find is people who are loosely talking about doing damage to the United States and, self-evidently, neither have the resources nor the intelligence nor the money to carry these plots out," said Michael Greenberger, a former Clinton administration counterterrorism official.

Others say prosecutors have risked losing out on key evidence by swooping in too early and have snared too many innocent people.

In Detroit, the government dropped charges against members of an alleged "sleeper cell" after discovering that a prosecutor failed to reveal evidence that might have proved their innocence.

In Oregon, FBI agents held lawyer Brandon Mayfield for almost three weeks in 2004, then admitted that a faulty fingerprint analysis had fed their mistaken suspicions that he was linked to the Madrid train bombings.

In Idaho, a federal jury acquitted computer science graduate student Sami Omar Al-Hussayen of charges that he aided terrorists by helping design a Web site for an Islamic nonprofit organization.

When terrorism-related charges couldn't be supported, prosecutors aggressively pursued other criminal charges against suspects, such as for immigration and identity theft violations.

Pistole said the FBI now uses "whatever lawful tools we have" to disrupt a suspected terror plot - whether the charges appear minor or not. "As long as we have disrupted whatever the plot may be."

The Treasury Department, for instance, says it has blocked more than 1,600 terrorist-related bank accounts and transactions, and prevented more than 40 charities with alleged al-Qaida ties to gain access to America's financial system.

Gathering good intelligence from close-knit terrorist cells remains a major challenge, but government officials say the CIA is doing a much better job of penetrating terrorist operations overseas.

Frances Fragos Townsend, the top White House counterterrorism adviser, said she's been "incredibly impressed with both the quality and depth" of the CIA's human intelligence, especially in the last year.

The FBI has more than doubled both its number of intelligence analysts, to 2,161, and the number of special agents devoted to counterterrorism and intelligence gathering, to 4,634.

The bureau also has improved its computer capability, despite a major setback when technical problems led to the scuttling of a new $170 million virtual case file system, said Pistole. The bureau has compiled more than 650 million records into a database known as the Investigative Data Warehouse, which cross-indexes information with the databases of a dozen or more federal agencies.

"There would be a much greater probability that somebody would say, `Wait a minute - some Middle Eastern males wanting to take flight lessons? That fits into this other side of the equation,'" Pistole said. "That's simply something that we didn't have prior to 9-11."

But while the government has killed or captured many top al-Qaida terrorists overseas, experts say intelligence agencies still fail to provide enough information to law enforcement officials.

"There's still this arrogance that exists within all intelligence agencies that it's going to come from the top down," Cilluffo said. "On the flip side, state and local officials still have this inaccurate perception that there's someone behind a locked door with all the information."

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The administration has struggled to balance its efforts to improve intelligence with adhering to the Constitution.

The government has appealed an Aug. 17 federal court ruling that struck down an eavesdropping program that targets communications between suspected terrorists overseas and their associates in this country without using warrants. Federal officials say the program has helped disrupt terrorist plots, but they haven't provided any details to support the claim.

Other programs have been scuttled because of civil liberties concerns. Facing complaints from both liberals and conservatives, the government abandoned Operation TIPS, a program that asked citizens to report suspicious activity.

It also scrapped the Pentagon's Total Information Awareness project, which aimed to compile a massive database of public and private records. Yet components of the Total Information Awareness project live on, according to former senior U.S. government officials. Speaking on condition of anonymity, they said some of the program's research was quietly transferred to a unit of the eavesdropping National Security Agency under a program code-named "Basketball."

Attempts to cultivate sources within the Muslim community have been hampered by lingering ill will from heavy-handed tactics in the months after Sept. 11, including voluntary interviews that came off as interrogations, critics said. The FBI also continues to face problems in hiring translators and experts who might make inroads into the Muslim-American community.

"To run an effective counterintelligence organization you have to have intimate knowledge of the people you're trying to penetrate," said Christopher Hamilton, a former FBI counterterrorism analyst who worked on the Sept. 11 investigation.

STRATEGIES FOR THE FUTURE

Experts agree much more needs to be done, but they don't all agree on the priorities and solutions.

"If you look at the first year after the terror attacks, more was accomplished in that one year to stand up programs that made us safer than probably any other year in the history of government," said Dennis Murphy, a former senior homeland security official. "There was the political will to do it."

That bipartisan will has dissipated amid election-year politics, legal setbacks and a torrent of criticism over delays and lapses in nearly every homeland security program. Ridge blamed some of the problems on Congress, which he said sent the Homeland Security Department mixed messages.

"If you keep changing the priorities ... I think that's pretty difficult for anybody," Ridge said.

Hamilton, the former Sept. 11 commission chairman and a former head of the House Intelligence Committee, said the government should set priorities rather than try to guard against every conceivable threat. The recent flap over proposed security-funding reductions for some cities, including New York and Washington, shows how difficult those choices can be.

Security experts agree that, while the nation must bolster security against catastrophic attacks, protecting the homeland should be the last line of defense. The only real solution is to find a way to blunt the appeal of Islamic extremism.

Brian Jenkins, a RAND Corp. counterterrorism expert and the author of "Unconquerable Nation," a new book about the terrorist threat, said the United States needs to become more effective at political warfare "aimed at blunting messages, impeding recruiting and stopping the flow of angry young men into the jihadist circle."

"Unless we can do that," he said, "then we are condemned to a strategy that is equivalent to stepping on cockroaches one at a time."

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Why No New Attacks On The U.S.? (MCT)

By Warren P. Strobel

McClatchy Newspapers, September 2, 2006

WASHINGTON — Why hasn't there been another terrorist attack on U.S. soil since Sept. 11, 2001?

No one knows for sure, of course. But counterterrorism analysts in and out of government offer three or four theories. Some of them are comforting, some not.

Better border screening, intelligence sharing and other homeland security improvements have made it harder for would-be terrorists to operate in the United States.

How much harder is debatable. But every major terrorist attack by Islamic extremists since 9/11 has taken place elsewhere: in Europe, the Middle East and in Southeast Asia.

Most scholars also agree that although there have been incidents of racial harassment in the last five years, Muslim Americans are better integrated into U.S. society than are their counterparts in Western Europe.

With a few exceptions, Osama bin Laden's worldview hasn't caught on here.

In their 2005 book "The Next Attack," former White House officials Daniel Benjamin and Steve Simon cite other possibilities.

One, they say, is that the presence of about 130,000 U.S. troops in Iraq is providing plenty of opportunities for jihadists to confront the American superpower directly.

Another, and this fear is shared by many current and former U.S. officials, is that al Qaida and its affiliates feel they must outdo the carnage of 9/11 when they next strike the United States. "Mounting an operation that will kill thousands can take a long time, especially for a group that is averse to failure," Benjamin and Simon wrote.

Sherifa Zuhur, a visiting professor at the U.S. Army War College in Carlisle Barracks, Pa., says al Qaida, which was surprised by the U.S. reaction after 9/11, may be simply waiting for the right moment. "I wouldn't plan anything unless I was pretty sure I could weather the response," Zuhur said.

Bin Laden Manhunt Still Drawing A Blank (AP-Y)

By Paul Garwood And Matthew Pennington, Associated Press Writers

AP, September 2, 2006

The al-Qaida terror camps are gone from Afghanistan, but the enigma of Osama bin Laden still hangs over these lawless borderlands where tens of thousands of U.S. and Pakistani troops have spent nearly five years searching for him.

Villagers say the CIA missed by only a few miles when it targeted bin Laden's top deputy, Ayman al-Zawahri, with a missile strike in January. Then in May, U.S. Special Forces arrested one of al-Zawahri's closest aides, suggesting the trail has not gone entirely cold.

As for bin Laden himself? He may be nearby. Yet hopes of cornering the Saudi-born al-Qaida leader seem distant as ever. The last time authorities said they were close to getting him was in 2004, and in hindsight those statements seem more hope than fact.

Five years after the Sept. 11 attacks, the most publicized manhunt in history has drawn a blank. The CIA has reorganized agents searching for the al Qaida leaders in the face of the evolving nature of the terrorist threat. And the American military's once-singular focus is diffused by the need for reconstruction and a growing fight against the Taliban, the resurgent Afghan Islamic movement that once hosted bin Laden.

American soldiers climbing through the forested mountains of Afghanistan's Kunar province — where in the 1980s bin Laden fought in the U.S.-backed jihad against the Soviets — still hope to catch or kill him. But they say bolstering the Afghan government is their primary mission now, amid the worst upsurge in Taliban attacks in five years.

"It is like chasing ghosts up there," said Sgt. George Williams, 37, of Watertown, N.Y., part of the Army's 10th Mountain Division pushing into untamed territory along the border with Pakistan. "Osama bin Laden is always going to be a target of ours as long as he is out there, but there are other missions: to rebuild Afghanistan and attack the militants still here."

The top leaders of al-Qaida remain free despite more than 100,000 U.S., Afghan and Pakistani forces at the frontier. High-tech listening posts, satellite imagery, unmanned spy planes — not to mention a $25 million bounty on each man from the U.S. government — all aid the hunt.

Yet both bin Laden and al-Zawahri are communicating to the outside world, posting messages on Islamic Web sites to inspire further attacks on the West. Although the al-Qaida leaders are too isolated to run directly a terrorist operation like Sept. 11, Pakistan says the latest alleged plot, to bomb U.S.-bound jetliners from Britain, may have been blessed by al-Zawahri.

The frustrating campaign has frayed critical cooperation between Afghanistan and Pakistan, neighbors separated by an ill-defined frontier and a history of mutual suspicion.

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Pakistan has captured most of bin Laden's lieutenants, including 9/11 attacks coordinator Khalid Sheikh Mohammed, and claims to have reduced the remaining al-Qaida command to mere figureheads. Pakistan has lost 350 troops fighting al-Qaida and Taliban-linked militants.

Yet Afghan officials allege that Pakistan is sanctuary for Taliban rebel leaders and lets them recruit from radical Islamic schools. They even suggest that Pakistan is hiding bin Laden, perhaps to ensure Pakistan remains of strategic importance to Washington.

"We believe he is being kept as a prize, as an ultimate bargaining chip," said a senior Afghan government official, who declined to be identified due to the sensitivity of his comments.

Latfullah Mashal, a former Afghan Interior Ministry spokesman, goes so far as to pinpoint bin Laden's hideout in a remote valley in Pakistan's North Waziristan region. He says there's a mountain fortress with a network of tunnels, guarded by Afric an militants who never venture outside.

Pakistan, which formally ended its support for the Taliban after the Sept. 11 attacks, rejects both allegations. It has about 80,000 troops in its wild tribal regions along the Afghan frontier, including a U.S.-trained and equipped quick-reaction force.

"I don't think any other country has played a bigger role than Pakistan," said Interior Minister Aftab Khan Sherpao.

Retired Lt. Gen. Ali Mohammed Jan Aurakzai, who led the Pakistani army into the region after the Sept. 11 attacks, said sealing the border between Afghanistan and Pakistan would require between 150,000 and 200,000 troops "and still there's no 100 percent guarantee that infiltration would not take place."

Strained by the demands of Iraq, the U.S. has only about 20,000 troops in Afghanistan. The roughly 10,000 in the border area must cover about 30,000 square miles of some of the most forbidding territory on Earth: jagged mountains, both arid and forested, that become impassable in winter. There are steep valleys and rushing rivers spanned by rickety rope bridges; dark caves that could be booby trapped. Deeply religious and xenophobic villagers also obstruct efforts to run down al-Qaida remnants.

"Bin Laden has a network of contacts and places to go to if he needs to that's pretty close to 20 years old. He's a veteran of that region, so it's very hard to find him," said Michael Scheuer, who once headed the CIA unit that was dedicated to hunting the al-Qaida leader. "Bin Laden's status as a hero in the Islamic world is also a telling factor in why he's not been caught."

A senior former Pakistani intelligence official put it more bluntly. "These (ethnic) Pashtuns have their own traditions. They'll die but they'll not hand over bin Laden," said the official, who declined to be named because of the secretive subject matter.

For U.S. troops, the Afghan mission is increasingly dangerous. At least 272 U.S. service members have died in and around Afghanistan since October 2001, including three recently from Williams' unit. Some 44 U.S. servicemembers died in Afghanistan in 2004, 92 in 2005 and 61 so far in 2006.

Western, Afghan and Pakistani officials agree that the nearest they got to bin Laden was in the Tora Bora mountains, south of Kunar, in November 2001 when he was fleeing the U.S.-backed war that toppled the Taliban regime.

The Pakistani intelligence official said Pakistan at first thought bin Laden was dead, perhaps killed by a bomb at Tora Bora, until a letter he penned to his family was recovered from Khalid Sheikh Mohammed when he was arrested in March 2003.

After that, repeated attempts have been made to get bin Laden and al-Zawahri.

-- In late 2003, Pakistani forces raided Lattaka, a village in North Waziristan, to get bin Laden but he wasn't there, said the intelligence official.

-- In 2004, amid a flurry of military action on both sides of the border, U.S. Lt. Gen. David Barno said he expected to bring bin Laden to justice that year — although officials now say they had no hard intelligence to go on.

"It was all guesswork. No one ever gave us precise information that bin Laden or al-Zawahri is in such-and-such area, even a general area," said Pakistan's Aurakzai.

-- Pakistan stepped up its military action in 2004 with a series of bloody operations in South Waziristan province. They busted al-Qaida bases complete with computer and communications equipment. However, most foreign militants at these sanctuaries were not Arabs close to bin Laden but Central Asians, Pakistani officials said.

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-- Sometime that year, Pakistan learned that either bin Laden or al-Zawahri was elsewhere in South Waziristan. "An operation was carried out where we were close to getting him but the trail got cold," said Maj. Gen. Shaukat Sultan, spokesman for President Pervez Musharraf. He declined to be more specific.

-- In the most recent case, in January, the CIA fired a missile from a Predator drone into the remote Pakistani village of Damadola, 155 miles northeast of Waziristan. The target was al-Zawahri, who was expected to attend a dinner there. Pakistani intelligence and local residents say the Egyptian doctor-turned-terrorist did not show, but they later learned he was at a supporter's home in Salarzi, about 7.5 miles to the east.

The missile killed at least 13 civilians. Reports that a number of senior al-Qaida operatives also died were never confirmed, as none of their bodies were found.

The associate who allegedly hosted al-Zawahri, a timber merchant and tribal chief called Haji Nader, was later arrested by U.S. Special Forces and taken to the American air base in Bagram, Afghanistan, said Commander Youssef, police chief in Naray, where the military also has a base.

Youssef declined to give further details, but Pakistani intelligence officials and local residents said the arrest was made in May in Kunar province and that Nader's family in Pakistan had since received a letter from him, sent from Bagram. The U.S. military declined to confirm the information.

Talk of al-Zawahri's whereabouts persists. In Pakistan's Bajur region, opposite Kunar, tribesmen say al-Zawahri moves with a small entourage between Pakistan and Afghanistan. They say al-Zawahri briefly visited near Damadola in July and got engaged or married to the teenage daughter of another local associate, Kawas Khan, and the ceremony was attended by tribal elders including pro-Taliban militants.

Pakistani intelligence confirmed the reports but Aurakzai, who is now the provincial governor, maintained they were speculation.

Getting solid information is a dangerous business.

In Pakistan's border region, resentment has grown over the presence of the army. Until the Sept. 11 attacks, the military had left the semi-autonomous region alone since Pakistan won independence from Britain in 1947.

Aurkazai said that since late 2004, about 70 tribesmen have been killed, mostly for cooperating with the government; other officials report more than 100 such deaths. A senior officer in Pakistan's intelligence service, speaking on condition of anonymity, said at least 30 of its informants were assassinated, often beheaded and their heads displayed in a public place.

On Aug. 7, the decapitated corpse of a 38-year-old former militant-turned-informer, Loi Khan, was dumped in a North Waziristan village. An attached note read: "See this man's body. Anyone spying on us will face the same end."

Another intelligence officer said it was harder for Pakistani agents to operate in their own tribal areas than inside archrival India. "In the enemy country, we know who is our enemy but in the tribal areas it is extremely difficult to differentiate between the enemy and the friends," he said.

Pakistani intelligence officials say bin Laden and al-Zawahri likely live separately, each with a tight entourage of trusted Arab retainers and several rings of defense, the outermost ring manned by local militants.

They use a complex chain of human couriers, rather than intercept-prone electronics, to get out their messages. Al-Zawahri has issued 10 video or audio messages this year. Bin Laden — last seen in video in October 2004 — has released five audio messages during 2006.

Among the messages was a June 30 tribute to al-Qaida in Iraq leader Abu Musab al-Zarqawi, killed north of Baghdad on June 7, and another soon afterward endorsing al-Zarqawi's successor.

Although Pakistan claims to have reduced al-Qaida's leaders to symbols, Pakistani intelligence says its agents have heard that the alleged British-based scheme to bomb trans-Atlantic jetliners was blessed by al-Zawahri. If true, that would mean Afghanistan remains the headwaters of the world's most feared terrorist movement nearly five years after 3,000 people were killed in New York, Washington and Pennsylvania.

"There's a little bit of whistling past the graveyard when we say the organization (al-Qaida) is broken," said Scheuer.

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Associated Press writers Munir Ahmad in Islamabad and Riaz Khan in Peshawar, Pakistan, contributed to this report. Paul Garwood reported from Kabul and Kunar province, Afghanistan. Matthew Pennington reported from Islamabad and Peshawar.

In Afghanistan, The Taliban And Al Qaida Resurge (MCT)

By Warren P. Strobel And Jonathan S. Landay

McClatchy Newspapers, September 2, 2006

KABUL, Afghanistan — Five years ago, the United States fired its first shots in the post-9/11 war on terror here in Afghanistan, evicting al Qaida and toppling the Taliban regime that hosted Osama bin Laden's network.

Today, the United States and its allies are struggling to halt advances by a resurgent Taliban and al Qaida fighters in large swaths of this still desperately poor and unstable country.

"Things are going very badly," admitted an official with the allied military forces, who asked not to be identified because the issue is so sensitive. "We've arrived at a situation where things are significantly worse than we anticipated."

The trends in Afghanistan appear to mirror the global war on terror a half-decade after the Sept. 11, 2001, attacks.

The Bush administration and allied governments have won battle after battle, but appear to be in danger of losing the war.

Indeed, a growing number of analysts, many of them former top government counterterrorism officials, argue that the very notion of a "war" on terrorism is the wrong strategy.

In relying overwhelmingly on bombs and bullets, they say, the United States has alienated much of the Muslim world, driving away even moderates who might be open to Western ideas. The West has largely failed to offer a positive vision or deal with the root causes of Islamic extremism.

The "tactical firefighting" of disrupting terrorist cells and stopping attacks "works pretty well," said Magnus Ranstorp, a terrorism expert at the Swedish National Defence College. "But it's not resolving the strategic problem. The ranks keep on coming."

The "war" on terrorism "is something that has outlived its usefulness as a concept," said Georgetown University professor Bruce Hoffman.

A global counterinsurgency strategy would put "more emphasis on political reform, economic development, information operations, and less emphasis on the kinetics - the killing and capturing," Hoffman said. "I'm not saying we shouldn't be killing and capturing terrorists. But ... we've had a disproportionate emphasis on that as a solution."

On the ground, the good news is that bin Laden's al Qaida network, which executed the 9/11 attacks, has been badly damaged, perhaps even crippled, by a multi-pronged international assault by soldiers, spies, policemen and bankers, according to senior U.S. officials and private analysts.

But the threat from anti-Western Islamic extremists has rebounded, mutated and grown.

Bin Laden's warped message of violent jihad has spread, with help from the Internet, like a contagious virus. The ranks of potential terrorist recruits - while still representing a small, embittered minority of the Muslim world - appear to be swelling.

To them, round-the-clock TV images of the war in Iraq and the U.S.-backed Israeli bombardment of Lebanon are proof of bin Laden's contention that the West is waging war on Islam.

U.S. and allied intelligence operatives have killed or captured high-ranking members of bin Laden's network repeatedly. Then they've had to target those operatives' replacements.

Many - if not most - counterterrorism experts now see the U.S. invasion and bungled occupation of Iraq as a grave misstep in the struggle against Islamic extremism.

The U.S. intelligence community reported more than a year ago that al Qaida's leaders, weaned on the conflict against the Soviet Union in Afghanistan, would be replaced by a new generation of terrorists trained on the battlefields of Iraq. European and Arab nations are bracing for the day when citizens who went to join the jihad against U.S. troops return home.

"The terrorists have found in Iraq a better sanctuary, training ground and laboratory than they ever had in Afghanistan. They have also been given what they desire most: American targets in close proximity," former White House counterterrorism officials Daniel Benjamin and Steven Simon wrote in their 2005 book, "The Next Attack."

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With the United States bogged down in Iraq, some specialists say they worry that America's enemies feel emboldened. Some of the early gains after 9/11 - when al Qaida was ousted from Afghanistan and countries from Iran to Libya avoided confrontation with Washington - may be dissipating.

A new report by the respected British research group Chatham House concludes: "There is little doubt that Iran has been the chief beneficiary of the war on terror in the Middle East."

In Lebanon, Iranian proxy Hezbollah is resurgent after Israeli bombs failed to dislodge it. Hezbollah has outpaced the Lebanese government in rebuilding villages, and its teams bring along TV cameras to record the effort for its propaganda value.

Islamists control ever-larger swaths of lawless Somalia, while in nuclear-armed Pakistan, President Pervez Musharraf walks a tight-rope between counter-terror cooperation with the West and appeasing his own Islamists.

In Afghanistan, which has been viewed as one of the enduring successes against terrorism, the Taliban appear stronger than at any time since 9/11. Despite successions of offensives and airstrikes more intense than those in Iraq, the Taliban and their sympathizers now operate freely in six southeastern provinces and control pockets of them, said officials from the U.S. and Afghan governments and the NATO-led International Security Assistance Force.

As the strife deepens, President Hamid Karzai's government and its foreign backers are losing the battle for the hearts and minds of the country's citizens.

Despite billions of dollars in foreign-financed reconstruction, growing numbers of Afghans - including members of the Parliament - are furiously questioning the inability of history's most powerful armies to halt the violence and curb the growing civilian toll.

Many Afghans - now with access to internationally funded free media - cite the war in Iraq and U.S. support for Israel in Lebanon and in the Palestinian territories when they accuse President Bush of waging war on Islam in the guise of fighting terrorism. That perception has brought new motivation and recruits to the Taliban.

Western and Afghan officials insist that it's not too late to stem the crisis if the United States and its allies devote more reconstruction resources, time and troops.

"We've had a lot of success, but we have not won, and we need a major push for several years that is linked to development and security," said Ronald E. Neumann, the U.S. ambassador to Afghanistan.

In Washington, a senior counterterrorism official said the international community never fully delivered on its postwar promises to Afghanistan, and now the opportunity to do so is fading.

"We failed the Afghan (people) in the last several years, I believe," said the senior official, who requested anonymity to speak more frankly.

There have been, of course, major counterterrorism successes in the last half-decade, and no terrorist attacks have occurred on U.S. soil. As an operational organization, al Qaida "is crippled forever and will eventually be destroyed," said the senior official.

But it remains dangerous nonetheless. U.S. counterterrorism officials, confirming Pakistani accounts, say there's evidence that al Qaida played a role in the alleged plot to bomb U.S.-bound trans-Atlantic jetliners with liquid explosives smuggled onboard.

Outside the Middle East, and often under the radar, U.S. interagency teams have helped local governments develop successful counterinsurgency strategies in places as far-flung as Colombia and North Africa.

Indonesia, Malaysia and the Philippines are working more closely together and have shrunk the terrain in Southeast Asia where al Qaida affiliates can operate. Two groups, Abu Sayyaf and Jemaah Islamiyah, are "in the hurt locker," the senior official said. Jemaah Islamiyah was responsible for the October 2002 bombings in Bali, Indonesia, that killed more than 200 tourists.

Yet a growing number of specialists - and some U.S. political leaders - say a fundamental overhaul of the West's counterterrorism strategy is needed.

They advocate a defter approach, one that focuses less on bombs and bullets, and more on winning hearts and minds, efforts to end regional conflicts that spark resentment, development aid and trade.

"Our success in the kinetic realm (of military operations) is certainly not matched in the 'soft power' realm," said James Forest, director of terrorism studies at the U.S. Military Academy at West Point.

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Increasingly, the face of terrorism is no longer that of bin Laden, who's believed to be hiding in some Afghan cave or Pakistani city, but of self-generated "pop-up" cells of disaffected young men living on the margins of society in Western Europe. The attacks they plan, such as the July 2005 bombings of London's transportation system, which killed 56 and injured more than 700, may bear only passing signs of al Qaida's guiding hand.

While terrorist recruitment numbers are impossible to come by, poll after poll shows deep anger at the West, and analysts say a small fraction of the embittered will turn to violence.

Few countries have thought-through strategies to counter such radicalization, said Swedish expert Ranstorp.

"I don't see a lot of headway on this issue" in Europe, he said. "And that's a great failure."

The senior U.S. official said progress is being made on counterinsurgency strategies. But he acknowledged the challenge of developing flexible approaches to deal with insurgents in vastly different countries - or sometimes different valleys within the same country.

"That defies, really, the way we are organized to wage war," he said.

Henry Crumpton, the CIA operative who designed the campaign against al Qaida and the Taliban in Afghanistan, and who is now the State Department's counterterrorism chief, recalled a meeting he had before 9/11 with the legendary Afghan resistance leader Ahmed Shah Massoud.

Massoud, who was assassinated by al Qaida agents on Sept. 9, 2001, asked him whether the U.S. government was more interested in defeating al Qaida or helping the Afghan people, he said. Crumpton reluctantly replied that it was the former.

"That still resonates with me," Crumpton recalled. "You can't do one without the other. You can't defeat a terrorist enemy without denying a safe haven to the enemy and without replacing that safe haven" with something better. "It's a lesson for us all. You've got to do both."

(Strobel reported from Washington and Landay wrote from Kabul. Greg Gordon also contributed.)

Bush To Visit All Three Sites Of 9/11 Attacks (NYT)

By The New York Times

The New York Times, September 2, 2006

WASHINGTON, Sept. 1 — President Bush will lay a wreath at ground zero on the eve of Sept. 11, his first stop in a three-state trip to observe the fifth anniversary of the terrorist attacks.

The White House said Friday that the president and Laura Bush planned to travel to New York City on Sept. 10 for the wreath-laying ceremony that afternoon. They will then attend a prayer service at St. Paul's Chapel, next to the World Trade Center site.

They will spend the night in New York and travel the next day to the two other sites where planes crashed on Sept. 11, Shanksville, Pa., and the Pentagon in Northern Virginia. It will be the first time since the first anniversary of the attacks that Mr. Bush has traveled to all three places in remembrance of the victims.

Some Still Struggle With Loss (MCT)

By Greg Gordon

McClatchy Newspapers, September 2, 2006

WASHINGTON — Tony Sanseviro stared in shock as his buddy and fellow firefighter, Danny Suhr, was struck and killed by a body falling from the World Trade Center's burning north tower on Sept. 11. Now Sanseviro struggles with "survivor's guilt."

Sharon Ambrose lost one of her two sons in 1999. Then the other, Paul, was aboard American Airlines Flight 77 when hijackers slammed the airliner into the Pentagon. When she visits her sons' graves, she said, "I have the overwhelming urge to lay down between them."

Wendy Cosgrove lives with the haunting memories of her husband Kevin's plaintive cries for help over a cell phone from the hot and smoky 105th floor of the north tower, moments before it collapsed. She said her son has since run afoul of the law and her teenage daughter has mutilated herself.

Testimony from Sanseviro, Ambrose, Cosgrove and more than 40 other surviving friends and family members at last spring's trial of confessed al Qaida conspirator Zacarias Moussaoui offered an extraordinary glimpse of the long-term, life-

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altering effects of the terror attacks that killed 2,972 people. While some survivors said they've found ways to move on, others remain emotionally paralyzed.

Thomas Demaria, a clinical psychologist who set up the World Trade Center Family Center on Long Island, N.Y., said that many Sept. 11 families have been unable to experience the normal two- to three-year cycles of grief: shock and anger, then confusion and depression and, finally, resolution.

He pointed to the recurring images of the attacks on television and now, in movies.

"We found that people were almost suspended in the initial, most painful part of grief, the coming-to-grips with this tremendous tragedy," he said. "It was prolonged because of the nature of the exposure people had. They really couldn't get away from it."

Demaria said the center has provided therapy and grief counseling to about 2,000 family members of those killed on Sept. 11. Its staff also has counseled some 3,500 emergency responders and their families who are dealing with both grief and a new fear: that another wave of deaths will strike fire and rescue crews who breathed asbestos and other toxins while searching the smoldering wreckage.

About 600 to 700 family members still visit the center every month - a figure that has risen recently because the fifth anniversary of Sept. 11 has rekindled emotions, Demaria said. He said some loved ones are seeking treatment for the first time.

Research has indicated that grief can lead to illness, even death, and that loss of a parent at an early age can profoundly affect child development.

Mike Low, 62, of Batesville, Ark., recalled that since the death of his 28-year-old daughter, Sarah, an American Airlines flight attendant, his wife, Bobbie, has been in "total withdrawal," refusing to have any contact with family or friends.

Sanseviro said his close friend Suhr lived for his wife, Nancy, and their 4-year-old daughter, Briana. But on the morning of Sept. 11, Suhr, 37, didn't hesitate to drive a contingent from their Engine Company 216 to the Trade Center.

When they arrived and headed for the tower, Sanseviro said, bodies were plunging to the street from the upper floors. Suddenly, one "came in like a missile" and killed him.

Sanseviro, who declined to be interviewed for this story, testified that he's struggled since then. He said he and six other firefighters who wound up attending to Suhr, instead of helping in the tower, "are alive because of Danny." Last year, at age 37, he retired from the fire department after being diagnosed with chronic Post Traumatic Stress Disorder.

"You're alive and everybody else is dead," he said. "You kind of lose your will to live."

Ambrose's son Paul was a senior clinical adviser to then-U.S. Surgeon General David Satcher and was focused on delivering health care and immunizations to the poor when he died at age 32.

"It just makes you question everything," said his mother, of Huntington, W.Va. She said she's been unable to reconcile that Paul devoted his life to caring for others, but died at the hands of men "brought up wanting to hate and kill."

Cosgrove said she met her husband when she was a waitress in 1980. "I said, "What would you like, sir?' He said, "You.'" They were married a few months later.

Kevin Cosgrove worked for Aon Corp., a reinsurance company, on the 99th floor of the north tower. A tape recording of his last, desperate phone call for help, shortly before the tower collapsed, was played at the trial. He left behind his wife, 12-year-old son, Brian, and daughters Claire, 9, and Elizabeth, 4.

"I don't think I'll ever learn how to deal with or get over the fact that I'm a widow," said Cosgrove, of West Islip, N.Y. "The slightest thing can set me off, like seeing an older couple walking hand in hand."

She said that since losing his father, Brian has been "extremely angry" and "engages in many self-destructive behaviors," getting in trouble at school and even with the law. Elizabeth clings to her as if "she's afraid I'm not gonna come back," she said, and Claire has been "self-mutilating because she can't really express her pain in any other way."

FBI Role In Terror Probe Questioned (WP)

By Walter Pincus, Washington Post Staff Writer

The Washington Post, September 2, 2006

Lawyers Point to Fine Line Between Sting and Entrapment

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Standing in an empty Miami warehouse on May 24 with a man he believed had ties to Osama bin Laden, a dejected Narseal Batiste talked of the setbacks to their terrorist plot and then uttered the words that helped put him in a federal prison cell.

"I want to fight some jihad," he allegedly said. "That's all I live for."

What Batiste did not know was that the bin Laden representative was really an FBI informant. The warehouse in which they were meeting had been rented and wired for sound and video by bureau agents, who were monitoring his every word.

Within a month, Batiste, 32, and six of his compatriots were arrested and charged with conspiracy to aid a terrorist organization and bomb a federal building. On June 23, Attorney General Alberto R. Gonzales held a news conference to announce the destruction of a terrorist cell inside the United States, hailing "our commitment to preventing terrorism through energetic law enforcement efforts aimed at detecting and thwarting terrorist acts."

But court records released since then suggest that what Gonzales described as a "deadly plot" was virtually the pipe dream of a few men with almost no ability to pull it off on their own. The suspects have raised questions in court about the FBI informants' role in keeping the plan alive.

The plot featured self-proclaimed militant religious leaders who referred to themselves as kings, talked of establishing their own nation inside the United States, called their headquarters an embassy and discussed plans to train their recruits to use bows and arrows. One of their quixotic notions was to blow up Chicago's Sears Tower.

Batiste's father, a Christian preacher and former contractor who lives in Louisiana, told the news media after the indictment that his son was "not in his right mind" and needed psychiatric treatment.

Since the Sept. 11, 2001, attacks, separating serious terrorist plotters from delusional dreamers has proved one of the FBI's most challenging tasks. The effort is complicated by the bureau's frequent use of informants who sometimes play active roles in the plotting.

U.S. law enforcement officials say they do not have the luxury of waiting for a terrorist plot to mature before they break it up. A delay, they say, could mean that a member of the plot they had not discovered might be able to pull off an attack.

At the news conference, Gonzales acknowledged that Batiste was nowhere near carrying out a terrorist act.

"Our philosophy here is that we try to identify plots in the earliest stages possible, because we don't know what we don't know about a terrorist plot," he said. It is dangerous to evaluate in advance that "this is a really dangerous group; this is not a dangerous group," he added.

But lawyers for the defendants have raised questions about where a government sting ends and entrapment begins. Not only did government informants provide money and a meeting place for Batiste and his followers, but they also gave them video cameras for conducting surveillance, as well as cellphones, and suggested that their first target be a Miami FBI office, court records show.

At the hearing, Batiste's attorney, John Wylie, showed that the FBI's investigation found no evidence that his client had met with any real terrorist, received e-mails or wire transfers from the Middle East, possessed any al-Qaeda literature, or had even a picture of bin Laden.

Asked for a response, a Justice Department spokesman referred a reporter to Gonzales's remarks about the case.

Court documents and testimony at hearings describe how the plot unfolded. Last October, Batiste allegedly contacted a Middle Eastern-born Miami resident who was about to travel to Yemen. The man dealt in fresh produce; Batiste was unaware that he was also a paid informant for the FBI.

The man -- known only as CW1 in court documents -- told his FBI handlers that Batiste had spoken of forming an army to wage jihad and overthrow the federal government. He said Batiste was "willing to work with al Qaeda to accomplish the mission and wanted to travel with [the informant] overseas to make appropriate connections," according to court documents.

The FBI would eventually pay the informant, who had previous arrests for assault and marijuana possession, $10,500 for his services in the Batiste investigation and reimburse him $8,815 for his expenses.

Over the next few weeks, the informant stayed in touch with Batiste and spent a night at the "embassy" where the group was headquartered. He reported seeing guns, karate practice and fighting drills that involved machetes.

By mid-November, the FBI decided to take a more active role. Agents introduced a more experienced Middle Eastern-born informant, CW2, to play the role of a potential financier to prevent Batiste from seeking money elsewhere. CW2, according to

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court papers, had worked for the FBI for six years and provided information that led to the arrests of two individuals on "terrorist-related charges."

But CW2 soon also took a key role in the plotting, suggesting targets and supplying videotaping equipment, according to the court papers. His reward was $17,000 the FBI paid for his services, and approval of his petition for political asylum in the United States.

At their initial meeting, the second informant said he was there to "evaluate" Batiste's operation and asked what help he needed to carry out his "mission." Batiste drew up a list that included "uniforms, boots, automatic hand pistols, communications equipment like Nextel cell phones, an SUV truck, black in color," according to court documents. Two days later, he asked for more equipment, including a "mini .223 Bushmaster" rifle.

Three days before Christmas, Batiste and CW2 met again, and Batiste talked for the first time about destroying Chicago's Sears Tower, a landmark in a city where he once worked as a FedEx delivery driver and still had associates. Batiste said he would take advantage of the ensuing chaos to liberate Muslims from a nearby jail. They would form an army powerful enough to force the U.S. government to recognize the "Sovereign Moors" -- an offshoot of a religious group, the Moorish Science Temple, to which Batiste claimed allegiance -- as an independent nation.

A week later, when he met with CW2 again, Batiste asked for more firearms, radios, binoculars, bulletproof vests, SUVs and $50,000 in cash. He also invited the informant to join him on a trip to Chicago to meet his "two top generals" and look at the Sears Tower. But the trip never took place.

By the beginning of January, CW2 had offered Batiste a rent-free warehouse large enough for training. In reality, the FBI wanted a new meeting spot because it could not carry out surveillance at the "embassy," which was located in a high-crime area where agents would be easily spotted. At the same time, however, Batiste began to mistrust CW2 because of his numerous questions and ended direct contact with him for a while.

In mid-January, the first informant contacted Batiste's closest associate in the group to report that approval for the plan had come from al-Qaeda operatives in Yemen. When bin Laden issued a public statement saying that al-Qaeda would soon strike in the United States, the informant passed word to Batiste that it was a reference to the missions he was planning.

CW2 soon informed Batiste that an explosives expert in Europe -- actually a Scotland Yard agent -- was ready to come and help.

On Feb. 19, Batiste met with CW2 in a videotaped session at the informant's Miami apartment, where he "outlined his plan to wage jihad in the United States," according to court records. Batiste said he would conduct a "full ground war" and "kill all the devils we can," beginning with "taking down the Sears Tower in Chicago and attacking a prison to free Muslim Brothers who are incarcerated."

When Batiste grew impatient for money early in March, CW2 placated him by formally swearing him into al-Qaeda. In a ceremony recorded by the FBI, the informant read an English translation of the al-Qaeda loyalty oath, "welcomed Batiste to al Qaeda and declared that al Qaeda and the Moors were officially united," according to court papers. The informant and Batiste also selected a two-story warehouse as their new headquarters and training site.

On March 15, the FBI wired the warehouse for sound and video. The next night, before a secret camera, CW2 administered an English translation of the al-Qaeda oath to six members of Batiste's group, four of whom called themselves "prince" and two who were addressed as "brother."

The men also face charges of conspiring to aid a terrorist group.

Acting on instructions from the FBI, CW2 told the group that his al-Qaeda bosses were planning to attack FBI buildings in Washington, Chicago, Los Angeles, New York and Miami. He asked that Batiste and his group assist by providing video of the Miami FBI building, "which would be sent back to al Qaeda overseas," according to court papers. He also gave Batiste a video camera.

In late March, driving a van provided by the informant, Batiste and two associates videotaped and photographed the FBI building, as CW2 had requested. They also taped the federal courthouse and detention center, and the Miami police headquarters.

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CW2 later expressed interest in meeting Batiste's Chicago associates and said al-Qaeda would pay to have them come to Miami. Batiste called Charles James Stewart, also known as Sultan Khan Bey, and his wife in Chicago, where Stewart leads his own branch of the Moorish Science Temple. With $3,500 in FBI money, Batiste paid for them to come to Miami.

Court papers show that Stewart is a convicted rapist with a long arrest record for other serious crimes. On April 11, with FBI cameras rolling, Stewart and Batiste sat in the Miami warehouse and discussed opening a shop to sell marijuana and drug pipes. They smoked marijuana as they talked, and Stewart revealed his plan to build a Moorish nation of 10,000 people.

Stewart wanted to make his wife, whom he called Queen Zakiyaah, an ambassador of the Moorish nation so she could not be detained by U.S. authorities. He said Moorish soldiers would wear green uniforms and become expert with bows and arrows. They would undergo night training that included jumping from a bridge into water 20 feet below.

But within days, Stewart and Batiste began to have differences over control of the organization and its mission. On April 17, the conflict broke into the open and Stewart tried Batiste under Moorish law on charges of treason and insubordination. He questioned "his relationship and association with the Arabian or Nigerian mafia," a reference to the second FBI informant.

Two days later, Stewart, now running what was left of Batiste's group, was arrested by Miami police after he fired a shot at one of Batiste's supporters.

On May 5, after a local hearing on the shooting, federal weapons charges were lodged against Stewart. Federal agents asked whether he knew of any plots against the United States, and Stewart began talking about Batiste's mission as one that was "starting to get serious," a phrase later cited in court by prosecutors. Stewart became a witness against Batiste and the others.

The defendants have signaled that they will contest the government's actions. At a July 5 detention hearing, Nathan Clark, an attorney for one member of the group, told U.S. Magistrate Judge Ted E. Bandstra that the ceremony at which the defendants took the al-Qaeda oath was "induced by the government themselves in an effort to set these people up."

"What we see is this entire organization, by the government's own admission, falling apart. . . . Nobody really believes that these people are capable of doing anything," he said.

In the end, Bandstra ruled that the seven would have to remain in jail because the allegations were "disturbing." But he added that "the plans appear to be beyond the present ability of these defendants" and said he expected their attorneys to argue the government's actions at trial.

Researchers Julie Tate and Madonna Lebling contributed to this report.

Canadian Border Force To Be Armed (WP)

By Doug Struck

The Washington Post, September 2, 2006

Policy to Be Implemented Gradually Over a Decade

TORONTO, Sept. 1 -- When the radio crackled with news that two California murder suspects were racing toward the U.S. border in January, Canadian border guards quickly cleared passenger cars from their posts and then fled.

The border officers have long argued they should not have to face danger armed with only their pepper spray and batons. Fifty-three times in the past year, according to the officers' union, Canadian border guards have walked off their posts in the face of potential threats.

This week, Prime Minister Stephen Harper said he is giving the officers what they want, if slowly. He announced Thursday that the 4,400 officers of the Canada Border Services Agency -- stationed along what has been called the world's longest unguarded land border -- will be armed with guns over the next decade.

"We live in a dangerous world, and we know there is traffic of dangerous individuals and firearms across the border," Harper said in making the announcement at a border crossing in Surrey, B.C. He said Canadian officers "simply weren't equipped to deal with that kind of threat."

Harper also said the government will hire 400 more officers, partly to try to put an additional officer at some of the remote posts currently staffed by only a single guard, an arrangement that the guards' union has argued is dangerous.

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For more than two decades, successive Canadian governments have resisted calls by the guards along the 3,145-mile land border to be equipped with weapons. Officials have been loath to allow handguns to spread as they have in the United States.

"Previous governments have believed the image of Canada would be tarnished by firearms," and the equipment and training would be too costly, said Steve Pellerin-Fowlie, vice president of the union representing the guards.

"But we live in a different era now. The role of customs was already changing, moving away from revenue collection to law enforcement even before 9/11 happened," he said. "I think it's consistent around the world. Bobbies are now armed in England. I think it is an indication that the level of sophistication of criminals is changing."

Canada has been under increasing pressure from the United States to toughen security at the border, following the Sept. 11, 2001, attacks. The U.S. Congress has mandated that visitors begin showing passports at the border by Jan. 1, 2008. It is a delicate balance for Canada, which wants to minimize delays for the 37,000 trucks that move goods across the border each day, and which already has seen tourism from the United States drop in anticipation of the passport requirements.

"Efficient borders support trade and tourists," Harper said. "Secure borders keep drug smugglers, carjackers and terrorists out."

The policy change will gradually give the Canadian border guards parity with their armed U.S. counterparts. U.S. Customs and Border Protection officers, along with local sheriff's deputies, did fire their weapons last January to stop the two murder suspects at the Peace Arch Crossing near Blaine, Wash. One suspect was lightly wounded in a shootout after a sheriff's deputy rammed his car into their fleeing vehicle right at the Canadian line. The arch had been built in commemoration of the unguarded border.

Pellerin-Fowlie said the union is dismayed that about 2,000 airport customs officers are not being armed and that the arming of officers along the land border will take 10 years. In part because there are so few firearm ranges in Canada, the Border Service has said it will train only about 500 officers a year. Harper said the first 150 officers with weapons would be on duty in March 2008.

"We have lobbied to have our members armed for 21 years," the union official said. "To wait for another 10 years for it to unfold seems unrealistic and unnecessary. We ought to find the resources, the training courses and the personnel to conduct the training faster. There's a pressing need."

The official policy at the border is that Canadian agents are not supposed to try to apprehend armed and dangerous persons, but are supposed to call for help from the Royal Canadian Mounted Police or local police departments, Pellerin-Fowlie said. But he said a dangerous confrontation could occur.

"We have been saying for 21 years, do we have to die for you" before officers are armed? he said.

Put My Son On Trial -- Or Free Him (WP)

By Khalid Al-odah

The Washington Post, September 2, 2006

KUWAIT CITY -- The United States recently responded to pressure from the German government and released detainee Murat Kurnaz from Guantanamo Bay. Although he spent four years in the U.S. prison there, Kurnaz was never charged with a crime, and there are no indications that he was involved in any terrorist-related activity. Had he been afforded his constitutional right to due process upon detention, it is highly likely that this innocent man would not have wasted four years of his life in prison.

Two years ago the Supreme Court mandated due process for men held at Guantanamo. More recently, in the case of Hamdan v. Rumsfeld , the court declared that military tribunals are not an appropriate method for these trials. Even so, the Bush administration maintains that the Hamdan ruling directly applies only to the 10 detainees who have been formally labeled "enemy combatants." What happens to the other 450 or so detainees who have not been charged with any crimes and who, like Murat Kurnaz, are likely to be innocent?

As hundreds of innocent men sit in prison, why is the Bush administration still fighting the idea that American values embrace the right to a fair trial and that a jerry-built military commission represents no such thing?

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For me, as the father of a Kuwaiti prisoner held at the camp, this news of weeks past has been a part of my everyday life for 4 1/2 years. My son, Fawzi, was a schoolteacher in a region near the Afghanistan-Pakistan border before he was captured by bounty hunters. I'm told that he now lives alone in a cell at Guantanamo; our only contact with him consists of outdated letters with whole sections blacked out. The anguish is endless for families that have been kept in the dark for over four years while their husbands, sons and brothers suffer in a secret world.

I hope that people understand that the efforts we've undertaken for our Kuwaiti family members in U.S. courts of law, and in global courts of public opinion, have never been predicated simply on a demand to release the detainees. Our demand has been to charge and try them, or to release them. Give the prisoners due process so their guilt or innocence can be determined fairly. In a country that presumes innocence, it is categorically unjust to imprison so many who are probably innocent to punish so few who may be guilty.

My son is not a terrorist. He was, in fact, a great admirer of American political values and legal principles before he was kidnapped and sent to Guantanamo. Our family is nonetheless willing to undergo the ordeal of trial and judgment, if only the U.S. government would allow it to happen.

Now that the Supreme Court has ruled in the Hamdan case, we'll see if a reaffirmation of due process by the court will have any more effect than it did two years ago.

Yet it is also a woeful irony that the Bush administration may now see closing the Guantanamo prison as a positive and even favorable option, short-term political fallout notwithstanding. For with the detainees out of sight and out of mind, the administration could still avoid the larger issues and continue its unlawful policies without restriction. Guantanamo, a symbol of national fear and indecisiveness, would be conveniently shuttered. World opinion as well as U.S. opinion might then be tragically diluted.

How many more deaths and years of injustice will it take before the United States ends this violation of both human rights and U.S. law, and either formally charges the detainees with crimes or sets them free? If the Bush administration truly wants to close Guantanamo, it should first work to apply a fair legal process to separate the guilty from the innocent.

The writer founded the Kuwaiti Family Committee four years ago to secure the legal rights of foreign nationals imprisoned at Guantanamo Bay.

HOMELAND RESPONSE:

Heightened Airport Insecurity (WP)

By Del Quentin Wilber, Washington Post Staff Writer

The Washington Post, September 2, 2006

Since British Arrests, Delays, Diversions and False Alarms

A suspicious bottle of water, a child overheard saying he had a bomb, a telephoned threat, locked lavatory doors.

Since British officials said they foiled a terrorist plot to blow up planes over the Atlantic Ocean, hyper-vigilance aboard U.S. airliners has prompted a rash of emergency landings based on threats that turned out to pose no danger. The incidents suggest that pilots, flight attendants and passengers are ready to err on the side of extreme caution in a period of heightened anxiety in air travel.

With Labor Day travel this weekend and the anniversary of the Sept. 11, 2001, terrorist attacks around the corner, security consultants and psychologists said passengers should expect more airline diversions, delays and airport evacuations. The hair-trigger responses to perceived threats are an unavoidable condition of the times, they said.

"If you are looking for suspicious behavior, you are going to notice things and classify them as suspicious that otherwise you wouldn't be paying attention to if you weren't on alert," said David Carbonell, a psychologist in the Chicago area who works with people who are afraid to fly. "We have the whole population of civilian fliers sort of on a war footing, the way we expect soldiers on the front to be in. That is not generally a healthy thing."

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The anxiety began before dawn on Aug. 10, when Transportation Security Administration officials prohibited many common items from carry-on baggage. They banned all liquids and gels -- meaning no more bottles of water, hair gel, lip gloss, toothpaste or gel shoe inserts. Officials said such things could be used to disguise explosives.

At the time, authorities said they had to hurriedly prohibit such substances because British authorities said plotters had planned to blow up transatlantic flights with liquid explosives hidden in sports-drink bottles.

At news conferences, U.S. officials said they enacted the security measures because some plotters could slip through dragnets or copycats might suddenly pop up on a flight.

Three weeks later, the nation's top aviation security official said the threat remains. "This continues to be a very serious threat and we are taking no chances on the security of our aviation system," said Edmund S. "Kip" Hawley, head of the Transportation Security Administration. "It would be a mistake to conclude that because of the arrests in the United Kingdom that we can lower our security posture."

Hawley said he wants travelers to look for suspicious activity.

"Americans are refocusing on what people in the government who work on this every day know: There are terrorists out there who are trying to attack the United States, and many are planning to do it through the aviation system," Hawley said. "A calm, alert traveler is one of our best security assets."

In the days after the TSA increased security, more than 10 flights were diverted or searched, and at least one airport was shut down. On Aug. 16, a flight from London to Washington Dulles International Airport made an emergency landing in Boston because an unruly passenger acted up in the cabin. The woman made references to the Sept. 11, 2001, attacks, told crew members that she had visited Pakistan and urinated on the cabin's floor, according to an FBI affidavit. The woman, who is under evaluation for mental illness, is being held on federal charges of interfering with a flight crew. She had no connection to terrorism, officials have said.

More security incidents followed. A Delta Air Lines jet was searched after a flight attendant became suspicious of a passenger who spent too much time in the restroom and may have tampered with a smoke detector. An American Airlines jet made an emergency landing in Tampa and was searched after the crew found that both lavatories were locked.

An airport in West Virginia was evacuated after a woman's glass water bottle and a container of face cleanser tested positive for explosive residue. The FBI later determined that the woman had no explosives.

The next week, a Northwest Airlines flight returned to Amsterdam shortly after takeoff when a U.S. air marshal became suspicious of 12 passengers who passed around cellphones and ignored orders to keep their seat belts on. The 12 were detained but released by Dutch authorities, who also said there was no connection to terrorism.

Then came a series of emergency landings, searches and diverted flights on Aug. 25.

A plane was extensively inspected after screeners at Houston's international airport found a stick of dynamite in a bag that a student bought in South America. The flight continued to Newark -- without the student or his bags -- and was searched again. An Aer Lingus flight from New York to Dublin was evacuated at an airport in western Ireland after a bomb threat was phoned in. And a Continental Airlines flight was diverted to El Paso after the flight crew saw that a lavatory panel was missing. On Monday, a commuter jet was diverted after someone found a threatening note on board the aircraft.

The news media covered all the incidents extensively.

Security experts said that they were not surprised by the diversions or the evacuation of the West Virginia airport and that they expect more such incidents. They blamed television coverage of the coming anniversary of the Sept. 11 attacks and a surge of inexperienced leisure travelers who might be nervous. They also worry about people who call in fake bomb threats so they can watch the chaos they created on television.

"Everybody is going to be watching television about 9/11 and seeing pictures of the buildings and people jumping from them," said Mike Boyd, a security consultant. "More and more, they're going to be thinking that they're no safer than they were, and that is going to make people jumpy."

Boyd and other security experts blamed the public's anxiety partly on the response to the threat by authorities. Because the passenger screening system is geared toward finding illicit items, not on identifying suspicious people, authorities had no choice but to ban all liquids and gels from passenger cabins, several security experts said.

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"We've educated the public to be afraid of things," said Bob Hesselbein, an airline pilot and chairman of the Air Line Pilots Association's national security committee. "Let's hope they never find a way to weave explosives into clothing because it's going to be pretty darned embarrassing on an airplane.. . . We are treating everybody as a potential terrorist, and that breeds more fear."

Report Urges F.A.A. To Act Regarding False 9/11 Testimony (NYT)

By Philip Shenon

The New York Times, September 2, 2006

WASHINGTON, Sept. 1 — The Transportation Department's inspector general urged the Federal Aviation Administration on Friday to consider disciplinary action against two executives who failed to correct false information provided to the independent commission that investigated the Sept. 11 terror attacks.

The acting inspector general, Todd J. Zinser, whose office acts as the department's internal watchdog, found in a new report that the F.A.A. executives, as well as a third official who is now retired, learned after the fact that false information was given to the commission in May 2003 about the F.A.A.'s contacts with the Air Force on the morning of Sept. 11.

The false information suggested that the aviation agency had established contact with its Air Force liaison immediately after the first of the four hijacked planes struck the World Trade Center at 8:46 a.m.

In fact, the commission's investigators found, the Air Force's liaison did not join a conference call with the F.A.A. until after the third plane crashed, at 9:37 a.m. The 51-minute gap is significant because it helps undermine an initial claim by the North American Aerospace Defense Command, which is responsible for domestic air defense, that it scrambled quickly on Sept. 11 and had a chance to shoot down the last of the hijacked planes still in the air, United Airlines Flight 93.

The inspector general's report, prepared in response to complaints from the independent Sept. 11 commission, found that the three F.A.A. executives failed to act on an "obligation" to correct the false information provided to the commission, which found widespread confusion within the aviation agency and the military on the morning of the attacks.

The F.A.A., part of the Transportation Department, declined to identify the three executives, whose names and titles were not revealed in the inspector general's report. Nor did the agency say whether it would consider disciplinary action.

The inspector general's office found that while false information was given to the Sept. 11 commission, there was no evidence that F.A.A. executives had done it knowingly or had intentionally withheld accurate information about the agency's actions on the morning of the attacks.

That finding was welcomed by the F.A.A., which said in a statement that the "inspector general's investigation has clarified the record and found no evidence that F.A.A. officials knowingly made false statements." The Pentagon's inspector general issued a similar finding last month about military officers who provided inaccurate testimony to the commission, saying their inaccurate statements could be attributed largely to poor record-keeping.

Richard Ben Veniste, a commission member, said in an interview on Friday that he was troubled that it had taken the inspector general two years to complete his investigation — "more time than it took the 9/11 commission to complete all of its work'' — and that he released the report "on the Friday afternoon before the Labor Day weekend."

Mr. Ben Veniste said he was convinced that the failure of the aviation agency and the North American Aerospace Defense Command to provide early, accurate information about their performance had "contributed to a growing industry of conspiratorialists who question the fundamental facts relating to 9/11.''

Mr. Zinser, the acting inspector general, said in an interview that the investigation had taken so long because of "the very complicated issues" his office reviewed.

No Intent To Mislead Panel Found In Aviation Officials' 9/11 Errors (WP)

By Dan Eggen, Washington Post Staff Writer

The Washington Post, September 2, 2006

Investigators found no evidence that aviation officials intentionally misled the Sept. 11 commission when they made inaccurate statements about their response to the 2001 terrorist attacks but recommended that two officials face "appropriate administrative action" for failing to correct the record, according to a report released yesterday.

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The findings by the Transportation Department's acting inspector general, Todd J. Zinser, address a lingering question about the response on Sept. 11 by military and civilian aviation officials, who initially portrayed the reaction as swift and efficient. It was later shown to be neither.

The conclusions echo the findings of a separate inquiry at the Defense Department, which found no evidence that authorities at the North American Aerospace Defense Command (NORAD) intended to mislead the Sept. 11 panel.

For more than two years after the attacks, officials at NORAD and the Federal Aviation Administration suggested in public statements and testimony that air defenses and aviation officials had reacted quickly to the hijackings and were prepared to shoot down United Airlines Flight 93 if it threatened Washington. That aircraft crashed in Pennsylvania after passengers attempted to retake control from the hijackers.

In fact, the Sept. 11 commission found, audiotapes and other evidence showed clearly that the military never had any of the hijacked airliners in its sights and chased a phantom aircraft -- American Airlines Flight 11 -- long after it had crashed into the World Trade Center.

The FAA had said on its Web site and in statements to the commission that it informed the Pentagon at 9:24 a.m. that American Airlines Flight 77 had been hijacked. The commission found that the FAA never notified defense officials of the hijackings but did label the plane missing after it had crashed into the Pentagon.

The FAA also omitted from official timelines the fact that it notified NORAD about the hijacking of Flight 93 at 10:07 a.m., after the airliner had crashed in Pennsylvania. It gave an earlier than actual time for the moment when an Air Force official joined an FAA "phone-bridge" focused on the hijackings.

Zinser's report blames the erroneous statements on a series of innocent mistakes, including an erroneous entry in an early FAA timeline and an assumption by some officials that others would correct the record once the errors became clear.

"We did not find evidence to conclude that FAA officials knowingly made false statements," the report said.

At the same time, it said, two unidentified FAA officials should have notified the commission when it became clear that the information was wrong. The report recommended that the FAA consider unspecified administrative action against them.

Although the inaccurate statements have been publicly known for several years, it has only become clear more recently how much the issue had strained relations between the Sept. 11 panel and the FAA and NORAD. They were the only two agencies to receive subpoenas from the commission.

Some commission members and staffers were so angered by the inaccuracies that they advocated referring the matter to the Justice Department for criminal investigation. The panel settled on a compromise, referring the complaints to the two inspectors general.

In their new book, "Without Precedent," the commission's chairman and vice chairman, Thomas H. Kean (R) and Lee H. Hamilton (D), said the panel was "exceedingly frustrated" by the FAA and NORAD.

"Fog of war could explain why some people were confused on the day of 9/11, but it could not explain why all the after-action reports, accident investigation, and public testimony by FAA and NORAD officials advanced an account of 9/11 that was untrue," they wrote.

The FAA said in a statement that Zinser's report "clarified the record and found no evidence that FAA officials knowingly made false statements or intentionally failed to correct any inaccurate statements while providing more than 6,000 documents and materials to the commission." The FAA also has "made major improvements to its communications capabilities" since the Sept. 11 attacks, the statement said.

Staff writer Del Quentin Wilber contributed to this report.

Report: No Knowingly False Info By FAA (AP-Y)

By Leslie Miller, Associated Press Writer

AP, September 2, 2006

There is no evidence Federal Aviation Administration officials intentionally misled the Sept. 11 commission when they gave false accounts about how quickly they responded to the terror attacks, the agency's watchdog said.

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Members of the panel had asked the Transportation Department inspector general to look into inaccurate statements made by FAA officials.

"We did not find evidence to conclude that FAA officials knowingly made false statements," said the report, signed by Acting Inspector General Todd Zinser.

The FAA said in a statement that it had provided more than 6,000 documents and materials to the commission.

"The investigation also recognized the significant steps taken by the FAA since 9/11 to improve its capability to notify federal agencies and to respond to such incidents," the statement said.

The Sept. 11 commission's chairmen, Thomas Kean and Lee Hamilton, said in their recently published book that the commission found it mind-boggling that authorities claimed that their air defenses had reacted quickly.

In the book, "Without Precedent," Kean and Hamilton said the panel was so frustrated with repeated misstatements by the Pentagon and FAA about their response to the 2001 terror attacks that it considered an investigation into possible deception.

In the end, they settled on referring the matter to the inspectors general of the Transportation Department and the Pentagon.

At issue was when the FAA notified the Defense Department of the suspected hijacking of American Airlines Flight 77, which left from Washington's Dulles airport and crashed into the Pentagon.

The FAA had claimed — on both its public Web site and in response to the commission — that it told the Pentagon at 9:24 a.m. that it suspected Flight 77 was hijacked.

"In fact, no such notification was made," the inspector general report said. It said the mistake was due to an FAA's executive's inattention to detail when preparing a summary of events shortly after the attacks.

The FAA had also claimed that an Air Force liaison joined its teleconference and established contact with the North American Aerospace Command immediately after American Airlines Flight 11 crashed into the twin towers at 8:46 a.m.

"In fact, the liaison did not join the phone-bridge until after the third hijacked aircraft (American Flight 77) struck the Pentagon at 9:37 a.m.," the report said.

The report did not say what caused that error. It did say that FAA executives learned of the mistake but didn't take steps to correct it because they thought someone else was doing it.

None of the executives were named, and one retired.

The inspector general recommended that appropriate administrative action be considered against the two executives who didn't correct the record.

Earlier this month, the Pentagon's watchdog agency said there is no evidence defense officials intentionally misled the Sept. 11 commission when they gave mistaken accounts about the Defense Department's response to the terrorist attacks.

Poor investigating and record keeping contributed to the inaccuracies, according to a summary from the inspector general's office of the Pentagon.

A Pentagon spokesman said the question of whether military commanders intentionally were misleading will be addressed in the full report.

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On the Net:

Federal Aviation Administration: http://www.faa.gov

2 U.S. Reports Seek To Counter Conspiracy Theories About 9/11 (NYT)

By Jim Dwyer

The New York Times, September 2, 2006

Faced with an angry minority of people who believe the Sept. 11 attacks were part of a shadowy and sprawling plot run by Americans, separate reports were published this week by the State Department and a federal science agency insisting that the catastrophes were caused by hijackers who used commercial airliners as weapons.

The official narrative of the attacks has been attacked as little more than a cover story by an assortment of radio hosts, academics, amateur filmmakers and others who have spread their arguments on the Internet and cable television in America

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and abroad. As a motive, they suggest that the Bush administration wanted to use the attacks to justify military action in the Middle East.

Most elaborately, they propose that the collapse of the World Trade Center was actually caused by explosive charges secretly planted in the buildings, rather than by the destructive force of the airliners that thundered into the towers and set them ablaze.

The government reports and officials say the demolition argument is utterly implausible on a number of grounds. Indeed, few proponents of the explosives theory are willing to venture explanations of how daunting logistical problems would be overcome, such as planting thousands of pounds of explosives in busy office towers.

Nevertheless, federal officials say they moved to affirm the conventional history of the day because of the persistence of what they call "alternative theories." On Wednesday, the National Institute of Standards and Technology issued a seven-page study based on its earlier 10,000-page report on how and why the trade center collapsed. The full report, released a year ago, and the new study, in a question and answer format, are available online at http://wtc.nist.gov.

About a dozen researchers produced the new study over the last two months by assembling material from the longer report that addressed the conspiracy claims.

"With the fifth anniversary coming up, there seemed to be more play for the alternative viewpoints," said Michael E. Newman, a spokesman for the institute. "We have received e-mails and phone calls asking us to respond to these theories, and we felt that this fact sheet was the best means of doing so."

A nationwide poll taken earlier this summer by the Scripps Survey Research Center at Ohio University found that more than a third of those surveyed said the federal government either took part in the attacks or allowed them to happen. And 16 percent said the destruction of the trade center was aided by explosives hidden in the buildings. The survey questioned 1,010 adults by telephone and had a margin of sampling error of plus or minus four percentage points. Details are available at http://newspolls.org.

The demolition theory has managed to endure what would seem to be enormous obstacles to its practicality. Controlled demolition is done from the bottom of buildings, not the top, to take advantage of gravity, and there is little dispute that the collapse of the two towers began high in the towers, in the areas where the airplanes struck.

Moreover, a demolition project would have required the tower walls to be opened on dozens of floors, followed by the insertion of thousands of pounds of explosives, fuses and ignition mechanisms, all sneaked past the security stations, inside hundreds of feet of walls on all four faces of both buildings. Then the walls presumably would have been closed up.

All this would have had to take place without attracting the notice of any of the thousands of tenants and workers in either building; no witness has ever reported such activity. Then on the morning of Sept. 11, the demolition explosives would have had to withstand the impacts of the airplanes, since the collapse did not begin for 57 minutes in one tower, and 102 minutes in the other.

Those who believe in the demolition theory remain unpersuaded by government statements new or old, and the officials who issued the would-be rejoinders say they are not surprised. "We realize that this fact sheet won't convince those who hold to the alternative theories that our findings are sound," Mr. Newman said. "In fact, the fact sheet was never intended for them. It is for the masses who have seen or heard the alternative theory claims and want balance."

Mr. Newman was correct that the institute's reports would not convert those who favor the demolition theories, said Kevin Ryan, who is the coeditor of an online publication, www.journalof911studies.com, that has published much of the material arguing that the government's accounts are false.

"The list of answers NIST has provided is generating more questions, and more skepticism, than ever before," Mr. Ryan said.

Mr. Newman said, "NIST respects the opinions of others who do not agree with the findings in its report on the collapses of WTC1 and WTC2."

The State Department report, which officials said was written independently of the new institute study, is titled, "The Top Sept. 11 Conspiracy Theories" and says, "Numerous unfounded conspiracy theories about the Sept. 11 attacks continue to circulate, especially on the Internet." Produced by an arm of the State Department known as a "counter-misinformation team," the

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report is dated Aug. 28 and appears as a special feature on the department's Web site, at http://usinfo.state.gov/media/misinformation.html.

The report brought to light one little-known detail about the morning: a private demolition monitoring firm, Protec Documentation Services, had seismographs at several construction sites in Lower Manhattan and Brooklyn.

Those machines documented the tremors of the falling towers, but captured no ground vibrations before the collapses from demolition charges or bombs, according to a separate report by Brent Blanchard, the director of field operations for Protec. It is available online at www.implosionworld.com.

Asked for comment, Mr. Ryan said that his online 9/11 journal would soon publish an article on those seismic recordings. He also maintained that the Protec paper did not adequately address why puffs of smoke were seen being expelled from some of the floors. However, the federal investigators said that about 70 percent of a building's volume consists of air, and what looked like puffs of smoke were jets of air — and dust — that were pushed ahead of the collapse.

Among those now propelling the argument that explosives took down the trade center is Steven E. Jones, a physics professor at Brigham Young University, coeditor with Mr. Ryan of www.journalof911studies.com, which published his paper, "Why Indeed Did the World Trade Center Buildings Completely Collapse on 9-11-2001?"

In an e-mail message yesterday, Professor Jones did not explain how so much explosive could have been positioned in the two buildings without drawing attention. "Others are researching the maintenance activity in the buildings in the weeks prior to 9/11/2001," he wrote.

He said his investigation was finding fluorine and zinc in metal debris and dust gathered from near the trade center site, and argued that those elements should not have been found in the building compounds. "We are investigating the possibility of thermite-based arson and demolition," he wrote, referring to compounds that, under controlled circumstances, can cut through steel.

The federal investigators at the National Institute of Standards and Technology state that enormous quantities of thermite would have to be applied to the structural columns to damage them. Not so, said Professor Jones; he said he and others were investigating "superthermite."

Professor Jones also argues that the molten steel found in the rubble was evidence of demolition explosives because an ordinary airplane fire would not generate enough heat. He cited photographs of construction equipment removing debris that appeared to be red.

In rebuttal, Mr. Blanchard of Protec said that if there had been any molten steel in the rubble, it would have permanently damaged any excavation equipment encountering it. "As a fundamental point, if an excavator or grapple ever dug into a pile of molten steel heated to excess of 2000 degrees Fahrenheit, it would completely lose its ability to function," Mr. Blanchard wrote. "At a minimum, the hydraulics would immediately fail and its moving parts would bond together or seize up."

Sinclair Puts 9/11 Show In Late-Night Time Slots (WP)

By Mike Musgrove, Washington Post Staff Writer

The Washington Post, September 2, 2006

Broadcaster Cites Risk of Fines

Sinclair Broadcast Group Inc. said yesterday that it will delay airing a documentary about the terrorist attacks of Sept. 11, 2001, until after prime time to avoid the risk of incurring fines from the Federal Communication Commission over indecent language.

The move follows a recent crackdown by the FCC against indecency on the airwaves and action by Congress to increase fines tenfold.

"We think it's an important program, and we don't want to deprive viewers," said Barry M. Faber, general counsel for Sinclair. "But given the uncertainty and potential level of fines, it's simply not a risk we were willing to take."

Sinclair, headquartered in the Baltimore suburb of Hunt Valley, owns two CBS affiliates among the 58 stations that it owns or operates in 36 markets around the country. The stations, in Cedar Rapids, Iowa, and Portland, Maine, will air the documentary

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at 10:30 p.m. and 11:30 p.m. in their local time zones, respectively -- time slots when some of the words used in the film are not prohibited by FCC decency regulations.

So far, other station owners do not seem to be following Sinclair's lead. A spokesperson for Washington-area CBS affiliate WUSA, which is owned by Gannett Co., said yesterday that the station would air the program at its original time slot of 8 p.m. on Sept. 10. The documentary, called "9/11," was produced in 2002 and has already aired on most CBS stations more than once. When it aired a year after the attacks, it was the most-watched piece of the anniversary coverage and drew in 12 million viewers.

The rough language used by firefighters in the two-hour film raised some controversy when it first aired but drew no fines from the FCC. Spokesmen for the FCC did not return calls late yesterday afternoon seeking comment.

The film contains the same sort of profanity used in the movie "Saving Private Ryan," a fictional account of the D-Day invasion, and in "The Blues: Godfathers and Sons," a documentary produced by Martin Scorsese. Both aired on television and prompted varying rulings from the FCC. In the Scorsese documentary, the expletives were deemed indecent and several public television stations drew fines.

When ABC aired "Saving Private Ryan" in 2004, some affiliates refused to broadcast it for fear of incurring fines. But the FCC later ruled that the film was not indecent.

"This case probably falls somewhere between 'Private Ryan' and 'The Blues,' " Faber said.

Congress recently raised the maximum fines the FCC can levy for indecency to $325,000 from $32,500, prompting caution in the TV industry. The major distributors of television content -- cable, broadcast and satellite companies -- recently embarked on a media campaign to remind parents how to block objectionable material and to demonstrate how seriously the industry takes the indecency issue.

Sinclair is a family-run operation owned by four brothers that has a reputation for independence and unpredictability. In 2004, the company ordered the 62 stations it owned at the time to air a movie attacking the military record of Democratic presidential candidate John F. Kerry, but after a public backlash, aired only portions of the film. That year it also sent one of its vice presidents to Iraq to find positive news stories that, it said, were overlooked by the press.

The "9/11" documentary was made by French brothers Jules and Gedeon Naudet. The Sept. 11 attacks took place as the filmmakers were recording footage for what was intended to be a documentary about the nine-month probationary period of a rookie firefighter in New York City, stationed in a firehouse close to the World Trade Center.

One instance of a potentially objectionable phrase in the film, according to Faber, is uttered by a firefighter on probation when he is relieved to find that his comrades survived the collapse of the Twin Towers.

South Florida Skirts Storm Damage But Still Seeks FEMA Aid (WP/AP)

Associated Press

The Washington Post, September 2, 2006

WEST PALM BEACH, Fla., Sept. 1 -- Tropical Storm Ernesto didn't do much damage in South Florida, but it still ran up a tab.

As remnants of the storm marched up the East Coast, county and state officials were getting ready to ask the federal government to reimburse them for millions of dollars spent preparing for a powerful storm that didn't materialize.

As of Friday, however, the only payment the Federal Emergency Management Agency planned was a thank-you.

"While the state of Florida has done an outstanding job preparing for the Ernesto storm system, FEMA does not reimburse states and counties unless there has been a federally declared disaster," agency spokesman Aaron Walker said.

Walker said the Department of Homeland Security operates a preparedness grant program, but states and counties can apply for those funds only once a year.

Ernesto, briefly a hurricane on Sunday, weakened to a tropical depression as it moved northward Friday, drenching Virginia with rain. Ernesto had been forecast to possibly become a hurricane when it hit Florida earlier this week, but it came ashore as a minimal tropical storm.

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Miami-Dade County expected its costs to be near $10 million for preparations, including activation of numerous shelters, said Shanti Hall, a spokeswoman for the county Office of Emergency Management and Homeland Security. Neighboring Broward County was preparing to seek reimbursement for about $2.5 million.

Carl Fowler, spokesman for the Broward Emergency Management Agency, said FEMA has often reimbursed counties for such costs in the past.

"We just want to show the state that we did everything we could to prepare, and . . . we're seeking good faith here," he said.

Gov. Jeb Bush (R) said Friday that it was too soon to tell whether Florida would qualify for any reimbursements.

"That's still a work in progress," Bush said.

Economic Report Buoys Big Easy (BRADV)

By Joe Gyan Jr., New Orleans Bureau

Baton Rouge Advocate, September 2, 2006

NEW ORLEANS — The University of New Orleans report uses words like booming, surprisingly high, bright spot and astonishing. What is astonishing is that the report is actually talking about the post-Katrina recovery of the New Orleans area.

While the report acknowledges that the New Orleans economy has been "severely damaged" by the hurricane, it stresses that "the opportunity for growth ... is robust." In fact, the report concludes that the post-Katrina metropolitan economy is "growing much faster than before."

"In the two years just prior to Katrina, employment grew by a lackluster rate of just under 2,000 jobs per year. In the months since Katrina, the average growth in employment per month has been 5,000 jobs," the report, by the Division of Business and Economic Research in UNO's College of Business Administration, notes.

The metro New Orleans economy, which lost nearly 217,000 jobs in the wake of Katrina, currently has 71 percent of the jobs it had before the storm, according to the report.

In terms of jobs, the mining (oil and gas), chemical manufacturing and utilities sectors have regained or surpassed their pre-Katrina levels, the report says, while food and beverage stores and the arts, entertainment and recreation sectors are struggling to recover.

"The fastest growing sector in percentage terms is mining. There are 22.3 percent more oil and gas jobs in the New Orleans area than in the months before Katrina," the report says. "Crude oil prices above $70 per barrel contribute to this bright spot."

The report cites gambling as "one of the strange economic success stories of the Katrina recovery period." The local area has 12.6 percent more gambling revenue than before the storm, with one less casino open. Revenue at Harrah's New Orleans Casino is up about 2 percent, 30 percent at the Treasure Chest in Kenner and "an astonishing" 82 percent at the Boomtown Casino in Harvey, the report says.

"One reason for more gambling activity is that there are a number of temporary workers in town, who are earning good wages and enjoy gaming," the report suggests. "It is also possible that until the Mississippi Gulf Coast casinos come back on line (as they have started to do), part of the market share may have temporarily shifted to New Orleans."

Although retail stores in the area are operating with fewer employees and shortened hours of operation, sales figures — on average — are "booming," the report says.

"Retail sales calculated from sales tax collections for 6 parishes show sales in the last 3 months averaging 131 percent of early 2005 levels. Jefferson's sales receipts are up 51 percent and St. Tammany's are up 65 percent," the report says. "Even Orleans, with much of the retail outlets damaged and with only 49 percent of its old population, has retail sales at a surprisingly high 84 percent of pre-Katrina levels."

The report defines metro New Orleans as Orleans, Jefferson, St. Bernard, Plaquemines, St. Charles, St. John the Baptist and St. Tammany parishes.

"Even months after the storm," the report says, automobile sales remain high in the metro area.

"At the metro level, in the month of June 2006, sales were still 155 percent of what they averaged before the storm in 2005," the report says.

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Another "surprising" finding of the report is that the construction sector, despite the investment in rebuilding local housing, has just 66 percent of its pre-Katrina wage and salary jobs. One reason for this, the report says, is that some of the wage and salary workers are employed by out-of-town firms and not included in the metro New Orleans employment data. The report also suggests another reason.

"The underground/cash economy has expanded in the New Orleans area post-Katrina. As more jobs move 'under the table,' the statistics capture less of the activity in this important sector," the report says.

The report, which notes that the cost of living is higher in post-Katrina New Orleans, also has high expectations for the city.

"As a possible $60 billion is pumped into the local economy, construction and its spinoff activity are likely to drive economic recovery. This construction figure is about 28 times the pre-Katrina annual local construction investment. Even if many resources are brought in to assist in building, the construction boom is likely to last into the next 5 to 10 years," the report says.

The report also predicts that the New Orleans tourism industry "will once again flourish" and the oil and gas sector — thanks to high oil and natural gas prices and high demand — "will do well."

New Orleans Mayor Finds His Words Follow Him To New York (NYT)

By Anthony Ramirez

The New York Times, September 2, 2006

Standing just blocks from ground zero, C. Ray Nagin, the mayor of New Orleans, backed away yesterday from his heavily criticized remarks about the slow pace of rebuilding at the World Trade Center site. But he declined to say he was sorry.

Mr. Nagin, who is visiting New York, was asked at a news conference at Tribeca Cinemas if he wanted to make an explicit apology. "I think I've already kind of been through that," he replied.

But he added: "I tell you what I will never do again is refer to that site as a hole. It's a sacred site that is presently in an undeveloped state. I'll leave it at that."

Last Sunday, on a segment of CBS's "60 Minutes," a reporter asked Mayor Nagin why so little debris, including long-abandoned automobiles, had been cleared from New Orleans neighborhoods devastated by flooding after Hurricane Katrina a year ago.

Mr. Nagin replied sharply: "That's all right. You guys in New York can't get a hole in the ground fixed and it's five years later. So let's be fair."

His remarks were widely criticized as flippant and insensitive.

The Rev. Al Sharpton, who joined Mr. Nagin at the news conference, said that the mayor's critics should keep the words in perspective.

"To those in the media that would concentrate on the intemperate remarks he made," Mr. Sharpton said, "the people of New Orleans have gotten over the media calling New Orleans citizens refugees. So we all have a lot to get over what was said."

In prepared remarks, Mayor Nagin said: "New Orleanians and New Yorkers understand what tragedy is all about. We understand the difficulties in trying to recover from the tragedies."

Mayor Michael R. Bloomberg did not attend the news conference. Dennis M. Walcott, a deputy mayor who was there instead, said Mr. Bloomberg was attending the funeral of Firefighter Michael C. Reilly, who died last Sunday fighting a fire at a 99-cent store in the Bronx.

Mr. Walcott said he had spoken with Mr. Bloomberg before the news conference. "There is no issue between Mayor Nagin and our city and our mayor," Mr. Walcott said.

However, visitors at ground zero, where more than 2,700 people died during the terrorist attack of Sept. 11, 2001, condemned Mr. Nagin's lack of apology when they were told what he had said at the news conference.

John Foley, 38, a reinsurance broker from Glen Cove, N.Y., who works on Wall Street, said Mr. Nagin "owes the people of New York and the people of the United States an apology."

"He's shown very poor judgment," Mr. Foley added.

Glancing down at his 4-year-old daughter, Katy, born on Sept. 8, 2001, he said, "She's the reason I wasn't at the World Trade Center."

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Matt Berkowitz, 26, a television producer from Philadelphia, said: "It's just a political thing, not wanting to apologize and go back on his words. But what he said showed a lack of compassion."

And Mark Schwaller, 51, a kitchen remodeler from Genesee Depot, Wis., said Mayor Nagin "should be embarrassed."

Ceeon Quiett, a spokeswoman for Mr. Nagin, said the mayor planned to visit ground zero during his visit.

Accompanied by New Orleans economic development officials, Mr. Nagin is attending a two-day conference at Tribeca Cinemas to help attract business investment to New Orleans.

Mayor Nagin, dapper in a dark suit, white shirt and yellow tie, seemed to suspect that the gathered reporters might not all be interested in the subject of economic development.

Moments after getting up to speak, he said: "We're going live, right? So I'm going to watch myself."

He smiled, smoothed his tie, and said, "I'm going to stick to my script this morning."

One reporter, saying that ground zero really was "a hole in the ground," asked, "So what's so wrong about calling it what it is?"

A jocular Mr. Sharpton leaned toward the microphones and said, pointing first at the reporter, "He said it," and then at Mr. Nagin, "but he didn't!"

As John Neared Mexico, Memories Of Juliet Recalled (NYT)

By Elisabeth Malkin

The New York Times, September 2, 2006

CABO SAN LUCAS, Mexico, Sept. 1 — Hurricane John, one of the strongest storms to threaten the Baja California peninsula in recent memory, advanced on the region on Friday as residents boarded up their houses and tourists gathered in hotel ballrooms to wait out the storm.

Most residents were determinedly calm, recalling Hurricane Juliet in 2001, which hovered over this tourist resort wedged between the ocean and the desert, for a couple of days.

But Juliet was a Category 1 storm, and by Friday evening John was a Category 2 hurricane. Its path had shifted slightly to the east, according to the National Hurricane Center in Miami, and it appeared that Cabo San Lucas would be spared the worst of the storm's force.

The hurricane center called John a "dangerous" storm with sustained winds of 110 miles per hour, and warned that it could cause coastal flooding of up to five feet and dump rain of up to 15 inches in some places.

In Los Cabos on the southern tip of the peninsula and La Paz to the northeast, officials evacuated as many as 15,000 people from ramshackle housing. As it rained and the storm neared, soldiers forcibly removed people in areas at risk who had refused to evacuate Thursday.

Gilberto Amador, a taxi driver here, said he boarded up his windows the night before. "I was out hammering at midnight," he said. Mr. Amador, one of the few people in this tourist resort who was born here, said he could not recall a storm this strong. He had grown up hearing stories of a storm in the 1950's that had swept away the houses of the fishermen who were the only residents at the time. But there is little hurricane lore in this city, where few have been around enough to remember past storms.

Down at the Marina Cabo San Lucas, the largest of seven here, the manager, Enrique Rivera, prepared to wait out the storm in his office overlooking the boats. With the windows boarded up with plywood, he felt safe. The port captain had closed the port to traffic on Thursday afternoon.

"We learned some things from the experience of Juliet," Mr. Rivera said. That storm slammed a tuna boat into one of the marinas, leaving it in pieces, he said.

Many tourists tried to get out of Los Cabos on Thursday, forming long lines at the airport. Others, unable to get a flight, decided to wait out the storm. Authorities estimated that as many as 10,000 tourists were left in the region.

At the Villa del Palmar Beach Resort and Spa, Jorge E. Avilés, the general manager, monitored the weather reports and bulletins from the state civil protection agency as he reviewed the hotel's emergency plans.

On Thursday, he had moved all the guests out of rooms facing the ocean, which would be most exposed to the hurricane's winds. "Nobody cares about the ocean view today," he said.

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A Tamer Forecast For Storm Season (WP/AP)

Associated Press

The Washington Post, September 2, 2006

Five Hurricanes, Down From Seven, Are Predicted in the Atlantic This Year

DENVER, Sept. 1 -- Hurricane forecaster William M. Gray downgraded his expectations for the 2006 Atlantic storm season Friday, calling for a slightly below-average year, with five hurricanes instead of the seven previously forecast.

Two of the hurricanes will be intense, according to Gray's forecasting team, based at Colorado State University.

"Despite the lower predictions, residents living along the U.S. coastline should always be prepared for major storms," Gray said.

His team predicted a 59 percent likelihood of a hurricane hitting the U.S. coastline in September and a 35 percent chance of an intense hurricane. For October, the forecasters put the probability at 14 percent.

The new forecast was the second time the team had downgraded its expectations in the span of a month.

This spring, Gray's team called for 17 named storms to form in the Atlantic basin during the June-through-November hurricane season. They lowered that to 15, and then to 13 in their latest forecast. As of Friday, five named storms had formed, including Ernesto, which briefly became the season's first hurricane this week and was moving through North Carolina and Virginia on Friday as a tropical depression.

The average storm count for the Atlantic basin is 9.6 named storms, 5.9 hurricanes and 2.3 intense hurricanes per year.

The National Hurricane Center has also lowered its Atlantic storms forecast since spring. In May, it predicted 13 to 16 named storms and eight to 10 hurricanes, with as many as six major ones. In early August, the hurricane center revised that to between 12 and 15 named storms and seven to nine hurricanes.

WAR NEWS:

Bush's Shift Of Tone On Iraq: The Grim Cost Of Losing (NYT)

By David E. Sanger

The New York Times, September 2, 2006

WASHINGTON, Sept. 1 — President Bush's newest effort to rebuild eroding support for the war in Iraq features a distinct shift in approach: Rather than stressing the benefits of eventual victory, he and his top aides are beginning to lay out the grim consequences of failure.

It is a striking change of tone for a president who prides himself on optimism and has usually maintained that demeanor, at least in public, while his aides cast critics as defeatists.

But in his speech on Thursday in Salt Lake City — the first in a series to commemorate the Sept. 11 anniversary — he picked up on an approach that Gen. John P. Abizaid, Vice President Dick Cheney and others have refined in the past few months: a warning that defeat in Iraq will only move the battle elsewhere, threatening allies in the Middle East and eventually, Mr. Bush insisted, Americans "in the streets of our own cities."

"We can allow the Middle East to continue on its course — on the course it was headed before September the 11th," Mr. Bush said, "and a generation from now, our children will face a region dominated by terrorist states and radical dictators armed with nuclear weapons. Or we can stop that from happening, by rallying the world to confront the ideology of hate and give the people of the Middle East a future of hope."

It is reminiscent of — updated for a different war, and a different time — President Lyndon B. Johnson's adoption of the "domino theory," in which South Vietnam's fall could lead to Communism's spread through Southeast Asia and beyond. In the case of Iraq, Mr. Bush's argument boils down to a statement he quoted from General Abizaid, his top commander in the Middle East: "If we leave, they will follow us."

There have been elements of such themes before, of course. But Mr. Bush's previous efforts to bolster public support for the war have focused more on the positive — on an argument, crystallized in his address at his second inaugural, that it was the mission of the United States to spread democracy and freedom.

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Last Nov. 30, in the start of a series of speeches intended to quiet calls for withdrawal, Mr. Bush turned out a 32-page "National Strategy for Victory in Iraq," and he argued that Iraq could eventually become a shining example of democracy's power.

"Advancing the cause of freedom and democracy in the Middle East begins with ensuring the success of a free Iraq," he told midshipmen at Annapolis, Md. "Freedom's victory in that country will inspire democratic reformers from Damascus to Tehran," he said, "and spread hope across a troubled region."

Mr. Bush's aides say he still fervently believes that, and they insist that the new tone is simply to make the stakes clear. Indeed, he referred in the Salt Lake City speech explicitly to the prospect of victory. But his aides, speaking on condition that their names not be used, acknowledge that the message of optimism no longer fits the moment.

"The problem with stressing the benefits of democracy is that they take a long time to mature, and it's no sure bet that it will ever happen," said a senior official who has participated in formation of the administration's message since the war's start. "The consequences of failure, though, are right in your face."

No one has been more willing to set out the new domino theory than the administration's chief hawk, Mr. Cheney. In private meetings with foreign visitors and members of Congress, according to several participants in those sessions, he raises the prospect that if America fails in Iraq, Saudi Arabia will be the next target and then maybe Pakistan — which, he notes, has a good-sized nuclear arsenal. No one would benefit more from an American withdrawal, he continues, than the Iranians.

For Mr. Cheney, this is a major rhetorical reversal. In the prelude to the war, he argued that ousting Saddam Hussein would usher in a new era of stability in the Middle East.

Missing from Mr. Bush's latest speeches, at least so far, is detail about the progress of his previous plan, the "Strategy for Victory" of November, billed as the product of a review and rethinking of what had worked and what had failed.

One of its most notable features was Mr. Bush's willingness to acknowledge past errors, from failing to anticipate the rise of the insurgency to focusing the early reconstruction effort on big infrastructure projects, which will take years to deliver benefits to the Iraqi people, if they are completed at all.

The Pentagon's latest report to Congress about progress on that strategy painted a mixed but largely grim picture, especially about the rise of sectarian violence and the failed effort to create an effective Iraqi police force. So why not announce a new change of strategy? A senior official said this week that the president could only talk about a change of strategy so many times, without looking as if he is constantly casting about for solutions.

To some of Mr. Bush's allies, that is a mistake. "Look, the public understands the consequences of not winning," said David Frum, a former speechwriter for Mr. Bush and now a conservative columnist who has argued for a major widening of the American military effort in Iraq.

"What they really want to hear is a plan, and a plan that addresses the new problem, the sectarian violence," he said in an interview. "It doesn't help to talk about the consequences of failure unless the public thinks some measure of success is possible."

Mr. Bush has not been specific about his thinking about what victory might require, in American and Iraqi casualties, in money and in time. The specifics may emerge in two speeches planned for next week, and another in New York, at ground zero on the fifth anniversary of the event that redefined his presidency.

For now, with a critical election looming in just 10 weeks and nervous members of his own party searching for an argument they can sell back home, he is trying to focus voters not on the high price of winning but on the harder-to-define cost of letting the dominoes fall.

In Verbal Chess, Who's Appeaser? (LAT)

Tim Rutten Regarding Media

The Los Angeles Times, September 2, 2006

POLITICAL rhetoric is a never-ending chess match that gathers intensity as an election approaches.

The successful players know that the best way to win is to dominate your opponent by forcing him or her to contest the game on your terms and that the way to do that is to think as many moves ahead as you can.

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Whatever else it can or cannot do, the Bush administration plays major league electoral chess. So, it's the proximity of November's midterms that made this week's speeches by President Bush, Vice President Dick Cheney and Secretary of Defense Donald H. Rumsfeld — and the coverage they received — matters of more than passing interest. Essentially, all three attempted to draw a parallel between the debates over how best to resolve the increasingly unpopular war in Iraq and the pre-World War II controversies over whether or how to confront rising fascism.

In this instance, the terrorist adherents of Islamic fundamentalists become Islamofascists and those who oppose a continuation of the Bush administration's military policies in Iraq become … well, more on that shortly.

In his address to the American Legion, the president was careful to say that "many" of those who oppose his conduct of the Iraqi war are "sincere" and "patriotic" but "could not be more wrong." It was a shrewd bit of calculation, since not even Karl Rove could convince anyone that George W. Bush can tell the difference between a fascist and a frankfurter.

When he spoke to the Veterans of Foreign Wars, Cheney was slightly less restrained, calling "a vigorous debate on the issues … part of the greatness of America" but going on to argue that "there is a difference between healthy debate and self-defeating pessimism."

That set the board for Rumsfeld, the administration's designated tough guy, who told the American Legion that the years leading up to World War II were "a time when a certain amount of cynicism and moral confusion set in among Western democracies. When those who warned about a coming crisis, and rise of fascism and Nazism, they were ridiculed and ignored. Indeed, in the decades before World War II, a great many argued that the fascist threat was exaggerated or that it was someone else's problem…. I recount the history because once again we face similar challenges in efforts to confront the rising threat of a new type of fascism."

The Defense secretary went on to synopsize what he alleged were media distortions concerning the war in Iraq and its abuse of prisoners held at Guantanamo Bay and urged the American Legionnaires to adopt a watchdog role. That, he said, "is particularly important today in a war that is to a great extent fought in the media on a global scale, a role to not allow the distortions and myths be repeated without challenge, so that at the least the second or third draft of history will be more accurate than the first quick allegation we see…. That is important in any long struggle or long war, where any kind of moral or intellectual confusion about who and what is right or wrong can weaken the ability of free societies to persevere."

In an op-ed piece published by The Times on Friday, Rumsfeld was given the opportunity to make many of the same points in almost precisely the same language employed in his speech. "Today, some think that World War II and the Cold War were black-and-white affairs: good versus evil. But there were always those who thought that we should retreat within our borders.

"In an effort to avoid repeating the carnage of World War I, much of the Western world tried to appease the growing threats in Europe and Asia in the years before World War II."

There's the word this whole rather clumsy bit of rhetorical choreography really is all about: "appeasement."

Electoral chess game

This sequence of speeches with their carefully chosen audiences has nothing to do with fascism — Islamo or otherwise — and everything to do with introducing the word "appeasement" into our domestic debate over the war in Iraq.

So far, of course, no elected lawmaker or official has proposed negotiating with Osama bin Laden or any other Islamofascist terrorists, as the historical appeasers did with Adolf Hitler. Rather, the entire debate so far has been about whether the war in Iraq has advanced the struggle against Islamic radicals. That's the ground the administration is hoping to change with this sequence of moves in the electoral chess game.

If opponents of Bush's military policies in Iraq can be made "appeasers," it gives the administration's partisans a way to attack them without questioning their patriotism — something against which polls show Americans instinctively recoil. The real "appeasers," after all, weren't unpatriotic — think Neville Chamberlain and Lord Halifax — they were dreadfully, almost fatally mistaken.

Think folly so complete that it carries the whiff of treason.

What's doubly interesting about all this is that we have a recent — indeed, ongoing — example of what happens when the administration is allowed to dictate the rhetorical terms of debate. In the forthcoming issue of the Columbia Journalism Review, former Slate columnist Eric Umansky compellingly documents the American news media's generally lackluster performance in

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reporting the Bush administration's adoption of torture as state policy. It is failure rooted in the acceptance of the government's euphemisms for its conduct — "coercive interrogation," "extraordinary rendition" and the like.

As Umansky writes: "Reporters and news organizations deserve enormous credit for exposing the abuse and torture of detainees during the U.S. war on terror, more than other institutions or individuals. Without [a handful] of reporters, we might well never have learned of the abuse and torture that have occurred in Afghanistan, Abu Ghraib and elsewhere." However, "when the record on torture coverage is examined in detail, an ambiguous picture emerges: in the post-9/11 days, some reporters offered detailed accusations and reports of abuse and torture, only to be met with skepticism by their own editors. Stories were buried, played down or ignored — a reluctance that is much diminished but still bubbles up with regard to the culpability of policymakers."

Umansky notes that the media's tentative and frequently timid approach to covering the Bush administration's adoption of torture as state policy began with senior editors' reluctance to accept the evidence of their own reporting and was abetted by "long-standing journalistic shortcomings; for example, the tendency to treat both sides of an issue equally, without regard to where the facts lie."

It is a disregard that continued this week in the generally matter-of-fact, news-story-as-usual treatment most of the media gave the portion of Rumsfeld's address in which he attacked alleged distortions by the press and Amnesty International of the events at Abu Ghraib and of conditions at Guantanamo. (According to Rumsfeld in The Times on Friday, the biggest problem confronted by prisoners in America's Cuban gaol is whether to interrupt their reading of "Harry Potter" for soccer, basketball or another serving of halal meat.)

None of the accounts of the Defense secretary's speech bothered to point out something from the public record that Umansky includes in his piece: The general "who had overseen the report on FBI allegations of abuse at Guantanamo later testified that Rumsfeld had been 'personally involved' and was given 'weekly updates' on the interrogation of one detainee, who was kept near freezing and led around naked on a leash. Interrogation logs later showed that the detainee's heart rate became so slow during his 'cold' treatment that he nearly dies. Another prisoner in CIA custody in Afghanistan died of hypothermia."

The confusion between callous indifference and evenhandedness is a form of moral blindness that begins in the fog of euphemism. You cannot recognize things for what they are when you've forfeited the ability to call them by their real names. As Umansky's report clearly documents, much of the American press was so cowed by the Bush administration and so crippled by its unexamined inhibitions that it badly failed in its obligation to report this government's embrace of torture.

That failure began when the news media uncritically adopted the government's vague new labels for what it was doing to its prisoners. If the administration now is allowed to recast the critical debate over the war in Iraq into a spitting match between farsighted anti-fascists and cringing appeasers, it will be worse than tragic.

Bush Turning Up The Rhetoric Once More To Rally GOP Troops (SDUT)

By George E. Condon Jr.

The San Diego Union-Tribune, September 2, 2006

WASHINGTON – With his party's loss of Congress looming as a real possibility, President Bush has launched yet another effort to rally uneasy Republicans and raise fresh concerns about Democrats with a series of increasingly pointed speeches that began this week.

When the president, in a speech Thursday to the American Legion in Salt Lake City, warned that defeat in Iraq will mean “terrorists in the streets of our own cities,” he was signaling that he hopes, once again, to turn the war in Iraq into a political plus for his party despite what the polls now show.

His remarks came after even tougher and blunter speeches by Vice President Dick Cheney and Defense Secretary Donald Rumsfeld that cast Democrats as defeatists eager for “retreat” and “appeasement” in the face of a determined terrorist enemy.

Republicans plan even more speeches and congressional debates in the lead-up to the fifth anniversary of the Sept. 11, 2001, attacks in the hope of energizing core Republicans and portraying Bush as the only safe alternative.

For the president, it's a return to the political strategy that paid off with voters in 2002 and 2004. But there are questions whether it can work a third time in 2006 with an electorate that has soured on the war in Iraq.

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"Do they really have any options other than to try this again? The answer is probably not," said longtime presidential scholar Stephen Hess, a George Washington University professor and veteran of the Eisenhower and Nixon administrations.

"They are heading into a pretty stiff wind. It's the other side that's got the majority polling data with them," Hess said. "Politicians always go back to what worked for them before, and this worked for them. . . . But can they keep going back to the well, and how deep is the well?"

Democrats bet that this particular well has dried up for Bush.

"There have been some fundamental changes in the political environment," Democratic pollster Mark Mellman said. "And doing the same thing in a radically different environment doesn't give you the same results.

"In those earlier elections, Republicans had a 35-point advantage on national security. Today, that is down to between zero and 8 points."

Karlyn Bowman, an expert on public opinion at the conservative American Enterprise Institute, said opinions on the war have hardened considerably since those earlier elections and are unlikely to change because of Republican speeches. But she said they still can pay off for Bush because the public is so skeptical that the Democrats have any real alternative to current policies.

"The strategy for the fall is to compare and contrast," Bowman said. "People may not like where the administration wants to go, but at least they know where the administration stands, and they are not at all sure where the Democrats stand on the war in Iraq."

Independent pollster John Zogby said the Republican strategy has a chance at working solely because the Democrats have failed to outline a clear plan for Iraq.

"(Bush) gets to take advantage of the vacuum because the Democrats still have not really established credibility on fighting the war on terrorism," Zogby said.

But he said the president is considerably weaker than in 2002, when he was at 60 percent approval, and in 2004, when he was at 50 percent. Today, Bush is between 35 percent and 40 percent.

Even some Republicans this week warned the White House that Republicans risk a political backlash if their speeches are seen as "over the top," as many saw the comments by Cheney and Rumsfeld. Rumsfeld drew the most fire, comparing the war's critics to those who wanted to appease the Nazis.

"Rumsfeld and Cheney may have the opposite reaction and may help get out the Democratic base," Zogby said.

"They've crossed the line into absurd overstatement," Democratic pollster Mellman said. "The desperation of their rhetoric reflects the desperation of their situation."

Bowman acknowledged the risk but said Republicans have no choice but to use strong rhetoric.

"They need to make their case as strongly as they can, and that's what they're trying to do," she said. "Some people will object to that strongly, but I think a lot of Americans will think about what they say."

Hess said another danger is that after so many Bush speeches on the war, the public will simply tune him out.

"People can turn (him) off just because they've heard it before," Hess said. "Nothing is as effective the fifth time as the first time."

Democrats Plan To Force Vote On Rumsfeld (UPI/UPI)

United Press International, September 2, 2006

WASHINGTON, Sept. 1 (UPI) -- Democrats in the U.S. Congress want to force a vote of no confidence on Defense Secretary Donald Rumsfeld after the August recess.

Sen. Barbara Boxer, D-Calif., plans to attach a resolution calling on President Bush to fire Rumsfeld to the defense appropriations bill, CNN reported Friday.

Even many supporters of the Iraq war blame Rumsfeld for carrying out the invasion with too small a force and ignoring unrest until it blossomed into an insurgency. A speech he made this week to the American Legion national convention comparing opponents of the war to those who tried to appease Adolf Hitler in the 1930s reportedly outraged Democrats.

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"This latest Rumsfeld rampage cannot stand," Boxer said. "By comparing critics of this administration's policies in Iraq with those who wanted to appease fascism and Nazism in the run-up to World War II, he is slandering the majority of the American people, who oppose the war in Iraq."

Democrats Raise Rumsfeld Attacks To Put GOP On Defensive (CNN)

CNN, September 2, 2006

WASHINGTON (CNN) -- Congressional Democrats are sharpening their attacks on Defense Secretary Donald Rumsfeld, with one senator proposing a resolution that would call on President Bush to sack the outspoken Pentagon chief.

Sen. Barbara Boxer of California said Thursday that she wants to attach the measure to the defense appropriation bill coming to the Senate floor after lawmakers' August recess.

Democrats in the House of Representatives are likely to offer a similar proposal, a senior Democratic aide said.

The idea is to force Republicans to cast what would amount to a vote of confidence in Rumsfeld -- one of the architects of the increasingly unpopular war in Iraq -- before November's midterm elections, said a Democratic strategist close to the House.

Such a move also would give Democrats a chance to show a united front on Iraq by calling for Rumsfeld's dismissal.

Rumsfeld has said he has offered his resignation before, and President Bush has refused it. In April, Bush said that he wanted Rumsfeld to stay, declaring, "I'm the decider."Appeaser comments draw fire

Rumsfeld outraged many Democratic leaders with a speech Tuesday to the American Legion convention in Utah, accusing critics of the 3-year-old war of turning a blind eye to "a new type of fascism" and "returning to that old mentality of 'Blame America first.' " (Full story)

But with U.S. troops trying to quell a wave of sectarian violence in Baghdad, Boxer and other Democrats placed the blame for American troubles in Iraq squarely on Rumsfeld. (Watch as Democrats accuse Rumsfeld of political rant -- 2:43)

"This latest Rumsfeld rampage cannot stand," Boxer said in a statement Thursday. "By comparing critics of this administration's policies in Iraq with those who wanted to appease fascism and Nazism in the run-up to World War II, he is slandering the majority of the American people, who oppose the war in Iraq."

Boxer's proposal states that Rumsfeld failed to plan adequately for the U.S. occupation of Iraq and ignored the rise of the insurgency that followed. It cites the criticism of retired generals, some of whom say Rumsfeld ignored military advice before the 2003 invasion that toppled Saddam Hussein.House Democrats may introduce resolution

CNN has learned that Democratic leaders in the House are discussing the possibility of offering a similar "no-confidence" vote when Congress reconvenes in September. One senior Democratic aide said Minority Leader Nancy Pelosi of California supports the idea but needs to "vet it with our folks" before anything definitive would be announced.

Democrats hope opposition to the war -- which hit 61 percent in a CNN poll released last week -- will help them retake at least one house of Congress in November. The party strategist who discussed the idea said challengers could use the vote "to talk about the true colors of these individual incumbents."

"If Rob Simmons supports Rummy, you bet you'll see that in a 30-second ad," he said, referring to the Connecticut GOP congressman facing a challenge from Democrat Joe Courtney.

But White House counselor Dan Bartlett said Democratic calls to begin pulling U.S. troops out of Iraq "would be a disaster for the security of the American people."

"It doesn't matter what we debate on this topic. Our enemies believe it's the central front of the war on terror," Bartlett said. "So if we don't get the job done, they will view that as a victory, and that will be a huge setback."

Many Democrats have backed a phased-withdrawal of troops from Iraq, beginning by the end of this year.

Democrats Cite Pentagon Report In War Criticism (CHIT)

By Stephen J. Hedges, Washington Bureau

Chicago Tribune, September 2, 2006

WASHINGTON -- Democrats kept up their verbal assault on President Bush and his national security team Friday over Iraq, while a new Pentagon report underscored the escalating violence there.

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In a wave of statements, Democratic Party leaders targeted Bush, Vice President Dick Cheney and Defense Secretary Donald Rumsfeld for casting the Iraq war as part of a broader war on terrorism.

"The Pentagon's new report today indicates that President Bush, Vice President Cheney and Secretary Rumsfeld's speeches are increasingly disconnected from the facts on the ground in Iraq," Senate Minority Leader Harry Reid said in a statement.

"Even the Pentagon acknowledges Iraq is tipping into civil war," the Nevada senator said. "Failed Republican policies have left America bogged down in Iraq, with our military stretched thin and less able to fight and win the war on terror."

Bush, in a speech to the American Legion in Utah on Thursday, said, "The war we fight today is more than a military conflict. It is the decisive ideological struggle of the 21st Century."

Rumsfeld, in his speech to the Legion on Tuesday, cited the "strange innocence" in the period between World Wars I and II and the failure of Western nations to recognize the rising Nazi threat.

"Some nations tried to negotiate a separate peace, even as the enemy made its deadly ambitions crystal clear," Rumsfeld said, explaining, "I recount this history because once again we face similar challenges in efforts to confront the rising threat of a new type of fascism."

Some Democrats, though, were sharply critical of Rumsfeld's suggestion that critics of the war in Iraq were engaging in appeasement.

Rumsfeld "wants to lecture everybody else," said Rep. Rahm Emanuel (D-Ill.), chairman of the Democratic Congressional Campaign Committee. "He should be ashamed of himself. His stewardship has been a disaster."

Emanuel said House Democrats are considering staging a vote of no confidence on Rumsfeld.

The report on Iraq from the Pentagon was noticeably more pessimistic than the previous quarterly reports the Defense Department is required to send Congress. It highlighted civilian Iraqi deaths, the rise in sectarian strife between Iraq's rival Muslim factions and the growing role of death squads in Baghdad.

"Rising sectarian strife defines the emerging nature of violence in mid-2006," the report found, concluding, "Death squads and terrorists are locked in a mutually reinforcing cycle of sectarian strife."

Cheney suggested several weeks ago that the primary-election defeat of Sen. Joseph Lieberman, a Connecticut Democrat who has supported the war, would "embolden Al Qaeda types."

Lieberman, now running as an independent Senate candidate, was defeated by Ned Lamont, who has criticized the war in Iraq.

Howard Dean, the Democratic National Committee chairman, said Bush has failed to deliver a winning strategy in Iraq.

"You can't trust Republicans to defend America," Dean said. "Today we only heard more of the same propaganda from a desperate Bush administration worried more about its party's political prospects this fall than about how to protect America and fight and win the real war on terror. It's results that matter, and the Bush White House and its rubber-stamp Republicans in Congress have not produced results when it comes to keeping America safe."

The volley of charges and counter-charges over Iraq has more to do with political than military strategy. With the Nov. 7 midterm congressional elections a bit more than two months away and poll numbers suggesting that Democrats could overturn the Republican majority in the House, the role of U.S. troops overseas has become a primary focus.

Bush and Rumsfeld included references to the Sept. 11 terrorist attacks in their speeches, and framed the current fighting in Iraq and Afghanistan as part of the war against militant Islamic fundamentalism.

Emanuel said Rumsfeld crossed the line into partisan politics during his speech.

"He gave it for political purposes," Emanuel said. "He's playing politics. One casualty that Americans were willing to give up after 9/11 was partisanship."

Rumsfeld spokesman Eric Ruff said there was nothing political in the defense secretary's comments.

"In his speech he was not accusing anybody of being soft on terrorism," Ruff said, adding, "What he's saying is that terrorist networks pose a threat to the United States and the free world. The questions he's raising are questions that all Americans ought to be addressing. He linked that to those very clear lessons in history, and history tells us that you just can't ignore a problem."

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Late Friday, Rumsfeld wrote top Democrats in Congress saying his recent remarks in Salt Lake City were misrepresented by the media, The Associated Press reported. Rumsfeld said he was "concerned" by the reaction of Democrats. "I know you agree that with America under attack and U.S. troops in the field, our national debate on this should be constructive," he wrote.

shedges@tribune.com

Rumsfeld Reaches Out To Democrats (WP/AP)

By Anne Plummer Flaherty, Associated Press

The Washington Post/AP, September 2, 2006

In Letter, Secretary Says Recent Speech Was Misconstrued

Defense Secretary Donald H. Rumsfeld reached out to Democrats yesterday, opening the door for them to retract their stinging indictment of him as Pentagon chief.

In a letter to Congress's top Democrats, Rumsfeld said remarks he made Tuesday during a speech in Salt Lake City were misrepresented by the news media. Rumsfeld said he was "concerned" by the reaction of Democrats, many of whom called for his resignation and said he was treading on dangerous territory.

"I know you agree that with America under attack and U.S. troops in the field, our national debate on this should be constructive," Rumsfeld wrote.

In his speech before thousands of veterans, Rumsfeld said the world faces "a new type of fascism" and warned against repeating the pre-World War II mistake of appeasement. He alluded to critics of the Bush administration's war policies in terms associated with the failure to stop Nazism in the 1930s, "a time when a certain amount of cynicism and moral confusion set in among the Western democracies."

Without explicitly citing Bush critics at home or abroad, he said that "it is apparent that many have still not learned history's lessons." Aides to Rumsfeld said later he was not accusing the administration's critics of trying to appease the terrorists but was cautioning against a repeat of errors made in earlier eras.

"Thought and careful preparation went into what I said," Rumsfeld wrote in the letter. "It is absolutely essential for us to look at lessons of history in this critical moment in the war on terror. I was honored by the reception my statements received from our veterans."

Pentagon press secretary Eric Ruff said the letter "reaffirms his Salt Lake City speech, and it suggests lawmakers who have criticized his remarks move beyond politics and read it for what it is."

Democrats said yesterday that they stood by their remarks.

"We did read the speech, and he makes comparisons to World War II" that are unjustified, said Brendan Daly, spokesman for House Democratic Leader Nancy Pelosi (Calif.). "He needs to explain that. We stand behind what we said."

Pelosi had said: "If Mr. Rumsfeld is so concerned with comparisons to World War II, he should explain why our troops have now been fighting in Iraq longer than it took our forces to defeat the Nazis in Europe."

"It's always been clear what Secretary Rumsfeld said," said Rebecca Kirszner, a spokeswoman for Senate Minority Leader Harry M. Reid (Nev.). "What's not clear is that he has a strategy in Iraq and to keep America safe. This letter doesn't change that."

Senate Democrats are expected to meet next week to discuss several issues, including whether they will try to force a vote of no confidence on Rumsfeld. Sen. Barbara Boxer (D-Calif.) has vowed to push legislation calling for Rumsfeld to resign.

Washington: Rumsfeld Writes To Democrats (NYT/AP)

The Associated Press

The New York Times, September 2, 2006

Defense Secretary Donald H. Rumsfeld reached out to Democrats, opening up the door for them to retract their stinging indictment of him as Pentagon chief. In a letter to Congress's top Democrats, Mr. Rumsfeld said recent remarks he made in a speech in Salt Lake City were misrepresented by the news media. Mr. Rumsfeld wrote, "I know you agree that with America under attack and U.S. troops in the field, our national debate on this should be constructive." In his speech, Mr. Rumsfeld alluded to critics of the administration's war policies in terms associated with the failure to stop Nazism in the 1930's. Aides to Mr.

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Rumsfeld said later that he was not accusing critics of trying to appease the terrorists but was cautioning against a repeat of errors made in earlier eras.

LEONARD PITTS JR.: Don't Believe Rumsfeld's Fantasy (FREEP/KRT)

By Leonard Pitts Jr.

Detroit Free Press, September 2, 2006

On Dec. 7, 1941, Japan launched a sneak attack that devastated a U.S. naval base at Pearl Harbor, Hawaii. And the United States rose in righteous fury, immediately declaring war on Thailand. Because, you know, it was in the same part of the world as Japan and the people kind of looked alike and, besides, those Thais had been getting a little uppity and were due for a smackdown.

Which is not the way it happened, of course, but if Secretary of Defense Donald Rumsfeld wants to use World War II allusions to describe the war on terror, I submit that my fantasy comes a lot closer to the truth than his.

Rumsfeld's fantasy, if you missed it, was shared in a recent speech before the American Legion in Salt Lake City. There, the Sec Def said that critics of the war in Iraq -- a designation that now includes most Americans -- are like those who thought they could avoid fighting by negotiating with, or "appeasing," the Nazis in the days before World War II.

The war's critics -- again, that's the majority of us -- need to crack a history book, he thinks. "Once again, we face similar challenges in efforts to confront the rising threat of a new type of fascism. But some seem not to have learned history's lessons."

Rumsfeld's rant was but the shrillest of several recent statements by members of the federal regime -- Cheney, Rice and the great and powerful Bush himself -- in defense of the war in Iraq. Which must mean -- hold on, let me check my calendar -- yep, there's an election coming.

The war on terror has, after all, been this gang's get-out-of-jail-free card for years. High gas prices, a hurricane fiasco, red ink, an overall patina of ineptness overtopped by arrogance, and it's all forgotten the moment they say 9/11. Small wonder they say it loudly now with midterm elections looming and polls suggesting more Americans are seeing through the president like Saran Wrap.

Indeed, there was an interesting exchange between Bush and a reporter at a news conference last week. In the process of answering a question about Iraq, Bush reflexively invoked Sept. 11, leading the reporter to interrupt him.

"What did Iraq have to do with that?" the reporter asked.

"Nothing," Bush said irritably. The reporter somehow resisted saying, "Then why did you bring it up?"

Or maybe that's self-evident. After Sept. 11, the nation needed some Muslims to hit. And the Bush administration, already looking for a pretext to attack Iraq -- which once plotted the assassination of Bush's father -- gave us some.

Since then, the White House missed no opportunity to falsely conflate Iraq with the terror war. The most recent example came last month when anti-war candidate Ned Lamont defeated Connecticut Sen. Joseph Lieberman in the Democratic primary. Vice President Cheney said this rebuke of the war would embolden "Al Qaeda types."

For the record: On Sept. 11, 2001, we were attacked by men directed from a terrorist base in Afghanistan. We quickly knocked over Afghanistan and just as quickly forgot about it, turning instead to the troublesome dictatorship the president just knew in his gut was behind the carnage. Now we find ourselves mired in a poorly defined, poorly designed mission in a nation that, with all due respect to the presidential gut, had NO known connection to Sept. 11.

And with more than 22,000 U.S. casualties -- meaning dead and injured -- and thousands more dead Iraqis, the nation finally begins to question this pig and poke it has been sold. We're all for killing the terrorists. Heck, after you kill them, dig them up and kill them some more. But people are beginning to see that the only terrorism in Iraq is that which we, by our presence, have helped create.

Donald Rumsfeld calls that kind of talk appeasement. I call it understanding.

And the bad news for the secretary is, it's spreading.

Iraqi Casualties Have Risen 51%, U.S. Study Finds (NYT)

By Michael R. Gordon

The New York Times, September 2, 2006

DOJ_NMG_0057882

WASHINGTON, Sept. 1 — Iraqi casualties soared by more than 50 percent in recent months, the product of spiraling sectarian clashes and a Sunni-based insurgency that remains "potent and viable," the Pentagon said in its latest comprehensive assessment of security in Iraq.

During the period from the establishment of the new Iraqi government on May 20 until Aug. 11, the average number of weekly attacks jumped to almost 800. That was a substantial increase from earlier this year and almost double the number of the first part of 2004.

As a consequence, Iraqi casualties increased 51 percent over the last reporting period. The document notes that, based on initial reports, Iraqi casualties among civilians and security forces reached nearly 120 a day, up from about 80 a day in the pervious reporting period from mid-February to mid-May. About two years ago they were running about 30 a day.

"Although the overall number of attacks increased in all categories, the proportion of those attacks directed against civilians increased substantially," the Pentagon noted. "Death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife, with Sunni and Shia extremists each portraying themselves as the defenders of their respective sectarian groups."

The Pentagon report, titled "Measuring Security and Stability in Iraq," is mandated by Congress and issued quarterly. It covers a broad range of subjects, including the economy, public attitudes, and security.

This time, the study is the focus of special interest because of increasing fears that Iraq is sliding into civil war and because it is being published at a time when President Bush and members of his cabinet have been trying to present a strong case in support of the war, in the face of vehement criticism from Democrats.

The report does not take account of the latest efforts to bring order to Baghdad, operations that involved 12,000 additional soldiers, including some 7,000 additional American troops. Col. Thomas Vail, the commander of a brigade of the 101st Airborne Division, told reporters on Friday that his troops had made progress in recent days in tamping down the violence in the capital. The last several days have been particularly bloody, with about 250 Iraqis killed and scores wounded since Sunday. The Pentagon acknowledged that the grim data on attacks, casualties and executions was distressing. "It's a pretty sober report this time," said Peter Rodman, a senior Pentagon official, who met with reporters to discuss it. "The last quarter, it's been rough. Sectarian violence has been particularly acute and disturbing."

Democratic lawmakers portrayed the report as evidence that the administration's strategy was failing. "They have not provided the real resources, in terms of both military and civilian advisers, nor real dollars to reconstruct and help Iraq emerge from this period of instability," Senator Jack Reed of Rhode Island said.

The report chronicles dangers on an array of fronts. Although the Sunni-based insurgency has received less news media attention since the surge of sectarian violence, the report cautions that it is resilient and strong. The number of attacks in Anbar Province, a vast Sunni-dominated region in western Iraq, averages more than 30 a day.

Regarding Al Qaeda in Mesopotamia's operations in Iraq, the report says the network's "cellular nature" has enabled it to continue attacks despite the death of its leader, Abu Musab al-Zarqawi.

But sectarian strife has emerged as the biggest worry. In recent months, the Pentagon noted, "The core conflict in Iraq changed into a struggle between Sunni and Shia extremists seeking to control key areas in Baghdad, create or protect sectarian enclaves, divert economic resources, and impose their own respective political and religious agendas." Echoing recent statements by senior American military commanders, the report says that "conditions that could lead to civil war exist in Iraq, especially in and around Baghdad, and concern about civil war within the Iraqi population has increased in recent months."

The report notes that sectarian violence is gradually expanding north to Kirkuk and Diyala Province. Further, the confidence of Iraqis in the future has diminished, according to public opinion surveys cited in the Pentagon report.

Still, the study says the fighting in Iraq does not meet the "stringent international legal standards for civil war," without further explanation. Even so, the sectarian fighting has been bloodier than ever.

In discussing daily casualty rates, the report did not distinguish between the number of dead and wounded. But it noted that execution-type killings, in particular, reached a new high in July. "The Baghdad Coroner's Office reported 1,600 bodies arrived in June and more than 1,800 bodies in July, 90 percent of which were assessed to be the result of executions," the report states.

The report says that progress has been made in fielding Iraqi Army units and police that can take over the main responsibility for security. It says 5 Iraqi Army divisions, 25 brigades and 85 battalions have the lead for security in their areas. It

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notes that a lack of noncommissioned officers and absenteeism are obstacles to fielding an effective Iraqi force. Though the 63-page report does not discuss military operations in Baghdad in detail, it has become clear in recent months that Iraq could not be effectively secured without the active involvement of the Americans. When the Americans cut back patrols in Baghdad, violence rose and American commanders decided to send additional troops to the capital from elsewhere in the country.

The report notes that Iraq's Interior Ministry does not have a system to determine how many of the forces trained by police advisers are still on the job. Advisers from the American-led forces estimate that the attrition rate is about 20 percent a year.

Citing polling data from the International Republican Institute, the report states that almost 80 percent of Iraqis thought in April 2006 that the general situation would be better in a year. By June, it was less than 50 percent. "In general, Iraqis have had an optimistic outlook," the report stated. "However, as time has passed, their optimism has eroded."

Pentagon Cites Spike In Violence In Iraq (WP)

By Ann Scott Tyson, Washington Post Staff Writer

The Washington Post, September 2, 2006

Averting Civil War Called Main Goal

Rising sectarian bloodshed has pushed violence in Iraq to its highest level in more than two years, and preventing civil war is now the most urgent mission of the growing contingent of 140,000 U.S. troops in the country, according to a new Pentagon report released yesterday.

Executions, kidnappings and other sectarian attacks targeting Iraqi civilians have soared over the past three months, contributing to a 51 percent rise in casualties among the population and Iraqi security forces, the report said. More than 3,000 Iraqis are killed or wounded each month, and by July, 2,000 of the casualties were the result of sectarian incidents, it showed.

The Pentagon report, though consistent with what news media have reported for months, is significant because it represents an official acknowledgment of trends that are widely believed to be driving the country toward full-scale civil war.

"It's a pretty sober report this time," said Peter Rodman, assistant secretary of defense for international security affairs. "The last quarter . . . it's been rough, and the levels of violence are up, and the sectarian quality of the violence is particularly acute and disturbing," he said at a news briefing.

"This is reality catching up with Rumsfeld and the Pentagon," said Michael O'Hanlon, a military analyst at the Brookings Institution.

In a grim revelation, the report cited the Baghdad coroner's office stating that it received 1,600 bodies in June and more than 1,800 in July, of which 90 percent were assessed to be the result of executions.

Moreover, the report said, the revenge killings perpetrated by Sunni and Shiite death squads are spreading outside the Iraqi capital into the far reaches of the country, from Basra in the south to Mosul and Kirkuk in the north. Iran and Syria are actively supporting forces fueling the unrest among religious factions, it said.

"Sustained ethno-sectarian violence is the greatest threat to security and stability in Iraq," the report said. "Conditions that could lead to civil war exist in Iraq," it said, while maintaining that civil war can still be prevented. "Coalition forces and the ISF [Iraqi Security Forces] are responding by increased targeting of both Sunni and Shi'a death squads."

The report, the Pentagon's latest quarterly update on security in Iraq, mandated by Congress, is striking for its realism, defense experts said. It follows last month's dire testimony before Congress by two top American generals, including Gen. John P. Abizaid, the senior U.S. commander in the Middle East, who said sectarian violence in Iraq is worse than ever before and could lead to civil war.

Overall, the number of weekly attacks in Iraq escalated to nearly 800, the highest level since the Pentagon began gathering the statistics in April 2004, the report said. Statistics collected by defense experts, however, indicate that the level is higher than at any time since the U.S.-led invasion overthrew the Saddam Hussein government in April 2003.

"The message is more unambiguously bad because the data is bad, and there is no smoke screen to hide behind that the [Iraqi] elections will turn things around, or the training of Iraqi security forces will turn things," O'Hanlon said.

The 63-page report defines the "core conflict in Iraq" now as a struggle between Sunnis and Shiites in which "death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife, with Sunni and Shi'a extremists each portraying

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themselves as defenders of their respective sectarian groups." Meanwhile, it says, "the Sunni Arab insurgency remains potent and viable."

Attacks increased in all categories from mid-May to mid-August, the period covered by the report, and the proportion of attacks directed against civilians rose "substantially" from 11 percent in April to 15 percent in June. The report covered only part of August, when thousands more U.S. and Iraqi troops reinforced operations in Baghdad that U.S. commanders say have helped quell the violence in the capital.

Congressional Democrats seized on the report as evidence of a bankrupt Bush administration strategy in Iraq.

"Failed Republican policies have left America bogged down in Iraq, with our military stretched thin and less able to fight and win the war on terror," said Senate Minority Leader Harry M. Reid (D-Nev.).

Sen. Jack Reed (D-R.I.), a member of the Senate Armed Services Committee, said the administration has not provided "the real resources, in terms of both military and civilian advisers, nor real dollars to reconstruct and help Iraq emerge from this period of instability."

Reed added: "We will not abandon our brave troops, nor can we afford to abandon Iraq. But we also can't afford to go along with the Bush administration's failed policies any longer."

Pentagon Says Iraq Strife Has Worsened (FT)

By Guy Dinmore, In Washington And Agencies

Financial Times, September 2, 2006

Three days after Donald Rumsfeld, the US secretary of defence, declared that Iraq was heading along a difficult path to a "secure new future", a Pentagon report presented to Congress said sectarian violence had worsened over the past three months, creating the most complex security challenge since the 2003 invasion.

The report, mandated by Congress each quarter, was likely to add to growing calls for Mr Rumsfeld to resign. It covered the period since the new government under Nouri al-Malaki took office, when the Bush administration raised expectations of progress in quelling the violence while insisting that civil war was not on the cards.

"Death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife,'' the report said. The Sunni-led insurgency remained "potent and viable", it said.

"Conditions that could lead to civil war exist in Iraq, specifically in and around Baghdad, and concern about civil war within the Iraqi civilian population has increased in recent months,'' the report said. "Nevertheless, the current violence is not a civil war, and movement toward a civil war can be prevented," it added.

Peter Rodman, the assistant secretary of defence, told reporters that there had been progress in the economy and the number of trained Iraqi troops was up. But he said security conditions had deteriorated.

"Breaking the cycle of violence is the most pressing goal of coalition and Iraqi operations."

The report was issued on a day on which news agencies reported the deaths of at least 47 people in bomb and rocket attacks.

The report said overall attacks rose 24 per cent to 792 per week and Iraqi casualties increased by 51 per cent to nearly 120 per day.

Democrats in Congress said the report showed that Mr Rumsfeld and the administration leadership were disconnected from reality.

Pentagon Issues Grim Iraq Report (LAT)

By Julian E. Barnes

The Los Angeles Times, September 2, 2006

'Conditions that could lead to civil war exist,' military analysts tell Congress. Deaths and injuries now exceed 3,000 a month.

WASHINGTON — Attacks and civilian deaths in Iraq have risen sharply in recent months, with casualties increasing by 1,000 a month, and sectarian violence has engulfed larger areas of the country, the Pentagon said Friday in a strikingly dismal report to Congress.

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The quarterly report, based on new government figures, showed the number of attacks in Iraq over the last four months had increased 15% and Iraqi casualties had risen by 51%. Civilian and military deaths and injuries have surpassed 3,000 each month since May.

Over a longer period, the increase in violence is more dramatic. Weekly attacks have nearly doubled, from 423 in spring 2004 to 792. More than 110 people a day died violently in Iraq in the last three months, the report said, up from fewer than 30 a day in 2004.

The Iraqi government reported that violent deaths in Baghdad declined sharply in the first several weeks of August, but civilian deaths rose again in the last week. The current report covers a three-month period that ended in early August.

The report held to previous Bush administration statements that Iraq is not in an all-out civil war, but conceded that "conditions that could lead to civil war exist."

Overall, the tone of the 63-page report is markedly less optimistic than previous quarterly assessments, which the Pentagon has been required to make since last year.

"This is a pretty sober report," said Peter Rodman, the assistant secretary of Defense for international security. "The last quarter has been rough. The level of violence is up. And the sectarian quality of the violence is particularly acute and disturbing."

The data and language of the report also contrasted with recent statements by administration officials who have been seeking to shore up sagging public support for the war.

Administration officials, for example, repeatedly have emphasized that recent violence has been concentrated in Baghdad. The new report notes that violence has increased in Diyala, Mosul and Kirkuk as the sectarian conflict has spread to those cities.

The report also noted that sectarian attacks had set up a cycle of deepening violence in which civilians were driven to "endorse extremist actions on their behalf," lending their support to the insurgent and militia groups in order to provide security for their neighborhoods. That dynamic is undermining the government's reconciliation efforts and ability to provide security.

With an election approaching in which the U.S. involvement in Iraq has become the driving issue, Democrats seized on the new assessment.

Senate Democratic leader Harry Reid of Nevada said the report showed that the administration was "disconnected from the facts on the ground." His House counterpart, Rep. Nancy Pelosi (D-San Francisco), said in a statement that the report showed that "prospects for improving security in Iraq in the foreseeable future are bleak."

Democrats accused the administration of delaying the report until after President Bush delivered a major speech on the war Thursday to the American Legion.

In arguing that Iraq is not yet in a full-scale civil war, Defense officials pointed out that Iraqi security forces had remained loyal to the central government and that no rival government had emerged.

"There are important things that have not happened," said Rear Adm. William D. Sullivan, vice director for strategic plans and policy on the Pentagon's Joint Staff. "The sectarian violence is worrisome…. We are not blind to the possibility that this could continue down the wrong path."

Sullivan said he believed that despite the rise in killings, the U.S. was still making progress in the war.

Outside military analysts were more cautious.

Anthony Cordesman of the Center for Strategic and International Studies said it was difficult to predict eventual victory or defeat in Iraq but the situation was growing bleaker.

"You could make the case for optimism in the past; you cannot now," said Cordesman, who has written extensively on Iraq.

The Pentagon's previous quarterly reports "were unrealistic in every dimension because they understated the insurgency, they grossly overstated economic progress, they were over-optimistic about political progress, and they never seriously addressed the threat of civil conflict," Cordesman said. "But this report has had to face reality."

The report noted that Iraqis remained optimistic, but it cautioned that the positive outlook was eroding. About 59% of Iraqis say economic conditions are poor, and 80% of Baghdad residents believe a civil war might break out — a marked increase in pessimism from last year.

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The violence in Iraq cannot be attributed to a unified, organized insurgency, the report noted. Instead, violence is the result of a complex interplay between international terrorists, local insurgents, sectarian death squads, organized militias and criminal groups.

Radical Shiite cleric Muqtada Sadr's Al Mahdi militia has achieved a "measure of tolerance" from Iraq's new government, the report said, but violence between the militia and the Iraqi army is frequent. It said the militia receives support from Iran.

One key indicator of full-scale violence identified in previous Pentagon reports is the number of forced displacements of people and households. The U.S. military has been skeptical of reports of large numbers of displaced people, but the Pentagon report quotes a U.N. estimate that 137,862 people have been pushed out of their homes since February, when a famed Shiite mosque was bombed in Samarra.

The bombing is widely credited with setting off the current cycle of sectarian violence. Sunni Arabs allied with Abu Musab Zarqawi, the terrorist leader slain in June in a U.S. attack, were blamed for the mosque attack.

The report is optimistic about the new plan to increase security in Baghdad by promoting economic growth, but provides no numbers about the results of the renewed security initiative.

Rodman cited as a positive development the report's finding that Iraqi security forces continued to grow in size and skill, assuming greater responsibility over the last 10 months. He said the number of Iraqi army battalions had increased to 85 from 23 in October.

U.S. commanders in Baghdad had promised that the national police system would be improved this year, and the report noted an increase in the number of military trainers.

But serious problems exist with the police battalions, particularly the national police units controlled by the Ministry of Interior.

The report says "unprofessional and, at times, criminal behavior has been attributed to certain units in the national police" and that public confidence in them has weakened.

Some of those units, the report says, owe allegiance to militias, not the central government — and last month, military officials said they had been forced to dissolve some national police battalions for that reason. The number of police battalions with control over their cities and neighborhoods has decreased from six to two.

In the Pentagon's May report to Congress, officials expressed hope that rapid political progress would earn confidence from Iraqis and blunt the increase in violence. However, delays in forming a new government under Prime Minister Nouri Maliki quickly undermined those hopes.

Rodman said that if the Iraqi government been able to form more quickly after the December election, the sectarian violence that rose from the Samarra mosque bombing might have been dampened.

"For years, people like Zarqawi have been aiming at this, trying to foment civil war," Rodman said. "In Samarra they hit pay dirt, in a sense. The system has been shaken by it.... And maybe Zarqawi's legacy was the Samarra bombing, the effects of which have lived after him."

julian.barnes@latimes.com

Pentagon Gives Gloomy Iraq Report (AP)

By Robert Burns

AP, September 2, 2006

Sectarian violence is spreading in Iraq and the security problems have become more complex than at any time since the U.S. invasion in 2003, a Pentagon report said Friday.

In a notably gloomy report to Congress, the Pentagon reported that illegal militias have become more entrenched, especially in Baghdad neighborhoods where they are seen as providers of both security and basic social services.

The report described a rising tide of sectarian violence, fed in part by interference from neighboring Iran and Syria and driven by a "vocal minority" of religious extremists who oppose the idea of a democratic Iraq.

Death squads targeting mainly Iraqi civilians are a growing problem, heightening the risk of civil war, the report said.

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"Death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife," the report said, adding that the Sunni-led insurgency "remains potent and viable" even as it is overshadowed by the sect-on-sect killing.

"Conditions that could lead to civil war exist in Iraq, specifically in and around Baghdad, and concern about civil war within the Iraqi civilian population has increased in recent months," the report said. It is the latest in a series of quarterly reports required by Congress to assess economic, political and security progress.

Iraqi forces were dealing with more violence Friday as officials said a mortar attack on an open-air market in Mahmoudiya, about 20 miles south of Baghdad, killed three people and wounded 12. Elsewhere, two policemen were also killed and authorities said they found the body of a Saddam Hussein-era intelligence officer who had been kidnapped and shot.

The bloodshed capped a week in which hundreds of Iraqis were killed despite a security crackdown that targeted some of Baghdad's most violent neighborhoods.

A growing number of members of Congress are calling for either a shift in the Bush administration's Iraq strategy or a timetable for beginning a substantial withdrawal of American forces. Although administration officials say progress is being made in Iraq, U.S. commanders have increased U.S. troop levels by about 13,000 over the past five weeks, to 140,000, mainly due to increased violence in the Baghdad area.

In response to the Pentagon's report Friday, the Senate's top Democrat, Harry Reid of Nevada, said it showed the Bush administration is "increasingly disconnected from the facts on the ground in Iraq."

"It is time for a new direction to end the war in Iraq, win the war on terror, and give the American people the real security they deserve," Reid said.

Sen. Jack Reed, D-R.I., who recently returned from a visit to Iraq, said the report squared with what he saw there.

"Iraq is tipping toward civil war," Reed said.

Col. Thomas Vail, commander of a 101st Airborne brigade operating in the mostly Shiite areas of eastern Baghdad, told reporters at the Pentagon on Friday that an intensified effort to root out insurgents and quell sectarian violence in the capital is bearing fruit, leading to a decrease in sectarian murders in recent days.

"They understand a big stick," he said, referring to a bigger U.S. and Iraqi force confronting militias and others responsible for violence like the barrage of coordinated attacks across eastern Baghdad on Thursday. Iraqi police said they killed at least 64 people and wounded more than 286 within a half hour.

Peter Rodman, the assistant secretary of defense for international security affairs, in a separate session with reporters, said that despite progress this summer in reviving the Iraqi economy, raising electricity production and increasing the number of trained Iraqi troops, security conditions have deteriorated.

The report covered the period since the Iraqi government led by Prime Minister Nouri al-Malaki was seated May 20.

From that date through Aug. 11, the average number of attacks per week against Americans and Iraqis was 792, up 24 percent from the previous period of Feb. 11 to May 19. The 792 figure was the highest for any counting period since the war began. The previous high was 641 in the Feb. 11 to May 19 period.

"The last quarter, as you know has been rough," Rodman said. "The levels of violence are up and the sectarian quality of the violence is particularly acute and disturbing."

That assessment was tempered by a degree of optimism that the Iraqi government — with support from U.S. troops — will succeed in quelling the sectarian strife.

Optimism among ordinary Iraqis, however, has declined, the 63-page report said.

When asked if they believe "things will be better" in the future, the percentage of Iraqis responding positively has dropped over the past year — whether they were asked to look ahead six months, one year or five years — according to polling data cited in the report.

"The security situation is currently at its most complex state since the initiation of Operation Iraqi Freedom," the report said, using the U.S. military's name for the war that was launched in March 2003 to topple Saddam Hussein.

One of the most celebrated events during the period on which Friday's report was based was the killing of the leader of al-Qaida in Iraq, Abu Musab al-Zarqawi. The report said that although this was a major success, al-Qaida remained a threat because of its "resilient, semiautonomous cellular structure."

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Pentagon Delivers Grim Report On Iraq (BSUN)

By David Wood

The Baltimore Sun, September 2, 2006

Congress is warned of 'mutually reinforcing cycles of sectarian strife'

WASHINGTON -- In a sobering new assessment of Iraq, senior Pentagon officials sketched out a bloody landscape Friday of sectarian violence spreading beyond Baghdad and execution-style assassinations and terrorist bombings by increasingly entrenched private militias and death squads.

"This is probably the most complex combat environment we have seen since the war began," said Rear Adm. William Sullivan, the top strategic planner for the Joint Chiefs of Staff.

The severity and breadth of the Defense Department report, which is required four times a year by Congress, appeared to undercut recent statements by President Bush and Defense Secretary Donald H. Rumsfeld that conditions in Iraq are difficult but that steady progress is being made and that, as Rumsfeld put it Tuesday, "The question isn't whether we can win. It's whether we have the will to persevere to win."

"This is a report that provides a good deal more realism" than recent administration statements, said Anthony Cordesman, senior analyst at the Center for Strategic and International Studies. "In truth, it's not a matter of American will that determines whether we win or lose in Iraq, but Iraqi governance, and the most we can do is to support and encourage that effort."

The Bush administration sought to downplay the report's most discouraging elements. A White House official, speaking on condition of anonymity, said the report deals only with the period ending Aug. 7, so it doesn't take into account a "significant decrease in executions and sectarian incidents" in Baghdad since then.

Bush continues to believe that the al-Maliki government has the right strategy in place to combat the violence and is ready to make whatever adjustments are necessary to adapt to the situation, the official said.

"Results cannot be expected overnight, but new tactics on the ground are already having an impact," the official said.

Nevertheless, the grim thrust of the report underscores that even with the establishment of an elected Iraqi government under a new constitution, chaos and bloodshed have only increased, driving growing numbers of families from their homes and jobs.

In the period covered by the assessment, roughly mid-May through mid-August, the number of weekly attacks on civilians rose 15 percent over the previous three-month period, while Iraqi casualties shot up 51 percent.

"Sunni and Shi'a [Shiite] extremists, particularly al Qaeda-in-Iraq and rogue elements of Jaysh al Mahdi [the militant organization of Shiite cleric Muqtada al-Sadr] are increasingly locked in retaliatory violence and are contesting control of ethnically mixed areas to expand their existing areas of influence," the report said.

"Death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife," it stated, creating "increasing numbers of internally displaced persons," or refugees.

In predominantly Shiite neighborhoods of east Baghdad Friday, a series of attacks with car bombs, mortars and rockets killed at least 64 people and wounded more than 286, the Associated Press reported.

Bush and others argue that the bloody conflict is concentrated in Baghdad, where U.S. troops and Iraqi security forces are making a major push to quell the violence. But the Pentagon assessment says sectarian blood-letting "is gradually spreading north into Diyala Province and Kirkuk as Sunni, Shi'a and Kurdish groups compete for provincial influence."

Concern about civil war "has increased in recent months" among civilians, the report said.

The strategy for prevailing over the rising violence and worsening conditions in Iraq, as explained this week by Bush and other administration officials, is for the 140,000 U.S. troops in Iraq to train and fight alongside Iraqi security forces while the central government of Iraqi Prime Minister Nouri al-Maliki gathers control of the fractious nation.

The United States depends on al-Maliki to oversee a series of difficult political compromises in the national legislature, principally on sharing oil revenues. And only the Iraqi government, officials said, can implement critical security measures.

In a little-noticed part of his speech to the American Legion on Thursday, Bush seemed to issue a warning to the Iraqi government,

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"America is a patient nation, and Iraq can count on our partnership, as long as the new government continues to make the hard decisions necessary to advance a unified, democratic and peaceful Iraq," Bush said.

U.S. officials are relying on al- Maliki to get the private militias disarmed and off the streets, a politically tricky business given that government ministries and the legislature are threaded with powerful politicians connected with sectarian organizations such as Jaysh al Mahdi, which often have armed militant wings.

But the United States will not undertake the potentially dangerous job of dismantling the militias, Pentagon officials said.

That mission "has to be Iraqi- led," Sullivan said, adding that while some militia members might disarm voluntarily, others will have their weapons taken away by force.

"It is difficult to predict how long it will take," he told reporters at a Pentagon briefing. There are "almost daily discussions" on the issue between al-Maliki and senior U.S. military commanders in Iraq, he said.

Peter Rodman, a top Pentagon policymaker, said the fact that there is a national government in place is encouraging.

"You have a functioning national government and that is not a small matter, and a legislature elected in a 77 percent [voter] turnout," he said. Iraqi security forces are operating on the streets, and Iraq's economy is forecast to grow 4 percent, he said, citing a World Bank estimate.

However, the latest Pentagon report, the fifth quarterly report on Iraq, suggests a darker picture:

Corruption in government ministries "has hampered" their per formance, but the Iraqi government has difficulty prosecuting cases because of a shortage of about 750 judges and because of intimidation of judges and prosecutors. Iraqi officials cooperating with or merely visiting American officials have received death threats and one has been kidnapped, hampering further cooperation, the report said.

Despite claims of U.S. officials that Iraqi security forces are increasingly well-trained and -equipped, the report said the number of national police battalions able to lead operations has dropped from six to two since last spring. Officials could not immediately explain why.

Officials also acknowledged that Iraqi police ranks have been heavily infiltrated by militia loyalists. Reports of civilians being dragged off and killed by unknown gunmen in police uniforms are common in Baghdad.

Perhaps the most tragic measure of the situation in Iraq is the steady climb in the number of attacks on civilians.

These attacks rose from an average of just over 400 per week in the spring of 2004, before an interim Iraqi government took over, to almost 800 this summer as the al-Maliki government attempted to extend its reach.

The monthly death toll for Iraqi civilians and security forces has also risen this year, from 779 in January to 1,203 in August, according to estimates by Icasualties.com, a well-regarded private organization.

According to Pentagon figures, U.S. battle deaths have fluctuated this year, from a high of 76 in April to a low of 43 in July. In August, the total was 65.

"The bottom line here is that we have shown plenty of will for 3 1/2 years and we are not winning," Michael O'Hanlon, senior defense analyst for the Brookings Institution, a Washington think tank, said Friday in response to Rumsfeld's earlier assertion.

"To say the only problem we have in Iraq is people with a defeatist attitude is frankly ridiculous," O'Hanlon said. "The problem is we don't have a mission that is working. I am very much on Bush's side hoping that the sec urity plan for Baghdad works. But it is not working yet."

david.wood@baltsun.com

Pentagon: Cold-blooded Carnage Soaring In Iraq (CNN)

CNN, September 2, 2006

BAGHDAD, Iraq (CNN) -- Death squads and terrorists have ramped up attacks on civilians in Iraq, killing more than 1,600 people in cold-blooded "execution-style" slayings in July alone, a Pentagon report said Friday.

Increasing violence is affecting "all other measures of stability, reconstruction and transition," according to the report, which examined the situation in June, July and August.

But the report concluded the "current violence is not a civil war, and movement toward civil war can be prevented." (Watch a report of good news and grim statistics -- 1:21)

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"Sectarian tensions increased over the past quarter manifested in an increasing number of execution-style killings, kidnappings and attacks on civilians," said the report which is required by Congress.

The number of executions reached a new high in July, the Pentagon said, blaming the killings on al Qaeda in Iraq and death squads who are accused of targeting members of various communities to increase sectarian tension. "The Baghdad coroner's office reported 1,600 bodies arrived in June and more than 1,800 in July, 90 percent of which were assessed to be the result of executions."

The report said the quarter had seen a 51 percent increase in Iraqi casualties and a 15 percent increase in the number of attacks.

The report's release came after a wave of apparent sectarian violence Thursday claimed at least 46 lives across the Iraqi capital.

Forty-four people died and at least 255 others were wounded in five attacks using Katyusha rockets in mostly Shiite neighborhoods of southeastern and northern Baghdad, the Iraqi Health Ministry said.

The blasts destroyed six residential buildings in five neighborhoods and are under investigation, said an Iraqi Interior Ministry official.

A car bomb also killed two people and wounded 13 near a gas station in the southeastern Baghdad neighborhood of Mashtal, police said.

Thursday's violence followed a string of insurgent bombings Wednesday in Baghdad and the nearby provinces of Diyala and Babil, killing at least 47 people and wounding more than 100 others, emergency officials said.

The attacks hit as Iraqi and U.S. security forces engage in an extensive security crackdown in the capital.

Amid flagging support domestically for the war in the United States, President Bush launched a new series of domestic speeches Thursday, again asserting that the battle for Iraq is the "central front in our fight against terrorism."

Bush told an audience at the American Legion convention in Salt Lake City, Utah, that the effort was akin to World War II and the Cold War and warned that failure to persevere will lead terrorists to take their battle to U.S. shores.

Also on Thursday, Congressional Democrats sharpened their attacks on Defense Secretary Donald Rumsfeld, with one senator proposing a resolution that would call on President Bush to sack the outspoken Pentagon chief.

Sen. Barbara Boxer of California said that she wants to attach the measure to the defense appropriation bill coming to the Senate floor after lawmakers' August recess. (Full story)

Many Democrats have disputed Bush's view that the Iraq war is essential to the fight against terrorism. In a statement, Senate Minority Leader Harry Reid of Nevada called for "beginning the redeployment of troops from Iraq, refocusing our efforts on the war on terror and protecting Americans from terrorism here at home."Other developments

U.S. troops transferred security responsibilities Friday in most of the key northern province of Tameem to two Iraqi army battalions. Soldiers of the 1st Brigade Combat Team, 101st Airborne Division made the transfer during a ceremony at an Iraqi military base outside Kirkuk. That oil-rich city and Hawija will remain under U.S.-led coalition control.

Iraqi Prime Minister Nouri al-Maliki on Thursday said Iraqi security forces soon will assume leadership responsibility in the southern province of Thiqar. Iraqis recently took control of security in Muthanna province from the British.

A U.S. Marine and soldier died Wednesday "due to enemy action" during operations in Anbar province, west of Baghdad. Since the start of the Iraq war in 2003, there have been 2,633 U.S. military fatalities. Seven American civilian contractors of the military also have died in the conflict.

Pentagon Sees No Civil War In Iraq (WT)

By Bill Gertz, The Washington Times

The Washington Times, September 2, 2006

Tribal and religious violence is increasing in Iraq but has not become a civil war, according to a Pentagon quarterly report to Congress made public yesterday.

"Sectarian tensions increased over the past quarter, manifested in an increasing number of execution-style killings, kidnappings, and attacks on civilians, and increasing numbers of internally displaced persons," the report stated.

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Sunni and Shi'ite extremists, especially the terrorist group al Qaeda in Iraq and rogue elements of the Jaysh al Mahdi (JAM) "are increasingly interlocked in retaliatory violence and are contesting control of ethnically mixed areas to expand their existing areas of influence," the report said.

"Throughout the past quarter, rogue JAM members continued a campaign of overt executions and mass kidnappings of Sunni civilians," the report said. "At the same time, Sunni extremists continued to respond by carrying out large-scale and mass-casualty bombings of Shia gatherings and culturally significant sites."

The report stated that concerns over civil war have increased in recent months, and conditions that could lead to one exist. "Nevertheless, the current violence is not a civil war, and movement toward civil war can be prevented," the report said.

For its part, the Iraqi government yesterday released a report saying that violent deaths among civilians in Iraq may have fallen by a quarter last month. The partial data, provided by Iraq's interior ministry and based on figures from the health ministry, showed 769 civilians were killed in August, down 28 percent from 1,065 in July, the worst month recorded.

The figures tend to back U.S. military confidence that a crackdown in the capital has slowed the bloodletting some.

President Bush, Defense Secretary Donald H. Rumsfeld and other officials have given speeches seeking to rally public support for resolving the conflict in Iraq, which began with the March 2003 military operation to oust the regime of Saddam Hussein.

While the number of all types of attacks increased, the number of attacks against civilians increased substantially, the report said. A total of 11 percent of attacks targeted civilians in April and the number increased to 15 percent in June.

The U.S. and Iraqi governments "are continuing the military, diplomatic and political actions needed to prevent a civil war and bring the situation in Baghdad under control," the report said.

The sectarian violence is limited to "the communal level" and Iraq's national institutions "are holding," the report said. The military reported that the average number of weekly attacks grew by 15 percent from the earlier four-month period and Iraqi casualties grew by 51 percent from the earlier period.

Most of the violence took place in Baghdad at the hands of terrorists, insurgents and illegal armed groups with a small element of "foreign suicide operatives," the report said.

Al Qaeda and Sunni attacks on Shi'ites are aimed at inflaming sectarian tensions and have resulted in retaliatory attacks on Sunnis by rogue Shi'ites that seek to create Shi'ite enclaves in Baghdad. To counter the violence, military forces have "increased targeting of ... death squads" from both sects.

The report said U.S., allied and Iraqi government forces continued to make progress toward improving stability in Fallujah and some parts of northern Iraq.

"Although sectarian violence threatens the effectiveness of the government of Iraq, terrorists have failed to derail Iraq's political process, or to widen their political support among the Iraqi people," the report said, noting that data show most of the Iraqi people support the army and reject al Qaeda's vision for Iraq's future.

The report said Iraqi security forces are growing in size and capability and are assuming more "lead combat responsibility," including operations against insurgents, from coalition forces. About 277,600 Iraqi soldiers and police have been trained and equipped, an increase of more than 14,000 since the last quarterly report.

•This article was based in part on wire service reports.

Pentagon Reports An Increase In Factional Fighting In Iraq (MCT)

By Drew Brown

McClatchy Newspapers, September 2, 2006

WASHINGTON - A struggle between Sunni and Shiite Muslim extremists seeking to control Baghdad has eclipsed the Sunni insurgency against U.S.-led coalition forces and is spreading to other parts of the country, the Pentagon said Friday.

More than 300 Iraqis have died in sectarian violence this week, including 64 who were killed in a series of coordinated attacks Thursday night in Baghdad, which has been the target of a U.S.-Iraqi campaign to improve security.

In its latest quarterly report to Congress on conditions in Iraq, the Defense Department says Iraqi casualties grew by more than 50 percent in the three months that ended in early August. The 63-page report concluded that while the sustained violence

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between ethnic and religious groups is now the greatest threat to Iraq's security and stability and could lead to civil war, the Sunni insurgency remains "potent and viable."

"Conditions that could lead to civil war exist in Iraq, specifically in and around Baghdad, and concern about civil war within the Iraqi civilian population has increased in recent months," it says.

Attacks against coalition and Iraqi security forces, civilians and infrastructure have almost doubled in the last two years, from about 400 a week in April-June 2004 to nearly 800 a week in the last three months. The number of attacks per week in July was the highest since the war began, the report says.

Previous reports tended to describe steady progress in Iraq, and the sobering new assessment was released just as President Bush and his aides have launched a campaign to bolster public support for the war before the November congressional elections.

The shift toward sectarian violence has occurred largely since the bombing of a Shiite shrine in Samarra in February. The violence has been characterized by a sharp rise in kidnappings, executions and bombings. Most of it has occurred in and around Baghdad between rival Sunni Arab and Shiite groups.

"Sectarian violence is gradually spreading north into Diyala province and Kirkuk as Sunni, Shi'a, and Kurdish groups compete for provincial influence," the report says.

More than 60 percent of the attacks are aimed at coalition troops, but attacks on civilians are rising and now constitute about 15 percent of the total. Sunni and Shiite death squads are responsible for most of the rise in sectarian violence, according to the report.

Recently, about 2,000 Iraqi civilians have died each month in sectarian violence, compared with about 1,000 in February.

Executions reached new highs in July. The Baghdad coroner's office reported that month that 90 percent of the 1,800 bodies it had received were those of people who'd been executed.

The killing in June of Jordanian-born terrorist Abu Musab al-Zarqawi, an ally of al-Qaida, "has dealt a significant blow" to the group al-Qaida in Iraq, although it continues to operate in small cells and has been focused on attacking Shiite civilians and a "retaliatory cycle of violence" against elements of the al Mahdi Army, a Shiite militia allied with radical cleric Muqtada al Sadr. The Mahdi Army is thought to be responsible for most Shiite death-squad activity, the report says.

Peter Rodman, the assistant secretary of defense for international security, said the Pentagon didn't think that Iraq was in a civil war since the country had a functioning government that included all ethnic and religious groups.

The report says conditions for civil war are present but that the conflict doesn't meet "stringent international and legal standards" that define civil war. It didn't identify those standards.

"There are differing opinions among the intelligence community and other places as how best to describe it," said Adm. Bill Sullivan, the vice director for strategic plans and policy on the Joint Chiefs of Staff. "I think it's fair to say . . . that many of the preconditions do exist. We're not turning a blind eye to that."

Sullivan said that most of the operations being carried out by U.S. and Iraqi troops in Baghdad were aimed at curbing sectarian violence in order to defuse the threat of civil war.

The report on Iraq's security and stability is online at www.defenselink.mil/pubs/pdfs/Security-Stability-ReportAug29r1.pdf

Iraqis Expand Baghdad Security Operation (AP)

By Elena Becatoros

AP, September 2, 2006

BAGHDAD, Iraq (AP) — Iraqi forces will expand their security operation into eastern Baghdad — including Shiite militia strongholds — the Defense Ministry said Friday, a day after a barrage of coordinated attacks across those areas killed 64 people and wounded 286.

Rescue crews pulled bodies from the rubble after Thursday night's violence, which police said included explosives planted in apartments, car bombs and several rocket and mortar attacks on mainly Shiite neighborhoods.

The bloodshed capped a violent week that saw hundreds of Iraqis killed, despite a massive security crackdown in the capital that has targeted some of Baghdad's most violent neighborhoods.

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Authorities reported more violence Friday, with a mortar attack on an open-air market in Mahmoudiya, about 20 miles south of Baghdad, that killed three people and wounded 12, an Iraqi army official said.

Gunmen also fatally shot one policeman in each of two towns outside Baghdad, while police said they found the body of a Saddam Hussein-era intelligence officer who had been kidnapped and shot.

The U.S. Defense Department issued a report to Congress saying sectarian violence is spreading in Iraq, with illegal militias becoming more entrenched, especially in Baghdad neighborhoods where they are seen as providers of security as well as basic social services.

Death squads targeting mainly Iraqi civilians are a growing problem, heightening the risk of civil war, the report said.

"Death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife," it said, adding that the Sunni-led insurgency "remains potent and viable" even as it is overshadowed by the sect-on-sect killing.

Thursday's attacks in Baghdad centered on neighborhoods controlled by Shiite militias, some of which Sunni Arabs accuse of running death squads.

Defense Ministry spokesman Muhammad Al-Askari said security forces planned to expand in a matter of days into an area of eastern Baghdad that includes the neighborhoods targeted Thursday. The move is part of "Operation Together Forward," a security crackdown that targets the capital's most violent districts in phases and has seen an extra 12,000 Iraqi and U.S. troops deployed in the capital.

"We have prepared everything, but we are waiting to mobilize the troops and prepare the special military units that will implement the raids," he said.

Sadr City, a stronghold of firebrand Shiite cleric Muqtada al-Sadr, would also be included, al-Askari told The Associated Press.

The area witnessed repeated clashes in the past between U.S. troops and al-Sadr's Mahdi Army militia, though American forces have rarely ventured into the area recently.

"No neighborhood is off limits," al-Askari told the AP. "There's not a single neighborhood that's a red line for us. Any area that has terrorist activity, we will enter — there will be no stop sign."

He said no special arrangements had been made to deal with a security operation into the neighborhood. Other areas include Baghdad Jadida, Habibiyah, Waziriyah and Palestine Street, which has witnessed a surge in violence recently.

The expanded security operation will begin in a week to 10 days, he said, adding that Prime Minister Nouri al-Maliki would decide on the exact date.

Al-Askari said the first two phases of the operation, which included Sunni Arab districts, was successful.

"The terrorists will not work in these districts any more, the terrorists are moving to suburbs of Baghdad, to districts that were not included in the first and second phases, to worsen the security situation there," he said.

Despite the violence, Iraqi authorities are optimistic about the handover of security control. The Iraqi Ground Forces Command took over control from the U.S.-led coalition Friday of the first of 10 Iraqi army divisions, the U.S.-led command said in a statement.

The 8th Iraqi Army Division, based in Diwaniyah, will now report directly to Iraqi authorities rather than through the coalition.

Diwaniyah, 80 miles south of Baghdad, was the site of a fierce, 12-hour battle between the 8th Division and Shiite militia earlier in the week that left more than 20 soldiers and 50 militiamen dead.

Meanwhile, a bomb detonated Friday on the outskirts of Musayyib, about 40 miles south of Baghdad, damaging an oil pipeline and cutting supplies to a major electricity station.

Police said no one was injured, but electricity authorities in Babil province warned the damage would lead to longer power cuts in the cities of Karbala, Najaf, Hillah and Diwaniyah.

Iraqis have faced severe fuel shortages since Saddam Hussein's 2003 ouster, and insurgents have frequently targeted pipelines and oil refineries.

In other violence across the country Friday, according to police:

• The body of Kamil Shateb, a former intelligence officer during Saddam Hussein's regime, was found in Kut, 100 miles southeast of Baghdad, a morgue official said. He had been kidnapped the day before and shot in the head.

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• Gunmen shot and killed a policeman in Numaniyah, a town near Kut, after breaking into his house Thursday night.
• A policeman was gunned down in a drive-by shooting in Ramadi, 70 miles west of Baghdad.

Iraqi Troops To Move Into East Baghdad (LAT/AP)

From The Associated Press

The Los Angeles Times, September 2, 2006

BAGHDAD — Iraqi security forces will expand their operations into east Baghdad, including Shiite militia strongholds, the Defense Ministry said Friday.

Ministry spokesman Mohammed Askari said forces planned to move into the area as part of a joint U.S.-Iraqi crackdown, targeting the capital's most violent districts in phases. The crackdown has resulted in an additional 12,000 troops being deployed in the capital.

The Sadr City neighborhood, a stronghold of firebrand Shiite cleric Muqtada Sadr, will be included, Askari said. The district has seen repeated clashes between U.S. troops and Sadr's Al Mahdi militia. American forces recently have rarely gone into the district.

Other areas include Jadida, Habibiya, Waziriya and Palestine Street, which has experienced a surge in violence. The expansion will begin within 10 days, Askari said.

Kurdistan President Replaces Iraqi Flag (AP)

AP, September 2, 2006

Kurdistan president Massoud Barzani has ordered the Iraqi national flag to be replaced with the Kurdish one in his northern autonomous region in what appeared to be another move toward more self-rule in the north, local officials said Friday.

The order was issued Thursday and applies to the Kurdish region, said Beshraw Ahmed, a spokesman for the Sulaimaniyah municipality.

According to Azad Jundiyanim, a member of President Jalal Talabani's Patriotic Union of Kurdistan in Sulaimaniyah, Barzani issued a formal message asking for the Iraqi flag to be lowered. The message was also broadcast on Kurdish radio.

Iraq's northern Kurdish region has slowly been gaining more autonomy since the 2003 U.S.-led invasion of Iraq.

On May 7, its parliament in the northern city of Irbil unified the Kurdish region's two long-standing administrations, one headed by Barzani's Kurdistan Democratic Party and the other by Talabani's Patriotic Union of Kurdistan.

Kurds had until then enjoyed self-rule in three provinces of the north but under the separate administrations.

Sunni Arabs fear that Kurds are pushing for secession under the nation's new federal system, a step which, if imitated by the Shiite majority in the oil-rich south, would leave Sunnis with little more than date groves and sand.

The Kurdish region had been out of Saddam Hussein's control since the 1991 Gulf War, when the Kurds set up their autonomous region under the protection of U.S. and British warplanes. After the U.S.-led invasion, Kurdistan was the only region that did not witness major changes.

Iraq's new constitution recognizes Kurdish self-rule and provides a legal mechanism for other areas to govern themselves but within the Iraqi state.

Questions Echo Amid The Din Of Explosions (LAT)

By Patrick J. Mcdonnell And Raheem Salman

The Los Angeles Times, September 2, 2006

'How can people protect themselves? From which enemy?' Iraqis grapple with the latest major attack, horrific even by Baghdad standards.

BAGHDAD — The civil defense men in blue uniforms joined neighborhood volunteers picking through the rubble with their hands, there being no heavy equipment to aid in this thankless task. Dedicated young men used a nylon sack to bag jagged bits of flesh, now destined for a proper Muslim interment.

"Why so many explosions at the same time?" asked Mohammed Mayahi, 57, whose sons were among those burrowing for signs of life and death in the heap of debris that a day earlier had been a two-story apartment building, alive with families, shops

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and a restaurant. "How can people protect themselves? From which enemy? We must be vigilant, yes, but against which form of killing?"

Such was the doleful and confused scene Friday in the east Baghdad neighborhood of Habibiya, where something — a rocket, a bomb, a mortar shell, no one seemed to know quite what — tore into a building just before sundown as residents gathered on the eve of the weekly Islamic day of prayer, rest and contemplation.

The day-after canvass through the ruins has become so familiar in this tormented nation that the images may now seem to some cliche, the grief ritualized.

But they were all too real in Habibiya and nearby districts, targets of a highly coordinated bombardment that was stunning even by Baghdad's gruesome standards. The official toll from Thursday's attack: 63 killed and 282 injured. Of the dead, 19 were children younger than 16 and 24 were women, a police official said.

The weapons included rockets, mortars, car bombs and, in a twist, bombs placed inside buildings and apparently set off by timers. In some cases, authorities said, the plotters may have rented apartments and shops with the sole intention of blowing them up — a sinister new turn in Iraq's cycle of carnage.

"These terrorists always seem capable of inventing a new way to kill people," said Mohammed Askari, a Defense Ministry spokesman.

Thursday's attack, which occurred over a 25-minute period starting at 6:05 p.m., struck a broad arc of mostly Shiite Muslim neighborhoods. It caused casualties in half a dozen districts on the east side of the Tigris River, the murky dividing line in the sectarian war pitting Sunni against Shiite.

Suspicion fell on the Sunni Arab guerrillas engaged in a brutal conflict with the majority Shiite sect.

Witnesses at various bomb sites Friday recounted the chaos.

"I heard the explosion, and I realized it was in the building where I live," recalled Mohammed Jawad, 29, who was walking on a street in the New Baghdad neighborhood, which was hit by several blasts.

He ran to his apartment, where his wife, Zainab, and the couple's two young children were enmeshed in the rubble. "I didn't know where to search," Jawad said, recalling his panic.

All of them lived, but the couple's 4-year-old son was hospitalized with a head injury.

A survivor told of trampling over women's bodies as he escaped through a series of destroyed shops specializing in clothing and cosmetics.

"Can we label this resistance?" a leading Shiite cleric, Sadruddin Qubanchi, asked during his sermon from the city of Najaf, sacred ground to the Shiites. "No, what is happening is terrorism and the stuff of thieves and the displacement of people because of their identities."

Such barbarity inevitably breeds response in Iraq's tit-for-tat atmosphere that threatens to accelerate into all-out civil war. On Friday, the imams dutifully urged moderation, as they have for weeks and months as the bodies have piled up.

"All Iraqis must come together and be united," said Mahmoud Sumaidaie at Umm Qura Mosque, a leading Sunni house of worship in the capital. "God will certainly bless this unity."

But the concept of unity has been eclipsed lately as self-styled avengers seek payback for each new outrage. For every bomb victim, it seems, someone else is found dead in a lot or a back street.

Though no one has done the math, it may be that as many Iraqis have been killed lately execution-style, with a bullet through the skull, as have perished in mass bombings such as Thursday's, which buried dozens.

"We pulled about 25 bodies from the rubble," said Iedin Ayoob, a Christian shop owner in New Baghdad, where one of the explosions tore into a three-story building, home to Christians and Muslims, including Kurds, killing residents and passersby. "We found a man's body that was divided in two parts. We found a minibus driver killed while he was in his vehicle."

Ayoob's friend Haider Abdullah, who owns a cellphone shop, chimed in with a tale of survivors: two men enveloped by the blast as they were shaking hands. Buried together, they were found by rescuers in a kind of embrace, miraculously uninjured.

"They started laughing when we found them," Abdullah recalled.

On Friday, residents stared at the destruction as shopkeepers picked up scattered belongings. Someone recalled a line of Arab poetry, something about the inevitability of death, be it by the sword or other means.

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"There are too many ways the Iraqi dies," said an older man surveying the damage in New Baghdad. "Our deaths have become cheapened. We have become experiments for all kinds of weapons."

In Habibiya, the rampant speculation focused on who was to blame.

"I heard the whoosh of a rocket — I bet it was the Americans," said a young man in a blue track suit. "They want us to fight each other."

No, countered a gray-haired man, Abu Bilal, who noted the lack of aircraft in the sky at the time of the attack.

Two residents said they had heard something: Shortly before the explosion, a man carrying a carton had asked to use a bathroom in a ground-floor shop. He went in, and a short time later the building exploded, trapping residents, shoppers and pedestrians.

"What is the guilt of our sons to be killed in this ghastly way?" an elderly woman known as Um Jabbar asked, glaring at the debris.

It is a question that resounds throughout Iraq in these bloody days, demanding a response that never seems to come.

Orphans In Iraq's Storm (WP)

By Jonathan Finer

The Washington Post, September 2, 2006

Despite Stigma, Growing Number of Children Ending Up in Public Care

BAGHDAD -- Athier Hamed first came to the Baghdad orphanage two years ago when his mother died suddenly and his father, he said, "lost his mind."

"He got angrier and angrier with me, and hurt me like it was nothing," said Athier, soft-spoken and slender, pulling up his sleeves to show waxy scars on his wrists from handcuffs he said his father, in a fit of rage, tried to weld to his arms.

Fearing for his life, Athier, now 13, ran away, talking a bus driver into giving him a ride to the Iraqi capital from his small home town in the western province of Anbar. Police took him to the First House for the Child, founded in 2003 as the number of abandoned and orphaned children in the Iraqi capital began to surge.

But when visiting government officials interviewed him about his past, they decided to return him to his father. It didn't last long.

"I said I didn't want to go back, but they said I should be with my own family," Athier said in a recent interview at the orphanage. "I couldn't bear being back with him. After two days, he hit me and I came back here."

Athier again became a ward of the state, a status increasingly common here despite a stigma so strong it has prompted the financially strapped government to pay families to take their children back.

Before the U.S. invasion in 2003, about 400 children lived in Iraqi orphanages, to which Saddam Hussein often paid high-profile visits to demonstrate his magnanimity. But by early 2006, that number had grown to nearly 1,000, according to government statistics. For a country that has been at war or under crippling economic sanctions for more than 25 years, the numbers are still smaller than might be expected. But Islamic society considers it shameful to abandon children to public care, so traditionally most children who lose parents are absorbed into vast family networks.

Social workers and Iraqi officials say the steady climb in the number of orphans turned over to the government -- which has required the construction of three new orphanages in Baghdad alone in the past three years -- reflects the toll that war and economic hardship are taking on families, considered the nucleus of Muslim society. The trend also is evidence, they say, of the newly emerging belief that children may be better off in institutions than in war-torn neighborhoods.

"In the Arab world, tradition plays a part in this. In some provinces, we have no orphanages because it would be a disgrace for families not to take care of the children," said Abeer Mahdi al-Chalabi, director of the orphanages department at the Labor and Social Affairs Ministry. "But families are having more trouble than ever before. Some of them are falling apart."

Last year the Iraqi government implemented a policy of paying relatives of orphaned or abandoned children to take them back from government facilities. Officials launched efforts to locate family members of children in orphanages and offered monthly stipends of about $35 per child to care for them.

"It is better for the children," Chalabi said.

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But the policy runs the risk of leaving children neglected or mistreated or vulnerable to the violence they were trying to escape, some orphanage employees said.

"In some cases, it obviously doesn't make sense to put them in a situation where they can be hurt again," said Suda Radhil, director of the First House for the Child.

Interviews with several children at an orphanage in the north Baghdad neighborhood of Waziriya showed they are acutely aware of the societal biases against them. Speaking firmly, his eyes fixed straight ahead, Ahmed Abbas said his mother died giving birth and his father died a hero.

"He was martyred with [Ayatollah] Mohammed Bakir Hakim, " the 16-year-old added, offering details of the fatal wounds he said his father suffered in the August 2003 bombing at a shrine in Najaf that killed one of Iraq's most powerful Shiite Muslim leaders.

"Of course I wouldn't want to be here. My father would not want me to be here," Ahmed said. "There was no choice."

After the boy had left the room, the orphanage director quickly offered a different account. Abbas's father is a common criminal, she said, arrested by police two years ago for helping to run a kidnapping ring. And his mother gave him up because she could not afford to raise him alone.

"Sometimes the truth is hard for them to admit," she said.

Recent visits to two Baghdad orphanages showed immaculate, well-equipped facilities, segregated by sex, with children ranging from 5 to 18 years old. The Waziriya orphanage, which does not have a name, had a spacious interior courtyard with basketball hoops and soccer goals, a large television and video game units, and a small computer lab where children are taught typing and other skills.

But they are also places prone to violence. Radhil said she has been beaten nearly unconscious by residents twice since she began working at the First House for the Child in 2004. Fights break out almost daily, and children often run away, only to be dragged back by police.

"These are kids whose parents were taken by violence or who lived on violent streets and only know violence," she said.

At the Waziriya orphanage, that climate is reflected in drawings by Saella Saleh that hang throughout the facility. A resident for eight years, he said only that his parents "died normally," a refrain heard often from orphans whose parents died under violent circumstances.

One of his drawings, done in marker, shows a map of Iraq with a thick metal chain across it and a U.S. flag on the lock. "Iraq is in chains," it says in Arabic script. Another shows women and men crying over a coffin outside a building labeled "Baghdad Morgue." In a third, a tank points its main gun at a group of students wearing backpacks.

For many children, however, the orphanages are a sanctuary from the chaos outside their doors. Muhammad Rahman's long road to Baghdad began nearly two years ago when a major U.S. assault on Fallujah began.

A U.S. bomb, or maybe an artillery shell, he said, struck his home while he played soccer in the street with neighborhood kids. His parents, two brothers and his sister died in the explosion.

For days, Muhammad, then 9, wandered the streets of the besieged city with nowhere to go. Iraqi police commandos found him and brought him to Baghdad and the First House for the Child.

"This is my home. This is my family," he said. "I want to stay here for the rest of my life."

Special correspondents Omar Fekeiki and Bassam Sebti contributed to this report.

The Spoils Of War (WP)

Reviewed By Michael Hirsh

The Washington Post, September 2, 2006

A reporter accuses the Bush administration of turning nation-building into a pork buffet.

BLOOD MONEY

Wasted Billions, Lost Lives,

and Corporate Greed in Iraq

By T. Christian Miller

DOJ_NMG_0057898

Little, Brown. 333 pp. $24.99

When future historians sift through the wreckage of the Bush administration's Iraq policy, they will rely in large part on a handful of books by brilliant reporters who watched the debacle unfold. George Packer's The Assassins' Gate is one such book, and Thomas E. Ricks's Fiasco is certain to be another. To this short list of indispensable accounts detailing how what was supposed to be a liberation became a quagmire, I would now add T. Christian Miller's Blood Money.

Most accounts have focused on the political and military mistakes made in invading and occupying Iraq. These errors have become somewhat familiar: the failure to plan for an occupation, even a short-term one; the U.S. proconsul L. Paul Bremer's careless destruction of all that remained of order in Iraq -- the Baath Party and the army -- in one fell swoop; and above all, Defense Secretary Donald Rumsfeld's persistent refusal to acknowledge that an Iraqi insurgency was growing and to raise U.S. troop levels accordingly.

Miller, an investigative reporter for the Los Angeles Times, fills in the missing piece: the staggering incompetence and corruption of the U.S.-led reconstruction effort, which may have done almost as much as anything else to turn the Iraqi population against its occupiers. Despite headlines in recent years about Halliburton's hefty revenues, this has been, in general, the less-covered dimension of the Iraq adventure. At its heart, Blood Money is the tale of how Washington left a country desperately in need of rebuilding to the whims of money-hungry private contractors, and of how the lack of clear lines of authority doomed efficiency, effectiveness and accountability from the start.

The result? "In almost every way the rebuilding has fallen short," Miller writes, despite some successes, such as the reconstruction of thousands of Iraqi schools and the vaccination of tens of thousands of Iraqi children. "After three years Iraqis have less power in their homes than under Saddam. Hospital neonatal units lose electricity, and doctors watch children die . . . . Oil production is far below its prewar peak. Poor Iraqis in Baghdad slums suffer through outbreaks of easily preventable diseases like hepatitis for lack of clean water or health care." And what bothers him most now, he says, is that the Bush administration seems about to give up on the reconstruction, slashing its funding even as it extends the U.S. troop presence in Iraq.

How did the country that authored the Marshall Plan botch Iraq? By way of explanation, Miller brings to life the villains and heroes of the often arcane reconstruction effort. His villains include politically connected contractors such as Mike Battles and Scott Custer, whom the former inspector general of the U.S. Army's Fifth Corps calls "rip-off artists" and who, Miller reports, never endured "any serious effort" from the Bush administration to recover the taxpayer dollars they were responsible for; senators such as Ted Stevens (R-Alaska), who, Miller writes, inserted language into the $18.4-billion Iraq-reconstruction bill of November 2003 guaranteeing "special contracting privileges for a group of constituents [the Alaska Native Corporations] that supplied Stevens . . . with votes" ; Coalition Provisional Authority (CPA) administrator Bremer, whom Miller accuses of simply not paying attention while such depredations were happening under his nose; and even Laura Bush, who championed an extravagant showcase hospital on the outskirts of Basra that Miller reports drained money and attention away from the small-scale health clinics that Iraqis really needed.

Miller's heroes are the ordinary soldiers and administrators who went to Iraq with the best intentions and tried desperately to make life better for the Iraqis -- and almost always failed. Some, Miller writes, such as Army Lt. Col. Ted Westhusing, a security trainer assigned to oversee one suspect U.S. contractor, may have been driven to suicide because of it. None of these stories is more engrossing -- and as full of the high drama that only true-life villainy and heroism can supply -- than Miller's account of the outrageous tale of Jack Shaw, a senior Pentagon official who brazenly interfered with the creation of Iraq's mobile-phone network. Miller writes that even though contracts had already been handed out, Shaw, a deputy undersecretary of defense described as someone who "could have been a caricature of the Beltway insider," sought to benefit a company linked to a friend of his. According to a November 2003 e-mail from Shaw that Miller cites, the Pentagon official tried to use a new contract for a police mobile network as a "back door" for his friend's company to set up its own commercial cellphone network. Then, Miller adds, Shaw used Sen. Stevens's legal loophole, intended to award Iraq contracts to "native Alaskans" on a no-bid basis, to sneak in his favored consortium.

When a brave and honest CPA official, Daniel Sudnick, tried to blow the whistle, Miller reports that Shaw spread stories around the Pentagon suggesting that Sudnick was corrupt, resulting in the latter's being forced to resign. Shaw's actions were finally exposed, but because of the confusion he created, it took more than two years before a police mobile-phone network was

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installed in Iraq. "During that time thousands of American soldiers and Iraqi police officers were killed, at least some of whom could have been saved had they been able to pick up a phone and call for help," Miller notes. Shaw was finally fired in December 2004, but Miller reports that -- in keeping with the Bush administration's unblemished record of never holding a senior official responsible for any lapse of judgment -- his departure was not explained and he was never held accountable.

Miller also tells the inspiring story of Shaw's mirror opposite, Stuart Bowen, the inspector general for Iraq reconstruction, who, despite his own insider GOP connections, turned into an indefatigable investigator and truth-teller. And the book provides the best account yet of the pitfalls of contracting security out to private companies. Miller obtained documents from the Army Corps of Engineers that show that "private security contractors played a leading role in the daily violence of Iraq" but never faced the penalties served up to, say, the military abusers at Abu Ghraib prison. Often acting without any coordination with U.S. forces, Miller writes, contractors would fire at Iraqi cars even when they hadn't been obviously provoked. This arbitrary treatment enraged Iraqis, especially since the contractors were effectively immune from criminal or civil charges.

Miller doesn't always give us the full picture: His chapter on Iraq's electricity problem, probably the single biggest setback to reconstruction, seems like an afterthought. It is also hard not to feel sympathy for contractors who worked in horrific conditions: About 500 of them have lost their lives in Iraq. But one of the many virtues of Miller's book is its balance. Halliburton, for example, comes off better than you might expect: The firm almost unfailingly supplied the promised services to troops (as anyone who has eaten at one of its subsidiary Kellogg Brown & Root's well-stocked dining facilities can attest) even as it gouged taxpayers for oil profits. "The company delivered, but wasted a lot of money doing it," Miller says. That, sadly, is more than one can say about the rest of the reconstruction effort, which for the most part didn't deliver at all.

Iraqi Arabs See Unlikely Haven With Old Foes (NYT)

By Edward Wong

The New York Times, September 2, 2006

SULAIMANIYA, Iraq — Along with a Ferris wheel and ice cream stands, the park at the heart of this Kurdish city has a monument listing the names of dozens of Kurds killed in a torture compound here by Saddam Hussein's intelligence officers.

Yet, there was Sabah Abdul Rahman, a former intelligence officer, strolling just yards from the monument with his family on a recent evening.

Driven from Tikrit, Mr. Hussein's hometown, by violence and their resentment of the American military, the family had arrived here that very day and found a $30-a-night apartment.

"This is the only safe place in all of Iraq," said Mr. Abdul Rahman, himself a Sunni Arab, as children scampered around him. "There's terrorism elsewhere and the presence of the Americans."

With sectarian violence boiling over in much of Iraq, tens of thousands of Arab families are on the move, searching for a safe place to live. Surprisingly, given the decades of brutal Sunni Arab rule over the Kurdish minority and the continuing ethnic tensions, many like Mr. Abdul Rahman are settling in the secure provinces of Iraqi Kurdistan, run virtually as a separate country by the regional government.

The influx of Arabs has made many Kurds nervous, and regional leaders are debating whether to corral the Arabs into separate housing estates or camps.

"For the Kurdish people, it's a sensitive issue," said Asos Hardi, the editor of Awene, a newspaper that has run editorials in favor of segregating the Arab migrants. "Of course, everybody supports those people who have left their lands and their homes because of violence, but we don't want it at the expense of giving up our land or changing the demographics of our land."

Across Iraq, growing numbers of Arabs have been fleeing their hometowns in search of basic security. Outside Kurdistan, nearly 39,000 families have been uprooted by the Sunni-Shiite sectarian violence, a figure far higher than an estimate of 27,000 released by Iraqi officials in July, according to the Iraqi Ministry of Migration and Displacement. Families usually move from mixed areas to cities or neighborhoods where their sects dominate.

But some are choosing Iraqi Kurdistan even over sectarian enclaves in Baghdad and homogeneous cities like Falluja, for Sunnis, and Najaf, for Shiites. Besides having greater security, Kurdistan might appeal to more secular Arabs because the Kurds, who make up a fifth of Iraq, are often not religious conservatives.

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Arabs moving to Kurdistan are required to register with security agencies, which track how many arrive and where they live. The chief security officer for Sulaimaniya, the largest city in eastern Kurdistan, said about 1,000 Arab families had moved into this area, and that thousands more families had settled in other parts of the Kurdish north. Most are Sunni Arabs, said the officer, Sarkawt Hassan Jalal.

Some Arab migrants here are poor laborers. Dozens can be seen sleeping every night outside the Qadir Mosque in downtown Sulaimaniya. But many migrants come from the professional class — doctors, engineers and professors.

Also among them are members of the ousted Baath Party and former security or intelligence officers like Mr. Abdul Rahman, who may be fleeing persecution by other Iraqis or arrest by American soldiers.

"We know the parents of families who come here are Baathists, but they're allowed to live in Sulaimaniya if they have a Kurdish sponsor," said Muhammad Bayer Arif, the principal of the Jawahiri School, the only primary school in the city where classes are taught in Arabic. Enrollment has jumped to more than 1,500 for this school year from 1,250 last year.

Many Kurds are not as sanguine as Mr. Arif. They are all too aware of the bitter history of Arab rule over the Kurds, which was brought to the fore in late August when Mr. Hussein and six aides began to stand trial on charges of killing at least 50,000 Kurds and annihilating 2,000 villages in a 1988 military campaign.

Some Kurds fear that the Arab migrants will bring with them suicide bombers. In addition, the arrival of middle-class Arabs has driven up rental costs of homes by as much as 50 percent, Kurdish officials say.

Some Kurds also say the wave of migration evokes Mr. Hussein's "Arabization" policy, in which he moved Arabs into Kurdish territory and expelled more than 100,000 Kurds in order to change the demographics of the region, especially around the Kirkuk oil fields.

"This will be another form of Arabization," said Mr. Hardi, the newspaper editor.

Anwar Abu Bakr Muhammad, a schoolteacher chatting with friends in the city's main square, said: "If they're separated from us and live in their own camp, there won't be any problems. We don't want the same violence that exists elsewhere in Iraq to take place here."

But, to some those fears seem unfounded. "Until now, there's been no problem," said Mr. Jalal, the security official, when asked about the possibility of suicide bombers and other violence.

Many of the Arabs praise the hospitality of the Kurds. "The people are very good to us, and we have more freedom here," said Mr. Abdul Rahman, the former intelligence officer. "There are no Americans. Tikrit is very bad — there are mass arrests, curfews, no services, no electricity."

He and his wife, who is half-Kurdish, brought along their two children and Rusol, a young girl whose father was arrested by the Americans after the invasion. No one knows his fate. Rusol's older sister died of "crying and too much depression," Mr. Abdul Rahman said.

"We moved here to find a doctor for this girl," he said as Rusol cracked a shy smile.

On this late summer evening, there were many other Arabs gathered in Freedom Park.

A young woman in a red blouse stepped off a dizzying ride of whirling swings. She and a girlfriend had just been screaming their heads off. The woman, Arij Abdul Qadir, said she moved here recently from a Shiite slum in Baghdad with her husband, their children and her sister.

The husband found work as a hotel receptionist, so the family has free lodging. Ms. Abdul Qadir, 30, said one of the biggest boons was the relative abundance of electricity — Sulaimaniya usually has 15 hours a day, while Baghdad sputters along with 6.

"There's no life, no electricity, no security in Baghdad," she said. "We'll stay here as long as there's no security. When there's security, we'll go back."

Ms. Abdul Qadir said she had learned a few words of Kurdish, and she had enrolled some of her children in the Jawahiri School, the elementary school where lessons are taught in Arabic.

Over at the school, the principal, Mr. Arif, said the surge in enrollment had strained his resources. By the time classes start in mid-September, there could be as many as 1,700 students, Mr. Arif said. With only 12 classrooms, the school plans to run two shifts a day.

Enrollment has also soared at the two intermediate schools in Sulaimaniya that teach in Arabic.

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That has raised concerns among Arab parents like Naseer al-Yasiri, a construction manager from Baghdad who recently enrolled two children in the schools.

"How will they teach all those students?" he said as he sat in a trailer on a construction site at the city outskirts. A television was tuned to the genocide trial of Saddam Hussein.

Kurdish neighbors recently invited the family on an overnight trip to a mountain resort. The children have frolicked at Freedom Park and at the Azmar Hotel, perched high in the hills above the city. "They were like birds freed from a cage," Mr. Yasiri said.

"Of course I miss Baghdad," he added. "But when you see it now, it's a ghost city. Who's left there? Terrorists?"

Truces Fueling Resurgence Of Taliban, Critics Say (MCT)

By Jonathan S. Landay

McClatchy Newspapers, September 2, 2006

KABUL, Afghanistan - The Pakistani military is striking truces with Islamic separatists along the country's border with Afghanistan, freeing Pakistani militants and al-Qaida fighters to join Taliban insurgents battling U.S.-led troops and government forces in Afghanistan.

Western and Afghan officials said the new infiltration came as the United States, its NATO allies and the Afghan government were struggling to stem a resurgence of the Taliban across large swaths of southern and eastern Afghanistan.

The fighting in Afghanistan is the bloodiest since U.S. forces drove the Taliban from power after the Sept. 11 terrorist attacks. Many of the movement's top leaders, along with Osama bin Laden and many of his followers, escaped to Pakistan and have never been caught.

The Pakistani regime of Gen. Pervez Musharraf has been negotiating truces - with the Bush administration's encouragement - with Islamic separatists in North Waziristan and South Waziristan, mountainous tribal areas along the Afghan border where U.S. officials think bin Laden may be hiding.

In return, Pakistani officials are promising to restrict the country's troops in the area to major bases and towns and to pour huge amounts of aid - much of it from the United States and other nations - into the destitute region, according to American officials.

But as the truces take hold, separatists have been crossing into Afghanistan to fight alongside Taliban and al-Qaida fighters, according to Western and Afghan officials.

Diplomats who discussed the issue requested anonymity because the problem is the subject of highly sensitive discussions among Pakistan, Afghanistan, the United States and major contributing countries to the NATO-led International Security Assistance Force in Afghanistan.

The separatists and the Taliban are Pashtuns, the ethnic group that dominates Afghanistan and Pakistan's tribal region. It's unclear whether the flow is an unintended consequence of the truces or is being ignored - or encouraged - by Musharraf's regime as part of the price for peace with the separatists.

Pakistan, which backed the Taliban before Sept. 11, says it's doing its best to seal the frontier of towering mountains and isolated valleys and denies that it's resumed support for its former clients.

Musharraf deployed 80,000 troops in mid-2003 to seal the Afghan-Pakistani border, subdue the separatists and track down bin Laden and his followers. But the military's heavy artillery and helicopter gunships failed to conquer the separatists and establish government control over the border region, a tribal area where the government has never established its dominance.

The United States reportedly has spent more than $1 billion underwriting the border fight, but when the military failed to crush the separatists, the Bush administration agreed to support Pakistan's truce-making efforts and pledged millions of dollars in additional aid.

The truces between Pakistan's military and the separatists have coincided with rising violence against civilians and increased attacks by the Taliban in four Afghan provinces along the Pakistani border, according to a United Nations-run security-monitoring program that Western diplomats consider highly reliable.

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"The Waziristan border is like somebody swung the gate open," one Western diplomat said. "They (the Pakistanis) have bought peace there by exporting the problem."

A second Western diplomat said the U.N. monitoring tracked more incidents in Paktia, Paktika, Ghazni and Khost provinces Aug. 13-27 than in southern Afghanistan, where the Taliban resurgence has been focused.

"What's pretty clear is that a subtext" of the truces is that the Islamic rebels in Waziristan "have a free hand across the border," he said, adding that al-Qaida fighters who've backed the separatists also are crossing into Afghanistan.

"It points to a real probability of even higher levels of violence" in Afghanistan, he said.

Col. Tom Collins, a spokesman for the 23,000-strong American force responsible for southeastern areas of Afghanistan bordering Pakistan, said he couldn't confirm or deny greater infiltration from Waziristan.

"But there has been a definite increase in Taliban activity in Ghazni province," one of the provinces near the border, along the main highway linking Kabul with Afghanistan's second largest city, Kandahar, the birthplace of the Taliban, he said.

Afghan President Hamid Karzai and his top aides have charged repeatedly that Musharraf's regime is supporting the Taliban, harboring their leaders and allowing them to maintain training camps and supply bases in Pakistan.

Zia Mojadedi, a senior national security aide to Karzai, criticized the Bush administration for accepting Pakistani assurances that the new truces include rebel promises not to join the Taliban insurgency in Afghanistan.

"The thrust of (Pakistan's) strategy remains the same: how to milk the Americans" for more money, he said.

The Pakistanis' use of artillery and air power in the border fight - as well as cross-border U.S. strikes on suspected al-Qaida targets - claimed numerous civilian casualties, forced thousands of people to flee their homes and stoked support for the separatists. Hundreds have been killed on both sides.

The separatists have imposed rigid Islamic rule in Waziristan, where Pakistani troops reportedly are suffering serious morale problems and the violence has helped fuel popular anger at Musharraf and the United States.

More seriously, some experts said, discontent with Musharraf is growing within Pakistan's officer corps because of the army's humiliating setbacks in Waziristan.

Musharraf is a key ally in the Bush administration's war on al-Qaida. He's refused to relinquish the post of army chief of staff since he seized power in a military coup in 1999.

NATO Gives Itself Six Months To Tame The Taliban (AFP-Y)

AFP, September 2, 2006

NATO forces in Afghanistan have set themselves a six-month deadline to establish a clear advantage over Taliban insurgents, their commander said in an interview.

Lieutenant General David Richards, the British general in charge of the international force in the war-shattered country, said they had to prove that Afghan President Hamid Karzai's administration had the upper hand in the battle against supporters of the deposed Taliban regime.

"We have to show in the next six months that the government is on the winning side," Richards told Britain's Financial Times business daily.

His comments highlight the growing concern that Afghan and international officials needed to do more to win popular support in the lawless south of the country.

Taliban fighters have been waging an increasingly sophisticated insurgency since being driven from government in late 2001 in a US-led military operation.

"Over the past five years there has never been a united agenda," Jawed Ludin, Karzai's chief of staff, told the FT.

He said Karzai had established a high-level multi-national Policy Action Group focused on tackling the insurgency in a more co-ordinated fashion.

He said the group included Karzai, Afghan ministers, NATO and US military commanders and the ambassadors of Britain, Canada and the Netherlands, countries which have all contributed troops in the troubled four southern provinces.

"It has been understood that the situation in the south calls for a much more coherent policy to win hearts and minds," said Mohammed Hanif Atmar, the Afghan minister of education.

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He heads a working group on reconstruction in the south which is part of Karzai's initiative.

"Afghanistan has had two administrations: one that the government of Afghanistan has established and another that the international community has set up. We are trying to make them work together."

On Friday, a British soldier was killed in southern Afghanistan, the latest victim of fighting between NATO and Taliban insurgents.

Some 22 British soldiers have now been killed in Afghanistan -- 15 in combat -- since the start of operations against the Taliban following the September 11, 2001 attacks on the United States.

Nato Sets Deadline To Beat Taliban (FT)

By Rachel Morarjee, Daniel Dombey, In Kabul And In Lappeenrata

Financial Times, September 2, 2006

The general in charge of the international force in Afghanistan has given his soldiers six months to establish a clear advantage against the bitter Taliban-led insurgency in the south of the country.

"We have to show in the next six months that the government is on the winning side," said Lieutenant General David Richards, commander of Nato forces in Afghanistan, in an interview with the Financial Times.

Gen Richards' comments come at the end of the first month in which Nato has been responsible for Afghanistan's turbulent south – a month in which nine British soldiers have died in the violent province of Helmand, including one killed on Friday.

Earlier this week, UK officials said that soaring drug production in Helmand was likely to take Afghanistan's opium production to record highs, in United Nations figures expected this weekend.

Twenty two British soldiers have died in Afghanistan since the start of operations in November 2001.

By contrast, Germany and the Netherlands, which are stationed in less violent Afghan regions, continue to debate whether they should be prepared to dispatch soldiers to more dangerous areas.

The Nato chief's remarks also illustrate mounting concern that international and Afghan officials need to do more to win the support of the population in the south.

"Over the past five years there has never been a united agenda" to tackle the insurgency, Jawed Ludin, chief of staff of Hamid Karzai, Afghanistan's president, told the FT, referring to the initial 2001 defeat of the Taliban by a US-led coalition.

He added that Mr Karzai had set up a top-level multinational group to focus on tackling the insurgency in a more co-ordinated and integrated manner.

Mr Ludin said the Policy Action Group included Mr Karzai, Afghan ministers, Nato and US military commanders and the ambassadors of Britain, Canada and the Netherlands, which have all contributed troops in the four southern provinces.

"It has been understood that the situation in the south calls for a much more coherent policy to win hearts and minds," said Mohammed Haneef Atmar, Afghan Minister of Education and head of a working group on reconstruction in the south which is part of the initiative.

British Soldier Dies In Afghanistan (WP/AP)

By Matthew Pennington, Associated Press

The Washington Post, September 2, 2006

Another Seriously Wounded in Insurgent Attack in Volatile South

KABUL, Afghanistan, Sept. 1 -- An insurgent attack killed one British soldier and seriously wounded another Friday in the latest fighting to rack southern Afghanistan, while suspected Taliban gunmen ambushed and shot dead a district chief, officials said.

Insurgents attacked the British soldiers in the southern province of Helmand at 4 p.m., according to statements from NATO and the British Defense Ministry. One militant was killed in the fighting. The wounded soldier was evacuated for medical treatment.

Britain has nearly 4,000 troops deployed in Helmand as part of a NATO-led security force battling to bring security to turbulent southern Afghanistan.

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Twenty-two British soldiers have died in the country since November 2001, 17 of them this March when the NATO force moved into Helmand, the hub of Afghanistan's growing heroin industry.

The province has seen the worst of recent fighting, the biggest surge in violence in the nearly five years since the ouster of the Taliban government by U.S.-led forces.

Armed supporters of the Taliban have stepped up attacks, rendering much of the south and east of the country unsafe for civilian travel. Insecurity has also spread to new provinces, such as Ghazni, where Taliban fighters have become more active.

On Friday, suspected Taliban fighters ambushed the chief of that central province's Muqur district, Habibullah Jan, as he traveled by car to the provincial capital, said Abdul Ali Faqari, the Ghazni governor's spokesman. Four of Jan's bodyguards were wounded in the attack.

In the east, a bomb believed planted by Islamic extremists badly damaged a newly built coeducational school in Paktika province on Friday, the military said in a statement. At the time, no one was inside the school, which was due to open next week.

Taliban insurgents have attacked scores of schools in an effort to undermine the already weak government of President Hamid Karzai. The attacks also appear motivated by religious opposition to girls' education.

Meanwhile in the north, German military police arrested seven suspected insurgents who were in a vehicle that subsequently exploded near the entrance of a military compound in the city of Mazar-e Sharif, NATO forces said in a statement. No one was hurt.

Police dogs had detected the explosives during a search, and the area was cordoned off before the blast occurred, the statement said. The suspects will be handed over to Afghan authorities for prosecution, the statement said.

Report Says U.N. Official Directed Contracts To Indian Company (NYT/AP)

By The Associated Press

The New York Times, September 2, 2006

UNITED NATIONS, Sept. 1 — An internal investigation has concluded that a United Nations official steered millions of dollars in contracts to a company owned by the government of his native India in exchange for favors that included low-rent apartments, according to a United Nations report.

The investigation concluded that Sanjaya Bahel, who was formally an official in the Indian government when he was working for the United Nations under contract, used his relationship with a wealthy Indian businessman and the businessman's son to steer the deals to the company they represented, Telecommunications Consultants India.

According to the inquiry, which was disclosed Thursday, Mr. Bahel also ignored evidence that the company wrongly withheld money from employees who were sent to United Nations peacekeeping missions — in places like Liberia, Congo and Kosovo — to do communications work.

It said that while the workers claimed they were getting only a pittance — as little as $5 for daily expenses — the money enriched another company associated with the Indian businessman and his son.

The confidential report detailing the investigation's findings was shown to The Associated Press. Mr. Bahel denied its claims.

"All I can say to you is to me, the allegations are not correct," he said.

Mr. Bahel was chief of commodity procurement for the United Nations from 1998 to 2003. From 1999 to 2004, Telecommunications Consultants India received more than $100 million in United Nations contracts, the report said.

Details of the investigation were reported Friday in Il Sole 24 Ore, an Italian daily business newspaper. They are the latest in a string of claims of fraud in the procurement department, which is responsible for awarding millions of dollars in contracts to do business around the world with the United Nations.

After learning that the details of Mr. Bahel's case were about to be made public by the Italian newspaper, the United Nations issued a statement through a spokesman, Stéphane Dujarric, on Thursday saying that it had suspended an unidentified male staff member and charged him with misconduct.

Mr. Bahel confirmed late Thursday that he was that staff member.

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Mr. Dujarric said the staff member was being given an opportunity to respond, and that evidence in the case had been shared with American prosecutors.

A United Nations diplomat, speaking on the condition of anonymity, confirmed that the evidence was shared with the United States attorney for the Southern District of New York.

The allegations come as India is seeking to expand its influence at the United Nations. It is bidding for a permanent seat on the Security Council and has nominated one of its citizens, Shashi Tharoor, an under secretary general, to succeed Kofi Annan as secretary general at the end of the year.

Navtej Sarna, spokesman for India's Ministry of External Affairs, said he was not aware of the allegations against Mr. Bahel, who could face charges including wire fraud, conspiracy and aiding and abetting.

The report was compiled by the Procurement Task Force.

J. L. Kachru, general manager of Telecommunications Consultants India, said the company had no contact with Mr. Bahel.

In the report, the company acknowledged "some responsibility for the severe problems" in contracts with the United Nations and blamed the Indian businessmen Mr. Bahel had contact with, Nanak Kohli, and Nishan Kohli, Nanak's son. Neither man could immediately be reached for comment.

DOJ:

U.S. Attorney Max Wood Returns From His Mission To Foster Justice System In Iraq (MACT)

By Liz Fabian

The Macon Telegraph, September 2, 2006

If Macon's Max Wood has his way, CSI Baghdad is on the way.

Wood, 46, the U.S. Attorney for the Middle District of Georgia, has spent much of the past 15 months in Iraq, helping to establish a modern justice system that begins at the scene of the crime.

Unlike the trained forensic technicians of the United States who pore over every square inch to gather fingerprints, hair and blood samples, Iraqis have taken a clue-less approach to solving crimes, Wood said.

"Under Saddam Hussein, they would arrest somebody and beat a confession out of him," Wood said. "The judges were required to determine whether it was a true confession."

Unlike the common-law system Wood practices from his Gateway Plaza office suite overlooking downtown Macon, Iraq has been governed under the civil law system originated during Napoleon's regime in France.

"We take arrests more seriously. We investigate and arrest," Wood said. "They detain and then investigate. It's a lower standard."

Often suspects stayed in jail for years before investigators determined whether they belonged there, Wood said.

"Meanwhile, they've sat in a jail for 25 months and it's not as nice a jail as (Bibb County Sheriff) Jerry Modena's jail," Wood said.

As the U.S. Department of Justice's senior representative in the fledgling democracy, Wood has been trying to raise the bar for the new Iraqi justice system.

Wood's main mission was to create a major crimes task force of representatives of investigative agencies of the U.S. government.

This year, about a dozen officers from the FBI, Bureau of Alcohol, Tobacco and Firearms, the U.S. Marshals Office and the Drug Enforcement Administration have been schooling Iraqis in the art of fingerprinting, securing a crime scene and determining cause of death, Wood said.

During the six to eight weeks of training, 12 Iraqis have learned to let the evidence speak for itself.

"If you have a mound of evidence, you can't intimidate the judge or bribe the judge," Wood said. "It goes from a confession-based legal system, which is Third World, to an evidence-based legal system."

Wood traveled more than 6,700 miles to discover a new appreciation for forensic investigation.

"It's really a gift from science to the law enforcement world," Wood said. "When you're dealing with a country like Iraq where there's so much sectarian divide, it sort of takes that out of the equation."

For the first time, Iraq has a centralized legal system where crimes committed anywhere in the country can be prosecuted in Baghdad.

"That way you can avoid intimidation in the local areas, hopefully," Wood said.

While Wood is proudest of his work with the major crimes task force, he's also fostered the development of the Central Criminal Court, created by the Coalition Provisional Authority.

The court has handled about 6,000 cases in its first three years, Wood said.

"It's quite an accomplishment and we've been there guiding them along the way," Wood said.

Serving as a liaison between justice departments in the U.S. and Iraq had its challenges, Wood said.

Conversations take three times as long while awaiting interpretations. Interpreters don't always understand legal terms. And issues Wood could handle on the phone or by e-mail here at home must be dealt with in person in the Red Zone, the most dangerous sector of the Iraqi capital.

Scheduling security convoys can take days, which complicates arranging meetings.

In most cases, Iraq's justice system lacks computers and typewriters. Work is frequently done by hand, Wood said.

"Saddam wanted it that way. People tend to forget this is a creation of Saddam Hussein and his people," Wood said. "Saddam didn't want to see modernization because that was the information age and he couldn't control the information then."

More than three years after Saddam's statues toppled across Iraq, his penal system has crumbled. During Wood's tenure, he's seen a major transition in the prisons.

The U.S. Department of Justice hired, screened and vetted 75 contract employees who have trained 10,000 Iraqis to work in the country's prisons, Wood said.

For Wood, his work in Iraq is done.

After missing baseball season with his boys, the father-daughter dance with his girl and hundreds of dinners with his wife, he's anxious to spend time with his family.

Because his office moved to Gateway Plaza while he was away, he's looking forward to learning his way around the new building with its panoramic views.

With an Arabic copy of Alexis de Tocqueville's "Democracy in America" in his office, Wood can reminisce about his part in America's quest to lay the foundation for justice in Iraq.

"We're creating a legacy of seasoned, trained Iraqis who can train other Iraqis."

Sister Returns After Career With Department Of Justice (ETN)

By Dana Massing

Erie (PA) Times & News, September 2, 2006

Sister Rose Anne Fedorko wanted to work for the U.S. Department of Education.

She was hired by the Department of Justice, instead.

"I was going from sisters carrying rosaries to agents carrying guns," the former Catholic-school teacher said.

Twenty years later, Fedorko is back in Erie, proudly displaying the plaques that celebrate her two decades with the FBI.

A nondisclosure agreement prevents her from revealing all she did.

But she said her assignments with the Department of Justice agency ranged from the fingerprinting division to the inspection division.

Fedorko, who stands 5 feet tall and weighs 108 pounds, wasn't an FBI agent. But her work helped them.

"There were so many things that I could do in the FBI," she said. "I think (people) think of the FBI naturally as agents and crime and there are many supporting people (such) as myself who do other jobs that are equally important."

Her January retirement from the Department of Justice saddened her. Yet Fedorko, 77, is looking forward to a new role this fall helping her fellow Sisters of St. Joseph of Northwestern Pennsylvania improve their lives.

Fedorko has been a member of the religious community for 59 years.

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Like many older sisters, she started out teaching. Her first class had 20 boys in first grade at St. Patrick School in Erie. She taught at several other Catholic grade schools and Maryvale Preschool.

Fedorko, who has a master's degree in education, then went to Catholic University in Washington, D.C., for a doctoral degree in curriculum and instruction.

She applied for various jobs in Washington.

No one from the Justice Department ever told her why they hired her.

She initially considered the job as a way to get "a start" in Washington while she waited to hear from the Education Department.

"They never called me," she said.

When Fedorko took the job with the Department of Justice at the J. Edgar Hoover Building, people asked her, "What are youdoing with the FBI?"

"I thought of it this way," she said. "I'm still working with the 10 Commandments, but from a different angle."

Fedorko's "start" there at age 56 came when most FBI agents are retiring.

She began in the fingerprinting division, where she helped with records.

She worked in the research unit, answering requests from children doing history projects and authors writing about the FBI.

Fedorko couldn't tell them everything, however.

"Some of the information was censored," she said.

At least one author - Ridley Pearson, who wrote "Hard Fall"- mentioned Fedorko in his book.

She also taught grammar and public speaking to Department of Justice employees.

Fedorko spent time doing background checks, serving as an Equal Employment Opportunity counselor and an Employee Assistance Program counselor, and in the inspection division.

Inspectors visit all 56 of the FBI field offices. Fedorko worked in the division's administration, which took care of paperwork.

As a religious woman, she frequently was called upon to do invocations at department conferences. In her room at the Sisters of St. Joseph is a framed photograph of Fedorko with a group of conference speakers, including Louis Freeh. He was her favorite of the seven FBI directors and acting directors she worked under.

"I knew he had a Catholic education," she said, adding that she was tipped off by his references to lying, cheating and stealing.

Of all the divisions Fedorko worked in, she said the best was performance recognition and awards.

"People liked me then," she said with a smile. "You . decided who would get what kind of awards."

But Fedorko was more than a source of cash prizes during her years at the FBI. Sometimes, she was a source of inspiration.

Like on Sept. 11.

"We looked right out the window and we could see the Pentagon burning," she said.

The sister and her fellow workers were sent home.

"We got on the elevator and I said, 'Well, let us pray,' and we all prayed," she said.

She was back at work the next day, ready to pray with them again.

While never preaching, Fedorko was nonetheless a spiritual presence, a reminder of the SSJ charism.

Her co-workers knew she was a nun, although some called her "Dr. Rose" or "Dr. Fedorko."

"They knew that I went to Mass every day at noon," she said.

She often wondered what they did when she was out of the office, she admitted with a chuckle.

However they behaved when she was gone, in Fedorko's presence they weren't the hard, swearing law enforcement officers portrayed in books and movies and on television, she said. They also represented a variety of ethnic groups.

"I did like the people," Fedorko said.

She wasn't ready to leave them when she reached 75. But at 76, she decided to get out while she could still enjoy retired life and be of value to her religious community.

"I still have a wonderful job now waiting for me," Fedorko said.

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She's going to be in charge of the sisters' new Quality of Life Center.

Fedorko wants to start by getting sisters out of the scooters that carry them around their home at the Community Living Center, 5031 West Ridge Road. As her feet took her down a hall faster than a scooter, Fedorko said she'd like to see sisters up and walking with the help of the wooden handrails on the walls.

She'd also like to get sisters in the heated therapeutic pool and adjacent exercise room. It holds treadmills, a stationary bicycle and other state-of-the-art equipment to keep the sisters in as good a shape as Fedorko.

"My big job will be to motivate them for quality of life," she said.

DANA MASSING can be reached at 870-1729 or by e-mail.

CORPORATE SCANDALS:

'Embargoed List' Disclosed (RMN)

By Jeff Smith, Rocky Mountain News

Rocky Mountain News, September 2, 2006

Court filings reveal key names in Nacchio case

Court documents filed this week name more than 15 former Qwest executives and directors who may be critical to the government's criminal case against former CEO Joe Nacchio.

Some - such as former Chief Operating Officer Afshin Mohebbi and former Chief Financial Officer Robin Szeliga - already were assumed to be key prosecution witnesses.

Others could be potential witnesses or individuals who possess information prosecutors believe is important to the case.

The list includes former Qwest Chief Financial Officer Robert Woodruff, who faces civil fraud charges, and former Chief Legal Counsel Drake Tempest, who regularly commuted with Nacchio between Denver and their East Coast homes.

The names, described as the Justice Department's "embargoed list," were disclosed in federal court filings by defense attorneys whose clients face civil fraud charges by the Securities and Exchange Commission. Attorneys representing two former Qwest midlevel accountants are trying to get permission to take some depositions and move forward with their cases.

The "embargoed list" names individuals federal prosecutors don't want defense attorneys to take depositions from until the Nacchio criminal case is resolved.

That doesn't mean everyone on the list would take the stand against Nacchio in an insider-trading trial set to start March 19. Nor does it indicate all the individuals on the list who already have cooperated with the government.

But it does indicate the individuals are important enough to the Nacchio case that the prosecution doesn't want them giving statements under oath in the civil fraud case in the meantime.

The list consists of people who were in a position to know how Qwest generated its revenues, how it booked its deals and how it decided to reflect its financial results to investors and analysts. The list, for example, includes investor relations director Lee Wolfe, whose counterpart at Enron was a witness in the criminal trial of Ken Lay and Jeffrey Skilling.

Tom Stephens and Peter Hellman, who were on the Qwest board's audit committee at the time, also are on the list. Hellman, still a Qwest director, testified in front of Congress in late 2002 about Qwest.

The Justice Department list also includes several individuals who already have settled civil fraud cases with the SEC: Greg Casey, Qwest's former top sales executive, and former finance executives -William Eveleth and Roger Hoaglund.

Jeff Dorschner, spokesman for the U.S. attorney's office in Colorado, declined to comment Friday.

The government has charged Nacchio with 42 counts of insider trading in connection with the sale of more than $100 million of Qwest stock during the first five months of 2001.

Prosecutors maintain Nacchio accelerated his sales while knowing Qwest's financial condition was deteriorating.

Nacchio has pleaded not guilty.

Potential witnesses

• Gregory Casey, former top sales executive, settled civil fraud charges

• William Eveleth, former senior vice president of financial planning, settled civil fraud charges

• Peter Hellman, board audit committee member
• Roger Hoaglund, former senior vice president, settled civil fraud charges
• Mark Iwan, Arthur Andersen audit partner, sanctioned by the SEC
• Steve Jacobsen, former executive vice president
• Afshin Mohebbi, former chief operating officer, faces civil fraud charges
• Yash Rana, former senior associate general counsel
• Tom Stephens, former chairman of the board's audit committee
• Robin Szeliga, former chief financial officer, pleaded guilty to insider trading
• Drake Tempest, former chief legal counsel
• Bryan Treadway,former controller, acquitted of fraud charges
• Lee Wolfe, former investor relations director
• Robert Woodruff, former CFO, faces civil fraud charges

SEC Defends PCAOB Against Constitutional Challenge (DOW)

By Siobhan Hughes, Of DOW JONES NEWSWIRES

Dow Jones, September 2, 2006

WASHINGTON -(Dow Jones)- The Securities and Exchange Commission Friday joined the Justice Department in defending the audit-oversight board created by Congress in 2002 against a legal challenge to its constitutionality.

The Free Enterprise Fund and Beckstead & Watts, a small Nevada accounting firm, are suing the Public Company Accounting Oversight Board, claiming it is unconstitutional. They contend that since the private body has government-like powers to inspect and discipline public company auditors, the oversight board members should be appointed by the president, not the SEC.

The plaintiffs also say that even if it is proper for appointment of the PCAOB board members to be delegated, the SEC doesn't have appointment power, since only heads of U.S. departments may make such appointments.

In a legal brief filed Friday and signed by a group including the SEC's general counsel, the government argues that "at bottom, plaintiff's argument offers little more than a series of unfounded speculations premised on unlikely readings of statutory terms."

The brief notes that "in many crucial respects, the SEC functions analagously to a Cabinet-level agency, and neither the text nor the purpose of the Appointments clause requires that appointments be made by an individual head rather than by the governing Commissioners as a body."

CRIMINAL LAW:

Bates Guilty; Faces Prison (DEN)

By Paul Egan, The Detroit News

Detroit News, September 1, 2006

DETROIT -- Alonzo (Lonnie) Bates, one of Detroit's most polarizing and controversial political figures of the last 30 years, is facing prison time after a federal jury convicted him Thursday of theft and bank fraud.

A jury of seven women and five men unanimously found the former city councilman placed four "ghost employees" who did little or no city work on the City Hall payroll. They also determined Bates, 66, forged signatures and continued to cash checks for one of the ghost employees for several months after the man returned to Alabama, pocketing the money for himself.

"If it weren't for all the dark suits, you would swear it was the Ku Klux Klan," Bates told supporters after the verdict as he glared at two rows of federal agents who investigated his conduct. "That's what it is, the Ku Klux Klan."

Bates' conviction is the only one to date in ongoing federal investigations involving Detroit city government.

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Former councilwoman Kay Everett died in 2004 while awaiting trial on charges she took more than $150,000 in bribes from a city contractor. Councilwoman Alberta Tinsley-Talabi confirmed earlier this year she was under FBI investigation for hiring Bates' daughter, and The Detroit News reported in November that city contracts at Cobo Center are under FBI scrutiny.

After deliberating over parts of three days, jurors could not reach a unanimous verdict on whether Bates extorted a free roof for his Detroit home from a city contractor. Judge Arthur J. Tarnow declared a mistrial on that charge.

Bates, who is black, has complained he has been targeted by law enforcement and the media because of his race.

Bates' lawyer, Steven Fishman, said he did not think race was a factor in the prosecution of his client, but he thinks politics influence which cases go forward.

"When a suburban Republican politician gets indicted, I'll lead the parade down Fort Street," Fishman said.

U.S. Attorney Stephen Murphy, whose office prosecuted the case, said the comments from Bates and his attorney are "absolutely preposterous."

"If they are taking money from a public fund we are going to prosecute them," Murphy said. "It really doesn't matter the race, party or geographic home."

A sentencing date has not been set and Bates, who attended court with his wife, Yolanda, and a handful of supporters, remains free on bond.

Bank fraud, the most serious charge, carries a maximum penalty of 30 years in prison.

Bates, who worked 27 years as a top official at the city parks and recreation department, has long been a controversial figure in Detroit, known for flying first-class on various junkets and once allegedly punching a man at a public meeting during his 20 years on the Detroit public school board.

This month, in his six-day trial before U.S. District Judge Victoria Roberts, jurors heard evidence he put the man who cut his lawn, his then-girlfriend's daughter, the mother of his child, and his brother-in-law on the city payroll at pay rates of $10 to $30 an hour, but none of them did much work for the city.

The government calculated the amount of the theft during Bates' four-year council term at about $91,000 in unearned wages.

One of the "ghost employees," Bates' lawn man Jollan Johnson, returned to Alabama in February 2004, the court was told. But Bates continued to draw and cash pay checks for Johnson into June, pocketing about $3,600.

Jurors also heard that Filmore Construction, a Southfield contractor that has held millions of dollars in city contracts, put a roof on Bates' home and absorbed the $7,480 cost. Jurors said whether that transaction amounted to extortion by Bates was the only charge that gave them trouble. Ultimately, they could not reach a verdict.

"There wasn't enough evidence to convict him of extortion," said juror Denise Forsythe, 27, of Harrison Township, who is studying to be a court reporter.

She said it was disturbing to drive downtown Detroit each day for a week and see the poor condition of many buildings and learn that Bates was wasting money that could have been used to help the city instead being used to pay people who were not working.

Delores Calloway, a Detroit teacher who was one of two African-Americans on the 12-member jury, said deliberations stretched over three days because jurors took their jobs seriously.

"We didn't want to just railroad him," Calloway said.

The fact Bates did not testify and no witnesses were called in his defense made it difficult to return verdicts other than guilty, she said. "He didn't give us, really, a lot to go on," she said.

Told that Bates has said he was racially targeted for prosecution, Calloway said: "Everybody on council is black. I don't know how he was targeted."

Fishman said he would not do anything differently if the case was being tried again. He would not immediately comment on a possible appeal.

Roberts was away from the courthouse Thursday, so her fellow judge, Tarnow, presided over the final day of deliberations and the delivery of the verdicts.

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Assistant U.S. Attorney Michael Bullotta, who prosecuted the case, said it resonated with jurors to see an elected official in a city with numerous financial needs using taxpayer money to benefit him, friends and relatives.

Before the trial began, Bates pleaded guilty to misdemeanor charges of failing to file his income tax returns and the government dropped charges of mail fraud against him.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Bates Found Guilty Of Fraud (FREEP)

By David Ashenfelter And Marisol Bello, Free Press Staff Writers

Detroit Free Press, September 1, 2006

Former councilman faces up to 3 years

Alonzo Bates' long and turbulent public service career came crashing down in a Detroit courtroom Thursday when a federal jury convicted him of putting the mother of his son, an ex-girlfriend's daughter, his brother-in-law and his yardman on the city payroll without requiring them to work.

"Ku Klux Klan ... Ku Klux Klan," the stunned former Detroit City Councilman muttered after the U.S. District Court jury found him guilty of hiring so-called ghost employees and pocketing $3,684 worth of paychecks that were supposed to go to his yardman.

The jury deadlocked on whether Bates, 66, extorted a $7,480 roof from a city contractor, prompting the judge to declare a mistrial on that count.

"Nothing's changed since down South," Bates continued as his lawyer and wife tried to get him to shut up and leave the courtroom.

Before walking out, Bates turned and glared at WJBK-TV Fox 2 producer Ken Martinek, who with reporter Scott Lewis broke the ghost worker story that led to Thursday's verdict. The jury deliberated 15 hours over three days following a six-day trial.

An hour after the verdicts were announced, Detroit Public Schools officials said they must decide whether to rename the Alonzo W. Bates Academy, a nationally acclaimed elementary and junior high school Bates helped found as a Detroit school board member.

"It's something we'll have to consider," said school board President Jimmy Womack.

The most serious charge, bank fraud -- for forging and cashing several of the yardman's checks -- carries a maximum penalty of 30 years in prison and a $1-million fine. But Bates likely will face up to 3 years based on federal sentencing guidelines, which will take into account that he has no criminal record and that the crime involved less than $100,000.

U.S. Attorney Stephen Murphy III, flanked by Assistant U.S. Attorney Michael Bullotta, who tried the case, said at a news conference that the verdict sends a message to public officials that corruption will be prosecuted.

Murphy rejected claims by Bates' lawyer, Steve Fishman of Detroit, who said the federal government pursued Bates because he's an urban Democrat. Bates has claimed he was targeted because he is black.

"That is absolutely preposterous," said Murphy, a Republican. "We go where the evidence takes us, regardless of race, party affiliation or geography."

Murphy said he hadn't decided whether to retry Bates on the extortion count.

Fishman said he was disappointed but didn't know whether Bates would appeal. Sentencing was set for Jan. 4.

Fishman said he would have done nothing differently -- including his decision not to call Bates or any other witnesses, instead relying on cross-examining government witnesses.

Juror Delores Calloway, a Detroit schoolteacher, said jurors decided early in deliberations that Bates was guilty of everything but extortion.

"The evidence against him was overwhelming," she said.

Calloway, one of two black jurors, and a white juror, Denise Forsythe, a Harrison Township court reporting student, said the lack of direct testimony from anyone who heard Bates demand the free roof prevented them from deciding that count.

Calloway said she was disappointed to hear about Bates' Ku Klux Klan remark, adding that the jury carefully reviewed all of the evidence to make sure Bates got a fair trial.

"Had it been me, I would have pled guilty," Calloway added, saying that as a Detroiter and a black woman she was embarrassed by the conduct that landed Bates in court.

Bates was indicted in November 2005, a week after losing election to a second City Council term. He was charged with allowing the ghost employees to collect $87,909.

He paid the daughter of a former girlfriend $31,680 while she attended graduate school in New York.

The mother of his 12-year-old son got $42,818 while she worked full-time for a Detroit hospital. His brother-in-law received $7,750 as repayment for working on Bates' 2001 council campaign.

The yardman was issued checks for $9,345 to mow Bates' lawn, wash his cars and take out his trash.

Bates pleaded guilty on the first day of trial to four misdemeanor counts of failing to file federal income tax returns in 2001-2004, when he had about $400,000 in income.

Prosecutors wouldn't discuss whether other Detroit officials are being investigated. In 2005, Councilwoman Alberta Tinsley-Talabi said she was being investigated by a grand jury for hiring Bates' daughter.

Council President Kenneth Cockrel Jr. said the council operates far more efficiently than how Bates ran his office.

"The bottom line is, council members have discretion over who they hire and what people do," Cockrel said, "but that does not mean you can break the law."

School Name May Change (DEN)

By Paul Egan, The Detroit News

Detroit News, September 1, 2006

Alonzo Bates' conviction Thursday on felony charges could result in a name change for a Detroit public school.

The Alonzo W. Bates Academy for the Gifted and Talented on Greenlawn on the city's west side, part of Detroit Public Schools, was founded by Bates while he was a school board member in the early 1980s.

The Rev. Jimmy Womack, president of the school board, said Thursday he expects discussion about changing the name but no decision has yet been made.

"I am sure that as a consequence of these convictions that we will have some conversation about it," Womack said. "It is important to give good and positive images to our children."

Bates was convicted in federal court on four counts of theft and one count of bank fraud and is likely facing prison time.

Reverend David Murray, another school board member, said parents and teachers have been asking him about changing the name of the school ever since Bates was indicted.

Detroit News Staff Writer Catherine Jun contributed to this report. You can reach Paul Egan at (313) 222-2300 or pegan@detnews.com.

Alonzo Bates Gets Trouble He Deserves (FREEP)

Detroit Free Press, September 1, 2006

"You know, I can get in trouble for this," former Detroit City Council member Alonzo Bates was quoted as saying when he handed a public payroll check to a guy who was mowing Bates' lawn, washing his cars and taking out his trash.

Bates was right.

A federal court jury convicted him Thursday of bank fraud and stealing public funds for putting people on the city payroll who did little or no work for the city or only personal work for Bates. Testimony also showed that Bates — one of the most arrogant and least-accomplished public officials in recent Detroit history — even forged signatures on a series of checks to one of the nonemployees and pocketed the money.

Prosecutors said about $91,000 was involved, not a huge amount of money in a city with a $1.6-billion budget — but that doesn't make stealing and lying any less offensive.

Bates was indicted last year after city voters had the good sense to deny him re-election. He has alternately blamed racism and the media for his troubles, or said that what he did is common among council members. The jury obviously chose only to look at the evidence.

DOJ_NMG_0057913

New Questions About Inquiry In C.I.A. Leak (NYT)

By David Johnston

The New York Times, September 2, 2006

WASHINGTON, Sept. 1 — An enduring mystery of the C.I.A. leak case has been solved in recent days, but with a new twist: Patrick J. Fitzgerald, the prosecutor, knew the identity of the leaker from his very first day in the special counsel's chair, but kept the inquiry open for nearly two more years before indicting I. Lewis Libby Jr., Vice President Dick Cheney's former chief of staff, on obstruction charges.

Now, the question of whether Mr. Fitzgerald properly exercised his prosecutorial discretion in continuing to pursue possible wrongdoing in the case has become the subject of rich debate on editorial pages and in legal and political circles.

Richard L. Armitage, the former deputy secretary of state, first told the authorities in October 2003 that he had been the primary source for the July 14, 2003, column by Robert D. Novak that identified Valerie Wilson as a C.I.A. operative and set off the leak investigation.

Mr. Fitzgerald's decision to prolong the inquiry once he took over as special prosecutor in December 2003 had significant political and legal consequences. The inquiry seriously embarrassed and distracted the Bush White House for nearly two years and resulted in five felony charges against Mr. Libby, even as Mr. Fitzgerald decided not to charge Mr. Armitage or anyone else with crimes related to the leak itself.

Moreover, Mr. Fitzgerald's effort to find out who besides Mr. Armitage had spoken to reporters provoked a fierce battle over whether reporters could withhold the identities of their sources from prosecutors and resulted in one reporter, Judith Miller, then of The New York Times, spending 85 days in jail before agreeing to testify to a grand jury.

Since this week's disclosures about Mr. Armitage's role, Bush administration officials have argued that because the original leak came from a State Department official, it was clear there had been no concerted White House effort to disclose Ms. Wilson's identity.

But Mr. Fitzgerald's defenders point out that the revelation about Mr. Armitage did not rule out a White House effort because officials like Mr. Libby and Karl Rove, the senior white House adviser, had spoken about Ms. Wilson with other journalists. Even so, the Fitzgerald critics say, the prosecutor behaved much as did the independent counsels of the 1980's and 1990's who often failed to bring down their quarry on official misconduct charges but pursued highly nuanced accusations of a cover-up.

Mr. Armitage cooperated voluntarily in the case, never hired a lawyer and testified several times to the grand jury, according to people who are familiar with his role and actions in the case. He turned over his calendars, datebooks and even his wife's computer in the course of the inquiry, those associates said. But Mr. Armitage kept his actions secret, not even telling President Bush because the prosecutor asked him not to divulge it, the people said.

Mr. Armitage has not publicly commented on the matter. The people who spoke about Mr. Armitage's thoughts and action did so seeking anonymity on the grounds that the criminal case was still open and that their remarks were not authorized by the prosecutor. A spokesman for Mr. Fitzgerald declined to comment.

Mr. Fitzgerald, who has spoken infrequently in public, came close to providing a defense for his actions at a news conference in October 2005, when Mr. Libby was indicted. Mr. Fitzgerald said that apart from the issue of whether any crime had been committed, the justice system depended on the ability of prosecutors to obtain truthful information from witnesses during any investigation.

The information about Mr. Armitage's role may help Mr. Libby convince a jury that his actions were relatively inconsequential, because even Mr. Armitage, not regarded as an ally of Mr. Cheney, was talking to journalists about Ms. Wilson's role.

But the trial, scheduled for early next year, may be focused on the narrow questions of whether Mr. Libby's accounts to the grand jury and the F.B.I. were true. Judge Reggie M. Walton of Federal District Court, who is presiding, has resisted efforts by Mr. Libby's lawyers to give the case a wider political scope.

Mr. Fitzgerald may also point out that Mr. Armitage knew about Ms. Wilson's C.I.A. role only because of a memorandum that Mr. Libby had commissioned as part of an effort to rebut criticism of the White House by her husband, Joseph C. Wilson IV.

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Mr. Fitzgerald was named as a special counsel to investigate whether the leaking of Ms. Wilson's identity as a C.I.A. officer was part of an administration effort to violate the law prohibiting the willful disclosure of undercover employees.

Some administration critics asserted that her identity had been disclosed in the Novak column as part of a campaign to undermine her husband. Mr. Wilson was sent by the C.I.A. in 2002 to Africa to investigate whether the Iraqi government had obtained uranium ore for its nuclear weapons program.

On July 6, 2003, a week before the Novak column, Mr. Wilson wrote a commentary in The New York Times saying his investigation in Africa had led him to believe that it was highly doubtful that any uranium deal had ever taken place and that the Bush administration had twisted intelligence to justify the Iraq war.

Mr. Armitage spoke with Mr. Novak on July 8, 2003, those familiar with Mr. Armitage's actions said. Mr. Armitage did not know Mr. Novak, but agreed to meet with the columnist as a favor for a mutual friend, Kenneth M. Duberstein, a White House chief of staff during Ronald Reagan's administration. At the conclusion of a general foreign policy discussion, Mr. Armitage said in reply to a question that Ms. Wilson might have had a role in arranging her husband's trip to Niger.

At the time of the offhand conversation about the Niger trip, Mr. Armitage was not aware of Ms. Wilson's undercover status, those familiar with his actions said. The mention of Ms. Wilson was brief. Mr. Armitage did not believe he used her name, those aware of his actions said.

On Oct. 1, 2003, Mr. Armitage was up at 4 a.m. for a predawn workout when he read a second article by Mr. Novak in which he described his primary source for his earlier column about Ms. Wilson as "no partisan gunslinger." Mr. Armitage realized with alarm that that could only be a reference to him, according to people familiar with his role. He waited until Secretary of State Colin L. Powell, an old friend, was awake, then telephoned him. They discussed the matter with the top State Department lawyer, William H. Taft IV.

Mr. Armitage had prepared a resignation letter, his associates said. But he stayed on the job because State Department officials advised that his sudden departure could lead to the disclosure of his role in the leak, the people aware of his actions said.

Later, Mr. Taft spoke with the White House counsel, Alberto R. Gonzales, now the attorney general, and advised him that Mr. Armitage was going to speak with lawyers at the Justice Department about the matter, the people familiar with Mr. Armitage's actions said. Mr. Taft asked Mr. Gonzales whether he wanted to be told the details and was told that he did not want to know.

One day later, Justice Department investigators interviewed Mr. Armitage at his office. He resigned in November 2004, but remained a subject of the inquiry until this February when the prosecutor advised him in a letter that he would not be charged.

But Mr. Fitzgerald did obtain the indictment of Mr. Libby on charges that he had untruthfully testified to a grand jury and federal agents when he said he learned about Ms. Wilson's role at the C.I.A. from reporters rather than from several officials, including Mr. Cheney.

Mr. Libby has pleaded not guilty to all the charges and his lawyers have signaled he will mount a defense based on the notion that he did not willfully lie.

Orange Beach's Russo, Pals Found Guilty (MR)

By Brendan Kirby And Ryan Dezember, Staff Reporters

Mobile Press-Register (AL), September 2, 2006

A federal jury in Mobile on Friday found former Orange Beach Mayor Steve Russo, City Attorney Larry Sutley and developer Ken Wall guilty of a multi-faceted conspiracy to enrich the mayor in exchange for his influence with controversial developments.

Each of the defendants rose and accepted the verdicts stoically as they were read. But the verdicts prompted gentle sobbing from Russo's mother and Sutley's wife.

After deliberating for about six hours, the eight-woman, four-man jury convicted Russo on 22 of 25 counts. Sutley, who took a leave of absence from his position earlier this year following his indictment, was convicted of eight of 11 counts, and Wall was found guilty of six of 11 counts.

"We were pleased at the verdict. ... We believe the jury saw the evidence for what it was," U.S. Attorney Deborah Rhodes said outside the courthouse. "A case like this is a very important case, and also a very difficult case."

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Russo's attorney, Richard Horne, expressed disappointment with the verdict.

"It's obviously upsetting," Horne said. "We thought we put on a strong case. I'm very surprised."

Outside the courthouse, Russo referred questions to his lawyer and then quickly walked south down St. Joseph Street with his wife, Crystal Russo, one of his two brothers and his mother, Madeline Russo Patton, with TV cameramen and reporters in hot pursuit.

Barring a reversal by the judge or a successful appeal, all three defendants face significant prison time when they are sentenced in January. The preliminary calculation of Russo's advisory sentencing guidelines by the U.S. Probation Office calls for a prison term of at least 10 years and a month, and as much as 12 years and seven months. Those terms were calculated before a grand jury added obstruction of justice charges -- which he was convicted of Friday -- and it is unclear how that might affect his sentence.

Also unclear is how U.S. District Judge Kristi DuBose might rule on motions to dismiss charges against Sutley and Wall. She had withheld judgment on two obstruction of justice counts against Sutley, 57, and all 11 counts against Wall, and she did not rule on them before or after the verdict Friday.

Were she to grant Wall's motion, it would overturn the jury's guilty verdicts against him.

"He knows that this is just a stage in this process, and he shares our optimism as to how this will eventually play out," said Donald Briskman, who along with Birmingham lawyers Bill Baxley and David McKnight defended Wall. "I'm sure he knows and believes in his heart that he is innocent."

Allegations stuck

Throughout the two-week trial, prosecutors presented evidence that Russo, 44, benefited from real estate deals set up by developer Jim Brown in exchange for help getting controversial condominium plans approved by the city. Brown, who admitted his role as part of a plea bargain in June, became the star witness against his one-time co-defendants.

Sutley, meanwhile, was accused of setting up a limited liability corporation to conceal his, Russo's and Brown's partnership in a bid to buy a beach house in Gulf Shores. Prosecutors claimed that Russo and Sutley profited from the transaction despite putting up none of their money and performing no work.

Sutley, a former Baldwin County prosecutor and longtime attorney specializing in municipal law, argued through his lawyers that he had done nothing wrong. Although Sutley did not list his and Russo's names on the LLC documents, experts testified that state law does not require that.

And Orange Beach City Administrator Jeff Moon backed claims by Sutley's lawyers that the city attorney had created the LLC, called American Hot, months before the house deal with a hot sauce business in mind. Moon told jurors that the venture never got off the ground, and Brown testified that Sutley converted its use for the real estate partnership.

"I was very, very disappointed," Sutley's attorney, Neil Hanley, said following the verdict. "I was really shocked at the verdict, and I'm still shocked at the verdict."

Hanley said the jury's ruling came as a blow to his client. "He's trying to take care of his family," he said.

The U.S. Probation Office's preliminary calculations indicated a sentencing range for Sutley of eight years and a month to 12 years and a month under advisory guidelines. But Hanley said he has not yet even considered sentencing. He said he renew his motions to dismiss the charges and file within seven days a motion for a new trial.

Wall, a sometimes partner of Brown's, was accused of arranging a buyer for a piece of property that Brown helped Russo buy and then re-sell in the same day for a large profit. That, prosecutors asserted, was a payoff to guarantee approval of The Water Club, a proposed complex of condos, restaurants, shops and meeting space that Wall, 55, and Brown stood to make more than $65 million profit on.

The Orange Beach City Council has yet to grant final approval for the plans but could do so in October when a public hearing on the matter is scheduled.

'Dirty money party'

Law enforcement officials said they began investigating corruption in Orange Beach based on complaints from citizens in the beachside resort town. What they found, in the words of Assistant U.S. Attorney George May's closing argument, was a "dirty money party" with Russo the guest of honor.

Brown told jurors of a crooked relationship he had with Russo dating back to the late 1990s when he performed free work at the mayor's house. He did so, according to his testimony, to protect his business interests in the city.

That was the same reason he acquiesced to Russo's demand to be included in the Gulf Shores house deal, Brown told jurors. Prosecutors contended Sutley and Russo received about $100,000 in insurance proceeds after Hurricane Ivan demolished the West Beach Boulevard house. And, prosecutors added, the pair would have made a lot more money if federal authorities had not prevented the sale of a new multi-million-dollar home they were building in its place.

Other allegations included a $10,000 kickback Brown said he gave Russo from a debris removal contract Brown got in which he was paid for some work performed by city employees. The $10,000 check was written to Russo's then-girlfriend and now wife, Crystal.

A Mobile car dealer told jurors that Russo used $10,000 in cash -- actually, $9,900 after he removed a $100 bill that put the transaction below the IRS reporting threshold -- as part of the payment for a new BMW.

Russo and Sutley were convicted of mail and wire fraud charges related to documents they filed in association with American Hot and the beach house in Gulf Shores. The jury also found Russo guilty of three counts of mail fraud and a wire fraud charge in connection with campaign finance reports he filed in 2004 that did not reflect tens of thousands of dollars in expenses from his campaign account spent on personal items. They included trips to casinos, a computer and clothing.

The jury convicted Russo and Wall of mail and wire fraud in connection with the "land flip" in which Russo bought the Gulf Bay Road property along Wolf Bay for $1.2 million without putting down any of his own money and then resold it the same day for $1.6 million.

Russo then put the $400,000 profit toward the purchase of two lots on Canal Road, where prosecutors said he planned to build an 8,310-square-foot mansion.

Lead prosecutor Steven Butler, who withstood attacks from defense attorneys that at times got personal, said afterward that he hopes the verdict sends a strong message.

"Public corruption will be addressed in this district whenever and wherever it comes to our attention," he said.

Still to be determined is the fate of money and property prosecutors contend Russo and Sutley acquired illegally. The judge will decide at a later date whether they will have to forfeit them.

Russo, Sutley, Brown and former City Councilman Joe McCarron also face separate corruption-related charges in state court. Crystal Russo, meanwhile, is scheduled to go on trial in October on charges she helped her husband try to hide money from the federal government.

Former Orange Beach Mayor, Others Convicted Of Fraud (AP)

By Garry Mitchell, The Associated Press

AP, September 2, 2006

MOBILE -- A federal court jury Friday convicted a former mayor of Orange Beach, the city attorney and a developer on multiple fraud charges against them in what prosecutors called corruption in beach resort real estate deals.

A centerpiece of the case against former Mayor Steve Russo was a prosecution claim that he made $400,000 simply by signing his name to a $1.6 million waterfront tract sale.

Along with being convicted on wire and mail fraud counts, Russo was found guilty of diverting campaign funds to personal use, including charges at Mississippi casinos, and obstructing justice.

The jury found Russo not guilty on three wire fraud counts in the public corruption case involving City Attorney Larry Sutley and developer Ken Wall.

Sutley, an attorney for 30 years, was convicted on eight counts, including obstruction of justice, and found not guilty on three counts. Wall was convicted on six wire fraud counts and found not guilty on five others.

U.S. District Judge Kristi DuBose set sentencing for Jan. 12. The three could get a maximum of 20 years in prison.

Reacting to the verdicts, U.S. Attorney Deborah Rhodes said, "It's a good day for Orange Beach. It's a good day for honest government."

She said the investigation began with complaints from citizens.

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Wall's partner, Jim Brown, pleaded guilty to bribing Russo in June and became the government's key witness. He awaits sentencing.

The trial involved the sale of expensive properties in the Gulf of Mexico resort near the Alabama/Florida border. Prosecutors alleged developers bribed Russo to obtain his support for a 32-story condominium development planned by Brown and Wall.

In one case, Russo reaped a $400,000 windfall profit in a "land-flip" scheme on a $1.6 million land sale in which he had invested no money but signed papers as an owner, according to testimony.

He resigned as mayor of Orange Beach in January. The part-time post of mayor, who has a vote on the city council, pays $25,000 annually.

Russo, accompanied by family members, left the courthouse without comment. Russo attorney Richard Horne of Mobile said the verdict was "obviously upsetting. We put on a strong case. I'm just very surprised and upset about the verdict."

He said Russo is a "strong man. He'll be fine."

Horne said there are a lot of legal issues to cover in the next months before considering an appeal.

Sutley and Wall left court with their attorneys without commenting on the verdicts.

The jury deliberated about six hours.

Leaving the courthouse, the lead prosecutor, Assistant U.S. Attorney Steven Butler, said the guilt verdicts send a message that "public corruption will be addressed in this district whenever and where ever it's brought to our attention."

The defense team in closing arguments to the jury Thursday called Brown a liar. Horne described Brown as one of the bigger "wheeler-dealers" in the beach real estate market. At one time, Brown, 51, was worth about $32 million, according to testimony.

"He's singing the government's song," Horne said of Brown's damaging testimony against his client.

Prosecutors said Brown got involved with Russo and Sutley to "protect his livelihood."

Russo voted on May 3, 2005 to approve a Terry Cove development involving Brown and another at Romar Villas, according to the indictment.

Russo was convicted Friday of allegedly concealing $33,000 in campaign funds spent on personal activities.

Russo also has pleaded not guilty to minor drug charges in Baldwin County involving marijuana found in his home after his arrest on the federal charges. Other articles:

FBI Raids Alaska State Offices In Probe Of Oil-Field Firm VECO (WSJ)

By Jim Carlton And Steve Levine

The Wall Street Journal, September 2, 2006

The Federal Bureau of Investigation raided six Alaska state legislative offices, carrying away boxes of documents in what appears to be a probe into whether VECO Corp., an oil-field-services contractor with close political ties, engaged in influence peddling.

On Thursday and continuing on Friday, FBI agents launched a series of raids in Juneau and other cities, according to Alaskan legislative officials, pouring into offices that include those of State Senate President Ben Stevens, son of longtime U.S. Sen. Ted Stevens of Alaska. The agents sought documents and other records showing ties between the legislators and VECO and its executives, including Bill Allen, the company's chairman, the officials said.

VECO and its employees are major political-campaign contributors in Alaska, giving mostly to Republicans. In 2000, Mr. Allen was co-chairman of President Bush's Alaska state campaign.

FBI officials declined to comment on the raids. A Justice Department official said "law enforcement actions" had taken place in Alaska this week, but declined to comment further.

John Harris, speaker of the Alaska House of Representatives, said his understanding is that the raids were tied to an FBI probe into whether VECO used its financial influence to try to secure votes on legislation related to a proposed natural-gas pipeline from the Alaskan North Slope.

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As part of the push to ship to market all the natural gas that is now stranded at Prudhoe Bay and other big oil fields, VECO and other companies in the industry have pushed for construction of a pipeline to the lower 48 states. The Alaska legislature is considering one bill to help do that, but lawmakers have been squabbling over how much the state should have to pay for construction and other issues.

Last month, Alaska legislators passed a controversial measure that changed the way oil and gas is taxed in the state. Critics of the industry-backed bill say the new system taxes oil and gas based more on industry profits, rather than mainly on production, risking the potential for companies to reclassify some profits as expenses and thus evade taxes. However, supporters of the measure say the state stands to collect more money under the new tax plan.

Three of the legislators whose offices were raided had voted in favor of the tax-change bill, which was championed by Gov. Frank Murkowski, a former U.S. senator who lost his bid for re-election in a Republican primary after a series of unpopular moves. Besides the younger Mr. Stevens, the other legislators whose offices were raided included those of state Sen. John Cowdery and state Reps. Vic Kohring, Pete Kott and Bruce Weyhrauch. All are Republicans. State Sen. Donald Olson is the only Democrat whose offices were caught up in the raids.

Mr. Kohring issued a statement confirming that his offices in the state capital of Juneau and his district in suburban Anchorage were raided, and that FBI agents interviewed him as part of an investigation into VECO. "I was told I am not a target of the investigation," Mr. Kohring said in the statement, adding the FBI asked him not to say more.

A spokesman for Mr. Olson said he will cooperate with the investigation. Calls left for the other four legislators weren't returned. Officials for VECO -- an Anchorage-based oil-field-services company that maintains and repairs crude oil pipelines, refineries and other oil-field facilities -- didn't return calls for comment.

The FBI investigation is the latest cloud over the Alaskan oil industry. Corrosion problems at the giant Prudhoe Bay field have prompted investigations by the Environmental Protection Agency, the Department of Transportation and state agencies into the practices of British oil giant BP PLC, which operates the facility. Corrosion led to a spill of about 200,000 gallons of crude from one pipeline at Prudhoe Bay last March, and BP officials ordered much of the field closed last month after discovering the corrosion problems were more widespread.

The VECO case unfolded as a surprise to workers in Alaska's capitol building, who stood by as agents in sweatshirts and T-shirts swept into the building shortly before noon Thursday, spending hours rifling through legislators' offices. Some legislative aides who saw the agents say that at first they thought they were workers, because they were inside offices, like that of Mr. Stevens, which were closed while the legislature is out of session.

By nightfall, the agents left the building carrying boxes of documents, including binders, appointment books and other materials, two legislative aides said. The agents acted under search warrants that listed "Items to be seized," said one aide who obtained a copy of a warrant. Among the items listed in the warrant, the aide said, was: "Anything having to do with any and all documents concerning, reflecting or relating to any or all of the following entities," including VECO, Mr. Allen, several other VECO officials, two Republican pollsters in Alaska and the Petroleum Club in Anchorage, which has been used to host a number of GOP fund-raisers. The warrant called for a search of all written or electronic documents, said the aide.

Write to Jim Carlton at jim.carlton@wsj.com1 and Steve LeVine at steve.levine@wsj.com2

Oil Industry-Lawmaker Link Is Focus Of An Alaskan Inquiry (NYT)

By William Yardley

The New York Times, September 2, 2006

SEATTLE, Sept. 1 — Federal agents continued to investigate the relationship between several Alaska state lawmakers and a major oil services company on Friday, a day after agents raided legislative offices across the state.

Agents with the Federal Bureau of Investigation and the Internal Revenue Service scoured files in the offices of at least six lawmakers on Thursday and interviewed several. A spokeswoman for the Department of Justice, Jaclyn Lesch, said agents were in the field again on Friday.

Ben Stevens, a Republican who is the State Senate president and son of Senator Ted Stevens, is among those whose offices were searched on Thursday.

Ms. Lesch would not say how many lawmakers could eventually be part of the investigation nor would she discuss the raids. , But lawmakers and their aides in Alaska said the search warrants and the interviews focused on interaction between lawmakers and the VECO Corporation, a large support contractor for oil and energy businesses whose executives give generously to campaigns.

The Associated Press in Alaska reported on Friday that it had obtained a copy of a search warrant that stated that investigators were seeking "from the period of October 2005 to the present, any and all documents concerning, reflecting or relating to proposed legislation in the state of Alaska involving either the creation of a natural gas pipeline or the petroleum production tax."

Gov. Frank H. Murkowski, a Republican whose office was not searched, signed the new tax into law last month. The gas pipeline is still in negotiations.

The A.P. said the warrant sought information about possible payments to lawmakers by VECO executives. The warrant also said investigators were seeking hats or other items bearing the phrases "CBC," "Corrupt Bastards Club" or "Corrupt Bastards Caucus." Details about the supposed group were unavailable.

Amy Menard, a lawyer for VECO, said that a search warrant had been issued seeking information from VECO and that the company "has information to suggest that federal agents may have been to the offices of VECO Corporation."

Ms. Menard said VECO had done nothing wrong. She said the company "has always had a strong interest in Alaska politics, but there's certainly no information we have that would remotely support what we perceive to be the investigation that's going on right now."

Critics of Ben Stevens have said he is too close with some companies that benefit from the state. Mr. Stevens has worked as a consultant to VECO while serving in the Legislature. Mr. Stevens, who was appointed to fill a vacant seat in 2001 and was elected to a full term in 2002, is not seeking re-election this year. He did not respond to messages left on Friday.

Aaron Saunders, a spokesman for Senator Ted Stevens, said by e-mail, "We have no comment on this matter."

In addition to Ben Stevens's office, The A.P. said agents on Thursday searched the offices of Senator John Cowdery, chairman of the Senate Rules Committee; Senator Donald Olson, who is on the Special Committee on Natural Gas Development; Representative Vic Kohring, chairman of the House Committee on Oil and Gas; Representative Bruce Weyhrauch, chairman of the House Ways and Means Committee; and Representative Pete Kott, chairman of the Legislative Council. All but Mr. Olson are Republicans.

Jim Pound, chief of staff for Mr. Kohring, said Friday that agents went to the lawmaker's office in Juneau on Thursday "with no warning" and took copies of legislation, including the gas pipeline proposal, as well as correspondence from Governor Murkowski.

FBI Raids Offices Of 6 Alaska Legislators (WP/AP)

By Matt Volz, Associated Press

The Washington Post, September 2, 2006

Probe Looks for Ties With Oil-Field Firm

JUNEAU, Alaska, Sept. 1 -- The offices of at least six Alaska state legislators, including that of the son of Sen. Ted Stevens (R), were raided Thursday and Friday by federal agents searching for possible ties between the lawmakers and a large oil-field services company, officials and aides said.

FBI spokesman Eric Gonzalez said 20 search warrants were being executed across Alaska, but he would not say where.

A copy of one of the search warrants, obtained by the Associated Press, links the investigation to a new production-tax law signed last month by Gov. Frank H. Murkowski (R) and to a draft natural gas pipeline contract that Murkowski and the state's three largest oil companies negotiated.

The warrant called for the seizure of documents concerning any payment made to lawmakers by Bill Allen and Richard Smith, executives of Veco Corp. Agents also looked for documents about contracts, agreements or employment of legislators provided by Veco, Allen, Smith and Veco President Peter Leathard.

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Sought-after items named in the warrant included hats or other garments bearing the name "Veco" or the writing "CBC," "Corrupt Bastards Club" or "Corrupt Bastards Caucus."

Those are nicknames given to 11 lawmakers after a March opinion article, published in three Alaska newspapers, listed the contributions that legislators had received from top Veco executives, said House Speaker John Harris (R).

"I've heard it a few times," Harris said Friday, adding that "they were making fun" of the article.

In it, Lori Backes, executive director of the All Alaska Alliance, questioned whether the financial links between Veco and lawmakers created "undue influence" over the state's political process. Backes's group supports a gas pipeline proposal different from the one favored by Murkowski and Veco.

Harris said he saw Smith and Rep. Pete Kott (R) handing out hats at a Juneau hotel bar during a June special session, when lawmakers voted down an earlier Murkowski petroleum tax bill. But, he said, he did not see anything with "Corrupt Bastards Club" on it.

"All they had was 'Veco' on them," Harris said.

Veco staunchly supported the governor's production-tax plan, a version of which the legislature passed last month after twice rejecting it this summer. Lawmakers have also twice failed to pass legislation related to the governor's pipeline contract with BP PLC, ConocoPhillips and Exxon Mobil Corp.

Among the offices searched was that of Republican Senate President Ben Stevens, who has reported collecting more than $240,000 in consulting fees from Veco since 2000. Agents left his Capitol office Thursday with 12 boxes of documents labeled "Evidence" and loaded them into a vehicle.

Stevens could not be reached at his Anchorage home on Friday.

Ted Stevens's spokesman, Aaron Saunders, said Friday that he had no comment on the search.

Also searched in both Juneau and Anchorage were offices belonging to state Sen. John Cowdery (R), the Senate Rules Committee chairman; state Sen. Donald Olson (D); and state Reps. Kott, a former House speaker; Vic Kohring (R), chairman of the House Special Committee on Oil and Gas; and Bruce Weyhrauch (R).

"It's pretty bizarre," Cowdery said Friday. "That's all I know, it's pretty bizarre. I certainly haven't done anything wrong."

Olson issued a statement saying, "I am certain that I will not be a target of this investigation and that I have broken no laws."

Kohring said he cooperated and was told he was not a target of the investigation.

Calls to Weyhrauch and Kott were not immediately returned Friday.

Amy Menard, an attorney for Veco, said the company would cooperate with federal agents in providing the broad range of information they want.

"We have no information that would suggest that there have been any improper activities either by Veco Corp., Veco Alaska or any of the principals involved in those companies," Menard said.

Graduation - Then Prison (NSDY)

By Mitchell Freedman, Newsday Staff Writer

Long Island Newsday, September 2, 2006

Environmental activist who set fire to new housing will serve time in low-security facility after college

A self-styled ecological freedom fighter was sentenced Friday to serve six months in a federal low-security prison camp for starting fires at construction sites that damaged four homes in Middle Island and five homes in Mount Sinai in December 2000, claiming the act was the work of the Earth Liberation Front.

Matthew Rammelkamp is the last of four people charged in the case. U.S. District Court Judge Thomas Platt said he could continue his studies at Stony Brook University, and he will begin his sentence 10 days after he graduates in January. Platt directed that he not be sent to a mid-level federal prison, but to the Allenwood, Pa., federal camp.

Rammelkamp, who was 16 when he started the fires, pleaded guilty in 2001 and has cooperated with officials who were investigating the Earth Liberation Front, which federal officials consider a terrorist organization.

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Before Platt imposed the sentence Friday in Central Islip, Rammelkamp told the judge that when he committed the crime, he had been frustrated and upset by the cancer clusters near his home in Miller Place, and that he was shown Web sites that blamed the high rates of cancer on new construction and destruction of the environment.

Jared McIntyre of Coram, who showed Rammelkamp those Web sites, was sentenced in July 2004 to 3 1/2 years in prison for his role in the arsons.

"I'm ashamed I let my passion push me so far," Rammelkamp said in court. "I was young and immature."

He later said that both his mother and sister had cancerous or precancerous growths removed. And Rammelkamp said that while he still believes in environmental protection, he now works for it in a positive way, as a staff member for the New York Public Interest Research Group and by advocating for new laws to protect the environment.

Ultimately, a review by the probation department found that the $358,000 in damages claimed in the initial charges was only $188,318.40. Restitution has been ordered, although how much each defendant will pay has yet to be determined.

Platt said the crime was not trivial. "We're not dealing just with property damage," he said. "I certainly don't feel this crime should go unpunished."

After his term, Rammelkamp said he would like to go back to school and become a lawyer.

CIVIL LAW:

Cigarette Makers Fight For 'lights' (KCS)

By Nancy Zuckerbrod

The Kansas City Star, September 2, 2006

WASHINGTON | Top tobacco companies on Friday urged a federal judge to let them sell "light" and "low-tar" cigarettes until their appeal of her ruling against such labeling could be decided.

The companies argued that they would lose sales to smaller companies not covered by the ruling.

Two weeks ago U.S. District Judge Gladys Kessler sided with the federal government, ruling that the major cigarette manufacturers violated racketeering laws. She said the companies conspired for decades to mislead the public about the health hazards of smoking.

Kessler rejected a bid by the Justice Department to make the companies pay billions of dollars to finance smoking-cessation efforts. However, she banned the use of labels such as "low-tar" and "light."

Earlier this week, a report testing cigarette nicotine levels for the Massachusetts Department of Health found that for all brands tested in 1998 and in 2004 there was no significant difference in the total nicotine delivered between "full-flavor," "medium," "light," or "ultra-light" cigarettes.

That report also found that the level of nicotine that smokers typically consume per cigarette had risen about 10 percent in the past six years, making it easier to get hooked and harder to quit. Some researchers have argued that cutting nicotine levels would be much more effective in reducing smoking than education efforts.

In their filing Friday, the tobacco companies said repackaging and remarketing some of their brands would cost hundreds of millions of dollars.

The companies also asked Kessler to suspend her order forcing them to publish "corrective statements" about nicotine addiction and the health effects of smoking.

"Once forced to make these public statements, defendants will be effectively unable to take them back, even if their anticipated appeal is successful," the companies wrote.

They also said there should be no concerns about waiting until an appeal is decided because "the public is overwhelmingly aware of the health risks of smoking" and because a 1998 agreement between the states and the companies led to some marketing restrictions on the industry.

The Justice Department had no comment Friday.

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The defendants are Philip Morris USA Inc. and its parent, Altria Group Inc.; R.J. Reynolds Tobacco Co.; Brown & Williamson Tobacco Corp.; British American Tobacco Ltd.; Lorillard Tobacco Co.; Liggett Group Inc.; Counsel for Tobacco Research-USA; and the now-defunct Tobacco Institute.

The only cigarette maker excluded from Kessler's ruling was Liggett. Kessler credited Liggett with coming forward in the 1990s to admit that smoking causes disease and is addictive, among other things.

CIVIL RIGHTS:

Justice Department Sides With Religious Objector Over Union Dues (AP)

AP, September 2, 2006

COLUMBUS, Ohio (AP) - State employees should be able to donate their union dues to any charity, not just a church, when they have religious objections to how the money's being spent, federal justice and civil rights officials decreed Friday.

The U.S. Justice Department and U.S. Equal Employment Opportunity Commission said a union must give all employees _ not just active churchgoers _ who object to its expenditures for religious reasons the same opportunity to divert their dues away from the organization. The settlement affects 37,000 of Ohio's unionized public employees,

The decision came in a case involving an Ohio Environmental Protection Agency employee without a church affiliation who opposed paying dues to his union, the Ohio Civil Service Employees Association, because of its support of abortion and same-sex marriage.

While the union had a policy allowing employees with similar objections to donate their dues to their churches, synagogues or other religious organizations, it prohibited those without church affiliations to donate to a secular charity. Federal officials said that policy violates equal protection statutes.

"The law protects the religious observances, practices and beliefs of all Americans," Wan J. Kim, assistant attorney general for the Civil Rights Division said in a statement. "I applaud the Ohio state officials for working with the Department to resolve this case."

The consent decree requires approval by the U.S. District Court of the Southern District of Ohio.

Racial Issues Studied At UMKC (KCS)

By Mará Rose Williams

The Kansas City Star, September 2, 2006

Complaints about racism at the University of Missouri-Kansas City have gotten the attention of the U.S. Department of Justice and the local NAACP.

The two agencies said they have discussed with university officials the development of a plan for improving the racial atmosphere on campus. But none of the parties would reveal specifics of those talks, which they said are in the very early stages.

"No plan has been developed yet," said Bill Whitcomb, a spokesman for the Justice Department's Community Relations Service, which deals with resolving disputes over race, national origin and color.

UMKC Chancellor Guy Bailey said that university officials have met two or three times with the two agencies and that "they have been very helpful giving an external perspective and making suggestions."

Bailey, who took over at UMKC in January, said improving the racial climate is one of his administration's top three priorities.

"We don't have a meeting of the vice chancellors here where it is not a topic," Bailey said. "Every opportunity that we have to do something about this we are taking it."

Don Matthews, who until he resigned this week was director of African-American studies, said many of the racial climate complaints dealt with the lack of recruitment and retention of minority faculty and staff, and an overall poor campus atmosphere for minority students.

"Ignoring the needs of the African-American community on campus," he said, has led high numbers of minority students to leave the university.

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Matthews, who had taught at UMKC for five years, cleaned out his office and left after what he said were several years of complaining to administrators that too few minority faculty members were hired, too few were promoted and that the racial climate continued to chase away African-American students.

"I left because I felt that it had become a personal issue between me and the university," Matthews said. "I was being seen as the whistleblower, and it was hurting the (African-American Studies) program. It was blocking change, so I left for the sake of the program."

Bailey said the university expects to hire Matthews' replacement by fall 2007. Meanwhile, this month the university will bring in four finalists for a new position — deputy chancellor of diversity access and equity — created in the fall of 2005 by merging two positions. The new deputy chancellor, who will report directly to Bailey, will "deal with racial climate issues, recruiting and training, and would be intimately involved in the assessment of the campus climate," Bailey said.

And the university this year will be looking for a director of affirmative action to help change the racial climate, an effort Bailey said has already started.

Before classes began this fall, Bailey held a reception at his residence for African-American faculty and another reception for Hispanic faculty. He said the events were designed to bring together minority faculty, many of whom did not know one another and whom he had never met.

Members of the Kansas City branch of the National Association for the Advancement of Colored People attended the reception for African-American faculty.

Anita Russell, NAACP president, said that local branch members had become aware of problems regarding race at UMKC after reading in April in The Kansas City Star of a racial climate audit.

The audit, commissioned by UMKC administrators and conducted by a Pennsylvania State University professor, revealed that the most racist space on the campus is in the classroom. It supported Matthews' complaints about the hiring, retention and promotion of minority faculty, and it showed that Hispanic students, like black students, felt no sense of community on campus. It said the climate contributed to minority students struggling to graduate or leaving UMKC for another college.

Matthews said he hopes the involvement of the Justice Department and the NAACP will mean the university is serious about improving the racial climate on campus.

History and religious studies professor Gary Ebersole, who leads the UMKC Faculty Senate, said that although he supports the collaboration between the Justice Department, the NAACP and the university, he does "not believe any pervasive culture of racism exists on campus."

"UMKC is a microcosm of the broader society we live in, and we know that racism exists in the broader society," he said. "That it exists at UMKC should not surprise us."

He said the college of Arts and Sciences hired 10 minority faculty members this year.

Feds And Landlords Settle Sex Harassment Cases (STPPP)

By Lee Egerstrom

The St. Paul Pioneer-Press, September 2, 2006

The U.S. Department of Justice has reached an agreement with several Twin Cities rental property owners and managers in a sexual-harassment action under the federal Fair Housing Act.

The agreement calls for the defendants to pay $325,500 to harassed tenants and a $35,000 civil penalty.

The Justice Department's said the settlement involves Robert Wones, a former owner and a management employee of S&R Property Management, of Coon Rapids; property manager Howard Melin; Welty Properties Inc., of Edina; and Shumel Management, of Coon Rapids.

Settlement terms also forbid the corporate defendants from future discrimination, and ordered that Wones must hire an independent management to operate any future rental property that he might acquire.

The U.S. Attorney's Office in Minnesota argued in a lawsuit filed in December 2004 that Wones subjected women to sexual touching and advances and forced them to have sex with him if they wanted to rent an apartment. It was the second lawsuit brought against Twin Cities landlords by the Justice Department.

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Judge Delays Parts Of Order Allowing All Felons To Vote (BN)

By Val Walton, News Staff Writer

The Birmingham News (AL), September 2, 2006

A Jefferson County judge agreed Friday to delay for review by the Alabama Supreme Court most of his order that would allow all felons to vote.

Circuit Judge Robert Vance Jr., at the state attorney general's request, stayed portions of his ruling such as requiring the attorney general's office to send Vance's order immediately for clearance by the U.S. Justice Department. The federal Voting Rights Act requires changes in state election law be approved through the Justice Department.

Vance ruled last month that all voter registrars in Alabama counties must allow felons to register to vote until the state Legislature passes a law that defines crimes of moral turpitude. Vance had said state law does not define them, and the state constitution holds that those guilty of crimes of moral turpitude forfeit the right to vote.

The attorney general's office appealed Vance's decision to the state Supreme Court.

At a hearing Friday, Vance did let stand another portion of his order that allows felons who have been convicted of crimes such as driving under the influence and drug possession to vote. Those crimes are among a handful that have been determined by legal precedent to not involve moral turpitude.

"I don't see sufficient reason to stay that provision of the order," Vance said. "I don't see a downside to that."

The attorney general's office had sought a stay on all portions of Vance's order, a request that attorneys with the NAACP Legal Defense Fund challenged in Friday's hearing.

Birmingham attorney Ed Still and New York attorney Ryan Hagood of the NAACP Legal Defense Fund argued that the state's constitution is clear that people convicted of certain felonies do not lose their voting rights and do not need to apply for an eligibility certificate from the state Board of Pardons and Paroles.

They said that registrars could continue to stop every felon, no matter what their crime, from registering to vote if that part of Vance's directive were delayed.

Hagood said an informal poll statewide showed that 20 counties require felons with DUI convictions to have their rights restored, which violates the state constitution.

Vance's ruling arises from a 2005 lawsuit filed by the NAACP in Jefferson County that contended Secretary of State Nancy Worley violated the constitution by giving voter registrars instructions to require all felons to apply to the Pardons and Paroles Board to have their voting rights restored. At the time, the state had a long practice of removing from voting rolls anyone convicted of a felony.

"Our case is about getting Alabama to follow its own constitution and laws," Hagood said outside court Friday. "We think Judge Vance's ruling today affirmed what we set out to do when we filed this case."

Hagood and Still said a suggestion by the secretary of state that Vance's order would lead to polling places in prison was false and a scare tactic. Still said eligible felons would likely vote through absentee ballots.

E-mail: vwalton@bhamnews.com

Few Overseas Soldiers Voted In State Runoff (AP)

AP, September 2, 2006

MONTGOMERY (AP)— After a Justice Department suit and legislative action to extend the primary runoff from three weeks to six weeks, only a small number of military personnel stationed overseas voted in the July 18 primary runoff.

The runoff was extended to give soldiers more time to receive and return absentee ballots and to keep their votes secret. Incomplete figures in the Alabama Secretary of State's office show that some counties received no overseas military absentee ballots and in many the number was fewer than five.

Just 13 overseas military absentee ballots were received for the runoff in Jefferson County, the state's most populous.

That may be in part because there was no gubernatorial primary runoff — and no statewide Democratic runoff race at all — to excite voters overseas, or at home. The July 18 turnout was estimated to be in the low teens, down from the 38 percent who voted in the June 6 primary.

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The Alabama Legislature voted to delay the runoff until July 18 after the Justice Department filed a lawsuit that said there was not enough time between the June 6 primaries and the originally scheduled June 27 runoff for military personnel to return absentee ballots.

Judge Voids Ohio's Change In Vote Drives (NYT/AP)

The Associated Press

The New York Times, September 2, 2006

CLEVELAND, Sept. 1 (AP) — A federal judge on Friday threw out new state rules governing voter registration drives, saying they appeared to violate the First Amendment and hinder efforts to sign up new voters.

The judge, Kathleen M. O'Malley of Federal District Court, issued an order from the bench immediately halting enforcement of the registration rules. Judge O'Malley said she planned to issue a detailed written order next week.

A coalition of voter advocacy groups and Democratic lawmakers sued the state, asking that the regulations be thrown out. They claimed the regulations were intimidating and impaired their registration drives, particularly in low-income and minority areas, because the rules carried potential criminal penalties.

The state said the rules were needed to guard against voter fraud.

Judge O'Malley said she would have liked to have months to study the case but felt she had to make a ruling Friday ahead of the Labor Day weekend, which is traditionally a time for voter registration drives.

The judge said that, in light of her ruling, voters should ignore the references to the criminal penalties on forms used to sign up new voters. She gave the secretary of state's office five days to remove references to the rules and penalties on its Web site.

The secretary of state, J. Kenneth Blackwell, the Republican candidate for governor, plans to comply with the order and not challenge it, said Larry James, a lawyer for Mr. Blackwell's office who was in court Friday.

In the lawsuit, filed in July, the plaintiffs argue that criminal penalties for violating voter registration rules could deter people from canvassing. The law requires each person who registers voters to return the forms either in person or by mail to the local board of elections.

In the past, a canvasser could return forms to a church or institution promoting a voter registration drive. Those groups could forward the forms to the local elections board.

The lawsuit also challenges online training required for those who will be paid for registering voters, saying it is too difficult for churches and groups that do not have access to computers. Mr. Blackwell's office responded by offering training materials by mail if requested.

Fight Over Photo ID Resumes Election Board Decision Sends Issue Back To Court (AJC)

By Carlos Campos, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 2, 2006

Georgia's effort to require voters to show photo identification at the polls is back on — for now.

The State Election Board on Friday agreed to launch an education campaign to let voters know they will need one of six forms of government-issued photo identification when they cast a ballot in special elections to be held later this month and the general election in November.

The issue is far from settled, since groups opposed to the requirement immediately pledged to go back to court to get the law tossed again.

Judges in both state and federal court halted enforcement of the voter ID law for the July primaries, saying there was evidence that the law posed an unnecessary impediment to voting. But those orders were temporary, and the judges have yet to rule on the merits of the law.

Election board members emerged from a short, closed-door session with the state's lawyers and announced they were ready to move forward with implementation of the photo voter ID law.

"That photo ID law is in effect, so there's no ambiguity" among voters and elections officials, said election board member Randy Evans, a Republican Party lawyer and supporter of the law.

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Emmet Bondurant, a lawyer representing Common Cause Georgia and other groups in a federal lawsuit challenging the law, said he will ask a judge to again stop enforcement of the law.

Bondurant agreed the rulings applied only to the primary. But he said the State Election Board was making a mistake in moving forward with its voter education efforts, saying it is a waste of time and taxpayer money given the pending court challenges.

"It'll get shot down again," Bondurant said Friday. "But in the meantime they will have caused mass voter confusion."

A hearing is scheduled for Friday in Fulton County Superior Court in a lawsuit brought by former Gov. Roy Barnes, lawyers said.

Barnes claims on behalf of his clients that the Georgia Constitution sets forth specific requirements for voting, and that showing picture ID is not among them. Barnes won his effort in July to temporarily block the law.

Voters head to the polls Sept. 19 for special elections, including some local bond referendums.

On Nov. 7, voters will choose a governor, lieutenant governor, a host of other statewide officers, 13 members of Congress, and representatives and senators for all 236 seats in the Georgia Legislature.

Beginning next week, voters will hear public service announcements on radio and TV letting them know about the change in the law. A brochure will also be mailed to 305,074 registered voters who might lack either a state-issued driver's license or identification card.

The secretary of state's office estimated in June that more than 676,000 Georgians lacked the most-shown forms of identification.

But the study that produced that estimate was shown to have numerous errors, so the State Election Board asked the Department of Driver Services to redo it.

A refined list was released Friday, showing that 106,522 registered voters in Georgia lack a driver's license or ID card issued by the state. An additional 198,552 voters have driver's licenses or ID cards that might have expired or have been revoked or suspended. Board members agreed to send letters, at a cost of $109,000, to those voters letting them know about the changes in state law.

David Worley, the Democratic appointee to the State Election Board and an opponent of the voter ID law, said he thinks the education effort is too little, too late. One notice won't be enough "to drive home to people the changes in state law," he said.

The voter ID question has lingered in Georgia since early 2005, when the state Legislature initially passed the requirement.

Republican leaders said the law was needed to prevent voter fraud, but Democrats, particularly African-Americans, argued it was a ploy to suppress minority votes.

A coalition of voting rights and civil rights groups sued in 2005 and blocked enforcement of the law. They argued successfully that the charge for a government-issued ID — and the difficulty in obtaining one, particularly in rural areas — were unconstitutional obstacles to voting.

Earlier this year the Legislature passed a law it believed would withstand court muster. It made photo IDs for voting free, and available in all of the state's 159 counties.

But judges again struck down the law, in part because the state had not educated voters on the changes in a timely manner.

ANTITRUST:

FTC Fights Drug Makers' Payments To Generic Competitors (AP)

AP, September 2, 2006

WASHINGTON - The Federal Trade Commission has struck out so far in trying to block drug companies from reaching settlements it fears are slowing the introduction of generic competitors, but the head of the agency said she won't stop fighting to end such deals.

FTC Chairman Deborah Platt Majoras said she's concerned payments by brand name drug makers to their generic rivals may be nothing more than payoffs to keep cheap drugs off the market, depriving consumers of low-cost medicines.

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"There is no question we've taken some hits on this," Platt Majoras said in an interview with The Associated Press. But "we are not walking away."

The FTC lost a court challenge of one of the deals in 2005 and the Supreme Court declined to hear its appeal. The trial court found that such settlements are permissible as long as a generic's entry isn't delayed beyond a drug's patent term.

Platt Majoras said it's apparent drug that companies aren't especially worried about the FTC threat since they continue to negotiate new patent settlements. But "they do so at their own peril," she warned.

Earlier this year, Bristol-Myers Squibb Co. and it marketing partner Sanofi-Aventis SA agreed to pay $40 million to Apotex Inc. to end its litigation over the blood thinner Plavix -- a move that would have prevented a generic competitor for Plavix from reaching the market until 2011.

However, state regulators rejected the deal, clearing the way for Apotex to begin selling a generic version of Plavix on Aug. 8. The Canadian drug company's sales of the cheaper medication were booming until a federal judge in New York ordered a temporary halt in its sales this week.

Platt Majoras declined to say whether the FTC instigated the Justice Department's criminal probe into the arrangement among the drug companies.

FTC Commissioner John Leibowitz said in a speech earlier this year that none of the 14 reported agreements between brand and generic companies in fiscal 2004 contained a payment to the generic company accompanied by it deferring its product's market entry. But so far this fiscal year, at least seven out of 10 agreements include a payment to the generic company from the brand company and a delay in the generic's debut.

Platt Majoras said she is concerned there will be even more settlements as numerous blockbusters are set to lose in patent protection soon. Drugs with combined sales of $48 billion will lose patent protection between 2006 and 2010, according to Medco Health Solutions Inc., a pharmacy benefit manager.

She said the agency is closely examining the case it lost to see how it should change its strategy going forward. She declined to disclose specifics, but did suggest the agency will be more careful about which court it chooses to file a challenge.

Majoras also declined to say whether recent settlements were being investigated or had been cleared. Federal law requires that the FTC review the deals.

Experts said the FTC needs to bring future cases with care. "Ultimately, the power of the FTC depends on the power of it to litigate effectively," said lawyer David Balto, an antitrust specialist. "Federal agencies don't want to establish a losing record in court."

Other insist the deals make financial sense for the companies. Generic companies avoid costly legal battles over patent issues while acquiring guaranteed cash, and brand name companies protect the sales revenues of their blockbuster drugs.

Blow Seen To Profit At Bristol (NYT)

By Stephanie Saul

The New York Times, September 2, 2006

Bristol-Myers Squibb, reeling from the incursion of a generic competitor to its top-selling drug Plavix, said yesterday evening that the impact would reduce its profits this year by at least 20 cents a share, or about $400 million.

Instead of a profit of at least $2.3 billion that the company had been expecting earlier, Bristol-Myers now expects to earn only $1.9 billion for the year.

The company also said that 2007 sales of Plavix could be harmed if large enough supplies of the generic competitor from Apotex, a Canadian company, are already in wholesale channels.

Apotex began marketing its drug last month in violation of an existing patent. Apotex is challenging that patent in court.

A federal judge on Thursday issued an order blocking additional distribution of the generic drug and signaled that the patent was likely to be upheld at a trial next year. But Bristol-Myers's revised earnings forecast yesterday indicated the extent of the damage the company expects from the supply of the lower-priced generic already on the market.

Plavix sales in the United States amounted to $3.5 billion last year and accounted for 30 percent of Bristol-Myers's profit. The drug is used by 48 million Americans primarily to prevent the recurrence of heart attack and stroke. Earlier in the day, the

company's partner in sales of the drug, the French company Sanofi-Aventis, announced a lowered earnings forecast for the year, predicting growth of earnings per share of 2 percent rather than the 12 percent previously announced by the company.

In that statement, Sanofi said it believed that Apotex had shipped enough of the generic drug to satisfy "substantially all market demand through the end of 2006."

During stock trading yesterday, shares of both Bristol-Myers and Sanofi rose as investors responded to the judge's ruling, which had come on Thursday after the market's close.

Bristol's shares rose 5.5 percent yesterday, to end at $22.95.

American depository receipts of Sanofi climbed nearly 1 percent, to close at $45.37.

The decision by Apotex to begin selling its drug Aug. 8 followed the unraveling of a proposed agreement by the three companies to settle the patent dispute. Under that agreement, Bristol-Myers and Sanofi would have allowed Apotex early access to the Plavix market a few months before the patent expires in late 2011.

That agreement, as originally drafted, did not receive clearance from the Federal Trade Commission and state attorneys general, apparently in part because it provided for payments by the big companies to the generic maker.

The attempt by Bristol-Myers Squibb and Sanofi-Aventis to settle the lawsuit with Apotex has been seen as emblematic of an increasing tendency by big drug makers to settle patent challenges, rather than risk courtroom battles over their exclusive rights to market drugs.

Such truces increasingly involve payments from the brand-name companies to the generic makers. In 2006, at least 6 of the 10 agreements between brand companies and generics to settle patent lawsuits have included payments from the brand maker to the generic company, accompanied by agreements to delay introduction of the generic drug. As recently as 2004, none of the 14 patent settlements by drug companies included such payments, according to statistics from the Federal Trade Commission.

Some F.T.C. officials have expressed concern that such payments amount to a restraint of trade and could result in higher costs to consumers.

In an interview published yesterday by The Associated Press, the chairman of the commission, Deborah Platt Majoras, said she was concerned that payments by brand- name drug makers to their generic rivals may be nothing more than payoffs to keep cheap drugs off the market, depriving consumers of low-cost medicines.

Apotex, based in Toronto, filed a request yesterday with Judge Sidney H. Stein of United States District Court in Manhattan to stay his Thursday order that ended distribution of the generic, pending an appeal that the company plans to file next week. The patent trial is expected to begin in January, but Judge Stein signaled in his ruling this week that he believes that the patent is valid.

The Justice Department is investigating allegations by the chief executive of Apotex, Bernard C. Sherman, that Bristol-Myers and Sanofi entered an illegal "side deal" with his company during negotiations — a deal he says was meant to be concealed from the F.T.C. and state attorneys general.

Yesterday, a Bristol-Myers spokesman, Tony Plohoros, repeated the company's assertion that "based on an ongoing review by the company's outside counsel, we do not believe there was an unlawful conduct by any Bristol-Myers Squibb employee."

According to claims Apotex filed in court, that secret deal arose as the companies tried to renegotiate the settlement agreement that had been rejected in May by the F.T.C. and states.

Mr. Sherman has said that in the side deal, Bristol-Myers and Sanofi agreed not to contest a $60 million "breakup" fee that had been due Apotex under the original settlement but was not mentioned in the revised settlement the companies submitted to regulators.

But a person briefed on Bristol-Myers's version of the negotiations said there was no such side deal over the $60 million. Instead, this person said, Mr. Sherman had threatened to sue for the $60 million after the first deal was rejected. Bristol-Myers and Sanofi contend that after arguing that they did not owe that $60 million, the three companies simply agreed to set aside that dispute for the time being while continuing to negotiate a revised patent settlement.

Bristol-Myers has denied the existence of another and potentially more lucrative secret agreement that Mr. Sherman says exists: that the two bigger companies would not sell their own generic version of the drug for six months after Apotex entered the

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market in 2011. Such an agreement was included in the original written settlement submitted to the F.T.C. and states, but deleted from the second agreement when government officials objected.

In court testimony, the lawyer for Sanofi and Bristol-Myers accused Mr. Sherman of intentionally trying to torpedo the patent settlement by making false allegations to the Justice Department about the conduct of Andrew G. Bodnar, the Bristol-Myers' executive who negotiated the agreement on behalf of both companies. Mr. Bodnar has declined repeated requests for an interview.

During negotiations with Mr. Sherman to settle the dispute, the companies agreed to provisions — which none of the parties dispute — that made it easier for Apotex to market its generic immediately if the revised agreement was turned down.

Those concessions included Sanofi and Bristol-Myers's agreement to waive their federal rights to collect triple Apotex's sales of the generic as financial damages, if they ultimately win the patent case. Instead, the big companies agreed to accept damages equal to only half of the generic drug's sales if Apotex loses the court case.

Sanofi and Bristol-Myers also agreed that they would not go to court to challenge Apotex's distribution of the generic product until five days after it began shipment.

When regulators did subsequently reject the revised settlement agreement, Apotex began shipping its product on Aug. 8. By the time the big companies were able to present their challenge to Judge Stein and he ruled on it, Apotex had been able to ship hundreds of millions of dollars' worth of its lower-priced competitor to Plavix that remains on the market.

ENVIRONMENT/INDIAN AFFAIRS:

Judge Says Wildlife Refuge Hunts Illegal (AP-Y)

By Matt Apuzzo, Associated Press Writer

AP, September 2, 2006

Dozens of wildlife refuges could be closed to hunters after a federal judge ruled that the government never considered the consequences of steadily expanding hunting rights for six years.

U.S. District Judge Ricardo M. Urbina has ruled that the U.S. Fish and Wildlife Service violated federal law when it allowed or expanded hunting at 37 refuges from 1997-2003.

While the agency studied the consequences of opening each refuge to hunters, Urbina said officials had a responsibility to look at the effects systemwide.

"No one was looking at the cumulative effect when you open 37 refuges," said Jonathan Lovvorn, vice president of the Humane Society of the United States and an attorney in the case. "You can't have each refuge sticking their head in the sand."

President Theodore Roosevelt began the wildlife refuge system in 1903, setting aside a tiny island off the east coast of Florida to protect pelicans and other birds from hunters. The system now includes more than 535 refuges where wildlife and its habitat are protected.

Environmental groups have criticized the government for allowing hunting, fishing and other recreational activities in many refuges.

While Urbina said in Thursday's ruling that wildlife officials violated the law, he stopped short of overturning the hunting rules and asked attorneys for both sides to propose solutions.

Lovvorn said that could mean banning or scaling back hunting. A Fish and Wildlife Service spokesman said the agency remains committed to allowing hunting when it is compatible with the refuge mission.

"At this point there hasn't been any indication anything is going to change immediately," spokesman David Eisenhauer said. "It's a little early to say what's going to happen."

The refuges at issue in the lawsuit are located primarily in the South, Virgina and Appalachia and the Pacific Northwest.

DOE Reorganization Raises Concerns About Worker Safety (MCT)

By Les Blumenthal

McClatchy Newspapers, September 2, 2006

DOJ_NMG_0057930

WASHINGTON - Months before new health and safety rules are to take effect for more than 100,000 workers at Department of Energy sites across the nation, the DOE is dismantling the office that's in charge of implementing them.

The move has drawn sharp criticism on Capitol Hill and from others, who say it will gut the department's worker-safety and health programs. Lawmakers and other critics say the restructuring will roll back more than 20 years of better worker safeguards while appeasing contractors who've long complained about overly restrictive regulations.

"This is the pendulum swinging back," said David Michaels, who headed the office as an assistant secretary of energy in the Clinton administration.

Department officials defended the restructuring, saying the Office of Environment, Safety and Health needed to be overhauled. Combining it with the DOE's security office will increase, not lessen, workers' safety, they said.

They bristled at any suggestion that the department is downgrading its commitment to safety. "That is absolutely and totally incorrect," said Clay Sell, the department's deputy secretary.

Critics said their concerns extended beyond the uncertainty over the new rules.

Since the Bush administration took office, they said, security issues and modernizing the nation's nuclear arsenal have taken priority over efforts to clean up the toxic legacy of Cold War weapons production and ensure that workers are protected.

"We have great concerns about where this is heading," said Tom Carpenter of the Government Accountability Project in Seattle, which tracks developments at the Energy Department.

The department has 14,000 direct employees and 100,000 more who work for contractors.

Those workers face any number of dangers, from exposure to nuclear materials or highly toxic waste to the problems possible at any major construction or industrial site. Recently, there were concerns that workers at the Hanford nuclear reservation in Washington state were being exposed to possibly dangerous vapors venting from underground storage tanks that hold nuclear waste, and two workers were seriously injured in a construction crane accident at the Los Alamos National Laboratory in New Mexico.

Since the days of its predecessor, the Atomic Energy Commission, the department has been self-regulating on issues of worker health and safety rules and the environment.

But in the mid-1980s, amid mounting reports of serious worker health and safety problems, widespread environmental contamination and abuses by contractors, Congress stepped in to tighten oversight.

It created the Office of Environment, Safety and Health to develop and oversee DOE regulations on worker safety and health and environmental issues. It also created an independent watchdog agency, the Defense Nuclear Facilities Safety Board.

The department announced Wednesday that it would proceed with merging its Office of Environment, Safety and Health with its security office.

The Environment, Safety and Health Office had been headed by an assistant secretary appointed by the White House and confirmed by the Senate. The merged office will be headed by a career professional.

The former office's environmental functions, including writing environmental-impact statements required under the National Environmental Policy Act, will be transferred to the department's general counsel's office.

In defending the restructuring, Sell said the Office of Environment, Safety and Health was disorganized and inattentive to the needs of the department's field offices and lacked oversight authority.

The new office's responsibilities will be equally divided between safety and health issues and security, he said.

"The criticism we are downgrading worker safety and we are returning to the 1980s or giving contractors additional influence is completely and absolutely false," Sell said.

An assistant secretary is supposed to oversee the new safety rules, which are scheduled to take effect in early February. Sell said there would be no "adverse effects" from the reorganization.

"We expect there will be a more effective implementation," he said.

The department also has quietly moved to redefine its relationship with the Defense Nuclear Facilities Safety Board, which has no enforcement powers but has issued a stream of sometimes highly critical reports on the DOE's projects and policies over the years.

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In a May memo, Energy Secretary Samuel Bodman reminded employees that it was the DOE, not the safety board, that was responsible for department operations.

"When we appear to allow any outside group to make our decisions, we are not meeting that obligation and are abdicating our responsibility," Bodman wrote.

As word of the department's proposal to merge its health and safety office with its security office spread on Capitol Hill late last spring, criticism quickly mounted. Much of the opposition has come from Democrats, though some Republicans also have expressed concerns.

In a letter to Bodman, Sens. Jim Bunning, R-Ky., and Edward Kennedy, D-Mass., charged that the change could damage the health of DOE workers and people who lived near the department's sites; they also said it probably would complicate the implementation of the new safety rules.

Paul Ziemer, who headed the Office of Environment, Safety and Health in the administration of President George H.W. Bush, joined in a letter with Michaels, who headed it under Clinton, asking Bodman to reconsider the reorganization. They warned that the move would be perceived as weakening the DOE's health and safety programs.

"The department can ill afford to fuel such a perception," they wrote.

Criticism also came from the state level.

"The DOE plan downgrades and weakens safety and health protections and is the wrong action to take and the wrong time," Democratic Govs. Christine Gregoire of Washington state and Bill Richardson of New Mexico said in a letter to Bodman. Richardson served as energy secretary in the Clinton administration.

Democratic members of the House Energy and Commerce Committee have asked the Government Accountability Office to investigate.

On Thursday, Sen. Maria Cantwell, D-Wash., asked the chairman of the Senate Energy and Natural Resources Committee to hold hearings.

"I'm deeply disappointed the Bush administration continues to try to move ahead with this," Cantwell said.

It's unclear whether the chairman of the Senate Energy Committee, Sen. Pete Domenici, R-N.M., will call a hearing. Sell, who helped write the reorganization plan, is a former Domenici staffer.

Bodman has the authority to make the changes without Congress' approval.

Carpenter, of the Government Accountability Project, said the timing of the reorganization, just months before the new safety rules take effect, was suspicious.

"Isn't that amazing?" he said. "It looks like they are doing an end run."

Opposition Dooms Sale Of Forest Land (LAT)

By Bettina Boxall, Times Staff Writer

The Los Angeles Times, September 2, 2006

Even groups that typically ally themselves with Bush criticized the plan to raise money for rural communities by selling protected land.

A Bush administration proposal to sell 300,000 acres of national forest land — a quarter of it in California — to raise money for rural counties has been shelved amid widespread opposition.

Congress refused to move the legislation this summer, and groups that typically ally themselves with the president, such as the National Rifle Assn., came out against the measure, spelling its doom in this congressional session.

Agriculture Undersecretary Mark Rey, the proposal's chief architect, acknowledged as much last month when he agreed to find other funding for the program, which finances rural schools and roads.

"That's the most likely outcome for this year," Rey said this week. Asked if the administration would attempt to revive the sales proposal next year, he said, "I don't think we know that."

If it does, the reception will probably remain chilly.

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"They would be foolish to do so," said Terry Riley, vice president of policy for the Theodore Roosevelt Conservation Partnership, a national hunting and fishing coalition. "We're watching very closely and would not expect them to do something like this again."

Also dead is an accompanying administration proposal to require the U.S. Bureau of Land Management, the federal government's largest landowner, to dramatically boost its land sales to raise $350 million over the next decade.

The demise of the proposals marks the second recent defeat for efforts to sell substantial public holdings.

Last year a House committee under the leadership of Rep. Richard W. Pombo (R-Tracy) drafted budget language that would have forced the federal government to sell potentially millions of acres next to mining claims that stud Western public lands. That died after sports groups and westerners complained.

"People love their public lands — bottom line," said Dan Whiting, spokesman for Republican Sen. Larry E. Craig of Idaho.

Craig and Democratic Sen. Ron Wyden of Oregon are authors of the rural county program that would have collected $800 million in proceeds from the forest sales. But neither wound up supporting the Bush plan.

"It wasn't a serious proposal. It had no hope of passage," said Josh Kardon, Wyden's chief of staff.

To prod the administration to look for other funding sources, Wyden put a hold on some of the administration's nominees for Interior and Agriculture posts. He lifted them in early August when Rey agreed to a one-year extension of as much as $401 million for the schools program, to be funded with other revenue.

Where that money will come from hasn't been determined. But Kardon said he was confident it would be found. "These are counties that not only supported President Bush, these are the counties that provide the backbone of his remaining support today. We think the president is wise to put those folks back on his radar screen."

The 6-year-old Craig-Wyden program, set to expire this month, funnels money to rural counties that contain large amounts of national forest. Traditionally those counties, most of them in the West, collected a portion of federal timber receipts. But as logging in national forests has declined, so have timber revenues, cutting into budgets.

When the administration released its plan in February, officials said the forest parcels to be sold were isolated, hard to manage and of little value to the 193-million-acre national forest system. The sales list included 85,000 acres in California, the majority of them in the northern part of the state.

But interviews with local forest officials and checks by conservationists revealed that many of the parcels did not fit the administration's description. In California they included wildlands proposed for possible wilderness protection, areas used as winter range by deer and elk, the headwaters of salmon streams and commercial timber lands.

In response to comments, the Forest Service dropped some acreage from the list, but as of June, still proposed to auction 76,000 acres in California.

"It's like mortgaging your house to pay for the groceries," complained Barbara Boyle, senior regional representative of the Sierra Club. "It's taking an asset and getting rid of it for a very short-term goal.

"In a time when California continues to grow, and open space becomes increasingly scarce," she added, "protecting public land is increasingly important."

Ryan Henson, policy director of the California Wilderness Coalition, said sportsmen's opposition was key to blocking the sales. "When anglers, outdoors people come out against this, those people cross party lines."

Rey said a one-year extension of the county program will not solve its long-term funding problems.

"So the question of what to do beyond that one-year extension will remain," he said. Whether the forest sales proposal, "or some variation of it, or some other approach is embraced for that longer-term solution is unknown at this point.

"What I think people have to figure out," Rey added, is whether "there is a better alternative than this, and if so, let's hear it and move forward."

Riley, whose group was among 16 hunting and fishing organizations, including the NRA, that wrote Congress in May to protest the sales, said they would have set a bad precedent.

"There is just no way we see selling public land as an option to generate money for something," Riley said.

bettina.boxall@latimes.com

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Neighbors Of Nation's Parks To Get More Say (MCT)

By Michael Doyle

McClatchy Newspapers, September 2, 2006

WASHINGTON -Neighbors of the nation's U.S. parks may speak louder under new management policies signed this week.

But after wading through 45,000 often-angry public comments, park service officials backed off earlier plans that could have opened up parks to more motorized vehicles. It's a retreat that environmentalists score as a victory.

"Enjoyment is a part of our mission," National Park Service Director Fran Mainella said, "but where there is a conflict, conservation is predominant."

Several years in the making, the new management policies will guide park superintendents. While lacking the force of law, the policies point in clear directions.

So-called "gateway communities," for instance, are supposed to get more of a say when parks consider new fees or other changes. In the past, nearby towns have complained their commercial concerns go unheeded.

"The gateway communities will probably see more of an outreach effort," Mainella said.

Derrick Crandall of the American Recreation Coalition called the enhanced gateway community outreach "praiseworthy." It's likewise long been a priority for conservative lawmakers who represent towns bordering California's mountainous national parks.

"These gateway communities are impacted by decisions made by managers of our public lands," Rep. George Radanovich, R-Calif., noted late last year.

It wasn't the gateway community question, though, that incited controversy and a mass outpouring that included some 6,000 postcards submitted on behalf of the National Parks and Conservation Association. An early draft of the policies, drafted by a Bush administration political appointee who since has been sidelined, would have made it harder for park managers to ban snowmobiles and off-road vehicles.

This earlier proposal would have allowed a ban only if officials could show the recreation activity would "permanently and irreversibly adversely affect a resource or value." That had been welcomed by the American Recreation Coalition, whose financial backers have included the International Snowmobile Manufacturers Association and the Recreation Vehicle Industry Association.

The park service backpedaled under intense political fire, and officials took pains this week to distance themselves from the earlier effort.

"We needed to take this back to our employees," said Mainella, who surrounded herself with more than dozen uniformed park service officials for the signing ceremony. "We're standing strongly behind our mission."

Mainella is in the final weeks of her park service tenure, having previously announced her resignation. Within Interior Department headquarters, speculation centers on Mary Bomar as Mainella's potential successor.

A British native, Bomar currently serves as director of the park service's 13-state Northeast Region. She previously managed Independence National Historical Park in Philadelphia, where she oversaw the opening of the National Constitution Center.

The park service's current deputy director, Donald Murphy, is a former California parks chief who also has his arms full. He's now hoping to persuade prominent Central Valley agribusinessman John Kautz and others to contribute to a new National Parks Institute at the University of California, Merced.

Murphy chairs the park institute's advisory board, which is just now gearing up. Legislation supporting the institute has been introduced by Radanovich and Rep. Dennis Cardoza, D-Calif., though it hasn't gone far.

"I don't expect there to be immediate federal funding," Murphy said, "and we're not asking for any."

A Victory For The National Parks (NYT)

The New York Times, September 2, 2006

The National Park Service has unveiled its finalized management policy, which governs the daily operation of the parks. It is a major victory for the national parks, reinforcing the national commitment to preserving them unimpaired, a vision that has persisted now for nearly a century.

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This document should also help put an end to the specious argument that by working hard to conserve the parks we are somehow depriving the present generation of its right to enjoy them. That bankrupt thesis — advanced by political appointees within the Interior Department, industry lobbyists and deep thinkers like Representative Steve Pearce, Republican of New Mexico — is what has been driving this revision process all along.

It's one thing to have a new management policy. It's another to see that it is carried out properly. And while this new policy offers a clear direction forward, it does nothing to clear up several longstanding issues within the National Park Service.

The most important is financing. Last week, on the 90th anniversary of the founding of the national parks, Interior Secretary Dirk Kempthorne announced a National Parks Centennial Challenge at the instigation of President Bush. To us, it sounded like a tissue of possibilities with little substance, exactly the sort of bunting-trimmed initiative that is meant to help us forget that the president has already defaulted on his promise to clear up the financing backlog.

The new policy also does nothing to change the perennial struggle over snowmobiles in Yellowstone, an issue that persists only because political appointees refuse to accept what three scientific studies have already told them. The new policy makes it possible for the park service to make science-based decisions, as it used to do.

But under this administration, when science and politics conflict, science loses. For the parks to survive in good health for another century, it will take more than a presidential challenge. It will take solid financing and rational leadership.

California Salmon Fishermen Angered By Lack Of Bailout (LAT)

By Eric Bailey, Times Staff Writer

The Los Angeles Times, September 2, 2006

They blame politics for the $25-million plan's failure and now look to Congress.

SACRAMENTO — Commercial fishermen hit hard this year by a virtual shutdown of salmon fishing in West Coast waters voiced anger Friday after a $25-million bailout package died in the waning days of the legislative session.

They blamed intramural politics for undercutting the relief legislation, which sought direct cash grants as well as zero-interest loans to fishermen, bait shops and other on-shore businesses that support the beleaguered salmon industry.

The salmon harvest so far this year has been about 10% of average because of fishing limits set by federal officials concerned about ebbing returns of adult fish to the Klamath River.

Though several West Coast tributaries are seeing robust salmon runs, the Klamath has suffered sharp declines blamed on drought, a proliferation of disease and parasites that afflict fish, dams that block migration, and river flows lowered by water diversions to farmers.

The bill died despite a bipartisan effort.

Gov. Arnold Schwarzenegger sponsored the legislation and two Democrats — state Sen. Wesley Chesbro of Arcata and Assemblywoman Patty Berg of Eureka — attempted to shepherd it through the Legislature.

Fishermen held Assembly Speaker Fabian Nuñez (D-Los Angeles) responsible for the measure's demise, saying he refused to push any meaningful bailout.

"I know I've been this angry before, but I can't remember when," said Dave Bitts, a Eureka fisherman. "This seems to lie squarely on the shoulders of the speaker, and I don't understand how a Democrat would turn his back on working people and abandon an industry to die."

When the bill ran aground earlier this week, a Nuñez spokesman blamed the governor's office for failing to settle differences with opponents of the bill, in particular yacht harbors in Southern California worried about their own funds being drained to help the fishermen. Fishermen, however, said those qualms had been settled.

At a news conference Friday morning, Nuñez had to check with staff when he was asked why the Legislature failed to pass a bill to help the salmon industry.

"What did we do with salmon relief?" he asked his aides.

They said a bill failed to reach the Assembly from the Senate.

"I know that at one point I had Assemblywoman Berg and Sen. Chesbro in my office," Nuñez said, "but there were about a thousand other things going on so I told Danny Eaton [Nuñez's chief of staff], work this out."

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Later, Nuñez spokesman Richard Stapler said there wasn't enough time to craft effective legislation.

"We need to look for a long-term solution for the fishing industry — and we cannot do this in the last and busiest week of the legislative session," Stapler said, adding that Schwarzenegger should use his emergency powers to provide immediate help.

The failure of the Legislature to approve funding contrasts with actions in Oregon, where commercial fishermen have received bailout checks.

Now the hopes of California fishermen and the salmon industry will turn to Congress.

On Aug. 10, U.S. Commerce Secretary Carlos Gutierrez declared a commercial fisheries failure for the West Coast salmon industry after months of prodding by Schwarzenegger and the other West Coast governors, U.S. senators and representatives.

The declaration opened the door for Congress to approve relief funding. Rep. Mike Thompson (D-St. Helena) is pushing for more than $80 million in disaster relief as well as money to fix the Klamath River's environmental ills.

"We're disappointed the state wasn't able to pass the disaster legislation," said Thompson's legislative director, Jonathan Birdsong. "But my boss and other lawmakers from the affected region are still dedicated to getting emergency dollars appropriated."

That could take time. Congress is scheduled to recess at the end of this month and not return until after the November elections.

Times staff writer Nancy Vogel contributed to this report.

eric.bailey@latimes.com

Governor's Push To Expand Indian Casinos Fails In California (NYT)

NY Times, September 2, 2006

Randal C. Archibold

LOS ANGELES, Sept. 1 — What would have been among the largest expansions of Indian gambling in recent years, a major goal of Gov. Arnold Schwarzenegger, was defeated by the California Legislature on Thursday after heavy lobbying by union groups frustrated by efforts to organize workers at the casinos.

It may be a temporary setback for the governor and tribal groups, who have promised to push again for the expansion next year. Legislative leaders, who have been generally supportive of Indian gambling, also suggested they would be open to similar plans down the road.

But for now, Mr. Schwarzenegger and the tribes, who had been negotiating for a couple of years, stand empty-handed.

One bill passed in one legislative chamber but failed in the other, and lawmakers declined to take up five bills ratifying six compacts the governor had signed that would have allowed for some 20,000 new slot machines on several reservations, in addition to the 60,000 already there.

The compacts are another sign of the explosive growth of the Indian gambling industry, whose revenues have grown nationwide to $22.7 billion last year from $5.5 billion a decade ago, enriching many tribes. The Indian casinos, many aping the flash and entertainment of the Las Vegas Strip, typically serve the masses unable or unwilling to go to Las Vegas or casinos in other states.

FBI/DEA/ATF/USMS:

American Drug Policy (1 Letter) (NYT)

The New York Times, September 2, 2006

To the Editor:

Re "Lighting Up in Amsterdam" (column, Aug. 26):

John Tierney quotes Peter Cohen, a Dutch researcher and a former director of the Center for Drug Research at the University of Amsterdam, as saying that "drug policy is irrelevant" because America, with strict drug laws, is said to have no less drug use than the free-wheeling Europeans.

The facts tell a different story. Consider the rates of current marijuana use by young people here and abroad.

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No fewer than five European countries with softer drug laws have higher rates of use (while the Dutch experienced a near-tripling of marijuana use by 18- to 20-year-olds after their “coffee shops” began selling pot).

Meanwhile, Sweden, which has maintained tough drug policies, has marijuana rates of only 1 percent, a mere fraction of its “progressive” neighbors.

Closer to home, Canada, sliding toward decriminalization, experienced a doubling of marijuana use between 1994 and 2004, while the United States witnessed a nearly 20 percent decline among young people between 2001 and 2005.

No doubt several variables affect drug use, but one cannot dismiss the impact of effective policies.

Tom Riley
Communications Director
Office of National Drug Control Policy
Washington, Aug. 31, 2006

Op-Ed: Wrong Door (WSJ)

By Radley Balko And Joel Berger
The Wall Street Journal, September 2, 2006
Radley Balko and Joel Berger

The Supreme Court ruled this June that evidence seized in an illegally performed "no-knock" police raid can still be used against a defendant. Though disturbing in its own right, Hudson v. Michigan touched on only a small part of a larger problem -- the trend toward paramilitary tactics in domestic policing.

Criminologist Peter Kraska estimates that the number of SWAT team "call-outs" soared past 40,000 in 2001 (the latest year for which figures are available) from about 3,000 in 1981. The vast majority are employed for routine police work -- such as serving drug warrants -- not the types of situations for which SWAT teams were originally established. And because drug policing often involves tips from confidential informants -- many of whom are drug dealers themselves, or convicts looking for leniency -- it's rife with bad information. As a result, hundreds of innocent families and civilians have been wrongly subjected to violent, forced-entry raids.

Last year, for example, New York City police mistakenly handcuffed Mini Matos, a deaf, asthmatic Coney Island woman during a pre-dawn raid. While her young son and daughter burst into tears, Ms. Matos's plea to use her asthma pump was ignored until an officer realized they entered the wrong apartment.

Home invasions can also provoke deadly violence because forced-entry raids offer very little margin for error. Since SWAT teams began proliferating in the late 1980s, at least 40 innocent people have been killed in botched raids. There are dozens more cases where low-level, nonviolent offenders and police officers themselves have been killed.

Last summer a SWAT team in Sunrise, Fla., shot and killed 23-year-old Anthony Diotaiuto -- a bartender and part-time student with no history of violence -- during an early-morning raid on his home. Police found all of an ounce of marijuana. This January a member of the Fairfax, Va. SWAT team accidentally shot and killed Salvatore Culosi, a local optometrist with no criminal record, no history of violence and no weapons in his home. Police were investigating Culosi for wagering on sporting events with friends.

Public officials are rarely held accountable when mistakes happen. The Culosi family has yet to be given access to documents related to the investigation of his death, including why a SWAT team was sent to apprehend him in the first place. More than a year after Diotaiuto's death, his family too has been denied access to any of the documents it needs to move forward with a lawsuit.

New York City provides perhaps the most egregious example of public officials' reluctance to rein in the excessive use of paramilitary tactics. Throughout the 1990s, the city's newspapers reported a troubling, continuing pattern of "wrong door" drug raids. In many cases, tactical teams raided homes based solely on uncorroborated tips from unproven informants.

Members of the city's Civilian Complaint Review Board cautioned that they were seeing increasing complaints of botched raids, but limited jurisdiction and bureaucratic turf wars prevented them from doing anything about it. The principal result of the CCRB's warnings was the creation of a special police unit for the sole purpose of fixing locks, doors and windows in cases where

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forced-entry searches were performed on the wrong premises. Civil rights attorneys warned that without more substantial changes, it was only a matter of time before an innocent person would be killed in a botched drug raid.

They were right. In 2003, acting on a bad tip from an informant, police mistakenly raided the Harlem home of Alberta Spruill, a 57-year-old city worker. The violence of the incursion literally scared Spruill to death; she died of a heart attack at the scene. The raid spurred public outrage, calls for reform, and promises from the city to change its ways. The NYPD published new guidelines calling for more reliability when taking tips from informants. The city also promised greater vigilance in conducting surveillance and double-checking addresses before a SWAT team was sent in.

But later, during the course of a lawsuit stemming from another, mistaken raid -- in 1992, on corrections officer Edward Garrison, his elderly mother and two young daughters -- the city declared that all of the post-Spruill reforms it had promised were merely discretionary, not enforceable in court, and could be revoked at will by any future mayor or police commissioner.

In any case, botched raids have not stopped. In 2004, police arrested a Brooklyn father of two in a drug raid and held him for six months at Riker's Island. In March of this year they dropped all the charges, conceding that he had been wrongly targeted. The man's lawyer called it the worst case of malicious prosecution she'd ever seen. Also in 2004, police mistakenly raided the home of Martin and Leona Goldberg, a Brooklyn couple in their 80s, when an informant provided bad information. "It was the most frightening experience of my life," Mrs. Goldberg later said. "I thought it was a terrorist attack."

The NYPD goofed again in 2005, when a SWAT team raided the Brooklyn apartment of the Williams family, instead of the targeted apartment on the same floor. Police continued to search the apartment even after it was obvious they were in the wrong home. This year, according to the CCRB, there have already been at least 15 mistaken raids.

A few cities, such as New Haven, Conn., and San Jose, Calif., restrict the use of SWAT teams to cases where a suspect presents an immediate threat. Denver dramatically cut back the number of "no-knock" raids conducted after a SWAT team shot and killed an innocent man in a botched raid in 1999, and follow-up investigations revealed severe deficiencies in the how police had obtained "no-knock" warrants.

But these examples are few and far between. Most of the country is moving toward more militarization, more aggressive drug policing -- and less accountability when things go wrong.

Mr. Balko is the author of "Overkill: The Rise of Paramilitary Police Raids in America," published by the Cato Institute, where he is a policy analyst. Mr. Berger is an attorney representing the Williams and Garrison families and a former New York City Law Department executive.

Memo Calls DEA Informant "homicidal Maniac" (WFAA-TV)

By BYRON HARRIS And MARK SMITH, WFAA-TV

WFAA-TV, Dallas-Fort Worth, September 2, 2006

The memo was direct and extremely troubling.

It detailed concerns about the “unnecessary loss of human life in the Republic of Mexico”, and it claimed U.S. Immigration and Customs Enforcement officials may have gone to “extreme lengths to protect” a “homicidal maniac” informant.

The memo, written by then DEA Special Agent in Charge Sandalio “Sandy” Gonzalez, would forever change his life.

Gonzalez began in early 2004 to question the U.S. government's role in allowing an informant to commit possible crimes, even murder.

Twelve bodies had been uncovered in a small duplex in Ciudad Juarez, Mexico - a short drive from Gonzalez’s El Paso office.

Gonzalez, however, became shocked when he began to review government reports, including a report saying a paid U.S. informant supervised and participated in at least one murder at the cartel-operated house.

“We have an obligation as law enforcement officers to stop a murder from being committed,” said Gonzalez, a 26-year DEA veteran agent speaking in an exclusive television interview with WFAA.

Internal memos also said the informant ensured the duplex was open prior to murders and supervised their burial. What’s more, the informant audio-taped the first murder on August 2003, and provided the tape to federal agents, memos said.

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ICE and federal prosecutors may have ignored a DEA request to shut down their investigation after the first murder, allowing murders to occur at the house for five more months – until January 2004.

"In fact, DEA agents from Juarez told me that they had tried to shut it down," Gonzalez said. "They spoke with ICE and the U.S. Attorney's office and their request was denied."

The informant infiltrated a cigarette smuggling ring and the powerful Juarez drug cartel, which operated the house.

However, Gonzalez said cracking any drug cases didn't warrant allowing murders to continue.

"As far as murder, which is what we're talking about here, that's totally unacceptable," Gonzalez said. "There's no way that, that an informant can commit murder, during a government investigation."

Troubled by what he found, Gonzalez ultimately wrote a memo to his ICE counterpart in El Paso, and sent a copy to the Justice Department.

That was the beginning of the end of his career.

"It was a classic case of shooting the messenger," Gonzalez said.

Gonzalez got a bad job review from DEA Administrator Karen Tandy, his boss. And felt pressure to retire early.

Since then, he's challenged and overturned the job review. But the lack of investigation into the government's actions, he said, has been a "black-eye on law enforcement."

"It's an insult to every hard-working law enforcement officer to have the government act in this manner," Gonzalez said.

Gonzalez said he wrote the memo as a result of the near loss of a DEA agent.

A DEA agent living in Juarez was nearly abducted on the tip of a victim being tortured and eventually murdered at the cartel-operated duplex. Gonzalez said he feared the DEA agent and his family nearly became additional victims.

"The near loss of a DEA agent seems to have gotten lost somehow," said Gonzalez, who now is retired.

He said he doubts any serious investigation into the government's handling of the informant will occur unless spurred by a Congressional review.

E-mail Byron Harris or Mark Smith

IMMIGRATION:

Backers Of Bush's Immigration Plan Face Long Odds (MCT)

By Dave Montgomery

McClatchy Newspapers, September 2, 2006

WASHINGTON - Supporters of President Bush's proposed immigration overhaul will attempt to resuscitate the stalled initiative when Congress returns from a month-long break next week, but many openly concede that it may be a lost cause.

Lawmakers on differing sides of the issue and leaders of advocacy groups involved in the debate expressed what appears to be a widening consensus that Bush's top domestic priority is likely dead for the year.

"I don't get the sense that people have given up, but with every day that goes by, the stark reality of the calendar is setting in," said Sen. John Cornyn, R-Texas, the chairman of the Senate subcommittee on immigration.

Sen. Edward M. Kennedy, D-Mass., a leading architect of a bipartisan immigration bill in the Senate, called on Bush to make an all-out push to rescue the bill before lawmakers quit work to campaign for the Nov. 7 congressional elections.

Otherwise, Kennedy said, "We'll have a very, very difficult time."

Key elements of Bush's immigration plan include a guest-worker program that would legalize many of those now here illegally and toughened enforcement and border security to ultimately halt further illegal immigration.

Lawmakers could take a final shot at resolving the issue this year in a brief, post-election "lame-duck session" in November that would include surly outgoing lawmakers defeated for re-election. But the prospects of finding accord particularly if Republicans lose control of one or both chambers appear highly unlikely, many lawmakers and immigration experts said.

"I fear that the incentive to demagogue the issue and use it as a political football is going to be greater than the willingness to legislate," said Cecilia Munoz, vice president of the National Council of La Raza, the nation's largest Latino civil rights

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organization. "What's inevitable is that the sense of urgency around this issue is not going to decrease and the country is going to continue to demand solutions."

One potential avenue for compromise centers on a plan that Sen. Kay Bailey Hutchison, R-Texas, and Rep. Mike Pence, R-Ind., unveiled just before Congress's August recess in an attempt to overcome a deadlock between the House of Representatives and the Senate.

The plan, which would create a privately run guest-worker program, has drawn favorable editorial reviews in several major newspapers as well as guarded, though non-committal, support from the administration and some congressional leaders. Commerce Secretary Carlos Gutierrez described it as "an intriguing proposal" and a potential starting point for compromise.

Hutchison, in a telephone interview last week, said she is optimistic that a version of the proposal could get both sides talking and possibly win passage in a lame-duck session. But Rep. Tom Tancredo, R-Colo., leader of a coalition of House conservatives who rigidly oppose a guest-worker plan, said his allies probably would oppose the concept as a form of amnesty for illegal behavior.

A so-called comprehensive bill passed by the Senate in May encompasses the general outline of Bush's immigration plan, including a guest-worker plan and a multi-tiered legalization provision that would put the majority of illegal immigrants on a path toward U.S. citizenship.

The House bill takes an enforcement-only approach, including a 700-mile-long fence along the Southwest border. Republican House leaders adamantly opposed to the Senate bill have balked at naming conferees to resolve differences between the two measures.

Pro-immigration advocates shadowed several of the hearings and held local press events designed to show the other side, drawing support from business groups, farmers and Hispanic leaders aligned behind the Senate approach.

Tamar Jacoby, a senior fellow at the Manhattan Institute and a backer of the Senate bill, said she hopes the outpouring of support will help convince congressional leaders to revitalize the issue.

"We're talking Hail Mary territory," she said, "but I haven't given up yet."

McClatchy correspondent Michael Doyle contributed to this report.

4-Day Illinois March For Immigrant Rights Begins (LAT)

By Sara Olkon, Chicago Tribune

The Los Angeles Times, September 2, 2006

The pilgrimage is one of many across the nation geared toward pressuring Congress to move forward with an immigration overhaul.

CHICAGO — About 400 supporters of broader immigrant rights streamed out of Chinatown Square at noon Friday to kick off a four-day journey that will end at the district office of House Speaker J. Dennis Hastert in Batavia.

The activists carried a message on T-shirts and placards: Immigrants' interests matter.

"This is going to be a symbolic pilgrimage calling attention to hard-working, taxpaying people who deserve the opportunity to achieve the American dream," said David Martino, political director of the local Service Employees International Union.

Organizers said they hoped to persuade Hastert, a Republican, to offer a path to citizenship for the nation's estimated 12 million illegal immigrants and to put a moratorium on raids and deportations by the U.S. Department of Homeland Security.

The Illinois march is part of a series of demonstrations nationwide to pressure Congress to move on stalled immigration overhaul. The demonstrations culminate with a Sept. 7 march in Washington that organizers hope will attract 1 million.

The Senate has passed an immigration package that combines tighter border security with a guest worker program and a plan offering many illegal immigrants a path to citizenship, whereas the House has approved an enforcement-only measure.

Catherine Salgado of the Illinois Coalition for Immigrant and Refugee Rights said she expected a few hundred supporters to walk the distance to Hastert's office. She predicted that thousands more would show up at rallies along the route.

Hastert hasn't agreed to meet with the marchers when they arrive at his office Monday. However, members of the Chicago Minuteman Project, a group that opposes illegal immigration, plan to stage a counter-protest there.

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Salvador Pedroza, president of the Little Village Chamber of Commerce — which represents businesses in an area on Chicago's West Side that the chamber says is home to the largest Mexican community in the Midwest — said critics such as the Minutemen were misinformed.

"Immigrants give more to this country than they receive," he said Friday.

Dung Van Nguyen, senior program manager for the Vietnamese Assn. of Illinois, said he came to the march kickoff to support the country's newest immigrants. "Now, we have jobs and a stable living," he said. "Now, we must worry about them."

Times wire services contributed to this report.

Pennsylvania Town Delays Enforcing Tough Immigration Law (NYT)

By Julia Preston

The New York Times, September 2, 2006

A Pennsylvania town has agreed to hold off temporarily from enforcing an ordinance that fines landlords who rent to illegal immigrants, denies business permits to employers who hire them and requires that all city business be conducted only in English.

A federal district judge, James M. Munley, issued an order yesterday confirming an agreement between the town, Hazleton, and civil liberties groups that challenged the ordinance in a lawsuit filed Aug. 15. Hazleton said it would not immediately enforce the measure, passed July 13, and its opponents agreed not to seek a formal injunction for the time being.

The Hazleton law was the first in a series of initiatives across the country in which local townships, citing what they described as negligence by federal authorities, moved on their own to crack down on illegal immigrants. Mayor Louis J. Barletta said he wanted the ordinance to make Hazleton "one of the most difficult places in the United States for illegal immigrants."

Under the ordinance, which had been set take effect on Sept. 11, landlords faced a fine of $1,000 for each day they rented to immigrants lacking papers. The measure also barred employers who hired illegal immigrants from renewing business permits or receiving city contracts for five years.

The suit, brought by the American Civil Liberties Union and the Puerto Rican Legal Defense and Education Fund, charged that the ordinance was "riddled with constitutional flaws," overstepped the bounds of municipal authority and would discriminate against any residents who appeared to be foreigners. Several plaintiffs are Hazleton landlords who are legal Hispanic immigrants.

In a telephone interview yesterday, Mayor Barletta said the town had agreed to the delay in order to write a new ordinance, based on advice from lawyers, that would be easier to defend in court.

"I'm not backing down," the mayor said. The new measure, he said, will clarify that it is not intended to punish local retailers for selling to illegal immigrants, after ambiguities in the current law raised an outcry from storekeepers. He said he might submit the new proposal for a vote by the City Council as early as Sept. 12.

According to a tally on Monday by the Puerto Rican legal group, six other towns nationwide have adopted similarly tough ordinances: four in Pennsylvania, plus Riverside, N.J., and Valley Park, Mo. Such measures have passed preliminary votes in four additional towns, and at least 26 towns are considering them. Four towns, including Avon Park, Fla., have rejected similar ordinances.

The order by Judge Munley, who sits in Scranton, Pa., gives the civil liberties groups 20 days to renew their challenge to any immigration ordinance Hazleton adopts. Omar C. Jadwat, an immigration lawyer for the A.C.L.U., said he hoped that the town would eventually drop the ordinance and that "other cities will similarly take these ordinances off the table and rethink."

Pa. City Delays Immigrant Crackdown Law (AP)

By Michael Rubinkam

AP, September 2, 2006

ALLENTOWN, Pa.

The city of Hazleton agreed Friday to delay enforcing one of the toughest crackdowns of illegal immigrants by a U.S. city.

The law fines landlords $1,000 for renting to illegal immigrants, denies business permits to companies that give them jobs, and makes English the city's official language. Enforcement was to begin Sept. 11.

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The delay came after the city reached an agreement with plaintiffs in a lawsuit _ Hispanic groups and the American Civil Liberties Union, who wanted the law declared unconstitutional.

Under the agreement, Hazleton must give the plaintiffs at least 20 days' notice before it begins enforcing either the ordinance passed in July or its replacement _ enough time for the ACLU to return to court to try to stop it.

Mayor Lou Barletta said the city agreed to the delay only because it is working on a replacement ordinance that he says will better stand up in court.

"We're not enforcing it because we are in the midst of amending it," said Barletta, who has championed the law. "The amended ordinance will be even stronger and more defensible."

Witold J. Walczak, legal director of the ACLU of Pennsylvania, said, "Hopefully, the legal protection we now have will give some comfort to the local immigrant community and calm their fears."

Barletta proposed the ordinance after two illegal immigrants were charged with shooting and killing a man. He has said the new law has already spurred many illegal immigrants to leave the city.

The ACLU and Hispanic groups contend the Constitution gives the federal government exclusive power to regulate immigration and the city's ordinance is discriminatory and unworkable. They believe the law will foster discrimination against Hispanics who came to the U.S. legally.

The lawsuit was filed on behalf of 11 Hazleton residents and business owners and three nonprofit groups.

Hazleton, a city of about 31,000 residents, is about 80 miles from Philadelphia.

Nation's Latino Leaders To Discuss Immigration, Other Issues In L.A. (LAT)

Times Staff Writers

LA Times, September 2, 2006

Maria L. La Ganga, Teresa Watanabe

Latino leaders from throughout the country are scheduled to gather in Los Angeles next week to address pervasive gaps between whites and Latinos in critical areas, including income, home ownership, education and access to healthcare.

The National Latino Congreso — billed as the first comprehensive gathering of Latino leaders and community members in nearly 30 years — is to begin Wednesday and feature a rally and vigil Sept. 9 urging Congress to pass an immigration reform bill.

"We're very concerned that Congress has basically frozen the process and not done anything about comprehensive reform," said Angela Sanbrano, president of the National Alliance of Latin American and Caribbean Communities and one of the Congreso's organizers.

"We're calling on Congress to take up this issue seriously when they return from the Labor Day break," she said.

Immigration Politics' Endless Summer (LAT)

The Los Angeles Times, September 2, 2006

Let's hope the silly season of field hearings won't be replaced by bad lawmaking.

CAPITOL HILL'S SILLY SEASON — when Congress is away and news is slow — will finally end Tuesday. But after a summer filled with no fewer than 20 congressional immigration hearings, blustery news conferences on border enforcement and other election-year artifacts, the immigration reform process is likely to remain silly — that is, effectively dormant — until November. Not even marches for immigration reform, scheduled today for Los Angeles and other cities, are likely to change that.

After May's million-strong marches and passage of a flawed but semi-comprehensive Senate immigration bill, the more strident GOP caucus in the House invented ways to stall reform. First, the House threatened to block the Senate bill altogether. Then, the House leadership scrapped plans to hash out a compromise in conference, opting instead for a series of field hearings showcasing, in the words of Immigration Reform Caucus member Rep. Charlie Norwood (R-Ga.) at a Georgia hearing, "witnesses who agree with me, not disagree with me."

That wasn't the only low point. Rep. F. James Sensenbrenner Jr. (R-Wis.) chaired a hearing called "Should Mexico Hold Veto Power Over U.S. Border Security Decisions?" even though the Senate provision in question only requires consultation and communication with, not direction from, our southern neighbor. And at last week's New Hampshire hearing, Peter Gadiel,

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president of 9/11 Families for a Secure America, performed the common political legerdemain of claiming that illegal immigration somehow led to 9/11, even though all the hijackers entered the country on legally issued visas.

Rather than rein in his party's rabble-rousers — or at least gently steer them toward a legislative goal he's called for repeatedly — President Bush has been silent on immigration for weeks. Instead, officials from the Department of Homeland Security have been sent around the country to make the case that the administration's recent border-policing upgrades are already accomplishing the "enforcement-first" agenda required by House hard-liners.

Yet the president also has given hope to the enforcement-centric lobby by courting Rep. Mike Pence (R-Ind.) and Sen. Kay Bailey Hutchison (R-Texas), who are pushing a compromise proposal that would put off overhauling the hopelessly bureaucratic visa system and creating a path toward legalizing the estimated 11 million illegal residents in this country until the border is somehow "certified" secure.

Such certainty is probably not possible, and bearing down on just one of immigration's three crisis-level problems will worsen the other two. And requiring that all illegal immigrants leave the country before reapplying for legal status — as the PenceHutchinson framework contemplates — is a recipe for maintaining a permanent underclass of people outside the reach of the law.

If those are the outlines of a future compromise, better the silly season continue than give way to potentially dangerous legislation. Maybe the next Congress will treat a serious problem more seriously.

TAX:

Government Cites Tax Scheme In Suit (CCT)

The Contra Costa Times, September 2, 2006

The Justice Department announced Friday that it has sued to block William Kennedy of Livermore from selling an alleged tax fraud scheme. The complaint, filed in U.S. District Court in San Francisco, claims Kennedy falsely advised customers that they can use an entity known as a "corporation sole" to avoid paying federal income taxes.

Kennedy conducted his business through an entity he calls the "Ear of Malchus," which is referenced in the New Testament. According to the complaint, the IRS estimates that Kennedy's tax-fraud scheme results in an annual loss to the federal Treasury of $500,000.

Some states authorize corporations sole to enable religious leaders to hold property and conduct business, the complaint states. But tax benefits are available only to tax-exempt religious or charitable organizations under federal tax laws. The complaint alleges that Kennedy falsely advises customers that corporations sole used for their personal benefit can qualify as tax-exempt religious organizations.

The government's complaint states that Kennedy charges his customers from $15,000 to $25,000 to participate in the corporation sole scheme. The suit asks the court to order Kennedy to remove from his Web site all information advertising the scheme and to give the government a list with his customers' names, addresses and Social Security numbers.

Efforts to reach Kennedy were unsuccessful Friday.

Oil

Houston-based offshore drilling rig contractor Transocean Inc. said late Thursday that it received a five-year contract worth up to $862 million to build a drillship for San Ramon-based Chevron Corp. (CVX).

The ship will be modeled on Transocean's Enterprise-class drillship design, featuring the company's dual-activity drilling technology, which allows for parallel drilling operations designed to save time and money in deepwater well construction.

The contract is expected to start in the first quarter of 2010, but Chevron has the right, until 2007, to shorten the contract to three years, which could lower its cost to $609 million.

Chevron closed up 43 cents, or 0.7 percent, at $64.83.

Equity

Shares of softwaremaker Wind River Systems Inc. (WIND) rose 66 cents, or 6.5 percent, to $10.83 after the company predicted a 10 percent increase in sales growth in the second quarter, and an analyst said the stock is attractive at current levels.

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The company, which is undergoing a review of its past stock option practices, disclosed preliminary sales figures for the quarter and intends to finish its quarterly statement before the regulatory deadline.

Compiled by Marton Dunai from Associated Press, Bloomberg News, Dow Jones and company news releases. A new column is posted weekdays at the Business site on www.contracostatimes.com at noon and 5 p.m. Got East Bay business news? Reach Marton Dunai at 925-952-2671 or at mdunai@cctimes.com.

Stabler Sued For Past Taxes (BN)

By Russell Hubbard, News Staff Writer

The Birmingham News (AL), September 2, 2006

IRS says ex-Tide star owes $544,847, puts lien on land

University of Alabama football broadcaster Ken Stabler has been sued by federal prosecutors who want to seize his south Alabama land to pay more than $500,000 of what they say are overdue personal and business taxes.

The civil suit was filed Tuesday in U.S. District Court in Mobile by the Tax Division of the Justice Department. It says the former Crimson Tide and Oakland Raiders standout quarterback owes $544,847 in unpaid federal taxes, and that his property in Mobile and Orange Beach should be seized and sold to pay the debt.

Robert Galloway, Stabler's tax attorney, said Friday he has been negotiating with the Internal Revenue Service on his client's behalf and that he expects the matter to be settled before any property is seized.

Stabler, scheduled to announce the radio broadcast of Alabama's first 2006 football game at 6 p.m. today, owes $241,565 in unpaid federal income taxes for 1999, 2000 and 2001, the lawsuit says.

His Stabler Co., which arranges speaking engagements for members of the 1965 NCAA championship team, owes $303,282 for unpaid income taxes, withholding taxes and penalties for filing incorrect returns, the suit says.

The business taxes are owed for 1995, 1998, 1999 and 2000.

The lawsuit also says that in 1998 and 1999, Stabler borrowed $1.38 million from his company, of which he was the sole shareholder. Stabler used the company to avoid paying taxes, the suit says.

"Stabler had complete control over Stabler Company's finances, policies, and business practices and exerted such control ... to avoid the payment of taxes due and owing to the United States," the lawsuit says.

A 60-year-old native of Foley, in Baldwin County, Stabler is one of the legends of Crimson Tide football. He ran Coach Paul "Bear" Bryant's offenses for most of 1966 and 1967, and starred in the National Football League from 1968 to 1984.

He was named American Conference player of the year in 1974 and repeated in 1976, when he was the NFL's passing leader. In 1977, he guided the Raiders to their first Super Bowl victory.

The government lawsuit seeks to seize Stabler's properties at 29712 Ono Blvd. in Orange Beach and at 260 North Joachim St. in Mobile. The government has already filed tax liens, or claims against the property, with the county probate courts, the lawsuit says. Some of the liens were filed as early as 2002, according to the suit.

"Although notices of the assessments have been given, and demand for their payment has been made, Stabler has failed and refused to pay," the suit says. Suit no surprise

Galloway, Stabler's Mobile attorney, said the problems are in the past and will be resolved. In those years, the company struggled with the complexities of accounting for business revenues that wound up being paid to Stabler personally, Galloway said.

"It's past years at issue," he said. "After Ken came to me, we restructured things and have stopped the bleeding."

Galloway said he knew the lawsuit was coming. "I was told the government was up against some statute-of-limitations issues and that it was filed for those reasons."

Attempts to reach officials with Crimson Tide Sports Marketing, the University of Alabama radio broadcasting partner that employs Stabler, were unsuccessful.

E-mail: rhubbard@bhamnews.com

Feds Sue Former QB Ken Stabler Over Unpaid Taxes (AP)

AP, September 2, 2006

DOJ_NMG_0057944

MOBILE, Ala. — The federal government has sued former NFL quarterback Ken Stabler, seeking more than $500,000 in overdue taxes and proposing foreclosure on property he owns in Mobile and Baldwin counties.

The suit, filed Tuesday in U.S. District Court by the Justice Department's Tax Division, says Stabler owes $241,565 in unpaid income taxes, penalties and interest from 1999, 2000 and 2001.

It also says the Stabler Co., which he owns, owes $303,282 in unpaid income and employment taxes, penalties and interest from 1995, 1998, 1999 and 2000. The Stabler Co. arranges speaking engagements.

The suit asks a judge to make sure the amounts are paid by foreclosing on property that the former University of Alabama and Oakland Raiders quarterback owns in Mobile and on Ono Island, an upscale residential island.

Robert Galloway, Stabler's tax attorney, told the Birmingham News in a story on its Web site Friday that he has been negotiating with the Internal Revenue Service on his client's behalf and that he expects the matter to be settled before any property is seized.

Stabler is scheduled to be a radio announcer for Alabama's first football game of the season against Hawaii on Saturday.

IRS Fraudulent Refunds An Estimated $318M (AP-Y)

By Mary Dalrymple, Ap Tax Writer

AP, September 2, 2006

The Internal Revenue Service gave away $318 million in improper refunds this year because a computer program that screens tax returns for fraud wasn't working, according to a report released Friday.

The estimate by the Treasury Inspector General for Tax Administration is slightly higher than the IRS's own calculation. The tax agency thought it had paid out $200 to $300 million in improper refunds.

The inspector general plans a future study to look more closely at the amount of money the government lost, along with IRS procedures for detecting fraudulent refunds.

In this study, the inspectors found the IRS spent more than $20 million on the failed computer project, which should have delivered a new version of the fraud-detection program early this year.

The computer program, in use since 1996, searches for signs of fraud in every tax return claiming a refund.

The IRS had contracted with Computer Sciences Corp. to update the program, but the contractor could not produce a working program by the deadline. The old program could not be put back into operation in time for this spring's tax filing deadline.

The IRS is now trying to get the program up and running in time for next year's deadline. The refund fraud program had stopped $412 million in fraudulent returns in 2005.

The House's top tax writer, in a letter to Treasury Secretary Henry Paulson this summer, asked that the IRS re-examine its relationship with the contractor and make sure other IRS programs aren't in jeopardy.

"This failure has cost taxpayers hundreds of millions of dollars and has worked to the benefit of criminals who intentionally filed false returns to defraud the federal government," said Ways and Means Committee Chairman Bill Thomas, R-Calif. "Remarkably poor judgment riddled the project."

IRS Commissioner Mark Everson has said the performance of the IRS and the contractor were "insufficient and are unacceptable."

The inspectors found the IRS followed other leads and stopped $94 million in fraudulent refunds from being issued this year, even though they could not use the computer program.

The tax collectors have other ways to find fraud in refund claims. They can compare information reported on returns with other government records to look for unusually large refund requests. They can also track returns filed by prisoners to find inmates claiming false refunds.

The IRS also uses Social Security numbers to prevent identity theft and curb fraud.

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On the Net:

Treasury Inspector General for Tax Administration: http://www.treasury.gov/tigta/

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Software Delay Said To Cost IRS $318 Million In Overpaid Refunds (WP/AP)

Associated Press

The Washington Post, September 2, 2006

The Internal Revenue Service gave away $318 million in improper refunds this year because a computer program that screens tax returns for fraud was not working, according to a report released yesterday.

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For Workers Sent Abroad, A Tax Jolt (NYT)

By Keith Bradsher

The New York Times, September 2, 2006

HONG KONG, Sept. 1 — At picnics and dinner parties in the United States, conversations may flit from Iraq to housing prices to hurricanes and perhaps even to Tom Cruise. But for Americans overseas, another subject keeps coming up: taxes.

Congress sharply raised the percentage tax rates this year on Americans working overseas who have salaries plus taxable benefits totaling $93,000 a year or more. The bill, signed by President Bush in May, also imposes taxes on more of the rent assistance that many companies provide their employees to help them cope with high rents overseas.

The businesses are taking notice. The United States is the only developed country that taxes its citizens while they are overseas, so people from Canada, Britain, Australia and New Zealand, among others, can often afford to work abroad for less and do not need to ask employers for costly tax assistance.

“The concern is universal between the companies, where they feel they’re losing their competitive advantage if they hire Americans,” said Harley Seyedin, chief executive of the First Washington Group, a power company in southeastern China, and president of the American Chamber of Commerce in Guangzhou. “Most companies are looking outside the U.S. if they need to hire.”

Americans living overseas, particularly those facing high taxes on employer-provided benefits like housing assistance and tuition for school-age children, are reviewing whether it makes better financial sense to move back to the United States — and whether their employers will try to transfer them home in any case. “You really have to be able to differentiate yourself to justify someone hiring you over a Brit or an Australian or a Canadian,” said Robert B. Keys, a partner in the Hong Kong office of

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PriceWaterhouseCoopers. Mr. Keys and other tax experts said that in poring over the two main changes enacted in May — higher marginal tax rates and higher taxes on housing assistance — they had found several features that were not immediately obvious at first.

Initial discussions of the tax increase in Washington focused on its cost to corporations, notably oil companies, which often help pay the tax bills of their overseas employees. But many companies demand that Americans become employees of their overseas subsidiary and give up their expatriate benefits, including tax assistance, if they settle in and stop moving to another city every few years.

In Hong Kong, a base for many of the highest-paid investment bankers in Asia, four-fifths of the Americans working for five of the largest American financial services companies are now classed as local employees and will have to foot the cost of the tax increase themselves, said David K. Sutherland, the former associate international tax counsel at the Treasury Department in Washington and now the chairman of the tax committee of the American Chamber of Commerce in Hong Kong.

Another surprise is that the tax increase will not hit just those Americans in low-tax jurisdictions in East Asia or many developing countries. Even Americans living in fairly high-tax countries in Western Europe, for example, may find that they are no longer paying enough taxes overseas to avoid owing taxes at home as well.

The reason is that many foreign tax codes may have higher marginal tax rates than the United States, but may also allow more deductions and exemptions than in the United States. An American investment banker who has lived in London for fewer than three years and who spends two-thirds of her days traveling on business in other European countries may owe British taxes on only the one-third of her income earned in Britain, but would owe American taxes on her entire income.

The increase also applies to non-Americans who carry green cards allowing them to work in the United States. Green card holders must pay American taxes when living and working outside the United States; tax experts urge them to review whether it makes sense to retain the cards.

The interaction of the two tax increases — higher effective rates and more taxes on housing assistance — will have the sharpest effect on the tax bills of overseas Americans earning less than $500,000 a year, especially those with corporate benefits worth nearly as much as their salaries.

Overseas families receiving free home-leave flights, generous medical benefits and subsidies for American-sized apartments and houses, all of which were either taxed at fairly low rates or were partly exempt from taxation, are finding themselves facing federal tax rates of up to 35 percent on these benefits.

In some cases, notably those of former residents of New York and California, overseas taxpayers may face considerable state and local taxes on their benefits as well. Executive search and corporate relocation companies say they are already encouraging businesses to consider carefully before choosing Americans and green card holders for overseas assignments, especially if they have families.

"This is essentially a tax on families," Mr. Sutherland said. "There are a lot of people this is going to slam really hard."

Senator Charles E. Grassley, the Iowa Republican who is chairman of the Finance Committee, is a longtime critic of tax breaks for expatriates, whom he has depicted as living in mansions paid for with tax-deductible dollars.

A committee aide said that overseas Americans were often able to hire inexpensive domestic workers and that the tax law still allowed Americans to deduct the taxes they pay overseas. The aide also said that overseas Americans who send their children to English-language international schools and now face higher taxes on corporate reimbursements for their children's tuitions, might if they lived in the United States send their children to costly private schools and would not receive any tax assistance for that.

The aide answered questions on the condition of not being identified, following the common practice in Congress that only members may speak on the record.

Until this year, the first $80,000 earned overseas was excluded from taxation in the United States, with the next dollar earned overseas treated as though it were the first dollar of income and scarcely taxed. Taxes paid to foreign countries can then be used to reduce tax liability in the United States as well, although this also reduces the value of the $80,000 exemption.

The new law raises the exclusion to $82,400. But under a provision known as "stacking" in the new law, the next dollar of income is now being taxed at a much higher marginal tax rate as though it were the 82,401st dollar of income.

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Until this year as well, only the first $11,894 in housing assistance was taxed — even if a company was providing over $100,000 in rent assistance, as has been common in financial centers like Hong Kong, Tokyo and London where rents may be higher than in the United States.

Under the new law, the first $13,184 of housing assistance is taxed, the next $11,536 is not, and any further assistance is taxed. It is common for housing assistance to be provided in costly cities not only to bankers and top executives but also to teachers at international schools, sales managers and, for that matter, foreign correspondents for The New York Times.

One pivotal question now is how the Treasury will interpret the flexibility that Congress gave it to determine how much housing assistance is exempt from taxes in high-cost cities. Congress gave the department the authority to "issue regulations or other guidance" to adjust the untaxed $11,536 of housing assistance based on differences between housing costs overseas and these costs in the United States.

Sean Kevelighan, a Treasury spokesman, wrote in an e-mail message that the instructions from Congress were a priority for the agency, which includes the Internal Revenue Service, and added that, "It is likely that the guidance will be released in the fall."

Senator Jim DeMint, Republican of South Carolina, has introduced broad legislation to repeal income taxes on overseas Americans, expressing concern that they will hurt the competitiveness of American exports. But Congress does not have time to act this year and would probably need to find offsetting spending cuts or tax increases to act on it in 2007 or 2008. Even then, Senator Grassley could use his chairmanship to block it.

"We have some work ahead of us next Congress," Senator DeMint said, "before we can realistically complete this goal."

CONGRESS-ADMINISTRATION:

Target Intercepted In Anti-Missile Test (WP)

By Josh White, Washington Post Staff Writer

The Washington Post, September 2, 2006

In First Such Success Since 2002, U.S. Simulates North Korean Attack

The U.S. military shot down a target missile using its long-range missile defense system yesterday, the first time such a test has intercepted a mock enemy warhead since 2002, officials said.

An interceptor missile was launched from Vandenberg Air Force Base in California and collided with its target more than 100 miles above Earth, according to the Missile Defense Agency. The target, launched from Alaska, was the first to have a trajectory similar to the path a missile fired from North Korea might follow in an attack on West Coast cities.

Pentagon officials hailed the test as a major step forward for the nation's "shield" against incoming ballistic missiles, saying it vindicates their confidence in the military's ability to thwart an overseas launch of a missile carrying weapons of mass destruction.

But experts cautioned that the test lacked some real-world conditions, such as enemy efforts to defeat the missile defense system, a surprise attack and an attack involving multiple missiles. They said it does not indicate that the nation is secure from a missile attack.

Air Force Lt. Gen. Henry A. "Trey" Obering III, director of the Missile Defense Agency, said yesterday that he thinks the U.S. military would have "a good chance" of shooting down a missile that threatened the United States with a system that "would be very capable" if it had to be used today. He said the military tried to mimic North Korea's Taepodong-2 missile and intercepted the target even though the goal of the exercise was simply to gather data.

"This is about as close as we can come to an end-to-end test of our long-range missile defense system," Obering said at a Pentagon news conference. The exercise tested nearly every component of the developing system, from the detection and tracking of an incoming missile to its destruction, he said.

Experts said, however, that the test was not decisive because it was the first time the improved interceptor was successful. It will take several such results to prove any level of reliability, they said.

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Anthony H. Cordesman, a defense expert at the Center for Strategic and International Studies, said that the successful test is a step forward but that the military is a long way away from having a working anti-missile system. He described the U.S. capability as "very limited," requiring a far more intensive testing program.

"It's important to have the test, but you need a frequency and a level of testing that proves you can do this reliably," Cordesman said. "Is this a milestone of a kind? Yes. Does it prove we have a mature, ready system? No way."

Defense Secretary Donald H. Rumsfeld said last week during a visit to Alaska that he would like to see a full test of the missile system's capabilities. In a written statement about yesterday's test, Rumsfeld was cautious, saying the success should increase U.S. confidence as work proceeds toward developing an initial missile defense capability.

"Tests will continue, some of which will be successful and some of which will not," he said. "This was a challenging test, and the tests will become even more challenging in the period ahead."

Officials operating the system yesterday knew roughly when the target would be launched and where it would originate, Obering said, factors that in a real attack would be almost entirely unpredictable.

The military also has yet to fully deploy an advanced radar system -- called X-band radar -- that eventually will be located on a floating platform off Alaska's coast. Though the radar was tested yesterday off the coast of California, it has not been winterized for northern conditions. It is scheduled to be transferred to Alaska this fall.

The cost of yesterday's test was estimated at more than $85 million. The missile defense program has cost nearly $100 billion since it began in the early 1980s with President Ronald Reagan's "Star Wars" concept of space-based lasers.

The program is now designed to intercept missile attacks with a complex system of radars and land- and sea-based interceptors propelled into space by booster rockets. The interceptors deploy "kill vehicles" that destroy the incoming warheads by colliding with them.

The program has been controversial both for its cost and for its lack of demonstrated capabilities. Yesterday's success follows two failed attempts in late 2004 and early 2005, when the interceptors did not make it out of their silos because of technical problems.

The test was done to evaluate several parts of the system. The data collected covered how the booster rocket and kill vehicle performed, and how well the system tracked and reported the incoming target missile.

The U.S. military positioned ships off the coast of North Korea to detect missile launches in late June, preparing the missile defense system in case it needed to intercept one. North Korea launched six missiles on July 4 -- including one test Taepodong-2 -- but they failed seconds after takeoff and did not pose a threat to the United States.

Obering said tests scheduled for December will increase in difficulty. Future exercises are likely to include countermeasures such as decoys intended to confuse the kill vehicle.

Missile Defense System Intercepts Rocket In Test (NYT)

By David S. Cloud

The New York Times, September 2, 2006

WASHINGTON, Sept. 1 — In the first full-scale test of the ballistic missile defense system in more than a year, an interceptor rocket launched from California on Friday shot down a target fired from Alaska that officials said in some respects resembled a warhead from a North Korean rocket.

Pentagon officials said that the successful interception, which occurred in space over the Pacific Ocean, showed that the fledgling system, put in place in 2004 by the Bush administration before testing was complete, would have a good chance of stopping a ballistic missile fired at the United States in a limited attack.

“What we did today was a huge step in terms of our systematic approach to continuing to field, continuing to deploy and continuing to develop a missile defense system,” said Lt. Gen. Henry A. Obering III, the director of the Missile Defense Agency, at a news briefing. “This is a validation of the confidence I have in this system.”

But critics said that the test lacked key elements of realism and that its main objective had been to allow the Missile Defense Agency to claim the program was back on track after the interceptors in the last two flight tests, in December 2004 and February 2005, failed to leave their silos.

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Even General Obering, after calling the test "as close as we can come to an end-to-end test," said that the target missile did not deploy decoys or other countermeasures meant to confuse the interceptor from striking the actual warhead.

Decoys involve relatively basic technology that a potential foe like North Korea could be expected to employ, said Stephen Young, a missile defense specialist with the Union of Concerned Scientists, which opposes deployments of missile defenses.

"This test was as scripted as it can be," he said. "It's a very complicated test, technically, but it's much simpler than dealing with an actual missile launch would be." In a real-life attack, he said, far less would be known about the timing, trajectory and characteristics of an incoming warhead.

Countermeasures might be used in the next test of the system, planned for later this year, General Obering said. He added that the target's speed, size and other characteristics resembled those of a North Korean long-range missile, called the Taepodong 2. North Korea test-fired one of the missiles in July, but it failed or was aborted shortly after launching and fell into the Sea of Japan.

In Friday's test, the interceptor missile launched at 1:39 p.m. Eastern time from Vandenberg Air Force Base in California, one of two interceptor sites in the United States. The launching came about 17 minutes after the target missile was sent up from a military installation in Kodiak, Alaska.

Tamping down expectations, officials had been saying that the goal of the test was not necessarily to strike the target but only to gather data on whether the so-called kill vehicle, which separates from the interceptor in space, would recognize the warhead and maneuver toward it.

That enabled General Obering to say that the test had exceeded the objectives when the missile intercepted the target. "What we are trying to do is under-promise and over-deliver," he said. Data from the test would be used to make further improvements in the system and to design additional tests, he added.

Asked for the chances that the fledgling missile defense system could shoot down an America-bound intercontinental ballistic missile from North Korea, General Obering declined to offer a specific percentage number, saying such information was classified. Pressed to rate the chances from "excellent" to "poor," he replied, "I think we'd have a good chance."

Secretary of Defense Donald H. Rumsfeld, who said earlier this week that he wanted to see a successful full-scale test of the system before declaring whether he had confidence that it would work, said in a statement that the results vindicated the Bush administration's decision to make the system operational while continuing to test it.

"Successful tests such as these increase confidence in the approach to developing an initial missile defense capability," he said. "While today's test was a success, the test program is by no means complete. Tests will continue, some of which will be successful and some will not."

The test on Friday is the latest chapter in the long-running saga of the United States missile defense program, which began with President Reagan's expansive vision of a space-based antimissile shield.

More than 20 years and billions of dollars later, the Bush administration is proceeding with a limited antimissile system that is designed to counter prospective dangers from nations like North Korea and Iran that might eventually be able to launch, at most, a small barrage of missiles.

President Bush made the program a top priority soon after taking office and cleared the way for antimissile deployments by withdrawing from the Antiballistic Missile Treaty with Russia. The White House decision to move ahead with the system before finishing testing meant that two interceptors sites, one at Vandenberg and one at Fort Greely, Alaska, are already operating, while testing continues.

An interceptor consists of a rocket that carries a 155-pound "kill vehicle,'' which is designed to seek out and collide with an enemy missile warhead. Friday's test was the first time an interceptor had been fired from one of the two operating sites. In past launchings, the tests had been conducted at Kwajalein Atoll in the Marshall Islands.

Test Of Missile-Defense Shield Validates System, Says Pentagon (WSJ)

By Jonathan Karp

The Wall Street Journal, September 2, 2006

DOJ_NMG_0057950

The Pentagon shot down a missile in space during a test that it said exceeded expectations and validates a missile-defense shield that has cost billions of dollars and decades to develop.

The test Friday was the most extensive and realistic trial in nearly two years of the Boeing Co.-led backbone of the missile-defense shield, in which missiles based in Alaska and California are meant to intercept and destroy enemy warheads in space. Other elements of the complex program under development involve sea-based missiles and airborne lasers to destroy enemy missiles shortly after they are launched or just before they strike U.S. targets.

In Friday's test, a mock enemy missile was launched from Alaska, and an interceptor missile was fired from California. The goal of the trial was to collect data on early-warning radar, the interceptor's rocket motor and its warhead, which is designed to destroy an enemy warhead by colliding with it. Though such a hit wasn't a primary objective of the test, the interceptor's warhead did collide with the target warhead, the Pentagon said.

"We did in fact exceed our objectives," Air Force Lt. Gen. Henry Obering, director of the Missile Defense Agency, told reporters. "This is a validation of the confidence I have expressed in this system."

The successful test is bound to give a boost to one of President Bush's top defense priorities, which receives about $9 billion a year in funding but has yet to sway critics. It was the first test involving a live target since interceptor rockets failed to leave their silos during tests in December 2004 and February 2005. It was also the first test of the ground-based missile system since North Korea test-fired ballistic missiles on July 4 and 5.

The Pentagon is planning a further test of the system later this year, in which the main goal will be to hit and destroy a mock enemy warhead.

Write to Jonathan Karp at jonathan.karp@wsj.com1

U.S. Test Missile Hits A Korean Bull's-eye (WT)

By Bill Gertz, The Washington Times

The Washington Times, September 2, 2006

The U.S. missile defense system yesterday shot down an incoming dummy warhead simulating the last-stage trajectory of a North Korean Taepodong-2 missile, a milestone that U.S. officials expect to counter critics of earlier tests.

It was the first time a dummy North Korean missile was intercepted, and the sixth successful intercept since 1999, said officials from the Pentagon's Missile Defense Agency.

"What we did today is a huge step in terms of our systematic approach to continuing to field, continuing to deploy and continuing to develop a missile defense system for the United States, for our allies, our friends, our deployed forces around the world," said Air Force Lt. Gen. Henry Obering, director of the Missile Defense Agency.

He said there is "good chance" the system would be successful against a Taepodong-2 launched from North Korea.

Seven North Korean missiles launched July 4 included a long-range Taepodong-2 that failed less than a minute after launch.

Robert Joseph, undersecretary of state for international security, said the intercept was especially significant in light of North Korea's missile tests and Iran's nuclear standoff with the international community.

"Missile defense is an essential element of our overall counterproliferation posture," Mr. Joseph said. "This successful test ... demonstrates that we can and will deploy capabilities necessary to defend the United States and our allies against missile attack."

Pentagon officials said the warhead was destroyed in outer space above a point several hundred miles west of Vandenberg Air Force Base, Calif.

The test began with a target missile fired from the Kodiak Launch Complex on Kodiak Island, Alaska, at 1:22 p.m. and its last stage was rammed by the high-speed interceptor launched from Vandenberg 17 minutes later. The interceptor used data gathered from an early warning radar located at Beale Air Force Base near Sacramento, Calif., and electronics that were used to track and identify the 4-foot-long warhead and guide it into a high-speed, midspace collision.

DOJ_NMG_0057951

Both missiles were traveling at 15,000 to 18,000 mph, making the intercept a difficult technical challenge for what the Pentagon calls the Ground-based Midcourse Defense System. The system uses sensors in space, at sea and on the ground, along with communication links stretching from Japan to Colorado.

North Korea's Committee for the Peaceful Reunification of the Fatherland issued a statement, carried by the state-run Korean Central News Agency, saying the test "clearly shows that it is the U.S. which is increasing tensions on the Korean Peninsula and threatening war against our country." As a result, Pyongyang will boost its "self-defensive deterrent," a phrase North Korea often uses for its nuclear program.

Unlike earlier tests, the interceptor was not launched from nearby Fort Greely, Alaska. Its success is expected to counter critics who said the Missile Defense Agency had been using artificial conditions and equipment for its previous tests, instead of realistic weapons trajectories and operational conditions.

"This test validated the confidence that I've expressed in the past with the performance of the system." Gen. Obering told reporters.

In addition to launching the first interceptor from Vandenberg, the test also was the first in which the military used an operational missile defense fire-control system and the operational radar system at Beale, Gen. Obering said.

"We did intercept the re-entry vehicle, and we did use the operational radar data to provide the initial track for that intercept, and the kill vehicle performed its own discrimination and targeting of the kill vehicle," the general said.

Defense Secretary Donald H. Rumsfeld applauded the result, saying it will "increase confidence" in missile defense capability, but warned that the system is not perfected.

"While today's test was a success, the test program is by no means complete," he said. "Tests will continue, some of which will be successful and some will not. This was a challenging test, and the tests will become even more challenging in the period ahead."

Asked when a realistic "end-to-end" test of the system could be held, Gen. Obering said: "Well, you know, I don't want to ask the North Koreans to launch against us. That would be a realistic end-to-end test. Short of that, this is about as good as it gets with respect to that."

U.S. Missile Hits Target In Test (AP)

By Robert Jablon, Associated Press Writer

AP, September 2, 2006

An interceptor missile destroyed a mock warhead in space over the Pacific Ocean on Friday, a key test of the U.S. missile defense system that prompted North Korea to accuse America of threatening war.

It was the most realistic test of the systems that would be used against an attack, said Missile Defense Agency spokesman Rick Lehner.

The 54-foot interceptor shot out of an underground silo at Vandenberg Air Force Base on the central California coast at 10:39 a.m., 17 minutes after the mock warhead was launched from Kodiak Island, Alaska, Lehner said.

The interceptor carried a refrigerator-sized "kill vehicle" that locked on to the approaching mock enemy missile and flew into the 4-foot-long warhead at 18,000 mph.

Lehner said both disintegrated more than 100 miles above the Earth and a few hundred miles west of Vandenberg. The interceptor's flight lasted 13 minutes.

North Korea characterized the test as provocation.

The U.S. move "clearly shows that it is the U.S. which is increasing tensions on the Korean Peninsula and threatening war against our country," the North's Committee for the Peaceful Reunification of the Fatherland said in a statement.

The North will strengthen its "self-defensive deterrent," said the statement, carried by the official Korean Central News Agency. Pyongyang often uses the phrase to refer to its nuclear program.

The $85 million test was designed to see whether the "kill vehicle" could get close to the warhead to test the tracking and sensor systems which would be used in an actual missile attack.

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"It gave us a good chance to measure overall system performance. It was the most operationally realistic test we've had," Lehner said.

The interceptor was launched by remote control from a command center in Colorado. The test also was the first use of an early warning radar at Beale Air Force Base, Calif., to provide the data required to put the interceptor on a proper path toward its target.

The test was a "total success," Lt. Gen. Henry A. Obering III, the agency director, told a Pentagon news conference.

"What we did today is a huge step in terms of our systematic approach to continuing to field, continuing to deploy and continuing to develop a missile defense system for the United States, for our allies, our friends, our deployed forces around the world," Obering said.

Data from the test will take several weeks to review, Lehner said.

Stephen Young, a senior analyst for the Union of Concerned Scientists, a group that advocates curbing the spread of nuclear weapons, said the demonstration was still far from replicating an actual missile attack, he said.

"They know the when, the where, the what (of the target missile) ... where it's coming from, the size of the warhead," he said by phone from Maryland.

The test was a small step forward, but the system is still far from being able to protect Americans from long-range missile attacks, said John Pike, director of GlobalSecurity.org, a Washington, D.C., think tank.

"The whole point is for us not to worry about the North Korean missiles," said Pike. "They are not close to that yet. Whether it will ever happen is subject to debate."

The launch was postponed from Thursday after fog socked in Kodiak Island. There was also fog over Vandenberg Friday morning but it burned off.

More than $100 billion has been spent on America's missile-defense system since 1983 and it has been the subject of criticism by those who call it a costly boondoggle. There also have been allegations that early tests were rigged or their success exaggerated. The Pentagon says the technology used in those tests is not part of the current research program.

Critics also argued early on that the end of the Cold War made a full-scale missile attack on the U.S. unlikely. Supporters say the U.S. still is vulnerable to missiles from rogue states.

In July, North Korea unsuccessfully test-fired a missile that was believed capable of reaching the northwestern U.S. coast.

When asked the odds of a U.S. interceptor being able to shoot down a North Korean missile using the existing missile defense system, Obering said the estimate is classified secret.

"But what I will tell you is that this test validated the confidence that I've expressed in the past with the performance of the system," he said.

Asked whether he would rate the chances, broadly speaking, as excellent, good, fair or poor, Obering said, "I think we have a good chance. And it's one that I feel a lot safer and sleep a lot better at night."

Defense Secretary Donald H. Rumsfeld said in a statement that he was pleased but would leave it to the experts to characterize the details.

"While today's test was a success, the test program is by no means complete," he said. "Tests will continue, some of which will be successful and some will not. This was a challenging test, and the tests will become even more challenging in the period ahead."

There have been nine intercept tests since 1999, and five were successful in hitting the target, Lehner said. An actual intercept test was scheduled for the end of this year or in early 2007, he said.

Although Obering described the test as realistic, the target missile did not deploy decoys or other devices that might be aboard an actual long-range ballistic missile fired by an attacking country. Obering said decoys or other countermeasures might be added to the next test, scheduled for December.

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Associated Press writers Bob Burns in Washington, D.C., and Rachel D'Oro in Anchorage, Alaska, contributed to this report.

U.S. Says Missile Defense Has Successful Intercept (Update4) (BLOOM)

DOJ_NMG_0057953

By Tony Capaccio

Bloomberg, September 2, 2006

The first test of the U.S. missile defense since flight testing was put on hold 18 months ago was a success, a spokesman said.

An interceptor rocket launched from California's Vandenberg Air Force Base intercepted a target missile fired from Kodiak, Alaska, Chris Taylor, spokesman for the U.S. Missile Defense Agency in Washington, said in a telephone interview.

The result was welcome news for a Boeing Co.-managed program that hasn't had a successful intercept since 2002 and set a low bar for today's test. While the rocket was aimed at the mock enemy warhead, the goal was to spot and track this target, not necessarily hit it.

``Although not a primary objective for the flight test, an intercept of the target warhead was achieved," the agency said in a press release. Boeing has a $12.9 billion contract to manage the program.

Today's exercise was the latest step for a ground-based system intended to guard the U.S. from a small number of missiles launched by rogue states such as North Korea and Iran.

The system currently consists of 11 interceptors in Alaska and California that could be directed to a target by ground- and naval-based radar. It hasn't had a successful intercept test since October 2002.

Before today, in 10 intercept tests dating to 1999, the target was shot down five times. Successive failures in December 2004 and February 2005 prompted the agency to suspend intercept tests so that quality controls might be improved.

Obering `Confident'

Missile Defense Agency Director Lieutenant General Henry Obering said today's test used all the equipment and procedures that would be used if the U.S. was attacked.

``These were the procedures," he told reporters at the Pentagon. ``This is the way the system works and so I believe that we're very confident that it would work," if North Korea launched a missile. ``I think we'd have a good chance."

Obering made the same assertion in late June, and the system was put on alert before North Korea test-fired a long- range missile July 5.

Rumsfeld's Skepticism

Defense Secretary Donald Rumsfeld, who's been a strident advocate of missile defense, seemed skeptical during an Aug. 27 press conference at Fort Greely, Alaska, after touring the missile defense site there ahead of today's test.

``I want to see it happen -- a full end-to-end process at some point, where we actually put the pieces together," Rumsfeld said. ``That just hasn't happened yet."

Obering, responding to a question, said today's test was ``about as close as we can come to an `end-to-end' test." A more complex intercept test will be held in December, he said.

Rumsfeld, in an e-mailed statement, said he was ``pleased" that today's test ``appears to have been a success." He added: ``Tests will continue, some of which will be successful and some will not. This was a challenging test, and the tests will become even more challenging in the period ahead."

Thomas Christie, the Pentagon's top testing official from mid-2001 to early 2005, said today's successful intercept is ``very important -- but it's about time."

``If they hadn't hit it would still have been called a success," Christie said in a telephone interview. ``But now they have a `bang' and they will crow about it. It will quiet a lot of critics. But it's one test."

Stakes for Boeing

Boeing can earn up to $20 million in fees if all objectives of the planned test are accomplished, the agency said ahead of today's test. It has the potential to earn up to $30 million if another planned intercept test later this year is a success, the agency said.

Boeing is attempting to rebound from test failures that last year cost it $107 million in missile defense bonuses out of a potential pool of $407 million. Obering said Boeing would likely win the full bonus for today's test.

``We'll go through the data and make sure everything is well deserved but from what I know now, it should be a good news story," he said.

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Christie, in an interview ahead of today's test, said it would be the most realistic to date in terms of the model of interceptor flown and flight path of the surrogate enemy warhead.

`More Realistic'

``The geometry will be more realistic than any test we have conducted so far that would replicate a North Korean missile attack on the continental United States," he said.

The flight path of the mock enemy missile today was closer to the continental U.S. than prior tests.

The interceptor warhead flew on a booster rocket launched from a test silo that's the same as the two combat-ready silos housing interceptors at Vandenberg.

The ground-based system remains in development -- a test- and-fix phase.

Raytheon Co., based in Waltham, Massachusetts, makes the warhead that's mounted on each interceptor rocket, assembled by Dulles, Virginia-based Orbital Sciences Corp. Los Angeles-based Northrop Grumman Corp. is developing the system's communications networks.

The U.S. between 1983 and about 2005 spent at least $90 billion to develop missile defenses and plans to spend another $58 billion through 2012, the U.S. Government Accountability Office said in a March report.

The spending includes the ground-based defense against long-range missiles and mobile ground systems to intercept shorter-range missiles, an airborne laser, Navy ships, command- and-control and early warning satellites.

Of that total spending, Congress has approved $16 billion so far for the ground-based system, Missile Defense Agency spokesman Richard Lehner in an e-mailed statement.

The missile defense agency wants $11 billion more through 2011, he said.

To contact the reporter on this story: Tony Capaccio in Washington at acapaccio@Bloomberg.net .

General: Missile Intercept 'Huge' Step (UPI)

United Press International, September 2, 2006

WASHINGTON, Sept. 1 (UPI) -- The U.S. Defense Department on Friday announced a successful national missile defense test.

It also said there is a "good chance" the nascent system could knock down a North Korean missile.

"I think we'd have a good chance, and it's one that I feel a lot safer and sleep a lot better at night (because of it)," said Lt. Gen. Henry Obering, the director of the missile defense agency.

The test involved launching an interceptor missile from Vandenberg Air Force Base in Calif at 1:39 pm EDT. A mock enemy missile was launched from Kodiak Island, Alaska.

Friday's test was designed specifically to test the capabilities of the upgraded early warning radar at Beale AFB, Calif., but the interceptor scored a direct hit on the mock warhead in outerspace, smashing both to bits.

Interceptor missiles are on the launch pad at Ft. Greely, Alaska, and Vandenberg. The system has not yet been declared operational, and was not launched in response to North Korea's failed July 4 test of a long-range missile.

But Obering insisted Friday's test was a strong demonstration of operational capabilities, calling it a "huge step."

"We in fact did launch an operational interceptor out of an operational site at Vandenberg Air Force base. It was conducted by operational crews that were manning operational fire control systems in Colorado Springs. It was conducted with the support of an operational radar in California that was also manned by warfighter operational crews. And it was against a very threat-representative target that was launched out of Alaska," he said.

"So all in all, this is about as close as we can come to an end-to-end test of our long-range missile defense system," Obering said.

The Bush administration has been criticized for deploying the missile defense system, which has cost the nation some $92 billion so far over the last 20 years, before its capabilities are proven or its components even fully developed.

BMD Focus: Why Rumsfeld Doubts His GBIs (UPI)

By Martin Sieff

UPI, September 2, 2006

DOJ_NMG_0057955

WASHINGTON, DC, United States (UPI) -- A long-awaited U.S. anti-ballistic missile test was delayed by fog in Alaska Thursday, but the deeper fog lies over the uncertain status of the entire Ground-Based Midcourse Interceptor system.

U.S. Defense Secretary Donald Rumsfeld admitted during his visit to the Ground-Based Interceptors, or GBIs`, main deployment field at Fort Greeley, Alaska, Sunday that the interceptors needed far more testing. Despite an outlay of at least $43 billion -- many estimates put it far higher -- on the entire U.S. ballistic missile defense system since President George W. Bush took office, only five out of 10 tests of the Alaska interceptors -- the most important part of the program, designed to destroy incoming intercontinental ballistic missiles in mid-flight -- have succeeded.

And the U.S. Missile Defense Agency, at least up to the test that was delayed Thursday, had not achieved a successful test interception in four years. In two of those tests, in December 2004 and on Feb. 14, 2005, the GBIs never launched at all.

Rumsfeld Sunday belatedly expressed a certain realism that the program was still a long way from reliable operational deployment.

'I want to see it happen,' he said. 'A full end-to-end (comprehensive test) ... where we actually put all the pieces (together).' But, Rumsfeld, added, 'that just hasn`t happened (yet).'

Rumsfeld`s U.S. Department of Defense spin-masters presented the septuagenarian secretary`s comments as proof of his skeptical, realistic attitude towards the program that has been his pride, joy and obsession since he entered office. The widely reprinted wire service reports of his comments faithfully echoed this direction.

However, the real reason so much uncertainty still exists over the operational reliability of the interceptors is the highly controversial production policies that Rumsfeld personally insisted upon.

Rumsfeld and his two hand-chosen top lieutenants in the Pentagon during President Bush`s first term of office -- Deputy Defense Secretary Paul Wolfowitz and Undersecretary of Defense for Policy Douglas Feith, drove the U.S. Missile Defense Agency and the prime U.S. industrial contractors on the interceptors so hard that they forced the assembly and deployment of the interceptors without any of the meticulous individual component testing that Pentagon protocols on ballistic missile production have demanded for more than four-and-a-half decades.

Rumsfeld, Wolfowitz and Feith, in their hard-charging passion, revealed a blind faith in the reliability of technology and an ignorance of the nuts and bolts reality of high-tech engineering in which the United States has excelled for so long.

For the building of rockets that can fly at 18,000 miles per hour to intercept ICBMs that are incoming at almost that speed is arguably far harder than hitting a speeding bullet with another bullet. The combined speeds of both missiles can be more than 15 times greater than the speed of a bullet. Therefore, the reliability of each component of the interceptors, however tiny, needs to be flawless. As the failure of the three most recent tests prior to this week showed, they were not.

Indeed, the U.S. Government Accountability Office, the watchdog of Congress on U.S. government departments and how effectively they fulfill their responsibilities, recommended in a recent report that the existing deployed interceptors may need to be disassembled and component checked.

The GAO concluded in a report published in March that the DOD 'has not established operational criteria or fully completed training, security and personnel plans.' Further, 'DOD has not established formal criteria for what needs to be accomplished before declaring that limited defensive operations or subsequent bocks of capability are optional.'

The GAO report confirmed that the program`s 'development has been unique in several aspects, including the pace of the system`s development and the secretary of defense`s decision to exempt it from some DOD requirements guidance.'

The report frankly warns that without these criteria being applied, Rumsfeld, the driving force behind the breakneck -- and, according to its critics, reckless -- system deployment 'may not have a transparent basis for declaring BMDS operational.'

'Without adequate planning, clear criteria and identification of responsibility for ensuring necessary actions, it may be difficult for DOD to identify and prioritize (in order to) ensure itself or Congress that the necessary pieces are in place before declaring the system operational,' the report presciently warned.

The Department of Defense 'does not even have any comprehensive plan laying out steps that need to be taken and criteria that should be met before declaring that either the limited defensive operations or subsequent system blocks are operational,' the report said.

Further, 'no organization is clearly in charge of developing such criteria and ensuring they are met,' it said.

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Five months after the GAO made these criticisms, they remain essentially unaddressed, critics claim. Rumsfeld, usually the most upbeat and relentlessly optimistic of senior U.S. officials, refused in his comments Sunday to give any date when the Alaska interceptor system would be fully operational, even though nine interceptors are already deployed there, along with two more at Vandenberg Air Force Base, Calif.

Wolfowitz and Feith have long since left the Pentagon, but the chaos and lasting uncertainty they inflicted on the U.S. ballistic missile defense program endures. Thousands of engineers and technicians in America`s prime defense contractors and within the MDA are laboring to try and repair the damage. As BMD Focus noted June 23, the recent GAO report documented 'a state of what appears to be administrative chaos at the top civilian echelon levels of the Pentagon in developing and deploying the BMD defenses, whose failure in a war situation could cost millions of lives.'

Rumsfeld`s caution and skepticism Sunday were well founded. But the person most responsible for the problems that led to them was Rumsfeld himself.

Policy (WSJ)

By Deborah Solomon

The Wall Street Journal, September 2, 2006

Paulson's Trip To Focus on China

After nearly two months on the job, Treasury Secretary Henry Paulson is set to make his first official trip overseas this coming week when he heads to Vietnam to huddle with other finance ministers at the Asia-Pacific Economic Cooperation forum.

The trip to Hanoi will be closely watched -- both here and abroad -- for what Mr. Paulson has to say about China and the role it plays in global trade imbalances. Asian leaders, and financial markets around the world, are looking for clues to whether Mr. Paulson's approach to China will be different and, perhaps, more successful, than predecessor John Snow's. Mr. Snow sought to apply quiet diplomatic pressure on China rather than lecture the Chinese, and the Chinese did make a high-profile move to a more flexible currency on his watch.

Mr. Paulson, a former Goldman Sachs chief executive, has had extensive dealings with the Chinese, and is sure to fine-tune the Bush administration's approach. Indeed, with domestic economic policy on hold until after November's elections, Mr. Paulson is likely to make dealing with China one of his top priorities.

To date, Mr. Paulson has continued to assert the administration's position that China should work to strengthen its currency. While that position won't change, Mr. Paulson is likely to start advocating a more holistic approach to dealing with China -- focusing more on the country's macroeconomic picture and less on individual issues, such as exchange rates or intellectual-property rights.

The U.S. has a widening trade deficit with China, which has caused political angst among both Democrats and Republicans eager to find someone to blame for American workers' worries in an election year. But Mr. Paulson, who became the chief bond salesman for the U.S. government when he took the Treasury post, is aware that China has become one of the biggest holders of U.S. debt.

Although Mr. Paulson will see China's finance minister in Hanoi, he isn't expected to say much publicly about China while at the APEC meetings. He'll save that for later in the month when he visits China and attends the annual meetings of the International Monetary Fund and World Bank in Singapore.

APEC isn't "a signature venue for dealing with global finance issues," says former Clinton economic adviser Daniel Rosen, now a consultant with China Strategic Advisory, "but it has a lot of value as an informal caucusing among fellow finance officials from the region," which is increasingly important to the U.S. -- and the global -- economy.

Bush Faces Struggle In Trade Politics (LAT/AP)

By Jim Abrams

The Los Angeles Times, September 2, 2006

WASHINGTON — The Bush administration's winning streak in getting Congress to go along with trade agreements may be in trouble, particularly if Democrats make the gains predicted for them in November's election.

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It took anguished debate and an uncomfortably close vote in July for Congress to pass a trade agreement with Oman, an Arabian Sea nation of 3 million people. For President Bush's team, which views free trade as a means to promote prosperity and democracy around the world, it was not a good sign.

Critics of the administration's trade agenda saw the 221-205 House vote in late July to approve the trade pact with tiny Oman as a turning point.

"It's clear that the U.S. public and Congress have had it with our trade status quo," said Lori Wallach, director of Public Citizen's Global Trade Watch. "We have witnessed a dramatic shift in U.S. trade politics."

The administration has so far concluded and won congressional approval of bilateral trade agreements with Jordan, Singapore, Chile, Morocco and Bahrain as well as Oman. Last year it also won passage of the Central America Free Trade Agreement.

"We've had remarkable success in moving a trade-liberalizing, trade-enhancing agenda," U.S. Trade Representative Susan Schwab in an interview with The Associated Press.

"The president and the administration are very conscious of what needs to be done: You don't close any bad deals," she said, noting how her negotiators were prepared to walk away from the stalled Doha Round of global trade talks.

But the 217-215 House vote last year on CAFTA showed how tough it has become to get a trade deal through Congress. It required personal appearances on Capitol Hill by Bush and Vice President Cheney and -- with Democrats united in opposition -- some arm-twisting of wavering Republicans to avert what would have been a devastating defeat.

Trade agreements remove barriers, such as tariffs and quotas, that make it more expensive for Americans to buy foreign goods and sell products overseas.

Democratic opponents of such deals say they don't establish a two-way street. They cite a trade deficit that has risen from a little more than $100 billion in 1993, when the North American Free Trade Agreement with Mexico and Canada was approved, to more than $700 billion last year.

They complain the trade deficit with China has exploded since permanent trade relations were established with Beijing in 2000 and say the United States continues to lose factories and jobs to foreign competitors.

Democrats also charge that trade deals the administration negotiates with less-developed countries don't do enough to prevent worker and environmental exploitation.

Schwab said her office was "very active in reaching out across the aisle," disputing Democratic claims that their concerns are ignored. "When I'm in the country, I'm up on the Hill."

Rep. Ben Cardin, D-Md., one of his party's chief spokesmen on trade issues, said Democrats are open to trade accords that address their concerns.

"We're for trade agreements. We want to see trade agreements advance," Cardin said. "But it's been a really difficult battle with the administration to advance worker rights."

With several dozen House Republicans under pressure to protect textile and other industries in their districts, passing any trade agreement becomes a formidable task.

"The postwar consensus on free trade has largely disappeared," said Daniel Griswald, a trade policy expert at the Cato Institute, a libertarian think tank. "The biggest change has been the collapse of support for free trade in the Democratic party."

The administration can hardly put all the blame on Democrats. Anti-U.S. sentiment in Latin America, led by Venezuelan President Hugo Chavez, has dimmed hopes for a hemisphere-wide Free Trade Area of the Americas. The Doha Round of global trade talks collapsed in August, with the United States and the European Union trading accusations over farm subsidies and other issues.

The political situation in the Middle East also has clouded the administration's goal of setting up a free trade zone there by 2013.

Most worrisome for the president, however, is the expiration next July of fast-track authority that gives him the power to negotiate trade deals out from under the thumb of lawmakers. Congress can still pass or defeat them, but cannot change the terms.

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Bush gained that authority in 2002 after a 215-214 vote in the House. "Under the current climate," said Sen. Max Baucus of Montana, a pro-trade Democrat, "I am not optimistic that it will be renewed."

Schwab's office, meanwhile, continues to aggressively pursue bilateral agreements. Negotiations are under way with Panama, South Africa and Thailand, and talks have begun with South Korea and Malaysia. The Senate Finance Committee approved measures to advance free trade with Peru and establish permanent normal trade relations with Vietnam.

Myron Brilliant, vice president for Asian affairs at the U.S. Chamber of Commerce, said his group is pressing for approval of the Vietnam measure by November, when Bush is scheduled to visit Hanoi for an Asian economic summit.

But "any time you head into a midterm election where so much is up for grabs," he acknowledged, "you are going to have a difficult political environment for trade bills to get through."

Grappling Over Minimum Wage Builds As Republicans Disagree (WSJ)

By Sarah Lueck

The Wall Street Journal, September 2, 2006

Campaigning Democrats Talk Up Rivals' Reluctance To Retry Congressional Bill

WASHINGTON -- As Congress returns to work after Labor Day, Republicans face a burning question: whether to try again to pass a minimum-wage increase, or risk facing voters in November without having done so.

Some Republican lawmakers, particularly those facing tough re-election fights, want another chance to back an increase from the current $5.15 an hour, a move that would deprive Democrats of a major campaign talking point. "After 10 years, good grief, it's not like we're increasing it in a way that would cause unemployment," says Rep. Chris Shays, a Connecticut Republican locked in a close race. "I think it should be passed under our watch."

But other Republicans hate the idea and are unlikely to support such a move or would do so only with big sweeteners for their business base. The House passed a minimum-wage increase in July, but the measure failed in the Senate because it was paired with a cut in the estate tax that Democrats opposed. Many legislators argue that vote should be enough, at least politically, to show voters they tried.

House Republican leaders are cool to taking up the minimum-wage issue again. So far, they say they plan this month to focus on national-security matters. In pre-Labor Day prepared statements, House Speaker Dennis Hastert and House Republican Conference Chair Deborah Pryce, herself stuck in a difficult campaign in Ohio, pointed to recent evidence of job growth as proof that Republican policies are benefiting the economy. Neither mentioned the minimum wage.

"Our members had a vote on minimum wage. We passed it," Ron Bonjean, a spokesman for Mr. Hastert, said, "The Senate prospects of getting it done are much more difficult."

While few voters earn the minimum wage, the fact that Congress hasn't raised it in nine years has become a tool for Democrats as they try to tap into the public's economic insecurity and cast Republican incumbents as part of a "do-nothing" regime that is out of touch with constituents.

Democrats say the argument that the House did pass a wage increase has little traction with voters, and charge that many Republicans voted for the boost only because it was paired with a tax cut for wealthy people. "It becomes a doubly damning story," Democratic pollster Geoff Garin says, "Not only did they fail to do the right thing on the minimum wage, but it confirms this view of the current Congress as being only about political games and not about helping people's lives."

Republicans, for their part, say Democrats blocked a legitimate compromise in order to keep the issue alive for the elections. "I frankly view it as Democrats not wanting Republicans to increase the minimum wage," Mr. Shays says, adding that his district "knows I voted for the minimum wage and voted for a rational reduction in the estate tax."

If embattled moderates such as Mr. Shays succeed in getting the leadership to take up the measure again, they have several options on how to proceed.

Republicans could shift course and try again to pass the estate-tax reduction and minimum-wage increase. Or, they may try pairing the minimum wage with another Republican priority, such as small-business health plans. The health plans would help sweeten the deal for many groups that otherwise would oppose increasing the minimum wage, including the National

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Federation of Independent Business. Through the health plans, a top priority of the NFIB, small businesses and trade associations representing them could offer coverage that bypasses some state-level insurance rules.

In a statement, NFIB urged Congress to act on the health plans. Access to health insurance for small businesses "is a problem that demands the attention of our federal lawmakers," said Dan Danner, executive vice president of the NFIB. Congress, he added, should "remember the 'little guy.' "

Rep. Tom Cole of Oklahoma is among the Republicans advocating a package that would increase the minimum wage and create small-business health plans. "It's a very easy-to-argue case politically, in my opinion," Mr. Cole says, "You can't say this is something that's aimed at the super rich when you're talking about health care."

However, as with the estate tax, the small-business health plans would do nothing to make the legislative package more appealing to organized labor or Democrats. In addition, big differences between House and Senate approaches on the plans would complicate matters. And the health plans may not be enough to get Republican conservatives to swallow a minimum-wage increase.

Democrats are continuing to press the minimum-wage boost, both on the campaign trail and in Congress. House Democratic whip Steny Hoyer of Maryland issued a Labor Day statement saying Republicans should allow a "fair up or down vote" on the minimum wage instead of holding it "hostage to tax breaks for the wealthiest Americans."

Senate Democrats may decide to raise the issue when the chamber considers a spending bill that includes a pay raise for lawmakers. Democrats have been slamming Republican incumbents for raising their own pay, while failing to do so for workers who make the minimum wage.

But rhetoric aside, Democrats may actually be angling against passage, calculating that failure to pass the measure could do more to help them in the elections.

The issue is getting additional momentum from state ballot initiatives. Proposals to increase the minimum wage, which could possibly boost voter turnout for Democratic candidates, could be on the ballot in as many as seven states including Ohio, Arizona, Michigan and Montana. In California, Republican Gov. Arnold Schwarzenegger recently agreed to a Democratic-led effort to raise the minimum wage over two years from $6.75 an hour to $8 an hour.

Write to Sarah Lueck at sarah.lueck@wsj.com1

The Laptop Scandal (AFMAG)

By Peter Grier

Air Force Magazine, September 2, 2006

The trove of sensitive government information should not have been taken home in the first place. Once it had been stolen, however, the federal investigation bordered on the farcical.

Backstabbing, rear-covering, interoffice bickering, and a general lack of urgency throughout the Department of Veterans Affairs made the whole situation worse. Lots worse.

These are among the conclusions in an official report on the theft in May of personal data for more than 26 million US veterans and active duty and reserve military personnel. Word of the theft caused a nationwide uproar.

The names, dates of birth, Social Security numbers, and other pieces of personal identity data were missing for nearly two months, during which time it was feared that millions of former and current military members could fall victim to criminal identity theft, fraud, or other woes.

The report by George J. Opfer, the VA's inspector general, urged disciplinary action be taken against the persons who failed to take appropriate action and that the VA establish clearer policies for protecting information, among other things.

In general, the report is unsparing in its inside account of bureaucracy at its worst.

"At nearly every step, VA information security officials with responsibility for receiving, assessing, investigating, or notifying higher level officials of the data loss reacted with indifference and little sense of urgency or responsibility," concludes the report.

R. James Nicholson, Secretary of Veterans Affairs, on July 20 testified before a Congressional committee about the theft, saying there was little risk that the personal data contained on the hard drive had been compromised. (AP photo by Lawrence Jackson)

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A "Fascination Project"

The VA's sorry laptop scandal begins with a VA employee's "fascination project"—meaning one in which the employee was personally interested.

The employee goes unnamed in the IG report, but he was, evidently, well regarded by peers and bosses. Managers described him as someone who put in long hours and produced meticulous work.

His job featured designing and programming VA information systems and databases, so this employee had easy access to the electronically stored records of tens of millions of veterans. The employee was also supposed to figure out ways to improve VA data and data-handling methods—and to do all of this while working relatively independently.

Then, on May 3, burglars struck the Maryland home of this technology specialist. The employee's wife discovered the crime at about 3 p.m. and reported the break-in to the local police. The employee himself found out about the robbery when he returned from work that afternoon.

The key items taken in the robbery were a personal laptop computer and an external hard drive, which had been stored in different places in the house. When the employee found this out, he immediately notified his superiors and the VA Office of Security and Law Enforcement that the stolen equipment contained sensitive VA data.

Much of the data on the hard drive was for his personal "fascination project," the employee later told IG investigators. The National Survey of Veterans, a 2001 VA effort that collected a wide variety of social and health information on former members of the armed services, had been criticized by some experts as inaccurate, he said. So the employee had taken a chunk of this massive database home, to verify parts of the survey on his own time.

For instance, he was using an on-line reverse telephone directory to see if names, addresses, and phone numbers of thousands of vets in the NSV survey matched up to those in the VA database.

This sort of cross-checking took hours, and he really could not justify doing it at the office, the employee told investigators. "He was willing to invest his own time to see if he could make progress in identifying the veterans," says the IG report.

The stolen computer equipment also contained some information on a second project, in which the employee was using various government databases to identify veterans who might have been exposed to mustard gas.

The employee had been taking sensitive VA data home for years. He had never asked anyone in the bureaucracy for permission to do so, and no one knew he was doing it, reported the IG study.

"Extremely Poor Judgment"

The IG report concludes that the employee not only lacked permission but he also had no need to take the data home and subsequently failed to properly safeguard it.

"The employee used extremely poor judgment when he decided to take personal information pertaining to millions of veterans out of the office and store it in his house without password protecting and encrypting the data," says the IG report.

The poor decision-making did not end there. VA security personnel, alerted to the theft, pursued the case with all the energy of a hound dog asleep in the sun of an August afternoon.

It was not until May 5—two days after the theft was discovered—that an information security officer interviewed the employee to determine what might have been lost. The term "interview" may be an overstatement, considering that their face-to-face meeting lasted about three minutes.

According to this security officer, the employee started going off in so many directions that the investigating officer just could not take good notes. So he told the employee to write down what had happened and send it to him.

The written account arrived that afternoon. It talked about database extracts that might have been stolen, but did not mention the number of files that were possibly compromised, or otherwise convey the magnitude of the incident.

Using this slight information as his source material, the security officer wrote up a "White Paper on Lost Data" that he e-mailed to the employee's superiors, Michael H. McLendon, deputy assistant secretary for policy, and Dennis Duffy, acting assistant secretary for policy, planning, and preparedness.

These men later told the inspector general's office that they were relying on the information security officer, a GS-13 civil servant, to make sure that law enforcement had all the information it needed to pursue the case.

Roles and Missions?

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The information security officer had a somewhat different view of his responsibilities. “I’m not an investigator,” he later told the IG. “I’m a computer tech guy that has a job.”

VA’s response to the data theft was further slowed by Washington-style office infighting.

McLendon, the VA policy official, had actually learned about the incident on the day it occurred, when the employee, obviously upset, called McLendon with the police still at his house. Yet McLendon initially did not tell his boss, Duffy, what had happened.

McLendon was a political appointee and thought, for some reason, that he reported directly to the Secretary of Veterans Affairs, R. James Nicholson. He apparently did not believe that the “careerist” Duffy, a civil servant, should supervise him.

So, the judgment of the two men at the center of the VA’s handling of the incident was affected by their long-standing and personal feud.

“McLendon characterized [the office] as one of the most dysfunctional organizations in VA and [said] that it was one of the most hostile work environments ‘he ever set foot in,’ ” states the IG report.

Duffy did not learn of the incident until two days after it happened—and only then because of what he described as a “casual hallway meeting” with the information security officer working on the case.

Not that he moved with much urgency after he did hear about it. Duffy did not notify higher officials, such as the VA chief of staff, Thomas G. Bowman, about the scope of the problem, informing him that the missing components contained names and other personal identification.

Asked why he hadn’t sounded an alarm, Duffy said that he knows how VA officials operate. “They do not do crisis management,” he claimed.

In hindsight, Duffy told an interviewer from the IG office, he could see that his biggest mistake was that he “failed to recognize the magnitude of the whole thing.”

A Systemic Lack of Urgency

In that failure, he was not alone. Over and over, the IG report uses the same phrase to describe the response to this incident, even for high-level officials: “lack of urgency.”

Six days after the burglary, Duffy told Chief of Staff Bowman about the theft and possible loss of veterans’ personal data. The next day, Duffy provided him with the cursory white paper.

Bowman’s first action was to forward all the information he had to the general counsel’s office. He wanted to know VA’s legal responsibility to inform veterans of the theft. Then he waited—for six days.

Bowman got a phone call from Opfer, the IG, on May 16. The IG’s office had determined the scope of the problem independently, by interviewing the employee. In this discussion with the IG, Bowman acknowledged that he knew about the data theft, but added that he was not really aware of how big it might be. He estimated that hundreds of thousands of records could be involved.

Hundreds of thousands? Opfer told Bowman that the names, dates of birth, Social Security numbers, and other pieces of personal identity data for as many as 26 million veterans might have been stolen.

The IG informed Bowman that the VA Secretary, Nicholson, needed to get a briefing on this issue. Shortly thereafter, Nicholson finally heard the bad news from his own staff, learning just how widespread and politically explosive the loss of data could be. By this point, almost two weeks had passed since the theft.

Highlighting the multilevel negligence is this fact: The IG office discovered the magnitude of the theft, when so many others had not, by simply asking the employee who had lost the data.

After the brief chat with the information security officer, the employee hadn’t been contacted by anyone from the VA for more details on what had happened. The inspector general was able to determine the scope of possible loss in one interview with the man on May 15.

“It is unexplainable as to why the employee who reported the stolen data was never consulted by anyone in the management chain of command except the GS-13” security officer, concludes the IG report.

The VA theft represented one of the largest breaches of security of personal data in the nation’s history. Fortunately, on June 28 law enforcement officials recovered the stolen laptop and external hard drive intact.

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After examining the equipment in minute detail, both the FBI and the VA's inspector general concluded that they were "highly confident" that the data files were not compromised by whoever stole them.

McLendon resigned his VA post in June, according to news reports. Duffy has retired. The employee who took the data home in the first place was fired.

According to the IG report, the VA needs to change its policies no less than its people. Rules governing removal of protected information from the office, and for the storing of sensitive data on personal computer equipment, are a "patchwork" of regulations that do not provide adequate protection.

"More needs to be done to ensure protected information is adequately safeguarded," says the inspector general's report.

No kidding.

Peter Grier, a Washington editor for the Christian Science Monitor, is a longtime defense correspondent and a contributing editor to Air Force Magazine. His most recent article, "Curtain Up on Space Modernization," appeared in the December 2005 issue.

Tumult Among NASA Advisers (NYT)

The New York Times, September 2, 2006

While space enthusiasts have focused on NASA's preparations for the next shuttle launching and its award of a huge contract to develop the next spaceship for human flight, a battle has erupted outside the limelight between the agency's administrator and some of his top scientific advisers. Two scientists have been forced to resign from NASA's Advisory Council, the agency's top advisory group, and a third has resigned without being asked to. The merits of the struggle are hard for outsiders to assess, but the passions unleashed in recent weeks may bode ill for the sound planning of space research in the future.

The struggle comes at a time when unmanned scientific missions, after many years of substantial growth, have been reined in because of NASA's need to spend large sums on resurrecting the shuttle program, completing the space station and developing a spacecraft to replace the ailing shuttles. As Michael Griffin, the NASA administrator, sees it, too many scientists are unwilling to accept that reality and end up offering advice that falls beyond the priorities set by the president and Congress.

Some dissenting scientists respond that they are not trying to subvert political priorities but are mostly concerned that Mr. Griffin has done away with a longstanding advisory structure in which panels of scientists fed their suggestions directly to administrators responsible for research programs. Now such suggestions must be sent up through the advisory council chairman and then to Mr. Griffin and back down to the responsible official, with plenty of room for dilution on the way. The process is far less effective than direct contact, they complain.

Still, the administrator has every right to set up whatever process that best meets his needs. In a rebuke to council members, Mr. Griffin charged that by "effectiveness" the scientific community really means "the extent to which we are able to get NASA to do what we want them to do." He considers it an obvious conflict of interest when scientists whose work is largely financed by NASA expect to have a big role in prescribing what work NASA should do.

Of course, he is not eliminating any conflict that may exist, but merely channeling it through the advisory council. The main advantage he gets is a chance to see the advice before it funnels into the bureaucracy below him, where it might undercut his own plans for the agency.

What the public needs from all this is some assurance that once the passions have subsided, Mr. Griffin will look closely at whether he is losing anything valuable through his streamlining of the advisory structure. And the scientific community will scout around for alternate means to make its voice heard if it feels cut out at NASA.

Much Ado About Reading (NYT)

By Maureen Dowd

The New York Times, September 2, 2006

WASHINGTON

'Tis a consummation devoutly to be wished. W., the most simple, unreflective and Manichaean of men, communing with Will, the most subtle, reflective and myriad-minded of men.

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Under Laura the Librarian's tutelage, the president is discovering the little black dress of 60's education, as one scholar referred to the president's summer reading list of "The Stranger," "Hamlet" and "Macbeth."

Mr. Bush's bristly distaste for the intellectual elite has been so much a part of his persona, from Yale on, that it's hard to wrap one's mind around a heavy W., steeped in French existentialism and Elizabethan tragedy.

On the 2000 campaign trail, W. told me that he did not identify with any literary hero, that baseball was his favorite "cultural experience," and that he liked "John La Care, Le Carrier, or however you pronounce his name."

He was a gym rat, not a bookworm. He told Brit Hume in 2003 that he rarely read newspaper articles, preferring to get his information through aides, and he told Brian Lamb in 2005 that he would fall asleep after 20 or 30 pages of bedside reading.

But the first lady must have grown alarmed at seeing her husband mocked as a buff bubblehead wrapped in a bubble. She began giving interviews saying her man did too read newspapers, and she slipped W. some Camus and other serious fare.

Jackie Kennedy once complained that the Kennedys could turn anything into a competition — even oil painting. Just so, W. tried to keep his new gravitas homework interesting by engaging in a book competition with Karl Rove. Bush aides told Ken Walsh of U.S. News & World Report that the president wants it known that he is a man of letters.

W.'s claim of having read 53 to 60 books already this year has been met with some partisan skepticism — The American Prospect calls it "demonstrably ridiculous" — despite a Wall Street Journal article pronouncing speed-reading back in fashion among busy executives.

But I'm tickled that W. is reading Shakespeare, even if it's just to please his wife or win a bet with his strategist. The president has been so tone-deaf in dealing with the world, and even with his own father, that he can only benefit from a dip in the Bard's ocean of insight about the vicissitudes of human nature and war. Not to mention the benefits of being exposed to the beauty and precision of the language.

Stephen Greenblatt, the Harvard professor and author of "Will in the World: How Shakespeare Became Shakespeare," demurs, noting that "there's no reason to think reading Shakespeare necessarily makes you a more reflective or deeper person. Otherwise, the Nazis who kept the German Shakespeare Society going in the 30's and 40's would have learned something."

Shakespeare's texts are so complex, he says, that they "allow a huge range of readings and political views, like the Bible."

Take "Macbeth," Professor Greenblatt says. Bush critics might see irony in W.'s reading a play about a leader who makes a catastrophic decision to overturn a regime that ultimately brings his country and himself to ruin. But the president may be reading it differently, seeing shades of Saddam Hussein in Macbeth, a homicidal tyrant who gets his bloody comeuppance.

But he agrees there are some trenchant lessons that W. could glean, including Shakespeare's doubt about quick and easy wars, and his conviction that what the professor calls "the rose-petal view" is an illusion; Shakespeare found a gigantic gap between what we imagine and what is actually likely to happen.

Ken Adelman, the former professor of Shakespeare and arms control director under Reagan, has compared W. to Prince Hal. But the Republican consultant, who teaches a management seminar with his wife, Carol, on Shakespeare, agrees that W.'s insulation prevents him from having the leadership strength of Henry V, who mingled among the common folk in the taverns and the soldiers on the battlefield.

Sometimes the second-term President Bush seems more like Henry's opponent, the Dauphin of France, who has no sense of the reality of battle or his troops, misunderstands the situation and treats Henry with undeserved scorn.

The relentlessly black-and-white Bush could learn from the playwright's riveting grays. "With Shakespeare," says Marjorie Garber, a Harvard professor and the author of "Shakespeare After All," "nothing is ever finished. You never close the door on anything. There's never any 'Mission Accomplished.' "

A License For Safer Drugs (WP)

By Marsha N. Cohen

The Washington Post, September 2, 2006

Drugmakers Need an Incentive to Study Safety After Products Hit the Market

We suffer from a migraine, have a chronic illness, pick up an infection -- our doctor prescribes a drug, we fill the prescription, we swallow the medicine. We hardly think about a drug's risks while waiting anxiously for it to make us feel better.

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Because this country has what is generally deemed the world's best system for ensuring the safety of prescription drugs, the risks are usually well worth the benefits.

And yet our confidence has been shaken in recent years by revelations about risks emerging in such drugs as Vioxx, Ketek, Baycol and all the antidepressants. Each was licensed by the Food and Drug Administration, and at the time each was approved, its effectiveness in treating conditions for which it was marketed outweighed its safety risks.

But all that the FDA knew at the time of approval came from clinical testing on just a few hundred to a few thousand people. Dangerous, even deadly, side effects that might arise only once in a thousand uses are extremely unlikely to be revealed in pre-market testing. If the danger is otherwise common in the population (for example, of heart attacks), then the causal connection between the harm and use of the drug might remain obscured for a long time. And yet a drug's license has no expiration date.

Turn that fact over in your mind. The state grants you a driver's license, but you must renew it periodically. Teenagers are given only probationary licenses in many states. But drugs are in essence approved forever. True, the FDA might remove a drug from the market because of safety concerns. But without any automatic review system in place, too little attention is paid -- by both manufacturers and the FDA -- to developing information to determine whether the predicted benefit-to-risk ratio of a drug has remained the same after exposure to it has become widespread.

Drug development is extremely expensive; the investment is largely returned in the early years of marketing, when patent protection rules out price competition. Why would a rational drug company voluntarily look for reasons that its drug should be removed from the market?

Congress is looking into this situation, and a number of interesting ideas for legislative change have been discussed. But they apparently do not include this simple notion: limited-term licensing and a license renewal process.

While the threat of lawsuits ought to provide some incentive for the drug companies to do more post-marketing scrutiny, it seems to have had a limited impact. And the FDA lacks the financial and human resources for the kind of marketplace surveillance that could yield timely information about the safety of newly marketed drugs.

Looming license expiration dates would give both the drug companies and the FDA a much greater incentive for the post-marketing studies critical to confirming drug safety. A drug approved after the traditional three phases of testing (in which the last step usually includes several thousand patients) could receive a five-year license. Before that time elapsed, the company would be required to conduct studies of the safety and effectiveness of its product in use and to demonstrate to the FDA that the expected benefit-to-risk ratio had held firm. At that point it could receive a permanent license, subject, of course, to even later developments.

Many new drugs are released to the market after accelerated approval -- and after testing on far fewer people than is standard. A shortened test protocol enables new drugs for serious or life-threatening conditions to get to patients sooner. But the inevitable result is that the post-marketing period will yield critical information, including some that might suggest that approval of the drug should be rescinded. These drugs ought to receive a shorter period of initial licensure than others, perhaps just three years, during which the manufacturer would be required to complete at least the equivalent of the traditional Phase 3 testing. After that the drug could be licensed for five years, and the company would be required to submit data from continued active surveillance to get a permanent license.

This simple change in our drug approval laws would yield a bonanza of important information on the safety and effectiveness of drugs in use, in comparison to the anemic feedback on newly marketed drugs now available.

Early users of every new drug, however thoroughly tested, are in essence additional test subjects. But their experiences rarely translate into helpful information. For one thing, if the patient suffers some common adverse effect (such as a heart attack in an elderly patient), or a drug-caused effect manifests itself only after the drug is discontinued or after long use, the connection between the drug and the adverse event might not be recognized. And even if the connection is suspected or made, there is no requirement that patients or physicians notify the FDA or drug companies.

Under current practices, drug companies, while they need to be responsive to reports of adverse events, are not required to go looking for them. Without an organized and purposeful attempt to obtain feedback (positive and negative) about the impact of a new drug, information will necessarily be incomplete and inaccurate.

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Limited-time drug licensure would furnish incentives to ensure that all new drugs are properly scrutinized. Companies would need to formulate post-marketing surveillance plans as well as promotional plans when a drug is approved. The FDA would be subject to firm deadlines in reviewing post-marketing information, because prescribers and patients would be relying upon a seamless system of licensure renewal in the absence of negative information.

This system would not be cost-free, but neither is the current one. The timely discovery of the cardiac implications of the use of Vioxx, for example, would have saved countless dollars and prevented many serious health effects, including deaths. It would have dramatically reduced the litigation that is so reviled by business but needed for the redress of patients who suffer harm.

Congress ought to enact a license renewal requirement that will be safe and effective.

The writer teaches food and drug law at the University of California's Hastings College of the Law in San Francisco.

OTHER NEWS:

Jobs And Wages Increased Modestly Last Month (NYT)

By Eduardo Porter

The New York Times, September 2, 2006

Job growth seems to be reaching its peak. Employers added a modest 128,000 jobs in August while wages inched up, confirming that economic activity is slowing from its brisk pace earlier this year to a more sustainable rate, a government report yesterday showed.

The report eased the concerns of many that wage growth might push inflation higher, or that the weak housing market might abruptly slow the economy. But at the same time, the report also underscored how little the economic recovery has done for the pay of workers.

“Wages are still swimming upriver,” said Jan Hatzius, chief United States economist for Goldman Sachs. “Sometimes it’s harder and sometimes it’s less hard. But it’s still upriver.”

The number of jobs added in August fitted into the pattern of the previous four months, when employment grew by 117,000 jobs, on average, about 50,000 a month less than in the previous year, according to the Labor Department. The gain was enough to push the unemployment rate down to 4.7 percent from 4.8 percent in July.

But wages kept treading water. Hourly earnings for typical private- sector workers — excluding managers — inched up 2 cents in August, to $16.79, about 3.9 percent higher than a year earlier. While the government has not yet released pricing data for August, inflation has been topping 4 percent in recent months, so it is likely that the increase in pay will be swallowed by rising prices as it has for the last two years.

The tableau of a gradually cooling economy was further supported by a government report that construction spending declined by 1.2 percent in July, the biggest drop in nearly five years — while spending on home building tumbled 2 percent.

Moreover, the Institute for Supply Management’s index of factory activity slipped in August, and the University of Michigan’s index of consumer sentiment declined as well, adding further to the picture of a slowing economy.

The data sent stock and bond prices higher, as it suggested to investors that the Federal Reserve — which held interest rates steady at its meeting last month after 17 straight increases since June 2004 — will refrain from raising rates again at its next meeting on Sept. 20.

The August job numbers are the latest in a series of economic reports measuring American incomes. The disparate picture from each data release shows how differently the job market has performed for different kinds of workers.

Most individual workers’ wages are barely keeping up with inflation. And while households have more money to spend, that is mainly because more people are working in each household. Over all, wage earners at the top of the income scale are doing far better than those at the bottom.

This being election season, the administration and Congressional Democrats seized on the job numbers from yesterday to underscore, respectively, how strong and how weak the labor market is.

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Commerce Secretary Carlos M. Gutierrez pointed to the low unemployment rate, which remains below the average of the last three decades. "This is something workers throughout the country should feel very good about," he said.

Mr. Gutierrez argued that the hourly earnings exclude health insurance and other benefits paid by employers and are not the best measure of the well-being of workers. He pointed instead to the rapid increase in disposable income, an after-tax measure that includes wages, dividends and other sources of income and which rose by 2.5 percent in July compared with a year earlier, after accounting for inflation.

But Senator Jack Reed of Rhode Island, the senior Democrat on the Joint Economic Committee, said that workers were being squeezed between stagnating wages and rising energy costs, while many have lost their health insurance. "Most working families are beginning to sense this is a very difficult economy for them," Mr. Reed said.

The Labor Department report, because it excludes management, accounts for only about 80 percent of workers in the private sector outside of agriculture. The pay figures also exclude employer contributions to the health and pension benefits of workers, as well as bonuses.

At first blush, these workers' wages seem to have risen briskly. The 3.9 percent annual rise recorded in August is not far below the 4.4 percent increase reported in April 1998, its peak month during the Internet-driven boom. The difference this time around is that inflation, driven mostly by an increase in oil prices, has eaten up all the gains.

Nonetheless, incomes have risen. This week, the Census Bureau reported that household income increased slightly faster than inflation in 2005 — but mainly because more family members had jobs and because of increasing returns on investments.

Finally, the Commerce Department reported that workers' earnings grew strongly in the first half of this year. From the second quarter of last year to the second quarter of this year, total compensation, including all pay, bonuses and benefits, grew at an annual pace of about 8 percent, beating inflation of about 4 percent.

Still, the Commerce Department's numbers, which include management earnings as well as those of the rank and file, are pulled upward by bonuses and other compensation to workers at the top of the economic ladder, many economists say.

"Most earnings are continuing to go to people at the top end, in things like stock options and dividends," said Nigel Gault, United States economist at Global Insight, an economic research firm. "If an average worker looks at these numbers, he's going to say, Who is getting that, because it's not me."

Mr. Gault pointed out that these types of wage gains would start to look better if inflation retreats from its current high level, which is likely if oil prices stop rising.

The August data still revealed a relatively resilient demand for workers in some sectors. Health and education added 60,000 jobs. Despite the widely reported decline in the housing market, construction companies added 17,000 jobs.

Kenneth Simonson, chief economist of the Associated General Contractors of America, said that even as residential construction declines, nonresidential builders, which account for about 40 percent of construction employment, are expected to keep hiring as companies keep building everything from hotels to ethanol plants.

Even some residential contractors are hiring. Joseph Milazzo, who owns the drywall contractor S. G. Milazzo & Company in Rocky Hill, Conn., said he expected to do some hiring in October to start work on a new residential condominium complex in West Hartford. In August, residential building contractors added nearly 4,000 workers — mainly for the construction of rental apartments.

Still, other builders see a bleaker outlook. Dwight Messinger, chief executive of Power Curbers of Salisbury, N.C., has not let anybody go yet. But, he said, demand is cooling for his machines to lay down curbs and sidewalks, mainly because of the drop in construction of new subdivisions. If it falls too far, he said, he would have to consider layoffs.

There are mounting signs of job market weakness in the offing. In August, the Monster employment index, which is derived from help-wanted postings on the Monster.com job hunting Web site, registered its slowest year-on-year gain since it was started three years ago. "Demand for labor will continue to grow but at more moderate levels, said Steven Pogorzelski, group president, international of Monster Worldwide.

Retailers cut 14,000 jobs in August, while manufacturers shed 11,000. Some worry that as the economy and the job market start cooling, the odds of an average worker's getting a raise will weaken, too. "I fear that wages may have plateaued," said Jared Bernstein, an economist at the Economic Policy Institute.

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Mr. Hatzius of Goldman observed that this would fit the pattern of wage growth over the last 30 years. “Since the 1970’s, real wage growth for people below the top 20 or 30 percent has been pretty much zero.”

Job, Manufacturing Data Confirm Slower Growth (WSJ)

By Rafael Gerena-morales

The Wall Street Journal, September 2, 2006

The government's latest reading on the job market and a survey of factory purchasing managers offered fresh evidence that the economy has shifted into slower growth, but, so far at least, isn't tumbling into recession. The data suggested that the Federal Reserve has more latitude to hold interest rates steady again when officials meet later this month.

Employers added 128,000 jobs outside of the farm sector in August, the Labor Department said, and payroll gains for June and July were revised up slightly. But the pace of job creation last month trailed the 146,000 average for the first half of the year, and the length of the average workweek shrank in August. The unemployment rate fell to 4.7% from 4.8% in July, remaining in the range where it has been hovering this year.

"The job market does seem to have settled into a pace of slower but steady growth," said Stuart Hoffman, chief economist for PNC Financial Services Group. The data suggest that "the Fed's decision to take no action [on Aug. 8] was a prudent decision" and "might justify doing the same" at the Sept. 20 meeting, he said. The futures market sees only a 12% chance that the Fed will raise its key rate, now at 5.25%, in September, the same odds as on Thursday.

The manufacturing sector continued to expand in August, but at a slower rate, the Institute for Supply Management's survey of purchasing managers indicated. The group's index of manufacturing activity dipped to 54.5 in August, from 54.7 in July. Readings have been above 50, which indicates an expanding factory sector, for 39 months. "You've got to start to ask the question, 'Are we getting near the end of the cycle?'" said Norbert Ore, who directs the survey.

Friday's reports, along with data released during the week, suggest the economy is expanding at an inflation-adjusted annual rate of about 3% in the third quarter, economists said. Growth slowed to a 2.9% rate in the second quarter after a torrid 5.6% pace in the first. (Read the full text of the FOMC minutes.1)

Rising exports and business investment should help soften the blow of a declining housing market, but not enough to keep broader economic growth from cooling in the second half, said Nigel Gault, chief U.S. economist at Global Insight. "Business investments and exports can help fill the gap, but they won't prevent the slowdown of the economy," he said. "Businesses don't exist in a vacuum. If consumer spending slows down, which we expect it will, then business spending" will also.

The University of Michigan's new survey of consumer attitudes suggested "a significant rebound in confidence in the last half" of August as gasoline prices fell, said Richard Curtin, director of the survey. But the final August reading of 82, though above the preliminary 78.7 reading for early August interviews, was down from 84.7 in July and significantly below the year-earlier 89.1. "Despite the remarkable resilience of consumers, the data does not indicate a renewed upsurge in consumer spending but that consumers will remain cautious spenders rather than engage in sharp recessionary cutbacks," Mr. Curtin said.

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The Fed has said it expects the slowing economy to ease inflationary pressures. Average hourly wages of production and nonsupervisory workers inched up 0.1% to $16.79 in August, notably slower than July's 0.5% gain, the Labor Department said. For the past three months, hourly wages have been running 3.9% above year-earlier levels -- the fastest pace since June 2001. In all, production and nonsupervisory workers on private payrolls worked 0.2% fewer hours in August than in July.

"Today's report adds another data point to the emerging trend of slower job growth," said Jared Bernstein of the Economic Policy Institute, a liberal think tank in Washington. "This development should assuage the anxieties of those worried about inflationary pressures from the labor market," he said, adding, "For those worried about recession, today's report brings comfort...128,000 jobs is not a great number, but it's not recessionary."

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The service sector added 118,000 jobs last month, as the education and health-services industries added 60,000 jobs, and business and professional-services companies' expanded payrolls by 26,000. Retailers cut 14,000 jobs last month and manufacturers' shed 11,000 jobs.

Despite a slowing housing market, the construction industry added 17,000 jobs in August. Separately, the Commerce Department, reported Friday that construction spending in July fell 1.2% to a seasonally adjusted annual rate of $1.2 trillion. That was the biggest drop in nearly five years. Residential construction spending fell 2.1% to $636.55 billion.

Write to Rafael Gerena-Morales at rafael.gerena@wsj.com6

Jobless Rate Fell Slightly In August (WP)

By Paul Blustein, Washington Post Staff Writer

The Washington Post, September 2, 2006

Inflation, Recession Fears Kept in Check

Employers added jobs at a moderate pace in August, enough to lower the unemployment rate a notch without deepening worries about inflation. That was welcome news for the White House, the Federal Reserve and Wall Street, with fears that the economy may be headed into a period of stagnation coupled with escalating prices.

In the latest monthly report on the job market, released yesterday, the Labor Department said payrolls rose last month by 128,000 workers, while the jobless rate fell one-tenth of a percentage point, to 4.7 percent. The expansion in the number of employees suggested that the economy, while slowing from the torrid pace of earlier this year, is showing little sign of falling into recession.

At the same time, the modest rate of job growth and other data helped ease concerns about wages and prices spiraling upward. Workers' average hourly earnings edged up by just 0.1 percent, to $16.79. "This does not bode well for income gains, but it does take a little heat off of inflation," said Joel L. Naroff, president of an economic advisory firm bearing his name.

The report, analysts said, should thus be particularly heartening for the Federal Reserve, which is hoping to engineer a "soft landing" in which economic growth falls just enough to keep inflationary pressures in check.

Many forecasters are skeptical that the central bank can achieve such an ideal outcome, but the data released yesterday indicated that for now, at least, the economy is performing almost exactly as Fed Chairman Ben S. Bernanke would like. The stock market reacted enthusiastically, with the Dow Jones industrial average rising 83 points, or 0.73 percent, to 11,464.15, and the broader Standard & Poor's 500-stock index rising 0.55 percent, to 1311.01.

"It's good to be Ben Bernanke," said Stuart Hoffman, chief economist at PNC Financial Services Group, noting that not only was the Fed chief being feted on "Ben Bernanke Day" in his home town of Dillon, S.C., but also that yesterday's report brought "the added bonus of Fed-friendly data on job and wage growth."

The report may help ease the difficulty Fed policymakers face about whether to raise interest rates at their next meeting, Sept. 20.

After 17 consecutive increases of a quarter percentage point in the short-term rate that the Fed controls, it left the rate unchanged, at 5.25 percent, at its last meeting, on Aug. 8. Many Fed watchers have been betting that the central bank will again refrain from raising borrowing costs at the next meeting -- barring some unexpected news suggesting that inflation is getting out of control.

"The report reinforces the view that the Fed will stay on hold on Sept. 20," said Nigel Gault, U.S. economist for Global Insight Inc. But he cautioned: "Lingering inflation risks mean that we cannot yet declare that the Fed is done hiking rates for good."

The data evoked another round of conflicting claims between the Bush administration, which trumpeted the news, and its Democratic critics, who said the expansion has disproportionately benefited people in upper-income brackets.

"As we head into Labor Day weekend, today's unemployment report reminds us all that President Bush's economic policies are producing positive results for American workers," Commerce Secretary Carlos M. Gutierrez said in a statement.

Sen. Jack Reed (D-R.I.), ranking minority member of the Joint Economic Committee, retorted: "It is clear that too many Americans have not shared in the gains of this recovery."

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The data provided fresh ammunition for both sides. The jobless rate for blacks dropped to 8.8 percent, the lowest in five years. Unemployment for Hispanics was unchanged at 5.3 percent.

But for those who lack employment, "indicators of how hard it is to find work showed no real signs of improvement in August and remain at high levels for this point in the business cycle," said Heather Boushey, senior economist at the liberal Center for Economic and Policy Research. She cited the number of weeks that people who are unemployed remain without jobs; the median figure in August increased from 8.2 weeks to 8.5 weeks. That means half of all individual unemployment episodes are longer than 8.5 weeks and half are shorter.

Payrolls in the retail sector continued to shrink, with stores shedding 14,000 jobs last month, bringing the cumulative loss for the sector to 101,000 over the past year. In manufacturing, too, the number of jobs fell in August, by 11,000. But those losses were offset by gains elsewhere, especially education and health services, where payrolls grew by 60,000. Construction, which had shown little growth for the past four months, added 17,000 jobs.

The increase in construction jobs came despite a marked weakening in the housing sector in recent months and a cutback in home building. In another report that seemed to contradict the jobs number, the Commerce Department said construction spending dropped 1.2 percent in July.

Property Decline Offsets US Jobless Fall (FT)

By Richard Beales, In New York

Financial Times, September 2, 2006

US unemployment fell slightly to 4.7 per cent in August, suggesting the US economy is still generating jobs, but a sharp slowdown in the residential property market persists, according to data released on Friday.

Construction spending dropped an unexpected 1.2 per cent in July, pulled down by a 2 per cent fall in private residential activity. And the National Association of Realtors' pending home sales index plunged 7 per cent in July. Each was the biggest monthly decline of its kind for five years.

The fall in unemployment reversed a surprise increase to 4.8 per cent in July, according to the Labor Department's monthly employment report.

The report, among the most influential regular economic releases, also showed the US economy added 128,000 jobs last month, in line with expectations. The July figure was revised slightly higher to 121,000.

The rise in average hourly earnings was only 0.1 per cent, against consensus expectations of 0.3 per cent. A higher number could have intensified fear that the Federal Reserve would be more likely to raise interest rates to fight price pressures.

"Optimists will continue to point to the household survey's more upbeat job growth, whilst pessimists can point to the peaking out of earnings growth and hours worked," said Rob Carnell, analyst at ING Financial Markets.

He said the report had "no substantial market implications".

The fall in residential construction was offset by a rise in non-residential activity, but John Ryding, chief US economist at Bear Stearns, said the fall in pending home sales heralded further weakening for the housing sector.

Recent housing data have shown sharp declines in sales of new and existing homes, rising inventories of unsold properties, and weak sentiment among potential buyers.

The rapid price appreciation of recent years has slowed to nearly zero on a national basis.

Stocks in New York consolidated gains, while government bonds slipped on the payrolls news before rebounding positively on the housing data.

Ian Shepherdson, chief US economist at High Frequency Economics, said he expected a further slowdown in growth by the end of the year.

He thought the Fed would leave interest rates steady: "The Fed expects sub-trend growth to continue; so no more hikes."

The market for Fed funds futures is pricing in only about a 10 per cent chance of the Fed raising rates again this month, and only a slightly greater likelihood of a rise by the year's end.

Growing Economy Adds 128,000 Jobs (LAT)

By Jesus Sanchez, Times Staff Writer

DOJ_NMG_0057970

The Los Angeles Times, September 2, 2006

The nation's employers added 128,000 jobs in August and the unemployment rate remained virtually unchanged at 4.7%, according to a government report today that showed that the economy continued to grow, albeit at a modest pace.

Wall Street investors welcomed the report as it seemed to support the view that the economy was expanding but not in danger of overheating, meaning that the Federal Reserve would likely not boost interest rates soon.

The Dow Jones industrial average rose 83 points today to close at 11,464.15 in relatively light trading before the Labor Day holiday.

The Labor Department credited expanded hiring in the healthcare and education fields for nearly half the increase in nonfarm payroll jobs from July to August. The healthcare field added a net 35,000 jobs, with increases reported in hospitals, doctors' offices and home healthcare services.

The restaurant and financial service industries also added jobs but at slower rates than in recent months, according to the government.

Other gains were reported in the construction field and professional services. Payrolls in the retail sector and manufacturing fell during August. Department stores shed 9,000 jobs in August, bringing total job losses to 47,000 during a five month period.

"The August jobs report was reasonably in line with market expectations, although the mix of payroll growth was skewed toward low-paying industries," said economist Joshua Shapiro in a research note for the consulting firm MFR. "All in all, this was not a very inspiring payroll report, particularly considering the mix of job creation."

The August payroll results were stronger than July's results but economists and the Labor Department noted that employment growth has shifted into lower gear in recent months. So far this year, monthly payroll growth has averaged 140,000 jobs, compared to 165,000 last year and 175,000 in 2004, according to economist Steven Wood at Insight Economics.

Wood and other economists said that the slowing job market and other signs of a moderating economy will probably allow the Fed policymakers to leave interest rates unchanged when they meet this month.

Last month, the central bank's Federal Open Market Committee, or FOMC, refrained from hiking short-term rates after about two years of consecutive, quarter-point increases intended to slow economic growth and snuff out price inflation.

"Job creation was mediocre again in August, providing additional evidence of a slowing economy," Wood said in a research note. "In addition, the workweek shrank, aggregate hours worked contracted and hourly earnings slowed. The sluggishness in payroll employment will likely persuade the FOMC to continue to pause at their September meeting."

jesus.sanchez@latimes.com

August U.S. Payrolls Rise 128,000; Jobless Rate Falls (Update5) (BLOOM)

By Carlos Torres

Bloomberg, September 2, 2006

Job growth in the U.S. picked up in August and the unemployment approached a five-year low, the latest in a string of reports to show the economy is slowing gradually.

Employers added 128,000 workers to their payrolls, up from a revised 121,000 in July, the Labor Department reported in Washington today. The jobless rate declined to 4.7 percent from 4.8 percent.

Reports this week are helping quell concern that the economy is slowing too much under the weight of 17 consecutive interest-rate increases by the Federal Reserve and a housing slump. The dollar rallied and stocks advanced, while bonds fell.

``It's a prefect jobs report from Ben Bernanke's baseline scenario that the economy is slowing to a moderate pace," said Markus Schomer, chief economist at AIG Global Investment Corp. in New York. ``There is enough support from the jobs market to maintain consumer spending at a pretty decent level and there's not enough pressure in this report to show that the Fed needs to do more."

Construction firms added workers, as did the health-care industry and restaurants. Retailers trimmed payrolls along with manufacturers, the Labor Department said. A report from the University of Michigan today showed consumer confidence was greater than economists' estimates in August.

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Lehman Changes Call

The job numbers prompted Lehman Brothers Holdings Inc. to push back its forecast of when the Fed may resume lifting its benchmark rate. Instead of a quarter-point increase to 5.5 percent in September, the firm now expects the adjustment in October. A further move penciled in for December is now more likely in January, said Drew Matus, an economist at Lehman.

``We're still expecting 5.75 percent, it'll just take the Fed little longer to get there," said Matus, based in New York.

The economy grew faster last quarter than initially estimated, consumer spending rose in July, a measure of factory orders gained and manufacturing continued to expand, government and industry reports this week have shown.

Economists expected payrolls to rise by 125,000 following a previously reported increase of 113,000 in July, according to the median estimate of 78 forecasts in a Bloomberg News survey. Economists also projected a 4.7 percent unemployment rate. The rate reached a five-year low of 4.6 percent in May and June.

Service Jobs

Employment in service-producing industries, which include retailers, banks and government agencies, rose 118,000 last month after rising 134,000 in July, the report showed. The increase was led by a 60,000 increase in education and health services jobs.

Manufacturers shed 11,000 jobs last month, the second straight monthly decline. The manufacturing workweek slipped to 41.3 hours from 41.4 in July and overtime held at 4.5 hours for a second month. Builders added 17,000 jobs, the most since February, with commercial construction accounting for more than half of the gain.

Average weekly hours worked by production workers dropped to 33.8 hours in August from 33.9 the prior month. Economists expected hours would hold at 33.9 for a second month, according to the Bloomberg News survey.

Incomes increased last month. Workers' average hourly earnings rose 0.1 percent, or 2 cents, after a 0.5 percent jump the previous month. Earnings were up 3.9 percent from August 2005, matching July's year-over-year gain as the biggest in five years.

Hourly Wages

Economists expected a 0.3 percent increase in hourly wages. Average weekly earnings fell to $567.50 last month from $568.50 in July.

The gain in employment, while less than last year's monthly average of 165,000, is in line with the range Fed policy makers consider sufficient to keep the unemployment rate steady. Chicago Fed Bank President Michael Moskow said last week that the economy needs to create 100,000 jobs a month to keep the unemployment rate from rising. Fed Chairman Ben S. Bernanke in July put the figure at 130,000.

Sysco Corp., North America's largest distributor of food to restaurants, is hiring more workers on expectations demand will stay firm. The Houston-based company last month said it planned to hire 700 sales people over the next year.

``We feel very, very good about what we see today," Richard Schnieders, Sysco's chief executive officer, said in an Aug. 14 interview. ``We are going to continue adding sales people where that makes sense."

Ford Woes

Other areas of the economy aren't doing as well. Ford Motor Co., which has been losing money in North America, will slash production in the fourth quarter by the most since the early 1980s and will trim output by 1 percent this quarter, the Dearborn, Michigan-based company said last month.

A person with knowledge of Ford's plan said the company will cut another 6,000 salaried jobs in North America on top of the 30,000 jobs it had already planned to eliminate by 2012.

The production cutbacks this quarter and next may lop off about a half percentage point from economic growth in the second half of the year, according to a forecast by economists at UBS Securities LLC in Stamford, Connecticut. They project the economy will grow at an average annual rate of 2 percent from July through December, compared with an average 4.25 percent in the first half of the year.

While manufacturing employment continues to suffer, the deceleration in hiring in the last five months also reflects the slump in home sales and construction, along with a moderation in consumer spending. Retail payrolls dropped by 13,500 workers during August, bringing the drop in the last five months to 95,000.

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Among blacks, the unemployment rate fell to 8.8 percent from 9.5 percent in July, today's report showed. The jobless rate for Hispanics held at 5.3 percent and for whites held at 4.1 percent.

For teenagers, unemployment rose to 16.2 percent last month from 15.5 percent. The jobless rate for both women and men fell to 4.1 percent from 4.2 percent.

To contact the reporter on this story: Carlos Torres in Washington dmoss@bloomberg.net

U.S. Unemployment Rate Slides In August (AP-Y)

By Jeannine Aversa, Ap Economics Writer

AP, September 2, 2006

A hiring revival pulled the nation's unemployment rate down to 4.7 percent in August and flashed a Labor Day weekend message that the slowing economy isn't in danger of fizzling out.

The latest snapshot, released by the Labor Department on Friday, was a bit brighter than expected and eased some fears that the economy — weighed down by a housing slump — might tip into recession.

"This provides some peace of mind," said Oscar Gonzalez, economist at John Hancock Financial Services.

Employers boosted payrolls by 128,000 in August, an improvement over the 121,000 jobs created in July. Schools, hospitals, financial firms, computer-design shops and construction companies were among those posting employment gains last month. That helped to blunt job cuts in manufacturing, retailing, trucking and elsewhere.

On Wall Street, the employment news lifted stocks. The Dow Jones industrials gained 83 points to close at 11,464.15.

With hiring improving, the unemployment rate dropped down a notch from a five-month high of 4.8 percent in July. That decline put the current unemployment rate close to a five-year low of 4.6 percent reached in May and maintained in June.

The jobless rates for blacks in August dipped to 8.8 percent, the lowest since July 2001. The unemployment rate for Hispanics held steady at 5.3 percent.

Although economists pointed to the employment figures as evidence that the economic expansion, which began in late 2001, remains intact, there is an obvious weak spot.

Construction spending plunged in July by the largest margin in nearly five years, the Commerce Department reported, another sign of the cool down in the once sizzling housing market.

A report from the Institute for Supply Management, meanwhile, showed manufacturing activity in August expanding at a slower — but still decent — clip than in July. That's consistent with the moderate growth seen in the overall economy.

The latest batch of economic news comes as the nation's work force gets ready to celebrate the Labor Day holiday and as the election season looms.

Economic conditions are likely to be on voters' minds when they go to the polls in November.

"The economy is a top concern for many voters in America, although there are other salient issues like the war in Iraq and terrorism," said Costas Panagopoulos, a political science professor at Fordham University. How people vote is shaped by how they are faring economically.

The Bush administration, whose officials blasted the airwaves Friday to tout the president's economic policies, contends Americans are doing better. Rival Democrats say many are struggling.

"We enter this Labor Day holiday with .... a strong economy that is producing steady, consistent gains for America's workers," said Labor Secretary Elaine Chao.

Countered House Democratic Leader Nancy Pelosi of California: "President Bush and Republicans are out of touch with Americans who are living paycheck to paycheck and struggling to make ends meet."

Workers' average hourly earnings edged up to $16.79 in August, a tiny 0.1 percent increase from July.

Over the 12 months ending August, though, wages grew by 3.9 percent. The last time this figure was higher was in June 2001. Yet, many workers' paychecks are barely keeping up with inflation, economists said.

The job hunt grew longer.

The average time that the 7.1 million unemployed spent searching for work in August was 17.4 weeks. That was the longest duration since February's 17.6 weeks.

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Given the slowdown in the national economy and in the housing market, the Federal Reserve on Aug. 8 halted a string of interest rate increases that lasted more than two years.

Economists have mixed opinions about the Fed's next move on Sept. 20. Many believe the central bank will leave rates alone again and said the employment report would justify such a decision. Others predict another rate increase could be in store at that meeting or later this year to keep inflation in check.

The tally of new jobs last month was slightly stronger than the 125,000 that economists were forecasting. Payroll gains for June and July also turned out to be stronger, with the economy adding 18,000 more jobs in those two months combined than previously estimated.

Michael Moskow, president of the Federal Reserve Bank of Chicago, in a recent speech, said trends in both the growth of the population and labor force participation point to slower monthly job gains that is still consistent with healthy economic activity.

Earlier in the decade, most economists estimated that monthly job growth of about 150,000 was consistent with the economy growing close to its potential. Now research suggests monthly increases of roughly 100,000 jobs are probably in line with the economy moving ahead at about its potential, Moskow said.

Against that backdrop, the new employment report suggests "Goldilocks may be coming. The economy is not too hot nor too cold," observed Carl Tannenbaum, chief economist at LaSalle Bank.

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On the Net:

Employment report: http://www.bls.gov/

It's Their Holiday, But Wage Earners Aren't Happy (NYT)

By Mark A. Stein

The New York Times, September 2, 2006

RETAILERS posted better-than-expected sales this week, but the figures were from July and there is ample evidence that the economy might have taken a turn for the worse since then.

Corporate news was scarce during the last week before Labor Day, which symbolically draws summer to a close. At least good corporate news was scarce. There were several developments in criminal court.

GLUM AND GLUMMER Consumer confidence plummeted last month amid slowing job growth, the weak housing market and stubbornly high energy costs. In its steepest one-month drop since Hurricane Katrina a year ago, the Conference Board's consumer confidence index fell to 99.6 in August, its lowest level since November.

At the same time, three opinion polls found deep pessimism among American workers, with most saying that their wages were not keeping pace with inflation, that they had less job security and more on-the-job stress and that they were worse off in many ways than a generation ago.

The Labor Department issued a report saying that hourly wages are 1.9 percent higher than in 2000, taking inflation into account. Over the last two years, however, wages have failed to keep up with inflation for most workers.

Using a different measure, the Census Bureau said the median household income rose slightly faster than inflation last year for the first time in six years. But it said the rise occurred because more family members were taking jobs to make ends meet and some people made more from investing. The bureau, part of the Commerce Department, confirmed that wages had fallen.

Consumer pessimism suggests there will be a significant drop in consumer credit statistics that the Federal Reserve is scheduled to release on Friday.

PENSION CUT DuPont, the giant chemical company, said it would reduce its contribution to workers' pensions by two-thirds after 2007, becoming the first big company to cut its retirement benefit since Congress passed a law its sponsors said would make pensions safer.

To partly compensate for current employees' smaller pensions, DuPont said it would contribute 3 percent of each employee's pay to a 401(k) plan beginning in 2008 and would match its employees' own retirement savings up to 6 percent of their annual wage.

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Kenneth W. Porter, DuPont's director for global benefits, told The Wall Street Journal that the 401(k) plans would not fully replace the pension benefits, but that workers could come out ahead if their investment returns were exceptional.

New workers will receive no pension, only help with 401(k) savings. Existing pensioners and employees abroad will not be affected.

MUTUAL FUND SCANDAL In the first admission of criminal acts in the mutual fund market-timing scandal, Prudential Financial agreed to pay $600 million to settle charges with federal and state regulators that one of its units engaged in more than $2.5 billion worth of inappropriate trades.

The payment is the second largest levied against a financial institution over the practice, which involves rapid-fire trading of mutual fund shares to capture price inefficiencies. The practice can hurt small shareholders by inflating administrative costs and disrupting investment portfolios.

Prudential's admission is likely to end the investigation, which began in 2003 and resulted in $4 billion in fines and penalties against some big Wall Street firms, including $675 million from Bank of America in 2004 and $600 million from AllianceBernstein in 2003.

CRIMINAL SELLING Schering-Plough, which makes Dr. Scholl's foot products and Coppertone tanning lotions as well as prescription drugs, pleaded guilty to a criminal charge stemming from a federal inquiry into whether it had advocated using drugs for unapproved uses and had overcharged Medicaid.

In addition to pleading guilty to a single count of conspiracy, the company agreed to pay $435 million: $255 million in civil penalties and a criminal fine of $180 million.

Two years ago, Schering-Plough agreed to pay $346 million to settle charges that it paid a kickback to a health insurer to protect the market for its allergy drug Claritin.

The latest agreement is subject to the approval of a federal court in Boston.

BIG PROBLEMS BP, the largest oil and natural gas producer in America, said federal investigators were looking into whether its traders had manipulated part of the crude oil market in 2003 and 2004 and the market for gasoline trading in 2002.

Federal investigators had already started investigating whether the company's traders manipulated the market for propane. And a judge in Texas has ordered BP's chief executive, Lord Browne, to be available for questioning about an explosion at a BP refinery in Texas. Fifteen employees and contractors died in the blast last year.

The House Energy and Commerce Committee will question BP executives next week about a large oil spill from the Alaska pipeline that BP operates.

SALE OF THE CENTURY In what would be the most expensive American real estate transaction of modern times, Metropolitan Life said it wanted to sell Stuyvesant Town and Peter Cooper Village, a collection of 110 apartment buildings with 11,000 units spread over 80 acres in Manhattan.

Analysts said the property, which MetLife built during and after World War II to provide middle-class housing for veterans and their families, could fetch $5 billion, or almost $450,000 for each apartment. They also said the price would probably force a buyer to raise rents significantly as quickly as possible.

Real estate executives said MetLife, which began registering potential bidders last week, hoped to select a winner by November.

Labor Day: A Report Card For American Workers (WSJ)

The Wall Street Journal, September 2, 2006

Further weighing on the U.S. worker: disappearing pensions. Companies are increasingly cutting or freezing workers' pension benefits, leaving many workers with smaller nest eggs for retirement. Verizon Communications Inc. and International Business Machines Corp. both recently announced they would freeze their pension plans. In 2004, only 18% of private-sector workers were offered a traditional defined-benefit plan, down from 24% in 1994, according to the Employment Benefit Research Institute. More employees are being offered 401(k)-style plans, but 40% of private-sector workers don't have any on-the-job retirement plan.

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Unions: Union membership is down to about 12.5% of the U.S. work force, from about 30% in 1970. The declining power of unions may be one reason for sluggish wage growth, says Gary Burtless, a labor economist at The Brookings Institution, although globalization and automation also play big roles. Manufacturing jobs -- a stronghold of union activity -- are down about a quarter in absolute numbers since 1979.

Productivity: The productivity of American workers has grown rapidly in recent years. From 2000 to 2005 productivity grew at about 3.1% a year, above the historic average. In past eras, that led to a rise in pay. But today, most of the benefit seems to be showing up in corporate profits and in the salaries and bonuses of the highest-paid workers.

The Commerce Department reported this past week that corporate profits accounted for 12.2% of the nation's gross domestic product in the second quarter, a 40-year high. Average wages measured as a percentage of GDP declined to 46.1%, from 48.9% in 2001.

--Lauren Etter * * *

FACTS

The average hourly wage of a telephone operator in the U.S. is about $13, compared with less than $1 in India, according to a UC Berkeley study. A medical transcriptionist earns about $13 in the U.S. and about $1.50 in India. A paralegal is paid about $18 in the U.S. and about $8 in India.

Americans take about four weeks a year for vacation and holidays, according to the OECD. The French take about seven weeks. Italians take around eight weeks.

There were 171,000 workers involved in 17 labor strikes in the U.S. in 2004, according to the Bureau of Labor Statistics. That is down from 322,000 workers in 45 labor strikes in 1994. In 1952 there were 2.8 million workers in 470 strikes -- the most in any year in history.

Temporary workers make up more of the labor force today. Last year, staffing firms employed an average of about 2.9 million workers every day, according to the American Staffing Association. In 1995 they employed about two million workers.

The minimum wage was last raised in 1996, when Congress bumped it up 90 cents to $5.15 an hour. In inflation-adjusted terms, the minimum wage reached its peak in 1968, when it was $1.58, which equals $7.75 in 2006 dollars.

About 52% of the labor force in Burundi is made up of women -- the highest in the world, according to the World Bank. In the West Bank and Gaza about 13% of the labor force is female -- the lowest. In the U.S., women make up about 46% of workers. * * *

POINTS OF VIEW

"Unemployment is low, wages are rising and there are more jobs in America today than at any other time in history. While we still have challenges ahead, our ability to bounce back is a testament to the strong work ethic of the American people."

--Rob Portman, director, U.S. Office of Management and Budget

"There's no doubt that relative to the growth rate of the economy over the last five years, the state of the American worker is in pretty sorry shape."

-- Lawrence Katz, Harvard University, and chief economist during the Clinton administration

"There is nothing to celebrate here. A lot of the money goes to the top, and Republicans are forever playing defense on this. The people in the middle are feeling squeezed. If Democrats aren't getting the best of the argument, they should be."

--Ron Haskins, the Brookings Institution

"Times are good for workers. They've got high consumption, high income, really low unemployment, a fairly secure work environment -- it's a great market to be a worker."

--Kevin Hassett, American Enterprise Institute * * *

BY THE NUMBERS

Incomes And Politics (WSJ)

The Wall Street Journal, September 2, 2006

DOJ_NMG_0057976

One sure sign that the economy is doing well is when the left revives that old political warhorse, inequality. With GDP growth of nearly 4% for three years running and a jobless rate of 4.7%, it's their last economic resort in an election year. But when you look at the actual evidence, the inequality campaign also proves to be trumped up.

The Treasury Department will soon release the latest IRS data on who paid how much in taxes in America through 2004. We've had an early look at the numbers, and anyone who reads the front pages of our leading dailies may be surprised to learn that the Bush years compare very well by tax and income equality to the sainted Clinton era.

First, the new data show that the bottom 50% of Americans in income -- U.S. households with an income below the median of $44,389 -- paid a smaller share of total income taxes in 2004 (3.3%) than in Bill Clinton's last year in office (3.9%). That 3.3% is the lowest share of total income taxes paid by the bottom half of earners in at least 30 years, and probably ever. The majority of American families with an income below $40,000 pay no income tax at all today, and many of them also get a welfare subsidy from the Earned Income Tax Credit that effectively offsets much of what they pay in payroll taxes.

By contrast, Americans with an income in the top 1% paid 36.9% of all federal income taxes in 2004, down slightly from 37.4% at what was the height of the dot-com boom in 2000. But the top 5% and 10% of earners saw an increase in their tax share over that same period, with the top 5%'s share rising to 57.1% in 2004 from 56.5% in 2000. If this isn't the definition of a highly "progressive," aka redistributionist, tax code, we don't know what is.

HOT TOPIC

A Report Card for American Workers1

Especially instructive is what has happened to tax shares since the tax rate on capital gains and dividends was cut to 15% in 2003. These investment tax cuts have corresponded with a huge spike in tax payments by the affluent. Between 2002 and 2004, the income tax share of the top 0.1% of earners rose to 17.4% from 15.4%. A reasonable conclusion is that much of this increase reflects tax payments on capital gains and dividends -- which have soared by an astounding 79% and 35%, respectively, since the rate cuts.

Democrats and their media pals dismiss all this by saying that the richest are paying more taxes because they're making out like bandits in the Bush years. Former Clinton economic adviser Gene Sperling grouses that the 1990s were "an era of shared prosperity," but that the Bush policies have produced "a disappointing decade on inequality."

The new IRS report contradicts that fairy tale too. Let's use the left's own definition of fairness and examine the actual new IRS evidence (see chart). During the Clinton Presidency, the share of total income earned by the richest 1% increased to a post-World War II high of 20.8% in 2000, from 13.8% in 1993. By contrast, in the first four years of the Bush Presidency, the income share of the top 1% fell slightly to 19.0% from 20.8%.

The decline in the share of total income earned was even more pronounced when we look at the income shares of the top 0.1%; they earned a greater share (18.9%) of total income by the end of the Clinton era than they did in 2004 (17.4%). Some of this can be explained by the 2001 recession and subsequent strong economic expansion. The rich got socked hardest when the stock market plunged, though the dramatic income and wealth gains in the last three years are again raising income shares of the middle and upper income groups. The income share earned by the rich was still lower in 2004 than during Mr. Sperling's decade of allegedly "shared prosperity."

Some of our readers may not recall all of the front-page articles and editorials assailing the inequality in the 1990s. That's because there weren't many in contrast to the current spate, as the Media Research Center has documented. The inequality theme somehow only emerges when Republicans are in power, and this or that statistic can be trotted out to play to the stereotype that the GOP cares only about the rich, or Halliburton.

The truth is that there has been a modest widening of the income gap in recent decades, regardless of which party is in power. That gap seems due largely to growing returns on education and skills in the global economy. Americans without a high-school diploma are losing ground against those who have college degrees. But this argues not for higher taxes on the rich, who already pay the vast bulk of U.S. taxes. It argues for reforming K-12 education so even the weakest and poorest students can compete against the world.

In any event, it's a mistake to put much stock in these class-envy statistics on income shares, gini quotients, and wealth gaps that Washington and the media like to stress. There's nothing that policy makers can do about them in the short run, and a

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preoccupation with inequality will do actual harm if it leads to policies such as higher tax rates that reduce economic growth. We'd suggest readers ignore the inequality fad that is intended for election-year consumption and keep their eyes on what really matters -- the policies that promote growth and prosperity for all Americans.

The Odd Recovery: Unemployment Is Low And So Is Employment (NYT)

By Floyd Norris

The New York Times, September 2, 2006

NEARLY five years after the end of the 2001 recession in the United States, this recovery can be painted using employment statistics as the worst — or one of the best — of the aftermaths of the 10 post-World War II recessions.

On the good side, the unemployment rate, at 5.5 percent in November 2001, was down to 4.7 percent in August, the Labor Department reported yesterday. In similar periods after ends of the nine previous downturns, the unemployment rate was that low only once.

The low unemployment rate has come about despite a slow rate of job creation. At this point after the previous nine recessions, there were an average of 11.9 percent more jobs in the economy than there had been at the end of the recession.

But so far, as the charts show, there are just 3.5 percent more jobs than at the end of the last recession. That is less than half the lowest of the nine previous moves — a gain of 7.6 percent in the period after the 1953-54 recession. And that figure was held down by the fact that another recession, in 1957-58, had taken place by then.

To some extent, the divergent indicators reflect the fact that the numbers come from two surveys with different methodologies and, in recent years, differing trends. The jobs figure comes from a Labor Department survey of establishments and lately it has tended to produce gloomier numbers than the other survey the department performs, in which households are asked which members have jobs.

The trends are expected to be a little different, in that self-employed people would show up with jobs only in the household survey, while a person holding two jobs would be double-counted in the establishment survey. But the differences in this cycle have been substantial and are not easy to explain.

Even the household survey, with its more positive numbers, indicates that little progress on jobs has been made in this recovery. There has been almost no increase, by these statistics, in the percentage of working-age Americans who are working. The decline in the unemployment rate reflects the fact that fewer of those without jobs say they are looking for work, as is required to be counted as unemployed.

The job growth picture is also complicated now by the different nature of work in America.

Back in 1949, when the first postwar recession ended, slightly fewer than half the jobs were in private-sector service industries. Now the figure is more than two-thirds. In the same period, the government share of the civilian work force went up a couple of percentage points, to about a sixth.

The share of employment represented by private-sector goods-producing industries fell by more than half, to less than 17 percent from more than 37 percent. Employment in that sector peaked at 25.2 million people in 1979. Now it is 22.4 million, even though total employment is up 50 percent since 1979.

In the current recovery, service industries have led the way, with the number of jobs up by more than 5 percent, while the government figure is a little over 3 percent. But employment in goods-producing industries has fallen by more than 3 percent.

The Lowdown On The Slowdown (NYT)

The New York Times, September 2, 2006

Hiring was tepid in August, bringing average job creation in the private sector to 102,000 jobs a month since April. That is nowhere near the level of labor demand that's needed to give employees the clout to bargain for raises. Accordingly, hourly wages weakened in August, up only one-tenth of a percent, all of which is most likely to be eaten up by inflation. (In 26 of the last 28 months, annual hourly wage growth has failed to outpace inflation.)

Sounds depressing — if you rely on your job to get by. But it was good news for investors. Their biggest hope these days is that the economy will slow just enough to curb inflation, but not enough to provoke recession. They took August's jobs report, released yesterday by the Labor Department, as evidence that their wish was coming true.

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The work force always suffers in a slowdown. But this one could hit employees especially hard because they will experience the lows — in terms of insecurity, stagnating wages and job loss — without ever having participated fully in the highs. As a share of the economy, wages and salaries have been driven to generational lows during the expansion that began in 2001. At the same time, the ability to borrow against one's home is waning, and a slowing job market may make it harder to keep up with existing debts, a combination that could prove very difficult for many people.

A slowdown is preferable to the alternatives — a recession, or worse, stagflation, in which the economy is plagued by decreasing growth and rising inflation. But the time may come — soon — when investors, bankers and businesses will find little to cheer about in the good news.

Jobs Data Is Welcomed With A Rally (NYT)

By Bloomberg News

The New York Times, September 2, 2006

Shares rallied yesterday after the government said that employers added more jobs and that wage increases slowed last month, easing concern that higher interest rates would lead to an economic slump.

General Motors paced the advance as the company reported the first monthly sales gain since January. Bristol-Myers Squibb, the drug maker, climbed in response to a court order protecting sales of the Plavix heart pill, its best-selling medicine.

The employment figures released yesterday supported the Federal Reserve's forecast of a gradual slowdown in the economy, suggesting that policy makers will keep borrowing costs steady after raising rates for two years. Stocks gained for the week, the fourth consecutive week when the market changed direction.

"The economy is not falling apart and inflation is not taking off," said Franklin Morton, who helps manage $17 billion at Ariel Capital Management in Chicago. "A lack of surprise is good for the market."

The Standard & Poor's 500-stock index added 7.19 points, or 0.6 percent, to 1,311.01, the highest level since May 10. The Dow Jones industrial average climbed 83 points, or 0.7 percent, to 11,464.15, the highest since May 11. The Nasdaq composite index gained 9.41 points, or 0.4 percent, to 2,193.16.

For the week, the S.& P. 500 added 1.2 percent, the Dow rose 1.6 percent and the Nasdaq jumped 2.5 percent.

In the bond market, the yield on the benchmark 10-year Treasury note fell to 4.72 percent, from 4.73 percent late Thursday. The price, which moves in the opposite direction from the yield, increased 1/32, to 1016/32.

Economic reports released yesterday included one that said employers exceeded projections by adding 128,000 workers last month and the news that the unemployment rate fell to 4.7 percent in August from 4.8 percent. Those numbers helped to bolster speculation that inflation was easing and that deceleration of economic growth would be gradual.

A counterpoint to those reports came as the Commerce Department said construction spending fell 1.2 percent and the National Association of Realtors said contracts to buy previously owned homes slid 7 percent in July. The forecast had been for a drop of 1.5 percent.

A decline in crude oil to a two-month low also helped stocks. Oil prices fell $1.01, to $69.25.

About two stocks rose for every one that fell on the New York Stock Exchange. Some 1.12 billion shares changed hands on the Big Board, 29 percent fewer than the three-month daily average.

Although the market closed up yesterday, September has historically been the worst period for the market. From 1950 to June 2005, the S.& P. 500 lost 0.7 percent on average, while the Dow average has fallen 1.1 percent. The Nasdaq has declined 1 percent in September on average since 1971, according to The Stock Trader's Almanac.

General Motors had the best increase in the Dow average yesterday, with shares rising $1.09, or 3.7 percent, to $30.27.

The automaker's August sales jumped 3.8 percent. G.M.'s rival, Ford Motor, dropped 10 cents, to $8.27. Ford said United States sales of cars and trucks fell 12 percent last month.

Bristol-Myers climbed $1.20, or 5.5 percent, to $22.95, after a federal court ordered Apotex of Canada to stop selling cheaper copies of Plavix.

Gateway, the personal computer maker, bucked the trend among technology shares, slipping 10 cents, to $1.90, after the company rejected a $450 million offer for its retail unit from the founder of EMachines, Lap Shun Hui.

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And shares of Lockheed Martin, the military contractor, jumped yesterday — $1.08, to $83.68 — after it won a $3.9 billion NASA contract to build a the nation's next craft for human spaceflight.

Shares in Starbucks advanced 75 cents, to $31.76. after it reported a 5 percent sales gain in stores open at least a year.

In technology, Qualcomm, which makes chips for cellphones, jumped 68 cents, to $38.35, after it won dismissal of an antitrust suit filed by a rival, Broadcom, which claimed Qualcomm stifled competition by other chip makers.

Dow Climbs 83 Points, Capping A Good Week (WSJ)

By Peter A. Mckay

The Wall Street Journal, September 2, 2006

A lack of nasty surprises in the government's employment data, along with a continued selloff in crude oil, helped push the stock market Friday to its biggest gains in more than two weeks.

The Dow Jones Industrial Average gained 83 points, or 0.7%, to 11464.15, up 1.6% on the week. Shares of General Motors, a Dow component, jumped 3.7%, helping to boost the average. The auto maker announced a 3.9% rise in U.S. auto sales for August, contrasting with sales declines at Ford Motor and DaimlerChrysler's Chrysler Group.

The Dow is now less than 260 points away from its record close of 11722.98 in January 2000.

The jobs report, one of the most anticipated in a week chock full of government releases, was in line with Wall Street's expectations. At least for the moment, analysts said, that was enough to bolster investors' hopes that the U.S. economy is headed for a "soft landing," a slowdown that isn't so dramatic that it harms consumers or turns into a full-blown recession.

Such gradual turnarounds have been rare. With that in mind, investors were perhaps happy just to see confirmation that their hopes haven't yet gone awry, analysts said. "This report isn't necessarily telling you anything new, but people are happy to see that the economy isn't falling apart," said Jan Hatzius, chief U.S. economist at Goldman Sachs. "In that sense, I think it was a very equity-friendly report."

Another factor helping stocks was a continued slide in oil prices. Energy traders breathed a sigh of relief as the U.S. summer driving season was drawing to a close with the Labor Day weekend.

Crude futures for October delivery fell $1.07, or 1.5%, to $69.19 a barrel, the lowest finish in more than two months at the New York Mercantile Exchange. On the week, crude contracts fell 4.6%.

The Standard & Poor's 500-stock index rallied 0.6%, or 7.19 points, to 1311.01, up 1.2% on the week. The Nasdaq Composite Index gained 0.4%, or 9.41 points, to end at 2193.16, up 2.5% on the week.

For the year, the technology-stock-heavy Nasdaq has nearly broken even, off just 0.6%. Meanwhile, the Dow is up 7% and the S&P 5%.

"I think the stock market will be higher by the end of the year, but in the near term, I think investors are getting a bit ahead of themselves," said strategist Stuart Schweitzer, of J.P. Morgan Asset & Wealth Management. He said the market has yet to factor in a likely slowdown in corporate profits to go along with the economic slowdown.

In major U.S. market action:

Stocks1 and bond prices rose2. The 10-year note gained 2/32 point, or 62.50 cents for each $1,000 invested, pushing the yield down to 4.730%. The 30-year bond rose 5/32 to yield 4.875%.

The dollar weakened3. Against the Japanese currency, the U.S. currency fell to 117.11 yen, compared with 117.38. The euro rose against the dollar to $1.2839, compared with $1.2812.

Write to Peter A. McKay at peter.mckay@wsj.com4

U.S. Stocks Rise On Employment, Wage Growth Data; GM Advances (BLOOM)

By Allen Wan

Bloomberg, September 2, 2006

U.S. stocks rallied to four-month highs after the government said employers added more jobs and wage increases slowed last month, easing concern that higher interest rates would lead to an economic slump.

DOJ_NMG_0057980

General Motors Corp. paced the advance as the world's biggest automaker reported the first monthly sales gain since January. Bristol-Myers Squibb Co. climbed in response to a court order protecting sales of the Plavix heart pill, the drugmaker's best-selling medicine.

The employment figures supported the Federal Reserve's forecast of a gradual slowdown in the economy, suggesting policy makers will keep borrowing costs steady after raising rates for two years. Stocks gained for the week, the fourth weekly change of direction in a row.

``The economy is not falling apart and inflation is not taking off," said Franklin Morton, who helps manage $17 billion at Ariel Capital Management LLC in Chicago. ``A lack of surprise is good for the market."

The Standard & Poor's 500 Index added 7.19, or 0.6 percent, to 1311.01, the highest level since May 10. The Dow Jones Industrial Average climbed 83, or 0.7 percent, to 11,464.15, the highest since May 11. The Nasdaq Composite Index gained 9.41, or 0.4 percent, to 2193.16.

For the week, the S&P 500 added 1.2 percent, the Dow rose 1.6 percent and the Nasdaq jumped 2.5 percent. The S&P 500 had its biggest increase last month since January, rising 2.1 percent, on signs that the Fed has tamed inflation.

U.S. markets will be closed on Sept. 4 for Labor Day.

Employment Data

Employers added 128,000 workers, the government said, exceeding the 125,000 gain projected by economists and better than the 121,000 increase in July. Average hourly earnings rose 0.1 percent after a 0.5 jump the previous month.

The unemployment rate fell to 4.7 percent in August from 4.8 percent, while a University of Michigan report showed consumer confidence was greater than economists' forecasts.

The reports bolstered speculation that inflation is easing and deceleration of economic growth will be gradual.

``The Fed won't have to raise rates again this year," said James Fisher, who helps manage $900 million at Univest Corp. of Souderton, Pennsylvania. ``We'll begin to see some better returns for the equity markets."

The yield on December Fed funds futures, at 5.27 percent, prices in a 12 percent chance of an increase to 5.5 percent by year-end, down from 100 percent as recently as July 26.

Construction Spending

A counterpoint to those reports came as the Commerce Department said construction spending fell 1.2 percent and the National Association of Realtors said contracts to buy previously owned homes slid 7 percent in July. The forecast was for a drop of 1.5 percent.

While stocks have opened this month higher, September has historically been the worst period for the market. From 1950 to June 2005, the S&P 500 lost 0.7 percent on average, while the Dow average has fallen 1.1 percent. The Nasdaq has declined 1 percent this month on average since 1971, according to the Stock Trader's Almanac.

General Motors had the best increase in the Dow average, rising $1.09, or 3.7 percent, to $30.27. The automaker's August sales jumped 3.8 percent. Rival Ford Motor Co. dropped 10 cents to $8.27. The second-largest domestic automaker said U.S. sales of cars and trucks fell 12 percent last month.

Bristol-Myers climbed $1.20, or 5.5 percent, to $22.95 for the second-biggest gain in the S&P 500. A U.S. court ordered Canada's Apotex Inc. to stop selling cheaper copies of Plavix.

McDonald's

McDonald's Corp. added 86 cents, or 2.4 percent, to $36.76 for the No. 2 advance in the Dow. The world's largest restaurant company said activist investor Bill Ackman plans to buy almost $800 million in shares. Ackman is making the purchase two weeks after reporting he sold all his stock.

Intel Corp. rose 31 cents to $19.88. The world's largest chipmaker may cut at least 10,000 jobs to slash $1 billion in costs this year, analysts including Morgan Stanley's Mark Edelstone said. The firings may be announced on Sept. 5, CNET reported. Intel spokesman Patrick Ward called the reports ``speculation."

Gateway Inc. bucked the trend among technology shares, slipping 10 cents to $1.90 after the third-largest U.S. personal-computer maker rejected a $450 million offer for its retail unit from EMachines Inc. founder Lap Shun Hui.

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Lockheed Martin Corp. jumped $1.08 to $83.68. The world's largest defense company won a $3.9 billion NASA contract to build a spacecraft to the moon, beating Northrop Grumman Corp.

Starbucks Sales

Starbucks Corp. advanced 75 cents to $31.76. The world's largest coffee-shop chain reported a 5 percent sales gain in stores open at least 13 months. John Glass, an analyst with CIBC World Markets Corp., estimated an increase of 4 percent.

Qualcomm Inc., the world's second-biggest maker of mobile- phone chips, jumped 68 cents to $38.35. The company won dismissal of an antitrust suit filed by Broadcom Corp. claiming it stifled competition by other chipmakers.

A measure of telecommunication stocks rose 1.1 percent and had the second-best gain from among 10 industry groups in the S&P 500.

The index has surged 19 percent this year, the biggest advance among the groups, on demand for the dividend yields that telecom companies offer.

AT&T Inc. rose 48 cents to $31.61. The largest U.S. telephone-service provider offers a yield of 4.2 percent. That compares with a yield of 4.73 percent for the benchmark 10-year Treasury note.

Oil Falls

A decline in crude oil to a two-month low also helped stocks. The October contract slid 1.5 percent to $69.19 a barrel in New York on speculation a less-active hurricane season and a drop in U.S. demand will cause inventories to jump.

About two stocks rose for every one that fell on the New York Stock Exchange. Some 1.12 billion shares changed hands on the Big Board, 29 percent less than the three-month daily average.

Monster Worldwide Inc. fell 96 cents to $39.78. The owner of online job-listing service Monster.com sold its TMP Worldwide advertising and communications unit to private equity firm Veronis Suhler Stevenson for $45 million. Monster said it will record a loss of $120 million to $130 million from the sale.

RealNetworks

RealNetworks Inc. dropped 35 cents to $10.68. The operator of the Rhapsody online music service was cut to ``underperform" by analyst Michael Latimore at Raymond James, who wrote in a note that a music venture with Microsoft Corp. hasn't created ``substantial traction" and segments of its business face ``substantial competition."

S&P 500 shares, called Spiders, gained 78 cents to $131.42. Nasdaq-100 tracking shares, known by their QQQQ symbol, climbed 21 cents to $39.08.

S&P 500 futures expiring in September rose 7 to 1312.60 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures gained 7.50 to 1590.50.

The Russell 2000 Index, a benchmark for companies with a median market value of $597 million, rose 0.1 percent to 721.56. The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, climbed 0.5 percent to 13,117.18. Based on its gain, the value of stocks increased $82.1 billion.

AT&T Inc. (T US) Bristol-Myers Squibb Co. (BMY US) Ford Motor Co. (F US) Gateway Inc. (GTW US) General Motors Corp. (GM US) Intel Corp. (INTC US) Lockheed Martin Corp. (LMT US) McDonald's Corp. (MCD US) Monster Worldwide Inc. (MNST US) Qualcomm Inc. (QCOM US) RealNetworks Inc. (RNWK US) Starbucks Corp. (SBUX US)

To contact the reporter on this story: Allen Wan in New York at awan3@bloomberg.net

A Swoon In Autumn, With Asterisks (NYT)

By Conrad De Aenlle

The New York Times, September 2, 2006

ECONOMIC growth is ebbing and the housing boom seems to have run its course, while political tension and high energy prices appear as though they will go on forever. Investors have more than enough to worry about, but as Labor Day nears, the calendar may provide an added source of anxiety.

Returns on stocks are lower, on average, in September than in any other month, followed by October, when the market often puts in its bottom for the year. Share prices also tend to fall in the months leading up to an off-year election, as they did during the last three such periods.

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Some investment advisers find reasons to hope that this year will provide a break with tradition, citing moderate valuations and the prospect that the Federal Reserve is finally done raising interest rates. They also point to palpable discouragement on Wall Street as stocks have gone nowhere despite a year of solid earnings.

The monthly UBS/Gallup Index of Investor Optimism, released Monday, showed a low for the year in August. That may be a promising sign because shareholders tend to declare their pessimism after they have gotten their selling out of the way.

Before rushing into the market, however, investors should note that many bullish assessments come with an expiration date. More cautious market watchers may not expect an imminent decline, but they express doubts about what lies beyond the next several months.

Robert B. MacIntosh, chief economist at the fund manager Eaton Vance, is among those not expecting seasonal weakness. The looming end of Fed tightening encourages him, and the prospect of stagnation in Washington leads him to think the off-year election curse may not hold.

"If the Republicans look as though they are going to lose one or two houses of Congress, that means gridlock, and the markets have tended to like gridlock," he explained. "The Fed, coupled with election season, makes me think it's going to be different this fall."

Tobias Levkovich, chief United States equity strategist at Citigroup Investment Research, said in a report to clients that stocks might move lower at the start of the month, confirming the historical pattern, but that the picture might then brighten.

He tracks investor sentiment with an indicator he calls the Panic/Euphoria Model. It falls as investor gloom increases, and lower readings tend to foretell higher share prices.

THE model has declined for several months and stands close to a two-decade low. By Mr. Levkovich's reckoning, there is a 90 percent chance that stocks will be higher six months from now.

He also said valuations are in a "sweet spot," a price-earnings multiple for the Standard & Poor's 500-stock index of about 15; in the past, that has preceded strong returns.

There is a broad consensus that stocks appear more attractively priced than a year ago, but other advisers find the spot less sweet than Mr. Levkovich does. They remind investors that valuations that seem cheap may turn out not to be.

James Stack, editor of the InvesTech Market Analyst newsletter, cited numerous formulas — comparing share prices with dividend yields and earnings, or price-earnings ratios with bond yields — that show valuations at close to their lowest levels in up to 25 years. But Mr. Stack warns his subscribers that they are "navigating treacherous waters."

He described the economy as being "on a collision course with a recession." Reasonable valuations may make the losses he anticipates for stocks reasonable, too; he pointed out that bear markets since the 1930's that began when P.E. ratios were less than 17 have typically produced losses of around 20 percent, while bear runs afflicting more overvalued markets have often run up losses of 30 percent to 50 percent. Either way, he advises holding high cash positions.

Pete Kendall, co-editor of The Elliott Wave Financial Forecast newsletter, is a longstanding bear. He says valuations and sentiment must fall further before he will feel comfortable buying stocks again.

He sees little cause to put faith in seasonal patterns — except for their long history of success. "Seasonals can be somewhat annoying because they are such darn simplistic reasons for being bearish or bullish, and yet they seem to work more times than not," he said. The autumn swoon "is certainly one of them."

Mr. Kendall expects the market to conform to the pattern this year — up to a point. "If there is a surprise this time," he said, "we think it will be that even though it is another rough two-month stretch for stocks, October fails to mark a low."

MarketWatch / Weekend Investor Stocks' September Could Be Strong, Judging By History (WSJ)

By Mark Hulbert, Marketwatch

The Wall Street Journal, September 2, 2006

The stock market over the past three months has acted as though it were March rather than summer: It came in like a lion on investors' portfolios, and is going out like a lamb.

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This turn of events increases the odds that the stock market will perform well in September. But it doesn't mean that happy days are here again to stay.

Typically, summer is a season of subpar stock-market returns. And it initially looked as though 2006 would follow this script: In the first two weeks of June alone, for example, major market averages dropped nearly 5%.

Since then, the stock market has exhibited enough strength to more than overcome that initial summer weakness. As of the end of August, for example, the Standard & Poor's 500-stock Index was 2.7% higher than at the beginning of June. This three-month return is 2½ times greater than the 1.1% average summer return over the past five decades.

Not surprisingly, opinion is divided over whether the summer's unexpected strength increases odds for a strong fall. Some believe that there must be a lot of subsurface strength for the market to so decisively buck the seasonal tendencies. Others argue that surprising summer strength means that the market has gotten ahead of itself.

But what does the historical record say? To get an answer, I fed into my PC's statistical software the historical data for the S&P 500 back to 1954, when this index was created.

I found that, at least since the mid-1950s, there has been a marked tendency for September to be an above-average performer whenever the summer that preceded it was, too. In fact, this correlation is statistically significant at more than the 99% confidence level, well over the 95% level that statisticians often use as the threshold to conclude that a pattern is attributable to more than mere chance.

To this extent, therefore, the bulls are right in concluding that summer strength is a positive signal.

Before you rush to the phone to call your broker and invest more in the stock market, there are a couple of other details of the historical record that should be kept in mind. Perhaps the most important is that September typically isn't a good month for the stock market. On average over the decades, in fact, it has been the worst month of the year. It is possible, therefore, for the stock market this September to do better than usual but still be down for the month.

Indeed, the econometric model that best fits the S&P data back to 1954 predicts that, on the basis of a 2.7% gain between June 1 and Aug. 31, the market this September will decline by 0.4%. That is better than the average decline of 0.8%, but a loss nonetheless.

The other feature of the historical record worth keeping in mind is that, even though summer strength has more often than not been followed by September strength too, it in turn has typically been followed by October weakness. The inverse relationship that exists between the stock market in summer and the following October is just as strong as the positive one that exists between the summer and September.

These results are consistent with a large body of academic research that has found the stock market to exhibit short-term momentum and longer-run reversals. At the level of the stock market as a whole, momentum typically lasts just a few weeks -- not months or years -- and then reverses itself.

So enjoy the summer strength while it lasts.

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Mark Hulbert is editor of Hulbert Financial Digest, owned by MarketWatch, which is a unit of Dow Jones & Co., publisher of The Wall Street Journal. He doesn't own stocks (except his employer's), or sell stocks short or invest in hedge funds.

Gasoline Prices Fall, Signaling Possible Easing Of Inflation Pressure (WSJ)

By Mark Whitehouse And Steve Levine

The Wall Street Journal, September 2, 2006

U.S. fuel prices have fallen for three weeks, sparking hopes that the days of $3-a-gallon gasoline have come to an end and relief to consumers is on the way.

After peaking at $3 early last month, the average price of a gallon of regular gasoline dropped another penny yesterday to $2.79, according to the automobile club AAA. That is the largest three-week drop since November. Wholesale prices in the futures market suggest the price is going to drop even further -- to $2.50 or so a gallon over the next several weeks, a report by Citigroup said.

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Gasoline prices are volatile and often confound experts attempting to predict their behavior. Some analysts in fact say that prices aren't headed further down, but back up. The U.S. Energy Information Administration points out that while gasoline prices have fallen sharply, diesel prices have dropped just a tad and are still up 31% this year, indicating that the energy market isn't as soft as some suspect. In addition, "oil supplies are still being disrupted in Nigeria, concerns about oil production in other parts of the world remain, and the peak of the hurricane season is still ahead," the EIA said in a report this week.

Yet other analysts expect the price break to continue. If it does, inflationary pressures would ease and more money would be left in the pockets of consumers, whose spending makes up more than two-thirds of the U.S. economy. That would be a welcome gift at a time when a sharp slowdown in housing has damped economic growth and consumer confidence.

"It's pretty clear that we're going to see significant relief on the gas-price front," says Haseeb Ahmed, U.S. economist at J.P. Morgan Chase & Co. in New York. "This is a very important development because it frees up a lot of spending resources."

There's a variety of reasons for the recent plummet in the price of gasoline and crude oil, which was down $1.07 Friday at $69.19 a barrel on Nymex after rising above $77 a barrel early last month. Although three months remain in the official hurricane season, no storm has yet threatened the Gulf Coast. That's unlike last year, when Katrina had already ravaged oil installations offshore from Louisiana. U.S. gasoline and crude oil inventories are relatively high. And while instability in Nigeria continues, it seems already priced into gasoline and crude oil prices. The price of gasoline futures actually dropped both Thursday and Friday despite Tehran's decision to ignore a United Nations Security Council deadline to suspend its enrichment of uranium.

Gasoline prices don't have to continue their downward trend to help the economy. If they merely stop rising, they will remove an irritant that has damped consumers' spending patterns. The August peak in gas prices, for example, helped to precipitate a drop in the Conference Board's index of consumer confidence to its lowest point since November. Conversely, each one-cent decline in gasoline prices adds an annualized $1.3 billion to consumers' spending power.

"In a period where there's a lot of worry, I think this could actually help confidence," says Steven Wieting, U.S. economist at Citigroup. He estimates that a 10% drop in gasoline prices, if sustained, could boost annualized growth in real U.S. gross domestic product -- a broad measure of economic activity, adjusted for inflation -- by about half a percentage point over the next six months.

Any boost from lower gasoline prices would come in handy at a time when the housing market, one of the biggest wild cards in economists' forecasts, has been losing steam fast. In July, official measures of nationwide house prices were almost flat compared with a year earlier -- a sharp deceleration from the double-digit gains recorded earlier this year.

Write to Mark Whitehouse at mark.whitehouse@wsj.com1 and Steve LeVine at steve.levine@wsj.com2

Gasoline In U.S. May Fall On Slow Hurricane Season (BLOOM)

By Robert Tuttle

Bloomberg, September 2, 2006

Gasoline prices across the U.S. are likely to fall this month as demand from motorists slows and the threat of supply disruptions from hurricanes diminishes.

U.S. gasoline prices, now averaging about $2.80 a gallon, may drop 15 to 20 cents in September, said Tom Knight, director of trading at Truman Arnold Cos., a Texarkana, Texas, fuel wholesaler. Scott Hartman, chief executive officer of CHR Corp., which sells about 100 million gallons a year in Pennsylvania, said $2.50 to $2.60 is possible by December.

Pump prices have declined 7 percent since early August and futures contracts indicate further reductions as the end of summer usually means fewer motorists filling their tanks. U.S. gasoline inventories are 2.6 percent above the five-year average, and forecasts indicate the chances a hurricane will interrupt refining in the Gulf of Mexico are lessening.

``Right now the supply situation seems to be completely under control," said Stan Sheetz, president of Sheetz Inc., an Altoona, Pennsylvania, gasoline retailer who sells more than a billion gallons of fuel a year. A decline to $2.50 a gallon is possible during the next two months, he said.

Gloomy Forecast

Colorado State University forecasters today cut the number of hurricanes they expect to form in the Atlantic basin this year to five, down from an earlier prediction of seven.

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Earlier forecasts that this year's hurricane season in the Atlantic Ocean would rival the record number of 2005 storms helped send gasoline to $3.036 a gallon on Aug. 7, according to AAA, the nation's biggest motoring club. The nationwide average price was about 2 cents below the record set after Hurricane Katrina devastated oil production and refining along the Gulf last year.

Gasoline prices gained on Aug. 25, when Tropical Storm Ernesto was projected to strengthen into a hurricane and spin toward Texas and Louisiana, where most offshore oil production is located. Ernesto moved into Florida and the market fell back.

New York gasoline futures in August showed their first monthly decline since February and biggest drop since October 2005.

Gasoline demand this year will be 0.8 percent higher than last year, according to Doug MacIntyre, an economist with the Energy Information Administration, the Energy Department's statistical arm. Consumption growth is less than the 1.7 percent average during the previous 20 years.

The slower growth may come from higher pump prices the past two years causing people to curtail consumption, said Mark Routt, an analyst at Energy Security Analysis Inc. in Wakefield, Massachusetts.

Slowing Economy

Reduced fuel demand is reflected in slower economic growth. The nation's gross domestic product rose at an annual rate of 2.9 percent in the second quarter, down from 5.6 percent in the first quarter, the Commerce Department said Aug. 30.

Wal-Mart Stores Inc., the world's largest retailer, earlier this year said its sales were hurt by higher fuel costs. Wal-Mart said its sales rose 2.7 percent in August, the biggest gain in four months, helped by a 15 cent-a-gallon drop in gasoline prices.

``I don't think the drop in futures prices is all factored in yet," said James Cordier, president of Liberty Trading Group in Tampa. ``Without some sort of supply disruption, the highs are in for the foreseeable future," said Cordier, who expects prices to fall 10 cents a gallon next week and another 10 cents by November.

Hurricanes

The possibility a damaging hurricane will enter the Gulf before the season ends in November may keep prices from tumbling. So could the threat of supply disruptions from Iran, whose nuclear program may be subject to United Nations sanctions. Signs of a slowing U.S. economy may keep a lid on forecasts for higher prices.

``There is a perception out there that we are out of the hurricane season, which is not really true," said David Kirsch, an energy markets analyst at PFC Energy in Washington. ``There is still a pretty good likelihood that there will be a disruption to either imports or refinery operations."

Hurricane Rita, which damaged production and refineries along the Gulf Coast last year, made landfall near the Texas-Louisiana border on Sept. 24. Hurricane Wilma struck Florida on Oct. 24.

``I think the one thing that we need to keep in mind is that most hurricanes, when they land, come in September and October," Kirsch said.

A drop in crude oil, which accounts for 54 percent of the cost of gasoline, also is keeping pump prices down, according to Energy Department data.

New York crude prices have declined about 5 percent in the past month, which is about the same as the slide in pump prices.

Demand for gasoline in the U.S., the world's biggest oil user, eases after the Labor Day holiday, which this year will be Sept. 4.

Today's Prices

Crude oil for October fell $1.07, or 1.5 percent, to $69.19 a barrel on the New York Mercantile Exchange on forecasts for a less-active hurricane season. It was the lowest close in two months.

Gasoline futures for October delivery plunged 4.87 cents, or 2.7 percent, to $1.7344 a gallon in New York, the lowest close in almost six months. The average U.S. pump price for unleaded gasoline fell to $2.790 per gallon yesterday from $3.001 the month before, according to the American Automobile Association, the nation's largest driver organization.

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``A lot depends on what happens in the crude market," said Aaron Brady, associate director of global oil research at Cambridge Energy Research Associates in Cambridge, Massachusetts. ``If things heat up with Iran and crude prices start to rise again, that would put a halt to the fall in gasoline prices."

For now, refiners have access to all the oil they need. Crude oil inventories are 12 percent above the five-year average, according to an Aug. 30 Energy Department report.

To contact the reporter on this story: Robert Tuttle in New York at rtuttle@bloomberg.net

Experts: Big Drop In Gas Prices Unlikely (AP-Y)

By Brad Foss, Ap Business Writer

AP, September 2, 2006

As gasoline climbed past $3 a gallon this summer, Juan Martinez of Takoma Park, Md., topped off his tank $10 or $15 at a time to prevent his wallet from hitting empty. Now that pump prices are falling, the strategy is really paying off.

Each trip to the gas station in recent weeks has been more of a bargain than the last, though "bargain" is not a word the 22-year-old government employee and part-time student would use to describe $2.74 a gallon.

"It's basically the same as $3," he said. "If it was lowered to $2, that would be a lot better for me."

It wasn't long ago when U.S. motorists gritted their teeth at the prospect of $2 a gallon. And while it might be a welcome relief right now, most analysts say getting back to that level anytime soon is unlikely and would entail a major slowdown in the economy, if not a downright recession.

A more likely scenario, these analysts said, is that retail gasoline prices will slide to about $2.50 a gallon by winter — and then head higher again early next year.

Still, even a temporary reprieve from soaring energy prices will be a balm for consumers, especially as the economy continues to cool.

"It's not going to lead to a resurgence in spending, but it will take some of the burden off consumers," said Douglas Porter, an economist at Toronto-based investment bank BMO Nesbitt Burns.

But truckers and others who depend on diesel fuel haven't been as fortunate as their gasoline-burning brethren.

Average U.S. diesel prices are hovering above $3 a gallon thanks to strong demand and uncertainty over supplies as refiners are required to produce lower-sulfur diesel to meet new environmental guidelines.

There is another way in which Americans could feel the sting of high energy prices in the months ahead: home-heating costs.

Heating oil prices have not fallen as sharply as gasoline in recent weeks, and they tend to rise in September anyway.

Heating oil futures on the New York Mercantile Exchange settled Friday at $1.97 a gallon, and any glitch in the refining sector — or a meteorological report signaling a cold winter — will be seized upon by traders as a reason to bid prices higher.

Natural gas prices, meanwhile, have mounted a huge retreat from last winter's highs thanks to surging supplies, though the cost of this mostly domestic fuel has stabilized at a level that just a few years ago would have seemed quite expensive.

Nymex natural gas futures settled at $5.88 per 1,000 cubic feet. That's 50 percent below last year, when prices soared in the aftermath of Hurricane Katrina.

Of course, when it comes to home heating costs this winter, a lot will depend — as always — on the weather, which determines just how much heating oil or natural gas consumers will burn.

"What would really surprise this market is we have a good old-fashioned winter," said oil analyst Phil Flynn of Alaron Trading Corp. in Chicago. "Our winter temperatures have been above average for the past few years."

A decline in gasoline prices is typical at the end of the summer, but this year's seasonal drop-off has been magnified by signs of a weakening economy, easing concerns about ethanol supplies and a sense of relief among traders that there have not been any hurricanes to disrupt, or even threaten, Gulf of Mexico energy production.

Energy Department data show U.S. gasoline supplies at almost 5 percent above year ago levels, while demand for the year is rising at a slower-than-normal pace.

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Average U.S. pump prices have dropped more than 20 cents over the past month to $2.79 a gallon, according to travel agency AAA.

"The gasoline bull market is definitely over," said Michael Lynch, director of Strategic Energy and Economic Research Inc. of Winchester, Mass.

Tom Kloza, director of Oil Price Information Service, predicted that pump prices could fall to $2.65 a gallon as early as next week given the huge drop at the wholesale level since early August. But he does not believe wholesale prices have much farther to fall.

Nymex gasoline futures have fallen roughly 25 percent over the past month, settling Friday at $1.73 a gallon.

As is customary, pump prices are declining much more slowly, allowing retailers to earn more per gallon than when prices are increasing.

Despite this anomaly, motorists such as Carlos Richards of Washington say any cheaper gas at all is welcome.

"It's sort of a big deal," said Richards, a 31-year-old auto mechanic who plans to drive to Williamsburg, Va., over the long Labor Day holiday weekend. "We know it's not staying down. That much we know."

Indeed, with oil prices stubbornly hanging around $70 a barrel because of geopolitical uncertainty, it will be difficult for gasoline prices to fall too far, many analysts said. The last time U.S. gasoline prices averaged less than $2 at the pump was February 2005, when oil traded around $54.

For economist Philip Verleger, who envisions the U.S. economy mired in a recession by early next year, such a scenario is not far-fetched at all.

Verleger attributes much of the phenomenal run-up in oil and gasoline prices in the past year to the billions of dollars — perhaps more than $100 billion — that were invested in commodities markets by pension funds, hedge funds and other institutional investors. And he believes that this so-called hot money could exit the market as quickly as it came in.

"There is the potential for one heck of a sell-off," Verleger said.

Bernanke Revisits Roots In Small S.C. Town (WT/AP)

ASSOCIATED PRESS

The Washington Times, September 2, 2006

As a young man, Ben S. Bernanke spent summers working construction and waiting tables at South of the Border -- experiences that inspired him to get into economics.

Mr. Bernanke, now chairman of the Federal Reserve, fondly recounted his days growing up in Dillon, S.C., in a visit to his hometown yesterday. A copy of his remarks were made available in Washington.

It was a long journey from his small town to become what is often considered the second-most-powerful person in Washington. Mr. Bernanke took over the Fed in February, succeeding its longtime chairman, Alan Greenspan.

Mr. Bernanke moved to Dillon as a small child and lived there for 17 years before going off to college.

"After I graduated from high school, I spent the summer as a construction worker helping to build Dillon's Saint Eugene hospital, and during the summers of my college years, I waited tables six days a week at the South of the Border," a famous roadside rest stop and amusement park along Interstate 95, Mr. Bernanke said.

In those jobs, he learned the value of hard work, he recalled.

"I remember that, on the first day I came home from the construction site that summer, I was too tired to eat and I fell asleep in my chair," he said.

Mr. Bernanke, 52, pointed to those experiences as a reason why he decided to become an economist, which he called the study of people in the ordinary business of life.

The Fed chief's roots in Dillon run deep.

His grandparents, Jonas and Lina Bernanke, moved to Dillon in the 1940s. His grandfather bought a local drug store, which Ben S. Bernanke's father and uncle would take over and run for many years. His mother gave up a job teaching elementary school when he was born and often helped out at the drug store.

Mr. Bernanke also reminisced about playing saxophone in the high school marching band.

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"As a teenager, like many other teenagers, I itched to get away from the small town in which I was raised to see the bright lights of the big city," he said.

He got his wish. He left Dillon to attend Harvard University, where he studied economics. He earned his doctorate in economics at the Massachusetts Institute of Technology.

Most of his professional life was spent in academia as an economics professor.

Mr. Bernanke eventually moved to Washington to become a member of the Federal Reserve and then moved on to become President Bush's chief economist. After that, he was named Fed chairman.

In his remarks, Mr. Bernanke did not discuss the economy or the future course of interest rates.

Nevada Democrats Beam In New Spotlight (BOS)

By Charlie Savage, Globe Staff

The Boston Globe, September 2, 2006

Caucuses moved ahead of N.H.'s

LAS VEGAS -- The Democratic Party's decision last month to thrust Nevada ahead of New Hampshire as the host of the second contest in their 2008 presidential nomination campaign has unleashed a wave of national attention on politicians, as presidential hopefuls line up to court potential supporters.

Sitting in her strip mall campaign headquarters surrounded by telephones and signs, state Senator Dina Titus ticked off names of likely presidential candidates who called her after she won the Democratic nomination for governor two weeks ago.

``They've all called -- Warner, Kerry, Hillary, Vilsack, Edwards, Feingold," Titus said. ``Who else? Bayh. I haven't heard from Biden. Biden didn't call."

The callers offered their congratulations and help in fund-raising, Titus said. ``They want to help me in '06 so that I can help them in '08."

If advisers to Senator Joe Biden of Delaware want to catch-up, they might eye a $2,500 gold table at the annual Clark County Democratic Party fund-raising dinner later this month. One party official said there has been ``much more interest" this year, and aides to former Virginia Governor Mark Warner and former Democratic vice presidential nominee John Edwards have inquired about buying tables.

The decision to hold Nevada's contest in January 2008 -- five days after the Iowa caucuses and three days before the New Hampshire primary -- sprang from DNC chairman Howard Dean 's push to front-load the Democrats' calendar with states representing a more diverse swath of the country.

Fast-growing Nevada is 20 percent Hispanic, 7 percent black, and 4 percent Asian. Voters want to talk about water scarcity, immigration, urban sprawl, the planned Yucca Mountain nuclear waste repository, and federal land-use policy: 87 percent of the state is owned by the federal government. Many longtime Nevada Democrats own guns, although they are increasingly joined by a deluge of retired former Californians who don't.

Both local and national party supporters of holding the early Nevada caucuses say the candidate who appeals to voters here will have a better chance of winning the general election, in part because many Western states share the same issues, and the region is closely divided between Republicans and Democrats.

In 2004, Nevada, New Mexico, Arizona, and Colorado -- holding 29 electoral votes together --were battlegrounds. George W. Bush beat John F. Kerry for Nevada's five electoral votes by three percentage points, and locals are still talking about Kerry's failure to pronounce the state's name correctly -- it's Nev-ah-da, not Nev-aw-da. The early caucuses, party leaders say, will forge a stronger connection between the 2008 nominee and Western states.

But the move has infuriated New Hampshire Democrats, who see the Nevada caucuses as a threat to their historical importance in shaping presidential politics through retail politics. They say that front-loading the calendar with a third contest in a nine-day period will mean that only candidates with money to spend on endless television advertisements will prevail.

Kathy Sullivan , the chairwoman of the New Hampshire Democratic Party, predicts that the Nevada caucuses will be a flop -- sidelined by the media, since Republicans have shown no signs that they will move their caucus date to the same time, and skipped by some of the major Democratic candidates.

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``I think this new calendar is all hat and no cattle," she said. ``It's not real. It's not really adding [to the race] what it's being sold as doing."

Nonetheless, New Hampshire Democrats have threatened to move up their primary's date in defiance of party rules in order to stay ahead of Nevada. National Democratic party leaders, in turn, have threatened to bar the state's delegates from voting at the 2008 national convention. Any decision in the impasse is months away.

In the meantime, Nevada Democrats are relishing their new role in the limelight.

For Titus -- who later in her conversation with a reporter remembered that New Mexico Governor Bill Richardson also called to congratulate her -- the national attention has been a welcome but distracting sideshow amid her campaigning.

But Senate minority leader Harry Reid , a Nevada Democrat, has had plenty of time to think strategically about the early caucuses he helped bring here.

In his eighth-story office atop Las Vegas's gleaming new federal building, Reid flips through a booklet about Nevada's mining operations and points with pride at the billions of dollars in gold that is extracted here each year. His point is clear: Reid ardently believes that Democrats, too, will find riches by asking candidates to go prospecting for votes in his home state.

``I believe Nevada is a gold mine -- not just for Democrats, but for our country," Reid said. ``I've been terribly distressed for many years about how we pick our presidential nominees. Go to Iowa -- no diversity, two percent diversity. Then you jump right off to New Hampshire -- no diversity and no people. . . . Nevada is a perfect state to test [candidates]."

Political analysts have already begun war-gaming how the caucuses may play out.

Chuck Todd of Hotline, a daily political newsletter, said that the candidate who can least afford to lose in Nevada is Richardson, whose potential campaign is predicated on the theory that he can win in the West because he is from New Mexico.

Todd also said Edwards has an early advantage in Nevada because he has visited the state to stump for a ballot initiative to raise the state's minimum wage, forging ties with service industry unions whose support could be critical.

But union leaders say the race remains wide open.

``I don't think it's a lock for Edwards or anyone else," said Danny Thompson , the head of the AFL-CIO in Nevada. ``You have to come and do the retail politics for support."

New Hampshire Democrats aren't the only skeptics about whether presidential-style retail politics -- stumping at numerous small rallies and meeting voters personally -- can be done in Nevada.

The state's economy does not slow down in the winter, and its rank-and-file voters have no history of participating in early presidential politics.

Reading the sports section at the Omelet House, a Las Vegas favorite in a mall far from the Strip and its ring of pawn shops and wedding chapels, Democrat Ed Smith said he works on Saturdays, driving a coach bus for tourists, so he doubts he'll take part in the caucus.

``I heard about it but I'm not planning to participate because I'm too busy," Smith said. ``I'll probably pay attention through the news media, but Las Vegas is a 24-hour town and people work all kinds of hours. A lot of people are going to have that problem."

Moreover, some analysts are skeptical about whether Nevada's diversity and moderate politics will be a factor in who wins. Hispanics have been a far smaller percentage of voter turnout than they are of the population.

And because the vote is in a caucus, requiring participants to sacrifice much of their Saturday, only committed liberal activists may show up.

``The people who are going to be active in those caucuses are similar to the ones that will be active in Iowa and New Hampshire," said commentator Jon Ralston , who has covered Nevada politics for two decades. ``They are the ideologues and the partisans."

But supporters of the early Nevada caucus argue that the excitement of having a say in who the nominee will be will drive casual Democrats, not just committed activists, to take part.

The last time, when the Kerry nomination was a foregone conclusion by the time of the late February 2004 caucus, about 9,000 activists showed up, local party members say. In January 2008, they predict, the turnout will exceed 100,000.

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``This is Nevada," said Steven Horsford , a state senator and member of the Democratic National Committee. ``We put on a lot of great events in this state, so we know we're capable of doing this one right."

Can Recast Clinton Play To Nation? (LAT)

By Mark Z. Barabak, Times Staff Writer

The Los Angeles Times, September 2, 2006

In the senator's role as a champion of locals, she has won over onetime foes. But that may not translate to a bigger -- say, presidential -- stage.

GLENS FALLS, N.Y. — Six years ago, when Hillary Rodham Clinton first ran for the U.S. Senate, Republican Rep. Thomas M. Reynolds derided her as a carpetbagger who brought nothing to New York but overweening ambition.

Today, he raves about their relationship. "I've found her always willing to listen and to roll up her sleeves and go to work with me," the Buffalo-area lawmaker said in a phone call between recent campaign stops.

Reynolds is no partisan slouch. He has close ties to the Bush administration and heads the Republican Congressional Campaign Committee. He has the most conservative voting record of anyone in New York's 29-member House delegation.

But like many New Yorkers who were skeptical, if not downright hostile, when Clinton planted herself in affluent Westchester County and started campaigning in 1999, his views of the former first lady have changed considerably. The turnabout helps explain why Clinton is romping to reelection in November — and may offer clues about how she plans to run for president, if she chooses to take that plunge.

Loved and hated nationally as a liberal crusader who sought to reinvent the country's healthcare system in one audacious swoop, Clinton is widely seen in her adopted home state as something else entirely: a bipartisan problem-solver who has never seen an issue too parochial for her concern.

Garry Douglas, president of the Plattsburgh-North Country Chamber of Commerce, said his organization presented Clinton with a wish list of roughly a dozen items during her first campaign, including a new crossing at the nearby Canadian border and expanded broadband access for the rural region. She delivered on every one, said Douglas, a Republican who voted against Clinton in 2000 but supports her reelection. Far from the imperial senator he expected, "I have found her to be remarkable in her accessibility," Douglas said.

Still, for all the attention to the home front, the prospect of a Clinton presidential bid follows her wherever she goes: a community health clinic in Rochester's rough Crescent neighborhood; at the city's cheery Museum of Play; on the greensward here in Glens Falls, a slice of small-town America at the foot of the Adirondack Mountains.

"I'm running for reelection, so that's what I'm focused on," Clinton told reporters at the Rochester clinic after they ignored her discussion of childhood asthma and lead-paint poisoning to ask about a Time magazine presidential poll. "I don't really take time out to worry about what's going to happen in the future."

That said, Clinton won't promise to serve her entire term if reelected. When her husband was Arkansas' governor, he did pledge to finish his term — and broke the promise when he won the White House in 1992.

But Clinton strategists are mindful of how New York's Nov. 7 election returns will be studied. They are prepared to argue that a strong showing in traditionally Republican upstate New York proves that, if she runs for president, Clinton can reach beyond hard-core Democrats and win over independents and even dubious Republicans.

Yet skepticism abounds.

"I'm glad they love her in New York. I'm glad they think she's a great senator," said Dick Harpootlian, a longtime Democratic activist in South Carolina. "In the next 26 months, do you think there's enough money on the face of the Earth for 51% of the country to know her that well? I don't think so."

Harpootlian has been friendly with the Clintons since their Arkansas days, but for the 2008 presidential election he is leaning toward former Virginia Gov. Mark R. Warner. Harpootlian believes too many Americans have a negative impression of the former first lady — and he doesn't think "there's enough television, enough mail or enough phone calls to change that."

In response, Clinton boosters point out that such talk was common when she first ran for the Senate.

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After some early missteps — including a flap over the financing of her new Westchester home — Clinton proved a far more adept campaigner than many expected. She displayed a work ethic that has carried over to the Senate: long hours, strong follow-through, attention to minute detail, and a willingness — with celebrity as her calling card — to go just about anywhere and speak to any audience, however small.

Even back in 2000, Clinton made a point of courting conservative upstate voters, vowing to make the region's economy — perennially sick — one of her priorities. Clinton touted a plan to create 200,000 new jobs in the region during her first term, and though she has failed — the region has lost jobs, according to the Federal Reserve Bank of Buffalo — many seem to give her credit for at least trying.

She is not one to enthrall audiences the way her husband did, but to paraphrase another famous New Yorker, Woody Allen, Clinton gets a great deal of credit simply for showing up.

"We're glad you're here," a beaming Mark Levack, a 44-year-old Republican developer, told Clinton when she met with Glens Falls business leaders and joined them on a stroll through its red-brick downtown. "It sends a message you really care."

Clinton faults President Bush for the region's economic troubles, though the upstate area struggled throughout her husband's eight years in the White House as well. "I hope that we get new policies starting in November," she told reporters after her walking tour ended with a small rally of sign-waving supporters.

As the blame-shifting suggests, Clinton doesn't shrink from Washington's partisan combat. In the last few months, she helped lead the Democratic fight for a boost in the federal minimum wage and for over-the-counter sale of the "morning after" Plan B contraceptive.

Though she broke with many Democrats by voting to authorize the invasion of Iraq and by introducing a bill to outlaw flag-burning — stirring liberal rumblings about Clintonian "triangulation" — her voting record places her to the left of 80% of her Senate colleagues, according to the nonpartisan National Journal.

She faces little threat from her challenger in New York's Sept. 12 Democratic primary, Iraq war opponent Jonathan Tasini.

Clinton's great political feat has been defying expectations, forging friendships and working on legislation with a number of high-profile Republicans — and not just New Yorkers — such as former House Speaker Newt Gingrich of Georgia and, perhaps most improbably, Sen. Lindsey Graham of South Carolina, who helped bring the impeachment case against Clinton's husband. She describes the two of them as "chairs of the Strange Bedfellows Committee."

The hands-across-the-aisle approach has helped refashion Clinton's image at home. In September 2000, during her first Senate race, 62% of New York voters described Clinton as a liberal and 23% as a moderate, according to a Quinnipiac University poll. A follow-up survey this June found 47% describing Clinton as a liberal, and 34% calling her a moderate. Nearly one in three Republicans approved of her job performance.

But changing her image outside New York is another matter.

A White House bid is different than running for reelection to the Senate; political philosophy matters much more, and it is hard for candidates to pork-barrel their way to the presidency.

Even a big fan like Douglas, of the North Country Chamber of Commerce, said he would have to "wait and see" before deciding whom to back in 2008.

And some question whether New York, even upstate, is much of a political proving ground.

The state Republican Party is in terrible shape, and the White House, often eager to intercede in state races, took a surprising pass.

"The good news is she has token opposition," said pollster Lee M. Miringoff of Marist College in Poughkeepsie, N.Y. "The bad news is she's not going to prove a whole lot running up the score in a strongly Democratic state in a strongly Democratic year."

mark.barabak@latimes.com

Talent Spending Seems To Have Paid Off (SLPD)

By Jo Mannies

St. Louis Post-Dispatch, September 2, 2006

DOJ_NMG_0057992

U.S. Sen. Jim Talent's deluge of ad spending apparently has paid off.

The latest Research 2000 poll for the Post-Dispatch and KMOV-TV (Channel 4) found that Talent, R-Mo., has chipped away at the edge held by his Democratic rival, state Auditor Claire McCaskill.

With a little more than two months left before Election Day, the two are in a statistical dead heat.

The Maryland-based firm's latest poll of 800 likely voters, conducted Monday through Thursday, found that 47 percent backed McCaskill and 46 percent supported Talent. Two percent supported Libertarian Frank Gilmour, while the remaining 5 percent were undecided.

Green Party candidate Lydia Lewis, who was just added to the November ballot, had no measurable support among those polled.

The poll has a margin of error of 3.5 percentage points, which means that any individual figure could be that much higher or lower. Research 2000 conducts polls for more than 80 media outlets around the country, including the Post-Dispatch.

In its earlier poll, in late June, McCaskill had a small lead of 6 percentage points over Talent.

Pollster Del Ali, head of Research 2000, gives much of the credit for Talent's recent gains to his expensive blitz of positive ad spots over the past six weeks.

Combined, Talent's campaign and an allied group have outspent McCaskill on TV ads by a margin of 10-to-1. In most parts of the state, Talent's ads are the only ones on the air.

Missouri's U.S. Senate contest is among the most closely watched in the country and considered among a handful that could help determine which party controls that chamber next year.

Ali said Talent had slightly improved his standing among Missouri voters, especially those who consider themselves independents. "He's clearly had a better month," Ali said.

But referring to McCaskill, the pollster added, "It's unclear if she's been hurt."

A majority of those polled, he added, still "approve of the job she's doing, and the majority like her."

Talent's approval ratings, Ali noted, aren't quite as good.

Close to $2 million in Talent ads have aired all over the state in recent months, according to Campaign Media Analysis Group, a nonpartisan firm that is monitoring campaign ads for a number of media outlets, including the Post-Dispatch.

Talent's campaign accounts for about two-thirds of that spending, while the rest came from the national Chamber of Commerce. According to the ad-monitoring firm, the chamber has spent more than $600,000 in Talent ads in the three largest TV markets in Missouri.

Meanwhile, McCaskill has spent only about $200,000 on ads, and all of them have aired only in southwest Missouri, a Republican stronghold. She also is spending Labor Day in that part of the state.

Ali said the two candidates' strategies are clear. McCaskill is seeking to peel away at Talent's edge in rural areas, while Talent is trying to improve his standing among suburban voters who have been leaning toward McCaskill.

PACs Fuel A Battle Of Bucks (KCS)

By David Goldstein

The Kansas City Star, September 2, 2006

WASHINGTON | Jim Talent was the Republican challenger in the Missouri Senate race four years ago, but he eked out a victory against a better-funded incumbent.

Now he's running for re-election and is flush with cash. Talent has raised more than twice as much — $10 million versus $4.6 million — as Democrat opponent Claire McCaskill. So far he has outspent her 3-1.

"We always knew we would be at a tremendous disadvantage," said McCaskill's campaign manager, Richard Martin.

That's putting it mildly.

The money Talent has banked from political action committees helps tell the tale. PACs are set up by business, labor and ideological groups to give political donations. They have sprinkled a little more than $600,000 on McCaskill, the Missouri auditor.

For Talent, it has been more of a downpour — $2.5 million in PAC dollars, according to the latest expense reports.

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"All they have to do is show up at fundraisers, and the checks go right in the bowl," said Sheila Krumholz, acting executive director of the Center for Responsive Politics, a campaign-finance watchdog group. "There are people lined up, especially corporate PAC directors, who are more than happy to deliver checks to a sitting incumbent, particularly an incumbent in the majority party."

Martin said McCaskill would end up with $8 million by the end of the campaign.

Talent campaign chief Lloyd Smith predicted his candidate would raise "north of $11 million," which likely means several million dollars "north," given what the campaign has already raised.

Whatever the amounts, the money will not gather interest. Missouri is a marquee contest this year. Talent is one of a handful of Republican senators whose defeat could loosen the GOP's 11-year grip on Capitol Hill.

McCaskill and Democratic candidates around the country are banking on growing dissatisfaction with President Bush — and Republicans in general — over the war in Iraq and other concerns to change their Election Day luck.

"Both candidates are not going to take any chances," said Steven Smith, director of the Weidenbaum Center on the Economy, Government and Public Policy at Washington University in St. Louis. "They will spend every nickel they can raise. Missouri is critical to the national picture."

Talent's PAC money gives him an edge, and it comes, in part, because of where he sits: the Senate Armed Services Committee; the Energy and Natural Resources Committee; and the Agriculture, Nutrition and Forestry Committee.

Among his PAC donors are companies in the defense and energy industries, and most of the major farm, dairy and food-manufacturing businesses in the country.

"Agriculture is the No. 1 industry in our state," Smith said. "They're very interested in Jim Talent remaining in the U.S. Senate. Yes, he sits on some important committees. But Jim Talent doesn't take a dollar from anybody because they want some specific thing done for them. They donate to his campaign because they believe in his overall concept of government as it impacts their industry."

McCaskill has one check from an agricultural PAC, $1,000 from the Smurfit-Stone Container Corp. in St. Louis. It gave Talent nearly $10,000. She also reported $7,000 in energy PAC money, but no defense-industry donations.

Labor, a staple of Democratic financial support, has been her biggest source of PAC money. But PAC money does not give the full picture of industry or interest-group support.

A former Jackson County prosecutor, McCaskill has gotten more than $21,000 from PACs associated with law firms. Talent has gotten about $95,000. But lawyers, including members of top Kansas City and St. Louis law firms, are significant contributors to both campaigns.

At Bryan Cave, for example, an international firm with offices in Kansas City, St. Louis and Washington, lawyers have contributed $50,000 to him and about $22,000 to her.

Bryan Cave specializes in representing corporations. In general, those kinds of law firms give more to Republicans, and plaintiffs' attorneys give more to Democrats.

"Most of the big law firms kind of play both sides," Martin said. "Claire is a lawyer, and she worked as a prosecutor. She has spent a lot of the year cultivating them."

Similarly, the Boeing PAC, whose defense business is headquartered in St. Louis, gave Talent $10,000. Boeing executives, meanwhile, gave him more than $35,000.

Other examples: Anheuser-Busch's PAC gave Talent $10,000. Executives at the St. Louis brewery gave him $27,000. McCaskill got no PAC money, but $2,350 from the brass.

The Cerner Corp. PAC gave Talent $4,200. Executives at the Kansas City health-care software company gave him about $27,000.

And the Monsanto PAC gave Talent $10,000, while executives at the St. Louis agricultural giant contributed more than $24,000 to him and $8,700 to his opponent.

Krumholz of the Center for Responsive Politics said PAC contributions could sometimes be just the tip of the iceberg.

"For some industries it's the individual contributions that make up the vast majority of the giving," she said. "Often (money) is given for the very same reasons as PACs, to bolster their influence and access."

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Find out where the money is coming from. | A4

Santorum Seeking Support From Women (PPG)

By James O'toole, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 2, 2006

Hoping to close a yawning gender gap in his re-election support, U.S. Sen. Rick Santorum, R-Pa., yesterday showcased the endorsements of a group of prominent Republican women, led by Sen. Elizabeth Dole, R-N.C.

About two dozen women joined the Senate colleagues, along with former U.S. Rep. Susan Molinari, state Sen. Mary Jo White and county Councilwoman Jan Rea, in a news conference at the Omni William Penn Hotel. Ms. Dole and Mr. Santorum were scheduled to repeat the performance later in suburban Philadelphia.

Ms. Molinari, a former lawmaker from New York, defended his book "It Takes a Family" from critics who have characterized it as demeaning to working women. She argued that the work, taken as a whole, affirms the choices of both working women and those who choose to stay at home to raise families.

In one widely noted and controversial passage, Mr. Santorum said that "radical feminism" has reinforced a view among some women that it is more "socially affirming to work outside the home than to give up their careers to take care of their children."

Mr. Santorum's Senate opponent, state Treasurer Bob Casey, has repeatedly derided the book, contending that its suggestion that a second income was not a necessity for some families was out of touch with the realities of the economy.

Ms. Dole, who chairs the Senate Republican Campaign Committee, praised Mr. Santorum as "a master legislator," citing his work on issues ranging from welfare reform to aid for Africa. Echoing a theme of the Republican campaign, she also accused Mr. Casey of ducking issues in this race.

"I don't know what he stands for," she said. "He's trying to be all things to all people."

Larry Smar, a spokesman for the Democratic challenger, said Mr. Santorum's effort to court women voters was prompted by the fact that "Rick Santorum knows he seriously hurt his standing among women by opposing emergency contraception."

In the most recent Keystone Poll, conducted by Franklin & Marshall College, the incumbent's re-election prospects were weighed down by his weak showing among women voters. Mr. Santorum was actually running ahead among men, with the support of 46 percent of those surveyed compared with 40 percent for Mr. Casey and 3 percent for Carl Romanelli, the Green Party candidate.

Among women, however, the standings were more than reversed, with Mr. Casey at 47 percent, Mr. Santorum, just 34 percent, and 4 percent for Mr. Romanelli.

Overall, the survey standings were Mr. Casey, 44 percent; Mr. Santorum, 39 percent; Mr. Romanelli, 4 percent; and 13 percent undecided.

The pattern of male voters being more inclined than women to vote for Republicans is common in recent elections, but the size of the gender disparity in this race is particularly pronounced.

Kennedy, Klobuchar Come Out Swinging In Debate (MINNST)

By Patricia Lopez, Star Tribune

Minneapolis Star Tribune, September 2, 2006

As the GOP and DFL candidates dispensed with niceties, the debate showed how testy the U.S. Senate race has become.

Three U.S. Senate candidates lit into one another on Friday during a State Fair debate that saw them challenging one another on the Iraq war, the federal deficit, health care, stem cells and other hot-button issues.

Dispensing with the usual cordialities, Republican U.S. Rep. Mark Kennedy used his introductory remarks to jab at DFL rival Amy Klobuchar, telling the crowd of more than 800 that "You don't get real change by sending another lawyer/lobbyist to the U.S. Senate. One look at the budget tells you we need at least one CPA."

Klobuchar, the Hennepin County attorney, immediately shot back, "I don't know who would want to hire an accountant who took a $200 billion surplus and turned it into a $300 billion deficit."

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She arrived amid a noisy entourage of dozens of cheering campaign volunteers, all wearing blue-and-white Klobuchar T-shirts, waving placards and chanting "Amy! Amy!"; a tight-lipped Kennedy watched from the stage in Carousel Park.

Hours earlier, the two campaigns had released a joint set of rules to govern their debates that prohibited noisy displays, applause and attempts by one campaign to "dominate" the crowd. The agreement also required civil behavior and two-minute opening answers, equal response time, no visual aids and no minor candidates.

Independence Party candidate Robert Fitzgerald was not included in the negotiations, but he was the only one to call from the stage for civility and an end to the catcalls.

In a sign of how testy this high-stakes race is becoming, the two campaigns later argued about whether the rules had been violated. Kennedy campaign manager Pat Shortridge insisted that Klobuchar's supporters had broken the rules "before the ink was dry." Klobuchar spokeswoman Tara McGuiness said they applied only to six upcoming debates the two have agreed to, even though their joint statement listed Friday's as well.

Sara Meyer, producer of Minnesota Public Radio's "Midday" show, which hosted the debate, said later that the rules had not been shared with MPR. She said MPR's only requirements were for introductory and closing statements and for each candidate to be able to query the others and take audience and call-in questions.

War talk

One of the first questions was on Iraq, with Kennedy, the Sixth District congressman, defending the current course.

"The focus has to be on victory, not on how quickly we retreat," he said to a chorus of boos. "The path to safety is to make sure we prevail in Iraq, but make sure we also go beyond that to address Iran ... Lebanon, Syria and other challenges."

The IP's Fitzgerald called for immediate withdrawal and said Kennedy, a three-term incumbent, has had six years to ensure an adequately supplied military. "Why were our troops going over there in the first place without the body armor they needed to be successful?" Fitzgerald asked.

Klobuchar said she has opposed the war from the beginning and wants troop withdrawal to start this year, adding: "We destroyed this country's military, we destroyed their police. When we leave, we have to do it in a responsible way."

Kennedy accused Klobuchar of hypocrisy, saying she had railed against oil companies while holding mutual funds that include stock in ExxonMobil. Klobuchar returned the accusation, saying Kennedy had aired ads criticizing oil company profits while taking $55,000 in campaign contributions from the oil industry.

Patricia Lopez • 612-673-7028 • plopez@startribune.com

GOP Senate Challenger's Arrest Detailed (LAT/AP)

By Matthew Daly, Associated Press Writer

The Los Angeles Times, September 2, 2006

WASHINGTON — Republican Senate candidate Mike McGavick ran a red light before being stopped for drunken driving, failed a roadside sobriety test and fell asleep during processing, according to a police report on the 1993 incident.

McGavick, seeking the Senate seat in Washington state, confessed to the previously unknown incident last week in an interview with The Associated Press. He later covered the same topics in an "open letter" on his campaign Web site in which he said he "cut a yellow light too close" before being stopped.

The police report, obtained by AP, says that McGavick registered a 0.17 percent blood alcohol level -- twice the current limit of 0.08 percent. McGavick told the arresting officer he had "two, maybe three beers" that night.

The report from the Montgomery County, Md., police, says the responding officer detected a "strong odor" of alcohol after stopping McGavick and a female passenger about 2 a.m. on Nov. 21, 1993.

"He appears to have been very cooperative," Montgomery County Police spokesman Derek Baliles told The Herald of Everett, Wash.

McGavick, who is challenging Sen. Maria Cantwell, wrote on his Web site that he was driving his now-wife, Gaelynn, home "from several celebrations honoring our new relationship and should not have gotten behind the wheel."

He was stopped after running a red light in Chevy Chase, Md., just outside Washington, the report said.

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"Thankfully, there was no accident, but it still haunts me that I put other people at risk by driving while impaired," McGavick wrote in his Aug. 24 posting. "All in all, it was and remains a humbling and powerful event in my life."

McGavick's spokesman, Elliott Bundy, denied that McGavick had misled voters by saying he had "cut a yellow light" rather than a red one.

"It was based on his memory of the event 13 years ago," Bundy said, adding that the logical implication of McGavick's statement is that the signal was red by the time he crossed it.

The report described McGavick, then 35, as having a flushed face, slurred speech and a swaying body. His demeanor was described as polite, cooperative and sleepy.

McGavick failed sobriety tests in which the officer moved his finger side to side and up and down. McGavick did better when he was asked to walk heel-to-toe on a line and stand on one leg.

After the tests, the officer drove McGavick to a nearby police station, where he fell asleep while waiting to have his blood alcohol level measured, the report said. His car, a 1991 Mazda Miata, was towed from the scene.

The citation did not appear on McGavick's driving record. In Maryland, a legal process known as probation before judgment allows first-time DUI offenders who aren't involved in an accident to keep their record clean by complying with all court-ordered activities.

McGavick has said he paid an undetermined fine and completed alcohol awareness classes as part of his probation. His record was later cleared.

War Veterans Lend Support To Lieberman In TV Ads (NYT)

By Jennifer Medina

The New York Times, September 2, 2006

HARTFORD, Sept. 1 — An independent group, Vets for Freedom, will begin sponsoring television commercials early next week for Senator Joseph I. Lieberman, thanking him for his support of the war in Iraq.

Vets for Freedom is a group of veterans of the wars in Iraq and Afghanistan and has ties to top Republican leaders.

The ads feature four Connecticut veterans, who look directly at the camera and appear to finish one another's sentences, after introducing themselves as veterans of the wars.

"When we were over there, it was important to know that someone had our back,'' one veteran says.

"Like Senator Lieberman," adds a second.

The ad continues with four phrases, with each veteran saying one: "No matter how complicated it got,''

"He was there for us.''

"Now that we're home, we're here for him."

"He stood with troops and their mission."

The ads will begin on Wednesday, with the group spending $75,000 to $100,000 for two days' viewing, primarily on cable news stations, but also on network affiliates in Hartford. The group plans to continue the campaign through the election cycle and will probably do another commercial, advisers to the group said.

The Virginia-based group was founded this summer as a 527 group, referring to the federal tax code that allows a nonpartisan group to advocate an issue or on behalf of candidates who support that issue.

The group is receiving advice from Taylor Gross, a former White House official; Bill Kristol, the editor of The Weekly Standard; and the Republican strategist Dan Senor. Mr. Lieberman's former chief of staff, Bill Andresen, is also helping the group, which by law is prohibited from communicating with the campaign.

In the next two months, Mr. Senor said, the ads will be shown on cable news outlets in Connecticut, but the group will also place them in other national media markets. There are no plans to promote any other candidate, but that could change in the next several weeks, Mr. Senor said.

Politics (WSJ)

By John Harwood

The Wall Street Journal, September 2, 2006

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Wooing the Center Remains Important

The coming week's Labor Day starting gun for the campaign 2006 home stretch marks a test for more than individual candidates. The next 10 weeks will also test conventional wisdom about how to win 21st-century elections.

From the reigning analysis of President Bush's 2004 re-election victory, and lately from Ned Lamont's defeat of Joe Lieberman in Connecticut's Democratic Senate primary, you would conclude that the "base" -- the most ideologically pure wing of each party -- is all that matters. But the pivotal Senate battle unfolding in Tennessee for the seat of retiring Majority Leader Bill Frist shows that isn't so.

Tennessee Republicans nominated former Chattanooga Mayor Bob Corker -- their most moderate primary candidate, with what some conservatives consider a suspect commitment to opposing abortion. And in 36-year-old Rep. Harold Ford, Democrats chose a nominee who voted for the war in Iraq, denounces "amnesty" for illegal aliens and backs a ban on gay marriage. They are running close in the polls.

Or consider California Gov. Arnold Schwarzenegger's resuscitation of his re-election prospects by moving to the center. His latest accomplishment: pushing through a landmark cap on greenhouse gas emissions through the Golden State legislature.

It is true that Messrs. Ford and Schwarzenegger are outliers -- an African-American Democrat trying to survive in the conservative South, and a Republican running on the Left Coast. Nevertheless, both stand against the hasty conclusion that swing voters no longer matter.

"That's not true," says Terry Nelson, a Bush 2004 strategist who now advises Mr. Schwarzenegger. Though the combination of Mr. Bush's style and the war shrunk the center two years ago, in 2006, "reaching out to the center is important."

There will be more tests of that proposition when Congress returns to session next week to lingering hot-button issues. So far, House Republican lawmakers are standing firm against White House attempts to push through comprehensive immigration legislation embracing border-security steps and a guest-worker program.

Better, they say, to have no bill than a bad bill because the latter might dispirit their conservative base. But will that line hold if voter unhappiness rises at the prospect of gridlock on one of their top concerns?

The same question applies to the minimum-wage stalemate. Conservative Republicans want to bury the idea now that members had a chance to vote for it in combination with estate-tax cuts; the package died in the Senate. "The folks in our conference who wanted that vote are satisfied," a House leadership aide says. But will those folks -- including vulnerable moderates in the Northeast -- remain content as the prospect of losing their seats draws nearer?

The leadership's assessment may prove correct; Rank-and-file Republicans ultimately may choose to wage an October campaign without action on either front. But political coalitions are dynamic, not static, and the 2006 bell lap will measure the nimbleness of both parties.

Not All Ethics Clouds Darken Election Day (LAT)

By Richard Simon, Times Staff Writer

The Los Angeles Times, September 2, 2006

Some incumbents facing scrutiny are favored to return to Congress anyway, undercutting Democrats' 'culture of corruption' attack.

WASHINGTON — Rep. John T. Doolittle has called Jack Abramoff a friend.

The Republican from Roseville, Calif., used Abramoff's skybox at a Washington sports arena for fundraising and has refused to return political donations from the disgraced lobbyist.

Now the congressman is the target of attack ads.

One, a takeoff on the old "tastes great, less filling" beer ads, features an argument over whether Doolittle is "corrupt or ineffective."

Even so, Doolittle is favored to win reelection.

Ethics scandals cast a shadow over the last session of Congress, and the "culture of corruption" under the Republican majority was expected to be a major Democratic theme in the midterm campaign.

But it hasn't turned out that way.

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Political observers say voters are focused instead on the Iraq war, immigration and gasoline prices.

And the fact that some incumbents under the ethical cloud are Democrats has undercut the party's ability to use the issue as a major weapon against Republicans.

In fact, a number of lawmakers whose conduct has come under scrutiny are expected to be reelected.

Rep. Jerry Lewis (R-Redlands), who is under investigation over his ties to lobbyists, faces such a little-known, underfunded opponent that the Appropriations Committee chairman hasn't even hired a campaign manager or opened a campaign office.

Rep. Richard W. Pombo (R-Tracy), who is under attack for his conduct as well as his record on the environment, is favored to win because his district leans Republican and because of his ability to raise campaign funds as Resources Committee chairman.

And Rep. Alan B. Mollohan (D-W.Va.), who stepped down as the top Democrat on the Ethics Committee after allegations that he steered millions of dollars to nonprofits he helped control, also is outpolling his challenger.

That's not to say some lawmakers who have come under scrutiny aren't nervous.

Sen. Conrad Burns (R-Mont.) — who also had ties to Abramoff, the once-powerful GOP influence peddler who pleaded guilty to defrauding clients and conspiring to bribe lawmakers — is in a tight race.

Rep. William J. Jefferson (D-La.), the subject of a bribery investigation who was found with $90,000 in cash in his freezer, has drawn a dozen challengers, a number of them prominent Democrats.

And Rep. Don Sherwood (R-Pa.) faces a tough challenge after disclosures that the married congressman settled a lawsuit brought by a former mistress.

Polls have shown that most Americans see the two parties as equally prone to corruption.

Even so, the issue had seemed to be one the Democrats could use to their advantage.

But two GOP poster boys for the Democrats' "culture of corruption" campaign — former House Majority Leader Tom DeLay of Texas and Rep. Bob Ney of Ohio — decided not to seek reelection.

"Who are the faces of the Abramoff scandal? Bob Ney. Tom DeLay. Ralph Reed. Conrad Burns. Who's left?" said Matt McKenna, spokesman for Burns' Democratic opponent, Jon Tester.

Reed, the former Christian Coalition leader, who has ties to Abramoff, lost Georgia's GOP primary race for lieutenant governor in July.

Democrats were dealt another blow when they tried to make ethics a major theme in the race to replace former Rep. Randy "Duke" Cunningham, the imprisoned Republican from Rancho Santa Fe, Calif., who plead guilty to corruption charges last year. Republican Brian Bilbray won that seat, despite Democrats' highlighting of his work as a lobbyist.

Julian Zelizer, a Boston University history professor, said the corruption issue "already did its damage."

"There is not as much to gain by investing the entire campaign on that theme."

So though they still are emphasizing ethics, especially in the districts of Republicans whose conduct has come under scrutiny, Democrats are doing so as part of a broader message. They are using the continuing instability in Iraq, high gasoline prices and the government's slow response to Hurricane Katrina to call the GOP's leadership into question.

Indeed, more Democratic-sponsored TV ads picture Republicans with an unpopular President Bush than with Abramoff. A number of commercials assail Republicans as tools of "special interests," citing their support from the oil industry at time of high gas prices.

With the midterm elections two months away, the political calculus could change, especially if the ongoing investigation of influence-peddling in Washington leads to indictments.

But for now, Doolittle and Pombo are ahead in their races — "but only because gerrymandering has made their districts so heavily Republican," said Jack Pitney, a professor of government at Claremont McKenna College.

Doolittle's Democratic challenger, Charlie Brown, has aired a radio ad featuring Vietnam veteran and former Georgia Sen. Max Cleland talking about Brown's record as an Air Force officer. "We will not lie, cheat, steal, nor tolerate those who do," Cleland says. "That's U.S. Air Force Academy honor code."

Doolittle spokesman Richard Robinson said the race would be decided on issues such as national security, not a "phony culture of corruption" campaign.

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"Mr. Doolittle has represented this district for 25 years," he said. "People know him. They know him to be a hard-working, honest, sincere man."

Meanwhile, the nonpartisan Cook Political Report, a handicapper's guide to elections nationwide, has moved the Pombo race off its list of most competitive contests.

Pombo, opposed by Democrat Jerry McNerney, remains a top target for environmentalists because he advocates drilling in the Arctic National Wildlife Refuge and relaxing a ban on offshore oil drilling.

Defenders of Wildlife Action Fund is running TV ads that focus on reports of Pombo billing the government to take his family on a "working vacation" to several national parks. Pombo's spokesman has said the congressman's family went along at no additional cost to taxpayers.

In Lewis' case, Democrats said, the veteran Republican congressman's troubles arose too late for them to recruit a better-known, better-funded candidate.

Lewis, who has denied any wrongdoing, had nearly $1.5 million on hand in his campaign fund through June.

Mollohan, meanwhile, faces a tough challenge from Republican Chris Wakim, a West Virginia state delegate who has the backing of Vice President Dick Cheney, first lady Laura Bush and House Republican leaders.

But it appears "lightning would have to strike" to dislodge Mollohan, said Robert Rupp, a political scientist at West Virgini a Wesleyan College.

Mollohan has been able to hold on to an increasingly Republican district by, among other strategies, touting his support from the National Rifle Assn. and the millions of dollars in projects he has brought to the district.

richard.simon@latimes.com

Special Election Draws 5 For DeLay Seat (AP-Y)

AP, September 2, 2006

Five people will run in the special election to temporarily fill the seat vacated by former House Majority leader Tom DeLay, the secretary of state's office said Friday.

The special election will be held Nov. 7, the same day as the general election.

Houston City Councilwoman Shelley Sekula-Gibbs, backed by Republicans as a write-in candidate in the general election, is among those who filed by Friday's deadline for the special election.

She is joined by three other Republicans — retired Air Force Maj. Don Richardson; Dr. Hoa Tran Giannibecego; and former U.S. Rep. Steve Stockman — and Libertarian Bob Smither.

Nick Lampson, the Democratic candidate for DeLay's seat, has said he would not run in the special election but would instead focus his attention on the general election.

Republicans were left to rally around Sekula-Gibbs as a write-in candidate for the general election after the courts denied GOP efforts to replace DeLay's name on the ballot. DeLay won the March Republican primary before quitting the race.

Each Candidate Claims The Advantage In A Fierce 4-Way Congressional Race In Brooklyn (NYT)

By Jonathan P. Hicks

The New York Times, September 2, 2006

At a breakfast in Brooklyn yesterday morning, more than 50 ministers hailed City Councilwoman Yvette D. Clarke as the next member of Congress from their borough.

City Councilman David Yassky, meanwhile, was endorsed by the influential Crown Heights Political Action Committee, the political arm of the Crown Heights Jewish Community Council.

State Senator Carl Andrews was preparing to tour the district alongside the Rev. Al Sharpton, one of his well-known supporters. And Chris Owens, the son of the man each of the candidates hopes to succeed, was telling voters of his endorsement by the city's best-known black newspaper, The Amsterdam News.

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In the days leading to the Sept. 12 primary, each of the four candidates running for the Democratic nomination for the Congressional seat in central Brooklyn claims to have momentum. The race has been one of the most closely watched for the United States House of Representatives in New York City.

Voters in the 11th Congressional District are finding their mailboxes stuffed almost daily with literature from the candidates. And each makes a strong argument for his or her prospects for success.

The race is anybody's ballgame, said Evan Stavisky, a political consultant who is not affiliated with any of the candidates.

Until the actual vote, Mr. Stavisky said, it will be a rough battle, fought block by block, house by house, mailbox by mailbox, phone by phone and door to door.

The race has attracted so much attention because Mr. Yassky is white and the three other candidates are black. The district's population is about 60 percent black, and many black officials in Brooklyn have worried that a crowded Democratic field of candidates would pave the way for Mr. Yassky to win the seat, which has been held by black politicians since Shirley Chisholm in the 1960's.

Mr. Yassky, who has raised more money and spent more than his rivals, has been promoting his endorsement by the editorial page of The New York Times at every turn.

"I have felt for several weeks that, as voters began to focus on the election and hear my arguments, that they have gotten interested in the campaign and they have come over and supported it,'' Mr. Yassky said. "I believe that's been true for several weeks, and it continues to be true."

Ms. Clarke, meanwhile, insisted that her strong support from labor groups and several prominent political leaders would help her on primary day.

Ms. Clarke has been endorsed by Representative Anthony D. Weiner, whose constituency is the adjacent Congressional district and who came in second in last year's Democratic mayoral primary behind Fernando Ferrer. Ms. Clarke has also received two significant endorsements from the politically influential 1199/S.E.I.U., the health care union, and Service Employees Local 32BJ, the janitors' union.

"I feel I have a lot of momentum," Ms. Clarke said. "The endorsements I've been getting, from clergy to highly respected elected officials as well as labor unions, have given me a lot of momentum."

Similarly, Senator Andrews said that he feels that the election is swinging his way.

"We have an excellent get-out-the-vote program that is going to be working well," Mr. Andrews said. "All the pieces are falling in place.''

Mr. Andrews pointed out that he has the support of the state A.F.L.-C.I.O., New York's largest labor federation, as well as the endorsements of several well-known politicians, including Attorney General Eliot Spitzer, former Mayor David N. Dinkins and Mr. Sharpton.

Mr. Andrews said he has the advantage in the race of representing a State Senate district that is wholly within the Congressional district. He said voters are more familiar with him and have become accustomed to voting for him.

Indeed, Mr. Sharpton said he intended to play an active role in Mr. Andrews's campaign beginning this weekend.

"I intend to hit the groups running, beginning Labor Day," he said. "I intend to do radio spots and telephone. I intend to be everywhere in this campaign."

Like the other candidates in the race, Chris Owens, too, said that he had momentum on his side.

"I believe that I have momentum, particularly in the African-American community," said Mr. Owens, the son of Representative Major R. Owens, the district's congressman since 1982, who is not seeking re-election.

"We have received endorsements from three African-American newspapers," Chris Owens said. "Wherever I go to campaign, everyone I talk with knows that I'm running, and there has been a very positive response to our campaign."

Despite all the endorsements and support, the candidates contend that, in the end, it will be their ability to get voters to the polls that will make the difference.

Many political analysts and consultants contend that this will be a low-turnout primary. They point out that the races at the top of the Democratic ticket, for governor and United States Senate, are not considered very competitive.

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"In the end, each candidate is going to have to get out his or her base," Mr. Stavisky said. "That's what's going to put the winner over the top. And right now they are all making sure that they can do that."

Judge Denies Bid For New Nev. Primary (AP-Y)

By Sandra Chereb, Associated Press Writer

AP, September 2, 2006

A judge on Friday denied a defeated congressional candidate's request for a new Republican primary, saying the state court lacks jurisdiction.

Assemblywoman Sharron Angle lost to Secretary of State Dean Heller by 421 votes the three-way Aug. 15 GOP primary. They were seeking to replace U.S. Rep. Jim Gibbons, who is running for governor.

Gibbon's wife, Dawn, also ran but came in a distant third.

Instead of a recount, Angle sought to void the contest results and argued that confusion and delays at some polling places disenfranchised voters.

After a daylong hearing, District Judge Bill Maddox said there was no evidence election officials in Washoe County committed malfeasance when some voting locations opened late because polling workers didn't show up.

Angle said she would not appeal Maddox's findings to the Nevada Supreme Court, and congratulated Heller on his victory.

"I want to support him in his bid," Angle said, and "help him to defeat the Democrat, Jill Derby," in November.

Wetterling Aims Tax Plan At Middle Class (MINNST)

By Pat Doyle, Star Tribune

Minneapolis Star Tribune, September 2, 2006

The DFLer running for Congress calls her proposal aid for lagging wages. Her GOP foe said Bush's cuts should be extended instead.

Calling for tax breaks for the middle class, DFL congressional candidate Patty Wetterling on Friday proposed bigger credits for families with children and for college students and expanded mortgage deductions for homeowners.

Wetterling said her plan would cost $389 billion over 10 years, much of it offset by crackdowns on tax cheats and corporate loopholes.

The DFL-endorsed candidate in the Sixth District north of the Twin Cities, Wetterling said her proposals target a middle class whose wages have lagged the increased costs of gasoline, college education and health care.

"The middle-class squeeze is making it more and more difficult to put aside savings each month," she said.

The proposal was denounced by her Republican opponent, Michele Bachmann, who said, "Patty has seemingly proposed making our tax code more complicated and burdensome to the average Minnesotan. I have long been an advocate of a simplified tax code."

Bachmann and Tom Reynolds, chairman of the National Republican Congressional Committee, said Wetterling's proposal would do less to help the middle class than extending President Bush's tax cuts.

Bachmann favors making all of those cuts permanent. Wetterling's campaign said she may support some of the Bush tax cuts that primarily affect the middle class Americans but reject others. "There are some Bush tax cuts that we are very supportive of," said campaign manager Corey Day.

Bachmann called that stance insincere, saying Wetterling would likely vote with other Democrats to end all the Bush tax cuts if she is elected. And that, Bachmann added, would boost taxes by $2,000 on a family of four earning $50,000.

At a State Capitol news conference, Wetterling said about $300 billion in federal taxes go uncollected each year. Day later pegged the extra revenue from Wetterling's proposed changes to corporate tax law at more than $220 billion over 10 years.

Wetterling's income tax plan would allow all homeowners, not just those who itemize expenses, to deduct mortgage interest. She said that would cut the taxes of 10 million Americans, most of whom earn $50,000 or less a year.

She also proposed increasing and simplifying child tax credits. In one hypothetical, the credit for a family of three earning $80,000 would rise from $850 a year to $2,500. Under another proposal, a college student's current $1,500 credit would rise to $3,000.

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Pat Doyle • 651-222-1210 • pdoyle@startribune.com

Hammering At Spitzer, But With Nary A Dent To Show (NYT)

By Danny Hakim

The New York Times, September 2, 2006

ALBANY, Sept. 1—Eliot Spitzer may be far ahead in the polls as he heads toward the Sept. 12 Democratic primary in the race for governor, but he did have a bumpy week.

The Republican candidate, John Faso, hammered at Attorney General Spitzer for accepting flights on a private jet owned by Richard Fields, a developer who ferried Mr. Spitzer to fund-raisers across the country, and who has himself donated $200,000 through various entities he controls.

Thomas R. Suozzi, the Nassau County executive and Mr. Spitzer's Democratic primary rival, mistakenly accused the Spitzer campaign of accepting $50,000 from a consortium leading a project to drape jumbo power lines across swaths of upstate. The charge proved to be false, but Mr. Spitzer's campaign fanned the story by initially confirming it.

Mr. Spitzer's campaign was also chided by The Syracuse Post-Standard for offering to cover the $10 state fair admission fee for hundreds of supporters to attend a rally. The practice has precedent among politicians in both parties, but the spokesman for the Board of Elections said it raised questions about whether it was strictly in accordance with election laws.

Not that any of this came close to making a dent in Mr. Spitzer's aura of invincibility. The attorney general leads Mr. Suozzi by more than 50 points in various polls. In keeping with his Rose Garden strategy, Mr. Spitzer declined invitations to three debates this week and even turned down an offer of free air time on Clear Channel stations, leaving Mr. Suozzi — who is unknown to many voters — to debate himself.

The most substantive criticism was over the issue of Mr. Spitzer's plane rides with Mr. Fields, which were reported by The Albany Times-Union. Mr. Fields is involved in an effort by the Oneida Indian Nation of Wisconsin to build a casino in the Catskills and has been registered to lobby on their behalf in the past. He is also one of the main investors in a group bidding for the lucrative rights to the state's horse racing franchise.

Mr. Fields's group also includes Steve Swindal, George Steinbrenner's son-in-law. More than half a million dollars from people with ties to various horse racing interests has poured into Mr. Spitzer's coffers, with the rights to operate Aqueduct, Saratoga and Belmont expiring at the end of next year.

In addition to his abundant cash contributions, Mr. Fields also flew Mr. Spitzer by private jet from Phoenix to Tucson, Tucson to Cincinnati, and Cincinnati to La Guardia, for fund-raisers in those cities.

Finance laws require campaigns to reimburse for private flights by using first-class commercial airfares, a policy that has itself been criticized for not reflecting the true cost of flights on private jets. The Spitzer campaign reimbursed $4,301 for the flights.

"What we did was in absolute compliance, meticulous compliance, with all the rules and regs out there," Mr. Spitzer said on Thursday. "That is how we've done everything in this campaign. We have enough lawyers who look at things to make me comfortable that we never have come close to the edge."

One issue, among others, is that there are not direct flights between Tucson and Cincinnati, making the reimbursement calculation unclear.

Asked if the state's Lobbying Commission was investigating, David Grandeau, the executive director, said, "We don't comment on pending investigations."

Asked if he could talk about it if it was not a pending investigation, Mr. Grandeau said,

"I could, but I wouldn't."

Mr. Faso, the Republican candidate, said, "There is one set of standards for Eliot Spitzer and one set of standards for everyone else."

But an Associated Press article on Friday said Mr. Faso had taken flights on a private plane in 2002 when he was running for comptroller. The plane was owned by a contractor that does business with the state. Mr. Faso said he recorded the full value of the flights as campaign contributions.

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Further confusing matters, Mr. Spitzer's office is representing the Lobbying Commission in a lawsuit related to similar private flights taken by Senate Majority Leader Joseph L. Bruno on a plane owned by a man who is part of another group seeking the horse racing franchise.

Finally, Mr. Spitzer's running mate for lieutenant governor, David L. Paterson, the State Senate's minority leader, has his own experience flying with Mr. Fields. In February, Mr. Fields was fined $13,500 by the Lobbying Commission for a private flight granted to Mr. Paterson, $4,500 of which was reimbursed by Mr. Paterson.

"What I have said, prospectively, since people have been asked the question, is that we're not going to go on anybody's plane unless we have paid the full total cost, regardless of what the rules are, so once again, we're doing more than what is required by the rules," Mr. Spitzer said. In other words, he would reimburse an amount more in line with the much higher cost of a private or chartered plane.

Howard Wolfson, a spokesman for Mr. Fields, said his client "acted completely under the rules and guidelines in providing the plane and billing for it."

Why has Mr. Fields given so much money and air travel to Mr. Spitzer?

"He, like the majority of New Yorkers, supports Eliot Spitzer and thinks he's going to be our next great governor," Mr. Wolfson said.

Spitzer Makes An Appeal For Reform (NYT)

By Michael Cooper

The New York Times, September 2, 2006

This 30-second spot for Attorney General Eliot Spitzer, a Democratic candidate for governor of New York, began running last night on network and cable stations throughout the state.

PRODUCER Moxie Pictures

THE SCRIPT An announcer intones: "If we're ever going to reform Albany, it's going to start on Sept. 12: Primary Day. Because if one man can stand up to the powerful, so can you. He'll ask and you'll answer, and with one collective roar, we'll wake this state government right out of its long sleep. And on that day, government will stop being that thing we complain about and start being that thing we can do something about.''

ON THE SCREEN A montage of snippets from the campaign trail, many with a hand-held, cinéma-vérité feel, showing Mr. Spitzer at the state party convention in Buffalo, getting off his campaign bus, addressing a crowd in shirtsleeves, and shaking hands. More shots show supporters holding "Spitzer" campaign signs; a woman wearing a T-shirt that says "Mexican-Americans for Spitzer-Paterson 2006," referring to his running mate, State Senator David A. Paterson, a candidate for lieutenant governor; Mr. Spitzer with a group of firefighters, and a woman with a hand-lettered sign that says: "Eliot Spitzer es el Mejor,'' (Eliot Spitzer is the Best.) The screen cuts to black and says "Vote. Primary Day is Sept. 12."

SCORECARD Both Mr. Spitzer and his rival in the Democratic primary, Thomas R. Suozzi, the Nassau County executive, are running on a platform of reforming Albany. Mr. Suozzi argues that he has been more outspoken in his criticism of state government, pointing to a campaign he led called "Fix Albany" that antagonized top state officials. Mr. Spitzer, who has been the state's attorney general for nearly eight years, asserts, as the ad says, that he stood up to powerful interests as attorney general and he will stand up to powerful interests in Albany as governor. Interestingly enough, the footage of people cheering to the line, "With one collective roar we'll wake this state government," was taken at the state party convention in Buffalo; many of those cheering are part of state government. Finally, the ad is notable for what it does not say: The announcer never mentions the name "Spitzer,'' and the final screen asks people to vote, but not specifically for Mr. Spitzer. It seems that a commanding lead in the polls gives artistic freedom to ad makers.

Ehrlich Easily Tops O'Malley In Funds (WP)

By Eric Rich, Washington Post Staff Writer

The Washington Post, September 2, 2006

DOJ_NMG_0058004

Maryland Gov. Robert L. Ehrlich Jr. and his running mate raised $630,000 in the 17 days ending Aug. 25, sprinting past Baltimore Mayor Martin O'Malley (D) and his running mate as they collected $455,000, according to figures provided by their aides yesterday.

Ehrlich's Republican ticket headed into the final 10 weeks of the campaign with far more cash on hand, ending the period with $8.59 million in reserve, compared with the O'Malley ticket's $4.64 million, aides said. But O'Malley's running mate, Del. Anthony G. Brown (D-Prince George's), proved to be an effective fundraiser, collecting $121,700 -- nearly doubling the $65,000 raised by Ehrlich's running mate, Maryland Secretary of Disabilities Kristen Cox.

The reports, due at midnight last night, are required by law to cover the 19 days ending Aug. 27 but were incomplete because of confusion about the reporting period. Aides cited incorrect information on a State Board of Elections Web site. A state official said the mistake has been corrected.

In Montgomery County's first competitive executive's race in 12 years, County Council member Steven A. Silverman (D-At Large) will report raising five times as much as former council member Isiah "Ike" Leggett (D) ahead of the Sept. 12 primary, figures provided by the campaigns show.

Silverman collected $329,638 in 17 days, bringing his total to $2.2 million -- a record for a Montgomery executive's contest. He spent $191,638 and has $642,069 in the bank, according to numbers provided by a campaign aide.

Leggett raised $64,560 in 19 days, bringing his total to $831,000, which includes $125,000 the candidate lent his campaign. Leggett spent $135,975 and has a balance of $430,220, according to documents submitted to the state.

In the race for the state attorney general's office, reports were expected to show that Montgomery prosecutor Douglas F. Gansler spent heavily but finished the period with cash reserves dwarfing those of his rival for the Democratic nomination, Baltimore lawyer Stuart O. Simms. Both campaigns prepared reports covering the entire 19-day period.

Gansler was expected to report having $1.05 million on hand after spending $438,000, most of it on television ads. Simms was expected to report having just less than $65,000 after spending $76,000. Simms was closer to Gansler in fundraising, collecting $75,000 to Gansler's $84,000.

The unopposed Republican candidate, Frederick County State's Attorney Scott L. Rolle, will report raising between $25,000 and $30,000, an aide said.

Comptroller William Donald Schaefer (D) reported raising $112,000, spending $205,000 and ending up with $327,000. His challengers for the party nomination, Montgomery Del. Peter Franchot and Anne Arundel County Executive Janet S. Owens, had not yet filed, and their aides said no information was available.

Staff writer Ann E. Marimow contributed to this report.

Area Minorities Try To Expand Political Power, Involvement (WP)

By Ann E. Marimow, Washington Post Staff Writer

The Washington Post, September 2, 2006

Candidates Seek Support Of Growing Ethnic Groups

Inside what was once a segregated two-room schoolhouse on East Randolph Road, black, Latino, Asian and African leaders held hands, lowered their heads and vowed to join forces for the first time to increase minority participation in Maryland's upcoming elections.

"Communities of color are watching and mobilizing," Henry Hailstock, president of the Montgomery County chapter of the NAACP, said recently as the leaders signed a unity pledge and circulated a calendar of voter drives at churches and supermarkets.

Since the 2000 election cycle, nearly all of Maryland's population growth has been among blacks, Hispanics and Asians. Leaders of those communities are trying to turn those numbers into political clout, and candidates -- from those in county executive contests to those in the race for governor -- are responding by courting them for endorsements and campaign cash.

Gov. Robert L. Ehrlich Jr. (R) raised $60,000 one night this spring at the home of a Korean American business owner in Howard County. Another fundraiser is planned with Asian leaders in Montgomery. Ehrlich's rival, Baltimore Mayor Martin O'Malley

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(D), is creating a Spanish version of his Web site and preparing to roll out Amigos de O'Malley, a group of Latino supporters in Prince George's and Montgomery counties.

The leaders of these diverse groups say they are motivated by the national debate over immigration and the renewal of the Voting Rights Act in Congress, but their efforts could have repercussions at the local and state level, including in the Sept. 12 primaries in Maryland and the District.

In the District, Hispanic organizations have dipped into the city's political process for the first time, pressing their issues with candidates in the mayoral and D.C. Council races, turning out 350 people for a debate and forming a political action committee that has endorsed council member Adrian M. Fenty (D-Ward 4) for mayor.

For too long, "the city has not incorporated Hispanics into its agenda," said Eugenio Arene, executive director of the Council of Latino Agencies, an umbrella group of multicultural nonprofit groups.

In Virginia, ethnic groups say they are trying to boost participation as the November election nears. The Democratic Latino Organization of Virginia held a forum in Arlington County last week featuring local politicians and others, said state Secretary Sindy Benavides. The organization is planning voter registration drives and other efforts from Northern Virginia to Galax, near the Tennessee border.

Next Saturday, Fairfax County Republicans will hold what they bill as an "ethnic rally" that is expected to draw Sen. George Allen and Northern Virginia's two GOP members of Congress, Reps. Frank R. Wolf and Thomas M. Davis III.

The event comes as state Republican leaders try to gauge the fallout from remarks Allen made last month to a Fairfax County native of Indian descent. At a rally in southwest Virginia, Allen referred to S.R. Sidarth, a campaign worker for opponent James Webb (D), as a "macaca" and urged the crowd to welcome him to "America and the real world of Virginia." Allen has apologized, but political analysts say the remarks could hurt the GOP in Northern Virginia, where immigrant populations are swelling.

Even as the Montgomery leaders came together last month at the former Smithville Colored School in Silver Spring, they recognized their differences in language and tradition. Blacks in the county as well as statewide have a long history of political organizing, with roots in the civil rights movement. Their leaders said they were re-energized by the debate over voting rights in Congress to build strength in numbers by collaborating with newer Latino and Asian communities.

The challenge is reaching out to these diverse voters on their turf, in the places where they shop, worship and get their news. Outside Grand Mart, an international market in Gaithersburg, Spanish-language radio celebrity Pedro Biaggi lured potential voters with a wink and a smile and a Latin beat blaring from his station, Washington's 99.1 El Zol.

" Â¿QuÃ© pasa? Â¿Quieres votar? " asked Biaggi, dressed in gym pants and a T-shirt.

For Biaggi, the voter registration drive is an outgrowth of the pro-immigration demonstrations staged in April in cities throughout the United States.

"We already marched. Now we have to vote," he said.

CASA of Maryland Inc., an immigration advocacy group in Silver Spring, counts 277,000 minority and immigrant residents in Maryland who are eligible to vote but not registered. The coalition has declined to set a target for the election, and the work is slow going. In one hour, Biaggi and the volunteers registered 12 people. All were naturalized citizens from countries such as El Salvador, Mexico and Peru. Nearly all were in their twenties and thirties. They heard Biaggi's message on the radio and drove to meet him after work.

JosÃ© Yanez, 26, a deliveryman born in El Salvador, became a citizen about six months ago. "Too many Spanish people don't vote," he said, including his older brother and sister. "There are important issues."

The trouble is that most of the people lined up at the registration table last month were not familiar with the candidates' names.

"People don't hear enough about it in advance," said Costa Rican-born Yamila Chacon of Damascus, a project manager for a computer service company. "I need to know who I'm voting for."

Since 1990, the Washington region's immigrant population has more than doubled as the overall population has grown by about a quarter. In Maryland, about 12 percent of the household population last year was foreign-born, according to numbers from the 2005 American Community Survey. In Montgomery, it was 29 percent, and in Prince George's, 17 percent.

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The two leading Democratic candidates for Montgomery county executive -- Isiah "Ike" Leggett and Steven A. Silverman -- have sought out these residents, giving interviews on Spanish-language radio and Telemundo's local Telenoticias 64 and appearing on the local Chinese cable TV channel.

Silverman's campaign literature has been translated into Spanish, Mandarin and Vietnamese, and visitors to the Web sites of many Montgomery candidates for the General Assembly can click on Spanish versions. Hans Riemer, a County Council candidate in District 5, has a version of his site in Amharic, the official language of Ethiopia.

The Hispanic Democratic Club of Montgomery County intends to spend $9,000 this election season to mail sample ballots in Spanish to Democrats with Hispanic surnames culled from a database. Hispanics represent 5.7 percent of the state's population but account for 13.6 percent in Montgomery and 10.7 percent in Prince George's.

In the District, local Democratic leaders and community organizations estimate there are 5,000 to 10,000 registered Latino voters. Gustavo F. Velasquez, director of the mayor's Office on Latino Affairs, estimates from census and election data that Hispanics might make up 2.5 percent of the vote "if we have a strong showing." That percentage "can be extremely important in a close election," he said.

In Maryland, Montgomery leaders have found common ground on such issues as education, affordable housing and health care, but they have not coalesced around a slate of candidates. In the county executive's race, the Hispanic club endorsed Leggett, a former council member and chairman of the state Democratic Party. The Coalition of Asian Pacific American Democrats of Maryland backed Silverman. His fundraiser last fall with the Chinese community attracted 600 people and raised $20,000, according to the campaign.

At a fundraiser for Del. Susan C. Lee (D-Montgomery) recently at the New Fortune restaurant in Gaithersburg, O'Malley worked the crowd for three hours to make inroads with Montgomery's Asian community.

The Montgomery coalition has stated its preference in at least one race. In Wheaton recently, Korean leaders mobilized minority and women's rights organizations on a Sunday afternoon to chastise Comptroller William Donald Schaefer (D) for what they called a series of intolerant statements. Del. Peter Franchot (D-Montgomery), a party rival, was there, and Leggett and Silverman made a rare joint statement.

Schaefer's comments, which he said were misinterpreted, linked a North Korean missile test to the immigrants, most of them from South Korea learning English in public schools, and were front page news for several days in the area's two main Korean language dailies.

At a series of voter registration drives last month at Korean churches, participants said the remarks were the hot issue inspiring congregants to sign up. Korean leaders registered 190 people in Montgomery and 140 in the Baltimore area.

Asian Americans who have put off registering in the past "don't want this to happen again," said Chung Pak, chairman of the League of Korean Americans of Maryland. "They feel they have to raise their voice, and the way to do so is to participate in elections."

At the state level, Asian leaders have demonstrated their burgeoning political strength, persuading legislators and the governor during the General Assembly session this year to have the state officially recognize the Asian Lunar New Year. Ehrlich marked the occasion by hosting a reception at the governor's mansion. He recently stopped by the Asian American Business Conference in Rockville, where he was joined by Benjamin H. Wu, assistant secretary for business and economic development.

In the past 15 years, the Asian population in Montgomery has increased 60 percent and now makes up 13.2 percent of the county's overall population, compared with 4.8 percent statewide. Although Asian Pacific Islanders are still a fraction of all voters, their participation in presidential elections in Maryland increased 85 percent, to 50,000, between 2000 and 2004, according to U.S. Census figures analyzed by the District-based Asian Pacific Islander American Vote.

With limited time and money, candidates have traditionally spent their resources on those parts of the county identified through voter rolls as routinely having high turnout in elections. Newly registered voters have no such track record and tend to be younger and more diverse. But with super voters aging, Del. Ana Sol Gutierrez (D-Montgomery) said, the growing population of younger immigrant voters are the future and need to be taken seriously.

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"Candidates are still not considering them as important; there's still a gap. I want to take advantage of it and so should those truly interested in inclusion and in building a movement of Democratic voters," she said. "The trick is, Will they get out and vote? I'll let you know after September 12."

Staff writers Tim Craig, Michael D. Shear and Nikita Stewart contributed to this report.

Left And Christian Right Take Lumps In Poll (LAT)

By K. Connie Kang, Times Staff Writer

The Los Angeles Times, September 2, 2006

Liberals go too far to exclude religion from public life while conservatives overreach in imposing their values, the survey finds.

Americans are critical of both the political left and the Christian right when it comes to their approaches to religion in the public square, according to a new national poll.

Liberals have gone "too far to keep religion out" of public life while conservatives have gone "too far in imposing their religious values," said the study by the Pew Forum on Religion & Public Life and the Pew Research Center for the People & the Press.

These findings from the two Pew organizations — nonpartisan, Washington, D.C.-based research groups — were just two of many indicators of public opinion contained in polls and reports released in August on religious life in the United States. The surveys varied widely. Gays, politics and even attendance at Jewish summer camps were among the topics covered.

The Pew poll found that 69% of respondents said liberals have gone "too far to keep religion out of school and government" and 49% contended that conservatives have gone "too far in imposing their religious values."

The poll, released last week, was based on telephone interviews with 2,003 adults July 6-19. The margin of sampling error is plus or minus 2.5 percentage points.

"People are sick of two extreme points of view," said the Rev. Kurt Fredrickson, director of the doctor of ministry program at Fuller Theological Seminary in Pasadena and an expert on the relationship between religion and American life. "There is this middle group of people that recognizes that religion does still have a very strong influence in our culture."

The results show that Americans — the most religious people in the world, according to many studies — are "particularly irritated" by the idea of removing religion from the public square, said John Green, a senior fellow at the Pew Forum on Religion & Public Life who worked on the study.

"On the other hand, while they might agree that there should be more religion in the public square, they don't agree with the religious right," Green said. "That particular solution is not the one they had in mind."

Concern over the left's efforts to restrict religion's influence on what the poll called "American life" crossed party lines.

Large majorities of Republicans (87%), independents (65%) and Democrats (60%) denounced efforts by liberals to minimize religious influence in the public square, including 70% of conservative and moderate Democrats. Just 38% of liberal Democrats expressed this view.

The survey also found that two in three respondents (67%) characterize the United States as a Christian country. A decade ago, 60% so described the nation.

Most of those surveyed (78%) also view the Bible as the word of God. But only 35% believe it should be taken literally.

Despite a strong connection Americans see between Christianity and the nation's identity, most said the Bible should not be the driving force behind creating laws.

For example, when asked which should have more influence over the nation's law — the Bible or the will of the people, even when it is in conflict with the book — 63% of Americans said the people's will should hold sway, compared with 32% who thought the Bible was superior.

The study also showed that political and social issues are regularly discussed in places of worship.

Nearly all participants in the poll who attend religious services at least once a month say their spiritual leaders speak out on hunger and poverty.

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And majorities of those who attend services said their clergy discuss abortion (59%), Iraq (53%) and homosexuality (52%). Nearly half (48%) said clergy discuss the environment and four in 10 said they talk about evolution.

Americans may be divided over religious groups' involvement in politics, but most saw President Bush's religious expression as appropriate.

Slightly more than half (52%) said Bush mentions his religious faith the right amount and 14% said he talks about his faith too little. Almost a quarter (24%) believed the president mentions his faith too often.

A second Pew study found that Americans are not easily categorized as conservative or liberal when it comes to today's most pressing social questions. Like the other Pew poll, it surveyed 2,003 adults and had a sampling error of plus or minus 2.5 percentage points.

A majority (56%) continued to oppose allowing gays and lesbians to marry, while 35% expressed support, but just three in 10 favored a constitutional amendment to ban same-sex marriages.

A growing number of Americans see homosexuality as an innate trait, with a 49% plurality saying a person's sexual orientation cannot be changed. Though a slim majority (54%) favored allowing gay couples to enter into civil unions, only 42% thought gay couples should be allowed to adopt children.

A 56% majority of Americans said it is more important to conduct stem cell research that may lead to new medical cures than to avoid destroying the potential life of human embryos involved in the research (32%).

For the first time in Pew polling, more white evangelicals now favor stem cell research (44%) than oppose it (40%) — one of several surprising discoveries of the researchers.

In a nationwide survey of 1,000 adults by the Ventura-based Barna Group, most Americans view themselves as good people who are spiritually stable and live "a good and honorable life."

The Barna Group is an independent marketing research firm that has tracked trends related to beliefs, values and behaviors since 1984. The poll's margin of sampling error is plus or minus 3 percentage points.

About 90% of Americans characterize themselves as a "good citizen," "friendly" and "generous," according to the Barna survey.

Another poll, also by Barna, finds the faith of Americans virtually indistinguishable today compared with before the Sept. 11, 2001, terrorist attacks.

The big spike in religious activity such as attending church, praying and studying the Bible in the immediate aftermath of 9/11 had no lasting impact, according to the study, which analyzed data from nine national surveys involving more than 8,600 adults before the attacks and at regular intervals since then.

"People used faith like a giant Band-Aid," said David Kinnaman, who directed the study. "It helped people deal with the ugliness of the event, but it offered little in the way of deep healing and it was discarded after a brief period of use."

Then there was the survey of 1,200 adults in Los Angeles County released by the Foundation for Jewish Camping. The marketing study was designed to help Jewish camps understand the motivations guiding parents who send their children to overnight camps.

The survey, supported by the Jewish Community Foundation of Los Angeles, found that 15% of the children of those surveyed attended a Jewish summer camp last year.

Twice as many have attended such a camp at some point in their lives.

connie.kang@latimes.com

Assisted Living: New Obstacles (WSJ)

By Jeff D. Opdyke

The Wall Street Journal, September 2, 2006

Soaring Prices Make It Tougher For Seniors to Get in the Door; Waiting Lists and Tricky Fees

Finding space in an assisted-living center -- the increasingly popular low-maintenance residences for retirees -- is getting tougher.

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Demand is soaring as the aging U.S. population goes looking for someplace staffed to help elderly residents with day-to-day tasks (housekeeping, pill-taking and the like) but isn't a full-blown nursing home. Waiting lists are increasingly common, and prices are rising sharply. On average, assisted-living centers cost about $35,000 a year in 2005, up roughly a third from 2002, before figuring in health-care expenses, according to a recent survey by MetLife Inc.

Overall, assisted-living centers are near saturation at 95% occupancy nationwide, according to industry data. It is a dramatic change from as recently as the late 1990s, when there was a glut of space following a building boom.

All of this is placing added burdens on consumers shopping for a property, either for themselves or for a relative.

There are about 36,000 properties nationwide, but it is tough to compare rival offerings because states have differing approaches to regulating what services are required and what aren't. In addition, properties often offer different options packages, making price comparisons tricky.

"The pricing can become very intricate and figuring it all out can become laborious," says Tom Eklo, an Episcopalian priest in Minneapolis, who shopped around for a few years before recently finding an assisted-living center for his parents, both in their 90s.

One center he looked at wanted to charge $8 to deliver a meal to the apartment if Mr. Eklo's mom couldn't make it to the dining room. "You have to read the fine print and ask questions about these kinds of costs," he says.

Further boosting demand: A number of states seeking to lower their health-care costs, including Texas and New York, have been revamping their Medicaid programs to let some low-income retirees enter assisted-living centers instead of nursing homes, which are generally more expensive. (As a rule, consumers generally must pay for assisted living on their own; Medicaid normally doesn't pick up the tab.)

In Tinton Falls, N.J., prices at the Renaissance Gardens at Seabrook have been increasing 5% to 8% a year for the past couple of years and the waiting list is at six months, up from less than a month in 2004. At Cedar Gardens in Cedarburg, Wis., basic rent rose 3% last year and an additional 5% increase is likely for January, in addition to higher health-care costs. The center added 25 new apartments last year to its previous 40 units after hitting 100% occupancy.

Here is a checklist for shopping for a center:

Know what you are getting into: Most centers offer studio and one-bedroom apartments, and some have two-bedroom units, each typically with a private bath and kitchenette. When comparison-shopping, ask each center to provide an itemized breakdown of services included in the basic monthly rent. Centers typically will offer, say, access to a registered nurse and housekeeping help. But these services can vary significantly -- and if you or your relatives end up requiring help with something that isn't included, costs can pile up.

The luxury end of the spectrum is represented by the Classic Residence by Hyatt facilities in tony locales such as La Jolla, Calif. and Boca Raton, Fla. These centers often look (and behave) more like a five-star hotel, providing residents with access to concierge services, for instance.

Some assisted-living centers are stand-alone facilities. But others, such as Renaissance Gardens at Seabrook, are part of a larger continuing-care retirement community, offering a wide spectrum of housing, ranging from traditional residential developments all the way up to full-featured nursing homes. These can offer more flexibility, but getting into one can be tougher, because people moving up from the residential housing into assisted care typically get first dibs.

Comparison-shopping: What makes shopping so vexing are the different pricing structures. First of all, prices vary sharply across the country. In Boston, the average basic rent is more than $4,600 a month. But in Jackson, Miss., it is just $1,642 a month, according to the MetLife survey.

On top of rent, centers add on a health-care fee tied to the level of assistance required. They also offer an a la carte list of additional services, such as speech-therapy sessions.

For instance, at Summit Place, in Eden Park, Minn., the basic "bronze" package is $1,195 a month and caters to people who need little more than help changing the linens and getting dressed. "Platinum" care, at $2,835 a month, includes morning and bedtime care, such as hygiene and help in the washroom, as well as other assistance.

For comparison, Chelsea Senior Living, which runs centers in New York and New Jersey, uses an entirely different "points" system. Help getting undressed for a bath is one point, for instance, while additional help bathing and dressing for bed is three

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points. Residents spend points any way they need to; the first 15 points are at no added cost to the base rent of $100 to $165 a day. Beyond that, Chelsea charges between $30 and $70 a day, depending on how many points are used.

Adding assistance for dementia and Alzheimer's residents can push the monthly price up by thousands of dollars extra.

Many states' departments on aging offer online checklists of what consumers should ask. You can find those links at the National Association of State Units on Aging (www.nasua.org1, see the "State Units on Aging" link). Or, check the checklist at the National Center for Assisted Living (www.ncal.org2, click on "Consumer Information").

And when it all starts to sound too baffling, there is always this simple strategy: "If there is any doubt in your mind about a parent's needs, go for the lower level of service to start with," suggests Laurie Nielsen in Port Washington, Wis., who cared for her parents for years before recently helping them move to the nearby Cedar Gardens center. It is always possible to ratchet up the care later.

How to Shop: Assisted living is largely a private-pay industry. So, first determine the assets you have available for care, then calculate how much time the money will buy in various assisted-living centers, based on the level of care necessary.

To help with the calculations: The average stay in an assisted-living center is roughly two years. Some nonprofit centers allow some impoverished residents to stay if their money runs out.

Traditional insurance policies don't pay for assisted living. Long-term care policies do, but many seniors don't have these. When buying a long-term care policy, be sure the contract specifically allows for assisted living, because some policies limit coverage to certain types of care.

Talk to the residents and question the administrators, says Sister Regina McTiernan, in Gladstone, N.J., who helped her 94-year-old mother shop for an assisted-living center. At some places residents told her "they weren't happy" because the center provided no outside activities, Sister Regina says. "And when I asked a director about her credentials, she had no health-care background. That raises red flags."

And don't forget to ask if a center is licensed by the state. The bulk will be. If one isn't, dig into the reason why. It may be that what is purportedly an assisted-living center is really a group home, which generally offers a lower level of care and services.

Hundreds More AP Test Scores Reported Missing (WP)

By Valerie Strauss, Washington Post Staff Writer

The Washington Post, September 2, 2006

The company that administers Advanced Placement exams said yesterday that more test results than previously disclosed were lost and for the first time blamed computer glitches for part of the problem.

Score sheets for portions of at least 1,500 exams taken in May around the world were discovered missing, said Tom Ewing, spokesman for the Educational Testing Service. Last month, Ewing had said that a few hundred had gone astray. Students from England, Israel, Canada and the United States have reported missing test scores.

In addition, Ewing said that about 2,700 scores for the Praxis teacher licensing examinations taken in the United States in June had been delayed or misplaced but that most have been found. States use Praxis results as part of their teacher licensing certification process.

For AP and Praxis tests, the writing sections were misplaced, parents and school administrators said.

Some of the problems with the lost AP scores resulted because of computer problems in May and June with tracking and processing tests, Ewing said. Officials at ETS, which develops and scores AP tests for the nonprofit College Board, are trying to figure out what happened, he said.

The organization issued a statement on the Praxis Web site saying that it regretted the inconvenience of the lost tests and offered to assist test-takers who needed their scores to start jobs in the fall.

Students around the world have been struggling with how to handle the lost tests, with options including taking tests again or seeking a refund, and some school administrators and parents have said that they are not satisfied with the testing service's effort to help them.

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Laura King of Aurora, Colo., said she spent many hours on the phone with ETS officials about her daughter's lost AP test score, and she said some of them seemed to be uninformed about how to handle the situation. Her daughter, a student at Regis Jesuit High School in Aurora, took three AP exams but received scores for only two of them.

Vicki Hobel Schultz in Mountain View, Calif., said her daughter's free response section of a calculus AP test was lost, and she said it could affect college admissions and math classes that her daughter might take at a community college.

"Why did they wait until the end of August to tell students?" she asked.

Ewing said that ETS understands the frustration of parents who are trying to resolve their children's lost tests but said that each case is labor-intensive. He said 45 schools did not return any answer sheets, but it was not clear how many tests that represented.

ETS used to administer the College's Board's SAT 1 exams but lost the contract to Pearson Educational Measurement. Earlier this year, Pearson sent more than 4,000 students incorrectly low SAT scores, and more than 600 received better scores than they had earned.

At 2-Year Colleges, Students Eager But Unready (NYT)

By Diana Jean Schemo

The New York Times, September 2, 2006

DUNDALK, Md. — At first, Michael Walton, starting at community college here, was sure that there was some mistake. Having done so well in high school in West Virginia that he graduated a year and a half early, how could he need remedial math?

Eighteen and temperamental, Mickey, as everyone calls him, hounded the dean, insisting that she take another look at his placement exam. The dean stood firm. Mr. Walton's anger grew. He took the exam a second time. Same result.

"I flipped out big time,'' Mr. Walton said.

Because he had no trouble balancing his checkbook, he took himself for a math wiz. But he could barely remember the Pythagorean theorem and had trouble applying sine, cosine and tangent to figure out angles on the geometry questions.

Mr. Walton is not unusual. As the new school year begins, the nation's 1,200 community colleges are being deluged with hundreds of thousands of students unprepared for college-level work.

Though higher education is now a near-universal aspiration, researchers suggest that close to half the students who enter college need remedial courses.

The shortfalls persist despite high-profile efforts by public universities to crack down on ill-prepared students.

Since the City University of New York, the largest urban public university, barred students who need remediation from attending its four-year colleges in 1999, others have followed with similar steps.

California State set an ambitious goal to cut the proportion of unprepared freshmen to 10 percent by 2007, largely by testing them as high school juniors and having them make up for deficiencies in the 12th grade.

Cal State appears nowhere close to its goal. In reading alone, nearly half the high school juniors appear unprepared for college-level work.

Aside from New York City's higher education system, at least 12 states explicitly bar state universities from providing remedial courses or take other steps like deferred admissions to steer students needing helping toward technical or community colleges.

Some students who need to catch up attend two- and four-year institutions simultaneously.

The efforts, educators say, have not cut back on the thousands of students who lack basic skills. Instead, the colleges have clustered those students in community colleges, where their chances of succeeding are low and where taxpayers pay a second time to bring them up to college level.

The phenomenon has educators struggling with fundamental questions about access to education, standards and equal opportunity.

Michael W. Kirst, a Stanford professor who was a co-author of a report on the gap between aspirations and college attainment, said that 73 percent of students entering community colleges hoped to earn four-year degrees, but that only 22 percent had done so after six years.

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"You can get into school," Professor Kirst said. "That's not a problem. But you can't succeed.''

Nearly half the 14.7 million undergraduates at two- and four-year institutions never receive degrees. The deficiencies turn up not just in math, science and engineering, areas in which a growing chorus warns of difficulties in the face of global competition, but also in the basics of reading and writing.

According to scores on the 2006 ACT college entrance exam, 21 percent of students applying to four-year institutions are ready for college-level work in all four areas tested, reading, writing, math and biology.

For many students, the outlook does not improve after college. The Pew Charitable Trusts recently found that three-quarters of community college graduates were not literate enough to handle everyday tasks like comparing viewpoints in newspaper editorials or calculating the cost of food items per ounce.

The unyielding statistics showcase a deep disconnection between what high school teachers think that their students need to know and what professors, even at two-year colleges, expect them to know.

At Cal State, the system admits only students with at least a B average in high school. Nevertheless, 37 percent of the incoming class last year needed remedial math, and 45 percent needed remedial English.

"Students are still shocked when they're told they need developmental courses,'' said Donna McKusik, the senior director of developmental, or remedial, education at the Community College of Baltimore County. "They think they graduated from a high school, they should be ready for college.''

Across the nation, federal and state education officials are pressing for a K-16 vision of education that runs from kindergarten through college graduation. Such an approach, they say, would help high schools better prepare students for college.

In Florida, Gov. Jeb Bush appointed a Board of Regents to oversee education at all public institutions, from elementary through bachelor's programs. At Cal State, professors are advising 12th-grade teachers on preparing students to succeed in college.

Starting at a Deficit

As the debate rages, nearly half of all students seeking degrees begin their journeys at community colleges much like the Dundalk campus of the Community College of Baltimore County, two-story no-frills buildings named by letters, not benefactors or grateful alumni. The college's interim vice chancellor for learning and developmental education, Alvin Starr, said he saw students who passed through high school never having read a book cover to cover.

"They've listened in class, taken notes and taken the test off of that,'' Dr. Starr said.

Though remedial needs are high, Dr. Starr said, the courses offer something invaluable, the chance to overcome basic deficiencies in reading, writing or math.

"You have to figure the cost to society on the other side if you don't educate these students,'' he said.

Most of the students expect the transition to community college to be seamless. But the first, and sometimes last, stop for many are remedial math classes.

"It's the math that's killing us,'' Dr. McKusik said.

The sheer numbers of enrollees like Mr. Walton who have to take make-up math is overwhelming, with 8,000 last year among the nearly 30,000 degree-seeking students systemwide. Not all those students come directly from high school. Many have taken off a few years and may have forgotten what they learned, Dr. McKusik said.

More than one in four remedial students work on elementary and middle school arithmetic. Math is where students often lose confidence and give up.

"It brings up a lot of emotional stuff for them,'' Dr. McKusik said.

She told of 20 students who had just burst into tears on receiving their math entrance exam scores and walked out on college. Mr. Walton remembers a fellow student who failed to hand in a math assignment for the fourth time in the last week of class and learned that he would fail. The student lunged toward the professor and said, "I'll kill you."

"You can say whatever you want, but this really isn't helping your grade," the professor replied, Mr. Walton said.

The student stormed out the door with a final expletive, leaving the professor shaken.

Fear of Appearing Ignorant

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The biggest challenge, professors say, is trying to engage students, to persuade them that ideas matter. Dr. McKusik suspects that behind the apathy is a fear of appearing ignorant.

"Everything in society is geared to celebrate, to value, the winner," she said. "These are students who haven't been at the top. They won't show themselves as vulnerable at all.''

With most students having commitments to jobs and families, community colleges typically offer little in the way of a social life or school spirit. So they need to find ways to reach their less traditional audience.

"That's why we're trying to use pop culture in the classroom, to get their attention,'' said Betsy Gooden, an English teacher who, in a remedial reading class one day last spring, tried to coax students to discuss a television documentary.

Two or three students in a class of 10 women carried most of the discussion, which seemed more like Ricky Lake than Lit 101, with students reacting to the film almost exclusively in terms of their personal experiences.

They covered love, sex and cheating boyfriends. Before the class was over, two women disclosed that they had been raped. About half the students said nothing at all.

Karen Olson, a history professor, and David Truscello, who teaches English, are trying another common strategy, mixing remedial work with other subjects. They are co-teachers of a course that combines African-American history with composition.

Professor Olson says teachers should stop making "unrealistic assignments'' like chapters from "600-page textbooks'' and should meet students at their level, raising abilities by degrees.

In her class, she assigns more manageable readings and carves up the load, so no student is responsible for doing it all.

"It's not like they're living four years in a dorm,'' Professor Truscello said.

Most are working, sometimes at more than one job.

"That impinges on everything,'' he added. "I have students who take two buses to come to school. It's amazing that they do it.''

Solutions and Successes

Another part of the solution at community colleges is in Student Success Centers. They are actually tutoring centers. Dundalk's is opens 63 hours a week.

Along a wall is a rack of handouts explaining points of grammar that might have last been explicitly taught in middle school, a measure of the immense ground to be made up. One covers comparative adjectives, explaining "more" vs. "most" or "smarter" vs. "smartest." Another discusses using pronouns and verb tenses.

At one table, Kirn Shahzadi, 20, once an A student at Parkville High School, was being tutored a few hours before her final in remedial algebra. In addition to math, Ms. Shahzadi needed remedial courses in reading and one in helping with basic skills like note taking, researching and organizing schedules. By the second week of that course, she said, half the students had dropped out.

Still, the school has winners who make it through and feel that they have to fit into the changing workplace.

Mr. Walton said careers like his father's as a welder for a major construction company were now harder to find. His father rose to foreman, putting Mr. Walton's older brother through Johns Hopkins University.

Mr. Walton, who married soon after high school, put himself through the Baltimore community college working as a security guard at $7.80 an hour. He has had shoplifters pull knives on him and spray him with Mace, he said.

His salary covered the utilities and phone bills, and left his wife, an administrative assistant at Johns Hopkins, to pay the mortgage. He added that at times he suspected that she had felt more like a caretaker than a wife, and he worried for their future.

"I know she's sick and tired of taking care of me,'' he said in May. "It's rip-your-hair-out-at-night difficult.''

But Mr. Walton made it through that remedial math class four years ago, ultimately praising the dean for standing firm. In June, he crossed a stage to receive an associate's degree in computer science. Next year, he plans to earn another degree in, of all things, math.

He said he would like to earn a full bachelor's, but hesitates.

"I'm scared to death of going to college,'' he said. "I'll be up to my eyeballs in debt.''

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This summer he sent his résumé even to employers demanding bachelor's degrees and several years' experience, hoping that his enthusiasm would compensate where credentials fell short. He sought positions that included tuition breaks for employees.

His strategy paid off with two offers, one in data entry at the community college here, a job he held on work study before graduating, and another as a technician repairing copying machines. Mr. Walton went for the second.

It offers benefits, tuition reimbursement and a salary of $22,850 a year, with extra money toward buying a new car every few years.

"I feel a little bit more — I don't want to say confident — but maybe worthy,'' Mr. Walton said. "Now, I feel like I'm all that, and a bag of chips.''

Clarification Issued On Stem Cell Work (NYT)

By Nicholas Wade

The New York Times, September 2, 2006

The scientific journal Nature has corrected a press release and is considering whether to add further information to an article published last week reporting that human embryonic stem cells could be generated without destroying an embryo.

The article has political consequences because destruction of embryos, which is unavoidable with present methods, is the main stated objection of many who oppose embryonic stem cell research.

The journal's action follows numerous news reports on the article and criticism from the United States Conference of Catholic Bishops, which pointed out that embryos used in the research were being destroyed, a fact made clear in the scientific paper but not the press release.

Both the journal and the principal author of the article, Dr. Robert Lanza of Advanced Cell Technology, say that the scientific report is correct and that any addition would be solely for purposes of clarification.

"We're looking to see if the description is clear, but there is nothing wrong with the paper," a Nature press officer, Ruth Francis, said yesterday.

For about 10 years, fertility clinics have sometimes used a genetic diagnostic test in which a single cell is removed from an embryo at the eight-cell stage to be tested for abnormalities like Down syndrome. If no defect is found, the embryo with its remaining seven cells is implanted in the womb and grows to term. Babies born from seven-cell embryos seem as healthy as others born after in vitro fertilization.

Dr. Lanza noted in his article that the cell removed in this test, known as preimplantation genetic diagnosis, or P.G.D., could be used, after growing and dividing, both for testing and, with his new technique, to derive human embryonic stem cells. Since the original embryo would be unharmed, a principal objection to the research would be removed, he said.

Dr. Lanza's article in Nature made clear that he had not saved the embryos in his own experiments, in which he used as many as eight cells from each of some 16 donated embryos. Had he taken only a single cell from each, many more embryos would have been needed. The press release issued by Nature, however, incorrectly implied that he had removed just a single cell.

After news accounts based on the press release drew criticism from the bishops conference, which opposes in vitro fertilization and human embryonic stem cell research, Nature corrected its statement to make clear that Dr. Lanza's embryos had been destroyed. But the revised statement said other researchers, as he had noted, could use his technique to derive stem cells from cells removed in P.G.D.

Dr. Lanza said yesterday that Nature had not shown him the original press release before publication.

Pittsburgh Mayor Bob O'Connor Dies At 61 (AP-Y)

By Michael Cowden, Associated Press Writer

AP, September 2, 2006

Mayor Bob O'Connor, who learned he had a rare form of brain cancer only seven months into his term, died Friday night, his spokesman said. He was 61.

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O'Conner, hospitalized since July when he was diagnosed with four brain tumors, died shortly before 9 p.m. with family members present, said his spokesman, Dick Skrinjar.

His condition deteriorated throughout the week after brain scans Monday showed seizure activity, and tests indicated his spinal fluid and an implanted drain may have been infected, according to his medical team at the University of Pittsburgh Medical Center Shadyside.

Gov. Ed Rendell ordered state flags in Pittsburgh and Allegheny County to be flown at half-staff.

"Bob's death is especially tragic because becoming the mayor of Pittsburgh was his lifelong dream, and he was making incredible progress in revitalizing the city," Rendell said in a statement. "His passing seems so unfair and is such a loss for all of us."

City Council President Luke Ravenstahl was sworn in as mayor in a brief ceremony Friday night and said O'Connor's words and actions would serve as a model for him.

Ravenstahl, 26, who in November 2003 became the youngest person elected to the council, will serve until an election can be held, according to the city charter.

O'Connor, a former City Council president, became the city's 58th mayor in January. During his short time in office, he spearheaded efforts to promote downtown development and clean up the city of 330,000.

He pledged to restore Pittsburgh's financial stability after succeeding Tom Murphy, whose 12-year tenure saw the city sink to near bankruptcy.

"I can't just help but feel that this is an overwhelming tragedy for Pittsburgh," former mayor Sophie Masloff said. "Bob really loved Pittsburgh. ... It was too brief a time for Bob to be mayor, but in that time he demonstrated outstanding leadership."

O'Connor also was a Eucharistic minister, which allowed him to administer communion to residents of a personal care home.

He was initially admitted to the hospital after complaining of flulike symptoms. Diagnosed with an ulcer, he was released several days later, but subsequent tests revealed the mayor also had a rare form of primary central nervous system lymphoma. He was readmitted July 10, and began chemotherapy treatment.

O'Connor and his wife, Judy, had three children.

Can This Party Be Saved? (NYT)

By John Tierney

The New York Times, September 2, 2006

Republicans in Washington did not abandon their principles lightly. When they embraced “compassionate conservatism,” when they started spending like Democrats, most of them didn’t claim to suddenly love big government.

No, they were just being practical. The party’s strategists explained that the small-government mantra didn’t cut it with voters anymore. Forget eliminating the Department of Education — double its budget and expand its power. Stop complaining about middle-class entitlements — create a new one for prescription drugs. Instead of obsessing about government waste, bring home the bacon.

But as long as we’re being practical, what do Republicans have to show for their largess? Passing the drug benefit and the No Child Left Behind Act gave them a slight boost in the polls on those issues, but not for long. When voters this year were asked in a New York Times/CBS News Poll which party they trusted to handle education and prescription drugs, the Republicans scored even worse than they did before those bills had been passed.

Meanwhile, they’ve developed a new problem: holding the party together. As Ryan Sager argues in his new book, “The Elephant in the Room,” the G.O.P. is sacrificing its future by breaking up the coalition that brought it to power.

A half-century ago, during the Republicans’ days in the wilderness, a National Review columnist named Frank Meyer championed a strategy that came to be known as fusionism. He appealed to traditionalist conservatives to work with libertarians. It wasn’t an easy sell. The traditionalists wanted to rescue America from decadence, while the libertarians just wanted be left alone to pursue their own happiness — which often sounded to the traditionalists like decadence.

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Meyer acknowledged the fears that libertarianism could lead to "anarchy and nihilism," but he also saw the dangers of traditionalists' schemes for moral regeneration.

"If the state is endowed with the power to enforce virtue," he wrote, "the men who hold that power will enforce their own concepts as virtuous." The path to both freedom and virtue was the fusionist compromise: smaller government.

The coalition started with Barry Goldwater but persevered to elect Ronald Reagan and take over Congress. But then Republicans' faith in small government waned, partly because they discovered the perks of incumbency, and partly because they were outmaneuvered by Bill Clinton, who took their ideas (welfare reform, a balanced budget) and embarrassed them during the government shutdown of 1995.

The shutdown didn't permanently traumatize the public. In poll after poll since then, respondents have preferred smaller government and fewer services. But the experience scared Republicans so much that they became big-government conservatives.

Soccer moms were promised social programs; the religious right got moral rhetoric and cash for faith-based initiatives. Meyer's warnings about enforcing virtue were forgotten, along with the traditional Republican preference for states' rights. It became a federal responsibility to preach sexual abstinence to teenagers and stop states from legalizing euthanasia, medical marijuana and, worst of all, gay marriage.

Big-government conservatism has helped bring some votes to the G.O.P., particularly in the South. But as Sager writes: "It's not as if the Republican Party could do much better in the South at this point; it's not really the ideal region to which to pander."

The practical panderer should look West — not to the Coast, which is reliably blue, but to the purple states in the interior. Sager notes that a swing of just 70,000 votes in Colorado, Nevada and New Mexico would have cost Bush the last election, and that he lost ground in the Southwest between 2000 and 2004.

The interior West is growing quickly, thanks to refugees from California seeking affordable housing. These Westerners have been voting Republican in presidential elections, but have also gone for Democratic governors. They tend to be economic conservatives and cultural liberals. They've legalized medical marijuana in Nevada, Colorado and Montana. They're more tolerant of homosexuality than Southerners are, and less likely to be religious.

They're suspicious of moralists and of any command from Washington, whether it's a gun-control law or an educational mandate. In Colorado and Utah, they've exempted themselves from No Child Left Behind.

They're small-government conservatives who would have felt at home in the old fusionist G.O.P. But now they're up for grabs, just like the party's principles.

Russia Hints It Won't Back Any Penalties Against Iran (NYT)

By Steven Lee Myers

The New York Times, September 2, 2006

MOSCOW, Sept. 1 — Russia on Friday cast new doubt on the prospects for the Bush administration's efforts to punish Iran for refusing to suspend its nuclear program, even as European leaders expressed wariness at moving quickly to impose sanctions.

In Moscow, officials expressed regret that an Aug. 31 deadline had passed without an agreement by Iran to halt its efforts to enrich uranium that could be used for building nuclear weapons, as American and European officials believe Iran intends to do.

At the same time, Russian officials made it clear that they do not support retaliatory sanctions or other steps to isolate Iran's leadership. That was a view that seemed to be widely shared across Europe, despite public consternation over Iran's defiance of a United Nations Security Council resolution.

Despite weeks of diplomacy and compromise among the Security Council's permanent members — the United States, Britain, France, China and Russia — the resolute deadline set by the Security Council for Iran to halt its nuclear work seemed fairly irresolute once it passed.

Russia's defense minister, Sergei B. Ivanov, said that the issue of sanctions was "not acute," and added that diplomats from the five permanent members and Germany would meet to discuss further steps. France's Foreign Ministry said the meeting was scheduled for next Thursday in Berlin.

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Russia's foreign minister, Sergey V. Lavrov, said that Russia favored continued negotiations and not punitive measures, calling into question their effectiveness.

Even though Russia previously joined the other permanent members of the Security Council in setting the deadline for Iran to comply — with the implicit threat of sanctions — Mr. Lavrov left in doubt whether Russia would ever agree to any penalties. His view echoed one heard increasingly here: that sanctions could be a first step toward a new American-led military conflict in the Middle East.

"We cannot support ultimatums that lead everyone to a dead end and cause escalation, the logic of which always leads to the use of force," Mr. Lavrov said, speaking broadly in an address to students at the Moscow State Institute of International Relations.

At a meeting of European Union foreign ministers in Finland, the Union's chief foreign affairs official, Javier Solana, was quoted as saying that there would now be "a period of talks" over the conflict with Iran, making any discussion of sanctions unreasonable for now.

Other European leaders also expressed eagerness to avoid the immediate imposition of punitive measures, which they fear would worsen the confrontation with Iran.

At a joint news conference in Rome with Prime Minister Romano Prodi of Italy, the French prime minister, Dominique de Villepin, called Iran's response to the international demands "totally unsatisfying," but said it remained possible "to go forward with dialogue."

Mr. Prodi agreed. "If there is a even a small opening to get to the negotiating table," he said, "it should be taken."

United States officials have said no action will be sought against Tehran until after Mr. Solana meets with Ali Larijani, Iran's nuclear negotiator, next week.

"We'll find out in the next several weeks whether we're able to proceed to sanctions," the American ambassador to the United Nations, John R. Bolton, told CNN on Friday. "We're consulting with European countries. What we're going to aim at is the leadership of Iran and the programs involving their nuclear and ballistic missile capabilities."

In Iran, meantime, officials remained defiant, arguing that the country is pursuing a peaceful, civilian nuclear program that it has a right to engage in.

Plane Landing In Northeastern Iran Catches Fire, Killing 29 (NYT)

By Nazila Fathi

The New York Times, September 2, 2006

TEHRAN, Sept. 1 — A plane carrying 147 passengers caught fire while landing in northeastern Iran, killing 29 of the 148 people on board and injuring 47, state-run television reported.

The plane, a Russian-made Tupolev-154, apparently blew a tire while landing in Mashhad, slipped off the runway and burst into flames, Mohammad Javad Mohammadizadeh, the governor of Khorasan Province, told reporters.

"Another explosion went off inside the plane, which caused the fire inside the plane," he said.

"The plane was shaking badly during the landing, then it suddenly lurched to the left," a survivor, Sahar Karimi, told The Associated Press by telephone from a hospital in Mashhad. "Then it caught fire, and all the passengers rushed to the emergency exit," she said.

The plane was completing a flight from the southern city of Bandar Abbas, a major port at the Persian Gulf, to Mashhad, 620 miles northeast of Tehran. All flights to the city were canceled after the crash.

Mashhad is Iran's second largest city and its holiest, the site of the shrine of Imam Reza, the eighth Shiite imam, who Shiites believe was poisoned in the 9th century on orders of the caliph. Every year, the shrine attracts thousands of pilgrims.

Officials said it would take some time to determined the precise cause of the crash. "We still do not know how the accident happened but a group of experts are examining it," said Mehdi Sadeghi, the director of Airtour Airline, the plane's operator, the IRNA news agency reported.

Iran has been plagued by plane crashes in recent years, a record that aviation experts have attributed to the country's aging and outdated planes, most of them secondhand aircraft leased from Russia.

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More than 90 people, including 80 journalists, were killed last December when a military plane crashed into a building in Tehran. Another plane crash in January killed 11 people.

Iranian officials say they would like to buy new aircraft from Boeing and Airbus, but are unable to because of the American economic sanctions that govern American-made airplanes and parts. The sanctions were imposed after the Iran hostage crisis more than a quarter century ago.

U.S. Wants Iran To Release Activists (AP)

By Barry Schweid

AP, September 2, 2006

The State Department accused Iran on Friday of detaining at least four student activists and called for their release.

"The Iranian regime's continued efforts to suppress freedom of speech and assembly make clear the hollowness of professed openness to peaceful dialogue and debate," spokesman Sean McCormack said in a statement.

Among those detained, he said, was well-known student leader Ahmed Batebi, who was on parole from a 15-year sentence that resulted from a 1999 crackdown on university students.

In New York, a researcher for Human Rights Watch, Hadi Ghaemi, said several activists had been arrested over the past few weeks and "we are very much concerned about their whereabouts and what charges are being brought against them."

Ghaemi also said he believed they did not have access to their families or lawyers.

Also, Ghaemi said, a former member of Iran's parliament who also defended human rights, Ali Akbar Mousavi Khoiniha, has been detained since June 12 with no charges brought against him.

"We believe he is being held in solitary confinement with no access to his lawyer," Ghaemi said. "We are concerned that he is being ill-treated and forced to make false confessions."

And a month ago, the Human Rights researcher said, a detained student Akbar Mohammadi died in Tehran's Evin prison under suspicious circumstances.

The State Department said that, besides Batebi, student activists Abofazl Jahandar, Kheirollah Derakhshandi and Jamal Zaher-Poor, among others, had been detained in the past few days.

"The United States is deeply concerned," McCormack said. He called for the release of all those imprisoned in Iran for defending human rights.

U.S. Accuses Iran Of Holding Activists (LAT)

From Times Wire Reports

The Los Angeles Times, September 2, 2006

The State Department accused Iran of detaining at least four student activists and called for their release.

Among those detained, department spokesman Sean McCormack said, was well-known student leader Ahmad Batebi, who was on parole from a 15-year sentence stemming from a 1999 crackdown on students.

An Undemocratic Iran Is Dangerous . . . (WSJ)

By Ali Afshari And Akbar Atri

The Wall Street Journal, September 2, 2006

This weekend, United Nations Secretary-General Kofi Annan is scheduled to visit Iran. The trip is taking place in the context of growing tensions between Iran and the world community over the nuclear issue, and as Iran continues to defy the resolutions of the Security Council. No doubt, resolving this impasse is first and foremost on Mr. Annan's agenda, so as to prevent a potential war against Iran.

Over a decade as two leaders of the student movement, we have worked to focus the attention of the international community on the plight of the people of Iran. We are concerned that the country's nuclear activities may overshadow other subjects that are equally, if not more, important. Unlike the nuclear threat, these issues are affecting the lives of Iranians here and now, as we speak.

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In particular, civil and human rights are in dire need of the secretary-general's attention. In his remarks at the inaugural session of the U.N. Human Rights Council, Mr. Annan vowed that as long as he is secretary-general, the U.N. will remain an organization that will place human rights at the center of its work; and no government will ever have the license to violate the rights and the freedoms of its citizens and then expect to hide these violations behind the façade of national sovereignty.

In the one year of his presidency, Mahmoud Ahmadinejad has already created one of the bleakest human-rights records in Iran's recent history. Even as the secretary-general prepared to visit Iran, the regime arrested four leading student activists: Mehdi Makaremi, Jamal Zaherpour, Abolfazl Jahandar and Saeid Derakhshandi. Held in custody since Aug. 19, the authorities have refused to grant visits even to the families of these students. When Mr. Jahandar's father asked to see his imprisoned son, he was told that if he insists too much he may be referred to the morgue. Mr. Jahandar's crimes cannot be any more than being a popular blogger, a prominent leader of the student movement, and the editor in chief of one of the best journalistic Web sites on Iran, called Pooya News. Mr. Derakhshandi's father, a farmer who is at a loss in Tehran dealing with prison authorities, cannot even get the prison officials to grant him a telephone conversation with his son. * * *

Scores of other student activists are languishing in prisons throughout the country. The noose has been tightened around the neck of writers, journalists and bloggers in the past few months -- in their struggle to still remain afloat, they are committing bizarre acts of self-censorship. Satellite dishes are being collected so as to cut off the public's access to the free press and the news of the global community. Women's groups, labor organizations and student groups are not permitted even the most peaceful acts of protest. Women don't have the right to dress as they choose. And to show their respect for the international community, to the very inaugural session of the Human Rights Council where Mr. Annan delivered his historic speech, Iran sent the notorious Chief Justice Saeed Mortazavi, who is known to us as the butcher of the free press. These are the law-enforcement officials of the government with whom Mr. Annan plans to conduct civilized negotiations.

In the nearly three decades since the 1979 revolution, Iranian activists have learned the hard way how essential it is to respect international conventions. We have realized that nothing can be accomplished by radicalism or unilateralism. Our dream is to see an Iran that stays true to the U.N. and its values and covenants. We also believe that all the violent rhetoric of our rulers, especially that of President Ahmadinejad, is rooted in our domestic problems. An undemocratic Iran will be a danger to the world, with or without nuclear arms. An Iranian government that has no regards for human rights cannot be a reliable party in any negotiations. Time and time again, these very points have proven true about Iran in the last 30 years. When the regime conducted its political assassinations of Iranian dissidents on European soil, European countries thought this was only the domestic problem of another country -- until terrorism became a global affliction.

As two student activists, we urge Kofi Annan to place the issue of human rights as the top priority on his agenda. His visit happens to coincide with the anniversary of the massacre of political prisoners in 1987, when several thousand were executed in the span of two weeks -- a crime for which the regime has never been held accountable, and whose perpetrators remain in power. We hope that Mr. Annan pays a visit to the Evin prison to lend an ear to the numerous peaceful activists who want nothing but to see Iran join the world community as a credible partner.

Messrs. Afshari and Atri are the founding members of Iranian Students for Democracy and Human Rights.

Reading The Holocaust Cartoons In Tehran (NYT)

By Roya Hakakian

The New York Times, September 2, 2006

THE news of the exhibition of Holocaust cartoons in Tehran took me back to a moment in my childhood. In 1974, his first year at Tehran's Academy for Visual Arts, my brother mounted an exhibition of his own cartoons. The drawings were a novice's best attempt at political satire, but they were enough to alarm my law-abiding father into sending my brother away to America. Our family was never whole again.

Back then, I thought my father had made the decision out of fear of Savak, the shah's intelligence agency. Years later, I realized that it was not really fear but gratitude for all that a Jewish man had been able to achieve in Iran that prompted him to send my brother away.

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Born and raised in the largely Muslim town of Khonsar, my father was admitted to the university against all odds, got a master's degree, joined the military as a second lieutenant, went back to his village dressed in the first Western-style suit the locals had ever seen, then moved to Tehran to become a leading educator.

His childhood stories remain the most memorable features of our family gatherings. Once a bad mullah came to Khonsar, intent on making trouble for the Jews; two mischievous Jews drove him out by secretly spraying his prayer mat with liquor. Then there was the time a local fish peddler realized that my father had touched a fish, thereby "dirtying" the whole load. The peddler threw the rest away, providing a feast of free fish to the Jews of the town.

And the best was this: When it rained for eight consecutive days, my grandmother stormed into the office of the school superintendent to protest the rule that Jewish students had to be kept home on rainy days. Moved by my grandmother's plea, the superintendent escorted my father to his classroom, had him sip from a glass of water, then took the glass and gulped down the rest. He turned to the class and said: "If this water is good enough for me, it is good enough for all of you. From now on, Hakakian will come to class in all kinds of weather."

More than any religious instruction, these stories shaped my understanding of what it meant to be an Iranian Jew. In Persia, the land of Queen Esther, whose virtue overcame evil, one could, by wit or by wisdom, overcome every bigot.

President Mahmoud Ahmadinejad's rhetoric about the Holocaust may terrify people who don't know Iran. But those who do, find it, above all, tragic. By resuscitating symbols like the swastika and other Nazi-era relics, he is contaminating the Iranian social realm, where such concepts have scarcely existed. No doubt Jews have been mistreated in Iran throughout their long history, but to a degree incomparable to that suffered by Russian and European Jews.

Throughout its 2,000-year presence in Persia, the Jewish community has helped shape the Iranian identity. Some major Persian literary texts survived the Arab invasion of the seventh century because they had been transliterated into Hebrew. Traditional Persian music owes its continuity to the Jewish artists who kept it alive when Muslims were forbidden to practice it. Yet Iranian Jews have had to hide their identity and restrain its expression.

Of all the pain that Muslim Iranians have inflicted upon the Jews, the most persistent is obscurity. We have always been admired for being "completely Iranian," the euphemism for being invisible, indistinguishable from Muslims. We speak Persian. We celebrate the Iranian New Year with as much verve as the next Iranian. Our kitchens smell of Persian cuisine. At our Jewish festivities, we dance to Persian music. In the United States, we have often angered our American counterparts for not wishing to pray in their temples, because we insist on conducting our services in Persian.

Yet Muslim Iranians, even those who have loved and befriended us, have never known us as Jews: in our synagogues, wrapped in prayer shawls, at our holiday tables recounting the history of our struggles. They lack even the proper vocabulary by which to speak about the Jews: "What shall I call you, 'Kalimi' or 'Johoud?' " they sometimes ask. These words are the Persian equivalents of "Jew" and "kike." And occasionally, as if to inflict punishment, they ask: "Do you consider Iran your real homeland?"

Iranian Jews remain obscure to non-Iranian Jews, too. Sometimes they are shocked when I say that my generation was on the streets chanting "Death to the shah!" But 1979 was a blissful, egalitarian moment when young people shed everything that defined them as anything but Iranian.

Four years later, the regime did its best to instate policies and practices hostile to religious minorities. Water fountains and toilets at my high school were segregated, some marked with signs that read "For Muslims Only." But by and large, Iranians were not receptive to such bigotry. We crisscrossed among the stalls until the signs became meaningless.

The post-revolutionary regime has had the misfortune of ruling a people reluctant to embrace its radical message. That is why Iran remains home to the second-largest community of Jews in the Middle East — second only to Israel.

My father barely ventures out of his Queens apartment these days. When my siblings and I scold him for not getting out enough, he says that there is nothing here he wishes to see. "Tell me we're going to Khonsar," he says, "and I'll see you at the door."

Mr. Bush's Nuclear Legacy (NYT)

The New York Times, September 2, 2006

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Unless something changes soon, by the end of President Bush's second term North Korea will have produced enough plutonium for 10 or more nuclear weapons while Iran's scientists will be close to mastering the skills needed to build their own.

That's quite a legacy for a president sworn to keep the world's most dangerous weapons out of the hands of the world's most dangerous regimes.

Even if the United States were not tied down in Iraq, military action would be a disaster. Besides, American analysts don't know where North Korea has stashed its plutonium nor what technology Iran might have hidden. Its huge centrifuge plant at Natanz is still nearly empty, and the more threatened Iran feels, the more reason it has to hide its program.

If Mr. Bush has any hope of avoiding this legacy, he will have to give up his dreams of regime change, persuade his battling inner circle he means it and direct Secretary of State Condoleezza Rice to do some real diplomatic horse trading — starting with a clear pledge that the United States will not try to overthrow their governments as long as they give up their nuclear ambitions.

Only in Mr. Bush's go-it-alone world would Ms. Rice get so much outside credit — and so much inside criticism — for her clenched-teeth approach to these negotiations. It's also not working.

Iran defied the Security Council's demand that it stop enriching uranium. The good news is that it is making only slow progress. It is also restricting inspectors' access and refusing to answer questions.

The Bush administration was right to bring Iran before the Security Council. It will have to work even harder to convince Russia and China to impose some punishment. The threat of isolation might have some effect on Iranian politics. But unless the council agrees to cut off Iran's oil exports — not even a tough-talking White House seems ready to pay the political price for even higher gas prices — its leaders are unlikely to be quickly swayed.

It has been months since North Korea and the other members of the six-party talks even sat at the table. When Assistant Secretary of State Christopher Hill proposed going to North Korea to try to jump-start the process, he was told no by his bosses.

The only approach with even the remotest chance of success is to persuade these regimes that they do not need nuclear weapons to ensure their survival, and that there will be real rewards for good behavior.

This doesn't mean ignoring all their other misdeeds. If anything, it should allow the United States to open a wider discussion with them about their mistreatment of their citizens or sponsorship of terrorism or sales of illicit technology.

There is no guarantee that Tehran or Pyongyang will accept such an offer. A serious try by Washington would certainly make it harder for Russia and China and skittish Europeans to oppose sanctions. In Iran's case, it might also start the internal political debate that Mr. Bush has been hoping for — and that his paeans to democracy and saber rattling have failed to produce.

AP: U.S. Envoy To Inspect N. Korea Complex (AP-Y)

By Foster Klug, Associated Press Writer

AP, September 2, 2006

The U.S. envoy for North Korean human rights said he will visit the country this year for the first time to inspect a jointly run North-South industrial complex that he has criticized for exploiting workers.

Jay Lefkowitz has no plans to visit the capital, Pyongyang, but he indicated a trip there to talk with officials in Kim Jong Il's reclusive regime was a possibility some day.

"I'm not sure that the time is right for that type of contact yet, but it's certainly something that's under consideration," Lefkowitz said Thursday in a telephone interview with The Associated Press.

He said he has had no contact with North Korean officials about a trip to the capital.

When asked whether a visit to Pyongyang would allow the United States to exert more pressure for change in the communist-led country, Lefkowitz said, "I'm not sure. I think that as long as the regime is set on the types of policies that embody it right now, I've got a tough job ahead."

Lefkowitz's appointment a year ago as special envoy to keep tabs on North Korea's human rights activities angered Kim's government. It was one reason North Korea cited for one of numerous suspensions of six-nation talks on ending its self-described nuclear weapons production program.

Diplomats are struggling to resume the on again-off again negotiations, which have been stalled this time since November.

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North Korea long has been accused of torture, public executions and other atrocities against its people. But the human rights issue has been overshadowed recently by the North's defiant test launch of seven missiles in early July and by worries that Pyongyang might be preparing a test of a nuclear bomb for the first time.

In May, a group of six North Korean refugees arrived in the United States, the first from North Korea to be given official refugee status since passage by Congress of a 2004 law that makes it easier for North Koreans to apply.

Lefkowitz would not provide specific details about other refugees headed to the United States.

He said he expected "growing numbers" to arrive, however, as word spreads of the first group's success, but he said most defectors probably would settle in South Korea.

It has "taken some time for our policy to evolve," Lefkowitz said. "But I'm comfortable now that our policy is one where we're really quite open to North Korean refugees. It's really just a question of their safe passage once they leave North Korea."

Lefkowitz had planned to tour the North-South industrial complex in the North's border city of Kaesong in mid-July but delayed the trip after the missile tests. He did not have specific dates for when he would travel, only that it would be this year.

"I'm certainly eager to see the working conditions of the work force in Kaesong," he said.

Lefkowitz previously has criticized the complex for a lack of labor rights and for low wages paid through the North Korean government, not directly to the workers.

On Thursday he said, "I don't know that we have enough information — and that's part of the problem — to make an assessment."

He said the Kaesong project, if done right, could allow thousands of North Korean citizens to learn about the outside world from South Koreans at the complex. Kaesong is 40 miles northwest of South Korea's capital, Seoul, just across the 38th parallel truce line that serves as the international border.

"On the other hand," he said, "if the people working there are being shipped in from North Korea to an artificial environment, are being deprived of any kind of contact with the outside world, are being shipped back home and then not even getting their wages directly, then I think it raises some cause for concern."

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Syria Agrees To Lebanon Arms Embargo (NYT)

By Warren Hoge

The New York Times, September 2, 2006

DOHA, Qatar, Sept. 1 — The United Nations secretary general, Kofi Annan, said Friday that President Bashar al-Assad of Syria had pledged to respect an embargo on weapons going into Lebanon and to help secure the border with added guards and a greater liaison with the Beirut authorities.

Mr. Annan said his one-hour talk with Mr. Assad in the presidential palace in Damascus on Friday morning had also produced agreements to open bilateral negotiations on setting up formal diplomatic relations between Syria and Lebanon and on delineating their contested border.

Syria is widely believed, along with Iran, to provide the Lebanese-based militia Hezbollah with money and weapons, and Mr. Annan was asked at an airport news conference in Damascus if he thought the steps he was announcing would succeed in blocking illegal arms shipments.

“I think it can happen,” he replied. “It may not be 100 percent, but it will make quite a lot of difference if the government puts in place the measures the government has discussed with me.”

A United Nations diplomat said the meeting in Damascus had given the world body new leverage in Syria, a country with which it has had difficult relations.

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"The secretary general now has a precise understanding with Mr. Assad on what he is expected to do," said the diplomat, who was not authorized to speak for attribution. "He got what he wanted as concerning commitments. The test is, now, will Assad deliver."

Mr. Assad had no public comment on the meeting, but Walid al-Moallem, Syria's foreign minister, dismissed reports of arms shipments by Syria as "something you read only in the Western media." In an interview, he conceded only that there were incidents of "smuggling."

Israel officials expressed skepticism on Friday that Syria would stop Hezbollah from rearming.

The pledges that Mr. Annan obtained are aimed at shoring up the independence of Lebanon, a country whose politics were long dominated by Syria and whose authority has been undermined by Hezbollah.

The agreements track with the Aug. 11 Security Council resolution that brought a halt to the war between Israel and Hezbollah. Mr. Annan is in the midst of a Middle Eastern trip seeking support for putting the resolution's formula into practice.

Since Monday, Mr. Annan has visited Lebanon, Israel, the West Bank and Syria. He arrived in Qatar late Friday and was scheduled to go to Iran Saturday, where he will meet Sunday with President Mahmoud Ahmadinejad. Further stops include Egypt, Saudi Arabia and Turkey.

Mr. Annan said he had asked Syria to help win the release of three Israeli soldiers — two captured by Hezbollah in a July 12 cross-border raid that set off the war, and one captured in June by Hamas-linked militants in Gaza.

The exiled political leadership of Hamas is based in Damascus.

The United Nations believes a plan under which prisoners on both sides would be freed would open the way toward broader agreements between Israel and Lebanon.

Mr. Annan said he had encouraged Mr. Assad to meet with the Lebanese prime minister, Fouad Siniora, who is backed by an anti-Syrian majority. The Syrian president told him he was ready to do that at any time.

The arms embargo section of the United Nations resolution calls on countries to prevent the sale or supply of weapons to entities in Lebanon without the consent of the government or United Nations peacekeepers. It also calls for Lebanon to "secure its borders and other entry points."

Another passage of the resolution calls for the dismantling of all foreign militias, a reference to Hezbollah. Mr. Annan said, without elaboration, that Mr. Assad had endorsed the Lebanese government's "national dialogue" determination that armed militias be disbanded.

Mr. Annan said Mr. Assad had committed Syria to establishing joint border patrols and control points with the Lebanese authorities.

Mr. Siniora has stationed 8,600 troops along the border, and Germany has arranged to give the Lebanese training and equipment for scrutinizing cross-border shipments.

Mr. Assad's reference signaled that he would not object to this outside assistance. Earlier, he had protested an Israeli suggestion that foreign troops under United Nations mandate assist the Lebanese in patrolling the Syrian border.

Mr. Annan said that Mr. Assad had said he accepted the need to define the Syrian-Lebanese border in principle but had told him it was an issue to be worked out by the two countries.

Syria has long argued that the neighbors do not need diplomatic ties because of their traditional links, prompting Lebanese suspicions that Damascus refuses to acknowledge as fully sovereign the country it controlled until it ended a 29-year troop presence last year.

Annan Wins Syrian Support On Lebanon (FT)

By Quentin Peel In Damascus

Financial Times, September 2, 2006

Kofi Annan, the United Nations secretary-general, won assurances on Friday from Syria's president Bashar al-Assad that his government would support the UN peace plan for Lebanon, and introduce new border controls to stop the flow of arms to Hizbollah militia in the neighbouring country.

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The Syrian leader, a key supporter of the Hizbollah movement fighting Israeli troops in southern Lebanon, agreed to establish a system of liaison with Lebanese armed forces and border police, and even consider joint patrols and control points along their common border. But he did not commit himself to any timetable for the action, and continued to insist that Syria would not accept international forces policing the border zone.

The measures were outlined by Mr Annan in an agreed statement, after face-to-face talks with Mr Assad in the Syrian capital.

At the same time, Syria denies permitting the flow of arms to Hizbollah from its territory. In a separate interview, Walid Moallem, the Syrian foreign minister, insisted that any cross-border traffic was smuggling that could not easily be controlled.

The Syrian assurances amount to an essential step towards implementation of the UN peace plan, but they are likely to be regarded with extreme caution, not least in Israel, until any of the measures have been implemented. Mr Annan told Mr Assad that the UN had evidence of a continuing flow of arms and explosives across the border.

The secretary-general, on a whirlwind tour of Middle Eastern capitals seeking to guarantee implementation of the plan and a lasting cessation of fighting in Lebanon, also asked the Syrian leader for help in obtaining the release of two Israeli soldiers abducted by Hizbollah – the immediate cause of the conflict.

Mr Moallem made it clear, however, that Syria sees moves to restart the wider peace process with Israel as an essential part of the process of ensuring peace in Lebanon – including talks on the withdrawal of Israeli forces from Syria's occupied Golan Heights.

"You cannot convince me that Syria has to fulfil its obligations vis-à-vis this resolution (the Lebanon peace plan), and Israel has not to fulfil its obligations towards another resolution, also agreed by all members of the (UN) Security Council," he said. The latter resolution 242 requires Israel's withdrawal from territory occupied since 1967.

"This resolution is a package," he said. "You cannot be selective." He said Syria had accepted the resolution with the same reservations as the Lebanese government, including opposition to UN peacekeepers disarming Hizbollah fighters.

Disarmament of Hizbollah depended on a national dialogue within Lebanon, he said. In turn, that would require Israeli withdrawal not just from the areas occupied in last month's fighting, but from the disputed Shebaa farms area on the Syrian border.

He said the farms were part of Lebanon, not Syria, and Israeli forces should be replaced by the international peacekeepers. But a final deal on the line of the border would only be possible once Israel agreed to withdraw from the Golan Heights.

Syria Promises To Enforce Arms Embargo (AP)

By Sam F. Ghattas, Associated Press Writer

AP, September 2, 2006

Syria promised Friday to increase border patrols and work with Lebanese troops to thwart the flow of arms to its ally Hezbollah, but Israel questioned whether the Damascus regime would be a "reliable force" in guarding the border.

If carried out, the promises made by Syrian President Bashar Assad to U.N. Secretary-General Kofi Annan would be a major boost to efforts to keep the peace in Lebanon.

Preventing weapons from reaching Hezbollah is a key element of the U.N. resolution that halted Israeli-Hezbollah fighting Aug. 14. The truce also calls for a beefed-up U.N. force of 15,000 soldiers in southern Lebanon and more nations committed troops to the mission Friday.

The U.N. chief said that if Syria follows through in tightening control of the border, peace efforts will be greatly helped. "I have no reason to believe it will not be done," Annan said.

But Israel pointed to Syria's past role in allegedly supplying weapons to the Shiite guerrillas of Hezbollah and said it doubted Assad's regime had really changed its stance.

"Israel does not think that Syria ... has shown any reason to be a reliable force," said Miri Eisin, a spokeswoman for Israeli Prime Minister Ehud Olmert.

She said "numerous rockets and missiles made by Syria and supplied by Syria ... were fired against Israel" by Hezbollah during the 34-day Lebanon war.

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Israel wants peacekeepers to also patrol Lebanon's border with Syria, but the U.N. truce does not give them the mandate to do so without permission from the Lebanese government. Israel has said it will not lift its punishing air and sea blockade of Lebanon until the U.N. moves onto the border.

Syria has said the deployment of U.N. troops along the border would be a "hostile" affront, and Annan said Assad repeated his opposition to it during their meeting.

While it remains to be borne out, Syria's vow to help implement the U.N. resolution was Annan's biggest diplomatic feat during an 11-day Mideast tour.

The U.N. chief had little success in Beirut, where Prime Minister Fuad Saniora said Lebanon would be the last Arab country to make peace with the Jewish state, and in Israel, where Olmert rebuffed Annan's call for quickly lifting the blockade of Lebanon.

Annan emerged from the meeting with Assad, saying the Syrian leader also expressed a willingness to establish diplomatic ties with Lebanon and demarcate the countries' border — a longtime demand of the U.N. and the Lebanese to affirm the end of Damascus' long domination of its neighbor.

Annan also said he asked Syria to "use its influence" to help win the release of three Israeli soldiers held by Hezbollah and militants linked to Palestinians allied with Damascus. Assad said he supported their release, but raised the plight of 16 Syrians detained by Israel in the occupied Golan Heights, Annan said.

Germany's intelligence chief, Ernst Uhrlau, who helped mediate a 2004 prisoner swap between Israel and Hezbollah, arrived in Beirut on Friday, but there was no immediate word on the nature of his mission, Lebanese officials said. There have been reports over the past week of behind-the-scenes mediation by European officials for another such swap.

Assad made no comment after his talks with Annan, and Syrian news reports about the meeting did not address the issues of stopping Hezbollah weapons or relations with Lebanon.

The U.N. chief expressed confidence Lebanese and Syrian troops could halt the flow of Hezbollah weapons over the border without the presence of U.N. peacekeepers.

"I think it can happen. It may not be 100 percent, but it will make quite a lot of difference if the (Syrian) government puts in place the measures the government has discussed with me," Annan said.

He said Syria agreed to boost the number of its own guards along the border, give them more training and establish joint patrols with Lebanese troops "where possible."

That would mark rare cooperation between Syria, whose troops pulled out of Lebanon last year after nearly three decades of domination, and Lebanon, where many people blame the 2005 assassination of former prime minister Rafik Hariri on Damascus.

The Security Council resolution calls on all countries to prevent the sale or supply of weapons to entities in Lebanon without the consent of the Lebanese government or U.N. peacekeepers. It also calls for Lebanon to "secure its borders and other entry points."

It is not the first time Syria promised to tighten its borders. The U.S. has accused Damascus of lax security on the Syria-Iraq border, where Washington says insurgents have poured into Iraq. Syria vowed similarly to boost border patrols and work with U.S. officials, but insurgents are still believed to pass through.

Annan flies Saturday to Iran, Hezbollah's other main backer and a country embroiled in its own fight with the West over the Iranian nuclear program.

Meanwhile, more progress was reported in assembling the U.N. force for southern Lebanon.

The Spanish government agreed Friday to contribute up to 1,100 soldiers, a step that parliament is expected to approve next week.

Israel dropped its objections to Indonesia joining the force, and the two sides were discussing when Jakarta would send 1,000 soldiers, a U.N. official said. Israel had opposed participation by states with which it doesn't have diplomatic relations.

Turkey's government submitted a resolution to its parliament for a vote Tuesday to send peacekeepers despite public opposition to the deployment.

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A contingent of 800 Italian soldiers was due in the southern Lebanese city of Tyre on Saturday, the largest contingent to arrive so far to boost the 2,000-peacekeeper force that has been in southern Lebanon since 1978.

Armed with tanks, howitzers and other heavy weapons not normally used by peacekeeping forces, the U.N. troops will back up the Lebanese military, which has already begun moving into parts of the south as Israeli soldiers withdraw.

The combined force is supposed to ensure Hezbollah does not openly have weapons in the area, although the U.N. force does not have a mandate to actively disarm the guerrillas.

Annan Seen As Pivot In Peace Process (FT)

By Quentin Peel In Damascus

Financial Times, September 2, 2006

The streets of Damascus were plastered this week with posters of Syria's most-favoured visitor of the moment - Hugo Chávez, the populist anti-American president of Venezuela.

"Welcome to your country," they shout, in ill-spelt Spanish. The faces of Mr Chávez and Bashar al-Assad, Syria's own autocratic lead-er, beam down, pledging their proud solidarity as fellow pariahs in the eyes of Washington.

There was no sign of any public tribute to the next most prominent guest: Kofi Annan, the United Nations secretary-general, who flew in on Thursday for critical talks aimed at reinforcing the UN peace plan for neighbouring Lebanon. He was clearly less welcome.

Instead, the other ubiquitous face on billboards and in taxi-cabs is that of Sayyed Hassan Nasrallah, leader of the militant Hizbollah movement. "The two victors," says the slogan over the faces of Mr Assad and Mr Nasrallah. That is how they see the outcome of last month's ruinous conflict between Israel and Hizbollah in Lebanon. Mr Assad wants to share the glory.

As Mr Annan rushes round the Middle East in a whirlwind tour seeking to stop the fighting in Lebanon for good, that is part of his dilemma. He must persuade Israel to end its occupation of southern Lebanon and lift its blockade of the country, to allow reconstruction to begin. But that means stopping the flow of arms - through Syria - to Hizbollah, and persuading the militia to release the two Israeli soldiers it abducted in July, precipitating Israel's ferocious response. The Arab street cannot see why Hizbollah should be disarmed at all.

Yesterday Mr Annan seemed nevertheless to have won an assurance from Mr Assad: that Syria will back implementation of the UN peace plan, reinforce border patrols to stop the flow of arms and even co-operate with the Lebanese army and police. Mr Assad said he was ready to resume diplomatic relations with Lebanon and help free the two Israelis - although he wants both Lebanese and Syrian prisoners to be freed by Israel in exchange.

Mr Assad's assurances will be treated with caution, not least by UN officials. He has made promises before and failed to deliver. But this time he has the full force of a unanimous Security Council resolution obliging him to act. Everything will depend on implementation.

The problem for Mr Annan is that every element is interconnected in this Lebanon peace plan, both in substance and timing. No one wants to move first. And behind it lie all the unresolved issues of the Arab-Israeli peace process, including the Israeli occupation of Palestinian land and Syria's Golan Heights.

The secretary-general is an unlikely figure to be banging heads together in the capitals of the Middle East, seeing heads of state in nine countries in 10 days. Yet he seems driven by twin incentives to turn the disaster of the war in Lebanon into a lasting peace, for the region as a whole.

On the one hand, the UN's chief civil servant is filling a vacuum. Washington cannot act as an impartial referee. This is a diplomatic exercise that might normally have been performed by a US secretary of state, but Condoleezza Rice is forbidden by her president from visiting Syria or Iran. The continuing chaos in Iraq, and US refusal to restrain Israeli bombing of civilian targets in Lebanon, have further undermined the US role. The secretary-general has Ms Rice's blessing.

At the same time, Mr Annan seems driven by a determination to restart the Middle East peace process before he retires in four months' time. The Lebanon initiative was his. If he can make it last, it would provide a real legacy.

After nearly a week on the road, progress is desperately slow. Israel has refused to lift its blockade until dis-armament of Hizbollah is assured and its soldiers released. Mr Assad has made helpful noises, but will he deliver? The next most difficult stop

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will be Tehran, where the secretary-general will meet President Mahmoud Ahmadi-Nejad, the man who has called for Israel to be "wiped off the map".

In Jerusalem, Mr Annan was challenged about how he - a public servant - could stoop to shake the hand of such a man. He said: "I have no other means of influencing people except through dialogue, through persuasion and through honest discussion. I have no weapons."

In a region with a surfeit of soldiers, it makes him the odd man out.

Annan Says Syria Ready For Lebanon Ties (AP)

By Zeina Karam, Associated Press Writer

AP, September 2, 2006

Syrian President Bashar Assad told the U.N. secretary-general Friday that his government is prepared to establish formal diplomatic relations with Lebanon and delineate the border, steps Syria has resisted for six decades.

Many in Lebanon expressed skepticism, saying Assad's promises to U.N. chief Kofi Annan would likely remain just talk unless international pressure mounted on Damascus.

For Syria, the step would be seen as recognition that its decades-long domination of its smaller neighbor is truly over after crumbling the last year.

Many Lebanese suspect Syria has never really accepted Lebanon's independence and remains angry that parts of their country were carved out of the former Syrian province of the Ottoman Empire in 1920.

Annan reported Assad's statement after a meeting in Damascus. Assad made no public comment.

"These are nice, sugarcoated words," Lebanese Druse leader Walid Jumblatt, a virulently anti-Syrian politician, told Al-Arabiya television. "... (W)e know the Syrian double-talk. They say one thing to international envoys and implement another thing on the ground."

Nicolas Nassif, an analyst with the Lebanese newspaper Al-Akhbar, said he suspected Assad was just posturing. "If Assad was serious about responding to international resolutions, we would have seen Syria improving its relations with Lebanon a long time ago," he said.

Earlier this year, the U.N. Security Council passed a resolution sponsored by the United States, France and Britain that urged Syria and Lebanon to agree on their border and establish diplomatic relations.

Syria said previously that it did not object to defining the border but wanted that to take place at a later stage because of the current tensions between Damascus and a Beirut government dominated by anti-Syrian politicians.

Assad also said earlier this year that Syria did not object to establishing diplomatic relations with Lebanon, but added that no foreign power could impose such ties and that it was something to be discussed between the two neighbors.

"Syria has always said, before and after the U.N. resolution, that it has no problem in demarcating the border and establishing diplomatic ties when the timing is right," said George Jabbour, a Syrian legislator and political analyst.

He said Syria has long acknowledged and accepted Lebanon's independence.

But since 1943, when Syria and Lebanon gained independence from France, Damascus has sidestepped formal links with Beirut, saying their relationship was so close they didn't need diplomatic relations.

Syria's army dominated its neighbor since soon after Lebanon's civil war began in 1975, and by the time the war ended in 1990, Damascus controlled Lebanese politics.

That situation continued until the February 2005 assassination of former Lebanese Prime Minister Rafik Hariri, which many in Lebanon blamed on Syria. International pressure, coupled with mass anti-Syrian demonstrations in Beirut, forced Syria to pull out its troops. Anti-Syrian politicians then won control of parliament and the government.

Syria Pledges To Halt Weapons (WT/AP)

By Sam F. Ghattas, Associated Press

The Washington Times, September 2, 2006

DAMASCUS, Syria -- U.N. Secretary-General Kofi Annan said yesterday that Syria has pledged to step up border patrols and work with the Lebanese army to stop the flow of weapons to Hezbollah.

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Mr. Annan also said that he had asked Syrian President Bashar Assad to use his nation's influence to help win the release of three Israeli soldiers held by Lebanese and Palestinian militants allied with Damascus.

Mr. Annan said Mr. Assad promised at a meeting in Damascus that Syria will boost the number of its guards along the Lebanon-Syria border and establish joint patrols with the Lebanese army "where possible."

Israel has insisted that the international force be stationed along the Syrian border, although Mr. Assad has warned that such a presence would be considered hostile.

Mr. Annan said Mr. Assad restated "Syria's objection to the presence of foreign forces along the Lebanese-Syrian borders."

The U.N. chief spoke with reporters at the Damascus airport before departing for Qatar. Mr. Assad made no public comments after the meeting.

The Aug. 11 resolution that halted fighting between Israel and Hezbollah calls on countries to prevent the sale or supply of weapons to entities in Lebanon without the consent of the Lebanese government or U.N. peacekeepers. It also calls for Lebanon to "secure its borders and other entry points."

Syria promised to "undertake as soon as possible" measures to increase its number of border guards and give them additional training and equipment, Mr. Annan said. Syria also will establish liaisons with the Lebanese armed forces, border police and international personnel "in order to set up an effective interdiction regime," the secretary-general added.

Asked whether such measures would succeed in blocking arms shipments to Hezbollah, Mr. Annan replied: "I think it can happen. It may not be 100 percent, but it will make quite a lot of difference if the government puts in place the measures [it] has discussed with me."

Miri Eisin, a spokeswoman for Israeli Prime Minister Ehud Olmert, questioned whether Syria could provide a reliable force, saying the country helped finance and arm Hezbollah during the recent conflict.

Mr. Annan has said the expanded U.N. Interim Force in Lebanon (UNIFIL) would not disarm Hezbollah. He called the issue a matter for the Lebanese to decide.

The Spanish government said yesterday it planned to send 1,100 troops to Lebanon. France, Belgium and Poland also are offering troops to the U.N. force.

Germany is considering sending up to 2,000 troops, mainly navy personnel, to join the U.N. mission, press reports said.

Meanwhile, a U.N. official in New York said Israel has dropped its objections to Indonesia's contribution to the U.N. force, and the two sides are discussing when Jakarta would send a promised 1,000 troops.

Israel had objected to participation on the force by the world's largest Muslim nation because it does not have diplomatic ties with Israel.

Italian Troops Arrive In Lebanon (AP)

By Todd Pitman

AP, September 2, 2006

Italian soldiers began arriving Saturday in Lebanon, part of the first large contingent of international troops dispatched to boost the U.N. force keeping the peace between Israel and Hezbollah guerrillas.

Italian marines wearing blue berets arrived by helicopter in the Mediterranean port city of Tyre to secure two beaches where the remainder of an 880-strong battalion of Italian soldiers will land through the day. Another 200 Italian troops are expected Sunday in the capital, Beirut.

International troops have been slow to arrive in Lebanon since an Aug. 14 cease-fire brought an end to 34 days of fighting between Israel and Hezbollah, in part because it took time to hammer out details over the troops' mandate.

Besides the Italian contingent, just 250 extra French soldiers have made it to the country, though France has said it will send a total of 2,000 troops.

Also Saturday, Indonesia's Foreign Minister Hassan Wirajuda announced his country will send up to 1,000 troops to southern Lebanon by the month's end, after Israel dropped objections to its participation in the force. Israel had said it did not want Indonesia to take part because the predominantly Muslim nation did not have relations with the Jewish state.

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The 2,000-strong U.N. force is to be expanded over the next few months to 15,000 under a U.N. Security Council resolution that paved the way for the cease-fire. The peacekeepers are supposed to deploy with an equal number of Lebanese soldiers across south Lebanon as Israeli forces withdraw from positions they invaded last month, leaving behind a buffer zone between Israel and Hezbollah.

The presence of more U.N. troops in Lebanon may help assuage fears of a renewal of hostilities between Hezbollah and Israel. But the peacekeepers will stay out of the most sensitive issues, both demanded by Israel: disarming Hezbollah and keeping the guerrillas from receiving fresh arms, especially via Lebanon's border with Syria.

U.N. Secretary-General Kofi Annan has said UNFIL will not disarm Hezbollah or police the Syrian border, and would only carry out those tasks if the Lebanese government asks them to. Hezbollah has vowed not to lay down its weapons and its fighters have melted away into the civilian population. Syria strongly opposes any international forces along its border.

Europe is providing the backbone of the force and has promised 6,900 soldiers for UNIFIL. Italy's contribution of 2,500 troops is the largest, second to France's 2,000, the first battalion of which is due in Lebanon Sept. 10.

An advance team of 29 Spanish soldiers arrived Wednesday in Beirut on a reconnaissance mission to prepare a larger contingent that could number up to 1,000 if Spain's Parliament approves the deployment, Ivanko said.

Italy's Defense Ministry said its troops will include marines, engineers, military police and other specialists, as well as 158 vehicles including trucks and amphibious tracked vehicles.

The force will move 12 miles inland to an area temporarily assigned to it by the U.N. Interim Force in Lebanon known as UNIFIL, the ministry said. Italian commanders have said the troops are likely to be deployed in and around Tyre.

France will initially lead the force, but Italy will take command of UNIFIL next year.

France is deploying heavy armor that French defense officials say will include Leclerc tanks, surface-to-surface artillery, short-range anti-aircraft missiles and radar — unusually heavy weapons for a peacekeeping force.

U.N. member states are given wide freedom to supply their missions the equipment as see fit. Still, peacekeeping deployments don't normally deploy such heavy equipment — though the U.N. has required nations to in some hot spots, as in Congo, where it has attack helicopters in use.

The truce between Israel and Hezbollah has held overall, minor clashes and an Israeli raid into Lebanon have been reported. The war began when Hezbollah guerrillas kidnapped two Israeli soldiers in a cross-border raid that provoked a fierce response from Israel, which invaded Lebanon and sent warplanes to bombard roads, bridges and homes across the country in daily airstrikes.

UNIFIL was created in 1978 to monitor the withdrawal of Israeli troops who invaded Lebanon the same year. Its troops have been helpless to stop repeated bouts of violence in south Lebanon, acting mainly as impotent observers.

Indonesia To Send Soldiers For U.N.'s Force In Lebanon (NYT)

By Jane Perlez

The New York Times, September 2, 2006

JAKARTA, Indonesia, Sept. 1 — Indonesia said Friday that it expected to send a contingent of 1,000 soldiers to join the United Nations peacekeeping force in southern Lebanon, even though Israel had earlier objected to its participation.

Israel's opposition to Indonesian troops has softened, said Dino Djalal, the foreign policy adviser to President Susilo Bambang Yudhoyono.

"My latest information is that Israel has or will state or indicate they do not object to their participation," he said.

In early discussions about a peacekeeping force, Israel said it would oppose the participation of soldiers from Muslim countries that did not have diplomatic relations with Israel, a position that appeared to bar soldiers from Indonesia, Malaysia and Bangladesh.

In Tel Aviv, Mark Regev, the spokesman for the Israeli Foreign Ministry, couched Israel's position in a way that fell short of outright rejection. "We think all countries who want to contribute should have relations with both sides, with us and with Lebanon," he said.

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An Israeli Foreign Ministry official said Friday evening that while there might yet be an agreement with Indonesia on sending troops, "matters are still not finalized."

In voicing their concerns, Israeli officials have said that countries that do not formally recognize Israel would have difficulty in dispatching soldiers who would be even-handed.

But in talking about the participation of Muslim countries, Israeli officials have said they regard some Muslim countries in a more positive light than others.

They noted that the former Israeli prime minister Yitzhak Rabin visited Indonesia in 1992 and that Israel sent relief aid to Indonesia after the tsunami in December 2004. Wahid Abdurrahman, the former Indonesian president, visited Israel twice in the 1990's when he was the leader of one of Indonesia's largest Muslim organizations.

At the United Nations, peacekeeping officials said they regarded Indonesia and Malaysia as strong participants in past peacekeeping missions and were moving ahead with plans to incorporate soldiers from both countries. Malaysia has also offered 1,000 troops for the force.

The world's most populous Muslim country, Indonesia is considered moderate in its religious outlook, and its soldiers have served in 30 United Nations peacekeeping operations, including two in the Middle East.

For the Indonesians, the dispatch of troops to the high-profile peacekeeping assignment in Lebanon is seen as a prestigious role, particularly as the military adjusts to a less powerful role at home after the collapse in 1998 of the authoritarian regime of Gen. Suharto.

Mr. Yudhoyono has promoted Indonesia's participation as part of an effort to promote himself as a leader with a presence in international affairs, a position that past Indonesian presidents, including General Suharto, avoided.

Indonesia plans to send one battalion and one engineering platoon, Mr. Djalal said. Final details of the deployment were being worked out at the United Nations headquarters in New York. "Once that's done, they are ready to go," he said.

Israel has voiced harsher reservations about troops from Malaysia, which it regards as less friendly toward it than Indonesia is.

Spain to Send 1,100 Troops

MADRID, Sept. 1 (AP) — The Spanish government agreed Friday to contribute up to 1,100 troops to the United Nations peacekeeping force in Lebanon and to lead one of its multinational brigades.

The decision, made at a weekly cabinet meeting, is expected to be approved by Spain's Parliament in a vote next Thursday.

Deputy Prime Minister María Teresa Fernández de la Vega said that, if the mission is approved, Spain will immediately send marines to Lebanon. They would be replaced in November by other Spanish troops, who will take command of a multinational brigade, she said.

Israeli Defense Chief Agrees To Independent Inquiry Into Lebanon War (NYT)

By Steven Erlanger

The New York Times, September 2, 2006

JERUSALEM, Sept. 1 — Bowing to rebels in his own Labor Party, Defense Minister Amir Peretz of Israel called Friday for a full independent inquiry into the recent war in Lebanon, changing his previous position and putting him publicly at odds with Prime Minister Ehud Olmert.

Mr. Olmert, of the Kadima Party, declared earlier in the week that such an investigation, which would be conducted by a state commission appointed by the Supreme Court, was unnecessary. Instead, he announced two government-controlled investigations, one into the military's performance and one into the government's, while the country's comptroller general would take a look into the preparations and performance of local government officials.

Mr. Peretz, elected head of the Labor Party not long before the March 28 elections, was considered an unlikely defense minister, and his own performance during the war has been widely criticized, with many calling for his resignation. He appointed a panel, headed by an aide and former general, to look into the military's performance, and was widely criticized for trying to control the inquiry.

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Mr. Peretz then halted the work of his own panel and appeared to back Mr. Olmert. Labor, with 19 of Parliament's 120 seats, is a junior partner in the government with Kadima, which has 29 seats. But senior members of Labor, some of whom opposed Mr. Peretz, a former trade-union leader with a limited military background, have seen a chance to tame him or even pull him down. They have pressed him to support a full state inquiry, which he has now done.

They have also pressed Mr. Peretz to push for more social spending than Mr. Olmert wants, especially given the need to increase the military budget and to try to carry out Mr. Olmert's own plan for political salvation — the rehabilitation and modernization of northern Israel and the Negev.

Mr. Olmert, needless to say, was reported by Israeli news media to be less than happy with Mr. Peretz's change of position. Olmert aides, without being named, were quoted as saying that Mr. Peretz had caved in to political pressure and was again showing his inexperience.

But Mr. Olmert does not want to break apart the coalition now and call new elections that he is almost sure to lose in the immediate aftermath of the war. He is reportedly talking to Avigdor Lieberman, whose right-wing, Russian-immigrant-based party did well in the elections, about joining the government. Now that Mr. Olmert has shelved his plan for a new pullout of settlers from the West Bank — which his advisers insist is temporary — he and Mr. Lieberman have fewer differences. But Mr. Lieberman is reluctant to prop up a government that is not expected to last more than a year.

Mr. Peretz may not last as Labor leader, either. A senior Labor figure, Infrastructure Minister Benjamin Ben-Eliezer, criticized Mr. Peretz on Friday for "zigzagging in his stance" on the Lebanon war. "I don't understand what you're scared of and why you're capitulating to pressure," Mr. Ben-Eliezer said in a Labor Party meeting, according to Israel radio. "This is a mistake."

Tourism Minister Isaac Herzog, of the Labor Party, also criticized the idea of a state commission, calling it "a recipe for paralysis," while another senior Labor figure, Ophir Pines-Paz, minister of science and technology and a steady critic of the war, praised Mr. Peretz, "who, after deliberation, chose the correct position."

Mr. Peretz said, "I have reached the conclusion that in order to maintain equal standards for all, to maintain transparency of examination, to maintain the feeling of confidence between the public and the examination process, it is appropriate that we go toward a state commission of inquiry."

Despite Mr. Peretz's switch, Mr. Olmert is expected to have little trouble getting approval from the full cabinet for his own government commissions.

In Stockholm on Friday, foreign donors pledged nearly $500 million in aid for the Palestinian territories, but only $57.8 million was earmarked for a United Nations appeal to help Palestinians most in need. Sweden promised $7.7 million to rebuild a Gaza power station whose transformers were destroyed by Israel.

Jan Egeland, the United Nations relief coordinator, called Gaza "a ticking time bomb" and described Palestinians as "living in a cage." He said that in the 25 years in which he had visited Palestinian lands, "I've never seen so much hatred and bitterness as during my last visit there." Israel says it must control the border crossings, which are often shut, because of security threats. Israeli troops are back in Gaza to try to secure the release of a soldier captured June 25.

In a separate meeting, donors pledged $940 million for Lebanon.

The European Union foreign ministers, meeting in Finland, called for a revival of the Middle East peace process, and its foreign policy chief, Javier Solana, said Europe would be willing to talk to a Palestinian unity government, even if it included members of Hamas.

The Palestinian president, Mahmoud Abbas, is trying to form such a government between his own Fatah faction and Hamas, which runs the Palestinian Authority. Hamas has refused demands from the United States, Europe, Russia and the United Nations to recognize Israel's right to exist, forswear violence and accept previous Israeli-Palestinian agreements. As a result, significant budgetary aid has been cut off, and Israel has refused to hand over tax and customs receipts.

Mr. Abbas hopes that a unity government, even if Hamas leads it, will open up the aid spigot. Europe had agreed with Washington not to talk to any members of Hamas, which is considered a terrorist group.

Europe is also trying to promote new peace talks based on Israel returning roughly to its pre-1967 boundaries except for land swaps — essentially what Bill Clinton was trying to achieve as president. The Arab League is trying to revive its plan that calls for recognition of Israel if it gives up all territory occupied in 1967, including East Jerusalem.

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Israel says it sees no basis for renewed talks so long as the Palestinian Authority is run by Hamas and Palestinian militant groups are not disarmed.

Olmert, Israeli Defense Minister Clash Over War Inquiry (LAT)

By Ken Ellingwood

The Los Angeles Times, September 2, 2006

Peretz's call for an outside panel is likely to cause tension within the governing coalition.

JERUSALEM — Israeli Defense Minister Amir Peretz broke with Prime Minister Ehud Olmert on Friday by calling for an independent probe of their government's handling of the recent war in Lebanon — their first serious disagreement since becoming coalition partners four months ago.

Olmert and Peretz have come under intense public criticism for the less-than-decisive outcome of the conflict, which ended Aug. 14 with a cease-fire after 34 days of fighting. The clash over the nature of an inquiry is sure to produce tension within the governing alliance led by Olmert and his centrist Kadima Party and could sow deeper divisions.

Peretz, who leads the left-leaning Labor Party, joined critics in his party in calling for an independent state commission to look into how Israel's leaders performed during the war. He had been under pressure to come out against Olmert's plan to name an ad hoc government panel that critics said would be too pliant.

A panel backed by Peretz would be headed by a judge and carry significant authority to conduct an investigation and recommend changes, including the dismissal of top-level officials. Such commissions have been named to review previous wartime controversies, including Israel's role in the massacres of Palestinians in Lebanon's Sabra and Chatilla refugee camps in 1982.

Olmert's proposal appears likely to gain Cabinet approval, even though Peretz and several other Labor ministers are against it.

With public dissatisfaction high in Israel and protesters calling for the resignations of Olmert, Peretz and army Chief of Staff Lt. Gen. Dan Halutz, the shape of a future inquiry has become politically charged.

Critics accused Olmert of attempting a whitewash in proposing his own examination of the government's conduct, which would be led by a former chief of the Mossad spy agency.

Olmert, who has characterized the military campaign as a victory while conceding shortcomings, said a full-blown investigation by an independent state commission could take years and that Israel needed to make any needed reforms quickly.

Olmert said a separate panel would look into the army's role.

The effect of the disagreement on the coalition's future remains unclear. For now, the prime minister and Peretz share an interest in keeping it together.

Labor is Kadima's biggest partner; without it, Olmert would have to reach out to right-wing and religious parties to keep a parliamentary majority. Peretz, a former union leader, brought Labor into the alliance to press for territorial concessions in the West Bank and boost government spending for social welfare.

Peretz, who gained the defense minister's job despite lacking a military background, faces an array of dissenters within his party who have seized on lapses during the Lebanon conflict to step up challenges to his leadership. Israeli commentators said he might see a formal state inquiry as the best way to rescue himself.

His rivals in Labor have accused him of abandoning the party's emphasis on government help for the needy. A showdown over the national budget for next year could prove a more serious challenge to the alliance with Kadima.

Public support for Olmert and Peretz soared during the early days of the fighting but has plummeted since the war with Hezbollah militants stopped. Army reservists have staged protests, complaining that the army suffered from conflicting orders and a lack of basic equipment and water. Protesters have constructed a mock graveyard outside Olmert's offices, using cardboard cutouts to represent Israeli soldiers killed during the conflict.

There has been speculation in the Israeli media that Peretz might be shifted from the defense minister's job to another post, such as finance minister.

ken.ellingwood@latimes.com

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U.N. Names Panelists To Probe Israel's War Conduct (LAT/AP)

The Associated Press

The Los Angeles Times, September 2, 2006

GENEVA — The U.N. Human Rights Council on Friday appointed a Brazilian diplomat, a Tanzanian judge and a Greek professor to a commission investigating whether Israel committed systematic human rights abuses in Lebanon during recent fighting with Hezbollah militants.

The commission was created last month by the council, which condemned Israel for what it called "massive bombardment of Lebanese civilian populations" and other human rights violations.

The panel is composed of Brazil's Joao Baena Soares, former secretary-general of the Organization of American States; Mohamed Chande Othman, who sits on Tanzania's supreme court; and Stelios Perrakis, a professor of international studies and a member of the Council of Europe, the continent's human rights monitoring body.

The United Nations rights council voted 27 to 11 on Aug. 11 to initiate the inquiry. European countries, Japan and Canada voted against the move, primarily arguing that it lacked balance in failing to mention Hezbollah's possible violations. The U.S. is an observer and has no vote on the 47-member council.

Under the resolution, the three panelists will investigate the "systematic targeting and killings of civilians by Israel," according to the commission's resolution. The commission will also examine the types of weapons Israel used and their conformity with international law.

Itzhak Levanon, Israel's ambassador to the U.N. in Geneva, reiterated his criticism of the council for making a distinction "between the suffering and deaths occurring in different countries" by not naming Hezbollah in the resolution.

Israeli officials have said the actions in the war against Hezbollah were in accordance with recognized norms of behavior during conflicts and with relevant international law.

The fighting began July 12 after Hezbollah guerrillas based in southern Lebanon kidnapped two Israeli soldiers in a cross-border raid. Israel responded with an air campaign and later a ground offensive. Hezbollah fired thousands of rockets into northern Israel. Hundreds of Lebanese and scores of Israelis were killed in the fighting.

Palestinians Begin To Direct Blame Inward (LAT)

By Ken Ellingwood, Times Staff Writer

The Los Angeles Times, September 2, 2006

Discontent with the Hamas-led government festers among its many long-unpaid workers.

RAMALLAH, West Bank — Abdelmohsen Radwan has gone unpaid for the last six months of work. His list of who is at fault grows with each new household debt, and Palestinian officials rank high.

Radwan, a legal advisor in the Palestinian Authority Economy Ministry, blames the international community for cutting aid. He holds the Hamas-led government responsible for not paying tens of thousands of civil servants since February. And he is disappointed in President Mahmoud Abbas for not figuring a way out of the mess.

"They are all responsible in the end," said Radwan, 54, as he sweated in the midday heat along with hundreds of other government workers who gathered outside Abbas' office this week to demand their pay.

The growing public disenchantment over unpaid wages has triggered threats of a walkout by most of the 165,000 public employees. The protest began early today when more than 30,000 public school teachers sat out, disrupting the first day of classes. Many other public employees joined in, and thousands more were scheduled to strike on Sunday.

Many unpaid employees already no longer go to their jobs because they cannot afford to commute by bus or taxi. Others continue showing up at ministries that have no money or supplies to carry out their projects.

Even in advance of the threatened strike, the Palestinian government had sunk into near-paralysis.

"The government before Hamas' victory functioned well in one respect — paying the salaries. Now that is gone, too," said Samir Awad, chairman of the political science department at Birzeit University near Ramallah. "Signs of life are difficult to find, even if one tries."

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Government salaries sustain nearly a third of the population, and most schools and hospitals are staffed with civil servants. So the lack of paychecks has a spillover effect into most aspects of daily life.

The United States and European Union consider Hamas a terrorist group. The group's charter calls for the destruction of Israel, and it refuses to renounce violence or to honor Israeli-Palestinian agreements.

After Hamas won a majority in parliamentary elections in January, the U.S. and Europe halted direct aid to the Palestinian Authority. In addition, Israel has withheld about $50 million monthly in customs and tax revenues that it collects on behalf of the Palestinian government under a long-standing economic agreement.

This summer, Israel stepped up the pressure, arresting more than two dozen Hamas lawmakers and Cabinet members in the West Bank, including parliament Speaker Aziz Dweik, Deputy Prime Minister Nasser Shaer and Finance Minister Omar Abdel Razek.

Israel began the arrests after Palestinian militants from the Gaza Strip entered Israel through a cross-border tunnel June 25 and captured an Israeli soldier, Cpl. Gilad Shalit.

Israeli and U.S. officials have said they hoped the cutoff of money and other moves would eventually cause the Palestinian public to turn against Hamas. That may now be happening.

Palestinians are becoming impatient. Polls have shown a drop in support for the Hamas-led government, and many disappointed Palestinians who initially blamed the United States and Israel for the funding cutoff are directing their anger at their own elected leadership.

"Until recently, the public was not blaming the government at all," said analyst Ghassan Khatib, a former Palestinian planning minister. "I think there is some change toward blaming collectively the government, the presidency and the donors. The public places all these groups in one basket."

A gathering sense of desperation has led some Palestinians to question the need for the Palestinian Authority, which was created in 1994 as a product of the Oslo interim peace accords with Israel.

Some have suggested a wider international role in directly managing Palestinian affairs.

"People are starting to think that, 'What's the use of this Authority? It's nothing,' " said Ramez Muhtadi, an aide to the Palestinian parliament whose work producing publications in English has come to a halt because of the lack of money. "This feeling is getting stronger by the increase of pressure on the government."

A few sporadic payments to workers of about $350 from Abbas' office have done little to ease the damage, Muhtadi said. "It's like a sedative," he said.

Getting rid of the Palestinian Authority appears unlikely at this point, because doing so could be read as an admission that Palestinians have failed to govern themselves and aren't ready for an independent state.

For now, calls are growing for Hamas to form a unified government with Abbas, of the once-dominant Fatah movement. Abbas returned to Gaza this week to resume talks with Hamas and other parties.

Hamas has so far been unwilling to give up the prime minister's spot held by Ismail Haniyeh, and it remains unclear whether Abbas could persuade the group to temper its stance toward Israel sufficiently to meet Western demands for a resumption of aid.

"We all know that the key to breaking the deadlock [over] the help of the donor community is the program of the government," said Saeb Erekat, a Fatah lawmaker who is the chief Palestinian negotiator and a close Abbas ally. "Without doing these things, even with Mother Teresa as prime minister, we'd still have these problems."

But some analysts and Palestinian officials say that beleaguered Hamas leaders may now be ready to yield a bit.

"I think Hamas, like everybody else, is realizing that there is no alternative to a national-unity government," said Ziad abu Amr, an independent lawmaker from Gaza City who often serves as a mediator between Hamas and Fatah.

Abu Amr noted, though, that Hamas' solid parliamentary majority, with 74 of the 132 seats, gives it a strong claim to the prime minister's job.

"It's going to be difficult to go on without a Hamas prime minister," he said.

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Fatah loyalists detected a possible shift in Hamas' tone in a newspaper column this week by Ghazi Hamad, Hamas' government spokesman. In blunt language, Hamad directed Palestinians to examine themselves, and not just Israel, in assigning responsibility for living conditions in Gaza that he called "desperate, sad and a failure."

Hamad, a former Hamas newspaper editor, blamed prideful gunmen, jealous clans and "the virus of laziness" for fostering a climate in which the streets were dangerous and dirty and the government was largely powerless to impose order.

"I say, have a little mercy on Gaza. Have mercy on it from your demagogy, from your chaos, from your uncontrolled guns, from your thugs. Have mercy on it from your infighting and one-upmanship. Let it live a little and breathe a little," Hamad wrote in Al Ayyam, traditionally a Fatah organ.

Hamad, who said the piece reflected only his personal sentiments, did not criticize the Hamas leadership.

Getting Hamas to shift its positions may be complicated by internal tensions, chiefly between its leaders in the West Bank and Gaza Strip and the exiled head of the group's political bureau, Khaled Meshaal, who is based in the Syrian capital, Damascus.

Meshaal tends to voice a more strident line on Israel than do local political leaders, including Haniyeh, and he could torpedo any deal they make with Fatah that appears to depart from the group's longtime rejection of the Jewish state.

But Awad, the Birzeit University professor, is one of those who says the Palestinians must find a way to break the political stalemate.

He calls for creation of an emergency government, made up solely of political independents, to navigate the tricky straits ahead.

"Maybe some desperate measures need to be taken, with no guarantee whatsoever they will work," he said. "But maybe they will improve our chances a little bit."

ken.ellingwood@latimes.com

$500 Million Pledged For Palestinian Aid (WT/AP)

By Mattias Karen, Associated Press

The Washington Times, September 2, 2006

STOCKHOLM -- A group of donor countries and international organizations yesterday pledged to send nearly $500 million in aid to the Palestinians, saying the humanitarian situation in the Gaza Strip turned critical while the world focused on halting a monthlong war in Lebanon.

Only 10 percent of the donations pledged at an aid conference in Stockholm were to be channeled through the United Nations, raising concerns that sizable sums may go straight to the Hamas-led Palestinian government shunned by the West since it took power in March.

Carin Jamtin, Sweden's aid minister and the host of the conference, called the donations "a fantastic result" but expressed disappointment that so few pledges were made to the U.N. appeal.

Only $55 million was given toward the U.N. emergency appeal that had been the focus of the conference, while Egypt and some other countries made sizable donations that organizers said would be given directly to the Hamas-led Palestinian Authority.

The United States, the European Union and other world donors cut off hundreds of millions of dollars in direct aid and cash transfers to the government after Hamas took office, leaving the Palestinian Authority unable to pay salaries to most of the 165,000 public workers.

Civil servants demanding wages largely unpaid since March plan to stop work from today, which could paralyze government operations.

Conditions in Gaza worsened after Israel launched a large-scale military offensive in the tiny coastal strip at the end of June in response to a raid by Hamas-allied militants who tunneled under the Gaza-Israel border, attacked an army post and captured an Israeli soldier.

Hamas, which has killed hundreds of Israelis in suicide bombings and other attacks, is considered a terrorist group by the United States, the European Union and Israel.

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Mohammad Mustafa, a top adviser to moderate Palestinian Authority President Mahmoud Abbas, said it did not matter how the money was distributed, "as long as it is assistance that gets to the people."

No Hamas representative attended the conference.

The biggest donation -- $250 million -- came from Saudi Arabia.

Meanwhile, the European Union said it has begun paying "social allowances" to 625,000 Palestinians left unpaid because of the government's financial crisis.

U.S. Makes A Push For U.N. Action On Burma (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, September 2, 2006

The United States moved yesterday to formally add Burma to the agenda of the U.N. Security Council, potentially exposing the Southeast Asian nation, which is ruled by a military junta, to international condemnation for human rights violations and other abuses.

John R. Bolton, U.S. ambassador to the United Nations, said he sent a letter to the council's president, Greek Ambassador Adamantios Vassilakis, requesting that Burma fall under the council's scrutiny because the junta's behavior threatens regional peace and security.

Bolton and other U.S. officials said they are confident they have the necessary nine votes, among the 15 council members, to add Burma to the agenda. China in particular has opposed the move -- and could veto any potential resolution -- but U.S. diplomats, including Secretary of State Condoleezza Rice, have worked relentlessly in recent months to line up the votes. Opponents of Security Council action have argued that the venue is appropriate only for threats to international peace and security, not human rights violations.

Burma, also known as Myanmar, is regarded as one of the world's most repressive nations. The National League for Democracy (NLD), the party of Aung San Suu Kyi, the 1991 Nobel Peace Prize laureate, won a landslide electoral victory in 1990 that the military leadership refused to accept. She has been repeatedly held in confinement since then.

After the junta extended Suu Kyi's detention for another year, NLD Chairman U Aung Shwe and Secretary U Lwin wrote U.N. Secretary General Kofi Annan a letter dated June 1 saying "we believe that there is no alternative except some actions of the Security Council." They wrote that a spreading AIDS epidemic and severe repression of ethnic groups who spill over into neighboring countries have threatened the stability of the region.

The administration's success was aided by the fact that many of Burma's neighbors -- which in the past have strongly opposed adding a Southeast Asian nation to the Security Council docket -- have increasingly soured on the junta. Indonesia Foreign Minister Hassan Wirayuda said last week that the other nine members of the Association of Southeast Asian Nations have told Burma that they will no longer defend it if brought before the Security Council. "You must defend yourself," he said.

"Even Burma's friends have abandoned it," said Tom Malinowski, Washington advocacy director for Human Rights Watch.

Malinowski, who said he "has been waiting 17 years for this moment," said he gave the Bush administration "high marks for their diplomacy on this issue," because when the effort began in earnest a year ago, there was little support in Asia or other parts of the world for tackling Burma's problems. "They said it couldn't be done," he said.

Another key player was Archbishop Desmond Tutu, the South African Nobel Peace Prize winner, who met with Rice in May to press for a binding U.N. Security Council resolution calling on the Burmese military junta to release Suu Kyi and other political prisoners and halt a counterinsurgency campaign that is targeting civilians. Tutu has campaigned around the world for Security Council action, likening the struggle in Burma to the fight against apartheid.

US Pushing To Have Myanmar Issue Put On Formal Security Council Agenda (AFP-Y)

AFP, September 2, 2006

The United States has moved to put the issue of political repression and human rights abuses in Myanmar formally on the agenda of the Security Council this month, its ambassador to the UN said.

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John Bolton told reporters he sent a letter to the incoming president of the council, Greek Ambassador Adamantios Vassilakis, asking that Myanmar be added to the agenda of the council "because of the threat to international peace and security that the policies and actions" of the ruling military junta in Yangon.

Washington has led efforts to force Yangon change its repressive policies and notably release democracy icon Aung San Suu Kyi, who has been under house arrest for most of the last 17 years.

Myanmar in May extended her detention for another year, defying an international outcry demanding freedom for the 61-year-old Nobel peace laureate.

Her National League for Democracy party won 1990 elections but was never allowed to rule. Its offices have been shut down by the junta, which has also locked up many other party members.

Bolton recalled that the Security Council heard two briefings from UN Under Secretary General for Political Affairs Ibrahim Gambari last December and in June on Myanmar.

But the issue was not formally put on the agenda because of opposition of some countries, notably veto-wielding council members China and Russia.

Bolton said the United States was now confident of getting enough support within the council to prevail in a vote to have the issue formally entered on the agenda.

"This is we think an important step because of the consequences of what the Burmese regime has been doing and we will be seeking to have that formal addition to the agenda made in the next few weeks," Bolton said.

"Our judgment now is that the issue is sufficient ripe that unless we get unanimous agreement we are prepared to ask for a vote and we think at this point we would have a sufficient number of supporters within the council to put it on the agenda," he added.

The US envoy said he had no immediate plan to introduce a draft resolution but said his move was meant to force a discussion of Myanmar in the council in the face of opposition from China and Russia.

Early last month, US President George W. Bush signed legislation renewing economic sanctions on Myanmar to signal his "serious concern" about the military regime there, the White House said.

The legislation, anchored on the Burmese Freedom and Democracy Act of 2003, extends by three years a US ban on imports from Myanmar.

The United States halted new investments to Myanmar in 1997 and imposed bans on financial transactions and imports in 2003. Visa restrictions on officials from the military junta and affiliated groups have also been implemented.

The US State Department has also spotlighted human rights abuses, notably branding the military-run southeast Asian nation as among the world's worst offenders for trafficking in humans. The military has ruled Myanmar since 1962.

U.N. Accuses Official Of Corruption (AP-Y)

By Nick Wadhams, Associated Press Writer

AP, September 2, 2006

A United Nations investigation has concluded that a U.N. official took kickbacks such as low-cost apartments for steering lucrative contracts to a company from his native India.

The investigation claimed that Sanjaya Bahel, who was formally an official in the Indian government when he was working for the U.N. under contract, used his relationship with a wealthy Indian businessman and his son to steer the deals to the company they represented, Telecommunications Consultants India Ltd.

The confidential report detailing the investigation's findings found Bahel refused to act on complaints that the company denied payment to employees in peacekeeping missions worldwide despite repeated claims they did not have enough money to eat. The report was shown to The Associated Press.

Bahel vehemently denied the claims and said the U.N. only notified him of them Thursday.

"To me, the allegations are not correct," he told the AP. "I have good reasoning and valid reasoning to counter those."

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In the report, TCIL acknowledged "some responsibility for the severe problems" in contracts with the U.N. and blamed the Indian businessmen Bahel had contact with, Nanak Kohli, and his son Nishan Kohli. Neither man could immediately be reached for comment.

According to the report, Bahel had a longtime relationship with the Kohlis, who were on the guest list for his son's 2002 wedding. In 2003, Bahel rented two side-by-side New York apartments from them at rates well below the market and later bought the apartments, where he now lives, at a favorable price, it said.

J.L. Kachru, general manager of TCIL, said the company does not have any contact with Bahel.

"We haven't heard anything from the United Nations so far," he said.

The allegations spelled out in the report are the latest in a string of claims of fraud in the procurement department, which is responsible for awarding millions of dollars in contracts to do business with the U.N. worldwide. Details were also reported in Friday's editions of the Italian business newspaper Il Sole 24 Oro.

Bahel was chief of commodity procurement for the U.N. from 1998-2003. From 1999-2004, TCIL received more than $100 million in U.N. contracts, the report said.

It claimed that Bahel ignored evidence that TCIL wrongly withheld money from employees sent to U.N. peacekeeping missions in places such as Liberia, Congo and Kosovo to do communications work. While the workers claimed they were only getting a pittance — sometimes as little as $5 for daily expenses — the money enriched another company associated with the Indian businessman and his son.

After learning the details of Bahel's case were about to be made public, the U.N. issued a statement through spokesman Stephane Dujarric on Thursday that it had suspended an unidentified male staffer and charged him with misconduct. Bahel confirmed to the AP late Thursday that he was that staffer.

Dujarric said the staffer is now being given an opportunity to respond, which is an essential element in the U.N.'s system of internal justice.

"Evidence in this case has also been shared with the prosecutorial authorities of the host country," he said.

A U.N. diplomat confirmed the evidence was shared with the U.S. Attorney for the Southern District of New York, which has been investigating allegations of fraud in the procurement office for several months. The diplomat spoke on condition of anonymity because he was not authorized to discuss the case. A spokeswoman for the prosecutor had no immediate comment.

Navtej Sarna, spokesman for the Indian Ministry of External Affairs, said he was not aware of Bahel's suspension or the allegations against him and would look into it before making any comment.

Bahel could face charges including wire fraud and conspiracy.

The report was compiled by the Procurement Task Force, formed in January to pursue allegations of fraud in the procurement department. Many of the claims arose in the wake of the U.N. Oil for Food scandal.

The father and son refused to speak with the task force.

Sudan Gov't Launches Darfur Offensive (AP-Y)

By Henry Meyer, Associated Press Writer

AP, September 2, 2006

The Sudanese government has launched a major offensive against rebels in war-torn Darfur, human rights activists and African Union officials said Friday.

The fighting, which Human Rights Watch said has involved government aircraft bombing villages, began as a senior U.S. envoy was in Khartoum to press the government to accept the deployment of U.N. peacekeepers in the western region.

Sudan on Thursday rejected as "illegal" a U.N. Security Council resolution paving the way for the replacement of 7,000 ill-equipped African Union peacekeepers in Darfur with more than 20,000 U.N. troops and police.

Government troops Monday attacked and later occupied Kulkul, a rebel-held village north of Darfur's provincial capital el Fasher, David Buchbinder of Human Rights Watch said by telephone from New York, citing local reports. Two other rebel-controlled villages have since reportedly fallen under government control.

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An African Union official in Khartoum, Sam Ibok, said more than 20 civilians have been killed and more than 1,000 have been displaced since major clashes started early this week according to reports from the affected areas.

He said that these northern areas were a "no-go" zone for AU forces and therefore he had no precise information.

International observers in north Darfur reported that civilians attempting to flee the attacks in Kulkul were turned back by Sudanese government troops, Human Rights Watch said.

Sudanese officials could not be reached on Friday, a weekend day, to comment on the reports. Rebel commanders did not answer calls.

The AU force has been unable to stop the humanitarian catastrophe in Darfur that has killed more than 200,000 people and left more than 2 million displaced over the past three years.

The conflict in Darfur began in 2003 when ethnic African tribes revolted against the Arab-led Khartoum government. The government is accused of unleashing Arab militiamen known as janjaweed who have been blamed for widespread atrocities.

A May peace deal signed by the government and one of the ethnic African rebel groups operating in the region has had little effect.

The African Union has called for the U.N. to take control of the peacekeeping force, whose formal mandate expires on Sept. 30.

But Sudan's President Omar Al-Bashir has maintained steadfast hostility to the presence of the U.N. force, instead offering to send 10,000 government troops to Darfur.

U.N. Secretary-General Kofi Annan on Thursday released a letter he had sent to Al-Bashir urging him to accept a U.N force in Darfur, saying only an impartial peacekeeping force could implement the May peace deal.

Annan also expressed alarm over the recent deployment of large numbers of Sudanese troops in Darfur.

Eric Reeves, a professor from Smith College in the United States who is a prominent campaigner for an end to the Darfur conflict, said he had information that Minni Minnawi, leader of the only rebel faction to sign the peace deal, was collaborating with the government offensive. Two other Darfur rebel groups have refused to sign.

He said his contacts told him thousands of troops and janjaweed militias, backed by Antonov planes, have carried out bombing missions and taken control of three villages north of el Nasher, Kulkul, Bir Maza and Sayeh.

"They are bombing villages without any regard for civilians," he said. "It is more genocidal violence. The end game is to take full control of northern Darfur and isolate the rebels."

John Prendergast, an expert from the International Crisis Group, a global think-tank, was in Darfur until the end of last week and said the government offensive was provoking spiraling violence and reduced humanitarian access to the region.

Earlier this week, the U.N.'s top humanitarian official, Jan Egeland, warned "a man-made catastrophe of an unprecedented scale" loomed within weeks in Darfur unless the Security Council acted immediately.

Egeland said there could be hundreds of thousands of deaths if aid operations collapsed. The operations are already at grave risk because of rising attacks against aid workers and massive funding shortfalls.

Head Of VOA Agency Defends His Record (WT/AP)

By Associated Press

The Washington Times, September 2, 2006

The chairman of the agency that oversees Voice of America and other U.S. overseas broadcasts defended his record yesterday against accusations of misconduct and vowed to stay on the job.

Kenneth Y. Tomlinson, chairman of the Broadcasting Board of Governors, flatly disputed accusations in a State Department inspector general's report that he hired a friend as a consultant and overbilled for his time.

Mr. Tomlinson said the consultant, Lee Daniels, was a 35-year veteran of the Voice of America whom he first met in 1982 and asked VOA to bring him back from retirement.

"He is qualified in putting stuff on the air and he knows more about how the VOA works than most senior executives," Mr. Tomlinson said upon his return from an international broadcasting conference in Berlin.

"He is not a neighbor. He is not a political friend. I do consider him a friend."

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On overbilling accusations, Mr. Tomlinson said that while critics argue that the law limits him to pay for 130 days a year, "everyone knows we are treating this as a full-time job."

And so, Mr. Tomlinson said he billed for eight hours a day even when he often worked many more hours.

A summary of a report by the State Department's inspector general was released Tuesday.

On Wednesday, Andy Fisher, spokesman for the Senate Foreign Relations Committee, said the panel had taken no action to recommend approval or disapproval of President Bush's renomination of Mr. Tomlinson in January 2005 while the investigation was under way "and does not intend to now." His term expired in 2004.

Under the 1994 law that created the board, Mr. Tomlinson can remain at his post until a successor is confirmed.

Mr. Tomlinson said that is what he intends to do. And he said he was prepared to answer any questions put to him by congressional Republicans and Democrats.

"I am very proud of my record," he said.

Among accomplishments he cited were obtaining funds for U.S. satellite television broadcasting to Iran and expanded broadcasts to Afghanistan.

"We would not have satellite television to Tehran if we had not done what I did in 2003 with the help of Congress and the administration," Mr. Tomlinson said.

There are four hours of telecasts to Iran daily, repeated three times a day, and round-the-clock television to the Arab world. Mr. Tomlinson said he helped to get the initial funding.

Reps. Howard L. Berman and Tom Lantos, California Democrats, and Sen. Christopher J. Dodd, Connecticut Democrat, said in a statement earlier this week that they were outraged by what has emerged from the investigation that they requested last year.

They said in a letter to Mr. Bush that the results of the investigation left no doubt that Mr. Tomlinson had violated the public trust and Mr. Bush's own ethical standards.

"We urge you to immediately remove Mr. Tomlinson from his position and to take all necessary steps to restore the integrity of the Broadcasting Board of Governors," they wrote.

No Exit Date From Blair, Who Tells Critics To Stop 'Obsessing' (NYT)

By Alan Cowell

The New York Times, September 2, 2006

LONDON, Sept. 1 — After a summer of grumbles about Tony Blair, Britain's political season got under way Friday to a familiar libretto: The prime minister said he would not be quitting any time soon; his adversaries within his own party said he should.

In an interview published in The Times of London, Mr. Blair castigated his foes and told them to stop "obsessing" about the possible duration of his tenure and "get on with the business of government." His remarks drew renewed protests from Labor legislators and labor unionists urging Mr. Blair to set a timetable for his departure. The bookmaker company William Hill shortened the odds on Mr. Blair's resigning in 2007.

The timing of Mr. Blair's remarks was significant. Later this month, he faces the annual conference of his Labor Party, now in its ninth year of office and showing signs of the third-term fatigue to which British administrations have often been heir. The divisions within the party have deepened, particularly over Mr. Blair's close alliance with President Bush in dealings with the Muslim world and what has been depicted by critics as a tilt toward Israel in the latest war.

Some among his foes had urged him to use the conference to announce a schedule for redeeming a two-year-old pledge to step down as Labor Party leader — and thus as prime minister — before the next national election, to be held by 2010.

But Mr. Blair declined to commit to a formal schedule. "I've said I won't fight another election,'' he told The Times of London.

He added, "If people want stable and orderly change they should not keep obsessing about it in the meantime, but instead, get on with the business of government."

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The debate reflects a concern among some Laborites that Mr. Blair has become an electoral liability and should make way for his anointed successor, Gordon Brown, the chancellor of the exchequer. "If an election was run tomorrow," said Tony Woodley, a prominent labor union leader, "Labor would be most likely to lose."

He declared, "The sooner we do it the better now."

The calls for Mr. Blair's departure come from within his own party. The opposition Conservatives, buoyed by a recent poll showing they command 40 percent of the vote, seem happy to bide their time. The Conservative strategy suggests that they are focusing on burnishing the image of their leader of nine months, David Cameron.

While Mr. Blair debated his future, Mr. Cameron spent Friday burnishing his ecological credentials, addressing a joint news conference with an environmental group and urging the creation of a new law on climate change.

Mr. Brown has not recently been embroiled in the succession debate.

The extent of support for the Labor rebellion against Mr. Blair is difficult to gauge, as the contest over his future is generally fought out in surreptitious background briefings by the protagonists or their champions. Currently, the word from such oracles is, according to The Guardian on Friday, that Mr. Blair wants another year or so and would announce a timetable for his departure before the local elections set for next May, then quit during the summer.

David Blunkett, a former cabinet minister, urged Labor supporters to give Mr. Blair time to orchestrate his departure in a leisurely and "perfectly civilized way."

"We have got three and a half years before the general election, and I am absolutely certain discussions have taken place with very, very senior colleagues ensuring that there will be a lengthy period before that general election date had to be chosen," he told BBC radio.

Mr. Blair's standing at home has been damaged by his decision to lead Britain into an unpopular conflict in Iraq and by seeming to be an excessively pliant junior partner in his dealings with Mr. Bush.

During the summer he ignored demands from his followers to urge an immediate cease-fire in Lebanon or label Israel's military tactics as disproportionate. Some critics also questioned his decision to remain in the Caribbean while Britain went through one of its highest security alerts after the discovery of what the police called a conspiracy to bomb trans-Atlantic airliners.

But he has spoken dismissively of those who demand a schedule for his departure, effectively challenging them to show their hand or be silent before the Labor Party conference.

"I really think it is absurd for the people who say we must stop this continual speculation about the leadership to continue to speculate about it," he told The Times of London. "I have done what no other prime minister has done before me. I've said I'm not going to go on and on, and said I'll leave ample time for my successor."

Blair Sparks Backlash Over Departure Date (FT)

By James Blitz And Jean Eaglesham

Financial Times, September 2, 2006

Tony Blair on Friday triggered a sharp backlash from Labour MPs and trade union leaders after declaring he would not tell this month's party conference when he intends to quit Downing Street.

Mr Blair is widely expected to stand down next summer after a decade in office - an expectation that was confirmed by some of the prime minister's closest allies on Friday night.

However, Mr Blair has taken the view that he would immediately destabilise his premiership, and prompt calls from his enemies that he should resign immediately, if he were to announce his future departure date at the party conference this month.

In a newspaper interview on Friday, Mr Blair called for an end to speculation over when he would quit. "I've said I'm not going to go on and on and on - and said I'll leave ample time for my successor," he stated. "Now at some point I think people have to accept that as a reasonable proposition and let me get on with the job."

But MPs and trade union leaders attacked Mr Blair's decision to keep the date vague. Many argued that continuing uncertainty over the leadership would damage Labour at the hands of the Conservative party.

Andrew Smith, a former cabinet member close to Gordon Brown, said "debilitating" uncertainty over the leadership would cause "widespread concern amongst the public, as well as amongst Labour party members."

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Tony Woodley, general secretary of the Transport and General Workers Union, said Labour was drifting "further and further" down the polls and that a timetable for Mr Blair's departure was essential. "We just can't carry on with the confusion."

Mr Blair's aides said it would take time for the prime minister's decision not to publicise a date to sink in, and that there were signs many MPs respected his decision.

Mr Blair's decision nevertheless triggered anger from allies of Gordon Brown, who want to see as much as clarity as possible over the next year's expected handover of power to the chancellor.

The danger for Mr Blair is he now risks upsetting moderate Labour MPs who are concerned that the party will look directionless - and slump further in the polls - unless there is clarity over his intentions.

Mr Blair faces a specific threat from Welsh Labour MPs, who on Friday said they wanted a new party leader in place before next May's regional assembly elections. Welsh MPs may make a united call before this month's conference for Mr Blair to announce a departure date.

Some Blair loyalist MPs - among them some of the 2005 intake of new members - were also dismayed by the prime minister's decision. Sarah McCarthy-Fry, MP for Portsmouth North, said Labour was "stuck in this quagmire and we cannot get out of it because everything swings back to the leadership."

Data Highlight Eurozone Turnround (FT)

By Ralph Atkins

Financial Times, September 2, 2006

The eurozone economy grew even faster than previously reported in the first half of this year, but fresh signs of a slowdown in coming months are emerging, data released on Friday suggested.

Gross domestic product in the first quarter of 2006 was revised up to show a growth rate of 0.8 per cent. With eurozone growth having accelerated to 0.9 per cent in the second quarter – faster than in the US and left unrevised on Friday – the data highlighted the economic turnaround in the 12-country region after years of sluggish growth.

The data suggest that even upwardly revised European Central Bank growth forecasts might prove pessimistic, economists said. The ECB said this week that it expected 2006 growth within a range with a mid-point of 2.5 per cent – which would be the fastest rate since 2000. Eurostat, the European Union's statistical office, had previously reported 0.6 per cent growth in the first quarter.

"There is a lot less slack in the system than was previous thought – which is important from a central bank point perspective," said Jacques Cailloux, economist at Royal Bank of Scotland.

The robustness of growth, driven by investment, lay behind the ECB decision this week to signal that further increases in its main interest rate were in the pipeline. Another quarter percentage point rise to 3.25 per cent is expected on October 5. In contrast, the US Federal Reserve has paused in its interest rate tightening campaign.

Eurozone investment leapt by 2.1 per cent in the second quarter. However, consumer spending remained weak, rising by just 0.3 per cent, reflecting the extreme reluctance of German shoppers to open their wallets.

At the same time, purchasing managers' indices suggested that eurozone growth peaked at the middle of the year, and remains vulnerable to a slowdown in the US economy.

The eurozone manufacturing PMI fell from 57.4 in July to 56.5 in August, according to NTC Economics and Royal Bank of Scotland, which release the survey. That was consistent with weakest manufacturing growth for five months.

Mr Cailloux said the slowdown in export sales revealed in the survey "indicates that the region is far from immune to a slowdown in foreign demand".

Nevertheless the manufacturing PMI remains high by recent standards and most economists believe economic growth will remain relatively robust for the rest of this year before a sharper slowdown next year, largely the result of a planned three percentage point rise in German VAT.

A possible weak spot might prove to be Italy, which is regarded as facing the biggest competitiveness challenge among the main eurozone economies. Italy's manufacturing PMI fell to a seven-month low in August.

Japan's Likely Next Premier In Hawkish Stand (NYT)

DOJ_NMG_0058043

By Norimitsu Onishi

The New York Times, September 2, 2006

TOKYO, Sept. 1 — Shinzo Abe, the nationalist politician who is expected to become Japan's next prime minister, said Friday that Japan should revise the pacifist Constitution imposed on it by the United States.

He made the statement as he formally declared his candidacy for the presidency of the governing Liberal Democratic Party, a post that would give him the prime ministership. Mr. Abe, the chief cabinet secretary, also said Japan should seek a larger role in the world and further strengthen its alliance with the United States.

"As the next L.D.P. president, I'd like to take the lead to put revision of the Constitution on the political agenda," Mr. Abe said at a regional party convention in Hiroshima.

"I'd like to draft a new Constitution with my own hands," he added.

The current war-renouncing Constitution, which was drafted by Americans during their occupation of the country after World War II, does not allow Japan to possess a real military.

Mr. Abe is almost certain to succeed Prime Minister Junichiro Koizumi, who according to party rules will retire later this month. The Liberal Democrats control the lower house of Parliament, which chooses the prime minister.

Two other politicians have declared their candidacy in the party election of Sept. 20: Taro Aso, the hawkish foreign minister, and Sadakazu Tanigaki, the finance minister, who has emphasized repairing Japan's strained relations with China and South Korea.

But polls indicate that neither has a chance of mounting a serious challenge against Mr. Abe, who remains the leading choice of the general public and, more important, the party lawmakers and members who will cast the votes.

Japan has been adjusting in recent weeks to Mr. Abe's apparently inevitable victory, especially since his most serious challenger, Yasuo Fukuda, a veteran lawmaker, decided against running earlier this summer.

Mr. Koizumi is said to have long favored Mr. Abe, whom he appointed as the chief cabinet secretary, the government's second most visible position after prime minister. Recently, as Mr. Koizumi's interest in government seemed to wane in his last weeks in office, Mr. Abe appeared to have already grabbed the baton.

His image as Mr. Koizumi's heir apparent was further solidified after North Korea tested long-range missiles in early July. The perceived threat from North Korea played to Mr. Abe's strengths as a hawk, and he wasted no time in suggesting that Japan, a pacifist nation, should debate whether it should acquire the military capacity for a pre-emptive strike.

At 51, Mr. Abe would become postwar Japan's youngest prime minister and the first born after World War II. He is considered politically inexperienced compared with his two rivals, having held no cabinet position until his current one.

Until a few years ago Mr. Abe was known among voters mainly for being the son of Shintaro Abe, a Liberal Democrat who almost became prime minister, and the grandson of Nobusuke Kishi, a cabinet member during the war, who was imprisoned as a Class A war crimes suspect but was never tried and who became prime minister in 1957.

But Mr. Abe shot to political stardom by taking a hard-line stance against North Korea, which admitted in 2002 that it had kidnapped several Japanese citizens in the 1970's and 1980's. By articulating popular anger — fanning it, critics say — against the North, Mr. Abe developed an image of strong leadership that helped increase his popularity.

Experts predict that Mr. Abe will hew to Mr. Koizumi's domestic and foreign policies. Like Mr. Koizumi, Mr. Abe has taken a hard stance against China and South Korea, which have refused to hold summit meetings with Japan because of Mr. Koizumi's annual visits to the Yasukuni Shrine, the memorial where Japan's war dead are enshrined along with top war criminals.

Mr. Abe, who has staunchly supported the visits, is regarded in Japan more of a hard-liner than Mr. Koizumi. Unlike Mr. Koizumi, who has accepted the validity of the Tokyo trials in which Japan's wartime leaders were judged, Mr. Abe has not.

Mr. Koizumi led efforts to change the Imperial Household Law to allow women to ascend the imperial throne. Mr. Abe is widely known to have opposed the proposal.

Over the years, Mr. Abe has supported nationalist scholars in their efforts to revise school textbooks that they say overemphasize Japan's wartime misdeeds.

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In foreign policy, Mr. Abe has emphasized building stronger ties with Australia, India and other countries that he says share values of democracy and human rights with Japan — comments that have been interpreted as putting distance between Japan and China.

Like Mr. Koizumi, Mr. Abe has said strengthening Japan's alliance with the United States will, more than anything else, guarantee Japan's prosperity. "The Japan-U.S. alliance is the most important thing for our country's diplomacy and national security," he said Friday.

I.M.F. Board Supports Giving China And 3 Others Bigger Voices On Policy (NYT)

By Steven R. Weisman

The New York Times, September 2, 2006

WASHINGTON, Sept. 1 — The International Monetary Fund's executive board, responding to appeals by the United States, has taken a step toward giving more of a voice to China and three other developing countries in setting policy on global economic matters, the fund announced on Friday.

The fund said that the board also endorsed a two-year process that would eventually give more weight to economic growth and performance as criteria for apportioning voting rights on the fund, but details remain to be worked out.

Besides China, the countries that would get a bigger share of voting rights are Mexico, South Korea and Turkey. These and other expanding countries could see their influence increase even more at the end of the two-year process, fund officials said.

Votes on the board's decisions are expected later this month in Singapore at the annual meeting of the International Monetary Fund and the World Bank. Treasury Secretary Henry M. Paulson Jr. is planning to attend the sessions.

The United States has pressed for a greater voting share for the fast-growing countries of Asia, South America and parts of Europe to make them more involved in the fund's main task of bailing countries out of financial crises.

The Bush administration has also sought a greater share for China because it wants the fund to play a more aggressive role in monitoring capital flows and any possible cases of currency manipulation by member countries.

The administration has complained that China has kept the value of its currency, the yuan, artificially low to make its exports cheaper to people paying in dollars. Partly as a result of its effort to keep the yuan from rising, China has amassed nearly $1 trillion in dollar-denominated reserves.

Timothy D. Adams, the under secretary of the Treasury for international economics, welcomed the board's move on Friday.

Rodrigo de Rato, the fund's managing director, said, "The executive board's decision represents an endorsement of fundamental reform that will enable the fund to evolve to meet the challenges of a changing global economy."

The changes were small but seen as symbolically significant. China's share of the votes at the I.M.F., which has 184 members, would climb to 3.719 percent from 2.98 percent. The voting weights of South Korea, Mexico and Turkey would jump by even smaller amounts. The United States has about 17 percent of the voting rights and the European Union has about 23 percent.

Protest Keeps Fox From Giving State Of The Union Speech (NYT)

NY Times, September 2, 2006

James C. McKinley Jr.

MEXICO CITY, Sept. 1 — Leftist lawmakers who have charged that fraud marred the presidential election in July staged a protest inside Congress that prevented President Vicente Fox from making his final state of the union speech to lawmakers on Friday, ending a tense day of political brinksmanship here.

Federal riot police and soldiers had sealed off the Mexican Congress with miles of steel fence and water cannons to protect Mr. Fox from thousands of leftist protesters camped out in the city's center.

The president had vowed he would give his last state of the union message, despite threats from the leftist candidate, Andrés Manuel López Obrador, and his followers to stop him.

At the last minute, however, Mr. López Obrador backed down. In front of at least 5,000 supporters in the capital's central square, Mr. López Obrador, the former mayor of this sprawling city, told his followers it would be a mistake to confront the

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barricades and riot police surrounding Congress. He said the "fascist" government of Mr. Fox would seize on any clashes between the police and protesters to justify the brutal repression of his movement.

"We are not going to fall into any trap, we are not going to fall into any provocation," he told the crowd, which had waited through a rainstorm to hear him speak. "Only those who are not in the right resort to force and violence, and we are in the right."

Mexican Lawmakers Block Fox's Speech (WP)

Washington Post Foreign Service

Washington Post, September 2, 2006

Opposition Seizes Control of Chamber

Manuel Roig-Franzia

MEXICO CITY, Sept. 1 -- In a historic rebuke, opposition lawmakers seized control of Mexico's congressional chamber Friday and blocked President Vicente Fox from delivering his final State of the Nation address.

Fox, who was adorned in Mexico's green-red-and-white presidential sash, stood awkwardly in the chamber's foyer for nearly 10 minutes before conceding that he had no chance of entering. Surrounded by bodyguards, he was handed a microphone. He quickly said that he would leave and gave a copy of his speech to a legislative official.

The lawmakers who commandeered Mexico's congressional building are aligned with the Democratic Revolutionary Party, or PRD, and its candidate, AndrÃ©s Manuel LÃ³pez Obrador, who is demanding a full recount of the July 2 presidential election results.

After giving up, Fox turned and left the building with his wife, Martha Sahagun, who had donned an evening gown for the occasion. Fox smiled and nodded, while Sahagun chatted with the crowd that formed around them outside the building, which had been ringed by riot fencing and was guarded by 6,000 police officers. Then they disappeared into a waiting sport-utility vehicle.

The bizarre scene played out live on national television in Mexico, where a dispute over the results of the election to replace Fox has brought massive protests and chaos to Mexico City's downtown.

Opposition Seizes Mexico's Congress (AP)

AP, September 2, 2006

Julie Watson

MEXICO CITY -- Opposition lawmakers seized the Mexican Congress' podium last night, preventing outgoing President Vicente Fox from giving his final state-of-the-nation address and stoking an already inflamed electoral crisis.

More than 100 members of the leftist Democratic Revolutionary Party of presidential candidate Andres Manuel Lopez Obrador stormed the podium shortly before Mr. Fox was scheduled to address the legislature, refusing to budge as they chanted and waved flags.

With Mexico soaked in election-fueled tension, many worried that Mr. Fox's speech could spark violence, both from legislators and supporters of Mr. Lopez Obrador, who had massed in the Mexican capital.

Hours before the scheduled address, however, Mr. Lopez Obrador, who lost by less than one percentage point to conservative Felipe Calderon, canceled a march to the Congress aimed at preventing Mr. Fox from entering the building. Mr. Lopez Obrador has claimed massive fraud in the election and has led a raucous two-month protest.

More than 6,000 riot police with steel fences and attack dogs guarded the Congress' building yesterday and streets and subway stations surrounding the it were closed. Residents had to show identification before being allowed into their neighborhoods.

Leftists Block Fox's Final State Of The Nation Address (LAT)

LA Times, September 2, 2006

Héctor Tobar, Sam Enriquez

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MEXICO CITY — More than 150 shouting leftist legislators stormed the dais at a joint session of Congress on Friday to prevent President Vicente Fox from delivering his final State of the Nation speech, a bold protest that heightened the crisis surrounding Mexico's disputed presidential election.

Fox, wearing his presidential sash as he was blocked from reaching the lectern, handed a copy of his address to congressional officials at a door leading to the legislative chambers as the lawmakers chanted slogans and held signs accusing him of stealing the July 2 election on behalf of conservative candidate Felipe Calderon.

Although such speeches in the chamber have been disrupted in the past by opposition protests, including by Fox before he took power, it is the first time legislators have forced a Mexican president to forgo delivering a State of the Nation address to Congress.

"Given the actions of a group of legislators who make it impossible for me to deliver the message I have prepared for this occasion, I am leaving the chambers," Fox said via a remote microphone moments after handing over his prepared text.

Castro Shows Marked Recovery During Meeting With ChÃ¡vez (WP/AP)

By Anita Snow, Associated Press

The Washington Post, September 2, 2006

HAVANA, Sept. 1 -- Cuban leader Fidel Castro, looking notably better than he did when last seen almost three weeks ago, happily greeted Venezuelan President Hugo ChÃ¡vez during a brief visit Friday aired on state television.

"Brother!" the 80-year-old Castro said from his sickbed, his face lighting up as ChÃ¡vez entered the room where he was recuperating and gave him a warm embrace.

"Gentleman of the heroic resistance!" the Venezuelan president responded with a smile to his good friend and ally.

"What joy!" Castro said after sitting up on his bed. "A million thanks!"

ChÃ¡vez has now visited Castro three times since the Cuban leader announced on July 31 that he had undergone intestinal surgery and was provisionally ceding power to his brother, RaÃºl Castro, the defense minister. The specifics of Castro's ailment and the nature of his surgery have been treated as a state secret.

Castro, dressed in red pajamas, appeared much more animated and alert on the video than in those made when ChÃ¡vez made his first post-surgery visit to the Cuban leader on Aug. 13, his 80th birthday.

During the earlier visit, Castro was more lethargic and did not move his head from the pillow. And it was difficult to make out his words.

ChÃ¡vez visited Castro a second time during a brief stop in late August before he launched a foreign tour.

On Friday ChÃ¡vez said: "I note an improvement in the patient!"

Stopping in Cuba on his return from an extensive tour of China, Malaysia, Syria and Angola, ChÃ¡vez told Castro that people in the places he visited are praying for his recovery, even in the mountains of China.

"We all need you," ChÃ¡vez said during the visit as both wrote messages to each other that they later read aloud.

In his message, Castro congratulated ChÃ¡vez on his trip abroad. He told ChÃ¡vez he represented a new era that "brings forth brilliant, audacious and courageous statesmen with new ideas like you."

After Castro transferred power, U.S. officials urged ChÃ¡vez to help push for democratic changes in Cuba. ChÃ¡vez argues that the United States -- not Cuba -- needs a transition to democracy.

Serbs Criticize U.N. Mediator, Further Bogging Down Kosovo Talks (NYT)

By Nicholas Wood

The New York Times, September 2, 2006

LJUBLJANA, Slovenia, Sept. 1 — Talks on the future of Kosovo, the mostly Albanian-inhabited southern province of Serbia, appeared further complicated this week as their main mediator, the veteran Finnish politician Martti Ahtisaari, was accused by Serbs of bias against them.

In recent days, and with increasing vehemence, Serbian officials have questioned the impartiality of Mr. Ahtisaari, a former Finnish president, because of his comments last month that Serbia needed to take into account the legacy of its late leader, Slobodan Milosevic, while negotiating Kosovo's final status.

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Mr. Ahtisaari's remarks, made during negotiations in Vienna, were interpreted by the Serbian negotiating team as a suggestion that the Serbian nation was guilty for crimes committed during the Milosevic era, despite statements to the contrary by Mr. Ahtisaari and United Nations officials.

The Finnish mediator, whose formal title is United Nations special envoy for Kosovo, has led the talks since they began in February. He previously helped peace negotiations in Northern Ireland and in the Aceh region of Indonesia.

The current talks are to determine whether Kosovo should become an independent state, as demanded by its Albanian majority, or remain a part of Serbia, as demanded by the Serbian government and the province's small Serbian community. Kosovo has been administered by the United Nations since 1999, after NATO carried out airstrikes against Serbian forces to end their suppression of Kosovo Albanians.

Many senior Serbian politicians said the remarks attributed to Mr. Ahtisaari indicated that he favored independence for Kosovo.

"In the period that lies ahead, we will certainly clear up the full meaning of Martti Ahtisaari's argument that Serbs are guilty as a nation and that this gives grounds for Kosovo's independence," Serbia's prime minister, Vojislav Kostunica, said Tuesday, according to Fonet, a private Serbian news agency.

Mr. Ahtisaari's remarks were made on Aug. 8 during a round of negotiations in Vienna, but they appear to have had a delayed impact. It is only in the last week that criticism of his role has mounted.

On Wednesday, Hua Jiang, a spokeswoman for the United Nations office organizing the talks, tried to dispel the controversy.

"The remarks in question were misrepresented and taken out of context," Ms. Hua said. "The special envoy never referred to 'the collective guilt' of the Serbia nation. He noted, in response to a remark by a member of the Serbian delegation on Aug. 8, that every nation had its own burden to bear and had to live and deal with its past."

Last Friday, Mr. Ahtisaari sought to clarify his comments, saying that the current government in Belgrade could not be held responsible for the actions of the Milosevic government, but that it had to come to terms with its record.

"The historic legacy cannot simply be ignored, but must be taken into account in a search for a solution of the status question," he said.

The controversy comes at a time when Serbia appears increasingly unlikely to prevent the international community from granting Kosovo independence. Western countries that support the talks have accused the Serbs of intransigence, and most diplomats say they expect a solution to be imposed this year.

One Serbian analyst, Dusan Janjic, coordinator of the Forum for Ethnic Relations, a nongovernmental organization, said the Serbian politicians, unable to criticize the Western countries, were now attacking Mr. Ahtisaari to show voters that they were defending Serbian national interests.

Professor-Turned-Pope Leads A Seminar On Evolution (NYT)

By Ian Fisher

The New York Times, September 2, 2006

ROME, Sept. 1 — They meet every year, the eminent German professor and his old doctoral students, for a weekend of high-minded talk on a chosen topic. For years it was nothing more than that.

But now the professor, once called Joseph Ratzinger, has become Pope Benedict XVI. And this year, for three days beginning Friday, the topic on the table is evolution, an issue perched on the ever more contentious front between science and belief.

And so the questions rise as the meeting unfolds at a papal palace just outside Rome. Is this merely another yearly seminar? Or is the leader of the world's billion Roman Catholics signaling that he may join in earnest the emotional debate over evolution, intelligent design and all that might mean for politics and faith, especially in the United States?

There is no way to know immediately, though many church experts believe that the pope has fewer problems with the science of evolution than with its use to wipe God more cleanly from a secular world. No document will be published afterward, no news conference given.

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But the seminar comes after a year particularly fraught over the issue of evolution, in America — with the fight over intelligent design — and in the church. Last year a leading cardinal, who will speak at the meeting, expressed doubts that Darwinism and Catholicism were compatible, and the pope declared the creation of the universe an "intelligent project."

And so scientists and believers from around the world, on all sides of an extraordinarily charged debate, are watching the meeting carefully.

Proponents of intelligent design, defeated in a high-profile court case last year in Pennsylvania, say they are pleased that their ideas, which posit that life is so complex that it requires an active creator, may get a fair hearing in the lofty circles of Professor Ratzinger's seminars.

"I think this is indicative of an opening and expansion of the discussion, the discussion over Darwinism and evolution generally," said Bruce Chapman, president of the Discovery Institute, one of the main proponents of intelligent design. "It's very helpful to our desire to see an expanded dialogue in many quarters."

On the other side, scientists and theologians who support evolution say they worry that, even inadvertently, the church may be driving a wedge between itself and science.

"If for some reason the Catholic Church gets on the wrong side of the science, then it's going to in the long term do huge damage, just as it did when they went against Galileo," said Lawrence M. Krauss, chairman of the physics department at Case Western Reserve University and a highly visible opponent of intelligent design. "It threatened their credibility."

"Because like it or not," he added, "evolution happened."

The meeting opened Friday morning at Castel Gandolfo, a papal palace that stands as a sort of symbol for the church's coexistence with science. Castel Gandolfo houses a world-class observatory — with a telescope that Pope John Paul II enjoyed looking through — built a century after the church acknowledged its mistake in condemning Galileo for his postulation that planets revolve around the sun.

Similarly, the church has moved from neutrality to something like acceptance of evolutionary theory, though drawing a thick bottom line that God is the ultimate creator.

In 1996, Pope John Paul declared evolution "more than a hypothesis," and in 2004 as Cardinal Ratzinger, Pope Benedict endorsed the scientific view that the earth is roughly four billion years old and that species changed through evolution. Indeed, there has been no credible scientific challenge to the idea that evolution, the foundation of modern biology, explains the diversity of life on earth.

Given that history, scientists and church experts say they cannot imagine the study session ending with any alignment of the pope or the church with intelligent design or American-style creationism, which often posits that Earth is only about 6,000 years old.

"I suspect they will try to avoid it," said the Rev. Joseph Fessio, an American priest and former student of the pope's, who is taking part in the meeting, "because intelligent design has been represented either as a religion, which it is not, or as a science, which I think is indefensible."

But Father Fessio and others say the pope, based on his statements and writings, remains deeply concerned specifically about the contention among some supporters of modern evolution that the theory refutes any role of God in creation.

"Given this ideology, the temptation or danger is real to say that you don't have any need of God, that the spirit doesn't exist," said Msgr. Fiorenzo Facchini, an Italian priest and paleoanthropologist. "And the church should keep guard against this and denounce it."

Monsignor Facchini wrote an influential article this year in the Vatican newspaper, L'Osservatore Romano, praising as "correct" the decision in January by a judge in Pennsylvania that intelligent design should not be taught as a scientific alternative to evolution.

Nonetheless he cautioned that the mechanisms of evolution are not all known — and that just as religion has no business in science, science should not overstep its bounds in declaring that God could have no role in creation.

That is a similar line of thinking presented over many years by Benedict, whose main preoccupation is growing secularism, and it is likely to be a central part of the discussions this weekend.

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In his book "Truth and Tolerance" (Ignatius Press, 2004), written when he was Cardinal Ratzinger, he wrote of what he called an effort to turn evolution into a "universal philosophy" that explained all of life.

"This evolutionary ethic that inevitably takes as its key concept the model of selectivity, that is, the struggle for survival, the victory of the fittest, successful adaptation, has little comfort to offer," he wrote. "Even when people try to make it more attractive in various ways, it ultimately remains a bloodthirsty ethic."

After John Paul died in April 2005, Benedict signaled a similar concern in his homily at the Mass in which he was formally installed as pope.

"We are not some casual and meaningless product of evolution," he said. "Each of us is the result of a thought of God. Each of us is willed, each of us is loved, each of us is necessary."

But some students of the pope say his doubts go deeper into the science of evolutionary theory. In his writings he has echoed the questions of anti-Darwinians about how evolution can transform one species into another.

The pope "does not accept at face value the scientific theory," said Dominique Tassot, director of the French group, the Center for Studies and Prospectives on Science. "He wants to make people reconsider the question."

As might be expected from a German professor, all sides of the evolution question will get a hearing, though with an emphasis on skepticism. The seminar on Friday reportedly began with a presentation by Peter Schuster, an eminent molecular biologist, president of the Austrian Academy of Sciences and a defender of evolution.

There will be three other speakers to the study group, most notably Cardinal Christoph Schönborn of Vienna, who sparked a contentious debate last year after he wrote an Op-Ed article for The New York Times questioning evolution. The article was submitted by the same public relations firm used by the Discovery Institute.

The two other speakers are Professor Robert Spaemann, a German philosopher who has criticized evolution as a full philosophical theory; and the Rev. Paul Elbrich, a Jesuit priest and scientist whose work on proteins questions whether chance alone could play the decisive role in evolution.

The pope's annual seminars do not shy away from difficult topics. Last year the issue under discussion was Islam.

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TODAY'S EDITION

Terrorism News:

Govt. Asks To Keep Eavesdropping Program (AP-Y) 4
Oregon Eavesdropping Case Could Expose U.S. Secrets (NEWHOUSE) 4
Bush Setting Up Next Terror Speech (AP-Y) 5
London Police Arrest 14 In Terror Raids (MINNST/AP) 6
Homegrown Terrorism On The Rise In U.K. (AP-Y) 6
Moroccan Terror Plot Foiled With 56 Arrests, Officials Say (NYT) 7
Analysis: Bush Struggles To Deliver (AP) 7
Five Years Later, We're Still Not Safe (MCT) 8
Why No New Attacks On The U.S.? (MCT) 12
Bin Laden Manhunt Still Drawing A Blank (AP-Y) 13
In Afghanistan, The Taliban And Al Qaida Resurge (MCT) 15
Bush To Visit All Three Sites Of 9/11 Attacks (NYT) 17
Some Still Struggle With Loss (MCT) 17
FBI Role In Terror Probe Questioned (WP) 18
Canadian Border Force To Be Armed (WP) 21
Put My Son On Trial -- Or Free Him (WP) 22

Homeland Response:

Heightened Airport Insecurity (WP) 22
Report Urges F.A.A. To Act Regarding False 9/11 Testimony (NYT) 24
No Intent To Mislead Panel Found In Aviation Officials' 9/11 Errors (WP) 24
Report: No Knowingly False Info By FAA (AP-Y) 25
2 U.S. Reports Seek To Counter Conspiracy Theories About 9/11 (NYT) 26
Sinclair Puts 9/11 Show In Late-Night Time Slots (WP) 28
South Florida Skirts Storm Damage But Still Seeks FEMA Aid (WP/AP) 28
Economic Report Buoys Big Easy (BRADV) 29
New Orleans Mayor Finds His Words Follow Him To New York (NYT) 30
As John Neared Mexico, Memories Of Juliet Recalled (NYT) 31
A Tamer Forecast For Storm Season (WP/AP) 31

War News:

Bush's Shift Of Tone On Iraq: The Grim Cost Of Losing (NYT) .. 32
In Verbal Chess, Who's Appeaser? (LAT) 33
Bush Turning Up The Rhetoric Once More To Rally GOP Troops (SDUT) 35
Democrats Plan To Force Vote On Rumsfeld (UPI/UPI) 36
Democrats Raise Rumsfeld Attacks To Put GOP On Defensive (CNN) 36
Democrats Cite Pentagon Report In War Criticism (CHIT) 37
Rumsfeld Reaches Out To Democrats (WP/AP) 38
Washington: Rumsfeld Writes To Democrats (NYT/AP) 38
LEONARD PITTS JR.: Don't Believe Rumsfeld's Fantasy (FREEP/KRT) 38
Iraqi Casualties Have Risen 51%, U.S. Study Finds (NYT) 39
Pentagon Cites Spike In Violence In Iraq (WP) 40
Pentagon Says Iraq Strife Has Worsened (FT) 41
Pentagon Issues Grim Iraq Report (LAT) 42
Pentagon Gives Gloomy Iraq Report (AP) 43
Pentagon Delivers Grim Report On Iraq (BSUN) 45
Pentagon: Cold-blooded Carnage Soaring In Iraq (CNN) 46
Pentagon Sees No Civil War In Iraq (WT) 47
Pentagon Reports An Increase In Factional Fighting In Iraq (MCT) 48
Iraqis Expand Baghdad Security Operation (AP) 49
Iraqi Troops To Move Into East Baghdad (LAT/AP) 50
Kurdistan President Replaces Iraqi Flag (AP) 50
Questions Echo Amid The Din Of Explosions (LAT) 50
Orphans In Iraq's Storm (WP) 52
The Spoils Of War (WP) 53
Iraqi Arabs See Unlikely Haven With Old Foes (NYT) 55
Truces Fueling Resurgence Of Taliban, Critics Say (MCT) 56
NATO Gives Itself Six Months To Tame The Taliban (AFP-Y) ... 57
Nato Sets Deadline To Beat Taliban (FT) 58
British Soldier Dies In Afghanistan (WP/AP) 58
Report Says U.N. Official Directed Contracts To Indian Company (NYT/AP) 59

DOJ:

U.S. Attorney Max Wood Returns From His Mission To Foster Justice System In Iraq (MACT) 60
Sister Returns After Career With Department Of Justice (ETN) . 61

Corporate Scandals:

'Embargoed List' Disclosed (RMN) 62
SEC Defends PCAOB Against Constitutional Challenge (DOW) 63

Criminal Law:

Bates Guilty; Faces Prison (DEN) 64

Bates Found Guilty Of Fraud (FREEP) ... 65
School Name May Change (DEN) ... 66
Alonzo Bates Gets Trouble He Deserves (FREEP) ... 66
New Questions About Inquiry In C.I.A. Leak (NYT) ... 66
Orange Beach's Russo, Pals Found Guilty (MR) ... 68
Former Orange Beach Mayor, Others Convicted Of Fraud (AP) 70
FBI Raids Alaska State Offices In Probe Of Oil-Field Firm VECO (WSJ) ... 71
Oil Industry-Lawmaker Link Is Focus Of An Alaskan Inquiry (NYT) ... 72
FBI Raids Offices Of 6 Alaska Legislators (WP/AP) ... 72
Graduation - Then Prison (NSDY) ... 73

Civil Law:

Cigarette Makers Fight For 'lights' (KCS) ... 74

Civil Rights:

Justice Department Sides With Religious Objector Over Union Dues (AP) ... 74
Racial Issues Studied At UMKC (KCS) ... 75
Feds And Landlords Settle Sex Harassment Cases (STPPP) ... 76
Judge Delays Parts Of Order Allowing All Felons To Vote (BN) . 76
Few Overseas Soldiers Voted In State Runoff (AP) ... 77
Judge Voids Ohio's Change In Vote Drives (NYT/AP) ... 77
Fight Over Photo ID Resumes Election Board Decision Sends Issue Back To Court (AJC) ... 78

Antitrust:

FTC Fights Drug Makers' Payments To Generic Competitors (AP) ... 79
Blow Seen To Profit At Bristol (NYT) ... 79

Environment/Indian Affairs:

Judge Says Wildlife Refuge Hunts Illegal (AP-Y) ... 81
DOE Reorganization Raises Concerns About Worker Safety (MCT) ... 81
Opposition Dooms Sale Of Forest Land (LAT) ... 83
Neighbors Of Nation's Parks To Get More Say (MCT) ... 84
A Victory For The National Parks (NYT) ... 85
California Salmon Fishermen Angered By Lack Of Bailout (LAT)85
Governor's Push To Expand Indian Casinos Fails In California (NYT) ... 86

FBI/DEA/ATF/USMS:

American Drug Policy (1 Letter) (NYT) ... 86
Op-Ed: Wrong Door (WSJ) ... 87
Memo Calls DEA Informant "homicidal Maniac" (WFAA-TV) ... 88

Immigration:

Backers Of Bush's Immigration Plan Face Long Odds (MCT) ... 89
4-Day Illinois March For Immigrant Rights Begins (LAT) ... 90
Pennsylvania Town Delays Enforcing Tough Immigration Law (NYT) ... 90
Pa. City Delays Immigrant Crackdown Law (AP) ... 91
Nation's Latino Leaders To Discuss Immigration, Other Issues In L.A. (LAT) ... 91
Immigration Politics' Endless Summer (LAT) ... 92

Tax:

Government Cites Tax Scheme In Suit (CCT) ... 92
Stabler Sued For Past Taxes (BN) ... 93
Feds Sue Former QB Ken Stabler Over Unpaid Taxes (AP) ... 94
IRS Fraudulent Refunds An Estimated $318M (AP-Y) ... 94
Software Delay Said To Cost IRS $318 Million In Overpaid Refunds (WP/AP) ... 95
For Workers Sent Abroad, A Tax Jolt (NYT) ... 95

Congress-Administration:

Target Intercepted In Anti-Missile Test (WP) ... 97
Missile Defense System Intercepts Rocket In Test (NYT) ... 98
Test Of Missile-Defense Shield Validates System, Says Pentagon (WSJ) ... 99
U.S. Test Missile Hits A Korean Bull's-eye (WT) ... 99
U.S. Missile Hits Target In Test (AP) ... 100
U.S. Says Missile Defense Has Successful Intercept (Update4) (BLOOM) ... 101
General: Missile Intercept 'Huge' Step (UPI) ... 103
BMD Focus: Why Rumsfeld Doubts His GBIs (UPI) ... 103
Policy (WSJ) ... 104
Bush Faces Struggle In Trade Politics (LAT/AP) ... 105
Grappling Over Minimum Wage Builds As Republicans Disagree (WSJ) ... 106
The Laptop Scandal (AFMAG) ... 107
Tumult Among NASA Advisers (NYT) ... 110
Much Ado About Reading (NYT) ... 110
A License For Safer Drugs (WP) ... 111

Other News:

Jobs And Wages Increased Modestly Last Month (NYT) ... 112
Job, Manufacturing Data Confirm Slower Growth (WSJ) ... 114
Jobless Rate Fell Slightly In August (WP) ... 115
Property Decline Offsets US Jobless Fall (FT) ... 116
Growing Economy Adds 128,000 Jobs (LAT) ... 116
August U.S. Payrolls Rise 128,000; Jobless Rate Falls (Update5) (BLOOM) ... 117
U.S. Unemployment Rate Slides In August (AP-Y) ... 118
It's Their Holiday, But Wage Earners Aren't Happy (NYT) ... 119
Labor Day: A Report Card For American Workers (WSJ) ... 121
Incomes And Politics (WSJ) ... 122
The Odd Recovery: Unemployment Is Low And So Is Employment (NYT) ... 123
The Lowdown On The Slowdown (NYT) ... 123
Jobs Data Is Welcomed With A Rally (NYT) ... 124
Dow Climbs 83 Points, Capping A Good Week (WSJ) ... 124
U.S. Stocks Rise On Employment, Wage Growth Data; GM Advances (BLOOM) ... 125
A Swoon In Autumn, With Asterisks (NYT) ... 127
MarketWatch / Weekend Investor Stocks' September Could Be Strong, Judging By History (WSJ) ... 128
Gasoline Prices Fall, Signaling Possible Easing Of Inflation Pressure (WSJ) ... 128
Gasoline In U.S. May Fall On Slow Hurricane Season (BLOOM)129
Experts: Big Drop In Gas Prices Unlikely (AP-Y) ... 130
Bernanke Revisits Roots In Small S.C. Town (WT/AP) ... 132

DOJ_NMG_0058052

Nevada Democrats Beam In New Spotlight (BOS) 132
Can Recast Clinton Play To Nation? (LAT) 134
Talent Spending Seems To Have Paid Off (SLPD)..... 136
PACs Fuel A Battle Of Bucks (KCS)..... 136
Santorum Seeking Support From Women (PPG) 137
Kennedy, Klobuchar Come Out Swinging In Debate (MINNST)138
GOP Senate Challenger's Arrest Detailed (LAT/AP)..... 139
War Veterans Lend Support To Lieberman In TV Ads (NYT) ... 139
Politics (WSJ)..... 140
Not All Ethics Clouds Darken Election Day (LAT) 141
Special Election Draws 5 For DeLay Seat (AP-Y)..... 142
Each Candidate Claims The Advantage In A Fierce 4-Way Congressional Race In Brooklyn (NYT)..... 142
Judge Denies Bid For New Nev. Primary (AP-Y) 143
Wetterling Aims Tax Plan At Middle Class (MINNST)..... 144
Hammering At Spitzer, But With Nary A Dent To Show (NYT) . 144
Spitzer Makes An Appeal For Reform (NYT) 145
Ehrlich Easily Tops O'Malley In Funds (WP)..... 146
Area Minorities Try To Expand Political Power, Involvement (WP)..... 147
Left And Christian Right Take Lumps In Poll (LAT)..... 149
Assisted Living: New Obstacles (WSJ)..... 150
Hundreds More AP Test Scores Reported Missing (WP) 152
At 2-Year Colleges, Students Eager But Unready (NYT)..... 152
Clarification Issued On Stem Cell Work (NYT)..... 155
Pittsburgh Mayor Bob O'Connor Dies At 61 (AP-Y) 155
Can This Party Be Saved? (NYT)..... 156
Russia Hints It Won't Back Any Penalties Against Iran (NYT) .. 157
Plane Landing In Northeastern Iran Catches Fire, Killing 29 (NYT) 158
U.S. Wants Iran To Release Activists (AP)..... 158
U.S. Accuses Iran Of Holding Activists (LAT)..... 159
An Undemocratic Iran Is Dangerous . . . (WSJ) 159
Reading The Holocaust Cartoons In Tehran (NYT) 160
Mr. Bush's Nuclear Legacy (NYT) 161
AP: U.S. Envoy To Inspect N. Korea Complex (AP-Y)..... 161
Syria Agrees To Lebanon Arms Embargo (NYT) 162
Annan Wins Syrian Support On Lebanon (FT)..... 163
Syria Promises To Enforce Arms Embargo (AP)..... 164
Annan Seen As Pivot In Peace Process (FT)..... 165
Annan Says Syria Ready For Lebanon Ties (AP) 166
Syria Pledges To Halt Weapons (WT/AP)..... 167
Italian Troops Arrive In Lebanon (AP)..... 168
Indonesia To Send Soldiers For U.N.'s Force In Lebanon (NYT)168
Israeli Defense Chief Agrees To Independent Inquiry Into Lebanon War (NYT)..... 169
Olmert, Israeli Defense Minister Clash Over War Inquiry (LAT) 171
U.N. Names Panelists To Probe Israel's War Conduct (LAT/AP)171
Palestinians Begin To Direct Blame Inward (LAT)..... 172
$500 Million Pledged For Palestinian Aid (WT/AP) 173
U.S. Makes A Push For U.N. Action On Burma (WP)..... 174
US Pushing To Have Myanmar Issue Put On Formal Security Council Agenda (AFP-Y) 175
U.N. Accuses Official Of Corruption (AP-Y)..... 175
Sudan Gov't Launches Darfur Offensive (AP-Y) 176
Head Of VOA Agency Defends His Record (WT/AP) 177
No Exit Date From Blair, Who Tells Critics To Stop 'Obsessing' (NYT) 178
Blair Sparks Backlash Over Departure Date (FT) 179
Data Highlight Eurozone Turnround (FT) 179
Japan's Likely Next Premier In Hawkish Stand (NYT) 180
I.M.F. Board Supports Giving China And 3 Others Bigger Voices On Policy (NYT)..... 181
Protest Keeps Fox From Giving State Of The Union Speech (NYT) 182
Mexican Lawmakers Block Fox's Speech (WP)..... 182
Opposition Seizes Mexico's Congress (AP) 182
Leftists Block Fox's Final State Of The Nation Address (LAT) .. 183
Castro Shows Marked Recovery During Meeting With ChÃ¡vez (WP/AP)..... 183
Serbs Criticize U.N. Mediator, Further Bogging Down Kosovo Talks (NYT)..... 183
Professor-Turned-Pope Leads A Seminar On Evolution (NYT) 184

DOJ_NMG_0058053

TERRORISM NEWS:

Govt. Asks To Keep Eavesdropping Program (AP-Y)

By Katherine Shrader, Associated Press Writer

AP, September 2, 2006

The Bush administration on Friday asked a federal judge to delay enforcing her order for a halt to the government's warrantless communications surveillance program.

The Justice Department argued that ending the intelligence-gathering program threatens "the gravest of harms to the government and to the American public" and leaves the country "more vulnerable to terrorist attack."

"We respectfully submit that this court should not override the national security judgment of the president and the nation's senior intelligence officers regarding the harm that would result" from the program's suspension, the government lawyers argued in a motion filed with the court.

U.S. District Judge Anna Diggs Taylor ruled last month in Detroit that the National Security Agency's warrantless surveillance program is unconstitutional and ordered that it be halted.

The Justice Department appealed Taylor's decision to the Cincinnati-based 6th U.S. Circuit Court of Appeals.

The American Civil Liberties Union, which brought the suit along with 11 other parties, will oppose a stay, but agreed to delay enforcement of the injunction until Taylor hears arguments Sept. 7.

"Every time the NSA engages in warrantless wiretapping, they are violating the law and the United States Constitution," ACLU attorney Melissa Goodman said.

The controversial program allows the NSA to monitor communications into and out of the United States when links to al-Qaida are suspected. Breaking with historic norms, President Bush allowed the NSA to conduct the surveillance without first getting court approval.

In its latest filing, the Justice Department argued that Taylor's verdict is overly broad because it calls for an end to the program entirely, not just with respect to the ACLU and the suit's other plaintiffs.

The government lawyers also argued that the judge's decision is flawed because classified facts needed to evaluate the case are protected under the so-called "state secrets" privilege.

Oregon Eavesdropping Case Could Expose U.S. Secrets (NEWHOUSE)

By Ashbel S. Green, Newhouse News Service

Newhouse News Service, September 2, 2006

Justice Department claims release of classified document will bring 'grave damage'

PORTLAND, Ore. -- An Oregon lawsuit with profound national security significance hinges on a single document.

A defunct Oregon charity that distributed Islamic literature to prison inmates claims it was the subject of an illegal federal eavesdropping program. But the only way it can prove its case is with a top-secret document held under lock and key.

U.S. Justice Department lawyers say the document is too sensitive; it contains information that -- if revealed -- would cause "exceptionally grave damage" to U.S. attempts to prevent future terrorist attacks. They say that even allowing a lawsuit to go forward would reveal state secrets.

The task of tiptoeing around the document falls to U.S. District Judge Garr M. King, a Portland-based federal judge.

During a hearing this week, King repeatedly pushed lawyers for both sides to consider ways to protect the document and national security while allowing the lawsuit to proceed.

King, who intends to rule next week, said it was "appropriate and necessary" to evaluate the specifics of the case and not be afraid to come up with creative solutions -- if possible -- to allow it to go forward.

"It seems to me the case law here instructs the courts to be original," he said.

A handful of lawsuits around the country have challenged the National Security Agency's warrantless eavesdropping program since the New York Times revealed it late last year.

A federal judge in Michigan ruled in August that the program was unconstitutional and ordered its immediate halt. President Bush criticized the ruling and promised to appeal.

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A federal judge in San Francisco previously had refused to dismiss a lawsuit against the eavesdropping program, but did not rule on its legality.

The Oregon case, filed by the Al-Haramain Islamic Foundation, is unique because it is the only one that involves a classified document that attorneys claim proves illegal eavesdropping on U.S. citizens.

Treasury officials in 2004 designated Al-Haramain a global terrorist organization, accusing it of sending money to Islamic fighters in Chechnya. During the investigation of the charity, Treasury officials inadvertently turned over to Al-Haramain's lawyers a classified document.

The document, according to court papers, is a log of intercepted phone calls between an Al-Haramain official in Saudi Arabia and the charity's American lawyers in the United States.

Earlier this year, lawyers for Al-Haramain sued, claiming the eavesdropping violated the Foreign Intelligence Surveillance Act, which generally prohibits wiretaps of phone calls on U.S. soil without a warrant. The lawyers also submitted under seal a copy of a document that they claim is evidence of the wiretapping program.

Justice Department lawyers responded by demanding that the classified document be put in a secure facility and that Al-Haramain lawyers be denied access to it.

In addition, Justice Department lawyers asserted what's called the "state secrets privilege," a legal silver bullet that for the last 50 years has usually meant the end of a case. Courts have generally held that if a lawsuit might reveal state secrets, it must be dismissed.

A hearing on Tuesday involved access to the document, the state secrets privilege, and whether federal authorities would be forced to answer more questions about the program.

In addition, an attorney for the Oregonian newspaper here argued that King should make public the classified document because of public interest.

Early in the hearing, Justice Department lawyers came out blazing.

Andrew H. Tannenbaum said Al-Haramain was directly tied to al Qaeda leader Osama bin Laden. He said the organization was using the lawsuit to obtain information about a top-secret terrorist-surveillance program.

"The litigation of the case would cause great harm to national security," Tannenbaum said.

Though Al-Haramain attorneys had seen the document central to the case, Tannenbaum said that it was still classified and by law must not be released back to them.

Tannenbaum also argued that the government cannot even respond to the lawsuit's allegations without helping out enemies of the country.

"There is a risk in just proceeding," he said. "The case must be dismissed."

Jon Eisenberg, an Oakland, Ore., attorney representing Al-Haramain, argued that King should not dismiss based on state secrets because federal officials already have confirmed the existence and basic structure of the program.

"It's called the state secrets privilege for a reason," Eisenberg said. "It applies to secrets."

Steven Goldberg, a Portland-based attorney for Al-Haramain, said Congress had specifically outlawed the type of wiretapping program that Bush and other federal officials have acknowledged. In addition, Congress gave the subjects of illegal wiretapping the right to sue for damages.

Bush Setting Up Next Terror Speech (AP-Y)

AP, September 2, 2006

The White House is bringing representatives from countries that have suffered terrorist attacks to populate the audience at President Bush's next war-on-terror speech, to emphasize the global nature of the enemy.

Bush often ticks off a list of attacks from recent years, such as those in London, Madrid, Indonesia, Saudi Arabia and Jordan, to demonstrate that the world should be united against Islamic militants who share a purpose if not a common network.

In a speech Thursday that launched a new offensive to build support for the Iraq war and for Republicans in the fall elections, Bush said various factions of terrorists belong under the same umbrella, even though many terrorism experts do not agree.

The president included under that large tent Sunnis who swear allegiance to al-Qaida, Shiites who support groups such as Hezbollah, and so-called "homegrown" terrorists with more local grievances.

Speaking before an American Legion convention in Salt Lake City, Bush said the global war against these terrorists — whom he said share "the rigid conviction that free societies are a threat to their twisted view of Islam" — is today's successor to last century's fights against Nazism, fascism and communism.

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On Tuesday, the president plans to expand on this description of the enemy, said White House spokeswoman Dana Perino. The speech is being delivered to the Military Officers Association of America. Members of the diplomatic corps, all representatives of countries that have been attacked, will also be there, she said.

Bush will describe how Islamic militants think, what they have said about their aims and why the world should take them seriously, Perino said.

The speech is to be the second in Bush's latest round of addresses on Iraq and the war on terror. This round is to culminate in remarks on Sept. 19 before the U.N. General Assembly in New York.

Other speeches are expected to focus on successes and setbacks in the war on terror and on the Bush administration's strategy to win.

London Police Arrest 14 In Terror Raids (MINNST/AP)

Associated Press

Minneapolis Star Tribune, September 2, 2006

LONDON — Police have arrested 14 people in anti-terrorism raids, saying Saturday they suspected the men were involved in training and recruiting for terror.

The arrests in London late Friday and early Saturday were not linked to the alleged plot to bomb trans-Atlantic airliners or to the July 2005 bomb attacks on London's transport network, the capital's Metropolitan Police said. They declined to give details of what the suspects were believed to have done.

The raids followed months of surveillance and investigation, police said.

The 14 people, arrested on suspicion of the commission, preparation or instigation of acts of terrorism were being held in central London, police said. Officers were searching an unspecified number of homes around the capital, they added.

One of the raids took place at a south London restaurant packed with diners shortly after 10 p.m. Friday, the British Broadcasting Corp. said.

Homegrown Terrorism On The Rise In U.K. (AP-Y)

By David Stringer, Associated Press Writer

AP, September 2, 2006

Britain's top counterterrorism detective warned the threat from homegrown terrorism is increasing, and said police were trying to track thousands of Britons suspected of planning, financing or encouraging attacks.

Peter Clarke, head of the Metropolitan Police anti-terrorist squad, told the British Broadcasting Corp. officers had seen an enormous rise in the number of people inside Britain who needed to be tracked and monitored since the Sept. 11, 2001, attacks on the United States. A transcript of the interview was released Friday.

Clarke said police and intelligence agents were carrying out an unprecedented level of operations in Britain.

"What we've learned since 9/11 is that the threat is not something that's simply coming from overseas into the United Kingdom," Clarke said in the recorded interview for the BBC program "Al-Qaida — Time to Talk?"

"What we've learned, and what we've seen all too graphically and all too murderously is that we have a threat which is being generated here within the United Kingdom," he said.

Clarke declined to reveal the precise number of suspected terrorists operating in Britain.

"All I can say is that our knowledge is increasing and ... the numbers of people who we have to be interested in are into the thousands," he told the program to be broadcast Sept. 3.

According to a report by lawmakers published in May, Britain's MI5 domestic intelligence service in 2001 was tracking around 250 suspected terrorists. But by July 2004, it had 500 so-called primary investigative targets.

The report, by the Intelligence and Security Committee, said that by 2005, the number had risen to 800.

On Thursday, senior counterterrorism officials from across Europe met in London to discuss the threat of homegrown extremists and were briefed on details of the investigation into the alleged plot to down trans-Atlantic airliners with liquid explosives, MI5 said in a statement released Friday.

Similar meetings were held after the 2004 Madrid train bombings and the attacks on London's transport network last July.

Investigators probing the alleged plot arrested 25 people in raids on Aug. 9-10. A total of 15 people have been charged with offenses, five remain in custody without charge and five have been released.

Officials at the London meeting also reviewed "the longer-term implications of the threat posed by this particular modus operandi of attack," the MI5 statement said of the alleged plan to use liquid explosives that were apparently to be smuggled on board aircraft in hand luggage.

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Moroccan Terror Plot Foiled With 56 Arrests, Officials Say (NYT)

By Craig S. Smith

The New York Times, September 2, 2006

PARIS, Sept. 1 — The Moroccan police have arrested 56 suspected members of a terrorist network as part of a monthlong antiterror sweep, the country's official news agency reported on Thursday.

The suspects, associated with a Muslim group calling itself Ansar al-Mahdi, are accused of plotting terrorist attacks in the North African kingdom, the official MAP news agency said. Moroccan officials could not be reached for comment on Friday.

The group was planning to "announce a holy war in the mountains of North Morocco, attack sensitive targets, foreign interests and well-known Moroccans because they represent the state or for moral reasons," the news agency quoted the interior minister, Chakib Benmoussa, as saying.

Morocco, a moderate Islamic country, has been battling a radical Islamic movement that inspired deadly suicide bombings in Casablanca in 2003. The fundamentalist Islamic trend has continued to grow among the largely disenfranchised youth of Morocco's poorest quarters despite antiterrorist crackdowns.

Mr. Benmoussa told a parliamentary commission last week that the Ansar al-Mahdi group had amassed "material to manufacture far more explosives" than those used during the 2003 bombings, according to a MAP report of the meeting.

Local news reports have also said that the group planned to kidnap Moroccan politicians, including at least two ministers and several legislators.

Four women were among those arrested, including the wives of two pilots for the national airline, Royal Air Maroc, according to Mr. Benmoussa. One of the women had had contacts with the wife of a slain member of Al Qaeda from Morocco who was accused of helping plan the 2004 Madrid train bombings, the ministry said.

Those arrested also included at least five former soldiers with training in the use of explosives. Mr. Benmoussa told the parliamentary commission that while the recruitment of members of the military and security services was a new element, the number of the members recruited was very limited and involved isolated and marginal cases. He said one of the men recruited belonged to a military music unit and another to a department that serviced vehicles.

After the Casablanca bombings, the Moroccan authorities arrested thousands of Islamists and claimed to have uncovered dozens of terrorist cells, some linked to Al Qaeda.

Among those sent to jail was Hassan el-Khattab, also known as Abu Osama, who was released last year after serving two years. The Interior Ministry describes him as the leader of the terrorist group. He was among about 50 people arrested when the current crackdown began in late July.

The Interior Ministry said Mr. Khattab had operated a training camp for would-be terrorists in the country's northern mountains and he had carried out tests of cellphone detonators in a forest near Rabat.

The police have seized explosives, laboratory materials and propaganda leaflets during recent raids on the group, the ministry said.

Analysis: Bush Struggles To Deliver (AP)

By Tom Raum

AP, September 2, 2006

As the fifth anniversary of the Sept. 11 terror attacks nears, President Bush is finding it increasingly hard to make good on foreign-policy promises or threats. The biggest source of his frustration is the "axis of evil" — Iran, North Korea and Iraq — that he warned four years ago imperiled world peace.

Bush faces a daunting number of simultaneous international crises as he tries to shore up flagging support at home for the Iraq war and roll back nuclear programs in Iran and North Korea.

Sectarian violence remains rampant in Iraq, suicide attacks are increasing in Afghanistan and a truce in southern Lebanon between Israel and Hezbollah guerrillas is wobbly. Iran and North Korea ignore his insistence that they must not have nuclear weapons. Syria turns a deaf ear to U.S. demands that it stop supporting terrorism.

A U.N. Security Council deadline came and went on Thursday for Iran to stop uranium enrichment, yet veto-wielding Russia and China are resisting Bush's call for stiff sanctions. Likewise, six-nation talks to restrict North Korea's nuclear program have been stalled for months.

Some analysts suggest Bush has overreached, or set the bar impossibly high, laying out goals he cannot achieve — while not acknowledging blunders.

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"Spreading democracy, eradicating terrorism, ending Iran's nuclear potential. Those are huge goals. When one makes an assessment and sees that none of these is closer to being achieved, it becomes a real problem for America's credibility," said Shibley Telhami, a Mideast scholar at the University of Maryland.

Bush asserted earlier this summer, "You know, the problem with diplomacy: It takes a while to get something done. If you're acting alone, you can move quickly." Ever since, diplomacy has only gotten harder.

The president has embarked on a series of speeches bracketing Sept. 11 and leading up to an address to the U.N. General Assembly later this month.

Likening the war against terrorism to struggles against World War II and Cold War foes, Bush told an American Legion convention on Thursday: "It is the decisive ideological struggle of the 21st century." He makes another speech in the series on Tuesday in Washington, D.C.

It's the administration's third public relations offensive in less than a year to try to rally support for the war.

Violence persists in Iraq as U.S. public opinion turns increasingly against the war, a big liability for Republicans on the ballot in November. More than 2,600 members of the U.S. military have died since the war began in March 2003.

Fully one-third of Americans think the terrorists may be winning the war, an AP-Ipsos poll suggested this week. It showed that Iraq worries have spilled over into the broader campaign against terrorists who directly target the United States. Half in the poll questioned whether the costs of the anti-terror campaign are too great, and even more admit that thought has crossed their mind.

While Bush has declared a nuclear Iran "unacceptable" and has threatened sanctions, administration officials are already talking about a potential backup plan if the Security Council doesn't go along: assembling a separate coalition of countries willing to slap economic sanctions on Iran.

"There are just contradictions between goals and objectives and the reality of contemporary politics," said Stephen Wayne, a Georgetown University political scientist. "The fact of the matter is that Iran and North Korea having nuclear weapons is unacceptable. But that doesn't mean we're going to be able to do anything about it."

Meanwhile, in Afghanistan, the Taliban have increased suicide attacks, borrowing tactics from militants in Iraq. The escalation in the Taliban insurgency has stoked bitter fighting. More than 1,600 people, mostly militants, have died across Afghanistan in the past four months.

Bush jettisoned the go-it-alone bravado of his first term. But he is finding that working more cooperatively with European and other allies has not been particularly rewarding. And it's angered some hardline conservatives in his own party.

"The State Department has succeeded in the past year in making the Bush administration more Euro-friendly and U.N.-attentive than ever," wrote Bill Kristol, who worked in the first Bush White House and is now editor of the conservative Weekly Standard. "For this, the president has reaped no political benefit at home — and the dangers continue to mount abroad."

Nearly all two-term presidents have trouble advancing their agendas in their second terms. Bush also has failed to get key domestic initiatives through the GOP-led Congress, including Social Security overhaul and revamping immigration laws.

"What I see is a problem many administrations have, which is an unwillingness to acknowledge mistakes for fear that your political rivals will seize on them," said Jon Alterman, an analyst with the Center for Strategic and International Studies.

"The problem is, you find yourself backed into a corner supporting strategies that don't work," Alterman said.

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Tom Raum has covered Washington for The Associated Press since 1973, including five presidencies.

Five Years Later, We're Still Not Safe (MCT)

By Greg Gordon, Marisa Taylor And Ron Hutcheson

McClatchy Newspapers, September 2, 2006

WASHINGTON — In the five years since terrorists flew hijacked airliners into the World Trade Center and the Pentagon, Americans have accepted inconvenience, sacrificed personal liberties and paid billions of dollars for a security clampdown that touches virtually every aspect of their lives.

And we're still not safe.

A close examination of the federal government's homeland security effort shows that there have been major accomplishments since the attacks on Sept. 11, 2001. But it also reveals how vulnerable the nation remains to catastrophe.

Federal officials and security experts directly involved in the cat-and-mouse game with terrorists have realized that the nation faces more threats than the government can ever combat. The result is a deadly guessing game on a global scale, with security officials often one step behind the terrorists.

"We can't cover every conceivable target against every conceivable attack at every waking moment," said Bruce Hoffman, a Georgetown University professor in security studies. "You strengthen one set of targets, they'll shift to another."

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Protect against box cutters, and the terrorists try shoe bombs. Protect against shoe bombs, and the terrorists try liquid explosives. Protect airliners, and the terrorists blow up buses and trains. The list of possibilities is endless, but the government's resources aren't.

The nation has spent more than $280 billion on the domestic side of the war on terrorism over the past five years to hire thousands more FBI and Border Patrol agents and buy high-tech devices to secure the nation's planes, trains, ports, nuclear reactors and other potential targets. U.S. military operations in Iraq and Afghanistan have cost $400-plus billion more.

It's a commitment that far exceeds the post-World War II Marshall Plan to rebuild Western Europe, but it's not nearly enough to close off every possible line of attack. Some experts say part of the money has been wasted on efforts to combat nonexistent or highly unlikely threats, while other, more pressing risks, were ignored.

In the frenzied attempt to patch holes in the nation's defenses, government agencies seemed to buy a device for everything: from computerized fingerprinting systems to trace explosives detectors to full body scanners to sensors that pick up deadly germs and radiation. Some of it works as advertised; some of it doesn't.

"The problem with much of this technology is that it's valuable only if you guess the plot," said Bruce Schneier, author of "Beyond Fear: Thinking Sensibly About Security in an Uncertain World." "We could sit here and come up with millions of identifiable risks. If we had infinite money we could address everything. But we have finite money and we should pick and choose carefully."

Independent security experts say the government should sharpen its priorities and adopt a long-term strategy that reflects a deeper understanding of the enemy.

Federal officials take pride in the fact that the United States has avoided a major terrorist attack since Sept. 11, but they're under no illusions that it couldn't happen again.

"I don't think there's any agency that exists that's going to be able to stop every single plan every single time," Assistant FBI Director John Miller said.

Americans are safer than they were five years ago. But any accounting of the government's performance shows missteps and gaps along with the successes.

AVERTING ARMAGEDDON

Some counterterrorism experts think it's only a matter of time before terrorists unleash weapons of mass destruction on an American city.

With so much radioactive material available worldwide, some of it is bound to fall into terrorists' hands, said retired Air Force Gen. Eugene Habiger, the former commander of U.S. nuclear forces and the former head of nuclear security at the Energy Department.

Gaps in port security could allow terrorists to smuggle a nuclear weapon into the country. Or they could assemble a "dirty bomb" by using a conventional explosive to spew radioactive material.

The government has done little to prepare for the possibility of a radioactive event.

While the Centers for Disease Control and Prevention has spent billions of dollars stockpiling medicines to treat anthrax, smallpox and nerve-gas victims, it's failed to buy experimental drugs that could help hundreds of thousands of potential victims of acute radiation exposure.

The Homeland Security Department is working on a contract for anti-radiation drugs, but only for enough medicine to treat 100,000 people.

Former Homeland Security Secretary Tom Ridge harbors deeper worries: that terrorists will genetically engineer a germ "that is communicable for which we have no antidote and nothing to diagnose."

Lee Hamilton, who co-chaired the Sept. 11 commission, agreed that "several highly talented scientists with reasonable access to sophisticated (laboratory) equipment could bring down a city or a large swath of America."

Some experts advocate funding state-of-the-art laboratories that could seek antidotes to new germs within days of their appearance. For now, though, most of the government's efforts are focused on known threats.

Detectors scattered around New York, Washington, Chicago, Minneapolis and dozens of other cities sample the air for anthrax, smallpox and other deadly germs invisible to the naked eye. Biological and radiation detectors are also deployed during the Super Bowl and other major public events.

The Homeland Security Department is spending at least $1.1 billion on a new generation of radiation detectors that are scheduled to be in the nation's ports by year's end. Secretary Michael Chertoff said they would be used to inspect nearly 90 percent of the cargo entering the country by sea.

Terrorists, however, have other ways to wreak havoc, including using low-tech methods to defeat high-tech detectors. Rather than trying to smuggle germs past sniffers, for example, terrorists could smuggle infected people into crowded arenas or mass transit systems as a new form of suicide bombers.

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Working with state officials, Homeland Security has developed a list of 77,000 potential terrorist targets, including 1,100 nuclear-power facilities, chemical plants, national monuments and other vulnerable sites.

But a recent internal audit said the agency had failed to conduct risk assessments on many of the 77,000 sites. The result is a security patchwork. Some sites are far more secure than they were five years ago; others remain open to attack.

CLOSING SECURITY GAPS

Gun-toting National Guard troops no longer patrol the nation's airports, but other changes have greatly reduced the risk of a replay of the Sept. 11 attacks. Still, the alleged London bomb plot, which called for using liquid explosives to blow up U.S.-bound jetliners, suggests that Islamic terrorists remain determined to seize or destroy commercial planes.

"They will adapt to try to get around whatever systems we have in place," said Kip Hawley, the head of the Transportation Security Administration.

While Hawley said airline security is "geometrically better than it was five years ago," progress has come in fits and starts - and at a big price.

Annual spending on air safety has nearly quadrupled since 2001, to about $6 billion, in part because the government now deploys a 43,000-member federal force to screen passengers.

But critics say the aviation-security system tends to fixate on the last terrorist plot while overlooking other potential terrorist tactics.

"We're still struggling to keep up with the terrorists," Georgetown's Hoffman said. "It's not just the spending of the money. It's how it's spent and the effect, and how good we are in anticipating and blocking terrorist threats."

U.S. officials have known for years that terrorists could mix easy-to-obtain liquids into an explosive cocktail on an aircraft. Hamilton called the U.S. government's lack of urgency to do anything about it until British authorities uncovered the London plot "extremely disturbing."

On the other hand, some measures adopted in haste were soon rendered inadequate by technological advances. Luggage-screening systems that were installed at major airports across the country after Sept. 11 are already being replaced by new, more efficient equipment.

Some security experts say the government isn't doing enough to guard against the possible use of shoulder-fired, heat-seeking missiles against passenger jets.

At least two dozen terrorist groups are known to possess shoulder-fired missiles, and a government report this summer concluded that it would take at least 20 years to develop and install laser-based electronic countermeasures on passenger aircraft.

"Obviously, there've been improvements in security," Hoffman said. "But the question is, are they enough?"

Efforts to improve border security have been equally challenging, partly because 1.2 million people enter and leave the country each day. The government hired 2,263 more Border Patrol agents, nearly tripled the number of agents on the northern border and deployed video surveillance cameras and other electronic equipment to monitor remote areas. The equipment has limitations, however, and illegal immigrants can still find their way around agents.

Investigators from the Government Accountability Office were able to cross both the northern and southern borders repeatedly with fake documents and radioactive materials. At one border checkpoint, the investigators posed as employees of a fictitious company and entered the United States with enough radioactive material in the trunks of their vehicles to make two dirty bombs.

"If you want to smuggle a nuclear weapon into the country, just wrap it in a bale of marijuana," Frank Cilluffo, former special assistant to President Bush on domestic security matters, said half-jokingly. "The truth is, we still have a very porous border."

Federal officials say they have to be careful not to impose measures that might not be effective - or even worse could hurt the economies of border states.

"There are a lot of zealots out there who want us to go ahead and basically close our borders to ensure 100 percent security," said Jayson Ahern, who oversees the nation's 322 ports for Customs and Border Patrol. "We have to make sure as we implement security measures that we're not stifling legitimate travel and trade."

Other security gaps increase the risk that terrorists could slip into the country legally, then overstay their visas.

The Homeland Security Department spent more than $900 million on a database tracking system that electronically records the arrival of about 1.5 million airline passengers and other foreign guests each month.

At least 1,300 criminals and one suspected terrorist have been denied entry. But only a small fraction of foreign visitors have to check out through the system when they leave the country, so the government doesn't know how many have illegally overstayed their visas.

CATCHING AND PROSECUTING TERRORIST SUSPECTS

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The FBI and other federal law enforcement agencies have made pursuing terrorists their top priority since Sept. 11, and they've had some notable successes as well as some embarrassing mistakes.

Federal officials say they've disrupted at least 10 terrorist plots since Sept. 11 and played a role in the recent arrests in London.

"We know a lot about a lot of people here in the United States and overseas," said John Pistole, the FBI's No. 2 official. "Our concern, of course, is in those gaps in intelligence."

More than 260 defendants have been convicted of terrorism-related charges in the United States, and trials are pending for 150 more.

Charges have been dismissed against eight defendants, and four defendants were deported after charges were dropped, according to Justice Department estimates released in June. The Justice Department didn't report how many defendants were acquitted.

But critics contend that the domestic law enforcement agencies' record is marred by inflated claims, mistaken arrests and botched prosecutions.

"What they've been able to find is people who are loosely talking about doing damage to the United States and, self-evidently, neither have the resources nor the intelligence nor the money to carry these plots out," said Michael Greenberger, a former Clinton administration counterterrorism official.

Others say prosecutors have risked losing out on key evidence by swooping in too early and have snared too many innocent people.

In Detroit, the government dropped charges against members of an alleged "sleeper cell" after discovering that a prosecutor failed to reveal evidence that might have proved their innocence.

In Oregon, FBI agents held lawyer Brandon Mayfield for almost three weeks in 2004, then admitted that a faulty fingerprint analysis had fed their mistaken suspicions that he was linked to the Madrid train bombings.

In Idaho, a federal jury acquitted computer science graduate student Sami Omar Al-Hussayen of charges that he aided terrorists by helping design a Web site for an Islamic nonprofit organization.

When terrorism-related charges couldn't be supported, prosecutors aggressively pursued other criminal charges against suspects, such as for immigration and identity theft violations.

Pistole said the FBI now uses "whatever lawful tools we have" to disrupt a suspected terror plot - whether the charges appear minor or not. "As long as we have disrupted whatever the plot may be."

The Treasury Department, for instance, says it has blocked more than 1,600 terrorist-related bank accounts and transactions, and prevented more than 40 charities with alleged al-Qaida ties to gain access to America's financial system.

Gathering good intelligence from close-knit terrorist cells remains a major challenge, but government officials say the CIA is doing a much better job of penetrating terrorist operations overseas.

Frances Fragos Townsend, the top White House counterterrorism adviser, said she's been "incredibly impressed with both the quality and depth" of the CIA's human intelligence, especially in the last year.

The FBI has more than doubled both its number of intelligence analysts, to 2,161, and the number of special agents devoted to counterterrorism and intelligence gathering, to 4,634.

The bureau also has improved its computer capability, despite a major setback when technical problems led to the scuttling of a new $170 million virtual case file system, said Pistole. The bureau has compiled more than 650 million records into a database known as the Investigative Data Warehouse, which cross-indexes information with the databases of a dozen or more federal agencies.

"There would be a much greater probability that somebody would say, `Wait a minute - some Middle Eastern males wanting to take flight lessons? That fits into this other side of the equation,"" Pistole said. "That's simply something that we didn't have prior to 9-11."

But while the government has killed or captured many top al-Qaida terrorists overseas, experts say intelligence agencies still fail to provide enough information to law enforcement officials.

"There's still this arrogance that exists within all intelligence agencies that it's going to come from the top down," Cilluffo said. "On the flip side, state and local officials still have this inaccurate perception that there's someone behind a locked door with all the information."

The administration has struggled to balance its efforts to improve intelligence with adhering to the Constitution.

The government has appealed an Aug. 17 federal court ruling that struck down an eavesdropping program that targets communications between suspected terrorists overseas and their associates in this country without using warrants. Federal officials say the program has helped disrupt terrorist plots, but they haven't provided any details to support the claim.

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Other programs have been scuttled because of civil liberties concerns. Facing complaints from both liberals and conservatives, the government abandoned Operation TIPS, a program that asked citizens to report suspicious activity.

It also scrapped the Pentagon's Total Information Awareness project, which aimed to compile a massive database of public and private records. Yet components of the Total Information Awareness project live on, according to former senior U.S. government officials. Speaking on condition of anonymity, they said some of the program's research was quietly transferred to a unit of the eavesdropping National Security Agency under a program code-named "Basketball."

Attempts to cultivate sources within the Muslim community have been hampered by lingering ill will from heavy-handed tactics in the months after Sept. 11, including voluntary interviews that came off as interrogations, critics said. The FBI also continues to face problems in hiring translators and experts who might make inroads into the Muslim-American community.

"To run an effective counterintelligence organization you have to have intimate knowledge of the people you're trying to penetrate," said Christopher Hamilton, a former FBI counterterrorism analyst who worked on the Sept. 11 investigation.

STRATEGIES FOR THE FUTURE

Experts agree much more needs to be done, but they don't all agree on the priorities and solutions.

"If you look at the first year after the terror attacks, more was accomplished in that one year to stand up programs that made us safer than probably any other year in the history of government," said Dennis Murphy, a former senior homeland security official. "There was the political will to do it."

That bipartisan will has dissipated amid election-year politics, legal setbacks and a torrent of criticism over delays and lapses in nearly every homeland security program. Ridge blamed some of the problems on Congress, which he said sent the Homeland Security Department mixed messages.

"If you keep changing the priorities ... I think that's pretty difficult for anybody," Ridge said.

Hamilton, the former Sept. 11 commission chairman and a former head of the House Intelligence Committee, said the government should set priorities rather than try to guard against every conceivable threat. The recent flap over proposed security-funding reductions for some cities, including New York and Washington, shows how difficult those choices can be.

Security experts agree that, while the nation must bolster security against catastrophic attacks, protecting the homeland should be the last line of defense. The only real solution is to find a way to blunt the appeal of Islamic extremism.

Brian Jenkins, a RAND Corp. counterterrorism expert and the author of "Unconquerable Nation," a new book about the terrorist threat, said the United States needs to become more effective at political warfare "aimed at blunting messages, impeding recruiting and stopping the flow of angry young men into the jihadist circle."

"Unless we can do that," he said, "then we are condemned to a strategy that is equivalent to stepping on cockroaches one at a time."

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Why No New Attacks On The U.S.? (MCT)

By Warren P. Strobel

McClatchy Newspapers, September 2, 2006

WASHINGTON — Why hasn't there been another terrorist attack on U.S. soil since Sept. 11, 2001?

No one knows for sure, of course. But counterterrorism analysts in and out of government offer three or four theories. Some of them are comforting, some not.

Better border screening, intelligence sharing and other homeland security improvements have made it harder for would-be terrorists to operate in the United States.

How much harder is debatable. But every major terrorist attack by Islamic extremists since 9/11 has taken place elsewhere: in Europe, the Middle East and in Southeast Asia.

Most scholars also agree that although there have been incidents of racial harassment in the last five years, Muslim Americans are better integrated into U.S. society than are their counterparts in Western Europe.

With a few exceptions, Osama bin Laden's worldview hasn't caught on here.

In their 2005 book "The Next Attack," former White House officials Daniel Benjamin and Steve Simon cite other possibilities.

One, they say, is that the presence of about 130,000 U.S. troops in Iraq is providing plenty of opportunities for jihadists to confront the American superpower directly.

Another, and this fear is shared by many current and former U.S. officials, is that al Qaida and its affiliates feel they must outdo the carnage of 9/11 when they next strike the United States. "Mounting an operation that will kill thousands can take a long time, especially for a group that is averse to failure," Benjamin and Simon wrote.

Sherifa Zuhur, a visiting professor at the U.S. Army War College in Carlisle Barracks, Pa., says al Qaida, which was surprised by the U.S. reaction after 9/11, may be simply waiting for the right moment. "I wouldn't plan anything unless I was pretty sure I could weather the response," Zuhur said.

Bin Laden Manhunt Still Drawing A Blank (AP-Y)

By Paul Garwood And Matthew Pennington, Associated Press Writers

AP, September 2, 2006

The al-Qaida terror camps are gone from Afghanistan, but the enigma of Osama bin Laden still hangs over these lawless borderlands where tens of thousands of U.S. and Pakistani troops have spent nearly five years searching for him.

Villagers say the CIA missed by only a few miles when it targeted bin Laden's top deputy, Ayman al-Zawahri, with a missile strike in January. Then in May, U.S. Special Forces arrested one of al-Zawahri's closest aides, suggesting the trail has not gone entirely cold.

As for bin Laden himself? He may be nearby. Yet hopes of cornering the Saudi-born al-Qaida leader seem distant as ever. The last time authorities said they were close to getting him was in 2004, and in hindsight those statements seem more hope than fact.

Five years after the Sept. 11 attacks, the most publicized manhunt in history has drawn a blank. The CIA has reorganized agents searching for the al Qaida leaders in the face of the evolving nature of the terrorist threat. And the American military's once-singular focus is diffused by the need for reconstruction and a growing fight against the Taliban, the resurgent Afghan Islamic movement that once hosted bin Laden.

American soldiers climbing through the forested mountains of Afghanistan's Kunar province — where in the 1980s bin Laden fought in the U.S.-backed jihad against the Soviets — still hope to catch or kill him. But they say bolstering the Afghan government is their primary mission now, amid the worst upsurge in Taliban attacks in five years.

"It is like chasing ghosts up there," said Sgt. George Williams, 37, of Watertown, N.Y., part of the Army's 10th Mountain Division pushing into untamed territory along the border with Pakistan. "Osama bin Laden is always going to be a target of ours as long as he is out there, but there are other missions: to rebuild Afghanistan and attack the militants still here."

The top leaders of al-Qaida remain free despite more than 100,000 U.S., Afghan and Pakistani forces at the frontier. High-tech listening posts, satellite imagery, unmanned spy planes — not to mention a $25 million bounty on each man from the U.S. government — all aid the hunt.

Yet both bin Laden and al-Zawahri are communicating to the outside world, posting messages on Islamic Web sites to inspire further attacks on the West. Although the al-Qaida leaders are too isolated to run directly a terrorist operation like Sept. 11, Pakistan says the latest alleged plot, to bomb U.S.-bound jetliners from Britain, may have been blessed by al-Zawahri.

The frustrating campaign has frayed critical cooperation between Afghanistan and Pakistan, neighbors separated by an ill-defined frontier and a history of mutual suspicion.

Pakistan has captured most of bin Laden's lieutenants, including 9/11 attacks coordinator Khalid Sheikh Mohammed, and claims to have reduced the remaining al-Qaida command to mere figureheads. Pakistan has lost 350 troops fighting al-Qaida and Taliban-linked militants.

Yet Afghan officials allege that Pakistan is sanctuary for Taliban rebel leaders and lets them recruit from radical Islamic schools. They even suggest that Pakistan is hiding bin Laden, perhaps to ensure Pakistan remains of strategic importance to Washington.

"We believe he is being kept as a prize, as an ultimate bargaining chip," said a senior Afghan government official, who declined to be identified due to the sensitivity of his comments.

Latfullah Mashal, a former Afghan Interior Ministry spokesman, goes so far as to pinpoint bin Laden's hideout in a remote valley in Pakistan's North Waziristan region. He says there's a mountain fortress with a network of tunnels, guarded by African militants who never venture outside.

Pakistan, which formally ended its support for the Taliban after the Sept. 11 attacks, rejects both allegations. It has about 80,000 troops in its wild tribal regions along the Afghan frontier, including a U.S.-trained and equipped quick-reaction force.

"I don't think any other country has played a bigger role than Pakistan," said Interior Minister Aftab Khan Sherpao.

Retired Lt. Gen. Ali Mohammed Jan Aurakzai, who led the Pakistani army into the region after the Sept. 11 attacks, said sealing the border between Afghanistan and Pakistan would require between 150,000 and 200,000 troops "and still there's no 100 percent guarantee that infiltration would not take place."

Strained by the demands of Iraq, the U.S. has only about 20,000 troops in Afghanistan. The roughly 10,000 in the border area must cover about 30,000 square miles of some of the most forbidding territory on Earth: jagged mountains, both arid and forested, that become impassable in winter. There are steep valleys and rushing rivers spanned by rickety rope bridges; dark

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caves that could be booby trapped. Deeply religious and xenophobic villagers also obstruct efforts to run down al-Qaida remnants.

"Bin Laden has a network of contacts and places to go to if he needs to that's pretty close to 20 years old. He's a veteran of that region, so it's very hard to find him," said Michael Scheuer, who once headed the CIA unit that was dedicated to hunting the al-Qaida leader. "Bin Laden's status as a hero in the Islamic world is also a telling factor in why he's not been caught."

A senior former Pakistani intelligence official put it more bluntly. "These (ethnic) Pashtuns have their own traditions. They'll die but they'll not hand over bin Laden," said the official, who declined to be named because of the secretive subject matter.

For U.S. troops, the Afghan mission is increasingly dangerous. At least 272 U.S. service members have died in and around Afghanistan since October 2001, including three recently from Williams' unit. Some 44 U.S. servicemembers died in Afghanistan in 2004, 92 in 2005 and 61 so far in 2006.

Western, Afghan and Pakistani officials agree that the nearest they got to bin Laden was in the Tora Bora mountains, south of Kunar, in November 2001 when he was fleeing the U.S.-backed war that toppled the Taliban regime.

The Pakistani intelligence official said Pakistan at first thought bin Laden was dead, perhaps killed by a bomb at Tora Bora, until a letter he penned to his family was recovered from Khalid Sheikh Mohammed when he was arrested in March 2003.

After that, repeated attempts have been made to get bin Laden and al-Zawahri.

-- In late 2003, Pakistani forces raided Lattaka, a village in North Waziristan, to get bin Laden but he wasn't there, said the intelligence official.

-- In 2004, amid a flurry of military action on both sides of the border, U.S. Lt. Gen. David Barno said he expected to bring bin Laden to justice that year — although officials now say they had no hard intelligence to go on.

"It was all guesswork. No one ever gave us precise information that bin Laden or al-Zawahri is in such-and-such area, even a general area," said Pakistan's Aurakzai.

-- Pakistan stepped up its military action in 2004 with a series of bloody operations in South Waziristan province. They busted al-Qaida bases complete with computer and communications equipment. However, most foreign militants at these sanctuaries were not Arabs close to bin Laden but Central Asians, Pakistani officials said.

-- Sometime that year, Pakistan learned that either bin Laden or al-Zawahri was elsewhere in South Waziristan. "An operation was carried out where we were close to getting him but the trail got cold," said Maj. Gen. Shaukat Sultan, spokesman for President Pervez Musharraf. He declined to be more specific.

-- In the most recent case, in January, the CIA fired a missile from a Predator drone into the remote Pakistani village of Damadola, 155 miles northeast of Waziristan. The target was al-Zawahri, who was expected to attend a dinner there. Pakistani intelligence and local residents say the Egyptian doctor-turned-terrorist did not show, but they later learned he was at a supporter's home in Salarzi, about 7.5 miles to the east.

The missile killed at least 13 civilians. Reports that a number of senior al-Qaida operatives also died were never confirmed, as none of their bodies were found.

The associate who allegedly hosted al-Zawahri, a timber merchant and tribal chief called Haji Nader, was later arrested by U.S. Special Forces and taken to the American air base in Bagram, Afghanistan, said Commander Youssef, police chief in Naray, where the military also has a base.

Youssef declined to give further details, but Pakistani intelligence officials and local residents said the arrest was made in May in Kunar province and that Nader's family in Pakistan had since received a letter from him, sent from Bagram. The U.S. military declined to confirm the information.

Talk of al-Zawahri's whereabouts persists. In Pakistan's Bajur region, opposite Kunar, tribesmen say al-Zawahri moves with a small entourage between Pakistan and Afghanistan. They say al-Zawahri briefly visited near Damadola in July and got engaged or married to the teenage daughter of another local associate, Kawas Khan, and the ceremony was attended by tribal elders including pro-Taliban militants.

Pakistani intelligence confirmed the reports but Aurakzai, who is now the provincial governor, maintained they were speculation.

Getting solid information is a dangerous business.

In Pakistan's border region, resentment has grown over the presence of the army. Until the Sept. 11 attacks, the military had left the semi-autonomous region alone since Pakistan won independence from Britain in 1947.

Aurkazai said that since late 2004, about 70 tribesmen have been killed, mostly for cooperating with the government; other officials report more than 100 such deaths. A senior officer in Pakistan's intelligence service, speaking on condition of anonymity, said at least 30 of its informants were assassinated, often beheaded and their heads displayed in a public place.

On Aug. 7, the decapitated corpse of a 38-year-old former militant-turned-informer, Loi Khan, was dumped in a North Waziristan village. An attached note read: "See this man's body. Anyone spying on us will face the same end."

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Another intelligence officer said it was harder for Pakistani agents to operate in their own tribal areas than inside archrival India. "In the enemy country, we know who is our enemy but in the tribal areas it is extremely difficult to differentiate between the enemy and the friends," he said.

Pakistani intelligence officials say bin Laden and al-Zawahri likely live separately, each with a tight entourage of trusted Arab retainers and several rings of defense, the outermost ring manned by local militants.

They use a complex chain of human couriers, rather than intercept-prone electronics, to get out their messages. Al-Zawahri has issued 10 video or audio messages this year. Bin Laden — last seen in video in October 2004 — has released five audio messages during 2006.

Among the messages was a June 30 tribute to al-Qaida in Iraq leader Abu Musab al-Zarqawi, killed north of Baghdad on June 7, and another soon afterward endorsing al-Zarqawi's successor.

Although Pakistan claims to have reduced al-Qaida's leaders to symbols, Pakistani intelligence says its agents have heard that the alleged British-based scheme to bomb trans-Atlantic jetliners was blessed by al-Zawahri. If true, that would mean Afghanistan remains the headwaters of the world's most feared terrorist movement nearly five years after 3,000 people were killed in New York, Washington and Pennsylvania.

"There's a little bit of whistling past the graveyard when we say the organization (al-Qaida) is broken," said Scheuer.

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Associated Press writers Munir Ahmad in Islamabad and Riaz Khan in Peshawar, Pakistan, contributed to this report. Paul Garwood reported from Kabul and Kunar province, Afghanistan. Matthew Pennington reported from Islamabad and Peshawar.

In Afghanistan, The Taliban And Al Qaida Resurge (MCT)

By Warren P. Strobel And Jonathan S. Landay

McClatchy Newspapers, September 2, 2006

KABUL, Afghanistan — Five years ago, the United States fired its first shots in the post-9/11 war on terror here in Afghanistan, evicting al Qaida and toppling the Taliban regime that hosted Osama bin Laden's network.

Today, the United States and its allies are struggling to halt advances by a resurgent Taliban and al Qaida fighters in large swaths of this still desperately poor and unstable country.

"Things are going very badly," admitted an official with the allied military forces, who asked not to be identified because the issue is so sensitive. "We've arrived at a situation where things are significantly worse than we anticipated."

The trends in Afghanistan appear to mirror the global war on terror a half-decade after the Sept. 11, 2001, attacks.

The Bush administration and allied governments have won battle after battle, but appear to be in danger of losing the war.

Indeed, a growing number of analysts, many of them former top government counterterrorism officials, argue that the very notion of a "war" on terrorism is the wrong strategy.

In relying overwhelmingly on bombs and bullets, they say, the United States has alienated much of the Muslim world, driving away even moderates who might be open to Western ideas. The West has largely failed to offer a positive vision or deal with the root causes of Islamic extremism.

The "tactical firefighting" of disrupting terrorist cells and stopping attacks "works pretty well," said Magnus Ranstorp, a terrorism expert at the Swedish National Defence College. "But it's not resolving the strategic problem. The ranks keep on coming."

The "war" on terrorism "is something that has outlived its usefulness as a concept," said Georgetown University professor Bruce Hoffman.

A global counterinsurgency strategy would put "more emphasis on political reform, economic development, information operations, and less emphasis on the kinetics - the killing and capturing," Hoffman said. "I'm not saying we shouldn't be killing and capturing terrorists. But ... we've had a disproportionate emphasis on that as a solution."

On the ground, the good news is that bin Laden's al Qaida network, which executed the 9/11 attacks, has been badly damaged, perhaps even crippled, by a multi-pronged international assault by soldiers, spies, policemen and bankers, according to senior U.S. officials and private analysts.

But the threat from anti-Western Islamic extremists has rebounded, mutated and grown.

Bin Laden's warped message of violent jihad has spread, with help from the Internet, like a contagious virus. The ranks of potential terrorist recruits - while still representing a small, embittered minority of the Muslim world - appear to be swelling.

To them, round-the-clock TV images of the war in Iraq and the U.S.-backed Israeli bombardment of Lebanon are proof of bin Laden's contention that the West is waging war on Islam.

U.S. and allied intelligence operatives have killed or captured high-ranking members of bin Laden's network repeatedly. Then they've had to target those operatives' replacements.

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Many - if not most - counterterrorism experts now see the U.S. invasion and bungled occupation of Iraq as a grave misstep in the struggle against Islamic extremism.

The U.S. intelligence community reported more than a year ago that al Qaida's leaders, weaned on the conflict against the Soviet Union in Afghanistan, would be replaced by a new generation of terrorists trained on the battlefields of Iraq. European and Arab nations are bracing for the day when citizens who went to join the jihad against U.S. troops return home.

"The terrorists have found in Iraq a better sanctuary, training ground and laboratory than they ever had in Afghanistan. They have also been given what they desire most: American targets in close proximity," former White House counterterrorism officials Daniel Benjamin and Steven Simon wrote in their 2005 book, "The Next Attack."

With the United States bogged down in Iraq, some specialists say they worry that America's enemies feel emboldened. Some of the early gains after 9/11 - when al Qaida was ousted from Afghanistan and countries from Iran to Libya avoided confrontation with Washington - may be dissipating.

A new report by the respected British research group Chatham House concludes: "There is little doubt that Iran has been the chief beneficiary of the war on terror in the Middle East."

In Lebanon, Iranian proxy Hezbollah is resurgent after Israeli bombs failed to dislodge it. Hezbollah has outpaced the Lebanese government in rebuilding villages, and its teams bring along TV cameras to record the effort for its propaganda value.

Islamists control ever-larger swaths of lawless Somalia, while in nuclear-armed Pakistan, President Pervez Musharraf walks a tight-rope between counter-terror cooperation with the West and appeasing his own Islamists.

In Afghanistan, which has been viewed as one of the enduring successes against terrorism, the Taliban appear stronger than at any time since 9/11. Despite successions of offensives and airstrikes more intense than those in Iraq, the Taliban and their sympathizers now operate freely in six southeastern provinces and control pockets of them, said officials from the U.S. and Afghan governments and the NATO-led International Security Assistance Force.

As the strife deepens, President Hamid Karzai's government and its foreign backers are losing the battle for the hearts and minds of the country's citizens.

Despite billions of dollars in foreign-financed reconstruction, growing numbers of Afghans - including members of the Parliament - are furiously questioning the inability of history's most powerful armies to halt the violence and curb the growing civilian toll.

Many Afghans - now with access to internationally funded free media - cite the war in Iraq and U.S. support for Israel in Lebanon and in the Palestinian territories when they accuse President Bush of waging war on Islam in the guise of fighting terrorism. That perception has brought new motivation and recruits to the Taliban.

Western and Afghan officials insist that it's not too late to stem the crisis if the United States and its allies devote more reconstruction resources, time and troops.

"We've had a lot of success, but we have not won, and we need a major push for several years that is linked to development and security," said Ronald E. Neumann, the U.S. ambassador to Afghanistan.

In Washington, a senior counterterrorism official said the international community never fully delivered on its postwar promises to Afghanistan, and now the opportunity to do so is fading.

"We failed the Afghan (people) in the last several years, I believe," said the senior official, who requested anonymity to speak more frankly.

There have been, of course, major counterterrorism successes in the last half-decade, and no terrorist attacks have occurred on U.S. soil. As an operational organization, al Qaida "is crippled forever and will eventually be destroyed," said the senior official.

But it remains dangerous nonetheless. U.S. counterterrorism officials, confirming Pakistani accounts, say there's evidence that al Qaida played a role in the alleged plot to bomb U.S.-bound trans-Atlantic jetliners with liquid explosives smuggled onboard.

Outside the Middle East, and often under the radar, U.S. interagency teams have helped local governments develop successful counterinsurgency strategies in places as far-flung as Colombia and North Africa.

Indonesia, Malaysia and the Philippines are working more closely together and have shrunk the terrain in Southeast Asia where al Qaida affiliates can operate. Two groups, Abu Sayyaf and Jemaah Islamiyah, are "in the hurt locker," the senior official said. Jemaah Islamiyah was responsible for the October 2002 bombings in Bali, Indonesia, that killed more than 200 tourists.

Yet a growing number of specialists - and some U.S. political leaders - say a fundamental overhaul of the West's counterterrorism strategy is needed.

They advocate a defter approach, one that focuses less on bombs and bullets, and more on winning hearts and minds, efforts to end regional conflicts that spark resentment, development aid and trade.

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"Our success in the kinetic realm (of military operations) is certainly not matched in the 'soft power' realm," said James Forest, director of terrorism studies at the U.S. Military Academy at West Point.

Increasingly, the face of terrorism is no longer that of bin Laden, who's believed to be hiding in some Afghan cave or Pakistani city, but of self-generated "pop-up" cells of disaffected young men living on the margins of society in Western Europe. The attacks they plan, such as the July 2005 bombings of London's transportation system, which killed 56 and injured more than 700, may bear only passing signs of al Qaida's guiding hand.

While terrorist recruitment numbers are impossible to come by, poll after poll shows deep anger at the West, and analysts say a small fraction of the embittered will turn to violence.

Few countries have thought-through strategies to counter such radicalization, said Swedish expert Ranstorp.

"I don't see a lot of headway on this issue" in Europe, he said. "And that's a great failure."

The senior U.S. official said progress is being made on counterinsurgency strategies. But he acknowledged the challenge of developing flexible approaches to deal with insurgents in vastly different countries - or sometimes different valleys within the same country.

"That defies, really, the way we are organized to wage war," he said.

Henry Crumpton, the CIA operative who designed the campaign against al Qaida and the Taliban in Afghanistan, and who is now the State Department's counterterrorism chief, recalled a meeting he had before 9/11 with the legendary Afghan resistance leader Ahmed Shah Massoud.

Massoud, who was assassinated by al Qaida agents on Sept. 9, 2001, asked him whether the U.S. government was more interested in defeating al Qaida or helping the Afghan people, he said. Crumpton reluctantly replied that it was the former.

"That still resonates with me," Crumpton recalled. "You can't do one without the other. You can't defeat a terrorist enemy without denying a safe haven to the enemy and without replacing that safe haven" with something better. "It's a lesson for us all. You've got to do both."

(Strobel reported from Washington and Landay wrote from Kabul. Greg Gordon also contributed.)

Bush To Visit All Three Sites Of 9/11 Attacks (NYT)

By The New York Times

The New York Times, September 2, 2006

WASHINGTON, Sept. 1 — President Bush will lay a wreath at ground zero on the eve of Sept. 11, his first stop in a three-state trip to observe the fifth anniversary of the terrorist attacks.

The White House said Friday that the president and Laura Bush planned to travel to New York City on Sept. 10 for the wreath-laying ceremony that afternoon. They will then attend a prayer service at St. Paul's Chapel, next to the World Trade Center site.

They will spend the night in New York and travel the next day to the two other sites where planes crashed on Sept. 11, Shanksville, Pa., and the Pentagon in Northern Virginia. It will be the first time since the first anniversary of the attacks that Mr. Bush has traveled to all three places in remembrance of the victims.

Some Still Struggle With Loss (MCT)

By Greg Gordon

McClatchy Newspapers, September 2, 2006

WASHINGTON — Tony Sanseviro stared in shock as his buddy and fellow firefighter, Danny Suhr, was struck and killed by a body falling from the World Trade Center's burning north tower on Sept. 11. Now Sanseviro struggles with "survivor's guilt."

Sharon Ambrose lost one of her two sons in 1999. Then the other, Paul, was aboard American Airlines Flight 77 when hijackers slammed the airliner into the Pentagon. When she visits her sons' graves, she said, "I have the overwhelming urge to lay down between them."

Wendy Cosgrove lives with the haunting memories of her husband Kevin's plaintive cries for help over a cell phone from the hot and smoky 105th floor of the north tower, moments before it collapsed. She said her son has since run afoul of the law and her teenage daughter has mutilated herself.

Testimony from Sanseviro, Ambrose, Cosgrove and more than 40 other surviving friends and family members at last spring's trial of confessed al Qaida conspirator Zacarias Moussaoui offered an extraordinary glimpse of the long-term, life-altering effects of the terror attacks that killed 2,972 people. While some survivors said they've found ways to move on, others remain emotionally paralyzed.

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Thomas Demaria, a clinical psychologist who set up the World Trade Center Family Center on Long Island, N.Y., said that many Sept. 11 families have been unable to experience the normal two- to three-year cycles of grief: shock and anger, then confusion and depression and, finally, resolution.

He pointed to the recurring images of the attacks on television and now, in movies.

"We found that people were almost suspended in the initial, most painful part of grief, the coming-to-grips with this tremendous tragedy," he said. "It was prolonged because of the nature of the exposure people had. They really couldn't get away from it."

Demaria said the center has provided therapy and grief counseling to about 2,000 family members of those killed on Sept. 11. Its staff also has counseled some 3,500 emergency responders and their families who are dealing with both grief and a new fear: that another wave of deaths will strike fire and rescue crews who breathed asbestos and other toxins while searching the smoldering wreckage.

About 600 to 700 family members still visit the center every month - a figure that has risen recently because the fifth anniversary of Sept. 11 has rekindled emotions, Demaria said. He said some loved ones are seeking treatment for the first time.

Research has indicated that grief can lead to illness, even death, and that loss of a parent at an early age can profoundly affect child development.

Mike Low, 62, of Batesville, Ark., recalled that since the death of his 28-year-old daughter, Sarah, an American Airlines flight attendant, his wife, Bobbie, has been in "total withdrawal," refusing to have any contact with family or friends.

Sanseviro said his close friend Suhr lived for his wife, Nancy, and their 4-year-old daughter, Briana. But on the morning of Sept. 11, Suhr, 37, didn't hesitate to drive a contingent from their Engine Company 216 to the Trade Center.

When they arrived and headed for the tower, Sanseviro said, bodies were plunging to the street from the upper floors. Suddenly, one "came in like a missile" and killed him.

Sanseviro, who declined to be interviewed for this story, testified that he's struggled since then. He said he and six other firefighters who wound up attending to Suhr, instead of helping in the tower, "are alive because of Danny." Last year, at age 37, he retired from the fire department after being diagnosed with chronic Post Traumatic Stress Disorder.

"You're alive and everybody else is dead," he said. "You kind of lose your will to live."

Ambrose's son Paul was a senior clinical adviser to then-U.S. Surgeon General David Satcher and was focused on delivering health care and immunizations to the poor when he died at age 32.

"It just makes you question everything," said his mother, of Huntington, W.Va. She said she's been unable to reconcile that Paul devoted his life to caring for others, but died at the hands of men "brought up wanting to hate and kill."

Cosgrove said she met her husband when she was a waitress in 1980. "I said, "What would you like, sir?' He said, "You.'" They were married a few months later.

Kevin Cosgrove worked for Aon Corp., a reinsurance company, on the 99th floor of the north tower. A tape recording of his last, desperate phone call for help, shortly before the tower collapsed, was played at the trial. He left behind his wife, 12-year-old son, Brian, and daughters Claire, 9, and Elizabeth, 4.

"I don't think I'll ever learn how to deal with or get over the fact that I'm a widow," said Cosgrove, of West Islip, N.Y. "The slightest thing can set me off, like seeing an older couple walking hand in hand."

She said that since losing his father, Brian has been "extremely angry" and "engages in many self-destructive behaviors," getting in trouble at school and even with the law. Elizabeth clings to her as if "she's afraid I'm not gonna come back," she said, and Claire has been "self-mutilating because she can't really express her pain in any other way."

FBI Role In Terror Probe Questioned (WP)

By Walter Pincus, Washington Post Staff Writer

The Washington Post, September 2, 2006

Lawyers Point to Fine Line Between Sting and Entrapment

Standing in an empty Miami warehouse on May 24 with a man he believed had ties to Osama bin Laden, a dejected Narseal Batiste talked of the setbacks to their terrorist plot and then uttered the words that helped put him in a federal prison cell.

"I want to fight some jihad," he allegedly said. "That's all I live for."

What Batiste did not know was that the bin Laden representative was really an FBI informant. The warehouse in which they were meeting had been rented and wired for sound and video by bureau agents, who were monitoring his every word.

Within a month, Batiste, 32, and six of his compatriots were arrested and charged with conspiracy to aid a terrorist organization and bomb a federal building. On June 23, Attorney General Alberto R. Gonzales held a news conference to announce the destruction of a terrorist cell inside the United States, hailing "our commitment to preventing terrorism through energetic law enforcement efforts aimed at detecting and thwarting terrorist acts."

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But court records released since then suggest that what Gonzales described as a "deadly plot" was virtually the pipe dream of a few men with almost no ability to pull it off on their own. The suspects have raised questions in court about the FBI informants' role in keeping the plan alive.

The plot featured self-proclaimed militant religious leaders who referred to themselves as kings, talked of establishing their own nation inside the United States, called their headquarters an embassy and discussed plans to train their recruits to use bows and arrows. One of their quixotic notions was to blow up Chicago's Sears Tower.

Batiste's father, a Christian preacher and former contractor who lives in Louisiana, told the news media after the indictment that his son was "not in his right mind" and needed psychiatric treatment.

Since the Sept. 11, 2001, attacks, separating serious terrorist plotters from delusional dreamers has proved one of the FBI's most challenging tasks. The effort is complicated by the bureau's frequent use of informants who sometimes play active roles in the plotting.

U.S. law enforcement officials say they do not have the luxury of waiting for a terrorist plot to mature before they break it up. A delay, they say, could mean that a member of the plot they had not discovered might be able to pull off an attack.

At the news conference, Gonzales acknowledged that Batiste was nowhere near carrying out a terrorist act.

"Our philosophy here is that we try to identify plots in the earliest stages possible, because we don't know what we don't know about a terrorist plot," he said. It is dangerous to evaluate in advance that "this is a really dangerous group; this is not a dangerous group," he added.

But lawyers for the defendants have raised questions about where a government sting ends and entrapment begins. Not only did government informants provide money and a meeting place for Batiste and his followers, but they also gave them video cameras for conducting surveillance, as well as cellphones, and suggested that their first target be a Miami FBI office, court records show.

At the hearing, Batiste's attorney, John Wylie, showed that the FBI's investigation found no evidence that his client had met with any real terrorist, received e-mails or wire transfers from the Middle East, possessed any al-Qaeda literature, or had even a picture of bin Laden.

Asked for a response, a Justice Department spokesman referred a reporter to Gonzales's remarks about the case.

Court documents and testimony at hearings describe how the plot unfolded. Last October, Batiste allegedly contacted a Middle Eastern-born Miami resident who was about to travel to Yemen. The man dealt in fresh produce; Batiste was unaware that he was also a paid informant for the FBI.

The man -- known only as CW1 in court documents -- told his FBI handlers that Batiste had spoken of forming an army to wage jihad and overthrow the federal government. He said Batiste was "willing to work with al Qaeda to accomplish the mission and wanted to travel with [the informant] overseas to make appropriate connections," according to court documents.

The FBI would eventually pay the informant, who had previous arrests for assault and marijuana possession, $10,500 for his services in the Batiste investigation and reimburse him $8,815 for his expenses.

Over the next few weeks, the informant stayed in touch with Batiste and spent a night at the "embassy" where the group was headquartered. He reported seeing guns, karate practice and fighting drills that involved machetes.

By mid-November, the FBI decided to take a more active role. Agents introduced a more experienced Middle Eastern-born informant, CW2, to play the role of a potential financier to prevent Batiste from seeking money elsewhere. CW2, according to court papers, had worked for the FBI for six years and provided information that led to the arrests of two individuals on "terrorist-related charges."

But CW2 soon also took a key role in the plotting, suggesting targets and supplying videotaping equipment, according to the court papers. His reward was $17,000 the FBI paid for his services, and approval of his petition for political asylum in the United States.

At their initial meeting, the second informant said he was there to "evaluate" Batiste's operation and asked what help he needed to carry out his "mission." Batiste drew up a list that included "uniforms, boots, automatic hand pistols, communications equipment like Nextel cell phones, an SUV truck, black in color," according to court documents. Two days later, he asked for more equipment, including a "mini .223 Bushmaster" rifle.

Three days before Christmas, Batiste and CW2 met again, and Batiste talked for the first time about destroying Chicago's Sears Tower, a landmark in a city where he once worked as a FedEx delivery driver and still had associates. Batiste said he would take advantage of the ensuing chaos to liberate Muslims from a nearby jail. They would form an army powerful enough to force the U.S. government to recognize the "Sovereign Moors" -- an offshoot of a religious group, the Moorish Science Temple, to which Batiste claimed allegiance -- as an independent nation.

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A week later, when he met with CW2 again, Batiste asked for more firearms, radios, binoculars, bulletproof vests, SUVs and $50,000 in cash. He also invited the informant to join him on a trip to Chicago to meet his "two top generals" and look at the Sears Tower. But the trip never took place.

By the beginning of January, CW2 had offered Batiste a rent-free warehouse large enough for training. In reality, the FBI wanted a new meeting spot because it could not carry out surveillance at the "embassy," which was located in a high-crime area where agents would be easily spotted. At the same time, however, Batiste began to mistrust CW2 because of his numerous questions and ended direct contact with him for a while.

In mid-January, the first informant contacted Batiste's closest associate in the group to report that approval for the plan had come from al-Qaeda operatives in Yemen. When bin Laden issued a public statement saying that al-Qaeda would soon strike in the United States, the informant passed word to Batiste that it was a reference to the missions he was planning.

CW2 soon informed Batiste that an explosives expert in Europe -- actually a Scotland Yard agent -- was ready to come and help.

On Feb. 19, Batiste met with CW2 in a videotaped session at the informant's Miami apartment, where he "outlined his plan to wage jihad in the United States," according to court records. Batiste said he would conduct a "full ground war" and "kill all the devils we can," beginning with "taking down the Sears Tower in Chicago and attacking a prison to free Muslim Brothers who are incarcerated."

When Batiste grew impatient for money early in March, CW2 placated him by formally swearing him into al-Qaeda. In a ceremony recorded by the FBI, the informant read an English translation of the al-Qaeda loyalty oath, "welcomed Batiste to al Qaeda and declared that al Qaeda and the Moors were officially united," according to court papers. The informant and Batiste also selected a two-story warehouse as their new headquarters and training site.

On March 15, the FBI wired the warehouse for sound and video. The next night, before a secret camera, CW2 administered an English translation of the al-Qaeda oath to six members of Batiste's group, four of whom called themselves "prince" and two who were addressed as "brother."

The men also face charges of conspiring to aid a terrorist group.

Acting on instructions from the FBI, CW2 told the group that his al-Qaeda bosses were planning to attack FBI buildings in Washington, Chicago, Los Angeles, New York and Miami. He asked that Batiste and his group assist by providing video of the Miami FBI building, "which would be sent back to al Qaeda overseas," according to court papers. He also gave Batiste a video camera.

In late March, driving a van provided by the informant, Batiste and two associates videotaped and photographed the FBI building, as CW2 had requested. They also taped the federal courthouse and detention center, and the Miami police headquarters.

CW2 later expressed interest in meeting Batiste's Chicago associates and said al-Qaeda would pay to have them come to Miami. Batiste called Charles James Stewart, also known as Sultan Khan Bey, and his wife in Chicago, where Stewart leads his own branch of the Moorish Science Temple. With $3,500 in FBI money, Batiste paid for them to come to Miami.

Court papers show that Stewart is a convicted rapist with a long arrest record for other serious crimes. On April 11, with FBI cameras rolling, Stewart and Batiste sat in the Miami warehouse and discussed opening a shop to sell marijuana and drug pipes. They smoked marijuana as they talked, and Stewart revealed his plan to build a Moorish nation of 10,000 people.

Stewart wanted to make his wife, whom he called Queen Zakiyaah, an ambassador of the Moorish nation so she could not be detained by U.S. authorities. He said Moorish soldiers would wear green uniforms and become expert with bows and arrows. They would undergo night training that included jumping from a bridge into water 20 feet below.

But within days, Stewart and Batiste began to have differences over control of the organization and its mission. On April 17, the conflict broke into the open and Stewart tried Batiste under Moorish law on charges of treason and insubordination. He questioned "his relationship and association with the Arabian or Nigerian mafia," a reference to the second FBI informant.

Two days later, Stewart, now running what was left of Batiste's group, was arrested by Miami police after he fired a shot at one of Batiste's supporters.

On May 5, after a local hearing on the shooting, federal weapons charges were lodged against Stewart. Federal agents asked whether he knew of any plots against the United States, and Stewart began talking about Batiste's mission as one that was "starting to get serious," a phrase later cited in court by prosecutors. Stewart became a witness against Batiste and the others.

The defendants have signaled that they will contest the government's actions. At a July 5 detention hearing, Nathan Clark, an attorney for one member of the group, told U.S. Magistrate Judge Ted E. Bandstra that the ceremony at which the defendants took the al-Qaeda oath was "induced by the government themselves in an effort to set these people up."

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"What we see is this entire organization, by the government's own admission, falling apart. . . . Nobody really believes that these people are capable of doing anything," he said.

In the end, Bandstra ruled that the seven would have to remain in jail because the allegations were "disturbing." But he added that "the plans appear to be beyond the present ability of these defendants" and said he expected their attorneys to argue the government's actions at trial.

Researchers Julie Tate and Madonna Lebling contributed to this report.

Canadian Border Force To Be Armed (WP)

By Doug Struck

The Washington Post, September 2, 2006

Policy to Be Implemented Gradually Over a Decade

TORONTO, Sept. 1 -- When the radio crackled with news that two California murder suspects were racing toward the U.S. border in January, Canadian border guards quickly cleared passenger cars from their posts and then fled.

The border officers have long argued they should not have to face danger armed with only their pepper spray and batons. Fifty-three times in the past year, according to the officers' union, Canadian border guards have walked off their posts in the face of potential threats.

This week, Prime Minister Stephen Harper said he is giving the officers what they want, if slowly. He announced Thursday that the 4,400 officers of the Canada Border Services Agency -- stationed along what has been called the world's longest unguarded land border -- will be armed with guns over the next decade.

"We live in a dangerous world, and we know there is traffic of dangerous individuals and firearms across the border," Harper said in making the announcement at a border crossing in Surrey, B.C. He said Canadian officers "simply weren't equipped to deal with that kind of threat."

Harper also said the government will hire 400 more officers, partly to try to put an additional officer at some of the remote posts currently staffed by only a single guard, an arrangement that the guards' union has argued is dangerous.

For more than two decades, successive Canadian governments have resisted calls by the guards along the 3,145-mile land border to be equipped with weapons. Officials have been loath to allow handguns to spread as they have in the United States.

"Previous governments have believed the image of Canada would be tarnished by firearms," and the equipment and training would be too costly, said Steve Pellerin-Fowlie, vice president of the union representing the guards.

"But we live in a different era now. The role of customs was already changing, moving away from revenue collection to law enforcement even before 9/11 happened," he said. "I think it's consistent around the world. Bobbies are now armed in England. I think it is an indication that the level of sophistication of criminals is changing."

Canada has been under increasing pressure from the United States to toughen security at the border, following the Sept. 11, 2001, attacks. The U.S. Congress has mandated that visitors begin showing passports at the border by Jan. 1, 2008. It is a delicate balance for Canada, which wants to minimize delays for the 37,000 trucks that move goods across the border each day, and which already has seen tourism from the United States drop in anticipation of the passport requirements.

"Efficient borders support trade and tourists," Harper said. "Secure borders keep drug smugglers, carjackers and terrorists out."

The policy change will gradually give the Canadian border guards parity with their armed U.S. counterparts. U.S. Customs and Border Protection officers, along with local sheriff's deputies, did fire their weapons last January to stop the two murder suspects at the Peace Arch Crossing near Blaine, Wash. One suspect was lightly wounded in a shootout after a sheriff's deputy rammed his car into their fleeing vehicle right at the Canadian line. The arch had been built in commemoration of the unguarded border.

Pellerin-Fowlie said the union is dismayed that about 2,000 airport customs officers are not being armed and that the arming of officers along the land border will take 10 years. In part because there are so few firearm ranges in Canada, the Border Service has said it will train only about 500 officers a year. Harper said the first 150 officers with weapons would be on duty in March 2008.

"We have lobbied to have our members armed for 21 years," the union official said. "To wait for another 10 years for it to unfold seems unrealistic and unnecessary. We ought to find the resources, the training courses and the personnel to conduct the training faster. There's a pressing need."

The official policy at the border is that Canadian agents are not supposed to try to apprehend armed and dangerous persons, but are supposed to call for help from the Royal Canadian Mounted Police or local police departments, Pellerin-Fowlie said. But he said a dangerous confrontation could occur.

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"We have been saying for 21 years, do we have to die for you" before officers are armed? he said.

Put My Son On Trial -- Or Free Him (WP)

By Khalid Al-odah

The Washington Post, September 2, 2006

KUWAIT CITY -- The United States recently responded to pressure from the German government and released detainee Murat Kurnaz from Guantanamo Bay. Although he spent four years in the U.S. prison there, Kurnaz was never charged with a crime, and there are no indications that he was involved in any terrorist-related activity. Had he been afforded his constitutional right to due process upon detention, it is highly likely that this innocent man would not have wasted four years of his life in prison.

Two years ago the Supreme Court mandated due process for men held at Guantanamo. More recently, in the case of Hamdan v. Rumsfeld , the court declared that military tribunals are not an appropriate method for these trials. Even so, the Bush administration maintains that the Hamdan ruling directly applies only to the 10 detainees who have been formally labeled "enemy combatants." What happens to the other 450 or so detainees who have not been charged with any crimes and who, like Murat Kurnaz, are likely to be innocent?

As hundreds of innocent men sit in prison, why is the Bush administration still fighting the idea that American values embrace the right to a fair trial and that a jerry-built military commission represents no such thing?

For me, as the father of a Kuwaiti prisoner held at the camp, this news of weeks past has been a part of my everyday life for 4 1/2 years. My son, Fawzi, was a schoolteacher in a region near the Afghanistan-Pakistan border before he was captured by bounty hunters. I'm told that he now lives alone in a cell at Guantanamo; our only contact with him consists of outdated letters with whole sections blacked out. The anguish is endless for families that have been kept in the dark for over four years while their husbands, sons and brothers suffer in a secret world.

I hope that people understand that the efforts we've undertaken for our Kuwaiti family members in U.S. courts of law, and in global courts of public opinion, have never been predicated simply on a demand to release the detainees. Our demand has been to charge and try them, or to release them. Give the prisoners due process so their guilt or innocence can be determined fairly. In a country that presumes innocence, it is categorically unjust to imprison so many who are probably innocent to punish so few who may be guilty.

My son is not a terrorist. He was, in fact, a great admirer of American political values and legal principles before he was kidnapped and sent to Guantanamo. Our family is nonetheless willing to undergo the ordeal of trial and judgment, if only the U.S. government would allow it to happen.

Now that the Supreme Court has ruled in the Hamdan case, we'll see if a reaffirmation of due process by the court will have any more effect than it did two years ago.

Yet it is also a woeful irony that the Bush administration may now see closing the Guantanamo prison as a positive and even favorable option, short-term political fallout notwithstanding. For with the detainees out of sight and out of mind, the administration could still avoid the larger issues and continue its unlawful policies without restriction. Guantanamo, a symbol of national fear and indecisiveness, would be conveniently shuttered. World opinion as well as U.S. opinion might then be tragically diluted.

How many more deaths and years of injustice will it take before the United States ends this violation of both human rights and U.S. law, and either formally charges the detainees with crimes or sets them free? If the Bush administration truly wants to close Guantanamo, it should first work to apply a fair legal process to separate the guilty from the innocent.

The writer founded the Kuwaiti Family Committee four years ago to secure the legal rights of foreign nationals imprisoned at Guantanamo Bay.

HOMELAND RESPONSE:

Heightened Airport Insecurity (WP)

By Del Quentin Wilber, Washington Post Staff Writer

The Washington Post, September 2, 2006

Since British Arrests, Delays, Diversions and False Alarms

A suspicious bottle of water, a child overheard saying he had a bomb, a telephoned threat, locked lavatory doors.

Since British officials said they foiled a terrorist plot to blow up planes over the Atlantic Ocean, hyper-vigilance aboard U.S. airliners has prompted a rash of emergency landings based on threats that turned out to pose no danger. The incidents suggest

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that pilots, flight attendants and passengers are ready to err on the side of extreme caution in a period of heightened anxiety in air travel.

With Labor Day travel this weekend and the anniversary of the Sept. 11, 2001, terrorist attacks around the corner, security consultants and psychologists said passengers should expect more airline diversions, delays and airport evacuations. The hair-trigger responses to perceived threats are an unavoidable condition of the times, they said.

"If you are looking for suspicious behavior, you are going to notice things and classify them as suspicious that otherwise you wouldn't be paying attention to if you weren't on alert," said David Carbonell, a psychologist in the Chicago area who works with people who are afraid to fly. "We have the whole population of civilian fliers sort of on a war footing, the way we expect soldiers on the front to be in. That is not generally a healthy thing."

The anxiety began before dawn on Aug. 10, when Transportation Security Administration officials prohibited many common items from carry-on baggage. They banned all liquids and gels -- meaning no more bottles of water, hair gel, lip gloss, toothpaste or gel shoe inserts. Officials said such things could be used to disguise explosives.

At the time, authorities said they had to hurriedly prohibit such substances because British authorities said plotters had planned to blow up transatlantic flights with liquid explosives hidden in sports-drink bottles.

At news conferences, U.S. officials said they enacted the security measures because some plotters could slip through dragnets or copycats might suddenly pop up on a flight.

Three weeks later, the nation's top aviation security official said the threat remains. "This continues to be a very serious threat and we are taking no chances on the security of our aviation system," said Edmund S. "Kip" Hawley, head of the Transportation Security Administration. "It would be a mistake to conclude that because of the arrests in the United Kingdom that we can lower our security posture."

Hawley said he wants travelers to look for suspicious activity.

"Americans are refocusing on what people in the government who work on this every day know: There are terrorists out there who are trying to attack the United States, and many are planning to do it through the aviation system," Hawley said. "A calm, alert traveler is one of our best security assets."

In the days after the TSA increased security, more than 10 flights were diverted or searched, and at least one airport was shut down. On Aug. 16, a flight from London to Washington Dulles International Airport made an emergency landing in Boston because an unruly passenger acted up in the cabin. The woman made references to the Sept. 11, 2001, attacks, told crew members that she had visited Pakistan and urinated on the cabin's floor, according to an FBI affidavit. The woman, who is under evaluation for mental illness, is being held on federal charges of interfering with a flight crew. She had no connection to terrorism, officials have said.

More security incidents followed. A Delta Air Lines jet was searched after a flight attendant became suspicious of a passenger who spent too much time in the restroom and may have tampered with a smoke detector. An American Airlines jet made an emergency landing in Tampa and was searched after the crew found that both lavatories were locked.

An airport in West Virginia was evacuated after a woman's glass water bottle and a container of face cleanser tested positive for explosive residue. The FBI later determined that the woman had no explosives.

The next week, a Northwest Airlines flight returned to Amsterdam shortly after takeoff when a U.S. air marshal became suspicious of 12 passengers who passed around cellphones and ignored orders to keep their seat belts on. The 12 were detained but released by Dutch authorities, who also said there was no connection to terrorism.

Then came a series of emergency landings, searches and diverted flights on Aug. 25.

A plane was extensively inspected after screeners at Houston's international airport found a stick of dynamite in a bag that a student bought in South America. The flight continued to Newark -- without the student or his bags -- and was searched again. An Aer Lingus flight from New York to Dublin was evacuated at an airport in western Ireland after a bomb threat was phoned in. And a Continental Airlines flight was diverted to El Paso after the flight crew saw that a lavatory panel was missing. On Monday, a commuter jet was diverted after someone found a threatening note on board the aircraft.

The news media covered all the incidents extensively.

Security experts said that they were not surprised by the diversions or the evacuation of the West Virginia airport and that they expect more such incidents. They blamed television coverage of the coming anniversary of the Sept. 11 attacks and a surge of inexperienced leisure travelers who might be nervous. They also worry about people who call in fake bomb threats so they can watch the chaos they created on television.

"Everybody is going to be watching television about 9/11 and seeing pictures of the buildings and people jumping from them," said Mike Boyd, a security consultant. "More and more, they're going to be thinking that they're no safer than they were, and that is going to make people jumpy."

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Boyd and other security experts blamed the public's anxiety partly on the response to the threat by authorities. Because the passenger screening system is geared toward finding illicit items, not on identifying suspicious people, authorities had no choice but to ban all liquids and gels from passenger cabins, several security experts said.

"We've educated the public to be afraid of things," said Bob Hesselbein, an airline pilot and chairman of the Air Line Pilots Association's national security committee. "Let's hope they never find a way to weave explosives into clothing because it's going to be pretty darned embarrassing on an airplane.. . . We are treating everybody as a potential terrorist, and that breeds more fear."

Report Urges F.A.A. To Act Regarding False 9/11 Testimony (NYT)

By Philip Shenon

The New York Times, September 2, 2006

WASHINGTON, Sept. 1 — The Transportation Department's inspector general urged the Federal Aviation Administration on Friday to consider disciplinary action against two executives who failed to correct false information provided to the independent commission that investigated the Sept. 11 terror attacks.

The acting inspector general, Todd J. Zinser, whose office acts as the department's internal watchdog, found in a new report that the F.A.A. executives, as well as a third official who is now retired, learned after the fact that false information was given to the commission in May 2003 about the F.A.A.'s contacts with the Air Force on the morning of Sept. 11.

The false information suggested that the aviation agency had established contact with its Air Force liaison immediately after the first of the four hijacked planes struck the World Trade Center at 8:46 a.m.

In fact, the commission's investigators found, the Air Force's liaison did not join a conference call with the F.A.A. until after the third plane crashed, at 9:37 a.m. The 51-minute gap is significant because it helps undermine an initial claim by the North American Aerospace Defense Command, which is responsible for domestic air defense, that it scrambled quickly on Sept. 11 and had a chance to shoot down the last of the hijacked planes still in the air, United Airlines Flight 93.

The inspector general's report, prepared in response to complaints from the independent Sept. 11 commission, found that the three F.A.A. executives failed to act on an "obligation" to correct the false information provided to the commission, which found widespread confusion within the aviation agency and the military on the morning of the attacks.

The F.A.A., part of the Transportation Department, declined to identify the three executives, whose names and titles were not revealed in the inspector general's report. Nor did the agency say whether it would consider disciplinary action.

The inspector general's office found that while false information was given to the Sept. 11 commission, there was no evidence that F.A.A. executives had done it knowingly or had intentionally withheld accurate information about the agency's actions on the morning of the attacks.

That finding was welcomed by the F.A.A., which said in a statement that the "inspector general's investigation has clarified the record and found no evidence that F.A.A. officials knowingly made false statements." The Pentagon's inspector general issued a similar finding last month about military officers who provided inaccurate testimony to the commission, saying their inaccurate statements could be attributed largely to poor record-keeping.

Richard Ben Veniste, a commission member, said in an interview on Friday that he was troubled that it had taken the inspector general two years to complete his investigation — "more time than it took the 9/11 commission to complete all of its work'' — and that he released the report "on the Friday afternoon before the Labor Day weekend."

Mr. Ben Veniste said he was convinced that the failure of the aviation agency and the North American Aerospace Defense Command to provide early, accurate information about their performance had "contributed to a growing industry of conspiratorialists who question the fundamental facts relating to 9/11.''

Mr. Zinser, the acting inspector general, said in an interview that the investigation had taken so long because of "the very complicated issues" his office reviewed.

No Intent To Mislead Panel Found In Aviation Officials' 9/11 Errors (WP)

By Dan Eggen, Washington Post Staff Writer

The Washington Post, September 2, 2006

Investigators found no evidence that aviation officials intentionally misled the Sept. 11 commission when they made inaccurate statements about their response to the 2001 terrorist attacks but recommended that two officials face "appropriate administrative action" for failing to correct the record, according to a report released yesterday.

The findings by the Transportation Department's acting inspector general, Todd J. Zinser, address a lingering question about the response on Sept. 11 by military and civilian aviation officials, who initially portrayed the reaction as swift and efficient. It was later shown to be neither.

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The conclusions echo the findings of a separate inquiry at the Defense Department, which found no evidence that authorities at the North American Aerospace Defense Command (NORAD) intended to mislead the Sept. 11 panel.

For more than two years after the attacks, officials at NORAD and the Federal Aviation Administration suggested in public statements and testimony that air defenses and aviation officials had reacted quickly to the hijackings and were prepared to shoot down United Airlines Flight 93 if it threatened Washington. That aircraft crashed in Pennsylvania after passengers attempted to retake control from the hijackers.

In fact, the Sept. 11 commission found, audiotapes and other evidence showed clearly that the military never had any of the hijacked airliners in its sights and chased a phantom aircraft -- American Airlines Flight 11 -- long after it had crashed into the World Trade Center.

The FAA had said on its Web site and in statements to the commission that it informed the Pentagon at 9:24 a.m. that American Airlines Flight 77 had been hijacked. The commission found that the FAA never notified defense officials of the hijackings but did label the plane missing after it had crashed into the Pentagon.

The FAA also omitted from official timelines the fact that it notified NORAD about the hijacking of Flight 93 at 10:07 a.m., after the airliner had crashed in Pennsylvania. It gave an earlier than actual time for the moment when an Air Force official joined an FAA "phone-bridge" focused on the hijackings.

Zinser's report blames the erroneous statements on a series of innocent mistakes, including an erroneous entry in an early FAA timeline and an assumption by some officials that others would correct the record once the errors became clear.

"We did not find evidence to conclude that FAA officials knowingly made false statements," the report said.

At the same time, it said, two unidentified FAA officials should have notified the commission when it became clear that the information was wrong. The report recommended that the FAA consider unspecified administrative action against them.

Although the inaccurate statements have been publicly known for several years, it has only become clear more recently how much the issue had strained relations between the Sept. 11 panel and the FAA and NORAD. They were the only two agencies to receive subpoenas from the commission.

Some commission members and staffers were so angered by the inaccuracies that they advocated referring the matter to the Justice Department for criminal investigation. The panel settled on a compromise, referring the complaints to the two inspectors general.

In their new book, "Without Precedent," the commission's chairman and vice chairman, Thomas H. Kean (R) and Lee H. Hamilton (D), said the panel was "exceedingly frustrated" by the FAA and NORAD.

"Fog of war could explain why some people were confused on the day of 9/11, but it could not explain why all the after-action reports, accident investigation, and public testimony by FAA and NORAD officials advanced an account of 9/11 that was untrue," they wrote.

The FAA said in a statement that Zinser's report "clarified the record and found no evidence that FAA officials knowingly made false statements or intentionally failed to correct any inaccurate statements while providing more than 6,000 documents and materials to the commission." The FAA also has "made major improvements to its communications capabilities" since the Sept. 11 attacks, the statement said.

Staff writer Del Quentin Wilber contributed to this report.

Report: No Knowingly False Info By FAA (AP-Y)

By Leslie Miller, Associated Press Writer

AP, September 2, 2006

There is no evidence Federal Aviation Administration officials intentionally misled the Sept. 11 commission when they gave false accounts about how quickly they responded to the terror attacks, the agency's watchdog said.

Members of the panel had asked the Transportation Department inspector general to look into inaccurate statements made by FAA officials.

"We did not find evidence to conclude that FAA officials knowingly made false statements," said the report, signed by Acting Inspector General Todd Zinser.

The FAA said in a statement that it had provided more than 6,000 documents and materials to the commission.

"The investigation also recognized the significant steps taken by the FAA since 9/11 to improve its capability to notify federal agencies and to respond to such incidents," the statement said.

The Sept. 11 commission's chairmen, Thomas Kean and Lee Hamilton, said in their recently published book that the commission found it mind-boggling that authorities claimed that their air defenses had reacted quickly.

In the book, "Without Precedent," Kean and Hamilton said the panel was so frustrated with repeated misstatements by the Pentagon and FAA about their response to the 2001 terror attacks that it considered an investigation into possible deception.

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In the end, they settled on referring the matter to the inspectors general of the Transportation Department and the Pentagon.

At issue was when the FAA notified the Defense Department of the suspected hijacking of American Airlines Flight 77, which left from Washington's Dulles airport and crashed into the Pentagon.

The FAA had claimed — on both its public Web site and in response to the commission — that it told the Pentagon at 9:24 a.m. that it suspected Flight 77 was hijacked.

"In fact, no such notification was made," the inspector general report said. It said the mistake was due to an FAA's executive's inattention to detail when preparing a summary of events shortly after the attacks.

The FAA had also claimed that an Air Force liaison joined its teleconference and established contact with the North American Aerospace Command immediately after American Airlines Flight 11 crashed into the twin towers at 8:46 a.m.

"In fact, the liaison did not join the phone-bridge until after the third hijacked aircraft (American Flight 77) struck the Pentagon at 9:37 a.m.," the report said.

The report did not say what caused that error. It did say that FAA executives learned of the mistake but didn't take steps to correct it because they thought someone else was doing it.

None of the executives were named, and one retired.

The inspector general recommended that appropriate administrative action be considered against the two executives who didn't correct the record.

Earlier this month, the Pentagon's watchdog agency said there is no evidence defense officials intentionally misled the Sept. 11 commission when they gave mistaken accounts about the Defense Department's response to the terrorist attacks.

Poor investigating and record keeping contributed to the inaccuracies, according to a summary from the inspector general's office of the Pentagon.

A Pentagon spokesman said the question of whether military commanders intentionally were misleading will be addressed in the full report.

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On the Net:

Federal Aviation Administration: http://www.faa.gov

2 U.S. Reports Seek To Counter Conspiracy Theories About 9/11 (NYT)

By Jim Dwyer

The New York Times, September 2, 2006

Faced with an angry minority of people who believe the Sept. 11 attacks were part of a shadowy and sprawling plot run by Americans, separate reports were published this week by the State Department and a federal science agency insisting that the catastrophes were caused by hijackers who used commercial airliners as weapons.

The official narrative of the attacks has been attacked as little more than a cover story by an assortment of radio hosts, academics, amateur filmmakers and others who have spread their arguments on the Internet and cable television in America and abroad. As a motive, they suggest that the Bush administration wanted to use the attacks to justify military action in the Middle East.

Most elaborately, they propose that the collapse of the World Trade Center was actually caused by explosive charges secretly planted in the buildings, rather than by the destructive force of the airliners that thundered into the towers and set them ablaze.

The government reports and officials say the demolition argument is utterly implausible on a number of grounds. Indeed, few proponents of the explosives theory are willing to venture explanations of how daunting logistical problems would be overcome, such as planting thousands of pounds of explosives in busy office towers.

Nevertheless, federal officials say they moved to affirm the conventional history of the day because of the persistence of what they call “alternative theories.” On Wednesday, the National Institute of Standards and Technology issued a seven-page study based on its earlier 10,000-page report on how and why the trade center collapsed. The full report, released a year ago, and the new study, in a question and answer format, are available online at http://wtc.nist.gov.

About a dozen researchers produced the new study over the last two months by assembling material from the longer report that addressed the conspiracy claims.

“With the fifth anniversary coming up, there seemed to be more play for the alternative viewpoints,” said Michael E. Newman, a spokesman for the institute. “We have received e-mails and phone calls asking us to respond to these theories, and we felt that this fact sheet was the best means of doing so.”

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A nationwide poll taken earlier this summer by the Scripps Survey Research Center at Ohio University found that more than a third of those surveyed said the federal government either took part in the attacks or allowed them to happen. And 16 percent said the destruction of the trade center was aided by explosives hidden in the buildings. The survey questioned 1,010 adults by telephone and had a margin of sampling error of plus or minus four percentage points. Details are available at http://newspolls.org.

The demolition theory has managed to endure what would seem to be enormous obstacles to its practicality. Controlled demolition is done from the bottom of buildings, not the top, to take advantage of gravity, and there is little dispute that the collapse of the two towers began high in the towers, in the areas where the airplanes struck.

Moreover, a demolition project would have required the tower walls to be opened on dozens of floors, followed by the insertion of thousands of pounds of explosives, fuses and ignition mechanisms, all sneaked past the security stations, inside hundreds of feet of walls on all four faces of both buildings. Then the walls presumably would have been closed up.

All this would have had to take place without attracting the notice of any of the thousands of tenants and workers in either building; no witness has ever reported such activity. Then on the morning of Sept. 11, the demolition explosives would have had to withstand the impacts of the airplanes, since the collapse did not begin for 57 minutes in one tower, and 102 minutes in the other.

Those who believe in the demolition theory remain unpersuaded by government statements new or old, and the officials who issued the would-be rejoinders say they are not surprised. "We realize that this fact sheet won't convince those who hold to the alternative theories that our findings are sound," Mr. Newman said. "In fact, the fact sheet was never intended for them. It is for the masses who have seen or heard the alternative theory claims and want balance."

Mr. Newman was correct that the institute's reports would not convert those who favor the demolition theories, said Kevin Ryan, who is the coeditor of an online publication, www.journalof911studies.com, that has published much of the material arguing that the government's accounts are false.

"The list of answers NIST has provided is generating more questions, and more skepticism, than ever before," Mr. Ryan said.

Mr. Newman said, "NIST respects the opinions of others who do not agree with the findings in its report on the collapses of WTC1 and WTC2."

The State Department report, which officials said was written independently of the new institute study, is titled, "The Top Sept. 11 Conspiracy Theories" and says, "Numerous unfounded conspiracy theories about the Sept. 11 attacks continue to circulate, especially on the Internet." Produced by an arm of the State Department known as a "counter-misinformation team," the report is dated Aug. 28 and appears as a special feature on the department's Web site, at http://usinfo.state.gov/media/misinformation.html.

The report brought to light one little-known detail about the morning: a private demolition monitoring firm, Protec Documentation Services, had seismographs at several construction sites in Lower Manhattan and Brooklyn.

Those machines documented the tremors of the falling towers, but captured no ground vibrations before the collapses from demolition charges or bombs, according to a separate report by Brent Blanchard, the director of field operations for Protec. It is available online at www.implosionworld.com.

Asked for comment, Mr. Ryan said that his online 9/11 journal would soon publish an article on those seismic recordings. He also maintained that the Protec paper did not adequately address why puffs of smoke were seen being expelled from some of the floors. However, the federal investigators said that about 70 percent of a building's volume consists of air, and what looked like puffs of smoke were jets of air — and dust — that were pushed ahead of the collapse.

Among those now propelling the argument that explosives took down the trade center is Steven E. Jones, a physics professor at Brigham Young University, coeditor with Mr. Ryan of www.journalof911studies.com, which published his paper, "Why Indeed Did the World Trade Center Buildings Completely Collapse on 9-11-2001?"

In an e-mail message yesterday, Professor Jones did not explain how so much explosive could have been positioned in the two buildings without drawing attention. "Others are researching the maintenance activity in the buildings in the weeks prior to 9/11/2001," he wrote.

He said his investigation was finding fluorine and zinc in metal debris and dust gathered from near the trade center site, and argued that those elements should not have been found in the building compounds. "We are investigating the possibility of thermite-based arson and demolition," he wrote, referring to compounds that, under controlled circumstances, can cut through steel.

The federal investigators at the National Institute of Standards and Technology state that enormous quantities of thermite would have to be applied to the structural columns to damage them. Not so, said Professor Jones; he said he and others were investigating "superthermite."

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Professor Jones also argues that the molten steel found in the rubble was evidence of demolition explosives because an ordinary airplane fire would not generate enough heat. He cited photographs of construction equipment removing debris that appeared to be red.

In rebuttal, Mr. Blanchard of Protec said that if there had been any molten steel in the rubble, it would have permanently damaged any excavation equipment encountering it. “As a fundamental point, if an excavator or grapple ever dug into a pile of molten steel heated to excess of 2000 degrees Fahrenheit, it would completely lose its ability to function,” Mr. Blanchard wrote. “At a minimum, the hydraulics would immediately fail and its moving parts would bond together or seize up.”

Sinclair Puts 9/11 Show In Late-Night Time Slots (WP)

By Mike Musgrove, Washington Post Staff Writer

The Washington Post, September 2, 2006

Broadcaster Cites Risk of Fines

Sinclair Broadcast Group Inc. said yesterday that it will delay airing a documentary about the terrorist attacks of Sept. 11, 2001, until after prime time to avoid the risk of incurring fines from the Federal Communication Commission over indecent language.

The move follows a recent crackdown by the FCC against indecency on the airwaves and action by Congress to increase fines tenfold.

"We think it's an important program, and we don't want to deprive viewers," said Barry M. Faber, general counsel for Sinclair. "But given the uncertainty and potential level of fines, it's simply not a risk we were willing to take."

Sinclair, headquartered in the Baltimore suburb of Hunt Valley, owns two CBS affiliates among the 58 stations that it owns or operates in 36 markets around the country. The stations, in Cedar Rapids, Iowa, and Portland, Maine, will air the documentary at 10:30 p.m. and 11:30 p.m. in their local time zones, respectively -- time slots when some of the words used in the film are not prohibited by FCC decency regulations.

So far, other station owners do not seem to be following Sinclair's lead. A spokesperson for Washington-area CBS affiliate WUSA, which is owned by Gannett Co., said yesterday that the station would air the program at its original time slot of 8 p.m. on Sept. 10. The documentary, called "9/11," was produced in 2002 and has already aired on most CBS stations more than once. When it aired a year after the attacks, it was the most-watched piece of the anniversary coverage and drew in 12 million viewers.

The rough language used by firefighters in the two-hour film raised some controversy when it first aired but drew no fines from the FCC. Spokesmen for the FCC did not return calls late yesterday afternoon seeking comment.

The film contains the same sort of profanity used in the movie "Saving Private Ryan," a fictional account of the D-Day invasion, and in "The Blues: Godfathers and Sons," a documentary produced by Martin Scorsese. Both aired on television and prompted varying rulings from the FCC. In the Scorsese documentary, the expletives were deemed indecent and several public television stations drew fines.

When ABC aired "Saving Private Ryan" in 2004, some affiliates refused to broadcast it for fear of incurring fines. But the FCC later ruled that the film was not indecent.

"This case probably falls somewhere between 'Private Ryan' and 'The Blues,' " Faber said.

Congress recently raised the maximum fines the FCC can levy for indecency to $325,000 from $32,500, prompting caution in the TV industry. The major distributors of television content -- cable, broadcast and satellite companies -- recently embarked on a media campaign to remind parents how to block objectionable material and to demonstrate how seriously the industry takes the indecency issue.

Sinclair is a family-run operation owned by four brothers that has a reputation for independence and unpredictability. In 2004, the company ordered the 62 stations it owned at the time to air a movie attacking the military record of Democratic presidential candidate John F. Kerry, but after a public backlash, aired only portions of the film. That year it also sent one of its vice presidents to Iraq to find positive news stories that, it said, were overlooked by the press.

The "9/11" documentary was made by French brothers Jules and Gedeon Naudet. The Sept. 11 attacks took place as the filmmakers were recording footage for what was intended to be a documentary about the nine-month probationary period of a rookie firefighter in New York City, stationed in a firehouse close to the World Trade Center.

One instance of a potentially objectionable phrase in the film, according to Faber, is uttered by a firefighter on probation when he is relieved to find that his comrades survived the collapse of the Twin Towers.

South Florida Skirts Storm Damage But Still Seeks FEMA Aid (WP/AP)

Associated Press

The Washington Post, September 2, 2006

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WEST PALM BEACH, Fla., Sept. 1 -- Tropical Storm Ernesto didn't do much damage in South Florida, but it still ran up a tab.

As remnants of the storm marched up the East Coast, county and state officials were getting ready to ask the federal government to reimburse them for millions of dollars spent preparing for a powerful storm that didn't materialize.

As of Friday, however, the only payment the Federal Emergency Management Agency planned was a thank-you.

"While the state of Florida has done an outstanding job preparing for the Ernesto storm system, FEMA does not reimburse states and counties unless there has been a federally declared disaster," agency spokesman Aaron Walker said.

Walker said the Department of Homeland Security operates a preparedness grant program, but states and counties can apply for those funds only once a year.

Ernesto, briefly a hurricane on Sunday, weakened to a tropical depression as it moved northward Friday, drenching Virginia with rain. Ernesto had been forecast to possibly become a hurricane when it hit Florida earlier this week, but it came ashore as a minimal tropical storm.

Miami-Dade County expected its costs to be near $10 million for preparations, including activation of numerous shelters, said Shanti Hall, a spokeswoman for the county Office of Emergency Management and Homeland Security. Neighboring Broward County was preparing to seek reimbursement for about $2.5 million.

Carl Fowler, spokesman for the Broward Emergency Management Agency, said FEMA has often reimbursed counties for such costs in the past.

"We just want to show the state that we did everything we could to prepare, and . . . we're seeking good faith here," he said.

Gov. Jeb Bush (R) said Friday that it was too soon to tell whether Florida would qualify for any reimbursements.

"That's still a work in progress," Bush said.

Economic Report Buoys Big Easy (BRADV)

By Joe Gyan Jr., New Orleans Bureau

Baton Rouge Advocate, September 2, 2006

NEW ORLEANS — The University of New Orleans report uses words like booming, surprisingly high, bright spot and astonishing. What is astonishing is that the report is actually talking about the post-Katrina recovery of the New Orleans area.

While the report acknowledges that the New Orleans economy has been “severely damaged” by the hurricane, it stresses that “the opportunity for growth ... is robust.” In fact, the report concludes that the post-Katrina metropolitan economy is “growing much faster than before.”

“In the two years just prior to Katrina, employment grew by a lackluster rate of just under 2,000 jobs per year. In the months since Katrina, the average growth in employment per month has been 5,000 jobs,” the report, by the Division of Business and Economic Research in UNO’s College of Business Administration, notes.

The metro New Orleans economy, which lost nearly 217,000 jobs in the wake of Katrina, currently has 71 percent of the jobs it had before the storm, according to the report.

In terms of jobs, the mining (oil and gas), chemical manufacturing and utilities sectors have regained or surpassed their pre-Katrina levels, the report says, while food and beverage stores and the arts, entertainment and recreation sectors are struggling to recover.

“The fastest growing sector in percentage terms is mining. There are 22.3 percent more oil and gas jobs in the New Orleans area than in the months before Katrina,” the report says. “Crude oil prices above $70 per barrel contribute to this bright spot.”

The report cites gambling as “one of the strange economic success stories of the Katrina recovery period.” The local area has 12.6 percent more gambling revenue than before the storm, with one less casino open. Revenue at Harrah’s New Orleans Casino is up about 2 percent, 30 percent at the Treasure Chest in Kenner and “an astonishing” 82 percent at the Boomtown Casino in Harvey, the report says.

“One reason for more gambling activity is that there are a number of temporary workers in town, who are earning good wages and enjoy gaming,” the report suggests. “It is also possible that until the Mississippi Gulf Coast casinos come back on line (as they have started to do), part of the market share may have temporarily shifted to New Orleans.”

Although retail stores in the area are operating with fewer employees and shortened hours of operation, sales figures — on average — are “booming,” the report says.

“Retail sales calculated from sales tax collections for 6 parishes show sales in the last 3 months averaging 131 percent of early 2005 levels. Jefferson’s sales receipts are up 51 percent and St. Tammany’s are up 65 percent,” the report says. “Even

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Orleans, with much of the retail outlets damaged and with only 49 percent of its old population, has retail sales at a surprisingly high 84 percent of pre-Katrina levels."

The report defines metro New Orleans as Orleans, Jefferson, St. Bernard, Plaquemines, St. Charles, St. John the Baptist and St. Tammany parishes.

"Even months after the storm," the report says, automobile sales remain high in the metro area.

"At the metro level, in the month of June 2006, sales were still 155 percent of what they averaged before the storm in 2005," the report says.

Another "surprising" finding of the report is that the construction sector, despite the investment in rebuilding local housing, has just 66 percent of its pre-Katrina wage and salary jobs. One reason for this, the report says, is that some of the wage and salary workers are employed by out-of-town firms and not included in the metro New Orleans employment data. The report also suggests another reason.

"The underground/cash economy has expanded in the New Orleans area post-Katrina. As more jobs move 'under the table,' the statistics capture less of the activity in this important sector," the report says.

The report, which notes that the cost of living is higher in post-Katrina New Orleans, also has high expectations for the city.

"As a possible $60 billion is pumped into the local economy, construction and its spinoff activity are likely to drive economic recovery. This construction figure is about 28 times the pre-Katrina annual local construction investment. Even if many resources are brought in to assist in building, the construction boom is likely to last into the next 5 to 10 years," the report says.

The report also predicts that the New Orleans tourism industry "will once again flourish" and the oil and gas sector — thanks to high oil and natural gas prices and high demand — "will do well."

New Orleans Mayor Finds His Words Follow Him To New York (NYT)

By Anthony Ramirez

The New York Times, September 2, 2006

Standing just blocks from ground zero, C. Ray Nagin, the mayor of New Orleans, backed away yesterday from his heavily criticized remarks about the slow pace of rebuilding at the World Trade Center site. But he declined to say he was sorry.

Mr. Nagin, who is visiting New York, was asked at a news conference at Tribeca Cinemas if he wanted to make an explicit apology. "I think I've already kind of been through that," he replied.

But he added: "I tell you what I will never do again is refer to that site as a hole. It's a sacred site that is presently in an undeveloped state. I'll leave it at that."

Last Sunday, on a segment of CBS's "60 Minutes," a reporter asked Mayor Nagin why so little debris, including long-abandoned automobiles, had been cleared from New Orleans neighborhoods devastated by flooding after Hurricane Katrina a year ago.

Mr. Nagin replied sharply: "That's all right. You guys in New York can't get a hole in the ground fixed and it's five years later. So let's be fair."

His remarks were widely criticized as flippant and insensitive.

The Rev. Al Sharpton, who joined Mr. Nagin at the news conference, said that the mayor's critics should keep the words in perspective.

"To those in the media that would concentrate on the intemperate remarks he made," Mr. Sharpton said, "the people of New Orleans have gotten over the media calling New Orleans citizens refugees. So we all have a lot to get over what was said."

In prepared remarks, Mayor Nagin said: "New Orleanians and New Yorkers understand what tragedy is all about. We understand the difficulties in trying to recover from the tragedies."

Mayor Michael R. Bloomberg did not attend the news conference. Dennis M. Walcott, a deputy mayor who was there instead, said Mr. Bloomberg was attending the funeral of Firefighter Michael C. Reilly, who died last Sunday fighting a fire at a 99-cent store in the Bronx.

Mr. Walcott said he had spoken with Mr. Bloomberg before the news conference. "There is no issue between Mayor Nagin and our city and our mayor," Mr. Walcott said.

However, visitors at ground zero, where more than 2,700 people died during the terrorist attack of Sept. 11, 2001, condemned Mr. Nagin's lack of apology when they were told what he had said at the news conference.

John Foley, 38, a reinsurance broker from Glen Cove, N.Y., who works on Wall Street, said Mr. Nagin "owes the people of New York and the people of the United States an apology."

"He's shown very poor judgment," Mr. Foley added.

Glancing down at his 4-year-old daughter, Katy, born on Sept. 8, 2001, he said, "She's the reason I wasn't at the World Trade Center."

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Matt Berkowitz, 26, a television producer from Philadelphia, said: "It's just a political thing, not wanting to apologize and go back on his words. But what he said showed a lack of compassion."

And Mark Schwaller, 51, a kitchen remodeler from Genesee Depot, Wis., said Mayor Nagin "should be embarrassed."

Ceeon Quiett, a spokeswoman for Mr. Nagin, said the mayor planned to visit ground zero during his visit.

Accompanied by New Orleans economic development officials, Mr. Nagin is attending a two-day conference at Tribeca Cinemas to help attract business investment to New Orleans.

Mayor Nagin, dapper in a dark suit, white shirt and yellow tie, seemed to suspect that the gathered reporters might not all be interested in the subject of economic development.

Moments after getting up to speak, he said: "We're going live, right? So I'm going to watch myself."

He smiled, smoothed his tie, and said, "I'm going to stick to my script this morning."

One reporter, saying that ground zero really was "a hole in the ground," asked, "So what's so wrong about calling it what it is?"

A jocular Mr. Sharpton leaned toward the microphones and said, pointing first at the reporter, "He said it," and then at Mr. Nagin, "but he didn't!"

As John Neared Mexico, Memories Of Juliet Recalled (NYT)

By Elisabeth Malkin

The New York Times, September 2, 2006

CABO SAN LUCAS, Mexico, Sept. 1 — Hurricane John, one of the strongest storms to threaten the Baja California peninsula in recent memory, advanced on the region on Friday as residents boarded up their houses and tourists gathered in hotel ballrooms to wait out the storm.

Most residents were determinedly calm, recalling Hurricane Juliet in 2001, which hovered over this tourist resort wedged between the ocean and the desert, for a couple of days.

But Juliet was a Category 1 storm, and by Friday evening John was a Category 2 hurricane. Its path had shifted slightly to the east, according to the National Hurricane Center in Miami, and it appeared that Cabo San Lucas would be spared the worst of the storm's force.

The hurricane center called John a "dangerous" storm with sustained winds of 110 miles per hour, and warned that it could cause coastal flooding of up to five feet and dump rain of up to 15 inches in some places.

In Los Cabos on the southern tip of the peninsula and La Paz to the northeast, officials evacuated as many as 15,000 people from ramshackle housing. As it rained and the storm neared, soldiers forcibly removed people in areas at risk who had refused to evacuate Thursday.

Gilberto Amador, a taxi driver here, said he boarded up his windows the night before. "I was out hammering at midnight," he said. Mr. Amador, one of the few people in this tourist resort who was born here, said he could not recall a storm this strong. He had grown up hearing stories of a storm in the 1950's that had swept away the houses of the fishermen who were the only residents at the time. But there is little hurricane lore in this city, where few have been around enough to remember past storms.

Down at the Marina Cabo San Lucas, the largest of seven here, the manager, Enrique Rivera, prepared to wait out the storm in his office overlooking the boats. With the windows boarded up with plywood, he felt safe. The port captain had closed the port to traffic on Thursday afternoon.

"We learned some things from the experience of Juliet," Mr. Rivera said. That storm slammed a tuna boat into one of the marinas, leaving it in pieces, he said.

Many tourists tried to get out of Los Cabos on Thursday, forming long lines at the airport. Others, unable to get a flight, decided to wait out the storm. Authorities estimated that as many as 10,000 tourists were left in the region.

At the Villa del Palmar Beach Resort and Spa, Jorge E. Avilés, the general manager, monitored the weather reports and bulletins from the state civil protection agency as he reviewed the hotel's emergency plans.

On Thursday, he had moved all the guests out of rooms facing the ocean, which would be most exposed to the hurricane's winds. "Nobody cares about the ocean view today," he said.

A Tamer Forecast For Storm Season (WP/AP)

Associated Press

The Washington Post, September 2, 2006

Five Hurricanes, Down From Seven, Are Predicted in the Atlantic This Year

DENVER, Sept. 1 -- Hurricane forecaster William M. Gray downgraded his expectations for the 2006 Atlantic storm season Friday, calling for a slightly below-average year, with five hurricanes instead of the seven previously forecast.

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Two of the hurricanes will be intense, according to Gray's forecasting team, based at Colorado State University.

"Despite the lower predictions, residents living along the U.S. coastline should always be prepared for major storms," Gray said.

His team predicted a 59 percent likelihood of a hurricane hitting the U.S. coastline in September and a 35 percent chance of an intense hurricane. For October, the forecasters put the probability at 14 percent.

The new forecast was the second time the team had downgraded its expectations in the span of a month.

This spring, Gray's team called for 17 named storms to form in the Atlantic basin during the June-through-November hurricane season. They lowered that to 15, and then to 13 in their latest forecast. As of Friday, five named storms had formed, including Ernesto, which briefly became the season's first hurricane this week and was moving through North Carolina and Virginia on Friday as a tropical depression.

The average storm count for the Atlantic basin is 9.6 named storms, 5.9 hurricanes and 2.3 intense hurricanes per year.

The National Hurricane Center has also lowered its Atlantic storms forecast since spring. In May, it predicted 13 to 16 named storms and eight to 10 hurricanes, with as many as six major ones. In early August, the hurricane center revised that to between 12 and 15 named storms and seven to nine hurricanes.

WAR NEWS:

Bush's Shift Of Tone On Iraq: The Grim Cost Of Losing (NYT)

By David E. Sanger

The New York Times, September 2, 2006

WASHINGTON, Sept. 1 — President Bush's newest effort to rebuild eroding support for the war in Iraq features a distinct shift in approach: Rather than stressing the benefits of eventual victory, he and his top aides are beginning to lay out the grim consequences of failure.

It is a striking change of tone for a president who prides himself on optimism and has usually maintained that demeanor, at least in public, while his aides cast critics as defeatists.

But in his speech on Thursday in Salt Lake City — the first in a series to commemorate the Sept. 11 anniversary — he picked up on an approach that Gen. John P. Abizaid, Vice President Dick Cheney and others have refined in the past few months: a warning that defeat in Iraq will only move the battle elsewhere, threatening allies in the Middle East and eventually, Mr. Bush insisted, Americans "in the streets of our own cities."

"We can allow the Middle East to continue on its course — on the course it was headed before September the 11th," Mr. Bush said, "and a generation from now, our children will face a region dominated by terrorist states and radical dictators armed with nuclear weapons. Or we can stop that from happening, by rallying the world to confront the ideology of hate and give the people of the Middle East a future of hope."

It is reminiscent of — updated for a different war, and a different time — President Lyndon B. Johnson's adoption of the "domino theory," in which South Vietnam's fall could lead to Communism's spread through Southeast Asia and beyond. In the case of Iraq, Mr. Bush's argument boils down to a statement he quoted from General Abizaid, his top commander in the Middle East: "If we leave, they will follow us."

There have been elements of such themes before, of course. But Mr. Bush's previous efforts to bolster public support for the war have focused more on the positive — on an argument, crystallized in his address at his second inaugural, that it was the mission of the United States to spread democracy and freedom.

Last Nov. 30, in the start of a series of speeches intended to quiet calls for withdrawal, Mr. Bush turned out a 32-page "National Strategy for Victory in Iraq," and he argued that Iraq could eventually become a shining example of democracy's power.

"Advancing the cause of freedom and democracy in the Middle East begins with ensuring the success of a free Iraq," he told midshipmen at Annapolis, Md. "Freedom's victory in that country will inspire democratic reformers from Damascus to Tehran," he said, "and spread hope across a troubled region."

Mr. Bush's aides say he still fervently believes that, and they insist that the new tone is simply to make the stakes clear. Indeed, he referred in the Salt Lake City speech explicitly to the prospect of victory. But his aides, speaking on condition that their names not be used, acknowledge that the message of optimism no longer fits the moment.

"The problem with stressing the benefits of democracy is that they take a long time to mature, and it's no sure bet that it will ever happen," said a senior official who has participated in formation of the administration's message since the war's start. "The consequences of failure, though, are right in your face."

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No one has been more willing to set out the new domino theory than the administration's chief hawk, Mr. Cheney. In private meetings with foreign visitors and members of Congress, according to several participants in those sessions, he raises the prospect that if America fails in Iraq, Saudi Arabia will be the next target and then maybe Pakistan — which, he notes, has a good-sized nuclear arsenal. No one would benefit more from an American withdrawal, he continues, than the Iranians.

For Mr. Cheney, this is a major rhetorical reversal. In the prelude to the war, he argued that ousting Saddam Hussein would usher in a new era of stability in the Middle East.

Missing from Mr. Bush's latest speeches, at least so far, is detail about the progress of his previous plan, the "Strategy for Victory" of November, billed as the product of a review and rethinking of what had worked and what had failed.

One of its most notable features was Mr. Bush's willingness to acknowledge past errors, from failing to anticipate the rise of the insurgency to focusing the early reconstruction effort on big infrastructure projects, which will take years to deliver benefits to the Iraqi people, if they are completed at all.

The Pentagon's latest report to Congress about progress on that strategy painted a mixed but largely grim picture, especially about the rise of sectarian violence and the failed effort to create an effective Iraqi police force. So why not announce a new change of strategy? A senior official said this week that the president could only talk about a change of strategy so many times, without looking as if he is constantly casting about for solutions.

To some of Mr. Bush's allies, that is a mistake. "Look, the public understands the consequences of not winning," said David Frum, a former speechwriter for Mr. Bush and now a conservative columnist who has argued for a major widening of the American military effort in Iraq.

"What they really want to hear is a plan, and a plan that addresses the new problem, the sectarian violence," he said in an interview. "It doesn't help to talk about the consequences of failure unless the public thinks some measure of success is possible."

Mr. Bush has not been specific about his thinking about what victory might require, in American and Iraqi casualties, in money and in time. The specifics may emerge in two speeches planned for next week, and another in New York, at ground zero on the fifth anniversary of the event that redefined his presidency.

For now, with a critical election looming in just 10 weeks and nervous members of his own party searching for an argument they can sell back home, he is trying to focus voters not on the high price of winning but on the harder-to-define cost of letting the dominoes fall.

In Verbal Chess, Who's Appeaser? (LAT)

Tim Rutten Regarding Media

The Los Angeles Times, September 2, 2006

POLITICAL rhetoric is a never-ending chess match that gathers intensity as an election approaches.

The successful players know that the best way to win is to dominate your opponent by forcing him or her to contest the game on your terms and that the way to do that is to think as many moves ahead as you can.

Whatever else it can or cannot do, the Bush administration plays major league electoral chess. So, it's the proximity of November's midterms that made this week's speeches by President Bush, Vice President Dick Cheney and Secretary of Defense Donald H. Rumsfeld — and the coverage they received — matters of more than passing interest. Essentially, all three attempted to draw a parallel between the debates over how best to resolve the increasingly unpopular war in Iraq and the pre-World War II controversies over whether or how to confront rising fascism.

In this instance, the terrorist adherents of Islamic fundamentalists become Islamofascists and those who oppose a continuation of the Bush administration's military policies in Iraq become … well, more on that shortly.

In his address to the American Legion, the president was careful to say that "many" of those who oppose his conduct of the Iraqi war are "sincere" and "patriotic" but "could not be more wrong." It was a shrewd bit of calculation, since not even Karl Rove could convince anyone that George W. Bush can tell the difference between a fascist and a frankfurter.

When he spoke to the Veterans of Foreign Wars, Cheney was slightly less restrained, calling "a vigorous debate on the issues … part of the greatness of America" but going on to argue that "there is a difference between healthy debate and self-defeating pessimism."

That set the board for Rumsfeld, the administration's designated tough guy, who told the American Legion that the years leading up to World War II were "a time when a certain amount of cynicism and moral confusion set in among Western democracies. When those who warned about a coming crisis, and rise of fascism and Nazism, they were ridiculed and ignored. Indeed, in the decades before World War II, a great many argued that the fascist threat was exaggerated or that it was someone else's problem…. I recount the history because once again we face similar challenges in efforts to confront the rising threat of a new type of fascism."

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The Defense secretary went on to synopsize what he alleged were media distortions concerning the war in Iraq and its abuse of prisoners held at Guantanamo Bay and urged the American Legionnaires to adopt a watchdog role. That, he said, "is particularly important today in a war that is to a great extent fought in the media on a global scale, a role to not allow the distortions and myths be repeated without challenge, so that at the least the second or third draft of history will be more accurate than the first quick allegation we see…. That is important in any long struggle or long war, where any kind of moral or intellectual confusion about who and what is right or wrong can weaken the ability of free societies to persevere."

In an op-ed piece published by The Times on Friday, Rumsfeld was given the opportunity to make many of the same points in almost precisely the same language employed in his speech. "Today, some think that World War II and the Cold War were black-and-white affairs: good versus evil. But there were always those who thought that we should retreat within our borders.

"In an effort to avoid repeating the carnage of World War I, much of the Western world tried to appease the growing threats in Europe and Asia in the years before World War II."

There's the word this whole rather clumsy bit of rhetorical choreography really is all about: "appeasement."

Electoral chess game

This sequence of speeches with their carefully chosen audiences has nothing to do with fascism — Islamo or otherwise — and everything to do with introducing the word "appeasement" into our domestic debate over the war in Iraq.

So far, of course, no elected lawmaker or official has proposed negotiating with Osama bin Laden or any other Islamofascist terrorists, as the historical appeasers did with Adolf Hitler. Rather, the entire debate so far has been about whether the war in Iraq has advanced the struggle against Islamic radicals. That's the ground the administration is hoping to change with this sequence of moves in the electoral chess game.

If opponents of Bush's military policies in Iraq can be made "appeasers," it gives the administration's partisans a way to attack them without questioning their patriotism — something against which polls show Americans instinctively recoil. The real "appeasers," after all, weren't unpatriotic — think Neville Chamberlain and Lord Halifax — they were dreadfully, almost fatally mistaken.

Think folly so complete that it carries the whiff of treason.

What's doubly interesting about all this is that we have a recent — indeed, ongoing — example of what happens when the administration is allowed to dictate the rhetorical terms of debate. In the forthcoming issue of the Columbia Journalism Review, former Slate columnist Eric Umansky compellingly documents the American news media's generally lackluster performance in reporting the Bush administration's adoption of torture as state policy. It is failure rooted in the acceptance of the government's euphemisms for its conduct — "coercive interrogation," "extraordinary rendition" and the like.

As Umansky writes: "Reporters and news organizations deserve enormous credit for exposing the abuse and torture of detainees during the U.S. war on terror, more than other institutions or individuals. Without [a handful] of reporters, we might well never have learned of the abuse and torture that have occurred in Afghanistan, Abu Ghraib and elsewhere." However, "when the record on torture coverage is examined in detail, an ambiguous picture emerges: in the post-9/11 days, some reporters offered detailed accusations and reports of abuse and torture, only to be met with skepticism by their own editors. Stories were buried, played down or ignored — a reluctance that is much diminished but still bubbles up with regard to the culpability of policymakers."

Umansky notes that the media's tentative and frequently timid approach to covering the Bush administration's adoption of torture as state policy began with senior editors' reluctance to accept the evidence of their own reporting and was abetted by "long-standing journalistic shortcomings; for example, the tendency to treat both sides of an issue equally, without regard to where the facts lie."

It is a disregard that continued this week in the generally matter-of-fact, news-story-as-usual treatment most of the media gave the portion of Rumsfeld's address in which he attacked alleged distortions by the press and Amnesty International of the events at Abu Ghraib and of conditions at Guantanamo. (According to Rumsfeld in The Times on Friday, the biggest problem confronted by prisoners in America's Cuban gaol is whether to interrupt their reading of "Harry Potter" for soccer, basketball or another serving of halal meat.)

None of the accounts of the Defense secretary's speech bothered to point out something from the public record that Umansky includes in his piece: The general "who had overseen the report on FBI allegations of abuse at Guantanamo later testified that Rumsfeld had been 'personally involved' and was given 'weekly updates' on the interrogation of one detainee, who was kept near freezing and led around naked on a leash. Interrogation logs later showed that the detainee's heart rate became so slow during his 'cold' treatment that he nearly dies. Another prisoner in CIA custody in Afghanistan died of hypothermia."

The confusion between callous indifference and evenhandedness is a form of moral blindness that begins in the fog of euphemism. You cannot recognize things for what they are when you've forfeited the ability to call them by their real names. As

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Umansky's report clearly documents, much of the American press was so cowed by the Bush administration and so crippled by its unexamined inhibitions that it badly failed in its obligation to report this government's embrace of torture.

That failure began when the news media uncritically adopted the government's vague new labels for what it was doing to its prisoners. If the administration now is allowed to recast the critical debate over the war in Iraq into a spitting match between farsighted anti-fascists and cringing appeasers, it will be worse than tragic.

Bush Turning Up The Rhetoric Once More To Rally GOP Troops (SDUT)

By George E. Condon Jr.

The San Diego Union-Tribune, September 2, 2006

WASHINGTON – With his party's loss of Congress looming as a real possibility, President Bush has launched yet another effort to rally uneasy Republicans and raise fresh concerns about Democrats with a series of increasingly pointed speeches that began this week.

When the president, in a speech Thursday to the American Legion in Salt Lake City, warned that defeat in Iraq will mean "terrorists in the streets of our own cities," he was signaling that he hopes, once again, to turn the war in Iraq into a political plus for his party despite what the polls now show.

His remarks came after even tougher and blunter speeches by Vice President Dick Cheney and Defense Secretary Donald Rumsfeld that cast Democrats as defeatists eager for "retreat" and "appeasement" in the face of a determined terrorist enemy.

Republicans plan even more speeches and congressional debates in the lead-up to the fifth anniversary of the Sept. 11, 2001, attacks in the hope of energizing core Republicans and portraying Bush as the only safe alternative.

For the president, it's a return to the political strategy that paid off with voters in 2002 and 2004. But there are questions whether it can work a third time in 2006 with an electorate that has soured on the war in Iraq.

"Do they really have any options other than to try this again? The answer is probably not," said longtime presidential scholar Stephen Hess, a George Washington University professor and veteran of the Eisenhower and Nixon administrations.

"They are heading into a pretty stiff wind. It's the other side that's got the majority polling data with them," Hess said. "Politicians always go back to what worked for them before, and this worked for them. . . . But can they keep going back to the well, and how deep is the well?"

Democrats bet that this particular well has dried up for Bush.

"There have been some fundamental changes in the political environment," Democratic pollster Mark Mellman said. "And doing the same thing in a radically different environment doesn't give you the same results.

"In those earlier elections, Republicans had a 35-point advantage on national security. Today, that is down to between zero and 8 points."

Karlyn Bowman, an expert on public opinion at the conservative American Enterprise Institute, said opinions on the war have hardened considerably since those earlier elections and are unlikely to change because of Republican speeches. But she said they still can pay off for Bush because the public is so skeptical that the Democrats have any real alternative to current policies.

"The strategy for the fall is to compare and contrast," Bowman said. "People may not like where the administration wants to go, but at least they know where the administration stands, and they are not at all sure where the Democrats stand on the war in Iraq."

Independent pollster John Zogby said the Republican strategy has a chance at working solely because the Democrats have failed to outline a clear plan for Iraq.

"(Bush) gets to take advantage of the vacuum because the Democrats still have not really established credibility on fighting the war on terrorism," Zogby said.

But he said the president is considerably weaker than in 2002, when he was at 60 percent approval, and in 2004, when he was at 50 percent. Today, Bush is between 35 percent and 40 percent.

Even some Republicans this week warned the White House that Republicans risk a political backlash if their speeches are seen as "over the top," as many saw the comments by Cheney and Rumsfeld. Rumsfeld drew the most fire, comparing the war's critics to those who wanted to appease the Nazis.

"Rumsfeld and Cheney may have the opposite reaction and may help get out the Democratic base," Zogby said.

"They've crossed the line into absurd overstatement," Democratic pollster Mellman said. "The desperation of their rhetoric reflects the desperation of their situation."

Bowman acknowledged the risk but said Republicans have no choice but to use strong rhetoric.

"They need to make their case as strongly as they can, and that's what they're trying to do," she said. "Some people will object to that strongly, but I think a lot of Americans will think about what they say."

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Hess said another danger is that after so many Bush speeches on the war, the public will simply tune him out.

"People can turn (him) off just because they've heard it before," Hess said. "Nothing is as effective the fifth time as the first time."

Democrats Plan To Force Vote On Rumsfeld (UPI/UPI)

United Press International, September 2, 2006

WASHINGTON, Sept. 1 (UPI) -- Democrats in the U.S. Congress want to force a vote of no confidence on Defense Secretary Donald Rumsfeld after the August recess.

Sen. Barbara Boxer, D-Calif., plans to attach a resolution calling on President Bush to fire Rumsfeld to the defense appropriations bill, CNN reported Friday.

Even many supporters of the Iraq war blame Rumsfeld for carrying out the invasion with too small a force and ignoring unrest until it blossomed into an insurgency. A speech he made this week to the American Legion national convention comparing opponents of the war to those who tried to appease Adolf Hitler in the 1930s reportedly outraged Democrats.

"This latest Rumsfeld rampage cannot stand," Boxer said. "By comparing critics of this administration's policies in Iraq with those who wanted to appease fascism and Nazism in the run-up to World War II, he is slandering the majority of the American people, who oppose the war in Iraq."

Democrats Raise Rumsfeld Attacks To Put GOP On Defensive (CNN)

CNN, September 2, 2006

WASHINGTON (CNN) -- Congressional Democrats are sharpening their attacks on Defense Secretary Donald Rumsfeld, with one senator proposing a resolution that would call on President Bush to sack the outspoken Pentagon chief.

Sen. Barbara Boxer of California said Thursday that she wants to attach the measure to the defense appropriation bill coming to the Senate floor after lawmakers' August recess.

Democrats in the House of Representatives are likely to offer a similar proposal, a senior Democratic aide said.

The idea is to force Republicans to cast what would amount to a vote of confidence in Rumsfeld -- one of the architects of the increasingly unpopular war in Iraq -- before November's midterm elections, said a Democratic strategist close to the House.

Such a move also would give Democrats a chance to show a united front on Iraq by calling for Rumsfeld's dismissal.

Rumsfeld has said he has offered his resignation before, and President Bush has refused it. In April, Bush said that he wanted Rumsfeld to stay, declaring, "I'm the decider."Appeaser comments draw fire

Rumsfeld outraged many Democratic leaders with a speech Tuesday to the American Legion convention in Utah, accusing critics of the 3-year-old war of turning a blind eye to "a new type of fascism" and "returning to that old mentality of 'Blame America first.' " (Full story)

But with U.S. troops trying to quell a wave of sectarian violence in Baghdad, Boxer and other Democrats placed the blame for American troubles in Iraq squarely on Rumsfeld. (Watch as Democrats accuse Rumsfeld of political rant -- 2:43)

"This latest Rumsfeld rampage cannot stand," Boxer said in a statement Thursday. "By comparing critics of this administration's policies in Iraq with those who wanted to appease fascism and Nazism in the run-up to World War II, he is slandering the majority of the American people, who oppose the war in Iraq."

Boxer's proposal states that Rumsfeld failed to plan adequately for the U.S. occupation of Iraq and ignored the rise of the insurgency that followed. It cites the criticism of retired generals, some of whom say Rumsfeld ignored military advice before the 2003 invasion that toppled Saddam Hussein.House Democrats may introduce resolution

CNN has learned that Democratic leaders in the House are discussing the possibility of offering a similar "no-confidence" vote when Congress reconvenes in September. One senior Democratic aide said Minority Leader Nancy Pelosi of California supports the idea but needs to "vet it with our folks" before anything definitive would be announced.

Democrats hope opposition to the war -- which hit 61 percent in a CNN poll released last week -- will help them retake at least one house of Congress in November. The party strategist who discussed the idea said challengers could use the vote "to talk about the true colors of these individual incumbents."

"If Rob Simmons supports Rummy, you bet you'll see that in a 30-second ad," he said, referring to the Connecticut GOP congressman facing a challenge from Democrat Joe Courtney.

But White House counselor Dan Bartlett said Democratic calls to begin pulling U.S. troops out of Iraq "would be a disaster for the security of the American people."

"It doesn't matter what we debate on this topic. Our enemies believe it's the central front of the war on terror," Bartlett said. "So if we don't get the job done, they will view that as a victory, and that will be a huge setback."

Many Democrats have backed a phased-withdrawal of troops from Iraq, beginning by the end of this year.

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Democrats Cite Pentagon Report In War Criticism (CHIT)

By Stephen J. Hedges, Washington Bureau

Chicago Tribune, September 2, 2006

WASHINGTON -- Democrats kept up their verbal assault on President Bush and his national security team Friday over Iraq, while a new Pentagon report underscored the escalating violence there.

In a wave of statements, Democratic Party leaders targeted Bush, Vice President Dick Cheney and Defense Secretary Donald Rumsfeld for casting the Iraq war as part of a broader war on terrorism.

"The Pentagon's new report today indicates that President Bush, Vice President Cheney and Secretary Rumsfeld's speeches are increasingly disconnected from the facts on the ground in Iraq," Senate Minority Leader Harry Reid said in a statement.

"Even the Pentagon acknowledges Iraq is tipping into civil war," the Nevada senator said. "Failed Republican policies have left America bogged down in Iraq, with our military stretched thin and less able to fight and win the war on terror."

Bush, in a speech to the American Legion in Utah on Thursday, said, "The war we fight today is more than a military conflict. It is the decisive ideological struggle of the 21st Century."

Rumsfeld, in his speech to the Legion on Tuesday, cited the "strange innocence" in the period between World Wars I and II and the failure of Western nations to recognize the rising Nazi threat.

"Some nations tried to negotiate a separate peace, even as the enemy made its deadly ambitions crystal clear," Rumsfeld said, explaining, "I recount this history because once again we face similar challenges in efforts to confront the rising threat of a new type of fascism."

Some Democrats, though, were sharply critical of Rumsfeld's suggestion that critics of the war in Iraq were engaging in appeasement.

Rumsfeld "wants to lecture everybody else," said Rep. Rahm Emanuel (D-Ill.), chairman of the Democratic Congressional Campaign Committee. "He should be ashamed of himself. His stewardship has been a disaster."

Emanuel said House Democrats are considering staging a vote of no confidence on Rumsfeld.

The report on Iraq from the Pentagon was noticeably more pessimistic than the previous quarterly reports the Defense Department is required to send Congress. It highlighted civilian Iraqi deaths, the rise in sectarian strife between Iraq's rival Muslim factions and the growing role of death squads in Baghdad.

"Rising sectarian strife defines the emerging nature of violence in mid-2006," the report found, concluding, "Death squads and terrorists are locked in a mutually reinforcing cycle of sectarian strife."

Cheney suggested several weeks ago that the primary-election defeat of Sen. Joseph Lieberman, a Connecticut Democrat who has supported the war, would "embolden Al Qaeda types."

Lieberman, now running as an independent Senate candidate, was defeated by Ned Lamont, who has criticized the war in Iraq.

Howard Dean, the Democratic National Committee chairman, said Bush has failed to deliver a winning strategy in Iraq.

"You can't trust Republicans to defend America," Dean said. "Today we only heard more of the same propaganda from a desperate Bush administration worried more about its party's political prospects this fall than about how to protect America and fight and win the real war on terror. It's results that matter, and the Bush White House and its rubber-stamp Republicans in Congress have not produced results when it comes to keeping America safe."

The volley of charges and counter-charges over Iraq has more to do with political than military strategy. With the Nov. 7 midterm congressional elections a bit more than two months away and poll numbers suggesting that Democrats could overturn the Republican majority in the House, the role of U.S. troops overseas has become a primary focus.

Bush and Rumsfeld included references to the Sept. 11 terrorist attacks in their speeches, and framed the current fighting in Iraq and Afghanistan as part of the war against militant Islamic fundamentalism.

Emanuel said Rumsfeld crossed the line into partisan politics during his speech.

"He gave it for political purposes," Emanuel said. "He's playing politics. One casualty that Americans were willing to give up after 9/11 was partisanship."

Rumsfeld spokesman Eric Ruff said there was nothing political in the defense secretary's comments.

"In his speech he was not accusing anybody of being soft on terrorism," Ruff said, adding, "What he's saying is that terrorist networks pose a threat to the United States and the free world. The questions he's raising are questions that all Americans ought to be addressing. He linked that to those very clear lessons in history, and history tells us that you just can't ignore a problem."

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Late Friday, Rumsfeld wrote top Democrats in Congress saying his recent remarks in Salt Lake City were misrepresented by the media, The Associated Press reported. Rumsfeld said he was "concerned" by the reaction of Democrats. "I know you agree that with America under attack and U.S. troops in the field, our national debate on this should be constructive," he wrote.

shedges@tribune.com

Rumsfeld Reaches Out To Democrats (WP/AP)

By Anne Plummer Flaherty, Associated Press

The Washington Post/AP, September 2, 2006

In Letter, Secretary Says Recent Speech Was Misconstrued

Defense Secretary Donald H. Rumsfeld reached out to Democrats yesterday, opening the door for them to retract their stinging indictment of him as Pentagon chief.

In a letter to Congress's top Democrats, Rumsfeld said remarks he made Tuesday during a speech in Salt Lake City were misrepresented by the news media. Rumsfeld said he was "concerned" by the reaction of Democrats, many of whom called for his resignation and said he was treading on dangerous territory.

"I know you agree that with America under attack and U.S. troops in the field, our national debate on this should be constructive," Rumsfeld wrote.

In his speech before thousands of veterans, Rumsfeld said the world faces "a new type of fascism" and warned against repeating the pre-World War II mistake of appeasement. He alluded to critics of the Bush administration's war policies in terms associated with the failure to stop Nazism in the 1930s, "a time when a certain amount of cynicism and moral confusion set in among the Western democracies."

Without explicitly citing Bush critics at home or abroad, he said that "it is apparent that many have still not learned history's lessons." Aides to Rumsfeld said later he was not accusing the administration's critics of trying to appease the terrorists but was cautioning against a repeat of errors made in earlier eras.

"Thought and careful preparation went into what I said," Rumsfeld wrote in the letter. "It is absolutely essential for us to look at lessons of history in this critical moment in the war on terror. I was honored by the reception my statements received from our veterans."

Pentagon press secretary Eric Ruff said the letter "reaffirms his Salt Lake City speech, and it suggests lawmakers who have criticized his remarks move beyond politics and read it for what it is."

Democrats said yesterday that they stood by their remarks.

"We did read the speech, and he makes comparisons to World War II" that are unjustified, said Brendan Daly, spokesman for House Democratic Leader Nancy Pelosi (Calif.). "He needs to explain that. We stand behind what we said."

Pelosi had said: "If Mr. Rumsfeld is so concerned with comparisons to World War II, he should explain why our troops have now been fighting in Iraq longer than it took our forces to defeat the Nazis in Europe."

"It's always been clear what Secretary Rumsfeld said," said Rebecca Kirszner, a spokeswoman for Senate Minority Leader Harry M. Reid (Nev.). "What's not clear is that he has a strategy in Iraq and to keep America safe. This letter doesn't change that."

Senate Democrats are expected to meet next week to discuss several issues, including whether they will try to force a vote of no confidence on Rumsfeld. Sen. Barbara Boxer (D-Calif.) has vowed to push legislation calling for Rumsfeld to resign.

Washington: Rumsfeld Writes To Democrats (NYT/AP)

The Associated Press

The New York Times, September 2, 2006

Defense Secretary Donald H. Rumsfeld reached out to Democrats, opening up the door for them to retract their stinging indictment of him as Pentagon chief. In a letter to Congress's top Democrats, Mr. Rumsfeld said recent remarks he made in a speech in Salt Lake City were misrepresented by the news media. Mr. Rumsfeld wrote, "I know you agree that with America under attack and U.S. troops in the field, our national debate on this should be constructive." In his speech, Mr. Rumsfeld alluded to critics of the administration's war policies in terms associated with the failure to stop Nazism in the 1930's. Aides to Mr. Rumsfeld said later that he was not accusing critics of trying to appease the terrorists but was cautioning against a repeat of errors made in earlier eras.

LEONARD PITTS JR.: Don't Believe Rumsfeld's Fantasy (FREEP/KRT)

By Leonard Pitts Jr.

Detroit Free Press, September 2, 2006

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On Dec. 7, 1941, Japan launched a sneak attack that devastated a U.S. naval base at Pearl Harbor, Hawaii. And the United States rose in righteous fury, immediately declaring war on Thailand. Because, you know, it was in the same part of the world as Japan and the people kind of looked alike and, besides, those Thais had been getting a little uppity and were due for a smackdown.

Which is not the way it happened, of course, but if Secretary of Defense Donald Rumsfeld wants to use World War II allusions to describe the war on terror, I submit that my fantasy comes a lot closer to the truth than his.

Rumsfeld's fantasy, if you missed it, was shared in a recent speech before the American Legion in Salt Lake City. There, the Sec Def said that critics of the war in Iraq -- a designation that now includes most Americans -- are like those who thought they could avoid fighting by negotiating with, or "appeasing," the Nazis in the days before World War II.

The war's critics -- again, that's the majority of us -- need to crack a history book, he thinks. "Once again, we face similar challenges in efforts to confront the rising threat of a new type of fascism. But some seem not to have learned history's lessons."

Rumsfeld's rant was but the shrillest of several recent statements by members of the federal regime -- Cheney, Rice and the great and powerful Bush himself -- in defense of the war in Iraq. Which must mean -- hold on, let me check my calendar -- yep, there's an election coming.

The war on terror has, after all, been this gang's get-out-of-jail-free card for years. High gas prices, a hurricane fiasco, red ink, an overall patina of ineptness overtopped by arrogance, and it's all forgotten the moment they say 9/11. Small wonder they say it loudly now with midterm elections looming and polls suggesting more Americans are seeing through the president like Saran Wrap.

Indeed, there was an interesting exchange between Bush and a reporter at a news conference last week. In the process of answering a question about Iraq, Bush reflexively invoked Sept. 11, leading the reporter to interrupt him.

"What did Iraq have to do with that?" the reporter asked.

"Nothing," Bush said irritably. The reporter somehow resisted saying, "Then why did you bring it up?"

Or maybe that's self-evident. After Sept. 11, the nation needed some Muslims to hit. And the Bush administration, already looking for a pretext to attack Iraq -- which once plotted the assassination of Bush's father -- gave us some.

Since then, the White House missed no opportunity to falsely conflate Iraq with the terror war. The most recent example came last month when anti-war candidate Ned Lamont defeated Connecticut Sen. Joseph Lieberman in the Democratic primary. Vice President Cheney said this rebuke of the war would embolden "Al Qaeda types."

For the record: On Sept. 11, 2001, we were attacked by men directed from a terrorist base in Afghanistan. We quickly knocked over Afghanistan and just as quickly forgot about it, turning instead to the troublesome dictatorship the president just knew in his gut was behind the carnage. Now we find ourselves mired in a poorly defined, poorly designed mission in a nation that, with all due respect to the presidential gut, had NO known connection to Sept. 11.

And with more than 22,000 U.S. casualties -- meaning dead and injured -- and thousands more dead Iraqis, the nation finally begins to question this pig and poke it has been sold. We're all for killing the terrorists. Heck, after you kill them, dig them up and kill them some more. But people are beginning to see that the only terrorism in Iraq is that which we, by our presence, have helped create.

Donald Rumsfeld calls that kind of talk appeasement. I call it understanding.

And the bad news for the secretary is, it's spreading.

Iraqi Casualties Have Risen 51%, U.S. Study Finds (NYT)

By Michael R. Gordon

The New York Times, September 2, 2006

WASHINGTON, Sept. 1 — Iraqi casualties soared by more than 50 percent in recent months, the product of spiraling sectarian clashes and a Sunni-based insurgency that remains “potent and viable,” the Pentagon said in its latest comprehensive assessment of security in Iraq.

During the period from the establishment of the new Iraqi government on May 20 until Aug. 11, the average number of weekly attacks jumped to almost 800. That was a substantial increase from earlier this year and almost double the number of the first part of 2004.

As a consequence, Iraqi casualties increased 51 percent over the last reporting period. The document notes that, based on initial reports, Iraqi casualties among civilians and security forces reached nearly 120 a day, up from about 80 a day in the pervious reporting period from mid-February to mid-May. About two years ago they were running about 30 a day.

“Although the overall number of attacks increased in all categories, the proportion of those attacks directed against civilians increased substantially,” the Pentagon noted. “Death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife, with Sunni and Shia extremists each portraying themselves as the defenders of their respective sectarian groups.”

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The Pentagon report, titled "Measuring Security and Stability in Iraq," is mandated by Congress and issued quarterly. It covers a broad range of subjects, including the economy, public attitudes, and security.

This time, the study is the focus of special interest because of increasing fears that Iraq is sliding into civil war and because it is being published at a time when President Bush and members of his cabinet have been trying to present a strong case in support of the war, in the face of vehement criticism from Democrats.

The report does not take account of the latest efforts to bring order to Baghdad, operations that involved 12,000 additional soldiers, including some 7,000 additional American troops. Col. Thomas Vail, the commander of a brigade of the 101st Airborne Division, told reporters on Friday that his troops had made progress in recent days in tamping down the violence in the capital. The last several days have been particularly bloody, with about 250 Iraqis killed and scores wounded since Sunday. The Pentagon acknowledged that the grim data on attacks, casualties and executions was distressing. "It's a pretty sober report this time," said Peter Rodman, a senior Pentagon official, who met with reporters to discuss it. "The last quarter, it's been rough. Sectarian violence has been particularly acute and disturbing."

Democratic lawmakers portrayed the report as evidence that the administration's strategy was failing. "They have not provided the real resources, in terms of both military and civilian advisers, nor real dollars to reconstruct and help Iraq emerge from this period of instability," Senator Jack Reed of Rhode Island said.

The report chronicles dangers on an array of fronts. Although the Sunni-based insurgency has received less news media attention since the surge of sectarian violence, the report cautions that it is resilient and strong. The number of attacks in Anbar Province, a vast Sunni-dominated region in western Iraq, averages more than 30 a day.

Regarding Al Qaeda in Mesopotamia's operations in Iraq, the report says the network's "cellular nature" has enabled it to continue attacks despite the death of its leader, Abu Musab al-Zarqawi.

But sectarian strife has emerged as the biggest worry. In recent months, the Pentagon noted, "The core conflict in Iraq changed into a struggle between Sunni and Shia extremists seeking to control key areas in Baghdad, create or protect sectarian enclaves, divert economic resources, and impose their own respective political and religious agendas." Echoing recent statements by senior American military commanders, the report says that "conditions that could lead to civil war exist in Iraq, especially in and around Baghdad, and concern about civil war within the Iraqi population has increased in recent months."

The report notes that sectarian violence is gradually expanding north to Kirkuk and Diyala Province. Further, the confidence of Iraqis in the future has diminished, according to public opinion surveys cited in the Pentagon report.

Still, the study says the fighting in Iraq does not meet the "stringent international legal standards for civil war," without further explanation. Even so, the sectarian fighting has been bloodier than ever.

In discussing daily casualty rates, the report did not distinguish between the number of dead and wounded. But it noted that execution-type killings, in particular, reached a new high in July. "The Baghdad Coroner's Office reported 1,600 bodies arrived in June and more than 1,800 bodies in July, 90 percent of which were assessed to be the result of executions," the report states.

The report says that progress has been made in fielding Iraqi Army units and police that can take over the main responsibility for security. It says 5 Iraqi Army divisions, 25 brigades and 85 battalions have the lead for security in their areas. It notes that a lack of noncommissioned officers and absenteeism are obstacles to fielding an effective Iraqi force. Though the 63-page report does not discuss military operations in Baghdad in detail, it has become clear in recent months that Iraq could not be effectively secured without the active involvement of the Americans. When the Americans cut back patrols in Baghdad, violence rose and American commanders decided to send additional troops to the capital from elsewhere in the country.

The report notes that Iraq's Interior Ministry does not have a system to determine how many of the forces trained by police advisers are still on the job. Advisers from the American-led forces estimate that the attrition rate is about 20 percent a year.

Citing polling data from the International Republican Institute, the report states that almost 80 percent of Iraqis thought in April 2006 that the general situation would be better in a year. By June, it was less than 50 percent. "In general, Iraqis have had an optimistic outlook," the report stated. "However, as time has passed, their optimism has eroded."

Pentagon Cites Spike In Violence In Iraq (WP)

By Ann Scott Tyson, Washington Post Staff Writer

The Washington Post, September 2, 2006

Averting Civil War Called Main Goal

Rising sectarian bloodshed has pushed violence in Iraq to its highest level in more than two years, and preventing civil war is now the most urgent mission of the growing contingent of 140,000 U.S. troops in the country, according to a new Pentagon report released yesterday.

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Executions, kidnappings and other sectarian attacks targeting Iraqi civilians have soared over the past three months, contributing to a 51 percent rise in casualties among the population and Iraqi security forces, the report said. More than 3,000 Iraqis are killed or wounded each month, and by July, 2,000 of the casualties were the result of sectarian incidents, it showed.

The Pentagon report, though consistent with what news media have reported for months, is significant because it represents an official acknowledgment of trends that are widely believed to be driving the country toward full-scale civil war.

"It's a pretty sober report this time," said Peter Rodman, assistant secretary of defense for international security affairs. "The last quarter . . . it's been rough, and the levels of violence are up, and the sectarian quality of the violence is particularly acute and disturbing," he said at a news briefing.

"This is reality catching up with Rumsfeld and the Pentagon," said Michael O'Hanlon, a military analyst at the Brookings Institution.

In a grim revelation, the report cited the Baghdad coroner's office stating that it received 1,600 bodies in June and more than 1,800 in July, of which 90 percent were assessed to be the result of executions.

Moreover, the report said, the revenge killings perpetrated by Sunni and Shiite death squads are spreading outside the Iraqi capital into the far reaches of the country, from Basra in the south to Mosul and Kirkuk in the north. Iran and Syria are actively supporting forces fueling the unrest among religious factions, it said.

"Sustained ethno-sectarian violence is the greatest threat to security and stability in Iraq," the report said. "Conditions that could lead to civil war exist in Iraq," it said, while maintaining that civil war can still be prevented. "Coalition forces and the ISF [Iraqi Security Forces] are responding by increased targeting of both Sunni and Shi'a death squads."

The report, the Pentagon's latest quarterly update on security in Iraq, mandated by Congress, is striking for its realism, defense experts said. It follows last month's dire testimony before Congress by two top American generals, including Gen. John P. Abizaid, the senior U.S. commander in the Middle East, who said sectarian violence in Iraq is worse than ever before and could lead to civil war.

Overall, the number of weekly attacks in Iraq escalated to nearly 800, the highest level since the Pentagon began gathering the statistics in April 2004, the report said. Statistics collected by defense experts, however, indicate that the level is higher than at any time since the U.S.-led invasion overthrew the Saddam Hussein government in April 2003.

"The message is more unambiguously bad because the data is bad, and there is no smoke screen to hide behind that the [Iraqi] elections will turn things around, or the training of Iraqi security forces will turn things," O'Hanlon said.

The 63-page report defines the "core conflict in Iraq" now as a struggle between Sunnis and Shiites in which "death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife, with Sunni and Shi'a extremists each portraying themselves as defenders of their respective sectarian groups." Meanwhile, it says, "the Sunni Arab insurgency remains potent and viable."

Attacks increased in all categories from mid-May to mid-August, the period covered by the report, and the proportion of attacks directed against civilians rose "substantially" from 11 percent in April to 15 percent in June. The report covered only part of August, when thousands more U.S. and Iraqi troops reinforced operations in Baghdad that U.S. commanders say have helped quell the violence in the capital.

Congressional Democrats seized on the report as evidence of a bankrupt Bush administration strategy in Iraq.

"Failed Republican policies have left America bogged down in Iraq, with our military stretched thin and less able to fight and win the war on terror," said Senate Minority Leader Harry M. Reid (D-Nev.).

Sen. Jack Reed (D-R.I.), a member of the Senate Armed Services Committee, said the administration has not provided "the real resources, in terms of both military and civilian advisers, nor real dollars to reconstruct and help Iraq emerge from this period of instability."

Reed added: "We will not abandon our brave troops, nor can we afford to abandon Iraq. But we also can't afford to go along with the Bush administration's failed policies any longer."

Pentagon Says Iraq Strife Has Worsened (FT)

By Guy Dinmore, In Washington And Agencies

Financial Times, September 2, 2006

Three days after Donald Rumsfeld, the US secretary of defence, declared that Iraq was heading along a difficult path to a “secure new future”, a Pentagon report presented to Congress said sectarian violence had worsened over the past three months, creating the most complex security challenge since the 2003 invasion.

The report, mandated by Congress each quarter, was likely to add to growing calls for Mr Rumsfeld to resign. It covered the period since the new government under Nouri al-Malaki took office, when the Bush administration raised expectations of progress in quelling the violence while insisting that civil war was not on the cards.

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"Death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife,'' the report said. The Sunni-led insurgency remained "potent and viable", it said.

"Conditions that could lead to civil war exist in Iraq, specifically in and around Baghdad, and concern about civil war within the Iraqi civilian population has increased in recent months,'' the report said. "Nevertheless, the current violence is not a civil war, and movement toward a civil war can be prevented," it added.

Peter Rodman, the assistant secretary of defence, told reporters that there had been progress in the economy and the number of trained Iraqi troops was up. But he said security conditions had deteriorated.

"Breaking the cycle of violence is the most pressing goal of coalition and Iraqi operations."

The report was issued on a day on which news agencies reported the deaths of at least 47 people in bomb and rocket attacks.

The report said overall attacks rose 24 per cent to 792 per week and Iraqi casualties increased by 51 per cent to nearly 120 per day.

Democrats in Congress said the report showed that Mr Rumsfeld and the administration leadership were disconnected from reality.

Pentagon Issues Grim Iraq Report (LAT)

By Julian E. Barnes

The Los Angeles Times, September 2, 2006

'Conditions that could lead to civil war exist,' military analysts tell Congress. Deaths and injuries now exceed 3,000 a month.

WASHINGTON — Attacks and civilian deaths in Iraq have risen sharply in recent months, with casualties increasing by 1,000 a month, and sectarian violence has engulfed larger areas of the country, the Pentagon said Friday in a strikingly dismal report to Congress.

The quarterly report, based on new government figures, showed the number of attacks in Iraq over the last four months had increased 15% and Iraqi casualties had risen by 51%. Civilian and military deaths and injuries have surpassed 3,000 each month since May.

Over a longer period, the increase in violence is more dramatic. Weekly attacks have nearly doubled, from 423 in spring 2004 to 792. More than 110 people a day died violently in Iraq in the last three months, the report said, up from fewer than 30 a day in 2004.

The Iraqi government reported that violent deaths in Baghdad declined sharply in the first several weeks of August, but civilian deaths rose again in the last week. The current report covers a three-month period that ended in early August.

The report held to previous Bush administration statements that Iraq is not in an all-out civil war, but conceded that "conditions that could lead to civil war exist."

Overall, the tone of the 63-page report is markedly less optimistic than previous quarterly assessments, which the Pentagon has been required to make since last year.

"This is a pretty sober report," said Peter Rodman, the assistant secretary of Defense for international security. "The last quarter has been rough. The level of violence is up. And the sectarian quality of the violence is particularly acute and disturbing."

The data and language of the report also contrasted with recent statements by administration officials who have been seeking to shore up sagging public support for the war.

Administration officials, for example, repeatedly have emphasized that recent violence has been concentrated in Baghdad. The new report notes that violence has increased in Diyala, Mosul and Kirkuk as the sectarian conflict has spread to those cities.

The report also noted that sectarian attacks had set up a cycle of deepening violence in which civilians were driven to "endorse extremist actions on their behalf," lending their support to the insurgent and militia groups in order to provide security for their neighborhoods. That dynamic is undermining the government's reconciliation efforts and ability to provide security.

With an election approaching in which the U.S. involvement in Iraq has become the driving issue, Democrats seized on the new assessment.

Senate Democratic leader Harry Reid of Nevada said the report showed that the administration was "disconnected from the facts on the ground." His House counterpart, Rep. Nancy Pelosi (D-San Francisco), said in a statement that the report showed that "prospects for improving security in Iraq in the foreseeable future are bleak."

Democrats accused the administration of delaying the report until after President Bush delivered a major speech on the war Thursday to the American Legion.

In arguing that Iraq is not yet in a full-scale civil war, Defense officials pointed out that Iraqi security forces had remained loyal to the central government and that no rival government had emerged.

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"There are important things that have not happened," said Rear Adm. William D. Sullivan, vice director for strategic plans and policy on the Pentagon's Joint Staff. "The sectarian violence is worrisome…. We are not blind to the possibility that this could continue down the wrong path."

Sullivan said he believed that despite the rise in killings, the U.S. was still making progress in the war.

Outside military analysts were more cautious.

Anthony Cordesman of the Center for Strategic and International Studies said it was difficult to predict eventual victory or defeat in Iraq but the situation was growing bleaker.

"You could make the case for optimism in the past; you cannot now," said Cordesman, who has written extensively on Iraq.

The Pentagon's previous quarterly reports "were unrealistic in every dimension because they understated the insurgency, they grossly overstated economic progress, they were over-optimistic about political progress, and they never seriously addressed the threat of civil conflict," Cordesman said. "But this report has had to face reality."

The report noted that Iraqis remained optimistic, but it cautioned that the positive outlook was eroding. About 59% of Iraqis say economic conditions are poor, and 80% of Baghdad residents believe a civil war might break out — a marked increase in pessimism from last year.

The violence in Iraq cannot be attributed to a unified, organized insurgency, the report noted. Instead, violence is the result of a complex interplay between international terrorists, local insurgents, sectarian death squads, organized militias and criminal groups.

Radical Shiite cleric Muqtada Sadr's Al Mahdi militia has achieved a "measure of tolerance" from Iraq's new government, the report said, but violence between the militia and the Iraqi army is frequent. It said the militia receives support from Iran.

One key indicator of full-scale violence identified in previous Pentagon reports is the number of forced displacements of people and households. The U.S. military has been skeptical of reports of large numbers of displaced people, but the Pentagon report quotes a U.N. estimate that 137,862 people have been pushed out of their homes since February, when a famed Shiite mosque was bombed in Samarra.

The bombing is widely credited with setting off the current cycle of sectarian violence. Sunni Arabs allied with Abu Musab Zarqawi, the terrorist leader slain in June in a U.S. attack, were blamed for the mosque attack.

The report is optimistic about the new plan to increase security in Baghdad by promoting economic growth, but provides no numbers about the results of the renewed security initiative.

Rodman cited as a positive development the report's finding that Iraqi security forces continued to grow in size and skill, assuming greater responsibility over the last 10 months. He said the number of Iraqi army battalions had increased to 85 from 23 in October.

U.S. commanders in Baghdad had promised that the national police system would be improved this year, and the report noted an increase in the number of military trainers.

But serious problems exist with the police battalions, particularly the national police units controlled by the Ministry of Interior.

The report says "unprofessional and, at times, criminal behavior has been attributed to certain units in the national police" and that public confidence in them has weakened.

Some of those units, the report says, owe allegiance to militias, not the central government — and last month, military officials said they had been forced to dissolve some national police battalions for that reason. The number of police battalions with control over their cities and neighborhoods has decreased from six to two.

In the Pentagon's May report to Congress, officials expressed hope that rapid political progress would earn confidence from Iraqis and blunt the increase in violence. However, delays in forming a new government under Prime Minister Nouri Maliki quickly undermined those hopes.

Rodman said that if the Iraqi government been able to form more quickly after the December election, the sectarian violence that rose from the Samarra mosque bombing might have been dampened.

"For years, people like Zarqawi have been aiming at this, trying to foment civil war," Rodman said. "In Samarra they hit pay dirt, in a sense. The system has been shaken by it…. And maybe Zarqawi's legacy was the Samarra bombing, the effects of which have lived after him."

julian.barnes@latimes.com

Pentagon Gives Gloomy Iraq Report (AP)

By Robert Burns

AP, September 2, 2006

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Sectarian violence is spreading in Iraq and the security problems have become more complex than at any time since the U.S. invasion in 2003, a Pentagon report said Friday.

In a notably gloomy report to Congress, the Pentagon reported that illegal militias have become more entrenched, especially in Baghdad neighborhoods where they are seen as providers of both security and basic social services.

The report described a rising tide of sectarian violence, fed in part by interference from neighboring Iran and Syria and driven by a "vocal minority" of religious extremists who oppose the idea of a democratic Iraq.

Death squads targeting mainly Iraqi civilians are a growing problem, heightening the risk of civil war, the report said.

"Death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife," the report said, adding that the Sunni-led insurgency "remains potent and viable" even as it is overshadowed by the sect-on-sect killing.

"Conditions that could lead to civil war exist in Iraq, specifically in and around Baghdad, and concern about civil war within the Iraqi civilian population has increased in recent months," the report said. It is the latest in a series of quarterly reports required by Congress to assess economic, political and security progress.

Iraqi forces were dealing with more violence Friday as officials said a mortar attack on an open-air market in Mahmoudiya, about 20 miles south of Baghdad, killed three people and wounded 12. Elsewhere, two policemen were also killed and authorities said they found the body of a Saddam Hussein-era intelligence officer who had been kidnapped and shot.

The bloodshed capped a week in which hundreds of Iraqis were killed despite a security crackdown that targeted some of Baghdad's most violent neighborhoods.

A growing number of members of Congress are calling for either a shift in the Bush administration's Iraq strategy or a timetable for beginning a substantial withdrawal of American forces. Although administration officials say progress is being made in Iraq, U.S. commanders have increased U.S. troop levels by about 13,000 over the past five weeks, to 140,000, mainly due to increased violence in the Baghdad area.

In response to the Pentagon's report Friday, the Senate's top Democrat, Harry Reid of Nevada, said it showed the Bush administration is "increasingly disconnected from the facts on the ground in Iraq."

"It is time for a new direction to end the war in Iraq, win the war on terror, and give the American people the real security they deserve," Reid said.

Sen. Jack Reed, D-R.I., who recently returned from a visit to Iraq, said the report squared with what he saw there.

"Iraq is tipping toward civil war," Reed said.

Col. Thomas Vail, commander of a 101st Airborne brigade operating in the mostly Shiite areas of eastern Baghdad, told reporters at the Pentagon on Friday that an intensified effort to root out insurgents and quell sectarian violence in the capital is bearing fruit, leading to a decrease in sectarian murders in recent days.

"They understand a big stick," he said, referring to a bigger U.S. and Iraqi force confronting militias and others responsible for violence like the barrage of coordinated attacks across eastern Baghdad on Thursday. Iraqi police said they killed at least 64 people and wounded more than 286 within a half hour.

Peter Rodman, the assistant secretary of defense for international security affairs, in a separate session with reporters, said that despite progress this summer in reviving the Iraqi economy, raising electricity production and increasing the number of trained Iraqi troops, security conditions have deteriorated.

The report covered the period since the Iraqi government led by Prime Minister Nouri al-Malaki was seated May 20.

From that date through Aug. 11, the average number of attacks per week against Americans and Iraqis was 792, up 24 percent from the previous period of Feb. 11 to May 19. The 792 figure was the highest for any counting period since the war began. The previous high was 641 in the Feb. 11 to May 19 period.

"The last quarter, as you know has been rough," Rodman said. "The levels of violence are up and the sectarian quality of the violence is particularly acute and disturbing."

That assessment was tempered by a degree of optimism that the Iraqi government — with support from U.S. troops — will succeed in quelling the sectarian strife.

Optimism among ordinary Iraqis, however, has declined, the 63-page report said.

When asked if they believe "things will be better" in the future, the percentage of Iraqis responding positively has dropped over the past year — whether they were asked to look ahead six months, one year or five years — according to polling data cited in the report.

"The security situation is currently at its most complex state since the initiation of Operation Iraqi Freedom," the report said, using the U.S. military's name for the war that was launched in March 2003 to topple Saddam Hussein.

One of the most celebrated events during the period on which Friday's report was based was the killing of the leader of al-Qaida in Iraq, Abu Musab al-Zarqawi. The report said that although this was a major success, al-Qaida remained a threat because of its "resilient, semiautonomous cellular structure."

DOJ_NMG_0058094

Pentagon Delivers Grim Report On Iraq (BSUN)

By David Wood

The Baltimore Sun, September 2, 2006

Congress is warned of 'mutually reinforcing cycles of sectarian strife'

WASHINGTON -- In a sobering new assessment of Iraq, senior Pentagon officials sketched out a bloody landscape Friday of sectarian violence spreading beyond Baghdad and execution-style assassinations and terrorist bombings by increasingly entrenched private militias and death squads.

"This is probably the most complex combat environment we have seen since the war began," said Rear Adm. William Sullivan, the top strategic planner for the Joint Chiefs of Staff.

The severity and breadth of the Defense Department report, which is required four times a year by Congress, appeared to undercut recent statements by President Bush and Defense Secretary Donald H. Rumsfeld that conditions in Iraq are difficult but that steady progress is being made and that, as Rumsfeld put it Tuesday, "The question isn't whether we can win. It's whether we have the will to persevere to win."

"This is a report that provides a good deal more realism" than recent administration statements, said Anthony Cordesman, senior analyst at the Center for Strategic and International Studies. "In truth, it's not a matter of American will that determines whether we win or lose in Iraq, but Iraqi governance, and the most we can do is to support and encourage that effort."

The Bush administration sought to downplay the report's most discouraging elements. A White House official, speaking on condition of anonymity, said the report deals only with the period ending Aug. 7, so it doesn't take into account a "significant decrease in executions and sectarian incidents" in Baghdad since then.

Bush continues to believe that the al-Maliki government has the right strategy in place to combat the violence and is ready to make whatever adjustments are necessary to adapt to the situation, the official said.

"Results cannot be expected overnight, but new tactics on the ground are already having an impact," the official said.

Nevertheless, the grim thrust of the report underscores that even with the establishment of an elected Iraqi government under a new constitution, chaos and bloodshed have only increased, driving growing numbers of families from their homes and jobs.

In the period covered by the as sessment, roughly mid-May through mid-August, the number of weekly attacks on civilians rose 15 percent over the previous three-month period, while Iraqi casualties shot up 51 percent.

"Sunni and Shi'a [Shiite] extremists, particularly al Qaeda-in-Iraq and rogue elements of Jaysh al Mahdi [the militant organization of Shiite cleric Muqtada al-Sadr] are increasingly locked in retaliatory violence and are contesting control of ethnically mixed areas to expand their existing areas of influence," the report said.

"Death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife," it stated, creating "increasing numbers of internally displaced persons," or refugees.

In predominantly Shiite neighborhoods of east Baghdad Friday, a series of attacks with car bombs, mortars and rockets killed at least 64 people and wounded more than 286, the Associated Press reported.

Bush and others argue that the bloody conflict is concentrated in Baghdad, where U.S. troops and Iraqi security forces are making a major push to quell the violence. But the Pentagon assessment says sectarian blood-letting "is gradually spreading north into Diyala Province and Kirkuk as Sunni, Shi'a and Kurdish groups compete for provincial influence."

Concern about civil war "has increased in recent months" among civilians, the report said.

The strategy for prevailing over the rising violence and worsening conditions in Iraq, as explained this week by Bush and other administration officials, is for the 140,000 U.S. troops in Iraq to train and fight alongside Iraqi security forces while the central government of Iraqi Prime Minister Nouri al-Maliki gathers control of the fractious nation.

The United States depends on al-Maliki to oversee a series of difficult political compromises in the national legislature, principally on sharing oil revenues. And only the Iraqi government, officials said, can implement critical security measures.

In a little-noticed part of his speech to the American Legion on Thursday, Bush seemed to issue a warning to the Iraqi government,

"America is a patient nation, and Iraq can count on our partnership, as long as the new government continues to make the hard decisions necessary to advance a unified, democratic and peaceful Iraq," Bush said.

U.S. officials are relying on al- Maliki to get the private militias disarmed and off the streets, a politically tricky business given that government ministries and the legislature are threaded with powerful politicians connected with sectarian organizations such as Jaysh al Mahdi, which often have armed militant wings.

But the United States will not undertake the potentially dangerous job of dismantling the militias, Pentagon officials said.

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That mission "has to be Iraqi- led," Sullivan said, adding that while some militia members might disarm voluntarily, others will have their weapons taken away by force.

"It is difficult to predict how long it will take," he told reporters at a Pentagon briefing. There are "almost daily discussions" on the issue between al-Maliki and senior U.S. military commanders in Iraq, he said.

Peter Rodman, a top Pentagon policymaker, said the fact that there is a national government in place is encouraging.

"You have a functioning national government and that is not a small matter, and a legislature elected in a 77 percent [voter] turnout," he said. Iraqi security forces are operating on the streets, and Iraq's economy is forecast to grow 4 percent, he said, citing a World Bank estimate.

However, the latest Pentagon report, the fifth quarterly report on Iraq, suggests a darker picture:

Corruption in government ministries "has hampered" their per formance, but the Iraqi government has difficulty prosecuting cases because of a shortage of about 750 judges and because of intimidation of judges and prosecutors. Iraqi officials cooperating with or merely visiting American officials have received death threats and one has been kidnapped, hampering further cooperation, the report said.

Despite claims of U.S. officials that Iraqi security forces are increasingly well-trained and -equipped, the report said the number of national police battalions able to lead operations has dropped from six to two since last spring. Officials could not immediately explain why.

Officials also acknowledged that Iraqi police ranks have been heavily infiltrated by militia loyalists. Reports of civilians being dragged off and killed by unknown gunmen in police uniforms are common in Baghdad.

Perhaps the most tragic measure of the situation in Iraq is the steady climb in the number of attacks on civilians.

These attacks rose from an average of just over 400 per week in the spring of 2004, before an interim Iraqi government took over, to almost 800 this summer as the al-Maliki government attempted to extend its reach.

The monthly death toll for Iraqi civilians and security forces has also risen this year, from 779 in January to 1,203 in August, according to estimates by Icasualties.com, a well-regarded private organization.

According to Pentagon figures, U.S. battle deaths have fluctuated this year, from a high of 76 in April to a low of 43 in July. In August, the total was 65.

"The bottom line here is that we have shown plenty of will for 3 1/2 years and we are not winning," Michael O'Hanlon, senior defense analyst for the Brookings Institution, a Washington think tank, said Friday in response to Rumsfeld's earlier assertion.

"To say the only problem we have in Iraq is people with a defeatist attitude is frankly ridiculous," O'Hanlon said. "The problem is we don't have a mission that is working. I am very much on Bush's side hoping that the security plan for Baghdad works. But it is not working yet."

david.wood@baltsun.com

Pentagon: Cold-blooded Carnage Soaring In Iraq (CNN)

CNN, September 2, 2006

BAGHDAD, Iraq (CNN) -- Death squads and terrorists have ramped up attacks on civilians in Iraq, killing more than 1,600 people in cold-blooded "execution-style" slayings in July alone, a Pentagon report said Friday.

Increasing violence is affecting "all other measures of stability, reconstruction and transition," according to the report, which examined the situation in June, July and August.

But the report concluded the "current violence is not a civil war, and movement toward civil war can be prevented." (Watch a report of good news and grim statistics -- 1:21)

"Sectarian tensions increased over the past quarter manifested in an increasing number of execution-style killings, kidnappings and attacks on civilians," said the report which is required by Congress.

The number of executions reached a new high in July, the Pentagon said, blaming the killings on al Qaeda in Iraq and death squads who are accused of targeting members of various communities to increase sectarian tension. "The Baghdad coroner's office reported 1,600 bodies arrived in June and more than 1,800 in July, 90 percent of which were assessed to be the result of executions."

The report said the quarter had seen a 51 percent increase in Iraqi casualties and a 15 percent increase in the number of attacks.

The report's release came after a wave of apparent sectarian violence Thursday claimed at least 46 lives across the Iraqi capital.

Forty-four people died and at least 255 others were wounded in five attacks using Katyusha rockets in mostly Shiite neighborhoods of southeastern and northern Baghdad, the Iraqi Health Ministry said.

The blasts destroyed six residential buildings in five neighborhoods and are under investigation, said an Iraqi Interior Ministry official.

A car bomb also killed two people and wounded 13 near a gas station in the southeastern Baghdad neighborhood of Mashtal, police said.

Thursday's violence followed a string of insurgent bombings Wednesday in Baghdad and the nearby provinces of Diyala and Babil, killing at least 47 people and wounding more than 100 others, emergency officials said.

The attacks hit as Iraqi and U.S. security forces engage in an extensive security crackdown in the capital.

Amid flagging support domestically for the war in the United States, President Bush launched a new series of domestic speeches Thursday, again asserting that the battle for Iraq is the "central front in our fight against terrorism."

Bush told an audience at the American Legion convention in Salt Lake City, Utah, that the effort was akin to World War II and the Cold War and warned that failure to persevere will lead terrorists to take their battle to U.S. shores.

Also on Thursday, Congressional Democrats sharpened their attacks on Defense Secretary Donald Rumsfeld, with one senator proposing a resolution that would call on President Bush to sack the outspoken Pentagon chief.

Sen. Barbara Boxer of California said that she wants to attach the measure to the defense appropriation bill coming to the Senate floor after lawmakers' August recess. (Full story)

Many Democrats have disputed Bush's view that the Iraq war is essential to the fight against terrorism. In a statement, Senate Minority Leader Harry Reid of Nevada called for "beginning the redeployment of troops from Iraq, refocusing our efforts on the war on terror and protecting Americans from terrorism here at home."Other developments

U.S. troops transferred security responsibilities Friday in most of the key northern province of Tameem to two Iraqi army battalions. Soldiers of the 1st Brigade Combat Team, 101st Airborne Division made the transfer during a ceremony at an Iraqi military base outside Kirkuk. That oil-rich city and Hawija will remain under U.S.-led coalition control.

Iraqi Prime Minister Nouri al-Maliki on Thursday said Iraqi security forces soon will assume leadership responsibility in the southern province of Thiqar. Iraqis recently took control of security in Muthanna province from the British.

A U.S. Marine and soldier died Wednesday "due to enemy action" during operations in Anbar province, west of Baghdad. Since the start of the Iraq war in 2003, there have been 2,633 U.S. military fatalities. Seven American civilian contractors of the military also have died in the conflict.

Pentagon Sees No Civil War In Iraq (WT)

By Bill Gertz, The Washington Times

The Washington Times, September 2, 2006

Tribal and religious violence is increasing in Iraq but has not become a civil war, according to a Pentagon quarterly report to Congress made public yesterday.

"Sectarian tensions increased over the past quarter, manifested in an increasing number of execution-style killings, kidnappings, and attacks on civilians, and increasing numbers of internally displaced persons," the report stated.

Sunni and Shi'ite extremists, especially the terrorist group al Qaeda in Iraq and rogue elements of the Jaysh al Mahdi (JAM) "are increasingly interlocked in retaliatory violence and are contesting control of ethnically mixed areas to expand their existing areas of influence," the report said.

"Throughout the past quarter, rogue JAM members continued a campaign of overt executions and mass kidnappings of Sunni civilians," the report said. "At the same time, Sunni extremists continued to respond by carrying out large-scale and mass-casualty bombings of Shia gatherings and culturally significant sites."

The report stated that concerns over civil war have increased in recent months, and conditions that could lead to one exist. "Nevertheless, the current violence is not a civil war, and movement toward civil war can be prevented," the report said.

For its part, the Iraqi government yesterday released a report saying that violent deaths among civilians in Iraq may have fallen by a quarter last month. The partial data, provided by Iraq's interior ministry and based on figures from the health ministry, showed 769 civilians were killed in August, down 28 percent from 1,065 in July, the worst month recorded.

The figures tend to back U.S. military confidence that a crackdown in the capital has slowed the bloodletting some.

President Bush, Defense Secretary Donald H. Rumsfeld and other officials have given speeches seeking to rally public support for resolving the conflict in Iraq, which began with the March 2003 military operation to oust the regime of Saddam Hussein.

While the number of all types of attacks increased, the number of attacks against civilians increased substantially, the report said. A total of 11 percent of attacks targeted civilians in April and the number increased to 15 percent in June.

The U.S. and Iraqi governments "are continuing the military, diplomatic and political actions needed to prevent a civil war and bring the situation in Baghdad under control," the report said.

DOJ_NMG_0058097

The sectarian violence is limited to "the communal level" and Iraq's national institutions "are holding," the report said. The military reported that the average number of weekly attacks grew by 15 percent from the earlier four-month period and Iraqi casualties grew by 51 percent from the earlier period.

Most of the violence took place in Baghdad at the hands of terrorists, insurgents and illegal armed groups with a small element of "foreign suicide operatives," the report said.

Al Qaeda and Sunni attacks on Shi'ites are aimed at inflaming sectarian tensions and have resulted in retaliatory attacks on Sunnis by rogue Shi'ites that seek to create Shi'ite enclaves in Baghdad. To counter the violence, military forces have "increased targeting of ... death squads" from both sects.

The report said U.S., allied and Iraqi government forces continued to make progress toward improving stability in Fallujah and some parts of northern Iraq.

"Although sectarian violence threatens the effectiveness of the government of Iraq, terrorists have failed to derail Iraq's political process, or to widen their political support among the Iraqi people," the report said, noting that data show most of the Iraqi people support the army and reject al Qaeda's vision for Iraq's future.

The report said Iraqi security forces are growing in size and capability and are assuming more "lead combat responsibility," including operations against insurgents, from coalition forces. About 277,600 Iraqi soldiers and police have been trained and equipped, an increase of more than 14,000 since the last quarterly report.

·This article was based in part on wire service reports.

Pentagon Reports An Increase In Factional Fighting In Iraq (MCT)

By Drew Brown

McClatchy Newspapers, September 2, 2006

WASHINGTON - A struggle between Sunni and Shiite Muslim extremists seeking to control Baghdad has eclipsed the Sunni insurgency against U.S.-led coalition forces and is spreading to other parts of the country, the Pentagon said Friday.

More than 300 Iraqis have died in sectarian violence this week, including 64 who were killed in a series of coordinated attacks Thursday night in Baghdad, which has been the target of a U.S.-Iraqi campaign to improve security.

In its latest quarterly report to Congress on conditions in Iraq, the Defense Department says Iraqi casualties grew by more than 50 percent in the three months that ended in early August. The 63-page report concluded that while the sustained violence between ethnic and religious groups is now the greatest threat to Iraq's security and stability and could lead to civil war, the Sunni insurgency remains "potent and viable."

"Conditions that could lead to civil war exist in Iraq, specifically in and around Baghdad, and concern about civil war within the Iraqi civilian population has increased in recent months," it says.

Attacks against coalition and Iraqi security forces, civilians and infrastructure have almost doubled in the last two years, from about 400 a week in April-June 2004 to nearly 800 a week in the last three months. The number of attacks per week in July was the highest since the war began, the report says.

Previous reports tended to describe steady progress in Iraq, and the sobering new assessment was released just as President Bush and his aides have launched a campaign to bolster public support for the war before the November congressional elections.

The shift toward sectarian violence has occurred largely since the bombing of a Shiite shrine in Samarra in February. The violence has been characterized by a sharp rise in kidnappings, executions and bombings. Most of it has occurred in and around Baghdad between rival Sunni Arab and Shiite groups.

"Sectarian violence is gradually spreading north into Diyala province and Kirkuk as Sunni, Shi'a, and Kurdish groups compete for provincial influence," the report says.

More than 60 percent of the attacks are aimed at coalition troops, but attacks on civilians are rising and now constitute about 15 percent of the total. Sunni and Shiite death squads are responsible for most of the rise in sectarian violence, according to the report.

Recently, about 2,000 Iraqi civilians have died each month in sectarian violence, compared with about 1,000 in February.

Executions reached new highs in July. The Baghdad coroner's office reported that month that 90 percent of the 1,800 bodies it had received were those of people who'd been executed.

The killing in June of Jordanian-born terrorist Abu Musab al-Zarqawi, an ally of al-Qaida, "has dealt a significant blow" to the group al-Qaida in Iraq, although it continues to operate in small cells and has been focused on attacking Shiite civilians and a "retaliatory cycle of violence" against elements of the al Mahdi Army, a Shiite militia allied with radical cleric Muqtada al Sadr. The Mahdi Army is thought to be responsible for most Shiite death-squad activity, the report says.

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Peter Rodman, the assistant secretary of defense for international security, said the Pentagon didn't think that Iraq was in a civil war since the country had a functioning government that included all ethnic and religious groups.

The report says conditions for civil war are present but that the conflict doesn't meet "stringent international and legal standards" that define civil war. It didn't identify those standards.

"There are differing opinions among the intelligence community and other places as how best to describe it," said Adm. Bill Sullivan, the vice director for strategic plans and policy on the Joint Chiefs of Staff. "I think it's fair to say . . . that many of the preconditions do exist. We're not turning a blind eye to that."

Sullivan said that most of the operations being carried out by U.S. and Iraqi troops in Baghdad were aimed at curbing sectarian violence in order to defuse the threat of civil war.

The report on Iraq's security and stability is online at www.defenselink.mil/pubs/pdfs/Security-Stability-ReportAug29r1.pdf

Iraqis Expand Baghdad Security Operation (AP)

By Elena Becatoros

AP, September 2, 2006

BAGHDAD, Iraq (AP) — Iraqi forces will expand their security operation into eastern Baghdad — including Shiite militia strongholds — the Defense Ministry said Friday, a day after a barrage of coordinated attacks across those areas killed 64 people and wounded 286.

Rescue crews pulled bodies from the rubble after Thursday night's violence, which police said included explosives planted in apartments, car bombs and several rocket and mortar attacks on mainly Shiite neighborhoods.

The bloodshed capped a violent week that saw hundreds of Iraqis killed, despite a massive security crackdown in the capital that has targeted some of Baghdad's most violent neighborhoods.

Authorities reported more violence Friday, with a mortar attack on an open-air market in Mahmoudiya, about 20 miles south of Baghdad, that killed three people and wounded 12, an Iraqi army official said.

Gunmen also fatally shot one policeman in each of two towns outside Baghdad, while police said they found the body of a Saddam Hussein-era intelligence officer who had been kidnapped and shot.

The U.S. Defense Department issued a report to Congress saying sectarian violence is spreading in Iraq, with illegal militias becoming more entrenched, especially in Baghdad neighborhoods where they are seen as providers of security as well as basic social services.

Death squads targeting mainly Iraqi civilians are a growing problem, heightening the risk of civil war, the report said.

"Death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife," it said, adding that the Sunni-led insurgency "remains potent and viable" even as it is overshadowed by the sect-on-sect killing.

Thursday's attacks in Baghdad centered on neighborhoods controlled by Shiite militias, some of which Sunni Arabs accuse of running death squads.

Defense Ministry spokesman Muhammad Al-Askari said security forces planned to expand in a matter of days into an area of eastern Baghdad that includes the neighborhoods targeted Thursday. The move is part of "Operation Together Forward," a security crackdown that targets the capital's most violent districts in phases and has seen an extra 12,000 Iraqi and U.S. troops deployed in the capital.

"We have prepared everything, but we are waiting to mobilize the troops and prepare the special military units that will implement the raids," he said.

Sadr City, a stronghold of firebrand Shiite cleric Muqtada al-Sadr, would also be included, al-Askari told The Associated Press.

The area witnessed repeated clashes in the past between U.S. troops and al-Sadr's Mahdi Army militia, though American forces have rarely ventured into the area recently.

"No neighborhood is off limits," al-Askari told the AP. "There's not a single neighborhood that's a red line for us. Any area that has terrorist activity, we will enter — there will be no stop sign."

He said no special arrangements had been made to deal with a security operation into the neighborhood. Other areas include Baghdad Jadida, Habibiyah, Waziriyah and Palestine Street, which has witnessed a surge in violence recently.

The expanded security operation will begin in a week to 10 days, he said, adding that Prime Minister Nouri al-Maliki would decide on the exact date.

Al-Askari said the first two phases of the operation, which included Sunni Arab districts, was successful.

"The terrorists will not work in these districts any more, the terrorists are moving to suburbs of Baghdad, to districts that were not included in the first and second phases, to worsen the security situation there," he said.

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Despite the violence, Iraqi authorities are optimistic about the handover of security control. The Iraqi Ground Forces Command took over control from the U.S.-led coalition Friday of the first of 10 Iraqi army divisions, the U.S.-led command said in a statement.

The 8th Iraqi Army Division, based in Diwaniyah, will now report directly to Iraqi authorities rather than through the coalition.

Diwaniyah, 80 miles south of Baghdad, was the site of a fierce, 12-hour battle between the 8th Division and Shiite militia earlier in the week that left more than 20 soldiers and 50 militiamen dead.

Meanwhile, a bomb detonated Friday on the outskirts of Musayyib, about 40 miles south of Baghdad, damaging an oil pipeline and cutting supplies to a major electricity station.

Police said no one was injured, but electricity authorities in Babil province warned the damage would lead to longer power cuts in the cities of Karbala, Najaf, Hillah and Diwaniyah.

Iraqis have faced severe fuel shortages since Saddam Hussein's 2003 ouster, and insurgents have frequently targeted pipelines and oil refineries.

In other violence across the country Friday, according to police:

· The body of Kamil Shateb, a former intelligence officer during Saddam Hussein's regime, was found in Kut, 100 miles southeast of Baghdad, a morgue official said. He had been kidnapped the day before and shot in the head.

· Gunmen shot and killed a policeman in Numaniyah, a town near Kut, after breaking into his house Thursday night.

· A policeman was gunned down in a drive-by shooting in Ramadi, 70 miles west of Baghdad.

Iraqi Troops To Move Into East Baghdad (LAT/AP)

From The Associated Press

The Los Angeles Times, September 2, 2006

BAGHDAD — Iraqi security forces will expand their operations into east Baghdad, including Shiite militia strongholds, the Defense Ministry said Friday.

Ministry spokesman Mohammed Askari said forces planned to move into the area as part of a joint U.S.-Iraqi crackdown, targeting the capital's most violent districts in phases. The crackdown has resulted in an additional 12,000 troops being deployed in the capital.

The Sadr City neighborhood, a stronghold of firebrand Shiite cleric Muqtada Sadr, will be included, Askari said. The district has seen repeated clashes between U.S. troops and Sadr's Al Mahdi militia. American forces recently have rarely gone into the district.

Other areas include Jadida, Habibiya, Waziriya and Palestine Street, which has experienced a surge in violence. The expansion will begin within 10 days, Askari said.

Kurdistan President Replaces Iraqi Flag (AP)

AP, September 2, 2006

Kurdistan president Massoud Barzani has ordered the Iraqi national flag to be replaced with the Kurdish one in his northern autonomous region in what appeared to be another move toward more self-rule in the north, local officials said Friday.

The order was issued Thursday and applies to the Kurdish region, said Beshraw Ahmed, a spokesman for the Sulaimaniyah municipality.

According to Azad Jundiyanim, a member of President Jalal Talabani's Patriotic Union of Kurdistan in Sulaimaniyah, Barzani issued a formal message asking for the Iraqi flag to be lowered. The message was also broadcast on Kurdish radio.

Iraq's northern Kurdish region has slowly been gaining more autonomy since the 2003 U.S.-led invasion of Iraq.

On May 7, its parliament in the northern city of Irbil unified the Kurdish region's two long-standing administrations, one headed by Barzani's Kurdistan Democratic Party and the other by Talabani's Patriotic Union of Kurdistan.

Kurds had until then enjoyed self-rule in three provinces of the north but under the separate administrations.

Sunni Arabs fear that Kurds are pushing for secession under the nation's new federal system, a step which, if imitated by the Shiite majority in the oil-rich south, would leave Sunnis with little more than date groves and sand.

The Kurdish region had been out of Saddam Hussein's control since the 1991 Gulf War, when the Kurds set up their autonomous region under the protection of U.S. and British warplanes. After the U.S.-led invasion, Kurdistan was the only region that did not witness major changes.

Iraq's new constitution recognizes Kurdish self-rule and provides a legal mechanism for other areas to govern themselves but within the Iraqi state.

Questions Echo Amid The Din Of Explosions (LAT)

DOJ_NMG_0058100

By Patrick J. Mcdonnell And Raheem Salman

The Los Angeles Times, September 2, 2006

'How can people protect themselves? From which enemy?' Iraqis grapple with the latest major attack, horrific even by Baghdad standards.

BAGHDAD — The civil defense men in blue uniforms joined neighborhood volunteers picking through the rubble with their hands, there being no heavy equipment to aid in this thankless task. Dedicated young men used a nylon sack to bag jagged bits of flesh, now destined for a proper Muslim interment.

"Why so many explosions at the same time?" asked Mohammed Mayahi, 57, whose sons were among those burrowing for signs of life and death in the heap of debris that a day earlier had been a two-story apartment building, alive with families, shops and a restaurant. "How can people protect themselves? From which enemy? We must be vigilant, yes, but against which form of killing?"

Such was the doleful and confused scene Friday in the east Baghdad neighborhood of Habibiya, where something — a rocket, a bomb, a mortar shell, no one seemed to know quite what — tore into a building just before sundown as residents gathered on the eve of the weekly Islamic day of prayer, rest and contemplation.

The day-after canvass through the ruins has become so familiar in this tormented nation that the images may now seem to some cliche, the grief ritualized.

But they were all too real in Habibiya and nearby districts, targets of a highly coordinated bombardment that was stunning even by Baghdad's gruesome standards. The official toll from Thursday's attack: 63 killed and 282 injured. Of the dead, 19 were children younger than 16 and 24 were women, a police official said.

The weapons included rockets, mortars, car bombs and, in a twist, bombs placed inside buildings and apparently set off by timers. In some cases, authorities said, the plotters may have rented apartments and shops with the sole intention of blowing them up — a sinister new turn in Iraq's cycle of carnage.

"These terrorists always seem capable of inventing a new way to kill people," said Mohammed Askari, a Defense Ministry spokesman.

Thursday's attack, which occurred over a 25-minute period starting at 6:05 p.m., struck a broad arc of mostly Shiite Muslim neighborhoods. It caused casualties in half a dozen districts on the east side of the Tigris River, the murky dividing line in the sectarian war pitting Sunni against Shiite.

Suspicion fell on the Sunni Arab guerrillas engaged in a brutal conflict with the majority Shiite sect.

Witnesses at various bomb sites Friday recounted the chaos.

"I heard the explosion, and I realized it was in the building where I live," recalled Mohammed Jawad, 29, who was walking on a street in the New Baghdad neighborhood, which was hit by several blasts.

He ran to his apartment, where his wife, Zainab, and the couple's two young children were enmeshed in the rubble. "I didn't know where to search," Jawad said, recalling his panic.

All of them lived, but the couple's 4-year-old son was hospitalized with a head injury.

A survivor told of trampling over women's bodies as he escaped through a series of destroyed shops specializing in clothing and cosmetics.

"Can we label this resistance?" a leading Shiite cleric, Sadruddin Qubanchi, asked during his sermon from the city of Najaf, sacred ground to the Shiites. "No, what is happening is terrorism and the stuff of thieves and the displacement of people because of their identities."

Such barbarity inevitably breeds response in Iraq's tit-for-tat atmosphere that threatens to accelerate into all-out civil war. On Friday, the imams dutifully urged moderation, as they have for weeks and months as the bodies have piled up.

"All Iraqis must come together and be united," said Mahmoud Sumaidaie at Umm Qura Mosque, a leading Sunni house of worship in the capital. "God will certainly bless this unity."

But the concept of unity has been eclipsed lately as self-styled avengers seek payback for each new outrage. For every bomb victim, it seems, someone else is found dead in a lot or a back street.

Though no one has done the math, it may be that as many Iraqis have been killed lately execution-style, with a bullet through the skull, as have perished in mass bombings such as Thursday's, which buried dozens.

"We pulled about 25 bodies from the rubble," said Iedin Ayoob, a Christian shop owner in New Baghdad, where one of the explosions tore into a three-story building, home to Christians and Muslims, including Kurds, killing residents and passersby. "We found a man's body that was divided in two parts. We found a minibus driver killed while he was in his vehicle."

Ayoob's friend Haider Abdullah, who owns a cellphone shop, chimed in with a tale of survivors: two men enveloped by the blast as they were shaking hands. Buried together, they were found by rescuers in a kind of embrace, miraculously uninjured.

"They started laughing when we found them," Abdullah recalled.

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On Friday, residents stared at the destruction as shopkeepers picked up scattered belongings. Someone recalled a line of Arab poetry, something about the inevitability of death, be it by the sword or other means.

"There are too many ways the Iraqi dies," said an older man surveying the damage in New Baghdad. "Our deaths have become cheapened. We have become experiments for all kinds of weapons."

In Habibiya, the rampant speculation focused on who was to blame.

"I heard the whoosh of a rocket — I bet it was the Americans," said a young man in a blue track suit. "They want us to fight each other."

No, countered a gray-haired man, Abu Bilal, who noted the lack of aircraft in the sky at the time of the attack.

Two residents said they had heard something: Shortly before the explosion, a man carrying a carton had asked to use a bathroom in a ground-floor shop. He went in, and a short time later the building exploded, trapping residents, shoppers and pedestrians.

"What is the guilt of our sons to be killed in this ghastly way?" an elderly woman known as Um Jabbar asked, glaring at the debris.

It is a question that resounds throughout Iraq in these bloody days, demanding a response that never seems to come.

Orphans In Iraq's Storm (WP)

By Jonathan Finer

The Washington Post, September 2, 2006

Despite Stigma, Growing Number of Children Ending Up in Public Care

BAGHDAD -- Athier Hamed first came to the Baghdad orphanage two years ago when his mother died suddenly and his father, he said, "lost his mind."

"He got angrier and angrier with me, and hurt me like it was nothing," said Athier, soft-spoken and slender, pulling up his sleeves to show waxy scars on his wrists from handcuffs he said his father, in a fit of rage, tried to weld to his arms.

Fearing for his life, Athier, now 13, ran away, talking a bus driver into giving him a ride to the Iraqi capital from his small home town in the western province of Anbar. Police took him to the First House for the Child, founded in 2003 as the number of abandoned and orphaned children in the Iraqi capital began to surge.

But when visiting government officials interviewed him about his past, they decided to return him to his father. It didn't last long.

"I said I didn't want to go back, but they said I should be with my own family," Athier said in a recent interview at the orphanage. "I couldn't bear being back with him. After two days, he hit me and I came back here."

Athier again became a ward of the state, a status increasingly common here despite a stigma so strong it has prompted the financially strapped government to pay families to take their children back.

Before the U.S. invasion in 2003, about 400 children lived in Iraqi orphanages, to which Saddam Hussein often paid high-profile visits to demonstrate his magnanimity. But by early 2006, that number had grown to nearly 1,000, according to government statistics. For a country that has been at war or under crippling economic sanctions for more than 25 years, the numbers are still smaller than might be expected. But Islamic society considers it shameful to abandon children to public care, so traditionally most children who lose parents are absorbed into vast family networks.

Social workers and Iraqi officials say the steady climb in the number of orphans turned over to the government -- which has required the construction of three new orphanages in Baghdad alone in the past three years -- reflects the toll that war and economic hardship are taking on families, considered the nucleus of Muslim society. The trend also is evidence, they say, of the newly emerging belief that children may be better off in institutions than in war-torn neighborhoods.

"In the Arab world, tradition plays a part in this. In some provinces, we have no orphanages because it would be a disgrace for families not to take care of the children," said Abeer Mahdi al-Chalabi, director of the orphanages department at the Labor and Social Affairs Ministry. "But families are having more trouble than ever before. Some of them are falling apart."

Last year the Iraqi government implemented a policy of paying relatives of orphaned or abandoned children to take them back from government facilities. Officials launched efforts to locate family members of children in orphanages and offered monthly stipends of about $35 per child to care for them.

"It is better for the children," Chalabi said.

But the policy runs the risk of leaving children neglected or mistreated or vulnerable to the violence they were trying to escape, some orphanage employees said.

"In some cases, it obviously doesn't make sense to put them in a situation where they can be hurt again," said Suda Radhil, director of the First House for the Child.

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Interviews with several children at an orphanage in the north Baghdad neighborhood of Waziriya showed they are acutely aware of the societal biases against them. Speaking firmly, his eyes fixed straight ahead, Ahmed Abbas said his mother died giving birth and his father died a hero.

"He was martyred with [Ayatollah] Mohammed Bakir Hakim, " the 16-year-old added, offering details of the fatal wounds he said his father suffered in the August 2003 bombing at a shrine in Najaf that killed one of Iraq's most powerful Shiite Muslim leaders.

"Of course I wouldn't want to be here. My father would not want me to be here," Ahmed said. "There was no choice."

After the boy had left the room, the orphanage director quickly offered a different account. Abbas's father is a common criminal, she said, arrested by police two years ago for helping to run a kidnapping ring. And his mother gave him up because she could not afford to raise him alone.

"Sometimes the truth is hard for them to admit," she said.

Recent visits to two Baghdad orphanages showed immaculate, well-equipped facilities, segregated by sex, with children ranging from 5 to 18 years old. The Waziriya orphanage, which does not have a name, had a spacious interior courtyard with basketball hoops and soccer goals, a large television and video game units, and a small computer lab where children are taught typing and other skills.

But they are also places prone to violence. Radhil said she has been beaten nearly unconscious by residents twice since she began working at the First House for the Child in 2004. Fights break out almost daily, and children often run away, only to be dragged back by police.

"These are kids whose parents were taken by violence or who lived on violent streets and only know violence," she said.

At the Waziriya orphanage, that climate is reflected in drawings by Saella Saleh that hang throughout the facility. A resident for eight years, he said only that his parents "died normally," a refrain heard often from orphans whose parents died under violent circumstances.

One of his drawings, done in marker, shows a map of Iraq with a thick metal chain across it and a U.S. flag on the lock. "Iraq is in chains," it says in Arabic script. Another shows women and men crying over a coffin outside a building labeled "Baghdad Morgue." In a third, a tank points its main gun at a group of students wearing backpacks.

For many children, however, the orphanages are a sanctuary from the chaos outside their doors. Muhammad Rahman's long road to Baghdad began nearly two years ago when a major U.S. assault on Fallujah began.

A U.S. bomb, or maybe an artillery shell, he said, struck his home while he played soccer in the street with neighborhood kids. His parents, two brothers and his sister died in the explosion.

For days, Muhammad, then 9, wandered the streets of the besieged city with nowhere to go. Iraqi police commandos found him and brought him to Baghdad and the First House for the Child.

"This is my home. This is my family," he said. "I want to stay here for the rest of my life."

Special correspondents Omar Fekeiki and Bassam Sebti contributed to this report.

The Spoils Of War (WP)

Reviewed By Michael Hirsh

The Washington Post, September 2, 2006

A reporter accuses the Bush administration of turning nation-building into a pork buffet.

BLOOD MONEY

Wasted Billions, Lost Lives,

and Corporate Greed in Iraq

By T. Christian Miller

Little, Brown. 333 pp. $24.99

When future historians sift through the wreckage of the Bush administration's Iraq policy, they will rely in large part on a handful of books by brilliant reporters who watched the debacle unfold. George Packer's The Assassins' Gate is one such book, and Thomas E. Ricks's Fiasco is certain to be another. To this short list of indispensable accounts detailing how what was supposed to be a liberation became a quagmire, I would now add T. Christian Miller's Blood Money .

Most accounts have focused on the political and military mistakes made in invading and occupying Iraq. These errors have become somewhat familiar: the failure to plan for an occupation, even a short-term one; the U.S. proconsul L. Paul Bremer's careless destruction of all that remained of order in Iraq -- the Baath Party and the army -- in one fell swoop; and above all, Defense Secretary Donald Rumsfeld's persistent refusal to acknowledge that an Iraqi insurgency was growing and to raise U.S. troop levels accordingly.

DOJ_NMG_0058103

Miller, an investigative reporter for the Los Angeles Times, fills in the missing piece: the staggering incompetence and corruption of the U.S.-led reconstruction effort, which may have done almost as much as anything else to turn the Iraqi population against its occupiers. Despite headlines in recent years about Halliburton's hefty revenues, this has been, in general, the less-covered dimension of the Iraq adventure. At its heart, Blood Money is the tale of how Washington left a country desperately in need of rebuilding to the whims of money-hungry private contractors, and of how the lack of clear lines of authority doomed efficiency, effectiveness and accountability from the start.

The result? "In almost every way the rebuilding has fallen short," Miller writes, despite some successes, such as the reconstruction of thousands of Iraqi schools and the vaccination of tens of thousands of Iraqi children. "After three years Iraqis have less power in their homes than under Saddam. Hospital neonatal units lose electricity, and doctors watch children die . . . . Oil production is far below its prewar peak. Poor Iraqis in Baghdad slums suffer through outbreaks of easily preventable diseases like hepatitis for lack of clean water or health care." And what bothers him most now, he says, is that the Bush administration seems about to give up on the reconstruction, slashing its funding even as it extends the U.S. troop presence in Iraq.

How did the country that authored the Marshall Plan botch Iraq? By way of explanation, Miller brings to life the villains and heroes of the often arcane reconstruction effort. His villains include politically connected contractors such as Mike Battles and Scott Custer, whom the former inspector general of the U.S. Army's Fifth Corps calls "rip-off artists" and who, Miller reports, never endured "any serious effort" from the Bush administration to recover the taxpayer dollars they were responsible for; senators such as Ted Stevens (R-Alaska), who, Miller writes, inserted language into the $18.4-billion Iraq-reconstruction bill of November 2003 guaranteeing "special contracting privileges for a group of constituents [the Alaska Native Corporations] that supplied Stevens . . . with votes" ; Coalition Provisional Authority (CPA) administrator Bremer, whom Miller accuses of simply not paying attention while such depredations were happening under his nose; and even Laura Bush, who championed an extravagant showcase hospital on the outskirts of Basra that Miller reports drained money and attention away from the small-scale health clinics that Iraqis really needed.

Miller's heroes are the ordinary soldiers and administrators who went to Iraq with the best intentions and tried desperately to make life better for the Iraqis -- and almost always failed. Some, Miller writes, such as Army Lt. Col. Ted Westhusing, a security trainer assigned to oversee one suspect U.S. contractor, may have been driven to suicide because of it. None of these stories is more engrossing -- and as full of the high drama that only true-life villainy and heroism can supply -- than Miller's account of the outrageous tale of Jack Shaw, a senior Pentagon official who brazenly interfered with the creation of Iraq's mobile-phone network. Miller writes that even though contracts had already been handed out, Shaw, a deputy undersecretary of defense described as someone who "could have been a caricature of the Beltway insider," sought to benefit a company linked to a friend of his. According to a November 2003 e-mail from Shaw that Miller cites, the Pentagon official tried to use a new contract for a police mobile network as a "back door" for his friend's company to set up its own commercial cellphone network. Then, Miller adds, Shaw used Sen. Stevens's legal loophole, intended to award Iraq contracts to "native Alaskans" on a no-bid basis, to sneak in his favored consortium.

When a brave and honest CPA official, Daniel Sudnick, tried to blow the whistle, Miller reports that Shaw spread stories around the Pentagon suggesting that Sudnick was corrupt, resulting in the latter's being forced to resign. Shaw's actions were finally exposed, but because of the confusion he created, it took more than two years before a police mobile-phone network was installed in Iraq. "During that time thousands of American soldiers and Iraqi police officers were killed, at least some of whom could have been saved had they been able to pick up a phone and call for help," Miller notes. Shaw was finally fired in December 2004, but Miller reports that -- in keeping with the Bush administration's unblemished record of never holding a senior official responsible for any lapse of judgment -- his departure was not explained and he was never held accountable.

Miller also tells the inspiring story of Shaw's mirror opposite, Stuart Bowen, the inspector general for Iraq reconstruction, who, despite his own insider GOP connections, turned into an indefatigable investigator and truth-teller. And the book provides the best account yet of the pitfalls of contracting security out to private companies. Miller obtained documents from the Army Corps of Engineers that show that "private security contractors played a leading role in the daily violence of Iraq" but never faced the penalties served up to, say, the military abusers at Abu Ghraib prison. Often acting without any coordination with U.S. forces, Miller writes, contractors would fire at Iraqi cars even when they hadn't been obviously provoked. This arbitrary treatment enraged Iraqis, especially since the contractors were effectively immune from criminal or civil charges.

Miller doesn't always give us the full picture: His chapter on Iraq's electricity problem, probably the single biggest setback to reconstruction, seems like an afterthought. It is also hard not to feel sympathy for contractors who worked in horrific conditions: About 500 of them have lost their lives in Iraq. But one of the many virtues of Miller's book is its balance. Halliburton, for example, comes off better than you might expect: The firm almost unfailingly supplied the promised services to troops (as anyone who has eaten at one of its subsidiary Kellogg Brown & Root's well-stocked dining facilities can attest) even as it gouged taxpayers for oil

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profits. "The company delivered, but wasted a lot of money doing it," Miller says. That, sadly, is more than one can say about the rest of the reconstruction effort, which for the most part didn't deliver at all.

Iraqi Arabs See Unlikely Haven With Old Foes (NYT)

By Edward Wong

The New York Times, September 2, 2006

SULAIMANIYA, Iraq — Along with a Ferris wheel and ice cream stands, the park at the heart of this Kurdish city has a monument listing the names of dozens of Kurds killed in a torture compound here by Saddam Hussein's intelligence officers.

Yet, there was Sabah Abdul Rahman, a former intelligence officer, strolling just yards from the monument with his family on a recent evening.

Driven from Tikrit, Mr. Hussein's hometown, by violence and their resentment of the American military, the family had arrived here that very day and found a $30-a-night apartment.

"This is the only safe place in all of Iraq," said Mr. Abdul Rahman, himself a Sunni Arab, as children scampered around him. "There's terrorism elsewhere and the presence of the Americans."

With sectarian violence boiling over in much of Iraq, tens of thousands of Arab families are on the move, searching for a safe place to live. Surprisingly, given the decades of brutal Sunni Arab rule over the Kurdish minority and the continuing ethnic tensions, many like Mr. Abdul Rahman are settling in the secure provinces of Iraqi Kurdistan, run virtually as a separate country by the regional government.

The influx of Arabs has made many Kurds nervous, and regional leaders are debating whether to corral the Arabs into separate housing estates or camps.

"For the Kurdish people, it's a sensitive issue," said Asos Hardi, the editor of Awene, a newspaper that has run editorials in favor of segregating the Arab migrants. "Of course, everybody supports those people who have left their lands and their homes because of violence, but we don't want it at the expense of giving up our land or changing the demographics of our land."

Across Iraq, growing numbers of Arabs have been fleeing their hometowns in search of basic security. Outside Kurdistan, nearly 39,000 families have been uprooted by the Sunni-Shiite sectarian violence, a figure far higher than an estimate of 27,000 released by Iraqi officials in July, according to the Iraqi Ministry of Migration and Displacement. Families usually move from mixed areas to cities or neighborhoods where their sects dominate.

But some are choosing Iraqi Kurdistan even over sectarian enclaves in Baghdad and homogeneous cities like Falluja, for Sunnis, and Najaf, for Shiites. Besides having greater security, Kurdistan might appeal to more secular Arabs because the Kurds, who make up a fifth of Iraq, are often not religious conservatives.

Arabs moving to Kurdistan are required to register with security agencies, which track how many arrive and where they live. The chief security officer for Sulaimaniya, the largest city in eastern Kurdistan, said about 1,000 Arab families had moved into this area, and that thousands more families had settled in other parts of the Kurdish north. Most are Sunni Arabs, said the officer, Sarkawt Hassan Jalal.

Some Arab migrants here are poor laborers. Dozens can be seen sleeping every night outside the Qadir Mosque in downtown Sulaimaniya. But many migrants come from the professional class — doctors, engineers and professors.

Also among them are members of the ousted Baath Party and former security or intelligence officers like Mr. Abdul Rahman, who may be fleeing persecution by other Iraqis or arrest by American soldiers.

"We know the parents of families who come here are Baathists, but they're allowed to live in Sulaimaniya if they have a Kurdish sponsor," said Muhammad Bayer Arif, the principal of the Jawahiri School, the only primary school in the city where classes are taught in Arabic. Enrollment has jumped to more than 1,500 for this school year from 1,250 last year.

Many Kurds are not as sanguine as Mr. Arif. They are all too aware of the bitter history of Arab rule over the Kurds, which was brought to the fore in late August when Mr. Hussein and six aides began to stand trial on charges of killing at least 50,000 Kurds and annihilating 2,000 villages in a 1988 military campaign.

Some Kurds fear that the Arab migrants will bring with them suicide bombers. In addition, the arrival of middle-class Arabs has driven up rental costs of homes by as much as 50 percent, Kurdish officials say.

Some Kurds also say the wave of migration evokes Mr. Hussein's "Arabization" policy, in which he moved Arabs into Kurdish territory and expelled more than 100,000 Kurds in order to change the demographics of the region, especially around the Kirkuk oil fields.

"This will be another form of Arabization," said Mr. Hardi, the newspaper editor.

Anwar Abu Bakr Muhammad, a schoolteacher chatting with friends in the city's main square, said: "If they're separated from us and live in their own camp, there won't be any problems. We don't want the same violence that exists elsewhere in Iraq to take place here."

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But, to some those fears seem unfounded. “Until now, there’s been no problem,” said Mr. Jalal, the security official, when asked about the possibility of suicide bombers and other violence.

Many of the Arabs praise the hospitality of the Kurds. “The people are very good to us, and we have more freedom here,” said Mr. Abdul Rahman, the former intelligence officer. “There are no Americans. Tikrit is very bad — there are mass arrests, curfews, no services, no electricity.”

He and his wife, who is half-Kurdish, brought along their two children and Rusol, a young girl whose father was arrested by the Americans after the invasion. No one knows his fate. Rusol’s older sister died of “crying and too much depression,” Mr. Abdul Rahman said.

“We moved here to find a doctor for this girl,” he said as Rusol cracked a shy smile.

On this late summer evening, there were many other Arabs gathered in Freedom Park.

A young woman in a red blouse stepped off a dizzying ride of whirling swings. She and a girlfriend had just been screaming their heads off. The woman, Arij Abdul Qadir, said she moved here recently from a Shiite slum in Baghdad with her husband, their children and her sister.

The husband found work as a hotel receptionist, so the family has free lodging. Ms. Abdul Qadir, 30, said one of the biggest boons was the relative abundance of electricity — Sulaimaniya usually has 15 hours a day, while Baghdad sputters along with 6.

“There’s no life, no electricity, no security in Baghdad,” she said. “We’ll stay here as long as there’s no security. When there’s security, we’ll go back.”

Ms. Abdul Qadir said she had learned a few words of Kurdish, and she had enrolled some of her children in the Jawahiri School, the elementary school where lessons are taught in Arabic.

Over at the school, the principal, Mr. Arif, said the surge in enrollment had strained his resources. By the time classes start in mid-September, there could be as many as 1,700 students, Mr. Arif said. With only 12 classrooms, the school plans to run two shifts a day.

Enrollment has also soared at the two intermediate schools in Sulaimaniya that teach in Arabic.

That has raised concerns among Arab parents like Naseer al-Yasiri, a construction manager from Baghdad who recently enrolled two children in the schools.

“How will they teach all those students?” he said as he sat in a trailer on a construction site at the city outskirts. A television was tuned to the genocide trial of Saddam Hussein.

Kurdish neighbors recently invited the family on an overnight trip to a mountain resort. The children have frolicked at Freedom Park and at the Azmar Hotel, perched high in the hills above the city. “They were like birds freed from a cage,” Mr. Yasiri said.

“Of course I miss Baghdad,” he added. “But when you see it now, it’s a ghost city. Who’s left there? Terrorists?”

Truces Fueling Resurgence Of Taliban, Critics Say (MCT)

By Jonathan S. Landay

McClatchy Newspapers, September 2, 2006

KABUL, Afghanistan - The Pakistani military is striking truces with Islamic separatists along the country's border with Afghanistan, freeing Pakistani militants and al-Qaida fighters to join Taliban insurgents battling U.S.-led troops and government forces in Afghanistan.

Western and Afghan officials said the new infiltration came as the United States, its NATO allies and the Afghan government were struggling to stem a resurgence of the Taliban across large swaths of southern and eastern Afghanistan.

The fighting in Afghanistan is the bloodiest since U.S. forces drove the Taliban from power after the Sept. 11 terrorist attacks. Many of the movement's top leaders, along with Osama bin Laden and many of his followers, escaped to Pakistan and have never been caught.

The Pakistani regime of Gen. Pervez Musharraf has been negotiating truces - with the Bush administration's encouragement - with Islamic separatists in North Waziristan and South Waziristan, mountainous tribal areas along the Afghan border where U.S. officials think bin Laden may be hiding.

In return, Pakistani officials are promising to restrict the country's troops in the area to major bases and towns and to pour huge amounts of aid - much of it from the United States and other nations - into the destitute region, according to American officials.

But as the truces take hold, separatists have been crossing into Afghanistan to fight alongside Taliban and al-Qaida fighters, according to Western and Afghan officials.

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Diplomats who discussed the issue requested anonymity because the problem is the subject of highly sensitive discussions among Pakistan, Afghanistan, the United States and major contributing countries to the NATO-led International Security Assistance Force in Afghanistan.

The separatists and the Taliban are Pashtuns, the ethnic group that dominates Afghanistan and Pakistan's tribal region. It's unclear whether the flow is an unintended consequence of the truces or is being ignored - or encouraged - by Musharraf's regime as part of the price for peace with the separatists.

Pakistan, which backed the Taliban before Sept. 11, says it's doing its best to seal the frontier of towering mountains and isolated valleys and denies that it's resumed support for its former clients.

Musharraf deployed 80,000 troops in mid-2003 to seal the Afghan-Pakistani border, subdue the separatists and track down bin Laden and his followers. But the military's heavy artillery and helicopter gunships failed to conquer the separatists and establish government control over the border region, a tribal area where the government has never established its dominance.

The United States reportedly has spent more than $1 billion underwriting the border fight, but when the military failed to crush the separatists, the Bush administration agreed to support Pakistan's truce-making efforts and pledged millions of dollars in additional aid.

The truces between Pakistan's military and the separatists have coincided with rising violence against civilians and increased attacks by the Taliban in four Afghan provinces along the Pakistani border, according to a United Nations-run security-monitoring program that Western diplomats consider highly reliable.

"The Waziristan border is like somebody swung the gate open," one Western diplomat said. "They (the Pakistanis) have bought peace there by exporting the problem."

A second Western diplomat said the U.N. monitoring tracked more incidents in Paktia, Paktika, Ghazni and Khost provinces Aug. 13-27 than in southern Afghanistan, where the Taliban resurgence has been focused.

"What's pretty clear is that a subtext" of the truces is that the Islamic rebels in Waziristan "have a free hand across the border," he said, adding that al-Qaida fighters who've backed the separatists also are crossing into Afghanistan.

"It points to a real probability of even higher levels of violence" in Afghanistan, he said.

Col. Tom Collins, a spokesman for the 23,000-strong American force responsible for southeastern areas of Afghanistan bordering Pakistan, said he couldn't confirm or deny greater infiltration from Waziristan.

"But there has been a definite increase in Taliban activity in Ghazni province," one of the provinces near the border, along the main highway linking Kabul with Afghanistan's second largest city, Kandahar, the birthplace of the Taliban, he said.

Afghan President Hamid Karzai and his top aides have charged repeatedly that Musharraf's regime is supporting the Taliban, harboring their leaders and allowing them to maintain training camps and supply bases in Pakistan.

Zia Mojadedi, a senior national security aide to Karzai, criticized the Bush administration for accepting Pakistani assurances that the new truces include rebel promises not to join the Taliban insurgency in Afghanistan.

"The thrust of (Pakistan's) strategy remains the same: how to milk the Americans" for more money, he said.

The Pakistanis' use of artillery and air power in the border fight - as well as cross-border U.S. strikes on suspected al-Qaida targets - claimed numerous civilian casualties, forced thousands of people to flee their homes and stoked support for the separatists. Hundreds have been killed on both sides.

The separatists have imposed rigid Islamic rule in Waziristan, where Pakistani troops reportedly are suffering serious morale problems and the violence has helped fuel popular anger at Musharraf and the United States.

More seriously, some experts said, discontent with Musharraf is growing within Pakistan's officer corps because of the army's humiliating setbacks in Waziristan.

Musharraf is a key ally in the Bush administration's war on al-Qaida. He's refused to relinquish the post of army chief of staff since he seized power in a military coup in 1999.

NATO Gives Itself Six Months To Tame The Taliban (AFP-Y)

AFP, September 2, 2006

NATO forces in Afghanistan have set themselves a six-month deadline to establish a clear advantage over Taliban insurgents, their commander said in an interview.

Lieutenant General David Richards, the British general in charge of the international force in the war-shattered country, said they had to prove that Afghan President Hamid Karzai's administration had the upper hand in the battle against supporters of the deposed Taliban regime.

"We have to show in the next six months that the government is on the winning side," Richards told Britain's Financial Times business daily.

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His comments highlight the growing concern that Afghan and international officials needed to do more to win popular support in the lawless south of the country.

Taliban fighters have been waging an increasingly sophisticated insurgency since being driven from government in late 2001 in a US-led military operation.

"Over the past five years there has never been a united agenda," Jawed Ludin, Karzai's chief of staff, told the FT.

He said Karzai had established a high-level multi-national Policy Action Group focused on tackling the insurgency in a more co-ordinated fashion.

He said the group included Karzai, Afghan ministers, NATO and US military commanders and the ambassadors of Britain, Canada and the Netherlands, countries which have all contributed troops in the troubled four southern provinces.

"It has been understood that the situation in the south calls for a much more coherent policy to win hearts and minds," said Mohammed Hanif Atmar, the Afghan minister of education.

He heads a working group on reconstruction in the south which is part of Karzai's initiative.

"Afghanistan has had two administrations: one that the government of Afghanistan has established and another that the international community has set up. We are trying to make them work together."

On Friday, a British soldier was killed in southern Afghanistan, the latest victim of fighting between NATO and Taliban insurgents.

Some 22 British soldiers have now been killed in Afghanistan -- 15 in combat -- since the start of operations against the Taliban following the September 11, 2001 attacks on the United States.

Nato Sets Deadline To Beat Taliban (FT)

By Rachel Morarjee, Daniel Dombey, In Kabul And In Lappeenrata

Financial Times, September 2, 2006

The general in charge of the international force in Afghanistan has given his soldiers six months to establish a clear advantage against the bitter Taliban-led insurgency in the south of the country.

“We have to show in the next six months that the government is on the winning side,” said Lieutenant General David Richards, commander of Nato forces in Afghanistan, in an interview with the Financial Times.

Gen Richards’ comments come at the end of the first month in which Nato has been responsible for Afghanistan’s turbulent south – a month in which nine British soldiers have died in the violent province of Helmand, including one killed on Friday.

Earlier this week, UK officials said that soaring drug production in Helmand was likely to take Afghanistan’s opium production to record highs, in United Nations figures expected this weekend.

Twenty two British soldiers have died in Afghanistan since the start of operations in November 2001.

By contrast, Germany and the Netherlands, which are stationed in less violent Afghan regions, continue to debate whether they should be prepared to dispatch soldiers to more dangerous areas.

The Nato chief’s remarks also illustrate mounting concern that international and Afghan officials need to do more to win the support of the population in the south.

“Over the past five years there has never been a united agenda” to tackle the insurgency, Jawed Ludin, chief of staff of Hamid Karzai, Afghanistan’s president, told the FT, referring to the initial 2001 defeat of the Taliban by a US-led coalition.

He added that Mr Karzai had set up a top-level multinational group to focus on tackling the insurgency in a more co-ordinated and integrated manner.

Mr Ludin said the Policy Action Group included Mr Karzai, Afghan ministers, Nato and US military commanders and the ambassadors of Britain, Canada and the Netherlands, which have all contributed troops in the four southern provinces.

“It has been understood that the situation in the south calls for a much more coherent policy to win hearts and minds,” said Mohammed Haneef Atmar, Afghan Minister of Education and head of a working group on reconstruction in the south which is part of the initiative.

British Soldier Dies In Afghanistan (WP/AP)

By Matthew Pennington, Associated Press

The Washington Post, September 2, 2006

Another Seriously Wounded in Insurgent Attack in Volatile South

KABUL, Afghanistan, Sept. 1 -- An insurgent attack killed one British soldier and seriously wounded another Friday in the latest fighting to rack southern Afghanistan, while suspected Taliban gunmen ambushed and shot dead a district chief, officials said.

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Insurgents attacked the British soldiers in the southern province of Helmand at 4 p.m., according to statements from NATO and the British Defense Ministry. One militant was killed in the fighting. The wounded soldier was evacuated for medical treatment.

Britain has nearly 4,000 troops deployed in Helmand as part of a NATO-led security force battling to bring security to turbulent southern Afghanistan.

Twenty-two British soldiers have died in the country since November 2001, 17 of them this March when the NATO force moved into Helmand, the hub of Afghanistan's growing heroin industry.

The province has seen the worst of recent fighting, the biggest surge in violence in the nearly five years since the ouster of the Taliban government by U.S.-led forces.

Armed supporters of the Taliban have stepped up attacks, rendering much of the south and east of the country unsafe for civilian travel. Insecurity has also spread to new provinces, such as Ghazni, where Taliban fighters have become more active.

On Friday, suspected Taliban fighters ambushed the chief of that central province's Muqur district, Habibullah Jan, as he traveled by car to the provincial capital, said Abdul Ali Faqari, the Ghazni governor's spokesman. Four of Jan's bodyguards were wounded in the attack.

In the east, a bomb believed planted by Islamic extremists badly damaged a newly built coeducational school in Paktika province on Friday, the military said in a statement. At the time, no one was inside the school, which was due to open next week.

Taliban insurgents have attacked scores of schools in an effort to undermine the already weak government of President Hamid Karzai. The attacks also appear motivated by religious opposition to girls' education.

Meanwhile in the north, German military police arrested seven suspected insurgents who were in a vehicle that subsequently exploded near the entrance of a military compound in the city of Mazar-e Sharif, NATO forces said in a statement. No one was hurt.

Police dogs had detected the explosives during a search, and the area was cordoned off before the blast occurred, the statement said. The suspects will be handed over to Afghan authorities for prosecution, the statement said.

Report Says U.N. Official Directed Contracts To Indian Company (NYT/AP)

By The Associated Press

The New York Times, September 2, 2006

UNITED NATIONS, Sept. 1 — An internal investigation has concluded that a United Nations official steered millions of dollars in contracts to a company owned by the government of his native India in exchange for favors that included low-rent apartments, according to a United Nations report.

The investigation concluded that Sanjaya Bahel, who was formally an official in the Indian government when he was working for the United Nations under contract, used his relationship with a wealthy Indian businessman and the businessman's son to steer the deals to the company they represented, Telecommunications Consultants India.

According to the inquiry, which was disclosed Thursday, Mr. Bahel also ignored evidence that the company wrongly withheld money from employees who were sent to United Nations peacekeeping missions — in places like Liberia, Congo and Kosovo — to do communications work.

It said that while the workers claimed they were getting only a pittance — as little as $5 for daily expenses — the money enriched another company associated with the Indian businessman and his son.

The confidential report detailing the investigation's findings was shown to The Associated Press. Mr. Bahel denied its claims.

"All I can say to you is to me, the allegations are not correct," he said.

Mr. Bahel was chief of commodity procurement for the United Nations from 1998 to 2003. From 1999 to 2004, Telecommunications Consultants India received more than $100 million in United Nations contracts, the report said.

Details of the investigation were reported Friday in Il Sole 24 Ore, an Italian daily business newspaper. They are the latest in a string of claims of fraud in the procurement department, which is responsible for awarding millions of dollars in contracts to do business around the world with the United Nations.

After learning that the details of Mr. Bahel's case were about to be made public by the Italian newspaper, the United Nations issued a statement through a spokesman, Stéphane Dujarric, on Thursday saying that it had suspended an unidentified male staff member and charged him with misconduct.

Mr. Bahel confirmed late Thursday that he was that staff member.

Mr. Dujarric said the staff member was being given an opportunity to respond, and that evidence in the case had been shared with American prosecutors.

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A United Nations diplomat, speaking on the condition of anonymity, confirmed that the evidence was shared with the United States attorney for the Southern District of New York.

The allegations come as India is seeking to expand its influence at the United Nations. It is bidding for a permanent seat on the Security Council and has nominated one of its citizens, Shashi Tharoor, an under secretary general, to succeed Kofi Annan as secretary general at the end of the year.

Navtej Sarna, spokesman for India's Ministry of External Affairs, said he was not aware of the allegations against Mr. Bahel, who could face charges including wire fraud, conspiracy and aiding and abetting.

The report was compiled by the Procurement Task Force.

J. L. Kachru, general manager of Telecommunications Consultants India, said the company had no contact with Mr. Bahel.

In the report, the company acknowledged "some responsibility for the severe problems" in contracts with the United Nations and blamed the Indian businessmen Mr. Bahel had contact with, Nanak Kohli, and Nishan Kohli, Nanak's son. Neither man could immediately be reached for comment.

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U.S. Attorney Max Wood Returns From His Mission To Foster Justice System In Iraq (MACT)

By Liz Fabian

The Macon Telegraph, September 2, 2006

If Macon's Max Wood has his way, CSI Baghdad is on the way.

Wood, 46, the U.S. Attorney for the Middle District of Georgia, has spent much of the past 15 months in Iraq, helping to establish a modern justice system that begins at the scene of the crime.

Unlike the trained forensic technicians of the United States who pore over every square inch to gather fingerprints, hair and blood samples, Iraqis have taken a clue-less approach to solving crimes, Wood said.

"Under Saddam Hussein, they would arrest somebody and beat a confession out of him," Wood said. "The judges were required to determine whether it was a true confession."

Unlike the common-law system Wood practices from his Gateway Plaza office suite overlooking downtown Macon, Iraq has been governed under the civil law system originated during Napoleon's regime in France.

"We take arrests more seriously. We investigate and arrest," Wood said. "They detain and then investigate. It's a lower standard."

Often suspects stayed in jail for years before investigators determined whether they belonged there, Wood said.

"Meanwhile, they've sat in a jail for 25 months and it's not as nice a jail as (Bibb County Sheriff) Jerry Modena's jail," Wood said.

As the U.S. Department of Justice's senior representative in the fledgling democracy, Wood has been trying to raise the bar for the new Iraqi justice system.

Wood's main mission was to create a major crimes task force of representatives of investigative agencies of the U.S. government.

This year, about a dozen officers from the FBI, Bureau of Alcohol, Tobacco and Firearms, the U.S. Marshals Office and the Drug Enforcement Administration have been schooling Iraqis in the art of fingerprinting, securing a crime scene and determining cause of death, Wood said.

During the six to eight weeks of training, 12 Iraqis have learned to let the evidence speak for itself.

"If you have a mound of evidence, you can't intimidate the judge or bribe the judge," Wood said. "It goes from a confession-based legal system, which is Third World, to an evidence-based legal system."

Wood traveled more than 6,700 miles to discover a new appreciation for forensic investigation.

"It's really a gift from science to the law enforcement world," Wood said. "When you're dealing with a country like Iraq where there's so much sectarian divide, it sort of takes that out of the equation."

For the first time, Iraq has a centralized legal system where crimes committed anywhere in the country can be prosecuted in Baghdad.

"That way you can avoid intimidation in the local areas, hopefully," Wood said.

While Wood is proudest of his work with the major crimes task force, he's also fostered the development of the Central Criminal Court, created by the Coalition Provisional Authority.

The court has handled about 6,000 cases in its first three years, Wood said.

"It's quite an accomplishment and we've been there guiding them along the way," Wood said.

Serving as a liaison between justice departments in the U.S. and Iraq had its challenges, Wood said.

Conversations take three times as long while awaiting interpretations. Interpreters don't always understand legal terms. And issues Wood could handle on the phone or by e-mail here at home must be dealt with in person in the Red Zone, the most dangerous sector of the Iraqi capital.

Scheduling security convoys can take days, which complicates arranging meetings.

In most cases, Iraq's justice system lacks computers and typewriters. Work is frequently done by hand, Wood said.

"Saddam wanted it that way. People tend to forget this is a creation of Saddam Hussein and his people," Wood said. "Saddam didn't want to see modernization because that was the information age and he couldn't control the information then."

More than three years after Saddam's statues toppled across Iraq, his penal system has crumbled. During Wood's tenure, he's seen a major transition in the prisons.

The U.S. Department of Justice hired, screened and vetted 75 contract employees who have trained 10,000 Iraqis to work in the country's prisons, Wood said.

For Wood, his work in Iraq is done.

After missing baseball season with his boys, the father-daughter dance with his girl and hundreds of dinners with his wife, he's anxious to spend time with his family.

Because his office moved to Gateway Plaza while he was away, he's looking forward to learning his way around the new building with its panoramic views.

With an Arabic copy of Alexis de Tocqueville's "Democracy in America" in his office, Wood can reminisce about his part in America's quest to lay the foundation for justice in Iraq.

"We're creating a legacy of seasoned, trained Iraqis who can train other Iraqis."

Sister Returns After Career With Department Of Justice (ETN)

By Dana Massing

Erie (PA) Times & News, September 2, 2006

Sister Rose Anne Fedorko wanted to work for the U.S. Department of Education.

She was hired by the Department of Justice, instead.

"I was going from sisters carrying rosaries to agents carrying guns," the former Catholic-school teacher said.

Twenty years later, Fedorko is back in Erie, proudly displaying the plaques that celebrate her two decades with the FBI.

A nondisclosure agreement prevents her from revealing all she did.

But she said her assignments with the Department of Justice agency ranged from the fingerprinting division to the inspection division.

Fedorko, who stands 5 feet tall and weighs 108 pounds, wasn't an FBI agent. But her work helped them.

"There were so many things that I could do in the FBI," she said. "I think (people) think of the FBI naturally as agents and crime and there are many supporting people (such) as myself who do other jobs that are equally important."

Her January retirement from the Department of Justice saddened her. Yet Fedorko, 77, is looking forward to a new role this fall helping her fellow Sisters of St. Joseph of Northwestern Pennsylvania improve their lives.

Fedorko has been a member of the religious community for 59 years.

Like many older sisters, she started out teaching. Her first class had 20 boys in first grade at St. Patrick School in Erie. She taught at several other Catholic grade schools and Maryvale Preschool.

Fedorko, who has a master's degree in education, then went to Catholic University in Washington, D.C., for a doctoral degree in curriculum and instruction.

She applied for various jobs in Washington.

No one from the Justice Department ever told her why they hired her.

She initially considered the job as a way to get "a start" in Washington while she waited to hear from the Education Department.

"They never called me," she said.

When Fedorko took the job with the Department of Justice at the J. Edgar Hoover Building, people asked her, "What are youdoing with the FBI?"

"I thought of it this way," she said. "I'm still working with the 10 Commandments, but from a different angle."

Fedorko's "start" there at age 56 came when most FBI agents are retiring.

She began in the fingerprinting division, where she helped with records.

She worked in the research unit, answering requests from children doing history projects and authors writing about the FBI.

Fedorko couldn't tell them everything, however.

"Some of the information was censored," she said.

At least one author - Ridley Pearson, who wrote "Hard Fall"- mentioned Fedorko in his book.

She also taught grammar and public speaking to Department of Justice employees.

Fedorko spent time doing background checks, serving as an Equal Employment Opportunity counselor and an Employee Assistance Program counselor, and in the inspection division.

Inspectors visit all 56 of the FBI field offices. Fedorko worked in the division's administration, which took care of paperwork.

As a religious woman, she frequently was called upon to do invocations at department conferences. In her room at the Sisters of St. Joseph is a framed photograph of Fedorko with a group of conference speakers, including Louis Freeh. He was her favorite of the seven FBI directors and acting directors she worked under.

"I knew he had a Catholic education," she said, adding that she was tipped off by his references to lying, cheating and stealing.

Of all the divisions Fedorko worked in, she said the best was performance recognition and awards.

"People liked me then," she said with a smile. "You . decided who would get what kind of awards."

But Fedorko was more than a source of cash prizes during her years at the FBI. Sometimes, she was a source of inspiration.

Like on Sept. 11.

"We looked right out the window and we could see the Pentagon burning," she said.

The sister and her fellow workers were sent home.

"We got on the elevator and I said, 'Well, let us pray,' and we all prayed," she said.

She was back at work the next day, ready to pray with them again.

While never preaching, Fedorko was nonetheless a spiritual presence, a reminder of the SSJ charism.

Her co-workers knew she was a nun, although some called her "Dr. Rose" or "Dr. Fedorko."

"They knew that I went to Mass every day at noon," she said.

She often wondered what they did when she was out of the office, she admitted with a chuckle.

However they behaved when she was gone, in Fedorko's presence they weren't the hard, swearing law enforcement officers portrayed in books and movies and on television, she said. They also represented a variety of ethnic groups.

"I did like the people," Fedorko said.

She wasn't ready to leave them when she reached 75. But at 76, she decided to get out while she could still enjoy retired life and be of value to her religious community.

"I still have a wonderful job now waiting for me," Fedorko said.

She's going to be in charge of the sisters' new Quality of Life Center.

Fedorko wants to start by getting sisters out of the scooters that carry them around their home at the Community Living Center, 5031 West Ridge Road. As her feet took her down a hall faster than a scooter, Fedorko said she'd like to see sisters up and walking with the help of the wooden handrails on the walls.

She'd also like to get sisters in the heated therapeutic pool and adjacent exercise room. It holds treadmills, a stationary bicycle and other state-of-the-art equipment to keep the sisters in as good a shape as Fedorko.

"My big job will be to motivate them for quality of life," she said.

DANA MASSING can be reached at 870-1729 or by e-mail.

CORPORATE SCANDALS:

'Embargoed List' Disclosed (RMN)

By Jeff Smith, Rocky Mountain News

Rocky Mountain News, September 2, 2006

Court filings reveal key names in Nacchio case

Court documents filed this week name more than 15 former Qwest executives and directors who may be critical to the government's criminal case against former CEO Joe Nacchio.

Some - such as former Chief Operating Officer Afshin Mohebbi and former Chief Financial Officer Robin Szeliga - already were assumed to be key prosecution witnesses.

Others could be potential witnesses or individuals who possess information prosecutors believe is important to the case.

The list includes former Qwest Chief Financial Officer Robert Woodruff, who faces civil fraud charges, and former Chief Legal Counsel Drake Tempest, who regularly commuted with Nacchio between Denver and their East Coast homes.

The names, described as the Justice Department's "embargoed list," were disclosed in federal court filings by defense attorneys whose clients face civil fraud charges by the Securities and Exchange Commission. Attorneys representing two former Qwest midlevel accountants are trying to get permission to take some depositions and move forward with their cases.

The "embargoed list" names individuals federal prosecutors don't want defense attorneys to take depositions from until the Nacchio criminal case is resolved.

That doesn't mean everyone on the list would take the stand against Nacchio in an insider-trading trial set to start March 19. Nor does it indicate all the individuals on the list who already have cooperated with the government.

But it does indicate the individuals are important enough to the Nacchio case that the prosecution doesn't want them giving statements under oath in the civil fraud case in the meantime.

The list consists of people who were in a position to know how Qwest generated its revenues, how it booked its deals and how it decided to reflect its financial results to investors and analysts. The list, for example, includes investor relations director Lee Wolfe, whose counterpart at Enron was a witness in the criminal trial of Ken Lay and Jeffrey Skilling.

Tom Stephens and Peter Hellman, who were on the Qwest board's audit committee at the time, also are on the list. Hellman, still a Qwest director, testified in front of Congress in late 2002 about Qwest.

The Justice Department list also includes several individuals who already have settled civil fraud cases with the SEC: Greg Casey, Qwest's former top sales executive, and former finance executives -William Eveleth and Roger Hoaglund.

Jeff Dorschner, spokesman for the U.S. attorney's office in Colorado, declined to comment Friday.

The government has charged Nacchio with 42 counts of insider trading in connection with the sale of more than $100 million of Qwest stock during the first five months of 2001.

Prosecutors maintain Nacchio accelerated his sales while knowing Qwest's financial condition was deteriorating.

Nacchio has pleaded not guilty.

Potential witnesses

· Gregory Casey, former top sales executive, settled civil fraud charges
· William Eveleth, former senior vice president of financial planning, settled civil fraud charges
· Peter Hellman, board audit committee member
· Roger Hoaglund, former senior vice president, settled civil fraud charges
· Mark Iwan, Arthur Andersen audit partner, sanctioned by the SEC
· Steve Jacobsen, former executive vice president
· Afshin Mohebbi, former chief operating officer, faces civil fraud charges
· Yash Rana, former senior associate general counsel
· Tom Stephens, former chairman of the board's audit committee
· Robin Szeliga, former chief financial officer, pleaded guilty to insider trading
· Drake Tempest, former chief legal counsel
· Bryan Treadway,former controller, acquitted of fraud charges
· Lee Wolfe, former investor relations director
· Robert Woodruff, former CFO, faces civil fraud charges

SEC Defends PCAOB Against Constitutional Challenge (DOW)

By Siobhan Hughes, Of DOW JONES NEWSWIRES

Dow Jones, September 2, 2006

WASHINGTON -(Dow Jones)- The Securities and Exchange Commission Friday joined the Justice Department in defending the audit-oversight board created by Congress in 2002 against a legal challenge to its constitutionality.

The Free Enterprise Fund and Beckstead & Watts, a small Nevada accounting firm, are suing the Public Company Accounting Oversight Board, claiming it is unconstitutional. They contend that since the private body has government-like powers to inspect and discipline public company auditors, the oversight board members should be appointed by the president, not the SEC.

The plaintiffs also say that even if it is proper for appointment of the PCAOB board members to be delegated, the SEC doesn't have appointment power, since only heads of U.S. departments may make such appointments.

In a legal brief filed Friday and signed by a group including the SEC's general counsel, the government argues that "at bottom, plaintiff's argument offers little more than a series of unfounded speculations premised on unlikely readings of statutory terms."

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The brief notes that "in many crucial respects, the SEC functions analagously to a Cabinet-level agency, and neither the text nor the purpose of the Appointments clause requires that appointments be made by an individual head rather than by the governing Commissioners as a body."

CRIMINAL LAW:

Bates Guilty; Faces Prison (DEN)

By Paul Egan, The Detroit News

Detroit News, September 1, 2006

DETROIT -- Alonzo (Lonnie) Bates, one of Detroit's most polarizing and controversial political figures of the last 30 years, is facing prison time after a federal jury convicted him Thursday of theft and bank fraud.

A jury of seven women and five men unanimously found the former city councilman placed four "ghost employees" who did little or no city work on the City Hall payroll. They also determined Bates, 66, forged signatures and continued to cash checks for one of the ghost employees for several months after the man returned to Alabama, pocketing the money for himself.

"If it weren't for all the dark suits, you would swear it was the Ku Klux Klan," Bates told supporters after the verdict as he glared at two rows of federal agents who investigated his conduct. "That's what it is, the Ku Klux Klan."

Bates' conviction is the only one to date in ongoing federal investigations involving Detroit city government.

Former councilwoman Kay Everett died in 2004 while awaiting trial on charges she took more than $150,000 in bribes from a city contractor. Councilwoman Alberta Tinsley-Talabi confirmed earlier this year she was under FBI investigation for hiring Bates' daughter, and The Detroit News reported in November that city contracts at Cobo Center are under FBI scrutiny.

After deliberating over parts of three days, jurors could not reach a unanimous verdict on whether Bates extorted a free roof for his Detroit home from a city contractor. Judge Arthur J. Tarnow declared a mistrial on that charge.

Bates, who is black, has complained he has been targeted by law enforcement and the media because of his race.

Bates' lawyer, Steven Fishman, said he did not think race was a factor in the prosecution of his client, but he thinks politics influence which cases go forward.

"When a suburban Republican politician gets indicted, I'll lead the parade down Fort Street," Fishman said.

U.S. Attorney Stephen Murphy, whose office prosecuted the case, said the comments from Bates and his attorney are "absolutely preposterous."

"If they are taking money from a public fund we are going to prosecute them," Murphy said. "It really doesn't matter the race, party or geographic home."

A sentencing date has not been set and Bates, who attended court with his wife, Yolanda, and a handful of supporters, remains free on bond.

Bank fraud, the most serious charge, carries a maximum penalty of 30 years in prison.

Bates, who worked 27 years as a top official at the city parks and recreation department, has long been a controversial figure in Detroit, known for flying first-class on various junkets and once allegedly punching a man at a public meeting during his 20 years on the Detroit public school board.

This month, in his six-day trial before U.S. District Judge Victoria Roberts, jurors heard evidence he put the man who cut his lawn, his then-girlfriend's daughter, the mother of his child, and his brother-in-law on the city payroll at pay rates of $10 to $30 an hour, but none of them did much work for the city.

The government calculated the amount of the theft during Bates' four-year council term at about $91,000 in unearned wages.

One of the "ghost employees," Bates' lawn man Jollan Johnson, returned to Alabama in February 2004, the court was told. But Bates continued to draw and cash pay checks for Johnson into June, pocketing about $3,600.

Jurors also heard that Filmore Construction, a Southfield contractor that has held millions of dollars in city contracts, put a roof on Bates' home and absorbed the $7,480 cost. Jurors said whether that transaction amounted to extortion by Bates was the only charge that gave them trouble. Ultimately, they could not reach a verdict.

"There wasn't enough evidence to convict him of extortion," said juror Denise Forsythe, 27, of Harrison Township, who is studying to be a court reporter.

She said it was disturbing to drive downtown Detroit each day for a week and see the poor condition of many buildings and learn that Bates was wasting money that could have been used to help the city instead being used to pay people who were not working.

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Delores Calloway, a Detroit teacher who was one of two African-Americans on the 12-member jury, said deliberations stretched over three days because jurors took their jobs seriously.

"We didn't want to just railroad him," Calloway said.

The fact Bates did not testify and no witnesses were called in his defense made it difficult to return verdicts other than guilty, she said. "He didn't give us, really, a lot to go on," she said.

Told that Bates has said he was racially targeted for prosecution, Calloway said: "Everybody on council is black. I don't know how he was targeted."

Fishman said he would not do anything differently if the case was being tried again. He would not immediately comment on a possible appeal.

Roberts was away from the courthouse Thursday, so her fellow judge, Tarnow, presided over the final day of deliberations and the delivery of the verdicts.

Assistant U.S. Attorney Michael Bullotta, who prosecuted the case, said it resonated with jurors to see an elected official in a city with numerous financial needs using taxpayer money to benefit him, friends and relatives.

Before the trial began, Bates pleaded guilty to misdemeanor charges of failing to file his income tax returns and the government dropped charges of mail fraud against him.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Bates Found Guilty Of Fraud (FREEP)

By David Ashenfelter And Marisol Bello, Free Press Staff Writers

Detroit Free Press, September 1, 2006

Former councilman faces up to 3 years

Alonzo Bates' long and turbulent public service career came crashing down in a Detroit courtroom Thursday when a federal jury convicted him of putting the mother of his son, an ex-girlfriend's daughter, his brother-in-law and his yardman on the city payroll without requiring them to work.

"Ku Klux Klan ... Ku Klux Klan," the stunned former Detroit City Councilman muttered after the U.S. District Court jury found him guilty of hiring so-called ghost employees and pocketing $3,684 worth of paychecks that were supposed to go to his yardman.

The jury deadlocked on whether Bates, 66, extorted a $7,480 roof from a city contractor, prompting the judge to declare a mistrial on that count.

"Nothing's changed since down South," Bates continued as his lawyer and wife tried to get him to shut up and leave the courtroom.

Before walking out, Bates turned and glared at WJBK-TV Fox 2 producer Ken Martinek, who with reporter Scott Lewis broke the ghost worker story that led to Thursday's verdict. The jury deliberated 15 hours over three days following a six-day trial.

An hour after the verdicts were announced, Detroit Public Schools officials said they must decide whether to rename the Alonzo W. Bates Academy, a nationally acclaimed elementary and junior high school Bates helped found as a Detroit school board member.

"It's something we'll have to consider," said school board President Jimmy Womack.

The most serious charge, bank fraud -- for forging and cashing several of the yardman's checks -- carries a maximum penalty of 30 years in prison and a $1-million fine. But Bates likely will face up to 3 years based on federal sentencing guidelines, which will take into account that he has no criminal record and that the crime involved less than $100,000.

U.S. Attorney Stephen Murphy III, flanked by Assistant U.S. Attorney Michael Bullotta, who tried the case, said at a news conference that the verdict sends a message to public officials that corruption will be prosecuted.

Murphy rejected claims by Bates' lawyer, Steve Fishman of Detroit, who said the federal government pursued Bates because he's an urban Democrat. Bates has claimed he was targeted because he is black.

"That is absolutely preposterous," said Murphy, a Republican. "We go where the evidence takes us, regardless of race, party affiliation or geography."

Murphy said he hadn't decided whether to retry Bates on the extortion count.

Fishman said he was disappointed but didn't know whether Bates would appeal. Sentencing was set for Jan. 4.

Fishman said he would have done nothing differently -- including his decision not to call Bates or any other witnesses, instead relying on cross-examining government witnesses.

Juror Delores Calloway, a Detroit schoolteacher, said jurors decided early in deliberations that Bates was guilty of everything but extortion.

"The evidence against him was overwhelming," she said.

Calloway, one of two black jurors, and a white juror, Denise Forsythe, a Harrison Township court reporting student, said the lack of direct testimony from anyone who heard Bates demand the free roof prevented them from deciding that count.

Calloway said she was disappointed to hear about Bates' Ku Klux Klan remark, adding that the jury carefully reviewed all of the evidence to make sure Bates got a fair trial.

"Had it been me, I would have pled guilty," Calloway added, saying that as a Detroiter and a black woman she was embarrassed by the conduct that landed Bates in court.

Bates was indicted in November 2005, a week after losing election to a second City Council term. He was charged with allowing the ghost employees to collect $87,909.

He paid the daughter of a former girlfriend $31,680 while she attended graduate school in New York.

The mother of his 12-year-old son got $42,818 while she worked full-time for a Detroit hospital. His brother-in-law received $7,750 as repayment for working on Bates' 2001 council campaign.

The yardman was issued checks for $9,345 to mow Bates' lawn, wash his cars and take out his trash.

Bates pleaded guilty on the first day of trial to four misdemeanor counts of failing to file federal income tax returns in 2001-2004, when he had about $400,000 in income.

Prosecutors wouldn't discuss whether other Detroit officials are being investigated. In 2005, Councilwoman Alberta Tinsley-Talabi said she was being investigated by a grand jury for hiring Bates' daughter.

Council President Kenneth Cockrel Jr. said the council operates far more efficiently than how Bates ran his office.

"The bottom line is, council members have discretion over who they hire and what people do," Cockrel said, "but that does not mean you can break the law."

School Name May Change (DEN)

By Paul Egan, The Detroit News

Detroit News, September 1, 2006

Alonzo Bates' conviction Thursday on felony charges could result in a name change for a Detroit public school.

The Alonzo W. Bates Academy for the Gifted and Talented on Greenlawn on the city's west side, part of Detroit Public Schools, was founded by Bates while he was a school board member in the early 1980s.

The Rev. Jimmy Womack, president of the school board, said Thursday he expects discussion about changing the name but no decision has yet been made.

"I am sure that as a consequence of these convictions that we will have some conversation about it," Womack said. "It is important to give good and positive images to our children."

Bates was convicted in federal court on four counts of theft and one count of bank fraud and is likely facing prison time.

Reverend David Murray, another school board member, said parents and teachers have been asking him about changing the name of the school ever since Bates was indicted.

Detroit News Staff Writer Catherine Jun contributed to this report. You can reach Paul Egan at (313) 222-2300 or pegan@ detnews.com.

Alonzo Bates Gets Trouble He Deserves (FREEP)

Detroit Free Press, September 1, 2006

"You know, I can get in trouble for this," former Detroit City Council member Alonzo Bates was quoted as saying when he handed a public payroll check to a guy who was mowing Bates' lawn, washing his cars and taking out his trash.

Bates was right.

A federal court jury convicted him Thursday of bank fraud and stealing public funds for putting people on the city payroll who did little or no work for the city or only personal work for Bates. Testimony also showed that Bates — one of the most arrogant and least-accomplished public officials in recent Detroit history — even forged signatures on a series of checks to one of the nonemployees and pocketed the money.

Prosecutors said about $91,000 was involved, not a huge amount of money in a city with a $1.6-billion budget — but that doesn't make stealing and lying any less offensive.

Bates was indicted last year after city voters had the good sense to deny him re-election. He has alternately blamed racism and the media for his troubles, or said that what he did is common among council members. The jury obviously chose only to look at the evidence.

New Questions About Inquiry In C.I.A. Leak (NYT)

By David Johnston

DOJ_NMG_0058116

The New York Times, September 2, 2006

WASHINGTON, Sept. 1 — An enduring mystery of the C.I.A. leak case has been solved in recent days, but with a new twist: Patrick J. Fitzgerald, the prosecutor, knew the identity of the leaker from his very first day in the special counsel's chair, but kept the inquiry open for nearly two more years before indicting I. Lewis Libby Jr., Vice President Dick Cheney's former chief of staff, on obstruction charges.

Now, the question of whether Mr. Fitzgerald properly exercised his prosecutorial discretion in continuing to pursue possible wrongdoing in the case has become the subject of rich debate on editorial pages and in legal and political circles.

Richard L. Armitage, the former deputy secretary of state, first told the authorities in October 2003 that he had been the primary source for the July 14, 2003, column by Robert D. Novak that identified Valerie Wilson as a C.I.A. operative and set off the leak investigation.

Mr. Fitzgerald's decision to prolong the inquiry once he took over as special prosecutor in December 2003 had significant political and legal consequences. The inquiry seriously embarrassed and distracted the Bush White House for nearly two years and resulted in five felony charges against Mr. Libby, even as Mr. Fitzgerald decided not to charge Mr. Armitage or anyone else with crimes related to the leak itself.

Moreover, Mr. Fitzgerald's effort to find out who besides Mr. Armitage had spoken to reporters provoked a fierce battle over whether reporters could withhold the identities of their sources from prosecutors and resulted in one reporter, Judith Miller, then of The New York Times, spending 85 days in jail before agreeing to testify to a grand jury.

Since this week's disclosures about Mr. Armitage's role, Bush administration officials have argued that because the original leak came from a State Department official, it was clear there had been no concerted White House effort to disclose Ms. Wilson's identity.

But Mr. Fitzgerald's defenders point out that the revelation about Mr. Armitage did not rule out a White House effort because officials like Mr. Libby and Karl Rove, the senior white House adviser, had spoken about Ms. Wilson with other journalists. Even so, the Fitzgerald critics say, the prosecutor behaved much as did the independent counsels of the 1980's and 1990's who often failed to bring down their quarry on official misconduct charges but pursued highly nuanced accusations of a cover-up.

Mr. Armitage cooperated voluntarily in the case, never hired a lawyer and testified several times to the grand jury, according to people who are familiar with his role and actions in the case. He turned over his calendars, datebooks and even his wife's computer in the course of the inquiry, those associates said. But Mr. Armitage kept his actions secret, not even telling President Bush because the prosecutor asked him not to divulge it, the people said.

Mr. Armitage has not publicly commented on the matter. The people who spoke about Mr. Armitage's thoughts and action did so seeking anonymity on the grounds that the criminal case was still open and that their remarks were not authorized by the prosecutor. A spokesman for Mr. Fitzgerald declined to comment.

Mr. Fitzgerald, who has spoken infrequently in public, came close to providing a defense for his actions at a news conference in October 2005, when Mr. Libby was indicted. Mr. Fitzgerald said that apart from the issue of whether any crime had been committed, the justice system depended on the ability of prosecutors to obtain truthful information from witnesses during any investigation.

The information about Mr. Armitage's role may help Mr. Libby convince a jury that his actions were relatively inconsequential, because even Mr. Armitage, not regarded as an ally of Mr. Cheney, was talking to journalists about Ms. Wilson's role.

But the trial, scheduled for early next year, may be focused on the narrow questions of whether Mr. Libby's accounts to the grand jury and the F.B.I. were true. Judge Reggie M. Walton of Federal District Court, who is presiding, has resisted efforts by Mr. Libby's lawyers to give the case a wider political scope.

Mr. Fitzgerald may also point out that Mr. Armitage knew about Ms. Wilson's C.I.A. role only because of a memorandum that Mr. Libby had commissioned as part of an effort to rebut criticism of the White House by her husband, Joseph C. Wilson IV.

Mr. Fitzgerald was named as a special counsel to investigate whether the leaking of Ms. Wilson's identity as a C.I.A. officer was part of an administration effort to violate the law prohibiting the willful disclosure of undercover employees.

Some administration critics asserted that her identity had been disclosed in the Novak column as part of a campaign to undermine her husband. Mr. Wilson was sent by the C.I.A. in 2002 to Africa to investigate whether the Iraqi government had obtained uranium ore for its nuclear weapons program.

On July 6, 2003, a week before the Novak column, Mr. Wilson wrote a commentary in The New York Times saying his investigation in Africa had led him to believe that it was highly doubtful that any uranium deal had ever taken place and that the Bush administration had twisted intelligence to justify the Iraq war.

Mr. Armitage spoke with Mr. Novak on July 8, 2003, those familiar with Mr. Armitage's actions said. Mr. Armitage did not know Mr. Novak, but agreed to meet with the columnist as a favor for a mutual friend, Kenneth M. Duberstein, a White House chief of staff during Ronald Reagan's administration. At the conclusion of a general foreign policy discussion, Mr. Armitage said in reply to a question that Ms. Wilson might have had a role in arranging her husband's trip to Niger.

At the time of the offhand conversation about the Niger trip, Mr. Armitage was not aware of Ms. Wilson's undercover status, those familiar with his actions said. The mention of Ms. Wilson was brief. Mr. Armitage did not believe he used her name, those aware of his actions said.

On Oct. 1, 2003, Mr. Armitage was up at 4 a.m. for a predawn workout when he read a second article by Mr. Novak in which he described his primary source for his earlier column about Ms. Wilson as "no partisan gunslinger." Mr. Armitage realized with alarm that that could only be a reference to him, according to people familiar with his role. He waited until Secretary of State Colin L. Powell, an old friend, was awake, then telephoned him. They discussed the matter with the top State Department lawyer, William H. Taft IV.

Mr. Armitage had prepared a resignation letter, his associates said. But he stayed on the job because State Department officials advised that his sudden departure could lead to the disclosure of his role in the leak, the people aware of his actions said.

Later, Mr. Taft spoke with the White House counsel, Alberto R. Gonzales, now the attorney general, and advised him that Mr. Armitage was going to speak with lawyers at the Justice Department about the matter, the people familiar with Mr. Armitage's actions said. Mr. Taft asked Mr. Gonzales whether he wanted to be told the details and was told that he did not want to know.

One day later, Justice Department investigators interviewed Mr. Armitage at his office. He resigned in November 2004, but remained a subject of the inquiry until this February when the prosecutor advised him in a letter that he would not be charged.

But Mr. Fitzgerald did obtain the indictment of Mr. Libby on charges that he had untruthfully testified to a grand jury and federal agents when he said he learned about Ms. Wilson's role at the C.I.A. from reporters rather than from several officials, including Mr. Cheney.

Mr. Libby has pleaded not guilty to all the charges and his lawyers have signaled he will mount a defense based on the notion that he did not willfully lie.

Orange Beach's Russo, Pals Found Guilty (MR)

By Brendan Kirby And Ryan Dezember, Staff Reporters

Mobile Press-Register (AL), September 2, 2006

A federal jury in Mobile on Friday found former Orange Beach Mayor Steve Russo, City Attorney Larry Sutley and developer Ken Wall guilty of a multi-faceted conspiracy to enrich the mayor in exchange for his influence with controversial developments.

Each of the defendants rose and accepted the verdicts stoically as they were read. But the verdicts prompted gentle sobbing from Russo's mother and Sutley's wife.

After deliberating for about six hours, the eight-woman, four-man jury convicted Russo on 22 of 25 counts. Sutley, who took a leave of absence from his position earlier this year following his indictment, was convicted of eight of 11 counts, and Wall was found guilty of six of 11 counts.

"We were pleased at the verdict. ... We believe the jury saw the evidence for what it was," U.S. Attorney Deborah Rhodes said outside the courthouse. "A case like this is a very important case, and also a very difficult case."

Russo's attorney, Richard Horne, expressed disappointment with the verdict.

"It's obviously upsetting," Horne said. "We thought we put on a strong case. I'm very surprised."

Outside the courthouse, Russo referred questions to his lawyer and then quickly walked south down St. Joseph Street with his wife, Crystal Russo, one of his two brothers and his mother, Madeline Russo Patton, with TV cameramen and reporters in hot pursuit.

Barring a reversal by the judge or a successful appeal, all three defendants face significant prison time when they are sentenced in January. The preliminary calculation of Russo's advisory sentencing guidelines by the U.S. Probation Office calls for a prison term of at least 10 years and a month, and as much as 12 years and seven months. Those terms were calculated before a grand jury added obstruction of justice charges -- which he was convicted of Friday -- and it is unclear how that might affect his sentence.

Also unclear is how U.S. District Judge Kristi DuBose might rule on motions to dismiss charges against Sutley and Wall. She had withheld judgment on two obstruction of justice counts against Sutley, 57, and all 11 counts against Wall, and she did not rule on them before or after the verdict Friday.

Were she to grant Wall's motion, it would overturn the jury's guilty verdicts against him.

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"He knows that this is just a stage in this process, and he shares our optimism as to how this will eventually play out," said Donald Briskman, who along with Birmingham lawyers Bill Baxley and David McKnight defended Wall. "I'm sure he knows and believes in his heart that he is innocent."

Allegations stuck

Throughout the two-week trial, prosecutors presented evidence that Russo, 44, benefited from real estate deals set up by developer Jim Brown in exchange for help getting controversial condominium plans approved by the city. Brown, who admitted his role as part of a plea bargain in June, became the star witness against his one-time co-defendants.

Sutley, meanwhile, was accused of setting up a limited liability corporation to conceal his, Russo's and Brown's partnership in a bid to buy a beach house in Gulf Shores. Prosecutors claimed that Russo and Sutley profited from the transaction despite putting up none of their money and performing no work.

Sutley, a former Baldwin County prosecutor and longtime attorney specializing in municipal law, argued through his lawyers that he had done nothing wrong. Although Sutley did not list his and Russo's names on the LLC documents, experts testified that state law does not require that.

And Orange Beach City Administrator Jeff Moon backed claims by Sutley's lawyers that the city attorney had created the LLC, called American Hot, months before the house deal with a hot sauce business in mind. Moon told jurors that the venture never got off the ground, and Brown testified that Sutley converted its use for the real estate partnership.

"I was very, very disappointed," Sutley's attorney, Neil Hanley, said following the verdict. "I was really shocked at the verdict, and I'm still shocked at the verdict."

Hanley said the jury's ruling came as a blow to his client. "He's trying to take care of his family," he said.

The U.S. Probation Office's preliminary calculations indicated a sentencing range for Sutley of eight years and a month to 12 years and a month under advisory guidelines. But Hanley said he has not yet even considered sentencing. He said he renew his motions to dismiss the charges and file within seven days a motion for a new trial.

Wall, a sometimes partner of Brown's, was accused of arranging a buyer for a piece of property that Brown helped Russo buy and then re-sell in the same day for a large profit. That, prosecutors asserted, was a payoff to guarantee approval of The Water Club, a proposed complex of condos, restaurants, shops and meeting space that Wall, 55, and Brown stood to make more than $65 million profit on.

The Orange Beach City Council has yet to grant final approval for the plans but could do so in October when a public hearing on the matter is scheduled.

'Dirty money party'

Law enforcement officials said they began investigating corruption in Orange Beach based on complaints from citizens in the beachside resort town. What they found, in the words of Assistant U.S. Attorney George May's closing argument, was a "dirty money party" with Russo the guest of honor.

Brown told jurors of a crooked relationship he had with Russo dating back to the late 1990s when he performed free work at the mayor's house. He did so, according to his testimony, to protect his business interests in the city.

That was the same reason he acquiesced to Russo's demand to be included in the Gulf Shores house deal, Brown told jurors. Prosecutors contended Sutley and Russo received about $100,000 in insurance proceeds after Hurricane Ivan demolished the West Beach Boulevard house. And, prosecutors added, the pair would have made a lot more money if federal authorities had not prevented the sale of a new multi-million-dollar home they were building in its place.

Other allegations included a $10,000 kickback Brown said he gave Russo from a debris removal contract Brown got in which he was paid for some work performed by city employees. The $10,000 check was written to Russo's then-girlfriend and now wife, Crystal.

A Mobile car dealer told jurors that Russo used $10,000 in cash -- actually, $9,900 after he removed a $100 bill that put the transaction below the IRS reporting threshold -- as part of the payment for a new BMW.

Russo and Sutley were convicted of mail and wire fraud charges related to documents they filed in association with American Hot and the beach house in Gulf Shores. The jury also found Russo guilty of three counts of mail fraud and a wire fraud charge in connection with campaign finance reports he filed in 2004 that did not reflect tens of thousands of dollars in expenses from his campaign account spent on personal items. They included trips to casinos, a computer and clothing.

The jury convicted Russo and Wall of mail and wire fraud in connection with the "land flip" in which Russo bought the Gulf Bay Road property along Wolf Bay for $1.2 million without putting down any of his own money and then resold it the same day for $1.6 million.

Russo then put the $400,000 profit toward the purchase of two lots on Canal Road, where prosecutors said he planned to build an 8,310-square-foot mansion.

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Lead prosecutor Steven Butler, who withstood attacks from defense attorneys that at times got personal, said afterward that he hopes the verdict sends a strong message.

"Public corruption will be addressed in this district whenever and wherever it comes to our attention," he said.

Still to be determined is the fate of money and property prosecutors contend Russo and Sutley acquired illegally. The judge will decide at a later date whether they will have to forfeit them.

Russo, Sutley, Brown and former City Councilman Joe McCarron also face separate corruption-related charges in state court. Crystal Russo, meanwhile, is scheduled to go on trial in October on charges she helped her husband try to hide money from the federal government.

Former Orange Beach Mayor, Others Convicted Of Fraud (AP)

By Garry Mitchell, The Associated Press

AP, September 2, 2006

MOBILE -- A federal court jury Friday convicted a former mayor of Orange Beach, the city attorney and a developer on multiple fraud charges against them in what prosecutors called corruption in beach resort real estate deals.

A centerpiece of the case against former Mayor Steve Russo was a prosecution claim that he made $400,000 simply by signing his name to a $1.6 million waterfront tract sale.

Along with being convicted on wire and mail fraud counts, Russo was found guilty of diverting campaign funds to personal use, including charges at Mississippi casinos, and obstructing justice.

The jury found Russo not guilty on three wire fraud counts in the public corruption case involving City Attorney Larry Sutley and developer Ken Wall.

Sutley, an attorney for 30 years, was convicted on eight counts, including obstruction of justice, and found not guilty on three counts. Wall was convicted on six wire fraud counts and found not guilty on five others.

U.S. District Judge Kristi DuBose set sentencing for Jan. 12. The three could get a maximum of 20 years in prison.

Reacting to the verdicts, U.S. Attorney Deborah Rhodes said, "It's a good day for Orange Beach. It's a good day for honest government."

She said the investigation began with complaints from citizens.

Wall's partner, Jim Brown, pleaded guilty to bribing Russo in June and became the government's key witness. He awaits sentencing.

The trial involved the sale of expensive properties in the Gulf of Mexico resort near the Alabama/Florida border. Prosecutors alleged developers bribed Russo to obtain his support for a 32-story condominium development planned by Brown and Wall.

In one case, Russo reaped a $400,000 windfall profit in a "land-flip" scheme on a $1.6 million land sale in which he had invested no money but signed papers as an owner, according to testimony.

He resigned as mayor of Orange Beach in January. The part-time post of mayor, who has a vote on the city council, pays $25,000 annually.

Russo, accompanied by family members, left the courthouse without comment. Russo attorney Richard Horne of Mobile said the verdict was "obviously upsetting. We put on a strong case. I'm just very surprised and upset about the verdict."

He said Russo is a "strong man. He'll be fine."

Horne said there are a lot of legal issues to cover in the next months before considering an appeal.

Sutley and Wall left court with their attorneys without commenting on the verdicts.

The jury deliberated about six hours.

Leaving the courthouse, the lead prosecutor, Assistant U.S. Attorney Steven Butler, said the guilt verdicts send a message that "public corruption will be addressed in this district whenever and where ever it's brought to our attention."

The defense team in closing arguments to the jury Thursday called Brown a liar. Horne described Brown as one of the bigger "wheeler-dealers" in the beach real estate market. At one time, Brown, 51, was worth about $32 million, according to testimony.

"He's singing the government's song," Horne said of Brown's damaging testimony against his client.

Prosecutors said Brown got involved with Russo and Sutley to "protect his livelihood."

Russo voted on May 3, 2005 to approve a Terry Cove development involving Brown and another at Romar Villas, according to the indictment.

Russo was convicted Friday of allegedly concealing $33,000 in campaign funds spent on personal activities.

Russo also has pleaded not guilty to minor drug charges in Baldwin County involving marijuana found in his home after his arrest on the federal charges. Other articles:

DOJ_NMG_0058120

FBI Raids Alaska State Offices In Probe Of Oil-Field Firm VECO (WSJ)

By Jim Carlton And Steve Levine

The Wall Street Journal, September 2, 2006

The Federal Bureau of Investigation raided six Alaska state legislative offices, carrying away boxes of documents in what appears to be a probe into whether VECO Corp., an oil-field-services contractor with close political ties, engaged in influence peddling.

On Thursday and continuing on Friday, FBI agents launched a series of raids in Juneau and other cities, according to Alaskan legislative officials, pouring into offices that include those of State Senate President Ben Stevens, son of longtime U.S. Sen. Ted Stevens of Alaska. The agents sought documents and other records showing ties between the legislators and VECO and its executives, including Bill Allen, the company's chairman, the officials said.

VECO and its employees are major political-campaign contributors in Alaska, giving mostly to Republicans. In 2000, Mr. Allen was co-chairman of President Bush's Alaska state campaign.

FBI officials declined to comment on the raids. A Justice Department official said "law enforcement actions" had taken place in Alaska this week, but declined to comment further.

John Harris, speaker of the Alaska House of Representatives, said his understanding is that the raids were tied to an FBI probe into whether VECO used its financial influence to try to secure votes on legislation related to a proposed natural-gas pipeline from the Alaskan North Slope.

As part of the push to ship to market all the natural gas that is now stranded at Prudhoe Bay and other big oil fields, VECO and other companies in the industry have pushed for construction of a pipeline to the lower 48 states. The Alaska legislature is considering one bill to help do that, but lawmakers have been squabbling over how much the state should have to pay for construction and other issues.

Last month, Alaska legislators passed a controversial measure that changed the way oil and gas is taxed in the state. Critics of the industry-backed bill say the new system taxes oil and gas based more on industry profits, rather than mainly on production, risking the potential for companies to reclassify some profits as expenses and thus evade taxes. However, supporters of the measure say the state stands to collect more money under the new tax plan.

Three of the legislators whose offices were raided had voted in favor of the tax-change bill, which was championed by Gov. Frank Murkowski, a former U.S. senator who lost his bid for re-election in a Republican primary after a series of unpopular moves. Besides the younger Mr. Stevens, the other legislators whose offices were raided included those of state Sen. John Cowdery and state Reps. Vic Kohring, Pete Kott and Bruce Weyhrauch. All are Republicans. State Sen. Donald Olson is the only Democrat whose offices were caught up in the raids.

Mr. Kohring issued a statement confirming that his offices in the state capital of Juneau and his district in suburban Anchorage were raided, and that FBI agents interviewed him as part of an investigation into VECO. "I was told I am not a target of the investigation," Mr. Kohring said in the statement, adding the FBI asked him not to say more.

A spokesman for Mr. Olson said he will cooperate with the investigation. Calls left for the other four legislators weren't returned. Officials for VECO -- an Anchorage-based oil-field-services company that maintains and repairs crude oil pipelines, refineries and other oil-field facilities -- didn't return calls for comment.

The FBI investigation is the latest cloud over the Alaskan oil industry. Corrosion problems at the giant Prudhoe Bay field have prompted investigations by the Environmental Protection Agency, the Department of Transportation and state agencies into the practices of British oil giant BP PLC, which operates the facility. Corrosion led to a spill of about 200,000 gallons of crude from one pipeline at Prudhoe Bay last March, and BP officials ordered much of the field closed last month after discovering the corrosion problems were more widespread.

The VECO case unfolded as a surprise to workers in Alaska's capitol building, who stood by as agents in sweatshirts and T-shirts swept into the building shortly before noon Thursday, spending hours rifling through legislators' offices. Some legislative aides who saw the agents say that at first they thought they were workers, because they were inside offices, like that of Mr. Stevens, which were closed while the legislature is out of session.

By nightfall, the agents left the building carrying boxes of documents, including binders, appointment books and other materials, two legislative aides said. The agents acted under search warrants that listed "Items to be seized," said one aide who obtained a copy of a warrant. Among the items listed in the warrant, the aide said, was: "Anything having to do with any and all documents concerning, reflecting or relating to any or all of the following entities," including VECO, Mr. Allen, several other VECO officials, two Republican pollsters in Alaska and the Petroleum Club in Anchorage, which has been used to host a number of GOP fund-raisers. The warrant called for a search of all written or electronic documents, said the aide.

Write to Jim Carlton at jim.carlton@wsj.com1 and Steve LeVine at steve.levine@wsj.com2

Oil Industry-Lawmaker Link Is Focus Of An Alaskan Inquiry (NYT)

By William Yardley

The New York Times, September 2, 2006

SEATTLE, Sept. 1 — Federal agents continued to investigate the relationship between several Alaska state lawmakers and a major oil services company on Friday, a day after agents raided legislative offices across the state.

Agents with the Federal Bureau of Investigation and the Internal Revenue Service scoured files in the offices of at least six lawmakers on Thursday and interviewed several. A spokeswoman for the Department of Justice, Jaclyn Lesch, said agents were in the field again on Friday.

Ben Stevens, a Republican who is the State Senate president and son of Senator Ted Stevens, is among those whose offices were searched on Thursday.

Ms. Lesch would not say how many lawmakers could eventually be part of the investigation nor would she discuss the raids. , But lawmakers and their aides in Alaska said the search warrants and the interviews focused on interaction between lawmakers and the VECO Corporation, a large support contractor for oil and energy businesses whose executives give generously to campaigns.

The Associated Press in Alaska reported on Friday that it had obtained a copy of a search warrant that stated that investigators were seeking "from the period of October 2005 to the present, any and all documents concerning, reflecting or relating to proposed legislation in the state of Alaska involving either the creation of a natural gas pipeline or the petroleum production tax."

Gov. Frank H. Murkowski, a Republican whose office was not searched, signed the new tax into law last month. The gas pipeline is still in negotiations.

The A.P. said the warrant sought information about possible payments to lawmakers by VECO executives. The warrant also said investigators were seeking hats or other items bearing the phrases "CBC," "Corrupt Bastards Club" or "Corrupt Bastards Caucus." Details about the supposed group were unavailable.

Amy Menard, a lawyer for VECO, said that a search warrant had been issued seeking information from VECO and that the company "has information to suggest that federal agents may have been to the offices of VECO Corporation."

Ms. Menard said VECO had done nothing wrong. She said the company "has always had a strong interest in Alaska politics, but there's certainly no information we have that would remotely support what we perceive to be the investigation that's going on right now."

Critics of Ben Stevens have said he is too close with some companies that benefit from the state. Mr. Stevens has worked as a consultant to VECO while serving in the Legislature. Mr. Stevens, who was appointed to fill a vacant seat in 2001 and was elected to a full term in 2002, is not seeking re-election this year. He did not respond to messages left on Friday.

Aaron Saunders, a spokesman for Senator Ted Stevens, said by e-mail, "We have no comment on this matter."

In addition to Ben Stevens's office, The A.P. said agents on Thursday searched the offices of Senator John Cowdery, chairman of the Senate Rules Committee; Senator Donald Olson, who is on the Special Committee on Natural Gas Development; Representative Vic Kohring, chairman of the House Committee on Oil and Gas; Representative Bruce Weyhrauch, chairman of the House Ways and Means Committee; and Representative Pete Kott, chairman of the Legislative Council. All but Mr. Olson are Republicans.

Jim Pound, chief of staff for Mr. Kohring, said Friday that agents went to the lawmaker's office in Juneau on Thursday "with no warning" and took copies of legislation, including the gas pipeline proposal, as well as correspondence from Governor Murkowski.

FBI Raids Offices Of 6 Alaska Legislators (WP/AP)

By Matt Volz, Associated Press

The Washington Post, September 2, 2006

Probe Looks for Ties With Oil-Field Firm

JUNEAU, Alaska, Sept. 1 -- The offices of at least six Alaska state legislators, including that of the son of Sen. Ted Stevens (R), were raided Thursday and Friday by federal agents searching for possible ties between the lawmakers and a large oil-field services company, officials and aides said.

FBI spokesman Eric Gonzalez said 20 search warrants were being executed across Alaska, but he would not say where.

A copy of one of the search warrants, obtained by the Associated Press, links the investigation to a new production-tax law signed last month by Gov. Frank H. Murkowski (R) and to a draft natural gas pipeline contract that Murkowski and the state's three largest oil companies negotiated.

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The warrant called for the seizure of documents concerning any payment made to lawmakers by Bill Allen and Richard Smith, executives of Veco Corp. Agents also looked for documents about contracts, agreements or employment of legislators provided by Veco, Allen, Smith and Veco President Peter Leathard.

Sought-after items named in the warrant included hats or other garments bearing the name "Veco" or the writing "CBC," "Corrupt Bastards Club" or "Corrupt Bastards Caucus."

Those are nicknames given to 11 lawmakers after a March opinion article, published in three Alaska newspapers, listed the contributions that legislators had received from top Veco executives, said House Speaker John Harris (R).

"I've heard it a few times," Harris said Friday, adding that "they were making fun" of the article.

In it, Lori Backes, executive director of the All Alaska Alliance, questioned whether the financial links between Veco and lawmakers created "undue influence" over the state's political process. Backes's group supports a gas pipeline proposal different from the one favored by Murkowski and Veco.

Harris said he saw Smith and Rep. Pete Kott (R) handing out hats at a Juneau hotel bar during a June special session, when lawmakers voted down an earlier Murkowski petroleum tax bill. But, he said, he did not see anything with "Corrupt Bastards Club" on it.

"All they had was 'Veco' on them," Harris said.

Veco staunchly supported the governor's production-tax plan, a version of which the legislature passed last month after twice rejecting it this summer. Lawmakers have also twice failed to pass legislation related to the governor's pipeline contract with BP PLC, ConocoPhillips and Exxon Mobil Corp.

Among the offices searched was that of Republican Senate President Ben Stevens, who has reported collecting more than $240,000 in consulting fees from Veco since 2000. Agents left his Capitol office Thursday with 12 boxes of documents labeled "Evidence" and loaded them into a vehicle.

Stevens could not be reached at his Anchorage home on Friday.

Ted Stevens's spokesman, Aaron Saunders, said Friday that he had no comment on the search.

Also searched in both Juneau and Anchorage were offices belonging to state Sen. John Cowdery (R), the Senate Rules Committee chairman; state Sen. Donald Olson (D); and state Reps. Kott, a former House speaker; Vic Kohring (R), chairman of the House Special Committee on Oil and Gas; and Bruce Weyhrauch (R).

"It's pretty bizarre," Cowdery said Friday. "That's all I know, it's pretty bizarre. I certainly haven't done anything wrong."

Olson issued a statement saying, "I am certain that I will not be a target of this investigation and that I have broken no laws."

Kohring said he cooperated and was told he was not a target of the investigation.

Calls to Weyhrauch and Kott were not immediately returned Friday.

Amy Menard, an attorney for Veco, said the company would cooperate with federal agents in providing the broad range of information they want.

"We have no information that would suggest that there have been any improper activities either by Veco Corp., Veco Alaska or any of the principals involved in those companies," Menard said.

Graduation - Then Prison (NSDY)

By Mitchell Freedman, Newsday Staff Writer

Long Island Newsday, September 2, 2006

Environmental activist who set fire to new housing will serve time in low-security facility after college

A self-styled ecological freedom fighter was sentenced Friday to serve six months in a federal low-security prison camp for starting fires at construction sites that damaged four homes in Middle Island and five homes in Mount Sinai in December 2000, claiming the act was the work of the Earth Liberation Front.

Matthew Rammelkamp is the last of four people charged in the case. U.S. District Court Judge Thomas Platt said he could continue his studies at Stony Brook University, and he will begin his sentence 10 days after he graduates in January. Platt directed that he not be sent to a mid-level federal prison, but to the Allenwood, Pa., federal camp.

Rammelkamp, who was 16 when he started the fires, pleaded guilty in 2001 and has cooperated with officials who were investigating the Earth Liberation Front, which federal officials consider a terrorist organization.

Before Platt imposed the sentence Friday in Central Islip, Rammelkamp told the judge that when he committed the crime, he had been frustrated and upset by the cancer clusters near his home in Miller Place, and that he was shown Web sites that blamed the high rates of cancer on new construction and destruction of the environment.

Jared McIntyre of Coram, who showed Rammelkamp those Web sites, was sentenced in July 2004 to 3 1/2 years in prison for his role in the arsons.

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"I'm ashamed I let my passion push me so far," Rammelkamp said in court. "I was young and immature."

He later said that both his mother and sister had cancerous or precancerous growths removed. And Rammelkamp said that while he still believes in environmental protection, he now works for it in a positive way, as a staff member for the New York Public Interest Research Group and by advocating for new laws to protect the environment.

Ultimately, a review by the probation department found that the $358,000 in damages claimed in the initial charges was only $188,318.40. Restitution has been ordered, although how much each defendant will pay has yet to be determined.

Platt said the crime was not trivial. "We're not dealing just with property damage," he said. "I certainly don't feel this crime should go unpunished."

After his term, Rammelkamp said he would like to go back to school and become a lawyer.

CIVIL LAW:

Cigarette Makers Fight For 'lights' (KCS)

By Nancy Zuckerbrod

The Kansas City Star, September 2, 2006

WASHINGTON | Top tobacco companies on Friday urged a federal judge to let them sell "light" and "low-tar" cigarettes until their appeal of her ruling against such labeling could be decided.

The companies argued that they would lose sales to smaller companies not covered by the ruling.

Two weeks ago U.S. District Judge Gladys Kessler sided with the federal government, ruling that the major cigarette manufacturers violated racketeering laws. She said the companies conspired for decades to mislead the public about the health hazards of smoking.

Kessler rejected a bid by the Justice Department to make the companies pay billions of dollars to finance smoking-cessation efforts. However, she banned the use of labels such as "low-tar" and "light."

Earlier this week, a report testing cigarette nicotine levels for the Massachusetts Department of Health found that for all brands tested in 1998 and in 2004 there was no significant difference in the total nicotine delivered between "full-flavor," "medium," "light," or "ultra-light" cigarettes.

That report also found that the level of nicotine that smokers typically consume per cigarette had risen about 10 percent in the past six years, making it easier to get hooked and harder to quit. Some researchers have argued that cutting nicotine levels would be much more effective in reducing smoking than education efforts.

In their filing Friday, the tobacco companies said repackaging and remarketing some of their brands would cost hundreds of millions of dollars.

The companies also asked Kessler to suspend her order forcing them to publish "corrective statements" about nicotine addiction and the health effects of smoking.

"Once forced to make these public statements, defendants will be effectively unable to take them back, even if their anticipated appeal is successful," the companies wrote.

They also said there should be no concerns about waiting until an appeal is decided because "the public is overwhelmingly aware of the health risks of smoking" and because a 1998 agreement between the states and the companies led to some marketing restrictions on the industry.

The Justice Department had no comment Friday.

The defendants are Philip Morris USA Inc. and its parent, Altria Group Inc.; R.J. Reynolds Tobacco Co.; Brown & Williamson Tobacco Corp.; British American Tobacco Ltd.; Lorillard Tobacco Co.; Liggett Group Inc.; Counsel for Tobacco Research-USA ; and the now-defunct Tobacco Institute.

The only cigarette maker excluded from Kessler's ruling was Liggett. Kessler credited Liggett with coming forward in the 1990s to admit that smoking causes disease and is addictive, among other things.

CIVIL RIGHTS:

Justice Department Sides With Religious Objector Over Union Dues (AP)

AP, September 2, 2006

COLUMBUS, Ohio (AP) - State employees should be able to donate their union dues to any charity, not just a church, when they have religious objections to how the money's being spent, federal justice and civil rights officials decreed Friday.

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The U.S. Justice Department and U.S. Equal Employment Opportunity Commission said a union must give all employees _ not just active churchgoers _ who object to its expenditures for religious reasons the same opportunity to divert their dues away from the organization. The settlement affects 37,000 of Ohio's unionized public employees,

The decision came in a case involving an Ohio Environmental Protection Agency employee without a church affiliation who opposed paying dues to his union, the Ohio Civil Service Employees Association, because of its support of abortion and same-sex marriage.

While the union had a policy allowing employees with similar objections to donate their dues to their churches, synagogues or other religious organizations, it prohibited those without church affiliations to donate to a secular charity. Federal officials said that policy violates equal protection statutes.

"The law protects the religious observances, practices and beliefs of all Americans," Wan J. Kim, assistant attorney general for the Civil Rights Division said in a statement. "I applaud the Ohio state officials for working with the Department to resolve this case."

The consent decree requires approval by the U.S. District Court of the Southern District of Ohio.

Racial Issues Studied At UMKC (KCS)

By Mará Rose Williams

The Kansas City Star, September 2, 2006

Complaints about racism at the University of Missouri-Kansas City have gotten the attention of the U.S. Department of Justice and the local NAACP.

The two agencies said they have discussed with university officials the development of a plan for improving the racial atmosphere on campus. But none of the parties would reveal specifics of those talks, which they said are in the very early stages.

“No plan has been developed yet,” said Bill Whitcomb, a spokesman for the Justice Department’s Community Relations Service, which deals with resolving disputes over race, national origin and color.

UMKC Chancellor Guy Bailey said that university officials have met two or three times with the two agencies and that “they have been very helpful giving an external perspective and making suggestions.”

Bailey, who took over at UMKC in January, said improving the racial climate is one of his administration’s top three priorities.

“We don’t have a meeting of the vice chancellors here where it is not a topic,” Bailey said. “Every opportunity that we have to do something about this we are taking it.”

Don Matthews, who until he resigned this week was director of African-American studies, said many of the racial climate complaints dealt with the lack of recruitment and retention of minority faculty and staff, and an overall poor campus atmosphere for minority students.

“Ignoring the needs of the African-American community on campus,” he said, has led high numbers of minority students to leave the university.

Matthews, who had taught at UMKC for five years, cleaned out his office and left after what he said were several years of complaining to administrators that too few minority faculty members were hired, too few were promoted and that the racial climate continued to chase away African-American students.

“I left because I felt that it had become a personal issue between me and the university,” Matthews said. “I was being seen as the whistleblower, and it was hurting the (African-American Studies) program. It was blocking change, so I left for the sake of the program.”

Bailey said the university expects to hire Matthews’ replacement by fall 2007. Meanwhile, this month the university will bring in four finalists for a new position — deputy chancellor of diversity access and equity — created in the fall of 2005 by merging two positions. The new deputy chancellor, who will report directly to Bailey, will “deal with racial climate issues, recruiting and training, and would be intimately involved in the assessment of the campus climate,” Bailey said.

And the university this year will be looking for a director of affirmative action to help change the racial climate, an effort Bailey said has already started.

Before classes began this fall, Bailey held a reception at his residence for African-American faculty and another reception for Hispanic faculty. He said the events were designed to bring together minority faculty, many of whom did not know one another and whom he had never met.

Members of the Kansas City branch of the National Association for the Advancement of Colored People attended the reception for African-American faculty.

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Anita Russell, NAACP president, said that local branch members had become aware of problems regarding race at UMKC after reading in April in The Kansas City Star of a racial climate audit.

The audit, commissioned by UMKC administrators and conducted by a Pennsylvania State University professor, revealed that the most racist space on the campus is in the classroom. It supported Matthews' complaints about the hiring, retention and promotion of minority faculty, and it showed that Hispanic students, like black students, felt no sense of community on campus. It said the climate contributed to minority students struggling to graduate or leaving UMKC for another college.

Matthews said he hopes the involvement of the Justice Department and the NAACP will mean the university is serious about improving the racial climate on campus.

History and religious studies professor Gary Ebersole, who leads the UMKC Faculty Senate, said that although he supports the collaboration between the Justice Department, the NAACP and the university, he does "not believe any pervasive culture of racism exists on campus."

"UMKC is a microcosm of the broader society we live in, and we know that racism exists in the broader society," he said. "That it exists at UMKC should not surprise us."

He said the college of Arts and Sciences hired 10 minority faculty members this year.

Feds And Landlords Settle Sex Harassment Cases (STPPP)

By Lee Egerstrom

The St. Paul Pioneer-Press, September 2, 2006

The U.S. Department of Justice has reached an agreement with several Twin Cities rental property owners and managers in a sexual-harassment action under the federal Fair Housing Act.

The agreement calls for the defendants to pay $325,500 to harassed tenants and a $35,000 civil penalty.

The Justice Department's said the settlement involves Robert Wones, a former owner and a management employee of S&R Property Management, of Coon Rapids; property manager Howard Melin; Welty Properties Inc., of Edina; and Shumel Management, of Coon Rapids.

Settlement terms also forbid the corporate defendants from future discrimination, and ordered that Wones must hire an independent management to operate any future rental property that he might acquire.

The U.S. Attorney's Office in Minnesota argued in a lawsuit filed in December 2004 that Wones subjected women to sexual touching and advances and forced them to have sex with him if they wanted to rent an apartment. It was the second lawsuit brought against Twin Cities landlords by the Justice Department.

Judge Delays Parts Of Order Allowing All Felons To Vote (BN)

By Val Walton, News Staff Writer

The Birmingham News (AL), September 2, 2006

A Jefferson County judge agreed Friday to delay for review by the Alabama Supreme Court most of his order that would allow all felons to vote.

Circuit Judge Robert Vance Jr., at the state attorney general's request, stayed portions of his ruling such as requiring the attorney general's office to send Vance's order immediately for clearance by the U.S. Justice Department. The federal Voting Rights Act requires changes in state election law be approved through the Justice Department.

Vance ruled last month that all voter registrars in Alabama counties must allow felons to register to vote until the state Legislature passes a law that defines crimes of moral turpitude. Vance had said state law does not define them, and the state constitution holds that those guilty of crimes of moral turpitude forfeit the right to vote.

The attorney general's office appealed Vance's decision to the state Supreme Court.

At a hearing Friday, Vance did let stand another portion of his order that allows felons who have been convicted of crimes such as driving under the influence and drug possession to vote. Those crimes are among a handful that have been determined by legal precedent to not involve moral turpitude.

"I don't see sufficient reason to stay that provision of the order," Vance said. "I don't see a downside to that."

The attorney general's office had sought a stay on all portions of Vance's order, a request that attorneys with the NAACP Legal Defense Fund challenged in Friday's hearing.

Birmingham attorney Ed Still and New York attorney Ryan Hagood of the NAACP Legal Defense Fund argued that the state's constitution is clear that people convicted of certain felonies do not lose their voting rights and do not need to apply for an eligibility certificate from the state Board of Pardons and Paroles.

They said that registrars could continue to stop every felon, no matter what their crime, from registering to vote if that part of Vance's directive were delayed.

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Hagood said an informal poll statewide showed that 20 counties require felons with DUI convictions to have their rights restored, which violates the state constitution.

Vance's ruling arises from a 2005 lawsuit filed by the NAACP in Jefferson County that contended Secretary of State Nancy Worley violated the constitution by giving voter registrars instructions to require all felons to apply to the Pardons and Paroles Board to have their voting rights restored. At the time, the state had a long practice of removing from voting rolls anyone convicted of a felony.

"Our case is about getting Alabama to follow its own constitution and laws," Hagood said outside court Friday. "We think Judge Vance's ruling today affirmed what we set out to do when we filed this case."

Hagood and Still said a suggestion by the secretary of state that Vance's order would lead to polling places in prison was false and a scare tactic. Still said eligible felons would likely vote through absentee ballots.

E-mail: vwalton@bhamnews.com

Few Overseas Soldiers Voted In State Runoff (AP)

AP, September 2, 2006

MONTGOMERY (AP)— After a Justice Department suit and legislative action to extend the primary runoff from three weeks to six weeks, only a small number of military personnel stationed overseas voted in the July 18 primary runoff.

The runoff was extended to give soldiers more time to receive and return absentee ballots and to keep their votes secret. Incomplete figures in the Alabama Secretary of State's office show that some counties received no overseas military absentee ballots and in many the number was fewer than five.

Just 13 overseas military absentee ballots were received for the runoff in Jefferson County, the state's most populous.

That may be in part because there was no gubernatorial primary runoff — and no statewide Democratic runoff race at all — to excite voters overseas, or at home. The July 18 turnout was estimated to be in the low teens, down from the 38 percent who voted in the June 6 primary.

The Alabama Legislature voted to delay the runoff until July 18 after the Justice Department filed a lawsuit that said there was not enough time between the June 6 primaries and the originally scheduled June 27 runoff for military personnel to return absentee ballots.

Judge Voids Ohio's Change In Vote Drives (NYT/AP)

The Associated Press

The New York Times, September 2, 2006

CLEVELAND, Sept. 1 (AP) — A federal judge on Friday threw out new state rules governing voter registration drives, saying they appeared to violate the First Amendment and hinder efforts to sign up new voters.

The judge, Kathleen M. O'Malley of Federal District Court, issued an order from the bench immediately halting enforcement of the registration rules. Judge O'Malley said she planned to issue a detailed written order next week.

A coalition of voter advocacy groups and Democratic lawmakers sued the state, asking that the regulations be thrown out. They claimed the regulations were intimidating and impaired their registration drives, particularly in low-income and minority areas, because the rules carried potential criminal penalties.

The state said the rules were needed to guard against voter fraud.

Judge O'Malley said she would have liked to have months to study the case but felt she had to make a ruling Friday ahead of the Labor Day weekend, which is traditionally a time for voter registration drives.

The judge said that, in light of her ruling, voters should ignore the references to the criminal penalties on forms used to sign up new voters. She gave the secretary of state's office five days to remove references to the rules and penalties on its Web site.

The secretary of state, J. Kenneth Blackwell, the Republican candidate for governor, plans to comply with the order and not challenge it, said Larry James, a lawyer for Mr. Blackwell's office who was in court Friday.

In the lawsuit, filed in July, the plaintiffs argue that criminal penalties for violating voter registration rules could deter people from canvassing. The law requires each person who registers voters to return the forms either in person or by mail to the local board of elections.

In the past, a canvasser could return forms to a church or institution promoting a voter registration drive. Those groups could forward the forms to the local elections board.

The lawsuit also challenges online training required for those who will be paid for registering voters, saying it is too difficult for churches and groups that do not have access to computers. Mr. Blackwell's office responded by offering training materials by mail if requested.

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Fight Over Photo ID Resumes Election Board Decision Sends Issue Back To Court (AJC)

By Carlos Campos, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, September 2, 2006

Georgia's effort to require voters to show photo identification at the polls is back on — for now.

The State Election Board on Friday agreed to launch an education campaign to let voters know they will need one of six forms of government-issued photo identification when they cast a ballot in special elections to be held later this month and the general election in November.

The issue is far from settled, since groups opposed to the requirement immediately pledged to go back to court to get the law tossed again.

Judges in both state and federal court halted enforcement of the voter ID law for the July primaries, saying there was evidence that the law posed an unnecessary impediment to voting. But those orders were temporary, and the judges have yet to rule on the merits of the law.

Election board members emerged from a short, closed-door session with the state's lawyers and announced they were ready to move forward with implementation of the photo voter ID law.

"That photo ID law is in effect, so there's no ambiguity" among voters and elections officials, said election board member Randy Evans, a Republican Party lawyer and supporter of the law.

Emmet Bondurant, a lawyer representing Common Cause Georgia and other groups in a federal lawsuit challenging the law, said he will ask a judge to again stop enforcement of the law.

Bondurant agreed the rulings applied only to the primary. But he said the State Election Board was making a mistake in moving forward with its voter education efforts, saying it is a waste of time and taxpayer money given the pending court challenges.

"It'll get shot down again," Bondurant said Friday. "But in the meantime they will have caused mass voter confusion."

A hearing is scheduled for Friday in Fulton County Superior Court in a lawsuit brought by former Gov. Roy Barnes, lawyers said.

Barnes claims on behalf of his clients that the Georgia Constitution sets forth specific requirements for voting, and that showing picture ID is not among them. Barnes won his effort in July to temporarily block the law.

Voters head to the polls Sept. 19 for special elections, including some local bond referendums.

On Nov. 7, voters will choose a governor, lieutenant governor, a host of other statewide officers, 13 members of Congress, and representatives and senators for all 236 seats in the Georgia Legislature.

Beginning next week, voters will hear public service announcements on radio and TV letting them know about the change in the law. A brochure will also be mailed to 305,074 registered voters who might lack either a state-issued driver's license or identification card.

The secretary of state's office estimated in June that more than 676,000 Georgians lacked the most-shown forms of identification.

But the study that produced that estimate was shown to have numerous errors, so the State Election Board asked the Department of Driver Services to redo it.

A refined list was released Friday, showing that 106,522 registered voters in Georgia lack a driver's license or ID card issued by the state. An additional 198,552 voters have driver's licenses or ID cards that might have expired or have been revoked or suspended. Board members agreed to send letters, at a cost of $109,000, to those voters letting them know about the changes in state law.

David Worley, the Democratic appointee to the State Election Board and an opponent of the voter ID law, said he thinks the education effort is too little, too late. One notice won't be enough "to drive home to people the changes in state law," he said.

The voter ID question has lingered in Georgia since early 2005, when the state Legislature initially passed the requirement.

Republican leaders said the law was needed to prevent voter fraud, but Democrats, particularly African-Americans, argued it was a ploy to suppress minority votes.

A coalition of voting rights and civil rights groups sued in 2005 and blocked enforcement of the law. They argued successfully that the charge for a government-issued ID — and the difficulty in obtaining one, particularly in rural areas — were unconstitutional obstacles to voting.

Earlier this year the Legislature passed a law it believed would withstand court muster. It made photo IDs for voting free, and available in all of the state's 159 counties.

But judges again struck down the law, in part because the state had not educated voters on the changes in a timely manner.

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ANTITRUST:

FTC Fights Drug Makers' Payments To Generic Competitors (AP)

AP, September 2, 2006

WASHINGTON - The Federal Trade Commission has struck out so far in trying to block drug companies from reaching settlements it fears are slowing the introduction of generic competitors, but the head of the agency said she won't stop fighting to end such deals.

FTC Chairman Deborah Platt Majoras said she's concerned payments by brand name drug makers to their generic rivals may be nothing more than payoffs to keep cheap drugs off the market, depriving consumers of low-cost medicines.

"There is no question we've taken some hits on this," Platt Majoras said in an interview with The Associated Press. But "we are not walking away."

The FTC lost a court challenge of one of the deals in 2005 and the Supreme Court declined to hear its appeal. The trial court found that such settlements are permissible as long as a generic's entry isn't delayed beyond a drug's patent term.

Platt Majoras said it's apparent drug that companies aren't especially worried about the FTC threat since they continue to negotiate new patent settlements. But "they do so at their own peril," she warned.

Earlier this year, Bristol-Myers Squibb Co. and it marketing partner Sanofi-Aventis SA agreed to pay $40 million to Apotex Inc. to end its litigation over the blood thinner Plavix -- a move that would have prevented a generic competitor for Plavix from reaching the market until 2011.

However, state regulators rejected the deal, clearing the way for Apotex to begin selling a generic version of Plavix on Aug. 8. The Canadian drug company's sales of the cheaper medication were booming until a federal judge in New York ordered a temporary halt in its sales this week.

Platt Majoras declined to say whether the FTC instigated the Justice Department's criminal probe into the arrangement among the drug companies.

FTC Commissioner John Leibowitz said in a speech earlier this year that none of the 14 reported agreements between brand and generic companies in fiscal 2004 contained a payment to the generic company accompanied by it deferring its product's market entry. But so far this fiscal year, at least seven out of 10 agreements include a payment to the generic company from the brand company and a delay in the generic's debut.

Platt Majoras said she is concerned there will be even more settlements as numerous blockbusters are set to lose in patent protection soon. Drugs with combined sales of $48 billion will lose patent protection between 2006 and 2010, according to Medco Health Solutions Inc., a pharmacy benefit manager.

She said the agency is closely examining the case it lost to see how it should change its strategy going forward. She declined to disclose specifics, but did suggest the agency will be more careful about which court it chooses to file a challenge.

Majoras also declined to say whether recent settlements were being investigated or had been cleared. Federal law requires that the FTC review the deals.

Experts said the FTC needs to bring future cases with care. "Ultimately, the power of the FTC depends on the power of it to litigate effectively," said lawyer David Balto, an antitrust specialist. "Federal agencies don't want to establish a losing record in court."

Other insist the deals make financial sense for the companies. Generic companies avoid costly legal battles over patent issues while acquiring guaranteed cash, and brand name companies protect the sales revenues of their blockbuster drugs.

Blow Seen To Profit At Bristol (NYT)

By Stephanie Saul

The New York Times, September 2, 2006

Bristol-Myers Squibb, reeling from the incursion of a generic competitor to its top-selling drug Plavix, said yesterday evening that the impact would reduce its profits this year by at least 20 cents a share, or about $400 million.

Instead of a profit of at least $2.3 billion that the company had been expecting earlier, Bristol-Myers now expects to earn only $1.9 billion for the year.

The company also said that 2007 sales of Plavix could be harmed if large enough supplies of the generic competitor from Apotex, a Canadian company, are already in wholesale channels.

Apotex began marketing its drug last month in violation of an existing patent. Apotex is challenging that patent in court.

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A federal judge on Thursday issued an order blocking additional distribution of the generic drug and signaled that the patent was likely to be upheld at a trial next year. But Bristol-Myers's revised earnings forecast yesterday indicated the extent of the damage the company expects from the supply of the lower-priced generic already on the market.

Plavix sales in the United States amounted to $3.5 billion last year and accounted for 30 percent of Bristol-Myers's profit. The drug is used by 48 million Americans primarily to prevent the recurrence of heart attack and stroke. Earlier in the day, the company's partner in sales of the drug, the French company Sanofi-Aventis, announced a lowered earnings forecast for the year, predicting growth of earnings per share of 2 percent rather than the 12 percent previously announced by the company.

In that statement, Sanofi said it believed that Apotex had shipped enough of the generic drug to satisfy "substantially all market demand through the end of 2006."

During stock trading yesterday, shares of both Bristol-Myers and Sanofi rose as investors responded to the judge's ruling, which had come on Thursday after the market's close.

Bristol's shares rose 5.5 percent yesterday, to end at $22.95.

American depository receipts of Sanofi climbed nearly 1 percent, to close at $45.37.

The decision by Apotex to begin selling its drug Aug. 8 followed the unraveling of a proposed agreement by the three companies to settle the patent dispute. Under that agreement, Bristol-Myers and Sanofi would have allowed Apotex early access to the Plavix market a few months before the patent expires in late 2011.

That agreement, as originally drafted, did not receive clearance from the Federal Trade Commission and state attorneys general, apparently in part because it provided for payments by the big companies to the generic maker.

The attempt by Bristol-Myers Squibb and Sanofi-Aventis to settle the lawsuit with Apotex has been seen as emblematic of an increasing tendency by big drug makers to settle patent challenges, rather than risk courtroom battles over their exclusive rights to market drugs.

Such truces increasingly involve payments from the brand-name companies to the generic makers. In 2006, at least 6 of the 10 agreements between brand companies and generics to settle patent lawsuits have included payments from the brand maker to the generic company, accompanied by agreements to delay introduction of the generic drug. As recently as 2004, none of the 14 patent settlements by drug companies included such payments, according to statistics from the Federal Trade Commission.

Some F.T.C. officials have expressed concern that such payments amount to a restraint of trade and could result in higher costs to consumers.

In an interview published yesterday by The Associated Press, the chairman of the commission, Deborah Platt Majoras, said she was concerned that payments by brand- name drug makers to their generic rivals may be nothing more than payoffs to keep cheap drugs off the market, depriving consumers of low-cost medicines.

Apotex, based in Toronto, filed a request yesterday with Judge Sidney H. Stein of United States District Court in Manhattan to stay his Thursday order that ended distribution of the generic, pending an appeal that the company plans to file next week. The patent trial is expected to begin in January, but Judge Stein signaled in his ruling this week that he believes that the patent is valid.

The Justice Department is investigating allegations by the chief executive of Apotex, Bernard C. Sherman, that Bristol-Myers and Sanofi entered an illegal "side deal" with his company during negotiations — a deal he says was meant to be concealed from the F.T.C. and state attorneys general.

Yesterday, a Bristol-Myers spokesman, Tony Plohoros, repeated the company's assertion that "based on an ongoing review by the company's outside counsel, we do not believe there was an unlawful conduct by any Bristol-Myers Squibb employee."

According to claims Apotex filed in court, that secret deal arose as the companies tried to renegotiate the settlement agreement that had been rejected in May by the F.T.C. and states.

Mr. Sherman has said that in the side deal, Bristol-Myers and Sanofi agreed not to contest a $60 million "breakup" fee that had been due Apotex under the original settlement but was not mentioned in the revised settlement the companies submitted to regulators.

But a person briefed on Bristol-Myers's version of the negotiations said there was no such side deal over the $60 million. Instead, this person said, Mr. Sherman had threatened to sue for the $60 million after the first deal was rejected. Bristol-Myers and Sanofi contend that after arguing that they did not owe that $60 million, the three companies simply agreed to set aside that dispute for the time being while continuing to negotiate a revised patent settlement.

Bristol-Myers has denied the existence of another and potentially more lucrative secret agreement that Mr. Sherman says exists: that the two bigger companies would not sell their own generic version of the drug for six months after Apotex entered the

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market in 2011. Such an agreement was included in the original written settlement submitted to the F.T.C. and states, but deleted from the second agreement when government officials objected.

In court testimony, the lawyer for Sanofi and Bristol-Myers accused Mr. Sherman of intentionally trying to torpedo the patent settlement by making false allegations to the Justice Department about the conduct of Andrew G. Bodnar, the Bristol-Myers' executive who negotiated the agreement on behalf of both companies. Mr. Bodnar has declined repeated requests for an interview.

During negotiations with Mr. Sherman to settle the dispute, the companies agreed to provisions — which none of the parties dispute — that made it easier for Apotex to market its generic immediately if the revised agreement was turned down.

Those concessions included Sanofi and Bristol-Myers's agreement to waive their federal rights to collect triple Apotex's sales of the generic as financial damages, if they ultimately win the patent case. Instead, the big companies agreed to accept damages equal to only half of the generic drug's sales if Apotex loses the court case.

Sanofi and Bristol-Myers also agreed that they would not go to court to challenge Apotex's distribution of the generic product until five days after it began shipment.

When regulators did subsequently reject the revised settlement agreement, Apotex began shipping its product on Aug. 8. By the time the big companies were able to present their challenge to Judge Stein and he ruled on it, Apotex had been able to ship hundreds of millions of dollars' worth of its lower-priced competitor to Plavix that remains on the market.

ENVIRONMENT/INDIAN AFFAIRS:

Judge Says Wildlife Refuge Hunts Illegal (AP-Y)

By Matt Apuzzo, Associated Press Writer

AP, September 2, 2006

Dozens of wildlife refuges could be closed to hunters after a federal judge ruled that the government never considered the consequences of steadily expanding hunting rights for six years.

U.S. District Judge Ricardo M. Urbina has ruled that the U.S. Fish and Wildlife Service violated federal law when it allowed or expanded hunting at 37 refuges from 1997-2003.

While the agency studied the consequences of opening each refuge to hunters, Urbina said officials had a responsibility to look at the effects systemwide.

"No one was looking at the cumulative effect when you open 37 refuges," said Jonathan Lovvorn, vice president of the Humane Society of the United States and an attorney in the case. "You can't have each refuge sticking their head in the sand."

President Theodore Roosevelt began the wildlife refuge system in 1903, setting aside a tiny island off the east coast of Florida to protect pelicans and other birds from hunters. The system now includes more than 535 refuges where wildlife and its habitat are protected.

Environmental groups have criticized the government for allowing hunting, fishing and other recreational activities in many refuges.

While Urbina said in Thursday's ruling that wildlife officials violated the law, he stopped short of overturning the hunting rules and asked attorneys for both sides to propose solutions.

Lovvorn said that could mean banning or scaling back hunting. A Fish and Wildlife Service spokesman said the agency remains committed to allowing hunting when it is compatible with the refuge mission.

"At this point there hasn't been any indication anything is going to change immediately," spokesman David Eisenhauer said. "It's a little early to say what's going to happen."

The refuges at issue in the lawsuit are located primarily in the South, Virgina and Appalachia and the Pacific Northwest.

DOE Reorganization Raises Concerns About Worker Safety (MCT)

By Les Blumenthal

McClatchy Newspapers, September 2, 2006

WASHINGTON - Months before new health and safety rules are to take effect for more than 100,000 workers at Department of Energy sites across the nation, the DOE is dismantling the office that's in charge of implementing them.

The move has drawn sharp criticism on Capitol Hill and from others, who say it will gut the department's worker-safety and health programs. Lawmakers and other critics say the restructuring will roll back more than 20 years of better worker safeguards while appeasing contractors who've long complained about overly restrictive regulations.

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"This is the pendulum swinging back," said David Michaels, who headed the office as an assistant secretary of energy in the Clinton administration.

Department officials defended the restructuring, saying the Office of Environment, Safety and Health needed to be overhauled. Combining it with the DOE's security office will increase, not lessen, workers' safety, they said.

They bristled at any suggestion that the department is downgrading its commitment to safety. "That is absolutely and totally incorrect," said Clay Sell, the department's deputy secretary.

Critics said their concerns extended beyond the uncertainty over the new rules.

Since the Bush administration took office, they said, security issues and modernizing the nation's nuclear arsenal have taken priority over efforts to clean up the toxic legacy of Cold War weapons production and ensure that workers are protected.

"We have great concerns about where this is heading," said Tom Carpenter of the Government Accountability Project in Seattle, which tracks developments at the Energy Department.

The department has 14,000 direct employees and 100,000 more who work for contractors.

Those workers face any number of dangers, from exposure to nuclear materials or highly toxic waste to the problems possible at any major construction or industrial site. Recently, there were concerns that workers at the Hanford nuclear reservation in Washington state were being exposed to possibly dangerous vapors venting from underground storage tanks that hold nuclear waste, and two workers were seriously injured in a construction crane accident at the Los Alamos National Laboratory in New Mexico.

Since the days of its predecessor, the Atomic Energy Commission, the department has been self-regulating on issues of worker health and safety rules and the environment.

But in the mid-1980s, amid mounting reports of serious worker health and safety problems, widespread environmental contamination and abuses by contractors, Congress stepped in to tighten oversight.

It created the Office of Environment, Safety and Health to develop and oversee DOE regulations on worker safety and health and environmental issues. It also created an independent watchdog agency, the Defense Nuclear Facilities Safety Board.

The department announced Wednesday that it would proceed with merging its Office of Environment, Safety and Health with its security office.

The Environment, Safety and Health Office had been headed by an assistant secretary appointed by the White House and confirmed by the Senate. The merged office will be headed by a career professional.

The former office's environmental functions, including writing environmental-impact statements required under the National Environmental Policy Act, will be transferred to the department's general counsel's office.

In defending the restructuring, Sell said the Office of Environment, Safety and Health was disorganized and inattentive to the needs of the department's field offices and lacked oversight authority.

The new office's responsibilities will be equally divided between safety and health issues and security, he said.

"The criticism we are downgrading worker safety and we are returning to the 1980s or giving contractors additional influence is completely and absolutely false," Sell said.

An assistant secretary is supposed to oversee the new safety rules, which are scheduled to take effect in early February. Sell said there would be no "adverse effects" from the reorganization.

"We expect there will be a more effective implementation," he said.

The department also has quietly moved to redefine its relationship with the Defense Nuclear Facilities Safety Board, which has no enforcement powers but has issued a stream of sometimes highly critical reports on the DOE's projects and policies over the years.

In a May memo, Energy Secretary Samuel Bodman reminded employees that it was the DOE, not the safety board, that was responsible for department operations.

"When we appear to allow any outside group to make our decisions, we are not meeting that obligation and are abdicating our responsibility," Bodman wrote.

As word of the department's proposal to merge its health and safety office with its security office spread on Capitol Hill late last spring, criticism quickly mounted. Much of the opposition has come from Democrats, though some Republicans also have expressed concerns.

In a letter to Bodman, Sens. Jim Bunning, R-Ky., and Edward Kennedy, D-Mass., charged that the change could damage the health of DOE workers and people who lived near the department's sites; they also said it probably would complicate the implementation of the new safety rules.

Paul Ziemer, who headed the Office of Environment, Safety and Health in the administration of President George H.W. Bush, joined in a letter with Michaels, who headed it under Clinton, asking Bodman to reconsider the reorganization. They warned that the move would be perceived as weakening the DOE's health and safety programs.

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"The department can ill afford to fuel such a perception," they wrote.

Criticism also came from the state level.

"The DOE plan downgrades and weakens safety and health protections and is the wrong action to take and the wrong time," Democratic Govs. Christine Gregoire of Washington state and Bill Richardson of New Mexico said in a letter to Bodman. Richardson served as energy secretary in the Clinton administration.

Democratic members of the House Energy and Commerce Committee have asked the Government Accountability Office to investigate.

On Thursday, Sen. Maria Cantwell, D-Wash., asked the chairman of the Senate Energy and Natural Resources Committee to hold hearings.

"I'm deeply disappointed the Bush administration continues to try to move ahead with this," Cantwell said.

It's unclear whether the chairman of the Senate Energy Committee, Sen. Pete Domenici, R-N.M., will call a hearing. Sell, who helped write the reorganization plan, is a former Domenici staffer.

Bodman has the authority to make the changes without Congress' approval.

Carpenter, of the Government Accountability Project, said the timing of the reorganization, just months before the new safety rules take effect, was suspicious.

"Isn't that amazing?" he said. "It looks like they are doing an end run."

Opposition Dooms Sale Of Forest Land (LAT)

By Bettina Boxall, Times Staff Writer

The Los Angeles Times, September 2, 2006

Even groups that typically ally themselves with Bush criticized the plan to raise money for rural communities by selling protected land.

A Bush administration proposal to sell 300,000 acres of national forest land — a quarter of it in California — to raise money for rural counties has been shelved amid widespread opposition.

Congress refused to move the legislation this summer, and groups that typically ally themselves with the president, such as the National Rifle Assn., came out against the measure, spelling its doom in this congressional session.

Agriculture Undersecretary Mark Rey, the proposal's chief architect, acknowledged as much last month when he agreed to find other funding for the program, which finances rural schools and roads.

"That's the most likely outcome for this year," Rey said this week. Asked if the administration would attempt to revive the sales proposal next year, he said, "I don't think we know that."

If it does, the reception will probably remain chilly.

"They would be foolish to do so," said Terry Riley, vice president of policy for the Theodore Roosevelt Conservation Partnership, a national hunting and fishing coalition. "We're watching very closely and would not expect them to do something like this again."

Also dead is an accompanying administration proposal to require the U.S. Bureau of Land Management, the federal government's largest landowner, to dramatically boost its land sales to raise $350 million over the next decade.

The demise of the proposals marks the second recent defeat for efforts to sell substantial public holdings.

Last year a House committee under the leadership of Rep. Richard W. Pombo (R-Tracy) drafted budget language that would have forced the federal government to sell potentially millions of acres next to mining claims that stud Western public lands. That died after sports groups and westerners complained.

"People love their public lands — bottom line," said Dan Whiting, spokesman for Republican Sen. Larry E. Craig of Idaho.

Craig and Democratic Sen. Ron Wyden of Oregon are authors of the rural county program that would have collected $800 million in proceeds from the forest sales. But neither wound up supporting the Bush plan.

"It wasn't a serious proposal. It had no hope of passage," said Josh Kardon, Wyden's chief of staff.

To prod the administration to look for other funding sources, Wyden put a hold on some of the administration's nominees for Interior and Agriculture posts. He lifted them in early August when Rey agreed to a one-year extension of as much as $401 million for the schools program, to be funded with other revenue.

Where that money will come from hasn't been determined. But Kardon said he was confident it would be found. "These are counties that not only supported President Bush, these are the counties that provide the backbone of his remaining support today. We think the president is wise to put those folks back on his radar screen."

The 6-year-old Craig-Wyden program, set to expire this month, funnels money to rural counties that contain large amounts of national forest. Traditionally those counties, most of them in the West, collected a portion of federal timber receipts. But as logging in national forests has declined, so have timber revenues, cutting into budgets.

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When the administration released its plan in February, officials said the forest parcels to be sold were isolated, hard to manage and of little value to the 193-million-acre national forest system. The sales list included 85,000 acres in California, the majority of them in the northern part of the state.

But interviews with local forest officials and checks by conservationists revealed that many of the parcels did not fit the administration's description. In California they included wildlands proposed for possible wilderness protection, areas used as winter range by deer and elk, the headwaters of salmon streams and commercial timber lands.

In response to comments, the Forest Service dropped some acreage from the list, but as of June, still proposed to auction 76,000 acres in California.

"It's like mortgaging your house to pay for the groceries," complained Barbara Boyle, senior regional representative of the Sierra Club. "It's taking an asset and getting rid of it for a very short-term goal.

"In a time when California continues to grow, and open space becomes increasingly scarce," she added, "protecting public land is increasingly important."

Ryan Henson, policy director of the California Wilderness Coalition, said sportsmen's opposition was key to blocking the sales. "When anglers, outdoors people come out against this, those people cross party lines."

Rey said a one-year extension of the county program will not solve its long-term funding problems.

"So the question of what to do beyond that one-year extension will remain," he said. Whether the forest sales proposal, "or some variation of it, or some other approach is embraced for that longer-term solution is unknown at this point.

"What I think people have to figure out," Rey added, is whether "there is a better alternative than this, and if so, let's hear it and move forward."

Riley, whose group was among 16 hunting and fishing organizations, including the NRA, that wrote Congress in May to protest the sales, said they would have set a bad precedent.

"There is just no way we see selling public land as an option to generate money for something," Riley said.

bettina.boxall@latimes.com

Neighbors Of Nation's Parks To Get More Say (MCT)

By Michael Doyle

McClatchy Newspapers, September 2, 2006

WASHINGTON -Neighbors of the nation's U.S. parks may speak louder under new management policies signed this week.

But after wading through 45,000 often-angry public comments, park service officials backed off earlier plans that could have opened up parks to more motorized vehicles. It's a retreat that environmentalists score as a victory.

"Enjoyment is a part of our mission," National Park Service Director Fran Mainella said, "but where there is a conflict, conservation is predominant."

Several years in the making, the new management policies will guide park superintendents. While lacking the force of law, the policies point in clear directions.

So-called "gateway communities," for instance, are supposed to get more of a say when parks consider new fees or other changes. In the past, nearby towns have complained their commercial concerns go unheeded.

"The gateway communities will probably see more of an outreach effort," Mainella said.

Derrick Crandall of the American Recreation Coalition called the enhanced gateway community outreach "praiseworthy." It's likewise long been a priority for conservative lawmakers who represent towns bordering California's mountainous national parks.

"These gateway communities are impacted by decisions made by managers of our public lands," Rep. George Radanovich, R-Calif., noted late last year.

It wasn't the gateway community question, though, that incited controversy and a mass outpouring that included some 6,000 postcards submitted on behalf of the National Parks and Conservation Association. An early draft of the policies, drafted by a Bush administration political appointee who since has been sidelined, would have made it harder for park managers to ban snowmobiles and off-road vehicles.

This earlier proposal would have allowed a ban only if officials could show the recreation activity would "permanently and irreversibly adversely affect a resource or value." That had been welcomed by the American Recreation Coalition, whose financial backers have included the International Snowmobile Manufacturers Association and the Recreation Vehicle Industry Association.

The park service backpedaled under intense political fire, and officials took pains this week to distance themselves from the earlier effort.

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"We needed to take this back to our employees," said Mainella, who surrounded herself with more than dozen uniformed park service officials for the signing ceremony. "We're standing strongly behind our mission."

Mainella is in the final weeks of her park service tenure, having previously announced her resignation. Within Interior Department headquarters, speculation centers on Mary Bomar as Mainella's potential successor.

A British native, Bomar currently serves as director of the park service's 13-state Northeast Region. She previously managed Independence National Historical Park in Philadelphia, where she oversaw the opening of the National Constitution Center.

The park service's current deputy director, Donald Murphy, is a former California parks chief who also has his arms full. He's now hoping to persuade prominent Central Valley agribusinessman John Kautz and others to contribute to a new National Parks Institute at the University of California, Merced.

Murphy chairs the park institute's advisory board, which is just now gearing up. Legislation supporting the institute has been introduced by Radanovich and Rep. Dennis Cardoza, D-Calif., though it hasn't gone far.

"I don't expect there to be immediate federal funding," Murphy said, "and we're not asking for any."

A Victory For The National Parks (NYT)

The New York Times, September 2, 2006

The National Park Service has unveiled its finalized management policy, which governs the daily operation of the parks. It is a major victory for the national parks, reinforcing the national commitment to preserving them unimpaired, a vision that has persisted now for nearly a century.

This document should also help put an end to the specious argument that by working hard to conserve the parks we are somehow depriving the present generation of its right to enjoy them. That bankrupt thesis — advanced by political appointees within the Interior Department, industry lobbyists and deep thinkers like Representative Steve Pearce, Republican of New Mexico — is what has been driving this revision process all along.

It's one thing to have a new management policy. It's another to see that it is carried out properly. And while this new policy offers a clear direction forward, it does nothing to clear up several longstanding issues within the National Park Service.

The most important is financing. Last week, on the 90th anniversary of the founding of the national parks, Interior Secretary Dirk Kempthorne announced a National Parks Centennial Challenge at the instigation of President Bush. To us, it sounded like a tissue of possibilities with little substance, exactly the sort of bunting-trimmed initiative that is meant to help us forget that the president has already defaulted on his promise to clear up the financing backlog.

The new policy also does nothing to change the perennial struggle over snowmobiles in Yellowstone, an issue that persists only because political appointees refuse to accept what three scientific studies have already told them. The new policy makes it possible for the park service to make science-based decisions, as it used to do.

But under this administration, when science and politics conflict, science loses. For the parks to survive in good health for another century, it will take more than a presidential challenge. It will take solid financing and rational leadership.

California Salmon Fishermen Angered By Lack Of Bailout (LAT)

By Eric Bailey, Times Staff Writer

The Los Angeles Times, September 2, 2006

They blame politics for the $25-million plan's failure and now look to Congress.

SACRAMENTO — Commercial fishermen hit hard this year by a virtual shutdown of salmon fishing in West Coast waters voiced anger Friday after a $25-million bailout package died in the waning days of the legislative session.

They blamed intramural politics for undercutting the relief legislation, which sought direct cash grants as well as zero-interest loans to fishermen, bait shops and other on-shore businesses that support the beleaguered salmon industry.

The salmon harvest so far this year has been about 10% of average because of fishing limits set by federal officials concerned about ebbing returns of adult fish to the Klamath River.

Though several West Coast tributaries are seeing robust salmon runs, the Klamath has suffered sharp declines blamed on drought, a proliferation of disease and parasites that afflict fish, dams that block migration, and river flows lowered by water diversions to farmers.

The bill died despite a bipartisan effort.

Gov. Arnold Schwarzenegger sponsored the legislation and two Democrats — state Sen. Wesley Chesbro of Arcata and Assemblywoman Patty Berg of Eureka — attempted to shepherd it through the Legislature.

Fishermen held Assembly Speaker Fabian Nuñez (D-Los Angeles) responsible for the measure's demise, saying he refused to push any meaningful bailout.

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"I know I've been this angry before, but I can't remember when," said Dave Bitts, a Eureka fisherman. "This seems to lie squarely on the shoulders of the speaker, and I don't understand how a Democrat would turn his back on working people and abandon an industry to die."

When the bill ran aground earlier this week, a Nuñez spokesman blamed the governor's office for failing to settle differences with opponents of the bill, in particular yacht harbors in Southern California worried about their own funds being drained to help the fishermen. Fishermen, however, said those qualms had been settled.

At a news conference Friday morning, Nuñez had to check with staff when he was asked why the Legislature failed to pass a bill to help the salmon industry.

"What did we do with salmon relief?" he asked his aides.

They said a bill failed to reach the Assembly from the Senate.

"I know that at one point I had Assemblywoman Berg and Sen. Chesbro in my office," Nuñez said, "but there were about a thousand other things going on so I told Danny Eaton [Nuñez's chief of staff], work this out."

Later, Nuñez spokesman Richard Stapler said there wasn't enough time to craft effective legislation.

"We need to look for a long-term solution for the fishing industry — and we cannot do this in the last and busiest week of the legislative session," Stapler said, adding that Schwarzenegger should use his emergency powers to provide immediate help.

The failure of the Legislature to approve funding contrasts with actions in Oregon, where commercial fishermen have received bailout checks.

Now the hopes of California fishermen and the salmon industry will turn to Congress.

On Aug. 10, U.S. Commerce Secretary Carlos Gutierrez declared a commercial fisheries failure for the West Coast salmon industry after months of prodding by Schwarzenegger and the other West Coast governors, U.S. senators and representatives.

The declaration opened the door for Congress to approve relief funding. Rep. Mike Thompson (D-St. Helena) is pushing for more than $80 million in disaster relief as well as money to fix the Klamath River's environmental ills.

"We're disappointed the state wasn't able to pass the disaster legislation," said Thompson's legislative director, Jonathan Birdsong. "But my boss and other lawmakers from the affected region are still dedicated to getting emergency dollars appropriated."

That could take time. Congress is scheduled to recess at the end of this month and not return until after the November elections.

Times staff writer Nancy Vogel contributed to this report.

eric.bailey@latimes.com

Governor's Push To Expand Indian Casinos Fails In California (NYT)

NY Times, September 2, 2006

Randal C. Archibold

LOS ANGELES, Sept. 1 — What would have been among the largest expansions of Indian gambling in recent years, a major goal of Gov. Arnold Schwarzenegger, was defeated by the California Legislature on Thursday after heavy lobbying by union groups frustrated by efforts to organize workers at the casinos.

It may be a temporary setback for the governor and tribal groups, who have promised to push again for the expansion next year. Legislative leaders, who have been generally supportive of Indian gambling, also suggested they would be open to similar plans down the road.

But for now, Mr. Schwarzenegger and the tribes, who had been negotiating for a couple of years, stand empty-handed.

One bill passed in one legislative chamber but failed in the other, and lawmakers declined to take up five bills ratifying six compacts the governor had signed that would have allowed for some 20,000 new slot machines on several reservations, in addition to the 60,000 already there.

The compacts are another sign of the explosive growth of the Indian gambling industry, whose revenues have grown nationwide to $22.7 billion last year from $5.5 billion a decade ago, enriching many tribes. The Indian casinos, many aping the flash and entertainment of the Las Vegas Strip, typically serve the masses unable or unwilling to go to Las Vegas or casinos in other states.

FBI/DEA/ATF/USMS:

American Drug Policy (1 Letter) (NYT)

The New York Times, September 2, 2006

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To the Editor:

Re “Lighting Up in Amsterdam” (column, Aug. 26):

John Tierney quotes Peter Cohen, a Dutch researcher and a former director of the Center for Drug Research at the University of Amsterdam, as saying that “drug policy is irrelevant” because America, with strict drug laws, is said to have no less drug use than the free-wheeling Europeans.

The facts tell a different story. Consider the rates of current marijuana use by young people here and abroad.

No fewer than five European countries with softer drug laws have higher rates of use (while the Dutch experienced a near-tripling of marijuana use by 18- to 20-year-olds after their “coffee shops” began selling pot).

Meanwhile, Sweden, which has maintained tough drug policies, has marijuana rates of only 1 percent, a mere fraction of its “progressive” neighbors.

Closer to home, Canada, sliding toward decriminalization, experienced a doubling of marijuana use between 1994 and 2004, while the United States witnessed a nearly 20 percent decline among young people between 2001 and 2005.

No doubt several variables affect drug use, but one cannot dismiss the impact of effective policies.

Tom Riley
Communications Director
Office of National Drug Control Policy
Washington, Aug. 31, 2006

Op-Ed: Wrong Door (WSJ)

By Radley Balko And Joel Berger
The Wall Street Journal, September 2, 2006
Radley Balko and Joel Berger

The Supreme Court ruled this June that evidence seized in an illegally performed "no-knock" police raid can still be used against a defendant. Though disturbing in its own right, Hudson v. Michigan touched on only a small part of a larger problem -- the trend toward paramilitary tactics in domestic policing.

Criminologist Peter Kraska estimates that the number of SWAT team "call-outs" soared past 40,000 in 2001 (the latest year for which figures are available) from about 3,000 in 1981. The vast majority are employed for routine police work -- such as serving drug warrants -- not the types of situations for which SWAT teams were originally established. And because drug policing often involves tips from confidential informants -- many of whom are drug dealers themselves, or convicts looking for leniency -- it's rife with bad information. As a result, hundreds of innocent families and civilians have been wrongly subjected to violent, forced-entry raids.

Last year, for example, New York City police mistakenly handcuffed Mini Matos, a deaf, asthmatic Coney Island woman during a pre-dawn raid. While her young son and daughter burst into tears, Ms. Matos's plea to use her asthma pump was ignored until an officer realized they entered the wrong apartment.

Home invasions can also provoke deadly violence because forced-entry raids offer very little margin for error. Since SWAT teams began proliferating in the late 1980s, at least 40 innocent people have been killed in botched raids. There are dozens more cases where low-level, nonviolent offenders and police officers themselves have been killed.

Last summer a SWAT team in Sunrise, Fla., shot and killed 23-year-old Anthony Diotaiuto -- a bartender and part-time student with no history of violence -- during an early-morning raid on his home. Police found all of an ounce of marijuana. This January a member of the Fairfax, Va. SWAT team accidentally shot and killed Salvatore Culosi, a local optometrist with no criminal record, no history of violence and no weapons in his home. Police were investigating Culosi for wagering on sporting events with friends.

Public officials are rarely held accountable when mistakes happen. The Culosi family has yet to be given access to documents related to the investigation of his death, including why a SWAT team was sent to apprehend him in the first place. More than a year after Diotaiuto's death, his family too has been denied access to any of the documents it needs to move forward with a lawsuit.

New York City provides perhaps the most egregious example of public officials' reluctance to rein in the excessive use of paramilitary tactics. Throughout the 1990s, the city's newspapers reported a troubling, continuing pattern of "wrong door" drug raids. In many cases, tactical teams raided homes based solely on uncorroborated tips from unproven informants.

Members of the city's Civilian Complaint Review Board cautioned that they were seeing increasing complaints of botched raids, but limited jurisdiction and bureaucratic turf wars prevented them from doing anything about it. The principal result of the CCRB's warnings was the creation of a special police unit for the sole purpose of fixing locks, doors and windows in cases where

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forced-entry searches were performed on the wrong premises. Civil rights attorneys warned that without more substantial changes, it was only a matter of time before an innocent person would be killed in a botched drug raid.

They were right. In 2003, acting on a bad tip from an informant, police mistakenly raided the Harlem home of Alberta Spruill, a 57-year-old city worker. The violence of the incursion literally scared Spruill to death; she died of a heart attack at the scene. The raid spurred public outrage, calls for reform, and promises from the city to change its ways. The NYPD published new guidelines calling for more reliability when taking tips from informants. The city also promised greater vigilance in conducting surveillance and double-checking addresses before a SWAT team was sent in.

But later, during the course of a lawsuit stemming from another, mistaken raid -- in 1992, on corrections officer Edward Garrison, his elderly mother and two young daughters -- the city declared that all of the post-Spruill reforms it had promised were merely discretionary, not enforceable in court, and could be revoked at will by any future mayor or police commissioner.

In any case, botched raids have not stopped. In 2004, police arrested a Brooklyn father of two in a drug raid and held him for six months at Riker's Island. In March of this year they dropped all the charges, conceding that he had been wrongly targeted. The man's lawyer called it the worst case of malicious prosecution she'd ever seen. Also in 2004, police mistakenly raided the home of Martin and Leona Goldberg, a Brooklyn couple in their 80s, when an informant provided bad information. "It was the most frightening experience of my life," Mrs. Goldberg later said. "I thought it was a terrorist attack."

The NYPD goofed again in 2005, when a SWAT team raided the Brooklyn apartment of the Williams family, instead of the targeted apartment on the same floor. Police continued to search the apartment even after it was obvious they were in the wrong home. This year, according to the CCRB, there have already been at least 15 mistaken raids.

A few cities, such as New Haven, Conn., and San Jose, Calif., restrict the use of SWAT teams to cases where a suspect presents an immediate threat. Denver dramatically cut back the number of "no-knock" raids conducted after a SWAT team shot and killed an innocent man in a botched raid in 1999, and follow-up investigations revealed severe deficiencies in the how police had obtained "no-knock" warrants.

But these examples are few and far between. Most of the country is moving toward more militarization, more aggressive drug policing -- and less accountability when things go wrong.

Mr. Balko is the author of "Overkill: The Rise of Paramilitary Police Raids in America," published by the Cato Institute, where he is a policy analyst. Mr. Berger is an attorney representing the Williams and Garrison families and a former New York City Law Department executive.

Memo Calls DEA Informant "homicidal Maniac" (WFAA-TV)

By BYRON HARRIS And MARK SMITH, WFAA-TV

WFAA-TV, Dallas-Fort Worth, September 2, 2006

The memo was direct and extremely troubling.

It detailed concerns about the “unnecessary loss of human life in the Republic of Mexico”, and it claimed U.S. Immigration and Customs Enforcement officials may have gone to “extreme lengths to protect” a “homicidal maniac” informant.

The memo, written by then DEA Special Agent in Charge Sandalio “Sandy” Gonzalez, would forever change his life.

Gonzalez began in early 2004 to question the U.S. government's role in allowing an informant to commit possible crimes, even murder.

Twelve bodies had been uncovered in a small duplex in Ciudad Juarez, Mexico - a short drive from Gonzalez’s El Paso office.

Gonzalez, however, became shocked when he began to review government reports, including a report saying a paid U.S. informant supervised and participated in at least one murder at the cartel-operated house.

“We have an obligation as law enforcement officers to stop a murder from being committed,” said Gonzalez, a 26-year DEA veteran agent speaking in an exclusive television interview with WFAA.

Internal memos also said the informant ensured the duplex was open prior to murders and supervised their burial. What’s more, the informant audio-taped the first murder on August 2003, and provided the tape to federal agents, memos said.

ICE and federal prosecutors may have ignored a DEA request to shut down their investigation after the first murder, allowing murders to occur at the house for five more months – until January 2004.

“In fact, DEA agents from Juarez told me that they had tried to shut it down,” Gonzalez said. “They spoke with ICE and the U.S. Attorney’s office and their request was denied.”

The informant infiltrated a cigarette smuggling ring and the powerful Juarez drug cartel, which operated the house.

However, Gonzalez said cracking any drug cases didn't warrant allowing murders to continue.

“As far as murder, which is what we're talking about here, that's totally unacceptable,” Gonzalez said. “There's no way that, that an informant can commit murder, during a government investigation.”

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Troubled by what he found, Gonzalez ultimately wrote a memo to his ICE counterpart in El Paso, and sent a copy to the Justice Department.

That was the beginning of the end of his career.

"It was a classic case of shooting the messenger," Gonzalez said.

Gonzalez got a bad job review from DEA Administrator Karen Tandy, his boss. And felt pressure to retire early.

Since then, he's challenged and overturned the job review. But the lack of investigation into the government's actions, he said, has been a "black-eye on law enforcement."

"It's an insult to every hard-working law enforcement officer to have the government act in this manner," Gonzalez said.

Gonzalez said he wrote the memo as a result of the near loss of a DEA agent.

A DEA agent living in Juarez was nearly abducted on the tip of a victim being tortured and eventually murdered at the cartel-operated duplex. Gonzalez said he feared the DEA agent and his family nearly became additional victims.

"The near loss of a DEA agent seems to have gotten lost somehow," said Gonzalez, who now is retired.

He said he doubts any serious investigation into the government's handling of the informant will occur unless spurred by a Congressional review.

E-mail Byron Harris or Mark Smith

IMMIGRATION:

Backers Of Bush's Immigration Plan Face Long Odds (MCT)

By Dave Montgomery

McClatchy Newspapers, September 2, 2006

WASHINGTON - Supporters of President Bush's proposed immigration overhaul will attempt to resuscitate the stalled initiative when Congress returns from a month-long break next week, but many openly concede that it may be a lost cause.

Lawmakers on differing sides of the issue and leaders of advocacy groups involved in the debate expressed what appears to be a widening consensus that Bush's top domestic priority is likely dead for the year.

"I don't get the sense that people have given up, but with every day that goes by, the stark reality of the calendar is setting in," said Sen. John Cornyn, R-Texas, the chairman of the Senate subcommittee on immigration.

Sen. Edward M. Kennedy, D-Mass., a leading architect of a bipartisan immigration bill in the Senate, called on Bush to make an all-out push to rescue the bill before lawmakers quit work to campaign for the Nov. 7 congressional elections.

Otherwise, Kennedy said, "We'll have a very, very difficult time."

Key elements of Bush's immigration plan include a guest-worker program that would legalize many of those now here illegally and toughened enforcement and border security to ultimately halt further illegal immigration.

Lawmakers could take a final shot at resolving the issue this year in a brief, post-election "lame-duck session" in November that would include surly outgoing lawmakers defeated for re-election. But the prospects of finding accord particularly if Republicans lose control of one or both chambers appear highly unlikely, many lawmakers and immigration experts said.

"I fear that the incentive to demagogue the issue and use it as a political football is going to be greater than the willingness to legislate," said Cecilia Munoz, vice president of the National Council of La Raza, the nation's largest Latino civil rights organization. "What's inevitable is that the sense of urgency around this issue is not going to decrease and the country is going to continue to demand solutions."

One potential avenue for compromise centers on a plan that Sen. Kay Bailey Hutchison, R-Texas, and Rep. Mike Pence, R-Ind., unveiled just before Congress's August recess in an attempt to overcome a deadlock between the House of Representatives and the Senate.

The plan, which would create a privately run guest-worker program, has drawn favorable editorial reviews in several major newspapers as well as guarded, though non-committal, support from the administration and some congressional leaders. Commerce Secretary Carlos Gutierrez described it as "an intriguing proposal" and a potential starting point for compromise.

Hutchison, in a telephone interview last week, said she is optimistic that a version of the proposal could get both sides talking and possibly win passage in a lame-duck session. But Rep. Tom Tancredo, R-Colo., leader of a coalition of House conservatives who rigidly oppose a guest-worker plan, said his allies probably would oppose the concept as a form of amnesty for illegal behavior.

A so-called comprehensive bill passed by the Senate in May encompasses the general outline of Bush's immigration plan, including a guest-worker plan and a multi-tiered legalization provision that would put the majority of illegal immigrants on a path toward U.S. citizenship.

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The House bill takes an enforcement-only approach, including a 700-mile-long fence along the Southwest border. Republican House leaders adamantly opposed to the Senate bill have balked at naming conferees to resolve differences between the two measures.

Pro-immigration advocates shadowed several of the hearings and held local press events designed to show the other side, drawing support from business groups, farmers and Hispanic leaders aligned behind the Senate approach.

Tamar Jacoby, a senior fellow at the Manhattan Institute and a backer of the Senate bill, said she hopes the outpouring of support will help convince congressional leaders to revitalize the issue.

"We're talking Hail Mary territory," she said, "but I haven't given up yet."

McClatchy correspondent Michael Doyle contributed to this report.

4-Day Illinois March For Immigrant Rights Begins (LAT)

By Sara Olkon, Chicago Tribune

The Los Angeles Times, September 2, 2006

The pilgrimage is one of many across the nation geared toward pressuring Congress to move forward with an immigration overhaul.

CHICAGO — About 400 supporters of broader immigrant rights streamed out of Chinatown Square at noon Friday to kick off a four-day journey that will end at the district office of House Speaker J. Dennis Hastert in Batavia.

The activists carried a message on T-shirts and placards: Immigrants' interests matter.

"This is going to be a symbolic pilgrimage calling attention to hard-working, taxpaying people who deserve the opportunity to achieve the American dream," said David Martino, political director of the local Service Employees International Union.

Organizers said they hoped to persuade Hastert, a Republican, to offer a path to citizenship for the nation's estimated 12 million illegal immigrants and to put a moratorium on raids and deportations by the U.S. Department of Homeland Security.

The Illinois march is part of a series of demonstrations nationwide to pressure Congress to move on stalled immigration overhaul. The demonstrations culminate with a Sept. 7 march in Washington that organizers hope will attract 1 million.

The Senate has passed an immigration package that combines tighter border security with a guest worker program and a plan offering many illegal immigrants a path to citizenship, whereas the House has approved an enforcement-only measure.

Catherine Salgado of the Illinois Coalition for Immigrant and Refugee Rights said she expected a few hundred supporters to walk the distance to Hastert's office. She predicted that thousands more would show up at rallies along the route.

Hastert hasn't agreed to meet with the marchers when they arrive at his office Monday. However, members of the Chicago Minuteman Project, a group that opposes illegal immigration, plan to stage a counter-protest there.

Salvador Pedroza, president of the Little Village Chamber of Commerce — which represents businesses in an area on Chicago's West Side that the chamber says is home to the largest Mexican community in the Midwest — said critics such as the Minutemen were misinformed.

"Immigrants give more to this country than they receive," he said Friday.

Dung Van Nguyen, senior program manager for the Vietnamese Assn. of Illinois, said he came to the march kickoff to support the country's newest immigrants. "Now, we have jobs and a stable living," he said. "Now, we must worry about them."

Times wire services contributed to this report.

Pennsylvania Town Delays Enforcing Tough Immigration Law (NYT)

By Julia Preston

The New York Times, September 2, 2006

A Pennsylvania town has agreed to hold off temporarily from enforcing an ordinance that fines landlords who rent to illegal immigrants, denies business permits to employers who hire them and requires that all city business be conducted only in English.

A federal district judge, James M. Munley, issued an order yesterday confirming an agreement between the town, Hazleton, and civil liberties groups that challenged the ordinance in a lawsuit filed Aug. 15. Hazleton said it would not immediately enforce the measure, passed July 13, and its opponents agreed not to seek a formal injunction for the time being.

The Hazleton law was the first in a series of initiatives across the country in which local townships, citing what they described as negligence by federal authorities, moved on their own to crack down on illegal immigrants. Mayor Louis J. Barletta said he wanted the ordinance to make Hazleton “one of the most difficult places in the United States for illegal immigrants.”

Under the ordinance, which had been set take effect on Sept. 11, landlords faced a fine of $1,000 for each day they rented to immigrants lacking papers. The measure also barred employers who hired illegal immigrants from renewing business permits or receiving city contracts for five years.

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The suit, brought by the American Civil Liberties Union and the Puerto Rican Legal Defense and Education Fund, charged that the ordinance was "riddled with constitutional flaws," overstepped the bounds of municipal authority and would discriminate against any residents who appeared to be foreigners. Several plaintiffs are Hazleton landlords who are legal Hispanic immigrants.

In a telephone interview yesterday, Mayor Barletta said the town had agreed to the delay in order to write a new ordinance, based on advice from lawyers, that would be easier to defend in court.

"I'm not backing down," the mayor said. The new measure, he said, will clarify that it is not intended to punish local retailers for selling to illegal immigrants, after ambiguities in the current law raised an outcry from storekeepers. He said he might submit the new proposal for a vote by the City Council as early as Sept. 12.

According to a tally on Monday by the Puerto Rican legal group, six other towns nationwide have adopted similarly tough ordinances: four in Pennsylvania, plus Riverside, N.J., and Valley Park, Mo. Such measures have passed preliminary votes in four additional towns, and at least 26 towns are considering them. Four towns, including Avon Park, Fla., have rejected similar ordinances.

The order by Judge Munley, who sits in Scranton, Pa., gives the civil liberties groups 20 days to renew their challenge to any immigration ordinance Hazleton adopts. Omar C. Jadwat, an immigration lawyer for the A.C.L.U., said he hoped that the town would eventually drop the ordinance and that "other cities will similarly take these ordinances off the table and rethink."

Pa. City Delays Immigrant Crackdown Law (AP)

By Michael Rubinkam

AP, September 2, 2006

ALLENTOWN, Pa.

The city of Hazleton agreed Friday to delay enforcing one of the toughest crackdowns of illegal immigrants by a U.S. city.

The law fines landlords $1,000 for renting to illegal immigrants, denies business permits to companies that give them jobs, and makes English the city's official language. Enforcement was to begin Sept. 11.

The delay came after the city reached an agreement with plaintiffs in a lawsuit _ Hispanic groups and the American Civil Liberties Union, who wanted the law declared unconstitutional.

Under the agreement, Hazleton must give the plaintiffs at least 20 days' notice before it begins enforcing either the ordinance passed in July or its replacement _ enough time for the ACLU to return to court to try to stop it.

Mayor Lou Barletta said the city agreed to the delay only because it is working on a replacement ordinance that he says will better stand up in court.

"We're not enforcing it because we are in the midst of amending it," said Barletta, who has championed the law. "The amended ordinance will be even stronger and more defensible."

Witold J. Walczak, legal director of the ACLU of Pennsylvania, said, "Hopefully, the legal protection we now have will give some comfort to the local immigrant community and calm their fears."

Barletta proposed the ordinance after two illegal immigrants were charged with shooting and killing a man. He has said the new law has already spurred many illegal immigrants to leave the city.

The ACLU and Hispanic groups contend the Constitution gives the federal government exclusive power to regulate immigration and the city's ordinance is discriminatory and unworkable. They believe the law will foster discrimination against Hispanics who came to the U.S. legally.

The lawsuit was filed on behalf of 11 Hazleton residents and business owners and three nonprofit groups.

Hazleton, a city of about 31,000 residents, is about 80 miles from Philadelphia.

Nation's Latino Leaders To Discuss Immigration, Other Issues In L.A. (LAT)

Times Staff Writers

LA Times, September 2, 2006

Maria L. La Ganga, Teresa Watanabe

Latino leaders from throughout the country are scheduled to gather in Los Angeles next week to address pervasive gaps between whites and Latinos in critical areas, including income, home ownership, education and access to healthcare.

The National Latino Congreso — billed as the first comprehensive gathering of Latino leaders and community members in nearly 30 years — is to begin Wednesday and feature a rally and vigil Sept. 9 urging Congress to pass an immigration reform bill.

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"We're very concerned that Congress has basically frozen the process and not done anything about comprehensive reform," said Angela Sanbrano, president of the National Alliance of Latin American and Caribbean Communities and one of the Congreso's organizers.

"We're calling on Congress to take up this issue seriously when they return from the Labor Day break," she said.

Immigration Politics' Endless Summer (LAT)

The Los Angeles Times, September 2, 2006

Let's hope the silly season of field hearings won't be replaced by bad lawmaking.

CAPITOL HILL'S SILLY SEASON — when Congress is away and news is slow — will finally end Tuesday. But after a summer filled with no fewer than 20 congressional immigration hearings, blustery news conferences on border enforcement and other election-year artifacts, the immigration reform process is likely to remain silly — that is, effectively dormant — until November. Not even marches for immigration reform, scheduled today for Los Angeles and other cities, are likely to change that.

After May's million-strong marches and passage of a flawed but semi-comprehensive Senate immigration bill, the more strident GOP caucus in the House invented ways to stall reform. First, the House threatened to block the Senate bill altogether. Then, the House leadership scrapped plans to hash out a compromise in conference, opting instead for a series of field hearings showcasing, in the words of Immigration Reform Caucus member Rep. Charlie Norwood (R-Ga.) at a Georgia hearing, "witnesses who agree with me, not disagree with me."

That wasn't the only low point. Rep. F. James Sensenbrenner Jr. (R-Wis.) chaired a hearing called "Should Mexico Hold Veto Power Over U.S. Border Security Decisions?" even though the Senate provision in question only requires consultation and communication with, not direction from, our southern neighbor. And at last week's New Hampshire hearing, Peter Gadiel, president of 9/11 Families for a Secure America, performed the common political legerdemain of claiming that illegal immigration somehow led to 9/11, even though all the hijackers entered the country on legally issued visas.

Rather than rein in his party's rabble-rousers — or at least gently steer them toward a legislative goal he's called for repeatedly — President Bush has been silent on immigration for weeks. Instead, officials from the Department of Homeland Security have been sent around the country to make the case that the administration's recent border-policing upgrades are already accomplishing the "enforcement-first" agenda required by House hard-liners.

Yet the president also has given hope to the enforcement-centric lobby by courting Rep. Mike Pence (R-Ind.) and Sen. Kay Bailey Hutchison (R-Texas), who are pushing a compromise proposal that would put off overhauling the hopelessly bureaucratic visa system and creating a path toward legalizing the estimated 11 million illegal residents in this country until the border is somehow "certified" secure.

Such certainty is probably not possible, and bearing down on just one of immigration's three crisis-level problems will worsen the other two. And requiring that all illegal immigrants leave the country before reapplying for legal status — as the PenceHutchinson framework contemplates — is a recipe for maintaining a permanent underclass of people outside the reach of the law.

If those are the outlines of a future compromise, better the silly season continue than give way to potentially dangerous legislation. Maybe the next Congress will treat a serious problem more seriously.

TAX:

Government Cites Tax Scheme In Suit (CCT)

The Contra Costa Times, September 2, 2006

The Justice Department announced Friday that it has sued to block William Kennedy of Livermore from selling an alleged tax fraud scheme. The complaint, filed in U.S. District Court in San Francisco, claims Kennedy falsely advised customers that they can use an entity known as a "corporation sole" to avoid paying federal income taxes.

Kennedy conducted his business through an entity he calls the "Ear of Malchus," which is referenced in the New Testament. According to the complaint, the IRS estimates that Kennedy's tax-fraud scheme results in an annual loss to the federal Treasury of $500,000.

Some states authorize corporations sole to enable religious leaders to hold property and conduct business, the complaint states. But tax benefits are available only to tax-exempt religious or charitable organizations under federal tax laws. The complaint alleges that Kennedy falsely advises customers that corporations sole used for their personal benefit can qualify as tax-exempt religious organizations.

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The government's complaint states that Kennedy charges his customers from $15,000 to $25,000 to participate in the corporation sole scheme. The suit asks the court to order Kennedy to remove from his Web site all information advertising the scheme and to give the government a list with his customers' names, addresses and Social Security numbers.

Efforts to reach Kennedy were unsuccessful Friday.

Oil

Houston-based offshore drilling rig contractor Transocean Inc. said late Thursday that it received a five-year contract worth up to $862 million to build a drillship for San Ramon-based Chevron Corp. (CVX).

The ship will be modeled on Transocean's Enterprise-class drillship design, featuring the company's dual-activity drilling technology, which allows for parallel drilling operations designed to save time and money in deepwater well construction.

The contract is expected to start in the first quarter of 2010, but Chevron has the right, until 2007, to shorten the contract to three years, which could lower its cost to $609 million.

Chevron closed up 43 cents, or 0.7 percent, at $64.83.

Equity

Shares of softwaremaker Wind River Systems Inc. (WIND) rose 66 cents, or 6.5 percent, to $10.83 after the company predicted a 10 percent increase in sales growth in the second quarter, and an analyst said the stock is attractive at current levels.

The company, which is undergoing a review of its past stock option practices, disclosed preliminary sales figures for the quarter and intends to finish its quarterly statement before the regulatory deadline.

Compiled by Marton Dunai from Associated Press, Bloomberg News, Dow Jones and company news releases. A new column is posted weekdays at the Business site on www.contracostatimes.com at noon and 5 p.m. Got East Bay business news? Reach Marton Dunai at 925-952-2671 or at mdunai@cctimes.com.

Stabler Sued For Past Taxes (BN)

By Russell Hubbard, News Staff Writer

The Birmingham News (AL), September 2, 2006

IRS says ex-Tide star owes $544,847, puts lien on land

University of Alabama football broadcaster Ken Stabler has been sued by federal prosecutors who want to seize his south Alabama land to pay more than $500,000 of what they say are overdue personal and business taxes.

The civil suit was filed Tuesday in U.S. District Court in Mobile by the Tax Division of the Justice Department. It says the former Crimson Tide and Oakland Raiders standout quarterback owes $544,847 in unpaid federal taxes, and that his property in Mobile and Orange Beach should be seized and sold to pay the debt.

Robert Galloway, Stabler's tax attorney, said Friday he has been negotiating with the Internal Revenue Service on his client's behalf and that he expects the matter to be settled before any property is seized.

Stabler, scheduled to announce the radio broadcast of Alabama's first 2006 football game at 6 p.m. today, owes $241,565 in unpaid federal income taxes for 1999, 2000 and 2001, the lawsuit says.

His Stabler Co., which arranges speaking engagements for members of the 1965 NCAA championship team, owes $303,282 for unpaid income taxes, withholding taxes and penalties for filing incorrect returns, the suit says.

The business taxes are owed for 1995, 1998, 1999 and 2000.

The lawsuit also says that in 1998 and 1999, Stabler borrowed $1.38 million from his company, of which he was the sole shareholder. Stabler used the company to avoid paying taxes, the suit says.

"Stabler had complete control over Stabler Company's finances, policies, and business practices and exerted such control ... to avoid the payment of taxes due and owing to the United States," the lawsuit says.

A 60-year-old native of Foley, in Baldwin County, Stabler is one of the legends of Crimson Tide football. He ran Coach Paul "Bear" Bryant's offenses for most of 1966 and 1967, and starred in the National Football League from 1968 to 1984.

He was named American Conference player of the year in 1974 and repeated in 1976, when he was the NFL's passing leader. In 1977, he guided the Raiders to their first Super Bowl victory.

The government lawsuit seeks to seize Stabler's properties at 29712 Ono Blvd. in Orange Beach and at 260 North Joachim St. in Mobile. The government has already filed tax liens, or claims against the property, with the county probate courts, the lawsuit says. Some of the liens were filed as early as 2002, according to the suit.

"Although notices of the assessments have been given, and demand for their payment has been made, Stabler has failed and refused to pay," the suit says. Suit no surprise

Galloway, Stabler's Mobile attorney, said the problems are in the past and will be resolved. In those years, the company struggled with the complexities of accounting for business revenues that wound up being paid to Stabler personally, Galloway said.

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"It's past years at issue," he said. "After Ken came to me, we restructured things and have stopped the bleeding."

Galloway said he knew the lawsuit was coming. "I was told the government was up against some statute-of-limitations issues and that it was filed for those reasons."

Attempts to reach officials with Crimson Tide Sports Marketing, the University of Alabama radio broadcasting partner that employs Stabler, were unsuccessful.

E-mail: rhubbard@bhamnews.com

Feds Sue Former QB Ken Stabler Over Unpaid Taxes (AP)

AP, September 2, 2006

MOBILE, Ala. — The federal government has sued former NFL quarterback Ken Stabler, seeking more than $500,000 in overdue taxes and proposing foreclosure on property he owns in Mobile and Baldwin counties.

The suit, filed Tuesday in U.S. District Court by the Justice Department's Tax Division, says Stabler owes $241,565 in unpaid income taxes, penalties and interest from 1999, 2000 and 2001.

It also says the Stabler Co., which he owns, owes $303,282 in unpaid income and employment taxes, penalties and interest from 1995, 1998, 1999 and 2000. The Stabler Co. arranges speaking engagements.

The suit asks a judge to make sure the amounts are paid by foreclosing on property that the former University of Alabama and Oakland Raiders quarterback owns in Mobile and on Ono Island, an upscale residential island.

Robert Galloway, Stabler's tax attorney, told the Birmingham News in a story on its Web site Friday that he has been negotiating with the Internal Revenue Service on his client's behalf and that he expects the matter to be settled before any property is seized.

Stabler is scheduled to be a radio announcer for Alabama's first football game of the season against Hawaii on Saturday.

IRS Fraudulent Refunds An Estimated $318M (AP-Y)

By Mary Dalrymple, Ap Tax Writer

AP, September 2, 2006

The Internal Revenue Service gave away $318 million in improper refunds this year because a computer program that screens tax returns for fraud wasn't working, according to a report released Friday.

The estimate by the Treasury Inspector General for Tax Administration is slightly higher than the IRS's own calculation. The tax agency thought it had paid out $200 to $300 million in improper refunds.

The inspector general plans a future study to look more closely at the amount of money the government lost, along with IRS procedures for detecting fraudulent refunds.

In this study, the inspectors found the IRS spent more than $20 million on the failed computer project, which should have delivered a new version of the fraud-detection program early this year.

The computer program, in use since 1996, searches for signs of fraud in every tax return claiming a refund.

The IRS had contracted with Computer Sciences Corp. to update the program, but the contractor could not produce a working program by the deadline. The old program could not be put back into operation in time for this spring's tax filing deadline.

The IRS is now trying to get the program up and running in time for next year's deadline. The refund fraud program had stopped $412 million in fraudulent returns in 2005.

The House's top tax writer, in a letter to Treasury Secretary Henry Paulson this summer, asked that the IRS re-examine its relationship with the contractor and make sure other IRS programs aren't in jeopardy.

"This failure has cost taxpayers hundreds of millions of dollars and has worked to the benefit of criminals who intentionally filed false returns to defraud the federal government," said Ways and Means Committee Chairman Bill Thomas, R-Calif. "Remarkably poor judgment riddled the project."

IRS Commissioner Mark Everson has said the performance of the IRS and the contractor were "insufficient and are unacceptable."

The inspectors found the IRS followed other leads and stopped $94 million in fraudulent refunds from being issued this year, even though they could not use the computer program.

The tax collectors have other ways to find fraud in refund claims. They can compare information reported on returns with other government records to look for unusually large refund requests. They can also track returns filed by prisoners to find inmates claiming false refunds.

The IRS also uses Social Security numbers to prevent identity theft and curb fraud.

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On the Net:

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Treasury Inspector General for Tax Administration: http://www.treasury.gov/tigta/

Software Delay Said To Cost IRS $318 Million In Overpaid Refunds (WP/AP)

Associated Press

The Washington Post, September 2, 2006

The Internal Revenue Service gave away $318 million in improper refunds this year because a computer program that screens tax returns for fraud was not working, according to a report released yesterday.

The program, in use since 1996, searches for signs of fraud in every tax return claiming a refund. In 2005, it stopped $412 million in fraudulent returns.

The IRS had contracted with Computer Sciences Corp. to update the program, but the contractor could not produce a working program by the deadline. The old program could not be put back into operation in time for the spring 2006 tax-filing deadline.

The IRS is trying to get the program up and running in time for the 2007 deadline.

The estimate released yesterday by the Treasury inspector general for tax administration is slightly higher than the IRS's own calculation. The tax agency thought it had paid out $200 million to $300 million in improper refunds.

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For Workers Sent Abroad, A Tax Jolt (NYT)

By Keith Bradsher

The New York Times, September 2, 2006

HONG KONG, Sept. 1 — At picnics and dinner parties in the United States, conversations may flit from Iraq to housing prices to hurricanes and perhaps even to Tom Cruise. But for Americans overseas, another subject keeps coming up: taxes.

Congress sharply raised the percentage tax rates this year on Americans working overseas who have salaries plus taxable benefits totaling $93,000 a year or more. The bill, signed by President Bush in May, also imposes taxes on more of the rent assistance that many companies provide their employees to help them cope with high rents overseas.

The businesses are taking notice. The United States is the only developed country that taxes its citizens while they are overseas, so people from Canada, Britain, Australia and New Zealand, among others, can often afford to work abroad for less and do not need to ask employers for costly tax assistance.

“The concern is universal between the companies, where they feel they’re losing their competitive advantage if they hire Americans,” said Harley Seyedin, chief executive of the First Washington Group, a power company in southeastern China, and president of the American Chamber of Commerce in Guangzhou. “Most companies are looking outside the U.S. if they need to hire.”

Americans living overseas, particularly those facing high taxes on employer-provided benefits like housing assistance and tuition for school-age children, are reviewing whether it makes better financial sense to move back to the United States — and whether their employers will try to transfer them home in any case. “You really have to be able to differentiate yourself to justify someone hiring you over a Brit or an Australian or a Canadian,” said Robert B. Keys, a partner in the Hong Kong office of PriceWaterhouseCoopers. Mr. Keys and other tax experts said that in poring over the two main changes enacted in May — higher marginal tax rates and higher taxes on housing assistance — they had found several features that were not immediately obvious at first.

Initial discussions of the tax increase in Washington focused on its cost to corporations, notably oil companies, which often help pay the tax bills of their overseas employees. But many companies demand that Americans become employees of their

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overseas subsidiary and give up their expatriate benefits, including tax assistance, if they settle in and stop moving to another city every few years.

In Hong Kong, a base for many of the highest-paid investment bankers in Asia, four-fifths of the Americans working for five of the largest American financial services companies are now classed as local employees and will have to foot the cost of the tax increase themselves, said David K. Sutherland, the former associate international tax counsel at the Treasury Department in Washington and now the chairman of the tax committee of the American Chamber of Commerce in Hong Kong.

Another surprise is that the tax increase will not hit just those Americans in low-tax jurisdictions in East Asia or many developing countries. Even Americans living in fairly high-tax countries in Western Europe, for example, may find that they are no longer paying enough taxes overseas to avoid owing taxes at home as well.

The reason is that many foreign tax codes may have higher marginal tax rates than the United States, but may also allow more deductions and exemptions than in the United States. An American investment banker who has lived in London for fewer than three years and who spends two-thirds of her days traveling on business in other European countries may owe British taxes on only the one-third of her income earned in Britain, but would owe American taxes on her entire income.

The increase also applies to non-Americans who carry green cards allowing them to work in the United States. Green card holders must pay American taxes when living and working outside the United States; tax experts urge them to review whether it makes sense to retain the cards.

The interaction of the two tax increases — higher effective rates and more taxes on housing assistance — will have the sharpest effect on the tax bills of overseas Americans earning less than $500,000 a year, especially those with corporate benefits worth nearly as much as their salaries.

Overseas families receiving free home-leave flights, generous medical benefits and subsidies for American-sized apartments and houses, all of which were either taxed at fairly low rates or were partly exempt from taxation, are finding themselves facing federal tax rates of up to 35 percent on these benefits.

In some cases, notably those of former residents of New York and California, overseas taxpayers may face considerable state and local taxes on their benefits as well. Executive search and corporate relocation companies say they are already encouraging businesses to consider carefully before choosing Americans and green card holders for overseas assignments, especially if they have families.

“This is essentially a tax on families,” Mr. Sutherland said. “There are a lot of people this is going to slam really hard.”

Senator Charles E. Grassley, the Iowa Republican who is chairman of the Finance Committee, is a longtime critic of tax breaks for expatriates, whom he has depicted as living in mansions paid for with tax-deductible dollars.

A committee aide said that overseas Americans were often able to hire inexpensive domestic workers and that the tax law still allowed Americans to deduct the taxes they pay overseas. The aide also said that overseas Americans who send their children to English-language international schools and now face higher taxes on corporate reimbursements for their children’s tuitions, might if they lived in the United States send their children to costly private schools and would not receive any tax assistance for that.

The aide answered questions on the condition of not being identified, following the common practice in Congress that only members may speak on the record.

Until this year, the first $80,000 earned overseas was excluded from taxation in the United States, with the next dollar earned overseas treated as though it were the first dollar of income and scarcely taxed. Taxes paid to foreign countries can then be used to reduce tax liability in the United States as well, although this also reduces the value of the $80,000 exemption.

The new law raises the exclusion to $82,400. But under a provision known as “stacking” in the new law, the next dollar of income is now being taxed at a much higher marginal tax rate as though it were the 82,401st dollar of income.

Until this year as well, only the first $11,894 in housing assistance was taxed — even if a company was providing over $100,000 in rent assistance, as has been common in financial centers like Hong Kong, Tokyo and London where rents may be higher than in the United States.

Under the new law, the first $13,184 of housing assistance is taxed, the next $11,536 is not, and any further assistance is taxed. It is common for housing assistance to be provided in costly cities not only to bankers and top executives but also to teachers at international schools, sales managers and, for that matter, foreign correspondents for The New York Times.

One pivotal question now is how the Treasury will interpret the flexibility that Congress gave it to determine how much housing assistance is exempt from taxes in high-cost cities. Congress gave the department the authority to “issue regulations or other guidance” to adjust the untaxed $11,536 of housing assistance based on differences between housing costs overseas and these costs in the United States.

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Sean Kevelighan, a Treasury spokesman, wrote in an e-mail message that the instructions from Congress were a priority for the agency, which includes the Internal Revenue Service, and added that, “It is likely that the guidance will be released in the fall.”

Senator Jim DeMint, Republican of South Carolina, has introduced broad legislation to repeal income taxes on overseas Americans, expressing concern that they will hurt the competitiveness of American exports. But Congress does not have time to act this year and would probably need to find offsetting spending cuts or tax increases to act on it in 2007 or 2008. Even then, Senator Grassley could use his chairmanship to block it.

“We have some work ahead of us next Congress,” Senator DeMint said, “before we can realistically complete this goal.”

CONGRESS-ADMINISTRATION:

Target Intercepted In Anti-Missile Test (WP)

By Josh White, Washington Post Staff Writer

The Washington Post, September 2, 2006

In First Such Success Since 2002, U.S. Simulates North Korean Attack

The U.S. military shot down a target missile using its long-range missile defense system yesterday, the first time such a test has intercepted a mock enemy warhead since 2002, officials said.

An interceptor missile was launched from Vandenberg Air Force Base in California and collided with its target more than 100 miles above Earth, according to the Missile Defense Agency. The target, launched from Alaska, was the first to have a trajectory similar to the path a missile fired from North Korea might follow in an attack on West Coast cities.

Pentagon officials hailed the test as a major step forward for the nation's "shield" against incoming ballistic missiles, saying it vindicates their confidence in the military's ability to thwart an overseas launch of a missile carrying weapons of mass destruction.

But experts cautioned that the test lacked some real-world conditions, such as enemy efforts to defeat the missile defense system, a surprise attack and an attack involving multiple missiles. They said it does not indicate that the nation is secure from a missile attack.

Air Force Lt. Gen. Henry A. "Trey" Obering III, director of the Missile Defense Agency, said yesterday that he thinks the U.S. military would have "a good chance" of shooting down a missile that threatened the United States with a system that "would be very capable" if it had to be used today. He said the military tried to mimic North Korea's Taepodong-2 missile and intercepted the target even though the goal of the exercise was simply to gather data.

"This is about as close as we can come to an end-to-end test of our long-range missile defense system," Obering said at a Pentagon news conference. The exercise tested nearly every component of the developing system, from the detection and tracking of an incoming missile to its destruction, he said.

Experts said, however, that the test was not decisive because it was the first time the improved interceptor was successful. It will take several such results to prove any level of reliability, they said.

Anthony H. Cordesman, a defense expert at the Center for Strategic and International Studies, said that the successful test is a step forward but that the military is a long way away from having a working anti-missile system. He described the U.S. capability as "very limited," requiring a far more intensive testing program.

"It's important to have the test, but you need a frequency and a level of testing that proves you can do this reliably," Cordesman said. "Is this a milestone of a kind? Yes. Does it prove we have a mature, ready system? No way."

Defense Secretary Donald H. Rumsfeld said last week during a visit to Alaska that he would like to see a full test of the missile system's capabilities. In a written statement about yesterday's test, Rumsfeld was cautious, saying the success should increase U.S. confidence as work proceeds toward developing an initial missile defense capability.

"Tests will continue, some of which will be successful and some of which will not," he said. "This was a challenging test, and the tests will become even more challenging in the period ahead."

Officials operating the system yesterday knew roughly when the target would be launched and where it would originate, Obering said, factors that in a real attack would be almost entirely unpredictable.

The military also has yet to fully deploy an advanced radar system -- called X-band radar -- that eventually will be located on a floating platform off Alaska's coast. Though the radar was tested yesterday off the coast of California, it has not been winterized for northern conditions. It is scheduled to be transferred to Alaska this fall.

The cost of yesterday's test was estimated at more than $85 million. The missile defense program has cost nearly $100 billion since it began in the early 1980s with President Ronald Reagan's "Star Wars" concept of space-based lasers.

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The program is now designed to intercept missile attacks with a complex system of radars and land- and sea-based interceptors propelled into space by booster rockets. The interceptors deploy "kill vehicles" that destroy the incoming warheads by colliding with them.

The program has been controversial both for its cost and for its lack of demonstrated capabilities. Yesterday's success follows two failed attempts in late 2004 and early 2005, when the interceptors did not make it out of their silos because of technical problems.

The test was done to evaluate several parts of the system. The data collected covered how the booster rocket and kill vehicle performed, and how well the system tracked and reported the incoming target missile.

The U.S. military positioned ships off the coast of North Korea to detect missile launches in late June, preparing the missile defense system in case it needed to intercept one. North Korea launched six missiles on July 4 -- including one test Taepodong-2 -- but they failed seconds after takeoff and did not pose a threat to the United States.

Obering said tests scheduled for December will increase in difficulty. Future exercises are likely to include countermeasures such as decoys intended to confuse the kill vehicle.

Missile Defense System Intercepts Rocket In Test (NYT)

By David S. Cloud

The New York Times, September 2, 2006

WASHINGTON, Sept. 1 — In the first full-scale test of the ballistic missile defense system in more than a year, an interceptor rocket launched from California on Friday shot down a target fired from Alaska that officials said in some respects resembled a warhead from a North Korean rocket.

Pentagon officials said that the successful interception, which occurred in space over the Pacific Ocean, showed that the fledgling system, put in place in 2004 by the Bush administration before testing was complete, would have a good chance of stopping a ballistic missile fired at the United States in a limited attack.

“What we did today was a huge step in terms of our systematic approach to continuing to field, continuing to deploy and continuing to develop a missile defense system,” said Lt. Gen. Henry A. Obering III, the director of the Missile Defense Agency, at a news briefing. “This is a validation of the confidence I have in this system.”

But critics said that the test lacked key elements of realism and that its main objective had been to allow the Missile Defense Agency to claim the program was back on track after the interceptors in the last two flight tests, in December 2004 and February 2005, failed to leave their silos.

Even General Obering, after calling the test “as close as we can come to an end-to-end test,” said that the target missile did not deploy decoys or other countermeasures meant to confuse the interceptor from striking the actual warhead.

Decoys involve relatively basic technology that a potential foe like North Korea could be expected to employ, said Stephen Young, a missile defense specialist with the Union of Concerned Scientists, which opposes deployments of missile defenses.

“This test was as scripted as it can be,” he said. “It’s a very complicated test, technically, but it’s much simpler than dealing with an actual missile launch would be.” In a real-life attack, he said, far less would be known about the timing, trajectory and characteristics of an incoming warhead.

Countermeasures might be used in the next test of the system, planned for later this year, General Obering said. He added that the target’s speed, size and other characteristics resembled those of a North Korean long-range missile, called the Taepodong 2. North Korea test-fired one of the missiles in July, but it failed or was aborted shortly after launching and fell into the Sea of Japan.

In Friday’s test, the interceptor missile launched at 1:39 p.m. Eastern time from Vandenberg Air Force Base in California, one of two interceptor sites in the United States. The launching came about 17 minutes after the target missile was sent up from a military installation in Kodiak, Alaska.

Tamping down expectations, officials had been saying that the goal of the test was not necessarily to strike the target but only to gather data on whether the so-called kill vehicle, which separates from the interceptor in space, would recognize the warhead and maneuver toward it.

That enabled General Obering to say that the test had exceeded the objectives when the missile intercepted the target. “What we are trying to do is under-promise and over-deliver,” he said. Data from the test would be used to make further improvements in the system and to design additional tests, he added.

Asked for the chances that the fledgling missile defense system could shoot down an America-bound intercontinental ballistic missile from North Korea, General Obering declined to offer a specific percentage number, saying such information was classified. Pressed to rate the chances from “excellent” to “poor,” he replied, “I think we’d have a good chance.”

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Secretary of Defense Donald H. Rumsfeld, who said earlier this week that he wanted to see a successful full-scale test of the system before declaring whether he had confidence that it would work, said in a statement that the results vindicated the Bush administration's decision to make the system operational while continuing to test it.

"Successful tests such as these increase confidence in the approach to developing an initial missile defense capability," he said. "While today's test was a success, the test program is by no means complete. Tests will continue, some of which will be successful and some will not."

The test on Friday is the latest chapter in the long-running saga of the United States missile defense program, which began with President Reagan's expansive vision of a space-based antimissile shield.

More than 20 years and billions of dollars later, the Bush administration is proceeding with a limited antimissile system that is designed to counter prospective dangers from nations like North Korea and Iran that might eventually be able to launch, at most, a small barrage of missiles.

President Bush made the program a top priority soon after taking office and cleared the way for antimissile deployments by withdrawing from the Antiballistic Missile Treaty with Russia. The White House decision to move ahead with the system before finishing testing meant that two interceptors sites, one at Vandenberg and one at Fort Greely, Alaska, are already operating, while testing continues.

An interceptor consists of a rocket that carries a 155-pound "kill vehicle,'' which is designed to seek out and collide with an enemy missile warhead. Friday's test was the first time an interceptor had been fired from one of the two operating sites. In past launchings, the tests had been conducted at Kwajalein Atoll in the Marshall Islands.

Test Of Missile-Defense Shield Validates System, Says Pentagon (WSJ)

By Jonathan Karp

The Wall Street Journal, September 2, 2006

The Pentagon shot down a missile in space during a test that it said exceeded expectations and validates a missile-defense shield that has cost billions of dollars and decades to develop.

The test Friday was the most extensive and realistic trial in nearly two years of the Boeing Co.-led backbone of the missile-defense shield, in which missiles based in Alaska and California are meant to intercept and destroy enemy warheads in space. Other elements of the complex program under development involve sea-based missiles and airborne lasers to destroy enemy missiles shortly after they are launched or just before they strike U.S. targets.

In Friday's test, a mock enemy missile was launched from Alaska, and an interceptor missile was fired from California. The goal of the trial was to collect data on early-warning radar, the interceptor's rocket motor and its warhead, which is designed to destroy an enemy warhead by colliding with it. Though such a hit wasn't a primary objective of the test, the interceptor's warhead did collide with the target warhead, the Pentagon said.

"We did in fact exceed our objectives," Air Force Lt. Gen. Henry Obering, director of the Missile Defense Agency, told reporters. "This is a validation of the confidence I have expressed in this system."

The successful test is bound to give a boost to one of President Bush's top defense priorities, which receives about $9 billion a year in funding but has yet to sway critics. It was the first test involving a live target since interceptor rockets failed to leave their silos during tests in December 2004 and February 2005. It was also the first test of the ground-based missile system since North Korea test-fired ballistic missiles on July 4 and 5.

The Pentagon is planning a further test of the system later this year, in which the main goal will be to hit and destroy a mock enemy warhead.

Write to Jonathan Karp at jonathan.karp@wsj.com1

U.S. Test Missile Hits A Korean Bull's-eye (WT)

By Bill Gertz, The Washington Times

The Washington Times, September 2, 2006

The U.S. missile defense system yesterday shot down an incoming dummy warhead simulating the last-stage trajectory of a North Korean Taepodong-2 missile, a milestone that U.S. officials expect to counter critics of earlier tests.

It was the first time a dummy North Korean missile was intercepted, and the sixth successful intercept since 1999, said officials from the Pentagon's Missile Defense Agency.

"What we did today is a huge step in terms of our systematic approach to continuing to field, continuing to deploy and continuing to develop a missile defense system for the United States, for our allies, our friends, our deployed forces around the world," said Air Force Lt. Gen. Henry Obering, director of the Missile Defense Agency.

He said there is "good chance" the system would be successful against a Taepodong-2 launched from North Korea.

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Seven North Korean missiles launched July 4 included a long-range Taepodong-2 that failed less than a minute after launch.

Robert Joseph, undersecretary of state for international security, said the intercept was especially significant in light of North Korea's missile tests and Iran's nuclear standoff with the international community.

"Missile defense is an essential element of our overall counterproliferation posture," Mr. Joseph said. "This successful test ... demonstrates that we can and will deploy capabilities necessary to defend the United States and our allies against missile attack."

Pentagon officials said the warhead was destroyed in outer space above a point several hundred miles west of Vandenberg Air Force Base, Calif.

The test began with a target missile fired from the Kodiak Launch Complex on Kodiak Island, Alaska, at 1:22 p.m. and its last stage was rammed by the high-speed interceptor launched from Vandenberg 17 minutes later. The interceptor used data gathered from an early warning radar located at Beale Air Force Base near Sacramento, Calif., and electronics that were used to track and identify the 4-foot-long warhead and guide it into a high-speed, midspace collision.

Both missiles were traveling at 15,000 to 18,000 mph, making the intercept a difficult technical challenge for what the Pentagon calls the Ground-based Midcourse Defense System. The system uses sensors in space, at sea and on the ground, along with communication links stretching from Japan to Colorado.

North Korea's Committee for the Peaceful Reunification of the Fatherland issued a statement, carried by the state-run Korean Central News Agency, saying the test "clearly shows that it is the U.S. which is increasing tensions on the Korean Peninsula and threatening war against our country." As a result, Pyongyang will boost its "self-defensive deterrent," a phrase North Korea often uses for its nuclear program.

Unlike earlier tests, the interceptor was not launched from nearby Fort Greely, Alaska. Its success is expected to counter critics who said the Missile Defense Agency had been using artificial conditions and equipment for its previous tests, instead of realistic weapons trajectories and operational conditions.

"This test validated the confidence that I've expressed in the past with the performance of the system." Gen. Obering told reporters.

In addition to launching the first interceptor from Vandenberg, the test also was the first in which the military used an operational missile defense fire-control system and the operational radar system at Beale, Gen. Obering said.

"We did intercept the re-entry vehicle, and we did use the operational radar data to provide the initial track for that intercept, and the kill vehicle performed its own discrimination and targeting of the kill vehicle," the general said.

Defense Secretary Donald H. Rumsfeld applauded the result, saying it will "increase confidence" in missile defense capability, but warned that the system is not perfected.

"While today's test was a success, the test program is by no means complete," he said. "Tests will continue, some of which will be successful and some will not. This was a challenging test, and the tests will become even more challenging in the period ahead."

Asked when a realistic "end-to-end" test of the system could be held, Gen. Obering said: "Well, you know, I don't want to ask the North Koreans to launch against us. That would be a realistic end-to-end test. Short of that, this is about as good as it gets with respect to that."

U.S. Missile Hits Target In Test (AP)

By Robert Jablon, Associated Press Writer

AP, September 2, 2006

An interceptor missile destroyed a mock warhead in space over the Pacific Ocean on Friday, a key test of the U.S. missile defense system that prompted North Korea to accuse America of threatening war.

It was the most realistic test of the systems that would be used against an attack, said Missile Defense Agency spokesman Rick Lehner.

The 54-foot interceptor shot out of an underground silo at Vandenberg Air Force Base on the central California coast at 10:39 a.m., 17 minutes after the mock warhead was launched from Kodiak Island, Alaska, Lehner said.

The interceptor carried a refrigerator-sized "kill vehicle" that locked on to the approaching mock enemy missile and flew into the 4-foot-long warhead at 18,000 mph.

Lehner said both disintegrated more than 100 miles above the Earth and a few hundred miles west of Vandenberg. The interceptor's flight lasted 13 minutes.

North Korea characterized the test as provocation.

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The U.S. move "clearly shows that it is the U.S. which is increasing tensions on the Korean Peninsula and threatening war against our country," the North's Committee for the Peaceful Reunification of the Fatherland said in a statement.

The North will strengthen its "self-defensive deterrent," said the statement, carried by the official Korean Central News Agency. Pyongyang often uses the phrase to refer to its nuclear program.

The $85 million test was designed to see whether the "kill vehicle" could get close to the warhead to test the tracking and sensor systems which would be used in an actual missile attack.

"It gave us a good chance to measure overall system performance. It was the most operationally realistic test we've had," Lehner said.

The interceptor was launched by remote control from a command center in Colorado. The test also was the first use of an early warning radar at Beale Air Force Base, Calif., to provide the data required to put the interceptor on a proper path toward its target.

The test was a "total success," Lt. Gen. Henry A. Obering III, the agency director, told a Pentagon news conference.

"What we did today is a huge step in terms of our systematic approach to continuing to field, continuing to deploy and continuing to develop a missile defense system for the United States, for our allies, our friends, our deployed forces around the world," Obering said.

Data from the test will take several weeks to review, Lehner said.

Stephen Young, a senior analyst for the Union of Concerned Scientists, a group that advocates curbing the spread of nuclear weapons, said the demonstration was still far from replicating an actual missile attack, he said.

"They know the when, the where, the what (of the target missile) ... where it's coming from, the size of the warhead," he said by phone from Maryland.

The test was a small step forward, but the system is still far from being able to protect Americans from long-range missile attacks, said John Pike, director of GlobalSecurity.org, a Washington, D.C., think tank.

"The whole point is for us not to worry about the North Korean missiles," said Pike. "They are not close to that yet. Whether it will ever happen is subject to debate."

The launch was postponed from Thursday after fog socked in Kodiak Island. There was also fog over Vandenberg Friday morning but it burned off.

More than $100 billion has been spent on America's missile-defense system since 1983 and it has been the subject of criticism by those who call it a costly boondoggle. There also have been allegations that early tests were rigged or their success exaggerated. The Pentagon says the technology used in those tests is not part of the current research program.

Critics also argued early on that the end of the Cold War made a full-scale missile attack on the U.S. unlikely. Supporters say the U.S. still is vulnerable to missiles from rogue states.

In July, North Korea unsuccessfully test-fired a missile that was believed capable of reaching the northwestern U.S. coast.

When asked the odds of a U.S. interceptor being able to shoot down a North Korean missile using the existing missile defense system, Obering said the estimate is classified secret.

"But what I will tell you is that this test validated the confidence that I've expressed in the past with the performance of the system," he said.

Asked whether he would rate the chances, broadly speaking, as excellent, good, fair or poor, Obering said, "I think we have a good chance. And it's one that I feel a lot safer and sleep a lot better at night."

Defense Secretary Donald H. Rumsfeld said in a statement that he was pleased but would leave it to the experts to characterize the details.

"While today's test was a success, the test program is by no means complete," he said. "Tests will continue, some of which will be successful and some will not. This was a challenging test, and the tests will become even more challenging in the period ahead."

There have been nine intercept tests since 1999, and five were successful in hitting the target, Lehner said. An actual intercept test was scheduled for the end of this year or in early 2007, he said.

Although Obering described the test as realistic, the target missile did not deploy decoys or other devices that might be aboard an actual long-range ballistic missile fired by an attacking country. Obering said decoys or other countermeasures might be added to the next test, scheduled for December.

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Associated Press writers Bob Burns in Washington, D.C., and Rachel D'Oro in Anchorage, Alaska, contributed to this report.

U.S. Says Missile Defense Has Successful Intercept (Update4) (BLOOM)

DOJ_NMG_0058151

By Tony Capaccio

Bloomberg, September 2, 2006

The first test of the U.S. missile defense since flight testing was put on hold 18 months ago was a success, a spokesman said.

An interceptor rocket launched from California's Vandenberg Air Force Base intercepted a target missile fired from Kodiak, Alaska, Chris Taylor, spokesman for the U.S. Missile Defense Agency in Washington, said in a telephone interview.

The result was welcome news for a Boeing Co.-managed program that hasn't had a successful intercept since 2002 and set a low bar for today's test. While the rocket was aimed at the mock enemy warhead, the goal was to spot and track this target, not necessarily hit it.

``Although not a primary objective for the flight test, an intercept of the target warhead was achieved," the agency said in a press release. Boeing has a $12.9 billion contract to manage the program.

Today's exercise was the latest step for a ground-based system intended to guard the U.S. from a small number of missiles launched by rogue states such as North Korea and Iran.

The system currently consists of 11 interceptors in Alaska and California that could be directed to a target by ground- and naval-based radar. It hasn't had a successful intercept test since October 2002.

Before today, in 10 intercept tests dating to 1999, the target was shot down five times. Successive failures in December 2004 and February 2005 prompted the agency to suspend intercept tests so that quality controls might be improved.

Obering `Confident'

Missile Defense Agency Director Lieutenant General Henry Obering said today's test used all the equipment and procedures that would be used if the U.S. was attacked.

``These were the procedures," he told reporters at the Pentagon. ``This is the way the system works and so I believe that we're very confident that it would work," if North Korea launched a missile. ``I think we'd have a good chance."

Obering made the same assertion in late June, and the system was put on alert before North Korea test-fired a long- range missile July 5.

Rumsfeld's Skepticism

Defense Secretary Donald Rumsfeld, who's been a strident advocate of missile defense, seemed skeptical during an Aug. 27 press conference at Fort Greely, Alaska, after touring the missile defense site there ahead of today's test.

``I want to see it happen -- a full end-to-end process at some point, where we actually put the pieces together," Rumsfeld said. ``That just hasn't happened yet."

Obering, responding to a question, said today's test was ``about as close as we can come to an `end-to-end' test." A more complex intercept test will be held in December, he said.

Rumsfeld, in an e-mailed statement, said he was ``pleased" that today's test ``appears to have been a success." He added: ``Tests will continue, some of which will be successful and some will not. This was a challenging test, and the tests will become even more challenging in the period ahead."

Thomas Christie, the Pentagon's top testing official from mid-2001 to early 2005, said today's successful intercept is ``very important -- but it's about time."

``If they hadn't hit it would still have been called a success," Christie said in a telephone interview. ``But now they have a `bang' and they will crow about it. It will quiet a lot of critics. But it's one test."

Stakes for Boeing

Boeing can earn up to $20 million in fees if all objectives of the planned test are accomplished, the agency said ahead of today's test. It has the potential to earn up to $30 million if another planned intercept test later this year is a success, the agency said.

Boeing is attempting to rebound from test failures that last year cost it $107 million in missile defense bonuses out of a potential pool of $407 million. Obering said Boeing would likely win the full bonus for today's test.

``We'll go through the data and make sure everything is well deserved but from what I know now, it should be a good news story," he said.

Christie, in an interview ahead of today's test, said it would be the most realistic to date in terms of the model of interceptor flown and flight path of the surrogate enemy warhead.

`More Realistic'

``The geometry will be more realistic than any test we have conducted so far that would replicate a North Korean missile attack on the continental United States," he said.

The flight path of the mock enemy missile today was closer to the continental U.S. than prior tests.

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The interceptor warhead flew on a booster rocket launched from a test silo that's the same as the two combat-ready silos housing interceptors at Vandenberg.

The ground-based system remains in development -- a test- and-fix phase.

Raytheon Co., based in Waltham, Massachusetts, makes the warhead that's mounted on each interceptor rocket, assembled by Dulles, Virginia-based Orbital Sciences Corp. Los Angeles-based Northrop Grumman Corp. is developing the system's communications networks.

The U.S. between 1983 and about 2005 spent at least $90 billion to develop missile defenses and plans to spend another $58 billion through 2012, the U.S. Government Accountability Office said in a March report.

The spending includes the ground-based defense against long-range missiles and mobile ground systems to intercept shorter-range missiles, an airborne laser, Navy ships, command- and-control and early warning satellites.

Of that total spending, Congress has approved $16 billion so far for the ground-based system, Missile Defense Agency spokesman Richard Lehner in an e-mailed statement.

The missile defense agency wants $11 billion more through 2011, he said.

To contact the reporter on this story: Tony Capaccio in Washington at acapaccio@Bloomberg.net .

General: Missile Intercept 'Huge' Step (UPI)

United Press International, September 2, 2006

WASHINGTON, Sept. 1 (UPI) -- The U.S. Defense Department on Friday announced a successful national missile defense test.

It also said there is a "good chance" the nascent system could knock down a North Korean missile.

"I think we'd have a good chance, and it's one that I feel a lot safer and sleep a lot better at night (because of it)," said Lt. Gen. Henry Obering, the director of the missile defense agency.

The test involved launching an interceptor missile from Vandenberg Air Force Base in Calif at 1:39 pm EDT. A mock enemy missile was launched from Kodiak Island, Alaska.

Friday's test was designed specifically to test the capabilities of the upgraded early warning radar at Beale AFB, Calif., but the interceptor scored a direct hit on the mock warhead in outerspace, smashing both to bits.

Interceptor missiles are on the launch pad at Ft. Greely, Alaska, and Vandenberg. The system has not yet been declared operational, and was not launched in response to North Korea's failed July 4 test of a long-range missile.

But Obering insisted Friday's test was a strong demonstration of operational capabilities, calling it a "huge step."

"We in fact did launch an operational interceptor out of an operational site at Vandenberg Air Force base. It was conducted by operational crews that were manning operational fire control systems in Colorado Springs. It was conducted with the support of an operational radar in California that was also manned by warfighter operational crews. And it was against a very threat-representative target that was launched out of Alaska," he said.

"So all in all, this is about as close as we can come to an end-to-end test of our long-range missile defense system," Obering said.

The Bush administration has been criticized for deploying the missile defense system, which has cost the nation some $92 billion so far over the last 20 years, before its capabilities are proven or its components even fully developed.

BMD Focus: Why Rumsfeld Doubts His GBIs (UPI)

By Martin Sieff

UPI, September 2, 2006

WASHINGTON, DC, United States (UPI) -- A long-awaited U.S. anti-ballistic missile test was delayed by fog in Alaska Thursday, but the deeper fog lies over the uncertain status of the entire Ground-Based Midcourse Interceptor system.

U.S. Defense Secretary Donald Rumsfeld admitted during his visit to the Ground-Based Interceptors, or GBIs`, main deployment field at Fort Greeley, Alaska, Sunday that the interceptors needed far more testing. Despite an outlay of at least $43 billion -- many estimates put it far higher -- on the entire U.S. ballistic missile defense system since President George W. Bush took office, only five out of 10 tests of the Alaska interceptors -- the most important part of the program, designed to destroy incoming intercontinental ballistic missiles in mid-flight -- have succeeded.

And the U.S. Missile Defense Agency, at least up to the test that was delayed Thursday, had not achieved a successful test interception in four years. In two of those tests, in December 2004 and on Feb. 14, 2005, the GBIs never launched at all.

Rumsfeld Sunday belatedly expressed a certain realism that the program was still a long way from reliable operational deployment.

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'I want to see it happen,' he said. 'A full end-to-end (comprehensive test) ... where we actually put all the pieces (together).' But, Rumsfeld, added, 'that just hasn`t happened (yet).'

Rumsfeld`s U.S. Department of Defense spin-masters presented the septuagenarian secretary`s comments as proof of his skeptical, realistic attitude towards the program that has been his pride, joy and obsession since he entered office. The widely reprinted wire service reports of his comments faithfully echoed this direction.

However, the real reason so much uncertainty still exists over the operational reliability of the interceptors is the highly controversial production policies that Rumsfeld personally insisted upon.

Rumsfeld and his two hand-chosen top lieutenants in the Pentagon during President Bush`s first term of office -- Deputy Defense Secretary Paul Wolfowitz and Undersecretary of Defense for Policy Douglas Feith, drove the U.S. Missile Defense Agency and the prime U.S. industrial contractors on the interceptors so hard that they forced the assembly and deployment of the interceptors without any of the meticulous individual component testing that Pentagon protocols on ballistic missile production have demanded for more than four-and-a-half decades.

Rumsfeld, Wolfowitz and Feith, in their hard-charging passion, revealed a blind faith in the reliability of technology and an ignorance of the nuts and bolts reality of high-tech engineering in which the United States has excelled for so long.

For the building of rockets that can fly at 18,000 miles per hour to intercept ICBMs that are incoming at almost that speed is arguably far harder than hitting a speeding bullet with another bullet. The combined speeds of both missiles can be more than 15 times greater than the speed of a bullet. Therefore, the reliability of each component of the interceptors, however tiny, needs to be flawless. As the failure of the three most recent tests prior to this week showed, they were not.

Indeed, the U.S. Government Accountability Office, the watchdog of Congress on U.S. government departments and how effectively they fulfill their responsibilities, recommended in a recent report that the existing deployed interceptors may need to be disassembled and component checked.

The GAO concluded in a report published in March that the DOD 'has not established operational criteria or fully completed training, security and personnel plans.' Further, 'DOD has not established formal criteria for what needs to be accomplished before declaring that limited defensive operations or subsequent bocks of capability are optional.'

The GAO report confirmed that the program`s 'development has been unique in several aspects, including the pace of the system`s development and the secretary of defense`s decision to exempt it from some DOD requirements guidance.'

The report frankly warns that without these criteria being applied, Rumsfeld, the driving force behind the breakneck -- and, according to its critics, reckless -- system deployment 'may not have a transparent basis for declaring BMDS operational.'

'Without adequate planning, clear criteria and identification of responsibility for ensuring necessary actions, it may be difficult for DOD to identify and prioritize (in order to) ensure itself or Congress that the necessary pieces are in place before declaring the system operational,' the report presciently warned.

The Department of Defense 'does not even have any comprehensive plan laying out steps that need to be taken and criteria that should be met before declaring that either the limited defensive operations or subsequent system blocks are operational,' the report said.

Further, 'no organization is clearly in charge of developing such criteria and ensuring they are met,' it said.

Five months after the GAO made these criticisms, they remain essentially unaddressed, critics claim. Rumsfeld, usually the most upbeat and relentlessly optimistic of senior U.S. officials, refused in his comments Sunday to give any date when the Alaska interceptor system would be fully operational, even though nine interceptors are already deployed there, along with two more at Vandenberg Air Force Base, Calif.

Wolfowitz and Feith have long since left the Pentagon, but the chaos and lasting uncertainty they inflicted on the U.S. ballistic missile defense program endures. Thousands of engineers and technicians in America`s prime defense contractors and within the MDA are laboring to try and repair the damage. As BMD Focus noted June 23, the recent GAO report documented 'a state of what appears to be administrative chaos at the top civilian echelon levels of the Pentagon in developing and deploying the BMD defenses, whose failure in a war situation could cost millions of lives.'

Rumsfeld`s caution and skepticism Sunday were well founded. But the person most responsible for the problems that led to them was Rumsfeld himself.

Policy (WSJ)

By Deborah Solomon

The Wall Street Journal, September 2, 2006

Paulson's Trip To Focus on China

After nearly two months on the job, Treasury Secretary Henry Paulson is set to make his first official trip overseas this coming week when he heads to Vietnam to huddle with other finance ministers at the Asia-Pacific Economic Cooperation forum.

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The trip to Hanoi will be closely watched -- both here and abroad -- for what Mr. Paulson has to say about China and the role it plays in global trade imbalances. Asian leaders, and financial markets around the world, are looking for clues to whether Mr. Paulson's approach to China will be different and, perhaps, more successful, than predecessor John Snow's. Mr. Snow sought to apply quiet diplomatic pressure on China rather than lecture the Chinese, and the Chinese did make a high-profile move to a more flexible currency on his watch.

Mr. Paulson, a former Goldman Sachs chief executive, has had extensive dealings with the Chinese, and is sure to fine-tune the Bush administration's approach. Indeed, with domestic economic policy on hold until after November's elections, Mr. Paulson is likely to make dealing with China one of his top priorities.

To date, Mr. Paulson has continued to assert the administration's position that China should work to strengthen its currency. While that position won't change, Mr. Paulson is likely to start advocating a more holistic approach to dealing with China -- focusing more on the country's macroeconomic picture and less on individual issues, such as exchange rates or intellectual-property rights.

The U.S. has a widening trade deficit with China, which has caused political angst among both Democrats and Republicans eager to find someone to blame for American workers' worries in an election year. But Mr. Paulson, who became the chief bond salesman for the U.S. government when he took the Treasury post, is aware that China has become one of the biggest holders of U.S. debt.

Although Mr. Paulson will see China's finance minister in Hanoi, he isn't expected to say much publicly about China while at the APEC meetings. He'll save that for later in the month when he visits China and attends the annual meetings of the International Monetary Fund and World Bank in Singapore.

APEC isn't "a signature venue for dealing with global finance issues," says former Clinton economic adviser Daniel Rosen, now a consultant with China Strategic Advisory, "but it has a lot of value as an informal caucusing among fellow finance officials from the region," which is increasingly important to the U.S. -- and the global -- economy.

Bush Faces Struggle In Trade Politics (LAT/AP)

By Jim Abrams

The Los Angeles Times, September 2, 2006

WASHINGTON — The Bush administration's winning streak in getting Congress to go along with trade agreements may be in trouble, particularly if Democrats make the gains predicted for them in November's election.

It took anguished debate and an uncomfortably close vote in July for Congress to pass a trade agreement with Oman, an Arabian Sea nation of 3 million people. For President Bush's team, which views free trade as a means to promote prosperity and democracy around the world, it was not a good sign.

Critics of the administration's trade agenda saw the 221-205 House vote in late July to approve the trade pact with tiny Oman as a turning point.

"It's clear that the U.S. public and Congress have had it with our trade status quo," said Lori Wallach, director of Public Citizen's Global Trade Watch. "We have witnessed a dramatic shift in U.S. trade politics."

The administration has so far concluded and won congressional approval of bilateral trade agreements with Jordan, Singapore, Chile, Morocco and Bahrain as well as Oman. Last year it also won passage of the Central America Free Trade Agreement.

"We've had remarkable success in moving a trade-liberalizing, trade-enhancing agenda," U.S. Trade Representative Susan Schwab in an interview with The Associated Press.

"The president and the administration are very conscious of what needs to be done: You don't close any bad deals," she said, noting how her negotiators were prepared to walk away from the stalled Doha Round of global trade talks.

But the 217-215 House vote last year on CAFTA showed how tough it has become to get a trade deal through Congress. It required personal appearances on Capitol Hill by Bush and Vice President Cheney and -- with Democrats united in opposition -- some arm-twisting of wavering Republicans to avert what would have been a devastating defeat.

Trade agreements remove barriers, such as tariffs and quotas, that make it more expensive for Americans to buy foreign goods and sell products overseas.

Democratic opponents of such deals say they don't establish a two-way street. They cite a trade deficit that has risen from a little more than $100 billion in 1993, when the North American Free Trade Agreement with Mexico and Canada was approved, to more than $700 billion last year.

They complain the trade deficit with China has exploded since permanent trade relations were established with Beijing in 2000 and say the United States continues to lose factories and jobs to foreign competitors.

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Democrats also charge that trade deals the administration negotiates with less-developed countries don't do enough to prevent worker and environmental exploitation.

Schwab said her office was "very active in reaching out across the aisle," disputing Democratic claims that their concerns are ignored. "When I'm in the country, I'm up on the Hill."

Rep. Ben Cardin, D-Md., one of his party's chief spokesmen on trade issues, said Democrats are open to trade accords that address their concerns.

"We're for trade agreements. We want to see trade agreements advance," Cardin said. "But it's been a really difficult battle with the administration to advance worker rights."

With several dozen House Republicans under pressure to protect textile and other industries in their districts, passing any trade agreement becomes a formidable task.

"The postwar consensus on free trade has largely disappeared," said Daniel Griswald, a trade policy expert at the Cato Institute, a libertarian think tank. "The biggest change has been the collapse of support for free trade in the Democratic party."

The administration can hardly put all the blame on Democrats. Anti-U.S. sentiment in Latin America, led by Venezuelan President Hugo Chavez, has dimmed hopes for a hemisphere-wide Free Trade Area of the Americas. The Doha Round of global trade talks collapsed in August, with the United States and the European Union trading accusations over farm subsidies and other issues.

The political situation in the Middle East also has clouded the administration's goal of setting up a free trade zone there by 2013.

Most worrisome for the president, however, is the expiration next July of fast-track authority that gives him the power to negotiate trade deals out from under the thumb of lawmakers. Congress can still pass or defeat them, but cannot change the terms.

Bush gained that authority in 2002 after a 215-214 vote in the House. "Under the current climate," said Sen. Max Baucus of Montana, a pro-trade Democrat, "I am not optimistic that it will be renewed."

Schwab's office, meanwhile, continues to aggressively pursue bilateral agreements. Negotiations are under way with Panama, South Africa and Thailand, and talks have begun with South Korea and Malaysia. The Senate Finance Committee approved measures to advance free trade with Peru and establish permanent normal trade relations with Vietnam.

Myron Brilliant, vice president for Asian affairs at the U.S. Chamber of Commerce, said his group is pressing for approval of the Vietnam measure by November, when Bush is scheduled to visit Hanoi for an Asian economic summit.

But "any time you head into a midterm election where so much is up for grabs," he acknowledged, "you are going to have a difficult political environment for trade bills to get through."

Grappling Over Minimum Wage Builds As Republicans Disagree (WSJ)

By Sarah Lueck

The Wall Street Journal, September 2, 2006

Campaigning Democrats Talk Up Rivals' Reluctance To Retry Congressional Bill

WASHINGTON -- As Congress returns to work after Labor Day, Republicans face a burning question: whether to try again to pass a minimum-wage increase, or risk facing voters in November without having done so.

Some Republican lawmakers, particularly those facing tough re-election fights, want another chance to back an increase from the current $5.15 an hour, a move that would deprive Democrats of a major campaign talking point. "After 10 years, good grief, it's not like we're increasing it in a way that would cause unemployment," says Rep. Chris Shays, a Connecticut Republican locked in a close race. "I think it should be passed under our watch."

But other Republicans hate the idea and are unlikely to support such a move or would do so only with big sweeteners for their business base. The House passed a minimum-wage increase in July, but the measure failed in the Senate because it was paired with a cut in the estate tax that Democrats opposed. Many legislators argue that vote should be enough, at least politically, to show voters they tried.

House Republican leaders are cool to taking up the minimum-wage issue again. So far, they say they plan this month to focus on national-security matters. In pre-Labor Day prepared statements, House Speaker Dennis Hastert and House Republican Conference Chair Deborah Pryce, herself stuck in a difficult campaign in Ohio, pointed to recent evidence of job growth as proof that Republican policies are benefiting the economy. Neither mentioned the minimum wage.

"Our members had a vote on minimum wage. We passed it," Ron Bonjean, a spokesman for Mr. Hastert, said, "The Senate prospects of getting it done are much more difficult."

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While few voters earn the minimum wage, the fact that Congress hasn't raised it in nine years has become a tool for Democrats as they try to tap into the public's economic insecurity and cast Republican incumbents as part of a "do-nothing" regime that is out of touch with constituents.

Democrats say the argument that the House did pass a wage increase has little traction with voters, and charge that many Republicans voted for the boost only because it was paired with a tax cut for wealthy people. "It becomes a doubly damning story," Democratic pollster Geoff Garin says, "Not only did they fail to do the right thing on the minimum wage, but it confirms this view of the current Congress as being only about political games and not about helping people's lives."

Republicans, for their part, say Democrats blocked a legitimate compromise in order to keep the issue alive for the elections. "I frankly view it as Democrats not wanting Republicans to increase the minimum wage," Mr. Shays says, adding that his district "knows I voted for the minimum wage and voted for a rational reduction in the estate tax."

If embattled moderates such as Mr. Shays succeed in getting the leadership to take up the measure again, they have several options on how to proceed.

Republicans could shift course and try again to pass the estate-tax reduction and minimum-wage increase. Or, they may try pairing the minimum wage with another Republican priority, such as small-business health plans. The health plans would help sweeten the deal for many groups that otherwise would oppose increasing the minimum wage, including the National Federation of Independent Business. Through the health plans, a top priority of the NFIB, small businesses and trade associations representing them could offer coverage that bypasses some state-level insurance rules.

In a statement, NFIB urged Congress to act on the health plans. Access to health insurance for small businesses "is a problem that demands the attention of our federal lawmakers," said Dan Danner, executive vice president of the NFIB. Congress, he added, should "remember the 'little guy.' "

Rep. Tom Cole of Oklahoma is among the Republicans advocating a package that would increase the minimum wage and create small-business health plans. "It's a very easy-to-argue case politically, in my opinion," Mr. Cole says, "You can't say this is something that's aimed at the super rich when you're talking about health care."

However, as with the estate tax, the small-business health plans would do nothing to make the legislative package more appealing to organized labor or Democrats. In addition, big differences between House and Senate approaches on the plans would complicate matters. And the health plans may not be enough to get Republican conservatives to swallow a minimum-wage increase.

Democrats are continuing to press the minimum-wage boost, both on the campaign trail and in Congress. House Democratic whip Steny Hoyer of Maryland issued a Labor Day statement saying Republicans should allow a "fair up or down vote" on the minimum wage instead of holding it "hostage to tax breaks for the wealthiest Americans."

Senate Democrats may decide to raise the issue when the chamber considers a spending bill that includes a pay raise for lawmakers. Democrats have been slamming Republican incumbents for raising their own pay, while failing to do so for workers who make the minimum wage.

But rhetoric aside, Democrats may actually be angling against passage, calculating that failure to pass the measure could do more to help them in the elections.

The issue is getting additional momentum from state ballot initiatives. Proposals to increase the minimum wage, which could possibly boost voter turnout for Democratic candidates, could be on the ballot in as many as seven states including Ohio, Arizona, Michigan and Montana. In California, Republican Gov. Arnold Schwarzenegger recently agreed to a Democratic-led effort to raise the minimum wage over two years from $6.75 an hour to $8 an hour.

Write to Sarah Lueck at sarah.lueck@wsj.com1

The Laptop Scandal (AFMAG)

By Peter Grier

Air Force Magazine, September 2, 2006

The trove of sensitive government information should not have been taken home in the first place. Once it had been stolen, however, the federal investigation bordered on the farcical.

Backstabbing, rear-covering, interoffice bickering, and a general lack of urgency throughout the Department of Veterans Affairs made the whole situation worse. Lots worse.

These are among the conclusions in an official report on the theft in May of personal data for more than 26 million US veterans and active duty and reserve military personnel. Word of the theft caused a nationwide uproar.

The names, dates of birth, Social Security numbers, and other pieces of personal identity data were missing for nearly two months, during which time it was feared that millions of former and current military members could fall victim to criminal identity theft, fraud, or other woes.

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The report by George J. Opfer, the VA's inspector general, urged disciplinary action be taken against the persons who failed to take appropriate action and that the VA establish clearer policies for protecting information, among other things.

In general, the report is unsparing in its inside account of bureaucracy at its worst.

"At nearly every step, VA information security officials with responsibility for receiving, assessing, investigating, or notifying higher level officials of the data loss reacted with indifference and little sense of urgency or responsibility," concludes the report.

R. James Nicholson, Secretary of Veterans Affairs, on July 20 testified before a Congressional committee about the theft, saying there was little risk that the personal data contained on the hard drive had been compromised. (AP photo by Lawrence Jackson)

A "Fascination Project"

The VA's sorry laptop scandal begins with a VA employee's "fascination project"—meaning one in which the employee was personally interested.

The employee goes unnamed in the IG report, but he was, evidently, well regarded by peers and bosses. Managers described him as someone who put in long hours and produced meticulous work.

His job featured designing and programming VA information systems and databases, so this employee had easy access to the electronically stored records of tens of millions of veterans. The employee was also supposed to figure out ways to improve VA data and data-handling methods—and to do all of this while working relatively independently.

Then, on May 3, burglars struck the Maryland home of this technology specialist. The employee's wife discovered the crime at about 3 p.m. and reported the break-in to the local police. The employee himself found out about the robbery when he returned from work that afternoon.

The key items taken in the robbery were a personal laptop computer and an external hard drive, which had been stored in different places in the house. When the employee found this out, he immediately notified his superiors and the VA Office of Security and Law Enforcement that the stolen equipment contained sensitive VA data.

Much of the data on the hard drive was for his personal "fascination project," the employee later told IG investigators. The National Survey of Veterans, a 2001 VA effort that collected a wide variety of social and health information on former members of the armed services, had been criticized by some experts as inaccurate, he said. So the employee had taken a chunk of this massive database home, to verify parts of the survey on his own time.

For instance, he was using an on-line reverse telephone directory to see if names, addresses, and phone numbers of thousands of vets in the NSV survey matched up to those in the VA database.

This sort of cross-checking took hours, and he really could not justify doing it at the office, the employee told investigators. "He was willing to invest his own time to see if he could make progress in identifying the veterans," says the IG report.

The stolen computer equipment also contained some information on a second project, in which the employee was using various government databases to identify veterans who might have been exposed to mustard gas.

The employee had been taking sensitive VA data home for years. He had never asked anyone in the bureaucracy for permission to do so, and no one knew he was doing it, reported the IG study.

"Extremely Poor Judgment"

The IG report concludes that the employee not only lacked permission but he also had no need to take the data home and subsequently failed to properly safeguard it.

"The employee used extremely poor judgment when he decided to take personal information pertaining to millions of veterans out of the office and store it in his house without password protecting and encrypting the data," says the IG report.

The poor decision-making did not end there. VA security personnel, alerted to the theft, pursued the case with all the energy of a hound dog asleep in the sun of an August afternoon.

It was not until May 5—two days after the theft was discovered—that an information security officer interviewed the employee to determine what might have been lost. The term "interview" may be an overstatement, considering that their face-to-face meeting lasted about three minutes.

According to this security officer, the employee started going off in so many directions that the investigating officer just could not take good notes. So he told the employee to write down what had happened and send it to him.

The written account arrived that afternoon. It talked about database extracts that might have been stolen, but did not mention the number of files that were possibly compromised, or otherwise convey the magnitude of the incident.

Using this slight information as his source material, the security officer wrote up a "White Paper on Lost Data" that he e-mailed to the employee's superiors, Michael H. McLendon, deputy assistant secretary for policy, and Dennis Duffy, acting assistant secretary for policy, planning, and preparedness.

These men later told the inspector general's office that they were relying on the information security officer, a GS-13 civil servant, to make sure that law enforcement had all the information it needed to pursue the case.

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Roles and Missions?

The information security officer had a somewhat different view of his responsibilities. “I’m not an investigator,” he later told the IG. “I’m a computer tech guy that has a job.”

VA’s response to the data theft was further slowed by Washington-style office infighting.

McLendon, the VA policy official, had actually learned about the incident on the day it occurred, when the employee, obviously upset, called McLendon with the police still at his house. Yet McLendon initially did not tell his boss, Duffy, what had happened.

McLendon was a political appointee and thought, for some reason, that he reported directly to the Secretary of Veterans Affairs, R. James Nicholson. He apparently did not believe that the “careerist” Duffy, a civil servant, should supervise him.

So, the judgment of the two men at the center of the VA’s handling of the incident was affected by their long-standing and personal feud.

“McLendon characterized [the office] as one of the most dysfunctional organizations in VA and [said] that it was one of the most hostile work environments ‘he ever set foot in,’ ” states the IG report.

Duffy did not learn of the incident until two days after it happened—and only then because of what he described as a “casual hallway meeting” with the information security officer working on the case.

Not that he moved with much urgency after he did hear about it. Duffy did not notify higher officials, such as the VA chief of staff, Thomas G. Bowman, about the scope of the problem, informing him that the missing components contained names and other personal identification.

Asked why he hadn’t sounded an alarm, Duffy said that he knows how VA officials operate. “They do not do crisis management,” he claimed.

In hindsight, Duffy told an interviewer from the IG office, he could see that his biggest mistake was that he “failed to recognize the magnitude of the whole thing.”

A Systemic Lack of Urgency

In that failure, he was not alone. Over and over, the IG report uses the same phrase to describe the response to this incident, even for high-level officials: “lack of urgency.”

Six days after the burglary, Duffy told Chief of Staff Bowman about the theft and possible loss of veterans’ personal data. The next day, Duffy provided him with the cursory white paper.

Bowman’s first action was to forward all the information he had to the general counsel’s office. He wanted to know VA’s legal responsibility to inform veterans of the theft. Then he waited—for six days.

Bowman got a phone call from Opfer, the IG, on May 16. The IG’s office had determined the scope of the problem independently, by interviewing the employee. In this discussion with the IG, Bowman acknowledged that he knew about the data theft, but added that he was not really aware of how big it might be. He estimated that hundreds of thousands of records could be involved.

Hundreds of thousands? Opfer told Bowman that the names, dates of birth, Social Security numbers, and other pieces of personal identity data for as many as 26 million veterans might have been stolen.

The IG informed Bowman that the VA Secretary, Nicholson, needed to get a briefing on this issue. Shortly thereafter, Nicholson finally heard the bad news from his own staff, learning just how widespread and politically explosive the loss of data could be. By this point, almost two weeks had passed since the theft.

Highlighting the multilevel negligence is this fact: The IG office discovered the magnitude of the theft, when so many others had not, by simply asking the employee who had lost the data.

After the brief chat with the information security officer, the employee hadn’t been contacted by anyone from the VA for more details on what had happened. The inspector general was able to determine the scope of possible loss in one interview with the man on May 15.

“It is unexplainable as to why the employee who reported the stolen data was never consulted by anyone in the management chain of command except the GS-13” security officer, concludes the IG report.

The VA theft represented one of the largest breaches of security of personal data in the nation’s history. Fortunately, on June 28 law enforcement officials recovered the stolen laptop and external hard drive intact.

After examining the equipment in minute detail, both the FBI and the VA’s inspector general concluded that they were “highly confident” that the data files were not compromised by whoever stole them.

McLendon resigned his VA post in June, according to news reports. Duffy has retired. The employee who took the data home in the first place was fired.

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According to the IG report, the VA needs to change its policies no less than its people. Rules governing removal of protected information from the office, and for the storing of sensitive data on personal computer equipment, are a "patchwork" of regulations that do not provide adequate protection.

"More needs to be done to ensure protected information is adequately safeguarded," says the inspector general's report.

No kidding.

Peter Grier, a Washington editor for the Christian Science Monitor, is a longtime defense correspondent and a contributing editor to Air Force Magazine. His most recent article, "Curtain Up on Space Modernization," appeared in the December 2005 issue.

Tumult Among NASA Advisers (NYT)

The New York Times, September 2, 2006

While space enthusiasts have focused on NASA's preparations for the next shuttle launching and its award of a huge contract to develop the next spaceship for human flight, a battle has erupted outside the limelight between the agency's administrator and some of his top scientific advisers. Two scientists have been forced to resign from NASA's Advisory Council, the agency's top advisory group, and a third has resigned without being asked to. The merits of the struggle are hard for outsiders to assess, but the passions unleashed in recent weeks may bode ill for the sound planning of space research in the future.

The struggle comes at a time when unmanned scientific missions, after many years of substantial growth, have been reined in because of NASA's need to spend large sums on resurrecting the shuttle program, completing the space station and developing a spacecraft to replace the ailing shuttles. As Michael Griffin, the NASA administrator, sees it, too many scientists are unwilling to accept that reality and end up offering advice that falls beyond the priorities set by the president and Congress.

Some dissenting scientists respond that they are not trying to subvert political priorities but are mostly concerned that Mr. Griffin has done away with a longstanding advisory structure in which panels of scientists fed their suggestions directly to administrators responsible for research programs. Now such suggestions must be sent up through the advisory council chairman and then to Mr. Griffin and back down to the responsible official, with plenty of room for dilution on the way. The process is far less effective than direct contact, they complain.

Still, the administrator has every right to set up whatever process that best meets his needs. In a rebuke to council members, Mr. Griffin charged that by "effectiveness" the scientific community really means "the extent to which we are able to get NASA to do what we want them to do." He considers it an obvious conflict of interest when scientists whose work is largely financed by NASA expect to have a big role in prescribing what work NASA should do.

Of course, he is not eliminating any conflict that may exist, but merely channeling it through the advisory council. The main advantage he gets is a chance to see the advice before it funnels into the bureaucracy below him, where it might undercut his own plans for the agency.

What the public needs from all this is some assurance that once the passions have subsided, Mr. Griffin will look closely at whether he is losing anything valuable through his streamlining of the advisory structure. And the scientific community will scout around for alternate means to make its voice heard if it feels cut out at NASA.

Much Ado About Reading (NYT)

By Maureen Dowd

The New York Times, September 2, 2006

WASHINGTON

'Tis a consummation devoutly to be wished. W., the most simple, unreflective and Manichaean of men, communing with Will, the most subtle, reflective and myriad-minded of men.

Under Laura the Librarian's tutelage, the president is discovering the little black dress of 60's education, as one scholar referred to the president's summer reading list of "The Stranger," "Hamlet" and "Macbeth."

Mr. Bush's bristly distaste for the intellectual elite has been so much a part of his persona, from Yale on, that it's hard to wrap one's mind around a heavy W., steeped in French existentialism and Elizabethan tragedy.

On the 2000 campaign trail, W. told me that he did not identify with any literary hero, that baseball was his favorite "cultural experience," and that he liked "John La Care, Le Carrier, or however you pronounce his name."

He was a gym rat, not a bookworm. He told Brit Hume in 2003 that he rarely read newspaper articles, preferring to get his information through aides, and he told Brian Lamb in 2005 that he would fall asleep after 20 or 30 pages of bedside reading.

But the first lady must have grown alarmed at seeing her husband mocked as a buff bubblehead wrapped in a bubble. She began giving interviews saying her man did too read newspapers, and she slipped W. some Camus and other serious fare.

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Jackie Kennedy once complained that the Kennedys could turn anything into a competition — even oil painting. Just so, W. tried to keep his new gravitas homework interesting by engaging in a book competition with Karl Rove. Bush aides told Ken Walsh of U.S. News & World Report that the president wants it known that he is a man of letters.

W.'s claim of having read 53 to 60 books already this year has been met with some partisan skepticism — The American Prospect calls it "demonstrably ridiculous" — despite a Wall Street Journal article pronouncing speed-reading back in fashion among busy executives.

But I'm tickled that W. is reading Shakespeare, even if it's just to please his wife or win a bet with his strategist. The president has been so tone-deaf in dealing with the world, and even with his own father, that he can only benefit from a dip in the Bard's ocean of insight about the vicissitudes of human nature and war. Not to mention the benefits of being exposed to the beauty and precision of the language.

Stephen Greenblatt, the Harvard professor and author of "Will in the World: How Shakespeare Became Shakespeare," demurs, noting that "there's no reason to think reading Shakespeare necessarily makes you a more reflective or deeper person. Otherwise, the Nazis who kept the German Shakespeare Society going in the 30's and 40's would have learned something."

Shakespeare's texts are so complex, he says, that they "allow a huge range of readings and political views, like the Bible."

Take "Macbeth," Professor Greenblatt says. Bush critics might see irony in W.'s reading a play about a leader who makes a catastrophic decision to overturn a regime that ultimately brings his country and himself to ruin. But the president may be reading it differently, seeing shades of Saddam Hussein in Macbeth, a homicidal tyrant who gets his bloody comeuppance.

But he agrees there are some trenchant lessons that W. could glean, including Shakespeare's doubt about quick and easy wars, and his conviction that what the professor calls "the rose-petal view" is an illusion; Shakespeare found a gigantic gap between what we imagine and what is actually likely to happen.

Ken Adelman, the former professor of Shakespeare and arms control director under Reagan, has compared W. to Prince Hal. But the Republican consultant, who teaches a management seminar with his wife, Carol, on Shakespeare, agrees that W.'s insulation prevents him from having the leadership strength of Henry V, who mingled among the common folk in the taverns and the soldiers on the battlefield.

Sometimes the second-term President Bush seems more like Henry's opponent, the Dauphin of France, who has no sense of the reality of battle or his troops, misunderstands the situation and treats Henry with undeserved scorn.

The relentlessly black-and-white Bush could learn from the playwright's riveting grays. "With Shakespeare," says Marjorie Garber, a Harvard professor and the author of "Shakespeare After All," "nothing is ever finished. You never close the door on anything. There's never any 'Mission Accomplished.' "

A License For Safer Drugs (WP)

By Marsha N. Cohen

The Washington Post, September 2, 2006

Drugmakers Need an Incentive to Study Safety After Products Hit the Market

We suffer from a migraine, have a chronic illness, pick up an infection -- our doctor prescribes a drug, we fill the prescription, we swallow the medicine. We hardly think about a drug's risks while waiting anxiously for it to make us feel better. Because this country has what is generally deemed the world's best system for ensuring the safety of prescription drugs, the risks are usually well worth the benefits.

And yet our confidence has been shaken in recent years by revelations about risks emerging in such drugs as Vioxx, Ketek, Baycol and all the antidepressants. Each was licensed by the Food and Drug Administration, and at the time each was approved, its effectiveness in treating conditions for which it was marketed outweighed its safety risks.

But all that the FDA knew at the time of approval came from clinical testing on just a few hundred to a few thousand people. Dangerous, even deadly, side effects that might arise only once in a thousand uses are extremely unlikely to be revealed in pre-market testing. If the danger is otherwise common in the population (for example, of heart attacks), then the causal connection between the harm and use of the drug might remain obscured for a long time. And yet a drug's license has no expiration date.

Turn that fact over in your mind. The state grants you a driver's license, but you must renew it periodically. Teenagers are given only probationary licenses in many states. But drugs are in essence approved forever. True, the FDA might remove a drug from the market because of safety concerns. But without any automatic review system in place, too little attention is paid -- by both manufacturers and the FDA -- to developing information to determine whether the predicted benefit-to-risk ratio of a drug has remained the same after exposure to it has become widespread.

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Drug development is extremely expensive; the investment is largely returned in the early years of marketing, when patent protection rules out price competition. Why would a rational drug company voluntarily look for reasons that its drug should be removed from the market?

Congress is looking into this situation, and a number of interesting ideas for legislative change have been discussed. But they apparently do not include this simple notion: limited-term licensing and a license renewal process.

While the threat of lawsuits ought to provide some incentive for the drug companies to do more post-marketing scrutiny, it seems to have had a limited impact. And the FDA lacks the financial and human resources for the kind of marketplace surveillance that could yield timely information about the safety of newly marketed drugs.

Looming license expiration dates would give both the drug companies and the FDA a much greater incentive for the post-marketing studies critical to confirming drug safety. A drug approved after the traditional three phases of testing (in which the last step usually includes several thousand patients) could receive a five-year license. Before that time elapsed, the company would be required to conduct studies of the safety and effectiveness of its product in use and to demonstrate to the FDA that the expected benefit-to-risk ratio had held firm. At that point it could receive a permanent license, subject, of course, to even later developments.

Many new drugs are released to the market after accelerated approval -- and after testing on far fewer people than is standard. A shortened test protocol enables new drugs for serious or life-threatening conditions to get to patients sooner. But the inevitable result is that the post-marketing period will yield critical information, including some that might suggest that approval of the drug should be rescinded. These drugs ought to receive a shorter period of initial licensure than others, perhaps just three years, during which the manufacturer would be required to complete at least the equivalent of the traditional Phase 3 testing. After that the drug could be licensed for five years, and the company would be required to submit data from continued active surveillance to get a permanent license.

This simple change in our drug approval laws would yield a bonanza of important information on the safety and effectiveness of drugs in use, in comparison to the anemic feedback on newly marketed drugs now available.

Early users of every new drug, however thoroughly tested, are in essence additional test subjects. But their experiences rarely translate into helpful information. For one thing, if the patient suffers some common adverse effect (such as a heart attack in an elderly patient), or a drug-caused effect manifests itself only after the drug is discontinued or after long use, the connection between the drug and the adverse event might not be recognized. And even if the connection is suspected or made, there is no requirement that patients or physicians notify the FDA or drug companies.

Under current practices, drug companies, while they need to be responsive to reports of adverse events, are not required to go looking for them. Without an organized and purposeful attempt to obtain feedback (positive and negative) about the impact of a new drug, information will necessarily be incomplete and inaccurate.

Limited-time drug licensure would furnish incentives to ensure that all new drugs are properly scrutinized. Companies would need to formulate post-marketing surveillance plans as well as promotional plans when a drug is approved. The FDA would be subject to firm deadlines in reviewing post-marketing information, because prescribers and patients would be relying upon a seamless system of licensure renewal in the absence of negative information.

This system would not be cost-free, but neither is the current one. The timely discovery of the cardiac implications of the use of Vioxx, for example, would have saved countless dollars and prevented many serious health effects, including deaths. It would have dramatically reduced the litigation that is so reviled by business but needed for the redress of patients who suffer harm.

Congress ought to enact a license renewal requirement that will be safe and effective.

The writer teaches food and drug law at the University of California's Hastings College of the Law in San Francisco.

OTHER NEWS:

Jobs And Wages Increased Modestly Last Month (NYT)

By Eduardo Porter

The New York Times, September 2, 2006

Job growth seems to be reaching its peak. Employers added a modest 128,000 jobs in August while wages inched up, confirming that economic activity is slowing from its brisk pace earlier this year to a more sustainable rate, a government report yesterday showed.

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The report eased the concerns of many that wage growth might push inflation higher, or that the weak housing market might abruptly slow the economy. But at the same time, the report also underscored how little the economic recovery has done for the pay of workers.

"Wages are still swimming upriver," said Jan Hatzius, chief United States economist for Goldman Sachs. "Sometimes it's harder and sometimes it's less hard. But it's still upriver."

The number of jobs added in August fitted into the pattern of the previous four months, when employment grew by 117,000 jobs, on average, about 50,000 a month less than in the previous year, according to the Labor Department. The gain was enough to push the unemployment rate down to 4.7 percent from 4.8 percent in July.

But wages kept treading water. Hourly earnings for typical private- sector workers — excluding managers — inched up 2 cents in August, to $16.79, about 3.9 percent higher than a year earlier. While the government has not yet released pricing data for August, inflation has been topping 4 percent in recent months, so it is likely that the increase in pay will be swallowed by rising prices as it has for the last two years.

The tableau of a gradually cooling economy was further supported by a government report that construction spending declined by 1.2 percent in July, the biggest drop in nearly five years — while spending on home building tumbled 2 percent.

Moreover, the Institute for Supply Management's index of factory activity slipped in August, and the University of Michigan's index of consumer sentiment declined as well, adding further to the picture of a slowing economy.

The data sent stock and bond prices higher, as it suggested to investors that the Federal Reserve — which held interest rates steady at its meeting last month after 17 straight increases since June 2004 — will refrain from raising rates again at its next meeting on Sept. 20.

The August job numbers are the latest in a series of economic reports measuring American incomes. The disparate picture from each data release shows how differently the job market has performed for different kinds of workers.

Most individual workers' wages are barely keeping up with inflation. And while households have more money to spend, that is mainly because more people are working in each household. Over all, wage earners at the top of the income scale are doing far better than those at the bottom.

This being election season, the administration and Congressional Democrats seized on the job numbers from yesterday to underscore, respectively, how strong and how weak the labor market is.

Commerce Secretary Carlos M. Gutierrez pointed to the low unemployment rate, which remains below the average of the last three decades. "This is something workers throughout the country should feel very good about," he said.

Mr. Gutierrez argued that the hourly earnings exclude health insurance and other benefits paid by employers and are not the best measure of the well-being of workers. He pointed instead to the rapid increase in disposable income, an after-tax measure that includes wages, dividends and other sources of income and which rose by 2.5 percent in July compared with a year earlier, after accounting for inflation.

But Senator Jack Reed of Rhode Island, the senior Democrat on the Joint Economic Committee, said that workers were being squeezed between stagnating wages and rising energy costs, while many have lost their health insurance. "Most working families are beginning to sense this is a very difficult economy for them," Mr. Reed said.

The Labor Department report, because it excludes management, accounts for only about 80 percent of workers in the private sector outside of agriculture. The pay figures also exclude employer contributions to the health and pension benefits of workers, as well as bonuses.

At first blush, these workers' wages seem to have risen briskly. The 3.9 percent annual rise recorded in August is not far below the 4.4 percent increase reported in April 1998, its peak month during the Internet-driven boom. The difference this time around is that inflation, driven mostly by an increase in oil prices, has eaten up all the gains.

Nonetheless, incomes have risen. This week, the Census Bureau reported that household income increased slightly faster than inflation in 2005 — but mainly because more family members had jobs and because of increasing returns on investments.

Finally, the Commerce Department reported that workers' earnings grew strongly in the first half of this year. From the second quarter of last year to the second quarter of this year, total compensation, including all pay, bonuses and benefits, grew at an annual pace of about 8 percent, beating inflation of about 4 percent.

Still, the Commerce Department's numbers, which include management earnings as well as those of the rank and file, are pulled upward by bonuses and other compensation to workers at the top of the economic ladder, many economists say.

"Most earnings are continuing to go to people at the top end, in things like stock options and dividends," said Nigel Gault, United States economist at Global Insight, an economic research firm. "If an average worker looks at these numbers, he's going to say, Who is getting that, because it's not me."

Mr. Gault pointed out that these types of wage gains would start to look better if inflation retreats from its current high level, which is likely if oil prices stop rising.

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The August data still revealed a relatively resilient demand for workers in some sectors. Health and education added 60,000 jobs. Despite the widely reported decline in the housing market, construction companies added 17,000 jobs.

Kenneth Simonson, chief economist of the Associated General Contractors of America, said that even as residential construction declines, nonresidential builders, which account for about 40 percent of construction employment, are expected to keep hiring as companies keep building everything from hotels to ethanol plants.

Even some residential contractors are hiring. Joseph Milazzo, who owns the drywall contractor S. G. Milazzo & Company in Rocky Hill, Conn., said he expected to do some hiring in October to start work on a new residential condominium complex in West Hartford. In August, residential building contractors added nearly 4,000 workers — mainly for the construction of rental apartments.

Still, other builders see a bleaker outlook. Dwight Messinger, chief executive of Power Curbers of Salisbury, N.C., has not let anybody go yet. But, he said, demand is cooling for his machines to lay down curbs and sidewalks, mainly because of the drop in construction of new subdivisions. If it falls too far, he said, he would have to consider layoffs.

There are mounting signs of job market weakness in the offing. In August, the Monster employment index, which is derived from help-wanted postings on the Monster.com job hunting Web site, registered its slowest year-on-year gain since it was started three years ago. “Demand for labor will continue to grow but at more moderate levels, said Steven Pogorzelski, group president, international of Monster Worldwide.

Retailers cut 14,000 jobs in August, while manufacturers shed 11,000. Some worry that as the economy and the job market start cooling, the odds of an average worker’s getting a raise will weaken, too. “I fear that wages may have plateaued,” said Jared Bernstein, an economist at the Economic Policy Institute.

Mr. Hatzius of Goldman observed that this would fit the pattern of wage growth over the last 30 years. “Since the 1970’s, real wage growth for people below the top 20 or 30 percent has been pretty much zero.”

Job, Manufacturing Data Confirm Slower Growth (WSJ)

By Rafael Gerena-morales

The Wall Street Journal, September 2, 2006

The government's latest reading on the job market and a survey of factory purchasing managers offered fresh evidence that the economy has shifted into slower growth, but, so far at least, isn't tumbling into recession. The data suggested that the Federal Reserve has more latitude to hold interest rates steady again when officials meet later this month.

Employers added 128,000 jobs outside of the farm sector in August, the Labor Department said, and payroll gains for June and July were revised up slightly. But the pace of job creation last month trailed the 146,000 average for the first half of the year, and the length of the average workweek shrank in August. The unemployment rate fell to 4.7% from 4.8% in July, remaining in the range where it has been hovering this year.

"The job market does seem to have settled into a pace of slower but steady growth," said Stuart Hoffman, chief economist for PNC Financial Services Group. The data suggest that "the Fed's decision to take no action [on Aug. 8] was a prudent decision" and "might justify doing the same" at the Sept. 20 meeting, he said. The futures market sees only a 12% chance that the Fed will raise its key rate, now at 5.25%, in September, the same odds as on Thursday.

The manufacturing sector continued to expand in August, but at a slower rate, the Institute for Supply Management's survey of purchasing managers indicated. The group's index of manufacturing activity dipped to 54.5 in August, from 54.7 in July. Readings have been above 50, which indicates an expanding factory sector, for 39 months. "You've got to start to ask the question, 'Are we getting near the end of the cycle?'" said Norbert Ore, who directs the survey.

Friday's reports, along with data released during the week, suggest the economy is expanding at an inflation-adjusted annual rate of about 3% in the third quarter, economists said. Growth slowed to a 2.9% rate in the second quarter after a torrid 5.6% pace in the first. (Read the full text of the FOMC minutes.1)

Rising exports and business investment should help soften the blow of a declining housing market, but not enough to keep broader economic growth from cooling in the second half, said Nigel Gault, chief U.S. economist at Global Insight. "Business investments and exports can help fill the gap, but they won't prevent the slowdown of the economy," he said. "Businesses don't exist in a vacuum. If consumer spending slows down, which we expect it will, then business spending" will also.

The University of Michigan's new survey of consumer attitudes suggested "a significant rebound in confidence in the last half" of August as gasoline prices fell, said Richard Curtin, director of the survey. But the final August reading of 82, though above the preliminary 78.7 reading for early August interviews, was down from 84.7 in July and significantly below the year-earlier 89.1. "Despite the remarkable resilience of consumers, the data does not indicate a renewed upsurge in consumer spending but that consumers will remain cautious spenders rather than engage in sharp recessionary cutbacks," Mr. Curtin said.

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This news first reached many readers via Desktop News Alert. Get alerts for breaking news -- such as Fed moves, major world events and big mergers -- delivered straight to your desktop. Alerts will appear in a small window on your screen, much like an instant-messaging window. See a sample and get more information.5

The Fed has said it expects the slowing economy to ease inflationary pressures. Average hourly wages of production and nonsupervisory workers inched up 0.1% to $16.79 in August, notably slower than July's 0.5% gain, the Labor Department said. For the past three months, hourly wages have been running 3.9% above year-earlier levels -- the fastest pace since June 2001. In all, production and nonsupervisory workers on private payrolls worked 0.2% fewer hours in August than in July.

"Today's report adds another data point to the emerging trend of slower job growth," said Jared Bernstein of the Economic Policy Institute, a liberal think tank in Washington. "This development should assuage the anxieties of those worried about inflationary pressures from the labor market," he said, adding, "For those worried about recession, today's report brings comfort...128,000 jobs is not a great number, but it's not recessionary."

The service sector added 118,000 jobs last month, as the education and health-services industries added 60,000 jobs, and business and professional-services companies' expanded payrolls by 26,000. Retailers cut 14,000 jobs last month and manufacturers' shed 11,000 jobs.

Despite a slowing housing market, the construction industry added 17,000 jobs in August. Separately, the Commerce Department, reported Friday that construction spending in July fell 1.2% to a seasonally adjusted annual rate of $1.2 trillion. That was the biggest drop in nearly five years. Residential construction spending fell 2.1% to $636.55 billion.

Write to Rafael Gerena-Morales at rafael.gerena@wsj.com6

Jobless Rate Fell Slightly In August (WP)

By Paul Blustein, Washington Post Staff Writer

The Washington Post, September 2, 2006

Inflation, Recession Fears Kept in Check

Employers added jobs at a moderate pace in August, enough to lower the unemployment rate a notch without deepening worries about inflation. That was welcome news for the White House, the Federal Reserve and Wall Street, with fears that the economy may be headed into a period of stagnation coupled with escalating prices.

In the latest monthly report on the job market, released yesterday, the Labor Department said payrolls rose last month by 128,000 workers, while the jobless rate fell one-tenth of a percentage point, to 4.7 percent. The expansion in the number of employees suggested that the economy, while slowing from the torrid pace of earlier this year, is showing little sign of falling into recession.

At the same time, the modest rate of job growth and other data helped ease concerns about wages and prices spiraling upward. Workers' average hourly earnings edged up by just 0.1 percent, to $16.79. "This does not bode well for income gains, but it does take a little heat off of inflation," said Joel L. Naroff, president of an economic advisory firm bearing his name.

The report, analysts said, should thus be particularly heartening for the Federal Reserve, which is hoping to engineer a "soft landing" in which economic growth falls just enough to keep inflationary pressures in check.

Many forecasters are skeptical that the central bank can achieve such an ideal outcome, but the data released yesterday indicated that for now, at least, the economy is performing almost exactly as Fed Chairman Ben S. Bernanke would like. The stock market reacted enthusiastically, with the Dow Jones industrial average rising 83 points, or 0.73 percent, to 11,464.15, and the broader Standard & Poor's 500-stock index rising 0.55 percent, to 1311.01.

"It's good to be Ben Bernanke," said Stuart Hoffman, chief economist at PNC Financial Services Group, noting that not only was the Fed chief being feted on "Ben Bernanke Day" in his home town of Dillon, S.C., but also that yesterday's report brought "the added bonus of Fed-friendly data on job and wage growth."

The report may help ease the difficulty Fed policymakers face about whether to raise interest rates at their next meeting, Sept. 20.

After 17 consecutive increases of a quarter percentage point in the short-term rate that the Fed controls, it left the rate unchanged, at 5.25 percent, at its last meeting, on Aug. 8. Many Fed watchers have been betting that the central bank will again refrain from raising borrowing costs at the next meeting -- barring some unexpected news suggesting that inflation is getting out of control.

"The report reinforces the view that the Fed will stay on hold on Sept. 20," said Nigel Gault, U.S. economist for Global Insight Inc. But he cautioned: "Lingering inflation risks mean that we cannot yet declare that the Fed is done hiking rates for good."

The data evoked another round of conflicting claims between the Bush administration, which trumpeted the news, and its Democratic critics, who said the expansion has disproportionately benefited people in upper-income brackets.

DOJ_NMG_0058165

"As we head into Labor Day weekend, today's unemployment report reminds us all that President Bush's economic policies are producing positive results for American workers," Commerce Secretary Carlos M. Gutierrez said in a statement.

Sen. Jack Reed (D-R.I.), ranking minority member of the Joint Economic Committee, retorted: "It is clear that too many Americans have not shared in the gains of this recovery."

The data provided fresh ammunition for both sides. The jobless rate for blacks dropped to 8.8 percent, the lowest in five years. Unemployment for Hispanics was unchanged at 5.3 percent.

But for those who lack employment, "indicators of how hard it is to find work showed no real signs of improvement in August and remain at high levels for this point in the business cycle," said Heather Boushey, senior economist at the liberal Center for Economic and Policy Research. She cited the number of weeks that people who are unemployed remain without jobs; the median figure in August increased from 8.2 weeks to 8.5 weeks. That means half of all individual unemployment episodes are longer than 8.5 weeks and half are shorter.

Payrolls in the retail sector continued to shrink, with stores shedding 14,000 jobs last month, bringing the cumulative loss for the sector to 101,000 over the past year. In manufacturing, too, the number of jobs fell in August, by 11,000. But those losses were offset by gains elsewhere, especially education and health services, where payrolls grew by 60,000. Construction, which had shown little growth for the past four months, added 17,000 jobs.

The increase in construction jobs came despite a marked weakening in the housing sector in recent months and a cutback in home building. In another report that seemed to contradict the jobs number, the Commerce Department said construction spending dropped 1.2 percent in July.

Property Decline Offsets US Jobless Fall (FT)

By Richard Beales, In New York

Financial Times, September 2, 2006

US unemployment fell slightly to 4.7 per cent in August, suggesting the US economy is still generating jobs, but a sharp slowdown in the residential property market persists, according to data released on Friday.

Construction spending dropped an unexpected 1.2 per cent in July, pulled down by a 2 per cent fall in private residential activity. And the National Association of Realtors' pending home sales index plunged 7 per cent in July. Each was the biggest monthly decline of its kind for five years.

The fall in unemployment reversed a surprise increase to 4.8 per cent in July, according to the Labor Department's monthly employment report.

The report, among the most influential regular economic releases, also showed the US economy added 128,000 jobs last month, in line with expectations. The July figure was revised slightly higher to 121,000.

The rise in average hourly earnings was only 0.1 per cent, against consensus expectations of 0.3 per cent. A higher number could have intensified fear that the Federal Reserve would be more likely to raise interest rates to fight price pressures.

"Optimists will continue to point to the household survey's more upbeat job growth, whilst pessimists can point to the peaking out of earnings growth and hours worked," said Rob Carnell, analyst at ING Financial Markets.

He said the report had "no substantial market implications".

The fall in residential construction was offset by a rise in non-residential activity, but John Ryding, chief US economist at Bear Stearns, said the fall in pending home sales heralded further weakening for the housing sector.

Recent housing data have shown sharp declines in sales of new and existing homes, rising inventories of unsold properties, and weak sentiment among potential buyers.

The rapid price appreciation of recent years has slowed to nearly zero on a national basis.

Stocks in New York consolidated gains, while government bonds slipped on the payrolls news before rebounding positively on the housing data.

Ian Shepherdson, chief US economist at High Frequency Economics, said he expected a further slowdown in growth by the end of the year.

He thought the Fed would leave interest rates steady: "The Fed expects sub-trend growth to continue; so no more hikes."

The market for Fed funds futures is pricing in only about a 10 per cent chance of the Fed raising rates again this month, and only a slightly greater likelihood of a rise by the year's end.

Growing Economy Adds 128,000 Jobs (LAT)

By Jesus Sanchez, Times Staff Writer

The Los Angeles Times, September 2, 2006

DOJ_NMG_0058166

The nation's employers added 128,000 jobs in August and the unemployment rate remained virtually unchanged at 4.7%, according to a government report today that showed that the economy continued to grow, albeit at a modest pace.

Wall Street investors welcomed the report as it seemed to support the view that the economy was expanding but not in danger of overheating, meaning that the Federal Reserve would likely not boost interest rates soon.

The Dow Jones industrial average rose 83 points today to close at 11,464.15 in relatively light trading before the Labor Day holiday.

The Labor Department credited expanded hiring in the healthcare and education fields for nearly half the increase in nonfarm payroll jobs from July to August. The healthcare field added a net 35,000 jobs, with increases reported in hospitals, doctors' offices and home healthcare services.

The restaurant and financial service industries also added jobs but at slower rates than in recent months, according to the government.

Other gains were reported in the construction field and professional services. Payrolls in the retail sector and manufacturing fell during August. Department stores shed 9,000 jobs in August, bringing total job losses to 47,000 during a five month period.

"The August jobs report was reasonably in line with market expectations, although the mix of payroll growth was skewed toward low-paying industries," said economist Joshua Shapiro in a research note for the consulting firm MFR. "All in all, this was not a very inspiring payroll report, particularly considering the mix of job creation."

The August payroll results were stronger than July's results but economists and the Labor Department noted that employment growth has shifted into lower gear in recent months. So far this year, monthly payroll growth has averaged 140,000 jobs, compared to 165,000 last year and 175,000 in 2004, according to economist Steven Wood at Insight Economics.

Wood and other economists said that the slowing job market and other signs of a moderating economy will probably allow the Fed policymakers to leave interest rates unchanged when they meet this month.

Last month, the central bank's Federal Open Market Committee, or FOMC, refrained from hiking short-term rates after about two years of consecutive, quarter-point increases intended to slow economic growth and snuff out price inflation.

"Job creation was mediocre again in August, providing additional evidence of a slowing economy," Wood said in a research note. "In addition, the workweek shrank, aggregate hours worked contracted and hourly earnings slowed. The sluggishness in payroll employment will likely persuade the FOMC to continue to pause at their September meeting."

jesus.sanchez@latimes.com

August U.S. Payrolls Rise 128,000; Jobless Rate Falls (Update5) (BLOOM)

By Carlos Torres

Bloomberg, September 2, 2006

Job growth in the U.S. picked up in August and the unemployment approached a five-year low, the latest in a string of reports to show the economy is slowing gradually.

Employers added 128,000 workers to their payrolls, up from a revised 121,000 in July, the Labor Department reported in Washington today. The jobless rate declined to 4.7 percent from 4.8 percent.

Reports this week are helping quell concern that the economy is slowing too much under the weight of 17 consecutive interest-rate increases by the Federal Reserve and a housing slump. The dollar rallied and stocks advanced, while bonds fell.

``It's a prefect jobs report from Ben Bernanke's baseline scenario that the economy is slowing to a moderate pace," said Markus Schomer, chief economist at AIG Global Investment Corp. in New York. ``There is enough support from the jobs market to maintain consumer spending at a pretty decent level and there's not enough pressure in this report to show that the Fed needs to do more."

Construction firms added workers, as did the health-care industry and restaurants. Retailers trimmed payrolls along with manufacturers, the Labor Department said. A report from the University of Michigan today showed consumer confidence was greater than economists' estimates in August.

Lehman Changes Call

The job numbers prompted Lehman Brothers Holdings Inc. to push back its forecast of when the Fed may resume lifting its benchmark rate. Instead of a quarter-point increase to 5.5 percent in September, the firm now expects the adjustment in October. A further move penciled in for December is now more likely in January, said Drew Matus, an economist at Lehman.

``We're still expecting 5.75 percent, it'll just take the Fed little longer to get there," said Matus, based in New York.

The economy grew faster last quarter than initially estimated, consumer spending rose in July, a measure of factory orders gained and manufacturing continued to expand, government and industry reports this week have shown.

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Economists expected payrolls to rise by 125,000 following a previously reported increase of 113,000 in July, according to the median estimate of 78 forecasts in a Bloomberg News survey. Economists also projected a 4.7 percent unemployment rate. The rate reached a five-year low of 4.6 percent in May and June.

Service Jobs

Employment in service-producing industries, which include retailers, banks and government agencies, rose 118,000 last month after rising 134,000 in July, the report showed. The increase was led by a 60,000 increase in education and health services jobs.

Manufacturers shed 11,000 jobs last month, the second straight monthly decline. The manufacturing workweek slipped to 41.3 hours from 41.4 in July and overtime held at 4.5 hours for a second month. Builders added 17,000 jobs, the most since February, with commercial construction accounting for more than half of the gain.

Average weekly hours worked by production workers dropped to 33.8 hours in August from 33.9 the prior month. Economists expected hours would hold at 33.9 for a second month, according to the Bloomberg News survey.

Incomes increased last month. Workers' average hourly earnings rose 0.1 percent, or 2 cents, after a 0.5 percent jump the previous month. Earnings were up 3.9 percent from August 2005, matching July's year-over-year gain as the biggest in five years.

Hourly Wages

Economists expected a 0.3 percent increase in hourly wages. Average weekly earnings fell to $567.50 last month from $568.50 in July.

The gain in employment, while less than last year's monthly average of 165,000, is in line with the range Fed policy makers consider sufficient to keep the unemployment rate steady. Chicago Fed Bank President Michael Moskow said last week that the economy needs to create 100,000 jobs a month to keep the unemployment rate from rising. Fed Chairman Ben S. Bernanke in July put the figure at 130,000.

Sysco Corp., North America's largest distributor of food to restaurants, is hiring more workers on expectations demand will stay firm. The Houston-based company last month said it planned to hire 700 sales people over the next year.

``We feel very, very good about what we see today," Richard Schnieders, Sysco's chief executive officer, said in an Aug. 14 interview. ``We are going to continue adding sales people where that makes sense."

Ford Woes

Other areas of the economy aren't doing as well. Ford Motor Co., which has been losing money in North America, will slash production in the fourth quarter by the most since the early 1980s and will trim output by 1 percent this quarter, the Dearborn, Michigan-based company said last month.

A person with knowledge of Ford's plan said the company will cut another 6,000 salaried jobs in North America on top of the 30,000 jobs it had already planned to eliminate by 2012.

The production cutbacks this quarter and next may lop off about a half percentage point from economic growth in the second half of the year, according to a forecast by economists at UBS Securities LLC in Stamford, Connecticut. They project the economy will grow at an average annual rate of 2 percent from July through December, compared with an average 4.25 percent in the first half of the year.

While manufacturing employment continues to suffer, the deceleration in hiring in the last five months also reflects the slump in home sales and construction, along with a moderation in consumer spending. Retail payrolls dropped by 13,500 workers during August, bringing the drop in the last five months to 95,000.

Among blacks, the unemployment rate fell to 8.8 percent from 9.5 percent in July, today's report showed. The jobless rate for Hispanics held at 5.3 percent and for whites held at 4.1 percent.

For teenagers, unemployment rose to 16.2 percent last month from 15.5 percent. The jobless rate for both women and men fell to 4.1 percent from 4.2 percent.

To contact the reporter on this story: Carlos Torres in Washington dmoss@bloomberg.net

U.S. Unemployment Rate Slides In August (AP-Y)

By Jeannine Aversa, Ap Economics Writer

AP, September 2, 2006

A hiring revival pulled the nation's unemployment rate down to 4.7 percent in August and flashed a Labor Day weekend message that the slowing economy isn't in danger of fizzling out.

The latest snapshot, released by the Labor Department on Friday, was a bit brighter than expected and eased some fears that the economy — weighed down by a housing slump — might tip into recession.

"This provides some peace of mind," said Oscar Gonzalez, economist at John Hancock Financial Services.

DOJ_NMG_0058168

Employers boosted payrolls by 128,000 in August, an improvement over the 121,000 jobs created in July. Schools, hospitals, financial firms, computer-design shops and construction companies were among those posting employment gains last month. That helped to blunt job cuts in manufacturing, retailing, trucking and elsewhere.

On Wall Street, the employment news lifted stocks. The Dow Jones industrials gained 83 points to close at 11,464.15.

With hiring improving, the unemployment rate dropped down a notch from a five-month high of 4.8 percent in July. That decline put the current unemployment rate close to a five-year low of 4.6 percent reached in May and maintained in June.

The jobless rates for blacks in August dipped to 8.8 percent, the lowest since July 2001. The unemployment rate for Hispanics held steady at 5.3 percent.

Although economists pointed to the employment figures as evidence that the economic expansion, which began in late 2001, remains intact, there is an obvious weak spot.

Construction spending plunged in July by the largest margin in nearly five years, the Commerce Department reported, another sign of the cool down in the once sizzling housing market.

A report from the Institute for Supply Management, meanwhile, showed manufacturing activity in August expanding at a slower — but still decent — clip than in July. That's consistent with the moderate growth seen in the overall economy.

The latest batch of economic news comes as the nation's work force gets ready to celebrate the Labor Day holiday and as the election season looms.

Economic conditions are likely to be on voters' minds when they go to the polls in November.

"The economy is a top concern for many voters in America, although there are other salient issues like the war in Iraq and terrorism," said Costas Panagopoulos, a political science professor at Fordham University. How people vote is shaped by how they are faring economically.

The Bush administration, whose officials blasted the airwaves Friday to tout the president's economic policies, contends Americans are doing better. Rival Democrats say many are struggling.

"We enter this Labor Day holiday with .... a strong economy that is producing steady, consistent gains for America's workers," said Labor Secretary Elaine Chao.

Countered House Democratic Leader Nancy Pelosi of California: "President Bush and Republicans are out of touch with Americans who are living paycheck to paycheck and struggling to make ends meet."

Workers' average hourly earnings edged up to $16.79 in August, a tiny 0.1 percent increase from July.

Over the 12 months ending August, though, wages grew by 3.9 percent. The last time this figure was higher was in June 2001. Yet, many workers' paychecks are barely keeping up with inflation, economists said.

The job hunt grew longer.

The average time that the 7.1 million unemployed spent searching for work in August was 17.4 weeks. That was the longest duration since February's 17.6 weeks.

Given the slowdown in the national economy and in the housing market, the Federal Reserve on Aug. 8 halted a string of interest rate increases that lasted more than two years.

Economists have mixed opinions about the Fed's next move on Sept. 20. Many believe the central bank will leave rates alone again and said the employment report would justify such a decision. Others predict another rate increase could be in store at that meeting or later this year to keep inflation in check.

The tally of new jobs last month was slightly stronger than the 125,000 that economists were forecasting. Payroll gains for June and July also turned out to be stronger, with the economy adding 18,000 more jobs in those two months combined than previously estimated.

Michael Moskow, president of the Federal Reserve Bank of Chicago, in a recent speech, said trends in both the growth of the population and labor force participation point to slower monthly job gains that is still consistent with healthy economic activity.

Earlier in the decade, most economists estimated that monthly job growth of about 150,000 was consistent with the economy growing close to its potential. Now research suggests monthly increases of roughly 100,000 jobs are probably in line with the economy moving ahead at about its potential, Moskow said.

Against that backdrop, the new employment report suggests "Goldilocks may be coming. The economy is not too hot nor too cold," observed Carl Tannenbaum, chief economist at LaSalle Bank.

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On the Net:

Employment report: http://www.bls.gov/

It's Their Holiday, But Wage Earners Aren't Happy (NYT)

By Mark A. Stein

DOJ_NMG_0058169

The New York Times, September 2, 2006

RETAILERS posted better-than-expected sales this week, but the figures were from July and there is ample evidence that the economy might have taken a turn for the worse since then.

Corporate news was scarce during the last week before Labor Day, which symbolically draws summer to a close. At least good corporate news was scarce. There were several developments in criminal court.

GLUM AND GLUMMER Consumer confidence plummeted last month amid slowing job growth, the weak housing market and stubbornly high energy costs. In its steepest one-month drop since Hurricane Katrina a year ago, the Conference Board's consumer confidence index fell to 99.6 in August, its lowest level since November.

At the same time, three opinion polls found deep pessimism among American workers, with most saying that their wages were not keeping pace with inflation, that they had less job security and more on-the-job stress and that they were worse off in many ways than a generation ago.

The Labor Department issued a report saying that hourly wages are 1.9 percent higher than in 2000, taking inflation into account. Over the last two years, however, wages have failed to keep up with inflation for most workers.

Using a different measure, the Census Bureau said the median household income rose slightly faster than inflation last year for the first time in six years. But it said the rise occurred because more family members were taking jobs to make ends meet and some people made more from investing. The bureau, part of the Commerce Department, confirmed that wages had fallen.

Consumer pessimism suggests there will be a significant drop in consumer credit statistics that the Federal Reserve is scheduled to release on Friday.

PENSION CUT DuPont, the giant chemical company, said it would reduce its contribution to workers' pensions by two-thirds after 2007, becoming the first big company to cut its retirement benefit since Congress passed a law its sponsors said would make pensions safer.

To partly compensate for current employees' smaller pensions, DuPont said it would contribute 3 percent of each employee's pay to a 401(k) plan beginning in 2008 and would match its employees' own retirement savings up to 6 percent of their annual wage.

Kenneth W. Porter, DuPont's director for global benefits, told The Wall Street Journal that the 401(k) plans would not fully replace the pension benefits, but that workers could come out ahead if their investment returns were exceptional.

New workers will receive no pension, only help with 401(k) savings. Existing pensioners and employees abroad will not be affected.

MUTUAL FUND SCANDAL In the first admission of criminal acts in the mutual fund market-timing scandal, Prudential Financial agreed to pay $600 million to settle charges with federal and state regulators that one of its units engaged in more than $2.5 billion worth of inappropriate trades.

The payment is the second largest levied against a financial institution over the practice, which involves rapid-fire trading of mutual fund shares to capture price inefficiencies. The practice can hurt small shareholders by inflating administrative costs and disrupting investment portfolios.

Prudential's admission is likely to end the investigation, which began in 2003 and resulted in $4 billion in fines and penalties against some big Wall Street firms, including $675 million from Bank of America in 2004 and $600 million from AllianceBernstein in 2003.

CRIMINAL SELLING Schering-Plough, which makes Dr. Scholl's foot products and Coppertone tanning lotions as well as prescription drugs, pleaded guilty to a criminal charge stemming from a federal inquiry into whether it had advocated using drugs for unapproved uses and had overcharged Medicaid.

In addition to pleading guilty to a single count of conspiracy, the company agreed to pay $435 million: $255 million in civil penalties and a criminal fine of $180 million.

Two years ago, Schering-Plough agreed to pay $346 million to settle charges that it paid a kickback to a health insurer to protect the market for its allergy drug Claritin.

The latest agreement is subject to the approval of a federal court in Boston.

BIG PROBLEMS BP, the largest oil and natural gas producer in America, said federal investigators were looking into whether its traders had manipulated part of the crude oil market in 2003 and 2004 and the market for gasoline trading in 2002.

Federal investigators had already started investigating whether the company's traders manipulated the market for propane. And a judge in Texas has ordered BP's chief executive, Lord Browne, to be available for questioning about an explosion at a BP refinery in Texas. Fifteen employees and contractors died in the blast last year.

The House Energy and Commerce Committee will question BP executives next week about a large oil spill from the Alaska pipeline that BP operates.

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SALE OF THE CENTURY In what would be the most expensive American real estate transaction of modern times, Metropolitan Life said it wanted to sell Stuyvesant Town and Peter Cooper Village, a collection of 110 apartment buildings with 11,000 units spread over 80 acres in Manhattan.

Analysts said the property, which MetLife built during and after World War II to provide middle-class housing for veterans and their families, could fetch $5 billion, or almost $450,000 for each apartment. They also said the price would probably force a buyer to raise rents significantly as quickly as possible.

Real estate executives said MetLife, which began registering potential bidders last week, hoped to select a winner by November.

Labor Day: A Report Card For American Workers (WSJ)

The Wall Street Journal, September 2, 2006

Further weighing on the U.S. worker: disappearing pensions. Companies are increasingly cutting or freezing workers' pension benefits, leaving many workers with smaller nest eggs for retirement. Verizon Communications Inc. and International Business Machines Corp. both recently announced they would freeze their pension plans. In 2004, only 18% of private-sector workers were offered a traditional defined-benefit plan, down from 24% in 1994, according to the Employment Benefit Research Institute. More employees are being offered 401(k)-style plans, but 40% of private-sector workers don't have any on-the-job retirement plan.

Unions: Union membership is down to about 12.5% of the U.S. work force, from about 30% in 1970. The declining power of unions may be one reason for sluggish wage growth, says Gary Burtless, a labor economist at The Brookings Institution, although globalization and automation also play big roles. Manufacturing jobs -- a stronghold of union activity -- are down about a quarter in absolute numbers since 1979.

Productivity: The productivity of American workers has grown rapidly in recent years. From 2000 to 2005 productivity grew at about 3.1% a year, above the historic average. In past eras, that led to a rise in pay. But today, most of the benefit seems to be showing up in corporate profits and in the salaries and bonuses of the highest-paid workers.

The Commerce Department reported this past week that corporate profits accounted for 12.2% of the nation's gross domestic product in the second quarter, a 40-year high. Average wages measured as a percentage of GDP declined to 46.1%, from 48.9% in 2001.

--Lauren Etter * * *

FACTS

The average hourly wage of a telephone operator in the U.S. is about $13, compared with less than $1 in India, according to a UC Berkeley study. A medical transcriptionist earns about $13 in the U.S. and about $1.50 in India. A paralegal is paid about $18 in the U.S. and about $8 in India.

Americans take about four weeks a year for vacation and holidays, according to the OECD. The French take about seven weeks. Italians take around eight weeks.

There were 171,000 workers involved in 17 labor strikes in the U.S. in 2004, according to the Bureau of Labor Statistics. That is down from 322,000 workers in 45 labor strikes in 1994. In 1952 there were 2.8 million workers in 470 strikes -- the most in any year in history.

Temporary workers make up more of the labor force today. Last year, staffing firms employed an average of about 2.9 million workers every day, according to the American Staffing Association. In 1995 they employed about two million workers.

The minimum wage was last raised in 1996, when Congress bumped it up 90 cents to $5.15 an hour. In inflation-adjusted terms, the minimum wage reached its peak in 1968, when it was $1.58, which equals $7.75 in 2006 dollars.

About 52% of the labor force in Burundi is made up of women -- the highest in the world, according to the World Bank. In the West Bank and Gaza about 13% of the labor force is female -- the lowest. In the U.S., women make up about 46% of workers. * * *

POINTS OF VIEW

"Unemployment is low, wages are rising and there are more jobs in America today than at any other time in history. While we still have challenges ahead, our ability to bounce back is a testament to the strong work ethic of the American people."

--Rob Portman, director, U.S. Office of Management and Budget

"There's no doubt that relative to the growth rate of the economy over the last five years, the state of the American worker is in pretty sorry shape."

-- Lawrence Katz, Harvard University, and chief economist during the Clinton administration

"There is nothing to celebrate here. A lot of the money goes to the top, and Republicans are forever playing defense on this. The people in the middle are feeling squeezed. If Democrats aren't getting the best of the argument, they should be."

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--Ron Haskins, the Brookings Institution

"Times are good for workers. They've got high consumption, high income, really low unemployment, a fairly secure work environment -- it's a great market to be a worker."

--Kevin Hassett, American Enterprise Institute * * *

BY THE NUMBERS

Incomes And Politics (WSJ)

The Wall Street Journal, September 2, 2006

One sure sign that the economy is doing well is when the left revives that old political warhorse, inequality. With GDP growth of nearly 4% for three years running and a jobless rate of 4.7%, it's their last economic resort in an election year. But when you look at the actual evidence, the inequality campaign also proves to be trumped up.

The Treasury Department will soon release the latest IRS data on who paid how much in taxes in America through 2004. We've had an early look at the numbers, and anyone who reads the front pages of our leading dailies may be surprised to learn that the Bush years compare very well by tax and income equality to the sainted Clinton era.

First, the new data show that the bottom 50% of Americans in income -- U.S. households with an income below the median of $44,389 -- paid a smaller share of total income taxes in 2004 (3.3%) than in Bill Clinton's last year in office (3.9%). That 3.3% is the lowest share of total income taxes paid by the bottom half of earners in at least 30 years, and probably ever. The majority of American families with an income below $40,000 pay no income tax at all today, and many of them also get a welfare subsidy from the Earned Income Tax Credit that effectively offsets much of what they pay in payroll taxes.

By contrast, Americans with an income in the top 1% paid 36.9% of all federal income taxes in 2004, down slightly from 37.4% at what was the height of the dot-com boom in 2000. But the top 5% and 10% of earners saw an increase in their tax share over that same period, with the top 5%'s share rising to 57.1% in 2004 from 56.5% in 2000. If this isn't the definition of a highly "progressive," aka redistributionist, tax code, we don't know what is.

HOT TOPIC

A Report Card for American Workers1

Especially instructive is what has happened to tax shares since the tax rate on capital gains and dividends was cut to 15% in 2003. These investment tax cuts have corresponded with a huge spike in tax payments by the affluent. Between 2002 and 2004, the income tax share of the top 0.1% of earners rose to 17.4% from 15.4%. A reasonable conclusion is that much of this increase reflects tax payments on capital gains and dividends -- which have soared by an astounding 79% and 35%, respectively, since the rate cuts.

Democrats and their media pals dismiss all this by saying that the richest are paying more taxes because they're making out like bandits in the Bush years. Former Clinton economic adviser Gene Sperling grouses that the 1990s were "an era of shared prosperity," but that the Bush policies have produced "a disappointing decade on inequality."

The new IRS report contradicts that fairy tale too. Let's use the left's own definition of fairness and examine the actual new IRS evidence (see chart). During the Clinton Presidency, the share of total income earned by the richest 1% increased to a post-World War II high of 20.8% in 2000, from 13.8% in 1993. By contrast, in the first four years of the Bush Presidency, the income share of the top 1% fell slightly to 19.0% from 20.8%.

The decline in the share of total income earned was even more pronounced when we look at the income shares of the top 0.1%; they earned a greater share (18.9%) of total income by the end of the Clinton era than they did in 2004 (17.4%). Some of this can be explained by the 2001 recession and subsequent strong economic expansion. The rich got socked hardest when the stock market plunged, though the dramatic income and wealth gains in the last three years are again raising income shares of the middle and upper income groups. The income share earned by the rich was still lower in 2004 than during Mr. Sperling's decade of allegedly "shared prosperity."

Some of our readers may not recall all of the front-page articles and editorials assailing the inequality in the 1990s. That's because there weren't many in contrast to the current spate, as the Media Research Center has documented. The inequality theme somehow only emerges when Republicans are in power, and this or that statistic can be trotted out to play to the stereotype that the GOP cares only about the rich, or Halliburton.

The truth is that there has been a modest widening of the income gap in recent decades, regardless of which party is in power. That gap seems due largely to growing returns on education and skills in the global economy. Americans without a high-school diploma are losing ground against those who have college degrees. But this argues not for higher taxes on the rich, who already pay the vast bulk of U.S. taxes. It argues for reforming K-12 education so even the weakest and poorest students can compete against the world.

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In any event, it's a mistake to put much stock in these class-envy statistics on income shares, gini quotients, and wealth gaps that Washington and the media like to stress. There's nothing that policy makers can do about them in the short run, and a preoccupation with inequality will do actual harm if it leads to policies such as higher tax rates that reduce economic growth. We'd suggest readers ignore the inequality fad that is intended for election-year consumption and keep their eyes on what really matters -- the policies that promote growth and prosperity for all Americans.

The Odd Recovery: Unemployment Is Low And So Is Employment (NYT)

By Floyd Norris

The New York Times, September 2, 2006

NEARLY five years after the end of the 2001 recession in the United States, this recovery can be painted using employment statistics as the worst — or one of the best — of the aftermaths of the 10 post-World War II recessions.

On the good side, the unemployment rate, at 5.5 percent in November 2001, was down to 4.7 percent in August, the Labor Department reported yesterday. In similar periods after ends of the nine previous downturns, the unemployment rate was that low only once.

The low unemployment rate has come about despite a slow rate of job creation. At this point after the previous nine recessions, there were an average of 11.9 percent more jobs in the economy than there had been at the end of the recession.

But so far, as the charts show, there are just 3.5 percent more jobs than at the end of the last recession. That is less than half the lowest of the nine previous moves — a gain of 7.6 percent in the period after the 1953-54 recession. And that figure was held down by the fact that another recession, in 1957-58, had taken place by then.

To some extent, the divergent indicators reflect the fact that the numbers come from two surveys with different methodologies and, in recent years, differing trends. The jobs figure comes from a Labor Department survey of establishments and lately it has tended to produce gloomier numbers than the other survey the department performs, in which households are asked which members have jobs.

The trends are expected to be a little different, in that self-employed people would show up with jobs only in the household survey, while a person holding two jobs would be double-counted in the establishment survey. But the differences in this cycle have been substantial and are not easy to explain.

Even the household survey, with its more positive numbers, indicates that little progress on jobs has been made in this recovery. There has been almost no increase, by these statistics, in the percentage of working-age Americans who are working. The decline in the unemployment rate reflects the fact that fewer of those without jobs say they are looking for work, as is required to be counted as unemployed.

The job growth picture is also complicated now by the different nature of work in America.

Back in 1949, when the first postwar recession ended, slightly fewer than half the jobs were in private-sector service industries. Now the figure is more than two-thirds. In the same period, the government share of the civilian work force went up a couple of percentage points, to about a sixth.

The share of employment represented by private-sector goods-producing industries fell by more than half, to less than 17 percent from more than 37 percent. Employment in that sector peaked at 25.2 million people in 1979. Now it is 22.4 million, even though total employment is up 50 percent since 1979.

In the current recovery, service industries have led the way, with the number of jobs up by more than 5 percent, while the government figure is a little over 3 percent. But employment in goods-producing industries has fallen by more than 3 percent.

The Lowdown On The Slowdown (NYT)

The New York Times, September 2, 2006

Hiring was tepid in August, bringing average job creation in the private sector to 102,000 jobs a month since April. That is nowhere near the level of labor demand that's needed to give employees the clout to bargain for raises. Accordingly, hourly wages weakened in August, up only one-tenth of a percent, all of which is most likely to be eaten up by inflation. (In 26 of the last 28 months, annual hourly wage growth has failed to outpace inflation.)

Sounds depressing — if you rely on your job to get by. But it was good news for investors. Their biggest hope these days is that the economy will slow just enough to curb inflation, but not enough to provoke recession. They took August's jobs report, released yesterday by the Labor Department, as evidence that their wish was coming true.

The work force always suffers in a slowdown. But this one could hit employees especially hard because they will experience the lows — in terms of insecurity, stagnating wages and job loss — without ever having participated fully in the highs. As a share of the economy, wages and salaries have been driven to generational lows during the expansion that began in 2001.

DOJ_NMG_0058173

At the same time, the ability to borrow against one's home is waning, and a slowing job market may make it harder to keep up with existing debts, a combination that could prove very difficult for many people.

A slowdown is preferable to the alternatives — a recession, or worse, stagflation, in which the economy is plagued by decreasing growth and rising inflation. But the time may come — soon — when investors, bankers and businesses will find little to cheer about in the good news.

Jobs Data Is Welcomed With A Rally (NYT)

By Bloomberg News

The New York Times, September 2, 2006

Shares rallied yesterday after the government said that employers added more jobs and that wage increases slowed last month, easing concern that higher interest rates would lead to an economic slump.

General Motors paced the advance as the company reported the first monthly sales gain since January. Bristol-Myers Squibb, the drug maker, climbed in response to a court order protecting sales of the Plavix heart pill, its best-selling medicine.

The employment figures released yesterday supported the Federal Reserve's forecast of a gradual slowdown in the economy, suggesting that policy makers will keep borrowing costs steady after raising rates for two years. Stocks gained for the week, the fourth consecutive week when the market changed direction.

"The economy is not falling apart and inflation is not taking off," said Franklin Morton, who helps manage $17 billion at Ariel Capital Management in Chicago. "A lack of surprise is good for the market."

The Standard & Poor's 500-stock index added 7.19 points, or 0.6 percent, to 1,311.01, the highest level since May 10. The Dow Jones industrial average climbed 83 points, or 0.7 percent, to 11,464.15, the highest since May 11. The Nasdaq composite index gained 9.41 points, or 0.4 percent, to 2,193.16.

For the week, the S.& P. 500 added 1.2 percent, the Dow rose 1.6 percent and the Nasdaq jumped 2.5 percent.

In the bond market, the yield on the benchmark 10-year Treasury note fell to 4.72 percent, from 4.73 percent late Thursday. The price, which moves in the opposite direction from the yield, increased 1/32, to 1016/32.

Economic reports released yesterday included one that said employers exceeded projections by adding 128,000 workers last month and the news that the unemployment rate fell to 4.7 percent in August from 4.8 percent. Those numbers helped to bolster speculation that inflation was easing and that deceleration of economic growth would be gradual.

A counterpoint to those reports came as the Commerce Department said construction spending fell 1.2 percent and the National Association of Realtors said contracts to buy previously owned homes slid 7 percent in July. The forecast had been for a drop of 1.5 percent.

A decline in crude oil to a two-month low also helped stocks. Oil prices fell $1.01, to $69.25.

About two stocks rose for every one that fell on the New York Stock Exchange. Some 1.12 billion shares changed hands on the Big Board, 29 percent fewer than the three-month daily average.

Although the market closed up yesterday, September has historically been the worst period for the market. From 1950 to June 2005, the S.& P. 500 lost 0.7 percent on average, while the Dow average has fallen 1.1 percent. The Nasdaq has declined 1 percent in September on average since 1971, according to The Stock Trader's Almanac.

General Motors had the best increase in the Dow average yesterday, with shares rising $1.09, or 3.7 percent, to $30.27.

The automaker's August sales jumped 3.8 percent. G.M.'s rival, Ford Motor, dropped 10 cents, to $8.27. Ford said United States sales of cars and trucks fell 12 percent last month.

Bristol-Myers climbed $1.20, or 5.5 percent, to $22.95, after a federal court ordered Apotex of Canada to stop selling cheaper copies of Plavix.

Gateway, the personal computer maker, bucked the trend among technology shares, slipping 10 cents, to $1.90, after the company rejected a $450 million offer for its retail unit from the founder of EMachines, Lap Shun Hui.

And shares of Lockheed Martin, the military contractor, jumped yesterday — $1.08, to $83.68 — after it won a $3.9 billion NASA contract to build a the nation's next craft for human spaceflight.

Shares in Starbucks advanced 75 cents, to $31.76. after it reported a 5 percent sales gain in stores open at least a year.

In technology, Qualcomm, which makes chips for cellphones, jumped 68 cents, to $38.35, after it won dismissal of an antitrust suit filed by a rival, Broadcom, which claimed Qualcomm stifled competition by other chip makers.

Dow Climbs 83 Points, Capping A Good Week (WSJ)

By Peter A. Mckay

The Wall Street Journal, September 2, 2006

DOJ_NMG_0058174

A lack of nasty surprises in the government's employment data, along with a continued selloff in crude oil, helped push the stock market Friday to its biggest gains in more than two weeks.

The Dow Jones Industrial Average gained 83 points, or 0.7%, to 11464.15, up 1.6% on the week. Shares of General Motors, a Dow component, jumped 3.7%, helping to boost the average. The auto maker announced a 3.9% rise in U.S. auto sales for August, contrasting with sales declines at Ford Motor and DaimlerChrysler's Chrysler Group.

The Dow is now less than 260 points away from its record close of 11722.98 in January 2000.

The jobs report, one of the most anticipated in a week chock full of government releases, was in line with Wall Street's expectations. At least for the moment, analysts said, that was enough to bolster investors' hopes that the U.S. economy is headed for a "soft landing," a slowdown that isn't so dramatic that it harms consumers or turns into a full-blown recession.

Such gradual turnarounds have been rare. With that in mind, investors were perhaps happy just to see confirmation that their hopes haven't yet gone awry, analysts said. "This report isn't necessarily telling you anything new, but people are happy to see that the economy isn't falling apart," said Jan Hatzius, chief U.S. economist at Goldman Sachs. "In that sense, I think it was a very equity-friendly report."

Another factor helping stocks was a continued slide in oil prices. Energy traders breathed a sigh of relief as the U.S. summer driving season was drawing to a close with the Labor Day weekend.

Crude futures for October delivery fell $1.07, or 1.5%, to $69.19 a barrel, the lowest finish in more than two months at the New York Mercantile Exchange. On the week, crude contracts fell 4.6%.

The Standard & Poor's 500-stock index rallied 0.6%, or 7.19 points, to 1311.01, up 1.2% on the week. The Nasdaq Composite Index gained 0.4%, or 9.41 points, to end at 2193.16, up 2.5% on the week.

For the year, the technology-stock-heavy Nasdaq has nearly broken even, off just 0.6%. Meanwhile, the Dow is up 7% and the S&P 5%.

"I think the stock market will be higher by the end of the year, but in the near term, I think investors are getting a bit ahead of themselves," said strategist Stuart Schweitzer, of J.P. Morgan Asset & Wealth Management. He said the market has yet to factor in a likely slowdown in corporate profits to go along with the economic slowdown.

In major U.S. market action:

Stocks1 and bond prices rose2. The 10-year note gained 2/32 point, or 62.50 cents for each $1,000 invested, pushing the yield down to 4.730%. The 30-year bond rose 5/32 to yield 4.875%.

The dollar weakened3. Against the Japanese currency, the U.S. currency fell to 117.11 yen, compared with 117.38. The euro rose against the dollar to $1.2839, compared with $1.2812.

Write to Peter A. McKay at peter.mckay@wsj.com4

U.S. Stocks Rise On Employment, Wage Growth Data; GM Advances (BLOOM)

By Allen Wan

Bloomberg, September 2, 2006

U.S. stocks rallied to four-month highs after the government said employers added more jobs and wage increases slowed last month, easing concern that higher interest rates would lead to an economic slump.

General Motors Corp. paced the advance as the world's biggest automaker reported the first monthly sales gain since January. Bristol-Myers Squibb Co. climbed in response to a court order protecting sales of the Plavix heart pill, the drugmaker's best-selling medicine.

The employment figures supported the Federal Reserve's forecast of a gradual slowdown in the economy, suggesting policy makers will keep borrowing costs steady after raising rates for two years. Stocks gained for the week, the fourth weekly change of direction in a row.

``The economy is not falling apart and inflation is not taking off," said Franklin Morton, who helps manage $17 billion at Ariel Capital Management LLC in Chicago. ``A lack of surprise is good for the market."

The Standard & Poor's 500 Index added 7.19, or 0.6 percent, to 1311.01, the highest level since May 10. The Dow Jones Industrial Average climbed 83, or 0.7 percent, to 11,464.15, the highest since May 11. The Nasdaq Composite Index gained 9.41, or 0.4 percent, to 2193.16.

For the week, the S&P 500 added 1.2 percent, the Dow rose 1.6 percent and the Nasdaq jumped 2.5 percent. The S&P 500 had its biggest increase last month since January, rising 2.1 percent, on signs that the Fed has tamed inflation.

U.S. markets will be closed on Sept. 4 for Labor Day.

Employment Data

Employers added 128,000 workers, the government said, exceeding the 125,000 gain projected by economists and better than the 121,000 increase in July. Average hourly earnings rose 0.1 percent after a 0.5 jump the previous month.

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The unemployment rate fell to 4.7 percent in August from 4.8 percent, while a University of Michigan report showed consumer confidence was greater than economists' forecasts.

The reports bolstered speculation that inflation is easing and deceleration of economic growth will be gradual.

``The Fed won't have to raise rates again this year," said James Fisher, who helps manage $900 million at Univest Corp. of Souderton, Pennsylvania. ``We'll begin to see some better returns for the equity markets."

The yield on December Fed funds futures, at 5.27 percent, prices in a 12 percent chance of an increase to 5.5 percent by year-end, down from 100 percent as recently as July 26.

Construction Spending

A counterpoint to those reports came as the Commerce Department said construction spending fell 1.2 percent and the National Association of Realtors said contracts to buy previously owned homes slid 7 percent in July. The forecast was for a drop of 1.5 percent.

While stocks have opened this month higher, September has historically been the worst period for the market. From 1950 to June 2005, the S&P 500 lost 0.7 percent on average, while the Dow average has fallen 1.1 percent. The Nasdaq has declined 1 percent this month on average since 1971, according to the Stock Trader's Almanac.

General Motors had the best increase in the Dow average, rising $1.09, or 3.7 percent, to $30.27. The automaker's August sales jumped 3.8 percent. Rival Ford Motor Co. dropped 10 cents to $8.27. The second-largest domestic automaker said U.S. sales of cars and trucks fell 12 percent last month.

Bristol-Myers climbed $1.20, or 5.5 percent, to $22.95 for the second-biggest gain in the S&P 500. A U.S. court ordered Canada's Apotex Inc. to stop selling cheaper copies of Plavix.

McDonald's

McDonald's Corp. added 86 cents, or 2.4 percent, to $36.76 for the No. 2 advance in the Dow. The world's largest restaurant company said activist investor Bill Ackman plans to buy almost $800 million in shares. Ackman is making the purchase two weeks after reporting he sold all his stock.

Intel Corp. rose 31 cents to $19.88. The world's largest chipmaker may cut at least 10,000 jobs to slash $1 billion in costs this year, analysts including Morgan Stanley's Mark Edelstone said. The firings may be announced on Sept. 5, CNET reported. Intel spokesman Patrick Ward called the reports ``speculation."

Gateway Inc. bucked the trend among technology shares, slipping 10 cents to $1.90 after the third-largest U.S. personal-computer maker rejected a $450 million offer for its retail unit from EMachines Inc. founder Lap Shun Hui.

Lockheed Martin Corp. jumped $1.08 to $83.68. The world's largest defense company won a $3.9 billion NASA contract to build a spacecraft to the moon, beating Northrop Grumman Corp.

Starbucks Sales

Starbucks Corp. advanced 75 cents to $31.76. The world's largest coffee-shop chain reported a 5 percent sales gain in stores open at least 13 months. John Glass, an analyst with CIBC World Markets Corp., estimated an increase of 4 percent.

Qualcomm Inc., the world's second-biggest maker of mobile- phone chips, jumped 68 cents to $38.35. The company won dismissal of an antitrust suit filed by Broadcom Corp. claiming it stifled competition by other chipmakers.

A measure of telecommunication stocks rose 1.1 percent and had the second-best gain from among 10 industry groups in the S&P 500.

The index has surged 19 percent this year, the biggest advance among the groups, on demand for the dividend yields that telecom companies offer.

AT&T Inc. rose 48 cents to $31.61. The largest U.S. telephone-service provider offers a yield of 4.2 percent. That compares with a yield of 4.73 percent for the benchmark 10-year Treasury note.

Oil Falls

A decline in crude oil to a two-month low also helped stocks. The October contract slid 1.5 percent to $69.19 a barrel in New York on speculation a less-active hurricane season and a drop in U.S. demand will cause inventories to jump.

About two stocks rose for every one that fell on the New York Stock Exchange. Some 1.12 billion shares changed hands on the Big Board, 29 percent less than the three-month daily average.

Monster Worldwide Inc. fell 96 cents to $39.78. The owner of online job-listing service Monster.com sold its TMP Worldwide advertising and communications unit to private equity firm Veronis Suhler Stevenson for $45 million. Monster said it will record a loss of $120 million to $130 million from the sale.

RealNetworks

RealNetworks Inc. dropped 35 cents to $10.68. The operator of the Rhapsody online music service was cut to ``underperform" by analyst Michael Latimore at Raymond James, who wrote in a note that a music venture with Microsoft Corp. hasn't created ``substantial traction" and segments of its business face ``substantial competition."

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S&P 500 shares, called Spiders, gained 78 cents to $131.42. Nasdaq-100 tracking shares, known by their QQQQ symbol, climbed 21 cents to $39.08.

S&P 500 futures expiring in September rose 7 to 1312.60 on the Chicago Mercantile Exchange. Nasdaq-100 Index futures gained 7.50 to 1590.50.

The Russell 2000 Index, a benchmark for companies with a median market value of $597 million, rose 0.1 percent to 721.56. The Dow Jones Wilshire 5000 Total Market Index, the broadest measure of U.S. shares, climbed 0.5 percent to 13,117.18. Based on its gain, the value of stocks increased $82.1 billion.

AT&T Inc. (T US) Bristol-Myers Squibb Co. (BMY US) Ford Motor Co. (F US) Gateway Inc. (GTW US) General Motors Corp. (GM US) Intel Corp. (INTC US) Lockheed Martin Corp. (LMT US) McDonald's Corp. (MCD US) Monster Worldwide Inc. (MNST US) Qualcomm Inc. (QCOM US) RealNetworks Inc. (RNWK US) Starbucks Corp. (SBUX US)

To contact the reporter on this story: Allen Wan in New York at awan3@bloomberg.net

A Swoon In Autumn, With Asterisks (NYT)

By Conrad De Aenlle

The New York Times, September 2, 2006

ECONOMIC growth is ebbing and the housing boom seems to have run its course, while political tension and high energy prices appear as though they will go on forever. Investors have more than enough to worry about, but as Labor Day nears, the calendar may provide an added source of anxiety.

Returns on stocks are lower, on average, in September than in any other month, followed by October, when the market often puts in its bottom for the year. Share prices also tend to fall in the months leading up to an off-year election, as they did during the last three such periods.

Some investment advisers find reasons to hope that this year will provide a break with tradition, citing moderate valuations and the prospect that the Federal Reserve is finally done raising interest rates. They also point to palpable discouragement on Wall Street as stocks have gone nowhere despite a year of solid earnings.

The monthly UBS/Gallup Index of Investor Optimism, released Monday, showed a low for the year in August. That may be a promising sign because shareholders tend to declare their pessimism after they have gotten their selling out of the way.

Before rushing into the market, however, investors should note that many bullish assessments come with an expiration date. More cautious market watchers may not expect an imminent decline, but they express doubts about what lies beyond the next several months.

Robert B. MacIntosh, chief economist at the fund manager Eaton Vance, is among those not expecting seasonal weakness. The looming end of Fed tightening encourages him, and the prospect of stagnation in Washington leads him to think the off-year election curse may not hold.

“If the Republicans look as though they are going to lose one or two houses of Congress, that means gridlock, and the markets have tended to like gridlock,” he explained. “The Fed, coupled with election season, makes me think it’s going to be different this fall.”

Tobias Levkovich, chief United States equity strategist at Citigroup Investment Research, said in a report to clients that stocks might move lower at the start of the month, confirming the historical pattern, but that the picture might then brighten.

He tracks investor sentiment with an indicator he calls the Panic/Euphoria Model. It falls as investor gloom increases, and lower readings tend to foretell higher share prices.

THE model has declined for several months and stands close to a two-decade low. By Mr. Levkovich’s reckoning, there is a 90 percent chance that stocks will be higher six months from now.

He also said valuations are in a “sweet spot,” a price-earnings multiple for the Standard & Poor’s 500-stock index of about 15; in the past, that has preceded strong returns.

There is a broad consensus that stocks appear more attractively priced than a year ago, but other advisers find the spot less sweet than Mr. Levkovich does. They remind investors that valuations that seem cheap may turn out not to be.

James Stack, editor of the InvesTech Market Analyst newsletter, cited numerous formulas — comparing share prices with dividend yields and earnings, or price-earnings ratios with bond yields — that show valuations at close to their lowest levels in up to 25 years. But Mr. Stack warns his subscribers that they are “navigating treacherous waters.”

He described the economy as being “on a collision course with a recession.” Reasonable valuations may make the losses he anticipates for stocks reasonable, too; he pointed out that bear markets since the 1930’s that began when P.E. ratios were less than 17 have typically produced losses of around 20 percent, while bear runs afflicting more overvalued markets have often run up losses of 30 percent to 50 percent. Either way, he advises holding high cash positions.

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Pete Kendall, co-editor of The Elliott Wave Financial Forecast newsletter, is a longstanding bear. He says valuations and sentiment must fall further before he will feel comfortable buying stocks again.

He sees little cause to put faith in seasonal patterns — except for their long history of success. “Seasonals can be somewhat annoying because they are such darn simplistic reasons for being bearish or bullish, and yet they seem to work more times than not,” he said. The autumn swoon “is certainly one of them.”

Mr. Kendall expects the market to conform to the pattern this year — up to a point. “If there is a surprise this time,” he said, “we think it will be that even though it is another rough two-month stretch for stocks, October fails to mark a low.”

MarketWatch / Weekend Investor Stocks' September Could Be Strong, Judging By History (WSJ)

By Mark Hulbert, Marketwatch

The Wall Street Journal, September 2, 2006

The stock market over the past three months has acted as though it were March rather than summer: It came in like a lion on investors' portfolios, and is going out like a lamb.

This turn of events increases the odds that the stock market will perform well in September. But it doesn't mean that happy days are here again to stay.

Typically, summer is a season of subpar stock-market returns. And it initially looked as though 2006 would follow this script: In the first two weeks of June alone, for example, major market averages dropped nearly 5%.

Since then, the stock market has exhibited enough strength to more than overcome that initial summer weakness. As of the end of August, for example, the Standard & Poor's 500-stock Index was 2.7% higher than at the beginning of June. This three-month return is 2½ times greater than the 1.1% average summer return over the past five decades.

Not surprisingly, opinion is divided over whether the summer's unexpected strength increases odds for a strong fall. Some believe that there must be a lot of subsurface strength for the market to so decisively buck the seasonal tendencies. Others argue that surprising summer strength means that the market has gotten ahead of itself.

But what does the historical record say? To get an answer, I fed into my PC's statistical software the historical data for the S&P 500 back to 1954, when this index was created.

I found that, at least since the mid-1950s, there has been a marked tendency for September to be an above-average performer whenever the summer that preceded it was, too. In fact, this correlation is statistically significant at more than the 99% confidence level, well over the 95% level that statisticians often use as the threshold to conclude that a pattern is attributable to more than mere chance.

To this extent, therefore, the bulls are right in concluding that summer strength is a positive signal.

Before you rush to the phone to call your broker and invest more in the stock market, there are a couple of other details of the historical record that should be kept in mind. Perhaps the most important is that September typically isn't a good month for the stock market. On average over the decades, in fact, it has been the worst month of the year. It is possible, therefore, for the stock market this September to do better than usual but still be down for the month.

Indeed, the econometric model that best fits the S&P data back to 1954 predicts that, on the basis of a 2.7% gain between June 1 and Aug. 31, the market this September will decline by 0.4%. That is better than the average decline of 0.8%, but a loss nonetheless.

The other feature of the historical record worth keeping in mind is that, even though summer strength has more often than not been followed by September strength too, it in turn has typically been followed by October weakness. The inverse relationship that exists between the stock market in summer and the following October is just as strong as the positive one that exists between the summer and September.

These results are consistent with a large body of academic research that has found the stock market to exhibit short-term momentum and longer-run reversals. At the level of the stock market as a whole, momentum typically lasts just a few weeks -- not months or years -- and then reverses itself.

So enjoy the summer strength while it lasts.

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Mark Hulbert is editor of Hulbert Financial Digest, owned by MarketWatch, which is a unit of Dow Jones & Co., publisher of The Wall Street Journal. He doesn't own stocks (except his employer's), or sell stocks short or invest in hedge funds.

Gasoline Prices Fall, Signaling Possible Easing Of Inflation Pressure (WSJ)

By Mark Whitehouse And Steve Levine

The Wall Street Journal, September 2, 2006

DOJ_NMG_0058178

U.S. fuel prices have fallen for three weeks, sparking hopes that the days of $3-a-gallon gasoline have come to an end and relief to consumers is on the way.

After peaking at $3 early last month, the average price of a gallon of regular gasoline dropped another penny yesterday to $2.79, according to the automobile club AAA. That is the largest three-week drop since November. Wholesale prices in the futures market suggest the price is going to drop even further -- to $2.50 or so a gallon over the next several weeks, a report by Citigroup said.

Gasoline prices are volatile and often confound experts attempting to predict their behavior. Some analysts in fact say that prices aren't headed further down, but back up. The U.S. Energy Information Administration points out that while gasoline prices have fallen sharply, diesel prices have dropped just a tad and are still up 31% this year, indicating that the energy market isn't as soft as some suspect. In addition, "oil supplies are still being disrupted in Nigeria, concerns about oil production in other parts of the world remain, and the peak of the hurricane season is still ahead," the EIA said in a report this week.

Yet other analysts expect the price break to continue. If it does, inflationary pressures would ease and more money would be left in the pockets of consumers, whose spending makes up more than two-thirds of the U.S. economy. That would be a welcome gift at a time when a sharp slowdown in housing has damped economic growth and consumer confidence.

"It's pretty clear that we're going to see significant relief on the gas-price front," says Haseeb Ahmed, U.S. economist at J.P. Morgan Chase & Co. in New York. "This is a very important development because it frees up a lot of spending resources."

There's a variety of reasons for the recent plummet in the price of gasoline and crude oil, which was down $1.07 Friday at $69.19 a barrel on Nymex after rising above $77 a barrel early last month. Although three months remain in the official hurricane season, no storm has yet threatened the Gulf Coast. That's unlike last year, when Katrina had already ravaged oil installations offshore from Louisiana. U.S. gasoline and crude oil inventories are relatively high. And while instability in Nigeria continues, it seems already priced into gasoline and crude oil prices. The price of gasoline futures actually dropped both Thursday and Friday despite Tehran's decision to ignore a United Nations Security Council deadline to suspend its enrichment of uranium.

Gasoline prices don't have to continue their downward trend to help the economy. If they merely stop rising, they will remove an irritant that has damped consumers' spending patterns. The August peak in gas prices, for example, helped to precipitate a drop in the Conference Board's index of consumer confidence to its lowest point since November. Conversely, each one-cent decline in gasoline prices adds an annualized $1.3 billion to consumers' spending power.

"In a period where there's a lot of worry, I think this could actually help confidence," says Steven Wieting, U.S. economist at Citigroup. He estimates that a 10% drop in gasoline prices, if sustained, could boost annualized growth in real U.S. gross domestic product -- a broad measure of economic activity, adjusted for inflation -- by about half a percentage point over the next six months.

Any boost from lower gasoline prices would come in handy at a time when the housing market, one of the biggest wild cards in economists' forecasts, has been losing steam fast. In July, official measures of nationwide house prices were almost flat compared with a year earlier -- a sharp deceleration from the double-digit gains recorded earlier this year.

Write to Mark Whitehouse at mark.whitehouse@wsj.com1 and Steve LeVine at steve.levine@wsj.com2

Gasoline In U.S. May Fall On Slow Hurricane Season (BLOOM)

By Robert Tuttle

Bloomberg, September 2, 2006

Gasoline prices across the U.S. are likely to fall this month as demand from motorists slows and the threat of supply disruptions from hurricanes diminishes.

U.S. gasoline prices, now averaging about $2.80 a gallon, may drop 15 to 20 cents in September, said Tom Knight, director of trading at Truman Arnold Cos., a Texarkana, Texas, fuel wholesaler. Scott Hartman, chief executive officer of CHR Corp., which sells about 100 million gallons a year in Pennsylvania, said $2.50 to $2.60 is possible by December.

Pump prices have declined 7 percent since early August and futures contracts indicate further reductions as the end of summer usually means fewer motorists filling their tanks. U.S. gasoline inventories are 2.6 percent above the five-year average, and forecasts indicate the chances a hurricane will interrupt refining in the Gulf of Mexico are lessening.

``Right now the supply situation seems to be completely under control," said Stan Sheetz, president of Sheetz Inc., an Altoona, Pennsylvania, gasoline retailer who sells more than a billion gallons of fuel a year. A decline to $2.50 a gallon is possible during the next two months, he said.

Gloomy Forecast

Colorado State University forecasters today cut the number of hurricanes they expect to form in the Atlantic basin this year to five, down from an earlier prediction of seven.

DOJ_NMG_0058179

Earlier forecasts that this year's hurricane season in the Atlantic Ocean would rival the record number of 2005 storms helped send gasoline to $3.036 a gallon on Aug. 7, according to AAA, the nation's biggest motoring club. The nationwide average price was about 2 cents below the record set after Hurricane Katrina devastated oil production and refining along the Gulf last year.

Gasoline prices gained on Aug. 25, when Tropical Storm Ernesto was projected to strengthen into a hurricane and spin toward Texas and Louisiana, where most offshore oil production is located. Ernesto moved into Florida and the market fell back.

New York gasoline futures in August showed their first monthly decline since February and biggest drop since October 2005.

Gasoline demand this year will be 0.8 percent higher than last year, according to Doug MacIntyre, an economist with the Energy Information Administration, the Energy Department's statistical arm. Consumption growth is less than the 1.7 percent average during the previous 20 years.

The slower growth may come from higher pump prices the past two years causing people to curtail consumption, said Mark Routt, an analyst at Energy Security Analysis Inc. in Wakefield, Massachusetts.

Slowing Economy

Reduced fuel demand is reflected in slower economic growth. The nation's gross domestic product rose at an annual rate of 2.9 percent in the second quarter, down from 5.6 percent in the first quarter, the Commerce Department said Aug. 30.

Wal-Mart Stores Inc., the world's largest retailer, earlier this year said its sales were hurt by higher fuel costs. Wal-Mart said its sales rose 2.7 percent in August, the biggest gain in four months, helped by a 15 cent-a-gallon drop in gasoline prices.

``I don't think the drop in futures prices is all factored in yet," said James Cordier, president of Liberty Trading Group in Tampa. ``Without some sort of supply disruption, the highs are in for the foreseeable future," said Cordier, who expects prices to fall 10 cents a gallon next week and another 10 cents by November.

Hurricanes

The possibility a damaging hurricane will enter the Gulf before the season ends in November may keep prices from tumbling. So could the threat of supply disruptions from Iran, whose nuclear program may be subject to United Nations sanctions. Signs of a slowing U.S. economy may keep a lid on forecasts for higher prices.

``There is a perception out there that we are out of the hurricane season, which is not really true," said David Kirsch, an energy markets analyst at PFC Energy in Washington. ``There is still a pretty good likelihood that there will be a disruption to either imports or refinery operations."

Hurricane Rita, which damaged production and refineries along the Gulf Coast last year, made landfall near the Texas-Louisiana border on Sept. 24. Hurricane Wilma struck Florida on Oct. 24.

``I think the one thing that we need to keep in mind is that most hurricanes, when they land, come in September and October," Kirsch said.

A drop in crude oil, which accounts for 54 percent of the cost of gasoline, also is keeping pump prices down, according to Energy Department data.

New York crude prices have declined about 5 percent in the past month, which is about the same as the slide in pump prices.

Demand for gasoline in the U.S., the world's biggest oil user, eases after the Labor Day holiday, which this year will be Sept. 4.

Today's Prices

Crude oil for October fell $1.07, or 1.5 percent, to $69.19 a barrel on the New York Mercantile Exchange on forecasts for a less-active hurricane season. It was the lowest close in two months.

Gasoline futures for October delivery plunged 4.87 cents, or 2.7 percent, to $1.7344 a gallon in New York, the lowest close in almost six months. The average U.S. pump price for unleaded gasoline fell to $2.790 per gallon yesterday from $3.001 the month before, according to the American Automobile Association, the nation's largest driver organization.

``A lot depends on what happens in the crude market," said Aaron Brady, associate director of global oil research at Cambridge Energy Research Associates in Cambridge, Massachusetts. ``If things heat up with Iran and crude prices start to rise again, that would put a halt to the fall in gasoline prices."

For now, refiners have access to all the oil they need. Crude oil inventories are 12 percent above the five-year average, according to an Aug. 30 Energy Department report.

To contact the reporter on this story: Robert Tuttle in New York at rtuttle@bloomberg.net

Experts: Big Drop In Gas Prices Unlikely (AP-Y)

By Brad Foss, Ap Business Writer

DOJ_NMG_0058180

AP, September 2, 2006

As gasoline climbed past $3 a gallon this summer, Juan Martinez of Takoma Park, Md., topped off his tank $10 or $15 at a time to prevent his wallet from hitting empty. Now that pump prices are falling, the strategy is really paying off.

Each trip to the gas station in recent weeks has been more of a bargain than the last, though "bargain" is not a word the 22-year-old government employee and part-time student would use to describe $2.74 a gallon.

"It's basically the same as $3," he said. "If it was lowered to $2, that would be a lot better for me."

It wasn't long ago when U.S. motorists gritted their teeth at the prospect of $2 a gallon. And while it might be a welcome relief right now, most analysts say getting back to that level anytime soon is unlikely and would entail a major slowdown in the economy, if not a downright recession.

A more likely scenario, these analysts said, is that retail gasoline prices will slide to about $2.50 a gallon by winter — and then head higher again early next year.

Still, even a temporary reprieve from soaring energy prices will be a balm for consumers, especially as the economy continues to cool.

"It's not going to lead to a resurgence in spending, but it will take some of the burden off consumers," said Douglas Porter, an economist at Toronto-based investment bank BMO Nesbitt Burns.

But truckers and others who depend on diesel fuel haven't been as fortunate as their gasoline-burning brethren.

Average U.S. diesel prices are hovering above $3 a gallon thanks to strong demand and uncertainty over supplies as refiners are required to produce lower-sulfur diesel to meet new environmental guidelines.

There is another way in which Americans could feel the sting of high energy prices in the months ahead: home-heating costs.

Heating oil prices have not fallen as sharply as gasoline in recent weeks, and they tend to rise in September anyway.

Heating oil futures on the New York Mercantile Exchange settled Friday at $1.97 a gallon, and any glitch in the refining sector — or a meteorological report signaling a cold winter — will be seized upon by traders as a reason to bid prices higher.

Natural gas prices, meanwhile, have mounted a huge retreat from last winter's highs thanks to surging supplies, though the cost of this mostly domestic fuel has stabilized at a level that just a few years ago would have seemed quite expensive.

Nymex natural gas futures settled at $5.88 per 1,000 cubic feet. That's 50 percent below last year, when prices soared in the aftermath of Hurricane Katrina.

Of course, when it comes to home heating costs this winter, a lot will depend — as always — on the weather, which determines just how much heating oil or natural gas consumers will burn.

"What would really surprise this market is we have a good old-fashioned winter," said oil analyst Phil Flynn of Alaron Trading Corp. in Chicago. "Our winter temperatures have been above average for the past few years."

A decline in gasoline prices is typical at the end of the summer, but this year's seasonal drop-off has been magnified by signs of a weakening economy, easing concerns about ethanol supplies and a sense of relief among traders that there have not been any hurricanes to disrupt, or even threaten, Gulf of Mexico energy production.

Energy Department data show U.S. gasoline supplies at almost 5 percent above year ago levels, while demand for the year is rising at a slower-than-normal pace.

Average U.S. pump prices have dropped more than 20 cents over the past month to $2.79 a gallon, according to travel agency AAA.

"The gasoline bull market is definitely over," said Michael Lynch, director of Strategic Energy and Economic Research Inc. of Winchester, Mass.

Tom Kloza, director of Oil Price Information Service, predicted that pump prices could fall to $2.65 a gallon as early as next week given the huge drop at the wholesale level since early August. But he does not believe wholesale prices have much farther to fall.

Nymex gasoline futures have fallen roughly 25 percent over the past month, settling Friday at $1.73 a gallon.

As is customary, pump prices are declining much more slowly, allowing retailers to earn more per gallon than when prices are increasing.

Despite this anomaly, motorists such as Carlos Richards of Washington say any cheaper gas at all is welcome.

"It's sort of a big deal," said Richards, a 31-year-old auto mechanic who plans to drive to Williamsburg, Va., over the long Labor Day holiday weekend. "We know it's not staying down. That much we know."

Indeed, with oil prices stubbornly hanging around $70 a barrel because of geopolitical uncertainty, it will be difficult for gasoline prices to fall too far, many analysts said. The last time U.S. gasoline prices averaged less than $2 at the pump was February 2005, when oil traded around $54.

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For economist Philip Verleger, who envisions the U.S. economy mired in a recession by early next year, such a scenario is not far-fetched at all.

Verleger attributes much of the phenomenal run-up in oil and gasoline prices in the past year to the billions of dollars — perhaps more than $100 billion — that were invested in commodities markets by pension funds, hedge funds and other institutional investors. And he believes that this so-called hot money could exit the market as quickly as it came in.

"There is the potential for one heck of a sell-off," Verleger said.

Bernanke Revisits Roots In Small S.C. Town (WT/AP)

ASSOCIATED PRESS

The Washington Times, September 2, 2006

As a young man, Ben S. Bernanke spent summers working construction and waiting tables at South of the Border -- experiences that inspired him to get into economics.

Mr. Bernanke, now chairman of the Federal Reserve, fondly recounted his days growing up in Dillon, S.C., in a visit to his hometown yesterday. A copy of his remarks were made available in Washington.

It was a long journey from his small town to become what is often considered the second-most-powerful person in Washington. Mr. Bernanke took over the Fed in February, succeeding its longtime chairman, Alan Greenspan.

Mr. Bernanke moved to Dillon as a small child and lived there for 17 years before going off to college.

"After I graduated from high school, I spent the summer as a construction worker helping to build Dillon's Saint Eugene hospital, and during the summers of my college years, I waited tables six days a week at the South of the Border," a famous roadside rest stop and amusement park along Interstate 95, Mr. Bernanke said.

In those jobs, he learned the value of hard work, he recalled.

"I remember that, on the first day I came home from the construction site that summer, I was too tired to eat and I fell asleep in my chair," he said.

Mr. Bernanke, 52, pointed to those experiences as a reason why he decided to become an economist, which he called the study of people in the ordinary business of life.

The Fed chief's roots in Dillon run deep.

His grandparents, Jonas and Lina Bernanke, moved to Dillon in the 1940s. His grandfather bought a local drug store, which Ben S. Bernanke's father and uncle would take over and run for many years. His mother gave up a job teaching elementary school when he was born and often helped out at the drug store.

Mr. Bernanke also reminisced about playing saxophone in the high school marching band.

"As a teenager, like many other teenagers, I itched to get away from the small town in which I was raised to see the bright lights of the big city," he said.

He got his wish. He left Dillon to attend Harvard University, where he studied economics. He earned his doctorate in economics at the Massachusetts Institute of Technology.

Most of his professional life was spent in academia as an economics professor.

Mr. Bernanke eventually moved to Washington to become a member of the Federal Reserve and then moved on to become President Bush's chief economist. After that, he was named Fed chairman.

In his remarks, Mr. Bernanke did not discuss the economy or the future course of interest rates.

Nevada Democrats Beam In New Spotlight (BOS)

By Charlie Savage, Globe Staff

The Boston Globe, September 2, 2006

Caucuses moved ahead of N.H.'s

LAS VEGAS -- The Democratic Party's decision last month to thrust Nevada ahead of New Hampshire as the host of the second contest in their 2008 presidential nomination campaign has unleashed a wave of national attention on politicians, as presidential hopefuls line up to court potential supporters.

Sitting in her strip mall campaign headquarters surrounded by telephones and signs, state Senator Dina Titus ticked off names of likely presidential candidates who called her after she won the Democratic nomination for governor two weeks ago.

``They've all called -- Warner, Kerry, Hillary, Vilsack, Edwards, Feingold," Titus said. ``Who else? Bayh. I haven't heard from Biden. Biden didn't call."

The callers offered their congratulations and help in fund-raising, Titus said. ``They want to help me in '06 so that I can help them in '08."

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If advisers to Senator Joe Biden of Delaware want to catch-up, they might eye a $2,500 gold table at the annual Clark County Democratic Party fund-raising dinner later this month. One party official said there has been ``much more interest'' this year, and aides to former Virginia Governor Mark Warner and former Democratic vice presidential nominee John Edwards have inquired about buying tables.

The decision to hold Nevada's contest in January 2008 -- five days after the Iowa caucuses and three days before the New Hampshire primary -- sprang from DNC chairman Howard Dean 's push to front-load the Democrats' calendar with states representing a more diverse swath of the country.

Fast-growing Nevada is 20 percent Hispanic, 7 percent black, and 4 percent Asian. Voters want to talk about water scarcity, immigration, urban sprawl, the planned Yucca Mountain nuclear waste repository, and federal land-use policy: 87 percent of the state is owned by the federal government. Many longtime Nevada Democrats own guns, although they are increasingly joined by a deluge of retired former Californians who don't.

Both local and national party supporters of holding the early Nevada caucuses say the candidate who appeals to voters here will have a better chance of winning the general election, in part because many Western states share the same issues, and the region is closely divided between Republicans and Democrats.

In 2004, Nevada, New Mexico, Arizona, and Colorado -- holding 29 electoral votes together --were battlegrounds. George W. Bush beat John F. Kerry for Nevada's five electoral votes by three percentage points, and locals are still talking about Kerry's failure to pronounce the state's name correctly -- it's Nev-ah-da, not Nev-aw-da. The early caucuses, party leaders say, will forge a stronger connection between the 2008 nominee and Western states.

But the move has infuriated New Hampshire Democrats, who see the Nevada caucuses as a threat to their historical importance in shaping presidential politics through retail politics. They say that front-loading the calendar with a third contest in a nine-day period will mean that only candidates with money to spend on endless television advertisements will prevail.

Kathy Sullivan , the chairwoman of the New Hampshire Democratic Party, predicts that the Nevada caucuses will be a flop -- sidelined by the media, since Republicans have shown no signs that they will move their caucus date to the same time, and skipped by some of the major Democratic candidates.

``I think this new calendar is all hat and no cattle,'' she said. ``It's not real. It's not really adding [to the race] what it's being sold as doing.''

Nonetheless, New Hampshire Democrats have threatened to move up their primary's date in defiance of party rules in order to stay ahead of Nevada. National Democratic party leaders, in turn, have threatened to bar the state's delegates from voting at the 2008 national convention. Any decision in the impasse is months away.

In the meantime, Nevada Democrats are relishing their new role in the limelight.

For Titus -- who later in her conversation with a reporter remembered that New Mexico Governor Bill Richardson also called to congratulate her -- the national attention has been a welcome but distracting sideshow amid her campaigning.

But Senate minority leader Harry Reid , a Nevada Democrat, has had plenty of time to think strategically about the early caucuses he helped bring here.

In his eighth-story office atop Las Vegas's gleaming new federal building, Reid flips through a booklet about Nevada's mining operations and points with pride at the billions of dollars in gold that is extracted here each year. His point is clear: Reid ardently believes that Democrats, too, will find riches by asking candidates to go prospecting for votes in his home state.

``I believe Nevada is a gold mine -- not just for Democrats, but for our country,'' Reid said. ``I've been terribly distressed for many years about how we pick our presidential nominees. Go to Iowa -- no diversity, two percent diversity. Then you jump right off to New Hampshire -- no diversity and no people. . . . Nevada is a perfect state to test [candidates].''

Political analysts have already begun war-gaming how the caucuses may play out.

Chuck Todd of Hotline, a daily political newsletter, said that the candidate who can least afford to lose in Nevada is Richardson, whose potential campaign is predicated on the theory that he can win in the West because he is from New Mexico.

Todd also said Edwards has an early advantage in Nevada because he has visited the state to stump for a ballot initiative to raise the state's minimum wage, forging ties with service industry unions whose support could be critical.

But union leaders say the race remains wide open.

``I don't think it's a lock for Edwards or anyone else,'' said Danny Thompson , the head of the AFL-CIO in Nevada. ``You have to come and do the retail politics for support.''

New Hampshire Democrats aren't the only skeptics about whether presidential-style retail politics -- stumping at numerous small rallies and meeting voters personally -- can be done in Nevada.

The state's economy does not slow down in the winter, and its rank-and-file voters have no history of participating in early presidential politics.

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Reading the sports section at the Omelet House, a Las Vegas favorite in a mall far from the Strip and its ring of pawn shops and wedding chapels, Democrat Ed Smith said he works on Saturdays, driving a coach bus for tourists, so he doubts he'll take part in the caucus.

``I heard about it but I'm not planning to participate because I'm too busy," Smith said. ``I'll probably pay attention through the news media, but Las Vegas is a 24-hour town and people work all kinds of hours. A lot of people are going to have that problem."

Moreover, some analysts are skeptical about whether Nevada's diversity and moderate politics will be a factor in who wins. Hispanics have been a far smaller percentage of voter turnout than they are of the population.

And because the vote is in a caucus, requiring participants to sacrifice much of their Saturday, only committed liberal activists may show up.

``The people who are going to be active in those caucuses are similar to the ones that will be active in Iowa and New Hampshire," said commentator Jon Ralston , who has covered Nevada politics for two decades. ``They are the ideologues and the partisans."

But supporters of the early Nevada caucus argue that the excitement of having a say in who the nominee will be will drive casual Democrats, not just committed activists, to take part.

The last time, when the Kerry nomination was a foregone conclusion by the time of the late February 2004 caucus, about 9,000 activists showed up, local party members say. In January 2008, they predict, the turnout will exceed 100,000.

``This is Nevada," said Steven Horsford , a state senator and member of the Democratic National Committee. ``We put on a lot of great events in this state, so we know we're capable of doing this one right."

Can Recast Clinton Play To Nation? (LAT)

By Mark Z. Barabak, Times Staff Writer

The Los Angeles Times, September 2, 2006

In the senator's role as a champion of locals, she has won over onetime foes. But that may not translate to a bigger -- say, presidential -- stage.

GLENS FALLS, N.Y. — Six years ago, when Hillary Rodham Clinton first ran for the U.S. Senate, Republican Rep. Thomas M. Reynolds derided her as a carpetbagger who brought nothing to New York but overweening ambition.

Today, he raves about their relationship. "I've found her always willing to listen and to roll up her sleeves and go to work with me," the Buffalo-area lawmaker said in a phone call between recent campaign stops.

Reynolds is no partisan slouch. He has close ties to the Bush administration and heads the Republican Congressional Campaign Committee. He has the most conservative voting record of anyone in New York's 29-member House delegation.

But like many New Yorkers who were skeptical, if not downright hostile, when Clinton planted herself in affluent Westchester County and started campaigning in 1999, his views of the former first lady have changed considerably. The turnabout helps explain why Clinton is romping to reelection in November — and may offer clues about how she plans to run for president, if she chooses to take that plunge.

Loved and hated nationally as a liberal crusader who sought to reinvent the country's healthcare system in one audacious swoop, Clinton is widely seen in her adopted home state as something else entirely: a bipartisan problem-solver who has never seen an issue too parochial for her concern.

Garry Douglas, president of the Plattsburgh-North Country Chamber of Commerce, said his organization presented Clinton with a wish list of roughly a dozen items during her first campaign, including a new crossing at the nearby Canadian border and expanded broadband access for the rural region. She delivered on every one, said Douglas, a Republican who voted against Clinton in 2000 but supports her reelection. Far from the imperial senator he expected, "I have found her to be remarkable in her accessibility," Douglas said.

Still, for all the attention to the home front, the prospect of a Clinton presidential bid follows her wherever she goes: a community health clinic in Rochester's rough Crescent neighborhood; at the city's cheery Museum of Play; on the greensward here in Glens Falls, a slice of small-town America at the foot of the Adirondack Mountains.

"I'm running for reelection, so that's what I'm focused on," Clinton told reporters at the Rochester clinic after they ignored her discussion of childhood asthma and lead-paint poisoning to ask about a Time magazine presidential poll. "I don't really take time out to worry about what's going to happen in the future."

That said, Clinton won't promise to serve her entire term if reelected. When her husband was Arkansas' governor, he did pledge to finish his term — and broke the promise when he won the White House in 1992.

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But Clinton strategists are mindful of how New York's Nov. 7 election returns will be studied. They are prepared to argue that a strong showing in traditionally Republican upstate New York proves that, if she runs for president, Clinton can reach beyond hard-core Democrats and win over independents and even dubious Republicans.

Yet skepticism abounds.

"I'm glad they love her in New York. I'm glad they think she's a great senator," said Dick Harpootlian, a longtime Democratic activist in South Carolina. "In the next 26 months, do you think there's enough money on the face of the Earth for 51% of the country to know her that well? I don't think so."

Harpootlian has been friendly with the Clintons since their Arkansas days, but for the 2008 presidential election he is leaning toward former Virginia Gov. Mark R. Warner. Harpootlian believes too many Americans have a negative impression of the former first lady — and he doesn't think "there's enough television, enough mail or enough phone calls to change that."

In response, Clinton boosters point out that such talk was common when she first ran for the Senate.

After some early missteps — including a flap over the financing of her new Westchester home — Clinton proved a far more adept campaigner than many expected. She displayed a work ethic that has carried over to the Senate: long hours, strong follow-through, attention to minute detail, and a willingness — with celebrity as her calling card — to go just about anywhere and speak to any audience, however small.

Even back in 2000, Clinton made a point of courting conservative upstate voters, vowing to make the region's economy — perennially sick — one of her priorities. Clinton touted a plan to create 200,000 new jobs in the region during her first term, and though she has failed — the region has lost jobs, according to the Federal Reserve Bank of Buffalo — many seem to give her credit for at least trying.

She is not one to enthrall audiences the way her husband did, but to paraphrase another famous New Yorker, Woody Allen, Clinton gets a great deal of credit simply for showing up.

"We're glad you're here," a beaming Mark Levack, a 44-year-old Republican developer, told Clinton when she met with Glens Falls business leaders and joined them on a stroll through its red-brick downtown. "It sends a message you really care."

Clinton faults President Bush for the region's economic troubles, though the upstate area struggled throughout her husband's eight years in the White House as well. "I hope that we get new policies starting in November," she told reporters after her walking tour ended with a small rally of sign-waving supporters.

As the blame-shifting suggests, Clinton doesn't shrink from Washington's partisan combat. In the last few months, she helped lead the Democratic fight for a boost in the federal minimum wage and for over-the-counter sale of the "morning after" Plan B contraceptive.

Though she broke with many Democrats by voting to authorize the invasion of Iraq and by introducing a bill to outlaw flag-burning — stirring liberal rumblings about Clintonian "triangulation" — her voting record places her to the left of 80% of her Senate colleagues, according to the nonpartisan National Journal.

She faces little threat from her challenger in New York's Sept. 12 Democratic primary, Iraq war opponent Jonathan Tasini.

Clinton's great political feat has been defying expectations, forging friendships and working on legislation with a number of high-profile Republicans — and not just New Yorkers — such as former House Speaker Newt Gingrich of Georgia and, perhaps most improbably, Sen. Lindsey Graham of South Carolina, who helped bring the impeachment case against Clinton's husband. She describes the two of them as "chairs of the Strange Bedfellows Committee."

The hands-across-the-aisle approach has helped refashion Clinton's image at home. In September 2000, during her first Senate race, 62% of New York voters described Clinton as a liberal and 23% as a moderate, according to a Quinnipiac University poll. A follow-up survey this June found 47% describing Clinton as a liberal, and 34% calling her a moderate. Nearly one in three Republicans approved of her job performance.

But changing her image outside New York is another matter.

A White House bid is different than running for reelection to the Senate; political philosophy matters much more, and it is hard for candidates to pork-barrel their way to the presidency.

Even a big fan like Douglas, of the North Country Chamber of Commerce, said he would have to "wait and see" before deciding whom to back in 2008.

And some question whether New York, even upstate, is much of a political proving ground.

The state Republican Party is in terrible shape, and the White House, often eager to intercede in state races, took a surprising pass.

"The good news is she has token opposition," said pollster Lee M. Miringoff of Marist College in Poughkeepsie, N.Y. "The bad news is she's not going to prove a whole lot running up the score in a strongly Democratic state in a strongly Democratic year."

mark.barabak@latimes.com

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Talent Spending Seems To Have Paid Off (SLPD)

By Jo Mannies

St. Louis Post-Dispatch, September 2, 2006

U.S. Sen. Jim Talent's deluge of ad spending apparently has paid off.

The latest Research 2000 poll for the Post-Dispatch and KMOV-TV (Channel 4) found that Talent, R-Mo., has chipped away at the edge held by his Democratic rival, state Auditor Claire McCaskill.

With a little more than two months left before Election Day, the two are in a statistical dead heat.

The Maryland-based firm's latest poll of 800 likely voters, conducted Monday through Thursday, found that 47 percent backed McCaskill and 46 percent supported Talent. Two percent supported Libertarian Frank Gilmour, while the remaining 5 percent were undecided.

Green Party candidate Lydia Lewis, who was just added to the November ballot, had no measurable support among those polled.

The poll has a margin of error of 3.5 percentage points, which means that any individual figure could be that much higher or lower. Research 2000 conducts polls for more than 80 media outlets around the country, including the Post-Dispatch.

In its earlier poll, in late June, McCaskill had a small lead of 6 percentage points over Talent.

Pollster Del Ali, head of Research 2000, gives much of the credit for Talent's recent gains to his expensive blitz of positive ad spots over the past six weeks.

Combined, Talent's campaign and an allied group have outspent McCaskill on TV ads by a margin of 10-to-1. In most parts of the state, Talent's ads are the only ones on the air.

Missouri's U.S. Senate contest is among the most closely watched in the country and considered among a handful that could help determine which party controls that chamber next year.

Ali said Talent had slightly improved his standing among Missouri voters, especially those who consider themselves independents. "He's clearly had a better month," Ali said.

But referring to McCaskill, the pollster added, "It's unclear if she's been hurt."

A majority of those polled, he added, still "approve of the job she's doing, and the majority like her."

Talent's approval ratings, Ali noted, aren't quite as good.

Close to $2 million in Talent ads have aired all over the state in recent months, according to Campaign Media Analysis Group, a nonpartisan firm that is monitoring campaign ads for a number of media outlets, including the Post-Dispatch.

Talent's campaign accounts for about two-thirds of that spending, while the rest came from the national Chamber of Commerce. According to the ad-monitoring firm, the chamber has spent more than $600,000 in Talent ads in the three largest TV markets in Missouri.

Meanwhile, McCaskill has spent only about $200,000 on ads, and all of them have aired only in southwest Missouri, a Republican stronghold. She also is spending Labor Day in that part of the state.

Ali said the two candidates' strategies are clear. McCaskill is seeking to peel away at Talent's edge in rural areas, while Talent is trying to improve his standing among suburban voters who have been leaning toward McCaskill.

PACs Fuel A Battle Of Bucks (KCS)

By David Goldstein

The Kansas City Star, September 2, 2006

WASHINGTON | Jim Talent was the Republican challenger in the Missouri Senate race four years ago, but he eked out a victory against a better-funded incumbent.

Now he's running for re-election and is flush with cash. Talent has raised more than twice as much — $10 million versus $4.6 million — as Democrat opponent Claire McCaskill. So far he has outspent her 3-1.

"We always knew we would be at a tremendous disadvantage," said McCaskill's campaign manager, Richard Martin.

That's putting it mildly.

The money Talent has banked from political action committees helps tell the tale. PACs are set up by business, labor and ideological groups to give political donations. They have sprinkled a little more than $600,000 on McCaskill, the Missouri auditor.

For Talent, it has been more of a downpour — $2.5 million in PAC dollars, according to the latest expense reports.

"All they have to do is show up at fundraisers, and the checks go right in the bowl," said Sheila Krumholz, acting executive director of the Center for Responsive Politics, a campaign-finance watchdog group. "There are people lined up, especially corporate PAC directors, who are more than happy to deliver checks to a sitting incumbent, particularly an incumbent in the majority party."

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Martin said McCaskill would end up with $8 million by the end of the campaign.

Talent campaign chief Lloyd Smith predicted his candidate would raise "north of $11 million," which likely means several million dollars "north," given what the campaign has already raised.

Whatever the amounts, the money will not gather interest. Missouri is a marquee contest this year. Talent is one of a handful of Republican senators whose defeat could loosen the GOP's 11-year grip on Capitol Hill.

McCaskill and Democratic candidates around the country are banking on growing dissatisfaction with President Bush — and Republicans in general — over the war in Iraq and other concerns to change their Election Day luck.

"Both candidates are not going to take any chances," said Steven Smith, director of the Weidenbaum Center on the Economy, Government and Public Policy at Washington University in St. Louis. "They will spend every nickel they can raise. Missouri is critical to the national picture."

Talent's PAC money gives him an edge, and it comes, in part, because of where he sits: the Senate Armed Services Committee; the Energy and Natural Resources Committee; and the Agriculture, Nutrition and Forestry Committee.

Among his PAC donors are companies in the defense and energy industries, and most of the major farm, dairy and food-manufacturing businesses in the country.

"Agriculture is the No. 1 industry in our state," Smith said. "They're very interested in Jim Talent remaining in the U.S. Senate. Yes, he sits on some important committees. But Jim Talent doesn't take a dollar from anybody because they want some specific thing done for them. They donate to his campaign because they believe in his overall concept of government as it impacts their industry."

McCaskill has one check from an agricultural PAC, $1,000 from the Smurfit-Stone Container Corp. in St. Louis. It gave Talent nearly $10,000. She also reported $7,000 in energy PAC money, but no defense-industry donations.

Labor, a staple of Democratic financial support, has been her biggest source of PAC money. But PAC money does not give the full picture of industry or interest-group support.

A former Jackson County prosecutor, McCaskill has gotten more than $21,000 from PACs associated with law firms. Talent has gotten about $95,000. But lawyers, including members of top Kansas City and St. Louis law firms, are significant contributors to both campaigns.

At Bryan Cave, for example, an international firm with offices in Kansas City, St. Louis and Washington, lawyers have contributed $50,000 to him and about $22,000 to her.

Bryan Cave specializes in representing corporations. In general, those kinds of law firms give more to Republicans, and plaintiffs' attorneys give more to Democrats.

"Most of the big law firms kind of play both sides," Martin said. "Claire is a lawyer, and she worked as a prosecutor. She has spent a lot of the year cultivating them."

Similarly, the Boeing PAC, whose defense business is headquartered in St. Louis, gave Talent $10,000. Boeing executives, meanwhile, gave him more than $35,000.

Other examples: Anheuser-Busch's PAC gave Talent $10,000. Executives at the St. Louis brewery gave him $27,000. McCaskill got no PAC money, but $2,350 from the brass.

The Cerner Corp. PAC gave Talent $4,200. Executives at the Kansas City health-care software company gave him about $27,000.

And the Monsanto PAC gave Talent $10,000, while executives at the St. Louis agricultural giant contributed more than $24,000 to him and $8,700 to his opponent.

Krumholz of the Center for Responsive Politics said PAC contributions could sometimes be just the tip of the iceberg.

"For some industries it's the individual contributions that make up the vast majority of the giving," she said. "Often (money) is given for the very same reasons as PACs, to bolster their influence and access."

Find out where the money is coming from. | A4

Santorum Seeking Support From Women (PPG)

By James O'toole, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, September 2, 2006

Hoping to close a yawning gender gap in his re-election support, U.S. Sen. Rick Santorum, R-Pa., yesterday showcased the endorsements of a group of prominent Republican women, led by Sen. Elizabeth Dole, R-N.C.

About two dozen women joined the Senate colleagues, along with former U.S. Rep. Susan Molinari, state Sen. Mary Jo White and county Councilwoman Jan Rea, in a news conference at the Omni William Penn Hotel. Ms. Dole and Mr. Santorum were scheduled to repeat the performance later in suburban Philadelphia.

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Ms. Molinari, a former lawmaker from New York, defended his book "It Takes a Family" from critics who have characterized it as demeaning to working women. She argued that the work, taken as a whole, affirms the choices of both working women and those who choose to stay at home to raise families.

In one widely noted and controversial passage, Mr. Santorum said that "radical feminism" has reinforced a view among some women that it is more "socially affirming to work outside the home than to give up their careers to take care of their children."

Mr. Santorum's Senate opponent, state Treasurer Bob Casey, has repeatedly derided the book, contending that its suggestion that a second income was not a necessity for some families was out of touch with the realities of the economy.

Ms. Dole, who chairs the Senate Republican Campaign Committee, praised Mr. Santorum as "a master legislator," citing his work on issues ranging from welfare reform to aid for Africa. Echoing a theme of the Republican campaign, she also accused Mr. Casey of ducking issues in this race.

"I don't know what he stands for," she said. "He's trying to be all things to all people."

Larry Smar, a spokesman for the Democratic challenger, said Mr. Santorum's effort to court women voters was prompted by the fact that "Rick Santorum knows he seriously hurt his standing among women by opposing emergency contraception."

In the most recent Keystone Poll, conducted by Franklin & Marshall College, the incumbent's re-election prospects were weighed down by his weak showing among women voters. Mr. Santorum was actually running ahead among men, with the support of 46 percent of those surveyed compared with 40 percent for Mr. Casey and 3 percent for Carl Romanelli, the Green Party candidate.

Among women, however, the standings were more than reversed, with Mr. Casey at 47 percent, Mr. Santorum, just 34 percent, and 4 percent for Mr. Romanelli.

Overall, the survey standings were Mr. Casey, 44 percent; Mr. Santorum, 39 percent; Mr. Romanelli, 4 percent; and 13 percent undecided.

The pattern of male voters being more inclined than women to vote for Republicans is common in recent elections, but the size of the gender disparity in this race is particularly pronounced.

Kennedy, Klobuchar Come Out Swinging In Debate (MINNST)

By Patricia Lopez, Star Tribune

Minneapolis Star Tribune, September 2, 2006

As the GOP and DFL candidates dispensed with niceties, the debate showed how testy the U.S. Senate race has become.

Three U.S. Senate candidates lit into one another on Friday during a State Fair debate that saw them challenging one another on the Iraq war, the federal deficit, health care, stem cells and other hot-button issues.

Dispensing with the usual cordialities, Republican U.S. Rep. Mark Kennedy used his introductory remarks to jab at DFL rival Amy Klobuchar, telling the crowd of more than 800 that "You don't get real change by sending another lawyer/lobbyist to the U.S. Senate. One look at the budget tells you we need at least one CPA."

Klobuchar, the Hennepin County attorney, immediately shot back, "I don't know who would want to hire an accountant who took a $200 billion surplus and turned it into a $300 billion deficit."

She arrived amid a noisy entourage of dozens of cheering campaign volunteers, all wearing blue-and-white Klobuchar T-shirts, waving placards and chanting "Amy! Amy!"; a tight-lipped Kennedy watched from the stage in Carousel Park.

Hours earlier, the two campaigns had released a joint set of rules to govern their debates that prohibited noisy displays, applause and attempts by one campaign to "dominate" the crowd. The agreement also required civil behavior and two-minute opening answers, equal response time, no visual aids and no minor candidates.

Independence Party candidate Robert Fitzgerald was not included in the negotiations, but he was the only one to call from the stage for civility and an end to the catcalls.

In a sign of how testy this high-stakes race is becoming, the two campaigns later argued about whether the rules had been violated. Kennedy campaign manager Pat Shortridge insisted that Klobuchar's supporters had broken the rules "before the ink was dry." Klobuchar spokeswoman Tara McGuiness said they applied only to six upcoming debates the two have agreed to, even though their joint statement listed Friday's as well.

Sara Meyer, producer of Minnesota Public Radio's "Midday" show, which hosted the debate, said later that the rules had not been shared with MPR. She said MPR's only requirements were for introductory and closing statements and for each candidate to be able to query the others and take audience and call-in questions.

War talk

One of the first questions was on Iraq, with Kennedy, the Sixth District congressman, defending the current course.

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"The focus has to be on victory, not on how quickly we retreat," he said to a chorus of boos. "The path to safety is to make sure we prevail in Iraq, but make sure we also go beyond that to address Iran ... Lebanon, Syria and other challenges."

The IP's Fitzgerald called for immediate withdrawal and said Kennedy, a three-term incumbent, has had six years to ensure an adequately supplied military. "Why were our troops going over there in the first place without the body armor they needed to be successful?" Fitzgerald asked.

Klobuchar said she has opposed the war from the beginning and wants troop withdrawal to start this year, adding: "We destroyed this country's military, we destroyed their police. When we leave, we have to do it in a responsible way."

Kennedy accused Klobuchar of hypocrisy, saying she had railed against oil companies while holding mutual funds that include stock in ExxonMobil. Klobuchar returned the accusation, saying Kennedy had aired ads criticizing oil company profits while taking $55,000 in campaign contributions from the oil industry.

Patricia Lopez · 612-673-7028 · plopez@startribune.com

GOP Senate Challenger's Arrest Detailed (LAT/AP)

By Matthew Daly, Associated Press Writer

The Los Angeles Times, September 2, 2006

WASHINGTON — Republican Senate candidate Mike McGavick ran a red light before being stopped for drunken driving, failed a roadside sobriety test and fell asleep during processing, according to a police report on the 1993 incident.

McGavick, seeking the Senate seat in Washington state, confessed to the previously unknown incident last week in an interview with The Associated Press. He later covered the same topics in an "open letter" on his campaign Web site in which he said he "cut a yellow light too close" before being stopped.

The police report, obtained by AP, says that McGavick registered a 0.17 percent blood alcohol level -- twice the current limit of 0.08 percent. McGavick told the arresting officer he had "two, maybe three beers" that night.

The report from the Montgomery County, Md., police, says the responding officer detected a "strong odor" of alcohol after stopping McGavick and a female passenger about 2 a.m. on Nov. 21, 1993.

"He appears to have been very cooperative," Montgomery County Police spokesman Derek Baliles told The Herald of Everett, Wash.

McGavick, who is challenging Sen. Maria Cantwell, wrote on his Web site that he was driving his now-wife, Gaelynn, home "from several celebrations honoring our new relationship and should not have gotten behind the wheel."

He was stopped after running a red light in Chevy Chase, Md., just outside Washington, the report said.

"Thankfully, there was no accident, but it still haunts me that I put other people at risk by driving while impaired," McGavick wrote in his Aug. 24 posting. "All in all, it was and remains a humbling and powerful event in my life."

McGavick's spokesman, Elliott Bundy, denied that McGavick had misled voters by saying he had "cut a yellow light" rather than a red one.

"It was based on his memory of the event 13 years ago," Bundy said, adding that the logical implication of McGavick's statement is that the signal was red by the time he crossed it.

The report described McGavick, then 35, as having a flushed face, slurred speech and a swaying body. His demeanor was described as polite, cooperative and sleepy.

McGavick failed sobriety tests in which the officer moved his finger side to side and up and down. McGavick did better when he was asked to walk heel-to-toe on a line and stand on one leg.

After the tests, the officer drove McGavick to a nearby police station, where he fell asleep while waiting to have his blood alcohol level measured, the report said. His car, a 1991 Mazda Miata, was towed from the scene.

The citation did not appear on McGavick's driving record. In Maryland, a legal process known as probation before judgment allows first-time DUI offenders who aren't involved in an accident to keep their record clean by complying with all court-ordered activities.

McGavick has said he paid an undetermined fine and completed alcohol awareness classes as part of his probation. His record was later cleared.

War Veterans Lend Support To Lieberman In TV Ads (NYT)

By Jennifer Medina

The New York Times, September 2, 2006

HARTFORD, Sept. 1 — An independent group, Vets for Freedom, will begin sponsoring television commercials early next week for Senator Joseph I. Lieberman, thanking him for his support of the war in Iraq.

Vets for Freedom is a group of veterans of the wars in Iraq and Afghanistan and has ties to top Republican leaders.

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The ads feature four Connecticut veterans, who look directly at the camera and appear to finish one another's sentences, after introducing themselves as veterans of the wars.

"When we were over there, it was important to know that someone had our back,'' one veteran says.

"Like Senator Lieberman," adds a second.

The ad continues with four phrases, with each veteran saying one: "No matter how complicated it got,''

"He was there for us.''

"Now that we're home, we're here for him."

"He stood with troops and their mission."

The ads will begin on Wednesday, with the group spending $75,000 to $100,000 for two days' viewing, primarily on cable news stations, but also on network affiliates in Hartford. The group plans to continue the campaign through the election cycle and will probably do another commercial, advisers to the group said.

The Virginia-based group was founded this summer as a 527 group, referring to the federal tax code that allows a nonpartisan group to advocate an issue or on behalf of candidates who support that issue.

The group is receiving advice from Taylor Gross, a former White House official; Bill Kristol, the editor of The Weekly Standard; and the Republican strategist Dan Senor. Mr. Lieberman's former chief of staff, Bill Andresen, is also helping the group, which by law is prohibited from communicating with the campaign.

In the next two months, Mr. Senor said, the ads will be shown on cable news outlets in Connecticut, but the group will also place them in other national media markets. There are no plans to promote any other candidate, but that could change in the next several weeks, Mr. Senor said.

Politics (WSJ)

By John Harwood

The Wall Street Journal, September 2, 2006

Wooing the Center Remains Important

The coming week's Labor Day starting gun for the campaign 2006 home stretch marks a test for more than individual candidates. The next 10 weeks will also test conventional wisdom about how to win 21st-century elections.

From the reigning analysis of President Bush's 2004 re-election victory, and lately from Ned Lamont's defeat of Joe Lieberman in Connecticut's Democratic Senate primary, you would conclude that the "base" -- the most ideologically pure wing of each party -- is all that matters. But the pivotal Senate battle unfolding in Tennessee for the seat of retiring Majority Leader Bill Frist shows that isn't so.

Tennessee Republicans nominated former Chattanooga Mayor Bob Corker -- their most moderate primary candidate, with what some conservatives consider a suspect commitment to opposing abortion. And in 36-year-old Rep. Harold Ford, Democrats chose a nominee who voted for the war in Iraq, denounces "amnesty" for illegal aliens and backs a ban on gay marriage. They are running close in the polls.

Or consider California Gov. Arnold Schwarzenegger's resuscitation of his re-election prospects by moving to the center. His latest accomplishment: pushing through a landmark cap on greenhouse gas emissions through the Golden State legislature.

It is true that Messrs. Ford and Schwarzenegger are outliers -- an African-American Democrat trying to survive in the conservative South, and a Republican running on the Left Coast. Nevertheless, both stand against the hasty conclusion that swing voters no longer matter.

"That's not true," says Terry Nelson, a Bush 2004 strategist who now advises Mr. Schwarzenegger. Though the combination of Mr. Bush's style and the war shrunk the center two years ago, in 2006, "reaching out to the center is important."

There will be more tests of that proposition when Congress returns to session next week to lingering hot-button issues. So far, House Republican lawmakers are standing firm against White House attempts to push through comprehensive immigration legislation embracing border-security steps and a guest-worker program.

Better, they say, to have no bill than a bad bill because the latter might dispirit their conservative base. But will that line hold if voter unhappiness rises at the prospect of gridlock on one of their top concerns?

The same question applies to the minimum-wage stalemate. Conservative Republicans want to bury the idea now that members had a chance to vote for it in combination with estate-tax cuts; the package died in the Senate. "The folks in our conference who wanted that vote are satisfied," a House leadership aide says. But will those folks -- including vulnerable moderates in the Northeast -- remain content as the prospect of losing their seats draws nearer?

The leadership's assessment may prove correct; Rank-and-file Republicans ultimately may choose to wage an October campaign without action on either front. But political coalitions are dynamic, not static, and the 2006 bell lap will measure the nimbleness of both parties.

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Not All Ethics Clouds Darken Election Day (LAT)

By Richard Simon, Times Staff Writer

The Los Angeles Times, September 2, 2006

Some incumbents facing scrutiny are favored to return to Congress anyway, undercutting Democrats' 'culture of corruption' attack.

WASHINGTON — Rep. John T. Doolittle has called Jack Abramoff a friend.

The Republican from Roseville, Calif., used Abramoff's skybox at a Washington sports arena for fundraising and has refused to return political donations from the disgraced lobbyist.

Now the congressman is the target of attack ads.

One, a takeoff on the old "tastes great, less filling" beer ads, features an argument over whether Doolittle is "corrupt or ineffective."

Even so, Doolittle is favored to win reelection.

Ethics scandals cast a shadow over the last session of Congress, and the "culture of corruption" under the Republican majority was expected to be a major Democratic theme in the midterm campaign.

But it hasn't turned out that way.

Political observers say voters are focused instead on the Iraq war, immigration and gasoline prices.

And the fact that some incumbents under the ethical cloud are Democrats has undercut the party's ability to use the issue as a major weapon against Republicans.

In fact, a number of lawmakers whose conduct has come under scrutiny are expected to be reelected.

Rep. Jerry Lewis (R-Redlands), who is under investigation over his ties to lobbyists, faces such a little-known, underfunded opponent that the Appropriations Committee chairman hasn't even hired a campaign manager or opened a campaign office.

Rep. Richard W. Pombo (R-Tracy), who is under attack for his conduct as well as his record on the environment, is favored to win because his district leans Republican and because of his ability to raise campaign funds as Resources Committee chairman.

And Rep. Alan B. Mollohan (D-W.Va.), who stepped down as the top Democrat on the Ethics Committee after allegations that he steered millions of dollars to nonprofits he helped control, also is outpolling his challenger.

That's not to say some lawmakers who have come under scrutiny aren't nervous.

Sen. Conrad Burns (R-Mont.) — who also had ties to Abramoff, the once-powerful GOP influence peddler who pleaded guilty to defrauding clients and conspiring to bribe lawmakers — is in a tight race.

Rep. William J. Jefferson (D-La.), the subject of a bribery investigation who was found with $90,000 in cash in his freezer, has drawn a dozen challengers, a number of them prominent Democrats.

And Rep. Don Sherwood (R-Pa.) faces a tough challenge after disclosures that the married congressman settled a lawsuit brought by a former mistress.

Polls have shown that most Americans see the two parties as equally prone to corruption.

Even so, the issue had seemed to be one the Democrats could use to their advantage.

But two GOP poster boys for the Democrats' "culture of corruption" campaign — former House Majority Leader Tom DeLay of Texas and Rep. Bob Ney of Ohio — decided not to seek reelection.

"Who are the faces of the Abramoff scandal? Bob Ney. Tom DeLay. Ralph Reed. Conrad Burns. Who's left?" said Matt McKenna, spokesman for Burns' Democratic opponent, Jon Tester.

Reed, the former Christian Coalition leader, who has ties to Abramoff, lost Georgia's GOP primary race for lieutenant governor in July.

Democrats were dealt another blow when they tried to make ethics a major theme in the race to replace former Rep. Randy "Duke" Cunningham, the imprisoned Republican from Rancho Santa Fe, Calif., who plead guilty to corruption charges last year. Republican Brian Bilbray won that seat, despite Democrats' highlighting of his work as a lobbyist.

Julian Zelizer, a Boston University history professor, said the corruption issue "already did its damage."

"There is not as much to gain by investing the entire campaign on that theme."

So though they still are emphasizing ethics, especially in the districts of Republicans whose conduct has come under scrutiny, Democrats are doing so as part of a broader message. They are using the continuing instability in Iraq, high gasoline prices and the government's slow response to Hurricane Katrina to call the GOP's leadership into question.

Indeed, more Democratic-sponsored TV ads picture Republicans with an unpopular President Bush than with Abramoff. A number of commercials assail Republicans as tools of "special interests," citing their support from the oil industry at time of high gas prices.

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With the midterm elections two months away, the political calculus could change, especially if the ongoing investigation of influence-peddling in Washington leads to indictments.

But for now, Doolittle and Pombo are ahead in their races — "but only because gerrymandering has made their districts so heavily Republican," said Jack Pitney, a professor of government at Claremont McKenna College.

Doolittle's Democratic challenger, Charlie Brown, has aired a radio ad featuring Vietnam veteran and former Georgia Sen. Max Cleland talking about Brown's record as an Air Force officer. "We will not lie, cheat, steal, nor tolerate those who do," Cleland says. "That's U.S. Air Force Academy honor code."

Doolittle spokesman Richard Robinson said the race would be decided on issues such as national security, not a "phony culture of corruption" campaign.

"Mr. Doolittle has represented this district for 25 years," he said. "People know him. They know him to be a hard-working, honest, sincere man."

Meanwhile, the nonpartisan Cook Political Report, a handicapper's guide to elections nationwide, has moved the Pombo race off its list of most competitive contests.

Pombo, opposed by Democrat Jerry McNerney, remains a top target for environmentalists because he advocates drilling in the Arctic National Wildlife Refuge and relaxing a ban on offshore oil drilling.

Defenders of Wildlife Action Fund is running TV ads that focus on reports of Pombo billing the government to take his family on a "working vacation" to several national parks. Pombo's spokesman has said the congressman's family went along at no additional cost to taxpayers.

In Lewis' case, Democrats said, the veteran Republican congressman's troubles arose too late for them to recruit a better-known, better-funded candidate.

Lewis, who has denied any wrongdoing, had nearly $1.5 million on hand in his campaign fund through June.

Mollohan, meanwhile, faces a tough challenge from Republican Chris Wakim, a West Virginia state delegate who has the backing of Vice President Dick Cheney, first lady Laura Bush and House Republican leaders.

But it appears "lightning would have to strike" to dislodge Mollohan, said Robert Rupp, a political scientist at West Virginia Wesleyan College.

Mollohan has been able to hold on to an increasingly Republican district by, among other strategies, touting his support from the National Rifle Assn. and the millions of dollars in projects he has brought to the district.

richard.simon@latimes.com

Special Election Draws 5 For DeLay Seat (AP-Y)

AP, September 2, 2006

Five people will run in the special election to temporarily fill the seat vacated by former House Majority leader Tom DeLay, the secretary of state's office said Friday.

The special election will be held Nov. 7, the same day as the general election.

Houston City Councilwoman Shelley Sekula-Gibbs, backed by Republicans as a write-in candidate in the general election, is among those who filed by Friday's deadline for the special election.

She is joined by three other Republicans — retired Air Force Maj. Don Richardson; Dr. Hoa Tran Giannibecego; and former U.S. Rep. Steve Stockman — and Libertarian Bob Smither.

Nick Lampson, the Democratic candidate for DeLay's seat, has said he would not run in the special election but would instead focus his attention on the general election.

Republicans were left to rally around Sekula-Gibbs as a write-in candidate for the general election after the courts denied GOP efforts to replace DeLay's name on the ballot. DeLay won the March Republican primary before quitting the race.

Each Candidate Claims The Advantage In A Fierce 4-Way Congressional Race In Brooklyn (NYT)

By Jonathan P. Hicks

The New York Times, September 2, 2006

At a breakfast in Brooklyn yesterday morning, more than 50 ministers hailed City Councilwoman Yvette D. Clarke as the next member of Congress from their borough.

City Councilman David Yassky, meanwhile, was endorsed by the influential Crown Heights Political Action Committee, the political arm of the Crown Heights Jewish Community Council.

State Senator Carl Andrews was preparing to tour the district alongside the Rev. Al Sharpton, one of his well-known supporters. And Chris Owens, the son of the man each of the candidates hopes to succeed, was telling voters of his endorsement by the city's best-known black newspaper, The Amsterdam News.

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In the days leading to the Sept. 12 primary, each of the four candidates running for the Democratic nomination for the Congressional seat in central Brooklyn claims to have momentum. The race has been one of the most closely watched for the United States House of Representatives in New York City.

Voters in the 11th Congressional District are finding their mailboxes stuffed almost daily with literature from the candidates. And each makes a strong argument for his or her prospects for success.

The race is anybody's ballgame, said Evan Stavisky, a political consultant who is not affiliated with any of the candidates.

Until the actual vote, Mr. Stavisky said, it will be a rough battle, fought block by block, house by house, mailbox by mailbox, phone by phone and door to door.

The race has attracted so much attention because Mr. Yassky is white and the three other candidates are black. The district's population is about 60 percent black, and many black officials in Brooklyn have worried that a crowded Democratic field of candidates would pave the way for Mr. Yassky to win the seat, which has been held by black politicians since Shirley Chisholm in the 1960's.

Mr. Yassky, who has raised more money and spent more than his rivals, has been promoting his endorsement by the editorial page of The New York Times at every turn.

"I have felt for several weeks that, as voters began to focus on the election and hear my arguments, that they have gotten interested in the campaign and they have come over and supported it," Mr. Yassky said. "I believe that's been true for several weeks, and it continues to be true."

Ms. Clarke, meanwhile, insisted that her strong support from labor groups and several prominent political leaders would help her on primary day.

Ms. Clarke has been endorsed by Representative Anthony D. Weiner, whose constituency is the adjacent Congressional district and who came in second in last year's Democratic mayoral primary behind Fernando Ferrer. Ms. Clarke has also received two significant endorsements from the politically influential 1199/S.E.I.U., the health care union, and Service Employees Local 32BJ, the janitors' union.

"I feel I have a lot of momentum," Ms. Clarke said. "The endorsements I've been getting, from clergy to highly respected elected officials as well as labor unions, have given me a lot of momentum."

Similarly, Senator Andrews said that he feels that the election is swinging his way.

"We have an excellent get-out-the-vote program that is going to be working well," Mr. Andrews said. "All the pieces are falling in place."

Mr. Andrews pointed out that he has the support of the state A.F.L.-C.I.O., New York's largest labor federation, as well as the endorsements of several well-known politicians, including Attorney General Eliot Spitzer, former Mayor David N. Dinkins and Mr. Sharpton.

Mr. Andrews said he has the advantage in the race of representing a State Senate district that is wholly within the Congressional district. He said voters are more familiar with him and have become accustomed to voting for him.

Indeed, Mr. Sharpton said he intended to play an active role in Mr. Andrews's campaign beginning this weekend.

"I intend to hit the groups running, beginning Labor Day," he said. "I intend to do radio spots and telephone. I intend to be everywhere in this campaign."

Like the other candidates in the race, Chris Owens, too, said that he had momentum on his side.

"I believe that I have momentum, particularly in the African-American community," said Mr. Owens, the son of Representative Major R. Owens, the district's congressman since 1982, who is not seeking re-election.

"We have received endorsements from three African-American newspapers," Chris Owens said. "Wherever I go to campaign, everyone I talk with knows that I'm running, and there has been a very positive response to our campaign."

Despite all the endorsements and support, the candidates contend that, in the end, it will be their ability to get voters to the polls that will make the difference.

Many political analysts and consultants contend that this will be a low-turnout primary. They point out that the races at the top of the Democratic ticket, for governor and United States Senate, are not considered very competitive.

"In the end, each candidate is going to have to get out his or her base," Mr. Stavisky said. "That's what's going to put the winner over the top. And right now they are all making sure that they can do that."

Judge Denies Bid For New Nev. Primary (AP-Y)

By Sandra Chereb, Associated Press Writer

AP, September 2, 2006

A judge on Friday denied a defeated congressional candidate's request for a new Republican primary, saying the state court lacks jurisdiction.

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Assemblywoman Sharron Angle lost to Secretary of State Dean Heller by 421 votes the three-way Aug. 15 GOP primary. They were seeking to replace U.S. Rep. Jim Gibbons, who is running for governor.

Gibbon's wife, Dawn, also ran but came in a distant third.

Instead of a recount, Angle sought to void the contest results and argued that confusion and delays at some polling places disenfranchised voters.

After a daylong hearing, District Judge Bill Maddox said there was no evidence election officials in Washoe County committed malfeasance when some voting locations opened late because polling workers didn't show up.

Angle said she would not appeal Maddox's findings to the Nevada Supreme Court, and congratulated Heller on his victory.

"I want to support him in his bid," Angle said, and "help him to defeat the Democrat, Jill Derby," in November.

Wetterling Aims Tax Plan At Middle Class (MINNST)

By Pat Doyle, Star Tribune

Minneapolis Star Tribune, September 2, 2006

The DFLer running for Congress calls her proposal aid for lagging wages. Her GOP foe said Bush's cuts should be extended instead.

Calling for tax breaks for the middle class, DFL congressional candidate Patty Wetterling on Friday proposed bigger credits for families with children and for college students and expanded mortgage deductions for homeowners.

Wetterling said her plan would cost $389 billion over 10 years, much of it offset by crackdowns on tax cheats and corporate loopholes.

The DFL-endorsed candidate in the Sixth District north of the Twin Cities, Wetterling said her proposals target a middle class whose wages have lagged the increased costs of gasoline, college education and health care.

"The middle-class squeeze is making it more and more difficult to put aside savings each month," she said.

The proposal was denounced by her Republican opponent, Michele Bachmann, who said, "Patty has seemingly proposed making our tax code more complicated and burdensome to the average Minnesotan. I have long been an advocate of a simplified tax code."

Bachmann and Tom Reynolds, chairman of the National Republican Congressional Committee, said Wetterling's proposal would do less to help the middle class than extending President Bush's tax cuts.

Bachmann favors making all of those cuts permanent. Wetterling's campaign said she may support some of the Bush tax cuts that primarily affect the middle class Americans but reject others. "There are some Bush tax cuts that we are very supportive of," said campaign manager Corey Day.

Bachmann called that stance insincere, saying Wetterling would likely vote with other Democrats to end all the Bush tax cuts if she is elected. And that, Bachmann added, would boost taxes by $2,000 on a family of four earning $50,000.

At a State Capitol news conference, Wetterling said about $300 billion in federal taxes go uncollected each year. Day later pegged the extra revenue from Wetterling's proposed changes to corporate tax law at more than $220 billion over 10 years.

Wetterling's income tax plan would allow all homeowners, not just those who itemize expenses, to deduct mortgage interest. She said that would cut the taxes of 10 million Americans, most of whom earn $50,000 or less a year.

She also proposed increasing and simplifying child tax credits. In one hypothetical, the credit for a family of three earning $80,000 would rise from $850 a year to $2,500. Under another proposal, a college student's current $1,500 credit would rise to $3,000.

Pat Doyle · 651-222-1210 · pdoyle@startribune.com

Hammering At Spitzer, But With Nary A Dent To Show (NYT)

By Danny Hakim

The New York Times, September 2, 2006

ALBANY, Sept. 1—Eliot Spitzer may be far ahead in the polls as he heads toward the Sept. 12 Democratic primary in the race for governor, but he did have a bumpy week.

The Republican candidate, John Faso, hammered at Attorney General Spitzer for accepting flights on a private jet owned by Richard Fields, a developer who ferried Mr. Spitzer to fund-raisers across the country, and who has himself donated $200,000 through various entities he controls.

Thomas R. Suozzi, the Nassau County executive and Mr. Spitzer's Democratic primary rival, mistakenly accused the Spitzer campaign of accepting $50,000 from a consortium leading a project to drape jumbo power lines across swaths of upstate. The charge proved to be false, but Mr. Spitzer's campaign fanned the story by initially confirming it.

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Mr. Spitzer's campaign was also chided by The Syracuse Post-Standard for offering to cover the $10 state fair admission fee for hundreds of supporters to attend a rally. The practice has precedent among politicians in both parties, but the spokesman for the Board of Elections said it raised questions about whether it was strictly in accordance with election laws.

Not that any of this came close to making a dent in Mr. Spitzer's aura of invincibility. The attorney general leads Mr. Suozzi by more than 50 points in various polls. In keeping with his Rose Garden strategy, Mr. Spitzer declined invitations to three debates this week and even turned down an offer of free air time on Clear Channel stations, leaving Mr. Suozzi — who is unknown to many voters — to debate himself.

The most substantive criticism was over the issue of Mr. Spitzer's plane rides with Mr. Fields, which were reported by The Albany Times-Union. Mr. Fields is involved in an effort by the Oneida Indian Nation of Wisconsin to build a casino in the Catskills and has been registered to lobby on their behalf in the past. He is also one of the main investors in a group bidding for the lucrative rights to the state's horse racing franchise.

Mr. Fields's group also includes Steve Swindal, George Steinbrenner's son-in-law. More than half a million dollars from people with ties to various horse racing interests has poured into Mr. Spitzer's coffers, with the rights to operate Aqueduct, Saratoga and Belmont expiring at the end of next year.

In addition to his abundant cash contributions, Mr. Fields also flew Mr. Spitzer by private jet from Phoenix to Tucson, Tucson to Cincinnati, and Cincinnati to La Guardia, for fund-raisers in those cities.

Finance laws require campaigns to reimburse for private flights by using first-class commercial airfares, a policy that has itself been criticized for not reflecting the true cost of flights on private jets. The Spitzer campaign reimbursed $4,301 for the flights.

"What we did was in absolute compliance, meticulous compliance, with all the rules and regs out there," Mr. Spitzer said on Thursday. "That is how we've done everything in this campaign. We have enough lawyers who look at things to make me comfortable that we never have come close to the edge."

One issue, among others, is that there are not direct flights between Tucson and Cincinnati, making the reimbursement calculation unclear.

Asked if the state's Lobbying Commission was investigating, David Grandeau, the executive director, said, "We don't comment on pending investigations."

Asked if he could talk about it if it was not a pending investigation, Mr. Grandeau said,

"I could, but I wouldn't."

Mr. Faso, the Republican candidate, said, "There is one set of standards for Eliot Spitzer and one set of standards for everyone else."

But an Associated Press article on Friday said Mr. Faso had taken flights on a private plane in 2002 when he was running for comptroller. The plane was owned by a contractor that does business with the state. Mr. Faso said he recorded the full value of the flights as campaign contributions.

Further confusing matters, Mr. Spitzer's office is representing the Lobbying Commission in a lawsuit related to similar private flights taken by Senate Majority Leader Joseph L. Bruno on a plane owned by a man who is part of another group seeking the horse racing franchise.

Finally, Mr. Spitzer's running mate for lieutenant governor, David L. Paterson, the State Senate's minority leader, has his own experience flying with Mr. Fields. In February, Mr. Fields was fined $13,500 by the Lobbying Commission for a private flight granted to Mr. Paterson, $4,500 of which was reimbursed by Mr. Paterson.

"What I have said, prospectively, since people have been asked the question, is that we're not going to go on anybody's plane unless we have paid the full total cost, regardless of what the rules are, so once again, we're doing more than what is required by the rules," Mr. Spitzer said. In other words, he would reimburse an amount more in line with the much higher cost of a private or chartered plane.

Howard Wolfson, a spokesman for Mr. Fields, said his client "acted completely under the rules and guidelines in providing the plane and billing for it."

Why has Mr. Fields given so much money and air travel to Mr. Spitzer?

"He, like the majority of New Yorkers, supports Eliot Spitzer and thinks he's going to be our next great governor," Mr. Wolfson said.

Spitzer Makes An Appeal For Reform (NYT)

By Michael Cooper

The New York Times, September 2, 2006

DOJ_NMG_0058195

This 30-second spot for Attorney General Eliot Spitzer, a Democratic candidate for governor of New York, began running last night on network and cable stations throughout the state.

PRODUCER Moxie Pictures

THE SCRIPT An announcer intones: "If we're ever going to reform Albany, it's going to start on Sept. 12: Primary Day. Because if one man can stand up to the powerful, so can you. He'll ask and you'll answer, and with one collective roar, we'll wake this state government right out of its long sleep. And on that day, government will stop being that thing we complain about and start being that thing we can do something about.''

ON THE SCREEN A montage of snippets from the campaign trail, many with a hand-held, cinéma-vérité feel, showing Mr. Spitzer at the state party convention in Buffalo, getting off his campaign bus, addressing a crowd in shirtsleeves, and shaking hands. More shots show supporters holding "Spitzer" campaign signs; a woman wearing a T-shirt that says "Mexican-Americans for Spitzer-Paterson 2006," referring to his running mate, State Senator David A. Paterson, a candidate for lieutenant governor; Mr. Spitzer with a group of firefighters, and a woman with a hand-lettered sign that says: "Eliot Spitzer es el Mejor,'' (Eliot Spitzer is the Best.) The screen cuts to black and says "Vote. Primary Day is Sept. 12."

SCORECARD Both Mr. Spitzer and his rival in the Democratic primary, Thomas R. Suozzi, the Nassau County executive, are running on a platform of reforming Albany. Mr. Suozzi argues that he has been more outspoken in his criticism of state government, pointing to a campaign he led called "Fix Albany" that antagonized top state officials. Mr. Spitzer, who has been the state's attorney general for nearly eight years, asserts, as the ad says, that he stood up to powerful interests as attorney general and he will stand up to powerful interests in Albany as governor. Interestingly enough, the footage of people cheering to the line, "With one collective roar we'll wake this state government," was taken at the state party convention in Buffalo; many of those cheering are part of state government. Finally, the ad is notable for what it does not say: The announcer never mentions the name "Spitzer,'' and the final screen asks people to vote, but not specifically for Mr. Spitzer. It seems that a commanding lead in the polls gives artistic freedom to ad makers.

Ehrlich Easily Tops O'Malley In Funds (WP)

By Eric Rich, Washington Post Staff Writer

The Washington Post, September 2, 2006

Maryland Gov. Robert L. Ehrlich Jr. and his running mate raised $630,000 in the 17 days ending Aug. 25, sprinting past Baltimore Mayor Martin O'Malley (D) and his running mate as they collected $455,000, according to figures provided by their aides yesterday.

Ehrlich's Republican ticket headed into the final 10 weeks of the campaign with far more cash on hand, ending the period with $8.59 million in reserve, compared with the O'Malley ticket's $4.64 million, aides said. But O'Malley's running mate, Del. Anthony G. Brown (D-Prince George's), proved to be an effective fundraiser, collecting $121,700 -- nearly doubling the $65,000 raised by Ehrlich's running mate, Maryland Secretary of Disabilities Kristen Cox.

The reports, due at midnight last night, are required by law to cover the 19 days ending Aug. 27 but were incomplete because of confusion about the reporting period. Aides cited incorrect information on a State Board of Elections Web site. A state official said the mistake has been corrected.

In Montgomery County's first competitive executive's race in 12 years, County Council member Steven A. Silverman (D-At Large) will report raising five times as much as former council member Isiah "Ike" Leggett (D) ahead of the Sept. 12 primary, figures provided by the campaigns show.

Silverman collected $329,638 in 17 days, bringing his total to $2.2 million -- a record for a Montgomery executive's contest. He spent $191,638 and has $642,069 in the bank, according to numbers provided by a campaign aide.

Leggett raised $64,560 in 19 days, bringing his total to $831,000, which includes $125,000 the candidate lent his campaign. Leggett spent $135,975 and has a balance of $430,220, according to documents submitted to the state.

In the race for the state attorney general's office, reports were expected to show that Montgomery prosecutor Douglas F. Gansler spent heavily but finished the period with cash reserves dwarfing those of his rival for the Democratic nomination, Baltimore lawyer Stuart O. Simms. Both campaigns prepared reports covering the entire 19-day period.

Gansler was expected to report having $1.05 million on hand after spending $438,000, most of it on television ads. Simms was expected to report having just less than $65,000 after spending $76,000. Simms was closer to Gansler in fundraising, collecting $75,000 to Gansler's $84,000.

The unopposed Republican candidate, Frederick County State's Attorney Scott L. Rolle, will report raising between $25,000 and $30,000, an aide said.

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Comptroller William Donald Schaefer (D) reported raising $112,000, spending $205,000 and ending up with $327,000. His challengers for the party nomination, Montgomery Del. Peter Franchot and Anne Arundel County Executive Janet S. Owens, had not yet filed, and their aides said no information was available.

Staff writer Ann E. Marimow contributed to this report.

Area Minorities Try To Expand Political Power, Involvement (WP)

By Ann E. Marimow, Washington Post Staff Writer

The Washington Post, September 2, 2006

Candidates Seek Support Of Growing Ethnic Groups

Inside what was once a segregated two-room schoolhouse on East Randolph Road, black, Latino, Asian and African leaders held hands, lowered their heads and vowed to join forces for the first time to increase minority participation in Maryland's upcoming elections.

"Communities of color are watching and mobilizing," Henry Hailstock, president of the Montgomery County chapter of the NAACP, said recently as the leaders signed a unity pledge and circulated a calendar of voter drives at churches and supermarkets.

Since the 2000 election cycle, nearly all of Maryland's population growth has been among blacks, Hispanics and Asians. Leaders of those communities are trying to turn those numbers into political clout, and candidates -- from those in county executive contests to those in the race for governor -- are responding by courting them for endorsements and campaign cash.

Gov. Robert L. Ehrlich Jr. (R) raised $60,000 one night this spring at the home of a Korean American business owner in Howard County. Another fundraiser is planned with Asian leaders in Montgomery. Ehrlich's rival, Baltimore Mayor Martin O'Malley (D), is creating a Spanish version of his Web site and preparing to roll out Amigos de O'Malley, a group of Latino supporters in Prince George's and Montgomery counties.

The leaders of these diverse groups say they are motivated by the national debate over immigration and the renewal of the Voting Rights Act in Congress, but their efforts could have repercussions at the local and state level, including in the Sept. 12 primaries in Maryland and the District.

In the District, Hispanic organizations have dipped into the city's political process for the first time, pressing their issues with candidates in the mayoral and D.C. Council races, turning out 350 people for a debate and forming a political action committee that has endorsed council member Adrian M. Fenty (D-Ward 4) for mayor.

For too long, "the city has not incorporated Hispanics into its agenda," said Eugenio Arene, executive director of the Council of Latino Agencies, an umbrella group of multicultural nonprofit groups.

In Virginia, ethnic groups say they are trying to boost participation as the November election nears. The Democratic Latino Organization of Virginia held a forum in Arlington County last week featuring local politicians and others, said state Secretary Sindy Benavides. The organization is planning voter registration drives and other efforts from Northern Virginia to Galax, near the Tennessee border.

Next Saturday, Fairfax County Republicans will hold what they bill as an "ethnic rally" that is expected to draw Sen. George Allen and Northern Virginia's two GOP members of Congress, Reps. Frank R. Wolf and Thomas M. Davis III.

The event comes as state Republican leaders try to gauge the fallout from remarks Allen made last month to a Fairfax County native of Indian descent. At a rally in southwest Virginia, Allen referred to S.R. Sidarth, a campaign worker for opponent James Webb (D), as a "macaca" and urged the crowd to welcome him to "America and the real world of Virginia." Allen has apologized, but political analysts say the remarks could hurt the GOP in Northern Virginia, where immigrant populations are swelling.

Even as the Montgomery leaders came together last month at the former Smithville Colored School in Silver Spring, they recognized their differences in language and tradition. Blacks in the county as well as statewide have a long history of political organizing, with roots in the civil rights movement. Their leaders said they were re-energized by the debate over voting rights in Congress to build strength in numbers by collaborating with newer Latino and Asian communities.

The challenge is reaching out to these diverse voters on their turf, in the places where they shop, worship and get their news. Outside Grand Mart, an international market in Gaithersburg, Spanish-language radio celebrity Pedro Biaggi lured potential voters with a wink and a smile and a Latin beat blaring from his station, Washington's 99.1 El Zol.

" Â¿QuÃ© pasa? Â¿Quieres votar? " asked Biaggi, dressed in gym pants and a T-shirt.

For Biaggi, the voter registration drive is an outgrowth of the pro-immigration demonstrations staged in April in cities throughout the United States.

"We already marched. Now we have to vote," he said.

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CASA of Maryland Inc., an immigration advocacy group in Silver Spring, counts 277,000 minority and immigrant residents in Maryland who are eligible to vote but not registered. The coalition has declined to set a target for the election, and the work is slow going. In one hour, Biaggi and the volunteers registered 12 people. All were naturalized citizens from countries such as El Salvador, Mexico and Peru. Nearly all were in their twenties and thirties. They heard Biaggi's message on the radio and drove to meet him after work.

JosÃ© Yanez, 26, a deliveryman born in El Salvador, became a citizen about six months ago. "Too many Spanish people don't vote," he said, including his older brother and sister. "There are important issues."

The trouble is that most of the people lined up at the registration table last month were not familiar with the candidates' names.

"People don't hear enough about it in advance," said Costa Rican-born Yamila Chacon of Damascus, a project manager for a computer service company. "I need to know who I'm voting for."

Since 1990, the Washington region's immigrant population has more than doubled as the overall population has grown by about a quarter. In Maryland, about 12 percent of the household population last year was foreign-born, according to numbers from the 2005 American Community Survey. In Montgomery, it was 29 percent, and in Prince George's, 17 percent.

The two leading Democratic candidates for Montgomery county executive -- Isiah "Ike" Leggett and Steven A. Silverman -- have sought out these residents, giving interviews on Spanish-language radio and Telemundo's local Telenoticias 64 and appearing on the local Chinese cable TV channel.

Silverman's campaign literature has been translated into Spanish, Mandarin and Vietnamese, and visitors to the Web sites of many Montgomery candidates for the General Assembly can click on Spanish versions. Hans Riemer, a County Council candidate in District 5, has a version of his site in Amharic, the official language of Ethiopia.

The Hispanic Democratic Club of Montgomery County intends to spend $9,000 this election season to mail sample ballots in Spanish to Democrats with Hispanic surnames culled from a database. Hispanics represent 5.7 percent of the state's population but account for 13.6 percent in Montgomery and 10.7 percent in Prince George's.

In the District, local Democratic leaders and community organizations estimate there are 5,000 to 10,000 registered Latino voters. Gustavo F. Velasquez, director of the mayor's Office on Latino Affairs, estimates from census and election data that Hispanics might make up 2.5 percent of the vote "if we have a strong showing." That percentage "can be extremely important in a close election," he said.

In Maryland, Montgomery leaders have found common ground on such issues as education, affordable housing and health care, but they have not coalesced around a slate of candidates. In the county executive's race, the Hispanic club endorsed Leggett, a former council member and chairman of the state Democratic Party. The Coalition of Asian Pacific American Democrats of Maryland backed Silverman. His fundraiser last fall with the Chinese community attracted 600 people and raised $20,000, according to the campaign.

At a fundraiser for Del. Susan C. Lee (D-Montgomery) recently at the New Fortune restaurant in Gaithersburg, O'Malley worked the crowd for three hours to make inroads with Montgomery's Asian community.

The Montgomery coalition has stated its preference in at least one race. In Wheaton recently, Korean leaders mobilized minority and women's rights organizations on a Sunday afternoon to chastise Comptroller William Donald Schaefer (D) for what they called a series of intolerant statements. Del. Peter Franchot (D-Montgomery), a party rival, was there, and Leggett and Silverman made a rare joint statement.

Schaefer's comments, which he said were misinterpreted, linked a North Korean missile test to the immigrants, most of them from South Korea learning English in public schools, and were front page news for several days in the area's two main Korean language dailies.

At a series of voter registration drives last month at Korean churches, participants said the remarks were the hot issue inspiring congregants to sign up. Korean leaders registered 190 people in Montgomery and 140 in the Baltimore area.

Asian Americans who have put off registering in the past "don't want this to happen again," said Chung Pak, chairman of the League of Korean Americans of Maryland. "They feel they have to raise their voice, and the way to do so is to participate in elections."

At the state level, Asian leaders have demonstrated their burgeoning political strength, persuading legislators and the governor during the General Assembly session this year to have the state officially recognize the Asian Lunar New Year. Ehrlich marked the occasion by hosting a reception at the governor's mansion. He recently stopped by the Asian American Business Conference in Rockville, where he was joined by Benjamin H. Wu, assistant secretary for business and economic development.

In the past 15 years, the Asian population in Montgomery has increased 60 percent and now makes up 13.2 percent of the county's overall population, compared with 4.8 percent statewide. Although Asian Pacific Islanders are still a fraction of all voters,

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their participation in presidential elections in Maryland increased 85 percent, to 50,000, between 2000 and 2004, according to U.S. Census figures analyzed by the District-based Asian Pacific Islander American Vote.

With limited time and money, candidates have traditionally spent their resources on those parts of the county identified through voter rolls as routinely having high turnout in elections. Newly registered voters have no such track record and tend to be younger and more diverse. But with super voters aging, Del. Ana Sol Gutierrez (D-Montgomery) said, the growing population of younger immigrant voters are the future and need to be taken seriously.

"Candidates are still not considering them as important; there's still a gap. I want to take advantage of it and so should those truly interested in inclusion and in building a movement of Democratic voters," she said. "The trick is, Will they get out and vote? I'll let you know after September 12."

Staff writers Tim Craig, Michael D. Shear and Nikita Stewart contributed to this report.

Left And Christian Right Take Lumps In Poll (LAT)

By K. Connie Kang, Times Staff Writer

The Los Angeles Times, September 2, 2006

Liberals go too far to exclude religion from public life while conservatives overreach in imposing their values, the survey finds.

Americans are critical of both the political left and the Christian right when it comes to their approaches to religion in the public square, according to a new national poll.

Liberals have gone "too far to keep religion out" of public life while conservatives have gone "too far in imposing their religious values," said the study by the Pew Forum on Religion & Public Life and the Pew Research Center for the People & the Press.

These findings from the two Pew organizations — nonpartisan, Washington, D.C.-based research groups — were just two of many indicators of public opinion contained in polls and reports released in August on religious life in the United States. The surveys varied widely. Gays, politics and even attendance at Jewish summer camps were among the topics covered.

The Pew poll found that 69% of respondents said liberals have gone "too far to keep religion out of school and government" and 49% contended that conservatives have gone "too far in imposing their religious values."

The poll, released last week, was based on telephone interviews with 2,003 adults July 6-19. The margin of sampling error is plus or minus 2.5 percentage points.

"People are sick of two extreme points of view," said the Rev. Kurt Fredrickson, director of the doctor of ministry program at Fuller Theological Seminary in Pasadena and an expert on the relationship between religion and American life. "There is this middle group of people that recognizes that religion does still have a very strong influence in our culture."

The results show that Americans — the most religious people in the world, according to many studies — are "particularly irritated" by the idea of removing religion from the public square, said John Green, a senior fellow at the Pew Forum on Religion & Public Life who worked on the study.

"On the other hand, while they might agree that there should be more religion in the public square, they don't agree with the religious right," Green said. "That particular solution is not the one they had in mind."

Concern over the left's efforts to restrict religion's influence on what the poll called "American life" crossed party lines.

Large majorities of Republicans (87%), independents (65%) and Democrats (60%) denounced efforts by liberals to minimize religious influence in the public square, including 70% of conservative and moderate Democrats. Just 38% of liberal Democrats expressed this view.

The survey also found that two in three respondents (67%) characterize the United States as a Christian country. A decade ago, 60% so described the nation.

Most of those surveyed (78%) also view the Bible as the word of God. But only 35% believe it should be taken literally.

Despite a strong connection Americans see between Christianity and the nation's identity, most said the Bible should not be the driving force behind creating laws.

For example, when asked which should have more influence over the nation's law — the Bible or the will of the people, even when it is in conflict with the book — 63% of Americans said the people's will should hold sway, compared with 32% who thought the Bible was superior.

The study also showed that political and social issues are regularly discussed in places of worship.

Nearly all participants in the poll who attend religious services at least once a month say their spiritual leaders speak out on hunger and poverty.

And majorities of those who attend services said their clergy discuss abortion (59%), Iraq (53%) and homosexuality (52%). Nearly half (48%) said clergy discuss the environment and four in 10 said they talk about evolution.

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Americans may be divided over religious groups' involvement in politics, but most saw President Bush's religious expression as appropriate.

Slightly more than half (52%) said Bush mentions his religious faith the right amount and 14% said he talks about his faith too little. Almost a quarter (24%) believed the president mentions his faith too often.

A second Pew study found that Americans are not easily categorized as conservative or liberal when it comes to today's most pressing social questions. Like the other Pew poll, it surveyed 2,003 adults and had a sampling error of plus or minus 2.5 percentage points.

A majority (56%) continued to oppose allowing gays and lesbians to marry, while 35% expressed support, but just three in 10 favored a constitutional amendment to ban same-sex marriages.

A growing number of Americans see homosexuality as an innate trait, with a 49% plurality saying a person's sexual orientation cannot be changed. Though a slim majority (54%) favored allowing gay couples to enter into civil unions, only 42% thought gay couples should be allowed to adopt children.

A 56% majority of Americans said it is more important to conduct stem cell research that may lead to new medical cures than to avoid destroying the potential life of human embryos involved in the research (32%).

For the first time in Pew polling, more white evangelicals now favor stem cell research (44%) than oppose it (40%) — one of several surprising discoveries of the researchers.

In a nationwide survey of 1,000 adults by the Ventura-based Barna Group, most Americans view themselves as good people who are spiritually stable and live "a good and honorable life."

The Barna Group is an independent marketing research firm that has tracked trends related to beliefs, values and behaviors since 1984. The poll's margin of sampling error is plus or minus 3 percentage points.

About 90% of Americans characterize themselves as a "good citizen," "friendly" and "generous," according to the Barna survey.

Another poll, also by Barna, finds the faith of Americans virtually indistinguishable today compared with before the Sept. 11, 2001, terrorist attacks.

The big spike in religious activity such as attending church, praying and studying the Bible in the immediate aftermath of 9/11 had no lasting impact, according to the study, which analyzed data from nine national surveys involving more than 8,600 adults before the attacks and at regular intervals since then.

"People used faith like a giant Band-Aid," said David Kinnaman, who directed the study. "It helped people deal with the ugliness of the event, but it offered little in the way of deep healing and it was discarded after a brief period of use."

Then there was the survey of 1,200 adults in Los Angeles County released by the Foundation for Jewish Camping. The marketing study was designed to help Jewish camps understand the motivations guiding parents who send their children to overnight camps.

The survey, supported by the Jewish Community Foundation of Los Angeles, found that 15% of the children of those surveyed attended a Jewish summer camp last year.

Twice as many have attended such a camp at some point in their lives.

connie.kang@latimes.com

Assisted Living: New Obstacles (WSJ)

By Jeff D. Opdyke

The Wall Street Journal, September 2, 2006

Soaring Prices Make It Tougher For Seniors to Get in the Door; Waiting Lists and Tricky Fees

Finding space in an assisted-living center -- the increasingly popular low-maintenance residences for retirees -- is getting tougher.

Demand is soaring as the aging U.S. population goes looking for someplace staffed to help elderly residents with day-to-day tasks (housekeeping, pill-taking and the like) but isn't a full-blown nursing home. Waiting lists are increasingly common, and prices are rising sharply. On average, assisted-living centers cost about $35,000 a year in 2005, up roughly a third from 2002, before figuring in health-care expenses, according to a recent survey by MetLife Inc.

Overall, assisted-living centers are near saturation at 95% occupancy nationwide, according to industry data. It is a dramatic change from as recently as the late 1990s, when there was a glut of space following a building boom.

All of this is placing added burdens on consumers shopping for a property, either for themselves or for a relative.

There are about 36,000 properties nationwide, but it is tough to compare rival offerings because states have differing approaches to regulating what services are required and what aren't. In addition, properties often offer different options packages, making price comparisons tricky.

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"The pricing can become very intricate and figuring it all out can become laborious," says Tom Eklo, an Episcopalian priest in Minneapolis, who shopped around for a few years before recently finding an assisted-living center for his parents, both in their 90s.

One center he looked at wanted to charge $8 to deliver a meal to the apartment if Mr. Eklo's mom couldn't make it to the dining room. "You have to read the fine print and ask questions about these kinds of costs," he says.

Further boosting demand: A number of states seeking to lower their health-care costs, including Texas and New York, have been revamping their Medicaid programs to let some low-income retirees enter assisted-living centers instead of nursing homes, which are generally more expensive. (As a rule, consumers generally must pay for assisted living on their own; Medicaid normally doesn't pick up the tab.)

In Tinton Falls, N.J., prices at the Renaissance Gardens at Seabrook have been increasing 5% to 8% a year for the past couple of years and the waiting list is at six months, up from less than a month in 2004. At Cedar Gardens in Cedarburg, Wis., basic rent rose 3% last year and an additional 5% increase is likely for January, in addition to higher health-care costs. The center added 25 new apartments last year to its previous 40 units after hitting 100% occupancy.

Here is a checklist for shopping for a center:

Know what you are getting into: Most centers offer studio and one-bedroom apartments, and some have two-bedroom units, each typically with a private bath and kitchenette. When comparison-shopping, ask each center to provide an itemized breakdown of services included in the basic monthly rent. Centers typically will offer, say, access to a registered nurse and housekeeping help. But these services can vary significantly -- and if you or your relatives end up requiring help with something that isn't included, costs can pile up.

The luxury end of the spectrum is represented by the Classic Residence by Hyatt facilities in tony locales such as La Jolla, Calif. and Boca Raton, Fla. These centers often look (and behave) more like a five-star hotel, providing residents with access to concierge services, for instance.

Some assisted-living centers are stand-alone facilities. But others, such as Renaissance Gardens at Seabrook, are part of a larger continuing-care retirement community, offering a wide spectrum of housing, ranging from traditional residential developments all the way up to full-featured nursing homes. These can offer more flexibility, but getting into one can be tougher, because people moving up from the residential housing into assisted care typically get first dibs.

Comparison-shopping: What makes shopping so vexing are the different pricing structures. First of all, prices vary sharply across the country. In Boston, the average basic rent is more than $4,600 a month. But in Jackson, Miss., it is just $1,642 a month, according to the MetLife survey.

On top of rent, centers add on a health-care fee tied to the level of assistance required. They also offer an a la carte list of additional services, such as speech-therapy sessions.

For instance, at Summit Place, in Eden Park, Minn., the basic "bronze" package is $1,195 a month and caters to people who need little more than help changing the linens and getting dressed. "Platinum" care, at $2,835 a month, includes morning and bedtime care, such as hygiene and help in the washroom, as well as other assistance.

For comparison, Chelsea Senior Living, which runs centers in New York and New Jersey, uses an entirely different "points" system. Help getting undressed for a bath is one point, for instance, while additional help bathing and dressing for bed is three points. Residents spend points any way they need to; the first 15 points are at no added cost to the base rent of $100 to $165 a day. Beyond that, Chelsea charges between $30 and $70 a day, depending on how many points are used.

Adding assistance for dementia and Alzheimer's residents can push the monthly price up by thousands of dollars extra.

Many states' departments on aging offer online checklists of what consumers should ask. You can find those links at the National Association of State Units on Aging (www.nasua.org1, see the "State Units on Aging" link). Or, check the checklist at the National Center for Assisted Living (www.ncal.org2, click on "Consumer Information").

And when it all starts to sound too baffling, there is always this simple strategy: "If there is any doubt in your mind about a parent's needs, go for the lower level of service to start with," suggests Laurie Nielsen in Port Washington, Wis., who cared for her parents for years before recently helping them move to the nearby Cedar Gardens center. It is always possible to ratchet up the care later.

How to Shop: Assisted living is largely a private-pay industry. So, first determine the assets you have available for care, then calculate how much time the money will buy in various assisted-living centers, based on the level of care necessary.

To help with the calculations: The average stay in an assisted-living center is roughly two years. Some nonprofit centers allow some impoverished residents to stay if their money runs out.

Traditional insurance policies don't pay for assisted living. Long-term care policies do, but many seniors don't have these. When buying a long-term care policy, be sure the contract specifically allows for assisted living, because some policies limit coverage to certain types of care.

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Talk to the residents and question the administrators, says Sister Regina McTiernan, in Gladstone, N.J., who helped her 94-year-old mother shop for an assisted-living center. At some places residents told her "they weren't happy" because the center provided no outside activities, Sister Regina says. "And when I asked a director about her credentials, she had no health-care background. That raises red flags."

And don't forget to ask if a center is licensed by the state. The bulk will be. If one isn't, dig into the reason why. It may be that what is purportedly an assisted-living center is really a group home, which generally offers a lower level of care and services.

Hundreds More AP Test Scores Reported Missing (WP)

By Valerie Strauss, Washington Post Staff Writer

The Washington Post, September 2, 2006

The company that administers Advanced Placement exams said yesterday that more test results than previously disclosed were lost and for the first time blamed computer glitches for part of the problem.

Score sheets for portions of at least 1,500 exams taken in May around the world were discovered missing, said Tom Ewing, spokesman for the Educational Testing Service. Last month, Ewing had said that a few hundred had gone astray. Students from England, Israel, Canada and the United States have reported missing test scores.

In addition, Ewing said that about 2,700 scores for the Praxis teacher licensing examinations taken in the United States in June had been delayed or misplaced but that most have been found. States use Praxis results as part of their teacher licensing certification process.

For AP and Praxis tests, the writing sections were misplaced, parents and school administrators said.

Some of the problems with the lost AP scores resulted because of computer problems in May and June with tracking and processing tests, Ewing said. Officials at ETS, which develops and scores AP tests for the nonprofit College Board, are trying to figure out what happened, he said.

The organization issued a statement on the Praxis Web site saying that it regretted the inconvenience of the lost tests and offered to assist test-takers who needed their scores to start jobs in the fall.

Students around the world have been struggling with how to handle the lost tests, with options including taking tests again or seeking a refund, and some school administrators and parents have said that they are not satisfied with the testing service's effort to help them.

Laura King of Aurora, Colo., said she spent many hours on the phone with ETS officials about her daughter's lost AP test score, and she said some of them seemed to be uninformed about how to handle the situation. Her daughter, a student at Regis Jesuit High School in Aurora, took three AP exams but received scores for only two of them.

Vicki Hobel Schultz in Mountain View, Calif., said her daughter's free response section of a calculus AP test was lost, and she said it could affect college admissions and math classes that her daughter might take at a community college.

"Why did they wait until the end of August to tell students?" she asked.

Ewing said that ETS understands the frustration of parents who are trying to resolve their children's lost tests but said that each case is labor-intensive. He said 45 schools did not return any answer sheets, but it was not clear how many tests that represented.

ETS used to administer the College's Board's SAT 1 exams but lost the contract to Pearson Educational Measurement. Earlier this year, Pearson sent more than 4,000 students incorrectly low SAT scores, and more than 600 received better scores than they had earned.

At 2-Year Colleges, Students Eager But Unready (NYT)

By Diana Jean Schemo

The New York Times, September 2, 2006

DUNDALK, Md. — At first, Michael Walton, starting at community college here, was sure that there was some mistake. Having done so well in high school in West Virginia that he graduated a year and a half early, how could he need remedial math?

Eighteen and temperamental, Mickey, as everyone calls him, hounded the dean, insisting that she take another look at his placement exam. The dean stood firm. Mr. Walton's anger grew. He took the exam a second time. Same result.

"I flipped out big time,'' Mr. Walton said.

Because he had no trouble balancing his checkbook, he took himself for a math wiz. But he could barely remember the Pythagorean theorem and had trouble applying sine, cosine and tangent to figure out angles on the geometry questions.

Mr. Walton is not unusual. As the new school year begins, the nation's 1,200 community colleges are being deluged with hundreds of thousands of students unprepared for college-level work.

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Though higher education is now a near-universal aspiration, researchers suggest that close to half the students who enter college need remedial courses.

The shortfalls persist despite high-profile efforts by public universities to crack down on ill-prepared students.

Since the City University of New York, the largest urban public university, barred students who need remediation from attending its four-year colleges in 1999, others have followed with similar steps.

California State set an ambitious goal to cut the proportion of unprepared freshmen to 10 percent by 2007, largely by testing them as high school juniors and having them make up for deficiencies in the 12th grade.

Cal State appears nowhere close to its goal. In reading alone, nearly half the high school juniors appear unprepared for college-level work.

Aside from New York City's higher education system, at least 12 states explicitly bar state universities from providing remedial courses or take other steps like deferred admissions to steer students needing helping toward technical or community colleges.

Some students who need to catch up attend two- and four-year institutions simultaneously.

The efforts, educators say, have not cut back on the thousands of students who lack basic skills. Instead, the colleges have clustered those students in community colleges, where their chances of succeeding are low and where taxpayers pay a second time to bring them up to college level.

The phenomenon has educators struggling with fundamental questions about access to education, standards and equal opportunity.

Michael W. Kirst, a Stanford professor who was a co-author of a report on the gap between aspirations and college attainment, said that 73 percent of students entering community colleges hoped to earn four-year degrees, but that only 22 percent had done so after six years.

"You can get into school," Professor Kirst said. "That's not a problem. But you can't succeed.''

Nearly half the 14.7 million undergraduates at two- and four-year institutions never receive degrees. The deficiencies turn up not just in math, science and engineering, areas in which a growing chorus warns of difficulties in the face of global competition, but also in the basics of reading and writing.

According to scores on the 2006 ACT college entrance exam, 21 percent of students applying to four-year institutions are ready for college-level work in all four areas tested, reading, writing, math and biology.

For many students, the outlook does not improve after college. The Pew Charitable Trusts recently found that three-quarters of community college graduates were not literate enough to handle everyday tasks like comparing viewpoints in newspaper editorials or calculating the cost of food items per ounce.

The unyielding statistics showcase a deep disconnection between what high school teachers think that their students need to know and what professors, even at two-year colleges, expect them to know.

At Cal State, the system admits only students with at least a B average in high school. Nevertheless, 37 percent of the incoming class last year needed remedial math, and 45 percent needed remedial English.

"Students are still shocked when they're told they need developmental courses,'' said Donna McKusik, the senior director of developmental, or remedial, education at the Community College of Baltimore County. "They think they graduated from a high school, they should be ready for college.''

Across the nation, federal and state education officials are pressing for a K-16 vision of education that runs from kindergarten through college graduation. Such an approach, they say, would help high schools better prepare students for college.

In Florida, Gov. Jeb Bush appointed a Board of Regents to oversee education at all public institutions, from elementary through bachelor's programs. At Cal State, professors are advising 12th-grade teachers on preparing students to succeed in college.

Starting at a Deficit

As the debate rages, nearly half of all students seeking degrees begin their journeys at community colleges much like the Dundalk campus of the Community College of Baltimore County, two-story no-frills buildings named by letters, not benefactors or grateful alumni. The college's interim vice chancellor for learning and developmental education, Alvin Starr, said he saw students who passed through high school never having read a book cover to cover.

"They've listened in class, taken notes and taken the test off of that,'' Dr. Starr said.

Though remedial needs are high, Dr. Starr said, the courses offer something invaluable, the chance to overcome basic deficiencies in reading, writing or math.

"You have to figure the cost to society on the other side if you don't educate these students,'' he said.

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Most of the students expect the transition to community college to be seamless. But the first, and sometimes last, stop for many are remedial math classes.

"It's the math that's killing us,'' Dr. McKusik said.

The sheer numbers of enrollees like Mr. Walton who have to take make-up math is overwhelming, with 8,000 last year among the nearly 30,000 degree-seeking students systemwide. Not all those students come directly from high school. Many have taken off a few years and may have forgotten what they learned, Dr. McKusik said.

More than one in four remedial students work on elementary and middle school arithmetic. Math is where students often lose confidence and give up.

"It brings up a lot of emotional stuff for them,'' Dr. McKusik said.

She told of 20 students who had just burst into tears on receiving their math entrance exam scores and walked out on college. Mr. Walton remembers a fellow student who failed to hand in a math assignment for the fourth time in the last week of class and learned that he would fail. The student lunged toward the professor and said, "I'll kill you."

"You can say whatever you want, but this really isn't helping your grade," the professor replied, Mr. Walton said.

The student stormed out the door with a final expletive, leaving the professor shaken.

Fear of Appearing Ignorant

The biggest challenge, professors say, is trying to engage students, to persuade them that ideas matter. Dr. McKusik suspects that behind the apathy is a fear of appearing ignorant.

"Everything in society is geared to celebrate, to value, the winner," she said. "These are students who haven't been at the top. They won't show themselves as vulnerable at all.''

With most students having commitments to jobs and families, community colleges typically offer little in the way of a social life or school spirit. So they need to find ways to reach their less traditional audience.

"That's why we're trying to use pop culture in the classroom, to get their attention,'' said Betsy Gooden, an English teacher who, in a remedial reading class one day last spring, tried to coax students to discuss a television documentary.

Two or three students in a class of 10 women carried most of the discussion, which seemed more like Ricky Lake than Lit 101, with students reacting to the film almost exclusively in terms of their personal experiences.

They covered love, sex and cheating boyfriends. Before the class was over, two women disclosed that they had been raped. About half the students said nothing at all.

Karen Olson, a history professor, and David Truscello, who teaches English, are trying another common strategy, mixing remedial work with other subjects. They are co-teachers of a course that combines African-American history with composition.

Professor Olson says teachers should stop making "unrealistic assignments'' like chapters from "600-page textbooks'' and should meet students at their level, raising abilities by degrees.

In her class, she assigns more manageable readings and carves up the load, so no student is responsible for doing it all.

"It's not like they're living four years in a dorm,'' Professor Truscello said.

Most are working, sometimes at more than one job.

"That impinges on everything,'' he added. "I have students who take two buses to come to school. It's amazing that they do it.''

Solutions and Successes

Another part of the solution at community colleges is in Student Success Centers. They are actually tutoring centers. Dundalk's is opens 63 hours a week.

Along a wall is a rack of handouts explaining points of grammar that might have last been explicitly taught in middle school, a measure of the immense ground to be made up. One covers comparative adjectives, explaining "more" vs. "most" or "smarter" vs. "smartest." Another discusses using pronouns and verb tenses.

At one table, Kirn Shahzadi, 20, once an A student at Parkville High School, was being tutored a few hours before her final in remedial algebra. In addition to math, Ms. Shahzadi needed remedial courses in reading and one in helping with basic skills like note taking, researching and organizing schedules. By the second week of that course, she said, half the students had dropped out.

Still, the school has winners who make it through and feel that they have to fit into the changing workplace.

Mr. Walton said careers like his father's as a welder for a major construction company were now harder to find. His father rose to foreman, putting Mr. Walton's older brother through Johns Hopkins University.

Mr. Walton, who married soon after high school, put himself through the Baltimore community college working as a security guard at $7.80 an hour. He has had shoplifters pull knives on him and spray him with Mace, he said.

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His salary covered the utilities and phone bills, and left his wife, an administrative assistant at Johns Hopkins, to pay the mortgage. He added that at times he suspected that she had felt more like a caretaker than a wife, and he worried for their future.

"I know she's sick and tired of taking care of me,'' he said in May. "It's rip-your-hair-out-at-night difficult.''

But Mr. Walton made it through that remedial math class four years ago, ultimately praising the dean for standing firm. In June, he crossed a stage to receive an associate's degree in computer science. Next year, he plans to earn another degree in, of all things, math.

He said he would like to earn a full bachelor's, but hesitates.

"I'm scared to death of going to college,'' he said. "I'll be up to my eyeballs in debt.''

This summer he sent his résumé even to employers demanding bachelor's degrees and several years' experience, hoping that his enthusiasm would compensate where credentials fell short. He sought positions that included tuition breaks for employees.

His strategy paid off with two offers, one in data entry at the community college here, a job he held on work study before graduating, and another as a technician repairing copying machines. Mr. Walton went for the second.

It offers benefits, tuition reimbursement and a salary of $22,850 a year, with extra money toward buying a new car every few years.

"I feel a little bit more — I don't want to say confident — but maybe worthy,'' Mr. Walton said. "Now, I feel like I'm all that, and a bag of chips.''

Clarification Issued On Stem Cell Work (NYT)

By Nicholas Wade

The New York Times, September 2, 2006

The scientific journal Nature has corrected a press release and is considering whether to add further information to an article published last week reporting that human embryonic stem cells could be generated without destroying an embryo.

The article has political consequences because destruction of embryos, which is unavoidable with present methods, is the main stated objection of many who oppose embryonic stem cell research.

The journal's action follows numerous news reports on the article and criticism from the United States Conference of Catholic Bishops, which pointed out that embryos used in the research were being destroyed, a fact made clear in the scientific paper but not the press release.

Both the journal and the principal author of the article, Dr. Robert Lanza of Advanced Cell Technology, say that the scientific report is correct and that any addition would be solely for purposes of clarification.

"We're looking to see if the description is clear, but there is nothing wrong with the paper," a Nature press officer, Ruth Francis, said yesterday.

For about 10 years, fertility clinics have sometimes used a genetic diagnostic test in which a single cell is removed from an embryo at the eight-cell stage to be tested for abnormalities like Down syndrome. If no defect is found, the embryo with its remaining seven cells is implanted in the womb and grows to term. Babies born from seven-cell embryos seem as healthy as others born after in vitro fertilization.

Dr. Lanza noted in his article that the cell removed in this test, known as preimplantation genetic diagnosis, or P.G.D., could be used, after growing and dividing, both for testing and, with his new technique, to derive human embryonic stem cells. Since the original embryo would be unharmed, a principal objection to the research would be removed, he said.

Dr. Lanza's article in Nature made clear that he had not saved the embryos in his own experiments, in which he used as many as eight cells from each of some 16 donated embryos. Had he taken only a single cell from each, many more embryos would have been needed. The press release issued by Nature, however, incorrectly implied that he had removed just a single cell.

After news accounts based on the press release drew criticism from the bishops conference, which opposes in vitro fertilization and human embryonic stem cell research, Nature corrected its statement to make clear that Dr. Lanza's embryos had been destroyed. But the revised statement said other researchers, as he had noted, could use his technique to derive stem cells from cells removed in P.G.D.

Dr. Lanza said yesterday that Nature had not shown him the original press release before publication.

Pittsburgh Mayor Bob O'Connor Dies At 61 (AP-Y)

By Michael Cowden, Associated Press Writer

AP, September 2, 2006

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Mayor Bob O'Connor, who learned he had a rare form of brain cancer only seven months into his term, died Friday night, his spokesman said. He was 61.

O'Conner, hospitalized since July when he was diagnosed with four brain tumors, died shortly before 9 p.m. with family members present, said his spokesman, Dick Skrinjar.

His condition deteriorated throughout the week after brain scans Monday showed seizure activity, and tests indicated his spinal fluid and an implanted drain may have been infected, according to his medical team at the University of Pittsburgh Medical Center Shadyside.

Gov. Ed Rendell ordered state flags in Pittsburgh and Allegheny County to be flown at half-staff.

"Bob's death is especially tragic because becoming the mayor of Pittsburgh was his lifelong dream, and he was making incredible progress in revitalizing the city," Rendell said in a statement. "His passing seems so unfair and is such a loss for all of us."

City Council President Luke Ravenstahl was sworn in as mayor in a brief ceremony Friday night and said O'Connor's words and actions would serve as a model for him.

Ravenstahl, 26, who in November 2003 became the youngest person elected to the council, will serve until an election can be held, according to the city charter.

O'Connor, a former City Council president, became the city's 58th mayor in January. During his short time in office, he spearheaded efforts to promote downtown development and clean up the city of 330,000.

He pledged to restore Pittsburgh's financial stability after succeeding Tom Murphy, whose 12-year tenure saw the city sink to near bankruptcy.

"I can't just help but feel that this is an overwhelming tragedy for Pittsburgh," former mayor Sophie Masloff said. "Bob really loved Pittsburgh. ... It was too brief a time for Bob to be mayor, but in that time he demonstrated outstanding leadership."

O'Connor also was a Eucharistic minister, which allowed him to administer communion to residents of a personal care home.

He was initially admitted to the hospital after complaining of flulike symptoms. Diagnosed with an ulcer, he was released several days later, but subsequent tests revealed the mayor also had a rare form of primary central nervous system lymphoma. He was readmitted July 10, and began chemotherapy treatment.

O'Connor and his wife, Judy, had three children.

Can This Party Be Saved? (NYT)

By John Tierney

The New York Times, September 2, 2006

Republicans in Washington did not abandon their principles lightly. When they embraced “compassionate conservatism,” when they started spending like Democrats, most of them didn’t claim to suddenly love big government.

No, they were just being practical. The party’s strategists explained that the small-government mantra didn’t cut it with voters anymore. Forget eliminating the Department of Education — double its budget and expand its power. Stop complaining about middle-class entitlements — create a new one for prescription drugs. Instead of obsessing about government waste, bring home the bacon.

But as long as we’re being practical, what do Republicans have to show for their largess? Passing the drug benefit and the No Child Left Behind Act gave them a slight boost in the polls on those issues, but not for long. When voters this year were asked in a New York Times/CBS News Poll which party they trusted to handle education and prescription drugs, the Republicans scored even worse than they did before those bills had been passed.

Meanwhile, they’ve developed a new problem: holding the party together. As Ryan Sager argues in his new book, “The Elephant in the Room,” the G.O.P. is sacrificing its future by breaking up the coalition that brought it to power.

A half-century ago, during the Republicans’ days in the wilderness, a National Review columnist named Frank Meyer championed a strategy that came to be known as fusionism. He appealed to traditionalist conservatives to work with libertarians. It wasn’t an easy sell. The traditionalists wanted to rescue America from decadence, while the libertarians just wanted be left alone to pursue their own happiness — which often sounded to the traditionalists like decadence.

Meyer acknowledged the fears that libertarianism could lead to “anarchy and nihilism,” but he also saw the dangers of traditionalists’ schemes for moral regeneration.

“If the state is endowed with the power to enforce virtue,” he wrote, “the men who hold that power will enforce their own concepts as virtuous.” The path to both freedom and virtue was the fusionist compromise: smaller government.

The coalition started with Barry Goldwater but persevered to elect Ronald Reagan and take over Congress. But then Republicans’ faith in small government waned, partly because they discovered the perks of incumbency, and partly because they

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were outmaneuvered by Bill Clinton, who took their ideas (welfare reform, a balanced budget) and embarrassed them during the government shutdown of 1995.

The shutdown didn't permanently traumatize the public. In poll after poll since then, respondents have preferred smaller government and fewer services. But the experience scared Republicans so much that they became big-government conservatives.

Soccer moms were promised social programs; the religious right got moral rhetoric and cash for faith-based initiatives. Meyer's warnings about enforcing virtue were forgotten, along with the traditional Republican preference for states' rights. It became a federal responsibility to preach sexual abstinence to teenagers and stop states from legalizing euthanasia, medical marijuana and, worst of all, gay marriage.

Big-government conservatism has helped bring some votes to the G.O.P., particularly in the South. But as Sager writes: "It's not as if the Republican Party could do much better in the South at this point; it's not really the ideal region to which to pander."

The practical panderer should look West — not to the Coast, which is reliably blue, but to the purple states in the interior. Sager notes that a swing of just 70,000 votes in Colorado, Nevada and New Mexico would have cost Bush the last election, and that he lost ground in the Southwest between 2000 and 2004.

The interior West is growing quickly, thanks to refugees from California seeking affordable housing. These Westerners have been voting Republican in presidential elections, but have also gone for Democratic governors. They tend to be economic conservatives and cultural liberals. They've legalized medical marijuana in Nevada, Colorado and Montana. They're more tolerant of homosexuality than Southerners are, and less likely to be religious.

They're suspicious of moralists and of any command from Washington, whether it's a gun-control law or an educational mandate. In Colorado and Utah, they've exempted themselves from No Child Left Behind.

They're small-government conservatives who would have felt at home in the old fusionist G.O.P. But now they're up for grabs, just like the party's principles.

Russia Hints It Won't Back Any Penalties Against Iran (NYT)

By Steven Lee Myers

The New York Times, September 2, 2006

MOSCOW, Sept. 1 — Russia on Friday cast new doubt on the prospects for the Bush administration's efforts to punish Iran for refusing to suspend its nuclear program, even as European leaders expressed wariness at moving quickly to impose sanctions.

In Moscow, officials expressed regret that an Aug. 31 deadline had passed without an agreement by Iran to halt its efforts to enrich uranium that could be used for building nuclear weapons, as American and European officials believe Iran intends to do.

At the same time, Russian officials made it clear that they do not support retaliatory sanctions or other steps to isolate Iran's leadership. That was a view that seemed to be widely shared across Europe, despite public consternation over Iran's defiance of a United Nations Security Council resolution.

Despite weeks of diplomacy and compromise among the Security Council's permanent members — the United States, Britain, France, China and Russia — the resolute deadline set by the Security Council for Iran to halt its nuclear work seemed fairly irresolute once it passed.

Russia's defense minister, Sergei B. Ivanov, said that the issue of sanctions was "not acute," and added that diplomats from the five permanent members and Germany would meet to discuss further steps. France's Foreign Ministry said the meeting was scheduled for next Thursday in Berlin.

Russia's foreign minister, Sergey V. Lavrov, said that Russia favored continued negotiations and not punitive measures, calling into question their effectiveness.

Even though Russia previously joined the other permanent members of the Security Council in setting the deadline for Iran to comply — with the implicit threat of sanctions — Mr. Lavrov left in doubt whether Russia would ever agree to any penalties. His view echoed one heard increasingly here: that sanctions could be a first step toward a new American-led military conflict in the Middle East.

"We cannot support ultimatums that lead everyone to a dead end and cause escalation, the logic of which always leads to the use of force," Mr. Lavrov said, speaking broadly in an address to students at the Moscow State Institute of International Relations.

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At a meeting of European Union foreign ministers in Finland, the Union's chief foreign affairs official, Javier Solana, was quoted as saying that there would now be "a period of talks" over the conflict with Iran, making any discussion of sanctions unreasonable for now.

Other European leaders also expressed eagerness to avoid the immediate imposition of punitive measures, which they fear would worsen the confrontation with Iran.

At a joint news conference in Rome with Prime Minister Romano Prodi of Italy, the French prime minister, Dominique de Villepin, called Iran's response to the international demands "totally unsatisfying," but said it remained possible "to go forward with dialogue."

Mr. Prodi agreed. "If there is a even a small opening to get to the negotiating table," he said, "it should be taken."

United States officials have said no action will be sought against Tehran until after Mr. Solana meets with Ali Larijani, Iran's nuclear negotiator, next week.

"We'll find out in the next several weeks whether we're able to proceed to sanctions," the American ambassador to the United Nations, John R. Bolton, told CNN on Friday. "We're consulting with European countries. What we're going to aim at is the leadership of Iran and the programs involving their nuclear and ballistic missile capabilities."

In Iran, meantime, officials remained defiant, arguing that the country is pursuing a peaceful, civilian nuclear program that it has a right to engage in.

Plane Landing In Northeastern Iran Catches Fire, Killing 29 (NYT)

By Nazila Fathi

The New York Times, September 2, 2006

TEHRAN, Sept. 1 — A plane carrying 147 passengers caught fire while landing in northeastern Iran, killing 29 of the 148 people on board and injuring 47, state-run television reported.

The plane, a Russian-made Tupolev-154, apparently blew a tire while landing in Mashhad, slipped off the runway and burst into flames, Mohammad Javad Mohammadizadeh, the governor of Khorasan Province, told reporters.

"Another explosion went off inside the plane, which caused the fire inside the plane," he said.

"The plane was shaking badly during the landing, then it suddenly lurched to the left," a survivor, Sahar Karimi, told The Associated Press by telephone from a hospital in Mashhad. "Then it caught fire, and all the passengers rushed to the emergency exit," she said.

The plane was completing a flight from the southern city of Bandar Abbas, a major port at the Persian Gulf, to Mashhad, 620 miles northeast of Tehran. All flights to the city were canceled after the crash.

Mashhad is Iran's second largest city and its holiest, the site of the shrine of Imam Reza, the eighth Shiite imam, who Shiites believe was poisoned in the 9th century on orders of the caliph. Every year, the shrine attracts thousands of pilgrims.

Officials said it would take some time to determined the precise cause of the crash. "We still do not know how the accident happened but a group of experts are examining it," said Mehdi Sadeghi, the director of Airtour Airline, the plane's operator, the IRNA news agency reported.

Iran has been plagued by plane crashes in recent years, a record that aviation experts have attributed to the country's aging and outdated planes, most of them secondhand aircraft leased from Russia.

More than 90 people, including 80 journalists, were killed last December when a military plane crashed into a building in Tehran. Another plane crash in January killed 11 people.

Iranian officials say they would like to buy new aircraft from Boeing and Airbus, but are unable to because of the American economic sanctions that govern American-made airplanes and parts. The sanctions were imposed after the Iran hostage crisis more than a quarter century ago.

U.S. Wants Iran To Release Activists (AP)

By Barry Schweid

AP, September 2, 2006

The State Department accused Iran on Friday of detaining at least four student activists and called for their release.

"The Iranian regime's continued efforts to suppress freedom of speech and assembly make clear the hollowness of professed openness to peaceful dialogue and debate," spokesman Sean McCormack said in a statement.

Among those detained, he said, was well-known student leader Ahmed Batebi, who was on parole from a 15-year sentence that resulted from a 1999 crackdown on university students.

In New York, a researcher for Human Rights Watch, Hadi Ghaemi, said several activists had been arrested over the past few weeks and "we are very much concerned about their whereabouts and what charges are being brought against them."

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Ghaemi also said he believed they did not have access to their families or lawyers.

Also, Ghaemi said, a former member of Iran's parliament who also defended human rights, Ali Akbar Mousavi Khoiniha, has been detained since June 12 with no charges brought against him.

"We believe he is being held in solitary confinement with no access to his lawyer," Ghaemi said. "We are concerned that he is being ill-treated and forced to make false confessions."

And a month ago, the Human Rights researcher said, a detained student Akbar Mohammadi died in Tehran's Evin prison under suspicious circumstances.

The State Department said that, besides Batebi, student activists Abofazl Jahandar, Kheirollah Derakhshandi and Jamal Zaher-Poor, among others, had been detained in the past few days.

"The United States is deeply concerned," McCormack said. He called for the release of all those imprisoned in Iran for defending human rights.

U.S. Accuses Iran Of Holding Activists (LAT)

From Times Wire Reports

The Los Angeles Times, September 2, 2006

The State Department accused Iran of detaining at least four student activists and called for their release.

Among those detained, department spokesman Sean McCormack said, was well-known student leader Ahmad Batebi, who was on parole from a 15-year sentence stemming from a 1999 crackdown on students.

An Undemocratic Iran Is Dangerous . . . (WSJ)

By Ali Afshari And Akbar Atri

The Wall Street Journal, September 2, 2006

This weekend, United Nations Secretary-General Kofi Annan is scheduled to visit Iran. The trip is taking place in the context of growing tensions between Iran and the world community over the nuclear issue, and as Iran continues to defy the resolutions of the Security Council. No doubt, resolving this impasse is first and foremost on Mr. Annan's agenda, so as to prevent a potential war against Iran.

Over a decade as two leaders of the student movement, we have worked to focus the attention of the international community on the plight of the people of Iran. We are concerned that the country's nuclear activities may overshadow other subjects that are equally, if not more, important. Unlike the nuclear threat, these issues are affecting the lives of Iranians here and now, as we speak.

In particular, civil and human rights are in dire need of the secretary-general's attention. In his remarks at the inaugural session of the U.N. Human Rights Council, Mr. Annan vowed that as long as he is secretary-general, the U.N. will remain an organization that will place human rights at the center of its work; and no government will ever have the license to violate the rights and the freedoms of its citizens and then expect to hide these violations behind the façade of national sovereignty.

In the one year of his presidency, Mahmoud Ahmadinejad has already created one of the bleakest human-rights records in Iran's recent history. Even as the secretary-general prepared to visit Iran, the regime arrested four leading student activists: Mehdi Makaremi, Jamal Zaherpour, Abolfazl Jahandar and Saeid Derakhshandi. Held in custody since Aug. 19, the authorities have refused to grant visits even to the families of these students. When Mr. Jahandar's father asked to see his imprisoned son, he was told that if he insists too much he may be referred to the morgue. Mr. Jahandar's crimes cannot be any more than being a popular blogger, a prominent leader of the student movement, and the editor in chief of one of the best journalistic Web sites on Iran, called Pooya News. Mr. Derakhshandi's father, a farmer who is at a loss in Tehran dealing with prison authorities, cannot even get the prison officials to grant him a telephone conversation with his son. * * *

Scores of other student activists are languishing in prisons throughout the country. The noose has been tightened around the neck of writers, journalists and bloggers in the past few months -- in their struggle to still remain afloat, they are committing bizarre acts of self-censorship. Satellite dishes are being collected so as to cut off the public's access to the free press and the news of the global community. Women's groups, labor organizations and student groups are not permitted even the most peaceful acts of protest. Women don't have the right to dress as they choose. And to show their respect for the international community, to the very inaugural session of the Human Rights Council where Mr. Annan delivered his historic speech, Iran sent the notorious Chief Justice Saeed Mortazavi, who is known to us as the butcher of the free press. These are the law-enforcement officials of the government with whom Mr. Annan plans to conduct civilized negotiations.

In the nearly three decades since the 1979 revolution, Iranian activists have learned the hard way how essential it is to respect international conventions. We have realized that nothing can be accomplished by radicalism or unilateralism. Our dream is to see an Iran that stays true to the U.N. and its values and covenants. We also believe that all the violent rhetoric of our rulers,

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especially that of President Ahmadinejad, is rooted in our domestic problems. An undemocratic Iran will be a danger to the world, with or without nuclear arms. An Iranian government that has no regards for human rights cannot be a reliable party in any negotiations. Time and time again, these very points have proven true about Iran in the last 30 years. When the regime conducted its political assassinations of Iranian dissidents on European soil, European countries thought this was only the domestic problem of another country -- until terrorism became a global affliction.

As two student activists, we urge Kofi Annan to place the issue of human rights as the top priority on his agenda. His visit happens to coincide with the anniversary of the massacre of political prisoners in 1987, when several thousand were executed in the span of two weeks -- a crime for which the regime has never been held accountable, and whose perpetrators remain in power. We hope that Mr. Annan pays a visit to the Evin prison to lend an ear to the numerous peaceful activists who want nothing but to see Iran join the world community as a credible partner.

Messrs. Afshari and Atri are the founding members of Iranian Students for Democracy and Human Rights.

Reading The Holocaust Cartoons In Tehran (NYT)

By Roya Hakakian

The New York Times, September 2, 2006

THE news of the exhibition of Holocaust cartoons in Tehran took me back to a moment in my childhood. In 1974, his first year at Tehran's Academy for Visual Arts, my brother mounted an exhibition of his own cartoons. The drawings were a novice's best attempt at political satire, but they were enough to alarm my law-abiding father into sending my brother away to America. Our family was never whole again.

Back then, I thought my father had made the decision out of fear of Savak, the shah's intelligence agency. Years later, I realized that it was not really fear but gratitude for all that a Jewish man had been able to achieve in Iran that prompted him to send my brother away.

Born and raised in the largely Muslim town of Khonsar, my father was admitted to the university against all odds, got a master's degree, joined the military as a second lieutenant, went back to his village dressed in the first Western-style suit the locals had ever seen, then moved to Tehran to become a leading educator.

His childhood stories remain the most memorable features of our family gatherings. Once a bad mullah came to Khonsar, intent on making trouble for the Jews; two mischievous Jews drove him out by secretly spraying his prayer mat with liquor. Then there was the time a local fish peddler realized that my father had touched a fish, thereby "dirtying" the whole load. The peddler threw the rest away, providing a feast of free fish to the Jews of the town.

And the best was this: When it rained for eight consecutive days, my grandmother stormed into the office of the school superintendent to protest the rule that Jewish students had to be kept home on rainy days. Moved by my grandmother's plea, the superintendent escorted my father to his classroom, had him sip from a glass of water, then took the glass and gulped down the rest. He turned to the class and said: "If this water is good enough for me, it is good enough for all of you. From now on, Hakakian will come to class in all kinds of weather."

More than any religious instruction, these stories shaped my understanding of what it meant to be an Iranian Jew. In Persia, the land of Queen Esther, whose virtue overcame evil, one could, by wit or by wisdom, overcome every bigot.

President Mahmoud Ahmadinejad's rhetoric about the Holocaust may terrify people who don't know Iran. But those who do, find it, above all, tragic. By resuscitating symbols like the swastika and other Nazi-era relics, he is contaminating the Iranian social realm, where such concepts have scarcely existed. No doubt Jews have been mistreated in Iran throughout their long history, but to a degree incomparable to that suffered by Russian and European Jews.

Throughout its 2,000-year presence in Persia, the Jewish community has helped shape the Iranian identity. Some major Persian literary texts survived the Arab invasion of the seventh century because they had been transliterated into Hebrew. Traditional Persian music owes its continuity to the Jewish artists who kept it alive when Muslims were forbidden to practice it. Yet Iranian Jews have had to hide their identity and restrain its expression.

Of all the pain that Muslim Iranians have inflicted upon the Jews, the most persistent is obscurity. We have always been admired for being "completely Iranian," the euphemism for being invisible, indistinguishable from Muslims. We speak Persian. We celebrate the Iranian New Year with as much verve as the next Iranian. Our kitchens smell of Persian cuisine. At our Jewish festivities, we dance to Persian music. In the United States, we have often angered our American counterparts for not wishing to pray in their temples, because we insist on conducting our services in Persian.

Yet Muslim Iranians, even those who have loved and befriended us, have never known us as Jews: in our synagogues, wrapped in prayer shawls, at our holiday tables recounting the history of our struggles. They lack even the proper vocabulary by which to speak about the Jews: "What shall I call you, 'Kalimi' or 'Johoud?' " they sometimes ask. These words are the Persian

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equivalents of "Jew" and "kike." And occasionally, as if to inflict punishment, they ask: "Do you consider Iran your real homeland?"

Iranian Jews remain obscure to non-Iranian Jews, too. Sometimes they are shocked when I say that my generation was on the streets chanting "Death to the shah!" But 1979 was a blissful, egalitarian moment when young people shed everything that defined them as anything but Iranian.

Four years later, the regime did its best to instate policies and practices hostile to religious minorities. Water fountains and toilets at my high school were segregated, some marked with signs that read "For Muslims Only." But by and large, Iranians were not receptive to such bigotry. We crisscrossed among the stalls until the signs became meaningless.

The post-revolutionary regime has had the misfortune of ruling a people reluctant to embrace its radical message. That is why Iran remains home to the second-largest community of Jews in the Middle East — second only to Israel.

My father barely ventures out of his Queens apartment these days. When my siblings and I scold him for not getting out enough, he says that there is nothing here he wishes to see. "Tell me we're going to Khonsar," he says, "and I'll see you at the door."

Mr. Bush's Nuclear Legacy (NYT)

The New York Times, September 2, 2006

Unless something changes soon, by the end of President Bush's second term North Korea will have produced enough plutonium for 10 or more nuclear weapons while Iran's scientists will be close to mastering the skills needed to build their own.

That's quite a legacy for a president sworn to keep the world's most dangerous weapons out of the hands of the world's most dangerous regimes.

Even if the United States were not tied down in Iraq, military action would be a disaster. Besides, American analysts don't know where North Korea has stashed its plutonium nor what technology Iran might have hidden. Its huge centrifuge plant at Natanz is still nearly empty, and the more threatened Iran feels, the more reason it has to hide its program.

If Mr. Bush has any hope of avoiding this legacy, he will have to give up his dreams of regime change, persuade his battling inner circle he means it and direct Secretary of State Condoleezza Rice to do some real diplomatic horse trading — starting with a clear pledge that the United States will not try to overthrow their governments as long as they give up their nuclear ambitions.

Only in Mr. Bush's go-it-alone world would Ms. Rice get so much outside credit — and so much inside criticism — for her clenched-teeth approach to these negotiations. It's also not working.

Iran defied the Security Council's demand that it stop enriching uranium. The good news is that it is making only slow progress. It is also restricting inspectors' access and refusing to answer questions.

The Bush administration was right to bring Iran before the Security Council. It will have to work even harder to convince Russia and China to impose some punishment. The threat of isolation might have some effect on Iranian politics. But unless the council agrees to cut off Iran's oil exports — not even a tough-talking White House seems ready to pay the political price for even higher gas prices — its leaders are unlikely to be quickly swayed.

It has been months since North Korea and the other members of the six-party talks even sat at the table. When Assistant Secretary of State Christopher Hill proposed going to North Korea to try to jump-start the process, he was told no by his bosses.

The only approach with even the remotest chance of success is to persuade these regimes that they do not need nuclear weapons to ensure their survival, and that there will be real rewards for good behavior.

This doesn't mean ignoring all their other misdeeds. If anything, it should allow the United States to open a wider discussion with them about their mistreatment of their citizens or sponsorship of terrorism or sales of illicit technology.

There is no guarantee that Tehran or Pyongyang will accept such an offer. A serious try by Washington would certainly make it harder for Russia and China and skittish Europeans to oppose sanctions. In Iran's case, it might also start the internal political debate that Mr. Bush has been hoping for — and that his paeans to democracy and saber rattling have failed to produce.

AP: U.S. Envoy To Inspect N. Korea Complex (AP-Y)

By Foster Klug, Associated Press Writer

AP, September 2, 2006

The U.S. envoy for North Korean human rights said he will visit the country this year for the first time to inspect a jointly run North-South industrial complex that he has criticized for exploiting workers.

Jay Lefkowitz has no plans to visit the capital, Pyongyang, but he indicated a trip there to talk with officials in Kim Jong Il's reclusive regime was a possibility some day.

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"I'm not sure that the time is right for that type of contact yet, but it's certainly something that's under consideration," Lefkowitz said Thursday in a telephone interview with The Associated Press.

He said he has had no contact with North Korean officials about a trip to the capital.

When asked whether a visit to Pyongyang would allow the United States to exert more pressure for change in the communist-led country, Lefkowitz said, "I'm not sure. I think that as long as the regime is set on the types of policies that embody it right now, I've got a tough job ahead."

Lefkowitz's appointment a year ago as special envoy to keep tabs on North Korea's human rights activities angered Kim's government. It was one reason North Korea cited for one of numerous suspensions of six-nation talks on ending its self-described nuclear weapons production program.

Diplomats are struggling to resume the on again-off again negotiations, which have been stalled this time since November.

North Korea long has been accused of torture, public executions and other atrocities against its people. But the human rights issue has been overshadowed recently by the North's defiant test launch of seven missiles in early July and by worries that Pyongyang might be preparing a test of a nuclear bomb for the first time.

In May, a group of six North Korean refugees arrived in the United States, the first from North Korea to be given official refugee status since passage by Congress of a 2004 law that makes it easier for North Koreans to apply.

Lefkowitz would not provide specific details about other refugees headed to the United States.

He said he expected "growing numbers" to arrive, however, as word spreads of the first group's success, but he said most defectors probably would settle in South Korea.

It has "taken some time for our policy to evolve," Lefkowitz said. "But I'm comfortable now that our policy is one where we're really quite open to North Korean refugees. It's really just a question of their safe passage once they leave North Korea."

Lefkowitz had planned to tour the North-South industrial complex in the North's border city of Kaesong in mid-July but delayed the trip after the missile tests. He did not have specific dates for when he would travel, only that it would be this year.

"I'm certainly eager to see the working conditions of the work force in Kaesong," he said.

Lefkowitz previously has criticized the complex for a lack of labor rights and for low wages paid through the North Korean government, not directly to the workers.

On Thursday he said, "I don't know that we have enough information — and that's part of the problem — to make an assessment."

He said the Kaesong project, if done right, could allow thousands of North Korean citizens to learn about the outside world from South Koreans at the complex. Kaesong is 40 miles northwest of South Korea's capital, Seoul, just across the 38th parallel truce line that serves as the international border.

"On the other hand," he said, "if the people working there are being shipped in from North Korea to an artificial environment, are being deprived of any kind of contact with the outside world, are being shipped back home and then not even getting their wages directly, then I think it raises some cause for concern."

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On the Net:

CIA World Factbook on North Korea:

https://http://www.cia.gov/cia/publications/factbook/geos/kn.html

Syria Agrees To Lebanon Arms Embargo (NYT)

By Warren Hoge

The New York Times, September 2, 2006

DOHA, Qatar, Sept. 1 — The United Nations secretary general, Kofi Annan, said Friday that President Bashar al-Assad of Syria had pledged to respect an embargo on weapons going into Lebanon and to help secure the border with added guards and a greater liaison with the Beirut authorities.

Mr. Annan said his one-hour talk with Mr. Assad in the presidential palace in Damascus on Friday morning had also produced agreements to open bilateral negotiations on setting up formal diplomatic relations between Syria and Lebanon and on delineating their contested border.

Syria is widely believed, along with Iran, to provide the Lebanese-based militia Hezbollah with money and weapons, and Mr. Annan was asked at an airport news conference in Damascus if he thought the steps he was announcing would succeed in blocking illegal arms shipments.

“I think it can happen,” he replied. “It may not be 100 percent, but it will make quite a lot of difference if the government puts in place the measures the government has discussed with me.”

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A United Nations diplomat said the meeting in Damascus had given the world body new leverage in Syria, a country with which it has had difficult relations.

"The secretary general now has a precise understanding with Mr. Assad on what he is expected to do," said the diplomat, who was not authorized to speak for attribution. "He got what he wanted as concerning commitments. The test is, now, will Assad deliver."

Mr. Assad had no public comment on the meeting, but Walid al-Moallem, Syria's foreign minister, dismissed reports of arms shipments by Syria as "something you read only in the Western media." In an interview, he conceded only that there were incidents of "smuggling."

Israel officials expressed skepticism on Friday that Syria would stop Hezbollah from rearming.

The pledges that Mr. Annan obtained are aimed at shoring up the independence of Lebanon, a country whose politics were long dominated by Syria and whose authority has been undermined by Hezbollah.

The agreements track with the Aug. 11 Security Council resolution that brought a halt to the war between Israel and Hezbollah. Mr. Annan is in the midst of a Middle Eastern trip seeking support for putting the resolution's formula into practice.

Since Monday, Mr. Annan has visited Lebanon, Israel, the West Bank and Syria. He arrived in Qatar late Friday and was scheduled to go to Iran Saturday, where he will meet Sunday with President Mahmoud Ahmadinejad. Further stops include Egypt, Saudi Arabia and Turkey.

Mr. Annan said he had asked Syria to help win the release of three Israeli soldiers — two captured by Hezbollah in a July 12 cross-border raid that set off the war, and one captured in June by Hamas-linked militants in Gaza.

The exiled political leadership of Hamas is based in Damascus.

The United Nations believes a plan under which prisoners on both sides would be freed would open the way toward broader agreements between Israel and Lebanon.

Mr. Annan said he had encouraged Mr. Assad to meet with the Lebanese prime minister, Fouad Siniora, who is backed by an anti-Syrian majority. The Syrian president told him he was ready to do that at any time.

The arms embargo section of the United Nations resolution calls on countries to prevent the sale or supply of weapons to entities in Lebanon without the consent of the government or United Nations peacekeepers. It also calls for Lebanon to "secure its borders and other entry points."

Another passage of the resolution calls for the dismantling of all foreign militias, a reference to Hezbollah. Mr. Annan said, without elaboration, that Mr. Assad had endorsed the Lebanese government's "national dialogue" determination that armed militias be disbanded.

Mr. Annan said Mr. Assad had committed Syria to establishing joint border patrols and control points with the Lebanese authorities.

Mr. Siniora has stationed 8,600 troops along the border, and Germany has arranged to give the Lebanese training and equipment for scrutinizing cross-border shipments.

Mr. Assad's reference signaled that he would not object to this outside assistance. Earlier, he had protested an Israeli suggestion that foreign troops under United Nations mandate assist the Lebanese in patrolling the Syrian border.

Mr. Annan said that Mr. Assad had said he accepted the need to define the Syrian-Lebanese border in principle but had told him it was an issue to be worked out by the two countries.

Syria has long argued that the neighbors do not need diplomatic ties because of their traditional links, prompting Lebanese suspicions that Damascus refuses to acknowledge as fully sovereign the country it controlled until it ended a 29-year troop presence last year.

Annan Wins Syrian Support On Lebanon (FT)

By Quentin Peel In Damascus

Financial Times, September 2, 2006

Kofi Annan, the United Nations secretary-general, won assurances on Friday from Syria's president Bashar al-Assad that his government would support the UN peace plan for Lebanon, and introduce new border controls to stop the flow of arms to Hizbollah militia in the neighbouring country.

The Syrian leader, a key supporter of the Hizbollah movement fighting Israeli troops in southern Lebanon, agreed to establish a system of liaison with Lebanese armed forces and border police, and even consider joint patrols and control points along their common border. But he did not commit himself to any timetable for the action, and continued to insist that Syria would not accept international forces policing the border zone.

The measures were outlined by Mr Annan in an agreed statement, after face-to-face talks with Mr Assad in the Syrian capital.

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At the same time, Syria denies permitting the flow of arms to Hizbollah from its territory. In a separate interview, Walid Moallem, the Syrian foreign minister, insisted that any cross-border traffic was smuggling that could not easily be controlled.

The Syrian assurances amount to an essential step towards implementation of the UN peace plan, but they are likely to be regarded with extreme caution, not least in Israel, until any of the measures have been implemented. Mr Annan told Mr Assad that the UN had evidence of a continuing flow of arms and explosives across the border.

The secretary-general, on a whirlwind tour of Middle Eastern capitals seeking to guarantee implementation of the plan and a lasting cessation of fighting in Lebanon, also asked the Syrian leader for help in obtaining the release of two Israeli soldiers abducted by Hizbollah – the immediate cause of the conflict.

Mr Moallem made it clear, however, that Syria sees moves to restart the wider peace process with Israel as an essential part of the process of ensuring peace in Lebanon – including talks on the withdrawal of Israeli forces from Syria's occupied Golan Heights.

"You cannot convince me that Syria has to fulfil its obligations vis-à-vis this resolution (the Lebanon peace plan), and Israel has not to fulfil its obligations towards another resolution, also agreed by all members of the (UN) Security Council," he said. The latter resolution 242 requires Israel's withdrawal from territory occupied since 1967.

"This resolution is a package," he said. "You cannot be selective." He said Syria had accepted the resolution with the same reservations as the Lebanese government, including opposition to UN peacekeepers disarming Hizbollah fighters.

Disarmament of Hizbollah depended on a national dialogue within Lebanon, he said. In turn, that would require Israeli withdrawal not just from the areas occupied in last month's fighting, but from the disputed Shebaa farms area on the Syrian border.

He said the farms were part of Lebanon, not Syria, and Israeli forces should be replaced by the international peacekeepers. But a final deal on the line of the border would only be possible once Israel agreed to withdraw from the Golan Heights.

Syria Promises To Enforce Arms Embargo (AP)

By Sam F. Ghattas, Associated Press Writer

AP, September 2, 2006

Syria promised Friday to increase border patrols and work with Lebanese troops to thwart the flow of arms to its ally Hezbollah, but Israel questioned whether the Damascus regime would be a "reliable force" in guarding the border.

If carried out, the promises made by Syrian President Bashar Assad to U.N. Secretary-General Kofi Annan would be a major boost to efforts to keep the peace in Lebanon.

Preventing weapons from reaching Hezbollah is a key element of the U.N. resolution that halted Israeli-Hezbollah fighting Aug. 14. The truce also calls for a beefed-up U.N. force of 15,000 soldiers in southern Lebanon and more nations committed troops to the mission Friday.

The U.N. chief said that if Syria follows through in tightening control of the border, peace efforts will be greatly helped. "I have no reason to believe it will not be done," Annan said.

But Israel pointed to Syria's past role in allegedly supplying weapons to the Shiite guerrillas of Hezbollah and said it doubted Assad's regime had really changed its stance.

"Israel does not think that Syria ... has shown any reason to be a reliable force," said Miri Eisin, a spokeswoman for Israeli Prime Minister Ehud Olmert.

She said "numerous rockets and missiles made by Syria and supplied by Syria ... were fired against Israel" by Hezbollah during the 34-day Lebanon war.

Israel wants peacekeepers to also patrol Lebanon's border with Syria, but the U.N. truce does not give them the mandate to do so without permission from the Lebanese government. Israel has said it will not lift its punishing air and sea blockade of Lebanon until the U.N. moves onto the border.

Syria has said the deployment of U.N. troops along the border would be a "hostile" affront, and Annan said Assad repeated his opposition to it during their meeting.

While it remains to be borne out, Syria's vow to help implement the U.N. resolution was Annan's biggest diplomatic feat during an 11-day Mideast tour.

The U.N. chief had little success in Beirut, where Prime Minister Fuad Saniora said Lebanon would be the last Arab country to make peace with the Jewish state, and in Israel, where Olmert rebuffed Annan's call for quickly lifting the blockade of Lebanon.

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Annan emerged from the meeting with Assad, saying the Syrian leader also expressed a willingness to establish diplomatic ties with Lebanon and demarcate the countries' border — a longtime demand of the U.N. and the Lebanese to affirm the end of Damascus' long domination of its neighbor.

Annan also said he asked Syria to "use its influence" to help win the release of three Israeli soldiers held by Hezbollah and militants linked to Palestinians allied with Damascus. Assad said he supported their release, but raised the plight of 16 Syrians detained by Israel in the occupied Golan Heights, Annan said.

Germany's intelligence chief, Ernst Uhrlau, who helped mediate a 2004 prisoner swap between Israel and Hezbollah, arrived in Beirut on Friday, but there was no immediate word on the nature of his mission, Lebanese officials said. There have been reports over the past week of behind-the-scenes mediation by European officials for another such swap.

Assad made no comment after his talks with Annan, and Syrian news reports about the meeting did not address the issues of stopping Hezbollah weapons or relations with Lebanon.

The U.N. chief expressed confidence Lebanese and Syrian troops could halt the flow of Hezbollah weapons over the border without the presence of U.N. peacekeepers.

"I think it can happen. It may not be 100 percent, but it will make quite a lot of difference if the (Syrian) government puts in place the measures the government has discussed with me," Annan said.

He said Syria agreed to boost the number of its own guards along the border, give them more training and establish joint patrols with Lebanese troops "where possible."

That would mark rare cooperation between Syria, whose troops pulled out of Lebanon last year after nearly three decades of domination, and Lebanon, where many people blame the 2005 assassination of former prime minister Rafik Hariri on Damascus.

The Security Council resolution calls on all countries to prevent the sale or supply of weapons to entities in Lebanon without the consent of the Lebanese government or U.N. peacekeepers. It also calls for Lebanon to "secure its borders and other entry points."

It is not the first time Syria promised to tighten its borders. The U.S. has accused Damascus of lax security on the Syria-Iraq border, where Washington says insurgents have poured into Iraq. Syria vowed similarly to boost border patrols and work with U.S. officials, but insurgents are still believed to pass through.

Annan flies Saturday to Iran, Hezbollah's other main backer and a country embroiled in its own fight with the West over the Iranian nuclear program.

Meanwhile, more progress was reported in assembling the U.N. force for southern Lebanon.

The Spanish government agreed Friday to contribute up to 1,100 soldiers, a step that parliament is expected to approve next week.

Israel dropped its objections to Indonesia joining the force, and the two sides were discussing when Jakarta would send 1,000 soldiers, a U.N. official said. Israel had opposed participation by states with which it doesn't have diplomatic relations.

Turkey's government submitted a resolution to its parliament for a vote Tuesday to send peacekeepers despite public opposition to the deployment.

A contingent of 800 Italian soldiers was due in the southern Lebanese city of Tyre on Saturday, the largest contingent to arrive so far to boost the 2,000-peacekeeper force that has been in southern Lebanon since 1978.

Armed with tanks, howitzers and other heavy weapons not normally used by peacekeeping forces, the U.N. troops will back up the Lebanese military, which has already begun moving into parts of the south as Israeli soldiers withdraw.

The combined force is supposed to ensure Hezbollah does not openly have weapons in the area, although the U.N. force does not have a mandate to actively disarm the guerrillas.

Annan Seen As Pivot In Peace Process (FT)

By Quentin Peel In Damascus

Financial Times, September 2, 2006

The streets of Damascus were plastered this week with posters of Syria's most-favoured visitor of the moment - Hugo Chávez, the populist anti-American president of Venezuela.

"Welcome to your country," they shout, in ill-spelt Spanish. The faces of Mr Chávez and Bashar al-Assad, Syria's own autocratic lead-er, beam down, pledging their proud solidarity as fellow pariahs in the eyes of Washington.

There was no sign of any public tribute to the next most prominent guest: Kofi Annan, the United Nations secretary-general, who flew in on Thursday for critical talks aimed at reinforcing the UN peace plan for neighbouring Lebanon. He was clearly less welcome.

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Instead, the other ubiquitous face on billboards and in taxi-cabs is that of Sayyed Hassan Nasrallah, leader of the militant Hizbollah movement. "The two victors," says the slogan over the faces of Mr Assad and Mr Nasrallah. That is how they see the outcome of last month's ruinous conflict between Israel and Hizbollah in Lebanon. Mr Assad wants to share the glory.

As Mr Annan rushes round the Middle East in a whirlwind tour seeking to stop the fighting in Lebanon for good, that is part of his dilemma. He must persuade Israel to end its occupation of southern Lebanon and lift its blockade of the country, to allow reconstruction to begin. But that means stopping the flow of arms - through Syria - to Hizbollah, and persuading the militia to release the two Israeli soldiers it abducted in July, precipitating Israel's ferocious response. The Arab street cannot see why Hizbollah should be disarmed at all.

Yesterday Mr Annan seemed nevertheless to have won an assurance from Mr Assad: that Syria will back implementation of the UN peace plan, reinforce border patrols to stop the flow of arms and even co-operate with the Lebanese army and police. Mr Assad said he was ready to resume diplomatic relations with Lebanon and help free the two Israelis - although he wants both Lebanese and Syrian prisoners to be freed by Israel in exchange.

Mr Assad's assurances will be treated with caution, not least by UN officials. He has made promises before and failed to deliver. But this time he has the full force of a unanimous Security Council resolution obliging him to act. Everything will depend on implementation.

The problem for Mr Annan is that every element is interconnected in this Lebanon peace plan, both in substance and timing. No one wants to move first. And behind it lie all the unresolved issues of the Arab-Israeli peace process, including the Israeli occupation of Palestinian land and Syria's Golan Heights.

The secretary-general is an unlikely figure to be banging heads together in the capitals of the Middle East, seeing heads of state in nine countries in 10 days. Yet he seems driven by twin incentives to turn the disaster of the war in Lebanon into a lasting peace, for the region as a whole.

On the one hand, the UN's chief civil servant is filling a vacuum. Washington cannot act as an impartial referee. This is a diplomatic exercise that might normally have been performed by a US secretary of state, but Condoleezza Rice is forbidden by her president from visiting Syria or Iran. The continuing chaos in Iraq, and US refusal to restrain Israeli bombing of civilian targets in Lebanon, have further undermined the US role. The secretary-general has Ms Rice's blessing.

At the same time, Mr Annan seems driven by a determination to restart the Middle East peace process before he retires in four months' time. The Lebanon initiative was his. If he can make it last, it would provide a real legacy.

After nearly a week on the road, progress is desperately slow. Israel has refused to lift its blockade until dis-armament of Hizbollah is assured and its soldiers released. Mr Assad has made helpful noises, but will he deliver? The next most difficult stop will be Tehran, where the secretary-general will meet President Mahmoud Ahmadi-Nejad, the man who has called for Israel to be "wiped off the map".

In Jerusalem, Mr Annan was challenged about how he - a public servant - could stoop to shake the hand of such a man. He said: "I have no other means of influencing people except through dialogue, through persuasion and through honest discussion. I have no weapons."

In a region with a surfeit of soldiers, it makes him the odd man out.

Annan Says Syria Ready For Lebanon Ties (AP)

By Zeina Karam, Associated Press Writer

AP, September 2, 2006

Syrian President Bashar Assad told the U.N. secretary-general Friday that his government is prepared to establish formal diplomatic relations with Lebanon and delineate the border, steps Syria has resisted for six decades.

Many in Lebanon expressed skepticism, saying Assad's promises to U.N. chief Kofi Annan would likely remain just talk unless international pressure mounted on Damascus.

For Syria, the step would be seen as recognition that its decades-long domination of its smaller neighbor is truly over after crumbling the last year.

Many Lebanese suspect Syria has never really accepted Lebanon's independence and remains angry that parts of their country were carved out of the former Syrian province of the Ottoman Empire in 1920.

Annan reported Assad's statement after a meeting in Damascus. Assad made no public comment.

"These are nice, sugarcoated words," Lebanese Druse leader Walid Jumblatt, a virulently anti-Syrian politician, told Al-Arabiya television. "... (W)e know the Syrian double-talk. They say one thing to international envoys and implement another thing on the ground."

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Nicolas Nassif, an analyst with the Lebanese newspaper Al-Akhbar, said he suspected Assad was just posturing. "If Assad was serious about responding to international resolutions, we would have seen Syria improving its relations with Lebanon a long time ago," he said.

Earlier this year, the U.N. Security Council passed a resolution sponsored by the United States, France and Britain that urged Syria and Lebanon to agree on their border and establish diplomatic relations.

Syria said previously that it did not object to defining the border but wanted that to take place at a later stage because of the current tensions between Damascus and a Beirut government dominated by anti-Syrian politicians.

Assad also said earlier this year that Syria did not object to establishing diplomatic relations with Lebanon, but added that no foreign power could impose such ties and that it was something to be discussed between the two neighbors.

"Syria has always said, before and after the U.N. resolution, that it has no problem in demarcating the border and establishing diplomatic ties when the timing is right," said George Jabbour, a Syrian legislator and political analyst.

He said Syria has long acknowledged and accepted Lebanon's independence.

But since 1943, when Syria and Lebanon gained independence from France, Damascus has sidestepped formal links with Beirut, saying their relationship was so close they didn't need diplomatic relations.

Syria's army dominated its neighbor since soon after Lebanon's civil war began in 1975, and by the time the war ended in 1990, Damascus controlled Lebanese politics.

That situation continued until the February 2005 assassination of former Lebanese Prime Minister Rafik Hariri, which many in Lebanon blamed on Syria. International pressure, coupled with mass anti-Syrian demonstrations in Beirut, forced Syria to pull out its troops. Anti-Syrian politicians then won control of parliament and the government.

Syria Pledges To Halt Weapons (WT/AP)

By Sam F. Ghattas, Associated Press

The Washington Times, September 2, 2006

DAMASCUS, Syria -- U.N. Secretary-General Kofi Annan said yesterday that Syria has pledged to step up border patrols and work with the Lebanese army to stop the flow of weapons to Hezbollah.

Mr. Annan also said that he had asked Syrian President Bashar Assad to use his nation's influence to help win the release of three Israeli soldiers held by Lebanese and Palestinian militants allied with Damascus.

Mr. Annan said Mr. Assad promised at a meeting in Damascus that Syria will boost the number of its guards along the Lebanon-Syria border and establish joint patrols with the Lebanese army "where possible."

Israel has insisted that the international force be stationed along the Syrian border, although Mr. Assad has warned that such a presence would be considered hostile.

Mr. Annan said Mr. Assad restated "Syria's objection to the presence of foreign forces along the Lebanese-Syrian borders."

The U.N. chief spoke with reporters at the Damascus airport before departing for Qatar. Mr. Assad made no public comments after the meeting.

The Aug. 11 resolution that halted fighting between Israel and Hezbollah calls on countries to prevent the sale or supply of weapons to entities in Lebanon without the consent of the Lebanese government or U.N. peacekeepers. It also calls for Lebanon to "secure its borders and other entry points."

Syria promised to "undertake as soon as possible" measures to increase its number of border guards and give them additional training and equipment, Mr. Annan said. Syria also will establish liaisons with the Lebanese armed forces, border police and international personnel "in order to set up an effective interdiction regime," the secretary-general added.

Asked whether such measures would succeed in blocking arms shipments to Hezbollah, Mr. Annan replied: "I think it can happen. It may not be 100 percent, but it will make quite a lot of difference if the government puts in place the measures [it] has discussed with me."

Miri Eisin, a spokeswoman for Israeli Prime Minister Ehud Olmert, questioned whether Syria could provide a reliable force, saying the country helped finance and arm Hezbollah during the recent conflict.

Mr. Annan has said the expanded U.N. Interim Force in Lebanon (UNIFIL) would not disarm Hezbollah. He called the issue a matter for the Lebanese to decide.

The Spanish government said yesterday it planned to send 1,100 troops to Lebanon. France, Belgium and Poland also are offering troops to the U.N. force.

Germany is considering sending up to 2,000 troops, mainly navy personnel, to join the U.N. mission, press reports said.

Meanwhile, a U.N. official in New York said Israel has dropped its objections to Indonesia's contribution to the U.N. force, and the two sides are discussing when Jakarta would send a promised 1,000 troops.

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Israel had objected to participation on the force by the world's largest Muslim nation because it does not have diplomatic ties with Israel.

Italian Troops Arrive In Lebanon (AP)

By Todd Pitman

AP, September 2, 2006

Italian soldiers began arriving Saturday in Lebanon, part of the first large contingent of international troops dispatched to boost the U.N. force keeping the peace between Israel and Hezbollah guerrillas.

Italian marines wearing blue berets arrived by helicopter in the Mediterranean port city of Tyre to secure two beaches where the remainder of an 880-strong battalion of Italian soldiers will land through the day. Another 200 Italian troops are expected Sunday in the capital, Beirut.

International troops have been slow to arrive in Lebanon since an Aug. 14 cease-fire brought an end to 34 days of fighting between Israel and Hezbollah, in part because it took time to hammer out details over the troops' mandate.

Besides the Italian contingent, just 250 extra French soldiers have made it to the country, though France has said it will send a total of 2,000 troops.

Also Saturday, Indonesia's Foreign Minister Hassan Wirajuda announced his country will send up to 1,000 troops to southern Lebanon by the month's end, after Israel dropped objections to its participation in the force. Israel had said it did not want Indonesia to take part because the predominantly Muslim nation did not have relations with the Jewish state.

The 2,000-strong U.N. force is to be expanded over the next few months to 15,000 under a U.N. Security Council resolution that paved the way for the cease-fire. The peacekeepers are supposed to deploy with an equal number of Lebanese soldiers across south Lebanon as Israeli forces withdraw from positions they invaded last month, leaving behind a buffer zone between Israel and Hezbollah.

The presence of more U.N. troops in Lebanon may help assuage fears of a renewal of hostilities between Hezbollah and Israel. But the peacekeepers will stay out of the most sensitive issues, both demanded by Israel: disarming Hezbollah and keeping the guerrillas from receiving fresh arms, especially via Lebanon's border with Syria.

U.N. Secretary-General Kofi Annan has said UNFIL will not disarm Hezbollah or police the Syrian border, and would only carry out those tasks if the Lebanese government asks them to. Hezbollah has vowed not to lay down its weapons and its fighters have melted away into the civilian population. Syria strongly opposes any international forces along its border.

Europe is providing the backbone of the force and has promised 6,900 soldiers for UNIFIL. Italy's contribution of 2,500 troops is the largest, second to France's 2,000, the first battalion of which is due in Lebanon Sept. 10.

An advance team of 29 Spanish soldiers arrived Wednesday in Beirut on a reconnaissance mission to prepare a larger contingent that could number up to 1,000 if Spain's Parliament approves the deployment, Ivanko said.

Italy's Defense Ministry said its troops will include marines, engineers, military police and other specialists, as well as 158 vehicles including trucks and amphibious tracked vehicles.

The force will move 12 miles inland to an area temporarily assigned to it by the U.N. Interim Force in Lebanon known as UNIFIL, the ministry said. Italian commanders have said the troops are likely to be deployed in and around Tyre.

France will initially lead the force, but Italy will take command of UNIFIL next year.

France is deploying heavy armor that French defense officials say will include Leclerc tanks, surface-to-surface artillery, short-range anti-aircraft missiles and radar — unusually heavy weapons for a peacekeeping force.

U.N. member states are given wide freedom to supply their missions the equipment as see fit. Still, peacekeeping deployments don't normally deploy such heavy equipment — though the U.N. has required nations to in some hot spots, as in Congo, where it has attack helicopters in use.

The truce between Israel and Hezbollah has held overall, minor clashes and an Israeli raid into Lebanon have been reported. The war began when Hezbollah guerrillas kidnapped two Israeli soldiers in a cross-border raid that provoked a fierce response from Israel, which invaded Lebanon and sent warplanes to bombard roads, bridges and homes across the country in daily airstrikes.

UNIFIL was created in 1978 to monitor the withdrawal of Israeli troops who invaded Lebanon the same year. Its troops have been helpless to stop repeated bouts of violence in south Lebanon, acting mainly as impotent observers.

Indonesia To Send Soldiers For U.N.'s Force In Lebanon (NYT)

By Jane Perlez

The New York Times, September 2, 2006

DOJ_NMG_0058218

JAKARTA, Indonesia, Sept. 1 — Indonesia said Friday that it expected to send a contingent of 1,000 soldiers to join the United Nations peacekeeping force in southern Lebanon, even though Israel had earlier objected to its participation.

Israel's opposition to Indonesian troops has softened, said Dino Djalal, the foreign policy adviser to President Susilo Bambang Yudhoyono.

"My latest information is that Israel has or will state or indicate they do not object to their participation," he said.

In early discussions about a peacekeeping force, Israel said it would oppose the participation of soldiers from Muslim countries that did not have diplomatic relations with Israel, a position that appeared to bar soldiers from Indonesia, Malaysia and Bangladesh.

In Tel Aviv, Mark Regev, the spokesman for the Israeli Foreign Ministry, couched Israel's position in a way that fell short of outright rejection. "We think all countries who want to contribute should have relations with both sides, with us and with Lebanon," he said.

An Israeli Foreign Ministry official said Friday evening that while there might yet be an agreement with Indonesia on sending troops, "matters are still not finalized."

In voicing their concerns, Israeli officials have said that countries that do not formally recognize Israel would have difficulty in dispatching soldiers who would be even-handed.

But in talking about the participation of Muslim countries, Israeli officials have said they regard some Muslim countries in a more positive light than others.

They noted that the former Israeli prime minister Yitzhak Rabin visited Indonesia in 1992 and that Israel sent relief aid to Indonesia after the tsunami in December 2004. Wahid Abdurrahman, the former Indonesian president, visited Israel twice in the 1990's when he was the leader of one of Indonesia's largest Muslim organizations.

At the United Nations, peacekeeping officials said they regarded Indonesia and Malaysia as strong participants in past peacekeeping missions and were moving ahead with plans to incorporate soldiers from both countries. Malaysia has also offered 1,000 troops for the force.

The world's most populous Muslim country, Indonesia is considered moderate in its religious outlook, and its soldiers have served in 30 United Nations peacekeeping operations, including two in the Middle East.

For the Indonesians, the dispatch of troops to the high-profile peacekeeping assignment in Lebanon is seen as a prestigious role, particularly as the military adjusts to a less powerful role at home after the collapse in 1998 of the authoritarian regime of Gen. Suharto.

Mr. Yudhoyono has promoted Indonesia's participation as part of an effort to promote himself as a leader with a presence in international affairs, a position that past Indonesian presidents, including General Suharto, avoided.

Indonesia plans to send one battalion and one engineering platoon, Mr. Djalal said. Final details of the deployment were being worked out at the United Nations headquarters in New York. "Once that's done, they are ready to go," he said.

Israel has voiced harsher reservations about troops from Malaysia, which it regards as less friendly toward it than Indonesia is.

Spain to Send 1,100 Troops

MADRID, Sept. 1 (AP) — The Spanish government agreed Friday to contribute up to 1,100 troops to the United Nations peacekeeping force in Lebanon and to lead one of its multinational brigades.

The decision, made at a weekly cabinet meeting, is expected to be approved by Spain's Parliament in a vote next Thursday.

Deputy Prime Minister María Teresa Fernández de la Vega said that, if the mission is approved, Spain will immediately send marines to Lebanon. They would be replaced in November by other Spanish troops, who will take command of a multinational brigade, she said.

Israeli Defense Chief Agrees To Independent Inquiry Into Lebanon War (NYT)

By Steven Erlanger

The New York Times, September 2, 2006

JERUSALEM, Sept. 1 — Bowing to rebels in his own Labor Party, Defense Minister Amir Peretz of Israel called Friday for a full independent inquiry into the recent war in Lebanon, changing his previous position and putting him publicly at odds with Prime Minister Ehud Olmert.

Mr. Olmert, of the Kadima Party, declared earlier in the week that such an investigation, which would be conducted by a state commission appointed by the Supreme Court, was unnecessary. Instead, he announced two government-controlled investigations, one into the military's performance and one into the government's, while the country's comptroller general would take a look into the preparations and performance of local government officials.

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Mr. Peretz, elected head of the Labor Party not long before the March 28 elections, was considered an unlikely defense minister, and his own performance during the war has been widely criticized, with many calling for his resignation. He appointed a panel, headed by an aide and former general, to look into the military's performance, and was widely criticized for trying to control the inquiry.

Mr. Peretz then halted the work of his own panel and appeared to back Mr. Olmert. Labor, with 19 of Parliament's 120 seats, is a junior partner in the government with Kadima, which has 29 seats. But senior members of Labor, some of whom opposed Mr. Peretz, a former trade-union leader with a limited military background, have seen a chance to tame him or even pull him down. They have pressed him to support a full state inquiry, which he has now done.

They have also pressed Mr. Peretz to push for more social spending than Mr. Olmert wants, especially given the need to increase the military budget and to try to carry out Mr. Olmert's own plan for political salvation — the rehabilitation and modernization of northern Israel and the Negev.

Mr. Olmert, needless to say, was reported by Israeli news media to be less than happy with Mr. Peretz's change of position. Olmert aides, without being named, were quoted as saying that Mr. Peretz had caved in to political pressure and was again showing his inexperience.

But Mr. Olmert does not want to break apart the coalition now and call new elections that he is almost sure to lose in the immediate aftermath of the war. He is reportedly talking to Avigdor Lieberman, whose right-wing, Russian-immigrant-based party did well in the elections, about joining the government. Now that Mr. Olmert has shelved his plan for a new pullout of settlers from the West Bank — which his advisers insist is temporary — he and Mr. Lieberman have fewer differences. But Mr. Lieberman is reluctant to prop up a government that is not expected to last more than a year.

Mr. Peretz may not last as Labor leader, either. A senior Labor figure, Infrastructure Minister Benjamin Ben-Eliezer, criticized Mr. Peretz on Friday for "zigzagging in his stance" on the Lebanon war. "I don't understand what you're scared of and why you're capitulating to pressure," Mr. Ben-Eliezer said in a Labor Party meeting, according to Israel radio. "This is a mistake."

Tourism Minister Isaac Herzog, of the Labor Party, also criticized the idea of a state commission, calling it "a recipe for paralysis," while another senior Labor figure, Ophir Pines-Paz, minister of science and technology and a steady critic of the war, praised Mr. Peretz, "who, after deliberation, chose the correct position."

Mr. Peretz said, "I have reached the conclusion that in order to maintain equal standards for all, to maintain transparency of examination, to maintain the feeling of confidence between the public and the examination process, it is appropriate that we go toward a state commission of inquiry."

Despite Mr. Peretz's switch, Mr. Olmert is expected to have little trouble getting approval from the full cabinet for his own government commissions.

In Stockholm on Friday, foreign donors pledged nearly $500 million in aid for the Palestinian territories, but only $57.8 million was earmarked for a United Nations appeal to help Palestinians most in need. Sweden promised $7.7 million to rebuild a Gaza power station whose transformers were destroyed by Israel.

Jan Egeland, the United Nations relief coordinator, called Gaza "a ticking time bomb" and described Palestinians as "living in a cage." He said that in the 25 years in which he had visited Palestinian lands, "I've never seen so much hatred and bitterness as during my last visit there." Israel says it must control the border crossings, which are often shut, because of security threats. Israeli troops are back in Gaza to try to secure the release of a soldier captured June 25.

In a separate meeting, donors pledged $940 million for Lebanon.

The European Union foreign ministers, meeting in Finland, called for a revival of the Middle East peace process, and its foreign policy chief, Javier Solana, said Europe would be willing to talk to a Palestinian unity government, even if it included members of Hamas.

The Palestinian president, Mahmoud Abbas, is trying to form such a government between his own Fatah faction and Hamas, which runs the Palestinian Authority. Hamas has refused demands from the United States, Europe, Russia and the United Nations to recognize Israel's right to exist, forswear violence and accept previous Israeli-Palestinian agreements. As a result, significant budgetary aid has been cut off, and Israel has refused to hand over tax and customs receipts.

Mr. Abbas hopes that a unity government, even if Hamas leads it, will open up the aid spigot. Europe had agreed with Washington not to talk to any members of Hamas, which is considered a terrorist group.

Europe is also trying to promote new peace talks based on Israel returning roughly to its pre-1967 boundaries except for land swaps — essentially what Bill Clinton was trying to achieve as president. The Arab League is trying to revive its plan that calls for recognition of Israel if it gives up all territory occupied in 1967, including East Jerusalem.

Israel says it sees no basis for renewed talks so long as the Palestinian Authority is run by Hamas and Palestinian militant groups are not disarmed.

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Olmert, Israeli Defense Minister Clash Over War Inquiry (LAT)

By Ken Ellingwood

The Los Angeles Times, September 2, 2006

Peretz's call for an outside panel is likely to cause tension within the governing coalition.

JERUSALEM — Israeli Defense Minister Amir Peretz broke with Prime Minister Ehud Olmert on Friday by calling for an independent probe of their government's handling of the recent war in Lebanon — their first serious disagreement since becoming coalition partners four months ago.

Olmert and Peretz have come under intense public criticism for the less-than-decisive outcome of the conflict, which ended Aug. 14 with a cease-fire after 34 days of fighting. The clash over the nature of an inquiry is sure to produce tension within the governing alliance led by Olmert and his centrist Kadima Party and could sow deeper divisions.

Peretz, who leads the left-leaning Labor Party, joined critics in his party in calling for an independent state commission to look into how Israel's leaders performed during the war. He had been under pressure to come out against Olmert's plan to name an ad hoc government panel that critics said would be too pliant.

A panel backed by Peretz would be headed by a judge and carry significant authority to conduct an investigation and recommend changes, including the dismissal of top-level officials. Such commissions have been named to review previous wartime controversies, including Israel's role in the massacres of Palestinians in Lebanon's Sabra and Chatilla refugee camps in 1982.

Olmert's proposal appears likely to gain Cabinet approval, even though Peretz and several other Labor ministers are against it.

With public dissatisfaction high in Israel and protesters calling for the resignations of Olmert, Peretz and army Chief of Staff Lt. Gen. Dan Halutz, the shape of a future inquiry has become politically charged.

Critics accused Olmert of attempting a whitewash in proposing his own examination of the government's conduct, which would be led by a former chief of the Mossad spy agency.

Olmert, who has characterized the military campaign as a victory while conceding shortcomings, said a full-blown investigation by an independent state commission could take years and that Israel needed to make any needed reforms quickly.

Olmert said a separate panel would look into the army's role.

The effect of the disagreement on the coalition's future remains unclear. For now, the prime minister and Peretz share an interest in keeping it together.

Labor is Kadima's biggest partner; without it, Olmert would have to reach out to right-wing and religious parties to keep a parliamentary majority. Peretz, a former union leader, brought Labor into the alliance to press for territorial concessions in the West Bank and boost government spending for social welfare.

Peretz, who gained the defense minister's job despite lacking a military background, faces an array of dissenters within his party who have seized on lapses during the Lebanon conflict to step up challenges to his leadership. Israeli commentators said he might see a formal state inquiry as the best way to rescue himself.

His rivals in Labor have accused him of abandoning the party's emphasis on government help for the needy. A showdown over the national budget for next year could prove a more serious challenge to the alliance with Kadima.

Public support for Olmert and Peretz soared during the early days of the fighting but has plummeted since the war with Hezbollah militants stopped. Army reservists have staged protests, complaining that the army suffered from conflicting orders and a lack of basic equipment and water. Protesters have constructed a mock graveyard outside Olmert's offices, using cardboard cutouts to represent Israeli soldiers killed during the conflict.

There has been speculation in the Israeli media that Peretz might be shifted from the defense minister's job to another post, such as finance minister.

ken.ellingwood@latimes.com

U.N. Names Panelists To Probe Israel's War Conduct (LAT/AP)

The Associated Press

The Los Angeles Times, September 2, 2006

GENEVA — The U.N. Human Rights Council on Friday appointed a Brazilian diplomat, a Tanzanian judge and a Greek professor to a commission investigating whether Israel committed systematic human rights abuses in Lebanon during recent fighting with Hezbollah militants.

The commission was created last month by the council, which condemned Israel for what it called "massive bombardment of Lebanese civilian populations" and other human rights violations.

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The panel is composed of Brazil's Joao Baena Soares, former secretary-general of the Organization of American States; Mohamed Chande Othman, who sits on Tanzania's supreme court; and Stelios Perrakis, a professor of international studies and a member of the Council of Europe, the continent's human rights monitoring body.

The United Nations rights council voted 27 to 11 on Aug. 11 to initiate the inquiry. European countries, Japan and Canada voted against the move, primarily arguing that it lacked balance in failing to mention Hezbollah's possible violations. The U.S. is an observer and has no vote on the 47-member council.

Under the resolution, the three panelists will investigate the "systematic targeting and killings of civilians by Israel," according to the commission's resolution. The commission will also examine the types of weapons Israel used and their conformity with international law.

Itzhak Levanon, Israel's ambassador to the U.N. in Geneva, reiterated his criticism of the council for making a distinction "between the suffering and deaths occurring in different countries" by not naming Hezbollah in the resolution.

Israeli officials have said the actions in the war against Hezbollah were in accordance with recognized norms of behavior during conflicts and with relevant international law.

The fighting began July 12 after Hezbollah guerrillas based in southern Lebanon kidnapped two Israeli soldiers in a cross-border raid. Israel responded with an air campaign and later a ground offensive. Hezbollah fired thousands of rockets into northern Israel. Hundreds of Lebanese and scores of Israelis were killed in the fighting.

Palestinians Begin To Direct Blame Inward (LAT)

By Ken Ellingwood, Times Staff Writer

The Los Angeles Times, September 2, 2006

Discontent with the Hamas-led government festers among its many long-unpaid workers.

RAMALLAH, West Bank — Abdelmohsen Radwan has gone unpaid for the last six months of work. His list of who is at fault grows with each new household debt, and Palestinian officials rank high.

Radwan, a legal advisor in the Palestinian Authority Economy Ministry, blames the international community for cutting aid. He holds the Hamas-led government responsible for not paying tens of thousands of civil servants since February. And he is disappointed in President Mahmoud Abbas for not figuring a way out of the mess.

"They are all responsible in the end," said Radwan, 54, as he sweated in the midday heat along with hundreds of other government workers who gathered outside Abbas' office this week to demand their pay.

The growing public disenchantment over unpaid wages has triggered threats of a walkout by most of the 165,000 public employees. The protest began early today when more than 30,000 public school teachers sat out, disrupting the first day of classes. Many other public employees joined in, and thousands more were scheduled to strike on Sunday.

Many unpaid employees already no longer go to their jobs because they cannot afford to commute by bus or taxi. Others continue showing up at ministries that have no money or supplies to carry out their projects.

Even in advance of the threatened strike, the Palestinian government had sunk into near-paralysis.

"The government before Hamas' victory functioned well in one respect — paying the salaries. Now that is gone, too," said Samir Awad, chairman of the political science department at Birzeit University near Ramallah. "Signs of life are difficult to find, even if one tries."

Government salaries sustain nearly a third of the population, and most schools and hospitals are staffed with civil servants. So the lack of paychecks has a spillover effect into most aspects of daily life.

The United States and European Union consider Hamas a terrorist group. The group's charter calls for the destruction of Israel, and it refuses to renounce violence or to honor Israeli-Palestinian agreements.

After Hamas won a majority in parliamentary elections in January, the U.S. and Europe halted direct aid to the Palestinian Authority. In addition, Israel has withheld about $50 million monthly in customs and tax revenues that it collects on behalf of the Palestinian government under a long-standing economic agreement.

This summer, Israel stepped up the pressure, arresting more than two dozen Hamas lawmakers and Cabinet members in the West Bank, including parliament Speaker Aziz Dweik, Deputy Prime Minister Nasser Shaer and Finance Minister Omar Abdel Razek.

Israel began the arrests after Palestinian militants from the Gaza Strip entered Israel through a cross-border tunnel June 25 and captured an Israeli soldier, Cpl. Gilad Shalit.

Israeli and U.S. officials have said they hoped the cutoff of money and other moves would eventually cause the Palestinian public to turn against Hamas. That may now be happening.

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Palestinians are becoming impatient. Polls have shown a drop in support for the Hamas-led government, and many disappointed Palestinians who initially blamed the United States and Israel for the funding cutoff are directing their anger at their own elected leadership.

"Until recently, the public was not blaming the government at all," said analyst Ghassan Khatib, a former Palestinian planning minister. "I think there is some change toward blaming collectively the government, the presidency and the donors. The public places all these groups in one basket."

A gathering sense of desperation has led some Palestinians to question the need for the Palestinian Authority, which was created in 1994 as a product of the Oslo interim peace accords with Israel.

Some have suggested a wider international role in directly managing Palestinian affairs.

"People are starting to think that, 'What's the use of this Authority? It's nothing,' " said Ramez Muhtadi, an aide to the Palestinian parliament whose work producing publications in English has come to a halt because of the lack of money. "This feeling is getting stronger by the increase of pressure on the government."

A few sporadic payments to workers of about $350 from Abbas' office have done little to ease the damage, Muhtadi said. "It's like a sedative," he said.

Getting rid of the Palestinian Authority appears unlikely at this point, because doing so could be read as an admission that Palestinians have failed to govern themselves and aren't ready for an independent state.

For now, calls are growing for Hamas to form a unified government with Abbas, of the once-dominant Fatah movement. Abbas returned to Gaza this week to resume talks with Hamas and other parties.

Hamas has so far been unwilling to give up the prime minister's spot held by Ismail Haniyeh, and it remains unclear whether Abbas could persuade the group to temper its stance toward Israel sufficiently to meet Western demands for a resumption of aid.

"We all know that the key to breaking the deadlock [over] the help of the donor community is the program of the government," said Saeb Erekat, a Fatah lawmaker who is the chief Palestinian negotiator and a close Abbas ally. "Without doing these things, even with Mother Teresa as prime minister, we'd still have these problems."

But some analysts and Palestinian officials say that beleaguered Hamas leaders may now be ready to yield a bit.

"I think Hamas, like everybody else, is realizing that there is no alternative to a national-unity government," said Ziad abu Amr, an independent lawmaker from Gaza City who often serves as a mediator between Hamas and Fatah.

Abu Amr noted, though, that Hamas' solid parliamentary majority, with 74 of the 132 seats, gives it a strong claim to the prime minister's job.

"It's going to be difficult to go on without a Hamas prime minister," he said.

Fatah loyalists detected a possible shift in Hamas' tone in a newspaper column this week by Ghazi Hamad, Hamas' government spokesman. In blunt language, Hamad directed Palestinians to examine themselves, and not just Israel, in assigning responsibility for living conditions in Gaza that he called "desperate, sad and a failure."

Hamad, a former Hamas newspaper editor, blamed prideful gunmen, jealous clans and "the virus of laziness" for fostering a climate in which the streets were dangerous and dirty and the government was largely powerless to impose order.

"I say, have a little mercy on Gaza. Have mercy on it from your demagogy, from your chaos, from your uncontrolled guns, from your thugs. Have mercy on it from your infighting and one-upmanship. Let it live a little and breathe a little," Hamad wrote in Al Ayyam, traditionally a Fatah organ.

Hamad, who said the piece reflected only his personal sentiments, did not criticize the Hamas leadership.

Getting Hamas to shift its positions may be complicated by internal tensions, chiefly between its leaders in the West Bank and Gaza Strip and the exiled head of the group's political bureau, Khaled Meshaal, who is based in the Syrian capital, Damascus.

Meshaal tends to voice a more strident line on Israel than do local political leaders, including Haniyeh, and he could torpedo any deal they make with Fatah that appears to depart from the group's longtime rejection of the Jewish state.

But Awad, the Birzeit University professor, is one of those who says the Palestinians must find a way to break the political stalemate.

He calls for creation of an emergency government, made up solely of political independents, to navigate the tricky straits ahead.

"Maybe some desperate measures need to be taken, with no guarantee whatsoever they will work," he said. "But maybe they will improve our chances a little bit."

ken.ellingwood@latimes.com

$500 Million Pledged For Palestinian Aid (WT/AP)

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By Mattias Karen, Associated Press

The Washington Times, September 2, 2006

STOCKHOLM -- A group of donor countries and international organizations yesterday pledged to send nearly $500 million in aid to the Palestinians, saying the humanitarian situation in the Gaza Strip turned critical while the world focused on halting a monthlong war in Lebanon.

Only 10 percent of the donations pledged at an aid conference in Stockholm were to be channeled through the United Nations, raising concerns that sizable sums may go straight to the Hamas-led Palestinian government shunned by the West since it took power in March.

Carin Jamtin, Sweden's aid minister and the host of the conference, called the donations "a fantastic result" but expressed disappointment that so few pledges were made to the U.N. appeal.

Only $55 million was given toward the U.N. emergency appeal that had been the focus of the conference, while Egypt and some other countries made sizable donations that organizers said would be given directly to the Hamas-led Palestinian Authority.

The United States, the European Union and other world donors cut off hundreds of millions of dollars in direct aid and cash transfers to the government after Hamas took office, leaving the Palestinian Authority unable to pay salaries to most of the 165,000 public workers.

Civil servants demanding wages largely unpaid since March plan to stop work from today, which could paralyze government operations.

Conditions in Gaza worsened after Israel launched a large-scale military offensive in the tiny coastal strip at the end of June in response to a raid by Hamas-allied militants who tunneled under the Gaza-Israel border, attacked an army post and captured an Israeli soldier.

Hamas, which has killed hundreds of Israelis in suicide bombings and other attacks, is considered a terrorist group by the United States, the European Union and Israel.

Mohammad Mustafa, a top adviser to moderate Palestinian Authority President Mahmoud Abbas, said it did not matter how the money was distributed, "as long as it is assistance that gets to the people."

No Hamas representative attended the conference.

The biggest donation -- $250 million -- came from Saudi Arabia.

Meanwhile, the European Union said it has begun paying "social allowances" to 625,000 Palestinians left unpaid because of the government's financial crisis.

U.S. Makes A Push For U.N. Action On Burma (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, September 2, 2006

The United States moved yesterday to formally add Burma to the agenda of the U.N. Security Council, potentially exposing the Southeast Asian nation, which is ruled by a military junta, to international condemnation for human rights violations and other abuses.

John R. Bolton, U.S. ambassador to the United Nations, said he sent a letter to the council's president, Greek Ambassador Adamantios Vassilakis, requesting that Burma fall under the council's scrutiny because the junta's behavior threatens regional peace and security.

Bolton and other U.S. officials said they are confident they have the necessary nine votes, among the 15 council members, to add Burma to the agenda. China in particular has opposed the move -- and could veto any potential resolution -- but U.S. diplomats, including Secretary of State Condoleezza Rice, have worked relentlessly in recent months to line up the votes. Opponents of Security Council action have argued that the venue is appropriate only for threats to international peace and security, not human rights violations.

Burma, also known as Myanmar, is regarded as one of the world's most repressive nations. The National League for Democracy (NLD), the party of Aung San Suu Kyi, the 1991 Nobel Peace Prize laureate, won a landslide electoral victory in 1990 that the military leadership refused to accept. She has been repeatedly held in confinement since then.

After the junta extended Suu Kyi's detention for another year, NLD Chairman U Aung Shwe and Secretary U Lwin wrote U.N. Secretary General Kofi Annan a letter dated June 1 saying "we believe that there is no alternative except some actions of the Security Council." They wrote that a spreading AIDS epidemic and severe repression of ethnic groups who spill over into neighboring countries have threatened the stability of the region.

The administration's success was aided by the fact that many of Burma's neighbors -- which in the past have strongly opposed adding a Southeast Asian nation to the Security Council docket -- have increasingly soured on the junta. Indonesia

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Foreign Minister Hassan Wirayuda said last week that the other nine members of the Association of Southeast Asian Nations have told Burma that they will no longer defend it if brought before the Security Council. "You must defend yourself," he said.

"Even Burma's friends have abandoned it," said Tom Malinowski, Washington advocacy director for Human Rights Watch.

Malinowski, who said he "has been waiting 17 years for this moment," said he gave the Bush administration "high marks for their diplomacy on this issue," because when the effort began in earnest a year ago, there was little support in Asia or other parts of the world for tackling Burma's problems. "They said it couldn't be done," he said.

Another key player was Archbishop Desmond Tutu, the South African Nobel Peace Prize winner, who met with Rice in May to press for a binding U.N. Security Council resolution calling on the Burmese military junta to release Suu Kyi and other political prisoners and halt a counterinsurgency campaign that is targeting civilians. Tutu has campaigned around the world for Security Council action, likening the struggle in Burma to the fight against apartheid.

US Pushing To Have Myanmar Issue Put On Formal Security Council Agenda (AFP-Y)

AFP, September 2, 2006

The United States has moved to put the issue of political repression and human rights abuses in Myanmar formally on the agenda of the Security Council this month, its ambassador to the UN said.

John Bolton told reporters he sent a letter to the incoming president of the council, Greek Ambassador Adamantios Vassilakis, asking that Myanmar be added to the agenda of the council "because of the threat to international peace and security that the policies and actions" of the ruling military junta in Yangon.

Washington has led efforts to force Yangon change its repressive policies and notably release democracy icon Aung San Suu Kyi, who has been under house arrest for most of the last 17 years.

Myanmar in May extended her detention for another year, defying an international outcry demanding freedom for the 61-year-old Nobel peace laureate.

Her National League for Democracy party won 1990 elections but was never allowed to rule. Its offices have been shut down by the junta, which has also locked up many other party members.

Bolton recalled that the Security Council heard two briefings from UN Under Secretary General for Political Affairs Ibrahim Gambari last December and in June on Myanmar.

But the issue was not formally put on the agenda because of opposition of some countries, notably veto-wielding council members China and Russia.

Bolton said the United States was now confident of getting enough support within the council to prevail in a vote to have the issue formally entered on the agenda.

"This is we think an important step because of the consequences of what the Burmese regime has been doing and we will be seeking to have that formal addition to the agenda made in the next few weeks," Bolton said.

"Our judgment now is that the issue is sufficient ripe that unless we get unanimous agreement we are prepared to ask for a vote and we think at this point we would have a sufficient number of supporters within the council to put it on the agenda," he added.

The US envoy said he had no immediate plan to introduce a draft resolution but said his move was meant to force a discussion of Myanmar in the council in the face of opposition from China and Russia.

Early last month, US President George W. Bush signed legislation renewing economic sanctions on Myanmar to signal his "serious concern" about the military regime there, the White House said.

The legislation, anchored on the Burmese Freedom and Democracy Act of 2003, extends by three years a US ban on imports from Myanmar.

The United States halted new investments to Myanmar in 1997 and imposed bans on financial transactions and imports in 2003. Visa restrictions on officials from the military junta and affiliated groups have also been implemented.

The US State Department has also spotlighted human rights abuses, notably branding the military-run southeast Asian nation as among the world's worst offenders for trafficking in humans. The military has ruled Myanmar since 1962.

U.N. Accuses Official Of Corruption (AP-Y)

By Nick Wadhams, Associated Press Writer

AP, September 2, 2006

A United Nations investigation has concluded that a U.N. official took kickbacks such as low-cost apartments for steering lucrative contracts to a company from his native India.

DOJ_NMG_0058225

The investigation claimed that Sanjaya Bahel, who was formally an official in the Indian government when he was working for the U.N. under contract, used his relationship with a wealthy Indian businessman and his son to steer the deals to the company they represented, Telecommunications Consultants India Ltd.

The confidential report detailing the investigation's findings found Bahel refused to act on complaints that the company denied payment to employees in peacekeeping missions worldwide despite repeated claims they did not have enough money to eat. The report was shown to The Associated Press.

Bahel vehemently denied the claims and said the U.N. only notified him of them Thursday.

"To me, the allegations are not correct," he told the AP. "I have good reasoning and valid reasoning to counter those."

In the report, TCIL acknowledged "some responsibility for the severe problems" in contracts with the U.N. and blamed the Indian businessmen Bahel had contact with, Nanak Kohli, and his son Nishan Kohli. Neither man could immediately be reached for comment.

According to the report, Bahel had a longtime relationship with the Kohlis, who were on the guest list for his son's 2002 wedding. In 2003, Bahel rented two side-by-side New York apartments from them at rates well below the market and later bought the apartments, where he now lives, at a favorable price, it said.

J.L. Kachru, general manager of TCIL, said the company does not have any contact with Bahel.

"We haven't heard anything from the United Nations so far," he said.

The allegations spelled out in the report are the latest in a string of claims of fraud in the procurement department, which is responsible for awarding millions of dollars in contracts to do business with the U.N. worldwide. Details were also reported in Friday's editions of the Italian business newspaper Il Sole 24 Oro.

Bahel was chief of commodity procurement for the U.N. from 1998-2003. From 1999-2004, TCIL received more than $100 million in U.N. contracts, the report said.

It claimed that Bahel ignored evidence that TCIL wrongly withheld money from employees sent to U.N. peacekeeping missions in places such as Liberia, Congo and Kosovo to do communications work. While the workers claimed they were only getting a pittance — sometimes as little as $5 for daily expenses — the money enriched another company associated with the Indian businessman and his son.

After learning the details of Bahel's case were about to be made public, the U.N. issued a statement through spokesman Stephane Dujarric on Thursday that it had suspended an unidentified male staffer and charged him with misconduct. Bahel confirmed to the AP late Thursday that he was that staffer.

Dujarric said the staffer is now being given an opportunity to respond, which is an essential element in the U.N.'s system of internal justice.

"Evidence in this case has also been shared with the prosecutorial authorities of the host country," he said.

A U.N. diplomat confirmed the evidence was shared with the U.S. Attorney for the Southern District of New York, which has been investigating allegations of fraud in the procurement office for several months. The diplomat spoke on condition of anonymity because he was not authorized to discuss the case. A spokeswoman for the prosecutor had no immediate comment.

Navtej Sarna, spokesman for the Indian Ministry of External Affairs, said he was not aware of Bahel's suspension or the allegations against him and would look into it before making any comment.

Bahel could face charges including wire fraud and conspiracy.

The report was compiled by the Procurement Task Force, formed in January to pursue allegations of fraud in the procurement department. Many of the claims arose in the wake of the U.N. Oil for Food scandal.

The father and son refused to speak with the task force.

Sudan Gov't Launches Darfur Offensive (AP-Y)

By Henry Meyer, Associated Press Writer

AP, September 2, 2006

The Sudanese government has launched a major offensive against rebels in war-torn Darfur, human rights activists and African Union officials said Friday.

The fighting, which Human Rights Watch said has involved government aircraft bombing villages, began as a senior U.S. envoy was in Khartoum to press the government to accept the deployment of U.N. peacekeepers in the western region.

Sudan on Thursday rejected as "illegal" a U.N. Security Council resolution paving the way for the replacement of 7,000 ill-equipped African Union peacekeepers in Darfur with more than 20,000 U.N. troops and police.

Government troops Monday attacked and later occupied Kulkul, a rebel-held village north of Darfur's provincial capital el Fasher, David Buchbinder of Human Rights Watch said by telephone from New York, citing local reports. Two other rebel-controlled villages have since reportedly fallen under government control.

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An African Union official in Khartoum, Sam Ibok, said more than 20 civilians have been killed and more than 1,000 have been displaced since major clashes started early this week according to reports from the affected areas.

He said that these northern areas were a "no-go" zone for AU forces and therefore he had no precise information.

International observers in north Darfur reported that civilians attempting to flee the attacks in Kulkul were turned back by Sudanese government troops, Human Rights Watch said.

Sudanese officials could not be reached on Friday, a weekend day, to comment on the reports. Rebel commanders did not answer calls.

The AU force has been unable to stop the humanitarian catastrophe in Darfur that has killed more than 200,000 people and left more than 2 million displaced over the past three years.

The conflict in Darfur began in 2003 when ethnic African tribes revolted against the Arab-led Khartoum government. The government is accused of unleashing Arab militiamen known as janjaweed who have been blamed for widespread atrocities.

A May peace deal signed by the government and one of the ethnic African rebel groups operating in the region has had little effect.

The African Union has called for the U.N. to take control of the peacekeeping force, whose formal mandate expires on Sept. 30.

But Sudan's President Omar Al-Bashir has maintained steadfast hostility to the presence of the U.N. force, instead offering to send 10,000 government troops to Darfur.

U.N. Secretary-General Kofi Annan on Thursday released a letter he had sent to Al-Bashir urging him to accept a U.N force in Darfur, saying only an impartial peacekeeping force could implement the May peace deal.

Annan also expressed alarm over the recent deployment of large numbers of Sudanese troops in Darfur.

Eric Reeves, a professor from Smith College in the United States who is a prominent campaigner for an end to the Darfur conflict, said he had information that Minni Minnawi, leader of the only rebel faction to sign the peace deal, was collaborating with the government offensive. Two other Darfur rebel groups have refused to sign.

He said his contacts told him thousands of troops and janjaweed militias, backed by Antonov planes, have carried out bombing missions and taken control of three villages north of el Nasher, Kulkul, Bir Maza and Sayeh.

"They are bombing villages without any regard for civilians," he said. "It is more genocidal violence. The end game is to take full control of northern Darfur and isolate the rebels."

John Prendergast, an expert from the International Crisis Group, a global think-tank, was in Darfur until the end of last week and said the government offensive was provoking spiraling violence and reduced humanitarian access to the region.

Earlier this week, the U.N.'s top humanitarian official, Jan Egeland, warned "a man-made catastrophe of an unprecedented scale" loomed within weeks in Darfur unless the Security Council acted immediately.

Egeland said there could be hundreds of thousands of deaths if aid operations collapsed. The operations are already at grave risk because of rising attacks against aid workers and massive funding shortfalls.

Head Of VOA Agency Defends His Record (WT/AP)

By Associated Press

The Washington Times, September 2, 2006

The chairman of the agency that oversees Voice of America and other U.S. overseas broadcasts defended his record yesterday against accusations of misconduct and vowed to stay on the job.

Kenneth Y. Tomlinson, chairman of the Broadcasting Board of Governors, flatly disputed accusations in a State Department inspector general's report that he hired a friend as a consultant and overbilled for his time.

Mr. Tomlinson said the consultant, Lee Daniels, was a 35-year veteran of the Voice of America whom he first met in 1982 and asked VOA to bring him back from retirement.

"He is qualified in putting stuff on the air and he knows more about how the VOA works than most senior executives," Mr. Tomlinson said upon his return from an international broadcasting conference in Berlin.

"He is not a neighbor. He is not a political friend. I do consider him a friend."

On overbilling accusations, Mr. Tomlinson said that while critics argue that the law limits him to pay for 130 days a year, "everyone knows we are treating this as a full-time job."

And so, Mr. Tomlinson said he billed for eight hours a day even when he often worked many more hours.

A summary of a report by the State Department's inspector general was released Tuesday.

On Wednesday, Andy Fisher, spokesman for the Senate Foreign Relations Committee, said the panel had taken no action to recommend approval or disapproval of President Bush's renomination of Mr. Tomlinson in January 2005 while the investigation was under way "and does not intend to now." His term expired in 2004.

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Under the 1994 law that created the board, Mr. Tomlinson can remain at his post until a successor is confirmed.

Mr. Tomlinson said that is what he intends to do. And he said he was prepared to answer any questions put to him by congressional Republicans and Democrats.

"I am very proud of my record," he said.

Among accomplishments he cited were obtaining funds for U.S. satellite television broadcasting to Iran and expanded broadcasts to Afghanistan.

"We would not have satellite television to Tehran if we had not done what I did in 2003 with the help of Congress and the administration," Mr. Tomlinson said.

There are four hours of telecasts to Iran daily, repeated three times a day, and round-the-clock television to the Arab world. Mr. Tomlinson said he helped to get the initial funding.

Reps. Howard L. Berman and Tom Lantos, California Democrats, and Sen. Christopher J. Dodd, Connecticut Democrat, said in a statement earlier this week that they were outraged by what has emerged from the investigation that they requested last year.

They said in a letter to Mr. Bush that the results of the investigation left no doubt that Mr. Tomlinson had violated the public trust and Mr. Bush's own ethical standards.

"We urge you to immediately remove Mr. Tomlinson from his position and to take all necessary steps to restore the integrity of the Broadcasting Board of Governors," they wrote.

No Exit Date From Blair, Who Tells Critics To Stop 'Obsessing' (NYT)

By Alan Cowell

The New York Times, September 2, 2006

LONDON, Sept. 1 — After a summer of grumbles about Tony Blair, Britain's political season got under way Friday to a familiar libretto: The prime minister said he would not be quitting any time soon; his adversaries within his own party said he should.

In an interview published in The Times of London, Mr. Blair castigated his foes and told them to stop "obsessing" about the possible duration of his tenure and "get on with the business of government." His remarks drew renewed protests from Labor legislators and labor unionists urging Mr. Blair to set a timetable for his departure. The bookmaker company William Hill shortened the odds on Mr. Blair's resigning in 2007.

The timing of Mr. Blair's remarks was significant. Later this month, he faces the annual conference of his Labor Party, now in its ninth year of office and showing signs of the third-term fatigue to which British administrations have often been heir. The divisions within the party have deepened, particularly over Mr. Blair's close alliance with President Bush in dealings with the Muslim world and what has been depicted by critics as a tilt toward Israel in the latest war.

Some among his foes had urged him to use the conference to announce a schedule for redeeming a two-year-old pledge to step down as Labor Party leader — and thus as prime minister — before the next national election, to be held by 2010.

But Mr. Blair declined to commit to a formal schedule. "I've said I won't fight another election,'' he told The Times of London.

He added, "If people want stable and orderly change they should not keep obsessing about it in the meantime, but instead, get on with the business of government."

The debate reflects a concern among some Laborites that Mr. Blair has become an electoral liability and should make way for his anointed successor, Gordon Brown, the chancellor of the exchequer. "If an election was run tomorrow," said Tony Woodley, a prominent labor union leader, "Labor would be most likely to lose."

He declared, "The sooner we do it the better now."

The calls for Mr. Blair's departure come from within his own party. The opposition Conservatives, buoyed by a recent poll showing they command 40 percent of the vote, seem happy to bide their time. The Conservative strategy suggests that they are focusing on burnishing the image of their leader of nine months, David Cameron.

While Mr. Blair debated his future, Mr. Cameron spent Friday burnishing his ecological credentials, addressing a joint news conference with an environmental group and urging the creation of a new law on climate change.

Mr. Brown has not recently been embroiled in the succession debate.

The extent of support for the Labor rebellion against Mr. Blair is difficult to gauge, as the contest over his future is generally fought out in surreptitious background briefings by the protagonists or their champions. Currently, the word from such oracles is, according to The Guardian on Friday, that Mr. Blair wants another year or so and would announce a timetable for his departure before the local elections set for next May, then quit during the summer.

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David Blunkett, a former cabinet minister, urged Labor supporters to give Mr. Blair time to orchestrate his departure in a leisurely and "perfectly civilized way."

"We have got three and a half years before the general election, and I am absolutely certain discussions have taken place with very, very senior colleagues ensuring that there will be a lengthy period before that general election date had to be chosen," he told BBC radio.

Mr. Blair's standing at home has been damaged by his decision to lead Britain into an unpopular conflict in Iraq and by seeming to be an excessively pliant junior partner in his dealings with Mr. Bush.

During the summer he ignored demands from his followers to urge an immediate cease-fire in Lebanon or label Israel's military tactics as disproportionate. Some critics also questioned his decision to remain in the Caribbean while Britain went through one of its highest security alerts after the discovery of what the police called a conspiracy to bomb trans-Atlantic airliners.

But he has spoken dismissively of those who demand a schedule for his departure, effectively challenging them to show their hand or be silent before the Labor Party conference.

"I really think it is absurd for the people who say we must stop this continual speculation about the leadership to continue to speculate about it," he told The Times of London. "I have done what no other prime minister has done before me. I've said I'm not going to go on and on, and said I'll leave ample time for my successor."

Blair Sparks Backlash Over Departure Date (FT)

By James Blitz And Jean Eaglesham

Financial Times, September 2, 2006

Tony Blair on Friday triggered a sharp backlash from Labour MPs and trade union leaders after declaring he would not tell this month's party conference when he intends to quit Downing Street.

Mr Blair is widely expected to stand down next summer after a decade in office - an expectation that was confirmed by some of the prime minister's closest allies on Friday night.

However, Mr Blair has taken the view that he would immediately destabilise his premiership, and prompt calls from his enemies that he should resign immediately, if he were to announce his future departure date at the party conference this month.

In a newspaper interview on Friday, Mr Blair called for an end to speculation over when he would quit. "I've said I'm not going to go on and on and on - and said I'll leave ample time for my successor," he stated. "Now at some point I think people have to accept that as a reasonable proposition and let me get on with the job."

But MPs and trade union leaders attacked Mr Blair's decision to keep the date vague. Many argued that continuing uncertainty over the leadership would damage Labour at the hands of the Conservative party.

Andrew Smith, a former cabinet member close to Gordon Brown, said "debilitating" uncertainty over the leadership would cause "widespread concern amongst the public, as well as amongst Labour party members."

Tony Woodley, general secretary of the Transport and General Workers Union, said Labour was drifting "further and further" down the polls and that a timetable for Mr Blair's departure was essential. "We just can't carry on with the confusion."

Mr Blair's aides said it would take time for the prime minister's decision not to publicise a date to sink in, and that there were signs many MPs respected his decision.

Mr Blair's decision nevertheless triggered anger from allies of Gordon Brown, who want to see as much as clarity as possible over the next year's expected handover of power to the chancellor.

The danger for Mr Blair is he now risks upsetting moderate Labour MPs who are concerned that the party will look directionless - and slump further in the polls - unless there is clarity over his intentions.

Mr Blair faces a specific threat from Welsh Labour MPs, who on Friday said they wanted a new party leader in place before next May's regional assembly elections. Welsh MPs may make a united call before this month's conference for Mr Blair to announce a departure date.

Some Blair loyalist MPs - among them some of the 2005 intake of new members - were also dismayed by the prime minister's decision. Sarah McCarthy-Fry, MP for Portsmouth North, said Labour was "stuck in this quagmire and we cannot get out of it because everything swings back to the leadership."

Data Highlight Eurozone Turnround (FT)

By Ralph Atkins

Financial Times, September 2, 2006

The eurozone economy grew even faster than previously reported in the first half of this year, but fresh signs of a slowdown in coming months are emerging, data released on Friday suggested.

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Gross domestic product in the first quarter of 2006 was revised up to show a growth rate of 0.8 per cent. With eurozone growth having accelerated to 0.9 per cent in the second quarter – faster than in the US and left unrevised on Friday – the data highlighted the economic turnaround in the 12-country region after years of sluggish growth.

The data suggest that even upwardly revised European Central Bank growth forecasts might prove pessimistic, economists said. The ECB said this week that it expected 2006 growth within a range with a mid-point of 2.5 per cent – which would be the fastest rate since 2000. Eurostat, the European Union's statistical office, had previously reported 0.6 per cent growth in the first quarter.

"There is a lot less slack in the system than was previous thought – which is important from a central bank point perspective," said Jacques Cailloux, economist at Royal Bank of Scotland.

The robustness of growth, driven by investment, lay behind the ECB decision this week to signal that further increases in its main interest rate were in the pipeline. Another quarter percentage point rise to 3.25 per cent is expected on October 5. In contrast, the US Federal Reserve has paused in its interest rate tightening campaign.

Eurozone investment leapt by 2.1 per cent in the second quarter. However, consumer spending remained weak, rising by just 0.3 per cent, reflecting the extreme reluctance of German shoppers to open their wallets.

At the same time, purchasing managers' indices suggested that eurozone growth peaked at the middle of the year, and remains vulnerable to a slowdown in the US economy.

The eurozone manufacturing PMI fell from 57.4 in July to 56.5 in August, according to NTC Economics and Royal Bank of Scotland, which release the survey. That was consistent with weakest manufacturing growth for five months.

Mr Cailloux said the slowdown in export sales revealed in the survey "indicates that the region is far from immune to a slowdown in foreign demand".

Nevertheless the manufacturing PMI remains high by recent standards and most economists believe economic growth will remain relatively robust for the rest of this year before a sharper slowdown next year, largely the result of a planned three percentage point rise in German VAT.

A possible weak spot might prove to be Italy, which is regarded as facing the biggest competitiveness challenge among the main eurozone economies. Italy's manufacturing PMI fell to a seven-month low in August.

Japan's Likely Next Premier In Hawkish Stand (NYT)

By Norimitsu Onishi

The New York Times, September 2, 2006

TOKYO, Sept. 1 — Shinzo Abe, the nationalist politician who is expected to become Japan's next prime minister, said Friday that Japan should revise the pacifist Constitution imposed on it by the United States.

He made the statement as he formally declared his candidacy for the presidency of the governing Liberal Democratic Party, a post that would give him the prime ministership. Mr. Abe, the chief cabinet secretary, also said Japan should seek a larger role in the world and further strengthen its alliance with the United States.

"As the next L.D.P. president, I'd like to take the lead to put revision of the Constitution on the political agenda," Mr. Abe said at a regional party convention in Hiroshima.

"I'd like to draft a new Constitution with my own hands," he added.

The current war-renouncing Constitution, which was drafted by Americans during their occupation of the country after World War II, does not allow Japan to possess a real military.

Mr. Abe is almost certain to succeed Prime Minister Junichiro Koizumi, who according to party rules will retire later this month. The Liberal Democrats control the lower house of Parliament, which chooses the prime minister.

Two other politicians have declared their candidacy in the party election of Sept. 20: Taro Aso, the hawkish foreign minister, and Sadakazu Tanigaki, the finance minister, who has emphasized repairing Japan's strained relations with China and South Korea.

But polls indicate that neither has a chance of mounting a serious challenge against Mr. Abe, who remains the leading choice of the general public and, more important, the party lawmakers and members who will cast the votes.

Japan has been adjusting in recent weeks to Mr. Abe's apparently inevitable victory, especially since his most serious challenger, Yasuo Fukuda, a veteran lawmaker, decided against running earlier this summer.

Mr. Koizumi is said to have long favored Mr. Abe, whom he appointed as the chief cabinet secretary, the government's second most visible position after prime minister. Recently, as Mr. Koizumi's interest in government seemed to wane in his last weeks in office, Mr. Abe appeared to have already grabbed the baton.

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His image as Mr. Koizumi's heir apparent was further solidified after North Korea tested long-range missiles in early July. The perceived threat from North Korea played to Mr. Abe's strengths as a hawk, and he wasted no time in suggesting that Japan, a pacifist nation, should debate whether it should acquire the military capacity for a pre-emptive strike.

At 51, Mr. Abe would become postwar Japan's youngest prime minister and the first born after World War II. He is considered politically inexperienced compared with his two rivals, having held no cabinet position until his current one.

Until a few years ago Mr. Abe was known among voters mainly for being the son of Shintaro Abe, a Liberal Democrat who almost became prime minister, and the grandson of Nobusuke Kishi, a cabinet member during the war, who was imprisoned as a Class A war crimes suspect but was never tried and who became prime minister in 1957.

But Mr. Abe shot to political stardom by taking a hard-line stance against North Korea, which admitted in 2002 that it had kidnapped several Japanese citizens in the 1970's and 1980's. By articulating popular anger — fanning it, critics say — against the North, Mr. Abe developed an image of strong leadership that helped increase his popularity.

Experts predict that Mr. Abe will hew to Mr. Koizumi's domestic and foreign policies. Like Mr. Koizumi, Mr. Abe has taken a hard stance against China and South Korea, which have refused to hold summit meetings with Japan because of Mr. Koizumi's annual visits to the Yasukuni Shrine, the memorial where Japan's war dead are enshrined along with top war criminals.

Mr. Abe, who has staunchly supported the visits, is regarded in Japan more of a hard-liner than Mr. Koizumi. Unlike Mr. Koizumi, who has accepted the validity of the Tokyo trials in which Japan's wartime leaders were judged, Mr. Abe has not.

Mr. Koizumi led efforts to change the Imperial Household Law to allow women to ascend the imperial throne. Mr. Abe is widely known to have opposed the proposal.

Over the years, Mr. Abe has supported nationalist scholars in their efforts to revise school textbooks that they say overemphasize Japan's wartime misdeeds.

In foreign policy, Mr. Abe has emphasized building stronger ties with Australia, India and other countries that he says share values of democracy and human rights with Japan — comments that have been interpreted as putting distance between Japan and China.

Like Mr. Koizumi, Mr. Abe has said strengthening Japan's alliance with the United States will, more than anything else, guarantee Japan's prosperity. "The Japan-U.S. alliance is the most important thing for our country's diplomacy and national security," he said Friday.

I.M.F. Board Supports Giving China And 3 Others Bigger Voices On Policy (NYT)

By Steven R. Weisman

The New York Times, September 2, 2006

WASHINGTON, Sept. 1 — The International Monetary Fund's executive board, responding to appeals by the United States, has taken a step toward giving more of a voice to China and three other developing countries in setting policy on global economic matters, the fund announced on Friday.

The fund said that the board also endorsed a two-year process that would eventually give more weight to economic growth and performance as criteria for apportioning voting rights on the fund, but details remain to be worked out.

Besides China, the countries that would get a bigger share of voting rights are Mexico, South Korea and Turkey. These and other expanding countries could see their influence increase even more at the end of the two-year process, fund officials said.

Votes on the board's decisions are expected later this month in Singapore at the annual meeting of the International Monetary Fund and the World Bank. Treasury Secretary Henry M. Paulson Jr. is planning to attend the sessions.

The United States has pressed for a greater voting share for the fast-growing countries of Asia, South America and parts of Europe to make them more involved in the fund's main task of bailing countries out of financial crises.

The Bush administration has also sought a greater share for China because it wants the fund to play a more aggressive role in monitoring capital flows and any possible cases of currency manipulation by member countries.

The administration has complained that China has kept the value of its currency, the yuan, artificially low to make its exports cheaper to people paying in dollars. Partly as a result of its effort to keep the yuan from rising, China has amassed nearly $1 trillion in dollar-denominated reserves.

Timothy D. Adams, the under secretary of the Treasury for international economics, welcomed the board's move on Friday.

Rodrigo de Rato, the fund's managing director, said, "The executive board's decision represents an endorsement of fundamental reform that will enable the fund to evolve to meet the challenges of a changing global economy."

The changes were small but seen as symbolically significant. China's share of the votes at the I.M.F., which has 184 members, would climb to 3.719 percent from 2.98 percent. The voting weights of South Korea, Mexico and Turkey would jump

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by even smaller amounts. The United States has about 17 percent of the voting rights and the European Union has about 23 percent.

Protest Keeps Fox From Giving State Of The Union Speech (NYT)

NY Times, September 2, 2006

James C. McKinley Jr.

MEXICO CITY, Sept. 1 — Leftist lawmakers who have charged that fraud marred the presidential election in July staged a protest inside Congress that prevented President Vicente Fox from making his final state of the union speech to lawmakers on Friday, ending a tense day of political brinksmanship here.

Federal riot police and soldiers had sealed off the Mexican Congress with miles of steel fence and water cannons to protect Mr. Fox from thousands of leftist protesters camped out in the city's center.

The president had vowed he would give his last state of the union message, despite threats from the leftist candidate, Andrés Manuel López Obrador, and his followers to stop him.

At the last minute, however, Mr. López Obrador backed down. In front of at least 5,000 supporters in the capital's central square, Mr. López Obrador, the former mayor of this sprawling city, told his followers it would be a mistake to confront the barricades and riot police surrounding Congress. He said the "fascist" government of Mr. Fox would seize on any clashes between the police and protesters to justify the brutal repression of his movement.

"We are not going to fall into any trap, we are not going to fall into any provocation," he told the crowd, which had waited through a rainstorm to hear him speak. "Only those who are not in the right resort to force and violence, and we are in the right."

Mexican Lawmakers Block Fox's Speech (WP)

Washington Post Foreign Service

Washington Post, September 2, 2006

Opposition Seizes Control of Chamber

Manuel Roig-Franzia

MEXICO CITY, Sept. 1 -- In a historic rebuke, opposition lawmakers seized control of Mexico's congressional chamber Friday and blocked President Vicente Fox from delivering his final State of the Nation address.

Fox, who was adorned in Mexico's green-red-and-white presidential sash, stood awkwardly in the chamber's foyer for nearly 10 minutes before conceding that he had no chance of entering. Surrounded by bodyguards, he was handed a microphone. He quickly said that he would leave and gave a copy of his speech to a legislative official.

The lawmakers who commandeered Mexico's congressional building are aligned with the Democratic Revolutionary Party, or PRD, and its candidate, AndrÃ©s Manuel LÃ³pez Obrador, who is demanding a full recount of the July 2 presidential election results.

After giving up, Fox turned and left the building with his wife, Martha Sahagun, who had donned an evening gown for the occasion. Fox smiled and nodded, while Sahagun chatted with the crowd that formed around them outside the building, which had been ringed by riot fencing and was guarded by 6,000 police officers. Then they disappeared into a waiting sport-utility vehicle.

The bizarre scene played out live on national television in Mexico, where a dispute over the results of the election to replace Fox has brought massive protests and chaos to Mexico City's downtown.

Opposition Seizes Mexico's Congress (AP)

AP, September 2, 2006

Julie Watson

MEXICO CITY -- Opposition lawmakers seized the Mexican Congress' podium last night, preventing outgoing President Vicente Fox from giving his final state-of-the-nation address and stoking an already inflamed electoral crisis.

More than 100 members of the leftist Democratic Revolutionary Party of presidential candidate Andres Manuel Lopez Obrador stormed the podium shortly before Mr. Fox was scheduled to address the legislature, refusing to budge as they chanted and waved flags.

With Mexico soaked in election-fueled tension, many worried that Mr. Fox's speech could spark violence, both from legislators and supporters of Mr. Lopez Obrador, who had massed in the Mexican capital.

Hours before the scheduled address, however, Mr. Lopez Obrador, who lost by less than one percentage point to conservative Felipe Calderon, canceled a march to the Congress aimed at preventing Mr. Fox from entering the building. Mr. Lopez Obrador has claimed massive fraud in the election and has led a raucous two-month protest.

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More than 6,000 riot police with steel fences and attack dogs guarded the Congress' building yesterday and streets and subway stations surrounding the it were closed. Residents had to show identification before being allowed into their neighborhoods.

Leftists Block Fox's Final State Of The Nation Address (LAT)

LA Times, September 2, 2006

Héctor Tobar, Sam Enriquez

MEXICO CITY — More than 150 shouting leftist legislators stormed the dais at a joint session of Congress on Friday to prevent President Vicente Fox from delivering his final State of the Nation speech, a bold protest that heightened the crisis surrounding Mexico's disputed presidential election.

Fox, wearing his presidential sash as he was blocked from reaching the lectern, handed a copy of his address to congressional officials at a door leading to the legislative chambers as the lawmakers chanted slogans and held signs accusing him of stealing the July 2 election on behalf of conservative candidate Felipe Calderon.

Although such speeches in the chamber have been disrupted in the past by opposition protests, including by Fox before he took power, it is the first time legislators have forced a Mexican president to forgo delivering a State of the Nation address to Congress.

"Given the actions of a group of legislators who make it impossible for me to deliver the message I have prepared for this occasion, I am leaving the chambers," Fox said via a remote microphone moments after handing over his prepared text.

Castro Shows Marked Recovery During Meeting With ChÃ¡vez (WP/AP)

By Anita Snow, Associated Press

The Washington Post, September 2, 2006

HAVANA, Sept. 1 -- Cuban leader Fidel Castro, looking notably better than he did when last seen almost three weeks ago, happily greeted Venezuelan President Hugo ChÃ¡vez during a brief visit Friday aired on state television.

"Brother!" the 80-year-old Castro said from his sickbed, his face lighting up as ChÃ¡vez entered the room where he was recuperating and gave him a warm embrace.

"Gentleman of the heroic resistance!" the Venezuelan president responded with a smile to his good friend and ally.

"What joy!" Castro said after sitting up on his bed. "A million thanks!"

ChÃ¡vez has now visited Castro three times since the Cuban leader announced on July 31 that he had undergone intestinal surgery and was provisionally ceding power to his brother, RaÃºl Castro, the defense minister. The specifics of Castro's ailment and the nature of his surgery have been treated as a state secret.

Castro, dressed in red pajamas, appeared much more animated and alert on the video than in those made when ChÃ¡vez made his first post-surgery visit to the Cuban leader on Aug. 13, his 80th birthday.

During the earlier visit, Castro was more lethargic and did not move his head from the pillow. And it was difficult to make out his words.

ChÃ¡vez visited Castro a second time during a brief stop in late August before he launched a foreign tour.

On Friday ChÃ¡vez said: "I note an improvement in the patient!"

Stopping in Cuba on his return from an extensive tour of China, Malaysia, Syria and Angola, ChÃ¡vez told Castro that people in the places he visited are praying for his recovery, even in the mountains of China.

"We all need you," ChÃ¡vez said during the visit as both wrote messages to each other that they later read aloud.

In his message, Castro congratulated ChÃ¡vez on his trip abroad. He told ChÃ¡vez he represented a new era that "brings forth brilliant, audacious and courageous statesmen with new ideas like you."

After Castro transferred power, U.S. officials urged ChÃ¡vez to help push for democratic changes in Cuba. ChÃ¡vez argues that the United States -- not Cuba -- needs a transition to democracy.

Serbs Criticize U.N. Mediator, Further Bogging Down Kosovo Talks (NYT)

By Nicholas Wood

The New York Times, September 2, 2006

LJUBLJANA, Slovenia, Sept. 1 — Talks on the future of Kosovo, the mostly Albanian-inhabited southern province of Serbia, appeared further complicated this week as their main mediator, the veteran Finnish politician Martti Ahtisaari, was accused by Serbs of bias against them.

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In recent days, and with increasing vehemence, Serbian officials have questioned the impartiality of Mr. Ahtisaari, a former Finnish president, because of his comments last month that Serbia needed to take into account the legacy of its late leader, Slobodan Milosevic, while negotiating Kosovo's final status.

Mr. Ahtisaari's remarks, made during negotiations in Vienna, were interpreted by the Serbian negotiating team as a suggestion that the Serbian nation was guilty for crimes committed during the Milosevic era, despite statements to the contrary by Mr. Ahtisaari and United Nations officials.

The Finnish mediator, whose formal title is United Nations special envoy for Kosovo, has led the talks since they began in February. He previously helped peace negotiations in Northern Ireland and in the Aceh region of Indonesia.

The current talks are to determine whether Kosovo should become an independent state, as demanded by its Albanian majority, or remain a part of Serbia, as demanded by the Serbian government and the province's small Serbian community. Kosovo has been administered by the United Nations since 1999, after NATO carried out airstrikes against Serbian forces to end their suppression of Kosovo Albanians.

Many senior Serbian politicians said the remarks attributed to Mr. Ahtisaari indicated that he favored independence for Kosovo.

"In the period that lies ahead, we will certainly clear up the full meaning of Martti Ahtisaari's argument that Serbs are guilty as a nation and that this gives grounds for Kosovo's independence," Serbia's prime minister, Vojislav Kostunica, said Tuesday, according to Fonet, a private Serbian news agency.

Mr. Ahtisaari's remarks were made on Aug. 8 during a round of negotiations in Vienna, but they appear to have had a delayed impact. It is only in the last week that criticism of his role has mounted.

On Wednesday, Hua Jiang, a spokeswoman for the United Nations office organizing the talks, tried to dispel the controversy.

"The remarks in question were misrepresented and taken out of context," Ms. Hua said. "The special envoy never referred to 'the collective guilt' of the Serbia nation. He noted, in response to a remark by a member of the Serbian delegation on Aug. 8, that every nation had its own burden to bear and had to live and deal with its past."

Last Friday, Mr. Ahtisaari sought to clarify his comments, saying that the current government in Belgrade could not be held responsible for the actions of the Milosevic government, but that it had to come to terms with its record.

"The historic legacy cannot simply be ignored, but must be taken into account in a search for a solution of the status question," he said.

The controversy comes at a time when Serbia appears increasingly unlikely to prevent the international community from granting Kosovo independence. Western countries that support the talks have accused the Serbs of intransigence, and most diplomats say they expect a solution to be imposed this year.

One Serbian analyst, Dusan Janjic, coordinator of the Forum for Ethnic Relations, a nongovernmental organization, said the Serbian politicians, unable to criticize the Western countries, were now attacking Mr. Ahtisaari to show voters that they were defending Serbian national interests.

Professor-Turned-Pope Leads A Seminar On Evolution (NYT)

By Ian Fisher

The New York Times, September 2, 2006

ROME, Sept. 1 — They meet every year, the eminent German professor and his old doctoral students, for a weekend of high-minded talk on a chosen topic. For years it was nothing more than that.

But now the professor, once called Joseph Ratzinger, has become Pope Benedict XVI. And this year, for three days beginning Friday, the topic on the table is evolution, an issue perched on the ever more contentious front between science and belief.

And so the questions rise as the meeting unfolds at a papal palace just outside Rome. Is this merely another yearly seminar? Or is the leader of the world's billion Roman Catholics signaling that he may join in earnest the emotional debate over evolution, intelligent design and all that might mean for politics and faith, especially in the United States?

There is no way to know immediately, though many church experts believe that the pope has fewer problems with the science of evolution than with its use to wipe God more cleanly from a secular world. No document will be published afterward, no news conference given.

But the seminar comes after a year particularly fraught over the issue of evolution, in America — with the fight over intelligent design — and in the church. Last year a leading cardinal, who will speak at the meeting, expressed doubts that Darwinism and Catholicism were compatible, and the pope declared the creation of the universe an "intelligent project."

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And so scientists and believers from around the world, on all sides of an extraordinarily charged debate, are watching the meeting carefully.

Proponents of intelligent design, defeated in a high-profile court case last year in Pennsylvania, say they are pleased that their ideas, which posit that life is so complex that it requires an active creator, may get a fair hearing in the lofty circles of Professor Ratzinger's seminars.

"I think this is indicative of an opening and expansion of the discussion, the discussion over Darwinism and evolution generally," said Bruce Chapman, president of the Discovery Institute, one of the main proponents of intelligent design. "It's very helpful to our desire to see an expanded dialogue in many quarters."

On the other side, scientists and theologians who support evolution say they worry that, even inadvertently, the church may be driving a wedge between itself and science.

"If for some reason the Catholic Church gets on the wrong side of the science, then it's going to in the long term do huge damage, just as it did when they went against Galileo," said Lawrence M. Krauss, chairman of the physics department at Case Western Reserve University and a highly visible opponent of intelligent design. "It threatened their credibility."

"Because like it or not," he added, "evolution happened."

The meeting opened Friday morning at Castel Gandolfo, a papal palace that stands as a sort of symbol for the church's coexistence with science. Castel Gandolfo houses a world-class observatory — with a telescope that Pope John Paul II enjoyed looking through — built a century after the church acknowledged its mistake in condemning Galileo for his postulation that planets revolve around the sun.

Similarly, the church has moved from neutrality to something like acceptance of evolutionary theory, though drawing a thick bottom line that God is the ultimate creator.

In 1996, Pope John Paul declared evolution "more than a hypothesis," and in 2004 as Cardinal Ratzinger, Pope Benedict endorsed the scientific view that the earth is roughly four billion years old and that species changed through evolution. Indeed, there has been no credible scientific challenge to the idea that evolution, the foundation of modern biology, explains the diversity of life on earth.

Given that history, scientists and church experts say they cannot imagine the study session ending with any alignment of the pope or the church with intelligent design or American-style creationism, which often posits that Earth is only about 6,000 years old.

"I suspect they will try to avoid it," said the Rev. Joseph Fessio, an American priest and former student of the pope's, who is taking part in the meeting, "because intelligent design has been represented either as a religion, which it is not, or as a science, which I think is indefensible."

But Father Fessio and others say the pope, based on his statements and writings, remains deeply concerned specifically about the contention among some supporters of modern evolution that the theory refutes any role of God in creation.

"Given this ideology, the temptation or danger is real to say that you don't have any need of God, that the spirit doesn't exist," said Msgr. Fiorenzo Facchini, an Italian priest and paleoanthropologist. "And the church should keep guard against this and denounce it."

Monsignor Facchini wrote an influential article this year in the Vatican newspaper, L'Osservatore Romano, praising as "correct" the decision in January by a judge in Pennsylvania that intelligent design should not be taught as a scientific alternative to evolution.

Nonetheless he cautioned that the mechanisms of evolution are not all known — and that just as religion has no business in science, science should not overstep its bounds in declaring that God could have no role in creation.

That is a similar line of thinking presented over many years by Benedict, whose main preoccupation is growing secularism, and it is likely to be a central part of the discussions this weekend.

In his book "Truth and Tolerance" (Ignatius Press, 2004), written when he was Cardinal Ratzinger, he wrote of what he called an effort to turn evolution into a "universal philosophy" that explained all of life.

"This evolutionary ethic that inevitably takes as its key concept the model of selectivity, that is, the struggle for survival, the victory of the fittest, successful adaptation, has little comfort to offer," he wrote. "Even when people try to make it more attractive in various ways, it ultimately remains a bloodthirsty ethic."

After John Paul died in April 2005, Benedict signaled a similar concern in his homily at the Mass in which he was formally installed as pope.

"We are not some casual and meaningless product of evolution," he said. "Each of us is the result of a thought of God. Each of us is willed, each of us is loved, each of us is necessary."

But some students of the pope say his doubts go deeper into the science of evolutionary theory. In his writings he has echoed the questions of anti-Darwinians about how evolution can transform one species into another.

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The pope “does not accept at face value the scientific theory,” said Dominique Tassot, director of the French group, the Center for Studies and Prospectives on Science. “He wants to make people reconsider the question.”

As might be expected from a German professor, all sides of the evolution question will get a hearing, though with an emphasis on skepticism. The seminar on Friday reportedly began with a presentation by Peter Schuster, an eminent molecular biologist, president of the Austrian Academy of Sciences and a defender of evolution.

There will be three other speakers to the study group, most notably Cardinal Christoph Schönborn of Vienna, who sparked a contentious debate last year after he wrote an Op-Ed article for The New York Times questioning evolution. The article was submitted by the same public relations firm used by the Discovery Institute.

The two other speakers are Professor Robert Spaemann, a German philosopher who has criticized evolution as a full philosophical theory; and the Rev. Paul Elbrich, a Jesuit priest and scientist whose work on proteins questions whether chance alone could play the decisive role in evolution.

The pope’s annual seminars do not shy away from difficult topics. Last year the issue under discussion was Islam.

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From: USDOJ- Office of Public Affairs
Sent: Tuesday, September 05, 2006 12:57 PM
To: USDOJ- Office of Public Affairs
Subject: FACT SHEET: DEPARTMENT OF JUSTICE ANTI-TERRORISM EFFORTS SINCE SEPT. 11, 2001

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FACT SHEET: DEPARTMENT OF JUSTICE ANTI-TERRORISM EFFORTS SINCE SEPT. 11, 2001

WASHINGTON – The highest priority of the Department of Justice since the terrorist attacks of Sept. 11, 2001, has been to protect Americans by preventing acts of terrorism.

The ability of the Department to identify and prosecute would-be terrorists, thereby thwarting their deadly plots, has improved dramatically over the past five years thanks to: a core set of structural reforms, the development of new law enforcement tools, and the discipline of a new mindset that values prevention and communication.

Working side by side with other federal agencies, as well as state and local law enforcement, the Justice Department has not rested in its efforts to safeguard America – and to the credit of all who have stood watch, there has not been a terrorist attack on American soil in five years.

I. Protecting America Through Investigation and Prosecution

Prosecutors and civil attorneys at the Department of Justice have had great success in America's federal courtrooms since the attacks of Sept. 11, successfully identifying, prosecuting, and locking up hundreds of terrorists or would-be terrorists. As Attorney General Gonzales has said, "Prevention is the goal of all goals when it comes to terrorism because we simply cannot and *will not* wait for these particular crimes to occur before taking action."

- ***Prosecuting and Incarcerating Terrorists***

To disrupt terrorist threats, the Department has used a variety of charges in terrorism and terrorism-related prosecutions since the attacks of Sept. 11, 2001. Charges have been brought in cases involving terrorist acts abroad against U.S. nationals; terrorist attacks against mass transportation systems; visa or document fraud; prohibitions against financing of terrorism; and participation in nuclear and weapons of mass destruction threats to the United States, among other charges.

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- Since the Sept. 11 attacks, and as of Aug. 31, 2006, 288 defendants have been convicted or have pleaded guilty in terrorism or terrorism-related cases arising from investigations conducted primarily after Sept. 11, 2001.

- In addition to these convictions, there are approximately 168 other defendants who have been charged since Sept. 11, 2001, in connection with terrorism or terrorism-related investigations. Those cases are either still pending in federal courts, have not resulted in criminal convictions, or involve defendants who are fugitives or are awaiting extradition.

Notable cases include:

- Richard Reid (District of Massachusetts) – British national Richard Reid was sentenced to life in prison following his guilty plea in Jan. 2003 on charges of attempting to ignite a shoe bomb while on an airplane from Paris to Miami.

- John Walker Lindh (Eastern District of Virginia) – Lindh pleaded guilty in July 2002 to one count of supplying services to the Taliban and a charge that he carried weapons while fighting on the Taliban's front lines in Afghanistan against the Northern Alliance. Lindh was sentenced to 20 years in prison.

- Lackawanna Six: Shafal Mosed, Yahya Goba, Sahim Alwan, Mukhtar Al-Bakri, Yasein Taher, Elbaneh Jaber (Western District of New York) – Six defendants from the Lackawanna, N.Y. area pleaded guilty to charges of providing material support to al Qaeda, based on their attendance at an al Qaeda terrorist training camp. The defendants were sentenced to terms ranging from seven years to 10 years in prison.

- Iyman Faris (Eastern District of Virginia) – In Oct. 2003, Iyman Faris was sentenced to 20 years in prison for providing material support and resources to al Qaeda and conspiracy for providing the terrorist organization with information about possible U.S. targets for attack. Faris pleaded guilty in May 2003, and was sentenced to 20 years in prison on Oct. 28, 2003.

- Ahmed Omar Abu Ali (Eastern District of Virginia) – In Nov. 2005, a federal jury convicted Ali on all counts of an indictment charging him with terrorism offenses, including providing material support and resources to al Qaeda, conspiracy to assassinate the President of the United States, conspiracy to commit air piracy and conspiracy to destroy aircraft. Ali was sentenced to 30 years in prison.

Ali Al-Timimi (Eastern District of Virginia) – Al-Timimi was convicted in April 2005 on all 10 charges brought against him in connection with the "Virginia Jihad" case. Al-Timimi, a spiritual leader at a mosque in Northern Virginia, encouraged other individuals at a meeting to go to Pakistan to receive military training from Lashkar-e-Taibi, a designated foreign terrorist organization, in order to fight U.S. troops in Afghanistan. Al-Timimi was sentenced to life in prison.

II. Developing New and Maximizing Law Enforcement Tools to Disrupt Terror Plots

Following the Sept. 11, 2001, attacks, it was clear law enforcement lacked the tools needed to detect and prevent terrorism. Terrorists possessed cutting-edge technology, while law enforcement struggled to use decades-old legal tools that could not keep up. In the past five years, the Justice Department worked closely with Congress to strengthen our nation's criminal laws against terror, to update the legal authorities needed to detect and disrupt terror, and to tear down the walls preventing intelligence and law enforcement from gathering, sharing, and "connecting the dots" that could be the key to protecting America from another attack.

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Some of the most significant changes in this area since Sept. 11 follow, including a discussion of the legal and constitutional affirmations given to these programs by federal courts.

- ***Transforming the FBI To Meet the New Threat***

Over the past five years, the FBI has fundamentally transformed its operations to cultivate detailed information on terrorism in America. In order to disrupt terrorists before they are able to strike, the FBI overhauled its counterterrorism operations, expanded intelligence capabilities, modernized business practices and technology, and improved coordination with its partners. Some of the most significant adjustments include:

- Established a number of operational units that provide new or improved capabilities to address the terrorist threat. These include the 24/7 Counterterrorism Watch and the National Joint Terrorism Task Force to manage and share threat information; the Terrorism Financing Operation Section to centralize efforts to stop terrorist financing; document/media exploitation squads to exploit material found both domestically and overseas for its intelligence value; deployable "Fly Teams" to lend counterterrorism expertise wherever it is needed; the Terrorism Reports and Requirements Section to disseminate FBI terrorism-related intelligence to the Intelligence Community; and the Counterterrorism Analysis Section to assess the indicators of terrorist activity from a strategic perspective.

- Realigned organizational structure to create five branches, including the National Security Branch, Criminal Investigations Branch, Human Resources Branch, Science and Technology Branch, and Office of the Chief Information Officer.

- Increased the FBI budget by nearly 200 percent to $6 billion since 2001, and added nearly 6,700 new positions.

- Enhanced FBI-wide intelligence capabilities by increasing the number of Special Agents assigned to Counterterrorism and doubled the number of Intelligence Analysts to 485 and tripled the number of linguists to 700.

- Consolidated Weapons of Mass Destruction (WMD) and Counterproliferation initiatives under a new WMD directorate.

- Dramatically improved information sharing through improved intelligence products: Number of Intelligence Information Reports increased from zero before Sept. 11 to 20,281 today; Intelligence Assessments increased from zero before Sept. 11 to 827 today; Intelligence Bulletins from increased zero before Sept. 11 to 399 today.

- ***The USA PATRIOT Act***

The USA PATRIOT Act, which passed both Houses of the Congress with an overwhelming bipartisan majority and was signed into law by President Bush on Oct. 26, 2001, has been an integral part of the federal government's successful prosecution of the war against terrorism. Thanks to the Act, law enforcement has been able to identify terrorist operatives, dismantle terrorist cells, disrupt terrorist plots and capture terrorists before they have been able to strike. The expiring provisions of the Act, including critical information sharing provisions, were reauthorized on March 9, 2006, allowing investigators to continue to use these vital authorities.

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The USA PATRIOT Act provided vital enhancements to our ability to protect against terrorism and other serious crimes. The Act has helped protect America in the following ways:

- Helped bring down the "wall" that prevented effective information sharing and cooperation between law enforcement and intelligence personnel.

- Allowed federal agents to better track sophisticated terrorists trained to evade detection.

- Updated investigative tools to reflect new technologies and new threats.

- Allowed law enforcement officials to obtain a search warrant from a single court regardless of where a terrorist-related activity occurred.

- Gave national security investigators tools comparable to those used in ordinary criminal cases for years.

- Increased the penalties for those who commit certain terrorist crimes and those who support them.

- The USA PATRIOT Act Improvement and Reauthorization Act of 2005 reauthorized all expiring provisions of the USA PATRIOT Act, added dozens of additional safeguards to protect Americans' privacy and civil liberties, strengthened port security, and provided tools to combat the spread of methamphetamine.

Examples of the use of tools and information sharing provided by the USA PATRIOT Act include the following:

- In New Jersey, Hemant Lakhani was convicted of attempting to sell shoulder-fired missiles to terrorists for use against American targets. Lakhani was captured in recorded conversations saying he supported use of the missiles for shooting down American commercial airliners, and that Usama bin Laden "straightened them all out" and "did a good thing." Three other defendants involved in money transfers related to the illegal missile deal have pleaded guilty. The Lakhani investigation would not have been possible had American, Russian and other foreign intelligence and law enforcement agencies not been able to coordinate and share the intelligence they had gained from various investigative tools.

- In a Chicago-area investigation in 2003, a court-authorized delayed-notification search warrant allowed investigators to gain evidence of a plan to ship unmanned aerial vehicle (UAV) components to Pakistan, and to gain that evidence without prompting the suspects to flee. The UAVs would have been capable of carrying up to 200 pounds of cargo, potentially explosives, while guided out of line of sight by a laptop computer. Delayed-notice of a search of e-mail communications provided investigators information that allowed them to defer arresting the main suspect, who has since pleaded guilty, until all the shipments of UAV components had been located and were known to be in Chicago.

- ***Using the Foreign Intelligence Surveillance Act as a Key Tool in the War on Terror***

Since Sept. 11, 2001, use of the Foreign Intelligence Surveillance Act (FISA) has been a key tool in fulfilling the Department's mission to fight terrorism and protect our national security. Over the

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past five years, the Department has significantly increased the coverage obtained under FISA, reflecting both the increased focus on counterterrorism and counterintelligence investigations and the improvement in the operation of the FISA process:

- From 2001 to 2005, court-approved FISA applications to conduct electronic surveillance or physical search increased by over 122 percent from 934 in 2001 to 2,072 in 2005.

- Based on current operations, FISA's use as an effective tool for collecting foreign intelligence is projected to continue to increase by 10 percent or more in 2006.

- Since 2004, the number of pending non-emergency, non-expedite FISA requests has been reduced by approximately 60 percent.

- The number of days it takes to process FISA requests for electronic surveillance or physical search has declined about 35 percent since 2004.

- The Office of Intelligence Policy and Review's attorney staff has tripled in size and more will be added in the near future.

- Standardized pleadings and automating parts of the drafting process have made FISA filings shorter, more concise, and quicker to produce.

- New legislation proposed by U.S. Senator Arlen Specter would grant the FISA Court jurisdiction to issue an order approving a program of terrorist surveillance authorized by the President, subject to certain requirements, and would also allow for oversight by the Intelligence Committees of Congress.

- ***Utilizing the Terrorist Surveillance Program***

  - The Terrorist Surveillance Program is an essential tool for the intelligence community in the War on Terror. In the ongoing conflict with al-Qaeda and its allies, the President has the primary duty under the Constitution to protect the American people. Officials in the intelligence community have made numerous statements about the effectiveness of this program in protecting America.

  - The program is very narrow in scope, focusing on communications with al Qaeda where one end of the phone call is outside of the United States.

  - The program is lawful. It has been reviewed by a number of lawyers within the Administration, including lawyers at the National Security Agency (NSA) and the Department of Justice, and is reviewed periodically for its continued effectiveness and to ensure that it remains lawful, and respectful of Americans' civil liberties.

- ***Upheld in Court***

In fighting a new kind of war requiring the use of new tools, inevitable legal challenges have been brought in our federal courts. On a number of occasions, the courts have upheld that the tools and methods we have used are consistent with the Constitution and the rule of law.

- *Hamdi v. Rumsfeld*, (U.S. 2004) – Upheld the President's authority to detain U.S. citizens as

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enemy combatants when they are captured abroad in active zones of combat, under the Authority to Use Military Force (AUMF), subject to deferential judicial review. As the Supreme Court said, "The United States may detain, for the duration of these hostilities, individuals legitimately determined to be Taliban combatants who 'engaged in an armed conflict against the United States.' If the record establishes that United States troops are still involved in active combat in Afghanistan, those detentions are part of the exercise of "necessary and appropriate force," and therefore are authorized by the AUMF."

- *Holy Land Found. for Relief & Dev. v. Ashcroft* (D.C. Cir 2003) – Upheld Treasury Department/Office of Foreign Asset Control designation of purported charity as "specially designated global terrorist" based on support to Hamas. As the court said, "The law is established that there is no constitutional right to fund terrorism."

- *Center for National Security Studies v. United States Department of Justice* (D.C. Cir 2003) – Upheld the government's decision to withhold from public release a comprehensive list of all detainees in the war on terror when that list could tip off our enemies to the progress of our anti-terror investigation. As the court said, "America faces an enemy just as real as its former Cold War foes, with capabilities beyond the capacity of the judiciary to explore. . . . we hold that the government's expectation that disclosure of the detainees' names would enable al Qaeda or other terrorist groups to map the course of the investigation and thus develop the means to impede it is reasonable."

- *Khaled El-Masri v. Tenet* (E.D. Va. 2006) – Upheld assertion of state secrets privilege and dismissed suit challenging alleged CIA seizure and detention abroad.

- *In Re Sealed Case No. 02-001* (Foreign Intel. Ct. of Rev.) – Upheld new intelligence sharing procedures that removed artificial barriers that hampered the ability of law enforcement and intelligence agents to coordinate efforts to prevent terrorist attacks. As the court said, "Ultimately, the question becomes whether FISA, as amended by the Patriot Act, is a reasonable response based on a balance of the legitimate need of the government for foreign intelligence information to protect against national security threats with the protected rights of citizens. We … believe firmly… that FISA as amended is constitutional because the surveillances it authorizes are reasonable."

- *Al-Marri v. Wright* (D.S.C. 2006) – Upheld the detention of alien enemy combatant within the United States; Alien failed to rebut the government's classification and detention of him as an enemy combatant.

III. Establishing Partnerships To Keep America Safe

In order to defeat complex terrorist networks, the Department has increased its partnerships to enhance cooperation at every level of government to better prevent terrorist attacks. These efforts include:

- ***Coordinating with Our State and Local Partners***

  - Increased the number of Joint Terrorism Task Forces (JTTF) from 35 to 101 since 2001, and established a National JTTF with representatives from 40 agencies.

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- Increased agents and police officers on JTTFs from under 1,000 before 2001 to nearly 4,000 today.

- Established the FBI Office of Law Enforcement Coordination headed by a former police chief.

- Participating in state and regional intelligence fusion centers and other regional multi-agency intelligence centers, including the National Counterterrorism Center and the National Gang Intelligence Center; the Terrorist Screening Center; and the Foreign Terrorist Tracking Task Force.

- Following the Sept. 11 attacks, the Department's Community Relations Service (CRS) responded to more than 500 incidents across the country, bringing together law enforcement, local officials, and Arab, Muslim and Sikh community members, along with other members of the civil rights community, to address mutual concerns and encourage cooperation.

- ***Coordinating with Our International Counterparts***

Since Sept. 11, 2001, the Department has leveraged international law enforcement cooperation to prevent terrorists from freely roaming the globe and to bring them to justice. Principally in this area, the Department has:

- Expanded the number of FBI Legal Attaché offices in foreign countries from 44 on Sept. 11, 2001, to more than 60 today.

- Analysts have been placed in eight Legal Attaché offices since Sept. 11, 2001: Amman, Jordan; Baghdad, Iraq; Berlin, Germany; London, England; Mexico City, Mexico; Paris, France; Rome, Italy; and Tel Aviv, Israel.

- Responded to hundreds of formal requests from our partners around the world for assistance in terrorism investigations though our global network of mutual legal assistance treaties (MLATs).

- Shared thousands of pieces of threat-related information with our international partners.

- Provided critical evidence to other countries for use in terrorism-related prosecutions and received critical evidence from other countries for use in terrorism-related prosecutions in the U.S.

- Trained over 486 Iraqi jurists and prosecutors in courses developed and/or delivered by the Office of Overseas Prosecutorial Development (OPDAT) Resident Legal Advisors in Iraq, through May 17, 2006.

- Trained more than 80,000 Iraqi Police cadets and 44,000 former-regime police in basic police skills and concepts, including policing in a democracy and human rights, to date, through the International Criminal Investigative Training Assistance Program (ICITAP). Additionally, there are more than 20,000 Iraqi police graduates of ICITAP's specialized, advanced, and management training courses.

IV. Combating the Dangerous Spread of Radicalization

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Though the Department has achieved success on many fronts in the War on Terror, new fronts have emerged through the efforts of terrorists and terrorist sympathizers to radicalize others. These efforts are taking place on the Internet, in neighborhoods, and in prisons. The Department has established several programs to combat these new threats.

- ***Curbing Radicalization in America's Prisons***

The Department of Justice and Federal Bureau of Prisons (BOP) understand the importance of controlling and preventing the recruitment of inmates in our federal prison facilities into terrorism. These efforts include:

- Housing the most dangerous and sophisticated international terrorists under the most restrictive conditions allowed in order to ensure that they cannot influence others, gain reinforcing prestige, or use other inmates to send or receive messages.

- Working with other law enforcement agencies and the intelligence community to enhance the screening process for inmates and individuals who enter federal prisons.

- Improving security awareness regarding religious materials used in correctional facilities, and improved supervision of religious services areas and activities to include constant supervision of inmate-led groups and provision of Islamic teachings and study-guides prepared by Islamic chaplains who are full-time BOP staff.

- Enhancing requirements for religious staff and volunteers. Full-time BOP chaplains must meet significant requirements for academic training, experience, thorough background checks, and a demonstrated willingness and ability to provide and coordinate religious programs for inmates of all faiths.

- ***Outreach to the Muslim, Arab and Sikh Communities***

Following the Sept. 11 attacks, the Department of Justice placed a strong focus on promoting cultural understanding of Arabs, Muslims and Sikhs, who became new targets of backlash discrimination. Federal law enforcement has worked hard on behalf of those who are, or are perceived to be, Muslim or of Arab, Middle-Eastern, or South Asian origin.

- Since Sept. 11, the Department of Justice has investigated over 700 incidents involving violence or threats against individuals who are Muslim, or of Arab, Middle-Eastern or South Asian origin and brought Federal charges against 35 Defendants, yielding 32 convictions to date.

- With the help of the Justice Department in many cases, state and local authorities have brought more than 150 bias crime prosecutions since Sept. 11, 2001.

V. Protecting the Privacy and Civil Liberties of Americans

As an agency responsible for enforcing laws, the Department strives to be a model for ensuring that Americans' privacy and civil liberties are adequately protected in all of the Department's counterterrorism and law enforcement efforts.

- On Feb. 21, 2006, Attorney General Alberto R. Gonzales appointed Jane C. Horvath as the

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Department's first Chief Privacy and Civil Liberties Officer (CPCLO), who actively participates in Department policymaking, ensuring regard for privacy and civil liberties at the earliest stages of Departmental proposals.

- The Privacy and Civil Liberties Office works closely with the Department's Office of Legislative Affairs (OLA) to review bills concerning individual privacy matters, civil liberties issues, the collection of personal information, agency disclosure policies, or information sharing with the Department's partners.

- The Privacy and Civil Liberties Office actively participates in public outreach activities, which include efforts sponsored by the Department's Civil Division to Arab, Muslim and Sikh communities.

- The CPCLO works closely with the President's Privacy and Civil Liberties Oversight Board. Together, they actively work with the Terrorist Screening Center, the Directorate of National Intelligence and the Department of Homeland Security to address terrorist watch list redress issues.

VI. Looking Forward: Making America Safe

As the Attorney General has said, "We are safer today, but not yet safe." Despite tireless efforts by the Department at home and abroad to track, investigate, and prosecute terrorists; collaborate with state, local, and international law enforcement; and stem the tide of radicalization, the following are just some of the programs the Department is working to establish in the fight to prevent future terrorist attacks.

- ***The Department of Justice's National Security Division***

The USA PATRIOT Act Improvement and Reauthorization Act of 2005 authorizes the Attorney General to reorganize the Department of Justice by placing the Department's primary national security elements under the leadership of a new Assistant Attorney General for National Security, fulfilling a recommendation of the Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction.

- This reorganization will bring together under one umbrella the attorneys from the Criminal Division's Counterterrorism and Counterespionage Sections and the attorneys from the Office of Intelligence Policy and Review (OIPR), with their specialized expertise in the Foreign Intelligence Surveillance Act and other intelligence matters.

- Establishing the National Security Division of the Justice Department will be another important step to ensure that those fighting terrorism on a daily basis are doing so in the most efficient way possible. The Attorney General hopes to complete the stand up of the new Division as soon as Mr. Wainstein is confirmed by the full Senate.

- On March 13, 2006, the President nominated Ken Wainstein, U.S. Attorney for the District of Columbia, to serve as the first Assistant Attorney General for the National Security Division.

- ***Comprehensive Immigration Reform***

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Since Sept. 11, 2001, the Administration has made great progress in securing ports of entry and the border, implementing initiatives consistent with recommendations of the 9/11 Commission, and increasing the number of Border Patrol agents. The President has proposed a comprehensive plan to address illegal immigration, which includes the following elements:

- Since the President took office in 2001, the Administration has increased funding for border security by 66 percent to more than $7.6 billion.

- The Department supports the President in urging swift passage of a comprehensive plan in Congress. Any proposal must address all aspects of the broken immigration system and come up with a rational way to approach it. Congress has an obligation to act.

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Image not available for this document, ID: 0.7.10316.34775-000002

Martinson, Wanda

Subject:	Updated: OLP Policy Coordination Meeting
Location:	4236 OLP Conference Room
Start:	Monday, March 20, 2006 4:00 PM
End:	Monday, March 20, 2006 4:30 PM
Show Time As:	Tentative
Recurrence:	Weekly
Recurrence Pattern:	every 2 weeks on Monday from 3:00 PM to 3:30 PM
Meeting Status:	Not yet responded
Organizer:	Martinson, Wanda
Required Attendees:	Hertling, Richard; Macklin, Kristi R; McIntosh, Brent; Bounds, Ryan W (OLP); Battle, Michael (USAEO); Voris, Natalie (USAEO); Campbell, Benton; Elwood, Courtney; Epley, Mark D; Otis, Lee L; Gorsuch, Neil M; Todd, Gordon (SMO); Jezierski, Crystal; Kim, Wan (CRT); Schofield, Regina; Scolinos, Tasia; Roehrkasse, Brian; Seidel, Rebecca; Clinger, James H; Stuart, Diane; Taylor, Jeffrey (OAG); Vargas, Omar; Hagy, David; Comisac, Rena (CRT); Blomquist, Kathleen M
Optional Attendees:	Moschella, William

When: Occurs every 2 weeks on Monday effective 3/20/2006 until 9/7/2006 from 3:00 PM to 3:30 PM (GMT-05:00) Eastern Time (US & Canada).
Where: 4236 OLP Conference Room

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Attendees: Rachel Brand, Richard Hertling, Kristi Macklin, Brent McIntosh, Ryan Bounds
Michael Battle or Natalie Voris, Ben Campbell, Courtney Elwood, Mark Epley or Lee Otis, Neil Gorsuch or Gordon Todd, Crystal Jezierski or Omar Vargas, Wan Kim or Rena Comisac, Regina Schofield or David Hagy, Kat Blomquist or Tasia Scolinos or Brian Roehrkasse, Rebecca Seidel or James Clinger (or Will Moschella), Diane Stuart, Jeff Taylor

Brand, Rachel

Subject:	Updated: OLP Policy Coordination Meeting
Location:	4236 OLP Conference Room
Start:	Monday, March 20, 2006 4:00 PM
End:	Monday, March 20, 2006 4:30 PM
Show Time As:	Tentative
Recurrence:	Weekly
Recurrence Pattern:	every 2 weeks on Monday from 3:00 PM to 3:30 PM
Meeting Status:	Not yet responded
Organizer:	Brand, Rachel
Required Attendees:	Hertling, Richard; Macklin, Kristi R; McIntosh, Brent; Bounds, Ryan W (OLP); Battle, Michael (USAEO); Voris, Natalie (USAEO); Campbell, Benton; Elwood, Courtney; Epley, Mark D; Otis, Lee L; Gorsuch, Neil M; Todd, Gordon (SMO); Jezierski, Crystal; Kim, Wan (CRT); Schofield, Regina; Scolinos, Tasia; Roehrkasse, Brian; Seidel, Rebecca; Clinger, James H; Stuart, Diane; Taylor, Jeffrey (OAG); Vargas, Omar; Hagy, David; Comisac, Rena (CRT); Blomquist, Kathleen MHertling, Richard; Macklin, Kristi R; McIntosh, Brent; Bounds, Ryan W (OLP); Battle, Michael (USAEO); Voris, Natalie (USAEO); Campbell, Benton; Elwood, Courtney; Epley, Mark D; Otis, Lee L; Gorsuch, Neil M; Todd, Gordon (SMO); Jezierski, Crystal; Kim, Wan (CRT); Schofield, Regina; Scolinos, Tasia; Roehrkasse, Brian; Seidel, Rebecca; Clinger, James H; Stuart, Diane; Taylor, Jeffrey (OAG); Vargas, Omar; Hagy, David; Comisac, Rena (CRT); Blomquist, Kathleen M
Optional Attendees:	Moschella, WilliamMoschella, William

Attendees: Rachel Brand, Richard Hertling, Kristi Macklin, Brent McIntosh, Ryan Bounds Michael Battle or Natalie Voris, Ben Campbell, Courtney Elwood, Mark Epley or Lee Otis, Neil Gorsuch or Gordon Todd, Crystal Jezierski or Omar Vargas, Wan Kim or Rena Comisac, Regina Schofield or David Hagy, Kat Blomquist or Tasia Scolinos or Brian Roehrkasse, Rebecca Seidel or James Clinger (or Will Moschella), Diane Stuart, Jeff Taylor

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, September 6, 2006 8:13 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, September 06, 2006
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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, SEPTEMBER 6, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Bush Repeatedly Quotes Bin Laden In Speech Defending War On Terror....3
New Army Rules Will Prohibit Torture....6
Key Senate Republicans Offer Military Tribunal Plan....6
Gonzales Stresses Importance Of Anti-Terror Efforts....6
GOP Divisions Could Imperil Wiretapping Legislation....7
Denmark Arrests Nine In Terror Probe....8
O'Connor Believes High Court Will Hear More Terrorism Disputes....9
Federal Prosecutors Push For Prison Term For Lynne Stewart....9

Homeland Response:

FBI Philadelphia SAC Touts Post-9/11 Counter-Terrorism Reforms....9
Judge Dismisses Federal Charges Against Michigan Cell Phone Suspects....9
Airlines See Terror Threat Affecting Their Bottom Line....10
TSA Warns 1,195 Former Employees Of Privacy Breach....10
Nearly 70% Of WTC Aid Workers Suffering From Lung Problems....10
Liberal Bloggers, Other Critics Say ABC's 9/11 Miniseries Biased....11
Republicans Looking To Strike Compromise On FEMA Reform Before November....11

War News:

Rice Compares Iraq War's Significance To US Civil War....11
Iraqi Parliament Extends State Of Emergency....11
One Third Of Iraqi Lawmakers Skip Session....12
Iraqi Journalist Decries "Endangerment" Of Colleagues....12
Some Iraqis Change Names To Protect Own Lives....12
Pakistan Signs Accord With Pro-Taliban Militias....12
Rice Telephones Canada's MacKay To Apologize For Afghanistan Killing....12
GAO Says Government's Arab Broadcasts Lack Reliable Audience Estimates....12
Antiwar Camp Sets Up On National Mall....13
Author Decries "Myth Of Immaculate Warfare."....13

DOJ:

Montana US Attorney Tapped For Number Three Post At Main Justice....13
FBI, DHS Merge Fingerprint Databases....13

Corporate Scandals:

Two Senate Committees To Hold Hearings On Options Timing Today....14
SEC Probing XM Radio's Subscriber, Recruiting Figures....15

Criminal Law:

Gonzales Says Cities Must Improve Anti-Crime Efforts Without More Federal Funds....15
FBI Reported To Be Investigating Land Deal In Lewis' Neighborhood....16
US Argues For Death Penalty For Man Convicted Of Murdering Student....16
Ryan To Be Sentenced Today For Corruption Conviction....16
Tennessee Senator Unexpectedly Seeks Trial For Bribery Charges....17
Judge Will Not Force Key Prosecution Witness To Testify At NM Treasurer's Retrial....17
Jeffs Transferred To Utah For Initial Hearing Today....17
Jurors Hear Jailhouse Recordings Of Gotti Threatening Mobsters Over Demotion....17
Hornsby Pleads Not Guilty To All Charges....18
Study Sheds Light On Child Abductions....18
Rise In New Orleans Murders Continues With Rash Of Labor Day Shootings....18

Grand Jury In St. Bernard Parish To Hear Case Against Nursing Home Owners 18
NYC Pimp Pleads Guilty In Multi-State Underage Prostitution Case 19
Group Targets Hotel Television Pornography 19
California Child Porn Probe Has Lasting Legacy 19
US Seeks Death For Two Russian Immigrants Charged With Kidnap-Murder 20
NYTimes Says Fitzgerald Needs To Provide More Information On Plame Probe 20

Civil Law:

Judge Rules US Must Pay $3 Million To Family Of Mob Victim 20
Dana Bankruptcy Judge Strikes Bonus Plan 21

Civil Rights:

Kentucky Man Dies After Police Use Taser 22
Voting Rights Battle Heads To Courtroom 22
2nd Circuit Uses Narrow Reading Of "Offensive" Speech In T-Shirt Case 22
7th Circuit To Hear Indiana Legislature's Prayer Appeal 22

Antitrust:

Sun, Unisys Sue Seven Firms Over Chip Price-Fixing 23
Judge Approves $21.9 Million Antitrust Settlement In Carbon Case 23
Clemens Markets To Be Sold To Two Firms 23
Frist Supports Plan For Texas Airfield 24
Battle Brewing Over Net Neutrality 24
Universal Music To Acquire BMG Music Publishing 24
Geophysique To Purchase US Rival Veritas For $3.1 Billion 25
Phelps Dodge Abandons Inco Takeover Bid 25

Environment/Indian Affairs:

Alabama Sewer Contracts Trial Features Dispute Over Jurors 25
DOJ To Appeal Ruling On Missouri Tribal Casino 26
NYTimes Says Administration Should Fund Vaccination Program 26

FBI/DEA/ATF/USMS:

New Film Examines FBI Surveillance Of John Lennon 26
Reporters To Appeal Order To Reveal Sources In Government Steroid Investigation 26
Men Detained With Mexico Drug Cartel Suspect To Appear Before Grand Jury 27
In New Jersey, Two Police Officers Plead Guilty In OxyContin Case 27
DEA Agent Said To Be Campaigning Against Colorado Marijuana Initiative 27
North Carolina Appeals Court Calls Search Of Drug Suspect Unreasonable 27
NFL Considers Drug-Policy Changes 27
In California, Marijuana Operation Seen As "Environmental Mess." 28

Immigration:

House GOP To Roll Out "Smaller Scale" Border Enforcement Measures 28

Tax:

Virginia Praised For Ending Estate Tax 29

Congress-Administration:

Senate GOP Leaders Under Pressure To Move On Judicial Nominations 29
Bush Won't Meet With Leaders Of Big Three Automakers Until After Election 29
Bush Nominates Peters To Be Transportation Secretary 30
Mark McClellan Announces Resignation 30
Democrats Slam "Do-Nothing Congress." 31
Vulnerable House Republicans Press Leaders On Minimum Wage, Other Issues 31
Frist Will Seek To Revive "Trifecta" Bill 31
Business Lobbyists Seek Action On Bush "Competitiveness Agenda." 32
House GOP To Tackle Earmark Reform 32
Federal Employees, Retirees To Get Better Dental, Vision Coverage 32
Snow Says Social Security Reform Is Not Dead 32
Rumsfeld Has Successful Shoulder Surgery 33
Justice Kennedy Hospitalized For Stent Procedure 33
Study Said To Show Members Of Congress Rely On Half-Truths 33

Other News:

Gulf Of Mexico Discovery Could Boost US Oil Reserves By Up To 50% 33
IMF Concerned About Global Slowdown 34
Mishkin Sworn In As Fed Member 35
Third-Party Candidates Could Affect Many Close Races 35
Congressional Candidates Split On Halting Campaign Events For 9/11 35
Democrats Hope To Win Iowa's 1st CD 35
Shuler Making Serious Challenge To Taylor In North Carolina's 11th CD 35

DOJ_NMG_0058253

Rhode Island Senate GOP Primary Compared To Lieberman-Lamont Contest 36
Vets Group With GOP "Ties" To Boost Lieberman 36
Harris Wins Florida GOP Senate Nomination 36
Allen A Top Recipient Of "Entertainment-Related" Campaign Contributions 37
Unions Have Contributed $43 Million To Federal Candidates 37
Schwarzenegger To Veto Universal Care Bill 37
Jackson Jr. To Explore Run For Chicago Mayor 37
LATimes Says YouTube Subject To Political Misuse 38
Annan Announces Three-Step Plan To End Israeli Blockade Of Lebanon 38
Bush, Kuwaiti Emir Discuss Situation In Mideast 38
Khatami Criticizes Bush While On US Tour 39
Prominent Jordanian Diplomat Enters UN Secretary-General Race 39
Court Certifies Calderón As Winner Of Mexican Election 40
US, South Korea Differ Amid Fears Of Nuclear Test By North 41
Ally Says Blair Will Step Down Next Summer 41
China Says It Will Cut Ties To Zambia If Opposition Candidate Is Elected President 41
AU Says Its Force Will Leave Darfur On Sept 30 Unless Khartoum Reverses Stance 42
Russia Postpones Joint Military Exercises With US 42
Thousands Protest Plan for Peacekeepers In Somalia 42
US Ambassador Urges EU To Address Regulatory Reform 43
UK Chancellor Warns Against Rise Of Protectionism 43
WSJournal Argues For Ending Subsidies For Airbus A350 Plane 43

The Big Picture:

Headlines From Today's Front Pages 43

Washington's Schedule:

Today's Events In Washington 44

TERRORISM NEWS:

Bush Repeatedly Quotes Bin Laden In Speech Defending War On Terror. President Bush's address on terrorism before the Military Officers Association of America received significant media coverage, with each of the three networks devoting four minutes or more to it near the beginning of their newscasts. Television and print reports highlight Bush's repeated quoting of Osama bin Laden, and generally place Bush's remarks in the context of the upcoming midterm elections. NBC Nightly News (9/5, story 2, 2:25, Williams, 9.87M) focused on these political considerations, calling the speech "part of the Republican effort to steer the debate in the elections toward security. The President went back to citing a familiar enemy that we haven't heard that much about as of late." NBC (Gregory) added, "That enemy is Osama bin Laden. It's clear now the President wants him front and center in this fall campaign."

ABC World News (9/5, story 2, 2:40, Raddatz) showed Bush saying, "Bin Laden and his terrorist allies have made their intentions as clear as Lenin and Hitler before them. The question is, will we listen? Will we play attention to what these evil men say?" Raddatz: "The President then quoted directly from documents and audiotapes from al Qaeda."

CBS Evening News (9/5, story 2, 1:40, Couric, 7.66M) said Bush "warned Americans not to get complacent about the continuing terror threat." CBS (Axelrod) added Bush "is casting the war on terror in new terms yet again, charting a course for the future while looking at evils of the past." CBS ran the same clip of Bush referencing Lenin and Hitler, as well as clips of Bush quoting bin Laden ("Death is better than living on this earth with the unbelievers among us"), al Qaeda's Ayman al-Zawahiri ("The whole world is an open field for us"), and Hezbollah chief Sayyid Hassan Nasrallah ("Death to America will remain our reverberating and powerful slogan"). CBS (Axelrod): "The President warned the danger remains and sacrifice is required but that he's confident in the ultimate outcome. Essentially, this is a 'stick-with-me' speech."

On its front page, the Washington Post (9/6, Fletcher, 748K) says Bush, "abandoning his practice of only rarely mentioning" bin Laden, "repeatedly quoted him and purported terrorist letters, recordings and documents to make his case that terrorists have broad totalitarian ambitions and believe the war in Iraq is a key theater in a wider struggle." An AP (9/5, Pickler) story carried by about 100 newspapers or news websites says reports that "quoting repeatedly from Osama bin Laden," Bush said pulling out of Iraq "would fulfill the terrorist leader's wishes and propel him into a more powerful

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global threat in the mold of Adolf Hitler." AP continues, "With two months until an Election Day that hinges largely on national security, Bush laid out bin Laden's vision in detail." Bush cited "what he called 'a grisly al-Qaida manual' found in 2000 by British police during an anti-terrorist raid in London, which included a chapter called 'Guidelines for Beating and Killing Hostages,'" as well as a purported al Qaeda document found in Iraq that contained plans to set up a "governing structure" in the insurgent-wracked Anbar province.

CNN's The Situation Room (9/5, Blitzer) directly linked the policy and political motivations, saying, "In the run-up to the 9/11 anniversary and the midterm election, President Bush offered up a counter-terror scorecard claiming victory in that the network is being kept off balance." Fox News' Special Report (9/5, Hume) reported Bush said the US "has no choice to fight on in Iraq, not because he's made it a central objective in the war on terror, but because al Qaeda has."

The Los Angeles Times (9/6, Neuman, 918K) says that the speech was "one of a series of his speeches about the nation's counterterrorism plan -- culminating in a Sept. 19 address to the United Nations -- in an effort to bolster sinking public opinion about the war in Iraq." The Washington Times (9/6, Curl, 88K) and the McClatchy (9/6, Douglas, Talev) run similar reports.

Much of the analysis of the President's speech describes it as part of a PR effort that could affect the November elections. ABC World News (9/5, story 3, 1:55, Gibson) said, "These speeches are not about politics. But these days everything is about politics." ABC (Stephanopoulos) added, "Terrorists have been the trump card for the President and the Republicans. It worked in 2002. It worked in 2004. But these numbers show why it may not work this year." On NBC Nightly News (9/5, story 3, 1:25, 9.87M), Tim Russert said, "Both sides have decided to play offense going into this mid-term election. The White House has been concerned that the Republicans have been sounding too defensive about the Iraq war so the President played out his playbook today."

USA Today (9/6, Jackson, 2.27M) also stresses the political angle, saying that as both parties "try to seize the advantage on national security and the war in Iraq, Bush recounted his administration's efforts to encourage democracy in Iraq and Afghanistan." The New York Times (9/6, Stolberg, 1.21M) calls Bush's remarks, and the Democrats' reaction to them, part of "a calculated effort by both parties to capitalize on the coming anniversary" in order to "gain the upper hand in this year's election debate over national security."

For its analysis, CBS Evening News (9/5, story 3, 2:30, Couric, 7.66M) brought in New York Times columnist Thomas Friedman, who offered a critical perspective, saying Bush is "saying, 'We're in the fight of our life, the World War III of our generation, but let's have a tax cut and shrink the size of our armed forces.' … We've been summoned to D-Day but not given the moral, strategic, economic, and political strategy to win D-Day at all." Couric: "Meanwhile, we saw the Taliban is back in a big way and is once again a big threat." Friedman: "It's a smaller version of the Iraq story which is, it's security, security, security."

White House Releases New Counterterror Strategy. The Washington Post (9/6, A4, DeYoung, 748K) reports that the National Strategy for Combating Terrorism, the "new counterterrorism strategy released yesterday by the White House," describes al Qaeda as a "significantly degraded organization, but outlines potent threats from smaller networks and individuals motivated by al-Qaeda ideology, a lack of freedom and 'twisted' propaganda about U.S. policy in the Middle East." It says that "attacking terrorist organizations, controlling weapons of mass destruction and protecting the homeland" remain priorities, but it also "places new emphasis on the need for training experts in languages and Islamic culture, for enhanced partnerships abroad and with the American Muslim community, and for better information-sharing among domestic counterterrorism agencies."

In contrast to the Post's broad survey of the strategy report, the Wall Street Journal (9/6, A8, McKinnon, 2.03M) hones in on the report's focus on Iranian nuclear development and "the danger that Iran could someday supply terrorists with nuclear weapons." The AP (9/5, Schweid) reports Bush said during his Tuesday speech that a "nuclear-armed Iran would blackmail the free world and raise a mortal threat to the American people." Another AP (9/5, Jahn) story says that as Bush "warned that he would never allow a nuclear-armed Iran," US officials "pressed their case Tuesday for sanctioning Iran over its defiance on uranium enrichment, calling for punishment even ahead of a meeting billed as a last-ditch effort to persuade Tehran to freeze its nuclear program."

Democrats Say US Less Safe, Make Rumsfeld Central Issue. Newspaper stories on the President's speech also note the Democrats' response. The Washington Times

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(9/6, Fagan, Hurt, 88K) says Democrats "are going toe to toe with Republicans on national security" as November nears, calling for the removal of Defense Secretary Donald Rumsfeld "and claiming that America is less safe today than before the September 11 terrorist attacks." Senate Minority Leader Harry Reid said, "Under the Bush administration and this Republican Congress, America is less safe, facing greater threats and unprepared for the dangerous world in which we live." House and Senate Democrats "endorsed a national security report penned by the Third Way National Security Project," which "concluded that the Bush administration's foreign policy has failed in Iraq, the war on terror, Afghanistan and other countries."

The Christian Science Monitor (9/6, Chaddock, 58K) says Democrats, "instead of calling for a fixed withdrawal date," are now "rallying behind criticism of civilian defense leadership, especially" Rumsfeld. Marshall Wittmann of the Democratic Leadership Council, a "former GOP activist," said, "Any time the Democrats focus on the lack of progress in Iraq -- and personalize it in Rumsfeld -- it plays to their favor. But when Republicans stress that there hasn't been an attack on the homeland and we want to use aggressive surveillance to prevent future attacks, it plays to their favor."

CNN's The Situation Room (9/5, Blitzer) reported, "Democrats were ready with a quick counter to the White House counter terrorism strategy. They say it's a familiar retrain and are offering their own assessment of America's security." CNN (Koppel) added, "The Democrats' battle plan focus on Iraq and terrorism issues voters care about most this year and force Republicans to play defense."

The Hill (9/6, Allen) reports Democrats "aggressively engaged" Republicans on security issues, saying a "debate on national security suits them just fine. … Though they chastised Republicans for scaring voters and exploiting the 'politics of fear,' Democrats said yesterday that the country has been imperiled by GOP policies." The AP (9/5, Taylor) says that "according to AP-Ipsos polls conducted in August, the public gives Democrats slightly better marks when asked which party would do a better job of protecting them."

Some Republicans Join In Criticism Of Rumsfeld. The New York Times (9/6, Nagourney, Mazzetti, 1.21M) reports that as Democrats "have begun a concerted effort" against Rumsfeld, for a "small but growing number of Republicans, attacking Mr. Rumsfeld is a way to criticize how the war has been conducted without turning against the war itself." Sen. Charles Schumer said, "Both hawks and doves can call for Rumsfeld to step down and still be consistent with their position. It applies to both parties." Among the GOP critics is Washington Senate candidate Mike McGavick, who said in an interview, "If I had my way, he wouldn't be secretary of defense now." The Hill (9/6, Blake) adds that Reps. Christopher Shays and Pat Tiberi, and New Jersey Senate candidate Tom Kean Jr., "recently became the latest of a handful of Republican candidates around the country to castigate Rumsfeld. A few have gone so far as to call for his resignation."

Hill GOP Plans To Block Democratic Resolution On Rumsfeld. The Wall Street Journal (9/6, A15, Rogers, 2.03M) reports congressional Republican leaders "signaled they would block floor votes on a Democratic resolution expressing no confidence" in Rumsfeld. Senate Democrats, "are preparing a resolution to be offered today as an amendment" to a pending defense-appropriations bill, but "under a 2000 precedent, the proposal is likely to be judged nongermane to the underlying measure."

Snow Defends "Tireless," "Innovative" Rumsfeld. White House Press Secretary Tony Snow said on CNN's The Situation Room (9/5), "What's interesting is that Don Rumsfeld has been trying to transform the defense establishment. He has done so more rapidly and effectively than any defense secretary in history. … Rumsfeld is tireless, he is innovative, he is somebody who's committed to the task. And what's interesting to me is when I read the critiques, it's sort of like, 'Well, things are going wrong, fire Rumsfeld.' Well, Donald Rumsfeld is not the enemy here, Al Qaeda and the terror network are the enemy, and he's been fighting them."

Biden Says Bush Admits His Policy Has Not Worked. Sen. Joe Biden said on MSNBC's Hardball (9/5), "The President has acknowledged his policy hasn't worked so far. He said we're changing our policy. It sounds like a Democratic prescription."

Failure To Get Bin Laden Called A "Sore Spot" For White House. CNN's The Situation Room (9/5, Henry) reported that the fact that Osama bin Laden remains at large is "a sore subject for White House officials. They insist they still have al Qaeda on the run. You heard from the President himself almost goading bin Laden by saying he has to remain in hiding and he won't come out and show his face, but it's an embarrassment for them five years later."

Dowd Criticizes Bush's Renewed Focus On Bin Laden. In her New York Times column (9/6), Maureen Dowd says, "After playing down bin Laden for years, barely

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mentioning him and minimizing his importance, W. has once more picked up a metaphorical bullhorn on the cusp of the 9/11 anniversary to make Osama the villain, using his name 18 times in a 40-minute speech. Once it would have made a difference to decapitate Osama, and it would still be great to do it. But it's too late to stop Al Qaeda that way now. The organization has diffused to a state of mind, fueled by hatred of U.S. occupation of Muslim land. W.'s plan to save his legacy and keep Congress out of Democratic hands is to absorb a misbegotten and mishandled war, Iraq, into the good wars of the 20th century, World War II and the cold war. Instead of just admitting he bollixed up Iraq, W. and his henchmen are ratcheting up, fusing enemies willy-nilly, running around giving speeches with the simplistic, black-helicopter paranoid message: All those scary Arabs are in league to knock us off and institute the rule of Allah."

New Army Rules Will Prohibit Torture. The Los Angeles Times (9/6, Barnes, 918K) reports, "Bowing to critics of its tough interrogation policies, the Pentagon is issuing a new Army field manual that provides Geneva Convention protections for all detainees and eliminates a secret list of interrogation tactics." The decision "to drop the objectionable provisions appears to mark a victory for advocates of closer U.S. adherence to the protections of the Geneva Convention."

Key Senate Republicans Offer Military Tribunal Plan. The Washington Post (9/6, A3, Smith, 748K) reports Sens. Lindsey Graham, John McCain, and John Warner "have drafted a legislative plan for special military trials of suspected terrorists that diverges from a recent Bush administration plan by granting defendants rights that the White House has sought to proscribe, government officials said yesterday." Under their plan, any future military trials of detainees would be "governed by a law that explicitly ensures that defendants have the right to know the evidence against them." The White House "has tried to stymie what it views as an act of party rebellion on the matter."

Gonzales Expresses Support For Military Tribunals. McClatchy (9/6, Gordon, Rosen) reports, "Attorney General Alberto Gonzales said Tuesday that it would be difficult to bring top al-Qaida captives, such as suspected Sept. 11 mastermind Khalid Shaikh Mohammed, to trial without a special court designed to keep secrets gathered in the war on terrorism. … His comments upped the stakes in the administration's negotiations with Congress over what kind of special military commissions would be needed to prosecute jailed terrorist suspects." McClatchy continues, "Recently, the Supreme Court rejected the idea of such courts because they had few safeguards for the accused and were set up by President Bush without congressional approval. … During a wide-ranging briefing days before the fifth anniversary of the Sept. 11, 2001, attacks, Gonzales said the administration worked over Congress' August recess to win support for legislation creating the tribunals. He said that once established, the tribunals would 'allow us to bring dangerous terrorists to justice.' … Such a controversial proposal, likely to provide defendants with many fewer legal rights than those offered to soldiers in traditional military courts, could draw considerable opposition in Congress." McClatchy adds, "Gonzales also voiced deepening concerns about the threat of homegrown Islamic terrorists being radicalized and trained over the Internet. And he said that the Justice Department would assess whether to bring U.S. charges against any suspects in the foiled, British-based plot to use liquid explosives to blow-up trans-Atlantic flights. … So far, the only person tried in the United States for involvement in the Sept. 11 hijackings is al-Qaida operative Zacarias Moussaoui, who pleaded guilty to conspiring with the Sept. 11 hijackers but was spared the death penalty by a jury last May. … Gonzales noted that in the weeks after Sept. 11, there was 'a great deal of discussions and debate in the administration' about whether the young Frenchman of Moroccan descent, who was arrested while taking flight lessons 26 days before the attacks, should be prosecuted in U.S. courts or before a military commission. … 'The truth of the matter is, we all felt an obligation to know, was it possible to try a terrorist in (a civil court) where you might have to put at risk classified information, where that terrorist may insist on having direct access to someone that's being detained by the United States,' said Gonzales, who was the White House counsel at the time."

Gonzales Stresses Importance Of Anti-Terror Efforts. The Chicago Tribune (9/6, Silva, Zajac) reports, "The Bush administration insists that the United States is 'safer' today than five years ago, yet still 'vulnerable,' as Atty. Gen. Alberto Gonzales put it Tuesday in highlighting steps the Justice Department has taken to thwart another domestic terror attack." The Tribune continues, "Gonzales noted the passage of the Patriot Act, creation of the

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Department of Homeland Security and the Directorate of National Intelligence and increased cooperation between federal investigators and foreign governments and with state and local governments. … 'We are safer today, but we are still vulnerable,' he said, adding that another attack remains 'a question of when, not a question of if.'"

Bloomberg (9/6, Runningen, Keil) reports, "Attorney General Alberto Gonzales, speaking with reporters in Washington today, said there is a 'rising threat of homegrown terrorists.' He predicted the U.S. be attacked again. … He said he couldn't predict when the war on terrorism will be over. 'We know it isn't today,' Gonzales said. 'We're not safe today. The battle continues.'"

Attorney General Gonzales also appeared on CNN's "Situation Room," where he was interviewed by Wolf Blitzer. Gonzales said that terrorism "certainly remains the number one priority for the administration and for the Department of Justice and it's certainly true it's a serious threat to the United States. … I think it's a threat that's changing. I think it is changing -- I view it as a sign of success. The threat is changing because of all the measures we have taken to make America safer." Gonzales also said "we have spent a lot of time and a lot of effort and trying to locate bin Laden. And again, as the President said many times, this is not a question of if. Simply a question of when. We are going to capture bin Laden. And we are working with our friends and allies around the world to try to find out where he is at. … There are a lot of very important people that we want to prosecute but bin Laden would be at the top of that list. But I don't want the Americans to believe if you're captured that America would be safe. I think that would be important in our battle against terrorism, but there are others who are dangerous … … Perhaps the reason I don't say (bin Laden's capture) is the number one objective is because even if he were captured, if we could capture him and win the war on terror, I think I could without quantify case say that is the number one objective but that doesn't end the fight and so, there are other challenges to this government. And to our country that we also have to focus on because those continue and will continue even after bin Laden is captured."

More Commentary. The Staten Island Advance (NY) (9/5) editorializes, "Contray to what is the accepted conclusion, fueled by almost daily headlines and pronouncements from the White House, terrorism prosecutions appear to have declined significantly since Sept. 11, 2001." The Advance continues, "In a newly released report of all available data related to Justice Department prosecutions of terrorism cases, which surged in volume after Sept. 11, the conclusion reached is that such arrests and convictions are now at the levels they were prior to the tragic event. … The report, conducted by the Transactional Records Access Clearinghouse (TRAC), an affiliate of Syracuse University in New York, is already causing controversy and White House denials, just as previous ones have done that reached the same conclusions." The Advance adds, "The Bush administration reaction to the latest report's findings was not unexpected. … Justice Department spokesman Bryan Sierra said in a statement late last week that the report contains 'many flaws' and 'misleading analysis.' He claimed that sentencing statistics are not a good measure of the department's counterterrorism efforts, and that it is not surprising that many referrals from the FBI or other investigative agencies do not result in prosecutions. … However, the TRAC's report is the latest in a series of disagreements over the effectiveness of the Justice Department's anti-terrorism efforts. … Now, it's apparently true that those statistics -- depending on which ones are being used -- could tilt the findings a little this way or that. … Deputy Attorney General Paul J. McNulty, who released a 'white paper' in June defending the department's counterterrorism record, explained that prosecutors often must use minor charges to deal with suspects who may pose a potential threat. … A point Mr. Sierra reiterated in his statement." The Advance concludes, "Those who attacked us on 9/11 didn't just kill Democrats or Republicans, but Americans, a fact that is often lost in the debate over who or what party can better protect America from another attack. Any success, regardless on whose watch it occurs, should be considered a good thing. If in fact, the numbers are going down because we are finally getting the real bad guys, why not acknowledge it and take credit? … The only reason we can come up with is some in these highly partisan times, believe that fear generates votes. We believe such a cynical self-serving view point and political tactic is bad for America."

GOP Divisions Could Imperil Wiretapping Legislation. The Washington Post (9/6, A3, Weisman, 748K) reports, "Deepening Republican divisions over the future of President Bush's warrantless wiretapping program may jeopardize GOP leaders' hopes of making terrorism surveillance legislation a centerpiece of their final legislative push this month." In the remaining days of the congressional

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session, Republican leaders plan to focus "almost exclusively on national security, hoping to draw clear distinctions" between the two parties before November. But the Senate Judiciary Committee "will consider as many as four contradictory bills on the issue tomorrow and could approve all of them. That would leave it to Senate leaders and the White House to sort out how to proceed."

Judge Expresses Reservations About Surveillance Program. The New York Times (9/6, Liptak, 1.21M) reports, "In a lively oral argument lasting almost three hours, a federal judge in Manhattan indicated yesterday that he had serious reservations about the legality of a National Security Agency surveillance program that monitors the international communications of people in the United States." But the judge, Gerard E. Lynch, also "said preliminary issues might keep him from ever deciding the question of whether the program was lawful." The Times adds, "In a sweeping decision last month, Judge Anna Diggs Taylor of Federal District Court in Detroit ruled that the program was unconstitutional and ordered it shut down. The government filed an appeal immediately, and Judge Taylor has temporarily stayed her decision. At the beginning of yesterday's argument, the second to consider the legality of the program, Judge Lynch said he would 'devote little time to the First and Fourth Amendments.' Judge Taylor's decision relied heavily on arguments based on them."

DOJ Faces Legal Challenges Over Surveillance Program. The Legal Times (9/5, McLure) reports, "Federal Judge Anna Diggs Taylor came under attack from conservatives last month after ruling the National Security Agency's warrantless surveillance program is both illegal and unconstitutional. … But President George W. Bush's allies have more to be worried about in the federal courts than just Taylor's decision. Indeed, if the legality of the NSA's surveillance program ends up before the U.S. Supreme Court — where many observers think it's headed unless Congress manages to intervene — it's unclear whether Taylor's ruling in Detroit will be the case that got it there. That's because Justice Department lawyers are currently engaged in tough battles related to the surveillance program in three other federal courts." The Times continues, "The DOJ's efforts to keep a lid on the program have been made more difficult by several factors. Among them: a whistle-blower in California, the accidental disclosure of a secret document by the Treasury Department, and a legal strategy by some opponents that has challenged the NSA program indirectly by targeting the telecom companies accused of illegally providing the government with customer data." The Times adds, "Last winter, when the warrantless surveillance program was disclosed in The New York Times, it seemed unlikely that legal challenges to the program would make it beyond even the most preliminary hearings. Though many legal scholars questioned the Justice Department's rationale for declaring the program was not a violation of the Foreign Intelligence Surveillance Act, the government seemingly possessed two enormous advantages in court. … First, plaintiffs in any suit would have to demonstrate actual injury from the eavesdropping in order to have standing — an apparently difficult legal obstacle given that details of the individuals targeted by the program remained secret. And second, DOJ lawyers would seek to block discovery in any suit by asserting the state-secrets privilege, a legal doctrine the government has used successfully in the past to prevent disclosure of national security information."

Denmark Arrests Nine In Terror Probe. The Washington Times/AP (9/6, Nielsen) reports from Copenhagen, "Police raided homes in a largely immigrant suburb before dawn Tuesday, detaining nine men for allegedly preparing explosives for a terror attack in Denmark, which drew Muslim rage earlier this year over media caricatures of Islam's founder." Seven men "were later arraigned on preliminary charges of plotting a terror attack, but the other two were released. An Islamic imam, Abu Bashar, said the suspects were Muslims." The suspects "had acquired material 'to build explosives in connection with the preparation of a terror act,' said Lars Findsen, the head of the Danish Security Intelligence Service."

The New York Times (9/6, Bilefsky, 1.21M) reports, "Imam Abu Bashar, a Muslim cleric in Odense, told The Associated Press that he feared Denmark might become a terrorist target because Osama bin Laden said he would punish the countries that have troops in Iraq. 'Denmark is on the list,' Imam Bashar said. 'I am afraid of the message of Osama bin Laden, that he will do something against Denmark.'"

The Los Angeles Times (9/6, Fleishman, 918K) notes the arrests "came days before the fifth anniversary of the Sept. 11 attacks on the World Trade Center and Pentagon and nearly one year after the Jyllands-Posten newspaper printed cartoons lampooning the prophet Muhammad." The Washington Post (9/6, Nielsen, 748K) also reports the story.

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O'Connor Believes High Court Will Hear More Terrorism Disputes. The AP (9/6, Klapper) reports, "Former U.S. Supreme Court Justice Sandra Day O'Connor said Monday she believed the war on terror was only at the beginning, and the challenge of balancing national security against the protection of civil liberties will be a key issue in the coming years." The AP continues, "O'Connor, speaking in the tiny mountainous principality of Liechtenstein, said the United States had at times failed to strike that 'delicate balance' correctly in the past, erring too greatly on the side of national security. … She refused, however, to assess whether the approach adopted by U.S. President George W. Bush's administration, or the Court she left in January, has been the right one since the Sept. 11 attacks. … 'If we lose sight of liberty in an effort to conquer our enemies, the price may have been too high,' O'Connor told a crowd of about 100 in the city hall of Liechtenstein's capital, Vaduz. 'We will have forfeited the very principles that initially prompted us to take up the battle.'"

Federal Prosecutors Push For Prison Term For Lynne Stewart. The AP (9/6, Neumeister) reports, "Prosecutors seeking a 30-year prison term for a lawyer convicted of aiding terrorists have called her behavior 'flagrant abuse of her profession' ahead of next month's sentencing hearing." The AP continues, "Lynne Stewart was convicted in February 2005 of providing material support to terrorists by releasing a statement by her client, Sheik Ahmed Abdel-Rahman, who was imprisoned after being convicted in 1995 of plotting to blow up New York City landmarks. … Stewart's 'egregious, flagrant abuse of her profession, abuse that amounted to material support to a terrorist group, deserves to be severely punished,' prosecutors wrote in a document submitted Thursday to a judge." The AP adds, "Her lawyers have argued that Stewart should receive no prison time, arguing that a harsh sentence would frighten other lawyers from representing notorious clients and that Stewart's three decades of distinguished work for indigent clients should speak louder than a single serious mistake. … The prosecutors see it differently. … 'Stewart did not walk a fine line of zealous advocacy and accidentally fall over it; she marched across it and into a criminal conspiracy,' Assistant U.S. Attorney Andrew S. Dember wrote. 'The government obviously did not prosecute Stewart because she is a zealous advocate, but rather for blatantly and repeatedly violating the law.'"

HOMELAND RESPONSE:

FBI Philadelphia SAC Touts Post-9/11 Counter-Terrorism Reforms. The Philadelphia Daily News (9/6, Hinkelman, 109K) reports, "The FBI's top gun in Philadelphia said yesterday there's no evidence that anyone is plotting a terrorist attack here as the fifth anniversary of 9/11 approaches. Even if someone were, Philadelphians can rest assured that agents here would do whatever is necessary within the law to thwart an attack, said Jody Weis, special agent in charge of the FBI's Philadelphia office. Weis addressed reporters yesterday to highlight some of the changes and new counterterrorism tools the FBI has developed since 9/11. Two new key tools: the Terrorism Screening Center, which allows FBI agents and cops on the street to connect to a terrorism watch list, and the Investigative Data Warehouse, which gives investigators access to 50 databases and 500 million records." The Daily News adds, "Weis said the feds here get 'scores of leads' weekly in connection with potential terrorism. Each one of those leads gets checked out, he said."

The Philadelphia Inquirer (9/6, Shiffman, 399K) reports, "Last summer, FBI agents here received a tip that a Moroccan student attending a Philadelphia-area trade school was making increasingly vitriolic statements against America. Agents tracked him -- they won't say how -- and learned that he had flown to Iraq. The unidentified man was detained there, and, the FBI said, confessed to firing at U.S. troops. A thin outline of the case was disclosed by FBI agents yesterday in an interview that followed a news conference designed to showcase the bureau's antiterror efforts in the five years since 9/11." Weiss said in the interview, "It's not a perfect system, but we're striving to have the intelligence in place. Intelligence is the key. We need to have everybody -- the community, the media -- reporting in." The Inquirer notes, "The backbone of this effort, Weis said, is the bureau's intelligence analysts. … In Philadelphia, 20 analysts have been assigned to its 'Field Intelligence Group,'" and "last year, the local Field Intelligence Group produced several classified assessments of terror targets, including one of SEPTA's transit systems."

Judge Dismisses Federal Charges Against Michigan Cell Phone Suspects. In a widely-distributed story, the AP (9/6, Goodman) reports, "A federal

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judge threw out conspiracy and money laundering charges Tuesday against three Texas men once accused of plotting a terror attack on Michigan's iconic Mackinac Bridge." US District Court Magistrate Charles Binder "ruled that federal prosecutors failed to present enough evidence to justify bringing them to trial on charges involving the buying and resale of prepaid cell phones. They were cleared earlier of the terror charges." Lawyers for Louai Othman, Adham Othman and Maruan Muhareb say the three "were targeted because of their Middle Eastern heritage." The AP notes that shortly after their arrest, "the FBI and state police…said there was no imminent threat to the landmark span and no information linking the Othmans and Muhareb to known terrorist groups."

The Detroit News (9/6, Egan) reports that the men's defense lawyer, Nabih Ayad, said, "They feel wonderful; their confidence in our justice system has been restored," and US Attorney Stephen Murphy said, "We respect the judge and the process and we're continuing to evaluate the case in light of the decision." The News notes, "Ayad has said the men were the victims of ethnic profiling. He said the men, who spent 10 days in custody following their arrests, are considering a civil lawsuit." The Detroit Free Press (9/6, Warikoo, 346K) adds that Binder "made the decision after a court hearing Tuesday that featured FBI testimony, Ayad said. The judge also canceled their bond, Ayad said. … 'It's a victory for justice and for the Middle Eastern community,' said Ayad."

Airlines See Terror Threat Affecting Their Bottom Line. The Wall Street Journal (9/6, McGrath, Michaels, 2.03M) reports, "Airlines continue to face ripples from last month's alleged foiled terrorist plot in Britain, as British Airways said future bookings had been hurt and Continental Airlines said security concerns damped its per-seat revenue growth last month." British Airways and other carriers "reported strong August traffic results as fliers largely stuck to their original travel plans despite the alleged plot and the security disruptions it caused." Airlines "now are watching new ticket purchases to see whether terrorism fears or security inconveniences lead travelers to stay home or seek alternate modes of transportation. Industry analysts say the impact is unlikely to slow the world-wide resurgence in air travel but that more time is needed to gauge the full effect."

TSA Warns 1,195 Former Employees Of Privacy Breach. USA Today (9/6, Frank, 2.27M) reports the TSA has sent letters to 1,195 former employees warning them "that a contractor may have mailed their Social Security numbers and birth dates to the wrong addresses and left them open to identity fraud." USA Today adds that it "is the latest in a series of data breaches that may have exposed workers in both private and government jobs to identity thieves." Beth Givens, director of the Privacy Rights Clearinghouse, called the error "abominable," adding that the agency's "mission is security." A spokeswoman for the TSA, Amy von Walter, "said the breach was 'an administrative error, and the contractor has taken steps to ensure it's not repeated.'" The TSA "encouraged former employees to put a fraud alert on their credit files."

Nearly 70% Of WTC Aid Workers Suffering From Lung Problems. The AP (9/6, Westfeldt) reports, "Nearly 70 percent of the rescue and cleanup workers who toiled in the dust and fumes at ground zero have had trouble breathing, and many will probably be sick for the rest of their lives, doctors said Tuesday in releasing results of the biggest Sept. 11 health study yet." The Mount Sinai Medical Center study "is conclusive proof of a link between recovery work at the World Trade Center ruins and long-term respiratory problems, doctors said." Mayor Michael Bloomberg "cast doubt on the study's claims, saying, 'I don't believe that you can say specifically a particular problem came from this particular event.'" Dr. John Howard, "who was appointed by the Bush administration in February to coordinate the various ground zero health programs, called the findings 'extremely important' and said they support other researchers' work, including a study of city firefighters." The New York Times (9/6, Newman, 1.21M) notes "Mount Sinai's ongoing monitoring program is supported with money from the National Institute for Occupational Safety and Health."

NBC Nightly News (9/5, story 5, 3:10, Thompson, 9.87M) reported "doctors called these findings sobering, revealing serious health issues today and perhaps even bigger problems to come. It was a toxic stew, in the words of one doctor. The air the government initially said was safe is proving to be hazardous to first responders' health -- what many long suspected." Dr. Robin Herbert, of Mount Sinai Hospital, was shown saying, "There should no longer be any doubt about the health effects of the World Trade Center. Our patients are sick and will need ongoing health monitoring and treatment for the rest of their lives."

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More Commentary. The New York Times (9/6, 1.21M) editorializes, "Yet until recently, Congress and the Bush administration have barely managed to squeeze out enough money for surveys to determine the extent of illnesses related to ground zero. A scant $52 million has been set aside for medical care, but so far, none of that money has reached a real patient." Congress and the White House "need to make sure there is enough money to continue monitoring those from around the country who were caught in the toxic dust. And they need to make money available quickly for responders who grow sicker with each Sept. 11."

Liberal Bloggers, Other Critics Say ABC's 9/11 Miniseries Biased. The New York Times (9/6, McKinley, 1.21M) reports, "Days before its scheduled debut, the first major television miniseries about the Sept. 11 attacks was being criticized on Tuesday as biased and inaccurate by bloggers, terrorism experts and a member of the Sept. 11 commission, whose report makes up much of the film's source material." The six-hour miniseries, "The Path to 9/11," is "to be shown on ABC on Sunday and Monday. The network has been advertising the program as a 'historic broadcast' that uses the commission's report on the 2001 attacks as its 'primary foundation.'" But "several liberal blogs were questioning whether ABC's version was overly critical of the Clinton administration while letting the Bush administration off easy." Some critics, such as former counterterrorism czar Richard A. Clarke, "questioned a scene that depicts several American military officers on the ground in Afghanistan. In it, the officers, working with leaders of the Northern Alliance, the Afghan rebel group, move in to capture Osama bin Laden, only to allow him to escape after the mission is canceled by Clinton officials in Washington." Clarke said, "It didn't happen."

Republicans Looking To Strike Compromise On FEMA Reform Before November. The Washington Post (9/6, A7, Hsu, 748K) reports that efforts in Congress to reorganize FEMA "after last year's disastrous hurricane season appear to be in trouble, with Republicans scrambling to strike a compromise before November's elections. Members remain divided over how much to spend; how big to rebuild the disaster response agency after five years of disintegration; and how broadly to change laws covering aid to individuals, governments and private groups, congressional aides said." Meanwhile, "Sen. Judd Gregg (R-N.H.), chairman of the Senate Appropriations subcommittee on homeland security, said he has told House and Senate FEMA negotiators from both parties that if they can strike a deal, 'we will be happy to carry it.'" However, Gregg added, "'There is not a lot of money.' Indeed, Rep. Bennie Thompson (Miss.), the ranking Democrat on the Homeland Security Committee, said GOP House leaders have said no new money will be available." Thompson called an overhaul to the agency without finances "an insult to every American."

WAR NEWS:

Rice Compares Iraq War's Significance To US Civil War. The AP (9/5, Schweid) notes Secretary Rice "is drawing a parallel between the Iraq war and the Civil War. Both had their critics but both were justified, she says." Rice told Essence Magazine that, "in both cases, it was the right decision to fight and see the wars through." She said it was "absolutely" correct to invade Iraq in 2003, and "then offered a parallel between critics of the administration's Iraq policies and 'people who thought it was a mistake to fight the Civil War (in this country) to its end and to insist that the emancipation of slaves would hold.'" She is quoted saying, "I'm sure that there were people who said, "why don't we get out of this now, take a peace with the South, but leave the South with slaves. Just because things are difficult, it doesn't mean that they are wrong or that you turn back." The Washington Times (9/6, Kralev, 88K) also has a report on the interview, in which she also defends President Bush's record on racial issues in the wake of Hurricane Katrina.

Iraqi Parliament Extends State Of Emergency. The New York Times (9/6, Wong, 1.21M) reports, "Parliament voted Tuesday to extend by a month a nationwide state of emergency that allows the government broad powers to combat the insurgency, including declaring curfews, detaining suspects and conducting cordon-and-search operations." The Times adds that the state has been extended several times; "there has been no serious move to roll it back." Despite the "affirmation" of those powers, "violence continued to roil Iraq," including the deaths of "two marines and a sailor" in Anbar province.

The AP (9/5, Becatoros) also reports the extension, stating that "the president [of Iraq] predicted bloodshed will be quelled by the end of next year." The deaths of the three servicemen in Anbar "bring to 10 the number of coalition

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soldiers killed the previous two days -- eight Americans and two Britons." The AP adds that the dispute over the Kurdish regional president's refusal to display the Iraqi flag "showed no sign of abating."

One Third Of Iraqi Lawmakers Skip Session. The Los Angeles Times (9/6, Roug, 918K) reports on the one-third absentee rate of the Iraqi parliament after "a monthlong vacation." Some Iraqis "feel betrayed by their elected leaders and express little confidence in the government's ability to secure the country or improve basic services." Lawmakers have discussed "financial penalties" for absenteeism. Paid much more than the average Iraqi, many of them "live in government-sponsored villas and apartments in the heavily guarded Green Zone, enjoying a world of security and privilege where the streets are clean and the electricity is constant."

Iraqi Journalist Decries "Endangerment" Of Colleagues. In an op-ed for the New York Times (9/6, 1.21M), journalist Ali Fadhil writes, "In today's Iraq, intellectuals are targets of a widespread, often ethnically driven campaign of murder. ... one class of professionals cannot escape the violence because its work is connected to it ... They are the news media workers. And I am one of them." Fadhil recounts his own brushes with death and several journalists' murders. He complains, "Now the United States has turned our fate over to Iraqi politicians. If our government continues to be dominated by militias and to draw closer to the insurgency and the Islamic extremists, then in just a few months, no news will be reported from Iraq at all."

Some Iraqis Change Names To Protect Own Lives. The New York Times (9/6, Wong, 1.21M) reports on Iraqis who fear that their names could betray their sectarian affiliation and cost them their lives: "Iraqis fear that the name on an identification card, passport or other document could become an instant death sentence if seen by the wrong people." Iraqi and American officials say that "in Baghdad, Shiite death squads — sometimes in police uniform — operate many of the illegal checkpoints" where civilians are abducted and executed for belonging to the other sect. As a result, "in the first seven months of this year, 1,000 Iraqis [mostly Sunni] officially changed their names, far more than in any similar period since the American invasion of 2003," according to an Iraqi official.

Pakistan Signs Accord With Pro-Taliban Militias. The Washington Post (9/6, Constable, 748K) reports, "The government of Pakistan signed a peace accord Tuesday with pro-Taliban forces in the volatile tribal areas bordering Afghanistan, agreeing to withdraw its troops from the region in return for the fighters' pledge to stop attacks inside Pakistan and across the border." The deal "aroused alarm among some analysts in Afghanistan. They expressed concern that, whatever the militias promise, a Pakistani army withdrawal might backfire, emboldening the groups to operate more freely in Pakistan and to infiltrate more aggressively into Afghanistan to fight U.S. and allied forces there." Some analysts accused Pakistani leader Musharraf of 'buying a dubious local peace at the risk of giving pro-Taliban groups more power both at home and across the border."

Rice Telephones Canada's MacKay To Apologize For Afghanistan Killing. AFP (9/5) reports a statement by Assistant Secretary McCormack that Secretary Rice "called her Canadian counterpart Peter MacKay to offer condolences" for the killing of a Canadian soldier in Afghanistan by US friendly fire "and promise that the 'unfortunate incident' was being investigated." McCormack told reporters, "She assured Foreign Minister MacKay that the incident was being investigated." Several casualties including the Canadian's death were caused by pre-dawn strafing fire from American A-10s participating in "a major anti-Taliban operation" in southern Afghanistan.

GAO Says Government's Arab Broadcasts Lack Reliable Audience Estimates. The Washington Post/AP (5/6, A13) reports the Government Accountability Office says that "despite "claims of success by the Bush administration, radio broadcasts and satellite telecasts by the U.S. government to the Arab world lack reliable audience estimates and accuracy checks." The GAO "also said, in a report released yesterday, that the Broadcasting Board of Governors, which oversees Radio Sawa and Alhurra satellite television, has not established a detailed strategic approach to compete with TV networks funded by Arab governments." Radio Sawa and Alhurra – "funded by the U.S. government -- are a major part of the public diplomacy effort directed by the State Department and have been cited by the administration as a key component in the campaign against terrorism." The GAO said the "claims that Radio Sawa and Alhurra TV each reached an audience

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of about 21.6 million last year are questionable" because of "limited survey methods and documentation."

Antiwar Camp Sets Up On National Mall. The Washington Post (9/6, A5, Dvorak, 748K) reports "about 100… military family members, veterans and peace activists kicked off a 17-day demonstration called 'Camp Democracy' yesterday" on the National Mall not far from the White House. The antiwar protest is a "spinoff" of Cindy Sheehan's Camp Casey in Crawford, Texas.

Author Decries "Myth Of Immaculate Warfare." In a USA Today op-ed (9/6) titled "The Myth Of Immaculate Warfare," author Ralph Peters writes, "Precision-targeting systems and other superweapons are dangerously seductive to civilian leaders looking for military wins on the cheap." As a consequence, the US and Israel have run into hardships in Iraq and Lebanon, respectively. Peters criticizes Secretary Rumsfeld and his advisors for deluding "themselves that an air effort employing precision weapons — 'shock and awe' — would convince the Iraqi regime to surrender." Unlike Israel in Lebanon, the US had the ground forces to make up for that misconception. Peters advises, "We have to break the habit. We must stop pretending that technology will be decisive in the flesh-and-blood conflicts our troops will continue to face. There will be no 'bloodless wars' in our lifetimes."

DOJ:

Montana US Attorney Tapped For Number Three Post At Main Justice. The AP (9/6, Jalonick) reports, "President Bush has nominated Montana's U.S. attorney, Bill Mercer, to the No. 3 post at the Justice Department." The AP continues, "Mercer, who has held the Montana post since 2001, will become acting associate attorney general pending confirmation by the Senate, the White House said Tuesday. He replaces Robert McCallum, who recently became ambassador to Australia." The AP adds, "Mercer previously served a temporary term at Justice as the top deputy to the deputy attorney general, splitting his time between his U.S. attorney duties in Montana and his Washington job. … Chief U.S. District Judge Donald Molloy in Montana criticized Mercer for the double duty, saying he was neglecting his work in the state. Molloy urged U.S. Attorney General Alberto Gonzales to replace Mercer, but Gonzales turned down the request." The AP notes, "Mercer worked as an assistant U.S. attorney from 1994 to 2001 and for five years in Washington as counselor to the assistant attorney general and senior policy analyst in the Justice Department's Office of Policy Development. … In Montana, Mercer's office has led the prosecution against W.R. Grace and Co., a company charged with knowingly exposing miners and residents in Libby, Mont., to asbestos poisoning."

FBI, DHS Merge Fingerprint Databases. In a widely-distributed story, McClatchy (9/6, Taylor) reports, "The FBI and the Department of Homeland Security have merged their databases of fingerprints of millions of criminals and illegal immigrants, in an unprecedented interagency effort to catch more terrorists and solve more crimes. … Federal agencies hope to eventually offer access to police departments across the country, which likely would provoke a controversy over how involved police departments should be in immigration enforcement." McClatchy notes Major Cities Police Chiefs Association director Thomas Frazier "said access to the immigration database will help police officers better identify criminals," but "he predicted that most police officers would not want to become entangled in enforcing immigration laws. Such scrutiny could harm a police department's relationship with immigrant communities and discourage immigrants from reporting crimes, he said."

DOJ Seeks Expansion Of Fingerprint Record System. Federal Computer Week (9/6, Chan) reports, "The Justice Department is seeking to amend regulations that would broaden the scope of offenses that warrant fingerprint entry into the Fingerprint Identification Records System." FCW continues, "Published in today's Federal Register, the proposed amendment would add nonserious offenses and serious adult and juvenile offenses. Currently, these exclusions are documented only at the state and local levels. … The proposal also states that existing rules for collecting criminal record data applied to administrative purposes when the FBI collected fingerprint data manually. Digital fingerprint readers made the data more mobile and faster to gather. … 'Digitized fingerprint images require far less storage space than fingerprint cards' because of an integrated automated fingerprint system, according to the proposal. 'Retaining [nonserious offenses] will increase law enforcement's latent fingerprint search capability by increasing the universe of criminal history record fingerprint submissions retained by the FBI,' the proposal states."

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CORPORATE SCANDALS:

Two Senate Committees To Hold Hearings On Options Timing Today. The AP (9/6, Gordon) reports, "Congress is taking a close look at suspiciously timed stock options for top company executives, a corporate practice that is a source of anger for shareholders and the subject of federal investigations." The AP continues, "At least 78 public companies, including iPod maker Apple Computer, UnitedHealth Group, Home Depot, Intuit and Barnes & Noble, are under scrutiny by the Justice Department or the Securities and Exchange Commission, or both, for possible manipulation of stock option grants. .... And the Internal Revenue Service is conducting its own investigation for possible tax-law violations in option grants." The AP adds, "At issue in many of the investigations is a practice known as backdating, in which stock options are issued retroactively to coincide with low points in a company's share price. Such a move can fatten profits for options recipients when they sell their shares at higher market prices. … Backdating options can be legal as long as the practice is properly disclosed to investors and approved by the company's board, but it can run afoul of federal accounting and tax laws in some cases. … 'If the tax laws are inadequate on stock options backdating, I want to beef them up,' Sen. Charles Grassley, R-Iowa, said recently. Grassley heads the Senate Finance Committee, one of two panels examining the issue at separate hearings Wednesday. … SEC Enforcement Director Linda Thomsen, Deputy Attorney General Paul McNulty and the head of the IRS, Mark Everson, were scheduled to testify before the Finance Committee. SEC Chairman Christopher Cox and Mark Olson, who heads the independent agency overseeing the accounting industry, were to appear before the Senate Banking Committee."

Study Estimates Cost Of Options Scandal. The New York Times (9/6, Dash) reports, "A new study estimates that the stock options backdating scandal may cost shareholders hundreds of millions of dollars. The study was released on the eve of two Senate committee hearings that plan to examine the scope of the widening investigation into improper options practices." The Times continues, "Three researchers at the University of Michigan estimated that backdating stock options between 2000 and 2004 helped sweeten the average executive's pay by more than 1.25 percent, or about $600,000. But the fallout from the recent options investigations has caused those executives' companies to fall in market value by an average of 8 percent, or $500 million each. … 'For about $600,000 a year to the executives, shareholders are being put at risk to the tune of $500 million,' the study concludes." The Times adds, "The working paper, expected be made public later this week and to be published in The Michigan Law Review next year, appears to be the first to put dollar figures on the costs and benefits of backdating. It analyzed thousands of stock option grants at 48 companies that announced they were under investigation as of the end of June, and measured the maximum gains for those executives if their options were backdated over a 90-day period as well as the drop in value at those 48 companies in the 10 days before and after news of a backdating inquiry was released. … The study comes as the stock option scandal continues to widen. More than 100 companies, from Silicon Valley start-ups to prominent brands like Apple Computer are now either under investigation by the federal government or conducting their own internal reviews. Dozens of companies are working to restate earnings or are preparing for new tax bills, and in at least two cases, executives are facing criminal charges."

New Jersey Firms Caught In Options Probe. The New Jersey Law Journal (9/5, Daks) reports, "A federal investigation into improperly backdated executive stock options has swept up four New Jersey companies and has spurred a grand jury subpoena and a civil suit against one of them." The Journal continues, "The inquiries are part of a nationwide probe by the Securities and Exchange Commission, and in some cases by the Justice Department and Internal Revenue Service, into allegations that more than 100 companies changed stock option grant dates to make them more valuable." The Journal adds, "The SEC has asked Medarex Inc. of Princeton, Kos Pharmaceuticals Inc. of Cranbury, Ulticom Inc., a Mount Laurel software provider, and DRS Technologies Inc., a Parsippany military product and service provider, for stock-option-plan data. Ulticom and DRS say actions by affiliates drew them into the probe. … All four businesses say they are cooperating with authorities, and Kos claims it started its own investigation before hearing from the SEC. … Last month, Medarex announced plans to restate its financial statements from the beginning of 2000 through the quarter ended March 31, 2006, to account for the stock options. … But Medarex is already in court, answering a subpoena by the U.S. Attorney's Office for documents relating

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to backdated options and defending against a shareholders' suit."

Jobs Urged To Address Options Questions. In his "Long & Short" column for the Wall Street Journal (9/6), Jesse Eisinger writes, "Steve Jobs is in a unique and unenviable situation among technology leaders. Both companies he founded -- Apple Computer and Pixar Animation Studios -- have fallen under the stock-options backdating cloud." Eisinger continues, "Apple has owned up to options 'irregularities,' an ominous word that could presage more significant revelations, and said it may restate earnings. One of the grants under review was made to Mr. Jobs, a grant that was canceled and replaced with restricted stock grants well before Apple's revelation. Pixar's options grants, meanwhile, exhibit a pattern suggestive of backdating: Some of its top executives, but not Mr. Jobs, received grants priced at the stock's annual lows in four years between 1997 and 2003. Options usually give the right to buy stock at the grant date's trading price, so that's either a remarkable coincidence or evidence that the grant dates were picked after the fact." Eisinger adds, "Investors and analysts have begun to wonder about the fate of Mr. Jobs, who is chief executive officer of Apple and was head of Pixar until it was acquired by Walt Disney this year. In a note to clients last month, Merrill Lynch analyst Richard Farmer assessed the 'potential risk, however remote, that Steve Jobs might be unable to continue as CEO of Apple.' Given the options problems at Apple, he said, his analysis of the Pixar options grants made 'it difficult to entirely rule out the possibility.' … Mr. Jobs was and is a spectacular leader, generating vast wealth for shareholders of both companies. He hasn't been implicated in directly overseeing any questionable practices. An Apple spokeswoman says that the company isn't under SEC investigation and has launched an independent investigation. … As the scandal widens, it's clear that some companies and executives behaved egregiously while others may merely have had lapses in their internal controls. Not every CEO of every implicated company needs to walk the plank. … CEOs, however, aren't merely expected to avoid wrongdoing themselves. They are the standard-bearers for their companies. At a certain point, like a military commander or political leader, they should take responsibility for their underlings' behavior. … So far, Mr. Jobs has been largely silent about the scandal, relegating his comments to press-release statements vetted by lawyers and public-relations professionals. That's understandable: Apple is being sued over its options practices, and he doesn't want to make himself more vulnerable. He also might be hesitant, understandably, to identify himself personally with the scandal. .. . His silence is a mistake. This is an opportunity for a great third act in a great career: This is a job for Mr. Jobs."

SEC Probing XM Radio's Subscriber, Recruiting Figures. The AP (9/6) reports, "XM Satellite Radio Holdings Inc. disclosed yesterday that the Securities and Exchange Commission is looking into the company's handling of its estimates of subscriber counts and the cost of recruiting customers." The AP continues, "The District company said in a regulatory filing that it had received a letter from the SEC on Thursday asking for documents regarding its subscriber targets and related matters for the third and fourth quarters of last year. … The company said the questions appear related to the issues behind a previously disclosed shareholder lawsuit filed this year. XM said it would 'cooperate fully' with the SEC's informal inquiry."

CRIMINAL LAW:

Gonzales Says Cities Must Improve Anti-Crime Efforts Without More Federal Funds. The AP (9/6, Yen) reports, "U.S. Attorney General Alberto Gonzales said Tuesday that cities will need to work harder to reverse a spike in crime but should not count on additional federal money to help. He said costs of the campaign against terrorism preclude that." The AP continues, "At a news briefing, Gonzales was responding to several mayors and police chiefs who expressed worries at a crime conference last week that the Bush administration was devoting too many dollars for wars abroad. They said that came at the expense of Americans at home who are victims of violent crime. … 'I think everyone understands at the state and local level that we need to secure our country,' Gonzales said Tuesday, reiterating the desire of federal law enforcement to work more closely with local police to fight crime. 'I understand the tension, and they also have a responsibility.' … But he said that President George W. Bush also was committed to reducing the federal deficit in time of war. … 'We have to be realistic,' Gonzales said, adding that cities will get closer cooperation but probably not the money they seek. 'Not everyone is going to be happy about the funding dollars, but we're going to do our job.'"

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FBI Reported To Be Investigating Land Deal In Lewis' Neighborhood. The AP (9/6, Marquez) reports Federal investigators "probing Rep. Jerry Lewis' ties to lobbyists are looking into a land deal that put nearly 41 pristine acres in the congressman's neighborhood off-limits to developers, The Associated Press has learned." The land was "given to the city of Redlands by Jack and Laura Dangermond, who have donated generously to Lewis. The Dangermonds founded and run a company — Environmental Systems Research Institute Inc. of Redlands — that has gotten tens of millions of dollars' worth of contracts through the powerful House Appropriations Committee that Lewis, a Republican, now chairs. One government contract came months after the land donation." The land, "some of which sits directly across from Lewis' home, is part of a scenic canyon in one of Redlands' wealthiest neighborhoods. Keeping the land free of development helps ensure property values remain high." Peter Tsamous "sold the land, and another piece of property, to the Dangermonds for more than $2 million in early 2001. He told the AP he was questioned about it by an FBI agent last month."

FBI Investigating Lobby Firm Payments To DeLay's Wife. The Wall Street Journal (9/6, A8, Mullins, 2.03M) reports, "In the last few weeks, Federal Bureau of Investigation agents have interviewed several people at the Alexander Strategy Group lobbying firm to determine if Christine DeLay was being paid $3,200 a month -- a total of $115,000 over three years -- but not earning it. … 'They wanted to know how often she came to the office? What did she do there? How long was she there?' said one person who was interviewed by the FBI." The "investigators also asked about $144,000 that Mrs. DeLay received from one of Mr. DeLay's fund-raising committees, the Americans for a Republican Majority Political Action Committee," and they "inquired about fees paid to Mr. DeLay's daughter, Dani DeLay Ferro, a longtime political consultant to her father." The Journal notes, "The latest round of FBI questioning signals that the Justice Department doesn't plan on letting up on Mr. DeLay now that he has left Congress."

US Argues For Death Penalty For Man Convicted Of Murdering Student. The Minneapolis Star Tribune (9/6, Haga) reports from Fargo, ND, "Jurors who last week found Alfonso Rodriguez Jr. guilty of kidnapping and killing Dru Sjodin could decide today whether the case qualifies for the death penalty." The Tribune continues, "Just as the trial's opening 'guilt' phase moved faster than most observers had expected, so has the second 'eligibility' phase. The government called just three witnesses, the defense none, before resting Tuesday." The Tribune adds, "After lawyers' closing arguments and U.S. District Judge Ralph Erickson's instructions to the jury on what federal law requires for a case to qualify for the death penalty, jurors will begin deliberations. … If they decide that the case qualifies, they will hear a third round of testimony and arguments over whether Rodriguez should be sentenced to death. … If the jury finds that the case does not qualify for the death penalty, the trial will end and Rodriguez will be sentenced to life in prison without parole." The Tribune notes, "In his opening statement Tuesday, U.S. Attorney Drew Wrigley said the death penalty is appropriate in this case because at least one of the threshold factors cited in the federal death penalty act applies: Rodriguez intended to kill Sjodin, he intentionally inflicted serious injury that caused her death, or he showed a reckless disregard that led to her death."

Ryan To Be Sentenced Today For Corruption Conviction. The Chicago Tribune (9/6, Higgins, Bush, 623K) reports, "Former Gov. George Ryan is expected to learn on Wednesday how much prison time he will receive for his conviction on sweeping corruption charges, but the fight to keep him free will be far from over. In addition to hundreds of pages of defense motions seeking to overturn the guilty verdict and get Ryan a new trial, his attorneys last week requested that U.S. District Judge Rebecca Pallmeyer issue Ryan an appeal bond." The Tribune notes, "Appeals courts rarely grant new trials, and federal prosecutors have said they will fight Ryan's request. But some veteran attorneys say Ryan, 72, and co-defendant Lawrence Warner, 67, have a legitimate shot at getting an appeal bond." Former federal prosecutor Steven A. Miller said that "there were so many issues raised with regard to the jury deliberations. ... If any defendant has a chance to get a bond on appeal, I think Ryan is that defendant."

In a widely-distributed story, the AP (9/6, Robinson) reports, "A large crowd is expected for the sentencing. Some are guaranteed to be death-penalty opponents who still regard Ryan as a hero for imposing a moratorium on capital punishment and commuting the sentence of every death row prisoner before leaving office. … The Rev. Scott Willis, whose family tragedy helped to launch the eight-year investigation of

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corruption in the Ryan era, is also expected," although Pallmeyer ruled Friday that he will not be allowed to testify.

Tennessee Senator Unexpectedly Seeks Trial For Bribery Charges. The Memphis Commercial Appeal (9/6, Buser, 172K) reports that on Tuesday, "After signaling intentions to plead guilty, former state senator Kathryn Bowers of Memphis said…she wants to go to trial in her Tennessee Waltz bribery case. Her decision apparently was a last-minute change of heart as both the prosecutor and her defense attorney told U.S. Dist. Court Judge J. Daniel Breen that they had been talking guilty plea right up until this morning. … 'I have faith in God and I know he didn't bring me down off that mountain to go in no courtroom and plea bargain,' Bowers said outside the federal courthouse. 'I'm ready to fight. If I need to roll my sleeves up, I'll do that, too.' Breen said he would have to review his court calendar and that a trial likely would be held next spring."

The AP (9/6, Baird) notes, "Bowers is one of 11 people, including five current or former state lawmakers, charged in the public corruption sting. Bowers was indicted last year on charges of accepting $11,500 in bribes from undercover agents posing as businessmen seeking government favors for a company called E-Cycle Management."

Judge Will Not Force Key Prosecution Witness To Testify At NM Treasurer's Retrial. The AP (9/6, Korte) reports, "A federal judge ruled Tuesday that a California investment adviser will not have to testify in the retrial of former state Treasurer Robert Vigil on public corruption charges. U.S. District Judge James Browning said he would not compel Kent Nelson to testify after Nelson invoked his Fifth Amendment right against self-incrimination. However, Browning said he is inclined to admit into evidence transcripts of Nelson's testimony from Vigil's first trial, which ended in a mistrial this spring." The AP notes, "During Vigil's first trial, a key piece of government evidence was a videotape showing Nelson handing cash to Vigil -- $10,000 in one instance. At the time, Nelson was cooperating with the FBI."

Jeffs Transferred To Utah For Initial Hearing Today. In a widely-distributed story, the AP (9/6, Dobner) reports, "Polygamist sect leader Warren Jeffs was flown back to Utah on Tuesday to face felony sex charges involving the arranged marriage of an underage girl to an older man. Accompanied by sheriff's deputies, he arrived at the Purgatory Correctional Facility in Hurricane shortly after noon, said Washington County Sheriff's Lt. Rob Tersigni." The AP notes, "Jeffs hired Las Vegas attorney Richard Wright to represent him in the case. Wright contacted jail officials Tuesday, asking that Jeffs be held apart from other inmates 'for his own protection,' Washington County Sheriff Kirk Smith said at a news conference."

The Deseret Morning News (9/6, Winslow, Perkins) adds that Jeffs "is scheduled to appear in court this afternoon via video hookup from the Purgatory Correctional Facility. Jeffs is being held without bail, although it is possible that could change at today's court hearing." The Morning News notes, "Wright has represented several high-profile clients in Las Vegas, including a county commissioner charged with political corruption and a boxer accused of assaulting his girlfriend." The Salt Lake Tribune (9/6, Havnes, Adams) also reports on Jeffs' arrival in Utah.

Jurors Hear Jailhouse Recordings Of Gotti Threatening Mobsters Over Demotion. The New York Times (9/6, Williams, 1.21M) reports, "During prison conversations in 2003, John A. Gotti told his sister and other visitors that he intended to quit organized crime and move to Canada once he was released. But at the same time, Mr. Gotti was apparently so incensed at being demoted as the leader of the Gambino crime family that he threatened violence against his enemies." The Times notes, "The prosecution did not introduce the prison recordings at the previous trials. 'I've made a pact,' Mr. Gotti told John Ruggiero, a member of the Gambino family, during a September 2003 conversation secretly recorded by the F.B.I. at the federal prison in Ray Brook, N.Y. 'I made a pact with myself one night in my bed, on my father's and brother's grave. I will beat them down like a two-dollar French hooker. I never want to go back to those people again,' Mr. Gotti said on the recording. 'If I go back there, I got to hurt some of them, you understand me?'"

The New York Daily News (9/6, Zambito, 729K) reports, "In recorded prison chats played for jurors yesterday, Gotti mocks the tag he earned after government agents said he didn't have the smarts his father possessed to run the Gambino crime family. 'I'm the Dopey Don, remember?' he tells pal Steve Dobies during a July 2003 prison conversation intercepted by the feds. 'That's what I was. I had no problem with that. But you can't just now say, "Well, we thought now because we're gonna put him in jail for life, he wasn't really

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the Dopey Don." You can't do that. ... You gotta lock them into something.'" The Daily News notes, "When Gotti's lawyers begin calling witnesses today, they may start with Curtis Sliwa," who "testified for the prosecution at two previous trials but was not called this time." The New York Post (9/6, Cornell, 608K) also reports Gotti's threats over his demotion, under the headline "Gotti Family Feud."

Hornsby Pleads Not Guilty To All Charges. The Washington Post (9/6, B5, Rich) reports, "Former Prince George's County schools chief Andre J. Hornsby," appearing before Magistrate Judge Charles B. Day at U.S. District Court in Greenbelt, "pleaded not guilty to 16 felony counts yesterday in his first appearance in court since his indictment on corruption and other charges." The charges concern "steering school business to associates in exchange for kickbacks that were intended to exceed $100,000 and possibly include expensive art or a yacht." Hornsby has been ordered not to have "direct contact with current or former employees of either the school system or of LeapFrog SchoolHouse." Hornsby "is accused of arranging a $1 million purchase from the company, where his then-girlfriend" Sienna Owens "worked as a saleswoman, and splitting a $20,000 commission with her." Owens "has been charged with a tax violation."

The Washington Times (9/6, Cella) reports Hornsby "was indicted Aug. 22 on seven counts of wire fraud, five counts of mail fraud, evidence tampering, witness tampering and obstruction of justice."

Study Sheds Light On Child Abductions. USA Today (9/6, Koch) reports, "Stephanie Quackenbush recalls walking to school on a sunny morning in Albany, N.Y., last year when, a block from school, a man grabbed her from behind. … He put a towel over her face. She screamed for help. … Two men working nearby heard her yell and ran to help. … The attacker dropped the towel and ran off. DNA on the towel linked Darius Ashley to her assault and to the abduction and rape of two other young women. He's now serving a 25-year prison sentence." USA continues, "Stephanie's case fits the pattern of most attempted abductions, according to a study released today by the National Center for Missing & Exploited Children. The typical victim is a teenage girl on her way to or from school. … The study, released as a new school year gets underway, examined 403 attempted kidnappings by strangers or slight acquaintances that were reported by police or news media in 45 states from February 2005 to July 2006. It was conducted to learn how such attempts are foiled. The study did not look at successful abductions." USA adds, "Six in 10 victims fought back and escaped, according to the ongoing study's initial findings. Three in 10 ran away before any physical contact, and about 10% were saved when an adult nearby intervened. … National statistics on child abductions are hard to come by because kidnapping is not classified as a major crime, says David Finkelhor, director of the Crimes Against Children Research Center at the University of New Hampshire. He says some incidents are reported as rapes rather than abductions. … He co-authored the most recent study on the topic by the Justice Department, which analyzed 1999 data. That year, 115 'stereotypical kidnappings' were reported — ones in which children were abducted by strangers or barely known acquaintances, taken more than 50 miles, detained at least overnight or held for ransom. Half were sexually assaulted, and 40% were killed."

Rise In New Orleans Murders Continues With Rash Of Labor Day Shootings. The AP (9/6) reports, "Bullets flew in New Orleans and its suburbs, turning Labor Day weekend bloody with 13 shootings that left four people dead and nine wounded. Among the dead was a 53-year-old man police said was accidentally shot Sunday evening by a gunman who was trying to kill two other men. … The killings raised the murder toll in New Orleans to 93. … The two murders in Jefferson Parish pushed the number there to 40, up from 26 this time last year." The AP notes that "the drug trade is being blamed for the increase in violence. 'You have a city that is 65 percent unlivable now,' said FBI Special Agent Jim Bernazzani. 'So they've moved and a lot of them have moved to the West Bank of Jefferson Parish.' Other factors contributing to the spike in crime, Bernazzani said, include the failure of the education system to teach marketable skills to young people and what he calls a 'revolving door court system' that breeds a lack of consequence for criminal acts."

Grand Jury In St. Bernard Parish To Hear Case Against Nursing Home Owners. USA Today (9/6, Parker, 2.27M) reports starting September 20, a negligent homicide case against the owners of St. Rita's Nursing Home will be among the first heard by a grand jury in St. Bernard Parish since Hurricane Katrina. "The grand jury's formation is a milestone in a case that provided some of the

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most vivid images of the death and destruction that surrounded Katrina." The 35 deaths at St. Rita's "have ignited legal battles on several fronts." The owners, Sal and Mable Mangano, have "filed a civil lawsuit against federal, state and local officials," claiming that they "failed to evacuate St. Rita's residents as Katrina approached. In the criminal case, prosecutors say the Manganos were negligent for ignoring officials' calls to evacuate."

NYC Pimp Pleads Guilty In Multi-State Underage Prostitution Case. The Camden Courier-Post (8/31) reported New York City pimp Demetrius Lemus, "who recruited and prostituted minor girls in several U.S. cities, including Atlantic City," last Wednesday "entered a plea of guilty before U.S. District Judge Freda L. Wolfson to conspiracy to transport minors to engage in prostitution." The Courier-Post noted, "The case is part of the 'Innocence Lost' initiative, a cooperative effort to prevent and prosecute cases involving child prostitution between the FBI, the U.S. Attorney Criminal Division's Child Exploitation and Obscenity Section and the National Center for Missing and Exploited Children. To date, the Innocence Lost Initiative has resulted in 228 open investigations, 543 arrests, 86 complaints, 121 informations or indictments, and 94 convictions in both the federal and state systems." The AP (8/31) added that "Lemus is the sixth person to admit a role in the ring, which authorities said operated in Atlantic City; Boston, Las Vegas, Miami and New York. A seventh person, accused ringleader Matthew D. Thompkins, faces trial in January. … The ring took in at least $800,000, investigators said."

Group Targets Hotel Television Pornography. The Christian Science Monitor (9/6, Bradley) reports, "It's a business that has become quietly entrenched in America's corporate culture: pay-per-view pornography in hotel rooms. Most large chains provide the service, along with standard-issue films." The Monitor continues, "The pay-per-view service has brought hotels millions of dollars a year. But these days, the US hotel business is also attracting moral outrage and vitriol - on a scale that pornography insiders say amounts to one of the largest organized assaults on the skin business in recent memory." The Monitor adds, "A consortium of 13 conservative groups has created CleanHotels.com, a website that provides listings and reservation services for US hotels where travelers can rest safe from taint or temptation. The conservative groups have also run a series of full-page ads in USA Today, urging authorities to prosecute hoteliers under federal and local obscenity statutes. … Currently, the listings on CleanHotels.com number between 13,000 and 15,000 - mostly including small chains, with a notable one being Omni Hotels. Many in the pornography industry contend the effort won't have much effect on their business, but those on the other side are equally adamant they can make a difference." The Monitor notes, "If the antismut campaigners seem suddenly emboldened, it may be because they see a like-minded president in the White House. Last year, the Justice Department convened a new Obscenity Prosecution Task Force to focus exclusively on adult obscenity - as opposed to patently illegal child pornography. … Last August, the Justice Department began recruiting FBI agents to investigate adult smut, which created a minor row among federal law-enforcement agencies, The Washington Post reported."

California Child Porn Probe Has Lasting Legacy. The Fresno Bee (9/5, Ellis) reports, "Four years ago, federal law enforcement officials announced they had broken up an international child pornography ring that included a Clovis chiropractor at its heart." The Bee continues, "This week, the final suspect in what authorities then dubbed 'Operation Hamlet' is due to be sentenced, but the specter of the investigation that spanned two continents and shocked government officials in 2002 will likely linger far into the future. … 'It was a significant wake-up call for these cases, and the work done by investigators on that case set the standard for the cases to come,' said Fresno County Superior Court Judge Jonathan B. Conklin, who at the time was the assistant U.S. attorney handling the cases." The Bee adds, "Clovis chiropractor Lloyd Alan Emmerson became the target of federal investigators and Clovis police in January 2002 after a tip from the Danish National Police after several arrests in Europe. … A forensic examination of his computer by Clovis police found 400,000 images of adult and child pornography. … In August 2002, authorities announced charges against six foreigners and nine Americans, including Emmerson. … After the ring was broken, most of the cases were prosecuted at the federal courthouse in Fresno. The result: prison sentences of at least 10 years, some more than 20 and Emmerson's, the highest of all at 30 years." The Bee notes, "On an even bigger scale, officials credit Operation Hamlet as one of the reasons that child pornography penalties have increased, including changes mandated in the Protect Act,

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passed by Congress in 2003. … For instance, it increased the maximum federal prison term from five years to 10 years for possession of child pornography and added longer sentences for possessing images that were sadistic or hard-core. … In April, U.S. Attorney General Alberto Gonzales referenced the investigation in an address to employees at the National Center for Missing and Exploited Children. … During the speech, Gonzales announced legislation to increase penalties for Internet providers that fail to report child pornography on their systems. … And last month, a new law went into effect that makes it a felony if a convicted sex offender fails to register. Dubbed the 'Adam Walsh Child Protection and Safety Act,' the new law makes unregistered sex offenders federal fugitives. … All these actions owe something to Operation Hamlet, said Assistant U.S. Attorney David Gappa, who has taken over for Conklin as the main prosecutor on the cases."

US Seeks Death For Two Russian Immigrants Charged With Kidnap-Murder. The AP (9/6, Risling) reports from Los Angeles, "The kidnappers' demands were simple: Pay the ransom and the hostages would be freed. … But prosecutors said the crew of Russian immigrants killed their hostages - even after collecting more than US$1 million from some of the victims' relatives." The AP continues, "More than four years after the five bodies were found in a reservoir north of Yosemite National Park, the federal trial of two men accused of orchestrating the crimes was set to begin Tuesday. .. . It's a rare case in which federal prosecutors are seeking the death penalty. … 'Regardless of whether the ransom money defendants demanded was paid or not, each of the defendants' victims met the same fate,' prosecutors said in court documents. 'Defendants brutally murdered each one of them.'" The AP adds, "Iouri Mikhel, 41, and Jurijus Kadamovas, 39, have pleaded not guilty to charges that include conspiracy and hostage-taking resulting in death. A third defendant, Petro Krylov, 33, also denied the allegations and is scheduled for trial in January. … Three other coconspirators have pleaded guilty to similar charges. One is Kadamovas' girlfriend, who likely will testify during his trial. … Authorities suspect the ring had links to Russian organized crime, but it appears prosecutors won't raise that issue during trial because no related charges have been filed. … Prosecutors and defense attorneys declined to comment about the case, but the indictment lays out prosecutors' version of how the kidnappings occurred over a frenzied four-month period beginning in late 2001."

NYTimes Says Fitzgerald Needs To Provide More Information On Plame Probe. The New York Times (9/6, 1.21M) editorializes, "Last week, it was reported that Richard Armitage, then deputy secretary of state, was the first to mention Valerie Wilson to" columnist Robert Novak, "and that the federal prosecutor knew this more than two and a half years ago. The revelation tells us something important. But, unfortunately, it is not the answer to the central question in the investigation — whether there was an organized attempt by the White House to use Mrs. Wilson to discredit or punish her husband, Joseph Wilson." Mr. Armitage, "a White House outsider, would be an odd participant in such a plot. He is said to have learned from a State Department memo that Mrs. Wilson had recommended sending her husband to check the Niger story since he had worked there as a diplomat. The memo was prepared for Mr. Cheney, who was eager to prove that there was an Iraqi nuclear weapons program and to silence critics." It is "conceivable that Patrick Fitzgerald, the federal prosecutor, has evidence that suggests the information in the memo was used in some illegal manner. Or his investigators may have learned something troubling about the second, unknown, source cited in Mr. Novak's column, or about some other illegal activity. But whatever it is needs to be made public." It's "time for Mr. Fitzgerald to provide answers or admit that this investigation has run its course."

CIVIL LAW:

Judge Rules US Must Pay $3 Million To Family Of Mob Victim. The AP (9/6, Lavoie) reports, "A federal judge awarded $3.1 million Tuesday to the family of a man who was killed by fugitive mobster James 'Whitey' Bulger, ruling that the federal government is liable for the man's death because his identity was leaked to Bulger by a rogue FBI agent." The AP continues, "The family of John McIntyre, 32, a fisherman from Quincy, had sued the federal government for $50 million. … They alleged McIntyre was killed by Bulger in 1984 after FBI Agent John Connolly Jr. tipped him that McIntyre had talked to U.S. Customs agents. The Customs Service was investigating the involvement of Bulger and Stephen 'The Rifleman' Flemmi in a failed plan to send guns to the Irish Republican Army aboard a Gloucester

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fishing boat. … Connolly, who has not been charged criminally in McIntyre's killing, was convicted of warning Bulger to flee on the eve of his 1995 racketeering indictment and is serving a 10-year sentence." The AP adds, "In June, Flemmi testified that McIntyre was killed after Connolly told them one of the two people aboard the fishing boat was cooperating with authorities. He said McIntyre was lured to a party on Nov. 30, 1984, then chained to a chair, interrogated, strangled and shot in the head by Bulger. … In his ruling Tuesday, U.S. District Judge Reginald Lindsay found that Connolly was the 'proximate cause' of McIntyre's death and that the federal government should be held responsible. … Jeffrey Denner, an attorney who represented McIntyre's mother, Emily, and brother, Christopher, in the lawsuit, said the ruling is significant because it is the first time a judge has found the government liable in the death of someone killed by the Bulger gang. … Seventeen lawsuits have been filed against the government by alleged Bulger victims. Ten have been dismissed because they were filed too late. The McIntyre case was the first one to make it to trial. … Gina Talamona, a spokeswoman for the Justice Department in Washington, said the agency was reviewing the decision and considering its options."

Under the headline "FBI Found Liable For Bulger, Flemmi," the Boston Globe (9/6, A1, Murphy, Cramer, 425K) reports, "The decision…raised the hopes of families who have similar suits pending and was hailed as a 'spectacular victory' for another family whose lawsuit was dismissed on grounds that it was filed too late. … Even though the FBI investigated Bulger and Flemmi for four murders…in the early 1980s, Lindsay wrote, 'the truth is, however, that the FBI was not pounding the pavement looking for evidence that could "stick."' 'Instead,' wrote Lindsay, 'the FBI stuck its head in the sand when it came to the criminal activities of Bulger and Flemmi.'" The Globe notes Boston FBI spokeswoman Gail Marcinkiewicz "declined to comment on the ruling, but said the FBI has made sweeping changes to its informant program 'to have better oversight of that program so these problems would not continue.'"

Under the headline "Whitey Victim's Mom Gets $3.1M From FBI: More Suits Could Follow," the Boston Herald (9/6, Sweet, 203K) calls the ruling "a landmark decree" and notes, "a tearful Emily McIntyre went to a photograph of her and her late husband cradling their son John when he was 2 months old and told them, 'Oh my God, this is so wonderful.' … 'I don't think I can ever enjoy my life,' said the victim's mother." The Herald adds that the "110-page rebuke" from Lindsay "may not be the last. Five other wrongful-death suits brought against the FBI by families of Bulger's victims are waiting in the wings." The New York Times (9/6, 1.21M) notes the ruling in "National Briefing."

Columnist Says Ruling Confirms FBI Agents Were As Bad As Gangsters. In a Boston Herald (9/6, 203K) column, Peter Gelzinis writes that the ruling "confirmed what lots of people have known for almost 20 years: Special FBI Agent John 'Zip' Connolly was as much a gangster as his rabid informants, James 'Whitey' Bulger and Stevie 'The Rifleman' Flemmi." Gelzinis notes that in his trial testimony, "James Greenleaf, a truly ridiculous gentleman who once ran the Boston FBI office, took the witness stand and claimed he never heard of John McIntyre. … Now, it's possible that Greenleaf could go to his grave a bankrupt former gumshoe," because "the same team of lawyers who won $3.1 million proving the feds played a role in McIntyre's gruesome demise will now lodge individual lawsuits against Greenleaf, John Connolly and three of their retired FBI cronies, who were all excoriated" by Lindsay.

Dana Bankruptcy Judge Strikes Bonus Plan.

The New York Times (9/6, Norris) reports, "A plan to pay millions of dollars to the top officials of the Dana Corporation, the auto parts company, violates the new bankruptcy law and cannot go forward, a judge ruled yesterday." The Times continues, "Judge Burton R. Lifland of the Federal Bankruptcy Court in Manhattan said that the proposal was an illegal plan to retain Dana's chief executive and other top executives. The plan had drawn objections from Dana's creditors, shareholders and unions, as well as the United States trustee, a part of the Justice Department." The Times adds, "Until now, no bankruptcy judge had struck down a proposed pay plan for executives on the ground that it violated the new provision, which bars retention payments for a corporate insider unless the executive has another job offer. … Dana argued that the proposed payments, which were modified on Monday in an unsuccessful effort to get the approval of creditors, resulted from a careful, deliberative process. The board, it said, did everything right to determine a proper pay level for the executives, whose pay had fallen well below what was anticipated because the stock portion of their compensation was likely to be worthless."

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CIVIL RIGHTS:

Kentucky Man Dies After Police Use Taser. The AP (9/6, Barrouquere) reports, "Officials were trying to determine whether a Taser caused the death of a Louisville man Tuesday." The AP continues, "Larry Noles, 52, was stunned three times after failing to cooperate with officers. He fell unconscious after the last shock, and was later pronounced dead at Jewish Hospital. … No cause of death had been determined, and the autopsy is 'pending further study,' Jefferson County Deputy Coroner Gayle Norris said." The AP adds, "It is the first time since Louisville police began using Tasers two years ago that someone died after being stunned with the device. … The death renewed calls from critics for stricter limits on Tasers, which stun a person using electrical current. Critics argue that not enough is known about the Taser and cite deaths caused by the device's surge of voltage. … The research arm of the Justice Department is studying the use of stun guns."

Voting Rights Battle Heads To Courtroom. The Hill (9/6, Mikhail) reports, "The battle to reauthorize the Voting Rights Act (VRA) has shifted from the halls of Congress to the courts. … Conservative activists and at least one congressional Republican are poised to legally challenge a controversial provision of the VRA measure, picking up where the intense debate left off after President Bush signed it into law this summer." The Hill continues, "Conservative activists, led by a leading scholar at the American Enterprise Institute (AEI), plan on filing several lawsuits in various federal courts, all centered on Section 5 of the VRA. Congressional Republicans will also play an active role in the litigation, signaling their intent to use the courts to win a battle they lost on Capitol Hill. … GOP members who either support or will participate in the litigation will likely have to fend off accusations by Democrats of engaging in judicial activism, which conservatives have historically spoken out against." The Hill notes, "The Northwest Austin Municipal Utility District # 1, a local organization that is recognized as a political subdivision under the VRA, filed suit against Attorney General Alberto Gonzales in D.C. District Court on Aug. 4, requesting that the Department of Justice be released from Section 5 preclearance scrutiny. The district is also claiming that the preclearance requirement is a violation of the equal protection clause of the 14th Amendment, which requires states to provide equal legal protections to everyone. … Section 5 mandates that states and municipalities with histories of race-based disenfranchisement must have changes to voting regulations precleared by the Justice Department before they can be implemented."

2nd Circuit Uses Narrow Reading Of "Offensive" Speech In T-Shirt Case. The New York Law Journal (9/6, Wise) reports, "A Vermont school district violated a seventh grader's free speech rights when it forced him to cover up images of drugs and alcohol on a T-shirt ridiculing President Bush, a unanimous panel of the 2nd U.S. Circuit Court of Appeals ruled last week." The Journal continues, "Wading into a murky area of the law, the panel, in resolving an issue of first impression in the circuit, ruled that a 1986 U.S. Supreme Court ruling allowing school authorities to ban 'plainly offensive' messages was not applicable to this case." The Journal adds, "The T-shirt, which the seventh grader, Zachary Guiles, bought at an anti-Iraq war rally, used 'harsh rhetoric and imagery to express disagreement with the President's policies and to impugn his character,' Judge Richard J. Cardamone wrote for the majority in Guiles v. Marineau, 05-0327. Judges Rosemary S. Pooler and Sonia Sotomayor joined in the decision. .. Among the images depicted on the shirt were a martini glass, three lines of cocaine, a razor blade and a straw. According to the court, the alcohol and drug-related images were intended to portray President Bush as a former alcohol and drug user." The Journal notes, "The school allowed a large picture of the president's face, wearing a helmet, superimposed on the body of a chicken. The shirt identified Bush as 'Chicken-Hawk-In-Chief.' But it demanded that Zachary cover the alcohol and drug-related images. He did so with duct tape on which he wrote 'censored.' … Zachary and his parents then filed suit claiming that he had been required to cover the images in violation of his free speech rights. … The key question confronting the court was whether school authorities could force Zachary to cover drug and alcohol images under the authority of the Supreme Court's decision in Bethel School District No. 403 v. Fraser, 478 U.S. 675 (1986). In Fraser, the Court upheld the disciplining of a student who gave a speech peppered with sexual innuendo at a school assembly, ruling that school officials could punish student speech that is 'vulgar,' 'lewd,' 'indecent' or 'plainly offensive.'"

7th Circuit To Hear Indiana Legislature's Prayer Appeal. The Evansville (IN) Courier & Press

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(9/6, Corbin) reports, "A federal appeals court will hear lawyers' arguments Thursday in a case testing whether legislators and clergymen can lead sectarian prayers in the Indiana House of Representatives." The C&P continues, "Speaker Brian Bosma said approximately $67,000 in public funds already have been spent defending the lawsuit, but that public donations soon will be accepted to defray legal costs. … On Thursday, the U.S. 7th Circuit Court of Appeals in Chicago will hear from both sides in Bosma's appeal in the prayer lawsuit." The C&P adds, "Last year, U.S. District Court Judge David Hamilton ruled the Indiana House could not formally open with prayers that specifically mentioned Jesus Christ or endorsed a particular religion. … The suit was brought by the American Civil Liberties Union of Indiana, on behalf of four plaintiffs, including a Quaker lobbyist, who said they found the longtime tradition of offering the usually Christian prayers from the speaker's podium or the House floor to be offensive. … Bosma is seeking to get Hamilton's ruling overturned, contending it intrudes upon the ability of lawmakers and visiting clergy to pray in accordance with their own consciences. Visiting clergy - which included pastors, rabbis and Islamic imams - were always asked to be ecumenical, he said." The C&P notes, "Delivering arguments for the plaintiffs will be Ken Falk, legal director for the ACLU of Indiana. Falk said the precedent that Hamilton followed in his ruling was created by a series of U.S. Supreme Court decisions. Leading a public prayer is allowed in a state legislature, Falk said, so long as it's nonsectarian. … The U.S. Department of Justice filed a friend-of-the-court brief on Bosma's behalf. A Justice Department attorney will participate with Bosma's lawyer in arguments before the three-judge appellate panel, Bosma said."

ANTITRUST:

Sun, Unisys Sue Seven Firms Over Chip Price-Fixing. The AP (9/6, Konrad) reports, "Sun Microsystems Inc. and Unisys Corp. have filed a combined lawsuit against Hynix Semiconductor Inc. and six other technology companies as part of an ongoing federal investigation into a worldwide price-fixing scheme." The AP continues, "Sun and Unisys say the companies bilked them of millions of dollars by keeping prices artificially high for computer memory chips. The chips are used in an array of gadgets, including personal computers, printers, digital cameras, video recorders, video game equipment and cellular phones. … Apart from South Korean memory chip maker Hynix, the lawsuit filed Friday in the U.S. District Court for the Northern District of California targets Taiwanese manufacturers Mosel Vitelic Inc., Nanya Technology Corp. and Winbond Electronics Corp.; Japanese manufacturers Elpida Memory Inc. and Mitsubishi Electric Corp.; and Germany's Infineon Technologies AG. … Sun and Unisys also named Micron Technology Inc. and Samsung Electronics Co. Ltd. as coconspirators in the lawsuit, similar to the one Sun filed by itself in March." The AP adds, "The case hinges on findings by the U.S. Department of Justice, which said in June 2002 that it uncovered a 'long-standing conspiracy' among the world's suppliers of dynamic random access memory, or DRAM. … Collusion appeared to begin in 1996, when DRAM manufacturing plants around the world greatly increased production and buyers expected prices to drop. Instead, prosecutors alleged, DRAM executives hatched a covert plan to keep prices artificially high."

Judge Approves $21.9 Million Antitrust Settlement In Carbon Case. The Legal Intelligencer (9/6, Duffy) reports, "A federal judge has granted final approval of a $21.9 million settlement in a class action antitrust suit that accused a group of manufacturers of electrical carbon products of engaging in a decade-long conspiracy to fix prices. The judge also awarded $5.7 million in attorney fees to the plaintiffs class lawyers." The Intelligencer continues, "For the team of mostly Philadelphia lawyers who represent the class, the ruling by U.S. District Judge Jerome B. Simandle of the District of New Jersey cinches a deal that at one time looked dead in the water." The Intelligencer adds, "A previously proposed settlement had called for the four groups of defendants to pay $24.2 million, and Simandle had granted a preliminary approval, clearing the way for the plaintiffs lawyers to notify the class. … But the settlement was suddenly jeopardized when opt-out notices were filed by 13 of the largest class members whose purchases represented more than half of the $600 million in purchases of the defendants' products. … Those opt-outs triggered the 'walk-away' provisions of three of the defendants' settlement agreements and effectively killed the deal. … But the Philadelphia lawyers who represented the class set out to save the settlement."

Clemens Markets To Be Sold To Two Firms. The Philadelphia Inquirer (9/6, Brubaker) reports, "Clemens

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Family Markets Inc., the largest local family-owned supermarket chain in the Philadelphia region, has agreed to be sold to competitor Giant Food Stores L.L.C. and a large grocery wholesaler from New England." The Inquirer continues, "The value of the deal announced yesterday by Giant, of Carlisle, Pa., was not disclosed. Giant is a subsidiary of Dutch company Royal Ahold N.V. … Giant said it planned to buy 13 Clemens Family Markets in Bucks, Chester and Montgomery Counties and convert them into Giant Food Stores outlets. The company is also buying the foodsource by Clemens location in Bryn Mawr, and it will continue to operate it under that banner, spokesman Denny Hopkins said." The Inquirer adds, "The 14 stores had net sales of about $190 million in 2005, according to Giant, which already has 28 stores in Bucks, Chester, Delaware and Montgomery Counties. … To mitigate antitrust concerns, eight other Clemens stores in the Philadelphia suburbs will be sold to C&S Wholesale Grocers Inc., its affiliates, or its customers, the Giant news release said. Privately held C&S, of Keene, N.H., is among the country's largest grocery wholesalers. C&S's Philadelphia-area customers include Giant, Genuardi's and Super Fresh."

Frist Supports Plan For Texas Airfield. The Dallas Morning News (9/6, Dodge, Gillman) reports, "Proponents of phasing out flight restrictions at Dallas Love Field picked up a formidable Senate ally on Tuesday: Majority Leader Bill Frist. … 'I have supported it,' the Tennessee Republican told reporters when asked whether he would back the proposal by Sen. Kay Bailey Hutchison, R-Texas. 'I have not seen it written out but have had the presentation made to me orally. And if it's written that way, I'll support it.'" The News continues, "Mr. Frist also said he thought concerns about the proposal could be resolved in time for a Senate vote this month. … Until Tuesday, the majority leader was reluctant to endorse Ms. Hutchison's proposal to lift the Wright amendment. When a delegation of North Texas leaders visited his office in June, he refused to take part in a photo opportunity or talk to reporters about the meeting." The News notes, "Industry lobbyists noted that Mr. Frist has to balance competing airline interests in his home state. … Late last year, Mr. Frist unsuccessfully attempted to add Tennessee to the list of Wright states, a move urged by business interests in Nashville. But Northwest Airlines, which opposes the legislation, has a large hub in Memphis, and its regional partner Pinnacle Airlines is also based there. … Sen. Hutchison's legislation would implement the June 21 deal to repeal the Wright law by 2014. In the meantime, it would allow one-stop flights anywhere in the U.S. if passengers first stopped within the nine-state Wright perimeter. The deal also would reduce the number of gates at Love Field from 32 to 20, with Southwest Airlines Co. getting 16 gates. … The gate cap has drawn fire from critics who say it will not provide adequate competition at Love. They say new entrant carriers cannot adequately compete against Southwest if they are forced to sublease gate space from existing airlines."

Battle Brewing Over Net Neutrality. The National Law Journal (9/6, Maclean) reports, "Few things have as much potential to create a litigation war zone next year as the possible fight over control of the pipes feeding all the content over the Internet. … 'Internet neutrality' advocates say they want to keep cable and phone companies from imposing tollgates on the Internet that would create a tiered payment system resembling home television cable service." The Journal continues, "Cable and telephone companies counter that they have invested billions of dollars in a fiber-optic network that delivers high-speed Internet and cable television service to homes, and if the likes of Google Inc., Yahoo Inc. and Vonage Holdings Corp. want to ride those lines, they should pay preferred rates." The Journal adds, "The gauntlet in this fight has been thrown down over the giant telecommunications reform act that is currently pending before the U.S. Senate. A key provision of the 289-page act would allow phone companies to negotiate national cable franchise agreements rather than seeking city-by-city franchise rights across the country. … If backers fail to garner 60 votes to avoid a promised filibuster, the bill, which lacks Internet-neutrality protections, could be left to the lame-duck Congress after November's election or be dead until next year. … Regardless of the act's immediate fate, a critical battle is inevitable."

Universal Music To Acquire BMG Music Publishing. The AP (9/6, Veiga) reports, "Vivendi SA's Universal Music Group reached a tentative agreement with German media company Bertelsmann AG to acquire BMG Music Publishing for $2.05 billion in cash, a person familiar with the deal said Tuesday." The AP continues, "The agreement was expected to be signed as early as Wednesday, according to the person, who spoke on condition

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of anonymity, citing the confidential nature of the negotiations." The AP adds, "BMG Music Publishing owns the rights to more than a million songs by recording artists such as Nelly, Maroon 5 and Mariah Carey, as well as classic hits by the Beach Boys, Barry Manilow and other entertainers. … Universal edged out a slate of rival bidders for the publishing unit, the person said." The AP notes, "Universal is already the biggest recorded music company in the world. The BMG publishing unit is expected to be absorbed by Universal Music Publishing Group, making it the largest music publisher. … The BMG Music Publishing sale is subject to regulatory approval by U.S. and E.U. officials. … The deal is not expected to be held under the same antitrust scrutiny that would apply if two record companies were merging because music publishing revenues are derived from song licensing, not from selling to consumers."

The Wall Street Journal (9/6, Singer, Smith) reports, "A victory for Vivendi's Universal Music Group would cap a summer that was filled with acquisition talk in the music industry. Universal Music Group is already the world's largest recorded-music company. But its music-publishing arm has long been much smaller than those of rivals EMI Group PLC and Warner Music. Acquiring Bertelsmann's publishing unit would push it ahead of those two -- and raises the specter, some in the industry have said, that the company could be in a position to dictate terms when it comes to licensing music for television shows, commercials and movies." The Journal adds, "The deal will be subject to U.S. and European Union regulatory review. People close to the situation say music publishing is likely to be held to a less-stringent standard than recorded music because it isn't an industry that does business directly with consumers, and therefore doesn't have the potential to directly affect the prices consumers pay."

Geophysique To Purchase US Rival Veritas For $3.1 Billion. The Wall Street Journal (9/6) reports, "France-based oil and gas field surveyor Cie. Générale de Géophysique will buy U.S. rival Veritas DGC Inc. for $3.1 billion in cash and stock, both companies said, establishing a global competitor in the oil-exploration industry." The Journal continues, "The transaction is the latest in a wave of mergers and acquisitions in the oil-field-services industry as companies seek increased scale to serve oil and natural-gas producers spending heavily to find new supplies at a time of high energy prices. Geologists use seismic surveys to make detailed maps of potentially oil-bearing deposits by bouncing acoustic waves into rock layers and measuring their reflection. … The offer, of which just over half is in Géophysique stock, values Veritas shares at $75 apiece based on Géophysique's closing price Friday -- a 21% premium to Veritas' Friday closing price of $62.18. Veritas shareholders will receive either 2.25 Géophysique American depositary shares or $75 in cash for each of their shares."

Phelps Dodge Abandons Inco Takeover Bid. The Wall Street Journal (9/6, Heinzl) reports, "Phelps Dodge Corp.'s withdrawal of its $17.84 billion takeover bid for Canada's Inco Ltd. raises questions about the future of the big U.S. copper miner, even as it gives Brazil's Companhia Vale do Rio Doce an opportunity to snatch up Inco and boost its own international presence." The Journal continues, "The withdrawal could mark the end of a months-long battle for control of two of Canada's biggest mining companies, Toronto-based Inco and its crosstown rival, Falconbridge Ltd., both major nickel producers. The battle has been part of a global merger wave in the mining sector as companies have sought to snatch up supplies amid expectation that world demand, fueled in part by China's economic growth, would continue to keep prices high." The Journal adds, "Investors said the mining sector is likely to see more acquisitions, and Phelps Dodge could possibly turn into a takeover target. … Phelps Dodge now will focus on increasing its own copper production to take advantage of soaring prices for the industrial metal. The company is expanding a mine in Peru, has started construction on another mine in Arizona and expects to begin building another mine in Congo by year's end. Phelps Dodge expects to produce about 2.07 billion pounds of copper for its account this year."

ENVIRONMENT/INDIAN AFFAIRS:

Alabama Sewer Contracts Trial Features Dispute Over Jurors. The Birmingham News (AL) (9/6, Walton) reports, "Defendants charged with corruption in the awarding of Jefferson County sewer contracts have asked that Jefferson County residents be excluded as jurors for their upcoming trial." The News continues, "Jack Swann, the former head of the county's environmental services department, engineers, contractors and their businesses contend in court filings that it is 'virtually impossible' to draw a fair and impartial jury from Jefferson County because of

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biased media coverage. Jury selection is set to begin Sept. 18. … Jurors for the case would be selected out of Jefferson, Blount and Shelby counties. … 'It is unbelievable that one could have lived in Jefferson County within the last four years and not have been exposed to the negative newspaper reports and angry opinions repeatedly expressed by the articles,' the defense request said." The News adds, "Prosecutors, however, said the request should be denied because there has only been normal, balanced news reporting and public interest in the case since September 2002, when the stories first appeared. The Justice Department said there has not been a saturation of "inflammatory pretrial publicity" as the defendants contend. … U.S. District Judge L. Scott Coogler, who is presiding over the case, has not made a ruling on the request." The News notes, "The four-year federal investigation into the awarding of sewer contracts for the $3 billion sewer rehabilitation and expansion projects led to the indictment of more than 20 defendants, including Swann, former Jefferson County Commissioner Chris McNair and Clarence R. Barber, a retired county construction and maintenance supervisor. .. . The case has brought multiple prosecutions on bribery and conspiracy charges. Five people agreed to plead guilty and cooperate with prosecutors soon after charges were filed. A jury convicted McNair, five executives and their businesses in April. A jury in June convicted Ronald Wilson, a former county engineer."

DOJ To Appeal Ruling On Missouri Tribal Casino. The Kansas City Star (9/6, Alm) reports, "The Justice Department said Tuesday that it would appeal a federal judge's ruling that appeared to permit a tribal casino to resume operating in downtown Kansas City, Kan." The Star continues, "In July, U.S. District Judge Julie Robinson overturned a 2004 decision by the National Indian Gaming Commission that disqualified the land for tribal gambling. … While upholding several underlying elements of the commission's decision, Robinson overturned its ultimate conclusion, ruling that the purchase of the half-acre tract in 1996 by the Oklahoma-based Wyandotte Nation amounted to settlement against the United States of a land claim whose roots reached back to 1842." The Star adds, "City and state officials have challenged the land's tribal reservation status since it was granted by the federal agency. … When the National Indian Gaming Commission in 2004 voided that reservation status, Kansas Attorney General Phill Kline raided the casino and shut it down, seizing 152 slot machines and about $500,000 in cash. … The casino never reopened. … Late last year the tribe dismantled and hauled away the vacant and vandalized mobile building units that had been fashioned into the 7th Street Casino."

NYTimes Says Administration Should Fund Vaccination Program. The New York Times (9/6, 1.21M) editorializes, "One of the big reasons that companies don't try to develop vaccinations for poor-country diseases is that they fear there won't be a market for them. So what if rich countries promised to buy them? That's the very simple idea behind a new plan to entice companies into making vaccines for illnesses that mostly kill poor people, like malaria and tuberculosis. The program will be discussed by finance officials from wealthy nations at a meeting in Rome tomorrow." The Bush Administration "has been reluctant to join international financing mechanisms. But it has no reason not to jump on this plan, which will benefit American companies and is a private-sector, market-driven program that pays only for success."

FBI/DEA/ATF/USMS:

New Film Examines FBI Surveillance Of John Lennon. ABC World News (9/5, story 12, 2:30, Gibson) reported, "Finally tonight, an extraordinary, new look at the US government's effort to quiet a voice that spoke for a generation. John Lennon went from being one of the biggest music stars in the world to one of the most outspoken critics of the Vietnam War. And the government was listening." ABC (Karl) added, "He was a pop star so popular and so political, the US tried to kick him out of the country," and "Lennon was convinced government agents were watching him. Turns out, he was right. The government's FBI file on Lennon ran nearly 300 pages. This 1972 document, sent by the CIA to the FBI, said Lennon planned to protest the upcoming Republican convention. South Carolina senator Strom Thurmond seized on that, suggesting to President Nixon's Attorney General that Lennon's visa be terminated. … The saga is documented in 'The US vs. John Lennon,' a new film made with the cooperation of Lennon's widow Yoko Ono, who opened up her archives of rarely-seen footage."

Reporters To Appeal Order To Reveal Sources In Government Steroid

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Investigation. The AP (9/5, Kravets) reports two San Francisco Chronicle reporters "are appealing a judge's order to tell a federal grand jury who leaked them secret testimony from Barry Bonds and other elite athletes ensnared in the government's steroid probe. Reporters Lance Williams and Mark Fainaru-Wada worked out a deal Tuesday with the government that they could appeal U.S. District Judge Jeffrey White's Aug. 15 order before authorities seek sanctions against the two, including jail. … The two reporters published a series of articles and a book based partly on transcripts of the testimony Bonds, Jason Giambi and others gave to a grand jury investigating the Bay Area Laboratory Co-Operative, a Burlingame-based nutritional supplement company exposed as a steroid ring."

Men Detained With Mexico Drug Cartel Suspect To Appear Before Grand Jury. The San Diego Union-Tribune (9/6) reports six men who "were aboard a fishing boat with the suspected leader of the Arellano Félix drug cartel will go before a federal grand jury Friday. The men are being held as material witnesses and have not been charged." One of the men "caught with Francisco Javier Arellano Félix is considered No. 2 in the cartel by the Drug Enforcement Administration. Manuel Arturo Villarreal Heredia, 30, is wanted in Mexico on charges of drug trafficking, kidnapping, assault, murder and arms trafficking." The Union-Tribune says DEA officials yesterday "distributed a poster asking the public to help in the case. The poster included pictures of Arellano, the six material witnesses and a seventh man…who was reportedly involved in purchasing the sport fishing boat on which they were all caught."

In New Jersey, Two Police Officers Plead Guilty In OxyContin Case. The AP (9/5) reports two Newark police officers "admitted in federal court on Tuesday that they bought hundreds of thousands of dollars worth of powerful painkillers from a doctor and resold them on the street. Patrolmen John Hernandez, of Bayville, and Ronald Pomponio, of Brick, pleaded guilty to conspiracy to distribute oxycodone. … Hernandez admitted purchasing thousands of OxyContin pills and Pomponio admitted taking prescriptions for the drug to pharmacies throughout the state, according to the U.S. Attorney's office."

The Asbury Park Press (9/6) reports they "admitted obtaining multiple prescriptions for oxycodone in the form of OxyContin from Dr. Joan Jaszczult, 45, of Bloomfield. … Officers from the FBI, the federal Drug Enforcement Administration and the Northern New Jersey High Intensity Drug Trafficking Area Task Force last year arrested Jaszczult and eight others, including three Beachwood residents. … Jaszczult has pleaded not guilty and is awaiting trial."

DEA Agent Said To Be Campaigning Against Colorado Marijuana Initiative. In Missoula Montana's New West (9/5) Richard Martin writes, "Ever since I saw the news that U.S. Drug Enforcement Administration official Michael Moore (surely the most inaptly named DEA agent in the country) was publicly campaigning -- using the resources of his office -- against Amendment 44, the citizens' initiative to legalize possession of small amounts of marijuana, it has stuck in my craw. Is it legal, or ethical, for a federal DEA agent to marshal opposition to a ballot initiative that would change state law regarding illegal substances? … Last month Agent Moore sent out an e-mail from his Justice Dept. account to conservative politicos seeking help in finding a campaign manager to defeat the measure, which will be on the ballot in November."

North Carolina Appeals Court Calls Search Of Drug Suspect Unreasonable. The AP (9/6) reports a North Carolina appellate court ruled Tuesday that a man "convicted of possessing cocaine after a police officer found drugs by shining a light down the suspect's pants should get a new trial because the search was unreasonable. The ruling erases a sentence of 10 1/2 to 14 years in prison for Timothy Stone, who was convicted on charges of drug possession and being a habitual felon. … The appeals court ruled that the trial judge should have suppressed the evidence from the search, a key element in the conviction."

NFL Considers Drug-Policy Changes. According to the New York Times (9/6, Battista), the NFL "is discussing strengthening its testing program for performance-enhancing drugs and could make changes during the season, which begins tomorrow. Among the potential modifications are more frequent testing and additions to the list of banned substances. … Yesterday, Harold Henderson, the league's executive vice president for labor relations, said: 'We are in the process of re-evaluation, trying to determine if more is better, if it's the right time to add substances, to add more tests. It might make sense to do some tweaking.'"

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In California, Marijuana Operation Seen As "Environmental Mess." The San Francisco Chronicle (9/6) reports, "The discovery of 22,740 marijuana plants growing in and around Point Reyes National Seashore last week wasn't only the biggest pot seizure ever made in Marin County. It was an environmental mess that will take several months and tens of thousands of dollars to clean up. … Officials at Point Reyes National Seashore have only begun to assess the resulting damage to an area that is habitat for the spotted owl, steelhead trout and coho salmon, and they said it could be months before they know the long-term implications for the ecosystem." The Chronicle adds, "The federal Office of National Drug Control Policy estimates that growing 1 acre of marijuana damages 10 acres of land."

IMMIGRATION:

House GOP To Roll Out "Smaller Scale" Border Enforcement Measures. Roll Call (9/6, Davis) reports, "Plagued by a disgruntled base and public demands for action to address illegal immigration, House Republican leaders are planning a push this month to shift the focus away from their inability to reach agreement with the Senate by passing smaller-scale initiatives to strengthen the border." House Majority Leader John Boehner (R-Ohio) said "GOP leaders and committee chairmen of jurisdiction would meet Thursday to discuss the results of two months of field hearings and constituent feedback on the immigration issue, all with an eye to the midterm elections." Boehner told reporters the "meeting was scheduled 'to begin to assess what we should or shouldn't do' this fall." Boehner said, "Over the past couple of months we've heard directly from thousands of Americans that we have an emergency on our borders. We will respond with more border patrol agents, more enforcement, more fencing and more technology." Roll Call adds GOP aides said "that at this point there is no plan to take up a comprehensive bill before the election."

CNN's The Situation Room (9/5, Bash) reported, "Republican leaders are going to meet later this week likely on Thursday to make a final decision on whether or not to abandon…immigration reform legislation, and if you are a Republican running for Congress, chances are that's what you want your leaders to do."

CQ (9/5, Ferrechio, Sandler) reports House Republican leaders "are searching for a strategy to keep illegal immigration on the agenda despite predictions that a deal on overhaul legislation is unlikely before Election Day, and their plan to focus on national security this month might be the way to do it." The fiscal 2007 Defense (HR 5631) and Homeland Security (HR 5441) appropriations bills "are the most likely targets for provisions aimed at boosting border enforcement. Passage of such provisions, either as stand-alone legislation or attached to other bills, would give incumbents at least the appearance of progress on immigration issues as they go home to campaign, even as efforts to pass broader immigration bills (HR 4437, S 2611) have foundered. And it would give them a chance to tie immigration — an issue important to the Republican base — to the question of national security, which has a wider electoral mandate."

House Republicans Say Tough Immigration Position Plays Well In Swing Districts. The New York Times (9/6, Hulse, 1.21M) reports many Republicans, "on the defensive…around the country over the war in Iraq, say they are finding that a hard-line immigration stance resonates not just with conservatives, who have been disheartened on other fronts this year, but also with a wide swath of voters in districts where control of the House could be decided." GOP strategist Dan Allen said, "Immigration is an issue that is really popping. It is an issue that independents are paying attention to as well. It gets us talking about security and law and order." The Times adds leading Republicans, "leery of a compromise on immigration, are encouraging their candidates to keep the focus on border control, as in legislation passed by the House, rather than accept a broader bill that would also clear a path for many illegal immigrants to gain legal status. The latter approach, approved by the Senate with overwhelming Democratic support and backed by the White House, makes illegal immigration one of the issues on which Republicans face a tough choice of standing by President Bush or taking their own path." In Colorado's 7th CD, "the Republican push brought a Senate subcommittee hearing the other day to explore the costs of illegal immigration. The taxpayer-financed, ostensibly nonpartisan meeting took on the air of political theater." The "angry confrontation thrust the session into the headlines, reminding residents that the issue remained a leading one in the House race between Rick O'Donnell, the Republican nominee, and Ed Perlmutter, the Democrat, who are running to fill a seat being vacated by Representative Bob Beauprez, a Republican seeking the governorship." Perlmutter "is trying to navigate tough political terrain by coming down hard for

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border enforcement while leaving the door open for illegal immigrants to seek citizenship eventually. His opponent, a former state higher education official, says such a position will not sell in Denver suburbs characterized by unease that the nation has inadequately policed its borders."

The Wall Street Journal (9/6, Kronholz, 2.03M) reports that by "raising illegal immigration as a political and national-security issue -- and then doing nothing about it -- Congress has given new life to an anti-immigrant movement that had long been relegated to the political fringes, say some policy watchers and think tanks." The "high-profile debate has rallied immigration supporters, with many native-born Americans joining hundreds of thousands of immigrants at rallies calling to overhaul immigrant laws. But those rallies and the debate over the House and Senate bills also have focused public attention on the fast-growing illegal population and fanned fears of terrorists easily crossing US borders."

Immigration A Key Issue In Arizona Races. The Washington Times (9/6, Dinan, 88K) reports there is "not much doubt about what issue is moving Arizona voters this year. Campaign signs near Flagstaff in the north proclaim 'secure the border,' while in the south both Democrats and Republicans tout their involvement with the Minuteman volunteers who patrol the U.S.-Mexico border, and campaign polls show immigration dwarfs other concerns on voters' minds." In the 8th CD, "where a spirited primary to fill the seat of retiring Republican Rep. Jim Kolbe comes to a head Tuesday, immigration is the top issue for 60 percent of voters, according to surveys done by one of the Republican candidates, Mike Hellon. The next closest issue is education at 9 percent." With "the U.S. Senate seat and two of the state's eight congressional seats being seriously contested, and with all three currently held by Republicans, Arizona is a battleground in the fight for control of Congress, and immigration is the leading fight."

LATimes Says Delay Of Reform Bill Probably Best. The Los Angeles Times (9/6, 918K) says in an editorial, "Some issues are too important to address on the eve of an election. That is essentially the message Congress is sending to voters by refusing to take up immigration reform before heading home next month for a campaign-season recess." Such inaction "amounts to gross negligence." But given the "tenor of the debate," the "postponement may actually be good news. Given the extent to which conservative House Republicans eager to demagogue the issue had taken control of the immigration debate, it's probably best that House and Senate members won't be trying to reach a compromise before the election."

TAX:

Virginia Praised For Ending Estate Tax. The Wall Street Journal (9/6, 2.03M) says in an editorial, "Soon it will be safe to be caught dead in Virginia. Last week Democratic Governor Tim Kaine and the Republican-controlled legislature struck a deal to abolish the state's estate tax, effective July 1 next year." The tax "only brings in about $140 million a year to Richmond from several hundred estates, but the levy has made it harder for Virginia to compete for small businesses and retirees with Florida and the 24 other states that no longer have a death tax. So when Governor Kaine proposed killing the tax earlier this year, the legislature overwhelmingly approved."

CONGRESS-ADMINISTRATION:

Senate GOP Leaders Under Pressure To Move On Judicial Nominations. Roll Call (9/6, Billings) reports, "Despite renewed political pressure to advance five controversial appellate court judges, Senate GOP leaders remain skeptical that they can take up and win a major battle over judicial nominations with just four weeks left on the Congressional calendar before Election Day." The Senate "is set to adjourn on Sept. 29, and already the GOP leadership has packed the month's agenda with a series of national security and appropriations measures. But that timeline has not stopped conservative judicial groups and the White House from mounting an aggressive lobbying campaign for Senate votes on the stalled nominations. 'There's pressure all around,' one Senate GOP aide acknowledged this week. 'But we're crunching down and there's little space and a lot of things need to get done.'"

Bush Won't Meet With Leaders Of Big Three Automakers Until After Election. The AP (9/6, Hoffman) reports, "President Bush and leaders of the Big Three automakers plan to meet after the November election to discuss the state of the U.S. auto industry, the White House said Tuesday." The decision "to push back the meeting until after the elections followed criticism from Democrats and Dick DeVos, the Republican gubernatorial candidate in

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Michigan, that the White House was ignoring the needs of the struggling industry." Bush "on Friday plans to attend a fundraising luncheon for GOP U.S. Senate candidate Mike Bouchard at the Clarkston home of developer David Johnson, the chairman of Victor International Corp."

The Washington Times (9/6, Dinan, 88K) reports DeVos "said he saw a 'continued refusal' on the part of the Bush administration to get a meeting done. 'The president needs to meet with the Big Three, and it must happen soon,' he told reporters last month."

Bush Nominates Peters To Be Transportation Secretary. ABC World News (9/5, story 7, 0:20, Gibson) reported, "The President today nominated Mary Peters, a former Federal highway official, to be the next Transportation Secretary. That seat opened up when Norm Mineta retired over the summer." CNN's The Situation Room (9/5, Blitzer) said Peters is "the former chief of the Federal Highway Administration. Before that she ran the Arizona Department of Transportation. If confirmed, she would succeed Norm Mineta who resigned in July. He was the loan democrat in the President's cabinet."

The nomination generated generally positive reactions. The New York Times (9/6, Wald, 1.21M) reports, "After the announcement, various people and transportation groups offered statements of praise, although several experts said they could not recall Ms. Peters's having taken a major public position on any transportation field outside highways."

The Washington Post (9/6, A13, Wilber, 748K) reports Rep. James L. Oberstar, "the ranking Democrat on the House Transportation and Infrastructure Committee, also praised Peters's tenure as head of the highway administration, saying she was 'competent and very knowledgeable.'" Rodney E. Slater, who was transportation secretary under President Bill Clinton, "said Peters is a solid choice because she had served as a state highway official, giving her valuable experience in addressing local traffic woes."

The Washington Times (9/6, Dinan, 88K) reports, "Arizona lawmakers said Mr. Bush made a smart pick. 'I have known Mary for many years, and I believe that she will bring a level of expertise to the job that is unmatched,' said Rep. John Shadegg, Arizona Republican."

The AP (9/6, Riechmann) reports, "Noting Mineta's long tenure in the post," Peters said yesterday that "if she's confirmed, she would feel a bit like Ginger Rogers dancing with Fred Astaire. 'I think I'm going to be dancing backward in high heels a little bit,' she said." Peters "is an advocate of user fees, or tolls, for building new highways. In a recent interview, she said that the federal highway program will run out of money by decade's end without substantial changes and, rather than raise taxes, some states are turning to toll roads already to fill gaps."

The Financial Times (9/6, Ward, Cameron) reports, "The aviation sector is likely to form the intitial focus of Ms Peters' priorities, and the president called for a speedy confirmation process as Congress returned from its summer recess. European Union officials are expected in Washington next week to review the administration's progress in long-running efforts to liberalise the transatlantic aviation market, efforts which could be stalled by opposition in Congress and from US unions." Peters "will also have to moderate the fierce debate over the future funding of aviation infrastructure, which has pitted commercial airlines against general and corporate users, as well as the long-running dispute over pay between the FAA and air traffic controllers."

The Los Angeles Times (9/6, Alonso-Zaldivar, 918K) runs a similar report.

Mark McClellan Announces Resignation. Fox News' Special Report (9/5, Hume) reported, "Medicare and Medicaid administrator Mark McClellan announced his resignation today. He had been one of President Bush's economic advisors he's brother of former press secretary of Scott McClellan." McClellan "said he'll be on the job another five weeks or so. His replacement hasn't been named."

The Wall Street Journal (9/6, Zhang, 2.03M) reports, "It isn't clear who will be the likely successor, although several policy experts speculated one candidate could be Dr. McClellan's deputy, Leslie Norwalk."

The New York Times (9/6, Pear, 1.21M) reports, "The next administrator faces two huge political challenges. One is how to reverse increases in the number of people without health insurance and how to pay for Medicare and Medicaid, whose costs are expected to soar as millions of baby boomers age.

The Washington Post (9/6, A13, Lee, 748K) reports, "In an interview, McClellan, 43, said that he is contemplating a return to academia or a position in a Washington think tank. The Texan, older brother of former White House press secretary Scott McClellan, had also served as commissioner of the Food and Drug Administration, from 2002 to 2004, and, before that, as a member of the White House Council of

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Economic Advisers and as a senior health policy aide to the president." McClellan's successor "will have to cope with a report, due at year's end, from a special Medicaid commission that is expected to recommend big cost cuts in the program. Next year, Congress will debate whether to reauthorize SCHIP, which serves about 4 million children. And if the Democrats regain control of the House in the November elections, the next administrator can expect to be grilled repeatedly at congressional hearings designed to spotlight Bush policies that Democrats oppose."

The AP (9/6, Freking) reports, "As the administrator at CMS, McClellan oversaw health care programs serving more than 80 million Americans, often the most vulnerable. No replacement was immediately named." President Bush "called him a trusted adviser. 'He played an instrumental role in transforming the nation's health care system, and his efforts will continue to make a difference for generations,' Bush said." Democrats "gave McClellan mixed reviews. Rep. Pete Stark, D-Calif., said he was surprised that McClellan 'spent so long trying to bail water from the Bush administration's sinking ship.' He said the drug benefit provides limited savings, unexpected price increases and poor customer service." But "Sen. Max Baucus, D-Mont., gave McClellan high marks. 'Transitioning to the drug benefit has been rocky at times, but he has shown a willingness to go back and fix mistakes so as to make the benefit work for seniors,' Baucus said."

Democrats Slam "Do-Nothing Congress."

The Washington Times (9/6, Bellantoni, 88K) reports Democrats "seeking to return to power" have labeled the Republican-led House "the 'Do-Nothing Congress' and are threatening to resist adjourning later this month to make a political point." House Democratic leaders wrote a letter to Speaker Dennis Hastert saying they "will fight Republican efforts to adjourn as scheduled Sept. 29 unless Congress passes legislation 'that meets the real needs of the American people.'" The current legislative calendar "includes fewer than 20 legislative days" before adjournment.

WPost Sees "Little Danger" Of Congress Getting Much Done. The Washington Post (9/6, A14, 748K) editorializes Congress has "not a lot of time to accomplish much, but with this Congress there's little danger of that in any event. Indeed, two of the supposed must-do items on the congressional agenda -- lobbying reform and immigration -- have all but disappeared. Republican leaders must be gambling that voters are too forgetful to remember about the first, and too dumb to know who to blame for inaction on the second."

Congress Said To Have Achieved Little. In their column in The Hill (9/6) titled "Neither Side Deserves To Be Reelected", political consultant Dick Morris and his wife, Eileen McGann, say, "Sorry, but you don't. At the start of Congress, right after Bush's reelection, two topics dominated your agenda: Social Security and Immigration Reform. Neither passed." Congress "punted on Social Security after it got scared to death by the reaction of senior citizens to Bush's proposed reforms." And the "record on immigration hasn't been any better. Again, the Democrats didn't have to obstruct action. The Republicans did it for them." In the wake of the Abramoff scandal, Congress "hasn't even considered anything approaching tough ethics reform, conspicuously rejecting bans on congressional travel paid for by private organizations and earmarking limitations, apart from the tepid disclosure requirements that are now up for consideration." But "lately? In the past four years, what has this Congress done to deserve reelection? Precious little."

Vulnerable House Republicans Press Leaders On Minimum Wage, Other Issues.

The Hill (9/6, Bolton) reports House GOP leaders "are facing new pressure from several vulnerable House Republicans on an array of legislation that their leaders have resisted for most of the 109th Congress, chief among them being an increase in the minimum wage." After "five weeks of meeting with voters, vulnerable Republicans also want votes on pet priorities ranging from increasing money for Pell education grants to eliminating tariffs on ethanol." The priorities of the "endangered incumbents pose several challenges to House leaders. They create pressure for leaders to revisit issues they would rather avoid, and together add up to too many items for the House to address before recessing for the elections." But GOP leaders "realize, however, that passing at least some of the requests would inevitably bolster candidates in swing districts critical to Republicans' ability to maintain their majority status."

Frist Will Seek To Revive "Trifecta" Bill.

Roll Call (9/6, Pierce) reports, "Even as Senate Democratic leaders said that chances of raising the minimum wage this year appear remote, Senate Majority Leader Bill Frist (R-Tenn.) is taking another stab at getting Democrats to drop their objections to a House-passed 'trifecta'; bill that would

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reduce the estate tax, extend expiring tax provisions and hike the national minimum wage." Roll Call adds, "Heading into the August recess, Frist had been adamant that he would not bring the trifecta bill back to the floor this year, but on Tuesday he told reporters that he planned to 'talk to my colleagues and see if people will be reasonable and allow that to pass.'" Frist "was planning Tuesday to ask Sens. Jon Kyl (R-Ariz.), Chuck Grassley (R-Iowa) and Judd Gregg (R-N.H.) to form a working group 'to talk through options on the trifecta,' said a senior Senate GOP aide." Senate Minority Leader Harry Reid "said he couldn't envision any of the nearly 40 Democrats who opposed the trifecta bill last month changing their votes to allow Frist to overcome the Democratic-led filibuster."

Business Lobbyists Seek Action On Bush "Competitiveness Agenda." The Wall Street Journal reports in its Online "Washington Wire" (9/5), "Business lobbyists make post-Labor Day push for President Bush's 'competitiveness' agenda, dropping off lunch boxes — each filled with a 'back to work' check list on competitiveness — at the offices of lawmakers on Capitol Hill." The Business Roundtable, the Chamber of Commerce and the National Association of Manufacturers, "among other groups, are pressing for quick action. Their slogan: 'Back to School…Back to Congress…Back to action on U.S. Competitiveness!'" The Journal adds the Bush "agenda, unveiled in this year's State of the Union, has stalled in Congress amid election-year debates over larger issues. The 10-year, $136 billion package of spending and tax breaks is designed to stimulate business investment and boost federal funding for math and science education."

House GOP To Tackle Earmark Reform. The Hill (9/6, O'Connor) reports, "Along with an emphasis on national security, House Republicans plan an appeal to the conservative base on the fiscal responsibility front in a legislative last stand before voters decide their fate in November. The second week of September GOP leaders will unveil a resolution commemorating the five-year anniversary of the 9/11 attacks and that same week could also tackle earmark reform in another attempt to win back disgruntled conservatives upset with congressional Republicans for what they see as a failure to curb government spending." The Hill adds, "The rules changes are not yet complete, but the House is expected to vote on a bill that would require individual members to attach their names to all earmarked projects in each of the appropriations, tax and authorizing bills. The initial changes, which were included in a broader lobbying reform package, applied solely to appropriations bills."

GOP Rep. David Dreier, chairman of the House Rules Committee, writes in USA Today (9/6, 2.27M), "Many Americans have been bombarded by automated phone calls sponsored by Moveon.org and other special interest groups or barraged with attack ads attempting to create false ethical clouds around members who have no connection to recent scandals. Some of these ads were pulled from the air after they were proved false. It is within this context that the lobbying reform and ethics debate must be considered. … For the Republican leadership, however, work continues. We remain committed to achieving greater transparency and accountability in the lobbying and ethics process. Former members who are registered lobbyists have been banned from the House floor. Comprehensive earmark reform remains a top priority and will be considered by the House this month." Drier adds, "It will be interesting to see whether Democrats once again follow their leader, or decide to support real reform."

Federal Employees, Retirees To Get Better Dental, Vision Coverage. In the Washington Post's "Federal Diary" column (9/6, D4), Stephen Barr says, "After two years of planning and evaluation, enhanced insurance coverage for bad teeth and weak eyes will be offered to federal employees, retirees and their dependents this fall through contracts awarded to 10 companies." A new dental and vision program, "which becomes effective Dec. 31, will accept enrollments from Nov. 13 through Dec. 11, the period also set aside for federal employees and retirees to choose their health insurance options for next year." The dental-vision program is "eagerly awaited by many federal employees."

Snow Says Social Security Reform Is Not Dead. White House Press Secretary Tony Snow was asked on MSNBC's Hardball (9/5) if Social Security reform is dead. Snow said, "No, I don't think so. Look, the President understands when it comes to Social Security and, for that matter, Medicare and Medicaid, when you talk about entitlements, we've got a problem. And the problem is, we can't afford the system as it is into the future, so what you need to do is you need to come up with a system that's going

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to honor promises that have been made in the past to seniors but at the same time, is not going to tell your kids and my kids, Guess what? You get to hold the bag. So the president realizes that. Members of Congress didn't want to deal with it this year. Someone's going to have to deal with it, and the president certainly hopes that Congress is going to be able to take it up before he leaves office."

Rumsfeld Has Successful Shoulder Surgery. The AP (9/5, Burns) reports Defense Secretary Donald Rumsfeld underwent two hours of successful shoulder surgery for a torn rotator cuff Tuesday. A Pentagon spokesman said he "expected Rumsfeld to return to work as soon as possible, but the exact timing was uncertain."

Justice Kennedy Hospitalized For Stent Procedure. NBC Nightly News (9/5, story 6, 0:20, Williams, 9.87M) reported, "We learned today Supreme Court Justice Anthony Kennedy who is now the key swing vote on the nine-member court was hospitalized over the weekend after a stint procedure on his heart after experiencing chest pain. A spokeswoman for Kennedy said the procedure was routine and repaired an operation performed last year and he is back at work on the court today."

The New York Times (9/6, 1.21M) reports the Supreme Court's public information office "described the procedure as routine and said the justice was back at work at the court after a Saturday night stay at Washington Hospital Center here. 'There was no evidence of heart damage,' the press release said."

The Wall Street Journal reports in its Online "Washington Wire" (9/5, Winograd), "Considered the 'swing' justice on the court, Kennedy could provide the deciding vote in two of next session's most controversial cases. The court will consider the constitutionality of the federal Partial-Birth Abortion Ban Act and whether school districts wanting to maintain integrated campuses can use race as a tie-breaker when assigning students to public schools.

Roll Call (9/6, Akers) reports in its "Heard on the Hill" column, "Kennedy, 70, who has served on the Supreme Court since 1988, was on Long Island with his wife when he began experiencing chest pains. Mary Kennedy, earning herself a nomination for Wife of the Year, drove her husband back to Washington, D.C., where he was admitted to the hospital early Saturday."

Study Said To Show Members Of Congress Rely On Half-Truths. In his Washington Post column (9/6, A2), Richard Morin says, "Members of Congress tell the truth -- the whole truth -- only about a quarter of the time when debating major legislation on the floor of the House and Senate." Instead, legislators "mostly rely on half-truths, misleading exaggerations or outright inaccuracies when debating the nation's business, according to two political scientists who have studied the quality of debate in Congress." Gary Mucciaroni of Temple University and Paul J. Quirk of the University of British Columbia "sought to see how truthful America's lawmakers were in debating three major bills: welfare overhaul in 1995-1996, the fate of the estate tax in 1999-2000 and telecommunication deregulation in 1996." Researchers "judged the claims made in only 11 of the 43 debates to have been largely substantiated by the facts. An additional 16 were deemed to be 'unsubstantiated'-- a polite way of saying they were misleading, mostly false or flatly wrong -- while 16 were an artful mix of fact and fiction, they report in their new book, 'Deliberative Choices: Debating Public Policy in Congress.'"

OTHER NEWS:

Gulf Of Mexico Discovery Could Boost US Oil Reserves By Up To 50%. NBC Nightly News (9/5, lead story, 2:45, Williams, 9.87M) reported, "When Americans heard the news this morning of the biggest oil discovery since the Alaskan oil fields, they reacted to it in different ways. Some cheered the news that this huge expanse of oil has been found in the Gulf of Mexico. Others heard the news and wondered how America would ever end what the President has called this nation's addiction to oil. It is a lot of oil. In fact, it may boost US oil reserves by fully 50%. ... But it is also in deep water, over five miles below sea level. It is hardly a cure for a nation's energy ills." NBC (Savidge) reported, "The find was made by a trio of oil companies who describe the potential as enormous." John Richels, Devon Energy President: "This trend in the industry could hold up to 15 billion barrels of oil potentially." Savidge: "That may sound impressive, but the US consumes 5.7 billion barrels of oil every year. So the discovery is not expected to trigger a significant reduction in America's dependence on foreign oil." NBC said, "the new oil won't be at the pump for at least four years at the earliest. Leaving motorists far from thrilled. ... But

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the location of the discovery right off America's coast is especially attractive in a world where most oil is in regions increasingly hostile to the US."

CBS Evening News (9/5, story 4, 2:40, Couric, 7.66M) reported, "The folks at Chevron today felt like they won the lottery when they announced that they struck oil in the Gulf of Mexico. They say it may be the biggest find in a generation."

ABC World News (9/5, story 4, 1:40, Gibson) said it was "the largest new source of oil since Alaska's North Slope was found a generation ago. The implications of this are enormous."

USA Today (9/6, Davidson, 2.27M) reports, "The field is part of an ancient rock formation, known as the lower Tertiary, which the companies estimate holds at least 3 billion barrels of extractable oil and gas, and as much as 15 billion . If the upper estimate is borne out, extracting that oil would boost the nation's oil reserves of 29 billion barrels by 50%."

The AP (9/6) reports, "It will take many years and tens of billions of dollars to bring the newly tapped oil to market, but the discovery carries particular importance for the industry at a time when Western oil and gas companies are finding fewer opportunities in politically unstable parts of the world." The discovery "could bring pressure on Florida and other states to relax limits they have placed on drilling in their offshore waters for environmental and tourism reasons." The article notes, "The successful test well does not mean a huge supply of cheap oil will hit the market anytime soon."

The New York Times (9/6, Krauss, 1.21M) reports the announcement "was seen by experts as ushering in a new era in ultra-deepwater offshore drilling," but "analysts cautioned that there was little likelihood the report would give drivers much relief at the pump because full production might not come on line for five years or more. By itself, it also appears that the discovery could make little more than a dent in the country's energy dependence." The Financial Times (9/6, Cameron) also says "analysts remain cautious about the impact of climate change on future production in the hurricane-prone region."

The Washington Post (9/6, Mufson, 748K) reports the new production "would not solve the world's energy problem or eliminate US reliance on oil imports, but it would help stabilize US oil production, which has been declining, and cover some of the world's rising demand for petroleum." The Los Angeles Times (9/6, Douglas, 918K) also reports the story.

IMF Concerned About Global Slowdown. The Financial Times (9/6, Blas, Daneshkhu) reports that while the International Monetary Fund is expected to announce a fifth record year of high growth rate of 5.1 percent for the world economy in 2007, "it warns that the risks of a sharp slowdown have significantly increased." The Times notes, "The IMF warns slower growth could be triggered by a sharp US housing market slowdown or by surging inflationary expectations that forced central banks to raise interest rates." While "the IMF has been warning for several years of mounting risk for the global economy, it is the first time it has warned so strongly about such a sharp potential slowdown."

OECD Expects EU Economic Slow-Down, But Expanded Growth In US Economy. The Organization for Economic Cooperation and Development also expects the European economy to slow later in 2006 but the Wall Street Journal (9/6, Walker, Gauthier-Villars, 2.03M) says "growth could pick up in the U.S. and Japan." According to the OECD "shifting growth pattern has implications for central banks" and "the Federal Reserve may have to raise U.S. interest rates further if inflationary pressure doesn't moderate." Many experts "fear a marked slowdown will hit the euro zone next year, driven by government plans to raise the value-added tax in Germany, Europe's biggest economy."

Growth In US Home Prices Slowing. The Wall Street Journal (9/6, Gerena-Morales, 2.03M) reports, "US home prices rose only moderately in the second quarter, registering their sharpest year-to-year slowdown in more than three decades, a government report said." The Office of Federal Housing Enterprise Oversight "said average home prices rose 1.17% during the quarter from the previous quarter, far short of their 3.65% gain in the year-earlier period. The slowdown in price increases was the steepest since recordkeeping began in 1975." The Washington Post (9/6, D1, Tse, 748K) calls the report "the latest evidence of a cooling housing market."

Stocks Up Yesterday. The Wall Street Journal (9/6, Browning, 2.03M) reports, "Investors put on a smile as they began negotiating the often-treacherous post-Labor-Day waters: They nudged stocks slightly higher as oil futures continued to decline. Already up 6.7% since mid-July, the Dow Jones Industrial Average edged ahead 5.13 points, or 0.04%, to 11469.28, the highest finish since May 11." The broad Standard & Poor's 500-stock index "rose 0.17%, or 2.24 points, to 1313.25, its highest level in almost four months and a gain of 5.2% this year." The Nasdaq Composite "rose

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0.57%, or 12.54 points, to 2205.70, a three-month high. The Nasdaq has recouped all its losses for the year and now is virtually unchanged for 2006."

Mishkin Sworn In As Fed Member. The Wall Street Journal reports in its Online "Washington Wire" (9/5) reports the "newest member of the Federal Reserve Board took his seat today. Frederic S. Mishkin, who has been a professor of banking and financial institutions at Columbia University, was administered the oath of office today by Fed Chairman Ben Bernanke at the Fed's headquarters in Washington."

Third-Party Candidates Could Affect Many Close Races. USA Today (9/6, Kiely, 2.27M) reports Pennsylvania and national Democratic leaders worry Green Party candidate Carl Romanelli "could siphon enough votes from their candidate, Bob Casey, to ensure the re-election of Republican Rick Santorum. Republicans are thinking the same thing: Romanelli's petition drive was underwritten with the help of Santorum contributors, with the blessing of the senator's campaign." In a "year when control of Congress is at stake and key races could be close, there's a chance that little-known minor-party candidates such as Romanelli could alter the political landscape." Richard Winger, who "monitors minor-party campaigns for his newsletter, Ballot Access News," says "there are minor-party or independent candidates on the ballot in at least 10 Senate and six gubernatorial elections that are potentially competitive, as well as a host of House races."

Congressional Candidates Split On Halting Campaign Events For 9/11. Roll Call (9/6, Whittington) reports with the nation "set to mark the five-year anniversary of the Sept. 11, 2001, terrorist attacks next week, Congressional candidates are faced with the difficult balancing act of remembering the tragedy while getting their partisan messages out to midterm election voters." While many challengers and Members "will attend remembrance ceremonies, it will be business as usual for most on the campaign trail — especially considering that nine states and the District of Columbia will hold primaries on Sept. 12." In Maryland, "primary voters will pick the Democratic Senate nominee next Tuesday and a spokesman for one of the contenders, ex-Rep. Kweisi Mfume (D), said Mfume's campaign will roll on as scheduled." But some candidates "in states that do not hold primaries on Tuesday already have said they will halt political activity or alter their campaign schedules on Sept. 11." Florida state Sen. Ron Klein (D), "who is locked in an expensive and closely watched battle with Rep. Clay Shaw (R-Fla.), announced Tuesday that he will suspend TV advertising next Monday." Shaw also "is taking his ads off the air Monday." Roll Call adds Rep. Don Sherwood (R-Pa.) "had a breakfast fundraiser planned in his district on Sept. 11. But after word spread about the event — which would have overlapped with the times that the planes hit the World Trade Center five years ago — it was postponed."

Democrats Hope To Win Iowa's 1st CD. The Hill (9/6, Snyder) reports Rep. Jim Nussle, who is running for governor, says "Democrat party leaders look at Iowa's 1st Congressional District and drool." Registered Democrats "outnumber Republicans by 20,000 voters in the 12-county district, located in the northeast part of the state. Independents outnumber them both, but 1st District voters favored Sen. John Kerry and Vice President Al Gore by seven-point margins in their races against President Bush." Given Republicans' "low poll numbers and their own apparent demographic edge, the Democrats probably cannot be expected to win the House without taking districts like the 1st, Democrat House Minority Leader Nancy Pelosi (D-Calif.) told the Des Moines Register, the state's largest newspaper, last month." But for Democrats "to win here, however, they have to overcome an exception to the Iowa political rule: voters have a habit of sending Republicans to Congress." The race "matches Democrat Bruce Braley, a Waterloo trial attorney, against Republican Mike Whalen, a wealthy entrepreneur. Though both candidates are political novices without voting records to mine, each has been quick to spot perceived vulnerabilities in the other."

Shuler Making Serious Challenge To Taylor In North Carolina's 11th CD. CQ (9/5, Austin) reports Democrat and former pro quarterback Heath Shuler is "staging a serious bid to unseat eight-term Republican Rep. Charles H. Taylor in the state's 11th District. Now a real estate executive, Shuler also is one of a very few solid Democratic takeover candidates in the South, a one-time party stronghold that has shifted to the Republicans since the 1960s." With 'just under nine weeks to go before the Nov. 7 election, Taylor appears to be maintaining his traditional edge in the Republican-leaning 11th. The district gave 57

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percent of its votes to President Bush in 2004, and it has given Taylor, a conservative, at least 55 percent of the vote in all but his first congressional race, in 1990." Taylor's "biggest strength this year is the same one he has touted in fending off vigorous Democratic competition in his recent elections: a senior position on the House Appropriations Committee, which helps him steer funds back home." But Shuler is "a vigorous and unusually well-financed challenger who offsets his lack of political experience with lingering name recognition from his gridiron exploits." Shuler has "taken his well-known name into the district's rural interior — a conservative-voting area that usually is Republican heartland — invoking his party's promise of economic relief and trying to neutralize his opponent on social issues with frequent mention of his own 'mountain family values.'"

Rhode Island Senate GOP Primary Compared To Lieberman-Lamont Contest. The Washington Post (9/6, A15, Marcus, 748K) reports, "Is Steve Laffey to Linc Chafee as Ned Lamont was to Joe Lieberman? Once again an incumbent senator who often breaks with his own party -- this time a Republican -- could find himself toppled. Once again, the opponent is an energetic businessman-turned-politico, milking discontent among the base and disgust with Washington. Once again, outside groups -- in Connecticut the liberal blogs, here the anti-tax Club for Growth -- are stoking voter anger." It "was inevitable" that the "Laffey-Chafee would be cast as the GOP replay of the Connecticut Democratic primary. Yet the analogy goes only so far. The Rhode Island race is more complex, certainly odder and potentially far more momentous." For "angry Democratic voters, a Lamont vote was all but risk-free. Rhode Island is Connecticut with consequences: A Laffey nomination in this heavily Democratic state could imperil GOP control of the Senate. A general election race between the Democratic nominee, former attorney general Sheldon Whitehouse, and a bruised Chafee promises to be close. But nearly the only one who thinks Laffey would beat Whitehouse is Laffey."

Vets Group With GOP "Ties" To Boost Lieberman. The Washington Times (9/6, Pierce, 88K) reports in its "Inside Politics" column that Sen. Joseph Lieberman's "re-election bid is getting some outside help from a group grateful for the lawmaker's support for the Iraq war. Vets for Freedom, an independent group with Republican ties, will air an ad in Connecticut today and tomorrow featuring veterans from the state who thank the three-term incumbent for backing the conflict."

The AP (9/6, Miga) reports executive director Wade Zirkle "said his group's political arm is spending $60,000 to broadcast the commercial on cable and network channels." Vets for Freedom "calls itself a nonpartisan organization that was founded by Iraq and Afghanistan combat veterans. Republican strategist Dan Senor, former spokesman for the defunct Coalition Provisional Authority in post-invasion Iraq; Bill Kristol, the editor of The Weekly Standard, and former Lieberman chief of staff Bill Andresen have advised the group, Zirkle said."

Harris Wins Florida GOP Senate Nomination. The New York Times (9/6, Goodnough, 1.21M) reports Attorney General Charlie Crist "won Florida's Republican primary for governor in a landslide Tuesday, while Representative Katherine Harris easily defeated three challengers in the party's Senate primary." Harris "enjoyed a solid victory despite losing her party's support soon after she declared her candidacy last year, but she faces an uphill race against Senator Bill Nelson, the Democrat, in November." Nelson, who "narrowly won election in 2000, was once considered one of the nation's most vulnerable Democrats. But Ms. Harris, who oversaw Florida's contested presidential election in 2000 and subsequently won a seat in Congress, has run such a feeble campaign that he is now considered safe."

The Washington Post (9/6, A5, Whoriskey, 748K) reports Harris, "shunned by party leaders and battered by repeated campaign controversies," has "nonetheless held on to enough support from the state's Republican voters Tuesday to win Florida's Senate primary convincingly over three little-known candidates." Harris now faces Nelson "in a race that strategists have said may be impossible for her to win. Polls have shown Nelson with a lead as wide as 30 percentage points."

CQ (9/5) reports the "early returns in Florida's Republican Senate primary suggested Tuesday night that the contest was turning out about as expected for two-term Rep. Katherine Harris — in both the positive sense and the negative sense." It "appeared that Harris — who gained national attention as Florida's chief elections official during the state's 2000 vote recount, which clinched the White House for President Bush — will be the GOP's nominee to

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challenge first-term Democratic Sen. Bill Nelson." But it "was also apparent that Harris, who has struggled through a controversy-plagued Senate campaign, will win the primary with a modest vote percentage, despite her near-universal name recognition and the low profiles of her three primary opponents."

Allen A Top Recipient Of "Entertainment-Related" Campaign Contributions. The Washington Post (9/6, B5, Craig, 748K) reports Sen. George Allen (R-Va.) "is a leading recipient of entertainment-related campaign contributions to members of Congress, a nonpartisan analysis released yesterday shows, even as the senator has been criticizing his Democratic opponent's ties to Hollywood." Democrat James Webb "has helped produce several movies, prompting Allen and his surrogates to portray Webb as an elitist more attuned to what Allen called the 'values of Hollywood' than 'the values of Virginia.'" But the Center for Responsive Politics, "a nonprofit research group, said that Allen ranks 16th among members of Congress in campaign contributions received from the entertainment industry during the past two years. Allen has accepted $93,350 since 2004; Webb, $20,650, according to the center." CRP spokeswoman Massie Ritsch said, "There is plenty of data to support that...George Allen gets far more money from the entertainment industry than either Jim Webb or nearly anyone who represents the Hollywood area in Congress." The Post adds Allen campaign manager Dick Wadhams "said the analysis appeared flawed. Allen's haul includes contributions from executives with Time Warner, News Corp., Comcast, Univision Communications Inc., America Online, Krikorian Premiere Theatres, the National Association of Broadcasters, the National Cable & Telecommunications Association and the Walt Disney Co." Wadhams said, "I classify most of those as communications companies."

Unions Have Contributed $43 Million To Federal Candidates. The Washington Times (9/6, McCaslin, 88K) reports in its "Inside the Beltway" column, "Labor Day traditionally kicks off the fall campaign season, and the just-concluded holiday saw unions around the country attracting the usual candidates to their parades and picnics -- those leaning left, in other words. So far this election cycle, the Center for Responsive Politics reported yesterday, unions have contributed more than $43 million to federal candidates and parties -- 85 percent of it to Democrats."

Schwarzenegger To Veto Universal Care Bill. The Los Angeles Times/AP (9/6) reports Republican Gov. Arnold Schwarzenegger "announced Tuesday he will veto a universal health care bill that is headed for his desk, saying the measure would set up a 'vast new bureaucracy' that would be too expensive." Schwarzenegger said the "single-payer system proposed by Sen. Sheila Kuehl would 'cost the state billions and lead to significant new taxes on individuals and businesses, without solving the critical issue of affordability." The AP adds Kuehl, D-Santa Monica, "said Schwarzenegger's comments indicated he 'has not read the bill, doesn't understand the bill or is being completely misdirected by his handlers.'"

Schwarzenegger Said To Have Joined The "Girlie Men." In his Washington Post column (9/6), Harold Meyerson says as Sacramento "barreled toward the third straight unproductive legislative session of Schwarzenegger's tenure in office, the governor suddenly began striking deals with the girlie men he had campaigned against for the past couple of years." Most of these bills "were sent to the governor's desk without a single Republican vote for them in either house. During the recent state Republican convention, Schwarzenegger didn't even appear together with the six other Republicans running for statewide office -- all of whom, in the latest poll, are trailing. Schwarzenegger, by contrast, has opened at 13-point lead over" Democrat Phil Angelides "in the most recent poll from the Public Policy Institute of California, and his deals with the Democrats have greatly undercut Angelides's ability to make up that ground." But "the real story is Schwarzenegger's astonishing malleability of identity: He's a right-wing Republican; he's a mainstream Democrat; what's the difference? Partly, this is because he's the only major figure in American politics who didn't get nominated in a party primary or convention, because of the nonpartisan nature of California recall elections. More fundamentally, unlike Ronald Reagan, this is one actor who will take on almost any role if the political exigencies -- that is, winning over independent and some Democratic voters in a heavily Democratic state -- demand it. Call it a triumph of will over identity: Arnold is now a girlie man, too."

Jackson Jr. To Explore Run For Chicago Mayor. The Chicago Tribune (9/6, 623K) reports Rep.

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Jesse Jackson Jr. (D-Ill.), "a vocal critic of Mayor Richard Daley who has hinted at a possible run for mayor, plans to announce the formation of a mayoral exploratory committee on Wednesday." Others "already in the race are Bill 'Dock' Walls, a one-time aide to the late Mayor Harold Washington, and Dorothy Brown, clerk of the Cook County Circuit Court." Daley "has not announced his intentions, but he is expected to seek a sixth term."

LATimes Says YouTube Subject To Political Misuse. The Los Angeles Times (9/6, 918K) says in an editorial, "At close to 20 million video-hungry users a month — and growing — YouTube.com has become a magnet for budding filmmakers, marketers and entertainment industry executives looking for new ways to reach viewers. Now, with the campaign season upon us, political hatchet men are discovering the site too." YouTube "offers partisans a nearly irresistible combination: It lets them post videos under pseudonyms, and it stores and plays them for free." YouTube is "also a tempting launch pad for political mischief because it is effectively unregulated by the Federal Election Commission, whose Internet rules apply only to paid political advertising. Videos on YouTube don't have to disclose their source or include an on-air approval from a candidate — two requirements for political TV and radio spots."

Annan Announces Three-Step Plan To End Israeli Blockade Of Lebanon. The New York Times (9/6, Hoge, Kifner, 1.21M) reports UN Secretary-General Kofi Annan "said Tuesday that he had put in motion a plan that could lead to a lifting of the Israeli blockade of Lebanon within 48 hours." He told reporters "he was taking action because regional leaders had told him the embargo was the single biggest impediment to beginning the restoration of Lebanon." The Times says Annan "described a three-step process that he hoped would begin later Tuesday with an announcement from President Jacques Chirac of France about deploying French ships along the Lebanese coast." Chirac's "announcement would bring an immediate dispatch of French, Italian and Greek vessels to patrol for two weeks, the time needed for a promised German fleet to arrive." Then, Lebanese Prime Minister Fouad Siniora will "formally authorize the Germans to take up their positions off Lebanon," and "the third and final step that Mr. Annan hopes for is an announcement that Israel will lift the blockade." However, the Times notes, Siniora and Israeli Prime Minister Ehud Olmert "have disagreed on the sequence of events," with Siniora asking "Israel to end its blockade before he authorizes the German assignment."

The Financial Times (9/6, Peel, England) says Paris, Rome and Athens "are being asked urgently to provide naval ships to patrol the Lebanese coast for the next two weeks before the arrival of the German navy, in an attempt to persuade Israel to lift its air and sea blockade of Lebanon." Annan "expressed optimism on Tuesday that diplomatic efforts over the next 48 hours would persuade Israel to lift" the blockade. The Times says Annan spoke yesterday by telephone with Chirac, Siniora, Olmert, and Secretary Rice, "to find a way out of the stalemate."

Turkish Lawmakers Approve Border Force Deployment. The AP (9/6, Pitman) reports Ankara "on Tuesday became the first Muslim country with diplomatic ties to Israel to pledge troops to an expanding international peacekeeping force that will monitor a fragile cease-fire between Israel and Hezbollah." Lawmakers "voted in favor of the deployment of peacekeeping troops despite objections from opposition parties and street protests by thousands. While many Turks regard the Lebanon peacekeeping mission as a dangerous venture that could lead to clashes with fellow Muslims, Prime Minister Recep Tayyip Erdogan's party insisted on contributing. He argued it would raise Turkey's profile on the international stage."

France To Play "Tougher Role." The AP (9/6, Keaten) reports, "France is quietly preparing to play a tougher role in the strengthened UN peacekeeping force in Lebanon, rolling out hefty tanks, powerful artillery, and sophisticated radar systems to pinpoint artillery launch sites. … Christopher Foss, editor of Jane's Armour and Artillery publication, said the enhancement to the force will be an 'important test case' for the world body's peacekeepers."

Bush, Kuwaiti Emir Discuss Situation In Mideast. The AP (9/6) reports, "President Bush and the ruler of an oil-rich Mideast ally traded ideas Tuesday on how to make the volatile region more stable." Bush "met in the Oval office with the Kuwaiti emir, Sheik Sabah Al Ahmed Al Sabah. 'Yes, I do agree that there are differences between points of view from the United States and some of our region,' Sheik Sabah said through a translator when the two leaders appeared side-by-side before reporters after their discussions. 'Nevertheless, I would like also to say that there are differences between ourselves, the region. But the goal is

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to achieve peace and security, and we have seen in a lot of our positions that we are seeing...eye to eye.'" Bush "said he appreciated the emir's 'advice on a variety of matters.'"

Scholar Says Bush Has Offered "Bold" But "Poorly Executed" Ideas For Middle East. In a 1,900-word Wall Street Journal (9/6, A20, 2.03M) op-ed, US Naval Academy distinguished visiting professor Robert Kaplan writes, "No leader since Napoleon has roiled the Middle East as has George W. Bush. By invading Iraq, President Bush set history in motion. By doing so without a strategy for governing it afterwards, he did not plan for the worst, and so the worst has happened. … The carnage caused by Mr. Bush's shattering of the post-Ottoman state system is minor compared to that in the former Soviet Union and its shadow zones after the Berlin Wall fell. Can he keep it that way? Can he undermine Iranian hegemony even as he reduces whatever control he has in Iraq? The president may need to pull closer to the Saudi royals, Egypt's Hosni Mubarak and Jordan's King Abdullah. Weakened by our response to 9/11, terrified by Israeli incompetence in defending their interests in Lebanon, these regimes still demonstrate more enlightenment than their populations. They fear Iran more than do the Europeans. Whatever our ultimate decisions in regards to a nuclearizing Iran, we require all the help we can get. That is what comes of bold ideas, poorly executed."

Khatami Criticizes Bush While On US Tour.

The AP (9/5, Wadhams) reports former Iranian President Mohammad Khatami, visiting the US, criticized President Bush in several interviews "as he joined Anglican Archbishop Desmond Tutu and other leaders at the U.N. for a meeting of a group that promotes understanding between Western and Islamic states." Khatami refused to "back off a previous comparison between" Bush and Osama bin Laden, and "also said the U.S. was partly to blame for the turmoil in the Middle East." The Washington Post (9/6, A4, Wright, 748K) reports Khatami also "warned that U.S. military action in the Middle East has backfired, producing greater terrorism, imperiling the future of Iraq and damaging America's long-term interests." But he predicted that the "danger of even greater instability in the region will ultimately prevent" the US from launching military strikes against Iran. The Washington Times (9/6, Sands, 88K) says Khatami "arrives in Washington tomorrow to deliver an address at the National Cathedral."

Romney Tells Massachusetts Agencies Not To Assist Khatami. The AP (9/5, Johnson) reports Massachusetts Gov. Mitt Romney "ordered all state agencies to refuse any assistance -- if it is requested -- when" Khatami visits the Boston area this weekend.

Ahmadinejad Calls For Purge Of Universities. The AP (9/5, Karimi) reports Iranian President Mahmoud Ahmadinejad "urged students Tuesday to push for a purge of liberal and secular university teachers, another sign of his determination to strengthen Islamic fundamentalism in the country." AP says that "with his call echoing the rhetoric of the nation's 1979 Islamic revolution, Ahmadinejad appears determined to remake Iran by reviving the fundamentalist goals pursued" under the Ayatollah Ruhollah Khomeini. Tehran University's Saeed Al-e Agha said, "This is the beginning of a so-called cultural revolution. Ahmadinejad and his allies plan to sweep their opponents from the universities."

Iran Grows In Popularity Among Turks. The Wall Street Journal (9/6, A8, Champion, 2.03M) says that "in the contest for hearts and minds around the Muslim world between Iran and the West, Iran appears to be winning even in Turkey, a member of Western military alliance NATO and the model secular Muslim democracy." A recent survey "indicated Iran has become one of the most popular countries among Turks, while feelings toward the U.S. and the European Union have chilled significantly."

Ignatius Says US, Iran Must Open Lines Of Dialogue. In his Washington Post (9/6, A15, 748K) column, David Ignatius explores the possibility for diplomacy between the US and Iran, noting that "during the decades when the United States and the Soviet Union were threatening to annihilate each other with nuclear weapons, they at least had embassies in each other's capitals, cultural and economic exchanges, and a communications 'hot line," but the US and Iran "have none of these confidence-building links to maintain dialogue amid their current confrontation." He examines some efforts underway, and concludes, "In the escalating crisis between the two countries, we are either going to do more talking or we may end up fighting."

Prominent Jordanian Diplomat Enters UN Secretary-General Race.

The AP (9/6, Lederer) reports Jordanian PermRep Prince Zeid al-Hussein "announced his candidacy on Tuesday to be the next" UN Secretary-General, "becoming the fifth hopeful and the first Muslim to enter the race." The AP calls Zeid "a widely respected diplomat and former U.N. peacekeeper who is a

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cousin of King Abdullah II." Zeid "said considering a Muslim candidate was especially important in light of recent events." Zeid joins South Korean Foreign Minister Ban Ki-moon, UN Undersecretary-General for Public Affairs Shashi Tharoor (India), Thai Deputy Prime Minister Surakiart Sathirathai, and former UN disarmament chief Jayantha Dhanapala (Sri Lanka) in the hunt for the five-year post.

Court Certifies Calderón As Winner Of Mexican Election. ABC World News (9/5, story 9, 0:15, Gibson) reported, "There is finally, officially, a winner in Mexico's hotly contested presidential election. The nation's electoral court certified that Felipe Calderon is the victor."

The Los Angeles Times (9/6, Tobar, 918K) reports, "The ruling approved unanimously by the seven judges of the Federal Electoral Tribunal is final and cannot be appealed." But "losing leftist candidate Andres Manuel Lopez Obrador is not expected to concede defeat. In recent days, he has vowed to draft a new constitution and create a parallel government. He also has urged his supporters to continue protests in which they have barricaded key avenues of this capital city and prevented President Vicente Fox from delivering his final state of the nation speech to Congress." The final tally "released by the court today showed that Calderon defeated Lopez Obrador by 233,831 votes out of 41 million cast, or 0.56 of a percentage point, a margin that graphically illustrates divisions in the electorate."

The New York Times (9/6, McKinley, 1.21M) reports "the seven-member court rejected Mr. López Obrador's arguments that the election should be annulled, among other reasons, because Mr. Fox had given speeches attacking him and business leaders had paid millions for illegal, negative advertisements to help Mr. Calderón win."

The AP (9/6, Weissert) says "protesters outside the tribunal wept as the decision was announced and set off firecrackers that shook the building." The AP also reports, "The decision by the seven judges -- who have split their votes in disputes about other elections -- also found that Fox endangered the election by making statements that favored Calderon, and that business leaders broke the law by paying for ads against Lopez Obrador, who promised to govern on behalf of the poor. But the problems weren't serious enough to annul the results, they said."

McClatchy (9/6, Root) reports US Ambassador Tony Garza "congratulated Calderon in a statement that made only an oblique reference to Lopez Obrador. 'In any election, there must be a winner and a loser -- and one key to a strong democracy is having candidates who can be both with grace and dignity,' he said."

The Washington Times (9/6, Stier, 88K) reports the White House also "issued a statement, congratulating the people of Mexico on the certification of a 'free and fair electoral process.' 'We congratulate Felipe Calderon on his victory and look forward to working with him and his team,' according to the statement."

The Washington Post (9/6, A1, Roig-Franzia, 748K) reports, "Speaking moments later, Calderon called for conciliation, saying, 'Mexicans can think differently, but we are not enemies.'" He "declared that 'the electoral process is over and the hour has arrived for unity.'" The Wall Street Journal (9/6, Luhnow, Lyons, 2.03M) says "reconciliation seems unlikely. Within minutes of the decision, Mr. López Obrador's supporters gathered outside the courthouse, setting off loud fireworks, shouting 'fraud' and throwing eggs at onlookers."

The AP (9/6, Carl) reports, "The key question is how many supporters Lopez Obrador has left, and how far they are willing to go to defend his cause. Certainly, his numbers are dwindling." USA Today (9/6, Llana, 2.27M), however, says that "despite that erosion in support in Mexico City, protesters have said they will continue their sit-in and other civil disobedience."

The New York Times (9/6, Lacey, 1.21M) runs a biographical piece on Calderón, while the Christian Science Monitor (9/6, Llana, 58K) ponders whether Mexicans can come together after the grueling campaign.

More Commentary. Jorge Castañeda, Mexico's foreign minister from 2000 to 2003 and now a professor of Latin American studies and international affairs at New York University, writes in the New York Times (9/6, 1.21M), "The main questions facing Mexico now are how Felipe Calderón will govern with a mandate of barely 36 percent, and how, indeed whether, he will acknowledge the pent-up social demands of the millions of Mexicans who voted for Mr. López Obrador." Calderón "could start with an idea that is already floating around. He could propose allowing for the re-election of members of Congress, mayors and the president himself. Under the current system, senators, governors and the president serve single six-year terms, while congressmen and mayors are elected for single three-year terms. Re-election, and the accountability it imperfectly provides, does not exist." Also, "most substantively, Mr. Calderón could follow Bill

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Clinton and Tony Blair's model, but reverse it. Instead of triangulating from right to left, Mexico's new president should take some of the left-ish planks from his rival's platform, refashion them in a way that makes them acceptable to his own followers, and turn them into policy."

The Wall Street Journal (9/6, 2.03M) editorializes, "It's time for Yankees who care about our southern neighbor to stop using Mexico 2006 as an excuse to settle scores from Florida 2000 and start reinforcing the vital institutions of Mexican democracy. The last thing the US needs is an unstable, ungovernable Mexico."

US, South Korea Differ Amid Fears Of Nuclear Test By North. The Christian Science Monitor (9/6, Kirk, 58K) reports the US "and South Korea are trying to work through their differences in hopes of steering North Korea away from conducting a possible underground nuclear test." The Monitor says, "South Korea is adopting what Foreign Minister Ban Ki Moon says are 'concrete' - if unspecified - measures both to counteract the threat and to persuade North Korea of the dangers of provoking a regional crisis. Mr. Ban, however, is equally interested in persuading the senior US diplomat for the region, Christopher Hill, from exacerbating tensions ... . The US is pressing for a strict interpretation of the UN Security Council resolution banning any dealings with the North that might support its arms trade. Such a reading would deepen the economic damage done to the regime by US Treasury Department efforts to curb international trade with North Korea."

Experts Warn Against Imposing Sanctions On North Korea. Former US ambassador to South Korea Donald Gregg and Johns Hopkins University Korean scholar Don Oberdorfer, in an op-ed in the Washington Post (9/6, A15, 748K) argue against US plans to implement new sanctions against North Korea. The authors say that except for Japan, other regional allies like South Korea, China and Russia "believe that a major new drive to further isolate the Pyongyang regime would be a move in the wrong direction." Gregg and Oberdorfer argue for sustained engagement and question the rationale for sanctions, saying they may be motivated by "the visceral hostility that senior Bush administration officials feel toward North Korea" and as a defense "against political charges that the administration has done little or nothing to slow North Korea's nuclear programs." Some top Administration officials "have argued that dangerous actions by North Korea are likely whether or not the United States undertakes new sanctions against Pyongyang. Perhaps so, but they are much more likely if, instead of carrot-and-stick negotiations, the administration withdraws all previous carrots and multiplies the sticks. In this case a U.S. administration will have to share the blame with North Korea if a new international crisis erupts."

Ally Says Blair Will Step Down Next Summer. The New York Times (9/6, Cowell, 1.21M) reports British Environment Minister David Milibrand, "one of Tony Blair's closest political allies, forecast today that he would leave office within 12 months, setting a time frame that the prime minister has shied away from. It was the first time that a senior cabinet official had been so specific on the likely date of Mr. Blair's departure — one of the most often asked questions of British politics." Milibrand made his remarks to the BBC "as London's political village buzzed with leaks and rumors suggesting that loyalist legislators were baying for Mr. Blair's ouster while his closest aides had drawn up a schedule of 'spin" for his resignation." The Times adds, "For his part, Mr. Blair offered no direct comment on the crescendo of speculation that one Labor party official called a 'feeding frenzy.'" The Times notes, "With Mr. Blair's popularity tumbling — most recently because of his opposition to an early cease-fire in the Lebanon war — many legislators now fear for their positions in the polls and want Mr. Blair to state his intentions before bellwether local elections in Scotland and Wales next May." Chancellor of the Exchequer Gordon Brown "has remained publicly aloof from the current phase of the succession debate."

The Financial Times (9/6, Blitz) says Milibrand "assured Labour members of parliament that the UK prime minister would quit his job in 12 months, seeking to calm unease within the ruling party over the premier's plans." USA Today/AP (9/6, Gardiner) notes The Sun tabloid carries a story today the Blair "will step down as Prime Minister in July 2007 after more than 10 years leading his country." He "intends to resign as leader of the governing Labour party on May 31, 2007 — triggering a leadership election likely to take around eight weeks. He would then be replaced as Prime Minister on July 26."

China Says It Will Cut Ties To Zambia If Opposition Candidate Is Elected President. The Financial Times (9/6, Reed) reports, "The Chinese government has intervened in Zambia's upcoming

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presidential election in a forceful sign of the commodity-hungry country's growing economic and political clout in Africa." Li Baodong, China's ambassador in Lusaka, "said Beijing might cut diplomatic relations with Zambia if voters elected Michael Sata, an opposition candidate, as president, Zambian media reported on Tuesday." His remarks are "the first sign of overt political interference by China in African affairs in decades, reflecting Beijing's rapidly expanding role as an investor on the continent and as a client for long-term supplies of raw materials. China is a leading investor in Zambian copper, the country's biggest export product by value." Sata "has been quoted calling Taiwan a 'sovereign state,' angering China, and has also spoken out against Chinese labour practices in Zambia. Recognition of Taiwan would mean turning away from the country's ties with Beijing."

AU Says Its Force Will Leave Darfur On Sept 30 Unless Khartoum Reverses Stance. The New York Times (9/6, Polgreen, 1.21M) reports African Union leaders "said Tuesday that it would quit the war-ravaged Darfur region by the end of the month if Sudan did not agree to allow United Nations peacekeepers to take over its mission here." That stance, "in effect refusing an offer from Sudan and its allies to pay the troops in Darfur with money from the Arab League, leads the crisis in western Sudan to the edge of a once unthinkable precipice: the possibility that after the end of this month there will be no outside peacekeepers at all in Darfur." AU leaders "stressed that negotiations were continuing on the future of the force and the possibility of a United Nations transfer, but also quietly began preparing plans to extricate the 7,000 troops, a complex and costly proposition for an outfit that is nearly out of cash." The Times says an absence of outside forces in Darfur "would almost certainly open a bloody chapter in" the lengthy conflict. UN Secretary-General Kofi Annan "told reporters in Egypt that Sudan would be making a grave mistake by causing a vacuum in Darfur. 'The international community has been feeding about three million people in camps, and if we have to leave because of lack of security, lack of access to the people, then what happens?' he asked." The AU's Peace and Security Council, "which must decide the future of the force, will meet again on Sept. 18. Until then, the fate of the force remains uncertain."

In a front page piece entitled, "In Darfur's Death Grip," the Washington Post (9/6, A1, Timberg, 748K) details a spasm of "killing" that "spread across three days and devastated Deker and several other villages, as well as the town of Korma, about 45 miles northwest of El Fasher, the capital of North Darfur state. The incident, in the first week of July, is among dozens reportedly involving civilian casualties as the three-year-old war in Darfur has moved into a newly lethal phase since the signing of a peace deal in May." An array of "new forces, armed with expanded weapons stocks and backed by government planes making bombing runs, are augmenting the Janjaweed militias that already were raping, looting and killing their way through Darfur."

WPost Criticizes Chinese Official's Statements On Darfur. The Washington Post (9/6, A14, 748K) editorializes, "Wang Guangya, China's ambassador to the United Nations, made a formal statement on Darfur that calls into question China's claim to be treated as a responsible international player. Mr. Wang began by saying that China wants UN peacekeepers to be deployed in Darfur, calling this a 'good idea and realistic option,' one that should be done 'as soon as feasible.'" But "then he went on to explain that China was refusing to support the UN resolution calling for such a deployment. Unless China changes its position, the result may well be tens of thousands of civilian deaths." The Post adds, "If China really is sincere about its desire to see peacekeepers in Darfur, it should tell its allies in Sudan's government to call off their military offensive and accept UN peacekeepers immediately."

Russia Postpones Joint Military Exercises With US. The Washington Post (9/6, Finn, Tyson, 748K) reports, "Citing legal problems, Russia's Defense Ministry on Tuesday abruptly postponed joint military exercises with American forces that were scheduled to start later this month in central Russia. The exercises were drawing increasing criticism from the Communist Party and other groups angry over the prospect of U.S. troops on Russian soil." The Post quotes an anonymous DOD official who "said the size of the U.S. force has been a point of contention." The article cites examples of growing friction between Russia and the US and remarks, "The [Russian] Defense Ministry declined to explain the status issues or why they arose now between two countries that conducted joint exercises in Russia as recently as last year."

Thousands Protest Plan for Peacekeepers In Somalia. The AP (9/6, Nor) reports that not only did thousands of people protest plans for a peacekeeping force

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in Somalia, but the plans "faces two major obstacles: The U.N. must lift an arms embargo on Somalia that has been in place for more than 10 years to allow peacekeepers to enter the country, and the African Union must release funds to back the mission, which is expected to cost $34 million a month."

US Ambassador Urges EU To Address Regulatory Reform. US ambassador to the EU C. Boyden Gray in an op-ed in the Wall Street Journal (9/6, 2.03M) writes that while a "key" to improving the EU economy is regulatory reform, the EU "is having difficulty turning the excellent intentions of its 'better regulation' policy into reality." For example the EU chemicals regulation "Reach" still "has flaws that will hurt small European businesses and foreign companies in particular." Failure to adequately reform "Reach" like the Doha round failures "could seriously damage the cause of free trade" and "discredit the idea of 'better regulation,' even if the EU promises to do better next time. Approving Reach in its current form would likely undermine 'better regulation' and with it much of the Lisbon agenda. Conversely, a reform of Reach would greatly invigorate regulatory reform generally. In short, the EU needs a reform victory, not a defeat."

UK Chancellor Warns Against Rise Of Protectionism. U.K. Chancellor of the Exchequer Gordon Brown in an op-ed in the Wall Street Journal (9/6, 2.03M) writes that among all the economic turbulence this summer "perhaps the most worrying for the long term is the stalling of the Doha round of world trade talks. And this trade failure is helping to give cover to a protectionist backlash that is seeing the growth of populism in Latin America, a resort to 'national champions' in Europe and protectionist calls in the U.S." Brown believes protectionism must be challenged on the grounds of high ideals like freedom and democracy. Brown concludes, "It is one of the great ironies that the greatest damage to globalization today is not being inflicted by the demonstrations and running protests that have marked trade negotiations over the years. The wound is self-inflicted, caused by our failure, as the world's wealthiest countries, beneficiaries of globalization, to agree to trade liberalization. So let Singapore be a start to winning the high ground on trade and globalization -- and a victory for the power of both argument and action."

WSJournal Argues For Ending Subsidies For Airbus A350 Plane. The Wall Street Journal (9/6, 2.03M) writes in an editorial that reforming operations at Airbus is "turning out to be a sizable job" and blames the company's problems in part on government subsidies. The Journal argues that ending subsidies for the midsize A350 airplane are necessary and "might be difficult, but the alternatives aren't attractive either. With EADS's partner in Airbus, the U.K.'s BAE Systems, looking to pull out of the joint venture, British officials are squeezing Airbus and EADS for assurances that the U.K. won't lose jobs as a result." The Journal concludes, "EADS co-CEO Thomas Enders had the right answer when asked about U.K. jobs in July: 'There are no guarantees. The jobs all over the company…have to be competitive, and they have to be innovative. That is the best assurance that they will stay.' Sticking by that smart philosophy would be easier if Airbus were to drop its dependence on subsidies."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Mexico Judges Name Calderon Winner Of Vote."
"Once Again, Redstone Shakes Up Viacom."
"Now This Is A Tough Commute."
"Don't Adjust Your Set: Her Brightness Is A Contrast."
"Chevron Reports Major Oil Field Find."
"Ideas Key To Beating Terrorists, Bush Says."
"The Online Box Office Is Growing."
"Army To Use Geneva Rules For Detainees."

USA Today:

"Bill Ford Hands Keys To New CEO."
"Mannings Ready To Go Head-To-Head."
"Grand Jury Looks At Katrina Deaths."

New York Times

"Ford Brings In Outsider To Help Run The Company."
"Election Ruling In Mexico Goes To Conservative."
"In Bellwether District, G.O.P. Runs On Immigration."
"To Stay Alive, Iraqis Change Their Names."
"Zoroastrians Keep The Faith, And Keep Dwindling."
"Illness Persisting In 9/11 Workers, Big Study Finds."

DOJ_NMG_0058294

Washington Post:
"Bush Warns Of Enduring Terror Threat."
"Male Bass Across Region Found To Be Bearing Eggs."
"William C. Ford Steps Down As Auto Firm's CEO."
"In Darfur's Death Grip."
"Mexican Court Declares Calderón President-Elect."

Washington Times:
"Court Declares Calderon Winner."
"Worst Is Over, Castro Asserts."
"Chevron Taps Vast Oil Pool In Gulf."
"Democrats Say U.S. Less Safe Since 9/11."
"Arizona Voters Driven By Border."
"Beauties Already Winners."
"Voting Records Reveal Cropp-Fenty Divisions."

Detroit Free Press:
"Ford's New Face."

Atlanta Journal-Constitution:
"Bush Pushes Security Agenda."
"Delta Can End Pilot Pensions, Judge Says."
"Oil Relief In Sight?"
"Holiday Plans End In Death For Family Of 4."
"Haute Cuisine Is Lean, But Don't Call It Healthy."

Houston Chronicle:
"With Calderon President, The Real Battle Has Begun."
"New Oil Field Deep In The Gulf A Potential Giant."
"Praise For Couric, But Not Show's New Format."
"Red-Light Revenue May Exceed City Estimate."
"Pentagon Now Will Ban Secret Interrogation Tactics."

Story Lineup From Last Night's Network News:
ABC: Pakistan-Bin Laden Deal; Bush-Terrorism Plan; Bush-Analysis; Gulf Oil Discovery; Oil Drilling Technology; Gas Prices; Bush-Transportation Nominee; Tropical Storm Florence; New Mexican President; Autism Discovery; FDA-Artificial Heart; John Lennon.
CBS: Taliban's Return-Afghanistan; Bush Speeches; War On Terror Analysis; New Source Of Oil; Opinion Segment; Suri Cruise Baby Pictures; Gifts From America.
NBC: New Source Of Oil; Bush-Terrorism Plan; Bush-Analysis; New Defense Weapons; 9/11 Health Risk; Justice Kennedy Hospitalized; Bill Ford Steps Down; Intel Restructuring; The American Barn.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush-War On Terror Speech; Gulf Of Mexico-Oil Found.
CBS: Ford-New CEO; Bush-War On Terror Speech; Ground Zero Workers-Health Problems; FDA-Mercury In Dental Fillings; FL-Primary Election.
NPR: FL-Primary Election; Bush-War On Terror Speech; Intel-Job Cuts; Iraq-US KIA; Memo-Blair To Step Down Next July; Foreign stock Markets.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the cabinet, Cabinet Room.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9 a.m. APPROPRIATIONS _ Labor, HHS, Education Subcommittee. Hearing on stem cell research. James Battey, Chairman, NIH Stem Cell Task Force; Robert Lanza, Advanced Cell Technologies; Kevin Eggan, Harvard University; Ronald Green, Dartmouth College. Location: Room 124, Dirksen.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Oversight hearing on federal renewable fuels programs. William Wehrum, EPA; Alexander Karsner; Assistant Secretary for Energy Efficiency & Renewable Energy; USDA Chief Economist Keith Collins. Location: Room 406, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on stock options backdating. SEC Chairman Christopher Cox, Public Company Accounting Oversight Board Chairman Mark Olson; Erik Lie, University of Iowa; Lynn Turner, Glass Lewis and Co.; Russell Read, California Public Employees' Retirement System; Kurt Schacht, CFA Centre for Financial Market Integrity. Location: Room 538, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on executive compensation.The following witnesses are scheduled to testify: Deputy Attorney General Paul J. McNulty; IRS Commissioner Mark Everson; Linda Thompson, Director, Division of Enforcement, SEC; Nell Minow, Editor, The Corporate Library, Portland, Me.; Lucian A. Bebchuk, Harvard Law School; Charles M. Elson, Lerner College of Business and Economics, University of Delaware; Steven Balsam, The Fox School of Business and Management, Temple University. Location: Room 215, Dirksen.

DOJ_NMG_0058295

11 a.m. JUDICIARY _ Full Committee. Hearing on competition in group health care. Location: Room 226, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Hearing on pending judicial nominations. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on intelligence matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 2 p.m. Meets for legislative business. Highlights: Suspensions (6 bills): 1) H.Res. 605 - Recognizing the life of Preston Robert Tisch and his outstanding contributions to New York City, the New York Giants Football Club, the National Football League, and the United States; 2) H.Res. 912 - Supporting the goals and ideals of National Life Insurance Awareness Month; 3) H.R. 2491 - International Solid Waste Importation and Management Act of 2005; 4) H.Res. 875 - Congratulating Spelman College on the occasion of its 125th anniversary; 5) S. 3534 - YouthBuild Transfer Act; 6) H.R. 2808 - Abraham Lincoln Commemorative Coin Act.

1 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on the effectiveness of the President's Emergency Plan for AIDS relief. Mark R. Dybul, U.S. global AIDS coordinator, State Department; Kent Hill, USAID; David Gootnick, GAO; Helene Gayle, president and CEO, CARE USA; Lucy Sawere Nkya, member, Tanzanian Parliament; Edward C. Green, Harvard Center for Population and Development Studies. Location: Room 2154, Rayburn.

1 p.m. JUDICIARY _ Crime, Terrorism and Homeland Security Subcommittee. Hearing on pending legislation. Location: Room 2141, Rayburn.

2 p.m. GOVERNMENT REFORM _ Federalism and the Census Subcommittee. Hearing on correct reporting of intercensal population estimates. Location: Room 2247, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on the UN Human Rights Council. Deputy Assistant Secretary of State Mark Lagon; Deputy Assistant Secretary of State Erica Barks-Ruggles; Brett Schaefer, The Heritage Foundation; Hillel C. Neuer, United Nations Watch; Jennifer Windsor, Freedom House. Location: Room 2172, Rayburn.

5 p.m. RULES _ Full Committee. Hearing on rules for floor debate. Location: Room H-313, Capitol.

Other: TOWNS _ Annual meeting of the National Association of Towns and Townships. Highlights: 10:30 a.m. House Majority Leader Rep. John Boehner. 11 a.m. Session on homeland security and public safety, with Assistant DHS Secretary Tracy Henke, Pennsylvania Homeland Security Director James Powers, others. 1:30 p.m. Agriculture Secretary Johanns. Location: Holiday Inn on the Hill, 415 New Jersey Ave. NW.

BLACK CAUCUS-LEGISLATIVE _ The Congressional Black Caucus Foundation holds its 36th Annual Legislative Conference. Highlights: 10:30 a.m. Opening press conference with Congressional Black Caucus Chairman Melvin L. Watt; Congressional Black Caucus Foundation, Inc., Chairman Kendrick B. Meek, others. Location: Washington Convention Center, 801 Mount Vernon Place NW., unless otherwise noted.

KOREAS-SECURITY _ 9:30 a.m. - 5:45 p.m. the History and Public Policy Program and the Asia Program of the Woodrow Wilson International Center for Scholars, together with the Graduate School of North Korean Studies at Kyungnam University in Seoul, will host a day-long symposium ``The Quest for Self-Reliant Security in Both Koreas, Then and Now. Experts from the U.S., Korea, and Germany will provide historical perspective and present analysis of the issue that is at the heart of the acute tensions now endangering the U.S./South Korean alliance: Koreas desire to create a self-reliant security posture while at the same time maintaining its alliance with the United States. Location: Woodrow Wilson International Center for Scholars, 5th Floor Conference Room, Ronald Reagan Building, 1300 Pennsylvania Ave. NW.

DISASTER PREPAREDNESS _ 8:30 a.m. David M. Walker, Comptroller General of the United States, and Max Stier, president, Partnership for Public Service, hold a press conference to release GAO Reports about disaster preparedness and response. Location: Continental C Room, Ronald Reagan Building and International Trade Center, 1300 Pennsylvania Ave. NW.

WORLD ECONOMIC OUTLOOK _ 8:30 a.m. The International Monetary Fund holds a news conference to release the World Economic Outlook report. Location: Room B-702, IMF, 720 19th St. NW.

WORLD AFFAIRS SURVEY _ 9:30 a.m. The North American launch of Strategic Survey will be held. The Survey is the annual evaluation and forecast of world affairs prepared by the International Institute for Strategic Studies and features

DOJ_NMG_0058296

contributions from Alex Nicoll , Editor, Strategic Survey; and IISS Director for Defence Analysis; and Mark Fitzpatrick, IISS Senior Fellow for Non-Proliferation. The event will be moderated by Adam Ward, Executive Director, IISS-US. Location: 1850 K St. NW, Suite 300.

9/11 DAY _ 10:15 a.m. Rep. Peter King, R-N.Y., chairman of the House Committee on Homeland Security, and Sen. Charles Schumer, D-N.Y., co-chairs of the Honorary Congressional Advisory Board of the 9/11 nonprofit group One Day's Pay, will be joined by Rep. Michael A. Ferguson, R-N.J., and others in Washington to urge President George Bush to officially proclaim 9/11 as a national day of charitable service and good deeds. Location: Room 210, Cannon House Office Building.

DEMOCRATS-LABOR _ 11:30 a.m. The Democratic Leadership Council, along with Iowa Governor and DLC Chair Tom Vilsack, DLC founder & CEO Al From, AFL-CIO President John Sweeney, AFSCME President Gerald McEntee, United Steelworkers President Leo Gerard, others hold a news conference to make a ``major" announcement regarding labor and worker protection issues. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

STATES-UNINSURED _ 12 p.m. The Heritage Foundation hosts a luncheon seminar, ``Creative Federalism: A Bipartisan Approach for State Action on the Uninsured. Participants are: Reps. Tammy Baldwin, D-Wis., and Tom Price, R-Ga.; Stuart Butler, vice president, domestic and economic policy studies, Heritage Foundation; and Henry J. Aaron, senior fellow, economic studies, Brookings Institution. Location: Room B-369, Rayburn House Office Building.

IMMIGRATION _ 12:30 p.m. Briefing by groups organizing a Sept. 7 protest rally on the immigration system. The briefing will discuss detention and enforcement consequences of the U.S. immigration system. Location: United Methodist Building, 100 Maryland Ave. NE.

FOREIGN AID _ 4 p.m. Andrew Natsios, former Administrator of USAID; and Carol Lancaster, former Deputy Administrator of USAID, debate the topic, ``To meet the Millennium Development Goals and reduce world poverty substantially, the governments of rich countries should double their aid in the next three years." Location: Gaston Hall, third floor, Healy Hall, Georgetown University, 37th & O Streets NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, SEPTEMBER 6, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Bush Repeatedly Quotes Bin Laden In Speech Defending War On Terror ... 3
New Army Rules Will Prohibit Torture ... 5
Key Senate Republicans Offer Military Tribunal Plan ... 5
Gonzales Stresses Importance Of Anti-Terror Efforts ... 6
GOP Divisions Could Imperil Wiretapping Legislation ... 7
Denmark Arrests Nine In Terror Probe ... 7
O'Connor Believes High Court Will Hear More Terrorism Disputes ... 7
Federal Prosecutors Push For Prison Term For Lynne Stewart ... 8

Homeland Response:

FBI Philadelphia SAC Touts Post-9/11 Counter-Terrorism Reforms ... 8
Judge Dismisses Federal Charges Against Michigan Cell Phone Suspects ... 8
Airlines See Terror Threat Affecting Their Bottom Line ... 9
TSA Warns 1,195 Former Employees Of Privacy Breach ... 9
Nearly 70% Of WTC Aid Workers Suffering From Lung Problems ... 9
Liberal Bloggers, Other Critics Say ABC's 9/11 Miniseries Biased ... 9
Republicans Looking To Strike Compromise On FEMA Reform Before November ... 10

War News:

Rice Compares Iraq War's Significance To US Civil War ... 10
Iraqi Parliament Extends State Of Emergency ... 10
One Third Of Iraqi Lawmakers Skip Session ... 10
Iraqi Journalist Decries "Endangerment" Of Colleagues ... 10
Some Iraqis Change Names To Protect Own Lives ... 10
Pakistan Signs Accord With Pro-Taliban Militias ... 11
Rice Telephones Canada's MacKay To Apologize For Afghanistan Killing ... 11
GAO Says Government's Arab Broadcasts Lack Reliable Audience Estimates ... 11
Antiwar Camp Sets Up On National Mall ... 11
Author Decries "Myth Of Immaculate Warfare." ... 11

DOJ:

Montana US Attorney Tapped For Number Three Post At Main Justice ... 11
FBI, DHS Merge Fingerprint Databases ... 12

Corporate Scandals:

Two Senate Committees To Hold Hearings On Options Timing Today ... 12
SEC Probing XM Radio's Subscriber, Recruiting Figures ... 13

Criminal Law:

Gonzales Says Cities Must Improve Anti-Crime Efforts Without More Federal Funds ... 13
FBI Reported To Be Investigating Land Deal In Lewis' Neighborhood ... 14
US Argues For Death Penalty For Man Convicted Of Murdering Student ... 14
Ryan To Be Sentenced Today For Corruption Conviction ... 14
Tennessee Senator Unexpectedly Seeks Trial For Bribery Charges ... 15
Judge Will Not Force Key Prosecution Witness To Testify At NM Treasurer's Retrial ... 15
Jeffs Transferred To Utah For Initial Hearing Today ... 15
Jurors Hear Jailhouse Recordings Of Gotti Threatening Mobsters Over Demotion ... 15
Hornsby Pleads Not Guilty To All Charges ... 15
Study Sheds Light On Child Abductions ... 16
Rise In New Orleans Murders Continues With Rash Of Labor Day Shootings ... 16
Grand Jury In St. Bernard Parish To Hear Case Against Nursing Home Owners ... 16
NYC Pimp Pleads Guilty In Multi-State Underage Prostitution Case ... 16
Group Targets Hotel Television Pornography ... 17
California Child Porn Probe Has Lasting Legacy ... 17
US Seeks Death For Two Russian Immigrants Charged With Kidnap-Murder ... 17
NYTimes Says Fitzgerald Needs To Provide More Information On Plame Probe ... 18

Civil Law:

Judge Rules US Must Pay $3 Million To Family Of Mob Victim ... 18

Dana Bankruptcy Judge Strikes Bonus Plan 19

Civil Rights:

Kentucky Man Dies After Police Use Taser 19
Voting Rights Battle Heads To Courtroom 19
2nd Circuit Uses Narrow Reading Of "Offensive" Speech In T-Shirt Case 19
7th Circuit To Hear Indiana Legislature's Prayer Appeal 20

Antitrust:

Sun, Unisys Sue Seven Firms Over Chip Price-Fixing 20
Judge Approves $21.9 Million Antitrust Settlement In Carbon Case 20
Clemens Markets To Be Sold To Two Firms 21
Frist Supports Plan For Texas Airfield 21
Battle Brewing Over Net Neutrality 21
Universal Music To Acquire BMG Music Publishing 21
Geophysique To Purchase US Rival Veritas For $3.1 Billion 22
Phelps Dodge Abandons Inco Takeover Bid 22

Environment/Indian Affairs:

Alabama Sewer Contracts Trial Features Dispute Over Jurors 22
DOJ To Appeal Ruling On Missouri Tribal Casino 23
NYTimes Says Administration Should Fund Vaccination Program 23

FBI/DEA/ATF/USMS:

New Film Examines FBI Surveillance Of John Lennon 23
Reporters To Appeal Order To Reveal Sources In Government Steroid Investigation 23
Men Detained With Mexico Drug Cartel Suspect To Appear Before Grand Jury 23
In New Jersey, Two Police Officers Plead Guilty In OxyContin Case 24
DEA Agent Said To Be Campaigning Against Colorado Marijuana Initiative 24
North Carolina Appeals Court Calls Search Of Drug Suspect Unreasonable 24
NFL Considers Drug-Policy Changes 24
In California, Marijuana Operation Seen As "Environmental Mess." 24

Immigration:

House GOP To Roll Out "Smaller Scale" Border Enforcement Measures 24

Tax:

Virginia Praised For Ending Estate Tax 26

Congress-Administration:

Senate GOP Leaders Under Pressure To Move On Judicial Nominations 26
Bush Won't Meet With Leaders Of Big Three Automakers Until After Election 26
Bush Nominates Peters To Be Transportation Secretary 26
Mark McClellan Announces Resignation 27
Democrats Slam "Do-Nothing Congress." 27
Vulnerable House Republicans Press Leaders On Minimum Wage, Other Issues 27
Frist Will Seek To Revive "Trifecta" Bill 28
Business Lobbyists Seek Action On Bush "Competitiveness Agenda." 28
House GOP To Tackle Earmark Reform 28
Federal Employees, Retirees To Get Better Dental, Vision Coverage 28
Snow Says Social Security Reform Is Not Dead 29
Rumsfeld Has Successful Shoulder Surgery 29
Justice Kennedy Hospitalized For Stent Procedure 29
Study Said To Show Members Of Congress Rely On Half-Truths 29

Other News:

Gulf Of Mexico Discovery Could Boost US Oil Reserves By Up To 50% 29
IMF Concerned About Global Slowdown 30
Mishkin Sworn In As Fed Member 30
Third-Party Candidates Could Affect Many Close Races 30
Congressional Candidates Split On Halting Campaign Events For 9/11 31
Democrats Hope To Win Iowa's 1st CD 31
Shuler Making Serious Challenge To Taylor In North Carolina's 11th CD 31
Rhode Island Senate GOP Primary Compared To Lieberman-Lamont Contest 31
Vets Group With GOP "Ties" To Boost Lieberman 32
Harris Wins Florida GOP Senate Nomination 32
Allen A Top Recipient Of "Entertainment-Related" Campaign Contributions 32
Unions Have Contributed $43 Million To Federal Candidates 32
Schwarzenegger To Veto Universal Care Bill 33
Jackson Jr. To Explore Run For Chicago Mayor 33
LATimes Says YouTube Subject To Political Misuse 33
Annan Announces Three-Step Plan To End Israeli Blockade Of Lebanon 33
Bush, Kuwaiti Emir Discuss Situation In Mideast 34
Khatami Criticizes Bush While On US Tour 34
Prominent Jordanian Diplomat Enters UN Secretary-General Race 35
Court Certifies Calderón As Winner Of Mexican Election 35
US, South Korea Differ Amid Fears Of Nuclear Test By North 36
Ally Says Blair Will Step Down Next Summer 36
China Says It Will Cut Ties To Zambia If Opposition Candidate Is Elected President 36
AU Says Its Force Will Leave Darfur On Sept 30 Unless Khartoum Reverses Stance 37
Russia Postpones Joint Military Exercises With US 37
Thousands Protest Plan for Peacekeepers In Somalia 37
US Ambassador Urges EU To Address Regulatory Reform 37
UK Chancellor Warns Against Rise Of Protectionism 38
WSJournal Argues For Ending Subsidies For Airbus A350 Plane 38

The Big Picture:

Headlines From Today's Front Pages 38

DOJ_NMG_0058299

Washington's Schedule:
Today's Events In Washington 39

TERRORISM NEWS:

Bush Repeatedly Quotes Bin Laden In Speech Defending War On Terror. President Bush's address on terrorism before the Military Officers Association of America received significant media coverage, with each of the three networks devoting four minutes or more to it near the beginning of their newscasts. Television and print reports highlight Bush's repeated quoting of Osama bin Laden, and generally place Bush's remarks in the context of the upcoming midterm elections. NBC Nightly News (9/5, story 2, 2:25, Williams, 9.87M) focused on these political considerations, calling the speech "part of the Republican effort to steer the debate in the elections toward security. The President went back to citing a familiar enemy that we haven't heard that much about as of late." NBC (Gregory) added, "That enemy is Osama bin Laden. It's clear now the President wants him front and center in this fall campaign."

ABC World News (9/5, story 2, 2:40, Raddatz) showed Bush saying, "Bin Laden and his terrorist allies have made their intentions as clear as Lenin and Hitler before them. The question is, will we listen? Will we play attention to what these evil men say?" Raddatz: "The President then quoted directly from documents and audiotapes from al Qaeda."

CBS Evening News (9/5, story 2, 1:40, Couric, 7.66M) said Bush "warned Americans not to get complacent about the continuing terror threat." CBS (Axelrod) added Bush "is casting the war on terror in new terms yet again, charting a course for the future while looking at evils of the past." CBS ran the same clip of Bush referencing Lenin and Hitler, as well as clips of Bush quoting bin Laden ("Death is better than living on this earth with the unbelievers among us"), al Qaeda's Ayman al-Zawahiri ("The whole world is an open field for us"), and Hezbollah chief Sayyid Hassan Nasrallah ("Death to America will remain our reverberating and powerful slogan"). CBS (Axelrod): "The President warned the danger remains and sacrifice is required but that he's confident in the ultimate outcome. Essentially, this is a 'stick-with-me' speech."

On its front page, the Washington Post (9/6, Fletcher, 748K) says Bush, "abandoning his practice of only rarely mentioning" bin Laden, "repeatedly quoted him and purported terrorist letters, recordings and documents to make his case that terrorists have broad totalitarian ambitions and believe the war in Iraq is a key theater in a wider struggle." An AP (9/5, Pickler) story carried by about 100 newspapers or news websites says reports that "quoting repeatedly from Osama bin Laden," Bush said pulling out of Iraq "would fulfill the terrorist leader's wishes and propel him into a more powerful global threat in the mold of Adolf Hitler." AP continues, "With two months until an Election Day that hinges largely on national security, Bush laid out bin Laden's vision in detail." Bush cited "what he called 'a grisly al-Qaida manual' found in 2000 by British police during an anti-terrorist raid in London, which included a chapter called 'Guidelines for Beating and Killing Hostages,'" as well as a purported al Qaeda document found in Iraq that contained plans to set up a "governing structure" in the insurgent-wracked Anbar province.

CNN's The Situation Room (9/5, Blitzer) directly linked the policy and political motivations, saying, "In the run-up to the 9/11 anniversary and the midterm election, President Bush offered up a counter-terror scorecard claiming victory in that the network is being kept off balance." Fox News' Special Report (9/5, Hume) reported Bush said the US "has no choice to fight on in Iraq, not because he's made it a central objective in the war on terror, but because al Qaeda has."

The Los Angeles Times (9/6, Neuman, 918K) says that the speech was "one of a series of his speeches about the nation's counterterrorism plan -- culminating in a Sept. 19 address to the United Nations -- in an effort to bolster sinking public opinion about the war in Iraq." The Washington Times (9/6, Curl, 88K) and the McClatchy (9/6, Douglas, Talev) run similar reports.

Much of the analysis of the President's speech describes it as part of a PR effort that could affect the November elections. ABC World News (9/5, story 3, 1:55, Gibson) said, "These speeches are not about politics. But these days everything is about politics." ABC (Stephanopoulos) added, "Terrorists have been the trump card for the President and the Republicans. It worked in 2002. It worked in 2004. But these numbers show why it may not work this year." On NBC Nightly News (9/5, story 3, 1:25, 9.87M), Tim Russert said, "Both sides have decided to play offense going into this mid-term election. The White House has been concerned that the Republicans have been sounding too defensive about the Iraq war so the President played out his playbook today."

USA Today (9/6, Jackson, 2.27M) also stresses the political angle, saying that as both parties "try to seize the advantage on national security and the war in Iraq, Bush recounted his administration's efforts to encourage democracy in Iraq and Afghanistan." The New York Times (9/6, Stolberg, 1.21M) calls Bush's remarks, and the Democrats' reaction to them, part of "a calculated effort by both parties to capitalize on the coming anniversary" in order

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to "gain the upper hand in this year's election debate over national security."

For its analysis, CBS Evening News (9/5, story 3, 2:30, Couric, 7.66M) brought in New York Times columnist Thomas Friedman, who offered a critical perspective, saying Bush is "saying, 'We're in the fight of our life, the World War III of our generation, but let's have a tax cut and shrink the size of our armed forces.' … We've been summoned to D-Day but not given the moral, strategic, economic, and political strategy to win D-Day at all." Couric: "Meanwhile, we saw the Taliban is back in a big way and is once again a big threat." Friedman: "It's a smaller version of the Iraq story which is, it's security, security, security."

White House Releases New Counterterror Strategy. The Washington Post (9/6, A4, DeYoung, 748K) reports that the National Strategy for Combating Terrorism, the "new counterterrorism strategy released yesterday by the White House," describes al Qaeda as a "significantly degraded organization, but outlines potent threats from smaller networks and individuals motivated by al-Qaeda ideology, a lack of freedom and 'twisted' propaganda about U.S. policy in the Middle East." It says that "attacking terrorist organizations, controlling weapons of mass destruction and protecting the homeland" remain priorities, but it also "places new emphasis on the need for training experts in languages and Islamic culture, for enhanced partnerships abroad and with the American Muslim community, and for better information-sharing among domestic counterterrorism agencies."

In contrast to the Post's broad survey of the strategy report, the Wall Street Journal (9/6, A8, McKinnon, 2.03M) hones in on the report's focus on Iranian nuclear development and "the danger that Iran could someday supply terrorists with nuclear weapons." The AP (9/5, Schweid) reports Bush said during his Tuesday speech that a "nuclear-armed Iran would blackmail the free world and raise a mortal threat to the American people." Another AP (9/5, Jahn) story says that as Bush "warned that he would never allow a nuclear-armed Iran," US officials "pressed their case Tuesday for sanctioning Iran over its defiance on uranium enrichment, calling for punishment even ahead of a meeting billed as a last-ditch effort to persuade Tehran to freeze its nuclear program."

Democrats Say US Less Safe, Make Rumsfeld Central Issue. Newspaper stories on the President's speech also note the Democrats' response. The Washington Times (9/6, Fagan, Hurt, 88K) says Democrats "are going toe to toe with Republicans on national security" as November nears, calling for the removal of Defense Secretary Donald Rumsfeld "and claiming that America is less safe today than before the September 11 terrorist attacks." Senate Minority Leader Harry Reid said, "Under the Bush administration and this Republican Congress, America is less safe, facing greater threats and unprepared for the dangerous world in which we live." House and Senate Democrats "endorsed a national security report penned by the Third Way National Security Project," which "concluded that the Bush administration's foreign policy has failed in Iraq, the war on terror, Afghanistan and other countries."

The Christian Science Monitor (9/6, Chaddock, 58K) says Democrats, "instead of calling for a fixed withdrawal date," are now "rallying behind criticism of civilian defense leadership, especially" Rumsfeld. Marshall Wittmann of the Democratic Leadership Council, a "former GOP activist," said, "Any time the Democrats focus on the lack of progress in Iraq -- and personalize it in Rumsfeld -- it plays to their favor. But when Republicans stress that there hasn't been an attack on the homeland and we want to use aggressive surveillance to prevent future attacks, it plays to their favor."

CNN's The Situation Room (9/5, Blitzer) reported, "Democrats were ready with a quick counter to the White House counter terrorism strategy. They say it's a familiar retrain and are offering their own assessment of America's security." CNN (Koppel) added, "The Democrats' battle plan focus on Iraq and terrorism issues voters care about most this year and force Republicans to play defense."

The Hill (9/6, Allen) reports Democrats "aggressively engaged" Republicans on security issues, saying a "debate on national security suits them just fine. … Though they chastised Republicans for scaring voters and exploiting the 'politics of fear,' Democrats said yesterday that the country has been imperiled by GOP policies." The AP (9/5, Taylor) says that "according to AP-Ipsos polls conducted in August, the public gives Democrats slightly better marks when asked which party would do a better job of protecting them."

Some Republicans Join In Criticism Of Rumsfeld. The New York Times (9/6, Nagourney, Mazzetti, 1.21M) reports that as Democrats "have begun a concerted effort" against Rumsfeld, for a "small but growing number of Republicans, attacking Mr. Rumsfeld is a way to criticize how the war has been conducted without turning against the war itself." Sen. Charles Schumer said, "Both hawks and doves can call for Rumsfeld to step down and still be consistent with their position. It applies to both parties." Among the GOP critics is Washington Senate candidate Mike McGavick, who said in an interview, "If I had my way, he wouldn't be secretary of defense now." The Hill (9/6, Blake) adds that Reps. Christopher Shays and Pat Tiberi, and New Jersey Senate candidate Tom Kean Jr., "recently became the latest of a handful of Republican candidates around the country to castigate Rumsfeld. A few have gone so far as to call for his resignation."

Hill GOP Plans To Block Democratic Resolution On Rumsfeld. The Wall Street Journal (9/6, A15, Rogers, 2.03M) reports congressional Republican leaders "signaled they would block floor votes on a Democratic resolution

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expressing no confidence" in Rumsfeld. Senate Democrats, "are preparing a resolution to be offered today as an amendment" to a pending defense-appropriations bill, but "under a 2000 precedent, the proposal is likely to be judged nongermane to the underlying measure."

Snow Defends "Tireless," "Innovative" Rumsfeld. White House Press Secretary Tony Snow said on CNN's The Situation Room (9/5), "What's interesting is that Don Rumsfeld has been trying to transform the defense establishment. He has done so more rapidly and effectively than any defense secretary in history. … Rumsfeld is tireless, he is innovative, he is somebody who's committed to the task. And what's interesting to me is when I read the critiques, it's sort of like, 'Well, things are going wrong, fire Rumsfeld.' Well, Donald Rumsfeld is not the enemy here, Al Qaeda and the terror network are the enemy, and he's been fighting them."

Biden Says Bush Admits His Policy Has Not Worked. Sen. Joe Biden said on MSNBC's Hardball (9/5), "The President has acknowledged his policy hasn't worked so far. He said we're changing our policy. It sounds like a Democratic prescription."

Failure To Get Bin Laden Called A "Sore Spot" For White House. CNN's The Situation Room (9/5, Henry) reported that the fact that Osama bin Laden remains at large is "a sore subject for White House officials. They insist they still have al Qaeda on the run. You heard from the President himself almost goading bin Laden by saying he has to remain in hiding and he won't come out and show his face, but it's an embarrassment for them five years later."

Dowd Criticizes Bush's Renewed Focus On Bin Laden. In her New York Times column (9/6), Maureen Dowd says, "After playing down bin Laden for years, barely mentioning him and minimizing his importance, W. has once more picked up a metaphorical bullhorn on the cusp of the 9/11 anniversary to make Osama the villain, using his name 18 times in a 40-minute speech. Once it would have made a difference to decapitate Osama, and it would still be great to do it. But it's too late to stop Al Qaeda that way now. The organization has diffused to a state of mind, fueled by hatred of U.S. occupation of Muslim land. W.'s plan to save his legacy and keep Congress out of Democratic hands is to absorb a misbegotten and mishandled war, Iraq, into the good wars of the 20th century, World War II and the cold war. Instead of just admitting he bollixed up Iraq, W. and his henchmen are ratcheting up, fusing enemies willy-nilly, running around giving speeches with the simplistic, black-helicopter paranoid message: All those scary Arabs are in league to knock us off and institute the rule of Allah."

New Army Rules Will Prohibit Torture. The Los Angeles Times (9/6, Barnes, 918K) reports, "Bowing to critics of its tough interrogation policies, the Pentagon is issuing a new Army field manual that provides Geneva Convention protections for all detainees and eliminates a secret list of interrogation tactics." The decision "to drop the objectionable provisions appears to mark a victory for advocates of closer U.S. adherence to the protections of the Geneva Convention."

Key Senate Republicans Offer Military Tribunal Plan. The Washington Post (9/6, A3, Smith, 748K) reports Sens. Lindsey Graham, John McCain, and John Warner "have drafted a legislative plan for special military trials of suspected terrorists that diverges from a recent Bush administration plan by granting defendants rights that the White House has sought to proscribe, government officials said yesterday." Under their plan, any future military trials of detainees would be "governed by a law that explicitly ensures that defendants have the right to know the evidence against them." The White House "has tried to stymie what it views as an act of party rebellion on the matter."

Gonzales Expresses Support For Military Tribunals. McClatchy (9/6, Gordon, Rosen) reports, "Attorney General Alberto Gonzales said Tuesday that it would be difficult to bring top al-Qaida captives, such as suspected Sept. 11 mastermind Khalid Shaikh Mohammed, to trial without a special court designed to keep secrets gathered in the war on terrorism. … His comments upped the stakes in the administration's negotiations with Congress over what kind of special military commissions would be needed to prosecute jailed terrorist suspects." McClatchy continues, "Recently, the Supreme Court rejected the idea of such courts because they had few safeguards for the accused and were set up by President Bush without congressional approval. … During a wide-ranging briefing days before the fifth anniversary of the Sept. 11, 2001, attacks, Gonzales said the administration worked over Congress' August recess to win support for legislation creating the tribunals. He said that once established, the tribunals would 'allow us to bring dangerous terrorists to justice.' … Such a controversial proposal, likely to provide defendants with many fewer legal rights than those offered to soldiers in traditional military courts, could draw considerable opposition in Congress." McClatchy adds, "Gonzales also voiced deepening concerns about the threat of homegrown Islamic terrorists being radicalized and trained over the Internet. And he said that the Justice Department would assess whether to bring U.S. charges against any suspects in the foiled, British-based plot to use liquid explosives to blow-up trans-Atlantic flights. … So far, the only person tried in the United States for involvement in the Sept. 11 hijackings is al-Qaida operative Zacarias Moussaoui, who pleaded guilty to conspiring with the Sept. 11 hijackers but was spared the death penalty by a jury last May. … Gonzales noted that in the weeks after Sept. 11, there was 'a

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great deal of discussions and debate in the administration' about whether the young Frenchman of Moroccan descent, who was arrested while taking flight lessons 26 days before the attacks, should be prosecuted in U.S. courts or before a military commission. … 'The truth of the matter is, we all felt an obligation to know, was it possible to try a terrorist in (a civil court) where you might have to put at risk classified information, where that terrorist may insist on having direct access to someone that's being detained by the United States,' said Gonzales, who was the White House counsel at the time."

Gonzales Stresses Importance Of Anti-Terror Efforts. The Chicago Tribune (9/6, Silva, Zajac) reports, "The Bush administration insists that the United States is 'safer' today than five years ago, yet still 'vulnerable,' as Atty. Gen. Alberto Gonzales put it Tuesday in highlighting steps the Justice Department has taken to thwart another domestic terror attack." The Tribune continues, "Gonzales noted the passage of the Patriot Act, creation of the Department of Homeland Security and the Directorate of National Intelligence and increased cooperation between federal investigators and foreign governments and with state and local governments. … 'We are safer today, but we are still vulnerable,' he said, adding that another attack remains 'a question of when, not a question of if.'"

Bloomberg (9/6, Runningen, Keil) reports, "Attorney General Alberto Gonzales, speaking with reporters in Washington today, said there is a 'rising threat of homegrown terrorists.' He predicted the U.S. be attacked again. … He said he couldn't predict when the war on terrorism will be over. 'We know it isn't today,' Gonzales said. 'We're not safe today. The battle continues.'"

Attorney General Gonzales also appeared on CNN's "Situation Room," where he was interviewed by Wolf Blitzer. Gonzales said that terrorism "certainly remains the number one priority for the administration and for the Department of Justice and it's certainly true it's a serious threat to the United States. … I think it's a threat that's changing. I think it is changing -- I view it as a sign of success. The threat is changing because of all the measures we have taken to make America safer." Gonzales also said "we have spent a lot of time and a lot of effort and trying to locate bin Laden. And again, as the President said many times, this is not a question of if. Simply a question of when. We are going to capture bin Laden. And we are working with our friends and allies around the world to try to find out where he is at. … There are a lot of very important people that we want to prosecute but bin Laden would be at the top of that list. But I don't want the Americans to believe if you're captured that America would be safe. I think that would be important in our battle against terrorism, but there are others who are dangerous … … Perhaps the reason I don't say (bin Laden's capture) is the number one objective is because even if he were captured, if we could capture him and win the war on terror, I think I could without quantify case say that is the number one objective but that doesn't end the fight and so, there are other challenges to this government. And to our country that we also have to focus on because those continue and will continue even after bin Laden is captured."

More Commentary. The Staten Island Advance (NY) (9/5) editorializes, "Contray to what is the accepted conclusion, fueled by almost daily headlines and pronouncements from the White House, terrorism prosecutions appear to have declined significantly since Sept. 11, 2001." The Advance continues, "In a newly released report of all available data related to Justice Department prosecutions of terrorism cases, which surged in volume after Sept. 11, the conclusion reached is that such arrests and convictions are now at the levels they were prior to the tragic event. … The report, conducted by the Transactional Records Access Clearinghouse (TRAC), an affiliate of Syracuse University in New York, is already causing controversy and White House denials, just as previous ones have done that reached the same conclusions." The Advance adds, "The Bush administration reaction to the latest report's findings was not unexpected. … Justice Department spokesman Bryan Sierra said in a statement late last week that the report contains 'many flaws' and 'misleading analysis.' He claimed that sentencing statistics are not a good measure of the department's counterterrorism efforts, and that it is not surprising that many referrals from the FBI or other investigative agencies do not result in prosecutions. … However, the TRAC's report is the latest in a series of disagreements over the effectiveness of the Justice Department's anti-terrorism efforts. … Now, it's apparently true that those statistics -- depending on which ones are being used -- could tilt the findings a little this way or that. … Deputy Attorney General Paul J. McNulty, who released a 'white paper' in June defending the department's counterterrorism record, explained that prosecutors often must use minor charges to deal with suspects who may pose a potential threat. … A point Mr. Sierra reiterated in his statement." The Advance concludes, "Those who attacked us on 9/11 didn't just kill Democrats or Republicans, but Americans, a fact that is often lost in the debate over who or what party can better protect America from another attack. Any success, regardless on whose watch it occurs, should be considered a good thing. If in fact, the numbers are going down because we are finally getting the real bad guys, why not acknowledge it and take credit? … The only reason we can come up with is some in these highly partisan times, believe that fear generates votes. We believe such a cynical self-serving view point and political tactic is bad for America."

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GOP Divisions Could Imperil Wiretapping Legislation. The Washington Post (9/6, A3, Weisman, 748K) reports, "Deepening Republican divisions over the future of President Bush's warrantless wiretapping program may jeopardize GOP leaders' hopes of making terrorism surveillance legislation a centerpiece of their final legislative push this month." In the remaining days of the congressional session, Republican leaders plan to focus "almost exclusively on national security, hoping to draw clear distinctions" between the two parties before November. But the Senate Judiciary Committee "will consider as many as four contradictory bills on the issue tomorrow and could approve all of them. That would leave it to Senate leaders and the White House to sort out how to proceed."

Judge Expresses Reservations About Surveillance Program. The New York Times (9/6, Liptak, 1.21M) reports, "In a lively oral argument lasting almost three hours, a federal judge in Manhattan indicated yesterday that he had serious reservations about the legality of a National Security Agency surveillance program that monitors the international communications of people in the United States." But the judge, Gerard E. Lynch, also "said preliminary issues might keep him from ever deciding the question of whether the program was lawful." The Times adds, "In a sweeping decision last month, Judge Anna Diggs Taylor of Federal District Court in Detroit ruled that the program was unconstitutional and ordered it shut down. The government filed an appeal immediately, and Judge Taylor has temporarily stayed her decision. At the beginning of yesterday's argument, the second to consider the legality of the program, Judge Lynch said he would 'devote little time to the First and Fourth Amendments.' Judge Taylor's decision relied heavily on arguments based on them."

DOJ Faces Legal Challenges Over Surveillance Program. The Legal Times (9/5, McLure) reports, "Federal Judge Anna Diggs Taylor came under attack from conservatives last month after ruling the National Security Agency's warrantless surveillance program is both illegal and unconstitutional. … But President George W. Bush's allies have more to be worried about in the federal courts than just Taylor's decision. Indeed, if the legality of the NSA's surveillance program ends up before the U.S. Supreme Court — where many observers think it's headed unless Congress manages to intervene — it's unclear whether Taylor's ruling in Detroit will be the case that got it there. That's because Justice Department lawyers are currently engaged in tough battles related to the surveillance program in three other federal courts." The Times continues, "The DOJ's efforts to keep a lid on the program have been made more difficult by several factors. Among them: a whistle-blower in California, the accidental disclosure of a secret document by the Treasury Department, and a legal strategy by some opponents that has challenged the NSA program indirectly by targeting the telecom companies accused of illegally providing the government with customer data." The Times adds, "Last winter, when the warrantless surveillance program was disclosed in The New York Times, it seemed unlikely that legal challenges to the program would make it beyond even the most preliminary hearings. Though many legal scholars questioned the Justice Department's rationale for declaring the program was not a violation of the Foreign Intelligence Surveillance Act, the government seemingly possessed two enormous advantages in court. … First, plaintiffs in any suit would have to demonstrate actual injury from the eavesdropping in order to have standing — an apparently difficult legal obstacle given that details of the individuals targeted by the program remained secret. And second, DOJ lawyers would seek to block discovery in any suit by asserting the state-secrets privilege, a legal doctrine the government has used successfully in the past to prevent disclosure of national security information."

Denmark Arrests Nine In Terror Probe. The Washington Times/AP (9/6, Nielsen) reports from Copenhagen, "Police raided homes in a largely immigrant suburb before dawn Tuesday, detaining nine men for allegedly preparing explosives for a terror attack in Denmark, which drew Muslim rage earlier this year over media caricatures of Islam's founder." Seven men "were later arraigned on preliminary charges of plotting a terror attack, but the other two were released. An Islamic imam, Abu Bashar, said the suspects were Muslims." The suspects "had acquired material 'to build explosives in connection with the preparation of a terror act,' said Lars Findsen, the head of the Danish Security Intelligence Service."

The New York Times (9/6, Bilefsky, 1.21M) reports, "Imam Abu Bashar, a Muslim cleric in Odense, told The Associated Press that he feared Denmark might become a terrorist target because Osama bin Laden said he would punish the countries that have troops in Iraq. 'Denmark is on the list,' Imam Bashar said. 'I am afraid of the message of Osama bin Laden, that he will do something against Denmark.'"

The Los Angeles Times (9/6, Fleishman, 918K) notes the arrests "came days before the fifth anniversary of the Sept. 11 attacks on the World Trade Center and Pentagon and nearly one year after the Jyllands-Posten newspaper printed cartoons lampooning the prophet Muhammad." The Washington Post (9/6, Nielsen, 748K) also reports the story.

O'Connor Believes High Court Will Hear More Terrorism Disputes. The AP (9/6, Klapper) reports, "Former U.S. Supreme Court Justice Sandra Day O'Connor said Monday she believed the war on terror was only at the beginning, and the challenge of balancing national security

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against the protection of civil liberties will be a key issue in the coming years." The AP continues, "O'Connor, speaking in the tiny mountainous principality of Liechtenstein, said the United States had at times failed to strike that 'delicate balance' correctly in the past, erring too greatly on the side of national security. … She refused, however, to assess whether the approach adopted by U.S. President George W. Bush's administration, or the Court she left in January, has been the right one since the Sept. 11 attacks. … 'If we lose sight of liberty in an effort to conquer our enemies, the price may have been too high,' O'Connor told a crowd of about 100 in the city hall of Liechtenstein's capital, Vaduz. 'We will have forfeited the very principles that initially prompted us to take up the battle.'"

Federal Prosecutors Push For Prison Term For Lynne Stewart. The AP (9/6, Neumeister) reports, "Prosecutors seeking a 30-year prison term for a lawyer convicted of aiding terrorists have called her behavior 'flagrant abuse of her profession' ahead of next month's sentencing hearing." The AP continues, "Lynne Stewart was convicted in February 2005 of providing material support to terrorists by releasing a statement by her client, Sheik Ahmed Abdel-Rahman, who was imprisoned after being convicted in 1995 of plotting to blow up New York City landmarks. … Stewart's 'egregious, flagrant abuse of her profession, abuse that amounted to material support to a terrorist group, deserves to be severely punished,' prosecutors wrote in a document submitted Thursday to a judge." The AP adds, "Her lawyers have argued that Stewart should receive no prison time, arguing that a harsh sentence would frighten other lawyers from representing notorious clients and that Stewart's three decades of distinguished work for indigent clients should speak louder than a single serious mistake. … The prosecutors see it differently. … 'Stewart did not walk a fine line of zealous advocacy and accidentally fall over it; she marched across it and into a criminal conspiracy,' Assistant U.S. Attorney Andrew S. Dember wrote. 'The government obviously did not prosecute Stewart because she is a zealous advocate, but rather for blatantly and repeatedly violating the law.'"

HOMELAND RESPONSE:

FBI Philadelphia SAC Touts Post-9/11 Counter-Terrorism Reforms. The Philadelphia Daily News (9/6, Hinkelman, 109K) reports, "The FBI's top gun in Philadelphia said yesterday there's no evidence that anyone is plotting a terrorist attack here as the fifth anniversary of 9/11 approaches. Even if someone were, Philadelphians can rest assured that agents here would do whatever is necessary within the law to thwart an attack, said Jody Weis, special agent in charge of the FBI's Philadelphia office. Weis addressed reporters yesterday to highlight some of the changes and new counterterrorism tools the FBI has developed since 9/11. Two new key tools: the Terrorism Screening Center, which allows FBI agents and cops on the street to connect to a terrorism watch list, and the Investigative Data Warehouse, which gives investigators access to 50 databases and 500 million records." The Daily News adds, "Weis said the feds here get 'scores of leads' weekly in connection with potential terrorism. Each one of those leads gets checked out, he said."

The Philadelphia Inquirer (9/6, Shiffman, 399K) reports, "Last summer, FBI agents here received a tip that a Moroccan student attending a Philadelphia-area trade school was making increasingly vitriolic statements against America. Agents tracked him -- they won't say how -- and learned that he had flown to Iraq. The unidentified man was detained there, and, the FBI said, confessed to firing at U.S. troops. A thin outline of the case was disclosed by FBI agents yesterday in an interview that followed a news conference designed to showcase the bureau's antiterror efforts in the five years since 9/11." Weiss said in the interview, "It's not a perfect system, but we're striving to have the intelligence in place. Intelligence is the key. We need to have everybody -- the community, the media -- reporting in." The Inquirer notes, "The backbone of this effort, Weis said, is the bureau's intelligence analysts. … In Philadelphia, 20 analysts have been assigned to its 'Field Intelligence Group,'" and "last year, the local Field Intelligence Group produced several classified assessments of terror targets, including one of SEPTA's transit systems."

Judge Dismisses Federal Charges Against Michigan Cell Phone Suspects. In a widely-distributed story, the AP (9/6, Goodman) reports, "A federal judge threw out conspiracy and money laundering charges Tuesday against three Texas men once accused of plotting a terror attack on Michigan's iconic Mackinac Bridge." US District Court Magistrate Charles Binder "ruled that federal prosecutors failed to present enough evidence to justify bringing them to trial on charges involving the buying and resale of prepaid cell phones. They were cleared earlier of the terror charges." Lawyers for Louai Othman, Adham Othman and Maruan Muhareb say the three "were targeted because of their Middle Eastern heritage." The AP notes that shortly after their arrest, "the FBI and state police…said there was no imminent threat to the landmark span and no information linking the Othmans and Muhareb to known terrorist groups."

The Detroit News (9/6, Egan) reports that the men's defense lawyer, Nabih Ayad, said, "They feel wonderful; their confidence in our justice system has been restored," and US

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Attorney Stephen Murphy said, "We respect the judge and the process and we're continuing to evaluate the case in light of the decision." The News notes, "Ayad has said the men were the victims of ethnic profiling. He said the men, who spent 10 days in custody following their arrests, are considering a civil lawsuit." The Detroit Free Press (9/6, Warikoo, 346K) adds that Binder "made the decision after a court hearing Tuesday that featured FBI testimony, Ayad said. The judge also canceled their bond, Ayad said. … 'It's a victory for justice and for the Middle Eastern community,' said Ayad."

Airlines See Terror Threat Affecting Their Bottom Line. The Wall Street Journal (9/6, McGrath, Michaels, 2.03M) reports, "Airlines continue to face ripples from last month's alleged foiled terrorist plot in Britain, as British Airways said future bookings had been hurt and Continental Airlines said security concerns damped its per-seat revenue growth last month." British Airways and other carriers "reported strong August traffic results as fliers largely stuck to their original travel plans despite the alleged plot and the security disruptions it caused." Airlines "now are watching new ticket purchases to see whether terrorism fears or security inconveniences lead travelers to stay home or seek alternate modes of transportation. Industry analysts say the impact is unlikely to slow the world-wide resurgence in air travel but that more time is needed to gauge the full effect."

TSA Warns 1,195 Former Employees Of Privacy Breach. USA Today (9/6, Frank, 2.27M) reports the TSA has sent letters to 1,195 former employees warning them "that a contractor may have mailed their Social Security numbers and birth dates to the wrong addresses and left them open to identity fraud." USA Today adds that it "is the latest in a series of data breaches that may have exposed workers in both private and government jobs to identity thieves." Beth Givens, director of the Privacy Rights Clearinghouse, called the error "abominable," adding that the agency's "mission is security." A spokeswoman for the TSA, Amy von Walter, "said the breach was 'an administrative error, and the contractor has taken steps to ensure it's not repeated.'" The TSA "encouraged former employees to put a fraud alert on their credit files."

Nearly 70% Of WTC Aid Workers Suffering From Lung Problems. The AP (9/6, Westfeldt) reports, "Nearly 70 percent of the rescue and cleanup workers who toiled in the dust and fumes at ground zero have had trouble breathing, and many will probably be sick for the rest of their lives, doctors said Tuesday in releasing results of the biggest Sept. 11 health study yet." The Mount Sinai Medical Center study "is conclusive proof of a link between recovery work at the World Trade Center ruins and long-term respiratory problems, doctors said." Mayor Michael Bloomberg "cast doubt on the study's claims, saying, 'I don't believe that you can say specifically a particular problem came from this particular event.'" Dr. John Howard, "who was appointed by the Bush administration in February to coordinate the various ground zero health programs, called the findings 'extremely important' and said they support other researchers' work, including a study of city firefighters." The New York Times (9/6, Newman, 1.21M) notes "Mount Sinai's ongoing monitoring program is supported with money from the National Institute for Occupational Safety and Health."

NBC Nightly News (9/5, story 5, 3:10, Thompson, 9.87M) reported "doctors called these findings sobering, revealing serious health issues today and perhaps even bigger problems to come. It was a toxic stew, in the words of one doctor. The air the government initially said was safe is proving to be hazardous to first responders' health -- what many long suspected." Dr. Robin Herbert, of Mount Sinai Hospital, was shown saying, "There should no longer be any doubt about the health effects of the World Trade Center. Our patients are sick and will need ongoing health monitoring and treatment for the rest of their lives."

More Commentary. The New York Times (9/6, 1.21M) editorializes, "Yet until recently, Congress and the Bush administration have barely managed to squeeze out enough money for surveys to determine the extent of illnesses related to ground zero. A scant $52 million has been set aside for medical care, but so far, none of that money has reached a real patient." Congress and the White House "need to make sure there is enough money to continue monitoring those from around the country who were caught in the toxic dust. And they need to make money available quickly for responders who grow sicker with each Sept. 11."

Liberal Bloggers, Other Critics Say ABC's 9/11 Miniseries Biased. The New York Times (9/6, McKinley, 1.21M) reports, "Days before its scheduled debut, the first major television miniseries about the Sept. 11 attacks was being criticized on Tuesday as biased and inaccurate by bloggers, terrorism experts and a member of the Sept. 11 commission, whose report makes up much of the film's source material." The six-hour miniseries, "The Path to 9/11," is "to be shown on ABC on Sunday and Monday. The network has been advertising the program as a 'historic broadcast' that uses the commission's report on the 2001 attacks as its 'primary foundation.'" But "several liberal blogs were questioning whether ABC's version was overly critical of the Clinton administration while letting the Bush administration off easy." Some critics, such as former counterterrorism czar Richard A. Clarke, "questioned a scene that depicts several American military officers on the ground

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in Afghanistan. In it, the officers, working with leaders of the Northern Alliance, the Afghan rebel group, move in to capture Osama bin Laden, only to allow him to escape after the mission is canceled by Clinton officials in Washington." Clarke said, "It didn't happen."

Republicans Looking To Strike Compromise On FEMA Reform Before November. The Washington Post (9/6, A7, Hsu, 748K) reports that efforts in Congress to reorganize FEMA "after last year's disastrous hurricane season appear to be in trouble, with Republicans scrambling to strike a compromise before November's elections. Members remain divided over how much to spend; how big to rebuild the disaster response agency after five years of disintegration; and how broadly to change laws covering aid to individuals, governments and private groups, congressional aides said." Meanwhile, "Sen. Judd Gregg (R-N.H.), chairman of the Senate Appropriations subcommittee on homeland security, said he has told House and Senate FEMA negotiators from both parties that if they can strike a deal, 'we will be happy to carry it.'" However, Gregg added, "'There is not a lot of money.' Indeed, Rep. Bennie Thompson (Miss.), the ranking Democrat on the Homeland Security Committee, said GOP House leaders have said no new money will be available." Thompson called an overhaul to the agency without finances "an insult to every American."

WAR NEWS:

Rice Compares Iraq War's Significance To US Civil War. The AP (9/5, Schweid) notes Secretary Rice "is drawing a parallel between the Iraq war and the Civil War. Both had their critics but both were justified, she says." Rice told Essence Magazine that, "in both cases, it was the right decision to fight and see the wars through." She said it was "absolutely" correct to invade Iraq in 2003, and "then offered a parallel between critics of the administration's Iraq policies and 'people who thought it was a mistake to fight the Civil War (in this country) to its end and to insist that the emancipation of slaves would hold.'" She is quoted saying, "I'm sure that there were people who said, "why don't we get out of this now, take a peace with the South, but leave the South with slaves. Just because things are difficult, it doesn't mean that they are wrong or that you turn back." The Washington Times (9/6, Kralev, 88K) also has a report on the interview, in which she also defends President Bush's record on racial issues in the wake of Hurricane Katrina.

Iraqi Parliament Extends State Of Emergency. The New York Times (9/6, Wong, 1.21M) reports, "Parliament voted Tuesday to extend by a month a nationwide state of emergency that allows the government broad powers to combat the insurgency, including declaring curfews, detaining suspects and conducting cordon-and-search operations." The Times adds that the state has been extended several times; "there has been no serious move to roll it back." Despite the "affirmation" of those powers, "violence continued to roil Iraq," including the deaths of "two marines and a sailor" in Anbar province.

The AP (9/5, Becatoros) also reports the extension, stating that "the president [of Iraq] predicted bloodshed will be quelled by the end of next year." The deaths of the three servicemen in Anbar "bring to 10 the number of coalition soldiers killed the previous two days -- eight Americans and two Britons." The AP adds that the dispute over the Kurdish regional president's refusal to display the Iraqi flag "showed no sign of abating."

One Third Of Iraqi Lawmakers Skip Session. The Los Angeles Times (9/6, Roug, 918K) reports on the one-third absentee rate of the Iraqi parliament after "a monthlong vacation." Some Iraqis "feel betrayed by their elected leaders and express little confidence in the government's ability to secure the country or improve basic services." Lawmakers have discussed "financial penalties" for absenteeism. Paid much more than the average Iraqi, many of them "live in government-sponsored villas and apartments in the heavily guarded Green Zone, enjoying a world of security and privilege where the streets are clean and the electricity is constant."

Iraqi Journalist Decries "Endangerment" Of Colleagues. In an op-ed for the New York Times (9/6, 1.21M), journalist Ali Fadhil writes, "In today's Iraq, intellectuals are targets of a widespread, often ethnically driven campaign of murder. ... one class of professionals cannot escape the violence because its work is connected to it ... They are the news media workers. And I am one of them." Fadhil recounts his own brushes with death and several journalists' murders. He complains, "Now the United States has turned our fate over to Iraqi politicians. If our government continues to be dominated by militias and to draw closer to the insurgency and the Islamic extremists, then in just a few months, no news will be reported from Iraq at all."

Some Iraqis Change Names To Protect Own Lives. The New York Times (9/6, Wong, 1.21M) reports on Iraqis who fear that their names could betray their sectarian affiliation and cost them their lives: "Iraqis fear that the name on an identification card, passport or other document could become an instant death sentence if seen by the wrong people." Iraqi and American officials say that "in Baghdad, Shiite death squads — sometimes in police uniform — operate many of the illegal checkpoints" where civilians are

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abducted and executed for belonging to the other sect. As a result, "in the first seven months of this year, 1,000 Iraqis [mostly Sunni] officially changed their names, far more than in any similar period since the American invasion of 2003," according to an Iraqi official.

Pakistan Signs Accord With Pro-Taliban Militias. The Washington Post (9/6, Constable, 748K) reports, "The government of Pakistan signed a peace accord Tuesday with pro-Taliban forces in the volatile tribal areas bordering Afghanistan, agreeing to withdraw its troops from the region in return for the fighters' pledge to stop attacks inside Pakistan and across the border." The deal "aroused alarm among some analysts in Afghanistan. They expressed concern that, whatever the militias promise, a Pakistani army withdrawal might backfire, emboldening the groups to operate more freely in Pakistan and to infiltrate more aggressively into Afghanistan to fight U.S. and allied forces there." Some analysts accused Pakistani leader Musharraf of 'buying a dubious local peace at the risk of giving pro-Taliban groups more power both at home and across the border."

Rice Telephones Canada's MacKay To Apologize For Afghanistan Killing. AFP (9/5) reports a statement by Assistant Secretary McCormack that Secretary Rice "called her Canadian counterpart Peter MacKay to offer condolences" for the killing of a Canadian soldier in Afghanistan by US friendly fire "and promise that the 'unfortunate incident' was being investigated." McCormack told reporters, "She assured Foreign Minister MacKay that the incident was being investigated." Several casualties including the Canadian's death were caused by pre-dawn strafing fire from American A-10s participating in "a major anti-Taliban operation" in southern Afghanistan.

GAO Says Government's Arab Broadcasts Lack Reliable Audience Estimates. The Washington Post/AP (5/6, A13) reports the Government Accountability Office says that "despite "claims of success by the Bush administration, radio broadcasts and satellite telecasts by the U.S. government to the Arab world lack reliable audience estimates and accuracy checks." The GAO "also said, in a report released yesterday, that the Broadcasting Board of Governors, which oversees Radio Sawa and Alhurra satellite television, has not established a detailed strategic approach to compete with TV networks funded by Arab governments." Radio Sawa and Alhurra – "funded by the U.S. government -- are a major part of the public diplomacy effort directed by the State Department and have been cited by the administration as a key component in the campaign against terrorism." The GAO said the "claims that Radio Sawa and Alhurra TV each reached an audience of about 21.6 million last year are questionable" because of "limited survey methods and documentation."

Antiwar Camp Sets Up On National Mall. The Washington Post (9/6, A5, Dvorak, 748K) reports "about 100… military family members, veterans and peace activists kicked off a 17-day demonstration called 'Camp Democracy' yesterday" on the National Mall not far from the White House. The antiwar protest is a "spinoff" of Cindy Sheehan's Camp Casey in Crawford, Texas.

Author Decries "Myth Of Immaculate Warfare." In a USA Today op-ed (9/6) titled "The Myth Of Immaculate Warfare," author Ralph Peters writes, "Precision-targeting systems and other superweapons are dangerously seductive to civilian leaders looking for military wins on the cheap." As a consequence, the US and Israel have run into hardships in Iraq and Lebanon, respectively. Peters criticizes Secretary Rumsfeld and his advisors for deluding "themselves that an air effort employing precision weapons — 'shock and awe' — would convince the Iraqi regime to surrender." Unlike Israel in Lebanon, the US had the ground forces to make up for that misconception. Peters advises, "We have to break the habit. We must stop pretending that technology will be decisive in the flesh-and-blood conflicts our troops will continue to face. There will be no 'bloodless wars' in our lifetimes."

DOJ:

Montana US Attorney Tapped For Number Three Post At Main Justice. The AP (9/6, Jalonick) reports, "President Bush has nominated Montana's U.S. attorney, Bill Mercer, to the No. 3 post at the Justice Department." The AP continues, "Mercer, who has held the Montana post since 2001, will become acting associate attorney general pending confirmation by the Senate, the White House said Tuesday. He replaces Robert McCallum, who recently became ambassador to Australia." The AP adds, "Mercer previously served a temporary term at Justice as the top deputy to the deputy attorney general, splitting his time between his U.S. attorney duties in Montana and his Washington job. … Chief U.S. District Judge Donald Molloy in Montana criticized Mercer for the double duty, saying he was neglecting his work in the state. Molloy urged U.S. Attorney General Alberto Gonzales to replace Mercer, but Gonzales turned down the request." The AP notes, "Mercer worked as an assistant U.S. attorney from 1994 to 2001 and for five years in Washington as counselor to the assistant attorney general and senior policy analyst in the Justice Department's Office of Policy Development. … In Montana, Mercer's office has led the prosecution against W.R. Grace

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and Co., a company charged with knowingly exposing miners and residents in Libby, Mont., to asbestos poisoning."

FBI, DHS Merge Fingerprint Databases. In a widely-distributed story, McClatchy (9/6, Taylor) reports, "The FBI and the Department of Homeland Security have merged their databases of fingerprints of millions of criminals and illegal immigrants, in an unprecedented interagency effort to catch more terrorists and solve more crimes. … Federal agencies hope to eventually offer access to police departments across the country, which likely would provoke a controversy over how involved police departments should be in immigration enforcement." McClatchy notes Major Cities Police Chiefs Association director Thomas Frazier "said access to the immigration database will help police officers better identify criminals," but "he predicted that most police officers would not want to become entangled in enforcing immigration laws. Such scrutiny could harm a police department's relationship with immigrant communities and discourage immigrants from reporting crimes, he said."

DOJ Seeks Expansion Of Fingerprint Record System. Federal Computer Week (9/6, Chan) reports, "The Justice Department is seeking to amend regulations that would broaden the scope of offenses that warrant fingerprint entry into the Fingerprint Identification Records System." FCW continues, "Published in today's Federal Register, the proposed amendment would add nonserious offenses and serious adult and juvenile offenses. Currently, these exclusions are documented only at the state and local levels. … The proposal also states that existing rules for collecting criminal record data applied to administrative purposes when the FBI collected fingerprint data manually. Digital fingerprint readers made the data more mobile and faster to gather. … 'Digitized fingerprint images require far less storage space than fingerprint cards' because of an integrated automated fingerprint system, according to the proposal. 'Retaining [nonserious offenses] will increase law enforcement's latent fingerprint search capability by increasing the universe of criminal history record fingerprint submissions retained by the FBI,' the proposal states."

CORPORATE SCANDALS:

Two Senate Committees To Hold Hearings On Options Timing Today. The AP (9/6, Gordon) reports, "Congress is taking a close look at suspiciously timed stock options for top company executives, a corporate practice that is a source of anger for shareholders and the subject of federal investigations." The AP continues, "At least 78 public companies, including iPod maker Apple Computer, UnitedHealth Group, Home Depot, Intuit and Barnes & Noble, are under scrutiny by the Justice Department or the Securities and Exchange Commission, or both, for possible manipulation of stock option grants. …. And the Internal Revenue Service is conducting its own investigation for possible tax-law violations in option grants." The AP adds, "At issue in many of the investigations is a practice known as backdating, in which stock options are issued retroactively to coincide with low points in a company's share price. Such a move can fatten profits for options recipients when they sell their shares at higher market prices. … Backdating options can be legal as long as the practice is properly disclosed to investors and approved by the company's board, but it can run afoul of federal accounting and tax laws in some cases. … 'If the tax laws are inadequate on stock options backdating, I want to beef them up,' Sen. Charles Grassley, R-Iowa, said recently. Grassley heads the Senate Finance Committee, one of two panels examining the issue at separate hearings Wednesday. … SEC Enforcement Director Linda Thomsen, Deputy Attorney General Paul McNulty and the head of the IRS, Mark Everson, were scheduled to testify before the Finance Committee. SEC Chairman Christopher Cox and Mark Olson, who heads the independent agency overseeing the accounting industry, were to appear before the Senate Banking Committee."

Study Estimates Cost Of Options Scandal. The New York Times (9/6, Dash) reports, "A new study estimates that the stock options backdating scandal may cost shareholders hundreds of millions of dollars. The study was released on the eve of two Senate committee hearings that plan to examine the scope of the widening investigation into improper options practices." The Times continues, "Three researchers at the University of Michigan estimated that backdating stock options between 2000 and 2004 helped sweeten the average executive's pay by more than 1.25 percent, or about $600,000. But the fallout from the recent options investigations has caused those executives' companies to fall in market value by an average of 8 percent, or $500 million each. … 'For about $600,000 a year to the executives, shareholders are being put at risk to the tune of $500 million,' the study concludes." The Times adds, "The working paper, expected be made public later this week and to be published in The Michigan Law Review next year, appears to be the first to put dollar figures on the costs and benefits of backdating. It analyzed thousands of stock option grants at 48 companies that announced they were under investigation as of the end of June, and measured the maximum gains for those executives if their options were backdated over a 90-day period as well as the drop in value at those 48 companies in the 10 days before and after news of a backdating inquiry was released. … The study comes as the stock option scandal continues to widen. More than 100 companies, from Silicon Valley start-ups to prominent brands like Apple Computer are now either under investigation by the federal government or conducting their

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own internal reviews. Dozens of companies are working to restate earnings or are preparing for new tax bills, and in at least two cases, executives are facing criminal charges."

New Jersey Firms Caught In Options Probe. The New Jersey Law Journal (9/5, Daks) reports, "A federal investigation into improperly backdated executive stock options has swept up four New Jersey companies and has spurred a grand jury subpoena and a civil suit against one of them." The Journal continues, "The inquiries are part of a nationwide probe by the Securities and Exchange Commission, and in some cases by the Justice Department and Internal Revenue Service, into allegations that more than 100 companies changed stock option grant dates to make them more valuable." The Journal adds, "The SEC has asked Medarex Inc. of Princeton, Kos Pharmaceuticals Inc. of Cranbury, Ulticom Inc., a Mount Laurel software provider, and DRS Technologies Inc., a Parsippany military product and service provider, for stock-option-plan data. Ulticom and DRS say actions by affiliates drew them into the probe. … All four businesses say they are cooperating with authorities, and Kos claims it started its own investigation before hearing from the SEC. … Last month, Medarex announced plans to restate its financial statements from the beginning of 2000 through the quarter ended March 31, 2006, to account for the stock options. … But Medarex is already in court, answering a subpoena by the U.S. Attorney's Office for documents relating to backdated options and defending against a shareholders' suit."

Jobs Urged To Address Options Questions. In his "Long & Short" column for the Wall Street Journal (9/6), Jesse Eisinger writes, "Steve Jobs is in a unique and unenviable situation among technology leaders. Both companies he founded -- Apple Computer and Pixar Animation Studios -- have fallen under the stock-options backdating cloud." Eisinger continues, "Apple has owned up to options 'irregularities,' an ominous word that could presage more significant revelations, and said it may restate earnings. One of the grants under review was made to Mr. Jobs, a grant that was canceled and replaced with restricted stock grants well before Apple's revelation. Pixar's options grants, meanwhile, exhibit a pattern suggestive of backdating: Some of its top executives, but not Mr. Jobs, received grants priced at the stock's annual lows in four years between 1997 and 2003. Options usually give the right to buy stock at the grant date's trading price, so that's either a remarkable coincidence or evidence that the grant dates were picked after the fact." Eisinger adds, "Investors and analysts have begun to wonder about the fate of Mr. Jobs, who is chief executive officer of Apple and was head of Pixar until it was acquired by Walt Disney this year. In a note to clients last month, Merrill Lynch analyst Richard Farmer assessed the 'potential risk, however remote, that Steve Jobs might be unable to continue as CEO of Apple.' Given the options problems at Apple, he said, his analysis of the Pixar options grants made 'it difficult to entirely rule out the possibility.' … Mr. Jobs was and is a spectacular leader, generating vast wealth for shareholders of both companies. He hasn't been implicated in directly overseeing any questionable practices. An Apple spokeswoman says that the company isn't under SEC investigation and has launched an independent investigation. … As the scandal widens, it's clear that some companies and executives behaved egregiously while others may merely have had lapses in their internal controls. Not every CEO of every implicated company needs to walk the plank. … CEOs, however, aren't merely expected to avoid wrongdoing themselves. They are the standard-bearers for their companies. At a certain point, like a military commander or political leader, they should take responsibility for their underlings' behavior. … So far, Mr. Jobs has been largely silent about the scandal, relegating his comments to press-release statements vetted by lawyers and public-relations professionals. That's understandable: Apple is being sued over its options practices, and he doesn't want to make himself more vulnerable. He also might be hesitant, understandably, to identify himself personally with the scandal. .. . His silence is a mistake. This is an opportunity for a great third act in a great career: This is a job for Mr. Jobs."

SEC Probing XM Radio's Subscriber, Recruiting Figures. The AP (9/6) reports, "XM Satellite Radio Holdings Inc. disclosed yesterday that the Securities and Exchange Commission is looking into the company's handling of its estimates of subscriber counts and the cost of recruiting customers." The AP continues, "The District company said in a regulatory filing that it had received a letter from the SEC on Thursday asking for documents regarding its subscriber targets and related matters for the third and fourth quarters of last year. … The company said the questions appear related to the issues behind a previously disclosed shareholder lawsuit filed this year. XM said it would 'cooperate fully' with the SEC's informal inquiry."

CRIMINAL LAW:

Gonzales Says Cities Must Improve Anti-Crime Efforts Without More Federal Funds. The AP (9/6, Yen) reports, "U.S. Attorney General Alberto Gonzales said Tuesday that cities will need to work harder to reverse a spike in crime but should not count on additional federal money to help. He said costs of the campaign against terrorism preclude that." The AP continues, "At a news briefing, Gonzales was responding to several mayors and police chiefs who expressed worries at a crime conference last week that the Bush administration was devoting too many dollars for wars abroad. They said that came at the expense

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of Americans at home who are victims of violent crime. … 'I think everyone understands at the state and local level that we need to secure our country,' Gonzales said Tuesday, reiterating the desire of federal law enforcement to work more closely with local police to fight crime. 'I understand the tension, and they also have a responsibility.' … But he said that President George W. Bush also was committed to reducing the federal deficit in time of war. … 'We have to be realistic,' Gonzales said, adding that cities will get closer cooperation but probably not the money they seek. 'Not everyone is going to be happy about the funding dollars, but we're going to do our job.'"

FBI Reported To Be Investigating Land Deal In Lewis' Neighborhood. The AP (9/6, Marquez) reports Federal investigators "probing Rep. Jerry Lewis' ties to lobbyists are looking into a land deal that put nearly 41 pristine acres in the congressman's neighborhood off-limits to developers, The Associated Press has learned." The land was "given to the city of Redlands by Jack and Laura Dangermond, who have donated generously to Lewis. The Dangermonds founded and run a company — Environmental Systems Research Institute Inc. of Redlands — that has gotten tens of millions of dollars' worth of contracts through the powerful House Appropriations Committee that Lewis, a Republican, now chairs. One government contract came months after the land donation." The land, "some of which sits directly across from Lewis' home, is part of a scenic canyon in one of Redlands' wealthiest neighborhoods. Keeping the land free of development helps ensure property values remain high." Peter Tsamous "sold the land, and another piece of property, to the Dangermonds for more than $2 million in early 2001. He told the AP he was questioned about it by an FBI agent last month."

FBI Investigating Lobby Firm Payments To DeLay's Wife. The Wall Street Journal (9/6, A8, Mullins, 2.03M) reports, "In the last few weeks, Federal Bureau of Investigation agents have interviewed several people at the Alexander Strategy Group lobbying firm to determine if Christine DeLay was being paid $3,200 a month -- a total of $115,000 over three years -- but not earning it. … 'They wanted to know how often she came to the office? What did she do there? How long was she there?' said one person who was interviewed by the FBI." The "investigators also asked about $144,000 that Mrs. DeLay received from one of Mr. DeLay's fund-raising committees, the Americans for a Republican Majority Political Action Committee," and they "inquired about fees paid to Mr. DeLay's daughter, Dani DeLay Ferro, a longtime political consultant to her father." The Journal notes, "The latest round of FBI questioning signals that the Justice Department doesn't plan on letting up on Mr. DeLay now that he has left Congress."

US Argues For Death Penalty For Man Convicted Of Murdering Student. The Minneapolis Star Tribune (9/6, Haga) reports from Fargo, ND, "Jurors who last week found Alfonso Rodriguez Jr. guilty of kidnapping and killing Dru Sjodin could decide today whether the case qualifies for the death penalty." The Tribune continues, "Just as the trial's opening 'guilt' phase moved faster than most observers had expected, so has the second 'eligibility' phase. The government called just three witnesses, the defense none, before resting Tuesday." The Tribune adds, "After lawyers' closing arguments and U.S. District Judge Ralph Erickson's instructions to the jury on what federal law requires for a case to qualify for the death penalty, jurors will begin deliberations. … If they decide that the case qualifies, they will hear a third round of testimony and arguments over whether Rodriguez should be sentenced to death. … If the jury finds that the case does not qualify for the death penalty, the trial will end and Rodriguez will be sentenced to life in prison without parole." The Tribune notes, "In his opening statement Tuesday, U.S. Attorney Drew Wrigley said the death penalty is appropriate in this case because at least one of the threshold factors cited in the federal death penalty act applies: Rodriguez intended to kill Sjodin, he intentionally inflicted serious injury that caused her death, or he showed a reckless disregard that led to her death."

Ryan To Be Sentenced Today For Corruption Conviction. The Chicago Tribune (9/6, Higgins, Bush, 623K) reports, "Former Gov. George Ryan is expected to learn on Wednesday how much prison time he will receive for his conviction on sweeping corruption charges, but the fight to keep him free will be far from over. In addition to hundreds of pages of defense motions seeking to overturn the guilty verdict and get Ryan a new trial, his attorneys last week requested that U.S. District Judge Rebecca Pallmeyer issue Ryan an appeal bond." The Tribune notes, "Appeals courts rarely grant new trials, and federal prosecutors have said they will fight Ryan's request. But some veteran attorneys say Ryan, 72, and co-defendant Lawrence Warner, 67, have a legitimate shot at getting an appeal bond." Former federal prosecutor Steven A. Miller said that "there were so many issues raised with regard to the jury deliberations. ... If any defendant has a chance to get a bond on appeal, I think Ryan is that defendant."

In a widely-distributed story, the AP (9/6, Robinson) reports, "A large crowd is expected for the sentencing. Some are guaranteed to be death-penalty opponents who still regard Ryan as a hero for imposing a moratorium on capital punishment and commuting the sentence of every death row prisoner before leaving office. … The Rev. Scott Willis, whose family tragedy helped to launch the eight-year investigation of

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corruption in the Ryan era, is also expected," although Pallmeyer ruled Friday that he will not be allowed to testify.

Tennessee Senator Unexpectedly Seeks Trial For Bribery Charges. The Memphis Commercial Appeal (9/6, Buser, 172K) reports that on Tuesday, "After signaling intentions to plead guilty, former state senator Kathryn Bowers of Memphis said…she wants to go to trial in her Tennessee Waltz bribery case. Her decision apparently was a last-minute change of heart as both the prosecutor and her defense attorney told U.S. Dist. Court Judge J. Daniel Breen that they had been talking guilty plea right up until this morning. … 'I have faith in God and I know he didn't bring me down off that mountain to go in no courtroom and plea bargain,' Bowers said outside the federal courthouse. 'I'm ready to fight. If I need to roll my sleeves up, I'll do that, too.' Breen said he would have to review his court calendar and that a trial likely would be held next spring."

The AP (9/6, Baird) notes, "Bowers is one of 11 people, including five current or former state lawmakers, charged in the public corruption sting. Bowers was indicted last year on charges of accepting $11,500 in bribes from undercover agents posing as businessmen seeking government favors for a company called E-Cycle Management."

Judge Will Not Force Key Prosecution Witness To Testify At NM Treasurer's Retrial. The AP (9/6, Korte) reports, "A federal judge ruled Tuesday that a California investment adviser will not have to testify in the retrial of former state Treasurer Robert Vigil on public corruption charges. U.S. District Judge James Browning said he would not compel Kent Nelson to testify after Nelson invoked his Fifth Amendment right against self-incrimination. However, Browning said he is inclined to admit into evidence transcripts of Nelson's testimony from Vigil's first trial, which ended in a mistrial this spring." The AP notes, "During Vigil's first trial, a key piece of government evidence was a videotape showing Nelson handing cash to Vigil -- $10,000 in one instance. At the time, Nelson was cooperating with the FBI."

Jeffs Transferred To Utah For Initial Hearing Today. In a widely-distributed story, the AP (9/6, Dobner) reports, "Polygamist sect leader Warren Jeffs was flown back to Utah on Tuesday to face felony sex charges involving the arranged marriage of an underage girl to an older man. Accompanied by sheriff's deputies, he arrived at the Purgatory Correctional Facility in Hurricane shortly after noon, said Washington County Sheriff's Lt. Rob Tersigni." The AP notes, "Jeffs hired Las Vegas attorney Richard Wright to represent him in the case. Wright contacted jail officials Tuesday, asking that Jeffs be held apart from other inmates 'for his own protection,' Washington County Sheriff Kirk Smith said at a news conference."

The Deseret Morning News (9/6, Winslow, Perkins) adds that Jeffs "is scheduled to appear in court this afternoon via video hookup from the Purgatory Correctional Facility. Jeffs is being held without bail, although it is possible that could change at today's court hearing." The Morning News notes, "Wright has represented several high-profile clients in Las Vegas, including a county commissioner charged with political corruption and a boxer accused of assaulting his girlfriend." The Salt Lake Tribune (9/6, Havnes, Adams) also reports on Jeffs' arrival in Utah.

Jurors Hear Jailhouse Recordings Of Gotti Threatening Mobsters Over Demotion. The New York Times (9/6, Williams, 1.21M) reports, "During prison conversations in 2003, John A. Gotti told his sister and other visitors that he intended to quit organized crime and move to Canada once he was released. But at the same time, Mr. Gotti was apparently so incensed at being demoted as the leader of the Gambino crime family that he threatened violence against his enemies." The Times notes, "The prosecution did not introduce the prison recordings at the previous trials. 'I've made a pact,' Mr. Gotti told John Ruggiero, a member of the Gambino family, during a September 2003 conversation secretly recorded by the F.B.I. at the federal prison in Ray Brook, N.Y. 'I made a pact with myself one night in my bed, on my father's and brother's grave. I will beat them down like a two-dollar French hooker. I never want to go back to those people again,' Mr. Gotti said on the recording. 'If I go back there, I got to hurt some of them, you understand me?'"

The New York Daily News (9/6, Zambito, 729K) reports, "In recorded prison chats played for jurors yesterday, Gotti mocks the tag he earned after government agents said he didn't have the smarts his father possessed to run the Gambino crime family. 'I'm the Dopey Don, remember?' he tells pal Steve Dobies during a July 2003 prison conversation intercepted by the feds. 'That's what I was. I had no problem with that. But you can't just now say, "Well, we thought now because we're gonna put him in jail for life, he wasn't really the Dopey Don." You can't do that. ... You gotta lock them into something.'" The Daily News notes, "When Gotti's lawyers begin calling witnesses today, they may start with Curtis Sliwa," who "testified for the prosecution at two previous trials but was not called this time." The New York Post (9/6, Cornell, 608K) also reports Gotti's threats over his demotion, under the headline "Gotti Family Feud."

Hornsby Pleads Not Guilty To All Charges. The Washington Post (9/6, B5, Rich) reports, "Former Prince George's County schools chief Andre J. Hornsby," appearing before Magistrate Judge Charles B. Day at U.S. District Court

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in Greenbelt, "pleaded not guilty to 16 felony counts yesterday in his first appearance in court since his indictment on corruption and other charges." The charges concern "steering school business to associates in exchange for kickbacks that were intended to exceed $100,000 and possibly include expensive art or a yacht." Hornsby has been ordered not to have "direct contact with current or former employees of either the school system or of LeapFrog SchoolHouse." Hornsby "is accused of arranging a $1 million purchase from the company, where his then-girlfriend" Sienna Owens "worked as a saleswoman, and splitting a $20,000 commission with her." Owens "has been charged with a tax violation."

The Washington Times (9/6, Cella) reports Hornsby "was indicted Aug. 22 on seven counts of wire fraud, five counts of mail fraud, evidence tampering, witness tampering and obstruction of justice."

Study Sheds Light On Child Abductions. USA Today (9/6, Koch) reports, "Stephanie Quackenbush recalls walking to school on a sunny morning in Albany, N.Y., last year when, a block from school, a man grabbed her from behind. … He put a towel over her face. She screamed for help. … Two men working nearby heard her yell and ran to help. … The attacker dropped the towel and ran off. DNA on the towel linked Darius Ashley to her assault and to the abduction and rape of two other young women. He's now serving a 25-year prison sentence." USA continues, "Stephanie's case fits the pattern of most attempted abductions, according to a study released today by the National Center for Missing & Exploited Children. The typical victim is a teenage girl on her way to or from school. … The study, released as a new school year gets underway, examined 403 attempted kidnappings by strangers or slight acquaintances that were reported by police or news media in 45 states from February 2005 to July 2006. It was conducted to learn how such attempts are foiled. The study did not look at successful abductions." USA adds, "Six in 10 victims fought back and escaped, according to the ongoing study's initial findings. Three in 10 ran away before any physical contact, and about 10% were saved when an adult nearby intervened. … National statistics on child abductions are hard to come by because kidnapping is not classified as a major crime, says David Finkelhor, director of the Crimes Against Children Research Center at the University of New Hampshire. He says some incidents are reported as rapes rather than abductions. … He co-authored the most recent study on the topic by the Justice Department, which analyzed 1999 data. That year, 115 'stereotypical kidnappings' were reported — ones in which children were abducted by strangers or barely known acquaintances, taken more than 50 miles, detained at least overnight or held for ransom. Half were sexually assaulted, and 40% were killed."

Rise In New Orleans Murders Continues With Rash Of Labor Day Shootings. The AP (9/6) reports, "Bullets flew in New Orleans and its suburbs, turning Labor Day weekend bloody with 13 shootings that left four people dead and nine wounded. Among the dead was a 53-year-old man police said was accidentally shot Sunday evening by a gunman who was trying to kill two other men. … The killings raised the murder toll in New Orleans to 93. … The two murders in Jefferson Parish pushed the number there to 40, up from 26 this time last year." The AP notes that "the drug trade is being blamed for the increase in violence. 'You have a city that is 65 percent unlivable now,' said FBI Special Agent Jim Bernazzani. 'So they've moved and a lot of them have moved to the West Bank of Jefferson Parish.' Other factors contributing to the spike in crime, Bernazzani said, include the failure of the education system to teach marketable skills to young people and what he calls a 'revolving door court system' that breeds a lack of consequence for criminal acts."

Grand Jury In St. Bernard Parish To Hear Case Against Nursing Home Owners. USA Today (9/6, Parker, 2.27M) reports starting September 20, a negligent homicide case against the owners of St. Rita's Nursing Home will be among the first heard by a grand jury in St. Bernard Parish since Hurricane Katrina. "The grand jury's formation is a milestone in a case that provided some of the most vivid images of the death and destruction that surrounded Katrina." The 35 deaths at St. Rita's "have ignited legal battles on several fronts." The owners, Sal and Mable Mangano, have "filed a civil lawsuit against federal, state and local officials," claiming that they "failed to evacuate St. Rita's residents as Katrina approached. In the criminal case, prosecutors say the Manganos were negligent for ignoring officials' calls to evacuate."

NYC Pimp Pleads Guilty In Multi-State Underage Prostitution Case. The Camden Courier-Post (8/31) reported New York City pimp Demetrius Lemus, "who recruited and prostituted minor girls in several U.S. cities, including Atlantic City," last Wednesday "entered a plea of guilty before U.S. District Judge Freda L. Wolfson to conspiracy to transport minors to engage in prostitution." The Courier-Post noted, "The case is part of the 'Innocence Lost' initiative, a cooperative effort to prevent and prosecute cases involving child prostitution between the FBI, the U.S. Attorney Criminal Division's Child Exploitation and Obscenity Section and the National Center for Missing and Exploited Children. To date, the Innocence Lost Initiative has resulted in 228 open investigations, 543 arrests, 86 complaints, 121 informations or indictments, and 94 convictions in both the federal and state systems." The AP (8/31) added that

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"Lemus is the sixth person to admit a role in the ring, which authorities said operated in Atlantic City; Boston, Las Vegas, Miami and New York. A seventh person, accused ringleader Matthew D. Thompkins, faces trial in January. … The ring took in at least $800,000, investigators said."

Group Targets Hotel Television Pornography. The Christian Science Monitor (9/6, Bradley) reports, "It's a business that has become quietly entrenched in America's corporate culture: pay-per-view pornography in hotel rooms. Most large chains provide the service, along with standard-issue films." The Monitor continues, "The pay-per-view service has brought hotels millions of dollars a year. But these days, the US hotel business is also attracting moral outrage and vitriol - on a scale that pornography insiders say amounts to one of the largest organized assaults on the skin business in recent memory." The Monitor adds, "A consortium of 13 conservative groups has created CleanHotels.com, a website that provides listings and reservation services for US hotels where travelers can rest safe from taint or temptation. The conservative groups have also run a series of full-page ads in USA Today, urging authorities to prosecute hoteliers under federal and local obscenity statutes. … Currently, the listings on CleanHotels.com number between 13,000 and 15,000 - mostly including small chains, with a notable one being Omni Hotels. Many in the pornography industry contend the effort won't have much effect on their business, but those on the other side are equally adamant they can make a difference." The Monitor notes, "If the antismut campaigners seem suddenly emboldened, it may be because they see a like-minded president in the White House. Last year, the Justice Department convened a new Obscenity Prosecution Task Force to focus exclusively on adult obscenity - as opposed to patently illegal child pornography. … Last August, the Justice Department began recruiting FBI agents to investigate adult smut, which created a minor row among federal law-enforcement agencies, The Washington Post reported."

California Child Porn Probe Has Lasting Legacy. The Fresno Bee (9/5, Ellis) reports, "Four years ago, federal law enforcement officials announced they had broken up an international child pornography ring that included a Clovis chiropractor at its heart." The Bee continues, "This week, the final suspect in what authorities then dubbed 'Operation Hamlet' is due to be sentenced, but the specter of the investigation that spanned two continents and shocked government officials in 2002 will likely linger far into the future. … 'It was a significant wake-up call for these cases, and the work done by investigators on that case set the standard for the cases to come,' said Fresno County Superior Court Judge Jonathan B. Conklin, who at the time was the assistant U.S. attorney handling the cases." The Bee adds, "Clovis chiropractor Lloyd Alan Emmerson became the target of federal investigators and Clovis police in January 2002 after a tip from the Danish National Police after several arrests in Europe. … A forensic examination of his computer by Clovis police found 400,000 images of adult and child pornography. … In August 2002, authorities announced charges against six foreigners and nine Americans, including Emmerson. … After the ring was broken, most of the cases were prosecuted at the federal courthouse in Fresno. The result: prison sentences of at least 10 years, some more than 20 and Emmerson's, the highest of all at 30 years." The Bee notes, "On an even bigger scale, officials credit Operation Hamlet as one of the reasons that child pornography penalties have increased, including changes mandated in the Protect Act, passed by Congress in 2003. … For instance, it increased the maximum federal prison term from five years to 10 years for possession of child pornography and added longer sentences for possessing images that were sadistic or hard-core. … In April, U.S. Attorney General Alberto Gonzales referenced the investigation in an address to employees at the National Center for Missing and Exploited Children. … During the speech, Gonzales announced legislation to increase penalties for Internet providers that fail to report child pornography on their systems. … And last month, a new law went into effect that makes it a felony if a convicted sex offender fails to register. Dubbed the 'Adam Walsh Child Protection and Safety Act,' the new law makes unregistered sex offenders federal fugitives. … All these actions owe something to Operation Hamlet, said Assistant U.S. Attorney David Gappa, who has taken over for Conklin as the main prosecutor on the cases."

US Seeks Death For Two Russian Immigrants Charged With Kidnap-Murder. The AP (9/6, Risling) reports from Los Angeles, "The kidnappers' demands were simple: Pay the ransom and the hostages would be freed. … But prosecutors said the crew of Russian immigrants killed their hostages - even after collecting more than US$1 million from some of the victims' relatives." The AP continues, "More than four years after the five bodies were found in a reservoir north of Yosemite National Park, the federal trial of two men accused of orchestrating the crimes was set to begin Tuesday. .. . It's a rare case in which federal prosecutors are seeking the death penalty. … 'Regardless of whether the ransom money defendants demanded was paid or not, each of the defendants' victims met the same fate,' prosecutors said in court documents. 'Defendants brutally murdered each one of them.'" The AP adds, "Iouri Mikhel, 41, and Jurijus Kadamovas, 39, have pleaded not guilty to charges that include conspiracy and hostage-taking resulting in death. A third defendant, Petro Krylov, 33, also denied the allegations and is scheduled for trial in January. … Three other

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coconspirators have pleaded guilty to similar charges. One is Kadamovas' girlfriend, who likely will testify during his trial. … Authorities suspect the ring had links to Russian organized crime, but it appears prosecutors won't raise that issue during trial because no related charges have been filed. … Prosecutors and defense attorneys declined to comment about the case, but the indictment lays out prosecutors' version of how the kidnappings occurred over a frenzied four-month period beginning in late 2001."

NYTimes Says Fitzgerald Needs To Provide More Information On Plame Probe. The New York Times (9/6, 1.21M) editorializes, "Last week, it was reported that Richard Armitage, then deputy secretary of state, was the first to mention Valerie Wilson to" columnist Robert Novak, "and that the federal prosecutor knew this more than two and a half years ago. The revelation tells us something important. But, unfortunately, it is not the answer to the central question in the investigation — whether there was an organized attempt by the White House to use Mrs. Wilson to discredit or punish her husband, Joseph Wilson." Mr. Armitage, "a White House outsider, would be an odd participant in such a plot. He is said to have learned from a State Department memo that Mrs. Wilson had recommended sending her husband to check the Niger story since he had worked there as a diplomat. The memo was prepared for Mr. Cheney, who was eager to prove that there was an Iraqi nuclear weapons program and to silence critics." It is "conceivable that Patrick Fitzgerald, the federal prosecutor, has evidence that suggests the information in the memo was used in some illegal manner. Or his investigators may have learned something troubling about the second, unknown, source cited in Mr. Novak's column, or about some other illegal activity. But whatever it is needs to be made public." It's "time for Mr. Fitzgerald to provide answers or admit that this investigation has run its course."

CIVIL LAW:

Judge Rules US Must Pay $3 Million To Family Of Mob Victim. The AP (9/6, Lavoie) reports, "A federal judge awarded $3.1 million Tuesday to the family of a man who was killed by fugitive mobster James 'Whitey' Bulger, ruling that the federal government is liable for the man's death because his identity was leaked to Bulger by a rogue FBI agent." The AP continues, "The family of John McIntyre, 32, a fisherman from Quincy, had sued the federal government for $50 million. … They alleged McIntyre was killed by Bulger in 1984 after FBI Agent John Connolly Jr. tipped him that McIntyre had talked to U.S. Customs agents. The Customs Service was investigating the involvement of Bulger and Stephen 'The Rifleman' Flemmi in a failed plan to send guns to the Irish Republican Army aboard a Gloucester fishing boat. … Connolly, who has not been charged criminally in McIntyre's killing, was convicted of warning Bulger to flee on the eve of his 1995 racketeering indictment and is serving a 10-year sentence." The AP adds, "In June, Flemmi testified that McIntyre was killed after Connolly told them one of the two people aboard the fishing boat was cooperating with authorities. He said McIntyre was lured to a party on Nov. 30, 1984, then chained to a chair, interrogated, strangled and shot in the head by Bulger. … In his ruling Tuesday, U.S. District Judge Reginald Lindsay found that Connolly was the 'proximate cause' of McIntyre's death and that the federal government should be held responsible. … Jeffrey Denner, an attorney who represented McIntyre's mother, Emily, and brother, Christopher, in the lawsuit, said the ruling is significant because it is the first time a judge has found the government liable in the death of someone killed by the Bulger gang. … Seventeen lawsuits have been filed against the government by alleged Bulger victims. Ten have been dismissed because they were filed too late. The McIntyre case was the first one to make it to trial. … Gina Talamona, a spokeswoman for the Justice Department in Washington, said the agency was reviewing the decision and considering its options."

Under the headline "FBI Found Liable For Bulger, Flemmi," the Boston Globe (9/6, A1, Murphy, Cramer, 425K) reports, "The decision…raised the hopes of families who have similar suits pending and was hailed as a 'spectacular victory' for another family whose lawsuit was dismissed on grounds that it was filed too late. … Even though the FBI investigated Bulger and Flemmi for four murders…in the early 1980s, Lindsay wrote, 'the truth is, however, that the FBI was not pounding the pavement looking for evidence that could "stick."' 'Instead,' wrote Lindsay, 'the FBI stuck its head in the sand when it came to the criminal activities of Bulger and Flemmi.'" The Globe notes Boston FBI spokeswoman Gail Marcinkiewicz "declined to comment on the ruling, but said the FBI has made sweeping changes to its informant program 'to have better oversight of that program so these problems would not continue.'"

Under the headline "Whitey Victim's Mom Gets $3.1M From FBI: More Suits Could Follow," the Boston Herald (9/6, Sweet, 203K) calls the ruling "a landmark decree" and notes, "a tearful Emily McIntyre went to a photograph of her and her late husband cradling their son John when he was 2 months old and told them, 'Oh my God, this is so wonderful.' … 'I don't think I can ever enjoy my life,' said the victim's mother." The Herald adds that the "110-page rebuke" from Lindsay "may not be the last. Five other wrongful-death suits brought against the FBI by families of Bulger's victims are waiting in the wings." The New York Times (9/6, 1.21M) notes the ruling in "National Briefing."

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Columnist Says Ruling Confirms FBI Agents Were As Bad As Gangsters. In a Boston Herald (9/6, 203K) column, Peter Gelzinis writes that the ruling "confirmed what lots of people have known for almost 20 years: Special FBI Agent John 'Zip' Connolly was as much a gangster as his rabid informants, James 'Whitey' Bulger and Stevie 'The Rifleman' Flemmi." Gelzinis notes that in his trial testimony, "James Greenleaf, a truly ridiculous gentleman who once ran the Boston FBI office, took the witness stand and claimed he never heard of John McIntyre. … Now, it's possible that Greenleaf could go to his grave a bankrupt former gumshoe," because "the same team of lawyers who won $3.1 million proving the feds played a role in McIntyre's gruesome demise will now lodge individual lawsuits against Greenleaf, John Connolly and three of their retired FBI cronies, who were all excoriated" by Lindsay.

Dana Bankruptcy Judge Strikes Bonus Plan. The New York Times (9/6, Norris) reports, "A plan to pay millions of dollars to the top officials of the Dana Corporation, the auto parts company, violates the new bankruptcy law and cannot go forward, a judge ruled yesterday." The Times continues, "Judge Burton R. Lifland of the Federal Bankruptcy Court in Manhattan said that the proposal was an illegal plan to retain Dana's chief executive and other top executives. The plan had drawn objections from Dana's creditors, shareholders and unions, as well as the United States trustee, a part of the Justice Department." The Times adds, "Until now, no bankruptcy judge had struck down a proposed pay plan for executives on the ground that it violated the new provision, which bars retention payments for a corporate insider unless the executive has another job offer. … Dana argued that the proposed payments, which were modified on Monday in an unsuccessful effort to get the approval of creditors, resulted from a careful, deliberative process. The board, it said, did everything right to determine a proper pay level for the executives, whose pay had fallen well below what was anticipated because the stock portion of their compensation was likely to be worthless."

CIVIL RIGHTS:

Kentucky Man Dies After Police Use Taser. The AP (9/6, Barrouquere) reports, "Officials were trying to determine whether a Taser caused the death of a Louisville man Tuesday." The AP continues, "Larry Noles, 52, was stunned three times after failing to cooperate with officers. He fell unconscious after the last shock, and was later pronounced dead at Jewish Hospital. … No cause of death had been determined, and the autopsy is 'pending further study,' Jefferson County Deputy Coroner Gayle Norris said." The AP adds, "It is the first time since Louisville police began using Tasers two years ago that someone died after being stunned with the device. … The death renewed calls from critics for stricter limits on Tasers, which stun a person using electrical current. Critics argue that not enough is known about the Taser and cite deaths caused by the device's surge of voltage. … The research arm of the Justice Department is studying the use of stun guns."

Voting Rights Battle Heads To Courtroom. The Hill (9/6, Mikhail) reports, "The battle to reauthorize the Voting Rights Act (VRA) has shifted from the halls of Congress to the courts. … Conservative activists and at least one congressional Republican are poised to legally challenge a controversial provision of the VRA measure, picking up where the intense debate left off after President Bush signed it into law this summer." The Hill continues, "Conservative activists, led by a leading scholar at the American Enterprise Institute (AEI), plan on filing several lawsuits in various federal courts, all centered on Section 5 of the VRA. Congressional Republicans will also play an active role in the litigation, signaling their intent to use the courts to win a battle they lost on Capitol Hill. … GOP members who either support or will participate in the litigation will likely have to fend off accusations by Democrats of engaging in judicial activism, which conservatives have historically spoken out against." The Hill notes, "The Northwest Austin Municipal Utility District # 1, a local organization that is recognized as a political subdivision under the VRA, filed suit against Attorney General Alberto Gonzales in D.C. District Court on Aug. 4, requesting that the Department of Justice be released from Section 5 preclearance scrutiny. The district is also claiming that the preclearance requirement is a violation of the equal protection clause of the 14th Amendment, which requires states to provide equal legal protections to everyone. … Section 5 mandates that states and municipalities with histories of race-based disenfranchisement must have changes to voting regulations precleared by the Justice Department before they can be implemented."

2nd Circuit Uses Narrow Reading Of "Offensive" Speech In T-Shirt Case. The New York Law Journal (9/6, Wise) reports, "A Vermont school district violated a seventh grader's free speech rights when it forced him to cover up images of drugs and alcohol on a T-shirt ridiculing President Bush, a unanimous panel of the 2nd U.S. Circuit Court of Appeals ruled last week." The Journal continues, "Wading into a murky area of the law, the panel, in resolving an issue of first impression in the circuit, ruled that a 1986 U.S. Supreme Court ruling allowing school authorities to ban 'plainly offensive' messages was not applicable to this case." The Journal adds, "The T-shirt, which the seventh grader, Zachary Guiles, bought at an anti-Iraq war rally, used 'harsh rhetoric and imagery to express disagreement with the

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President's policies and to impugn his character,' Judge Richard J. Cardamone wrote for the majority in Guiles v. Marineau, 05-0327. Judges Rosemary S. Pooler and Sonia Sotomayor joined in the decision. .. Among the images depicted on the shirt were a martini glass, three lines of cocaine, a razor blade and a straw. According to the court, the alcohol and drug-related images were intended to portray President Bush as a former alcohol and drug user." The Journal notes, "The school allowed a large picture of the president's face, wearing a helmet, superimposed on the body of a chicken. The shirt identified Bush as 'Chicken-Hawk-In-Chief.' But it demanded that Zachary cover the alcohol and drug-related images. He did so with duct tape on which he wrote 'censored.' … Zachary and his parents then filed suit claiming that he had been required to cover the images in violation of his free speech rights. … The key question confronting the court was whether school authorities could force Zachary to cover drug and alcohol images under the authority of the Supreme Court's decision in Bethel School District No. 403 v. Fraser, 478 U.S. 675 (1986). In Fraser, the Court upheld the disciplining of a student who gave a speech peppered with sexual innuendo at a school assembly, ruling that school officials could punish student speech that is 'vulgar,' 'lewd,' 'indecent' or 'plainly offensive.'"

7th Circuit To Hear Indiana Legislature's Prayer Appeal. The Evansville (IN) Courier & Press (9/6, Corbin) reports, "A federal appeals court will hear lawyers' arguments Thursday in a case testing whether legislators and clergymen can lead sectarian prayers in the Indiana House of Representatives." The C&P continues, "Speaker Brian Bosma said approximately $67,000 in public funds already have been spent defending the lawsuit, but that public donations soon will be accepted to defray legal costs. … On Thursday, the U.S. 7th Circuit Court of Appeals in Chicago will hear from both sides in Bosma's appeal in the prayer lawsuit." The C&P adds, "Last year, U.S. District Court Judge David Hamilton ruled the Indiana House could not formally open with prayers that specifically mentioned Jesus Christ or endorsed a particular religion. … The suit was brought by the American Civil Liberties Union of Indiana, on behalf of four plaintiffs, including a Quaker lobbyist, who said they found the longtime tradition of offering the usually Christian prayers from the speaker's podium or the House floor to be offensive. … Bosma is seeking to get Hamilton's ruling overturned, contending it intrudes upon the ability of lawmakers and visiting clergy to pray in accordance with their own consciences. Visiting clergy - which included pastors, rabbis and Islamic imams - were always asked to be ecumenical, he said." The C&P notes, "Delivering arguments for the plaintiffs will be Ken Falk, legal director for the ACLU of Indiana. Falk said the precedent that Hamilton followed in his ruling was created by a series of U.S. Supreme Court decisions. Leading a public prayer is allowed in a state legislature, Falk said, so long as it's nonsectarian. … The U.S. Department of Justice filed a friend-of-the-court brief on Bosma's behalf. A Justice Department attorney will participate with Bosma's lawyer in arguments before the three-judge appellate panel, Bosma said."

ANTITRUST:

Sun, Unisys Sue Seven Firms Over Chip Price-Fixing. The AP (9/6, Konrad) reports, "Sun Microsystems Inc. and Unisys Corp. have filed a combined lawsuit against Hynix Semiconductor Inc. and six other technology companies as part of an ongoing federal investigation into a worldwide price-fixing scheme." The AP continues, "Sun and Unisys say the companies bilked them of millions of dollars by keeping prices artificially high for computer memory chips. The chips are used in an array of gadgets, including personal computers, printers, digital cameras, video recorders, video game equipment and cellular phones. … Apart from South Korean memory chip maker Hynix, the lawsuit filed Friday in the U.S. District Court for the Northern District of California targets Taiwanese manufacturers Mosel Vitelic Inc., Nanya Technology Corp. and Winbond Electronics Corp.; Japanese manufacturers Elpida Memory Inc. and Mitsubishi Electric Corp.; and Germany's Infineon Technologies AG. … Sun and Unisys also named Micron Technology Inc. and Samsung Electronics Co. Ltd. as coconspirators in the lawsuit, similar to the one Sun filed by itself in March." The AP adds, "The case hinges on findings by the U.S. Department of Justice, which said in June 2002 that it uncovered a 'long-standing conspiracy' among the world's suppliers of dynamic random access memory, or DRAM. … Collusion appeared to begin in 1996, when DRAM manufacturing plants around the world greatly increased production and buyers expected prices to drop. Instead, prosecutors alleged, DRAM executives hatched a covert plan to keep prices artificially high."

Judge Approves $21.9 Million Antitrust Settlement In Carbon Case. The Legal Intelligencer (9/6, Duffy) reports, "A federal judge has granted final approval of a $21.9 million settlement in a class action antitrust suit that accused a group of manufacturers of electrical carbon products of engaging in a decade-long conspiracy to fix prices. The judge also awarded $5.7 million in attorney fees to the plaintiffs class lawyers." The Intelligencer continues, "For the team of mostly Philadelphia lawyers who represent the class, the ruling by U.S. District Judge Jerome B. Simandle of the District of New Jersey cinches a deal that at one time looked dead in the water."

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The Intelligencer adds, "A previously proposed settlement had called for the four groups of defendants to pay $24.2 million, and Simandle had granted a preliminary approval, clearing the way for the plaintiffs lawyers to notify the class. … But the settlement was suddenly jeopardized when opt-out notices were filed by 13 of the largest class members whose purchases represented more than half of the $600 million in purchases of the defendants' products. … Those opt-outs triggered the 'walk-away' provisions of three of the defendants' settlement agreements and effectively killed the deal. … But the Philadelphia lawyers who represented the class set out to save the settlement."

Clemens Markets To Be Sold To Two Firms. The Philadelphia Inquirer (9/6, Brubaker) reports, "Clemens Family Markets Inc., the largest local family-owned supermarket chain in the Philadelphia region, has agreed to be sold to competitor Giant Food Stores L.L.C. and a large grocery wholesaler from New England." The Inquirer continues, "The value of the deal announced yesterday by Giant, of Carlisle, Pa., was not disclosed. Giant is a subsidiary of Dutch company Royal Ahold N.V. … Giant said it planned to buy 13 Clemens Family Markets in Bucks, Chester and Montgomery Counties and convert them into Giant Food Stores outlets. The company is also buying the foodsource by Clemens location in Bryn Mawr, and it will continue to operate it under that banner, spokesman Denny Hopkins said." The Inquirer adds, "The 14 stores had net sales of about $190 million in 2005, according to Giant, which already has 28 stores in Bucks, Chester, Delaware and Montgomery Counties. … To mitigate antitrust concerns, eight other Clemens stores in the Philadelphia suburbs will be sold to C&S Wholesale Grocers Inc., its affiliates, or its customers, the Giant news release said. Privately held C&S, of Keene, N.H., is among the country's largest grocery wholesalers. C&S's Philadelphia-area customers include Giant, Genuardi's and Super Fresh."

Frist Supports Plan For Texas Airfield. The Dallas Morning News (9/6, Dodge, Gillman) reports, "Proponents of phasing out flight restrictions at Dallas Love Field picked up a formidable Senate ally on Tuesday: Majority Leader Bill Frist. … 'I have supported it,' the Tennessee Republican told reporters when asked whether he would back the proposal by Sen. Kay Bailey Hutchison, R-Texas. 'I have not seen it written out but have had the presentation made to me orally. And if it's written that way, I'll support it.'" The News continues, "Mr. Frist also said he thought concerns about the proposal could be resolved in time for a Senate vote this month. … Until Tuesday, the majority leader was reluctant to endorse Ms. Hutchison's proposal to lift the Wright amendment. When a delegation of North Texas leaders visited his office in June, he refused to take part in a photo opportunity or talk to reporters about the meeting." The News notes, "Industry lobbyists noted that Mr. Frist has to balance competing airline interests in his home state. … Late last year, Mr. Frist unsuccessfully attempted to add Tennessee to the list of Wright states, a move urged by business interests in Nashville. But Northwest Airlines, which opposes the legislation, has a large hub in Memphis, and its regional partner Pinnacle Airlines is also based there. … Sen. Hutchison's legislation would implement the June 21 deal to repeal the Wright law by 2014. In the meantime, it would allow one-stop flights anywhere in the U.S. if passengers first stopped within the nine-state Wright perimeter. The deal also would reduce the number of gates at Love Field from 32 to 20, with Southwest Airlines Co. getting 16 gates. … The gate cap has drawn fire from critics who say it will not provide adequate competition at Love. They say new entrant carriers cannot adequately compete against Southwest if they are forced to sublease gate space from existing airlines."

Battle Brewing Over Net Neutrality. The National Law Journal (9/6, Maclean) reports, "Few things have as much potential to create a litigation war zone next year as the possible fight over control of the pipes feeding all the content over the Internet. … 'Internet neutrality' advocates say they want to keep cable and phone companies from imposing tollgates on the Internet that would create a tiered payment system resembling home television cable service." The Journal continues, "Cable and telephone companies counter that they have invested billions of dollars in a fiber-optic network that delivers high-speed Internet and cable television service to homes, and if the likes of Google Inc., Yahoo Inc. and Vonage Holdings Corp. want to ride those lines, they should pay preferred rates." The Journal adds, "The gauntlet in this fight has been thrown down over the giant telecommunications reform act that is currently pending before the U.S. Senate. A key provision of the 289-page act would allow phone companies to negotiate national cable franchise agreements rather than seeking city-by-city franchise rights across the country. … If backers fail to garner 60 votes to avoid a promised filibuster, the bill, which lacks Internet-neutrality protections, could be left to the lame-duck Congress after November's election or be dead until next year. … Regardless of the act's immediate fate, a critical battle is inevitable."

Universal Music To Acquire BMG Music Publishing. The AP (9/6, Veiga) reports, "Vivendi SA's Universal Music Group reached a tentative agreement with German media company Bertelsmann AG to acquire BMG Music Publishing for $2.05 billion in cash, a person familiar with the deal said Tuesday." The AP continues, "The agreement was expected to be signed as early as Wednesday, according to the person, who spoke on condition

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of anonymity, citing the confidential nature of the negotiations." The AP adds, "BMG Music Publishing owns the rights to more than a million songs by recording artists such as Nelly, Maroon 5 and Mariah Carey, as well as classic hits by the Beach Boys, Barry Manilow and other entertainers. … Universal edged out a slate of rival bidders for the publishing unit, the person said." The AP notes, "Universal is already the biggest recorded music company in the world. The BMG publishing unit is expected to be absorbed by Universal Music Publishing Group, making it the largest music publisher. … The BMG Music Publishing sale is subject to regulatory approval by U.S. and E.U. officials. … The deal is not expected to be held under the same antitrust scrutiny that would apply if two record companies were merging because music publishing revenues are derived from song licensing, not from selling to consumers."

The Wall Street Journal (9/6, Singer, Smith) reports, "A victory for Vivendi's Universal Music Group would cap a summer that was filled with acquisition talk in the music industry. Universal Music Group is already the world's largest recorded-music company. But its music-publishing arm has long been much smaller than those of rivals EMI Group PLC and Warner Music. Acquiring Bertelsmann's publishing unit would push it ahead of those two -- and raises the specter, some in the industry have said, that the company could be in a position to dictate terms when it comes to licensing music for television shows, commercials and movies." The Journal adds, "The deal will be subject to U.S. and European Union regulatory review. People close to the situation say music publishing is likely to be held to a less-stringent standard than recorded music because it isn't an industry that does business directly with consumers, and therefore doesn't have the potential to directly affect the prices consumers pay."

Geophysique To Purchase US Rival Veritas For $3.1 Billion. The Wall Street Journal (9/6) reports, "France-based oil and gas field surveyor Cie. Générale de Géophysique will buy U.S. rival Veritas DGC Inc. for $3.1 billion in cash and stock, both companies said, establishing a global competitor in the oil-exploration industry." The Journal continues, "The transaction is the latest in a wave of mergers and acquisitions in the oil-field-services industry as companies seek increased scale to serve oil and natural-gas producers spending heavily to find new supplies at a time of high energy prices. Geologists use seismic surveys to make detailed maps of potentially oil-bearing deposits by bouncing acoustic waves into rock layers and measuring their reflection. … The offer, of which just over half is in Géophysique stock, values Veritas shares at $75 apiece based on Géophysique's closing price Friday -- a 21% premium to Veritas' Friday closing price of $62.18. Veritas shareholders will receive either 2.25 Géophysique American depositary shares or $75 in cash for each of their shares."

Phelps Dodge Abandons Inco Takeover Bid. The Wall Street Journal (9/6, Heinzl) reports, "Phelps Dodge Corp.'s withdrawal of its $17.84 billion takeover bid for Canada's Inco Ltd. raises questions about the future of the big U.S. copper miner, even as it gives Brazil's Companhia Vale do Rio Doce an opportunity to snatch up Inco and boost its own international presence." The Journal continues, "The withdrawal could mark the end of a months-long battle for control of two of Canada's biggest mining companies, Toronto-based Inco and its crosstown rival, Falconbridge Ltd., both major nickel producers. The battle has been part of a global merger wave in the mining sector as companies have sought to snatch up supplies amid expectation that world demand, fueled in part by China's economic growth, would continue to keep prices high." The Journal adds, "Investors said the mining sector is likely to see more acquisitions, and Phelps Dodge could possibly turn into a takeover target. … Phelps Dodge now will focus on increasing its own copper production to take advantage of soaring prices for the industrial metal. The company is expanding a mine in Peru, has started construction on another mine in Arizona and expects to begin building another mine in Congo by year's end. Phelps Dodge expects to produce about 2.07 billion pounds of copper for its account this year."

ENVIRONMENT/INDIAN AFFAIRS:

Alabama Sewer Contracts Trial Features Dispute Over Jurors. The Birmingham News (AL) (9/6, Walton) reports, "Defendants charged with corruption in the awarding of Jefferson County sewer contracts have asked that Jefferson County residents be excluded as jurors for their upcoming trial." The News continues, "Jack Swann, the former head of the county's environmental services department, engineers, contractors and their businesses contend in court filings that it is 'virtually impossible' to draw a fair and impartial jury from Jefferson County because of biased media coverage. Jury selection is set to begin Sept. 18. … Jurors for the case would be selected out of Jefferson, Blount and Shelby counties. … 'It is unbelievable that one could have lived in Jefferson County within the last four years and not have been exposed to the negative newspaper reports and angry opinions repeatedly expressed by the articles,' the defense request said." The News adds, "Prosecutors, however, said the request should be denied because there has only been normal, balanced news reporting and public interest in the case since September 2002, when the stories first appeared. The Justice Department said there has not been a saturation of

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"inflammatory pretrial publicity" as the defendants contend. … U.S. District Judge L. Scott Coogler, who is presiding over the case, has not made a ruling on the request." The News notes, "The four-year federal investigation into the awarding of sewer contracts for the $3 billion sewer rehabilitation and expansion projects led to the indictment of more than 20 defendants, including Swann, former Jefferson County Commissioner Chris McNair and Clarence R. Barber, a retired county construction and maintenance supervisor. .. . The case has brought multiple prosecutions on bribery and conspiracy charges. Five people agreed to plead guilty and cooperate with prosecutors soon after charges were filed. A jury convicted McNair, five executives and their businesses in April. A jury in June convicted Ronald Wilson, a former county engineer."

DOJ To Appeal Ruling On Missouri Tribal Casino. The Kansas City Star (9/6, Alm) reports, "The Justice Department said Tuesday that it would appeal a federal judge's ruling that appeared to permit a tribal casino to resume operating in downtown Kansas City, Kan." The Star continues, "In July, U.S. District Judge Julie Robinson overturned a 2004 decision by the National Indian Gaming Commission that disqualified the land for tribal gambling. … While upholding several underlying elements of the commission's decision, Robinson overturned its ultimate conclusion, ruling that the purchase of the half-acre tract in 1996 by the Oklahoma-based Wyandotte Nation amounted to settlement against the United States of a land claim whose roots reached back to 1842." The Star adds, "City and state officials have challenged the land's tribal reservation status since it was granted by the federal agency. … When the National Indian Gaming Commission in 2004 voided that reservation status, Kansas Attorney General Phill Kline raided the casino and shut it down, seizing 152 slot machines and about $500,000 in cash. … The casino never reopened. … Late last year the tribe dismantled and hauled away the vacant and vandalized mobile building units that had been fashioned into the 7th Street Casino."

NYTimes Says Administration Should Fund Vaccination Program. The New York Times (9/6, 1.21M) editorializes, "One of the big reasons that companies don't try to develop vaccinations for poor-country diseases is that they fear there won't be a market for them. So what if rich countries promised to buy them? That's the very simple idea behind a new plan to entice companies into making vaccines for illnesses that mostly kill poor people, like malaria and tuberculosis. The program will be discussed by finance officials from wealthy nations at a meeting in Rome tomorrow." The Bush Administration "has been reluctant to join international financing mechanisms. But it has no reason not to jump on this plan, which will benefit American companies and is a private-sector, market-driven program that pays only for success."

FBI/DEA/ATF/USMS:

New Film Examines FBI Surveillance Of John Lennon. ABC World News (9/5, story 12, 2:30, Gibson) reported, "Finally tonight, an extraordinary, new look at the US government's effort to quiet a voice that spoke for a generation. John Lennon went from being one of the biggest music stars in the world to one of the most outspoken critics of the Vietnam War. And the government was listening." ABC (Karl) added, "He was a pop star so popular and so political, the US tried to kick him out of the country," and "Lennon was convinced government agents were watching him. Turns out, he was right. The government's FBI file on Lennon ran nearly 300 pages. This 1972 document, sent by the CIA to the FBI, said Lennon planned to protest the upcoming Republican convention. South Carolina senator Strom Thurmond seized on that, suggesting to President Nixon's Attorney General that Lennon's visa be terminated. … The saga is documented in 'The US vs. John Lennon,' a new film made with the cooperation of Lennon's widow Yoko Ono, who opened up her archives of rarely-seen footage."

Reporters To Appeal Order To Reveal Sources In Government Steroid Investigation. The AP (9/5, Kravets) reports two San Francisco Chronicle reporters "are appealing a judge's order to tell a federal grand jury who leaked them secret testimony from Barry Bonds and other elite athletes ensnared in the government's steroid probe. Reporters Lance Williams and Mark Fainaru-Wada worked out a deal Tuesday with the government that they could appeal U.S. District Judge Jeffrey White's Aug. 15 order before authorities seek sanctions against the two, including jail. … The two reporters published a series of articles and a book based partly on transcripts of the testimony Bonds, Jason Giambi and others gave to a grand jury investigating the Bay Area Laboratory Co-Operative, a Burlingame-based nutritional supplement company exposed as a steroid ring."

Men Detained With Mexico Drug Cartel Suspect To Appear Before Grand Jury. The San Diego Union-Tribune (9/6) reports six men who "were aboard a fishing boat with the suspected leader of the Arellano Félix drug cartel will go before a federal grand jury Friday. The men are being held as material witnesses and have not been charged." One of the men "caught with Francisco Javier Arellano Félix is considered No. 2 in the cartel by the Drug Enforcement Administration. Manuel Arturo Villarreal

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Heredia, 30, is wanted in Mexico on charges of drug trafficking, kidnapping, assault, murder and arms trafficking." The Union-Tribune says DEA officials yesterday "distributed a poster asking the public to help in the case. The poster included pictures of Arellano, the six material witnesses and a seventh man…who was reportedly involved in purchasing the sport fishing boat on which they were all caught."

In New Jersey, Two Police Officers Plead Guilty In OxyContin Case. The AP (9/5) reports two Newark police officers "admitted in federal court on Tuesday that they bought hundreds of thousands of dollars worth of powerful painkillers from a doctor and resold them on the street. Patrolmen John Hernandez, of Bayville, and Ronald Pomponio, of Brick, pleaded guilty to conspiracy to distribute oxycodone. … Hernandez admitted purchasing thousands of OxyContin pills and Pomponio admitted taking prescriptions for the drug to pharmacies throughout the state, according to the U.S. Attorney's office."

The Asbury Park Press (9/6) reports they "admitted obtaining multiple prescriptions for oxycodone in the form of OxyContin from Dr. Joan Jaszczult, 45, of Bloomfield. … Officers from the FBI, the federal Drug Enforcement Administration and the Northern New Jersey High Intensity Drug Trafficking Area Task Force last year arrested Jaszczult and eight others, including three Beachwood residents. … Jaszczult has pleaded not guilty and is awaiting trial."

DEA Agent Said To Be Campaigning Against Colorado Marijuana Initiative. In Missoula Montana's New West (9/5) Richard Martin writes, "Ever since I saw the news that U.S. Drug Enforcement Administration official Michael Moore (surely the most inaptly named DEA agent in the country) was publicly campaigning -- using the resources of his office -- against Amendment 44, the citizens' initiative to legalize possession of small amounts of marijuana, it has stuck in my craw. Is it legal, or ethical, for a federal DEA agent to marshal opposition to a ballot initiative that would change state law regarding illegal substances? … Last month Agent Moore sent out an e-mail from his Justice Dept. account to conservative politicos seeking help in finding a campaign manager to defeat the measure, which will be on the ballot in November."

North Carolina Appeals Court Calls Search Of Drug Suspect Unreasonable. The AP (9/6) reports a North Carolina appellate court ruled Tuesday that a man "convicted of possessing cocaine after a police officer found drugs by shining a light down the suspect's pants should get a new trial because the search was unreasonable. The ruling erases a sentence of 10 1/2 to 14 years in prison for Timothy Stone, who was convicted on charges of drug possession and being a habitual felon. … The appeals court ruled that the trial judge should have suppressed the evidence from the search, a key element in the conviction."

NFL Considers Drug-Policy Changes. According to the New York Times (9/6, Battista), the NFL "is discussing strengthening its testing program for performance-enhancing drugs and could make changes during the season, which begins tomorrow. Among the potential modifications are more frequent testing and additions to the list of banned substances. … Yesterday, Harold Henderson, the league's executive vice president for labor relations, said: 'We are in the process of re-evaluation, trying to determine if more is better, if it's the right time to add substances, to add more tests. It might make sense to do some tweaking.'"

In California, Marijuana Operation Seen As "Environmental Mess." The San Francisco Chronicle (9/6) reports, "The discovery of 22,740 marijuana plants growing in and around Point Reyes National Seashore last week wasn't only the biggest pot seizure ever made in Marin County. It was an environmental mess that will take several months and tens of thousands of dollars to clean up. … Officials at Point Reyes National Seashore have only begun to assess the resulting damage to an area that is habitat for the spotted owl, steelhead trout and coho salmon, and they said it could be months before they know the long-term implications for the ecosystem." The Chronicle adds, "The federal Office of National Drug Control Policy estimates that growing 1 acre of marijuana damages 10 acres of land."

IMMIGRATION:

House GOP To Roll Out "Smaller Scale" Border Enforcement Measures. Roll Call (9/6, Davis) reports, "Plagued by a disgruntled base and public demands for action to address illegal immigration, House Republican leaders are planning a push this month to shift the focus away from their inability to reach agreement with the Senate by passing smaller-scale initiatives to strengthen the border." House Majority Leader John Boehner (R-Ohio) said "GOP leaders and committee chairmen of jurisdiction would meet Thursday to discuss the results of two months of field hearings and constituent feedback on the immigration issue, all with an eye to the midterm elections." Boehner told reporters the "meeting was scheduled 'to begin to assess what we should or shouldn't do' this fall." Boehner said, "Over the past couple of months we've heard directly from thousands of Americans that we have an emergency on our borders. We will respond with more border patrol agents, more enforcement, more fencing and more technology." Roll

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Call adds GOP aides said "that at this point there is no plan to take up a comprehensive bill before the election."

CNN's The Situation Room (9/5, Bash) reported, "Republican leaders are going to meet later this week likely on Thursday to make a final decision on whether or not to abandon…immigration reform legislation, and if you are a Republican running for Congress, chances are that's what you want your leaders to do."

CQ (9/5, Ferrechio, Sandler) reports House Republican leaders "are searching for a strategy to keep illegal immigration on the agenda despite predictions that a deal on overhaul legislation is unlikely before Election Day, and their plan to focus on national security this month might be the way to do it." The fiscal 2007 Defense (HR 5631) and Homeland Security (HR 5441) appropriations bills "are the most likely targets for provisions aimed at boosting border enforcement. Passage of such provisions, either as stand-alone legislation or attached to other bills, would give incumbents at least the appearance of progress on immigration issues as they go home to campaign, even as efforts to pass broader immigration bills (HR 4437, S 2611) have foundered. And it would give them a chance to tie immigration — an issue important to the Republican base — to the question of national security, which has a wider electoral mandate."

House Republicans Say Tough Immigration Position Plays Well In Swing Districts. The New York Times (9/6, Hulse, 1.21M) reports many Republicans, "on the defensive…around the country over the war in Iraq, say they are finding that a hard-line immigration stance resonates not just with conservatives, who have been disheartened on other fronts this year, but also with a wide swath of voters in districts where control of the House could be decided." GOP strategist Dan Allen said, "Immigration is an issue that is really popping. It is an issue that independents are paying attention to as well. It gets us talking about security and law and order." The Times adds leading Republicans, "leery of a compromise on immigration, are encouraging their candidates to keep the focus on border control, as in legislation passed by the House, rather than accept a broader bill that would also clear a path for many illegal immigrants to gain legal status. The latter approach, approved by the Senate with overwhelming Democratic support and backed by the White House, makes illegal immigration one of the issues on which Republicans face a tough choice of standing by President Bush or taking their own path." In Colorado's 7th CD, "the Republican push brought a Senate subcommittee hearing the other day to explore the costs of illegal immigration. The taxpayer-financed, ostensibly nonpartisan meeting took on the air of political theater." The "angry confrontation thrust the session into the headlines, reminding residents that the issue remained a leading one in the House race between Rick O'Donnell, the Republican nominee, and Ed Perlmutter, the Democrat, who are running to fill a seat being vacated by Representative Bob Beauprez, a Republican seeking the governorship." Perlmutter "is trying to navigate tough political terrain by coming down hard for border enforcement while leaving the door open for illegal immigrants to seek citizenship eventually. His opponent, a former state higher education official, says such a position will not sell in Denver suburbs characterized by unease that the nation has inadequately policed its borders."

The Wall Street Journal (9/6, Kronholz, 2.03M) reports that by "raising illegal immigration as a political and national-security issue -- and then doing nothing about it -- Congress has given new life to an anti-immigrant movement that had long been relegated to the political fringes, say some policy watchers and think tanks." The "high-profile debate has rallied immigration supporters, with many native-born Americans joining hundreds of thousands of immigrants at rallies calling to overhaul immigrant laws. But those rallies and the debate over the House and Senate bills also have focused public attention on the fast-growing illegal population and fanned fears of terrorists easily crossing US borders."

Immigration A Key Issue In Arizona Races. The Washington Times (9/6, Dinan, 88K) reports there is "not much doubt about what issue is moving Arizona voters this year. Campaign signs near Flagstaff in the north proclaim 'secure the border,' while in the south both Democrats and Republicans tout their involvement with the Minuteman volunteers who patrol the U.S.-Mexico border, and campaign polls show immigration dwarfs other concerns on voters' minds." In the 8th CD, "where a spirited primary to fill the seat of retiring Republican Rep. Jim Kolbe comes to a head Tuesday, immigration is the top issue for 60 percent of voters, according to surveys done by one of the Republican candidates, Mike Hellon. The next closest issue is education at 9 percent." With "the U.S. Senate seat and two of the state's eight congressional seats being seriously contested, and with all three currently held by Republicans, Arizona is a battleground in the fight for control of Congress, and immigration is the leading fight."

LATimes Says Delay Of Reform Bill Probably Best. The Los Angeles Times (9/6, 918K) says in an editorial, "Some issues are too important to address on the eve of an election. That is essentially the message Congress is sending to voters by refusing to take up immigration reform before heading home next month for a campaign-season recess." Such inaction "amounts to gross negligence." But given the "tenor of the debate," the "postponement may actually be good news. Given the extent to which conservative House Republicans eager to demagogue the issue had taken control of the immigration debate, it's probably best that House and Senate members won't be trying to reach a compromise before the election."

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TAX:

Virginia Praised For Ending Estate Tax. The Wall Street Journal (9/6, 2.03M) says in an editorial, "Soon it will be safe to be caught dead in Virginia. Last week Democratic Governor Tim Kaine and the Republican-controlled legislature struck a deal to abolish the state's estate tax, effective July 1 next year." The tax "only brings in about $140 million a year to Richmond from several hundred estates, but the levy has made it harder for Virginia to compete for small businesses and retirees with Florida and the 24 other states that no longer have a death tax. So when Governor Kaine proposed killing the tax earlier this year, the legislature overwhelmingly approved."

CONGRESS-ADMINISTRATION:

Senate GOP Leaders Under Pressure To Move On Judicial Nominations. Roll Call (9/6, Billings) reports, "Despite renewed political pressure to advance five controversial appellate court judges, Senate GOP leaders remain skeptical that they can take up and win a major battle over judicial nominations with just four weeks left on the Congressional calendar before Election Day." The Senate "is set to adjourn on Sept. 29, and already the GOP leadership has packed the month's agenda with a series of national security and appropriations measures. But that timeline has not stopped conservative judicial groups and the White House from mounting an aggressive lobbying campaign for Senate votes on the stalled nominations. 'There's pressure all around,' one Senate GOP aide acknowledged this week. 'But we're crunching down and there's little space and a lot of things need to get done.'"

Bush Won't Meet With Leaders Of Big Three Automakers Until After Election. The AP (9/6, Hoffman) reports, "President Bush and leaders of the Big Three automakers plan to meet after the November election to discuss the state of the U.S. auto industry, the White House said Tuesday." The decision "to push back the meeting until after the elections followed criticism from Democrats and Dick DeVos, the Republican gubernatorial candidate in Michigan, that the White House was ignoring the needs of the struggling industry." Bush "on Friday plans to attend a fundraising luncheon for GOP U.S. Senate candidate Mike Bouchard at the Clarkston home of developer David Johnson, the chairman of Victor International Corp."

The Washington Times (9/6, Dinan, 88K) reports DeVos "said he saw a 'continued refusal' on the part of the Bush administration to get a meeting done. 'The president needs to meet with the Big Three, and it must happen soon,' he told reporters last month."

Bush Nominates Peters To Be Transportation Secretary. ABC World News (9/5, story 7, 0:20, Gibson) reported, "The President today nominated Mary Peters, a former Federal highway official, to be the next Transportation Secretary. That seat opened up when Norm Mineta retired over the summer." CNN's The Situation Room (9/5, Blitzer) said Peters is "the former chief of the Federal Highway Administration. Before that she ran the Arizona Department of Transportation. If confirmed, she would succeed Norm Mineta who resigned in July. He was the loan democrat in the President's cabinet."

The nomination generated generally positive reactions. The New York Times (9/6, Wald, 1.21M) reports, "After the announcement, various people and transportation groups offered statements of praise, although several experts said they could not recall Ms. Peters's having taken a major public position on any transportation field outside highways."

The Washington Post (9/6, A13, Wilber, 748K) reports Rep. James L. Oberstar, "the ranking Democrat on the House Transportation and Infrastructure Committee, also praised Peters's tenure as head of the highway administration, saying she was 'competent and very knowledgeable.'" Rodney E. Slater, who was transportation secretary under President Bill Clinton, "said Peters is a solid choice because she had served as a state highway official, giving her valuable experience in addressing local traffic woes."

The Washington Times (9/6, Dinan, 88K) reports, "Arizona lawmakers said Mr. Bush made a smart pick. 'I have known Mary for many years, and I believe that she will bring a level of expertise to the job that is unmatched,' said Rep. John Shadegg, Arizona Republican."

The AP (9/6, Riechmann) reports, "Noting Mineta's long tenure in the post," Peters said yesterday that "if she's confirmed, she would feel a bit like Ginger Rogers dancing with Fred Astaire. 'I think I'm going to be dancing backward in high heels a little bit,' she said." Peters "is an advocate of user fees, or tolls, for building new highways. In a recent interview, she said that the federal highway program will run out of money by decade's end without substantial changes and, rather than raise taxes, some states are turning to toll roads already to fill gaps."

The Financial Times (9/6, Ward, Cameron) reports, "The aviation sector is likely to form the intitial focus of Ms Peters' priorities, and the president called for a speedy confirmation process as Congress returned from its summer recess. European Union officials are expected in Washington next week to review the administration's progress in long-running efforts to liberalise the transatlantic aviation market, efforts which could be stalled by opposition in Congress and

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from US unions." Peters "will also have to moderate the fierce debate over the future funding of aviation infrastructure, which has pitted commercial airlines against general and corporate users, as well as the long-running dispute over pay between the FAA and air traffic controllers."

The Los Angeles Times (9/6, Alonso-Zaldivar, 918K) runs a similar report.

Mark McClellan Announces Resignation. Fox News' Special Report (9/5, Hume) reported, "Medicare and Medicaid administrator Mark McClellan announced his resignation today. He had been one of President Bush's economic advisors he's brother of former press secretary of Scott McClellan." McClellan "said he'll be on the job another five weeks or so. His replacement hasn't been named."

The Wall Street Journal (9/6, Zhang, 2.03M) reports, "It isn't clear who will be the likely successor, although several policy experts speculated one candidate could be Dr. McClellan's deputy, Leslie Norwalk."

The New York Times (9/6, Pear, 1.21M) reports, "The next administrator faces two huge political challenges. One is how to reverse increases in the number of people without health insurance and how to pay for Medicare and Medicaid, whose costs are expected to soar as millions of baby boomers age.

The Washington Post (9/6, A13, Lee, 748K) reports, "In an interview, McClellan, 43, said that he is contemplating a return to academia or a position in a Washington think tank. The Texan, older brother of former White House press secretary Scott McClellan, had also served as commissioner of the Food and Drug Administration, from 2002 to 2004, and, before that, as a member of the White House Council of Economic Advisers and as a senior health policy aide to the president." McClellan's successor "will have to cope with a report, due at year's end, from a special Medicaid commission that is expected to recommend big cost cuts in the program. Next year, Congress will debate whether to reauthorize SCHIP, which serves about 4 million children. And if the Democrats regain control of the House in the November elections, the next administrator can expect to be grilled repeatedly at congressional hearings designed to spotlight Bush policies that Democrats oppose."

The AP (9/6, Freking) reports, "As the administrator at CMS, McClellan oversaw health care programs serving more than 80 million Americans, often the most vulnerable. No replacement was immediately named." President Bush "called him a trusted adviser. 'He played an instrumental role in transforming the nation's health care system, and his efforts will continue to make a difference for generations,' Bush said." Democrats "gave McClellan mixed reviews. Rep. Pete Stark, D-Calif., said he was surprised that McClellan 'spent so long trying to bail water from the Bush administration's sinking ship.' He said the drug benefit provides limited savings, unexpected price increases and poor customer service." But "Sen. Max Baucus, D-Mont., gave McClellan high marks. 'Transitioning to the drug benefit has been rocky at times, but he has shown a willingness to go back and fix mistakes so as to make the benefit work for seniors,' Baucus said."

Democrats Slam "Do-Nothing Congress." The Washington Times (9/6, Bellantoni, 88K) reports Democrats "seeking to return to power" have labeled the Republican-led House "the 'Do-Nothing Congress' and are threatening to resist adjourning later this month to make a political point." House Democratic leaders wrote a letter to Speaker Dennis Hastert saying they "will fight Republican efforts to adjourn as scheduled Sept. 29 unless Congress passes legislation 'that meets the real needs of the American people.'" The current legislative calendar "includes fewer than 20 legislative days" before adjournment.

WPost Sees "Little Danger" Of Congress Getting Much Done. The Washington Post (9/6, A14, 748K) editorializes Congress has "not a lot of time to accomplish much, but with this Congress there's little danger of that in any event. Indeed, two of the supposed must-do items on the congressional agenda -- lobbying reform and immigration -- have all but disappeared. Republican leaders must be gambling that voters are too forgetful to remember about the first, and too dumb to know who to blame for inaction on the second."

Congress Said To Have Achieved Little. In their column in The Hill (9/6) titled "Neither Side Deserves To Be Reelected", political consultant Dick Morris and his wife, Eileen McGann, say, "Sorry, but you don't. At the start of Congress, right after Bush's reelection, two topics dominated your agenda: Social Security and Immigration Reform. Neither passed." Congress "punted on Social Security after it got scared to death by the reaction of senior citizens to Bush's proposed reforms." And the "record on immigration hasn't been any better. Again, the Democrats didn't have to obstruct action. The Republicans did it for them." In the wake of the Abramoff scandal, Congress "hasn't even considered anything approaching tough ethics reform, conspicuously rejecting bans on congressional travel paid for by private organizations and earmarking limitations, apart from the tepid disclosure requirements that are now up for consideration." But "lately? In the past four years, what has this Congress done to deserve reelection? Precious little."

Vulnerable House Republicans Press Leaders On Minimum Wage, Other Issues. The Hill (9/6, Bolton) reports House GOP leaders "are facing new pressure from several vulnerable House Republicans on an array of legislation that their leaders have resisted for most of the 109th Congress, chief among them being an increase in the

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minimum wage." After "five weeks of meeting with voters, vulnerable Republicans also want votes on pet priorities ranging from increasing money for Pell education grants to eliminating tariffs on ethanol." The priorities of the "endangered incumbents pose several challenges to House leaders. They create pressure for leaders to revisit issues they would rather avoid, and together add up to too many items for the House to address before recessing for the elections." But GOP leaders "realize, however, that passing at least some of the requests would inevitably bolster candidates in swing districts critical to Republicans' ability to maintain their majority status."

Frist Will Seek To Revive "Trifecta" Bill. Roll Call (9/6, Pierce) reports, "Even as Senate Democratic leaders said that chances of raising the minimum wage this year appear remote, Senate Majority Leader Bill Frist (R-Tenn.) is taking another stab at getting Democrats to drop their objections to a House-passed 'trifecta'; bill that would reduce the estate tax, extend expiring tax provisions and hike the national minimum wage." Roll Call adds, "Heading into the August recess, Frist had been adamant that he would not bring the trifecta bill back to the floor this year, but on Tuesday he told reporters that he planned to 'talk to my colleagues and see if people will be reasonable and allow that to pass.'" Frist "was planning Tuesday to ask Sens. Jon Kyl (R-Ariz.), Chuck Grassley (R-Iowa) and Judd Gregg (R-N.H.) to form a working group 'to talk through options on the trifecta,' said a senior Senate GOP aide." Senate Minority Leader Harry Reid "said he couldn't envision any of the nearly 40 Democrats who opposed the trifecta bill last month changing their votes to allow Frist to overcome the Democratic-led filibuster."

Business Lobbyists Seek Action On Bush "Competitiveness Agenda." The Wall Street Journal reports in its Online "Washington Wire" (9/5), "Business lobbyists make post-Labor Day push for President Bush's 'competitiveness' agenda, dropping off lunch boxes — each filled with a 'back to work' check list on competitiveness — at the offices of lawmakers on Capitol Hill." The Business Roundtable, the Chamber of Commerce and the National Association of Manufacturers, "among other groups, are pressing for quick action. Their slogan: 'Back to School…Back to Congress…Back to action on U.S. Competitiveness!'" The Journal adds the Bush "agenda, unveiled in this year's State of the Union, has stalled in Congress amid election-year debates over larger issues. The 10-year, $136 billion package of spending and tax breaks is designed to stimulate business investment and boost federal funding for math and science education."

House GOP To Tackle Earmark Reform. The Hill (9/6, O'Connor) reports, "Along with an emphasis on national security, House Republicans plan an appeal to the conservative base on the fiscal responsibility front in a legislative last stand before voters decide their fate in November. The second week of September GOP leaders will unveil a resolution commemorating the five-year anniversary of the 9/11 attacks and that same week could also tackle earmark reform in another attempt to win back disgruntled conservatives upset with congressional Republicans for what they see as a failure to curb government spending." The Hill adds, "The rules changes are not yet complete, but the House is expected to vote on a bill that would require individual members to attach their names to all earmarked projects in each of the appropriations, tax and authorizing bills. The initial changes, which were included in a broader lobbying reform package, applied solely to appropriations bills."

GOP Rep. David Dreier, chairman of the House Rules Committee, writes in USA Today (9/6, 2.27M), "Many Americans have been bombarded by automated phone calls sponsored by Moveon.org and other special interest groups or barraged with attack ads attempting to create false ethical clouds around members who have no connection to recent scandals. Some of these ads were pulled from the air after they were proved false. It is within this context that the lobbying reform and ethics debate must be considered. … For the Republican leadership, however, work continues. We remain committed to achieving greater transparency and accountability in the lobbying and ethics process. Former members who are registered lobbyists have been banned from the House floor. Comprehensive earmark reform remains a top priority and will be considered by the House this month." Drier adds, "It will be interesting to see whether Democrats once again follow their leader, or decide to support real reform."

Federal Employees, Retirees To Get Better Dental, Vision Coverage. In the Washington Post's "Federal Diary" column (9/6, D4), Stephen Barr says, "After two years of planning and evaluation, enhanced insurance coverage for bad teeth and weak eyes will be offered to federal employees, retirees and their dependents this fall through contracts awarded to 10 companies." A new dental and vision program, "which becomes effective Dec. 31, will accept enrollments from Nov. 13 through Dec. 11, the period also set aside for federal employees and retirees to choose their health insurance options for next year." The dental-vision program is "eagerly awaited by many federal employees."

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Snow Says Social Security Reform Is Not Dead. White House Press Secretary Tony Snow was asked on MSNBC's Hardball (9/5) if Social Security reform is dead. Snow said, "No, I don't think so. Look, the President understands when it comes to Social Security and, for that matter, Medicare and Medicaid, when you talk about entitlements, we've got a problem. And the problem is, we can't afford the system as it is into the future, so what you need to do is you need to come up with a system that's going to honor promises that have been made in the past to seniors but at the same time, is not going to tell your kids and my kids, Guess what? You get to hold the bag. So the president realizes that. Members of Congress didn't want to deal with it this year. Someone's going to have to deal with it, and the president certainly hopes that Congress is going to be able to take it up before he leaves office."

Rumsfeld Has Successful Shoulder Surgery. The AP (9/5, Burns) reports Defense Secretary Donald Rumsfeld underwent two hours of successful shoulder surgery for a torn rotator cuff Tuesday. A Pentagon spokesman said he "expected Rumsfeld to return to work as soon as possible, but the exact timing was uncertain."

Justice Kennedy Hospitalized For Stent Procedure. NBC Nightly News (9/5, story 6, 0:20, Williams, 9.87M) reported, "We learned today Supreme Court Justice Anthony Kennedy who is now the key swing vote on the nine-member court was hospitalized over the weekend after a stint procedure on his heart after experiencing chest pain. A spokeswoman for Kennedy said the procedure was routine and repaired an operation performed last year and he is back at work on the court today."

The New York Times (9/6, 1.21M) reports the Supreme Court's public information office "described the procedure as routine and said the justice was back at work at the court after a Saturday night stay at Washington Hospital Center here. 'There was no evidence of heart damage,' the press release said."

The Wall Street Journal reports in its Online "Washington Wire" (9/5, Winograd), "Considered the 'swing' justice on the court, Kennedy could provide the deciding vote in two of next session's most controversial cases. The court will consider the constitutionality of the federal Partial-Birth Abortion Ban Act and whether school districts wanting to maintain integrated campuses can use race as a tie-breaker when assigning students to public schools.

Roll Call (9/6, Akers) reports in its "Heard on the Hill" column, "Kennedy, 70, who has served on the Supreme Court since 1988, was on Long Island with his wife when he began experiencing chest pains. Mary Kennedy, earning herself a nomination for Wife of the Year, drove her husband back to Washington, D.C., where he was admitted to the hospital early Saturday."

Study Said To Show Members Of Congress Rely On Half-Truths. In his Washington Post column (9/6, A2), Richard Morin says, "Members of Congress tell the truth -- the whole truth -- only about a quarter of the time when debating major legislation on the floor of the House and Senate." Instead, legislators "mostly rely on half-truths, misleading exaggerations or outright inaccuracies when debating the nation's business, according to two political scientists who have studied the quality of debate in Congress." Gary Mucciaroni of Temple University and Paul J. Quirk of the University of British Columbia "sought to see how truthful America's lawmakers were in debating three major bills: welfare overhaul in 1995-1996, the fate of the estate tax in 1999-2000 and telecommunication deregulation in 1996." Researchers "judged the claims made in only 11 of the 43 debates to have been largely substantiated by the facts. An additional 16 were deemed to be 'unsubstantiated'-- a polite way of saying they were misleading, mostly false or flatly wrong -- while 16 were an artful mix of fact and fiction, they report in their new book, 'Deliberative Choices: Debating Public Policy in Congress.'"

OTHER NEWS:

Gulf Of Mexico Discovery Could Boost US Oil Reserves By Up To 50%. NBC Nightly News (9/5, lead story, 2:45, Williams, 9.87M) reported, "When Americans heard the news this morning of the biggest oil discovery since the Alaskan oil fields, they reacted to it in different ways. Some cheered the news that this huge expanse of oil has been found in the Gulf of Mexico. Others heard the news and wondered how America would ever end what the President has called this nation's addiction to oil. It is a lot of oil. In fact, it may boost US oil reserves by fully 50%. ... But it is also in deep water, over five miles below sea level. It is hardly a cure for a nation's energy ills." NBC (Savidge) reported, "The find was made by a trio of oil companies who describe the potential as enormous." John Richels, Devon Energy President: "This trend in the industry could hold up to 15 billion barrels of oil potentially." Savidge: "That may sound impressive, but the US consumes 5.7 billion barrels of oil every year. So the discovery is not expected to trigger a significant reduction in America's dependence on foreign oil." NBC said, "the new oil won't be at the pump for at least four years at the earliest. Leaving motorists far from thrilled. ... But the location of the discovery right off America's coast is especially attractive in a world where most oil is in regions increasingly hostile to the US."

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CBS Evening News (9/5, story 4, 2:40, Couric, 7.66M) reported, "The folks at Chevron today felt like they won the lottery when they announced that they struck oil in the Gulf of Mexico. They say it may be the biggest find in a generation."

ABC World News (9/5, story 4, 1:40, Gibson) said it was "the largest new source of oil since Alaska's North Slope was found a generation ago. The implications of this are enormous."

USA Today (9/6, Davidson, 2.27M) reports, "The field is part of an ancient rock formation, known as the lower Tertiary, which the companies estimate holds at least 3 billion barrels of extractable oil and gas, and as much as 15 billion . If the upper estimate is borne out, extracting that oil would boost the nation's oil reserves of 29 billion barrels by 50%."

The AP (9/6) reports, "It will take many years and tens of billions of dollars to bring the newly tapped oil to market, but the discovery carries particular importance for the industry at a time when Western oil and gas companies are finding fewer opportunities in politically unstable parts of the world." The discovery "could bring pressure on Florida and other states to relax limits they have placed on drilling in their offshore waters for environmental and tourism reasons." The article notes, "The successful test well does not mean a huge supply of cheap oil will hit the market anytime soon."

The New York Times (9/6, Krauss, 1.21M) reports the announcement "was seen by experts as ushering in a new era in ultra-deepwater offshore drilling," but "analysts cautioned that there was little likelihood the report would give drivers much relief at the pump because full production might not come on line for five years or more. By itself, it also appears that the discovery could make little more than a dent in the country's energy dependence." The Financial Times (9/6, Cameron) also says "analysts remain cautious about the impact of climate change on future production in the hurricane-prone region."

The Washington Post (9/6, Mufson, 748K) reports the new production "would not solve the world's energy problem or eliminate US reliance on oil imports, but it would help stabilize US oil production, which has been declining, and cover some of the world's rising demand for petroleum." The Los Angeles Times (9/6, Douglas, 918K) also reports the story.

IMF Concerned About Global Slowdown. The Financial Times (9/6, Blas, Daneshkhu) reports that while the International Monetary Fund is expected to announce a fifth record year of high growth rate of 5.1 percent for the world economy in 2007, "it warns that the risks of a sharp slowdown have significantly increased." The Times notes, "The IMF warns slower growth could be triggered by a sharp US housing market slowdown or by surging inflationary expectations that forced central banks to raise interest rates." While "the IMF has been warning for several years of mounting risk for the global economy, it is the first time it has warned so strongly about such a sharp potential slowdown."

OECD Expects EU Economic Slow-Down, But Expanded Growth In US Economy. The Organization for Economic Cooperation and Development also expects the European economy to slow later in 2006 but the Wall Street Journal (9/6, Walker, Gauthier-Villars, 2.03M) says "growth could pick up in the U.S. and Japan." According to the OECD "shifting growth pattern has implications for central banks" and "the Federal Reserve may have to raise U.S. interest rates further if inflationary pressure doesn't moderate." Many experts "fear a marked slowdown will hit the euro zone next year, driven by government plans to raise the value-added tax in Germany, Europe's biggest economy."

Growth In US Home Prices Slowing. The Wall Street Journal (9/6, Gerena-Morales, 2.03M) reports, "US home prices rose only moderately in the second quarter, registering their sharpest year-to-year slowdown in more than three decades, a government report said." The Office of Federal Housing Enterprise Oversight "said average home prices rose 1.17% during the quarter from the previous quarter, far short of their 3.65% gain in the year-earlier period. The slowdown in price increases was the steepest since recordkeeping began in 1975." The Washington Post (9/6, D1, Tse, 748K) calls the report "the latest evidence of a cooling housing market."

Stocks Up Yesterday. The Wall Street Journal (9/6, Browning, 2.03M) reports, "Investors put on a smile as they began negotiating the often-treacherous post-Labor-Day waters: They nudged stocks slightly higher as oil futures continued to decline. Already up 6.7% since mid-July, the Dow Jones Industrial Average edged ahead 5.13 points, or 0.04%, to 11469.28, the highest finish since May 11." The broad Standard & Poor's 500-stock index "rose 0.17%, or 2.24 points, to 1313.25, its highest level in almost four months and a gain of 5.2% this year." The Nasdaq Composite "rose 0.57%, or 12.54 points, to 2205.70, a three-month high. The Nasdaq has recouped all its losses for the year and now is virtually unchanged for 2006."

Mishkin Sworn In As Fed Member. The Wall Street Journal reports in its Online "Washington Wire" (9/5) reports the "newest member of the Federal Reserve Board took his seat today. Frederic S. Mishkin, who has been a professor of banking and financial institutions at Columbia University, was administered the oath of office today by Fed Chairman Ben Bernanke at the Fed's headquarters in Washington."

Third-Party Candidates Could Affect Many Close Races. USA Today (9/6, Kiely, 2.27M) reports Pennsylvania and national Democratic leaders worry Green Party candidate Carl Romanelli "could siphon enough votes from their candidate, Bob Casey, to ensure the re-election of

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Republican Rick Santorum. Republicans are thinking the same thing: Romanelli's petition drive was underwritten with the help of Santorum contributors, with the blessing of the senator's campaign." In a "year when control of Congress is at stake and key races could be close, there's a chance that little-known minor-party candidates such as Romanelli could alter the political landscape." Richard Winger, who "monitors minor-party campaigns for his newsletter, Ballot Access News," says "there are minor-party or independent candidates on the ballot in at least 10 Senate and six gubernatorial elections that are potentially competitive, as well as a host of House races."

Congressional Candidates Split On Halting Campaign Events For 9/11. Roll Call (9/6, Whittington) reports with the nation "set to mark the five-year anniversary of the Sept. 11, 2001, terrorist attacks next week, Congressional candidates are faced with the difficult balancing act of remembering the tragedy while getting their partisan messages out to midterm election voters." While many challengers and Members "will attend remembrance ceremonies, it will be business as usual for most on the campaign trail — especially considering that nine states and the District of Columbia will hold primaries on Sept. 12." In Maryland, "primary voters will pick the Democratic Senate nominee next Tuesday and a spokesman for one of the contenders, ex-Rep. Kweisi Mfume (D), said Mfume's campaign will roll on as scheduled." But some candidates "in states that do not hold primaries on Tuesday already have said they will halt political activity or alter their campaign schedules on Sept. 11." Florida state Sen. Ron Klein (D), "who is locked in an expensive and closely watched battle with Rep. Clay Shaw (R-Fla.), announced Tuesday that he will suspend TV advertising next Monday." Shaw also "is taking his ads off the air Monday." Roll Call adds Rep. Don Sherwood (R-Pa.) "had a breakfast fundraiser planned in his district on Sept. 11. But after word spread about the event — which would have overlapped with the times that the planes hit the World Trade Center five years ago — it was postponed."

Democrats Hope To Win Iowa's 1st CD. The Hill (9/6, Snyder) reports Rep. Jim Nussle, who is running for governor, says "Democrat party leaders look at Iowa's 1st Congressional District and drool." Registered Democrats "outnumber Republicans by 20,000 voters in the 12-county district, located in the northeast part of the state. Independents outnumber them both, but 1st District voters favored Sen. John Kerry and Vice President Al Gore by seven-point margins in their races against President Bush." Given Republicans' "low poll numbers and their own apparent demographic edge, the Democrats probably cannot be expected to win the House without taking districts like the 1st, Democrat House Minority Leader Nancy Pelosi (D-Calif.) told the Des Moines Register, the state's largest newspaper, last month." But for Democrats "to win here, however, they have to overcome an exception to the Iowa political rule: voters have a habit of sending Republicans to Congress." The race "matches Democrat Bruce Braley, a Waterloo trial attorney, against Republican Mike Whalen, a wealthy entrepreneur. Though both candidates are political novices without voting records to mine, each has been quick to spot perceived vulnerabilities in the other."

Shuler Making Serious Challenge To Taylor In North Carolina's 11th CD. CQ (9/5, Austin) reports Democrat and former pro quarterback Heath Shuler is "staging a serious bid to unseat eight-term Republican Rep. Charles H. Taylor in the state's 11th District. Now a real estate executive, Shuler also is one of a very few solid Democratic takeover candidates in the South, a one-time party stronghold that has shifted to the Republicans since the 1960s." With 'just under nine weeks to go before the Nov. 7 election, Taylor appears to be maintaining his traditional edge in the Republican-leaning 11th. The district gave 57 percent of its votes to President Bush in 2004, and it has given Taylor, a conservative, at least 55 percent of the vote in all but his first congressional race, in 1990." Taylor's "biggest strength this year is the same one he has touted in fending off vigorous Democratic competition in his recent elections: a senior position on the House Appropriations Committee, which helps him steer funds back home." But Shuler is "a vigorous and unusually well-financed challenger who offsets his lack of political experience with lingering name recognition from his gridiron exploits." Shuler has "taken his well-known name into the district's rural interior — a conservative-voting area that usually is Republican heartland — invoking his party's promise of economic relief and trying to neutralize his opponent on social issues with frequent mention of his own 'mountain family values.'"

Rhode Island Senate GOP Primary Compared To Lieberman-Lamont Contest. The Washington Post (9/6, A15, Marcus, 748K) reports, "Is Steve Laffey to Linc Chafee as Ned Lamont was to Joe Lieberman? Once again an incumbent senator who often breaks with his own party -- this time a Republican -- could find himself toppled. Once again, the opponent is an energetic businessman-turned-politico, milking discontent among the base and disgust with Washington. Once again, outside groups -- in Connecticut the liberal blogs, here the anti-tax Club for Growth -- are stoking voter anger." It "was inevitable" that the "Laffey-Chafee would be cast as the GOP replay of the Connecticut Democratic primary. Yet the analogy goes only so far. The Rhode Island race is more complex, certainly

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odder and potentially far more momentous." For "angry Democratic voters, a Lamont vote was all but risk-free. Rhode Island is Connecticut with consequences: A Laffey nomination in this heavily Democratic state could imperil GOP control of the Senate. A general election race between the Democratic nominee, former attorney general Sheldon Whitehouse, and a bruised Chafee promises to be close. But nearly the only one who thinks Laffey would beat Whitehouse is Laffey."

Vets Group With GOP "Ties" To Boost Lieberman. The Washington Times (9/6, Pierce, 88K) reports in its "Inside Politics" column that Sen. Joseph Lieberman's "re-election bid is getting some outside help from a group grateful for the lawmaker's support for the Iraq war. Vets for Freedom, an independent group with Republican ties, will air an ad in Connecticut today and tomorrow featuring veterans from the state who thank the three-term incumbent for backing the conflict."

The AP (9/6, Miga) reports executive director Wade Zirkle "said his group's political arm is spending $60,000 to broadcast the commercial on cable and network channels." Vets for Freedom "calls itself a nonpartisan organization that was founded by Iraq and Afghanistan combat veterans. Republican strategist Dan Senor, former spokesman for the defunct Coalition Provisional Authority in post-invasion Iraq; Bill Kristol, the editor of The Weekly Standard, and former Lieberman chief of staff Bill Andresen have advised the group, Zirkle said."

Harris Wins Florida GOP Senate Nomination. The New York Times (9/6, Goodnough, 1.21M) reports Attorney General Charlie Crist "won Florida's Republican primary for governor in a landslide Tuesday, while Representative Katherine Harris easily defeated three challengers in the party's Senate primary." Harris "enjoyed a solid victory despite losing her party's support soon after she declared her candidacy last year, but she faces an uphill race against Senator Bill Nelson, the Democrat, in November." Nelson, who "narrowly won election in 2000, was once considered one of the nation's most vulnerable Democrats. But Ms. Harris, who oversaw Florida's contested presidential election in 2000 and subsequently won a seat in Congress, has run such a feeble campaign that he is now considered safe."

The Washington Post (9/6, A5, Whoriskey, 748K) reports Harris, "shunned by party leaders and battered by repeated campaign controversies," has "nonetheless held on to enough support from the state's Republican voters Tuesday to win Florida's Senate primary convincingly over three little-known candidates." Harris now faces Nelson "in a race that strategists have said may be impossible for her to win. Polls have shown Nelson with a lead as wide as 30 percentage points."

CQ (9/5) reports the "early returns in Florida's Republican Senate primary suggested Tuesday night that the contest was turning out about as expected for two-term Rep. Katherine Harris — in both the positive sense and the negative sense." It "appeared that Harris — who gained national attention as Florida's chief elections official during the state's 2000 vote recount, which clinched the White House for President Bush — will be the GOP's nominee to challenge first-term Democratic Sen. Bill Nelson." But it "was also apparent that Harris, who has struggled through a controversy-plagued Senate campaign, will win the primary with a modest vote percentage, despite her near-universal name recognition and the low profiles of her three primary opponents."

Allen A Top Recipient Of "Entertainment-Related" Campaign Contributions. The Washington Post (9/6, B5, Craig, 748K) reports Sen. George Allen (R-Va.) "is a leading recipient of entertainment-related campaign contributions to members of Congress, a nonpartisan analysis released yesterday shows, even as the senator has been criticizing his Democratic opponent's ties to Hollywood." Democrat James Webb "has helped produce several movies, prompting Allen and his surrogates to portray Webb as an elitist more attuned to what Allen called the 'values of Hollywood' than 'the values of Virginia.'" But the Center for Responsive Politics, "a nonprofit research group, said that Allen ranks 16th among members of Congress in campaign contributions received from the entertainment industry during the past two years. Allen has accepted $93,350 since 2004; Webb, $20,650, according to the center." CRP spokeswoman Massie Ritsch said, "There is plenty of data to support that...George Allen gets far more money from the entertainment industry than either Jim Webb or nearly anyone who represents the Hollywood area in Congress." The Post adds Allen campaign manager Dick Wadhams "said the analysis appeared flawed. Allen's haul includes contributions from executives with Time Warner, News Corp., Comcast, Univision Communications Inc., America Online, Krikorian Premiere Theatres, the National Association of Broadcasters, the National Cable & Telecommunications Association and the Walt Disney Co." Wadhams said, "I classify most of those as communications companies."

Unions Have Contributed $43 Million To Federal Candidates. The Washington Times (9/6, McCaslin, 88K) reports in its "Inside the Beltway" column, "Labor Day traditionally kicks off the fall campaign season, and the just-concluded holiday saw unions around the

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country attracting the usual candidates to their parades and picnics -- those leaning left, in other words. So far this election cycle, the Center for Responsive Politics reported yesterday, unions have contributed more than $43 million to federal candidates and parties -- 85 percent of it to Democrats."

Schwarzenegger To Veto Universal Care Bill. The Los Angeles Times/AP (9/6) reports Republican Gov. Arnold Schwarzenegger "announced Tuesday he will veto a universal health care bill that is headed for his desk, saying the measure would set up a 'vast new bureaucracy' that would be too expensive." Schwarzenegger said the "single-payer system proposed by Sen. Sheila Kuehl would 'cost the state billions and lead to significant new taxes on individuals and businesses, without solving the critical issue of affordability." The AP adds Kuehl, D-Santa Monica, "said Schwarzenegger's comments indicated he 'has not read the bill, doesn't understand the bill or is being completely misdirected by his handlers.'"

Schwarzenegger Said To Have Joined The "Girlie Men." In his Washington Post column (9/6), Harold Meyerson says as Sacramento "barreled toward the third straight unproductive legislative session of Schwarzenegger's tenure in office, the governor suddenly began striking deals with the girlie men he had campaigned against for the past couple of years." Most of these bills "were sent to the governor's desk without a single Republican vote for them in either house. During the recent state Republican convention, Schwarzenegger didn't even appear together with the six other Republicans running for statewide office -- all of whom, in the latest poll, are trailing. Schwarzenegger, by contrast, has opened at 13-point lead over" Democrat Phil Angelides "in the most recent poll from the Public Policy Institute of California, and his deals with the Democrats have greatly undercut Angelides's ability to make up that ground." But "the real story is Schwarzenegger's astonishing malleability of identity: He's a right-wing Republican; he's a mainstream Democrat; what's the difference? Partly, this is because he's the only major figure in American politics who didn't get nominated in a party primary or convention, because of the nonpartisan nature of California recall elections. More fundamentally, unlike Ronald Reagan, this is one actor who will take on almost any role if the political exigencies -- that is, winning over independent and some Democratic voters in a heavily Democratic state -- demand it. Call it a triumph of will over identity: Arnold is now a girlie man, too."

Jackson Jr. To Explore Run For Chicago Mayor. The Chicago Tribune (9/6, 623K) reports Rep. Jesse Jackson Jr. (D-Ill.), "a vocal critic of Mayor Richard Daley who has hinted at a possible run for mayor, plans to announce the formation of a mayoral exploratory committee on Wednesday." Others "already in the race are Bill 'Dock' Walls, a one-time aide to the late Mayor Harold Washington, and Dorothy Brown, clerk of the Cook County Circuit Court." Daley "has not announced his intentions, but he is expected to seek a sixth term."

LATimes Says YouTube Subject To Political Misuse. The Los Angeles Times (9/6, 918K) says in an editorial, "At close to 20 million video-hungry users a month — and growing — YouTube.com has become a magnet for budding filmmakers, marketers and entertainment industry executives looking for new ways to reach viewers. Now, with the campaign season upon us, political hatchet men are discovering the site too." YouTube "offers partisans a nearly irresistible combination: It lets them post videos under pseudonyms, and it stores and plays them for free." YouTube is "also a tempting launch pad for political mischief because it is effectively unregulated by the Federal Election Commission, whose Internet rules apply only to paid political advertising. Videos on YouTube don't have to disclose their source or include an on-air approval from a candidate — two requirements for political TV and radio spots."

Annan Announces Three-Step Plan To End Israeli Blockade Of Lebanon. The New York Times (9/6, Hoge, Kifner, 1.21M) reports UN Secretary-General Kofi Annan "said Tuesday that he had put in motion a plan that could lead to a lifting of the Israeli blockade of Lebanon within 48 hours." He told reporters "he was taking action because regional leaders had told him the embargo was the single biggest impediment to beginning the restoration of Lebanon." The Times says Annan "described a three-step process that he hoped would begin later Tuesday with an announcement from President Jacques Chirac of France about deploying French ships along the Lebanese coast." Chirac's "announcement would bring an immediate dispatch of French, Italian and Greek vessels to patrol for two weeks, the time needed for a promised German fleet to arrive." Then, Lebanese Prime Minister Fouad Siniora will "formally authorize the Germans to take up their positions off Lebanon," and "the third and final step that Mr. Annan hopes for is an announcement that Israel will lift the blockade." However, the Times notes, Siniora and Israeli Prime Minister Ehud Olmert "have disagreed on the sequence of events," with Siniora asking "Israel to end its blockade before he authorizes the German assignment."

The Financial Times (9/6, Peel, England) says Paris, Rome and Athens "are being asked urgently to provide naval ships to patrol the Lebanese coast for the next two weeks before the arrival of the German navy, in an attempt to persuade Israel to lift its air and sea blockade of Lebanon." Annan "expressed optimism on Tuesday that diplomatic

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efforts over the next 48 hours would persuade Israel to lift" the blockade. The Times says Annan spoke yesterday by telephone with Chirac, Siniora, Olmert, and Secretary Rice, "to find a way out of the stalemate."

Turkish Lawmakers Approve Border Force Deployment. The AP (9/6, Pitman) reports Ankara "on Tuesday became the first Muslim country with diplomatic ties to Israel to pledge troops to an expanding international peacekeeping force that will monitor a fragile cease-fire between Israel and Hezbollah." Lawmakers "voted in favor of the deployment of peacekeeping troops despite objections from opposition parties and street protests by thousands. While many Turks regard the Lebanon peacekeeping mission as a dangerous venture that could lead to clashes with fellow Muslims, Prime Minister Recep Tayyip Erdogan's party insisted on contributing. He argued it would raise Turkey's profile on the international stage."

France To Play "Tougher Role." The AP (9/6, Keaten) reports, "France is quietly preparing to play a tougher role in the strengthened UN peacekeeping force in Lebanon, rolling out hefty tanks, powerful artillery, and sophisticated radar systems to pinpoint artillery launch sites. … Christopher Foss, editor of Jane's Armour and Artillery publication, said the enhancement to the force will be an 'important test case' for the world body's peacekeepers."

Bush, Kuwaiti Emir Discuss Situation In Mideast. The AP (9/6) reports, "President Bush and the ruler of an oil-rich Mideast ally traded ideas Tuesday on how to make the volatile region more stable." Bush "met in the Oval office with the Kuwaiti emir, Sheik Sabah Al Ahmed Al Sabah. 'Yes, I do agree that there are differences between points of view from the United States and some of our region,' Sheik Sabah said through a translator when the two leaders appeared side-by-side before reporters after their discussions. 'Nevertheless, I would like also to say that there are differences between ourselves, the region. But the goal is to achieve peace and security, and we have seen in a lot of our positions that we are seeing...eye to eye.'" Bush "said he appreciated the emir's 'advice on a variety of matters.'"

Scholar Says Bush Has Offered "Bold" But "Poorly Executed" Ideas For Middle East. In a 1,900-word Wall Street Journal (9/6, A20, 2.03M) op-ed, US Naval Academy distinguished visiting professor Robert Kaplan writes, "No leader since Napoleon has roiled the Middle East as has George W. Bush. By invading Iraq, President Bush set history in motion. By doing so without a strategy for governing it afterwards, he did not plan for the worst, and so the worst has happened. … The carnage caused by Mr. Bush's shattering of the post-Ottoman state system is minor compared to that in the former Soviet Union and its shadow zones after the Berlin Wall fell. Can he keep it that way? Can he undermine Iranian hegemony even as he reduces whatever control he has in Iraq? The president may need to pull closer to the Saudi royals, Egypt's Hosni Mubarak and Jordan's King Abdullah. Weakened by our response to 9/11, terrified by Israeli incompetence in defending their interests in Lebanon, these regimes still demonstrate more enlightenment than their populations. They fear Iran more than do the Europeans. Whatever our ultimate decisions in regards to a nuclearizing Iran, we require all the help we can get. That is what comes of bold ideas, poorly executed."

Khatami Criticizes Bush While On US Tour. The AP (9/5, Wadhams) reports former Iranian President Mohammad Khatami, visiting the US, criticized President Bush in several interviews "as he joined Anglican Archbishop Desmond Tutu and other leaders at the U.N. for a meeting of a group that promotes understanding between Western and Islamic states." Khatami refused to "back off a previous comparison between" Bush and Osama bin Laden, and "also said the U.S. was partly to blame for the turmoil in the Middle East." The Washington Post (9/6, A4, Wright, 748K) reports Khatami also "warned that U.S. military action in the Middle East has backfired, producing greater terrorism, imperiling the future of Iraq and damaging America's long-term interests." But he predicted that the "danger of even greater instability in the region will ultimately prevent" the US from launching military strikes against Iran. The Washington Times (9/6, Sands, 88K) says Khatami "arrives in Washington tomorrow to deliver an address at the National Cathedral."

Romney Tells Massachusetts Agencies Not To Assist Khatami. The AP (9/5, Johnson) reports Massachusetts Gov. Mitt Romney "ordered all state agencies to refuse any assistance -- if it is requested -- when" Khatami visits the Boston area this weekend.

Ahmadinejad Calls For Purge Of Universities. The AP (9/5, Karimi) reports Iranian President Mahmoud Ahmadinejad "urged students Tuesday to push for a purge of liberal and secular university teachers, another sign of his determination to strengthen Islamic fundamentalism in the country." AP says that "with his call echoing the rhetoric of the nation's 1979 Islamic revolution, Ahmadinejad appears determined to remake Iran by reviving the fundamentalist goals pursued" under the Ayatollah Ruhollah Khomeini. Tehran University's Saeed Al-e Agha said, "This is the beginning of a so-called cultural revolution. Ahmadinejad and his allies plan to sweep their opponents from the universities."

Iran Grows In Popularity Among Turks. The Wall Street Journal (9/6, A8, Champion, 2.03M) says that "in the contest for hearts and minds around the Muslim world between Iran and the West, Iran appears to be winning even in Turkey, a member of Western military alliance NATO and the model secular Muslim democracy." A recent survey "indicated Iran has become one of the most popular countries

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among Turks, while feelings toward the U.S. and the European Union have chilled significantly."

Ignatius Says US, Iran Must Open Lines Of Dialogue. In his Washington Post (9/6, A15, 748K) column, David Ignatius explores the possibility for diplomacy between the US and Iran, noting that "during the decades when the United States and the Soviet Union were threatening to annihilate each other with nuclear weapons, they at least had embassies in each other's capitals, cultural and economic exchanges, and a communications 'hot line," but the US and Iran "have none of these confidence-building links to maintain dialogue amid their current confrontation." He examines some efforts underway, and concludes, "In the escalating crisis between the two countries, we are either going to do more talking or we may end up fighting."

Prominent Jordanian Diplomat Enters UN Secretary-General Race. The AP (9/6, Lederer) reports Jordanian PermRep Prince Zeid al-Hussein "announced his candidacy on Tuesday to be the next" UN Secretary-General, "becoming the fifth hopeful and the first Muslim to enter the race." The AP calls Zeid "a widely respected diplomat and former U.N. peacekeeper who is a cousin of King Abdullah II." Zeid "said considering a Muslim candidate was especially important in light of recent events." Zeid joins South Korean Foreign Minister Ban Ki-moon, UN Undersecretary-General for Public Affairs Shashi Tharoor (India), Thai Deputy Prime Minister Surakiart Sathirathai, and former UN disarmament chief Jayantha Dhanapala (Sri Lanka) in the hunt for the five-year post.

Court Certifies Calderón As Winner Of Mexican Election. ABC World News (9/5, story 9, 0:15, Gibson) reported, "There is finally, officially, a winner in Mexico's hotly contested presidential election. The nation's electoral court certified that Felipe Calderon is the victor."

The Los Angeles Times (9/6, Tobar, 918K) reports, "The ruling approved unanimously by the seven judges of the Federal Electoral Tribunal is final and cannot be appealed." But "losing leftist candidate Andres Manuel Lopez Obrador is not expected to concede defeat. In recent days, he has vowed to draft a new constitution and create a parallel government. He also has urged his supporters to continue protests in which they have barricaded key avenues of this capital city and prevented President Vicente Fox from delivering his final state of the nation speech to Congress." The final tally "released by the court today showed that Calderon defeated Lopez Obrador by 233,831 votes out of 41 million cast, or 0.56 of a percentage point, a margin that graphically illustrates divisions in the electorate."

The New York Times (9/6, McKinley, 1.21M) reports "the seven-member court rejected Mr. López Obrador's arguments that the election should be annulled, among other reasons, because Mr. Fox had given speeches attacking him and business leaders had paid millions for illegal, negative advertisements to help Mr. Calderón win."

The AP (9/6, Weissert) says "protesters outside the tribunal wept as the decision was announced and set off firecrackers that shook the building." The AP also reports, "The decision by the seven judges -- who have split their votes in disputes about other elections -- also found that Fox endangered the election by making statements that favored Calderon, and that business leaders broke the law by paying for ads against Lopez Obrador, who promised to govern on behalf of the poor. But the problems weren't serious enough to annul the results, they said."

McClatchy (9/6, Root) reports US Ambassador Tony Garza "congratulated Calderon in a statement that made only an oblique reference to Lopez Obrador. 'In any election, there must be a winner and a loser -- and one key to a strong democracy is having candidates who can be both with grace and dignity,' he said."

The Washington Times (9/6, Stier, 88K) reports the White House also "issued a statement, congratulating the people of Mexico on the certification of a 'free and fair electoral process.' 'We congratulate Felipe Calderon on his victory and look forward to working with him and his team,' according to the statement."

The Washington Post (9/6, A1, Roig-Franzia, 748K) reports, "Speaking moments later, Calderon called for conciliation, saying, 'Mexicans can think differently, but we are not enemies.'" He "declared that 'the electoral process is over and the hour has arrived for unity.'" The Wall Street Journal (9/6, Luhnow, Lyons, 2.03M) says "reconciliation seems unlikely. Within minutes of the decision, Mr. López Obrador's supporters gathered outside the courthouse, setting off loud fireworks, shouting 'fraud' and throwing eggs at onlookers."

The AP (9/6, Carl) reports, "The key question is how many supporters Lopez Obrador has left, and how far they are willing to go to defend his cause. Certainly, his numbers are dwindling." USA Today (9/6, Llana, 2.27M), however, says that "despite that erosion in support in Mexico City, protesters have said they will continue their sit-in and other civil disobedience."

The New York Times (9/6, Lacey, 1.21M) runs a biographical piece on Calderón, while the Christian Science Monitor (9/6, Llana, 58K) ponders whether Mexicans can come together after the grueling campaign.

More Commentary. Jorge Castañeda, Mexico's foreign minister from 2000 to 2003 and now a professor of Latin American studies and international affairs at New York University, writes in the New York Times (9/6, 1.21M), "The main questions facing Mexico now are how Felipe Calderón will govern with a mandate of barely 36 percent, and how,

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indeed whether, he will acknowledge the pent-up social demands of the millions of Mexicans who voted for Mr. López Obrador." Calderón "could start with an idea that is already floating around. He could propose allowing for the re-election of members of Congress, mayors and the president himself. Under the current system, senators, governors and the president serve single six-year terms, while congressmen and mayors are elected for single three-year terms. Re-election, and the accountability it imperfectly provides, does not exist." Also, "most substantively, Mr. Calderón could follow Bill Clinton and Tony Blair's model, but reverse it. Instead of triangulating from right to left, Mexico's new president should take some of the left-ish planks from his rival's platform, refashion them in a way that makes them acceptable to his own followers, and turn them into policy."

The Wall Street Journal (9/6, 2.03M) editorializes, "It's time for Yankees who care about our southern neighbor to stop using Mexico 2006 as an excuse to settle scores from Florida 2000 and start reinforcing the vital institutions of Mexican democracy. The last thing the US needs is an unstable, ungovernable Mexico."

US, South Korea Differ Amid Fears Of Nuclear Test By North. The Christian Science Monitor (9/6, Kirk, 58K) reports the US "and South Korea are trying to work through their differences in hopes of steering North Korea away from conducting a possible underground nuclear test." The Monitor says, "South Korea is adopting what Foreign Minister Ban Ki Moon says are 'concrete' - if unspecified - measures both to counteract the threat and to persuade North Korea of the dangers of provoking a regional crisis. Mr. Ban, however, is equally interested in persuading the senior US diplomat for the region, Christopher Hill, from exacerbating tensions ... . The US is pressing for a strict interpretation of the UN Security Council resolution banning any dealings with the North that might support its arms trade. Such a reading would deepen the economic damage done to the regime by US Treasury Department efforts to curb international trade with North Korea."

Experts Warn Against Imposing Sanctions On North Korea. Former US ambassador to South Korea Donald Gregg and Johns Hopkins University Korean scholar Don Oberdorfer, in an op-ed in the Washington Post (9/6, A15, 748K) argue against US plans to implement new sanctions against North Korea. The authors say that except for Japan, other regional allies like South Korea, China and Russia "believe that a major new drive to further isolate the Pyongyang regime would be a move in the wrong direction." Gregg and Oberdorfer argue for sustained engagement and question the rationale for sanctions, saying they may be motivated by "the visceral hostility that senior Bush administration officials feel toward North Korea" and as a defense "against political charges that the administration has done little or nothing to slow North Korea's nuclear programs." Some top Administration officials "have argued that dangerous actions by North Korea are likely whether or not the United States undertakes new sanctions against Pyongyang. Perhaps so, but they are much more likely if, instead of carrot-and-stick negotiations, the administration withdraws all previous carrots and multiplies the sticks. In this case a U.S. administration will have to share the blame with North Korea if a new international crisis erupts."

Ally Says Blair Will Step Down Next Summer. The New York Times (9/6, Cowell, 1.21M) reports British Environment Minister David Milibrand, "one of Tony Blair's closest political allies, forecast today that he would leave office within 12 months, setting a time frame that the prime minister has shied away from. It was the first time that a senior cabinet official had been so specific on the likely date of Mr. Blair's departure — one of the most often asked questions of British politics." Milibrand made his remarks to the BBC "as London's political village buzzed with leaks and rumors suggesting that loyalist legislators were baying for Mr. Blair's ouster while his closest aides had drawn up a schedule of 'spin" for his resignation." The Times adds, "For his part, Mr. Blair offered no direct comment on the crescendo of speculation that one Labor party official called a 'feeding frenzy.'" The Times notes, "With Mr. Blair's popularity tumbling — most recently because of his opposition to an early cease-fire in the Lebanon war — many legislators now fear for their positions in the polls and want Mr. Blair to state his intentions before bellwether local elections in Scotland and Wales next May." Chancellor of the Exchequer Gordon Brown "has remained publicly aloof from the current phase of the succession debate."

The Financial Times (9/6, Blitz) says Milibrand "assured Labour members of parliament that the UK prime minister would quit his job in 12 months, seeking to calm unease within the ruling party over the premier's plans." USA Today/AP (9/6, Gardiner) notes The Sun tabloid carries a story today the Blair "will step down as Prime Minister in July 2007 after more than 10 years leading his country." He "intends to resign as leader of the governing Labour party on May 31, 2007 — triggering a leadership election likely to take around eight weeks. He would then be replaced as Prime Minister on July 26."

China Says It Will Cut Ties To Zambia If Opposition Candidate Is Elected President. The Financial Times (9/6, Reed) reports, "The Chinese government has intervened in Zambia's upcoming presidential election in a forceful sign of the commodity-hungry country's growing economic and political clout in Africa." Li Baodong, China's ambassador in Lusaka, "said

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Beijing might cut diplomatic relations with Zambia if voters elected Michael Sata, an opposition candidate, as president, Zambian media reported on Tuesday." His remarks are "the first sign of overt political interference by China in African affairs in decades, reflecting Beijing's rapidly expanding role as an investor on the continent and as a client for long-term supplies of raw materials. China is a leading investor in Zambian copper, the country's biggest export product by value." Sata "has been quoted calling Taiwan a 'sovereign state,' angering China, and has also spoken out against Chinese labour practices in Zambia. Recognition of Taiwan would mean turning away from the country's ties with Beijing."

AU Says Its Force Will Leave Darfur On Sept 30 Unless Khartoum Reverses Stance. The New York Times (9/6, Polgreen, 1.21M) reports African Union leaders "said Tuesday that it would quit the war-ravaged Darfur region by the end of the month if Sudan did not agree to allow United Nations peacekeepers to take over its mission here." That stance, "in effect refusing an offer from Sudan and its allies to pay the troops in Darfur with money from the Arab League, leads the crisis in western Sudan to the edge of a once unthinkable precipice: the possibility that after the end of this month there will be no outside peacekeepers at all in Darfur." AU leaders "stressed that negotiations were continuing on the future of the force and the possibility of a United Nations transfer, but also quietly began preparing plans to extricate the 7,000 troops, a complex and costly proposition for an outfit that is nearly out of cash." The Times says an absence of outside forces in Darfur "would almost certainly open a bloody chapter in" the lengthy conflict. UN Secretary-General Kofi Annan "told reporters in Egypt that Sudan would be making a grave mistake by causing a vacuum in Darfur. 'The international community has been feeding about three million people in camps, and if we have to leave because of lack of security, lack of access to the people, then what happens?' he asked." The AU's Peace and Security Council, "which must decide the future of the force, will meet again on Sept. 18. Until then, the fate of the force remains uncertain."

In a front page piece entitled, "In Darfur's Death Grip," the Washington Post (9/6, A1, Timberg, 748K) details a spasm of "killing" that "spread across three days and devastated Deker and several other villages, as well as the town of Korma, about 45 miles northwest of El Fasher, the capital of North Darfur state. The incident, in the first week of July, is among dozens reportedly involving civilian casualties as the three-year-old war in Darfur has moved into a newly lethal phase since the signing of a peace deal in May." An array of "new forces, armed with expanded weapons stocks and backed by government planes making bombing runs, are augmenting the Janjaweed militias that already were raping, looting and killing their way through Darfur."

WPost Criticizes Chinese Official's Statements On Darfur. The Washington Post (9/6, A14, 748K) editorializes, "Wang Guangya, China's ambassador to the United Nations, made a formal statement on Darfur that calls into question China's claim to be treated as a responsible international player. Mr. Wang began by saying that China wants UN peacekeepers to be deployed in Darfur, calling this a 'good idea and realistic option,' one that should be done 'as soon as feasible.'" But "then he went on to explain that China was refusing to support the UN resolution calling for such a deployment. Unless China changes its position, the result may well be tens of thousands of civilian deaths." The Post adds, "If China really is sincere about its desire to see peacekeepers in Darfur, it should tell its allies in Sudan's government to call off their military offensive and accept UN peacekeepers immediately."

Russia Postpones Joint Military Exercises With US. The Washington Post (9/6, Finn, Tyson, 748K) reports, "Citing legal problems, Russia's Defense Ministry on Tuesday abruptly postponed joint military exercises with American forces that were scheduled to start later this month in central Russia. The exercises were drawing increasing criticism from the Communist Party and other groups angry over the prospect of U.S. troops on Russian soil." The Post quotes an anonymous DOD official who "said the size of the U.S. force has been a point of contention." The article cites examples of growing friction between Russia and the US and remarks, "The [Russian] Defense Ministry declined to explain the status issues or why they arose now between two countries that conducted joint exercises in Russia as recently as last year."

Thousands Protest Plan for Peacekeepers In Somalia. The AP (9/6, Nor) reports that not only did thousands of people protest plans for a peacekeeping force in Somalia, but the plans "faces two major obstacles: The U.N. must lift an arms embargo on Somalia that has been in place for more than 10 years to allow peacekeepers to enter the country, and the African Union must release funds to back the mission, which is expected to cost $34 million a month."

US Ambassador Urges EU To Address Regulatory Reform. US ambassador to the EU C. Boyden Gray in an op-ed in the Wall Street Journal (9/6, 2.03M) writes that while a "key" to improving the EU economy is regulatory reform, the EU "is having difficulty turning the excellent intentions of its 'better regulation' policy into reality." For example the EU chemicals regulation "Reach" still "has

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flaws that will hurt small European businesses and foreign companies in particular." Failure to adequately reform "Reach" like the Doha round failures "could seriously damage the cause of free trade" and "discredit the idea of 'better regulation,' even if the EU promises to do better next time. Approving Reach in its current form would likely undermine 'better regulation' and with it much of the Lisbon agenda. Conversely, a reform of Reach would greatly invigorate regulatory reform generally. In short, the EU needs a reform victory, not a defeat."

UK Chancellor Warns Against Rise Of Protectionism. U.K. Chancellor of the Exchequer Gordon Brown in an op-ed in the Wall Street Journal (9/6, 2.03M) writes that among all the economic turbulence this summer "perhaps the most worrying for the long term is the stalling of the Doha round of world trade talks. And this trade failure is helping to give cover to a protectionist backlash that is seeing the growth of populism in Latin America, a resort to 'national champions' in Europe and protectionist calls in the U.S." Brown believes protectionism must be challenged on the grounds of high ideals like freedom and democracy. Brown concludes, "It is one of the great ironies that the greatest damage to globalization today is not being inflicted by the demonstrations and running protests that have marked trade negotiations over the years. The wound is self-inflicted, caused by our failure, as the world's wealthiest countries, beneficiaries of globalization, to agree to trade liberalization. So let Singapore be a start to winning the high ground on trade and globalization -- and a victory for the power of both argument and action."

WSJournal Argues For Ending Subsidies For Airbus A350 Plane. The Wall Street Journal (9/6, 2.03M) writes in an editorial that reforming operations at Airbus is "turning out to be a sizable job" and blames the company's problems in part on government subsidies. The Journal argues that ending subsidies for the midsize A350 airplane are necessary and "might be difficult, but the alternatives aren't attractive either. With EADS's partner in Airbus, the U.K.'s BAE Systems, looking to pull out of the joint venture, British officials are squeezing Airbus and EADS for assurances that the U.K. won't lose jobs as a result." The Journal concludes, "EADS co-CEO Thomas Enders had the right answer when asked about U.K. jobs in July: 'There are no guarantees. The jobs all over the company…have to be competitive, and they have to be innovative. That is the best assurance that they will stay.' Sticking by that smart philosophy would be easier if Airbus were to drop its dependence on subsidies."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Mexico Judges Name Calderon Winner Of Vote."
"Once Again, Redstone Shakes Up Viacom."
"Now This Is A Tough Commute."
"Don't Adjust Your Set: Her Brightness Is A Contrast."
"Chevron Reports Major Oil Field Find."
"Ideas Key To Beating Terrorists, Bush Says."
"The Online Box Office Is Growing."
"Army To Use Geneva Rules For Detainees."

USA Today:
"Bill Ford Hands Keys To New CEO."
"Mannings Ready To Go Head-To-Head."
"Grand Jury Looks At Katrina Deaths."

New York Times
"Ford Brings In Outsider To Help Run The Company."
"Election Ruling In Mexico Goes To Conservative."
"In Bellwether District, G.O.P. Runs On Immigration."
"To Stay Alive, Iraqis Change Their Names."
"Zoroastrians Keep The Faith, And Keep Dwindling."
"Illness Persisting In 9/11 Workers, Big Study Finds."

Washington Post:
"Bush Warns Of Enduring Terror Threat."
"Male Bass Across Region Found To Be Bearing Eggs."
"William C. Ford Steps Down As Auto Firm's CEO."
"In Darfur's Death Grip."
"Mexican Court Declares Calderón President-Elect."

Washington Times:
"Court Declares Calderon Winner."
"Worst Is Over, Castro Asserts."
"Chevron Taps Vast Oil Pool In Gulf."
"Democrats Say U.S. Less Safe Since 9/11."
"Arizona Voters Driven By Border."
"Beauties Already Winners."
"Voting Records Reveal Cropp-Fenty Divisions."

Detroit Free Press:
"Ford's New Face."

Atlanta Journal-Constitution:
"Bush Pushes Security Agenda."
"Delta Can End Pilot Pensions, Judge Says."
"Oil Relief In Sight?"
"Holiday Plans End In Death For Family Of 4."
"Haute Cuisine Is Lean, But Don't Call It Healthy."

Houston Chronicle:
"With Calderon President, The Real Battle Has Begun."
"New Oil Field Deep In The Gulf A Potential Giant."
"Praise For Couric, But Not Show's New Format."

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"Red-Light Revenue May Exceed City Estimate."
"Pentagon Now Will Ban Secret Interrogation Tactics."

Story Lineup From Last Night's Network News:
ABC: Pakistan-Bin Laden Deal; Bush-Terrorism Plan; Bush-Analysis; Gulf Oil Discovery; Oil Drilling Technology; Gas Prices; Bush-Transportation Nominee; Tropical Storm Florence; New Mexican President; Autism Discovery; FDA-Artificial Heart; John Lennon.
CBS: Taliban's Return-Afghanistan; Bush Speeches; War On Terror Analysis; New Source Of Oil; Opinion Segment; Suri Cruise Baby Pictures; Gifts From America.
NBC: New Source Of Oil; Bush-Terrorism Plan; Bush-Analysis; New Defense Weapons; 9/11 Health Risk; Justice Kennedy Hospitalized; Bill Ford Steps Down; Intel Restructuring; The American Barn.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush-War On Terror Speech; Gulf Of Mexico-Oil Found.
CBS: Ford-New CEO; Bush-War On Terror Speech; Ground Zero Workers-Health Problems; FDA-Mercury In Dental Fillings; FL-Primary Election.
NPR: FL-Primary Election; Bush-War On Terror Speech; Intel-Job Cuts; Iraq-US KIA; Memo-Blair To Step Down Next July; Foreign stock Markets.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the cabinet, Cabinet Room.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9 a.m. APPROPRIATIONS _ Labor, HHS, Education Subcommittee. Hearing on stem cell research. James Battey, Chairman, NIH Stem Cell Task Force; Robert Lanza, Advanced Cell Technologies; Kevin Eggan, Harvard University; Ronald Green, Dartmouth College. Location: Room 124, Dirksen.

9:30 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Oversight hearing on federal renewable fuels programs. William Wehrum, EPA; Alexander Karsner; Assistant Secretary for Energy Efficiency & Renewable Energy; USDA Chief Economist Keith Collins. Location: Room 406, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on stock options backdating. SEC Chairman Christopher Cox, Public Company Accounting Oversight Board Chairman Mark Olson; Erik Lie, University of Iowa; Lynn Turner, Glass Lewis and Co.; Russell Read, California Public Employees' Retirement System; Kurt Schacht, CFA Centre for Financial Market Integrity. Location: Room 538, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on executive compensation.The following witnesses are scheduled to testify: Deputy Attorney General Paul J. McNulty; IRS Commissioner Mark Everson; Linda Thompson, Director, Division of Enforcement, SEC; Nell Minow, Editor, The Corporate Library, Portland, Me.; Lucian A. Bebchuk, Harvard Law School; Charles M. Elson, Lerner College of Business and Economics, University of Delaware; Steven Balsam, The Fox School of Business and Management, Temple University. Location: Room 215, Dirksen.

11 a.m. JUDICIARY _ Full Committee. Hearing on competition in group health care. Location: Room 226, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Hearing on pending judicial nominations. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on intelligence matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 2 p.m. Meets for legislative business. Highlights: Suspensions (6 bills): 1) H.Res. 605 - Recognizing the life of Preston Robert Tisch and his outstanding contributions to New York City, the New York Giants Football Club, the National Football League, and the United States; 2) H.Res. 912 - Supporting the goals and ideals of National Life Insurance Awareness Month; 3) H.R. 2491 - International Solid Waste Importation and Management Act of 2005; 4) H.Res. 875 - Congratulating Spelman College on the occasion of its 125th anniversary; 5) S. 3534 - YouthBuild Transfer Act; 6) H.R. 2808 - Abraham Lincoln Commemorative Coin Act.

1 p.m. GOVERNMENT REFORM _ National Security, Emerging Threats and International Relations Subcommittee. Hearing on the effectiveness of the President's Emergency Plan for AIDS relief. Mark R. Dybul, U.S. global AIDS coordinator, State Department; Kent Hill, USAID; David Gootnick, GAO; Helene Gayle, president and CEO, CARE USA; Lucy Sawere Nkya, member, Tanzanian Parliament; Edward C. Green, Harvard Center for Population and Development Studies. Location: Room 2154, Rayburn.

1 p.m. JUDICIARY _ Crime, Terrorism and Homeland Security Subcommittee. Hearing on pending legislation. Location: Room 2141, Rayburn.

2 p.m. GOVERNMENT REFORM _ Federalism and the Census Subcommittee. Hearing on correct reporting of intercensal population estimates. Location: Room 2247, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ Africa, Global Human Rights and International Operations Subcommittee. Hearing on the UN Human Rights Council. Deputy Assistant Secretary of State Mark Lagon; Deputy Assistant Secretary of

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State Erica Barks-Ruggles; Brett Schaefer, The Heritage Foundation; Hillel C. Neuer, United Nations Watch; Jennifer Windsor, Freedom House. Location: Room 2172, Rayburn.

5 p.m. RULES _ Full Committee. Hearing on rules for floor debate. Location: Room H-313, Capitol.

Other: TOWNS _ Annual meeting of the National Association of Towns and Townships. Highlights: 10:30 a.m. House Majority Leader Rep. John Boehner. 11 a.m. Session on homeland security and public safety, with Assistant DHS Secretary Tracy Henke, Pennsylvania Homeland Security Director James Powers, others. 1:30 p.m. Agriculture Secretary Johanns. Location: Holiday Inn on the Hill, 415 New Jersey Ave. NW.

BLACK CAUCUS-LEGISLATIVE _ The Congressional Black Caucus Foundation holds its 36th Annual Legislative Conference. Highlights: 10:30 a.m. Opening press conference with Congressional Black Caucus Chairman Melvin L. Watt; Congressional Black Caucus Foundation, Inc., Chairman Kendrick B. Meek, others. Location: Washington Convention Center, 801 Mount Vernon Place NW., unless otherwise noted.

KOREAS-SECURITY _ 9:30 a.m. - 5:45 p.m. the History and Public Policy Program and the Asia Program of the Woodrow Wilson International Center for Scholars, together with the Graduate School of North Korean Studies at Kyungnam University in Seoul, will host a day-long symposium ``The Quest for Self-Reliant Security in Both Koreas, Then and Now. Experts from the U.S., Korea, and Germany will provide historical perspective and present analysis of the issue that is at the heart of the acute tensions now endangering the U.S./South Korean alliance: Koreas desire to create a self-reliant security posture while at the same time maintaining its alliance with the United States. Location: Woodrow Wilson International Center for Scholars, 5th Floor Conference Room, Ronald Reagan Building, 1300 Pennsylvania Ave. NW.

DISASTER PREPAREDNESS _ 8:30 a.m. David M. Walker, Comptroller General of the United States, and Max Stier, president, Partnership for Public Service, hold a press conference to release GAO Reports about disaster preparedness and response. Location: Continental C Room, Ronald Reagan Building and International Trade Center, 1300 Pennsylvania Ave. NW.

WORLD ECONOMIC OUTLOOK _ 8:30 a.m. The International Monetary Fund holds a news conference to release the World Economic Outlook report. Location: Room B-702, IMF, 720 19th St. NW.

WORLD AFFAIRS SURVEY _ 9:30 a.m. The North American launch of Strategic Survey will be held. The Survey is the annual evaluation and forecast of world affairs prepared by the International Institute for Strategic Studies and features contributions from Alex Nicoll , Editor, Strategic Survey; and IISS Director for Defence Analysis; and Mark Fitzpatrick, IISS Senior Fellow for Non-Proliferation. The event will be moderated by Adam Ward, Executive Director, IISS-US. Location: 1850 K St. NW, Suite 300.

9/11 DAY _ 10:15 a.m. Rep. Peter King, R-N.Y., chairman of the House Committee on Homeland Security, and Sen. Charles Schumer, D-N.Y., co-chairs of the Honorary Congressional Advisory Board of the 9/11 nonprofit group One Day's Pay, will be joined by Rep. Michael A. Ferguson, R-N.J., and others in Washington to urge President George Bush to officially proclaim 9/11 as a national day of charitable service and good deeds. Location: Room 210, Cannon House Office Building.

DEMOCRATS-LABOR _ 11:30 a.m. The Democratic Leadership Council, along with Iowa Governor and DLC Chair Tom Vilsack, DLC founder & CEO Al From, AFL-CIO President John Sweeney, AFSCME President Gerald McEntee, United Steelworkers President Leo Gerard, others hold a news conference to make a ``major" announcement regarding labor and worker protection issues. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

STATES-UNINSURED _ 12 p.m. The Heritage Foundation hosts a luncheon seminar, ``Creative Federalism: A Bipartisan Approach for State Action on the Uninsured. Participants are: Reps. Tammy Baldwin, D-Wis., and Tom Price, R-Ga.; Stuart Butler, vice president, domestic and economic policy studies, Heritage Foundation; and Henry J. Aaron, senior fellow, economic studies, Brookings Institution. Location: Room B-369, Rayburn House Office Building.

IMMIGRATION _ 12:30 p.m. Briefing by groups organizing a Sept. 7 protest rally on the immigration system. The briefing will discuss detention and enforcement consequences of the U.S. immigration system. Location: United Methodist Building, 100 Maryland Ave. NE.

FOREIGN AID _ 4 p.m. Andrew Natsios, former Administrator of USAID; and Carol Lancaster, former Deputy Administrator of USAID, debate the topic, ``To meet the Millennium Development Goals and reduce world poverty substantially, the governments of rich countries should double their aid in the next three years." Location: Gaston Hall, third floor, Healy Hall, Georgetown University, 37th & O Streets NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, SEPTEMBER 6, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Bush Warns Of Enduring Terror Threat (WP) 5
Bush Uses Bin Laden Quotes For War Rally (AP-Y)....6
Bush Sees Gains In War With More Scattered Foe (LAT) 7
Bush Warns Of Underestimating 'Evil' Men's Words (WT) 9
President Bush, Democrats Spar Over National Security (MCT) 10
Bush: America Safer 5 Years After 9/11 (USAT) 11
Looking To Elections, Bush And Democrats Spar On National Security (NYT) 12
Individuals, Small Groups Cited As Terrorist Threats (WP).... 13
Bush's Terror-Fighting Strategy Focuses On Iran (WSJ) 14
Bush: Won't Allow A Nuclear-armed Iran (AP) 15
U.S. Officials Press For Iran Sanctions (AP) 16
Democrats Say U.S. Less Safe Since 9/11 (WT) 17
Congress Is Back, Its Sights On War (CSM) 18
OK, Let's Talk About Security, Say Dems (HILL) 19
Congress Consumed By Politics (AP-Y) 20
Candidates Of Both Parties Turn Criticism Of Rumsfeld Into Political Chorus (NYT) 21
Republican Candidates Up Criticism Of Sec. Rumsfeld (HILL) 23
Republicans Set Stage To Block Votes On Rumsfeld (WSJ) 24
New Themes For The Same Old Songs (NYT) 25
Revised Army Rules To Prohibit Torture (LAT) 26
GOP Senators Differ With President On Military Trials (WP) . 27
Attorney General Gonzales Supports Military Tribunals (MCT) 29
Bush Stresses Importance Of War On Terrorism (MCT) 30
Bush Says Al-Qaeda Remains Threat 5 Years After 9-11 (Update4) (BLOOM) 31
Editorial: Prosecution Dispute (STNIA) 33
Republican Rift Over Wiretapping Widens (WP) 35
Judge Hears Arguments On Federal Spying Program (NYT) 36
DOJ Losing Ground In Wiretap Fight (LAW) 37
Police Arrest Nine In Terrorism Plot (WT/AP) 40
Danish Antiterror Police Seize 9 Men, Mostly Young Muslims (NYT) 41
Terrorist Plot Uncovered In Denmark (LAT) 42
Danish Police Detain 9 In Alleged Terror Plot (WP/AP) 43
O'Connor: More Terror-Related Decisions Await Court (AP) .43
N.Y. Prosecutors Want Lawyer Punished (FINDLAW/AP) 44

Homeland Response:

Philadelphia FBI: We're On Top Of Terror Threat (PHI) 45
FBI Details Local Antiterror Efforts (PHI) 46
Charges Dropped In Mich. Cell Phone Case (AP) 47
Federal Judge Drops Remaining Charges In Thumb Terrorism Case (DEN) 47
Arab-American Men Freed In Cell Phone Case (FREEP) 48
Airlines Watch For Terror-Plot Effect (WSJ) 48
Former TSA Workers' Data Exposed (USAT) 49
Lung Problems Rife Among WTC Responders (AP) 49
Many 9/11 Workers Have Lung Issues, Report Says (NYT) 50
The Other Victims Of Sept. 11 (opinion) (NYT) 51
9/11 Miniseries Is Criticized As Inaccurate And Biased (NYT) 52
Proposals To Revise FEMA May Be In Jeopardy On Capitol Hill (WP) 53

War News:

Rice Likens Iraq And Civil War Critics (AP) 54
Rice Finds Similarities To U.S. Civil War (WT) 54
Iraqi Parliament Adds Month To 2-Year State Of Emergency (NYT) 55
Iraq Extends State Of Emergency (AP) 56
A Third Of Lawmakers In Iraq Skip Session (LAT) 57
Iraq's Endangered Journalists (NYT) 58
To Stay Alive, Iraqis Change Their Names (NYT) 60

Pakistan Reaches Peace Accord With Pro-Taliban Militias (WP) 62
US Regrets Friendly-fire Death Of Canadian Soldier In Afghanistan (AFP) 63
GAO Seeks Strategic Plan On Broadcasts To Arab World (WP/AP) 64
Antiwar Message Travels From Texas To Washington (WP) 65
The Myth Of Immaculate Warfare (USAT) 65

DOJ:

Bush Names Pick For No. 3 Justice Post (AP) 67
New Database Merges FBI, Homeland Security Fingerprint Systems (MERCN/MCT) 67
DOJ Seeks To Expand Scope Of Fingerprint Record System (FCW) 68

Corporate Scandals:

Congress Examining Stock Options Timing (AP-Y) 69
Report Estimates The Costs Of A Stock Options Scandal (NYT) 70
Backdating Probe Hits N.J. Firms (LAW) 71
Steve Jobs Should Address Options Scandals (WSJ) 73
SEC Investigating XM's Subscriber, Recruiting Figures (WP/AP) 74

Criminal Law:

U.S. Attorney General Says Cities Must Work Harder Against Crime But Won't Get More Money (AP) 75
Feds Look At Congressman And A Land Deal (AP-Y) 75
Lobbying Probe Looks At Payments To DeLay's Wife (WSJ) .. 77
Rodriguez Jury Set To Weigh Death Or Life (MINNST) 77
Ryan Faces Sentencing (CHIT) 79
Ryan Attorneys Pleading For Mercy As Sentencing Day Arrives (AP) 80
Local Bowers Decides To Go To Trial (MCA) 82
Bowers Asks For Trial Date To Be Set In Waltz Case (AP) 82
Judge Says Investment Adviser Won't Have To Testify In Vigil Trial (AP) 82
Polygamist Leader Back In Utah (NSDY/AP) 83
Jeffs To Appear Before A Judge In Utah Today (DESERET) . 84
Former Fugitive Jeffs Arrives In Utah (SLT) 86
In Secret Prison Recordings, Gotti Rages About Demotion (NYT) 86
'I'm Dopey, Remember?' (NYDN) 87
GOTTI FAMILY FEUD (NYPOST) 88
Hornsby Pleads Not Guilty (WP) 89
Hornsby Pleads Not Guilty To Schools Fraud (WT) 89
Kids Run, Shout, Fight — And Foil Abductions (USAT) 90
Police Investigate Almost A Dozen Shootings In Metro New Orleans (AP) 91
Grand Jury Looks At Katrina Deaths (USAT) 92
N.Y. Man Pleads Guilty In Prostitution Case (CAMCP) 93
NYC Pimp Admits Transporting Girls For Prostitution Ring (NSDY/AP) 94
Latest Antiporn Target: Hotel-room TV (CSM) 94
Child Porn Case Reverberates (FBEE) 95
U.S. Death Penalty Case Set To Begin For 2 Accused In Kidnappings And Body Dumps (AP) 96
Time For Answers (NYT) 97

Civil Law:

Judge Awards $3M To Mob Victim Family (AP) 98
FBI Found Liable For Bulger, Flemmi (BOS) 99
Whitey Victim's Mom Gets $3.1M From FBI: More Suits Could Follow (BOSH) 100
National Briefing (NYT) 101
Court Victory Puts Crooked G-men On Slippery Slope (BOSH) 102
Pay Plan At Dana Ruled Illegal (NYT) 102

Civil Rights:

Man Dies After Police Use Taser (AP) 104
VRA Battle Heads Into Litigation (HILL) 105
'Offensive' Speech Gets Narrow Reading At 2nd Circuit (LAW) 106
Court To Hear House Prayer Appeal (ECP) 107

Antitrust:

Sun, Unisys File Suit Over Memory Chips (AP) 108
$21.9M Antitrust Settlement Wins OK In N.J. Federal Court (LAW) 109
Clemens To Be Sold To Two Firms (PHI) 111
Key Senator Lines Up Behind Love Plan (DMN) 112
Battle Building Over Net 'Tollgate' (LAW) 113
Universal Music To Buy BMG Music Publishing For $2.05 Billion (AP) 115
Vivendi Nears Deal To Buy BMG For $2.1 Billion, Besting Rivals (WSJ) 116
France's Geophysique To Buy U.S. Rival Veritas For $3.1 Billion (WSJ) 117
Phelps Dodge, Giving Up On Inco, Could Become A Takeover Prospect (WSJ) 117

Environment/Indian Affairs:

No Jeffco Jurors In Sewer Trial? (BN) 118
Appeal Planned On Ruling (KCS) 119

DOJ_NMG_0058341

Vaccine Futures (NYT) 119

FBI/DEA/ATF/USMS:

Reporters To Appeal In Bonds Leak Case (AP) 120
Men Caught With Cartel Suspect To Appear Before Grand Jury (SDUT) 120
Two Newark Officers Admit Dealing OxyContin (AP) 121
Two Cops Admit Buying, Then Selling, Painkillers (APP) 121
Legal Pot Amendment People To DEA: Lose The Soapbox (NW) 122
Flashlight Body Search Violated Rights (AP) 123
N.F.L. Considers A Stronger Drug-Testing Program (NYT) . 123
Pot Farms Ravaging Park Land (SFC) 125

Immigration:

GOP Narrowing Border Strategy (RC) 126
In Bellwether District, G.O.P. Runs On Immigration (NYT) .. 127
Immigration Stalemate (WSJ) 129
Arizona Voters Driven By Border (WT) 131
The Immigration Dodge (LAT) 133

Tax:

Estates Of Virginia (WSJ) 134

Congress-Administration:

Conservatives Urge One More Push For Judges (RC) 134
Bush, Big Three To Meet After The November Election (FWST) 136
Bush To Meet Big 3 Automakers After Elections To Avoid Politics (WT) 136
Bush Chooses Transportation Nominee (NYT) 137
For The President, An Arrival . . . (WP) 138
Bush Taps Mineta Replacement (WT) 139
Bush Taps Peters For Transportation (AP-Y) 139
Highways Official Named Transport Secretary (FT) 140
One Up, One Out: More Bush Lineup Changes (LAT) 141
Medicare Chief McClellan Steps Down (WSJ) 143
Medicare Head Confirms Plan He Will Resign (NYT) 143
. . . And A Departure (WP) 144
Medicare Chief McClellan Is Resigning (AP-Y) 145
'Do-Nothing Congress' Vilified (WT) 146
Return To Stalemate (WP) 147
Neither Side Deserves To Be Reelected (HILL) 148
Leaders Under Pressure (HILL) 149
Frist Seeks To Revive Wage, Estate Tax Bill (RC) 150
Dismissal In The Desert (WSJ) 151
House GOP Plans Earmark Reform In Appeal To Conservative Base (HILL) 157
Don't Blame The GOP (USAT) 159
Workers To Get Enhanced Dental And Vision Insurance (WP) 160
Rumsfeld Has Shoulder Surgery (AP-Y) 161
Justice Kennedy Has Stent Put In Artery (NYT) 161
Health Scare (RC) 162
In Congress, A Whole Lot Of Half-Truths (WP) 163

Other News:

Gulf Of Mexico Site Could Yield Up To 15 Billion Barrels (USAT) 164
Tests Suggest Major Gulf Of Mexico Oil Discovery (LAT/AP) 165
Big Oil Find Is Reported Deep In Gulf (NYT) 166
Chevron Hails Gulf Test Drill Results (FT) 167
U.S. Oil Reserves Get A Big Boost (WP) 168
Chevron Reports Major Oil Field Find (LAT) 169
IMF Warns Of 'severe Global Slowdown' (FT) 171
Outline For Global Economic Forecast Is Detailed (WSJ) ... 172
Home-Price Rises Slow The Most In Over 30 Years (WSJ) . 172
Growth Slows In Housing Market (WP) 173
Stocks Edge Higher In Cheerful Start To Historically Tough Term For Market (WSJ) 174
Third Candidates Could Tilt Number Of Races (USAT) 175
Candidates Split On Halting 9/11 Events (RC) 176
In Iowa-1, It's Who Will Get The Blues (HILL) 177
Lieberman Redux In Rhode Island? (WP) 179
Inside Politics (WT) 180
Veterans Thank Lieberman For War Backing (AP-Y) 182
Florida Republicans Choose Katherine Harris (NYT) 182
Rep. Harris Wins GOP Primary For U.S. Senate Seat In Florida (WP) 183
Entertainment Industry Donates To Allen's Bid (WP) 184
Inside The Beltway (WT) 185
Gov. Vows To Veto Health Care Bill (LAT/AP) 186
Going Over To The Girlie Men (WP) 187
U.S. Rep. Jesse Jackson Jr. To Explore Run For Mayor (CHIT) 188
The First YouTube Election (LAT) 188
Annan Hopeful On Easing Israeli Blockade Of Lebanon (NYT) 189
Annan Urges Naval Patrol For Lebanon (FT) 190
Turkey Pledges Peacekeepers For Lebanon (AP) 191
France Toughening U.N. Peacekeeping Role (AP) 192
Bush, Kuwaiti Emir Discuss Mideast (AP-Y) 193
Hostage To Fortune (WSJ) 194
Former Iranian President Criticizes Bush (AP) 196
War Backfiring On U.S., Khatami Says (WP) 197

DOJ_NMG_0058342

Khatami To Speak At D.C. Cathedral (WT) 198
Romney Orders State Agencies Not To Cooperate With Iranian Leader (AP) 199
Iran Head Wants Liberal Teachers Ousted (AP) 200
Iran Winning Turkish Hearts, Minds (WSJ) 201
In Iran, Searching For Common Ground (WP) 203
Jordanian Seeks To Succeed Annan (AP) 204
Calderon Named Mexico's President-Elect (LAT) 204
Election Ruling In Mexico Goes To Conservative (NYT) 205
Calderon Named Mexico's President-elect (AP) 207
Court Declares Felipe Calderon The Next President Of Mexico (MCT) 209
Court Declares Calderon Winner (WT) 210
Mexican Court Declares CalderÃ³n President-Elect (WP) ... 211
Calderón Wins Mexico's Presidential Election (WSJ) 212
Mexico Political Future Still Uncertain (AP) 214
Mexican Election Is Decided; Everything Else Still Up In Air (USAT) 215
Felipe Calderón: A Politician At Birth (NYT) 216
At Last, A Victor In Mexico (CSM) 217
A Way To Peace In Mexico (NYT) 218
Mexican Drama (WSJ) 219
US And S. Korea Strive For Unity Amid Fears Of A Of N. Korean Nuke Test (CSM) 221
Wrong Path On North Korea (WP) 222
Blair Will Exit Within Year, Close Aide Predicts (NYT) 223
Key Ally Sees Blair Quitting Within Year (FT) 224
Report: Blair Leaving Office In July '07 (USAT/AP) 224
China Intervenes In Zambian Election (FT) 225
Africa Monitors Threatening To Quit Sudan (NYT) 226
In Darfur's Death Grip (WP) 227
Responsible China? (WP) 228
U.S.-Russian Exercises Postponed By Moscow (WP) 229
Somalis Protest Plan For Peacekeepers (AP) 230
Chemical Reaction (WSJ) 231
The Protectionist Backlash (WSJ) 232
Airbus Agonistes (WSJ) 233

DOJ_NMG_0058343

TERRORISM NEWS:

Bush Warns Of Enduring Terror Threat (WP)

By Michael A. Fletcher

The Washington Post, September 6, 2006

President Bush issued a stern warning yesterday about what he called the continuing terrorist threat confronting the nation, using the haunting words of Islamic extremists to support his assertion that they remain determined to attack the United States.

Abandoning his practice of only rarely mentioning al-Qaeda leader Osama bin Laden, Bush repeatedly quoted him and purported terrorist letters, recordings and documents to make his case that terrorists have broad totalitarian ambitions and believe the war in Iraq is a key theater in a wider struggle.

"Iraq is not a distraction in their war against America" but the "central battlefield where this war will be decided," Bush said in an address before the Military Officers Association of America.

Citing the internal communications of terrorists was a dramatic new tactic to advance familiar arguments from Bush in defense of his strategy. The remarks came less than a week before the nation observes the fifth anniversary of the Sept. 11, 2001, attacks, and two months before midterm elections in which the administration's national strategy and competence promise to be pivotal questions. That debate was underscored by sharp criticism of Bush yesterday by Democratic congressional leaders.

The president's remarks came hours after the White House released its updated plan for combating terrorism. The document describes many successes in the war on terrorism, but warns that the nation faces an evolving threat from small terrorist networks and al-Qaeda, which is as much an ideology as a terrorist network. The document calls the administration's policy of spreading freedom and democracy the best means of countering that threat over the long haul.

"America is safer, but we are not yet safe," the document concludes.

Several top Democrats, acting with the centrist group Third Way, cited their own document charging that U.S. national security has diminished broadly under Bush, for reasons including instability in Iraq and burgeoning nuclear programs in Iran and North Korea.

"The facts do not lie," said Senate Minority Leader Harry M. Reid (Nev.). "Under the Bush administration and this Republican Congress, America is less safe, facing greater threats and unprepared for the dangerous world in which we live."

At a news conference, Reid accused Bush and Republicans of trying to exploit national security for partisan gains. Likening their tactics to a football team's reliance on a familiar play, he said Republicans scored big yardage in 2002 and 2004, but he predicted that this year they will be stifled at the line of scrimmage.

In his speech, Bush said terrorist leaders' statements have made plain their goals, which he called the present-day equivalent of the "evil" aims of Vladimir Lenin and Adolf Hitler.

"Bin Laden and his terrorist allies have made their intentions as clear as Lenin and Hitler before them. The question is: Will we listen? Will we pay attention to what these evil men say?" Bush said, adding that "we're taking the words of the enemy seriously."

Meanwhile, the bipartisan Center for Strategic and International Studies issued a report saying that although the Bush administration has deprived al-Qaeda of sanctuary in Afghanistan and has prevented more attacks on U.S. soil in the past five years, it has not tracked down bin Laden or created "enduring security in Afghanistan." Moreover, the report said, the administration's attempts at public diplomacy are "undermined by perceived U.S. unilateralism."

"What is missing from the . . . public discussion of all of this is some explanation of the phenomenon of radicalized Islam," said Daniel Benjamin, a senior fellow at CSIS and former Clinton administration official. "Why are there so many people out there who want to kill Americans and so many Westerners? Why is this such a durable phenomenon?"

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As Bush spoke in Washington, Pakistan signed a peace accord with pro-Taliban forces in the tribal areas bordering Afghanistan, agreeing to withdraw its troops from the region in return for the fighters' pledge to stop attacks inside Pakistan. The pact prompted concern that it could allow Islamic extremist groups to operate more freely in the area.

The president's speech was the latest in a series of addresses aimed at buttressing flagging public support for the war as the anniversary of the Sept. 11 attacks draws near. Today, Bush is expected to give an address at the White House, in which he will discuss his administration's latest proposal for trying suspected members of al-Qaeda who are being held at the military prison at Guantanamo Bay, Cuba.

In June, the Supreme Court struck down the military commissions Bush established to try suspected terrorists. Tomorrow, he is scheduled to again address the subject of terrorism during a visit to Atlanta.

In his speech at the Capital Hilton in Washington, Bush said the threat posed by al-Qaeda and other Sunni Muslim "extremists" is no different from that posed by Shiite Muslim "extremists," who he said include the leaders of Iran and the group Hezbollah. He quoted Iranian President Mahmoud Ahmadinejad as having said that if the United States wants to have good relations with Iran, it must "bow down before the greatness of the Iranian nation and surrender. If you don't accept to do this, the Iranian nation will force you to surrender and bow down."

"America will not bow down to tyrants," Bush added to loud applause from the audience.

In their rebuttals, some Democrats renewed their call for the firing of Defense Secretary Donald H. Rumsfeld. White House press secretary Tony Snow said Bush flatly rejects those calls.

Some Democrats said the reason al-Qaeda remains so dangerous is that the United States is bogged down in Iraq.

"If President Bush had unleashed the American military to do the job at Tora Bora four years ago and killed Osama bin Laden, he wouldn't have to quote this barbarian's words today," said Sen. John F. Kerry (Mass.), the 2004 Democratic presidential nominee. "Because President Bush lost focus on the killers who attacked us and instead launched a disastrous war in Iraq, today Osama bin Laden and his henchmen still find sanctuary in the no man's land between Afghanistan and Pakistan, where they still plot attacks against America."

Bush Uses Bin Laden Quotes For War Rally (AP-Y)

By Nedra Pickler

AP, September 6, 2006

Quoting repeatedly from Osama bin Laden, President Bush said Tuesday that pulling U.S. troops out of Iraq would fulfill the terrorist leader's wishes and propel him into a more powerful global threat in the mold of Adolf Hitler.

With two months until an Election Day that hinges largely on national security, Bush laid out bin Laden's vision in detail, including new revelations from previously unreported documents. Voters were never more united behind the president than in the aftermath of the Sept. 11 attacks, and his speech was designed to convince Americans that the threat has not faded five years later.

Democrats have been increasing their criticism of the president's policies in Iraq as the congressional elections approach, with the latest salvo coming in a letter Monday that suggested he fire Defense Secretary Donald H. Rumsfeld.

The White House rejected the idea, both in a written response from chief of staff Joshua Bolten and in a lengthy verbal rebuttal from spokesman Tony Snow.

"It's not going to happen," Snow said. "Creating Don Rumsfeld as a bogeyman may make for good politics but would make for very lousy strategy at this time."

To make the administration's strategy more clear, the White House on Tuesday published a 23-page booklet called "National Strategy for Combating Terrorism," which Bush described as an unclassified version of the strategy he's been pursuing since Sept. 11, 2001. The booklet's conclusion: "Since the Sept. 11 attacks, America is safer, but we are not yet safe."

Democrats dismissed Bush's actions as a public relations strategy that avoided real solutions.

"A new glossy strategy paper doesn't take the place of real change that will make our country safer," said Sen. Russ Feingold, D-Wis.

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"If President Bush had unleashed the American military to do the job at Tora Bora four years ago and killed Osama bin Laden, he wouldn't have to quote this barbarian's words today," said Sen. John Kerry, D-Mass. "Because President Bush lost focus on the killers who attacked us and instead launched a disastrous war in Iraq, today Osama bin Laden and his henchmen still find sanctuary in the no man's land between Afghanistan and Pakistan, where they still plot attacks against America."

Bush's speech was the second in a series linked to next week's anniversary of the Sept. 11 attacks. It was delivered to the Military Officers Association of America in a hotel ballroom filled with U.S. troops, including several injured in the war, and with diplomatic representatives of foreign countries that have suffered terrorist attacks.

Later, the White House said Bush was extending for one-year the national emergency he declared following the Sept. 11 terrorist attacks because the "terrorist threat continues" and measures adopted to deal with that emergency must remain in effect.

Bush planned a third speech Wednesday from the White House, laying out his plan to change the law so that detainees held at Guantanamo Bay, Cuba, can be tried for crimes before military commissions.

The administration also was expected to brief lawmakers Wednesday on a new Army field manual that would set guidelines for the treatment of military detainees. Congress passed legislation late last year requiring military interrogators to follow the manual, which abided by Geneva Convention standards.

Bush argued Tuesday that history will look favorably on his currently unpopular war strategy.

"History teaches that underestimating the words of evil and ambitious men is a terrible mistake," the president said. "Bin Laden and his terrorist allies have made their intentions as clear as Lenin and Hitler before them. The question is: Will we listen? Will we pay attention to what these evil men say?"

To make his case, the White House cited previously unreleased documents including a copy of the al-Qaida charter found by coalition forces in Afghanistan that says hostilities will continue until everyone believes in Allah.

One document Bush cited was what he called "a grisly al-Qaida manual" found in 2000 by British police during an anti-terrorist raid in London, which included a chapter called "Guidelines for Beating and Killing Hostages." He also cited what he said was a captured al-Qaida document found during a recent raid in Iraq. He said it described plans to take over Iraq's western Anbar province and set up a governing structure including an education department, a social services department, a justice department and an execution unit.

The White House also unveiled a letter from bin Laden to Taliban leader Mullah Omar in which he wrote about plans for a "media campaign to create a wedge between the American people and their government" so the people will pressure leaders to retreat in the fight.

Bush also quoted bin Laden saying:

• "Death is better than living on this Earth with the unbelievers among us."

• Al-Qaida can cause the U.S. economy to collapse by implementing a "bleed-until-bankruptcy plan."

• The defeat of American forces in Beirut in 1983 is proof America does not have the stomach to stay in a fight. "In Somalia, the United States pulled out, trailing disappointment, defeat and failure behind it," Bush said bin Laden wrote.

• "The most serious issue today for the whole world is this third world war that is raging in Iraq. ... The whole world is watching this war and that it will end in victory and glory or misery and humiliation."

Bush said a democratic Iraq is a threat to bin Laden's aspirations.

"That is why we must not, and we will not, give the enemy victory in Iraq by deserting the Iraqi people," Bush said.

Bush Sees Gains In War With More Scattered Foe (LAT)

By Johanna Neuman

The Los Angeles Times, September 6, 2006

WASHINGTON — President Bush, quoting from terrorist documents captured in Afghanistan, Iraq and Britain, said today that Al Qaeda and its allies were intent on global domination and creating a "radical Islamic empire" that stretches from Spain to Iraq.

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"The terrorists who attacked us on Sept. 11, 2001, are men without conscience but they're not madmen," he said. "They kill in the name of a clear and focused ideology…that justifies the murder of innocent men, women and children in pursuit of political power."

The speech came on the same day that the White House issued an updated strategic report on battling terrorism, comparing the fight to the long struggle against Communism during the decades-long Cold War, and shifting the focus from Al Qaeda to decentralized networks of extremists.

"Al Qaeda has been weakened…but it remains dangerous and determined," Bush said in his speech to the Military Officers Assn. of America and diplomats from countries that have experienced terrorist attacks. Bush added that "the broader terrorist movement is also changing…becoming more diverse," spawning homegrown terrorists who have killed civilians in Spain and Canada.

Quoting extensively from terrorists' letters, website statements, and audio and video recordings, as well as documents found in raids of terrorist strongholds, Bush said that ignoring the words of the terrorists themselves — as the world once ignored the words of Lenin and Hitler — risks underestimating their intent.

"They believe our nation is weak and decadent and lacking in patience and resolve and they're wrong," said the president. "We will not rest, we will not retreat, until this threat to civilization has been removed."

The president's address is one of a series of his speeches about the nation's counterterrorism plan — culminating in a Sept. 19 address to the United Nations — in an effort to bolster sinking public opinion about the war in Iraq.

Bush's plan suggests the U.S. government needs to refine its tactics because terrorists have adjusted to U.S. strategies. "America is safer but we are not yet safe," the report said.

The plan, first drafted in 2003 and updated earlier this year, was released at the start of the fall election campaign — and less than one week before the fifth anniversary of the 9/11 terror attacks.

As Congress and Bush return to Washington for what promises to be a partisan run-up to the November elections, Democrats have called for a vote of no confidence on Defense Secretary Donald Rumsfeld, who's been often blamed for tactical failures in the war against Iraq. In a letter to the White House Monday, top Democrats urged Bush to fire the embattled Pentagon chief.

"We do not believe the current civilian leadership at the Department of Defense is suited to implement…a change in policy," said Senate Minority Leader Harry Reid of Nevada and House Minority Leader Nancy Pelosi of San Francisco.

The White House today dismissed such calls. "It's not going to happen," said White House Press Secretary Tony Snow. "Creating Don Rumsfeld as a boogeyman may make for good politics but would make for very lousy strategy at this time."

While the strategic plan calls Al Qaeda "a significantly degraded but still dangerous…network," the 23-page strategy update acknowledges that "the enemy we face today in the war on terror is not the same enemy we faced on Sept. 11." Hailing "effective counterterrorist efforts," the report said the terrorists have shifted strategy, forcing U.S. leaders to refocus.

"Terrorist networks today are more dispersed and less centralized," the report said. "They are more reliant on smaller cells inspired by a common ideology and less directed by a central command structure."

Bush has said repeatedly that the war in Iraq stands as the frontline of the war on terrorism. Today, he received one of the biggest rounds of applause when he said that, "we must not and we will not give the enemy victory by deserting the Iraqi people."

But opinion polls suggest an increasingly skeptical public. In a CNN poll conducted Aug. 18-20, 52% of Americans said the war in Iraq distracts from fighting terrorists.

Former Gen. Wesley Clark, who ran for president in 2004, said in response to the White House strategy that "invading Iraq was a strategic mistake."

Clark, a 24-year veteran of the military, has been working through a political action committee called WesPAC on behalf of Democrats during this year's congressional campaign. He hopes to inoculate them from charges of being weak on defense and national security.

Clark added that the Iraq War has been "counterproductive in winning the war on terror" and has "seriously damaged our armed services."

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His remarks came as "Third Way," a centrist Democratic group, released a report on the administration's national security policy. Noting recent spikes in terrorist attacks in Iraq and Afghanistan, the report also blamed the Bush administration for progress by Iran and North Korea in developing nuclear programs.

But the White House argued in its report that an important long-term strategy for defeating terrorism is promoting democracy.

"Not only do we fight our terrorist enemies on the battlefield," said the report, "we promote freedom and human dignity as alternatives to the terrorists' perverse vision of oppression and totalitarian rule."

Bush Warns Of Underestimating 'Evil' Men's Words (WT)

By Joseph Curl

The Washington Times, September 6, 2006

President Bush yesterday warned that "underestimating the words of evil and ambitious men is a terrible mistake," and he vowed to continue his doctrine of pre-emption to secure the nation from the threat of tyrants and terrorists.

Days before the fifth anniversary of the September 11 attacks, the president said the approach of trying to appease Islamic extremists will fail. And ignoring the growing threat from the Middle East threatens U.S. security.

"This time, we're not waiting for our enemies to gather in strength," Mr. Bush said during a speech before the Military Officers Association of America and diplomatic representatives from around the world. "The experience of September 11th made clear, in the long run, the only way to secure our nation is to change the course of the Middle East."

Breaking from tradition by mentioning September 11 mastermind Osama bin Laden by name repeatedly -- 17 times during a 45-minute speech -- the president used bin Laden's own words to define Iraq as the central front in the war against terror.

"I now address the whole Islamic nation. Listen and understand. The most serious issue today for the whole world is this Third World War that is raging in Iraq," said the president, quoting bin Laden.

Mr. Bush cited a dozen quotes from bin Laden, al Qaeda's second in command Ayman al-Zawahri and other terrorists to lay out the strategy of men he said are "evil, but not insane ... not madmen."

For example, Mr. Bush cited a captured al Qaeda document that describes plans to take over Iraq's western Anbar province, with plans to sweep across the Middle East.

"They hope to establish a violent political utopia across the Middle East, which they call a 'caliphate,' where all would be ruled according to their hateful ideology," he said.

With the midterm congressional elections just two months away, Mr. Bush tried to show a stark contrast on Iraq between Republicans and Democrats, some of whom call for immediate withdrawal of troops.

"Iraq is not a distraction from their war on America -- it is the central battlefield where the outcome of this struggle will be decided," he said. "That is why we must not, and we will not, give the enemy victory in Iraq by deserting the Iraqi people."

Democrats, meanwhile, charged yesterday that the Bush administration has failed to pursue bin Laden and released a study they said shows the country is less secure today than before Mr. Bush took office.

"President Bush's speech today was designed to scare the American people and make them forget about his administration's monumental failures," said Democratic National Committee press secretary Stacie Paxton. "Five years after 9/11, Osama bin Laden is still on the loose."

Despite charges that Mr. Bush is politicizing the September 11 anniversary, the president opened his speech recalling the horror of the attacks in New York and at the Pentagon.

"We're a nation at war, and America and her allies are fighting this war with relentless determination across the world," he said.

Broadening the war on terror beyond Iraq, Mr. Bush said Iranian President Mahmoud Ahmadinejad's desire to turn Iran into a nuclear power is a threat to global security, warning that the extremist leader seeks to blackmail the free world and raise a mortal threat to the American people.

He cited a recent speech by Mr. Ahmadinejad in which the Iranian leader called on the U.S. to "bow down before the greatness of the Iranian nation and surrender."

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Mr. Bush charged that Iran, which funds the Lebanese Shi'ite militia Hezbollah, is second only to al Qaeda in being responsible for the most U.S. citizens killed in terror attacks.

"Like al Qaeda and the Sunni extremists, the Iranian regime has clear aims -- they want to drive America out of the region, to destroy Israel, and to dominate the broader Middle East," he said.

President Bush, Democrats Spar Over National Security (MCT)

By William Douglas And Margaret Talev

McClatchy Newspapers, September 6, 2006

WASHINGTON - The sprint to November's elections began in earnest Tuesday with President Bush and congressional Democrats each trying to seize the national security issue by offering sharply contrasting assessments of progress in the war on terror.

The president delivered the second in a series of speeches designed to shore up flagging public support for the war in Iraq and to highlight what he called government success in combating terrorism since the Sept. 11, 2001, attacks.

As Bush addressed military officers at a Washington hotel, Capitol Hill Democrats countered by releasing a report detailing bleak trends in Iraq, Afghanistan, Iran and North Korea and calling for a sharp change in tactics.

Tuesday's showdown reflects a determination by the White House and the Republican Party to frame November's congressional elections as a choice over national security, a theme that worked for them in the last two elections. The Democrats' response shows their determination to blunt that tactic by turning the U.S. record in Iraq, Afghanistan and the war on terror against Republicans, who've controlled all branches of government since 2001.

At stake is control of Congress, and by extension, the degree to which it might support or oppose Bush in the final two years of his presidency.

Bush's speech Tuesday repeated familiar themes: He insisted that America is winning the war on terror, that Iraq has become the central front in that war and that the United States military will stay there until the job is done.

Quoting extensively from Osama bin Laden, Bush said all his military efforts are aimed at defeating the threat posed by "violent Islamic radicalism," a scourge he compared to Adolf Hitler.

"Bin Laden and his terrorist allies have made their intentions as clear as Lenin and Hitler before them," Bush said. "The question is: Will we listen? Will we pay attention to what these evil men say?

"It is foolish to think you can negotiate with them," Bush said.

No one in either party has suggested negotiating with terrorists, but Bush's remark echoed other recent administration gibes seemingly aimed at Democrats. Last week, Defense Secretary Donald H. Rumsfeld compared critics of the war in Iraq to Nazi appeasers.

Democrats plan to push a Senate resolution this week proclaiming no confidence in either the war in Iraq or in Rumsfeld, whom they want Bush to fire.

White House Press Secretary Tony Snow dismissed that idea on Tuesday.

"The president strongly supports the defense secretary," Snow said. "Creating Donald Rumsfeld as a bogeyman may make for good politics, but would make for a very lousy strategy at this time."

Democrats countered Bush's speech with a flurry of national-security events and statements. Their leaders unveiled a report by Third Way, a nonprofit advocacy group aligned with moderate Democrats, which paints Bush's war on terror as a failure.

The report asserts that:

-The situation in Afghanistan is deteriorating, with the number of Taliban attacks rising sharply since 2004.

-Insurgent forces in Iraq are growing, from 5,000 in 2003 to an estimated 20,000 earlier this year.

-Iran and North Korea are increasing their potential capacities to make nuclear weapons.

"Under the Bush administration and the Republican Congress, America is less safe, facing greater threats and unprepared for the dangerous world in which we live," Senate Minority Leader Harry Reid, D-Nev., said in a statement.

Rep. John Murtha, D-Pa., a veteran who backs withdrawing U.S. troops from Iraq, said that if Bush is determined to stay, he may need to reinstitute a draft. "We cannot sustain the current course," Murtha said in a statement.

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The political battle over which party is more trustworthy on national security will likely rage until Election Day - and beyond.

In Congress, Republicans plan to focus this last month in session before the elections on a national security agenda that includes planned votes on defense spending, confirmation of John Bolton as ambassador to the United Nations, codifying Bush's domestic eavesdropping program and creating guidelines for interrogating suspected terrorist detainees that would meet Supreme Court approval.

Democrats blasted the Republican agenda as an election-year publicity stunt.

"Republicans have dubbed this Security September in an openly cynical attempt to use our nation's security in a political gamble to save their congressional majority," said Rep. Steny Hoyer, D-Md., the Democrats' whip.

Senate Republican Whip Mitch McConnell of Kentucky said that Republicans are only playing to their strength.

"The best way to measure progress in the war on terror is, have we been attacked again here at home?" he said. "We haven't. It's not an accident. It's not a quirk of fate. It's been because we've been on offense, going after these people in Afghanistan and in Iraq."

Bush: America Safer 5 Years After 9/11 (USAT)

By David Jackson

USA Today, September 6, 2006

WASHINGTON — President Bush claimed a safer post-9/11 America on Tuesday with a speech and updated anti-terrorism report highlighting a key issue that will help decide control of Congress in the Nov. 7 elections.

As Republicans and Democrats try to seize the advantage on national security and the war in Iraq, Bush recounted his administration's efforts to encourage democracy in Iraq and Afghanistan, which al-Qaeda used as a base to plan the Sept. 11, 2001, terrorist attacks under the Taliban government.

"America did not seek this global struggle, but we're answering history's call with confidence and a clear strategy," Bush told the Military Officers Association of America.

ON DEADLINE: Bush speaks at the Military Officers Association of America | AUDIO

As he tried to make the case for continued support for the war in Iraq, Bush said the United States is in the midst of a great ideological struggle with Islamic militants who seek to destroy basic freedoms.

"All civilized nations are bound together in this struggle between moderation and extremism," he said. "By coming together, we will roll back this grave threat to our way of life."

Democrats countered with their own national security report card, concluding that the Iraq war and Bush's refusal to talk directly with Iran and North Korea to thwart their development of nuclear weapons have put America more at risk since the Sept. 11 attacks.

"Under the Bush administration and this Republican Congress, America is less safe, facing greater threats and unprepared for the dangerous world in which we live," said Senate Minority Leader Harry Reid, D-Nev.

The administration also sought to reinforce its support of Defense Secretary Donald Rumsfeld. Reid and other Democrats and Republicans, such as New Jersey Senate candidate Tom Kean, have called for Rumsfeld's removal, citing his handling of the war in Iraq.

White House spokesman Tony Snow said Bush stands behind his Pentagon chief. "Creating Don Rumsfeld as a bogeyman may make for good politics, but would make for a lousy strategy at this time," Snow said.

Bush's speech was the second in a series leading to Monday's fifth anniversary of 9/11. Bush delivers another terrorism-themed speech today and plans to ask Congress to approve trials for detainees at Guantanamo Bay, Cuba. The Supreme Court in June rejected the administration's plans for military tribunals.

The administration's new anti-terrorism report tweaks one released Feb. 14, 2003, about a month before the Iraq invasion. The updated version includes the impact of the war and government restructuring to emphasize anti-terror efforts, such as combining intelligence-gathering tasks under one national director.

The update also lists "successes" and "challenges" in the "long war" on terrorism.

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"We have significantly degraded the al-Qaeda network," the report said, referring to the arrests and killings of some of the group's top leaders. Among the challenges: The rise of smaller terrorist networks and an insurgency in Iraq that "has been twisted by terrorist propaganda as a rallying cry."

The Democratic assessment, prepared by the moderate group Third Way, is that security in Iraq and Afghanistan has deteriorated, and the resulting climate has created more, not fewer, terrorists.

Reid said Republicans would not be able to portray themselves as the party to trust on national security.

Snow said the president is not seeking to politicize the war on terrorism but recognizes its importance as a campaign issue. "It would be irresponsible not to talk about it," he said.

Looking To Elections, Bush And Democrats Spar On National Security (NYT)

By Sheryl Gay Stolberg

The New York Times, September 6, 2006

WASHINGTON, Sept. 5 — President Bush and Congressional Democrats locked horns on Tuesday on whether Americans are safe from terrorism, part of a calculated effort by both parties to capitalize on the coming anniversary of the Sept. 11 attacks and gain the upper hand in this year's election debate over national security.

The White House released an updated version of its national security strategy, concluding that "America is safer, but we are not yet safe." Mr. Bush, speaking to military officers, delivered the second in a series of speeches on global terror. And on Wednesday he plans to deliver a third in the East Room of the White House, where he will propose new legislation on bringing terror detainees to trial.

The bill is in response to a Supreme Court ruling that deemed unconstitutional the military commissions that Mr. Bush originally proposed. Late Tuesday, presidential aides briefed lawmakers about the proposal. The plan is part of a broader effort to seize the initiative on politically delicate issues regarding the handling of terror suspects, including new rules for interrogation techniques.

On Capitol Hill, Senate Democrats released their own report, which asserts that Americans are less safe now than they were five years ago, and brought out Wesley K. Clark, the retired general and 2004 presidential candidate, to trumpet it. In an interview, General Clark said he was trying to help Democrats "articulate a strong and successful national security position, so that people can understand that Democrats can and will succeed in protecting the nation."

The dueling appearances laid bare a central fact about the changing politics of Sept. 11. Five years ago, there was a period of bipartisanship that has evolved into a partisan brawl over the course Mr. Bush has pursued, especially in invading Iraq. This week's politicking would have been unthinkable four years ago, but both sides openly embraced it on Tuesday.

Within hours of Mr. Bush's speech, the Democratic Senate leader, Harry Reid of Nevada, and the chairman of the Democratic Senatorial Campaign Committee, Charles E. Schumer of New York, were holed up in the Capitol, plotting strategy for the remainder of the week, and another Democratic strategy session was planned for later that evening.

"We are not going to let the Republicans occupy the high ground on this issue," Mr. Schumer said, "particularly when we believe the American people are not happy with the policies in Iraq or in general on terrorism."

At the White House, where aides have been planning the terrorism speeches since July, strategists are seizing the anniversary to present Mr. Bush as a strong commander in chief. In addition to the military officers who served as the backdrop for Tuesday's speech, the audience included wounded soldiers and prominent Republican senators who are veterans, including Senator John W. Warner of Virginia, chairman of the Armed Services Committee.

The speech employed some of Mr. Bush's sharpest rhetoric to date. He compared Osama bin Laden to Lenin and Hitler, saying, "Bin Laden and his terrorist allies have made their intentions as clear as Lenin and Hitler before them."

The president also quoted liberally from Mr. bin Laden, warning that the mastermind of the Sept. 11 attacks is still pursuing his vision of "a unified totalitarian Islamic state that can confront and eventually destroy the free world."

The speech used a classic strategy of Karl Rove, Mr. Bush's chief political adviser, who specializes in turning a candidate's weakness into a strength. In this case, Mr. Bush's weakness is that Mr. bin Laden has not been captured — a point that was

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quickly picked up by Democrats. Senator John Kerry of Massachusetts said that if Mr. Bush had "unleashed the American military to do the job at Tora Bora four years ago and killed Osama bin Laden, he wouldn't have to quote this barbarian's words today."

That did not stop Mr. Bush from mentioning Mr. bin Laden 17 times in the 44-minute speech, a tactic that seemed intended to emphasize the Republican argument that the nation can trust the president and his party more than Democrats to protect it from attacks.

White House aides and senior Republican strategists say their intent strategy is to describe the threat to the public using as many specifics as possible. Dan Bartlett, counselor to the president, said the intent was to remind citizens of the "breadth and sophistication" of an enemy that "is advancing a vision, a dark vision that needs to be confronted."

Given the pubic discontent over the war in Iraq, the White House strategy is to fuse the war with the broader fight against terrorism, while the Democratic strategy is to separate the two. One Democratic strategist, granted anonymity to talk about internal planning, said the goal was to tell the public that "we're strong and smart on terror, and that the White House is only projecting strength, not smarts."

To that end, Democrats sent a letter to the president on Monday proposing a "new direction" for Iraq that called, among other things, for a "phased redeployment" of military forces out of the country. On Tuesday, the White House took the unusual step of releasing a formal reply, written by Joshua B. Bolten, Mr. Bush's chief of staff, who called the redeployment idea "dangerously misguided."

Against the backdrop of the political debate, the administration is pressing two terror-related issues on Capitol Hill, the detainee legislation, which Mr. Bush is expected to announce on Wednesday, and a long-awaited Army field manual on interrogation that is expected to be made public this week.

The manual authorizes three new techniques that could be used only in questioning of "unlawful combatants," like prisoners at Guantánamo Bay, Cuba, according to a person who has been given a description of the revisions. The new techniques are pairing a friendly interrogator with a hostile one, convincing a prisoner that he is being interrogated by a country other than the United States and isolating a detainee from other prisoners.

The current field manual allows 17 interrogation methods, which would remain largely unchanged, the person said. Traditional prisoners of war captured on a battlefield could be questioned using only these techniques.

The Defense Department had initially considered including a classified set on interrogation methods that would not be made public, but that idea was dropped, several officials said.

Individuals, Small Groups Cited As Terrorist Threats (WP)

By Karen Deyoung

The Washington Post, September 6, 2006

A new counterterrorism strategy released yesterday by the White House describes al-Qaeda as a significantly degraded organization, but outlines potent threats from smaller networks and individuals motivated by al-Qaeda ideology, a lack of freedom and "twisted" propaganda about U.S. policy in the Middle East.

The National Strategy for Combating Terrorism reflects the intelligence community's latest analysis of the evolving nature of the threats from widely dispersed Islamic extremists who are often isolated and linked by little more than the Internet. It describes President Bush's "freedom agenda" of promoting democracy as the leading long-term weapon against them.

Attacking terrorist organizations, controlling weapons of mass destruction and protecting the homeland remain U.S. priorities, the document says. But the strategy places new emphasis on the need for training experts in languages and Islamic culture, for enhanced partnerships abroad and with the American Muslim community, and for better information-sharing among domestic counterterrorism agencies.

What today's extremists have in common, it says, is "that they exploit Islam and use terrorism for ideological ends." But "although al-Qaeda functions as the movement's vanguard . . . the movement is not controlled by any single individual, group or state."

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The document's release came as Bush delivered one of a series of preelection speeches on national security and terrorism. But his address, in contrast to the strategy document, focused heavily on al-Qaeda and the public threats made by its two top leaders, Osama bin Laden and Ayman al-Zawahiri, both of whom have evaded capture.

"It's not an either-or phenomenon," said terrorism expert and Georgetown University professor Bruce Hoffman. "There are two processes moving on parallel tracks. You can see the attraction of saying . . . we have weakened al-Qaeda. But that also flies in the face of increasing evidence over the last couple of years that al-Qaeda is still directing and plotting attacks on a grand scale and seems undeterred."

In a Justice Department briefing, Attorney General Alberto R. Gonzales said the changing nature of the enemy reflects victories against al-Qaeda and is "a sign of our success, not our failure."

Critics of administration policy said the new strategy is an admission that previous policies have failed. It "seems to adopt many of the critiques Democrats made of the old one," Sen. Joseph R. Biden Jr. (D-Del.) said in a statement. "I hope today's change in rhetoric represents a real change in course."

Several aspects of the new strategy differ sharply from an earlier version, published in February 2003, just before the U.S. invasion of Iraq. That document depicted a structured pyramid with al-Qaeda at the top, directing widespread terrorist cells and worldwide operations with help from sympathetic state sponsors. Its military emphasis called for U.S.-led "direct and continuous action" and warned that "we will not hesitate to act alone . . . including acting preemptively against terrorists."

It also declared that "finding a solution to the Israeli-Palestinian conflict is a critical component to winning the war of ideas," and said that "no other issue has so colored the perception of the United States in the Muslim world."

The new strategy emphasizes that al-Qaeda has been severely disrupted, with many of its leaders killed or captured, and its operations made "harder, costlier and riskier." It describes the influence of U.S. policy in the Middle East as minimal, portraying the Iraq war and the renewed Arab-Israeli strife as sources of deceptive propaganda for terrorist ideologues. Terrorism, it says, "is not simply a result of hostility to U.S. policy in Iraq . . . Israeli-Palestinian issues . . . [or] our efforts to prevent terror attacks."

"The terrorism we confront today" springs from several sources, including an "ideology that justifies murder" and that blames "perceived injustices from the recent or sometimes distant past," the strategy says. That ideology, it says, preys upon populations that "see no legitimate way to promote change in their own country" and whose "information about the world is contaminated by falsehoods and corrupted by conspiracy theories."

"Democracy," the strategy declares, "is the antithesis of terrorist tyranny, which is why the terrorists denounce it and are willing to kill the innocent to stop it."

The document refers indirectly to "homegrown terrorists," such as the two dozen British citizens arrested in this summer's alleged plot to blow up commercial aircraft. Even in democracies, it says, "some ethnic or religious groups are unable or unwilling to grasp the benefits of freedom otherwise available in the society. . . . Even in these cases, the long-term solution remains deepening the reach of democracy so that all citizens enjoy its benefits."

"We will continue to guard against the emergence of homegrown terrorists within our own Homeland as well," the strategy says. "Through outreach programs and public diplomacy we will reveal the terrorists' violent extremist ideology for what it is -- a form of totalitarianism following in the path of fascism and Nazism."

The new strategy mirrors a blueprint written at the National Counterterrorism Center and presented to Bush in June. That classified, 160-page plan proposed a more equitable balance between the military effort emphasized in the 2003 strategy and what it termed the "war of ideas."

Bush's Terror-Fighting Strategy Focuses On Iran (WSJ)

By John D. McKinnon

The Wall Street Journal, September 6, 2006

WASHINGTON -- As the five-year anniversary of the Sept. 11, 2001, terror attacks approaches, the Bush administration is spotlighting an explicit terror threat: the danger that Iran could someday supply terrorists with nuclear weapons.

The possibility of weapons of mass destruction falling into terrorist hands was central to both a new terror-fighting strategy the White House issued yesterday, and to a speech Mr. Bush delivered. In both cases, the White House is arguing that the reason

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to worry about terrorists wielding such weapons is the prospect that Iran, with its oil wealth and potential nuclear capability, might cooperate with them.

Terrorists armed with nuclear weapons "would blackmail the free world and spread their ideologies of hate and raise a moral threat to the American people," Mr. Bush warned. "I'm not going to allow this to happen, and no future American president can allow it either."

Mr. Bush's speech was part of a White House campaign that began last week to defend its strategy in the war on terrorism, amid mounting attacks from Democrats. While Democrats are emphasizing the unpopular three-year-old war in Iraq, the White House is seeking to connect the Iraq conflict to other disparate fronts in the war on terrorism, particularly the extremist Iranian regime. Indeed, much of the language used to attack Iran paralleled the case the White House made for war against Iraq four years ago.

"Most troubling is the potential WMD-terrorism nexus that emanates from Tehran," argues the White House's new 23-page "National Strategy for Combating Terrorism." The plan makes the case that the U.S. is adapting its response as the terrorist threat has evolved.

In yesterday's speech to military officers in Washington, Mr. Bush quoted extensively from recent threats by terrorist leaders across the Middle East -- as well as Iranian President Mahmoud Ahmadinejad's call for "a world without the United States and Zionism" and his claim that "the anger of Muslims may reach an explosion point soon." Mr. Bush repeated his pledge that "the world's free nations will not allow Iran to develop a nuclear weapon," without offering any new details on how the U.S. will do so.

Iran ignored an Aug. 31 international deadline to suspend uranium enrichment, and the U.S. is seeking United Nations Security Council sanctions.

For their part, Democrats sought to keep the attention on the still-worsening situation in Iraq. Rep. Nancy Pelosi of California and Sen. Harry Reid of Nevada, the Democratic congressional leaders, released a new report yesterday saying that the U.S. is "bogged down in Iraq with its military stretched thin" and as a result finds itself "less able to fight and win the war on terror."

Bush: Won't Allow A Nuclear-armed Iran (AP)

By Barry Schweid

The AP, September 5, 2006

President Bush said Tuesday a nuclear-armed Iran would blackmail the free world and raise a mortal threat to the American people.

"I am not going to allow this to happen," Bush said in a speech on terrorism. "And no future American president can allow it, either."

With allies urging a go-slow approach on pressuring Iran to stop enriching uranium, Bush pledged to work closely with other governments to find a diplomatic solution to the standoff with Tehran over its nuclear programs.

But he also stressed, "The world's free nations will not allow Iran to develop a nuclear weapon."

Iran has refused to stop enrichment as a precondition to negotiations on U.S. and European offers of concessions, including U.S. help with civilian nuclear programs.

"Their choice is increasingly isolating the great Iranian nation from the international community," Bush said. "It is time for Iran's leader to make a different choice."

While standing firm on seeking U.N. sanctions against Iran, the administration acknowledged there would be weeks of work to nail them down.

"There is going to be some work that's required in the Security Council," State Department spokesman Sean McCormack said. "I would expect that that is going to be tough, intensive diplomacy over the course of the coming weeks."

But he said the U.N. Security Council had already made it clear in a resolution that if Iran failed to meet an Aug. 31 deadline to suspend uranium enrichment, the Council was prepared to vote for sanctions.

And so, he said, the United States intends to proceed "down that pathway."

Iran has renewed to U.N. Secretary-General Kofi Annan an offer of negotiations about its nuclear programs but has declined to suspend enrichment of uranium as a precondition.

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Tehran insists that its nuclear activities are designed to produce civilian power and are within its rights.

Undersecretary of State Nicholas Burns is to hold talks in Berlin on Thursday with European, Russian and Chinese diplomats on strategy for applying sanctions.

To maximize chances for agreement, the Bush administration is inclined to seek graduated sanctions, beginning with such limited measures as restrictions on providing Iran with technology that could be used in military programs.

European governments as well as Russia and China have urged patience with Iran. The senior European diplomat, Javier Solana, is expected to meet Wednesday in Vienna with Ali Larijani, the chief Iranian nuclear negotiator.

"Maybe the Iranians want to communicate something different than they have previously," McCormack said.

McCormack said the administration would encourage governments "that might have some sway over Iran to engage them and to send a very clear message to them that they need to comply with the just demands of the international community."

U.S. Officials Press For Iran Sanctions (AP)

By George Jahn

AP, September 6, 2006

U.S. officials pressed their case Tuesday for sanctioning Iran over its defiance on uranium enrichment, calling for punishment even ahead of a meeting billed as a last-ditch effort to persuade Tehran to freeze its nuclear program.

In a Washington speech on terrorism, President Bush warned that he would never allow a nuclear-armed Iran to blackmail the world and threaten the American people.

Formally, the United States and five other world powers are giving the Iranians a final chance to compromise on enrichment at talks planned for Wednesday between European Union foreign policy chief Javier Solana and top Iranian nuclear negotiator Ali Larijani.

But U.S. officials on both sides of the Atlantic suggested the time had already come for sanctions.

Their comments reflected Washington's skepticism that Tehran would change course in talks with Solana and signal readiness to heed the U.N. Security Council demand for a halt to enrichment, which can produce civilian nuclear fuel or fissile material for an atomic bomb.

State Department spokesman Sean McCormack said in Washington that the Security Council had made clear in a resolution that it was prepared to vote for sanctions if Iran failed to meet the Aug. 31 deadline to suspend enrichment.

The Vienna-based International Atomic Energy Agency confirmed on the deadline day that Tehran had failed to cease enrichment.

And so, McCormack said, the United States intended to proceed "down that pathway."

Echoing those comments, Gregory L. Schulte, chief U.S. delegate to the IAEA, accused Iran's leaders of making "a strategic decision to acquire nuclear weapons," adding: "The time has come for the Security Council to back international diplomacy with international sanctions."

U.N. and European officials told The Associated Press Monday on that Larijani and Solana had tentatively agreed to try to bridge differences over the nuclear program. The officials insisted on anonymity for sharing the confidential information.

They said the date and venue could still change, and details were being kept confidential in an apparent attempt not to jeopardize any chance of success.

The Solana-Larijani talks are seen as the last chance for a negotiated solution before the council actively starts work on sanctions. Senior negotiators of the five permanent Security Council members plus Germany are to meet in Berlin on Thursday to discuss the results of Wednesday's meeting.

Iran's unyielding stance appears to be based on the calculation that sanctions will be opposed by Russia and China, both veto-wielding Security Council members that have major commercial ties with Iran.

In Moscow on Tuesday, a top Kremlin aide said sanctions against Iran could be counterproductive. Still Igor Shuvalov, a senior aide to President Vladimir Putin, said that "every possibility is present ... we are not closing the door on anything."

Shuvalov said that reluctance on sanctions did not imply support for a nuclear-armed Iran. "We could suffer more than anyone else if they built nuclear weapons," he said.

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But he cautioned that introduction of economic sanctions could further increase global oil prices and have a negative impact on regional stability. He added that Russia's location next to Iran and former Soviet Muslim republics in Central Asia made it particularly vulnerable.

"We don't mind using a stick, but we don't want that stick to hit us or our partners over the head," he said.

Russia is building a nuclear power plant in Bushehr, Iran, to which the United States long objected, saying the plant could be used by Iran to produce material for weapons. Russia eventually worked out a deal with Iran for all the plant's spent fuel to be sent to Russia, theoretically limiting the possibility Iran could reprocess it for arms.

However, Iran has resisted Russia's proposal to conduct all Iran's uranium enrichment on Russian soil.

In June, the five permanent members of the Security Council plus Germany offered Iran a package of economic and diplomatic incentives to limit its nuclear program. Iran did not respond until Aug. 22. Government officials and diplomats have said Iran did not address a freeze on uranium enrichment — the key condition sought by the six powers.

Iran's slowness in responding to the incentives package prompted the Security Council to issue the resolution ordering a halt in Iran's uranium enrichment by the end of August.

Associated Press writers Barry Schweid in Washington and Vladimir Isachenkov in Moscow contributed to this report.

Democrats Say U.S. Less Safe Since 9/11 (WT)

By Amy Fagan And Charles Hurt

The Washington Times, September 6, 2006

Democrats are going toe to toe with Republicans on national security in the final months before November's elections, calling for the ouster of Defense Secretary Donald H. Rumsfeld and claiming that America is less safe today than before the September 11 terrorist attacks.

"Under the Bush administration and this Republican Congress, America is less safe, facing greater threats and unprepared for the dangerous world in which we live," Senate Minority Leader Harry Reid, Nevada Democrat, said yesterday.

Republicans responded that Democrats simply want to "cut and run" from the war in Iraq and pointed out that there have been no terrorist attacks on U.S. soil in nearly five years.

"We are in a very serious war with an enemy who wants to end our way of life," House Majority Leader John A. Boehner, Ohio Republican, said yesterday. "The 'Defeatocrats' want to bring the troops home, want to put their tails between their legs. What message does that send to terrorists all over the world?"

Mr. Boehner and other Republicans accused Democrats of simply picking apart Republican strategies for fighting the war on terror without offering any of their own solutions.

But House and Senate Democrats yesterday endorsed a national security report penned by the Third Way National Security Project, a group founded by Democrats who support gun control. The report, which Mr. Reid called a "stunning indictment," concluded that the Bush administration's foreign policy has failed in Iraq, the war on terror, Afghanistan and other countries. The number of terrorist attacks and terrorist recruits is up worldwide, many enemy countries are now stronger and have better weapons, and America's influence with allies has weakened, according to the report.

While the report offered no specific suggestions for fighting the war on terror, the Democratic leader said it "makes a clear case for the new direction we need." At a press conference yesterday, Democrats said the administration should use more diplomacy and fully implement the recommendations by the September 11 commission.

Mr. Reid and Senate Democrats will introduce today a resolution voicing no confidence either in the administration's Iraq strategy or in Mr. Rumsfeld.

"Time and time, he's been wrong about Iraq. And time and time again, he's responded to his own mistakes by playing politics," Sen. Barbara Boxer, California Democrat, said yesterday in a stinging floor speech on Iraq. "He needs to go."

She said Mr. Rumsfeld downplays problems and missteps in Iraq and attacks anyone who questions him.

Also yesterday, Mr. Reid and Sen. Edward M. Kennedy, Massachusetts Democrat, offered an amendment requiring the administration to report every three months on the extent to which Iraq is now in a state of civil war and issue a response plan.

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Mr. Kennedy said sectarian divisions are increasing, violence is increasing and the number of Iraqis fleeing is increasing. "Instead of attacking those who want to change the course, President Bush ought to deal with the hard cold facts," he said, noting that even a recent Defense Department report discussed the threat of civil war.

Sen. Robert Menendez, a New Jersey Democrat fighting for re-election, laid out a plan yesterday to bring the troops back from Iraq within one year.

With the stepped-up attacks on Republicans over national security, Democrats hope to win on an issue that has long been the strong suit of Republicans.

"They believe that they can scare the American people into continuing to support their disastrous policies," said House Minority Whip Steny H. Hoyer, Maryland Democrat. "Democrats have no doubt that America will win the war on terrorism. But we believe that we need a new direction."

Republican leaders will focus heavily this month on security issues. Senate Majority Leader Bill Frist, Tennessee Republican, said yesterday he hopes to hold Senate votes on a bill that tightens oversight of the administration's warrantless surveillance program and another bill that sets up a system to try terrorist suspect detainees.

He said the Senate will also address Democrats' Rumsfeld proposal, if necessary, but he called it "a political game." He dismissed the Democrats' "cut and run" mind-set and insisted the country is indeed safer now. "The bottom line is that there have been no terrorist attacks in the United States since 9/11," Mr. Frist said.

"We are safer now here at home because of the aggressive effort to find and kill terrorists where they live," said Senate Majority Whip Mitch McConnell, Kentucky Republican. "It's not an accident. It's not a quirk of fate. It's been because we've been on offense, while maintaining a strong homeland defense."

Congress Is Back, Its Sights On War (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, September 6, 2006

WASHINGTON

With only a month of legislating before the fall elections, Congress and the White House are bearing down on the issue most likely to determine control of the House and Senate: who can best protect national security.

Both sides of the aisle start off with an edge. For the White House and congressional Republicans, it's the fact that there has not been a terrorist attack in the United States since 9/11. Their focus: border security, defense spending, and domestic terrorist surveillance.

For Democrats, it's the fact that Iraq seems to be moving into civil war - and is a catalyst for recruiting, rather than disabling, terrorist networks. Instead of calling for a fixed withdrawal date, they are now rallying behind criticism of civilian defense leadership, especially Defense Secretary Donald Rumsfeld.

Unlike the previous two congressional elections, analysts say this one will be settled not so much by rhetoric on national security, but by the facts on the ground, especially in Iraq.

"Any time the Democrats focus on the lack of progress in Iraq - and personalize it in Rumsfeld - it plays to their favor. But when Republicans stress that there hasn't been an attack on the homeland and we want to use aggressive surveillance to prevent future attacks, it plays to their favor," says Marshall Wittmann, a former GOP activist now with the Democratic Leadership Council (DLC).

"That's what both sides will be doing over the next two months," he adds.

The locus of that debate will be Capitol Hill this month. With the number of days for legislating dwindling to about a dozen, GOP leaders in both houses have the biggest say in how those days are used.

Senate Republicans are focusing the agenda on showcasing their record on national security. "From Georgia to California and each stop in-between, the people I met wanted reassurance that when they board a plane, that plane will be safe," said Senate majority leader Bill Frist as the Senate returned on Tuesday. "This week we will hold [the Senate] to that as we continue to debate defense appropriations."

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Facing the need to pass 12 spending bills before they recess, Republicans aim to complete only those related to national security. They plan to approve stop-gap funding for the others, until they can take them up at an expected lame duck session after the November elections.

In addition, Senate Republicans plan to take up a new bill authorizing the National Security Agency's warrantless surveillance program. The White House ran into heavy criticism earlier last year when it leaked out that the NSA had wiretapped alleged terror suspects in the US without seeking a court order. Whether to highlight the controversy is a tough call for Democrats.

"Many Democrats are uneasy about criticizing the administration on surveillance. Cooler heads within the Democratic Party are trying to prevent that from happening. They want to fight on the dissatisfaction with Iraq and not on domestic surveillance," says Mr. Wittmann of the DLC.

In a bid to shape the public debate, the White House released its updated national strategy for combating terrorism on the morning Congress returned. The 23-page document calls for setting standards to expand "partnership capacity" in the war on terror and also acknowledges setbacks on the ground.

"The ongoing fight for freedom in Iraq has been twisted by terrorist propaganda as a rallying cry," concludes the report. Also: "Increasingly sophisticated use of the Internet and media has enabled our terrorist enemies to communicate, recruit, train, rally support, proselytize, and spread their propaganda without risking personal contact."

Democrats are divided over whether to push for a deadline for pullout from Iraq. While public support for the war continues to deteriorate, many Democrats in close races are avoiding taking a stand on the war over concerns that they'll be labeled as "cut and run" politicians.

There's also a strong internal debate within the Democratic Party over how hard to fight the Bush administration over its NSA surveillance program, which was declared unconstitutional last month by a US district judge.

House Republicans say their priorities for September include authoring the president's terrorist surveillance program, "designed to identify and disrupt terror cells planning attacks against the US," authorizing military tribunals for suspected terrorists, and strengthening border security.

In a bid to shift the focus to broader domestic concerns, House Democratic leader Nancy Pelosi announced on Friday that Democrats will oppose adjournment this month until Congress has also acted on domestic concerns, including the costs of health, college tuition, and gasoline.

Ms. Pelosi is also calling on Republicans to implement all the recommendations of the 9/11 commission on fighting terrorism. She also renewed her call for Defense Secretary Rumsfeld to resign.

Defense analysts say that debate is shifting toward the Bush administration's credibility, especially in dealing with the facts on the ground in Iraq. The revised National Strategy for Combating Terrorism is "a political effort to highlight the importance of the war on terrorism," says Anthony Cordesman of the Center for Strategic and International Studies. "But there are real questions about what any of this means, particularly when we talk about working with our allies," he adds. "And when you look at the strategy for interagency coordination, we've had serious problems in implementing this, but the strategy doesn't suggest anything new."

Senate Democrats sounded the same theme in a briefing Tuesday.

"It's the same speeches they've given before," said Senate Democratic leader Harry Reid, commenting on the president's rhetorical push on national security. But "all the speeches in the world don't change what's happening on the ground in Iraq."

OK, Let's Talk About Security, Say Dems (HILL)

By Jonathan Allen

The Hill, September 6, 2006

Democrats aggressively engaged Republicans on national security issues yesterday, even adopting some of the GOP's tactics, as the two parties heightened their rhetorical battle over who is best equipped to keep Americans safe after the November election.

Republicans are working in the two months before November's vote to shift national attention to security issues that helped them win in 2002 and 2004. The president and other administration officials have made a string of speeches in recent days on

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the Iraq war and the broader war on terrorism. And Senate Majority Leader Bill Frist (R-Tenn.) plans to highlight national security issues on the floor this month, including possible votes on military tribunals and the government's domestic wiretapping program.

"Five years after our nation was attacked, the terrorist danger remains," President Bush said in a speech delivered at the Capital Hilton yesterday.

Democrats say the debate on national security suits them just fine.

"Invading Iraq was a mistake, a strategic blunder, a step, a major step in the wrong direction for winning the war on terror," said retired Gen. Wesley Clark, a 2004 Democratic presidential contender.

Though they chastised Republicans for scaring voters and exploiting the "politics of fear," Democrats said yesterday that the country has been imperiled by GOP policies.

"America is less safe, facing greater threats and unprepared," Minority Leader Harry Reid (D-Nev.) said at a press conference where he, Clark and other Democrats unveiled an Iraq war analysis from The Third Way, a centrist Democratic organization.

Republican leaders "have weakened our country and made Americans less safe at home," Clark said.

"It's clear that Democrats want to make Iraq the central issue of the campaign," Senate Majority Whip Mitch McConnell (R-Ky.) said. McConnell noted that terrorists have not struck inside the United States since Sept. 11, 2001, when hijackers flew airplanes into the twin towers of the World Trade Center.

"It's not an accident. It's not a quirk. It's because we've been on offense, while maintaining a strong homeland defense," he said.

Republicans have used their stance on national security to great effect in recent elections, but the Iraq war has lost popular support since 2004.

A Newsweek poll late last month showed 63 percent of respondents disapproving of President Bush's handling of the war.

"These guys want to debate on national security. Let's look at their record," said Brendan Daly, spokesman for House Minority Leader Nancy Pelosi (D-Calif.). "We're going to push back."

Reid made a football analogy to describe Republican efforts to use national security issues to win at the ballot box. He said that each time a team runs the same play, it nets fewer yards.

"The third time, you get stopped at the line of scrimmage," Reid said. "They've run this play before."

The heightened rhetoric on Iraq and the broader war on terrorism is unlikely to die down soon. Democrats are preparing an amendment to the defense appropriations bill that would express displeasure with Defense Secretary Donald Rumsfeld, who angered many Democrats last week by suggesting that administration critics would "appease" terrorists in the manner that western powers appeased the Nazis before World War II.

A dozen senior Democrats wrote to President Bush Monday asking that he "consider changing the civilian leadership at the Defense Department."

"From the failure to deploy sufficient numbers of troops at the start of the war or to adequately equip them, to the prison abuse scandal at Abu Ghraib, to disbanding the Iraqi military, to the failure to plan for the post-war occupation, the administration's mistakes have taken a toll on our troops and our security," they wrote.

"It's a pure political game," Frist said of the amendment, which Republicans intend to block by procedural means.

Reid and Sen. Edward Kennedy (D-Mass.) are pushing an amendment that they said would require the administration to issue quarterly reports on whether a civil war is occurring in Iraq or what steps it is taking to avert civil war there.

Congress Consumed By Politics (AP-Y)

By Andrew Taylor

AP, September 6, 2006

Congress immediately turned to politics rather than its bulging legislative load as lawmakers returned to Washington Tuesday for a brief pre-election session.

"Under the Bush administration and this Republican Congress, America is less safe, facing greater threats and unprepared for the dangerous world in which we live," said Senate Democratic leader Harry Reid of Nevada.

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At the same time, Republicans controlling Congress promised a pre-election focus on national security — a traditional GOP strength with voters — in their struggle to retain House and Senate majorities with political winds blowing against them.

The drive by Capitol Hill GOP leaders coincides with a White House effort to portray Democrats as retreating on Iraq and the war on terror.

"Democrats have urged retreat from Iraq," Senate Majority Leader Bill Frist, R-Tenn., said at a news conference. "And that's where this whole theme of 'cut and run' has come up again and again."

The Senate reconvened after a monthlong recess with Frist laying out an ambitious agenda: the defense and homeland security budgets, port security and legislation to authorize military tribunals for terrorists and warrantless wiretapping of them.

Frist called on colleagues for "bipartisan support on each of these issues" — a necessity for success in a chamber known for its slow pace. And that sluggishness was on display Tuesday as the official order of business, the Pentagon budget, gave way to a series of off-topic floor speeches.

According to AP-Ipsos polls conducted in August, the public gives Democrats slightly better marks when asked which party would do a better job of protecting them. A survey taken Aug. 15-17 gave Democrats a 37-32 edge on the question while a poll taken one week earlier gave Democrats a 42-35 advantage.

Bush stayed on the offensive Tuesday, giving the second in a series of speeches aimed at bolstering public support for the war in Iraq and the ongoing campaign against terrorism.

"Bin laden and his terrorist allies have made their intentions as clear as Lenin and Hitler before them," Bush said in an address claiming progress against al-Qaida but warning that terrorism remains a grave threat. "The question is `Will we listen? Will we pay attention to what these evil men say?'"

Democrats are not shying from the political battle over terrorism, Iraq and national security, saying that the Iraq war is in fact harming efforts to defeat terrorism.

The Democrats released a study they say shows the United States is less secure today than before Bush took office. Citing research done by the nonpartisan Memorial Institute for the Prevention of Terrorism, the report says the number of al-Qaida members has jumped from 20,000 in 2001 to 50,000 today.

"The truth is the president's policies have not worked and have not made us safer," said Sen. Thomas R. Carper, D-Del.

Senate Democrats promise to use the ongoing debate on the defense budget to force a "no-confidence" debate on Defense Secretary Donald Rumsfeld, but Republicans are certain to use procedural tactics to block a yes-or-no vote.

"The 'Defeatocrats' want to want to bring the troops home, want to put their tail between their legs," said House Majority Leader John Boehner, R-Ohio. "It will do nothing but embolden terrorists."

Meanwhile, House leaders are considering a last-minute move to appeal to voters by making permanent some of President Bush's more popular tax cuts, said House Majority Leader John Boehner, R-Ohio. The most likely candidates are the $1,000 child tax credit and the reduction in the penalty that causes married couples to pay more tax than they would as two single individuals. Both tax reductions will expire at the end of 2010 without congressional action.

No decision to go forward on the tax cuts has been made, Boehner said. But on a subject dear to the Democrats, he promised there would be no stand-alone vote to increase the minimum wage before Congress adjourns.

The most significant bill before the House this week is legislation advancing Thursday to prohibit the slaughter of horses for human consumption.

Candidates Of Both Parties Turn Criticism Of Rumsfeld Into Political Chorus (NYT)

By Adam Nagourney And Mark Mazzetti

The New York Times, September 6, 2006

WASHINGTON, Sept. 5 — Democrats and at least some Republicans appear to agree on one thing as the election approaches: Attacking Defense Secretary Donald H. Rumsfeld is a way to lift them to victory.

For Democrats, the calculation is clear. They have begun a concerted effort, including pressing for a no-confidence vote on Mr. Rumsfeld in Congress this week, to portray him as the embodiment of what has gone wrong in Iraq.

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For a small but growing number of Republicans, attacking Mr. Rumsfeld is a way to criticize how the war has been conducted without turning against the war itself.

"If I had my way, he wouldn't be secretary of defense now," Mike McGavick, the Republican challenger to Senator Maria Cantwell, Democrat of Washington, said in an interview Tuesday. "I would have accepted his resignation after Abu Ghraib. I have lost confidence in him."

Politically at least, it may not be in the interest of any of Mr. Rumsfeld's critics for the defense secretary to vacate his post before Election Day. But with the White House insisting again on Tuesday that the president will not abandon his secretary of defense, it seems clear that Mr. Rumsfeld is destined to be as big a player in this fall campaign as many of the members of Congress who are actually on the ballot.

"Both hawks and doves can call for Rumsfeld to step down and still be consistent with their position," said Senator Charles E. Schumer of New York, the head of the Democratic Senatorial Campaign Committee. "It applies to both parties."

Rich Galen, a Republican consultant who worked as a civilian employee for the Defense Department in Iraq, said: "It's really a free shot for Republicans. You can be in favor of what we are trying to accomplish in Iraq and not be in favor of Rumsfeld."

Democratic strategists said the party had long planned to use Mr. Rumsfeld in the campaign as a symbol of a war gone wrong, including incorporating him into advertising and having candidates call on him to resign. But they said the effort gathered force last week after he gave a speech in which he appeared to compare Iraq war critics to appeasers of Nazism before World War II.

"It's a great issue," said Howard Wolfson, a Democratic consultant who is advising Senator Hillary Rodham Clinton as well as Democrats in two upstate New York districts whose advertisements have included challenges to the war in Iraq. "It forces the stay-the-course Republicans to chose between the president and their districts."

Representative Rahm Emanuel, the Illinois Democrat who is leading his party's effort to regain a House majority, said, "We are going to go after Rumsfeld."

For Republicans, this is slightly more difficult because the White House made clear that President Bush supports Mr. Rumsfeld and that he is not going anywhere any time soon.

"The president strongly supports the defense secretary," said Tony Snow, the White House spokesman, rebutting the Democratic call for Mr. Rumsfeld's ouster. "It's not going to happen. Creating Don Rumsfeld as a bogyman may make for good politics but would make for very lousy strategy at this time."

To varying degrees and volume, however, Republicans have been critical of Mr. Rumsfeld — who had surgery on his left shoulder Tuesday to repair a torn rotator cuff — and strategists for both parties said that was a trend that was likely to increase over the next few weeks.

Representative Christopher Shays of Connecticut, a Republican who is in a tight race for re-election in the face of attacks on his support for the war, said Tuesday that he would support a vote against Mr. Rumsfeld in the House, should it come up.

"I don't like the guy — I simply don't think he has measured up on running the war in Iraq," Mr. Shays said. "Would I vote for a no-confidence resolution on Secretary Rumsfeld? Yes."

Representative Jo Ann Davis, Republican of Virginia, also criticized Mr. Rumsfeld in a speech in mid-August.

"It's probably the only thing in my life I've ever agreed with Hillary Clinton about," Ms. Davis said. "He's probably a nice guy, but I don't think he's a great secretary of defense."

Thomas H. Kean Jr., the Republican candidate for Senate in New Jersey, called for Mr. Rumsfeld to step aside. At a debate in Ohio, Senator Mike DeWine, a Republican in a close race, declared, "I have consistently said that Donald Rumsfeld has made mistakes running this war."

Republicans in Congress said they were confident they could block a Democratic plan to force no-confidence votes on Mr. Rumsfeld and the administration's national security policies on Wednesday. The legislative maneuvering is intended to force Republicans facing tough election battles either to break with the White House or to join the wave of criticism of Mr. Rumsfeld and his management of the war.

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A no-confidence vote in the Senate could be a problem for Republicans in tight races, Mr. DeWine, Lincoln Chafee in Rhode Island and Jim Talent in Missouri. Senator Bill Frist of Tennessee, the majority leader, accused Democrats of playing a "pure political game."

Some Republicans in tough races have stuck by the defense secretary. In a television debate on the NBC program "Meet the Press" on Sunday, Senator Rick Santorum of Pennsylvania offered his full support for Mr. Rumsfeld, a statement that Senate Democrats instantly highlighted in e-mail messages sent to reporters.

Even if Mr. Frist succeeds in stopping a no-confidence vote, Democrats clearly intend to make Mr. Rumsfeld a star of their campaign. They said his speech last week had the effect of firing up the fall campaigns; Mr. Emanuel said moderate Democrats who might have had apprehensions about going after Mr. Rumsfeld lost their concern after reading his remarks.

From Connecticut to Colorado, Democratic candidates for the House have either criticized Mr. Rumsfeld or urged his removal. Democratic candidates for Senate in Arizona, Ohio, Pennsylvania, Rhode Island and Tennessee, among others, have criticized him.

"I've talked it over with most of our candidates,'' Mr. Schumer said, "and the majority, if they haven't already, will call on him to step down."

Republican Candidates Up Criticism Of Sec. Rumsfeld (HILL)

By Aaron Blake

The Hill, September 6, 2006

When it comes to President Bush, Republican candidates around the country are struggling with the well-publicized delicate balance between accepting his fundraising help and separating themselves from his unpopular leadership.

So far, that balancing act has yet to yield any major candidates denouncing the president outright.

When it comes to Bush's defense secretary, Donald Rumsfeld, however, the gloves are increasingly coming off.

New Jersey Senate candidate Tom Kean Jr., Rep. Christopher Shays (R-Conn.) and Rep. Pat Tiberi (R-Ohio) recently became the latest of a handful of Republican candidates around the country to castigate Rumsfeld. A few have gone so far as to call for his resignation, and Kean and Shays, who are in two of the tightest races in the country, say they would support a Democrat-led proposal for a vote of no confidence on the secretary.

Most of the candidates' disfavor is targeted at Rumsfeld, and none of them are offering such forceful statements about President Bush.

The defense secretary has been in the hot seat after a speech he made last week that linked the war's critics to those who wanted to negotiate with Adolf Hitler.

Democrats responded to the speech by saying they intended to pursue the no-confidence vote this month. Rumsfeld has said his speech has been misrepresented, and he sent a letter to top congressional Democrats stating a desire to have a constructive debate.

Kean said last week's speech was the breaking point for him. He said he has been concerned about Rumsfeld for a long time but had held out hope that the secretary would be more willing to listen to other points of view.

The speech proved that Rumsfeld isn't willing to listen, Kean said, and it's time for a "fresh approach." He said he would support the no-confidence vote and that he's optimistic that it won't be just an election-year partisan exercise.

"My hope is that this issue is not going to turn into a political football," said Kean, a top Republican challenger who faces Sen. Bob Menendez (D-N.J.), who has also called for Rumsfeld's job. "This issue's about the men and women in the field."

Shays, a moderate Republican running for his 10th full term, is one of the most vulnerable House members. He faces Democrat Diane Farrell, who has also called for Rumsfeld's resignation.

Two weeks ago, after returning from his 14th trip to Iraq, Shays advocated a timeline, criticized Bush's handling of the war and said he had "no confidence" in Rumsfeld.

Shays said he would support the Rumsfeld vote "if it is solely focused on a vote of no confidence."

"In the long run, however, this resolution is not a solution to the challenges we have in Iraq, and I will continue to conduct tough oversight to work on the real issues we have at hand there," he said.

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Tiberi, who faces a less serious challenge from Democrat Bob Shamansky, told The Columbus Dispatch last week that he doesn't support the defense secretary, noting, "If I were president, he would not be the defense secretary."

He also said Rumsfeld is inaccessible to members of Congress and doesn't take criticism well. But Tiberi is not calling for Rumsfeld's ouster, as Kean and Rhode Island Republican Senate candidate Stephen Laffey have.

Laffey, who will face Sen. Lincoln Chafee (R-R.I.) in a primary on Tuesday, originally called for Rumsfeld's job in April. During a recent debate, he reiterated that call and criticized Chafee for declining to do the same.

Interestingly, Laffey has expressed support for the war in Iraq, while Chafee was the only GOP Senator to vote against it. Chafee said keeping Rumsfeld as defense secretary is the president's call. The Democratic candidate, Sheldon Whitehouse, is also calling for Rumsfeld's resignation.

Neither Laffey nor Tiberi commented on the no-confidence vote by press time.

Washington Senate candidate Mike McGavick said he would have accepted Rumsfeld's resignation during the Abu Ghraib scandal, when there was another effort to oust him and Bush declined the secretary's offer to step aside.

McGavick, who is slightly behind Sen. Maria Cantwell (D-Wash.) in the polls, said nothing has happened since Abu Ghraib to change his mind but that it's up to the president whether to keep or dump Rumsfeld. He said he wasn't familiar enough with the no-confidence vote to take a position either way.

"I sure don't feel good about the job he's done," McGavick said. "And if I'd have had my way, he'd have resigned long ago."

Vermont Republican at-large House candidate Martha Rainville, who in May suggested that Rumsfeld should consider retiring, said she would not support a no-confidence vote.

She acknowledged that Rumsfeld "has made many mistakes in the planning and implementation of military operations in Iraq," but she said the vote would not "hasten the dismantling of the worldwide terror network" or "speed the process of turning responsibility for the security of Iraq over to the Iraqi defense forces."

Similar to Rainville, Rep. Jo Ann Davis (R-Va.) last month hinted that Rumsfeld should resign, only to later clarify that she wasn't calling for his resignation. A spokesman for Davis, who is not vulnerable this year, said the congresswoman supports what the White House is doing in Iraq.

Other Republicans who have criticized Rumsfeld include presumptive 2008 presidential candidate Sen. John McCain (R-Ariz.) and Sen. Chuck Hagel (R-Neb.), who have both said they have "no confidence" in him. Both say it's the president's prerogative, however, whether to keep him on board.

At the same time, several major Republicans this weekend strongly rebuffed suggestions that Rumsfeld isn't doing his job well and should resign.

Asked about the secretary during a debate Sunday on NBC's "Meet the Press," Sen. Rick Santorum (R-Pa.) said Rumsfeld is doing "a fine job." Santorum, who has long trailed Democrat Bob Casey but is narrowing the gap, also said President Bush is doing "a terrific job."

And on CBS's "Face the Nation," Senate Majority Whip Mitch McConnell (R-Ky.) said he thought Rumsfeld would be remembered in history as one of the great defense secretaries.

Republicans Set Stage To Block Votes On Rumsfeld (WSJ)

By David Rogers

The Wall Street Journal, September 6, 2006

WASHINGTON -- With election-year tensions rising over the Iraq war, Republican leaders in Congress signaled they would block floor votes on a Democratic resolution expressing no confidence in Defense Secretary Donald Rumsfeld.

"It's a purely political game," said Senate Majority Leader Bill Frist (R., Tenn.) House Majority Leader John Boehner (R., Ohio) praised Mr. Rumsfeld as "the perfect person" to have been defense secretary over the past five years.

Senate Democrats, hoping to put vulnerable Republicans on the spot prior to November's election, are preparing a resolution to be offered today as an amendment to a pending defense-appropriations bill for the fiscal year beginning Oct. 1.

But under a 2000 precedent, the proposal is likely to be judged nongermane to the underlying measure.

Mr. Frist's office said the leadership will insist the amendment be dropped if ruled out of order.

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In the House's case, Mr. Boehner and Speaker Dennis Hastert (R., Ill.) enjoy tight control of what can or can't be brought to the House floor. Meeting with reporters, Mr. Boehner signaled he wouldn't schedule a vote on such a resolution and launched into a defense of Mr. Rumsfeld's tenure at the Pentagon.

"He knows more about the Pentagon, more about the quality of the military than virtually anybody in the United States," Mr. Boehner said. "He knows where the bodies are buried at the Pentagon, and he has a strong enough will to make the changes necessary to reform that operation."

With lawmakers returning for an abbreviated pre-election session, the skirmishing underscores the extraordinary level of partisanship that has permeated national-security debates, especially over Iraq.

Republican leaders yesterday repeatedly baited Democrats by speaking of the minority party as defeatist and indecisive in defending American interests. For their part, Democrats are demanding votes to try to divide Republicans from the administration and slow the White House's public-relations campaign on Iraq prior to the November elections.

Real legislation may yet emerge from this month's session, as House and Senate committees begin hearings and drafting sessions to address legal issues related to the warrantless surveillance of communications and military tribunals for enemy combatants at Guantanamo Bay. But divisions among House and Senate Republicans make progress on domestic issues less likely.

Mr. Boehner did open the door further to a pre-election bid to permanently extend the expanded $1,000 child-tax credit. "We have not made any decisions, but as an example...making the child-tax credit permanent, I think would give people confidence that we're serious," he said.

As for immigration overhaul, Mr. Boehner remained opposed to the Senate-passed bill and suggested only that Congress could work to improve funding for border security while talks continue.

Regarding bills to allow more energy exploration on the outer continental shelf, he said, "We really do believe we have a much better bill than the Senate passed."

And he showed no willingness to reconsider an August bill -- now stymied in the Senate -- that combines cuts in the estate tax with a proposed minimum wage-increase and tax-break extensions. "There is not going to be any attempt to take them apart," he said.

New Themes For The Same Old Songs (NYT)

By Maureen Dowd

The New York Times, September 6, 2006

Washington

W. and Katie were both on TV at 6:30 last night, trying to prove they were a man.

Katie won, by a whisker.

The president and the anchor were on a big push this week to prove they could be the daddy at the helm, trustworthy authority figures who could guide America through tumultuous times. She wanted to prove that she was a commander; he wanted to prove that he was an anchor.

The fate of a network, and the fate of a republic, would appear to hinge on gender issues.

W., Dick Cheney and Rummy are on a campaign to scare Americans into believing that limp-wristed Democrats will curtsy to Islamic radicals and Iranian tyrants, just as Chamberlain bowed to Hitler, and that only the über-manly Republicans can keep totalitarianism, fascism and the Al Qaeda "threat to civilization'' at bay. If they were women, their rhetoric would be described with adjectives like shrill, strident, illogical and hysterical. But since they are men, we'll just call it Churchill envy.

"Now, I know some of our country hear the terrorists' words, and hope that they will not, or cannot, do what they say,'' Mr. Bush said in a speech yesterday to a military group, which was the second story on the first evening news show anchored by the first solo female network anchor. "History teaches that underestimating the words of evil and ambitious men is a terrible mistake.'' Mr. Bush said that the world failed to heed Lenin and Hitler, and it was essential to pay attention to bin Laden.

Too bad the president didn't take time out from clearing brush at the ranch long enough back in August of 2001 to pay attention to an intelligence paper headlined "Bin Laden Determined to Attack Inside the United States.''

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After playing down bin Laden for years, barely mentioning him and minimizing his importance, W. has once more picked up a metaphorical bullhorn on the cusp of the 9/11 anniversary to make Osama the villain, using his name 18 times in a 40-minute speech. Once it would have made a difference to decapitate Osama, and it would still be great to do it. But it's too late to stop Al Qaeda that way now. The organization has diffused to a state of mind, fueled by hatred of U.S. occupation of Muslim land.

W.'s plan to save his legacy and keep Congress out of Democratic hands is to absorb a misbegotten and mishandled war, Iraq, into the good wars of the 20th century, World War II and the cold war. Instead of just admitting he bollixed up Iraq, W. and his henchmen are ratcheting up, fusing enemies willy-nilly, running around giving speeches with the simplistic, black-helicopter paranoid message: All those scary Arabs are in league to knock us off and institute the rule of Allah.

The president and his men have been trying to get everyone excited by repackaging and giving a new theme song to the same old things, just as Katie and CBS were trying to get everyone excited by repackaging and giving a new theme song to a newscast that turned out to be the same old newscast, just with more legs.

Les Moonves and Ms. Couric tried to wrap her debut in historical significance. She's the Jackie Robinson of network news, Mr. Moonves told me.

In an interview on the local CBS affiliate that aired just before her debut, Katie said she had taken the job at her daughters' urging, and her daughter Carrie told her to do it "because you'll be the first woman to do that job by yourself. So I was like, cue Helen Reddy. Who knew I was raising such a little feminist?"

The press had lots of commentary like the one by Lauren Stiller Rikleen, titled "Women need Katie Couric to succeed.''

Actually, the minute Katie Couric was given a $15 million paycheck to read from a teleprompter for 15 or 20 minutes a night, women won. Women have been doing that at the BBC and on American cable stations for years, and for a lot less dough. Jackie Robinson represented a revolution; Katie Couric represented a promotion.

The sad truth is, women only get to the top of places like the network evening news and Hollywood after those places are devalued.

He's got ratings and she's got ratings. His party's voters; her network's viewers. So we're talking about the personal fulfillment of two people — W. and Katie — disguised and peddled as the fulfillment of a higher ideal. It's marketing tricked out as ideology.

Revised Army Rules To Prohibit Torture (LAT)

By Julian E. Barnes

The Los Angeles Times, September 6, 2006

WASHINGTON — Bowing to critics of its tough interrogation policies, the Pentagon is issuing a new Army field manual that provides Geneva Convention protections for all detainees and eliminates a secret list of interrogation tactics.

The manual, set for release today, also reverses an earlier decision to maintain two interrogation standards — one for traditional prisoners of war and another for "unlawful combatants" captured during a conflict but not affiliated with a nation's military force. It will ban the use of such controversial methods as forcing prisoners to endure long periods of solitary confinement, using military dogs to threaten prisoners, putting hoods over inmates' heads and strapping detainees to boards and dunking them in water to simulate drowning, defense officials said.

The manual and its related policy directives — the legal framework for interrogations — originally were to be released in the spring. But when State Department officials and Republican senators on the Armed Services Committee raised objections, they were pulled back.

The Pentagon's decision to drop the objectionable provisions appears to mark a victory for advocates of closer U.S. adherence to the protections of the Geneva Convention, an international agreement on the treatment of prisoners and others during wartime. Human rights groups said they planned to study the manual carefully to see what parts of the international treaty it included and what it left out.

"If the new field manual embraces the Geneva Convention, it is an important return to the rule of law," said Jumana Musa, an advocacy director for Amnesty International. "It is an important public statement."

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The Army completed a version of the document over a year ago. But the manual grew in importance when Congress approved an amendment to a defense budget bill that banned torture and established the guide as the standard for treatment of detainees in all U.S. military facilities. The amendment was offered by Sen. John McCain (R-Ariz.), who was tortured while a prisoner of war in Vietnam.

Under the new guidelines, prisoners of war — defined as members of uniformed militaries captured on a battlefield — may receive certain extra considerations as mandated by the Geneva Convention, such as being allowed to retain their personal effects and to refuse to answer detailed questions. But ceding to congressional demands, the manual establishes a single baseline standard of care and treatment for all detainees, regardless of their status.

"All detainees will be treated consistent with Common Article 3 of the Geneva Convention," said a military official, who was not allowed to discuss the manual before it was made public and spoke only on condition of anonymity.

Common Article 3 — found in each of the four Geneva pacts approved in 1949 — prohibits torture and cruel treatment. Unlike other parts of the Geneva agreements, it covers all detainees, whether they are unlawful combatants or traditional prisoners of war.

After the abuse of detainees at Iraq's Abu Ghraib prison came to light in 2004, some Defense Department lawyers pushed to incorporate the protections of Common Article 3 into the field manual. But senior political appointees argued that doing so would tie the hands of U.S. troops by outlawing long periods of confinement or allowing detainees to accuse the military of "humiliating or degrading treatment," which is banned by the provision.

Because of those objections, senior Pentagon officials decided that the manual and the accompanying policy directives would demand that detainees be treated humanely, but would avoid any direct mention of Geneva.

But in June, the Supreme Court ruled in Hamdan vs. Rumsfeld that the provisions of the Geneva Convention could be applied to an unconventional conflict, like the war on terrorism. The court said that Common Article 3 covered all individuals caught up in a conflict, whether part of a regular military force or not.

A little over a week later, Deputy Defense Secretary Gordon R. England issued a memorandum saying that the U.S. military would adhere to the standards in Common Article 3.

The manual's guidelines will apply to all prisoners held in Defense Department facilities and to all interrogators working there. Under the McCain amendment, the protections also will apply to CIA prisoners held in Defense Department prisons or bases.

They will not apply to CIA interrogators working in prisons run by other countries, although under the McCain amendment, those prisoners must be treated humanely and cannot be tortured.

The Pentagon had intended to keep some of its interrogation techniques classified. Some military officials believe that releasing such tactics would make it easier for terrorists to learn how to resist questioning.

But when State Department officials saw a draft of the manual earlier this year, they raised reservations about the classified list. They expressed concern that even if the techniques were humane and lawful, some advocacy groups and other countries would assume the worst and insist that by maintaining a secret list, the United States must be allowing torture.

The revision of the Army manual began after an international outcry over the Abu Ghraib scandal, as well as questions over the treatment of hundreds of detainees at Guantanamo Bay, Cuba. The new language is plain and easily understood — "designed to be used by soldiers," the military official said.

Military officials say the new manual tries to address the lessons investigators have drawn from Abu Ghraib, including rebuilding the wall between soldiers assigned to interrogate detainees and those who run the prison. Some of the abuses at Abu Ghraib began after officers who had worked at Guantanamo were brought to Iraq and recommended using military police to "set the conditions" for interrogators. Musa, the lawyer for Amnesty International, said the Bush administration had created confusion in the military by establishing different standards of treatment for Guantanamo Bay, Afghanistan and Iraq.

"There was confusion," Musa said. "There needs to be a clear message to soldiers about what is acceptable and what is not."

GOP Senators Differ With President On Military Trials (WP)

By R. Jeffrey Smith

The Washington Post, September 6, 2006

Key Republican senators have drafted a legislative plan for special military trials of suspected terrorists that diverges from a recent Bush administration plan by granting defendants rights that the White House has sought to proscribe, government officials said yesterday.

Under the lawmakers' plan, any future military trials of the nearly 200 eligible U.S. detainees held in military prisons at Guantanamo Bay, Cuba, and other locations around the world would be governed by a law that explicitly ensures that defendants have the right to know the evidence against them.

The Bush administration has long maintained that no law is needed to establish a system of military commissions, as they are known, for trials of terrorism suspects, but the Supreme Court ruled otherwise in June. The administration still contends that military prosecutors should be able to present sensitive evidence to military judges but withhold it from defendants.

But the sponsors of the legislation -- Senate Armed Services Committee Chairman John W. Warner (R-Va.), Sen. John McCain (R-Ariz.) and Sen. Lindsey O. Graham (R-S.C.) -- disagreed. They have embraced the view of senior uniformed military lawyers that blocking defendants' access to evidence would violate long-standing due-process standards and set a dangerous precedent for trials of captured U.S. military personnel.

The White House has tried to stymie what it views as an act of party rebellion on the matter, dispatching acting Assistant Attorney General Steven G. Bradbury, the head of the Justice Department's Office of Legal Counsel, to complain about the draft on Capitol Hill last week. White House national security adviser Stephen J. Hadley has also tried to persuade lawmakers to withdraw or modify their measure.

But Senate sources said that Majority Leader Bill Frist (R-Tenn.) is considering a plan to bring the legislation to the floor next week under a special rule, bypassing the normal requirement for prior approval by a committee. The Senate is rushing to complete essential pre-election work by the end of this month.

The three Republicans have circulated their draft to Republican and Democratic colleagues on the Armed Services Committee, and two congressional sources said yesterday that there is significant consensus on its major provisions. The language of some parts is still being negotiated, they said, but the section on defendants' access to the evidence against them is settled.

White House spokeswoman Dana Perino said she understood that Senate lawmakers were "working off" the administration's draft and were in close consultation with White House officials.

Administration appointees have previously said the difficulty of obtaining and protecting information on terrorism may require that some evidence be presented to military tribunals secretly, with defendants denied the chance to know about it and excluded from trials when it is discussed.

But critics have said that defendants must have the right to challenge the validity of any evidence presented at trial, and that classified information can either be declassified or summarized. As in military court-martial proceedings, "any evidence presented to the jury would be available to the defendant" under the Senate proposal, one source said. Juries would consist of military officers.

The final version of the administration's legislative draft is slated to be released today after a speech on the subject by President Bush. It is expected to retain provisions that allow military prosecutors to introduce evidence collected during coercive interrogations that fall short of torture and evidence obtained through hearsay.

The Senate lawmakers' plan contains more restrictive language on these points than the administration favors and hews closer to existing military procedures, officials said. It also jettisons an administration proposal to create a new military appellate court to review trial decisions, relying instead on an existing military court of appeals.

Pentagon officials also plan to release the Army's new field manual on interrogations as soon as today. The document, which has been in the works for many months, is expected to redefine the parameters under which all U.S. military interrogators operate.

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Military and congressional officials said yesterday that the manual will specify the techniques interrogators may use when questioning people captured on the battlefield and clarify previously vague administration instructions on the treatment of detainees. The old manual has been under revision since the abuse at the Abu Ghraib prison in Iraq surfaced in 2004.

The new manual will apply to all military personnel under a law passed last year that made the field manual the official guidance for all Defense Department employees. Officials said yesterday that, in a concession to key Senate lawmakers, there will be no classified annex to the document, meaning that all U.S. interrogation tactics and their applications will be in the public record.

Lt. Gen. John F. Kimmons, the Army's deputy chief of staff for intelligence, briefed senior members of the Senate Armed Services Committee yesterday afternoon on the inches-thick manual. Sen. Carl M. Levin (D-Mich.), the committee's ranking member, said that at first glance, it appears that the manual deals with problems identified over the past two years.

"There appear to be significant changes in the right direction," Levin said yesterday after a private briefing with Warner. "But I will study it overnight."

Attorney General Gonzales Supports Military Tribunals (MCT)

By Greg Gordon And James Rosen, McClatchy Newspapers

McClatchy, September 6, 2006

WASHINGTON - Attorney General Alberto Gonzales said Tuesday that it would be difficult to bring top al-Qaida captives, such as suspected Sept. 11 mastermind Khalid Shaikh Mohammed, to trial without a special court designed to keep secrets gathered in the war on terrorism.

His comments upped the stakes in the administration's negotiations with Congress over what kind of special military commissions would be needed to prosecute jailed terrorist suspects.

Recently, the Supreme Court rejected the idea of such courts because they had few safeguards for the accused and were set up by President Bush without congressional approval.

During a wide-ranging briefing days before the fifth anniversary of the Sept. 11, 2001, attacks, Gonzales said the administration worked over Congress' August recess to win support for legislation creating the tribunals. He said that once established, the tribunals would "allow us to bring dangerous terrorists to justice."

Such a controversial proposal, likely to provide defendants with many fewer legal rights than those offered to soldiers in traditional military courts, could draw considerable opposition in Congress.

Sen. Lindsey Graham, a South Carolina Republican and Air Force Reserve lawyer who's a key player in the negotiations with the White House, called the tribunals "very troubling" and said support for the administration's version of them would be hard to find.

Gonzales also voiced deepening concerns about the threat of homegrown Islamic terrorists being radicalized and trained over the Internet. And he said that the Justice Department would assess whether to bring U.S. charges against any suspects in the foiled, British-based plot to use liquid explosives to blow-up trans-Atlantic flights.

So far, the only person tried in the United States for involvement in the Sept. 11 hijackings is al-Qaida operative Zacarias Moussaoui, who pleaded guilty to conspiring with the Sept. 11 hijackers but was spared the death penalty by a jury last May.

Several suspected senior al-Qaida members are in U.S. custody, but none has been charged.

Gonzales noted that in the weeks after Sept. 11, there was "a great deal of discussions and debate in the administration" about whether the young Frenchman of Moroccan descent, who was arrested while taking flight lessons 26 days before the attacks, should be prosecuted in U.S. courts or before a military commission.

"The truth of the matter is, we all felt an obligation to know, was it possible to try a terrorist in (a civil court) where you might have to put at risk classified information, where that terrorist may insist on having direct access to someone that's being detained by the United States," said Gonzales, who was the White House counsel at the time.

Moussaoui and his lawyers forced a two-year legal impasse by demanding access to Shaikh Mohammed and several other suspected senior al-Qaida operatives captured and held at undisclosed sites overseas. The detainees ultimately denied

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that Moussaoui knew of the Sept. 11 plot. U.S. intelligence officers were holding the captives in isolation for lengthy interrogations in hopes of gleaning information that would prevent future attacks.

Gonzales said that the court decisions in the case, which ultimately forced the government to produce declassified statements from the captives, were "very helpful things to learn in bringing justice to other terrorists that we are detaining."

"I think it shows that these are very, very hard cases to make, if you think about the amount of money that was spent, the manpower used to bring (Moussaoui) to justice," Gonzales said. The government has yet to disclose the cost of the trial, in which Moussaoui wound up getting the same life sentence he would have received after pleading guilty a year earlier, but Gonzales said it was "millions of dollars."

While Shaikh Mohammed's 56-page statement was among those read at the trial, Gonzales declined Tuesday to confirm whether he's in custody. But, he said, "if we had an individual like KSM, I would suspect that we would look to see if he can be tried before a military commission."

Gonzales said that military commissions, "in a time of war," should be governed by procedures that don't force the government to decide between prosecuting terrorists and protecting classified information.

Graham said the Senate Armed Services Committee is close to reaching a consensus on a bipartisan bill that would establish the format and procedures of special military commissions for terrorism detainees, but he indicated that roadblocks remain.

While Graham said that administration officials are involved in the negotiations, he said there's disagreement over how classified information would be handled during trials before the tribunals.

Graham said he and other senators oppose an administration proposal to make such information available to the military prosecutors and defense lawyers, but not to the defendants.

"I find that very troubling," Graham said in an interview. "It raises ethical and constitutional questions. The idea of sending someone to jail based on evidence they didn't see or hear is a bridge too far for me."

Last Friday, a watchdog group from the National Institute of Military Justice urged members of the Senate committee to apply the same principles of law and evidentiary rules in any new commissions as are used for general courts-martial.

Graham said he has a separate disagreement with some Senate Democrats who want the more than 400 lawsuits filed by Guantanamo Bay detainees - most of them captured in Afghanistan - to remain on the federal court docket. Graham is pushing a compromise measure that would dismiss those lawsuits and have them refiled, but would allow them to deal only with the issue of whether a detainee is being properly held, not whether he was mistreated while in custody.

Bush Stresses Importance Of War On Terrorism (MCT)

By Mark Silva And Andrew Zajac, Chicago Tribune

Chicago Tribune, September 6, 2006

WASHINGTON - President Bush on Tuesday invoked the mastermind of the Sept. 11 terrorist attacks, Osama bin Laden, warning that the United States faces an unrelenting terrorist threat from an international network of Islamic radicals as Republicans hope to press the issue of national security in the fall elections.

As part of a series of speeches that coincide with the fifth anniversary of the attacks, the president again linked the war on terror with the war in Iraq - even in the face of escalating deaths of Iraqis in sectarian violence and fresh evidence of a resurgent Taliban in Afghanistan. The administration also released a new national strategy for combating terrorism, with Cabinet secretaries and congressional Republicans echoing Bush's message.

The president is playing to what both he and his party perceive as their greatest political strength, namely public confidence in the GOP's resolve on the war against terrorism. But Democrats quickly countered that the president was waging an election season "PR campaign" that masked failed policies.

"Five years after our nation was attacked, the terrorist danger remains," Bush said in an address to the Military Officers Association of America in Washington. "We're on the offense against the terrorists on every battlefront, and we'll accept nothing less than complete victory."

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In a tactical and rhetorical shift, the president invoked the name of bin Laden 17 times to make his argument more vivid. Democrats countered that the administration's insistence on waging an unpopular war in Iraq has made the nation less safe and indeed has fomented a new generation of terrorists.

"History teaches that underestimating the words of evil and ambitious men is a terrible mistake," Bush said. "Bin Laden and his terrorist allies have made (their) intentions as clear as Lenin and Hitler before them. The question is, will we listen?"

Bush, whose popularity peaked in the weeks following the attacks on New York and the Pentagon, plans to return to both sites on Monday, the fifth anniversary, as well as to Pennsylvania, where the passengers on a fourth commandeered airliner forced it into the ground.

But his support has eroded steadily, with little more than one-third of Americans surveyed saying they believe the U.S. is winning the war on terror.

Yet, as the war in Iraq stands as the most pressing issue on the minds of most Americans in the Gallup Poll, Gallup Editor-in-Chief Frank Newport says Republicans stand to benefit this fall if the GOP can remind voters of the persisting threat of terrorism.

"It's an issue that, if you remind people about it, they will say, `Yes, it is a big concern,'" Newport said Tuesday. "But it is not actively at the front of their minds.

"The strategy of the Republicans makes sense, from their perspective," he said. "They are saying we need to move this concern from the back of peoples' minds to the front of their minds leading to the elections in November."

With Democratic leaders, and even some Republicans in tough election contests, now calling for a timetable for withdrawal of U.S. troops from Iraq, Democrats insist that the Republican Party's promises of a strong national defense cannot withstand an examination of Bush's policies.

"The majority party in power fails to understand the basic concept of fighting terror: We can't dry up the wellspring of hatred which is driving terrorist recruiting by making more enemies than friends," said retired Army Gen. Wesley Clark, a former Supreme Allied Commander of NATO forces who ran for president as a Democrat in 2004.

The Bush administration insists that the United States is "safer" today than five years ago, yet still "vulnerable," as Atty. Gen. Alberto Gonzales put it Tuesday in highlighting steps the Justice Department has taken to thwart another domestic terror attack.

Gonzales noted the passage of the Patriot Act, creation of the Department of Homeland Security and the Directorate of National Intelligence and increased cooperation between federal investigators and foreign governments and with state and local governments.

"We are safer today, but we are still vulnerable," he said, adding that another attack remains "a question of when, not a question of if."

With the issuance of a 23-page strategy for combating terrorism - its first public document on counterterrorism strategy since February 2003 - the White House has identified the enemy as "a transnational terrorist movement" of Islamic radicals.

The strategy spells out four short-term goals: Preventing attacks by terrorist networks; denying weapons of mass destruction for "rogue states" and terrorists; denying terrorists the support and sanctuary of rogue states; and preventing terrorists from using any nation as a "launching pad" for terrorism.

Asked if al-Qaida poses less of a threat to the U.S. now than it did in 2001, Fran Townsend, the White House adviser for homeland security and terrorism, said: "They continue to this day to obsess about killing mass amounts of Americans . . . Where we have been most successful is in undermining the capability for them to execute those attacks . . . In that regard, yes, I do think we're safer, but there's more to be done."

Bush Says Al-Qaeda Remains Threat 5 Years After 9-11 (Update4) (BLOOM)

By Roger Runningen And Richard Keil

Bloomberg, September 6, 2006

Sept. 5 (Bloomberg) -- President George W. Bush said that, five years after the Sept. 11 attacks, America faces a still dangerous al-Qaeda terrorist network intent on crippling U.S. financial markets and breaking its citizens' will to continue the fight in Iraq.

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``The terrorist danger remains," Bush said today in a speech in Washington to the Military Officers Association of America. ``We are a nation at war and America and her allies are fighting this war with relentless determination."

Bush's speech, the second of what aides say will be a series on terrorism and the conflict in Iraq, comes less than two months before November's mid-term congressional elections.

Bush last week said that the speeches are not intended to be political and instead are aimed at rallying the public to support the war on terrorism. They will lead up to the president's address to the United Nations General Assembly later this month.

``We will not rest, we will not retreat and we will not withdraw from the fight until this threat to civilization has been removed," the president said.

Strategy Update

Earlier today the president's top homeland security advisers released an update of the U.S. strategy to combat terrorism, noting that challenges are mounting because terrorist groups and organizations are far less centralized than they were before the Sept. 11 terrorist attacks five years ago.

``The terrorist networks today are more dispersed and less centralized," the White House document says. ``They are more reliant on smaller cells inspired by a common ideology and less directed by a central command structure."

The American public is increasingly skeptical about the administration's course in Iraq. Thirty percent of those surveyed in an Aug. 17-21 CBS News/New York Times poll said they approve of how the president has handled Iraq. As he tries to make the case that this Middle Eastern nation is the central front of the war against terrorism, 51 percent of those surveyed said the two aren't connected.

Republicans, under the guidance of Karl Rove, Bush's top political adviser, made terrorism and national security a focal point of their 2002 mid-term election strategy, when they bucked historical trends and increased their congressional majorities.

Weaker Today

Bush also relied heavily on terrorism and national security themes in his 2004 re-election bid. Polls showed that Bush widened his lead over Democratic nominee John Kerry after al- Qaeda leader Osama bin Laden released an audiotape five days before voters went to the polls.

Bush enters this election season in a far weaker position politically, with his own job approval ratings about half what they were four years ago and with numerous surveys showing voters giving an edge to Democrats over Republicans in their own congressional districts.

Democrats prepared their own rebuttal to Bush's anti- terrorism strategy and his speeches, releasing a report today that concludes ``the Bush administration has failed" in its handling of security challenges.

``The number of terrorist attacks and recruits are up worldwide; many of our enemies are stronger; their reach is greater; their weapons of mass destruction are more developed, plentiful and available," the report says. It was released by Senate Minority Leader Harry Reid of Nevada and retired General Wesley Clark, a former commander of the North Atlantic Treaty Organization who sought the party's presidential nomination in 2004.

`Dangerous World'

``The facts do not lie," Reid said. ``Under the Bush administration and this Republican Congress, America is less safe, facing greater threats, and unprepared for the dangerous world in which we live."

Bush will make his third speech in the series tomorrow from the White House. The president also will offer proposed legislation to address a U.S. Supreme Court ruling in June that he doesn't have authority to try suspected terrorists before military tribunals, White House spokeswoman Dana Perino said.

The court ruled in a case involving Salim Ahmed Hamdan, bin Laden's former driver, that Congress hadn't expressly authorized such tribunals. The ruling was a blow to the administration's anti-terrorism strategy and opened the way for legal challenges by hundreds of other detainees from overseas being held at the U.S. base at Guantanamo Bay, Cuba.

Iraq and Terrorism

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Bush, in today's speech, insisted that the war in Iraq is now central to the war on terror and that any retreat from the fight there -- or from the campaign against al-Qaeda or Sunni or Shiite Muslim extremist groups -- would put the U.S. in the position of other governments that failed to take early action against Russia's Vladimir Lenin or Germany's Adolph Hitler.

``If we retreat from Iraq, 50 years from now history will look back at our time with undeniable clarity and demand to know why we did not act," Bush said. ``I'm not going to allow this to happen."

Bush said al-Qaeda remains dangerous even though many of the principal planners of the Sept. 11 attacks and the insurgency in Iraq have been killed or captured. Other groups have emerged that share al-Qaeda's hatred of the U.S., he said.

``As al-Qaeda changes, the broader terrorist movement is changing, becoming more dispersed and self-directed," the president said.

Bush said that captured documents and statements from al- Qaeda's operative make clear that the terrorist group remains intent on attacking cities like New York and other financial nerve centers in the U.S.

``Bin Laden calls this his bleed-to-bankruptcy plan," Bush said.

`Evolving Threat'

The administration's revised strategy document says ``the terrorists have adjusted, and so we must continue to refine our strategy to meet the evolving threat." The U.S. strategy to combat ``the radical ideology that justifies the use of violence" will include:

-- advancing democracies as a long-term antidote;

-- preventing weapons of mass destruction in rogue states and their terrorist allies;

-- preventing terror networks from using nations as a safe haven from which to launch attacks; and,

-- building institutions that can help fight terrorists.

Attorney General Alberto Gonzales, speaking with reporters in Washington today, said there is a ``rising threat of homegrown terrorists." He predicted the U.S. be attacked again.

``I think it is a question of when, not a question of if," Gonzales said. ``We have a very determined enemy and it is something I am worried about."

He said he couldn't predict when the war on terrorism will be over. ``We know it isn't today," Gonzales said. ``We're not safe today. The battle continues."

To contact the reporter on this story: Roger Runningen in Washington at rrunningen@bloomberg.net ; Richard Keil in Washington at dkeil@bloomberg.net

Editorial: Prosecution Dispute (STNIA)

Staten Island Advance (NY), September 5, 2006

Contray to what is the accepted conclusion, fueled by almost daily headlines and pronouncements from the White House, terrorism prosecutions appear to have declined significantly since Sept. 11, 2001.

In a newly released report of all available data related to Justice Department prosecutions of terrorism cases, which surged in volume after Sept. 11, the conclusion reached is that such arrests and convictions are now at the levels they were prior to the tragic event.

The report, conducted by the Transactional Records Access Clearinghouse (TRAC), an affiliate of Syracuse University in New York, is already causing controversy and White House denials, just as previous ones have done that reached the same conclusions.

According to this latest independent analysis of government data, as many as nine out of 10 terrorism investigations do not result in prosecutions.

In addition, the study revealed the charges on which the majority of defendants were arrested had nothing whatsoever to do with terrorism, and that only about a third of those suspects prosecuted ended up in prison.

The findings, based on data compiled by the Justice Department's Executive Office for United States Attorneys, echo previous analyses by The Washington Post and others that have consistently come to the same conclusions that most defendants in terrorism cases are charged with crimes unrelated to terrorism and that many serve little or no prison time.

What sets the TRAC apart from other such studies is that its data provides new insight into the extent to which prosecutions surged immediately after the Sept. 11 attacks, only to return to the far lower levels of previous years.

For instance, in 2002, federal prosecutors filed charges against 355 defendants in international terrorism cases. But, by last year, that number had dropped to 46, fewer than in 2001. And just 19 cases have been prosecuted so far this year, the study revealed.

Authors of the TRAC report called the decline in prosecutions "unexpected" and indicated that the Justice Department findings appear to contradict the terrorists warnings that have been issued by the Bush administration on a regular basis.

The report stated: "Considering the numerous warning statements from President Bush and other federal officials about the continuing nature of the terrorism threat . . . the gradual decline in these cases since the FY 2002 high point and the high rate at which prosecutors are declining to prosecute terrorism cases raises questions."

The Bush administration reaction to the latest report's findings was not unexpected.

Justice Department spokesman Bryan Sierra said in a statement late last week that the report contains "many flaws" and "misleading analysis." He claimed that sentencing statistics are not a good measure of the department's counterterrorism efforts, and that it is not surprising that many referrals from the FBI or other investigative agencies do not result in prosecutions.

"This report does not take into account the significance of the Justice Department's successful strategy of prevention through prosecution, which has helped protect this country from terrorists since the attacks of Sept. 11th," Mr. Sierra's statement read. "The department will continue to employ this strategy and work tirelessly to prevent another attack on U.S. soil."

However, the TRAC's report is the latest in a series of disagreements over the effectiveness of the Justice Department's anti-terrorism efforts.

Now, it's apparently true that those statistics -- depending on which ones are being used -- could tilt the findings a little this way or that.

The TRAC study is based on month-by-month data compiled by the U.S. attorney's office and includes more than 6,400 referrals in "international terrorism" and "antiterrorism" cases since Sept. 11.

In comparison, the statistical analysis used by Attorney General Alberto R. Gonzales and other administration officials , is based on a much smaller list of terrorism-related cases compiled by the Criminal Division, which as of June included 441 defendants and 261 convictions.

An earlier Washington Post analysis came to the same conclusion all the other studies in recent months have, and using Mr. Gonzales' list, the Post and others still found that most of the defendants were charged with crimes unrelated to terrorism and that nearly half had no demonstrated connection to terrorists. The Post and others learned through the U.S. Justice Department and other federal policing agencies, that many defendants were even explicitly cleared of terrorism links by the FBI or prosecutors.

Troubling is that even though the defendants were cleared by the nation's top domestic policing agency, the FBI, and government prosecutors, that their cases were still tallied as terrorism-related convictions by the Justice Department, according to news reports.

The TRAC study also found that prosecutors have declined to bring charges in about two-thirds of the nearly 1,400 international terrorism cases referred by the FBI and other agencies over the last five years, often because of weak evidence or a lack of evidence.

In 2006, the rate has climbed to nine out of 10 referrals. The study identified 213 convictions, including 123 defendants who were sentenced to prison. Many of the cases included non-terrorism charges, such as credit card fraud, immigration violations or money laundering.

Deputy Attorney General Paul J. McNulty, who released a "white paper" in June defending the department's counterterrorism record, explained that prosecutors often must use minor charges to deal with suspects who may pose a potential threat.

A point Mr. Sierra reiterated in his statement.

"Calling upon a wide range of offenses allows us to engage the enemy earlier than if we waited for them to act first," his statement read. "Accomplishing the vital goal of disruption and prevention."

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Mid-term elections are less than two months away, and the Republican Party -- and by extension the Bush administration -- has seen its poll numbers near tanking. Terrorism has become the only issue, and the White House, with the president making a series of high-profile speeches on the topic, is doing its best to stem the flow of voter backlash.

However, a savvy administration spokesman could make the case that Bruce Hoffman, a terrorism expert and Georgetown University professor, has made: "The drop in prosecution numbers makes sense and should not be viewed as a sign that the threat posed by terrorists within the United States is overblown."

Instead, he said, it is probably a sign that federal prosecutors are "getting better at separating the wheat from the chaff."

"You want a balance between not looking under every bed but also guarding against real threats," he said. "Especially after 9/11, there was an inclination to just vacuum up everything. There may be a greater sense of discrimination now between what is and what isn't important."

Those who attacked us on 9/11 didn't just kill Democrats or Republicans, but Americans, a fact that is often lost in the debate over who or what party can better protect America from another attack. Any success, regardless on whose watch it occurs, should be considered a good thing. If in fact, the numbers are going down because we are finally getting the real bad guys, why not acknowledge it and take credit?

The only reason we can come up with is some in these highly partisan times, believe that fear generates votes. We believe such a cynical self-serving view point and political tactic is bad for America.

Republican Rift Over Wiretapping Widens (WP)

By Jonathan Weisman

The Washington Post, September 6, 2006

Deepening Republican divisions over the future of President Bush's warrantless wiretapping program may jeopardize GOP leaders' hopes of making terrorism surveillance legislation a centerpiece of their final legislative push this month.

House and Senate Republican leaders plan to focus congressional attention almost exclusively on national security, hoping to draw clear distinctions between Republicans and Democrats ahead of the November elections. Topping the to-do list is passing legislation officially sanctioning the National Security Agency's secret wiretapping of suspected terrorist communications. The eavesdropping has been carried out without warrants since the Sept. 11, 2001, attacks. A federal judge in Detroit recently ruled the program illegal.

Republican leaders have planned to produce legislation by month's end that would give the administration as much latitude as possible to continue the program. But that effort may be splintering. The Senate Judiciary Committee will consider as many as four contradictory bills on the issue tomorrow and could approve all of them. That would leave it to Senate leaders and the White House to sort out how to proceed.

Meanwhile, House Republican leaders and the chairmen of the House Judiciary and intelligence committees are coalescing around surveillance legislation that goes beyond legislation negotiated by Vice President Cheney and Senate Judiciary Committee Chairman Arlen Specter (R-Pa.).

"You need checks and balances in place to make sure future administrations or even civil servants don't get out of line," said Rep. Heather A. Wilson (R-N.M.), sponsor of the main House surveillance bill. Unlike Specter's bill, she added, "my bill was not authorized by the White House."

At issue is the balance between congressional oversight and executive-branch latitude. In July, Specter announced what he called "a major breakthrough" when he presented legislation backed by the White House that would allow the administration to submit the NSA's warrantless wiretapping program to a secret intelligence court for review of its legality. Under the bill, the secret court that now administers surveillance under the Foreign Intelligence Surveillance Act would be permitted to review the legality of the program as a whole and not individual wiretaps, which could continue without warrants.

Republican leaders rallied around the deal, apparently believing they could portray Democratic opposition as evidence that their opponents are soft on terrorism. But since then, some Republicans have moved to toughen the terms of the agreement.

Sens. Mike DeWine (Ohio), Lindsey O. Graham (S.C.), Chuck Hagel (Neb.) and Olympia J. Snowe (Maine) sponsored a competing bill that would require a court-issued warrant for wiretapping beyond 45 days, unless the attorney general certifies to

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Congress in writing and under oath that such a warrant could not be obtained but that the surveillance is necessary for national security. With DeWine and Graham on the Judiciary Committee, the legislation is likely to be approved tomorrow, committee staff members and Senate leadership aides said yesterday.

A House Judiciary subcommittee will hold a hearing today on six surveillance bills before the committee drafts its own legislation as soon as next week. The basis of that bill will be Wilson's bill, House Majority Leader John A. Boehner (R-Ohio) said yesterday. And that legislation also goes beyond Specter's agreement with Cheney, limiting warrantless surveillance to 60 days unless the president goes to Congress to justify continued wiretapping and requiring Congress to be kept apprised of all groups under surveillance.

"The president has argued he has inherent authority as commander in chief" to conduct warrantless surveillance, Wilson said. "Congress has inherent authority, as well. And, frankly, I think his arguments are rather weak."

The American Civil Liberties Union and top Democrats have said Wilson's and Specter's bills would gut judicial review of executive surveillance, creating so many loopholes that court warrants would become optional.

Judge Hears Arguments On Federal Spying Program (NYT)

By Adam Liptak

The New York Times, September 6, 2006

In a lively oral argument lasting almost three hours, a federal judge in Manhattan indicated yesterday that he had serious reservations about the legality of a National Security Agency surveillance program that monitors the international communications of people in the United States.

But the judge, Gerard E. Lynch, also said preliminary issues might keep him from ever deciding the question of whether the program was lawful.

In a sweeping decision last month, Judge Anna Diggs Taylor of Federal District Court in Detroit ruled that the program was unconstitutional and ordered it shut down. The government filed an appeal immediately, and Judge Taylor has temporarily stayed her decision.

At the beginning of yesterday's argument, the second to consider the legality of the program, Judge Lynch said he would "devote little time to the First and Fourth Amendments." Judge Taylor's decision relied heavily on arguments based on them.

Judge Lynch confined himself, instead, to questions about his ability to rule on the merits and, if he can, on whether the program violates the constitutional separation of powers.

Judge Lynch distinguished military action abroad from domestic activity, and he indicated that Congress might have the power to limit the president's authority to act within the United States.

"Even Julius Caesar didn't get to bring his armies back into Rome, although he did," the judge said.

One preliminary issue is whether the plaintiffs, the Center for Constitutional Rights and several of its lawyers, have standing, the requirement that they demonstrate a concrete injury from the program. The plaintiffs represent people accused of terrorism, and they say their ability to conduct their work has been affected by the possibility of surveillance. The government says such speculation is insufficient to show standing.

The government also asserts that Judge Lynch should dismiss the case because allowing it to proceed would jeopardize national security. It says that neither the plaintiffs' standing nor the question of the program's lawfulness can be evaluated without exposing state secrets. The government has relied heavily on this so-called state-secrets privilege in a series of recent cases.

In a move that surprised Judge Lynch and lawyers who have been following the debate over the surveillance program, a government lawyer seemed to shift tactics to bring one more legal question within the scope of the privilege.

It has been widely assumed that the government has acknowledged that the surveillance program violates the Foreign Intelligence Surveillance Act, a 1978 law that requires the government to obtain a warrant from a secret court before wiretapping the international communications of Americans for national security purposes.

"We don't agree," the lawyer, Anthony J. Coppolino, said, "that the government has specifically conceded that point." He added that the question could not be answered without endangering national security.

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Statements from government officials that seemed to make the concession, Mr. Coppolino said, "may not be fully complete, as they have all indicated."

Judge Lynch was taken aback by the shift in tactics. "This is the first time," he said, "that I have understood that the government is taking the position that it is a contested issue whether this violates FISA."

Judge Lynch said he did not recall anything in the government's briefs on this argument. Mr. Coppolino was unable to provide a citation.

Judge Lynch was appointed by President Bill Clinton in 2000. He had been a professor at the Columbia University School of Law for more than 20 years, specializing in criminal law, constitutional theory and legal ethics.

He has not left the classroom behind entirely. The argument yesterday was studded with colorful hypothetical questions and echoes of the Socratic method. In response to one of his questions, about whether Yankees fans threatened with being strip-searched before entering the stadium would have standing to sue, Mr. Coppolino literally threw up his hands. "I don't know," he said, exasperated.

Judge Lynch appeared troubled by Mr. Coppolino's argument that the president's inherent constitutional power was enough to override Congressional enactments like the Foreign Intelligence Surveillance Act.

The judge also discounted the argument that a 2001 Congressional authorization to use military force granted the president the power to violate the surveillance act. "I'm not too impressed by that one," he said.

Judge Lynch pressed Mr. Coppolino with a series of questions on the limits of presidential power in the face of Congressional prohibitions.

"So he can build a B-1 bomber if he wants to?" the judge asked. "If the president feels it necessary to break into a psychiatrist's office to find out what Al Qaeda is up to, he can do that?"

Mr. Coppolino did not offer direct responses to those questions, but he was willing to say that the executive branch was sometimes entitled to take extraordinary steps. Asked if an American lawyer who had communicated with Al Qaeda could be grabbed on the street and interrogated about it, Mr. Coppolino responded, "I would say it is possible, depending on the scenario that is at stake."

Judge Lynch did not appear persuaded. "It's pretty uncharted ground that you're asking me to get on," he said. Then, apparently recalling the government's state-secrets argument, he added, "Or, you're asking me to stay off of it."

Summing up, Judge Lynch said: "We're debating a rather abstract but rather vital issue. Does the president have the power to do something despite the fact that Congress said 'thou shalt not have this power'?"

He added, "I have no idea at this point how I'm going to come out on this."

DOJ Losing Ground In Wiretap Fight (LAW)

By Jason McLure, Legal Times

Legal Times, September 5, 2006

Federal Judge Anna Diggs Taylor came under attack from conservatives last month after ruling the National Security Agency's warrantless surveillance program is both illegal and unconstitutional. Christian Coalition Chairwoman Roberta Combs derided the decision as "radical judicial activism" by a "Jimmy Carter-appointed judge." Combs' criticisms were echoed by Republicans in Congress and other groups supportive of the Bush administration.

But President George W. Bush's allies have more to be worried about in the federal courts than just Taylor's decision. Indeed, if the legality of the NSA's surveillance program ends up before the U.S. Supreme Court — where many observers think it's headed unless Congress manages to intervene — it's unclear whether Taylor's ruling in Detroit will be the case that got it there. That's because Justice Department lawyers are currently engaged in tough battles related to the surveillance program in three other federal courts.

The DOJ's efforts to keep a lid on the program have been made more difficult by several factors. Among them: a whistle-blower in California, the accidental disclosure of a secret document by the Treasury Department, and a legal strategy by some opponents that has challenged the NSA program indirectly by targeting the telecom companies accused of illegally providing the government with customer data.

Last winter, when the warrantless surveillance program was disclosed in The New York Times, it seemed unlikely that legal challenges to the program would make it beyond even the most preliminary hearings. Though many legal scholars questioned the Justice Department's rationale for declaring the program was not a violation of the Foreign Intelligence Surveillance Act, the government seemingly possessed two enormous advantages in court.

First, plaintiffs in any suit would have to demonstrate actual injury from the eavesdropping in order to have standing — an apparently difficult legal obstacle given that details of the individuals targeted by the program remained secret. And second, DOJ lawyers would seek to block discovery in any suit by asserting the state-secrets privilege, a legal doctrine the government has used successfully in the past to prevent disclosure of national security information.

In ruling for the American Civil Liberties Union in its suit last month, Taylor, a judge on the U.S. District Court for the Eastern District of Michigan, dispensed with both arguments. She ruled that public statements by government officials had provided enough information about the program for the suit to go forward without forcing the government to disclose state secrets. And she found the ACLU's plaintiffs in the case, a group of reporters, lawyers, and scholars with overseas contacts, had demonstrated sufficient injury to sue. "The President indeed has publicly acknowledged that the types of calls Plaintiffs are making are the types of conversations that would be subject to the [program]," she wrote.

Thus far, she is the only federal judge to rule on the merits of whether the warrantless surveillance program violates FISA or the Fourth Amendment prohibition on unreasonable searches. But another federal judge, who has suffered far less public ridicule, has ruled against the government's state-secrets claim and granted standing to plaintiffs challenging the NSA's program.

Additionally, federal judges in New York and Oregon have yet to rule on suits the Center for Constitutional Rights and a defunct Islamic charity have brought that could prove as thorny for the government as the ACLU's.

Docked by the bay

Though Bush's supporters have sought to criticize Taylor as a liberal activist appointed by a Democrat, those descriptions don't fit Chief Judge Vaughn Walker of the U.S. District Court for the District of Northern California. Nominated by President George H.W. Bush in 1989, Walker has made headlines for ordering a convicted felon to wear a placard reading, I AM A MAIL THIEF. THIS IS MY PUNISHMENT.

Walker is presiding over the class action Hepting v. AT&T Corp. Filed in February by the Electronic Frontier Foundation and the mighty plaintiffs firm Lerach Coughlin Stoia Geller Rudman & Robbins on behalf of AT&T customers in California, the suit accuses the telecom company of illegally providing the NSA with the contents of its customers' communications. It also alleges the company illegally turned over to the government other customer data that could be searched by databases for communications patterns.

The plaintiffs in San Francisco were armed with one piece of evidence the ACLU didn't have in its successful suit against the government in Michigan. Mark Klein, a former AT&T technician, had provided them with detailed information about the construction of a secure room at an AT&T building in San Francisco, in which the company was allegedly routing data directly to the NSA.

Though the government wasn't named as a defendant in the suit, in May the Justice Department sought to intervene in the case, asserting the state-secrets privilege and asking Walker to dismiss the suit outright. In addition, lawyers for AT&T from Pillsbury Winthrop — Walker's former firm — argued that the plaintiffs in the case lacked the standing to sue, and asserted that even if AT&T had provided the government with its customer call data, the company was immune from such suits under federal law.

But Walker didn't agree with either the Justice Department's arguments or those put forward on behalf of AT&T by its lawyers. On July 20, in a 72-page opinion citing public statements about the NSA's surveillance program by top Bush administration officials, Walker wrote that "the court cannot conclude that merely maintaining this action creates a 'reasonable danger' of harming national security." He also found that AT&T customers had standing to sue the company and that AT&T was not immune from the suits because it had not demonstrated that it had received a lawful certification from the government to turn over its customers' data.

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To head off discovery in the case, the government and AT&T immediately filed an interlocutory appeal, and Walker agreed to stay his decision — at least temporarily. The 9th Circuit has not yet decided whether to hear the appeal.

By this time, the Hepting case was just one of what would become dozens of class actions across the country against AT&T, Verizon Communications Inc., and other telecom companies, spurred in part by an investigative article in USA Today that detailed the companies' cooperation with the NSA. Since many of the suits were similar, a panel of federal judges (known as the Judicial Panel on Multidistrict Litigation) sought to consolidate them in a single court.

The government and the phone companies argued that the suits should be moved to the U.S. District Court for the District of Columbia. In addition to cutting down on the number of venues in which they'd have to fight, the government and phone companies wanted the cases moved to Washington because the appellate court that oversees that district court, the U.S. Court of Appeals for the D.C. Circuit, has become increasingly conservative. The court has seven Republican appointees and three Democratic appointees.

Not all of the plaintiffs' lawyers supported consolidating the suits. But of those who did, most wanted the cases moved to Walker's court in San Francisco, which is overseen by the U.S. Court of Appeals for the 9th Circuit, long known as the country's most liberal. In a setback for the government and the phone companies, on Aug. 9 the panel agreed with the plaintiffs.

With nearly two dozen suits now before a well-regarded Republican appointee who has dismissed both the government's state-secrets claim and AT&T's attempt to show its customers didn't have standing to sue, even some ardent supporters of the NSA program have had to concede that, for the moment, the legal tide has turned against them.

"Judge Walker has a very good reputation," says Richard Samp of the conservative Washington Legal Foundation, which has filed an amicus brief on the government's side in the ACLU's suit in Michigan. "And that reputation is demonstrated by the fact that he was the one who was assigned the multidistrict litigation. All the more reason why a generally liberal appeals court like the 9th Circuit might be reluctant to overturn him on state secrets."

In late July, five days after Walker shot his arrow through the government's state-secrets claim, but before the judicial panel ordered most of the telecom cases moved to San Francisco, a judge from the U.S. District Court for the Northern District of Illinois issued a separate ruling in another suit against AT&T in which the Justice Department had intervened. In that case, brought by a local chapter of the ACLU, Judge Matthew Kennelly dismissed the suit, ruling that the state-secrets privilege should prevent it from going forward. But Kennelly's opinion wasn't quite the slam-dunk supporters of the NSA program might have hoped for.

That's because in the Illinois case the ACLU limited its suit merely to the disclosure of customer records by the phone companies, rather than the actual contents of the calls themselves. The distinction mattered, Kennelly pointed out in the second paragraph of his opinion, because government officials had already disclosed a substantial amount of information about the NSA's content interception, but not its records collection. Rather than repudiating Walker's decision in San Francisco, Kennelly took pains to show his ruling was in many ways consistent with it. Indeed, in the Michigan case, Taylor used similar reasoning to set aside the government's state-secrets claim over content interception.

After Kennelly's decision, the ACLU of Illinois filed an amended complaint against AT&T that took into account Kennelly's analysis. The revised suit was recently transferred to San Francisco for consideration by Walker.

Neither the Justice Department nor lawyers for AT&T would comment for this article. But the rulings at the district level have so far cheered the government's opponents.

"I think that the lesson to be learned is, they thought state secrets would be a magic wand that would protect anything and everything that they wanted to do," says Cindy Cohn, a lawyer for the Electronic Frontier Foundation involved in the suit in San Francisco. "And it would be wise to ratchet down their thinking about the amount of power they have to keep things from the judiciary."

Awaiting Supremes

But there's one other civil suit over the surveillance program that has a chance of wending its way to the Supreme Court. That suit, brought in federal court in Oregon by a Muslim charity known as the Al-Haramain Islamic Foundation, differs both from the suits against the government brought by the ACLU in Michigan and the Center for Constitutional Rights in New York, as well as the class actions against the phone companies. In that case, lawyers for Al-Haramain, a defunct Saudi-affiliated charity that

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was designated a terrorist organization by the Treasury Department's Office of Foreign Assets Control, say they have documentary proof showing that privileged conversations between the charity's director in Saudi Arabia and its lawyers in Oregon were monitored by the warrantless surveillance program.

The documents, which apparently include transcripts of the conversations between Al-Haramain Director Suliman al-Buthe and lawyers Wendell Belew and Asim Ghafoor, were disclosed accidentally by the Treasury Department in 2004 and were filed under seal in the suit. The FBI later sought to recover the documents, and the government threatened to prosecute The Washington Post, which obtained a copy in 2004, if it published their contents. The judge in the case is due to rule on the government's assertion of state secrets, and the admissibility of the secret transcripts, early this month.

The administration's backers say they're unperturbed by the rulings of Taylor, Walker, and other district court judges. "A lot of foolish things happen on the district court level, but not too many happen at the appellate level," says David Rivkin, a Baker & Hostetler lawyer who worked in both the Reagan and Bush I administrations.

The Michigan case, of course, is the furthest advanced. Taylor ruled not only on the standing and state-secrets issues but on the merits of the legality and constitutionality of the NSA wiretapping program. The ACLU and the Justice Department have agreed to seek an expedited appeal in the case before the U.S. Court of Appeals for the 6th Circuit, based in Cincinnati. Meanwhile, in San Francisco, the Justice Department has sought an interlocutory appeal to the 9th Circuit on Walker's dismissal of the state-secrets claim.

Should there be split rulings between the circuits (the Center for Constitutional Rights case could eventually wind up before the U.S. Court of Appeals for the 2nd Circuit, while any appeal from the Oregon case would go to the 9th Circuit), that would seemingly set the stage for the Supreme Court to rule on the government's state-secrets claim.

And even some of those convinced that the NSA program is illegal say the high court may be inclined to let the issue be hashed out by Congress and the White House, rather than have the program face open examination in the federal court system.

"The administration is still in a reasonably good position," says Bruce Fein, a former Reagan-era Justice Department official who has been an outspoken critic of the legality of the NSA program. "The last Supreme Court decision on the state-secrets issue was very broad . . . but the more judges are suspicious that something really wrong is happening, the more they're inclined to bend doctrines to find ways to stop it."

Jason McLure can be contacted at jmclure@alm.com.

Police Arrest Nine In Terrorism Plot (WT/AP)

By Jasmina Nielsen

The Washington Times, September 6, 2006

ODENSE, Denmark -- Police raided homes in a largely immigrant suburb before dawn yesterday, detaining nine men on suspicion of preparing explosives for a terror attack in Denmark, which drew Muslim rage earlier this year over press caricatures of Islam's founder.

Seven of the men were arraigned on preliminary charges of plotting a terror attack, but the other two were released. An Islamic imam, Abu Bashar, said the suspects were Muslims.

Officials in Odense, the country's third-biggest city, did not reveal the planned target and said it was difficult to evaluate how far the plot had progressed.

The suspects had acquired material "to build explosives in connection with the preparation of a terror act," said Lars Findsen, the head of the Danish Security Intelligence Service.

The raids, days ahead of the anniversary of the September 11 attacks, came after two recent sweeps by British police, one that thwarted a plot to bomb jetliners over the Atlantic and another that netted a group accused of trying to recruit and train people for terror attacks.

Germany also arrested four persons in a botched plot to bomb trains.

News of the arrests sent jitters through Denmark, which heightened its terror preparedness early this year after caricatures of the prophet Muhammad were published in a Danish newspaper, sparking Muslim fury around the world.

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Justice Minister Lene Espersen said she did not know whether the plot was related to the cartoon crisis in February, when Danish and other Western embassies were attacked by mobs in Muslim countries.

Mrs. Espersen called the case "the most serious matter" of her tenure. "The clues police found indicate that they were very likely planning an attack somewhere in Denmark," she said.

The identities of the arrested men were not released, but authorities said that all were Danish citizens ages 18 to 33 and that all but one had immigrant backgrounds. They were arrested in Vollsmose, an Odense suburb populated by many immigrants.

The seven suspects facing charges arrived for a closed-court hearing in Odense handcuffed with plastic strips. They were removed upon the request of their attorneys.

Prosecutor Erik Terp Jensen urged that the suspects be kept in custody as the investigation continues. The maximum sentence is life in prison, although such sentences are commuted after 16 years under Danish law.

Witnesses said several more people had been rounded up in the raids but were released after police checked their identities.

Mahir Arrar, 18, said he was with a friend at Odense's harbor when police took them both to a police station. Mr. Arrar said that he was released but that his friend, whom he declined to identify, remained in custody.

"I believe this is a big misunderstanding," Mr. Arrar said outside the courthouse.

Another man, who identified himself only as Ali K., said police detained his whole family but released everyone except his 21-year-old brother.

"They looked for weapons, but they have found nothing. They also searched our basement," he said.

Authorities said the suspects had been under surveillance for some time.

Mr. Findsen said the sweep was not related to neighboring Germany's arrest of four Lebanese suspected of involvement in a plot to bomb trains.

German press has said one of those suspects, Youssef Mohamad el Hajdib, was heading to Denmark, and German and Danish press said German police found a telephone number in his pocket for Mr. Bashar, the imam in Odense.

Mr. Bashar denied knowing Mr. el Hajdib, but he said it is a just matter of time before terrorists strike in Denmark.

"Osama bin Laden said in a message three years ago that he will punish the countries that have [troops] in Iraq," Mr. Bashar said. "Denmark is on the list."

About 500 Danish troops are serving in southern Iraq under British command and 360 are in Afghanistan as part of a NATO-led force.

Terrorists have not struck in Denmark since 1985, when a bomb exploded outside the offices of Northwest Orient Airlines in Copenhagen, killing one person and wounding 16. Three Palestinians living in Sweden were convicted and sentenced to life in prison in 1989.

Danish Antiterror Police Seize 9 Men, Mostly Young Muslims (NYT)

By Dan Bilefsky

The New York Times, September 6, 2006

COPENHAGEN, Sept. 5 — The Danish security police arrested nine suspects on Tuesday on suspicion of plotting a terrorist attack after surveillance showed that several of the men had collected bomb-making material, Justice Minister Lene Espersen said.

An antiterror squad carried out a raid in Vollsmose, a poor immigrant district in Odense, at 2 a.m. The suspects appeared at a closed hearing on Tuesday, where two were released and the others were charged with plotting acts of terrorism.

No details of a plot were released. Investigators said it was too early to know how far the suspects' plans had progressed. "With the general terror situation, the Danish Security Intelligence Service didn't want to run any unnecessary risk," said Lars Findsen, the service's director general.

Ms. Espersen said that nearly all nine were Danish citizens, and that Denmark was their likely target.

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"This is what is most alarming: these are Danish citizens living in Denmark that have been plotting a terror attack in Denmark," she said. Danish intelligence officials said the men were between 18 and 35 and were Muslims who appeared to have been recently radicalized. Nearly all lived in Vollsmose, which has 10,000 residents representing more than a dozen nationalities, and has grappled with youth violence, high unemployment and difficulties integrating its large Muslim community.

Politiken, a leading Danish newspaper, reported that of the nine arrested, five are of Palestinian origin, one is of Kurdish origin, one is a Danish convert to Islam and two are natives of Iraq.

Many young Muslims here were alienated by the publication in a Danish newspaper of caricatures lampooning the Prophet Muhammad. In response, Danish embassies were set ablaze in Muslim countries and Danish goods were boycotted.

Anti-Muslim sentiment has grown, as well, with the rise of the anti-immigrant Danish People's Party, which holds 13 percent of the seats in Parliament. Its members have compared Muslims to "cancer cells."

Imam Abu Bashar, a Muslim cleric in Odense, told The Associated Press that he feared Denmark might become a terrorist target because Osama bin Laden said he would punish the countries that have troops in Iraq.

"Denmark is on the list," Imam Bashar said. "I am afraid of the message of Osama bin Laden, that he will do something against Denmark."

Of the suspects, he told Politiken: "I know them vaguely from the mosque or supermarket. There is only one mosque in Odense and we pray together, but I don't know them well and I don't know their secrets."

On Tuesday the Islamic Society in Denmark, a leading Muslim organization, said in a statement, "It is worrying if police are acting based on weak evidence so the result will be hatred toward foreigners."

Mr. Findsen told reporters, "Some media have suggested that this is boys making fun, but I can assure you this is not child's play."

Terrorist Plot Uncovered In Denmark (LAT)

By Jeffrey Fleishman

The Los Angeles Times, September 6, 2006

BERLIN — Nine men suspected of gathering explosives for a terrorist plot were arrested in Denmark early today, according to Danish authorities.

Police said the men, including one ethnic Dane and eight with immigrant backgrounds, were arrested in a 2 a.m. raid in Odense in western Denmark. The suspects possessed "materials that can be used for the construction of explosives in connections with preparation for an act of terror," according to a statement by the Danish Security Intelligence Service.

The accused had been under surveillance, but officials did not say what the suspects were targeting or what stage the alleged plan had reached.

Lars Findsen, head of the intelligence service, said the arrests were made because "with the general terror situation," authorities did not want to "run any unnecessary risk."

Justice Minister Lene Espersen told Danish television: "The clues police found indicate that they were very likely planning an attack somewhere in Denmark. It was the most serious matter I have had in my time as justice minister."

The arrests came days before the fifth anniversary of the Sept. 11 attacks on the World Trade Center and Pentagon and nearly one year after the Jyllands-Posten newspaper printed cartoons lampooning the prophet Muhammad. The drawings, including one in which the prophet wears a headdress shaped like a bomb, led to weeks of protests and rioting across Europe and the Middle East.

Abu Bashar, an imam from Odense, told the Associated Press that he knew the suspects arrested today and predicted the charges would be dropped. He added, however, that he expected terrorists eventually would strike Denmark, which has about 500 soldiers supporting the U.S.-led coalition in Iraq.

"Osama bin Laden said in a message three years ago that he will punish the countries" that have troops in Iraq, Bashar said. "Denmark is on the list."

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There are about 200,000 Muslims living in Denmark, which has a population of 5.4 million. Resentment over integration failures in recent years has been further strained by the rise of the anti-immigrant Danish People's Party and Denmark's support of President Bush's policies in Iraq and Afghanistan.

The nation raised its terror threat after the July 7, 2005, bombings in London's transit system. A Moroccan-born Danish publisher was arrested shortly afterward on charges of instigating terrorism by distributing "inflammatory jihadist" videos, according to police. Last month, Danish authorities charged four men with supplying explosives to suspects in Bosnia, who were allegedly planning an attack in Europe.

Two antiterror officials in Europe said the impending anniversaries for Sept. 11 and the earlier publication of the cartoons have led to a heightened security alert across the continent.

"We have seen the faces of terror in Madrid and London. We know that there are potential terror threats in the whole western world," Denmark's Deputy Prime Minister Bendt Bendtsen told Danish television.

Danish Police Detain 9 In Alleged Terror Plot (WP/AP)

By Jasmina Nielsen, Associated Press

The Washington Post, September 6, 2006

ODENSE, Denmark, Sept. 5 -- Police raided homes in a largely immigrant suburb of this city before dawn Tuesday, detaining nine men for allegedly preparing explosives for a terrorist attack in Denmark.

Seven of the men were later arraigned on preliminary charges of plotting a terrorist attack, but the two others were released. An Islamic imam, Abu Bashar, said the suspects were Muslims.

Officials in Odense, the country's third-largest city, did not name a planned target and said it was hard to evaluate how far the alleged plot had progressed. The suspects had acquired material "to build explosives in connection with the preparation of a terror act," said Lars Findsen, head of the Danish Security Intelligence Service.

The raids, days ahead of the anniversary of the Sept. 11, 2001, attacks, came after two recent sweeps by British police, one that allegedly thwarted a plot to bomb jetliners over the Atlantic and another in which police arrested a group purportedly trying to recruit and train people for terrorist attacks. Germany also arrested four people in a failed attempt to bomb two trains in Cologne on July 31.

News of the arrests sent jitters through Denmark, which heightened its terrorism preparedness early this year following Muslim rage around the world over caricatures of the prophet Muhammad first published in a Danish newspaper.

About 500 Danish soldiers are serving in Iraq and 360 are in Afghanistan.

Justice Minister Lene Espersen said she did not know whether the plot was related to the cartoon crisis in February, when Danish and other Western embassies were attacked by mobs in Muslim countries. Espersen called the case "the most serious matter" during her time as justice minister. "The clues police found indicate that they were very likely planning an attack somewhere in Denmark," she said.

Authorities said that all the suspects were Danish citizens 18 to 33 years old and that all but one had immigrant backgrounds.

Mahir Arrar, 18, said he was with a friend at Odense's harbor when police took them both to a police station. Arrar said that he was released but that his friend, whom he declined to identify, remained in custody. "I believe this is a big misunderstanding," Arrar said outside the courthouse.

Another man, who identified himself only as Ali K., said police detained his entire family but released everyone except his 21-year-old brother. "They looked for weapons but they have found nothing. They also searched our basement," he said.

O'Connor: More Terror-Related Decisions Await Court (AP)

By Bradley S. Klapper, The Associated Press

AP, September 6, 2006

Former U.S. Supreme Court Justice Sandra Day O'Connor said Monday she believed the war on terror was only at the beginning, and the challenge of balancing national security against the protection of civil liberties will be a key issue in the coming years.

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O'Connor, speaking in the tiny mountainous principality of Liechtenstein, said the United States had at times failed to strike that "delicate balance" correctly in the past, erring too greatly on the side of national security.

She refused, however, to assess whether the approach adopted by U.S. President George W. Bush's administration, or the Court she left in January, has been the right one since the Sept. 11 attacks.

"If we lose sight of liberty in an effort to conquer our enemies, the price may have been too high," O'Connor told a crowd of about 100 in the city hall of Liechtenstein's capital, Vaduz. "We will have forfeited the very principles that initially prompted us to take up the battle."

The Arizona native was an influential swing voter who criticized the government's strategy in the war on terror before retiring in January. She wrote in a 2004 ruling that "a state of war is not a blank check for the president when it comes to the rights of the nation's citizens."

Her speech, wide in its historical breadth, compared the current debate on the limits of U.S. executive power in the war on terror to similar questions taken up by the Supreme Court since the Civil War more than 140 years ago.

She cited former U.S. President Abraham Lincoln's attempted suspension of habeas corpus for suspected Confederate accomplices in the Civil War and the permitted detainment of U.S. citizens of Japanese descent during World War II as examples of where the protection of civil liberties had been slighted.

While the issues of prisoner rights at the U.S. naval base at Guantanamo Bay, Cuba, or the jurisdiction of military tribunals to try terror suspects, are not the same as those that in Lincoln's time, they are related because they deal with the limits on the power of the executive branch and the judiciary's mandate to uphold U.S. and international legal principles.

These issues, O'Connor maintained, will continue to be a major source of contention.

"Our nation is, I think, nowhere close to the end of the conflict," she said. "We're closer to the beginning of the conflict than we are to the end point. That means, of course, that judges in my country and elsewhere are going to have to continue to confront legal questions arising from this so-called war on terror."

For example, she cited the controversy over the collection of Americans' phone records. She did not pass judgment on the constitutionality of wiretapping, but said that issue and many others related to the U.S. government's anti-terror efforts would be highly pertinent ones for the U.S. legal system.

"The Bush administration has determined that the Foreign Intelligence Surveillance Act law, which prohibits unauthorized wiretapping, does not apply to the current hostilities," O'Connor said. "Critics of that position say that the law does continue to apply. There are lawsuits about protecting private communications that have been filed in the lower courts and that particular issue is surely going to find its way to the Supreme Court."

O'Connor also examined the parliamentary and judicial responses to terrorism in Britain, Germany and Liechtenstein -- even if she refrained from mentioning the principality's restrictions on money laundering, which had been criticized after the 2001 terror attacks.

O'Connor, the first female U.S. Supreme Court justice, was one of a series of female speakers invited by Liechtenstein authorities as part of the country's bicentennial celebrations. She noted that until recently there had been a lack of women among Liechtenstein's leaders.

"You notice they are all men," she said before her speech as she entered the building's reception hall, where portraits of the country's ruling "Fuersten" -- or princes -- and Vaduz's mayors cover the walls.

O'Connor, 76, was appointed by U.S. President Ronald Reagan in 1981. After she retired, she was replaced by Samuel Alito, leaving Ruth Bader Ginsburg as the only woman on the high court.

N.Y. Prosecutors Want Lawyer Punished (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, September 6, 2006

(AP) - NEW YORK-Prosecutors seeking a 30-year prison term for a lawyer convicted of aiding terrorists have called her behavior "flagrant abuse of her profession" ahead of next month's sentencing hearing.

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Lynne Stewart was convicted in February 2005 of providing material support to terrorists by releasing a statement by her client, Sheik Ahmed Abdel-Rahman, who was imprisoned after being convicted in 1995 of plotting to blow up New York City landmarks.

Stewart's "egregious, flagrant abuse of her profession, abuse that amounted to material support to a terrorist group, deserves to be severely punished," prosecutors wrote in a document submitted Thursday to a judge.

Her lawyers have argued that Stewart should receive no prison time, arguing that a harsh sentence would frighten other lawyers from representing notorious clients and that Stewart's three decades of distinguished work for indigent clients should speak louder than a single serious mistake.

The prosecutors see it differently.

"Stewart did not walk a fine line of zealous advocacy and accidentally fall over it; she marched across it and into a criminal conspiracy," Assistant U.S. Attorney Andrew S. Dember wrote. "The government obviously did not prosecute Stewart because she is a zealous advocate, but rather for blatantly and repeatedly violating the law."

Dember wrote that Stewart's "conduct was not isolated to one single event; rather, it showed a pattern of purposeful and willful conduct, in which she played a central role in repeated fraudulent attempts to pass messages to and from Abdel-Rahman."

He also said Stewart lied at her trial when she said the government knew that special prison rules allowed the sheik's lawyers to issue news releases, and when she denied knowing an overseas terrorist until her trial.

The government also rejected arguments that the terrorism case was handled differently because of the Sept. 11, 2001, terrorist attacks, saying the criminal investigation of Stewart began before then.

Stewart, 65, had argued that Abdel-Rahman was engaging in protected speech when he expressed his opinion about a cease fire by Islamic militants in Egypt that Stewart passed along in a 2000 news release.

Stewart was convicted along with Mohamed Yousry, an Arabic interpreter, and Ahmed Abdel Sattar, a U.S. postal worker. The government sought a 20-year prison term for Yousry and a life sentence for Sattar.

Yousry also was convicted of providing material support to terrorists. Sattar was convicted of conspiracy to kill and kidnap people in a foreign country.

HOMELAND RESPONSE:

Philadelphia FBI: We're On Top Of Terror Threat (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, September 6, 2006

The FBI's top gun in Philadelphia said yesterday there's no evidence that anyone is plotting a terrorist attack here as the fifth anniversary of 9/11 approaches.

Even if someone were, Philadelphians can rest assured that agents here would do whatever is necessary within the law to thwart an attack, said Jody Weis, special agent in charge of the FBI's Philadelphia office.

Weis addressed reporters yesterday to highlight some of the changes and new counterterrorism tools the FBI has developed since 9/11.

Two new key tools: the Terrorism Screening Center, which allows FBI agents and cops on the street to connect to a terrorism watch list, and the Investigative Data Warehouse, which gives investigators access to 50 databases and 500 million records.

Another key change has been the Joint Terrorism Task Forces, in which federal, state, local and even international law-enforcement officials partner in the fight against terrorism.

Weis said the feds here get "scores of leads" weekly in connection with potential terrorism. Each one of those leads gets checked out, he said.

"I can guarantee you, if someone made a phone call and said, 'Hey, bin Laden is sitting at the Ben Franklin Bridge,' we would respond to that and check it out," he said.

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But most of the time the leads don't lead to suspected terrorists, Weis said. He declined to comment when asked if the feds were monitoring any active terrorist sleeper cells in the region.

Several times in the past, however, federal agents investigated suspicious activity, though no connections to terrorism were made.

In 2003, agents investigated five Algerian nationals living in South Philadelphia. An FBI spokeswoman said the Algerians had come under scrutiny after several Algerians jumped ships that had docked at the port.

Two individuals were eventually deported and a third fled the country. Two others were cleared of any wrongdoing, officials said.

In May 2004, agents of the FBI, the IRS and the Immigration and Naturalization Service homed in on three individuals connected to a mosque on Wakling Street.

The feds had received complaints from people attending the mosque that some individuals may have been providing "material support" for terrorists.

A former imam of the mosque was later deported on immigration violations, a second individual was jailed for visa fraud and a third fled the country after tax-related charges were filed against him, officials said.

FBI Details Local Antiterror Efforts (PHI)

By John Shiffman

The Philadelphia Inquirer, September 6, 2006

Last summer, FBI agents here received a tip that a Moroccan student attending a Philadelphia-area trade school was making increasingly vitriolic statements against America.

Agents tracked him - they won't say how - and learned that he had flown to Iraq. The unidentified man was detained there, and, the FBI said, confessed to firing at U.S. troops.

A thin outline of the case was disclosed by FBI agents yesterday in an interview that followed a news conference designed to showcase the bureau's antiterror efforts in the five years since 9/11.

Much of the FBI's national security work is murky, preemptive and often classified - which makes it difficult, if not impossible, to assess.

"It's not a perfect system, but we're striving to have the intelligence in place," said J.P. Weis, the special agent in charge of the Philadelphia division. "Intelligence is the key. We need to have everybody - the community, the media - reporting in. That's the way we'll be successful. We can't do anything if we don't know about it.

"... If there's any way we've changed, it's in intelligence," he said. "We bring intelligence into every case, every investigation. It's not that we didn't do things intelligently before, but that wasn't the driving force. Now it is."

The backbone of this effort, Weis said, is the bureau's intelligence analysts. The FBI has hired hundreds of them nationwide, though many gun-toting agents have been reluctant to accept them as equals, creating friction in some circles, according to a recent congressional report and interviews with rank-and-file agents here.

In Philadelphia, 20 analysts have been assigned to its "Field Intelligence Group," a unit the FBI has been promoting nationwide as a key to information-sharing. Last year, the local Field Intelligence Group produced several classified assessments of terror targets, including one of SEPTA's transit systems. It also helped locate the Moroccan in Iraq, agents said.

"There's a threefold mission," Weis said. "We want to see what we don't know. What is going to happen if we don't learn what we don't know. And... how do we close those gaps?"

Weis said he knows of no credible terrorist threat in the Philadelphia area. However, he said, the fifth anniversary of the Sept. 11 terror attacks provides an opportunity for the government and media to remind people about the danger terrorists pose.

"The greatest danger to America today is complacency," Weis said. "This is a call to arms for every concerned citizen."

In another local case disclosed for the first time yesterday, FBI agents said they rounded up five Algerians in South Philadelphia in 2002.

"We weren't sure exactly what they were up to, but we took them out," terrorism squad supervisor Jeffrey W. Tomlinson said during the news conference. The Algerians were deported on immigration violations.

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"Were they planning something? We don't know," Tomlinson said. "That's an example of something we've done successfully in Philadelphia since 9/11. We tend not to advertise our best work."

Charges Dropped In Mich. Cell Phone Case (AP)

By DAVID N. GOODMAN

AP, September 6, 2006

DETROIT (AP) — A federal judge threw out conspiracy and money laundering charges Tuesday against three Texas men once accused of plotting a terror attack on Michigan's iconic Mackinac Bridge.

U.S. District Court Magistrate Charles Binder in Bay City ruled that federal prosecutors failed to present enough evidence to justify bringing them to trial on charges involving the buying and resale of prepaid cell phones. They were cleared earlier of the terror charges.

Defense lawyers claimed the men — Louai Othman, 23, his brother Adham Othman, 21, and their cousin Maruan Muhareb, 18, all of Mesquite, Texas — were targeted because of their Middle Eastern heritage. All are Palestinian-American.

"I'm happy to be going home, and I'm happy that I'm free," Adham Othman said through his lawyer, Christopher McGrath.

The three were arrested Aug. 11 after buying large numbers of prepaid cell phones at a Wal-Mart outlet in Caro, about 80 miles north of Detroit.

Tuscola County authorities said they were alarmed by the hundreds of prepaid cell phones they said were found in the men's van and by images on their digital camera of the five-mile-long Mackinac Bridge, which links Michigan's two peninsulas.

They charged the men with collecting or providing materials for terrorist acts and with surveillance of a vulnerable target for terrorist purposes.

The FBI and state police later said there was no imminent threat to the landmark span and no information linking the Othmans and Muhareb to known terrorist groups.

Michigan charges against the men were thrown out Aug. 16. But federal authorities continued to press a separate case against the men, saying the phone purchases were part of an illegal scheme to remove propriety software and resell the phones. TracFone Wireless Inc. and Nokia Corp. have filed civil suits elsewhere seeking to stop the practice.

Messages seeking comment were left with the U.S. attorney's office in Detroit.

Muhareb said he insisted all along that his phone-buying activities were legal. "This is what I told them from the beginning," he said through his defense attorney, Mona Fadlallah.

She said the case highlighted serious problems with the state of the U.S. justice system.

"This should be frightening for everyone, and not just people of Middle Eastern descent," Fadlallah said.

Federal Judge Drops Remaining Charges In Thumb Terrorism Case (DEN)

Detroit News, September 6, 2006

Texans accused of money laundering after they were caught with 1,000 cell phones.

A U.S. magistrate in Bay City on Tuesday dismissed conspiracy and money laundering charges against three Texas men who were initially accused of supporting terrorism.

"They feel wonderful; their confidence in our justice system has been restored," said Nabih Ayad, the Dearborn Heights attorney representing Maruan Muhareb, 18, Adham Othman, 21, and Louai Othman, 23.

Magistrate Judge Charles Binder dismissed the remaining charges against the men following a preliminary examination, ruling the government did not have sufficient evidence to proceed with the case, Ayad said.

The men faced state terrorism-related charges after they were arrested in Caro in Michigan's Thumb Aug. 11 with photos of the Mackinac Bridge and about 1,000 cell phones in their van.

Tuscola County Prosecutor Mark E. Reene dropped those charges after both the FBI and the Michigan State Police said there was no evidence linking the men to terrorism.

But the same day those charges were dropped, the federal government charged the men with conspiracy to traffic in counterfeit goods and money-laundering in connection with alterations they allegedly planned to make to the phones' software so they could be sold for increased profit.

"We respect the judge and the process and we're continuing to evaluate the case in light of the decision," said U.S. Attorney Stephen Murphy.

Ayad has said the men were the victims of ethnic profiling. He said the men, who spent 10 days in custody following their arrests, are considering a civil lawsuit.

"The stigma is still with them," he said.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Arab-American Men Freed In Cell Phone Case (FREEP)

By Niraj Warikoo, Free Press Staff Writer

Detroit Free Press, September 6, 2006

Judge says there was no terror plot

A federal judge has thrown out all charges against three Texas men who were arrested last month in Caro, Michigan, after buying hundreds of cell phones, according to their defense attorney Nabih Ayad. Investigators initially suspected the men may have links to terrorism and were possibly targeting the Mackinac Bridge.

State prosecutors slapped them with terrorism charges, but soon dropped them. Federal prosecutors then charged them with operating a counterfeit operation. On Tuesday, U.S. Magistrate Judge Charles Binder dismissed the federal charges of conspiring to traffic in counterfeit goods and carrying out an unlawful activity involving a financial transaction. He made the decision after a court hearing Tuesday that featured FBI testimony, Ayad said.

The judge also canceled their bond, Ayad said. The Texas men -- brothers Adham Othman, 21, of Dallas and Louai Othman, 23, of Mesquite, and their cousin Awad Muhareb, 18, also of Mesquite -- are now free.

"It's a victory for justice and for the Middle Eastern community," said Ayad, their attorney.

Ayad and Arab-American groups said the men, who are Palestinian-American, were targeted because of their Arab background.

The men bought hundreds of cell phones that they had intended to resell at a profit, Ayad said. They were arrested after a suspicious store clerk alerted police.

Airlines Watch For Terror-Plot Effect (WSJ)

By Steve Mcgrath And Daniel Michaels

The Wall Street Journal, September 6, 2006

Airlines continue to face ripples from last month's alleged foiled terrorist plot in Britain, as British Airways said future bookings had been hurt and Continental Airlines said security concerns damped its per-seat revenue growth last month.

British Airways and other carriers reported strong August traffic results as fliers largely stuck to their original travel plans despite the alleged plot and the security disruptions it caused. Airlines now are watching new ticket purchases to see whether terrorism fears or security inconveniences lead travelers to stay home or seek alternate modes of transportation. Industry analysts say the impact is unlikely to slow the world-wide resurgence in air travel but that more time is needed to gauge the full effect.

British Airways reported a 5% rise in August passenger traffic as measured by revenue passenger kilometers compared with a year earlier, despite thousands of plane cancellations. But it said that, while overall bookings had returned to levels seen last year, bookings are still weaker than in recent months. Limitations on hand luggage meant a lag in the recovery in both premium and nonpremium transfer traffic.

"Visibility is limited as we emerge from the issues surrounding the August security increases, but underlying market conditions continue to be good," British Airways said. George Stinnes, British Airways' treasurer and head of investor relations, said it was impossible to quantify how many bookings had been lost in August because those could be rebooked at a later date.

British Airways said about 1,280 of its flights were canceled from Aug. 10-17 at an estimated cost of about £40 million ($76.2 million). August traffic benefited by comparison with the year-earlier period, which was hurt by labor strife.

Rival carriers in the United Kingdom either brushed off the event or moved quickly to counteract any impact. A spokeswoman for Virgin Atlantic Airways, which only flies long-haul routes and is smaller than British Airways, said the upscale carrier believes "there doesn't seem to have been a long-term effect" on bookings. Irish budget carrier Ryanair Holdings PLC,

recently offered four million seats across its whole network for only the cost of taxes and other government or airport fees. Spokesman Peter Sherrard said the airline acted to put pressure on other airlines, but he added that "we had to stimulate the market" and spur traffic.

In the U.S., Continental Airlines reported a 9.3% rise in August passenger traffic, as measured by revenue passenger miles, and load factor -- or percentage of seats filled -- of 82.4%. But the Houston carrier also said its August revenue per available seat mile, a closely watched industry metric, was hurt by elevated security concerns during the month. Continental said its August revenue per available seat mile rose 6.5% to 7.5%, compared with a year earlier. In July, the same measure rose 9.6%.

A Continental spokeswoman declined to comment further, saying it was too preliminary to determine a longer-term impact.

American Airlines, a unit of AMR Corp. of Fort Worth, said the airline hasn't yet seen any major impact on bookings, revenue or traffic tied to the terrorist plot, but is still studying the matter. The carrier reported a 1.4% drop in traffic for the month compared with last year's level, but its overall seats in the air fell 1.9% and its load factor stood at a healthy 81.9%.

Former TSA Workers' Data Exposed (USAT)

By Thomas Frank

USA Today, September 6, 2006

The Transportation Security Administration is warning 1,195 of its former employees that a contractor may have mailed their Social Security numbers and birth dates to the wrong addresses and left them open to identity fraud.

The error, acknowledged in letters the TSA mailed in late August to each of the former employees, is the latest in a series of data breaches that may have exposed workers in both private and government jobs to identity thieves.

“Making a mistake like this is abominable,” said Beth Givens, director of the Privacy Rights Clearinghouse, an advocate for consumer privacy. “You've got an agency whose mission is security.”

The TSA is part of the Homeland Security Department. Its 55,000 employees primarily run airport security.

TSA spokeswoman Amy von Walter said the breach was “an administrative error, and the contractor has taken steps to ensure it's not repeated.”

Accenture, a contractor that handles TSA personnel, sent 1,195 documents to the wrong former employees during a recent mailing, according to a letter signed by Richard Whitford, TSA assistant administrator for human capital.

The documents were standard forms that are sent to employees after they leave the government. The forms often list an employee's Social Security number, birth date and salary. It's unclear how many forms had that information.

A Social Security number and birth date can enable a thief to get a credit card fraudulently, Givens said. The odds of that happening in the TSA data breach are “very low,” she added, because the forms ended up in the hands of other TSA employees. The TSA, she said, is “a closed community that has very strong security values.” The TSA said 244 of the wrongly addressed letters were returned to the agency unopened.

The TSA checks all job applicants' criminal and credit histories, eliminating those with criminal records or whose finances may make them susceptible to bribes or coercion.

The agency encouraged former employees to put a fraud alert on their credit files. An alert requires creditors to contact a person before a new credit account is opened in his or her name. There is no charge for the service.

People don't have to pay for fraudulent charges on their credit as long as creditors are alerted in a timely manner. Clearing up credit records can take “hundreds of hours,” Givens said.

In May, the records of millions of veterans were potentially compromised when a laptop was stolen from the home of a Department of Veterans Affairs employee.

Last year a congressional probe found the TSA improperly stored 100 million records containing personal information on passengers after the agency said no data storage would occur.

Lung Problems Rife Among WTC Responders (AP)

By Amy Westfeldt

The AP, September 5, 2006

DOJ_NMG_0058388

Nearly 70 percent of the rescue and cleanup workers who toiled in the dust and fumes at ground zero have had trouble breathing, and many will probably be sick for the rest of their lives, doctors said Tuesday in releasing results of the biggest Sept. 11 health study yet.

The Mount Sinai Medical Center study is conclusive proof of a link between recovery work at the World Trade Center ruins and long-term respiratory problems, doctors said.

"There should no longer be any doubt about the health effects of the World Trade Center. Our patients are sick," said Dr. Robin Herbert, co-director of the group that has monitored the health of nearly 16,000 ground zero workers.

Herbert said that most of the patients in the study first came to ground zero between Sept. 11 and Sept. 13, 2001, which exposed them to asbestos, pulverized concrete, mercury and toxins that will leave them chronically sick.

"Our patients were very, very highly exposed, and are likely to suffer health consequences as a result of that for the rest of their lives," she said.

Herbert was joined by lawmakers who accused the federal government of not doing enough to protect the workers' health and not spending enough to treat them.

Mayor Michael Bloomberg cast doubt on the study's claims, saying, "I don't believe that you can say specifically a particular problem came from this particular event."

Dr. John Howard, who was appointed by the Bush administration in February to coordinate the various ground zero health programs, called the findings "extremely important" and said they support other researchers' work, including a study of city firefighters.

The study, to be published Thursday in the journal Environmental Health Perspectives, focused mostly on what has come to be called "World Trade Center cough" in 9,442 ground zero workers examined between July 2002 and April 2004.

They included construction workers, police and firefighters and other volunteers who worked at the site, in the city morgue or at a landfill where more than 1 million tons of trade center debris were carted.

In lung function tests, ground zero workers had abnormalities at a rate double that expected in the general population; these problems persisted for months and in some cases years after the exposure, the study found.

The study said that almost 70 percent of trade center responders had new or worsened respiratory problems during or after the attacks. Sixty-one percent of responders who had no health symptoms before the attacks developed problems while working at ground zero. One third of those tested had abnormal lung function, which Herbert said is a rate twice as high as the nonsmoking population.

Ironworker John Sferazo, who spent 30 days on the smoldering debris pile and now takes 26 medications a day to deal with his lung problems, said the White House did too little, too late. "If President Bush wanted this situation to be cleaned up, it would have been cleaned up long before now," he said.

He said he was having trouble getting words out at Tuesday's news conference because he is constantly short of breath and has restrictive airway disease. "I'm lucky if I can run a city block without dropping dead," said Sferazo, 51.

Lawmakers said the government has to develop a coordinated funding program to pay for health care for the workers for the rest of their lives, and said environmental officials failed to warn people about the danger of breathing the air near the site.

"It was obvious that the air was hard to see through, let alone hard to breathe," said Sen. Hillary Rodham Clinton.

The mayor announced that a World Trade Center clinic will open in January at a public hospital. Among those who will be treated there are illegal immigrants and uninsured people.

Many 9/11 Workers Have Lung Issues, Report Says (NYT)

By Maria Newman

The New York Times, September 6, 2006

In the largest study so far of post-9/11 health problems, almost 70 percent of workers who helped with the cleanup of the World Trade Center site suffered new or worsened respiratory symptoms, researchers at Mount Sinai Medical Center found.

The study found that people who worked on the cleanup had pulmonary abnormalities of twice the rate in the comparable United States population and that the abnormalities persisted for many months and, in some cases, years after exposure.

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The findings are based on medical examinations performed between July 2002 and April 2004 on 9,500 workers and volunteers who took part in the cleanup of the twin towers, doctors from the center said at a news conference today.

The report found a high rate of illness among those studied, and also found that the illnesses persisted in high proportion years after the 2001 event.

"Many who worked at ground zero in the early days after the attacks have sustained serious and lasting health problems as a direct result of their exposure to the environment there," Dennis Charney, the dean for academic and scientific affairs at the Mount Sinai School of Medicine, said in a statement issued with the report.

"This study scientifically confirms high rates of respiratory problems in a large number of responders — including construction workers, law enforcement officers, utilities workers and public sector workers," he said.

The study monitored the health of 12,000 people who helped with the trade center cleanup, a diverse group that included many people in addition to firefighters and police officers. All of them received comprehensive evaluations that included physical examinations, mental health evaluations, pulmonary function tests, chest X-rays, blood tests and urinalysis.

Of the group of 12,000 initially examined, 9,500 agreed to allow their results to be used in the report that will be published in Thursday's edition of Environmental Health Perspectives, the journal of the National Institute of Environmental Health Sciences.

Among the report's chief findings:

Almost 70 percent of those who responded had a new or worsened respiratory symptom that developed during or after their time working at the World Trade Center site.

Among the workers who were showed no such symptoms before 9/11, 61 percent developed respiratory symptoms while working at the site.

Almost 60 percent still had a new or worsened respiratory symptom when they were examined for the study.

One third had abnormal pulmonary function tests, much higher than expected.

Severe respiratory conditions, including pneumonia, were significantly more common in the six months after 9/11 than in the six months before the event.

Those who arrived first at the site suffered the heaviest exposures, the report found, which is significant because 70 percent of those screened arrived at the site in the first few days after the disaster, between Sept. 11 and 13.

In the past year, the responders seen by doctors involved in the study have suffered from upper respiratory illnesses, like sinusitis, laryngitis, and vocal cord dysfunction; lower respiratory disorders, like asthma and World Trade Center cough; psychological disorders, like post-traumatic stress disorder and chronic depression; and musculoskeletal problems, often from injuries that occurred while working on the pile.

Mount Sinai continues to screen responders and has tested an additional 4,000 since April 2004.

"We encourage anyone who worked at ground zero, especially in the early days after September 11, who has not yet been screened, to come for an evaluation," said Dr. Philip J. Landrigan, chairman of the department of community and preventive medicine at Mount Sinai. "It is important that those who gave so heroically in the aftermath of the disaster be assured that they will be able to get all the medical care they need."

Mount Sinai's ongoing monitoring program is supported with money from the National Institute for Occupational Safety and Health.

The Other Victims Of Sept. 11 (opinion) (NYT)

The New York Times, September 6, 2006

Nobody knows exactly how many people rushed to help after the attack on the World Trade Center five years ago. The working estimate is 40,000, and it includes not only New York firefighters, police officers, ironworkers and neighborhood volunteers but also communications workers from Chicago and rescuers from California. They came from across the country to work on "the pile," as the smoldering ruins were known, or at Fresh Kills on Staten Island, where what remained of the twin towers was eventually moved for closer examination.

Now, many of these generous people, people who had no trouble passing a physical on Sept. 10, are paying with their health. Because they failed to wear or sometimes even obtain the proper breathing masks, and because they were misled by

assurances that the toxic fumes were not dangerous, many are now sick or even dying. It is time for all those politicians who are waving the flag this month over Sept. 11 to start providing care for the living victims of that day.

The evidence of problems for these workers has grown steadily since 2001. The latest survey by the Mount Sinai Medical Center in New York City estimates that nearly seven of 10 people who responded after Sept. 11 have suffered new or worsening lung problems. The center's survey of about 9,500 people found that those who responded earliest were now the ones suffering the worst.

Recent initiatives from Mayor Michael Bloomberg and state leaders are welcome, even five years late. It would be easy to criticize them for being slow in recognizing the need, but the real failure has been in Washington. This is a national problem, requiring federal answers. The terrorists attacked the United States, not New York. Understanding that, people came from across the country to help. Their medical costs and compensation for long-term disabilities must be handled through a national plan that treats everyone, from illegal immigrant cleaners to firefighters to physicians, with equal respect.

Yet until recently, Congress and the Bush administration have barely managed to squeeze out enough money for surveys to determine the extent of illnesses related to ground zero. A scant $52 million has been set aside for medical care, but so far, none of that money has reached a real patient. Even Dr. John Howard, who was appointed in February as the administration's coordinator for 9/11 health efforts, recognized the frustration. He said of those waiting for medical help, "I can't blame them for thinking, 'Where were you when we needed you?' "

They still need help. Congress and the White House need to make sure there is enough money to continue monitoring those from around the country who were caught in the toxic dust. And they need to make money available quickly for responders who grow sicker with each Sept. 11.

9/11 Miniseries Is Criticized As Inaccurate And Biased (NYT)

By Jesse Mckinley

The New York Times, September 6, 2006

SAN FRANCISCO, Sept. 5 — Days before its scheduled debut, the first major television miniseries about the Sept. 11 attacks was being criticized on Tuesday as biased and inaccurate by bloggers, terrorism experts and a member of the Sept. 11 commission, whose report makes up much of the film's source material.

The six-hour miniseries, "The Path to 9/11," is to be shown on ABC on Sunday and Monday. The network has been advertising the program as a "historic broadcast" that uses the commission's report on the 2001 attacks as its "primary foundation."

On Tuesday, several liberal blogs were questioning whether ABC's version was overly critical of the Clinton administration while letting the Bush administration off easy.

In particular, some critics — including Richard A. Clarke, the former counterterrorism czar — questioned a scene that depicts several American military officers on the ground in Afghanistan. In it, the officers, working with leaders of the Northern Alliance, the Afghan rebel group, move in to capture Osama bin Laden, only to allow him to escape after the mission is canceled by Clinton officials in Washington.

In a posting on ThinkProgress.org, and in a phone interview, Mr. Clarke said no military personnel or C.I.A. agents were ever in position to capture Mr. bin Laden in Afghanistan, nor did the leader of the Northern Alliance get that near to his camp.

"It didn't happen," Mr. Clarke said. "There were no troops in Afghanistan about to snatch bin Laden. There were no C.I.A. personnel about to snatch bin Laden. It's utterly invented."

Mr. Clarke, an on-air consultant to ABC News, said he was particularly shocked by a scene in which it seemed Clinton officials simply hung up the phone on an agent awaiting orders in the field. "It's 180 degrees from what happened," he said. "So, yeah, I think you would have to describe that as deeply flawed."

ABC responded Tuesday with a statement saying that the miniseries was "a dramatization, not a documentary, drawn from a variety of sources, including the 9/11 commission report, other published materials and from personal interviews."

"The events that lead to 9/11 originally sparked great debate," the statement continued, "so it's not surprising that a movie surrounding those events has revived the debate."

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Former Gov. Thomas H. Kean of New Jersey, the chairman of the Sept. 11 commission and a consultant on the miniseries, defended the program, saying he thought the disputed scene was an honest representation of a number of failed efforts to capture Mr. bin Laden.

"I pointed out the fact that the scene involving Afghanistan and the attempt to get bin Laden is a composite," Mr. Kean said, adding that the miniseries format required some conflation of events. But, he said, "The basic fact is that on a number of occasions, they thought they might have been able to get bin Laden, and on those occasions, the plug was pulled for various reasons."

Mr. Kean conceded that some points might have been more drama than documentary. "Some of the people shown there probably weren't there," he said.

Online commentators seized on remarks made last week by Rush Limbaugh, the conservative radio host, who said "The Path to 9/11" had been written and produced by a "friend of mine out in California" named Cyrus. "From what I've been told," Mr. Limbaugh said, according to a transcript on rushlimbaugh.com, "the film really zeros in on the shortcomings of the Clinton administration."

Reached Tuesday, Cyrus Nowrasteh, the film's screenwriter and one of its producers, said he had met Mr. Limbaugh on the set of "24," the serialized thriller on Fox.

"I met him briefly," Mr. Nowrasteh said, declining to say if the two men were close. "And that's it."

As for criticism that his movie was soft on the Bush administration, Mr. Nowrasteh said, "Let the movie speak for itself."

ABC said it planned to run a disclaimer with the broadcast, reminding viewers that the movie was not a documentary.

But Richard Ben-Veniste, a member of the Sept. 11 commission, said genre confusion would not be a problem for commission members, several of whom saw part of the miniseries last week.

"As we were watching, we were trying to think how they could have misinterpreted the 9/11 commission's finding the way that they had," Mr. Ben-Veniste said. "They gave the impression that Clinton had not given the green light to an operation that had been cleared by the C.I.A. to kill bin Laden," when, in fact, the Sept. 11 commission concluded that Mr. Clinton had.

Mr. Ben-Veniste said he did, however, approve of the casting. "I like Harvey Keitel," he said of the actor who plays John O'Neil, the onetime F.B.I. counterterrorism expert who died in the attacks. "I liked him in 'Mean Streets.' I'm a fan."

Proposals To Revise FEMA May Be In Jeopardy On Capitol Hill (WP)

By Spencer S. Hsu

The Washington Post, September 6, 2006

Congressional proposals to retool the Federal Emergency Management Agency after last year's disastrous hurricane season appear to be in trouble, with Republicans scrambling to strike a compromise before November's elections.

Members remain divided over how much to spend; how big to rebuild the disaster response agency after five years of disintegration; and how broadly to change laws covering aid to individuals, governments and private groups, congressional aides said.

Both political parties expect homeland security to be an important issue in this fall's elections. Desiring to avoid a divisive floor fight and to fast-track FEMA changes through a jampacked legislative calendar, Republican leaders are pushing to jettison the controversial parts and tack the rest onto a pending, must-pass $33 billion homeland security spending bill.

Sen. Judd Gregg (R-N.H.), chairman of the Senate Appropriations subcommittee on homeland security, said he has told House and Senate FEMA negotiators from both parties that if they can strike a deal, "we will be happy to carry it. . . . If we get to that point, I would try to fund it consistent with what they propose, if I agree with it. . . . There is not a lot of money."

Indeed, Rep. Bennie Thompson (Miss.), the ranking Democrat on the Homeland Security Committee, said GOP House leaders have said no new money will be available.

"The overhaul without finances is not going to make America any safer," he said, calling the election-season fix to FEMA "at best, cosmetic" and "an insult to every American."

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Leslie Phillips, a spokeswoman for Sen. Joseph I. Lieberman (Conn.), the ranking Democrat on the Senate Homeland Security panel, said: "Senator Lieberman certainly believes that more funding is needed and will fight for it. . . . Otherwise, [FEMA's] reinvention will not succeed."

John Scofield, a spokesman for the House Appropriations Committee, said caps on the spending bills were set long ago and noted that the House and Senate in June passed versions already $400 million apart.

"We have a budget that was approved earlier in the Congress, and our plan is to stick with it," Scofield said.

Gregg set a deadline of yesterday for agreement, several congressional aides said, although the chairman said his window is still open. House appropriators set a Sept. 15 deadline. One House Republican aide following the negotiations expressed skepticism about the chances of passing a bill. "I guess it's better than 50-50 . . ." the aide said, "but it's definitely not a slam-dunk."

Lawmakers began pushing for major changes to FEMA within days after Hurricane Katrina rampaged through the Gulf Coast. The agency's response to the catastrophe was widely criticized, and the White House promised to improve its disaster preparedness.

At the urging of the White House, House GOP leaders have pressed backers of two competing bills to agree to leave FEMA within the Homeland Security Department, and not restore it to independent status.

Budget estimates that each bill would exceed $1 billion include money that FEMA already spends, GOP aides say, and Gregg noted that the agency gets big boosts in emergency spending bills when disasters hit. "We'll make sure they get the necessary funding," Scofield said.

"The normal sausage-making of legislation is not going to get us what we need," said Max Stier, president of the Partnership for Public Service. Several investigations into the response to Hurricane Katrina showed a need for far-reaching changes, he said, and "dollars to back it up."

WAR NEWS:

Rice Likens Iraq And Civil War Critics (AP)

By Barry Schweid

AP, September 6, 2006

Secretary of State Condoleezza Rice is drawing a parallel between the Iraq war and the Civil War. Both had their critics but both were justified, she says.

In both cases, it was the right decision to fight and see the wars through, Rice, who is black and is from Alabama, said in an interview with Essence Magazine.

Asked if she still thought the decision to go to war in Iraq in 2003 was right, considering the cost in lives and treasure, Rice said, "Absolutely."

Rice then offered a parallel between critics of the administration's Iraq policies and "people who thought it was a mistake to fight the Civil War (in this country) to its end and to insist that the emancipation of slaves would hold."

"I'm sure that there were people who said, "why don't we get out of this now, take a peace with the South, but leave the South with slaves."

"Just because things are difficult, it does't mean that they are wrong or that you turn back," Rice told the magazine, which has a large audience among African-Americans.

Rice, a former academic, said she spent the summer reading biographies of the Founding Fathers and said she was certain "there were people who thought the Declaration of Independence was a mistake" as well.

Rice Finds Similarities To U.S. Civil War (WT)

By Nicholas Kralev

The Washington Times, September 6, 2006

DOJ_NMG_0058393

Secretary of State Condoleezza Rice has drawn a parallel between the war in Iraq and America's Civil War, saying that fighting to the end was the right thing to do even though many thought it was a mistake.

"I know that there were people who said, 'Why don't we get out of this now, take a peace with the South, but leave the South with slaves?' Just because things are difficult, it doesn't mean that they are wrong or that you turn back," Miss Rice said.

In another parallel, she said that "by all rights, the United States of America should not have come into being," because "there were people who thought that the Declaration of Independence was a mistake."

Miss Rice made her remarks in a wide-ranging interview with Essence magazine, whose readership is predominantly black.

Miss Rice also defended President Bush's record on racial issues.

It was "a ridiculous lie," she said, that the government was "negligent" and "cared less" about most of Hurricane Katrina's victims in New Orleans "because these were black Americans."

It was Mr. Bush's minority education policies when he was Texas governor that "really attracted me to this president," she said.

"I've seen what is happening to our kids, particularly in inner city schools, where they are not being educated, where they are being warehoused," she said. "And it makes me furious that people aren't more outraged about that. He was outraged about that and wanted to have accountability."

Miss Rice also pointed to "huge increases in funding to historically black colleges" during the Bush administration.

Turning to foreign policy, Miss Rice cited Sudan and Liberia as examples of the Bush administration's commitment to Africa.

Mr. Bush said early in his presidency that he "wanted to do something about Sudan," she said. At the time, the Islamist government in Khartoum was fighting in a bloody civil war with Christians in the south and problems in Darfur had yet to surface.

In Liberia's case, Mr. Bush suggested that someone else help end a civil war there because Washington's plate was full with Afghanistan, Iraq and other commitments.

But, Miss Rice said, she urged the president to reconsider, "because of our history with Liberia of having been founded by freed American slaves, Liberia is our responsibility."

Asked whether she supports affirmative action, Miss Rice said that she does, but that she doesn't "believe in quotas."

"I don't believe in lowered standards, but I don't believe affirmative action means lowered standards," she said. "I think it means looking outside of normal networks to find people who might be equally capable."

She said her hiring by Stanford University in 1981 "was an example of affirmative action" because the school "didn't need another Soviet specialist" but "took a look at this young black woman, and they liked my work, and I know that they created a space to hire me because they wanted to diversify their family."

"We are not a color-blind society," she said. "I think we aspire to be, but we are not, and race matters."

In an interview with Reader's Digest, Miss Rice, 51, said again that she would not run for president.

"But by this time in life, I do know what I want to do and what I don't," she said.

Iraqi Parliament Adds Month To 2-Year State Of Emergency (NYT)

By Edward Wong

The New York Times, September 6, 2006

BAGHDAD, Iraq, Sept. 5 — Parliament voted Tuesday to extend by a month a nationwide state of emergency that allows the government broad powers to combat the insurgency, including declaring curfews, detaining suspects and conducting cordon-and-search operations.

The state of emergency has been extended several times since it was first imposed in 2004 by the prime minister at the time, Ayad Allawi. There has been no serious move to roll it back.

The government has been liberal in its use of the powers. For example, it has imposed a curfew every Friday afternoon since June in some cities to try to curb violence at mosques on the day of prayer. Last month, it declared a curfew of nearly three days in Baghdad to foil attacks during a Shiite pilgrimage holiday.

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Despite the affirmation of emergency powers, violence continued to roil Iraq.

The American military announced Tuesday that two marines and a sailor had been killed Monday as a result of "enemy action" in Anbar Province, which is home to the Sunni-led insurgency. At least 2,657 American troops have died since the invasion in 2003, according to the Iraq Coalition Casualty Count, a Web site (www.icasualties.org).

The toll of Iraqi civilians has been much higher, with nearly 3,500 killed in July alone. Killings of Iraqis continued Tuesday. The worst incident took place in Baquba, the volatile capital of Diyala Province, where gunmen killed 11 people, including 3 policemen, and wounded 22 others in several attacks, police officials said.

In Baghdad, gunmen in the Dora district killed three pilgrims en route to Karbala, a Shiite city, an Interior Ministry official said. Violence has dropped since American and Iraqi forces swept the area in early August, but residents still live in fear.

The police also discovered seven bodies in two locations in Baghdad.

Clashes between gunmen and the police erupted in western Mosul, resulting in the death of a gunman and the wounding of two policemen.

The Islamic Army in Iraq, an insurgent group founded by former Baath Party members, issued an Internet statement saying it had not entered into any negotiations with the government, contrary to some news media reports, according to the SITE Institute, a Washington group that tracks jihadist messages.

Iraq Extends State Of Emergency (AP)

By Elena Becatoros, Associated Press Writer

AP, September 6, 2006

Iraq's parliament reopened Tuesday after a summer recess and voted to extend a state of emergency for a month because of unrelenting sectarian violence, while the president predicted bloodshed will be quelled by the end of next year.

The U.S. military announced the deaths of three more American servicemen, bringing to 10 the number of coalition soldiers killed the previous two days — eight Americans and two Britons.

Iraq's state of emergency, which has been in place for almost two years, covers every area except the autonomous Kurdish region in the north. It grants security forces the power to impose curfews and make arrests without warrants.

It has been renewed every month since first being authorized in November 2004, hours before U.S. and Iraqi troops launched a big offensive to drive insurgents out of Fallujah, one of the main cities in the restive Anbar region west of Baghdad.

Two U.S. Marines and one sailor were killed in Anbar "due to enemy action" Monday, the U.S. military command reported. Five other Americans had previously been reported killed Sunday and Monday, and two British soldiers died from a roadside bombing in the south Monday.

Police said 15 Iraqis died in violence across the country Tuesday. In Saweria, a town about 30 miles south of Baghdad, the bodies of five other people were found dumped, all blindfolded, shot and tortured — signs of sectarian reprisal killings that have surged this year.

Hundreds of Iraqis have been killed by suicide bombings, shootings and mortar and rocket attacks over the past two weeks. But President Jalal Talabani expressed optimism fighting would stop before 2007 ends, and he said Iraqi forces will be able to handle any remaining violence.

"I don't think fighting will continue until then if the steps of national reconciliation go according to plan," he said after talking with visiting British Foreign Secretary Margaret Beckett. "If some groups are still fighting, our forces will be able to take care of it."

Prime Minister Nouri al-Maliki's reconciliation plan seeks to bridge religious, ethnic and political divisions that have been tearing at Iraq with daily violence.

The plan includes an offer of amnesty to members of the Sunni Arab-led insurgency not involved in terrorist activities, calls for disarming primarily Shiite sectarian militias and promises compensation for families of Iraqis killed by U.S. and government forces.

Asked by reporters when Britain's 7,000 soldiers might be able to leave Iraq, Talabani said "by the end of 2007."

"We've achieved good success in building our forces and equipping them with the necessary arms," he said, adding that "once violence declines, we will not need the presence of multinational forces in Iraq."

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But Beckett cautioned that Talabani was "not setting a deadline" for troop withdrawal.

"That's the president's personal opinion," she said, adding that "the circumstances will be the judge of everything."

Earlier, Beckett met with Deputy Prime Minister Barham Saleh and stressed the importance of transferring security from the U.S.-led coalition to Iraqi forces. The handover is a key part of any eventual drawdown of international troops in the country.

"There has been responsibility that has been transferred already and we hope and believe that that is a process that will continue," Beckett said, adding it was "absolutely key that we see that responsibility being able to be exercised by the representatives of the elected government of Iraq."

British troops handed over control of southern Muthanna province in July, and another southern province, Dhi Qar, is to follow this month.

But a disagreement emerged over the handover of Iraq's armed forces command when a ceremony marking the transfer was called off at the last minute Saturday.

Although neither side would elaborate on the exact reason, the Defense Ministry said it was necessary "to complete some legal and protocol procedures that will lead to a complete understanding between the Iraqi government and the multinational troops."

Ali al-Dabbagh, spokesman for the prime minister, told the British Broadcasting Corp. the ceremony would be held Thursday.

A dispute over Iraq's flag also showed no sign of abating.

Massoud Barzani, president of the Kurdish region, angered many in Baghdad with his decision Friday to replace the Iraqi national flag with the Kurdish banner. The Kurdish region has been gaining more autonomy since the 2003 U.S.-led invasion, a worrying development to many Iraqi leaders, especially Sunni Arabs.

Iraq's first interim Governing Council after the fall of Saddam Hussein decided to change the country's flag, but no official version has been adopted.

Talabani, a Kurd himself, said the media had blown the issue out of proportion. He said the current Iraqi flag "is the flag of (Saddam's) Baath Party" and that Kurds have always worked toward national unity.

"The Kurds are not part of the problem, they are part of the solution," he said.

A Third Of Lawmakers In Iraq Skip Session (LAT)

By Louise Roug

The Los Angeles Times, September 6, 2006

BAGHDAD — Iraqi lawmakers returned to work Tuesday, some traveling from the Kurdish north, others from the Sunni Arab west or the Shiite south.

About one-third didn't show up.

After a monthlong vacation, the large number of no-shows at a short parliamentary session prompted dismay among colleagues and created confusion about voting rules.

"No more orphans, no more widows," Mahmoud Mashadani, speaker of parliament and a Sunni Arab, declared in his opening statement, in front of rows of empty chairs.

During the brief session, legislators passed a one-month extension of a state of emergency amid the nation's unrelenting violence.

"The elected leaders of Iraq are certain that terrorists and murderers will not succeed, no matter how arrogant and insolent they are," Mashadani said.

But the grand rhetoric rang hollow to many Iraqis, who in December proudly held up purple ink-stained fingers after risking their lives to vote. Some feel betrayed by their elected leaders and express little confidence in the government's ability to secure the country or improve basic services.

"During the Jihad massacre, they had closed sessions discussing their salaries and bargaining on how many cars they can get," said Ali Abdullah, a 31-year-old Sunni engineer in west Baghdad, referring to recent sectarian bloodshed in the capital. "People were being slaughtered and they were worrying about themselves."

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At Tuesday's session, which had been postponed once because so many legislators had not returned from their summer holiday, 180 of 275 representatives were present.

Safiya Suhail, a secular Shiite lawmaker wearing a white pantsuit and white spiky boots, was one of the lawmakers who attended the session. Suhail, with the Iraqiya slate, described the turnout as "shameful."

Her colleague Haider Abadi of the Islamic Dawa Party said he was disappointed with his colleagues. "It shows a lack of responsibility, and we have to address it," said the Shiite lawmaker, who wore a pinstriped suit. He said he and others have discussed financial penalties for parliament members who are often absent.

Legislators have a three-day workweek and are paid $5,000 per month plus $7,000 in allowances for drivers, guards and other staff members. By comparison, the average monthly salary for a civil servant in Iraq is about $200.

After the December elections, Sumaya Ali, a 31-year-old Shiite accountant in Baghdad, was optimistic. But the lawlessness of the capital is eroding her faith.

"My hope is dying," she said. "The parliament members only think about their salaries while the situation is very critical in the country."

Iraq's most revered and influential religious leader, Grand Ayatollah Ali Sistani, and his representatives have become increasingly critical of what they see as fat cats and corruption.

"Citizens expect, and they are right to do so, that parliament members and high-ranking officials share their agony and hardship," Sistani said in a recent statement.

But many lawmakers live in government-sponsored villas and apartments in the heavily guarded Green Zone, enjoying a world of security and privilege where the streets are clean and the electricity is constant.

On the other side of concrete barriers, checkpoints and concertina wire, sectarian warfare threatens to pull the country apart. Fear and violence keep many people at home, unable to work or attend school.

Millions of Iraqis live in poverty. Malnutrition afflicts a quarter of the country's children. Unemployment remains at a record high. Fuel shortages are chronic. Electricity is scarce.

Alyaa Ahmed, a 38-year-old Shiite mother of four, said she feared sending her children back to school. Killers regularly dump bodies in the streets of her west Baghdad neighborhood. She had little time for politicians, and had not seen the televised session Tuesday.

"We had no electricity but even if I had electricity, I wouldn't trouble myself," she said. "They only talk."

"A long time but with few accomplishments," agreed Wael Abdul Latif, a lawmaker with the Iraqiya slate, as he described the previous session.

During that session, four minor laws were passed in five months, two of them concerning government employment.

Latif feared that parliament might again get bogged down in the kind of minutiae that beset previous meetings.

"This is a stage when the parliament must work," he said. "The country is flooded with blood."

Despite American-led security efforts, the carnage has continued in Baghdad and beyond. On Tuesday, authorities reported 33 people killed.

Three Americans — two Marines and a sailor assigned to Regimental Combat Team 5 — were killed Monday in Al Anbar province, according to a statement from the U.S. military.

In the capital, gunmen killed six people, including three Shiite pilgrims, in various attacks. Police recovered at least 15 bodies in and around Baghdad, authorities said. In south Baghdad, armed and masked men, believed to be affiliated with Shiite cleric Muqtada Sadr, set up checkpoints. After American soldiers arrived in the area, the checkpoints disappeared.

In Baqubah, north of the capital, gunmen killed six civilians in separate attacks, and two cellphone towers were destroyed. Assailants fired a rocket-propelled grenade at a police patrol in the city, killing three officers.

Two bombs that exploded near the home of a prominent sheik in Samarra killed three people, including a 6-year-old child, and injured five, including the sheik's daughter.

Iraq's Endangered Journalists (NYT)

By Ali Fadhil

DOJ_NMG_0058397

The New York Times, September 6, 2006

IN today's Iraq, intellectuals are targets of a widespread, often ethnically driven campaign of murder. Many have fled their homes, or even the country, to protect their families. Doctors, engineers, professors and even teachers seek new careers in parts of Iraq where their ethnic or sectarian group is in the majority. But one class of professionals cannot escape the violence because its work is connected to it, and it is a group that has been attracted to, and cultivated by, the new Iraq. They are the news media workers. And I am one of them.

Under Saddam Hussein, I was a doctor. But I took up journalism in late 2003, when it was clear that the best jobs in post-Hussein Iraq were those in the news media. Building a free press in Iraq was one of America's greatest achievements. When the American-led coalition installed itself in the Green Zone, it created the Combined International Press Center, where American soldiers issued press passes to Iraqis and Westerners alike.

Just like American reporters, we could embed ourselves with the United States Army and we could attend coalition press conferences, where we addressed critical questions to American officials as well as to Iraqi officials. Many of the biggest stories were either written by Iraqis or reported by them.

With American encouragement, Iraq produced a generation of young journalists who are decades ahead of their counterparts elsewhere in the region. Those who had the opportunity to work for Western publications or broadcast companies advanced the furthest, but many journalists working for local news media organizations also catapulted ahead in their careers. The two groups complemented each other, succeeding in the midst of violence and confusion to reveal the hidden atrocities in our country to Iraqis and the world.

In the last year, however, as successive short-term governments have taken power in Baghdad, American support for the Iraqi news media has waned. In May the United States ambassador announced the transfer of the International Media Center, which has served as a headquarters for the international and local news media, into the hands of the new Iraqi government, which is dominated by militias and regards the news media as akin to the insurgency, something that it must defeat and suppress. In mid-July, the Iraqi prime minister threatened to close any news media outlet that insufficiently supports the Iraqi government in its fight against sectarian violence. I fear that if this government survives, the press in Iraq will become similar to that in Iran, Saudi Arabia or Syria.

This is bad news at a time when the Iraqi press needs protection more than ever. Last week, the office of the state-owned daily newspaper, Al Sabah, was torn apart by an enormous bomb that killed at least two people and wounded 20. Nearly four months ago, the same newspaper had been hit with a car bomb. Going into the office must be like walking into a lion's cage for Al Sabah journalists. And they are not alone. Any newspaper in Iraq could suffer the same fate at any time.

Last February, Atwar Bahjat, a well-known reporter for the Arabic satellite news channel Al Arabiya, was murdered with her cameraman and sound technician in Samarra, where they were reporting on the aftermath of the bombing of the Shiite shrine there.

On Aug. 8, two Iraqi journalists were killed by militants. One of them was riddled with bullets as he was leaving his house in my old neighborhood in western Baghdad. The Committee to Protect Journalists reports that 56 Iraqi journalists have been killed since the war began in 2003.

Today journalists in Iraq face death threats from all sides. The most substantial menace comes from the insurgency and from Islamic extremists who regard journalists as infidels doing the bidding of Jews and Zionists. Many Sunnis think that we are collaborating with the Americans or working as spies for them. So do members of Shiite militias like Moktada al-Sadr's Mahdi Army.

As for the government, many of its employees, who come from the old regime, deny us access, rightly fearing that they will be punished by their superiors for anything they say to us.

Finally, the American soldiers who were so helpful to us in the early days of the occupation now have a different attitude. By 2005, if an Iraqi journalist aimed a camera at a United States Army convoy, the soldiers' rules of engagement allowed them to shoot. American soldiers have been responsible for the deaths of about 14 journalists in Iraq, the majority of them Iraqis.

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I have experienced nearly all of these threats firsthand. In May 2004, a Canadian journalist and I were seized by insurgents inside Falluja. I was able to convince our captors that the Canadian, who spoke no Arabic, was not a Westerner but my older brother, and that he had suffered a stroke that left him unable to speak.

A month later, National Public Radio sent me to Najaf to report on a protest against the fighting between the Americans and the Mahdi Army. Iraqi police officers handcuffed me, beat me and dragged me into the main government building. The governor's deputy released me on the condition that I not take Mr. Sadr's side in my reporting.

The Mahdi Army then arrested me that September, in the Sadr City slum of northeastern Baghdad. I had been reporting from the hospital, where I was interviewing injured civilians. The militia men took me to a mosque, where a very young sheik questioned me. I lied about my employer, which was still National Public Radio, saying instead that I worked for a German station. He told me that I had better not be a spy, or else. My identity papers were copied and returned to me.

Finally, last Jan. 8, my house was raided by American forces, who blew out the doors with explosives and shot several bullets into the bedroom where my wife, 3-year-old daughter, 6-month-old son and I were sleeping. They destroyed our furniture, and I was hand-flexed, hooded and taken to an unknown place. It turned out that the raid was connected to the kidnapping of Jill Carroll, the Christian Science Monitor reporter who had been abducted in my neighborhood the day before. The Americans apologized and gave me $500 for the time I spent with them and $1,000 for the damage to the house. I was released the next morning.

My early release aroused suspicion among my neighbors. Other people from the same block had been arrested and not released. And so it was that two days later, I got a threatening phone call from someone who said I had been identified as working with Americans. I took my family to a hotel, where we stayed until we left Iraq for New York at the end of January.

As dangerous as Iraq is for foreign reporters, they at least have the advantage of being considered untouchable by the Iraqi police and security forces. The same is not true for us. In September 2005, I was working on a film when I found myself driving down a closed street in the upscale Mansour district. A gang had attacked a bus that was carrying bank employees home at the end of the day. Foolishly, the bank officials had hidden $1 million in cash inside the employees' bus. Someone had tipped off the gang, which murdered several of the passengers.

As I approached with my camera, I saw that that a boy who had been selling Pepsi by the side of the road was trapped in the middle of heavy fire. I knew that he should figure in the documentary I was making. But the police threatened to break my camera and forced me and other Iraqi journalists out of the street. An Iraqi cameraman for the American-backed Al Hurra television argued that he should at least be allowed to film from a distance. In seconds, he was handcuffed and led away, his camera thrown to the ground, his tapes confiscated.

FROM the beginning of my work as a journalist, I was careful to conceal my professional identity from everyone I knew, including my relatives. I told everyone I worked in a private hospital, and no one in our neighborhood suspected otherwise. I would leave the house with my white coat hanging in the car as though I were going to the hospital.

As a general rule, all Iraqi journalists found ways of keeping their work a secret. And yet, we still ran to report on car bombs in the morning, knocked on doors to talk to people in dangerous neighborhoods, and raced to fatal areas to be the first to break stories.

The Western news media could not function in Iraq without the dedication of Iraqi journalists. And those Iraqis were first inspired to become journalists because of the United States. Now the United States has turned our fate over to Iraqi politicians. If our government continues to be dominated by militias and to draw closer to the insurgency and the Islamic extremists, then in just a few months, no news will be reported from Iraq at all.

The Iraqi people, however, will continue to suffer. There will be new mass murders, committed or encouraged by the very same people who denounced the killings under Saddam Hussein. And just as back then, there will be no news media to inform the world.

To Stay Alive, Iraqis Change Their Names (NYT)

By Edward Wong

The New York Times, September 6, 2006

DOJ_NMG_0058399

BAGHDAD, Iraq, Sept. 5 — There was nothing out of the ordinary about the young man clutching a sheaf of papers at the birth certificate office, except for his name: Saddam Hussein al-Majid.

"All three of your names match his," the clerk at the desk said with a laugh, referring to Iraq's deposed leader. "That's unbelievable!"

Mr. Hussein shrugged in exasperation. "What can I do?" he said. His parents had chosen the name, not he.

Now he was trying to avoid paying with his life for that decision. He wanted to change the first name on his birth certificate to Sajad, favored by Shiites. Mr. Hussein, a Shiite Arab, was all too aware that militiamen from his own sect might assume he belonged to the former ruling Sunni Arab minority.

The man in line behind him, another Saddam, wanted to change his name to Jabar, one of Islam's 99 names for God.

The country's Sunni-Shiite bloodletting is driving many Iraqis to bury the very essence of their identity: their names.

To have to hide one's name is considered deeply shameful. But with sectarian violence surging, Iraqis fear that the name on an identification card, passport or other document could become an instant death sentence if seen by the wrong people.

That is because some first names and tribal names indicate whether a person is Sunni or Shiite. A first name of Omar is popular among Sunnis, for example, as is Ali among Shiites.

Stories abound of Iraqi civilians being stopped at checkpoints by militiamen, insurgents or uniformed men and having their identification cards scrutinized. They are then taken away or executed on the spot if they have a suspect name or a hometown dominated by the rival sect. In Baghdad, Shiite death squads — sometimes in police uniform — operate many of the illegal checkpoints, Iraqi and American officials say.

The most infamous episode of this kind took place in July, when Shiite gunmen set up fake checkpoints and went on a daytime rampage through the Jihad neighborhood of Baghdad, dragging people from their cars and homes and shooting them after looking at their identification cards. Up to 50 people were killed.

In the first seven months of this year, 1,000 Iraqis officially changed their names, far more than in any similar period since the American invasion of 2003, said Maj. Gen. Yaseen Tahir al-Yasiri, director of the Interior Ministry department that issues identity documents. Most were Sunni Arabs. The rush began after the bombing of a revered Shiite shrine in Samarra last February set off waves of sectarian violence.

Forgers of identification cards say business is booming. Every Iraqi is issued a national ID card, called a gensiya. A forger in the Shiite slum of Sadr City who calls himself Abu Ahmed said he makes six or seven fake cards a day, mostly for people who want sect-neutral names. He is not proud of helping people mask their identity and their sect. "We do these things and we're ashamed of it," he said.

The growing number of people seeking to change or hide their names is just one consequence of the enormous fear that Iraqis now have of revealing their sect. More and more, Iraqis are asking themselves whether their sectarian allegiance is obvious to those around them, and if so, how to cover it up.

There is no way to physically tell Sunni Arabs from Shiite Arabs, so militiamen and insurgents are increasingly killing people based on small, telltale signs — whether the owner of a car or a house has posters or stickers of Shiite martyrs, for instance, or whether a driver has a car with a license plate from a Sunni-dominated province.

Before the Samarra bombing, Abu Ahmed's business generally came from parents who wanted to change their children's ages so they could start elementary school early. He made only 25 to 40 cards a month.

Now, his clients include people who simply want to commute between the Sunni enclave of Adhamiya and the neighboring Shiite bastion of Kadhimiya without being harassed at militia or police checkpoints, Abu Ahmed said. He charges anywhere from $7 to $50 for a new ID card.

First names that are particular to Sunnis or Shiites usually pay homage to leaders in the 7th century who played important roles in the split between the sects.

Common names among Shiites include Ali, Hussein and Abbas. Sunnis prefer Omar, Othman or Marwan. The tribal name can also be a giveaway — Dulaimi and Jubouri are large Sunni tribes, for example, while Lami and Daraji are predominantly Shiite ones.

Ahmed and Muhammad are favorite neutral names for those seeking new names or fake ID cards.

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General Yasiri, the government official, said that when he signed documents approving name changes, "my hand shakes, because these names are not dirty or nasty names. Sometimes I tell the people to be patient and not to change their names. But they say, 'Sir, we can't, because we're facing a very dangerous situation.' "

Many residents of Falluja, an insurgent stronghold in the Sunni-dominated province of Anbar, have bought fake ID cards to hide their names and hometown in case they have to travel to Baghdad or other mixed areas.

Bassim Abdullah Farhan, 40, the owner of an automotive parts shop, said he paid the equivalent of $35 for a fake ID that lists his tribal name as Shammari rather than Dulaimi, and his hometown as Baghdad rather than Falluja. "We never expected that the scale of killings and evictions would be so large and so violent," he said as he sipped tea outdoors with a friend.

An American official in Falluja said that Sunni Arab families fleeing persecution in Baghdad asserted that the "scarlet 'A' for Anbar equals death" if militant Shiites spot it on an ID card.

Driving with an Anbar license plate can be just as dangerous. Iraqis tell stories of Shiite militiamen gunning down or abducting drivers with Anbar plates.

Abdullah Ali, a mechanic in Baghdad, said he watched as his brother-in-law was recently pulled from a car with Anbar plates by gunmen in the Shiite neighborhood of Shuala. The brother-in-law, Marwan Najim Abdullah, from Falluja, had been driving his white Buick sedan as part of a wedding convoy. The gunmen zeroed in on Mr. Abdullah's car, apparently because of its plates.

"His family collected him from the morgue," Mr. Ali said.

Mr. Ali said he also had a cousin who had been kidnapped, mutilated and shot dead in Shuala because he had the wrong license plates. The cousin, a cabby, had driven into the neighborhood in a Volkswagen Passat with plates from Sunni-dominated Salahuddin Province. But the Shiite militiamen who killed him made a horrible mistake, Mr. Ali said — the cousin was a Shiite who happened to have Salahuddin plates.

The human rights office of the leading Sunni Arab political group, the Iraqi Islamic Party, has received dozens of reports of civilians being harassed or killed because of their license plates, said Yahia Ghazi Abdul Latif, an employee in the office. In June, for instance, the party heard of 10 such episodes, he said. They usually occur at checkpoints set up by militiamen or Interior Ministry commandos, he added.

"I had a car with Anbar plates myself, and I sold it for this very reason," Mr. Abdul Latif said. "I didn't even sell it for a good price."

An Interior Ministry spokesman denied that policemen or commandos were discriminating based on license plates.

A market for fake license plates has sprung up, just like the one for fake ID cards. And the demand for cars with Anbar and Salahuddin plates has plummeted, since changing the original plates involves bureaucratic hassle. Abdul Sattar al-Taie, a car dealer in Baghdad, said he had had to mark down cars with those plates by 20 percent.

"The changing market is due to sectarian violence," Mr. Taie said with a sigh.

"The Iraqis are one people, from north to south and south to north," he added. "There is no discrimination."

His words seemed intended more to reassure himself than anyone else.

Pakistan Reaches Peace Accord With Pro-Taliban Militias (WP)

By Pamela Constable, Washington Post Foreign Service

The Washington Post, September 6, 2006

Deal Arouses Alarm in Afghanistan

KABUL, Afghanistan, Sept. 5 -- The government of Pakistan signed a peace accord Tuesday with pro-Taliban forces in the volatile tribal areas bordering Afghanistan, agreeing to withdraw its troops from the region in return for the fighters' pledge to stop attacks inside Pakistan and across the border.

Under the pact, foreign fighters would have to leave North Waziristan or live peaceable lives if they remained. The militias would not set up a "parallel" government administration.

Reached as Pakistan's president, Gen. Pervez Musharraf, prepared to visit the Afghan capital Wednesday, the accord aroused alarm among some analysts in Afghanistan. They expressed concern that, whatever the militias promise, a Pakistani

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army withdrawal might backfire, emboldening the groups to operate more freely in Pakistan and to infiltrate more aggressively into Afghanistan to fight U.S. and allied forces there.

"This could be a very dangerous development," said one official at an international agency, speaking anonymously because the issue is sensitive in both countries. "Until recently there has been relative stability in eastern Afghanistan, but now that could start to deteriorate."

The agreement could add a new element of tension to Musharraf's visit, aimed at smoothing over his relations with Afghan President Hamid Karzai. The two Muslim leaders, both allies in the U.S.-led war against Islamic extremists, have clashed heatedly over allegations that Taliban forces in Afghanistan are receiving support and shelter from inside Pakistan.

Pakistan's move also appeared to complicate the U.S. role in the region. U.S. officials have praised Musharraf for his help in capturing al-Qaeda members and refrained from pressing him hard on cross-border violence. A withdrawal of Pakistani forces could reduce pressure on al-Qaeda figures believed to be hiding in the region, including Osama bin Laden, allowing them more freedom of action.

NATO forces are currently in a fierce conflict with Taliban insurgents in southern Afghanistan, where the militia has attacked in rural districts with increasing boldness in recent months. In the past four days, officials said, a NATO military operation in Kandahar province has killed more than 200 insurgents.

The conflict spread during the summer across the south, where about 10,000 NATO troops recently replaced a smaller number of U.S.-led forces. This week, Britain's top army officer said his forces were barely able to cope with the conflict, and the senior NATO commander here appealed for more support from member countries.

More than 1,500 people have been killed in combat and terrorist attacks this year as violence in Afghanistan swelled to its highest level since 2001, when U.S.-led forces drove the Taliban from power. Suicide bombings, once unheard of, are now almost daily occurrences. Schools have been burned across the region and dozens of community leaders have been assassinated.

U.S. forces continue operating in eastern Afghanistan, where attacks have been far less frequent. But in recent weeks, attacks have stepped up dramatically in Ghazni province, situated between the two regions.

Many Afghans, including President Karzai, have blamed Pakistan for the violence. They charge that the Musharraf government has either failed to control Islamic militants at home or actively supported the Taliban militia, which it officially backed until 2001, in order to destabilize and gain sway over Afghanistan.

Musharraf has denied such claims and vowed to curb armed Islamic extremism in the border areas. In the past several years, he has sent more than 80,000 army troops into the semiautonomous tribal region, where Islamic militants including Afghans, Pakistanis and some Arabs were defying government rule, killing opponents and preaching holy war against the West.

The army units have met with fierce opposition, however, and critics say their presence undermined the tribal political system needed to counter rising Islamic militancy. On Tuesday, the peace pact was greeted with relief and jubilation by army and tribal representatives who gathered in the border town of Miran Shah in the North Waziristan tribal area, according to news service reports.

But some analysts said that the agreement exposed the military government's weakness and that by withdrawing troops, Musharraf is buying a dubious local peace at the risk of giving pro-Taliban groups more power both at home and across the border.

Taliban leaders in North Waziristan announced a unilateral cease-fire during the summer as peace talks got underway. But they have reportedly continued their brutal tactics, such as executing people they view as traitors. Less than a week ago, Pakistani officials found the headless bodies of two men near Miran Shah with notes saying they had been spies for the Kabul government.

US Regrets Friendly-fire Death Of Canadian Soldier In Afghanistan (AFP)

AFP, September 6, 2006

The United States expressed regret for the death of a Canadian soldier killed in Afghanistan by friendly fire from US aircraft, calling it a "tragic" mistake.

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"Close air support is used in the United States military and with ISAF (UN-mandated International Security Assistance Force) and in our forces in Iraq all the time. Incident-free. Occasionally, though, there are these tragic mistakes that do happen," Pentagon spokesman Bryan Whitman said.

For her part, Secretary of State Condoleezza Rice called her Canadian counterpart Peter MacKay to offer condolences and promise that the "unfortunate incident" was being investigated, her spokesman Sean McCormack said.

"She assured Foreign Minister MacKay that the incident was being investigated," he said.

The Canadian soldier was killed and several other ISAF troops wounded at dawn Monday in strafing fire from two US A-10s in a friendly-fire incident during a major anti-Taliban operation under way in southern Afghanistan.

Troops battling Taliban insurgents in the Panjwayi district of southern Kandahar province had called for air support, NATO's International Security Assistance Force said in a statement.

"Two ISAF jets, confirmed by the Combined Air Operations Centre as US A-10s, provided the support but regrettably engaged friendly forces during a strafing run, using cannons," it said.

The incident resulted in "one Canadian death and multiple casualties".

In Belgium, US General James Jones, commander in chief of NATO forces in Europe, said the incident would be investigated.

Four Canadian soldiers involved in the operation, called Medusa, were killed on Sunday. Twenty Canadian soldiers have now been killed in hostile action in Afghanistan this year. There are about 2,300 in Afghanistan.

The operation was launched Saturday and involves about 2,000 ISAF and Afghan soldiers and support staff and is aimed at driving seasoned Taliban fighters out of Panjwayi.

Monday's incident was the first in more than 800 ISAF operations involving close air support, ISAF commander Lieutenant General David Richards has said.

Four Canadian soldiers were killed by friendly fire in April 2002 when a US F-16 fighter pilot mistook troops in a live-fire training exercise for Taliban fighters and dropped a 500-pound laser-guided bomb on them.

The pilot was found guilty of dereliction of duty, reprimanded for "willful misconduct" and fined.

GAO Seeks Strategic Plan On Broadcasts To Arab World (WP/AP)

By Associated Press

The Washington Post, September 6, 2006

Despite claims of success by the Bush administration, radio broadcasts and satellite telecasts by the U.S. government to the Arab world lack reliable audience estimates and accuracy checks. That is the conclusion of the Government Accountability Office, Congress's watchdog agency.

The GAO also said, in a report released yesterday, that the Broadcasting Board of Governors, which oversees Radio Sawa and Alhurra satellite television, has not established a detailed strategic approach to compete with TV networks funded by Arab governments.

Radio Sawa and Alhurra -- funded by the U.S. government -- are a major part of the public diplomacy effort directed by the State Department and have been cited by the administration as a key component in the campaign against terrorism.

Claims that Radio Sawa and Alhurra TV each reached an audience of about 21.6 million last year are questionable, the GAO report said, because of limited survey methods and documentation.

To improve monitoring of the broadcasts' effectiveness, the GAO recommended development of a long-term strategic plan. The report also called for improving contractors' methods of audience research and providing regular editorial training.

Rep. Christopher Shays (R-Conn.), chairman of the House Government Reform subcommittee on national security, in a statement echoed the administration's view in calling Radio Sawa and the Alhurra satellite TV networks "among the most powerful American public diplomacy tools in the Middle East and North Africa at this critical moment," but he also said the report raised legitimate concerns about a need for strategic planning, oversight and accurate audience research.

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Larry Hart, a spokesman for the broadcasting board, disagreed. "We stand by the credibility of the extensive surveys that have been done," he said. "In evaluating the BBG research, the GAO applied textbook standards, which are not entirely applicable to research in the Middle East where there are problems that involve security concerns and substantial cost."

Antiwar Message Travels From Texas To Washington (WP)

By Petula Dvorak

The Washington Post, September 6, 2006

The antiwar activists who picketed near the president's ranch this summer traded dusty Texas for soggy Washington yesterday, when they set up camp near the White House to continue their vigil.

"Every day, we realize there is a war in Iraq," said Charlie Richardson, co-founder of Military Families Speak Out and whose son is a U.S. Marine recently returned from Iraq. "But the vast majority of Americans don't; they forget. Less than 1 percent of this population has gone to war. And we need to get those troops out -- now."

Richardson and about 100 other military family members, veterans and peace activists kicked off a 17-day demonstration called "Camp Democracy" yesterday. With piles of military boots to represent slain soldiers and banners calling for an end to the war as their backdrop, they rallied in the pouring rain and stayed throughout the day's relentless drizzle.

Camp Democracy, a spinoff from Camp Casey in Crawford, Tex., started by antiwar activist Cindy Sheehan, will feature a series of speeches, lectures and discussions under white tents pitched on the Mall at 14th Street and Constitution Avenue NW.

Sheehan, whose older son, Casey, was killed in Iraq in 2004, started the Crawford protest camp early last month on a five-acre lot she bought in July, after her roadside vigil last year drew about 10,000 supporters from across the country. She wasn't in Washington yesterday, but organizers expect she will be a speaker before they pull up stakes.

The main voices heard yesterday were those of veterans.

Charlie Anderson, 29, spoke loudly through the rainstorm. "I was so optimistic," said the Toledo native, who joined the military when he was 19. Then he "rode into Iraq without body armor," he said. And "I had no idea what the mission was, because it was changing every day."

Dozens of other veterans nodded when Anderson said this. A Vietnam War veteran in a wheelchair clapped. A naval recruiter from the Vietnam era raised her fist in the air. A Gulf War veteran mouthed the word "yes."

They talked about shortfalls in veterans' benefits and medical care. They discussed ways to end the war and tactics to starve the war machine of its essential fuel -- young recruits like them.

"I've been to dozens and dozens of counter-recruitment actions," said Joe Hatcher, who served in Dawr, Iraq, from February 2004 until March 2005 with the 1st Infantry Division. Now, the 25-year-old California native tours the country and sets up camp outside schools, where he gives students his real-life version of the recruiters' pitch about military life. His group also advises families on ways to opt out of military recruiting.

Camp Democracy will have similar themes every day for the next few weeks: Organizing the Progressive Agenda Day, which will feature several members of Congress; Immigrants' Rights Day; Labor Speaks Out Day; Climate Crisis Day; and others.

Camp Democracy has no single message, though its organizers said they wanted the veterans and their families front and center because "they are the ones affected most by this war, except for the Iraqi people," said David Swanson, coordinator of Camp Democracy, which was born when the people protesting in Crawford wondered what they could do next.

The variously themed days and speakers from causes across the spectrum are one way to demonstrate that war affects all parts of American life, organizers said. They want to show that funding to rebuild New Orleans is hamstrung by war costs, and immigration legislation is threatened by the drumbeat of war on foreign soil, Swanson said.

"People keep telling us that this will muddle our message," Swanson said. "But this is not a three-week PR campaign. It's more complicated than that. We're trying to bring people together to make a stronger movement."

The Myth Of Immaculate Warfare (USAT)

By Ralph Peters

USA Today, September 6, 2006

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Under the right battlefield conditions, sophisticated military technologies give Western powers remarkable advantages. Under the wrong conditions and employed with unreasonable expectations, high-tech weapons inflict more damage on our own political leaders and national purpose than they do on the enemy.

Precision-targeting systems and other superweapons are dangerously seductive to civilian leaders looking for military wins on the cheap. Exaggerated promises about capabilities — made by contractors, lobbyists and bedazzled generals — delude presidents and prime ministers into believing that war can be swift and immaculate, with minimal friendly or even enemy casualties.

It's a lethal myth. The siren song oftechno-wars fought at standoff range makes military solutions more attractive to political leaders than would be the case were they warned about war's costs at the outset. Inevitably, the "easy" wars don't work out as planned. Requiring boots on the ground after all, they prove exorbitant in blood, treasure, time and moral capital.

In recent weeks, Israel lost a campaign for the first time after a government and its senior generals convinced themselves that a new form of terrorist army — Hezbollah — could be destroyed with airpower alone. The Israelis had become so confident in their technological advantage that they neglected the readiness of their ground forces. Technology failed to accomplish the mission — as it always will in the Cain-and-Abel conflicts of our time. The army had to go in on the ground. But Israel's army, too, relied heavily on technology. Most units lacked the range of infantry skills necessary to defeat a well-prepared enemy — as I saw for myself on the Lebanese border.

Israel had ignored the lessons of America's recent military experiences. In the prelude to the campaign to topple Saddam Hussein, Secretary of Defense Donald Rumsfeld and his senior advisers deluded themselves that an air effort employing precision weapons — "shock and awe" — would convince the Iraqi regime to surrender. Ignoring the enemy's psychology, the techno-war zealots failed. We were more fortunate than the Israelis were, though. The United States had a professional Army and Marine Corps capable of redeeming the mistakes of the Pentagon leadership. But in violence-torn Iraq today, we continue to pay for the prewar fantasy that technology would solve human problems.

A paradox of this era of dazzling technologies is that the conflicts we face are born of ethnic bigotry and faith gone haywire — atavistic challenges that cannot be resolved with guided bombs or satellite imagery.

Employed incisively, technologies certainly help our troops, but they aren't a substitute for troops. And they won't be. Yet, the false promises will continue.

We've been through this before. In the 1950s, large ground forces were supposed to be obsolete, superseded by missiles. Then came Vietnam, followed by a succession of brutally human conflicts, from Lebanon through Somalia to the Balkans. For the 78 days of the Kosovo campaign, NATO aircraft attempted to force Serbia — a weak, miniature state — to agree to treaty terms. In the end, it took the threat of ground troops to achieve the international community's goals. After the firing stopped, we found that our expensive, sophisticated technologies had been fooled by cheap Serb mock-ups of military vehicles.

Why are defense contractors and partisan generals nonetheless able to convince Congress and one presidential administration after another that technology has all the answers? Because Congress and the White House want to believe machines will get them off the hook when it comes to sending our forces into battle. And there are huge practical incentives to buy big-ticket weapons systems from politically supportive defense contractors.

The defense industry silences military leaders who know better by employing them on generous terms after their retirement from service. The system is legal, but it's morally corrupt and ethically repulsive.

Meanwhile, the impressive-in-theory capabilities of the latest weapons cloud the vision of military planners, leading them to focus on what the systems can do instead of concentrating on what needs to be done. Rather than buying the weapons we really need, we twist the conflicts we face to conform to the weapons we want to buy. The results are flawed war plans based on unrealistic expectations — in short, Iraq.

None of this means that we shouldn't pursue advanced military technologies. But they must be relevant to real-world missions. We should continue to develop unmanned aerial vehicles, which are effective, versatile and affordable, as well as a new generation of tools for urban warfare, now the dominant form of combat.

Yet we continue to buy breathtakingly expensive systems designed to fight a Soviet Union that no longer exists, such as the $360-million-each F-22 fighter. We're buying Ferraris when we need pickups.

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We have to break the habit. We must stop pretending that technology will be decisive in the flesh-and-blood conflicts our troops will continue to face.

There will be no "bloodless wars" in our lifetimes. In the words of Nathan Bedford Forrest, a brilliant Civil War soldier and wicked man, "War means fighting, and fighting means killing." In an age of fanaticism and terror, confronted by enemies who see death as a promotion, we will not be able to find easy, sterile solutions to our security problems.

The promises made for advanced military technologies are all too seductive to political leaders with no experience in uniform. Hype kills. Until we abandon the myth of immaculate wars, our conflicts will continue to prove far more costly than the technology advocates promise.

Ralph Peters is a member of USA TODAY's board of contributors and the author of the new book Never Quit The Fight.

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Bush Names Pick For No. 3 Justice Post (AP)

By Mary Clare Jalonick, ASSOCIATED PRESS WRITER

AP, September 6, 2006

WASHINGTON -- President Bush has nominated Montana's U.S. attorney, Bill Mercer, to the No. 3 post at the Justice Department.

Mercer, who has held the Montana post since 2001, will become acting associate attorney general pending confirmation by the Senate, the White House said Tuesday. He replaces Robert McCallum, who recently became ambassador to Australia.

Mercer previously served a temporary term at Justice as the top deputy to the deputy attorney general, splitting his time between his U.S. attorney duties in Montana and his Washington job.

Chief U.S. District Judge Donald Molloy in Montana criticized Mercer for the double duty, saying he was neglecting his work in the state. Molloy urged U.S. Attorney General Alberto Gonzales to replace Mercer, but Gonzales turned down the request.

Mercer worked as an assistant U.S. attorney from 1994 to 2001 and for five years in Washington as counselor to the assistant attorney general and senior policy analyst in the Justice Department's Office of Policy Development.

In Montana, Mercer's office has led the prosecution against W.R. Grace and Co., a company charged with knowingly exposing miners and residents in Libby, Mont., to asbestos poisoning.

Asked for comment, Mercer said only that he is honored to be nominated for the post.

New Database Merges FBI, Homeland Security Fingerprint Systems (MERCN/MCT)

By Marisa Taylor, McClatchy Newspapers

The San Jose Mercury News, September 6, 2006

WASHINGTON - The FBI and the Department of Homeland Security have merged their databases of fingerprints of millions of criminals and illegal immigrants, in an unprecedented interagency effort to catch more terrorists and solve more crimes.

Since the Sept. 11 terrorist attacks, law enforcement officials have worried that terrorists could escape detection because the federal government's numerous criminal and immigration databases weren't interconnected. Officials say this new link, which occurred without fanfare on Sunday, will help close that gap.

Federal agencies hope to eventually offer access to police departments across the country, which likely would provoke a controversy over how involved police departments should be in immigration enforcement.

"These are people who have violated immigration or criminal laws," said Robert Mocny, the acting director of US-VISIT, the agency that oversees the DHS database. "The people who need to make decisions about those individuals haven't had access to that information. Now they will."

With the new link, airport inspectors and border agents will be able to access more information in the FBI's database, the Integrated Automated Fingerprint Identification System, known as IAFIS.

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The system, which the FBI bills as the world's largest biometric database, allows law enforcement officials to search the fingerprints and criminal history information of more than 47 million people. Previously, DHS had access to information that often was days old and hand-delivered to investigators.

Under the newly merged system, FBI agents can check the fingerprints of criminal suspects against a DHS database, known as IDENT, which contains 1 million fingerprints of illegal immigrants who have been ordered deported by immigration judges.

Mocny said his agency also plans to offer willing police departments access to the database over the next two years.

The Dallas and Boston police departments will be the first two police departments to test out the newly merged system, he said, giving officers the ability to check criminal suspects' fingerprints against those of deported immigrants for the first time.

Most police departments can run only name checks or call a DHS help line to find out if a suspect has been deported previously.

Mocny said he expected the newly merged database to spark a debate among police chiefs "who either have been reticent or just haven't been allowed by their city council or county ward to assist DHS in immigration-related crimes."

"This may show the community that they have a large population of illegal immigrants who have criminal backgrounds," he said.

Even so, Mocny acknowledged his agency could not roll out a system for all major police departments until the system is fully tested because it might overwhelm immigration authorities.

"We've got about 11 million illegal immigrants in the United States," he said. "We want to build up the capacity of how we're going to be able to respond."

Officials with the Boston police departments did not return calls. A spokesman for the Dallas police department said he wasn't aware of the pilot program.

Thomas Frazier, the executive director of the Major Cities Police Chiefs Association, said access to the immigration database will help police officers better identify criminals. However, he predicted that most police officers would not want to become entangled in enforcing immigration laws. Such scrutiny could harm a police department's relationship with immigrant communities and discourage immigrants from reporting crimes, he said.

"Where major city police chiefs are clearly in opposition to the administration is that we're not going to start stopping people on the street and running their fingerprints to check to see if they're illegal immigrants," said Frazier, a former Baltimore police commissioner. "What the federal government wants us to do is turn into an adjunct immigration agency. That's not our job and we don't have the training to do that job."

The system still has weaknesses that could be exploited by criminals or terrorists, some experts said.

Technology experts have concluded the immigration system, IDENT, should be collecting 10 fingerprints per person, instead of only two, to make the most reliable match because some criminals try to avoid detection by wearing down their fingerprints. US-VISIT plans to start using 10 fingerprints over the next two years.

"It will be a great tool for both immigration officers and law enforcement," said Jessica Vaughn, a senior policy analyst for the Center for Immigration Studies, a Washington think tank that advocates tougher immigration enforcement. "But it's not enough and it's very belated."

DOJ Seeks To Expand Scope Of Fingerprint Record System (FCW)

By Wade-Hahn Chan

Federal Computer Week, September 6, 2006

The Justice Department is seeking to amend regulations that would broaden the scope of offenses that warrant fingerprint entry into the Fingerprint Identification Records System.

Published in today's Federal Register, the proposed amendment would add nonserious offenses and serious adult and juvenile offenses. Currently, these exclusions are documented only at the state and local levels.

The proposal also states that existing rules for collecting criminal record data applied to administrative purposes when the FBI collected fingerprint data manually. Digital fingerprint readers made the data more mobile and faster to gather.

"Digitized fingerprint images require far less storage space than fingerprint cards"

because of an integrated automated fingerprint system, according to the proposal. "Retaining [nonserious offenses] will increase law enforcement's latent fingerprint search capability by increasing the universe of criminal history record fingerprint submissions retained by the FBI," the proposal states.

CORPORATE SCANDALS:

Congress Examining Stock Options Timing (AP-Y)

By Marcy Gordon, Ap Business Writer

AP, September 6, 2006

Congress is taking a close look at suspiciously timed stock options for top company executives, a corporate practice that is a source of anger for shareholders and the subject of federal investigations.

At least 78 public companies, including iPod maker Apple Computer, UnitedHealth Group, Home Depot, Intuit and Barnes & Noble, are under scrutiny by the Justice Department or the Securities and Exchange Commission, or both, for possible manipulation of stock option grants.

And the Internal Revenue Service is conducting its own investigation for possible tax-law violations in option grants.

At issue in many of the investigations is a practice known as backdating, in which stock options are issued retroactively to coincide with low points in a company's share price. Such a move can fatten profits for options recipients when they sell their shares at higher market prices.

Backdating options can be legal as long as the practice is properly disclosed to investors and approved by the company's board, but it can run afoul of federal accounting and tax laws in some cases.

"If the tax laws are inadequate on stock options backdating, I want to beef them up," Sen. Charles Grassley, R-Iowa, said recently. Grassley heads the Senate Finance Committee, one of two panels examining the issue at separate hearings Wednesday.

The controversy touches a nerve for company shareholders and the public: lavish compensation for executives, unrelated to their performance, even as companies stumble and lay off employees.

Grassley, with an eye toward possible legislation, said his panel was looking at timing of options grants and other issues related to executive compensation. After the wave of corporate scandals of recent years, he said, "It's frustrating to think that ... some executives are still looking for ways to take unfair advantage for personal gain."

Nearly every day, more companies — many of them in the technology sector — become ensnared in government or internal inquiries examining whether company insiders rigged stock options to ensure larger windfalls without properly disclosing or accounting for the manipulation. New lawsuits by shareholders are filed. More companies disclose that because past option grants may have distorted their financial results, they may have to restate earnings.

And more companies — most notably Apple — say they have been warned that their shares could be stripped from trading on the Nasdaq Stock Market because reviews of options grants made them late in filing their periodic financial reports.

This summer, the Justice Department and the SEC fired two big opening salvos in their crackdown against allegedly illegal options grants to top executives, bringing criminal and civil charges against former officials of two technology companies, Brocade Communications Systems Inc. and Comverse Technology Inc.

SEC Enforcement Director Linda Thomsen, Deputy Attorney General Paul McNulty and the head of the IRS, Mark Everson, were scheduled to testify before the Finance Committee. SEC Chairman Christopher Cox and Mark Olson, who heads the independent agency overseeing the accounting industry, were to appear before the Senate Banking Committee.

Cox said recently that the SEC was focusing on cases of serious fraud, with elements such as deliberately lying, forging documents or deceiving directors or investors. In addition, the agency this summer adopted new rules for what public companies must disclose regarding the dating of stock option grants to executives, as part of the most substantial overhaul of benefit disclosure rules since 1992.

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In disclosing the IRS investigation in late July, Everson said possible tax issues in the inquiry included whether deductions were taken correctly by companies regarding options that were backdated and whether executives who received options accurately reported their sale profits.

Also this summer, the agency supervising the accounting industry, the Public Company Accounting Oversight Board, issued a special "audit practice alert" warning auditors to watch for problems in companies' accounting for stock option grants.

Companies that have reported options-grant investigations by the Justice Department or the SEC include Apple Computer Inc., UnitedHealth Group Inc., The Home Depot Inc., personal-finance software maker Intuit Inc., Barnes & Noble Inc., Caremark Rx Inc., Cheesecake Factory Inc., Monster Worldwide Inc. and for-profit education company Corinthian Colleges Inc.

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On the Net:

Securities and Exchange Commission: http://www.sec.gov

Justice Department: http://www.usdoj.gov

Internal Revenue Service: http://www.irs.gov

Public Company Accounting Oversight Board: http://www.pcaob.us

Report Estimates The Costs Of A Stock Options Scandal (NYT)

By Eric Dash

The New York Times, September 6, 2006

WASHINGTON, Sept. 5 — A new study estimates that the stock options backdating scandal may cost shareholders hundreds of millions of dollars. The study was released on the eve of two Senate committee hearings that plan to examine the scope of the widening investigation into improper options practices.

Three researchers at the University of Michigan estimated that backdating stock options between 2000 and 2004 helped sweeten the average executive's pay by more than 1.25 percent, or about $600,000. But the fallout from the recent options investigations has caused those executives' companies to fall in market value by an average of 8 percent, or $500 million each.

"For about $600,000 a year to the executives, shareholders are being put at risk to the tune of $500 million," the study concludes.

The working paper, expected be made public later this week and to be published in The Michigan Law Review next year, appears to be the first to put dollar figures on the costs and benefits of backdating. It analyzed thousands of stock option grants at 48 companies that announced they were under investigation as of the end of June, and measured the maximum gains for those executives if their options were backdated over a 90-day period as well as the drop in value at those 48 companies in the 10 days before and after news of a backdating inquiry was released.

"From a shareholder's perspective, it's not just the extra compensation the executives got, it's not just the extra taxes they have to pay," said H. Nejat Seyhun, a University of Michigan finance professor who is one of the study's co-authors. "There may be additional payouts for class-action lawsuits as well as worrying about the quality of the top management."

As an economic analysis, the study assumed that investors' calculations of those risks, not irrational panic, was responsible for the substantial stock market declines. The researchers also assumed that the stock prices of those 48 companies would not recover.

The study comes as the stock option scandal continues to widen. More than 100 companies, from Silicon Valley start-ups to prominent brands like Apple Computer are now either under investigation by the federal government or conducting their own internal reviews. Dozens of companies are working to restate earnings or are preparing for new tax bills, and in at least two cases, executives are facing criminal charges.

On Wednesday, members of the Senate Banking Committee and the Senate Finance Committee will be briefed on the scandal's latest developments by top government officials and corporate governance experts in dueling sessions this morning on Capitol Hill. No company executives are scheduled to testify.

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With just a few weeks until midterm elections, no new legislation is expected to emerge from the hearings. But the sessions could set the stage for Congress to revisit the hot-button issue of executive pay during the next term, policy makers and governance watchdogs say.

"This isn't as tangible to people as Enron's thievery was — it's much more esoteric," said Gregory P. Taxin, the chief executive of Glass, Lewis & Company, a proxy advisory firm. But if options backdating "is found to have occurred at hundreds of public companies to the tune of billions in illicit gains, Congress is going to see this as a populist issue."

With close Congressional races ahead, the Senate panels have been set up in a way that allows lawmakers to score points with voters for closely monitoring executive pay. But they were not set up to investigate what, if anything, has gone wrong. No executives at companies involved in the backdating scandal were asked to testify. Nor was the Business Roundtable invited, despite being an influential chief executive lobbying arm.

"What you will see is a very clear message to the regulators to get cracking and enforce the law," said Damon A. Silvers, associate general counsel of the A.F.L.-C.I.O.

Still, others added that the scandal may open the door for Congress to tackle broader issues related to executive pay, like golden parachutes. But Congress's track record on the issue has been spotty at best, with lawmakers reluctant to interfere with private sector pay levels and unintended consequences overshadowing the benefits of past efforts at reform.

On Wednesday, the Senate Banking committee will be briefed on the options scandal by Christopher C. Cox, the chairman of the Securities and Exchange Commission, and Erik Lie, the University of Iowa finance professor whose statistical research is widely credited with identifying the improper grant practices.

The Senate Finance Committee, meanwhile, will discuss both the backdating scandal and a broad range of topics related to executive pay. Paul J. McNulty, the deputy United States attorney general; Linda Cutler Thomsen, the S.E.C.'s director of enforcement; and Mark W. Everson, the Internal Revenue commissioner, will testify about their agencies' recent investigations.

Backdating Probe Hits N.J. Firms (LAW)

By Martin C. Daks, New Jersey Law Journal

New Jersey Law Journal, September 5, 2006

A federal investigation into improperly backdated executive stock options has swept up four New Jersey companies and has spurred a grand jury subpoena and a civil suit against one of them.

The inquiries are part of a nationwide probe by the Securities and Exchange Commission, and in some cases by the Justice Department and Internal Revenue Service, into allegations that more than 100 companies changed stock option grant dates to make them more valuable.

The SEC has asked Medarex Inc. of Princeton, Kos Pharmaceuticals Inc. of Cranbury, Ulticom Inc., a Mount Laurel software provider, and DRS Technologies Inc., a Parsippany military product and service provider, for stock-option-plan data. Ulticom and DRS say actions by affiliates drew them into the probe.

All four businesses say they are cooperating with authorities, and Kos claims it started its own investigation before hearing from the SEC.

Last month, Medarex announced plans to restate its financial statements from the beginning of 2000 through the quarter ended March 31, 2006, to account for the stock options.

But Medarex is already in court, answering a subpoena by the U.S. Attorney's Office for documents relating to backdated options and defending against a shareholders' suit.

The suit, in Mercer County, charges that CEO Donald Drakeman, directors and certain officers breached fiduciary duties and violated the shareholder-approved stock plan by backdating stock options granted to them and company officers.

As a result, the plaintiffs claim, Medarex has suffered millions of dollars in damages, including additional compensation expenses and tax liability, plus costs related to the SEC investigation and the restated financials.

Strike down

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A stock option generally gives a holder the right to buy shares at a specified price for a set period. Generally, this price - known as a strike, or exercise price - is equal to the stock's price the day the option is created. If the stock price subsequently goes up, the person holding the option makes money. But if the price falls below the exercise price, the stock option is worthless.

That is where backdating comes in. To increase the value of stock options, some companies went back and reduced the strike price of the grant by resetting the creation date to one on which the stock traded at a lower price. This meant the stock option had a built-in gain.

SEC Chairman Christopher Cox has called backdating a deceptive and poisonous practice.

"In order for our system of public ownership to work, the interests of shareholders, and not the personal interests of the company's management or its directors, must be paramount," he said at a news conference in July.

"The proper use of options for compensation can be an important tool for companies that produces tangible benefits for shareholders. But options backdating strikes at the heart of investor confidence in our capital markets. It deceives investors and the market as a whole about the financial health of companies that cheat in this way.

"It understates a company's compensation expenses and overstates the company's income. In many cases, it makes a hash of the financial statements. It is poisonous to an efficient marketplace," he continued.

The Medarex shareholders' suit says the company's backdating of options violated generally accepted accounting principles.

At the time of the alleged scheme, said to have run from 1996 to 2002, companies could issue stock options without immediately recording a charge to compensation expense, as long as the strike price was not lower than the current market price.

Since 2004 though, the Financial Accounting Standards Board has generally required companies to expense the value of stock option-based compensation.

Under the old accounting rules, when Medarex's stock options were backdated and priced to produce an immediate gain, the company should have recognized the additional compensation expense, the plaintiffs say. By hiding the backdating, the defendants violated accounting principles and were responsible for the production and dissemination of false financial statements, the suit charges.

While there is nothing inherently wrong with backdating options, certain standards must be met for it to be legal.

"Backdating must be approved by authorized individuals," such as the corporate board's compensation committee, says William Greenbaum, a partner in the employment services department of WolfBlock Brach Eichler in Roseland, who is not involved in the Medarex suit.

"Also, any effect on the company's earnings must be properly reflected in the business' financial statements, the effects of the transaction must be properly reflected in the company's tax filings [and in compensation reported to the recipient], and the backdating itself must be clearly communicated to shareholders."

Case in point

All of those issues appear to have been in play in a civil suit the SEC filed on Aug. 9 against Teaneck resident David Kreinberg, former CFO of Comverse Technology Inc., a New York software and systems company that was the major shareholder of Mount Laurel's Ulticom.

Comverse's former CEO, Jacob Alexander, and former general counsel, William Sorin, were also named in the suit, SEC v. Alexander, Kreinberg and Sorin, 06-CV-3844 (E.D.N.Y.).

The complaint alleges that from 1991 through 2001 Alexander and Sorin, and from 1998 through 2002 Kreinberg, backdated Comverse stock options improperly. It alleges Alexander and Kreinberg created records that falsely indicated that Comverse's board had approved the backdating scheme, and then took steps to hide it from the company's auditors.

The suit further alleges that because the backdated options should have been recognized as an expense on Comverse's books, but were not, the company overstated its net income and earnings per share between 1991 and at least 2002.

And the suit alleges that beginning in 2000, Kreinberg, with Sorin's knowledge, initiated a similar backdating strategy at Ulticom, in which Comverse was the major shareholder.

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The SEC says the undisclosed backdating activity caused Ulticom to issue false and misleading financial statements and to make false and misleading disclosures about options grants in its SEC filings.

In April, Ulticom announced that it expected to record noncash charges for stock-based compensation expense incurred in prior periods.

The company also says it will need to restate financial statements for fiscal years 2002 through 2005.

The SEC has asked Cranbury's Kos Pharmaceutical to provide documents relating to the grant and exercise of stock options from 1997 through 2006. The company did not respond to calls seeking information about outside legal counsel.

Ulticom has not been advised of any formal SEC investigation, says spokesman Chris Tunard. He says that the New York firm Weil, Gotshal & Manges usually represents the company.

DRS Technologies has been advised that the SEC is investigating the options backdating practices of Engineered Support Systems Inc., a company it acquired in January, says Pat Williamson, DRS' vice president of corporate communications. She says DRS itself is not under any kind of cloud since the alleged backdating took place before ESSI was acquired by DRS.

Williamson, who declines to name the company's outside counsel, says DRS may be called as a witness by the SEC.

The Medarex case is a consolidation of separate suits by Schiffrin & Barroway of Radnor, Pa., and another by Danziger Shapiro & Leavitt of Philadelphia. The liaison counsel, Lisa Rodriguez of Haddonfield's Trujillo Rodriguez & Richards, was away from her office and unavailable for comment last week.

Steve Jobs Should Address Options Scandals (WSJ)

By Jesse Eisinger

The Wall Street Journal, September 6, 2006

Steve Jobs is in a unique and unenviable situation among technology leaders. Both companies he founded -- Apple Computer and Pixar Animation Studios -- have fallen under the stock-options backdating cloud.

Apple has owned up to options "irregularities," an ominous word that could presage more significant revelations, and said it may restate earnings. One of the grants under review was made to Mr. Jobs, a grant that was canceled and replaced with restricted stock grants well before Apple's revelation. Pixar's options grants, meanwhile, exhibit a pattern suggestive of backdating: Some of its top executives, but not Mr. Jobs, received grants priced at the stock's annual lows in four years between 1997 and 2003. Options usually give the right to buy stock at the grant date's trading price, so that's either a remarkable coincidence or evidence that the grant dates were picked after the fact.

Investors and analysts have begun to wonder about the fate of Mr. Jobs, who is chief executive officer of Apple and was head of Pixar until it was acquired by Walt Disney this year. In a note to clients last month, Merrill Lynch analyst Richard Farmer assessed the "potential risk, however remote, that Steve Jobs might be unable to continue as CEO of Apple." Given the options problems at Apple, he said, his analysis of the Pixar options grants made "it difficult to entirely rule out the possibility."

Mr. Jobs was and is a spectacular leader, generating vast wealth for shareholders of both companies. He hasn't been implicated in directly overseeing any questionable practices. An Apple spokeswoman says that the company isn't under SEC investigation and has launched an independent investigation. Mr. Jobs didn't respond to an email.

As the scandal widens, it's clear that some companies and executives behaved egregiously while others may merely have had lapses in their internal controls. Not every CEO of every implicated company needs to walk the plank.

CEOs, however, aren't merely expected to avoid wrongdoing themselves. They are the standard-bearers for their companies. At a certain point, like a military commander or political leader, they should take responsibility for their underlings' behavior.

So what do we do with Steve Jobs? To have his companies caught up in the scandal raises the stakes for everybody. He is more than just a CEO, larger than his industry. Apple arguably has made the greatest cultural contribution of any of the great technology entrepreneurial endeavors that rose up in the late 20th century. Apple's iPods and Pixar's movies have risen to the level of art.

When Mr. Jobs came back to save Apple in the mid-1990s, it was one of the greatest second acts in American business. Microsoft may be the bigger business and Bill Gates the richer man, but they represent a reassertion of establishment business

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principles. Apple and Mr. Jobs have come to symbolize -- through a feat of marketing prowess as well as design genius -- the opposite.

Apple "has a whole mystique and iconic value," says Rakesh Khurana, a professor at Harvard Business School who studies star CEOs. "My first computer was an Apple II. My dad was unemployed and maxed out his credit cards because he thought it was the future."

The Apple board faces a classic conundrum. Companies strongly identified with their leaders need to become institutions independent of their leaders.

"The difference between a cult and a religion is one outlasts its founder. At what point do you make decisions that no single individual is above the values of the institution?" Mr. Khurana says. "This blemish on [Apple's] reputation should cause people to pause."

Let's not forget that Mr. Jobs came to represent Silicon Valley's system of pay, too. He ostentatiously has taken a $1 salary, with the rest stock-based. "In a place like Silicon Valley, I kind of think the CEO knows about what's going on with compensation. It's a culture of compensation, as well as innovation," says Jack Ciesielski, publisher of the Analyst's Accounting Observer, an accounting advisory service for security analysts.

So far, there has been no indication what or how much Steve Jobs knew about any possible options backdating at Apple. But should he resign now? No. Based on what we know, that would be overly punitive, a cure worse than the original wrongdoing.

After all, the backdating scandal derives not from a single company or executive, but a widespread practice that went far beyond any one company or executive. It calls for a systemic solution. To some extent, Sarbanes-Oxley already has prevented additional backdating, by requiring that options grants are reported more promptly. But that law doesn't address the underlying cause of the scandal. Silicon Valley became a culture that elevated outsized compensation and short-term thinking over the establishment of institutions that would outlive founders.

The scandal now involves well over 100 companies and counting, most of them tech outfits. It's going to drain precious resources from the country's legal and regulatory systems. The likely outcome is that a relatively small number of the most egregious actors will be punished. Most of the rest will skate free. The underlying causes will remain not only unfixed but unexamined.

The industry needs to help by doing more than just cooperating with the market cops. Executives should come out and acknowledge that "it's a serious thing [and] take personal responsibility and economic responsibility," says David Larcker, a professor of accounting at Stanford University. "Something that would give it credibility is if it's voluntary."

What if the industry formed a pan-industry body to investigate and report on backdating? The group would issue a report that admits the problem, explains why and how it happened and proposes a solution.

So far, Mr. Jobs has been largely silent about the scandal, relegating his comments to press-release statements vetted by lawyers and public-relations professionals. That's understandable: Apple is being sued over its options practices, and he doesn't want to make himself more vulnerable. He also might be hesitant, understandably, to identify himself personally with the scandal.

His silence is a mistake. This is an opportunity for a great third act in a great career: This is a job for Mr. Jobs.

SEC Investigating XM's Subscriber, Recruiting Figures (WP/AP)

Associated Press

The Washington Post, September 6, 2006

XM Satellite Radio Holdings Inc. disclosed yesterday that the Securities and Exchange Commission is looking into the company's handling of its estimates of subscriber counts and the cost of recruiting customers.

The District company said in a regulatory filing that it had received a letter from the SEC on Thursday asking for documents regarding its subscriber targets and related matters for the third and fourth quarters of last year.

The company said the questions appear related to the issues behind a previously disclosed shareholder lawsuit filed this year. XM said it would "cooperate fully" with the SEC's informal inquiry.

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The shareholder lawsuit claims that the company failed to accurately project or quickly disclose the higher cost of acquiring subscribers in the fourth quarter of last year. Those were the months leading up to Howard Stern's debut with XM's rival, Sirius Satellite Radio Inc.

Investors closely watch the subscriber targets and costs of acquiring subscribers for both companies, which are growing but are still unprofitable.

CRIMINAL LAW:

U.S. Attorney General Says Cities Must Work Harder Against Crime But Won't Get More Money (AP)

By Hope Yen, Associated Press Writer

AP, September 6, 2006

(AP) - WASHINGTON-U.S. Attorney General Alberto Gonzales said Tuesday that cities will need to work harder to reverse a spike in crime but should not count on additional federal money to help. He said costs of the campaign against terrorism preclude that.

At a news briefing, Gonzales was responding to several mayors and police chiefs who expressed worries at a crime conference last week that the Bush administration was devoting too many dollars for wars abroad. They said that came at the expense of Americans at home who are victims of violent crime.

"I think everyone understands at the state and local level that we need to secure our country," Gonzales said Tuesday, reiterating the desire of federal law enforcement to work more closely with local police to fight crime. "I understand the tension, and they also have a responsibility."

But he said that President George W. Bush also was committed to reducing the federal deficit in time of war.

"We have to be realistic," Gonzales said, adding that cities will get closer cooperation but probably not the money they seek. "Not everyone is going to be happy about the funding dollars, but we're going to do our job."

After years in which violent crime fell or was stable, the FBI reported in June a 2.5 percent increase in violent crimes last year, the largest percentage increase since 1991.

Some criminal justice experts have said the statistics reflect complacency in fighting crime, although the FBI has said it is not yet clear whether the numbers reflect a real increase or ordinary year-to-year variations.

At the briefing, Gonzales said it would be unfair to assign blame for rising crime until the reasons for it become known.

"Before we develop a response, we have to know the reasons why," Gonzales said. "If the reasons why crime is up is due to something we're not doing, of course I'll take responsibility."

Feds Look At Congressman And A Land Deal (AP-Y)

By Jeremiah Marquez

AP, September 6, 2006

Federal investigators probing Rep. Jerry Lewis' ties to lobbyists are looking into a land deal that put nearly 41 pristine acres in the congressman's neighborhood off-limits to developers, The Associated Press has learned.

The land was given to the city of Redlands by Jack and Laura Dangermond, who have donated generously to Lewis. The Dangermonds founded and run a company — Environmental Systems Research Institute Inc. of Redlands — that has gotten tens of millions of dollars' worth of contracts through the powerful House Appropriations Committee that Lewis, a Republican, now chairs.

One government contract came months after the land donation.

The land, some of which sits directly across from Lewis' home, is part of a scenic canyon in one of Redlands' wealthiest neighborhoods. Keeping the land free of development helps ensure property values remain high.

A spokeswoman for Lewis' attorneys said the congressman was unaware the Dangermonds owned the land and did not know the terms under which it was given to the city.

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The U.S. attorney's office in Los Angeles, which is leading the Lewis investigation, and a spokeswoman for the FBI had no comment on the land deal.

Peter Tsamous sold the land, and another piece of property, to the Dangermonds for more than $2 million in early 2001. He told the AP he was questioned about it by an FBI agent last month.

Tsamous said he asked the agent why federal authorities were interested in the deal. He said the agent answered: "There's a congressman that lives in the area."

The Dangermonds donated the land in September 2001, about six months after buying it. The transaction, handled through a company owned by the couple, was contingent on the city agreeing to keep the property as open space or parkland.

The Lewis investigation comes amid other federal probes into connections between Washington lobbyists, their clients and the awarding of government contracts. No charges have been filed in the Lewis investigation, and he denies any wrongdoing.

ESRI has received one of at least 10 subpoenas issued as federal authorities look into why counties, towns and businesses in Lewis' district chose to hire the Washington lobbying firm Copeland, Lowery, Jacquez, Denton & White, how much they paid, and what kind of communications the firm and Lewis had.

Before the firm split up into two companies in June, two of its most prominent lobbyists were former California Republican Rep. Bill Lowery, a close Lewis friend, and former Lewis aide Letitia White.

ESRI hired the firm in 2000. The company's account initially was handled by Jeff Shockey, who left the lobbying world last year to work for Lewis as deputy staff director of the Appropriations Committee.

The Dangermonds, in a statement issued through their spokesman, said they didn't know Lewis lived in the neighborhood when they decided to buy the land and donate it as part of an effort to maintain open space in Redlands. The couple said they bought it only because Tsamous insisted the land be included as part of a deal for another piece of property he owned.

"Mr. Dangermond is a landscape architect by training and interested in parks and open space," the Dangermonds' statement said. "He and his family have been active in the city of Redlands' parks for over 40 years. Their efforts have included many other contributions such as park design, open space planning, and the donation of thousands of trees and landscape materials."

Barbara Comstock, spokeswoman for Lewis' lawyers, said that the congressman was unaware the Dangermonds owned the property or had deeded it to the city and that "there's been no discussion about it with the Dangermonds or anyone else."

Less than a year after the donation, ESRI was tapped by the Pentagon's National Imagery and Mapping Agency to help provide software for a mapping toolkit.

The contract came after the defense appropriations subcommittee, which Lewis chaired, provided a $15 million "earmark" for NIMA to acquire the toolkit. That amount eventually was reduced to $12.8 million during House-Senate negotiations on the 2002 defense spending bill.

Earmarks are funding inserted into legislation that often get little or no review. Prosecutors are scrutinizing Lewis' earmarks.

In 2004, ESRI got at least $31.4 million for four federal projects, according to Taxpayers for Common Sense, including $14.4 million for the Commercial Joint Mapping Toolkit. In the 2005 defense spending bill the company got $24 million for various projects.

Asked about ESRI's funding, Comstock said the company is the largest employer in Lewis' district.

"It is also the largest mapping agency in the world and one of the top software companies in the world," she said. "ESRI has done business with the federal government for decades and brought thousands of jobs to California."

As federal money flowed into their company, the Dangermonds donated generously to Lewis. In the last three election cycles, they have given more than $23,000 to the congressman and his political action committee, according to Federal Election Commission records.

Keith Ashdown of Taxpayers for Common Sense described the land deal as "part of the sort of dating process" between Lewis and ESRI.

"The property thing, campaign cash flowing ... this is all sort of when the Dangermonds and Jerry Lewis started to date professionally," Ashdown said.

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Lobbying Probe Looks At Payments To DeLay's Wife (WSJ)

By Brody Mullins

Wall Street Journal, September 6, 2006

WASHINGTON -- The Justice Department's congressional lobbying-and-bribery investigation is looking into whether former House Majority Leader Tom DeLay's wife received money from a lobbying firm for a no-show job, recent FBI interviews indicate.

The two-year investigation is examining whether lobbyist Jack Abramoff and others sought legislative favors for their clients by offering expensive meals, sports tickets, golf outings and other gifts to about a dozen lawmakers and congressional aides.

In the last few weeks, Federal Bureau of Investigation agents have interviewed several people at the Alexander Strategy Group lobbying firm to determine if Christine DeLay was being paid $3,200 a month -- a total of $115,000 over three years -- but not earning it. In a series of interviews last month, investigators questioned people who used to work at Alexander Strategy as well as people who worked in the same building as the now-defunct firm. "They wanted to know how often she came to the office? What did she do there? How long was she there?" said one person who was interviewed by the FBI.

Alexander Strategy was run by a pair of Mr. DeLay's former aides: Tony Rudy, who pleaded guilty to bribery charges in March; and Edwin Buckham, who remains under investigation. The firm also shared clients with Jack Abramoff.

In last month's interviews, investigators also asked about $144,000 that Mrs. DeLay received from one of Mr. DeLay's fund-raising committees, the Americans for a Republican Majority Political Action Committee, which was housed at the lobbying firm's offices. Investigators also inquired about fees paid to Mr. DeLay's daughter, Dani DeLay Ferro, a longtime political consultant to her father.

Richard Cullen, a lawyer for the DeLay family, said Mrs. DeLay was a "key adviser to her husband and her employment at Armpac and Alexander Strategy was real and valuable." Mr. Cullen has said that Mrs. DeLay's job at the firm was to compile a list of lawmakers' favorite charities. Neither Mr. DeLay nor his wife has been interviewed by the Justice Department, Mr. Cullen said.

He also said that prosecutors haven't made the DeLays a "target" of their investigation. The Justice Department generally doesn't consider someone a target until it is close to issuing indictments.

The latest round of FBI questioning signals that the Justice Department doesn't plan on letting up on Mr. DeLay now that he has left Congress. They also show that prosecutors might target his wife in order to force a guilty plea from Mr. DeLay.

Federal prosecutors used that tactic earlier this year to secure a guilty plea from Mr. Rudy, who admitted in March to accepting bribes when he worked for Mr. DeLay and later conspiring to bribe other lawmakers when he was a lobbyist. As part of the plea deal, Mr. Rudy told prosecutors that he sabotaged an Internet-gambling bill on Capitol Hill in exchange for $50,000 in payments to his wife. In return for his cooperation, federal prosecutors agreed to give Mr. Rudy a lighter sentence and not to prosecute his wife.

Mr. DeLay was indicted in Texas last fall on unrelated charges concerning his role in the 2002 election there. The combination of the Texas and Washington investigations forced Mr. DeLay to step down from his job as majority leader and announce that he wouldn't run for re-election to his House seat this fall.

The federal investigation has already netted guilty pleas from a number of former confidants of Mr. DeLay, in addition to Mr. Rudy. Mr. Abramoff, a top fund-raiser and adviser to Mr. DeLay, pleaded guilty in January to charges that he tried to bribe lawmakers. DeLay aide Michael Scanlon pleaded guilty to similar charges.

Neil Volz, a former chief of staff to Rep. Bob Ney (R., Ohio), pleaded guilty to trying to bribe Mr. Ney when he was a lobbyist working for Mr. Abramoff. Soon after, Mr. Ney announced that he wouldn't seek re-election. David Safavian, another former lobbyist at Mr. Abramoff's firm, was found guilty in June of lying and obstructing justice in the federal corruption investigation.

Rodriguez Jury Set To Weigh Death Or Life (MINNST)

By Chuck Haga, Star Tribune

Minneapolis Star Tribune, September 6, 2006

Arguing whether Alfonso Rodriguez Jr. qualified for execution, the government presented just three witnesses, the defense none before resting their cases.

FARGO, N.D. - Jurors who last week found Alfonso Rodriguez Jr. guilty of kidnapping and killing Dru Sjodin could decide today whether the case qualifies for the death penalty.

Just as the trial's opening "guilt" phase moved faster than most observers had expected, so has the second "eligibility" phase. The government called just three witnesses, the defense none, before resting Tuesday.

After lawyers' closing arguments and U.S. District Judge Ralph Erickson's instructions to the jury on what federal law requires for a case to qualify for the death penalty, jurors will begin deliberations.

If they decide that the case qualifies, they will hear a third round of testimony and arguments over whether Rodriguez should be sentenced to death.

If the jury finds that the case does not qualify for the death penalty, the trial will end and Rodriguez will be sentenced to life in prison without parole.

Jurors already have decided that he "will die in prison," defense attorney Richard Ney reminded them Tuesday.

"The question that remains is whether that will be when God decides or when man decides," he said.

"The question is not whether he's going to be punished," Ney said. "At a minimum he will receive the second-most serious penalty our system allows -- life in prison without the possibility of parole."

Rodriguez was convicted last week of kidnapping Sjodin, 22, of Pequot Lakes, Minn., and causing her death in November 2003.

Erickson and the attorneys have been at pains to guide jurors through the complicated procedures of the first death-penalty case heard in North Dakota in more than a century.

"We're all on uncharted ground here," Erickson said.

In his opening statement Tuesday, U.S. Attorney Drew Wrigley said the death penalty is appropriate in this case because at least one of the threshold factors cited in the federal death penalty act applies: Rodriguez intended to kill Sjodin, he intentionally inflicted serious injury that caused her death, or he showed a reckless disregard that led to her death.

In this eligibility phase, prosecutors also must prove at least one of four alleged aggravating factors: that Rodriguez caused Sjodin's death during the kidnapping, that he had been convicted of two or more prior offenses involving the infliction of serious bodily injury, that the killing of Sjodin was done in an "especially heinous, cruel or depraved manner" involving abuse or torture, and that the killing occurred after substantial planning.

Aggravating vs. mitigating

If the trial goes to the third and final "penalty phase," jurors will be asked to weigh any proven aggravating factors against mitigating factors offered by the defense, such as mental illness or childhood abuse, before choosing between life or death.

Ramsey County Medical Examiner Michael McGee, who testified earlier on results of the autopsy he performed on Sjodin's body after it was found outside Crookston, Minn., on April 17, 2004, testified again Tuesday. Using a human outline drawn on a poster, he explained bruises and knife wounds he found on the body, how Sjodin's wrists were bound behind her back and how her coat, sweater and shirt were pulled down her arms and off her upper body, further incapacitating her.

"Torture can be both mental and physical," Wrigley reminded jurors.

Two women who testified in the initial guilt phase of the trial about how they were sexually assaulted in 1974 by Rodriguez returned to the stand Tuesday to tell how their lives have been affected.

The first testified that the attack left her feeling fearful and disoriented. "It seemed like nothing made sense anymore -- not going to classes, not getting up," she said. "Hope, faith -- everything seemed broken."

She said she transferred to a college in Arizona, left after one semester and spent the next 10 years doing farm work on the West Coast, occasionally seeing counselors who "understand what that terror is like and how it eats at you."

In cross-examination, Ney asked the woman about her nearly 20 years of employment with social service agencies in California and Oregon, including several positions in which she supervised others.

The other 1974 victim testified that she suffered from depression, has had relationship problems and "to this day I get scared in crowds [and] have fear about being alone."

She said she was hospitalized in December 2005 after having suicidal thoughts.

"I was grieving," she said.

Why was she grieving, a prosecutor asked.

"My brother died," she said. "And Dru Sjodin died."

But under cross-examination, she also testified that she is happily married now and has held responsible jobs.

Also, Judge Erickson read to the jury a statement of facts about Rodriguez's 1980 conviction for attempted kidnapping and first-degree assault. In that attack, Rodriguez confronted the woman, directed her into his car and stabbed her in the elbow and side. Rodriguez's lawyers had appealed the conviction to the Minnesota Court of Appeals, arguing that hypnosis was used improperly to identify him as a suspect. On Tuesday, the Minnesota court dismissed the appeal.

Rights in conflict

Early Tuesday, U.S. marshals directed a lone protester to move away from the federal courthouse entrance here because the message on his sign was directed at jurors.

"What are they doing killing him?" asked the man, who identified himself only as Mark from Moorhead, Minn. "That's not going to bring Dru back."

Erickson agreed that if the message was aimed at jurors, the man should be moved.

"The courthouse steps are one of the oldest and most respected public forums," the judge said, "but the man's First Amendment right to free speech must be balanced against the Sixth Amendment right to a fair trial."

Chuck Haga • 612-673-4514 • crhaga@startribune.com

Ryan Faces Sentencing (CHIT)

By Michael Higgins And Rudolph Bush, Tribune Staff Reporters

Chicago Tribune, September 6, 2006

Former Gov. George Ryan is expected to learn on Wednesday how much prison time he will receive for his conviction on sweeping corruption charges, but the fight to keep him free will be far from over.

In addition to hundreds of pages of defense motions seeking to overturn the guilty verdict and get Ryan a new trial, his attorneys last week requested that U.S. District Judge Rebecca Pallmeyer issue Ryan an appeal bond.

If granted, the bond would keep Ryan out of prison for months, if not a year or more, while a higher court decides the outcome of his case.

Ryan's lawyers argue that he should remain free on bond while they appeal his conviction because the case's famously troubled jury deliberations created a "substantial question ... likely to result" in an appellate court's ordering a new trial.

At issue is Pallmeyer's decision during deliberations to replace two jurors accused of lying on their jury questionnaires.

Appeals courts rarely grant new trials, and federal prosecutors have said they will fight Ryan's request.

But some veteran attorneys say Ryan, 72, and co-defendant Lawrence Warner, 67, have a legitimate shot at getting an appeal bond.

"It is a rare event in the [federal court] building," said Steven A. Miller, a former federal prosecutor in Chicago. "You're asking the District Court judge to almost confess error. But there were so many issues raised with regard to the jury deliberations. ... If any defendant has a chance to get a bond on appeal, I think Ryan is that defendant."

Pallmeyer acknowledged during the trial that her decision to replace two jurors with alternates in the midst of deliberations could be deemed error on appeal.

She frankly and publicly struggled with the decision to keep the trial going in the face of revelations that at least two jurors failed to reveal past run-ins with law enforcement.

Pallmeyer could rule on Ryan's request for an appeal bond as soon as Wednesday. A later ruling is more likely, however, as prosecutors have requested a chance to respond to the request in writing next week.

The ruling would have to come some time before Ryan surrenders to federal prison, a date that likely will come weeks or months after his sentencing.

Prior to the mid-1980s, many criminal defendants remained free while their appeals were pending. But a federal bail reform act passed in 1984 toughened the standards. It forced defendants to show not only that they were not dangerous or a risk to flee, but also that their appeals were likely to win.

Miller estimates that fewer than 1 percent of criminal defendants succeed in getting an appeal bond. Most, of course, pleaded guilty rather than go to trial.

In addition, defendants convicted on many counts must have good grounds for appeal on all of them—likely success on some counts isn't enough.

"It is generally uphill," said Allan A. Ackerman, a veteran defense attorney. Unlike the case of a newly charged defendant, "there is no presumption favoring release after sentencing."

But the particular circumstances of the Ryan case give the former governor a better chance, Ackerman and Miller said.

"These are very thorny questions," Ackerman said. "I would say they have some reasonable opportunity to get release pending appeal in this particular case."

No matter what the outcome of their quests for release on appeal, Ryan and Warner still must face the judge Wednesday and be sentenced.

Prosecutors want Ryan sentenced to no less than 8 years. His lawyers have asked that he receive no more than 2½ years. Warner faces 3 to 4 years, but his lawyers say he should be sentenced to less than 3.

Ryan's entire immediate family is expected to attend the sentencing hearing, according to friends of the former governor.

His five daughters and son will be standing behind him, and his wife, Lura Lynn—who didn't miss a day of the 5½-month trial—will also be there, they said.

On the other side of the courtroom will be Rev. Duane "Scott" and Janet Willis, whose six children were killed in a 1994 car crash linked to corruption under then-Secretary of State Ryan.

Willis had hoped to address the court in person but instead was asked to submit a letter.

He declined comment when reached at his Tennessee home Tuesday.

Joe Power, the Willises' attorney said the family hasn't decided whether they will make a public statement after the sentencing.

"They're waiting to see how they feel and what happens," Power said.

Pallmeyer is also expected to decide on Wednesday how much Ryan and Warner owe the government in forfeiture, a means to force them to surrender their ill-gotten gains.

When the men were indicted, prosecutors said they would seek $3.1 million and title to three Warner properties that were leased to the state when Ryan was secretary of state.

Both parties agreed to have the forfeiture issue settled by Pallmeyer rather than jurors.

Ryan's attorneys have argued in court papers that the former governor is not a man of means but lives off of his state pension and Social Security.

While Ryan's pension tops $200,000, he risks losing it over his conviction.

Calls to the state pension system seeking the status of Ryan's pension were not returned Tuesday.

Tribune staff reporters Bonnie Miller Rubin and Matt O'Connor contributed to this report.

mjhiggins@tribune.com

rrbush@tribune.com

Ryan Attorneys Pleading For Mercy As Sentencing Day Arrives (AP)

By Mike Robinson

AP, September 6, 2006

CHICAGO - A scandal that dominated headlines and politics across Illinois for eight years arrives at something approximating its climax on Wednesday when former Gov. George Ryan is due to be sentenced to prison.

Defense attorneys already have asked U.S. District Judge Rebecca R. Pallmeyer for mercy, saying the 72-year-old Ryan has reached "advanced age" and anything more than a short term could easily be a life sentence.

"It is not necessary to impose a life sentence to reflect the seriousness of the offense," Ryan's attorneys told Pallmeyer last week.

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It's not completely clear that the gruff, husky-voiced Republican who was once the dominant figure at the Statehouse in Springfield will be going to prison any time soon, no matter what sentence Pallmeyer imposes.

Ryan's attorneys are expected to ask her to allow him to remain free on bond pending appeal - a rarity, but far from unheard of. Prosecutors are sure to oppose such a gesture and the issue could go to an appeals panel.

Ryan was convicted April 18 along with businessman-lobbyist Larry Warner of racketeering conspiracy, mail fraud and other charges.

Witnesses at the seven-month trial presented evidence that the folksy, white-haired former pharmacist from downstate Kankakee doled out big-money state contracts and leases to Warner and other insiders in exchange for payoffs ranging from vacations in Jamaica and Mexico to a free golf bag.

A large crowd is expected for the sentencing.

Some are guaranteed to be death-penalty opponents who still regard Ryan as a hero for imposing a moratorium on capital punishment and commuting the sentence of every death row prisoner before leaving office.

Rob Warden, head of the Center on Wrongful Convictions at Northwestern University, talking with a reporter last week dismissed the Ryan portrait prosecutors draw - a ruthless machine boss raking in freebies while basking in the Caribbean sun.

"You can almost feel a fundamental goodness," Warden said. "And I absolutely believe that he had every intention of doing things right and making the lives of his constituents better."

Warden said he knows that some people regard Ryan's stand against the death penalty as "the ultimate act of cynicism" - a bold, last-minute publicity grab designed to rally support for the governor as a humanitarian.

But Warden scoffed at that notion. He says Ryan's chief problem is that the "people he trusted proved in a number of cases to be untrustworthy."

The Rev. Scott Willis, whose family tragedy helped to launch the eight-year investigation of corruption in the Ryan era, is also expected.

Six Willis children died in a November 1994 expressway tragedy near Milwaukee when a mudflap-taillight assembly broke off a truck and slid under the family's van, ripping open the gas tank and setting it ablaze.

The truck driver is believed to have received his driver's license through a payoff at the corruption-riddled McCook licensing center. Prosecutors have traced thousands of dollars in payoff money to Ryan's campaign fund. Prosecutors say evidence at the trial shows that Ryan tried to cover up an investigation of illegal fundraising at licensing stations.

The Willis tragedy was crucial in setting off an eight-year federal investigation of corruption in the Ryan years that began with driver's licenses and eventually expanded to include payoffs and other corruption.

So far, 79 individuals have been charged, 75 convicted and 68 sentenced. Two are fugitives and charges have been dismissed in one case.

Willis wanted to speak at the sentencing. Pallmeyer ruled that out.

Willis attorney, Joseph A. Power Jr., told a reporter last week that whatever else is said, Ryan "had one main job and that was safety" - making certain that drivers were qualified to be behind the wheel.

"He failed miserably in that responsibility and the Willis children were the tragic consequence of his incompetence and criminal activity," Power said.

Prosecutors recommended that Pallmeyer sentence Ryan within the range called for by federal sentencing guidelines which are now advisory only. They calculated the guideline range at eight to 10 years. They also said that an even stiffer sentence might be justified but didn't request it.

Pallmeyer is no longer bound by the guidelines, which once governed the length of federal sentences. By statute, she could send Ryan to prison for 20 years and fine him $250,000 on the racketeering conspiracy count alone, although no one expects the sentence to be anything like that.

Ryan was also convicted of nine counts of mail fraud (five years and $250,000 each), three counts of lying to federal agents (five years and $250,000 each), one count of tax fraud (three years and $250,000 each) and four counts of filing false tax returns (three years and $250,000 each).

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Ryan's lawyers said he should get a light sentence in part because he suffers from Crohn's disease, diabetes and diverticulitis and has multiple risk factors for heart disease including high cholesterol.

"Even a sentence of no more than 30 months could take away the last healthy years of his life," they said.

Local Bowers Decides To Go To Trial (MCA)

By Lawrence Buser

Memphis Commercial Appeal, September 6, 2006

After signaling intentions to plead guilty, former state senator Kathryn Bowers of Memphis said this morning that she wants to go to trial in her Tennessee Waltz bribery case.

Her decision apparently was a last-minute change of heart as both the prosecutor and her defense attorney told U.S. Dist. Court Judge J. Daniel Breen that they had been talking guilty plea right up until this morning.

Two weeks ago the lawyers told the judge a trial date was no longer necessary and asked for this morning's final report.

"I have faith in God and I know he didn't bring me down off that mountain to go in no courtroom and plea bargain," Bowers said outside the federal courthouse. "I'm ready to fight. If I need to roll my sleeves up, I'll do that, too."

Breen said he would have to review his court calendar and that a trial likely would be held next spring.

Bowers, 63, is accused of accepting $11,500 in bribes from undercover FBI agents posing as crooked businessman seeking favorable legislation for their bogus company called E-Cycle Management.

She is one of a dozen elected officials or aides indicted in the case, seven of whom have pleaded guilty or were convicted in trials.

One of those, former state senator Roscoe Dixon was convicted this summer of bribery and is scheduled to be sentenced Friday.

Bowers resigned her senate seat Friday, citing health problems. On Thursday she was charged with driving under the influence after sideswiping another vehicle on Interstate 40. She blamed the incident on a change in her medication for high blood pressure.

Bowers Asks For Trial Date To Be Set In Waltz Case (AP)

By Woody Baird, The Associated Press

AP, September 6, 2006

MEMPHIS — Former state Sen. Kathryn Bowers this morning asked a federal judge to set a trial date on public corruption charges against her from the Tennessee Waltz investigation.

The decision ended speculation that she might seek a plea bargain in the case. Bowers appeared at a hearing this morning and wasn't immediately available for comment.

Bowers is one of 11 people, including five current or former state lawmakers, charged in the public corruption sting. Bowers was indicted last year on charges of accepting $11,500 in bribes from undercover agents posing as businessmen seeking government favors for a company called E-Cycle Management.

Four defendants have pleaded guilty and two were convicted at trial. The rest, like Bowers, are awaiting trial.

Bowers, 63, gave up her Senate seat last week citing poor health. She also isn't seeking re-election despite easily winning the Democratic primary in August.

Last Thursday, Bowers was charged with DUI following a minor traffic accident that her defense lawyer, Lorna McClusky, said may have been related to prescribed medication.

William Massey, Bowers' attorney, said that he was spending part of the Labor Day weekend going over discovery materials with Bowers and talking with "her and her family about the very important decision that has to be made."

Judge Says Investment Adviser Won't Have To Testify In Vigil Trial (AP)

By Tim Korte

AP, September 6, 2006

ALBUQUERQUE (AP) - A California investment adviser has invoked his Fifth Amendment right against self-incrimination, and a federal judge ruled he won't have to testify in the retrial of former state Treasurer Robert Vigil on public corruption charges.

U.S. District Judge James Browning said Tuesday he wouldn't compel Kent Nelson to testify, a potential blow to the government's case because Nelson was a key witness.

"We expected Mr. Nelson was going to testify for us," Assistant U.S. Attorney Jonathon Gerson said. "We learned he had hired new counsel on Friday afternoon. However, there are provisions in the Rules of Evidence that allow us to admit his previous testimony and we believe those conditions have been met."

The judge seemed poised to agree, saying he was inclined to admit into evidence transcripts of Nelson's testimony from Vigil's first trial, which ended in a mistrial this spring.

However, Browning didn't immediately rule on defense efforts to block Nelson's transcripts and government evidence of a videotape showing Nelson handing money to Vigil. The tape was made while Nelson was cooperating with the FBI.

Vigil's lawyers say the money was a cash contribution to Vigil's campaign.

Vigil faces 24 federal extortion and racketeering counts in an alleged kickback scheme.

Nelson pleaded to a single count of mail fraud in the federal case. Gerson said he couldn't immediately say how Nelson's decision will affect his plea agreement, which required him to testify for the government.

"It's a legal issue we'll have to think about," Gerson said.

Meanwhile, Vigil's retrial started with almost seven hours of jury selection, a process that was to continue Wednesday morning. After a 12-member jury and four alternates are seated, opening arguments will follow.

Sixty jurors were summoned into Browning's courtroom while another 60 waited elsewhere in the courthouse if needed. Their names were selected after 1,200 jury questionnaires were mailed to all three federal court districts in New Mexico.

Browning asked potential jurors if they knew any of the defense or government lawyers, whether any of them had prior jury experience, whether they or any family members were employed by law enforcement agencies and whether they or their relatives had been involved in the criminal court system as defendants, witnesses or victims.

Later, potential jurors were questioned individually during bench conferences, leading to lulls. Some potential jurors passed the time by reading magazines or comic books, while others worked on crossword puzzles or chatted quietly.

Some even dropped their heads to snooze.

There were some light moments, too. The courtroom broke into laughter after Browning asked one potential juror to identify her ex-husband's employer.

"There were several. That's why he's my ex," she replied.

Nelson's attorney, Peter Schoenburg, said earlier that his client wouldn't testify because of his right against self-incrimination on parallel criminal charges filed by state Attorney General Patricia Madrid.

Nelson faces 39 counts in state court, including bribery of a public employee, offering or paying illegal kickback, money laundering, racketeering and conspiracy in restraint of trade.

Madrid on Tuesday said her office had offered "use immunity" to Nelson and three other men indicted in the state case, which would give them "assurance that their testimony in the retrial of Robert Vigil will not be used against them in the upcoming state case."

She said she informed the U.S. attorney's office two months ago that the state was willing to offer use immunity to all state defendants in the federal case. Madrid also said her office had been negotiating with Nelson for two weeks about such immunity.

Albuquerque businessman Angelo Garcia, former treasurer's employee Leo Sandoval and another former state treasurer, Michael Montoya also have been indicted on state charges.

The state charges stem from criminal activity they testified about in the federal case, such as soliciting and accepting kickbacks.

Polygamist Leader Back In Utah (NSDY/AP)

By Jennifer Dobner, Associated Press Writer

Long Island Newsday, September 6, 2006

HURRICANE, Utah -- Polygamist sect leader Warren Jeffs was flown back to Utah on Tuesday to face felony sex charges involving the arranged marriage of an underage girl to an older man.

Accompanied by sheriff's deputies, he arrived at the Purgatory Correctional Facility in Hurricane shortly after noon, said Washington County Sheriff's Lt. Rob Tersigni.

An initial court appearance was scheduled for Wednesday before 5th District Judge James L. Shumate, though the court typically conducts initial appearances via video link from the jail.

Jeffs, 50, had been on the FBI's Ten Most Wanted list until his arrest last month during a chance traffic stop near Las Vegas.

Even behind bars, he is considered the leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints, a polygamist sect with an estimated 10,000 followers, many in the twin towns of Hildale, Utah, and Colorado City, Ariz. The sect broke away from the Mormon church more than a century ago and has been disavowed by the Mormons.

Jeffs is charged in Utah with two felony counts of rape as an accomplice, accused of having arranged a "spiritual marriage" between a teenage girl and an older man. Each count carries a penalty of up to life in prison if convicted.

The alleged marriage took place some time within the past four years, when the girl was between age of 14 and 18, according to Washington County Attorney Brock Belnap. "Jane Doe," as the girl is referred to in court documents, objected to the marriage but was told by Jeffs that she must she must give herself "mind, body and soul" to her husband, court papers said.

Jeffs, who decides which of his followers marry and to whom, told the girl that she would lose her salvation if she did not obey her husband, court papers said.

Jeffs hired Las Vegas attorney Richard Wright to represent him in the case. Wright contacted jail officials Tuesday, asking that Jeffs be held apart from other inmates "for his own protection," Washington County Sheriff Kirk Smith said at a news conference.

Wright, a defense lawyer, recently represented a politician charged with corruption and boxer Floyd Mayweather Jr., who was acquitted last year on charges stemming from a fight with a former girlfriend.

Jail records released Tuesday by Las Vegas police show Jeffs was visited during his weeklong stay at the Clark County jail by two of his brothers, an investigator from Arizona and Wright, who met with Jeffs four times and also met at least twice with one of his brothers.

At Purgatory Correctional Facility, a 460-bed county jail 30 miles west of Hildale, Jeffs will be held in a small cell alone for 23 hours a day, with one hour for showers, exercise and phone calls, according to Sheriff Kirk Smith. He will be allowed up to two hours of visitation weekly.

Jeffs also faces felony charges in Arizona, accused there of arranging a marriage between a 16-old-girl and a 28-year-old man, who was already married.

As with the Washington County charges, the Mohave County, Ariz., counts -- conspiracy to commit sexual conduct with a minor and sexual conduct with a minor, which each carry a penalty of two years in prison -- do not accuse Jeffs of having sex with either girl, but that he encouraged others to do so.

By some estimates, Jeffs has more than 40 wives and about six dozen children who have lived in million-dollar homes that cover an entire Hildale city block, surrounded by 14-foot brick walls and locked gates. It's not known if his families remained on the premises while he was a fugitive.

Jeffs To Appear Before A Judge In Utah Today (DESERET)

By Ben Winslow And Nancy Perkins, Deseret Morning News

Deseret Morning News, September 6, 2006

Polygamist being held without bail; hearing could change that

HURRICANE — Captured polygamist leader Warren Jeffs will make his first appearance before a Utah judge today.

Warren Jeffs The Fundamentalist LDS Church leader is scheduled to appear in court this afternoon via video hookup from the Purgatory Correctional Facility. Jeffs is being held without bail, although it is possible that could change at today's court hearing.

"He seems to be a very meek, passive person," Washington County Sheriff Kirk Smith said outside the jail Tuesday afternoon. "We will give him every benefit of the doubt until he proves otherwise."

Formal notice has not been filed in St. George's 5th District Court, but the office of Las Vegas lawyer Richard Wright confirmed to the Deseret Morning News he is representing Jeffs. Wright has represented several high-profile clients in Las Vegas, including a county commissioner charged with political corruption and a boxer accused of assaulting his girlfriend.

"He's not making any comment," a woman who answered the phone at Wright's law firm said Tuesday.

Wright called the Purgatory Jail on Tuesday and requested Jeffs be segregated from other inmates "for his own protection," Smith said.

Flight to Purgatory

Jeffs, 50, was flown from Las Vegas to Hurricane in a Utah Department of Public Safety helicopter Tuesday. It flew over the Purgatory Jail before landing in the fenced-in jail yard, kicking up a huge cloud of dust.

Accompanying Jeffs were a pair of Washington County sheriff's deputies, who traveled to the Clark County Jail to pick him up. Lt. Jake Adams described Jeffs as "cooperative and compliant."

Security surrounding Jeffs has been tight. He was seen surrounded by police officers as he boarded the helicopter at a Las Vegas-area airport.

Using the DPS helicopter was a calculated move.

"Driving 120 miles by automobile is not my idea of a smart way to transport him," the sheriff said, adding that he has increased security at the Purgatory Jail.

"Our chief concern, when we're dealing with religious extremists, is to get Mr. Jeffs safely through the process. I will be concerned about his followers until the day he leaves," Smith said. "No threats have been made, but we understand there may be people who don't ascribe to his religious way of being and may wish him harm."

Clad in a green-and-white striped jail uniform, Jeffs smiled slightly in his booking mug shot released by the Washington County Sheriff's Office. His brown hair is graying.

Inside Purgatory, Jeffs will be alone in a cell measuring 6-by-10 feet. It includes a mattress, urinal and sink. He will be allowed out of his cell for one hour a day to exercise, shower and make phone calls. One to two hours of visitation a week will be allowed.

Jeffs was a fugitive on the FBI's Ten Most Wanted list until last week, when he was arrested during a traffic stop on I-15 just outside Las Vegas.

In Utah, Jeffs is charged with two counts of rape as an accomplice, a first-degree felony. He is accused of forcing a teenage girl into a polygamous marriage with an older man. An arrest warrant affidavit filed in April 2006 said Jeffs threatened her when she objected and asked to leave the union.

"No matter what happens you cannot fight with the priesthood because if you do you'll lose your salvation," the court papers said Jeffs told the young woman, who is expected to testify against him.

In Mohave County, Ariz., Jeffs faces charges of sexual conduct with a minor and conspiracy to commit sexual conduct with a minor. He is accused of arranging child bride marriages.

Coincidentally, FLDS member Donald Barlow is scheduled to go on trial today in Kingman, Ariz., on sex crimes charges, accusing him of taking an underage girl as a plural wife.

Douglas C. Pizac, Associated Press

Warren Jeffs, in the middle of the back seat, arrives Tuesday at the Purgatory Jail from Las Vegas. Hildale jury pool

If Jeffs' case goes to trial, members of his own community could be in the jury box.

"It's possible. They are in the county," deputy Washington County attorney Jerry Jaeger told the Deseret Morning News last week. "If someone got called from Hildale, then they're going to have to make the same statement that they're going to be impartial."

People from Hildale are in the county jury pool, clerks from St. George's 5th District Court said Tuesday. Despite the international publicity Jeffs' arrest has generated, prosecutors still believe it is possible to get a fair trial in St. George.

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"A lot of that is just getting a jury that is willing to listen to the evidence and make a decision based on the evidence," Jaeger said.

The Washington County Attorney's Office has said it has taken steps to protect its witness from coming to any harm while she prepares to testify against Jeffs.

"We need to try this case in court," deputy Washington County attorney Brian Filter said Tuesday. "We don't want to jeopardize this case so we will say as little as possible."

If convicted, Jeffs could face up to life in prison.

Former Fugitive Jeffs Arrives In Utah (SLT)

By Mark Havnes And Brooke Adams, The Salt Lake Tribune

Salt Lake Tribune, September 6, 2006

HURRICANE, Utah - Polygamous sect leader Warren S. Jeffs arrived via helicopter at the Purgatory Correctional Facility just after noon today.

Jeffs, 50, was booked into the facility, where he will remain incarcerated while he faces sex crime charges related to his alleged role setting up marriages between underage girls and older men.

The Department of Public Safety helicopter carrying Jeffs landed in a secure area behind the facility around 12:30 p.m. and Jeffs could not be seen as he was taken into the building. Washington County Sheriff's deputies accompanied Jeffs from Las Vegas to Utah, said Lt. Cory Pulsipher.

A spokeswoman for the Clark County Detention Center said Jeffs left that facility just before 9 a.m. Jeffs had been incarcerated there since his capture Aug. 28.

Jeffs was a passenger in a Cadillac Escalade pulled over by a Nevada Highway Patrol trooper because its temporary registration tags were partially obscured. With him at the time were Issac Jeffs, his brother and the vehicle's driver, and Naomi Jessop Jeffs, one of his plural wives.

Jeffs initially produced a contact lens receipt written to a "John Findley" as identification. He later admitted his identity to an FBI agent who responded to the scene.

Jeffs had been in hiding since 2003, when law authorities in Utah and Arizona stepped up investigations of underage marriages in the FLDS sect.

The sect has historically been based in Hildale, Utah; Colorado City, Ariz.; and Lister, British Columbia, but now also has known outposts in Nevada, Texas, South Dakota, Colorado and Mexico.

Arizona authorities also have charged him with two class 6 felonies for his role in arranging underage marriages.

Utah is taking the lead in the prosecutions because its charges carrying a stiffer criminal penalty and its case appears to have a more reliable and willing witness.

Washington County Attorney Brock Belnap said inmates usually make an initial appearance within 48 hours of being booked into jail. That appearance typically occurs via closed-circuit television, with the inmate remaining at the jail.

Jeffs is charged as an accomplice on two first-degree felony rape charges for performing a spiritual marriage between a girl identified as "Jane Doe" and a 28-year-old man within the past four years.

The girl, who was then between the ages of 14 and 18, allegedly objected to the union because of her age and also later told Jeffs she did not want to have marital relations with the man. Jeffs rebuffed her complaints, saying her salvation hinged on her compliance.

In Secret Prison Recordings, Gotti Rages About Demotion (NYT)

By Timothy Williams

The New York Times, September 6, 2006

During prison conversations in 2003, John A. Gotti told his sister and other visitors that he intended to quit organized crime and move to Canada once he was released. But at the same time, Mr. Gotti was apparently so incensed at being demoted as the leader of the Gambino crime family that he threatened violence against his enemies.

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Mr. Gotti is being tried for the third time in a year on racketeering and other charges in Federal District Court in Manhattan. Because the statute of limitations for racketeering crimes expires after five years, federal prosecutors are seeking to establish that Mr. Gotti continued to have a prominent role in the crime family after 1999. The defense lawyers are seeking to show that, in effect, Mr. Gotti retired from a life of crime before that, sometime in the mid- to late 1990's.

The juries in the other two trials were unable to reach a verdict. The prosecution did not introduce the prison recordings at the previous trials.

"I've made a pact," Mr. Gotti told John Ruggiero, a member of the Gambino family, during a September 2003 conversation secretly recorded by the F.B.I. at the federal prison in Ray Brook, N.Y. "I made a pact with myself one night in my bed, on my father's and brother's grave. I will beat them down like a two-dollar French hooker.

"I never want to go back to those people again," Mr. Gotti said on the recording. "If I go back there, I got to hurt some of them, you understand me?" He added that he would "crack their skulls" with "two padlocks in my hands."

The reason for Mr. Gotti's anger, prosecutors say, was that he had been demoted as acting boss of the Gambino family, a position he held after his father, John J. Gotti, was sent to prison in 1992.

During another visit in September 2003, Mr. Gotti told his sister Angel that he had kicked their uncle Richard V. Gotti out of the visiting room. Prosecutors say that it was at that meeting that Richard Gotti had informed John A. Gotti that he had been reduced in rank from acting boss to mere captain. Peter Gotti, another brother of John J. Gotti, then assumed the top leadership post, according to prosecutors.

"I had Richie in here, he lied to me, to me, to my face," Mr. Gotti told his sister during another recorded conversation, in August 2003, almost a year after their father's death.

"I haven't seen or heard from these people in over five years," he said. "He came up here, come on the visit, spoke to me about my father, about what, what help they would be giving to my mother, funeral arrangements, that was it. Other than that, it's all lies. It's all lies."

Mr. Gotti told his sister, "My life is destroyed."

During the same conversation, Mr. Gotti, who was serving a six-year sentence for racketeering charges unrelated to those he currently faces, told his sister that he wanted to move to Montreal after he was released. Otherwise, he said, he would be forced to resort to violence.

"If my family wants to come with me, I, I'd love to have them, but if they don't, then it's see ya's later, I'm gone," he said. "'Cause if I stay here now, it's over for me. I stay here, I got to start killing people. I just want to move on with my life. Nothing good there, no good memories there. Nothing but treachery and deceit. That's all that's here, treachery and deceit."

'I'm Dopey, Remember?' (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 6, 2006

The way John A. (Junior) Gotti sees it, if the feds were so convinced he was a dummy, how could he have run the city's most murderous crime family?

In recorded prison chats played for jurors yesterday, Gotti mocks the tag he earned after government agents said he didn't have the smarts his father possessed to run the Gambino crime family.

"I'm the Dopey Don, remember?" he tells pal Steve Dobies during a July 2003 prison conversation intercepted by the feds. "That's what I was. I had no problem with that. But you can't just now say, 'Well, we thought now because we're gonna put him in jail for life, he wasn't really the Dopey Don. You can't do that. ... You gotta lock them into something."

The Dopey Don chat was among more than a dozen prison conversations played for jurors yesterday as prosecutors wrapped up their racketeering case against the 42-year-old mob scion by presenting evidence they say shows Gotti never truly renounced the mob life as he claims he did.

When Gotti's lawyers begin calling witnesses today, they may start with Curtis Sliwa, the radio host allegedly shot twice by thugs prosecutors say were sent by Junior. Sliwa testified for the prosecution at two previous trials but was not called this time.

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On the tapes recorded in 2003 and 2004, Gotti weighs in on numerous topics, from "vulture" uncles to a "bum" brother to his interpretation of the Torah.

Among Junior's greatest hits:

Gotti told pal John Ruggiero during a 2003 chat that if uncles Peter or Richie Gotti turned up in the upstate New York prison where he was being housed, they'd suffer the consequences. "I swear it to you on my dead brother and my dead father, I swear to you, I will meet them by the [prison] door, with two padlocks in my hands, and I will crack their skulls."

On brother Peter, whom he crossed off his prison visitors list in 2003, he said: "I love him, but my brother's a bum. That's all he is. No more, no less. ... I have a hard time respecting any man who doesn't spend any time with his wife and kids at all. If Pete has an available moment he'll take whatever's in his pocket, like my father would have done, and go to OTB or go to Atlantic City."

Gotti's anxiety heightens throughout as it becomes clear the feds are preparing to indict him on new charges. He muses about leaving New York once his five-year prison hitch is over.

And when Gotti lawyer Richard Rehbock complains about having to buy Dobies - who is Jewish - lunch every day, Gotti offered his take on the Torah.

"Isn't that like supposed to be a Jewish pact or something that youse got with each other to feed each other to shelter them in their shelter or some s---?" Gotti asked. "Isn't that in the Torah?"

GOTTI FAMILY FEUD (NYPOST)

By Kati Cornell

The New York Post, September 6, 2006

It's the typical dysfunctional family, give or take a murder or two.

On secretly recorded prison tapes, onetime Mafia chieftain John "Junior" Gotti grouses about everything from the uncle who reputedly tried to squeeze money from his sister's husband, to a plot by relatives to seize control of the "family business," to kin swiping dough from him and his widowed mother - and how he wants to whack them all for it.

"They're garbage," Gotti hisses about two uncles to a pair of associates who were visiting him at the Ray Brook federal prison in 2003.

"If I go back [on the street], I gotta hurt some of them, you understand me?" he said according to the tapes, which were played to a Manhattan federal jury by prosecutors yesterday.

"And if any of them ever come here . . . I swear to you on my dead brother and my dead father . . . I will meet them by [the] door with two padlocks in my hands, and I will crack their skulls, I promise you that."

The miffed Mafioso griped that his uncles, Peter Sr. and Richard, "played dumb, these cutie pies," as they plotted to demote him from don of the Gambino crime family to mere captain.

He whined it's clear they don't know what love is - but that's OK, because he never liked them anyway.

"It hurt me inside that some people that I trusted would do something like [that]. [But] I never really cared for them," Junior said. "There's always a fake love to them, 'cause Gottis, really those type of Gottis, they ain't capable of loving anybody. They don't even love their own."

At another point, Junior described a dispute he had with Peter and two other mobsters who reputedly tried to squeeze $100,000 from his brother-in-law, Carmine Agnello - ex-husband of his sister, Victoria Gotti.

"You go near [Agnello] again, I'll put the three of youse in the ground,' " he said he told them.

When Gotti;s sister Angel complained that their uncles had also stolen money from their mother, Gotti seemed more concerned about his own finances and that his uncles turned his dad against him.

"They tried to destroy me in his eyes. And that to me is more than they stole all the money from your mother."

Besides, "money that was mine, they stole," Junior said.

The feds have to prove that Junior was still involved in mob business while in prison after 1999, because of the five-year statute of limitations on racketeering charges against him.

He notes in the tapes that the feds would call him the "Dopey Don."

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"I had no problem with that," Gotti told an associate. "But you just can't now say, 'Well now, because we're gonna put him in jail for life, he wasn't really the 'Dopey Don.' "

Hornsby Pleads Not Guilty (WP)

By Eric Rich

The Washington Post, September 6, 2006

Former Prince George's County schools chief Andre J. Hornsby pleaded not guilty to 16 felony counts yesterday in his first appearance in court since his indictment on corruption and other charges.

Hornsby, who was forced from his job last year amid questions about his stewardship of the region's third-largest school system, told Magistrate Judge Charles B. Day that he understood the charges and listened patiently as his rights were explained.

"I plead not guilty to all of the allegations," Hornsby said, speaking softly in U.S. District Court in Greenbelt.

Hornsby, 52, was indicted Aug. 23 by a federal grand jury on charges of steering school business to associates in exchange for kickbacks that were intended to exceed $100,000 and possibly include expensive art or a yacht.

Although it would be exceedingly rare for a defendant in such a case to receive the maximum punishment if convicted, Hornsby could be sentenced to 20 years in prison for each of 12 mail or wire fraud counts and 10 years for each of three witness tampering counts and for an obstruction of justice count.

Hornsby, formerly of Mitchellville, lives in Tulsa, according to court documents. Hornsby was permitted to remain free both before and after his court appearance.

Day ordered that Hornsby temporarily have no direct contact with current or former employees of either the school system or of LeapFrog SchoolHouse, an educational software vendor. Hornsby is accused of arranging a $1 million purchase from the company, where his then-girlfriend worked as a saleswoman, and splitting a $20,000 commission with her.

The woman, Sienna Owens, has been charged with a tax violation. Sources have said that Owens has agreed to cooperate with prosecutors. They spoke on the condition of anonymity because her cooperation has not been publicly disclosed.

Hornsby is also accused of insisting that another associate's company be given a consulting contract to help secure funds under the federal E-Rate program. To conceal kickbacks that would have exceeded $100,000, Hornsby is alleged to have suggested that the associate buy him art, a yacht or other valuable items.

The indictment also alleges that he instructed school system employees to destroy backup computer tapes containing his and other employees' e-mail and that he tried to persuade an associate in that case not to cooperate with a subpoena for computer files.

Yesterday, Assistant U.S. Attorney Michael PauzÃ© requested an open-ended order barring Hornsby from contact with employees of LeapFrog and the school system. Hornsby's attorney, Robert C. Bonsib, called it "an overly broad request."

Day issued the temporary order, and Bonsib and PauzÃ© agreed to narrow the list of associates with whom Hornsby may have no contact.

Hornsby Pleads Not Guilty To Schools Fraud (WT)

By Matthew Cella

The Washington Times, September 6, 2006

Former Prince George's County schools chief Andre J. Hornsby yesterday pleaded not guilty to federal charges of corruption and obstruction of justice stemming from his tenure in Prince George's County.

Mr. Hornsby, 52, was indicted Aug. 22 on seven counts of wire fraud, five counts of mail fraud, evidence tampering, witness tampering and obstruction of justice.

"I plead not guilty to all of the allegations," Mr. Hornsby said yesterday during a 15-minute hearing in U.S. District Court in Greenbelt before Magistrate Judge Charles B. Day.

The wire- and mail-fraud charges each carry a penalty of 20 years in prison. The other charges each carry a 10-year prison sentence.

Judge Day did not set a trial date.

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The judge released Mr. Hornsby on his own recognizance on the condition that he have no contact with any current or former employees of LeapFrog Enterprises Inc., a company to which he is accused of giving a $1 million contract.

Mr. Hornsby's attorney, Robert C. Bonsib, said that a prosecution request that Mr. Hornsby have no contact with current or former employees of the Prince George's County school system was overly broad. Judge Day agreed with him but granted the request for a period of one week while the prosecution creates a no-contact list of school employees.

Outside the courthouse, Mr. Bonsib said he is confident his client will be acquitted.

"Today, Dr. Andre Hornsby told the court that he is not guilty of each of the charges against him," Mr. Bonsib said. "We ask everyone to remember that he is presumed innocent and that an indictment is not evidence. We can now begin the process of preparing to present in court his defense before an impartial jury. We are confident that once that occurs he will be found not guilty."

Mr. Bonsib said it would be "foolish" to discuss the defense strategy.

Mr. Hornsby, who earned $250,000 annually as schools chief, left the county in June 2005 with a $125,000 severance package.

The indictment says Mr. Hornsby, with help from a former employee, steered a contract to a company he owned that purported to aid school systems by writing applications to secure federal grants.

The contract was awarded in December 2003, five months after Mr. Hornsby had started his job in Prince George's County. Over a two-year period, the school system paid his company more than $120,000.

Mr. Hornsby negotiated a kickback worth more than $100,000 to be paid in luxury items but received only $1,000, which he took in the form of a cash down payment during a meeting at a Bowie hotel, the indictment states.

Mr. Hornsby also ordered the June 2004 purchase of $1 million in educational software and other materials from LeapFrog SchoolHouse, a division of LeapFrog Enterprises Inc. of Emeryville, Calif. His live-in girlfriend, Sienna Rochelle Owens, was a sales representative for the company.

Miss Owens, who did not represent Maryland for the company, struck a deal to collect half of the commission from the sale and gave Mr. Hornsby $10,000 in cash, half of what she was paid, the indictment says.

Mr. Hornsby also is accused of lying to investigators, concealing information about the contracts and ordering subordinates to lie on his behalf and erase computer records containing e-mails about the transactions.

The Prince George's County school system, which Mr. Hornsby ran from July 2003 to June 2005, has 135,000 students and an annual budget of more than $1 billion.

Kids Run, Shout, Fight — And Foil Abductions (USAT)

By Wendy Koch, Usa Today

USA Today, September 6, 2006

Stephanie Quackenbush recalls walking to school on a sunny morning in Albany, N.Y., last year when, a block from school, a man grabbed her from behind.

He put a towel over her face. She screamed for help. "Shut up! Shut up!" he ordered. "I have a knife. I'll stab you."

"He was trying to force me to walk with him, but I kept fighting him," says Stephanie, then 14. Two men working nearby heard her yell and ran to help.

The attacker dropped the towel and ran off. DNA on the towel linked Darius Ashley to her assault and to the abduction and rape of two other young women. He's now serving a 25-year prison sentence.

Stephanie's case fits the pattern of most attempted abductions, according to a study released today by the National Center for Missing & Exploited Children. The typical victim is a teenage girl on her way to or from school.

The study, released as a new school year gets underway, examined 403 attempted kidnappings by strangers or slight acquaintances that were reported by police or news media in 45 states from February 2005 to July 2006. It was conducted to learn how such attempts are foiled. The study did not look at successful abductions.

Six in 10 victims fought back and escaped, according to the ongoing study's initial findings. Three in 10 ran away before any physical contact, and about 10% were saved when an adult nearby intervened.

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"It is more important than ever for parents to empower their kids," says Ernie Allen, the center's president. He says he doesn't want to scare children, but they need to learn to recognize danger and, if attacked, draw attention by screaming, kicking and running away.

"We look for patterns," Allen says. "These guys don't do it just once. An attempt is likely to be followed by another and another until they're successful." That's why he wants parents to report incidents to police.

National statistics on child abductions are hard to come by because kidnapping is not classified as a major crime, says David Finkelhor, director of the Crimes Against Children Research Center at the University of New Hampshire. He says some incidents are reported as rapes rather than abductions.

He co-authored the most recent study on the topic by the Justice Department, which analyzed 1999 data. That year, 115 "stereotypical kidnappings" were reported — ones in which children were abducted by strangers or barely known acquaintances, taken more than 50 miles, detained at least overnight or held for ransom. Half were sexually assaulted, and 40% were killed.

A much larger number of children, about 58,000, were taken that year for shorter periods of time, mostly by people they knew but not relatives. In those cases, nearly half were sexually assaulted; fewer than 1% were killed. Nearly two-thirds were girls, mostly teens.

Finkelhor says kids should be wary of strangers — but they face greater risk of assault or harassment from other kids, family members or acquaintances.

"Allowing children to walk to school, certainly middle-school kids, in most areas of the country is a reasonable thing," he says, especially if the child is walking with a friend.

Robert Kemmet, a detective with the Oklahoma City Police Department, has studied 170 local kidnapping attempts and says identifying patterns has led to several arrests.

"We can create an environment that makes it very difficult for a predator to operate," says Kemmet, who orders extra surveillance when he knows of an area where someone has repeatedly approached children.

He cites common lures: "Hey, little girl, do you want a piece of candy?" Or "Can you help me look for my puppy?" Some predators, he says, are "bus trawlers" who drive behind a school bus, watching for a child to get off alone. "That's what the predator is counting on: the lone child," Kemmet says.

Stephanie's mother, Rhonda Quackenbush, says she always taught her seven children to yell or fight back if attacked. Never was it more important than when her family suffered an unimaginable tragedy nine years ago. Her husband and one of her two sons were shot to death at a friend's house. Another daughter, Stacey, then 12, screamed and ran away.

Quackenbush says Stephanie has recovered from her near-abduction. She is a sophomore at Albany High School who plays soccer and basketball.

She testified at her attacker's trial and says she's willing to talk about what happened: "It's a way for me to use it to help other kids."

Now Stephanie walks to school with friends when she doesn't get a ride. She never walks alone.

Police Investigate Almost A Dozen Shootings In Metro New Orleans (AP)

AP, September 6, 2006

NEW ORLEANS -- Bullets flew in New Orleans and its suburbs, turning Labor Day weekend bloody with 13 shootings that left four people dead and nine wounded.

Among the dead was a 53-year-old man police said was accidentally shot Sunday evening by a gunman who was trying to kill two other men.

The man, whose identity was withheld by authorities, died on his Central City balcony. New Orleans police said they found two men _ the intended targets _ with multiple gunshot wounds nearby.

Another innocent bystander was wounded Monday by a stray bullet in eastern New Orleans, police said.

In suburban Jefferson Parish, deputies were searching for suspects and a motive in the shooting death of a 28-year-old man who was found in his car in the driveway of his Jefferson home Sunday night. His one-year-old son was in the back seat but was unharmed, deputies said.

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A Marrero man was shot twice during an attempted robbery near his home Tuesday morning, said Col. Robert Garner, a spokesman for the Jefferson Parish Sheriff's Office. The injuries were not life threatening.

"I'm worried and I'm scared," said Ruby Wallace, 47, of New Orleans. "But it's the kids that are really scared. They hear it on television."

Wallace said she now picks up her grandson and niece from school every day.

"They don't want to walk anywhere and I don't want them to," she said. "It seems worse than before Katrina. We don't have as many people and then there's all these shootings."

The killings raised the murder toll in New Orleans to 93. For all of 2004, the last full year for which data is available, 211 people were slain in New Orleans. Local officials have been concerned about a sharp rise in crime in recent months, even though less than half the city's pre-Katrina population of about 500,000 is believed to have returned.

The two murders in Jefferson Parish pushed the number there to 40, up from 26 this time last year.

Last year, between Aug. 29 when Katrina hit and Jan. 1, there were no murders in New Orleans. The violence began picking up after Mardi Gras. Police Superintendent Warren Riley said that was about the time the city's drug dealers began returning after months in hurricane exile.

"The really scary thing is that it's going up every month," said Peter Scharf, a criminologist at the University of New Orleans. "We're averaging over 12 murders a month. If you figure a population of 220,000 now, that will work out to 66 murders per 100,000 people for the year."

Equally disturbing to some local officials is the spread of violence to the usually more peaceful suburbs. "The biggest difference is that before Katrina probably all the shootings would have been confined to Orleans Parish," said Rafael Goyeneche, executive director of the Metropolitan Crime Commission of Greater New Orleans, a non-profit group that monitors crime in the region. "Jefferson Parish wasn't experiencing violent crime to such an extent then."

In Jefferson, too, the drug trade is being blamed for the increase in violence.

"You have a city that is 65 percent unlivable now," said FBI Special Agent Jim Bernazzani. "So they've moved and a lot of them have moved to the West Bank of Jefferson Parish."

Other factors contributing to the spike in crime, Bernazzani said, include the failure of the education system to teach marketable skills to young people and what he calls a "revolving door court system" that breeds a lack of consequence for criminal acts.

Goyeneche agrees. "The ineffectiveness of the criminal justice system goes back to before Katrina," Goyeneche said. "Only a fraction of the people arrested were ultimately sentenced to jail."

Between July 2003 and June 2004, New Orleans police arrested 100,000 people, Goyeneche said. Of those only 1,300 were sentenced to jail. Only 12 percent of those arrested for murder during that time were convicted, he said.

"So that means that 88 percent of those arrested for murder are back on the streets," he said.

The police force, which Goyeneche described as understaffed and overworked before Katrina, probably answered over 200,000 calls to make 100,000 arrests, he said.

"The standard for arrest is probable cause, but for conviction you have to have proof beyond a reasonable doubt," Goyeneche said. "And that's very difficult to get when witnesses develop cold feet when it comes to testifying at trial."

Grand Jury Looks At Katrina Deaths (USAT)

By Laura Parker

USA Today, September 6, 2006

More than a year after 35 people drowned in a nursing home near New Orleans as Hurricane Katrina hit, a grand jury will decide whether the home's owners should be prosecuted for negligent homicide.

A grand jury in St. Bernard Parish — the first seated there since the hurricane devastated the community — will meet Sept. 20 to begin hearing a backlog of criminal cases, parish court clerk Lena Torres said. The cases will include the one against Sal and Mable Mangano, owners of St. Rita's Nursing Home.

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The grand jury's formation is a milestone in a case that provided some of the most vivid images of the death and destruction that surrounded Katrina. Two weeks after the storm, Louisiana Attorney General Charles Foti had the Manganos arrested in the deaths at St. Rita's. Since then, however, there has been little obvious progress in the case — in part because the parish, which had 65,000 residents before the storm, was virtually unpopulated for months.

Now about 12,000 residents have returned, according to parish estimates, and the courts are taking steps toward normalcy.

The deaths at St. Rita's have ignited legal battles on several fronts.

Last week, the Manganos filed a civil lawsuit against federal, state and local officials, including Louisiana Gov. Kathleen Blanco. The lawsuit says those officials failed to evacuate St. Rita's residents as Katrina approached. In the criminal case, prosecutors say the Manganos were negligent for ignoring officials' calls to evacuate.

The St. Rita's residents died after a wall of water washed into the nursing home, trapping many frail and immobile patients in their beds. The Manganos' lawsuit contends that inadequate levees allowed 13 feet of water to fill St. Rita's, a 20-year-old facility that had never flooded.

Thirty-five civil lawsuits have been filed against the Manganos by relatives of those who died or who were injured at St. Rita's. Attorneys for relatives suggested Tuesday that the Manganos' lawsuit was aimed at shifting blame and delaying settlement of the families' suits.

"It's purely a delay tactic," said Chris Bruno, who represents one of the families.

The Manganos' attorney, Jim Cobb, rejected that idea. "Does anybody not believe that this entire debacle wasn't caused by many different parties? Does anybody think that just two people were responsible for this? Let's invite everybody to the table and assess responsibility."

Torres said the 14-member grand jury that will begin meeting Sept. 20 was selected Thursday from a pool of 150 residents.

The St. Rita's case also has been complicated by the recusals of several court officials who knew some of the victims or their relatives. District Attorney Jack Rowley stepped aside in the criminal case; all five judges in St. Bernard have recused themselves from both the criminal and civil cases, according to court papers. Evidence in the criminal case will be presented by a team of assistant state attorneys general, said Kris Wartelle, a spokeswoman for Foti who declined to comment on the Manganos' lawsuit.

N.Y. Man Pleads Guilty In Prostitution Case (CAMCP)

Camden Courier-Post, August 31, 2006

A pimp from New York City who recruited and prostituted minor girls in several U.S. cities, including Atlantic City, pleaded guilty on Wednesday in federal court.

Demetrius Lemus, of New York, entered a plea of guilty before U.S. District Judge Freda L. Wolfson to conspiracy to transport minors to engage in prostitution.

According to the plea agreement, Lemus, was part of a prostitution ring operating from 1999 through 2005 in various U.S. cities, including Atlantic City, New York City, Las Vegas, Boston and Miami. Other members of the conspiracy, including Melissa Ramlakhan, Anna Argyroudis, Emily Collins-Koslosky, Jacqueline Collins-Koslosky and Kemyra Jemerson, allegedly recruited and transported young girls to and from various cities in order to have them work as prostitutes for pimp Matthew D. Thompkins.

Members of the conspiracy would also hide the proceeds of the illegal prostitution enterprise by converting the proceeds into U.S. postal and Western Union money orders in amounts under the legal reporting requirement of $3,000.

To date, more than $800,000 in U.S. postal and Western Union money orders have been identified as having been purchased and used by members of the conspiracy.

Ramlakhan, Argyroudis, Emily and Jacqueline Collins-Koslosky, and Jemerson have all pleaded guilty and are awaiting sentencing. Thompkins is scheduled for trial in January 2007.

Lemus, 37, faces a mandatory minimum of five years in prison to a maximum of 30 years and a $250,000 fine. Sentencing is scheduled for Dec. 8.

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The case is part of the "Innocence Lost" initiative, a cooperative effort to prevent and prosecute cases involving child prostitution between the FBI, the U.S. Attorney Criminal Division's Child Exploitation and Obscenity Section and the National Center for Missing and Exploited Children.

To date, the Innocence Lost Initiative has resulted in 228 open investigations, 543 arrests, 86 complaints, 121 informations or indictments, and 94 convictions in both the federal and state systems.

NYC Pimp Admits Transporting Girls For Prostitution Ring (NSDY/AP)

Long Island Newsday, September 6, 2006

TRENTON, N.J. (AP) _ A New York City pimp, who federal prosecutors said recruited girls to be prostitutes, pleaded guilty Wednesday to his role in a multi-city prostitution ring that ran from 1999 to 2005.

Demetrius Lemus is the sixth person to admit a role in the ring, which authorities said operated in Atlantic City, Boston, Las Vegas, Miami and New York.

A seventh person, accused ringleader Matthew D. Thompkins, faces trial in January.

Lemus, 37, pleaded guilty to conspiracy to transport minors to engage in prostitution. He faces five to 30 years in prison and up to a $250,000 fine when sentenced Dec. 8 by U.S. District Judge Freda L. Wolfson.

Lemus has helped investigators, Assistant U.S. Attorney Jason Richardson said, which could bring a reduced term.

The ring took in at least $800,000, investigators said. Members attempted to conceal illegal proceeds by converting them into U.S. postal and Western Union money orders in amounts below $3,000, the legal reporting limit.

Much of the money went to Thompkins, according to woman who pleaded guilty to the same charge as Lemus in June. Kenyra Jemerson, who grew up in Paterson, said she met Thompkins in New York in 1999, when she was 16, and became part of his stable of prostitutes. At her plea hearing, Jemerson said she brought in $222,188 for Thompkins in 2004 but was paid only $20 per day.

Latest Antiporn Target: Hotel-room TV (CSM)

By Matt Bradley

The Christian Science Monitor, September 6, 2006

It's a business that has become quietly entrenched in America's corporate culture: pay-per-view pornography in hotel rooms. Most large chains provide the service, along with standard-issue films.

The pay-per-view service has brought hotels millions of dollars a year. But these days, the US hotel business is also attracting moral outrage and vitriol - on a scale that pornography insiders say amounts to one of the largest organized assaults on the skin business in recent memory.

A consortium of 13 conservative groups has created CleanHotels.com, a website that provides listings and reservation services for US hotels where travelers can rest safe from taint or temptation. The conservative groups have also run a series of full-page ads in USA Today, urging authorities to prosecute hoteliers under federal and local obscenity statutes.

Currently, the listings on CleanHotels.com number between 13,000 and 15,000 - mostly including small chains, with a notable one being Omni Hotels. Many in the pornography industry contend the effort won't have much effect on their business, but those on the other side are equally adamant they can make a difference.

"We wanted to provide an alternative," says Phil Burress, president of Citizens for Community Values, an Ohio-based "pro-family" organization that is part of the consortium. "Not only were we disgusted with the fact that major hotels that present themselves as being family-friendly were offering hard-core pornography ... we wanted to point out the fact that there are thousands and thousands of hotels that do not offer in-room pornography."

The strategy, Mr. Burress says, is to expose hotels that offer pay-per-view porn and let the market take care of the rest.

But such an approach might not be effective, says Paul Cambria, general counsel for the Adult Freedom Foundation in Los Angeles. "The hotels understand that that's just part of the package that they offer their guests.... I don't think they will be intimidated." He adds, "Most responsible prosecutors are realizing that this is a waste of time and money to prosecute this."

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While the financial extent of hotel porn is hard to estimate - hotels keep statistics to themselves or don't keep them at all - the adult pay-per-view and video-on-demand businesses, both in hotels and private residences, will bring in an estimated $1.6 billion in 2006. In 1996, that number was $593 million, according to California-based Kagan Research.

When it comes to accessing adult pay-per-view in hotel rooms, the system has safety checks. Parents can block viewing by either clicking a remote-control code or calling the front desk.

"All the protective measures are in place. It's not like you can go into a hotel room and turn on a television set and pornography comes blaring out," says Kathy Shepard, spokeswoman for Hilton Hotels, which offers the service to guests in all its nonfranchised properties. "The majority of our guests recognize that it's a choice that's made available for those who want to participate. It's an added cost."

But to the antiporn campaigners, the in-room service represents a worsening public-health crisis. Activists cite what they consider to be a strong connection between pornography "addiction" and a myriad of other issues - from rape and child molestation to failed marriages.

"It's interesting to me that the Marriott hotels have just announced that all their hotels will be smoke-free," says Jan LaRue of Concerned Women for America, one of the 13 organizations behind CleanHotels.com. "I would like to see Marriott as concerned with the public health in that sense as they are with my lungs."

If the antismut campaigners seem suddenly emboldened, it may be because they see a like-minded president in the White House. Last year, the Justice Department convened a new Obscenity Prosecution Task Force to focus exclusively on adult obscenity - as opposed to patently illegal child pornography.

Last August, the Justice Department began recruiting FBI agents to investigate adult smut, which created a minor row among federal law-enforcement agencies, The Washington Post reported.

But despite these commitments, it was the Bush administration's perceived lack of action that gave new impetus to citizen activists, says Burress. That, and a sense of fresh outrage sparked by the Internet's digital parade of flesh.

"It's finally getting to the point where we're upset with the Justice Department. We're six years into the Bush administration," says Burress. "We were told that this was a high priority. And now nothing's being done. Instead of just waiting for them, we've gone to the public."

For those who make and sell the controversial material, authorities' reluctance to actually prosecute pruriency comes as no surprise. In fact, the ubiquity of smut on the Internet, says Mr. Cambria of the Adult Freedom Foundation, may have made the defense of its consumption more socially acceptable.

"There are some who are interested in adult entertainment and some who aren't. That hasn't changed much," he says. "What's changed is the willingness of adults who express those feelings: 'If it's all adult material ... and an adult wants to consume it, that's fine with me.' "

Child Porn Case Reverberates (FBEE)

By John Ellis, The Fresno Bee

Fresno Bee, September 5, 2006

Final sentencing at hand in global investigation.

Four years ago, federal law enforcement officials announced they had broken up an international child pornography ring that included a Clovis chiropractor at its heart.

This week, the final suspect in what authorities then dubbed "Operation Hamlet" is due to be sentenced, but the specter of the investigation that spanned two continents and shocked government officials in 2002 will likely linger far into the future.

"It was a significant wake-up call for these cases, and the work done by investigators on that case set the standard for the cases to come," said Fresno County Superior Court Judge Jonathan B. Conklin, who at the time was the assistant U.S. attorney handling the cases.

Clovis chiropractor Lloyd Alan Emmerson became the target of federal investigators and Clovis police in January 2002 after a tip from the Danish National Police after several arrests in Europe.

A forensic examination of his computer by Clovis police found 400,000 images of adult and child pornography.

In August 2002, authorities announced charges against six foreigners and nine Americans, including Emmerson.

After the ring was broken, most of the cases were prosecuted at the federal courthouse in Fresno. The result: prison sentences of at least 10 years, some more than 20 and Emmerson's, the highest of all at 30 years.

On an even bigger scale, officials credit Operation Hamlet as one of the reasons that child pornography penalties have increased, including changes mandated in the Protect Act, passed by Congress in 2003.

For instance, it increased the maximum federal prison term from five years to 10 years for possession of child pornography and added longer sentences for possessing images that were sadistic or hard-core.

In April, U.S. Attorney General Alberto Gonzales referenced the investigation in an address to employees at the National Center for Missing and Exploited Children.

During the speech, Gonzales announced legislation to increase penalties for Internet providers that fail to report child pornography on their systems.

And last month, a new law went into effect that makes it a felony if a convicted sex offender fails to register. Dubbed the "Adam Walsh Child Protection and Safety Act," the new law makes unregistered sex offenders federal fugitives.

All these actions owe something to Operation Hamlet, said Assistant U.S. Attorney David Gappa, who has taken over for Conklin as the main prosecutor on the cases.

"It was a good illustration, an unfortunate illustration, of how relatively easy it is to produce the [pornographic] material and distribute it," Gappa said of what investigators found in Operation Hamlet.

The investigation dates back to 2001, when a group called Save the Children discovered Internet images of a child being sexually abused. The group notified police in Denmark, who arrested a man.

A 10-month investigation involving both Danish police and the U.S. Customs Service followed.

Operation Hamlet eventually uncovered a ring of pedophiles who sexually abused and exploited at least 45 children, ranging in age from 2 to 14. A majority of the people charged were the parents of — and in many instances those who were sexually exploiting — the children.

The investigation resulted in the arrests of more than 70 people worldwide and confiscation of more than 1 million images of child pornography.

When U.S. Customs Commissioner Robert C. Bonner announced the Operation Hamlet arrests, he said he had "seen some horrendous crimes in my time, but these crimes are beyond the pale. These crimes are despicable and repulsive."

The final remaining defendant is Paul Gordon Whitmore, a former counselor for autistic children. In February, he was sentenced to 467 years to life in state prison in a case that a San Diego judge called the "worst that I have ever sentenced."

But he still must be sentenced on the federal charges, where he faces the possibility of 40 years in prison — 10 more years than Emmerson.

Whitmore is scheduled to appear today before U.S. District Judge Oliver W. Wanger, though his sentencing could be postponed. The reporter can be reached at jellis@fresnobee.com or (559) 441-6320.

U.S. Death Penalty Case Set To Begin For 2 Accused In Kidnappings And Body Dumps (AP)

By Greg Risling, Associated Press Writer

AP, September 6, 2006

(AP) - LOS ANGELES-The kidnappers' demands were simple: Pay the ransom and the hostages would be freed.

But prosecutors said the crew of Russian immigrants killed their hostages - even after collecting more than US$1 million from some of the victims' relatives.

More than four years after the five bodies were found in a reservoir north of Yosemite National Park, the federal trial of two men accused of orchestrating the crimes was set to begin Tuesday.

It's a rare case in which federal prosecutors are seeking the death penalty.

"Regardless of whether the ransom money defendants demanded was paid or not, each of the defendants' victims met the same fate," prosecutors said in court documents. "Defendants brutally murdered each one of them."

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Iouri Mikhel, 41, and Jurijus Kadamovas, 39, have pleaded not guilty to charges that include conspiracy and hostage-taking resulting in death. A third defendant, Petro Krylov, 33, also denied the allegations and is scheduled for trial in January.

Three other coconspirators have pleaded guilty to similar charges. One is Kadamovas' girlfriend, who likely will testify during his trial.

Authorities suspect the ring had links to Russian organized crime, but it appears prosecutors won't raise that issue during trial because no related charges have been filed.

Prosecutors and defense attorneys declined to comment about the case, but the indictment lays out prosecutors' version of how the kidnappings occurred over a frenzied four-month period beginning in late 2001.

The documents allege the crew demanded a total of more than US$5.5 million from relatives and associates of the victims, and eventually collected about US$1.2 million used to buy expensive cars and make mortgage payments on luxury homes.

Mikhel used US$2,500 to put a down-payment on two Doberman pinschers to guard his house, prosecutors said.

At trial, prosecutors intend to present tape recordings of ransom calls, the DNA of two victims collected from handcuffs, and a pair of shoes that were matched to a bloody footprint found on a bridge near the New Melones Reservoir.

The scheme began when Mikhel and Kadamovas targeted George Safiev, 37, a wealthy Russian banking mogul who had recently moved to Los Angeles to start Matador Media, a film production company, prosecutors said in court documents.

After several failed abduction attempts, the kidnappers turned their attention to real estate developer Meyer Muscatel, according to the prosecutors.

Mikhel is accused of posing as an investor and luring Muscatel into what was billed as a business meeting in October 2001. Kidnappers killed him after they were unable to get money from his bank accounts, the prosecutors said.

His body was weighted down and dumped over a bridge along the reservoir. It was discovered a few days later with hands bound and a plastic bag over the head.

Prosecutors wrote that Safiev's accountant, Rita Peckler, was abducted and killed two months later when she was unable to lead the crew to Safiev.

The next victim was Alexander Umansky, who owned a car accessory business that once employed Krylov. Umansky was killed after his family paid more than US$230,000 for his release, prosecutors allege, adding the crew sought even more money after his death and promised he would be returned alive.

Prosecutors wrote that Safiev was finally snared in early 2002 after his business partner, Nick Kharabadze, was abducted and forced to arrange a meeting with Safiev. Another business associate transferred US$960,000 to a bank account that authorities said was controlled by the kidnappers.

Still, Safiev and Kharabadze were killed and dumped into the reservoir after being told they would be left alive at a motel, prosecutors said.

Authorities learned the location of the bodies after arresting a coconspirator who later pleaded guilty to charges related to the case.

Time For Answers (NYT)

The New York Times, September 6, 2006

For three years, Washington has been periodically consumed with the question of who unmasked a covert C.I.A. agent to the columnist Robert Novak. It has been a huge distraction for the White House, resulted in the unjustified jailing of one reporter, and led to perjury charges against the vice president's chief of staff. Last week, it was reported that Richard Armitage, then deputy secretary of state, was the first to mention Valerie Wilson to Mr. Novak, and that the federal prosecutor knew this more than two and a half years ago.

The revelation tells us something important. But, unfortunately, it is not the answer to the central question in the investigation — whether there was an organized attempt by the White House to use Mrs. Wilson to discredit or punish her husband, Joseph Wilson. A former diplomat, Mr. Wilson debunked the claim that Saddam Hussein tried to buy uranium from Niger to make nuclear weapons.

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Mr. Armitage, a White House outsider, would be an odd participant in such a plot. He is said to have learned from a State Department memo that Mrs. Wilson had recommended sending her husband to check the Niger story since he had worked there as a diplomat. The memo was prepared for Mr. Cheney, who was eager to prove that there was an Iraqi nuclear weapons program and to silence critics.

It's conceivable that Patrick Fitzgerald, the federal prosecutor, has evidence that suggests the information in the memo was used in some illegal manner. Or his investigators may have learned something troubling about the second, unknown, source cited in Mr. Novak's column, or about some other illegal activity. But whatever it is needs to be made public. The Armitage story is mainly a reminder that this investigation has gone on too long.

While this page opposed calls for reviving the special prosecutor law for this case, we did say that someone outside the White House orbit should be in charge, rather than Attorney General John Ashcroft. Like most others, we saw Mr. Fitzgerald as a good choice. Now we fear he has succumbed to the prosecutor's foot-dragging disease. He kept the case open after I. Lewis Libby, Mr. Cheney's chief of staff, was indicted. At the time he hinted that he would have more to say on the original crime he was investigating. That was last October.

It's time for Mr. Fitzgerald to provide answers or admit that this investigation has run its course. Otherwise, he risks being lumped in with the special prosecutor who spent a decade investigating the former Clinton cabinet member Henry Cisneros, and wound up with nothing more than his conviction that he had yet to get to the bottom of things.

CIVIL LAW:

Judge Awards $3M To Mob Victim Family (AP)

By Denise Lavoie, Associated Press Writer

AP, September 6, 2006

BOSTON — A federal judge awarded $3.1 million Tuesday to the family of a man who was killed by fugitive mobster James "Whitey" Bulger, ruling that the federal government is liable for the man's death because his identity was leaked to Bulger by a rogue FBI agent.

The family of John McIntyre, 32, a fisherman from Quincy, had sued the federal government for $50 million.

They alleged McIntyre was killed by Bulger in 1984 after FBI Agent John Connolly Jr. tipped him that McIntyre had talked to U.S. Customs agents. The Customs Service was investigating the involvement of Bulger and Stephen "The Rifleman" Flemmi in a failed plan to send guns to the Irish Republican Army aboard a Gloucester fishing boat.

Connolly, who has not been charged criminally in McIntyre's killing, was convicted of warning Bulger to flee on the eve of his 1995 racketeering indictment and is serving a 10-year sentence.

In June, Flemmi testified that McIntyre was killed after Connolly told them one of the two people aboard the fishing boat was cooperating with authorities. He said McIntyre was lured to a party on Nov. 30, 1984, then chained to a chair, interrogated, strangled and shot in the head by Bulger.

In his ruling Tuesday, U.S. District Judge Reginald Lindsay found that Connolly was the "proximate cause" of McIntyre's death and that the federal government should be held responsible.

Lindsay found that Connolly was motivated to leak McIntyre's identity "in part by greed and his friendship with Flemmi and especially Bulger." He cited testimony from Flemmi, who said he and Bulger gave Connolly more than $200,000 in cash and gifts from 1981 through 1990.

Jeffrey Denner, an attorney who represented McIntyre's mother, Emily, and brother, Christopher, in the lawsuit, said the ruling is significant because it is the first time a judge has found the government liable in the death of someone killed by the Bulger gang.

Seventeen lawsuits have been filed against the government by alleged Bulger victims. Ten have been dismissed because they were filed too late. The McIntyre case was the first one to make it to trial.

Gina Talamona, a spokeswoman for the Justice Department in Washington, said the agency was reviewing the decision and considering its options.

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During the trial, an attorney for the Department of Justice argued that the FBI had no way of stopping Bulger and Flemmi, leaders of the notorious Winter Hill Gang, from committing crimes. Both men were also FBI informants. The government also said McIntire had turned down an offer to be placed in a witness protection program.

Flemmi is serving a life sentence for 10 killings as part of a plea deal that spared him the death penalty.

Bulger is wanted in 19 murders and is on the FBI's "10 Most Wanted" list.

FBI Found Liable For Bulger, Flemmi (BOS)

By Shelley Murphy And Maria Cramer, Globe Staff

The Boston Globe, September 6, 2006

Murder victim's kin awarded $3m

A federal judge found yesterday that the FBI's mishandling of longtime informants James ``Whitey'' Bulger and Stephen ``The Rifleman'' Flemmi caused the 1984 murder of Quincy fisherman John McIntyre and ordered the government to pay more than $3 million to McIntyre's mother and brother.

The decision, which marks the first ruling on a lawsuit brought against the government by victims of Bulger and Flemmi, raised the hopes of families who have similar suits pending and was hailed as a ``spectacular victory'' for another family whose lawsuit was dismissed on grounds that it was filed too late.

``This represents finally some measure of vindication for all the families that were shut out of the judicial process by the government, to their great discredit, on claims somehow that the families were too late in pointing their finger at the FBI,'' said attorney Frank A. Libby Jr., who represents the family of Roger Wheeler, a Tulsa businessman whose 1981 murder was orchestrated by Bulger and Flemmi.

``Emily McIntyre achieved what the Wheelers tried to achieve all along, which was accountability,'' Libby said.

US District Judge Reginald C. Lindsay , who presided over an 18-day bench trial in June, ruled that former FBI agent John J. Connolly Jr. warned Bulger and Flemmi that McIntyre was cooperating against them, knowing the tip would likely lead to McIntyre's murder.

In a 110-page decision, Lindsay found that the FBI failed to properly supervise Connolly and failed to investigate numerous allegations that Bulger and Flemmi were involved in drug trafficking, murder, and other crimes over decades.

Even though the FBI investigated Bulger and Flemmi for four murders -- including Wheeler's -- in the early 1980s, Lindsay wrote, ``the truth is, however, that the FBI was not pounding the pavement looking for evidence that could `stick.' ''

``Instead,'' wrote Lindsay, ``the FBI stuck its head in the sand when it came to the criminal activities of Bulger and Flemmi. The agents of the Boston office knew they had an obligation to report informants' criminal activity, so they carefully avoided knowledge of criminal acts by their informants.''

The judge ordered the government to pay $3 million to McIntyre's mother for the conscious suffering he endured before his brutal slaying, $100,000 for the loss of her son's company, and $1,876 for funeral and burial costs.

``This places the legal responsibility for John McIntyre's death on the doorstep of the FBI and the US government,'' said New Hampshire attorney Steven M. Gordon , who represents McIntyre's mother and brother, Christopher.

Emily McIntyre, 77, of Quincy, said yesterday that she was thankful for the judge's ruling, but, ``I'm not satisfied yet, and I'm not talking about the money.''

She said she wants Connolly, who is serving a 10-year prison term for racketeering, to be prosecuted for her son's murder.

Attorney William Christie, who also represents the McIntyres, said the family plans to ask a jury to decide additional claims in their lawsuit against Connolly and five other agents. The McIntyres were allowed only a bench trial on their claims against the government, but they are entitled to seek jury trials in the claims against the agents, which Christie said they intend to do.

The McIntyres' suit was the first of 17 filed against the government by families of victims of Bulger and Flemmi to go to trial. Ten were dismissed, mostly on grounds they were filed too late, and six are poised to go to trial.

``Those cases should be settled,'' said US Representative William Delahunt , a Quincy Democrat, accusing the Department of Justice of ``denigrating the American justice system'' by continuing to fight the lawsuits and deny responsibility for murders that were committed by Bulger and Flemmi while they were FBI informants.

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Boston attorney Edward Hinchey , who represents the family of Michael Donahue , an innocent bystander who was allegedly gunned down by Bulger in 1982, said, ``We're very hopeful that the government will come forward and admit the wrongdoing, admit their responsibility for the murders, and make these families whole and not force them to go through the trial like they did the McIntyre family."

Gina Talamona , a spokeswoman for the Justice Department, wouldn't comment yesterday on the decison or whether the government will appeal it. ``We're reviewing the decision and considering our options," she said.

Gail Marcinkiewicz , a spokeswoman for the FBI's Boston office, also declined to comment on the ruling, but said the FBI has made sweeping changes to its informant program ``to have better oversight of that program so these problems would not continue."

Flemmi, who is serving a life sentence for 10 murders, testified at trial that he and Bulger killed McIntyre Nov. 30, 1984, after Connolly warned them that McIntyre had implicated them in an unsuccessful plot to ship weapons to the Irish Republican Army aboard the Valhalla, a Gloucester trawler.

McIntyre, 32, was lured to a South Boston home, chained to a chair, grilled for hours, choked, and shot to death, according to Flemmi. His remains weren't discovered until January 2000.

The judge rejected the government's contention that Connolly was a rogue agent, who had pocketed $200,000 in payoffs from Bulger and Flemmi over two decades and wasn't acting in the scope of his duty as an FBI agent when he leaked information that led to McIntyre's murder.

Lindsay found that Connolly's superiors ``up the chain of command" approved using Bulger and Flemmi as informants, even when they were suspects in several investigations by the FBI and other agencies.

``For decades preceding the McIntyre murder, agents of the FBI protected Bulger and Flemmi as informants by shielding them from prosecution for crimes they had committed," Lindsay wrote.

Connolly was motivated by greed, friendship with Bulger and Flemmi, and a desire to promote the FBI goal of taking down La Cosa Nostra by getting information from Bulger and Flemmi about local Mafia leaders, Lindsay found.

But yesterday lawyer E. Peter Mullane, who represents Connolly in the civil suit filed by the McIntyres, said his client denies that he alerted Bulger and Flemmi that McIntyre was cooperating.

Connolly, who retired from the FBI in 1990, was convicted in 2002 of racketeering for protecting Bulger and Flemmi from prosecution and warning Bulger to flee just before Bulger's 1995 racketeering indictment.

Connolly, 66, is slated to stand trial in Miami in March on state murder charges for allegedly helping Bulger and Flemmi orchestrate a 1982 slaying in Florida.

Whitey Victim's Mom Gets $3.1M From FBI: More Suits Could Follow (BOSH)

By Laurel J. Sweet

Boston Herald, September 6, 2006

In a landmark decree, the FBI has been ordered to pay more than $3.1 million to the 78-year-old mother of an ill-fated fisherman tortured to death by the agency's prized snitch, James "Whitey" Bulger, and his hatchet men.

Upon hearing the news yesterday, a tearful Emily McIntyre went to a photograph of her and her late husband cradling their son John when he was 2 months old and told them, "Oh my God, this is so wonderful."

It was the FBI's former agent, John Connolly, who tipped off Bulger that John McIntyre, then 32 and a witness for the federal government, was planning to rat them out for smuggling arms to Ireland.

"I don't think I can ever enjoy my life," said the victim's mother, a German immigrant who once made ends meet as a sales clerk for Jordan Marsh. "I have aged so much. I'm tired."

She will use money from the judgment to buy "a used car."

"Emily McIntyre kept this case alive for more than 20 years," her attorney, William Christie, said on behalf of the Quincy widow whose family fell prey to what he called "a 30-year pact of wrongdoing" between rogue agents and the psychotic Bulger's Irish mob.

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On Nov. 30, 1984, John McIntyre was chained to a kitchen chair at 799 East Third St. in South Boston by Bulger and his partner, Stephen "The Rifleman" Flemmi, and interrogated while staring at the muzzle of a machine gun.

According to Flemmi's testimony during an 18-day bench trial, he and Bulger led McIntyre to the basement and attempted to strangle him with a boat rope for two minutes - an effort so frustrating that McIntyre begged to be shot to death.

Even then, Flemmi coldly detailed, McIntyre did not go down easily. They buried him in the basement after Flemmi pulled out his teeth and his tongue.

Yesterday's 110-page rebuke by U.S. District Court Judge Reginald C. Lindsay is "the first time a court has found the FBI was responsible for one of Bulger's victims," Christie noted.

And it may not be the last. Five other wrongful-death suits brought against the FBI by families of Bulger's victims are waiting in the wings. Bulger, 77, has been a fugitive from justice for more than 11 years.

McIntyre, Lindsay wrote, "knew what his tormentors intended. He knew that there would be no time for goodbyes to his loved ones or for putting his affairs in order, for he would not leave that basement alive."

The government may yet appeal but cannot do so until after the case's second leg, in which Emily McIntyre will try to hold five individual FBI agents, including Connolly, financially liable as well.

Only Connolly has ever been convicted of getting into bed with Bulger. He is not yet halfway through a nine-year federal prison sentence and is awaiting trial in Miami on charges he conspired with Bulger to murder former World Jai Alai president John Callahan in 1982.

National Briefing (NYT)

By Jim Robbins

The New York Times, September 6, 2006

ROCKIES

MONTANA: FIREFIGHTING EFFORTS AIDED BY LIGHT WINDS Firefighters took advantage of light winds to try to contain a 180,000-acre wildfire that has led to the evacuation of 265 homes in the rugged mountains north of Yellowstone National Park. But forecasters are calling for stronger winds, which could push the blaze toward the town of McLeod, and firefighters were preparing by cutting brush and wetting homes in the path of the flames. Firefighting efforts have been hampered by a shortage of resources because of the large number of fires burning in the West. JIM ROBBINS (NYT)

MIDWEST

MICHIGAN: DETROIT SCHOOLS ARE CLOSED AS STRIKE CONTINUES Classes were canceled until further notice in Detroit as the school year began with teachers on the picket lines. The Detroit Federation of Teachers overwhelmingly rejected a two-year contract proposal from the school district that included a 5.5 percent wage reduction. The district says it needs $105 million in concessions from its unions, including $88 million from teachers, to balance its budget. Judge Susan Borman of Wayne County Circuit Court ordered both sides to return to the bargaining table today. (AP)

INDIANA: MAN KILLED BY PET PYTHON A 14-foot python crushed its owner to death, the authorities said. The man, Patrick Von Allmen, 23, was found dead Monday evening in a backyard shed near Lanesville, about 15 miles west of Louisville, Ky. A medical examiner determined that the death was consistent with asphyxiation caused by compression of the neck and chest, said Conservation Officer Mark Farmer. Indiana law does not restrict ownership of snakes, and the python was returned to Mr. Von Allmen's family. (AP)

SOUTH

SIXTH NAMED STORM FORMS IN ATLANTIC Tropical Storm Florence formed far out in the open Atlantic, becoming the sixth named storm of the 2006 hurricane season. The storm had top sustained winds near 45 miles per hour, just over the 39 m.p.h. threshold for a tropical storm, and it was expected to slowly intensify, the National Hurricane Center said. "Our forecast does have it becoming a hurricane by Friday morning," said Mark Willis, a meteorologist at the center in Miami. The storm, moving northwest, was centered about 950 miles east of the Lesser Antilles and about 2,100 miles southeast of Miami, forecasters said. (AP)

NEW ENGLAND

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PASSENGER HELD AT MENTAL HEALTH FACILITY A woman whose erratic behavior caused a flight from London to Washington to be diverted to Boston will be held at a mental health facility in New Hampshire, a federal judge in Massachusetts ruled. The woman, Catherine C. Mayo, 59, of Braintree, Vt., caused the captain to divert United Airlines Flight 923 on Aug. 16 after she urinated on the cabin floor and made what crew members thought were veiled references to Al Qaeda. Ms. Mayo was charged with interfering with a flight crew and assaulting a flight crew member. She has been held in federal custody since her arrest. KATIE ZEZIMA (NYT)

MASSACHUSETTS: $3.1 MILLION AWARDED IN MAN'S DEATH A federal judge in Boston awarded $3.1 million to the family of a man who was reportedly killed by the fugitive mobster James Bulger. The federal government is liable for the man's death, the judge ruled, because his identity was leaked to Mr. Bulger by a rogue F.B.I. agent. The family of the man, John McIntyre, 32, a fisherman from Quincy, said he was killed in 1984 after the agent told Mr. Bulger that Mr. McIntyre had talked to customs agents. (AP)

Court Victory Puts Crooked G-men On Slippery Slope (BOSH)

By Peter Gelzinis, Boston Herald Columnist

Boston Herald, September 6, 2006

Yesterday, another federal judge confirmed what lots of people have known for almost 20 years: Special FBI Agent John "Zip" Connolly was as much a gangster as his rabid informants, James "Whitey" Bulger and Stevie "The Rifleman" Flemmi.

But this time, the truth came with a price - 3.1 million federal bucks to the family of an itinerant boat mechanic and part-time marijuana smuggler named John McIntyre.

Two months ago, James Greenleaf, a truly ridiculous gentleman who once ran the Boston FBI office, took the witness stand and claimed he never heard of John McIntyre.

Never mind that when Greenleaf was John Connolly's boss, McIntyre was tortured, strangled, shot, had his tongue ripped out of his head and his teeth removed with pliers by Bulger and Flemmi . . . who acted on a tip from their favorite G-Man that McIntyre was talking to the feds.

Now, it's possible that Greenleaf could go to his grave a bankrupt former gumshoe, cursing the name of John McIntyre. Horror of horrors, he might even spend the rest of his days relegated to public golf courses.

For the same team of lawyers who won $3.1 million proving the feds played a role in McIntyre's gruesome demise will now lodge individual lawsuits against Greenleaf, John Connolly and three of their retired FBI cronies, who were all excoriated yesterday in U.S. District Court Judge Reginald C. Lindsay's 110-page ruling.

Some interested lawyers saw yesterday's ruling as a mixed bag. "Sure, (Lindsay) gave the (McIntyre) family a win," one said, "but netting $3.1 million on a $50 million suit is also doing the government a big favor. It's a little like kissing your sister."

Still, William Christie, the New Hampshire lawyer who clinically dissected Greenleaf and the other G-men musketeers, noted with no small amount of pride that, "this is the first time the United States government was found liable for the murder of one of Bulger and Flemmi's victims. This is a very significant moment in the long and twisted history of this case."

Indeed, it is. Not only must the government (specifically, the Department of Justice) cough up $3.1 million, plus interest, plus another half-million or so in plaintiffs' legal fees, they have no choice but to deal with the fact that Stevie Flemmi has now been sanctified as a star witness.

This nudges John Connolly that much closer to the lethal injection table. In March, Flemmi will testify in Zip's Miami murder production. He will also make key appearances in a string of upcoming civil cases, including the Halloran-Donahue slaughter case, which Judge Lindsay is scheduled to hear next.

"I'm looking at a picture of my son, John, right in front of me," a melancholy Emily McIntyre said yesterday afternoon. "He's standing next to a federal agent and I can't help but wonder if he knew the hell he was about to enter. All these years later, there isn't a night I don't put my head on the pillow asking, 'How could people be so cruel?' Then, I tell myself, they weren't people. They were animals." [continue]

Pay Plan At Dana Ruled Illegal (NYT)

By Floyd Norris

The New York Times, September 6, 2006

A plan to pay millions of dollars to the top officials of the Dana Corporation, the auto parts company, violates the new bankruptcy law and cannot go forward, a judge ruled yesterday.

Judge Burton R. Lifland of the Federal Bankruptcy Court in Manhattan said that the proposal was an illegal plan to retain Dana's chief executive and other top executives. The plan had drawn objections from Dana's creditors, shareholders and unions, as well as the United States trustee, a part of the Justice Department.

Until now, no bankruptcy judge had struck down a proposed pay plan for executives on the ground that it violated the new provision, which bars retention payments for a corporate insider unless the executive has another job offer.

Dana argued that the proposed payments, which were modified on Monday in an unsuccessful effort to get the approval of creditors, resulted from a careful, deliberative process. The board, it said, did everything right to determine a proper pay level for the executives, whose pay had fallen well below what was anticipated because the stock portion of their compensation was likely to be worthless.

The provision on retention payments, Section 503(c), was inserted in Congress's overhaul of the bankruptcy law last year at the request of Senator Edward M. Kennedy, a Massachusetts Democrat, over the opposition of many in the bankruptcy field. Since the law took effect last October, the approval of several pay plans by judges had raised hopes that the statute could be bypassed with provisions that provided incentives for good performance.

In its first two requests for the plan to be approved, Dana did not even discuss the section, and at the hearing yesterday, Dana's lawyer, Corinne Ball of Jones Day, argued that the section did not apply.

But the judge disagreed, saying the important fact was that the plan bore a close resemblance to "key employee retention plans." Such plans have been criticized in the past for rewarding executives lavishly while lower-level workers suffered, and were widely viewed as the target of Section 503(c).

"This compensation scheme walks like, talks like, and is a KERP,'' the judge said.

The ruling left open the possibility that some pay plan, with incentives for performance, could be approved under the law, but gave little indication how such a plan would be structured.

For now, at least, the ruling makes it difficult for companies to give raises to corporate executives already on board when the company goes bankrupt, since such payments could be deemed to be retention payments. Paying large amounts to newly hired executives could be far easier, because those could not be characterized as retention bonuses, and the only issue would be whether the company had exercised reasonable business judgment.

"It fundamentally says that mercenaries are unlimited," said Ms. Ball, who said the company would be back with another plan.

The ruling may also increase the power of creditors in bankruptcy proceedings, since any pay plan is more likely to win approval if no one objects to it, and creditors may be able to get other concessions in return for not opposing a plan.

Creditors had argued that even the revised plan, while seemingly setting performance bonuses, was clearly a retention plan because the targets were so easy to make. Thomas Moers Mayer of Kramer Levin Naftalis & Frankel, a lawyer for creditors, called the targets a "layup."

The company argued that the pay was needed, saying it feared that important executives would be lured away because Dana was paying them well below the market value for their services. But Dana contended that did not make it an illegal retention plan, because it also set performance targets.

The judge also said that payments offered to senior executives if they left the company were in fact severance payments, which are severely restricted by the new law, even though the company characterized them as being payments for agreements not to compete with Dana.

In the new plan proposed Monday, the company's principal concession to critics was to tie the retirement benefits to the fate of pension plans for other workers, requiring the executives to get less if the other workers did. Under the previous plan, the pension benefits for the top executives would have been guaranteed.

But the executives also stood to get more than they would have under the earlier plan if things worked out well.

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The new plan applied to six top executives, but most of the attention went to Michael J. Burns, who would have received much of the money. Mr. Burns became chief executive of Dana in 2004, two years before it filed for Chapter 11 bankruptcy protection.

Under his existing agreement, Mr. Burns will receive a salary of $1.55 million, and could get $2.07 million more if short-term performance targets are met. But Dana argued that was only a third of the compensation that had been intended when he was hired, with the rest made up of stock and stock options that were now likely to be worthless.

The chairman of Dana's compensation committee, Richard B. Priory, who is a former chief executive of Duke Energy, an electric utility company, testified in a deposition that he saw raising the pay as critical.

"If you can't pay an individual a fair wage, and they're in the middle of a Chapter 11 under tremendous pressure, it seems only logical that they would begin looking around," he said, adding that Mr. Burns had repeatedly expressed fears that some of his top executives would leave if their pay could not be raised to the levels previously expected.

Mr. Priory said that even the payments the company proposed would have left the executives earning less than the median in the industry.

Asked after the judge's ruling what he would do now, Mr. Priory responded, "Get a taxi." He declined to comment on the case.

Under the latest proposal, Mr. Burns would have received $4 million — over and above his salary and bonus — if the company emerged from bankruptcy, unless the value of the company's securities had fallen to under $750 million, in which case he would get no long-term bonus.

He could have received millions more if the value of the company's securities six months after the end of the bankruptcy proceeding exceeded $1.75 billion. Had that value reached $2.6 billion, which was the market value of the securities in mid-July, he would have received an additional $2.1 million.

Opponents said such targets were extraordinarily low, but Dana's lawyer, Ms. Ball, said the court should ignore what she called "trading values" and focus on the company's analysis of the price it should be worth, depending on future cash flow. "Trading value is elusive," she said, adding that it could be "subject to manipulation."

Dana's advisers had been confident they would prevail, in large part because they said the Dana pay package was modeled on one adopted by the Calpine Corporation. That plan was approved by Judge Lifland, who said it did not violate the new section even though it obviously had some value in retaining executives.

But the judge said the Calpine plan was not comparable, in part because there were no objections filed to it by creditors or by the United States trustee.

The judge's final comments seemed intended to offer hope to companies. "I do not," he said, "find that incentivizing plans which may have some components that arguably have a retentive effect necessarily violate Section 503(c)'s requirements."

CIVIL RIGHTS:

Man Dies After Police Use Taser (AP)

By Brett Barrouquere, Associated Press Writer

AP, September 6, 2006

LOUISVILLE, Ky. --Officials were trying to determine whether a Taser caused the death of a Louisville man Tuesday.

Larry Noles, 52, was stunned three times after failing to cooperate with officers. He fell unconscious after the last shock, and was later pronounced dead at Jewish Hospital.

No cause of death had been determined, and the autopsy is "pending further study," Jefferson County Deputy Coroner Gayle Norris said.

It is the first time since Louisville police began using Tasers two years ago that someone died after being stunned with the device.

Neighbors in south Louisville called police around 1 a.m. EDT Tuesday, complaining that Noles was behaving erratically. When officers arrived, Noles was naked, became combative and refused to leave, police spokesman Dwight Mitchell said.

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Police Chief Robert White said the two veteran officers tried to talk to Noles, with the intent of bringing him to a hospital for psychiatric evaluation.

Police officer Michael Campbell initially shot two darts carrying 50,000 volts through 25-foot wires, striking Noles in the chest, White said.

When Noles started moving toward Campbell and officer Matthew Metzler, Noles was then "dry stunned," with Campbell putting the weapon directly on his neck and the back of his right shoulder, White said.

After the third shock, Noles became unresponsive and was taken to the hospital, where he was pronounced dead, White said.

White said it appeared that officers followed correct procedure, but a full investigation was under way.

The death renewed calls from critics for stricter limits on Tasers, which stun a person using electrical current. Critics argue that not enough is known about the Taser and cite deaths caused by the device's surge of voltage.

According to Amnesty International, more than 150 people nationwide have died after being struck by Tasers since 2001.

Manufacturers and law-enforcement officials say the weapons are a safer option than bullet-firing weapons.

Taser International Inc., a Scottsdale, Ariz.-based company, began marketing its stun guns in 1998 as an alternative way for police to subdue combative people. The stun guns deliver 50,000 volts through two darts connected to 25-foot wires. An electric current shocks the person, over-stimulating the nervous system and causing muscles to lock up.

Taser dominates the stun gun market, with more than 9,100 law enforcement agencies using its product.

The research arm of the Justice Department is studying the use of stun guns.

VRA Battle Heads Into Litigation (HILL)

By David Mikhail

The Hill, September 6, 2006

The battle to reauthorize the Voting Rights Act (VRA) has shifted from the halls of Congress to the courts.

Conservative activists and at least one congressional Republican are poised to legally challenge a controversial provision of the VRA measure, picking up where the intense debate left off after President Bush signed it into law this summer.

Conservative activists, led by a leading scholar at the American Enterprise Institute (AEI), plan on filing several lawsuits in various federal courts, all centered on Section 5 of the VRA. Congressional Republicans will also play an active role in the litigation, signaling their intent to use the courts to win a battle they lost on Capitol Hill.

GOP members who either support or will participate in the litigation will likely have to fend off accusations by Democrats of engaging in judicial activism, which conservatives have historically spoken out against.

The Northwest Austin Municipal Utility District # 1, a local organization that is recognized as a political subdivision under the VRA, filed suit against Attorney General Alberto Gonzales in D.C. District Court on Aug. 4, requesting that the Department of Justice be released from Section 5 preclearance scrutiny. The district is also claiming that the preclearance requirement is a violation of the equal protection clause of the 14th Amendment, which requires states to provide equal legal protections to everyone.

Section 5 mandates that states and municipalities with histories of race-based disenfranchisement must have changes to voting regulations precleared by the Justice Department before they can be implemented.

Edward Blum, a resident AEI scholar who is spearheading the lawsuit, criticized Congress and the White House for failing to remove or reform Section 5 which he described as, “at best silly and expensive, and at worst pernicious.” He expects several Republican lawmakers will file amicus briefs in support of the plaintiffs.

Blum added that he will coordinate between four and six lawsuits within the next year — already choosing to file complaints in Texas and Georgia because the “position of minority votes is so strong that it just makes sense to bring challenges in these states.” Blum predicts that the matter will not be settled until the Supreme Court rules on it.

Blum will work with other scholars and activists, including Todd Gaziano, a senior fellow in legal studies with the Heritage Foundation. Gaziano has worked as a GOP staffer on Capitol Hill and in the Justice Department’s Office of Legal Counsel.

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David Becker, senior staff attorney with People For the American Way, dismissed Blum's contention, saying that "all 50 states do not have equal records when it comes [to] discrimination." He added that his organization has made no decision as to whether they would get involved.

While Blum stated that no member of Congress has been involved in any litigation so far, the law firm representing the municipal group, Weil, Gotshal, and Manges, has historical ties to the Texas Republican Party. During the 2000 election cycle, various members of the firm contributed over $13,000 to the Texas Freedom Fund, a political action committee chaired by Rep. Joe Barton (R-Texas). Attorneys from the firm have also contributed to Democratic candidates and political action committees as well.

The municipal group is located in Travis County, inside the district of Rep. Lamar Smith (R-Texas), who spoke publicly against Section 5. Smith subsequently voted for the renewal legislation.

Brian Robinson, a spokesman for Rep. Lynn Westmoreland (R-Ga.), said that the congressman plans to be an active participant in lawsuits involving Georgia plaintiffs, including choosing and providing assistance to the parties.

Asked how he would respond to accusations that the litigation represented judicial activism, Robinson said that "this is a case of judicial review" and not "making law from the bench."

Drew Hammill, a spokesman for House Minority Leader Nancy Pelosi (D-Calif.) claimed that the Justice Department's preclearance decisions have been largely partisan, highlighting the need for tightening the Section 5 provision.

Congress passed and the president signed legislation in July which renewed expiring provisions of the Voting Rights Act, while enhancing Section 5 by making it harder for states and municipalities to achieve preclearance.

Lawmakers who oppose Section 5, including many members of the Texas and Georgia delegations, claim that the preclearance measures are both antiquated in their focus and should be reformed so that they apply to all 50 states. The opposition was so intense that it led to a fractious conference meeting between House Republicans in June, resulting in a decision by Republican leaders to delay floor consideration of the renewal bill.

Two amendments to the legislation that would have modified Section 5, including one introduced by Rep. Charlie Norwood (R-Ga.) that would have extended preclearance measures to all states, were soundly defeated. House and Senate Democrats have consistently argued that the only reason that Republicans would want to expand Section 5 would be to render the VRA unworkable.

Blum contends, however, that partisan lines become blurred when lawmakers discuss the matter behind closed doors. Specifically, he said that some white Democrats are privately against the VRA because of its creation of "majority-minority" districts, which take away black voters from other Democratic districts.

He cited a quote by Rep. Rahm Emanuel (D-Ill.), chair of the Democratic Congressional Campaign Committee, in New York magazine, saying that "whites don't have the courage to stand up and try to fix it without blacks standing alongside them; and Republicans like the outcome that they're getting."

A Democratic congressional staffer rejected Blum's argument, pointing out that no Democrat in the House or Senate voted against the renewal bill.

The states of Texas and Georgia have had recent episodes surrounding the VRA. The Supreme Court ruled that the Texas redistricting plan of 2003, engineered by former House Majority Whip Tom DeLay (R-Texas), violated the statute when it redrew the 23rd district, diluting Hispanic voting strength by moving 100,000 voters into neighboring areas.

The Georgia state legislature had passed a 2005 law that would have established a paid voter ID program but it was subsequently found unconstitutional in federal appellate court. The state later passed a free voter-ID program. The Justice Department precleared the Texas and Georgia plans under Section 5.

'Offensive' Speech Gets Narrow Reading At 2nd Circuit (LAW)

By Daniel Wise, New York Law Journal

New York Law Journal, September 6, 2006

A Vermont school district violated a seventh grader's free speech rights when it forced him to cover up images of drugs and alcohol on a T-shirt ridiculing President Bush, a unanimous panel of the 2nd U.S. Circuit Court of Appeals ruled last week.

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Wading into a murky area of the law, the panel, in resolving an issue of first impression in the circuit, ruled that a 1986 U.S. Supreme Court ruling allowing school authorities to ban "plainly offensive" messages was not applicable to this case.

The T-shirt, which the seventh grader, Zachary Guiles, bought at an anti-Iraq war rally, used "harsh rhetoric and imagery to express disagreement with the President's policies and to impugn his character," Judge Richard J. Cardamone wrote for the majority in Guiles v. Marineau, 05-0327. Judges Rosemary S. Pooler and Sonia Sotomayor joined in the decision.

Among the images depicted on the shirt were a martini glass, three lines of cocaine, a razor blade and a straw. According to the court, the alcohol and drug-related images were intended to portray President Bush as a former alcohol and drug user.

The school allowed a large picture of the president's face, wearing a helmet, superimposed on the body of a chicken. The shirt identified Bush as "Chicken-Hawk-In-Chief." But it demanded that Zachary cover the alcohol and drug-related images. He did so with duct tape on which he wrote "censored."

Zachary and his parents then filed suit claiming that he had been required to cover the images in violation of his free speech rights.

The key question confronting the court was whether school authorities could force Zachary to cover drug and alcohol images under the authority of the Supreme Court's decision in Bethel School District No. 403 v. Fraser, 478 U.S. 675 (1986). In Fraser, the Court upheld the disciplining of a student who gave a speech peppered with sexual innuendo at a school assembly, ruling that school officials could punish student speech that is "vulgar," "lewd," "indecent" or "plainly offensive."

The first three grounds upon which Fraser permits school authorities to punish student speech -- vulgarity, lewdness and indecency -- all connote sexual innuendo and profanity and were not applicable to the images school officials in Williamstown, Vt., had forced Zachary to cover, Cardamone wrote. That left the question of whether the images could be considered "plainly offensive," an issue the 2nd Circuit had not addressed, he said.

In resolving that question, the panel concluded that the phrase "plainly offensive" should be considered an offshoot of the three other grounds, all of which concern speech that is not obscene, but clearly related to statements "containing sexual innuendo and profanity."

NARROW DEFINITION

Cardamone acknowledged that the panel was construing the word "offensive" more narrowly than the dictionary definition, but he concluded that such an interpretation was necessary to prevent the obliteration of the general rule articulated by the Supreme Court in Tinker v. Des Moines Independent Community School District, 393 U.S. 503 (1969). In Tinker, the Court said student speech should be permitted as long as it would not "materially and substantially disrupt the work and discipline of the school."

The panel reversed the decision of Chief Judge William K. Sessions III of the Vermont District Court, concluding he gave the term "plainly offensive" an overly broad reading. Likewise, Cardamone wrote, the panel was rejecting the approach taken by the 6th Circuit in Boroff v. Van Wert City Board of Education, 220 F.3d 465 (2000), that a school board has broad authority to suppress speech that is "'inconsistent with its basic educational mission.'"

The images the Vermont board ordered obscured, Cardamone wrote, "may cause school administrators displeasure and could be construed as insulting or in poor taste." But, he concluded "we cannot say ... that these images, by themselves, are as plainly offensive as the sexually charged speech" the Supreme Court permitted to be punished in Fraser.

In rejecting the approach taken by the 6th Circuit in Boroff, the panel inferentially found its views out of the mainstream.

"Courts that address Fraser," Cardamone wrote, "appear to treat 'plainly offensive' synonymously with and as part and parcel of speech that is lewd, vulgar and indecent."

Zachary and his parents were represented by Stephen L. Saltonstall of Barr, Sternberg Moss Lawrence Silver Saltonstall & Scanlon in Bennington, Vt. School officials were represented by Anthony B. Lamb of Lamb & Desautels, of Burlington, Vt.

Court To Hear House Prayer Appeal (ECP)

By Bryan Corbin, Courier & Press Statehouse bureau

Evansville (IN) Courier & Press, September 6, 2006

DOJ_NMG_0058446

INDIANAPOLIS - A federal appeals court will hear lawyers' arguments Thursday in a case testing whether legislators and clergymen can lead sectarian prayers in the Indiana House of Representatives.

Speaker Brian Bosma said approximately $67,000 in public funds already have been spent defending the lawsuit, but that public donations soon will be accepted to defray legal costs.

On Thursday, the U.S. 7th Circuit Court of Appeals in Chicago will hear from both sides in Bosma's appeal in the prayer lawsuit.

Last year, U.S. District Court Judge David Hamilton ruled the Indiana House could not formally open with prayers that specifically mentioned Jesus Christ or endorsed a particular religion.

The suit was brought by the American Civil Liberties Union of Indiana, on behalf of four plaintiffs, including a Quaker lobbyist, who said they found the longtime tradition of offering the usually Christian prayers from the speaker's podium or the House floor to be offensive.

Bosma is seeking to get Hamilton's ruling overturned, contending it intrudes upon the ability of lawmakers and visiting clergy to pray in accordance with their own consciences. Visiting clergy - which included pastors, rabbis and Islamic imams - were always asked to be ecumenical, he said.

Delivering arguments for the plaintiffs will be Ken Falk, legal director for the ACLU of Indiana. Falk said the precedent that Hamilton followed in his ruling was created by a series of U.S. Supreme Court decisions. Leading a public prayer is allowed in a state legislature, Falk said, so long as it's nonsectarian.

"Whereas legislative prayer is recognized, it has to be a prayer that is not proselytizing, doesn't advance a religion or doesn't detract from or disparage other religions," Falk said.

Bosma, R-Indianapolis, said he personally had no problem offering a nonsectarian invocation in the House. But guest clergy who previously had delivered the opening prayers objected to their content being regulated, he said.

"I think that's the fundamental question here: Who decides how an individual prays on the floor of the Indiana House? A federal court judge, or our 189-year tradition of praying according to one's conscience?" Bosma said.

After the federal judge restricted the practice, House members in the 2006 session started each day by huddling for prayer in the back of the House chamber.

The U.S. Department of Justice filed a friend-of-the-court brief on Bosma's behalf. A Justice Department attorney will participate with Bosma's lawyer in arguments before the three-judge appellate panel, Bosma said.

This November's election will determine which party controls the Indiana House, where Republicans now hold a slim 52-48 majority. If Democrats win control, House Minority Leader B. Patrick Bauer will be speaker again. For his part, Bauer said Tuesday, he was in favor of resuming public prayer from the speaker's podium instead of at the back of the House.

"We all have to follow the law, so we'll see," Bauer said of the ongoing lawsuit. "I wouldn't put any restrictions on it."

ANTITRUST:

Sun, Unisys File Suit Over Memory Chips (AP)

By Rachel Konrad, AP Technology Writer

AP, September 6, 2006

Sun, Unisys File Lawsuit Against Hynix and 6 Others Over Memory Chip Price-Fixing

SAN FRANCISCO (AP) -- Sun Microsystems Inc. and Unisys Corp. have filed a combined lawsuit against Hynix Semiconductor Inc. and six other technology companies as part of an ongoing federal investigation into a worldwide price-fixing scheme.

Sun and Unisys say the companies bilked them of millions of dollars by keeping prices artificially high for computer memory chips. The chips are used in an array of gadgets, including personal computers, printers, digital cameras, video recorders, video game equipment and cellular phones.

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Apart from South Korean memory chip maker Hynix, the lawsuit filed Friday in the U.S. District Court for the Northern District of California targets Taiwanese manufacturers Mosel Vitelic Inc., Nanya Technology Corp. and Winbond Electronics Corp.; Japanese manufacturers Elpida Memory Inc. and Mitsubishi Electric Corp.; and Germany's Infineon Technologies AG.

Sun and Unisys also named Micron Technology Inc. and Samsung Electronics Co. Ltd. as coconspirators in the lawsuit, similar to the one Sun filed by itself in March.

"The global conspiracy ... had a direct, substantial and reasonably foreseeable effect on United States commerce," the newest lawsuit alleges.

The case hinges on findings by the U.S. Department of Justice, which said in June 2002 that it uncovered a "long-standing conspiracy" among the world's suppliers of dynamic random access memory, or DRAM.

DRAM chips are the most common form of memory, with annual sales exceeding $20 billion. The six largest DRAM manufacturers control 96 percent of the global market.

Collusion appeared to begin in 1996, when DRAM manufacturing plants around the world greatly increased production and buyers expected prices to drop. Instead, prosecutors alleged, DRAM executives hatched a covert plan to keep prices artificially high.

Executives hosted a conference with a special lecture called "Manage Price Competition, Profitability," and they used special software to keep their related e-mail chains confidential, according to the lawsuit.

Lawyers for Santa Clara-based Sun and Blue Bell, Pa.-based Unisys say DRAM executives colluded and curtailed chip production in February 1997, and DRAM prices immediately surged. Over the next several years, whenever prices drifted downward, prosecutors said, executives collectively limited production.

After a grand jury investigation, five of the world's largest DRAM suppliers admitted involvement in a cartel: Hynix, Infineon, Elpida, Micron, and Samsung. Micron was spared criminal prosecution because its executives were the first to admit they participated; others agreed to enter guilty pleas.

Last year, Samsung Electronics was ordered to pay a $300 million criminal fine, and Hynix agreed to pay $185 million. Infineon paid $160 million, and Japan's Elpida agreed to pay $84 million.

Sun and Unisys would not comment on the consolidated suit. In court documents, they said they'd seek triple damages on artificially high prices from January 1997 to 2002 and beyond.

Luke M. Froeb, associated professor of business at Vanderbilt University, said the Justice Department's investigation greatly strengthens Sun's and Unisys' case.

"Given that it's a follow-on case, you take the liability issue off the table," said Froeb, former director of the Bureau of Economics at the Federal Trade Commission. "The question is how to figure out damages. You have to figure out what would the price have been absent the conspiracy."

Park Hyun, a spokesman for Hynix, said the South Korean company would seek an out-of-court settlement. Last year, Hynix agreed to pay a $185 million fine and pleaded guilty to felony price-fixing charges.

Phone calls and e-mails to the other companies named in the suit were not immediately returned Tuesday.

$21.9M Antitrust Settlement Wins OK In N.J. Federal Court (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, September 6, 2006

A federal judge has granted final approval of a $21.9 million settlement in a class action antitrust suit that accused a group of manufacturers of electrical carbon products of engaging in a decade-long conspiracy to fix prices. The judge also awarded $5.7 million in attorney fees to the plaintiffs class lawyers.

For the team of mostly Philadelphia lawyers who represent the class, the ruling by U.S. District Judge Jerome B. Simandle of the District of New Jersey cinches a deal that at one time looked dead in the water.

A previously proposed settlement had called for the four groups of defendants to pay $24.2 million, and Simandle had granted a preliminary approval, clearing the way for the plaintiffs lawyers to notify the class.

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But the settlement was suddenly jeopardized when opt-out notices were filed by 13 of the largest class members whose purchases represented more than half of the $600 million in purchases of the defendants' products.

Those opt-outs triggered the "walk-away" provisions of three of the defendants' settlement agreements and effectively killed the deal.

But the Philadelphia lawyers who represented the class set out to save the settlement.

Joining with the defense lawyers, they embarked on negotiations with lawyers from Crowell & Moring in Washington, D.C., who represent 12 of the opt-out plaintiffs and had filed a separate suit in the Eastern District of Michigan.

In the new deal, the opt-outs agreed to rejoin the class for the purpose of participating in three of the four proposed settlements.

A new deal was also struck with the fourth group of defendants -- Carbone of America Industries Corp. and its French parent company -- that reduced its contribution from $6 million to $3.7 million due to the opt-out plaintiffs' refusal to settle with them.

Now Simandle has granted final approval of the reworked settlement and awarded the $5.7 million in attorney fees.

The lion's share of those fees will be split among teams of lawyers from five Philadelphia firms and one New Jersey firm, led by Steven A. Asher of Weinstein Kitchenoff & Asher; Sandra A. Jeskie of Duane Morris; Howard J. Sedran of Levin Fishbein Sedran & Berman; Warren Rubin of the Law Offices of Bernard Gross; Lisa J. Rodriguez of Trujillo Rodriguez & Richards; and Allyn Z. Lite of Lite DePalma Greenberg & Rivas in Newark, N.J.

Asher said other firms also played various roles in the litigation, and that, in the end, the fees will be split among about 20 firms.

In a spate of suits, which were consolidated as multidistrict litigation, the plaintiffs accused four companies and some of their European parent companies of conspiring to fix the prices of a range of electrical carbon products.

In court papers, the list of products included: carbon brushes used in consumer products, including fractional horsepower brushes; carbon brushes and current collectors (including pantographs but excluding brush holders and commutators) for automotive and traction-transit applications; carbon brushes used in battery-operated vehicles; and mechanical carbon products for use in pump and compressor industries.

The suits were filed on the heels of an investigation by the Justice Department that led to a guilty plea by Morganite Inc. to criminal charges of price-fixing. The Morgan Crucible Co. also pleaded guilty to attempting to influence the testimony of witnesses and corruptly persuading a witness to destroy documents.

The European Community also conducted an investigation and levied fines on various companies for anticompetitive practices in the European marketplace.

In the settlement, Morgan Crucible, a British firm, and its American affiliates will pay $15 million; Carbone of America Industries and its affiliates will pay $3.7 million; Schunk GmBH, a German firm, and its American affiliates will pay $2.975 million; and SGL Carbon, the North Carolina-based subsidiary of another German firm, will pay $225,000.

In his 54-page opinion approving the settlement in In re Electrical Carbon Products Antitrust Litigation, PICS No. 06-1208, Simandle had strong words of praise for the plaintiffs lawyers.

"Counsel's skill was especially reflected by the delicate renegotiations of the Morgan, Schunk and Carbone settlements when the respective settling defendants had the right, and indeed the intent, to withdraw because of the Crowell & Moring plaintiffs' opt-outs," Simandle wrote.

"These negotiations, after it may have appeared that the proposed settlements were lost, proceeded simultaneously on three fronts. Special efforts were needed to evaluate the new Carbone settlement for the class, absent the Crowell & Moring plaintiffs. In short, class counsel's skills and effectiveness in preparing, litigating, strategizing and successfully resolving the case with a fair settlement were of the highest order of professionalism," Simandle wrote.

Simandle also found that the settlement was an "excellent result" for the plaintiffs.

Under the settlements, more than 460 plaintiffs that filed claims will have a gross recovery, before attorney fees, of about 12 to 15 percent of their purchases of electrical carbon products.

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Such a recovery, Simandle said, is the equivalent of a treble damage recovery on antitrust damages of 4 to 5 percent of the total class purchases.

"In other words, if the class succeeded at trial in proving that the prices they paid for electrical carbon products averaged 4 to 5 percent higher due to defendants' anticompetitive conduct, and that such damages would be trebled, then this proposal could be said to be the rough equivalent of a full recovery," Simandle wrote.

An expert for the plaintiffs had estimated that the price-fixing conspiracy had actually inflated prices by 8 to 10 percent.

But Simandle said he also had to consider the possibility that the plaintiffs could have lost at trial.

"If one discounts these figures for the risk of nonrecovery, this settlement appears to be even more impressive," Simandle wrote.

"If we assume there is a 50/50 chance of nonrecovery, and that this settlement will likely pay 12 to 15 percent of the class's purchase amounts, then this settlement represents the rough equivalent of one-half of a treble damage recovery upon an overcharge of 10 percent of the purchase prices, which is plaintiffs' proposed expert's optimum figure," Simandle wrote.

"Thus, if we assume for this purpose a hypothetical risk of nonrecovery of 50 percent, the class claimants are very wise to accept this settlement, because it would represent the present optimal expectation of recovering damages for a 10 percent elevation in purchase price on all eligible purchases."

Clemens To Be Sold To Two Firms (PHI)

By Harold Brubaker

The Philadelphia Inquirer, September 6, 2006

Clemens Family Markets Inc., the largest local family-owned supermarket chain in the Philadelphia region, has agreed to be sold to competitor Giant Food Stores L.L.C. and a large grocery wholesaler from New England.

The value of the deal announced yesterday by Giant, of Carlisle, Pa., was not disclosed. Giant is a subsidiary of Dutch company Royal Ahold N.V.

Giant said it planned to buy 13 Clemens Family Markets in Bucks, Chester and Montgomery Counties and convert them into Giant Food Stores outlets. The company is also buying the foodsource by Clemens location in Bryn Mawr, and it will continue to operate it under that banner, spokesman Denny Hopkins said.

The 14 stores had net sales of about $190 million in 2005, according to Giant, which already has 28 stores in Bucks, Chester, Delaware and Montgomery Counties.

"This is an excellent fit for Giant," Tony Schiano, the company's president and chief executive officer, said in a news release. "The Clemens stores have experienced staff and great customer service. We will do everything we can to make sure they are warmly welcomed into the Giant family."

To mitigate antitrust concerns, eight other Clemens stores in the Philadelphia suburbs will be sold to C&S Wholesale Grocers Inc., its affiliates, or its customers, the Giant news release said. Privately held C&S, of Keene, N.H., is among the country's largest grocery wholesalers. C&S's Philadelphia-area customers include Giant, Genuardi's and Super Fresh.

Neither Clemens Family Markets - based in Kulpsville - nor C&S returned telephone calls yesterday seeking comment.

The Clemens deal, which requires regulatory approval and which is expected to close in the fourth quarter, comes nearly five years after the Genuardi family sold its chain of 36 Philadelphia-area stores to Safeway Inc., of Pleasanton, Calif.

Clemens Family Markets traces its roots to John C. Clemens, a Montgomery County farmer who in the early 20th century sold produce at the Ridge Avenue Farmer's Market in Philadelphia.

In 1939, according the company's Web site, John Clemens' sons opened a full-service food market in Lansdale, setting the stage for the company's expansion throughout the suburbs of Philadelphia.

Jeff Metzger, publisher of Food Trade News, said it was becoming more challenging for family-owned supermarket chains to compete against the deep pockets of corporate chains.

Buying these stores is a way for Giant to quickly build its presence in an area where real estate is hard to come by, Metzger said.

"I think it's an excellent move for Giant," he said.

Key Senator Lines Up Behind Love Plan (DMN)

By Robert Dodge And Todd J. Gillman, The Dallas Morning News

The Dallas Morning News, September 6, 2006

Majority Leader Frist drops reservations, expects vote this month

WASHINGTON – Proponents of phasing out flight restrictions at Dallas Love Field picked up a formidable Senate ally on Tuesday: Majority Leader Bill Frist.

"I have supported it," the Tennessee Republican told reporters when asked whether he would back the proposal by Sen. Kay Bailey Hutchison, R-Texas. "I have not seen it written out but have had the presentation made to me orally. And if it's written that way, I'll support it."

Mr. Frist also said he thought concerns about the proposal could be resolved in time for a Senate vote this month.

Until Tuesday, the majority leader was reluctant to endorse Ms. Hutchison's proposal to lift the Wright amendment. When a delegation of North Texas leaders visited his office in June, he refused to take part in a photo opportunity or talk to reporters about the meeting.

Industry lobbyists noted that Mr. Frist has to balance competing airline interests in his home state.

Late last year, Mr. Frist unsuccessfully attempted to add Tennessee to the list of Wright states, a move urged by business interests in Nashville. But Northwest Airlines, which opposes the legislation, has a large hub in Memphis, and its regional partner Pinnacle Airlines is also based there.

Mr. Frist made his remarks as senators returned to Capitol Hill to begin a one-month session before Congress leaves again to campaign for the November elections. The House returns today.

Sen. Hutchison's legislation would implement the June 21 deal to repeal the Wright law by 2014. In the meantime, it would allow one-stop flights anywhere in the U.S. if passengers first stopped within the nine-state Wright perimeter. The deal also would reduce the number of gates at Love Field from 32 to 20, with Southwest Airlines Co. getting 16 gates.

The gate cap has drawn fire from critics who say it will not provide adequate competition at Love. They say new entrant carriers cannot adequately compete against Southwest if they are forced to sublease gate space from existing airlines.

Critics also complain that the legislation would insulate signatories to the deal from antitrust laws. The agreement was signed by the cities of Dallas and Fort Worth and Dallas/Fort Worth International Airport, as well as American Airlines Inc. and Southwest.

The legislation was on a fast track to be approved in the House and Senate in July but ran into turbulence over competition concerns. Now, proponents have little time to resolve questions raised in both chambers in time for votes before lawmakers leave in early October.

While Congress was on its August break, aides continued to work on antitrust issues.

Aides for the Senate Judiciary Committee and the Senate Commerce Committee are trying to find an accommodation. The House Judiciary Committee is scheduled to examine a version of the proposal on Thursday.

Miller is hopeful

Dallas Mayor Laura Miller said she was hopeful the committee would not make any changes in the legislation. She is preparing to return to Washington on Sept. 12.

"What seems to be missing in all the criticism I hear is that we didn't just pull 20 gates out of a hat," Ms. Miller said. "We picked 20 because that is the number of gates that this inner-city neighborhood can handle."

Ms. Hutchison said the legislation might have to be modified to satisfy critics. But the Texas Republican said she would not agree to dismantle the proposal's pillars, such as the 20-gate cap.

"I am not wedded to the agreement being exactly the way it was, as long as it does not disrupt the balance," she said. "We cannot have something that would allow the Wright amendment to be lifted and the [cap of] 20 gates not remain intact."

As senators returned to work, it appeared they had not had time to focus on the proposal since last month.

"I haven't picked that one up," said Sen. Arlen Specter, R-Pa., chairman of the judiciary committee. But he said: "We have to come to a decision promptly."

Shortly before the August recess, Mr. Specter received a briefing on the proposed legislation by Ms. Hutchison and Sen. John Cornyn, R-Texas.

Hearing needed?

Mr. Specter said he hoped to avoid a time-consuming hearing.

"I hope we have it worked out so that we can accommodate what a lot of people want, but I also don't want to deviate from the antitrust laws," he said.

Mr. Cornyn, who serves on the Judiciary Committee, said he hoped to avoid a hearing. But he said a hearing might help resolve issues some senators have with the proposal.

"I'm optimistic, but I think we have to be respectful of the right of senators to ask questions and to satisfy their concerns," he said. "There's a danger of pushing too hard and creating opposition where right now there mainly exist some questions and not opposition."

But Sen. Patrick Leahy of Vermont, the ranking Democrat on the Judiciary Committee, said he still has concerns about the bill's antitrust immunity – issues that have not been addressed by either Texas senator.

"No one from Texas has talked to me," said Mr. Leahy. "I just don't want to make a sudden change to the antitrust laws."

Staff writers Emily Ramshaw in Dallas and Sudeep Reddy in Washington contributed to this report.

Battle Building Over Net 'Tollgate' (LAW)

By Pamela A. Maclean, The National Law Journal

National Law Journal, September 6, 2006

Few things have as much potential to create a litigation war zone next year as the possible fight over control of the pipes feeding all the content over the Internet.

"Internet neutrality" advocates say they want to keep cable and phone companies from imposing tollgates on the Internet that would create a tiered payment system resembling home television cable service.

Cable and telephone companies counter that they have invested billions of dollars in a fiber-optic network that delivers high-speed Internet and cable television service to homes, and if the likes of Google Inc., Yahoo Inc. and Vonage Holdings Corp. want to ride those lines, they should pay preferred rates.

The gauntlet in this fight has been thrown down over the giant telecommunications reform act that is currently pending before the U.S. Senate. A key provision of the 289-page act would allow phone companies to negotiate national cable franchise agreements rather than seeking city-by-city franchise rights across the country.

If backers fail to garner 60 votes to avoid a promised filibuster, the bill, which lacks Internet-neutrality protections, could be left to the lame-duck Congress after November's election or be dead until next year.

Regardless of the act's immediate fate, a critical battle is inevitable.

The Internet has provided an unpredictable and sometimes dizzying array of offerings, including streaming movies and multiplayer online video games that require big "pipes" to deliver large amounts of data. But 95 percent of broadband services in the United States come from either cable or telephone companies.

For lawyers advising companies that supply content to the Internet, if there are no enforceable requirements for neutral access, "they will have to deal in negotiations with cable and phone companies," warned Gerald Waldron, a telecommunications lawyer with Covington & Burling in Washington. Waldron represents Amazon.com Inc., eBay Inc., Google and Yahoo, among others, in support of Internet neutrality in Congress.

CONCERNS DISMISSED

Cable and telecom companies such as AT&T Inc., Verizon Communications Inc. and Comcast Corp. dismiss the concerns, saying that proposed Net-neutrality legislation is a solution in search of a problem.

"There have been no abuses and none are occurring today," said Claudia Jones, an AT&T spokeswoman in Washington. "We feel the antitrust laws that exist today are more than adequate to handle any harms that may occur in the future," she said.

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The debate is already affecting merger activity, with Internet-neutrality supporters asking for protective conditions from the Federal Communications Commission in the AT&T/BellSouth merger. The commission vote is tied, 2-2, on merger with a fifth commissioner recused, according to one attorney who has handled major mergers before the FCC.

One problem for merging companies: The FCC can extract conditions that cannot be appealed. Merging parties must accept the conditions or, if rejected, the merger dies. There is no right to judicial review, according to the attorney.

The FCC policy is that consumers are entitled to access and choice on the Web, but it says nothing about what may be charged for, or the speeds of, that access. That is what has neutrality advocates concerned.

Waldron said that neutrality advocates don't oppose the deregulated telecom industry, which allows phone and cable companies to compete. "What we don't think they should do, and never have been able to do, is step in to act as gatekeeper between the consumer and the content," he said. "You can't favor your bits and your content over someone else's content," he said.

Both sides are predicting legal challenges by whichever side loses in Congress.

"There will most certainly be litigation and more regulatory action," said Earl Comstock, president and chief executive officer of COMPTEL, a trade association of communication companies that back Internet neutrality. "The important thing for the communications bar: If the current legislation is passed and Senator [Ted] Stevens [R-Alaska] removes the government oversight, you will see far fewer competitors and far less work for the legal community," Comstock predicted.

Neutrality advocates have issued dire warnings in the obscure, technology-savvy corners of the Internet for years. But in November 2005, AT&T Chairman Edward Whitacre Jr. fired the shot heard 'round the blogosphere, just as Congress was in the midst of overhauling telecommunications law for the first time in a decade. Stevens' bill is the Communications, Consumer's Choice, and Broadband Deployment Act of 2006, currently S. 2686.

Whitacre said content providers like Google were "nuts" for thinking they could use AT&T's cable and broadband networks, "my pipes," without paying extra.

Suddenly, Internet neutrality became a mainstream topic.

"I should send the man flowers," Comstock said. "By truthfully stating what his natural business decisions would be, he gave voice to people's concerns. So we could say, 'See, we're not imagining this.' "

AT&T's Jones said that Whitacre was expressing how the Internet is changing, that more companies are providing services requiring lots of bandwidth. "AT&T has made a lot of investments to accommodate that. There is a lot of debate about who is going to pay for the upgrades to the Internet structure," Jones said.

Waldron noted that the Googles and Amazons of the world spent billions of dollars to have their traffic hauled around the Internet, and that the consumer at the receiving end also pays for service. Telecom companies are "getting paid at both ends," Waldron said. "In some ways, my clients think phone companies are free-riding off them."

The neutrality advocates want guarantees in the telecommunications bill that content providers and "voice over Internet" companies like Vonage, in direct competition with AT&T, will have equal access to the Internet pipelines.

The regional Bells and cable firms have fought off any attempts to legislate neutrality language into the bill.

According to one Senate staffer, there has been a lot of lobbying pressure, particularly from what Washington insiders call "Astroturf groups," or organizations that only appear to be grassroots public interest groups but are paid for by the industry. (They have no grassroots, hence the moniker "Astroturf.")

Throughout the summer, editorials around the country weighed in on the future of cyberspace. The debate created strange bedfellows, with the conservative Christian Coalition and liberal MoveOn.org both demanding that Congress write neutrality into the law.

In June, Oregon Democratic Senator Ron Wyden put a hold on the telecommunications bill because it lacked effective Internet-neutrality provisions.

He said that the bill concentrates too much power in the hands of large telecommunications companies and cable providers.

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Wyden's move forced telecom bill sponsor Stevens, who is chairman of the Commerce, Science and Transportation Committee, to shuttle among colleagues to rustle up the 60 votes needed to defeat the Internet-neutrality amendment to the bill and bring the telecom measure to the Senate floor for a vote.

In early August, Stevens told reporters he didn't know if he had the votes to bring it to the floor in September, and it appears he has come up short. Attorneys who follow the issue predict the bill may be dead until after the November election. If the Democrats retake control of Congress "all bets are off" on the legislation, according to one attorney who represents telecommunications companies.

A Verizon spokesman, who asked not to be identified, said that the Stevens bill contains nine specific points on what consumers can expect in Internet-neutrality concepts, and it is enforceable with $500,000 fines. He said Internet neutrality is being pushed by "an energized subgroup of blogs -- a relatively loud subgroup but without wide support."

One of the problems for firms like Verizon, Qwest Communications International Inc., AT&T and BellSouth is the local franchise laws that require companies offering services similar to cable on their networks to negotiate with dozens of local franchise authorities. That can take up to 22 months for each contract, according to Verizon. The telecom bill would create a national franchising authority.

HIGH COURT OPENS DOOR

The U.S. Supreme Court opened the door for the telecom and cable firms to press their power to control Internet pipelines, intensifying the Internet-neutrality issue when it ruled last year in the Brand X case, NCTA v. Brand X, 125 S. Ct. 2688 (2005).

Telephone companies were traditionally seen as "common carriers" that had a monopoly on the physical connection of traffic to consumers.

In Brand X, the Supreme Court upheld the FCC decision that cable broadband Internet access is an information service, not a telecom service subject to common-carrier regulation requiring equal access to lines.

Brand X argued that DSL Internet service was part information service and part telecommunications required by common-carrier rules to allow all Internet service providers access to the phone lines.

The FCC was establishing what Justice Antonin Scalia called "a whole new regime of nonregulation" giving the owners of the transmission system far more power over access to their lines than before.

"Frankly, from the time of the Brand X decision there have been a lot of people who want to see it reversed," said Jones. "A lot of people are looking for venues to reverse the trend at the Supreme Court and the FCC, and the telecom act rewrite is the opportunity they latched onto."

Representative James Sensenbrenner, R-Wis., chairman of the House Judiciary Committee, also tried to muscle in on the act with a bipartisan bill that would alter the Clayton Antitrust Act to provide Internet-neutrality protection: the Internet Freedom and Nondiscrimination Act of 2006, H.R. 5417. It would amend the Clayton Antitrust Act to prohibit broadband network providers from interfering with user access to Internet content, applications and services.

Sensenbrenner's committee has no jurisdiction over the FCC, so he invited the agency to answer questions about the extent of its authority to investigate antitrust in the telecom realm, and that opened the door to Internet-neutrality hearings earlier this year.

"I do think there is a school of thought that it should be an antitrust approach," said Waldron. The FCC has indicated in a letter to Sensenbrenner that it has regulatory authority, but it does not have jurisdiction over common carriers. That is the issue being wrestled with, he said.

But the Sensenbrenner bill has not fared well in the Senate.

Meanwhile, Vinton Cerf, co-inventor of the Internet Protocol and now "chief Internet evangelist" at Google, warned in Senate testimony earlier this year that allowing broadband carriers to control what people see and do online would undermine the principles that made the Internet a success and would put U.S. competitiveness at risk.

Places such as Japan, Korea, Singapore and the United Kingdom, with neutral broadband platforms and higher bandwidth, "are unleashing waves of innovation that threaten to leave the U.S. further and further behind," he said.

Universal Music To Buy BMG Music Publishing For $2.05 Billion (AP)

DOJ_NMG_0058454

By Alex Veiga

AP, September 6, 2006

LOS ANGELES - Vivendi SA's Universal Music Group reached a tentative agreement with German media company Bertelsmann AG to acquire BMG Music Publishing for $2.05 billion in cash, a person familiar with the deal said Tuesday.

The agreement was expected to be signed as early as Wednesday, according to the person, who spoke on condition of anonymity, citing the confidential nature of the negotiations.

BMG Music Publishing owns the rights to more than a million songs by recording artists such as Nelly, Maroon 5 and Mariah Carey, as well as classic hits by the Beach Boys, Barry Manilow and other entertainers.

Universal edged out a slate of rival bidders for the publishing unit, the person said.

Universal is already the biggest recorded music company in the world. The BMG publishing unit is expected to be absorbed by Universal Music Publishing Group, making it the largest music publisher.

Bertelsmann put its music publishing business up for sale earlier this year to help finance a $5.8 billion bridge loan used to buy back a 25.1 percent stake held by Groupe Bruxelles Lambert.

The move, announced in May, freed Bertelsmann from the prospect of an initial public offering for the stake.

The BMG Music Publishing sale is subject to regulatory approval by U.S. and E.U. officials.

The deal is not expected to be held under the same antitrust scrutiny that would apply if two record companies were merging because music publishing revenues are derived from song licensing, not from selling to consumers.

Vivendi Nears Deal To Buy BMG For $2.1 Billion, Besting Rivals (WSJ)

By Jason Singer And Ethan Smith

The Wall Street Journal, September 6, 2006

Vivendi SA is close to an agreement to buy Bertelsmann AG's BMG Music Publishing business for about €1.6 billion ($2.1 billion), in a deal that would make it the world's biggest music publisher, three people familiar with the matter said.

A deal is likely to be announced as soon as today, though final details were still being hammered out late yesterday, one of these people said. In a competitive auction, Vivendi beat out six other bidders, all of whom bid in all stages of the sale, this person said.

A victory for Vivendi's Universal Music Group would cap a summer that was filled with acquisition talk in the music industry. Universal Music Group is already the world's largest recorded-music company. But its music-publishing arm has long been much smaller than those of rivals EMI Group PLC and Warner Music. Acquiring Bertelsmann's publishing unit would push it ahead of those two -- and raises the specter, some in the industry have said, that the company could be in a position to dictate terms when it comes to licensing music for television shows, commercials and movies.

Music publishers control the rights to the melodies and lyrics of songs and make money by licensing them to the record companies that sell CDs and downloads, as well as to film and television producers, plus ringtone and videogame makers. The business can be stable and profitable, particularly when a publisher manages to accumulate a catalog of thousands or millions of songs.

The sale price signals a rebound in the valuations of music-industry assets. In 2003, Time Warner Inc. sold Warner Music Group Corp. -- whose publishing arm, Warner/Chappell, is larger than BMG publishing -- to a group of private investors for around $2.6 billion.

BMG Music Publishing has rights to more than one million songs and contracts with songwriters including Christina Aguilera and Coldplay, according to Bertelsmann's Web site. The strongest piece of BMG's holdings is a catalog of hits that were recorded by such '90s pop stars as 'N Sync and the Backstreet Boys, people who have inspected Bertelsmann's publishing company say. It is widely regarded as a "young" catalog, heavily weighted toward recent hits, rather than the kind of proven evergreen moneymakers that make up the core of the catalogs held by EMI and Warner Music or the 251 Beatles songs held by Sony Corp.'s Sony/ATV.

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The deal will be subject to U.S. and European Union regulatory review. People close to the situation say music publishing is likely to be held to a less-stringent standard than recorded music because it isn't an industry that does business directly with consumers, and therefore doesn't have the potential to directly affect the prices consumers pay.

France's Geophysique To Buy U.S. Rival Veritas For $3.1 Billion (WSJ)

The Wall Street Journal, September 6, 2006

France-based oil and gas field surveyor Cie. Générale de Géophysique will buy U.S. rival Veritas DGC Inc. for $3.1 billion in cash and stock, both companies said, establishing a global competitor in the oil-exploration industry.

The transaction is the latest in a wave of mergers and acquisitions in the oil-field-services industry as companies seek increased scale to serve oil and natural-gas producers spending heavily to find new supplies at a time of high energy prices. Geologists use seismic surveys to make detailed maps of potentially oil-bearing deposits by bouncing acoustic waves into rock layers and measuring their reflection.

The offer, of which just over half is in Géophysique stock, values Veritas shares at $75 apiece based on Géophysique's closing price Friday -- a 21% premium to Veritas' Friday closing price of $62.18. Veritas shareholders will receive either 2.25 Géophysique American depositary shares or $75 in cash for each of their shares.

Géophysique shares fell 8% to €122.70 ($157.92), off €10.60, in Paris yesterday. Analysts said short-term returns would be diluted by the price paid for Houston-based Veritas, although the deal is expected to improve longer-run profitability. Veritas shares were up 13%, or $7.89, at $70.07 each in 4 p.m. composite trading on the New York Stock Exchange.

The deal is expected to produce earnings-per-share growth "in single digits" in 2008 after a neutral impact in 2007, said Géophysique Chairman and Chief Executive Robert Brunck, who will retain both roles within the combined company. Veritas Chairman and CEO Thierry Pilenko is to become a director on the new company's board.

Géophysique, based in Massy, south of Paris, said it predicts annual merger-related savings of about $44 million by the end of 2007, reaching $65 million the following year. Once the merger is completed, pending shareholder and regulatory approvals, the combined company would be 65%-owned by Géophysique shareholders and 35%-owned by Veritas shareholders.

The deal follows Géophysique's takeover last year of Norway-based Exploration Resources ASA, as well as Schlumberger Ltd.'s acquisition in April of the 30% it didn't own in seismic-survey company WesternGeco.

Phelps Dodge, Giving Up On Inco, Could Become A Takeover Prospect (WSJ)

By Mark Heinzl

The Wall Street Journal, September 6, 2006

TORONTO -- Phelps Dodge Corp.'s withdrawal of its $17.84 billion takeover bid for Canada's Inco Ltd. raises questions about the future of the big U.S. copper miner, even as it gives Brazil's Companhia Vale do Rio Doce an opportunity to snatch up Inco and boost its own international presence.

The withdrawal could mark the end of a months-long battle for control of two of Canada's biggest mining companies, Toronto-based Inco and its crosstown rival, Falconbridge Ltd., both major nickel producers. The battle has been part of a global merger wave in the mining sector as companies have sought to snatch up supplies amid expectation that world demand, fueled in part by China's economic growth, would continue to keep prices high.

Investors said the mining sector is likely to see more acquisitions, and Phelps Dodge could possibly turn into a takeover target.

"The deal process is going to continue, because it's extremely hard to develop mines," said Frank Holmes, chief executive and chief investment officer of U.S. Global Investors, a San Antonio money manager that specializes in natural resources. With its increasing copper production, Mr. Holmes said, Phelps Dodge "could become a target." A spokesman for U.S. Global said the firm doesn't own any Phelps Dodge shares.

A Phelps Dodge spokesman declined to comment on whether the company has been approached by any potential suitors.

Phelps Dodge now will focus on increasing its own copper production to take advantage of soaring prices for the industrial metal. The company is expanding a mine in Peru, has started construction on another mine in Arizona and expects to begin

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building another mine in Congo by year's end. Phelps Dodge expects to produce about 2.07 billion pounds of copper for its account this year.

Phelps Dodge's retreat from Inco was welcome news to some of Phelps's major institutional shareholders, who had spoken out against the acquisition plans for various reasons, including fears of shareholder dilution and an excessive debt load. Phelps has received $125 million in breakup fees from Inco and could get another $350 million if Inco is taken over anytime during the next year.

Shares of Phelps Dodge were up $2.73 to $93.48 in 4 p.m. New York Stock Exchange composite trading yesterday, while Inco shares were off 58 cents to $77.12.

Inco said that it remains open to holding talks with CVRD about its offer, and that it can now hold talks with other companies. CVRD declined to comment. The company, a major producer of iron ore, has been trying to diversify into other metals and countries through acquisitions.

Inco as recently as last week had reaffirmed its endorsement of Phelps Dodge's cash-and-stock takeover bid, which was valued at about 87.77 Canadian dollars (US$79.28) a share before Inco and Phelps Dodge ended their pact. But ahead of a planned shareholder vote this week, Inco holders made it clear that they "were not going to support the Phelps Dodge transaction, so the two companies agreed that it was in our respective best interests to move on," Inco Chairman and CEO Scott Hand said.

ENVIRONMENT/INDIAN AFFAIRS:

No Jeffco Jurors In Sewer Trial? (BN)

By Val Walton, News Staff Writer

The Birmingham News (AL), September 6, 2006

Defense says it will make trial fair; prosecutors say no

Defendants charged with corruption in the awarding of Jefferson County sewer contracts have asked that Jefferson County residents be excluded as jurors for their upcoming trial.

Jack Swann, the former head of the county's environmental services department, engineers, contractors and their businesses contend in court filings that it is "virtually impossible" to draw a fair and impartial jury from Jefferson County because of biased media coverage. Jury selection is set to begin Sept. 18.

Jurors for the case would be selected out of Jefferson, Blount and Shelby counties.

"It is unbelievable that one could have lived in Jefferson County within the last four years and not have been exposed to the negative newspaper reports and angry opinions repeatedly expressed by the articles," the defense request said.

Prosecutors, however, said the request should be denied because there has only been normal, balanced news reporting and public interest in the case since September 2002, when the stories first appeared. The Justice Department said there has not been a saturation of "inflammatory pretrial publicity" as the defendants contend.

U.S. District Judge L. Scott Coogler, who is presiding over the case, has not made a ruling on the request.

The four-year federal investigation into the awarding of sewer contracts for the $3 billion sewer rehabilitation and expansion projects led to the indictment of more than 20 defendants, including Swann, former Jefferson County Commissioner Chris McNair and Clarence R. Barber, a retired county construction and maintenance supervisor.

The case has brought multiple prosecutions on bribery and conspiracy charges. Five people agreed to plead guilty and cooperate with prosecutors soon after charges were filed. A jury convicted McNair, five executives and their businesses in April. A jury in June convicted Ronald Wilson, a former county engineer.

The defendants' motion outlined for Coogler why their request should be allowed, including the notion that they are in a unique situation because rarely does a single defendant face multiple trials involving nearly identical charges.

They take issue with stories that have discussed indictments and convictions of others. Their motion said there have been stories that repeatedly insist they defrauded county taxpayers and caused their sewer rates to soar.

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To bolster their chances for a favorable ruling, the defense also relies on the results of a random poll of people living in the area from which a jury would be selected. Of the 362 people who were interviewed, more than 42 percent had already formed a belief or were leaning toward the opinion that the defendants are guilty. Only 5.7 percent reported a belief that the defendants are innocent, the defense said.

Government lawyers argue the poll results are being distorted to achieve the desired result.

E-mail: wwalton@bhamnews.com

Appeal Planned On Ruling (KCS)

By Rick Alm

The Kansas City Star, September 6, 2006

The Justice Department said Tuesday that it would appeal a federal judge's ruling that appeared to permit a tribal casino to resume operating in downtown Kansas City, Kan.

In July, U.S. District Judge Julie Robinson overturned a 2004 decision by the National Indian Gaming Commission that disqualified the land for tribal gambling.

While upholding several underlying elements of the commission's decision, Robinson overturned its ultimate conclusion, ruling that the purchase of the half-acre tract in 1996 by the Oklahoma-based Wyandotte Nation amounted to settlement against the United States of a land claim whose roots reached back to 1842.

City and state officials have challenged the land's tribal reservation status since it was granted by the federal agency.

When the National Indian Gaming Commission in 2004 voided that reservation status, Kansas Attorney General Phill Kline raided the casino and shut it down, seizing 152 slot machines and about $500,000 in cash.

The casino never reopened.

Late last year the tribe dismantled and hauled away the vacant and vandalized mobile building units that had been fashioned into the 7th Street Casino.

Kline and others, including other tribes with Kansas casinos, have appeals pending in several earlier rulings, including Robinson's decision in a related case that the federal government's land-trust action was correct.

Kline did not appeal to the U.S. Supreme Court a decision in May by the 10th U.S. Circuit Court of Appeals in Denver that upheld Robinson's ruling that his 2004 raid was unlawful.

Vaccine Futures (NYT)

The New York Times, September 6, 2006

One of the big reasons that companies don't try to develop vaccinations for poor-country diseases is that they fear there won't be a market for them. So what if rich countries promised to buy them?

That's the very simple idea behind a new plan to entice companies into making vaccines for illnesses that mostly kill poor people, like malaria and tuberculosis. The program will be discussed by finance officials from wealthy nations at a meeting in Rome tomorrow. It works like this: Rich countries commit to pay a specific amount to help poor countries buy a guaranteed supply of a needed, effective vaccine. The subsidy would allow the manufacturer to recoup its investment and earn a profit. The company agrees that after it has received the pledged amount, it will sell to poor countries cheaply.

A panel of experts recommended that the idea be tried first to promote a vaccine against pneumococcal disease, which kills about 1.6 million people a year, making it the leading vaccine-preventable cause of death. AIDS is making this kind of infection more common, and the bacteria are increasingly resistant to the antibiotics used to treat them.

In the last few years, researchers have tried several novel financing ideas. Many combine government and charitable financing with industrial know-how. This idea would complement the others. The Bush administration has been reluctant to join international financing mechanisms. But it has no reason not to jump on this plan, which will benefit American companies and is a private-sector, market-driven program that pays only for success.

FBI/DEA/ATF/USMS:

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Reporters To Appeal In Bonds Leak Case (AP)

By David Kravets, The Associated Press

AP, September 5, 2006

SAN FRANCISCO -- Two San Francisco Chronicle reporters are appealing a judge's order to tell a federal grand jury who leaked them secret testimony from Barry Bonds and other elite athletes ensnared in the government's steroid probe.

Reporters Lance Williams and Mark Fainaru-Wada worked out a deal Tuesday with the government that they could appeal U.S. District Judge Jeffrey White's Aug. 15 order before authorities seek sanctions against the two, including jail.

The pair have said they would go to jail rather than comply with the grand jury's subpoena and reveal their source or sources. They are asking the 9th U.S. Circuit Court of Appeals in San Francisco to toss White's order.

The two reporters published a series of articles and a book based partly on transcripts of the testimony Bonds, Jason Giambi and others gave to a grand jury investigating the Bay Area Laboratory Co-Operative, a Burlingame-based nutritional supplement company exposed as a steroid ring.

Authorities want to charge whoever unlawfully leaked the transcripts, and told Judge White the reporters are the only ones who know who did.

The criminal conduct being investigated in the Bonds leak case includes possible perjury and obstruction of justice by government officials, defendants in the BALCO probe and their attorneys. All had access to the leaked documents, but have sworn they weren't the source of Williams and Fainaru-Wada's reporting.

In his order, White said his hands were tied by a 1972 Supreme Court precedent that said no one, journalists included, was above the law and may refuse to testify before a federal grand jury.

Men Caught With Cartel Suspect To Appear Before Grand Jury (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, September 6, 2006

6 material witnesses don't plan to testify

Six men who were aboard a fishing boat with the suspected leader of the Arellano Félix drug cartel will go before a federal grand jury Friday, a prosecutor said in court yesterday.

The men are being held as material witnesses and have not been charged.

They don't plan to testify, according to their lawyers, but prosecutor Laura Duffy said she has been surprised by what people talk about when they're brought before the secret grand jury.

One of the men caught with Francisco Javier Arellano Félix is considered No. 2 in the cartel by the Drug Enforcement Administration.

Manuel Arturo Villarreal Heredia, 30, is wanted in Mexico on charges of drug trafficking, kidnapping, assault, murder and arms trafficking, Duffy said.

Mexican officials have started the process that would lead to extradition. Later this week, U.S. prosecutors are expected to file a complaint in federal court here on behalf of Mexican prosecutors, the first step in the extradition process, Duffy said.

Villarreal, known by the nickname “El Nalgón,” is the subject of high-level talks between both countries, his lawyer said outside court yesterday.

“They're talking to Mexico right now and they're making a decision how to proceed,” lawyer Kerry Steigerwalt said.

Steigerwalt said that U.S. officials could also charge Villarreal here, depending on the evidence they have against him.

Similar determinations are taking place for the five other men who are being held as material witnesses in the case against Arellano since their arrest Aug. 14 in international waters 15 miles off the coast of Baja California Sur.

DEA officials yesterday distributed a poster asking the public to help in the case.

The poster included pictures of Arellano, the six material witnesses and a seventh man, Edgardo Leyva Escandon, who was reportedly involved in purchasing the sport fishing boat on which they were all caught.

Leyva, who wasn't on the boat, is “a person we are interested in talking with who is associated with the boat, Javier Arellano and the Arellano Félix organization in general,” said DEA spokesman Dan Sim-mons.

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Arellano and the others were arrested after U.S. officials tracked the boat after learning of its connections to the cartel. Mexican officials say they told U.S. officials about the boat, which is now in Chula Vista.

The 43-foot Dock Holiday was registered in February by a Delaware corporation, M/Y Junior, which bought it for $300,000 from the trust of an Orange County couple, according to a Coast Guard document on the sale. The boat is still registered in Newport Beach.

Leyva was the treasurer of the company, according to KFMB-TV Channel 8.

A woman who answered the phone yesterday at the Tijuana home of Xicotencatl Leyva Mortera, former governor of Baja California, confirmed that Leyva Escandon is Leyva Mortera's nephew, but refused to comment on the case or give her name.

Leyva Mortera was governor during the mid-to late 1980s. He was forced out of office in the fifth year of a six-year term amid allegations of corruption in his administration, including shady land deals and misappropriation of public funds.

In court yesterday, Judge Larry Burns ordered the six men to return Monday, after they appear before the grand jury.

If they refuse to testify, prosecutors could still seek to hold them in jail as material witnesses or in contempt for refusing to testify.

Burns also deferred to jail officials on the conditions in which the six men and Arellano are being held. Their lawyers last week called conditions at the downtown Metropolitan Correctional Center "inhumane" because of isolation, small cells, lack of exercise and limited contact with the outside world.

Burns said he's no expert in how to run a jail, but said he wanted to make sure the witnesses have proper access to their lawyers.

The lawyers had complained they could see their clients only an hour a day, and had to ask permission from jail officials 24 hours in advance.

Duffy, relaying information from the Bureau of Prisons, said there isn't a limit on how often or for how long the lawyers may visit with their clients. She said construction in the jail's Special Housing Unit has limited visitation space, requiring advance scheduling.

The men are being held in the unit because the cartel's history includes intimidation and murder of informants and witnesses, she said.

The high-rise jail has a rooftop exercise yard, but inmates in the special unit can't use it because of security concerns. A sniper atop a nearby skyscraper "could take out somebody who was on the roof," she said.

But the inmates are given an opportunity to exercise when they are taken from their cells to identical cells nearby where the bed and locker have been removed. While there is no exercise equipment, she said the men have space to do yoga or otherwise work out.

She also said the men have been allowed to make telephone calls to family.

Two Newark Officers Admit Dealing OxyContin (AP)

AP, September 5, 2006

NEWARK, N.J. -- Two Newark police officers admitted in federal court on Tuesday that they bought hundreds of thousands of dollars worth of powerful painkillers from a doctor and resold them on the street.

Patrolmen John Hernandez, of Bayville, and Ronald Pomponio, of Brick, pleaded guilty to conspiracy to distribute oxycodone.

Each could get as many as 20 years in prison and a fine of up to $1 million at sentencing in December.

Hernandez admitted purchasing thousands of OxyContin pills and Pomponio admitted taking prescriptions for the drug to pharmacies throughout the state, according to the U.S. Attorney's office.

The doctor from whom they allegedly purchased the drugs has pleaded not guilty and is awaiting trial.

Two Cops Admit Buying, Then Selling, Painkillers (APP)

By MARGARET F. BONAFIDE

Asbury Park Press, September 6, 2006

DOJ_NMG_0058460

NEWARK — Two Ocean County men who worked as Newark police officers pleaded guilty Tuesday to federal drug conspiracy charges involving the sale of 249,600 milligrams of OxyContin obtained by filling dozens of prescriptions, authorities said.

John Hernandez, 36, of Berkeley and Ronald Pomponio, 40, of Brick, both officers with the Newark Police Department, pleaded guilty Tuesday before U.S. District Judge Stanley R. Chesler to one count of conspiracy to possess with the intent to distribute oxycodone, said Greg Reinert, a spokesman for the U.S. Attorney's Office.

Tuesday was Pomponio's first appearance in court. Hernandez was arrested in June on a criminal complaint.

Hernandez and Pomponio admitted in court Tuesday that they filled the prescriptions and then sold the pills for cash. Each waived indictment by pleading guilty, Reinert said. The pair could receive a maximum statutory penalty of 20 years in prison and a fine of up to $1 million.

Hernandez is scheduled for sentencing Dec. 19, and Pomponio on Dec.18. Both men are free on $100,000 bail. Their status as Newark police officers was unavailable Tuesday, Reinert said.

Hernandez admitted the conspiracy involved at least 249,600 milligrams of OxyContin. Pomponio admitted he filled dozens of prescriptions for the drug at various pharmacies in New Jersey, sometimes filling more than one prescription at different pharmacies on the same day. They admitted obtaining multiple prescriptions for oxycodone in the form of OxyContin from Dr. Joan Jaszczult, 45, of Bloomfield.

Jaszczult was arrested a year ago in a massive law-enforcement sting. She is charged, among other things, with accepting cash payments in exchange for writing excessive prescriptions for OxyContin as well as for other oxycodone-based narcotics. Officers from the FBI, the federal Drug Enforcement Administration and the Northern New Jersey High Intensity Drug Trafficking Area Task Force last year arrested Jaszczult and eight others, including three Beachwood residents. They are Malissa Bucca, 30, Brian Davis, 28, and Arthur Muratovic, 38.

Jaszczult has pleaded not guilty and is awaiting trial.

Legal Pot Amendment People To DEA: Lose The Soapbox (NW)

By Richard Martin

New West, September 5, 2006

Ever since I saw the news that U.S. Drug Enforcement Administration official Michael Moore (surely the most inaptly named DEA agent in the country) was publicly campaigning -- using the resources of his office -- against Amendment 44, the citizens' initiative to legalize possession of small amounts of marijuana, it has stuck in my craw. Is it legal, or ethical, for a federal DEA agent to marshal opposition to a ballot initiative that would change state law regarding illegal substances?

Well, the Daily Camera editorial writers have examined the issue. And the answer is, not exactly.

Colorado already has relatively enlightened drug laws: Presently possessing less than an ounce of weed in the state is a Class 2 petty offense, a traffic-ticket like infraction punishable by a fine of up to $100. About 3,700 people were convicted of this offense last year, most of them arrested in the course of committing other crimes. You almost have to hand a lit joint to a police officer to get arrested for possession in this state. Amendment 44 would carry the argument to its logical conclusion, making possession legal while growing, selling, and driving under the influence of pot would remain crimes.

Last month Agent Moore sent out an e-mail from his Justice Dept. account to conservative politicos seeking help in finding a campaign manager to defeat the measure, which will be on the ballot in November. He mentioned that the group he represents has $10,000 to launch the anti-44 campaign.

Camera editorial">The Camera editorial points out that the Hatch Act, which prohibits government employees from campaigning in "partisan politics," says little to nothing about supposedly non-partisan ballot initiatives like Amendment 44. But it does bar federal employees from using their "authority or influence for the purpose of interfering with or affecting the result of an election."

Campaigning from a DEA office, using federal email and telephone facilities and the imprimatur of the DEA against a citizen-initiated ballot measure, would seem to fall under the "authority and influence" clause.

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"No one argues that Agent Moore [or] Special Agent [Jeff] Sweetin should not express their expert opinions on Amendment 44," the Camera editorialists write. "That is their right under federal law and the U.S. Constitution. â€¦ The question is whether it is proper for a federal worker to invoke his employer's name and use a government phone line and e-mail account to try to defeat a citizen initiative. And the answer is 'no.'"

It's not called the Drug Policymaking Administration. It's called the Drug Enforcement Administration.

Flashlight Body Search Violated Rights (AP)

By The Associated Press

AP, September 6, 2006

RALEIGH, N.C. (AP) -- A man convicted of possessing cocaine after a police officer found drugs by shining a light down the suspect's pants should get a new trial because the search was unreasonable, a North Carolina appellate court ruled Tuesday.

The ruling erases a sentence of 10 1/2 to 14 years in prison for Timothy Stone, who was convicted on charges of drug possession and being a habitual felon.

A Charlotte-Mecklenburg police officer stopped and searched Stone after he and a companion drove away from a hotel at in October 2002.

Stone initially consented to the search, but objected when an officer pulled the sweat pants away from Stone's body and aimed his flashlight at his groin area, where a pill bottle of crack cocaine was hidden.

The appeals court ruled that the trial judge should have suppressed the evidence from the search, a key element in the conviction.

"We conclude that a reasonable person in defendant's circumstances would not have understood that he would be subjected to an inspection of his genitals," Judge Linda McGee wrote in the majority opinion.

In the dissenting opinion, Judge Sanford Steelman wrote that Stone's clothes weren't removed such as in a strip search, which courts have earlier said requires probable cause or more specific consent from a suspect. Given the circumstances, including that the area where the car was stopped was known for a high incidence of drug offenses, the search "was objectively reasonable."

The state Attorney General's Office has not decided whether to appeal, spokeswoman Noelle Talley said.

N.F.L. Considers A Stronger Drug-Testing Program (NYT)

By Judy Battista

The New York Times, September 6, 2006

The National Football League is discussing strengthening its testing program for performance-enhancing drugs and could make changes during the season, which begins tomorrow. Among the potential modifications are more frequent testing and additions to the list of banned substances.

Whatever alterations the league and its players union agree to would come after questions arose about the effectiveness of the program, which has long been viewed as the best among professional sports leagues in the United States.

An article published Aug. 27 in The Charlotte Observer said that five Carolina Panthers and a practice squad player used steroids or received prescriptions for banned substances several years ago. The paper reported that in the days before the team appeared in the Super Bowl in 2004, two of the players received prescriptions for steroids and testosterone. The article was based on court documents from a federal steroids case against a South Carolina doctor who was sentenced to a year and a day in prison.

The players, who are no longer with the Panthers, did not test positive for steroids at the time, leading to concern that the N.F.L.'s drug-testing program, which was lauded by Congress a year ago, may have significant holes. Those who are determined to cheat may be tempted by the promise of human growth hormone, for which there is no urine test. Players do not give blood samples.

The N.F.L. said that changes to the policy would be part of its regular review, not a response to the Panthers case.

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Yesterday, Harold Henderson, the league's executive vice president for labor relations, said: "We are in the process of re-evaluation, trying to determine if more is better, if it's the right time to add substances, to add more tests. It might make sense to do some tweaking."

There are those who say the N.F.L. should make sweeping changes to its policy.

Dr. Gary I. Wadler, an associate professor of medicine at New York University who serves on the World Anti-Doping Agency's prohibited lists committee, said the league should begin blood testing for H.G.H., or at least should freeze blood samples until a reliable test is developed. He has called for an increase in the number of tests administered to a greater number of players.

Wadler and Donald H. Catlin, director of the Olympic drug-testing lab at U.C.L.A., which also handles the N.F.L. testing, said that all leagues should use independent testing agencies. These agencies, they said, are better equipped to tackle the increasing complexity of doping and guarantee transparent proceedings necessary to avoid the appearance of a conflict of interest.

For now, the N.F.L. and its players union decide which substances to test for and how often players may be tested. They receive all results, hear appeals and determine punishment — from a four-game suspension for a first positive test to at least 12 months for a third positive. Appeals are conducted privately, and the commissioner has the final word.

"At some point," Wadler said of the N.F.L., "it may be 5 years, 10 years, they will realize as they get more complex that this is over their heads."

The N.F.L. rejects the suggestion that it should farm out the administration of its program, including appeals and penalties, to an outside group.

"I don't think people view it as conflict of interest or as something that needs to be changed, except in cases where those people might have an interest of their own," Jeffrey Pash, the league's chief counsel, said yesterday. "If someone wants to run your program for you, they'll tell you, You should let me run it because you have a conflict and I'm independent."

The N.F.L. has made recent changes to its drug policy. It added amphetamines to the list of banned substances; the penalty for a positive test is a four-game suspension. After the Panthers' case came to light, the league dropped the ratio of testosterone that is considered a positive test.

Had the lower threshold been in place in the early part of the decade, there is a greater likelihood that some of the Panthers might have tested positive, Pash said. That indicates a failure of the science available at the time, he said, rather than a failure of the drug policy.

The N.F.L. administers about 10,000 tests for performance-enhancing drugs to about 1,800 players each year. Each player is tested at least once a year, but most are tested multiple times a season. Players are selected randomly for testing, about seven players per team each week during the season; each player may be tested as many as six times during the off-season. Over the last decade, five to eight tests a year have come back positive.

One former defensive player, who retired in March after nine years in the league, said in a recent interview that perhaps five players on any given team take steroids — about 10 percent of a 53-man roster. He spoke on condition of anonymity because he did not want to implicate former teammates. He said that he knew no one who took H.G.H., and that players were more concerned about the league's test for recreational drugs like marijuana and cocaine, which are more prevalent than steroids.

The question that vexes players and scientists is how did the Carolina players evade detection?

Wadler said the Carolina players received steroids in new forms like lozenges and patches, which keep the amount of testosterone in the blood steady but low enough to avoid detection. Human growth hormone adds muscle, too, so the amount of testosterone that players would need to take would be minimized.

The N.F.L. procedure for collecting urine samples can be intrusive. Independent monitors watch closely as players drop their pants to their ankles and remove their shirts before providing a sample.

Once the urine sample is collected, it is sent to the U.C.L.A. lab, which is certified by WADA.

The greatest problem looming for the N.F.L. now is that there is no urine test for H.G.H.. Catlin, who agreed with Wadler that the N.F.L. should freeze blood specimens at least for the deterrent effect, is working to develop a urine test for H.G.H. He said it is still several years away.

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Wadler has repeatedly called for the N.F.L. to allow blood testing, but Catlin said the blood test for H.G.H. is not reliable.

Gene Upshaw, the executive director of the players association, said he would not allow blood collection.

"Absolutely no," Upshaw said in a telephone interview last week. "I'm not ready to take that leap, sticking them with a needle every time someone walks onto the field or into the locker room. Until there is a test, until we know all of the facts about H.G.H., I'm not willing to take that leap."

Catlin offered a cautionary note, no matter how many tests are done.

"We do have a high false-negative rate," he said in a telephone interview. "I know this, and people should know it. They think testing is a gift to this problem. If you put the right amount of timing and resources into testing, it can be done pretty well. But athletes get fairly sophisticated at beating the tests."

Even Pash, the league counsel, said he would be foolish to believe that the Panthers players were the only ones using drugs. So as testing races to keep up with the science of doping, the N.F.L., like track and cycling, copes with the unknown.

"You don't know what people do," Wadler said. "We have no idea. I hate to be cynical, but I've seen such denial in the world of doping, including: 'Steroids in baseball? Are you kidding?'

I think the response to the Panthers case leads me to think we're coming to doping fatigue. The public is tired of thinking about it. They don't care about it — and that is the biggest threat we face."

Pot Farms Ravaging Park Land (SFC)

By Chuck Squatriglia

San Francisco Chronicle, September 6, 2006

The discovery of 22,740 marijuana plants growing in and around Point Reyes National Seashore last week wasn't only the biggest pot seizure ever made in Marin County. It was an environmental mess that will take several months and tens of thousands of dollars to clean up.

The crops seized on the steep hillsides overlooking Highway 1 were planted by sophisticated growers who cleared vegetation, terraced land, drew water from streams through miles of irrigation hoses and doused acres of land with hundreds of pounds of fertilizer and pesticides.

Such operations are turning up in greater numbers within state and national parks throughout California. Federal officials estimate the state produces half of all the marijuana seized on public lands nationwide.

Officials at Point Reyes National Seashore have only begun to assess the resulting damage to an area that is habitat for the spotted owl, steelhead trout and coho salmon, and they said it could be months before they know the long-term implications for the ecosystem.

"We've seen some really nasty damage," National Park Service spokesman John Dell'Osso said Tuesday. "And there's a very good possibility there are sites we haven't even found yet."

Cultivating marijuana on land managed by the Park Service, the National Forest Service and other agencies is a multibillion-dollar industry. So far this year, authorities have found more than 940,000 marijuana plants growing on state and federal land in the Golden State. With the harvest season beginning, officials expect to find more pot farms and surpass last year's haul of 1.1 million plants.

Federal officials believe as much as 80 percent of the marijuana on public land is grown by Mexican drug cartels that have turned to places like Point Reyes National Seashore, Sequoia-Kings Canyon National Park and Whiskeytown National Recreation Area in this era of tightened border security; growing the drug here is far easier than smuggling it in. The plants found in Point Reyes last week were valued at around $50 million, Dell'Osso said.

The federal Office of National Drug Control policy estimates that growing 1 acre of marijuana damages 10 acres of land. Repairing that land is a costly, time-consuming process, and because the National Park Service does not allocate money specifically for the task, the funds come from each park's operating budget -- leaving less money for things like park programs and improvements.

"We have no budget for this," Dell'Osso said, noting that it is a problem "the powers-that-be need to start discussing."

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The pot seized last week was growing on six sites scattered along Bolinas Ridge between Stinson Beach and the Randall Trail just south of Olema. About half of it was on land managed by the Marin Municipal Water District. Marin County sheriff's deputies discovered it during a routine aerial search. Investigators have not made any arrests.

Lt. Scott Anderson of the Marin County Sheriff's Department said the pot farm's similarities to those found in other national parks suggests it was the work of a Mexican cartel that probably employed undocumented immigrants.

The sites in Marin County are tucked away in remote canyons, sheltered beneath madrone and oak trees and surrounded by thick brush hacked away haphazardly. Trees have been stripped of their limbs to make room for the plants, leaving only a canopy of branches to hide the illicit crop.

Irrigation hoses as long as a mile each drew water from pools dug into the ground and fed by the springs and streams that course through the Tomales Bay watershed. The steep hillsides have been terraced, much like a vineyard, and are dotted with hundreds of deep holes that held as many as four marijuana plants apiece. The land is littered with empty 50-pound bags of fertilizer and gallon jugs of pesticide.

Investigators believe as many as three people tended each plot, and the amount of trash -- empty soda and beer cans, food wrappers, propane canisters and clothing -- suggests they'd been living there for at least several weeks but fled before officials reached the site. Authorities found animal traps, pellet guns and a rabbit hutch, leading them to believe the growers hunted for food.

With the last of the crops cleared away, park officials have begun assessing the damage. Once the trash is removed, the biggest priority will be protecting the land with straw and new ground cover to prevent the winter rains from washing it away. Beyond that, though, it's not yet known exactly what must be done to restore the land and what it will cost.

Sequoia-King's Canyon National Park has spent more than $72,000 during the past two years to clean up 81 cultivation sites that covered 10 acres, said Athena Demetry, a restoration ecologist at the park. Authorities have seized more than 100,000 marijuana plants within Sequoia-King's Canyon since 2004. The latest seizure came Aug. 9, when authorities found 2,152 marijuana plants growing within view of Moro Rock, a popular park destination.

Over the course of six weeks during the winter of 2005 and 2006, park rangers hauled almost 5 tons of trash and debris out of the park, removed 13 miles of irrigation hose, and repaired deep cuts and terraces made to 35 hillsides, Demetry said. Empty bags and bottles revealed the growers used at least 8,031 pounds of fertilizer, 15 pounds of rodenticide and 7.6 gallons of pesticide. An additional 80 grow sites still must be repaired.

"We chose the sites that are easiest to reach and did those first," she said. "The ones that are left to do are more remote, and on steeper terrain."

Demetry said the land will recover quickly as new vegetation grows but the effect on wildlife will be harder to measure. No one knows how much fertilizer and pesticide is polluting the land, or how much of it made its way into the streams that feed the East Fork of Kaweah River.

"It's got a huge impact on the stream ecology," she said. "It has to potential to ripple through the food chain."

Park rangers have for years stumbled upon small stands of marijuana, but the problem has exploded within the past five years and reached a point where they're having difficulty keeping up, Demetry said. Although individual cultivation sites are rarely cover more than an acre, the growers have taken to scattering them over hundreds of acres to evade detection. That, she said, spreads the destruction over a far broader area, with far graver results.

"When we first saw them, we thought they were pretty small," she said. "But then we realized how many there were, and it became staggering. And there's a lot more out there."

IMMIGRATION:

GOP Narrowing Border Strategy (RC)

By Susan Davis

Roll Call, September 6, 2006

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Plagued by a disgruntled base and public demands for action to address illegal immigration, House Republican leaders are planning a push this month to shift the focus away from their inability to reach agreement with the Senate by passing smaller-scale initiatives to strengthen the border.

House Majority Leader John Boehner (R-Ohio) said Tuesday that GOP leaders and committee chairmen of jurisdiction would meet Thursday to discuss the results of two months of field hearings and constituent feedback on the immigration issue, all with an eye to the midterm elections.

Boehner told reporters Tuesday that the meeting was scheduled "to begin to assess what we should or shouldn't do" this fall.

"Over the past couple of months we've heard directly from thousands of Americans that we have an emergency on our borders," Boehner said. "We will respond with more border patrol agents, more enforcement, more fencing and more technology."

While Boehner would not concede that the House will not attempt to address legislation that deals with the millions of illegal immigrants already in the country, GOP aides said Tuesday that at this point there is no plan to take up a comprehensive bill before the election.

House Republicans have spent the better part of the summer working to demonize the Senate-passed version of the immigration overhaul that creates a path to citizenship for illegal immigrants, instead promoting their enforcement-first approach.

"The American people want a good illegal immigration bill, not a watered-down, pro-amnesty bill," Boehner said, noting that he hit 26 districts and more than 50 campaign events in August, and the overwhelming impression was that voters support securing the borders as a first step.

The approach may prove to be an Election Day gamble for many vulnerable Republicans, as President Bush has used his bully pulpit for most of 2006 to call for a comprehensive approach to illegal immigration, but at this point Congress is not likely to adjourn with any major legislative accomplishments on the issue.

"The conversations about the overall bill, the larger bill, are going to continue, but in absence of that there's a lot of things we can do to strengthen our borders and we're going to," Boehner said.

However, rather than risk adjourning without anymore accomplishments on the immigration front, GOP aides said the House may take up single-issue border security legislation in September, which does not address the possibility of creating "amnesty" or a guest-worker program.

Congress is also on track to complete the fiscal 2007 Homeland Security appropriations bill this month, which Boehner said will likely include increased funding for the border initiatives included in that spending measure, which have already passed the House.

In Bellwether District, G.O.P. Runs On Immigration (NYT)

By Carl Hulse

The New York Times, September 6, 2006

AURORA, Colo. — It was not by chance that Republicans brought their summer tour of hearings on illegal immigration to this growing community just outside Denver.

Not only is Aurora bearing the costs of schooling and providing other services for a significant population of illegal immigrants, it is in the heart of a swing district and so is central to the intense battle for control of the House of Representatives.

And while Congress is unlikely to enact major immigration legislation before November, inaction does not make the issue any less potent in campaigning. In fact, many Republicans, on the defensive here and around the country over the war in Iraq, say they are finding that a hard-line immigration stance resonates not just with conservatives, who have been disheartened on other fronts this year, but also with a wide swath of voters in districts where control of the House could be decided.

"Immigration is an issue that is really popping, " said Dan Allen, a Republican strategist. "It is an issue that independents are paying attention to as well. It gets us talking about security and law and order."

Leading Republicans, leery of a compromise on immigration, are encouraging their candidates to keep the focus on border control, as in legislation passed by the House, rather than accept a broader bill that would also clear a path for many

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illegal immigrants to gain legal status. The latter approach, approved by the Senate with overwhelming Democratic support and backed by the White House, makes illegal immigration one of the issues on which Republicans face a tough choice of standing by President Bush or taking their own path.

"The American people want a good illegal-immigration-reform bill," said Representative John A. Boehner of Ohio, the House majority leader, "not a watered-down, pro-amnesty bill."

Here in the Seventh District, the Republican push brought a Senate subcommittee hearing the other day to explore the costs of illegal immigration. The taxpayer-financed, ostensibly nonpartisan meeting took on the air of political theater.

"They are here in this district with this topic attempting to drum up support in a closely contested Congressional race," fumed Lisa Duran, director of an immigrant rights group.

If that was the tactic, it may have worked. The angry confrontation thrust the session into the headlines, reminding residents that the issue remained a leading one in the House race between Rick O'Donnell, the Republican nominee, and Ed Perlmutter, the Democrat, who are running to fill a seat being vacated by Representative Bob Beauprez, a Republican seeking the governorship.

The issue remains on voters' minds "because people are trying to keep it on their minds," said Mr. Perlmutter, who accused Republicans of staging the hearing for political gain.

Mr. Perlmutter, a former state legislator, is trying to navigate tough political terrain by coming down hard for border enforcement while leaving the door open for illegal immigrants to seek citizenship eventually. His opponent, a former state higher education official, says such a position will not sell in Denver suburbs characterized by unease that the nation has inadequately policed its borders.

"I know the voters in my district are adamantly opposed to anything that smacks of amnesty," Mr. O'Donnell said.

Republicans went into this year determined to keep the midterm elections from becoming a referendum on national issues and Mr. Bush, insisting that they would run on local concerns instead. But in this district, as in most others with tightly contested races around the country, the campaign is turning on the overarching national issues.

On immigration, many Republicans, like Mr. O'Donnell, have put distance between themselves and the Bush administration, emphasizing stronger border security and ignoring or rejecting the president's support for the broader legislation.

Similarly, on Iraq, Mr. O'Donnell is trying to find a middle ground that, though basically supportive of Mr. Bush, allows the candidate to be critical of the war's management. Like the president, Mr. O'Donnell says that American troops should not be withdrawn until Iraq is stabilized and that setting a deadline for a pullout could lead to disaster. Yet he is trying to separate himself from the administration's handling of the war, saying that "we may need new leadership at the Pentagon."

Mr. Perlmutter has tried to put his Republican opponent on the defensive over a third issue, embryonic stem cell research. He made it the subject of his first television commercial, pointing to the potential benefits for a daughter of his who has epilepsy. "It is personal to me," he said.

Until recently, Mr. O'Donnell sided with Mr. Bush in opposing expanded federal financing of such research. Now he says the effort should move forward, given a scientific advance, reported last month, that may allow stem cells to be obtained from embryos without destroying them. He rejects Mr. Perlmutter's assertion of a flip-flop on the research, which both men say is popular with voters. "I didn't move," he said, "the research did."

But here as elsewhere, Democrats too are still trying to calibrate their positions on the big issues, a reflection of what the two parties agree is a fluid political situation. Even as they try to tap into the antiwar sentiment in their liberal base, many Democrats in swing districts, like Mr. Perlmutter, are articulating positions on Iraq that they hope will insulate them from the "cut and run" charges being leveled by Republicans. So Mr. Perlmutter paints his opponent as an adherent of what he portrays as Mr. Bush's policy: "stay the course until we run aground."

Yet he does not endorse a quick exit, calling instead for the beginning of a phaseout of the troops, tied to a multinational reconstruction effort, with American forces out completely by the spring of 2008.

"We will have been in Iraq for five years by that time," he said.

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Certainly the topics dominating the campaign landscape have proved challenging. "The war and the issue of immigration are sufficiently complicated that both parties are having a hard time getting a real clear, laserlike fix on the whole thing," said John Straayer, a political science professor at Colorado State University.

Just a few weeks ago politicians and analysts suspected that immigration had lost its political punch in Colorado, after the legislature enacted a tough immigration overhaul including tighter identification rules for those seeking state government services.

But the issue refuses to die. Mr. O'Donnell said it was the subject most frequently raised with him by residents. At the hearing here the other day, presided over by Senator Wayne Allard, a Colorado Republican, more than 200 people showed up even though it had promised to be a fairly dry look at the fiscal effects of illegal immigration.

On the street outside, the emotions surrounding the debate were on vivid display. Advocates on both sides chanted slogans, sought to outshout each other and displayed signs like "No Human Being Is Illegal" and "Stop the Invasion."

Gov. Bill Owens, a Republican elected eight years ago, testified on illegal immigration's costs to the state, saying the influx was not a driving issue when he first took office but had since risen to the top of Colorado's concerns. "The state did take some important steps," Mr. Owens said of the recently enacted immigration measure, "because of weaknesses in federal law. But there is a lot more that needs to be done."

In an interview, Mr. O'Donnell accused his party's leader, Mr. Bush, of being soft on illegal immigration. "I don't know why the administration hasn't enforced the laws," he said, adding that his objective was border security.

Mr. Perlmutter said he shared that goal. But he said the government also had to deal with the millions of illegal residents already in the United States, enabling some to "earn your citizenship if you are learning English, paying taxes, haven't committed a crime and have a job," as the Senate bill provides. He blames Republicans for allowing the problem to fester.

Hoping to throw Mr. O'Donnell off stride, the Perlmutter campaign also resurrected an opinion article he wrote in 2004 suggesting that male high school seniors be required to perform six months of community service, with the option of assisting in border security. Mr. Perlmutter equated that plan to a draft; Mr. O'Donnell said he had simply been endorsing a call for community service that many civic leaders have backed.

As they fine-tune their messages, the two men agree on at least one thing: this evenly split district will be a bellwether in November.

"The issues that end up driving this campaign," Mr. O'Donnell told a Rotary Club luncheon in nearby Commerce City, "are going to set the tone for this country."

Immigration Stalemate (WSJ)

By June Kronholz

The Wall Street Journal, September 6, 2006

Riverside, N.J., passed an ordinance this summer that would bar illegal immigrants from holding a job or renting an apartment there. When Riverside's Latino community held a prayer vigil to protest the measure a few weeks later, counterdemonstrators showed up to chant "go home" and "scram."

One demonstrator waved a Confederate flag, and a few people gave Nazi salutes. "It was shameful," says the Rev. Miguel Rivera, who organized the vigil and adds that he knows who to blame: Congress.

By raising illegal immigration as a political and national-security issue -- and then doing nothing about it -- Congress has given new life to an anti-immigrant movement that had long been relegated to the political fringes, say some policy watchers and think tanks.

"The conduct of members of Congress has given it license and credibility," Rev. Rivera says. With a national election around the corner, and control of Congress at stake, "nobody from Washington wants to respond to these words being hammered against us."

Congress's failure to stem illegal immigration "may well flare up in unpleasant ways," agrees Mark Krikorian, director of the Center for Immigration Studies in Washington, which favors immigration restrictions and enforcement. But he adds that pro-

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immigration groups have responded with questionable behavior of their own, including the "We were here first" signs some Hispanics toted at rallies this spring, and charges of racism leveled at those who call for tougher border enforcement.

The problem was created, he and others say, when the House and Senate passed starkly different immigration bills. The Republican-proposed House bill calls for a fence along the border and makes illegal immigration a felony; it currently is a misdemeanor. The Senate bill, which attracted more support from Democrats than Republicans, would let most illegal immigrants stay in the U.S. after paying fines and back taxes, and largely reflects President Bush's calls for a law that supplies the economy with the workers it needs.

Congressional negotiators never met to iron out their differences, and final passage now seems unlikely before the November elections. Republicans are split between the party's pro-immigrant business wing and its anti-immigrant cultural conservatives. Democrats see political benefit in letting the issue simmer while they tar Republicans as anti-Hispanic for passing the House bill.

The high-profile debate has rallied immigration supporters, with many native-born Americans joining hundreds of thousands of immigrants at rallies calling to overhaul immigrant laws. But those rallies and the debate over the House and Senate bills also have focused public attention on the fast-growing illegal population and fanned fears of terrorists easily crossing U.S. borders.

The deadlock in Congress corresponds with several huge demographic trends. The U.S. is adding one million immigrants a year, a historical high. Half are illegal entrants, who tend to be poor, uneducated and Hispanic.

In the past, most immigrants settled in a half-dozen "gateway" states. But the growth in low-skilled jobs in the South and Midwest is luring them to states that aren't used to large numbers of foreigners.

That has captured the attention of state and local governments, which complain that they are carrying the health-care, education and other social costs of illegal immigration. Local leaders are "frustrated by the lack of federal action, so they're looking for things they can do," says Ann Morse, who tracks immigration for the National Conference of State Legislatures.

State legislators introduced 550 bills aimed at illegal immigration this year, Ms. Morse says, with most restricting access to driver's licenses, unemployment pay, elder care and other benefits.

City and town councils also have gotten into the act by barring day-labor centers and passing ordinances that go after employers and landlords who hire or rent to illegal residents. The Riverside measure is modeled on one that passed the Hazleton, Pa., city council and has been widely copied.

The Hazleton ordinance, which hasn't been implemented, contends that "illegal immigration leads to higher crime rates," and then bars any business caught hiring an illegal worker from obtaining city permits or contracts for at least five years.

Polls show a hardening attitude toward immigrants -- even legal ones. In three Wall Street Journal/NBC and Pew Research Center polls this spring, nearly half those asked said immigration hurts the U.S. by taking jobs, burdening public services or threatening "customs and values."

The rising passion is creating a climate that allows politicians to "rather commonly" say things that only hate groups once uttered, says Mark Potok, who monitors those groups for the Southern Poverty Law Center in Montgomery, Ala. "When politicians and other leaders speak in this way, rank-and-file people feel they've been freed to do the same and worse," he adds.

Republican Sen. George Allen of Virginia has denied he was tapping anti-immigrant sentiments last month with his "Welcome to America" remarks to a rival's campaign worker -- a second-generation Indian-American -- who was videotaping an Allen campaign event. Other lawmakers are less subtle.

Republican Rep. Steve King of Iowa regularly accuses illegal immigrants of committing sex crimes against "eight little girls" a day as part of "a slow-motion terrorist attack."

A recent Democratic Party ad juxtaposed a video clip of Hispanics scaling a border fence with images of Osama bin Laden and North Korean President Kim Jong Il -- equating illegal immigrants with terrorists, according to Hispanic groups. A Republican Party ad warns that Steve Laffey, the Cranston, R.I., mayor challenging Sen. Lincoln Chafee in the Republican Senate primary, "accept[s] Mexican ID cards" and that the cards "can threaten our security" by allowing immigrants in planes and government buildings.

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The debate has energized anti-immigrant or immigration-restrictionist groups. Congress's focus on immigration has "helped create the terrain" for groups like the 18-month-old Minuteman Civil Defense Corps, which patrols the U.S.-Mexico border for illegal crossers and has raised money for a border fence, says Devin Burghart of the Center for New Community, a Chicago policy group that monitors a dozen groups aiming to restrict immigration.

But it also has prompted the governors of New Mexico and Arizona to declare states of emergency because of illegal immigration -- a move that Mr. Krikorian of the Center for Immigration Studies calls "political theater" aimed at showing a response to a public frustration.

Arizona Voters Driven By Border (WT)

By Stephen Dinan

The Washington Times, September 6, 2006

PHOENIX -- There's not much doubt about what issue is moving Arizona voters this year.

Campaign signs near Flagstaff in the north proclaim "secure the border," while in the south both Democrats and Republicans tout their involvement with the Minuteman volunteers who patrol the U.S.-Mexico border, and campaign polls show immigration dwarfs other concerns on voters' minds.

In the 8th Congressional District, where a spirited primary to fill the seat of retiring Republican Rep. Jim Kolbe comes to a head Tuesday, immigration is the top issue for 60 percent of voters, according to surveys done by one of the Republican candidates, Mike Hellon.

The next closest issue is education at 9 percent.

"Not since 1974, the Watergate years, has one issue dominated an election," Mr. Hellon said at a candidate forum in Tucson last month.

With the U.S. Senate seat and two of the state's eight congressional seats being seriously contested, and with all three currently held by Republicans, Arizona is a battleground in the fight for control of Congress, and immigration is the leading fight.

Candidates on both sides say that if Democrats are able to compete in a Republican-leaning state like Arizona it bodes well for their national chances.

"If Republicans can't retain seats in states like Arizona, control of the U.S. Senate would be in jeopardy," said Sen. Jon Kyl, the Republican incumbent up for re-election. "But I think as John Kerry found out, this is not a state that is going to go Democratic."

Mr. Kyl is being challenged by Jim Pederson, a wealthy shopping-center developer and first-time political candidate who has promised to give Arizona voters a choice for Senate -- something that's been rare over the past three decades.

Meanwhile, heated races are being fought in the 5th Congressional District, which covers the tony towns east of Phoenix, and in the 8th Congressional District, which runs from Tucson south to Mexico and east to New Mexico.

Democrats' eyes have traditionally been larger than their stomachs in Arizona.

A major push in 2002 to win both of the state's new House seats fell short, with Democrats earning a 1-1 split. Two years later, Mr. Kerry, the Democratic presidential nominee, spent time during the summer campaigning in the state, but abandoned his efforts and ended up losing it by nine percentage points, even more than Al Gore lost by in 2000.

Mr. Kyl won re-election in 2000 with nearly 80 percent of the vote, and the state's senior senator, John McCain, a Republican, won re-election in 2004 with 77 percent.

Mr. Pederson acknowledged there hasn't been a competitive Senate race since the 1970s, but he says that history is misleading, and points to the election of Gov. Janet Napolitano, a Democrat, four years ago as a foothold. He vows to give voters another choice this year.

"We have two congressional seats I think we can win, and I think we have a Senate race we can win. So if we do that, the congressional delegation is going to be split straight down the middle, same amount of Republicans as Democrats. And that's going to be huge," said Mr. Pederson, who was Democrats' state party chairman in 2002, when Miss Napolitano won.

Mr. Kyl, though, said Miss Napolitano's race was not a realignment, and points to Republicans' five percentage-point advantage over Democrats in party registration.

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"Even though it's a state of tremendous growth, a state in flux, with some things being re-identified, it's been remarkably stable from a political point of view," he said, questioning why Democrats see a chance for a pickup.

"They're looking for places of opportunity, naturally, and I think they misread the situation."

Recent public polls show Mr. Kyl leading by anywhere from 10 to 17 percentage points, though both candidates say that race has yet to engage fully. For now, the two men exchange barbs in television ads and practice politics on the small scale, speaking at Rotary Clubs and, in the case of Mr. Pederson, one-on-one and small-group meetings with business owners.

They differ on the war in Iraq, with Mr. Pederson calling for a plan to withdraw, though he avoids using the word "timetable." And with Mr. Kyl holding one of the most conservative voting records in the Senate, the two men differ on social issues from stem-cell research to the implementation of the Medicare prescription-drug program.

Mr. Kyl says voters will make their decision based on his record, and he touts work he did on a key water project as an example of the expertise he brings.

Mr. Pederson, meanwhile, is still introducing himself to voters in a largely self-financed campaign. He criticizes Mr. Kyl and links him to President Bush on issues such as stem-cell research and the Medicare prescription-drug bill's prohibition against negotiating for lower prices.

He is also proposing a 25 percent cut in the payroll tax, and promises to be the "best tax-cutter of any senator in that body."

Still, both men say immigration vies with the war in Iraq as the top concern they hear in conversations with voters.

Mr. Kyl has been a top leader on the issue for several years, sponsoring a bill with Sen. John Cornyn, Texas Republican, that stakes out a middle ground, boosting border security and creating a temporary-worker program, but requiring illegal aliens to go home instead of creating a new path to citizenship.

He voted against the Senate bill this year that increased legal immigration through a new worker program and also divided illegal aliens into groups, offering a direct path to citizenship to illegal aliens here more than five years and a more complicated path to citizenship to those here between two and five years.

Mr. Kyl says he is open to offering a chance for citizenship to some longtime illegal aliens, but he disagreed with the Senate bill's criteria.

"Base it on real roots, not just time," he said, pointing to possibilities such as marriage to an American citizen, people that have children, own property or have a business. "I wouldn't say more stringent but more comprehensive and more substantive. It's not simply an artificial time limit."

Mr. Pederson, meanwhile, says he supports the Senate bill and the two-year/five-year split in path to citizenship.

He acknowledged that voters' first demand is always to secure the border, but said that when voters are asked what to do about illegal aliens now here, "I'm saying two-thirds would favor some kind of legal status, or a path to legal status."

The first test for immigration comes next week in the 8th Congressional District, where it is essentially the only issue among the five Republicans running for the nomination and is a top issue for the six Democrats seeking their party's nod.

The district stretches across ground zero for illegal immigration, with some estimates saying half of all illegal border crossings occur here.

The Republican primary offers the full array of choices on immigration:

•Steve Huffman, a moderate state lawmaker who was endorsed by the retiring Republican incumbent, Mr. Kolbe, supports a path to citizenship for illegal aliens. Mirroring the calls of some in Congress, he says the key is to find a bill to pass, not to hold fast on enforcing the border first.

"We've got a bunch of folks back in Washington who feel content taking positions but not getting anything done," Mr. Huffman said.

•Mr. Hellon finds himself in the middle. He has a detailed border security plan and endorses a new temporary-worker program, though he opposes a path to citizenship for current illegal aliens, calling that amnesty.

"We need less new legislation, and we need a federal government willing to enforce the laws," he said.

•Randy Graf, who challenged Mr. Kolbe on the immigration issue two years ago, is the enforcement-first candidate, arguing that nothing can be done until the flow of illegals is stopped. Mr. Graf proudly touts his involvement with the Minutemen who

patrol the border, and has campaigned with both Rep. Tom Tancredo, Colorado Republican, and Chris Simcox, the head of the Minuteman Civil Defense Corps.

Mr. Graf said his strong enforcement message can win not only the primary but also the general election in this swing district.

"This election cycle, this issue has come to national prominence, finally, and because of it, I think the voters have an opportunity to send a message to Washington, 'We've had enough,'" Mr. Graf said.

The race took a stark turn last week when the National Republican Congressional Committee (NRCC) committed to spending $122,000 on television ads for Mr. Huffman in the run-up to the primary. Some national Republicans have made it clear they feel Mr. Huffman is the only candidate who can win the seat in the general election in November, based on his immigration views and his moderate record.

That outraged the other four candidates in the race, who released a joint statement yesterday saying the support broke private promises made by NRCC officials to remain neutral in the spirited primary.

On the Democratic side, one candidate, Bill Johnson, proudly proclaims himself a "single-issue candidate" -- and that issue is border security. But the two leading candidates -- former state lawmaker Gabrielle Giffords and former local news anchor Patty Weiss -- place it lower on their list of issues. Miss Giffords cites education, while Mrs. Weiss places health care and public financing of congressional campaigns at the top.

Democrats also hope to capture the 5th Congressional District from Republicans and incumbent Rep. J.D. Hayworth, who has made his name nationally as an advocate for border enforcement. He even voted against last year's House enforcement-only bill because he feared it could lead to a guest-worker program in the future.

Challenger Harry Mitchell is running straight at Mr. Hayworth on charges that the 12-year incumbent is wrapped up in the scandal concerning Republican lobbyist Jack Abramoff. Though Mr. Hayworth has donated $2,250 to charity to cover direct contributions from Abramoff, Mr. Mitchell has demanded Mr. Hayworth also give up another $150,000 that represents donations from clients of Abramoff.

The Immigration Dodge (LAT)

The Los Angeles Times, September 6, 2006

SOME ISSUES ARE TOO IMPORTANT to address on the eve of an election. That is essentially the message Congress is sending to voters by refusing to take up immigration reform before heading home next month for a campaign-season recess. Republican leaders appear reluctant to reconcile conflicting House and Senate immigration bills passed within the last year.

Such inaction amounts to gross negligence. Prodded in part by huge demonstrations in Los Angeles and elsewhere, the nation was transfixed earlier this year by the issue of illegal immigration. The U.S. economy's reliance on millions of undocumented foreign workers is a stain on this nation's respect for democracy and the rule of law. The effort to create a legal avenue for immigrant workers to fill essential jobs is an urgent task that should have been undertaken years ago.

That's what President Bush has been saying since his first year in office, and it's an indictment of his leadership that his party's own congressional leaders, after holding their idiotic "how evil are these illegals" hearings this summer, once again feel free to disregard the White House's pleas. More interesting, however, is what the House-Senate split says about a looming schism within the Republican Party.

The Senate, after all, passed a somewhat sensible bill that would toughen border policing and workplace verification of legal residency, while expanding guest-worker programs to match willing immigrant workers with jobs that would otherwise go unfilled. The Senate's proposal also would make it possible for many of those already here illegally to obtain legal residency. Although far from ideal, this bill, favored by corporate Republican interests who view the debate mainly as a workforce issue, was rooted in reality and had its priorities straight. The House bill, supposedly championing security, did not address the underlying economic issues, merely opting to treat illegal immigration as a law enforcement matter.

The immigration issue also creates some tension for Democrats, particularly among interests for labor, Latinos and African Americans. But congressional inaction is a result of the split within the Republican Party between big business and cultural

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conservatives. That is one reason the issue will likely be tabled until after the election. Another is that party leaders want to spend every spare moment from now until November taking on Democrats, not fellow Republicans.

Such is the state and tenor of the debate that this postponement may actually be good news. Given the extent to which conservative House Republicans eager to demagogue the issue had taken control of the immigration debate, it's probably best that House and Senate members won't be trying to reach a compromise before the election. Worthwhile reform stands a better chance during Congress' lame-duck session after the election, when members (presumably) are concerned less with narrow political interests than with the national interest.

TAX:

Estates Of Virginia (WSJ)

The Wall Street Journal, September 6, 2006

Soon it will be safe to be caught dead in Virginia. Last week Democratic Governor Tim Kaine and the Republican-controlled legislature struck a deal to abolish the state's estate tax, effective July 1 next year.

The tax only brings in about $140 million a year to Richmond from several hundred estates, but the levy has made it harder for Virginia to compete for small businesses and retirees with Florida and the 24 other states that no longer have a death tax. So when Governor Kaine proposed killing the tax earlier this year, the legislature overwhelmingly approved.

Only a few years ago nearly every state taxed estates at death, in part because a federal tax credit allowed states to keep part of the revenue that would otherwise go to Uncle Sam. Last year the federal tax credit was abolished and in two dozen states the death tax died along with it. But not at first in Virginia, which had decided way back in 1978 that it would go on collecting its death tax even without the benefit of a federal tax credit. Not any more.

Legislators may also be looking to improve their image with voters, who recall the $1.5 billion tax increase that Republicans and Democrats alike imposed on them two years ago. That tax hike passed just as the state's revenue coffers started to fill thanks to the economic recovery and the Bush tax cuts. We'd say the politicians still have ground to make up, but repealing the estate tax is at least a start.

CONGRESS-ADMINISTRATION:

Conservatives Urge One More Push For Judges (RC)

By Erin P. Billings

Roll Call, September 6, 2006

Despite renewed political pressure to advance five controversial appellate court judges, Senate GOP leaders remain skeptical that they can take up and win a major battle over judicial nominations with just four weeks left on the Congressional calendar before Election Day.

The Senate is set to adjourn on Sept. 29, and already the GOP leadership has packed the month's agenda with a series of national security and appropriations measures. But that timeline has not stopped conservative judicial groups and the White House from mounting an aggressive lobbying campaign for Senate votes on the stalled nominations.

"There's pressure all around," one Senate GOP aide acknowledged this week. "But we're crunching down and there's little space and a lot of things need to get done."

Judicial nominations have been a mostly quiet topic recently, but they came back into focus last week after the White House renominated five judicial hopefuls. The now-revived nominations automatically had expired and were sent back to the White House because Senators were out of session for more than 30 days.

The administration resubmitted for consideration Terrence Boyle and William Haynes to the 4th Circuit Court of Appeals, William Myers and Norman Randy Smith to the 9th Circuit Court and Michael Wallace to the 5th Circuit Court.

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Senate Judiciary Chairman Arlen Specter (R-Pa.) already has placed four of the five nominees on his committee's executive calendar for Thursday, but votes likely are to be postponed until next week. The fifth nominee, Wallace, is awaiting an initial hearing by the panel.

Several Senate Republican sources said the leadership still holds out a glimmer of hope that one or more of the pending nominations can advance. But they also recognize there isn't much time to get the nominees out of committee and to the floor, where they would face a potentially protracted debate. The earliest the nominations could go to the floor likely would be the third week of September, leaving, at most, two weeks to secure a spot on the floor agenda.

Democrats have vowed to filibuster at least one of the nominees — Boyle — and left the possibility open that they would try to block the others. And as of Tuesday, there was little indication that the minority party was changing its posture.

"These nominees may sit at the far right of the Republican Party, but they have no place on the federal bench," said Sen. Edward Kennedy (D-Mass.). "By renominating them, the Bush administration and the Republican leadership in Congress are showing that they are more interested in kowtowing to the far right in an election year than in confirming mainstream judges to federal courts."

A Senate GOP aide said it is expected the leadership will try to get the nominees through by the month's end. But, the aide quickly added that the challenges are substantial: Not only do the Democrats oppose the nominees, but some Republican Senators have concerns as well.

And the GOP doesn't want to detract from its four-week push on national and fiscal security, nor from its plan to stand together as a united party on those legislative priorities, this aide said.

"The problem with some of these judges is that there are Republicans who would block them," the source said. "They may not have the support [to get through]. But also, they would show a party divided."

However, those realities aren't stopping the fierce pressure from the White House and from other outside interests that want the Senate GOP to act in the coming weeks.

Several conservative judicial groups, in particular, are turning up the heat on Republicans, issuing clear reminders that what like-minded voters do on Nov. 7 hangs in the balance.

"As the GOP gains in the Senate in 2002 and 2004 made clear, conservatives consider judicial nominations a priority," said J. William Lauderback, executive director of the American Conservative Union. "Alas, a failure of leadership among our elected Republicans — a pusillanimous approach to principle — has postponed this priority, unfairly impeding both judges and justice. If not rectified soon, these mistakes will surely jeopardize the Republican majority in the November midterms."

Sean Rushton, executive director of the conservative Committee for Justice, said Tuesday that his group will be waging a "forceful" campaign in the coming weeks to make clear to Republican leaders what's at stake if the nominations fail to move forward. "We are in a variety of ways, publicly and privately, making it clear that we think it's imperative to have votes on some of these nominations," he said.

Republicans recognize the political dynamics in play, but also the realities, several GOP sources said, adding that leaders are more likely to turn to the post-election, lame-duck session to take up the outstanding nominations. One Senate aide said that after Nov. 7, "there will be more breathing room."

"We are very well aware of the need, and in fact [we] want to confirm them," said this staffer. "It's just a matter of logistics at this point."

Senate Majority Leader Bill Frist (R-Tenn.) has made judicial confirmations a priority of his tenure, chalking up some successes in clearing several controversial nominations this Congress, including the confirmation of two Supreme Court justices. Sources say Frist would like to press ahead with the appellate nominees this month, but add that he recognizes that each could lead to a lengthy and bitter floor fight.

Specter, speaking on "Fox News Sunday," acknowledged the difficult fight ahead and said, "It is tough." But he also said that as chairman of the Judiciary panel, he would do his part to advance the nominations.

"We're going to handle them in regular order," Specter said, later adding, "We're going to move — we're going to move right ahead."

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Bush, Big Three To Meet After The November Election (FWST)

By Kathy Barks Hoffman

The Fort Worth Star-Telegram, September 6, 2006

LANSING, Mich. - President Bush and leaders of the Big Three automakers plan to meet after the November election to discuss the state of the U.S. auto industry, the White House said Tuesday.

The decision to push back the meeting until after the elections followed criticism from Democrats and Dick DeVos, the Republican gubernatorial candidate in Michigan, that the White House was ignoring the needs of the struggling industry.

"We've all agreed that it would be best to meet after the election," White House spokesman Alex Conant said. He said Bush was "committed to strengthening the competitiveness of American manufacturing. Our competitiveness and health care initiatives will create jobs in Detroit."

Bush on Friday plans to attend a fundraising luncheon for GOP U.S. Senate candidate Mike Bouchard at the Clarkston home of developer David Johnson, the chairman of Victor International Corp.

Earlier Tuesday, Gov. Jennifer Granholm and U.S. Sen. Debbie Stabenow - both Democrats - urged Bush to pencil in a meeting with the leaders of the domestic auto industry when he flies into the state for the fundraiser.

"Now that your schedule allows for a trip to the Detroit area this Friday, I invite you to meet with our auto industry leadership," Granholm wrote. "I would be pleased to help make any expedited arrangements to make this meeting possible, at a site that would minimize disruption to your travel schedule."

It was the second letter the governor had sent pushing for the meeting, which she said is needed to discuss pension and health care legacy costs, intellectual property thefts and renewable fuels. She sent an earlier letter in July.

Granholm was pleased by the plans for the meeting but "we hope it's not a pre-election pacifier and that the White House is truly interested in helping the auto industry and the people in Michigan who depend on it," said Granholm spokeswoman Liz Boyd.

DeVos' campaign said the meeting still should take place before the election. "We would hope that they could do this sooner," DeVos spokesman John Truscott said.

Plenty of people on both sides of the political aisle have pressed for a meeting between Bush and the heads of General Motors Corp., Ford Motor Co. and DaimlerChrysler AG.

Bouchard said earlier that he would encourage the president to meet with the auto executives. DeVos, a longtime contributor to Bush, held a news conference two weeks ago to demand a meeting, noting that "we're being ignored here in Michigan by the White House, and it has got to stop."

White House officials had said that Bush wanted to meet with the Big Three leaders, and that Bush considers the auto industry to be a key part of the economy.

The auto executives were tentatively scheduled to meet with Bush in May, but the event was postponed when Bush discussed border security in Arizona. Automakers met with congressional leaders that day, discussing energy issues and pension reforms. Attempts to reschedule the White House meeting have been unsuccessful.

The meeting has taken on political overtones, with Democrats such as Granholm and Stabenow accusing Bush of turning his back on a major manufacturing sector and the people it employs.

In her own letter sent Tuesday to the White House, Stabenow wrote, "I am sad to say that this is not the first time I have had to call on you to make time for the Big Three. My hope is that this trip to Michigan may finally spur you to some action on the matter. ... Sitting down with the Big Three would be a welcome first step."

Truscott said people affiliated with the DeVos campaign have met and corresponded with White House officials about the Big Three meeting. But he released no further details.

Bush To Meet Big 3 Automakers After Elections To Avoid Politics (WT)

By Stephen Dinan

The Washington Times, September 6, 2006

DOJ_NMG_0058475

President Bush has agreed to meet with executives of Detroit's Big Three automakers after November's elections, the White House announced yesterday.

"The White House has been in touch with all three, and we all agree it's best to try to meet after the election because even the idea of a meeting has gotten way too mired down in politics," said Dana Perino, the White House deputy press secretary.

The on-again-off-again meeting has become a huge issue in Michigan in the run-up to the elections, and Mr. Bush has been the subject of strong scolding from Republicans in the state for not having held a meeting with executives of Ford, General Motors and DaimlerChrysler.

Dick DeVos, the Republican candidate for Michigan governor, said he saw a "continued refusal" on the part of the Bush administration to get a meeting done.

"The president needs to meet with the Big Three, and it must happen soon," he told reporters last month.

Mr. Bush is scheduled to travel to Michigan on Friday to raise money at a closed-door reception for Mike Bouchard, the Republican candidate for Senate, and the issue of a Big Three meeting threatened to dominate his visit.

Before the White House announcement yesterday, Sen. Debbie Stabenow and Gov. Jennifer M. Granholm, both Democrats, sent letters to Mr. Bush calling on him to use Friday's visit to meet with the companies' officials. Both women are running for re-election and facing stiff challenges from Republicans in a state where the economy is faltering, the unemployment rate is 7 percent, and companies are shedding jobs.

"I am sad to say that this is not the first time I have had to call on you to make time for the Big Three. My hope is that this trip to Michigan may finally spur you to some action on the matter," Mrs. Stabenow wrote, while Mrs. Granholm offered to help arrange the meeting.

The automakers want to discuss U.S. trade policy and domestic issues such as costs of energy and pensions and health care plans.

Mrs. Perino said the White House had tried twice before to schedule a meeting, but the automakers had to cancel once, and the president had to cancel once because of travel.

Mr. Bush already has met with all three companies' top executives individually.

Bush Chooses Transportation Nominee (NYT)

By Matthew L. Wald

The New York Times, September 6, 2006

WASHINGTON, Sept. 5 — President Bush said Tuesday that he would nominate Mary Peters, a strong advocate of bringing private companies into the construction and operation of highways, to be the next transportation secretary.

Ms. Peters, a former head of the Arizona Transportation Department, served in Mr. Bush's first term as head of the Federal Highway Administration, then worked as an executive at a transportation engineering firm, HDR. If confirmed, which is likely, she would succeed Norman Y. Mineta, who announced in June that he would be resigning after five and a half years on the job.

Appearing with Mr. Bush at the White House, Ms. Peters said the nation's transportation infrastructure was getting old.

"We are experiencing increasing congestion on our nation's highways, railways, airports and seaports," she said. "And we're robbing our nation of productivity and our citizens of quality time with their families."

Ms. Peters is a member of an advisory board created by the Reason Foundation, a conservative research and policy group. Robert Poole, the foundation's director of transportation, said Ms. Peters had been "outspoken" in advocating public-private partnerships for new roads, and getting away from the traditional model of using gasoline taxes. Revenue from those taxes has not kept up with the inflation in building costs, Mr. Poole said.

As federal highway administrator, Ms. Peters helped push through a highway authorization bill that allows public highways to be turned over to private companies for maintenance and toll collection. She has also advocated time-of-day pricing at tollbooths and construction of roads by private firms.

After the announcement, various people and transportation groups offered statements of praise, although several experts said they could not recall Ms. Peters's having taken a major public position on any transportation field outside highways.

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Jim May, president of the Air Transport Association, the trade group of the big airlines, said that Ms. Peters's position on highways represented an endorsement of user fees, and that he favored a user-fee structure for financing the air traffic control system, rather than the ticket tax now in place.

For The President, An Arrival . . . (WP)

By Del Quentin Wilber

The Washington Post, September 6, 2006

President Bush nominated a former federal highway administrator and longtime transportation policy official yesterday to be the next secretary of transportation.

Bush, who announced the choice of Mary Peters in a ceremony at the White House, lauded his nominee's efforts to ease congestion as head of the Federal Highway Administration from 2001 through 2005.

"Mary Peters is the right person for the job," the president said. "Mary led efforts to improve safety and security, reduce traffic congestion, and modernize America's roads and bridges. . . . Mary has a reputation for character and common sense. She's an innovative thinker."

Peters, who is the national director for transportation policy and consulting at HDR Inc., an architectural, engineering and consulting firm based in Omaha, said the country's transportation systems are "showing signs of aging."

"We are experiencing increasing congestion on our nation's highways, railways, airports and seaports," Peters said at the White House ceremony. "And we're robbing our nation of productivity and our citizens of quality time with their families."

If confirmed by the Senate, Peters will oversee a 60,000-person department that regulates and helps maintain the nation's transportation systems, many of which are facing serious challenges.

The nation's air traffic system is nearing capacity, and roadway congestion continues to be a top concern in many parts of the country.

In a recent interview with the Associated Press, Peters said the federal highway program could run out of money by the end of the decade. "You just can't depend on the federal government to bring the money in that was around when the interstate system was first built," she said.

As the nation's top highway official, Peters kept a fairly low profile but worked hard to better focus her agency on tracking spending and grants, former transportation officials said.

"The highway administration had been focused on just writing checks, so to speak," said Kenneth M. Mead, a former inspector general of the Transportation Department. "She emphasized oversight and stewardship of the money, which was a sea change. She made sure the money went where it was intended and accomplished what it was intended to do."

Rep. James L. Oberstar (Minn.), the ranking Democrat on the House Transportation and Infrastructure Committee, also praised Peters's tenure as head of the highway administration, saying she was "competent and very knowledgeable."

"She was a good manager," Oberstar said.

Peters, 57, is married and has three grown children. She was considering a run for Arizona's governorship last year but bowed out after questions were raised about her eligibility because she had lived in Virginia during Bush's first term. Before taking the federal highway post, she had served three years as Arizona's top transportation official.

Bush nominated Peters to replace Norman Y. Mineta, the lone Democrat in his Cabinet. Mineta was credited with helping create the Transportation Security Administration in the aftermath of the Sept. 11, 2001, attacks.

Administration officials said Peters worked closely with Mineta to craft a $268 billion highway bill that won passage last year. Although the legislation has been criticized for including thousands of pet projects for lawmakers, the Bush administration has said it will prove crucial in fixing the nation's highways and alleviating congestion.

Maria Cino, the department's No. 2 official, has been serving as acting secretary since Mineta stepped down in July.

Cino and Marion C. Blakey, the administrator of the Federal Aviation Administration, were among the leading contenders to replace Mineta.

Rodney E. Slater, who was transportation secretary under President Bill Clinton, said Peters is a solid choice because she had served as a state highway official, giving her valuable experience in addressing local traffic woes. "That is something that will

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bode well for her," Slater said. "She is going to have good relations with other [transportation officials] outside of Washington. That is always a plus."

He noted that Peters will have to educate herself quickly on the challenges facing the aviation industry because most of her experience is in highways.

That did not give pause to James C. May, president of the Air Transport Association, a trade group that represents U.S. airlines. "We're very high on this choice," he said.

"She is a fine administrator and, I think, will bring the kinds of mental and policy skills to the job that few others who were in the running have," May added.

Bush Taps Mineta Replacement (WT)

By Stephen Dinan

The Washington Times, September 6, 2006

President Bush yesterday nominated Mary E. Peters, the former head of the Federal Highway Administration, to become his new transportation secretary, and she promised to work to update the aging transportation system.

The job has taken on a new high profile in the post-September 11 world, with a focus on security at airports, seaports and other parts of the transportation infrastructure.

"Mary Peters is the right person for this job," Mr. Bush said. "She brings a lifetime of experience on transportation issues, from both the private and public sectors."

If she is confirmed by the Senate, Mrs. Peters would succeed Norman Y. Mineta, who joined Mr. Bush at the beginning of his first administration.

Mr. Mineta was the only Democrat serving in the Cabinet. After the terrorist attacks five years ago, his profile grew as the entire aviation system was shut down for several days and Congress tussled over ways to improve security at airports and seaports.

Mrs. Peters, who would be the second woman to head the department, joked that by following Mr. Mineta into the job, she felt "a little bit like Ginger Rogers must have felt with Fred Astaire."

She served for 15 years in Arizona's transportation department, including three years as its director, before coming to Washington to serve in the Federal Highway Administration. At the FHWA, she was an advocate for finding new ways to build infrastructure, and a particular booster of public-private partnerships. She left in 2005 to become a consultant.

Yesterday, she said that if confirmed to the job, she will tackle the task of updating the transportation system.

"We are experiencing increasing congestion on our nation's highways, railways, airports and seaports. And we're robbing our nation of productivity and our citizens of quality time with their families," she said. "In some cases, this is the result of systems and structures that are more suited to a bygone era than to the 21st century."

Arizona lawmakers said Mr. Bush made a smart pick.

"I have known Mary for many years, and I believe that she will bring a level of expertise to the job that is unmatched," said Rep. John Shadegg, Arizona Republican.

Bush Taps Peters For Transportation (AP-Y)

By Deb Riechmann

AP, September 6, 2006

President Bush on Tuesday picked Mary Peters to be the nation's new transportation secretary, a Cabinet position that took on more prominence after the Sept. 11 terrorist attacks.

If confirmed by the Senate, Peters, a former federal highway administrator who had explored a run for governor of Arizona, will succeed Norman Mineta, who stepped down in July.

"The secretary of transportation plays an important role in our nation's coordinated efforts to guard against terrorist threats to our aircraft, our seaports and our infrastructure," Bush said. "It is a job that requires vision and strong leadership. Mary Peters is the right person for this job."

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Peters spent three years directing the Arizona Department of Transportation, where she worked her way through the ranks during a more than 15-year career there. Since November, she has been national director for transportation policy and consulting in the Phoenix office of HDR Inc., an architectural, engineering and consulting firm based in Omaha, Neb. She was chief of the Federal Highway Administration from 2001 to 2005.

There had been speculation for years that Mineta, the only Democrat in Bush's Cabinet, was on the verge of quitting, sometimes because of his health and sometimes because of rumors about a Cabinet shake-up. Instead, Mineta became the longest-serving transportation secretary since the department was formed in 1967.

After the Sept. 11 hijackings, Mineta oversaw the hasty creation of the much-maligned Transportation Security Administration, which took over responsibility for aviation security from the airlines.

Noting Mineta's long tenure in the post, Peters said that if she's confirmed, she would feel a bit like Ginger Rogers dancing with Fred Astaire. "I think I'm going to be dancing backward in high heels a little bit," she said.

Standing alongside the president in the Roosevelt Room, Peters said the nation's transportation system is showing signs of aging.

"We are experiencing increasing congestion on our nation's highways, railways, airports, and seaports, and we're robbing our nation of productivity and our citizens of quality time with their families," she said. "In some cases, this is the result of systems and structures that are more suited to a bygone era than to the 21st century."

The Bush administration has proposed a strategy for easing highway congestion that includes privatizing roads, putting tolls on busy roads and designating corridors for development to speed movement of truck and rail freight. The strategy calls for selecting up to five "interstate corridors of the future" for long-term investment.

The national strategy, outlined by Mineta in May, is long on expediting, promoting and encouraging, but short on new funding. It calls for transportation officials to seek urban partnership agreements for a few communities that demonstrate new strategies for combatting gridlock. The Bush administration also wants states to pass laws to let private companies invest in transportation systems.

Peters is an advocate of user fees, or tolls, for building new highways. In a recent interview, she said that the federal highway program will run out of money by decade's end without substantial changes and, rather than raise taxes, some states are turning to toll roads already to fill gaps.

"You just can't depend on the federal government to bring the money in that was around when the interstate system was first built," Peters said.

Peters is a fourth-generation Arizonan. She holds a bachelor's degree from the University of Phoenix and attended Harvard University's John F. Kennedy School of Government Program for State and Local Government Executives. She and her husband, Terry, have three grown children.

Peters had been exploring a candidacy for governor of Arizona. Last November, she dropped her gubernatorial bid to challenge Democratic incumbent Janet Napolitano after a fellow Republican, already in the race, raised questions about Peters' eligibility.

The Arizona Constitution requires that candidates to have been Arizona "citizens" five years before the election, but Peters lived in Virginia and registered to vote in that state while serving during Bush's first term.

Peters said that she believed she was eligible to run for governor and always intended to return to Arizona after her federal service, but that she was stepping aside because the issue would have been too much of a distraction in the race.

Peters' current employer, HDR, was among nine companies named in a lawsuit filed last week by the husband and daughter of a woman crushed to death in Boston when four three-ton concrete ceiling panels fell in the Interstate 90 connector tunnel of the so-called Big Dig project.

HDR spokeswoman Jackie Fox said Peters did not work on the Big Dig project.

Highways Official Named Transport Secretary (FT)

By Andrew Ward In Atlanta And Doug Cameron In New York

Financial Times, September 6, 2006

DOJ_NMG_0058479

The White House on Tuesday turned to another highways expert to replace Norman Mineta as transportation secretary with the nomination of Mary Peters to fill the post vacated in July.

President George W. Bush picked Ms Peters, a former federal highways administrator who supports private investment in roads, said her priority would be modernisation of the country's ageing transportation infrastructure.

Ms Peters, an Arizona Republican who headed the Federal Highways Administration from 2001 until last year, emerged from a pack of contenders including acting secretary Maria Cino, Elaine Chao, the labour secretary, and Marion Blakey, the current head of the Federal Aviation Administration.

The aviation sector is likely to form the intitial focus of Ms Peters' priorities, and the president called for a speedy confirmation process as Congress returned from its summer recess. European Union officials are expected in Washington next week to review the administration's progress in long-running efforts to liberalise the transatlantic aviation market, efforts which could be stalled by opposition in Congress and from US unions.

Ms Peters will also have to moderate the fierce debate over the future funding of aviation infrastructure, which has pitted commercial airlines against general and corporate users, as well as the long-running dispute over pay between the FAA and air traffic controllers.

The transportion secretary also oversees energy pipelines, with the safety and security of the network under scrutiny following problems in the system run by BP in Alaska.

Mr Minetta, a former highways' chief in Arkansas, served a six-year term as transportation secretary and worked with Ms Peters on a new road funding bill.

"We are experiencing increasing congestion on our nation's highways, railways, airports and seaports and we're robbing our nation of productivity," she said, standing beside Mr Bush at the White House.

"In some cases, this is the result of systems and structures that are more suited to a bygone era than to the 21st century."

US business leaders have become increasingly vocal over recent months about the threat posed to US competitiveness by transportation bottlenecks.

Satish Jindel, president of SJ Consulting, a transportation consultancy, said the US needed to increase investment in transportation to a level not seen since construction of the Interstate Highway system in the 1950s.

He said US ports, roads and railways were ill-equipped to cope with the changing trade patterns caused by globalisation. "Goods are arriving at the periphery of our transportation system, through sea ports, and being moved inland," he said. "The system was not designed to handle so many imports."

As head of the FHA, Ms Peters was a keen advocate of public-private roadbuilding partnerships, including toll roads. A growing number of US states and cities are turning to toll roads as a way to tackle worsening congestion.

"You just can't depend on the federal government to bring the money in that was around when the Interstate system was first built," said Ms Peters, in a recent interview with the Associated Press.

Before taking control of the federal highways, Ms Peters was head of the Arizona Department of Transportation. She was considered a potential Republican candidate for Governor of Arizona until she withdrew from the running last year.

One Up, One Out: More Bush Lineup Changes (LAT)

By Ricardo Alonso-Zaldivar

The Los Angeles Times, September 6, 2006

WASHINGTON — President Bush named a new Transportation secretary Tuesday, while one of his top healthcare experts announced he was resigning — all part of ongoing personnel shifts as the administration prepares for its last two years.

Bush nominated former Federal Highway Administrator Mary E. Peters to the transportation post, replacing Norman Y. Mineta, the veteran San Jose congressman who had been the only Democrat in the Cabinet.

Meanwhile, after having largely succeeded in steering the complex new prescription benefit for seniors through its rocky rollout this year, Medicare Administrator Mark B. McClellan announced he was taking a respite from government and would be joining a public policy center.

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Peters, 57, went to work at the Arizona Department of Transportation as a secretary in 1985 and worked her way up to become its director in 1998. Although her professional background is in highway planning and construction, her first major challenge will be to win congressional reauthorization of the government's commercial aviation policy next year.

Accepting her nomination at the White House on Tuesday, Peters said her top priority would be to reduce congestion in all types of transportation.

"Today, our vital transportation infrastructure is showing signs of aging," she said. "We are experiencing increasing congestion on our nation's highways, railways, airports and seaports, and we're robbing our nation of productivity and our citizens of quality time with their families."

As federal highway chief, a position she held from 2001 until 2005, Peters sought to promote the use of special toll lanes to ease congestion and worked to allow private entrepreneurs into road planning and construction — a field traditionally dominated by state and local governments. She left the government to join HDR Inc., an engineering firm, as a vice president and policy advisor.

"She is very market-oriented and future-oriented," said Robert Poole, director of transportation studies for the libertarian Reason Institute think tank in Los Angeles. "She really understands the growing obsolescence of paying for highways out of gas taxes, and she understands the importance of tolling and market pricing for the highway system of the future."

How Peters' free-market principles will carry over into the heavily regulated sphere of aviation policy remains to be seen, but the airline industry urged the Senate to promptly confirm her. At issue in next year's aviation debate will be financing for the Federal Aviation Administration, and the allocation of costs among passengers, major airlines and smaller carriers.

McClellan, a physician who also holds a doctorate in economics, served on the White House Council of Economic Advisors and as commissioner of the Food and Drug Administration before moving over to Medicare in 2004.

At 43, he is expected to return to the public policy arena in future debates about restructuring the health system to deliver better quality care while curbing the growth in costs.

An energetic manager, he worked to nudge the Centers for Medicare and Medicaid Services from a traditional bill-paying and fee-setting focus toward a more active role in changing the healthcare system. He emphasized preventive care for people at risk of chronic health problems and sought to improve disclosure by hospitals and doctors of quality-of-care information. He supported experiments to begin paying hospitals and doctors for quality care, not just for the volume of services provided.

In an interview, McClellan said his family needed a break from his years of high-pressure public service. He and his wife have twin daughters who just started third grade.

"It's a time-consuming job," he said of leading the agency. "It involves many long hours, not only here working with the staff, but it also involves a lot of travel around the country."

John Rother, director of policy and strategy at AARP, the seniors lobby, said he thought that McClellan's tenure would have a lasting effect.

"I think he laid enough of a foundation that whoever steps in is going to be expected to continue the same kind of emphasis," Rother said. McClellan "is a star, and certainly when you lose a star there is an effect, but I think [Medicare] has changed and will not fall back automatically to what it was before."

Bush called McClellan a "trusted advisor [who] leaves behind a strong record of accomplishment."

McClellan also administered Medicaid, the health insurance program for the poor. His successor has not been named; one candidate is Deputy Administrator Leslie V. Norwalk, a healthcare lawyer with an encyclopedic knowledge of policy.

McClellan's greatest challenge was putting into place the new Medicare prescription drug benefit, which delivers coverage to seniors through dozens of private insurers — a first. The rollout of the program was plagued with problems for several million beneficiaries, particularly the poor. McClellan and his staff worked round the clock to fix the problems, most of them rooted in the program's design, and most seniors now report they are satisfied.

However, the timing of McClellan's departure raised eyebrows among some Democrats in Congress. It comes just as growing numbers of seniors are expected to hit a gap in coverage, known as the "doughnut hole," that Congress built into the middle of the drug benefit to save money. That particular problem, it seems, will land in his successor's lap.

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Medicare Chief McClellan Steps Down (WSJ)

By Jane Zhang

The Wall Street Journal, September 6, 2006

WASHINGTON -- Mark McClellan, administrator of the Center for Medicare and Medicaid Services, which oversees the giant government health-care programs, confirmed in an email to his staff today that he plans to quit the post by early October.

"This was a hard decision, because this is the most exciting and rewarding place that anyone could ever work. But I've been in government service for much longer than my family and I had ever expected or prepared for, and after almost six years in this Administration plus service in the previous Administration as well, I'm looking forward to more dinners at home with Steph and our daughters," he said.

His email didn't say what he plans to do next. "As I move on to the next phase, I expect to continue to work to make our health care systems and programs better." (Read the full text of McClellan's email1.)

No replacement was immediately named, though White House press secretary Tony Snow said that Dr. McClellan had made it known for some time that he intended to leave.

"He'll be missed by the president and the entire administration," Mr. Snow said. "The president has the highest regard for Mark McClellan and appreciates the work he's done for the administration."

Dr. McClellan, a 43-year-old internist who previously taught both economics and medicine at Stanford University, will likely return to academia or join a think tank. Within the past month he discussed his plans with Stanford, said Michelle Mosman, a spokeswoman at the Stanford Institute for Economic Policy Research. Dr. McClellan also is talking with several think tanks here, including the Brookings Institution, said a person familiar with his plans.

WALL STREET JOURNAL VIDEO

WSJ's David Wessel comments2 on the resignation of Mark McClellan and discusses who may succeed him.

It isn't clear who will be the likely successor, although several policy experts speculated one candidate could be Dr. McClellan's deputy, Leslie Norwalk. Should a nomination be coming, Congress will be in session only a few weeks this month before lawmakers leave to campaign for the midterm elections. A lame-duck session is likely after Election Day.

Dr. McClellan was tapped to run Medicare after a 2003 law added prescription-drug benefits for seniors. He was sworn in March 2004 as administrator of the Centers for Medicare and Medicaid Services, the federal agency that provides health care for about 90 million Americans, including seniors, the disabled and low-income children. As head of the largest health insurer, he manages a budget of about $600 billion.

While the law sparked contention, Dr. McClellan's implementation of it largely has won bipartisan support. He has worked with the industry and expanded and established programs tied to private-sector involvement and senior enrollment. Many Democrats had hoped that concerns about the new drug benefit would figure more prominently in the campaign season.

"It disappears as a campaign issue," said Thomas A. Scully, Dr. McClellan's predecessor at CMS, who praised Dr. McClellan's managerial skills. "I'm not sure if I could pull that off."

Dr. McClellan's tenure has been largely consumed by the new drug benefit. But in recent months, he also has pushed more for performance measures for doctors and hospitals that do business with the government.

Dr. McClellan's departure has been rumored for months in health-care-policy circles in Washington. The father of two young daughters, he often worked until midnight and answered email well after that.

Medicare Head Confirms Plan He Will Resign (NYT)

By Robert Pear

The New York Times, September 6, 2006

WASHINGTON, Sept. 5 — Dr. Mark B. McClellan, confirming plans to resign as Medicare administrator early next month, said Tuesday that he was immensely proud to have provided prescription drug benefits to older Americans in the biggest expansion of the program since its creation 40 years ago.

President Bush said that Dr. McClellan had “bettered the lives of millions of Americans” since he became administrator of the Centers for Medicare and Medicaid Services in March 2004.

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Dr. McClellan said the drug coverage was introduced in a way that satisfied most beneficiaries and cost about 25 percent less than predicted. Next year, he said, "benefit costs are going down further, and many drug plans will have lower premiums."

Democrats have made clear that if they win a majority in either house of Congress, they will investigate many of Dr. McClellan's decisions.

Looking back on his tenure, Dr. McClellan acknowledged that many low-income people had had difficulty obtaining medications when their drug coverage was shifted from Medicaid to Medicare on Jan. 1.

"There are ways we could have done it better," he said.

But he said the early problems had been solved with help from many people, including advocates for beneficiaries. Those advocates had opposed the original law on the ground that it would "privatize Medicare."

Senator Charles E. Grassley, the Iowa Republican who is chairman of the Finance Committee, said: "There were bound to be some start-up problems, and glitches continue. Dr. McClellan has worked to fix the problems. I hope that his departure doesn't cause delays in getting snags fixed for beneficiaries and that he'll correct all known problems before he leaves.''

No one was named to succeed Dr. McClellan. His agency accounts for about one-fifth of the entire federal budget, spending more than $550 billion a year on health care for more than 90 million Americans.

The next administrator faces two huge political challenges. One is how to reverse increases in the number of people without health insurance and how to pay for Medicare and Medicaid, whose costs are expected to soar as millions of baby boomers age.

. . . And A Departure (WP)

By Christopher Lee

The Washington Post, September 6, 2006

The resignation of the head of the Centers for Medicare and Medicaid Services creates a critical vacancy as the Bush administration enters its final two years, a time when skilled political appointees typically think of leaving the government rather than joining it.

Mark B. McClellan, who has overseen the two largest public health insurance programs since 2004, announced yesterday that he will leave by early October.

"This was a hard decision, because this is the most exciting and rewarding place that anyone could ever work," McClellan said in an e-mail to CMS employees yesterday.

In an interview, McClellan, 43, said that he is contemplating a return to academia or a position in a Washington think tank. The Texan, older brother of former White House press secretary Scott McClellan, had also served as commissioner of the Food and Drug Administration, from 2002 to 2004, and, before that, as a member of the White House Council of Economic Advisers and as a senior health policy aide to the president.

McClellan "has served my administration in a number of pivotal positions, and in doing so has bettered the lives of millions of Americans," President Bush said yesterday.

Possible successors, at least on an interim basis, include Leslie V. Norwalk, the deputy administrator of CMS; Herb Kuhn, director of the agency's Center for Medicare Management; and Julie Goon, a special assistant to Bush and formerly the director of Medicare outreach at the Department of Health and Human Services.

The CMS administrator oversees Medicare, Medicaid and the federally subsidized State Children's Health Insurance Program (SCHIP), which together serve about 90 million Americans and account for more than $535 billion a year in federal spending.

"It takes a skilled administrator to juggle the agency's competing interests of offering the highest possible service to beneficiaries while keeping down costs to preserve the programs for future beneficiaries," said Sen. Charles E. Grassley (R-Iowa), chairman of the Senate Finance Committee, which would have to approve the next head of CMS.

McClellan's successor will have to cope with a report, due at year's end, from a special Medicaid commission that is expected to recommend big cost cuts in the program. Next year, Congress will debate whether to reauthorize SCHIP, which serves about 4 million children. And if the Democrats regain control of the House in the November elections, the next

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administrator can expect to be grilled repeatedly at congressional hearings designed to spotlight Bush policies that Democrats oppose.

McClellan's signature task was overseeing the implementation of the new Medicare prescription drug benefit, which now helps more than 3 million seniors pay for their prescription medications. The start-up was anything but smooth. Seniors complained of confusion during the enrollment process, and more than a dozen states stepped in with emergency measures after many of the poorest beneficiaries were turned away or overcharged at pharmacies. Despite that rough transition, recent polls have found that most beneficiaries are satisfied with their choice of plan.

Ken Johnson, a senior vice president of the Pharmaceutical Research and Manufacturers of America, said McClellan overcame bureaucratic challenges and political attacks. "He never panicked, he made important mid-course corrections and, frankly, he's a big reason why the new prescription drug program is viewed as a success," he said.

Ron Pollack, executive director of Families USA, an advocacy group that has been critical of the administration's policies, called McClellan "a terrific person."

"In the context of an administration that doesn't make health care a high priority and that has made a series of harmful proposals that will exacerbate the health-care crisis, Mark McClellan served in an admirable way to try to implement the administration's policies in the best way possible," he said.

McClellan said his successor should be prepared to accept help from people and organizations all over the political spectrum.

"And, you know, a flak jacket wouldn't hurt either -- or at least some thick skin," he said.

Medicare Chief McClellan Is Resigning (AP-Y)

By Kevin Freking

AP, September 6, 2006

After eight months overseeing the new Medicare drug benefit, the biggest change since the health program's beginning, Mark McClellan said Tuesday it was time to move on.

McClellan, 43, has been with the Bush administration from the start, and he has been at the Centers for Medicare and Medicaid Services since March 2004.

"My kids don't remember me in a job where I got home regularly for dinner. It's just time," said McClellan, the father of 7-year-old twin girls. "We've gotten a lot accomplished and I'm very confident with the track the agency is on."

Sen. Charles Grassley, R-Iowa, said McClellan's task of overseeing the drug benefit's implementation was the equivalent of a Mars landing.

Under the program, elderly beneficiaries enroll in plans administered by private insurers. Seniors had dozens of plans to pick from, leaving many of them confused and frustrated. Early on, states had to step in to ensure their poorest residents could continue getting medicine.

"Of course, he should get credit for a lot of behind-the-scenes work to make sure millions of Medicare beneficiaries get their prescriptions filled smoothly," Grassley said.

The senator said problems and glitches continue with the program. For example, last month, McClellan announced that 230,000 beneficiaries had premiums mistakenly refunded.

"Dr. McClellan has worked to fix the problems," Grassley said. "I hope his departure doesn't cause delays in getting Part D snags fixed for beneficiaries and that he'll correct all known problems before he leaves."

As the administrator at CMS, McClellan oversaw health care programs serving more than 80 million Americans, often the most vulnerable. No replacement was immediately named.

President Bush called him a trusted adviser.

"He played an instrumental role in transforming the nation's health care system, and his efforts will continue to make a difference for generations," Bush said.

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Democrats gave McClellan mixed reviews. Rep. Pete Stark, D-Calif., said he was surprised that McClellan "spent so long trying to bail water from the Bush administration's sinking ship." He said the drug benefit provides limited savings, unexpected price increases and poor customer service.

"Had he waited much longer, he would have found few employers willing to hire an ex-Bush administration official," Stark said.

But Sen. Max Baucus, D-Mont., gave McClellan high marks.

"Transitioning to the drug benefit has been rocky at times, but he has shown a willingness to go back and fix mistakes so as to make the benefit work for seniors," Baucus said.

McClellan, a physician and economist, was one of President Bush's economic advisers and served as the Food and Drug Administration commissioner. He was tapped in 2004 to administer the Medicare and Medicaid programs. He also worked in the Clinton administration as an assistant secretary at the Treasury Department.

McClellan said he will leave the agency in about five weeks and probably will work for a think tank where he can write about improving health care in the United States. He served a short stint as a visiting scholar at the American Enterprise Institute, but he said he has no particular think tank in mind now.

McClellan is the brother of former White House press secretary Scott McClellan. His mother, Carole Keeton Strayhorn, is the Texas comptroller and is running for governor as an independent.

"Texas might be a nice place to visit for a little while," he told reporters when asked about whether he would assist any gubernatorial candidates there.

As the CMS administrator, McClellan oversaw programs that spent more than $570 billion annually. But it was the start of a drug benefit under Medicare that was his biggest priority over the past two years.

Officials say the program will save the average beneficiary about $1,100. Complaints have dropped significantly since the first couple months, and independent polling shows that most who enroll are satisfied with their coverage.

"We've found and fixed startup problems, we are delivering coverage at a cost at least 25 percent less than had been expected, and we are seeing beneficiary satisfaction rates of over 80 percent," McClellan told his staff in an e-mail Tuesday.

McClellan said he did not know who his successor would be. He said that was a decision that would come from the White House and Health and Human Services Secretary Mike Leavitt.

He did say the agency had four senior leaders that he relied on: Leslie Norwalk, the deputy administrator; Herb Kuhn, director of the agency's Center for Medicare Management; Dennis Smith, who oversees the Center for Medicaid and State Operations, and Abby Block, who oversees the Center for Beneficiary Choices.

'Do-Nothing Congress' Vilified (WT)

By Christina Bellantoni

The Washington Times, September 6, 2006

Democrats seeking to return to power have labeled the House of Representatives the "Do-Nothing Congress" and are threatening to resist adjourning later this month to make a political point.

House Democratic leaders wrote a letter to Speaker J. Dennis Hastert on Friday saying they will fight Republican efforts to adjourn as scheduled Sept. 29 unless Congress passes legislation "that meets the real needs of the American people."

The legislative calendar as it stands today includes fewer than 20 legislative days before members break to campaign for the Nov. 7 election.

"Over the August recess, we have continued to hear from our constituents that our nation is heading in the wrong direction," the letter states.

"From national security to economic security, from the cost of health care and college tuition to the price at the pump, Americans are demanding change."

As House Republicans and Democrats battle for congressional control, election-year issues will be the focus when legislators officially return today after a five-week break. Democrats have the advantage in national polls, which show many voters fed up with the congressional majority, worried about the economy and wanting a change of direction in Iraq.

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House Minority Leader Nancy Pelosi of California often invokes the "Do-Nothing" theme. Democrats point out the House will have worked just 84 days this year unless the schedule is altered. The 80th Congress spent 108 days in session in 1948, when President Truman labeled it the "Do-Nothing Congress" for his re-election campaign.

Voters re-elected Mr. Truman, who had looked like a one-term president the previous year, and delivered Congress to the Democrats.

Republicans, who have won the two national elections since September 11 by keeping the conversation on the global war on terror, will try to use that issue to their advantage in the few legislative days remaining before the election.

"House Republicans will focus first and foremost on addressing the safety and security needs of the American people," said Majority Leader John A. Boehner of Ohio.

"Now is not the time for a weak and indecisive approach that has been offered by Capitol Hill Democrats, and that's why Republicans are working to keep America safe through policies based on strength and purpose, rather than confusion and defeat."

House Republican leaders plan votes on a resolution to commemorate the fifth anniversary of the September 11 terrorist attacks, to approve military tribunals for suspected terrorists and to formally authorize the Bush administration's terrorist-surveillance program.

Also on the House agenda are homeland security and defense appropriations bills, and a proposal to reform the process by which lawmakers can file earmarks, which critics call pork spending.

The Democrats are pushing for a no-confidence vote on Secretary of Defense Donald H. Rumsfeld.

Mrs. Pelosi, who would become House speaker if the Democrats are successful in November, often reminds voters the House took a rare week off for a St. Patrick's Day break and spent two weeks in the spring on vacation. The five-week break this summer allowed members to campaign back home and attend candidate forums and state fairs while working to convince voters they should be returned to Washington.

"We reject assertions that the people's business can wait until after the November election," reads the Democrats' letter.

When asked what he thinks of the "Do-Nothing" label, Mr. Boehner responded: "We have had a very good year. Is there more to do? There always is."

On the Senate side, Majority Leader Bill Frist of Tennessee applauded what he called a "flurry" of activity done in July before the recess began.

He said the Senate showed "tremendous productivity" by passing the Homeland Security spending bill, the Voting Rights Act and a measure to allow coastal drilling in the Gulf of Mexico region.

The Senate this month will look at the military tribunal issue and address port security, he said.

Return To Stalemate (WP)

The Washington Post, September 6, 2006

AFTER ITS five-week summer break, Congress is back in town, but not for long: It's scheduled just 19 working days between now and the November election. Not a lot of time to accomplish much, but with this Congress there's little danger of that in any event. Indeed, two of the supposed must-do items on the congressional agenda -- lobbying reform and immigration -- have all but disappeared. Republican leaders must be gambling that voters are too forgetful to remember about the first, and too dumb to know who to blame for inaction on the second.

In the case of immigration, the gulf between the House and Senate bills is so huge that stalemate may be the only -- and at this point in the political cycle, the best -- option. Yet the underlying problem of millions of people living and working illegally in this country remains, and it cries out for a comprehensive solution that would address border security, the status of illegal immigrants and the demand for foreign workers.

Having helped rile up their voters about the dangers of porous borders, Republicans now have little answer to the obvious question: Why can't the party in charge at the White House and in both houses of Congress do something about it? Blaming Democratic obstructionism isn't going to work here, because the division over the right course is within the party itself, and

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between the draconian House bill on the one hand and the sensible, bipartisan solution produced by the Senate, and supported by President Bush, on the other.

A promising, albeit risky, framework for progress has been presented by Rep. Mike Pence (R-Ind.) and Sen. Kay Bailey Hutchison (R-Tex.) in the form of an enforcement-first but ultimately comprehensive program. It's a shame that congressional leaders apparently don't plan even to try to see whether the Pence-Hutchison long shot might actually work -- and that President Bush has gone silent on what had been a signature issue. As Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), told the New York Times, "if there's not legislation with Republicans in charge, there's going to be blame here, and justifiable blame, if we do not produce a bill."

The blame would be, if anything, even more justifiable in the case of lobbying reform. This unpleasant topic -- unpleasant, that is, to lawmakers who have become accustomed to fancy meals, lavish trips and ever-flowing campaign contributions, all provided by lobbyists -- was always something that most members of Congress, on both sides of the aisle, would have preferred to see disappear. They were only prodded, reluctantly, into action -- or, more accurately, the semblance of action -- by the Jack Abramoff scandal and the belief that disgusted voters wouldn't tolerate more business as usual.

The Senate passed an inadequate version of lobbying reform and the House an even more tepid measure. The result has been -- you guessed it -- a stalemate that leaders may now try to paper over with some rule changes to limit the abuse of earmarks for pet spending projects. Leaders may think that window dressing will be enough to mollify their constituents. We hope that voters will not be so quickly fooled or easily distracted.

Neither Side Deserves To Be Reelected (HILL)

The Hill, September 6, 2006

Sorry, but you don't.

At the start of Congress, right after Bush's reelection, two topics dominated your agenda: Social Security and Immigration Reform. Neither passed.

Congress punted on Social Security after it got scared to death by the reaction of senior citizens to Bush's proposed reforms. Ironically, the group least affected by the changes — the elderly who were exempt from their provisions — was the most opposed. And the people directly impacted — current wage earners — were largely supportive, albeit apathetic. Democrats never got to stop the reforms by waging the gallant filibuster for which they were hoping. The Republicans quietly killed Bush's proposals by an agreement never to talk about them again.

And the record on immigration hasn't been any better. Again, the Democrats didn't have to obstruct action. The Republicans did it for them. The compromises between the Senate bill's emphasis on an earned path to citizenship and the House's tough border protection is to adopt one from column A and one from column B. The public supports both border protections and an earned path to citizenship. But the House and Senate leaders don't have the guts to pass the obvious compromise, and Bush won't force their hand.

Then, as the session unfolded, two other issues became prominent. The Abramoff scandals put ethics and lobbying reform on the agenda and the rise of gasoline prices made energy a center-stage issue once more. And again, Congress did next to nothing.

It hasn't even considered anything approaching tough ethics reform, conspicuously rejecting bans on congressional travel paid for by private organizations and earmarking limitations, apart from the tepid disclosure requirements that are now up for consideration. Congress won't even consider such items as banning employment of spouses on campaign payrolls or limitations on lobbying by sons, daughters and wives. Those should be major priorities. Otherwise, a campaign contribution that pays for a wife's salary becomes a direct cash payment to the member's checking account and a job as a lobbyist becomes an avenue to exploit special access.

On energy, Congress passed a weak bill without Alaskan drilling or any aggressive alternative fuels legislation except for some marginally helpful items on ethanol production.

This year, according to the whip's schedule, the House will be in session for fewer than 90 days, even projecting until the end of the year.

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A Congress dominated by allegedly fiscally conservative Republicans has set all-time records on earmarking, and members, not challenged by the whip's lackadaisical schedule, spent most of their time funding their pet projects in return for campaign donations from the businesses and lobbyists involved.

The raise in student-loan interest rates and the so-called bankruptcy reform bills were especially cruel to the families the GOP professes to care about. They make a higher education harder to afford and the resulting possible bankruptcy impossible to escape.

And, in a broader perspective, what good has the Republican Congress done since Bush took office? The tax cut was excellent and the good record of the economy bears it out. The No Child Left Behind bill is a landmark piece of legislation that is proving its worth. And the Patriot Act has done a lot to keep us safe.

But lately? In the past four years, what has this Congress done to deserve reelection? Precious little.

All the pundits are focusing on whether the Republicans keep power in the 2008 election or whether the Democrats take over. But both parties have a dismal record this Congress — a record of non-achievement.

This has been, truly, the do-nothing Congress of all time!

Morris and McGann, husband and wife, have written several books together, including Rewriting History, a rebuttal to Living History by Sen. Hillary Rodham Clinton (D-N.Y.).

Leaders Under Pressure (HILL)

By Alexander Bolton

The Hill, September 6, 2006

House GOP leaders are facing new pressure from several vulnerable House Republicans on an array of legislation that their leaders have resisted for most of the 109th Congress, chief among them being an increase in the minimum wage.

Fresh from five weeks of meeting with voters, vulnerable Republicans also want votes on pet priorities ranging from increasing money for Pell education grants to eliminating tariffs on ethanol.

The priorities of these endangered incumbents pose several challenges to House leaders. They create pressure for leaders to revisit issues they would rather avoid, and together add up to too many items for the House to address before recessing for the elections.

But GOP leaders realize, however, that passing at least some of the requests would inevitably bolster candidates in swing districts critical to Republicans' ability to maintain their majority status.

Several incumbents, including senior Republicans from the Northeast such as Reps. Peter King (N.Y.) and Nancy Johnson (Conn.), one of the most vulnerable Republicans in the House, want their leaders to schedule another vote on the minimum wage increase.

Leaders did so before the August break but linked it to a deep cut in the estate tax, which led Democrats to block it in the Senate. But many centrist Republicans aren't comfortable with the outcome.

"The minimum wage — that needs to come back for a vote," said Johnson in an interview, adding that a wage increase could be linked to provisions extending tax cuts that Senate and House negotiators agreed to before the August break.

But House Majority Leader John Boehner (R-Ohio) told reporters yesterday that he opposed breaking up the minimum wage and estate tax legislation.

Johnson also made a pitch for passing a bill she sponsored that would eliminate penalties for seniors who signed up for Medicare's prescription drug program after the enrollment deadline.

King, the chairman of the Homeland Security Committee, said that Republican leaders have to be careful to avoid the perception that they did not make a good-faith effort to raise the wage.

"I think we should do it," said King, whose district was added last month to a list of competitive races compiled by the nonpartisan handicapper Charlie Cook. "Rather than play games, just do it. If voters think you're being cute it ends up backfiring."

Even Rep. Deborah Pryce (R-Ohio), who chairs the GOP Conference but faces a tough election fight, has indicated that she believes the leadership should hold a separate vote on legislation combining the minimum wage increase to a small-business healthcare plan.

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Embattled incumbents from other parts of the country, such as Reps. Heather Wilson (N.M.), Curt Weldon (Pa.), Jon Porter (Nev.) and Geoff Davis (Ky.), echoed the desire for a minimum-wage increase.

"I would be quite content if a vote on the floor comes on that," said Davis.

"I wanted a cleaner version of minimum wage," said Wilson who suggested tying it to other provisions, such as the small-business healthcare plan.

Senate Majority Leader Bill Frist's (Tenn.) spokeswoman has said that a second vote on the so-called trifecta bill, which combined the minimum wage increase with tax cut extensions and the estate tax cut, was under consideration. But Senate Republicans know that such an attempt would surely run into the brick wall of another Democratic filibuster.

There is also a strong desire among vulnerable House Republicans to effectively extend the enrollment deadline for the federal prescription-drug program by eliminating late penalties. Republicans in competitive races, such as Porter, Davis, Johnson, Weldon and Reps. Jeb Bradley (N.H.), Mark Kirk (Ill.) and Ric Keller (Fla.) have voiced support for such an extension.

Bradley said he was negotiating with leaders to find a way to bring a bill eliminating penalties to the floor.

"They haven't promised me, but we're working on it," he said.

Almost every lawmaker interviewed said that border security was a very important issue for constituents and said that Congress must make progress on it before the election. But GOP leaders have sent signals that they will put off work on immigration reform, which could have included strong House-passed measures for securing the border.

"The principal thing people want to talk about is immigration and border security," said Davis. "Very overwhelmingly, they oppose the provisions in the Senate bill. They say they support the House bill because it focuses on border security."

The House has increased funding for border security in the defense appropriations and homeland security appropriations bills. But House lawmakers say they also want to see Congress pass legislation resembling the House immigration reform bill.

Weldon, a member of the Homeland Security Appropriations Subcommittee, said that money added to those two bills can secure the border, but he added, "We should push hard to get the version of the House version of the immigration bill done."

Republican leaders, however, seem resigned to abandoning hopes of finishing immigration reform before Nov. 7.

Frist told reporters yesterday that even if immigration reform legislation isn't finished, an attempt will be made to improve border security through the appropriations bills.

"We will put heavy resources on making our borders secure," he said.

Frist Seeks To Revive Wage, Estate Tax Bill (RC)

By Emily Pierce

Roll Call, September 6, 2006

Even as Senate Democratic leaders said that chances of raising the minimum wage this year appear remote, Senate Majority Leader Bill Frist (R-Tenn.) is taking another stab at getting Democrats to drop their objections to a House-passed "trifecta" bill that would reduce the estate tax, extend expiring tax provisions and hike the national minimum wage.

Heading into the August recess, Frist had been adamant that he would not bring the trifecta bill back to the floor this year, but on Tuesday he told reporters that he planned to "talk to my colleagues and see if people will be reasonable and allow that to pass."

Frist was planning Tuesday to ask Sens. Jon Kyl (R-Ariz.), Chuck Grassley (R-Iowa) and Judd Gregg (R-N.H.) to form a working group "to talk through options on the trifecta," said a senior Senate GOP aide.

It was not clear whether the group would pursue changes to the bill or merely engage in political strategizing. Frist and House leaders previously said they would not alter the trifecta bill to address Democratic objections, including concerns that the estate tax reduction would cost the Treasury nearly $800 billion and that the minimum-wage hike adversely would affect workers in some states who rely heavily on tips for their livelihood.

Senate Minority Leader Harry Reid (D-Nev.) said he couldn't envision any of the nearly 40 Democrats who opposed the trifecta bill last month changing their votes to allow Frist to overcome the Democratic-led filibuster. Reid spokesman Jim Manley said Republicans would have to "radically restructure [the estate tax portion] to make it less costly," adding that "unless

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Republicans are prepared to go back on their principles and make the bill more palatable to Democrats, it's difficult to see anything getting out of the Senate."

Frist's handpicked working group also may have in their sights the two GOP Senators — George Voinovich (Ohio) and Lincoln Chafee (R.I.) — who voted against the trifecta measure.

However, House Majority Leader John Boehner (R-Ohio) on Tuesday reiterated the House GOP leadership's commitment to the current trifecta bill, which passed the chamber in July, 230-180. And he unequivocally dismissed suggestions that the House may attempt to bring back any individual part of the trifecta bill that was approved before the House adjourned for its August recess.

"Absolutely not," he told reporters. "That bill is the bill, and will be the bill, and anybody that wants any part of the bill, they get to vote for all of it or none."

Boehner's remarks suggested that the legislation was, and will remain, the final attempt to increase the federal minimum wage this year, since he was equally dismissive of a proposal supported by some moderate Republicans to pair a wage hike with legislation creating association health plans, which are backed by the business lobby.

"I believe that all three measures deserve Members' support, and there's not going to be any attempt to take it apart and move separate pieces with different packages," he said.

Meanwhile, Reid said the prospects for Democrats to deliver on what they have said is their top domestic policy priority — passing a minimum-wage increase that is unencumbered by the estate tax — would be "extremely difficult" this year, because Democrats are reluctant to try to amend the myriad security bills Republicans have on tap to secure a minimum-wage increase.

The lack of opportunities to marry a minimum-wage increase with another bill makes it harder for Reid to deliver on his threat this year to prevent Congress from raising its own pay until the minimum wage is addressed to Democrats' satisfaction.

In fact, Senate Republicans do not plan on taking up the appropriations bill with the cost-of-living pay increase for Members until they begin an expected lame-duck session after the Nov. 7 elections.

Senate Minority Whip Dick Durbin (D-Ill.) held out the possibility that Democrats might try to attach their minimum-wage bill to the continuing resolution designed to keep the bulk of the government funded until Congress can pass fiscal 2007 appropriations bills during the lame-duck session. However, GOP aides have hinted that they want to head off attempts to bog the CR down with other issues by attaching it to the Defense appropriations bill, which GOP leaders want to complete before they leave for the elections.

The portion of the bill that extends current tax breaks is perhaps the only section that needs to be passed this year, because many of those tax breaks otherwise would expire, potentially hurting the re-election prospects of numerous Members of both parties.

But Reid indicated that he believes Republicans are bluffing when they warn that the only way to pass the tax extenders is to pass them as part of the trifecta bill.

"We'll get that done before we leave. The Republicans can't leave here without doing that," he said, referring to a possible stand-alone tax extenders bill.

Either way, Republicans continue to criticize Democrats for refusing to go along with the trifecta compromise.

Alluding to the 34 Democrats who helped pass the bill in the House, Senate Majority Whip Mitch McConnell (R-Ky.) said, "If we'd had the same bipartisan cooperation in the Senate, the president would have signed that bill into law already, and the minimum-wage increase, which the Democrats have been saying all year is their top priority, would have been accomplished."

But Durbin scoffed at the notion that Democrats were to blame for the defeat of the wage increase.

"I think most people understand the Republicans are in control here," Durbin said. "They control the agenda. They have the majority in the House and Senate, so blaming the minority, I don't think that's going to work if that's their strategy."

Dismissal In The Desert (WSJ)

WSJ Online's "Washington Wire", September 2, 2006

Late Friday afternoon, a federal judge in the district of Arizona dismissed charges against two humanitarian volunteers indicted last summer for conspiring to transport three ailing illegal migrants for medical attention. The defendants – Shanti Sellz

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and Daniel Strauss, both 23 at the time of arrest – had encountered the migrants two days after they had entered the U.S. and set out for a makeshift medical clinic at a church in Tucson, Ariz., about 60 miles north of the border. A Border Patrol agent pulled them over and arrested them about 20 miles into the trip.

The volunteers' organization, No More Deaths, and other humanitarian groups had engaged in discussions with local Border Patrol officials since at least 2002 to establish when volunteers could legally transport migrants for medical attention. As a result of those discussions, federal district judge Raner C. Collins found the defendants could have reasonably believed they would not face arrest so long as they followed the protocol No More Deaths had disclosed to the Border Patrol.

The protocol required volunteers to obtain phone clearance from both a lawyer and medical professional that the migrants' condition warranted transportation to a clinic, rather than on-site medical attention. Judge Collins wrote that neither the Border Patrol nor the Justice Department responded to letters sent by No More Deaths in 2004 declaring that volunteers would transport migrants deemed in need of medical attention. – Ben Winograd

Read the ruling. For previous Wall Street Journal coverage of the case, see here.

Read more: Global, Homeland Security, Courts

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September 1, 2006, 5:36 pm Rumsfeld Fires Back

Rumsfeld Under fire from congressional Democrats, embattled Defense Secretary Donald Rumsfeld shot back today in an unusual public letter to House Minority Leader Nancy Pelosi (D., Calif.) and Senate Minority Leader Harry Reid. Rumsfeld told the two Democratic leaders that he was "concerned" by their public criticism, and sent them the full text of his controversial remarks, which likened critics of U.S. policy in Iraq to those who appeased the Nazis before World War II.

"I am sending you the full text of my remarks because I assume your comments to the press were made in reaction to inaccurate media reports, such as the coverage by the Associated Press," he wrote.

The letters add new fuel to the furor sparked by Rumsfeld's remarks earlier this week to the American Legion and the Veterans of Foreign Wars, which marked the beginning of an aggressive Bush administration attempt to staunch the plummeting public support for the Iraq war by likening the current war on terrorism to earlier battles against totalitarian ideologies like Nazism.

In his speech, Rumsfeld had noted that some world leaders tried to appease Adolph Hitler's Germany in the 1930s, and some critics today "seem not to have learned history's lessons."

Democrats, who are planning to introduce a no-confidence measure targeting Rumsfeld this fall, had responded quickly and furiously, with Pelosi accusing the defense secretary of trying to "smear" critics of the administration as part of a "pathetic attempt to shift the public's attention from his repeated failure to manage the conduct of the war competently." Reid, for his part, said that the White House was "more interested in lashing out at its political enemies and distracting from its failures than it is in winning the War on Terror and in bringing an end to the war in Iraq."

Both leaders have repeatedly called for Rumsfeld's resignation. –Yochi Dreazen

Passages from Rumsfeld's remarks to the American Legion National Convention.

(See the full text.)

I recount that history because once again we face similar challenges in efforts to confront the rising threat of a new type of fascism. Today — another enemy, a different kind of enemy — has made clear its intentions with attacks in places like New York and Washington, D.C., Bali, London, Madrid, Moscow and so many other places. But some seem not to have learned history's lessons.

We need to consider the following questions, I would submit:

With the growing lethality and the increasing availability of weapons, can we truly afford to believe that somehow, some way, vicious extremists can be appeased?

Can folks really continue to think that free countries can negotiate a separate peace with terrorists?

Can we afford the luxury of pretending that the threats today are simply law enforcement problems, like robbing a bank or stealing a car; rather than threats of a fundamentally different nature requiring fundamentally different approaches?

And can we really afford to return to the destructive view that America, not the enemy, but America, is the source of the world's troubles?

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Read more: Congress, Foreign Policy, Iraq

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September 1, 2006, 4:43 pm After the Flood

On the one-year anniversary of Hurricane Katrina, voters overall were less worried about its long-term impact than they were in the immediate aftermath, polls suggest. In contrast, concerns about the long-term effect 9/11 are running a bit higher than they were a year ago. But for African-Americans, Katrina still dominates.

A Wall Street Journal/NBC News poll in early October 2005 asked 807 adults whether 9/11 or Katrina would have greater impact on the U.S. 10 years in the future. Among the 807 adults, 52% picked 9/11 and 37% picked Katrina. (Another 7% picked both.)

A similar poll conducted from Saturday through Thursday — the days around the anniversary of Katrina — found that a larger majority now say 9/11 will have the most lasting impact. Of 800 likely voters, 59% say 9/11 and 27% pick Katrina. (Another 9% picked both.) The poll was conducted by Public Opinion Strategies, a Republican polling firm that helps conduct the WSJ/NBC poll.

The poll showed that views of the hurricane still divide sharply along partisan lines. Although more Democrats see 9/11 as the event with more lasting consequences than a year ago (47% vs. 41% a year ago), a substantial and growing majorities of Republicans do (78% vs. 68% a year ago.)

Views among African-Americans, who are more likely to see Katrina as the event with more lasting significance, have hardly changed in a year. Today, about 55% of African Americans said Katrina was the bigger event, nearly the same as last year's 56%. The percentage of African Americans citing 9/11 as more significant fell to 23% from 27%. –John D. McKinnon

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September 1, 2006, 11:26 am Minuteman vs. Beltway

Two weeks before a crowded primary to replace outgoing Arizona Rep. Jim Kolbe, money from Washington continues to flow to candidates dueling for the Republican nomination.

Randy Graf, an immigration hardliner who gave Kolbe a scare in the 2004 primary, received $9,000 this week from the Minuteman political action committee, according to filings with the Federal Election Commission. He also received $2,500 from Team America PAC, founded by Colorado Rep. Tom Tancredo.

Those donations followed $15,000 in pledges earlier this week from the Republican establishment to Steve Huffman, a moderate Republican whom Kolbe has endorsed. The National Republican Congressional Committee also spent more than $120,000 for a pro-Huffman ad, an unusual intervention in an intra-party contest.

The open seat is considered one of the most competitive in the country. Graf's base of support lies in Cochise County, one of the busiest illicit crossing points along the Mexican border. But Kolbe, himself a moderate, and the party leadership apparently fear that Graf couldn't carry voters in more-liberal Tucson in the general election. –Ben Winograd

Read more: Campaign 2006

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September 1, 2006, 11:15 am A Prosecutor for the Top Job at ATF

President Bush has reached into the ranks of federal prosecutors to head the Justice Department's Bureau of Alcohol, Tobacco, Firearms and Explosives, naming Michael Sullivan, the U.S. Attorney in Massachusetts, to be acting director. He succeeds departing director Carl Truscott, who left last month amid murmurs that he was trying to head off a negative inspector general report on his involvement in small construction projects at the agency's new Washington, D.C. headquarters.

Sullivan's naming marks the first time in recent memory that all the heads of the major investigative law enforcement within the Justice Department are headed by former prosecutors. FBI Director Robert Mueller was a U.S. Attorney in California before taking his current job and Drug Enforcement Administration Administrator Karen Tandy was an assistant U.S. Attorney in Virginia and Washington state before moving up the career ladder at Justice headquarters.

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Sullivan, 51 years old, has been the top federal prosecutor in Massachusetts since 2001. ATF agents' initial reaction to the choice said that having a well-respected prosecutor sitting in Justice Department meetings in a room filled with other former prosecutors might prove more helpful to the agency than having a law enforcement official in the post. –Gary Fields

Read more: White House

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September 1, 2006, 7:22 am GOP's Eroding Advantage

In both national elections since the Sept. 11, 2001, terrorist attacks, President Bush and congressional Republicans successfully played the national-security card to win big victories against the odds. Now, with their party's control of Congress at stake, Republicans are betting on the issue again. But it may not be the trump card it used to be.

The public's patience has frayed as the Iraq war grows bloodier in its fourth year, eroding confidence in Bush's stewardship of national security. Mismanagement of the response to Hurricane Katrina contributed. Democrats, having ceded the security issue to Republicans in the past, now are on the offensive. They're attacking the administration's competence at home and abroad and fielding candidates with military experience.

Democrats are also pressing an argument opposite to the president's: that Iraq isn't central to the broader war on terror but distracts from it, and breeds more terrorists. How voters ultimately decide on that issue is "one of the most important dynamics of this election," says Republican pollster David Winston. Read the full article. – Jackie Calmes

Poll trends: Bush, national security, Iraq, terrorism

Graphic: Key House races in Conn., Colo., Fla., Pa.

Read more: Campaign 2006, Homeland Security, Iraq, White House

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September 1, 2006, 12:22 am Minimum Wage Hits Stalemate

DUELING PARTISANS FIND reasons to let minimum wage increase die on Capitol Hill.

House Republicans, uninterested in dispiriting their conservative base, "consider the issue done with," a leadership aide says. A Senate Democratic strategist calls "stalemate" the most likely outcome when Congress returns.

Democratic turnout specialists won't complain. They hope state ballot initiatives on the issue rouse sympathetic voters in battlegrounds of Missouri, Montana, Nevada, Ohio, Colorado and Arizona.

Good luck, counters conservative activist Grover Norquist, since low-income workers rarely vote.

DOCTORS PUSH for pay raise, too.

Physicians' lobby intensifies push for higher Medicare payments before October adjournment. Without response from Congress, "Medicare patients face an access crisis," says new American Medical Association radio ad.

"Our campaign is intended to spur action," says AMA board Chairman Cecil Wilson. But the effort faces election-year anti-spending sentiment. Existing law calls for a 5.1% cut across the board for 2007 payments for physicians, and congressional aides say any physician-payment boost won't likely come until after November.

REPUBLICANS FEAR Bolton can't win permanent confirmation.

The United Nations ambassador's work under Bush's recess appointment has earned him praise for loyalty to Secretary of State Rice, and gained backing of erstwhile Senate foe Voinovich. He has steered key U.N. votes on the Israeli-Hezbollah war and Iran's nuclear program.

But Senate vote counters aren't sure of 60 votes needed to overcome filibuster in floor debate this week. "It depends on whether he has won over a Democrat or two," says a Republican Senate staffer. Fall campaign pressures, fueled by setbacks in Iraq and elsewhere, won't help.

Calling for Rumsfeld to go, Tennessee Democratic Senate candidate Ford says, "We need a new management team."

BRAND CRISIS? A Johannesburg billboard touting DaimlerChrysler's new Smart car mocks U.S. side of company: "German engineering, Swiss innovation, American nothing," it read. A Washington official of the automaker says the billboard was put up by DaimlerChrysler South Africa, and taken down after parent company executives learned of it.

PILING ON: Local candidates join Democratic congressional challengers in trying to score points off Republican White House. "Hans Riemer Took on George Bush," declares direct mail appeal in Democratic primary campaign for Montgomery

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County Council in left-leaning Washington suburbs. Riemer says he "made sure the Bush [Social Security] plan was dead on arrival in Congress" through his work with labor unions and other administration adversaries.

BUYOUTS THIN ranks at Equal Employment Opportunity Commission, the federal government's job-discrimination watchdog agency. Union officials say half of 89 departing employees were veteran investigators who are key to pursuing bias cases. Defenders of EEOC leadership note departing Chairwoman Cari Dominguez has authorized hiring 70 employees at field offices.

LONG WEEKEND? Census says 23% of private-sector employees don't get paid holidays, and only 48% of those in service sector do. Some 7.5 million hold more than one job, and roughly 8% work more than 60 hours a week.

WHITE HOUSE LEANS toward Senate approach to offshore drilling.

Returning House and Senate leaders will try to reconcile widely varying approaches to new oil and gas exploration in coastal waters. House would open 356 million acres, partially lifting drilling bans on both coasts. Senate frees only 5.76 million acres in Gulf of Mexico.

Bush administration complains House version could cost Treasury "several hundred billion dollars over 60 years" because it would share federal royalties with states interested in drilling. House Republicans insist the measure would help domestic industries survive by reining in soaring natural-gas prices.

"It just floors me that I've gotten no help out of this White House," says Pennsylvania Republican Rep. Peterson.

MINOR MEMOS: One in 10 workers has been with current employer at least 20 years, Census says….New York state, at 25%, has highest rate of union membership; North Carolina, at 3% has lowest. – John Harwood

Read more: Global, Congress, Domestic Policy

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August 31, 2006, 7:03 pm Wiggle Room for the TSA

U.S. adults would support greater restrictions on carry-on luggage, if the Transporatation Security Administration deemed them necessary, a new polls finds. Of the 1,000 adults surveyed by phone byHarris Interactive , 62% said they would support a ban of all carry-on luggage, compared with 35% who would oppose such a ban. The only dissenting age group: 25-34 year olds. Just 46% would support a ban on carry-ons, vs. 51% opposed. The survey, which was conducted Aug. 18-21, indicated the recent foiled terror plot in London had little impact on American travel plans. Ten percent of respondents said they made changes to travel plans to avoid flying as a result of news of the plot, compared with 76% who didn't change travel plans.

Read more: Global, Homeland Security

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August 31, 2006, 5:52 pm Family Feud

As the hotly contested Sept. 12 Republican primary in Rhode Island draws to a close, both sides released polls showing their man is ahead.

First out today was a survey from Rhode Island College showing Cranston Mayor Steve Laffey leading Sen. Lincoln Chafee 51% to 34%. That survey was based on a random sample of 363 likely Republican primary voters and had a 5% margin of error.

A few hours later, the National Republican Senatorial Committee, which supports Mr. Chafee, released its own internal poll done by Public Opinion Strategies showing the incumbent leading 53% to 39%. That poll surveyed 400 likely Republican primary voters and also had a 5% margin of error.

Perhaps the more intriguing nugget from the Public Opinion Strategies survey: Of the 53% of respondents who could actually name the primary election date, 58% support Mr. Chafee compared to 37% who back Mr. Laffey. – Jeanne Cummings

Read more: Campaign 2006

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August 31, 2006, 5:06 pm Bush Appointment Draws Quick Fire

President Bush's recess appointment today of lawyer Paul DeCamp,to be administrator of the Wage and Hour Division at the Department of Labor drew quick fire from some Democrats, particularly those seeking to make Wal-Mart a campaign issue. Bush nominated him for the post, but the Senate hasn't acted on the confirmation. At the law firm of Gibson Dunn, DeCamp has represented employers and defended Wal-Mart in a big employment-discrimination case.

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George Miller of California, senior Democrat on the House Education and the Workforce Committee, promptly fired off a statement: "As a lawyer, Paul DeCamp has never represented American workers in a single case. He has worked on behalf of Wal-Mart - a company with an abhorrent record of labor relations - and other companies against the interests of American workers and consumers in numerous cases. Yet he is the man that President Bush has chosen as one of the nation's top enforcers of workplace rights….This recess appointment is one more reminder that the President does not care about making sure that workers are treated fairly on the job or enforcing laws that he doesn't happen to like."

The Labor Department unit enforces overtime, workplace discrimination and child-labor laws.

Read more: Congress, White House, Business

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August 31, 2006, 4:10 pm World War III?

In his Salt Lake City speech to veterans, President Bush fully embraced comparisons of the current war on terrorism to 20th century battles against totalitarianism, especially Naziism in World War II. The analogies represented a further escalation of the rhetorical battle with administration critics, after Democrats protested Defense Secretary Rumsfeld's use of the idea earlier this week.

In his speech to the American Legion convention, Bush repeatedly invoked the comparison. "As veterans, you have seen this kind of enemy before," he said at one point. "They are successors to fascists, to Nazis, to communists and other totalitarians of the 20th century. And history shows what the outcome will be." At another point, he compared the fighting in Iraq to "Omaha Beach or Guadalcanal ."

Earlier in the week, the administration appeared to hesitate after an outcry from Democrats over comments that Defense Secretary Rumsfeld made comparing Islamist terrorism to a "new type of fascism" similar to Naziism. Rumsfeld also suggested critics of the global war on terrorism were engaging in appeasement. Democratic leaders, notably Sen. Charles Schumer of New York, protested the charge, and a DOD statement later suggested some reports were overblown.

Perhaps foreshadowing future rhetoric in his upcoming series of speeches on security issues, Bush cited no less an authority than Osama bin Laden for the proposition that a "third world war is raging" in Iraq.

"With the distance of history, it can be easy to look back at the wars of the 20th century and see a straight path to victory," the president concluded. "You know better than that….You were there for dark times and the moments of uncertainty."

Democrats weren't directly addressing the outbreak of WWII rhetoric in their initial statements. Party Chairman Howard Dean, House Minority Leader Nancy Pelosi and Senate Minority Leader Harry Reid all issued statements calling Bush's policies wrong-headed and dangerous, and touting Democrats' own "tough and smart" approach.

Pelosi tried to separate the various strands of terrorism that Bush was lumping together, and focus on what she suggests is the mistake of fighting in Iraq. "Today, once again, President Bush demonstrated that he is in denial about his historic blunder in Iraq," she said. "We must win the war on terror, but the war in Iraq is the wrong war. Today, just as it has since the war began, Iraq is weakening our ability to fight the war on terrorism." –John D. McKinnon

Read more: Global, White House

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August 31, 2006, 4:02 pm Bush Uncensored

Dozens of viewers are calling on the Federal Communications Commission to order broadcast fines over President Bush's swearing at the G-8 summit in July.

Bush apparently thought a microphone was off while he was speaking privately with British Prime Minister Tony Blair during a luncheon at the leaders' meeting in St. Petersburg, Russia. Discussing fighting between Israel and Hezbollah, Bush used the word s—. His comments , picked up and carried over TV and radio feeds, came just four months after the Federal Communications Commission said that the word was one of the most vulgar, graphic and explicit words relating to excretory activity in the English language and would likely trigger fines if broadcast.

Listeners around the country heard the exchange and more than two dozen have contacted the FCC. Some demanded their broadcaster be fined under the commission's public decency standards. Others said Bush should pay.

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"In the report on President Bush being caught swearing with a microphone on, your report aired the expletive, and the reporter herself even repeated it!" according to the letter to the FCC and WCSH-TV in Portland, Maine. "Every other story I saw on TV and heard on the radio earlier today had the word beeped. I'm not trying to be a prude… okay maybe I am, but I expect more from my local news station!" the person wrote, according to a letter that was one of many obtained under the Freedom of Information Act.

A group of broadcasters is challenging the FCC's profanity regulations in court amid debate within the commission over limits on indecent language. FCC Chairman Kevin Martin has cited a jump in the number of complaints filed each year as a reason to act. But others, such as Commissioner Jonathan Adelstein, have expressed concern that the FCC's policies may go too far. –Siobhan Hughes

Read more: White House

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August 31, 2006, 7:45 am Ohio Race Test GOP's Hold in Heartland

Ohio's 15th congressional district doesn't offer a homogenous landscape, but rather is home to African refugees, a growing Latino community, university students and urban gays, all thrown together with corporate Columbus, upscale suburbs and century-old farmhouses. It's a mix that suits the moderate image of Rep. Deborah Pryce, the fourth-ranking Republican in the House. But after years of only token opposition in this district, the seven-term congresswoman is imperiled by economic pessimism, the Iraq war and others' political scandals, which together could bring about an Election Day upset.

"It's a knife fight," Pryce says of her race against Democratic challenger Mary Jo Kilroy. Kilroy, a Franklin County commissioner, gives no quarter. "It's about change… People are fed up with Congress," she says. "We are going to put 'Kilroy is here' on the Capitol."

Pryce's standing, as chair of the House Republican Conference and friend of Speaker Dennis Hastert, elevates the stakes. Outside groups from the left and right are spending heavily. Cabinet secretaries have come to her aid. And for the entire House Republican leadership, which is heavily rooted in the Midwest, the race is a barometer of how much political fallout they will sustain from economic pessimism in this political battleground. Read the full article. – David Rogers

Sep.1, 2006

After the Flood

Sep.1, 2006

Minuteman vs. Beltway

Sep.1, 2006

A Prosecutor for the Top Job at ATF

Minimum Wage Hits Stalemate

Sep.1, 2006

Wiggle Room for the TSA

Aug.31, 2006

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House GOP Plans Earmark Reform In Appeal To Conservative Base (HILL)

By Patrick O'connor

The Hill, September 6, 2006

DOJ_NMG_0058496

Along with an emphasis on national security, House Republicans plan an appeal to the conservative base on the fiscal responsibility front in a legislative last stand before voters decide their fate in November.

The second week of September GOP leaders will unveil a resolution commemorating the five-year anniversary of the 9/11 attacks and that same week could also tackle earmark reform in another attempt to win back disgruntled conservatives upset with congressional Republicans for what they see as a failure to curb government spending.

The rules changes are not yet complete, but the House is expected to vote on a bill that would require individual members to attach their names to all earmarked projects in each of the appropriations, tax and authorizing bills. The initial changes, which were included in a broader lobbying reform package, applied solely to appropriations bills.

Completing earmark reform outside a broader overhaul of the rules governing lobbyists' interactions with members and staff could sound the death knell for the latter package, which House Republicans vowed to pass earlier this year when the Jack Abramoff scandal was commanding headlines on a daily basis.

But since that time the Abramoff scandal has captured the media's attention more sporadically as the lack of progress in the war in Iraq has taken center stage.

The GOP is in a desperate fight to maintain its control of the House this fall, and Republicans will try to frame the national security debate in their favor during a series of votes during this last month of the regular session.

Those efforts includes resistance to a Senate immigration reform bill that will likely prevent Congress from enacting any meaningful legislation this year to curb illegal immigration despite voter insistence that lawmakers address the issue.

With little chance of an immigration compromise, the prospects are dim that the House will pass any landmark legislation before the election. Instead, Republicans appear content to move smaller bills that they hope will give them an edge at the polls.

"I think we'll have a meaningful September, but it's got to be meaningful enough for us to keep our majority," said Rep. Jack Kingston (R-Ga.).

Democrats, meanwhile, will continue to blame Republicans in the White House and in Congress for failures in Iraq and for a wage gap that continues to pinch middle class households.

House Minority Leader Nancy Pelosi (D-Calif.) and the other members of the Democratic leadership sent a letter to Speaker Dennis Hastert (R-Ill.) late last wek asking him to consider legislation to address five major agenda items.

In the letter, the Democratic leaders asked Hastert to implement the 9/11 Commission's remaining national security recommendations, raise the minimum wage, address the funding gap in the Medicare prescription-drug benefit, restore funding to federal student loan programs and rollback tax breaks to big oil companies.

On the heels of President Bush's own push to defend failings in Iraq and tout Republican success on national security, House Democrats could also join their Senate colleagues in forcing a no-confidence vote on Defense Secretary Dennis Rumsfeld, perhaps during floor debate on the defense reauthorization bill. Staff discussed the issue last week but did not decide whether they would call for a vote in the House, one Democratic aide said last week.

"After a cost of more than $300 billion, 2,639 American lives and 19,323 wounded in Iraq, America doesn't need another campaign speech from the president, we need a strategy for success," Rep. Rahm Emanuel (Ill.), the chairman of the Democratic Congressional Campaign Committee, said in a statement put out by his office last Thursday.

Meetings between members and staff will dominate the abbreviated first week back, Republican leadership aides said last week. Hastert is expected to name conferees to negotiate the defense reauthorization bill with the Senate, and the House should vote on a bill to ban the export of horses for slaughter in other countries.

On the appropriations calendar, Republican leaders in the House would like to move final versions of the defense, homeland security and military quality-of-life spending bills before they leave at the end of the month.

A spokesman for the House Appropriations Committee said Chairman Jerry Lewis (R-Calif.) would also like to move the bill funding the departments of Labor and Health and Human Services, but a leadership aide said that would be unlikely because a minimum wage increase remains attached to the bill passed out of committee.

While the odds of an immigration deal are unlikely, GOP lawmakers are expected to discuss the legislation throughout this month.

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Hastert and Boehner are expected to meet with each of the chairmen whose committees held immigration field hearings over the summer to review their findings, Hastert spokesman Ron Bonjean said.

On Fox News Sunday, Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) said he will call Rep. Jim Sensenbrenner (R-Wis.), his counterpart in the lower chamber, this week to jumpstart negotiations.

Republicans are divided about whether the House needs to pass a comprehensive immigration reform bill following the summer field hearings.

Some members believe the House should re-pass some form of the immigration bill it approved last year, which had strict penalties to curb illegal immigration, whether or not the Senate takes it up. Those members believe it would give GOP lawmakers in the House another opportunity to distance themselves from the Senate.

"The Senate is the biggest obstacle we've got to retaining our majority," Kingston said. "House members need to distance themselves from the Senate."

Even if Congress does not approve a sweeping bill, Kingston, who serves on the Appropriations Committee, said the spending panels in both chambers have already increased funding for border patrol.

Republicans will try to use debate on a bill creating new rules to regulate the National Security Agency's (NSA) controversial domestic surveillance program to criticize Democrats for being irresolute on national security.

Specter worked with the White House to develop legislation regulating that program. The Specter bill would allow the Foreign Intelligence Surveillance Court to approve all surveillance programs, require administration officials to brief all members of the House and Senate intelligence panels every six months on the status of the surveillance program and update foreign intelligence laws to apply to current technology.

Republican Rep. Heather Wilson (N.M.), who is in a tight reelection fight with her Democratic challenger, introduced legislation last month with Intelligence Committee Chairman Peter Hoekstra (R-Mich.) and Sensenbrenner to modernize surveillance laws for the intelligence community.

Debates on national security and the war in Iraq could backfire on congressional Republicans, but many GOP lawmakers would like to go on the offensive.

"Let's have the fight because when we have the fight, the Democrats fall all over themselves," said freshman Rep. Patrick McHenry (R-N.C.).

In addition to the constant threat of terrorist attacks, high gas prices have stoked lingering economic insecurity this election season. House and Senate negotiators remain divided on the only legislation lingering in Congress to address those costs – House and Senate bills to open coastal waters for oil and gas drilling.

The Senate bill, which is far more restrictive, has an easier path to passage because it mirrors an executive order negotiated during the Clinton administration to open drilling sites in the Gulf Coast next year.

Many Republicans were relieved to survive August relatively unscathed this year following last year's disastrous stretch that was dominated by negative news out of Iraq and culminated with the slow federal response to Hurricane Katrina.

"August was a boon for House Republicans," Bonjean said, citing a foiled terror plot in London, a widely panned federal court ruling to prohibit the NSA's domestic surveillance program and Bush's aggressive courtship of national media.

With expectations fading that Republicans will maintain control of the House in November, partisan tensions predictably will dominate debate on the floor.

"We're under no illusions that the House floor in September is not going to be political theater," one senior GOP leadership aide said last week. "We're showing that the Democrats are weak on national security and want to spend your money."

Don't Blame The GOP (USAT)

By David Dreier

USA Today, September 6, 2006

No one needs to be reminded that we're in the midst of the political season. Many Americans have been bombarded by automated phone calls sponsored by Moveon.org and other special interest groups or barraged with attack ads attempting to

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create false ethical clouds around members who have no connection to recent scandals. Some of these ads were pulled from the air after they were proved false. It is within this context that the lobbying reform and ethics debate must be considered.

A recent Time magazine profile of the Democratic leader in the House reported that her legislative mandate to her members included, as the magazine put it, "avoiding compromise with Republicans at all cost."

This strategy was on display when the House considered the Lobbying Transparency and Accountability Act earlier this year. Fewer than 10 House Democrats supported this legislation, which would increase lobbying disclosure requirements, include critical reforms of the earmark process and stiffen penalties for breaking the rules. Why the Democrats refused to work with Republicans on real reform was clear — it did not fit into their political strategy.

Even before the bill was considered by the House, Democrats made known their intention to make ethics a political issue. It was to be their key to winning back the majority they lost in 1994. Hence, their fierce opposition to our reform bill. But intervening events undermined their strategy. Members on their side of the aisle began to face ethical questions of their own, and a special election built on the "culture of corruption" message they so frequently espoused yielded a loss rather than a win. Since then, they seem to have lost interest in the issue entirely.

For the Republican leadership, however, work continues. We remain committed to achieving greater transparency and accountability in the lobbying and ethics process. Former members who are registered lobbyists have been banned from the House floor. Comprehensive earmark reform remains a top priority and will be considered by the House this month. It will be interesting to see whether Democrats once again follow their leader, or decide to support real reform.

Workers To Get Enhanced Dental And Vision Insurance (WP)

By Stephen Barr

The Washington Post, September 6, 2006

After two years of planning and evaluation, enhanced insurance coverage for bad teeth and weak eyes will be offered to federal employees, retirees and their dependents this fall through contracts awarded to 10 companies.

A new dental and vision program, which becomes effective Dec. 31, will accept enrollments from Nov. 13 through Dec. 11, the period also set aside for federal employees and retirees to choose their health insurance options for next year.

The dental-vision program is eagerly awaited by many federal employees. Testimony at congressional hearings portrayed the government's dental and vision coverage as meager, with reimbursement levels and annual maximum benefits significantly below those provided by private-sector employers.

About 8 million federal employees, retirees and family members will be eligible to enroll for dental or vision benefits or both. Employees will be able to use pretax dollars to pay for their premiums. The government, which covers about 70 percent of the cost of health insurance premiums, will not pick up any of the cost of the dental-vision premiums under the 2004 law that created the new program.

Details about the program's benefits coverage and costs will be announced in coming weeks by the Office of Personnel Management, which administers the program.

Congressional aides have said the dental benefits could provide a broad range of coverage, including oral and maxillofacial surgery and orthodontics. The vision benefits could cover preventive care and eyewear, for example.

Dental benefits will be offered by Aetna Life Insurance Co., Government Employees Hospital Association Inc., MetLife Inc., United Concordia Cos., Group Health Inc., CompBenefits Corp. and Triple-S Inc., the OPM announced last week.

Vision benefits will be available through the Blue Cross and Blue Shield Association, Spectera Inc., and the Vision Service Plan, the OPM said.

These 10 companies are the same that the OPM had announced as the program's vendors in May. That selection triggered a protest by Blue Cross, which also wanted a dental contract, and prompted OPM officials to reassess the bids they had received. In the reassessment, Blue Cross once again fell short in that bidding, OPM officials said.

Jackie Fishman , a spokeswoman for Blue Cross, said the association "was not invited by OPM to enter into final contract negotiations to offer a dental product" and was disappointed by the OPM's decision. But Blue Cross "is delighted" by its selection to offer vision benefits, she said.

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The Government Employees Hospital Association, known as GEHA, and the Vision Service Plan, or VSP, offered some details yesterday on how they will structure the new benefits.

GEHA said its dental plan will not have waiting periods, except for orthodontia, and no deductibles. Enrollees will be able to choose any dentist and can save money by going to an in-network dentist, GEHA said. GEHA will offer a high option and a standard option, and premiums will vary by geographic area, it said.

"Federal employees have been asking for additional dental coverage" Richard Miles , GEHA president, said in a statement. "This new program is an answer to that need."

The VSP said it also will offer two levels of coverage, a standard option and a high option. Both options will provide a yearly comprehensive eye exam and offer coverage for glasses or contact lenses. Enrollees will be able to use a network of more than 32,000 doctors.

"We are delighted by the federal government's decision and commitment to provide quality eye care to federal employees and retirees," Rob Lynch , VSP's president, said.

Rumsfeld Has Shoulder Surgery (AP-Y)

By Robert Burns

AP, September 6, 2006

Defense Secretary Donald H. Rumsfeld underwent successful shoulder surgery Tuesday to repair a torn rotator cuff.

Eric Ruff, the Pentagon press secretary, said Rumsfeld, 74, had the surgery on his left shoulder at Walter Reed Army Medical Center in Washington and described it as elective surgery that was scheduled weeks in advance.

Rumsfeld did not undergo general anesthesia for the arthroscopic procedure, Ruff said. Nonetheless, the defense secretary transferred to Deputy Defense Secretary Gordon England the responsibility for determining how to respond if a potentially hostile aircraft entered U.S. airspace. That responsibility is related to the combat air patrols that have been flown regularly over U.S. airspace since the 9/11 terrorist attacks.

Ruff said that was the only responsibility shifted to England, and that it was expected to be returned to Rumsfeld in a short time.

After the nearly two-hour operation, Rumsfeld was resting at the hospital and was staying there overnight, Ruff said.

"He's fine. He's recovering," the spokesman said, adding that he expected Rumsfeld to return to work as soon as possible, but the exact timing was uncertain. Late in the day, Ruff said Rumsfeld was alert and "already asking for his inbox."

The rotator cuff is a group of four tendons that help stabilize and move the shoulder. Each of the four tendons connects a muscle from the shoulder blade to the upper part of the arm bone, known as the humerus.

Tears in the rotator cuff can be caused by injury or by weakening of the tendon from wear and tear. Ruff said Rumsfeld's cuff tear was caused by "an old athletic injury." Rumsfeld, who is right-handed, wrestled in college and is an avid squash player.

Dr. Frederick A. Matsen III, chairman of the Department of Orthopedics and Sports Medicine at the University of Washington, wrote in a recent article about repairing rotator cuff tears that generally after surgery the shoulder should not be used with the elbow away from the side for three months. During that period the patient "needs to plan on being less functional than usual," Matsen wrote.

In July 2002, Rumsfeld had three hours of surgery on his left hand to correct a problem caused by arthritis at the base of his thumb.

Justice Kennedy Has Stent Put In Artery (NYT)

By The New York Times

The New York Times, September 6, 2006

By The New York Times

WASHINGTON, Sept. 5 — Justice Anthony M. Kennedy was hospitalized briefly over the Labor Day weekend to have a stent inserted in a coronary artery, the Supreme Court's public information office announced on Tuesday.

The announcement described the procedure as routine and said the justice was back at work at the court after a Saturday night stay at Washington Hospital Center here. "There was no evidence of heart damage," the press release said.

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Justice Kennedy, who joined the court in 1988, had his 70th birthday in July. Kathleen Arberg, the court's public information officer, said the justice was in New York when he experienced "mild chest pains." He and his wife, Mary, then drove themselves back to Washington, she said.

The court's press release said Justice Kennedy had received a stent last November, a fact the court did not announce at the time. Ms. Arberg said a second stent was inserted in the latest procedure.

According to the American Heart Association, use of stents is common in clearing blocked arteries.

Health Scare (RC)

By Mary Ann Akers

Roll Call, September 6, 2006

Supreme Court Justice Anthony Kennedy was hospitalized over the Labor Day weekend for chest pains. But after having a stent implanted in one of his coronary arteries, the justice was back at work on Tuesday morning, all hale and hearty.

Kennedy, 70, who has served on the Supreme Court since 1988, was on Long Island with his wife when he began experiencing chest pains. Mary Kennedy, earning herself a nomination for Wife of the Year, drove her husband back to Washington, D.C., where he was admitted to the hospital early Saturday.

Kennedy "underwent a routine procedure at Washington Hospital Center to have a stent inserted after experiencing mild chest pain," said Kathy Arberg, a Supreme Court spokeswoman. Arberg said Kennedy had undergone another stent insertion in November 2005. Such devices are used to relieve poor blood flow to the heart, which can lead to heart attacks.

Arberg said Kennedy showed "no evidence of heart damage." In fact, he returned to work at 6 a.m. Tuesday after being discharged from the hospital on Sunday.

"He's scheduled to play golf later this week," Arberg joked.

Mustache Contest Winners Announced. Instead of sitting around watching the grass grow during the August recess, aides to Sen. Frank Lautenberg (D-N.J.) sat around and watched each other's mustaches grow.

What began as a lighthearted contest to salute '70s hunks Burt Reynolds and Tom Selleck became an intense contest that produced real winners (or losers, if you want to be mean about it, which we don't).

The first-place finisher in the first annual "New Jersey Recess Mustache Contest" was Dan McCarthy, a 24-year-old legislative aide in Lautenberg's office. A native of Highland Park, N.J., McCarthy won a lifetime supply of Jovan Musk cologne.

But that's not all! Beyond awarding him bragging rights as the "Man with the Best 'Stache for 2006," his colleagues presented him with a "signed," life-size cardboard cutout of the bushy-lipped Mr. Reynolds.

Michael Aaron Flicker, 23, and also a Lautenberg LA, took the silver prize and won a "maroon turtleneck/camelhair blazer outfit." Bonus prize: a case of Aqua Velva aftershave.

And coming in third was Erik Glavich, 30, a GOP aide on the Government Reform Committee. Glavich, according to contestant officials, wins "free memberships to the Tom Selleck and Yanni fan clubs, including glossy photos of the stars with their moustaches and regular updates on their exploits with the ladies. Erik also walks away with a bottle of Old Spice."

"These three men proved that goals can be realized if you throw everything you have at them," said Alex Formuzis, Lautenberg's spokesman and the contest's co-organizer. "Whether you're from the Garden State or the Motor City, you should be proud of these guys."

"This contest was a great way to remind the nation that New Jersey is the wellspring of American manhood," said another aide in Lautenberg's press shop, which sponsored the competition. "McCarthy and Flicker are a credit to their gender and to the Garden State."

Everyone enjoyed the mustache contest so much that Formuzis claims there could be another competition on the horizon: a mullet contest.

Jewel on the Hill. Joining a growing chorus of entertainers-turned-lobbyists, the singer Jewel is coming to Capitol Hill later this month to promote legislation aimed at ending "drive-through" mastectomies. Lifetime Television, which has been raising awareness of the issue, is sponsoring Jewel's visit.

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The singer/songwriter, whose latest album, "Goodbye Alice in Wonderland," has sold 25 million copies to date, is scheduled to meet with sponsors of the bill, including Sens. Olympia Snowe (R-Maine) and Mary Landrieu (D-La.) and Reps. Rosa DeLauro (D-Conn.) and Sue Kelly (R-N.Y.).

"I always strive to use my voice to empower women to have as many choices in their lives as they can," Jewel told HOH. "They should absolutely be given the right to recover from their mastectomy in the hospital, if they want to."

Hitch a Ride, and Get Hitched. When Jack Pratt, chief of staff to Rep. Steve Israel (D-N.Y.), walked out of Kinkead's restaurant Saturday night after a nice dinner with his girlfriend, one of those new "pedicab" rickshaws just "happened" to be parked outside.

"Oh, it's you," Pratt said, pretending to be nonchalant, to the rickshaw driver, DC Pedicab owner Ryan Guthrie, a former Hill aide. Actually, Pratt had something up his sleeve (and in his pocket). He had planned the whole thing.

Guthrie offered Pratt, 30, and his gal, Kristen Flammer, 30, a post-residency fellow at the University of Maryland Medical Center, what appeared to her to be a spontaneous fun ride to the Washington Monument. It was anything but.

Pratt surprised the heck out of Dr. Flammer when he pulled a shiny platinum and diamond ring out of his pocket — the one that an HOH spy saw him buying at I. Gorman Jewelers several weeks ago.

Long story short, Flammer said yes. And then the driver of the rickshaw drove them to the Mayflower for celebratory cocktails. We hope they live happily ever after.

Gum-Chewing Green. Evidently, Rep. Al Green (D-Texas) likes to chew the you-know-what out of some gum.

An HOH informant spotted a Green staffer carrying four packs of gum in an elevator in the Longworth House Office Building. The informant, perhaps flirting with the aide, asked her if she liked gum. Oh no, she explained, my Member does. The Congressman wanted the gum for a Congressional delegation trip he was taking during the August recess.

"He likes to chew gum when he flies," Green's chief of staff, Jacqueline Ellis, told us.

Any kind, really. "I don't even remember what kind of gum I bought him that day. I just don't remember. I'm the only one who buys him gum," she said.

John Bresnahan contributed to this report.

Please send your hot tips, juicy gossip or comments to hoh@rollcall.com.

In Congress, A Whole Lot Of Half-Truths (WP)

By Richard Morin

The Washington Post, September 6, 2006

Members of Congress tell the truth -- the whole truth -- only about a quarter of the time when debating major legislation on the floor of the House and Senate.

Instead, legislators mostly rely on half-truths, misleading exaggerations or outright inaccuracies when debating the nation's business, according to two political scientists who have studied the quality of debate in Congress.

Gary Mucciaroni of Temple University and Paul J. Quirk of the University of British Columbia sought to see how truthful America's lawmakers were in debating three major bills: welfare overhaul in 1995-1996, the fate of the estate tax in 1999-2000 and telecommunication deregulation in 1996 .

The two meticulously sifted through the Congressional Record to identify key claims made by each side to support its case and to rebut the assertions of opponents. They also compared the claims with available data to see if they were true, false or somewhere in between. In all, they examined the accuracy of 18 claims in 43 separate House and Senate debates.

How did the nation's lawmakers do? Not so well.

Researchers judged the claims made in only 11 of the 43 debates to have been largely substantiated by the facts. An additional 16 were deemed to be "unsubstantiated"-- a polite way of saying they were misleading, mostly false or flatly wrong -- while 16 were an artful mix of fact and fiction, they report in their new book, "Deliberative Choices: Debating Public Policy in Congress."

They rated the quality of the debates somewhere between "fair" and "poor" -- a C-minus, at best.

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Does one party tell whoppers more often than the other? It's hard to tell, Mucciaroni said. "The Republicans performed worse than the Democrats in the welfare and estate tax debates, but not as much in telecommunications," Mucciaroni said. "We feel that this is probably due to the Republicans controlling Congress, especially the House. We might expect Democrats to do as poorly if they were in control . . . because majority status emboldens the majority to make more extravagant claims, and they feel pressure to deliver 'results.' "

They stopped short of asserting that members of the House and Senate lied to advance their positions. "We don't pretend to know whether they are lying, are ignorant, or misperceive the facts and informed opinion on an issue," Mucciaroni said. "Instead of using 'flatly lying,' we prefer 'flatly incorrect' or 'flatly inaccurate.' "

Somehow, that's not reassuring.

Tall and Smart

Researchers have known for decades that taller people earn more and have better jobs. Some researchers said it was because tall people had more self-esteem. Others said taller individuals physically and psychologically dominated their shorter colleagues. Still others said it was height discrimination.

Two economists have a simpler explanation: "Taller people earn more because they are smarter," claim Anne Case and Christina Paxson of Princeton University. "As early as age 3 -- before schooling has had a chance to play a role -- and throughout childhood, taller children perform significantly better on cognitive tests."

"For both men and women, an increase in height of four inches is associated with an earnings premium of approximately 10 percent," they report in a new working paper published by the National Bureau of Economic Research. "An American man who is 6 feet 2 inches tall is 3 percentage points more likely to be an executive and 2 percentage points more likely to be a professional than is a man who stands 5 feet 10."

They based their claims on an analysis of four data sets from the United States and the United Kingdom.

Who Would Have Thought?School Makes You Wiser and Ballet Tights

Â· "The Effect of Education on Cognitive Ability" by Torberg Falch and Sofia Sandgren, working paper published by the economics department at the Norwegian University of Science and Technology. Two economists find that every year of formal education raises a student's IQ an average of about 3 points, regardless of family income or parents' educational levels, raising new doubts that genetics alone determines intelligence.

Â· "The Effect of Ballet Dance Attire on Body and Self-Perceptions of Female Dancers" by Brena R. Price and Terry F. Pettijohn II, Social Behavior and Personality, Vol. 34, No. 7. Two Mercyhurst College researchers find that female ballet dancers hate the way they look in black leotards with pink tights and think they look better in loose-fitting clothes.

Richard Morin is a senior editor at the Pew Research Center. Versions of this column appear at washingtonpost.com and www.pewresearch.org.

OTHER NEWS:

Gulf Of Mexico Site Could Yield Up To 15 Billion Barrels (USAT)

By Paul Davidson

USA Today, September 6, 2006

Three oil companies Tuesday announced a landmark test of a deep-water well in a part of the Gulf of Mexico that could swell the nation's oil reserves by as much as 50% if production goes forward.

The project, far off the Gulf Coast and miles below the sea floor, could be the best prospect for new domestic crude oil in 38 years. And experts say it raises fresh hopes for abundant production in a region plagued by falling output from wells closer to shore.

“It shows there's still a lot of opportunities here in the Gulf of Mexico,” says David Dismukes, associate director of the Louisiana State University Center for Energy Studies. “The lower-hanging fruit has been in other parts of the world.”

Chevron, Devon Energy and Statoil said the test at the Jack field, about 5 miles deep in the Gulf, yielded more than 6,000 barrels of crude oil a day.

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"It's encouraging to know there's a large source of oil," in the deep waters of the Gulf, says Devon President John Richels.

The field is about 270 miles southwest of New Orleans. Chevron has a 50% stake; Devon and Statoil each own 25%. The field is part of an ancient rock formation, known as the lower Tertiary, which the companies estimate holds at least 3 billion barrels of extractable oil and gas, and as much as 15 billion. If the upper estimate is borne out, extracting that oil would boost the nation's oil reserves of 29 billion barrels by 50%.

The companies lease exploration rights in dozens of oil fields in the region. Devon said the successful test has encouraged it to drill two to three wells a year in uncharted fields.

Deposits totaling 15 billion barrels would exceed the 13 billion barrels of recoverable oil at Alaska's Prudhoe Bay, the largest U.S. oil field, according to Dick Gibson, a Butte, Mont., geologist who advises oil and gas companies. It would be almost as big as Iran's Ahwaz field, which holds an estimated 17 billion barrels of recoverable reserves, Gibson said.

Chevron's test won't shave oil prices in the near term. Dismukes said it could take up to five years for production to begin. And consumer demand and worldwide crises, such as tension with Iran, continue to exert greater pressure on oil prices.

Still, the announcement could lead to intensified exploration in the Gulf, which might alter the view that steadily rising oil prices are inevitable, says A. F. Alhajji, energy economist at Ohio Northern University.

"If this is the start of a trend, then the structural changes we have seen in the oil industry in the last three years could become cyclical," Alhajji says.

The test, conducted below 7,000 feet of water and more than 20,000 feet under the sea floor, set world records for test equipment pressure, depth and duration, Chevron said. Until several years ago, technology wasn't available to drill to such depths and to view oil and gas formations buried below canopies of salt.

The Jack field is part of a layer of rocks between 24 million and 65 million years old that span thousands of square miles beneath the Gulf.

Tests Suggest Major Gulf Of Mexico Oil Discovery (LAT/AP)

The Los Angeles Times, September 6, 2006

WASHINGTON — A trio of oil companies led by Chevron Corp. has tapped a petroleum pool deep beneath the Gulf of Mexico that could boost the nation's reserves by more than 50 percent.

A test well indicates it could be the biggest new domestic oil discovery since Alaska's Prudhoe Bay a generation ago. But the vast oil deposit roughly four miles beneath the ocean floor won't significantly reduce the country's dependence on foreign oil and it won't help lower prices at the pump anytime soon, analysts said.

"It's a nice positive, but the U.S. still has a big difference between its consumption and indigenous production," said Art Smith, chief executive of energy consultant John S. Herold. "We'll still be importing more than 50 percent of our oil needs."

Chevron today estimated the 300-square-mile region where its test well sits could hold between 3 billion and 15 billion barrels of oil and natural gas liquids. The U.S. consumes roughly 5.7 billion barrels of crude-oil in a year.

It will take many years and tens of billions of dollars to bring the newly tapped oil to market, but the discovery carries particular importance for the industry at a time when Western oil and gas companies are finding fewer opportunities in politically unstable parts of the world, including the Middle East, Africa and Russia.

The proximity of the Gulf of Mexico to the world's largest oil consuming nation makes it especially attractive. And it could bring pressure on Florida and other states to relax limits they have placed on drilling in their offshore waters for environmental and tourism reasons.

The country's reserves currently are more than 29 billion barrels of oil equivalent, according to the U.S. Energy Department. But the U.S. imports most of its oil from abroad and its overall supply is tiny when compared with, say, Saudi Arabia, whose reserves exceed 250 billion barrels.

Chevron's well, called "Jack 2," was drilled about 5.3 miles below sea level. Chevron has a 50 percent stake in the field, while partners Statoil ASA of Norway and Devon Energy Corp. of Oklahoma City own 25 percent each.

During the test, the Jack 2 well sustained a flow rate of more than 6,000 barrels of oil per day, but analysts and executives believe the payoff could be much larger than that.

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The financial implications of the prospect are most significant for independent oil and gas producer Devon, which is the smallest of the three partners. Devon's shares soared about 12 percent on the New York Stock Exchange.

"This could not have happened in a better place," Devon CEO Larry Nichols said in a conference call with analysts.

The successful test well does not mean a huge supply of cheap oil will hit the market anytime soon.

Oppenheimer & Co. analyst Fadel Gheit estimated that the first production for the Chevron-led partnership might not come on line until after 2010, depending on how many more test wells the companies drill. That said, many companies, including BP PLC, Exxon Mobil Corp. and Anadarko Petroleum Corp., stand to benefit from their own projects in the so-called lower tertiary, a rock formation that is 24 million to 65 million years old.

"They may be the first ones to hit the jackpot, but if the current thinking is correct, this is only a beginning," Gheit said.

The well was drilled in the Walker Ridge area of the Gulf, about 270 miles southwest of New Orleans and 175 miles off the coast. It followed up a discovery made by Chevron in 2004.

San Ramon, Calif.-based Chevron said the well set a variety of records, including the deepest well successfully tested in the Gulf of Mexico. Chevron said the well was drilled more than 20,000 feet under the sea floor below 7,000 feet of water for a total depth of 28,175 feet.

Shares of Devon rose $7.73, or 12.1 percent, to $71.88 in afternoon trading on the New York Stock Exchange, above the top end of the stock's 52-week range of $48.94 to $70.35. Shares of Chevron rose $1.76, or 2.7 percent, to $66.59.

Big Oil Find Is Reported Deep In Gulf (NYT)

By Clifford Krauss

The New York Times, September 6, 2006

An announcement yesterday by three oil companies of a successful production test in the Gulf of Mexico — potentially the largest American oil find in a generation — was seen by experts as ushering in a new era in ultra-deepwater offshore drilling.

Chevron, Devon Energy and Statoil ASA, the Norwegian oil giant, reported that they had found 3 billion to 15 billion barrels in several fields 175 miles offshore, 30,000 feet below the gulf's surface, among formations of rock and salt hundreds of feet thick.

While it is too early to know exactly how big the fields are, the oil companies expressed hope that they had the potential of being even larger than those at Prudhoe Bay, off the northern coast of Alaska.

The United States has reserves of 29 billion barrels, meaning that at the high end of the estimates, the discovery could increase reserves by 50 percent. It comes as the output of oil and gas in shallower wells in the Gulf of Mexico, with about one-quarter of American oil reserves, is ebbing and environmental resistance to offshore drilling in areas closer to coastlines remains strong.

"This is frontier stuff," said Daniel Yergin, president of Cambridge Energy Research Associates, noting that the discovery is at levels deeper than deep-sea fields in the North Sea and off North Africa. "Success at these depths in the Gulf of Mexico would facilitate ultra-deepwater exploration elsewhere in the world because it will have proven the technology and capabilities."

It will take more than a year of drilling to confirm the value of the find, and the depth of the water will make extraction extremely expensive — profitable only if oil prices remain at least $40 a barrel, according to oil industry analysts.

The analysts cautioned that there was little likelihood the report would give drivers much relief at the pump because full production might not come on line for five years or more. By itself, it also appears that the discovery could make little more than a dent in the country's energy dependence.

And given that the United States uses 20.5 million barrels of crude oil a day, the new areas at most hold supplies that would quench the nation's oil thirst for two years.

In addition, there is a shortage of rigs able to drill in deep water, another constraint in exploiting the find quickly.

But Chevron and the other companies involved expressed excitement. The discovery in American waters, said J. Larry Nichols, chairman of Devon Energy, "could not have happened in a better place."

According to Chevron, the successful test was the culmination of about two years of drilling by the three companies, using seismic and drilling equipment at record depths and pressure.

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"Our strong strategic position in the deepwater Gulf of Mexico," said George L. Kirkland, a Chevron executive vice president, "will continue to be a platform for future growth for years to come."

Shell, BP, Exxon Mobil, Anadarko Petroleum and Petróleo Brasileiro have leases on comparable waters in the gulf, and the successful test is likely to set off a wave of drilling in deep water as well as the building of platforms and the laying of pipelines.

"It's going to attract deep-pocket and patient investment to work these fields," said Wayne Andrews, oil analyst at Raymond James & Associates. "These are very expensive wells to drill, and the production facilities required to produce the reserves are also going to be very expensive operations."

Chevron reported that the test on the Jack No. 2 well, situated 270 miles southwest of New Orleans, broke a record for the deepest successful well test in company history. It has sustained a daily flow of more than 6,000 barrels, a quantity thought to mean considerable reserves.

The successful test was first reported yesterday by The Wall Street Journal.

The stock prices of the three companies rose yesterday. Chevron, which owns 50 percent of the field, gained $1.51, or 2.33 percent, closing at $66.34. Devon Energy, which owns 25 percent of the field, was up sharply, rising $7.99, or 12.5 percent, to $72.14.

American depository receipts of Statoil, which owns the other 25 percent, rose 66 cents, or 2.4 percent, to close at $28.17.

The three oil partners said they would drill another appraisal well next year to confirm the extent of their find, and would probably decide on developing the field late in 2007 or in 2008.

The deep waters of the Gulf of Mexico may represent the last area in the United States where large oil and gas reserves remain to be discovered, although some experts see the potential for big discoveries deep off the Atlantic and Pacific coasts, which would require Congressional action to exploit.

"This is a breakthrough that confirms very large reserves of recoverable oil in the gulf," Mr. Yergin of Cambridge Energy Research Associates said. "This announcement also reflects how the oil industry is marching offshore into deeper and deeper waters around the world."

Successful exploitation of the reserves requires new drill technology and computerized seismic technology to work in water more than a mile deep. "This would have been unthinkable 10 years ago," Mr. Yergin said, "but the technology keeps advancing."

The oil in the area is considered top quality, light and sweet, unlike the oil in many new fields around the world that is heavier and more difficult to process.

Because the new reserves are so far off the gulf coast, they seem unlikely to attract the intense opposition from environmentalists who oppose drilling close to beaches.

Chevron Hails Gulf Test Drill Results (FT)

By Doug Cameron

Financial Times, September 6, 2006

Chevron and two partners yesterday hailed the results of test drilling at a new field in the Gulf of Mexico, though analysts remain cautious about the impact of climate change on future production in the hurricane-prone region.

The tests are viewed as a milestone in the development of the Jack field in the deep waters of the Gulf, which have emerged as the only source of growth for domestic US oil production as older onshore wells pass their peak.

Analysts said the wide range of estimates for potential production from Jack - anything from 3bn-15bn barrels of recoverable reserves - and delays at nearby fields raised "a red flag" for any hope that it would reduce US dependence on imports.

"I think we are going to find that the Gulf becomes an increasingly problematic source of supply," said Jeff Rubin, oil analyst at CIBC, pointing to the disruption from last year's hurricanes which have left 180,000 barrels per day of production "shut in" as engineers continue repairs.

Mr Rubin maintained that total production from the US and Mexican sectors of the Gulf was likely to remain at current levels of 1.3m-1.4m bpd as new deep-water fields took on the mantle of declining coastal reservoirs. This is well below the 2m bpd estimate from the US department of the interior.

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Chevron, which is developing Jack alongside Devon Energy and Norway's Statoil, said the latest test drill set several records, highlighting the extreme conditions - and higher operating costs - experienced in the Gulf's deep waters.

A second test drill will be made next year, and a final decision whether to develop the field is expected to be made by 2008.

U.S. Oil Reserves Get A Big Boost (WP)

By Steven Mufson

The Washington Post, September 6, 2006

An oil discovery by Chevron Corp. has bolstered prospects that petroleum companies will be able to tap giant reserves that lie far beneath the deep waters of the Gulf of Mexico.

Oil analysts and company executives said newly released test results from a well 175 miles off the coast of Louisiana indicate that the oil industry will be able to recover well more than 3 billion barrels, and perhaps as much as 15 billion barrels, of oil from a geological area known as the lower tertiary trend, making it the biggest addition to U.S. petroleum reserves in decades. The upper end of the estimate could boost U.S. reserves by 50 percent.

"This looks to be the biggest discovery in the United States in a generation, really since the discovery of Prudhoe Bay 38 years ago," said Daniel Yergin, chairman of the consulting firm Cambridge Energy Research Associates Inc. "There's been a lot of anticipation about what's called the Wilcox formation, and this is the validation of the theory and of the technology," he said, using another name for the area of the Gulf.

Cambridge Energy forecasts that the deep-water area of the Gulf of Mexico will produce 800,000 barrels of oil a day within seven years and account for 11 percent of U.S. oil production. That would not solve the world's energy problem or eliminate U.S. reliance on oil imports, but it would help stabilize U.S. oil production, which has been declining, and cover some of the world's rising demand for petroleum. Prudhoe Bay, in northern Alaska, produced about 1.5 million barrels a day at its peak.

Although oil companies have been exploring the deep-water area of the Gulf of Mexico for the past five years, there have not been any previous production tests from the older tertiary trend, which is made largely of Eocene era sediments more than 35 million years old. Chevron and its partners said the test showed that the oil deposits in the older rock formations were technologically and economically viable.

"The big question for everybody has been whether these rocks would flow and at what rates," said Paul Siegele, head of Chevron's deep-water Gulf exploration unit. "These are older rocks than have been explored before. While everyone was excited about the amount of oil in place, the question was whether it would flow at rates that would be economic, and that's why the test was so important."

Chevron said yesterday that 6,000 barrels a day of crude oil flowed through a test well from the tertiary trend more than 20,000 feet beneath the sea floor in 7,000 feet of water. Chevron's partners noted that the oil flowed from just 40 percent of the more than 350 feet of oil-bearing sediments. Siegele said that the oil was high quality and low in sulfur and that it flowed through an opening less than an inch in diameter. But he said the company would not divulge the exact size of the opening, an important detail for analysts.

Still, John P. Herrlin, an oil analyst with Merrill Lynch & Co., said the production test announcement was "meaningful because it opens a new fairway" in the deep-water Gulf of Mexico oil area, which also includes other geological prospects. Herrlin said the lower tertiary trend alone could hold 3 billion barrels to 15 billion barrels of recoverable oil reserves.

That's a figure Chevron used earlier this year to describe the size of the tertiary trend prospect. In an interview yesterday, Siegele said the new test results reinforced that estimate. But separately, Stephen J. Hadden, senior vice president for exploration and production at Devon Energy Corp., a partner in the Chevron exploration well, said the 3 billion barrel figure was too low. Cambridge Energy's Robert W. Esser said the Eocene or Wilcox sediments could hold 10 billion barrels.

Exploration and production in deep-water areas have become more important to world oil production as production from older fields on or close to shore begins to decline. And technological advances have made it easier to work in the difficult deep-water conditions. Companies are also searching in deeper waters off places such as the west coast of Africa.

But the costs of exploring for oil in deep water far from shore run high, which makes it important to find bigger fields. Chevron's Siegele said the test well, called the Jack No. 2, cost more than $100 million. Devon Energy's Hadden said a

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production facility in the area could cost between $250 million and $500 million, plus a series of production wells at a cost of $80 million to $120 million each. It isn't clear whether the companies would build a floating platform and put the oil directly into tankers or a platform would connect to pipelines that would run to shore.

"What's really happening is the opening up of a whole new horizon in the ultra-deep waters of the Gulf of Mexico, and it looks like the upside is very significant," Yergin said. "But it will take time and billions of dollars to get there."

Chevron operates and owns 50 percent of the Jack No. 2 well. Devon Energy and Statoil ASA each own 25 percent of the project.

Hadden said Devon's share of the reserves in the lower tertiary trend could more than double the company's reserve base of about 2 billion barrels of oil and oil equivalents, such as natural gas. It vindicates a strategic decision the company made in 2001 to invest heavily in the deep water of the Gulf of Mexico, he said. The company expects to begin production from another deep-water area in the Gulf, called Cascade, in 2009, Hadden said. The company's stock jumped 12.5 percent yesterday to close at $72.14 a share.

Chevron is the company with the most leases in the lower tertiary trend, which Hadden said is a couple of hundred miles long and 50 to 70 miles wide. Devon is next, followed by Anadarko Petroleum Corp., Exxon Mobil Corp., BP PLC and Royal Dutch Shell PLC.

Last week, in another indication that big reserves lie in deep-water Gulf of Mexico, BP said it had found more than 800 feet of oil-bearing rock in its Kaskida discovery well in the Keathley Canyon area about 75 miles north and west of Chevron's Jack well. It is part of the same geological trend.

Chevron Reports Major Oil Field Find (LAT)

By Elizabeth Douglass

The Los Angeles Times, September 6, 2006

Chevron Corp. and two partners said Tuesday that they had tapped a potentially huge new source of oil in the Gulf of Mexico's deep waters, fueling hope that further discoveries in the region could help ease the nation's oil supply woes.

The successful test of one of the deepest oil wells ever drilled showed such promise that some believe the undersea oil pool could rank as the largest discovery of crude since Alaska's Prudhoe Bay began producing nearly 40 years ago.

"An opportunity like this only comes once every few decades," said Daniel Yergin, chairman of Cambridge Energy Research Associates in Massachusetts. "It holds out the prospect that this means more supply, and more supply is good news for consumers."

The geologic formation being targeted by the Chevron group and others could begin producing oil steadily as early as 2012, and could yield 800,000 barrels of crude a day, or about 11% of total U.S. production, according to an August assessment of the region by Yergin's firm.

San Ramon, Calif.-based Chevron, whose partners include Devon Energy Corp. of Oklahoma and Norway's Statoil, wouldn't quantify the size of its find, except to note that the gulf's deep waters could hold 3 billion to 15 billion barrels of oil — at the high end, a more than 50% boost to U.S. petroleum reserves.

After a year of mostly bad news about oil supplies, investors celebrated Tuesday by sending up stock prices — including those of Chevron, Devon and Statoil — and by further trimming the price of oil futures.

Motorists, however, should hang on to their hybrids.

Although the discovery suggests that the undersea region holds more oil than previously thought, experts say the crude will be expensive to extract and years in coming.

What's more, growing demand in the U.S. and elsewhere could quickly eat up the production gains. And there is the uncertainty that comes with trying to figure out how much oil lies so far beneath the surface.

"It's phenomenal, if it's there," said Matthew Simmons, who heads Simmons & Co., a Houston investment bank that specializes in energy. "But until you get a field on production, you don't really know what's there…. It's a roll of the dice."

Simmons said the gulf had yielded several highly touted oil finds over the years that fell short of expectations.

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The Chevron project, dubbed Jack, is 270 miles southwest of New Orleans. It is one of a string of oil discoveries made beginning in 2002 in the Lower Tertiary formations off the coasts of Louisiana and Texas, miles below the seabed.

Oil companies have made more than a dozen discoveries in the ancient seabed, with names such as Great White, Tiger, Silvertip, St. Malo and Cascade. Last week, oil giant BP added its Kaskida project to the list.

Chevron's recent test well stands out, however, because it is the first among the group to take a stab at actual production. The company's well produced a steady flow of 6,000 barrels of high-quality crude per day, but the flow was intentionally limited to avoid exceeding the test facility's capabilities, Chevron spokesman Donald Campbell said.

The test "helps us understand that the oil can flow through the rocks and it can flow at a commercial rate," he said. "This is an example of how companies, investing in technology, are finding oil and gas today in places where we couldn't go 15 to 20 years ago."

Chevron's success could add urgency to other projects in the region, said Robert Esser, director of global oil and gas resources at the Cambridge research firm and author of two studies highlighting promising projects such as those in the gulf's deep waters.

It comes at a time of dwindling production for U.S. oil fields as well as a steep drop in output at Cantarell, the giant field belonging to Mexico, the second-largest U.S. petroleum supplier.

The U.S. burns through about 5.7 billion barrels of crude a year and has about 22 billion barrels in reserve. Saudi Arabia's reserves are believed to exceed 250 billion barrels.

"This is the most significant thing that's occurred in U.S. oil in years, in that it proves that this formation is capable of flowing in economic terms," Esser said.

Chevron's well extends through 7,000 feet of water and then 20,000 feet below the sea floor. From the rig to the bottom, the well measures 28,175 feet — more than 5 miles — a record depth for the Gulf of Mexico, Chevron said.

The company's first well for the 34,500-acre project was drilled in 2004, and confirmed the presence of oil. Chevron and its partners plan a third well next year to help determine the size of the reserves.

Chevron, the largest holder of leases in the deep-water gulf region, would not estimate the cost of the project and would not say when the group might give the final go-ahead for building the massive and costly production rig needed to extract the oil. If the partners decide to develop the field, production will follow in six or seven years, Chevron said.

U.S. stocks rose on the news, with the Dow Jones industrial average gaining 5.13 points, or 0.04%, to 11,469.28.

Chevron stock rose $1.51, or 2.3%, to $66.34.

In futures trading Tuesday, the October contract for U.S. benchmark light sweet crude — the type discovered at the Chevron project — fell 58 cents to $68.60 a barrel on the New York Mercantile Exchange. Oil prices have more than tripled since early 2002 but are down from their peak of $77.03 in July.

The news from Chevron gave additional ammunition to industry lobbyists and lawmakers who favor opening restricted areas of the U.S. coastline to drilling.

Rep. Joe L. Barton (R-Texas), a longtime backer of increased offshore drilling, hailed the announcement.

"The discovery of oil that isn't half a world away and that might increase our country's petroleum reserves by billions of barrels in one swoop will do wonders for assuring American drivers can get gasoline at a price they can afford to pay," Barton said in a statement.

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elizabeth.douglass@
latimes.com

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(INFOBOX BELOW)

New reserves

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A newly tapped oil field beneath the Gulf of Mexico could hold 3 billion to 15 billion barrels of crude, enough to boost U.S. reserves by more than 50%. The vast deposit was discovered in the lower Tertiary layer of the seafloor, a rock formation 24 million to 65 million years old.

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Oil reserves

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The U.S. is No. 11 in oil reserves with 21.9 billion barrels.

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Oil reserves in 2005 (in billions of barrels)

Saudi Arabia: 259.4

Canada: 178.8

Iran: 125.8

Iraq: 115.0

Kuwait: 99.0

United Arab Emirates: 97.8

Venezuela: 77.2

Russia: 60.0

Libya: 39.0

Nigeria: 35.3

United States: 21.9

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Sources: Chevron, Devon Energy, Oil and Gas Journal, Minerals Management Service. Graphics reporting by Brady MacDonald, John Jackson

IMF Warns Of 'severe Global Slowdown' (FT)

By Javier Blas And Scheherazade Daneshkhu

Financial Times, September 6, 2006

The world is set to enjoy a fifth record year of high growth next year, says the International Monetary Fund, but it warns that the risks of a sharp slowdown have significantly increased.

The IMF will say next week that the world economy is on track to grow at 5.1 per cent this year but the risk of a severe global slowdown in 2007 is stronger than at any time since the 2001 terror attacks on the US.

"Risk to the global outlook is clearly tilted to the downside," the IMF said, adding, "there is a one-in-six chance of growth falling below 3.25 per cent in 2007."

The warning comes in a report to finance ministers at next week's meeting of the G7 in Singapore.

The report, seen by Expansión, the Financial Times' Spanish partner paper, is based on the IMF's World Economic Outlook, due for publication next week.

The IMF warns slower growth could be triggered by a sharp US housing market slowdown or by surging inflationary expectations that forced central banks to raise interest rates.

The report's central forecast points to global growth of 4.9 per cent next year, with G7 economies slowing from 2.9 per cent in 2006 to 2.5 per cent in 2007.

Although the IMF has been warning for several years of mounting risk for the global economy, it is the first time it has warned so strongly about such a sharp potential slowdown.

"There is considerable uncertainty about whether the global economy will achieve a soft landing to a more sustainable pace of expansion or whether the world faces a period of sharply slower growth," the Fund report says.

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"Tight commodities markets are contributing to inflation concerns and the risk of a growth slowdown," it warns. For that reason, "further [monetary] tightening cannot be ruled out" in the US, while "in the euro area, some further tightening will likely be needed to maintain price stability in the medium run".

Outline For Global Economic Forecast Is Detailed (WSJ)

By Marcus Walker And David Gauthier-villars

The Wall Street Journal, September 6, 2006

Europe's strong economic upturn is likely to lose some momentum late this year, but growth could pick up in the U.S. and Japan, according to the Organization for Economic Cooperation and Development.

In its interim assessment of the outlook for the world's biggest industrialized economies, the Paris-based think tank raised its projection for economic growth this year in the 12-nation euro zone to 2.7% from an earlier forecast of 2.2%. It stuck to its view that the U.S. economy will expand by 3.6% this year but cut its forecast for economic growth in Japan to 2.5% from 2.8%. (Read the full report1)

2006 GDP GROWTH

Source: OECD Forecasts

The report, by the OECD's chief economist, Jean-Philippe Cotis, said that during the first half of 2006 the euro zone grew more strongly, but the U.S. and Japan more weakly, than the organization had expected.

But strong U.S. consumer spending points to robust growth during the third quarter despite recent weakness in the home-building sector, the report said. In Japan healthy consumer spending and business investment is expected to underpin employment and growth, Mr. Cotis wrote.

In the euro zone, the OECD sees quarter-to-quarter growth slowing slightly to 0.7% in the third quarter and 0.6% in the fourth. The region's economy grew 0.9% in the second quarter -- outpacing the U.S. economy.

Several business surveys in Europe point to somewhat weaker growth ahead amid a slowdown in exports and the euro's rise against the dollar.

The latest Purchasing Managers' Index surveys of service sectors in Europe showed business in August grew more slowly than in previous months in the euro zone and the United Kingdom. The OECD raised its forecast for economic growth in the U.K. this year to 2.8%, up from an earlier forecast of 2.4%.

The shifting growth pattern has implications for central banks, the OECD said. It said the Federal Reserve may have to raise U.S. interest rates further if inflationary pressure doesn't moderate.

The Japanese central bank, on the other hand, should keep its interest rates steady until data show the deflation of consumer prices has ended, the OECD said.

The OECD, whose members are the world's major developed countries, backed the European Central Bank's policy of raising rates, saying Europe's economic recovery seems strong enough to take it. Early this year, the OECD and the International Monetary Fund urged the ECB to hold off from raising rates, fearing a strong upturn might not materialize.

Many economic forecasters fear a marked slowdown will hit the euro zone next year, driven by government plans to raise the value-added tax in Germany, Europe's biggest economy.

But Mr. Cotis said at a news conference in Paris yesterday that in the OECD's view, the effect of the tax increase would be "bearable."

In its most-recent forecasts for economic growth in 2007, published in May, the OECD predicted the German economy would grow 1.6% next year, compared with 2.1% in the euro zone as a whole. It forecast 3.1% growth in the U.S. and 2.2% growth in Japan next year. The OECD plans to update its forecasts for next year in November.

Home-Price Rises Slow The Most In Over 30 Years (WSJ)

By Rafael Gerena-morales

The Wall Street Journal, September 6, 2006

U.S. home prices rose only moderately in the second quarter, registering their sharpest year-to-year slowdown in more than three decades, a government report said.

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The Office of Federal Housing Enterprise Oversight, the agency that oversees mortgage titans Fannie Mae and Freddie Mac, said average home prices rose 1.17% during the quarter from the previous quarter, far short of their 3.65% gain in the year-earlier period. The slowdown in price increases was the steepest since recordkeeping began in 1975.

The second-quarter rise follows price gains of 2.20% in the first quarter of 2006 and 3.08% in the fourth quarter of 2005.

An Ofheo official attributed the slowdown to higher interest rates, rising inventories of homes for sale and a decline in speculative activity, and indicated that home-price increases likely will continue to be weak. "The very high appreciation rates we've seen in recent years spurred increased construction," Ofheo chief economist Patrick Lawler said in a statement. "That, coupled with slower sales, has led to higher inventories, and these inventories will continue to constrain future appreciation rates."

On the state level, Ofheo said average home prices in five states fell in the second quarter: Maine, Massachusetts, Indiana, Ohio and Michigan. The agency's report also showed that more than a fourth of the nation's 275 metropolitan areas experienced home-price declines.

Although homes appreciated at a slower rate in the second quarter, their prices remained 10.06% higher than a year earlier.

Write to Rafael Gerena-Morales at rafael.gerena@wsj.com1

Growth Slows In Housing Market (WP)

By Tomoeh Murakami Tse

The Washington Post, September 6, 2006

In the latest evidence of a cooling housing market, U.S. home prices rose in the second quarter by the slowest rate in more than six years, according to a government report released yesterday.

Home prices were 10 percent higher in the three months ended June 30, compared with the corresponding period last year. The quarterly appreciation rate of 1.17 percent, however, was the slowest since the fourth quarter of 1999, according to the analysis by the Office of Federal Housing Enterprise Oversight.

In contrast, in the second quarter of last year -- which many analysts describe as the height of the recent boom -- the quarterly rate was 3.65 percent. The change in the rate between those two quarters was the sharpest decline since the agency began tracking the data in 1975.

"These data are a strong indication that the housing market is cooling in a very significant way," James B. Lockhart, the agency's director, said in the report. "Indeed, the deceleration appears in almost every region of the country."

The ballooning number of homes for sale and higher interest rates have put a brake on rising home prices, analysts said. The housing market also had been "artificially propped up" by speculators and "mortgage gimmicks," said John H. Vogel Jr., professor of business administration at Dartmouth College's Tuck School of Business. Many economists think interest-only, adjustable-rate and other exotic mortgages helped people buy homes they otherwise may not have been able to afford in the recent housing boom.

"You just see all these for-sale signs out there," he said. "If you're a buyer . . . it makes you question, 'Do I really have to stretch that far to buy a house?' "

What is notable about the report -- the latest in a series of statistics this year that point to a downturn in the housing market -- is the rapidly declining rates of appreciation in prices in regions that were once red-hot. The quarterly report is based on comparisons of prices of the same houses sold or refinanced over time.

For example, just last year in the South Atlantic region, which includes Maryland, Virginia and the District, appreciation was at its highest rate since 1975, with home prices rising 18 percent year over year. The change in the quarterly rate over the past year was the biggest drop since the second quarter of 1976.

Places such as Massachusetts experienced some of the biggest price gains in the country throughout much of the housing boom. But now, the state ranks 48th in appreciation rates.

California cities used to pepper the list of the metropolitan areas with the highest rates of appreciation. Now, there is just one in the top 20 -- Bakersfield, with a year-over-year price gain of 22 percent.

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"The issue is that a number of states appreciated at rates that are just not sustainable over the long term," Andrew Leventis, an economist with the federal agency, said in an interview.

In the market that includes the District, Northern Virginia and Prince George's, Charles and Calvert counties in Maryland and Jefferson County in West Virginia, home prices increased by 1.79 percent in the second quarter. But the region posted a year-over-year increase of 16 percent because of jumps in prices late last year.

In the Montgomery County-Frederick County market, which the agency measures separately, the second quarter saw a home price gain of 1.64 percent over the first quarter and 13 percent over the same period last year.

Of the nation's largest 275 metropolitan areas covered in the report, seven regions experienced year-over-year price drops, including Ann Arbor and the Detroit-Dearborn region in Michigan. All declines were less than 2 percent.

Vogel thinks this is just the beginning. Housing prices have become so out of line with people's ability to buy, he said, that barring a wage spurt, it won't be possible to escape significant price declines.

"It won't be just prices flattening," he said. "I think it's going to be a pretty hard landing."

Stocks Edge Higher In Cheerful Start To Historically Tough Term For Market (WSJ)

By E.s. Browning

The Wall Street Journal, September 6, 2006

Investors put on a smile as they began negotiating the often-treacherous post-Labor-Day waters: They nudged stocks slightly higher as oil futures continued to decline.

Already up 6.7% since mid-July, the Dow Jones Industrial Average edged ahead 5.13 points, or 0.04%, to 11469.28, the highest finish since May 11. The blue chips are up 7% since the year began and are less than 254 points below the record close of 11722.98 hit in January 2000.

Trading was sluggish, as it often is early in September when many money managers are just barely back from vacation.

On a day with no significant economic or corporate-profit news, investors fell back on the broad hope that the Federal Reserve will leave interest rates unchanged for a second consecutive month at its next policy meeting Sept. 20.

The interest-rate optimism led stock investors to shrug off the fact that September historically has been rocky for stocks, with the Dow Jones Industrial Average falling an average 1.2% for the month since 1900, according to data from Ned Davis Research. Stocks tend to rise in most months, and September is the only one with a noticeable average decline.

Following Friday's news of moderate hiring gains in August, hopes are spreading that the Federal Reserve will engineer what investors call a soft landing -- enough of an economic slowdown to avoid inflation, but not enough to create a recession.

"September is historically the worst month of the year for stocks, and who knows what October will bring," said Jay Suskind, director of trading at brokerage firm Ryan Beck in Florham Park, N.J. "But the real concern is this debate over a hard or soft landing. If the Fed looks like it is going to continue to pause in its rate increases, then I think the market will at least hang in there."

Investors were heartened by news of a significant oil find deep below sea level in the Gulf of Mexico. Together with expectations that gasoline demand will slow now that the summer driving season is winding down, the news helped to push crude-oil futures down 59 cents to $68.60 a barrel, the lowest finish since June.

Oil futures remain 12% higher for the year to date.

Amid a general rally in metals futures coming off the holiday weekend, gold prices rose $14.10 a troy ounce, or 2.26%, to $638.50, a four-week high, and are now up 23% on the year.

The broad Standard & Poor's 500-stock index rose 0.17%, or 2.24 points, to 1313.25, its highest level in almost four months and a gain of 5.2% this year.

The Nasdaq Composite, with its volatile technology stocks, rose 0.57%, or 12.54 points, to 2205.70, a three-month high. The Nasdaq has recouped all its losses for the year and now is virtually unchanged for 2006.

Treasury bond prices, however, fell back, as investors took profits following the recent bond-price surge.

Outside the U.S., stocks declined in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, fell 0.43%, or 0.96 point, to 222.67.

In major U.S. market action:

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Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.12 billion shares, as 1,905 stocks rose and 1,384 fell.

Bond prices declined. The 10-year Treasury note fell 15/32, or $4.69 for each $1,000 invested, pushing the yield up to 4.787%. The 30-year bond was down 29/32 to yield 4.935%.

The dollar was mixed. Late in New York, the currency traded at 115.96 yen, down from 116.04, while the euro fell against the dollar to $1.2820 from $1.2870.

Third Candidates Could Tilt Number Of Races (USAT)

By Kathy Kiely

USA Today, September 6, 2006

WASHINGTON — Carl Romanelli has never run for office and belongs to a political organization that has never elected anyone to Congress. Even so, the Green Party candidate's U.S. Senate campaign in Pennsylvania has Democratic leaders manning battle stations.

Sen. Charles Schumer, D-N.Y., head of his party's Senate campaign committee, charged at a news conference last week that there is "huge evidence of fraud" in the petitions Romanelli submitted to qualify for the Nov. 7 ballot, which the Green Party candidate disputes. Schumer said Democrats are "working hard" to keep Romanelli off the ballot.

Party leaders are worried that Romanelli, a retired family court aide, could siphon enough votes from their candidate, Bob Casey, to ensure the re-election of Republican Rick Santorum. Republicans are thinking the same thing: Romanelli's petition drive was underwritten with the help of Santorum contributors, with the blessing of the senator's campaign.

The fight in Pennsylvania is not an isolated case. In a year when control of Congress is at stake and key races could be close, there's a chance that little-known minor-party candidates such as Romanelli could alter the political landscape.

Richard Winger, who monitors minor-party campaigns for his newsletter, Ballot Access News, says Libertarian Party candidates have helped Democrats in recent years win or hold three Senate seats targeted by Republicans. Those races were the 1998 re-election of Harry Reid of Nevada, now the Senate Democratic leader; the 2000 victory of Maria Cantwell in Washington; and Tim Johnson's re-election to a second term in South Dakota in 2002.

Winger says all three won by fewer votes than the number cast for Libertarian candidates in those races, meaning the Republican candidates might have won if the Libertarians, who tend to attract conservative voters, hadn't been on the ballot.

"Nothing like that happened in 2004, but it might this year," Winger says. According to his tally, there are minor-party or independent candidates on the ballot in at least 10 Senate and six gubernatorial elections that are potentially competitive, as well as a host of House races.

Some of this year's more likely spoilers:

• In Alaska, Andrew Halcro, a former state legislator and "life-long registered Republican" is running as an independent for governor in a three-way race. Republican Sarah Palin, former mayor of Wasilla, knocked off Gov. Frank Murkowski in the GOP primary Aug. 22. Democrat Tony Knowles is trying for a comeback after serving two terms as governor from 1994 to 2002. "I could legitimately pull from both sides," Halcro says.

• In Illinois, Bill Scheurer is running under the "Moderate Party" banner in a race where Democratic Rep. Melissa Bean is struggling to fight off a challenge from Republican investment banker David McSweeney. Scheurer has picked up endorsements from some major unions unhappy with Bean. Among labor donors to Scheurer's campaign: the Teamsters, United Steelworkers, Service Employees International Union and UNITE, which represents clothing and textile workers.

Scheurer, who is running as an anti-war candidate, has two children in the military, including a son just back from Iraq. He says he collected 15,000 signatures to get on the ballot and had to beat back "a sustained effort to keep us off."

• In Texas, voters in a suburban Houston district formerly represented by Tom DeLay will see two names on the ballot on Election Day: Democrat Nick Lampson and Libertarian Bob Smither. The federal courts would not allow Republicans to name a replacement for DeLay, the primary winner who resigned from the House in June to deal with charges that he illegally funneled corporate donations to 2002 state legislative races. DeLay has said he did nothing wrong. The GOP is urging a write-in vote for Shelley Sekula-Gibbs, a Houston city councilwoman.

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Smither, who says he "started as a Goldwater Republican," acknowledges that he and Sekula-Gibbs may split conservative votes and allow Lampson to win. Former Georgia congressman Bob Barr, a Republican, has endorsed Smither, but the local GOP won't do the same. "It seems like they would rather have a liberal Democrat than a conservative Libertarian," Smither says.

In Pennsylvania, Romanelli needs 67,000 valid signatures of registered voters to qualify for the ballot. He turned in about 90,000 names. Romanelli readily admits that he "took money from Republican individuals." He says he used the money to pay people to gather signatures.

"We were able to get into some very deep pockets," he says. "I make no apologies."

Without the GOP donations, Romanelli says, he would not have been able "to bring my left-wing ideas into the debate." Larry Smar, a spokesman for Casey's campaign, predicts the examination of Romanelli's petitions will turn up enough duplicate signatures and names of unregistered voters to disqualify Romanelli. The Democrats' fraud charges are "a bunch of toilet paper," Green Party spokesman Jennaro Pullano says.

Democrats are wary that Romanelli's campaign could spoil one of their best shots at taking over a Republican Senate seat in a year when they need six more to take control of the chamber. A USA TODAY/Gallup Poll last week showed Casey with a double-digit lead over Santorum, but other polls have showed the Republican incumbent gaining ground. Don Morabito, executive director of the Pennsylvania Democratic Party, says he expects the race to tighten.

"We have to be careful. We anticipate a close election. We have to act as if it does matter," Morabito says of Romanelli's candidacy. At the Casey campaign, Smar questions why Santorum has encouraged donors to underwrite the Green Party's petition drive. "There's something really fishy going on here," he says.

Unlike Casey and Santorum, Romanelli favors abortion rights. He opposes the Iraq war, wants to eliminate congressional pensions, and describes Casey's positions on issues as "Santorum-esque."

Schumer says Santorum is using Romanelli and the Green Party: "The fact that it was the Republican Party infrastructure that had to help the Green Party on the ballot shows what desperate shape he's in."

Santorum spokeswoman Virginia Davis admits that the campaign advised contributors to help Romanelli qualify for the ballot. "We encouraged those who inquired to help with the Green Party effort," she says. "We welcome Carl Romanelli's entry into the race because at least he's expressed a real interest in being up front and honest about where he is on the issues."

Candidates Split On Halting 9/11 Events (RC)

By Lauren W. Whittington

Roll Call, September 6, 2006

With the nation set to mark the five-year anniversary of the Sept. 11, 2001, terrorist attacks next week, Congressional candidates are faced with the difficult balancing act of remembering the tragedy while getting their partisan messages out to midterm election voters.

While many challengers and Members will attend remembrance ceremonies, it will be business as usual for most on the campaign trail — especially considering that nine states and the District of Columbia will hold primaries on Sept. 12.

In Maryland, primary voters will pick the Democratic Senate nominee next Tuesday and a spokesman for one of the contenders, ex-Rep. Kweisi Mfume (D), said Mfume's campaign will roll on as scheduled.

"There has been no discussion of suspending campaign activities on 9/11," said campaign spokesman Mark Clack. "Mr. Mfume will pay tribute to the brave men and women who lost their lives on this tragic day, but as America did after 9/11, he will trudge on."

Some candidates in states that do not hold primaries on Tuesday already have said they will halt political activity or alter their campaign schedules on Sept. 11.

Florida state Sen. Ron Klein (D), who is locked in an expensive and closely watched battle with Rep. Clay Shaw (R-Fla.), announced Tuesday that he will suspend TV advertising next Monday.

"This day is for us to reflect and remember the tremendous loss we suffered and the heroism we witnessed on September 11th 2001," Klein said in a statement.

Shaw also is taking his ads off the air Monday.

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"It's always been our plan to go dark on Sept. 11," said Clay spokeswoman Gail Gitcho.

She said Shaw was scheduled to spend the day visiting first responders in Fort Lauderdale and West Palm Beach, Fla., who went to New York five years ago to help with the rescue efforts at the World Trade Center.

Because the 9/11 anniversary falls on a Monday morning, many Members will be attending memorial services back home or in New York, at the Pentagon and in central Pennsylvania where one of the hijacked planes crashed.

There are no fundraisers listed on the National Republican Congressional Committee's event schedule on Sept. 11.

Rep. Don Sherwood (R-Pa.) had a breakfast fundraiser planned in his district on Sept. 11. But after word spread about the event — which would have overlapped with the times that the planes hit the World Trade Center five years ago — it was postponed.

A Sherwood spokesman said t the Congressman had another official event scheduled at that time, a wreath laying ceremony in Lackawanna, Pa.

"We have a fundraiser who was aggressive in scheduling and gave the OK, but we've since decided to reschedule," said Sherwood spokesman Jake O'Donnell.

Sherwood is in a tougher-than-expected re-election fight with college professor Chris Carney (D), a lieutenant commander in the Naval Reserve and a counterterrorism expert.

Spokesmen for the Republican and Democratic House campaign committees said they aren't advising candidates about what to do when it comes to political activity on Monday.

"We're not making any kind of recommendation," said NRCC spokesman Carl Forti.

The NRCC and Democratic Congressional Campaign Committee are airing TV ads in a handful of districts around the country and neither committee plans to come down in observance of Sept. 11.

The DCCC is planning to prepare a talking-points memo on national security issues and 9/11 commission recommendations later this week for candidates to use, but a spokeswoman stressed that it would not be "political or partisan."

On the Senate side, it appears as if neither party's campaign committee is planning to pull their ads on Monday.

The Democratic Senatorial Campaign Committee currently is airing ads in Tennessee, Ohio and Missouri, while the National Republican Senatorial Committee is on the air in Rhode Island and Ohio. Rhode Island is one of the states holding primaries next Tuesday, and Sen. Lincoln Chafee (R) — with the aid of the NRSC — is fighting for his political life in a primary battle with Cranston Mayor Stephen Laffey.

In Iowa-1, It's Who Will Get The Blues (HILL)

By By Jim Snyder

The Hill, September 6, 2006

Davenport, Iowa — Democrat party leaders look at Iowa's 1st Congressional District and drool, says the Republican congressman who now holds the seat.

Registered Democrats outnumber Republicans by 20,000 voters in the 12-county district, located in the northeast part of the state. Independents outnumber them both, but 1st District voters favored Sen. John Kerry and Vice President Al Gore by seven-point margins in their races against President Bush.

"The old rule of thumb in Iowa is that as you move east, the more urban, more Catholic, the more Democratic you get," says Drake University political science professor Dennis Goldford.

Given Republicans' low poll numbers and their own apparent demographic edge, the Democrats probably c annot be expected to win the House without taking districts like the 1st, Democrat House Minority Leader Nancy Pelosi (D-Calif.) told the Des Moines Register, the state's largest newspaper, last month.

For Democrats to win here, however, they have to overcome an exception to the Iowa political rule: voters have a habit of sending Republicans to Congress.

"It's a Republican district the way it performs and the votes in local races," insists Rep. Jim Nussle, the Republican House Budget Committee chairman who has represented portions of the district for 16 years. Before Nussle, Republican Tom Tauke represented much of what is now the district, starting in the late 1970s. Nussle said district voters particularly favor fisc al

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conservatives, though others credit his ability to use social issues to peel off Catholic voters who traditionally vote Democrat as another key to his success.

Republicans won't have the power of incumbency to rely upon this year, however, another factor fueling Democratic optimism.

Nussle is running for governor, where polls show he is in a tight race with Secretary of State Chet Culver.

The race matches Democrat Bruce Braley, a Waterloo trial attorney, against Republican Mike Whalen, a wealthy entrepreneur. Though both candidates are political novices without voting records to mine, each has been quick to spot perceived vulnerabilities in the other.

At a Republican rally in Bettendorf, Whalen said Braley "loves" lawsuits. Whalen lists tort reform as part of his Contract for American Jobs, which also include a series of tax cuts to spur job creation.

Whalen accuses his Democratic opponent of wanting to "cut and run" in Iraq for saying in a close primary race that he would consider cutting appropriations for troops in Iraq.

Braley has called for President Bush to develop a timetable for withdrawal from Iraq. His website states that he will push for oversight hearings into "fraud and abuse" in contracts awarded to companies like Halliburton.

Braley's campaign, meanwhile, has honed in on Whalen's stated opposition to raising the minimum wage.

The Republican has since said he would vote for a Republican House bill to increase wages, though he believes a better way of boosting wages is by providing tax breaks to businesses.

The issue has found its way into Braley's first television ad, which lists increasing the minimum wage, along with a fight for "fair trade laws" and more use of ethanol, always a winner in corn-rich Iowa, as the reason why he is running for Congress.

Democrats also accuse Whalen of wanting to privatize social security, a potentially potent issue for Iowans whose median age is higher than the national average. Whalen says he supports private savings accounts for younger workers while protecting promised benefits for those nearer retirement age to avoid bankrupting the safety net. "Everybody knows where the system is headed," Whalen said.

Both camps say jobs and the economy may be the most pressing issues for voters in the district, even though its unemployment rate is lower than the national average.

"People want to talk about how you are going to bring jobs back to the state," Braley said. He opposes the NAFTA and CAFTA free trade deals and supports a universal pension that follows workers job to job.

Bernadette Budde, a senior vice president at BIPAC, a business coalition supporting Whalen, says the 1st District race presents one of the starker choices for business leaders: an anti-tax entrepreneur against a trial lawyer. The race is one of only seven that BIPAC is targeting with a mailing campaign to local business leaders, Budde said.

As in any mid-term election, turnout will likely be key. "It is an execution district," Budde said. "No matter what you think about how the district shapes up in terms of demographics, history or candidates or campaign, it comes down to execution."

Both campaigns have benefited from fundraisers with prominent party leaders. House Speaker Dennis Hastert turned up recently for Whalen. Vice President Dick Cheney and presidential advisor Karl Rove have both also paid visits to the district.

At a labor lunch at the Chef Hat restaurant in Davenport, the district's largest city, House Minority Whip Steny Hoyer told a packed room that the election was about the "survival" of workers' rights to organize, which Republicans don't "fundamentally believe in."

Later, Hoyer and Braley held a press conference criticizing Republicans for running up the federal deficit.

Both candidates have sought to identify themselves as free-thinking independents. With Republicans down in polls, Whalen plays up his outsider status: "The only way I'll die in Washington is if I get hit by a bus."

In his TV spot, Braley promises to be a "strong, independent voice for change in Washington."

Internal polls show a close race, sources said. Whalen told The Hill that his polling shows he is ahead. A Democratic source close the Braley's campaign says the opposite is true — the Democrat is ahead, a good sign, the source added, because Democrats suspect Whalen has greater name recognition from years of advertising for his restaurants.

Nonpartisan observers say the race may come down to Dubuque, the district's third most populous county.

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Braley's base of support should come from Black Hawk County, where Waterloo is based. Whalen is expected to run strongly in Scott County, which includes his hometown of Bettendorf.

"This will be settled in Dubuque," says the Des Moines Register political columnist David Yepsen, who thinks the district is leaning Democratic.

But a majority of voters in this county are Roman Catholics who may be sensitive to cultural issues.

"Our Democrats are more moderate to conservative in many ways," said Rick Dickinson, who directs a Dubuque-based economic development and who lost a close primary to Braley.

Jeff Link, a prominent Des Moines-based Democratic consultant working with the Braley campaign, said he expects economic worries to trump social issues.

But the differences between the candidates on social issues are stark, too. Whalen is pro-life, Braley pro-choice. Whalen also supports President Bush's veto of the recent stem cell bill, which would have expanded federal funding for this type of research. Braley backs expanded federal stem cell research funding.

"It is a district that in socioeconomic terms ought to be voting Democratic, but in cultural terms it has been voting Republican," says Drake University's Goldford.

Lieberman Redux In Rhode Island? (WP)

By Ruth Marcus

The Washington Post, September 6, 2006

WARWICK, R.I. -- Cranston Mayor Stephen Laffey doesn't run for office, he bounds -- up steps, across lawns, in his quest to unseat Rhode Island's incumbent senator, Lincoln Chafee, in next Tuesday's primary.

"If one of the other candidates knocks on your door, vote for that guy, but they won't," the 44-year-old Laffey assures voters. He's accompanied by his wife, four of his five children and a posse of high school friends, all decked out in trademark Laffey yellow and blue, right down to the double stroller for the youngest Laffeys and his wife's custom-made "Laffey 2006" Converses. (The candidate, who has a Harvard MBA and isn't shy about mentioning it, read a study finding this the optimal color scheme for communicating.)

"This will probably be the first time in 40 years we haven't voted for a man named Chafee, but we've just about had it," Richard Carr, a 62-year-old construction company manager, tells Laffey, referring not just to the current senator but to his late father, John, who was a senator and governor.

After Laffey sprints on, Carr explains his distaste for the younger Chafee: "He is a Republican and he doesn't vote for the president," he says, referring to the senator's 2004 presidential write-in vote for George H.W. Bush.

Is Steve Laffey to Linc Chafee as Ned Lamont was to Joe Lieberman?

Once again an incumbent senator who often breaks with his own party -- this time a Republican -- could find himself toppled. Once again, the opponent is an energetic businessman-turned-politico, milking discontent among the base and disgust with Washington. Once again, outside groups -- in Connecticut the liberal blogs, here the anti-tax Club for Growth -- are stoking voter anger.

It was inevitable, then, that Laffey-Chafee would be cast as the GOP replay of the Connecticut Democratic primary. Yet the analogy goes only so far. The Rhode Island race is more complex, certainly odder and potentially far more momentous.

For angry Democratic voters, a Lamont vote was all but risk-free. Rhode Island is Connecticut with consequences: A Laffey nomination in this heavily Democratic state could imperil GOP control of the Senate. A general election race between the Democratic nominee, former attorney general Sheldon Whitehouse, and a bruised Chafee promises to be close. But nearly the only one who thinks Laffey would beat Whitehouse is Laffey. "I'll crush him," he asserts.

That's doubtful, but Laffey has a serious shot at ousting Chafee. Precisely how serious is unknowable, because the population of Rhode Island Republicans is so minuscule (just 10 percent of registered voters) and so much could turn on the wild card of independent voters.

Greeting voters outside the Warwick Stop & Shop, Chafee himself doesn't sound terribly confident. "What I've been surprised at is having a parade of Republican luminaries come in to help me -- highlighted by the first lady -- that didn't have a

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really strong move from the conservative base in my favor," Chafee says. "Even after that, still the Laffey people were Laffey people."

Hence the spectacle of the Washington Republican establishment rushing to the defense of a man who voted against all the Bush tax cuts, the war in Iraq, the Medicare prescription drug plan and Justice Samuel Alito, and who favors gay marriage and abortion rights and opposes the death penalty for Osama bin Laden.

The Republican Senate campaign committee has plowed hundreds of thousands of dollars into the race, savaging Laffey with ads as brutal as those deployed against any Democrat. One particularly ugly anti-immigrant spot attacks Laffey's acceptance of Mexican matricula cards as identification. (No matter that Laffey opposes the Senate immigration bill -- which Chafee backed -- as too permissive.)

If Connecticut was about unhappiness with Iraq and President Bush, the issues here are more nebulous. The candidates are vying to outdistance each other from Bush, and while Chafee opposed the war and Laffey supports it, Iraq hasn't been a focus.

Instead the race has been partly about personality ("If you looked up demagogue in the dictionary there would be a picture of Steve Laffey," Chafee says), partly about a generalized sense of dissatisfaction with what Laffey terms "big-spending Washington insiders."

Laffey temporarily raised taxes to help rescue Cranston from bankruptcy. "Well, duh, what was the choice?" he says. But he rules out the possibility of any national-level "well, duh" moment. "The corporate welfare gets you $150 billion and [freezing] the nonmilitary discretionary spending gets you $63 billion," he says, throwing in $27 billion more from cutting earmarks. "I just gave you $250 billion and I haven't blinked my eye. So that's where the waste is right there." The solution isn't nearly as simple -- or as painless -- as Laffey asserts.

Still, Laffey, a toolmaker's son who was the first in his family to go to college, is no cookie-cutter conservative. He says his role model in the Senate would be Bobby Kennedy, and he describes himself as a populist reformer, "more of a Teddy Roosevelt kind of Republican." A Senator Laffey would push the federal government to negotiate prices with big drug companies and promote tax breaks to encourage a solar panel on every roof. "By the way, that doesn't sound like a conservative Republican, does it," Laffey asks, part of the running self-commentary he provides.

Whitehouse, for his part, plans to run a similar campaign against either man -- arguing that either would provide a vote, quite possibly the critical one, to empower a Republican majority. Still, he says with the grin of a man who sees a long-shot Senate seat within reach, "I can't wait to find out which."

Inside Politics (WT)

By Greg Pierce

The Washington Times, September 6, 2006

Spitzer's jet

"Eliot Spitzer is running for governor [of New York] as the best guy to clean up Albany, including its corrupt 'pay-to-play' system of shaking down interest groups for campaign donations and other goodies," New York Daily News columnist Tom Hammond writes.

"So what the heck is he doing jetting around on the Gulfstream of a Wyoming businessman who wants to run racetracks and build casinos in New York?" Mr. Hammond asked.

"It's one thing for Spitzer to pile up money and endorsements from insiders. Fish gotta swim, pols gotta grub for cash. But accepting deeply discounted air travel from a gambling mogul doing lots of business with state government -- as Spitzer and an aide did in May -- is too cozy for comfort. The would-be Sheriff of Albany should be keeping a safe distance from favor seekers, not putting himself in a position where he owes them anything.

"Spitzer was on a two-day fundraising swing out West and needed to get from Phoenix to Tucson to Cincinnati and back to New York in a hurry. Casino developer Richard Fields got wind of his predicament and offered the use of his corporate jet. Thanks to him, Spitzer and his aide could meet their tight schedule, skip the long check-in lines and fly in style.

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"The offer practically screamed 'conflict of interest.' Fields is part of a group bidding to take over the Aqueduct, Belmont and Saratoga horse tracks. He also represents developers working with the Oneida Indians of Wisconsin to build a casino in the Catskills. Both issues will fall squarely on Spitzer's plate if he wins in November."

Outside help

Sen. Joe Lieberman's re-election bid is getting some outside help from a group grateful for the lawmaker's support for the Iraq war.

Vets for Freedom, an independent group with Republican ties, will air an ad in Connecticut today and tomorrow featuring veterans from the state who thank the three-term incumbent for backing the conflict.

Executive Director Wade Zirkle said his group's political arm is spending $60,000 to broadcast the commercial on cable and broadcast channels.

"We want to support policy-makers who've been supportive of troops in the field," Mr. Zirkle told the Associated Press.

Vets for Freedom calls itself a nonpartisan organization that was founded by Iraq and Afghanistan combat veterans. Republican strategist Dan Senor, former spokesman for the now-defunct Coalition Provisional Authority in post-invasion Iraq; Bill Kristol, the editor of the Weekly Standard; and former Lieberman Chief of Staff Bill Andresen have advised the group, Mr. Zirkle said.

Moving left

"There's been much talk in Washington recently about the fate of 'moderate Democrats,'" Byron York writes at National Review Online (www.nationalreview.com).

"These days, Nancy Pelosi is a moderate Democrat -- if that is defined as standing near the center of the party's ideological spectrum. But the truly moderate Democrat -- the type of centrist that has been so maligned by the left-wing blogosphere -- is pretty much a thing of the past. Just look at a few numbers," Mr. York said.

"Americans for Democratic Action rates House members on a scale from 0 to 100 based on how they have voted on issues important to various liberal constituencies. In 1985, when there were 253 Democrats in the House, 20 were ADA 'All-Stars' -- that is, they had perfect scores of 100. In 2005, when there were 202 Democrats in the House, there were 65 All-Stars. An astonishing 143 -- about 71 percent of the Democratic caucus -- had scores of 90 or above. ...

"The numbers are similar in today's Senate, where 22 of 45 Democrats have received the ADA's most-liberal rating. Forty Democratic senators -- about 90 percent of the Democratic caucus -- have ADA ratings of 90 or above. ...

"Today, after years of drifting leftward, Democrats face a dilemma. They are the target of an angry, energized ... movement that considers the mainstream Democratic Party too centrist, too accommodating to Republicans and insufficiently 'progressive' for today's politics. The farther Democrats move to the left, the farther their most passionate constituents prod them along."

Florida primary

Rep. Katherine Harris, Florida Republican, yesterday overcame opposition from many in her party's establishment to claim the nomination for the U.S. Senate, while Democrat Rep. Jim Davis won the race for his party's nomination to succeed popular Gov. Jeb Bush, the Associated Press reports.

Mrs. Harris next faces an uphill battle against the Democratic incumbent, Sen. Bill Nelson, who had no primary challenger. With 75 percent of precincts reporting, she had 50 percent of the vote against three relative unknowns. Mrs. Harris had 359,712 votes to 212,448 for lawyer Will McBride (30 percent) and 112,789 for retired Adm. LeRoy Collins (15 percent).

"Tonight is a great victory for our party and for Florida," Mrs. Harris said. "It's a great victory because it shows each of us we can overcome adversity to achieve extraordinary victories."

In the governor's race, Mr. Davis won a concession from state Sen. Rod Smith late last night. The U.S. representative led by 47 percent to 41 percent, or 311,910 votes to 273,441, and will face Florida Attorney General Charlie Crist, who claimed the Republican nomination to replace Mr. Bush. Mr. Crist had 481,719 votes (65 percent) to 244,559 votes (33 percent) for Tom Gallagher, the state's chief financial officer.

As Florida secretary of state six years ago, Mrs. Harris oversaw the recount that upheld George W. Bush's victory in the 2000 presidential race. She became a rising star in the Republican Party, parlaying name recognition into two terms in Congress. But

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state party leaders tried to talk her out of running for the Senate, citing fears she would lose to Mr. Nelson while spurring a large Democratic turnout, which would hurt the entire Republican ticket.

Rumsfeld's surgery

Defense Secretary Donald H. Rumsfeld underwent shoulder surgery yesterday to repair a torn rotator cuff, officials said.

Eric Ruff, the Pentagon press secretary, said Mr. Rumsfeld, 74, had the surgery on his left shoulder at Walter Reed Army Medical Center. He described it as elective surgery that was scheduled weeks in advance.

Mr. Rumsfeld did not undergo general anesthesia for the procedure, Mr. Ruff said. Some of the defense secretary's responsibilities were transferred briefly to the deputy defense secretary, Gordon England, the spokesman said. After the nearly two-hour operation, Mr. Rumsfeld was resting at the hospital and an overnight stay was being considered, Mr. Ruff said.

"He's fine. He's recovering," the spokesman said.

Tears in the rotator cuff can be caused by injury or by weakening of the tendon from wear and tear. Mr. Ruff said Mr. Rumsfeld's cuff tear was caused by "an old athletic injury," the Associated Press reports.

Veterans Thank Lieberman For War Backing (AP-Y)

By Andrew Miga

AP, September 6, 2006

Sen. Joe Lieberman's re-election bid is getting some outside help from a group grateful for the lawmaker's support for the Iraq war.

Vets for Freedom, an independent group with Republican ties, will air an ad in Connecticut Wednesday and Thursday featuring veterans from the state who thank the three-term incumbent for backing the conflict.

Executive director Wade Zirkle said his group's political arm is spending $60,000 to broadcast the commercial on cable and network channels.

"We want to support policymakers who've been supportive of troops in the field," said Zirkle.

Vets for Freedom calls itself a nonpartisan organization that was founded by Iraq and Afghanistan combat veterans.

Republican strategist Dan Senor, former spokesman for the defunct Coalition Provisional Authority in post-invasion Iraq; Bill Kristol, the editor of The Weekly Standard, and former Lieberman chief of staff Bill Andresen have advised the group, Zirkle said.

The ad features Connecticut veterans praising Lieberman's Iraq stance.

"When we were over there, it was important to know that someone had our back," one of the veterans says in the commercial.

Anti-war challenger Ned Lamont made Lieberman's support for the war a major issue in his primary victory last month. Lieberman launched an independent bid to retain his seat after losing the primary.

Polls show Lieberman leading Lamont and Republican Alan Schlesinger, who has failed to win the backing of the national GOP. In Connecticut Tuesday, Lieberman focused on appealing to all voters.

"I don't have a political party organization anymore, so Hadassah and I are going to reach out to individual voters — Democrats, Republicans, independents — at their doorsteps," Lieberman said in launching his door-to-door campaign with his wife.

Lamont and Lieberman are expected to be in Washington on Wednesday with Congress' return but it is unlikely they will cross paths.

Lieberman plans to attend the traditional Democratic caucus luncheon, where he will encounter many of the Democratic colleagues who now support Lamont, the nominee. The senator has pledged to remain in the Democratic caucus if he wins a fourth term.

"If some people give me a warm embrace, I'll welcome it. If some people avert their eyes — that's life," Lieberman said.

Lamont will not attend the lunch. He has meetings with party leaders, union officials and business leaders planned before he returns to Connecticut on Thursday.

Florida Republicans Choose Katherine Harris (NYT)

By Abby Goodnough

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The New York Times, September 6, 2006

MIAMI, Sept. 5 — Attorney General Charlie Crist won Florida's Republican primary for governor in a landslide Tuesday, while Representative Katherine Harris easily defeated three challengers in the party's Senate primary.

Mr. Crist will face Representative Jim Davis, who narrowly beat State Senator Rod Smith in the Democratic race.

Ms. Harris, 49, enjoyed a solid victory despite losing her party's support soon after she declared her candidacy last year, but she faces an uphill race against Senator Bill Nelson, the Democrat, in November.

Mr. Nelson, who narrowly won election in 2000, was once considered one of the nation's most vulnerable Democrats. But Ms. Harris, who oversaw Florida's contested presidential election in 2000 and subsequently won a seat in Congress, has run such a feeble campaign that he is now considered safe.

Ms. Harris beat three opponents who did not enter the race until just before the filing deadline in May: Will McBride, a lawyer; LeRoy Collins Jr., a retired admiral and son of a former Democratic governor; and Peter Monroe, a developer.

Republican leaders in Florida and Washington tried to recruit Allan G. Bense, the speaker of the Florida House of Representatives, and others to run against Ms. Harris. In May, Carole Jean Jordan, chairwoman of the Florida Republican Party, even wrote Ms. Harris a letter urging her to abandon the race.

More than a dozen members of Ms. Harris's campaign staff quit in the last six months, with some complaining openly about her behavior.

She also suffered from the revelation that Mitchell Wade, the military contractor who pleaded guilty to bribing former Representative Randy Cunningham, Republican of California, admitted funneling illegal contributions to her 2004 re-election campaign. Ms. Harris tried to get $10 million in federal financing to help Mr. Wade with a project in her district, but she has denied knowing that the donations were illegal and has not been charged with wrongdoing.

Mr. Crist, 50, defeated Tom Gallagher, the state's chief financial officer, by a wide margin. He has promised to preserve Gov. Jeb Bush's education, tax and crime policies. In polls throughout the race he stayed far ahead of Mr. Gallagher, who struggled to raise money and win the trust of voters.

Mr. Gallagher suffered from accusations that he violated the state ethics code while he was insurance commissioner in 2002-3. And while he presented himself as the most socially conservative candidate, some voters were skeptical because he admitted marital infidelity and supported abortion rights in the past.

In the Democratic contest, Mr. Davis, 48, enjoyed a sizeable lead until the final weeks of the race, when mailings and advertisements financed by the sugar industry sharply attacked his voting record and gave Mr. Smith a boost. In particular, they criticized Mr. Davis for voting as a state legislator in 1990 against restitution for two black men who had been wrongfully imprisoned for murder decades earlier.

Mr. Davis has defended that vote, saying he did not think there was enough evidence at the time to justify compensation for the men. But over the weekend, he told parishioners at a black church in Palm Beach County that he would re-examine his decision.

Both Democratic candidates were counting on mobilizing South Florida voters, but heavy rain kept many in Miami-Dade, Broward and Palm Beach Counties from casting ballots. Bad weather also appeared to reduce the turnout in Hillsborough County, in the Tampa Bay area.

Rep. Harris Wins GOP Primary For U.S. Senate Seat In Florida (WP)

By Peter Whoriskey

The Washington Post, September 6, 2006

MIAMI, Sept. 5 -- Shunned by party leaders and battered by repeated campaign controversies, Rep. Katherine Harris nonetheless held on to enough support from the state's Republican voters Tuesday to win Florida's Senate primary convincingly over three little-known candidates.

It was in many ways an embarrassing result for state GOP leaders: They had urged the former Florida secretary of state, a polarizing figure since her role in the 2000 presidential election recount, not to run.

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Harris now faces Democratic Sen. Bill Nelson in a race that strategists have said may be impossible for her to win. Polls have shown Nelson with a lead as wide as 30 percentage points.

Harris told supporters Tuesday night her victory shows that they together can "courageously beat the odds."

"We shall be victorious this November in sending Bill Nelson home," she promised.

"The die-hard Republican voters, they love her," said Jennifer Duffy, editor of the Cook Political Report, a nonpartisan election newsletter. "They think she got a bum rap in 2000."

But Harris is far less popular in other circles, and she is often a target of ridicule for her fashion and sometimes erratic pronouncements. Republicans had targeted Nelson as vulnerable a year ago, but his seat is now deemed relatively safe.

"There is probably not a Senate race in the country that is more of a lost opportunity than this one," Duffy said.

In the race to succeed term-limited Gov. Jeb Bush (R), state Attorney General Charlie Crist emerged from Tuesday's balloting as the Republican candidate, trouncing state Chief Financial Officer Tom Gallagher. Rep. Jim Davis was narrowly leading state Sen. Rod Smith in the Democratic primary.

Before the filing deadline in May, GOP leaders sought to recruit other high-profile candidates for the Senate race, including state House Speaker Allan G. Bense; former congressman Joe Scarborough, now a television host; and Rep. Mark Foley.

"I just don't believe she can win," the governor told reporters at the time.

But the recruiting efforts failed, and on Tuesday Harris faced off against Orlando lawyer Will McBride; LeRoy Collins Jr., a retired Navy admiral and the son of a former popular governor; and Peter Monroe, a developer. None of her rivals is well-known in the state.

The Harris campaign stumbled repeatedly during the run-up to the election. Fundraising fell short, prompting Harris to pledge $10 million of her own money. News stories linked her to a defense contractor convicted of bribing then-Rep. Randy "Duke" Cunningham (R-Calif.). And staff members repeatedly quit, sometimes citing her alternately abusive and flirty behavior.

Most recently, she was criticized for calling separation of church and state "a lie we have been told," and she angered many by saying: "If you're not electing Christians, then in essence you are going to legislate sin."

Earlier Tuesday, spokeswoman Jennifer Marks predicted Harris would win because "she has a clear record of leadership and results," and said Harris's focus on immigration reform and tax cuts resonates with people.

With 75 percent of precincts reporting in the winner-take-all primary, Harris had 50 percent of votes, McBride 30 percent, Collins 15 percent and Monroe 5 percent.

Running "against a candidate who is somewhat notorious and has universal name identification with the state, the biggest challenge has been time -- time to introduce Will as a viable alternative," said Jack St. Martin, McBride's campaign manager. "She clearly can't be competitive with Nelson. That's been echoed from the grass roots to the top of the party in Florida. I think voters were looking for a viable alternative."

The Harris campaign outspent the McBride campaign by a margin of 5 to 1, he said.

Entertainment Industry Donates To Allen's Bid (WP)

By Tim Craig

The Washington Post, September 6, 2006

U.S. Sen. George Allen (R-Va.) is a leading recipient of entertainment-related campaign contributions to members of Congress, a nonpartisan analysis released yesterday shows, even as the senator has been criticizing his Democratic opponent's ties to Hollywood.

Democrat James Webb has helped produce several movies, prompting Allen and his surrogates to portray Webb as an elitist more attuned to what Allen called the "values of Hollywood" than "the values of Virginia."

The Center for Responsive Politics, a nonprofit research group, said that Allen ranks 16th among members of Congress in campaign contributions received from the entertainment industry during the past two years. Allen has accepted $93,350 since 2004; Webb, $20,650, according to the center.

In campaign fundraising, Allen outpaces Webb by a ratio of 15 to 1.

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"There is plenty of data to support that . . . George Allen gets far more money from the entertainment industry than either Jim Webb or nearly anyone who represents the Hollywood area in Congress," said Massie Ritsch, a spokesman for the center, which is in Northwest Washington.

The center defines entertainment-related contributions as those from companies and people associated with television, movies and music.

Dick Wadhams, Allen's campaign manager, said the analysis appeared flawed.

Allen's haul includes contributions from executives with Time Warner, News Corp., Comcast, Univision Communications Inc., America Online, Krikorian Premiere Theatres, the National Association of Broadcasters, the National Cable & Telecommunications Association and the Walt Disney Co.

"I classify most of those as communications companies," said Wadhams, who often mocks Webb by adding "wealthy Hollywood movie producer" before his name.

Webb has received donations from filmmaker William Friedkin, producers Rob Reiner and James Jacks, and officials with Playboy Enterprises Inc., Wheeler Television and the International Broadcasting Bureau.

The center's analysis covers contributions received through June 30.

Allen and Webb, a former secretary of the Navy, both traveled to Los Angeles last month for fundraisers.

Webb's connections to Hollywood have emerged as a dominant theme in Virginia's U.S. Senate race.

During the candidates' first debate in July, Allen repeatedly needled Webb about his connections to Hollywood. When referring to Webb's opposition to a constitutional amendment to ban same-sex marriage, Allen said, "They may be the values of Hollywood, but they are not the values of Virginia."

Last month, Allen told a crowd in southwest Virginia that Webb was in Los Angeles raising money from a "bunch of Hollywood movie moguls."

New York Sen. Hillary Rodham Clinton (D) raised the most from the industry in the past two years: $530,000, according to the center.

Kristian Denny Todd, a Webb spokeswoman, said Allen's 16th-place ranking highlights his "hypocritical statements" about Webb.

Wadhams said Webb can't hide from the fact that "he has been a Hollywood movie producer for the past 20 years."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, September 6, 2006

Do I hear a dollar?

Poor Joe Lieberman doesn't appear to be worth very much these days -- just shy of one dollar, at last check.

Political memorabilia collectors have one day left to bid on a what is described as a picture-perfect, hand-signed 8x10 color photo of the Connecticut Democrat, who barely missed becoming vice president and now suddenly is running for re-election as an independent following his stunning primary defeat.

"You could own this picture that has been authentically autographed by this incredible U.S. senator," boasts the EBay peddler. "Don't miss your chance to own this great item!"

Current bid: 98 cents.

Wasted hours

Once again, we draw your attention to George W. Bush's frequent bike-riding jaunts through the Maryland countryside -- journeys that, for the gaggle of White House reporters who are required to tag along, hardly ever produce news, or for that matter produce sightings of the president aboard two wheels.

It's now gotten to the point that the reporters are running out of things to write about in their pool reports, although as one scribe points out concerning the most recent trek: the biking "represented 2½ news-less hours of our lives that your poolers will never get back."

Keystone cop

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We should point out that at least one of President Bush's motorcades over the last 48 hours made news, albeit at the expense of an unnamed Washington D.C. Metropolitan Police officer.

"We arrived back [at the White House] at 4:46 -- and would have been back sooner except for a hapless D.C. cop, clearly soon to be reassigned to the weekend graveyard shift, who had blocked off the wrong road, keeping the non-[presidential] highway wide open while simultaneously keeping the presidential motorcade blocked in bumper-to-bumper traffic" -- or so reads the official White House report of the bottleneck.

Never too late

While waterlogged Washington eyes yet another budding hurricane in the Atlantic, Washington PR mogul Gloria Dittus is focusing attention on New Orleans and its surrounding parishes as they rebuild from last year's devastating Hurricane Katrina.

The president and CEO of Dittus Communications is appealing to Washington's "movers and shakers" in hosting her 1st annual Hurricane Katrina fundraiser at her Kalorama home tomorrow evening.

Expect to see several familiar faces in the crowd from an impressive host committee that includes former Sen. John B. Breaux and former Reps. Billy Tauzin and Bob Livingston, all of Louisiana.

Mr. Livingston's son, 37-year-old Richard Livingston, was killed on July 25 while doing tree-trimming work in New Orleans.

State of the unions

Labor Day traditionally kicks off the fall campaign season, and the just-concluded holiday saw unions around the country attracting the usual candidates to their parades and picnics -- those leaning left, in other words.

So far this election cycle, the Center for Responsive Politics reported yesterday, unions have contributed more than $43 million to federal candidates and parties -- 85 percent of it to Democrats.

No milk money?

School bells rang across much of the nation yesterday amid a growing concern that students will once again be subjected to child abuse and drug addiction.

The Physicians Committee for Responsible Medicine has issued failing grades to school districts whose cafeterias emphasized meat and dairy foods, while praising those offering vegetarian menu items.

"This is a wing-nut animal-rights group that believes milk is an instrument of child abuse and cheese is an addictive drug," said Center for Consumer Freedom research director David Martosko, calling on the PCRM to withdraw its latest school-nutrition "report cards."

Mr. Martosko, who said that less than 4 percent of PCRM members are physicians, says the group is advancing a "hidden" animal-rights agenda that seeks to remove all animal protein from school diets.

Inside the Beltway got hold of the lengthy report card, and read on the very first page: "Vegetarians, and in particular vegans (those who consume no meat, dairy, or other animal products), are leaner than their meat-eating peers. ... Experts agree that healthy vegetarian diets meet all the nutrition needs of growing children."

(Of course, other "experts" argue in favor of additional proteins.)

According to the PCRM, "25 percent of children ages 5 to 10 years have high cholesterol, high blood pressure, or other early warning signs of heart disease."

Gov. Vows To Veto Health Care Bill (LAT/AP)

The Los Angeles Times, September 6, 2006

SACRAMENTO — Gov. Arnold Schwarzenegger announced today that he will veto a universal health care bill that is headed for his desk, claiming the measure would set up a "vast new bureaucracy" that would be too expensive.

The Republican governor said the single-payer system proposed by Sen. Sheila Kuehl would "cost the state billions and lead to significant new taxes on individuals and businesses, without solving the critical issue of affordability.

"I won't jeopardize the economy of our state for such a purpose," the governor said in a statement.

Kuehl, D-Santa Monica, said Schwarzenegger's comments indicated he "has not read the bill, doesn't understand the bill or is being completely misdirected by his handlers." She said the measure would save money.

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"Where there are no cost controls at all now, and enormous administrative overhead and profit for insurance companies, there would have been a transparent system that actually would succeed in making health care coverage affordable in California," she said in a statement issued today.

The bill would provide every California resident with health insurance through a system controlled by a new entity called the California Health Insurance Agency. It would be under the control of a health insurance commissioner appointed by the governor.

The legislation also would establish a state commission to recommend to the governor and Legislature how much to charge patients and businesses in premiums to help pay for the system.

Kuehl said the premiums would have "taken the place of all premiums, copays and deductibles we now pay, saving every person who now pays for health care significant money."

The bill was approved by lawmakers last week as they wrapped up their 2006 session, but it has not reached Schwarzenegger yet, aides said today.

Schwarzenegger's Democratic opponent, state Treasurer Phil Angelides, did not take a formal position on the measure. However, he has said that if he were elected governor, he would work with Kuehl to move toward universal coverage.

Going Over To The Girlie Men (WP)

By Harold Meyerson

The Washington Post, September 6, 2006

SACRAMENTO -- It was just two years ago that California Gov. Arnold Schwarzenegger, angered by his inability to get right-wing bills through his state's Democratic-controlled legislature, termed that body's leaders -- Assembly Speaker Fabian Nunez and Sen. Don Perata -- "girlie men." This political neologism went over particularly big with a subgroup with which Arnold claimed a special rapport: Dumb Young White Guys.

Deluded, perhaps, by the belief that the Census Bureau systematically undercounted the DYWGs, the Governator then spent all of last year campaigning against the Democrats and their institutional allies. Attempting an end run around the legislature, he called a special election so that voters could approve four partisan Republican initiatives he supported, including a draconian spending limit and a measure that would have curtailed unions' political involvement. Somehow he overlooked that California is a heavily blue state, and a place where independents are more likely to vote Democratic than Republican. More bewildering still, he forgot that he had campaigned for governor in the 2003 recall election as the guy who would end the partisan bickering in Sacramento, as a Republican who would forge common-sense solutions with the Democrats.

The result was a flat-out disaster. All four of Schwarzenegger's initiatives went down in a heap. His approval rating, which stood at 62 percent as 2005 began, plummeted to 35 percent as 2005 ended. There weren't, it seemed, as many DYWGs as he had suspected.

Whereupon Schwarzenegger figured, if you can't beat 'em, join 'em. He sacked his chief of staff and hired in her stead a centrist Democrat, Susan Kennedy, who had been the star staffer in the administration of the Democratic governor Schwarzenegger had replaced, Gray Davis. Predictably, many of his fellow Republicans went ballistic, but with Schwarzenegger at least nominally bearing their standard in the upcoming gubernatorial election against state Treasurer Phil Angelides, a liberal Democrat, they had no alternative to Arnold.

And all that was just the beginning. As Sacramento barreled toward the third straight unproductive legislative session of Schwarzenegger's tenure in office, the governor suddenly began striking deals with the girlie men he had campaigned against for the past couple of years. He reached an accord with them on a series of bond issues to build new roads and rail lines, schools and affordable housing. He agreed to landmark legislation that set strict new standards for greenhouse gases, over the opposition of oil companies that had funded his campaigns and whose interests he had championed. He supported a bill he had previously opposed that would compel drug companies to reduce their costs to millions of Californians or lose their access to the state's massive Medicaid market. And he reversed his opposition to raising the state's hourly minimum wage, which will now increase from $6.75 to $8 over the next two years. The Democrats gave away a little to get these deals -- they had proposed indexing the minimum wage to the cost of living, for instance -- but not a lot.

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"I've been saying all along the governor's adopting a Democratic agenda," Nunez told reporters last week. The Republicans in the legislature thought so, too: Most of these bills were sent to the governor's desk without a single Republican vote for them in either house. During the recent state Republican convention, Schwarzenegger didn't even appear together with the six other Republicans running for statewide office -- all of whom, in the latest poll, are trailing. Schwarzenegger, by contrast, has opened at 13-point lead over Angelides in the most recent poll from the Public Policy Institute of California, and his deals with the Democrats have greatly undercut Angelides's ability to make up that ground. With the governor already tagging the treasurer as a dangerous tax-raiser (Angelides supports restoring a higher tax rate on the state's wealthiest 1 percent and cutting taxes on middle-class Californians, but Schwarzenegger has succeeded in blatantly misrepresenting Angelides's position), Nunez and Company figured that their best shot at enacting their priorities was to deal with Arnold while he was in a Democratic mood.

But the real story is Schwarzenegger's astonishing malleability of identity: He's a right-wing Republican; he's a mainstream Democrat; what's the difference? Partly, this is because he's the only major figure in American politics who didn't get nominated in a party primary or convention, because of the nonpartisan nature of California recall elections. More fundamentally, unlike Ronald Reagan, this is one actor who will take on almost any role if the political exigencies -- that is, winning over independent and some Democratic voters in a heavily Democratic state -- demand it.

Call it a triumph of will over identity: Arnold is now a girlie man, too. And should the race tighten between now and November, and the polls suggest he needs to, Schwarzenegger will gird his loins and become a manly girl.

U.S. Rep. Jesse Jackson Jr. To Explore Run For Mayor (CHIT)

Chicago Tribune, September 6, 2006

U.S. Rep. Jesse Jackson Jr. (D-Ill.), a vocal critic of Mayor Richard Daley who has hinted at a possible run for mayor, plans to announce the formation of a mayoral exploratory committee on Wednesday.

Jackson also will conduct a citywide "listening tour," according to Vincent Fry, a Jackson aide who declined to provide details of the tour or names of those who will serve on the committee.

Jackson, scheduled to outline his new efforts at a morning news conference in his Southeast Side home, would be the third declared candidate in February's mayoral election if he decides to run.

Already in the race are Bill "Dock" Walls, a one-time aide to the late Mayor Harold Washington, and Dorothy Brown, clerk of the Cook County Circuit Court.

Daley has not announced his intentions, but he is expected to seek a sixth term.

The First YouTube Election (LAT)

The Los Angeles Times, September 6, 2006

AT CLOSE TO 20 MILLION video-hungry users a month — and growing — YouTube.com has become a magnet for budding filmmakers, marketers and entertainment industry executives looking for new ways to reach viewers. Now, with the campaign season upon us, political hatchet men are discovering the site too.

Candidates have been using the Web for several years as a cheap outlet for 30-second spots, a laboratory for campaign ideas and an effective tool for fundraising. The Internet's role in electioneering continues to grow as more homes get high-speed connections. YouTube offers partisans a nearly irresistible combination: It lets them post videos under pseudonyms, and it stores and plays them for free.

In May, a video skewering Al Gore's global warming movie, "An Inconvenient Truth," provided a sample of political things to come. More slick than the typical homemade video, the two-minute bit was posted by someone claiming to be a 29-year-old from Beverly Hills. But the Wall Street Journal traced it to an employee at a Washington lobbying firm whose clients include ExxonMobil Corp.

YouTube is also a tempting launch pad for political mischief because it is effectively unregulated by the Federal Election Commission, whose Internet rules apply only to paid political advertising. Videos on YouTube don't have to disclose their source or include an on-air approval from a candidate — two requirements for political TV and radio spots.

But YouTube, like the Internet in general, has a self-correcting quality not found in the broadcast media, where the high price of airtime crimps the public's ability to participate in the debate. Online, everyone's a critic — and in many cases, an

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investigator too. Very few battles are one-sided, and fakes can become embarrassing once they're outed. The anti-Gore video drew more than 2,300 comments and sparked a spirited debate about global warming, which continued even after the apparent source was revealed. Several people sympathetic to Gore replied with their own videos.

That scene is likely to be repeated in numerous political campaigns this fall. Aside from the ads, the most common political postings on YouTube have been clips recorded at rallies and snippets of forgotten videos from previous campaigns. Often, they aim to show candidates being hypocritical, ill-informed or unappealing. The Internet can serve as an important memory bank for gaffes and public lapses that candidates and officials would rather citizens forget. But because it's hard to tell real memories on the site from fake ones, it's important for voters to take what they see there with a grain of salt — just like everything else they see or hear during the campaign season.

Annan Hopeful On Easing Israeli Blockade Of Lebanon (NYT)

By Warren Hoge And John Kifner

The New York Times, September 6, 2006

ALEXANDRIA, Egypt, Sept. 5 — Secretary General Kofi Annan said Tuesday that he had put in motion a plan that could lead to a lifting of the Israeli blockade of Lebanon within 48 hours.

In an interview on his flight here from Jidda, Saudi Arabia, Mr. Annan said he was taking action because regional leaders had told him the embargo was the single biggest impediment to beginning the restoration of Lebanon.

Israel imposed the blockade on July 13 during the war in southern Lebanon to block arms for the Hezbollah militia, and has maintained it since the halt in fighting on Aug. 14.

Mr. Annan is seeking backing in the region for the Security Council resolution that halted hostilities and support for the rebuilding of Lebanon after the devastation caused by the war.

He has argued at every stop — Beirut, Jerusalem, the West Bank, Jordan, Syria, Iran, Qatar and Saudi Arabia — that it is illogical to stop goods from entering Lebanon when the United Nations is asking people to send aid.

Mark Regev, the Israeli Foreign Ministry spokesman, objected to the term blockade, and said Israel had permitted dozens of planes and ships to reach Lebanon. “Planes and ships are allowed to go to Lebanon as long as it is coordinated with Israel,” he said.

Mr. Annan met here with President Hosni Mubarak and Ahmed Aboul Gheit, the foreign minister, before departing for Ankara, Turkey, the final leg of his diplomatic journey. He plans meetings there on Wednesday with Prime Minister Recep Tayyip Erdogan and Foreign Minister Abdullah Gul.

In the interview during his flight, Mr. Annan described a three-step process that he hoped would begin later Tuesday with an announcement from President Jacques Chirac of France about deploying French ships along the Lebanese coast.

...

Under the plan, Mr. Chirac’s announcement would bring an immediate dispatch of French, Italian and Greek vessels to patrol for two weeks, the time needed for a promised German fleet to arrive.

The second step is a letter to Mr. Annan from Fouad Siniora, the Lebanese prime minister, formally authorizing the Germans to take up their positions off Lebanon.

The force, envisaged as 15,000 foreign soldiers, was authorized by Security Council and will join 15,000 Lebanese Army troops.

The third and final step that Mr. Annan hopes for is an announcement that Israel will lift the blockade.

Mr. Siniora and Ehud Olmert, the Israeli prime minister, have disagreed on the sequence of events, Mr. Annan said. Mr. Siniora wants Israel to end its blockade before he authorizes the German assignment, Mr. Annan said. But he said Mr. Olmert had told him Israel would lift the blockade only after word that the Germans were officially committed.

Mr. Annan hopes the temporary presence of French, Italian and Greek ships will provide Israel with the assurances it needs that no arms will flow to Hezbollah if it lifts its blockade.

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Israel later confirmed that it is prepared to lift the embargo on shipping if it receives the necessary assurances. "The minute the Lebanese government, augmented by the international force, is ready to enforce the arms embargo on Hezbollah, then Israel will be ready to lift the restrictions," Mr. Regev said. "When they are ready, we will be ready."

Turkey agreed Tuesday to send troops to Lebanon to help monitor the cease-fire. Ankara did not say how many troops would be deployed, but Mr. Gul said the number would not exceed 1,000, The Associated Press reported.

Turkey and Israel maintain diplomatic ties, something that Mr. Olmert has said was essential for any Muslim country taking part in the force.

In Lebanon, a roadside bomb on Tuesday wounded a high-ranking Lebanese intelligence officer who had played an important role in the investigation of the assassination of former Prime Minister Rafik Hariri.

The officer, Lt. Col. Samir Shehadeh, the deputy director of the Internal Security Force intelligence unit, was injured by shrapnel from two bombs that were apparently detonated by remote control as his two-car convoy drove near Rmaile, just north of Sidon. He was listed in stable condition at a Sidon hospital.

The bomb, which killed four bodyguards, struck the first car in the convoy, a black Pathfinder that Colonel Shehadeh normally drove. But he was in the second car when the bomb, packed with nails, went off, the interior minister, Ahmed Fatfat, told the Lebanese Broadcasting Corporation.

The bombing came 10 days before an interim report is due on a United Nations investigation of the killing of Mr. Hariri and 19 others in a huge explosion on Feb. 14, 2005, an attack for which Syria was widely blamed. An earlier stage of the investigation had cast suspicion on President Bashar al-Assad's powerful brother-in-law, Gen. Asef Shawkat, and a network of Syrian and Lebanese operatives.

Annan Urges Naval Patrol For Lebanon (FT)

By Quentin Peel And Andrew England

Financial Times, September 6, 2006

France, Italy and Greece are being asked urgently to provide naval ships to patrol the Lebanese coast for the next two weeks before the arrival of the German navy, in an attempt to persuade Israel to lift its air and sea blockade of Lebanon.

Kofi Annan, the UN secretary-general, has appealed to Jacques Chirac, the French president, to intervene and break a stalemate over the blockade, which is preventing aid and reconstruction materials reaching the strife-torn country.

Germany has promised a naval task force to help the Lebanese military monitor the coast but it would take two weeks for the ships to arrive. The German government also needs a formal request from Lebanon to the UN secretary-general, in order to give the go-ahead.

Mr Annan expressed optimism on Tuesday that diplomatic efforts over the next 48 hours would persuade Israel to lift its blockade, imposed to prevent any arms supplies reaching Hizbollah militia forces in Lebanon.

"If we want to make progress [with the UN peace plan for Lebanon], this is one of the first issues we need to resolve," Mr Annan said as he flew from Saudi Arabia to Egypt on a whirlwind diplomatic tour of the Middle East, designed to bolster the plan.

In a series of telephone calls from Jeddah, Mr Annan spoke to Mr Chirac; Fouad Siniora, the Lebanese prime minister; Ehud Olmert, the Israeli prime minister; and Condoleezza Rice, the US secretary of state, to find a way out of the stalemate.

Israel has refused to lift the blockade until it is assured "that there is a mechanism to make sure that arms are not coming in", Mr Annan said.

Mr Annan said he had asked Mr Chirac to fill the gap by ordering naval patrols until the German navy arrives. "The Israelis insist they need to have something before they lift the blockade," Mr Annan said. "So I have asked President Chirac to look into the possibility that the three ensure a coastal patrol for two weeks, before the Germans arrive.

The French foreign ministry confirmed that Lebanon had asked for a French naval force to patrol its waters on a temporary basis. It said it was examining the request, adding that any contribution would probably be in conjunction with other navies.

The secretary-general, who has seen nine Middle Eastern leaders in the past nine days in an effort to line the entire region up behind the peace plan, said the lifting of the blockade was stressed as an urgent priority.

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Under UN resolution 1701, the Lebanese government is responsible for all the country's ports of entry and the mandate of the expanded UN force does not include border patrols. But the UN could assist the Lebanese military if it was formally requested.

Lebanese officials say the blockade is having a huge economic impact by restricting imports, raising costs for exporters and hindering reconstruction efforts.

Israel's top priority is seen as the release of its two soldiers abducted by Hizbollah at the start of the month-long conflict, that cost more than 1,000 Lebanese lives, 1m internal refugees and shattered the country's infrastructure.

Mr Annan said he had appointed his own "facilitator" who will attempt to negotiate release of the prisoners, as well as freeing Lebanese prisoners captured by Israel during the fighting.

Meanwhile, a senior intelligence officer who played a leading role in the investigation into last year's killing of Rafiq Hariri, Lebanon's former prime minister, was wounded yesterday when his two-vehicle convoy was struck by a remote-controlled roadside bomb. Four of Lieutenant-Colonel Samir Shehadeh's bodyguards and aides were killed near the southern city of Sidon. There was no claim of responsibility for the attack.

Additional reporting by Adam Jones in Paris

Turkey Pledges Peacekeepers For Lebanon (AP)

By Todd Pitman, Associated Press Writer

AP, September 6, 2006

Turkey on Tuesday became the first Muslim country with diplomatic ties to Israel to pledge troops to an expanding international peacekeeping force that will monitor a fragile cease-fire between Israel and Hezbollah.

Hundreds of Lebanese army troops rolled into southern villages after Israeli soldiers withdrew from five of them, slow but steady steps toward implementing a U.N.-brokered peace plan agreed last month. In two of the villages, dancing women showered the soldiers with rice and men slaughtered sheep to fete their arrival, witnesses said.

Meanwhile, U.N. chief Kofi Annan said he could get some positive news within two days on a deal to convince Israel to lift its blockade of Lebanon.

Ruling party lawmakers in Turkey voted in favor of the deployment of peacekeeping troops despite objections from opposition parties and street protests by thousands.

While many Turks regard the Lebanon peacekeeping mission as a dangerous venture that could lead to clashes with fellow Muslims, Prime Minister Recep Tayyip Erdogan's party insisted on contributing. He argued it would raise Turkey's profile on the international stage. Turkey, which has diplomatic relations with Israel, is aspiring to join the European Union.

The peacekeeping force in Lebanon is expected to swell from 2,000 to 15,000 troops. About 1,250 Italian and French reinforcements have already arrived. Under a U.N. Security Council mandate, the mission known as UNIFIL is deploying throughout the south with an equal number of Lebanese soldiers as Israeli forces withdraw.

Annan's spokesman Ahmad Fawzi told The Associated Press a deal to lift the Israeli blockade was in the works and would entail deploying French, Italian, Greek and German ships to patrol the Lebanese coastline. Such a move could assure Israel its arms embargo on Hezbollah would still be enforced.

Israel has said it would lift the blockade only after protections are in place to prevent the Hezbollah militants from getting more arms. Israel has allowed some commercial flights into Beirut airport and has let some aid in despite the blockade.

Annan "has said time and time again that he calls on Israel to lift the blockade, it is strangling the country. He expects them to cooperate," Fawzi said.

Annan discussed the issue by telephone with Lebanese Prime Minister Fouad Saniora, Israel's Prime Minister Ehud Olmert, U.S. Secretary of State Condoleezza Rice and French President Jacques Chirac, Fawzi said.

Speaking in Alexandria, Egypt on the last leg of a Mideast tour, Annan said he expected "some constructive and positive news" on the blockade within two days.

Annan stopped afterward in Turkey.

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In Lebanon, meanwhile, top police intelligence officer Lt. Col. Samir Shehade, who had been investigating the assassination of former Lebanese Prime Minister Rafik Hariri, was wounded by a remote-controlled roadside bomb Tuesday that killed four people in his two-vehicle convoy in Rmaile, near the Mediterranean port city of Sidon.

The motive behind the attack was unknown. But it raised the specter that Lebanon might be in for another round of politically inspired attacks. Some critics of Syria have accused it in the past of using such attacks — including Hariri's February 2005 slaying in a car bombing that killed 21 others — to intimidate Lebanese leaders. Protests and international pressure in the aftermath of Hariri's death forced Syria to withdrawal its 29,000 troops from Lebanon last year, ending its military domination of its smaller neighbor.

Acting Interior Minister Ahmed Fatfat told reporters the attack might have been aimed at Lebanese security forces who are deploying in the south.

UNIFIL said Israeli troops pulled out of five small villages in southeast Lebanon near the larger town of Bint Jbail. The villages included Beit Lif, al-Qawzah, Dibel, Ein Ibel and Mhaibeb.

A contingent of U.N. peacekeepers from Ghana moved in. They were followed by around 250 Lebanese soldiers who moved into the areas, according to witnesses and state-run National News Agency.

The Israeli army confirmed troops had pulled out of the towns and surrounding areas, and said the withdrawal would continue in stages in coming days.

Also Tuesday, 120 Lebanese soldiers who had been manning checkpoints on the outskirts of Bint Jbail moved into the devastated town's center for the first time. Bint Jbail was the scene of fierce ground fighting between Israeli forces and Hezbollah guerrillas and large parts of the town are in ruins.

Lebanese troops also deployed in the nearby villages of Ainata and Aitaroun, where they were greeted by dancing women and men who slaughtered sheep in celebration of their arrival.

Hezbollah leader Sheik Hassan Nasrallah said in comments published Tuesday that he does not regret the capture of two Israeli soldiers on July 12, which sparked 34 days of fighting that killed more than 850 Lebanese and 150 Israelis.

France Toughening U.N. Peacekeeping Role (AP)

By Jamey Keaten, Associated Press Writer

AP, September 6, 2006

France is quietly preparing to play a tougher role in the strengthened U.N. peacekeeping force in Lebanon, rolling out hefty tanks, powerful artillery, and sophisticated radar systems to pinpoint artillery launch sites.

French Leclerc tanks will be some of the mightiest vehicles deployed under the U.N. flag — an answer to critics who have moaned about toothless, ineffectual U.N. peacekeeping deployments over the years.

France, which is leading an expanded UNIFIL peacekeeping force in Lebanon, has called along with Italy and other nations for robust rules of engagement — which are still being worked out — to ensure the safety of their forces and their rights of response.

Christopher Foss, editor of Jane's Armour and Artillery publication, said the enhancement to the force will be an "important test case" for the world body's peacekeepers.

"It shows that it would be possible — given the normal caveats of how the United Nations work — that if they had to use force, that they would have the capability there," he said.

The U.N.'s message now is: "We've put it up a notch," Foss said. But "it all depends on whether you've actually got the political will to use that force," he added.

France was criticized last month for being too slow to offer of more peacekeepers after French diplomats helped draft a Security Council resolution to expand UNIFIL.

Amid the pressure, President Jacques Chirac announced Aug. 24 that France would increase its troop contribution to 2,000 — up from 400 — backed by sophisticated equipment and firepower.

The U.N. force, set to grow from 2,000 to 15,000, is to help Lebanon's army extend government authority near the border with Israel after 34 days of fighting between Israel and Hezbollah fighters left hundreds dead this summer.

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France has pledged the most powerful weaponry.

Heavy armor such as the Leclerc is not typically part of the force deployment package for a U.N. peacekeeping operation, although battle tanks have been used in past missions. Attack helicopters, for example, have been deployed for the biggest U.N. peacekeeping mission in Congo.

Thirteen Leclerc tanks were expected to arrive by rail from central France to the port of Toulon early Wednesday, before being sent across the Mediterranean to Lebanon in the next several days.

The tanks, which each weigh 59.5 tons, feature 120mm cannon, anti-tank and armor-piercing rounds, and anti-aircraft machine guns.

The Leclerc, operated by a crew of three, has thermal sighting, night vision and an automatic loading system for on-the-move firing. It is smaller, lighter and more compact than the formidable U.S. M1 Abrams.

During more than a month of fighting that began July 12, Hezbollah anti-tank cells hit dozens of Israeli tanks such as the Merkava — which is larger than but similar to the French-made Leclerc, experts say.

Tanks are also vulnerable to improvised explosive devices like those that have frequently damaged U.S. vehicles and killed American troops in Iraq.

France has more than 300 Leclerc tanks, the first of which were used operationally in Kosovo from 1999 to 2002 as part of a peacekeeping mission under NATO, defense analysts said. The tanks have never been used in a U.N. peacekeeping mission, French defense ministry officials said.

France is also sending four 155mm surface-to-surface AUF1 canons, with a range of up to 17 miles, plus armored vehicles, short-range anti-aircraft missiles, and Cobra radar which can pinpoint artillery fire in a range of up to 25 miles.

Italy has committed the largest contingent of 2,500 troops to UNIFIL, and its forces are backed with VCC armored vehicles, which bear machine guns, and amphibious assault vehicles.

Norway said Tuesday it would send four missile torpedo boats with about 100 crew off the Lebanese coast, while Belgium's commitment of up to 400 soldiers will be backed in part by about 40 armored vehicles.

The Bush administration and many other countries have pointed to the failed U.N. peacekeeping mission in Bosnia in the mid-1990s as an example of the difficulties that United Nations forces have faced.

Eds: Associated Press bureaus across Europe and at the United Nations in New York contributed to this report.

Bush, Kuwaiti Emir Discuss Mideast (AP-Y)

AP, September 6, 2006

President Bush and the ruler of an oil-rich Mideast ally traded ideas Tuesday on how to make the volatile region more stable.

Recently ended fighting between Israel and Islamic militants in Lebanon heightened anti-U.S. sentiment in Middle East. There were frequent protests in moderate U.S. allies like Egypt, Jordan and even Kuwait, where such anti-American displays are rare.

Against that backdrop, Bush met in the Oval office with the Kuwaiti emir, Sheik Sabah Al Ahmed Al Sabah.

"Yes, I do agree that there are differences between points of view from the United States and some of our region," Sheik Sabah said through a translator when the two leaders appeared side-by-side before reporters after their discussions. "Nevertheless, I would like also to say that there are differences between ourselves, the region. But the goal is to achieve peace and security, and we have seen in a lot of our positions that we are seeing ... eye to eye."

Bush said he appreciated the emir's "advice on a variety of matters."

"I assured His Highness that I fully understand that the United States has an obligation to work to promote the peace," Bush said. "We will work to promote the peace with our friends."

The small oil-rich state east of Iraq has been a major ally of Washington since the U.S.-led 1991 Gulf War that liberated it from seven months of Iraqi occupation. This was Sheik Sabah's first visit to the U.S. capital as head of state. He became ruler in January.

Bush also praised Kuwait's "steady reforms," saying they have "served as a notable example for others in the region."

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The emir dissolved the country's legislature in May following a dispute over a bill for cutting electoral corruption. Opposition to the government's proposal produced unprecedented street demonstrations, with those against it saying it did not go far enough.

The June parliamentary elections featured women who voted for the first time and elected a new legislature of mostly reformers. The ruling Al Sabah family has long headed the government, including the most influential Cabinet positions, and maintains a strong influence on politics.

Hostage To Fortune (WSJ)

By Robert D. Kaplan

The Wall Street Journal, September 6, 2006

No leader since Napoleon has roiled the Middle East as has George W. Bush. By invading Iraq, President Bush set history in motion. By doing so without a strategy for governing it afterwards, he did not plan for the worst, and so the worst has happened. Iraq has become the pivot for strengthening the radical forces that the invasion should have weakened. Yet to assume history follows a straight path is fatalism, not analysis.

A strengthened Shiite world was not an unintended consequence of the Iraq war. Toppling a Sunni dictator in predominantly Shiite Mesopotamia had to do that, whether the invasion resulted in stable democracy, benign dictatorship or chaos. People forget that moving history forward after 9/11 required shaking up the suffocating complacency of the Sunni Arab police states from where the terrorists originated.

Back then, Iran seemed to offer an opportunity for regional change. It was among the Muslim world's most sophisticated populations, a significant portion of which was pro-American, embarrassed by their own regime. In late 2001, when the seemingly reformist president, Mohammed Khatami, was in power, a gradual political shift in Tehran without military action seemed possible, particularly if somewhat stable, somewhat pro-American governments emerged on Iran's borders in Iraq and Afghanistan.

But ideas, particularly bold ones, are hostage to the quality of their execution. There was indeed a political shift in Iran -- for the worse. Mahmoud Ahmadinejad became president of the Islamic Republic in June 2005, in the wake of the Cedar Revolution in Lebanon, the withdrawal of Syrian troops from that country, and historic elections that saw millions of Iraqis hold up the purple finger against tyranny. In the dynamic environment that Mr. Bush had unleashed, even a flawed occupation led to encouraging developments -- however superficial -- to which Iran's radicals reacted. Iran's advantages were these: Though Iraqis had voted, they had no governing authority worth the name; likewise, the Syrian troop withdrawal from Lebanon could not erase the fact of Lebanon's demographically ascendant and militarized Shiite community.

Statements by the Arab League and the governments of Egypt, Jordan and Saudi Arabia initially blaming the violence in Lebanon on Hezbollah, rather than on Israel, stood as evidence that a heightened fear of Shiism had indeed shaken these states out of their complacency. Arab support proved short-lived, though, because of Israel's dragged-out and bungled operation. But while Iran is strengthened, it is not dominant: The radical Islamic universalism that it once sought to represent has been narrowed to a sectarianism with no appeal beyond its own Shiite community. Iran plays the spoiler in Iraq. But Iranian politics will become gnarled by its interaction with a more pluralistic, ethnically Arab, Shiite southern Iraq. We are tearing our hair out over Iraq. The Iranians will be too, if there is a full-scale civil war. * * *

What if Iran's former diplomatist president, Hashemi Rafsanjani, had won the election against Mr. Ahmadinejad? Iran's nuclear program, which Mr. Rafsanjani did so much to develop, would be quietly chugging along, without the need for chest-thumping theater or threats to annihilate Israel; so would be the continued Iranian arming of Hezbollah, without the kidnapping of Israeli soldiers. Because Mr. Rafsanjani would be whispering sweet nothings into the ears of America's European allies, Iranian power would be in full ascendance, with only the U.S. and Israel complaining.

But a strengthened Iran, ruled by a hothead, has frightened the Sunni world out of its lethargy, making it realize, potentially, the usefulness of the U.S. in adjusting the balance of power against a threat greater than Israel. Meanwhile, this hothead, having aroused both Sunni Arab and European states against him to a degree unprecedented in Iran's post-revolutionary history, has fostered a certain unease at home.

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Here I pause to recollect the cost of the Cold War's end. Full-scale civil wars erupted in the Balkans, the Caucasus and Central Asia. The breakup of Yugoslavia led to 200,000 deaths and a million refugees. Sectarian violence in the southern region of the former Soviet Union resulted in an additional 150,000 dead and 1.5 million refugees, with rivers of blood in Georgia, Abkhazia and Nagorno-Karabakh. In Tajikistan alone, 50,000 people died violently. Russia teetered on the edge of chaos. Its soaring crime rate -- the result of Mikhail Gorbachev's liberalization and the crumbling of the Soviet police state -- resulted in 100,000 additional murders, when the murder rates of the 1980s are subtracted from later ones. Applying the same formula to South Africa suggests perhaps over 100,000 extra murders and a larger number of extra rapes as the price of dismantling the apartheid system.

As for the cost of invading Iraq, the sanctions regime before the war killed at least 500,000 malnourished Iraqi children. There were, too, the deaths from Saddam's desultory bureaucracy of repression and torture. Of course, the decision to dismantle government authority in Iraq put the Bush administration under the obligation to engage in intensive planning for the post-invasion phase -- with the emphasis on worst-case scenarios.

But worst-case scenarios were considered only for the invasion itself. The problem with Ahmed Chalabi was not that we supported this secular, pro-American Shiite -- no sleazier than any other politician who has since emerged in Baghdad -- but that we trusted his opinions about how we would be greeted in Iraq, and what we would find (or not find) there. That was irresponsible not because Mr. Chalabi turned out to be wrong, but because he was optimistic. Military planning should never depend on optimism.

To assume things in Iraq had to turn out as they did, no matter the strategy or degree of planning, is fatalism. But that doesn't mean local conditions don't exert an influence on outcomes. Europe's recent past should warn us about the Middle East: Recall the violence that ensued when authoritarian regimes unraveled in the Soviet Union and Yugoslavia, where populations were divided on the basis of sect and ethnicity, and kept poor by a mafia state socialism. The states closest to Central Europe, blessed by the enlightened imperial legacy of the Prussian and Hapsburg empires, have enjoyed a much easier transition to democratic rule than those under the rule of the Ottoman Turks. And while the Balkans constituted among the most advanced parts of the Turkish empire, much of the Arab world, greater Syria and Mesopotamia especially, constituted its most backward region.

The countries that lie between the Mediterranean Sea and Persia had little meaning before the 20th century. Palestine, Lebanon, Syria and Iraq were but vague geographical expressions. Jordan wasn't thought of. When we remove the official lines on the map, we find a crude finger-painting of Sunni and Shiite population clusters that contradict national borders. Inside these borders, the governing authorities in Lebanon and Iraq barely exist. The one in Syria is tyrannical but fundamentally unstable; the one in Jordan rational but under quiet siege. If there is a part of the Middle East that dimly approximates the former Yugoslavia it is the region from Lebanon to Iran. We face the unraveling of the state system that for a century was the solution to the demise of the Ottoman empire.

Take Syria, at once a Brezhnev-style dictatorship, a land of Web logs and Islamic revivalism, of on-again off-again clampdowns, with rapidly diminishing oil reserves, and with no real history as a state, unlike Egypt or Iran. Syria's future is problematic. The broad desert reaching between the Anti-Lebanon range and the Zagros Mountains, encompassing Damascus and Baghdad, Aleppo and Mosul, Homs and Fallujah, will be a semi-chaotic meeting ground of ideas and ideologies, liberalism and terrorism, commerce and crime, where Turks, Kurds, Persians, and Sunni and Shiite Arabs engage and affect each other as never before since the late 19th century. In this most backward realm of the Ottoman empire, the transition away from the Cold War-era Arab police states will make that in Central Europe and the Balkans away from communism seem effortless by comparison.

With its ethnic and sectarian divisions, any democracy in Syria will be a shambles. To wit, what the Lebanese, Palestinian and Iraqi governments all have in common is that they can't get anything done. But this democratic failure is happening alongside an authoritarian one. Iran appears strong, in part, because Sunni Arab dictatorships like Egypt and Saudi Arabia are in tired phases of transition. Given the leadership crisis in the Sunni world, imagine how Saddam Hussein might have dominated the Arab masses -- with rising oil prices, the $50-billion ongoing Oil for Food coverup, a leading-nowhere regimen of no-fly zones,

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and European and Chinese intrigues to restore his legitimacy in return for energy concessions. Saddam as the new Nasser is a plausible alternative history for Iraq.

So instead of Saddam bestriding a vast and frenzied Sunni mob, we will see a string of messy, Mexico-style scenarios (the replacement of decisive one-party states with far more chaotic multi-party ones), but without Mexico's level of institutionalization that, as low as it is, remains ahead of most countries in the Middle East. To say that George Bush has been among the greatest agents of freedom in the region is a nebulous historical statement. It avoids the harder question: Did he go about it prudently? Given that good planning is the better part of valor in any decision-making process, the provisional answer is "no." * * *

Next year could see the beginning of a massive draw-down in Iraq, from 140,000 to 40,000-or-so troops: a number by which the military manpower strain becomes alleviated. An increase in troops above 140,000, coupled with the willingness to destroy Shiite militias, could dramatically improve the situation. But outside the universe of some policy journals there is no appetite for that. The political calculus is disturbingly inexorable: No more troops in Iraq now or ever, and the bulk out before the 2008 presidential season. Without immediate, demonstrable progress in Baghdad, the Republican Party will overtake the White House on this issue.

U.S. Marines, special operations forces and air assets will remain in a few staging posts to strike at international terrorists, to balance against Iran and Syria, and to try to prevent all-out war between what is emerging as three institutionally separate parts of the country. Gen. George Casey's assertion that the Iraqi Army will be ready to stand up in 12 to 18 months disregards the fact that there are no reliable civilian institutions for it to represent. How these soldiers perform in the field is one thing; the social pressures they face quite another. Rather than democracy, the Bush administration may have to settle for mere governance of almost any sort. Think of late medieval maps, with no bold lines, only indistinct regions of Persian influence shading Kurdistan, Mesopotamia and elsewhere.

The carnage caused by Mr. Bush's shattering of the post-Ottoman state system is minor compared to that in the former Soviet Union and its shadow zones after the Berlin Wall fell. Can he keep it that way? Can he undermine Iranian hegemony even as he reduces whatever control he has in Iraq?

The president may need to pull closer to the Saudi royals, Egypt's Hosni Mubarak and Jordan's King Abdullah. Weakened by our response to 9/11, terrified by Israeli incompetence in defending their interests in Lebanon, these regimes still demonstrate more enlightenment than their populations. They fear Iran more than do the Europeans. Whatever our ultimate decisions in regards to a nuclearizing Iran, we require all the help we can get. That is what comes of bold ideas, poorly executed.

Mr. Kaplan is a national correspondent of the Atlantic Monthly and Class of 1960 distinguished visiting professor at the U.S. Naval Academy.

Former Iranian President Criticizes Bush (AP)

By Nick Wadhams, Associated Press Writer

AP, September 6, 2006

Former Iranian President Mohammad Khatami criticized President Bush in interviews published Tuesday, as he joined Anglican Archbishop Desmond Tutu and other leaders at the U.N. for a meeting of a group that promotes understanding between Western and Islamic states.

Khatami, in the middle of a two-week tour of the United States, refused to speak with the media as he went in and out of the room where the meeting of the Alliance of Civilizations took place at U.N. headquarters. The event was closed to the media.

Yet in interviews with CNN and USA Today, Khatami faulted Bush on several counts: He refused, for example, to back off a previous comparison between the American leader and Osama bin Laden. He also said the U.S. was partly to blame for the turmoil in the Middle East.

"As a result of such wrong policies, such unilateral, violent policies, that is — the voice of logic has decreased and voice of terror and attractiveness of terror unfortunately among youth has increased," CNN quoted him as saying in an interview.

Khatami will spend a second day at the U.N. for the event. He spoke in the Chicago area over the weekend, and will attend two Islamic conferences as well as deliver a speech at the National Cathedral in Washington.

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Khatami is the most senior Iranian to travel outside New York in the United States since Islamic fundamentalists seized the U.S. Embassy in Tehran in 1979 and held Americans hostage for 444 days. He and his successor, Mahmoud Ahmadinejad, have both addressed the U.N. General Assembly.

Khatami reiterated the government's claim that it is not seeking nuclear weapons. The United States insists that it is.

"Why should they not trust Iran?" CNN quoted him as saying. "See, at this moment, Iran is a signatory to the treaty, has declared many times it has no interest in building the nuclear bomb."

U.N. Secretary-General Kofi Annan created the Alliance of Civilizations — headed by Spain and Turkey — last year as a vehicle to overcome the mutual suspicion, fear and misunderstanding between Islamic and Western societies that have been exploited by extremists throughout the world, according to its terms of reference. Khatami is a founding member.

The group is expected to report to Annan in the second half of 2006 on actions to counter extremism and promote mutual respect between civilizations and cultures.

Other members include the wife of the emir of Qatar, Sheika Mozza bint Nasser al-Misnid; former prime minister of Senegal Moustapha Niasse; and Rabbi Arthur Schneir, president of the Appeal of Conscience Foundation in New York.

Khatami distanced himself from comments by Ahmadinejad that Israel should not exist.

"I personally never said that Israel should be wiped off the map," he told CNN. "I always said and backed fair and equal peace in the region."

In a separate interview with USA Today, Khatami said U.S. forces should remain in Iraq for the time being.

War Backfiring On U.S., Khatami Says (WP)

By Robin Wright

The Washington Post, September 6, 2006

NEW YORK -- On the eve of his first trip to Washington, former Iranian president Mohammad Khatami warned that U.S. military action in the Middle East has backfired, producing greater terrorism, imperiling the future of Iraq and damaging America's long-term interests.

But the danger of even greater instability in the region will ultimately prevent the United States from launching military strikes against Iran over disputes about its nuclear intentions, he predicted. Although an attack on Iran would create "great damage," Khatami said, "prudence and wisdom" are likely to prevail because of the incalculable "detriment and damage" it would cause to both the region and the United States.

"America will not make the mistake of attacking Iran," he said, adding: "Iran is not Iraq."

In a wide-ranging interview Monday night, Khatami said Iran is not intent on eliminating Israel and accepts a two-state solution that includes both Israel and a new Palestine -- on terms acceptable to the Palestinians. He basically contradicted the recent angry rhetoric of his hard-line successor, President Mahmoud Ahmadinejad, who has denied the Holocaust and has called for Israel to be wiped off the map.

"The practical policy of the Islamic republic has never been to eliminate or wipe Israel off the map. And I don't believe that this policy has changed with the change of president," Khatami said in an interview in New York, where he is attending a United Nations conference. "You've never heard me reject the right of anyone to exist," added Khatami, who is scheduled to speak at the University of Virginia and the Washington National Cathedral on Thursday.

Khatami ran for office as a reformer and served the two-term presidential limit from 1997 until 2005. Many of his proposed domestic reforms -- from press freedoms to limiting the 12-member Council of Guardians' veto powers -- were blocked by hard-liners now in ascendance. Much of Iran's foreign policy, however, is formulated by consensus after intense debate among its disparate political factions.

Khatami called concern about nuclear proliferation generally "very justified" and insisted that Tehran has not rejected U.S.-backed incentives to end uranium enrichment for its nuclear energy program, a process that can be subverted to develop a nuclear weapon. A U.N. resolution called for Iran to suspend enrichment by Aug. 31 or face punitive action.

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"The package has not been rejected," he said, adding that Iran does not yet trust guarantees from the international community that it will have long-term access to fuel for energy, given past failed promises. "The situation can best be resolved by not going toward action that could exacerbate the situation," he said.

On Iraq's future, he said all countries should "seriously and steadfastly" strive to prevent a civil war. He blamed the violence on terrorists who claim to act in the name of religion but instead undermine it.

He warned, however, that Iraq reflects the failure of U.S. policy. "So far, whenever the United States has tried to solve its disputes through military means, it has not achieved its objectives -- and also not solved the problem it meant to solve," he said.

A Shiite cleric who wears the black turban of a descendant of the prophet Muhammad, Khatami expressed regret that he and President Bill Clinton could not do more after both took tentative steps to heal relations severed by the 1979 U.S. Embassy seizure, when 52 Americans were held for 444 days.

"The misunderstanding and mistrust between the two sides was so deep that it could not be solved with these simple minor steps," he said. "The pressure that existed on both sides also meant that we had to proceed with caution." Khatami had publicly called for both sides to bring down the wall of mistrust and encouraged cultural exchanges, and Clinton lifted sanctions on carpets, pistachios and caviar from Iran.

The Bush administration's policies have since deepened tensions between Tehran and Washington, said Khatami, who now heads the International Center for Dialogue Among Civilizations, which is based in Tehran and Geneva. Although Iran favored the Taliban's ouster from Afghanistan and an Iranian-backed Afghan movement worked with U.S. Special Forces to topple it in 2001, Khatami complained that President Bush turned around three months later and labeled Iran a member of the "axis of evil," along with Iraq and North Korea.

In Iraq, Khatami said Tehran had also recognized the U.S.-orchestrated transition governments and elections, while not insisting that the Shiite majority inherit power. "Why is it that Iran is still under so much pressure and is attacked so often by the U.S. administration, even though it cooperated in this manner?" he said. "Unfortunately, with these policies, more bricks will only be added to the wall of mistrust."

The Bush administration has repeatedly charged that Iran has undermined the political transitions in both neighboring countries while also arming and funding some of Iraq's illegal militias. Iran has long been on the State Department's list as the leading state sponsor of extremist groups, including Hamas, Islamic Jihad and Hezbollah.

Khatami said Hezbollah's 34-day war with Israel has produced a surge of popularity throughout the Islamic world for Lebanon's Shiite movement. Most of Hezbollah's weaponry is provided by Iran.

Khatami's trip has become increasingly controversial since his arrival last Thursday. Massachusetts Gov. Mitt Romney yesterday ordered state agencies to refuse any form of support, including police escort, for Khatami's speech at Harvard on Sunday.

"State taxpayers should not be providing special treatment to an individual who supports violent jihad and the destruction of Israel," Romney said in a statement released by his office. Romney, a potential Republican presidential candidate, called Harvard's decision to invite Khatami a "disgrace."

As it does with current and former heads of state visiting the United States, the State Department's Bureau of Diplomatic Security is providing protection for Khatami's 13-member entourage, which includes two of his children, during his tour of New York, Chicago, Washington, Boston and Charlottesville.

In the most unusual stop of his visit, Khatami is scheduled to tour Monticello, Thomas Jefferson's home in Charlottesville. Khatami has called Jefferson a "character dear to us all." The third president is particularly popular among Middle Eastern reformers because he wrote extensively about religion and democracy.

Khatami To Speak At D.C. Cathedral (WT)

By David R. Sands

The Washington Times, September 6, 2006

DOJ_NMG_0058537

Former Iranian President Mohammed Khatami, the highest-ranking Iranian official to visit the United States since the 1979 seizure of the U.S. Embassy in Tehran, arrives in Washington tomorrow to deliver an address at the National Cathedral, a high point of his closely watched two-week U.S. tour.

Bush administration officials insist Mr. Khatami's trip is a private visit and that he will not meet with any U.S. government officials while here.

But the former president, a moderate who was succeeded last year by hard-line President Mahmoud Ahmadinejad, has already made news since his Aug. 30 arrival, attacking the Bush administration's handling of the war on terrorism while hinting there was room for agreement with Tehran on recognizing Israel and stabilizing Iraq.

"As America claims to be fighting terrorism, it implements policies that cause the intensification of terrorism and institutionalized violence," Mr. Khatami, an Islamic cleric, said in a speech to a North American Muslim convention in Chicago over the weekend.

Mr. Khatami today is concluding a two-day conference in New York of the U.N.-sponsored Alliance of Civilizations, of which he was a founding member.

The group's mandate is to bridge differences between the West and the Islamic world.

The former Iranian leader, whose eight-year term was marked by a string of losing policy battles with religious hard-liners, will speak tomorrow at the Thomas Jefferson-designed Rotunda on the grounds of the University of Virginia in Charlottesville and then talk at the National Cathedral.

His cathedral address is billed as a speech on how the three "Abrahamaic faiths" -- Christianity, Judaism and Islam -- can work together for a Middle East peace.

On Friday, Mr. Khatami is the featured speaker at a dinner being given by the Council on American-Islamic Relations, and he will travel to Boston over the weekend to give another address at Harvard.

The Khatami visit comes amid an escalating war of wills between Mr. Ahmadinejad's government and the United States over Iran's nuclear programs.

Some Jewish-American groups and U.S. conservatives have criticized the Khatami visit, saying political repression and Iranian support for anti-Israel terrorist groups flourished under the ex-president's purportedly moderate administration.

A group of Iranian dissidents, ex-political prisoners and torture victims plan a National Press Club press conference tomorrow to protest the Khatami visit.

State Department spokesman Sean McCormack stressed yesterday Mr. Khatami's visit was a private one and approving his visa did not signal any change in U.S. government policy shunning the Iranian regime.

Romney Orders State Agencies Not To Cooperate With Iranian Leader (AP)

By Glen Johnson

AP, September 5, 2006

BOSTON— Gov. Mitt Romney on Tuesday ordered all state agencies to refuse any assistance - if it is requested - when the former president of Iran visits Massachusetts this weekend.

The Republican chief executive, a potential candidate for his party's 2008 presidential nomination, said Mohammed Khatami oversaw torture and the murder of dissidents, as well as Iran's secret nuclear program, while in office from 1997 to 2005.

"State taxpayers should not be providing special treatment to an individual who supports violent jihad and the destruction of Israel," Romney said in a statement.

The U.S. State Department will be providing security for Khatami during his visit Sunday to the Boston area, which will include a speech at Harvard University's John F. Kennedy School of Government. Romney's action, however, means Khatami will be denied an official police escort and other VIP treatment when he is in town.

The visa issued to Khatami also will allow him to speak at the National Cathedral in Washington, making him the most senior Iranian official to visit the capital since Islamic fundamentalists seized the U.S. Embassy in Tehran in 1979 and held Americans hostage for 44 days.

In addition, Khatami was participating in a United Nations conference Tuesday and Wednesday.

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For the second time in a week, Romney also clashed with Harvard, the school that conferred upon him his law and business graduate degrees in 1975. Numerous conservatives criticize such East Coast liberal arts schools for their teachings and program offerings.

The governor said that by "honoring" Khatami to speak, Harvard had committed "a disgrace to the memory of all Americans who have lost their lives at the hands of extremists, especially on the eve of the five-year anniversary of 9/11."

Last week, Romney criticized Harvard scientists for seeking to engage in a type of stem cell research that the governor labeled "embryo-farming" and "Orwellian."

A Harvard spokesman did not immediately return a call seeking comment.

In a statement announcing his decision, Romney cited "a litany of hateful actions" by Khatami, including:

- Describing the terrorist group Hezbollah, involved in the recent Israel-Lebanon border war, as a "shining sun that illuminates and warms the hearts of all Muslims and supporters of freedom in the world."

- Endorsing the call of the current president of Iran, Mahmoud Ahmadinejad, to seek the annihilation of Israel.

- Refusing to hand over the Iranian intelligence officials who were responsible for the attack on the Khobar Towers that killed 19 U.S. military personnel.

"Khatami pretends to be a moderate, but he is not," the governor said. "My hope is that the United States will find and work with real voices of moderation inside Iran. But we will never make progress in the region if we deal with wolves in sheep's clothing."

Iran Head Wants Liberal Teachers Ousted (AP)

By Nasser Karimi, Associated Press Writer

AP, September 6, 2006

Iran's hard-line president urged students Tuesday to push for a purge of liberal and secular university teachers, another sign of his determination to strengthen Islamic fundamentalism in the country.

With his call echoing the rhetoric of the nation's 1979 Islamic revolution, Ahmadinejad appears determined to remake Iran by reviving the fundamentalist goals pursued under the republic's late founder, Ayatollah Ruhollah Khomeini.

Ahmadinejad's call was not a surprise — since taking office a year ago, he also has moved to replace pragmatic veterans in the government and diplomatic corps with former military commanders and inexperienced religious hard-liners.

Iran still has strong moderate factions but Ahmadinejad's administration also has launched crackdowns on independent journalists, Web sites and bloggers.

Speaking to a group of students Tuesday, Ahmadinejad called on them to pressure his administration to keep driving out moderate instructors, a process that began earlier this year.

Dozens of liberal university professors and teachers were sent into retirement this year after Ahmadinejad's administration, sparking strong protests from students, named the first cleric to head Tehran University.

The country's oldest institution of higher education remains home to dozens more professors and instructors who outspokenly oppose policies that restrict freedom of expression.

"Today, students should shout at the president and ask why liberal and secular university lecturers are present in the universities," the official Islamic Republic News Agency quoted Ahmadinejad as saying during a meeting with students.

The president complained that reforms in the country's universities were difficult to accomplish and that the educational system had been affected by secularism for the last 150 years. But, he added: "Such a change has begun."

It was not clear whether Ahmadinejad intended to take immediate specific measures, or was just urging the students to rally.

Ahmadinejad, in his role as head of the country's Council of Cultural Revolution, would have the authority to make such changes himself. But his comments seemed designed to encourage hard-line students to begin a pressure campaign on their own, thus putting a squeeze on universities.

"This is the beginning of a so-called cultural revolution. Ahmadinejad and his allies plan to sweep their opponents from the universities," said Saeed Al-e Agha, a Tehran University professor. "They want to rule the brains of youth there."

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"Ahmadinejad wants to settle scores with the most important center of critics and opposition and close the door to any opponent before municipal elections in late November," said Kouhyar Goodarzi, a human rights activist. "But his move may prompt a new round of student unrest."

Liberal and secular professors teach at universities around the country, but they are a minority. Most are politically passive and do not identify with either the hard-liners or the liberal camp.

Public opinion is difficult to gauge because of a lack of independent opinion polls. But Ahmadinejad must tread carefully among various factions, and strong moderate voices remain.

Hard-liners increasingly control the top rungs of government but still encounter resistance from some members of the public. Moderates also remain in government. Even among conservatives, there are different goals and powerful political factions.

It remains unclear, for example, how tightly Ahmadinejad controls the government, or the exact nature of his relationship with the country's supreme leader, Ayatollah Ali Khamenei.

Ahmadinejad surprised his conservative backers in April by deciding that women could attend soccer games, but Khamenei didn't agree and the supreme leader's view prevailed.

Shortly after the Iranian revolution, Tehran fired hundreds of liberal and leftist university teachers and expelled many students.

It had a brief period of reform in the 1990s under then-President Mohammad Khatami, but hard-line factions cracked down then, too, especially on university students, dissidents and journalists.

"It's horrible. I did not expect at all that Ahmadinejad ... would try to deprive others of their jobs because of political differences," Reza, a university graduate who did not wish to be identified further for fear of retaliation, said of the president's statement Tuesday.

In spite of Ahmadinejad's bluster, the purge has not yet taken place, a human rights activist pointed out.

"At the moment, these words haven't been followed with actions," said Hadi Ghaemi, a researcher on Iran for the New York-based Human Rights Watch. But they could signal a coming crackdown, he added.

Ghaemi cautioned the international community not to be "fixated" on the Iranian nuclear issue. "We should not forget about human rights violations within the country," he said.

The president, who won election based on promises of economic reform, has sharpened the government's stance both on human rights issues and on Tehran's controversial nuclear program.

Iran ignored a U.N. demand to suspend uranium enrichment by the end of August, insisting its nuclear program is peaceful and not intended to make a bomb. Ahmadinejad also has accused the United States of imperialism and called for Israel to be wiped off the map.

Despite Western disgust with its confrontational positions, it seems unlikely that Iran will face tough U.N. sanctions over its nuclear program. Many European leaders have called for more negotiations, and Russia and China appear unwilling to endanger trade ties.

Iran Winning Turkish Hearts, Minds (WSJ)

By Marc Champion

The Wall Street Journal, September 6, 2006

In the contest for hearts and minds around the Muslim world between Iran and the West, Iran appears to be winning even in Turkey, a member of Western military alliance NATO and the model secular Muslim democracy.

As Turkish legislators voted to send peacekeepers to Lebanon in the face of fierce domestic criticism that they would be doing the bidding of the U.S. and Israel against fellow Muslims, a survey from the German Marshall Fund of the United States indicated Iran has become one of the most popular countries among Turks, while feelings toward the U.S. and the European Union have chilled significantly.

Analysts said the survey findings were in line with growing pro-Iranian and anti-American sentiment across the Middle East and would have been more stark had the poll been taken after, rather than just before, the recent conflict in Lebanon and Israel.

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They also said the trends reflect fundamental changes within Turkey, including a growing willingness to identify with Islam -- in what was once a militantly secular country -- as well as deep resentment over Turkey's treatment by the EU and a perceived U.S. failure to help resolve Turkey's fight with Kurdish separatists.

"In the last few years since the Iraq war, this country has become more and more Middle Eastern," said Suat Kiniklioglu, Ankara office director of the German Marshall Fund. He added that the moderate Islamic government has worked hard to re-establish ties in the region, and that people in Turkey generally feel under growing pressure to choose between Islam and the West.

According to the June survey of 1,000 people each in 13 mainly European countries, Turks feel twice as warmly toward Iran as they do toward the U.S., behind only Germany, a historic ally with close economic ties, and the Palestinians. Of the 12 countries and entities listed in the survey, only Israel was less well-liked by Turks than the U.S. Meanwhile, support in Turkey for joining the EU dropped to 54%, from 73% two years ago.

Debate over Lebanon has been particularly intense in Turkey. Last week, President Ahmet Necdet Sezer said it wasn't Turkey's "responsibility to protect the interests of other countries," while yesterday protesters in Ankara shouted, "We won't become America's soldiers" ahead of the parliamentary vote. Parliament, which is dominated by legislators from the government party, voted 340 to 192 in favor of sending troops, with one abstention, according to news agency reports. The force is likely to number between 500 and 1,000.

Turkey's ruling AK Party is avowedly Islamic but has said it can't stand aside from efforts to secure peace in Lebanon, which for centuries was ruled from Istanbul until the collapse of the Ottoman Empire after World War I.

Across the Arab world, the perception of U.S. bias toward Israel during the Lebanon crisis has deepened resentment toward the Bush administration, while Hezbollah and Iran have emerged as popular heroes, despite ancient distrust between Persians and Arabs, Sunnis and Shiites. Iranian President Mahmoud Ahmadinejad's attacks on Israel and his diplomatic skirmishing with the U.S. and Europe have resonated across the region.

Many governments in the Middle East remain wary of Iran and initially were critical of Hezbollah for provoking a conflict with Israel. Turkey in particular has strong economic ties with Israel, which it has long seen as a strategic partner in the region. But governments across the region have seen growing unrest among their populations. "In the eyes of many Turks, the Iranians are giving the West and the U.S. a hard time, something Turkey itself cannot give them, but they wish it could," said Kemal Kirisci, director of the Center for European Studies at Bogazici University in Istanbul and strong proponent of Turkey's EU membership.

Turks also appear to be less worried about the threat of Iran building nuclear weapons. In the Marshall Fund survey, 35% of Turks said a nuclear-armed Iran was an extremely important threat, compared with 75% of Americans and about 60% of Europeans.

Increasingly, Mr. Kirisci said, moves within the EU to throw up barriers to Turkey's membership in the bloc, or U.S. unwillingness to quell Kurdish separatists on Iraq's border with Turkey, are seen as efforts to weaken Turkey -- a real if misguided throwback to the days when the West dismembered the Ottoman Empire. Particularly disturbing is a potential unraveling of Turkey's relations with the EU, as membership talks -- which began in October after 40 years of waiting -- risk stalling next month.

The immediate cause of the stalemate is Turkey's reluctance to meet a commitment to open its ports and airports to ships and planes from Cyprus -- an EU member since 2004 -- unless the EU also ends the isolation of ports in Turkish-controlled Northern Cyprus, an entity the EU doesn't recognize. The wider context is a growing belief within Turkey that its EU-membership talks are a sham and that Turkey isn't wanted -- in large part because it is Muslim.

The German Marshall Fund's annual trans-Atlantic survey also found European views of U.S. leadership haven't improved since collapsing after the Iraq war, and European support for the North Atlantic Treaty Organization is declining -- especially in Turkey, where it fell to 44% from 53% in 2004. At the same time, perceptions of the threat from international terrorism and "Islamic fundamentalism" have increased in both the U.S. and Europe during the past year and their views are closer than several years ago, even if Americans remain more willing to use force.

Within the U.S., for the first time since the survey was launched five years ago, more Americans disapproved than approved -- 58% to 40% -- of Mr. Bush's handling of international affairs. There was little difference between the willingness of Europeans

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and Americans to have their telephone and Internet activities monitored more closely, or more surveillance cameras used to combat terrorism.

The survey polled populations in the U.S., France, Germany, the U.K., Italy, Netherlands, Poland, Portugal, Spain, Slovakia, Turkey, Bulgaria and Romania between June 6 and June 24, and has a margin of error of plus or minus three percentage points.

In Iran, Searching For Common Ground (WP)

By David Ignatius

The Washington Post, September 6, 2006

TEHRAN -- During the decades when the United States and the Soviet Union were threatening to annihilate each other with nuclear weapons, they at least had embassies in each other's capitals, cultural and economic exchanges, and a communications "hot line" so that the two leaders could talk to each other and avoid the kind of miscalculations that can lead to war.

The United States and Iran have none of these confidence-building links to maintain dialogue amid their current confrontation. Public discourse is pretty much limited to invective from both sides. But despite this political chasm, some courageous doctors and scientists on both sides have been reaching out to collaborate on important projects.

Over the past 10 days, I visited the Iranian leaders of two of the most interesting and unlikely exchanges -- one involving HIV-AIDS treatment and the other research on chemical weapons victims. These two scientific bridges give me hope that some day rational people on both sides will figure out ways to solve the larger problems that have obstructed U.S.-Iranian relations for 27 years.

The hero of the HIV-AIDS story is Dr. Arash Alaei. From his headquarters in an old tuberculosis hospital in the hills of North Tehran, he supervises a nationwide prevention and treatment program for AIDS and drug addiction that the World Health Organization in 2004 described as a "best-practice model" for the Middle East. With his guidance, the Iranians instituted a nationwide needle-exchange program; they distribute condoms free at health clinics around the country, and they have methadone treatment centers in every province. Indeed, their public health program in this area looks more enlightened than what we have in America.

Alaei started building this treatment network in the days when the Islamic government scorned AIDS and drug addiction as evils implanted by the decadent West. He began in 1998 in his native city of Kermanshah in northwest Iran, where AIDS was spreading fast among drug addicts in local prisons. He established what he called a "triangular" clinic, which eased the AIDS stigma by treating addiction and sexually transmitted diseases as well. The innovative program caught the eye of Iran's health minister, and by 2003 Alaei had taken it nationwide. Today he has triangular clinics in 67 Iranian cities and 57 prisons.

Having pioneered effective AIDS treatment in Iran, Alaei wanted to share what he was doing with the United States. He invited 13 students from American universities to come work with him. They're all Iranian Americans, drawn from Harvard, Brown, Johns Hopkins and Oberlin. Next year Alaei plans to bring 50 American students of diverse backgrounds, and he's traveling to the United States this month to speak to professors at Harvard and Johns Hopkins about organizing faculty exchanges and joint degree programs. The young Americans helped him run training sessions this summer for doctors from Iraq, Afghanistan, Tajikistan and Syria.

My chemical weapons hero is Dr. Shahriar Khateri. As a boy of 14, he enlisted in the Iranian militia known as the basij and was exposed to chemical weapons attacks by Iraqi forces three times. He escaped serious injury, but after he graduated from medical school, he took a passionate interest in other Iranians who hadn't been so fortunate. Working with Mostafa Ghanei and other Iranian doctors, he supervised a systematic study of the roughly 34,000 Iranians who had been injured by mustard gas. His office here is lined with gut-wrenching pictures of Iranians who were gassed by Saddam Hussein's troops.

Here's where the Iranian-American link to weapons of mass destruction gets interesting. Khateri found a surprise ally in an American researcher named David Haines, who had been studying the effects of Iraqi chemical weapons ever since he served as an Army officer in the 1991 Persian Gulf War. By 2000 Haines was traveling to conferences in Iran and preparing joint research projects with Iranian scientists. He won a $300,000 grant from the National Institutes of Health to bring a young Iranian scientist named Ali Reza Hosseini Khalili to his lab at the University of Connecticut. (When I first reported on Haines's efforts in a

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June column, gremlins in the U.S. government were blocking Khalili's visa; happily, the visa problems were resolved the day the column appeared.)

This month Haines will present a paper on his joint efforts with Khateri's Iranian researchers to the U.S. Army's chemical defense research facility at the Aberdeen Proving Ground in Maryland. The working title: "Chemical-Agent-Exposed Iranian Populations: A Tool for Understanding Disease." The subtitle pretty much sums up the rationale for these Iranian-American exchanges: A tool for understanding . In the escalating crisis between the two countries, we are either going to do more talking or we may end up fighting.

Jordanian Seeks To Succeed Annan (AP)

By Edith M. Lederer, Associated Press Writer

AP, September 6, 2006

Jordan's U.N. Ambassador Prince Zeid al Hussein announced his candidacy on Tuesday to be the next U.N. secretary-general, becoming the fifth hopeful and the first Muslim to enter the race to succeed Kofi Annan.

Jordan sent a letter to the president of the U.N. Security Council formally submitting the candidacy of Zeid, a widely respected diplomat and former U.N. peacekeeper who is a cousin of King Abdullah II.

"We believe there is considerable scope to be given by the Security Council and the General Assembly to a Muslim candidate who is familiar with the U.N. but not of the U.N.," Zeid told The Associated Press.

He said considering a Muslim candidate was especially important in light of recent events, which include the Israeli-Hezbollah conflict, an upsurge in Israeli-Palestinian fighting in Gaza, and Iran's refusal to suspend its uranium enrichment program.

Annan's second five-year term ends on Dec. 31 and most diplomats generally agree that the next secretary-general should come from Asia, part of a tradition to rotate between regions in awarding the job.

Jordan is part of the Asian group at the United Nations, though some countries may consider it more part of the Middle East than Asia.

The four other candidates vying to succeed Annan are South Korean Foreign Minister Ban Ki-moon, U.N. Undersecretary-General for Public Affairs Shashi Tharoor who is from India, Thailand's Deputy Prime Minister Surakiart Sathirathai, and former U.N. disarmament chief Jayantha Dhanapala, a Sri Lankan.

The next secretary-general must be approved by the General Assembly, based on a recommendation from the 15-member Security Council, where the five permanent members — the United States, Russia, China, Britain and France — have veto power.

Council members have been holding informal consulations for several months and in late July they held their first informal poll. In that secret ballot, members checked one of three boxes for each candidate: "Encourage," "discourage," and "no opinion."

South Korea's foreign minister did the best, India's Tharoor was next, Thailand's Surakiart came third and Sri Lanka's Dhanapala last.

The council put off another straw poll in August, and several members encouraged new candidates to come forward. In addition to Zeid, others mentioned as possible candidates include Kemal Dervis, the Turkish chief of the U.N. Development Program, and Goh Chok Tong, former prime minister of Singapore.

Zeid, 42, who has served as Jordan's U.N. ambassador since 2000, helped establish the International Criminal Court, the world's first permanent war crimes tribunal, and was elected the first president of its governing body.

He was a political affairs officer in the U.N. peacekeeping mission in former Yugoslavia from 1994-96, which led Annan to name him an advisor on sexual exploitation and abuse in mid-2004 following allegations of widespread rape and abuse by U.N. peacekeepers. His report outlining a strategy to eliminate such abuse was endorsed by world leaders at the 2005 U.N. Millennium Summit.

Calderon Named Mexico's President-Elect (LAT)

By Héctor Tobar

The Los Angeles Times, September 6, 2006

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MEXICO CITY — The nation's top electoral court today declared conservative candidate Felipe Calderon president-elect, but the decision is unlikely to resolve a political crisis sparked by the muddled outcome of the July 2 contest.

The ruling approved unanimously by the seven judges of the Federal Electoral Tribunal is final and cannot be appealed. But losing leftist candidate Andres Manuel Lopez Obrador is not expected to concede defeat.

In recent days, he has vowed to draft a new constitution and create a parallel government. He also has urged his supporters to continue protests in which they have barricaded key avenues of this capital city and prevented President Vicente Fox from delivering his final state of the nation speech to Congress.

The final tally released by the court today showed that Calderon defeated Lopez Obrador by 233,831 votes out of 41 million cast, or 0.56 of a percentage point, a margin that graphically illustrates divisions in the electorate.

Calderon will take the oath of office Dec. 1, giving Fox three months to resolve the political crisis and ensure a peaceful succession.

A 44-year-old stalwart of the National Action Party, or PAN, Calderon was virtually unknown to most Mexicans just two years ago. He is a former congressman and was Energy Secretary under Fox.

No Mexican president has ever assumed office with a smaller electoral mandate — Calderon won just 35.7% of the vote. A poll this week by the newspaper El Universal found that 39% of Mexicans believe the election was stolen from Lopez Obrador.

Today, tribunal Magistrate Alfonsina Navarro Hidalgo said that the many irregularities cited by Lopez Obrador in his complaint were of a minor nature and did not rise to the legal standard needed to overturn the result.

"There are no perfect elections," she said. "To think otherwise is a utopia." Magistrate Eloy Fuentes Cerda added: "The winner of the election is the candidate who wins the most votes, no matter how small the margin."

Last week, the court found Lopez Obrador's charges of massive fraud at thousands of polling places unfounded.

Judges were critical today of President Fox, whose public-service spots on behalf of his party's candidate were ordered off the air on the grounds that they violated election laws that limit what incumbent presidents can do and say to help ruling party candidates.

The seven-judge panel found that Fox's statements "put at risk the validity of the election."

But the panel said a court order weeks before the election that forced Fox to stop airing the spots was sufficient to level the electoral playing field.

With Lopez Obrador promising to build a resistance movement to Calderon's "simulated" presidency, Mexico faces a long period of instability in which the social and regional divisions that defined the presidential campaign could become sharper.

Calderon won a narrow, come-from-behind victory over a charismatic Lopez Obrador of the Democratic Revolution Party in large measure by playing to the fears of Mexico's middle class.

An unprecedented media blitz portrayed the former mayor of Mexico City as an unhinged radical who would bankrupt the country. The allegation that business groups poured unregulated money into defeating Lopez Obrador, including one ad that featured Venezuelan President Hugo Chavez, was among the evidence that Lopez Obrador presented in arguing that the election result should be annulled.

On election night, both men claimed victory, setting off a sometimes tense, sometimes farcical struggle for power that has tarnished the image of Mexico's nascent democratic institutions.

Election Ruling In Mexico Goes To Conservative (NYT)

By James C. McKinley Jr.

The New York Times, September 6, 2006

MEXICO CITY, Sept. 5 — Felipe Calderón, a conservative from President Vicente Fox's party, was declared Mexico's next president on Tuesday by the nation's highest electoral court, officially ending a bitterly contested election that has polarized the country.

Though the decision settled legal challenges to the most contentious election in Mexican history, it did not put an end to the political crisis that has gripped the country since voters went to the polls here on July 2. Mr. Calderón's first challenge as president will be to defuse the anger of leftists who believe the election was fraudulent.

It will not be easy. The losing candidate, Andrés Manuel López Obrador, the former mayor of Mexico City, refused to recognize Mr. Calderón's victory. He has threatened to continue a campaign of mass protests and civil disobedience to thwart the new president's ability to govern.

"I will not recognize anyone who parades himself as the head of the federal government without any legitimate or democratic credentials," he told supporters in Mexico City's central square, the Zócalo, on Tuesday evening.

Mr. López Obrador also plans to hold a national convention this month to set up an alternative government, putting himself and his followers on a collision course with the new government. Mr. Calderón will take office Dec. 1.

Mr. Calderón, appearing before supporters at his party headquarters on Tuesday evening, reached out to his former adversaries and said that their best proposals would become part of his plan for the nation. "For my part, there will always be an open hand and an open door to dialogue," he said.

He also said that the divisions in the country had blinded people to the real enemies of Mexico, among them poverty and inequality.

Mr. Calderón, a 44-year-old economist and lawyer, has promised to continue the pro-business and free-trade policies of Mr. Fox. He hopes to spur investment with a flat tax, which would lower taxes on the rich and businesses.

But the biggest challenge facing Mr. Calderón in the short run will most likely be healing the rifts and political wounds the election has created. Since the election, Mr. Calderón has taken pains to say fighting poverty will be one of his top priorities and has offered an olive branch to those who voted against him.

Although the court found Mr. López Obrador had not provided proof of widespread fraud, Mr. Calderón may face trouble convincing nearly a third of the voting public that he is the legitimate president, especially among the poor and the working class, political analysts said.

"It may be the final legal word, but it certainly is not the end of the political battle," said Denise Dresser, a political scientist and columnist here.

By promising to help the poor, Mr. López Obrador's campaign exposed the deep divisions along class and race lines in Mexico, a country where half the population lives on less than $4 a day while the top tenth of the population controls nearly half the wealth.

With Mexico's long history of fraudulent elections, Mr. López Obrador has succeeded in convincing many of the 14.6 million people who voted for him that there was a broad conspiracy between business leaders and the government to rob them of victory.

But he did not persuade the electoral tribunal. In a unanimous decision, the seven-member court rejected Mr. López Obrador's arguments that the election should be annulled, among other reasons, because Mr. Fox had given speeches attacking him and business leaders had paid millions for illegal, negative advertisements to help Mr. Calderón win.

Explaining their ruling, several of the judges deplored the "black propaganda" Mr. Calderón and some business groups had used against Mr. López Obrador, depicting him as a closet leftist dictator who would bankrupt the nation. They also said President Fox had jeopardized the election's validity with numerous speeches that indirectly attacked the leftist candidate.

Still, the judges ruled Mr. Fox had not broken the current electoral law, and though the advertisements paid for by business leaders had violated the law, the judges said they did not influence the election enough to warrant throwing out the results.

Magistrate Alfonsina Bertha Navarro, who helped to write the 309-page ruling, said: "There are irregularities, some that were not proven, others that were not grave enough to put in doubt the veracity of the election."

Last month, the tribunal ordered the ballots recounted in about 9 percent of the 130,000 precincts nationwide in response to Mr. López Obrador's allegations that there were errors on half of the precinct tally sheets and evidence of fraud in some instances. The court annulled more than 150,000 votes in hundreds of polling places during the recount.

But the overall results did not change much. In their final ruling on Tuesday, the judges concluded Mr. Calderón won the election by a mere 233,831 votes out of 41.5 million cast, a margin very close to the official tally done in early July.

On a tour in the Yucatán peninsula, Mr. Fox congratulated Mr. Calderón and invited the losing candidates to enter a dialogue about the future of the country, though he did not mention Mr. López Obrador by name.

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Supporters of Mr. López Obrador have blocked major avenues and occupied the capital's central square with protest camps for a month, demanding a full recount. Many remained defiant, saying they would use whatever tactics necessary to keep Mr. Calderón from taking office.

Upon hearing the decisions, Mr. López Obrador's supporters wept openly, threw eggs and protested outside the courthouse. Some held banners that read "Fraud" and, "The judges have passed into history as traitors."

"With this decision Mexico is going backward a hundred years," said Enrique Ramírez, 43, a contractor from Veracruz, as he joined other López Obrador supporters in the central square. "We are not going to permit another dictatorship to be born."

Outside the courthouse, tempers flared. Saul Pérez, a 38-year-old street vendor, became furious as news of the ruling came down. "We are fed up with being robbed, fed up with fraud," he screamed. "We are ready for it to come to blows. If that is what they want, that's what they will get. They want a revolution, then they'll have a revolution."

A tiny table at a cafe in Mexico City's Condesa neighborhood reflected the country's political divide. José Jesús Urbina Carillo, 81, a retired laborer who spent a decade as an illegal migrant in the United States, fumed at Mr. Calderón's victory and declared that the country's elite would continue controlling Mexico. "It's more of the same," he said, spewing profanities at the winner.

Across the table, blowing smoke in the air, was Yanco Kwick, 53, a businessman who voted for Mr. Calderón and tried his best to explain to his friend why the country was on the right course. "I'm not shouting with joy, but I think Calderón is better than the leftist," Mr. Kwick said. "We'll be stable, and that's all I want."

The White House issued a statement congratulating Mexico on "a free and fair electoral process" and Mr. Calderón on his victory, saying it looked forward to working with him.

During his victory speech, Mr. Calderón said his top priorities would be fighting poverty, consolidating the economic stability the Fox administration has fostered and cracking down on crime.

"To be Mexican is more important than to belong to a party or having supported a candidate," he said. "Mexico does not deserve to be divided for reasons that can be overcome through reason, through institutions and laws, through democracy."

But as Mr. Calderón celebrated in his party headquarters, Mr. López Obrador faced an angry crowd of supporters and said he did not recognize the new president, adding that the judges had validated a fraud and did not have "the dignity, nor the pride to act like free men."

The leftist vowed that he and his supporters would form their own government at a "national convention" on Sept. 16. He said they would "abolish for once and for all the regime of privileges that has ruled our country."

Calderon Named Mexico's President-elect (AP)

By Will Weissert, Associated Press Writer

AP, September 6, 2006

Felipe Calderon was declared president-elect Tuesday after two months of uncertainty, but his ability to rule effectively remained in doubt with rival Andres Manuel Lopez Obrador vowing to lead a parallel leftist government from the streets.

The unanimous decision by the Federal Electoral Tribunal rejected allegations of systematic fraud and awarded Calderon the presidency by 233,831 votes out of 41.6 million cast in the July 2 elections — a margin of 0.56 percent. The ruling cannot be appealed.

Calderon now must win over millions of Mexicans angry that President Vicente Fox, who is from Calderon's party, didn't make good on promises of sweeping change — and fend off thousands of radicalized leftists who say they will stop at nothing to undermine his presidency.

Lopez Obrador, whose support is dwindling but becoming more radical, has said he won't recognize the new government and vows to block Calderon from taking power Dec. 1. Protesters outside the tribunal wept as the decision was announced and set off firecrackers that shook the building.

"We aren't going to let him govern!" Thomas Jimenez, a 30-year-old law student, screamed as hundreds of protesters threw eggs and trash at the courthouse.

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The decision by the seven judges — who have split their votes in disputes about other elections — also found that Fox endangered the election by making statements that favored Calderon, and that business leaders broke the law by paying for ads against Lopez Obrador, who promised to govern on behalf of the poor.

But the problems weren't serious enough to annul the results, they said.

"There are no perfect elections," Judge Alfonsina Berta Navarro Hidalgo said.

The court rejected most of Lopez Obrador's allegations, including his claim that an ad campaign comparing him to Venezuelan President Hugo Chavez unfairly swayed voters. The court also dismissed Lopez Obrador's claim of subliminal messages in television ads by pro-Calderon businesses.

The court's president, Leonel Castillo, called on Mexicans to unite and mend the deep divisions the election revealed.

"I hope we conclude this electoral process leaving confrontation behind," he said.

A smiling Calderon emerged from party offices to wave at supporters. He was scheduled to address the nation later Tuesday and meet with Fox on Wednesday.

Calderon, a 44-year-old former energy secretary and career politician, promised during the campaign to create jobs and keep the economy growing, and since the election he has adopted some of Lopez Obrador's ideas on how to help Mexico's poor majority.

Fox greeted the court's decision with a smile during an appearance in Cancun, then publicly congratulated Calderon and invited Lopez Obrador to begin talks aimed at "strengthening the nation and our democracy."

Markets, which had expected Tuesday's ruling, were unchanged. World leaders, including Japan's prime minister and several Central American presidents, congratulated Calderon on his victory.

The White House, in a statement, congratulated the people of Mexico on the certification of a "free and fair electoral process."

"We congratulate Felipe Calderon on his victory and look forward to working with him and his team," the statement said, adding that the United States expects its relationship with Mexico to continue to be productive for both countries.

Tuesday's ruling came two months, three days, and tens of thousands of pages of legal challenges after voters cast their ballots. In comparison, the U.S. presidential election of 2000 remained in dispute for only 35 days.

The decision was unlikely to end the demonstrations that have crippled Mexico City's center or to heal the nation's growing political divide.

In the Zocalo plaza, thousands in a month-old protest camp chanted: "If there is no solution, there will be revolution!"

"Taking up arms is the only way," said Angel Sinsun, 80. "They'll never give us power with peaceful resistance or with negotiations."

Lopez Obrador has called on his followers to remain peaceful. His movement has become increasingly radicalized since the election, and polls indicate he lost support after lawmakers from his party blocked Fox's last state-of-the-nation address on Friday.

On Tuesday, the Convergencia party — one of three that nominated Lopez Obrador for the presidency — left the electoral alliance, saying "it is time to rethink strategies."

Lopez Obrador adviser Manuel Camacho told The Associated Press that the court's recommendation "does not take into account what is actually happening in the country."

"The court is going to be questioned seriously about its decision," he said, adding: "We have the responsibility to conduct ourselves peacefully."

No violence was reported, but police surrounded the headquarters of Calderon's National Action Party, where businesswoman Susanna Rivera was among a few drivers honking in support of the conservative former energy secretary.

"It's marvelous. It's perfect," she said of the court's decision. "We are happy because he is a decent, educated person." She said Lopez Obrador's supporters would never accept Calderon because "they are a bunch of crazies."

Neither candidate attended the court session. Lopez Obrador ate breakfast with lawmakers, then went to his protest tent in the Zocalo plaza, where he has been sleeping for nearly two months.

Supporters greeted him with calls of "You are not alone!"

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Associated Press writers Istra Pacheco, E. Eduardo Castillo and Mark Stevenson contributed to this report.

Court Declares Felipe Calderon The Next President Of Mexico (MCT)

By Jay Root

McClatchy Newspapers, September 6, 2006

MEXICO CITY - Mexico's top electoral tribunal on Tuesday declared conservative Felipe Calderon president-elect of Mexico, more than nine weeks after the disputed July 2 election, but the decision was unlikely to end protests by supporters of Calderon's leftist opponent.

The tribunal's seven judges unanimously rejected claims by Andres Manuel Lopez Obrador that Calderon's victory was fraudulent, clearing the way for Calderon's inauguration on Dec. 1. But the court criticized business supporters of Calderon and outgoing President Vicente Fox for actions that the judges said tainted the results, though not enough to merit annulling the elections.

"There is no perfect election. . . . To think otherwise would be a utopia," said Judge Alfonsina Navarro Hidalgo. "As the work of humans, elections are susceptible to the fallibility of mankind."

Neither Calderon nor Lopez Obrador offered immediate comment, but both were expected to address their respective supporters Tuesday evening.

In the meantime, several union leaders, intellectuals and other Lopez Obrador allies suggested that Lopez Obrador and his supporters should drop their plans for ongoing protests in favor of negotiations with Calderon. Other political leaders, concerned that continued protests could make Mexico ungovernable, also urged reconciliation.

"What I'm calling for is a constructive dialogue that is respectful, inclusive and tolerant," said Mariano Palacios Alcocer, the head of the Institutional Revolutionary Party, or PRI, which ruled Mexico for seven decades until Fox, like Calderon a member of the National Action Party, or PAN, won in 2000.

"The important thing now is a dialogue that will restore governability," Palacios said.

U.S. Ambassador Tony Garza congratulated Calderon in a statement that made only an oblique reference to Lopez Obrador. "In any election, there must be a winner and a loser - and one key to a strong democracy is having candidates who can be both with grace and dignity," he said.

Lopez Obrador and his most ardent followers, convinced that the election was stolen from them, have long telegraphed how they'd respond if the court declared Calderon the victor: Permanent rebellion. Street protests as far as the eye can see. Efforts to disrupt Calderon's inauguration.

Lopez Obrador's campaign manager, Jesus Ortega Martinez, told reporters last weekend that lawmakers from Lopez Obrador's Party of the Democratic Revolution, or PRD, would block Calderon's swearing-in just like they stopped Fox from delivering his state of the union speech last week.

"We will not permit a president who manipulated the vote of the people to take office on December 1," he said.

For weeks, Lopez Obrador and his partisans have been waging a campaign of civil resistance, camping out in tents in downtown Mexico City and marching in the streets. The protests have snarled traffic and are beginning to inflict increasingly serious economic damage on hotels, restaurants and other businesses.

The next big flashpoint looms on Mexico's Independence Day, Sept. 16, when long-planned celebrations could bring angry protesters into a confrontation with federal police and the Mexican military.

The head of Mexico's armed forces, Gen. Gerardo Clemente Vega Garcia, said the customary military parade wouldn't be disrupted or deviated from its traditional route - down the Paseo de La Reforma, the central Mexico City boulevard where thousands of Lopez Obrador supporters have been sleeping in tents that prevent any vehicular traffic.

Lopez Obrador also has said he'll stage a "national democratic convention" on Sept. 16 at the center of the traditional festivities - Mexico City's sprawling central square, or Zocalo.

Lopez Obrador has given few signs that he intends to back down. But on Monday, for the first time, he raised the possibility of defeat. "What we're planning could be a dream, it might not bear fruit, we might fail," he said. But only three days earlier he'd spewed his trademark venom toward Calderon the "usurper," Fox the "traitor" and Mexico's "corrupt" federal bureaucracy.

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"They can go to hell with their institutions," he said then. "We're going to have our own government."

Lopez Obrador had challenged Calderon's victory on a number of fronts, alleging fraud and illegal interference in the election process from Fox and a business group that backed Calderon.

The tribunal dismissed the fraud allegations on Aug. 28, but it reserved until Tuesday ruling on Lopez Obrador's other allegations.

Citing Mexico's strict electoral code, the court found that independent television ads sponsored by Calderon-friendly business leaders did violate Mexican law. It also ruled that Fox's advocacy for Calderon, who served in Fox's Cabinet as energy minister, also violated the rules. Judge Navarro called Fox's role the election's "biggest irregularity."

The judges also trimmed Calderon's margin of victory from 244,000 votes, announced at the end of the official count, to 233,831 - a margin of about 0.56 percent. The smaller victory resulted from mathematical errors and other problems the court discovered during its partial review of ballots.

But the court didn't release specifics from a review it undertook of certain precincts. That omission is likely to fuel Lopez Obrador's protest movement, said John Ackerman, a Mexican election law expert at the National Autonomous University of Mexico.

"They haven't done everything possible to get to the bottom of what really happened," said Ackerman. "The way in which the decision was made does sort of play into Lopez Obrador's hands."

Court Declares Calderon Winner (WT)

By Ken Stier

The Washington Times, September 6, 2006

MEXICO CITY -- Mexico's highest electoral court yesterday unanimously confirmed Felipe Calderon of the ruling National Action Party (PAN) as the nation's president-elect, a decision spurned by supporters of the losing candidate, leftist Andres Manuel Lopez Obrador, who plan a nationwide campaign to protest the results.

The decision by the Federal Electoral Tribunal rejected charges of systematic fraud and awarded Mr. Calderon the presidency by 233,831 votes out of 41.6 million cast in the July 2 election -- a margin of 0.56 of a percentage point.

The verdict by the court, which ruled on the overall fairness of the election, cannot be appealed. Neither candidate attended the court session, which was nationally televised.

"There are no perfect elections," Judge Alfonsina Berta Navarro Hidalgo said in announcing the decision.

The White House issued a statement, congratulating the people of Mexico on the certification of a "free and fair electoral process."

"We congratulate Felipe Calderon on his victory and look forward to working with him and his team," according to the statement. The United States expects its relationship with Mexico to continue to be mutually beneficial, the White House said.

"This is what was expected," said political analyst Daniel Lund. "It clears the air for everyone to continue what they were planning to do."

Mr. Calderon faces the task of winning over millions of Mexicans angry that President Vicente Fox, who is from the same party as Mr. Calderon, didn't make good on promises of sweeping change.

They also are angry that Mr. Fox launched an ad campaign against Mr. Lopez Obrador.

Mr. Calderon also faces a showdown with thousands who say they will stop at nothing to undermine his presidency.

"We aren't going to let him govern," Thomas Jimenez, a 30-year-old law student, screamed as hundreds of protesters threw eggs and trash at the courthouse.

Mr. Lopez Obrador is vowing to lead a parallel leftist government from the streets.

On Friday, legislators from Mr. Lopez Obrador's Democratic Revolution Party (PRD) blocked Mr. Fox from making his final annual address to Mexico's Congress, forcing him to leave the building and give his speech on television.

The decision by the seven judges -- who have split their votes in disputes about other elections -- also found that Mr. Fox endangered the election by making statements that favored Mr. Calderon, and that business leaders broke the law by paying for ads against Mr. Lopez Obrador.

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But the problems weren't serious enough to annul the results, the court said.

The court rejected most of Mr. Lopez Obrador's accusations, including his assertion that the advertising campaign comparing him to Venezuelan President Hugo Chavez unfairly swayed voters.

The court also dismissed Mr. Lopez Obrador's claim of subliminal messages in television ads by pro-Calderon businesses.

The court's president, Leonel Castillo, called on Mexicans to unite and mend the deep divisions the election revealed.

"I hope we conclude this electoral process leaving confrontation behind," he said.

Mr. Calderon, a 44-year-old former energy secretary and career politician, promised during the campaign to create jobs and keep the economy growing.

Since the election, he has adopted some of Mr. Lopez Obrador's ideas on how to help Mexico's poor majority.

Mr. Fox greeted the court's decision with a smile during an appearance in Cancun, then publicly congratulated Mr. Calderon and invited Mr. Lopez Obrador to begin talks aimed at "strengthening the nation and our democracy."

The ruling came more than two months and tens of thousands of pages of legal challenges after voters cast ballots. The U.S. presidential election of 2000 remained in dispute for about a month.

Mexican Court Declares CalderÃ³n President-Elect (WP)

By Manuel Roig-Franzia

The Washington Post, September 6, 2006

MEXICO CITY, Sept. 5 -- Felipe Calderon, a former energy minister and onetime long-shot candidate, was unanimously declared president-elect of Mexico on Tuesday in a court decision that capped a two-month legal battle but did not end the nation's political crisis.

Calderon's opponent, Andres Manuel Lopez Obrador, refused to recognize the decision. During a fiery address before thousands of supporters in Mexico City's downtown square, the Zocalo, he mocked Calderon as an "illegitimate president" and pledged to create an "alternate government" to "refound the Republic and reestablish constitutional order" before the Dec. 1 presidential inauguration.

Speaking moments later, Calderon called for conciliation, saying, "Mexicans can think differently, but we are not enemies." He declared that "the electoral process is over and the hour has arrived for unity." The dueling speeches were tracked minutely by Mexicans both puzzled and fascinated by the prospect of two men simultaneously claiming to lead the nation.

"We are entering into uncharted territory," said Rafael Fernandez de Castro, a political analyst in Mexico City. "Calderon is going to have to demonstrate what he's made of."

The special court, known as the Federal Electoral Judicial Tribunal, rejected Lopez Obrador's request to annul the election. Instead, the court's seven magistrates certified a razor-thin margin of 233,831 votes for Calderon, about half a percent of the 41 million votes cast. The final tally is the result of a legal process that included the annulment of tens of thousands of votes and a recount of ballots cast in 9 percent of polling places.

"Let's hope that we close this electoral process by forgetting our confrontations," Leonel Castillo, the tribunal's chief magistrate, said moments before declaring "the citizen Felipe Calderon Hinojosa" president-elect of Mexico.

After the announcement, Calderon appeared briefly outside his office with his wife, former congresswoman Margarita Zavala, and said: "I feel very good."

When Calderon, 44, ascends to Mexico's highest office, he will likely be confronted by a large, hostile bloc of opposition lawmakers from Lopez Obrador's Democratic Revolutionary Party, or PRD, as well as two smaller parties that backed Lopez Obrador's candidacy. The PRD secured its largest congressional gains ever in the July 2 elections and now controls more than a quarter of the seats, a bloc sufficient to stop or slow down Calderon's initiatives.

Calderon, of the National Action Party, or PAN, cannot wait for inauguration day to begin wooing those opposition lawmakers, as well as the more than 25 million Mexicans who did not vote for him, said political analyst Jorge Montando, a former Mexican ambassador to the United States and the United Nations.

"He is going to have to demonstrate that he has a plan that includes some of what Lopez Obrador has been talking about," Montando said.

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Lopez Obrador, a former Mexico City mayor, had promised to increase pensions for the elderly and create jobs with massive government construction projects. His supporters have blocked main thoroughfares in the capital and camped in the city's downtown square in protest. Hundreds demonstrated outside the court building on Tuesday; some sobbed and others chanted "Vote by vote," the candidate's rallying cry for a full recount.

The decision Tuesday by the tribunal, which was created 10 years ago as part of a democratic reform movement, followed its earlier pattern of consistently ruling in favor of Calderon. One month after refusing Lopez Obrador's request for a full recount, the tribunal also refused his bid to annul the election. But even as the tribunal was ruling against Lopez Obrador's overall request, some of the magistrates were agreeing with the complaints he has raised about the electoral process.

Two of the magistrates announced that President Vicente Fox, the standard-bearer of Calderon's National Action Party, put the validity of the election at risk by making political comments during the course of the campaign. Mexican law prohibits the president from campaigning.

Magistrates also rebuked former Spanish prime minister Jose Maria Aznar for endorsing Calderon early in the campaign, a statement that violated prohibitions on foreign political figures campaigning in Mexican elections.

Still, the magistrates ultimately concluded that the interventions by Fox and Aznar -- as well as prohibited ad campaigns by business groups in favor of Calderon -- were not enough for them to overturn the results of the closest presidential election in modern Mexican history. The court also rejected Lopez Obrador's claims of widespread fraud, including the alleged rigging of computers to assure a Calderon victory and massive alterations of vote-tally sheets.

Calderon's presidential victory comes after a remarkable series of unlikely political wins. He was elected president of the National Action Party and won its presidential nomination despite being a heavy underdog in both races.

Once the presidential campaign began, Calderon appeared to have little chance. Lopez Obrador held an overwhelming lead in the polls, drawing on his popularity with Mexico City's legions of poor. But Calderon, who lacks Lopez Obrador's charisma on the stump, chipped away at his opponent's lead with a disciplined campaign that painted his opponent as a danger to Mexico and compared him to Venezuelan President Hugo ChÃ¡vez, who has been criticized as authoritarian.

Calderon also promised to continue the free-trade policies of Fox, a Bush administration ally who has clashed repeatedly with Lopez Obrador. On Friday, lawmakers allied with Lopez Obrador seized control of Mexico's congressional chamber and blocked Fox from delivering his State of the Nation address -- the first time a Mexican president has been unable to give the annual speech.

Mindful of the overheated environment, the tribunal urged the candidates and their political parties on Tuesday to take the "high road" in debating the day's events. But that appeared highly unlikely. Even before the decision was announced, Lopez Obrador and his top lieutenants were saying they would enter into conciliation talks with Calderon only if he quit and refused to take office.

Calderón Wins Mexico's Presidential Election (WSJ)

By David Luhnow And John Lyons

The Wall Street Journal, September 6, 2006

MEXICO CITY -- Mexico's Electoral Court declared conservative Felipe Calderón president-elect, ending two months of legal challenges and uncertainty. But residual political unrest from the contested election may limit his ability to make the bold policy moves economists say are needed to spur economic growth, create jobs and narrow the income gap that plagues the fledgling democracy.

The former energy minister may not have much time despite an economy that is growing at a nice clip and a stock market that has set record highs recently. Those good numbers mask many of Mexico's long-festering problems -- such as its overdependence on oil-export revenue -- that could reach a crisis point during his six-year term.

The seven-judge court, whose decisions can't be appealed, unanimously rejected allegations by leftist candidate Andrés Manuel López Obrador that the July 2 election was marred by fraud and government meddling. The judges chastised President Vicente Fox for openly backing Mr. Calderón during the bitter election campaign but said it wasn't sufficient to change the final result.

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The postelectoral battle has been a major test of Mexico's institutions, such as the election agency that oversaw the contest and its election tribunal. The court's chief justice, Leonel Castillo, said he "submitted the decision to the comptroller of history" and called on the nation's political factions to mend fences after such a close contest, which Mr. Calderón officially won by only 234,000 votes out of nearly 42 million cast.

Yet reconciliation seems unlikely. Within minutes of the decision, Mr. López Obrador's supporters gathered outside the courthouse, setting off loud fireworks, shouting "fraud" and throwing eggs at onlookers. Mr. Calderón is due to take power on Dec. 1, but his rival has already vowed to disrupt the inauguration and dog the presidency with protests.

The 44-year-old Mr. Calderón takes power at a critical juncture in Mexico's young democracy, which took root only when Mr. Fox ended the 71-year reign of a single political party in 2000. Far from the kind of deep change Mr. Fox promised, democracy has so far led to bickering among rival parties that has failed to create any consensus on how to modernize the economy, which is weighed down by everything from gross inefficiency to corruption to crony capitalism.

Mr. Calderón's ability to manage these problems will have far-reaching implications for the stability and financial health of a nation that has attracted billions of dollars of U.S. investment since embracing democracy and free trade in the early 1990s. His success also will affect the U.S. in other critical ways. Since Mexico doesn't create enough jobs for nearly a million new job seekers every year, as many as half a million search for work by illegally entering the U.S.

While it is hard to understate the challenges facing Mr. Calderon, the trained lawyer and devout Roman Catholic has also proven his political acumen shouldn't be underestimated. Mr. Calderon was never favored to clinch his own party's nomination -- much less win the election -- but prevailed by combining a mastery of clutch decision-making with a knack for choosing effective advisers.

"We must be united, because united is the only way we can defeat our true enemies: poverty, crime and inequality," Mr. Calderon said, calling for national conciliation in a televised speech late Tuesday.

Mr. Calderón plans to try to convince the two-thirds of Mexicans who didn't vote for him -- the presidential contest featured three major candidates -- that he can transform Mexico into a fairer country. To do that, he needs to take on interests running from militant labor unions to the business class. That is going to be tough to do for Mr. Calderón, who has a minority in Congress and who needs the establishment to thwart the revolutionary challenge from Mr. López Obrador.

"Real, effective change means taking on vested interests, and I don't think he has the power to do it," says Damian Fraser, head of Latin American equity strategy at investment bank UBS in Mexico. "For Mexico to really change requires a strong president, which is what we don't have. We have a legitimate president, but not a strong president."

Mr. Calderón will attempt to build political momentum and diminish the challenge from Mr. López Obrador's movement through policy moves aimed at creating jobs and helping the poor. One policy under consideration would expand state health-care services for poor children. Other possible policies, such as education credits and cheaper funding for home buyers, will be aimed at Mexico's emerging middle class, a key voting demographic for Mr. Calderón.

The president-elect also plans to redouble efforts to reach across party lines to build a cabinet that will help secure support for policy initiatives in a divided Congress. Some of Mr. Calderón's advisers believe he will be able to peel off supporters from Mr. López Obrador, especially among newly elected legislators who rode his coattails to victory.

Political tension has been building since the election. For the past month, thousands of López Obrador supporters have blocked Mexico City's stylish Reforma boulevard and set up a protest camp that has engulfed the capital's historic central plaza. Now that the election result is final, some Mexicans want Mr. Fox to clear out López Obrador backers from the city -- by force if necessary.

The standoff may peak within weeks. Mr. López Obrador plans to convene a national convention of his supporters on Sept. 16 -- Mexico's Independence Day -- to decide if he should declare himself head of a parallel government or leader of a pro-poor protest movement. But the anticipated massive rallies likely would conflict with the army's traditional parade through Mexico City. Most analysts expect the sides to reach a deal, and many also expect the leftist to lift at least part of his blockade in Mexico City.

While that would ease some tensions for the coming months, it is clear Mr. López Obrador isn't going to walk off the national scene, despite the fact that his protests have cost him support. His strategy over the next six years will be to marshal followers in a campaign of street marches, sit-ins and other tactics to advance the cause of the poor and block some of Mr.

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Calderón's major initiatives, such as allowing private investment in the state oil and electricity industries and overhauling the pension systems.

López Obrador aides promise such tactics will be peaceful. "The movement can't be violent, it would be too dangerous. The grass is too dry and could catch fire," says Manuel Camacho, a top aide.

Some of Mr. Calderón's critics say he needs to go well beyond wonkish policy prescriptions to blunt the López Obrador challenge. "I don't see much audacity," says Jorge Castañeda, a former foreign minister and prominent Mexican academic. "I think he needs audacity, audacity and more audacity."

Mr. Castañeda says one place to start might be the country's small number of "plutocrats," who hold virtual monopolies in fields such as broadcasting and telecommunications. Those monopolies make their owners rich but hurt the country's competitiveness and ability to create jobs. But Mr. Calderon's aides privately say the newly elected president can't afford to create more powerful enemies, particularly Mexico's influential media duopoly.

The political trouble could also prevent headway in tackling other enduring problems. Mexico's oil production has peaked by most estimates, and the country could become a net oil importer by the end of Mr. Calderón's presidency. But attempts to undo Mexico's state monopoly on oil will likely be met head on by protests led by the López Obrador camp.

Mexico Political Future Still Uncertain (AP)

By Traci Carl, Associated Press Writer

AP, September 6, 2006

Protesters still occupy Mexico City streets. The country is still divided along class lines. Two candidates each still claim to be the next president.

A ruling by the Federal Electoral Tribunal on Tuesday ended two months of uncertainty over the winner of the July 2 elections but did little to clear up Mexico's political future.

In a way, it couldn't have. Andres Manuel Lopez Obrador, the leftist who claims fraud robbed him of victory, had already said the court was corrupt and vowed to run his own government from the streets.

The key question is how many supporters Lopez Obrador has left, and how far they are willing to go to defend his cause.

Certainly, his numbers are dwindling. While more than 14.6 million Mexicans voted for the leftist candidate, only a few thousand man the protest camps that line Mexico City's main Zocalo plaza and its elegant Reforma avenue. Many of the protest tents erected two months ago remain empty.

Many of Lopez Obrador's supporters were turned off when protesters barged in on a Mass being celebrated at Mexico City's Cathedral. Others felt he went too far when lawmakers from his party seized Congress and kept President Vicente Fox from delivering his annual state-of-the-nation address.

The camps themselves, which have snarled traffic and cost businesses an estimated $370 million in lost revenues, have alienated other supporters. In a recent poll by the newspaper Reforma, 75 percent opposed the protest camps.

And despite Lopez Obrador's claims that the tribunal is crooked, only 8 percent of respondents said they have no confidence in the court. Another 35 percent said they had some confidence, while a full 57 percent said they have a lot of confidence in the electoral tribunal.

Pollsters interviewed 1,515 registered voters nationwide on Aug. 18-20 and reported a margin of error of 2.5 percentage points.

The departure Tuesday of the Convergencia party from the electoral alliance that nominated Lopez Obrador highlighted his dwindling support. The party, one of three in Lopez Obrador's alliance, said "it is time to rethink strategies."

Those who do support Lopez Obrador are increasingly radical. They vow to prevent Calderon from taking office Dec. 1 and to keep him from governing if he manages to be sworn in anyway.

In the end, Calderon's success will be measured in large part on his ability to neutralize the specter of violence.

When the court announced its decision on Tuesday, some Lopez Obrador supporters advocated taking up arms. Lopez Obrador and his aides have urged their supporters to remain peaceful, and so far that call has been heeded.

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But with the rest of the country ready to move on, the movement could be forced to turn to more radical actions to hold the nation's attention.

Traci Carl, The Associated Press' chief of bureau for Mexico and Central America, has covered Mexican politics for the past six years.

Mexican Election Is Decided; Everything Else Still Up In Air (USAT)

By Sara Miller Llana

USA Today, September 6, 2006

MEXICO CITY — Mexico's electoral court on Tuesday certified conservative Felipe Calderón as the nation's next president after two months of recounts and allegations of fraud.

While the decision ended the post-election legal saga, the political fallout from the closest presidential race in Mexican history is far from over.

Leftist runner-up Andrés Manuel López Obrador says he's not giving up. The former Mexico City mayor says his opponent won through fraud. He may try to set up a "parallel" government.

The electoral court said it had found no evidence of systematic fraud in the vote. The court threw out results from some polling places, citing mathematical errors and other problems. The tribunal's decision cannot be appealed.

Calderón, a bespectacled lawyer from the ruling party who drew substantial support from wealthier Mexicans and business circles, faces formidable challenges. His patience and ability to negotiate will be greatly tested as he seeks to unify the highly polarized country.

Hundreds of López Obrador's supporters have occupied Mexico City's central plaza. Friday, legislators from his Democratic Revolution Party (PRD) blocked the podium in Congress from which President Vicente Fox was supposed to deliver his final state-of-the-nation address. He had to give the speech via television.

Calderón won the election by 233,831 votes out of 41.6 million cast, or a margin of 0.56%, according to totals certified by the court. The vote revealed fractures in Mexican society: The industrial north, which has benefited from free-trade policies Fox has championed, went largely to Calderón. Voters in Mexico City and the poorer, rural south favored López Obrador, who called for a more active state role in the economy and promised to create jobs with large-scale infrastructure projects. Calderón says he wants to use tax exemptions to entice businesses to provide more jobs for young people and to improve the country's low rate of tax collections. He also outlined plans to expand government funding for health care and housing.

The agenda of Fox's and Calderón's National Action Party could be easier to get passed this term because the party has gained seats in Congress. Another factor in the party's favor: the continuing decline in influence of the long-ruling Institutional Revolutionary Party (PRI), which blocked Fox's proposals during his six-year term.

Unlike Fox, whose election ended 71 years of PRI rule and revitalized Mexican politics, Calderón will govern a country in which a large swath of the population sees his election as illegitimate. "Calderón is completely uncharismatic," says Rodolfo de la Garza, a professor of political science at New York's Columbia University. "It's not clear that if you need an inspirational leader he is going to provide that."

López Obrador's supporters might actually be helping. Their Mexico City sit-in has snarled traffic and angered residents. In a poll published in the newspaper Reforma last month, 30% of respondents said they would vote for López Obrador if the election were held again; 54% said they would vote for Calderón.

Despite that erosion in support in Mexico City, protesters have said they will continue their sit-in and other civil disobedience.

Fox, according to tradition, will head to Mexico City's central Zocalo plaza on Sept. 15 and yell "Viva Mexico" to launch Independence Day celebrations — a ritual protesters could try to thwart. The next day, Independence Day, López Obrador has called for a national convention during which he says he'll ask supporters if he should be declared the "alternative president."

Confrontations are likely: Sept. 16 is when the military marches down streets now blocked by protesters. If demonstrators refuse to give way, "this produces a clash with the military," de la Garza says. "That will have reverberations that we can't anticipate."

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Llana is Latin America correspondent for USA TODAY and The Christian Science Monitor. Contributing: Wire reports.

Felipe Calderón: A Politician At Birth (NYT)

By Marc Lacey

The New York Times, September 6, 2006

MEXICO CITY, Sept. 5 — It was more than 30 years ago that a seventh-grade history teacher in Morelia, a quaint colonial city in central Mexico, went around the room surveying the career plans of his 12-year-old pupils.

There were future doctors, lawyers and teachers in the room; no surprise, as this was the city's leading school. But one boy — chubby, serious, with a wild mane of hair — announced that day that he wanted to be president of Mexico.

Alma Delia Álvarez Zamudio, a classmate who became a teacher, remembers the moment well. "We all said normal jobs but Felipe surprised us all," she recalled. "He said it like he knew it was going to happen. He said, 'presidente de la república.' "

As of Tuesday, Felipe de Jesús Calderón Hinojosa, 44, was on his way to becoming just that, one of Mexico's youngest presidents.

Mr. Calderón narrowly won victory in the July 2 presidential election and then withstood a challenge from his main opponent, the leftist Andrés Manuel López Obrador. On Tuesday morning, the country's highest electoral tribunal officially declared him the victor. On Dec. 1, he will take office.

To call the balding and bespectacled Mr. Calderón a career politician would be something of an understatement. His first campaign, his family likes to say, came in 1962 when he was still in the womb. It was a governor's race in Michoacán State that his father, Luis Calderón Vega, a prominent political activist who helped found the National Action Party, was managing. His pregnant mother was pitching in, as well.

There were other races, many others, all of them family affairs. Young Felipe handed out leaflets when other children were out playing ball. He rode around in a truck with loudspeakers when his contemporaries were hanging out in the park.

And again and again, his father's National Action Party, or PAN, with its pro-business and free market positions, lost.

Mr. Calderón, a studious, serious boy who grew up to be a man not all that different, was teased at school for trying to unseat the powerful ruling party, which in those days ruled Mexico with an iron fist. His father soothed him by explaining that democracy was a long-term affair.

It took decades, actually, until 2000, when Vicente Fox's presidential victory ended 71 years of single-party rule by the Institutional Revolutionary Party, or PRI.

Mr. Calderón was one of the many who made that defining moment possible. He used to round up neighborhood children to monitor polling stations to catch the ruling party as it stole elections. Eventually, his name began to appear on the ballot, always as a proud PAN-ista.

By the time Mr. Calderón was 26, he was a member of the municipal assembly in Mexico City. He was a member of Congress before he hit 30 and chairman of PAN at 34.

He even found his wife in the party, marrying Margarita Zavala, a PAN congresswoman. They have three children. Not surprising at all to those who know him, he proposed to her during a campaign swing.

After a stint as a graduate student at the Kennedy School of Government at Harvard in 1999, Mr. Calderón served briefly as Mr. Fox's energy minister. He then initiated his own bid for the presidency, outflanking Mr. Fox's handpicked candidate, Santiago Creel, the former interior minister, in a November primary.

"He was always preparing for this," said Juan Luis Calderón Hinojosa, one of Mr. Calderón's four siblings and an aspiring politician himself. "It's no surprise."

There are those who say Mr. Calderón rose up the political ladder too quickly, experiencing little of the real Mexico along the way. In the campaign, Mr. López Obrador painted him as a candidate of the rich and powerful, disconnected from the everyday struggles of Mexicans.

But some of those who grew up with Mr. Calderón disagree with the portrayal of him as a rich kid.

They say that his childhood home, where his mother, Carmen Hinojosa, still lives, is a modest dwelling not far from Morelia's main square, and that when he was not out politicking, young Felipe was kicking a soccer ball or playing the guitar. He

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did not have particular luck with girls, friends recalled, and his athletic prowess was modest. He attended church regularly, walking with his family to a modest chapel.

"He was just one of the guys," said Ignacio Alvarado Laris, a childhood friend.

Although his experience in the private sector was limited, Felipe spent a year in a youth group that helped the area's poor people by painting their houses and even digging latrines, friends and family recalled. Local politics, though, was his main pastime.

"In the rallies he attended as a boy, people were wearing sombreros, not suits," said Luis Mejía Guzmán, a PAN activist and family friend.

Mr. Mejía notes that Mr. Calderón learned politics the hard way, by consistently seeing candidates he supported come up short.

"Felipe knows how to struggle," he said. "His political life hasn't been easy. In campaign after campaign, his side didn't stand a chance."

Even his presidential victory was by a hair, less than 1 percent of the vote.

Mr. López Obrador, a former mayor of Mexico City and spokesman for the country's lower classes, has protested Mr. Calderón's win — by 243,000 votes out of 41 million cast — and vowed to challenge his administration for the next six years. Tuesday's decision officially affirmed the validity of the election, but the protests seem likely to continue.

In Michoacán State, Mr. Calderón's home turf, some of Mr. López Obrador's backers continue to camp out in protest in the main square of Morelia. "I'd be very proud to have a president from Michoacán, but there's something more important than that," said one protester, Francisco Garcidueñas. "We want a president who really won the election."

So Mr. Calderón's struggle continues, even now that his childhood dream has come true.

At Last, A Victor In Mexico (CSM)

By Sara Miller Llana

The Christian Science Monitor, September 6, 2006

MEXICO CITY

After two months sifting through allegations of fraud and recounting ballots in a process that echoed the US election in 2000, Tuesday Mexico's top electoral court certified conservative Felipe Calderón as the nation's new president. The decision cannot be appealed.

While the postelectoral saga has come to a close, there is no storybook ending to Mexico's closest presidential race in history.

The challenges for Mr. Calderón, a bespectacled lawyer who has been called a bookworm, remain formidable. Some say his political savvy and a shift in the congressional balance of power might make it easier to push through the energy, labor, and fiscal reforms that eluded President Vicente Fox. But his skills at negotiation and patience, as he seeks to unify a deeply divided country, will be fully tested.

Unlike Al Gore in 2000, Mexico's runner-up Andrés Manuel López Obrador (aka AMLO) has refused to concede defeat. The populist leader - who has slept in a tent with his followers in the middle of Mexico City for more than a month - has vowed to set up a "parallel" government and says that Mexico needs a "revolution."

On Friday, legislators from Mr. Obrador's Democratic Revolution Party (PRD) took the podium where President Fox was supposed to deliver his final state-of-the-nation address. He had to retreat instead, giving his speech via television later in the evening - an event that, fraught with drama, has added to the polarization of the country.

"At the end of the day Mexicans are going to have to put postelectoral politics aside and move on and start focusing on issues that have to be addressed if Mexico is going to be successful in the 21st century," says Armand Peschard-Sverdrup, a Mexico scholar with the Center for Strategic and International Studies in Washington. "Lopez Obrador is going to have an influence, no question, and Felipe Calderón is going to have to try and not get distracted and try to stay on course."

On the campaign trail, Calderón said he would focus on jobs, promising to remain a firm US ally and maintain the free trade policies championed by Fox.

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Yet, in part because of the vocal opposition of Obrador, he will also have to focus on the fact that 50 percent of Mexicans are poor, and of them, many did not benefit from Fox's friendship with the US.

The election, in which Calderón garnered 233,831 more votes than Obrador (a margin of victory of just over 0.5 percent), revealed fractures in Mexican society: the industrial north, which has ben- efited from NAFTA, went largely to Calderón, while Mexico City and the poorer, rural south voted for Obrador.

Calderón says he wants to entice businesses to provide more young people jobs with tax exemptions, and proposes a lower and flat rate income tax, with none for workers with low salaries. He wants to expand healthcare services and education, especially in poor and rural areas.

Such proposals could be easier to realize during this term, because of the gains the National Action Party (PAN), the party of both Calderón and Fox, made in Congress, but also because of the declines of the long-ruling Institutional Revolutionary Party (PRI), which fought to block Fox's proposals during the past six years.

Calderón's success "will largely depend on whether he is willing to bring in people who are outside his party," says Luis Rubio of the Center of Research for Development in Mexico City, "individuals who understand and are experienced with these kinds of challenges."

The PAN won 206 places in the 500-seat Chamber of Deputies, up from 148. The PRD won 126 seats. The PRI fell to third place with 104. Many experts say that alliances will form naturally between the PRI and the PAN.

"Both parties have pragmatic reasons to work together to counterbalance the unruly behavior of the PRD," says David Shirk, director of the Trans-border Institute at the University of San Diego. "It's actually a good thing, in terms of coalition-building, made possible by the PRI's weakness, the PAN's slight gains, and the fact that those two parties can identify a common adversary in the PRD."

Experts also expect Calderón, a former energy minister whose father was one of the founders of the PAN, to be a more savvy negotiator than his predecessor.

Yet while Fox rode into the presidency with a wave of expectation, as he ended 71 years of PRI rule, Calderón will take office Dec. 1 amid suspicion and anger from a large swath of the population who believes the election was fraudulent and unfair. And whether he has the ability to unite the country is questionable.

"Calderón is completely uncharismatic ... and has backing from a very clear sector in the economy and the nation," says Rodolfo O. De la Garza, a professor of political science at Columbia University. "It's not clear that if you need an inspirational leader he is going to provide that."

The radicalization of Obrador could work in his favor, though. He has angered thousands of Mexico City residents with his sit-in, which has snarled traffic and caused commuters to take alternative routes. A poll published in Reforma newspaper last month revealed that 30 percent of those surveyed would vote for Obrador today, while 54 percent would vote for Calderón. Some say support is waning even within his party.

"One of the major reasons López Obrador will not ultimately be able to shut down Mexico's political system is that a lot of PRD leaders and elected officials who are going into this legislative term are not going to want to make the ultimate sacrifice," says Mr. Shirk.

Calderón will face ongoing protests. On Sunday, Obrador told thousands of supporters: "We are going for deep change, root change, because that is what Mexico needs."

On Mexico's Independence Day, Sept. 16, the day Obrador has called for the national convention and the day the military usually marches down streets that are now blocked by protesters, confrontations are expected. "It would not be hard to imagine that he gets the demonstrators to stay in place. This produces a clash with military. That will have reverberations that we can't anticipate," says Mr. de la Garza.

A Way To Peace In Mexico (NYT)

By Jorge G. Castañeda

The New York Times, September 6, 2006

Mexico City

DOJ_NMG_0058557

AT last, Mexico has a president-elect. The process has been painful, protracted and rife with problems for the future. Still, the Electoral Court declared yesterday that Felipe Calderón will be the country's new chief of state on Dec. 1.

His defeated rival, Andrés Manuel López Obrador, has nonetheless rejected the Electoral Court's ruling, refused to recognize Mr. Calderón as the winner and, for all intents and purposes, decided to make life as miserable as he can for Mr. Calderón, overthrowing him if possible, thwarting him in every attempt to govern if not.

Mr. López Obrador was never able to substantiate his claim that the election was stolen from him. He could not prove that the deck was stacked against him during the campaign, nor was he able to persuade anyone beyond his admittedly large circle of followers that there should have been a recount and a new election. The court that ruled against him is made up of seven judges elected with votes from his own party. And yet, Mr. López Obrador maintains the support of roughly one-third of Mexico's people, many of whom feel, wrongly but surely, that they were deprived of a victory they deserved.

The main questions facing Mexico now are how Felipe Calderón will govern with a mandate of barely 36 percent, and how, indeed whether, he will acknowledge the pent-up social demands of the millions of Mexicans who voted for Mr. López Obrador.

Here are some suggestions. They are ambitious and risky, but they offer a way out of the current impasse.

Clearly something is wrong with Mexico's electoral, judicial and political institutions. It took two full months to figure out who won the presidential election, and the loser still hasn't accepted his defeat. Moreover, all major decisions have been postponed for a decade because of the unrelenting gridlock between the executive and legislative branches and the absence of any majority in Congress.

Mr. Calderón could start with an idea that is already floating around. He could propose allowing for the re-election of members of Congress, mayors and the president himself. Under the current system, senators, governors and the president serve single six-year terms, while congressmen and mayors are elected for single three-year terms. Re-election, and the accountability it imperfectly provides, does not exist. Reforming this system to allow for two four-year presidential terms and re-election of other officials would be intrinsically meritorious, but it would also provide Mr. López Obrador's followers with an incentive to play by the rules: their hero could have another shot in just four years' time, and if he wins and governs successfully, he could remain a full eight years in office.

Mr. López Obrador's supporters will surely protest that with the same electoral rules in place, their man will be short-changed again. Mr. Calderón can forestall that objection by pushing for rewriting the rules by which elections are organized and votes counted. And Mr. López Obrador's aides could be given, as any party with a third of the vote deserves, a major, even decisive, role in overhauling an electoral system that has outlived its usefulness. He could, up to a point, write his own ticket for 2010.

Finally, and perhaps most substantively, Mr. Calderón could follow Bill Clinton and Tony Blair's model, but reverse it. Instead of triangulating from right to left, Mexico's new president should take some of the left-ish planks from his rival's platform, refashion them in a way that makes them acceptable to his own followers, and turn them into policy. The most obvious example would be the creation of a well-financed, means-tested and efficiently administered program to provide universal health care and pensions to the elderly who lack entitlements. Several other proposals lend themselves to this type of triangulation in areas like education and poverty eradication.

If Mr. Calderón initiated such a three-part plan, would Mr. López Obrador renounce his protests and wait for a better day? Probably not, but there is no way of knowing without discussing these ideas with him and making clear the consequences of his current stance.

Here is where the international community comes in. Mr. López Obrador has explicitly asked Mexico's friends abroad for help. A group of elder statesmen from Europe, Latin America and the United States (for example, Ricardo Lagos of Chile, Fernando Henrique Cardoso of Brazil, Felipe González of Spain and Mr. Clinton or Jimmy Carter) should try to persuade both Mr. López Obrador and Mr. Calderón to accept such a solution to Mexico's conundrum. No one in Mexico can make the case as strongly. The worst that could happen is that such a mission might fail. But maybe, just maybe, it might work.

Mexican Drama (WSJ)

DOJ_NMG_0058558

The Wall Street Journal, September 6, 2006

Despite all the focus on the Middle East, the world's biggest test of democracy these days has arguably been unfolding right on America's doorstep, in Mexico. Yesterday that country took a giant step forward as its independent federal electoral tribunal officially named National Action Party candidate Felipe Calderón as the country's president-elect.

Mr. Calderón, who will take office on December 1, had won a narrow plurality of votes in the fiercely fought July 2 election. But second-place finisher Andrés Manuel López Obrador has refused to accept the results, charging fraud and promoting civil unrest to force the tribunal to nullify the results. More than a few Mexican power-brokers have privately hoped for a similar outcome -- which was all too imaginable in a country that only six years ago ended 70 years of rule by the Institutional Revolutionary Party.

So the conclusion of the seven-judge tribunal ought to be a moment of pride for Mexicans. It is a sign of political maturity that even such a close election can be fairly adjudicated. The tribunal had sponsored partial recounts in contested precincts, but in the end reduced Mr. Calderon's victory margin by only a few thousand votes. The result confirms the election-day judgment of foreign observers, who called the vote one of the cleanest they'd seen. Some one million Mexicans had voluntarily manned polling places on election day.

The challenge now is for all Mexicans to accept these results so that Mr. Calderón is able to govern. That's by no means a sure thing, as Mr. López Obrador's militancy has shown. The leftist leader has again rejected the result and pledged to continue his campaign of civil disobedience. He says he'll hold his own "democratic convention" on September 16, which is Mexico's independence day, when he could be named the alternative president.

His potential to cause trouble was on display last Friday, as members of his Revolutionary Democratic Party blocked Mexican President Vicente Fox from delivering his final state of the union address before the national congress. They mobbed the speaker's platform and refused to move. Rather than engage in a shoving match, or worse, Mr. Fox maintained his dignity and walked away. It's as if Tom DeLay had refused to let Bill Clinton deliver his annual address on Capitol Hill.

Tellingly, Mr. López Obrador is validating the warnings about his authoritarian tendencies made by the Calderón camp. Mr. Calderón was down in the polls until his supporters suggested that Mr. López Obrador was a dangerous leader in the mold of Venezuelan strongman Hugo Chávez. And last week the leftist leader, sounding very much like Mr. Chávez, said his opponents "can go to hell with their institutions." By that he apparently means Mexico's democratic institutions.

The good news is that these antics aren't playing well with the broader Mexican public. Polls now indicate that Mr. Calderón would beat the leftist by more than 20 percentage points if the election were held today. Mr. López Obrador's sore loser tactics may also be alarming some members of his own party, who don't want to delegitimize their own July 2 election to congress.

Managing all of this will be a test of Mr. Calderón's leadership and political skills. His rhetoric since July 2 has rightly stressed national reconciliation, and he has reached out to left-of-center moderates. He should continue to do so in the interests of healing wounds and also to weaken Mr. López Obrador's support. But if violence erupts, Mr. Fox and the president-elect will also have to show Mexicans they can enforce public order.

Mr. Calderón can help his cause by re-invigorating the economic reforms that will produce broader Mexican prosperity. The country has made enormous progress away from its socialist past -- for example, moving up 19 places (to 43 from 62) in the annual World Bank "doing business" report released today. But too many monopolists still use government to block competition and maintain their economic privilege. A good place to start would be to enforce the deregulation of the telecom industry in which billionaire Carlos Slim, through Telmex, owns 95% of the fixed-line market and virtually all data transmission. Mr. López Obrador's anti-poverty message won't resonate among Mexicans who experience more opportunity and rising incomes.

There's also a role here for the rest of the world, especially for U.S. political leaders who should be supporting Messrs. Fox and Calderón now that the tribunal has spoken. Al Gore's general counsel from 2000, Ronald Klain, was disgraceful on this score when he wrote in the July 9 Washington Post that Mr. López Obrador should "call his supporters to the streets and question the legitimacy of the vote casting and counting process. . . . Above all, he must reject any suggestion that Calderón received more votes -- indeed, he must insist that any fair count would show that he is the rightful winner."

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Mr. López Obrador seems to have taken that bad advice, at great potential cost to Mexican stability and democracy. It's time for Yankees who care about our southern neighbor to stop using Mexico 2006 as an excuse to settle scores from Florida 2000 and start reinforcing the vital institutions of Mexican democracy. The last thing the U.S. needs is an unstable, ungovernable Mexico.

US And S. Korea Strive For Unity Amid Fears Of A Of N. Korean Nuke Test (CSM)

By Donald Kirk

The Christian Science Monitor, September 6, 2006

LONDON

The United States and South Korea are trying to work through their differences in hopes of steering North Korea away from conducting a possible underground nuclear test.

While intelligence estimates suggest that the North may possess six or more nuclear warheads, a test would confer on the North the clout of a full-fledged member of the nuclear club. It also could trigger a nuclear arms race among regional powers, particularly Japan and Taiwan, both of which are believed to have the technology for producing nuclear weapons, as well as China, already a nuclear power.

South Korea is adopting what Foreign Minister Ban Ki Moon says are "concrete" - if unspecified - measures both to counteract the threat and to persuade North Korea of the dangers of provoking a regional crisis. Mr. Ban, however, is equally interested in persuading the senior US diplomat for the region, Christopher Hill, from exacerbating tensions as he touches down in Tokyo, Beijing, and Seoul in an effort to bring unified pressure on North Korea.

The US is pressing for a strict interpretation of the UN Security Council resolution banning any dealings with the North that might support its arms trade. Such a reading would deepen the economic damage done to the regime by US Treasury Department efforts to curb international trade with North Korea.

The concern is that North Korean leader Kim Jong Il will conclude he has no choice but to fight in order to survive, much "like a rat driven into a corner" - a phrase widely used among South Koreans. Or, as Ban put it, North Korea will find itself "at dead end with no way out."

The different approaches to the nuclear standoff are part of a rift between President Bush and South Korean President Roh Moo-hyun, who has long pursued a soft-line policy of reconciliation with the North. As the two leaders prepare to meet next week in Washington, regional analysts are concerned that North Korea may see an opportunity to deepen the wedge between the allies.

If Kim Jong Il does not press the trigger on an underground nuclear test, he may well order another test-firing of missiles reminiscent of the July launch of seven missiles.

"I had expected North Korea would fire more missiles," says Mark Fitzpatrick, senior fellow for nonproliferation at the International Institute for Strategic Studies in London. "Undoubtedly North Korea has more tests it would like to do" - particularly since the long-range Taepodong 2, potentially the most fearsome of all the missiles in North Korea's arsenal, fizzled into the sea 42 seconds after lifting off on July 4.

As for a nuclear test, Mr. Fitzpatrick says "signs of a potential test are worrisome."

"North Korea has demonstrated a willingness to disregard the advice of its only ally, China," which is trying to persuade Mr. Kim to lower the level of confrontation by inviting him to Beijing for more talks on economic aid and trade, Fitzpatrick says.

While the North Korean regime does not want to be seen as yielding to Chinese pressure, he adds, a nuclear test "is their last card and I do not see any reason for them to do it now."

Rather, he says, Kim may have accomplished a tactical aim by "demonstrating a willingness to test" without doing so.

South Korean conservatives have warned President Roh against any action that might jeopardize the US-Korean alliance. They are especially concerned about plans for placing South Korean troops under South Korean command - rather than a unified, US-led command - in case of war.

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The US and South Korea, though, may come to terms in that debate. Roh, whose popularity has plummeted in recent months, has said he has no intention of jettisoning the alliance, while Bush has said South Korean forces are strong enough to defend the South.

Still, US conservatives, like those in South Korea, fear damage to the alliance.

"I worry about the differences of opinion between Korean and American government officials," Edwin Feulner, head of the Heritage Foundation , remarked recently in Seoul. "If North Korea continues on its current tread line," he warned, governments in the region "will have no choice but to counter North Korea."

Wrong Path On North Korea (WP)

By Donald Gregg And Don Oberdorfer

The Washington Post, September 6, 2006

The Bush administration is preparing to implement a new set of comprehensive sanctions against North Korea in response to its recent ballistic missile tests. This would be a grave mistake, likely to lift the already dangerous situation on the Korean Peninsula to a new level of tension. Imposing such sanctions at this time could bring about more of the very actions the United States opposes. They should be reconsidered before lasting damage is done.

U.S. allies and friends in Northeast Asia, including South Korea, Japan, China and Russia, have been notified of the impending actions. These governments have participated along with Washington in the stalled regional talks with North Korea aimed at ending its nuclear weapons program. With the possible exception of Japan, these friendly governments believe that a major new drive to further isolate the Pyongyang regime would be a move in the wrong direction.

The only path to success with North Korea is negotiation, which President Bush and others have endorsed on many occasions. What is needed is sustained engagement to persuade Pyongyang to return to the regional talks and cease its confrontational actions -- not new sanctions that will make such a course even more difficult.

Pyongyang's ballistic missile tests of July 4 were a provocative mistake that led to unanimous condemnation by the U.N. Security Council and sharp cutbacks in aid from South Korea. The tests especially angered China because of Kim Jong Il's refusal to accept a high-level envoy who was to express China's unhappiness about them. Beijing took the remarkable step of voting to condemn its fraternal neighbor. It slowed down but did not stop its crucial food and energy assistance for fear of creating instability on its border. China is unsympathetic to further U.S. sanctions at this time and most unlikely to follow suit.

Recent U.S. financial sanctions based on North Korea's money-laundering and counterfeiting of U.S. currency have been painful for Pyongyang's free-spending leadership. But neither these sanctions nor the impending comprehensive sanctions are likely to lead to the demise of the 60-year-old North Korean regime or to a positive shift away from its militaristic actions. Instead, the predictable result of new sanctions now is new steps by Pyongyang to prove it will not be intimidated: additional tests of ballistic missiles or an underground nuclear explosion to validate its declaration early last year that it is "a full-fledged nuclear weapons state."

In June 2005 Kim Jong Il told a South Korean emissary that his country possesses nuclear weapons but that it does not need to test them. Semi-official U.S. estimates are that Pyongyang has sufficient nuclear material for six to 12 nuclear weapons, though the status of bomb assembly is unknown. Should Kim's regime be spurred to test such a device, the repercussions of a successful test for the global drive against the spread of nuclear weapons would be great, with especially powerful political and military impact in Northeast Asia. Such an event might prompt extensive new arms programs, possibly including nuclear weapons programs, by South Korea, Japan and Taiwan.

Why, at such a time, choose sanctions, a policy option whose historical record is overwhelmingly one of failure? One possible reason is that sanctions give vent to the visceral hostility that senior Bush administration officials feel toward North Korea. Another is that sanctions could be a defense, however inadequate, against political charges that the administration has done little or nothing to slow North Korea's nuclear programs. But a sanctions-based policy ignores the damage it would do to those in North Korea seeking transformational change and greater openness. Some longtime foreign observers believe such trends are gathering force.

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Some high in the Bush administration have argued that dangerous actions by North Korea are likely whether or not the United States undertakes new sanctions against Pyongyang. Perhaps so, but they are much more likely if, instead of carrot-and-stick negotiations, the administration withdraws all previous carrots and multiplies the sticks. In this case a U.S. administration will have to share the blame with North Korea if a new international crisis erupts.

Donald Gregg is a former U.S. ambassador to South Korea and currently chairman of the Korea Society. Don Oberdorfer is a former diplomatic correspondent for The Post and currently chairman of the U.S.-Korea Institute at Johns Hopkins University's Paul H. Nitze School of Advanced International Studies.

Blair Will Exit Within Year, Close Aide Predicts (NYT)

By Alan Cowell

The New York Times, September 6, 2006

LONDON, Sept. 5 — One of Tony Blair's closest political allies forecast today that he would leave office within 12 months, setting a time frame that the prime minister has shied away from. It was the first time that a senior cabinet official had been so specific on the likely date of Mr. Blair's departure — one of the most often asked questions of British politics.

David Miliband, the environment minister, made his prediction in an interview with the British Broadcast Corporation this morning as London's political village buzzed with leaks and rumors suggesting that loyalist legislators were baying for Mr. Blair's ouster while his closest aides had drawn up a schedule of "spin'' for his resignation.

"He needs to go with the crowds wanting more. He should be the star who won't even play that last encore,'' Mr. Blair's advisors have decided, according to a leaked e-mail quoted by the tabloid Daily Mirror. Mr. Blair's office did not explicitly deny the authenticity of the memo, saying only that neither Mr. Blair nor other "senior staff'' had seen it.

For his part, Mr. Blair offered no direct comment on the crescendo of speculation that one Labor party official called a "feeding frenzy.'' The prime minister said two years ago that he would not fight a fourth election, having led his Labor Party to an unparalleled three consecutive victories since 1997. His heir apparent is Gordon Brown, the chancellor of the exchequer, who has remained publicly aloof from the current phase of the succession debate.

With Mr. Blair's popularity tumbling — most recently because of his opposition to an early cease-fire in the Lebanon war — many legislators now fear for their positions in the polls and want Mr. Blair to state his intentions before bellwether local elections in Scotland and Wales next May.

In an interview with The Times of London last Friday, however, Mr. Blair refused to promise an exit agenda when he addresses the party's annual conference later this month. But, he said, "I've said I'm not going to go on and on, and said I'll leave ample time for my successor.''

Mr. Miliband said Mr. Blair's remarks "said to me exactly what the conventional wisdom is — that the prime minister sees himself carrying on for about another 12 months and it seems to me that the conventional wisdom is reasonable.''

The forecast was echoed by Sir Jeremy Beecham, the chairman of the Labor party's national executive committee, who said Mr. Blair was "entitled to depart in dignity and I'm sure that will happen in time for a new leader to be in place in time for the conference next year'' in Sept. 2007.

The remarks by his colleagues were taken as an indirect response from Mr. Blair to his critics.

Philip Webster, the political editor of The Times of London, said Mr. Miliband "was saying for Blair what Blair hasn't said himself, that he will go in 12 months.''

That may not be enough for some of Mr. Blair's critics who want him to at least announce a date for his departure by next May — the 10th anniversary of his rise to power.

Steve Richards, a columnist in The Independent, noted that, last year, government ministers formed lines "to insist the prime minister must stay until 2008 at the earliest. The cabinet was Blair's great stronghold. Now I speak to cabinet ministers who wonder whether it would be best for Labor if he goes in the autumn or waits until the spring.''

The debate has become all the more feverish with news reports of a letter from 17 Labor legislators who entered Parliament in 2001 urging Mr. Blair to be more precise about his exit strategy. News of that epistle provoked a counter-letter, signed by 49 legislators supporting Mr Blair.

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There has been no indication so far that Mr. Blair's critics have garnered sufficient support — 72 legislators — for a formal challenge and a leadership election within the Labor Party.

Quoting what it described as a "secret blueprint,'' the Daily Mirror said Mr. Blair's aides wanted to show that "his genuine legacy is not the delivery, important though that is, but the dominance of new Labor ideas — the triumph of Blairism.''

"As TB enters his final phase, he needs to be focusing way beyond the finishing line, not looking at it,'' the memo, drawn up last April, said, referring to Mr. Blair by his initials. It did not set a date for Mr. Blair's departure but suggested he should remold his public image by appearing on television shows such as Blue Peter, a children's program, and Songs of Praise, a regular Sunday evening religious show.

Planning for Mr. Blair's last month in office required "a daily grid, planned to the last detail'' and offering "as much as possible a farewell tour,'' the memo said, acknowledging that the prime minister's unpopular record on Iraq remained "the elephant in the room.''

Key Ally Sees Blair Quitting Within Year (FT)

By James Blitz

Financial Times, September 6, 2006

One of Tony Blair's closest cabinet allies on Tuesday assured Labour members of parliament that the UK prime minister would quit his job in 12 months, seeking to calm unease within the ruling party over the premier's plans.

As the party was engulfed by fresh speculation over Mr Blair's resignation plans, David Miliband, environment secretary and a prominent member of Mr Blair's cabinet, said it was "reasonable" to assume the prime minister would no longer be in office this time next year.

Mr Blair, now in his ninth year in Downing Street, has said he will leave office in the lifetime of the current parliament. However, last week he told a British newspaper that he also wished to keep the exact timing of his departure vague.

The prime minister fears that, if he gives a date for his planned exit to this month's Labour party conference, opponents will respond by suggesting he might as well quit at once.

On Tuesday a group of normally loyal MPs in the party joined forces to draft a letter to the prime minister insisting that he publish the exact date of his departure.

The letter has been circulated by two Labour MPs – Chris Bryant and Sion Simon – who have been staunchly supportive of Mr Blair in the past.

The BBC on Tuesday suggested that some 17 MPs had signed the letter. However, neither Mr Bryant nor Mr Simon wished to make any public comment on the letter and Downing St insisted that no such document had been received by the prime minister.

However, Mr Blair is under clear pressure from some mainstream Labour MPs to set a departure date so that the party is assured of a stable and orderly transition to a new leader.

Mr Miliband is the first member of the cabinet to state categorically that Mr Blair will leave in 12 months.

Commenting on an interview that Mr Blair gave to the Times newspaper last week, Mr Miliband said: "It said to me exactly what the conventional wisdom is, and the conventional wisdom is that the prime minister sees himself carrying on for about another 12 months and it seems to me that conventional wisdom is reasonable.

"I haven't spoken to the prime minister about that, so I am not able to give you this from the horse's mouth. But it seems to me that that conventional wisdom is perfectly reasonable."

In a separate development, it emerged that Downing St allies of Mr Blair have drawn up a memo suggesting the prime minister should hold a farewell tour to promote the "triumph of Blairism".

The memo by the group of allies, which includes his pollster Philip Gould, says: "He needs to go with the crowd wanting more."

Mr Blair's office said neither the prime minister nor any of the senior staff at No 10 had seen the memo.

Report: Blair Leaving Office In July '07 (USAT/AP)

By Beth Gardiner

DOJ_NMG_0058563

USA Today, September 6, 2006

LONDON — Britain's Tony Blair will step down as Prime Minister in July 2007 after more than 10 years leading his country, a newspaper reported Wednesday after two ministers acknowledged he was likely to leave office next year.

Blair intends to resign as leader of the governing Labour party on May 31, 2007 — triggering a leadership election likely to take around eight weeks, The Sun tabloid reported.

He would then be replaced as Prime Minister on July 26, the newspaper said.

George Pascoe-Watson, political editor of The Sun, told Britain's Sky News television he would not disclose the sources of his story, and said only that the newspaper's previous predictions on the date of elections had been "absolutely bang on the money."

The tabloid previously correctly called the dates of Britain's last national election, ahead of a formal announcement by Blair.

Blair was appointed Labour leader in July 1994 and took office on May 2, 1997.

In October 2004, he said he would not serve a fourth term as Prime Minister, later promising to hand over to a successor in sufficient time ahead of a likely 2009 national election.

However, Blair has been reluctant to set an explicit timeframe, claiming it would likely make him an instant lame duck, draining his authority and power.

Blair's Downing Street office said it would not comment.

A purportedly leaked memo, details of which were reported Tuesday, revealed advisers had planned a national tour and a host of TV appearances to mark a triumphant end to Blair's years in office.

Britain's Daily Mirror tabloid said Tuesday it had been leaked a copy of the purported memo — but reported that it did not include any departure date.

"As TB (Tony Blair) enters his final phase, he needs to be focusing way beyond the finishing line, not looking at it," the newspaper quoted the memo as saying. "He needs to go with the crowds wanting more. He should be the star who won't even play that last encore. In moving toward the end, he must focus on the future."

Neither the prime minister nor many of his senior staff have seen the memo, Blair's official spokesman said Tuesday. He would not comment on the accuracy of the Daily Mirror's excerpts.

Pressure from within Labour for Blair to publicly set a timeframe for his departure has intensified recently. Critics worry that the uncertainty over when he will leave is damaging the party's electoral hopes, while Blair's waning popularity is giving the resurgent Conservative Party an opening.

Blair last week shrugged off demands that he announce his plans at the party's annual conference later this month.

However, Environment Secretary David Miliband and social exclusion minister Hilary Armstrong both said Tuesday that Blair would be replaced by next year, a move interpreted in some quarters as an attempt to placate party critics.

"The conventional wisdom is that the prime minister sees himself carrying on for about another 12 months, and it seems to me that conventional wisdom is reasonable," Miliband told BBC radio. He said he had not spoken to Blair about it directly.

China Intervenes In Zambian Election (FT)

By John Reed

Financial Times, September 6, 2006

The Chinese government has intervened in Zambia's upcoming presidential election in a forceful sign of the commodity-hungry country's growing economic and political clout in Africa.

Li Baodong, China's ambassador in Lusaka, said Beijing might cut diplomatic relations with Zambia if voters elected Michael Sata, an opposition candidate, as president, Zambian media reported on Tuesday.

His remarks are the first sign of overt political interference by China in African affairs in decades, reflecting Beijing's rapidly expanding role as an investor on the continent and as a client for long-term supplies of raw materials. China is a leading investor in Zambian copper, the country's biggest export product by value.

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China has invested billions of dollars in Africa in recent years, rivalling the US as it does so, and Chinese trade with the continent has quadrupled since the start of the decade, mainly through purchases of crude oil.

In Zambia alone Chinese companies are believed to have ploughed more than $300m into copper and other industries.

Mr Sata is challenging Levy Mwanawasa, the incumbent president, in the September 28 election. Mr Sata has been quoted calling Taiwan a "sovereign state," angering China, and has also spoken out against Chinese labour practices in Zambia. Recognition of Taiwan would mean turning away from the country's ties with Beijing.

Most African countries have thrown in their lot with China, leaving only a handful of governments maintaining official relations with Taiwan. Zambian media also reported that Mr Sata, currently running second to Mr Mwanawasa in opinion polls, had met Taiwanese businessmen.

The Times of Zambia on Tuesday quoted Mr Li saying Chinese investors were "scared" to come to Zambia because of Mr Sata's "unfortunate" remarks. If Mr Sata won and established relations with Taiwan, Beijing might think of cutting its relations, the newspaper reported.

"Chinese investors in mining, construction and tourism have put on hold further investments in Zambia until the uncertainty surrounding our bilateral relations with Zambia is cleared," the state-owned Zambia Daily Mail quoted Mr Li as saying.

In Zambia several mineworkers were shot and injured in July after a violent protest at Chinese-owned Chambishi Mining. There are conflicting reports on whether Chinese managers or Zambian police shot the workers.

Africa Monitors Threatening To Quit Sudan (NYT)

By Lydia Polgreen

The New York Times, September 6, 2006

KEBKABIYA, Sudan, Sept. 5 — The African Union said Tuesday that it would quit the war-ravaged Darfur region by the end of the month if Sudan did not agree to allow United Nations peacekeepers to take over its mission here.

"The African Union reiterates its position that it will terminate the mission," said Noureddine Mezni, spokesman for the African force. But the troops will stay "if there is the necessity for the transition to the United Nations," he added.

The message, in effect refusing an offer from Sudan and its allies to pay the troops in Darfur with money from the Arab League, leads the crisis in western Sudan to the edge of a once unthinkable precipice: the possibility that after the end of this month there will be no outside peacekeepers at all in Darfur.

African Union officials stressed that negotiations were continuing on the future of the force and the possibility of a United Nations transfer, but also quietly began preparing plans to extricate the 7,000 troops, a complex and costly proposition for an outfit that is nearly out of cash.

An evacuation without a United Nations force to take over would almost certainly open a bloody chapter in a conflict that has killed hundreds of thousands of people and pushed 2.5 million from their homes in a campaign of government-sponsored violence that the Bush administration has called genocide.

Kofi Annan, the United Nations secretary general, told reporters in Egypt that Sudan would be making a grave mistake by causing a vacuum in Darfur.

"The international community has been feeding about three million people in camps, and if we have to leave because of lack of security, lack of access to the people, then what happens?" he asked.

The negotiations over who will police Darfur, a lawless region the size of France that is currently patrolled by the outnumbered and underequipped African Union force, have turned into a game of brinkmanship among the United Nations, the African Union and Sudan.

The African Union has said repeatedly that it wants to hand over its mission to the United Nations. In part to speed this process, the United States and other donors who have paid for the African Union mission have refused to prop it up financially once its mandate ends on Sept. 30, in the hopes of compelling Sudan to accept a United Nations force. The Security Council voted earlier this month to authorize a force of more than 20,000 troops and police officers for Darfur.

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But Sudan has not blinked. If anything it has become more strident in its rejection of a United Nations force, and now is turning on the African Union, giving it one week to decide whether to keep going with money from the Arab League, or to leave Darfur. It has proposed using Sudanese as peacekeepers.

African Union officials have said their troops would compromise their neutrality if they took money from Sudan and its allies.

Mr. Mezni said the African Union Peace and Security Council, which must decide the future of the force, will meet again on Sept. 18.

Until then, the fate of the force remains uncertain.

In Darfur's Death Grip (WP)

By Craig Timberg

The Washington Post, September 6, 2006

EL FASHER, Sudan, Sept. 5 -- Adouma Ahmed Khames, 35, had no illusions of heroism that July morning. When gunmen appeared by the hundreds in his village, riding on camels and horses and in sleek Toyota trucks, he dived for cover under a rotting, stinking pile of grass, he said.

By the time he climbed out, night had fallen and the village, in Sudan's western Darfur region, was full of dead young men, dispatched in their own huts with bullets to their heads. Khames counted 58 bodies from the rampage, which he and other witnesses said was carried out by a former rebel faction, along with Sudanese troops and government-allied militiamen called Janjaweed.

Over the next several hours, he and his wife, Kaldoum Adam Ahmed, 32 and nearly due to deliver their sixth child, helped dig mass graves to bury their friends, neighbors and relatives. Then as dawn approached, Khames returned to his hiding place -- the grass gathered months earlier to feed the family's donkeys -- and burrowed under in hopes of living another day.

He did, remaining in hiding long enough to see his village -- called Deker -- looted and to learn of at least four rapes.

"They destroyed everything," said Khames, who has a coffee-colored, triangular face that comes to a point at his goatee. Deprivation had shrunk his body to the point that a copper ring on his left hand dangled from a bony finger.

According to witnesses and an Amnesty International report, the killing spread across three days and devastated Deker and several other villages, as well as the town of Korma, about 45 miles northwest of El Fasher, the capital of North Darfur state.

The incident, in the first week of July, is among dozens reportedly involving civilian casualties as the three-year-old war in Darfur has moved into a newly lethal phase since the signing of a peace deal in May. Under the agreement between Sudan's government and one of three Darfur rebel groups, the government is sending about 30,000 troops and police officers to Darfur, where they are joining forces with the rebel group that signed the peace deal.

These new forces, armed with expanded weapons stocks and backed by government planes making bombing runs, are augmenting the Janjaweed militias that already were raping, looting and killing their way through Darfur, a vast, arid region the size of Texas. Since the fighting began in 2003, war and disease have killed as many as 450,000 people in Darfur and driven more than 2 million from their homes.

The exact number of dead in the early July attacks near Korma is impossible to determine, though those who have visited the area report several mass graves. Amnesty International, which said the United Nations also investigated the attacks, put the number of dead at 72, mostly males, including 11 students and a teacher at a school in the village of Dalil.

Among the dead, Khames said, were two of his nephews in their twenties and a cousin, 75, who had three wives and 22 children. All died in Deker, where several hundred people once lived, a few miles from Korma.

Other older villagers in Deker were not spared violence either. Hamid Ibrahim, who appeared to be at least in his sixties, displayed a dark slash across his right shoulder where he said three men beat him with sticks. He made it to al-Salam refugee camp on a donkey, after riding for three days. Few residents of any age are left in Deker.

"Everybody has gone away," Ibrahim said.

Amnesty also reported 39 rapes and 103 injuries, and it said the main attackers were members of the rebel group, headed by Minni Minnawi, that has sided with the government since signing the peace accord. Minnawi, who is now a senior adviser to Sudan's president, Lt. Gen. Omar Hassan al-Bashir, visited President Bush at the White House in July.

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The Amnesty report said the attackers told their victims, who were unarmed, that they were being punished for not supporting the peace agreement.

Khames said: "All the people are only farmers. There are no rebels there."

But he also said he supports rebel leader Abdel Wahed, who did not sign an accord that Khames and many others in Darfur call flawed. "This peace is not going to give us our rights," he said.

Most of the victims of the attacks near Korma have gone to El Fasher. Khames and his family ended up at rapidly growing al-Salam camp, where 42,000 Darfuri civilians live on the outskirts of the city in tiny huts built with mud and thatch and covered with white plastic sheets bearing the logos of the international aid groups -- USAID, UNICEF, Oxfam -- that donated them.

Khames and three other witnesses, giving similar accounts, said they believed that government soldiers, Minnawi's former rebels and the Janjaweed worked together in the attack on Deker, Korma and the surrounding areas. Some of the gunmen, they said, were in the green camouflaged uniforms of the Sudanese army, others in brown police uniforms. Some wore white turbans, others soldiers' caps. Khames said he counted 10 Toyota Land Cruisers and four heavy trucks in Deker. The horses and camels numbered in the hundreds, he said.

Deker had been attacked by Janjaweed once during the war, Khames said, but never before had he seen the uniforms of his own country's soldiers.

Khames survived mainly because of the determination of his wife, Ahmed, who recounted the violence with her face flat and expressionless. A yellow cloth covered her head and a piece of white linen wrapped her baby, 15 days old.

Ahmed said that as Khames hid in the grass, six men in green uniforms and soldiers' caps visited the family hut, a few steps away. On two occasions, the soldiers beat Ahmed -- then visibly pregnant -- with whips as they demanded to know where Khames was.

"He is not here," she told the men.

"You must tell us where he is!" a soldier demanded.

"I don't know," Ahmed said again. "If you want to kill me, you can kill me."

They let her go instead. At day's end, they left the village. In the morning, they returned.

On the first and second nights of the attack, Ahmed walked carefully through Deker to make sure the gunmen were really gone. Then she brought millet porridge and water to her husband. On the third night, after another walk around the village confirmed that the gunmen had left for the night, she delivered advice as well.

"You must go," Ahmed told her husband, fearing she would never see him again. "Maybe they are coming again."

Khames obeyed, walking northwest with two of his brothers, who had survived by hiding in an old, unused hut. They walked all night to the town of Kutum.

Ahmed left the village soon afterward, heading in the opposite direction, toward El Fasher, with her five children and bulging stomach. They walked for four days, eating small amounts of porridge they had brought along and food offered by passersby on the road.

By the time the family reached al-Salam camp, every part of Ahmed's body hurt, she said. Eight days later, Khames arrived as well on a bus from Kutum. Ten days after that, tiny, squirmy Rihab was born at al-Salam camp.

Responsible China? (WP)

The Washington Post, September 6, 2006

LAST WEEK Wang Guangya, China's ambassador to the United Nations, made a formal statement on Darfur that calls into question China's claim to be treated as a responsible international player. Mr. Wang began by saying that China wants U.N. peacekeepers to be deployed in Darfur, calling this a "good idea and realistic option," one that should be done "as soon as feasible." But then he went on to explain that China was refusing to support the U.N. resolution calling for such a deployment. Unless China changes its position, the result may well be tens of thousands of civilian deaths.

Mr. Wang argued that China could not support the resolution because Sudan's government was not yet ready to accept U.N. peacekeepers on its soil. But the reason that Sudan is refusing to allow in peacekeepers is that it has faced little international pressure to do so. The United States and its European partners have called upon Sudan to let the U.N. force in. But

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China, which has enormous leverage over Sudan because of its investment in Sudanese oil fields, has failed to push the Sudanese into accepting the "realistic option" of a U.N. deployment. Indeed, China lobbied hard and successfully to prevent Russia from supporting the peacekeeping resolution, further undermining pressure on Sudan's government to allow in peacekeepers.

Mr. Wang also asserted that, although China supported the peacekeeping resolution in principle, Beijing deemed it "unnecessary for the Security Council to put the draft to the vote in a hurry." How that squares with the call for a deployment "as soon as feasible" is a mystery. Moreover, reports from Darfur suggest that, contrary to the position of the Chinese government, there's every reason to hurry. Sudan's government has declared its intention to launch a new offensive against rebels in northern Darfur, which promises an upsurge of violence in an area that is home to about 250,000 people. The violence is making it impossible for aid workers to help hundreds of thousands of displaced people. Meanwhile the existing African Union peacekeeping force has run out of credibility and money. The stage is set for the worst bout of killing since 2004.

At the end of last week's statement, Mr. Wang lamented that the United States and Britain, the two sponsors of the peacekeeping resolution, "have failed to earnestly heed China's sincere efforts." What efforts, precisely? If China really is sincere about its desire to see peacekeepers in Darfur, it should tell its allies in Sudan's government to call off their military offensive and accept U.N. peacekeepers immediately.

U.S.-Russian Exercises Postponed By Moscow (WP)

By Peter Finn And Ann Scott Tyson

The Washington Post, September 6, 2006

MOSCOW, Sept. 5 -- Citing legal problems, Russia's Defense Ministry on Tuesday abruptly postponed joint military exercises with American forces that were scheduled to start later this month in central Russia. The exercises were drawing increasing criticism from the Communist Party and other groups angry over the prospect of U.S. troops on Russian soil.

Disagreements over "the status of U.S. personnel who planned to participate in the exercises" brought on the Russian decision, an unidentified ministry official told the Russian news agency Interfax. Granting U.S. requests on this question was impossible, the official said, "because any decision by Russia not to exercise its jurisdiction over arriving foreign contingents runs counter to the laws of the Russian Federation."

The Defense Ministry declined to explain the status issues or why they arose now between two countries that conducted joint exercises in Russia as recently as last year. Nearly 300 U.S. and Russian troops held joint maneuvers outside Moscow in an exercise called Torgau, named after the German town where American and Soviet troops met up in the final days of World War II in Europe.

The ministry now wants a ratified agreement on the issues that concern it, Interfax reported.

In Washington, a Pentagon official said the U.S. side had received no official word of a postponement and held out the possibility that the exercise might go ahead if remaining issues with the Russians can be worked out. Speaking on condition of anonymity because discussions remain open, the official said the size of the U.S. force has been a point of contention.

"There has been a lot of discussion about how to get this exercise done, what the comfort level is with the size of the army unit going in," the official said.

This was to be the third phase of the extended Torgau exercise, aimed at increasing the ability of U.S. and Russian troops to operate together in the field. The first phase was conducted in Russia in 2004, followed by joint operations in Russia and Grafenwoehr, Germany, in 2005.

Tension between the two governments have been rising recently. U.S. officials have criticized setbacks to democratic development in Russia and the country's alleged use of energy as a diplomatic weapon. The ambitions of Ukrainian President Viktor Yushchenko and Georgian President Mikhail Saakashvili to join the NATO alliance have also soured relations.

U.S. criticism and policies in the region are often seen here as an attempt to undermine Moscow's influence with its neighbors.

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Alexander Khramchikhin of the Institute for Political and Military Analysis in Moscow said he believed the postponement was not based on a technical issue. "The deeper reason is the worsening of Russian-American relations. . . . This was a political decision. The Ministry of Defense just carried out the order."

The exercises, to involve unarmed U.S. personnel, were to be held near Nizhny Novgorod, about 250 miles east of Moscow. The two countries have continued to hold joint exercises outside Russia, but the Kremlin may fear that the presence of U.S. troops could become a galvanizing issue for some of its domestic opponents.

"Emotions being heightened over these maneuvers by certain political forces do not match the scope of the planned exercises," a Defense Ministry official told Interfax.

Last month, a planned exercise between U.S. reservists and Ukrainian forces in Crimea, a Russian-speaking part of Ukraine, was called off after weeks of demonstrations by local residents who drew expressions of support from Russian lawmakers.

In Russia, the Communist Party had vowed that protesters would close off all roads leading to the firing range near Nizhny Novgorod and would stage demonstrations in cities across Russia.

"These exercises have no other meaning except an attempt at aggression and building a bridgehead in one of the key regions of the Russian Federation where nuclear centers and major industrial enterprises are concentrated," Gennady Zyuganov, head of the Communist Party, told reporters Monday in Moscow. "We should not let them here into the heart of Russia. If they want to visit historic places, let them come as tourists, and we will show and tell them everything."

The governor of Nizhny Novgorod, Valery Shantsev, accused the Communists of stirring up public emotions to secure votes in upcoming regional and federal elections.

Tyson reported from Washington.

Somalis Protest Plan For Peacekeepers (AP)

By Mohamed Sheikh Nor

AP, September 6, 2006

Thousands of people massed in the capital Tuesday vowing to fight any foreign peacekeepers sent to the embattled nation, while a coalition of East African nations approved an ambitious plan to deploy troops in Somalia by early next month.

It was the latest protest organized by an Islamic militia that has seized control of Mogadishu and much of the rest of southern Somalia. The militants oppose foreign interference, while the country's virtually powerless official government has appealed for outside help.

"We will wage a holy war against them!" the crowd shouted.

In Nairobi, Kenya, authorities from seven African countries endorsed a plan to send about 3,500 Ugandan and Sudanese soldiers to Somalia by early October. But the agreement by the Intergovernmental Authority on Development is unlikely to become reality anytime soon.

The deal faces two major obstacles: The U.N. must lift an arms embargo on Somalia that has been in place for more than 10 years to allow peacekeepers to enter the country, and the African Union must release funds to back the mission, which is expected to cost $34 million a month.

A senior African Union official, El Ghassim Wane, declined to comment until he was briefed on IGAD's announcement.

Sheik Sharif Sheik Ahmed, a top leader in Somalia's Islamic militia, called the meeting "a plot against our country."

The demonstration came just a day after negotiators from the government and the Islamic group signed an agreement to eventually form a unified national army. The agreement did not specify when the plan would take effect, and talks were expected to resume Oct. 30.

It was not immediately clear whether the announcement to deploy peacekeepers would disrupt Monday's agreement.

Somalia has not had an effective central government since 1991, when warlords overthrew dictator Mohamed Siad Barre and then turned on one another, pulling the country into anarchy.

The current government was established two years ago with the support of the United Nations, but it has failed to assert any power outside its base in Baidoa, which is 150 miles from Mogadishu.

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Clerics and militiamen set up a network of Islamic courts in a bid to restore order by enforcing Islamic law, sparking fears of an emerging Taliban-style regime.

Since sweeping over much of southern Somalia, including the capital, in June, the Islamic group has brought a semblance of order after years of anarchy.

Mogadishu's airport and seaport have reopened after 11 years, and on Sunday the U.N.'s World Food Program sent a ship carrying cereal, oil and other staple foods. The shipment followed a series of meetings on security and other issues between U.N. officials and the Islamic group.

Chemical Reaction (WSJ)

By C. Boyden Gray

The Wall Street Journal, September 6, 2006

BRUSSELS -- It is well accepted that a key to unlocking Europe's innovation, creativity and growth potential is improving its regulatory climate. This entails both cutting back outmoded existing regulations and ensuring that the benefits of future regulations outweigh their costs to society. But it appears that the European Union is having difficulty turning the excellent intentions of its "better regulation" policy into reality.

There is perhaps no better example of this problem than the EU's gigantic chemicals regulation known as Reach, whose final adoption is expected by the end of 2006. Many improvements have been made, but Reach still has flaws that will hurt small European businesses and foreign companies in particular.

It is true that the EU proposed Reach before formally adopting its new requirements for cost-benefit analysis. But that is no excuse for failing to apply these precepts now. The fundamental flaw of Reach -- which stands for the Registration, Evaluation and Authorization of Chemicals -- is that it is not carefully tailored to address possible harms, and its potentially enormous costs are not offset by enough clearly identifiable health benefits. Reach would require producers and importers of chemicals and products containing chemicals that are manufactured in or imported into the EU in quantities over one metric ton per year -- approximately 30,000 substances -- to register them with a new EU agency in Finland, and to provide extensive information on their properties, uses and handling.

While this might seem unobjectionable, some of Reach's key provisions will apply to chemicals to which there is no human exposure -- and thus no possibility of harm. At the same time, the proposal exempts certain highly toxic chemicals where there is serious human exposure and much known existing harm. The latter group includes chemicals such as gasoline and diesel fuels -- which, without an exemption, would likely be blacklisted by Reach.

For example, Reach covers reacted monomers -- the chemicals that are combined to form the compounds used in plastics -- even though it exempts the compounds they create. Why is this so? One explanation is that because Reach automatically applies to monomers made in Europe, firms here would be at a competitive disadvantage unless foreign firms also had to register the monomers they use in producing polymers for the EU market.

However, any protectionist gain from Reach will be short lived because, over the long haul, the entire industry will suffer from lack of growth from innovation as small companies are squeezed out of the market. At the same time, the lack of transparency and accompanying prospect of an "insider advantage" could discourage new outside investment.

The so-called "candidate list" could have the effect of inhibiting innovation. This is a list of 2,000 or so possibly harmful chemicals awaiting testing and evaluation to determine whether they can remain on the market and, if so, under what restrictions. The process by which the "candidates" are chosen is murky, is potentially subject to manipulation, and is by definition based on "potential" hazard rather than on clearly identified risks. Using the EU's own calculations on the expected pace of consideration, final decisions on these chemicals could take decades. But being put on the list to begin with is akin to an indictment -- and is a death warrant for that product in the eyes of any sensible consumer.

The approach used to write the rules for applying Reach also disadvantages outsiders. Over time, these rules will become more important than Reach itself. Yet despite these rules' importance, participation in their development is so far by invitation only. In the U.S., participation in rule making of this kind is unlimited because requests for comment are widely published and

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agencies are held accountable for reasoned responses. In Reach, the uninvited will only be able to participate indirectly through leaks and obscure, unpublicized Web references.

This is a relatively comfortable process for established local players -- at least in the short run. They have the central staffs to complete the paperwork and monitor the endless round of meetings that often accompany rule development. But this is not helpful to small companies, even those based in the EU, and it is more of a problem to non-EU companies both large and small.

* * *

These factors explain why virtually every non-EU country with a chemicals industry has joined the U.S. in voicing serious concerns about Reach. This "coalition of the excluded" includes South Africa, which is worried that Reach will cripple the mining industry in some of the poorest parts of the developing world. At the other end of the spectrum are sophisticated high-tech producers in South Korea, India, Japan and Israel.

These countries have offered very specific suggestions: that the authorization process should be clearly risk-based; that the extension of Reach to chemicals that are embedded in manufactured goods with little risk of human exposure be strictly limited; that confidential trade secrets be protected where at all possible; and that the consultative process be more inclusive and transparent.

The EU response has not been encouraging on the whole, although some sympathetic national governments and members of the European Parliament have quietly tried to help. The EU's "party line" is that the current proposal is "balanced" and that the EU's trading partners have no choice but to comply. This is hardly the response one would expect from a major trading partner, particularly one that is striving for "better regulation."

For this reason, Reach may have consequences beyond the chemical industry because of the signals it sends about the development of regulations generally. The more regulation's unnecessary costs exceed its benefits, the greater the negative impacts on investment, innovation, job creation and economic growth.

Just as failure in the Doha round could seriously damage the cause of free trade, so can Reach discredit the idea of "better regulation," even if the EU promises to do better next time. Approving Reach in its current form would likely undermine "better regulation" and with it much of the Lisbon agenda. Conversely, a reform of Reach would greatly invigorate regulatory reform generally. In short, the EU needs a reform victory, not a defeat.

Mr. Gray is the U.S. ambassador to the European Union.

The Protectionist Backlash (WSJ)

By Gordon Brown

The Wall Street Journal, September 6, 2006

When the great 19th-century British statesmen Bright and Cobden persuaded the world to equate free trade with liberty, that philosophy was held high. Today a more skeptical world is drifting into a new and dangerous protectionism. And once again the challenge for free traders is to show that we are fighting not just for narrow interests but for high ideals.

Urgently championing the benefits of free trade is all the more important because, of all the setbacks for the world economy this summer -- high oil prices, the recurrence of inflation and political instability -- perhaps the most worrying for the long term is the stalling of the Doha round of world trade talks. And this trade failure is helping to give cover to a protectionist backlash that is seeing the growth of populism in Latin America, a resort to "national champions" in Europe and protectionist calls in the U.S.

I believe this new tide of protectionism with all its worrying features -- anti-free trade sentiment in all places, and anti-American rhetoric in some -- can and must be challenged and defeated by people prepared to stand up for free trade and the values of freedom and democracy -- values that, at root, Britain, the U.S. and most of the world share. This will require bold leadership -- starting at the IMF and World Bank annual meetings later this month in Singapore. It will also require a new willingness from pro-free trade leaders in both politics and business to make the case that the world's best hope is more globalization, not less, and that for poor countries the only path out of poverty is not the isolationist route but the trade route.

The impetus for such a campaign, and for an early resumption of the Doha talks, lies in the fundamental benefits of trade growth. For, time and time again over the last 30 years, the expansion in trade has demonstrated Adam Smith's theories about the dynamics of growth.

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Since 1975 world trade has grown at 6% a year, the main motor for 3% world economic growth. Far from being a zero-sum game, expansion in trade is almost entirely positive for both big, maturing economies and emerging markets hoping to escape poverty. Recent estimates by the World Bank suggest further trade liberalization could lift up to 95 million people out of extreme poverty. So in Singapore, as chairman of the International Monetary and Finance committee, I have put progress on trade and a pro-globalization agenda firmly at the heart of our meetings. Big decisions will rightly be made on international governance. A strengthened IMF will be better equipped to meet the challenges to trade and globalization.

I have also invited Pascal Lamy, who has shown great skill and leadership as head of the World Trade Organization, to address the IMF committee. IMF Managing Director Rodrigo de Rato and I will also chair a summit of global business and financial leaders, which will start with a discussion of the importance of free trade and examine how we can make globalization work better. As chancellor I have the privilege of daily contact with businesspeople of every type, and this initiative at the IMF reflects what I believe is a shared realization in the business and finance community of the damage that the stalled trade talks are doing to the very process of globalization.

Prior to the Singapore meetings it is right to discover where there is common ground among the key players, especially America, Europe, India and Brazil. These are talks that the British trade secretary, Alistair Darling, is starting in Rio this week. And I propose two further initiatives that not only break with the past but also put the pro-globalization, pro-free trade agenda to the forefront.

I will propose that the IMF consider how this year's surveillance processes could focus not just on current account imbalances -- its current work -- but also on promoting trade growth and financial stability, thereby bringing the main players to recognize that international cooperation can yield more than talk but also policy improvement. And with all countries -- rich and poor -- coming together in Singapore, the IMF and World Bank meetings are a good place to consider how we help developing countries liberalize and, by removing barriers to trade, make a trade agreement more acceptable to them.

Anyone familiar with cargo shipping rates can tell you that, with such poor infrastructure in the developing world, transport costs alone can be 10 times the costs of tariffs and thus are a far bigger barrier to trade. In Singapore, the United Kingdom will offer to do more to support infrastructure for trade, and I hope we can build on the promises to do more made by Japan, the U.S. and now by EU Trade Commissioner Peter Mandelson for Europe. In this way we will demonstrate that the social impact of globalization should be addressed not by curtailing free trade, open markets and labor flexibility, but by complementing open flexible markets and free open trade with what will help make globalization fairer to developing countries: necessary reforms and investment in infrastructure, and the education and equipping of the world's unskilled workers and poor.

But reducing infrastructure barriers alone will not be a panacea, or offset the breakdown of trade talks. Few suggest that developing-country intransigence was to blame for the collapse of the Doha talks in July. Developed-country agriculture remains the barrier, and here too we can make progress in Singapore.

The truth is that Europe could and should now go considerably beyond its initial offer of a 39% cut in agricultural tariffs. It even could go beyond the 51% now mooted. Similarly, America could and should go beyond a 53% cut in trade-distorting domestic support for its farmers. Brazil could and should go beyond its pledge to reduce tariffs on industrial goods to a maximum of 30%, with India responding on services.

I believe that, once we can regain the momentum in Singapore, any breakthrough should be followed quickly by a push by heads of government for a trade agreement before the end of the year.

It is one of the great ironies that the greatest damage to globalization today is not being inflicted by the demonstrations and running protests that have marked trade negotiations over the years. The wound is self-inflicted, caused by our failure, as the world's wealthiest countries, beneficiaries of globalization, to agree to trade liberalization. So let Singapore be a start to winning the high ground on trade and globalization -- and a victory for the power of both argument and action.

Mr. Brown is U.K. chancellor of the Exchequer.

Airbus Agonistes (WSJ)

The Wall Street Journal, September 6, 2006

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Another head rolled at Airbus this week in the wake of the problems with the much-delayed A380 superjumbo jet. Charles Champion, head of the A380 program, was the first scalp claimed by new CEO Christian Streiff, who himself was brought in two months ago to clean house.

That's turning out to be a sizable job. So here's a superjumbo suggestion for Mr. Streiff: While you're at it, why not go all the way and reject government subsidies for the redesigned A350? It might help Airbus avoid the headaches it has had with the A380 and stop losing market share to rival Boeing.

Rejecting subsidies could also avert another nasty trans-Atlantic trade dispute. The World Trade Organization is likely to deem the subsidies illegal, and Europe is also tempting Congress to get involved and retaliate against the U.S. defense business of Airbus's parent companies, or other EU imports.

The latest incarnation of the A350, a midsize airplane that will compete against Boeing's new 787 Dreamliner and its popular 777 widebody, was unveiled in mid-July. British and German government officials said then that Airbus's previous request for soft government loans, known as "launch aid," for the A350 had been frozen because the new version of the aircraft was so different from the earlier one. Airbus would have to reapply, and its decision on whether to ask for subsidies from France, Germany, Spain and Britain is expected soon.

As of now, no official price tag is available. But the first version of the A350 came in at €4 billion-€4.5 billion, and most analysts expect that figure to double. Because launch aid can be granted for up to one-third of development costs, European taxpayers could be on the hook for something close to €3 billion.

It's easier to gamble when other people -- taxpayers -- are fronting 33% of the aircraft's development costs at interest rates that aren't disclosed but are presumed to be at or close to zero. There's little question that launch aid has skewed Airbus's business thinking in the past. Had it not been for prodding from French President Jacques Chirac and its other political benefactors, the company might never have attempted to build the A380, whose disappointing sales indicate a limited market for such an aeronautic beast.

The financial cushion from subsidies might also have led Airbus to allow problems -- from management to manufacturing -- to fester far too long. Those problems finally surfaced in a big way over the past year as French and German power brokers bickered over which nationality called the shots in the executive suite. That didn't help to solve such things as the A380's wiring that earlier this year forced Airbus to delay the first delivery of the airplane by six months. That delay is costing the company that owns 80% of Airbus, European Aeronautic Defence & Space Co., or EADS, some €2 billion, or $2.57 billion, in profits over the next four years.

Giving up subsidies for the A350 might be difficult, but the alternatives aren't attractive either. With EADS's partner in Airbus, the U.K.'s BAE Systems, looking to pull out of the joint venture, British officials are squeezing Airbus and EADS for assurances that the U.K. won't lose jobs as a result. After all, government aid does come with a few strings attached.

EADS co-CEO Thomas Enders had the right answer when asked about U.K. jobs in July: "There are no guarantees. The jobs all over the company . . . have to be competitive, and they have to be innovative. That is the best assurance that they will stay." Sticking by that smart philosophy would be easier if Airbus were to drop its dependence on subsidies.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TODAY'S EDITION

Terrorism News:

Bush Warns Of Enduring Terror Threat (WP) 4
Bush Uses Bin Laden Quotes For War Rally (AP-Y)..... 5
Bush Sees Gains In War With More Scattered Foe (LAT)..... 6
Bush Warns Of Underestimating 'Evil' Men's Words (WT)..... 7
President Bush, Democrats Spar Over National Security (MCT).. 8
Bush: America Safer 5 Years After 9/11 (USAT)..... 9
Looking To Elections, Bush And Democrats Spar On National Security (NYT) 10
Individuals, Small Groups Cited As Terrorist Threats (WP) 11
Bush's Terror-Fighting Strategy Focuses On Iran (WSJ)..... 12
Bush: Won't Allow A Nuclear-armed Iran (AP) 13
U.S. Officials Press For Iran Sanctions (AP) 13
Democrats Say U.S. Less Safe Since 9/11 (WT)..... 14
Congress Is Back, Its Sights On War (CSM)..... 15
OK, Let's Talk About Security, Say Dems (HILL)..... 16
Congress Consumed By Politics (AP-Y)..... 17
Candidates Of Both Parties Turn Criticism Of Rumsfeld Into Political Chorus (NYT) 18
Republican Candidates Up Criticism Of Sec. Rumsfeld (HILL)... 20
Republicans Set Stage To Block Votes On Rumsfeld (WSJ)..... 21
New Themes For The Same Old Songs (NYT)..... 21
Revised Army Rules To Prohibit Torture (LAT) 22
GOP Senators Differ With President On Military Trials (WP)..... 24
Attorney General Gonzales Supports Military Tribunals (MCT) .. 25
Bush Stresses Importance Of War On Terrorism (MCT) 26
Bush Says Al-Qaeda Remains Threat 5 Years After 9-11 (Update4) (BLOOM) 27
Editorial: Prosecution Dispute (STNIA)..... 28
Republican Rift Over Wiretapping Widens (WP) 30
Judge Hears Arguments On Federal Spying Program (NYT) 31
DOJ Losing Ground In Wiretap Fight (LAW) 32
Police Arrest Nine In Terrorism Plot (WT/AP)..... 34
Danish Antiterror Police Seize 9 Men, Mostly Young Muslims (NYT) 35
Terrorist Plot Uncovered In Denmark (LAT) 36
Danish Police Detain 9 In Alleged Terror Plot (WP/AP) 37
O'Connor: More Terror-Related Decisions Await Court (AP) 37
N.Y. Prosecutors Want Lawyer Punished (FINDLAW/AP)..... 38

Homeland Response:

Philadelphia FBI: We're On Top Of Terror Threat (PHI)..... 39
FBI Details Local Antiterror Efforts (PHI) 39
Charges Dropped In Mich. Cell Phone Case (AP) 40
Federal Judge Drops Remaining Charges In Thumb Terrorism Case (DEN)..... 41
Arab-American Men Freed In Cell Phone Case (FREEP)..... 41
Airlines Watch For Terror-Plot Effect (WSJ) 41
Former TSA Workers' Data Exposed (USAT) 42
Lung Problems Rife Among WTC Responders (AP)..... 43
Many 9/11 Workers Have Lung Issues, Report Says (NYT)..... 43
The Other Victims Of Sept. 11 (opinion) (NYT) 44
9/11 Miniseries Is Criticized As Inaccurate And Biased (NYT).... 45
Proposals To Revise FEMA May Be In Jeopardy On Capitol Hill (WP)..... 46

War News:

Rice Likens Iraq And Civil War Critics (AP) 47
Rice Finds Similarities To U.S. Civil War (WT)..... 47
Iraqi Parliament Adds Month To 2-Year State Of Emergency (NYT) 48
Iraq Extends State Of Emergency (AP)..... 48
A Third Of Lawmakers In Iraq Skip Session (LAT)..... 49
Iraq's Endangered Journalists (NYT)..... 51
To Stay Alive, Iraqis Change Their Names (NYT)..... 52
Pakistan Reaches Peace Accord With Pro-Taliban Militias (WP)54
US Regrets Friendly-fire Death Of Canadian Soldier In Afghanistan (AFP) 55
GAO Seeks Strategic Plan On Broadcasts To Arab World (WP/AP)..... 55
Antiwar Message Travels From Texas To Washington (WP) 56
The Myth Of Immaculate Warfare (USAT) 57

DOJ:

Bush Names Pick For No. 3 Justice Post (AP)..... 58
New Database Merges FBI, Homeland Security Fingerprint Systems (MERCN/MCT) 58
DOJ Seeks To Expand Scope Of Fingerprint Record System (FCW) 59

Corporate Scandals:

Congress Examining Stock Options Timing (AP-Y) 59
Report Estimates The Costs Of A Stock Options Scandal (NYT)60
Backdating Probe Hits N.J. Firms (LAW)..... 61
Steve Jobs Should Address Options Scandals (WSJ) 63

SEC Investigating XM's Subscriber, Recruiting Figures (WP/AP)64

Criminal Law:

U.S. Attorney General Says Cities Must Work Harder Against Crime But Won't Get More Money (AP) ... 65
Feds Look At Congressman And A Land Deal (AP-Y) ... 65
Lobbying Probe Looks At Payments To DeLay's Wife (WSJ) ... 66
Rodriguez Jury Set To Weigh Death Or Life (MINNST) ... 67
Ryan Faces Sentencing (CHIT) ... 68
Ryan Attorneys Pleading For Mercy As Sentencing Day Arrives (AP) ... 70
Local Bowers Decides To Go To Trial (MCA) ... 71
Bowers Asks For Trial Date To Be Set In Waltz Case (AP) ... 71
Judge Says Investment Adviser Won't Have To Testify In Vigil Trial (AP) ... 71
Polygamist Leader Back In Utah (NSDY/AP) ... 72
Jeffs To Appear Before A Judge In Utah Today (DESERET) ... 73
Former Fugitive Jeffs Arrives In Utah (SLT) ... 74
In Secret Prison Recordings, Gotti Rages About Demotion (NYT) ... 75
'I'm Dopey, Remember?' (NYDN) ... 76
GOTTI FAMILY FEUD (NYPOST) ... 76
Hornsby Pleads Not Guilty (WP) ... 77
Hornsby Pleads Not Guilty To Schools Fraud (WT) ... 77
Kids Run, Shout, Fight — And Foil Abductions (USAT) ... 78
Police Investigate Almost A Dozen Shootings In Metro New Orleans (AP) ... 79
Grand Jury Looks At Katrina Deaths (USAT) ... 80
N.Y. Man Pleads Guilty In Prostitution Case (CAMCP) ... 81
NYC Pimp Admits Transporting Girls For Prostitution Ring (NSDY/AP) ... 81
Latest Antiporn Target: Hotel-room TV (CSM) ... 82
Child Porn Case Reverberates (FBEE) ... 83
U.S. Death Penalty Case Set To Begin For 2 Accused In Kidnappings And Body Dumps (AP) ... 83
Time For Answers (NYT) ... 84

Civil Law:

Judge Awards $3M To Mob Victim Family (AP) ... 85
FBI Found Liable For Bulger, Flemmi (BOS) ... 86
Whitey Victim's Mom Gets $3.1M From FBI: More Suits Could Follow (BOSH) ... 87
National Briefing (NYT) ... 88
Court Victory Puts Crooked G-men On Slippery Slope (BOSH) . 88
Pay Plan At Dana Ruled Illegal (NYT) ... 89

Civil Rights:

Man Dies After Police Use Taser (AP) ... 90
VRA Battle Heads Into Litigation (HILL) ... 91
'Offensive' Speech Gets Narrow Reading At 2nd Circuit (LAW) . 92
Court To Hear House Prayer Appeal (ECP) ... 93

Antitrust:

Sun, Unisys File Suit Over Memory Chips (AP) ... 94
$21.9M Antitrust Settlement Wins OK In N.J. Federal Court (LAW) ... 95
Clemens To Be Sold To Two Firms (PHI) ... 96
Key Senator Lines Up Behind Love Plan (DMN) ... 97
Battle Building Over Net 'Tollgate' (LAW) ... 98
Universal Music To Buy BMG Music Publishing For $2.05 Billion (AP) ... 100
Vivendi Nears Deal To Buy BMG For $2.1 Billion, Besting Rivals (WSJ) ... 101
France's Geophysique To Buy U.S. Rival Veritas For $3.1 Billion (WSJ) ... 101
Phelps Dodge, Giving Up On Inco, Could Become A Takeover Prospect (WSJ) ... 102

Environment/Indian Affairs:

No Jeffco Jurors In Sewer Trial? (BN) ... 102
Appeal Planned On Ruling (KCS) ... 103
Vaccine Futures (NYT) ... 103

FBI/DEA/ATF/USMS:

Reporters To Appeal In Bonds Leak Case (AP) ... 104
Men Caught With Cartel Suspect To Appear Before Grand Jury (SDUT) ... 104
Two Newark Officers Admit Dealing OxyContin (AP) ... 105
Two Cops Admit Buying, Then Selling, Painkillers (APP) ... 105
Legal Pot Amendment People To DEA: Lose The Soapbox (NW) ... 106
Flashlight Body Search Violated Rights (AP) ... 106
N.F.L. Considers A Stronger Drug-Testing Program (NYT) ... 107
Pot Farms Ravaging Park Land (SFC) ... 108

Immigration:

GOP Narrowing Border Strategy (RC) ... 110
In Bellwether District, G.O.P. Runs On Immigration (NYT) ... 110
Immigration Stalemate (WSJ) ... 112
Arizona Voters Driven By Border (WT) ... 113
The Immigration Dodge (LAT) ... 115

Tax:

Estates Of Virginia (WSJ) ... 116

Congress-Administration:

Conservatives Urge One More Push For Judges (RC) ... 116
Bush, Big Three To Meet After The November Election (FWST)118
Bush To Meet Big 3 Automakers After Elections To Avoid Politics (WT) ... 118
Bush Chooses Transportation Nominee (NYT) ... 119
For The President, An Arrival . . . (WP) ... 119
Bush Taps Mineta Replacement (WT) ... 120
Bush Taps Peters For Transportation (AP-Y) ... 121
Highways Official Named Transport Secretary (FT) ... 122
One Up, One Out: More Bush Lineup Changes (LAT) ... 123
Medicare Chief McClellan Steps Down (WSJ) ... 124
Medicare Head Confirms Plan He Will Resign (NYT) ... 124
. . . And A Departure (WP) ... 125
Medicare Chief McClellan Is Resigning (AP-Y) ... 126
'Do-Nothing Congress' Vilified (WT) ... 127
Return To Stalemate (WP) ... 128
Neither Side Deserves To Be Reelected (HILL) ... 128
Leaders Under Pressure (HILL) ... 129

DOJ_NMG_0058575

Frist Seeks To Revive Wage, Estate Tax Bill (RC) 130
Dismissal In The Desert (WSJ)..... 131
House GOP Plans Earmark Reform In Appeal To Conservative Base (HILL)..... 137
Don't Blame The GOP (USAT) 138
Workers To Get Enhanced Dental And Vision Insurance (WP) 139
Rumsfeld Has Shoulder Surgery (AP-Y) 140
Justice Kennedy Has Stent Put In Artery (NYT)..... 140
Health Scare (RC)..... 140
In Congress, A Whole Lot Of Half-Truths (WP)..... 142

Other News:

Gulf Of Mexico Site Could Yield Up To 15 Billion Barrels (USAT)143
Tests Suggest Major Gulf Of Mexico Oil Discovery (LAT/AP)... 143
Big Oil Find Is Reported Deep In Gulf (NYT)..... 144
Chevron Hails Gulf Test Drill Results (FT)..... 145
U.S. Oil Reserves Get A Big Boost (WP) 146
Chevron Reports Major Oil Field Find (LAT) 147
IMF Warns Of 'severe Global Slowdown' (FT) 149
Outline For Global Economic Forecast Is Detailed (WSJ)..... 149
Home-Price Rises Slow The Most In Over 30 Years (WSJ) 150
Growth Slows In Housing Market (WP) 150
Stocks Edge Higher In Cheerful Start To Historically Tough Term For Market (WSJ)..... 151
Third Candidates Could Tilt Number Of Races (USAT) 152
Candidates Split On Halting 9/11 Events (RC)..... 153
In Iowa-1, It's Who Will Get The Blues (HILL) 154
Lieberman Redux In Rhode Island? (WP)..... 155
Inside Politics (WT) 157
Veterans Thank Lieberman For War Backing (AP-Y) 158
Florida Republicans Choose Katherine Harris (NYT)..... 159
Rep. Harris Wins GOP Primary For U.S. Senate Seat In Florida (WP)..... 159
Entertainment Industry Donates To Allen's Bid (WP)..... 160
Inside The Beltway (WT)..... 161
Gov. Vows To Veto Health Care Bill (LAT/AP)..... 162
Going Over To The Girlie Men (WP) 162
U.S. Rep. Jesse Jackson Jr. To Explore Run For Mayor (CHIT)163
The First YouTube Election (LAT) 164
Annan Hopeful On Easing Israeli Blockade Of Lebanon (NYT) 164
Annan Urges Naval Patrol For Lebanon (FT)..... 165
Turkey Pledges Peacekeepers For Lebanon (AP)..... 166
France Toughening U.N. Peacekeeping Role (AP)..... 167
Bush, Kuwaiti Emir Discuss Mideast (AP-Y)..... 168
Hostage To Fortune (WSJ)..... 168
Former Iranian President Criticizes Bush (AP)..... 170
War Backfiring On U.S., Khatami Says (WP)..... 171
Khatami To Speak At D.C. Cathedral (WT)..... 172
Romney Orders State Agencies Not To Cooperate With Iranian Leader (AP)..... 173
Iran Head Wants Liberal Teachers Ousted (AP)..... 174
Iran Winning Turkish Hearts, Minds (WSJ)..... 175
In Iran, Searching For Common Ground (WP)..... 176
Jordanian Seeks To Succeed Annan (AP) 177
Calderon Named Mexico's President-Elect (LAT) 178
Election Ruling In Mexico Goes To Conservative (NYT)..... 178
Calderon Named Mexico's President-elect (AP) 180
Court Declares Felipe Calderon The Next President Of Mexico (MCT)..... 181
Court Declares Calderon Winner (WT)..... 182
Mexican Court Declares CalderÃ³n President-Elect (WP) 183
Calderón Wins Mexico's Presidential Election (WSJ)..... 184
Mexico Political Future Still Uncertain (AP) 186
Mexican Election Is Decided; Everything Else Still Up In Air (USAT)..... 187
Felipe Calderón: A Politician At Birth (NYT) 187
At Last, A Victor In Mexico (CSM) 189
A Way To Peace In Mexico (NYT)..... 190
Mexican Drama (WSJ)..... 191
US And S. Korea Strive For Unity Amid Fears Of A Of N. Korean Nuke Test (CSM)..... 192
Wrong Path On North Korea (WP) 193
Blair Will Exit Within Year, Close Aide Predicts (NYT) 194
Key Ally Sees Blair Quitting Within Year (FT)..... 194
Report: Blair Leaving Office In July '07 (USAT/AP)..... 195
China Intervenes In Zambian Election (FT)..... 196
Africa Monitors Threatening To Quit Sudan (NYT)..... 196
In Darfur's Death Grip (WP)..... 197
Responsible China? (WP)..... 198
U.S.-Russian Exercises Postponed By Moscow (WP)..... 199
Somalis Protest Plan For Peacekeepers (AP)..... 200
Chemical Reaction (WSJ)..... 200
The Protectionist Backlash (WSJ) 202
Airbus Agonistes (WSJ) 203

DOJ_NMG_0058576

TERRORISM NEWS:

Bush Warns Of Enduring Terror Threat (WP)

By Michael A. Fletcher

The Washington Post, September 6, 2006

President Bush issued a stern warning yesterday about what he called the continuing terrorist threat confronting the nation, using the haunting words of Islamic extremists to support his assertion that they remain determined to attack the United States.

Abandoning his practice of only rarely mentioning al-Qaeda leader Osama bin Laden, Bush repeatedly quoted him and purported terrorist letters, recordings and documents to make his case that terrorists have broad totalitarian ambitions and believe the war in Iraq is a key theater in a wider struggle.

"Iraq is not a distraction in their war against America" but the "central battlefield where this war will be decided," Bush said in an address before the Military Officers Association of America.

Citing the internal communications of terrorists was a dramatic new tactic to advance familiar arguments from Bush in defense of his strategy. The remarks came less than a week before the nation observes the fifth anniversary of the Sept. 11, 2001, attacks, and two months before midterm elections in which the administration's national strategy and competence promise to be pivotal questions. That debate was underscored by sharp criticism of Bush yesterday by Democratic congressional leaders.

The president's remarks came hours after the White House released its updated plan for combating terrorism. The document describes many successes in the war on terrorism, but warns that the nation faces an evolving threat from small terrorist networks and al-Qaeda, which is as much an ideology as a terrorist network. The document calls the administration's policy of spreading freedom and democracy the best means of countering that threat over the long haul.

"America is safer, but we are not yet safe," the document concludes.

Several top Democrats, acting with the centrist group Third Way, cited their own document charging that U.S. national security has diminished broadly under Bush, for reasons including instability in Iraq and burgeoning nuclear programs in Iran and North Korea.

"The facts do not lie," said Senate Minority Leader Harry M. Reid (Nev.). "Under the Bush administration and this Republican Congress, America is less safe, facing greater threats and unprepared for the dangerous world in which we live."

At a news conference, Reid accused Bush and Republicans of trying to exploit national security for partisan gains. Likening their tactics to a football team's reliance on a familiar play, he said Republicans scored big yardage in 2002 and 2004, but he predicted that this year they will be stifled at the line of scrimmage.

In his speech, Bush said terrorist leaders' statements have made plain their goals, which he called the present-day equivalent of the "evil" aims of Vladimir Lenin and Adolf Hitler.

"Bin Laden and his terrorist allies have made their intentions as clear as Lenin and Hitler before them. The question is: Will we listen? Will we pay attention to what these evil men say?" Bush said, adding that "we're taking the words of the enemy seriously."

Meanwhile, the bipartisan Center for Strategic and International Studies issued a report saying that although the Bush administration has deprived al-Qaeda of sanctuary in Afghanistan and has prevented more attacks on U.S. soil in the past five years, it has not tracked down bin Laden or created "enduring security in Afghanistan." Moreover, the report said, the administration's attempts at public diplomacy are "undermined by perceived U.S. unilateralism."

"What is missing from the . . . public discussion of all of this is some explanation of the phenomenon of radicalized Islam," said Daniel Benjamin, a senior fellow at CSIS and former Clinton administration official. "Why are there so many people out there who want to kill Americans and so many Westerners? Why is this such a durable phenomenon?"

As Bush spoke in Washington, Pakistan signed a peace accord with pro-Taliban forces in the tribal areas bordering Afghanistan, agreeing to withdraw its troops from the region in return for the fighters' pledge to stop attacks inside Pakistan. The pact prompted concern that it could allow Islamic extremist groups to operate more freely in the area.

The president's speech was the latest in a series of addresses aimed at buttressing flagging public support for the war as the anniversary of the Sept. 11 attacks draws near. Today, Bush is expected to give an address at the White House, in which he will discuss his administration's latest proposal for trying suspected members of al-Qaeda who are being held at the military prison at Guantanamo Bay, Cuba.

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In June, the Supreme Court struck down the military commissions Bush established to try suspected terrorists. Tomorrow, he is scheduled to again address the subject of terrorism during a visit to Atlanta.

In his speech at the Capital Hilton in Washington, Bush said the threat posed by al-Qaeda and other Sunni Muslim "extremists" is no different from that posed by Shiite Muslim "extremists," who he said include the leaders of Iran and the group Hezbollah. He quoted Iranian President Mahmoud Ahmadinejad as having said that if the United States wants to have good relations with Iran, it must "bow down before the greatness of the Iranian nation and surrender. If you don't accept to do this, the Iranian nation will force you to surrender and bow down."

"America will not bow down to tyrants," Bush added to loud applause from the audience.

In their rebuttals, some Democrats renewed their call for the firing of Defense Secretary Donald H. Rumsfeld. White House press secretary Tony Snow said Bush flatly rejects those calls.

Some Democrats said the reason al-Qaeda remains so dangerous is that the United States is bogged down in Iraq.

"If President Bush had unleashed the American military to do the job at Tora Bora four years ago and killed Osama bin Laden, he wouldn't have to quote this barbarian's words today," said Sen. John F. Kerry (Mass.), the 2004 Democratic presidential nominee. "Because President Bush lost focus on the killers who attacked us and instead launched a disastrous war in Iraq, today Osama bin Laden and his henchmen still find sanctuary in the no man's land between Afghanistan and Pakistan, where they still plot attacks against America."

Bush Uses Bin Laden Quotes For War Rally (AP-Y)

By Nedra Pickler

AP, September 6, 2006

Quoting repeatedly from Osama bin Laden, President Bush said Tuesday that pulling U.S. troops out of Iraq would fulfill the terrorist leader's wishes and propel him into a more powerful global threat in the mold of Adolf Hitler.

With two months until an Election Day that hinges largely on national security, Bush laid out bin Laden's vision in detail, including new revelations from previously unreported documents. Voters were never more united behind the president than in the aftermath of the Sept. 11 attacks, and his speech was designed to convince Americans that the threat has not faded five years later.

Democrats have been increasing their criticism of the president's policies in Iraq as the congressional elections approach, with the latest salvo coming in a letter Monday that suggested he fire Defense Secretary Donald H. Rumsfeld.

The White House rejected the idea, both in a written response from chief of staff Joshua Bolten and in a lengthy verbal rebuttal from spokesman Tony Snow.

"It's not going to happen," Snow said. "Creating Don Rumsfeld as a bogeyman may make for good politics but would make for very lousy strategy at this time."

To make the administration's strategy more clear, the White House on Tuesday published a 23-page booklet called "National Strategy for Combating Terrorism," which Bush described as an unclassified version of the strategy he's been pursuing since Sept. 11, 2001. The booklet's conclusion: "Since the Sept. 11 attacks, America is safer, but we are not yet safe."

Democrats dismissed Bush's actions as a public relations strategy that avoided real solutions.

"A new glossy strategy paper doesn't take the place of real change that will make our country safer," said Sen. Russ Feingold, D-Wis.

"If President Bush had unleashed the American military to do the job at Tora Bora four years ago and killed Osama bin Laden, he wouldn't have to quote this barbarian's words today," said Sen. John Kerry, D-Mass. "Because President Bush lost focus on the killers who attacked us and instead launched a disastrous war in Iraq, today Osama bin Laden and his henchmen still find sanctuary in the no man's land between Afghanistan and Pakistan, where they still plot attacks against America."

Bush's speech was the second in a series linked to next week's anniversary of the Sept. 11 attacks. It was delivered to the Military Officers Association of America in a hotel ballroom filled with U.S. troops, including several injured in the war, and with diplomatic representatives of foreign countries that have suffered terrorist attacks.

Later, the White House said Bush was extending for one-year the national emergency he declared following the Sept. 11 terrorist attacks because the "terrorist threat continues" and measures adopted to deal with that emergency must remain in effect.

Bush planned a third speech Wednesday from the White House, laying out his plan to change the law so that detainees held at Guantanamo Bay, Cuba, can be tried for crimes before military commissions.

The administration also was expected to brief lawmakers Wednesday on a new Army field manual that would set guidelines for the treatment of military detainees. Congress passed legislation late last year requiring military interrogators to follow the manual, which abided by Geneva Convention standards.

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Bush argued Tuesday that history will look favorably on his currently unpopular war strategy.

"History teaches that underestimating the words of evil and ambitious men is a terrible mistake," the president said. "Bin Laden and his terrorist allies have made their intentions as clear as Lenin and Hitler before them. The question is: Will we listen? Will we pay attention to what these evil men say?"

To make his case, the White House cited previously unreleased documents including a copy of the al-Qaida charter found by coalition forces in Afghanistan that says hostilities will continue until everyone believes in Allah.

One document Bush cited was what he called "a grisly al-Qaida manual" found in 2000 by British police during an anti-terrorist raid in London, which included a chapter called "Guidelines for Beating and Killing Hostages." He also cited what he said was a captured al-Qaida document found during a recent raid in Iraq. He said it described plans to take over Iraq's western Anbar province and set up a governing structure including an education department, a social services department, a justice department and an execution unit.

The White House also unveiled a letter from bin Laden to Taliban leader Mullah Omar in which he wrote about plans for a "media campaign to create a wedge between the American people and their government" so the people will pressure leaders to retreat in the fight.

Bush also quoted bin Laden saying:

· "Death is better than living on this Earth with the unbelievers among us."

· Al-Qaida can cause the U.S. economy to collapse by implementing a "bleed-until-bankruptcy plan."

· The defeat of American forces in Beirut in 1983 is proof America does not have the stomach to stay in a fight. "In Somalia, the United States pulled out, trailing disappointment, defeat and failure behind it," Bush said bin Laden wrote.

· "The most serious issue today for the whole world is this third world war that is raging in Iraq. ... The whole world is watching this war and that it will end in victory and glory or misery and humiliation."

Bush said a democratic Iraq is a threat to bin Laden's aspirations.

"That is why we must not, and we will not, give the enemy victory in Iraq by deserting the Iraqi people," Bush said.

Bush Sees Gains In War With More Scattered Foe (LAT)

By Johanna Neuman

The Los Angeles Times, September 6, 2006

WASHINGTON — President Bush, quoting from terrorist documents captured in Afghanistan, Iraq and Britain, said today that Al Qaeda and its allies were intent on global domination and creating a "radical Islamic empire" that stretches from Spain to Iraq.

"The terrorists who attacked us on Sept. 11, 2001, are men without conscience but they're not madmen," he said. "They kill in the name of a clear and focused ideology…that justifies the murder of innocent men, women and children in pursuit of political power."

The speech came on the same day that the White House issued an updated strategic report on battling terrorism, comparing the fight to the long struggle against Communism during the decades-long Cold War, and shifting the focus from Al Qaeda to decentralized networks of extremists.

"Al Qaeda has been weakened…but it remains dangerous and determined," Bush said in his speech to the Military Officers Assn. of America and diplomats from countries that have experienced terrorist attacks. Bush added that "the broader terrorist movement is also changing…becoming more diverse," spawning homegrown terrorists who have killed civilians in Spain and Canada.

Quoting extensively from terrorists' letters, website statements, and audio and video recordings, as well as documents found in raids of terrorist strongholds, Bush said that ignoring the words of the terrorists themselves — as the world once ignored the words of Lenin and Hitler — risks underestimating their intent.

"They believe our nation is weak and decadent and lacking in patience and resolve and they're wrong," said the president. "We will not rest, we will not retreat, until this threat to civilization has been removed."

The president's address is one of a series of his speeches about the nation's counterterrorism plan — culminating in a Sept. 19 address to the United Nations — in an effort to bolster sinking public opinion about the war in Iraq.

Bush's plan suggests the U.S. government needs to refine its tactics because terrorists have adjusted to U.S. strategies. "America is safer but we are not yet safe," the report said.

The plan, first drafted in 2003 and updated earlier this year, was released at the start of the fall election campaign — and less than one week before the fifth anniversary of the 9/11 terror attacks.

As Congress and Bush return to Washington for what promises to be a partisan run-up to the November elections, Democrats have called for a vote of no confidence on Defense Secretary Donald Rumsfeld, who's been often blamed for tactical

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failures in the war against Iraq. In a letter to the White House Monday, top Democrats urged Bush to fire the embattled Pentagon chief.

"We do not believe the current civilian leadership at the Department of Defense is suited to implement…a change in policy," said Senate Minority Leader Harry Reid of Nevada and House Minority Leader Nancy Pelosi of San Francisco.

The White House today dismissed such calls. "It's not going to happen," said White House Press Secretary Tony Snow. "Creating Don Rumsfeld as a boogeyman may make for good politics but would make for very lousy strategy at this time."

While the strategic plan calls Al Qaeda "a significantly degraded but still dangerous…network," the 23-page strategy update acknowledges that "the enemy we face today in the war on terror is not the same enemy we faced on Sept. 11." Hailing "effective counterterrorist efforts," the report said the terrorists have shifted strategy, forcing U.S. leaders to refocus.

"Terrorist networks today are more dispersed and less centralized," the report said. "They are more reliant on smaller cells inspired by a common ideology and less directed by a central command structure."

Bush has said repeatedly that the war in Iraq stands as the frontline of the war on terrorism. Today, he received one of the biggest rounds of applause when he said that, "we must not and we will not give the enemy victory by deserting the Iraqi people."

But opinion polls suggest an increasingly skeptical public. In a CNN poll conducted Aug. 18-20, 52% of Americans said the war in Iraq distracts from fighting terrorists.

Former Gen. Wesley Clark, who ran for president in 2004, said in response to the White House strategy that "invading Iraq was a strategic mistake."

Clark, a 24-year veteran of the military, has been working through a political action committee called WesPAC on behalf of Democrats during this year's congressional campaign. He hopes to inoculate them from charges of being weak on defense and national security.

Clark added that the Iraq War has been "counterproductive in winning the war on terror" and has "seriously damaged our armed services."

His remarks came as "Third Way," a centrist Democratic group, released a report on the administration's national security policy. Noting recent spikes in terrorist attacks in Iraq and Afghanistan, the report also blamed the Bush administration for progress by Iran and North Korea in developing nuclear programs.

But the White House argued in its report that an important long-term strategy for defeating terrorism is promoting democracy.

"Not only do we fight our terrorist enemies on the battlefield," said the report, "we promote freedom and human dignity as alternatives to the terrorists' perverse vision of oppression and totalitarian rule."

Bush Warns Of Underestimating 'Evil' Men's Words (WT)

By Joseph Curl

The Washington Times, September 6, 2006

President Bush yesterday warned that "underestimating the words of evil and ambitious men is a terrible mistake," and he vowed to continue his doctrine of pre-emption to secure the nation from the threat of tyrants and terrorists.

Days before the fifth anniversary of the September 11 attacks, the president said the approach of trying to appease Islamic extremists will fail. And ignoring the growing threat from the Middle East threatens U.S. security.

"This time, we're not waiting for our enemies to gather in strength," Mr. Bush said during a speech before the Military Officers Association of America and diplomatic representatives from around the world. "The experience of September 11th made clear, in the long run, the only way to secure our nation is to change the course of the Middle East."

Breaking from tradition by mentioning September 11 mastermind Osama bin Laden by name repeatedly -- 17 times during a 45-minute speech -- the president used bin Laden's own words to define Iraq as the central front in the war against terror.

"I now address the whole Islamic nation. Listen and understand. The most serious issue today for the whole world is this Third World War that is raging in Iraq," said the president, quoting bin Laden.

Mr. Bush cited a dozen quotes from bin Laden, al Qaeda's second in command Ayman al-Zawahri and other terrorists to lay out the strategy of men he said are "evil, but not insane ... not madmen."

For example, Mr. Bush cited a captured al Qaeda document that describes plans to take over Iraq's western Anbar province, with plans to sweep across the Middle East.

"They hope to establish a violent political utopia across the Middle East, which they call a 'caliphate,' where all would be ruled according to their hateful ideology," he said.

With the midterm congressional elections just two months away, Mr. Bush tried to show a stark contrast on Iraq between Republicans and Democrats, some of whom call for immediate withdrawal of troops.

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"Iraq is not a distraction from their war on America -- it is the central battlefield where the outcome of this struggle will be decided," he said. "That is why we must not, and we will not, give the enemy victory in Iraq by deserting the Iraqi people."

Democrats, meanwhile, charged yesterday that the Bush administration has failed to pursue bin Laden and released a study they said shows the country is less secure today than before Mr. Bush took office.

"President Bush's speech today was designed to scare the American people and make them forget about his administration's monumental failures," said Democratic National Committee press secretary Stacie Paxton. "Five years after 9/11, Osama bin Laden is still on the loose."

Despite charges that Mr. Bush is politicizing the September 11 anniversary, the president opened his speech recalling the horror of the attacks in New York and at the Pentagon.

"We're a nation at war, and America and her allies are fighting this war with relentless determination across the world," he said.

Broadening the war on terror beyond Iraq, Mr. Bush said Iranian President Mahmoud Ahmadinejad's desire to turn Iran into a nuclear power is a threat to global security, warning that the extremist leader seeks to blackmail the free world and raise a mortal threat to the American people.

He cited a recent speech by Mr. Ahmadinejad in which the Iranian leader called on the U.S. to "bow down before the greatness of the Iranian nation and surrender."

Mr. Bush charged that Iran, which funds the Lebanese Shi'ite militia Hezbollah, is second only to al Qaeda in being responsible for the most U.S. citizens killed in terror attacks.

"Like al Qaeda and the Sunni extremists, the Iranian regime has clear aims -- they want to drive America out of the region, to destroy Israel, and to dominate the broader Middle East," he said.

President Bush, Democrats Spar Over National Security (MCT)

By William Douglas And Margaret Talev

McClatchy Newspapers, September 6, 2006

WASHINGTON - The sprint to November's elections began in earnest Tuesday with President Bush and congressional Democrats each trying to seize the national security issue by offering sharply contrasting assessments of progress in the war on terror.

The president delivered the second in a series of speeches designed to shore up flagging public support for the war in Iraq and to highlight what he called government success in combating terrorism since the Sept. 11, 2001, attacks.

As Bush addressed military officers at a Washington hotel, Capitol Hill Democrats countered by releasing a report detailing bleak trends in Iraq, Afghanistan, Iran and North Korea and calling for a sharp change in tactics.

Tuesday's showdown reflects a determination by the White House and the Republican Party to frame November's congressional elections as a choice over national security, a theme that worked for them in the last two elections. The Democrats' response shows their determination to blunt that tactic by turning the U.S. record in Iraq, Afghanistan and the war on terror against Republicans, who've controlled all branches of government since 2001.

At stake is control of Congress, and by extension, the degree to which it might support or oppose Bush in the final two years of his presidency.

Bush's speech Tuesday repeated familiar themes: He insisted that America is winning the war on terror, that Iraq has become the central front in that war and that the United States military will stay there until the job is done.

Quoting extensively from Osama bin Laden, Bush said all his military efforts are aimed at defeating the threat posed by "violent Islamic radicalism," a scourge he compared to Adolf Hitler.

"Bin Laden and his terrorist allies have made their intentions as clear as Lenin and Hitler before them," Bush said. "The question is: Will we listen? Will we pay attention to what these evil men say?

"It is foolish to think you can negotiate with them," Bush said.

No one in either party has suggested negotiating with terrorists, but Bush's remark echoed other recent administration gibes seemingly aimed at Democrats. Last week, Defense Secretary Donald H. Rumsfeld compared critics of the war in Iraq to Nazi appeasers.

Democrats plan to push a Senate resolution this week proclaiming no confidence in either the war in Iraq or in Rumsfeld, whom they want Bush to fire.

White House Press Secretary Tony Snow dismissed that idea on Tuesday.

"The president strongly supports the defense secretary," Snow said. "Creating Donald Rumsfeld as a bogeyman may make for good politics, but would make for a very lousy strategy at this time."

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Democrats countered Bush's speech with a flurry of national-security events and statements. Their leaders unveiled a report by Third Way, a nonprofit advocacy group aligned with moderate Democrats, which paints Bush's war on terror as a failure.

The report asserts that:

-The situation in Afghanistan is deteriorating, with the number of Taliban attacks rising sharply since 2004.

-Insurgent forces in Iraq are growing, from 5,000 in 2003 to an estimated 20,000 earlier this year.

-Iran and North Korea are increasing their potential capacities to make nuclear weapons.

"Under the Bush administration and the Republican Congress, America is less safe, facing greater threats and unprepared for the dangerous world in which we live," Senate Minority Leader Harry Reid, D-Nev., said in a statement.

Rep. John Murtha, D-Pa., a veteran who backs withdrawing U.S. troops from Iraq, said that if Bush is determined to stay, he may need to reinstitute a draft. "We cannot sustain the current course," Murtha said in a statement.

The political battle over which party is more trustworthy on national security will likely rage until Election Day - and beyond.

In Congress, Republicans plan to focus this last month in session before the elections on a national security agenda that includes planned votes on defense spending, confirmation of John Bolton as ambassador to the United Nations, codifying Bush's domestic eavesdropping program and creating guidelines for interrogating suspected terrorist detainees that would meet Supreme Court approval.

Democrats blasted the Republican agenda as an election-year publicity stunt.

"Republicans have dubbed this Security September in an openly cynical attempt to use our nation's security in a political gamble to save their congressional majority," said Rep. Steny Hoyer, D-Md., the Democrats' whip.

Senate Republican Whip Mitch McConnell of Kentucky said that Republicans are only playing to their strength.

"The best way to measure progress in the war on terror is, have we been attacked again here at home?" he said. "We haven't. It's not an accident. It's not a quirk of fate. It's been because we've been on offense, going after these people in Afghanistan and in Iraq."

Bush: America Safer 5 Years After 9/11 (USAT)

By David Jackson

USA Today, September 6, 2006

WASHINGTON — President Bush claimed a safer post-9/11 America on Tuesday with a speech and updated anti-terrorism report highlighting a key issue that will help decide control of Congress in the Nov. 7 elections.

As Republicans and Democrats try to seize the advantage on national security and the war in Iraq, Bush recounted his administration's efforts to encourage democracy in Iraq and Afghanistan, which al-Qaeda used as a base to plan the Sept. 11, 2001, terrorist attacks under the Taliban government.

"America did not seek this global struggle, but we're answering history's call with confidence and a clear strategy," Bush told the Military Officers Association of America.

ON DEADLINE: Bush speaks at the Military Officers Association of America | AUDIO

As he tried to make the case for continued support for the war in Iraq, Bush said the United States is in the midst of a great ideological struggle with Islamic militants who seek to destroy basic freedoms.

"All civilized nations are bound together in this struggle between moderation and extremism," he said. "By coming together, we will roll back this grave threat to our way of life."

Democrats countered with their own national security report card, concluding that the Iraq war and Bush's refusal to talk directly with Iran and North Korea to thwart their development of nuclear weapons have put America more at risk since the Sept. 11 attacks.

"Under the Bush administration and this Republican Congress, America is less safe, facing greater threats and unprepared for the dangerous world in which we live," said Senate Minority Leader Harry Reid, D-Nev.

The administration also sought to reinforce its support of Defense Secretary Donald Rumsfeld. Reid and other Democrats and Republicans, such as New Jersey Senate candidate Tom Kean, have called for Rumsfeld's removal, citing his handling of the war in Iraq.

White House spokesman Tony Snow said Bush stands behind his Pentagon chief. "Creating Don Rumsfeld as a bogeyman may make for good politics, but would make for a lousy strategy at this time," Snow said.

Bush's speech was the second in a series leading to Monday's fifth anniversary of 9/11. Bush delivers another terrorism-themed speech today and plans to ask Congress to approve trials for detainees at Guantanamo Bay, Cuba. The Supreme Court in June rejected the administration's plans for military tribunals.

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The administration's new anti-terrorism report tweaks one released Feb. 14, 2003, about a month before the Iraq invasion. The updated version includes the impact of the war and government restructuring to emphasize anti-terror efforts, such as combining intelligence-gathering tasks under one national director.

The update also lists "successes" and "challenges" in the "long war" on terrorism.

"We have significantly degraded the al-Qaeda network," the report said, referring to the arrests and killings of some of the group's top leaders. Among the challenges: The rise of smaller terrorist networks and an insurgency in Iraq that "has been twisted by terrorist propaganda as a rallying cry."

The Democratic assessment, prepared by the moderate group Third Way, is that security in Iraq and Afghanistan has deteriorated, and the resulting climate has created more, not fewer, terrorists.

Reid said Republicans would not be able to portray themselves as the party to trust on national security.

Snow said the president is not seeking to politicize the war on terrorism but recognizes its importance as a campaign issue. "It would be irresponsible not to talk about it," he said.

Looking To Elections, Bush And Democrats Spar On National Security (NYT)

By Sheryl Gay Stolberg

The New York Times, September 6, 2006

WASHINGTON, Sept. 5 — President Bush and Congressional Democrats locked horns on Tuesday on whether Americans are safe from terrorism, part of a calculated effort by both parties to capitalize on the coming anniversary of the Sept. 11 attacks and gain the upper hand in this year's election debate over national security.

The White House released an updated version of its national security strategy, concluding that "America is safer, but we are not yet safe." Mr. Bush, speaking to military officers, delivered the second in a series of speeches on global terror. And on Wednesday he plans to deliver a third in the East Room of the White House, where he will propose new legislation on bringing terror detainees to trial.

The bill is in response to a Supreme Court ruling that deemed unconstitutional the military commissions that Mr. Bush originally proposed. Late Tuesday, presidential aides briefed lawmakers about the proposal. The plan is part of a broader effort to seize the initiative on politically delicate issues regarding the handling of terror suspects, including new rules for interrogation techniques.

On Capitol Hill, Senate Democrats released their own report, which asserts that Americans are less safe now than they were five years ago, and brought out Wesley K. Clark, the retired general and 2004 presidential candidate, to trumpet it. In an interview, General Clark said he was trying to help Democrats "articulate a strong and successful national security position, so that people can understand that Democrats can and will succeed in protecting the nation."

The dueling appearances laid bare a central fact about the changing politics of Sept. 11. Five years ago, there was a period of bipartisanship that has evolved into a partisan brawl over the course Mr. Bush has pursued, especially in invading Iraq. This week's politicking would have been unthinkable four years ago, but both sides openly embraced it on Tuesday.

Within hours of Mr. Bush's speech, the Democratic Senate leader, Harry Reid of Nevada, and the chairman of the Democratic Senatorial Campaign Committee, Charles E. Schumer of New York, were holed up in the Capitol, plotting strategy for the remainder of the week, and another Democratic strategy session was planned for later that evening.

"We are not going to let the Republicans occupy the high ground on this issue," Mr. Schumer said, "particularly when we believe the American people are not happy with the policies in Iraq or in general on terrorism."

At the White House, where aides have been planning the terrorism speeches since July, strategists are seizing the anniversary to present Mr. Bush as a strong commander in chief. In addition to the military officers who served as the backdrop for Tuesday's speech, the audience included wounded soldiers and prominent Republican senators who are veterans, including Senator John W. Warner of Virginia, chairman of the Armed Services Committee.

The speech employed some of Mr. Bush's sharpest rhetoric to date. He compared Osama bin Laden to Lenin and Hitler, saying, "Bin Laden and his terrorist allies have made their intentions as clear as Lenin and Hitler before them."

The president also quoted liberally from Mr. bin Laden, warning that the mastermind of the Sept. 11 attacks is still pursuing his vision of "a unified totalitarian Islamic state that can confront and eventually destroy the free world."

The speech used a classic strategy of Karl Rove, Mr. Bush's chief political adviser, who specializes in turning a candidate's weakness into a strength. In this case, Mr. Bush's weakness is that Mr. bin Laden has not been captured — a point that was quickly picked up by Democrats. Senator John Kerry of Massachusetts said that if Mr. Bush had "unleashed the American military to do the job at Tora Bora four years ago and killed Osama bin Laden, he wouldn't have to quote this barbarian's words today."

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That did not stop Mr. Bush from mentioning Mr. bin Laden 17 times in the 44-minute speech, a tactic that seemed intended to emphasize the Republican argument that the nation can trust the president and his party more than Democrats to protect it from attacks.

White House aides and senior Republican strategists say their intent strategy is to describe the threat to the public using as many specifics as possible. Dan Bartlett, counselor to the president, said the intent was to remind citizens of the "breadth and sophistication" of an enemy that "is advancing a vision, a dark vision that needs to be confronted."

Given the pubic discontent over the war in Iraq, the White House strategy is to fuse the war with the broader fight against terrorism, while the Democratic strategy is to separate the two. One Democratic strategist, granted anonymity to talk about internal planning, said the goal was to tell the public that "we're strong and smart on terror, and that the White House is only projecting strength, not smarts."

To that end, Democrats sent a letter to the president on Monday proposing a "new direction" for Iraq that called, among other things, for a "phased redeployment" of military forces out of the country. On Tuesday, the White House took the unusual step of releasing a formal reply, written by Joshua B. Bolten, Mr. Bush's chief of staff, who called the redeployment idea "dangerously misguided."

Against the backdrop of the political debate, the administration is pressing two terror-related issues on Capitol Hill, the detainee legislation, which Mr. Bush is expected to announce on Wednesday, and a long-awaited Army field manual on interrogation that is expected to be made public this week.

The manual authorizes three new techniques that could be used only in questioning of "unlawful combatants," like prisoners at Guantánamo Bay, Cuba, according to a person who has been given a description of the revisions. The new techniques are pairing a friendly interrogator with a hostile one, convincing a prisoner that he is being interrogated by a country other than the United States and isolating a detainee from other prisoners.

The current field manual allows 17 interrogation methods, which would remain largely unchanged, the person said. Traditional prisoners of war captured on a battlefield could be questioned using only these techniques.

The Defense Department had initially considered including a classified set on interrogation methods that would not be made public, but that idea was dropped, several officials said.

Individuals, Small Groups Cited As Terrorist Threats (WP)

By Karen Deyoung

The Washington Post, September 6, 2006

A new counterterrorism strategy released yesterday by the White House describes al-Qaeda as a significantly degraded organization, but outlines potent threats from smaller networks and individuals motivated by al-Qaeda ideology, a lack of freedom and "twisted" propaganda about U.S. policy in the Middle East.

The National Strategy for Combating Terrorism reflects the intelligence community's latest analysis of the evolving nature of the threats from widely dispersed Islamic extremists who are often isolated and linked by little more than the Internet. It describes President Bush's "freedom agenda" of promoting democracy as the leading long-term weapon against them.

Attacking terrorist organizations, controlling weapons of mass destruction and protecting the homeland remain U.S. priorities, the document says. But the strategy places new emphasis on the need for training experts in languages and Islamic culture, for enhanced partnerships abroad and with the American Muslim community, and for better information-sharing among domestic counterterrorism agencies.

What today's extremists have in common, it says, is "that they exploit Islam and use terrorism for ideological ends." But "although al-Qaeda functions as the movement's vanguard . . . the movement is not controlled by any single individual, group or state."

The document's release came as Bush delivered one of a series of preelection speeches on national security and terrorism. But his address, in contrast to the strategy document, focused heavily on al-Qaeda and the public threats made by its two top leaders, Osama bin Laden and Ayman al-Zawahiri, both of whom have evaded capture.

"It's not an either-or phenomenon," said terrorism expert and Georgetown University professor Bruce Hoffman. "There are two processes moving on parallel tracks. You can see the attraction of saying . . . we have weakened al-Qaeda. But that also flies in the face of increasing evidence over the last couple of years that al-Qaeda is still directing and plotting attacks on a grand scale and seems undeterred."

In a Justice Department briefing, Attorney General Alberto R. Gonzales said the changing nature of the enemy reflects victories against al-Qaeda and is "a sign of our success, not our failure."

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Critics of administration policy said the new strategy is an admission that previous policies have failed. It "seems to adopt many of the critiques Democrats made of the old one," Sen. Joseph R. Biden Jr. (D-Del.) said in a statement. "I hope today's change in rhetoric represents a real change in course."

Several aspects of the new strategy differ sharply from an earlier version, published in February 2003, just before the U.S. invasion of Iraq. That document depicted a structured pyramid with al-Qaeda at the top, directing widespread terrorist cells and worldwide operations with help from sympathetic state sponsors. Its military emphasis called for U.S.-led "direct and continuous action" and warned that "we will not hesitate to act alone . . . including acting preemptively against terrorists."

It also declared that "finding a solution to the Israeli-Palestinian conflict is a critical component to winning the war of ideas," and said that "no other issue has so colored the perception of the United States in the Muslim world."

The new strategy emphasizes that al-Qaeda has been severely disrupted, with many of its leaders killed or captured, and its operations made "harder, costlier and riskier." It describes the influence of U.S. policy in the Middle East as minimal, portraying the Iraq war and the renewed Arab-Israeli strife as sources of deceptive propaganda for terrorist ideologues. Terrorism, it says, "is not simply a result of hostility to U.S. policy in Iraq . . . Israeli-Palestinian issues . . . [or] our efforts to prevent terror attacks."

"The terrorism we confront today" springs from several sources, including an "ideology that justifies murder" and that blames "perceived injustices from the recent or sometimes distant past," the strategy says. That ideology, it says, preys upon populations that "see no legitimate way to promote change in their own country" and whose "information about the world is contaminated by falsehoods and corrupted by conspiracy theories."

"Democracy," the strategy declares, "is the antithesis of terrorist tyranny, which is why the terrorists denounce it and are willing to kill the innocent to stop it."

The document refers indirectly to "homegrown terrorists," such as the two dozen British citizens arrested in this summer's alleged plot to blow up commercial aircraft. Even in democracies, it says, "some ethnic or religious groups are unable or unwilling to grasp the benefits of freedom otherwise available in the society. . . . Even in these cases, the long-term solution remains deepening the reach of democracy so that all citizens enjoy its benefits."

"We will continue to guard against the emergence of homegrown terrorists within our own Homeland as well," the strategy says. "Through outreach programs and public diplomacy we will reveal the terrorists' violent extremist ideology for what it is -- a form of totalitarianism following in the path of fascism and Nazism."

The new strategy mirrors a blueprint written at the National Counterterrorism Center and presented to Bush in June. That classified, 160-page plan proposed a more equitable balance between the military effort emphasized in the 2003 strategy and what it termed the "war of ideas."

Bush's Terror-Fighting Strategy Focuses On Iran (WSJ)

By John D. McKinnon

The Wall Street Journal, September 6, 2006

WASHINGTON -- As the five-year anniversary of the Sept. 11, 2001, terror attacks approaches, the Bush administration is spotlighting an explicit terror threat: the danger that Iran could someday supply terrorists with nuclear weapons.

The possibility of weapons of mass destruction falling into terrorist hands was central to both a new terror-fighting strategy the White House issued yesterday, and to a speech Mr. Bush delivered. In both cases, the White House is arguing that the reason to worry about terrorists wielding such weapons is the prospect that Iran, with its oil wealth and potential nuclear capability, might cooperate with them.

Terrorists armed with nuclear weapons "would blackmail the free world and spread their ideologies of hate and raise a moral threat to the American people," Mr. Bush warned. "I'm not going to allow this to happen, and no future American president can allow it either."

Mr. Bush's speech was part of a White House campaign that began last week to defend its strategy in the war on terrorism, amid mounting attacks from Democrats. While Democrats are emphasizing the unpopular three-year-old war in Iraq, the White House is seeking to connect the Iraq conflict to other disparate fronts in the war on terrorism, particularly the extremist Iranian regime. Indeed, much of the language used to attack Iran paralleled the case the White House made for war against Iraq four years ago.

"Most troubling is the potential WMD-terrorism nexus that emanates from Tehran," argues the White House's new 23-page "National Strategy for Combating Terrorism." The plan makes the case that the U.S. is adapting its response as the terrorist threat has evolved.

In yesterday's speech to military officers in Washington, Mr. Bush quoted extensively from recent threats by terrorist leaders across the Middle East -- as well as Iranian President Mahmoud Ahmadinejad's call for "a world without the United

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States and Zionism" and his claim that "the anger of Muslims may reach an explosion point soon." Mr. Bush repeated his pledge that "the world's free nations will not allow Iran to develop a nuclear weapon," without offering any new details on how the U.S. will do so.

Iran ignored an Aug. 31 international deadline to suspend uranium enrichment, and the U.S. is seeking United Nations Security Council sanctions.

For their part, Democrats sought to keep the attention on the still-worsening situation in Iraq. Rep. Nancy Pelosi of California and Sen. Harry Reid of Nevada, the Democratic congressional leaders, released a new report yesterday saying that the U.S. is "bogged down in Iraq with its military stretched thin" and as a result finds itself "less able to fight and win the war on terror."

Bush: Won't Allow A Nuclear-armed Iran (AP)

By Barry Schweid

The AP, September 5, 2006

President Bush said Tuesday a nuclear-armed Iran would blackmail the free world and raise a mortal threat to the American people.

"I am not going to allow this to happen," Bush said in a speech on terrorism. "And no future American president can allow it, either."

With allies urging a go-slow approach on pressuring Iran to stop enriching uranium, Bush pledged to work closely with other governments to find a diplomatic solution to the standoff with Tehran over its nuclear programs.

But he also stressed, "The world's free nations will not allow Iran to develop a nuclear weapon."

Iran has refused to stop enrichment as a precondition to negotiations on U.S. and European offers of concessions, including U.S. help with civilian nuclear programs.

"Their choice is increasingly isolating the great Iranian nation from the international community," Bush said. "It is time for Iran's leader to make a different choice."

While standing firm on seeking U.N. sanctions against Iran, the administration acknowledged there would be weeks of work to nail them down.

"There is going to be some work that's required in the Security Council," State Department spokesman Sean McCormack said. "I would expect that that is going to be tough, intensive diplomacy over the course of the coming weeks."

But he said the U.N. Security Council had already made it clear in a resolution that if Iran failed to meet an Aug. 31 deadline to suspend uranium enrichment, the Council was prepared to vote for sanctions.

And so, he said, the United States intends to proceed "down that pathway."

Iran has renewed to U.N. Secretary-General Kofi Annan an offer of negotiations about its nuclear programs but has declined to suspend enrichment of uranium as a precondition.

Tehran insists that its nuclear activities are designed to produce civilian power and are within its rights.

Undersecretary of State Nicholas Burns is to hold talks in Berlin on Thursday with European, Russian and Chinese diplomats on strategy for applying sanctions.

To maximize chances for agreement, the Bush administration is inclined to seek graduated sanctions, beginning with such limited measures as restrictions on providing Iran with technology that could be used in military programs.

European governments as well as Russia and China have urged patience with Iran. The senior European diplomat, Javier Solana, is expected to meet Wednesday in Vienna with Ali Larijani, the chief Iranian nuclear negotiator.

"Maybe the Iranians want to communicate something different than they have previously," McCormack said.

McCormack said the administration would encourage governments "that might have some sway over Iran to engage them and to send a very clear message to them that they need to comply with the just demands of the international community."

U.S. Officials Press For Iran Sanctions (AP)

By George Jahn

AP, September 6, 2006

U.S. officials pressed their case Tuesday for sanctioning Iran over its defiance on uranium enrichment, calling for punishment even ahead of a meeting billed as a last-ditch effort to persuade Tehran to freeze its nuclear program.

In a Washington speech on terrorism, President Bush warned that he would never allow a nuclear-armed Iran to blackmail the world and threaten the American people.

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Formally, the United States and five other world powers are giving the Iranians a final chance to compromise on enrichment at talks planned for Wednesday between European Union foreign policy chief Javier Solana and top Iranian nuclear negotiator Ali Larijani.

But U.S. officials on both sides of the Atlantic suggested the time had already come for sanctions.

Their comments reflected Washington's skepticism that Tehran would change course in talks with Solana and signal readiness to heed the U.N. Security Council demand for a halt to enrichment, which can produce civilian nuclear fuel or fissile material for an atomic bomb.

State Department spokesman Sean McCormack said in Washington that the Security Council had made clear in a resolution that it was prepared to vote for sanctions if Iran failed to meet the Aug. 31 deadline to suspend enrichment.

The Vienna-based International Atomic Energy Agency confirmed on the deadline day that Tehran had failed to cease enrichment.

And so, McCormack said, the United States intended to proceed "down that pathway."

Echoing those comments, Gregory L. Schulte, chief U.S. delegate to the IAEA, accused Iran's leaders of making "a strategic decision to acquire nuclear weapons," adding: "The time has come for the Security Council to back international diplomacy with international sanctions."

U.N. and European officials told The Associated Press Monday on that Larijani and Solana had tentatively agreed to try to bridge differences over the nuclear program. The officials insisted on anonymity for sharing the confidential information.

They said the date and venue could still change, and details were being kept confidential in an apparent attempt not to jeopardize any chance of success.

The Solana-Larijani talks are seen as the last chance for a negotiated solution before the council actively starts work on sanctions. Senior negotiators of the five permanent Security Council members plus Germany are to meet in Berlin on Thursday to discuss the results of Wednesday's meeting.

Iran's unyielding stance appears to be based on the calculation that sanctions will be opposed by Russia and China, both veto-wielding Security Council members that have major commercial ties with Iran.

In Moscow on Tuesday, a top Kremlin aide said sanctions against Iran could be counterproductive. Still Igor Shuvalov, a senior aide to President Vladimir Putin, said that "every possibility is present ... we are not closing the door on anything."

Shuvalov said that reluctance on sanctions did not imply support for a nuclear-armed Iran. "We could suffer more than anyone else if they built nuclear weapons," he said.

But he cautioned that introduction of economic sanctions could further increase global oil prices and have a negative impact on regional stability. He added that Russia's location next to Iran and former Soviet Muslim republics in Central Asia made it particularly vulnerable.

"We don't mind using a stick, but we don't want that stick to hit us or our partners over the head," he said.

Russia is building a nuclear power plant in Bushehr, Iran, to which the United States long objected, saying the plant could be used by Iran to produce material for weapons. Russia eventually worked out a deal with Iran for all the plant's spent fuel to be sent to Russia, theoretically limiting the possibility Iran could reprocess it for arms.

However, Iran has resisted Russia's proposal to conduct all Iran's uranium enrichment on Russian soil.

In June, the five permanent members of the Security Council plus Germany offered Iran a package of economic and diplomatic incentives to limit its nuclear program. Iran did not respond until Aug. 22. Government officials and diplomats have said Iran did not address a freeze on uranium enrichment — the key condition sought by the six powers.

Iran's slowness in responding to the incentives package prompted the Security Council to issue the resolution ordering a halt in Iran's uranium enrichment by the end of August.

Associated Press writers Barry Schweid in Washington and Vladimir Isachenkov in Moscow contributed to this report.

Democrats Say U.S. Less Safe Since 9/11 (WT)

By Amy Fagan And Charles Hurt

The Washington Times, September 6, 2006

Democrats are going toe to toe with Republicans on national security in the final months before November's elections, calling for the ouster of Defense Secretary Donald H. Rumsfeld and claiming that America is less safe today than before the September 11 terrorist attacks.

"Under the Bush administration and this Republican Congress, America is less safe, facing greater threats and unprepared for the dangerous world in which we live," Senate Minority Leader Harry Reid, Nevada Democrat, said yesterday.

Republicans responded that Democrats simply want to "cut and run" from the war in Iraq and pointed out that there have been no terrorist attacks on U.S. soil in nearly five years.

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"We are in a very serious war with an enemy who wants to end our way of life," House Majority Leader John A. Boehner, Ohio Republican, said yesterday. "The 'Defeatocrats' want to bring the troops home, want to put their tails between their legs. What message does that send to terrorists all over the world?"

Mr. Boehner and other Republicans accused Democrats of simply picking apart Republican strategies for fighting the war on terror without offering any of their own solutions.

But House and Senate Democrats yesterday endorsed a national security report penned by the Third Way National Security Project, a group founded by Democrats who support gun control. The report, which Mr. Reid called a "stunning indictment," concluded that the Bush administration's foreign policy has failed in Iraq, the war on terror, Afghanistan and other countries. The number of terrorist attacks and terrorist recruits is up worldwide, many enemy countries are now stronger and have better weapons, and America's influence with allies has weakened, according to the report.

While the report offered no specific suggestions for fighting the war on terror, the Democratic leader said it "makes a clear case for the new direction we need." At a press conference yesterday, Democrats said the administration should use more diplomacy and fully implement the recommendations by the September 11 commission.

Mr. Reid and Senate Democrats will introduce today a resolution voicing no confidence either in the administration's Iraq strategy or in Mr. Rumsfeld.

"Time and time, he's been wrong about Iraq. And time and time again, he's responded to his own mistakes by playing politics," Sen. Barbara Boxer, California Democrat, said yesterday in a stinging floor speech on Iraq. "He needs to go."

She said Mr. Rumsfeld downplays problems and missteps in Iraq and attacks anyone who questions him.

Also yesterday, Mr. Reid and Sen. Edward M. Kennedy, Massachusetts Democrat, offered an amendment requiring the administration to report every three months on the extent to which Iraq is now in a state of civil war and issue a response plan.

Mr. Kennedy said sectarian divisions are increasing, violence is increasing and the number of Iraqis fleeing is increasing. "Instead of attacking those who want to change the course, President Bush ought to deal with the hard cold facts," he said, noting that even a recent Defense Department report discussed the threat of civil war.

Sen. Robert Menendez, a New Jersey Democrat fighting for re-election, laid out a plan yesterday to bring the troops back from Iraq within one year.

With the stepped-up attacks on Republicans over national security, Democrats hope to win on an issue that has long been the strong suit of Republicans.

"They believe that they can scare the American people into continuing to support their disastrous policies," said House Minority Whip Steny H. Hoyer, Maryland Democrat. "Democrats have no doubt that America will win the war on terrorism. But we believe that we need a new direction."

Republican leaders will focus heavily this month on security issues. Senate Majority Leader Bill Frist, Tennessee Republican, said yesterday he hopes to hold Senate votes on a bill that tightens oversight of the administration's warrantless surveillance program and another bill that sets up a system to try terrorist suspect detainees.

He said the Senate will also address Democrats' Rumsfeld proposal, if necessary, but he called it "a political game." He dismissed the Democrats' "cut and run" mind-set and insisted the country is indeed safer now. "The bottom line is that there have been no terrorist attacks in the United States since 9/11," Mr. Frist said.

"We are safer now here at home because of the aggressive effort to find and kill terrorists where they live," said Senate Majority Whip Mitch McConnell, Kentucky Republican. "It's not an accident. It's not a quirk of fate. It's been because we've been on offense, while maintaining a strong homeland defense."

Congress Is Back, Its Sights On War (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, September 6, 2006

WASHINGTON

With only a month of legislating before the fall elections, Congress and the White House are bearing down on the issue most likely to determine control of the House and Senate: who can best protect national security.

Both sides of the aisle start off with an edge. For the White House and congressional Republicans, it's the fact that there has not been a terrorist attack in the United States since 9/11. Their focus: border security, defense spending, and domestic terrorist surveillance.

For Democrats, it's the fact that Iraq seems to be moving into civil war - and is a catalyst for recruiting, rather than disabling, terrorist networks. Instead of calling for a fixed withdrawal date, they are now rallying behind criticism of civilian defense leadership, especially Defense Secretary Donald Rumsfeld.

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Unlike the previous two congressional elections, analysts say this one will be settled not so much by rhetoric on national security, but by the facts on the ground, especially in Iraq.

"Any time the Democrats focus on the lack of progress in Iraq - and personalize it in Rumsfeld - it plays to their favor. But when Republicans stress that there hasn't been an attack on the homeland and we want to use aggressive surveillance to prevent future attacks, it plays to their favor," says Marshall Wittmann, a former GOP activist now with the Democratic Leadership Council (DLC).

"That's what both sides will be doing over the next two months," he adds.

The locus of that debate will be Capitol Hill this month. With the number of days for legislating dwindling to about a dozen, GOP leaders in both houses have the biggest say in how those days are used.

Senate Republicans are focusing the agenda on showcasing their record on national security. "From Georgia to California and each stop in-between, the people I met wanted reassurance that when they board a plane, that plane will be safe," said Senate majority leader Bill Frist as the Senate returned on Tuesday. "This week we will hold [the Senate] to that as we continue to debate defense appropriations."

Facing the need to pass 12 spending bills before they recess, Republicans aim to complete only those related to national security. They plan to approve stop-gap funding for the others, until they can take them up at an expected lame duck session after the November elections.

In addition, Senate Republicans plan to take up a new bill authorizing the National Security Agency's warrantless surveillance program. The White House ran into heavy criticism earlier last year when it leaked out that the NSA had wiretapped alleged terror suspects in the US without seeking a court order. Whether to highlight the controversy is a tough call for Democrats.

"Many Democrats are uneasy about criticizing the administration on surveillance. Cooler heads within the Democratic Party are trying to prevent that from happening. They want to fight on the dissatisfaction with Iraq and not on domestic surveillance," says Mr. Wittmann of the DLC.

In a bid to shape the public debate, the White House released its updated national strategy for combating terrorism on the morning Congress returned. The 23-page document calls for setting standards to expand "partnership capacity" in the war on terror and also acknowledges setbacks on the ground.

"The ongoing fight for freedom in Iraq has been twisted by terrorist propaganda as a rallying cry," concludes the report. Also: "Increasingly sophisticated use of the Internet and media has enabled our terrorist enemies to communicate, recruit, train, rally support, proselytize, and spread their propaganda without risking personal contact."

Democrats are divided over whether to push for a deadline for pullout from Iraq. While public support for the war continues to deteriorate, many Democrats in close races are avoiding taking a stand on the war over concerns that they'll be labeled as "cut and run" politicians.

There's also a strong internal debate within the Democratic Party over how hard to fight the Bush administration over its NSA surveillance program, which was declared unconstitutional last month by a US district judge.

House Republicans say their priorities for September include authoring the president's terrorist surveillance program, "designed to identify and disrupt terror cells planning attacks against the US," authorizing military tribunals for suspected terrorists, and strengthening border security.

In a bid to shift the focus to broader domestic concerns, House Democratic leader Nancy Pelosi announced on Friday that Democrats will oppose adjournment this month until Congress has also acted on domestic concerns, including the costs of health, college tuition, and gasoline.

Ms. Pelosi is also calling on Republicans to implement all the recommendations of the 9/11 commission on fighting terrorism. She also renewed her call for Defense Secretary Rumsfeld to resign.

Defense analysts say that debate is shifting toward the Bush administration's credibility, especially in dealing with the facts on the ground in Iraq. The revised National Strategy for Combating Terrorism is "a political effort to highlight the importance of the war on terrorism," says Anthony Cordesman of the Center for Strategic and International Studies. "But there are real questions about what any of this means, particularly when we talk about working with our allies," he adds. "And when you look at the strategy for interagency coordination, we've had serious problems in implementing this, but the strategy doesn't suggest anything new."

Senate Democrats sounded the same theme in a briefing Tuesday.

"It's the same speeches they've given before," said Senate Democratic leader Harry Reid, commenting on the president's rhetorical push on national security. But "all the speeches in the world don't change what's happening on the ground in Iraq."

OK, Let's Talk About Security, Say Dems (HILL)

By Jonathan Allen
The Hill, September 6, 2006

Democrats aggressively engaged Republicans on national security issues yesterday, even adopting some of the GOP's tactics, as the two parties heightened their rhetorical battle over who is best equipped to keep Americans safe after the November election.

Republicans are working in the two months before November's vote to shift national attention to security issues that helped them win in 2002 and 2004. The president and other administration officials have made a string of speeches in recent days on the Iraq war and the broader war on terrorism. And Senate Majority Leader Bill Frist (R-Tenn.) plans to highlight national security issues on the floor this month, including possible votes on military tribunals and the government's domestic wiretapping program.

"Five years after our nation was attacked, the terrorist danger remains," President Bush said in a speech delivered at the Capital Hilton yesterday.

Democrats say the debate on national security suits them just fine.

"Invading Iraq was a mistake, a strategic blunder, a step, a major step in the wrong direction for winning the war on terror," said retired Gen. Wesley Clark, a 2004 Democratic presidential contender.

Though they chastised Republicans for scaring voters and exploiting the "politics of fear," Democrats said yesterday that the country has been imperiled by GOP policies.

"America is less safe, facing greater threats and unprepared," Minority Leader Harry Reid (D-Nev.) said at a press conference where he, Clark and other Democrats unveiled an Iraq war analysis from The Third Way, a centrist Democratic organization.

Republican leaders "have weakened our country and made Americans less safe at home," Clark said.

"It's clear that Democrats want to make Iraq the central issue of the campaign," Senate Majority Whip Mitch McConnell (R-Ky.) said. McConnell noted that terrorists have not struck inside the United States since Sept. 11, 2001, when hijackers flew airplanes into the twin towers of the World Trade Center.

"It's not an accident. It's not a quirk. It's because we've been on offense, while maintaining a strong homeland defense," he said.

Republicans have used their stance on national security to great effect in recent elections, but the Iraq war has lost popular support since 2004.

A Newsweek poll late last month showed 63 percent of respondents disapproving of President Bush's handling of the war.

"These guys want to debate on national security. Let's look at their record," said Brendan Daly, spokesman for House Minority Leader Nancy Pelosi (D-Calif.). "We're going to push back."

Reid made a football analogy to describe Republican efforts to use national security issues to win at the ballot box. He said that each time a team runs the same play, it nets fewer yards.

"The third time, you get stopped at the line of scrimmage," Reid said. "They've run this play before."

The heightened rhetoric on Iraq and the broader war on terrorism is unlikely to die down soon. Democrats are preparing an amendment to the defense appropriations bill that would express displeasure with Defense Secretary Donald Rumsfeld, who angered many Democrats last week by suggesting that administration critics would "appease" terrorists in the manner that western powers appeased the Nazis before World War II.

A dozen senior Democrats wrote to President Bush Monday asking that he "consider changing the civilian leadership at the Defense Department."

"From the failure to deploy sufficient numbers of troops at the start of the war or to adequately equip them, to the prison abuse scandal at Abu Ghraib, to disbanding the Iraqi military, to the failure to plan for the post-war occupation, the administration's mistakes have taken a toll on our troops and our security," they wrote.

"It's a pure political game," Frist said of the amendment, which Republicans intend to block by procedural means.

Reid and Sen. Edward Kennedy (D-Mass.) are pushing an amendment that they said would require the administration to issue quarterly reports on whether a civil war is occurring in Iraq or what steps it is taking to avert civil war there.

Congress Consumed By Politics (AP-Y)

By Andrew Taylor
AP, September 6, 2006

Congress immediately turned to politics rather than its bulging legislative load as lawmakers returned to Washington Tuesday for a brief pre-election session.

"Under the Bush administration and this Republican Congress, America is less safe, facing greater threats and unprepared for the dangerous world in which we live," said Senate Democratic leader Harry Reid of Nevada.

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At the same time, Republicans controlling Congress promised a pre-election focus on national security — a traditional GOP strength with voters — in their struggle to retain House and Senate majorities with political winds blowing against them.

The drive by Capitol Hill GOP leaders coincides with a White House effort to portray Democrats as retreating on Iraq and the war on terror.

"Democrats have urged retreat from Iraq," Senate Majority Leader Bill Frist, R-Tenn., said at a news conference. "And that's where this whole theme of 'cut and run' has come up again and again."

The Senate reconvened after a monthlong recess with Frist laying out an ambitious agenda: the defense and homeland security budgets, port security and legislation to authorize military tribunals for terrorists and warrantless wiretapping of them.

Frist called on colleagues for "bipartisan support on each of these issues" — a necessity for success in a chamber known for its slow pace. And that sluggishness was on display Tuesday as the official order of business, the Pentagon budget, gave way to a series of off-topic floor speeches.

According to AP-Ipsos polls conducted in August, the public gives Democrats slightly better marks when asked which party would do a better job of protecting them. A survey taken Aug. 15-17 gave Democrats a 37-32 edge on the question while a poll taken one week earlier gave Democrats a 42-35 advantage.

Bush stayed on the offensive Tuesday, giving the second in a series of speeches aimed at bolstering public support for the war in Iraq and the ongoing campaign against terrorism.

"Bin laden and his terrorist allies have made their intentions as clear as Lenin and Hitler before them," Bush said in an address claiming progress against al-Qaida but warning that terrorism remains a grave threat. "The question is `Will we listen? Will we pay attention to what these evil men say?'"

Democrats are not shying from the political battle over terrorism, Iraq and national security, saying that the Iraq war is in fact harming efforts to defeat terrorism.

The Democrats released a study they say shows the United States is less secure today than before Bush took office. Citing research done by the nonpartisan Memorial Institute for the Prevention of Terrorism, the report says the number of al-Qaida members has jumped from 20,000 in 2001 to 50,000 today.

"The truth is the president's policies have not worked and have not made us safer," said Sen. Thomas R. Carper, D-Del.

Senate Democrats promise to use the ongoing debate on the defense budget to force a "no-confidence" debate on Defense Secretary Donald Rumsfeld, but Republicans are certain to use procedural tactics to block a yes-or-no vote.

"The 'Defeatocrats' want to want to bring the troops home, want to put their tail between their legs," said House Majority Leader John Boehner, R-Ohio. "It will do nothing but embolden terrorists."

Meanwhile, House leaders are considering a last-minute move to appeal to voters by making permanent some of President Bush's more popular tax cuts, said House Majority Leader John Boehner, R-Ohio. The most likely candidates are the $1,000 child tax credit and the reduction in the penalty that causes married couples to pay more tax than they would as two single individuals. Both tax reductions will expire at the end of 2010 without congressional action.

No decision to go forward on the tax cuts has been made, Boehner said. But on a subject dear to the Democrats, he promised there would be no stand-alone vote to increase the minimum wage before Congress adjourns.

The most significant bill before the House this week is legislation advancing Thursday to prohibit the slaughter of horses for human consumption.

Candidates Of Both Parties Turn Criticism Of Rumsfeld Into Political Chorus (NYT)

By Adam Nagourney And Mark Mazzetti

The New York Times, September 6, 2006

WASHINGTON, Sept. 5 — Democrats and at least some Republicans appear to agree on one thing as the election approaches: Attacking Defense Secretary Donald H. Rumsfeld is a way to lift them to victory.

For Democrats, the calculation is clear. They have begun a concerted effort, including pressing for a no-confidence vote on Mr. Rumsfeld in Congress this week, to portray him as the embodiment of what has gone wrong in Iraq.

For a small but growing number of Republicans, attacking Mr. Rumsfeld is a way to criticize how the war has been conducted without turning against the war itself.

“If I had my way, he wouldn’t be secretary of defense now,” Mike McGavick, the Republican challenger to Senator Maria Cantwell, Democrat of Washington, said in an interview Tuesday. “I would have accepted his resignation after Abu Ghraib. I have lost confidence in him.”

Politically at least, it may not be in the interest of any of Mr. Rumsfeld’s critics for the defense secretary to vacate his post before Election Day. But with the White House insisting again on Tuesday that the president will not abandon his secretary of

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defense, it seems clear that Mr. Rumsfeld is destined to be as big a player in this fall campaign as many of the members of Congress who are actually on the ballot.

"Both hawks and doves can call for Rumsfeld to step down and still be consistent with their position," said Senator Charles E. Schumer of New York, the head of the Democratic Senatorial Campaign Committee. "It applies to both parties."

Rich Galen, a Republican consultant who worked as a civilian employee for the Defense Department in Iraq, said: "It's really a free shot for Republicans. You can be in favor of what we are trying to accomplish in Iraq and not be in favor of Rumsfeld."

Democratic strategists said the party had long planned to use Mr. Rumsfeld in the campaign as a symbol of a war gone wrong, including incorporating him into advertising and having candidates call on him to resign. But they said the effort gathered force last week after he gave a speech in which he appeared to compare Iraq war critics to appeasers of Nazism before World War II.

"It's a great issue," said Howard Wolfson, a Democratic consultant who is advising Senator Hillary Rodham Clinton as well as Democrats in two upstate New York districts whose advertisements have included challenges to the war in Iraq. "It forces the stay-the-course Republicans to chose between the president and their districts."

Representative Rahm Emanuel, the Illinois Democrat who is leading his party's effort to regain a House majority, said, "We are going to go after Rumsfeld."

For Republicans, this is slightly more difficult because the White House made clear that President Bush supports Mr. Rumsfeld and that he is not going anywhere any time soon.

"The president strongly supports the defense secretary," said Tony Snow, the White House spokesman, rebutting the Democratic call for Mr. Rumsfeld's ouster. "It's not going to happen. Creating Don Rumsfeld as a bogyman may make for good politics but would make for very lousy strategy at this time."

To varying degrees and volume, however, Republicans have been critical of Mr. Rumsfeld — who had surgery on his left shoulder Tuesday to repair a torn rotator cuff — and strategists for both parties said that was a trend that was likely to increase over the next few weeks.

Representative Christopher Shays of Connecticut, a Republican who is in a tight race for re-election in the face of attacks on his support for the war, said Tuesday that he would support a vote against Mr. Rumsfeld in the House, should it come up.

"I don't like the guy — I simply don't think he has measured up on running the war in Iraq," Mr. Shays said. "Would I vote for a no-confidence resolution on Secretary Rumsfeld? Yes."

Representative Jo Ann Davis, Republican of Virginia, also criticized Mr. Rumsfeld in a speech in mid-August.

"It's probably the only thing in my life I've ever agreed with Hillary Clinton about," Ms. Davis said. "He's probably a nice guy, but I don't think he's a great secretary of defense."

Thomas H. Kean Jr., the Republican candidate for Senate in New Jersey, called for Mr. Rumsfeld to step aside. At a debate in Ohio, Senator Mike DeWine, a Republican in a close race, declared, "I have consistently said that Donald Rumsfeld has made mistakes running this war."

Republicans in Congress said they were confident they could block a Democratic plan to force no-confidence votes on Mr. Rumsfeld and the administration's national security policies on Wednesday. The legislative maneuvering is intended to force Republicans facing tough election battles either to break with the White House or to join the wave of criticism of Mr. Rumsfeld and his management of the war.

A no-confidence vote in the Senate could be a problem for Republicans in tight races, Mr. DeWine, Lincoln Chafee in Rhode Island and Jim Talent in Missouri. Senator Bill Frist of Tennessee, the majority leader, accused Democrats of playing a "pure political game."

Some Republicans in tough races have stuck by the defense secretary. In a television debate on the NBC program "Meet the Press" on Sunday, Senator Rick Santorum of Pennsylvania offered his full support for Mr. Rumsfeld, a statement that Senate Democrats instantly highlighted in e-mail messages sent to reporters.

Even if Mr. Frist succeeds in stopping a no-confidence vote, Democrats clearly intend to make Mr. Rumsfeld a star of their campaign. They said his speech last week had the effect of firing up the fall campaigns; Mr. Emanuel said moderate Democrats who might have had apprehensions about going after Mr. Rumsfeld lost their concern after reading his remarks.

From Connecticut to Colorado, Democratic candidates for the House have either criticized Mr. Rumsfeld or urged his removal. Democratic candidates for Senate in Arizona, Ohio, Pennsylvania, Rhode Island and Tennessee, among others, have criticized him.

"I've talked it over with most of our candidates,'' Mr. Schumer said, "and the majority, if they haven't already, will call on him to step down."

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Republican Candidates Up Criticism Of Sec. Rumsfeld (HILL)

By Aaron Blake

The Hill, September 6, 2006

When it comes to President Bush, Republican candidates around the country are struggling with the well-publicized delicate balance between accepting his fundraising help and separating themselves from his unpopular leadership.

So far, that balancing act has yet to yield any major candidates denouncing the president outright.

When it comes to Bush's defense secretary, Donald Rumsfeld, however, the gloves are increasingly coming off.

New Jersey Senate candidate Tom Kean Jr., Rep. Christopher Shays (R-Conn.) and Rep. Pat Tiberi (R-Ohio) recently became the latest of a handful of Republican candidates around the country to castigate Rumsfeld. A few have gone so far as to call for his resignation, and Kean and Shays, who are in two of the tightest races in the country, say they would support a Democrat-led proposal for a vote of no confidence on the secretary.

Most of the candidates' disfavor is targeted at Rumsfeld, and none of them are offering such forceful statements about President Bush.

The defense secretary has been in the hot seat after a speech he made last week that linked the war's critics to those who wanted to negotiate with Adolf Hitler.

Democrats responded to the speech by saying they intended to pursue the no-confidence vote this month. Rumsfeld has said his speech has been misrepresented, and he sent a letter to top congressional Democrats stating a desire to have a constructive debate.

Kean said last week's speech was the breaking point for him. He said he has been concerned about Rumsfeld for a long time but had held out hope that the secretary would be more willing to listen to other points of view.

The speech proved that Rumsfeld isn't willing to listen, Kean said, and it's time for a "fresh approach." He said he would support the no-confidence vote and that he's optimistic that it won't be just an election-year partisan exercise.

"My hope is that this issue is not going to turn into a political football," said Kean, a top Republican challenger who faces Sen. Bob Menendez (D-N.J.), who has also called for Rumsfeld's job. "This issue's about the men and women in the field."

Shays, a moderate Republican running for his 10th full term, is one of the most vulnerable House members. He faces Democrat Diane Farrell, who has also called for Rumsfeld's resignation.

Two weeks ago, after returning from his 14th trip to Iraq, Shays advocated a timeline, criticized Bush's handling of the war and said he had "no confidence" in Rumsfeld.

Shays said he would support the Rumsfeld vote "if it is solely focused on a vote of no confidence."

"In the long run, however, this resolution is not a solution to the challenges we have in Iraq, and I will continue to conduct tough oversight to work on the real issues we have at hand there," he said.

Tiberi, who faces a less serious challenge from Democrat Bob Shamansky, told The Columbus Dispatch last week that he doesn't support the defense secretary, noting, "If I were president, he would not be the defense secretary."

He also said Rumsfeld is inaccessible to members of Congress and doesn't take criticism well. But Tiberi is not calling for Rumsfeld's ouster, as Kean and Rhode Island Republican Senate candidate Stephen Laffey have.

Laffey, who will face Sen. Lincoln Chafee (R-R.I.) in a primary on Tuesday, originally called for Rumsfeld's job in April. During a recent debate, he reiterated that call and criticized Chafee for declining to do the same.

Interestingly, Laffey has expressed support for the war in Iraq, while Chafee was the only GOP Senator to vote against it. Chafee said keeping Rumsfeld as defense secretary is the president's call. The Democratic candidate, Sheldon Whitehouse, is also calling for Rumsfeld's resignation.

Neither Laffey nor Tiberi commented on the no-confidence vote by press time.

Washington Senate candidate Mike McGavick said he would have accepted Rumsfeld's resignation during the Abu Ghraib scandal, when there was another effort to oust him and Bush declined the secretary's offer to step aside.

McGavick, who is slightly behind Sen. Maria Cantwell (D-Wash.) in the polls, said nothing has happened since Abu Ghraib to change his mind but that it's up to the president whether to keep or dump Rumsfeld. He said he wasn't familiar enough with the no-confidence vote to take a position either way.

"I sure don't feel good about the job he's done," McGavick said. "And if I'd have had my way, he'd have resigned long ago."

Vermont Republican at-large House candidate Martha Rainville, who in May suggested that Rumsfeld should consider retiring, said she would not support a no-confidence vote.

She acknowledged that Rumsfeld "has made many mistakes in the planning and implementation of military operations in Iraq," but she said the vote would not "hasten the dismantling of the worldwide terror network" or "speed the process of turning responsibility for the security of Iraq over to the Iraqi defense forces."

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Similar to Rainville, Rep. Jo Ann Davis (R-Va.) last month hinted that Rumsfeld should resign, only to later clarify that she wasn't calling for his resignation. A spokesman for Davis, who is not vulnerable this year, said the congresswoman supports what the White House is doing in Iraq.

Other Republicans who have criticized Rumsfeld include presumptive 2008 presidential candidate Sen. John McCain (R-Ariz.) and Sen. Chuck Hagel (R-Neb.), who have both said they have "no confidence" in him. Both say it's the president's prerogative, however, whether to keep him on board.

At the same time, several major Republicans this weekend strongly rebuffed suggestions that Rumsfeld isn't doing his job well and should resign.

Asked about the secretary during a debate Sunday on NBC's "Meet the Press," Sen. Rick Santorum (R-Pa.) said Rumsfeld is doing "a fine job." Santorum, who has long trailed Democrat Bob Casey but is narrowing the gap, also said President Bush is doing "a terrific job."

And on CBS's "Face the Nation," Senate Majority Whip Mitch McConnell (R-Ky.) said he thought Rumsfeld would be remembered in history as one of the great defense secretaries.

Republicans Set Stage To Block Votes On Rumsfeld (WSJ)

By David Rogers

The Wall Street Journal, September 6, 2006

WASHINGTON -- With election-year tensions rising over the Iraq war, Republican leaders in Congress signaled they would block floor votes on a Democratic resolution expressing no confidence in Defense Secretary Donald Rumsfeld.

"It's a purely political game," said Senate Majority Leader Bill Frist (R., Tenn.) House Majority Leader John Boehner (R., Ohio) praised Mr. Rumsfeld as "the perfect person" to have been defense secretary over the past five years.

Senate Democrats, hoping to put vulnerable Republicans on the spot prior to November's election, are preparing a resolution to be offered today as an amendment to a pending defense-appropriations bill for the fiscal year beginning Oct. 1.

But under a 2000 precedent, the proposal is likely to be judged nongermane to the underlying measure.

Mr. Frist's office said the leadership will insist the amendment be dropped if ruled out of order.

In the House's case, Mr. Boehner and Speaker Dennis Hastert (R., Ill.) enjoy tight control of what can or can't be brought to the House floor. Meeting with reporters, Mr. Boehner signaled he wouldn't schedule a vote on such a resolution and launched into a defense of Mr. Rumsfeld's tenure at the Pentagon.

"He knows more about the Pentagon, more about the quality of the military than virtually anybody in the United States," Mr. Boehner said. "He knows where the bodies are buried at the Pentagon, and he has a strong enough will to make the changes necessary to reform that operation."

With lawmakers returning for an abbreviated pre-election session, the skirmishing underscores the extraordinary level of partisanship that has permeated national-security debates, especially over Iraq.

Republican leaders yesterday repeatedly baited Democrats by speaking of the minority party as defeatist and indecisive in defending American interests. For their part, Democrats are demanding votes to try to divide Republicans from the administration and slow the White House's public-relations campaign on Iraq prior to the November elections.

Real legislation may yet emerge from this month's session, as House and Senate committees begin hearings and drafting sessions to address legal issues related to the warrantless surveillance of communications and military tribunals for enemy combatants at Guantanamo Bay. But divisions among House and Senate Republicans make progress on domestic issues less likely.

Mr. Boehner did open the door further to a pre-election bid to permanently extend the expanded $1,000 child-tax credit. "We have not made any decisions, but as an example...making the child-tax credit permanent, I think would give people confidence that we're serious," he said.

As for immigration overhaul, Mr. Boehner remained opposed to the Senate-passed bill and suggested only that Congress could work to improve funding for border security while talks continue.

Regarding bills to allow more energy exploration on the outer continental shelf, he said, "We really do believe we have a much better bill than the Senate passed."

And he showed no willingness to reconsider an August bill -- now stymied in the Senate -- that combines cuts in the estate tax with a proposed minimum wage-increase and tax-break extensions. "There is not going to be any attempt to take them apart," he said.

New Themes For The Same Old Songs (NYT)

By Maureen Dowd

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The New York Times, September 6, 2006

Washington

W. and Katie were both on TV at 6:30 last night, trying to prove they were a man.

Katie won, by a whisker.

The president and the anchor were on a big push this week to prove they could be the daddy at the helm, trustworthy authority figures who could guide America through tumultuous times. She wanted to prove that she was a commander; he wanted to prove that he was an anchor.

The fate of a network, and the fate of a republic, would appear to hinge on gender issues.

W., Dick Cheney and Rummy are on a campaign to scare Americans into believing that limp-wristed Democrats will curtsy to Islamic radicals and Iranian tyrants, just as Chamberlain bowed to Hitler, and that only the über-manly Republicans can keep totalitarianism, fascism and the Al Qaeda "threat to civilization" at bay. If they were women, their rhetoric would be described with adjectives like shrill, strident, illogical and hysterical. But since they are men, we'll just call it Churchill envy.

"Now, I know some of our country hear the terrorists' words, and hope that they will not, or cannot, do what they say," Mr. Bush said in a speech yesterday to a military group, which was the second story on the first evening news show anchored by the first solo female network anchor. "History teaches that underestimating the words of evil and ambitious men is a terrible mistake." Mr. Bush said that the world failed to heed Lenin and Hitler, and it was essential to pay attention to bin Laden.

Too bad the president didn't take time out from clearing brush at the ranch long enough back in August of 2001 to pay attention to an intelligence paper headlined "Bin Laden Determined to Attack Inside the United States."

After playing down bin Laden for years, barely mentioning him and minimizing his importance, W. has once more picked up a metaphorical bullhorn on the cusp of the 9/11 anniversary to make Osama the villain, using his name 18 times in a 40-minute speech. Once it would have made a difference to decapitate Osama, and it would still be great to do it. But it's too late to stop Al Qaeda that way now. The organization has diffused to a state of mind, fueled by hatred of U.S. occupation of Muslim land.

W.'s plan to save his legacy and keep Congress out of Democratic hands is to absorb a misbegotten and mishandled war, Iraq, into the good wars of the 20th century, World War II and the cold war. Instead of just admitting he bollixed up Iraq, W. and his henchmen are ratcheting up, fusing enemies willy-nilly, running around giving speeches with the simplistic, black-helicopter paranoid message: All those scary Arabs are in league to knock us off and institute the rule of Allah.

The president and his men have been trying to get everyone excited by repackaging and giving a new theme song to the same old things, just as Katie and CBS were trying to get everyone excited by repackaging and giving a new theme song to a newscast that turned out to be the same old newscast, just with more legs.

Les Moonves and Ms. Couric tried to wrap her debut in historical significance. She's the Jackie Robinson of network news, Mr. Moonves told me.

In an interview on the local CBS affiliate that aired just before her debut, Katie said she had taken the job at her daughters' urging, and her daughter Carrie told her to do it "because you'll be the first woman to do that job by yourself. So I was like, cue Helen Reddy. Who knew I was raising such a little feminist?"

The press had lots of commentary like the one by Lauren Stiller Rikleen, titled "Women need Katie Couric to succeed."

Actually, the minute Katie Couric was given a $15 million paycheck to read from a teleprompter for 15 or 20 minutes a night, women won. Women have been doing that at the BBC and on American cable stations for years, and for a lot less dough. Jackie Robinson represented a revolution; Katie Couric represented a promotion.

The sad truth is, women only get to the top of places like the network evening news and Hollywood after those places are devalued.

He's got ratings and she's got ratings. His party's voters; her network's viewers. So we're talking about the personal fulfillment of two people — W. and Katie — disguised and peddled as the fulfillment of a higher ideal. It's marketing tricked out as ideology.

Revised Army Rules To Prohibit Torture (LAT)

By Julian E. Barnes

The Los Angeles Times, September 6, 2006

WASHINGTON — Bowing to critics of its tough interrogation policies, the Pentagon is issuing a new Army field manual that provides Geneva Convention protections for all detainees and eliminates a secret list of interrogation tactics.

The manual, set for release today, also reverses an earlier decision to maintain two interrogation standards — one for traditional prisoners of war and another for "unlawful combatants" captured during a conflict but not affiliated with a nation's military force. It will ban the use of such controversial methods as forcing prisoners to endure long periods of solitary

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confinement, using military dogs to threaten prisoners, putting hoods over inmates' heads and strapping detainees to boards and dunking them in water to simulate drowning, defense officials said.

The manual and its related policy directives — the legal framework for interrogations — originally were to be released in the spring. But when State Department officials and Republican senators on the Armed Services Committee raised objections, they were pulled back.

The Pentagon's decision to drop the objectionable provisions appears to mark a victory for advocates of closer U.S. adherence to the protections of the Geneva Convention, an international agreement on the treatment of prisoners and others during wartime. Human rights groups said they planned to study the manual carefully to see what parts of the international treaty it included and what it left out.

"If the new field manual embraces the Geneva Convention, it is an important return to the rule of law," said Jumana Musa, an advocacy director for Amnesty International. "It is an important public statement."

The Army completed a version of the document over a year ago. But the manual grew in importance when Congress approved an amendment to a defense budget bill that banned torture and established the guide as the standard for treatment of detainees in all U.S. military facilities. The amendment was offered by Sen. John McCain (R-Ariz.), who was tortured while a prisoner of war in Vietnam.

Under the new guidelines, prisoners of war — defined as members of uniformed militaries captured on a battlefield — may receive certain extra considerations as mandated by the Geneva Convention, such as being allowed to retain their personal effects and to refuse to answer detailed questions. But ceding to congressional demands, the manual establishes a single baseline standard of care and treatment for all detainees, regardless of their status.

"All detainees will be treated consistent with Common Article 3 of the Geneva Convention," said a military official, who was not allowed to discuss the manual before it was made public and spoke only on condition of anonymity.

Common Article 3 — found in each of the four Geneva pacts approved in 1949 — prohibits torture and cruel treatment. Unlike other parts of the Geneva agreements, it covers all detainees, whether they are unlawful combatants or traditional prisoners of war.

After the abuse of detainees at Iraq's Abu Ghraib prison came to light in 2004, some Defense Department lawyers pushed to incorporate the protections of Common Article 3 into the field manual. But senior political appointees argued that doing so would tie the hands of U.S. troops by outlawing long periods of confinement or allowing detainees to accuse the military of "humiliating or degrading treatment," which is banned by the provision.

Because of those objections, senior Pentagon officials decided that the manual and the accompanying policy directives would demand that detainees be treated humanely, but would avoid any direct mention of Geneva.

But in June, the Supreme Court ruled in Hamdan vs. Rumsfeld that the provisions of the Geneva Convention could be applied to an unconventional conflict, like the war on terrorism. The court said that Common Article 3 covered all individuals caught up in a conflict, whether part of a regular military force or not.

A little over a week later, Deputy Defense Secretary Gordon R. England issued a memorandum saying that the U.S. military would adhere to the standards in Common Article 3.

The manual's guidelines will apply to all prisoners held in Defense Department facilities and to all interrogators working there. Under the McCain amendment, the protections also will apply to CIA prisoners held in Defense Department prisons or bases.

They will not apply to CIA interrogators working in prisons run by other countries, although under the McCain amendment, those prisoners must be treated humanely and cannot be tortured.

The Pentagon had intended to keep some of its interrogation techniques classified. Some military officials believe that releasing such tactics would make it easier for terrorists to learn how to resist questioning.

But when State Department officials saw a draft of the manual earlier this year, they raised reservations about the classified list. They expressed concern that even if the techniques were humane and lawful, some advocacy groups and other countries would assume the worst and insist that by maintaining a secret list, the United States must be allowing torture.

The revision of the Army manual began after an international outcry over the Abu Ghraib scandal, as well as questions over the treatment of hundreds of detainees at Guantanamo Bay, Cuba. The new language is plain and easily understood — "designed to be used by soldiers," the military official said.

Military officials say the new manual tries to address the lessons investigators have drawn from Abu Ghraib, including rebuilding the wall between soldiers assigned to interrogate detainees and those who run the prison. Some of the abuses at Abu Ghraib began after officers who had worked at Guantanamo were brought to Iraq and recommended using military police to "set the conditions" for interrogators. Musa, the lawyer for Amnesty International, said the Bush administration had created confusion in the military by establishing different standards of treatment for Guantanamo Bay, Afghanistan and Iraq.

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"There was confusion," Musa said. "There needs to be a clear message to soldiers about what is acceptable and what is not."

GOP Senators Differ With President On Military Trials (WP)

By R. Jeffrey Smith

The Washington Post, September 6, 2006

Key Republican senators have drafted a legislative plan for special military trials of suspected terrorists that diverges from a recent Bush administration plan by granting defendants rights that the White House has sought to proscribe, government officials said yesterday.

Under the lawmakers' plan, any future military trials of the nearly 200 eligible U.S. detainees held in military prisons at Guantanamo Bay, Cuba, and other locations around the world would be governed by a law that explicitly ensures that defendants have the right to know the evidence against them.

The Bush administration has long maintained that no law is needed to establish a system of military commissions, as they are known, for trials of terrorism suspects, but the Supreme Court ruled otherwise in June. The administration still contends that military prosecutors should be able to present sensitive evidence to military judges but withhold it from defendants.

But the sponsors of the legislation -- Senate Armed Services Committee Chairman John W. Warner (R-Va.), Sen. John McCain (R-Ariz.) and Sen. Lindsey O. Graham (R-S.C.) -- disagreed. They have embraced the view of senior uniformed military lawyers that blocking defendants' access to evidence would violate long-standing due-process standards and set a dangerous precedent for trials of captured U.S. military personnel.

The White House has tried to stymie what it views as an act of party rebellion on the matter, dispatching acting Assistant Attorney General Steven G. Bradbury, the head of the Justice Department's Office of Legal Counsel, to complain about the draft on Capitol Hill last week. White House national security adviser Stephen J. Hadley has also tried to persuade lawmakers to withdraw or modify their measure.

But Senate sources said that Majority Leader Bill Frist (R-Tenn.) is considering a plan to bring the legislation to the floor next week under a special rule, bypassing the normal requirement for prior approval by a committee. The Senate is rushing to complete essential pre-election work by the end of this month.

The three Republicans have circulated their draft to Republican and Democratic colleagues on the Armed Services Committee, and two congressional sources said yesterday that there is significant consensus on its major provisions. The language of some parts is still being negotiated, they said, but the section on defendants' access to the evidence against them is settled.

White House spokeswoman Dana Perino said she understood that Senate lawmakers were "working off" the administration's draft and were in close consultation with White House officials.

Administration appointees have previously said the difficulty of obtaining and protecting information on terrorism may require that some evidence be presented to military tribunals secretly, with defendants denied the chance to know about it and excluded from trials when it is discussed.

But critics have said that defendants must have the right to challenge the validity of any evidence presented at trial, and that classified information can either be declassified or summarized. As in military court-martial proceedings, "any evidence presented to the jury would be available to the defendant" under the Senate proposal, one source said. Juries would consist of military officers.

The final version of the administration's legislative draft is slated to be released today after a speech on the subject by President Bush. It is expected to retain provisions that allow military prosecutors to introduce evidence collected during coercive interrogations that fall short of torture and evidence obtained through hearsay.

The Senate lawmakers' plan contains more restrictive language on these points than the administration favors and hews closer to existing military procedures, officials said. It also jettisons an administration proposal to create a new military appellate court to review trial decisions, relying instead on an existing military court of appeals.

Pentagon officials also plan to release the Army's new field manual on interrogations as soon as today. The document, which has been in the works for many months, is expected to redefine the parameters under which all U.S. military interrogators operate.

Military and congressional officials said yesterday that the manual will specify the techniques interrogators may use when questioning people captured on the battlefield and clarify previously vague administration instructions on the treatment of detainees. The old manual has been under revision since the abuse at the Abu Ghraib prison in Iraq surfaced in 2004.

The new manual will apply to all military personnel under a law passed last year that made the field manual the official guidance for all Defense Department employees. Officials said yesterday that, in a concession to key Senate lawmakers, there

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will be no classified annex to the document, meaning that all U.S. interrogation tactics and their applications will be in the public record.

Lt. Gen. John F. Kimmons, the Army's deputy chief of staff for intelligence, briefed senior members of the Senate Armed Services Committee yesterday afternoon on the inches-thick manual. Sen. Carl M. Levin (D-Mich.), the committee's ranking member, said that at first glance, it appears that the manual deals with problems identified over the past two years.

"There appear to be significant changes in the right direction," Levin said yesterday after a private briefing with Warner. "But I will study it overnight."

Attorney General Gonzales Supports Military Tribunals (MCT)

By Greg Gordon And James Rosen, McClatchy Newspapers

McClatchy, September 6, 2006

WASHINGTON - Attorney General Alberto Gonzales said Tuesday that it would be difficult to bring top al-Qaida captives, such as suspected Sept. 11 mastermind Khalid Shaikh Mohammed, to trial without a special court designed to keep secrets gathered in the war on terrorism.

His comments upped the stakes in the administration's negotiations with Congress over what kind of special military commissions would be needed to prosecute jailed terrorist suspects.

Recently, the Supreme Court rejected the idea of such courts because they had few safeguards for the accused and were set up by President Bush without congressional approval.

During a wide-ranging briefing days before the fifth anniversary of the Sept. 11, 2001, attacks, Gonzales said the administration worked over Congress' August recess to win support for legislation creating the tribunals. He said that once established, the tribunals would "allow us to bring dangerous terrorists to justice."

Such a controversial proposal, likely to provide defendants with many fewer legal rights than those offered to soldiers in traditional military courts, could draw considerable opposition in Congress.

Sen. Lindsey Graham, a South Carolina Republican and Air Force Reserve lawyer who's a key player in the negotiations with the White House, called the tribunals "very troubling" and said support for the administration's version of them would be hard to find.

Gonzales also voiced deepening concerns about the threat of homegrown Islamic terrorists being radicalized and trained over the Internet. And he said that the Justice Department would assess whether to bring U.S. charges against any suspects in the foiled, British-based plot to use liquid explosives to blow-up trans-Atlantic flights.

So far, the only person tried in the United States for involvement in the Sept. 11 hijackings is al-Qaida operative Zacarias Moussaoui, who pleaded guilty to conspiring with the Sept. 11 hijackers but was spared the death penalty by a jury last May.

Several suspected senior al-Qaida members are in U.S. custody, but none has been charged.

Gonzales noted that in the weeks after Sept. 11, there was "a great deal of discussions and debate in the administration" about whether the young Frenchman of Moroccan descent, who was arrested while taking flight lessons 26 days before the attacks, should be prosecuted in U.S. courts or before a military commission.

"The truth of the matter is, we all felt an obligation to know, was it possible to try a terrorist in (a civil court) where you might have to put at risk classified information, where that terrorist may insist on having direct access to someone that's being detained by the United States," said Gonzales, who was the White House counsel at the time.

Moussaoui and his lawyers forced a two-year legal impasse by demanding access to Shaikh Mohammed and several other suspected senior al-Qaida operatives captured and held at undisclosed sites overseas. The detainees ultimately denied that Moussaoui knew of the Sept. 11 plot. U.S. intelligence officers were holding the captives in isolation for lengthy interrogations in hopes of gleaning information that would prevent future attacks.

Gonzales said that the court decisions in the case, which ultimately forced the government to produce declassified statements from the captives, were "very helpful things to learn in bringing justice to other terrorists that we are detaining."

"I think it shows that these are very, very hard cases to make, if you think about the amount of money that was spent, the manpower used to bring (Moussaoui) to justice," Gonzales said. The government has yet to disclose the cost of the trial, in which Moussaoui wound up getting the same life sentence he would have received after pleading guilty a year earlier, but Gonzales said it was "millions of dollars."

While Shaikh Mohammed's 56-page statement was among those read at the trial, Gonzales declined Tuesday to confirm whether he's in custody. But, he said, "if we had an individual like KSM, I would suspect that we would look to see if he can be tried before a military commission."

Gonzales said that military commissions, "in a time of war," should be governed by procedures that don't force the government to decide between prosecuting terrorists and protecting classified information.

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Graham said the Senate Armed Services Committee is close to reaching a consensus on a bipartisan bill that would establish the format and procedures of special military commissions for terrorism detainees, but he indicated that roadblocks remain.

While Graham said that administration officials are involved in the negotiations, he said there's disagreement over how classified information would be handled during trials before the tribunals.

Graham said he and other senators oppose an administration proposal to make such information available to the military prosecutors and defense lawyers, but not to the defendants.

"I find that very troubling," Graham said in an interview. "It raises ethical and constitutional questions. The idea of sending someone to jail based on evidence they didn't see or hear is a bridge too far for me."

Last Friday, a watchdog group from the National Institute of Military Justice urged members of the Senate committee to apply the same principles of law and evidentiary rules in any new commissions as are used for general courts-martial.

Graham said he has a separate disagreement with some Senate Democrats who want the more than 400 lawsuits filed by Guantanamo Bay detainees - most of them captured in Afghanistan - to remain on the federal court docket. Graham is pushing a compromise measure that would dismiss those lawsuits and have them refiled, but would allow them to deal only with the issue of whether a detainee is being properly held, not whether he was mistreated while in custody.

Bush Stresses Importance Of War On Terrorism (MCT)

By Mark Silva And Andrew Zajac, Chicago Tribune

Chicago Tribune, September 6, 2006

WASHINGTON - President Bush on Tuesday invoked the mastermind of the Sept. 11 terrorist attacks, Osama bin Laden, warning that the United States faces an unrelenting terrorist threat from an international network of Islamic radicals as Republicans hope to press the issue of national security in the fall elections.

As part of a series of speeches that coincide with the fifth anniversary of the attacks, the president again linked the war on terror with the war in Iraq - even in the face of escalating deaths of Iraqis in sectarian violence and fresh evidence of a resurgent Taliban in Afghanistan. The administration also released a new national strategy for combating terrorism, with Cabinet secretaries and congressional Republicans echoing Bush's message.

The president is playing to what both he and his party perceive as their greatest political strength, namely public confidence in the GOP's resolve on the war against terrorism. But Democrats quickly countered that the president was waging an election season "PR campaign" that masked failed policies.

"Five years after our nation was attacked, the terrorist danger remains," Bush said in an address to the Military Officers Association of America in Washington. "We're on the offense against the terrorists on every battlefront, and we'll accept nothing less than complete victory."

In a tactical and rhetorical shift, the president invoked the name of bin Laden 17 times to make his argument more vivid. Democrats countered that the administration's insistence on waging an unpopular war in Iraq has made the nation less safe and indeed has fomented a new generation of terrorists.

"History teaches that underestimating the words of evil and ambitious men is a terrible mistake," Bush said. "Bin Laden and his terrorist allies have made (their) intentions as clear as Lenin and Hitler before them. The question is, will we listen?"

Bush, whose popularity peaked in the weeks following the attacks on New York and the Pentagon, plans to return to both sites on Monday, the fifth anniversary, as well as to Pennsylvania, where the passengers on a fourth commandeered airliner forced it into the ground.

But his support has eroded steadily, with little more than one-third of Americans surveyed saying they believe the U.S. is winning the war on terror.

Yet, as the war in Iraq stands as the most pressing issue on the minds of most Americans in the Gallup Poll, Gallup Editor-in-Chief Frank Newport says Republicans stand to benefit this fall if the GOP can remind voters of the persisting threat of terrorism.

"It's an issue that, if you remind people about it, they will say, `Yes, it is a big concern,'" Newport said Tuesday. "But it is not actively at the front of their minds.

"The strategy of the Republicans makes sense, from their perspective," he said. "They are saying we need to move this concern from the back of peoples' minds to the front of their minds leading to the elections in November."

With Democratic leaders, and even some Republicans in tough election contests, now calling for a timetable for withdrawal of U.S. troops from Iraq, Democrats insist that the Republican Party's promises of a strong national defense cannot withstand an examination of Bush's policies.

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"The majority party in power fails to understand the basic concept of fighting terror: We can't dry up the wellspring of hatred which is driving terrorist recruiting by making more enemies than friends," said retired Army Gen. Wesley Clark, a former Supreme Allied Commander of NATO forces who ran for president as a Democrat in 2004.

The Bush administration insists that the United States is "safer" today than five years ago, yet still "vulnerable," as Atty. Gen. Alberto Gonzales put it Tuesday in highlighting steps the Justice Department has taken to thwart another domestic terror attack.

Gonzales noted the passage of the Patriot Act, creation of the Department of Homeland Security and the Directorate of National Intelligence and increased cooperation between federal investigators and foreign governments and with state and local governments.

"We are safer today, but we are still vulnerable," he said, adding that another attack remains "a question of when, not a question of if."

With the issuance of a 23-page strategy for combating terrorism - its first public document on counterterrorism strategy since February 2003 - the White House has identified the enemy as "a transnational terrorist movement" of Islamic radicals.

The strategy spells out four short-term goals: Preventing attacks by terrorist networks; denying weapons of mass destruction for "rogue states" and terrorists; denying terrorists the support and sanctuary of rogue states; and preventing terrorists from using any nation as a "launching pad" for terrorism.

Asked if al-Qaida poses less of a threat to the U.S. now than it did in 2001, Fran Townsend, the White House adviser for homeland security and terrorism, said: "They continue to this day to obsess about killing mass amounts of Americans . . . Where we have been most successful is in undermining the capability for them to execute those attacks . . . In that regard, yes, I do think we're safer, but there's more to be done."

Bush Says Al-Qaeda Remains Threat 5 Years After 9-11 (Update4) (BLOOM)

By Roger Runningen And Richard Keil

Bloomberg, September 6, 2006

Sept. 5 (Bloomberg) -- President George W. Bush said that, five years after the Sept. 11 attacks, America faces a still dangerous al-Qaeda terrorist network intent on crippling U.S. financial markets and breaking its citizens' will to continue the fight in Iraq.

``The terrorist danger remains," Bush said today in a speech in Washington to the Military Officers Association of America. ``We are a nation at war and America and her allies are fighting this war with relentless determination."

Bush's speech, the second of what aides say will be a series on terrorism and the conflict in Iraq, comes less than two months before November's mid-term congressional elections.

Bush last week said that the speeches are not intended to be political and instead are aimed at rallying the public to support the war on terrorism. They will lead up to the president's address to the United Nations General Assembly later this month.

``We will not rest, we will not retreat and we will not withdraw from the fight until this threat to civilization has been removed," the president said.

Strategy Update

Earlier today the president's top homeland security advisers released an update of the U.S. strategy to combat terrorism, noting that challenges are mounting because terrorist groups and organizations are far less centralized than they were before the Sept. 11 terrorist attacks five years ago.

``The terrorist networks today are more dispersed and less centralized," the White House document says. ``They are more reliant on smaller cells inspired by a common ideology and less directed by a central command structure."

The American public is increasingly skeptical about the administration's course in Iraq. Thirty percent of those surveyed in an Aug. 17-21 CBS News/New York Times poll said they approve of how the president has handled Iraq. As he tries to make the case that this Middle Eastern nation is the central front of the war against terrorism, 51 percent of those surveyed said the two aren't connected.

Republicans, under the guidance of Karl Rove, Bush's top political adviser, made terrorism and national security a focal point of their 2002 mid-term election strategy, when they bucked historical trends and increased their congressional majorities.

Weaker Today

Bush also relied heavily on terrorism and national security themes in his 2004 re-election bid. Polls showed that Bush widened his lead over Democratic nominee John Kerry after al- Qaeda leader Osama bin Laden released an audiotape five days before voters went to the polls.

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Bush enters this election season in a far weaker position politically, with his own job approval ratings about half what they were four years ago and with numerous surveys showing voters giving an edge to Democrats over Republicans in their own congressional districts.

Democrats prepared their own rebuttal to Bush's anti- terrorism strategy and his speeches, releasing a report today that concludes ``the Bush administration has failed'' in its handling of security challenges.

``The number of terrorist attacks and recruits are up worldwide; many of our enemies are stronger; their reach is greater; their weapons of mass destruction are more developed, plentiful and available,'' the report says. It was released by Senate Minority Leader Harry Reid of Nevada and retired General Wesley Clark, a former commander of the North Atlantic Treaty Organization who sought the party's presidential nomination in 2004.

`Dangerous World'

``The facts do not lie,'' Reid said. ``Under the Bush administration and this Republican Congress, America is less safe, facing greater threats, and unprepared for the dangerous world in which we live.''

Bush will make his third speech in the series tomorrow from the White House. The president also will offer proposed legislation to address a U.S. Supreme Court ruling in June that he doesn't have authority to try suspected terrorists before military tribunals, White House spokeswoman Dana Perino said.

The court ruled in a case involving Salim Ahmed Hamdan, bin Laden's former driver, that Congress hadn't expressly authorized such tribunals. The ruling was a blow to the administration's anti-terrorism strategy and opened the way for legal challenges by hundreds of other detainees from overseas being held at the U.S. base at Guantanamo Bay, Cuba.

Iraq and Terrorism

Bush, in today's speech, insisted that the war in Iraq is now central to the war on terror and that any retreat from the fight there -- or from the campaign against al-Qaeda or Sunni or Shiite Muslim extremist groups -- would put the U.S. in the position of other governments that failed to take early action against Russia's Vladimir Lenin or Germany's Adolph Hitler.

``If we retreat from Iraq, 50 years from now history will look back at our time with undeniable clarity and demand to know why we did not act,'' Bush said. ``I'm not going to allow this to happen.''

Bush said al-Qaeda remains dangerous even though many of the principal planners of the Sept. 11 attacks and the insurgency in Iraq have been killed or captured. Other groups have emerged that share al-Qaeda's hatred of the U.S., he said.

``As al-Qaeda changes, the broader terrorist movement is changing, becoming more dispersed and self-directed,'' the president said.

Bush said that captured documents and statements from al- Qaeda's operative make clear that the terrorist group remains intent on attacking cities like New York and other financial nerve centers in the U.S.

``Bin Laden calls this his bleed-to-bankruptcy plan,'' Bush said.

`Evolving Threat'

The administration's revised strategy document says ``the terrorists have adjusted, and so we must continue to refine our strategy to meet the evolving threat.'' The U.S. strategy to combat ``the radical ideology that justifies the use of violence'' will include:

-- advancing democracies as a long-term antidote;

-- preventing weapons of mass destruction in rogue states and their terrorist allies;

-- preventing terror networks from using nations as a safe haven from which to launch attacks; and,

-- building institutions that can help fight terrorists.

Attorney General Alberto Gonzales, speaking with reporters in Washington today, said there is a ``rising threat of homegrown terrorists.'' He predicted the U.S. be attacked again.

``I think it is a question of when, not a question of if,'' Gonzales said. ``We have a very determined enemy and it is something I am worried about.''

He said he couldn't predict when the war on terrorism will be over. ``We know it isn't today,'' Gonzales said. ``We're not safe today. The battle continues.''

To contact the reporter on this story: Roger Runningen in Washington at rrunningen@bloomberg.net ; Richard Keil in Washington at dkeil@bloomberg.net

Editorial: Prosecution Dispute (STNIA)

Staten Island Advance (NY), September 5, 2006

Contray to what is the accepted conclusion, fueled by almost daily headlines and pronouncements from the White House, terrorism prosecutions appear to have declined significantly since Sept. 11, 2001.

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In a newly released report of all available data related to Justice Department prosecutions of terrorism cases, which surged in volume after Sept. 11, the conclusion reached is that such arrests and convictions are now at the levels they were prior to the tragic event.

The report, conducted by the Transactional Records Access Clearinghouse (TRAC), an affiliate of Syracuse University in New York, is already causing controversy and White House denials, just as previous ones have done that reached the same conclusions.

According to this latest independent analysis of government data, as many as nine out of 10 terrorism investigations do not result in prosecutions.

In addition, the study revealed the charges on which the majority of defendants were arrested had nothing whatsoever to do with terrorism, and that only about a third of those suspects prosecuted ended up in prison.

The findings, based on data compiled by the Justice Department's Executive Office for United States Attorneys, echo previous analyses by The Washington Post and others that have consistently come to the same conclusions that most defendants in terrorism cases are charged with crimes unrelated to terrorism and that many serve little or no prison time.

What sets the TRAC apart from other such studies is that its data provides new insight into the extent to which prosecutions surged immediately after the Sept. 11 attacks, only to return to the far lower levels of previous years.

For instance, in 2002, federal prosecutors filed charges against 355 defendants in international terrorism cases. But, by last year, that number had dropped to 46, fewer than in 2001. And just 19 cases have been prosecuted so far this year, the study revealed.

Authors of the TRAC report called the decline in prosecutions "unexpected" and indicated that the Justice Department findings appear to contradict the terrorists warnings that have been issued by the Bush administration on a regular basis.

The report stated: "Considering the numerous warning statements from President Bush and other federal officials about the continuing nature of the terrorism threat . . . the gradual decline in these cases since the FY 2002 high point and the high rate at which prosecutors are declining to prosecute terrorism cases raises questions."

The Bush administration reaction to the latest report's findings was not unexpected.

Justice Department spokesman Bryan Sierra said in a statement late last week that the report contains "many flaws" and "misleading analysis." He claimed that sentencing statistics are not a good measure of the department's counterterrorism efforts, and that it is not surprising that many referrals from the FBI or other investigative agencies do not result in prosecutions.

"This report does not take into account the significance of the Justice Department's successful strategy of prevention through prosecution, which has helped protect this country from terrorists since the attacks of Sept. 11th," Mr. Sierra's statement read. "The department will continue to employ this strategy and work tirelessly to prevent another attack on U.S. soil."

However, the TRAC's report is the latest in a series of disagreements over the effectiveness of the Justice Department's anti-terrorism efforts.

Now, it's apparently true that those statistics -- depending on which ones are being used -- could tilt the findings a little this way or that.

The TRAC study is based on month-by-month data compiled by the U.S. attorney's office and includes more than 6,400 referrals in "international terrorism" and "antiterrorism" cases since Sept. 11.

In comparison, the statistical analysis used by Attorney General Alberto R. Gonzales and other administration officials , is based on a much smaller list of terrorism-related cases compiled by the Criminal Division, which as of June included 441 defendants and 261 convictions.

An earlier Washington Post analysis came to the same conclusion all the other studies in recent months have, and using Mr. Gonzales' list, the Post and others still found that most of the defendants were charged with crimes unrelated to terrorism and that nearly half had no demonstrated connection to terrorists. The Post and others learned through the U.S. Justice Department and other federal policing agencies, that many defendants were even explicitly cleared of terrorism links by the FBI or prosecutors.

Troubling is that even though the defendants were cleared by the nation's top domestic policing agency, the FBI, and government prosecutors, that their cases were still tallied as terrorism-related convictions by the Justice Department, according to news reports.

The TRAC study also found that prosecutors have declined to bring charges in about two-thirds of the nearly 1,400 international terrorism cases referred by the FBI and other agencies over the last five years, often because of weak evidence or a lack of evidence.

In 2006, the rate has climbed to nine out of 10 referrals. The study identified 213 convictions, including 123 defendants who were sentenced to prison. Many of the cases included non-terrorism charges, such as credit card fraud, immigration violations or money laundering.

Deputy Attorney General Paul J. McNulty, who released a "white paper" in June defending the department's counterterrorism record, explained that prosecutors often must use minor charges to deal with suspects who may pose a potential threat.

A point Mr. Sierra reiterated in his statement.

"Calling upon a wide range of offenses allows us to engage the enemy earlier than if we waited for them to act first," his statement read. "Accomplishing the vital goal of disruption and prevention."

Mid-term elections are less than two months away, and the Republican Party -- and by extension the Bush administration -- has seen its poll numbers near tanking. Terrorism has become the only issue, and the White House, with the president making a series of high-profile speeches on the topic, is doing its best to stem the flow of voter backlash.

However, a savvy administration spokesman could make the case that Bruce Hoffman, a terrorism expert and Georgetown University professor, has made: "The drop in prosecution numbers makes sense and should not be viewed as a sign that the threat posed by terrorists within the United States is overblown."

Instead, he said, it is probably a sign that federal prosecutors are "getting better at separating the wheat from the chaff."

"You want a balance between not looking under every bed but also guarding against real threats," he said. "Especially after 9/11, there was an inclination to just vacuum up everything. There may be a greater sense of discrimination now between what is and what isn't important."

Those who attacked us on 9/11 didn't just kill Democrats or Republicans, but Americans, a fact that is often lost in the debate over who or what party can better protect America from another attack. Any success, regardless on whose watch it occurs, should be considered a good thing. If in fact, the numbers are going down because we are finally getting the real bad guys, why not acknowledge it and take credit?

The only reason we can come up with is some in these highly partisan times, believe that fear generates votes. We believe such a cynical self-serving view point and political tactic is bad for America.

Republican Rift Over Wiretapping Widens (WP)

By Jonathan Weisman

The Washington Post, September 6, 2006

Deepening Republican divisions over the future of President Bush's warrantless wiretapping program may jeopardize GOP leaders' hopes of making terrorism surveillance legislation a centerpiece of their final legislative push this month.

House and Senate Republican leaders plan to focus congressional attention almost exclusively on national security, hoping to draw clear distinctions between Republicans and Democrats ahead of the November elections. Topping the to-do list is passing legislation officially sanctioning the National Security Agency's secret wiretapping of suspected terrorist communications. The eavesdropping has been carried out without warrants since the Sept. 11, 2001, attacks. A federal judge in Detroit recently ruled the program illegal.

Republican leaders have planned to produce legislation by month's end that would give the administration as much latitude as possible to continue the program. But that effort may be splintering. The Senate Judiciary Committee will consider as many as four contradictory bills on the issue tomorrow and could approve all of them. That would leave it to Senate leaders and the White House to sort out how to proceed.

Meanwhile, House Republican leaders and the chairmen of the House Judiciary and intelligence committees are coalescing around surveillance legislation that goes beyond legislation negotiated by Vice President Cheney and Senate Judiciary Committee Chairman Arlen Specter (R-Pa.).

"You need checks and balances in place to make sure future administrations or even civil servants don't get out of line," said Rep. Heather A. Wilson (R-N.M.), sponsor of the main House surveillance bill. Unlike Specter's bill, she added, "my bill was not authorized by the White House."

At issue is the balance between congressional oversight and executive- branch latitude. In July, Specter announced what he called "a major breakthrough" when he presented legislation backed by the White House that would allow the administration to submit the NSA's warrantless wiretapping program to a secret intelligence court for review of its legality. Under the bill, the secret court that now administers surveillance under the Foreign Intelligence Surveillance Act would be permitted to review the legality of the program as a whole and not individual wiretaps, which could continue without warrants.

Republican leaders rallied around the deal, apparently believing they could portray Democratic opposition as evidence that their opponents are soft on terrorism. But since then, some Republicans have moved to toughen the terms of the agreement.

Sens. Mike DeWine (Ohio), Lindsey O. Graham (S.C.), Chuck Hagel (Neb.) and Olympia J. Snowe (Maine) sponsored a competing bill that would require a court-issued warrant for wiretapping beyond 45 days, unless the attorney general certifies to Congress in writing and under oath that such a warrant could not be obtained but that the surveillance is necessary for national

security. With DeWine and Graham on the Judiciary Committee, the legislation is likely to be approved tomorrow, committee staff members and Senate leadership aides said yesterday.

A House Judiciary subcommittee will hold a hearing today on six surveillance bills before the committee drafts its own legislation as soon as next week. The basis of that bill will be Wilson's bill, House Majority Leader John A. Boehner (R-Ohio) said yesterday. And that legislation also goes beyond Specter's agreement with Cheney, limiting warrantless surveillance to 60 days unless the president goes to Congress to justify continued wiretapping and requiring Congress to be kept apprised of all groups under surveillance.

"The president has argued he has inherent authority as commander in chief" to conduct warrantless surveillance, Wilson said. "Congress has inherent authority, as well. And, frankly, I think his arguments are rather weak."

The American Civil Liberties Union and top Democrats have said Wilson's and Specter's bills would gut judicial review of executive surveillance, creating so many loopholes that court warrants would become optional.

Judge Hears Arguments On Federal Spying Program (NYT)

By Adam Liptak

The New York Times, September 6, 2006

In a lively oral argument lasting almost three hours, a federal judge in Manhattan indicated yesterday that he had serious reservations about the legality of a National Security Agency surveillance program that monitors the international communications of people in the United States.

But the judge, Gerard E. Lynch, also said preliminary issues might keep him from ever deciding the question of whether the program was lawful.

In a sweeping decision last month, Judge Anna Diggs Taylor of Federal District Court in Detroit ruled that the program was unconstitutional and ordered it shut down. The government filed an appeal immediately, and Judge Taylor has temporarily stayed her decision.

At the beginning of yesterday's argument, the second to consider the legality of the program, Judge Lynch said he would "devote little time to the First and Fourth Amendments." Judge Taylor's decision relied heavily on arguments based on them.

Judge Lynch confined himself, instead, to questions about his ability to rule on the merits and, if he can, on whether the program violates the constitutional separation of powers.

Judge Lynch distinguished military action abroad from domestic activity, and he indicated that Congress might have the power to limit the president's authority to act within the United States.

"Even Julius Caesar didn't get to bring his armies back into Rome, although he did," the judge said.

One preliminary issue is whether the plaintiffs, the Center for Constitutional Rights and several of its lawyers, have standing, the requirement that they demonstrate a concrete injury from the program. The plaintiffs represent people accused of terrorism, and they say their ability to conduct their work has been affected by the possibility of surveillance. The government says such speculation is insufficient to show standing.

The government also asserts that Judge Lynch should dismiss the case because allowing it to proceed would jeopardize national security. It says that neither the plaintiffs' standing nor the question of the program's lawfulness can be evaluated without exposing state secrets. The government has relied heavily on this so-called state-secrets privilege in a series of recent cases.

In a move that surprised Judge Lynch and lawyers who have been following the debate over the surveillance program, a government lawyer seemed to shift tactics to bring one more legal question within the scope of the privilege.

It has been widely assumed that the government has acknowledged that the surveillance program violates the Foreign Intelligence Surveillance Act, a 1978 law that requires the government to obtain a warrant from a secret court before wiretapping the international communications of Americans for national security purposes.

"We don't agree," the lawyer, Anthony J. Coppolino, said, "that the government has specifically conceded that point." He added that the question could not be answered without endangering national security.

Statements from government officials that seemed to make the concession, Mr. Coppolino said, "may not be fully complete, as they have all indicated."

Judge Lynch was taken aback by the shift in tactics. "This is the first time," he said, "that I have understood that the government is taking the position that it is a contested issue whether this violates FISA."

Judge Lynch said he did not recall anything in the government's briefs on this argument. Mr. Coppolino was unable to provide a citation.

Judge Lynch was appointed by President Bill Clinton in 2000. He had been a professor at the Columbia University School of Law for more than 20 years, specializing in criminal law, constitutional theory and legal ethics.

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He has not left the classroom behind entirely. The argument yesterday was studded with colorful hypothetical questions and echoes of the Socratic method. In response to one of his questions, about whether Yankees fans threatened with being strip-searched before entering the stadium would have standing to sue, Mr. Coppolino literally threw up his hands. "I don't know," he said, exasperated.

Judge Lynch appeared troubled by Mr. Coppolino's argument that the president's inherent constitutional power was enough to override Congressional enactments like the Foreign Intelligence Surveillance Act.

The judge also discounted the argument that a 2001 Congressional authorization to use military force granted the president the power to violate the surveillance act. "I'm not too impressed by that one," he said.

Judge Lynch pressed Mr. Coppolino with a series of questions on the limits of presidential power in the face of Congressional prohibitions.

"So he can build a B-1 bomber if he wants to?" the judge asked. "If the president feels it necessary to break into a psychiatrist's office to find out what Al Qaeda is up to, he can do that?"

Mr. Coppolino did not offer direct responses to those questions, but he was willing to say that the executive branch was sometimes entitled to take extraordinary steps. Asked if an American lawyer who had communicated with Al Qaeda could be grabbed on the street and interrogated about it, Mr. Coppolino responded, "I would say it is possible, depending on the scenario that is at stake."

Judge Lynch did not appear persuaded. "It's pretty uncharted ground that you're asking me to get on," he said. Then, apparently recalling the government's state-secrets argument, he added, "Or, you're asking me to stay off of it."

Summing up, Judge Lynch said: "We're debating a rather abstract but rather vital issue. Does the president have the power to do something despite the fact that Congress said 'thou shalt not have this power'?"

He added, "I have no idea at this point how I'm going to come out on this."

DOJ Losing Ground In Wiretap Fight (LAW)

By Jason McLure, Legal Times

Legal Times, September 5, 2006

Federal Judge Anna Diggs Taylor came under attack from conservatives last month after ruling the National Security Agency's warrantless surveillance program is both illegal and unconstitutional. Christian Coalition Chairwoman Roberta Combs derided the decision as "radical judicial activism" by a "Jimmy Carter-appointed judge." Combs' criticisms were echoed by Republicans in Congress and other groups supportive of the Bush administration.

But President George W. Bush's allies have more to be worried about in the federal courts than just Taylor's decision. Indeed, if the legality of the NSA's surveillance program ends up before the U.S. Supreme Court — where many observers think it's headed unless Congress manages to intervene — it's unclear whether Taylor's ruling in Detroit will be the case that got it there. That's because Justice Department lawyers are currently engaged in tough battles related to the surveillance program in three other federal courts.

The DOJ's efforts to keep a lid on the program have been made more difficult by several factors. Among them: a whistle-blower in California, the accidental disclosure of a secret document by the Treasury Department, and a legal strategy by some opponents that has challenged the NSA program indirectly by targeting the telecom companies accused of illegally providing the government with customer data.

Last winter, when the warrantless surveillance program was disclosed in The New York Times, it seemed unlikely that legal challenges to the program would make it beyond even the most preliminary hearings. Though many legal scholars questioned the Justice Department's rationale for declaring the program was not a violation of the Foreign Intelligence Surveillance Act, the government seemingly possessed two enormous advantages in court.

First, plaintiffs in any suit would have to demonstrate actual injury from the eavesdropping in order to have standing — an apparently difficult legal obstacle given that details of the individuals targeted by the program remained secret. And second, DOJ lawyers would seek to block discovery in any suit by asserting the state-secrets privilege, a legal doctrine the government has used successfully in the past to prevent disclosure of national security information.

In ruling for the American Civil Liberties Union in its suit last month, Taylor, a judge on the U.S. District Court for the Eastern District of Michigan, dispensed with both arguments. She ruled that public statements by government officials had provided enough information about the program for the suit to go forward without forcing the government to disclose state secrets. And she found the ACLU's plaintiffs in the case, a group of reporters, lawyers, and scholars with overseas contacts, had demonstrated sufficient injury to sue. "The President indeed has publicly acknowledged that the types of calls Plaintiffs are making are the types of conversations that would be subject to the [program]," she wrote.

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Thus far, she is the only federal judge to rule on the merits of whether the warrantless surveillance program violates FISA or the Fourth Amendment prohibition on unreasonable searches. But another federal judge, who has suffered far less public ridicule, has ruled against the government's state-secrets claim and granted standing to plaintiffs challenging the NSA's program.

Additionally, federal judges in New York and Oregon have yet to rule on suits the Center for Constitutional Rights and a defunct Islamic charity have brought that could prove as thorny for the government as the ACLU's.

Docked by the bay

Though Bush's supporters have sought to criticize Taylor as a liberal activist appointed by a Democrat, those descriptions don't fit Chief Judge Vaughn Walker of the U.S. District Court for the District of Northern California. Nominated by President George H.W. Bush in 1989, Walker has made headlines for ordering a convicted felon to wear a placard reading, I AM A MAIL THIEF. THIS IS MY PUNISHMENT.

Walker is presiding over the class action Hepting v. AT&T Corp. Filed in February by the Electronic Frontier Foundation and the mighty plaintiffs firm Lerach Coughlin Stoia Geller Rudman & Robbins on behalf of AT&T customers in California, the suit accuses the telecom company of illegally providing the NSA with the contents of its customers' communications. It also alleges the company illegally turned over to the government other customer data that could be searched by databases for communications patterns.

The plaintiffs in San Francisco were armed with one piece of evidence the ACLU didn't have in its successful suit against the government in Michigan. Mark Klein, a former AT&T technician, had provided them with detailed information about the construction of a secure room at an AT&T building in San Francisco, in which the company was allegedly routing data directly to the NSA.

Though the government wasn't named as a defendant in the suit, in May the Justice Department sought to intervene in the case, asserting the state-secrets privilege and asking Walker to dismiss the suit outright. In addition, lawyers for AT&T from Pillsbury Winthrop — Walker's former firm — argued that the plaintiffs in the case lacked the standing to sue, and asserted that even if AT&T had provided the government with its customer call data, the company was immune from such suits under federal law.

But Walker didn't agree with either the Justice Department's arguments or those put forward on behalf of AT&T by its lawyers. On July 20, in a 72-page opinion citing public statements about the NSA's surveillance program by top Bush administration officials, Walker wrote that "the court cannot conclude that merely maintaining this action creates a 'reasonable danger' of harming national security." He also found that AT&T customers had standing to sue the company and that AT&T was not immune from the suits because it had not demonstrated that it had received a lawful certification from the government to turn over its customers' data.

To head off discovery in the case, the government and AT&T immediately filed an interlocutory appeal, and Walker agreed to stay his decision — at least temporarily. The 9th Circuit has not yet decided whether to hear the appeal.

By this time, the Hepting case was just one of what would become dozens of class actions across the country against AT&T, Verizon Communications Inc., and other telecom companies, spurred in part by an investigative article in USA Today that detailed the companies' cooperation with the NSA. Since many of the suits were similar, a panel of federal judges (known as the Judicial Panel on Multidistrict Litigation) sought to consolidate them in a single court.

The government and the phone companies argued that the suits should be moved to the U.S. District Court for the District of Columbia. In addition to cutting down on the number of venues in which they'd have to fight, the government and phone companies wanted the cases moved to Washington because the appellate court that oversees that district court, the U.S. Court of Appeals for the D.C. Circuit, has become increasingly conservative. The court has seven Republican appointees and three Democratic appointees.

Not all of the plaintiffs' lawyers supported consolidating the suits. But of those who did, most wanted the cases moved to Walker's court in San Francisco, which is overseen by the U.S. Court of Appeals for the 9th Circuit, long known as the country's most liberal. In a setback for the government and the phone companies, on Aug. 9 the panel agreed with the plaintiffs.

With nearly two dozen suits now before a well-regarded Republican appointee who has dismissed both the government's state-secrets claim and AT&T's attempt to show its customers didn't have standing to sue, even some ardent supporters of the NSA program have had to concede that, for the moment, the legal tide has turned against them.

"Judge Walker has a very good reputation," says Richard Samp of the conservative Washington Legal Foundation, which has filed an amicus brief on the government's side in the ACLU's suit in Michigan. "And that reputation is demonstrated by the fact that he was the one who was assigned the multidistrict litigation. All the more reason why a generally liberal appeals court like the 9th Circuit might be reluctant to overturn him on state secrets."

In late July, five days after Walker shot his arrow through the government's state-secrets claim, but before the judicial panel ordered most of the telecom cases moved to San Francisco, a judge from the U.S. District Court for the Northern District of

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Illinois issued a separate ruling in another suit against AT&T in which the Justice Department had intervened. In that case, brought by a local chapter of the ACLU, Judge Matthew Kennelly dismissed the suit, ruling that the state-secrets privilege should prevent it from going forward. But Kennelly's opinion wasn't quite the slam-dunk supporters of the NSA program might have hoped for.

That's because in the Illinois case the ACLU limited its suit merely to the disclosure of customer records by the phone companies, rather than the actual contents of the calls themselves. The distinction mattered, Kennelly pointed out in the second paragraph of his opinion, because government officials had already disclosed a substantial amount of information about the NSA's content interception, but not its records collection. Rather than repudiating Walker's decision in San Francisco, Kennelly took pains to show his ruling was in many ways consistent with it. Indeed, in the Michigan case, Taylor used similar reasoning to set aside the government's state-secrets claim over content interception.

After Kennelly's decision, the ACLU of Illinois filed an amended complaint against AT&T that took into account Kennelly's analysis. The revised suit was recently transferred to San Francisco for consideration by Walker.

Neither the Justice Department nor lawyers for AT&T would comment for this article. But the rulings at the district level have so far cheered the government's opponents.

"I think that the lesson to be learned is, they thought state secrets would be a magic wand that would protect anything and everything that they wanted to do," says Cindy Cohn, a lawyer for the Electronic Frontier Foundation involved in the suit in San Francisco. "And it would be wise to ratchet down their thinking about the amount of power they have to keep things from the judiciary."

Awaiting Supremes

But there's one other civil suit over the surveillance program that has a chance of wending its way to the Supreme Court. That suit, brought in federal court in Oregon by a Muslim charity known as the Al-Haramain Islamic Foundation, differs both from the suits against the government brought by the ACLU in Michigan and the Center for Constitutional Rights in New York, as well as the class actions against the phone companies. In that case, lawyers for Al-Haramain, a defunct Saudi-affiliated charity that was designated a terrorist organization by the Treasury Department's Office of Foreign Assets Control, say they have documentary proof showing that privileged conversations between the charity's director in Saudi Arabia and its lawyers in Oregon were monitored by the warrantless surveillance program.

The documents, which apparently include transcripts of the conversations between Al-Haramain Director Suliman al-Buthe and lawyers Wendell Belew and Asim Ghafoor, were disclosed accidentally by the Treasury Department in 2004 and were filed under seal in the suit. The FBI later sought to recover the documents, and the government threatened to prosecute The Washington Post, which obtained a copy in 2004, if it published their contents. The judge in the case is due to rule on the government's assertion of state secrets, and the admissibility of the secret transcripts, early this month.

The administration's backers say they're unperturbed by the rulings of Taylor, Walker, and other district court judges. "A lot of foolish things happen on the district court level, but not too many happen at the appellate level," says David Rivkin, a Baker & Hostetler lawyer who worked in both the Reagan and Bush I administrations.

The Michigan case, of course, is the furthest advanced. Taylor ruled not only on the standing and state-secrets issues but on the merits of the legality and constitutionality of the NSA wiretapping program. The ACLU and the Justice Department have agreed to seek an expedited appeal in the case before the U.S. Court of Appeals for the 6th Circuit, based in Cincinnati. Meanwhile, in San Francisco, the Justice Department has sought an interlocutory appeal to the 9th Circuit on Walker's dismissal of the state-secrets claim.

Should there be split rulings between the circuits (the Center for Constitutional Rights case could eventually wind up before the U.S. Court of Appeals for the 2nd Circuit, while any appeal from the Oregon case would go to the 9th Circuit), that would seemingly set the stage for the Supreme Court to rule on the government's state-secrets claim.

And even some of those convinced that the NSA program is illegal say the high court may be inclined to let the issue be hashed out by Congress and the White House, rather than have the program face open examination in the federal court system.

"The administration is still in a reasonably good position," says Bruce Fein, a former Reagan-era Justice Department official who has been an outspoken critic of the legality of the NSA program. "The last Supreme Court decision on the state-secrets issue was very broad . . . but the more judges are suspicious that something really wrong is happening, the more they're inclined to bend doctrines to find ways to stop it."

Jason McLure can be contacted at jmclure@alm.com.

Police Arrest Nine In Terrorism Plot (WT/AP)

By Jasmina Nielsen

The Washington Times, September 6, 2006

DOJ_NMG_0058607

ODENSE, Denmark -- Police raided homes in a largely immigrant suburb before dawn yesterday, detaining nine men on suspicion of preparing explosives for a terror attack in Denmark, which drew Muslim rage earlier this year over press caricatures of Islam's founder.

Seven of the men were arraigned on preliminary charges of plotting a terror attack, but the other two were released. An Islamic imam, Abu Bashar, said the suspects were Muslims.

Officials in Odense, the country's third-biggest city, did not reveal the planned target and said it was difficult to evaluate how far the plot had progressed.

The suspects had acquired material "to build explosives in connection with the preparation of a terror act," said Lars Findsen, the head of the Danish Security Intelligence Service.

The raids, days ahead of the anniversary of the September 11 attacks, came after two recent sweeps by British police, one that thwarted a plot to bomb jetliners over the Atlantic and another that netted a group accused of trying to recruit and train people for terror attacks.

Germany also arrested four persons in a botched plot to bomb trains.

News of the arrests sent jitters through Denmark, which heightened its terror preparedness early this year after caricatures of the prophet Muhammad were published in a Danish newspaper, sparking Muslim fury around the world.

Justice Minister Lene Espersen said she did not know whether the plot was related to the cartoon crisis in February, when Danish and other Western embassies were attacked by mobs in Muslim countries.

Mrs. Espersen called the case "the most serious matter" of her tenure. "The clues police found indicate that they were very likely planning an attack somewhere in Denmark," she said.

The identities of the arrested men were not released, but authorities said that all were Danish citizens ages 18 to 33 and that all but one had immigrant backgrounds. They were arrested in Vollsmose, an Odense suburb populated by many immigrants.

The seven suspects facing charges arrived for a closed-court hearing in Odense handcuffed with plastic strips. They were removed upon the request of their attorneys.

Prosecutor Erik Terp Jensen urged that the suspects be kept in custody as the investigation continues. The maximum sentence is life in prison, although such sentences are commuted after 16 years under Danish law.

Witnesses said several more people had been rounded up in the raids but were released after police checked their identities.

Mahir Arrar, 18, said he was with a friend at Odense's harbor when police took them both to a police station. Mr. Arrar said that he was released but that his friend, whom he declined to identify, remained in custody.

"I believe this is a big misunderstanding," Mr. Arrar said outside the courthouse.

Another man, who identified himself only as Ali K., said police detained his whole family but released everyone except his 21-year-old brother.

"They looked for weapons, but they have found nothing. They also searched our basement," he said.

Authorities said the suspects had been under surveillance for some time.

Mr. Findsen said the sweep was not related to neighboring Germany's arrest of four Lebanese suspected of involvement in a plot to bomb trains.

German press has said one of those suspects, Youssef Mohamad el Hajdib, was heading to Denmark, and German and Danish press said German police found a telephone number in his pocket for Mr. Bashar, the imam in Odense.

Mr. Bashar denied knowing Mr. el Hajdib, but he said it is a just matter of time before terrorists strike in Denmark.

"Osama bin Laden said in a message three years ago that he will punish the countries that have [troops] in Iraq," Mr. Bashar said. "Denmark is on the list."

About 500 Danish troops are serving in southern Iraq under British command and 360 are in Afghanistan as part of a NATO-led force.

Terrorists have not struck in Denmark since 1985, when a bomb exploded outside the offices of Northwest Orient Airlines in Copenhagen, killing one person and wounding 16. Three Palestinians living in Sweden were convicted and sentenced to life in prison in 1989.

Danish Antiterror Police Seize 9 Men, Mostly Young Muslims (NYT)

By Dan Bilefsky

The New York Times, September 6, 2006

DOJ_NMG_0058608

COPENHAGEN, Sept. 5 — The Danish security police arrested nine suspects on Tuesday on suspicion of plotting a terrorist attack after surveillance showed that several of the men had collected bomb-making material, Justice Minister Lene Espersen said.

An antiterror squad carried out a raid in Vollsmose, a poor immigrant district in Odense, at 2 a.m. The suspects appeared at a closed hearing on Tuesday, where two were released and the others were charged with plotting acts of terrorism.

No details of a plot were released. Investigators said it was too early to know how far the suspects' plans had progressed. "With the general terror situation, the Danish Security Intelligence Service didn't want to run any unnecessary risk," said Lars Findsen, the service's director general.

Ms. Espersen said that nearly all nine were Danish citizens, and that Denmark was their likely target.

"This is what is most alarming: these are Danish citizens living in Denmark that have been plotting a terror attack in Denmark," she said. Danish intelligence officials said the men were between 18 and 35 and were Muslims who appeared to have been recently radicalized. Nearly all lived in Vollsmose, which has 10,000 residents representing more than a dozen nationalities, and has grappled with youth violence, high unemployment and difficulties integrating its large Muslim community.

Politiken, a leading Danish newspaper, reported that of the nine arrested, five are of Palestinian origin, one is of Kurdish origin, one is a Danish convert to Islam and two are natives of Iraq.

Many young Muslims here were alienated by the publication in a Danish newspaper of caricatures lampooning the Prophet Muhammad. In response, Danish embassies were set ablaze in Muslim countries and Danish goods were boycotted.

Anti-Muslim sentiment has grown, as well, with the rise of the anti-immigrant Danish People's Party, which holds 13 percent of the seats in Parliament. Its members have compared Muslims to "cancer cells."

Imam Abu Bashar, a Muslim cleric in Odense, told The Associated Press that he feared Denmark might become a terrorist target because Osama bin Laden said he would punish the countries that have troops in Iraq.

"Denmark is on the list," Imam Bashar said. "I am afraid of the message of Osama bin Laden, that he will do something against Denmark."

Of the suspects, he told Politiken: "I know them vaguely from the mosque or supermarket. There is only one mosque in Odense and we pray together, but I don't know them well and I don't know their secrets."

On Tuesday the Islamic Society in Denmark, a leading Muslim organization, said in a statement, "It is worrying if police are acting based on weak evidence so the result will be hatred toward foreigners."

Mr. Findsen told reporters, "Some media have suggested that this is boys making fun, but I can assure you this is not child's play."

Terrorist Plot Uncovered In Denmark (LAT)

By Jeffrey Fleishman

The Los Angeles Times, September 6, 2006

BERLIN — Nine men suspected of gathering explosives for a terrorist plot were arrested in Denmark early today, according to Danish authorities.

Police said the men, including one ethnic Dane and eight with immigrant backgrounds, were arrested in a 2 a.m. raid in Odense in western Denmark. The suspects possessed "materials that can be used for the construction of explosives in connections with preparation for an act of terror," according to a statement by the Danish Security Intelligence Service.

The accused had been under surveillance, but officials did not say what the suspects were targeting or what stage the alleged plan had reached.

Lars Findsen, head of the intelligence service, said the arrests were made because "with the general terror situation," authorities did not want to "run any unnecessary risk."

Justice Minister Lene Espersen told Danish television: "The clues police found indicate that they were very likely planning an attack somewhere in Denmark. It was the most serious matter I have had in my time as justice minister."

The arrests came days before the fifth anniversary of the Sept. 11 attacks on the World Trade Center and Pentagon and nearly one year after the Jyllands-Posten newspaper printed cartoons lampooning the prophet Muhammad. The drawings, including one in which the prophet wears a headdress shaped like a bomb, led to weeks of protests and rioting across Europe and the Middle East.

Abu Bashar, an imam from Odense, told the Associated Press that he knew the suspects arrested today and predicted the charges would be dropped. He added, however, that he expected terrorists eventually would strike Denmark, which has about 500 soldiers supporting the U.S.-led coalition in Iraq.

"Osama bin Laden said in a message three years ago that he will punish the countries" that have troops in Iraq, Bashar said. "Denmark is on the list."

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There are about 200,000 Muslims living in Denmark, which has a population of 5.4 million. Resentment over integration failures in recent years has been further strained by the rise of the anti-immigrant Danish People's Party and Denmark's support of President Bush's policies in Iraq and Afghanistan.

The nation raised its terror threat after the July 7, 2005, bombings in London's transit system. A Moroccan-born Danish publisher was arrested shortly afterward on charges of instigating terrorism by distributing "inflammatory jihadist" videos, according to police. Last month, Danish authorities charged four men with supplying explosives to suspects in Bosnia, who were allegedly planning an attack in Europe.

Two antiterror officials in Europe said the impending anniversaries for Sept. 11 and the earlier publication of the cartoons have led to a heightened security alert across the continent.

"We have seen the faces of terror in Madrid and London. We know that there are potential terror threats in the whole western world," Denmark's Deputy Prime Minister Bendt Bendtsen told Danish television.

Danish Police Detain 9 In Alleged Terror Plot (WP/AP)

By Jasmina Nielsen, Associated Press

The Washington Post, September 6, 2006

ODENSE, Denmark, Sept. 5 -- Police raided homes in a largely immigrant suburb of this city before dawn Tuesday, detaining nine men for allegedly preparing explosives for a terrorist attack in Denmark.

Seven of the men were later arraigned on preliminary charges of plotting a terrorist attack, but the two others were released. An Islamic imam, Abu Bashar, said the suspects were Muslims.

Officials in Odense, the country's third-largest city, did not name a planned target and said it was hard to evaluate how far the alleged plot had progressed. The suspects had acquired material "to build explosives in connection with the preparation of a terror act," said Lars Findsen, head of the Danish Security Intelligence Service.

The raids, days ahead of the anniversary of the Sept. 11, 2001, attacks, came after two recent sweeps by British police, one that allegedly thwarted a plot to bomb jetliners over the Atlantic and another in which police arrested a group purportedly trying to recruit and train people for terrorist attacks. Germany also arrested four people in a failed attempt to bomb two trains in Cologne on July 31.

News of the arrests sent jitters through Denmark, which heightened its terrorism preparedness early this year following Muslim rage around the world over caricatures of the prophet Muhammad first published in a Danish newspaper.

About 500 Danish soldiers are serving in Iraq and 360 are in Afghanistan.

Justice Minister Lene Espersen said she did not know whether the plot was related to the cartoon crisis in February, when Danish and other Western embassies were attacked by mobs in Muslim countries. Espersen called the case "the most serious matter" during her time as justice minister. "The clues police found indicate that they were very likely planning an attack somewhere in Denmark," she said.

Authorities said that all the suspects were Danish citizens 18 to 33 years old and that all but one had immigrant backgrounds.

Mahir Arrar, 18, said he was with a friend at Odense's harbor when police took them both to a police station. Arrar said that he was released but that his friend, whom he declined to identify, remained in custody. "I believe this is a big misunderstanding," Arrar said outside the courthouse.

Another man, who identified himself only as Ali K., said police detained his entire family but released everyone except his 21-year-old brother. "They looked for weapons but they have found nothing. They also searched our basement," he said.

O'Connor: More Terror-Related Decisions Await Court (AP)

By Bradley S. Klapper, The Associated Press

AP, September 6, 2006

Former U.S. Supreme Court Justice Sandra Day O'Connor said Monday she believed the war on terror was only at the beginning, and the challenge of balancing national security against the protection of civil liberties will be a key issue in the coming years.

O'Connor, speaking in the tiny mountainous principality of Liechtenstein, said the United States had at times failed to strike that "delicate balance" correctly in the past, erring too greatly on the side of national security.

She refused, however, to assess whether the approach adopted by U.S. President George W. Bush's administration, or the Court she left in January, has been the right one since the Sept. 11 attacks.

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"If we lose sight of liberty in an effort to conquer our enemies, the price may have been too high," O'Connor told a crowd of about 100 in the city hall of Liechtenstein's capital, Vaduz. "We will have forfeited the very principles that initially prompted us to take up the battle."

The Arizona native was an influential swing voter who criticized the government's strategy in the war on terror before retiring in January. She wrote in a 2004 ruling that "a state of war is not a blank check for the president when it comes to the rights of the nation's citizens."

Her speech, wide in its historical breadth, compared the current debate on the limits of U.S. executive power in the war on terror to similar questions taken up by the Supreme Court since the Civil War more than 140 years ago.

She cited former U.S. President Abraham Lincoln's attempted suspension of habeas corpus for suspected Confederate accomplices in the Civil War and the permitted detainment of U.S. citizens of Japanese descent during World War II as examples of where the protection of civil liberties had been slighted.

While the issues of prisoner rights at the U.S. naval base at Guantanamo Bay, Cuba, or the jurisdiction of military tribunals to try terror suspects, are not the same as those that in Lincoln's time, they are related because they deal with the limits on the power of the executive branch and the judiciary's mandate to uphold U.S. and international legal principles.

These issues, O'Connor maintained, will continue to be a major source of contention.

"Our nation is, I think, nowhere close to the end of the conflict," she said. "We're closer to the beginning of the conflict than we are to the end point. That means, of course, that judges in my country and elsewhere are going to have to continue to confront legal questions arising from this so-called war on terror."

For example, she cited the controversy over the collection of Americans' phone records. She did not pass judgment on the constitutionality of wiretapping, but said that issue and many others related to the U.S. government's anti-terror efforts would be highly pertinent ones for the U.S. legal system.

"The Bush administration has determined that the Foreign Intelligence Surveillance Act law, which prohibits unauthorized wiretapping, does not apply to the current hostilities," O'Connor said. "Critics of that position say that the law does continue to apply. There are lawsuits about protecting private communications that have been filed in the lower courts and that particular issue is surely going to find its way to the Supreme Court."

O'Connor also examined the parliamentary and judicial responses to terrorism in Britain, Germany and Liechtenstein -- even if she refrained from mentioning the principality's restrictions on money laundering, which had been criticized after the 2001 terror attacks.

O'Connor, the first female U.S. Supreme Court justice, was one of a series of female speakers invited by Liechtenstein authorities as part of the country's bicentennial celebrations. She noted that until recently there had been a lack of women among Liechtenstein's leaders.

"You notice they are all men," she said before her speech as she entered the building's reception hall, where portraits of the country's ruling "Fuersten" -- or princes -- and Vaduz's mayors cover the walls.

O'Connor, 76, was appointed by U.S. President Ronald Reagan in 1981. After she retired, she was replaced by Samuel Alito, leaving Ruth Bader Ginsburg as the only woman on the high court.

N.Y. Prosecutors Want Lawyer Punished (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, September 6, 2006

(AP) - NEW YORK-Prosecutors seeking a 30-year prison term for a lawyer convicted of aiding terrorists have called her behavior "flagrant abuse of her profession" ahead of next month's sentencing hearing.

Lynne Stewart was convicted in February 2005 of providing material support to terrorists by releasing a statement by her client, Sheik Ahmed Abdel-Rahman, who was imprisoned after being convicted in 1995 of plotting to blow up New York City landmarks.

Stewart's "egregious, flagrant abuse of her profession, abuse that amounted to material support to a terrorist group, deserves to be severely punished," prosecutors wrote in a document submitted Thursday to a judge.

Her lawyers have argued that Stewart should receive no prison time, arguing that a harsh sentence would frighten other lawyers from representing notorious clients and that Stewart's three decades of distinguished work for indigent clients should speak louder than a single serious mistake.

The prosecutors see it differently.

"Stewart did not walk a fine line of zealous advocacy and accidentally fall over it; she marched across it and into a criminal conspiracy," Assistant U.S. Attorney Andrew S. Dember wrote. "The government obviously did not prosecute Stewart because she is a zealous advocate, but rather for blatantly and repeatedly violating the law."

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Dember wrote that Stewart's "conduct was not isolated to one single event; rather, it showed a pattern of purposeful and willful conduct, in which she played a central role in repeated fraudulent attempts to pass messages to and from Abdel-Rahman."

He also said Stewart lied at her trial when she said the government knew that special prison rules allowed the sheik's lawyers to issue news releases, and when she denied knowing an overseas terrorist until her trial.

The government also rejected arguments that the terrorism case was handled differently because of the Sept. 11, 2001, terrorist attacks, saying the criminal investigation of Stewart began before then.

Stewart, 65, had argued that Abdel-Rahman was engaging in protected speech when he expressed his opinion about a cease fire by Islamic militants in Egypt that Stewart passed along in a 2000 news release.

Stewart was convicted along with Mohamed Yousry, an Arabic interpreter, and Ahmed Abdel Sattar, a U.S. postal worker. The government sought a 20-year prison term for Yousry and a life sentence for Sattar.

Yousry also was convicted of providing material support to terrorists. Sattar was convicted of conspiracy to kill and kidnap people in a foreign country.

HOMELAND RESPONSE:

Philadelphia FBI: We're On Top Of Terror Threat (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, September 6, 2006

The FBI's top gun in Philadelphia said yesterday there's no evidence that anyone is plotting a terrorist attack here as the fifth anniversary of 9/11 approaches.

Even if someone were, Philadelphians can rest assured that agents here would do whatever is necessary within the law to thwart an attack, said Jody Weis, special agent in charge of the FBI's Philadelphia office.

Weis addressed reporters yesterday to highlight some of the changes and new counterterrorism tools the FBI has developed since 9/11.

Two new key tools: the Terrorism Screening Center, which allows FBI agents and cops on the street to connect to a terrorism watch list, and the Investigative Data Warehouse, which gives investigators access to 50 databases and 500 million records.

Another key change has been the Joint Terrorism Task Forces, in which federal, state, local and even international law-enforcement officials partner in the fight against terrorism.

Weis said the feds here get "scores of leads" weekly in connection with potential terrorism. Each one of those leads gets checked out, he said.

"I can guarantee you, if someone made a phone call and said, 'Hey, bin Laden is sitting at the Ben Franklin Bridge,' we would respond to that and check it out," he said.

But most of the time the leads don't lead to suspected terrorists, Weis said. He declined to comment when asked if the feds were monitoring any active terrorist sleeper cells in the region.

Several times in the past, however, federal agents investigated suspicious activity, though no connections to terrorism were made.

In 2003, agents investigated five Algerian nationals living in South Philadelphia. An FBI spokeswoman said the Algerians had come under scrutiny after several Algerians jumped ships that had docked at the port.

Two individuals were eventually deported and a third fled the country. Two others were cleared of any wrongdoing, officials said.

In May 2004, agents of the FBI, the IRS and the Immigration and Naturalization Service homed in on three individuals connected to a mosque on Wakling Street.

The feds had received complaints from people attending the mosque that some individuals may have been providing "material support" for terrorists.

A former imam of the mosque was later deported on immigration violations, a second individual was jailed for visa fraud and a third fled the country after tax-related charges were filed against him, officials said.

FBI Details Local Antiterror Efforts (PHI)

By John Shiffman

The Philadelphia Inquirer, September 6, 2006

DOJ_NMG_0058612

Last summer, FBI agents here received a tip that a Moroccan student attending a Philadelphia-area trade school was making increasingly vitriolic statements against America.

Agents tracked him - they won't say how - and learned that he had flown to Iraq. The unidentified man was detained there, and, the FBI said, confessed to firing at U.S. troops.

A thin outline of the case was disclosed by FBI agents yesterday in an interview that followed a news conference designed to showcase the bureau's antiterror efforts in the five years since 9/11.

Much of the FBI's national security work is murky, preemptive and often classified - which makes it difficult, if not impossible, to assess.

"It's not a perfect system, but we're striving to have the intelligence in place," said J.P. Weis, the special agent in charge of the Philadelphia division. "Intelligence is the key. We need to have everybody - the community, the media - reporting in. That's the way we'll be successful. We can't do anything if we don't know about it.

"... If there's any way we've changed, it's in intelligence," he said. "We bring intelligence into every case, every investigation. It's not that we didn't do things intelligently before, but that wasn't the driving force. Now it is."

The backbone of this effort, Weis said, is the bureau's intelligence analysts. The FBI has hired hundreds of them nationwide, though many gun-toting agents have been reluctant to accept them as equals, creating friction in some circles, according to a recent congressional report and interviews with rank-and-file agents here.

In Philadelphia, 20 analysts have been assigned to its "Field Intelligence Group," a unit the FBI has been promoting nationwide as a key to information-sharing. Last year, the local Field Intelligence Group produced several classified assessments of terror targets, including one of SEPTA's transit systems. It also helped locate the Moroccan in Iraq, agents said.

"There's a threefold mission," Weis said. "We want to see what we don't know. What is going to happen if we don't learn what we don't know. And... how do we close those gaps?"

Weis said he knows of no credible terrorist threat in the Philadelphia area. However, he said, the fifth anniversary of the Sept. 11 terror attacks provides an opportunity for the government and media to remind people about the danger terrorists pose.

"The greatest danger to America today is complacency," Weis said. "This is a call to arms for every concerned citizen."

In another local case disclosed for the first time yesterday, FBI agents said they rounded up five Algerians in South Philadelphia in 2002.

"We weren't sure exactly what they were up to, but we took them out," terrorism squad supervisor Jeffrey W. Tomlinson said during the news conference. The Algerians were deported on immigration violations.

"Were they planning something? We don't know," Tomlinson said. "That's an example of something we've done successfully in Philadelphia since 9/11. We tend not to advertise our best work."

Charges Dropped In Mich. Cell Phone Case (AP)

By DAVID N. GOODMAN

AP, September 6, 2006

DETROIT (AP) — A federal judge threw out conspiracy and money laundering charges Tuesday against three Texas men once accused of plotting a terror attack on Michigan's iconic Mackinac Bridge.

U.S. District Court Magistrate Charles Binder in Bay City ruled that federal prosecutors failed to present enough evidence to justify bringing them to trial on charges involving the buying and resale of prepaid cell phones. They were cleared earlier of the terror charges.

Defense lawyers claimed the men — Louai Othman, 23, his brother Adham Othman, 21, and their cousin Maruan Muhareb, 18, all of Mesquite, Texas — were targeted because of their Middle Eastern heritage. All are Palestinian-American.

"I'm happy to be going home, and I'm happy that I'm free," Adham Othman said through his lawyer, Christopher McGrath.

The three were arrested Aug. 11 after buying large numbers of prepaid cell phones at a Wal-Mart outlet in Caro, about 80 miles north of Detroit.

Tuscola County authorities said they were alarmed by the hundreds of prepaid cell phones they said were found in the men's van and by images on their digital camera of the five-mile-long Mackinac Bridge, which links Michigan's two peninsulas.

They charged the men with collecting or providing materials for terrorist acts and with surveillance of a vulnerable target for terrorist purposes.

The FBI and state police later said there was no imminent threat to the landmark span and no information linking the Othmans and Muhareb to known terrorist groups.

Michigan charges against the men were thrown out Aug. 16. But federal authorities continued to press a separate case against the men, saying the phone purchases were part of an illegal scheme to remove propriety software and resell the phones. TracFone Wireless Inc. and Nokia Corp. have filed civil suits elsewhere seeking to stop the practice.

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Messages seeking comment were left with the U.S. attorney's office in Detroit.

Muhareb said he insisted all along that his phone-buying activities were legal. "This is what I told them from the beginning," he said through his defense attorney, Mona Fadlallah.

She said the case highlighted serious problems with the state of the U.S. justice system.

"This should be frightening for everyone, and not just people of Middle Eastern descent," Fadlallah said.

Federal Judge Drops Remaining Charges In Thumb Terrorism Case (DEN)

Detroit News, September 6, 2006

Texans accused of money laundering after they were caught with 1,000 cell phones.

A U.S. magistrate in Bay City on Tuesday dismissed conspiracy and money laundering charges against three Texas men who were initially accused of supporting terrorism.

"They feel wonderful; their confidence in our justice system has been restored," said Nabih Ayad, the Dearborn Heights attorney representing Maruan Muhareb, 18, Adham Othman, 21, and Louai Othman, 23.

Magistrate Judge Charles Binder dismissed the remaining charges against the men following a preliminary examination, ruling the government did not have sufficient evidence to proceed with the case, Ayad said.

The men faced state terrorism-related charges after they were arrested in Caro in Michigan's Thumb Aug. 11 with photos of the Mackinac Bridge and about 1,000 cell phones in their van.

Tuscola County Prosecutor Mark E. Reene dropped those charges after both the FBI and the Michigan State Police said there was no evidence linking the men to terrorism.

But the same day those charges were dropped, the federal government charged the men with conspiracy to traffic in counterfeit goods and money-laundering in connection with alterations they allegedly planned to make to the phones' software so they could be sold for increased profit.

"We respect the judge and the process and we're continuing to evaluate the case in light of the decision," said U.S. Attorney Stephen Murphy.

Ayad has said the men were the victims of ethnic profiling. He said the men, who spent 10 days in custody following their arrests, are considering a civil lawsuit.

"The stigma is still with them," he said.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Arab-American Men Freed In Cell Phone Case (FREEP)

By Niraj Warikoo, Free Press Staff Writer

Detroit Free Press, September 6, 2006

Judge says there was no terror plot

A federal judge has thrown out all charges against three Texas men who were arrested last month in Caro, Michigan, after buying hundreds of cell phones, according to their defense attorney Nabih Ayad. Investigators initially suspected the men may have links to terrorism and were possibly targeting the Mackinac Bridge.

State prosecutors slapped them with terrorism charges, but soon dropped them. Federal prosecutors then charged them with operating a counterfeit operation. On Tuesday, U.S. Magistrate Judge Charles Binder dismissed the federal charges of conspiring to traffic in counterfeit goods and carrying out an unlawful activity involving a financial transaction. He made the decision after a court hearing Tuesday that featured FBI testimony, Ayad said.

The judge also canceled their bond, Ayad said. The Texas men -- brothers Adham Othman, 21, of Dallas and Louai Othman, 23, of Mesquite, and their cousin Awad Muhareb, 18, also of Mesquite -- are now free.

"It's a victory for justice and for the Middle Eastern community," said Ayad, their attorney.

Ayad and Arab-American groups said the men, who are Palestinian-American, were targeted because of their Arab background.

The men bought hundreds of cell phones that they had intended to resell at a profit, Ayad said. They were arrested after a suspicious store clerk alerted police.

Airlines Watch For Terror-Plot Effect (WSJ)

By Steve Mcgrath And Daniel Michaels

The Wall Street Journal, September 6, 2006

Airlines continue to face ripples from last month's alleged foiled terrorist plot in Britain, as British Airways said future bookings had been hurt and Continental Airlines said security concerns damped its per-seat revenue growth last month.

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British Airways and other carriers reported strong August traffic results as fliers largely stuck to their original travel plans despite the alleged plot and the security disruptions it caused. Airlines now are watching new ticket purchases to see whether terrorism fears or security inconveniences lead travelers to stay home or seek alternate modes of transportation. Industry analysts say the impact is unlikely to slow the world-wide resurgence in air travel but that more time is needed to gauge the full effect.

British Airways reported a 5% rise in August passenger traffic as measured by revenue passenger kilometers compared with a year earlier, despite thousands of plane cancellations. But it said that, while overall bookings had returned to levels seen last year, bookings are still weaker than in recent months. Limitations on hand luggage meant a lag in the recovery in both premium and nonpremium transfer traffic.

"Visibility is limited as we emerge from the issues surrounding the August security increases, but underlying market conditions continue to be good," British Airways said. George Stinnes, British Airways' treasurer and head of investor relations, said it was impossible to quantify how many bookings had been lost in August because those could be rebooked at a later date.

British Airways said about 1,280 of its flights were canceled from Aug. 10-17 at an estimated cost of about £40 million ($76.2 million). August traffic benefited by comparison with the year-earlier period, which was hurt by labor strife.

Rival carriers in the United Kingdom either brushed off the event or moved quickly to counteract any impact. A spokeswoman for Virgin Atlantic Airways, which only flies long-haul routes and is smaller than British Airways, said the upscale carrier believes "there doesn't seem to have been a long-term effect" on bookings. Irish budget carrier Ryanair Holdings PLC, recently offered four million seats across its whole network for only the cost of taxes and other government or airport fees. Spokesman Peter Sherrard said the airline acted to put pressure on other airlines, but he added that "we had to stimulate the market" and spur traffic.

In the U.S., Continental Airlines reported a 9.3% rise in August passenger traffic, as measured by revenue passenger miles, and load factor -- or percentage of seats filled -- of 82.4%. But the Houston carrier also said its August revenue per available seat mile, a closely watched industry metric, was hurt by elevated security concerns during the month. Continental said its August revenue per available seat mile rose 6.5% to 7.5%, compared with a year earlier. In July, the same measure rose 9.6%.

A Continental spokeswoman declined to comment further, saying it was too preliminary to determine a longer-term impact.

American Airlines, a unit of AMR Corp. of Fort Worth, said the airline hasn't yet seen any major impact on bookings, revenue or traffic tied to the terrorist plot, but is still studying the matter. The carrier reported a 1.4% drop in traffic for the month compared with last year's level, but its overall seats in the air fell 1.9% and its load factor stood at a healthy 81.9%.

Former TSA Workers' Data Exposed (USAT)

By Thomas Frank

USA Today, September 6, 2006

The Transportation Security Administration is warning 1,195 of its former employees that a contractor may have mailed their Social Security numbers and birth dates to the wrong addresses and left them open to identity fraud.

The error, acknowledged in letters the TSA mailed in late August to each of the former employees, is the latest in a series of data breaches that may have exposed workers in both private and government jobs to identity thieves.

“Making a mistake like this is abominable,” said Beth Givens, director of the Privacy Rights Clearinghouse, an advocate for consumer privacy. “You've got an agency whose mission is security.”

The TSA is part of the Homeland Security Department. Its 55,000 employees primarily run airport security.

TSA spokeswoman Amy von Walter said the breach was “an administrative error, and the contractor has taken steps to ensure it's not repeated.”

Accenture, a contractor that handles TSA personnel, sent 1,195 documents to the wrong former employees during a recent mailing, according to a letter signed by Richard Whitford, TSA assistant administrator for human capital.

The documents were standard forms that are sent to employees after they leave the government. The forms often list an employee's Social Security number, birth date and salary. It's unclear how many forms had that information.

A Social Security number and birth date can enable a thief to get a credit card fraudulently, Givens said. The odds of that happening in the TSA data breach are “very low,” she added, because the forms ended up in the hands of other TSA employees. The TSA, she said, is “a closed community that has very strong security values.” The TSA said 244 of the wrongly addressed letters were returned to the agency unopened.

The TSA checks all job applicants' criminal and credit histories, eliminating those with criminal records or whose finances may make them susceptible to bribes or coercion.

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The agency encouraged former employees to put a fraud alert on their credit files. An alert requires creditors to contact a person before a new credit account is opened in his or her name. There is no charge for the service.

People don't have to pay for fraudulent charges on their credit as long as creditors are alerted in a timely manner. Clearing up credit records can take “hundreds of hours,” Givens said.

In May, the records of millions of veterans were potentially compromised when a laptop was stolen from the home of a Department of Veterans Affairs employee.

Last year a congressional probe found the TSA improperly stored 100 million records containing personal information on passengers after the agency said no data storage would occur.

Lung Problems Rife Among WTC Responders (AP)

By Amy Westfeldt

The AP, September 5, 2006

Nearly 70 percent of the rescue and cleanup workers who toiled in the dust and fumes at ground zero have had trouble breathing, and many will probably be sick for the rest of their lives, doctors said Tuesday in releasing results of the biggest Sept. 11 health study yet.

The Mount Sinai Medical Center study is conclusive proof of a link between recovery work at the World Trade Center ruins and long-term respiratory problems, doctors said.

"There should no longer be any doubt about the health effects of the World Trade Center. Our patients are sick," said Dr. Robin Herbert, co-director of the group that has monitored the health of nearly 16,000 ground zero workers.

Herbert said that most of the patients in the study first came to ground zero between Sept. 11 and Sept. 13, 2001, which exposed them to asbestos, pulverized concrete, mercury and toxins that will leave them chronically sick.

"Our patients were very, very highly exposed, and are likely to suffer health consequences as a result of that for the rest of their lives," she said.

Herbert was joined by lawmakers who accused the federal government of not doing enough to protect the workers' health and not spending enough to treat them.

Mayor Michael Bloomberg cast doubt on the study's claims, saying, "I don't believe that you can say specifically a particular problem came from this particular event."

Dr. John Howard, who was appointed by the Bush administration in February to coordinate the various ground zero health programs, called the findings "extremely important" and said they support other researchers' work, including a study of city firefighters.

The study, to be published Thursday in the journal Environmental Health Perspectives, focused mostly on what has come to be called "World Trade Center cough" in 9,442 ground zero workers examined between July 2002 and April 2004.

They included construction workers, police and firefighters and other volunteers who worked at the site, in the city morgue or at a landfill where more than 1 million tons of trade center debris were carted.

In lung function tests, ground zero workers had abnormalities at a rate double that expected in the general population; these problems persisted for months and in some cases years after the exposure, the study found.

The study said that almost 70 percent of trade center responders had new or worsened respiratory problems during or after the attacks. Sixty-one percent of responders who had no health symptoms before the attacks developed problems while working at ground zero. One third of those tested had abnormal lung function, which Herbert said is a rate twice as high as the nonsmoking population.

Ironworker John Sferazo, who spent 30 days on the smoldering debris pile and now takes 26 medications a day to deal with his lung problems, said the White House did too little, too late. "If President Bush wanted this situation to be cleaned up, it would have been cleaned up long before now," he said.

He said he was having trouble getting words out at Tuesday's news conference because he is constantly short of breath and has restrictive airway disease. "I'm lucky if I can run a city block without dropping dead," said Sferazo, 51.

Lawmakers said the government has to develop a coordinated funding program to pay for health care for the workers for the rest of their lives, and said environmental officials failed to warn people about the danger of breathing the air near the site.

"It was obvious that the air was hard to see through, let alone hard to breathe," said Sen. Hillary Rodham Clinton.

The mayor announced that a World Trade Center clinic will open in January at a public hospital. Among those who will be treated there are illegal immigrants and uninsured people.

Many 9/11 Workers Have Lung Issues, Report Says (NYT)

By Maria Newman

DOJ_NMG_0058616

The New York Times, September 6, 2006

In the largest study so far of post-9/11 health problems, almost 70 percent of workers who helped with the cleanup of the World Trade Center site suffered new or worsened respiratory symptoms, researchers at Mount Sinai Medical Center found.

The study found that people who worked on the cleanup had pulmonary abnormalities of twice the rate in the comparable United States population and that the abnormalities persisted for many months and, in some cases, years after exposure.

The findings are based on medical examinations performed between July 2002 and April 2004 on 9,500 workers and volunteers who took part in the cleanup of the twin towers, doctors from the center said at a news conference today.

The report found a high rate of illness among those studied, and also found that the illnesses persisted in high proportion years after the 2001 event.

"Many who worked at ground zero in the early days after the attacks have sustained serious and lasting health problems as a direct result of their exposure to the environment there," Dennis Charney, the dean for academic and scientific affairs at the Mount Sinai School of Medicine, said in a statement issued with the report.

"This study scientifically confirms high rates of respiratory problems in a large number of responders — including construction workers, law enforcement officers, utilities workers and public sector workers," he said.

The study monitored the health of 12,000 people who helped with the trade center cleanup, a diverse group that included many people in addition to firefighters and police officers. All of them received comprehensive evaluations that included physical examinations, mental health evaluations, pulmonary function tests, chest X-rays, blood tests and urinalysis.

Of the group of 12,000 initially examined, 9,500 agreed to allow their results to be used in the report that will be published in Thursday's edition of Environmental Health Perspectives, the journal of the National Institute of Environmental Health Sciences.

Among the report's chief findings:

Almost 70 percent of those who responded had a new or worsened respiratory symptom that developed during or after their time working at the World Trade Center site.

Among the workers who were showed no such symptoms before 9/11, 61 percent developed respiratory symptoms while working at the site.

Almost 60 percent still had a new or worsened respiratory symptom when they were examined for the study.

One third had abnormal pulmonary function tests, much higher than expected.

Severe respiratory conditions, including pneumonia, were significantly more common in the six months after 9/11 than in the six months before the event.

Those who arrived first at the site suffered the heaviest exposures, the report found, which is significant because 70 percent of those screened arrived at the site in the first few days after the disaster, between Sept. 11 and 13.

In the past year, the responders seen by doctors involved in the study have suffered from upper respiratory illnesses, like sinusitis, laryngitis, and vocal cord dysfunction; lower respiratory disorders, like asthma and World Trade Center cough; psychological disorders, like post-traumatic stress disorder and chronic depression; and musculoskeletal problems, often from injuries that occurred while working on the pile.

Mount Sinai continues to screen responders and has tested an additional 4,000 since April 2004.

"We encourage anyone who worked at ground zero, especially in the early days after September 11, who has not yet been screened, to come for an evaluation," said Dr. Philip J. Landrigan, chairman of the department of community and preventive medicine at Mount Sinai. "It is important that those who gave so heroically in the aftermath of the disaster be assured that they will be able to get all the medical care they need."

Mount Sinai's ongoing monitoring program is supported with money from the National Institute for Occupational Safety and Health.

The Other Victims Of Sept. 11 (opinion) (NYT)

The New York Times, September 6, 2006

Nobody knows exactly how many people rushed to help after the attack on the World Trade Center five years ago. The working estimate is 40,000, and it includes not only New York firefighters, police officers, ironworkers and neighborhood volunteers but also communications workers from Chicago and rescuers from California. They came from across the country to work on "the pile," as the smoldering ruins were known, or at Fresh Kills on Staten Island, where what remained of the twin towers was eventually moved for closer examination.

Now, many of these generous people, people who had no trouble passing a physical on Sept. 10, are paying with their health. Because they failed to wear or sometimes even obtain the proper breathing masks, and because they were misled by

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assurances that the toxic fumes were not dangerous, many are now sick or even dying. It is time for all those politicians who are waving the flag this month over Sept. 11 to start providing care for the living victims of that day.

The evidence of problems for these workers has grown steadily since 2001. The latest survey by the Mount Sinai Medical Center in New York City estimates that nearly seven of 10 people who responded after Sept. 11 have suffered new or worsening lung problems. The center's survey of about 9,500 people found that those who responded earliest were now the ones suffering the worst.

Recent initiatives from Mayor Michael Bloomberg and state leaders are welcome, even five years late. It would be easy to criticize them for being slow in recognizing the need, but the real failure has been in Washington. This is a national problem, requiring federal answers. The terrorists attacked the United States, not New York. Understanding that, people came from across the country to help. Their medical costs and compensation for long-term disabilities must be handled through a national plan that treats everyone, from illegal immigrant cleaners to firefighters to physicians, with equal respect.

Yet until recently, Congress and the Bush administration have barely managed to squeeze out enough money for surveys to determine the extent of illnesses related to ground zero. A scant $52 million has been set aside for medical care, but so far, none of that money has reached a real patient. Even Dr. John Howard, who was appointed in February as the administration's coordinator for 9/11 health efforts, recognized the frustration. He said of those waiting for medical help, "I can't blame them for thinking, 'Where were you when we needed you?' "

They still need help. Congress and the White House need to make sure there is enough money to continue monitoring those from around the country who were caught in the toxic dust. And they need to make money available quickly for responders who grow sicker with each Sept. 11.

9/11 Miniseries Is Criticized As Inaccurate And Biased (NYT)

By Jesse Mckinley

The New York Times, September 6, 2006

SAN FRANCISCO, Sept. 5 — Days before its scheduled debut, the first major television miniseries about the Sept. 11 attacks was being criticized on Tuesday as biased and inaccurate by bloggers, terrorism experts and a member of the Sept. 11 commission, whose report makes up much of the film's source material.

The six-hour miniseries, "The Path to 9/11," is to be shown on ABC on Sunday and Monday. The network has been advertising the program as a "historic broadcast" that uses the commission's report on the 2001 attacks as its "primary foundation."

On Tuesday, several liberal blogs were questioning whether ABC's version was overly critical of the Clinton administration while letting the Bush administration off easy.

In particular, some critics — including Richard A. Clarke, the former counterterrorism czar — questioned a scene that depicts several American military officers on the ground in Afghanistan. In it, the officers, working with leaders of the Northern Alliance, the Afghan rebel group, move in to capture Osama bin Laden, only to allow him to escape after the mission is canceled by Clinton officials in Washington.

In a posting on ThinkProgress.org, and in a phone interview, Mr. Clarke said no military personnel or C.I.A. agents were ever in position to capture Mr. bin Laden in Afghanistan, nor did the leader of the Northern Alliance get that near to his camp.

"It didn't happen," Mr. Clarke said. "There were no troops in Afghanistan about to snatch bin Laden. There were no C.I.A. personnel about to snatch bin Laden. It's utterly invented."

Mr. Clarke, an on-air consultant to ABC News, said he was particularly shocked by a scene in which it seemed Clinton officials simply hung up the phone on an agent awaiting orders in the field. "It's 180 degrees from what happened," he said. "So, yeah, I think you would have to describe that as deeply flawed."

ABC responded Tuesday with a statement saying that the miniseries was "a dramatization, not a documentary, drawn from a variety of sources, including the 9/11 commission report, other published materials and from personal interviews."

"The events that lead to 9/11 originally sparked great debate," the statement continued, "so it's not surprising that a movie surrounding those events has revived the debate."

Former Gov. Thomas H. Kean of New Jersey, the chairman of the Sept. 11 commission and a consultant on the miniseries, defended the program, saying he thought the disputed scene was an honest representation of a number of failed efforts to capture Mr. bin Laden.

"I pointed out the fact that the scene involving Afghanistan and the attempt to get bin Laden is a composite," Mr. Kean said, adding that the miniseries format required some conflation of events. But, he said, "The basic fact is that on a number of occasions, they thought they might have been able to get bin Laden, and on those occasions, the plug was pulled for various reasons."

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Mr. Kean conceded that some points might have been more drama than documentary. “Some of the people shown there probably weren’t there,” he said.

Online commentators seized on remarks made last week by Rush Limbaugh, the conservative radio host, who said “The Path to 9/11” had been written and produced by a “friend of mine out in California” named Cyrus. “From what I’ve been told,” Mr. Limbaugh said, according to a transcript on rushlimbaugh.com, “the film really zeros in on the shortcomings of the Clinton administration.”

Reached Tuesday, Cyrus Nowrasteh, the film’s screenwriter and one of its producers, said he had met Mr. Limbaugh on the set of “24,” the serialized thriller on Fox.

“I met him briefly,” Mr. Nowrasteh said, declining to say if the two men were close. “And that’s it.”

As for criticism that his movie was soft on the Bush administration, Mr. Nowrasteh said, “Let the movie speak for itself.”

ABC said it planned to run a disclaimer with the broadcast, reminding viewers that the movie was not a documentary.

But Richard Ben-Veniste, a member of the Sept. 11 commission, said genre confusion would not be a problem for commission members, several of whom saw part of the miniseries last week.

“As we were watching, we were trying to think how they could have misinterpreted the 9/11 commission’s finding the way that they had,” Mr. Ben-Veniste said. “They gave the impression that Clinton had not given the green light to an operation that had been cleared by the C.I.A. to kill bin Laden,” when, in fact, the Sept. 11 commission concluded that Mr. Clinton had.

Mr. Ben-Veniste said he did, however, approve of the casting. “I like Harvey Keitel,” he said of the actor who plays John O’Neil, the onetime F.B.I. counterterrorism expert who died in the attacks. “I liked him in ‘Mean Streets.’ I’m a fan.”

Proposals To Revise FEMA May Be In Jeopardy On Capitol Hill (WP)

By Spencer S. Hsu

The Washington Post, September 6, 2006

Congressional proposals to retool the Federal Emergency Management Agency after last year's disastrous hurricane season appear to be in trouble, with Republicans scrambling to strike a compromise before November's elections.

Members remain divided over how much to spend; how big to rebuild the disaster response agency after five years of disintegration; and how broadly to change laws covering aid to individuals, governments and private groups, congressional aides said.

Both political parties expect homeland security to be an important issue in this fall's elections. Desiring to avoid a divisive floor fight and to fast-track FEMA changes through a jampacked legislative calendar, Republican leaders are pushing to jettison the controversial parts and tack the rest onto a pending, must-pass $33 billion homeland security spending bill.

Sen. Judd Gregg (R-N.H.), chairman of the Senate Appropriations subcommittee on homeland security, said he has told House and Senate FEMA negotiators from both parties that if they can strike a deal, "we will be happy to carry it. . . . If we get to that point, I would try to fund it consistent with what they propose, if I agree with it. . . . There is not a lot of money."

Indeed, Rep. Bennie Thompson (Miss.), the ranking Democrat on the Homeland Security Committee, said GOP House leaders have said no new money will be available.

"The overhaul without finances is not going to make America any safer," he said, calling the election-season fix to FEMA "at best, cosmetic" and "an insult to every American."

Leslie Phillips, a spokeswoman for Sen. Joseph I. Lieberman (Conn.), the ranking Democrat on the Senate Homeland Security panel, said: "Senator Lieberman certainly believes that more funding is needed and will fight for it. . . . Otherwise, [FEMA's] reinvention will not succeed."

John Scofield, a spokesman for the House Appropriations Committee, said caps on the spending bills were set long ago and noted that the House and Senate in June passed versions already $400 million apart.

"We have a budget that was approved earlier in the Congress, and our plan is to stick with it," Scofield said.

Gregg set a deadline of yesterday for agreement, several congressional aides said, although the chairman said his window is still open. House appropriators set a Sept. 15 deadline. One House Republican aide following the negotiations expressed skepticism about the chances of passing a bill. "I guess it's better than 50-50 . . ." the aide said, "but it's definitely not a slam-dunk."

Lawmakers began pushing for major changes to FEMA within days after Hurricane Katrina rampaged through the Gulf Coast. The agency's response to the catastrophe was widely criticized, and the White House promised to improve its disaster preparedness.

At the urging of the White House, House GOP leaders have pressed backers of two competing bills to agree to leave FEMA within the Homeland Security Department, and not restore it to independent status.

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Budget estimates that each bill would exceed $1 billion include money that FEMA already spends, GOP aides say, and Gregg noted that the agency gets big boosts in emergency spending bills when disasters hit. "We'll make sure they get the necessary funding," Scofield said.

"The normal sausage-making of legislation is not going to get us what we need," said Max Stier, president of the Partnership for Public Service. Several investigations into the response to Hurricane Katrina showed a need for far-reaching changes, he said, and "dollars to back it up."

WAR NEWS:

Rice Likens Iraq And Civil War Critics (AP)

By Barry Schweid

AP, September 6, 2006

Secretary of State Condoleezza Rice is drawing a parallel between the Iraq war and the Civil War. Both had their critics but both were justified, she says.

In both cases, it was the right decision to fight and see the wars through, Rice, who is black and is from Alabama, said in an interview with Essence Magazine.

Asked if she still thought the decision to go to war in Iraq in 2003 was right, considering the cost in lives and treasure, Rice said, "Absolutely."

Rice then offered a parallel between critics of the administration's Iraq policies and "people who thought it was a mistake to fight the Civil War (in this country) to its end and to insist that the emancipation of slaves would hold."

"I'm sure that there were people who said, "why don't we get out of this now, take a peace with the South, but leave the South with slaves."

"Just because things are difficult, it does't mean that they are wrong or that you turn back," Rice told the magazine, which has a large audience among African-Americans.

Rice, a former academic, said she spent the summer reading biographies of the Founding Fathers and said she was certain "there were people who thought the Declaration of Independence was a mistake" as well.

Rice Finds Similarities To U.S. Civil War (WT)

By Nicholas Kralev

The Washington Times, September 6, 2006

Secretary of State Condoleezza Rice has drawn a parallel between the war in Iraq and America's Civil War, saying that fighting to the end was the right thing to do even though many thought it was a mistake.

"I know that there were people who said, 'Why don't we get out of this now, take a peace with the South, but leave the South with slaves?' Just because things are difficult, it doesn't mean that they are wrong or that you turn back," Miss Rice said.

In another parallel, she said that "by all rights, the United States of America should not have come into being," because "there were people who thought that the Declaration of Independence was a mistake."

Miss Rice made her remarks in a wide-ranging interview with Essence magazine, whose readership is predominantly black.

Miss Rice also defended President Bush's record on racial issues.

It was "a ridiculous lie," she said, that the government was "negligent" and "cared less" about most of Hurricane Katrina's victims in New Orleans "because these were black Americans."

It was Mr. Bush's minority education policies when he was Texas governor that "really attracted me to this president," she said.

"I've seen what is happening to our kids, particularly in inner city schools, where they are not being educated, where they are being warehoused," she said. "And it makes me furious that people aren't more outraged about that. He was outraged about that and wanted to have accountability."

Miss Rice also pointed to "huge increases in funding to historically black colleges" during the Bush administration.

Turning to foreign policy, Miss Rice cited Sudan and Liberia as examples of the Bush administration's commitment to Africa.

Mr. Bush said early in his presidency that he "wanted to do something about Sudan," she said. At the time, the Islamist government in Khartoum was fighting in a bloody civil war with Christians in the south and problems in Darfur had yet to surface.

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In Liberia's case, Mr. Bush suggested that someone else help end a civil war there because Washington's plate was full with Afghanistan, Iraq and other commitments.

But, Miss Rice said, she urged the president to reconsider, "because of our history with Liberia of having been founded by freed American slaves, Liberia is our responsibility."

Asked whether she supports affirmative action, Miss Rice said that she does, but that she doesn't "believe in quotas."

"I don't believe in lowered standards, but I don't believe affirmative action means lowered standards," she said. "I think it means looking outside of normal networks to find people who might be equally capable."

She said her hiring by Stanford University in 1981 "was an example of affirmative action" because the school "didn't need another Soviet specialist" but "took a look at this young black woman, and they liked my work, and I know that they created a space to hire me because they wanted to diversify their family."

"We are not a color-blind society," she said. "I think we aspire to be, but we are not, and race matters."

In an interview with Reader's Digest, Miss Rice, 51, said again that she would not run for president.

"But by this time in life, I do know what I want to do and what I don't," she said.

Iraqi Parliament Adds Month To 2-Year State Of Emergency (NYT)

By Edward Wong

The New York Times, September 6, 2006

BAGHDAD, Iraq, Sept. 5 — Parliament voted Tuesday to extend by a month a nationwide state of emergency that allows the government broad powers to combat the insurgency, including declaring curfews, detaining suspects and conducting cordon-and-search operations.

The state of emergency has been extended several times since it was first imposed in 2004 by the prime minister at the time, Ayad Allawi. There has been no serious move to roll it back.

The government has been liberal in its use of the powers. For example, it has imposed a curfew every Friday afternoon since June in some cities to try to curb violence at mosques on the day of prayer. Last month, it declared a curfew of nearly three days in Baghdad to foil attacks during a Shiite pilgrimage holiday.

Despite the affirmation of emergency powers, violence continued to roil Iraq.

The American military announced Tuesday that two marines and a sailor had been killed Monday as a result of “enemy action” in Anbar Province, which is home to the Sunni-led insurgency. At least 2,657 American troops have died since the invasion in 2003, according to the Iraq Coalition Casualty Count, a Web site (www.icasualties.org).

The toll of Iraqi civilians has been much higher, with nearly 3,500 killed in July alone. Killings of Iraqis continued Tuesday. The worst incident took place in Baquba, the volatile capital of Diyala Province, where gunmen killed 11 people, including 3 policemen, and wounded 22 others in several attacks, police officials said.

In Baghdad, gunmen in the Dora district killed three pilgrims en route to Karbala, a Shiite city, an Interior Ministry official said. Violence has dropped since American and Iraqi forces swept the area in early August, but residents still live in fear.

The police also discovered seven bodies in two locations in Baghdad.

Clashes between gunmen and the police erupted in western Mosul, resulting in the death of a gunman and the wounding of two policemen.

The Islamic Army in Iraq, an insurgent group founded by former Baath Party members, issued an Internet statement saying it had not entered into any negotiations with the government, contrary to some news media reports, according to the SITE Institute, a Washington group that tracks jihadist messages.

Iraq Extends State Of Emergency (AP)

By Elena Becatoros, Associated Press Writer

AP, September 6, 2006

Iraq's parliament reopened Tuesday after a summer recess and voted to extend a state of emergency for a month because of unrelenting sectarian violence, while the president predicted bloodshed will be quelled by the end of next year.

The U.S. military announced the deaths of three more American servicemen, bringing to 10 the number of coalition soldiers killed the previous two days — eight Americans and two Britons.

Iraq's state of emergency, which has been in place for almost two years, covers every area except the autonomous Kurdish region in the north. It grants security forces the power to impose curfews and make arrests without warrants.

It has been renewed every month since first being authorized in November 2004, hours before U.S. and Iraqi troops launched a big offensive to drive insurgents out of Fallujah, one of the main cities in the restive Anbar region west of Baghdad.

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Two U.S. Marines and one sailor were killed in Anbar "due to enemy action" Monday, the U.S. military command reported. Five other Americans had previously been reported killed Sunday and Monday, and two British soldiers died from a roadside bombing in the south Monday.

Police said 15 Iraqis died in violence across the country Tuesday. In Saweria, a town about 30 miles south of Baghdad, the bodies of five other people were found dumped, all blindfolded, shot and tortured — signs of sectarian reprisal killings that have surged this year.

Hundreds of Iraqis have been killed by suicide bombings, shootings and mortar and rocket attacks over the past two weeks. But President Jalal Talabani expressed optimism fighting would stop before 2007 ends, and he said Iraqi forces will be able to handle any remaining violence.

"I don't think fighting will continue until then if the steps of national reconciliation go according to plan," he said after talking with visiting British Foreign Secretary Margaret Beckett. "If some groups are still fighting, our forces will be able to take care of it."

Prime Minister Nouri al-Maliki's reconciliation plan seeks to bridge religious, ethnic and political divisions that have been tearing at Iraq with daily violence.

The plan includes an offer of amnesty to members of the Sunni Arab-led insurgency not involved in terrorist activities, calls for disarming primarily Shiite sectarian militias and promises compensation for families of Iraqis killed by U.S. and government forces.

Asked by reporters when Britain's 7,000 soldiers might be able to leave Iraq, Talabani said "by the end of 2007."

"We've achieved good success in building our forces and equipping them with the necessary arms," he said, adding that "once violence declines, we will not need the presence of multinational forces in Iraq."

But Beckett cautioned that Talabani was "not setting a deadline" for troop withdrawal.

"That's the president's personal opinion," she said, adding that "the circumstances will be the judge of everything."

Earlier, Beckett met with Deputy Prime Minister Barham Saleh and stressed the importance of transferring security from the U.S.-led coalition to Iraqi forces. The handover is a key part of any eventual drawdown of international troops in the country.

"There has been responsibility that has been transferred already and we hope and believe that that is a process that will continue," Beckett said, adding it was "absolutely key that we see that responsibility being able to be exercised by the representatives of the elected government of Iraq."

British troops handed over control of southern Muthanna province in July, and another southern province, Dhi Qar, is to follow this month.

But a disagreement emerged over the handover of Iraq's armed forces command when a ceremony marking the transfer was called off at the last minute Saturday.

Although neither side would elaborate on the exact reason, the Defense Ministry said it was necessary "to complete some legal and protocol procedures that will lead to a complete understanding between the Iraqi government and the multinational troops."

Ali al-Dabbagh, spokesman for the prime minister, told the British Broadcasting Corp. the ceremony would be held Thursday.

A dispute over Iraq's flag also showed no sign of abating.

Massoud Barzani, president of the Kurdish region, angered many in Baghdad with his decision Friday to replace the Iraqi national flag with the Kurdish banner. The Kurdish region has been gaining more autonomy since the 2003 U.S.-led invasion, a worrying development to many Iraqi leaders, especially Sunni Arabs.

Iraq's first interim Governing Council after the fall of Saddam Hussein decided to change the country's flag, but no official version has been adopted.

Talabani, a Kurd himself, said the media had blown the issue out of proportion. He said the current Iraqi flag "is the flag of (Saddam's) Baath Party" and that Kurds have always worked toward national unity.

"The Kurds are not part of the problem, they are part of the solution," he said.

A Third Of Lawmakers In Iraq Skip Session (LAT)

By Louise Roug

The Los Angeles Times, September 6, 2006

BAGHDAD — Iraqi lawmakers returned to work Tuesday, some traveling from the Kurdish north, others from the Sunni Arab west or the Shiite south.

About one-third didn't show up.

After a monthlong vacation, the large number of no-shows at a short parliamentary session prompted dismay among colleagues and created confusion about voting rules.

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"No more orphans, no more widows," Mahmoud Mashadani, speaker of parliament and a Sunni Arab, declared in his opening statement, in front of rows of empty chairs.

During the brief session, legislators passed a one-month extension of a state of emergency amid the nation's unrelenting violence.

"The elected leaders of Iraq are certain that terrorists and murderers will not succeed, no matter how arrogant and insolent they are," Mashadani said.

But the grand rhetoric rang hollow to many Iraqis, who in December proudly held up purple ink-stained fingers after risking their lives to vote. Some feel betrayed by their elected leaders and express little confidence in the government's ability to secure the country or improve basic services.

"During the Jihad massacre, they had closed sessions discussing their salaries and bargaining on how many cars they can get," said Ali Abdullah, a 31-year-old Sunni engineer in west Baghdad, referring to recent sectarian bloodshed in the capital. "People were being slaughtered and they were worrying about themselves."

At Tuesday's session, which had been postponed once because so many legislators had not returned from their summer holiday, 180 of 275 representatives were present.

Safiya Suhail, a secular Shiite lawmaker wearing a white pantsuit and white spiky boots, was one of the lawmakers who attended the session. Suhail, with the Iraqiya slate, described the turnout as "shameful."

Her colleague Haider Abadi of the Islamic Dawa Party said he was disappointed with his colleagues. "It shows a lack of responsibility, and we have to address it," said the Shiite lawmaker, who wore a pinstriped suit. He said he and others have discussed financial penalties for parliament members who are often absent.

Legislators have a three-day workweek and are paid $5,000 per month plus $7,000 in allowances for drivers, guards and other staff members. By comparison, the average monthly salary for a civil servant in Iraq is about $200.

After the December elections, Sumaya Ali, a 31-year-old Shiite accountant in Baghdad, was optimistic. But the lawlessness of the capital is eroding her faith.

"My hope is dying," she said. "The parliament members only think about their salaries while the situation is very critical in the country."

Iraq's most revered and influential religious leader, Grand Ayatollah Ali Sistani, and his representatives have become increasingly critical of what they see as fat cats and corruption.

"Citizens expect, and they are right to do so, that parliament members and high-ranking officials share their agony and hardship," Sistani said in a recent statement.

But many lawmakers live in government-sponsored villas and apartments in the heavily guarded Green Zone, enjoying a world of security and privilege where the streets are clean and the electricity is constant.

On the other side of concrete barriers, checkpoints and concertina wire, sectarian warfare threatens to pull the country apart. Fear and violence keep many people at home, unable to work or attend school.

Millions of Iraqis live in poverty. Malnutrition afflicts a quarter of the country's children. Unemployment remains at a record high. Fuel shortages are chronic. Electricity is scarce.

Alyaa Ahmed, a 38-year-old Shiite mother of four, said she feared sending her children back to school. Killers regularly dump bodies in the streets of her west Baghdad neighborhood. She had little time for politicians, and had not seen the televised session Tuesday.

"We had no electricity but even if I had electricity, I wouldn't trouble myself," she said. "They only talk."

"A long time but with few accomplishments," agreed Wael Abdul Latif, a lawmaker with the Iraqiya slate, as he described the previous session.

During that session, four minor laws were passed in five months, two of them concerning government employment.

Latif feared that parliament might again get bogged down in the kind of minutiae that beset previous meetings.

"This is a stage when the parliament must work," he said. "The country is flooded with blood."

Despite American-led security efforts, the carnage has continued in Baghdad and beyond. On Tuesday, authorities reported 33 people killed.

Three Americans — two Marines and a sailor assigned to Regimental Combat Team 5 — were killed Monday in Al Anbar province, according to a statement from the U.S. military.

In the capital, gunmen killed six people, including three Shiite pilgrims, in various attacks. Police recovered at least 15 bodies in and around Baghdad, authorities said. In south Baghdad, armed and masked men, believed to be affiliated with Shiite cleric Muqtada Sadr, set up checkpoints. After American soldiers arrived in the area, the checkpoints disappeared.

In Baqubah, north of the capital, gunmen killed six civilians in separate attacks, and two cellphone towers were destroyed. Assailants fired a rocket-propelled grenade at a police patrol in the city, killing three officers.

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Two bombs that exploded near the home of a prominent sheik in Samarra killed three people, including a 6-year-old child, and injured five, including the sheik's daughter.

Iraq's Endangered Journalists (NYT)

By Ali Fadhil

The New York Times, September 6, 2006

IN today's Iraq, intellectuals are targets of a widespread, often ethnically driven campaign of murder. Many have fled their homes, or even the country, to protect their families. Doctors, engineers, professors and even teachers seek new careers in parts of Iraq where their ethnic or sectarian group is in the majority. But one class of professionals cannot escape the violence because its work is connected to it, and it is a group that has been attracted to, and cultivated by, the new Iraq. They are the news media workers. And I am one of them.

Under Saddam Hussein, I was a doctor. But I took up journalism in late 2003, when it was clear that the best jobs in post-Hussein Iraq were those in the news media. Building a free press in Iraq was one of America's greatest achievements. When the American-led coalition installed itself in the Green Zone, it created the Combined International Press Center, where American soldiers issued press passes to Iraqis and Westerners alike.

Just like American reporters, we could embed ourselves with the United States Army and we could attend coalition press conferences, where we addressed critical questions to American officials as well as to Iraqi officials. Many of the biggest stories were either written by Iraqis or reported by them.

With American encouragement, Iraq produced a generation of young journalists who are decades ahead of their counterparts elsewhere in the region. Those who had the opportunity to work for Western publications or broadcast companies advanced the furthest, but many journalists working for local news media organizations also catapulted ahead in their careers. The two groups complemented each other, succeeding in the midst of violence and confusion to reveal the hidden atrocities in our country to Iraqis and the world.

In the last year, however, as successive short-term governments have taken power in Baghdad, American support for the Iraqi news media has waned. In May the United States ambassador announced the transfer of the International Media Center, which has served as a headquarters for the international and local news media, into the hands of the new Iraqi government, which is dominated by militias and regards the news media as akin to the insurgency, something that it must defeat and suppress. In mid-July, the Iraqi prime minister threatened to close any news media outlet that insufficiently supports the Iraqi government in its fight against sectarian violence. I fear that if this government survives, the press in Iraq will become similar to that in Iran, Saudi Arabia or Syria.

This is bad news at a time when the Iraqi press needs protection more than ever. Last week, the office of the state-owned daily newspaper, Al Sabah, was torn apart by an enormous bomb that killed at least two people and wounded 20. Nearly four months ago, the same newspaper had been hit with a car bomb. Going into the office must be like walking into a lion's cage for Al Sabah journalists. And they are not alone. Any newspaper in Iraq could suffer the same fate at any time.

Last February, Atwar Bahjat, a well-known reporter for the Arabic satellite news channel Al Arabiya, was murdered with her cameraman and sound technician in Samarra, where they were reporting on the aftermath of the bombing of the Shiite shrine there.

On Aug. 8, two Iraqi journalists were killed by militants. One of them was riddled with bullets as he was leaving his house in my old neighborhood in western Baghdad. The Committee to Protect Journalists reports that 56 Iraqi journalists have been killed since the war began in 2003.

Today journalists in Iraq face death threats from all sides. The most substantial menace comes from the insurgency and from Islamic extremists who regard journalists as infidels doing the bidding of Jews and Zionists. Many Sunnis think that we are collaborating with the Americans or working as spies for them. So do members of Shiite militias like Moktada al-Sadr's Mahdi Army.

As for the government, many of its employees, who come from the old regime, deny us access, rightly fearing that they will be punished by their superiors for anything they say to us.

Finally, the American soldiers who were so helpful to us in the early days of the occupation now have a different attitude. By 2005, if an Iraqi journalist aimed a camera at a United States Army convoy, the soldiers' rules of engagement allowed them to shoot. American soldiers have been responsible for the deaths of about 14 journalists in Iraq, the majority of them Iraqis.

I have experienced nearly all of these threats firsthand. In May 2004, a Canadian journalist and I were seized by insurgents inside Falluja. I was able to convince our captors that the Canadian, who spoke no Arabic, was not a Westerner but my older brother, and that he had suffered a stroke that left him unable to speak.

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A month later, National Public Radio sent me to Najaf to report on a protest against the fighting between the Americans and the Mahdi Army. Iraqi police officers handcuffed me, beat me and dragged me into the main government building. The governor's deputy released me on the condition that I not take Mr. Sadr's side in my reporting.

The Mahdi Army then arrested me that September, in the Sadr City slum of northeastern Baghdad. I had been reporting from the hospital, where I was interviewing injured civilians. The militia men took me to a mosque, where a very young sheik questioned me. I lied about my employer, which was still National Public Radio, saying instead that I worked for a German station. He told me that I had better not be a spy, or else. My identity papers were copied and returned to me.

Finally, last Jan. 8, my house was raided by American forces, who blew out the doors with explosives and shot several bullets into the bedroom where my wife, 3-year-old daughter, 6-month-old son and I were sleeping. They destroyed our furniture, and I was hand-flexed, hooded and taken to an unknown place. It turned out that the raid was connected to the kidnapping of Jill Carroll, the Christian Science Monitor reporter who had been abducted in my neighborhood the day before. The Americans apologized and gave me $500 for the time I spent with them and $1,000 for the damage to the house. I was released the next morning.

My early release aroused suspicion among my neighbors. Other people from the same block had been arrested and not released. And so it was that two days later, I got a threatening phone call from someone who said I had been identified as working with Americans. I took my family to a hotel, where we stayed until we left Iraq for New York at the end of January.

As dangerous as Iraq is for foreign reporters, they at least have the advantage of being considered untouchable by the Iraqi police and security forces. The same is not true for us. In September 2005, I was working on a film when I found myself driving down a closed street in the upscale Mansour district. A gang had attacked a bus that was carrying bank employees home at the end of the day. Foolishly, the bank officials had hidden $1 million in cash inside the employees' bus. Someone had tipped off the gang, which murdered several of the passengers.

As I approached with my camera, I saw that that a boy who had been selling Pepsi by the side of the road was trapped in the middle of heavy fire. I knew that he should figure in the documentary I was making. But the police threatened to break my camera and forced me and other Iraqi journalists out of the street. An Iraqi cameraman for the American-backed Al Hurra television argued that he should at least be allowed to film from a distance. In seconds, he was handcuffed and led away, his camera thrown to the ground, his tapes confiscated.

FROM the beginning of my work as a journalist, I was careful to conceal my professional identity from everyone I knew, including my relatives. I told everyone I worked in a private hospital, and no one in our neighborhood suspected otherwise. I would leave the house with my white coat hanging in the car as though I were going to the hospital.

As a general rule, all Iraqi journalists found ways of keeping their work a secret. And yet, we still ran to report on car bombs in the morning, knocked on doors to talk to people in dangerous neighborhoods, and raced to fatal areas to be the first to break stories.

The Western news media could not function in Iraq without the dedication of Iraqi journalists. And those Iraqis were first inspired to become journalists because of the United States. Now the United States has turned our fate over to Iraqi politicians. If our government continues to be dominated by militias and to draw closer to the insurgency and the Islamic extremists, then in just a few months, no news will be reported from Iraq at all.

The Iraqi people, however, will continue to suffer. There will be new mass murders, committed or encouraged by the very same people who denounced the killings under Saddam Hussein. And just as back then, there will be no news media to inform the world.

To Stay Alive, Iraqis Change Their Names (NYT)

By Edward Wong

The New York Times, September 6, 2006

BAGHDAD, Iraq, Sept. 5 — There was nothing out of the ordinary about the young man clutching a sheaf of papers at the birth certificate office, except for his name: Saddam Hussein al-Majid.

"All three of your names match his," the clerk at the desk said with a laugh, referring to Iraq's deposed leader. "That's unbelievable!"

Mr. Hussein shrugged in exasperation. "What can I do?" he said. His parents had chosen the name, not he.

Now he was trying to avoid paying with his life for that decision. He wanted to change the first name on his birth certificate to Sajad, favored by Shiites. Mr. Hussein, a Shiite Arab, was all too aware that militiamen from his own sect might assume he belonged to the former ruling Sunni Arab minority.

The man in line behind him, another Saddam, wanted to change his name to Jabar, one of Islam's 99 names for God.

The country's Sunni-Shiite bloodletting is driving many Iraqis to bury the very essence of their identity: their names.

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To have to hide one's name is considered deeply shameful. But with sectarian violence surging, Iraqis fear that the name on an identification card, passport or other document could become an instant death sentence if seen by the wrong people.

That is because some first names and tribal names indicate whether a person is Sunni or Shiite. A first name of Omar is popular among Sunnis, for example, as is Ali among Shiites.

Stories abound of Iraqi civilians being stopped at checkpoints by militiamen, insurgents or uniformed men and having their identification cards scrutinized. They are then taken away or executed on the spot if they have a suspect name or a hometown dominated by the rival sect. In Baghdad, Shiite death squads — sometimes in police uniform — operate many of the illegal checkpoints, Iraqi and American officials say.

The most infamous episode of this kind took place in July, when Shiite gunmen set up fake checkpoints and went on a daytime rampage through the Jihad neighborhood of Baghdad, dragging people from their cars and homes and shooting them after looking at their identification cards. Up to 50 people were killed.

In the first seven months of this year, 1,000 Iraqis officially changed their names, far more than in any similar period since the American invasion of 2003, said Maj. Gen. Yaseen Tahir al-Yasiri, director of the Interior Ministry department that issues identity documents. Most were Sunni Arabs. The rush began after the bombing of a revered Shiite shrine in Samarra last February set off waves of sectarian violence.

Forgers of identification cards say business is booming. Every Iraqi is issued a national ID card, called a gensiya. A forger in the Shiite slum of Sadr City who calls himself Abu Ahmed said he makes six or seven fake cards a day, mostly for people who want sect-neutral names. He is not proud of helping people mask their identity and their sect. "We do these things and we're ashamed of it," he said.

The growing number of people seeking to change or hide their names is just one consequence of the enormous fear that Iraqis now have of revealing their sect. More and more, Iraqis are asking themselves whether their sectarian allegiance is obvious to those around them, and if so, how to cover it up.

There is no way to physically tell Sunni Arabs from Shiite Arabs, so militiamen and insurgents are increasingly killing people based on small, telltale signs — whether the owner of a car or a house has posters or stickers of Shiite martyrs, for instance, or whether a driver has a car with a license plate from a Sunni-dominated province.

Before the Samarra bombing, Abu Ahmed's business generally came from parents who wanted to change their children's ages so they could start elementary school early. He made only 25 to 40 cards a month.

Now, his clients include people who simply want to commute between the Sunni enclave of Adhamiya and the neighboring Shiite bastion of Kadhimiya without being harassed at militia or police checkpoints, Abu Ahmed said. He charges anywhere from $7 to $50 for a new ID card.

First names that are particular to Sunnis or Shiites usually pay homage to leaders in the 7th century who played important roles in the split between the sects.

Common names among Shiites include Ali, Hussein and Abbas. Sunnis prefer Omar, Othman or Marwan. The tribal name can also be a giveaway — Dulaimi and Jubouri are large Sunni tribes, for example, while Lami and Daraji are predominantly Shiite ones.

Ahmed and Muhammad are favorite neutral names for those seeking new names or fake ID cards.

General Yasiri, the government official, said that when he signed documents approving name changes, "my hand shakes, because these names are not dirty or nasty names. Sometimes I tell the people to be patient and not to change their names. But they say, 'Sir, we can't, because we're facing a very dangerous situation.' "

Many residents of Falluja, an insurgent stronghold in the Sunni-dominated province of Anbar, have bought fake ID cards to hide their names and hometown in case they have to travel to Baghdad or other mixed areas.

Bassim Abdullah Farhan, 40, the owner of an automotive parts shop, said he paid the equivalent of $35 for a fake ID that lists his tribal name as Shammari rather than Dulaimi, and his hometown as Baghdad rather than Falluja. "We never expected that the scale of killings and evictions would be so large and so violent," he said as he sipped tea outdoors with a friend.

An American official in Falluja said that Sunni Arab families fleeing persecution in Baghdad asserted that the "scarlet 'A' for Anbar equals death" if militant Shiites spot it on an ID card.

Driving with an Anbar license plate can be just as dangerous. Iraqis tell stories of Shiite militiamen gunning down or abducting drivers with Anbar plates.

Abdullah Ali, a mechanic in Baghdad, said he watched as his brother-in-law was recently pulled from a car with Anbar plates by gunmen in the Shiite neighborhood of Shuala. The brother-in-law, Marwan Najim Abdullah, from Falluja, had been driving his white Buick sedan as part of a wedding convoy. The gunmen zeroed in on Mr. Abdullah's car, apparently because of its plates.

"His family collected him from the morgue," Mr. Ali said.

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Mr. Ali said he also had a cousin who had been kidnapped, mutilated and shot dead in Shuala because he had the wrong license plates. The cousin, a cabby, had driven into the neighborhood in a Volkswagen Passat with plates from Sunni-dominated Salahuddin Province. But the Shiite militiamen who killed him made a horrible mistake, Mr. Ali said — the cousin was a Shiite who happened to have Salahuddin plates.

The human rights office of the leading Sunni Arab political group, the Iraqi Islamic Party, has received dozens of reports of civilians being harassed or killed because of their license plates, said Yahia Ghazi Abdul Latif, an employee in the office. In June, for instance, the party heard of 10 such episodes, he said. They usually occur at checkpoints set up by militiamen or Interior Ministry commandos, he added.

"I had a car with Anbar plates myself, and I sold it for this very reason," Mr. Abdul Latif said. "I didn't even sell it for a good price."

An Interior Ministry spokesman denied that policemen or commandos were discriminating based on license plates.

A market for fake license plates has sprung up, just like the one for fake ID cards. And the demand for cars with Anbar and Salahuddin plates has plummeted, since changing the original plates involves bureaucratic hassle. Abdul Sattar al-Taie, a car dealer in Baghdad, said he had had to mark down cars with those plates by 20 percent.

"The changing market is due to sectarian violence," Mr. Taie said with a sigh.

"The Iraqis are one people, from north to south and south to north," he added. "There is no discrimination."

His words seemed intended more to reassure himself than anyone else.

Pakistan Reaches Peace Accord With Pro-Taliban Militias (WP)

By Pamela Constable, Washington Post Foreign Service

The Washington Post, September 6, 2006

Deal Arouses Alarm in Afghanistan

KABUL, Afghanistan, Sept. 5 -- The government of Pakistan signed a peace accord Tuesday with pro-Taliban forces in the volatile tribal areas bordering Afghanistan, agreeing to withdraw its troops from the region in return for the fighters' pledge to stop attacks inside Pakistan and across the border.

Under the pact, foreign fighters would have to leave North Waziristan or live peaceable lives if they remained. The militias would not set up a "parallel" government administration.

Reached as Pakistan's president, Gen. Pervez Musharraf, prepared to visit the Afghan capital Wednesday, the accord aroused alarm among some analysts in Afghanistan. They expressed concern that, whatever the militias promise, a Pakistani army withdrawal might backfire, emboldening the groups to operate more freely in Pakistan and to infiltrate more aggressively into Afghanistan to fight U.S. and allied forces there.

"This could be a very dangerous development," said one official at an international agency, speaking anonymously because the issue is sensitive in both countries. "Until recently there has been relative stability in eastern Afghanistan, but now that could start to deteriorate."

The agreement could add a new element of tension to Musharraf's visit, aimed at smoothing over his relations with Afghan President Hamid Karzai. The two Muslim leaders, both allies in the U.S.-led war against Islamic extremists, have clashed heatedly over allegations that Taliban forces in Afghanistan are receiving support and shelter from inside Pakistan.

Pakistan's move also appeared to complicate the U.S. role in the region. U.S. officials have praised Musharraf for his help in capturing al-Qaeda members and refrained from pressing him hard on cross-border violence. A withdrawal of Pakistani forces could reduce pressure on al-Qaeda figures believed to be hiding in the region, including Osama bin Laden, allowing them more freedom of action.

NATO forces are currently in a fierce conflict with Taliban insurgents in southern Afghanistan, where the militia has attacked in rural districts with increasing boldness in recent months. In the past four days, officials said, a NATO military operation in Kandahar province has killed more than 200 insurgents.

The conflict spread during the summer across the south, where about 10,000 NATO troops recently replaced a smaller number of U.S.-led forces. This week, Britain's top army officer said his forces were barely able to cope with the conflict, and the senior NATO commander here appealed for more support from member countries.

More than 1,500 people have been killed in combat and terrorist attacks this year as violence in Afghanistan swelled to its highest level since 2001, when U.S.-led forces drove the Taliban from power. Suicide bombings, once unheard of, are now almost daily occurrences. Schools have been burned across the region and dozens of community leaders have been assassinated.

U.S. forces continue operating in eastern Afghanistan, where attacks have been far less frequent. But in recent weeks, attacks have stepped up dramatically in Ghazni province, situated between the two regions.

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Many Afghans, including President Karzai, have blamed Pakistan for the violence. They charge that the Musharraf government has either failed to control Islamic militants at home or actively supported the Taliban militia, which it officially backed until 2001, in order to destabilize and gain sway over Afghanistan.

Musharraf has denied such claims and vowed to curb armed Islamic extremism in the border areas. In the past several years, he has sent more than 80,000 army troops into the semiautonomous tribal region, where Islamic militants including Afghans, Pakistanis and some Arabs were defying government rule, killing opponents and preaching holy war against the West.

The army units have met with fierce opposition, however, and critics say their presence undermined the tribal political system needed to counter rising Islamic militancy. On Tuesday, the peace pact was greeted with relief and jubilation by army and tribal representatives who gathered in the border town of Miran Shah in the North Waziristan tribal area, according to news service reports.

But some analysts said that the agreement exposed the military government's weakness and that by withdrawing troops, Musharraf is buying a dubious local peace at the risk of giving pro-Taliban groups more power both at home and across the border.

Taliban leaders in North Waziristan announced a unilateral cease-fire during the summer as peace talks got underway. But they have reportedly continued their brutal tactics, such as executing people they view as traitors. Less than a week ago, Pakistani officials found the headless bodies of two men near Miran Shah with notes saying they had been spies for the Kabul government.

US Regrets Friendly-fire Death Of Canadian Soldier In Afghanistan (AFP)

AFP, September 6, 2006

The United States expressed regret for the death of a Canadian soldier killed in Afghanistan by friendly fire from US aircraft, calling it a "tragic" mistake.

"Close air support is used in the United States military and with ISAF (UN-mandated International Security Assistance Force) and in our forces in Iraq all the time. Incident-free. Occasionally, though, there are these tragic mistakes that do happen," Pentagon spokesman Bryan Whitman said.

For her part, Secretary of State Condoleezza Rice called her Canadian counterpart Peter MacKay to offer condolences and promise that the "unfortunate incident" was being investigated, her spokesman Sean McCormack said.

"She assured Foreign Minister MacKay that the incident was being investigated," he said.

The Canadian soldier was killed and several other ISAF troops wounded at dawn Monday in strafing fire from two US A-10s in a friendly-fire incident during a major anti-Taliban operation under way in southern Afghanistan.

Troops battling Taliban insurgents in the Panjwayi district of southern Kandahar province had called for air support, NATO's International Security Assistance Force said in a statement.

"Two ISAF jets, confirmed by the Combined Air Operations Centre as US A-10s, provided the support but regrettably engaged friendly forces during a strafing run, using cannons," it said.

The incident resulted in "one Canadian death and multiple casualties".

In Belgium, US General James Jones, commander in chief of NATO forces in Europe, said the incident would be investigated.

Four Canadian soldiers involved in the operation, called Medusa, were killed on Sunday. Twenty Canadian soldiers have now been killed in hostile action in Afghanistan this year. There are about 2,300 in Afghanistan.

The operation was launched Saturday and involves about 2,000 ISAF and Afghan soldiers and support staff and is aimed at driving seasoned Taliban fighters out of Panjwayi.

Monday's incident was the first in more than 800 ISAF operations involving close air support, ISAF commander Lieutenant General David Richards has said.

Four Canadian soldiers were killed by friendly fire in April 2002 when a US F-16 fighter pilot mistook troops in a live-fire training exercise for Taliban fighters and dropped a 500-pound laser-guided bomb on them.

The pilot was found guilty of dereliction of duty, reprimanded for "willful misconduct" and fined.

GAO Seeks Strategic Plan On Broadcasts To Arab World (WP/AP)

By Associated Press

The Washington Post, September 6, 2006

Despite claims of success by the Bush administration, radio broadcasts and satellite telecasts by the U.S. government to the Arab world lack reliable audience estimates and accuracy checks. That is the conclusion of the Government Accountability Office, Congress's watchdog agency.

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The GAO also said, in a report released yesterday, that the Broadcasting Board of Governors, which oversees Radio Sawa and Alhurra satellite television, has not established a detailed strategic approach to compete with TV networks funded by Arab governments.

Radio Sawa and Alhurra -- funded by the U.S. government -- are a major part of the public diplomacy effort directed by the State Department and have been cited by the administration as a key component in the campaign against terrorism.

Claims that Radio Sawa and Alhurra TV each reached an audience of about 21.6 million last year are questionable, the GAO report said, because of limited survey methods and documentation.

To improve monitoring of the broadcasts' effectiveness, the GAO recommended development of a long-term strategic plan. The report also called for improving contractors' methods of audience research and providing regular editorial training.

Rep. Christopher Shays (R-Conn.), chairman of the House Government Reform subcommittee on national security, in a statement echoed the administration's view in calling Radio Sawa and the Alhurra satellite TV networks "among the most powerful American public diplomacy tools in the Middle East and North Africa at this critical moment," but he also said the report raised legitimate concerns about a need for strategic planning, oversight and accurate audience research.

Larry Hart, a spokesman for the broadcasting board, disagreed. "We stand by the credibility of the extensive surveys that have been done," he said. "In evaluating the BBG research, the GAO applied textbook standards, which are not entirely applicable to research in the Middle East where there are problems that involve security concerns and substantial cost."

Antiwar Message Travels From Texas To Washington (WP)

By Petula Dvorak

The Washington Post, September 6, 2006

The antiwar activists who picketed near the president's ranch this summer traded dusty Texas for soggy Washington yesterday, when they set up camp near the White House to continue their vigil.

"Every day, we realize there is a war in Iraq," said Charlie Richardson, co-founder of Military Families Speak Out and whose son is a U.S. Marine recently returned from Iraq. "But the vast majority of Americans don't; they forget. Less than 1 percent of this population has gone to war. And we need to get those troops out -- now."

Richardson and about 100 other military family members, veterans and peace activists kicked off a 17-day demonstration called "Camp Democracy" yesterday. With piles of military boots to represent slain soldiers and banners calling for an end to the war as their backdrop, they rallied in the pouring rain and stayed throughout the day's relentless drizzle.

Camp Democracy, a spinoff from Camp Casey in Crawford, Tex., started by antiwar activist Cindy Sheehan, will feature a series of speeches, lectures and discussions under white tents pitched on the Mall at 14th Street and Constitution Avenue NW.

Sheehan, whose older son, Casey, was killed in Iraq in 2004, started the Crawford protest camp early last month on a five-acre lot she bought in July, after her roadside vigil last year drew about 10,000 supporters from across the country. She wasn't in Washington yesterday, but organizers expect she will be a speaker before they pull up stakes.

The main voices heard yesterday were those of veterans.

Charlie Anderson, 29, spoke loudly through the rainstorm. "I was so optimistic," said the Toledo native, who joined the military when he was 19. Then he "rode into Iraq without body armor," he said. And "I had no idea what the mission was, because it was changing every day."

Dozens of other veterans nodded when Anderson said this. A Vietnam War veteran in a wheelchair clapped. A naval recruiter from the Vietnam era raised her fist in the air. A Gulf War veteran mouthed the word "yes."

They talked about shortfalls in veterans' benefits and medical care. They discussed ways to end the war and tactics to starve the war machine of its essential fuel -- young recruits like them.

"I've been to dozens and dozens of counter-recruitment actions," said Joe Hatcher, who served in Dawr, Iraq, from February 2004 until March 2005 with the 1st Infantry Division. Now, the 25-year-old California native tours the country and sets up camp outside schools, where he gives students his real-life version of the recruiters' pitch about military life. His group also advises families on ways to opt out of military recruiting.

Camp Democracy will have similar themes every day for the next few weeks: Organizing the Progressive Agenda Day, which will feature several members of Congress; Immigrants' Rights Day; Labor Speaks Out Day; Climate Crisis Day; and others.

Camp Democracy has no single message, though its organizers said they wanted the veterans and their families front and center because "they are the ones affected most by this war, except for the Iraqi people," said David Swanson, coordinator of Camp Democracy, which was born when the people protesting in Crawford wondered what they could do next.

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The variously themed days and speakers from causes across the spectrum are one way to demonstrate that war affects all parts of American life, organizers said. They want to show that funding to rebuild New Orleans is hamstrung by war costs, and immigration legislation is threatened by the drumbeat of war on foreign soil, Swanson said.

"People keep telling us that this will muddle our message," Swanson said. "But this is not a three-week PR campaign. It's more complicated than that. We're trying to bring people together to make a stronger movement."

The Myth Of Immaculate Warfare (USAT)

By Ralph Peters

USA Today, September 6, 2006

Under the right battlefield conditions, sophisticated military technologies give Western powers remarkable advantages. Under the wrong conditions and employed with unreasonable expectations, high-tech weapons inflict more damage on our own political leaders and national purpose than they do on the enemy.

Precision-targeting systems and other superweapons are dangerously seductive to civilian leaders looking for military wins on the cheap. Exaggerated promises about capabilities — made by contractors, lobbyists and bedazzled generals — delude presidents and prime ministers into believing that war can be swift and immaculate, with minimal friendly or even enemy casualties.

It's a lethal myth. The siren song oftechno-wars fought at standoff range makes military solutions more attractive to political leaders than would be the case were they warned about war's costs at the outset. Inevitably, the “easy” wars don't work out as planned. Requiring boots on the ground after all, they prove exorbitant in blood, treasure, time and moral capital.

In recent weeks, Israel lost a campaign for the first time after a government and its senior generals convinced themselves that a new form of terrorist army — Hezbollah — could be destroyed with airpower alone. The Israelis had become so confident in their technological advantage that they neglected the readiness of their ground forces. Technology failed to accomplish the mission — as it always will in the Cain-and-Abel conflicts of our time. The army had to go in on the ground. But Israel's army, too, relied heavily on technology. Most units lacked the range of infantry skills necessary to defeat a well-prepared enemy — as I saw for myself on the Lebanese border.

Israel had ignored the lessons of America's recent military experiences. In the prelude to the campaign to topple Saddam Hussein, Secretary of Defense Donald Rumsfeld and his senior advisers deluded themselves that an air effort employing precision weapons — “shock and awe” — would convince the Iraqi regime to surrender. Ignoring the enemy's psychology, the techno-war zealots failed. We were more fortunate than the Israelis were, though. The United States had a professional Army and Marine Corps capable of redeeming the mistakes of the Pentagon leadership. But in violence-torn Iraq today, we continue to pay for the prewar fantasy that technology would solve human problems.

A paradox of this era of dazzling technologies is that the conflicts we face are born of ethnic bigotry and faith gone haywire — atavistic challenges that cannot be resolved with guided bombs or satellite imagery.

Employed incisively, technologies certainly help our troops, but they aren't a substitute for troops. And they won't be. Yet, the false promises will continue.

We've been through this before. In the 1950s, large ground forces were supposed to be obsolete, superseded by missiles. Then came Vietnam, followed by a succession of brutally human conflicts, from Lebanon through Somalia to the Balkans. For the 78 days of the Kosovo campaign, NATO aircraft attempted to force Serbia — a weak, miniature state — to agree to treaty terms. In the end, it took the threat of ground troops to achieve the international community's goals. After the firing stopped, we found that our expensive, sophisticated technologies had been fooled by cheap Serb mock-ups of military vehicles.

Why are defense contractors and partisan generals nonetheless able to convince Congress and one presidential administration after another that technology has all the answers? Because Congress and the White House want to believe machines will get them off the hook when it comes to sending our forces into battle. And there are huge practical incentives to buy big-ticket weapons systems from politically supportive defense contractors.

The defense industry silences military leaders who know better by employing them on generous terms after their retirement from service. The system is legal, but it's morally corrupt and ethically repulsive.

Meanwhile, the impressive-in-theory capabilities of the latest weapons cloud the vision of military planners, leading them to focus on what the systems can do instead of concentrating on what needs to be done. Rather than buying the weapons we really need, we twist the conflicts we face to conform to the weapons we want to buy. The results are flawed war plans based on unrealistic expectations — in short, Iraq.

None of this means that we shouldn't pursue advanced military technologies. But they must be relevant to real-world missions. We should continue to develop unmanned aerial vehicles, which are effective, versatile and affordable, as well as a new generation of tools for urban warfare, now the dominant form of combat.

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Yet we continue to buy breathtakingly expensive systems designed to fight a Soviet Union that no longer exists, such as the $360-million-each F-22 fighter. We're buying Ferraris when we need pickups.

We have to break the habit. We must stop pretending that technology will be decisive in the flesh-and-blood conflicts our troops will continue to face.

There will be no "bloodless wars" in our lifetimes. In the words of Nathan Bedford Forrest, a brilliant Civil War soldier and wicked man, "War means fighting, and fighting means killing." In an age of fanaticism and terror, confronted by enemies who see death as a promotion, we will not be able to find easy, sterile solutions to our security problems.

The promises made for advanced military technologies are all too seductive to political leaders with no experience in uniform. Hype kills. Until we abandon the myth of immaculate wars, our conflicts will continue to prove far more costly than the technology advocates promise.

Ralph Peters is a member of USA TODAY's board of contributors and the author of the new book Never Quit The Fight.

DOJ:

Bush Names Pick For No. 3 Justice Post (AP)

By Mary Clare Jalonick, ASSOCIATED PRESS WRITER

AP, September 6, 2006

WASHINGTON -- President Bush has nominated Montana's U.S. attorney, Bill Mercer, to the No. 3 post at the Justice Department.

Mercer, who has held the Montana post since 2001, will become acting associate attorney general pending confirmation by the Senate, the White House said Tuesday. He replaces Robert McCallum, who recently became ambassador to Australia.

Mercer previously served a temporary term at Justice as the top deputy to the deputy attorney general, splitting his time between his U.S. attorney duties in Montana and his Washington job.

Chief U.S. District Judge Donald Molloy in Montana criticized Mercer for the double duty, saying he was neglecting his work in the state. Molloy urged U.S. Attorney General Alberto Gonzales to replace Mercer, but Gonzales turned down the request.

Mercer worked as an assistant U.S. attorney from 1994 to 2001 and for five years in Washington as counselor to the assistant attorney general and senior policy analyst in the Justice Department's Office of Policy Development.

In Montana, Mercer's office has led the prosecution against W.R. Grace and Co., a company charged with knowingly exposing miners and residents in Libby, Mont., to asbestos poisoning.

Asked for comment, Mercer said only that he is honored to be nominated for the post.

New Database Merges FBI, Homeland Security Fingerprint Systems (MERCN/MCT)

By Marisa Taylor, McClatchy Newspapers

The San Jose Mercury News, September 6, 2006

WASHINGTON - The FBI and the Department of Homeland Security have merged their databases of fingerprints of millions of criminals and illegal immigrants, in an unprecedented interagency effort to catch more terrorists and solve more crimes.

Since the Sept. 11 terrorist attacks, law enforcement officials have worried that terrorists could escape detection because the federal government's numerous criminal and immigration databases weren't interconnected. Officials say this new link, which occurred without fanfare on Sunday, will help close that gap.

Federal agencies hope to eventually offer access to police departments across the country, which likely would provoke a controversy over how involved police departments should be in immigration enforcement.

"These are people who have violated immigration or criminal laws," said Robert Mocny, the acting director of US-VISIT, the agency that oversees the DHS database. "The people who need to make decisions about those individuals haven't had access to that information. Now they will."

With the new link, airport inspectors and border agents will be able to access more information in the FBI's database, the Integrated Automated Fingerprint Identification System, known as IAFIS.

The system, which the FBI bills as the world's largest biometric database, allows law enforcement officials to search the fingerprints and criminal history information of more than 47 million people. Previously, DHS had access to information that often was days old and hand-delivered to investigators.

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Under the newly merged system, FBI agents can check the fingerprints of criminal suspects against a DHS database, known as IDENT, which contains 1 million fingerprints of illegal immigrants who have been ordered deported by immigration judges.

Mocny said his agency also plans to offer willing police departments access to the database over the next two years.

The Dallas and Boston police departments will be the first two police departments to test out the newly merged system, he said, giving officers the ability to check criminal suspects' fingerprints against those of deported immigrants for the first time.

Most police departments can run only name checks or call a DHS help line to find out if a suspect has been deported previously.

Mocny said he expected the newly merged database to spark a debate among police chiefs "who either have been reticent or just haven't been allowed by their city council or county ward to assist DHS in immigration-related crimes."

"This may show the community that they have a large population of illegal immigrants who have criminal backgrounds," he said.

Even so, Mocny acknowledged his agency could not roll out a system for all major police departments until the system is fully tested because it might overwhelm immigration authorities.

"We've got about 11 million illegal immigrants in the United States," he said. "We want to build up the capacity of how we're going to be able to respond."

Officials with the Boston police departments did not return calls. A spokesman for the Dallas police department said he wasn't aware of the pilot program.

Thomas Frazier, the executive director of the Major Cities Police Chiefs Association, said access to the immigration database will help police officers better identify criminals. However, he predicted that most police officers would not want to become entangled in enforcing immigration laws. Such scrutiny could harm a police department's relationship with immigrant communities and discourage immigrants from reporting crimes, he said.

"Where major city police chiefs are clearly in opposition to the administration is that we're not going to start stopping people on the street and running their fingerprints to check to see if they're illegal immigrants," said Frazier, a former Baltimore police commissioner. "What the federal government wants us to do is turn into an adjunct immigration agency. That's not our job and we don't have the training to do that job."

The system still has weaknesses that could be exploited by criminals or terrorists, some experts said.

Technology experts have concluded the immigration system, IDENT, should be collecting 10 fingerprints per person, instead of only two, to make the most reliable match because some criminals try to avoid detection by wearing down their fingerprints. US-VISIT plans to start using 10 fingerprints over the next two years.

"It will be a great tool for both immigration officers and law enforcement," said Jessica Vaughn, a senior policy analyst for the Center for Immigration Studies, a Washington think tank that advocates tougher immigration enforcement. "But it's not enough and it's very belated."

DOJ Seeks To Expand Scope Of Fingerprint Record System (FCW)

By Wade-Hahn Chan

Federal Computer Week, September 6, 2006

The Justice Department is seeking to amend regulations that would broaden the scope of offenses that warrant fingerprint entry into the Fingerprint Identification Records System.

Published in today's Federal Register, the proposed amendment would add nonserious offenses and serious adult and juvenile offenses. Currently, these exclusions are documented only at the state and local levels.

The proposal also states that existing rules for collecting criminal record data applied to administrative purposes when the FBI collected fingerprint data manually. Digital fingerprint readers made the data more mobile and faster to gather.

“Digitized fingerprint images require far less storage space than fingerprint cards”

because of an integrated automated fingerprint system, according to the proposal. “Retaining [nonserious offenses] will increase law enforcement's latent fingerprint search capability by increasing the universe of criminal history record fingerprint submissions retained by the FBI,” the proposal states.

CORPORATE SCANDALS:

Congress Examining Stock Options Timing (AP-Y)

By Marcy Gordon, Ap Business Writer

DOJ_NMG_0058632

AP, September 6, 2006

Congress is taking a close look at suspiciously timed stock options for top company executives, a corporate practice that is a source of anger for shareholders and the subject of federal investigations.

At least 78 public companies, including iPod maker Apple Computer, UnitedHealth Group, Home Depot, Intuit and Barnes & Noble, are under scrutiny by the Justice Department or the Securities and Exchange Commission, or both, for possible manipulation of stock option grants.

And the Internal Revenue Service is conducting its own investigation for possible tax-law violations in option grants.

At issue in many of the investigations is a practice known as backdating, in which stock options are issued retroactively to coincide with low points in a company's share price. Such a move can fatten profits for options recipients when they sell their shares at higher market prices.

Backdating options can be legal as long as the practice is properly disclosed to investors and approved by the company's board, but it can run afoul of federal accounting and tax laws in some cases.

"If the tax laws are inadequate on stock options backdating, I want to beef them up," Sen. Charles Grassley, R-Iowa, said recently. Grassley heads the Senate Finance Committee, one of two panels examining the issue at separate hearings Wednesday.

The controversy touches a nerve for company shareholders and the public: lavish compensation for executives, unrelated to their performance, even as companies stumble and lay off employees.

Grassley, with an eye toward possible legislation, said his panel was looking at timing of options grants and other issues related to executive compensation. After the wave of corporate scandals of recent years, he said, "It's frustrating to think that ... some executives are still looking for ways to take unfair advantage for personal gain."

Nearly every day, more companies — many of them in the technology sector — become ensnared in government or internal inquiries examining whether company insiders rigged stock options to ensure larger windfalls without properly disclosing or accounting for the manipulation. New lawsuits by shareholders are filed. More companies disclose that because past option grants may have distorted their financial results, they may have to restate earnings.

And more companies — most notably Apple — say they have been warned that their shares could be stripped from trading on the Nasdaq Stock Market because reviews of options grants made them late in filing their periodic financial reports.

This summer, the Justice Department and the SEC fired two big opening salvos in their crackdown against allegedly illegal options grants to top executives, bringing criminal and civil charges against former officials of two technology companies, Brocade Communications Systems Inc. and Comverse Technology Inc.

SEC Enforcement Director Linda Thomsen, Deputy Attorney General Paul McNulty and the head of the IRS, Mark Everson, were scheduled to testify before the Finance Committee. SEC Chairman Christopher Cox and Mark Olson, who heads the independent agency overseeing the accounting industry, were to appear before the Senate Banking Committee.

Cox said recently that the SEC was focusing on cases of serious fraud, with elements such as deliberately lying, forging documents or deceiving directors or investors. In addition, the agency this summer adopted new rules for what public companies must disclose regarding the dating of stock option grants to executives, as part of the most substantial overhaul of benefit disclosure rules since 1992.

In disclosing the IRS investigation in late July, Everson said possible tax issues in the inquiry included whether deductions were taken correctly by companies regarding options that were backdated and whether executives who received options accurately reported their sale profits.

Also this summer, the agency supervising the accounting industry, the Public Company Accounting Oversight Board, issued a special "audit practice alert" warning auditors to watch for problems in companies' accounting for stock option grants.

Companies that have reported options-grant investigations by the Justice Department or the SEC include Apple Computer Inc., UnitedHealth Group Inc., The Home Depot Inc., personal-finance software maker Intuit Inc., Barnes & Noble Inc., Caremark Rx Inc., Cheesecake Factory Inc., Monster Worldwide Inc. and for-profit education company Corinthian Colleges Inc.

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On the Net:

Securities and Exchange Commission: http://www.sec.gov

Justice Department: http://www.usdoj.gov

Internal Revenue Service: http://www.irs.gov

Public Company Accounting Oversight Board: http://www.pcaob.us

Report Estimates The Costs Of A Stock Options Scandal (NYT)

By Eric Dash

DOJ_NMG_0058633

The New York Times, September 6, 2006

WASHINGTON, Sept. 5 — A new study estimates that the stock options backdating scandal may cost shareholders hundreds of millions of dollars. The study was released on the eve of two Senate committee hearings that plan to examine the scope of the widening investigation into improper options practices.

Three researchers at the University of Michigan estimated that backdating stock options between 2000 and 2004 helped sweeten the average executive's pay by more than 1.25 percent, or about $600,000. But the fallout from the recent options investigations has caused those executives' companies to fall in market value by an average of 8 percent, or $500 million each.

"For about $600,000 a year to the executives, shareholders are being put at risk to the tune of $500 million," the study concludes.

The working paper, expected be made public later this week and to be published in The Michigan Law Review next year, appears to be the first to put dollar figures on the costs and benefits of backdating. It analyzed thousands of stock option grants at 48 companies that announced they were under investigation as of the end of June, and measured the maximum gains for those executives if their options were backdated over a 90-day period as well as the drop in value at those 48 companies in the 10 days before and after news of a backdating inquiry was released.

"From a shareholder's perspective, it's not just the extra compensation the executives got, it's not just the extra taxes they have to pay," said H. Nejat Seyhun, a University of Michigan finance professor who is one of the study's co-authors. "There may be additional payouts for class-action lawsuits as well as worrying about the quality of the top management."

As an economic analysis, the study assumed that investors' calculations of those risks, not irrational panic, was responsible for the substantial stock market declines. The researchers also assumed that the stock prices of those 48 companies would not recover.

The study comes as the stock option scandal continues to widen. More than 100 companies, from Silicon Valley start-ups to prominent brands like Apple Computer are now either under investigation by the federal government or conducting their own internal reviews. Dozens of companies are working to restate earnings or are preparing for new tax bills, and in at least two cases, executives are facing criminal charges.

On Wednesday, members of the Senate Banking Committee and the Senate Finance Committee will be briefed on the scandal's latest developments by top government officials and corporate governance experts in dueling sessions this morning on Capitol Hill. No company executives are scheduled to testify.

With just a few weeks until midterm elections, no new legislation is expected to emerge from the hearings. But the sessions could set the stage for Congress to revisit the hot-button issue of executive pay during the next term, policy makers and governance watchdogs say.

"This isn't as tangible to people as Enron's thievery was — it's much more esoteric," said Gregory P. Taxin, the chief executive of Glass, Lewis & Company, a proxy advisory firm. But if options backdating "is found to have occurred at hundreds of public companies to the tune of billions in illicit gains, Congress is going to see this as a populist issue."

With close Congressional races ahead, the Senate panels have been set up in a way that allows lawmakers to score points with voters for closely monitoring executive pay. But they were not set up to investigate what, if anything, has gone wrong. No executives at companies involved in the backdating scandal were asked to testify. Nor was the Business Roundtable invited, despite being an influential chief executive lobbying arm.

"What you will see is a very clear message to the regulators to get cracking and enforce the law," said Damon A. Silvers, associate general counsel of the A.F.L.-C.I.O.

Still, others added that the scandal may open the door for Congress to tackle broader issues related to executive pay, like golden parachutes. But Congress's track record on the issue has been spotty at best, with lawmakers reluctant to interfere with private sector pay levels and unintended consequences overshadowing the benefits of past efforts at reform.

On Wednesday, the Senate Banking committee will be briefed on the options scandal by Christopher C. Cox, the chairman of the Securities and Exchange Commission, and Erik Lie, the University of Iowa finance professor whose statistical research is widely credited with identifying the improper grant practices.

The Senate Finance Committee, meanwhile, will discuss both the backdating scandal and a broad range of topics related to executive pay. Paul J. McNulty, the deputy United States attorney general; Linda Cutler Thomsen, the S.E.C.'s director of enforcement; and Mark W. Everson, the Internal Revenue commissioner, will testify about their agencies' recent investigations.

Backdating Probe Hits N.J. Firms (LAW)

By Martin C. Daks, New Jersey Law Journal

New Jersey Law Journal, September 5, 2006

DOJ_NMG_0058634

A federal investigation into improperly backdated executive stock options has swept up four New Jersey companies and has spurred a grand jury subpoena and a civil suit against one of them.

The inquiries are part of a nationwide probe by the Securities and Exchange Commission, and in some cases by the Justice Department and Internal Revenue Service, into allegations that more than 100 companies changed stock option grant dates to make them more valuable.

The SEC has asked Medarex Inc. of Princeton, Kos Pharmaceuticals Inc. of Cranbury, Ulticom Inc., a Mount Laurel software provider, and DRS Technologies Inc., a Parsippany military product and service provider, for stock-option-plan data. Ulticom and DRS say actions by affiliates drew them into the probe.

All four businesses say they are cooperating with authorities, and Kos claims it started its own investigation before hearing from the SEC.

Last month, Medarex announced plans to restate its financial statements from the beginning of 2000 through the quarter ended March 31, 2006, to account for the stock options.

But Medarex is already in court, answering a subpoena by the U.S. Attorney's Office for documents relating to backdated options and defending against a shareholders' suit.

The suit, in Mercer County, charges that CEO Donald Drakeman, directors and certain officers breached fiduciary duties and violated the shareholder-approved stock plan by backdating stock options granted to them and company officers.

As a result, the plaintiffs claim, Medarex has suffered millions of dollars in damages, including additional compensation expenses and tax liability, plus costs related to the SEC investigation and the restated financials.

Strike down

A stock option generally gives a holder the right to buy shares at a specified price for a set period. Generally, this price - known as a strike, or exercise price - is equal to the stock's price the day the option is created. If the stock price subsequently goes up, the person holding the option makes money. But if the price falls below the exercise price, the stock option is worthless.

That is where backdating comes in. To increase the value of stock options, some companies went back and reduced the strike price of the grant by resetting the creation date to one on which the stock traded at a lower price. This meant the stock option had a built-in gain.

SEC Chairman Christopher Cox has called backdating a deceptive and poisonous practice.

"In order for our system of public ownership to work, the interests of shareholders, and not the personal interests of the company's management or its directors, must be paramount," he said at a news conference in July.

"The proper use of options for compensation can be an important tool for companies that produces tangible benefits for shareholders. But options backdating strikes at the heart of investor confidence in our capital markets. It deceives investors and the market as a whole about the financial health of companies that cheat in this way.

"It understates a company's compensation expenses and overstates the company's income. In many cases, it makes a hash of the financial statements. It is poisonous to an efficient marketplace," he continued.

The Medarex shareholders' suit says the company's backdating of options violated generally accepted accounting principles.

At the time of the alleged scheme, said to have run from 1996 to 2002, companies could issue stock options without immediately recording a charge to compensation expense, as long as the strike price was not lower than the current market price.

Since 2004 though, the Financial Accounting Standards Board has generally required companies to expense the value of stock option-based compensation.

Under the old accounting rules, when Medarex's stock options were backdated and priced to produce an immediate gain, the company should have recognized the additional compensation expense, the plaintiffs say. By hiding the backdating, the defendants violated accounting principles and were responsible for the production and dissemination of false financial statements, the suit charges.

While there is nothing inherently wrong with backdating options, certain standards must be met for it to be legal.

"Backdating must be approved by authorized individuals," such as the corporate board's compensation committee, says William Greenbaum, a partner in the employment services department of WolfBlock Brach Eichler in Roseland, who is not involved in the Medarex suit.

"Also, any effect on the company's earnings must be properly reflected in the business' financial statements, the effects of the transaction must be properly reflected in the company's tax filings [and in compensation reported to the recipient], and the backdating itself must be clearly communicated to shareholders."

Case in point

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All of those issues appear to have been in play in a civil suit the SEC filed on Aug. 9 against Teaneck resident David Kreinberg, former CFO of Comverse Technology Inc., a New York software and systems company that was the major shareholder of Mount Laurel's Ulticom.

Comverse's former CEO, Jacob Alexander, and former general counsel, William Sorin, were also named in the suit, SEC v. Alexander, Kreinberg and Sorin, 06-CV-3844 (E.D.N.Y.).

The complaint alleges that from 1991 through 2001 Alexander and Sorin, and from 1998 through 2002 Kreinberg, backdated Comverse stock options improperly. It alleges Alexander and Kreinberg created records that falsely indicated that Comverse's board had approved the backdating scheme, and then took steps to hide it from the company's auditors.

The suit further alleges that because the backdated options should have been recognized as an expense on Comverse's books, but were not, the company overstated its net income and earnings per share between 1991 and at least 2002.

And the suit alleges that beginning in 2000, Kreinberg, with Sorin's knowledge, initiated a similar backdating strategy at Ulticom, in which Comverse was the major shareholder.

The SEC says the undisclosed backdating activity caused Ulticom to issue false and misleading financial statements and to make false and misleading disclosures about options grants in its SEC filings.

In April, Ulticom announced that it expected to record noncash charges for stock-based compensation expense incurred in prior periods.

The company also says it will need to restate financial statements for fiscal years 2002 through 2005.

The SEC has asked Cranbury's Kos Pharmaceutical to provide documents relating to the grant and exercise of stock options from 1997 through 2006. The company did not respond to calls seeking information about outside legal counsel.

Ulticom has not been advised of any formal SEC investigation, says spokesman Chris Tunard. He says that the New York firm Weil, Gotshal & Manges usually represents the company.

DRS Technologies has been advised that the SEC is investigating the options backdating practices of Engineered Support Systems Inc., a company it acquired in January, says Pat Williamson, DRS' vice president of corporate communications. She says DRS itself is not under any kind of cloud since the alleged backdating took place before ESSI was acquired by DRS.

Williamson, who declines to name the company's outside counsel, says DRS may be called as a witness by the SEC.

The Medarex case is a consolidation of separate suits by Schiffrin & Barroway of Radnor, Pa., and another by Danziger Shapiro & Leavitt of Philadelphia. The liaison counsel, Lisa Rodriguez of Haddonfield's Trujillo Rodriguez & Richards, was away from her office and unavailable for comment last week.

Steve Jobs Should Address Options Scandals (WSJ)

By Jesse Eisinger

The Wall Street Journal, September 6, 2006

Steve Jobs is in a unique and unenviable situation among technology leaders. Both companies he founded -- Apple Computer and Pixar Animation Studios -- have fallen under the stock-options backdating cloud.

Apple has owned up to options "irregularities," an ominous word that could presage more significant revelations, and said it may restate earnings. One of the grants under review was made to Mr. Jobs, a grant that was canceled and replaced with restricted stock grants well before Apple's revelation. Pixar's options grants, meanwhile, exhibit a pattern suggestive of backdating: Some of its top executives, but not Mr. Jobs, received grants priced at the stock's annual lows in four years between 1997 and 2003. Options usually give the right to buy stock at the grant date's trading price, so that's either a remarkable coincidence or evidence that the grant dates were picked after the fact.

Investors and analysts have begun to wonder about the fate of Mr. Jobs, who is chief executive officer of Apple and was head of Pixar until it was acquired by Walt Disney this year. In a note to clients last month, Merrill Lynch analyst Richard Farmer assessed the "potential risk, however remote, that Steve Jobs might be unable to continue as CEO of Apple." Given the options problems at Apple, he said, his analysis of the Pixar options grants made "it difficult to entirely rule out the possibility."

Mr. Jobs was and is a spectacular leader, generating vast wealth for shareholders of both companies. He hasn't been implicated in directly overseeing any questionable practices. An Apple spokeswoman says that the company isn't under SEC investigation and has launched an independent investigation. Mr. Jobs didn't respond to an email.

As the scandal widens, it's clear that some companies and executives behaved egregiously while others may merely have had lapses in their internal controls. Not every CEO of every implicated company needs to walk the plank.

CEOs, however, aren't merely expected to avoid wrongdoing themselves. They are the standard-bearers for their companies. At a certain point, like a military commander or political leader, they should take responsibility for their underlings' behavior.

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So what do we do with Steve Jobs? To have his companies caught up in the scandal raises the stakes for everybody. He is more than just a CEO, larger than his industry. Apple arguably has made the greatest cultural contribution of any of the great technology entrepreneurial endeavors that rose up in the late 20th century. Apple's iPods and Pixar's movies have risen to the level of art.

When Mr. Jobs came back to save Apple in the mid-1990s, it was one of the greatest second acts in American business. Microsoft may be the bigger business and Bill Gates the richer man, but they represent a reassertion of establishment business principles. Apple and Mr. Jobs have come to symbolize -- through a feat of marketing prowess as well as design genius -- the opposite.

Apple "has a whole mystique and iconic value," says Rakesh Khurana, a professor at Harvard Business School who studies star CEOs. "My first computer was an Apple II. My dad was unemployed and maxed out his credit cards because he thought it was the future."

The Apple board faces a classic conundrum. Companies strongly identified with their leaders need to become institutions independent of their leaders.

"The difference between a cult and a religion is one outlasts its founder. At what point do you make decisions that no single individual is above the values of the institution?" Mr. Khurana says. "This blemish on [Apple's] reputation should cause people to pause."

Let's not forget that Mr. Jobs came to represent Silicon Valley's system of pay, too. He ostentatiously has taken a $1 salary, with the rest stock-based. "In a place like Silicon Valley, I kind of think the CEO knows about what's going on with compensation. It's a culture of compensation, as well as innovation," says Jack Ciesielski, publisher of the Analyst's Accounting Observer, an accounting advisory service for security analysts.

So far, there has been no indication what or how much Steve Jobs knew about any possible options backdating at Apple. But should he resign now? No. Based on what we know, that would be overly punitive, a cure worse than the original wrongdoing.

After all, the backdating scandal derives not from a single company or executive, but a widespread practice that went far beyond any one company or executive. It calls for a systemic solution. To some extent, Sarbanes-Oxley already has prevented additional backdating, by requiring that options grants are reported more promptly. But that law doesn't address the underlying cause of the scandal. Silicon Valley became a culture that elevated outsized compensation and short-term thinking over the establishment of institutions that would outlive founders.

The scandal now involves well over 100 companies and counting, most of them tech outfits. It's going to drain precious resources from the country's legal and regulatory systems. The likely outcome is that a relatively small number of the most egregious actors will be punished. Most of the rest will skate free. The underlying causes will remain not only unfixed but unexamined.

The industry needs to help by doing more than just cooperating with the market cops. Executives should come out and acknowledge that "it's a serious thing [and] take personal responsibility and economic responsibility," says David Larcker, a professor of accounting at Stanford University. "Something that would give it credibility is if it's voluntary."

What if the industry formed a pan-industry body to investigate and report on backdating? The group would issue a report that admits the problem, explains why and how it happened and proposes a solution.

So far, Mr. Jobs has been largely silent about the scandal, relegating his comments to press-release statements vetted by lawyers and public-relations professionals. That's understandable: Apple is being sued over its options practices, and he doesn't want to make himself more vulnerable. He also might be hesitant, understandably, to identify himself personally with the scandal.

His silence is a mistake. This is an opportunity for a great third act in a great career: This is a job for Mr. Jobs.

SEC Investigating XM's Subscriber, Recruiting Figures (WP/AP)

Associated Press

The Washington Post, September 6, 2006

XM Satellite Radio Holdings Inc. disclosed yesterday that the Securities and Exchange Commission is looking into the company's handling of its estimates of subscriber counts and the cost of recruiting customers.

The District company said in a regulatory filing that it had received a letter from the SEC on Thursday asking for documents regarding its subscriber targets and related matters for the third and fourth quarters of last year.

The company said the questions appear related to the issues behind a previously disclosed shareholder lawsuit filed this year. XM said it would "cooperate fully" with the SEC's informal inquiry.

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The shareholder lawsuit claims that the company failed to accurately project or quickly disclose the higher cost of acquiring subscribers in the fourth quarter of last year. Those were the months leading up to Howard Stern's debut with XM's rival, Sirius Satellite Radio Inc.

Investors closely watch the subscriber targets and costs of acquiring subscribers for both companies, which are growing but are still unprofitable.

CRIMINAL LAW:

U.S. Attorney General Says Cities Must Work Harder Against Crime But Won't Get More Money (AP)

By Hope Yen, Associated Press Writer

AP, September 6, 2006

(AP) - WASHINGTON-U.S. Attorney General Alberto Gonzales said Tuesday that cities will need to work harder to reverse a spike in crime but should not count on additional federal money to help. He said costs of the campaign against terrorism preclude that.

At a news briefing, Gonzales was responding to several mayors and police chiefs who expressed worries at a crime conference last week that the Bush administration was devoting too many dollars for wars abroad. They said that came at the expense of Americans at home who are victims of violent crime.

"I think everyone understands at the state and local level that we need to secure our country," Gonzales said Tuesday, reiterating the desire of federal law enforcement to work more closely with local police to fight crime. "I understand the tension, and they also have a responsibility."

But he said that President George W. Bush also was committed to reducing the federal deficit in time of war.

"We have to be realistic," Gonzales said, adding that cities will get closer cooperation but probably not the money they seek. "Not everyone is going to be happy about the funding dollars, but we're going to do our job."

After years in which violent crime fell or was stable, the FBI reported in June a 2.5 percent increase in violent crimes last year, the largest percentage increase since 1991.

Some criminal justice experts have said the statistics reflect complacency in fighting crime, although the FBI has said it is not yet clear whether the numbers reflect a real increase or ordinary year-to-year variations.

At the briefing, Gonzales said it would be unfair to assign blame for rising crime until the reasons for it become known.

"Before we develop a response, we have to know the reasons why," Gonzales said. "If the reasons why crime is up is due to something we're not doing, of course I'll take responsibility."

Feds Look At Congressman And A Land Deal (AP-Y)

By Jeremiah Marquez

AP, September 6, 2006

Federal investigators probing Rep. Jerry Lewis' ties to lobbyists are looking into a land deal that put nearly 41 pristine acres in the congressman's neighborhood off-limits to developers, The Associated Press has learned.

The land was given to the city of Redlands by Jack and Laura Dangermond, who have donated generously to Lewis. The Dangermonds founded and run a company — Environmental Systems Research Institute Inc. of Redlands — that has gotten tens of millions of dollars' worth of contracts through the powerful House Appropriations Committee that Lewis, a Republican, now chairs.

One government contract came months after the land donation.

The land, some of which sits directly across from Lewis' home, is part of a scenic canyon in one of Redlands' wealthiest neighborhoods. Keeping the land free of development helps ensure property values remain high.

A spokeswoman for Lewis' attorneys said the congressman was unaware the Dangermonds owned the land and did not know the terms under which it was given to the city.

The U.S. attorney's office in Los Angeles, which is leading the Lewis investigation, and a spokeswoman for the FBI had no comment on the land deal.

Peter Tsamous sold the land, and another piece of property, to the Dangermonds for more than $2 million in early 2001. He told the AP he was questioned about it by an FBI agent last month.

Tsamous said he asked the agent why federal authorities were interested in the deal. He said the agent answered: "There's a congressman that lives in the area."

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The Dangermonds donated the land in September 2001, about six months after buying it. The transaction, handled through a company owned by the couple, was contingent on the city agreeing to keep the property as open space or parkland.

The Lewis investigation comes amid other federal probes into connections between Washington lobbyists, their clients and the awarding of government contracts. No charges have been filed in the Lewis investigation, and he denies any wrongdoing.

ESRI has received one of at least 10 subpoenas issued as federal authorities look into why counties, towns and businesses in Lewis' district chose to hire the Washington lobbying firm Copeland, Lowery, Jacquez, Denton & White, how much they paid, and what kind of communications the firm and Lewis had.

Before the firm split up into two companies in June, two of its most prominent lobbyists were former California Republican Rep. Bill Lowery, a close Lewis friend, and former Lewis aide Letitia White.

ESRI hired the firm in 2000. The company's account initially was handled by Jeff Shockey, who left the lobbying world last year to work for Lewis as deputy staff director of the Appropriations Committee.

The Dangermonds, in a statement issued through their spokesman, said they didn't know Lewis lived in the neighborhood when they decided to buy the land and donate it as part of an effort to maintain open space in Redlands. The couple said they bought it only because Tsamous insisted the land be included as part of a deal for another piece of property he owned.

"Mr. Dangermond is a landscape architect by training and interested in parks and open space," the Dangermonds' statement said. "He and his family have been active in the city of Redlands' parks for over 40 years. Their efforts have included many other contributions such as park design, open space planning, and the donation of thousands of trees and landscape materials."

Barbara Comstock, spokeswoman for Lewis' lawyers, said that the congressman was unaware the Dangermonds owned the property or had deeded it to the city and that "there's been no discussion about it with the Dangermonds or anyone else."

Less than a year after the donation, ESRI was tapped by the Pentagon's National Imagery and Mapping Agency to help provide software for a mapping toolkit.

The contract came after the defense appropriations subcommittee, which Lewis chaired, provided a $15 million "earmark" for NIMA to acquire the toolkit. That amount eventually was reduced to $12.8 million during House-Senate negotiations on the 2002 defense spending bill.

Earmarks are funding inserted into legislation that often get little or no review. Prosecutors are scrutinizing Lewis' earmarks.

In 2004, ESRI got at least $31.4 million for four federal projects, according to Taxpayers for Common Sense, including $14.4 million for the Commercial Joint Mapping Toolkit. In the 2005 defense spending bill the company got $24 million for various projects.

Asked about ESRI's funding, Comstock said the company is the largest employer in Lewis' district.

"It is also the largest mapping agency in the world and one of the top software companies in the world," she said. "ESRI has done business with the federal government for decades and brought thousands of jobs to California."

As federal money flowed into their company, the Dangermonds donated generously to Lewis. In the last three election cycles, they have given more than $23,000 to the congressman and his political action committee, according to Federal Election Commission records.

Keith Ashdown of Taxpayers for Common Sense described the land deal as "part of the sort of dating process" between Lewis and ESRI.

"The property thing, campaign cash flowing ... this is all sort of when the Dangermonds and Jerry Lewis started to date professionally," Ashdown said.

Lobbying Probe Looks At Payments To DeLay's Wife (WSJ)

By Brody Mullins

Wall Street Journal, September 6, 2006

WASHINGTON -- The Justice Department's congressional lobbying-and-bribery investigation is looking into whether former House Majority Leader Tom DeLay's wife received money from a lobbying firm for a no-show job, recent FBI interviews indicate.

The two-year investigation is examining whether lobbyist Jack Abramoff and others sought legislative favors for their clients by offering expensive meals, sports tickets, golf outings and other gifts to about a dozen lawmakers and congressional aides.

In the last few weeks, Federal Bureau of Investigation agents have interviewed several people at the Alexander Strategy Group lobbying firm to determine if Christine DeLay was being paid $3,200 a month -- a total of $115,000 over three years -- but not earning it. In a series of interviews last month, investigators questioned people who used to work at Alexander Strategy as well as people who worked in the same building as the now-defunct firm. "They wanted to know how often she came to the office? What did she do there? How long was she there?" said one person who was interviewed by the FBI.

Alexander Strategy was run by a pair of Mr. DeLay's former aides: Tony Rudy, who pleaded guilty to bribery charges in March; and Edwin Buckham, who remains under investigation. The firm also shared clients with Jack Abramoff.

In last month's interviews, investigators also asked about $144,000 that Mrs. DeLay received from one of Mr. DeLay's fund-raising committees, the Americans for a Republican Majority Political Action Committee, which was housed at the lobbying firm's offices. Investigators also inquired about fees paid to Mr. DeLay's daughter, Dani DeLay Ferro, a longtime political consultant to her father.

Richard Cullen, a lawyer for the DeLay family, said Mrs. DeLay was a "key adviser to her husband and her employment at Armpac and Alexander Strategy was real and valuable." Mr. Cullen has said that Mrs. DeLay's job at the firm was to compile a list of lawmakers' favorite charities. Neither Mr. DeLay nor his wife has been interviewed by the Justice Department, Mr. Cullen said.

He also said that prosecutors haven't made the DeLays a "target" of their investigation. The Justice Department generally doesn't consider someone a target until it is close to issuing indictments.

The latest round of FBI questioning signals that the Justice Department doesn't plan on letting up on Mr. DeLay now that he has left Congress. They also show that prosecutors might target his wife in order to force a guilty plea from Mr. DeLay.

Federal prosecutors used that tactic earlier this year to secure a guilty plea from Mr. Rudy, who admitted in March to accepting bribes when he worked for Mr. DeLay and later conspiring to bribe other lawmakers when he was a lobbyist. As part of the plea deal, Mr. Rudy told prosecutors that he sabotaged an Internet-gambling bill on Capitol Hill in exchange for $50,000 in payments to his wife. In return for his cooperation, federal prosecutors agreed to give Mr. Rudy a lighter sentence and not to prosecute his wife.

Mr. DeLay was indicted in Texas last fall on unrelated charges concerning his role in the 2002 election there. The combination of the Texas and Washington investigations forced Mr. DeLay to step down from his job as majority leader and announce that he wouldn't run for re-election to his House seat this fall.

The federal investigation has already netted guilty pleas from a number of former confidants of Mr. DeLay, in addition to Mr. Rudy. Mr. Abramoff, a top fund-raiser and adviser to Mr. DeLay, pleaded guilty in January to charges that he tried to bribe lawmakers. DeLay aide Michael Scanlon pleaded guilty to similar charges.

Neil Volz, a former chief of staff to Rep. Bob Ney (R., Ohio), pleaded guilty to trying to bribe Mr. Ney when he was a lobbyist working for Mr. Abramoff. Soon after, Mr. Ney announced that he wouldn't seek re-election. David Safavian, another former lobbyist at Mr. Abramoff's firm, was found guilty in June of lying and obstructing justice in the federal corruption investigation.

Rodriguez Jury Set To Weigh Death Or Life (MINNST)

By Chuck Haga, Star Tribune

Minneapolis Star Tribune, September 6, 2006

Arguing whether Alfonso Rodriguez Jr. qualified for execution, the government presented just three witnesses, the defense none before resting their cases.

FARGO, N.D. - Jurors who last week found Alfonso Rodriguez Jr. guilty of kidnapping and killing Dru Sjodin could decide today whether the case qualifies for the death penalty.

Just as the trial's opening "guilt" phase moved faster than most observers had expected, so has the second "eligibility" phase. The government called just three witnesses, the defense none, before resting Tuesday.

After lawyers' closing arguments and U.S. District Judge Ralph Erickson's instructions to the jury on what federal law requires for a case to qualify for the death penalty, jurors will begin deliberations.

If they decide that the case qualifies, they will hear a third round of testimony and arguments over whether Rodriguez should be sentenced to death.

If the jury finds that the case does not qualify for the death penalty, the trial will end and Rodriguez will be sentenced to life in prison without parole.

Jurors already have decided that he "will die in prison," defense attorney Richard Ney reminded them Tuesday.

"The question that remains is whether that will be when God decides or when man decides," he said.

"The question is not whether he's going to be punished," Ney said. "At a minimum he will receive the second-most serious penalty our system allows -- life in prison without the possibility of parole."

Rodriguez was convicted last week of kidnapping Sjodin, 22, of Pequot Lakes, Minn., and causing her death in November 2003.

Erickson and the attorneys have been at pains to guide jurors through the complicated procedures of the first death-penalty case heard in North Dakota in more than a century.

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"We're all on uncharted ground here," Erickson said.

In his opening statement Tuesday, U.S. Attorney Drew Wrigley said the death penalty is appropriate in this case because at least one of the threshold factors cited in the federal death penalty act applies: Rodriguez intended to kill Sjodin, he intentionally inflicted serious injury that caused her death, or he showed a reckless disregard that led to her death.

In this eligibility phase, prosecutors also must prove at least one of four alleged aggravating factors: that Rodriguez caused Sjodin's death during the kidnapping, that he had been convicted of two or more prior offenses involving the infliction of serious bodily injury, that the killing of Sjodin was done in an "especially heinous, cruel or depraved manner" involving abuse or torture, and that the killing occurred after substantial planning.

Aggravating vs. mitigating

If the trial goes to the third and final "penalty phase," jurors will be asked to weigh any proven aggravating factors against mitigating factors offered by the defense, such as mental illness or childhood abuse, before choosing between life or death.

Ramsey County Medical Examiner Michael McGee, who testified earlier on results of the autopsy he performed on Sjodin's body after it was found outside Crookston, Minn., on April 17, 2004, testified again Tuesday. Using a human outline drawn on a poster, he explained bruises and knife wounds he found on the body, how Sjodin's wrists were bound behind her back and how her coat, sweater and shirt were pulled down her arms and off her upper body, further incapacitating her.

"Torture can be both mental and physical," Wrigley reminded jurors.

Two women who testified in the initial guilt phase of the trial about how they were sexually assaulted in 1974 by Rodriguez returned to the stand Tuesday to tell how their lives have been affected.

The first testified that the attack left her feeling fearful and disoriented. "It seemed like nothing made sense anymore -- not going to classes, not getting up," she said. "Hope, faith -- everything seemed broken."

She said she transferred to a college in Arizona, left after one semester and spent the next 10 years doing farm work on the West Coast, occasionally seeing counselors who "understand what that terror is like and how it eats at you."

In cross-examination, Ney asked the woman about her nearly 20 years of employment with social service agencies in California and Oregon, including several positions in which she supervised others.

The other 1974 victim testified that she suffered from depression, has had relationship problems and "to this day I get scared in crowds [and] have fear about being alone."

She said she was hospitalized in December 2005 after having suicidal thoughts.

"I was grieving," she said.

Why was she grieving, a prosecutor asked.

"My brother died," she said. "And Dru Sjodin died."

But under cross-examination, she also testified that she is happily married now and has held responsible jobs.

Also, Judge Erickson read to the jury a statement of facts about Rodriguez's 1980 conviction for attempted kidnapping and first-degree assault. In that attack, Rodriguez confronted the woman, directed her into his car and stabbed her in the elbow and side. Rodriguez's lawyers had appealed the conviction to the Minnesota Court of Appeals, arguing that hypnosis was used improperly to identify him as a suspect. On Tuesday, the Minnesota court dismissed the appeal.

Rights in conflict

Early Tuesday, U.S. marshals directed a lone protester to move away from the federal courthouse entrance here because the message on his sign was directed at jurors.

"What are they doing killing him?" asked the man, who identified himself only as Mark from Moorhead, Minn. "That's not going to bring Dru back."

Erickson agreed that if the message was aimed at jurors, the man should be moved.

"The courthouse steps are one of the oldest and most respected public forums," the judge said, "but the man's First Amendment right to free speech must be balanced against the Sixth Amendment right to a fair trial."

Chuck Haga · 612-673-4514 · crhaga@startribune.com

Ryan Faces Sentencing (CHIT)

By Michael Higgins And Rudolph Bush, Tribune Staff Reporters

Chicago Tribune, September 6, 2006

Former Gov. George Ryan is expected to learn on Wednesday how much prison time he will receive for his conviction on sweeping corruption charges, but the fight to keep him free will be far from over.

In addition to hundreds of pages of defense motions seeking to overturn the guilty verdict and get Ryan a new trial, his attorneys last week requested that U.S. District Judge Rebecca Pallmeyer issue Ryan an appeal bond.

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If granted, the bond would keep Ryan out of prison for months, if not a year or more, while a higher court decides the outcome of his case.

Ryan's lawyers argue that he should remain free on bond while they appeal his conviction because the case's famously troubled jury deliberations created a "substantial question ... likely to result" in an appellate court's ordering a new trial.

At issue is Pallmeyer's decision during deliberations to replace two jurors accused of lying on their jury questionnaires.

Appeals courts rarely grant new trials, and federal prosecutors have said they will fight Ryan's request.

But some veteran attorneys say Ryan, 72, and co-defendant Lawrence Warner, 67, have a legitimate shot at getting an appeal bond.

"It is a rare event in the [federal court] building," said Steven A. Miller, a former federal prosecutor in Chicago. "You're asking the District Court judge to almost confess error. But there were so many issues raised with regard to the jury deliberations. ... If any defendant has a chance to get a bond on appeal, I think Ryan is that defendant."

Pallmeyer acknowledged during the trial that her decision to replace two jurors with alternates in the midst of deliberations could be deemed error on appeal.

She frankly and publicly struggled with the decision to keep the trial going in the face of revelations that at least two jurors failed to reveal past run-ins with law enforcement.

Pallmeyer could rule on Ryan's request for an appeal bond as soon as Wednesday. A later ruling is more likely, however, as prosecutors have requested a chance to respond to the request in writing next week.

The ruling would have to come some time before Ryan surrenders to federal prison, a date that likely will come weeks or months after his sentencing.

Prior to the mid-1980s, many criminal defendants remained free while their appeals were pending. But a federal bail reform act passed in 1984 toughened the standards. It forced defendants to show not only that they were not dangerous or a risk to flee, but also that their appeals were likely to win.

Miller estimates that fewer than 1 percent of criminal defendants succeed in getting an appeal bond. Most, of course, pleaded guilty rather than go to trial.

In addition, defendants convicted on many counts must have good grounds for appeal on all of them—likely success on some counts isn't enough.

"It is generally uphill," said Allan A. Ackerman, a veteran defense attorney. Unlike the case of a newly charged defendant, "there is no presumption favoring release after sentencing."

But the particular circumstances of the Ryan case give the former governor a better chance, Ackerman and Miller said.

"These are very thorny questions," Ackerman said. "I would say they have some reasonable opportunity to get release pending appeal in this particular case."

No matter what the outcome of their quests for release on appeal, Ryan and Warner still must face the judge Wednesday and be sentenced.

Prosecutors want Ryan sentenced to no less than 8 years. His lawyers have asked that he receive no more than 2½ years. Warner faces 3 to 4 years, but his lawyers say he should be sentenced to less than 3.

Ryan's entire immediate family is expected to attend the sentencing hearing, according to friends of the former governor.

His five daughters and son will be standing behind him, and his wife, Lura Lynn—who didn't miss a day of the 5½-month trial—will also be there, they said.

On the other side of the courtroom will be Rev. Duane "Scott" and Janet Willis, whose six children were killed in a 1994 car crash linked to corruption under then-Secretary of State Ryan.

Willis had hoped to address the court in person but instead was asked to submit a letter.

He declined comment when reached at his Tennessee home Tuesday.

Joe Power, the Willises' attorney said the family hasn't decided whether they will make a public statement after the sentencing.

"They're waiting to see how they feel and what happens," Power said.

Pallmeyer is also expected to decide on Wednesday how much Ryan and Warner owe the government in forfeiture, a means to force them to surrender their ill-gotten gains.

When the men were indicted, prosecutors said they would seek $3.1 million and title to three Warner properties that were leased to the state when Ryan was secretary of state.

Both parties agreed to have the forfeiture issue settled by Pallmeyer rather than jurors.

Ryan's attorneys have argued in court papers that the former governor is not a man of means but lives off of his state pension and Social Security.

While Ryan's pension tops $200,000, he risks losing it over his conviction.

Calls to the state pension system seeking the status of Ryan's pension were not returned Tuesday.

Tribune staff reporters Bonnie Miller Rubin and Matt O'Connor contributed to this report.

mjhiggins@tribune.com

rrbush@tribune.com

Ryan Attorneys Pleading For Mercy As Sentencing Day Arrives (AP)

By Mike Robinson

AP, September 6, 2006

CHICAGO - A scandal that dominated headlines and politics across Illinois for eight years arrives at something approximating its climax on Wednesday when former Gov. George Ryan is due to be sentenced to prison.

Defense attorneys already have asked U.S. District Judge Rebecca R. Pallmeyer for mercy, saying the 72-year-old Ryan has reached "advanced age" and anything more than a short term could easily be a life sentence.

"It is not necessary to impose a life sentence to reflect the seriousness of the offense," Ryan's attorneys told Pallmeyer last week.

It's not completely clear that the gruff, husky-voiced Republican who was once the dominant figure at the Statehouse in Springfield will be going to prison any time soon, no matter what sentence Pallmeyer imposes.

Ryan's attorneys are expected to ask her to allow him to remain free on bond pending appeal - a rarity, but far from unheard of. Prosecutors are sure to oppose such a gesture and the issue could go to an appeals panel.

Ryan was convicted April 18 along with businessman-lobbyist Larry Warner of racketeering conspiracy, mail fraud and other charges.

Witnesses at the seven-month trial presented evidence that the folksy, white-haired former pharmacist from downstate Kankakee doled out big-money state contracts and leases to Warner and other insiders in exchange for payoffs ranging from vacations in Jamaica and Mexico to a free golf bag.

A large crowd is expected for the sentencing.

Some are guaranteed to be death-penalty opponents who still regard Ryan as a hero for imposing a moratorium on capital punishment and commuting the sentence of every death row prisoner before leaving office.

Rob Warden, head of the Center on Wrongful Convictions at Northwestern University, talking with a reporter last week dismissed the Ryan portrait prosecutors draw - a ruthless machine boss raking in freebies while basking in the Caribbean sun.

"You can almost feel a fundamental goodness," Warden said. "And I absolutely believe that he had every intention of doing things right and making the lives of his constituents better."

Warden said he knows that some people regard Ryan's stand against the death penalty as "the ultimate act of cynicism" - a bold, last-minute publicity grab designed to rally support for the governor as a humanitarian.

But Warden scoffed at that notion. He says Ryan's chief problem is that the "people he trusted proved in a number of cases to be untrustworthy."

The Rev. Scott Willis, whose family tragedy helped to launch the eight-year investigation of corruption in the Ryan era, is also expected.

Six Willis children died in a November 1994 expressway tragedy near Milwaukee when a mudflap-taillight assembly broke off a truck and slid under the family's van, ripping open the gas tank and setting it ablaze.

The truck driver is believed to have received his driver's license through a payoff at the corruption-riddled McCook licensing center. Prosecutors have traced thousands of dollars in payoff money to Ryan's campaign fund. Prosecutors say evidence at the trial shows that Ryan tried to cover up an investigation of illegal fundraising at licensing stations.

The Willis tragedy was crucial in setting off an eight-year federal investigation of corruption in the Ryan years that began with driver's licenses and eventually expanded to include payoffs and other corruption.

So far, 79 individuals have been charged, 75 convicted and 68 sentenced. Two are fugitives and charges have been dismissed in one case.

Willis wanted to speak at the sentencing. Pallmeyer ruled that out.

Willis attorney, Joseph A. Power Jr., told a reporter last week that whatever else is said, Ryan "had one main job and that was safety" - making certain that drivers were qualified to be behind the wheel.

"He failed miserably in that responsibility and the Willis children were the tragic consequence of his incompetence and criminal activity," Power said.

Prosecutors recommended that Pallmeyer sentence Ryan within the range called for by federal sentencing guidelines which are now advisory only. They calculated the guideline range at eight to 10 years. They also said that an even stiffer sentence might be justified but didn't request it.

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Pallmeyer is no longer bound by the guidelines, which once governed the length of federal sentences. By statute, she could send Ryan to prison for 20 years and fine him $250,000 on the racketeering conspiracy count alone, although no one expects the sentence to be anything like that.

Ryan was also convicted of nine counts of mail fraud (five years and $250,000 each), three counts of lying to federal agents (five years and $250,000 each), one count of tax fraud (three years and $250,000 each) and four counts of filing false tax returns (three years and $250,000 each).

Ryan's lawyers said he should get a light sentence in part because he suffers from Crohn's disease, diabetes and diverticulitis and has multiple risk factors for heart disease including high cholesterol.

"Even a sentence of no more than 30 months could take away the last healthy years of his life," they said.

Local Bowers Decides To Go To Trial (MCA)

By Lawrence Buser

Memphis Commercial Appeal, September 6, 2006

After signaling intentions to plead guilty, former state senator Kathryn Bowers of Memphis said this morning that she wants to go to trial in her Tennessee Waltz bribery case.

Her decision apparently was a last-minute change of heart as both the prosecutor and her defense attorney told U.S. Dist. Court Judge J. Daniel Breen that they had been talking guilty plea right up until this morning.

Two weeks ago the lawyers told the judge a trial date was no longer necessary and asked for this morning's final report.

"I have faith in God and I know he didn't bring me down off that mountain to go in no courtroom and plea bargain," Bowers said outside the federal courthouse. "I'm ready to fight. If I need to roll my sleeves up, I'll do that, too."

Breen said he would have to review his court calendar and that a trial likely would be held next spring.

Bowers, 63, is accused of accepting $11,500 in bribes from undercover FBI agents posing as crooked businessman seeking favorable legislation for their bogus company called E-Cycle Management.

She is one of a dozen elected officials or aides indicted in the case, seven of whom have pleaded guilty or were convicted in trials.

One of those, former state senator Roscoe Dixon was convicted this summer of bribery and is scheduled to be sentenced Friday.

Bowers resigned her senate seat Friday, citing health problems. On Thursday she was charged with driving under the influence after sideswiping another vehicle on Interstate 40. She blamed the incident on a change in her medication for high blood pressure.

Bowers Asks For Trial Date To Be Set In Waltz Case (AP)

By Woody Baird, The Associated Press

AP, September 6, 2006

MEMPHIS — Former state Sen. Kathryn Bowers this morning asked a federal judge to set a trial date on public corruption charges against her from the Tennessee Waltz investigation.

The decision ended speculation that she might seek a plea bargain in the case. Bowers appeared at a hearing this morning and wasn't immediately available for comment.

Bowers is one of 11 people, including five current or former state lawmakers, charged in the public corruption sting. Bowers was indicted last year on charges of accepting $11,500 in bribes from undercover agents posing as businessmen seeking government favors for a company called E-Cycle Management.

Four defendants have pleaded guilty and two were convicted at trial. The rest, like Bowers, are awaiting trial.

Bowers, 63, gave up her Senate seat last week citing poor health. She also isn't seeking re-election despite easily winning the Democratic primary in August.

Last Thursday, Bowers was charged with DUI following a minor traffic accident that her defense lawyer, Lorna McClusky, said may have been related to prescribed medication.

William Massey, Bowers' attorney, said that he was spending part of the Labor Day weekend going over discovery materials with Bowers and talking with "her and her family about the very important decision that has to be made."

Judge Says Investment Adviser Won't Have To Testify In Vigil Trial (AP)

By Tim Korte

AP, September 6, 2006

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ALBUQUERQUE (AP) - A California investment adviser has invoked his Fifth Amendment right against self-incrimination, and a federal judge ruled he won't have to testify in the retrial of former state Treasurer Robert Vigil on public corruption charges.

U.S. District Judge James Browning said Tuesday he wouldn't compel Kent Nelson to testify, a potential blow to the government's case because Nelson was a key witness.

"We expected Mr. Nelson was going to testify for us," Assistant U.S. Attorney Jonathon Gerson said. "We learned he had hired new counsel on Friday afternoon. However, there are provisions in the Rules of Evidence that allow us to admit his previous testimony and we believe those conditions have been met."

The judge seemed poised to agree, saying he was inclined to admit into evidence transcripts of Nelson's testimony from Vigil's first trial, which ended in a mistrial this spring.

However, Browning didn't immediately rule on defense efforts to block Nelson's transcripts and government evidence of a videotape showing Nelson handing money to Vigil. The tape was made while Nelson was cooperating with the FBI.

Vigil's lawyers say the money was a cash contribution to Vigil's campaign.

Vigil faces 24 federal extortion and racketeering counts in an alleged kickback scheme.

Nelson pleaded to a single count of mail fraud in the federal case. Gerson said he couldn't immediately say how Nelson's decision will affect his plea agreement, which required him to testify for the government.

"It's a legal issue we'll have to think about," Gerson said.

Meanwhile, Vigil's retrial started with almost seven hours of jury selection, a process that was to continue Wednesday morning. After a 12-member jury and four alternates are seated, opening arguments will follow.

Sixty jurors were summoned into Browning's courtroom while another 60 waited elsewhere in the courthouse if needed. Their names were selected after 1,200 jury questionnaires were mailed to all three federal court districts in New Mexico.

Browning asked potential jurors if they knew any of the defense or government lawyers, whether any of them had prior jury experience, whether they or any family members were employed by law enforcement agencies and whether they or their relatives had been involved in the criminal court system as defendants, witnesses or victims.

Later, potential jurors were questioned individually during bench conferences, leading to lulls. Some potential jurors passed the time by reading magazines or comic books, while others worked on crossword puzzles or chatted quietly.

Some even dropped their heads to snooze.

There were some light moments, too. The courtroom broke into laughter after Browning asked one potential juror to identify her ex-husband's employer.

"There were several. That's why he's my ex," she replied.

Nelson's attorney, Peter Schoenburg, said earlier that his client wouldn't testify because of his right against self-incrimination on parallel criminal charges filed by state Attorney General Patricia Madrid.

Nelson faces 39 counts in state court, including bribery of a public employee, offering or paying illegal kickback, money laundering, racketeering and conspiracy in restraint of trade.

Madrid on Tuesday said her office had offered "use immunity" to Nelson and three other men indicted in the state case, which would give them "assurance that their testimony in the retrial of Robert Vigil will not be used against them in the upcoming state case."

She said she informed the U.S. attorney's office two months ago that the state was willing to offer use immunity to all state defendants in the federal case. Madrid also said her office had been negotiating with Nelson for two weeks about such immunity.

Albuquerque businessman Angelo Garcia, former treasurer's employee Leo Sandoval and another former state treasurer, Michael Montoya also have been indicted on state charges.

The state charges stem from criminal activity they testified about in the federal case, such as soliciting and accepting kickbacks.

Polygamist Leader Back In Utah (NSDY/AP)

By Jennifer Dobner, Associated Press Writer

Long Island Newsday, September 6, 2006

HURRICANE, Utah -- Polygamist sect leader Warren Jeffs was flown back to Utah on Tuesday to face felony sex charges involving the arranged marriage of an underage girl to an older man.

Accompanied by sheriff's deputies, he arrived at the Purgatory Correctional Facility in Hurricane shortly after noon, said Washington County Sheriff's Lt. Rob Tersigni.

An initial court appearance was scheduled for Wednesday before 5th District Judge James L. Shumate, though the court typically conducts initial appearances via video link from the jail.

Jeffs, 50, had been on the FBI's Ten Most Wanted list until his arrest last month during a chance traffic stop near Las Vegas.

Even behind bars, he is considered the leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints, a polygamist sect with an estimated 10,000 followers, many in the twin towns of Hildale, Utah, and Colorado City, Ariz. The sect broke away from the Mormon church more than a century ago and has been disavowed by the Mormons.

Jeffs is charged in Utah with two felony counts of rape as an accomplice, accused of having arranged a "spiritual marriage" between a teenage girl and an older man. Each count carries a penalty of up to life in prison if convicted.

The alleged marriage took place some time within the past four years, when the girl was between age of 14 and 18, according to Washington County Attorney Brock Belnap. "Jane Doe," as the girl is referred to in court documents, objected to the marriage but was told by Jeffs that she must she must give herself "mind, body and soul" to her husband, court papers said.

Jeffs, who decides which of his followers marry and to whom, told the girl that she would lose her salvation if she did not obey her husband, court papers said.

Jeffs hired Las Vegas attorney Richard Wright to represent him in the case. Wright contacted jail officials Tuesday, asking that Jeffs be held apart from other inmates "for his own protection," Washington County Sheriff Kirk Smith said at a news conference.

Wright, a defense lawyer, recently represented a politician charged with corruption and boxer Floyd Mayweather Jr., who was acquitted last year on charges stemming from a fight with a former girlfriend.

Jail records released Tuesday by Las Vegas police show Jeffs was visited during his weeklong stay at the Clark County jail by two of his brothers, an investigator from Arizona and Wright, who met with Jeffs four times and also met at least twice with one of his brothers.

At Purgatory Correctional Facility, a 460-bed county jail 30 miles west of Hildale, Jeffs will be held in a small cell alone for 23 hours a day, with one hour for showers, exercise and phone calls, according to Sheriff Kirk Smith. He will be allowed up to two hours of visitation weekly.

Jeffs also faces felony charges in Arizona, accused there of arranging a marriage between a 16-old-girl and a 28-year-old man, who was already married.

As with the Washington County charges, the Mohave County, Ariz., counts -- conspiracy to commit sexual conduct with a minor and sexual conduct with a minor, which each carry a penalty of two years in prison -- do not accuse Jeffs of having sex with either girl, but that he encouraged others to do so.

By some estimates, Jeffs has more than 40 wives and about six dozen children who have lived in million-dollar homes that cover an entire Hildale city block, surrounded by 14-foot brick walls and locked gates. It's not known if his families remained on the premises while he was a fugitive.

Jeffs To Appear Before A Judge In Utah Today (DESERET)

By Ben Winslow And Nancy Perkins, Deseret Morning News

Deseret Morning News, September 6, 2006

Polygamist being held without bail; hearing could change that

HURRICANE — Captured polygamist leader Warren Jeffs will make his first appearance before a Utah judge today.

Warren Jeffs The Fundamentalist LDS Church leader is scheduled to appear in court this afternoon via video hookup from the Purgatory Correctional Facility. Jeffs is being held without bail, although it is possible that could change at today's court hearing.

"He seems to be a very meek, passive person," Washington County Sheriff Kirk Smith said outside the jail Tuesday afternoon. "We will give him every benefit of the doubt until he proves otherwise."

Formal notice has not been filed in St. George's 5th District Court, but the office of Las Vegas lawyer Richard Wright confirmed to the Deseret Morning News he is representing Jeffs. Wright has represented several high-profile clients in Las Vegas, including a county commissioner charged with political corruption and a boxer accused of assaulting his girlfriend.

"He's not making any comment," a woman who answered the phone at Wright's law firm said Tuesday.

Wright called the Purgatory Jail on Tuesday and requested Jeffs be segregated from other inmates "for his own protection," Smith said.

Flight to Purgatory

Jeffs, 50, was flown from Las Vegas to Hurricane in a Utah Department of Public Safety helicopter Tuesday. It flew over the Purgatory Jail before landing in the fenced-in jail yard, kicking up a huge cloud of dust.

Accompanying Jeffs were a pair of Washington County sheriff's deputies, who traveled to the Clark County Jail to pick him up. Lt. Jake Adams described Jeffs as "cooperative and compliant."

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Security surrounding Jeffs has been tight. He was seen surrounded by police officers as he boarded the helicopter at a Las Vegas-area airport.

Using the DPS helicopter was a calculated move.

"Driving 120 miles by automobile is not my idea of a smart way to transport him," the sheriff said, adding that he has increased security at the Purgatory Jail.

"Our chief concern, when we're dealing with religious extremists, is to get Mr. Jeffs safely through the process. I will be concerned about his followers until the day he leaves," Smith said. "No threats have been made, but we understand there may be people who don't ascribe to his religious way of being and may wish him harm."

Clad in a green-and-white striped jail uniform, Jeffs smiled slightly in his booking mug shot released by the Washington County Sheriff's Office. His brown hair is graying.

Inside Purgatory, Jeffs will be alone in a cell measuring 6-by-10 feet. It includes a mattress, urinal and sink. He will be allowed out of his cell for one hour a day to exercise, shower and make phone calls. One to two hours of visitation a week will be allowed.

Jeffs was a fugitive on the FBI's Ten Most Wanted list until last week, when he was arrested during a traffic stop on I-15 just outside Las Vegas.

In Utah, Jeffs is charged with two counts of rape as an accomplice, a first-degree felony. He is accused of forcing a teenage girl into a polygamous marriage with an older man. An arrest warrant affidavit filed in April 2006 said Jeffs threatened her when she objected and asked to leave the union.

"No matter what happens you cannot fight with the priesthood because if you do you'll lose your salvation," the court papers said Jeffs told the young woman, who is expected to testify against him.

In Mohave County, Ariz., Jeffs faces charges of sexual conduct with a minor and conspiracy to commit sexual conduct with a minor. He is accused of arranging child bride marriages.

Coincidentally, FLDS member Donald Barlow is scheduled to go on trial today in Kingman, Ariz., on sex crimes charges, accusing him of taking an underage girl as a plural wife.

Douglas C. Pizac, Associated Press

Warren Jeffs, in the middle of the back seat, arrives Tuesday at the Purgatory Jail from Las Vegas. Hildale jury pool

If Jeffs' case goes to trial, members of his own community could be in the jury box.

"It's possible. They are in the county," deputy Washington County attorney Jerry Jaeger told the Deseret Morning News last week. "If someone got called from Hildale, then they're going to have to make the same statement that they're going to be impartial."

People from Hildale are in the county jury pool, clerks from St. George's 5th District Court said Tuesday. Despite the international publicity Jeffs' arrest has generated, prosecutors still believe it is possible to get a fair trial in St. George.

"A lot of that is just getting a jury that is willing to listen to the evidence and make a decision based on the evidence," Jaeger said.

The Washington County Attorney's Office has said it has taken steps to protect its witness from coming to any harm while she prepares to testify against Jeffs.

"We need to try this case in court," deputy Washington County attorney Brian Filter said Tuesday. "We don't want to jeopardize this case so we will say as little as possible."

If convicted, Jeffs could face up to life in prison.

Former Fugitive Jeffs Arrives In Utah (SLT)

By Mark Havnes And Brooke Adams, The Salt Lake Tribune

Salt Lake Tribune, September 6, 2006

HURRICANE, Utah - Polygamous sect leader Warren S. Jeffs arrived via helicopter at the Purgatory Correctional Facility just after noon today.

Jeffs, 50, was booked into the facility, where he will remain incarcerated while he faces sex crime charges related to his alleged role setting up marriages between underage girls and older men.

The Department of Public Safety helicopter carrying Jeffs landed in a secure area behind the facility around 12:30 p.m. and Jeffs could not be seen as he was taken into the building. Washington County Sheriff's deputies accompanied Jeffs from Las Vegas to Utah, said Lt. Cory Pulsipher.

A spokeswoman for the Clark County Detention Center said Jeffs left that facility just before 9 a.m. Jeffs had been incarcerated there since his capture Aug. 28.

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Jeffs was a passenger in a Cadillac Escalade pulled over by a Nevada Highway Patrol trooper because its temporary registration tags were partially obscured. With him at the time were Issac Jeffs, his brother and the vehicle's driver, and Naomi Jessop Jeffs, one of his plural wives.

Jeffs initially produced a contact lens receipt written to a "John Findley" as identification. He later admitted his identity to an FBI agent who responded to the scene.

Jeffs had been in hiding since 2003, when law authorities in Utah and Arizona stepped up investigations of underage marriages in the FLDS sect.

The sect has historically been based in Hildale, Utah; Colorado City, Ariz.; and Lister, British Columbia, but now also has known outposts in Nevada, Texas, South Dakota, Colorado and Mexico.

Arizona authorities also have charged him with two class 6 felonies for his role in arranging underage marriages.

Utah is taking the lead in the prosecutions because its charges carrying a stiffer criminal penalty and its case appears to have a more reliable and willing witness.

Washington County Attorney Brock Belnap said inmates usually make an initial appearance within 48 hours of being booked into jail. That appearance typically occurs via closed-circuit television, with the inmate remaining at the jail.

Jeffs is charged as an accomplice on two first-degree felony rape charges for performing a spiritual marriage between a girl identified as "Jane Doe" and a 28-year-old man within the past four years.

The girl, who was then between the ages of 14 and 18, allegedly objected to the union because of her age and also later told Jeffs she did not want to have marital relations with the man. Jeffs rebuffed her complaints, saying her salvation hinged on her compliance.

In Secret Prison Recordings, Gotti Rages About Demotion (NYT)

By Timothy Williams

The New York Times, September 6, 2006

During prison conversations in 2003, John A. Gotti told his sister and other visitors that he intended to quit organized crime and move to Canada once he was released. But at the same time, Mr. Gotti was apparently so incensed at being demoted as the leader of the Gambino crime family that he threatened violence against his enemies.

Mr. Gotti is being tried for the third time in a year on racketeering and other charges in Federal District Court in Manhattan. Because the statute of limitations for racketeering crimes expires after five years, federal prosecutors are seeking to establish that Mr. Gotti continued to have a prominent role in the crime family after 1999. The defense lawyers are seeking to show that, in effect, Mr. Gotti retired from a life of crime before that, sometime in the mid- to late 1990's.

The juries in the other two trials were unable to reach a verdict. The prosecution did not introduce the prison recordings at the previous trials.

"I've made a pact," Mr. Gotti told John Ruggiero, a member of the Gambino family, during a September 2003 conversation secretly recorded by the F.B.I. at the federal prison in Ray Brook, N.Y. "I made a pact with myself one night in my bed, on my father's and brother's grave. I will beat them down like a two-dollar French hooker.

"I never want to go back to those people again," Mr. Gotti said on the recording. "If I go back there, I got to hurt some of them, you understand me?" He added that he would "crack their skulls" with "two padlocks in my hands."

The reason for Mr. Gotti's anger, prosecutors say, was that he had been demoted as acting boss of the Gambino family, a position he held after his father, John J. Gotti, was sent to prison in 1992.

During another visit in September 2003, Mr. Gotti told his sister Angel that he had kicked their uncle Richard V. Gotti out of the visiting room. Prosecutors say that it was at that meeting that Richard Gotti had informed John A. Gotti that he had been reduced in rank from acting boss to mere captain. Peter Gotti, another brother of John J. Gotti, then assumed the top leadership post, according to prosecutors.

"I had Richie in here, he lied to me, to me, to my face," Mr. Gotti told his sister during another recorded conversation, in August 2003, almost a year after their father's death.

"I haven't seen or heard from these people in over five years," he said. "He came up here, come on the visit, spoke to me about my father, about what, what help they would be giving to my mother, funeral arrangements, that was it. Other than that, it's all lies. It's all lies."

Mr. Gotti told his sister, "My life is destroyed."

During the same conversation, Mr. Gotti, who was serving a six-year sentence for racketeering charges unrelated to those he currently faces, told his sister that he wanted to move to Montreal after he was released. Otherwise, he said, he would be forced to resort to violence.

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"If my family wants to come with me, I, I'd love to have them, but if they don't, then it's see ya's later, I'm gone," he said. "'Cause if I stay here now, it's over for me. I stay here, I got to start killing people. I just want to move on with my life. Nothing good there, no good memories there. Nothing but treachery and deceit. That's all that's here, treachery and deceit."

'I'm Dopey, Remember?' (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 6, 2006

The way John A. (Junior) Gotti sees it, if the feds were so convinced he was a dummy, how could he have run the city's most murderous crime family?

In recorded prison chats played for jurors yesterday, Gotti mocks the tag he earned after government agents said he didn't have the smarts his father possessed to run the Gambino crime family.

"I'm the Dopey Don, remember?" he tells pal Steve Dobies during a July 2003 prison conversation intercepted by the feds. "That's what I was. I had no problem with that. But you can't just now say, 'Well, we thought now because we're gonna put him in jail for life, he wasn't really the Dopey Don. You can't do that. ... You gotta lock them into something."

The Dopey Don chat was among more than a dozen prison conversations played for jurors yesterday as prosecutors wrapped up their racketeering case against the 42-year-old mob scion by presenting evidence they say shows Gotti never truly renounced the mob life as he claims he did.

When Gotti's lawyers begin calling witnesses today, they may start with Curtis Sliwa, the radio host allegedly shot twice by thugs prosecutors say were sent by Junior. Sliwa testified for the prosecution at two previous trials but was not called this time.

On the tapes recorded in 2003 and 2004, Gotti weighs in on numerous topics, from "vulture" uncles to a "bum" brother to his interpretation of the Torah.

Among Junior's greatest hits:

Gotti told pal John Ruggiero during a 2003 chat that if uncles Peter or Richie Gotti turned up in the upstate New York prison where he was being housed, they'd suffer the consequences. "I swear it to you on my dead brother and my dead father, I swear to you, I will meet them by the [prison] door, with two padlocks in my hands, and I will crack their skulls."

On brother Peter, whom he crossed off his prison visitors list in 2003, he said: "I love him, but my brother's a bum. That's all he is. No more, no less. ... I have a hard time respecting any man who doesn't spend any time with his wife and kids at all. If Pete has an available moment he'll take whatever's in his pocket, like my father would have done, and go to OTB or go to Atlantic City."

Gotti's anxiety heightens throughout as it becomes clear the feds are preparing to indict him on new charges. He muses about leaving New York once his five-year prison hitch is over.

And when Gotti lawyer Richard Rehbock complains about having to buy Dobies - who is Jewish - lunch every day, Gotti offered his take on the Torah.

"Isn't that like supposed to be a Jewish pact or something that youse got with each other to feed each other to shelter them in their shelter or some s---?" Gotti asked. "Isn't that in the Torah?"

GOTTI FAMILY FEUD (NYPOST)

By Kati Cornell

The New York Post, September 6, 2006

It's the typical dysfunctional family, give or take a murder or two.

On secretly recorded prison tapes, onetime Mafia chieftain John "Junior" Gotti grouses about everything from the uncle who reputedly tried to squeeze money from his sister's husband, to a plot by relatives to seize control of the "family business," to kin swiping dough from him and his widowed mother - and how he wants to whack them all for it.

"They're garbage," Gotti hisses about two uncles to a pair of associates who were visiting him at the Ray Brook federal prison in 2003.

"If I go back [on the street], I gotta hurt some of them, you understand me?" he said according to the tapes, which were played to a Manhattan federal jury by prosecutors yesterday.

"And if any of them ever come here . . . I swear to you on my dead brother and my dead father . . . I will meet them by [the] door with two padlocks in my hands, and I will crack their skulls, I promise you that."

The miffed Mafioso griped that his uncles, Peter Sr. and Richard, "played dumb, these cutie pies," as they plotted to demote him from don of the Gambino crime family to mere captain.

He whined it's clear they don't know what love is - but that's OK, because he never liked them anyway.

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"It hurt me inside that some people that I trusted would do something like [that]. [But] I never really cared for them," Junior said. "There's always a fake love to them, 'cause Gottis, really those type of Gottis, they ain't capable of loving anybody. They don't even love their own."

At another point, Junior described a dispute he had with Peter and two other mobsters who reputedly tried to squeeze $100,000 from his brother-in-law, Carmine Agnello - ex-husband of his sister, Victoria Gotti.

"You go near [Agnello] again, I'll put the three of youse in the ground,' " he said he told them.

When Gotti;s sister Angel complained that their uncles had also stolen money from their mother, Gotti seemed more concerned about his own finances and that his uncles turned his dad against him.

"They tried to destroy me in his eyes. And that to me is more than they stole all the money from your mother."

Besides, "money that was mine, they stole," Junior said.

The feds have to prove that Junior was still involved in mob business while in prison after 1999, because of the five-year statute of limitations on racketeering charges against him.

He notes in the tapes that the feds would call him the "Dopey Don."

"I had no problem with that," Gotti told an associate. "But you just can't now say, 'Well now, because we're gonna put him in jail for life, he wasn't really the 'Dopey Don.' "

Hornsby Pleads Not Guilty (WP)

By Eric Rich

The Washington Post, September 6, 2006

Former Prince George's County schools chief Andre J. Hornsby pleaded not guilty to 16 felony counts yesterday in his first appearance in court since his indictment on corruption and other charges.

Hornsby, who was forced from his job last year amid questions about his stewardship of the region's third-largest school system, told Magistrate Judge Charles B. Day that he understood the charges and listened patiently as his rights were explained.

"I plead not guilty to all of the allegations," Hornsby said, speaking softly in U.S. District Court in Greenbelt.

Hornsby, 52, was indicted Aug. 23 by a federal grand jury on charges of steering school business to associates in exchange for kickbacks that were intended to exceed $100,000 and possibly include expensive art or a yacht.

Although it would be exceedingly rare for a defendant in such a case to receive the maximum punishment if convicted, Hornsby could be sentenced to 20 years in prison for each of 12 mail or wire fraud counts and 10 years for each of three witness tampering counts and for an obstruction of justice count.

Hornsby, formerly of Mitchellville, lives in Tulsa, according to court documents. Hornsby was permitted to remain free both before and after his court appearance.

Day ordered that Hornsby temporarily have no direct contact with current or former employees of either the school system or of LeapFrog SchoolHouse, an educational software vendor. Hornsby is accused of arranging a $1 million purchase from the company, where his then-girlfriend worked as a saleswoman, and splitting a $20,000 commission with her.

The woman, Sienna Owens, has been charged with a tax violation. Sources have said that Owens has agreed to cooperate with prosecutors. They spoke on the condition of anonymity because her cooperation has not been publicly disclosed.

Hornsby is also accused of insisting that another associate's company be given a consulting contract to help secure funds under the federal E-Rate program. To conceal kickbacks that would have exceeded $100,000, Hornsby is alleged to have suggested that the associate buy him art, a yacht or other valuable items.

The indictment also alleges that he instructed school system employees to destroy backup computer tapes containing his and other employees' e-mail and that he tried to persuade an associate in that case not to cooperate with a subpoena for computer files.

Yesterday, Assistant U.S. Attorney Michael PauzÃ© requested an open-ended order barring Hornsby from contact with employees of LeapFrog and the school system. Hornsby's attorney, Robert C. Bonsib, called it "an overly broad request."

Day issued the temporary order, and Bonsib and PauzÃ© agreed to narrow the list of associates with whom Hornsby may have no contact.

Hornsby Pleads Not Guilty To Schools Fraud (WT)

By Matthew Cella

The Washington Times, September 6, 2006

Former Prince George's County schools chief Andre J. Hornsby yesterday pleaded not guilty to federal charges of corruption and obstruction of justice stemming from his tenure in Prince George's County.

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Mr. Hornsby, 52, was indicted Aug. 22 on seven counts of wire fraud, five counts of mail fraud, evidence tampering, witness tampering and obstruction of justice.

"I plead not guilty to all of the allegations," Mr. Hornsby said yesterday during a 15-minute hearing in U.S. District Court in Greenbelt before Magistrate Judge Charles B. Day.

The wire- and mail-fraud charges each carry a penalty of 20 years in prison. The other charges each carry a 10-year prison sentence.

Judge Day did not set a trial date.

The judge released Mr. Hornsby on his own recognizance on the condition that he have no contact with any current or former employees of LeapFrog Enterprises Inc., a company to which he is accused of giving a $1 million contract.

Mr. Hornsby's attorney, Robert C. Bonsib, said that a prosecution request that Mr. Hornsby have no contact with current or former employees of the Prince George's County school system was overly broad. Judge Day agreed with him but granted the request for a period of one week while the prosecution creates a no-contact list of school employees.

Outside the courthouse, Mr. Bonsib said he is confident his client will be acquitted.

"Today, Dr. Andre Hornsby told the court that he is not guilty of each of the charges against him," Mr. Bonsib said. "We ask everyone to remember that he is presumed innocent and that an indictment is not evidence. We can now begin the process of preparing to present in court his defense before an impartial jury. We are confident that once that occurs he will be found not guilty."

Mr. Bonsib said it would be "foolish" to discuss the defense strategy.

Mr. Hornsby, who earned $250,000 annually as schools chief, left the county in June 2005 with a $125,000 severance package.

The indictment says Mr. Hornsby, with help from a former employee, steered a contract to a company he owned that purported to aid school systems by writing applications to secure federal grants.

The contract was awarded in December 2003, five months after Mr. Hornsby had started his job in Prince George's County. Over a two-year period, the school system paid his company more than $120,000.

Mr. Hornsby negotiated a kickback worth more than $100,000 to be paid in luxury items but received only $1,000, which he took in the form of a cash down payment during a meeting at a Bowie hotel, the indictment states.

Mr. Hornsby also ordered the June 2004 purchase of $1 million in educational software and other materials from LeapFrog SchoolHouse, a division of LeapFrog Enterprises Inc. of Emeryville, Calif. His live-in girlfriend, Sienna Rochelle Owens, was a sales representative for the company.

Miss Owens, who did not represent Maryland for the company, struck a deal to collect half of the commission from the sale and gave Mr. Hornsby $10,000 in cash, half of what she was paid, the indictment says.

Mr. Hornsby also is accused of lying to investigators, concealing information about the contracts and ordering subordinates to lie on his behalf and erase computer records containing e-mails about the transactions.

The Prince George's County school system, which Mr. Hornsby ran from July 2003 to June 2005, has 135,000 students and an annual budget of more than $1 billion.

Kids Run, Shout, Fight — And Foil Abductions (USAT)

By Wendy Koch, Usa Today

USA Today, September 6, 2006

Stephanie Quackenbush recalls walking to school on a sunny morning in Albany, N.Y., last year when, a block from school, a man grabbed her from behind.

He put a towel over her face. She screamed for help. "Shut up! Shut up!" he ordered. "I have a knife. I'll stab you."

"He was trying to force me to walk with him, but I kept fighting him," says Stephanie, then 14. Two men working nearby heard her yell and ran to help.

The attacker dropped the towel and ran off. DNA on the towel linked Darius Ashley to her assault and to the abduction and rape of two other young women. He's now serving a 25-year prison sentence.

Stephanie's case fits the pattern of most attempted abductions, according to a study released today by the National Center for Missing & Exploited Children. The typical victim is a teenage girl on her way to or from school.

The study, released as a new school year gets underway, examined 403 attempted kidnappings by strangers or slight acquaintances that were reported by police or news media in 45 states from February 2005 to July 2006. It was conducted to learn how such attempts are foiled. The study did not look at successful abductions.

Six in 10 victims fought back and escaped, according to the ongoing study's initial findings. Three in 10 ran away before any physical contact, and about 10% were saved when an adult nearby intervened.

"It is more important than ever for parents to empower their kids," says Ernie Allen, the center's president. He says he doesn't want to scare children, but they need to learn to recognize danger and, if attacked, draw attention by screaming, kicking and running away.

"We look for patterns," Allen says. "These guys don't do it just once. An attempt is likely to be followed by another and another until they're successful." That's why he wants parents to report incidents to police.

National statistics on child abductions are hard to come by because kidnapping is not classified as a major crime, says David Finkelhor, director of the Crimes Against Children Research Center at the University of New Hampshire. He says some incidents are reported as rapes rather than abductions.

He co-authored the most recent study on the topic by the Justice Department, which analyzed 1999 data. That year, 115 "stereotypical kidnappings" were reported — ones in which children were abducted by strangers or barely known acquaintances, taken more than 50 miles, detained at least overnight or held for ransom. Half were sexually assaulted, and 40% were killed.

A much larger number of children, about 58,000, were taken that year for shorter periods of time, mostly by people they knew but not relatives. In those cases, nearly half were sexually assaulted; fewer than 1% were killed. Nearly two-thirds were girls, mostly teens.

Finkelhor says kids should be wary of strangers — but they face greater risk of assault or harassment from other kids, family members or acquaintances.

"Allowing children to walk to school, certainly middle-school kids, in most areas of the country is a reasonable thing," he says, especially if the child is walking with a friend.

Robert Kemmet, a detective with the Oklahoma City Police Department, has studied 170 local kidnapping attempts and says identifying patterns has led to several arrests.

"We can create an environment that makes it very difficult for a predator to operate," says Kemmet, who orders extra surveillance when he knows of an area where someone has repeatedly approached children.

He cites common lures: "Hey, little girl, do you want a piece of candy?" Or "Can you help me look for my puppy?" Some predators, he says, are "bus trawlers" who drive behind a school bus, watching for a child to get off alone. "That's what the predator is counting on: the lone child," Kemmet says.

Stephanie's mother, Rhonda Quackenbush, says she always taught her seven children to yell or fight back if attacked. Never was it more important than when her family suffered an unimaginable tragedy nine years ago. Her husband and one of her two sons were shot to death at a friend's house. Another daughter, Stacey, then 12, screamed and ran away.

Quackenbush says Stephanie has recovered from her near-abduction. She is a sophomore at Albany High School who plays soccer and basketball.

She testified at her attacker's trial and says she's willing to talk about what happened: "It's a way for me to use it to help other kids."

Now Stephanie walks to school with friends when she doesn't get a ride. She never walks alone.

Police Investigate Almost A Dozen Shootings In Metro New Orleans (AP)

AP, September 6, 2006

NEW ORLEANS -- Bullets flew in New Orleans and its suburbs, turning Labor Day weekend bloody with 13 shootings that left four people dead and nine wounded.

Among the dead was a 53-year-old man police said was accidentally shot Sunday evening by a gunman who was trying to kill two other men.

The man, whose identity was withheld by authorities, died on his Central City balcony. New Orleans police said they found two men _ the intended targets _ with multiple gunshot wounds nearby.

Another innocent bystander was wounded Monday by a stray bullet in eastern New Orleans, police said.

In suburban Jefferson Parish, deputies were searching for suspects and a motive in the shooting death of a 28-year-old man who was found in his car in the driveway of his Jefferson home Sunday night. His one-year-old son was in the back seat but was unharmed, deputies said.

A Marrero man was shot twice during an attempted robbery near his home Tuesday morning, said Col. Robert Garner, a spokesman for the Jefferson Parish Sheriff's Office. The injuries were not life threatening.

"I'm worried and I'm scared," said Ruby Wallace, 47, of New Orleans. "But it's the kids that are really scared. They hear it on television."

Wallace said she now picks up her grandson and niece from school every day.

"They don't want to walk anywhere and I don't want them to," she said. "It seems worse than before Katrina. We don't have as many people and then there's all these shootings."

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The killings raised the murder toll in New Orleans to 93. For all of 2004, the last full year for which data is available, 211 people were slain in New Orleans. Local officials have been concerned about a sharp rise in crime in recent months, even though less than half the city's pre-Katrina population of about 500,000 is believed to have returned.

The two murders in Jefferson Parish pushed the number there to 40, up from 26 this time last year.

Last year, between Aug. 29 when Katrina hit and Jan. 1, there were no murders in New Orleans. The violence began picking up after Mardi Gras. Police Superintendent Warren Riley said that was about the time the city's drug dealers began returning after months in hurricane exile.

"The really scary thing is that it's going up every month," said Peter Scharf, a criminologist at the University of New Orleans. "We're averaging over 12 murders a month. If you figure a population of 220,000 now, that will work out to 66 murders per 100,000 people for the year."

Equally disturbing to some local officials is the spread of violence to the usually more peaceful suburbs. "The biggest difference is that before Katrina probably all the shootings would have been confined to Orleans Parish," said Rafael Goyeneche, executive director of the Metropolitan Crime Commission of Greater New Orleans, a non-profit group that monitors crime in the region. "Jefferson Parish wasn't experiencing violent crime to such an extent then."

In Jefferson, too, the drug trade is being blamed for the increase in violence.

"You have a city that is 65 percent unlivable now," said FBI Special Agent Jim Bernazzani. "So they've moved and a lot of them have moved to the West Bank of Jefferson Parish."

Other factors contributing to the spike in crime, Bernazzani said, include the failure of the education system to teach marketable skills to young people and what he calls a "revolving door court system" that breeds a lack of consequence for criminal acts.

Goyeneche agrees. "The ineffectiveness of the criminal justice system goes back to before Katrina," Goyeneche said. "Only a fraction of the people arrested were ultimately sentenced to jail."

Between July 2003 and June 2004, New Orleans police arrested 100,000 people, Goyeneche said. Of those only 1,300 were sentenced to jail. Only 12 percent of those arrested for murder during that time were convicted, he said.

"So that means that 88 percent of those arrested for murder are back on the streets," he said.

The police force, which Goyeneche described as understaffed and overworked before Katrina, probably answered over 200,000 calls to make 100,000 arrests, he said.

"The standard for arrest is probable cause, but for conviction you have to have proof beyond a reasonable doubt," Goyeneche said. "And that's very difficult to get when witnesses develop cold feet when it comes to testifying at trial."

Grand Jury Looks At Katrina Deaths (USAT)

By Laura Parker

USA Today, September 6, 2006

More than a year after 35 people drowned in a nursing home near New Orleans as Hurricane Katrina hit, a grand jury will decide whether the home's owners should be prosecuted for negligent homicide.

A grand jury in St. Bernard Parish — the first seated there since the hurricane devastated the community — will meet Sept. 20 to begin hearing a backlog of criminal cases, parish court clerk Lena Torres said. The cases will include the one against Sal and Mable Mangano, owners of St. Rita's Nursing Home.

The grand jury's formation is a milestone in a case that provided some of the most vivid images of the death and destruction that surrounded Katrina. Two weeks after the storm, Louisiana Attorney General Charles Foti had the Manganos arrested in the deaths at St. Rita's. Since then, however, there has been little obvious progress in the case — in part because the parish, which had 65,000 residents before the storm, was virtually unpopulated for months.

Now about 12,000 residents have returned, according to parish estimates, and the courts are taking steps toward normalcy.

The deaths at St. Rita's have ignited legal battles on several fronts.

Last week, the Manganos filed a civil lawsuit against federal, state and local officials, including Louisiana Gov. Kathleen Blanco. The lawsuit says those officials failed to evacuate St. Rita's residents as Katrina approached. In the criminal case, prosecutors say the Manganos were negligent for ignoring officials' calls to evacuate.

The St. Rita's residents died after a wall of water washed into the nursing home, trapping many frail and immobile patients in their beds. The Manganos' lawsuit contends that inadequate levees allowed 13 feet of water to fill St. Rita's, a 20-year-old facility that had never flooded.

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Thirty-five civil lawsuits have been filed against the Manganos by relatives of those who died or who were injured at St. Rita's. Attorneys for relatives suggested Tuesday that the Manganos' lawsuit was aimed at shifting blame and delaying settlement of the families' suits.

"It's purely a delay tactic," said Chris Bruno, who represents one of the families.

The Manganos' attorney, Jim Cobb, rejected that idea. "Does anybody not believe that this entire debacle wasn't caused by many different parties? Does anybody think that just two people were responsible for this? Let's invite everybody to the table and assess responsibility."

Torres said the 14-member grand jury that will begin meeting Sept. 20 was selected Thursday from a pool of 150 residents.

The St. Rita's case also has been complicated by the recusals of several court officials who knew some of the victims or their relatives. District Attorney Jack Rowley stepped aside in the criminal case; all five judges in St. Bernard have recused themselves from both the criminal and civil cases, according to court papers. Evidence in the criminal case will be presented by a team of assistant state attorneys general, said Kris Wartelle, a spokeswoman for Foti who declined to comment on the Manganos' lawsuit.

N.Y. Man Pleads Guilty In Prostitution Case (CAMCP)

Camden Courier-Post, August 31, 2006

A pimp from New York City who recruited and prostituted minor girls in several U.S. cities, including Atlantic City, pleaded guilty on Wednesday in federal court.

Demetrius Lemus, of New York, entered a plea of guilty before U.S. District Judge Freda L. Wolfson to conspiracy to transport minors to engage in prostitution.

According to the plea agreement, Lemus, was part of a prostitution ring operating from 1999 through 2005 in various U.S. cities, including Atlantic City, New York City, Las Vegas, Boston and Miami. Other members of the conspiracy, including Melissa Ramlakhan, Anna Argyroudis, Emily Collins-Koslosky, Jacqueline Collins-Koslosky and Kemyra Jemerson, allegedly recruited and transported young girls to and from various cities in order to have them work as prostitutes for pimp Matthew D. Thompkins.

Members of the conspiracy would also hide the proceeds of the illegal prostitution enterprise by converting the proceeds into U.S. postal and Western Union money orders in amounts under the legal reporting requirement of $3,000.

To date, more than $800,000 in U.S. postal and Western Union money orders have been identified as having been purchased and used by members of the conspiracy.

Ramlakhan, Argyroudis, Emily and Jacqueline Collins-Koslosky, and Jemerson have all pleaded guilty and are awaiting sentencing. Thompkins is scheduled for trial in January 2007.

Lemus, 37, faces a mandatory minimum of five years in prison to a maximum of 30 years and a $250,000 fine. Sentencing is scheduled for Dec. 8.

The case is part of the "Innocence Lost" initiative, a cooperative effort to prevent and prosecute cases involving child prostitution between the FBI, the U.S. Attorney Criminal Division's Child Exploitation and Obscenity Section and the National Center for Missing and Exploited Children.

To date, the Innocence Lost Initiative has resulted in 228 open investigations, 543 arrests, 86 complaints, 121 informations or indictments, and 94 convictions in both the federal and state systems.

NYC Pimp Admits Transporting Girls For Prostitution Ring (NSDY/AP)

Long Island Newsday, September 6, 2006

TRENTON, N.J. (AP) _ A New York City pimp, who federal prosecutors said recruited girls to be prostitutes, pleaded guilty Wednesday to his role in a multi-city prostitution ring that ran from 1999 to 2005.

Demetrius Lemus is the sixth person to admit a role in the ring, which authorities said operated in Atlantic City; Boston, Las Vegas, Miami and New York.

A seventh person, accused ringleader Matthew D. Thompkins, faces trial in January.

Lemus, 37, pleaded guilty to conspiracy to transport minors to engage in prostitution. He faces five to 30 years in prison and up to a $250,000 fine when sentenced Dec. 8 by U.S. District Judge Freda L. Wolfson.

Lemus has helped investigators, Assistant U.S. Attorney Jason Richardson said, which could bring a reduced term.

The ring took in at least $800,000, investigators said. Members attempted to conceal illegal proceeds by converting them into U.S. postal and Western Union money orders in amounts below $3,000, the legal reporting limit.

Much of the money went to Thompkins, according to woman who pleaded guilty to the same charge as Lemus in June. Kenyra Jemerson, who grew up in Paterson, said she met Thompkins in New York in 1999, when she was 16, and became part

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of his stable of prostitutes. At her plea hearing, Jemerson said she brought in $222,188 for Thompkins in 2004 but was paid only $20 per day.

Latest Antiporn Target: Hotel-room TV (CSM)

By Matt Bradley

The Christian Science Monitor, September 6, 2006

It's a business that has become quietly entrenched in America's corporate culture: pay-per-view pornography in hotel rooms. Most large chains provide the service, along with standard-issue films.

The pay-per-view service has brought hotels millions of dollars a year. But these days, the US hotel business is also attracting moral outrage and vitriol - on a scale that pornography insiders say amounts to one of the largest organized assaults on the skin business in recent memory.

A consortium of 13 conservative groups has created CleanHotels.com, a website that provides listings and reservation services for US hotels where travelers can rest safe from taint or temptation. The conservative groups have also run a series of full-page ads in USA Today, urging authorities to prosecute hoteliers under federal and local obscenity statutes.

Currently, the listings on CleanHotels.com number between 13,000 and 15,000 - mostly including small chains, with a notable one being Omni Hotels. Many in the pornography industry contend the effort won't have much effect on their business, but those on the other side are equally adamant they can make a difference.

"We wanted to provide an alternative," says Phil Burress, president of Citizens for Community Values, an Ohio-based "pro-family" organization that is part of the consortium. "Not only were we disgusted with the fact that major hotels that present themselves as being family-friendly were offering hard-core pornography ... we wanted to point out the fact that there are thousands and thousands of hotels that do not offer in-room pornography."

The strategy, Mr. Burress says, is to expose hotels that offer pay-per-view porn and let the market take care of the rest.

But such an approach might not be effective, says Paul Cambria, general counsel for the Adult Freedom Foundation in Los Angeles. "The hotels understand that that's just part of the package that they offer their guests.... I don't think they will be intimidated." He adds, "Most responsible prosecutors are realizing that this is a waste of time and money to prosecute this."

While the financial extent of hotel porn is hard to estimate - hotels keep statistics to themselves or don't keep them at all - the adult pay-per-view and video-on-demand businesses, both in hotels and private residences, will bring in an estimated $1.6 billion in 2006. In 1996, that number was $593 million, according to California-based Kagan Research.

When it comes to accessing adult pay-per-view in hotel rooms, the system has safety checks. Parents can block viewing by either clicking a remote-control code or calling the front desk.

"All the protective measures are in place. It's not like you can go into a hotel room and turn on a television set and pornography comes blaring out," says Kathy Shepard, spokeswoman for Hilton Hotels, which offers the service to guests in all its nonfranchised properties. "The majority of our guests recognize that it's a choice that's made available for those who want to participate. It's an added cost."

But to the antiporn campaigners, the in-room service represents a worsening public-health crisis. Activists cite what they consider to be a strong connection between pornography "addiction" and a myriad of other issues - from rape and child molestation to failed marriages.

"It's interesting to me that the Marriott hotels have just announced that all their hotels will be smoke-free," says Jan LaRue of Concerned Women for America, one of the 13 organizations behind CleanHotels.com. "I would like to see Marriott as concerned with the public health in that sense as they are with my lungs."

If the antismut campaigners seem suddenly emboldened, it may be because they see a like-minded president in the White House. Last year, the Justice Department convened a new Obscenity Prosecution Task Force to focus exclusively on adult obscenity - as opposed to patently illegal child pornography.

Last August, the Justice Department began recruiting FBI agents to investigate adult smut, which created a minor row among federal law-enforcement agencies, The Washington Post reported.

But despite these commitments, it was the Bush administration's perceived lack of action that gave new impetus to citizen activists, says Burress. That, and a sense of fresh outrage sparked by the Internet's digital parade of flesh.

"It's finally getting to the point where we're upset with the Justice Department. We're six years into the Bush administration," says Burress. "We were told that this was a high priority. And now nothing's being done. Instead of just waiting for them, we've gone to the public."

For those who make and sell the controversial material, authorities' reluctance to actually prosecute pruriency comes as no surprise. In fact, the ubiquity of smut on the Internet, says Mr. Cambria of the Adult Freedom Foundation, may have made the defense of its consumption more socially acceptable.

"There are some who are interested in adult entertainment and some who aren't. That hasn't changed much," he says. "What's changed is the willingness of adults who express those feelings: 'If it's all adult material ... and an adult wants to consume it, that's fine with me.' "

Child Porn Case Reverberates (FBEE)

By John Ellis, The Fresno Bee

Fresno Bee, September 5, 2006

Final sentencing at hand in global investigation.

Four years ago, federal law enforcement officials announced they had broken up an international child pornography ring that included a Clovis chiropractor at its heart.

This week, the final suspect in what authorities then dubbed "Operation Hamlet" is due to be sentenced, but the specter of the investigation that spanned two continents and shocked government officials in 2002 will likely linger far into the future.

"It was a significant wake-up call for these cases, and the work done by investigators on that case set the standard for the cases to come," said Fresno County Superior Court Judge Jonathan B. Conklin, who at the time was the assistant U.S. attorney handling the cases.

Clovis chiropractor Lloyd Alan Emmerson became the target of federal investigators and Clovis police in January 2002 after a tip from the Danish National Police after several arrests in Europe.

A forensic examination of his computer by Clovis police found 400,000 images of adult and child pornography.

In August 2002, authorities announced charges against six foreigners and nine Americans, including Emmerson.

After the ring was broken, most of the cases were prosecuted at the federal courthouse in Fresno. The result: prison sentences of at least 10 years, some more than 20 and Emmerson's, the highest of all at 30 years.

On an even bigger scale, officials credit Operation Hamlet as one of the reasons that child pornography penalties have increased, including changes mandated in the Protect Act, passed by Congress in 2003.

For instance, it increased the maximum federal prison term from five years to 10 years for possession of child pornography and added longer sentences for possessing images that were sadistic or hard-core.

In April, U.S. Attorney General Alberto Gonzales referenced the investigation in an address to employees at the National Center for Missing and Exploited Children.

During the speech, Gonzales announced legislation to increase penalties for Internet providers that fail to report child pornography on their systems.

And last month, a new law went into effect that makes it a felony if a convicted sex offender fails to register. Dubbed the "Adam Walsh Child Protection and Safety Act," the new law makes unregistered sex offenders federal fugitives.

All these actions owe something to Operation Hamlet, said Assistant U.S. Attorney David Gappa, who has taken over for Conklin as the main prosecutor on the cases.

"It was a good illustration, an unfortunate illustration, of how relatively easy it is to produce the [pornographic] material and distribute it," Gappa said of what investigators found in Operation Hamlet.

The investigation dates back to 2001, when a group called Save the Children discovered Internet images of a child being sexually abused. The group notified police in Denmark, who arrested a man.

A 10-month investigation involving both Danish police and the U.S. Customs Service followed.

Operation Hamlet eventually uncovered a ring of pedophiles who sexually abused and exploited at least 45 children, ranging in age from 2 to 14. A majority of the people charged were the parents of — and in many instances those who were sexually exploiting — the children.

The investigation resulted in the arrests of more than 70 people worldwide and confiscation of more than 1 million images of child pornography.

When U.S. Customs Commissioner Robert C. Bonner announced the Operation Hamlet arrests, he said he had "seen some horrendous crimes in my time, but these crimes are beyond the pale. These crimes are despicable and repulsive."

The final remaining defendant is Paul Gordon Whitmore, a former counselor for autistic children. In February, he was sentenced to 467 years to life in state prison in a case that a San Diego judge called the "worst that I have ever sentenced."

But he still must be sentenced on the federal charges, where he faces the possibility of 40 years in prison — 10 more years than Emmerson.

Whitmore is scheduled to appear today before U.S. District Judge Oliver W. Wanger, though his sentencing could be postponed. The reporter can be reached at jellis@fresnobee.com or (559) 441-6320.

U.S. Death Penalty Case Set To Begin For 2 Accused In Kidnappings And Body Dumps (AP)

DOJ_NMG_0058656

By Greg Risling, Associated Press Writer

AP, September 6, 2006

(AP) - LOS ANGELES-The kidnappers' demands were simple: Pay the ransom and the hostages would be freed.

But prosecutors said the crew of Russian immigrants killed their hostages - even after collecting more than US$1 million from some of the victims' relatives.

More than four years after the five bodies were found in a reservoir north of Yosemite National Park, the federal trial of two men accused of orchestrating the crimes was set to begin Tuesday.

It's a rare case in which federal prosecutors are seeking the death penalty.

"Regardless of whether the ransom money defendants demanded was paid or not, each of the defendants' victims met the same fate," prosecutors said in court documents. "Defendants brutally murdered each one of them."

Iouri Mikhel, 41, and Jurijus Kadamovas, 39, have pleaded not guilty to charges that include conspiracy and hostage-taking resulting in death. A third defendant, Petro Krylov, 33, also denied the allegations and is scheduled for trial in January.

Three other coconspirators have pleaded guilty to similar charges. One is Kadamovas' girlfriend, who likely will testify during his trial.

Authorities suspect the ring had links to Russian organized crime, but it appears prosecutors won't raise that issue during trial because no related charges have been filed.

Prosecutors and defense attorneys declined to comment about the case, but the indictment lays out prosecutors' version of how the kidnappings occurred over a frenzied four-month period beginning in late 2001.

The documents allege the crew demanded a total of more than US$5.5 million from relatives and associates of the victims, and eventually collected about US$1.2 million used to buy expensive cars and make mortgage payments on luxury homes.

Mikhel used US$2,500 to put a down-payment on two Doberman pinschers to guard his house, prosecutors said.

At trial, prosecutors intend to present tape recordings of ransom calls, the DNA of two victims collected from handcuffs, and a pair of shoes that were matched to a bloody footprint found on a bridge near the New Melones Reservoir.

The scheme began when Mikhel and Kadamovas targeted George Safiev, 37, a wealthy Russian banking mogul who had recently moved to Los Angeles to start Matador Media, a film production company, prosecutors said in court documents.

After several failed abduction attempts, the kidnappers turned their attention to real estate developer Meyer Muscatel, according to the prosecutors.

Mikhel is accused of posing as an investor and luring Muscatel into what was billed as a business meeting in October 2001. Kidnappers killed him after they were unable to get money from his bank accounts, the prosecutors said.

His body was weighted down and dumped over a bridge along the reservoir. It was discovered a few days later with hands bound and a plastic bag over the head.

Prosecutors wrote that Safiev's accountant, Rita Peckler, was abducted and killed two months later when she was unable to lead the crew to Safiev.

The next victim was Alexander Umansky, who owned a car accessory business that once employed Krylov. Umansky was killed after his family paid more than US$230,000 for his release, prosecutors allege, adding the crew sought even more money after his death and promised he would be returned alive.

Prosecutors wrote that Safiev was finally snared in early 2002 after his business partner, Nick Kharabadze, was abducted and forced to arrange a meeting with Safiev. Another business associate transferred US$960,000 to a bank account that authorities said was controlled by the kidnappers.

Still, Safiev and Kharabadze were killed and dumped into the reservoir after being told they would be left alive at a motel, prosecutors said.

Authorities learned the location of the bodies after arresting a coconspirator who later pleaded guilty to charges related to the case.

Time For Answers (NYT)

The New York Times, September 6, 2006

For three years, Washington has been periodically consumed with the question of who unmasked a covert C.I.A. agent to the columnist Robert Novak. It has been a huge distraction for the White House, resulted in the unjustified jailing of one reporter, and led to perjury charges against the vice president's chief of staff. Last week, it was reported that Richard Armitage, then deputy secretary of state, was the first to mention Valerie Wilson to Mr. Novak, and that the federal prosecutor knew this more than two and a half years ago.

The revelation tells us something important. But, unfortunately, it is not the answer to the central question in the investigation — whether there was an organized attempt by the White House to use Mrs. Wilson to discredit or punish her

husband, Joseph Wilson. A former diplomat, Mr. Wilson debunked the claim that Saddam Hussein tried to buy uranium from Niger to make nuclear weapons.

Mr. Armitage, a White House outsider, would be an odd participant in such a plot. He is said to have learned from a State Department memo that Mrs. Wilson had recommended sending her husband to check the Niger story since he had worked there as a diplomat. The memo was prepared for Mr. Cheney, who was eager to prove that there was an Iraqi nuclear weapons program and to silence critics.

It's conceivable that Patrick Fitzgerald, the federal prosecutor, has evidence that suggests the information in the memo was used in some illegal manner. Or his investigators may have learned something troubling about the second, unknown, source cited in Mr. Novak's column, or about some other illegal activity. But whatever it is needs to be made public. The Armitage story is mainly a reminder that this investigation has gone on too long.

While this page opposed calls for reviving the special prosecutor law for this case, we did say that someone outside the White House orbit should be in charge, rather than Attorney General John Ashcroft. Like most others, we saw Mr. Fitzgerald as a good choice. Now we fear he has succumbed to the prosecutor's foot-dragging disease. He kept the case open after I. Lewis Libby, Mr. Cheney's chief of staff, was indicted. At the time he hinted that he would have more to say on the original crime he was investigating. That was last October.

It's time for Mr. Fitzgerald to provide answers or admit that this investigation has run its course. Otherwise, he risks being lumped in with the special prosecutor who spent a decade investigating the former Clinton cabinet member Henry Cisneros, and wound up with nothing more than his conviction that he had yet to get to the bottom of things.

CIVIL LAW:

Judge Awards $3M To Mob Victim Family (AP)

By Denise Lavoie, Associated Press Writer

AP, September 6, 2006

BOSTON — A federal judge awarded $3.1 million Tuesday to the family of a man who was killed by fugitive mobster James "Whitey" Bulger, ruling that the federal government is liable for the man's death because his identity was leaked to Bulger by a rogue FBI agent.

The family of John McIntyre, 32, a fisherman from Quincy, had sued the federal government for $50 million.

They alleged McIntyre was killed by Bulger in 1984 after FBI Agent John Connolly Jr. tipped him that McIntyre had talked to U.S. Customs agents. The Customs Service was investigating the involvement of Bulger and Stephen "The Rifleman" Flemmi in a failed plan to send guns to the Irish Republican Army aboard a Gloucester fishing boat.

Connolly, who has not been charged criminally in McIntyre's killing, was convicted of warning Bulger to flee on the eve of his 1995 racketeering indictment and is serving a 10-year sentence.

In June, Flemmi testified that McIntyre was killed after Connolly told them one of the two people aboard the fishing boat was cooperating with authorities. He said McIntyre was lured to a party on Nov. 30, 1984, then chained to a chair, interrogated, strangled and shot in the head by Bulger.

In his ruling Tuesday, U.S. District Judge Reginald Lindsay found that Connolly was the "proximate cause" of McIntyre's death and that the federal government should be held responsible.

Lindsay found that Connolly was motivated to leak McIntyre's identity "in part by greed and his friendship with Flemmi and especially Bulger." He cited testimony from Flemmi, who said he and Bulger gave Connolly more than $200,000 in cash and gifts from 1981 through 1990.

Jeffrey Denner, an attorney who represented McIntyre's mother, Emily, and brother, Christopher, in the lawsuit, said the ruling is significant because it is the first time a judge has found the government liable in the death of someone killed by the Bulger gang.

Seventeen lawsuits have been filed against the government by alleged Bulger victims. Ten have been dismissed because they were filed too late. The McIntyre case was the first one to make it to trial.

Gina Talamona, a spokeswoman for the Justice Department in Washington, said the agency was reviewing the decision and considering its options.

During the trial, an attorney for the Department of Justice argued that the FBI had no way of stopping Bulger and Flemmi, leaders of the notorious Winter Hill Gang, from committing crimes. Both men were also FBI informants. The government also said McIntire had turned down an offer to be placed in a witness protection program.

Flemmi is serving a life sentence for 10 killings as part of a plea deal that spared him the death penalty.

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Bulger is wanted in 19 murders and is on the FBI's "10 Most Wanted" list.

FBI Found Liable For Bulger, Flemmi (BOS)

By Shelley Murphy And Maria Cramer, Globe Staff

The Boston Globe, September 6, 2006

Murder victim's kin awarded $3m

A federal judge found yesterday that the FBI's mishandling of longtime informants James ``Whitey" Bulger and Stephen ``The Rifleman" Flemmi caused the 1984 murder of Quincy fisherman John McIntyre and ordered the government to pay more than $3 million to McIntyre's mother and brother.

The decision, which marks the first ruling on a lawsuit brought against the government by victims of Bulger and Flemmi, raised the hopes of families who have similar suits pending and was hailed as a ``spectacular victory" for another family whose lawsuit was dismissed on grounds that it was filed too late.

``This represents finally some measure of vindication for all the families that were shut out of the judicial process by the government, to their great discredit, on claims somehow that the families were too late in pointing their finger at the FBI," said attorney Frank A. Libby Jr., who represents the family of Roger Wheeler, a Tulsa businessman whose 1981 murder was orchestrated by Bulger and Flemmi.

``Emily McIntyre achieved what the Wheelers tried to achieve all along, which was accountability," Libby said.

US District Judge Reginald C. Lindsay , who presided over an 18-day bench trial in June, ruled that former FBI agent John J. Connolly Jr. warned Bulger and Flemmi that McIntyre was cooperating against them, knowing the tip would likely lead to McIntyre's murder.

In a 110-page decision, Lindsay found that the FBI failed to properly supervise Connolly and failed to investigate numerous allegations that Bulger and Flemmi were involved in drug trafficking, murder, and other crimes over decades.

Even though the FBI investigated Bulger and Flemmi for four murders -- including Wheeler's -- in the early 1980s, Lindsay wrote, ``the truth is, however, that the FBI was not pounding the pavement looking for evidence that could `stick.' "

``Instead," wrote Lindsay, ``the FBI stuck its head in the sand when it came to the criminal activities of Bulger and Flemmi. The agents of the Boston office knew they had an obligation to report informants' criminal activity, so they carefully avoided knowledge of criminal acts by their informants."

The judge ordered the government to pay $3 million to McIntyre's mother for the conscious suffering he endured before his brutal slaying, $100,000 for the loss of her son's company, and $1,876 for funeral and burial costs.

``This places the legal responsibility for John McIntyre's death on the doorstep of the FBI and the US government," said New Hampshire attorney Steven M. Gordon , who represents McIntyre's mother and brother, Christopher.

Emily McIntyre, 77, of Quincy, said yesterday that she was thankful for the judge's ruling, but, ``I'm not satisfied yet, and I'm not talking about the money."

She said she wants Connolly, who is serving a 10-year prison term for racketeering, to be prosecuted for her son's murder.

Attorney William Christie, who also represents the McIntyres, said the family plans to ask a jury to decide additional claims in their lawsuit against Connolly and five other agents. The McIntyres were allowed only a bench trial on their claims against the government, but they are entitled to seek jury trials in the claims against the agents, which Christie said they intend to do.

The McIntyres' suit was the first of 17 filed against the government by families of victims of Bulger and Flemmi to go to trial. Ten were dismissed, mostly on grounds they were filed too late, and six are poised to go to trial.

``Those cases should be settled," said US Representative William Delahunt , a Quincy Democrat, accusing the Department of Justice of ``denigrating the American justice system" by continuing to fight the lawsuits and deny responsibility for murders that were committed by Bulger and Flemmi while they were FBI informants.

Boston attorney Edward Hinchey , who represents the family of Michael Donahue , an innocent bystander who was allegedly gunned down by Bulger in 1982, said, ``We're very hopeful that the government will come forward and admit the wrongdoing, admit their responsibility for the murders, and make these families whole and not force them to go through the trial like they did the McIntyre family."

Gina Talamona , a spokeswoman for the Justice Department, wouldn't comment yesterday on the decison or whether the government will appeal it. ``We're reviewing the decision and considering our options," she said.

Gail Marcinkiewicz , a spokeswoman for the FBI's Boston office, also declined to comment on the ruling, but said the FBI has made sweeping changes to its informant program ``to have better oversight of that program so these problems would not continue."

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Flemmi, who is serving a life sentence for 10 murders, testified at trial that he and Bulger killed McIntyre Nov. 30, 1984, after Connolly warned them that McIntyre had implicated them in an unsuccessful plot to ship weapons to the Irish Republican Army aboard the Valhalla, a Gloucester trawler.

McIntyre, 32, was lured to a South Boston home, chained to a chair, grilled for hours, choked, and shot to death, according to Flemmi. His remains weren't discovered until January 2000.

The judge rejected the government's contention that Connolly was a rogue agent, who had pocketed $200,000 in payoffs from Bulger and Flemmi over two decades and wasn't acting in the scope of his duty as an FBI agent when he leaked information that led to McIntyre's murder.

Lindsay found that Connolly's superiors ``up the chain of command" approved using Bulger and Flemmi as informants, even when they were suspects in several investigations by the FBI and other agencies.

``For decades preceding the McIntyre murder, agents of the FBI protected Bulger and Flemmi as informants by shielding them from prosecution for crimes they had committed," Lindsay wrote.

Connolly was motivated by greed, friendship with Bulger and Flemmi, and a desire to promote the FBI goal of taking down La Cosa Nostra by getting information from Bulger and Flemmi about local Mafia leaders, Lindsay found.

But yesterday lawyer E. Peter Mullane, who represents Connolly in the civil suit filed by the McIntyres, said his client denies that he alerted Bulger and Flemmi that McIntyre was cooperating.

Connolly, who retired from the FBI in 1990, was convicted in 2002 of racketeering for protecting Bulger and Flemmi from prosecution and warning Bulger to flee just before Bulger's 1995 racketeering indictment.

Connolly, 66, is slated to stand trial in Miami in March on state murder charges for allegedly helping Bulger and Flemmi orchestrate a 1982 slaying in Florida.

Whitey Victim's Mom Gets $3.1M From FBI: More Suits Could Follow (BOSH)

By Laurel J. Sweet

Boston Herald, September 6, 2006

In a landmark decree, the FBI has been ordered to pay more than $3.1 million to the 78-year-old mother of an ill-fated fisherman tortured to death by the agency's prized snitch, James "Whitey" Bulger, and his hatchet men.

Upon hearing the news yesterday, a tearful Emily McIntyre went to a photograph of her and her late husband cradling their son John when he was 2 months old and told them, "Oh my God, this is so wonderful."

It was the FBI's former agent, John Connolly, who tipped off Bulger that John McIntyre, then 32 and a witness for the federal government, was planning to rat them out for smuggling arms to Ireland.

"I don't think I can ever enjoy my life," said the victim's mother, a German immigrant who once made ends meet as a sales clerk for Jordan Marsh. "I have aged so much. I'm tired."

She will use money from the judgment to buy "a used car."

"Emily McIntyre kept this case alive for more than 20 years," her attorney, William Christie, said on behalf of the Quincy widow whose family fell prey to what he called "a 30-year pact of wrongdoing" between rogue agents and the psychotic Bulger's Irish mob.

On Nov. 30, 1984, John McIntyre was chained to a kitchen chair at 799 East Third St. in South Boston by Bulger and his partner, Stephen "The Rifleman" Flemmi, and interrogated while staring at the muzzle of a machine gun.

According to Flemmi's testimony during an 18-day bench trial, he and Bulger led McIntyre to the basement and attempted to strangle him with a boat rope for two minutes - an effort so frustrating that McIntyre begged to be shot to death.

Even then, Flemmi coldly detailed, McIntyre did not go down easily. They buried him in the basement after Flemmi pulled out his teeth and his tongue.

Yesterday's 110-page rebuke by U.S. District Court Judge Reginald C. Lindsay is "the first time a court has found the FBI was responsible for one of Bulger's victims," Christie noted.

And it may not be the last. Five other wrongful-death suits brought against the FBI by families of Bulger's victims are waiting in the wings. Bulger, 77, has been a fugitive from justice for more than 11 years.

McIntyre, Lindsay wrote, "knew what his tormentors intended. He knew that there would be no time for goodbyes to his loved ones or for putting his affairs in order, for he would not leave that basement alive."

The government may yet appeal but cannot do so until after the case's second leg, in which Emily McIntyre will try to hold five individual FBI agents, including Connolly, financially liable as well.

Only Connolly has ever been convicted of getting into bed with Bulger. He is not yet halfway through a nine-year federal prison sentence and is awaiting trial in Miami on charges he conspired with Bulger to murder former World Jai Alai president John Callahan in 1982.

National Briefing (NYT)

By Jim Robbins

The New York Times, September 6, 2006

ROCKIES

MONTANA: FIREFIGHTING EFFORTS AIDED BY LIGHT WINDS Firefighters took advantage of light winds to try to contain a 180,000-acre wildfire that has led to the evacuation of 265 homes in the rugged mountains north of Yellowstone National Park. But forecasters are calling for stronger winds, which could push the blaze toward the town of McLeod, and firefighters were preparing by cutting brush and wetting homes in the path of the flames. Firefighting efforts have been hampered by a shortage of resources because of the large number of fires burning in the West. JIM ROBBINS (NYT)

MIDWEST

MICHIGAN: DETROIT SCHOOLS ARE CLOSED AS STRIKE CONTINUES Classes were canceled until further notice in Detroit as the school year began with teachers on the picket lines. The Detroit Federation of Teachers overwhelmingly rejected a two-year contract proposal from the school district that included a 5.5 percent wage reduction. The district says it needs $105 million in concessions from its unions, including $88 million from teachers, to balance its budget. Judge Susan Borman of Wayne County Circuit Court ordered both sides to return to the bargaining table today. (AP)

INDIANA: MAN KILLED BY PET PYTHON A 14-foot python crushed its owner to death, the authorities said. The man, Patrick Von Allmen, 23, was found dead Monday evening in a backyard shed near Lanesville, about 15 miles west of Louisville, Ky. A medical examiner determined that the death was consistent with asphyxiation caused by compression of the neck and chest, said Conservation Officer Mark Farmer. Indiana law does not restrict ownership of snakes, and the python was returned to Mr. Von Allmen's family. (AP)

SOUTH

SIXTH NAMED STORM FORMS IN ATLANTIC Tropical Storm Florence formed far out in the open Atlantic, becoming the sixth named storm of the 2006 hurricane season. The storm had top sustained winds near 45 miles per hour, just over the 39 m.p.h. threshold for a tropical storm, and it was expected to slowly intensify, the National Hurricane Center said. "Our forecast does have it becoming a hurricane by Friday morning," said Mark Willis, a meteorologist at the center in Miami. The storm, moving northwest, was centered about 950 miles east of the Lesser Antilles and about 2,100 miles southeast of Miami, forecasters said. (AP)

NEW ENGLAND

PASSENGER HELD AT MENTAL HEALTH FACILITY A woman whose erratic behavior caused a flight from London to Washington to be diverted to Boston will be held at a mental health facility in New Hampshire, a federal judge in Massachusetts ruled. The woman, Catherine C. Mayo, 59, of Braintree, Vt., caused the captain to divert United Airlines Flight 923 on Aug. 16 after she urinated on the cabin floor and made what crew members thought were veiled references to Al Qaeda. Ms. Mayo was charged with interfering with a flight crew and assaulting a flight crew member. She has been held in federal custody since her arrest. KATIE ZEZIMA (NYT)

MASSACHUSETTS: $3.1 MILLION AWARDED IN MAN'S DEATH A federal judge in Boston awarded $3.1 million to the family of a man who was reportedly killed by the fugitive mobster James Bulger. The federal government is liable for the man's death, the judge ruled, because his identity was leaked to Mr. Bulger by a rogue F.B.I. agent. The family of the man, John McIntyre, 32, a fisherman from Quincy, said he was killed in 1984 after the agent told Mr. Bulger that Mr. McIntyre had talked to customs agents. (AP)

Court Victory Puts Crooked G-men On Slippery Slope (BOSH)

By Peter Gelzinis, Boston Herald Columnist

Boston Herald, September 6, 2006

Yesterday, another federal judge confirmed what lots of people have known for almost 20 years: Special FBI Agent John "Zip" Connolly was as much a gangster as his rabid informants, James "Whitey" Bulger and Stevie "The Rifleman" Flemmi.

But this time, the truth came with a price - 3.1 million federal bucks to the family of an itinerant boat mechanic and part-time marijuana smuggler named John McIntyre.

Two months ago, James Greenleaf, a truly ridiculous gentleman who once ran the Boston FBI office, took the witness stand and claimed he never heard of John McIntyre.

Never mind that when Greenleaf was John Connolly's boss, McIntyre was tortured, strangled, shot, had his tongue ripped out of his head and his teeth removed with pliers by Bulger and Flemmi . . . who acted on a tip from their favorite G-Man that McIntyre was talking to the feds.

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Now, it's possible that Greenleaf could go to his grave a bankrupt former gumshoe, cursing the name of John McIntyre. Horror of horrors, he might even spend the rest of his days relegated to public golf courses.

For the same team of lawyers who won $3.1 million proving the feds played a role in McIntyre's gruesome demise will now lodge individual lawsuits against Greenleaf, John Connolly and three of their retired FBI cronies, who were all excoriated yesterday in U.S. District Court Judge Reginald C. Lindsay's 110-page ruling.

Some interested lawyers saw yesterday's ruling as a mixed bag. "Sure, (Lindsay) gave the (McIntyre) family a win," one said, "but netting $3.1 million on a $50 million suit is also doing the government a big favor. It's a little like kissing your sister."

Still, William Christie, the New Hampshire lawyer who clinically dissected Greenleaf and the other G-men musketeers, noted with no small amount of pride that, "this is the first time the United States government was found liable for the murder of one of Bulger and Flemmi's victims. This is a very significant moment in the long and twisted history of this case."

Indeed, it is. Not only must the government (specifically, the Department of Justice) cough up $3.1 million, plus interest, plus another half-million or so in plaintiffs' legal fees, they have no choice but to deal with the fact that Stevie Flemmi has now been sanctified as a star witness.

This nudges John Connolly that much closer to the lethal injection table. In March, Flemmi will testify in Zip's Miami murder production. He will also make key appearances in a string of upcoming civil cases, including the Halloran-Donahue slaughter case, which Judge Lindsay is scheduled to hear next.

"I'm looking at a picture of my son, John, right in front of me," a melancholy Emily McIntyre said yesterday afternoon. "He's standing next to a federal agent and I can't help but wonder if he knew the hell he was about to enter. All these years later, there isn't a night I don't put my head on the pillow asking, 'How could people be so cruel?' Then, I tell myself, they weren't people. They were animals." [continue]

Pay Plan At Dana Ruled Illegal (NYT)

By Floyd Norris

The New York Times, September 6, 2006

A plan to pay millions of dollars to the top officials of the Dana Corporation, the auto parts company, violates the new bankruptcy law and cannot go forward, a judge ruled yesterday.

Judge Burton R. Lifland of the Federal Bankruptcy Court in Manhattan said that the proposal was an illegal plan to retain Dana's chief executive and other top executives. The plan had drawn objections from Dana's creditors, shareholders and unions, as well as the United States trustee, a part of the Justice Department.

Until now, no bankruptcy judge had struck down a proposed pay plan for executives on the ground that it violated the new provision, which bars retention payments for a corporate insider unless the executive has another job offer.

Dana argued that the proposed payments, which were modified on Monday in an unsuccessful effort to get the approval of creditors, resulted from a careful, deliberative process. The board, it said, did everything right to determine a proper pay level for the executives, whose pay had fallen well below what was anticipated because the stock portion of their compensation was likely to be worthless.

The provision on retention payments, Section 503(c), was inserted in Congress's overhaul of the bankruptcy law last year at the request of Senator Edward M. Kennedy, a Massachusetts Democrat, over the opposition of many in the bankruptcy field. Since the law took effect last October, the approval of several pay plans by judges had raised hopes that the statute could be bypassed with provisions that provided incentives for good performance.

In its first two requests for the plan to be approved, Dana did not even discuss the section, and at the hearing yesterday, Dana's lawyer, Corinne Ball of Jones Day, argued that the section did not apply.

But the judge disagreed, saying the important fact was that the plan bore a close resemblance to "key employee retention plans." Such plans have been criticized in the past for rewarding executives lavishly while lower-level workers suffered, and were widely viewed as the target of Section 503(c).

"This compensation scheme walks like, talks like, and is a KERP,'' the judge said.

The ruling left open the possibility that some pay plan, with incentives for performance, could be approved under the law, but gave little indication how such a plan would be structured.

For now, at least, the ruling makes it difficult for companies to give raises to corporate executives already on board when the company goes bankrupt, since such payments could be deemed to be retention payments. Paying large amounts to newly hired executives could be far easier, because those could not be characterized as retention bonuses, and the only issue would be whether the company had exercised reasonable business judgment.

"It fundamentally says that mercenaries are unlimited," said Ms. Ball, who said the company would be back with another plan.

The ruling may also increase the power of creditors in bankruptcy proceedings, since any pay plan is more likely to win approval if no one objects to it, and creditors may be able to get other concessions in return for not opposing a plan.

Creditors had argued that even the revised plan, while seemingly setting performance bonuses, was clearly a retention plan because the targets were so easy to make. Thomas Moers Mayer of Kramer Levin Naftalis & Frankel, a lawyer for creditors, called the targets a "layup."

The company argued that the pay was needed, saying it feared that important executives would be lured away because Dana was paying them well below the market value for their services. But Dana contended that did not make it an illegal retention plan, because it also set performance targets.

The judge also said that payments offered to senior executives if they left the company were in fact severance payments, which are severely restricted by the new law, even though the company characterized them as being payments for agreements not to compete with Dana.

In the new plan proposed Monday, the company's principal concession to critics was to tie the retirement benefits to the fate of pension plans for other workers, requiring the executives to get less if the other workers did. Under the previous plan, the pension benefits for the top executives would have been guaranteed.

But the executives also stood to get more than they would have under the earlier plan if things worked out well.

The new plan applied to six top executives, but most of the attention went to Michael J. Burns, who would have received much of the money. Mr. Burns became chief executive of Dana in 2004, two years before it filed for Chapter 11 bankruptcy protection.

Under his existing agreement, Mr. Burns will receive a salary of $1.55 million, and could get $2.07 million more if short-term performance targets are met. But Dana argued that was only a third of the compensation that had been intended when he was hired, with the rest made up of stock and stock options that were now likely to be worthless.

The chairman of Dana's compensation committee, Richard B. Priory, who is a former chief executive of Duke Energy, an electric utility company, testified in a deposition that he saw raising the pay as critical.

"If you can't pay an individual a fair wage, and they're in the middle of a Chapter 11 under tremendous pressure, it seems only logical that they would begin looking around," he said, adding that Mr. Burns had repeatedly expressed fears that some of his top executives would leave if their pay could not be raised to the levels previously expected.

Mr. Priory said that even the payments the company proposed would have left the executives earning less than the median in the industry.

Asked after the judge's ruling what he would do now, Mr. Priory responded, "Get a taxi." He declined to comment on the case.

Under the latest proposal, Mr. Burns would have received $4 million — over and above his salary and bonus — if the company emerged from bankruptcy, unless the value of the company's securities had fallen to under $750 million, in which case he would get no long-term bonus.

He could have received millions more if the value of the company's securities six months after the end of the bankruptcy proceeding exceeded $1.75 billion. Had that value reached $2.6 billion, which was the market value of the securities in mid-July, he would have received an additional $2.1 million.

Opponents said such targets were extraordinarily low, but Dana's lawyer, Ms. Ball, said the court should ignore what she called "trading values" and focus on the company's analysis of the price it should be worth, depending on future cash flow. "Trading value is elusive," she said, adding that it could be "subject to manipulation."

Dana's advisers had been confident they would prevail, in large part because they said the Dana pay package was modeled on one adopted by the Calpine Corporation. That plan was approved by Judge Lifland, who said it did not violate the new section even though it obviously had some value in retaining executives.

But the judge said the Calpine plan was not comparable, in part because there were no objections filed to it by creditors or by the United States trustee.

The judge's final comments seemed intended to offer hope to companies. "I do not," he said, "find that incentivizing plans which may have some components that arguably have a retentive effect necessarily violate Section 503(c)'s requirements."

CIVIL RIGHTS:

Man Dies After Police Use Taser (AP)

By Brett Barrouquere, Associated Press Writer

AP, September 6, 2006

DOJ_NMG_0058663

LOUISVILLE, Ky. --Officials were trying to determine whether a Taser caused the death of a Louisville man Tuesday.

Larry Noles, 52, was stunned three times after failing to cooperate with officers. He fell unconscious after the last shock, and was later pronounced dead at Jewish Hospital.

No cause of death had been determined, and the autopsy is "pending further study," Jefferson County Deputy Coroner Gayle Norris said.

It is the first time since Louisville police began using Tasers two years ago that someone died after being stunned with the device.

Neighbors in south Louisville called police around 1 a.m. EDT Tuesday, complaining that Noles was behaving erratically. When officers arrived, Noles was naked, became combative and refused to leave, police spokesman Dwight Mitchell said.

Police Chief Robert White said the two veteran officers tried to talk to Noles, with the intent of bringing him to a hospital for psychiatric evaluation.

Police officer Michael Campbell initially shot two darts carrying 50,000 volts through 25-foot wires, striking Noles in the chest, White said.

When Noles started moving toward Campbell and officer Matthew Metzler, Noles was then "dry stunned," with Campbell putting the weapon directly on his neck and the back of his right shoulder, White said.

After the third shock, Noles became unresponsive and was taken to the hospital, where he was pronounced dead, White said.

White said it appeared that officers followed correct procedure, but a full investigation was under way.

The death renewed calls from critics for stricter limits on Tasers, which stun a person using electrical current. Critics argue that not enough is known about the Taser and cite deaths caused by the device's surge of voltage.

According to Amnesty International, more than 150 people nationwide have died after being struck by Tasers since 2001.

Manufacturers and law-enforcement officials say the weapons are a safer option than bullet-firing weapons.

Taser International Inc., a Scottsdale, Ariz.-based company, began marketing its stun guns in 1998 as an alternative way for police to subdue combative people. The stun guns deliver 50,000 volts through two darts connected to 25-foot wires. An electric current shocks the person, over-stimulating the nervous system and causing muscles to lock up.

Taser dominates the stun gun market, with more than 9,100 law enforcement agencies using its product.

The research arm of the Justice Department is studying the use of stun guns.

VRA Battle Heads Into Litigation (HILL)

By David Mikhail

The Hill, September 6, 2006

The battle to reauthorize the Voting Rights Act (VRA) has shifted from the halls of Congress to the courts.

Conservative activists and at least one congressional Republican are poised to legally challenge a controversial provision of the VRA measure, picking up where the intense debate left off after President Bush signed it into law this summer.

Conservative activists, led by a leading scholar at the American Enterprise Institute (AEI), plan on filing several lawsuits in various federal courts, all centered on Section 5 of the VRA. Congressional Republicans will also play an active role in the litigation, signaling their intent to use the courts to win a battle they lost on Capitol Hill.

GOP members who either support or will participate in the litigation will likely have to fend off accusations by Democrats of engaging in judicial activism, which conservatives have historically spoken out against.

The Northwest Austin Municipal Utility District # 1, a local organization that is recognized as a political subdivision under the VRA, filed suit against Attorney General Alberto Gonzales in D.C. District Court on Aug. 4, requesting that the Department of Justice be released from Section 5 preclearance scrutiny. The district is also claiming that the preclearance requirement is a violation of the equal protection clause of the 14th Amendment, which requires states to provide equal legal protections to everyone.

Section 5 mandates that states and municipalities with histories of race-based disenfranchisement must have changes to voting regulations precleared by the Justice Department before they can be implemented.

Edward Blum, a resident AEI scholar who is spearheading the lawsuit, criticized Congress and the White House for failing to remove or reform Section 5 which he described as, “at best silly and expensive, and at worst pernicious.” He expects several Republican lawmakers will file amicus briefs in support of the plaintiffs.

Blum added that he will coordinate between four and six lawsuits within the next year — already choosing to file complaints in Texas and Georgia because the “position of minority votes is so strong that it just makes sense to bring challenges in these states.” Blum predicts that the matter will not be settled until the Supreme Court rules on it.

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Blum will work with other scholars and activists, including Todd Gaziano, a senior fellow in legal studies with the Heritage Foundation. Gaziano has worked as a GOP staffer on Capitol Hill and in the Justice Department's Office of Legal Counsel.

David Becker, senior staff attorney with People For the American Way, dismissed Blum's contention, saying that "all 50 states do not have equal records when it comes [to] discrimination." He added that his organization has made no decision as to whether they would get involved.

While Blum stated that no member of Congress has been involved in any litigation so far, the law firm representing the municipal group, Weil, Gotshal, and Manges, has historical ties to the Texas Republican Party. During the 2000 election cycle, various members of the firm contributed over $13,000 to the Texas Freedom Fund, a political action committee chaired by Rep. Joe Barton (R-Texas). Attorneys from the firm have also contributed to Democratic candidates and political action committees as well.

The municipal group is located in Travis County, inside the district of Rep. Lamar Smith (R-Texas), who spoke publicly against Section 5. Smith subsequently voted for the renewal legislation.

Brian Robinson, a spokesman for Rep. Lynn Westmoreland (R-Ga.), said that the congressman plans to be an active participant in lawsuits involving Georgia plaintiffs, including choosing and providing assistance to the parties.

Asked how he would respond to accusations that the litigation represented judicial activism, Robinson said that "this is a case of judicial review" and not "making law from the bench."

Drew Hammill, a spokesman for House Minority Leader Nancy Pelosi (D-Calif.) claimed that the Justice Department's preclearance decisions have been largely partisan, highlighting the need for tightening the Section 5 provision.

Congress passed and the president signed legislation in July which renewed expiring provisions of the Voting Rights Act, while enhancing Section 5 by making it harder for states and municipalities to achieve preclearance.

Lawmakers who oppose Section 5, including many members of the Texas and Georgia delegations, claim that the preclearance measures are both antiquated in their focus and should be reformed so that they apply to all 50 states. The opposition was so intense that it led to a fractious conference meeting between House Republicans in June, resulting in a decision by Republican leaders to delay floor consideration of the renewal bill.

Two amendments to the legislation that would have modified Section 5, including one introduced by Rep. Charlie Norwood (R-Ga.) that would have extended preclearance measures to all states, were soundly defeated. House and Senate Democrats have consistently argued that the only reason that Republicans would want to expand Section 5 would be to render the VRA unworkable.

Blum contends, however, that partisan lines become blurred when lawmakers discuss the matter behind closed doors. Specifically, he said that some white Democrats are privately against the VRA because of its creation of "majority-minority" districts, which take away black voters from other Democratic districts.

He cited a quote by Rep. Rahm Emanuel (D-Ill.), chair of the Democratic Congressional Campaign Committee, in New York magazine, saying that "whites don't have the courage to stand up and try to fix it without blacks standing alongside them; and Republicans like the outcome that they're getting."

A Democratic congressional staffer rejected Blum's argument, pointing out that no Democrat in the House or Senate voted against the renewal bill.

The states of Texas and Georgia have had recent episodes surrounding the VRA. The Supreme Court ruled that the Texas redistricting plan of 2003, engineered by former House Majority Whip Tom DeLay (R-Texas), violated the statute when it redrew the 23rd district, diluting Hispanic voting strength by moving 100,000 voters into neighboring areas.

The Georgia state legislature had passed a 2005 law that would have established a paid voter ID program but it was subsequently found unconstitutional in federal appellate court. The state later passed a free voter-ID program. The Justice Department precleared the Texas and Georgia plans under Section 5.

'Offensive' Speech Gets Narrow Reading At 2nd Circuit (LAW)

By Daniel Wise, New York Law Journal

New York Law Journal, September 6, 2006

A Vermont school district violated a seventh grader's free speech rights when it forced him to cover up images of drugs and alcohol on a T-shirt ridiculing President Bush, a unanimous panel of the 2nd U.S. Circuit Court of Appeals ruled last week.

Wading into a murky area of the law, the panel, in resolving an issue of first impression in the circuit, ruled that a 1986 U.S. Supreme Court ruling allowing school authorities to ban "plainly offensive" messages was not applicable to this case.

The T-shirt, which the seventh grader, Zachary Guiles, bought at an anti-Iraq war rally, used "harsh rhetoric and imagery to express disagreement with the President's policies and to impugn his character," Judge Richard J. Cardamone wrote for the majority in Guiles v. Marineau, 05-0327. Judges Rosemary S. Pooler and Sonia Sotomayor joined in the decision.

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Among the images depicted on the shirt were a martini glass, three lines of cocaine, a razor blade and a straw. According to the court, the alcohol and drug-related images were intended to portray President Bush as a former alcohol and drug user.

The school allowed a large picture of the president's face, wearing a helmet, superimposed on the body of a chicken. The shirt identified Bush as "Chicken-Hawk-In-Chief." But it demanded that Zachary cover the alcohol and drug-related images. He did so with duct tape on which he wrote "censored."

Zachary and his parents then filed suit claiming that he had been required to cover the images in violation of his free speech rights.

The key question confronting the court was whether school authorities could force Zachary to cover drug and alcohol images under the authority of the Supreme Court's decision in Bethel School District No. 403 v. Fraser, 478 U.S. 675 (1986). In Fraser, the Court upheld the disciplining of a student who gave a speech peppered with sexual innuendo at a school assembly, ruling that school officials could punish student speech that is "vulgar," "lewd," "indecent" or "plainly offensive."

The first three grounds upon which Fraser permits school authorities to punish student speech -- vulgarity, lewdness and indecency -- all connote sexual innuendo and profanity and were not applicable to the images school officials in Williamstown, Vt., had forced Zachary to cover, Cardamone wrote. That left the question of whether the images could be considered "plainly offensive," an issue the 2nd Circuit had not addressed, he said.

In resolving that question, the panel concluded that the phrase "plainly offensive" should be considered an offshoot of the three other grounds, all of which concern speech that is not obscene, but clearly related to statements "containing sexual innuendo and profanity."

NARROW DEFINITION

Cardamone acknowledged that the panel was construing the word "offensive" more narrowly than the dictionary definition, but he concluded that such an interpretation was necessary to prevent the obliteration of the general rule articulated by the Supreme Court in Tinker v. Des Moines Independent Community School District, 393 U.S. 503 (1969). In Tinker, the Court said student speech should be permitted as long as it would not "materially and substantially disrupt the work and discipline of the school."

The panel reversed the decision of Chief Judge William K. Sessions III of the Vermont District Court, concluding he gave the term "plainly offensive" an overly broad reading. Likewise, Cardamone wrote, the panel was rejecting the approach taken by the 6th Circuit in Boroff v. Van Wert City Board of Education, 220 F.3d 465 (2000), that a school board has broad authority to suppress speech that is "'inconsistent with its basic educational mission.'"

The images the Vermont board ordered obscured, Cardamone wrote, "may cause school administrators displeasure and could be construed as insulting or in poor taste." But, he concluded "we cannot say ... that these images, by themselves, are as plainly offensive as the sexually charged speech" the Supreme Court permitted to be punished in Fraser.

In rejecting the approach taken by the 6th Circuit in Boroff, the panel inferentially found its views out of the mainstream.

"Courts that address Fraser," Cardamone wrote, "appear to treat 'plainly offensive' synonymously with and as part and parcel of speech that is lewd, vulgar and indecent."

Zachary and his parents were represented by Stephen L. Saltonstall of Barr, Sternberg Moss Lawrence Silver Saltonstall & Scanlon in Bennington, Vt. School officials were represented by Anthony B. Lamb of Lamb & Desautels, of Burlington, Vt.

Court To Hear House Prayer Appeal (ECP)

By Bryan Corbin, Courier & Press Statehouse bureau

Evansville (IN) Courier & Press, September 6, 2006

INDIANAPOLIS - A federal appeals court will hear lawyers' arguments Thursday in a case testing whether legislators and clergymen can lead sectarian prayers in the Indiana House of Representatives.

Speaker Brian Bosma said approximately $67,000 in public funds already have been spent defending the lawsuit, but that public donations soon will be accepted to defray legal costs.

On Thursday, the U.S. 7th Circuit Court of Appeals in Chicago will hear from both sides in Bosma's appeal in the prayer lawsuit.

Last year, U.S. District Court Judge David Hamilton ruled the Indiana House could not formally open with prayers that specifically mentioned Jesus Christ or endorsed a particular religion.

The suit was brought by the American Civil Liberties Union of Indiana, on behalf of four plaintiffs, including a Quaker lobbyist, who said they found the longtime tradition of offering the usually Christian prayers from the speaker's podium or the House floor to be offensive.

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Bosma is seeking to get Hamilton's ruling overturned, contending it intrudes upon the ability of lawmakers and visiting clergy to pray in accordance with their own consciences. Visiting clergy - which included pastors, rabbis and Islamic imams - were always asked to be ecumenical, he said.

Delivering arguments for the plaintiffs will be Ken Falk, legal director for the ACLU of Indiana. Falk said the precedent that Hamilton followed in his ruling was created by a series of U.S. Supreme Court decisions. Leading a public prayer is allowed in a state legislature, Falk said, so long as it's nonsectarian.

"Whereas legislative prayer is recognized, it has to be a prayer that is not proselytizing, doesn't advance a religion or doesn't detract from or disparage other religions," Falk said.

Bosma, R-Indianapolis, said he personally had no problem offering a nonsectarian invocation in the House. But guest clergy who previously had delivered the opening prayers objected to their content being regulated, he said.

"I think that's the fundamental question here: Who decides how an individual prays on the floor of the Indiana House? A federal court judge, or our 189-year tradition of praying according to one's conscience?" Bosma said.

After the federal judge restricted the practice, House members in the 2006 session started each day by huddling for prayer in the back of the House chamber.

The U.S. Department of Justice filed a friend-of-the-court brief on Bosma's behalf. A Justice Department attorney will participate with Bosma's lawyer in arguments before the three-judge appellate panel, Bosma said.

This November's election will determine which party controls the Indiana House, where Republicans now hold a slim 52-48 majority. If Democrats win control, House Minority Leader B. Patrick Bauer will be speaker again. For his part, Bauer said Tuesday, he was in favor of resuming public prayer from the speaker's podium instead of at the back of the House.

"We all have to follow the law, so we'll see," Bauer said of the ongoing lawsuit. "I wouldn't put any restrictions on it."

ANTITRUST:

Sun, Unisys File Suit Over Memory Chips (AP)

By Rachel Konrad, AP Technology Writer

AP, September 6, 2006

Sun, Unisys File Lawsuit Against Hynix and 6 Others Over Memory Chip Price-Fixing

SAN FRANCISCO (AP) -- Sun Microsystems Inc. and Unisys Corp. have filed a combined lawsuit against Hynix Semiconductor Inc. and six other technology companies as part of an ongoing federal investigation into a worldwide price-fixing scheme.

Sun and Unisys say the companies bilked them of millions of dollars by keeping prices artificially high for computer memory chips. The chips are used in an array of gadgets, including personal computers, printers, digital cameras, video recorders, video game equipment and cellular phones.

Apart from South Korean memory chip maker Hynix, the lawsuit filed Friday in the U.S. District Court for the Northern District of California targets Taiwanese manufacturers Mosel Vitelic Inc., Nanya Technology Corp. and Winbond Electronics Corp.; Japanese manufacturers Elpida Memory Inc. and Mitsubishi Electric Corp.; and Germany's Infineon Technologies AG.

Sun and Unisys also named Micron Technology Inc. and Samsung Electronics Co. Ltd. as coconspirators in the lawsuit, similar to the one Sun filed by itself in March.

"The global conspiracy ... had a direct, substantial and reasonably foreseeable effect on United States commerce," the newest lawsuit alleges.

The case hinges on findings by the U.S. Department of Justice, which said in June 2002 that it uncovered a "long-standing conspiracy" among the world's suppliers of dynamic random access memory, or DRAM.

DRAM chips are the most common form of memory, with annual sales exceeding $20 billion. The six largest DRAM manufacturers control 96 percent of the global market.

Collusion appeared to begin in 1996, when DRAM manufacturing plants around the world greatly increased production and buyers expected prices to drop. Instead, prosecutors alleged, DRAM executives hatched a covert plan to keep prices artificially high.

Executives hosted a conference with a special lecture called "Manage Price Competition, Profitability," and they used special software to keep their related e-mail chains confidential, according to the lawsuit.

Lawyers for Santa Clara-based Sun and Blue Bell, Pa.-based Unisys say DRAM executives colluded and curtailed chip production in February 1997, and DRAM prices immediately surged. Over the next several years, whenever prices drifted downward, prosecutors said, executives collectively limited production.

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After a grand jury investigation, five of the world's largest DRAM suppliers admitted involvement in a cartel: Hynix, Infineon, Elpida, Micron, and Samsung. Micron was spared criminal prosecution because its executives were the first to admit they participated; others agreed to enter guilty pleas.

Last year, Samsung Electronics was ordered to pay a $300 million criminal fine, and Hynix agreed to pay $185 million. Infineon paid $160 million, and Japan's Elpida agreed to pay $84 million.

Sun and Unisys would not comment on the consolidated suit. In court documents, they said they'd seek triple damages on artificially high prices from January 1997 to 2002 and beyond.

Luke M. Froeb, associated professor of business at Vanderbilt University, said the Justice Department's investigation greatly strengthens Sun's and Unisys' case.

"Given that it's a follow-on case, you take the liability issue off the table," said Froeb, former director of the Bureau of Economics at the Federal Trade Commission. "The question is how to figure out damages. You have to figure out what would the price have been absent the conspiracy."

Park Hyun, a spokesman for Hynix, said the South Korean company would seek an out-of-court settlement. Last year, Hynix agreed to pay a $185 million fine and pleaded guilty to felony price-fixing charges.

Phone calls and e-mails to the other companies named in the suit were not immediately returned Tuesday.

$21.9M Antitrust Settlement Wins OK In N.J. Federal Court (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, September 6, 2006

A federal judge has granted final approval of a $21.9 million settlement in a class action antitrust suit that accused a group of manufacturers of electrical carbon products of engaging in a decade-long conspiracy to fix prices. The judge also awarded $5.7 million in attorney fees to the plaintiffs class lawyers.

For the team of mostly Philadelphia lawyers who represent the class, the ruling by U.S. District Judge Jerome B. Simandle of the District of New Jersey cinches a deal that at one time looked dead in the water.

A previously proposed settlement had called for the four groups of defendants to pay $24.2 million, and Simandle had granted a preliminary approval, clearing the way for the plaintiffs lawyers to notify the class.

But the settlement was suddenly jeopardized when opt-out notices were filed by 13 of the largest class members whose purchases represented more than half of the $600 million in purchases of the defendants' products.

Those opt-outs triggered the "walk-away" provisions of three of the defendants' settlement agreements and effectively killed the deal.

But the Philadelphia lawyers who represented the class set out to save the settlement.

Joining with the defense lawyers, they embarked on negotiations with lawyers from Crowell & Moring in Washington, D.C., who represent 12 of the opt-out plaintiffs and had filed a separate suit in the Eastern District of Michigan.

In the new deal, the opt-outs agreed to rejoin the class for the purpose of participating in three of the four proposed settlements.

A new deal was also struck with the fourth group of defendants -- Carbone of America Industries Corp. and its French parent company -- that reduced its contribution from $6 million to $3.7 million due to the opt-out plaintiffs' refusal to settle with them.

Now Simandle has granted final approval of the reworked settlement and awarded the $5.7 million in attorney fees.

The lion's share of those fees will be split among teams of lawyers from five Philadelphia firms and one New Jersey firm, led by Steven A. Asher of Weinstein Kitchenoff & Asher; Sandra A. Jeskie of Duane Morris; Howard J. Sedran of Levin Fishbein Sedran & Berman; Warren Rubin of the Law Offices of Bernard Gross; Lisa J. Rodriguez of Trujillo Rodriguez & Richards; and Allyn Z. Lite of Lite DePalma Greenberg & Rivas in Newark, N.J.

Asher said other firms also played various roles in the litigation, and that, in the end, the fees will be split among about 20 firms.

In a spate of suits, which were consolidated as multidistrict litigation, the plaintiffs accused four companies and some of their European parent companies of conspiring to fix the prices of a range of electrical carbon products.

In court papers, the list of products included: carbon brushes used in consumer products, including fractional horsepower brushes; carbon brushes and current collectors (including pantographs but excluding brush holders and commutators) for automotive and traction-transit applications; carbon brushes used in battery-operated vehicles; and mechanical carbon products for use in pump and compressor industries.

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The suits were filed on the heels of an investigation by the Justice Department that led to a guilty plea by Morganite Inc. to criminal charges of price-fixing. The Morgan Crucible Co. also pleaded guilty to attempting to influence the testimony of witnesses and corruptly persuading a witness to destroy documents.

The European Community also conducted an investigation and levied fines on various companies for anticompetitive practices in the European marketplace.

In the settlement, Morgan Crucible, a British firm, and its American affiliates will pay $15 million; Carbone of America Industries and its affiliates will pay $3.7 million; Schunk GmBH, a German firm, and its American affiliates will pay $2.975 million; and SGL Carbon, the North Carolina-based subsidiary of another German firm, will pay $225,000.

In his 54-page opinion approving the settlement in In re Electrical Carbon Products Antitrust Litigation, PICS No. 06-1208, Simandle had strong words of praise for the plaintiffs lawyers.

"Counsel's skill was especially reflected by the delicate renegotiations of the Morgan, Schunk and Carbone settlements when the respective settling defendants had the right, and indeed the intent, to withdraw because of the Crowell & Moring plaintiffs' opt-outs," Simandle wrote.

"These negotiations, after it may have appeared that the proposed settlements were lost, proceeded simultaneously on three fronts. Special efforts were needed to evaluate the new Carbone settlement for the class, absent the Crowell & Moring plaintiffs. In short, class counsel's skills and effectiveness in preparing, litigating, strategizing and successfully resolving the case with a fair settlement were of the highest order of professionalism," Simandle wrote.

Simandle also found that the settlement was an "excellent result" for the plaintiffs.

Under the settlements, more than 460 plaintiffs that filed claims will have a gross recovery, before attorney fees, of about 12 to 15 percent of their purchases of electrical carbon products.

Such a recovery, Simandle said, is the equivalent of a treble damage recovery on antitrust damages of 4 to 5 percent of the total class purchases.

"In other words, if the class succeeded at trial in proving that the prices they paid for electrical carbon products averaged 4 to 5 percent higher due to defendants' anticompetitive conduct, and that such damages would be trebled, then this proposal could be said to be the rough equivalent of a full recovery," Simandle wrote.

An expert for the plaintiffs had estimated that the price-fixing conspiracy had actually inflated prices by 8 to 10 percent.

But Simandle said he also had to consider the possibility that the plaintiffs could have lost at trial.

"If one discounts these figures for the risk of nonrecovery, this settlement appears to be even more impressive," Simandle wrote.

"If we assume there is a 50/50 chance of nonrecovery, and that this settlement will likely pay 12 to 15 percent of the class's purchase amounts, then this settlement represents the rough equivalent of one-half of a treble damage recovery upon an overcharge of 10 percent of the purchase prices, which is plaintiffs' proposed expert's optimum figure," Simandle wrote.

"Thus, if we assume for this purpose a hypothetical risk of nonrecovery of 50 percent, the class claimants are very wise to accept this settlement, because it would represent the present optimal expectation of recovering damages for a 10 percent elevation in purchase price on all eligible purchases."

Clemens To Be Sold To Two Firms (PHI)

By Harold Brubaker

The Philadelphia Inquirer, September 6, 2006

Clemens Family Markets Inc., the largest local family-owned supermarket chain in the Philadelphia region, has agreed to be sold to competitor Giant Food Stores L.L.C. and a large grocery wholesaler from New England.

The value of the deal announced yesterday by Giant, of Carlisle, Pa., was not disclosed. Giant is a subsidiary of Dutch company Royal Ahold N.V.

Giant said it planned to buy 13 Clemens Family Markets in Bucks, Chester and Montgomery Counties and convert them into Giant Food Stores outlets. The company is also buying the foodsource by Clemens location in Bryn Mawr, and it will continue to operate it under that banner, spokesman Denny Hopkins said.

The 14 stores had net sales of about $190 million in 2005, according to Giant, which already has 28 stores in Bucks, Chester, Delaware and Montgomery Counties.

"This is an excellent fit for Giant," Tony Schiano, the company's president and chief executive officer, said in a news release. "The Clemens stores have experienced staff and great customer service. We will do everything we can to make sure they are warmly welcomed into the Giant family."

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To mitigate antitrust concerns, eight other Clemens stores in the Philadelphia suburbs will be sold to C&S Wholesale Grocers Inc., its affiliates, or its customers, the Giant news release said. Privately held C&S, of Keene, N.H., is among the country's largest grocery wholesalers. C&S's Philadelphia-area customers include Giant, Genuardi's and Super Fresh.

Neither Clemens Family Markets - based in Kulpsville - nor C&S returned telephone calls yesterday seeking comment.

The Clemens deal, which requires regulatory approval and which is expected to close in the fourth quarter, comes nearly five years after the Genuardi family sold its chain of 36 Philadelphia-area stores to Safeway Inc., of Pleasanton, Calif.

Clemens Family Markets traces its roots to John C. Clemens, a Montgomery County farmer who in the early 20th century sold produce at the Ridge Avenue Farmer's Market in Philadelphia.

In 1939, according the company's Web site, John Clemens' sons opened a full-service food market in Lansdale, setting the stage for the company's expansion throughout the suburbs of Philadelphia.

Jeff Metzger, publisher of Food Trade News, said it was becoming more challenging for family-owned supermarket chains to compete against the deep pockets of corporate chains.

Buying these stores is a way for Giant to quickly build its presence in an area where real estate is hard to come by, Metzger said.

"I think it's an excellent move for Giant," he said.

Key Senator Lines Up Behind Love Plan (DMN)

By Robert Dodge And Todd J. Gillman, The Dallas Morning News

The Dallas Morning News, September 6, 2006

Majority Leader Frist drops reservations, expects vote this month

WASHINGTON – Proponents of phasing out flight restrictions at Dallas Love Field picked up a formidable Senate ally on Tuesday: Majority Leader Bill Frist.

"I have supported it," the Tennessee Republican told reporters when asked whether he would back the proposal by Sen. Kay Bailey Hutchison, R-Texas. "I have not seen it written out but have had the presentation made to me orally. And if it's written that way, I'll support it."

Mr. Frist also said he thought concerns about the proposal could be resolved in time for a Senate vote this month.

Until Tuesday, the majority leader was reluctant to endorse Ms. Hutchison's proposal to lift the Wright amendment. When a delegation of North Texas leaders visited his office in June, he refused to take part in a photo opportunity or talk to reporters about the meeting.

Industry lobbyists noted that Mr. Frist has to balance competing airline interests in his home state.

Late last year, Mr. Frist unsuccessfully attempted to add Tennessee to the list of Wright states, a move urged by business interests in Nashville. But Northwest Airlines, which opposes the legislation, has a large hub in Memphis, and its regional partner Pinnacle Airlines is also based there.

Mr. Frist made his remarks as senators returned to Capitol Hill to begin a one-month session before Congress leaves again to campaign for the November elections. The House returns today.

Sen. Hutchison's legislation would implement the June 21 deal to repeal the Wright law by 2014. In the meantime, it would allow one-stop flights anywhere in the U.S. if passengers first stopped within the nine-state Wright perimeter. The deal also would reduce the number of gates at Love Field from 32 to 20, with Southwest Airlines Co. getting 16 gates.

The gate cap has drawn fire from critics who say it will not provide adequate competition at Love. They say new entrant carriers cannot adequately compete against Southwest if they are forced to sublease gate space from existing airlines.

Critics also complain that the legislation would insulate signatories to the deal from antitrust laws. The agreement was signed by the cities of Dallas and Fort Worth and Dallas/Fort Worth International Airport, as well as American Airlines Inc. and Southwest.

The legislation was on a fast track to be approved in the House and Senate in July but ran into turbulence over competition concerns. Now, proponents have little time to resolve questions raised in both chambers in time for votes before lawmakers leave in early October.

While Congress was on its August break, aides continued to work on antitrust issues.

Aides for the Senate Judiciary Committee and the Senate Commerce Committee are trying to find an accommodation. The House Judiciary Committee is scheduled to examine a version of the proposal on Thursday.

Miller is hopeful

Dallas Mayor Laura Miller said she was hopeful the committee would not make any changes in the legislation. She is preparing to return to Washington on Sept. 12.

"What seems to be missing in all the criticism I hear is that we didn't just pull 20 gates out of a hat," Ms. Miller said. "We picked 20 because that is the number of gates that this inner-city neighborhood can handle."

Ms. Hutchison said the legislation might have to be modified to satisfy critics. But the Texas Republican said she would not agree to dismantle the proposal's pillars, such as the 20-gate cap.

"I am not wedded to the agreement being exactly the way it was, as long as it does not disrupt the balance," she said. "We cannot have something that would allow the Wright amendment to be lifted and the [cap of] 20 gates not remain intact."

As senators returned to work, it appeared they had not had time to focus on the proposal since last month.

"I haven't picked that one up," said Sen. Arlen Specter, R-Pa., chairman of the judiciary committee. But he said: "We have to come to a decision promptly."

Shortly before the August recess, Mr. Specter received a briefing on the proposed legislation by Ms. Hutchison and Sen. John Cornyn, R-Texas.

Hearing needed?

Mr. Specter said he hoped to avoid a time-consuming hearing.

"I hope we have it worked out so that we can accommodate what a lot of people want, but I also don't want to deviate from the antitrust laws," he said.

Mr. Cornyn, who serves on the Judiciary Committee, said he hoped to avoid a hearing. But he said a hearing might help resolve issues some senators have with the proposal.

"I'm optimistic, but I think we have to be respectful of the right of senators to ask questions and to satisfy their concerns," he said. "There's a danger of pushing too hard and creating opposition where right now there mainly exist some questions and not opposition."

But Sen. Patrick Leahy of Vermont, the ranking Democrat on the Judiciary Committee, said he still has concerns about the bill's antitrust immunity – issues that have not been addressed by either Texas senator.

"No one from Texas has talked to me," said Mr. Leahy. "I just don't want to make a sudden change to the antitrust laws."

Staff writers Emily Ramshaw in Dallas and Sudeep Reddy in Washington contributed to this report.

Battle Building Over Net 'Tollgate' (LAW)

By Pamela A. Maclean, The National Law Journal

National Law Journal, September 6, 2006

Few things have as much potential to create a litigation war zone next year as the possible fight over control of the pipes feeding all the content over the Internet.

"Internet neutrality" advocates say they want to keep cable and phone companies from imposing tollgates on the Internet that would create a tiered payment system resembling home television cable service.

Cable and telephone companies counter that they have invested billions of dollars in a fiber-optic network that delivers high-speed Internet and cable television service to homes, and if the likes of Google Inc., Yahoo Inc. and Vonage Holdings Corp. want to ride those lines, they should pay preferred rates.

The gauntlet in this fight has been thrown down over the giant telecommunications reform act that is currently pending before the U.S. Senate. A key provision of the 289-page act would allow phone companies to negotiate national cable franchise agreements rather than seeking city-by-city franchise rights across the country.

If backers fail to garner 60 votes to avoid a promised filibuster, the bill, which lacks Internet-neutrality protections, could be left to the lame-duck Congress after November's election or be dead until next year.

Regardless of the act's immediate fate, a critical battle is inevitable.

The Internet has provided an unpredictable and sometimes dizzying array of offerings, including streaming movies and multiplayer online video games that require big "pipes" to deliver large amounts of data. But 95 percent of broadband services in the United States come from either cable or telephone companies.

For lawyers advising companies that supply content to the Internet, if there are no enforceable requirements for neutral access, "they will have to deal in negotiations with cable and phone companies," warned Gerald Waldron, a telecommunications lawyer with Covington & Burling in Washington. Waldron represents Amazon.com Inc., eBay Inc., Google and Yahoo, among others, in support of Internet neutrality in Congress.

CONCERNS DISMISSED

Cable and telecom companies such as AT&T Inc., Verizon Communications Inc. and Comcast Corp. dismiss the concerns, saying that proposed Net-neutrality legislation is a solution in search of a problem.

"There have been no abuses and none are occurring today," said Claudia Jones, an AT&T spokeswoman in Washington. "We feel the antitrust laws that exist today are more than adequate to handle any harms that may occur in the future," she said.

The debate is already affecting merger activity, with Internet-neutrality supporters asking for protective conditions from the Federal Communications Commission in the AT&T/BellSouth merger. The commission vote is tied, 2-2, on merger with a fifth commissioner recused, according to one attorney who has handled major mergers before the FCC.

One problem for merging companies: The FCC can extract conditions that cannot be appealed. Merging parties must accept the conditions or, if rejected, the merger dies. There is no right to judicial review, according to the attorney.

The FCC policy is that consumers are entitled to access and choice on the Web, but it says nothing about what may be charged for, or the speeds of, that access. That is what has neutrality advocates concerned.

Waldron said that neutrality advocates don't oppose the deregulated telecom industry, which allows phone and cable companies to compete. "What we don't think they should do, and never have been able to do, is step in to act as gatekeeper between the consumer and the content," he said. "You can't favor your bits and your content over someone else's content," he said.

Both sides are predicting legal challenges by whichever side loses in Congress.

"There will most certainly be litigation and more regulatory action," said Earl Comstock, president and chief executive officer of COMPTEL, a trade association of communication companies that back Internet neutrality. "The important thing for the communications bar: If the current legislation is passed and Senator [Ted] Stevens [R-Alaska] removes the government oversight, you will see far fewer competitors and far less work for the legal community," Comstock predicted.

Neutrality advocates have issued dire warnings in the obscure, technology-savvy corners of the Internet for years. But in November 2005, AT&T Chairman Edward Whitacre Jr. fired the shot heard 'round the blogosphere, just as Congress was in the midst of overhauling telecommunications law for the first time in a decade. Stevens' bill is the Communications, Consumer's Choice, and Broadband Deployment Act of 2006, currently S. 2686.

Whitacre said content providers like Google were "nuts" for thinking they could use AT&T's cable and broadband networks, "my pipes," without paying extra.

Suddenly, Internet neutrality became a mainstream topic.

"I should send the man flowers," Comstock said. "By truthfully stating what his natural business decisions would be, he gave voice to people's concerns. So we could say, 'See, we're not imagining this.' "

AT&T's Jones said that Whitacre was expressing how the Internet is changing, that more companies are providing services requiring lots of bandwidth. "AT&T has made a lot of investments to accommodate that. There is a lot of debate about who is going to pay for the upgrades to the Internet structure," Jones said.

Waldron noted that the Googles and Amazons of the world spent billions of dollars to have their traffic hauled around the Internet, and that the consumer at the receiving end also pays for service. Telecom companies are "getting paid at both ends," Waldron said. "In some ways, my clients think phone companies are free-riding off them."

The neutrality advocates want guarantees in the telecommunications bill that content providers and "voice over Internet" companies like Vonage, in direct competition with AT&T, will have equal access to the Internet pipelines.

The regional Bells and cable firms have fought off any attempts to legislate neutrality language into the bill.

According to one Senate staffer, there has been a lot of lobbying pressure, particularly from what Washington insiders call "Astroturf groups," or organizations that only appear to be grassroots public interest groups but are paid for by the industry. (They have no grassroots, hence the moniker "Astroturf.")

Throughout the summer, editorials around the country weighed in on the future of cyberspace. The debate created strange bedfellows, with the conservative Christian Coalition and liberal MoveOn.org both demanding that Congress write neutrality into the law.

In June, Oregon Democratic Senator Ron Wyden put a hold on the telecommunications bill because it lacked effective Internet-neutrality provisions.

He said that the bill concentrates too much power in the hands of large telecommunications companies and cable providers.

Wyden's move forced telecom bill sponsor Stevens, who is chairman of the Commerce, Science and Transportation Committee, to shuttle among colleagues to rustle up the 60 votes needed to defeat the Internet-neutrality amendment to the bill and bring the telecom measure to the Senate floor for a vote.

In early August, Stevens told reporters he didn't know if he had the votes to bring it to the floor in September, and it appears he has come up short. Attorneys who follow the issue predict the bill may be dead until after the November election. If the Democrats retake control of Congress "all bets are off" on the legislation, according to one attorney who represents telecommunications companies.

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A Verizon spokesman, who asked not to be identified, said that the Stevens bill contains nine specific points on what consumers can expect in Internet-neutrality concepts, and it is enforceable with $500,000 fines. He said Internet neutrality is being pushed by "an energized subgroup of blogs -- a relatively loud subgroup but without wide support."

One of the problems for firms like Verizon, Qwest Communications International Inc., AT&T and BellSouth is the local franchise laws that require companies offering services similar to cable on their networks to negotiate with dozens of local franchise authorities. That can take up to 22 months for each contract, according to Verizon. The telecom bill would create a national franchising authority.

HIGH COURT OPENS DOOR

The U.S. Supreme Court opened the door for the telecom and cable firms to press their power to control Internet pipelines, intensifying the Internet-neutrality issue when it ruled last year in the Brand X case, NCTA v. Brand X, 125 S. Ct. 2688 (2005).

Telephone companies were traditionally seen as "common carriers" that had a monopoly on the physical connection of traffic to consumers.

In Brand X, the Supreme Court upheld the FCC decision that cable broadband Internet access is an information service, not a telecom service subject to common-carrier regulation requiring equal access to lines.

Brand X argued that DSL Internet service was part information service and part telecommunications required by common-carrier rules to allow all Internet service providers access to the phone lines.

The FCC was establishing what Justice Antonin Scalia called "a whole new regime of nonregulation" giving the owners of the transmission system far more power over access to their lines than before.

"Frankly, from the time of the Brand X decision there have been a lot of people who want to see it reversed," said Jones. "A lot of people are looking for venues to reverse the trend at the Supreme Court and the FCC, and the telecom act rewrite is the opportunity they latched onto."

Representative James Sensenbrenner, R-Wis., chairman of the House Judiciary Committee, also tried to muscle in on the act with a bipartisan bill that would alter the Clayton Antitrust Act to provide Internet-neutrality protection: the Internet Freedom and Nondiscrimination Act of 2006, H.R. 5417. It would amend the Clayton Antitrust Act to prohibit broadband network providers from interfering with user access to Internet content, applications and services.

Sensenbrenner's committee has no jurisdiction over the FCC, so he invited the agency to answer questions about the extent of its authority to investigate antitrust in the telecom realm, and that opened the door to Internet-neutrality hearings earlier this year.

"I do think there is a school of thought that it should be an antitrust approach," said Waldron. The FCC has indicated in a letter to Sensenbrenner that it has regulatory authority, but it does not have jurisdiction over common carriers. That is the issue being wrestled with, he said.

But the Sensenbrenner bill has not fared well in the Senate.

Meanwhile, Vinton Cerf, co-inventor of the Internet Protocol and now "chief Internet evangelist" at Google, warned in Senate testimony earlier this year that allowing broadband carriers to control what people see and do online would undermine the principles that made the Internet a success and would put U.S. competitiveness at risk.

Places such as Japan, Korea, Singapore and the United Kingdom, with neutral broadband platforms and higher bandwidth, "are unleashing waves of innovation that threaten to leave the U.S. further and further behind," he said.

Universal Music To Buy BMG Music Publishing For $2.05 Billion (AP)

By Alex Veiga

AP, September 6, 2006

LOS ANGELES - Vivendi SA's Universal Music Group reached a tentative agreement with German media company Bertelsmann AG to acquire BMG Music Publishing for $2.05 billion in cash, a person familiar with the deal said Tuesday.

The agreement was expected to be signed as early as Wednesday, according to the person, who spoke on condition of anonymity, citing the confidential nature of the negotiations.

BMG Music Publishing owns the rights to more than a million songs by recording artists such as Nelly, Maroon 5 and Mariah Carey, as well as classic hits by the Beach Boys, Barry Manilow and other entertainers.

Universal edged out a slate of rival bidders for the publishing unit, the person said.

Universal is already the biggest recorded music company in the world. The BMG publishing unit is expected to be absorbed by Universal Music Publishing Group, making it the largest music publisher.

Bertelsmann put its music publishing business up for sale earlier this year to help finance a $5.8 billion bridge loan used to buy back a 25.1 percent stake held by Groupe Bruxelles Lambert.

The move, announced in May, freed Bertelsmann from the prospect of an initial public offering for the stake.

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The BMG Music Publishing sale is subject to regulatory approval by U.S. and E.U. officials.

The deal is not expected to be held under the same antitrust scrutiny that would apply if two record companies were merging because music publishing revenues are derived from song licensing, not from selling to consumers.

Vivendi Nears Deal To Buy BMG For $2.1 Billion, Besting Rivals (WSJ)

By Jason Singer And Ethan Smith

The Wall Street Journal, September 6, 2006

Vivendi SA is close to an agreement to buy Bertelsmann AG's BMG Music Publishing business for about €1.6 billion ($2.1 billion), in a deal that would make it the world's biggest music publisher, three people familiar with the matter said.

A deal is likely to be announced as soon as today, though final details were still being hammered out late yesterday, one of these people said. In a competitive auction, Vivendi beat out six other bidders, all of whom bid in all stages of the sale, this person said.

A victory for Vivendi's Universal Music Group would cap a summer that was filled with acquisition talk in the music industry. Universal Music Group is already the world's largest recorded-music company. But its music-publishing arm has long been much smaller than those of rivals EMI Group PLC and Warner Music. Acquiring Bertelsmann's publishing unit would push it ahead of those two -- and raises the specter, some in the industry have said, that the company could be in a position to dictate terms when it comes to licensing music for television shows, commercials and movies.

Music publishers control the rights to the melodies and lyrics of songs and make money by licensing them to the record companies that sell CDs and downloads, as well as to film and television producers, plus ringtone and videogame makers. The business can be stable and profitable, particularly when a publisher manages to accumulate a catalog of thousands or millions of songs.

The sale price signals a rebound in the valuations of music-industry assets. In 2003, Time Warner Inc. sold Warner Music Group Corp. -- whose publishing arm, Warner/Chappell, is larger than BMG publishing -- to a group of private investors for around $2.6 billion.

BMG Music Publishing has rights to more than one million songs and contracts with songwriters including Christina Aguilera and Coldplay, according to Bertelsmann's Web site. The strongest piece of BMG's holdings is a catalog of hits that were recorded by such '90s pop stars as 'N Sync and the Backstreet Boys, people who have inspected Bertelsmann's publishing company say. It is widely regarded as a "young" catalog, heavily weighted toward recent hits, rather than the kind of proven evergreen moneymakers that make up the core of the catalogs held by EMI and Warner Music or the 251 Beatles songs held by Sony Corp.'s Sony/ATV.

The deal will be subject to U.S. and European Union regulatory review. People close to the situation say music publishing is likely to be held to a less-stringent standard than recorded music because it isn't an industry that does business directly with consumers, and therefore doesn't have the potential to directly affect the prices consumers pay.

France's Geophysique To Buy U.S. Rival Veritas For $3.1 Billion (WSJ)

The Wall Street Journal, September 6, 2006

France-based oil and gas field surveyor Cie. Générale de Géophysique will buy U.S. rival Veritas DGC Inc. for $3.1 billion in cash and stock, both companies said, establishing a global competitor in the oil-exploration industry.

The transaction is the latest in a wave of mergers and acquisitions in the oil-field-services industry as companies seek increased scale to serve oil and natural-gas producers spending heavily to find new supplies at a time of high energy prices. Geologists use seismic surveys to make detailed maps of potentially oil-bearing deposits by bouncing acoustic waves into rock layers and measuring their reflection.

The offer, of which just over half is in Géophysique stock, values Veritas shares at $75 apiece based on Géophysique's closing price Friday -- a 21% premium to Veritas' Friday closing price of $62.18. Veritas shareholders will receive either 2.25 Géophysique American depositary shares or $75 in cash for each of their shares.

Géophysique shares fell 8% to €122.70 ($157.92), off €10.60, in Paris yesterday. Analysts said short-term returns would be diluted by the price paid for Houston-based Veritas, although the deal is expected to improve longer-run profitability. Veritas shares were up 13%, or $7.89, at $70.07 each in 4 p.m. composite trading on the New York Stock Exchange.

The deal is expected to produce earnings-per-share growth "in single digits" in 2008 after a neutral impact in 2007, said Géophysique Chairman and Chief Executive Robert Brunck, who will retain both roles within the combined company. Veritas Chairman and CEO Thierry Pilenko is to become a director on the new company's board.

Géophysique, based in Massy, south of Paris, said it predicts annual merger-related savings of about $44 million by the end of 2007, reaching $65 million the following year. Once the merger is completed, pending shareholder and regulatory

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approvals, the combined company would be 65%-owned by Géophysique shareholders and 35%-owned by Veritas shareholders.

The deal follows Géophysique's takeover last year of Norway-based Exploration Resources ASA, as well as Schlumberger Ltd.'s acquisition in April of the 30% it didn't own in seismic-survey company WesternGeco.

Phelps Dodge, Giving Up On Inco, Could Become A Takeover Prospect (WSJ)

By Mark Heinzl

The Wall Street Journal, September 6, 2006

TORONTO -- Phelps Dodge Corp.'s withdrawal of its $17.84 billion takeover bid for Canada's Inco Ltd. raises questions about the future of the big U.S. copper miner, even as it gives Brazil's Companhia Vale do Rio Doce an opportunity to snatch up Inco and boost its own international presence.

The withdrawal could mark the end of a months-long battle for control of two of Canada's biggest mining companies, Toronto-based Inco and its crosstown rival, Falconbridge Ltd., both major nickel producers. The battle has been part of a global merger wave in the mining sector as companies have sought to snatch up supplies amid expectation that world demand, fueled in part by China's economic growth, would continue to keep prices high.

Investors said the mining sector is likely to see more acquisitions, and Phelps Dodge could possibly turn into a takeover target.

"The deal process is going to continue, because it's extremely hard to develop mines," said Frank Holmes, chief executive and chief investment officer of U.S. Global Investors, a San Antonio money manager that specializes in natural resources. With its increasing copper production, Mr. Holmes said, Phelps Dodge "could become a target." A spokesman for U.S. Global said the firm doesn't own any Phelps Dodge shares.

A Phelps Dodge spokesman declined to comment on whether the company has been approached by any potential suitors.

Phelps Dodge now will focus on increasing its own copper production to take advantage of soaring prices for the industrial metal. The company is expanding a mine in Peru, has started construction on another mine in Arizona and expects to begin building another mine in Congo by year's end. Phelps Dodge expects to produce about 2.07 billion pounds of copper for its account this year.

Phelps Dodge's retreat from Inco was welcome news to some of Phelps's major institutional shareholders, who had spoken out against the acquisition plans for various reasons, including fears of shareholder dilution and an excessive debt load. Phelps has received $125 million in breakup fees from Inco and could get another $350 million if Inco is taken over anytime during the next year.

Shares of Phelps Dodge were up $2.73 to $93.48 in 4 p.m. New York Stock Exchange composite trading yesterday, while Inco shares were off 58 cents to $77.12.

Inco said that it remains open to holding talks with CVRD about its offer, and that it can now hold talks with other companies. CVRD declined to comment. The company, a major producer of iron ore, has been trying to diversify into other metals and countries through acquisitions.

Inco as recently as last week had reaffirmed its endorsement of Phelps Dodge's cash-and-stock takeover bid, which was valued at about 87.77 Canadian dollars (US$79.28) a share before Inco and Phelps Dodge ended their pact. But ahead of a planned shareholder vote this week, Inco holders made it clear that they "were not going to support the Phelps Dodge transaction, so the two companies agreed that it was in our respective best interests to move on," Inco Chairman and CEO Scott Hand said.

ENVIRONMENT/INDIAN AFFAIRS:

No Jeffco Jurors In Sewer Trial? (BN)

By Val Walton, News Staff Writer

The Birmingham News (AL), September 6, 2006

Defense says it will make trial fair; prosecutors say no

Defendants charged with corruption in the awarding of Jefferson County sewer contracts have asked that Jefferson County residents be excluded as jurors for their upcoming trial.

Jack Swann, the former head of the county's environmental services department, engineers, contractors and their businesses contend in court filings that it is "virtually impossible" to draw a fair and impartial jury from Jefferson County because of biased media coverage. Jury selection is set to begin Sept. 18.

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Jurors for the case would be selected out of Jefferson, Blount and Shelby counties.

"It is unbelievable that one could have lived in Jefferson County within the last four years and not have been exposed to the negative newspaper reports and angry opinions repeatedly expressed by the articles," the defense request said.

Prosecutors, however, said the request should be denied because there has only been normal, balanced news reporting and public interest in the case since September 2002, when the stories first appeared. The Justice Department said there has not been a saturation of "inflammatory pretrial publicity" as the defendants contend.

U.S. District Judge L. Scott Coogler, who is presiding over the case, has not made a ruling on the request.

The four-year federal investigation into the awarding of sewer contracts for the $3 billion sewer rehabilitation and expansion projects led to the indictment of more than 20 defendants, including Swann, former Jefferson County Commissioner Chris McNair and Clarence R. Barber, a retired county construction and maintenance supervisor.

The case has brought multiple prosecutions on bribery and conspiracy charges. Five people agreed to plead guilty and cooperate with prosecutors soon after charges were filed. A jury convicted McNair, five executives and their businesses in April. A jury in June convicted Ronald Wilson, a former county engineer.

The defendants' motion outlined for Coogler why their request should be allowed, including the notion that they are in a unique situation because rarely does a single defendant face multiple trials involving nearly identical charges.

They take issue with stories that have discussed indictments and convictions of others. Their motion said there have been stories that repeatedly insist they defrauded county taxpayers and caused their sewer rates to soar.

To bolster their chances for a favorable ruling, the defense also relies on the results of a random poll of people living in the area from which a jury would be selected. Of the 362 people who were interviewed, more than 42 percent had already formed a belief or were leaning toward the opinion that the defendants are guilty. Only 5.7 percent reported a belief that the defendants are innocent, the defense said.

Government lawyers argue the poll results are being distorted to achieve the desired result.

E-mail: vwalton@bhamnews.com

Appeal Planned On Ruling (KCS)

By Rick Alm

The Kansas City Star, September 6, 2006

The Justice Department said Tuesday that it would appeal a federal judge's ruling that appeared to permit a tribal casino to resume operating in downtown Kansas City, Kan.

In July, U.S. District Judge Julie Robinson overturned a 2004 decision by the National Indian Gaming Commission that disqualified the land for tribal gambling.

While upholding several underlying elements of the commission's decision, Robinson overturned its ultimate conclusion, ruling that the purchase of the half-acre tract in 1996 by the Oklahoma-based Wyandotte Nation amounted to settlement against the United States of a land claim whose roots reached back to 1842.

City and state officials have challenged the land's tribal reservation status since it was granted by the federal agency.

When the National Indian Gaming Commission in 2004 voided that reservation status, Kansas Attorney General Phill Kline raided the casino and shut it down, seizing 152 slot machines and about $500,000 in cash.

The casino never reopened.

Late last year the tribe dismantled and hauled away the vacant and vandalized mobile building units that had been fashioned into the 7th Street Casino.

Kline and others, including other tribes with Kansas casinos, have appeals pending in several earlier rulings, including Robinson's decision in a related case that the federal government's land-trust action was correct.

Kline did not appeal to the U.S. Supreme Court a decision in May by the 10th U.S. Circuit Court of Appeals in Denver that upheld Robinson's ruling that his 2004 raid was unlawful.

Vaccine Futures (NYT)

The New York Times, September 6, 2006

One of the big reasons that companies don't try to develop vaccinations for poor-country diseases is that they fear there won't be a market for them. So what if rich countries promised to buy them?

That's the very simple idea behind a new plan to entice companies into making vaccines for illnesses that mostly kill poor people, like malaria and tuberculosis. The program will be discussed by finance officials from wealthy nations at a meeting in Rome tomorrow. It works like this: Rich countries commit to pay a specific amount to help poor countries buy a guaranteed

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supply of a needed, effective vaccine. The subsidy would allow the manufacturer to recoup its investment and earn a profit. The company agrees that after it has received the pledged amount, it will sell to poor countries cheaply.

A panel of experts recommended that the idea be tried first to promote a vaccine against pneumococcal disease, which kills about 1.6 million people a year, making it the leading vaccine-preventable cause of death. AIDS is making this kind of infection more common, and the bacteria are increasingly resistant to the antibiotics used to treat them.

In the last few years, researchers have tried several novel financing ideas. Many combine government and charitable financing with industrial know-how. This idea would complement the others. The Bush administration has been reluctant to join international financing mechanisms. But it has no reason not to jump on this plan, which will benefit American companies and is a private-sector, market-driven program that pays only for success.

FBI/DEA/ATF/USMS:

Reporters To Appeal In Bonds Leak Case (AP)

By David Kravets, The Associated Press

AP, September 5, 2006

SAN FRANCISCO -- Two San Francisco Chronicle reporters are appealing a judge's order to tell a federal grand jury who leaked them secret testimony from Barry Bonds and other elite athletes ensnared in the government's steroid probe.

Reporters Lance Williams and Mark Fainaru-Wada worked out a deal Tuesday with the government that they could appeal U.S. District Judge Jeffrey White's Aug. 15 order before authorities seek sanctions against the two, including jail.

The pair have said they would go to jail rather than comply with the grand jury's subpoena and reveal their source or sources. They are asking the 9th U.S. Circuit Court of Appeals in San Francisco to toss White's order.

The two reporters published a series of articles and a book based partly on transcripts of the testimony Bonds, Jason Giambi and others gave to a grand jury investigating the Bay Area Laboratory Co-Operative, a Burlingame-based nutritional supplement company exposed as a steroid ring.

Authorities want to charge whoever unlawfully leaked the transcripts, and told Judge White the reporters are the only ones who know who did.

The criminal conduct being investigated in the Bonds leak case includes possible perjury and obstruction of justice by government officials, defendants in the BALCO probe and their attorneys. All had access to the leaked documents, but have sworn they weren't the source of Williams and Fainaru-Wada's reporting.

In his order, White said his hands were tied by a 1972 Supreme Court precedent that said no one, journalists included, was above the law and may refuse to testify before a federal grand jury.

Men Caught With Cartel Suspect To Appear Before Grand Jury (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, September 6, 2006

6 material witnesses don't plan to testify

Six men who were aboard a fishing boat with the suspected leader of the Arellano Félix drug cartel will go before a federal grand jury Friday, a prosecutor said in court yesterday.

The men are being held as material witnesses and have not been charged.

They don't plan to testify, according to their lawyers, but prosecutor Laura Duffy said she has been surprised by what people talk about when they're brought before the secret grand jury.

One of the men caught with Francisco Javier Arellano Félix is considered No. 2 in the cartel by the Drug Enforcement Administration.

Manuel Arturo Villarreal Heredia, 30, is wanted in Mexico on charges of drug trafficking, kidnapping, assault, murder and arms trafficking, Duffy said.

Mexican officials have started the process that would lead to extradition. Later this week, U.S. prosecutors are expected to file a complaint in federal court here on behalf of Mexican prosecutors, the first step in the extradition process, Duffy said.

Villarreal, known by the nickname “El Nalgón,” is the subject of high-level talks between both countries, his lawyer said outside court yesterday.

“They're talking to Mexico right now and they're making a decision how to proceed,” lawyer Kerry Steigerwalt said.

Steigerwalt said that U.S. officials could also charge Villarreal here, depending on the evidence they have against him.

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Similar determinations are taking place for the five other men who are being held as material witnesses in the case against Arellano since their arrest Aug. 14 in international waters 15 miles off the coast of Baja California Sur.

DEA officials yesterday distributed a poster asking the public to help in the case.

The poster included pictures of Arellano, the six material witnesses and a seventh man, Edgardo Leyva Escandon, who was reportedly involved in purchasing the sport fishing boat on which they were all caught.

Leyva, who wasn't on the boat, is "a person we are interested in talking with who is associated with the boat, Javier Arellano and the Arellano Félix organization in general," said DEA spokesman Dan Sim-mons.

Arellano and the others were arrested after U.S. officials tracked the boat after learning of its connections to the cartel. Mexican officials say they told U.S. officials about the boat, which is now in Chula Vista.

The 43-foot Dock Holiday was registered in February by a Delaware corporation, M/Y Junior, which bought it for $300,000 from the trust of an Orange County couple, according to a Coast Guard document on the sale. The boat is still registered in Newport Beach.

Leyva was the treasurer of the company, according to KFMB-TV Channel 8.

A woman who answered the phone yesterday at the Tijuana home of Xicotencatl Leyva Mortera, former governor of Baja California, confirmed that Leyva Escandon is Leyva Mortera's nephew, but refused to comment on the case or give her name.

Leyva Mortera was governor during the mid-to late 1980s. He was forced out of office in the fifth year of a six-year term amid allegations of corruption in his administration, including shady land deals and misappropriation of public funds.

In court yesterday, Judge Larry Burns ordered the six men to return Monday, after they appear before the grand jury.

If they refuse to testify, prosecutors could still seek to hold them in jail as material witnesses or in contempt for refusing to testify.

Burns also deferred to jail officials on the conditions in which the six men and Arellano are being held. Their lawyers last week called conditions at the downtown Metropolitan Correctional Center "inhumane" because of isolation, small cells, lack of exercise and limited contact with the outside world.

Burns said he's no expert in how to run a jail, but said he wanted to make sure the witnesses have proper access to their lawyers.

The lawyers had complained they could see their clients only an hour a day, and had to ask permission from jail officials 24 hours in advance.

Duffy, relaying information from the Bureau of Prisons, said there isn't a limit on how often or for how long the lawyers may visit with their clients. She said construction in the jail's Special Housing Unit has limited visitation space, requiring advance scheduling.

The men are being held in the unit because the cartel's history includes intimidation and murder of informants and witnesses, she said.

The high-rise jail has a rooftop exercise yard, but inmates in the special unit can't use it because of security concerns. A sniper atop a nearby skyscraper "could take out somebody who was on the roof," she said.

But the inmates are given an opportunity to exercise when they are taken from their cells to identical cells nearby where the bed and locker have been removed. While there is no exercise equipment, she said the men have space to do yoga or otherwise work out.

She also said the men have been allowed to make telephone calls to family.

Two Newark Officers Admit Dealing OxyContin (AP)

AP, September 5, 2006

NEWARK, N.J. -- Two Newark police officers admitted in federal court on Tuesday that they bought hundreds of thousands of dollars worth of powerful painkillers from a doctor and resold them on the street.

Patrolmen John Hernandez, of Bayville, and Ronald Pomponio, of Brick, pleaded guilty to conspiracy to distribute oxycodone.

Each could get as many as 20 years in prison and a fine of up to $1 million at sentencing in December.

Hernandez admitted purchasing thousands of OxyContin pills and Pomponio admitted taking prescriptions for the drug to pharmacies throughout the state, according to the U.S. Attorney's office.

The doctor from whom they allegedly purchased the drugs has pleaded not guilty and is awaiting trial.

Two Cops Admit Buying, Then Selling, Painkillers (APP)

By MARGARET F. BONAFIDE

Asbury Park Press, September 6, 2006

DOJ_NMG_0058678

NEWARK — Two Ocean County men who worked as Newark police officers pleaded guilty Tuesday to federal drug conspiracy charges involving the sale of 249,600 milligrams of OxyContin obtained by filling dozens of prescriptions, authorities said.

John Hernandez, 36, of Berkeley and Ronald Pomponio, 40, of Brick, both officers with the Newark Police Department, pleaded guilty Tuesday before U.S. District Judge Stanley R. Chesler to one count of conspiracy to possess with the intent to distribute oxycodone, said Greg Reinert, a spokesman for the U.S. Attorney's Office.

Tuesday was Pomponio's first appearance in court. Hernandez was arrested in June on a criminal complaint.

Hernandez and Pomponio admitted in court Tuesday that they filled the prescriptions and then sold the pills for cash. Each waived indictment by pleading guilty, Reinert said. The pair could receive a maximum statutory penalty of 20 years in prison and a fine of up to $1 million.

Hernandez is scheduled for sentencing Dec. 19, and Pomponio on Dec.18. Both men are free on $100,000 bail. Their status as Newark police officers was unavailable Tuesday, Reinert said.

Hernandez admitted the conspiracy involved at least 249,600 milligrams of OxyContin. Pomponio admitted he filled dozens of prescriptions for the drug at various pharmacies in New Jersey, sometimes filling more than one prescription at different pharmacies on the same day. They admitted obtaining multiple prescriptions for oxycodone in the form of OxyContin from Dr. Joan Jaszczult, 45, of Bloomfield.

Jaszczult was arrested a year ago in a massive law-enforcement sting. She is charged, among other things, with accepting cash payments in exchange for writing excessive prescriptions for OxyContin as well as for other oxycodone-based narcotics. Officers from the FBI, the federal Drug Enforcement Administration and the Northern New Jersey High Intensity Drug Trafficking Area Task Force last year arrested Jaszczult and eight others, including three Beachwood residents. They are Malissa Bucca, 30, Brian Davis, 28, and Arthur Muratovic, 38.

Jaszczult has pleaded not guilty and is awaiting trial.

Legal Pot Amendment People To DEA: Lose The Soapbox (NW)

By Richard Martin

New West, September 5, 2006

Ever since I saw the news that U.S. Drug Enforcement Administration official Michael Moore (surely the most inaptly named DEA agent in the country) was publicly campaigning -- using the resources of his office -- against Amendment 44, the citizens' initiative to legalize possession of small amounts of marijuana, it has stuck in my craw. Is it legal, or ethical, for a federal DEA agent to marshal opposition to a ballot initiative that would change state law regarding illegal substances?

Well, the Daily Camera editorial writers have examined the issue. And the answer is, not exactly.

Colorado already has relatively enlightened drug laws: Presently possessing less than an ounce of weed in the state is a Class 2 petty offense, a traffic-ticket like infraction punishable by a fine of up to $100. About 3,700 people were convicted of this offense last year, most of them arrested in the course of committing other crimes. You almost have to hand a lit joint to a police officer to get arrested for possession in this state. Amendment 44 would carry the argument to its logical conclusion, making possession legal while growing, selling, and driving under the influence of pot would remain crimes.

Last month Agent Moore sent out an e-mail from his Justice Dept. account to conservative politicos seeking help in finding a campaign manager to defeat the measure, which will be on the ballot in November. He mentioned that the group he represents has $10,000 to launch the anti-44 campaign.

Camera editorial">The Camera editorial points out that the Hatch Act, which prohibits government employees from campaigning in "partisan politics," says little to nothing about supposedly non-partisan ballot initiatives like Amendment 44. But it does bar federal employees from using their "authority or influence for the purpose of interfering with or affecting the result of an election."

Campaigning from a DEA office, using federal email and telephone facilities and the imprimatur of the DEA against a citizen-initiated ballot measure, would seem to fall under the "authority and influence" clause.

"No one argues that Agent Moore [or] Special Agent [Jeff] Sweetin should not express their expert opinions on Amendment 44," the Camera editorialists write. "That is their right under federal law and the U.S. Constitution. â€¦ The question is whether it is proper for a federal worker to invoke his employer's name and use a government phone line and e-mail account to try to defeat a citizen initiative. And the answer is 'no.'"

It's not called the Drug Policymaking Administration. It's called the Drug Enforcement Administration.

Flashlight Body Search Violated Rights (AP)

By The Associated Press

DOJ_NMG_0058679

AP, September 6, 2006

RALEIGH, N.C. (AP) -- A man convicted of possessing cocaine after a police officer found drugs by shining a light down the suspect's pants should get a new trial because the search was unreasonable, a North Carolina appellate court ruled Tuesday.

The ruling erases a sentence of 10 1/2 to 14 years in prison for Timothy Stone, who was convicted on charges of drug possession and being a habitual felon.

A Charlotte-Mecklenburg police officer stopped and searched Stone after he and a companion drove away from a hotel at in October 2002.

Stone initially consented to the search, but objected when an officer pulled the sweat pants away from Stone's body and aimed his flashlight at his groin area, where a pill bottle of crack cocaine was hidden.

The appeals court ruled that the trial judge should have suppressed the evidence from the search, a key element in the conviction.

"We conclude that a reasonable person in defendant's circumstances would not have understood that he would be subjected to an inspection of his genitals," Judge Linda McGee wrote in the majority opinion.

In the dissenting opinion, Judge Sanford Steelman wrote that Stone's clothes weren't removed such as in a strip search, which courts have earlier said requires probable cause or more specific consent from a suspect. Given the circumstances, including that the area where the car was stopped was known for a high incidence of drug offenses, the search "was objectively reasonable."

The state Attorney General's Office has not decided whether to appeal, spokeswoman Noelle Talley said.

N.F.L. Considers A Stronger Drug-Testing Program (NYT)

By Judy Battista

The New York Times, September 6, 2006

The National Football League is discussing strengthening its testing program for performance-enhancing drugs and could make changes during the season, which begins tomorrow. Among the potential modifications are more frequent testing and additions to the list of banned substances.

Whatever alterations the league and its players union agree to would come after questions arose about the effectiveness of the program, which has long been viewed as the best among professional sports leagues in the United States.

An article published Aug. 27 in The Charlotte Observer said that five Carolina Panthers and a practice squad player used steroids or received prescriptions for banned substances several years ago. The paper reported that in the days before the team appeared in the Super Bowl in 2004, two of the players received prescriptions for steroids and testosterone. The article was based on court documents from a federal steroids case against a South Carolina doctor who was sentenced to a year and a day in prison.

The players, who are no longer with the Panthers, did not test positive for steroids at the time, leading to concern that the N.F.L.'s drug-testing program, which was lauded by Congress a year ago, may have significant holes. Those who are determined to cheat may be tempted by the promise of human growth hormone, for which there is no urine test. Players do not give blood samples.

The N.F.L. said that changes to the policy would be part of its regular review, not a response to the Panthers case.

Yesterday, Harold Henderson, the league's executive vice president for labor relations, said: "We are in the process of re-evaluation, trying to determine if more is better, if it's the right time to add substances, to add more tests. It might make sense to do some tweaking."

There are those who say the N.F.L. should make sweeping changes to its policy.

Dr. Gary I. Wadler, an associate professor of medicine at New York University who serves on the World Anti-Doping Agency's prohibited lists committee, said the league should begin blood testing for H.G.H., or at least should freeze blood samples until a reliable test is developed. He has called for an increase in the number of tests administered to a greater number of players.

Wadler and Donald H. Catlin, director of the Olympic drug-testing lab at U.C.L.A., which also handles the N.F.L. testing, said that all leagues should use independent testing agencies. These agencies, they said, are better equipped to tackle the increasing complexity of doping and guarantee transparent proceedings necessary to avoid the appearance of a conflict of interest.

For now, the N.F.L. and its players union decide which substances to test for and how often players may be tested. They receive all results, hear appeals and determine punishment — from a four-game suspension for a first positive test to at least 12 months for a third positive. Appeals are conducted privately, and the commissioner has the final word.

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"At some point," Wadler said of the N.F.L., "it may be 5 years, 10 years, they will realize as they get more complex that this is over their heads."

The N.F.L. rejects the suggestion that it should farm out the administration of its program, including appeals and penalties, to an outside group.

"I don't think people view it as conflict of interest or as something that needs to be changed, except in cases where those people might have an interest of their own," Jeffrey Pash, the league's chief counsel, said yesterday. "If someone wants to run your program for you, they'll tell you, You should let me run it because you have a conflict and I'm independent."

The N.F.L. has made recent changes to its drug policy. It added amphetamines to the list of banned substances; the penalty for a positive test is a four-game suspension. After the Panthers' case came to light, the league dropped the ratio of testosterone that is considered a positive test.

Had the lower threshold been in place in the early part of the decade, there is a greater likelihood that some of the Panthers might have tested positive, Pash said. That indicates a failure of the science available at the time, he said, rather than a failure of the drug policy.

The N.F.L. administers about 10,000 tests for performance-enhancing drugs to about 1,800 players each year. Each player is tested at least once a year, but most are tested multiple times a season. Players are selected randomly for testing, about seven players per team each week during the season; each player may be tested as many as six times during the off-season. Over the last decade, five to eight tests a year have come back positive.

One former defensive player, who retired in March after nine years in the league, said in a recent interview that perhaps five players on any given team take steroids — about 10 percent of a 53-man roster. He spoke on condition of anonymity because he did not want to implicate former teammates. He said that he knew no one who took H.G.H., and that players were more concerned about the league's test for recreational drugs like marijuana and cocaine, which are more prevalent than steroids.

The question that vexes players and scientists is how did the Carolina players evade detection?

Wadler said the Carolina players received steroids in new forms like lozenges and patches, which keep the amount of testosterone in the blood steady but low enough to avoid detection. Human growth hormone adds muscle, too, so the amount of testosterone that players would need to take would be minimized.

The N.F.L. procedure for collecting urine samples can be intrusive. Independent monitors watch closely as players drop their pants to their ankles and remove their shirts before providing a sample.

Once the urine sample is collected, it is sent to the U.C.L.A. lab, which is certified by WADA.

The greatest problem looming for the N.F.L. now is that there is no urine test for H.G.H.. Catlin, who agreed with Wadler that the N.F.L. should freeze blood specimens at least for the deterrent effect, is working to develop a urine test for H.G.H. He said it is still several years away.

Wadler has repeatedly called for the N.F.L. to allow blood testing, but Catlin said the blood test for H.G.H. is not reliable.

Gene Upshaw, the executive director of the players association, said he would not allow blood collection.

"Absolutely no," Upshaw said in a telephone interview last week. "I'm not ready to take that leap, sticking them with a needle every time someone walks onto the field or into the locker room. Until there is a test, until we know all of the facts about H.G.H., I'm not willing to take that leap."

Catlin offered a cautionary note, no matter how many tests are done.

"We do have a high false-negative rate," he said in a telephone interview. "I know this, and people should know it. They think testing is a gift to this problem. If you put the right amount of timing and resources into testing, it can be done pretty well. But athletes get fairly sophisticated at beating the tests."

Even Pash, the league counsel, said he would be foolish to believe that the Panthers players were the only ones using drugs. So as testing races to keep up with the science of doping, the N.F.L., like track and cycling, copes with the unknown.

"You don't know what people do," Wadler said. "We have no idea. I hate to be cynical, but I've seen such denial in the world of doping, including: 'Steroids in baseball? Are you kidding?'

I think the response to the Panthers case leads me to think we're coming to doping fatigue. The public is tired of thinking about it. They don't care about it — and that is the biggest threat we face."

Pot Farms Ravaging Park Land (SFC)

By Chuck Squatriglia

San Francisco Chronicle, September 6, 2006

DOJ_NMG_0058681

The discovery of 22,740 marijuana plants growing in and around Point Reyes National Seashore last week wasn't only the biggest pot seizure ever made in Marin County. It was an environmental mess that will take several months and tens of thousands of dollars to clean up.

The crops seized on the steep hillsides overlooking Highway 1 were planted by sophisticated growers who cleared vegetation, terraced land, drew water from streams through miles of irrigation hoses and doused acres of land with hundreds of pounds of fertilizer and pesticides.

Such operations are turning up in greater numbers within state and national parks throughout California. Federal officials estimate the state produces half of all the marijuana seized on public lands nationwide.

Officials at Point Reyes National Seashore have only begun to assess the resulting damage to an area that is habitat for the spotted owl, steelhead trout and coho salmon, and they said it could be months before they know the long-term implications for the ecosystem.

"We've seen some really nasty damage," National Park Service spokesman John Dell'Osso said Tuesday. "And there's a very good possibility there are sites we haven't even found yet."

Cultivating marijuana on land managed by the Park Service, the National Forest Service and other agencies is a multibillion-dollar industry. So far this year, authorities have found more than 940,000 marijuana plants growing on state and federal land in the Golden State. With the harvest season beginning, officials expect to find more pot farms and surpass last year's haul of 1.1 million plants.

Federal officials believe as much as 80 percent of the marijuana on public land is grown by Mexican drug cartels that have turned to places like Point Reyes National Seashore, Sequoia-Kings Canyon National Park and Whiskeytown National Recreation Area in this era of tightened border security; growing the drug here is far easier than smuggling it in. The plants found in Point Reyes last week were valued at around $50 million, Dell'Osso said.

The federal Office of National Drug Control policy estimates that growing 1 acre of marijuana damages 10 acres of land. Repairing that land is a costly, time-consuming process, and because the National Park Service does not allocate money specifically for the task, the funds come from each park's operating budget -- leaving less money for things like park programs and improvements.

"We have no budget for this," Dell'Osso said, noting that it is a problem "the powers-that-be need to start discussing."

The pot seized last week was growing on six sites scattered along Bolinas Ridge between Stinson Beach and the Randall Trail just south of Olema. About half of it was on land managed by the Marin Municipal Water District. Marin County sheriff's deputies discovered it during a routine aerial search. Investigators have not made any arrests.

Lt. Scott Anderson of the Marin County Sheriff's Department said the pot farm's similarities to those found in other national parks suggests it was the work of a Mexican cartel that probably employed undocumented immigrants.

The sites in Marin County are tucked away in remote canyons, sheltered beneath madrone and oak trees and surrounded by thick brush hacked away haphazardly. Trees have been stripped of their limbs to make room for the plants, leaving only a canopy of branches to hide the illicit crop.

Irrigation hoses as long as a mile each drew water from pools dug into the ground and fed by the springs and streams that course through the Tomales Bay watershed. The steep hillsides have been terraced, much like a vineyard, and are dotted with hundreds of deep holes that held as many as four marijuana plants apiece. The land is littered with empty 50-pound bags of fertilizer and gallon jugs of pesticide.

Investigators believe as many as three people tended each plot, and the amount of trash -- empty soda and beer cans, food wrappers, propane canisters and clothing -- suggests they'd been living there for at least several weeks but fled before officials reached the site. Authorities found animal traps, pellet guns and a rabbit hutch, leading them to believe the growers hunted for food.

With the last of the crops cleared away, park officials have begun assessing the damage. Once the trash is removed, the biggest priority will be protecting the land with straw and new ground cover to prevent the winter rains from washing it away. Beyond that, though, it's not yet known exactly what must be done to restore the land and what it will cost.

Sequoia-King's Canyon National Park has spent more than $72,000 during the past two years to clean up 81 cultivation sites that covered 10 acres, said Athena Demetry, a restoration ecologist at the park. Authorities have seized more than 100,000 marijuana plants within Sequoia-King's Canyon since 2004. The latest seizure came Aug. 9, when authorities found 2,152 marijuana plants growing within view of Moro Rock, a popular park destination.

Over the course of six weeks during the winter of 2005 and 2006, park rangers hauled almost 5 tons of trash and debris out of the park, removed 13 miles of irrigation hose, and repaired deep cuts and terraces made to 35 hillsides, Demetry said. Empty bags and bottles revealed the growers used at least 8,031 pounds of fertilizer, 15 pounds of rodenticide and 7.6 gallons of pesticide. An additional 80 grow sites still must be repaired.

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"We chose the sites that are easiest to reach and did those first," she said. "The ones that are left to do are more remote, and on steeper terrain."

Demetry said the land will recover quickly as new vegetation grows but the effect on wildlife will be harder to measure. No one knows how much fertilizer and pesticide is polluting the land, or how much of it made its way into the streams that feed the East Fork of Kaweah River.

"It's got a huge impact on the stream ecology," she said. "It has to potential to ripple through the food chain."

Park rangers have for years stumbled upon small stands of marijuana, but the problem has exploded within the past five years and reached a point where they're having difficulty keeping up, Demetry said. Although individual cultivation sites are rarely cover more than an acre, the growers have taken to scattering them over hundreds of acres to evade detection. That, she said, spreads the destruction over a far broader area, with far graver results.

"When we first saw them, we thought they were pretty small," she said. "But then we realized how many there were, and it became staggering. And there's a lot more out there."

IMMIGRATION:

GOP Narrowing Border Strategy (RC)

By Susan Davis

Roll Call, September 6, 2006

Plagued by a disgruntled base and public demands for action to address illegal immigration, House Republican leaders are planning a push this month to shift the focus away from their inability to reach agreement with the Senate by passing smaller-scale initiatives to strengthen the border.

House Majority Leader John Boehner (R-Ohio) said Tuesday that GOP leaders and committee chairmen of jurisdiction would meet Thursday to discuss the results of two months of field hearings and constituent feedback on the immigration issue, all with an eye to the midterm elections.

Boehner told reporters Tuesday that the meeting was scheduled “to begin to assess what we should or shouldn’t do” this fall.

“Over the past couple of months we’ve heard directly from thousands of Americans that we have an emergency on our borders,” Boehner said. “We will respond with more border patrol agents, more enforcement, more fencing and more technology.”

While Boehner would not concede that the House will not attempt to address legislation that deals with the millions of illegal immigrants already in the country, GOP aides said Tuesday that at this point there is no plan to take up a comprehensive bill before the election.

House Republicans have spent the better part of the summer working to demonize the Senate-passed version of the immigration overhaul that creates a path to citizenship for illegal immigrants, instead promoting their enforcement-first approach.

“The American people want a good illegal immigration bill, not a watered-down, pro-amnesty bill,” Boehner said, noting that he hit 26 districts and more than 50 campaign events in August, and the overwhelming impression was that voters support securing the borders as a first step.

The approach may prove to be an Election Day gamble for many vulnerable Republicans, as President Bush has used his bully pulpit for most of 2006 to call for a comprehensive approach to illegal immigration, but at this point Congress is not likely to adjourn with any major legislative accomplishments on the issue.

“The conversations about the overall bill, the larger bill, are going to continue, but in absence of that there’s a lot of things we can do to strengthen our borders and we’re going to,” Boehner said.

However, rather than risk adjourning without anymore accomplishments on the immigration front, GOP aides said the House may take up single-issue border security legislation in September, which does not address the possibility of creating “amnesty” or a guest-worker program.

Congress is also on track to complete the fiscal 2007 Homeland Security appropriations bill this month, which Boehner said will likely include increased funding for the border initiatives included in that spending measure, which have already passed the House.

In Bellwether District, G.O.P. Runs On Immigration (NYT)

By Carl Hulse

The New York Times, September 6, 2006

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AURORA, Colo. — It was not by chance that Republicans brought their summer tour of hearings on illegal immigration to this growing community just outside Denver.

Not only is Aurora bearing the costs of schooling and providing other services for a significant population of illegal immigrants, it is in the heart of a swing district and so is central to the intense battle for control of the House of Representatives.

And while Congress is unlikely to enact major immigration legislation before November, inaction does not make the issue any less potent in campaigning. In fact, many Republicans, on the defensive here and around the country over the war in Iraq, say they are finding that a hard-line immigration stance resonates not just with conservatives, who have been disheartened on other fronts this year, but also with a wide swath of voters in districts where control of the House could be decided.

"Immigration is an issue that is really popping, " said Dan Allen, a Republican strategist. "It is an issue that independents are paying attention to as well. It gets us talking about security and law and order."

Leading Republicans, leery of a compromise on immigration, are encouraging their candidates to keep the focus on border control, as in legislation passed by the House, rather than accept a broader bill that would also clear a path for many illegal immigrants to gain legal status. The latter approach, approved by the Senate with overwhelming Democratic support and backed by the White House, makes illegal immigration one of the issues on which Republicans face a tough choice of standing by President Bush or taking their own path.

"The American people want a good illegal-immigration-reform bill," said Representative John A. Boehner of Ohio, the House majority leader, "not a watered-down, pro-amnesty bill."

Here in the Seventh District, the Republican push brought a Senate subcommittee hearing the other day to explore the costs of illegal immigration. The taxpayer-financed, ostensibly nonpartisan meeting took on the air of political theater.

"They are here in this district with this topic attempting to drum up support in a closely contested Congressional race," fumed Lisa Duran, director of an immigrant rights group.

If that was the tactic, it may have worked. The angry confrontation thrust the session into the headlines, reminding residents that the issue remained a leading one in the House race between Rick O'Donnell, the Republican nominee, and Ed Perlmutter, the Democrat, who are running to fill a seat being vacated by Representative Bob Beauprez, a Republican seeking the governorship.

The issue remains on voters' minds "because people are trying to keep it on their minds," said Mr. Perlmutter, who accused Republicans of staging the hearing for political gain.

Mr. Perlmutter, a former state legislator, is trying to navigate tough political terrain by coming down hard for border enforcement while leaving the door open for illegal immigrants to seek citizenship eventually. His opponent, a former state higher education official, says such a position will not sell in Denver suburbs characterized by unease that the nation has inadequately policed its borders.

"I know the voters in my district are adamantly opposed to anything that smacks of amnesty," Mr. O'Donnell said.

Republicans went into this year determined to keep the midterm elections from becoming a referendum on national issues and Mr. Bush, insisting that they would run on local concerns instead. But in this district, as in most others with tightly contested races around the country, the campaign is turning on the overarching national issues.

On immigration, many Republicans, like Mr. O'Donnell, have put distance between themselves and the Bush administration, emphasizing stronger border security and ignoring or rejecting the president's support for the broader legislation.

Similarly, on Iraq, Mr. O'Donnell is trying to find a middle ground that, though basically supportive of Mr. Bush, allows the candidate to be critical of the war's management. Like the president, Mr. O'Donnell says that American troops should not be withdrawn until Iraq is stabilized and that setting a deadline for a pullout could lead to disaster. Yet he is trying to separate himself from the administration's handling of the war, saying that "we may need new leadership at the Pentagon."

Mr. Perlmutter has tried to put his Republican opponent on the defensive over a third issue, embryonic stem cell research. He made it the subject of his first television commercial, pointing to the potential benefits for a daughter of his who has epilepsy. "It is personal to me," he said.

Until recently, Mr. O'Donnell sided with Mr. Bush in opposing expanded federal financing of such research. Now he says the effort should move forward, given a scientific advance, reported last month, that may allow stem cells to be obtained from embryos without destroying them. He rejects Mr. Perlmutter's assertion of a flip-flop on the research, which both men say is popular with voters. "I didn't move," he said, "the research did."

But here as elsewhere, Democrats too are still trying to calibrate their positions on the big issues, a reflection of what the two parties agree is a fluid political situation. Even as they try to tap into the antiwar sentiment in their liberal base, many Democrats in swing districts, like Mr. Perlmutter, are articulating positions on Iraq that they hope will insulate them from the "cut and run" charges being leveled by Republicans. So Mr. Perlmutter paints his opponent as an adherent of what he portrays as Mr. Bush's policy: "stay the course until we run aground."

Yet he does not endorse a quick exit, calling instead for the beginning of a phaseout of the troops, tied to a multinational reconstruction effort, with American forces out completely by the spring of 2008.

"We will have been in Iraq for five years by that time," he said.

Certainly the topics dominating the campaign landscape have proved challenging. "The war and the issue of immigration are sufficiently complicated that both parties are having a hard time getting a real clear, laserlike fix on the whole thing," said John Straayer, a political science professor at Colorado State University.

Just a few weeks ago politicians and analysts suspected that immigration had lost its political punch in Colorado, after the legislature enacted a tough immigration overhaul including tighter identification rules for those seeking state government services.

But the issue refuses to die. Mr. O'Donnell said it was the subject most frequently raised with him by residents. At the hearing here the other day, presided over by Senator Wayne Allard, a Colorado Republican, more than 200 people showed up even though it had promised to be a fairly dry look at the fiscal effects of illegal immigration.

On the street outside, the emotions surrounding the debate were on vivid display. Advocates on both sides chanted slogans, sought to outshout each other and displayed signs like "No Human Being Is Illegal" and "Stop the Invasion."

Gov. Bill Owens, a Republican elected eight years ago, testified on illegal immigration's costs to the state, saying the influx was not a driving issue when he first took office but had since risen to the top of Colorado's concerns. "The state did take some important steps," Mr. Owens said of the recently enacted immigration measure, "because of weaknesses in federal law. But there is a lot more that needs to be done."

In an interview, Mr. O'Donnell accused his party's leader, Mr. Bush, of being soft on illegal immigration. "I don't know why the administration hasn't enforced the laws," he said, adding that his objective was border security.

Mr. Perlmutter said he shared that goal. But he said the government also had to deal with the millions of illegal residents already in the United States, enabling some to "earn your citizenship if you are learning English, paying taxes, haven't committed a crime and have a job," as the Senate bill provides. He blames Republicans for allowing the problem to fester.

Hoping to throw Mr. O'Donnell off stride, the Perlmutter campaign also resurrected an opinion article he wrote in 2004 suggesting that male high school seniors be required to perform six months of community service, with the option of assisting in border security. Mr. Perlmutter equated that plan to a draft; Mr. O'Donnell said he had simply been endorsing a call for community service that many civic leaders have backed.

As they fine-tune their messages, the two men agree on at least one thing: this evenly split district will be a bellwether in November.

"The issues that end up driving this campaign," Mr. O'Donnell told a Rotary Club luncheon in nearby Commerce City, "are going to set the tone for this country."

Immigration Stalemate (WSJ)

By June Kronholz

The Wall Street Journal, September 6, 2006

Riverside, N.J., passed an ordinance this summer that would bar illegal immigrants from holding a job or renting an apartment there. When Riverside's Latino community held a prayer vigil to protest the measure a few weeks later, counterdemonstrators showed up to chant "go home" and "scram."

One demonstrator waved a Confederate flag, and a few people gave Nazi salutes. "It was shameful," says the Rev. Miguel Rivera, who organized the vigil and adds that he knows who to blame: Congress.

By raising illegal immigration as a political and national-security issue -- and then doing nothing about it -- Congress has given new life to an anti-immigrant movement that had long been relegated to the political fringes, say some policy watchers and think tanks.

"The conduct of members of Congress has given it license and credibility," Rev. Rivera says. With a national election around the corner, and control of Congress at stake, "nobody from Washington wants to respond to these words being hammered against us."

Congress's failure to stem illegal immigration "may well flare up in unpleasant ways," agrees Mark Krikorian, director of the Center for Immigration Studies in Washington, which favors immigration restrictions and enforcement. But he adds that pro-immigration groups have responded with questionable behavior of their own, including the "We were here first" signs some Hispanics toted at rallies this spring, and charges of racism leveled at those who call for tougher border enforcement.

The problem was created, he and others say, when the House and Senate passed starkly different immigration bills. The Republican-proposed House bill calls for a fence along the border and makes illegal immigration a felony; it currently is a misdemeanor. The Senate bill, which attracted more support from Democrats than Republicans, would let most illegal

immigrants stay in the U.S. after paying fines and back taxes, and largely reflects President Bush's calls for a law that supplies the economy with the workers it needs.

Congressional negotiators never met to iron out their differences, and final passage now seems unlikely before the November elections. Republicans are split between the party's pro-immigrant business wing and its anti-immigrant cultural conservatives. Democrats see political benefit in letting the issue simmer while they tar Republicans as anti-Hispanic for passing the House bill.

The high-profile debate has rallied immigration supporters, with many native-born Americans joining hundreds of thousands of immigrants at rallies calling to overhaul immigrant laws. But those rallies and the debate over the House and Senate bills also have focused public attention on the fast-growing illegal population and fanned fears of terrorists easily crossing U.S. borders.

The deadlock in Congress corresponds with several huge demographic trends. The U.S. is adding one million immigrants a year, a historical high. Half are illegal entrants, who tend to be poor, uneducated and Hispanic.

In the past, most immigrants settled in a half-dozen "gateway" states. But the growth in low-skilled jobs in the South and Midwest is luring them to states that aren't used to large numbers of foreigners.

That has captured the attention of state and local governments, which complain that they are carrying the health-care, education and other social costs of illegal immigration. Local leaders are "frustrated by the lack of federal action, so they're looking for things they can do," says Ann Morse, who tracks immigration for the National Conference of State Legislatures.

State legislators introduced 550 bills aimed at illegal immigration this year, Ms. Morse says, with most restricting access to driver's licenses, unemployment pay, elder care and other benefits.

City and town councils also have gotten into the act by barring day-labor centers and passing ordinances that go after employers and landlords who hire or rent to illegal residents. The Riverside measure is modeled on one that passed the Hazleton, Pa., city council and has been widely copied.

The Hazleton ordinance, which hasn't been implemented, contends that "illegal immigration leads to higher crime rates," and then bars any business caught hiring an illegal worker from obtaining city permits or contracts for at least five years.

Polls show a hardening attitude toward immigrants -- even legal ones. In three Wall Street Journal/NBC and Pew Research Center polls this spring, nearly half those asked said immigration hurts the U.S. by taking jobs, burdening public services or threatening "customs and values."

The rising passion is creating a climate that allows politicians to "rather commonly" say things that only hate groups once uttered, says Mark Potok, who monitors those groups for the Southern Poverty Law Center in Montgomery, Ala. "When politicians and other leaders speak in this way, rank-and-file people feel they've been freed to do the same and worse," he adds.

Republican Sen. George Allen of Virginia has denied he was tapping anti-immigrant sentiments last month with his "Welcome to America" remarks to a rival's campaign worker -- a second-generation Indian-American -- who was videotaping an Allen campaign event. Other lawmakers are less subtle.

Republican Rep. Steve King of Iowa regularly accuses illegal immigrants of committing sex crimes against "eight little girls" a day as part of "a slow-motion terrorist attack."

A recent Democratic Party ad juxtaposed a video clip of Hispanics scaling a border fence with images of Osama bin Laden and North Korean President Kim Jong Il -- equating illegal immigrants with terrorists, according to Hispanic groups. A Republican Party ad warns that Steve Laffey, the Cranston, R.I., mayor challenging Sen. Lincoln Chafee in the Republican Senate primary, "accept[s] Mexican ID cards" and that the cards "can threaten our security" by allowing immigrants in planes and government buildings.

The debate has energized anti-immigrant or immigration-restrictionist groups. Congress's focus on immigration has "helped create the terrain" for groups like the 18-month-old Minuteman Civil Defense Corps, which patrols the U.S.-Mexico border for illegal crossers and has raised money for a border fence, says Devin Burghart of the Center for New Community, a Chicago policy group that monitors a dozen groups aiming to restrict immigration.

But it also has prompted the governors of New Mexico and Arizona to declare states of emergency because of illegal immigration -- a move that Mr. Krikorian of the Center for Immigration Studies calls "political theater" aimed at showing a response to a public frustration.

Arizona Voters Driven By Border (WT)

By Stephen Dinan

The Washington Times, September 6, 2006

PHOENIX -- There's not much doubt about what issue is moving Arizona voters this year.

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Campaign signs near Flagstaff in the north proclaim "secure the border," while in the south both Democrats and Republicans tout their involvement with the Minuteman volunteers who patrol the U.S.-Mexico border, and campaign polls show immigration dwarfs other concerns on voters' minds.

In the 8th Congressional District, where a spirited primary to fill the seat of retiring Republican Rep. Jim Kolbe comes to a head Tuesday, immigration is the top issue for 60 percent of voters, according to surveys done by one of the Republican candidates, Mike Hellon.

The next closest issue is education at 9 percent.

"Not since 1974, the Watergate years, has one issue dominated an election," Mr. Hellon said at a candidate forum in Tucson last month.

With the U.S. Senate seat and two of the state's eight congressional seats being seriously contested, and with all three currently held by Republicans, Arizona is a battleground in the fight for control of Congress, and immigration is the leading fight.

Candidates on both sides say that if Democrats are able to compete in a Republican-leaning state like Arizona it bodes well for their national chances.

"If Republicans can't retain seats in states like Arizona, control of the U.S. Senate would be in jeopardy," said Sen. Jon Kyl, the Republican incumbent up for re-election. "But I think as John Kerry found out, this is not a state that is going to go Democratic."

Mr. Kyl is being challenged by Jim Pederson, a wealthy shopping-center developer and first-time political candidate who has promised to give Arizona voters a choice for Senate -- something that's been rare over the past three decades.

Meanwhile, heated races are being fought in the 5th Congressional District, which covers the tony towns east of Phoenix, and in the 8th Congressional District, which runs from Tucson south to Mexico and east to New Mexico.

Democrats' eyes have traditionally been larger than their stomachs in Arizona.

A major push in 2002 to win both of the state's new House seats fell short, with Democrats earning a 1-1 split. Two years later, Mr. Kerry, the Democratic presidential nominee, spent time during the summer campaigning in the state, but abandoned his efforts and ended up losing it by nine percentage points, even more than Al Gore lost by in 2000.

Mr. Kyl won re-election in 2000 with nearly 80 percent of the vote, and the state's senior senator, John McCain, a Republican, won re-election in 2004 with 77 percent.

Mr. Pederson acknowledged there hasn't been a competitive Senate race since the 1970s, but he says that history is misleading, and points to the election of Gov. Janet Napolitano, a Democrat, four years ago as a foothold. He vows to give voters another choice this year.

"We have two congressional seats I think we can win, and I think we have a Senate race we can win. So if we do that, the congressional delegation is going to be split straight down the middle, same amount of Republicans as Democrats. And that's going to be huge," said Mr. Pederson, who was Democrats' state party chairman in 2002, when Miss Napolitano won.

Mr. Kyl, though, said Miss Napolitano's race was not a realignment, and points to Republicans' five percentage-point advantage over Democrats in party registration.

"Even though it's a state of tremendous growth, a state in flux, with some things being re-identified, it's been remarkably stable from a political point of view," he said, questioning why Democrats see a chance for a pickup.

"They're looking for places of opportunity, naturally, and I think they misread the situation."

Recent public polls show Mr. Kyl leading by anywhere from 10 to 17 percentage points, though both candidates say that race has yet to engage fully. For now, the two men exchange barbs in television ads and practice politics on the small scale, speaking at Rotary Clubs and, in the case of Mr. Pederson, one-on-one and small-group meetings with business owners.

They differ on the war in Iraq, with Mr. Pederson calling for a plan to withdraw, though he avoids using the word "timetable." And with Mr. Kyl holding one of the most conservative voting records in the Senate, the two men differ on social issues from stem-cell research to the implementation of the Medicare prescription-drug program.

Mr. Kyl says voters will make their decision based on his record, and he touts work he did on a key water project as an example of the expertise he brings.

Mr. Pederson, meanwhile, is still introducing himself to voters in a largely self-financed campaign. He criticizes Mr. Kyl and links him to President Bush on issues such as stem-cell research and the Medicare prescription-drug bill's prohibition against negotiating for lower prices.

He is also proposing a 25 percent cut in the payroll tax, and promises to be the "best tax-cutter of any senator in that body."

Still, both men say immigration vies with the war in Iraq as the top concern they hear in conversations with voters.

Mr. Kyl has been a top leader on the issue for several years, sponsoring a bill with Sen. John Cornyn, Texas Republican, that stakes out a middle ground, boosting border security and creating a temporary-worker program, but requiring illegal aliens to go home instead of creating a new path to citizenship.

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He voted against the Senate bill this year that increased legal immigration through a new worker program and also divided illegal aliens into groups, offering a direct path to citizenship to illegal aliens here more than five years and a more complicated path to citizenship to those here between two and five years.

Mr. Kyl says he is open to offering a chance for citizenship to some longtime illegal aliens, but he disagreed with the Senate bill's criteria.

"Base it on real roots, not just time," he said, pointing to possibilities such as marriage to an American citizen, people that have children, own property or have a business. "I wouldn't say more stringent but more comprehensive and more substantive. It's not simply an artificial time limit."

Mr. Pederson, meanwhile, says he supports the Senate bill and the two-year/five-year split in path to citizenship.

He acknowledged that voters' first demand is always to secure the border, but said that when voters are asked what to do about illegal aliens now here, "I'm saying two-thirds would favor some kind of legal status, or a path to legal status."

The first test for immigration comes next week in the 8th Congressional District, where it is essentially the only issue among the five Republicans running for the nomination and is a top issue for the six Democrats seeking their party's nod.

The district stretches across ground zero for illegal immigration, with some estimates saying half of all illegal border crossings occur here.

The Republican primary offers the full array of choices on immigration:

·Steve Huffman, a moderate state lawmaker who was endorsed by the retiring Republican incumbent, Mr. Kolbe, supports a path to citizenship for illegal aliens. Mirroring the calls of some in Congress, he says the key is to find a bill to pass, not to hold fast on enforcing the border first.

"We've got a bunch of folks back in Washington who feel content taking positions but not getting anything done," Mr. Huffman said.

·Mr. Hellon finds himself in the middle. He has a detailed border security plan and endorses a new temporary-worker program, though he opposes a path to citizenship for current illegal aliens, calling that amnesty.

"We need less new legislation, and we need a federal government willing to enforce the laws," he said.

·Randy Graf, who challenged Mr. Kolbe on the immigration issue two years ago, is the enforcement-first candidate, arguing that nothing can be done until the flow of illegals is stopped. Mr. Graf proudly touts his involvement with the Minutemen who patrol the border, and has campaigned with both Rep. Tom Tancredo, Colorado Republican, and Chris Simcox, the head of the Minuteman Civil Defense Corps.

Mr. Graf said his strong enforcement message can win not only the primary but also the general election in this swing district.

"This election cycle, this issue has come to national prominence, finally, and because of it, I think the voters have an opportunity to send a message to Washington, 'We've had enough,'" Mr. Graf said.

The race took a stark turn last week when the National Republican Congressional Committee (NRCC) committed to spending $122,000 on television ads for Mr. Huffman in the run-up to the primary. Some national Republicans have made it clear they feel Mr. Huffman is the only candidate who can win the seat in the general election in November, based on his immigration views and his moderate record.

That outraged the other four candidates in the race, who released a joint statement yesterday saying the support broke private promises made by NRCC officials to remain neutral in the spirited primary.

On the Democratic side, one candidate, Bill Johnson, proudly proclaims himself a "single-issue candidate" -- and that issue is border security. But the two leading candidates -- former state lawmaker Gabrielle Giffords and former local news anchor Patty Weiss -- place it lower on their list of issues. Miss Giffords cites education, while Mrs. Weiss places health care and public financing of congressional campaigns at the top.

Democrats also hope to capture the 5th Congressional District from Republicans and incumbent Rep. J.D. Hayworth, who has made his name nationally as an advocate for border enforcement. He even voted against last year's House enforcement-only bill because he feared it could lead to a guest-worker program in the future.

Challenger Harry Mitchell is running straight at Mr. Hayworth on charges that the 12-year incumbent is wrapped up in the scandal concerning Republican lobbyist Jack Abramoff. Though Mr. Hayworth has donated $2,250 to charity to cover direct contributions from Abramoff, Mr. Mitchell has demanded Mr. Hayworth also give up another $150,000 that represents donations from clients of Abramoff.

The Immigration Dodge (LAT)

The Los Angeles Times, September 6, 2006

DOJ_NMG_0058688

SOME ISSUES ARE TOO IMPORTANT to address on the eve of an election. That is essentially the message Congress is sending to voters by refusing to take up immigration reform before heading home next month for a campaign-season recess. Republican leaders appear reluctant to reconcile conflicting House and Senate immigration bills passed within the last year.

Such inaction amounts to gross negligence. Prodded in part by huge demonstrations in Los Angeles and elsewhere, the nation was transfixed earlier this year by the issue of illegal immigration. The U.S. economy's reliance on millions of undocumented foreign workers is a stain on this nation's respect for democracy and the rule of law. The effort to create a legal avenue for immigrant workers to fill essential jobs is an urgent task that should have been undertaken years ago.

That's what President Bush has been saying since his first year in office, and it's an indictment of his leadership that his party's own congressional leaders, after holding their idiotic "how evil are these illegals" hearings this summer, once again feel free to disregard the White House's pleas. More interesting, however, is what the House-Senate split says about a looming schism within the Republican Party.

The Senate, after all, passed a somewhat sensible bill that would toughen border policing and workplace verification of legal residency, while expanding guest-worker programs to match willing immigrant workers with jobs that would otherwise go unfilled. The Senate's proposal also would make it possible for many of those already here illegally to obtain legal residency. Although far from ideal, this bill, favored by corporate Republican interests who view the debate mainly as a workforce issue, was rooted in reality and had its priorities straight. The House bill, supposedly championing security, did not address the underlying economic issues, merely opting to treat illegal immigration as a law enforcement matter.

The immigration issue also creates some tension for Democrats, particularly among interests for labor, Latinos and African Americans. But congressional inaction is a result of the split within the Republican Party between big business and cultural conservatives. That is one reason the issue will likely be tabled until after the election. Another is that party leaders want to spend every spare moment from now until November taking on Democrats, not fellow Republicans.

Such is the state and tenor of the debate that this postponement may actually be good news. Given the extent to which conservative House Republicans eager to demagogue the issue had taken control of the immigration debate, it's probably best that House and Senate members won't be trying to reach a compromise before the election. Worthwhile reform stands a better chance during Congress' lame-duck session after the election, when members (presumably) are concerned less with narrow political interests than with the national interest.

TAX:

Estates Of Virginia (WSJ)

The Wall Street Journal, September 6, 2006

Soon it will be safe to be caught dead in Virginia. Last week Democratic Governor Tim Kaine and the Republican-controlled legislature struck a deal to abolish the state's estate tax, effective July 1 next year.

The tax only brings in about $140 million a year to Richmond from several hundred estates, but the levy has made it harder for Virginia to compete for small businesses and retirees with Florida and the 24 other states that no longer have a death tax. So when Governor Kaine proposed killing the tax earlier this year, the legislature overwhelmingly approved.

Only a few years ago nearly every state taxed estates at death, in part because a federal tax credit allowed states to keep part of the revenue that would otherwise go to Uncle Sam. Last year the federal tax credit was abolished and in two dozen states the death tax died along with it. But not at first in Virginia, which had decided way back in 1978 that it would go on collecting its death tax even without the benefit of a federal tax credit. Not any more.

Legislators may also be looking to improve their image with voters, who recall the $1.5 billion tax increase that Republicans and Democrats alike imposed on them two years ago. That tax hike passed just as the state's revenue coffers started to fill thanks to the economic recovery and the Bush tax cuts. We'd say the politicians still have ground to make up, but repealing the estate tax is at least a start.

CONGRESS-ADMINISTRATION:

Conservatives Urge One More Push For Judges (RC)

By Erin P. Billings

Roll Call, September 6, 2006

DOJ_NMG_0058689

Despite renewed political pressure to advance five controversial appellate court judges, Senate GOP leaders remain skeptical that they can take up and win a major battle over judicial nominations with just four weeks left on the Congressional calendar before Election Day.

The Senate is set to adjourn on Sept. 29, and already the GOP leadership has packed the month's agenda with a series of national security and appropriations measures. But that timeline has not stopped conservative judicial groups and the White House from mounting an aggressive lobbying campaign for Senate votes on the stalled nominations.

"There's pressure all around," one Senate GOP aide acknowledged this week. "But we're crunching down and there's little space and a lot of things need to get done."

Judicial nominations have been a mostly quiet topic recently, but they came back into focus last week after the White House renominated five judicial hopefuls. The now-revived nominations automatically had expired and were sent back to the White House because Senators were out of session for more than 30 days.

The administration resubmitted for consideration Terrence Boyle and William Haynes to the 4th Circuit Court of Appeals, William Myers and Norman Randy Smith to the 9th Circuit Court and Michael Wallace to the 5th Circuit Court.

Senate Judiciary Chairman Arlen Specter (R-Pa.) already has placed four of the five nominees on his committee's executive calendar for Thursday, but votes likely are to be postponed until next week. The fifth nominee, Wallace, is awaiting an initial hearing by the panel.

Several Senate Republican sources said the leadership still holds out a glimmer of hope that one or more of the pending nominations can advance. But they also recognize there isn't much time to get the nominees out of committee and to the floor, where they would face a potentially protracted debate. The earliest the nominations could go to the floor likely would be the third week of September, leaving, at most, two weeks to secure a spot on the floor agenda.

Democrats have vowed to filibuster at least one of the nominees — Boyle — and left the possibility open that they would try to block the others. And as of Tuesday, there was little indication that the minority party was changing its posture.

"These nominees may sit at the far right of the Republican Party, but they have no place on the federal bench," said Sen. Edward Kennedy (D-Mass.). "By renominating them, the Bush administration and the Republican leadership in Congress are showing that they are more interested in kowtowing to the far right in an election year than in confirming mainstream judges to federal courts."

A Senate GOP aide said it is expected the leadership will try to get the nominees through by the month's end. But, the aide quickly added that the challenges are substantial: Not only do the Democrats oppose the nominees, but some Republican Senators have concerns as well.

And the GOP doesn't want to detract from its four-week push on national and fiscal security, nor from its plan to stand together as a united party on those legislative priorities, this aide said.

"The problem with some of these judges is that there are Republicans who would block them," the source said. "They may not have the support [to get through]. But also, they would show a party divided."

However, those realities aren't stopping the fierce pressure from the White House and from other outside interests that want the Senate GOP to act in the coming weeks.

Several conservative judicial groups, in particular, are turning up the heat on Republicans, issuing clear reminders that what like-minded voters do on Nov. 7 hangs in the balance.

"As the GOP gains in the Senate in 2002 and 2004 made clear, conservatives consider judicial nominations a priority," said J. William Lauderback, executive director of the American Conservative Union. "Alas, a failure of leadership among our elected Republicans — a pusillanimous approach to principle — has postponed this priority, unfairly impeding both judges and justice. If not rectified soon, these mistakes will surely jeopardize the Republican majority in the November midterms."

Sean Rushton, executive director of the conservative Committee for Justice, said Tuesday that his group will be waging a "forceful" campaign in the coming weeks to make clear to Republican leaders what's at stake if the nominations fail to move forward. "We are in a variety of ways, publicly and privately, making it clear that we think it's imperative to have votes on some of these nominations," he said.

Republicans recognize the political dynamics in play, but also the realities, several GOP sources said, adding that leaders are more likely to turn to the post-election, lame-duck session to take up the outstanding nominations. One Senate aide said that after Nov. 7, "there will be more breathing room."

"We are very well aware of the need, and in fact [we] want to confirm them," said this staffer. "It's just a matter of logistics at this point."

Senate Majority Leader Bill Frist (R-Tenn.) has made judicial confirmations a priority of his tenure, chalking up some successes in clearing several controversial nominations this Congress, including the confirmation of two Supreme Court justices.

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Sources say Frist would like to press ahead with the appellate nominees this month, but add that he recognizes that each could lead to a lengthy and bitter floor fight.

Specter, speaking on "Fox News Sunday," acknowledged the difficult fight ahead and said, "It is tough." But he also said that as chairman of the Judiciary panel, he would do his part to advance the nominations.

"We're going to handle them in regular order," Specter said, later adding, "We're going to move — we're going to move right ahead."

Bush, Big Three To Meet After The November Election (FWST)

By Kathy Barks Hoffman

The Fort Worth Star-Telegram, September 6, 2006

LANSING, Mich. - President Bush and leaders of the Big Three automakers plan to meet after the November election to discuss the state of the U.S. auto industry, the White House said Tuesday.

The decision to push back the meeting until after the elections followed criticism from Democrats and Dick DeVos, the Republican gubernatorial candidate in Michigan, that the White House was ignoring the needs of the struggling industry.

"We've all agreed that it would be best to meet after the election," White House spokesman Alex Conant said. He said Bush was "committed to strengthening the competitiveness of American manufacturing. Our competitiveness and health care initiatives will create jobs in Detroit."

Bush on Friday plans to attend a fundraising luncheon for GOP U.S. Senate candidate Mike Bouchard at the Clarkston home of developer David Johnson, the chairman of Victor International Corp.

Earlier Tuesday, Gov. Jennifer Granholm and U.S. Sen. Debbie Stabenow - both Democrats - urged Bush to pencil in a meeting with the leaders of the domestic auto industry when he flies into the state for the fundraiser.

"Now that your schedule allows for a trip to the Detroit area this Friday, I invite you to meet with our auto industry leadership," Granholm wrote. "I would be pleased to help make any expedited arrangements to make this meeting possible, at a site that would minimize disruption to your travel schedule."

It was the second letter the governor had sent pushing for the meeting, which she said is needed to discuss pension and health care legacy costs, intellectual property thefts and renewable fuels. She sent an earlier letter in July.

Granholm was pleased by the plans for the meeting but "we hope it's not a pre-election pacifier and that the White House is truly interested in helping the auto industry and the people in Michigan who depend on it," said Granholm spokeswoman Liz Boyd.

DeVos' campaign said the meeting still should take place before the election. "We would hope that they could do this sooner," DeVos spokesman John Truscott said.

Plenty of people on both sides of the political aisle have pressed for a meeting between Bush and the heads of General Motors Corp., Ford Motor Co. and DaimlerChrysler AG.

Bouchard said earlier that he would encourage the president to meet with the auto executives. DeVos, a longtime contributor to Bush, held a news conference two weeks ago to demand a meeting, noting that "we're being ignored here in Michigan by the White House, and it has got to stop."

White House officials had said that Bush wanted to meet with the Big Three leaders, and that Bush considers the auto industry to be a key part of the economy.

The auto executives were tentatively scheduled to meet with Bush in May, but the event was postponed when Bush discussed border security in Arizona. Automakers met with congressional leaders that day, discussing energy issues and pension reforms. Attempts to reschedule the White House meeting have been unsuccessful.

The meeting has taken on political overtones, with Democrats such as Granholm and Stabenow accusing Bush of turning his back on a major manufacturing sector and the people it employs.

In her own letter sent Tuesday to the White House, Stabenow wrote, "I am sad to say that this is not the first time I have had to call on you to make time for the Big Three. My hope is that this trip to Michigan may finally spur you to some action on the matter. ... Sitting down with the Big Three would be a welcome first step."

Truscott said people affiliated with the DeVos campaign have met and corresponded with White House officials about the Big Three meeting. But he released no further details.

Bush To Meet Big 3 Automakers After Elections To Avoid Politics (WT)

By Stephen Dinan

The Washington Times, September 6, 2006

DOJ_NMG_0058691

President Bush has agreed to meet with executives of Detroit's Big Three automakers after November's elections, the White House announced yesterday.

"The White House has been in touch with all three, and we all agree it's best to try to meet after the election because even the idea of a meeting has gotten way too mired down in politics," said Dana Perino, the White House deputy press secretary.

The on-again-off-again meeting has become a huge issue in Michigan in the run-up to the elections, and Mr. Bush has been the subject of strong scolding from Republicans in the state for not having held a meeting with executives of Ford, General Motors and DaimlerChrysler.

Dick DeVos, the Republican candidate for Michigan governor, said he saw a "continued refusal" on the part of the Bush administration to get a meeting done.

"The president needs to meet with the Big Three, and it must happen soon," he told reporters last month.

Mr. Bush is scheduled to travel to Michigan on Friday to raise money at a closed-door reception for Mike Bouchard, the Republican candidate for Senate, and the issue of a Big Three meeting threatened to dominate his visit.

Before the White House announcement yesterday, Sen. Debbie Stabenow and Gov. Jennifer M. Granholm, both Democrats, sent letters to Mr. Bush calling on him to use Friday's visit to meet with the companies' officials. Both women are running for re-election and facing stiff challenges from Republicans in a state where the economy is faltering, the unemployment rate is 7 percent, and companies are shedding jobs.

"I am sad to say that this is not the first time I have had to call on you to make time for the Big Three. My hope is that this trip to Michigan may finally spur you to some action on the matter," Mrs. Stabenow wrote, while Mrs. Granholm offered to help arrange the meeting.

The automakers want to discuss U.S. trade policy and domestic issues such as costs of energy and pensions and health care plans.

Mrs. Perino said the White House had tried twice before to schedule a meeting, but the automakers had to cancel once, and the president had to cancel once because of travel.

Mr. Bush already has met with all three companies' top executives individually.

Bush Chooses Transportation Nominee (NYT)

By Matthew L. Wald

The New York Times, September 6, 2006

WASHINGTON, Sept. 5 — President Bush said Tuesday that he would nominate Mary Peters, a strong advocate of bringing private companies into the construction and operation of highways, to be the next transportation secretary.

Ms. Peters, a former head of the Arizona Transportation Department, served in Mr. Bush's first term as head of the Federal Highway Administration, then worked as an executive at a transportation engineering firm, HDR. If confirmed, which is likely, she would succeed Norman Y. Mineta, who announced in June that he would be resigning after five and a half years on the job.

Appearing with Mr. Bush at the White House, Ms. Peters said the nation's transportation infrastructure was getting old.

"We are experiencing increasing congestion on our nation's highways, railways, airports and seaports," she said. "And we're robbing our nation of productivity and our citizens of quality time with their families."

Ms. Peters is a member of an advisory board created by the Reason Foundation, a conservative research and policy group. Robert Poole, the foundation's director of transportation, said Ms. Peters had been "outspoken" in advocating public-private partnerships for new roads, and getting away from the traditional model of using gasoline taxes. Revenue from those taxes has not kept up with the inflation in building costs, Mr. Poole said.

As federal highway administrator, Ms. Peters helped push through a highway authorization bill that allows public highways to be turned over to private companies for maintenance and toll collection. She has also advocated time-of-day pricing at tollbooths and construction of roads by private firms.

After the announcement, various people and transportation groups offered statements of praise, although several experts said they could not recall Ms. Peters's having taken a major public position on any transportation field outside highways.

Jim May, president of the Air Transport Association, the trade group of the big airlines, said that Ms. Peters's position on highways represented an endorsement of user fees, and that he favored a user-fee structure for financing the air traffic control system, rather than the ticket tax now in place.

For The President, An Arrival . . . (WP)

By Del Quentin Wilber

The Washington Post, September 6, 2006

DOJ_NMG_0058692

President Bush nominated a former federal highway administrator and longtime transportation policy official yesterday to be the next secretary of transportation.

Bush, who announced the choice of Mary Peters in a ceremony at the White House, lauded his nominee's efforts to ease congestion as head of the Federal Highway Administration from 2001 through 2005.

"Mary Peters is the right person for the job," the president said. "Mary led efforts to improve safety and security, reduce traffic congestion, and modernize America's roads and bridges. . . . Mary has a reputation for character and common sense. She's an innovative thinker."

Peters, who is the national director for transportation policy and consulting at HDR Inc., an architectural, engineering and consulting firm based in Omaha, said the country's transportation systems are "showing signs of aging."

"We are experiencing increasing congestion on our nation's highways, railways, airports and seaports," Peters said at the White House ceremony. "And we're robbing our nation of productivity and our citizens of quality time with their families."

If confirmed by the Senate, Peters will oversee a 60,000-person department that regulates and helps maintain the nation's transportation systems, many of which are facing serious challenges.

The nation's air traffic system is nearing capacity, and roadway congestion continues to be a top concern in many parts of the country.

In a recent interview with the Associated Press, Peters said the federal highway program could run out of money by the end of the decade. "You just can't depend on the federal government to bring the money in that was around when the interstate system was first built," she said.

As the nation's top highway official, Peters kept a fairly low profile but worked hard to better focus her agency on tracking spending and grants, former transportation officials said.

"The highway administration had been focused on just writing checks, so to speak," said Kenneth M. Mead, a former inspector general of the Transportation Department. "She emphasized oversight and stewardship of the money, which was a sea change. She made sure the money went where it was intended and accomplished what it was intended to do."

Rep. James L. Oberstar (Minn.), the ranking Democrat on the House Transportation and Infrastructure Committee, also praised Peters's tenure as head of the highway administration, saying she was "competent and very knowledgeable."

"She was a good manager," Oberstar said.

Peters, 57, is married and has three grown children. She was considering a run for Arizona's governorship last year but bowed out after questions were raised about her eligibility because she had lived in Virginia during Bush's first term. Before taking the federal highway post, she had served three years as Arizona's top transportation official.

Bush nominated Peters to replace Norman Y. Mineta, the lone Democrat in his Cabinet. Mineta was credited with helping create the Transportation Security Administration in the aftermath of the Sept. 11, 2001, attacks.

Administration officials said Peters worked closely with Mineta to craft a $268 billion highway bill that won passage last year. Although the legislation has been criticized for including thousands of pet projects for lawmakers, the Bush administration has said it will prove crucial in fixing the nation's highways and alleviating congestion.

Maria Cino, the department's No. 2 official, has been serving as acting secretary since Mineta stepped down in July.

Cino and Marion C. Blakey, the administrator of the Federal Aviation Administration, were among the leading contenders to replace Mineta.

Rodney E. Slater, who was transportation secretary under President Bill Clinton, said Peters is a solid choice because she had served as a state highway official, giving her valuable experience in addressing local traffic woes. "That is something that will bode well for her," Slater said. "She is going to have good relations with other [transportation officials] outside of Washington. That is always a plus."

He noted that Peters will have to educate herself quickly on the challenges facing the aviation industry because most of her experience is in highways.

That did not give pause to James C. May, president of the Air Transport Association, a trade group that represents U.S. airlines. "We're very high on this choice," he said.

"She is a fine administrator and, I think, will bring the kinds of mental and policy skills to the job that few others who were in the running have," May added.

Bush Taps Mineta Replacement (WT)

By Stephen Dinan

The Washington Times, September 6, 2006

President Bush yesterday nominated Mary E. Peters, the former head of the Federal Highway Administration, to become his new transportation secretary, and she promised to work to update the aging transportation system.

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The job has taken on a new high profile in the post-September 11 world, with a focus on security at airports, seaports and other parts of the transportation infrastructure.

"Mary Peters is the right person for this job," Mr. Bush said. "She brings a lifetime of experience on transportation issues, from both the private and public sectors."

If she is confirmed by the Senate, Mrs. Peters would succeed Norman Y. Mineta, who joined Mr. Bush at the beginning of his first administration.

Mr. Mineta was the only Democrat serving in the Cabinet. After the terrorist attacks five years ago, his profile grew as the entire aviation system was shut down for several days and Congress tussled over ways to improve security at airports and seaports.

Mrs. Peters, who would be the second woman to head the department, joked that by following Mr. Mineta into the job, she felt "a little bit like Ginger Rogers must have felt with Fred Astaire."

She served for 15 years in Arizona's transportation department, including three years as its director, before coming to Washington to serve in the Federal Highway Administration. At the FHWA, she was an advocate for finding new ways to build infrastructure, and a particular booster of public-private partnerships. She left in 2005 to become a consultant.

Yesterday, she said that if confirmed to the job, she will tackle the task of updating the transportation system.

"We are experiencing increasing congestion on our nation's highways, railways, airports and seaports. And we're robbing our nation of productivity and our citizens of quality time with their families," she said. "In some cases, this is the result of systems and structures that are more suited to a bygone era than to the 21st century."

Arizona lawmakers said Mr. Bush made a smart pick.

"I have known Mary for many years, and I believe that she will bring a level of expertise to the job that is unmatched," said Rep. John Shadegg, Arizona Republican.

Bush Taps Peters For Transportation (AP-Y)

By Deb Riechmann

AP, September 6, 2006

President Bush on Tuesday picked Mary Peters to be the nation's new transportation secretary, a Cabinet position that took on more prominence after the Sept. 11 terrorist attacks.

If confirmed by the Senate, Peters, a former federal highway administrator who had explored a run for governor of Arizona, will succeed Norman Mineta, who stepped down in July.

"The secretary of transportation plays an important role in our nation's coordinated efforts to guard against terrorist threats to our aircraft, our seaports and our infrastructure," Bush said. "It is a job that requires vision and strong leadership. Mary Peters is the right person for this job."

Peters spent three years directing the Arizona Department of Transportation, where she worked her way through the ranks during a more than 15-year career there. Since November, she has been national director for transportation policy and consulting in the Phoenix office of HDR Inc., an architectural, engineering and consulting firm based in Omaha, Neb. She was chief of the Federal Highway Administration from 2001 to 2005.

There had been speculation for years that Mineta, the only Democrat in Bush's Cabinet, was on the verge of quitting, sometimes because of his health and sometimes because of rumors about a Cabinet shake-up. Instead, Mineta became the longest-serving transportation secretary since the department was formed in 1967.

After the Sept. 11 hijackings, Mineta oversaw the hasty creation of the much-maligned Transportation Security Administration, which took over responsibility for aviation security from the airlines.

Noting Mineta's long tenure in the post, Peters said that if she's confirmed, she would feel a bit like Ginger Rogers dancing with Fred Astaire. "I think I'm going to be dancing backward in high heels a little bit," she said.

Standing alongside the president in the Roosevelt Room, Peters said the nation's transportation system is showing signs of aging.

"We are experiencing increasing congestion on our nation's highways, railways, airports, and seaports, and we're robbing our nation of productivity and our citizens of quality time with their families," she said. "In some cases, this is the result of systems and structures that are more suited to a bygone era than to the 21st century."

The Bush administration has proposed a strategy for easing highway congestion that includes privatizing roads, putting tolls on busy roads and designating corridors for development to speed movement of truck and rail freight. The strategy calls for selecting up to five "interstate corridors of the future" for long-term investment.

The national strategy, outlined by Mineta in May, is long on expediting, promoting and encouraging, but short on new funding. It calls for transportation officials to seek urban partnership agreements for a few communities that demonstrate new

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strategies for combatting gridlock. The Bush administration also wants states to pass laws to let private companies invest in transportation systems.

Peters is an advocate of user fees, or tolls, for building new highways. In a recent interview, she said that the federal highway program will run out of money by decade's end without substantial changes and, rather than raise taxes, some states are turning to toll roads already to fill gaps.

"You just can't depend on the federal government to bring the money in that was around when the interstate system was first built," Peters said.

Peters is a fourth-generation Arizonan. She holds a bachelor's degree from the University of Phoenix and attended Harvard University's John F. Kennedy School of Government Program for State and Local Government Executives. She and her husband, Terry, have three grown children.

Peters had been exploring a candidacy for governor of Arizona. Last November, she dropped her gubernatorial bid to challenge Democratic incumbent Janet Napolitano after a fellow Republican, already in the race, raised questions about Peters' eligibility.

The Arizona Constitution requires that candidates to have been Arizona "citizens" five years before the election, but Peters lived in Virginia and registered to vote in that state while serving during Bush's first term.

Peters said that she believed she was eligible to run for governor and always intended to return to Arizona after her federal service, but that she was stepping aside because the issue would have been too much of a distraction in the race.

Peters' current employer, HDR, was among nine companies named in a lawsuit filed last week by the husband and daughter of a woman crushed to death in Boston when four three-ton concrete ceiling panels fell in the Interstate 90 connector tunnel of the so-called Big Dig project.

HDR spokeswoman Jackie Fox said Peters did not work on the Big Dig project.

Highways Official Named Transport Secretary (FT)

By Andrew Ward In Atlanta And Doug Cameron In New York

Financial Times, September 6, 2006

The White House on Tuesday turned to another highways expert to replace Norman Mineta as transportation secretary with the nomination of Mary Peters to fill the post vacated in July.

President George W. Bush picked Ms Peters, a former federal highways administrator who supports private investment in roads, said her priority would be modernisation of the country's ageing transportation infrastructure.

Ms Peters, an Arizona Republican who headed the Federal Highways Administration from 2001 until last year, emerged from a pack of contenders including acting secretary Maria Cino, Elaine Chao, the labour secretary, and Marion Blakey, the current head of the Federal Aviation Administration.

The aviation sector is likely to form the intitial focus of Ms Peters' priorities, and the president called for a speedy confirmation process as Congress returned from its summer recess. European Union officials are expected in Washington next week to review the administration's progress in long-running efforts to liberalise the transatlantic aviation market, efforts which could be stalled by opposition in Congress and from US unions.

Ms Peters will also have to moderate the fierce debate over the future funding of aviation infrastructure, which has pitted commercial airlines against general and corporate users, as well as the long-running dispute over pay between the FAA and air traffic controllers.

The transportion secretary also oversees energy pipelines, with the safety and security of the network under scrutiny following problems in the system run by BP in Alaska.

Mr Minetta, a former highways' chief in Arkansas, served a six-year term as transportation secretary and worked with Ms Peters on a new road funding bill.

"We are experiencing increasing congestion on our nation's highways, railways, airports and seaports and we're robbing our nation of productivity," she said, standing beside Mr Bush at the White House.

"In some cases, this is the result of systems and structures that are more suited to a bygone era than to the 21st century."

US business leaders have become increasingly vocal over recent months about the threat posed to US competitiveness by transportation bottlenecks.

Satish Jindel, president of SJ Consulting, a transportation consultancy, said the US needed to increase investment in transportation to a level not seen since construction of the Interstate Highway system in the 1950s.

He said US ports, roads and railways were ill-equipped to cope with the changing trade patterns caused by globalisation. "Goods are arriving at the periphery of our transportation system, through sea ports, and being moved inland," he said. "The system was not designed to handle so many imports."

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As head of the FHA, Ms Peters was a keen advocate of public-private roadbuilding partnerships, including toll roads. A growing number of US states and cities are turning to toll roads as a way to tackle worsening congestion.

"You just can't depend on the federal government to bring the money in that was around when the Interstate system was first built," said Ms Peters, in a recent interview with the Associated Press.

Before taking control of the federal highways, Ms Peters was head of the Arizona Department of Transportation. She was considered a potential Republican candidate for Governor of Arizona until she withdrew from the running last year.

One Up, One Out: More Bush Lineup Changes (LAT)

By Ricardo Alonso-Zaldivar

The Los Angeles Times, September 6, 2006

WASHINGTON — President Bush named a new Transportation secretary Tuesday, while one of his top healthcare experts announced he was resigning — all part of ongoing personnel shifts as the administration prepares for its last two years.

Bush nominated former Federal Highway Administrator Mary E. Peters to the transportation post, replacing Norman Y. Mineta, the veteran San Jose congressman who had been the only Democrat in the Cabinet.

Meanwhile, after having largely succeeded in steering the complex new prescription benefit for seniors through its rocky rollout this year, Medicare Administrator Mark B. McClellan announced he was taking a respite from government and would be joining a public policy center.

Peters, 57, went to work at the Arizona Department of Transportation as a secretary in 1985 and worked her way up to become its director in 1998. Although her professional background is in highway planning and construction, her first major challenge will be to win congressional reauthorization of the government's commercial aviation policy next year.

Accepting her nomination at the White House on Tuesday, Peters said her top priority would be to reduce congestion in all types of transportation.

"Today, our vital transportation infrastructure is showing signs of aging," she said. "We are experiencing increasing congestion on our nation's highways, railways, airports and seaports, and we're robbing our nation of productivity and our citizens of quality time with their families."

As federal highway chief, a position she held from 2001 until 2005, Peters sought to promote the use of special toll lanes to ease congestion and worked to allow private entrepreneurs into road planning and construction — a field traditionally dominated by state and local governments. She left the government to join HDR Inc., an engineering firm, as a vice president and policy advisor.

"She is very market-oriented and future-oriented," said Robert Poole, director of transportation studies for the libertarian Reason Institute think tank in Los Angeles. "She really understands the growing obsolescence of paying for highways out of gas taxes, and she understands the importance of tolling and market pricing for the highway system of the future."

How Peters' free-market principles will carry over into the heavily regulated sphere of aviation policy remains to be seen, but the airline industry urged the Senate to promptly confirm her. At issue in next year's aviation debate will be financing for the Federal Aviation Administration, and the allocation of costs among passengers, major airlines and smaller carriers.

McClellan, a physician who also holds a doctorate in economics, served on the White House Council of Economic Advisors and as commissioner of the Food and Drug Administration before moving over to Medicare in 2004.

At 43, he is expected to return to the public policy arena in future debates about restructuring the health system to deliver better quality care while curbing the growth in costs.

An energetic manager, he worked to nudge the Centers for Medicare and Medicaid Services from a traditional bill-paying and fee-setting focus toward a more active role in changing the healthcare system. He emphasized preventive care for people at risk of chronic health problems and sought to improve disclosure by hospitals and doctors of quality-of-care information. He supported experiments to begin paying hospitals and doctors for quality care, not just for the volume of services provided.

In an interview, McClellan said his family needed a break from his years of high-pressure public service. He and his wife have twin daughters who just started third grade.

"It's a time-consuming job," he said of leading the agency. "It involves many long hours, not only here working with the staff, but it also involves a lot of travel around the country."

John Rother, director of policy and strategy at AARP, the seniors lobby, said he thought that McClellan's tenure would have a lasting effect.

"I think he laid enough of a foundation that whoever steps in is going to be expected to continue the same kind of emphasis," Rother said. McClellan "is a star, and certainly when you lose a star there is an effect, but I think [Medicare] has changed and will not fall back automatically to what it was before."

Bush called McClellan a "trusted advisor [who] leaves behind a strong record of accomplishment."

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McClellan also administered Medicaid, the health insurance program for the poor. His successor has not been named; one candidate is Deputy Administrator Leslie V. Norwalk, a healthcare lawyer with an encyclopedic knowledge of policy.

McClellan's greatest challenge was putting into place the new Medicare prescription drug benefit, which delivers coverage to seniors through dozens of private insurers — a first. The rollout of the program was plagued with problems for several million beneficiaries, particularly the poor. McClellan and his staff worked round the clock to fix the problems, most of them rooted in the program's design, and most seniors now report they are satisfied.

However, the timing of McClellan's departure raised eyebrows among some Democrats in Congress. It comes just as growing numbers of seniors are expected to hit a gap in coverage, known as the "doughnut hole," that Congress built into the middle of the drug benefit to save money. That particular problem, it seems, will land in his successor's lap.

Medicare Chief McClellan Steps Down (WSJ)

By Jane Zhang

The Wall Street Journal, September 6, 2006

WASHINGTON -- Mark McClellan, administrator of the Center for Medicare and Medicaid Services, which oversees the giant government health-care programs, confirmed in an email to his staff today that he plans to quit the post by early October.

"This was a hard decision, because this is the most exciting and rewarding place that anyone could ever work. But I've been in government service for much longer than my family and I had ever expected or prepared for, and after almost six years in this Administration plus service in the previous Administration as well, I'm looking forward to more dinners at home with Steph and our daughters," he said.

His email didn't say what he plans to do next. "As I move on to the next phase, I expect to continue to work to make our health care systems and programs better." (Read the full text of McClellan's email1.)

No replacement was immediately named, though White House press secretary Tony Snow said that Dr. McClellan had made it known for some time that he intended to leave.

"He'll be missed by the president and the entire administration," Mr. Snow said. "The president has the highest regard for Mark McClellan and appreciates the work he's done for the administration."

Dr. McClellan, a 43-year-old internist who previously taught both economics and medicine at Stanford University, will likely return to academia or join a think tank. Within the past month he discussed his plans with Stanford, said Michelle Mosman, a spokeswoman at the Stanford Institute for Economic Policy Research. Dr. McClellan also is talking with several think tanks here, including the Brookings Institution, said a person familiar with his plans.

WALL STREET JOURNAL VIDEO

WSJ's David Wessel comments2 on the resignation of Mark McClellan and discusses who may succeed him.

It isn't clear who will be the likely successor, although several policy experts speculated one candidate could be Dr. McClellan's deputy, Leslie Norwalk. Should a nomination be coming, Congress will be in session only a few weeks this month before lawmakers leave to campaign for the midterm elections. A lame-duck session is likely after Election Day.

Dr. McClellan was tapped to run Medicare after a 2003 law added prescription-drug benefits for seniors. He was sworn in March 2004 as administrator of the Centers for Medicare and Medicaid Services, the federal agency that provides health care for about 90 million Americans, including seniors, the disabled and low-income children. As head of the largest health insurer, he manages a budget of about $600 billion.

While the law sparked contention, Dr. McClellan's implementation of it largely has won bipartisan support. He has worked with the industry and expanded and established programs tied to private-sector involvement and senior enrollment. Many Democrats had hoped that concerns about the new drug benefit would figure more prominently in the campaign season.

"It disappears as a campaign issue," said Thomas A. Scully, Dr. McClellan's predecessor at CMS, who praised Dr. McClellan's managerial skills. "I'm not sure if I could pull that off."

Dr. McClellan's tenure has been largely consumed by the new drug benefit. But in recent months, he also has pushed more for performance measures for doctors and hospitals that do business with the government.

Dr. McClellan's departure has been rumored for months in health-care-policy circles in Washington. The father of two young daughters, he often worked until midnight and answered email well after that.

Medicare Head Confirms Plan He Will Resign (NYT)

By Robert Pear

The New York Times, September 6, 2006

DOJ_NMG_0058697

WASHINGTON, Sept. 5 — Dr. Mark B. McClellan, confirming plans to resign as Medicare administrator early next month, said Tuesday that he was immensely proud to have provided prescription drug benefits to older Americans in the biggest expansion of the program since its creation 40 years ago.

President Bush said that Dr. McClellan had "bettered the lives of millions of Americans" since he became administrator of the Centers for Medicare and Medicaid Services in March 2004.

Dr. McClellan said the drug coverage was introduced in a way that satisfied most beneficiaries and cost about 25 percent less than predicted. Next year, he said, "benefit costs are going down further, and many drug plans will have lower premiums."

Democrats have made clear that if they win a majority in either house of Congress, they will investigate many of Dr. McClellan's decisions.

Looking back on his tenure, Dr. McClellan acknowledged that many low-income people had had difficulty obtaining medications when their drug coverage was shifted from Medicaid to Medicare on Jan. 1.

"There are ways we could have done it better," he said.

But he said the early problems had been solved with help from many people, including advocates for beneficiaries. Those advocates had opposed the original law on the ground that it would "privatize Medicare."

Senator Charles E. Grassley, the Iowa Republican who is chairman of the Finance Committee, said: "There were bound to be some start-up problems, and glitches continue. Dr. McClellan has worked to fix the problems. I hope that his departure doesn't cause delays in getting snags fixed for beneficiaries and that he'll correct all known problems before he leaves.''

No one was named to succeed Dr. McClellan. His agency accounts for about one-fifth of the entire federal budget, spending more than $550 billion a year on health care for more than 90 million Americans.

The next administrator faces two huge political challenges. One is how to reverse increases in the number of people without health insurance and how to pay for Medicare and Medicaid, whose costs are expected to soar as millions of baby boomers age.

. . . And A Departure (WP)

By Christopher Lee

The Washington Post, September 6, 2006

The resignation of the head of the Centers for Medicare and Medicaid Services creates a critical vacancy as the Bush administration enters its final two years, a time when skilled political appointees typically think of leaving the government rather than joining it.

Mark B. McClellan, who has overseen the two largest public health insurance programs since 2004, announced yesterday that he will leave by early October.

"This was a hard decision, because this is the most exciting and rewarding place that anyone could ever work," McClellan said in an e-mail to CMS employees yesterday.

In an interview, McClellan, 43, said that he is contemplating a return to academia or a position in a Washington think tank. The Texan, older brother of former White House press secretary Scott McClellan, had also served as commissioner of the Food and Drug Administration, from 2002 to 2004, and, before that, as a member of the White House Council of Economic Advisers and as a senior health policy aide to the president.

McClellan "has served my administration in a number of pivotal positions, and in doing so has bettered the lives of millions of Americans," President Bush said yesterday.

Possible successors, at least on an interim basis, include Leslie V. Norwalk, the deputy administrator of CMS; Herb Kuhn, director of the agency's Center for Medicare Management; and Julie Goon, a special assistant to Bush and formerly the director of Medicare outreach at the Department of Health and Human Services.

The CMS administrator oversees Medicare, Medicaid and the federally subsidized State Children's Health Insurance Program (SCHIP), which together serve about 90 million Americans and account for more than $535 billion a year in federal spending.

"It takes a skilled administrator to juggle the agency's competing interests of offering the highest possible service to beneficiaries while keeping down costs to preserve the programs for future beneficiaries," said Sen. Charles E. Grassley (R-Iowa), chairman of the Senate Finance Committee, which would have to approve the next head of CMS.

McClellan's successor will have to cope with a report, due at year's end, from a special Medicaid commission that is expected to recommend big cost cuts in the program. Next year, Congress will debate whether to reauthorize SCHIP, which serves about 4 million children. And if the Democrats regain control of the House in the November elections, the next administrator can expect to be grilled repeatedly at congressional hearings designed to spotlight Bush policies that Democrats oppose.

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McClellan's signature task was overseeing the implementation of the new Medicare prescription drug benefit, which now helps more than 3 million seniors pay for their prescription medications. The start-up was anything but smooth. Seniors complained of confusion during the enrollment process, and more than a dozen states stepped in with emergency measures after many of the poorest beneficiaries were turned away or overcharged at pharmacies. Despite that rough transition, recent polls have found that most beneficiaries are satisfied with their choice of plan.

Ken Johnson, a senior vice president of the Pharmaceutical Research and Manufacturers of America, said McClellan overcame bureaucratic challenges and political attacks. "He never panicked, he made important mid-course corrections and, frankly, he's a big reason why the new prescription drug program is viewed as a success," he said.

Ron Pollack, executive director of Families USA, an advocacy group that has been critical of the administration's policies, called McClellan "a terrific person."

"In the context of an administration that doesn't make health care a high priority and that has made a series of harmful proposals that will exacerbate the health-care crisis, Mark McClellan served in an admirable way to try to implement the administration's policies in the best way possible," he said.

McClellan said his successor should be prepared to accept help from people and organizations all over the political spectrum.

"And, you know, a flak jacket wouldn't hurt either -- or at least some thick skin," he said.

Medicare Chief McClellan Is Resigning (AP-Y)

By Kevin Freking

AP, September 6, 2006

After eight months overseeing the new Medicare drug benefit, the biggest change since the health program's beginning, Mark McClellan said Tuesday it was time to move on.

McClellan, 43, has been with the Bush administration from the start, and he has been at the Centers for Medicare and Medicaid Services since March 2004.

"My kids don't remember me in a job where I got home regularly for dinner. It's just time," said McClellan, the father of 7-year-old twin girls. "We've gotten a lot accomplished and I'm very confident with the track the agency is on."

Sen. Charles Grassley, R-Iowa, said McClellan's task of overseeing the drug benefit's implementation was the equivalent of a Mars landing.

Under the program, elderly beneficiaries enroll in plans administered by private insurers. Seniors had dozens of plans to pick from, leaving many of them confused and frustrated. Early on, states had to step in to ensure their poorest residents could continue getting medicine.

"Of course, he should get credit for a lot of behind-the-scenes work to make sure millions of Medicare beneficiaries get their prescriptions filled smoothly," Grassley said.

The senator said problems and glitches continue with the program. For example, last month, McClellan announced that 230,000 beneficiaries had premiums mistakenly refunded.

"Dr. McClellan has worked to fix the problems," Grassley said. "I hope his departure doesn't cause delays in getting Part D snags fixed for beneficiaries and that he'll correct all known problems before he leaves."

As the administrator at CMS, McClellan oversaw health care programs serving more than 80 million Americans, often the most vulnerable. No replacement was immediately named.

President Bush called him a trusted adviser.

"He played an instrumental role in transforming the nation's health care system, and his efforts will continue to make a difference for generations," Bush said.

Democrats gave McClellan mixed reviews. Rep. Pete Stark, D-Calif., said he was surprised that McClellan "spent so long trying to bail water from the Bush administration's sinking ship." He said the drug benefit provides limited savings, unexpected price increases and poor customer service.

"Had he waited much longer, he would have found few employers willing to hire an ex-Bush administration official," Stark said.

But Sen. Max Baucus, D-Mont., gave McClellan high marks.

"Transitioning to the drug benefit has been rocky at times, but he has shown a willingness to go back and fix mistakes so as to make the benefit work for seniors," Baucus said.

McClellan, a physician and economist, was one of President Bush's economic advisers and served as the Food and Drug Administration commissioner. He was tapped in 2004 to administer the Medicare and Medicaid programs. He also worked in the Clinton administration as an assistant secretary at the Treasury Department.

McClellan said he will leave the agency in about five weeks and probably will work for a think tank where he can write about improving health care in the United States. He served a short stint as a visiting scholar at the American Enterprise Institute, but he said he has no particular think tank in mind now.

McClellan is the brother of former White House press secretary Scott McClellan. His mother, Carole Keeton Strayhorn, is the Texas comptroller and is running for governor as an independent.

"Texas might be a nice place to visit for a little while," he told reporters when asked about whether he would assist any gubernatorial candidates there.

As the CMS administrator, McClellan oversaw programs that spent more than $570 billion annually. But it was the start of a drug benefit under Medicare that was his biggest priority over the past two years.

Officials say the program will save the average beneficiary about $1,100. Complaints have dropped significantly since the first couple months, and independent polling shows that most who enroll are satisfied with their coverage.

"We've found and fixed startup problems, we are delivering coverage at a cost at least 25 percent less than had been expected, and we are seeing beneficiary satisfaction rates of over 80 percent," McClellan told his staff in an e-mail Tuesday.

McClellan said he did not know who his successor would be. He said that was a decision that would come from the White House and Health and Human Services Secretary Mike Leavitt.

He did say the agency had four senior leaders that he relied on: Leslie Norwalk, the deputy administrator; Herb Kuhn, director of the agency's Center for Medicare Management; Dennis Smith, who oversees the Center for Medicaid and State Operations, and Abby Block, who oversees the Center for Beneficiary Choices.

'Do-Nothing Congress' Vilified (WT)

By Christina Bellantoni

The Washington Times, September 6, 2006

Democrats seeking to return to power have labeled the House of Representatives the "Do-Nothing Congress" and are threatening to resist adjourning later this month to make a political point.

House Democratic leaders wrote a letter to Speaker J. Dennis Hastert on Friday saying they will fight Republican efforts to adjourn as scheduled Sept. 29 unless Congress passes legislation "that meets the real needs of the American people."

The legislative calendar as it stands today includes fewer than 20 legislative days before members break to campaign for the Nov. 7 election.

"Over the August recess, we have continued to hear from our constituents that our nation is heading in the wrong direction," the letter states.

"From national security to economic security, from the cost of health care and college tuition to the price at the pump, Americans are demanding change."

As House Republicans and Democrats battle for congressional control, election-year issues will be the focus when legislators officially return today after a five-week break. Democrats have the advantage in national polls, which show many voters fed up with the congressional majority, worried about the economy and wanting a change of direction in Iraq.

House Minority Leader Nancy Pelosi of California often invokes the "Do-Nothing" theme. Democrats point out the House will have worked just 84 days this year unless the schedule is altered. The 80th Congress spent 108 days in session in 1948, when President Truman labeled it the "Do-Nothing Congress" for his re-election campaign.

Voters re-elected Mr. Truman, who had looked like a one-term president the previous year, and delivered Congress to the Democrats.

Republicans, who have won the two national elections since September 11 by keeping the conversation on the global war on terror, will try to use that issue to their advantage in the few legislative days remaining before the election.

"House Republicans will focus first and foremost on addressing the safety and security needs of the American people," said Majority Leader John A. Boehner of Ohio.

"Now is not the time for a weak and indecisive approach that has been offered by Capitol Hill Democrats, and that's why Republicans are working to keep America safe through policies based on strength and purpose, rather than confusion and defeat."

House Republican leaders plan votes on a resolution to commemorate the fifth anniversary of the September 11 terrorist attacks, to approve military tribunals for suspected terrorists and to formally authorize the Bush administration's terrorist-surveillance program.

Also on the House agenda are homeland security and defense appropriations bills, and a proposal to reform the process by which lawmakers can file earmarks, which critics call pork spending.

The Democrats are pushing for a no-confidence vote on Secretary of Defense Donald H. Rumsfeld.

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Mrs. Pelosi, who would become House speaker if the Democrats are successful in November, often reminds voters the House took a rare week off for a St. Patrick's Day break and spent two weeks in the spring on vacation. The five-week break this summer allowed members to campaign back home and attend candidate forums and state fairs while working to convince voters they should be returned to Washington.

"We reject assertions that the people's business can wait until after the November election," reads the Democrats' letter.

When asked what he thinks of the "Do-Nothing" label, Mr. Boehner responded: "We have had a very good year. Is there more to do? There always is."

On the Senate side, Majority Leader Bill Frist of Tennessee applauded what he called a "flurry" of activity done in July before the recess began.

He said the Senate showed "tremendous productivity" by passing the Homeland Security spending bill, the Voting Rights Act and a measure to allow coastal drilling in the Gulf of Mexico region.

The Senate this month will look at the military tribunal issue and address port security, he said.

Return To Stalemate (WP)

The Washington Post, September 6, 2006

AFTER ITS five-week summer break, Congress is back in town, but not for long: It's scheduled just 19 working days between now and the November election. Not a lot of time to accomplish much, but with this Congress there's little danger of that in any event. Indeed, two of the supposed must-do items on the congressional agenda -- lobbying reform and immigration -- have all but disappeared. Republican leaders must be gambling that voters are too forgetful to remember about the first, and too dumb to know who to blame for inaction on the second.

In the case of immigration, the gulf between the House and Senate bills is so huge that stalemate may be the only -- and at this point in the political cycle, the best -- option. Yet the underlying problem of millions of people living and working illegally in this country remains, and it cries out for a comprehensive solution that would address border security, the status of illegal immigrants and the demand for foreign workers.

Having helped rile up their voters about the dangers of porous borders, Republicans now have little answer to the obvious question: Why can't the party in charge at the White House and in both houses of Congress do something about it? Blaming Democratic obstructionism isn't going to work here, because the division over the right course is within the party itself, and between the draconian House bill on the one hand and the sensible, bipartisan solution produced by the Senate, and supported by President Bush, on the other.

A promising, albeit risky, framework for progress has been presented by Rep. Mike Pence (R-Ind.) and Sen. Kay Bailey Hutchison (R-Tex.) in the form of an enforcement-first but ultimately comprehensive program. It's a shame that congressional leaders apparently don't plan even to try to see whether the Pence-Hutchison long shot might actually work -- and that President Bush has gone silent on what had been a signature issue. As Senate Judiciary Committee Chairman Arlen Specter (R-Pa.), told the New York Times, "if there's not legislation with Republicans in charge, there's going to be blame here, and justifiable blame, if we do not produce a bill."

The blame would be, if anything, even more justifiable in the case of lobbying reform. This unpleasant topic -- unpleasant, that is, to lawmakers who have become accustomed to fancy meals, lavish trips and ever-flowing campaign contributions, all provided by lobbyists -- was always something that most members of Congress, on both sides of the aisle, would have preferred to see disappear. They were only prodded, reluctantly, into action -- or, more accurately, the semblance of action -- by the Jack Abramoff scandal and the belief that disgusted voters wouldn't tolerate more business as usual.

The Senate passed an inadequate version of lobbying reform and the House an even more tepid measure. The result has been -- you guessed it -- a stalemate that leaders may now try to paper over with some rule changes to limit the abuse of earmarks for pet spending projects. Leaders may think that window dressing will be enough to mollify their constituents. We hope that voters will not be so quickly fooled or easily distracted.

Neither Side Deserves To Be Reelected (HILL)

The Hill, September 6, 2006

Sorry, but you don't.

At the start of Congress, right after Bush's reelection, two topics dominated your agenda: Social Security and Immigration Reform. Neither passed.

Congress punted on Social Security after it got scared to death by the reaction of senior citizens to Bush's proposed reforms. Ironically, the group least affected by the changes — the elderly who were exempt from their provisions — was the most opposed. And the people directly impacted — current wage earners — were largely supportive, albeit apathetic. Democrats

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never got to stop the reforms by waging the gallant filibuster for which they were hoping. The Republicans quietly killed Bush's proposals by an agreement never to talk about them again.

And the record on immigration hasn't been any better. Again, the Democrats didn't have to obstruct action. The Republicans did it for them. The compromises between the Senate bill's emphasis on an earned path to citizenship and the House's tough border protection is to adopt one from column A and one from column B. The public supports both border protections and an earned path to citizenship. But the House and Senate leaders don't have the guts to pass the obvious compromise, and Bush won't force their hand.

Then, as the session unfolded, two other issues became prominent. The Abramoff scandals put ethics and lobbying reform on the agenda and the rise of gasoline prices made energy a center-stage issue once more. And again, Congress did next to nothing.

It hasn't even considered anything approaching tough ethics reform, conspicuously rejecting bans on congressional travel paid for by private organizations and earmarking limitations, apart from the tepid disclosure requirements that are now up for consideration. Congress won't even consider such items as banning employment of spouses on campaign payrolls or limitations on lobbying by sons, daughters and wives. Those should be major priorities. Otherwise, a campaign contribution that pays for a wife's salary becomes a direct cash payment to the member's checking account and a job as a lobbyist becomes an avenue to exploit special access.

On energy, Congress passed a weak bill without Alaskan drilling or any aggressive alternative fuels legislation except for some marginally helpful items on ethanol production.

This year, according to the whip's schedule, the House will be in session for fewer than 90 days, even projecting until the end of the year.

A Congress dominated by allegedly fiscally conservative Republicans has set all-time records on earmarking, and members, not challenged by the whip's lackadaisical schedule, spent most of their time funding their pet projects in return for campaign donations from the businesses and lobbyists involved.

The raise in student-loan interest rates and the so-called bankruptcy reform bills were especially cruel to the families the GOP professes to care about. They make a higher education harder to afford and the resulting possible bankruptcy impossible to escape.

And, in a broader perspective, what good has the Republican Congress done since Bush took office? The tax cut was excellent and the good record of the economy bears it out. The No Child Left Behind bill is a landmark piece of legislation that is proving its worth. And the Patriot Act has done a lot to keep us safe.

But lately? In the past four years, what has this Congress done to deserve reelection? Precious little.

All the pundits are focusing on whether the Republicans keep power in the 2008 election or whether the Democrats take over. But both parties have a dismal record this Congress — a record of non-achievement.

This has been, truly, the do-nothing Congress of all time!

Morris and McGann, husband and wife, have written several books together, including Rewriting History, a rebuttal to Living History by Sen. Hillary Rodham Clinton (D-N.Y.).

Leaders Under Pressure (HILL)

By Alexander Bolton

The Hill, September 6, 2006

House GOP leaders are facing new pressure from several vulnerable House Republicans on an array of legislation that their leaders have resisted for most of the 109th Congress, chief among them being an increase in the minimum wage.

Fresh from five weeks of meeting with voters, vulnerable Republicans also want votes on pet priorities ranging from increasing money for Pell education grants to eliminating tariffs on ethanol.

The priorities of these endangered incumbents pose several challenges to House leaders. They create pressure for leaders to revisit issues they would rather avoid, and together add up to too many items for the House to address before recessing for the elections.

But GOP leaders realize, however, that passing at least some of the requests would inevitably bolster candidates in swing districts critical to Republicans' ability to maintain their majority status.

Several incumbents, including senior Republicans from the Northeast such as Reps. Peter King (N.Y.) and Nancy Johnson (Conn.), one of the most vulnerable Republicans in the House, want their leaders to schedule another vote on the minimum wage increase.

Leaders did so before the August break but linked it to a deep cut in the estate tax, which led Democrats to block it in the Senate. But many centrist Republicans aren't comfortable with the outcome.

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"The minimum wage — that needs to come back for a vote," said Johnson in an interview, adding that a wage increase could be linked to provisions extending tax cuts that Senate and House negotiators agreed to before the August break.

But House Majority Leader John Boehner (R-Ohio) told reporters yesterday that he opposed breaking up the minimum wage and estate tax legislation.

Johnson also made a pitch for passing a bill she sponsored that would eliminate penalties for seniors who signed up for Medicare's prescription drug program after the enrollment deadline.

King, the chairman of the Homeland Security Committee, said that Republican leaders have to be careful to avoid the perception that they did not make a good-faith effort to raise the wage.

"I think we should do it," said King, whose district was added last month to a list of competitive races compiled by the nonpartisan handicapper Charlie Cook. "Rather than play games, just do it. If voters think you're being cute it ends up backfiring."

Even Rep. Deborah Pryce (R-Ohio), who chairs the GOP Conference but faces a tough election fight, has indicated that she believes the leadership should hold a separate vote on legislation combining the minimum wage increase to a small-business healthcare plan.

Embattled incumbents from other parts of the country, such as Reps. Heather Wilson (N.M.), Curt Weldon (Pa.), Jon Porter (Nev.) and Geoff Davis (Ky.), echoed the desire for a minimum-wage increase.

"I would be quite content if a vote on the floor comes on that," said Davis.

"I wanted a cleaner version of minimum wage," said Wilson who suggested tying it to other provisions, such as the small-business healthcare plan.

Senate Majority Leader Bill Frist's (Tenn.) spokeswoman has said that a second vote on the so-called trifecta bill, which combined the minimum wage increase with tax cut extensions and the estate tax cut, was under consideration. But Senate Republicans know that such an attempt would surely run into the brick wall of another Democratic filibuster.

There is also a strong desire among vulnerable House Republicans to effectively extend the enrollment deadline for the federal prescription-drug program by eliminating late penalties. Republicans in competitive races, such as Porter, Davis, Johnson, Weldon and Reps. Jeb Bradley (N.H.), Mark Kirk (Ill.) and Ric Keller (Fla.) have voiced support for such an extension.

Bradley said he was negotiating with leaders to find a way to bring a bill eliminating penalties to the floor.

"They haven't promised me, but we're working on it," he said.

Almost every lawmaker interviewed said that border security was a very important issue for constituents and said that Congress must make progress on it before the election. But GOP leaders have sent signals that they will put off work on immigration reform, which could have included strong House-passed measures for securing the border.

"The principal thing people want to talk about is immigration and border security," said Davis. "Very overwhelmingly, they oppose the provisions in the Senate bill. They say they support the House bill because it focuses on border security."

The House has increased funding for border security in the defense appropriations and homeland security appropriations bills. But House lawmakers say they also want to see Congress pass legislation resembling the House immigration reform bill.

Weldon, a member of the Homeland Security Appropriations Subcommittee, said that money added to those two bills can secure the border, but he added, "We should push hard to get the version of the House version of the immigration bill done."

Republican leaders, however, seem resigned to abandoning hopes of finishing immigration reform before Nov. 7.

Frist told reporters yesterday that even if immigration reform legislation isn't finished, an attempt will be made to improve border security through the appropriations bills.

"We will put heavy resources on making our borders secure," he said.

Frist Seeks To Revive Wage, Estate Tax Bill (RC)

By Emily Pierce

Roll Call, September 6, 2006

Even as Senate Democratic leaders said that chances of raising the minimum wage this year appear remote, Senate Majority Leader Bill Frist (R-Tenn.) is taking another stab at getting Democrats to drop their objections to a House-passed "trifecta" bill that would reduce the estate tax, extend expiring tax provisions and hike the national minimum wage.

Heading into the August recess, Frist had been adamant that he would not bring the trifecta bill back to the floor this year, but on Tuesday he told reporters that he planned to "talk to my colleagues and see if people will be reasonable and allow that to pass."

Frist was planning Tuesday to ask Sens. Jon Kyl (R-Ariz.), Chuck Grassley (R-Iowa) and Judd Gregg (R-N.H.) to form a working group "to talk through options on the trifecta," said a senior Senate GOP aide.

It was not clear whether the group would pursue changes to the bill or merely engage in political strategizing. Frist and House leaders previously said they would not alter the trifecta bill to address Democratic objections, including concerns that the

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estate tax reduction would cost the Treasury nearly $800 billion and that the minimum-wage hike adversely would affect workers in some states who rely heavily on tips for their livelihood.

Senate Minority Leader Harry Reid (D-Nev.) said he couldn't envision any of the nearly 40 Democrats who opposed the trifecta bill last month changing their votes to allow Frist to overcome the Democratic-led filibuster. Reid spokesman Jim Manley said Republicans would have to "radically restructure [the estate tax portion] to make it less costly," adding that "unless Republicans are prepared to go back on their principles and make the bill more palatable to Democrats, it's difficult to see anything getting out of the Senate."

Frist's handpicked working group also may have in their sights the two GOP Senators — George Voinovich (Ohio) and Lincoln Chafee (R.I.) — who voted against the trifecta measure.

However, House Majority Leader John Boehner (R-Ohio) on Tuesday reiterated the House GOP leadership's commitment to the current trifecta bill, which passed the chamber in July, 230-180. And he unequivocally dismissed suggestions that the House may attempt to bring back any individual part of the trifecta bill that was approved before the House adjourned for its August recess.

"Absolutely not," he told reporters. "That bill is the bill, and will be the bill, and anybody that wants any part of the bill, they get to vote for all of it or none."

Boehner's remarks suggested that the legislation was, and will remain, the final attempt to increase the federal minimum wage this year, since he was equally dismissive of a proposal supported by some moderate Republicans to pair a wage hike with legislation creating association health plans, which are backed by the business lobby.

"I believe that all three measures deserve Members' support, and there's not going to be any attempt to take it apart and move separate pieces with different packages," he said.

Meanwhile, Reid said the prospects for Democrats to deliver on what they have said is their top domestic policy priority — passing a minimum-wage increase that is unencumbered by the estate tax — would be "extremely difficult" this year, because Democrats are reluctant to try to amend the myriad security bills Republicans have on tap to secure a minimum-wage increase.

The lack of opportunities to marry a minimum-wage increase with another bill makes it harder for Reid to deliver on his threat this year to prevent Congress from raising its own pay until the minimum wage is addressed to Democrats' satisfaction.

In fact, Senate Republicans do not plan on taking up the appropriations bill with the cost-of-living pay increase for Members until they begin an expected lame-duck session after the Nov. 7 elections.

Senate Minority Whip Dick Durbin (D-Ill.) held out the possibility that Democrats might try to attach their minimum-wage bill to the continuing resolution designed to keep the bulk of the government funded until Congress can pass fiscal 2007 appropriations bills during the lame-duck session. However, GOP aides have hinted that they want to head off attempts to bog the CR down with other issues by attaching it to the Defense appropriations bill, which GOP leaders want to complete before they leave for the elections.

The portion of the bill that extends current tax breaks is perhaps the only section that needs to be passed this year, because many of those tax breaks otherwise would expire, potentially hurting the re-election prospects of numerous Members of both parties.

But Reid indicated that he believes Republicans are bluffing when they warn that the only way to pass the tax extenders is to pass them as part of the trifecta bill.

"We'll get that done before we leave. The Republicans can't leave here without doing that," he said, referring to a possible stand-alone tax extenders bill.

Either way, Republicans continue to criticize Democrats for refusing to go along with the trifecta compromise.

Alluding to the 34 Democrats who helped pass the bill in the House, Senate Majority Whip Mitch McConnell (R-Ky.) said, "If we'd had the same bipartisan cooperation in the Senate, the president would have signed that bill into law already, and the minimum-wage increase, which the Democrats have been saying all year is their top priority, would have been accomplished."

But Durbin scoffed at the notion that Democrats were to blame for the defeat of the wage increase.

"I think most people understand the Republicans are in control here," Durbin said. "They control the agenda. They have the majority in the House and Senate, so blaming the minority, I don't think that's going to work if that's their strategy."

Dismissal In The Desert (WSJ)

WSJ Online's "Washington Wire", September 2, 2006

Late Friday afternoon, a federal judge in the district of Arizona dismissed charges against two humanitarian volunteers indicted last summer for conspiring to transport three ailing illegal migrants for medical attention. The defendants – Shanti Sellz and Daniel Strauss, both 23 at the time of arrest – had encountered the migrants two days after they had entered the U.S. and

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set out for a makeshift medical clinic at a church in Tucson, Ariz., about 60 miles north of the border. A Border Patrol agent pulled them over and arrested them about 20 miles into the trip.

The volunteers' organization, No More Deaths, and other humanitarian groups had engaged in discussions with local Border Patrol officials since at least 2002 to establish when volunteers could legally transport migrants for medical attention. As a result of those discussions, federal district judge Raner C. Collins found the defendants could have reasonably believed they would not face arrest so long as they followed the protocol No More Deaths had disclosed to the Border Patrol.

The protocol required volunteers to obtain phone clearance from both a lawyer and medical professional that the migrants' condition warranted transportation to a clinic, rather than on-site medical attention. Judge Collins wrote that neither the Border Patrol nor the Justice Department responded to letters sent by No More Deaths in 2004 declaring that volunteers would transport migrants deemed in need of medical attention. – Ben Winograd

Read the ruling. For previous Wall Street Journal coverage of the case, see here.

Read more: Global, Homeland Security, Courts

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September 1, 2006, 5:36 pm Rumsfeld Fires Back

Rumsfeld Under fire from congressional Democrats, embattled Defense Secretary Donald Rumsfeld shot back today in an unusual public letter to House Minority Leader Nancy Pelosi (D., Calif.) and Senate Minority Leader Harry Reid. Rumsfeld told the two Democratic leaders that he was "concerned" by their public criticism, and sent them the full text of his controversial remarks, which likened critics of U.S. policy in Iraq to those who appeased the Nazis before World War II.

"I am sending you the full text of my remarks because I assume your comments to the press were made in reaction to inaccurate media reports, such as the coverage by the Associated Press," he wrote.

The letters add new fuel to the furor sparked by Rumsfeld's remarks earlier this week to the American Legion and the Veterans of Foreign Wars, which marked the beginning of an aggressive Bush administration attempt to staunch the plummeting public support for the Iraq war by likening the current war on terrorism to earlier battles against totalitarian ideologies like Nazism.

In his speech, Rumsfeld had noted that some world leaders tried to appease Adolph Hitler's Germany in the 1930s, and some critics today "seem not to have learned history's lessons."

Democrats, who are planning to introduce a no-confidence measure targeting Rumsfeld this fall, had responded quickly and furiously, with Pelosi accusing the defense secretary of trying to "smear" critics of the administration as part of a "pathetic attempt to shift the public's attention from his repeated failure to manage the conduct of the war competently." Reid, for his part, said that the White House was "more interested in lashing out at its political enemies and distracting from its failures than it is in winning the War on Terror and in bringing an end to the war in Iraq."

Both leaders have repeatedly called for Rumsfeld's resignation. –Yochi Dreazen

Passages from Rumsfeld's remarks to the American Legion National Convention.

(See the full text.)

I recount that history because once again we face similar challenges in efforts to confront the rising threat of a new type of fascism. Today — another enemy, a different kind of enemy — has made clear its intentions with attacks in places like New York and Washington, D.C., Bali, London, Madrid, Moscow and so many other places. But some seem not to have learned history's lessons.

We need to consider the following questions, I would submit:

With the growing lethality and the increasing availability of weapons, can we truly afford to believe that somehow, some way, vicious extremists can be appeased?

Can folks really continue to think that free countries can negotiate a separate peace with terrorists?

Can we afford the luxury of pretending that the threats today are simply law enforcement problems, like robbing a bank or stealing a car; rather than threats of a fundamentally different nature requiring fundamentally different approaches?

And can we really afford to return to the destructive view that America, not the enemy, but America, is the source of the world's troubles?

Read more: Congress, Foreign Policy, Iraq

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September 1, 2006, 4:43 pm After the Flood

On the one-year anniversary of Hurricane Katrina, voters overall were less worried about its long-term impact than they were in the immediate aftermath, polls suggest. In contrast, concerns about the long-term effect 9/11 are running a bit higher than they were a year ago. But for African-Americans, Katrina still dominates.

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A Wall Street Journal/NBC News poll in early October 2005 asked 807 adults whether 9/11 or Katrina would have greater impact on the U.S. 10 years in the future. Among the 807 adults, 52% picked 9/11 and 37% picked Katrina. (Another 7% picked both.)

A similar poll conducted from Saturday through Thursday — the days around the anniversary of Katrina — found that a larger majority now say 9/11 will have the most lasting impact. Of 800 likely voters, 59% say 9/11 and 27% pick Katrina. (Another 9% picked both.) The poll was conducted by Public Opinion Strategies, a Republican polling firm that helps conduct the WSJ/NBC poll.

The poll showed that views of the hurricane still divide sharply along partisan lines. Although more Democrats see 9/11 as the event with more lasting consequences than a year ago (47% vs. 41% a year ago), a substantial and growing majorities of Republicans do (78% vs. 68% a year ago.)

Views among African-Americans, who are more likely to see Katrina as the event with more lasting significance, have hardly changed in a year. Today, about 55% of African Americans said Katrina was the bigger event, nearly the same as last year's 56%. The percentage of African Americans citing 9/11 as more significant fell to 23% from 27%. –John D. McKinnon

Read more: Global

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September 1, 2006, 11:26 am Minuteman vs. Beltway

Two weeks before a crowded primary to replace outgoing Arizona Rep. Jim Kolbe, money from Washington continues to flow to candidates dueling for the Republican nomination.

Randy Graf, an immigration hardliner who gave Kolbe a scare in the 2004 primary, received $9,000 this week from the Minuteman political action committee, according to filings with the Federal Election Commission. He also received $2,500 from Team America PAC, founded by Colorado Rep. Tom Tancredo.

Those donations followed $15,000 in pledges earlier this week from the Republican establishment to Steve Huffman, a moderate Republican whom Kolbe has endorsed. The National Republican Congressional Committee also spent more than $120,000 for a pro-Huffman ad, an unusual intervention in an intra-party contest.

The open seat is considered one of the most competitive in the country. Graf's base of support lies in Cochise County, one of the busiest illicit crossing points along the Mexican border. But Kolbe, himself a moderate, and the party leadership apparently fear that Graf couldn't carry voters in more-liberal Tucson in the general election. –Ben Winograd

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September 1, 2006, 11:15 am A Prosecutor for the Top Job at ATF

President Bush has reached into the ranks of federal prosecutors to head the Justice Department's Bureau of Alcohol, Tobacco, Firearms and Explosives, naming Michael Sullivan, the U.S. Attorney in Massachusetts, to be acting director. He succeeds departing director Carl Truscott, who left last month amid murmurs that he was trying to head off a negative inspector general report on his involvement in small construction projects at the agency's new Washington, D.C. headquarters.

Sullivan's naming marks the first time in recent memory that all the heads of the major investigative law enforcement within the Justice Department are headed by former prosecutors. FBI Director Robert Mueller was a U.S. Attorney in California before taking his current job and Drug Enforcement Administration Administrator Karen Tandy was an assistant U.S. Attorney in Virginia and Washington state before moving up the career ladder at Justice headquarters.

Sullivan, 51 years old, has been the top federal prosecutor in Massachusetts since 2001. ATF agents' initial reaction to the choice said that having a well-respected prosecutor sitting in Justice Department meetings in a room filled with other former prosecutors might prove more helpful to the agency than having a law enforcement official in the post. –Gary Fields

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September 1, 2006, 7:22 am GOP's Eroding Advantage

In both national elections since the Sept. 11, 2001, terrorist attacks, President Bush and congressional Republicans successfully played the national-security card to win big victories against the odds. Now, with their party's control of Congress at stake, Republicans are betting on the issue again. But it may not be the trump card it used to be.

The public's patience has frayed as the Iraq war grows bloodier in its fourth year, eroding confidence in Bush's stewardship of national security. Mismanagement of the response to Hurricane Katrina contributed. Democrats, having ceded the security issue to Republicans in the past, now are on the offensive. They're attacking the administration's competence at home and abroad and fielding candidates with military experience.

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Democrats are also pressing an argument opposite to the president's: that Iraq isn't central to the broader war on terror but distracts from it, and breeds more terrorists. How voters ultimately decide on that issue is "one of the most important dynamics of this election," says Republican pollster David Winston. Read the full article. – Jackie Calmes

Poll trends: Bush, national security, Iraq, terrorism

Graphic: Key House races in Conn., Colo., Fla., Pa.

Read more: Campaign 2006, Homeland Security, Iraq, White House

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September 1, 2006, 12:22 am Minimum Wage Hits Stalemate

DUELING PARTISANS FIND reasons to let minimum wage increase die on Capitol Hill.

House Republicans, uninterested in dispiriting their conservative base, "consider the issue done with," a leadership aide says. A Senate Democratic strategist calls "stalemate" the most likely outcome when Congress returns.

Democratic turnout specialists won't complain. They hope state ballot initiatives on the issue rouse sympathetic voters in battlegrounds of Missouri, Montana, Nevada, Ohio, Colorado and Arizona.

Good luck, counters conservative activist Grover Norquist, since low-income workers rarely vote.

DOCTORS PUSH for pay raise, too.

Physicians' lobby intensifies push for higher Medicare payments before October adjournment. Without response from Congress, "Medicare patients face an access crisis," says new American Medical Association radio ad.

"Our campaign is intended to spur action," says AMA board Chairman Cecil Wilson. But the effort faces election-year anti-spending sentiment. Existing law calls for a 5.1% cut across the board for 2007 payments for physicians, and congressional aides say any physician-payment boost won't likely come until after November.

REPUBLICANS FEAR Bolton can't win permanent confirmation.

The United Nations ambassador's work under Bush's recess appointment has earned him praise for loyalty to Secretary of State Rice, and gained backing of erstwhile Senate foe Voinovich. He has steered key U.N. votes on the Israeli-Hezbollah war and Iran's nuclear program.

But Senate vote counters aren't sure of 60 votes needed to overcome filibuster in floor debate this week. "It depends on whether he has won over a Democrat or two," says a Republican Senate staffer. Fall campaign pressures, fueled by setbacks in Iraq and elsewhere, won't help.

Calling for Rumsfeld to go, Tennessee Democratic Senate candidate Ford says, "We need a new management team."

BRAND CRISIS? A Johannesburg billboard touting DaimlerChrysler's new Smart car mocks U.S. side of company: "German engineering, Swiss innovation, American nothing," it read. A Washington official of the automaker says the billboard was put up by DaimlerChrysler South Africa, and taken down after parent company executives learned of it.

PILING ON: Local candidates join Democratic congressional challengers in trying to score points off Republican White House. "Hans Riemer Took on George Bush," declares direct mail appeal in Democratic primary campaign for Montgomery County Council in left-leaning Washington suburbs. Riemer says he "made sure the Bush [Social Security] plan was dead on arrival in Congress" through his work with labor unions and other administration adversaries.

BUYOUTS THIN ranks at Equal Employment Opportunity Commission, the federal government's job-discrimination watchdog agency. Union officials say half of 89 departing employees were veteran investigators who are key to pursuing bias cases. Defenders of EEOC leadership note departing Chairwoman Cari Dominguez has authorized hiring 70 employees at field offices.

LONG WEEKEND? Census says 23% of private-sector employees don't get paid holidays, and only 48% of those in service sector do. Some 7.5 million hold more than one job, and roughly 8% work more than 60 hours a week.

WHITE HOUSE LEANS toward Senate approach to offshore drilling.

Returning House and Senate leaders will try to reconcile widely varying approaches to new oil and gas exploration in coastal waters. House would open 356 million acres, partially lifting drilling bans on both coasts. Senate frees only 5.76 million acres in Gulf of Mexico.

Bush administration complains House version could cost Treasury "several hundred billion dollars over 60 years" because it would share federal royalties with states interested in drilling. House Republicans insist the measure would help domestic industries survive by reining in soaring natural-gas prices.

"It just floors me that I've gotten no help out of this White House," says Pennsylvania Republican Rep. Peterson.

MINOR MEMOS: One in 10 workers has been with current employer at least 20 years, Census says….New York state, at 25%, has highest rate of union membership; North Carolina, at 3% has lowest. – John Harwood

Read more: Global, Congress, Domestic Policy

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DOJ_NMG_0058707

August 31, 2006, 7:03 pm Wiggle Room for the TSA

U.S. adults would support greater restrictions on carry-on luggage, if the Transporatation Security Administration deemed them necessary, a new polls finds. Of the 1,000 adults surveyed by phone byHarris Interactive , 62% said they would support a ban of all carry-on luggage, compared with 35% who would oppose such a ban. The only dissenting age group: 25-34 year olds. Just 46% would support a ban on carry-ons, vs. 51% opposed. The survey, which was conducted Aug. 18-21, indicated the recent foiled terror plot in London had little impact on American travel plans. Ten percent of respondents said they made changes to travel plans to avoid flying as a result of news of the plot, compared with 76% who didn't change travel plans.

Read more: Global, Homeland Security

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August 31, 2006, 5:52 pm Family Feud

As the hotly contested Sept. 12 Republican primary in Rhode Island draws to a close, both sides released polls showing their man is ahead.

First out today was a survey from Rhode Island College showing Cranston Mayor Steve Laffey leading Sen. Lincoln Chafee 51% to 34%. That survey was based on a random sample of 363 likely Republican primary voters and had a 5% margin of error.

A few hours later, the National Republican Senatorial Committee, which supports Mr. Chafee, released its own internal poll done by Public Opinion Strategies showing the incumbent leading 53% to 39%. That poll surveyed 400 likely Republican primary voters and also had a 5% margin of error.

Perhaps the more intriguing nugget from the Public Opinion Strategies survey: Of the 53% of respondents who could actually name the primary election date, 58% support Mr. Chafee compared to 37% who back Mr. Laffey. – Jeanne Cummings

Read more: Campaign 2006

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August 31, 2006, 5:06 pm Bush Appointment Draws Quick Fire

President Bush's recess appointment today of lawyer Paul DeCamp,to be administrator of the Wage and Hour Division at the Department of Labor drew quick fire from some Democrats, particularly those seeking to make Wal-Mart a campaign issue. Bush nominated him for the post, but the Senate hasn't acted on the confirmation. At the law firm of Gibson Dunn, DeCamp has represented employers and defended Wal-Mart in a big employment-discrimination case.

George Miller of California, senior Democrat on the House Education and the Workforce Committee, promptly fired off a statement: "As a lawyer, Paul DeCamp has never represented American workers in a single case. He has worked on behalf of Wal-Mart - a company with an abhorrent record of labor relations - and other companies against the interests of American workers and consumers in numerous cases. Yet he is the man that President Bush has chosen as one of the nation's top enforcers of workplace rights….This recess appointment is one more reminder that the President does not care about making sure that workers are treated fairly on the job or enforcing laws that he doesn't happen to like."

The Labor Department unit enforces overtime, workplace discrimination and child-labor laws.

Read more: Congress, White House, Business

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August 31, 2006, 4:10 pm World War III?

In his Salt Lake City speech to veterans, President Bush fully embraced comparisons of the current war on terrorism to 20th century battles against totalitarianism, especially Naziism in World War II. The analogies represented a further escalation of the rhetorical battle with administration critics, after Democrats protested Defense Secretary Rumsfeld's use of the idea earlier this week.

In his speech to the American Legion convention, Bush repeatedly invoked the comparison. "As veterans, you have seen this kind of enemy before," he said at one point. "They are successors to fascists, to Nazis, to communists and other totalitarians of the 20th century. And history shows what the outcome will be." At another point, he compared the fighting in Iraq to "Omaha Beach or Guadalcanal ."

Earlier in the week, the administration appeared to hesitate after an outcry from Democrats over comments that Defense Secretary Rumsfeld made comparing Islamist terrorism to a "new type of fascism" similar to Naziism. Rumsfeld also suggested critics of the global war on terrorism were engaging in appeasement. Democratic leaders, notably Sen. Charles Schumer of New York, protested the charge, and a DOD statement later suggested some reports were overblown.

Perhaps foreshadowing future rhetoric in his upcoming series of speeches on security issues, Bush cited no less an authority than Osama bin Laden for the proposition that a "third world war is raging" in Iraq.

"With the distance of history, it can be easy to look back at the wars of the 20th century and see a straight path to victory," the president concluded. "You know better than that….You were there for dark times and the moments of uncertainty."

Democrats weren't directly addressing the outbreak of WWII rhetoric in their initial statements. Party Chairman Howard Dean, House Minority Leader Nancy Pelosi and Senate Minority Leader Harry Reid all issued statements calling Bush's policies wrong-headed and dangerous, and touting Democrats' own "tough and smart" approach.

Pelosi tried to separate the various strands of terrorism that Bush was lumping together, and focus on what she suggests is the mistake of fighting in Iraq. "Today, once again, President Bush demonstrated that he is in denial about his historic blunder in Iraq," she said. "We must win the war on terror, but the war in Iraq is the wrong war. Today, just as it has since the war began, Iraq is weakening our ability to fight the war on terrorism." –John D. McKinnon

Read more: Global, White House

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August 31, 2006, 4:02 pm Bush Uncensored

Dozens of viewers are calling on the Federal Communications Commission to order broadcast fines over President Bush's swearing at the G-8 summit in July.

Bush apparently thought a microphone was off while he was speaking privately with British Prime Minister Tony Blair during a luncheon at the leaders' meeting in St. Petersburg, Russia. Discussing fighting between Israel and Hezbollah, Bush used the word s—. His comments , picked up and carried over TV and radio feeds, came just four months after the Federal Communications Commission said that the word was one of the most vulgar, graphic and explicit words relating to excretory activity in the English language and would likely trigger fines if broadcast.

Listeners around the country heard the exchange and more than two dozen have contacted the FCC. Some demanded their broadcaster be fined under the commission's public decency standards. Others said Bush should pay.

"In the report on President Bush being caught swearing with a microphone on, your report aired the expletive, and the reporter herself even repeated it!" according to the letter to the FCC and WCSH-TV in Portland, Maine. "Every other story I saw on TV and heard on the radio earlier today had the word beeped. I'm not trying to be a prude… okay maybe I am, but I expect more from my local news station!" the person wrote, according to a letter that was one of many obtained under the Freedom of Information Act.

A group of broadcasters is challenging the FCC's profanity regulations in court amid debate within the commission over limits on indecent language. FCC Chairman Kevin Martin has cited a jump in the number of complaints filed each year as a reason to act. But others, such as Commissioner Jonathan Adelstein, have expressed concern that the FCC's policies may go too far. –Siobhan Hughes

Read more: White House

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August 31, 2006, 7:45 am Ohio Race Test GOP's Hold in Heartland

Ohio's 15th congressional district doesn't offer a homogenous landscape, but rather is home to African refugees, a growing Latino community, university students and urban gays, all thrown together with corporate Columbus, upscale suburbs and century-old farmhouses. It's a mix that suits the moderate image of Rep. Deborah Pryce, the fourth-ranking Republican in the House. But after years of only token opposition in this district, the seven-term congresswoman is imperiled by economic pessimism, the Iraq war and others' political scandals, which together could bring about an Election Day upset.

"It's a knife fight," Pryce says of her race against Democratic challenger Mary Jo Kilroy. Kilroy, a Franklin County commissioner, gives no quarter. "It's about change… People are fed up with Congress," she says. "We are going to put 'Kilroy is here' on the Capitol."

Pryce's standing, as chair of the House Republican Conference and friend of Speaker Dennis Hastert, elevates the stakes. Outside groups from the left and right are spending heavily. Cabinet secretaries have come to her aid. And for the entire House Republican leadership, which is heavily rooted in the Midwest, the race is a barometer of how much political fallout they will sustain from economic pessimism in this political battleground. Read the full article. – David Rogers

Sep.1, 2006

After the Flood

Sep.1, 2006

Minuteman vs. Beltway

Sep.1, 2006

A Prosecutor for the Top Job at ATF

Minimum Wage Hits Stalemate

Sep.1, 2006

Wiggle Room for the TSA

Aug.31, 2006

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House GOP Plans Earmark Reform In Appeal To Conservative Base (HILL)

By Patrick O'connor

The Hill, September 6, 2006

Along with an emphasis on national security, House Republicans plan an appeal to the conservative base on the fiscal responsibility front in a legislative last stand before voters decide their fate in November.

The second week of September GOP leaders will unveil a resolution commemorating the five-year anniversary of the 9/11 attacks and that same week could also tackle earmark reform in another attempt to win back disgruntled conservatives upset with congressional Republicans for what they see as a failure to curb government spending.

The rules changes are not yet complete, but the House is expected to vote on a bill that would require individual members to attach their names to all earmarked projects in each of the appropriations, tax and authorizing bills. The initial changes, which were included in a broader lobbying reform package, applied solely to appropriations bills.

Completing earmark reform outside a broader overhaul of the rules governing lobbyists' interactions with members and staff could sound the death knell for the latter package, which House Republicans vowed to pass earlier this year when the Jack Abramoff scandal was commanding headlines on a daily basis.

But since that time the Abramoff scandal has captured the media's attention more sporadically as the lack of progress in the war in Iraq has taken center stage.

The GOP is in a desperate fight to maintain its control of the House this fall, and Republicans will try to frame the national security debate in their favor during a series of votes during this last month of the regular session.

Those efforts includes resistance to a Senate immigration reform bill that will likely prevent Congress from enacting any meaningful legislation this year to curb illegal immigration despite voter insistence that lawmakers address the issue.

With little chance of an immigration compromise, the prospects are dim that the House will pass any landmark legislation before the election. Instead, Republicans appear content to move smaller bills that they hope will give them an edge at the polls.

"I think we'll have a meaningful September, but it's got to be meaningful enough for us to keep our majority," said Rep. Jack Kingston (R-Ga.).

Democrats, meanwhile, will continue to blame Republicans in the White House and in Congress for failures in Iraq and for a wage gap that continues to pinch middle class households.

House Minority Leader Nancy Pelosi (D-Calif.) and the other members of the Democratic leadership sent a letter to Speaker Dennis Hastert (R-Ill.) late last wek asking him to consider legislation to address five major agenda items.

In the letter, the Democratic leaders asked Hastert to implement the 9/11 Commission's remaining national security recommendations, raise the minimum wage, address the funding gap in the Medicare prescription-drug benefit, restore funding to federal student loan programs and rollback tax breaks to big oil companies.

On the heels of President Bush's own push to defend failings in Iraq and tout Republican success on national security, House Democrats could also join their Senate colleagues in forcing a no-confidence vote on Defense Secretary Dennis Rumsfeld, perhaps during floor debate on the defense reauthorization bill. Staff discussed the issue last week but did not decide whether they would call for a vote in the House, one Democratic aide said last week.

"After a cost of more than $300 billion, 2,639 American lives and 19,323 wounded in Iraq, America doesn't need another campaign speech from the president, we need a strategy for success," Rep. Rahm Emanuel (Ill.), the chairman of the Democratic Congressional Campaign Committee, said in a statement put out by his office last Thursday.

Meetings between members and staff will dominate the abbreviated first week back, Republican leadership aides said last week. Hastert is expected to name conferees to negotiate the defense reauthorization bill with the Senate, and the House should vote on a bill to ban the export of horses for slaughter in other countries.

On the appropriations calendar, Republican leaders in the House would like to move final versions of the defense, homeland security and military quality-of-life spending bills before they leave at the end of the month.

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A spokesman for the House Appropriations Committee said Chairman Jerry Lewis (R-Calif.) would also like to move the bill funding the departments of Labor and Health and Human Services, but a leadership aide said that would be unlikely because a minimum wage increase remains attached to the bill passed out of committee.

While the odds of an immigration deal are unlikely, GOP lawmakers are expected to discuss the legislation throughout this month.

Hastert and Boehner are expected to meet with each of the chairmen whose committees held immigration field hearings over the summer to review their findings, Hastert spokesman Ron Bonjean said.

On Fox News Sunday, Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) said he will call Rep. Jim Sensenbrenner (R-Wis.), his counterpart in the lower chamber, this week to jumpstart negotiations.

Republicans are divided about whether the House needs to pass a comprehensive immigration reform bill following the summer field hearings.

Some members believe the House should re-pass some form of the immigration bill it approved last year, which had strict penalties to curb illegal immigration, whether or not the Senate takes it up. Those members believe it would give GOP lawmakers in the House another opportunity to distance themselves from the Senate.

"The Senate is the biggest obstacle we've got to retaining our majority," Kingston said. "House members need to distance themselves from the Senate."

Even if Congress does not approve a sweeping bill, Kingston, who serves on the Appropriations Committee, said the spending panels in both chambers have already increased funding for border patrol.

Republicans will try to use debate on a bill creating new rules to regulate the National Security Agency's (NSA) controversial domestic surveillance program to criticize Democrats for being irresolute on national security.

Specter worked with the White House to develop legislation regulating that program. The Specter bill would allow the Foreign Intelligence Surveillance Court to approve all surveillance programs, require administration officials to brief all members of the House and Senate intelligence panels every six months on the status of the surveillance program and update foreign intelligence laws to apply to current technology.

Republican Rep. Heather Wilson (N.M.), who is in a tight reelection fight with her Democratic challenger, introduced legislation last month with Intelligence Committee Chairman Peter Hoekstra (R-Mich.) and Sensenbrenner to modernize surveillance laws for the intelligence community.

Debates on national security and the war in Iraq could backfire on congressional Republicans, but many GOP lawmakers would like to go on the offensive.

"Let's have the fight because when we have the fight, the Democrats fall all over themselves," said freshman Rep. Patrick McHenry (R-N.C.).

In addition to the constant threat of terrorist attacks, high gas prices have stoked lingering economic insecurity this election season. House and Senate negotiators remain divided on the only legislation lingering in Congress to address those costs – House and Senate bills to open coastal waters for oil and gas drilling.

The Senate bill, which is far more restrictive, has an easier path to passage because it mirrors an executive order negotiated during the Clinton administration to open drilling sites in the Gulf Coast next year.

Many Republicans were relieved to survive August relatively unscathed this year following last year's disastrous stretch that was dominated by negative news out of Iraq and culminated with the slow federal response to Hurricane Katrina.

"August was a boon for House Republicans," Bonjean said, citing a foiled terror plot in London, a widely panned federal court ruling to prohibit the NSA's domestic surveillance program and Bush's aggressive courtship of national media.

With expectations fading that Republicans will maintain control of the House in November, partisan tensions predictably will dominate debate on the floor.

"We're under no illusions that the House floor in September is not going to be political theater," one senior GOP leadership aide said last week. "We're showing that the Democrats are weak on national security and want to spend your money."

Don't Blame The GOP (USAT)

By David Dreier

USA Today, September 6, 2006

No one needs to be reminded that we're in the midst of the political season. Many Americans have been bombarded by automated phone calls sponsored by Moveon.org and other special interest groups or barraged with attack ads attempting to create false ethical clouds around members who have no connection to recent scandals. Some of these ads were pulled from the air after they were proved false. It is within this context that the lobbying reform and ethics debate must be considered.

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A recent Time magazine profile of the Democratic leader in the House reported that her legislative mandate to her members included, as the magazine put it, “avoiding compromise with Republicans at all cost.”

This strategy was on display when the House considered the Lobbying Transparency and Accountability Act earlier this year. Fewer than 10 House Democrats supported this legislation, which would increase lobbying disclosure requirements, include critical reforms of the earmark process and stiffen penalties for breaking the rules. Why the Democrats refused to work with Republicans on real reform was clear — it did not fit into their political strategy.

Even before the bill was considered by the House, Democrats made known their intention to make ethics a political issue. It was to be their key to winning back the majority they lost in 1994. Hence, their fierce opposition to our reform bill. But intervening events undermined their strategy. Members on their side of the aisle began to face ethical questions of their own, and a special election built on the “culture of corruption” message they so frequently espoused yielded a loss rather than a win. Since then, they seem to have lost interest in the issue entirely.

For the Republican leadership, however, work continues. We remain committed to achieving greater transparency and accountability in the lobbying and ethics process. Former members who are registered lobbyists have been banned from the House floor. Comprehensive earmark reform remains a top priority and will be considered by the House this month. It will be interesting to see whether Democrats once again follow their leader, or decide to support real reform.

Workers To Get Enhanced Dental And Vision Insurance (WP)

By Stephen Barr

The Washington Post, September 6, 2006

After two years of planning and evaluation, enhanced insurance coverage for bad teeth and weak eyes will be offered to federal employees, retirees and their dependents this fall through contracts awarded to 10 companies.

A new dental and vision program, which becomes effective Dec. 31, will accept enrollments from Nov. 13 through Dec. 11, the period also set aside for federal employees and retirees to choose their health insurance options for next year.

The dental-vision program is eagerly awaited by many federal employees. Testimony at congressional hearings portrayed the government's dental and vision coverage as meager, with reimbursement levels and annual maximum benefits significantly below those provided by private-sector employers.

About 8 million federal employees, retirees and family members will be eligible to enroll for dental or vision benefits or both. Employees will be able to use pretax dollars to pay for their premiums. The government, which covers about 70 percent of the cost of health insurance premiums, will not pick up any of the cost of the dental-vision premiums under the 2004 law that created the new program.

Details about the program's benefits coverage and costs will be announced in coming weeks by the Office of Personnel Management, which administers the program.

Congressional aides have said the dental benefits could provide a broad range of coverage, including oral and maxillofacial surgery and orthodontics. The vision benefits could cover preventive care and eyewear, for example.

Dental benefits will be offered by Aetna Life Insurance Co., Government Employees Hospital Association Inc., MetLife Inc., United Concordia Cos., Group Health Inc., CompBenefits Corp. and Triple-S Inc., the OPM announced last week.

Vision benefits will be available through the Blue Cross and Blue Shield Association, Spectera Inc., and the Vision Service Plan, the OPM said.

These 10 companies are the same that the OPM had announced as the program's vendors in May. That selection triggered a protest by Blue Cross, which also wanted a dental contract, and prompted OPM officials to reassess the bids they had received. In the reassessment, Blue Cross once again fell short in that bidding, OPM officials said.

Jackie Fishman , a spokeswoman for Blue Cross, said the association "was not invited by OPM to enter into final contract negotiations to offer a dental product" and was disappointed by the OPM's decision. But Blue Cross "is delighted" by its selection to offer vision benefits, she said.

The Government Employees Hospital Association, known as GEHA, and the Vision Service Plan, or VSP, offered some details yesterday on how they will structure the new benefits.

GEHA said its dental plan will not have waiting periods, except for orthodontia, and no deductibles. Enrollees will be able to choose any dentist and can save money by going to an in-network dentist, GEHA said. GEHA will offer a high option and a standard option, and premiums will vary by geographic area, it said.

"Federal employees have been asking for additional dental coverage" Richard Miles , GEHA president, said in a statement. "This new program is an answer to that need."

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The VSP said it also will offer two levels of coverage, a standard option and a high option. Both options will provide a yearly comprehensive eye exam and offer coverage for glasses or contact lenses. Enrollees will be able to use a network of more than 32,000 doctors.

"We are delighted by the federal government's decision and commitment to provide quality eye care to federal employees and retirees," Rob Lynch , VSP's president, said.

Rumsfeld Has Shoulder Surgery (AP-Y)

By Robert Burns

AP, September 6, 2006

Defense Secretary Donald H. Rumsfeld underwent successful shoulder surgery Tuesday to repair a torn rotator cuff.

Eric Ruff, the Pentagon press secretary, said Rumsfeld, 74, had the surgery on his left shoulder at Walter Reed Army Medical Center in Washington and described it as elective surgery that was scheduled weeks in advance.

Rumsfeld did not undergo general anesthesia for the arthroscopic procedure, Ruff said. Nonetheless, the defense secretary transferred to Deputy Defense Secretary Gordon England the responsibility for determining how to respond if a potentially hostile aircraft entered U.S. airspace. That responsibility is related to the combat air patrols that have been flown regularly over U.S. airspace since the 9/11 terrorist attacks.

Ruff said that was the only responsibility shifted to England, and that it was expected to be returned to Rumsfeld in a short time.

After the nearly two-hour operation, Rumsfeld was resting at the hospital and was staying there overnight, Ruff said.

"He's fine. He's recovering," the spokesman said, adding that he expected Rumsfeld to return to work as soon as possible, but the exact timing was uncertain. Late in the day, Ruff said Rumsfeld was alert and "already asking for his inbox."

The rotator cuff is a group of four tendons that help stabilize and move the shoulder. Each of the four tendons connects a muscle from the shoulder blade to the upper part of the arm bone, known as the humerus.

Tears in the rotator cuff can be caused by injury or by weakening of the tendon from wear and tear. Ruff said Rumsfeld's cuff tear was caused by "an old athletic injury." Rumsfeld, who is right-handed, wrestled in college and is an avid squash player.

Dr. Frederick A. Matsen III, chairman of the Department of Orthopedics and Sports Medicine at the University of Washington, wrote in a recent article about repairing rotator cuff tears that generally after surgery the shoulder should not be used with the elbow away from the side for three months. During that period the patient "needs to plan on being less functional than usual," Matsen wrote.

In July 2002, Rumsfeld had three hours of surgery on his left hand to correct a problem caused by arthritis at the base of his thumb.

Justice Kennedy Has Stent Put In Artery (NYT)

By The New York Times

The New York Times, September 6, 2006

By The New York Times

WASHINGTON, Sept. 5 — Justice Anthony M. Kennedy was hospitalized briefly over the Labor Day weekend to have a stent inserted in a coronary artery, the Supreme Court's public information office announced on Tuesday.

The announcement described the procedure as routine and said the justice was back at work at the court after a Saturday night stay at Washington Hospital Center here. "There was no evidence of heart damage," the press release said.

Justice Kennedy, who joined the court in 1988, had his 70th birthday in July. Kathleen Arberg, the court's public information officer, said the justice was in New York when he experienced "mild chest pains." He and his wife, Mary, then drove themselves back to Washington, she said.

The court's press release said Justice Kennedy had received a stent last November, a fact the court did not announce at the time. Ms. Arberg said a second stent was inserted in the latest procedure.

According to the American Heart Association, use of stents is common in clearing blocked arteries.

Health Scare (RC)

By Mary Ann Akers

Roll Call, September 6, 2006

Supreme Court Justice Anthony Kennedy was hospitalized over the Labor Day weekend for chest pains. But after having a stent implanted in one of his coronary arteries, the justice was back at work on Tuesday morning, all hale and hearty.

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Kennedy, 70, who has served on the Supreme Court since 1988, was on Long Island with his wife when he began experiencing chest pains. Mary Kennedy, earning herself a nomination for Wife of the Year, drove her husband back to Washington, D.C., where he was admitted to the hospital early Saturday.

Kennedy "underwent a routine procedure at Washington Hospital Center to have a stent inserted after experiencing mild chest pain," said Kathy Arberg, a Supreme Court spokeswoman. Arberg said Kennedy had undergone another stent insertion in November 2005. Such devices are used to relieve poor blood flow to the heart, which can lead to heart attacks.

Arberg said Kennedy showed "no evidence of heart damage." In fact, he returned to work at 6 a.m. Tuesday after being discharged from the hospital on Sunday.

"He's scheduled to play golf later this week," Arberg joked.

Mustache Contest Winners Announced. Instead of sitting around watching the grass grow during the August recess, aides to Sen. Frank Lautenberg (D-N.J.) sat around and watched each other's mustaches grow.

What began as a lighthearted contest to salute '70s hunks Burt Reynolds and Tom Selleck became an intense contest that produced real winners (or losers, if you want to be mean about it, which we don't).

The first-place finisher in the first annual "New Jersey Recess Mustache Contest" was Dan McCarthy, a 24-year-old legislative aide in Lautenberg's office. A native of Highland Park, N.J., McCarthy won a lifetime supply of Jovan Musk cologne.

But that's not all! Beyond awarding him bragging rights as the "Man with the Best 'Stache for 2006," his colleagues presented him with a "signed," life-size cardboard cutout of the bushy-lipped Mr. Reynolds.

Michael Aaron Flicker, 23, and also a Lautenberg LA, took the silver prize and won a "maroon turtleneck/camelhair blazer outfit." Bonus prize: a case of Aqua Velva aftershave.

And coming in third was Erik Glavich, 30, a GOP aide on the Government Reform Committee. Glavich, according to contestant officials, wins "free memberships to the Tom Selleck and Yanni fan clubs, including glossy photos of the stars with their moustaches and regular updates on their exploits with the ladies. Erik also walks away with a bottle of Old Spice."

"These three men proved that goals can be realized if you throw everything you have at them," said Alex Formuzis, Lautenberg's spokesman and the contest's co-organizer. "Whether you're from the Garden State or the Motor City, you should be proud of these guys."

"This contest was a great way to remind the nation that New Jersey is the wellspring of American manhood," said another aide in Lautenberg's press shop, which sponsored the competition. "McCarthy and Flicker are a credit to their gender and to the Garden State."

Everyone enjoyed the mustache contest so much that Formuzis claims there could be another competition on the horizon: a mullet contest.

Jewel on the Hill. Joining a growing chorus of entertainers-turned-lobbyists, the singer Jewel is coming to Capitol Hill later this month to promote legislation aimed at ending "drive-through" mastectomies. Lifetime Television, which has been raising awareness of the issue, is sponsoring Jewel's visit.

The singer/songwriter, whose latest album, "Goodbye Alice in Wonderland," has sold 25 million copies to date, is scheduled to meet with sponsors of the bill, including Sens. Olympia Snowe (R-Maine) and Mary Landrieu (D-La.) and Reps. Rosa DeLauro (D-Conn.) and Sue Kelly (R-N.Y.).

"I always strive to use my voice to empower women to have as many choices in their lives as they can," Jewel told HOH. "They should absolutely be given the right to recover from their mastectomy in the hospital, if they want to."

Hitch a Ride, and Get Hitched. When Jack Pratt, chief of staff to Rep. Steve Israel (D-N.Y.), walked out of Kinkead's restaurant Saturday night after a nice dinner with his girlfriend, one of those new "pedicab" rickshaws just "happened" to be parked outside.

"Oh, it's you," Pratt said, pretending to be nonchalant, to the rickshaw driver, DC Pedicab owner Ryan Guthrie, a former Hill aide. Actually, Pratt had something up his sleeve (and in his pocket). He had planned the whole thing.

Guthrie offered Pratt, 30, and his gal, Kristen Flammer, 30, a post-residency fellow at the University of Maryland Medical Center, what appeared to her to be a spontaneous fun ride to the Washington Monument. It was anything but.

Pratt surprised the heck out of Dr. Flammer when he pulled a shiny platinum and diamond ring out of his pocket — the one that an HOH spy saw him buying at I. Gorman Jewelers several weeks ago.

Long story short, Flammer said yes. And then the driver of the rickshaw drove them to the Mayflower for celebratory cocktails. We hope they live happily ever after.

Gum-Chewing Green. Evidently, Rep. Al Green (D-Texas) likes to chew the you-know-what out of some gum.

An HOH informant spotted a Green staffer carrying four packs of gum in an elevator in the Longworth House Office Building. The informant, perhaps flirting with the aide, asked her if she liked gum. Oh no, she explained, my Member does. The Congressman wanted the gum for a Congressional delegation trip he was taking during the August recess.

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“He likes to chew gum when he flies,” Green’s chief of staff, Jacqueline Ellis, told us.

Any kind, really. “I don’t even remember what kind of gum I bought him that day. I just don’t remember. I’m the only one who buys him gum,” she said.

John Bresnahan contributed to this report.

Please send your hot tips, juicy gossip or comments to hoh@rollcall.com.

In Congress, A Whole Lot Of Half-Truths (WP)

By Richard Morin

The Washington Post, September 6, 2006

Members of Congress tell the truth -- the whole truth -- only about a quarter of the time when debating major legislation on the floor of the House and Senate.

Instead, legislators mostly rely on half-truths, misleading exaggerations or outright inaccuracies when debating the nation's business, according to two political scientists who have studied the quality of debate in Congress.

Gary Mucciaroni of Temple University and Paul J. Quirk of the University of British Columbia sought to see how truthful America's lawmakers were in debating three major bills: welfare overhaul in 1995-1996, the fate of the estate tax in 1999-2000 and telecommunication deregulation in 1996 .

The two meticulously sifted through the Congressional Record to identify key claims made by each side to support its case and to rebut the assertions of opponents. They also compared the claims with available data to see if they were true, false or somewhere in between. In all, they examined the accuracy of 18 claims in 43 separate House and Senate debates.

How did the nation's lawmakers do? Not so well.

Researchers judged the claims made in only 11 of the 43 debates to have been largely substantiated by the facts. An additional 16 were deemed to be "unsubstantiated"-- a polite way of saying they were misleading, mostly false or flatly wrong -- while 16 were an artful mix of fact and fiction, they report in their new book, "Deliberative Choices: Debating Public Policy in Congress."

They rated the quality of the debates somewhere between "fair" and "poor" -- a C-minus, at best.

Does one party tell whoppers more often than the other? It's hard to tell, Mucciaroni said. "The Republicans performed worse than the Democrats in the welfare and estate tax debates, but not as much in telecommunications," Mucciaroni said. "We feel that this is probably due to the Republicans controlling Congress, especially the House. We might expect Democrats to do as poorly if they were in control . . . because majority status emboldens the majority to make more extravagant claims, and they feel pressure to deliver 'results.' "

They stopped short of asserting that members of the House and Senate lied to advance their positions. "We don't pretend to know whether they are lying, are ignorant, or misperceive the facts and informed opinion on an issue," Mucciaroni said. "Instead of using 'flatly lying,' we prefer 'flatly incorrect' or 'flatly inaccurate.' "

Somehow, that's not reassuring.

Tall and Smart

Researchers have known for decades that taller people earn more and have better jobs. Some researchers said it was because tall people had more self-esteem. Others said taller individuals physically and psychologically dominated their shorter colleagues. Still others said it was height discrimination.

Two economists have a simpler explanation: "Taller people earn more because they are smarter," claim Anne Case and Christina Paxson of Princeton University. "As early as age 3 -- before schooling has had a chance to play a role -- and throughout childhood, taller children perform significantly better on cognitive tests."

"For both men and women, an increase in height of four inches is associated with an earnings premium of approximately 10 percent," they report in a new working paper published by the National Bureau of Economic Research. "An American man who is 6 feet 2 inches tall is 3 percentage points more likely to be an executive and 2 percentage points more likely to be a professional than is a man who stands 5 feet 10."

They based their claims on an analysis of four data sets from the United States and the United Kingdom.

Who Would Have Thought?School Makes You Wiser and Ballet Tights

Â· "The Effect of Education on Cognitive Ability" by Torberg Falch and Sofia Sandgren, working paper published by the economics department at the Norwegian University of Science and Technology. Two economists find that every year of formal education raises a student's IQ an average of about 3 points, regardless of family income or parents' educational levels, raising new doubts that genetics alone determines intelligence.

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Â· "The Effect of Ballet Dance Attire on Body and Self-Perceptions of Female Dancers" by Brena R. Price and Terry F. Pettijohn II, Social Behavior and Personality, Vol. 34, No. 7. Two Mercyhurst College researchers find that female ballet dancers hate the way they look in black leotards with pink tights and think they look better in loose-fitting clothes.

Richard Morin is a senior editor at the Pew Research Center. Versions of this column appear at washingtonpost.com and www.pewresearch.org.

OTHER NEWS:

Gulf Of Mexico Site Could Yield Up To 15 Billion Barrels (USAT)

By Paul Davidson

USA Today, September 6, 2006

Three oil companies Tuesday announced a landmark test of a deep-water well in a part of the Gulf of Mexico that could swell the nation's oil reserves by as much as 50% if production goes forward.

The project, far off the Gulf Coast and miles below the sea floor, could be the best prospect for new domestic crude oil in 38 years. And experts say it raises fresh hopes for abundant production in a region plagued by falling output from wells closer to shore.

"It shows there's still a lot of opportunities here in the Gulf of Mexico," says David Dismukes, associate director of the Louisiana State University Center for Energy Studies. "The lower-hanging fruit has been in other parts of the world."

Chevron, Devon Energy and Statoil said the test at the Jack field, about 5 miles deep in the Gulf, yielded more than 6,000 barrels of crude oil a day.

"It's encouraging to know there's a large source of oil," in the deep waters of the Gulf, says Devon President John Richels.

The field is about 270 miles southwest of New Orleans. Chevron has a 50% stake; Devon and Statoil each own 25%. The field is part of an ancient rock formation, known as the lower Tertiary, which the companies estimate holds at least 3 billion barrels of extractable oil and gas, and as much as 15 billion. If the upper estimate is borne out, extracting that oil would boost the nation's oil reserves of 29 billion barrels by 50%.

The companies lease exploration rights in dozens of oil fields in the region. Devon said the successful test has encouraged it to drill two to three wells a year in uncharted fields.

Deposits totaling 15 billion barrels would exceed the 13 billion barrels of recoverable oil at Alaska's Prudhoe Bay, the largest U.S. oil field, according to Dick Gibson, a Butte, Mont., geologist who advises oil and gas companies. It would be almost as big as Iran's Ahwaz field, which holds an estimated 17 billion barrels of recoverable reserves, Gibson said.

Chevron's test won't shave oil prices in the near term. Dismukes said it could take up to five years for production to begin. And consumer demand and worldwide crises, such as tension with Iran, continue to exert greater pressure on oil prices.

Still, the announcement could lead to intensified exploration in the Gulf, which might alter the view that steadily rising oil prices are inevitable, says A. F. Alhajji, energy economist at Ohio Northern University.

"If this is the start of a trend, then the structural changes we have seen in the oil industry in the last three years could become cyclical," Alhajji says.

The test, conducted below 7,000 feet of water and more than 20,000 feet under the sea floor, set world records for test equipment pressure, depth and duration, Chevron said. Until several years ago, technology wasn't available to drill to such depths and to view oil and gas formations buried below canopies of salt.

The Jack field is part of a layer of rocks between 24 million and 65 million years old that span thousands of square miles beneath the Gulf.

Tests Suggest Major Gulf Of Mexico Oil Discovery (LAT/AP)

The Los Angeles Times, September 6, 2006

WASHINGTON — A trio of oil companies led by Chevron Corp. has tapped a petroleum pool deep beneath the Gulf of Mexico that could boost the nation's reserves by more than 50 percent.

A test well indicates it could be the biggest new domestic oil discovery since Alaska's Prudhoe Bay a generation ago. But the vast oil deposit roughly four miles beneath the ocean floor won't significantly reduce the country's dependence on foreign oil and it won't help lower prices at the pump anytime soon, analysts said.

"It's a nice positive, but the U.S. still has a big difference between its consumption and indigenous production," said Art Smith, chief executive of energy consultant John S. Herold. "We'll still be importing more than 50 percent of our oil needs."

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Chevron today estimated the 300-square-mile region where its test well sits could hold between 3 billion and 15 billion barrels of oil and natural gas liquids. The U.S. consumes roughly 5.7 billion barrels of crude-oil in a year.

It will take many years and tens of billions of dollars to bring the newly tapped oil to market, but the discovery carries particular importance for the industry at a time when Western oil and gas companies are finding fewer opportunities in politically unstable parts of the world, including the Middle East, Africa and Russia.

The proximity of the Gulf of Mexico to the world's largest oil consuming nation makes it especially attractive. And it could bring pressure on Florida and other states to relax limits they have placed on drilling in their offshore waters for environmental and tourism reasons.

The country's reserves currently are more than 29 billion barrels of oil equivalent, according to the U.S. Energy Department. But the U.S. imports most of its oil from abroad and its overall supply is tiny when compared with, say, Saudi Arabia, whose reserves exceed 250 billion barrels.

Chevron's well, called "Jack 2," was drilled about 5.3 miles below sea level. Chevron has a 50 percent stake in the field, while partners Statoil ASA of Norway and Devon Energy Corp. of Oklahoma City own 25 percent each.

During the test, the Jack 2 well sustained a flow rate of more than 6,000 barrels of oil per day, but analysts and executives believe the payoff could be much larger than that.

The financial implications of the prospect are most significant for independent oil and gas producer Devon, which is the smallest of the three partners. Devon's shares soared about 12 percent on the New York Stock Exchange.

"This could not have happened in a better place," Devon CEO Larry Nichols said in a conference call with analysts.

The successful test well does not mean a huge supply of cheap oil will hit the market anytime soon.

Oppenheimer & Co. analyst Fadel Gheit estimated that the first production for the Chevron-led partnership might not come on line until after 2010, depending on how many more test wells the companies drill. That said, many companies, including BP PLC, Exxon Mobil Corp. and Anadarko Petroleum Corp., stand to benefit from their own projects in the so-called lower tertiary, a rock formation that is 24 million to 65 million years old.

"They may be the first ones to hit the jackpot, but if the current thinking is correct, this is only a beginning," Gheit said.

The well was drilled in the Walker Ridge area of the Gulf, about 270 miles southwest of New Orleans and 175 miles off the coast. It followed up a discovery made by Chevron in 2004.

San Ramon, Calif.-based Chevron said the well set a variety of records, including the deepest well successfully tested in the Gulf of Mexico. Chevron said the well was drilled more than 20,000 feet under the sea floor below 7,000 feet of water for a total depth of 28,175 feet.

Shares of Devon rose $7.73, or 12.1 percent, to $71.88 in afternoon trading on the New York Stock Exchange, above the top end of the stock's 52-week range of $48.94 to $70.35. Shares of Chevron rose $1.76, or 2.7 percent, to $66.59.

Big Oil Find Is Reported Deep In Gulf (NYT)

By Clifford Krauss

The New York Times, September 6, 2006

An announcement yesterday by three oil companies of a successful production test in the Gulf of Mexico — potentially the largest American oil find in a generation — was seen by experts as ushering in a new era in ultra-deepwater offshore drilling.

Chevron, Devon Energy and Statoil ASA, the Norwegian oil giant, reported that they had found 3 billion to 15 billion barrels in several fields 175 miles offshore, 30,000 feet below the gulf's surface, among formations of rock and salt hundreds of feet thick.

While it is too early to know exactly how big the fields are, the oil companies expressed hope that they had the potential of being even larger than those at Prudhoe Bay, off the northern coast of Alaska.

The United States has reserves of 29 billion barrels, meaning that at the high end of the estimates, the discovery could increase reserves by 50 percent. It comes as the output of oil and gas in shallower wells in the Gulf of Mexico, with about one-quarter of American oil reserves, is ebbing and environmental resistance to offshore drilling in areas closer to coastlines remains strong.

"This is frontier stuff," said Daniel Yergin, president of Cambridge Energy Research Associates, noting that the discovery is at levels deeper than deep-sea fields in the North Sea and off North Africa. "Success at these depths in the Gulf of Mexico would facilitate ultra-deepwater exploration elsewhere in the world because it will have proven the technology and capabilities."

It will take more than a year of drilling to confirm the value of the find, and the depth of the water will make extraction extremely expensive — profitable only if oil prices remain at least $40 a barrel, according to oil industry analysts.

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The analysts cautioned that there was little likelihood the report would give drivers much relief at the pump because full production might not come on line for five years or more. By itself, it also appears that the discovery could make little more than a dent in the country's energy dependence.

And given that the United States uses 20.5 million barrels of crude oil a day, the new areas at most hold supplies that would quench the nation's oil thirst for two years.

In addition, there is a shortage of rigs able to drill in deep water, another constraint in exploiting the find quickly.

But Chevron and the other companies involved expressed excitement. The discovery in American waters, said J. Larry Nichols, chairman of Devon Energy, "could not have happened in a better place."

According to Chevron, the successful test was the culmination of about two years of drilling by the three companies, using seismic and drilling equipment at record depths and pressure.

"Our strong strategic position in the deepwater Gulf of Mexico," said George L. Kirkland, a Chevron executive vice president, "will continue to be a platform for future growth for years to come."

Shell, BP, Exxon Mobil, Anadarko Petroleum and Petróleo Brasileiro have leases on comparable waters in the gulf, and the successful test is likely to set off a wave of drilling in deep water as well as the building of platforms and the laying of pipelines.

"It's going to attract deep-pocket and patient investment to work these fields," said Wayne Andrews, oil analyst at Raymond James & Associates. "These are very expensive wells to drill, and the production facilities required to produce the reserves are also going to be very expensive operations."

Chevron reported that the test on the Jack No. 2 well, situated 270 miles southwest of New Orleans, broke a record for the deepest successful well test in company history. It has sustained a daily flow of more than 6,000 barrels, a quantity thought to mean considerable reserves.

The successful test was first reported yesterday by The Wall Street Journal.

The stock prices of the three companies rose yesterday. Chevron, which owns 50 percent of the field, gained $1.51, or 2.33 percent, closing at $66.34. Devon Energy, which owns 25 percent of the field, was up sharply, rising $7.99, or 12.5 percent, to $72.14.

American depository receipts of Statoil, which owns the other 25 percent, rose 66 cents, or 2.4 percent, to close at $28.17.

The three oil partners said they would drill another appraisal well next year to confirm the extent of their find, and would probably decide on developing the field late in 2007 or in 2008.

The deep waters of the Gulf of Mexico may represent the last area in the United States where large oil and gas reserves remain to be discovered, although some experts see the potential for big discoveries deep off the Atlantic and Pacific coasts, which would require Congressional action to exploit.

"This is a breakthrough that confirms very large reserves of recoverable oil in the gulf," Mr. Yergin of Cambridge Energy Research Associates said. "This announcement also reflects how the oil industry is marching offshore into deeper and deeper waters around the world."

Successful exploitation of the reserves requires new drill technology and computerized seismic technology to work in water more than a mile deep. "This would have been unthinkable 10 years ago," Mr. Yergin said, "but the technology keeps advancing."

The oil in the area is considered top quality, light and sweet, unlike the oil in many new fields around the world that is heavier and more difficult to process.

Because the new reserves are so far off the gulf coast, they seem unlikely to attract the intense opposition from environmentalists who oppose drilling close to beaches.

Chevron Hails Gulf Test Drill Results (FT)

By Doug Cameron

Financial Times, September 6, 2006

Chevron and two partners yesterday hailed the results of test drilling at a new field in the Gulf of Mexico, though analysts remain cautious about the impact of climate change on future production in the hurricane-prone region.

The tests are viewed as a milestone in the development of the Jack field in the deep waters of the Gulf, which have emerged as the only source of growth for domestic US oil production as older onshore wells pass their peak.

Analysts said the wide range of estimates for potential production from Jack - anything from 3bn-15bn barrels of recoverable reserves - and delays at nearby fields raised "a red flag" for any hope that it would reduce US dependence on imports.

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"I think we are going to find that the Gulf becomes an increasingly problematic source of supply," said Jeff Rubin, oil analyst at CIBC, pointing to the disruption from last year's hurricanes which have left 180,000 barrels per day of production "shut in" as engineers continue repairs.

Mr Rubin maintained that total production from the US and Mexican sectors of the Gulf was likely to remain at current levels of 1.3m-1.4m bpd as new deep-water fields took on the mantle of declining coastal reservoirs. This is well below the 2m bpd estimate from the US department of the interior.

Chevron, which is developing Jack alongside Devon Energy and Norway's Statoil, said the latest test drill set several records, highlighting the extreme conditions - and higher operating costs - experienced in the Gulf's deep waters.

A second test drill will be made next year, and a final decision whether to develop the field is expected to be made by 2008.

U.S. Oil Reserves Get A Big Boost (WP)

By Steven Mufson

The Washington Post, September 6, 2006

An oil discovery by Chevron Corp. has bolstered prospects that petroleum companies will be able to tap giant reserves that lie far beneath the deep waters of the Gulf of Mexico.

Oil analysts and company executives said newly released test results from a well 175 miles off the coast of Louisiana indicate that the oil industry will be able to recover well more than 3 billion barrels, and perhaps as much as 15 billion barrels, of oil from a geological area known as the lower tertiary trend, making it the biggest addition to U.S. petroleum reserves in decades. The upper end of the estimate could boost U.S. reserves by 50 percent.

"This looks to be the biggest discovery in the United States in a generation, really since the discovery of Prudhoe Bay 38 years ago," said Daniel Yergin, chairman of the consulting firm Cambridge Energy Research Associates Inc. "There's been a lot of anticipation about what's called the Wilcox formation, and this is the validation of the theory and of the technology," he said, using another name for the area of the Gulf.

Cambridge Energy forecasts that the deep-water area of the Gulf of Mexico will produce 800,000 barrels of oil a day within seven years and account for 11 percent of U.S. oil production. That would not solve the world's energy problem or eliminate U.S. reliance on oil imports, but it would help stabilize U.S. oil production, which has been declining, and cover some of the world's rising demand for petroleum. Prudhoe Bay, in northern Alaska, produced about 1.5 million barrels a day at its peak.

Although oil companies have been exploring the deep-water area of the Gulf of Mexico for the past five years, there have not been any previous production tests from the older tertiary trend, which is made largely of Eocene era sediments more than 35 million years old. Chevron and its partners said the test showed that the oil deposits in the older rock formations were technologically and economically viable.

"The big question for everybody has been whether these rocks would flow and at what rates," said Paul Siegele, head of Chevron's deep-water Gulf exploration unit. "These are older rocks than have been explored before. While everyone was excited about the amount of oil in place, the question was whether it would flow at rates that would be economic, and that's why the test was so important."

Chevron said yesterday that 6,000 barrels a day of crude oil flowed through a test well from the tertiary trend more than 20,000 feet beneath the sea floor in 7,000 feet of water. Chevron's partners noted that the oil flowed from just 40 percent of the more than 350 feet of oil-bearing sediments. Siegele said that the oil was high quality and low in sulfur and that it flowed through an opening less than an inch in diameter. But he said the company would not divulge the exact size of the opening, an important detail for analysts.

Still, John P. Herrlin, an oil analyst with Merrill Lynch & Co., said the production test announcement was "meaningful because it opens a new fairway" in the deep-water Gulf of Mexico oil area, which also includes other geological prospects. Herrlin said the lower tertiary trend alone could hold 3 billion barrels to 15 billion barrels of recoverable oil reserves.

That's a figure Chevron used earlier this year to describe the size of the tertiary trend prospect. In an interview yesterday, Siegele said the new test results reinforced that estimate. But separately, Stephen J. Hadden, senior vice president for exploration and production at Devon Energy Corp., a partner in the Chevron exploration well, said the 3 billion barrel figure was too low. Cambridge Energy's Robert W. Esser said the Eocene or Wilcox sediments could hold 10 billion barrels.

Exploration and production in deep-water areas have become more important to world oil production as production from older fields on or close to shore begins to decline. And technological advances have made it easier to work in the difficult deep-water conditions. Companies are also searching in deeper waters off places such as the west coast of Africa.

But the costs of exploring for oil in deep water far from shore run high, which makes it important to find bigger fields. Chevron's Siegele said the test well, called the Jack No. 2, cost more than $100 million. Devon Energy's Hadden said a production facility in the area could cost between $250 million and $500 million, plus a series of production wells at a cost of $80

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million to $120 million each. It isn't clear whether the companies would build a floating platform and put the oil directly into tankers or a platform would connect to pipelines that would run to shore.

"What's really happening is the opening up of a whole new horizon in the ultra-deep waters of the Gulf of Mexico, and it looks like the upside is very significant," Yergin said. "But it will take time and billions of dollars to get there."

Chevron operates and owns 50 percent of the Jack No. 2 well. Devon Energy and Statoil ASA each own 25 percent of the project.

Hadden said Devon's share of the reserves in the lower tertiary trend could more than double the company's reserve base of about 2 billion barrels of oil and oil equivalents, such as natural gas. It vindicates a strategic decision the company made in 2001 to invest heavily in the deep water of the Gulf of Mexico, he said. The company expects to begin production from another deep-water area in the Gulf, called Cascade, in 2009, Hadden said. The company's stock jumped 12.5 percent yesterday to close at $72.14 a share.

Chevron is the company with the most leases in the lower tertiary trend, which Hadden said is a couple of hundred miles long and 50 to 70 miles wide. Devon is next, followed by Anadarko Petroleum Corp., Exxon Mobil Corp., BP PLC and Royal Dutch Shell PLC.

Last week, in another indication that big reserves lie in deep-water Gulf of Mexico, BP said it had found more than 800 feet of oil-bearing rock in its Kaskida discovery well in the Keathley Canyon area about 75 miles north and west of Chevron's Jack well. It is part of the same geological trend.

Chevron Reports Major Oil Field Find (LAT)

By Elizabeth Douglass

The Los Angeles Times, September 6, 2006

Chevron Corp. and two partners said Tuesday that they had tapped a potentially huge new source of oil in the Gulf of Mexico's deep waters, fueling hope that further discoveries in the region could help ease the nation's oil supply woes.

The successful test of one of the deepest oil wells ever drilled showed such promise that some believe the undersea oil pool could rank as the largest discovery of crude since Alaska's Prudhoe Bay began producing nearly 40 years ago.

"An opportunity like this only comes once every few decades," said Daniel Yergin, chairman of Cambridge Energy Research Associates in Massachusetts. "It holds out the prospect that this means more supply, and more supply is good news for consumers."

The geologic formation being targeted by the Chevron group and others could begin producing oil steadily as early as 2012, and could yield 800,000 barrels of crude a day, or about 11% of total U.S. production, according to an August assessment of the region by Yergin's firm.

San Ramon, Calif.-based Chevron, whose partners include Devon Energy Corp. of Oklahoma and Norway's Statoil, wouldn't quantify the size of its find, except to note that the gulf's deep waters could hold 3 billion to 15 billion barrels of oil — at the high end, a more than 50% boost to U.S. petroleum reserves.

After a year of mostly bad news about oil supplies, investors celebrated Tuesday by sending up stock prices — including those of Chevron, Devon and Statoil — and by further trimming the price of oil futures.

Motorists, however, should hang on to their hybrids.

Although the discovery suggests that the undersea region holds more oil than previously thought, experts say the crude will be expensive to extract and years in coming.

What's more, growing demand in the U.S. and elsewhere could quickly eat up the production gains. And there is the uncertainty that comes with trying to figure out how much oil lies so far beneath the surface.

"It's phenomenal, if it's there," said Matthew Simmons, who heads Simmons & Co., a Houston investment bank that specializes in energy. "But until you get a field on production, you don't really know what's there…. It's a roll of the dice."

Simmons said the gulf had yielded several highly touted oil finds over the years that fell short of expectations.

The Chevron project, dubbed Jack, is 270 miles southwest of New Orleans. It is one of a string of oil discoveries made beginning in 2002 in the Lower Tertiary formations off the coasts of Louisiana and Texas, miles below the seabed.

Oil companies have made more than a dozen discoveries in the ancient seabed, with names such as Great White, Tiger, Silvertip, St. Malo and Cascade. Last week, oil giant BP added its Kaskida project to the list.

Chevron's recent test well stands out, however, because it is the first among the group to take a stab at actual production. The company's well produced a steady flow of 6,000 barrels of high-quality crude per day, but the flow was intentionally limited to avoid exceeding the test facility's capabilities, Chevron spokesman Donald Campbell said.

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The test "helps us understand that the oil can flow through the rocks and it can flow at a commercial rate," he said. "This is an example of how companies, investing in technology, are finding oil and gas today in places where we couldn't go 15 to 20 years ago."

Chevron's success could add urgency to other projects in the region, said Robert Esser, director of global oil and gas resources at the Cambridge research firm and author of two studies highlighting promising projects such as those in the gulf's deep waters.

It comes at a time of dwindling production for U.S. oil fields as well as a steep drop in output at Cantarell, the giant field belonging to Mexico, the second-largest U.S. petroleum supplier.

The U.S. burns through about 5.7 billion barrels of crude a year and has about 22 billion barrels in reserve. Saudi Arabia's reserves are believed to exceed 250 billion barrels.

"This is the most significant thing that's occurred in U.S. oil in years, in that it proves that this formation is capable of flowing in economic terms," Esser said.

Chevron's well extends through 7,000 feet of water and then 20,000 feet below the sea floor. From the rig to the bottom, the well measures 28,175 feet — more than 5 miles — a record depth for the Gulf of Mexico, Chevron said.

The company's first well for the 34,500-acre project was drilled in 2004, and confirmed the presence of oil. Chevron and its partners plan a third well next year to help determine the size of the reserves.

Chevron, the largest holder of leases in the deep-water gulf region, would not estimate the cost of the project and would not say when the group might give the final go-ahead for building the massive and costly production rig needed to extract the oil. If the partners decide to develop the field, production will follow in six or seven years, Chevron said.

U.S. stocks rose on the news, with the Dow Jones industrial average gaining 5.13 points, or 0.04%, to 11,469.28.

Chevron stock rose $1.51, or 2.3%, to $66.34.

In futures trading Tuesday, the October contract for U.S. benchmark light sweet crude — the type discovered at the Chevron project — fell 58 cents to $68.60 a barrel on the New York Mercantile Exchange. Oil prices have more than tripled since early 2002 but are down from their peak of $77.03 in July.

The news from Chevron gave additional ammunition to industry lobbyists and lawmakers who favor opening restricted areas of the U.S. coastline to drilling.

Rep. Joe L. Barton (R-Texas), a longtime backer of increased offshore drilling, hailed the announcement.

"The discovery of oil that isn't half a world away and that might increase our country's petroleum reserves by billions of barrels in one swoop will do wonders for assuring American drivers can get gasoline at a price they can afford to pay," Barton said in a statement.

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elizabeth.douglass@
latimes.com

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(INFOBOX BELOW)

New reserves

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A newly tapped oil field beneath the Gulf of Mexico could hold 3 billion to 15 billion barrels of crude, enough to boost U.S. reserves by more than 50%. The vast deposit was discovered in the lower Tertiary layer of the seafloor, a rock formation 24 million to 65 million years old.

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Oil reserves

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The U.S. is No. 11 in oil reserves with 21.9 billion barrels.

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Oil reserves in 2005 (in billions of barrels)

Saudi Arabia: 259.4
Canada: 178.8
Iran: 125.8
Iraq: 115.0
Kuwait: 99.0
United Arab Emirates: 97.8
Venezuela: 77.2

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Russia: 60.0
Libya: 39.0
Nigeria: 35.3
United States: 21.9
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Sources: Chevron, Devon Energy, Oil and Gas Journal, Minerals Management Service. Graphics reporting by Brady MacDonald, John Jackson

IMF Warns Of 'severe Global Slowdown' (FT)

By Javier Blas And Scheherazade Daneshkhu
Financial Times, September 6, 2006

The world is set to enjoy a fifth record year of high growth next year, says the International Monetary Fund, but it warns that the risks of a sharp slowdown have significantly increased.

The IMF will say next week that the world economy is on track to grow at 5.1 per cent this year but the risk of a severe global slowdown in 2007 is stronger than at any time since the 2001 terror attacks on the US.

"Risk to the global outlook is clearly tilted to the downside," the IMF said, adding, "there is a one-in-six chance of growth falling below 3.25 per cent in 2007."

The warning comes in a report to finance ministers at next week's meeting of the G7 in Singapore.

The report, seen by Expansión, the Financial Times' Spanish partner paper, is based on the IMF's World Economic Outlook, due for publication next week.

The IMF warns slower growth could be triggered by a sharp US housing market slowdown or by surging inflationary expectations that forced central banks to raise interest rates.

The report's central forecast points to global growth of 4.9 per cent next year, with G7 economies slowing from 2.9 per cent in 2006 to 2.5 per cent in 2007.

Although the IMF has been warning for several years of mounting risk for the global economy, it is the first time it has warned so strongly about such a sharp potential slowdown.

"There is considerable uncertainty about whether the global economy will achieve a soft landing to a more sustainable pace of expansion or whether the world faces a period of sharply slower growth," the Fund report says.

"Tight commodities markets are contributing to inflation concerns and the risk of a growth slowdown," it warns. For that reason, "further [monetary] tightening cannot be ruled out" in the US, while "in the euro area, some further tightening will likely be needed to maintain price stability in the medium run".

Outline For Global Economic Forecast Is Detailed (WSJ)

By Marcus Walker And David Gauthier-villars
The Wall Street Journal, September 6, 2006

Europe's strong economic upturn is likely to lose some momentum late this year, but growth could pick up in the U.S. and Japan, according to the Organization for Economic Cooperation and Development.

In its interim assessment of the outlook for the world's biggest industrialized economies, the Paris-based think tank raised its projection for economic growth this year in the 12-nation euro zone to 2.7% from an earlier forecast of 2.2%. It stuck to its view that the U.S. economy will expand by 3.6% this year but cut its forecast for economic growth in Japan to 2.5% from 2.8%. (Read the full report1)

2006 GDP GROWTH
Source: OECD Forecasts

The report, by the OECD's chief economist, Jean-Philippe Cotis, said that during the first half of 2006 the euro zone grew more strongly, but the U.S. and Japan more weakly, than the organization had expected.

But strong U.S. consumer spending points to robust growth during the third quarter despite recent weakness in the home-building sector, the report said. In Japan healthy consumer spending and business investment is expected to underpin employment and growth, Mr. Cotis wrote.

In the euro zone, the OECD sees quarter-to-quarter growth slowing slightly to 0.7% in the third quarter and 0.6% in the fourth. The region's economy grew 0.9% in the second quarter -- outpacing the U.S. economy.

Several business surveys in Europe point to somewhat weaker growth ahead amid a slowdown in exports and the euro's rise against the dollar.

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The latest Purchasing Managers' Index surveys of service sectors in Europe showed business in August grew more slowly than in previous months in the euro zone and the United Kingdom. The OECD raised its forecast for economic growth in the U.K. this year to 2.8%, up from an earlier forecast of 2.4%.

The shifting growth pattern has implications for central banks, the OECD said. It said the Federal Reserve may have to raise U.S. interest rates further if inflationary pressure doesn't moderate.

The Japanese central bank, on the other hand, should keep its interest rates steady until data show the deflation of consumer prices has ended, the OECD said.

The OECD, whose members are the world's major developed countries, backed the European Central Bank's policy of raising rates, saying Europe's economic recovery seems strong enough to take it. Early this year, the OECD and the International Monetary Fund urged the ECB to hold off from raising rates, fearing a strong upturn might not materialize.

Many economic forecasters fear a marked slowdown will hit the euro zone next year, driven by government plans to raise the value-added tax in Germany, Europe's biggest economy.

But Mr. Cotis said at a news conference in Paris yesterday that in the OECD's view, the effect of the tax increase would be "bearable."

In its most-recent forecasts for economic growth in 2007, published in May, the OECD predicted the German economy would grow 1.6% next year, compared with 2.1% in the euro zone as a whole. It forecast 3.1% growth in the U.S. and 2.2% growth in Japan next year. The OECD plans to update its forecasts for next year in November.

Home-Price Rises Slow The Most In Over 30 Years (WSJ)

By Rafael Gerena-morales

The Wall Street Journal, September 6, 2006

U.S. home prices rose only moderately in the second quarter, registering their sharpest year-to-year slowdown in more than three decades, a government report said.

The Office of Federal Housing Enterprise Oversight, the agency that oversees mortgage titans Fannie Mae and Freddie Mac, said average home prices rose 1.17% during the quarter from the previous quarter, far short of their 3.65% gain in the year-earlier period. The slowdown in price increases was the steepest since recordkeeping began in 1975.

The second-quarter rise follows price gains of 2.20% in the first quarter of 2006 and 3.08% in the fourth quarter of 2005.

An Ofheo official attributed the slowdown to higher interest rates, rising inventories of homes for sale and a decline in speculative activity, and indicated that home-price increases likely will continue to be weak. "The very high appreciation rates we've seen in recent years spurred increased construction," Ofheo chief economist Patrick Lawler said in a statement. "That, coupled with slower sales, has led to higher inventories, and these inventories will continue to constrain future appreciation rates."

On the state level, Ofheo said average home prices in five states fell in the second quarter: Maine, Massachusetts, Indiana, Ohio and Michigan. The agency's report also showed that more than a fourth of the nation's 275 metropolitan areas experienced home-price declines.

Although homes appreciated at a slower rate in the second quarter, their prices remained 10.06% higher than a year earlier.

Write to Rafael Gerena-Morales at rafael.gerena@wsj.com1

Growth Slows In Housing Market (WP)

By Tomoeh Murakami Tse

The Washington Post, September 6, 2006

In the latest evidence of a cooling housing market, U.S. home prices rose in the second quarter by the slowest rate in more than six years, according to a government report released yesterday.

Home prices were 10 percent higher in the three months ended June 30, compared with the corresponding period last year. The quarterly appreciation rate of 1.17 percent, however, was the slowest since the fourth quarter of 1999, according to the analysis by the Office of Federal Housing Enterprise Oversight.

In contrast, in the second quarter of last year -- which many analysts describe as the height of the recent boom -- the quarterly rate was 3.65 percent. The change in the rate between those two quarters was the sharpest decline since the agency began tracking the data in 1975.

"These data are a strong indication that the housing market is cooling in a very significant way," James B. Lockhart, the agency's director, said in the report. "Indeed, the deceleration appears in almost every region of the country."

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The ballooning number of homes for sale and higher interest rates have put a brake on rising home prices, analysts said. The housing market also had been "artificially propped up" by speculators and "mortgage gimmicks," said John H. Vogel Jr., professor of business administration at Dartmouth College's Tuck School of Business. Many economists think interest-only, adjustable-rate and other exotic mortgages helped people buy homes they otherwise may not have been able to afford in the recent housing boom.

"You just see all these for-sale signs out there," he said. "If you're a buyer . . . it makes you question, 'Do I really have to stretch that far to buy a house?' "

What is notable about the report -- the latest in a series of statistics this year that point to a downturn in the housing market -- is the rapidly declining rates of appreciation in prices in regions that were once red-hot. The quarterly report is based on comparisons of prices of the same houses sold or refinanced over time.

For example, just last year in the South Atlantic region, which includes Maryland, Virginia and the District, appreciation was at its highest rate since 1975, with home prices rising 18 percent year over year. The change in the quarterly rate over the past year was the biggest drop since the second quarter of 1976.

Places such as Massachusetts experienced some of the biggest price gains in the country throughout much of the housing boom. But now, the state ranks 48th in appreciation rates.

California cities used to pepper the list of the metropolitan areas with the highest rates of appreciation. Now, there is just one in the top 20 -- Bakersfield, with a year-over-year price gain of 22 percent.

"The issue is that a number of states appreciated at rates that are just not sustainable over the long term," Andrew Leventis, an economist with the federal agency, said in an interview.

In the market that includes the District, Northern Virginia and Prince George's, Charles and Calvert counties in Maryland and Jefferson County in West Virginia, home prices increased by 1.79 percent in the second quarter. But the region posted a year-over-year increase of 16 percent because of jumps in prices late last year.

In the Montgomery County-Frederick County market, which the agency measures separately, the second quarter saw a home price gain of 1.64 percent over the first quarter and 13 percent over the same period last year.

Of the nation's largest 275 metropolitan areas covered in the report, seven regions experienced year-over-year price drops, including Ann Arbor and the Detroit-Dearborn region in Michigan. All declines were less than 2 percent.

Vogel thinks this is just the beginning. Housing prices have become so out of line with people's ability to buy, he said, that barring a wage spurt, it won't be possible to escape significant price declines.

"It won't be just prices flattening," he said. "I think it's going to be a pretty hard landing."

Stocks Edge Higher In Cheerful Start To Historically Tough Term For Market (WSJ)

By E.s. Browning

The Wall Street Journal, September 6, 2006

Investors put on a smile as they began negotiating the often-treacherous post-Labor-Day waters: They nudged stocks slightly higher as oil futures continued to decline.

Already up 6.7% since mid-July, the Dow Jones Industrial Average edged ahead 5.13 points, or 0.04%, to 11469.28, the highest finish since May 11. The blue chips are up 7% since the year began and are less than 254 points below the record close of 11722.98 hit in January 2000.

Trading was sluggish, as it often is early in September when many money managers are just barely back from vacation.

On a day with no significant economic or corporate-profit news, investors fell back on the broad hope that the Federal Reserve will leave interest rates unchanged for a second consecutive month at its next policy meeting Sept. 20.

The interest-rate optimism led stock investors to shrug off the fact that September historically has been rocky for stocks, with the Dow Jones Industrial Average falling an average 1.2% for the month since 1900, according to data from Ned Davis Research. Stocks tend to rise in most months, and September is the only one with a noticeable average decline.

Following Friday's news of moderate hiring gains in August, hopes are spreading that the Federal Reserve will engineer what investors call a soft landing -- enough of an economic slowdown to avoid inflation, but not enough to create a recession.

"September is historically the worst month of the year for stocks, and who knows what October will bring," said Jay Suskind, director of trading at brokerage firm Ryan Beck in Florham Park, N.J. "But the real concern is this debate over a hard or soft landing. If the Fed looks like it is going to continue to pause in its rate increases, then I think the market will at least hang in there."

Investors were heartened by news of a significant oil find deep below sea level in the Gulf of Mexico. Together with expectations that gasoline demand will slow now that the summer driving season is winding down, the news helped to push crude-oil futures down 59 cents to $68.60 a barrel, the lowest finish since June.

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Oil futures remain 12% higher for the year to date.

Amid a general rally in metals futures coming off the holiday weekend, gold prices rose $14.10 a troy ounce, or 2.26%, to $638.50, a four-week high, and are now up 23% on the year.

The broad Standard & Poor's 500-stock index rose 0.17%, or 2.24 points, to 1313.25, its highest level in almost four months and a gain of 5.2% this year.

The Nasdaq Composite, with its volatile technology stocks, rose 0.57%, or 12.54 points, to 2205.70, a three-month high. The Nasdaq has recouped all its losses for the year and now is virtually unchanged for 2006.

Treasury bond prices, however, fell back, as investors took profits following the recent bond-price surge.

Outside the U.S., stocks declined in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, fell 0.43%, or 0.96 point, to 222.67.

In major U.S. market action:

Stocks advanced. Total trading volume for stocks listed on the New York Stock Exchange was 2.12 billion shares, as 1,905 stocks rose and 1,384 fell.

Bond prices declined. The 10-year Treasury note fell 15/32, or $4.69 for each $1,000 invested, pushing the yield up to 4.787%. The 30-year bond was down 29/32 to yield 4.935%.

The dollar was mixed. Late in New York, the currency traded at 115.96 yen, down from 116.04, while the euro fell against the dollar to $1.2820 from $1.2870.

Third Candidates Could Tilt Number Of Races (USAT)

By Kathy Kiely

USA Today, September 6, 2006

WASHINGTON — Carl Romanelli has never run for office and belongs to a political organization that has never elected anyone to Congress. Even so, the Green Party candidate's U.S. Senate campaign in Pennsylvania has Democratic leaders manning battle stations.

Sen. Charles Schumer, D-N.Y., head of his party's Senate campaign committee, charged at a news conference last week that there is "huge evidence of fraud" in the petitions Romanelli submitted to qualify for the Nov. 7 ballot, which the Green Party candidate disputes. Schumer said Democrats are "working hard" to keep Romanelli off the ballot.

Party leaders are worried that Romanelli, a retired family court aide, could siphon enough votes from their candidate, Bob Casey, to ensure the re-election of Republican Rick Santorum. Republicans are thinking the same thing: Romanelli's petition drive was underwritten with the help of Santorum contributors, with the blessing of the senator's campaign.

The fight in Pennsylvania is not an isolated case. In a year when control of Congress is at stake and key races could be close, there's a chance that little-known minor-party candidates such as Romanelli could alter the political landscape.

Richard Winger, who monitors minor-party campaigns for his newsletter, Ballot Access News, says Libertarian Party candidates have helped Democrats in recent years win or hold three Senate seats targeted by Republicans. Those races were the 1998 re-election of Harry Reid of Nevada, now the Senate Democratic leader; the 2000 victory of Maria Cantwell in Washington; and Tim Johnson's re-election to a second term in South Dakota in 2002.

Winger says all three won by fewer votes than the number cast for Libertarian candidates in those races, meaning the Republican candidates might have won if the Libertarians, who tend to attract conservative voters, hadn't been on the ballot.

"Nothing like that happened in 2004, but it might this year," Winger says. According to his tally, there are minor-party or independent candidates on the ballot in at least 10 Senate and six gubernatorial elections that are potentially competitive, as well as a host of House races.

Some of this year's more likely spoilers:

· In Alaska, Andrew Halcro, a former state legislator and "life-long registered Republican" is running as an independent for governor in a three-way race. Republican Sarah Palin, former mayor of Wasilla, knocked off Gov. Frank Murkowski in the GOP primary Aug. 22. Democrat Tony Knowles is trying for a comeback after serving two terms as governor from 1994 to 2002. "I could legitimately pull from both sides," Halcro says.

· In Illinois, Bill Scheurer is running under the "Moderate Party" banner in a race where Democratic Rep. Melissa Bean is struggling to fight off a challenge from Republican investment banker David McSweeney. Scheurer has picked up endorsements from some major unions unhappy with Bean. Among labor donors to Scheurer's campaign: the Teamsters, United Steelworkers, Service Employees International Union and UNITE, which represents clothing and textile workers.

Scheurer, who is running as an anti-war candidate, has two children in the military, including a son just back from Iraq. He says he collected 15,000 signatures to get on the ballot and had to beat back "a sustained effort to keep us off."

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· In Texas, voters in a suburban Houston district formerly represented by Tom DeLay will see two names on the ballot on Election Day: Democrat Nick Lampson and Libertarian Bob Smither. The federal courts would not allow Republicans to name a replacement for DeLay, the primary winner who resigned from the House in June to deal with charges that he illegally funneled corporate donations to 2002 state legislative races. DeLay has said he did nothing wrong. The GOP is urging a write-in vote for Shelley Sekula-Gibbs, a Houston city councilwoman.

Smither, who says he "started as a Goldwater Republican," acknowledges that he and Sekula-Gibbs may split conservative votes and allow Lampson to win. Former Georgia congressman Bob Barr, a Republican, has endorsed Smither, but the local GOP won't do the same. "It seems like they would rather have a liberal Democrat than a conservative Libertarian," Smither says.

In Pennsylvania, Romanelli needs 67,000 valid signatures of registered voters to qualify for the ballot. He turned in about 90,000 names. Romanelli readily admits that he "took money from Republican individuals." He says he used the money to pay people to gather signatures.

"We were able to get into some very deep pockets," he says. "I make no apologies."

Without the GOP donations, Romanelli says, he would not have been able "to bring my left-wing ideas into the debate." Larry Smar, a spokesman for Casey's campaign, predicts the examination of Romanelli's petitions will turn up enough duplicate signatures and names of unregistered voters to disqualify Romanelli. The Democrats' fraud charges are "a bunch of toilet paper," Green Party spokesman Jennaro Pullano says.

Democrats are wary that Romanelli's campaign could spoil one of their best shots at taking over a Republican Senate seat in a year when they need six more to take control of the chamber. A USA TODAY/Gallup Poll last week showed Casey with a double-digit lead over Santorum, but other polls have showed the Republican incumbent gaining ground. Don Morabito, executive director of the Pennsylvania Democratic Party, says he expects the race to tighten.

"We have to be careful. We anticipate a close election. We have to act as if it does matter," Morabito says of Romanelli's candidacy. At the Casey campaign, Smar questions why Santorum has encouraged donors to underwrite the Green Party's petition drive. "There's something really fishy going on here," he says.

Unlike Casey and Santorum, Romanelli favors abortion rights. He opposes the Iraq war, wants to eliminate congressional pensions, and describes Casey's positions on issues as "Santorum-esque."

Schumer says Santorum is using Romanelli and the Green Party: "The fact that it was the Republican Party infrastructure that had to help the Green Party on the ballot shows what desperate shape he's in."

Santorum spokeswoman Virginia Davis admits that the campaign advised contributors to help Romanelli qualify for the ballot. "We encouraged those who inquired to help with the Green Party effort," she says. "We welcome Carl Romanelli's entry into the race because at least he's expressed a real interest in being up front and honest about where he is on the issues."

Candidates Split On Halting 9/11 Events (RC)

By Lauren W. Whittington

Roll Call, September 6, 2006

With the nation set to mark the five-year anniversary of the Sept. 11, 2001, terrorist attacks next week, Congressional candidates are faced with the difficult balancing act of remembering the tragedy while getting their partisan messages out to midterm election voters.

While many challengers and Members will attend remembrance ceremonies, it will be business as usual for most on the campaign trail — especially considering that nine states and the District of Columbia will hold primaries on Sept. 12.

In Maryland, primary voters will pick the Democratic Senate nominee next Tuesday and a spokesman for one of the contenders, ex-Rep. Kweisi Mfume (D), said Mfume's campaign will roll on as scheduled.

"There has been no discussion of suspending campaign activities on 9/11," said campaign spokesman Mark Clack. "Mr. Mfume will pay tribute to the brave men and women who lost their lives on this tragic day, but as America did after 9/11, he will trudge on."

Some candidates in states that do not hold primaries on Tuesday already have said they will halt political activity or alter their campaign schedules on Sept. 11.

Florida state Sen. Ron Klein (D), who is locked in an expensive and closely watched battle with Rep. Clay Shaw (R-Fla.), announced Tuesday that he will suspend TV advertising next Monday.

"This day is for us to reflect and remember the tremendous loss we suffered and the heroism we witnessed on September 11th 2001," Klein said in a statement.

Shaw also is taking his ads off the air Monday.

"It's always been our plan to go dark on Sept. 11," said Clay spokeswoman Gail Gitcho.

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She said Shaw was scheduled to spend the day visiting first responders in Fort Lauderdale and West Palm Beach, Fla., who went to New York five years ago to help with the rescue efforts at the World Trade Center.

Because the 9/11 anniversary falls on a Monday morning, many Members will be attending memorial services back home or in New York, at the Pentagon and in central Pennsylvania where one of the hijacked planes crashed.

There are no fundraisers listed on the National Republican Congressional Committee's event schedule on Sept. 11.

Rep. Don Sherwood (R-Pa.) had a breakfast fundraiser planned in his district on Sept. 11. But after word spread about the event — which would have overlapped with the times that the planes hit the World Trade Center five years ago — it was postponed.

A Sherwood spokesman said t the Congressman had another official event scheduled at that time, a wreath laying ceremony in Lackawanna, Pa.

"We have a fundraiser who was aggressive in scheduling and gave the OK, but we've since decided to reschedule," said Sherwood spokesman Jake O'Donnell.

Sherwood is in a tougher-than-expected re-election fight with college professor Chris Carney (D), a lieutenant commander in the Naval Reserve and a counterterrorism expert.

Spokesmen for the Republican and Democratic House campaign committees said they aren't advising candidates about what to do when it comes to political activity on Monday.

"We're not making any kind of recommendation," said NRCC spokesman Carl Forti.

The NRCC and Democratic Congressional Campaign Committee are airing TV ads in a handful of districts around the country and neither committee plans to come down in observance of Sept. 11.

The DCCC is planning to prepare a talking-points memo on national security issues and 9/11 commission recommendations later this week for candidates to use, but a spokeswoman stressed that it would not be "political or partisan."

On the Senate side, it appears as if neither party's campaign committee is planning to pull their ads on Monday.

The Democratic Senatorial Campaign Committee currently is airing ads in Tennessee, Ohio and Missouri, while the National Republican Senatorial Committee is on the air in Rhode Island and Ohio. Rhode Island is one of the states holding primaries next Tuesday, and Sen. Lincoln Chafee (R) — with the aid of the NRSC — is fighting for his political life in a primary battle with Cranston Mayor Stephen Laffey.

In Iowa-1, It's Who Will Get The Blues (HILL)

By By Jim Snyder

The Hill, September 6, 2006

Davenport, Iowa — Democrat party leaders look at Iowa's 1st Congressional District and drool, says the Republican congressman who now holds the seat.

Registered Democrats outnumber Republicans by 20,000 voters in the 12-county district, located in the northeast part of the state. Independents outnumber them both, but 1st District voters favored Sen. John Kerry and Vice President Al Gore by seven-point margins in their races against President Bush.

"The old rule of thumb in Iowa is that as you move east, the more urban, more Catholic, the more Democratic you get," says Drake University political science professor Dennis Goldford.

Given Republicans' low poll numbers and their own apparent demographic edge, the Democrats probably cannot be expected to win the House without taking districts like the 1st, Democrat House Minority Leader Nancy Pelosi (D-Calif.) told the Des Moines Register, the state's largest newspaper, last month.

For Democrats to win here, however, they have to overcome an exception to the Iowa political rule: voters have a habit of sending Republicans to Congress.

"It's a Republican district the way it performs and the votes in local races," insists Rep. Jim Nussle, the Republican House Budget Committee chairman who has represented portions of the district for 16 years. Before Nussle, Republican Tom Tauke represented much of what is now the district, starting in the late 1970s. Nussle said district voters particularly favor fiscal conservatives, though others credit his ability to use social issues to peel off Catholic voters who traditionally vote Democrat as another key to his success.

Republicans won't have the power of incumbency to rely upon this year, however, another factor fueling Democratic optimism.

Nussle is running for governor, where polls show he is in a tight race with Secretary of State Chet Culver.

The race matches Democrat Bruce Braley, a Waterloo trial attorney, against Republican Mike Whalen, a wealthy entrepreneur. Though both candidates are political novices without voting records to mine, each has been quick to spot perceived vulnerabilities in the other.

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At a Republican rally in Bettendorf, Whalen said Braley "loves" lawsuits. Whalen lists tort reform as part of his Contract for American Jobs, which also include a series of tax cuts to spur job creation.

Whalen accuses his Democratic opponent of wanting to "cut and run" in Iraq for saying in a close primary race that he would consider cutting appropriations for troops in Iraq.

Braley has called for President Bush to develop a timetable for withdrawal from Iraq. His website states that he will push for oversight hearings into "fraud and abuse" in contracts awarded to companies like Halliburton.

Braley's campaign, meanwhile, has honed in on Whalen's stated opposition to raising the minimum wage.

The Republican has since said he would vote for a Republican House bill to increase wages, though he believes a better way of boosting wages is by providing tax breaks to businesses.

The issue has found its way into Braley's first television ad, which lists increasing the minimum wage, along with a fight for "fair trade laws" and more use of ethanol, always a winner in corn-rich Iowa, as the reason why he is running for Congress.

Democrats also accuse Whalen of wanting to privatize social security, a potentially potent issue for Iowans whose median age is higher than the national average. Whalen says he supports private savings accounts for younger workers while protecting promised benefits for those nearer retirement age to avoid bankrupting the safety net. "Everybody knows where the system is headed," Whalen said.

Both camps say jobs and the economy may be the most pressing issues for voters in the district, even though its unemployment rate is lower than the national average.

"People want to talk about how you are going to bring jobs back to the state," Braley said. He opposes the NAFTA and CAFTA free trade deals and supports a universal pension that follows workers job to job.

Bernadette Budde, a senior vice president at BIPAC, a business coalition supporting Whalen, says the 1st District race presents one of the starker choices for business leaders: an anti-tax entrepreneur against a trial lawyer. The race is one of only seven that BIPAC is targeting with a mailing campaign to local business leaders, Budde said.

As in any mid-term election, turnout will likely be key. "It is an execution district," Budde said. "No matter what you think about how the district shapes up in terms of demographics, history or candidates or campaign, it comes down to execution."

Both campaigns have benefited from fundraisers with prominent party leaders. House Speaker Dennis Hastert turned up recently for Whalen. Vice President Dick Cheney and presidential advisor Karl Rove have both also paid visits to the district.

At a labor lunch at the Chef Hat restaurant in Davenport, the district's largest city, House Minority Whip Steny Hoyer told a packed room that the election was about the "survival" of workers' rights to organize, which Republicans don't "fundamentally believe in."

Later, Hoyer and Braley held a press conference criticizing Republicans for running up the federal deficit.

Both candidates have sought to identify themselves as free-thinking independents. With Republicans down in polls, Whalen plays up his outsider status: "The only way I'll die in Washington is if I get hit by a bus."

In his TV spot, Braley promises to be a "strong, independent voice for change in Washington."

Internal polls show a close race, sources said. Whalen told The Hill that his polling shows he is ahead. A Democratic source close the Braley's campaign says the opposite is true — the Democrat is ahead, a good sign, the source added, because Democrats suspect Whalen has greater name recognition from years of advertising for his restaurants.

Nonpartisan observers say the race may come down to Dubuque, the district's third most populous county.

Braley's base of support should come from Black Hawk County, where Waterloo is based. Whalen is expected to run strongly in Scott County, which includes his hometown of Bettendorf.

"This will be settled in Dubuque," says the Des Moines Register political columnist David Yepsen, who thinks the district is leaning Democratic.

But a majority of voters in this county are Roman Catholics who may be sensitive to cultural issues.

"Our Democrats are more moderate to conservative in many ways," said Rick Dickinson, who directs a Dubuque-based economic development and who lost a close primary to Braley.

Jeff Link, a prominent Des Moines-based Democratic consultant working with the Braley campaign, said he expects economic worries to trump social issues.

But the differences between the candidates on social issues are stark, too. Whalen is pro-life, Braley pro-choice. Whalen also supports President Bush's veto of the recent stem cell bill, which would have expanded federal funding for this type of research. Braley backs expanded federal stem cell research funding.

"It is a district that in socioeconomic terms ought to be voting Democratic, but in cultural terms it has been voting Republican," says Drake University's Goldford.

Lieberman Redux In Rhode Island? (WP)

DOJ_NMG_0058728

By Ruth Marcus

The Washington Post, September 6, 2006

WARWICK, R.I. -- Cranston Mayor Stephen Laffey doesn't run for office, he bounds -- up steps, across lawns, in his quest to unseat Rhode Island's incumbent senator, Lincoln Chafee, in next Tuesday's primary.

"If one of the other candidates knocks on your door, vote for that guy, but they won't," the 44-year-old Laffey assures voters. He's accompanied by his wife, four of his five children and a posse of high school friends, all decked out in trademark Laffey yellow and blue, right down to the double stroller for the youngest Laffeys and his wife's custom-made "Laffey 2006" Converses. (The candidate, who has a Harvard MBA and isn't shy about mentioning it, read a study finding this the optimal color scheme for communicating.)

"This will probably be the first time in 40 years we haven't voted for a man named Chafee, but we've just about had it," Richard Carr, a 62-year-old construction company manager, tells Laffey, referring not just to the current senator but to his late father, John, who was a senator and governor.

After Laffey sprints on, Carr explains his distaste for the younger Chafee: "He is a Republican and he doesn't vote for the president," he says, referring to the senator's 2004 presidential write-in vote for George H.W. Bush.

Is Steve Laffey to Linc Chafee as Ned Lamont was to Joe Lieberman?

Once again an incumbent senator who often breaks with his own party -- this time a Republican -- could find himself toppled. Once again, the opponent is an energetic businessman-turned-politico, milking discontent among the base and disgust with Washington. Once again, outside groups -- in Connecticut the liberal blogs, here the anti-tax Club for Growth -- are stoking voter anger.

It was inevitable, then, that Laffey-Chafee would be cast as the GOP replay of the Connecticut Democratic primary. Yet the analogy goes only so far. The Rhode Island race is more complex, certainly odder and potentially far more momentous.

For angry Democratic voters, a Lamont vote was all but risk-free. Rhode Island is Connecticut with consequences: A Laffey nomination in this heavily Democratic state could imperil GOP control of the Senate. A general election race between the Democratic nominee, former attorney general Sheldon Whitehouse, and a bruised Chafee promises to be close. But nearly the only one who thinks Laffey would beat Whitehouse is Laffey. "I'll crush him," he asserts.

That's doubtful, but Laffey has a serious shot at ousting Chafee. Precisely how serious is unknowable, because the population of Rhode Island Republicans is so minuscule (just 10 percent of registered voters) and so much could turn on the wild card of independent voters.

Greeting voters outside the Warwick Stop & Shop, Chafee himself doesn't sound terribly confident. "What I've been surprised at is having a parade of Republican luminaries come in to help me -- highlighted by the first lady -- that didn't have a really strong move from the conservative base in my favor," Chafee says. "Even after that, still the Laffey people were Laffey people."

Hence the spectacle of the Washington Republican establishment rushing to the defense of a man who voted against all the Bush tax cuts, the war in Iraq, the Medicare prescription drug plan and Justice Samuel Alito, and who favors gay marriage and abortion rights and opposes the death penalty for Osama bin Laden.

The Republican Senate campaign committee has plowed hundreds of thousands of dollars into the race, savaging Laffey with ads as brutal as those deployed against any Democrat. One particularly ugly anti-immigrant spot attacks Laffey's acceptance of Mexican matricula cards as identification. (No matter that Laffey opposes the Senate immigration bill -- which Chafee backed -- as too permissive.)

If Connecticut was about unhappiness with Iraq and President Bush, the issues here are more nebulous. The candidates are vying to outdistance each other from Bush, and while Chafee opposed the war and Laffey supports it, Iraq hasn't been a focus.

Instead the race has been partly about personality ("If you looked up demagogue in the dictionary there would be a picture of Steve Laffey," Chafee says), partly about a generalized sense of dissatisfaction with what Laffey terms "big-spending Washington insiders."

Laffey temporarily raised taxes to help rescue Cranston from bankruptcy. "Well, duh, what was the choice?" he says. But he rules out the possibility of any national-level "well, duh" moment. "The corporate welfare gets you $150 billion and [freezing] the nonmilitary discretionary spending gets you $63 billion," he says, throwing in $27 billion more from cutting earmarks. "I just gave you $250 billion and I haven't blinked my eye. So that's where the waste is right there." The solution isn't nearly as simple -- or as painless -- as Laffey asserts.

Still, Laffey, a toolmaker's son who was the first in his family to go to college, is no cookie-cutter conservative. He says his role model in the Senate would be Bobby Kennedy, and he describes himself as a populist reformer, "more of a Teddy Roosevelt kind of Republican." A Senator Laffey would push the federal government to negotiate prices with big drug companies and

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promote tax breaks to encourage a solar panel on every roof. "By the way, that doesn't sound like a conservative Republican, does it," Laffey asks, part of the running self-commentary he provides.

Whitehouse, for his part, plans to run a similar campaign against either man -- arguing that either would provide a vote, quite possibly the critical one, to empower a Republican majority. Still, he says with the grin of a man who sees a long-shot Senate seat within reach, "I can't wait to find out which."

Inside Politics (WT)

By Greg Pierce

The Washington Times, September 6, 2006

Spitzer's jet

"Eliot Spitzer is running for governor [of New York] as the best guy to clean up Albany, including its corrupt 'pay-to-play' system of shaking down interest groups for campaign donations and other goodies," New York Daily News columnist Tom Hammond writes.

"So what the heck is he doing jetting around on the Gulfstream of a Wyoming businessman who wants to run racetracks and build casinos in New York?" Mr. Hammond asked.

"It's one thing for Spitzer to pile up money and endorsements from insiders. Fish gotta swim, pols gotta grub for cash. But accepting deeply discounted air travel from a gambling mogul doing lots of business with state government -- as Spitzer and an aide did in May -- is too cozy for comfort. The would-be Sheriff of Albany should be keeping a safe distance from favor seekers, not putting himself in a position where he owes them anything.

"Spitzer was on a two-day fundraising swing out West and needed to get from Phoenix to Tucson to Cincinnati and back to New York in a hurry. Casino developer Richard Fields got wind of his predicament and offered the use of his corporate jet. Thanks to him, Spitzer and his aide could meet their tight schedule, skip the long check-in lines and fly in style.

"The offer practically screamed 'conflict of interest.' Fields is part of a group bidding to take over the Aqueduct, Belmont and Saratoga horse tracks. He also represents developers working with the Oneida Indians of Wisconsin to build a casino in the Catskills. Both issues will fall squarely on Spitzer's plate if he wins in November."

Outside help

Sen. Joe Lieberman's re-election bid is getting some outside help from a group grateful for the lawmaker's support for the Iraq war.

Vets for Freedom, an independent group with Republican ties, will air an ad in Connecticut today and tomorrow featuring veterans from the state who thank the three-term incumbent for backing the conflict.

Executive Director Wade Zirkle said his group's political arm is spending $60,000 to broadcast the commercial on cable and broadcast channels.

"We want to support policy-makers who've been supportive of troops in the field," Mr. Zirkle told the Associated Press.

Vets for Freedom calls itself a nonpartisan organization that was founded by Iraq and Afghanistan combat veterans. Republican strategist Dan Senor, former spokesman for the now-defunct Coalition Provisional Authority in post-invasion Iraq; Bill Kristol, the editor of the Weekly Standard; and former Lieberman Chief of Staff Bill Andresen have advised the group, Mr. Zirkle said.

Moving left

"There's been much talk in Washington recently about the fate of 'moderate Democrats,'" Byron York writes at National Review Online (www.nationalreview.com).

"These days, Nancy Pelosi is a moderate Democrat -- if that is defined as standing near the center of the party's ideological spectrum. But the truly moderate Democrat -- the type of centrist that has been so maligned by the left-wing blogosphere -- is pretty much a thing of the past. Just look at a few numbers," Mr. York said.

"Americans for Democratic Action rates House members on a scale from 0 to 100 based on how they have voted on issues important to various liberal constituencies. In 1985, when there were 253 Democrats in the House, 20 were ADA 'All-Stars' -- that is, they had perfect scores of 100. In 2005, when there were 202 Democrats in the House, there were 65 All-Stars. An astonishing 143 -- about 71 percent of the Democratic caucus -- had scores of 90 or above. ...

"The numbers are similar in today's Senate, where 22 of 45 Democrats have received the ADA's most-liberal rating. Forty Democratic senators -- about 90 percent of the Democratic caucus -- have ADA ratings of 90 or above. ...

"Today, after years of drifting leftward, Democrats face a dilemma. They are the target of an angry, energized ... movement that considers the mainstream Democratic Party too centrist, too accommodating to Republicans and insufficiently 'progressive' for today's politics. The farther Democrats move to the left, the farther their most passionate constituents prod them along."

Florida primary

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Rep. Katherine Harris, Florida Republican, yesterday overcame opposition from many in her party's establishment to claim the nomination for the U.S. Senate, while Democrat Rep. Jim Davis won the race for his party's nomination to succeed popular Gov. Jeb Bush, the Associated Press reports.

Mrs. Harris next faces an uphill battle against the Democratic incumbent, Sen. Bill Nelson, who had no primary challenger. With 75 percent of precincts reporting, she had 50 percent of the vote against three relative unknowns. Mrs. Harris had 359,712 votes to 212,448 for lawyer Will McBride (30 percent) and 112,789 for retired Adm. LeRoy Collins (15 percent).

"Tonight is a great victory for our party and for Florida," Mrs. Harris said. "It's a great victory because it shows each of us we can overcome adversity to achieve extraordinary victories."

In the governor's race, Mr. Davis won a concession from state Sen. Rod Smith late last night. The U.S. representative led by 47 percent to 41 percent, or 311,910 votes to 273,441, and will face Florida Attorney General Charlie Crist, who claimed the Republican nomination to replace Mr. Bush. Mr. Crist had 481,719 votes (65 percent) to 244,559 votes (33 percent) for Tom Gallagher, the state's chief financial officer.

As Florida secretary of state six years ago, Mrs. Harris oversaw the recount that upheld George W. Bush's victory in the 2000 presidential race. She became a rising star in the Republican Party, parlaying name recognition into two terms in Congress. But state party leaders tried to talk her out of running for the Senate, citing fears she would lose to Mr. Nelson while spurring a large Democratic turnout, which would hurt the entire Republican ticket.

Rumsfeld's surgery

Defense Secretary Donald H. Rumsfeld underwent shoulder surgery yesterday to repair a torn rotator cuff, officials said.

Eric Ruff, the Pentagon press secretary, said Mr. Rumsfeld, 74, had the surgery on his left shoulder at Walter Reed Army Medical Center. He described it as elective surgery that was scheduled weeks in advance.

Mr. Rumsfeld did not undergo general anesthesia for the procedure, Mr. Ruff said. Some of the defense secretary's responsibilities were transferred briefly to the deputy defense secretary, Gordon England, the spokesman said. After the nearly two-hour operation, Mr. Rumsfeld was resting at the hospital and an overnight stay was being considered, Mr. Ruff said.

"He's fine. He's recovering," the spokesman said.

Tears in the rotator cuff can be caused by injury or by weakening of the tendon from wear and tear. Mr. Ruff said Mr. Rumsfeld's cuff tear was caused by "an old athletic injury," the Associated Press reports.

Veterans Thank Lieberman For War Backing (AP-Y)

By Andrew Miga

AP, September 6, 2006

Sen. Joe Lieberman's re-election bid is getting some outside help from a group grateful for the lawmaker's support for the Iraq war.

Vets for Freedom, an independent group with Republican ties, will air an ad in Connecticut Wednesday and Thursday featuring veterans from the state who thank the three-term incumbent for backing the conflict.

Executive director Wade Zirkle said his group's political arm is spending $60,000 to broadcast the commercial on cable and network channels.

"We want to support policymakers who've been supportive of troops in the field," said Zirkle.

Vets for Freedom calls itself a nonpartisan organization that was founded by Iraq and Afghanistan combat veterans.

Republican strategist Dan Senor, former spokesman for the defunct Coalition Provisional Authority in post-invasion Iraq; Bill Kristol, the editor of The Weekly Standard, and former Lieberman chief of staff Bill Andresen have advised the group, Zirkle said.

The ad features Connecticut veterans praising Lieberman's Iraq stance.

"When we were over there, it was important to know that someone had our back," one of the veterans says in the commercial.

Anti-war challenger Ned Lamont made Lieberman's support for the war a major issue in his primary victory last month. Lieberman launched an independent bid to retain his seat after losing the primary.

Polls show Lieberman leading Lamont and Republican Alan Schlesinger, who has failed to win the backing of the national GOP. In Connecticut Tuesday, Lieberman focused on appealing to all voters.

"I don't have a political party organization anymore, so Hadassah and I are going to reach out to individual voters — Democrats, Republicans, independents — at their doorsteps," Lieberman said in launching his door-to-door campaign with his wife.

Lamont and Lieberman are expected to be in Washington on Wednesday with Congress' return but it is unlikely they will cross paths.

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Lieberman plans to attend the traditional Democratic caucus luncheon, where he will encounter many of the Democratic colleagues who now support Lamont, the nominee. The senator has pledged to remain in the Democratic caucus if he wins a fourth term.

"If some people give me a warm embrace, I'll welcome it. If some people avert their eyes — that's life," Lieberman said.

Lamont will not attend the lunch. He has meetings with party leaders, union officials and business leaders planned before he returns to Connecticut on Thursday.

Florida Republicans Choose Katherine Harris (NYT)

By Abby Goodnough

The New York Times, September 6, 2006

MIAMI, Sept. 5 — Attorney General Charlie Crist won Florida's Republican primary for governor in a landslide Tuesday, while Representative Katherine Harris easily defeated three challengers in the party's Senate primary.

Mr. Crist will face Representative Jim Davis, who narrowly beat State Senator Rod Smith in the Democratic race.

Ms. Harris, 49, enjoyed a solid victory despite losing her party's support soon after she declared her candidacy last year, but she faces an uphill race against Senator Bill Nelson, the Democrat, in November.

Mr. Nelson, who narrowly won election in 2000, was once considered one of the nation's most vulnerable Democrats. But Ms. Harris, who oversaw Florida's contested presidential election in 2000 and subsequently won a seat in Congress, has run such a feeble campaign that he is now considered safe.

Ms. Harris beat three opponents who did not enter the race until just before the filing deadline in May: Will McBride, a lawyer; LeRoy Collins Jr., a retired admiral and son of a former Democratic governor; and Peter Monroe, a developer.

Republican leaders in Florida and Washington tried to recruit Allan G. Bense, the speaker of the Florida House of Representatives, and others to run against Ms. Harris. In May, Carole Jean Jordan, chairwoman of the Florida Republican Party, even wrote Ms. Harris a letter urging her to abandon the race.

More than a dozen members of Ms. Harris's campaign staff quit in the last six months, with some complaining openly about her behavior.

She also suffered from the revelation that Mitchell Wade, the military contractor who pleaded guilty to bribing former Representative Randy Cunningham, Republican of California, admitted funneling illegal contributions to her 2004 re-election campaign. Ms. Harris tried to get $10 million in federal financing to help Mr. Wade with a project in her district, but she has denied knowing that the donations were illegal and has not been charged with wrongdoing.

Mr. Crist, 50, defeated Tom Gallagher, the state's chief financial officer, by a wide margin. He has promised to preserve Gov. Jeb Bush's education, tax and crime policies. In polls throughout the race he stayed far ahead of Mr. Gallagher, who struggled to raise money and win the trust of voters.

Mr. Gallagher suffered from accusations that he violated the state ethics code while he was insurance commissioner in 2002-3. And while he presented himself as the most socially conservative candidate, some voters were skeptical because he admitted marital infidelity and supported abortion rights in the past.

In the Democratic contest, Mr. Davis, 48, enjoyed a sizeable lead until the final weeks of the race, when mailings and advertisements financed by the sugar industry sharply attacked his voting record and gave Mr. Smith a boost. In particular, they criticized Mr. Davis for voting as a state legislator in 1990 against restitution for two black men who had been wrongfully imprisoned for murder decades earlier.

Mr. Davis has defended that vote, saying he did not think there was enough evidence at the time to justify compensation for the men. But over the weekend, he told parishioners at a black church in Palm Beach County that he would re-examine his decision.

Both Democratic candidates were counting on mobilizing South Florida voters, but heavy rain kept many in Miami-Dade, Broward and Palm Beach Counties from casting ballots. Bad weather also appeared to reduce the turnout in Hillsborough County, in the Tampa Bay area.

Rep. Harris Wins GOP Primary For U.S. Senate Seat In Florida (WP)

By Peter Whoriskey

The Washington Post, September 6, 2006

MIAMI, Sept. 5 -- Shunned by party leaders and battered by repeated campaign controversies, Rep. Katherine Harris nonetheless held on to enough support from the state's Republican voters Tuesday to win Florida's Senate primary convincingly over three little-known candidates.

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It was in many ways an embarrassing result for state GOP leaders: They had urged the former Florida secretary of state, a polarizing figure since her role in the 2000 presidential election recount, not to run.

Harris now faces Democratic Sen. Bill Nelson in a race that strategists have said may be impossible for her to win. Polls have shown Nelson with a lead as wide as 30 percentage points.

Harris told supporters Tuesday night her victory shows that they together can "courageously beat the odds."

"We shall be victorious this November in sending Bill Nelson home," she promised.

"The die-hard Republican voters, they love her," said Jennifer Duffy, editor of the Cook Political Report, a nonpartisan election newsletter. "They think she got a bum rap in 2000."

But Harris is far less popular in other circles, and she is often a target of ridicule for her fashion and sometimes erratic pronouncements. Republicans had targeted Nelson as vulnerable a year ago, but his seat is now deemed relatively safe.

"There is probably not a Senate race in the country that is more of a lost opportunity than this one," Duffy said.

In the race to succeed term-limited Gov. Jeb Bush (R), state Attorney General Charlie Crist emerged from Tuesday's balloting as the Republican candidate, trouncing state Chief Financial Officer Tom Gallagher. Rep. Jim Davis was narrowly leading state Sen. Rod Smith in the Democratic primary.

Before the filing deadline in May, GOP leaders sought to recruit other high-profile candidates for the Senate race, including state House Speaker Allan G. Bense; former congressman Joe Scarborough, now a television host; and Rep. Mark Foley.

"I just don't believe she can win," the governor told reporters at the time.

But the recruiting efforts failed, and on Tuesday Harris faced off against Orlando lawyer Will McBride; LeRoy Collins Jr., a retired Navy admiral and the son of a former popular governor; and Peter Monroe, a developer. None of her rivals is well-known in the state.

The Harris campaign stumbled repeatedly during the run-up to the election. Fundraising fell short, prompting Harris to pledge $10 million of her own money. News stories linked her to a defense contractor convicted of bribing then-Rep. Randy "Duke" Cunningham (R-Calif.). And staff members repeatedly quit, sometimes citing her alternately abusive and flirty behavior.

Most recently, she was criticized for calling separation of church and state "a lie we have been told," and she angered many by saying: "If you're not electing Christians, then in essence you are going to legislate sin."

Earlier Tuesday, spokeswoman Jennifer Marks predicted Harris would win because "she has a clear record of leadership and results," and said Harris's focus on immigration reform and tax cuts resonates with people.

With 75 percent of precincts reporting in the winner-take-all primary, Harris had 50 percent of votes, McBride 30 percent, Collins 15 percent and Monroe 5 percent.

Running "against a candidate who is somewhat notorious and has universal name identification with the state, the biggest challenge has been time -- time to introduce Will as a viable alternative," said Jack St. Martin, McBride's campaign manager. "She clearly can't be competitive with Nelson. That's been echoed from the grass roots to the top of the party in Florida. I think voters were looking for a viable alternative."

The Harris campaign outspent the McBride campaign by a margin of 5 to 1, he said.

Entertainment Industry Donates To Allen's Bid (WP)

By Tim Craig

The Washington Post, September 6, 2006

U.S. Sen. George Allen (R-Va.) is a leading recipient of entertainment-related campaign contributions to members of Congress, a nonpartisan analysis released yesterday shows, even as the senator has been criticizing his Democratic opponent's ties to Hollywood.

Democrat James Webb has helped produce several movies, prompting Allen and his surrogates to portray Webb as an elitist more attuned to what Allen called the "values of Hollywood" than "the values of Virginia."

The Center for Responsive Politics, a nonprofit research group, said that Allen ranks 16th among members of Congress in campaign contributions received from the entertainment industry during the past two years. Allen has accepted $93,350 since 2004; Webb, $20,650, according to the center.

In campaign fundraising, Allen outpaces Webb by a ratio of 15 to 1.

"There is plenty of data to support that . . . George Allen gets far more money from the entertainment industry than either Jim Webb or nearly anyone who represents the Hollywood area in Congress," said Massie Ritsch, a spokesman for the center, which is in Northwest Washington.

The center defines entertainment-related contributions as those from companies and people associated with television, movies and music.

Dick Wadhams, Allen's campaign manager, said the analysis appeared flawed.

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Allen's haul includes contributions from executives with Time Warner, News Corp., Comcast, Univision Communications Inc., America Online, Krikorian Premiere Theatres, the National Association of Broadcasters, the National Cable & Telecommunications Association and the Walt Disney Co.

"I classify most of those as communications companies," said Wadhams, who often mocks Webb by adding "wealthy Hollywood movie producer" before his name.

Webb has received donations from filmmaker William Friedkin, producers Rob Reiner and James Jacks, and officials with Playboy Enterprises Inc., Wheeler Television and the International Broadcasting Bureau.

The center's analysis covers contributions received through June 30.

Allen and Webb, a former secretary of the Navy, both traveled to Los Angeles last month for fundraisers.

Webb's connections to Hollywood have emerged as a dominant theme in Virginia's U.S. Senate race.

During the candidates' first debate in July, Allen repeatedly needled Webb about his connections to Hollywood. When referring to Webb's opposition to a constitutional amendment to ban same-sex marriage, Allen said, "They may be the values of Hollywood, but they are not the values of Virginia."

Last month, Allen told a crowd in southwest Virginia that Webb was in Los Angeles raising money from a "bunch of Hollywood movie moguls."

New York Sen. Hillary Rodham Clinton (D) raised the most from the industry in the past two years: $530,000, according to the center.

Kristian Denny Todd, a Webb spokeswoman, said Allen's 16th-place ranking highlights his "hypocritical statements" about Webb.

Wadhams said Webb can't hide from the fact that "he has been a Hollywood movie producer for the past 20 years."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, September 6, 2006

Do I hear a dollar?

Poor Joe Lieberman doesn't appear to be worth very much these days -- just shy of one dollar, at last check.

Political memorabilia collectors have one day left to bid on a what is described as a picture-perfect, hand-signed 8x10 color photo of the Connecticut Democrat, who barely missed becoming vice president and now suddenly is running for re-election as an independent following his stunning primary defeat.

"You could own this picture that has been authentically autographed by this incredible U.S. senator," boasts the EBay peddler. "Don't miss your chance to own this great item!"

Current bid: 98 cents.

Wasted hours

Once again, we draw your attention to George W. Bush's frequent bike-riding jaunts through the Maryland countryside -- journeys that, for the gaggle of White House reporters who are required to tag along, hardly ever produce news, or for that matter produce sightings of the president aboard two wheels.

It's now gotten to the point that the reporters are running out of things to write about in their pool reports, although as one scribe points out concerning the most recent trek: the biking "represented 2½ news-less hours of our lives that your poolers will never get back."

Keystone cop

We should point out that at least one of President Bush's motorcades over the last 48 hours made news, albeit at the expense of an unnamed Washington D.C. Metropolitan Police officer.

"We arrived back [at the White House] at 4:46 -- and would have been back sooner except for a hapless D.C. cop, clearly soon to be reassigned to the weekend graveyard shift, who had blocked off the wrong road, keeping the non-[presidential] highway wide open while simultaneously keeping the presidential motorcade blocked in bumper-to-bumper traffic" -- or so reads the official White House report of the bottleneck.

Never too late

While waterlogged Washington eyes yet another budding hurricane in the Atlantic, Washington PR mogul Gloria Dittus is focusing attention on New Orleans and its surrounding parishes as they rebuild from last year's devastating Hurricane Katrina.

The president and CEO of Dittus Communications is appealing to Washington's "movers and shakers" in hosting her 1st annual Hurricane Katrina fundraiser at her Kalorama home tomorrow evening.

Expect to see several familiar faces in the crowd from an impressive host committee that includes former Sen. John B. Breaux and former Reps. Billy Tauzin and Bob Livingston, all of Louisiana.

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Mr. Livingston's son, 37-year-old Richard Livingston, was killed on July 25 while doing tree-trimming work in New Orleans.

State of the unions

Labor Day traditionally kicks off the fall campaign season, and the just-concluded holiday saw unions around the country attracting the usual candidates to their parades and picnics -- those leaning left, in other words.

So far this election cycle, the Center for Responsive Politics reported yesterday, unions have contributed more than $43 million to federal candidates and parties -- 85 percent of it to Democrats.

No milk money?

School bells rang across much of the nation yesterday amid a growing concern that students will once again be subjected to child abuse and drug addiction.

The Physicians Committee for Responsible Medicine has issued failing grades to school districts whose cafeterias emphasized meat and dairy foods, while praising those offering vegetarian menu items.

"This is a wing-nut animal-rights group that believes milk is an instrument of child abuse and cheese is an addictive drug," said Center for Consumer Freedom research director David Martosko, calling on the PCRM to withdraw its latest school-nutrition "report cards."

Mr. Martosko, who said that less than 4 percent of PCRM members are physicians, says the group is advancing a "hidden" animal-rights agenda that seeks to remove all animal protein from school diets.

Inside the Beltway got hold of the lengthy report card, and read on the very first page: "Vegetarians, and in particular vegans (those who consume no meat, dairy, or other animal products), are leaner than their meat-eating peers. ... Experts agree that healthy vegetarian diets meet all the nutrition needs of growing children."

(Of course, other "experts" argue in favor of additional proteins.)

According to the PCRM, "25 percent of children ages 5 to 10 years have high cholesterol, high blood pressure, or other early warning signs of heart disease."

Gov. Vows To Veto Health Care Bill (LAT/AP)

The Los Angeles Times, September 6, 2006

SACRAMENTO — Gov. Arnold Schwarzenegger announced today that he will veto a universal health care bill that is headed for his desk, claiming the measure would set up a "vast new bureaucracy" that would be too expensive.

The Republican governor said the single-payer system proposed by Sen. Sheila Kuehl would "cost the state billions and lead to significant new taxes on individuals and businesses, without solving the critical issue of affordability.

"I won't jeopardize the economy of our state for such a purpose," the governor said in a statement.

Kuehl, D-Santa Monica, said Schwarzenegger's comments indicated he "has not read the bill, doesn't understand the bill or is being completely misdirected by his handlers." She said the measure would save money.

"Where there are no cost controls at all now, and enormous administrative overhead and profit for insurance companies, there would have been a transparent system that actually would succeed in making health care coverage affordable in California," she said in a statement issued today.

The bill would provide every California resident with health insurance through a system controlled by a new entity called the California Health Insurance Agency. It would be under the control of a health insurance commissioner appointed by the governor.

The legislation also would establish a state commission to recommend to the governor and Legislature how much to charge patients and businesses in premiums to help pay for the system.

Kuehl said the premiums would have "taken the place of all premiums, copays and deductibles we now pay, saving every person who now pays for health care significant money."

The bill was approved by lawmakers last week as they wrapped up their 2006 session, but it has not reached Schwarzenegger yet, aides said today.

Schwarzenegger's Democratic opponent, state Treasurer Phil Angelides, did not take a formal position on the measure. However, he has said that if he were elected governor, he would work with Kuehl to move toward universal coverage.

Going Over To The Girlie Men (WP)

By Harold Meyerson

The Washington Post, September 6, 2006

SACRAMENTO -- It was just two years ago that California Gov. Arnold Schwarzenegger, angered by his inability to get right-wing bills through his state's Democratic-controlled legislature, termed that body's leaders -- Assembly Speaker Fabian Nunez and Sen. Don Perata -- "girlie men." This political neologism went over particularly big with a subgroup with which Arnold claimed a special rapport: Dumb Young White Guys.

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Deluded, perhaps, by the belief that the Census Bureau systematically undercounted the DYWGs, the Governator then spent all of last year campaigning against the Democrats and their institutional allies. Attempting an end run around the legislature, he called a special election so that voters could approve four partisan Republican initiatives he supported, including a draconian spending limit and a measure that would have curtailed unions' political involvement. Somehow he overlooked that California is a heavily blue state, and a place where independents are more likely to vote Democratic than Republican. More bewildering still, he forgot that he had campaigned for governor in the 2003 recall election as the guy who would end the partisan bickering in Sacramento, as a Republican who would forge common-sense solutions with the Democrats.

The result was a flat-out disaster. All four of Schwarzenegger's initiatives went down in a heap. His approval rating, which stood at 62 percent as 2005 began, plummeted to 35 percent as 2005 ended. There weren't, it seemed, as many DYWGs as he had suspected.

Whereupon Schwarzenegger figured, if you can't beat 'em, join 'em. He sacked his chief of staff and hired in her stead a centrist Democrat, Susan Kennedy, who had been the star staffer in the administration of the Democratic governor Schwarzenegger had replaced, Gray Davis. Predictably, many of his fellow Republicans went ballistic, but with Schwarzenegger at least nominally bearing their standard in the upcoming gubernatorial election against state Treasurer Phil Angelides, a liberal Democrat, they had no alternative to Arnold.

And all that was just the beginning. As Sacramento barreled toward the third straight unproductive legislative session of Schwarzenegger's tenure in office, the governor suddenly began striking deals with the girlie men he had campaigned against for the past couple of years. He reached an accord with them on a series of bond issues to build new roads and rail lines, schools and affordable housing. He agreed to landmark legislation that set strict new standards for greenhouse gases, over the opposition of oil companies that had funded his campaigns and whose interests he had championed. He supported a bill he had previously opposed that would compel drug companies to reduce their costs to millions of Californians or lose their access to the state's massive Medicaid market. And he reversed his opposition to raising the state's hourly minimum wage, which will now increase from $6.75 to $8 over the next two years. The Democrats gave away a little to get these deals -- they had proposed indexing the minimum wage to the cost of living, for instance -- but not a lot.

"I've been saying all along the governor's adopting a Democratic agenda," Nunez told reporters last week. The Republicans in the legislature thought so, too: Most of these bills were sent to the governor's desk without a single Republican vote for them in either house. During the recent state Republican convention, Schwarzenegger didn't even appear together with the six other Republicans running for statewide office -- all of whom, in the latest poll, are trailing. Schwarzenegger, by contrast, has opened at 13-point lead over Angelides in the most recent poll from the Public Policy Institute of California, and his deals with the Democrats have greatly undercut Angelides's ability to make up that ground. With the governor already tagging the treasurer as a dangerous tax-raiser (Angelides supports restoring a higher tax rate on the state's wealthiest 1 percent and cutting taxes on middle-class Californians, but Schwarzenegger has succeeded in blatantly misrepresenting Angelides's position), Nunez and Company figured that their best shot at enacting their priorities was to deal with Arnold while he was in a Democratic mood.

But the real story is Schwarzenegger's astonishing malleability of identity: He's a right-wing Republican; he's a mainstream Democrat; what's the difference? Partly, this is because he's the only major figure in American politics who didn't get nominated in a party primary or convention, because of the nonpartisan nature of California recall elections. More fundamentally, unlike Ronald Reagan, this is one actor who will take on almost any role if the political exigencies -- that is, winning over independent and some Democratic voters in a heavily Democratic state -- demand it.

Call it a triumph of will over identity: Arnold is now a girlie man, too. And should the race tighten between now and November, and the polls suggest he needs to, Schwarzenegger will gird his loins and become a manly girl.

U.S. Rep. Jesse Jackson Jr. To Explore Run For Mayor (CHIT)

Chicago Tribune, September 6, 2006

U.S. Rep. Jesse Jackson Jr. (D-Ill.), a vocal critic of Mayor Richard Daley who has hinted at a possible run for mayor, plans to announce the formation of a mayoral exploratory committee on Wednesday.

Jackson also will conduct a citywide "listening tour," according to Vincent Fry, a Jackson aide who declined to provide details of the tour or names of those who will serve on the committee.

Jackson, scheduled to outline his new efforts at a morning news conference in his Southeast Side home, would be the third declared candidate in February's mayoral election if he decides to run.

Already in the race are Bill "Dock" Walls, a one-time aide to the late Mayor Harold Washington, and Dorothy Brown, clerk of the Cook County Circuit Court.

Daley has not announced his intentions, but he is expected to seek a sixth term.

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The First YouTube Election (LAT)

The Los Angeles Times, September 6, 2006

AT CLOSE TO 20 MILLION video-hungry users a month — and growing — YouTube.com has become a magnet for budding filmmakers, marketers and entertainment industry executives looking for new ways to reach viewers. Now, with the campaign season upon us, political hatchet men are discovering the site too.

Candidates have been using the Web for several years as a cheap outlet for 30-second spots, a laboratory for campaign ideas and an effective tool for fundraising. The Internet's role in electioneering continues to grow as more homes get high-speed connections. YouTube offers partisans a nearly irresistible combination: It lets them post videos under pseudonyms, and it stores and plays them for free.

In May, a video skewering Al Gore's global warming movie, "An Inconvenient Truth," provided a sample of political things to come. More slick than the typical homemade video, the two-minute bit was posted by someone claiming to be a 29-year-old from Beverly Hills. But the Wall Street Journal traced it to an employee at a Washington lobbying firm whose clients include ExxonMobil Corp.

YouTube is also a tempting launch pad for political mischief because it is effectively unregulated by the Federal Election Commission, whose Internet rules apply only to paid political advertising. Videos on YouTube don't have to disclose their source or include an on-air approval from a candidate — two requirements for political TV and radio spots.

But YouTube, like the Internet in general, has a self-correcting quality not found in the broadcast media, where the high price of airtime crimps the public's ability to participate in the debate. Online, everyone's a critic — and in many cases, an investigator too. Very few battles are one-sided, and fakes can become embarrassing once they're outed. The anti-Gore video drew more than 2,300 comments and sparked a spirited debate about global warming, which continued even after the apparent source was revealed. Several people sympathetic to Gore replied with their own videos.

That scene is likely to be repeated in numerous political campaigns this fall. Aside from the ads, the most common political postings on YouTube have been clips recorded at rallies and snippets of forgotten videos from previous campaigns. Often, they aim to show candidates being hypocritical, ill-informed or unappealing. The Internet can serve as an important memory bank for gaffes and public lapses that candidates and officials would rather citizens forget. But because it's hard to tell real memories on the site from fake ones, it's important for voters to take what they see there with a grain of salt — just like everything else they see or hear during the campaign season.

Annan Hopeful On Easing Israeli Blockade Of Lebanon (NYT)

By Warren Hoge And John Kifner

The New York Times, September 6, 2006

ALEXANDRIA, Egypt, Sept. 5 — Secretary General Kofi Annan said Tuesday that he had put in motion a plan that could lead to a lifting of the Israeli blockade of Lebanon within 48 hours.

In an interview on his flight here from Jidda, Saudi Arabia, Mr. Annan said he was taking action because regional leaders had told him the embargo was the single biggest impediment to beginning the restoration of Lebanon.

Israel imposed the blockade on July 13 during the war in southern Lebanon to block arms for the Hezbollah militia, and has maintained it since the halt in fighting on Aug. 14.

Mr. Annan is seeking backing in the region for the Security Council resolution that halted hostilities and support for the rebuilding of Lebanon after the devastation caused by the war.

He has argued at every stop — Beirut, Jerusalem, the West Bank, Jordan, Syria, Iran, Qatar and Saudi Arabia — that it is illogical to stop goods from entering Lebanon when the United Nations is asking people to send aid.

Mark Regev, the Israeli Foreign Ministry spokesman, objected to the term blockade, and said Israel had permitted dozens of planes and ships to reach Lebanon. “Planes and ships are allowed to go to Lebanon as long as it is coordinated with Israel,” he said.

Mr. Annan met here with President Hosni Mubarak and Ahmed Aboul Gheit, the foreign minister, before departing for Ankara, Turkey, the final leg of his diplomatic journey. He plans meetings there on Wednesday with Prime Minister Recep Tayyip Erdogan and Foreign Minister Abdullah Gul.

In the interview during his flight, Mr. Annan described a three-step process that he hoped would begin later Tuesday with an announcement from President Jacques Chirac of France about deploying French ships along the Lebanese coast.

...

Under the plan, Mr. Chirac’s announcement would bring an immediate dispatch of French, Italian and Greek vessels to patrol for two weeks, the time needed for a promised German fleet to arrive.

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The second step is a letter to Mr. Annan from Fouad Siniora, the Lebanese prime minister, formally authorizing the Germans to take up their positions off Lebanon.

The force, envisaged as 15,000 foreign soldiers, was authorized by Security Council and will join 15,000 Lebanese Army troops.

The third and final step that Mr. Annan hopes for is an announcement that Israel will lift the blockade.

Mr. Siniora and Ehud Olmert, the Israeli prime minister, have disagreed on the sequence of events, Mr. Annan said. Mr. Siniora wants Israel to end its blockade before he authorizes the German assignment, Mr. Annan said. But he said Mr. Olmert had told him Israel would lift the blockade only after word that the Germans were officially committed.

Mr. Annan hopes the temporary presence of French, Italian and Greek ships will provide Israel with the assurances it needs that no arms will flow to Hezbollah if it lifts its blockade.

Israel later confirmed that it is prepared to lift the embargo on shipping if it receives the necessary assurances. "The minute the Lebanese government, augmented by the international force, is ready to enforce the arms embargo on Hezbollah, then Israel will be ready to lift the restrictions," Mr. Regev said. "When they are ready, we will be ready."

Turkey agreed Tuesday to send troops to Lebanon to help monitor the cease-fire. Ankara did not say how many troops would be deployed, but Mr. Gul said the number would not exceed 1,000, The Associated Press reported.

Turkey and Israel maintain diplomatic ties, something that Mr. Olmert has said was essential for any Muslim country taking part in the force.

In Lebanon, a roadside bomb on Tuesday wounded a high-ranking Lebanese intelligence officer who had played an important role in the investigation of the assassination of former Prime Minister Rafik Hariri.

The officer, Lt. Col. Samir Shehadeh, the deputy director of the Internal Security Force intelligence unit, was injured by shrapnel from two bombs that were apparently detonated by remote control as his two-car convoy drove near Rmaile, just north of Sidon. He was listed in stable condition at a Sidon hospital.

The bomb, which killed four bodyguards, struck the first car in the convoy, a black Pathfinder that Colonel Shehadeh normally drove. But he was in the second car when the bomb, packed with nails, went off, the interior minister, Ahmed Fatfat, told the Lebanese Broadcasting Corporation.

The bombing came 10 days before an interim report is due on a United Nations investigation of the killing of Mr. Hariri and 19 others in a huge explosion on Feb. 14, 2005, an attack for which Syria was widely blamed. An earlier stage of the investigation had cast suspicion on President Bashar al-Assad's powerful brother-in-law, Gen. Asef Shawkat, and a network of Syrian and Lebanese operatives.

Annan Urges Naval Patrol For Lebanon (FT)

By Quentin Peel And Andrew England

Financial Times, September 6, 2006

France, Italy and Greece are being asked urgently to provide naval ships to patrol the Lebanese coast for the next two weeks before the arrival of the German navy, in an attempt to persuade Israel to lift its air and sea blockade of Lebanon.

Kofi Annan, the UN secretary-general, has appealed to Jacques Chirac, the French president, to intervene and break a stalemate over the blockade, which is preventing aid and reconstruction materials reaching the strife-torn country.

Germany has promised a naval task force to help the Lebanese military monitor the coast but it would take two weeks for the ships to arrive. The German government also needs a formal request from Lebanon to the UN secretary-general, in order to give the go-ahead.

Mr Annan expressed optimism on Tuesday that diplomatic efforts over the next 48 hours would persuade Israel to lift its blockade, imposed to prevent any arms supplies reaching Hizbollah militia forces in Lebanon.

"If we want to make progress [with the UN peace plan for Lebanon], this is one of the first issues we need to resolve," Mr Annan said as he flew from Saudi Arabia to Egypt on a whirlwind diplomatic tour of the Middle East, designed to bolster the plan.

In a series of telephone calls from Jeddah, Mr Annan spoke to Mr Chirac; Fouad Siniora, the Lebanese prime minister; Ehud Olmert, the Israeli prime minister; and Condoleezza Rice, the US secretary of state, to find a way out of the stalemate.

Israel has refused to lift the blockade until it is assured "that there is a mechanism to make sure that arms are not coming in", Mr Annan said.

Mr Annan said he had asked Mr Chirac to fill the gap by ordering naval patrols until the German navy arrives. "The Israelis insist they need to have something before they lift the blockade," Mr Annan said. "So I have asked President Chirac to look into the possibility that the three ensure a coastal patrol for two weeks, before the Germans arrive.

The French foreign ministry confirmed that Lebanon had asked for a French naval force to patrol its waters on a temporary basis. It said it was examining the request, adding that any contribution would probably be in conjunction with other navies.

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The secretary-general, who has seen nine Middle Eastern leaders in the past nine days in an effort to line the entire region up behind the peace plan, said the lifting of the blockade was stressed as an urgent priority.

Under UN resolution 1701, the Lebanese government is responsible for all the country's ports of entry and the mandate of the expanded UN force does not include border patrols. But the UN could assist the Lebanese military if it was formally requested.

Lebanese officials say the blockade is having a huge economic impact by restricting imports, raising costs for exporters and hindering reconstruction efforts.

Israel's top priority is seen as the release of its two soldiers abducted by Hizbollah at the start of the month-long conflict, that cost more than 1,000 Lebanese lives, 1m internal refugees and shattered the country's infrastructure.

Mr Annan said he had appointed his own "facilitator" who will attempt to negotiate release of the prisoners, as well as freeing Lebanese prisoners captured by Israel during the fighting.

Meanwhile, a senior intelligence officer who played a leading role in the investigation into last year's killing of Rafiq Hariri, Lebanon's former prime minister, was wounded yesterday when his two-vehicle convoy was struck by a remote-controlled roadside bomb. Four of Lieutenant-Colonel Samir Shehadeh's bodyguards and aides were killed near the southern city of Sidon. There was no claim of responsibility for the attack.

Additional reporting by Adam Jones in Paris

Turkey Pledges Peacekeepers For Lebanon (AP)

By Todd Pitman, Associated Press Writer

AP, September 6, 2006

Turkey on Tuesday became the first Muslim country with diplomatic ties to Israel to pledge troops to an expanding international peacekeeping force that will monitor a fragile cease-fire between Israel and Hezbollah.

Hundreds of Lebanese army troops rolled into southern villages after Israeli soldiers withdrew from five of them, slow but steady steps toward implementing a U.N.-brokered peace plan agreed last month. In two of the villages, dancing women showered the soldiers with rice and men slaughtered sheep to fete their arrival, witnesses said.

Meanwhile, U.N. chief Kofi Annan said he could get some positive news within two days on a deal to convince Israel to lift its blockade of Lebanon.

Ruling party lawmakers in Turkey voted in favor of the deployment of peacekeeping troops despite objections from opposition parties and street protests by thousands.

While many Turks regard the Lebanon peacekeeping mission as a dangerous venture that could lead to clashes with fellow Muslims, Prime Minister Recep Tayyip Erdogan's party insisted on contributing. He argued it would raise Turkey's profile on the international stage. Turkey, which has diplomatic relations with Israel, is aspiring to join the European Union.

The peacekeeping force in Lebanon is expected to swell from 2,000 to 15,000 troops. About 1,250 Italian and French reinforcements have already arrived. Under a U.N. Security Council mandate, the mission known as UNIFIL is deploying throughout the south with an equal number of Lebanese soldiers as Israeli forces withdraw.

Annan's spokesman Ahmad Fawzi told The Associated Press a deal to lift the Israeli blockade was in the works and would entail deploying French, Italian, Greek and German ships to patrol the Lebanese coastline. Such a move could assure Israel its arms embargo on Hezbollah would still be enforced.

Israel has said it would lift the blockade only after protections are in place to prevent the Hezbollah militants from getting more arms. Israel has allowed some commercial flights into Beirut airport and has let some aid in despite the blockade.

Annan "has said time and time again that he calls on Israel to lift the blockade, it is strangling the country. He expects them to cooperate," Fawzi said.

Annan discussed the issue by telephone with Lebanese Prime Minister Fouad Saniora, Israel's Prime Minister Ehud Olmert, U.S. Secretary of State Condoleezza Rice and French President Jacques Chirac, Fawzi said.

Speaking in Alexandria, Egypt on the last leg of a Mideast tour, Annan said he expected "some constructive and positive news" on the blockade within two days.

Annan stopped afterward in Turkey.

In Lebanon, meanwhile, top police intelligence officer Lt. Col. Samir Shehade, who had been investigating the assassination of former Lebanese Prime Minister Rafik Hariri, was wounded by a remote-controlled roadside bomb Tuesday that killed four people in his two-vehicle convoy in Rmaile, near the Mediterranean port city of Sidon.

The motive behind the attack was unknown. But it raised the specter that Lebanon might be in for another round of politically inspired attacks. Some critics of Syria have accused it in the past of using such attacks — including Hariri's February 2005 slaying in a car bombing that killed 21 others — to intimidate Lebanese leaders. Protests and international pressure in the

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aftermath of Hariri's death forced Syria to withdrawal its 29,000 troops from Lebanon last year, ending its military domination of its smaller neighbor.

Acting Interior Minister Ahmed Fatfat told reporters the attack might have been aimed at Lebanese security forces who are deploying in the south.

UNIFIL said Israeli troops pulled out of five small villages in southeast Lebanon near the larger town of Bint Jbail. The villages included Beit Lif, al-Qawzah, Dibel, Ein Ibel and Mhaibeb.

A contingent of U.N. peacekeepers from Ghana moved in. They were followed by around 250 Lebanese soldiers who moved into the areas, according to witnesses and state-run National News Agency.

The Israeli army confirmed troops had pulled out of the towns and surrounding areas, and said the withdrawal would continue in stages in coming days.

Also Tuesday, 120 Lebanese soldiers who had been manning checkpoints on the outskirts of Bint Jbail moved into the devastated town's center for the first time. Bint Jbail was the scene of fierce ground fighting between Israeli forces and Hezbollah guerrillas and large parts of the town are in ruins.

Lebanese troops also deployed in the nearby villages of Ainata and Aitaroun, where they were greeted by dancing women and men who slaughtered sheep in celebration of their arrival.

Hezbollah leader Sheik Hassan Nasrallah said in comments published Tuesday that he does not regret the capture of two Israeli soldiers on July 12, which sparked 34 days of fighting that killed more than 850 Lebanese and 150 Israelis.

France Toughening U.N. Peacekeeping Role (AP)

By Jamey Keaten, Associated Press Writer

AP, September 6, 2006

France is quietly preparing to play a tougher role in the strengthened U.N. peacekeeping force in Lebanon, rolling out hefty tanks, powerful artillery, and sophisticated radar systems to pinpoint artillery launch sites.

French Leclerc tanks will be some of the mightiest vehicles deployed under the U.N. flag — an answer to critics who have moaned about toothless, ineffectual U.N. peacekeeping deployments over the years.

France, which is leading an expanded UNIFIL peacekeeping force in Lebanon, has called along with Italy and other nations for robust rules of engagement — which are still being worked out — to ensure the safety of their forces and their rights of response.

Christopher Foss, editor of Jane's Armour and Artillery publication, said the enhancement to the force will be an "important test case" for the world body's peacekeepers.

"It shows that it would be possible — given the normal caveats of how the United Nations work — that if they had to use force, that they would have the capability there," he said.

The U.N.'s message now is: "We've put it up a notch," Foss said. But "it all depends on whether you've actually got the political will to use that force," he added.

France was criticized last month for being too slow to offer of more peacekeepers after French diplomats helped draft a Security Council resolution to expand UNIFIL.

Amid the pressure, President Jacques Chirac announced Aug. 24 that France would increase its troop contribution to 2,000 — up from 400 — backed by sophisticated equipment and firepower.

The U.N. force, set to grow from 2,000 to 15,000, is to help Lebanon's army extend government authority near the border with Israel after 34 days of fighting between Israel and Hezbollah fighters left hundreds dead this summer.

France has pledged the most powerful weaponry.

Heavy armor such as the Leclerc is not typically part of the force deployment package for a U.N. peacekeeping operation, although battle tanks have been used in past missions. Attack helicopters, for example, have been deployed for the biggest U.N. peacekeeping mission in Congo.

Thirteen Leclerc tanks were expected to arrive by rail from central France to the port of Toulon early Wednesday, before being sent across the Mediterranean to Lebanon in the next several days.

The tanks, which each weigh 59.5 tons, feature 120mm cannon, anti-tank and armor-piercing rounds, and anti-aircraft machine guns.

The Leclerc, operated by a crew of three, has thermal sighting, night vision and an automatic loading system for on-the-move firing. It is smaller, lighter and more compact than the formidable U.S. M1 Abrams.

During more than a month of fighting that began July 12, Hezbollah anti-tank cells hit dozens of Israeli tanks such as the Merkava — which is larger than but similar to the French-made Leclerc, experts say.

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Tanks are also vulnerable to improvised explosive devices like those that have frequently damaged U.S. vehicles and killed American troops in Iraq.

France has more than 300 Leclerc tanks, the first of which were used operationally in Kosovo from 1999 to 2002 as part of a peacekeeping mission under NATO, defense analysts said. The tanks have never been used in a U.N. peacekeeping mission, French defense ministry officials said.

France is also sending four 155mm surface-to-surface AUF1 canons, with a range of up to 17 miles, plus armored vehicles, short-range anti-aircraft missiles, and Cobra radar which can pinpoint artillery fire in a range of up to 25 miles.

Italy has committed the largest contingent of 2,500 troops to UNIFIL, and its forces are backed with VCC armored vehicles, which bear machine guns, and amphibious assault vehicles.

Norway said Tuesday it would send four missile torpedo boats with about 100 crew off the Lebanese coast, while Belgium's commitment of up to 400 soldiers will be backed in part by about 40 armored vehicles.

The Bush administration and many other countries have pointed to the failed U.N. peacekeeping mission in Bosnia in the mid-1990s as an example of the difficulties that United Nations forces have faced.

Eds: Associated Press bureaus across Europe and at the United Nations in New York contributed to this report.

Bush, Kuwaiti Emir Discuss Mideast (AP-Y)

AP, September 6, 2006

President Bush and the ruler of an oil-rich Mideast ally traded ideas Tuesday on how to make the volatile region more stable.

Recently ended fighting between Israel and Islamic militants in Lebanon heightened anti-U.S. sentiment in Middle East. There were frequent protests in moderate U.S. allies like Egypt, Jordan and even Kuwait, where such anti-American displays are rare.

Against that backdrop, Bush met in the Oval office with the Kuwaiti emir, Sheik Sabah Al Ahmed Al Sabah.

"Yes, I do agree that there are differences between points of view from the United States and some of our region," Sheik Sabah said through a translator when the two leaders appeared side-by-side before reporters after their discussions. "Nevertheless, I would like also to say that there are differences between ourselves, the region. But the goal is to achieve peace and security, and we have seen in a lot of our positions that we are seeing ... eye to eye."

Bush said he appreciated the emir's "advice on a variety of matters."

"I assured His Highness that I fully understand that the United States has an obligation to work to promote the peace," Bush said. "We will work to promote the peace with our friends."

The small oil-rich state east of Iraq has been a major ally of Washington since the U.S.-led 1991 Gulf War that liberated it from seven months of Iraqi occupation. This was Sheik Sabah's first visit to the U.S. capital as head of state. He became ruler in January.

Bush also praised Kuwait's "steady reforms," saying they have "served as a notable example for others in the region."

The emir dissolved the country's legislature in May following a dispute over a bill for cutting electoral corruption. Opposition to the government's proposal produced unprecedented street demonstrations, with those against it saying it did not go far enough.

The June parliamentary elections featured women who voted for the first time and elected a new legislature of mostly reformers. The ruling Al Sabah family has long headed the government, including the most influential Cabinet positions, and maintains a strong influence on politics.

Hostage To Fortune (WSJ)

By Robert D. Kaplan

The Wall Street Journal, September 6, 2006

No leader since Napoleon has roiled the Middle East as has George W. Bush. By invading Iraq, President Bush set history in motion. By doing so without a strategy for governing it afterwards, he did not plan for the worst, and so the worst has happened. Iraq has become the pivot for strengthening the radical forces that the invasion should have weakened. Yet to assume history follows a straight path is fatalism, not analysis.

A strengthened Shiite world was not an unintended consequence of the Iraq war. Toppling a Sunni dictator in predominantly Shiite Mesopotamia had to do that, whether the invasion resulted in stable democracy, benign dictatorship or chaos. People forget that moving history forward after 9/11 required shaking up the suffocating complacency of the Sunni Arab police states from where the terrorists originated.

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Back then, Iran seemed to offer an opportunity for regional change. It was among the Muslim world's most sophisticated populations, a significant portion of which was pro-American, embarrassed by their own regime. In late 2001, when the seemingly reformist president, Mohammed Khatami, was in power, a gradual political shift in Tehran without military action seemed possible, particularly if somewhat stable, somewhat pro-American governments emerged on Iran's borders in Iraq and Afghanistan.

But ideas, particularly bold ones, are hostage to the quality of their execution. There was indeed a political shift in Iran -- for the worse. Mahmoud Ahmadinejad became president of the Islamic Republic in June 2005, in the wake of the Cedar Revolution in Lebanon, the withdrawal of Syrian troops from that country, and historic elections that saw millions of Iraqis hold up the purple finger against tyranny. In the dynamic environment that Mr. Bush had unleashed, even a flawed occupation led to encouraging developments -- however superficial -- to which Iran's radicals reacted. Iran's advantages were these: Though Iraqis had voted, they had no governing authority worth the name; likewise, the Syrian troop withdrawal from Lebanon could not erase the fact of Lebanon's demographically ascendant and militarized Shiite community.

Statements by the Arab League and the governments of Egypt, Jordan and Saudi Arabia initially blaming the violence in Lebanon on Hezbollah, rather than on Israel, stood as evidence that a heightened fear of Shiism had indeed shaken these states out of their complacency. Arab support proved short-lived, though, because of Israel's dragged-out and bungled operation. But while Iran is strengthened, it is not dominant: The radical Islamic universalism that it once sought to represent has been narrowed to a sectarianism with no appeal beyond its own Shiite community. Iran plays the spoiler in Iraq. But Iranian politics will become gnarled by its interaction with a more pluralistic, ethnically Arab, Shiite southern Iraq. We are tearing our hair out over Iraq. The Iranians will be too, if there is a full-scale civil war. * * *

What if Iran's former diplomatist president, Hashemi Rafsanjani, had won the election against Mr. Ahmadinejad? Iran's nuclear program, which Mr. Rafsanjani did so much to develop, would be quietly chugging along, without the need for chest-thumping theater or threats to annihilate Israel; so would be the continued Iranian arming of Hezbollah, without the kidnapping of Israeli soldiers. Because Mr. Rafsanjani would be whispering sweet nothings into the ears of America's European allies, Iranian power would be in full ascendance, with only the U.S. and Israel complaining.

But a strengthened Iran, ruled by a hothead, has frightened the Sunni world out of its lethargy, making it realize, potentially, the usefulness of the U.S. in adjusting the balance of power against a threat greater than Israel. Meanwhile, this hothead, having aroused both Sunni Arab and European states against him to a degree unprecedented in Iran's post-revolutionary history, has fostered a certain unease at home.

Here I pause to recollect the cost of the Cold War's end. Full-scale civil wars erupted in the Balkans, the Caucasus and Central Asia. The breakup of Yugoslavia led to 200,000 deaths and a million refugees. Sectarian violence in the southern region of the former Soviet Union resulted in an additional 150,000 dead and 1.5 million refugees, with rivers of blood in Georgia, Abkhazia and Nagorno-Karabakh. In Tajikistan alone, 50,000 people died violently. Russia teetered on the edge of chaos. Its soaring crime rate -- the result of Mikhail Gorbachev's liberalization and the crumbling of the Soviet police state -- resulted in 100,000 additional murders, when the murder rates of the 1980s are subtracted from later ones. Applying the same formula to South Africa suggests perhaps over 100,000 extra murders and a larger number of extra rapes as the price of dismantling the apartheid system.

As for the cost of invading Iraq, the sanctions regime before the war killed at least 500,000 malnourished Iraqi children. There were, too, the deaths from Saddam's desultory bureaucracy of repression and torture. Of course, the decision to dismantle government authority in Iraq put the Bush administration under the obligation to engage in intensive planning for the post-invasion phase -- with the emphasis on worst-case scenarios.

But worst-case scenarios were considered only for the invasion itself. The problem with Ahmed Chalabi was not that we supported this secular, pro-American Shiite -- no sleazier than any other politician who has since emerged in Baghdad -- but that we trusted his opinions about how we would be greeted in Iraq, and what we would find (or not find) there. That was irresponsible not because Mr. Chalabi turned out to be wrong, but because he was optimistic. Military planning should never depend on optimism.

To assume things in Iraq had to turn out as they did, no matter the strategy or degree of planning, is fatalism. But that doesn't mean local conditions don't exert an influence on outcomes. Europe's recent past should warn us about the Middle East: Recall the violence that ensued when authoritarian regimes unraveled in the Soviet Union and Yugoslavia, where populations were divided on the basis of sect and ethnicity, and kept poor by a mafia state socialism. The states closest to Central Europe, blessed by the enlightened imperial legacy of the Prussian and Hapsburg empires, have enjoyed a much easier transition to democratic rule than those under the rule of the Ottoman Turks. And while the Balkans constituted among the most advanced parts of the Turkish empire, much of the Arab world, greater Syria and Mesopotamia especially, constituted its most backward region.

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The countries that lie between the Mediterranean Sea and Persia had little meaning before the 20th century. Palestine, Lebanon, Syria and Iraq were but vague geographical expressions. Jordan wasn't thought of. When we remove the official lines on the map, we find a crude finger-painting of Sunni and Shiite population clusters that contradict national borders. Inside these borders, the governing authorities in Lebanon and Iraq barely exist. The one in Syria is tyrannical but fundamentally unstable; the one in Jordan rational but under quiet siege. If there is a part of the Middle East that dimly approximates the former Yugoslavia it is the region from Lebanon to Iran. We face the unraveling of the state system that for a century was the solution to the demise of the Ottoman empire.

Take Syria, at once a Brezhnev-style dictatorship, a land of Web logs and Islamic revivalism, of on-again off-again clampdowns, with rapidly diminishing oil reserves, and with no real history as a state, unlike Egypt or Iran. Syria's future is problematic. The broad desert reaching between the Anti-Lebanon range and the Zagros Mountains, encompassing Damascus and Baghdad, Aleppo and Mosul, Homs and Fallujah, will be a semi-chaotic meeting ground of ideas and ideologies, liberalism and terrorism, commerce and crime, where Turks, Kurds, Persians, and Sunni and Shiite Arabs engage and affect each other as never before since the late 19th century. In this most backward realm of the Ottoman empire, the transition away from the Cold War-era Arab police states will make that in Central Europe and the Balkans away from communism seem effortless by comparison.

With its ethnic and sectarian divisions, any democracy in Syria will be a shambles. To wit, what the Lebanese, Palestinian and Iraqi governments all have in common is that they can't get anything done. But this democratic failure is happening alongside an authoritarian one. Iran appears strong, in part, because Sunni Arab dictatorships like Egypt and Saudi Arabia are in tired phases of transition. Given the leadership crisis in the Sunni world, imagine how Saddam Hussein might have dominated the Arab masses -- with rising oil prices, the $50-billion ongoing Oil for Food coverup, a leading-nowhere regimen of no-fly zones, and European and Chinese intrigues to restore his legitimacy in return for energy concessions. Saddam as the new Nasser is a plausible alternative history for Iraq.

So instead of Saddam bestriding a vast and frenzied Sunni mob, we will see a string of messy, Mexico-style scenarios (the replacement of decisive one-party states with far more chaotic multi-party ones), but without Mexico's level of institutionalization that, as low as it is, remains ahead of most countries in the Middle East. To say that George Bush has been among the greatest agents of freedom in the region is a nebulous historical statement. It avoids the harder question: Did he go about it prudently? Given that good planning is the better part of valor in any decision-making process, the provisional answer is "no." * * *

Next year could see the beginning of a massive draw-down in Iraq, from 140,000 to 40,000-or-so troops: a number by which the military manpower strain becomes alleviated. An increase in troops above 140,000, coupled with the willingness to destroy Shiite militias, could dramatically improve the situation. But outside the universe of some policy journals there is no appetite for that. The political calculus is disturbingly inexorable: No more troops in Iraq now or ever, and the bulk out before the 2008 presidential season. Without immediate, demonstrable progress in Baghdad, the Republican Party will overtake the White House on this issue.

U.S. Marines, special operations forces and air assets will remain in a few staging posts to strike at international terrorists, to balance against Iran and Syria, and to try to prevent all-out war between what is emerging as three institutionally separate parts of the country. Gen. George Casey's assertion that the Iraqi Army will be ready to stand up in 12 to 18 months disregards the fact that there are no reliable civilian institutions for it to represent. How these soldiers perform in the field is one thing; the social pressures they face quite another. Rather than democracy, the Bush administration may have to settle for mere governance of almost any sort. Think of late medieval maps, with no bold lines, only indistinct regions of Persian influence shading Kurdistan, Mesopotamia and elsewhere.

The carnage caused by Mr. Bush's shattering of the post-Ottoman state system is minor compared to that in the former Soviet Union and its shadow zones after the Berlin Wall fell. Can he keep it that way? Can he undermine Iranian hegemony even as he reduces whatever control he has in Iraq?

The president may need to pull closer to the Saudi royals, Egypt's Hosni Mubarak and Jordan's King Abdullah. Weakened by our response to 9/11, terrified by Israeli incompetence in defending their interests in Lebanon, these regimes still demonstrate more enlightenment than their populations. They fear Iran more than do the Europeans. Whatever our ultimate decisions in regards to a nuclearizing Iran, we require all the help we can get. That is what comes of bold ideas, poorly executed.

Mr. Kaplan is a national correspondent of the Atlantic Monthly and Class of 1960 distinguished visiting professor at the U.S. Naval Academy.

Former Iranian President Criticizes Bush (AP)

By Nick Wadhams, Associated Press Writer

AP, September 6, 2006

DOJ_NMG_0058743

Former Iranian President Mohammad Khatami criticized President Bush in interviews published Tuesday, as he joined Anglican Archbishop Desmond Tutu and other leaders at the U.N. for a meeting of a group that promotes understanding between Western and Islamic states.

Khatami, in the middle of a two-week tour of the United States, refused to speak with the media as he went in and out of the room where the meeting of the Alliance of Civilizations took place at U.N. headquarters. The event was closed to the media.

Yet in interviews with CNN and USA Today, Khatami faulted Bush on several counts: He refused, for example, to back off a previous comparison between the American leader and Osama bin Laden. He also said the U.S. was partly to blame for the turmoil in the Middle East.

"As a result of such wrong policies, such unilateral, violent policies, that is — the voice of logic has decreased and voice of terror and attractiveness of terror unfortunately among youth has increased," CNN quoted him as saying in an interview.

Khatami will spend a second day at the U.N. for the event. He spoke in the Chicago area over the weekend, and will attend two Islamic conferences as well as deliver a speech at the National Cathedral in Washington.

Khatami is the most senior Iranian to travel outside New York in the United States since Islamic fundamentalists seized the U.S. Embassy in Tehran in 1979 and held Americans hostage for 444 days. He and his successor, Mahmoud Ahmadinejad, have both addressed the U.N. General Assembly.

Khatami reiterated the government's claim that it is not seeking nuclear weapons. The United States insists that it is.

"Why should they not trust Iran?" CNN quoted him as saying. "See, at this moment, Iran is a signatory to the treaty, has declared many times it has no interest in building the nuclear bomb."

U.N. Secretary-General Kofi Annan created the Alliance of Civilizations — headed by Spain and Turkey — last year as a vehicle to overcome the mutual suspicion, fear and misunderstanding between Islamic and Western societies that have been exploited by extremists throughout the world, according to its terms of reference. Khatami is a founding member.

The group is expected to report to Annan in the second half of 2006 on actions to counter extremism and promote mutual respect between civilizations and cultures.

Other members include the wife of the emir of Qatar, Sheika Mozza bint Nasser al-Misnid; former prime minister of Senegal Moustapha Niasse; and Rabbi Arthur Schneir, president of the Appeal of Conscience Foundation in New York.

Khatami distanced himself from comments by Ahmadinejad that Israel should not exist.

"I personally never said that Israel should be wiped off the map," he told CNN. "I always said and backed fair and equal peace in the region."

In a separate interview with USA Today, Khatami said U.S. forces should remain in Iraq for the time being.

War Backfiring On U.S., Khatami Says (WP)

By Robin Wright

The Washington Post, September 6, 2006

NEW YORK -- On the eve of his first trip to Washington, former Iranian president Mohammad Khatami warned that U.S. military action in the Middle East has backfired, producing greater terrorism, imperiling the future of Iraq and damaging America's long-term interests.

But the danger of even greater instability in the region will ultimately prevent the United States from launching military strikes against Iran over disputes about its nuclear intentions, he predicted. Although an attack on Iran would create "great damage," Khatami said, "prudence and wisdom" are likely to prevail because of the incalculable "detriment and damage" it would cause to both the region and the United States.

"America will not make the mistake of attacking Iran," he said, adding: "Iran is not Iraq."

In a wide-ranging interview Monday night, Khatami said Iran is not intent on eliminating Israel and accepts a two-state solution that includes both Israel and a new Palestine -- on terms acceptable to the Palestinians. He basically contradicted the recent angry rhetoric of his hard-line successor, President Mahmoud Ahmadinejad, who has denied the Holocaust and has called for Israel to be wiped off the map.

"The practical policy of the Islamic republic has never been to eliminate or wipe Israel off the map. And I don't believe that this policy has changed with the change of president," Khatami said in an interview in New York, where he is attending a United Nations conference. "You've never heard me reject the right of anyone to exist," added Khatami, who is scheduled to speak at the University of Virginia and the Washington National Cathedral on Thursday.

Khatami ran for office as a reformer and served the two-term presidential limit from 1997 until 2005. Many of his proposed domestic reforms -- from press freedoms to limiting the 12-member Council of Guardians' veto powers -- were blocked by hard-liners now in ascendance. Much of Iran's foreign policy, however, is formulated by consensus after intense debate among its disparate political factions.

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Khatami called concern about nuclear proliferation generally "very justified" and insisted that Tehran has not rejected U.S.-backed incentives to end uranium enrichment for its nuclear energy program, a process that can be subverted to develop a nuclear weapon. A U.N. resolution called for Iran to suspend enrichment by Aug. 31 or face punitive action.

"The package has not been rejected," he said, adding that Iran does not yet trust guarantees from the international community that it will have long-term access to fuel for energy, given past failed promises. "The situation can best be resolved by not going toward action that could exacerbate the situation," he said.

On Iraq's future, he said all countries should "seriously and steadfastly" strive to prevent a civil war. He blamed the violence on terrorists who claim to act in the name of religion but instead undermine it.

He warned, however, that Iraq reflects the failure of U.S. policy. "So far, whenever the United States has tried to solve its disputes through military means, it has not achieved its objectives -- and also not solved the problem it meant to solve," he said.

A Shiite cleric who wears the black turban of a descendant of the prophet Muhammad, Khatami expressed regret that he and President Bill Clinton could not do more after both took tentative steps to heal relations severed by the 1979 U.S. Embassy seizure, when 52 Americans were held for 444 days.

"The misunderstanding and mistrust between the two sides was so deep that it could not be solved with these simple minor steps," he said. "The pressure that existed on both sides also meant that we had to proceed with caution." Khatami had publicly called for both sides to bring down the wall of mistrust and encouraged cultural exchanges, and Clinton lifted sanctions on carpets, pistachios and caviar from Iran.

The Bush administration's policies have since deepened tensions between Tehran and Washington, said Khatami, who now heads the International Center for Dialogue Among Civilizations, which is based in Tehran and Geneva. Although Iran favored the Taliban's ouster from Afghanistan and an Iranian-backed Afghan movement worked with U.S. Special Forces to topple it in 2001, Khatami complained that President Bush turned around three months later and labeled Iran a member of the "axis of evil," along with Iraq and North Korea.

In Iraq, Khatami said Tehran had also recognized the U.S.-orchestrated transition governments and elections, while not insisting that the Shiite majority inherit power. "Why is it that Iran is still under so much pressure and is attacked so often by the U.S. administration, even though it cooperated in this manner?" he said. "Unfortunately, with these policies, more bricks will only be added to the wall of mistrust."

The Bush administration has repeatedly charged that Iran has undermined the political transitions in both neighboring countries while also arming and funding some of Iraq's illegal militias. Iran has long been on the State Department's list as the leading state sponsor of extremist groups, including Hamas, Islamic Jihad and Hezbollah.

Khatami said Hezbollah's 34-day war with Israel has produced a surge of popularity throughout the Islamic world for Lebanon's Shiite movement. Most of Hezbollah's weaponry is provided by Iran.

Khatami's trip has become increasingly controversial since his arrival last Thursday. Massachusetts Gov. Mitt Romney yesterday ordered state agencies to refuse any form of support, including police escort, for Khatami's speech at Harvard on Sunday.

"State taxpayers should not be providing special treatment to an individual who supports violent jihad and the destruction of Israel," Romney said in a statement released by his office. Romney, a potential Republican presidential candidate, called Harvard's decision to invite Khatami a "disgrace."

As it does with current and former heads of state visiting the United States, the State Department's Bureau of Diplomatic Security is providing protection for Khatami's 13-member entourage, which includes two of his children, during his tour of New York, Chicago, Washington, Boston and Charlottesville.

In the most unusual stop of his visit, Khatami is scheduled to tour Monticello, Thomas Jefferson's home in Charlottesville. Khatami has called Jefferson a "character dear to us all." The third president is particularly popular among Middle Eastern reformers because he wrote extensively about religion and democracy.

Khatami To Speak At D.C. Cathedral (WT)

By David R. Sands

The Washington Times, September 6, 2006

Former Iranian President Mohammed Khatami, the highest-ranking Iranian official to visit the United States since the 1979 seizure of the U.S. Embassy in Tehran, arrives in Washington tomorrow to deliver an address at the National Cathedral, a high point of his closely watched two-week U.S. tour.

Bush administration officials insist Mr. Khatami's trip is a private visit and that he will not meet with any U.S. government officials while here.

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But the former president, a moderate who was succeeded last year by hard-line President Mahmoud Ahmadinejad, has already made news since his Aug. 30 arrival, attacking the Bush administration's handling of the war on terrorism while hinting there was room for agreement with Tehran on recognizing Israel and stabilizing Iraq.

"As America claims to be fighting terrorism, it implements policies that cause the intensification of terrorism and institutionalized violence," Mr. Khatami, an Islamic cleric, said in a speech to a North American Muslim convention in Chicago over the weekend.

Mr. Khatami today is concluding a two-day conference in New York of the U.N.-sponsored Alliance of Civilizations, of which he was a founding member.

The group's mandate is to bridge differences between the West and the Islamic world.

The former Iranian leader, whose eight-year term was marked by a string of losing policy battles with religious hard-liners, will speak tomorrow at the Thomas Jefferson-designed Rotunda on the grounds of the University of Virginia in Charlottesville and then talk at the National Cathedral.

His cathedral address is billed as a speech on how the three "Abrahamaic faiths" -- Christianity, Judaism and Islam -- can work together for a Middle East peace.

On Friday, Mr. Khatami is the featured speaker at a dinner being given by the Council on American-Islamic Relations, and he will travel to Boston over the weekend to give another address at Harvard.

The Khatami visit comes amid an escalating war of wills between Mr. Ahmadinejad's government and the United States over Iran's nuclear programs.

Some Jewish-American groups and U.S. conservatives have criticized the Khatami visit, saying political repression and Iranian support for anti-Israel terrorist groups flourished under the ex-president's purportedly moderate administration.

A group of Iranian dissidents, ex-political prisoners and torture victims plan a National Press Club press conference tomorrow to protest the Khatami visit.

State Department spokesman Sean McCormack stressed yesterday Mr. Khatami's visit was a private one and approving his visa did not signal any change in U.S. government policy shunning the Iranian regime.

Romney Orders State Agencies Not To Cooperate With Iranian Leader (AP)

By Glen Johnson

AP, September 5, 2006

BOSTON— Gov. Mitt Romney on Tuesday ordered all state agencies to refuse any assistance - if it is requested - when the former president of Iran visits Massachusetts this weekend.

The Republican chief executive, a potential candidate for his party's 2008 presidential nomination, said Mohammed Khatami oversaw torture and the murder of dissidents, as well as Iran's secret nuclear program, while in office from 1997 to 2005.

"State taxpayers should not be providing special treatment to an individual who supports violent jihad and the destruction of Israel," Romney said in a statement.

The U.S. State Department will be providing security for Khatami during his visit Sunday to the Boston area, which will include a speech at Harvard University's John F. Kennedy School of Government. Romney's action, however, means Khatami will be denied an official police escort and other VIP treatment when he is in town.

The visa issued to Khatami also will allow him to speak at the National Cathedral in Washington, making him the most senior Iranian official to visit the capital since Islamic fundamentalists seized the U.S. Embassy in Tehran in 1979 and held Americans hostage for 44 days.

In addition, Khatami was participating in a United Nations conference Tuesday and Wednesday.

For the second time in a week, Romney also clashed with Harvard, the school that conferred upon him his law and business graduate degrees in 1975. Numerous conservatives criticize such East Coast liberal arts schools for their teachings and program offerings.

The governor said that by "honoring" Khatami to speak, Harvard had committed "a disgrace to the memory of all Americans who have lost their lives at the hands of extremists, especially on the eve of the five-year anniversary of 9/11."

Last week, Romney criticized Harvard scientists for seeking to engage in a type of stem cell research that the governor labeled "embryo-farming" and "Orwellian."

A Harvard spokesman did not immediately return a call seeking comment.

In a statement announcing his decision, Romney cited "a litany of hateful actions" by Khatami, including:

- Describing the terrorist group Hezbollah, involved in the recent Israel-Lebanon border war, as a "shining sun that illuminates and warms the hearts of all Muslims and supporters of freedom in the world."

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- Endorsing the call of the current president of Iran, Mahmoud Ahmadinejad, to seek the annihilation of Israel.

- Refusing to hand over the Iranian intelligence officials who were responsible for the attack on the Khobar Towers that killed 19 U.S. military personnel.

"Khatami pretends to be a moderate, but he is not," the governor said. "My hope is that the United States will find and work with real voices of moderation inside Iran. But we will never make progress in the region if we deal with wolves in sheep's clothing."

Iran Head Wants Liberal Teachers Ousted (AP)

By Nasser Karimi, Associated Press Writer

AP, September 6, 2006

Iran's hard-line president urged students Tuesday to push for a purge of liberal and secular university teachers, another sign of his determination to strengthen Islamic fundamentalism in the country.

With his call echoing the rhetoric of the nation's 1979 Islamic revolution, Ahmadinejad appears determined to remake Iran by reviving the fundamentalist goals pursued under the republic's late founder, Ayatollah Ruhollah Khomeini.

Ahmadinejad's call was not a surprise — since taking office a year ago, he also has moved to replace pragmatic veterans in the government and diplomatic corps with former military commanders and inexperienced religious hard-liners.

Iran still has strong moderate factions but Ahmadinejad's administration also has launched crackdowns on independent journalists, Web sites and bloggers.

Speaking to a group of students Tuesday, Ahmadinejad called on them to pressure his administration to keep driving out moderate instructors, a process that began earlier this year.

Dozens of liberal university professors and teachers were sent into retirement this year after Ahmadinejad's administration, sparking strong protests from students, named the first cleric to head Tehran University.

The country's oldest institution of higher education remains home to dozens more professors and instructors who outspokenly oppose policies that restrict freedom of expression.

"Today, students should shout at the president and ask why liberal and secular university lecturers are present in the universities," the official Islamic Republic News Agency quoted Ahmadinejad as saying during a meeting with students.

The president complained that reforms in the country's universities were difficult to accomplish and that the educational system had been affected by secularism for the last 150 years. But, he added: "Such a change has begun."

It was not clear whether Ahmadinejad intended to take immediate specific measures, or was just urging the students to rally.

Ahmadinejad, in his role as head of the country's Council of Cultural Revolution, would have the authority to make such changes himself. But his comments seemed designed to encourage hard-line students to begin a pressure campaign on their own, thus putting a squeeze on universities.

"This is the beginning of a so-called cultural revolution. Ahmadinejad and his allies plan to sweep their opponents from the universities," said Saeed Al-e Agha, a Tehran University professor. "They want to rule the brains of youth there."

"Ahmadinejad wants to settle scores with the most important center of critics and opposition and close the door to any opponent before municipal elections in late November," said Kouhyar Goodarzi, a human rights activist. "But his move may prompt a new round of student unrest."

Liberal and secular professors teach at universities around the country, but they are a minority. Most are politically passive and do not identify with either the hard-liners or the liberal camp.

Public opinion is difficult to gauge because of a lack of independent opinion polls. But Ahmadinejad must tread carefully among various factions, and strong moderate voices remain.

Hard-liners increasingly control the top rungs of government but still encounter resistance from some members of the public. Moderates also remain in government. Even among conservatives, there are different goals and powerful political factions.

It remains unclear, for example, how tightly Ahmadinejad controls the government, or the exact nature of his relationship with the country's supreme leader, Ayatollah Ali Khamenei.

Ahmadinejad surprised his conservative backers in April by deciding that women could attend soccer games, but Khamenei didn't agree and the supreme leader's view prevailed.

Shortly after the Iranian revolution, Tehran fired hundreds of liberal and leftist university teachers and expelled many students.

It had a brief period of reform in the 1990s under then-President Mohammad Khatami, but hard-line factions cracked down then, too, especially on university students, dissidents and journalists.

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"It's horrible. I did not expect at all that Ahmadinejad ... would try to deprive others of their jobs because of political differences," Reza, a university graduate who did not wish to be identified further for fear of retaliation, said of the president's statement Tuesday.

In spite of Ahmadinejad's bluster, the purge has not yet taken place, a human rights activist pointed out.

"At the moment, these words haven't been followed with actions," said Hadi Ghaemi, a researcher on Iran for the New York-based Human Rights Watch. But they could signal a coming crackdown, he added.

Ghaemi cautioned the international community not to be "fixated" on the Iranian nuclear issue. "We should not forget about human rights violations within the country," he said.

The president, who won election based on promises of economic reform, has sharpened the government's stance both on human rights issues and on Tehran's controversial nuclear program.

Iran ignored a U.N. demand to suspend uranium enrichment by the end of August, insisting its nuclear program is peaceful and not intended to make a bomb. Ahmadinejad also has accused the United States of imperialism and called for Israel to be wiped off the map.

Despite Western disgust with its confrontational positions, it seems unlikely that Iran will face tough U.N. sanctions over its nuclear program. Many European leaders have called for more negotiations, and Russia and China appear unwilling to endanger trade ties.

Iran Winning Turkish Hearts, Minds (WSJ)

By Marc Champion

The Wall Street Journal, September 6, 2006

In the contest for hearts and minds around the Muslim world between Iran and the West, Iran appears to be winning even in Turkey, a member of Western military alliance NATO and the model secular Muslim democracy.

As Turkish legislators voted to send peacekeepers to Lebanon in the face of fierce domestic criticism that they would be doing the bidding of the U.S. and Israel against fellow Muslims, a survey from the German Marshall Fund of the United States indicated Iran has become one of the most popular countries among Turks, while feelings toward the U.S. and the European Union have chilled significantly.

Analysts said the survey findings were in line with growing pro-Iranian and anti-American sentiment across the Middle East and would have been more stark had the poll been taken after, rather than just before, the recent conflict in Lebanon and Israel.

They also said the trends reflect fundamental changes within Turkey, including a growing willingness to identify with Islam -- in what was once a militantly secular country -- as well as deep resentment over Turkey's treatment by the EU and a perceived U.S. failure to help resolve Turkey's fight with Kurdish separatists.

"In the last few years since the Iraq war, this country has become more and more Middle Eastern," said Suat Kiniklioglu, Ankara office director of the German Marshall Fund. He added that the moderate Islamic government has worked hard to re-establish ties in the region, and that people in Turkey generally feel under growing pressure to choose between Islam and the West.

According to the June survey of 1,000 people each in 13 mainly European countries, Turks feel twice as warmly toward Iran as they do toward the U.S., behind only Germany, a historic ally with close economic ties, and the Palestinians. Of the 12 countries and entities listed in the survey, only Israel was less well-liked by Turks than the U.S. Meanwhile, support in Turkey for joining the EU dropped to 54%, from 73% two years ago.

Debate over Lebanon has been particularly intense in Turkey. Last week, President Ahmet Necdet Sezer said it wasn't Turkey's "responsibility to protect the interests of other countries," while yesterday protesters in Ankara shouted, "We won't become America's soldiers" ahead of the parliamentary vote. Parliament, which is dominated by legislators from the government party, voted 340 to 192 in favor of sending troops, with one abstention, according to news agency reports. The force is likely to number between 500 and 1,000.

Turkey's ruling AK Party is avowedly Islamic but has said it can't stand aside from efforts to secure peace in Lebanon, which for centuries was ruled from Istanbul until the collapse of the Ottoman Empire after World War I.

Across the Arab world, the perception of U.S. bias toward Israel during the Lebanon crisis has deepened resentment toward the Bush administration, while Hezbollah and Iran have emerged as popular heroes, despite ancient distrust between Persians and Arabs, Sunnis and Shiites. Iranian President Mahmoud Ahmadinejad's attacks on Israel and his diplomatic skirmishing with the U.S. and Europe have resonated across the region.

Many governments in the Middle East remain wary of Iran and initially were critical of Hezbollah for provoking a conflict with Israel. Turkey in particular has strong economic ties with Israel, which it has long seen as a strategic partner in the region. But governments across the region have seen growing unrest among their populations. "In the eyes of many Turks, the Iranians are

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giving the West and the U.S. a hard time, something Turkey itself cannot give them, but they wish it could," said Kemal Kirisci, director of the Center for European Studies at Bogazici University in Istanbul and strong proponent of Turkey's EU membership.

Turks also appear to be less worried about the threat of Iran building nuclear weapons. In the Marshall Fund survey, 35% of Turks said a nuclear-armed Iran was an extremely important threat, compared with 75% of Americans and about 60% of Europeans.

Increasingly, Mr. Kirisci said, moves within the EU to throw up barriers to Turkey's membership in the bloc, or U.S. unwillingness to quell Kurdish separatists on Iraq's border with Turkey, are seen as efforts to weaken Turkey -- a real if misguided throwback to the days when the West dismembered the Ottoman Empire. Particularly disturbing is a potential unraveling of Turkey's relations with the EU, as membership talks -- which began in October after 40 years of waiting -- risk stalling next month.

The immediate cause of the stalemate is Turkey's reluctance to meet a commitment to open its ports and airports to ships and planes from Cyprus -- an EU member since 2004 -- unless the EU also ends the isolation of ports in Turkish-controlled Northern Cyprus, an entity the EU doesn't recognize. The wider context is a growing belief within Turkey that its EU-membership talks are a sham and that Turkey isn't wanted -- in large part because it is Muslim.

The German Marshall Fund's annual trans-Atlantic survey also found European views of U.S. leadership haven't improved since collapsing after the Iraq war, and European support for the North Atlantic Treaty Organization is declining -- especially in Turkey, where it fell to 44% from 53% in 2004. At the same time, perceptions of the threat from international terrorism and "Islamic fundamentalism" have increased in both the U.S. and Europe during the past year and their views are closer than several years ago, even if Americans remain more willing to use force.

Within the U.S., for the first time since the survey was launched five years ago, more Americans disapproved than approved -- 58% to 40% -- of Mr. Bush's handling of international affairs. There was little difference between the willingness of Europeans and Americans to have their telephone and Internet activities monitored more closely, or more surveillance cameras used to combat terrorism.

The survey polled populations in the U.S., France, Germany, the U.K., Italy, Netherlands, Poland, Portugal, Spain, Slovakia, Turkey, Bulgaria and Romania between June 6 and June 24, and has a margin of error of plus or minus three percentage points.

In Iran, Searching For Common Ground (WP)

By David Ignatius

The Washington Post, September 6, 2006

TEHRAN -- During the decades when the United States and the Soviet Union were threatening to annihilate each other with nuclear weapons, they at least had embassies in each other's capitals, cultural and economic exchanges, and a communications "hot line" so that the two leaders could talk to each other and avoid the kind of miscalculations that can lead to war.

The United States and Iran have none of these confidence-building links to maintain dialogue amid their current confrontation. Public discourse is pretty much limited to invective from both sides. But despite this political chasm, some courageous doctors and scientists on both sides have been reaching out to collaborate on important projects.

Over the past 10 days, I visited the Iranian leaders of two of the most interesting and unlikely exchanges -- one involving HIV-AIDS treatment and the other research on chemical weapons victims. These two scientific bridges give me hope that some day rational people on both sides will figure out ways to solve the larger problems that have obstructed U.S.-Iranian relations for 27 years.

The hero of the HIV-AIDS story is Dr. Arash Alaei. From his headquarters in an old tuberculosis hospital in the hills of North Tehran, he supervises a nationwide prevention and treatment program for AIDS and drug addiction that the World Health Organization in 2004 described as a "best-practice model" for the Middle East. With his guidance, the Iranians instituted a nationwide needle-exchange program; they distribute condoms free at health clinics around the country, and they have methadone treatment centers in every province. Indeed, their public health program in this area looks more enlightened than what we have in America.

Alaei started building this treatment network in the days when the Islamic government scorned AIDS and drug addiction as evils implanted by the decadent West. He began in 1998 in his native city of Kermanshah in northwest Iran, where AIDS was spreading fast among drug addicts in local prisons. He established what he called a "triangular" clinic, which eased the AIDS stigma by treating addiction and sexually transmitted diseases as well. The innovative program caught the eye of Iran's health minister, and by 2003 Alaei had taken it nationwide. Today he has triangular clinics in 67 Iranian cities and 57 prisons.

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Having pioneered effective AIDS treatment in Iran, Alaei wanted to share what he was doing with the United States. He invited 13 students from American universities to come work with him. They're all Iranian Americans, drawn from Harvard, Brown, Johns Hopkins and Oberlin. Next year Alaei plans to bring 50 American students of diverse backgrounds, and he's traveling to the United States this month to speak to professors at Harvard and Johns Hopkins about organizing faculty exchanges and joint degree programs. The young Americans helped him run training sessions this summer for doctors from Iraq, Afghanistan, Tajikistan and Syria.

My chemical weapons hero is Dr. Shahriar Khateri. As a boy of 14, he enlisted in the Iranian militia known as the basij and was exposed to chemical weapons attacks by Iraqi forces three times. He escaped serious injury, but after he graduated from medical school, he took a passionate interest in other Iranians who hadn't been so fortunate. Working with Mostafa Ghanei and other Iranian doctors, he supervised a systematic study of the roughly 34,000 Iranians who had been injured by mustard gas. His office here is lined with gut-wrenching pictures of Iranians who were gassed by Saddam Hussein's troops.

Here's where the Iranian-American link to weapons of mass destruction gets interesting. Khateri found a surprise ally in an American researcher named David Haines, who had been studying the effects of Iraqi chemical weapons ever since he served as an Army officer in the 1991 Persian Gulf War. By 2000 Haines was traveling to conferences in Iran and preparing joint research projects with Iranian scientists. He won a $300,000 grant from the National Institutes of Health to bring a young Iranian scientist named Ali Reza Hosseini Khalili to his lab at the University of Connecticut. (When I first reported on Haines's efforts in a June column, gremlins in the U.S. government were blocking Khalili's visa; happily, the visa problems were resolved the day the column appeared.)

This month Haines will present a paper on his joint efforts with Khateri's Iranian researchers to the U.S. Army's chemical defense research facility at the Aberdeen Proving Ground in Maryland. The working title: "Chemical-Agent-Exposed Iranian Populations: A Tool for Understanding Disease." The subtitle pretty much sums up the rationale for these Iranian-American exchanges: A tool for understanding . In the escalating crisis between the two countries, we are either going to do more talking or we may end up fighting.

Jordanian Seeks To Succeed Annan (AP)

By Edith M. Lederer, Associated Press Writer

AP, September 6, 2006

Jordan's U.N. Ambassador Prince Zeid al Hussein announced his candidacy on Tuesday to be the next U.N. secretary-general, becoming the fifth hopeful and the first Muslim to enter the race to succeed Kofi Annan.

Jordan sent a letter to the president of the U.N. Security Council formally submitting the candidacy of Zeid, a widely respected diplomat and former U.N. peacekeeper who is a cousin of King Abdullah II.

"We believe there is considerable scope to be given by the Security Council and the General Assembly to a Muslim candidate who is familiar with the U.N. but not of the U.N.," Zeid told The Associated Press.

He said considering a Muslim candidate was especially important in light of recent events, which include the Israeli-Hezbollah conflict, an upsurge in Israeli-Palestinian fighting in Gaza, and Iran's refusal to suspend its uranium enrichment program.

Annan's second five-year term ends on Dec. 31 and most diplomats generally agree that the next secretary-general should come from Asia, part of a tradition to rotate between regions in awarding the job.

Jordan is part of the Asian group at the United Nations, though some countries may consider it more part of the Middle East than Asia.

The four other candidates vying to succeed Annan are South Korean Foreign Minister Ban Ki-moon, U.N. Undersecretary-General for Public Affairs Shashi Tharoor who is from India, Thailand's Deputy Prime Minister Surakiart Sathirathai, and former U.N. disarmament chief Jayantha Dhanapala, a Sri Lankan.

The next secretary-general must be approved by the General Assembly, based on a recommendation from the 15-member Security Council, where the five permanent members — the United States, Russia, China, Britain and France — have veto power.

Council members have been holding informal consulations for several months and in late July they held their first informal poll. In that secret ballot, members checked one of three boxes for each candidate: "Encourage," "discourage," and "no opinion."

South Korea's foreign minister did the best, India's Tharoor was next, Thailand's Surakiart came third and Sri Lanka's Dhanapala last.

The council put off another straw poll in August, and several members encouraged new candidates to come forward. In addition to Zeid, others mentioned as possible candidates include Kemal Dervis, the Turkish chief of the U.N. Development Program, and Goh Chok Tong, former prime minister of Singapore.

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Zeid, 42, who has served as Jordan's U.N. ambassador since 2000, helped establish the International Criminal Court, the world's first permanent war crimes tribunal, and was elected the first president of its governing body.

He was a political affairs officer in the U.N. peacekeeping mission in former Yugoslavia from 1994-96, which led Annan to name him an advisor on sexual exploitation and abuse in mid-2004 following allegations of widespread rape and abuse by U.N. peacekeepers. His report outlining a strategy to eliminate such abuse was endorsed by world leaders at the 2005 U.N. Millennium Summit.

Calderon Named Mexico's President-Elect (LAT)

By Héctor Tobar

The Los Angeles Times, September 6, 2006

MEXICO CITY — The nation's top electoral court today declared conservative candidate Felipe Calderon president-elect, but the decision is unlikely to resolve a political crisis sparked by the muddled outcome of the July 2 contest.

The ruling approved unanimously by the seven judges of the Federal Electoral Tribunal is final and cannot be appealed. But losing leftist candidate Andres Manuel Lopez Obrador is not expected to concede defeat.

In recent days, he has vowed to draft a new constitution and create a parallel government. He also has urged his supporters to continue protests in which they have barricaded key avenues of this capital city and prevented President Vicente Fox from delivering his final state of the nation speech to Congress.

The final tally released by the court today showed that Calderon defeated Lopez Obrador by 233,831 votes out of 41 million cast, or 0.56 of a percentage point, a margin that graphically illustrates divisions in the electorate.

Calderon will take the oath of office Dec. 1, giving Fox three months to resolve the political crisis and ensure a peaceful succession.

A 44-year-old stalwart of the National Action Party, or PAN, Calderon was virtually unknown to most Mexicans just two years ago. He is a former congressman and was Energy Secretary under Fox.

No Mexican president has ever assumed office with a smaller electoral mandate — Calderon won just 35.7% of the vote. A poll this week by the newspaper El Universal found that 39% of Mexicans believe the election was stolen from Lopez Obrador.

Today, tribunal Magistrate Alfonsina Navarro Hidalgo said that the many irregularities cited by Lopez Obrador in his complaint were of a minor nature and did not rise to the legal standard needed to overturn the result.

"There are no perfect elections," she said. "To think otherwise is a utopia." Magistrate Eloy Fuentes Cerda added: "The winner of the election is the candidate who wins the most votes, no matter how small the margin."

Last week, the court found Lopez Obrador's charges of massive fraud at thousands of polling places unfounded.

Judges were critical today of President Fox, whose public-service spots on behalf of his party's candidate were ordered off the air on the grounds that they violated election laws that limit what incumbent presidents can do and say to help ruling party candidates.

The seven-judge panel found that Fox's statements "put at risk the validity of the election."

But the panel said a court order weeks before the election that forced Fox to stop airing the spots was sufficient to level the electoral playing field.

With Lopez Obrador promising to build a resistance movement to Calderon's "simulated" presidency, Mexico faces a long period of instability in which the social and regional divisions that defined the presidential campaign could become sharper.

Calderon won a narrow, come-from-behind victory over a charismatic Lopez Obrador of the Democratic Revolution Party in large measure by playing to the fears of Mexico's middle class.

An unprecedented media blitz portrayed the former mayor of Mexico City as an unhinged radical who would bankrupt the country. The allegation that business groups poured unregulated money into defeating Lopez Obrador, including one ad that featured Venezuelan President Hugo Chavez, was among the evidence that Lopez Obrador presented in arguing that the election result should be annulled.

On election night, both men claimed victory, setting off a sometimes tense, sometimes farcical struggle for power that has tarnished the image of Mexico's nascent democratic institutions.

Election Ruling In Mexico Goes To Conservative (NYT)

By James C. McKinley Jr.

The New York Times, September 6, 2006

MEXICO CITY, Sept. 5 — Felipe Calderón, a conservative from President Vicente Fox's party, was declared Mexico's next president on Tuesday by the nation's highest electoral court, officially ending a bitterly contested election that has polarized the country.

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Though the decision settled legal challenges to the most contentious election in Mexican history, it did not put an end to the political crisis that has gripped the country since voters went to the polls here on July 2. Mr. Calderón's first challenge as president will be to defuse the anger of leftists who believe the election was fraudulent.

It will not be easy. The losing candidate, Andrés Manuel López Obrador, the former mayor of Mexico City, refused to recognize Mr. Calderón's victory. He has threatened to continue a campaign of mass protests and civil disobedience to thwart the new president's ability to govern.

"I will not recognize anyone who parades himself as the head of the federal government without any legitimate or democratic credentials," he told supporters in Mexico City's central square, the Zócalo, on Tuesday evening.

Mr. López Obrador also plans to hold a national convention this month to set up an alternative government, putting himself and his followers on a collision course with the new government. Mr. Calderón will take office Dec. 1.

Mr. Calderón, appearing before supporters at his party headquarters on Tuesday evening, reached out to his former adversaries and said that their best proposals would become part of his plan for the nation. "For my part, there will always be an open hand and an open door to dialogue," he said.

He also said that the divisions in the country had blinded people to the real enemies of Mexico, among them poverty and inequality.

Mr. Calderón, a 44-year-old economist and lawyer, has promised to continue the pro-business and free-trade policies of Mr. Fox. He hopes to spur investment with a flat tax, which would lower taxes on the rich and businesses.

But the biggest challenge facing Mr. Calderón in the short run will most likely be healing the rifts and political wounds the election has created. Since the election, Mr. Calderón has taken pains to say fighting poverty will be one of his top priorities and has offered an olive branch to those who voted against him.

Although the court found Mr. López Obrador had not provided proof of widespread fraud, Mr. Calderón may face trouble convincing nearly a third of the voting public that he is the legitimate president, especially among the poor and the working class, political analysts said.

"It may be the final legal word, but it certainly is not the end of the political battle," said Denise Dresser, a political scientist and columnist here.

By promising to help the poor, Mr. López Obrador's campaign exposed the deep divisions along class and race lines in Mexico, a country where half the population lives on less than $4 a day while the top tenth of the population controls nearly half the wealth.

With Mexico's long history of fraudulent elections, Mr. López Obrador has succeeded in convincing many of the 14.6 million people who voted for him that there was a broad conspiracy between business leaders and the government to rob them of victory.

But he did not persuade the electoral tribunal. In a unanimous decision, the seven-member court rejected Mr. López Obrador's arguments that the election should be annulled, among other reasons, because Mr. Fox had given speeches attacking him and business leaders had paid millions for illegal, negative advertisements to help Mr. Calderón win.

Explaining their ruling, several of the judges deplored the "black propaganda" Mr. Calderón and some business groups had used against Mr. López Obrador, depicting him as a closet leftist dictator who would bankrupt the nation. They also said President Fox had jeopardized the election's validity with numerous speeches that indirectly attacked the leftist candidate.

Still, the judges ruled Mr. Fox had not broken the current electoral law, and though the advertisements paid for by business leaders had violated the law, the judges said they did not influence the election enough to warrant throwing out the results.

Magistrate Alfonsina Bertha Navarro, who helped to write the 309-page ruling, said: "There are irregularities, some that were not proven, others that were not grave enough to put in doubt the veracity of the election."

Last month, the tribunal ordered the ballots recounted in about 9 percent of the 130,000 precincts nationwide in response to Mr. López Obrador's allegations that there were errors on half of the precinct tally sheets and evidence of fraud in some instances. The court annulled more than 150,000 votes in hundreds of polling places during the recount.

But the overall results did not change much. In their final ruling on Tuesday, the judges concluded Mr. Calderón won the election by a mere 233,831 votes out of 41.5 million cast, a margin very close to the official tally done in early July.

On a tour in the Yucatán peninsula, Mr. Fox congratulated Mr. Calderón and invited the losing candidates to enter a dialogue about the future of the country, though he did not mention Mr. López Obrador by name.

Supporters of Mr. López Obrador have blocked major avenues and occupied the capital's central square with protest camps for a month, demanding a full recount. Many remained defiant, saying they would use whatever tactics necessary to keep Mr. Calderón from taking office.

Upon hearing the decisions, Mr. López Obrador's supporters wept openly, threw eggs and protested outside the courthouse. Some held banners that read "Fraud" and, "The judges have passed into history as traitors."

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"With this decision Mexico is going backward a hundred years," said Enrique Ramírez, 43, a contractor from Veracruz, as he joined other López Obrador supporters in the central square. "We are not going to permit another dictatorship to be born."

Outside the courthouse, tempers flared. Saul Pérez, a 38-year-old street vendor, became furious as news of the ruling came down. "We are fed up with being robbed, fed up with fraud," he screamed. "We are ready for it to come to blows. If that is what they want, that's what they will get. They want a revolution, then they'll have a revolution."

A tiny table at a cafe in Mexico City's Condesa neighborhood reflected the country's political divide. José Jesús Urbina Carillo, 81, a retired laborer who spent a decade as an illegal migrant in the United States, fumed at Mr. Calderón's victory and declared that the country's elite would continue controlling Mexico. "It's more of the same," he said, spewing profanities at the winner.

Across the table, blowing smoke in the air, was Yanco Kwick, 53, a businessman who voted for Mr. Calderón and tried his best to explain to his friend why the country was on the right course. "I'm not shouting with joy, but I think Calderón is better than the leftist," Mr. Kwick said. "We'll be stable, and that's all I want."

The White House issued a statement congratulating Mexico on "a free and fair electoral process" and Mr. Calderón on his victory, saying it looked forward to working with him.

During his victory speech, Mr. Calderón said his top priorities would be fighting poverty, consolidating the economic stability the Fox administration has fostered and cracking down on crime.

"To be Mexican is more important than to belong to a party or having supported a candidate," he said. "Mexico does not deserve to be divided for reasons that can be overcome through reason, through institutions and laws, through democracy."

But as Mr. Calderón celebrated in his party headquarters, Mr. López Obrador faced an angry crowd of supporters and said he did not recognize the new president, adding that the judges had validated a fraud and did not have "the dignity, nor the pride to act like free men."

The leftist vowed that he and his supporters would form their own government at a "national convention" on Sept. 16. He said they would "abolish for once and for all the regime of privileges that has ruled our country."

Calderon Named Mexico's President-elect (AP)

By Will Weissert, Associated Press Writer

AP, September 6, 2006

Felipe Calderon was declared president-elect Tuesday after two months of uncertainty, but his ability to rule effectively remained in doubt with rival Andres Manuel Lopez Obrador vowing to lead a parallel leftist government from the streets.

The unanimous decision by the Federal Electoral Tribunal rejected allegations of systematic fraud and awarded Calderon the presidency by 233,831 votes out of 41.6 million cast in the July 2 elections — a margin of 0.56 percent. The ruling cannot be appealed.

Calderon now must win over millions of Mexicans angry that President Vicente Fox, who is from Calderon's party, didn't make good on promises of sweeping change — and fend off thousands of radicalized leftists who say they will stop at nothing to undermine his presidency.

Lopez Obrador, whose support is dwindling but becoming more radical, has said he won't recognize the new government and vows to block Calderon from taking power Dec. 1. Protesters outside the tribunal wept as the decision was announced and set off firecrackers that shook the building.

"We aren't going to let him govern!" Thomas Jimenez, a 30-year-old law student, screamed as hundreds of protesters threw eggs and trash at the courthouse.

The decision by the seven judges — who have split their votes in disputes about other elections — also found that Fox endangered the election by making statements that favored Calderon, and that business leaders broke the law by paying for ads against Lopez Obrador, who promised to govern on behalf of the poor.

But the problems weren't serious enough to annul the results, they said.

"There are no perfect elections," Judge Alfonsina Berta Navarro Hidalgo said.

The court rejected most of Lopez Obrador's allegations, including his claim that an ad campaign comparing him to Venezuelan President Hugo Chavez unfairly swayed voters. The court also dismissed Lopez Obrador's claim of subliminal messages in television ads by pro-Calderon businesses.

The court's president, Leonel Castillo, called on Mexicans to unite and mend the deep divisions the election revealed.

"I hope we conclude this electoral process leaving confrontation behind," he said.

A smiling Calderon emerged from party offices to wave at supporters. He was scheduled to address the nation later Tuesday and meet with Fox on Wednesday.

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Calderon, a 44-year-old former energy secretary and career politician, promised during the campaign to create jobs and keep the economy growing, and since the election he has adopted some of Lopez Obrador's ideas on how to help Mexico's poor majority.

Fox greeted the court's decision with a smile during an appearance in Cancun, then publicly congratulated Calderon and invited Lopez Obrador to begin talks aimed at "strengthening the nation and our democracy."

Markets, which had expected Tuesday's ruling, were unchanged. World leaders, including Japan's prime minister and several Central American presidents, congratulated Calderon on his victory.

The White House, in a statement, congratulated the people of Mexico on the certification of a "free and fair electoral process."

"We congratulate Felipe Calderon on his victory and look forward to working with him and his team," the statement said, adding that the United States expects its relationship with Mexico to continue to be productive for both countries.

Tuesday's ruling came two months, three days, and tens of thousands of pages of legal challenges after voters cast their ballots. In comparison, the U.S. presidential election of 2000 remained in dispute for only 35 days.

The decision was unlikely to end the demonstrations that have crippled Mexico City's center or to heal the nation's growing political divide.

In the Zocalo plaza, thousands in a month-old protest camp chanted: "If there is no solution, there will be revolution!"

"Taking up arms is the only way," said Angel Sinsun, 80. "They'll never give us power with peaceful resistance or with negotiations."

Lopez Obrador has called on his followers to remain peaceful. His movement has become increasingly radicalized since the election, and polls indicate he lost support after lawmakers from his party blocked Fox's last state-of-the-nation address on Friday.

On Tuesday, the Convergencia party — one of three that nominated Lopez Obrador for the presidency — left the electoral alliance, saying "it is time to rethink strategies."

Lopez Obrador adviser Manuel Camacho told The Associated Press that the court's recommendation "does not take into account what is actually happening in the country."

"The court is going to be questioned seriously about its decision," he said, adding: "We have the responsibility to conduct ourselves peacefully."

No violence was reported, but police surrounded the headquarters of Calderon's National Action Party, where businesswoman Susanna Rivera was among a few drivers honking in support of the conservative former energy secretary.

"It's marvelous. It's perfect," she said of the court's decision. "We are happy because he is a decent, educated person." She said Lopez Obrador's supporters would never accept Calderon because "they are a bunch of crazies."

Neither candidate attended the court session. Lopez Obrador ate breakfast with lawmakers, then went to his protest tent in the Zocalo plaza, where he has been sleeping for nearly two months.

Supporters greeted him with calls of "You are not alone!"

Associated Press writers Istra Pacheco, E. Eduardo Castillo and Mark Stevenson contributed to this report.

Court Declares Felipe Calderon The Next President Of Mexico (MCT)

By Jay Root

McClatchy Newspapers, September 6, 2006

MEXICO CITY - Mexico's top electoral tribunal on Tuesday declared conservative Felipe Calderon president-elect of Mexico, more than nine weeks after the disputed July 2 election, but the decision was unlikely to end protests by supporters of Calderon's leftist opponent.

The tribunal's seven judges unanimously rejected claims by Andres Manuel Lopez Obrador that Calderon's victory was fraudulent, clearing the way for Calderon's inauguration on Dec. 1. But the court criticized business supporters of Calderon and outgoing President Vicente Fox for actions that the judges said tainted the results, though not enough to merit annulling the elections.

"There is no perfect election. . . . To think otherwise would be a utopia," said Judge Alfonsina Navarro Hidalgo. "As the work of humans, elections are susceptible to the fallibility of mankind."

Neither Calderon nor Lopez Obrador offered immediate comment, but both were expected to address their respective supporters Tuesday evening.

In the meantime, several union leaders, intellectuals and other Lopez Obrador allies suggested that Lopez Obrador and his supporters should drop their plans for ongoing protests in favor of negotiations with Calderon. Other political leaders, concerned that continued protests could make Mexico ungovernable, also urged reconciliation.

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"What I'm calling for is a constructive dialogue that is respectful, inclusive and tolerant," said Mariano Palacios Alcocer, the head of the Institutional Revolutionary Party, or PRI, which ruled Mexico for seven decades until Fox, like Calderon a member of the National Action Party, or PAN, won in 2000.

"The important thing now is a dialogue that will restore governability," Palacios said.

U.S. Ambassador Tony Garza congratulated Calderon in a statement that made only an oblique reference to Lopez Obrador. "In any election, there must be a winner and a loser - and one key to a strong democracy is having candidates who can be both with grace and dignity," he said.

Lopez Obrador and his most ardent followers, convinced that the election was stolen from them, have long telegraphed how they'd respond if the court declared Calderon the victor: Permanent rebellion. Street protests as far as the eye can see. Efforts to disrupt Calderon's inauguration.

Lopez Obrador's campaign manager, Jesus Ortega Martinez, told reporters last weekend that lawmakers from Lopez Obrador's Party of the Democratic Revolution, or PRD, would block Calderon's swearing-in just like they stopped Fox from delivering his state of the union speech last week.

"We will not permit a president who manipulated the vote of the people to take office on December 1," he said.

For weeks, Lopez Obrador and his partisans have been waging a campaign of civil resistance, camping out in tents in downtown Mexico City and marching in the streets. The protests have snarled traffic and are beginning to inflict increasingly serious economic damage on hotels, restaurants and other businesses.

The next big flashpoint looms on Mexico's Independence Day, Sept. 16, when long-planned celebrations could bring angry protesters into a confrontation with federal police and the Mexican military.

The head of Mexico's armed forces, Gen. Gerardo Clemente Vega Garcia, said the customary military parade wouldn't be disrupted or deviated from its traditional route - down the Paseo de La Reforma, the central Mexico City boulevard where thousands of Lopez Obrador supporters have been sleeping in tents that prevent any vehicular traffic.

Lopez Obrador also has said he'll stage a "national democratic convention" on Sept. 16 at the center of the traditional festivities - Mexico City's sprawling central square, or Zocalo.

Lopez Obrador has given few signs that he intends to back down. But on Monday, for the first time, he raised the possibility of defeat. "What we're planning could be a dream, it might not bear fruit, we might fail," he said. But only three days earlier he'd spewed his trademark venom toward Calderon the "usurper," Fox the "traitor" and Mexico's "corrupt" federal bureaucracy.

"They can go to hell with their institutions," he said then. "We're going to have our own government."

Lopez Obrador had challenged Calderon's victory on a number of fronts, alleging fraud and illegal interference in the election process from Fox and a business group that backed Calderon.

The tribunal dismissed the fraud allegations on Aug. 28, but it reserved until Tuesday ruling on Lopez Obrador's other allegations.

Citing Mexico's strict electoral code, the court found that independent television ads sponsored by Calderon-friendly business leaders did violate Mexican law. It also ruled that Fox's advocacy for Calderon, who served in Fox's Cabinet as energy minister, also violated the rules. Judge Navarro called Fox's role the election's "biggest irregularity."

The judges also trimmed Calderon's margin of victory from 244,000 votes, announced at the end of the official count, to 233,831 - a margin of about 0.56 percent. The smaller victory resulted from mathematical errors and other problems the court discovered during its partial review of ballots.

But the court didn't release specifics from a review it undertook of certain precincts. That omission is likely to fuel Lopez Obrador's protest movement, said John Ackerman, a Mexican election law expert at the National Autonomous University of Mexico.

"They haven't done everything possible to get to the bottom of what really happened," said Ackerman. "The way in which the decision was made does sort of play into Lopez Obrador's hands."

Court Declares Calderon Winner (WT)

By Ken Stier

The Washington Times, September 6, 2006

MEXICO CITY -- Mexico's highest electoral court yesterday unanimously confirmed Felipe Calderon of the ruling National Action Party (PAN) as the nation's president-elect, a decision spurned by supporters of the losing candidate, leftist Andres Manuel Lopez Obrador, who plan a nationwide campaign to protest the results.

The decision by the Federal Electoral Tribunal rejected charges of systematic fraud and awarded Mr. Calderon the presidency by 233,831 votes out of 41.6 million cast in the July 2 election -- a margin of 0.56 of a percentage point.

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The verdict by the court, which ruled on the overall fairness of the election, cannot be appealed. Neither candidate attended the court session, which was nationally televised.

"There are no perfect elections," Judge Alfonsina Berta Navarro Hidalgo said in announcing the decision.

The White House issued a statement, congratulating the people of Mexico on the certification of a "free and fair electoral process."

"We congratulate Felipe Calderon on his victory and look forward to working with him and his team," according to the statement. The United States expects its relationship with Mexico to continue to be mutually beneficial, the White House said.

"This is what was expected," said political analyst Daniel Lund. "It clears the air for everyone to continue what they were planning to do."

Mr. Calderon faces the task of winning over millions of Mexicans angry that President Vicente Fox, who is from the same party as Mr. Calderon, didn't make good on promises of sweeping change.

They also are angry that Mr. Fox launched an ad campaign against Mr. Lopez Obrador.

Mr. Calderon also faces a showdown with thousands who say they will stop at nothing to undermine his presidency.

"We aren't going to let him govern," Thomas Jimenez, a 30-year-old law student, screamed as hundreds of protesters threw eggs and trash at the courthouse.

Mr. Lopez Obrador is vowing to lead a parallel leftist government from the streets.

On Friday, legislators from Mr. Lopez Obrador's Democratic Revolution Party (PRD) blocked Mr. Fox from making his final annual address to Mexico's Congress, forcing him to leave the building and give his speech on television.

The decision by the seven judges -- who have split their votes in disputes about other elections -- also found that Mr. Fox endangered the election by making statements that favored Mr. Calderon, and that business leaders broke the law by paying for ads against Mr. Lopez Obrador.

But the problems weren't serious enough to annul the results, the court said.

The court rejected most of Mr. Lopez Obrador's accusations, including his assertion that the advertising campaign comparing him to Venezuelan President Hugo Chavez unfairly swayed voters.

The court also dismissed Mr. Lopez Obrador's claim of subliminal messages in television ads by pro-Calderon businesses.

The court's president, Leonel Castillo, called on Mexicans to unite and mend the deep divisions the election revealed.

"I hope we conclude this electoral process leaving confrontation behind," he said.

Mr. Calderon, a 44-year-old former energy secretary and career politician, promised during the campaign to create jobs and keep the economy growing.

Since the election, he has adopted some of Mr. Lopez Obrador's ideas on how to help Mexico's poor majority.

Mr. Fox greeted the court's decision with a smile during an appearance in Cancun, then publicly congratulated Mr. Calderon and invited Mr. Lopez Obrador to begin talks aimed at "strengthening the nation and our democracy."

The ruling came more than two months and tens of thousands of pages of legal challenges after voters cast ballots. The U.S. presidential election of 2000 remained in dispute for about a month.

Mexican Court Declares CalderÃ³n President-Elect (WP)

By Manuel Roig-Franzia

The Washington Post, September 6, 2006

MEXICO CITY, Sept. 5 -- Felipe Calderon, a former energy minister and onetime long-shot candidate, was unanimously declared president-elect of Mexico on Tuesday in a court decision that capped a two-month legal battle but did not end the nation's political crisis.

Calderon's opponent, Andres Manuel Lopez Obrador, refused to recognize the decision. During a fiery address before thousands of supporters in Mexico City's downtown square, the Zocalo, he mocked Calderon as an "illegitimate president" and pledged to create an "alternate government" to "refound the Republic and reestablish constitutional order" before the Dec. 1 presidential inauguration.

Speaking moments later, Calderon called for conciliation, saying, "Mexicans can think differently, but we are not enemies." He declared that "the electoral process is over and the hour has arrived for unity." The dueling speeches were tracked minutely by Mexicans both puzzled and fascinated by the prospect of two men simultaneously claiming to lead the nation.

"We are entering into uncharted territory," said Rafael Fernandez de Castro, a political analyst in Mexico City. "Calderon is going to have to demonstrate what he's made of."

The special court, known as the Federal Electoral Judicial Tribunal, rejected Lopez Obrador's request to annul the election. Instead, the court's seven magistrates certified a razor-thin margin of 233,831 votes for Calderon, about half a percent of the 41

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million votes cast. The final tally is the result of a legal process that included the annulment of tens of thousands of votes and a recount of ballots cast in 9 percent of polling places.

"Let's hope that we close this electoral process by forgetting our confrontations," Leonel Castillo, the tribunal's chief magistrate, said moments before declaring "the citizen Felipe Calderon Hinojosa" president-elect of Mexico.

After the announcement, Calderon appeared briefly outside his office with his wife, former congresswoman Margarita Zavala, and said: "I feel very good."

When Calderon, 44, ascends to Mexico's highest office, he will likely be confronted by a large, hostile bloc of opposition lawmakers from Lopez Obrador's Democratic Revolutionary Party, or PRD, as well as two smaller parties that backed Lopez Obrador's candidacy. The PRD secured its largest congressional gains ever in the July 2 elections and now controls more than a quarter of the seats, a bloc sufficient to stop or slow down Calderon's initiatives.

Calderon, of the National Action Party, or PAN, cannot wait for inauguration day to begin wooing those opposition lawmakers, as well as the more than 25 million Mexicans who did not vote for him, said political analyst Jorge Montando, a former Mexican ambassador to the United States and the United Nations.

"He is going to have to demonstrate that he has a plan that includes some of what Lopez Obrador has been talking about," Montando said.

Lopez Obrador, a former Mexico City mayor, had promised to increase pensions for the elderly and create jobs with massive government construction projects. His supporters have blocked main thoroughfares in the capital and camped in the city's downtown square in protest. Hundreds demonstrated outside the court building on Tuesday; some sobbed and others chanted "Vote by vote," the candidate's rallying cry for a full recount.

The decision Tuesday by the tribunal, which was created 10 years ago as part of a democratic reform movement, followed its earlier pattern of consistently ruling in favor of Calderon. One month after refusing Lopez Obrador's request for a full recount, the tribunal also refused his bid to annul the election. But even as the tribunal was ruling against Lopez Obrador's overall request, some of the magistrates were agreeing with the complaints he has raised about the electoral process.

Two of the magistrates announced that President Vicente Fox, the standard-bearer of Calderon's National Action Party, put the validity of the election at risk by making political comments during the course of the campaign. Mexican law prohibits the president from campaigning.

Magistrates also rebuked former Spanish prime minister Jose Maria Aznar for endorsing Calderon early in the campaign, a statement that violated prohibitions on foreign political figures campaigning in Mexican elections.

Still, the magistrates ultimately concluded that the interventions by Fox and Aznar -- as well as prohibited ad campaigns by business groups in favor of Calderon -- were not enough for them to overturn the results of the closest presidential election in modern Mexican history. The court also rejected Lopez Obrador's claims of widespread fraud, including the alleged rigging of computers to assure a Calderon victory and massive alterations of vote-tally sheets.

Calderon's presidential victory comes after a remarkable series of unlikely political wins. He was elected president of the National Action Party and won its presidential nomination despite being a heavy underdog in both races.

Once the presidential campaign began, Calderon appeared to have little chance. Lopez Obrador held an overwhelming lead in the polls, drawing on his popularity with Mexico City's legions of poor. But Calderon, who lacks Lopez Obrador's charisma on the stump, chipped away at his opponent's lead with a disciplined campaign that painted his opponent as a danger to Mexico and compared him to Venezuelan President Hugo ChÃ¡vez, who has been criticized as authoritarian.

Calderon also promised to continue the free-trade policies of Fox, a Bush administration ally who has clashed repeatedly with Lopez Obrador. On Friday, lawmakers allied with Lopez Obrador seized control of Mexico's congressional chamber and blocked Fox from delivering his State of the Nation address -- the first time a Mexican president has been unable to give the annual speech.

Mindful of the overheated environment, the tribunal urged the candidates and their political parties on Tuesday to take the "high road" in debating the day's events. But that appeared highly unlikely. Even before the decision was announced, Lopez Obrador and his top lieutenants were saying they would enter into conciliation talks with Calderon only if he quit and refused to take office.

Calderón Wins Mexico's Presidential Election (WSJ)

By David Luhnow And John Lyons

The Wall Street Journal, September 6, 2006

MEXICO CITY -- Mexico's Electoral Court declared conservative Felipe Calderón president-elect, ending two months of legal challenges and uncertainty. But residual political unrest from the contested election may limit his ability to make the bold

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policy moves economists say are needed to spur economic growth, create jobs and narrow the income gap that plagues the fledgling democracy.

The former energy minister may not have much time despite an economy that is growing at a nice clip and a stock market that has set record highs recently. Those good numbers mask many of Mexico's long-festering problems -- such as its overdependence on oil-export revenue -- that could reach a crisis point during his six-year term.

The seven-judge court, whose decisions can't be appealed, unanimously rejected allegations by leftist candidate Andrés Manuel López Obrador that the July 2 election was marred by fraud and government meddling. The judges chastised President Vicente Fox for openly backing Mr. Calderón during the bitter election campaign but said it wasn't sufficient to change the final result.

The postelectoral battle has been a major test of Mexico's institutions, such as the election agency that oversaw the contest and its election tribunal. The court's chief justice, Leonel Castillo, said he "submitted the decision to the comptroller of history" and called on the nation's political factions to mend fences after such a close contest, which Mr. Calderón officially won by only 234,000 votes out of nearly 42 million cast.

Yet reconciliation seems unlikely. Within minutes of the decision, Mr. López Obrador's supporters gathered outside the courthouse, setting off loud fireworks, shouting "fraud" and throwing eggs at onlookers. Mr. Calderón is due to take power on Dec. 1, but his rival has already vowed to disrupt the inauguration and dog the presidency with protests.

The 44-year-old Mr. Calderón takes power at a critical juncture in Mexico's young democracy, which took root only when Mr. Fox ended the 71-year reign of a single political party in 2000. Far from the kind of deep change Mr. Fox promised, democracy has so far led to bickering among rival parties that has failed to create any consensus on how to modernize the economy, which is weighed down by everything from gross inefficiency to corruption to crony capitalism.

Mr. Calderón's ability to manage these problems will have far-reaching implications for the stability and financial health of a nation that has attracted billions of dollars of U.S. investment since embracing democracy and free trade in the early 1990s. His success also will affect the U.S. in other critical ways. Since Mexico doesn't create enough jobs for nearly a million new job seekers every year, as many as half a million search for work by illegally entering the U.S.

While it is hard to understate the challenges facing Mr. Calderon, the trained lawyer and devout Roman Catholic has also proven his political acumen shouldn't be underestimated. Mr. Calderon was never favored to clinch his own party's nomination -- much less win the election -- but prevailed by combining a mastery of clutch decision-making with a knack for choosing effective advisers.

"We must be united, because united is the only way we can defeat our true enemies: poverty, crime and inequality," Mr. Calderon said, calling for national conciliation in a televised speech late Tuesday.

Mr. Calderón plans to try to convince the two-thirds of Mexicans who didn't vote for him -- the presidential contest featured three major candidates -- that he can transform Mexico into a fairer country. To do that, he needs to take on interests running from militant labor unions to the business class. That is going to be tough to do for Mr. Calderón, who has a minority in Congress and who needs the establishment to thwart the revolutionary challenge from Mr. López Obrador.

"Real, effective change means taking on vested interests, and I don't think he has the power to do it," says Damian Fraser, head of Latin American equity strategy at investment bank UBS in Mexico. "For Mexico to really change requires a strong president, which is what we don't have. We have a legitimate president, but not a strong president."

Mr. Calderón will attempt to build political momentum and diminish the challenge from Mr. López Obrador's movement through policy moves aimed at creating jobs and helping the poor. One policy under consideration would expand state health-care services for poor children. Other possible policies, such as education credits and cheaper funding for home buyers, will be aimed at Mexico's emerging middle class, a key voting demographic for Mr. Calderón.

The president-elect also plans to redouble efforts to reach across party lines to build a cabinet that will help secure support for policy initiatives in a divided Congress. Some of Mr. Calderón's advisers believe he will be able to peel off supporters from Mr. López Obrador, especially among newly elected legislators who rode his coattails to victory.

Political tension has been building since the election. For the past month, thousands of López Obrador supporters have blocked Mexico City's stylish Reforma boulevard and set up a protest camp that has engulfed the capital's historic central plaza. Now that the election result is final, some Mexicans want Mr. Fox to clear out López Obrador backers from the city -- by force if necessary.

The standoff may peak within weeks. Mr. López Obrador plans to convene a national convention of his supporters on Sept. 16 -- Mexico's Independence Day -- to decide if he should declare himself head of a parallel government or leader of a pro-poor protest movement. But the anticipated massive rallies likely would conflict with the army's traditional parade through Mexico City. Most analysts expect the sides to reach a deal, and many also expect the leftist to lift at least part of his blockade in Mexico City.

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While that would ease some tensions for the coming months, it is clear Mr. López Obrador isn't going to walk off the national scene, despite the fact that his protests have cost him support. His strategy over the next six years will be to marshal followers in a campaign of street marches, sit-ins and other tactics to advance the cause of the poor and block some of Mr. Calderón's major initiatives, such as allowing private investment in the state oil and electricity industries and overhauling the pension systems.

López Obrador aides promise such tactics will be peaceful. "The movement can't be violent, it would be too dangerous. The grass is too dry and could catch fire," says Manuel Camacho, a top aide.

Some of Mr. Calderón's critics say he needs to go well beyond wonkish policy prescriptions to blunt the López Obrador challenge. "I don't see much audacity," says Jorge Castañeda, a former foreign minister and prominent Mexican academic. "I think he needs audacity, audacity and more audacity."

Mr. Castañeda says one place to start might be the country's small number of "plutocrats," who hold virtual monopolies in fields such as broadcasting and telecommunications. Those monopolies make their owners rich but hurt the country's competitiveness and ability to create jobs. But Mr. Calderon's aides privately say the newly elected president can't afford to create more powerful enemies, particularly Mexico's influential media duopoly.

The political trouble could also prevent headway in tackling other enduring problems. Mexico's oil production has peaked by most estimates, and the country could become a net oil importer by the end of Mr. Calderón's presidency. But attempts to undo Mexico's state monopoly on oil will likely be met head on by protests led by the López Obrador camp.

Mexico Political Future Still Uncertain (AP)

By Traci Carl, Associated Press Writer

AP, September 6, 2006

Protesters still occupy Mexico City streets. The country is still divided along class lines. Two candidates each still claim to be the next president.

A ruling by the Federal Electoral Tribunal on Tuesday ended two months of uncertainty over the winner of the July 2 elections but did little to clear up Mexico's political future.

In a way, it couldn't have. Andres Manuel Lopez Obrador, the leftist who claims fraud robbed him of victory, had already said the court was corrupt and vowed to run his own government from the streets.

The key question is how many supporters Lopez Obrador has left, and how far they are willing to go to defend his cause.

Certainly, his numbers are dwindling. While more than 14.6 million Mexicans voted for the leftist candidate, only a few thousand man the protest camps that line Mexico City's main Zocalo plaza and its elegant Reforma avenue. Many of the protest tents erected two months ago remain empty.

Many of Lopez Obrador's supporters were turned off when protesters barged in on a Mass being celebrated at Mexico City's Cathedral. Others felt he went too far when lawmakers from his party seized Congress and kept President Vicente Fox from delivering his annual state-of-the-nation address.

The camps themselves, which have snarled traffic and cost businesses an estimated $370 million in lost revenues, have alienated other supporters. In a recent poll by the newspaper Reforma, 75 percent opposed the protest camps.

And despite Lopez Obrador's claims that the tribunal is crooked, only 8 percent of respondents said they have no confidence in the court. Another 35 percent said they had some confidence, while a full 57 percent said they have a lot of confidence in the electoral tribunal.

Pollsters interviewed 1,515 registered voters nationwide on Aug. 18-20 and reported a margin of error of 2.5 percentage points.

The departure Tuesday of the Convergencia party from the electoral alliance that nominated Lopez Obrador highlighted his dwindling support. The party, one of three in Lopez Obrador's alliance, said "it is time to rethink strategies."

Those who do support Lopez Obrador are increasingly radical. They vow to prevent Calderon from taking office Dec. 1 and to keep him from governing if he manages to be sworn in anyway.

In the end, Calderon's success will be measured in large part on his ability to neutralize the specter of violence.

When the court announced its decision on Tuesday, some Lopez Obrador supporters advocated taking up arms. Lopez Obrador and his aides have urged their supporters to remain peaceful, and so far that call has been heeded.

But with the rest of the country ready to move on, the movement could be forced to turn to more radical actions to hold the nation's attention.

Traci Carl, The Associated Press' chief of bureau for Mexico and Central America, has covered Mexican politics for the past six years.

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Mexican Election Is Decided; Everything Else Still Up In Air (USAT)

By Sara Miller Llana

USA Today, September 6, 2006

MEXICO CITY — Mexico's electoral court on Tuesday certified conservative Felipe Calderón as the nation's next president after two months of recounts and allegations of fraud.

While the decision ended the post-election legal saga, the political fallout from the closest presidential race in Mexican history is far from over.

Leftist runner-up Andrés Manuel López Obrador says he's not giving up. The former Mexico City mayor says his opponent won through fraud. He may try to set up a "parallel" government.

The electoral court said it had found no evidence of systematic fraud in the vote. The court threw out results from some polling places, citing mathematical errors and other problems. The tribunal's decision cannot be appealed.

Calderón, a bespectacled lawyer from the ruling party who drew substantial support from wealthier Mexicans and business circles, faces formidable challenges. His patience and ability to negotiate will be greatly tested as he seeks to unify the highly polarized country.

Hundreds of López Obrador's supporters have occupied Mexico City's central plaza. Friday, legislators from his Democratic Revolution Party (PRD) blocked the podium in Congress from which President Vicente Fox was supposed to deliver his final state-of-the-nation address. He had to give the speech via television.

Calderón won the election by 233,831 votes out of 41.6 million cast, or a margin of 0.56%, according to totals certified by the court. The vote revealed fractures in Mexican society: The industrial north, which has benefited from free-trade policies Fox has championed, went largely to Calderón. Voters in Mexico City and the poorer, rural south favored López Obrador, who called for a more active state role in the economy and promised to create jobs with large-scale infrastructure projects. Calderón says he wants to use tax exemptions to entice businesses to provide more jobs for young people and to improve the country's low rate of tax collections. He also outlined plans to expand government funding for health care and housing.

The agenda of Fox's and Calderón's National Action Party could be easier to get passed this term because the party has gained seats in Congress. Another factor in the party's favor: the continuing decline in influence of the long-ruling Institutional Revolutionary Party (PRI), which blocked Fox's proposals during his six-year term.

Unlike Fox, whose election ended 71 years of PRI rule and revitalized Mexican politics, Calderón will govern a country in which a large swath of the population sees his election as illegitimate. "Calderón is completely uncharismatic," says Rodolfo de la Garza, a professor of political science at New York's Columbia University. "It's not clear that if you need an inspirational leader he is going to provide that."

López Obrador's supporters might actually be helping. Their Mexico City sit-in has snarled traffic and angered residents. In a poll published in the newspaper Reforma last month, 30% of respondents said they would vote for López Obrador if the election were held again; 54% said they would vote for Calderón.

Despite that erosion in support in Mexico City, protesters have said they will continue their sit-in and other civil disobedience.

Fox, according to tradition, will head to Mexico City's central Zocalo plaza on Sept. 15 and yell "Viva Mexico" to launch Independence Day celebrations — a ritual protesters could try to thwart. The next day, Independence Day, López Obrador has called for a national convention during which he says he'll ask supporters if he should be declared the "alternative president."

Confrontations are likely: Sept. 16 is when the military marches down streets now blocked by protesters. If demonstrators refuse to give way, "this produces a clash with the military," de la Garza says. "That will have reverberations that we can't anticipate."

Llana is Latin America correspondent for USA TODAY and The Christian Science Monitor. Contributing: Wire reports.

Felipe Calderón: A Politician At Birth (NYT)

By Marc Lacey

The New York Times, September 6, 2006

MEXICO CITY, Sept. 5 — It was more than 30 years ago that a seventh-grade history teacher in Morelia, a quaint colonial city in central Mexico, went around the room surveying the career plans of his 12-year-old pupils.

There were future doctors, lawyers and teachers in the room; no surprise, as this was the city's leading school. But one boy — chubby, serious, with a wild mane of hair — announced that day that he wanted to be president of Mexico.

Alma Delia Álvarez Zamudio, a classmate who became a teacher, remembers the moment well. "We all said normal jobs but Felipe surprised us all," she recalled. "He said it like he knew it was going to happen. He said, 'presidente de la república.' "

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As of Tuesday, Felipe de Jesús Calderón Hinojosa, 44, was on his way to becoming just that, one of Mexico's youngest presidents.

Mr. Calderón narrowly won victory in the July 2 presidential election and then withstood a challenge from his main opponent, the leftist Andrés Manuel López Obrador. On Tuesday morning, the country's highest electoral tribunal officially declared him the victor. On Dec. 1, he will take office.

To call the balding and bespectacled Mr. Calderón a career politician would be something of an understatement. His first campaign, his family likes to say, came in 1962 when he was still in the womb. It was a governor's race in Michoacán State that his father, Luis Calderón Vega, a prominent political activist who helped found the National Action Party, was managing. His pregnant mother was pitching in, as well.

There were other races, many others, all of them family affairs. Young Felipe handed out leaflets when other children were out playing ball. He rode around in a truck with loudspeakers when his contemporaries were hanging out in the park.

And again and again, his father's National Action Party, or PAN, with its pro-business and free market positions, lost.

Mr. Calderón, a studious, serious boy who grew up to be a man not all that different, was teased at school for trying to unseat the powerful ruling party, which in those days ruled Mexico with an iron fist. His father soothed him by explaining that democracy was a long-term affair.

It took decades, actually, until 2000, when Vicente Fox's presidential victory ended 71 years of single-party rule by the Institutional Revolutionary Party, or PRI.

Mr. Calderón was one of the many who made that defining moment possible. He used to round up neighborhood children to monitor polling stations to catch the ruling party as it stole elections. Eventually, his name began to appear on the ballot, always as a proud PAN-ista.

By the time Mr. Calderón was 26, he was a member of the municipal assembly in Mexico City. He was a member of Congress before he hit 30 and chairman of PAN at 34.

He even found his wife in the party, marrying Margarita Zavala, a PAN congresswoman. They have three children. Not surprising at all to those who know him, he proposed to her during a campaign swing.

After a stint as a graduate student at the Kennedy School of Government at Harvard in 1999, Mr. Calderón served briefly as Mr. Fox's energy minister. He then initiated his own bid for the presidency, outflanking Mr. Fox's handpicked candidate, Santiago Creel, the former interior minister, in a November primary.

"He was always preparing for this," said Juan Luis Calderón Hinojosa, one of Mr. Calderón's four siblings and an aspiring politician himself. "It's no surprise."

There are those who say Mr. Calderón rose up the political ladder too quickly, experiencing little of the real Mexico along the way. In the campaign, Mr. López Obrador painted him as a candidate of the rich and powerful, disconnected from the everyday struggles of Mexicans.

But some of those who grew up with Mr. Calderón disagree with the portrayal of him as a rich kid.

They say that his childhood home, where his mother, Carmen Hinojosa, still lives, is a modest dwelling not far from Morelia's main square, and that when he was not out politicking, young Felipe was kicking a soccer ball or playing the guitar. He did not have particular luck with girls, friends recalled, and his athletic prowess was modest. He attended church regularly, walking with his family to a modest chapel.

"He was just one of the guys," said Ignacio Alvarado Laris, a childhood friend.

Although his experience in the private sector was limited, Felipe spent a year in a youth group that helped the area's poor people by painting their houses and even digging latrines, friends and family recalled. Local politics, though, was his main pastime.

"In the rallies he attended as a boy, people were wearing sombreros, not suits," said Luis Mejía Guzmán, a PAN activist and family friend.

Mr. Mejía notes that Mr. Calderón learned politics the hard way, by consistently seeing candidates he supported come up short.

"Felipe knows how to struggle," he said. "His political life hasn't been easy. In campaign after campaign, his side didn't stand a chance."

Even his presidential victory was by a hair, less than 1 percent of the vote.

Mr. López Obrador, a former mayor of Mexico City and spokesman for the country's lower classes, has protested Mr. Calderón's win — by 243,000 votes out of 41 million cast — and vowed to challenge his administration for the next six years. Tuesday's decision officially affirmed the validity of the election, but the protests seem likely to continue.

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In Michoacán State, Mr. Calderón's home turf, some of Mr. López Obrador's backers continue to camp out in protest in the main square of Morelia. "I'd be very proud to have a president from Michoacán, but there's something more important than that," said one protester, Francisco Garcidueñas. "We want a president who really won the election."

So Mr. Calderón's struggle continues, even now that his childhood dream has come true.

At Last, A Victor In Mexico (CSM)

By Sara Miller Llana

The Christian Science Monitor, September 6, 2006

MEXICO CITY

After two months sifting through allegations of fraud and recounting ballots in a process that echoed the US election in 2000, Tuesday Mexico's top electoral court certified conservative Felipe Calderón as the nation's new president. The decision cannot be appealed.

While the postelectoral saga has come to a close, there is no storybook ending to Mexico's closest presidential race in history.

The challenges for Mr. Calderón, a bespectacled lawyer who has been called a bookworm, remain formidable. Some say his political savvy and a shift in the congressional balance of power might make it easier to push through the energy, labor, and fiscal reforms that eluded President Vicente Fox. But his skills at negotiation and patience, as he seeks to unify a deeply divided country, will be fully tested.

Unlike Al Gore in 2000, Mexico's runner-up Andrés Manuel López Obrador (aka AMLO) has refused to concede defeat. The populist leader - who has slept in a tent with his followers in the middle of Mexico City for more than a month - has vowed to set up a "parallel" government and says that Mexico needs a "revolution."

On Friday, legislators from Mr. Obrador's Democratic Revolution Party (PRD) took the podium where President Fox was supposed to deliver his final state-of-the-nation address. He had to retreat instead, giving his speech via television later in the evening - an event that, fraught with drama, has added to the polarization of the country.

"At the end of the day Mexicans are going to have to put postelectoral politics aside and move on and start focusing on issues that have to be addressed if Mexico is going to be successful in the 21st century," says Armand Peschard-Sverdrup, a Mexico scholar with the Center for Strategic and International Studies in Washington. "Lopez Obrador is going to have an influence, no question, and Felipe Calderón is going to have to try and not get distracted and try to stay on course."

On the campaign trail, Calderón said he would focus on jobs, promising to remain a firm US ally and maintain the free trade policies championed by Fox.

Yet, in part because of the vocal opposition of Obrador, he will also have to focus on the fact that 50 percent of Mexicans are poor, and of them, many did not benefit from Fox's friendship with the US.

The election, in which Calderón garnered 233,831 more votes than Obrador (a margin of victory of just over 0.5 percent), revealed fractures in Mexican society: the industrial north, which has ben- efited from NAFTA, went largely to Calderón, while Mexico City and the poorer, rural south voted for Obrador.

Calderón says he wants to entice businesses to provide more young people jobs with tax exemptions, and proposes a lower and flat rate income tax, with none for workers with low salaries. He wants to expand healthcare services and education, especially in poor and rural areas.

Such proposals could be easier to realize during this term, because of the gains the National Action Party (PAN), the party of both Calderón and Fox, made in Congress, but also because of the declines of the long-ruling Institutional Revolutionary Party (PRI), which fought to block Fox's proposals during the past six years.

Calderón's success "will largely depend on whether he is willing to bring in people who are outside his party," says Luis Rubio of the Center of Research for Development in Mexico City, "individuals who understand and are experienced with these kinds of challenges."

The PAN won 206 places in the 500-seat Chamber of Deputies, up from 148. The PRD won 126 seats. The PRI fell to third place with 104. Many experts say that alliances will form naturally between the PRI and the PAN.

"Both parties have pragmatic reasons to work together to counterbalance the unruly behavior of the PRD," says David Shirk, director of the Trans-border Institute at the University of San Diego. "It's actually a good thing, in terms of coalition-building, made possible by the PRI's weakness, the PAN's slight gains, and the fact that those two parties can identify a common adversary in the PRD."

Experts also expect Calderón, a former energy minister whose father was one of the founders of the PAN, to be a more savvy negotiator than his predecessor.

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Yet while Fox rode into the presidency with a wave of expectation, as he ended 71 years of PRI rule, Calderón will take office Dec. 1 amid suspicion and anger from a large swath of the population who believes the election was fraudulent and unfair. And whether he has the ability to unite the country is questionable.

"Calderón is completely uncharismatic ... and has backing from a very clear sector in the economy and the nation," says Rodolfo O. De la Garza, a professor of political science at Columbia University. "It's not clear that if you need an inspirational leader he is going to provide that."

The radicalization of Obrador could work in his favor, though. He has angered thousands of Mexico City residents with his sit-in, which has snarled traffic and caused commuters to take alternative routes. A poll published in Reforma newspaper last month revealed that 30 percent of those surveyed would vote for Obrador today, while 54 percent would vote for Calderón. Some say support is waning even within his party.

"One of the major reasons López Obrador will not ultimately be able to shut down Mexico's political system is that a lot of PRD leaders and elected officials who are going into this legislative term are not going to want to make the ultimate sacrifice," says Mr. Shirk.

Calderón will face ongoing protests. On Sunday, Obrador told thousands of supporters: "We are going for deep change, root change, because that is what Mexico needs."

On Mexico's Independence Day, Sept. 16, the day Obrador has called for the national convention and the day the military usually marches down streets that are now blocked by protesters, confrontations are expected. "It would not be hard to imagine that he gets the demonstrators to stay in place. This produces a clash with military. That will have reverberations that we can't anticipate," says Mr. de la Garza.

A Way To Peace In Mexico (NYT)

By Jorge G. Castañeda

The New York Times, September 6, 2006

Mexico City

AT last, Mexico has a president-elect. The process has been painful, protracted and rife with problems for the future. Still, the Electoral Court declared yesterday that Felipe Calderón will be the country's new chief of state on Dec. 1.

His defeated rival, Andrés Manuel López Obrador, has nonetheless rejected the Electoral Court's ruling, refused to recognize Mr. Calderón as the winner and, for all intents and purposes, decided to make life as miserable as he can for Mr. Calderón, overthrowing him if possible, thwarting him in every attempt to govern if not.

Mr. López Obrador was never able to substantiate his claim that the election was stolen from him. He could not prove that the deck was stacked against him during the campaign, nor was he able to persuade anyone beyond his admittedly large circle of followers that there should have been a recount and a new election. The court that ruled against him is made up of seven judges elected with votes from his own party. And yet, Mr. López Obrador maintains the support of roughly one-third of Mexico's people, many of whom feel, wrongly but surely, that they were deprived of a victory they deserved.

The main questions facing Mexico now are how Felipe Calderón will govern with a mandate of barely 36 percent, and how, indeed whether, he will acknowledge the pent-up social demands of the millions of Mexicans who voted for Mr. López Obrador.

Here are some suggestions. They are ambitious and risky, but they offer a way out of the current impasse.

Clearly something is wrong with Mexico's electoral, judicial and political institutions. It took two full months to figure out who won the presidential election, and the loser still hasn't accepted his defeat. Moreover, all major decisions have been postponed for a decade because of the unrelenting gridlock between the executive and legislative branches and the absence of any majority in Congress.

Mr. Calderón could start with an idea that is already floating around. He could propose allowing for the re-election of members of Congress, mayors and the president himself. Under the current system, senators, governors and the president serve single six-year terms, while congressmen and mayors are elected for single three-year terms. Re-election, and the accountability it imperfectly provides, does not exist. Reforming this system to allow for two four-year presidential terms and re-election of other officials would be intrinsically meritorious, but it would also provide Mr. López Obrador's followers with an incentive to play by the rules: their hero could have another shot in just four years' time, and if he wins and governs successfully, he could remain a full eight years in office.

Mr. López Obrador's supporters will surely protest that with the same electoral rules in place, their man will be short-changed again. Mr. Calderón can forestall that objection by pushing for rewriting the rules by which elections are organized and votes counted. And Mr. López Obrador's aides could be given, as any party with a third of the vote deserves, a major, even decisive, role in overhauling an electoral system that has outlived its usefulness. He could, up to a point, write his own ticket for 2010.

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Finally, and perhaps most substantively, Mr. Calderón could follow Bill Clinton and Tony Blair's model, but reverse it. Instead of triangulating from right to left, Mexico's new president should take some of the left-ish planks from his rival's platform, refashion them in a way that makes them acceptable to his own followers, and turn them into policy. The most obvious example would be the creation of a well-financed, means-tested and efficiently administered program to provide universal health care and pensions to the elderly who lack entitlements. Several other proposals lend themselves to this type of triangulation in areas like education and poverty eradication.

If Mr. Calderón initiated such a three-part plan, would Mr. López Obrador renounce his protests and wait for a better day? Probably not, but there is no way of knowing without discussing these ideas with him and making clear the consequences of his current stance.

Here is where the international community comes in. Mr. López Obrador has explicitly asked Mexico's friends abroad for help. A group of elder statesmen from Europe, Latin America and the United States (for example, Ricardo Lagos of Chile, Fernando Henrique Cardoso of Brazil, Felipe González of Spain and Mr. Clinton or Jimmy Carter) should try to persuade both Mr. López Obrador and Mr. Calderón to accept such a solution to Mexico's conundrum. No one in Mexico can make the case as strongly. The worst that could happen is that such a mission might fail. But maybe, just maybe, it might work.

Mexican Drama (WSJ)

The Wall Street Journal, September 6, 2006

Despite all the focus on the Middle East, the world's biggest test of democracy these days has arguably been unfolding right on America's doorstep, in Mexico. Yesterday that country took a giant step forward as its independent federal electoral tribunal officially named National Action Party candidate Felipe Calderón as the country's president-elect.

Mr. Calderón, who will take office on December 1, had won a narrow plurality of votes in the fiercely fought July 2 election. But second-place finisher Andrés Manuel López Obrador has refused to accept the results, charging fraud and promoting civil unrest to force the tribunal to nullify the results. More than a few Mexican power-brokers have privately hoped for a similar outcome -- which was all too imaginable in a country that only six years ago ended 70 years of rule by the Institutional Revolutionary Party.

So the conclusion of the seven-judge tribunal ought to be a moment of pride for Mexicans. It is a sign of political maturity that even such a close election can be fairly adjudicated. The tribunal had sponsored partial recounts in contested precincts, but in the end reduced Mr. Calderon's victory margin by only a few thousand votes. The result confirms the election-day judgment of foreign observers, who called the vote one of the cleanest they'd seen. Some one million Mexicans had voluntarily manned polling places on election day.

The challenge now is for all Mexicans to accept these results so that Mr. Calderón is able to govern. That's by no means a sure thing, as Mr. López Obrador's militancy has shown. The leftist leader has again rejected the result and pledged to continue his campaign of civil disobedience. He says he'll hold his own "democratic convention" on September 16, which is Mexico's independence day, when he could be named the alternative president.

His potential to cause trouble was on display last Friday, as members of his Revolutionary Democratic Party blocked Mexican President Vicente Fox from delivering his final state of the union address before the national congress. They mobbed the speaker's platform and refused to move. Rather than engage in a shoving match, or worse, Mr. Fox maintained his dignity and walked away. It's as if Tom DeLay had refused to let Bill Clinton deliver his annual address on Capitol Hill.

Tellingly, Mr. López Obrador is validating the warnings about his authoritarian tendencies made by the Calderón camp. Mr. Calderón was down in the polls until his supporters suggested that Mr. López Obrador was a dangerous leader in the mold of Venezuelan strongman Hugo Chávez. And last week the leftist leader, sounding very much like Mr. Chávez, said his opponents "can go to hell with their institutions." By that he apparently means Mexico's democratic institutions.

The good news is that these antics aren't playing well with the broader Mexican public. Polls now indicate that Mr. Calderón would beat the leftist by more than 20 percentage points if the election were held today. Mr. López Obrador's sore loser tactics may also be alarming some members of his own party, who don't want to delegitimize their own July 2 election to congress.

Managing all of this will be a test of Mr. Calderón's leadership and political skills. His rhetoric since July 2 has rightly stressed national reconciliation, and he has reached out to left-of-center moderates. He should continue to do so in the interests of healing wounds and also to weaken Mr. López Obrador's support. But if violence erupts, Mr. Fox and the president-elect will also have to show Mexicans they can enforce public order.

Mr. Calderón can help his cause by re-invigorating the economic reforms that will produce broader Mexican prosperity. The country has made enormous progress away from its socialist past -- for example, moving up 19 places (to 43 from 62) in the annual World Bank "doing business" report released today. But too many monopolists still use government to block competition

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and maintain their economic privilege. A good place to start would be to enforce the deregulation of the telecom industry in which billionaire Carlos Slim, through Telmex, owns 95% of the fixed-line market and virtually all data transmission. Mr. López Obrador's anti-poverty message won't resonate among Mexicans who experience more opportunity and rising incomes.

There's also a role here for the rest of the world, especially for U.S. political leaders who should be supporting Messrs. Fox and Calderón now that the tribunal has spoken. Al Gore's general counsel from 2000, Ronald Klain, was disgraceful on this score when he wrote in the July 9 Washington Post that Mr. López Obrador should "call his supporters to the streets and question the legitimacy of the vote casting and counting process. . . . Above all, he must reject any suggestion that Calderón received more votes -- indeed, he must insist that any fair count would show that he is the rightful winner."

Mr. López Obrador seems to have taken that bad advice, at great potential cost to Mexican stability and democracy. It's time for Yankees who care about our southern neighbor to stop using Mexico 2006 as an excuse to settle scores from Florida 2000 and start reinforcing the vital institutions of Mexican democracy. The last thing the U.S. needs is an unstable, ungovernable Mexico.

US And S. Korea Strive For Unity Amid Fears Of A Of N. Korean Nuke Test (CSM)

By Donald Kirk

The Christian Science Monitor, September 6, 2006

LONDON

The United States and South Korea are trying to work through their differences in hopes of steering North Korea away from conducting a possible underground nuclear test.

While intelligence estimates suggest that the North may possess six or more nuclear warheads, a test would confer on the North the clout of a full-fledged member of the nuclear club. It also could trigger a nuclear arms race among regional powers, particularly Japan and Taiwan, both of which are believed to have the technology for producing nuclear weapons, as well as China, already a nuclear power.

South Korea is adopting what Foreign Minister Ban Ki Moon says are "concrete" - if unspecified - measures both to counteract the threat and to persuade North Korea of the dangers of provoking a regional crisis. Mr. Ban, however, is equally interested in persuading the senior US diplomat for the region, Christopher Hill, from exacerbating tensions as he touches down in Tokyo, Beijing, and Seoul in an effort to bring unified pressure on North Korea.

The US is pressing for a strict interpretation of the UN Security Council resolution banning any dealings with the North that might support its arms trade. Such a reading would deepen the economic damage done to the regime by US Treasury Department efforts to curb international trade with North Korea.

The concern is that North Korean leader Kim Jong Il will conclude he has no choice but to fight in order to survive, much "like a rat driven into a corner" - a phrase widely used among South Koreans. Or, as Ban put it, North Korea will find itself "at dead end with no way out."

The different approaches to the nuclear standoff are part of a rift between President Bush and South Korean President Roh Moo-hyun, who has long pursued a soft-line policy of reconciliation with the North. As the two leaders prepare to meet next week in Washington, regional analysts are concerned that North Korea may see an opportunity to deepen the wedge between the allies.

If Kim Jong Il does not press the trigger on an underground nuclear test, he may well order another test-firing of missiles reminiscent of the July launch of seven missiles.

"I had expected North Korea would fire more missiles," says Mark Fitzpatrick, senior fellow for nonproliferation at the International Institute for Strategic Studies in London. "Undoubtedly North Korea has more tests it would like to do" - particularly since the long-range Taepodong 2, potentially the most fearsome of all the missiles in North Korea's arsenal, fizzled into the sea 42 seconds after lifting off on July 4.

As for a nuclear test, Mr. Fitzpatrick says "signs of a potential test are worrisome."

"North Korea has demonstrated a willingness to disregard the advice of its only ally, China," which is trying to persuade Mr. Kim to lower the level of confrontation by inviting him to Beijing for more talks on economic aid and trade, Fitzpatrick says.

While the North Korean regime does not want to be seen as yielding to Chinese pressure, he adds, a nuclear test "is their last card and I do not see any reason for them to do it now."

Rather, he says, Kim may have accomplished a tactical aim by "demonstrating a willingness to test" without doing so.

South Korean conservatives have warned President Roh against any action that might jeopardize the US-Korean alliance. They are especially concerned about plans for placing South Korean troops under South Korean command - rather than a unified, US-led command - in case of war.

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The US and South Korea, though, may come to terms in that debate. Roh, whose popularity has plummeted in recent months, has said he has no intention of jettisoning the alliance, while Bush has said South Korean forces are strong enough to defend the South.

Still, US conservatives, like those in South Korea, fear damage to the alliance.

"I worry about the differences of opinion between Korean and American government officials," Edwin Feulner, head of the Heritage Foundation , remarked recently in Seoul. "If North Korea continues on its current tread line," he warned, governments in the region "will have no choice but to counter North Korea."

Wrong Path On North Korea (WP)

By Donald Gregg And Don Oberdorfer

The Washington Post, September 6, 2006

The Bush administration is preparing to implement a new set of comprehensive sanctions against North Korea in response to its recent ballistic missile tests. This would be a grave mistake, likely to lift the already dangerous situation on the Korean Peninsula to a new level of tension. Imposing such sanctions at this time could bring about more of the very actions the United States opposes. They should be reconsidered before lasting damage is done.

U.S. allies and friends in Northeast Asia, including South Korea, Japan, China and Russia, have been notified of the impending actions. These governments have participated along with Washington in the stalled regional talks with North Korea aimed at ending its nuclear weapons program. With the possible exception of Japan, these friendly governments believe that a major new drive to further isolate the Pyongyang regime would be a move in the wrong direction.

The only path to success with North Korea is negotiation, which President Bush and others have endorsed on many occasions. What is needed is sustained engagement to persuade Pyongyang to return to the regional talks and cease its confrontational actions -- not new sanctions that will make such a course even more difficult.

Pyongyang's ballistic missile tests of July 4 were a provocative mistake that led to unanimous condemnation by the U.N. Security Council and sharp cutbacks in aid from South Korea. The tests especially angered China because of Kim Jong Il's refusal to accept a high-level envoy who was to express China's unhappiness about them. Beijing took the remarkable step of voting to condemn its fraternal neighbor. It slowed down but did not stop its crucial food and energy assistance for fear of creating instability on its border. China is unsympathetic to further U.S. sanctions at this time and most unlikely to follow suit.

Recent U.S. financial sanctions based on North Korea's money-laundering and counterfeiting of U.S. currency have been painful for Pyongyang's free-spending leadership. But neither these sanctions nor the impending comprehensive sanctions are likely to lead to the demise of the 60-year-old North Korean regime or to a positive shift away from its militaristic actions. Instead, the predictable result of new sanctions now is new steps by Pyongyang to prove it will not be intimidated: additional tests of ballistic missiles or an underground nuclear explosion to validate its declaration early last year that it is "a full-fledged nuclear weapons state."

In June 2005 Kim Jong Il told a South Korean emissary that his country possesses nuclear weapons but that it does not need to test them. Semi-official U.S. estimates are that Pyongyang has sufficient nuclear material for six to 12 nuclear weapons, though the status of bomb assembly is unknown. Should Kim's regime be spurred to test such a device, the repercussions of a successful test for the global drive against the spread of nuclear weapons would be great, with especially powerful political and military impact in Northeast Asia. Such an event might prompt extensive new arms programs, possibly including nuclear weapons programs, by South Korea, Japan and Taiwan.

Why, at such a time, choose sanctions, a policy option whose historical record is overwhelmingly one of failure? One possible reason is that sanctions give vent to the visceral hostility that senior Bush administration officials feel toward North Korea. Another is that sanctions could be a defense, however inadequate, against political charges that the administration has done little or nothing to slow North Korea's nuclear programs. But a sanctions-based policy ignores the damage it would do to those in North Korea seeking transformational change and greater openness. Some longtime foreign observers believe such trends are gathering force.

Some high in the Bush administration have argued that dangerous actions by North Korea are likely whether or not the United States undertakes new sanctions against Pyongyang. Perhaps so, but they are much more likely if, instead of carrot-and-stick negotiations, the administration withdraws all previous carrots and multiplies the sticks. In this case a U.S. administration will have to share the blame with North Korea if a new international crisis erupts.

Donald Gregg is a former U.S. ambassador to South Korea and currently chairman of the Korea Society. Don Oberdorfer is a former diplomatic correspondent for The Post and currently chairman of the U.S.-Korea Institute at Johns Hopkins University's Paul H. Nitze School of Advanced International Studies.

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Blair Will Exit Within Year, Close Aide Predicts (NYT)

By Alan Cowell

The New York Times, September 6, 2006

LONDON, Sept. 5 — One of Tony Blair's closest political allies forecast today that he would leave office within 12 months, setting a time frame that the prime minister has shied away from. It was the first time that a senior cabinet official had been so specific on the likely date of Mr. Blair's departure — one of the most often asked questions of British politics.

David Miliband, the environment minister, made his prediction in an interview with the British Broadcast Corporation this morning as London's political village buzzed with leaks and rumors suggesting that loyalist legislators were baying for Mr. Blair's ouster while his closest aides had drawn up a schedule of "spin'' for his resignation.

"He needs to go with the crowds wanting more. He should be the star who won't even play that last encore,'' Mr. Blair's advisors have decided, according to a leaked e-mail quoted by the tabloid Daily Mirror. Mr. Blair's office did not explicitly deny the authenticity of the memo, saying only that neither Mr. Blair nor other "senior staff' had seen it.

For his part, Mr. Blair offered no direct comment on the crescendo of speculation that one Labor party official called a "feeding frenzy.'' The prime minister said two years ago that he would not fight a fourth election, having led his Labor Party to an unparalleled three consecutive victories since 1997. His heir apparent is Gordon Brown, the chancellor of the exchequer, who has remained publicly aloof from the current phase of the succession debate.

With Mr. Blair's popularity tumbling — most recently because of his opposition to an early cease-fire in the Lebanon war — many legislators now fear for their positions in the polls and want Mr. Blair to state his intentions before bellwether local elections in Scotland and Wales next May.

In an interview with The Times of London last Friday, however, Mr. Blair refused to promise an exit agenda when he addresses the party's annual conference later this month. But, he said, "I've said I'm not going to go on and on, and said I'll leave ample time for my successor.''

Mr. Miliband said Mr. Blair's remarks "said to me exactly what the conventional wisdom is — that the prime minister sees himself carrying on for about another 12 months and it seems to me that the conventional wisdom is reasonable.''

The forecast was echoed by Sir Jeremy Beecham, the chairman of the Labor party's national executive committee, who said Mr. Blair was "entitled to depart in dignity and I'm sure that will happen in time for a new leader to be in place in time for the conference next year'' in Sept. 2007.

The remarks by his colleagues were taken as an indirect response from Mr. Blair to his critics.

Philip Webster, the political editor of The Times of London, said Mr. Miliband "was saying for Blair what Blair hasn't said himself, that he will go in 12 months.''

That may not be enough for some of Mr. Blair's critics who want him to at least announce a date for his departure by next May — the 10th anniversary of his rise to power.

Steve Richards, a columnist in The Independent, noted that, last year, government ministers formed lines "to insist the prime minister must stay until 2008 at the earliest. The cabinet was Blair's great stronghold. Now I speak to cabinet ministers who wonder whether it would be best for Labor if he goes in the autumn or waits until the spring.''

The debate has become all the more feverish with news reports of a letter from 17 Labor legislators who entered Parliament in 2001 urging Mr. Blair to be more precise about his exit strategy. News of that epistle provoked a counter-letter, signed by 49 legislators supporting Mr Blair.

There has been no indication so far that Mr. Blair's critics have garnered sufficient support — 72 legislators — for a formal challenge and a leadership election within the Labor Party.

Quoting what it described as a "secret blueprint,'' the Daily Mirror said Mr. Blair's aides wanted to show that "his genuine legacy is not the delivery, important though that is, but the dominance of new Labor ideas — the triumph of Blairism.''

"As TB enters his final phase, he needs to be focusing way beyond the finishing line, not looking at it,'' the memo, drawn up last April, said, referring to Mr. Blair by his initials. It did not set a date for Mr. Blair's departure but suggested he should remold his public image by appearing on television shows such as Blue Peter, a children's program, and Songs of Praise, a regular Sunday evening religious show.

Planning for Mr. Blair's last month in office required "a daily grid, planned to the last detail'' and offering "as much as possible a farewell tour,'' the memo said, acknowledging that the prime minister's unpopular record on Iraq remained "the elephant in the room.''

Key Ally Sees Blair Quitting Within Year (FT)

By James Blitz

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Financial Times, September 6, 2006

One of Tony Blair's closest cabinet allies on Tuesday assured Labour members of parliament that the UK prime minister would quit his job in 12 months, seeking to calm unease within the ruling party over the premier's plans.

As the party was engulfed by fresh speculation over Mr Blair's resignation plans, David Miliband, environment secretary and a prominent member of Mr Blair's cabinet, said it was "reasonable" to assume the prime minister would no longer be in office this time next year.

Mr Blair, now in his ninth year in Downing Street, has said he will leave office in the lifetime of the current parliament. However, last week he told a British newspaper that he also wished to keep the exact timing of his departure vague.

The prime minister fears that, if he gives a date for his planned exit to this month's Labour party conference, opponents will respond by suggesting he might as well quit at once.

On Tuesday a group of normally loyal MPs in the party joined forces to draft a letter to the prime minister insisting that he publish the exact date of his departure.

The letter has been circulated by two Labour MPs – Chris Bryant and Sion Simon – who have been staunchly supportive of Mr Blair in the past.

The BBC on Tuesday suggested that some 17 MPs had signed the letter. However, neither Mr Bryant nor Mr Simon wished to make any public comment on the letter and Downing St insisted that no such document had been received by the prime minister.

However, Mr Blair is under clear pressure from some mainstream Labour MPs to set a departure date so that the party is assured of a stable and orderly transition to a new leader.

Mr Miliband is the first member of the cabinet to state categorically that Mr Blair will leave in 12 months.

Commenting on an interview that Mr Blair gave to the Times newspaper last week, Mr Miliband said: "It said to me exactly what the conventional wisdom is, and the conventional wisdom is that the prime minister sees himself carrying on for about another 12 months and it seems to me that conventional wisdom is reasonable.

"I haven't spoken to the prime minister about that, so I am not able to give you this from the horse's mouth. But it seems to me that that conventional wisdom is perfectly reasonable."

In a separate development, it emerged that Downing St allies of Mr Blair have drawn up a memo suggesting the prime minister should hold a farewell tour to promote the "triumph of Blairism".

The memo by the group of allies, which includes his pollster Philip Gould, says: "He needs to go with the crowd wanting more."

Mr Blair's office said neither the prime minister nor any of the senior staff at No 10 had seen the memo.

Report: Blair Leaving Office In July '07 (USAT/AP)

By Beth Gardiner

USA Today, September 6, 2006

LONDON — Britain's Tony Blair will step down as Prime Minister in July 2007 after more than 10 years leading his country, a newspaper reported Wednesday after two ministers acknowledged he was likely to leave office next year.

Blair intends to resign as leader of the governing Labour party on May 31, 2007 — triggering a leadership election likely to take around eight weeks, The Sun tabloid reported.

He would then be replaced as Prime Minister on July 26, the newspaper said.

George Pascoe-Watson, political editor of The Sun, told Britain's Sky News television he would not disclose the sources of his story, and said only that the newspaper's previous predictions on the date of elections had been "absolutely bang on the money."

The tabloid previously correctly called the dates of Britain's last national election, ahead of a formal announcement by Blair.

Blair was appointed Labour leader in July 1994 and took office on May 2, 1997.

In October 2004, he said he would not serve a fourth term as Prime Minister, later promising to hand over to a successor in sufficient time ahead of a likely 2009 national election.

However, Blair has been reluctant to set an explicit timeframe, claiming it would likely make him an instant lame duck, draining his authority and power.

Blair's Downing Street office said it would not comment.

A purportedly leaked memo, details of which were reported Tuesday, revealed advisers had planned a national tour and a host of TV appearances to mark a triumphant end to Blair's years in office.

Britain's Daily Mirror tabloid said Tuesday it had been leaked a copy of the purported memo — but reported that it did not include any departure date.

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"As TB (Tony Blair) enters his final phase, he needs to be focusing way beyond the finishing line, not looking at it," the newspaper quoted the memo as saying. "He needs to go with the crowds wanting more. He should be the star who won't even play that last encore. In moving toward the end, he must focus on the future."

Neither the prime minister nor many of his senior staff have seen the memo, Blair's official spokesman said Tuesday. He would not comment on the accuracy of the Daily Mirror's excerpts.

Pressure from within Labour for Blair to publicly set a timeframe for his departure has intensified recently. Critics worry that the uncertainty over when he will leave is damaging the party's electoral hopes, while Blair's waning popularity is giving the resurgent Conservative Party an opening.

Blair last week shrugged off demands that he announce his plans at the party's annual conference later this month.

However, Environment Secretary David Miliband and social exclusion minister Hilary Armstrong both said Tuesday that Blair would be replaced by next year, a move interpreted in some quarters as an attempt to placate party critics.

"The conventional wisdom is that the prime minister sees himself carrying on for about another 12 months, and it seems to me that conventional wisdom is reasonable," Miliband told BBC radio. He said he had not spoken to Blair about it directly.

China Intervenes In Zambian Election (FT)

By John Reed

Financial Times, September 6, 2006

The Chinese government has intervened in Zambia's upcoming presidential election in a forceful sign of the commodity-hungry country's growing economic and political clout in Africa.

Li Baodong, China's ambassador in Lusaka, said Beijing might cut diplomatic relations with Zambia if voters elected Michael Sata, an opposition candidate, as president, Zambian media reported on Tuesday.

His remarks are the first sign of overt political interference by China in African affairs in decades, reflecting Beijing's rapidly expanding role as an investor on the continent and as a client for long-term supplies of raw materials. China is a leading investor in Zambian copper, the country's biggest export product by value.

China has invested billions of dollars in Africa in recent years, rivalling the US as it does so, and Chinese trade with the continent has quadrupled since the start of the decade, mainly through purchases of crude oil.

In Zambia alone Chinese companies are believed to have ploughed more than $300m into copper and other industries.

Mr Sata is challenging Levy Mwanawasa, the incumbent president, in the September 28 election. Mr Sata has been quoted calling Taiwan a "sovereign state," angering China, and has also spoken out against Chinese labour practices in Zambia. Recognition of Taiwan would mean turning away from the country's ties with Beijing.

Most African countries have thrown in their lot with China, leaving only a handful of governments maintaining official relations with Taiwan. Zambian media also reported that Mr Sata, currently running second to Mr Mwanawasa in opinion polls, had met Taiwanese businessmen.

The Times of Zambia on Tuesday quoted Mr Li saying Chinese investors were "scared" to come to Zambia because of Mr Sata's "unfortunate" remarks. If Mr Sata won and established relations with Taiwan, Beijing might think of cutting its relations, the newspaper reported.

"Chinese investors in mining, construction and tourism have put on hold further investments in Zambia until the uncertainty surrounding our bilateral relations with Zambia is cleared," the state-owned Zambia Daily Mail quoted Mr Li as saying.

In Zambia several mineworkers were shot and injured in July after a violent protest at Chinese-owned Chambishi Mining. There are conflicting reports on whether Chinese managers or Zambian police shot the workers.

Africa Monitors Threatening To Quit Sudan (NYT)

By Lydia Polgreen

The New York Times, September 6, 2006

KEBKABIYA, Sudan, Sept. 5 — The African Union said Tuesday that it would quit the war-ravaged Darfur region by the end of the month if Sudan did not agree to allow United Nations peacekeepers to take over its mission here.

"The African Union reiterates its position that it will terminate the mission," said Noureddine Mezni, spokesman for the African force. But the troops will stay "if there is the necessity for the transition to the United Nations," he added.

The message, in effect refusing an offer from Sudan and its allies to pay the troops in Darfur with money from the Arab League, leads the crisis in western Sudan to the edge of a once unthinkable precipice: the possibility that after the end of this month there will be no outside peacekeepers at all in Darfur.

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African Union officials stressed that negotiations were continuing on the future of the force and the possibility of a United Nations transfer, but also quietly began preparing plans to extricate the 7,000 troops, a complex and costly proposition for an outfit that is nearly out of cash.

An evacuation without a United Nations force to take over would almost certainly open a bloody chapter in a conflict that has killed hundreds of thousands of people and pushed 2.5 million from their homes in a campaign of government-sponsored violence that the Bush administration has called genocide.

Kofi Annan, the United Nations secretary general, told reporters in Egypt that Sudan would be making a grave mistake by causing a vacuum in Darfur.

"The international community has been feeding about three million people in camps, and if we have to leave because of lack of security, lack of access to the people, then what happens?" he asked.

The negotiations over who will police Darfur, a lawless region the size of France that is currently patrolled by the outnumbered and underequipped African Union force, have turned into a game of brinkmanship among the United Nations, the African Union and Sudan.

The African Union has said repeatedly that it wants to hand over its mission to the United Nations. In part to speed this process, the United States and other donors who have paid for the African Union mission have refused to prop it up financially once its mandate ends on Sept. 30, in the hopes of compelling Sudan to accept a United Nations force. The Security Council voted earlier this month to authorize a force of more than 20,000 troops and police officers for Darfur.

But Sudan has not blinked. If anything it has become more strident in its rejection of a United Nations force, and now is turning on the African Union, giving it one week to decide whether to keep going with money from the Arab League, or to leave Darfur. It has proposed using Sudanese as peacekeepers.

African Union officials have said their troops would compromise their neutrality if they took money from Sudan and its allies.

Mr. Mezni said the African Union Peace and Security Council, which must decide the future of the force, will meet again on Sept. 18.

Until then, the fate of the force remains uncertain.

In Darfur's Death Grip (WP)

By Craig Timberg

The Washington Post, September 6, 2006

EL FASHER, Sudan, Sept. 5 -- Adouma Ahmed Khames, 35, had no illusions of heroism that July morning. When gunmen appeared by the hundreds in his village, riding on camels and horses and in sleek Toyota trucks, he dived for cover under a rotting, stinking pile of grass, he said.

By the time he climbed out, night had fallen and the village, in Sudan's western Darfur region, was full of dead young men, dispatched in their own huts with bullets to their heads. Khames counted 58 bodies from the rampage, which he and other witnesses said was carried out by a former rebel faction, along with Sudanese troops and government-allied militiamen called Janjaweed.

Over the next several hours, he and his wife, Kaldoum Adam Ahmed, 32 and nearly due to deliver their sixth child, helped dig mass graves to bury their friends, neighbors and relatives. Then as dawn approached, Khames returned to his hiding place -- the grass gathered months earlier to feed the family's donkeys -- and burrowed under in hopes of living another day.

He did, remaining in hiding long enough to see his village -- called Deker -- looted and to learn of at least four rapes.

"They destroyed everything," said Khames, who has a coffee-colored, triangular face that comes to a point at his goatee. Deprivation had shrunk his body to the point that a copper ring on his left hand dangled from a bony finger.

According to witnesses and an Amnesty International report, the killing spread across three days and devastated Deker and several other villages, as well as the town of Korma, about 45 miles northwest of El Fasher, the capital of North Darfur state.

The incident, in the first week of July, is among dozens reportedly involving civilian casualties as the three-year-old war in Darfur has moved into a newly lethal phase since the signing of a peace deal in May. Under the agreement between Sudan's government and one of three Darfur rebel groups, the government is sending about 30,000 troops and police officers to Darfur, where they are joining forces with the rebel group that signed the peace deal.

These new forces, armed with expanded weapons stocks and backed by government planes making bombing runs, are augmenting the Janjaweed militias that already were raping, looting and killing their way through Darfur, a vast, arid region the size of Texas. Since the fighting began in 2003, war and disease have killed as many as 450,000 people in Darfur and driven more than 2 million from their homes.

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The exact number of dead in the early July attacks near Korma is impossible to determine, though those who have visited the area report several mass graves. Amnesty International, which said the United Nations also investigated the attacks, put the number of dead at 72, mostly males, including 11 students and a teacher at a school in the village of Dalil.

Among the dead, Khames said, were two of his nephews in their twenties and a cousin, 75, who had three wives and 22 children. All died in Deker, where several hundred people once lived, a few miles from Korma.

Other older villagers in Deker were not spared violence either. Hamid Ibrahim, who appeared to be at least in his sixties, displayed a dark slash across his right shoulder where he said three men beat him with sticks. He made it to al-Salam refugee camp on a donkey, after riding for three days. Few residents of any age are left in Deker.

"Everybody has gone away," Ibrahim said.

Amnesty also reported 39 rapes and 103 injuries, and it said the main attackers were members of the rebel group, headed by Minni Minnawi, that has sided with the government since signing the peace accord. Minnawi, who is now a senior adviser to Sudan's president, Lt. Gen. Omar Hassan al-Bashir, visited President Bush at the White House in July.

The Amnesty report said the attackers told their victims, who were unarmed, that they were being punished for not supporting the peace agreement.

Khames said: "All the people are only farmers. There are no rebels there."

But he also said he supports rebel leader Abdel Wahed, who did not sign an accord that Khames and many others in Darfur call flawed. "This peace is not going to give us our rights," he said.

Most of the victims of the attacks near Korma have gone to El Fasher. Khames and his family ended up at rapidly growing al-Salam camp, where 42,000 Darfuri civilians live on the outskirts of the city in tiny huts built with mud and thatch and covered with white plastic sheets bearing the logos of the international aid groups -- USAID, UNICEF, Oxfam -- that donated them.

Khames and three other witnesses, giving similar accounts, said they believed that government soldiers, Minnawi's former rebels and the Janjaweed worked together in the attack on Deker, Korma and the surrounding areas. Some of the gunmen, they said, were in the green camouflaged uniforms of the Sudanese army, others in brown police uniforms. Some wore white turbans, others soldiers' caps. Khames said he counted 10 Toyota Land Cruisers and four heavy trucks in Deker. The horses and camels numbered in the hundreds, he said.

Deker had been attacked by Janjaweed once during the war, Khames said, but never before had he seen the uniforms of his own country's soldiers.

Khames survived mainly because of the determination of his wife, Ahmed, who recounted the violence with her face flat and expressionless. A yellow cloth covered her head and a piece of white linen wrapped her baby, 15 days old.

Ahmed said that as Khames hid in the grass, six men in green uniforms and soldiers' caps visited the family hut, a few steps away. On two occasions, the soldiers beat Ahmed -- then visibly pregnant -- with whips as they demanded to know where Khames was.

"He is not here," she told the men.

"You must tell us where he is!" a soldier demanded.

"I don't know," Ahmed said again. "If you want to kill me, you can kill me."

They let her go instead. At day's end, they left the village. In the morning, they returned.

On the first and second nights of the attack, Ahmed walked carefully through Deker to make sure the gunmen were really gone. Then she brought millet porridge and water to her husband. On the third night, after another walk around the village confirmed that the gunmen had left for the night, she delivered advice as well.

"You must go," Ahmed told her husband, fearing she would never see him again. "Maybe they are coming again."

Khames obeyed, walking northwest with two of his brothers, who had survived by hiding in an old, unused hut. They walked all night to the town of Kutum.

Ahmed left the village soon afterward, heading in the opposite direction, toward El Fasher, with her five children and bulging stomach. They walked for four days, eating small amounts of porridge they had brought along and food offered by passersby on the road.

By the time the family reached al-Salam camp, every part of Ahmed's body hurt, she said. Eight days later, Khames arrived as well on a bus from Kutum. Ten days after that, tiny, squirmy Rihab was born at al-Salam camp.

Responsible China? (WP)

The Washington Post, September 6, 2006

LAST WEEK Wang Guangya, China's ambassador to the United Nations, made a formal statement on Darfur that calls into question China's claim to be treated as a responsible international player. Mr. Wang began by saying that China wants U.N. peacekeepers to be deployed in Darfur, calling this a "good idea and realistic option," one that should be done "as soon as

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feasible." But then he went on to explain that China was refusing to support the U.N. resolution calling for such a deployment. Unless China changes its position, the result may well be tens of thousands of civilian deaths.

Mr. Wang argued that China could not support the resolution because Sudan's government was not yet ready to accept U.N. peacekeepers on its soil. But the reason that Sudan is refusing to allow in peacekeepers is that it has faced little international pressure to do so. The United States and its European partners have called upon Sudan to let the U.N. force in. But China, which has enormous leverage over Sudan because of its investment in Sudanese oil fields, has failed to push the Sudanese into accepting the "realistic option" of a U.N. deployment. Indeed, China lobbied hard and successfully to prevent Russia from supporting the peacekeeping resolution, further undermining pressure on Sudan's government to allow in peacekeepers.

Mr. Wang also asserted that, although China supported the peacekeeping resolution in principle, Beijing deemed it "unnecessary for the Security Council to put the draft to the vote in a hurry." How that squares with the call for a deployment "as soon as feasible" is a mystery. Moreover, reports from Darfur suggest that, contrary to the position of the Chinese government, there's every reason to hurry. Sudan's government has declared its intention to launch a new offensive against rebels in northern Darfur, which promises an upsurge of violence in an area that is home to about 250,000 people. The violence is making it impossible for aid workers to help hundreds of thousands of displaced people. Meanwhile the existing African Union peacekeeping force has run out of credibility and money. The stage is set for the worst bout of killing since 2004.

At the end of last week's statement, Mr. Wang lamented that the United States and Britain, the two sponsors of the peacekeeping resolution, "have failed to earnestly heed China's sincere efforts." What efforts, precisely? If China really is sincere about its desire to see peacekeepers in Darfur, it should tell its allies in Sudan's government to call off their military offensive and accept U.N. peacekeepers immediately.

U.S.-Russian Exercises Postponed By Moscow (WP)

By Peter Finn And Ann Scott Tyson

The Washington Post, September 6, 2006

MOSCOW, Sept. 5 -- Citing legal problems, Russia's Defense Ministry on Tuesday abruptly postponed joint military exercises with American forces that were scheduled to start later this month in central Russia. The exercises were drawing increasing criticism from the Communist Party and other groups angry over the prospect of U.S. troops on Russian soil.

Disagreements over "the status of U.S. personnel who planned to participate in the exercises" brought on the Russian decision, an unidentified ministry official told the Russian news agency Interfax. Granting U.S. requests on this question was impossible, the official said, "because any decision by Russia not to exercise its jurisdiction over arriving foreign contingents runs counter to the laws of the Russian Federation."

The Defense Ministry declined to explain the status issues or why they arose now between two countries that conducted joint exercises in Russia as recently as last year. Nearly 300 U.S. and Russian troops held joint maneuvers outside Moscow in an exercise called Torgau, named after the German town where American and Soviet troops met up in the final days of World War II in Europe.

The ministry now wants a ratified agreement on the issues that concern it, Interfax reported.

In Washington, a Pentagon official said the U.S. side had received no official word of a postponement and held out the possibility that the exercise might go ahead if remaining issues with the Russians can be worked out. Speaking on condition of anonymity because discussions remain open, the official said the size of the U.S. force has been a point of contention.

"There has been a lot of discussion about how to get this exercise done, what the comfort level is with the size of the army unit going in," the official said.

This was to be the third phase of the extended Torgau exercise, aimed at increasing the ability of U.S. and Russian troops to operate together in the field. The first phase was conducted in Russia in 2004, followed by joint operations in Russia and Grafenwoehr, Germany, in 2005.

Tension between the two governments have been rising recently. U.S. officials have criticized setbacks to democratic development in Russia and the country's alleged use of energy as a diplomatic weapon. The ambitions of Ukrainian President Viktor Yushchenko and Georgian President Mikhail Saakashvili to join the NATO alliance have also soured relations.

U.S. criticism and policies in the region are often seen here as an attempt to undermine Moscow's influence with its neighbors.

Alexander Khramchikhin of the Institute for Political and Military Analysis in Moscow said he believed the postponement was not based on a technical issue. "The deeper reason is the worsening of Russian-American relations. . . . This was a political decision. The Ministry of Defense just carried out the order."

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The exercises, to involve unarmed U.S. personnel, were to be held near Nizhny Novgorod, about 250 miles east of Moscow. The two countries have continued to hold joint exercises outside Russia, but the Kremlin may fear that the presence of U.S. troops could become a galvanizing issue for some of its domestic opponents.

"Emotions being heightened over these maneuvers by certain political forces do not match the scope of the planned exercises," a Defense Ministry official told Interfax.

Last month, a planned exercise between U.S. reservists and Ukrainian forces in Crimea, a Russian-speaking part of Ukraine, was called off after weeks of demonstrations by local residents who drew expressions of support from Russian lawmakers.

In Russia, the Communist Party had vowed that protesters would close off all roads leading to the firing range near Nizhny Novgorod and would stage demonstrations in cities across Russia.

"These exercises have no other meaning except an attempt at aggression and building a bridgehead in one of the key regions of the Russian Federation where nuclear centers and major industrial enterprises are concentrated," Gennady Zyuganov, head of the Communist Party, told reporters Monday in Moscow. "We should not let them here into the heart of Russia. If they want to visit historic places, let them come as tourists, and we will show and tell them everything."

The governor of Nizhny Novgorod, Valery Shantsev, accused the Communists of stirring up public emotions to secure votes in upcoming regional and federal elections.

Tyson reported from Washington.

Somalis Protest Plan For Peacekeepers (AP)

By Mohamed Sheikh Nor

AP, September 6, 2006

Thousands of people massed in the capital Tuesday vowing to fight any foreign peacekeepers sent to the embattled nation, while a coalition of East African nations approved an ambitious plan to deploy troops in Somalia by early next month.

It was the latest protest organized by an Islamic militia that has seized control of Mogadishu and much of the rest of southern Somalia. The militants oppose foreign interference, while the country's virtually powerless official government has appealed for outside help.

"We will wage a holy war against them!" the crowd shouted.

In Nairobi, Kenya, authorities from seven African countries endorsed a plan to send about 3,500 Ugandan and Sudanese soldiers to Somalia by early October. But the agreement by the Intergovernmental Authority on Development is unlikely to become reality anytime soon.

The deal faces two major obstacles: The U.N. must lift an arms embargo on Somalia that has been in place for more than 10 years to allow peacekeepers to enter the country, and the African Union must release funds to back the mission, which is expected to cost $34 million a month.

A senior African Union official, El Ghassim Wane, declined to comment until he was briefed on IGAD's announcement.

Sheik Sharif Sheik Ahmed, a top leader in Somalia's Islamic militia, called the meeting "a plot against our country."

The demonstration came just a day after negotiators from the government and the Islamic group signed an agreement to eventually form a unified national army. The agreement did not specify when the plan would take effect, and talks were expected to resume Oct. 30.

It was not immediately clear whether the announcement to deploy peacekeepers would disrupt Monday's agreement.

Somalia has not had an effective central government since 1991, when warlords overthrew dictator Mohamed Siad Barre and then turned on one another, pulling the country into anarchy.

The current government was established two years ago with the support of the United Nations, but it has failed to assert any power outside its base in Baidoa, which is 150 miles from Mogadishu.

Clerics and militiamen set up a network of Islamic courts in a bid to restore order by enforcing Islamic law, sparking fears of an emerging Taliban-style regime.

Since sweeping over much of southern Somalia, including the capital, in June, the Islamic group has brought a semblance of order after years of anarchy.

Mogadishu's airport and seaport have reopened after 11 years, and on Sunday the U.N.'s World Food Program sent a ship carrying cereal, oil and other staple foods. The shipment followed a series of meetings on security and other issues between U.N. officials and the Islamic group.

Chemical Reaction (WSJ)

By C. Boyden Gray

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The Wall Street Journal, September 6, 2006

BRUSSELS -- It is well accepted that a key to unlocking Europe's innovation, creativity and growth potential is improving its regulatory climate. This entails both cutting back outmoded existing regulations and ensuring that the benefits of future regulations outweigh their costs to society. But it appears that the European Union is having difficulty turning the excellent intentions of its "better regulation" policy into reality.

There is perhaps no better example of this problem than the EU's gigantic chemicals regulation known as Reach, whose final adoption is expected by the end of 2006. Many improvements have been made, but Reach still has flaws that will hurt small European businesses and foreign companies in particular.

It is true that the EU proposed Reach before formally adopting its new requirements for cost-benefit analysis. But that is no excuse for failing to apply these precepts now. The fundamental flaw of Reach -- which stands for the Registration, Evaluation and Authorization of Chemicals -- is that it is not carefully tailored to address possible harms, and its potentially enormous costs are not offset by enough clearly identifiable health benefits. Reach would require producers and importers of chemicals and products containing chemicals that are manufactured in or imported into the EU in quantities over one metric ton per year -- approximately 30,000 substances -- to register them with a new EU agency in Finland, and to provide extensive information on their properties, uses and handling.

While this might seem unobjectionable, some of Reach's key provisions will apply to chemicals to which there is no human exposure -- and thus no possibility of harm. At the same time, the proposal exempts certain highly toxic chemicals where there is serious human exposure and much known existing harm. The latter group includes chemicals such as gasoline and diesel fuels -- which, without an exemption, would likely be blacklisted by Reach.

For example, Reach covers reacted monomers -- the chemicals that are combined to form the compounds used in plastics -- even though it exempts the compounds they create. Why is this so? One explanation is that because Reach automatically applies to monomers made in Europe, firms here would be at a competitive disadvantage unless foreign firms also had to register the monomers they use in producing polymers for the EU market.

However, any protectionist gain from Reach will be short lived because, over the long haul, the entire industry will suffer from lack of growth from innovation as small companies are squeezed out of the market. At the same time, the lack of transparency and accompanying prospect of an "insider advantage" could discourage new outside investment.

The so-called "candidate list" could have the effect of inhibiting innovation. This is a list of 2,000 or so possibly harmful chemicals awaiting testing and evaluation to determine whether they can remain on the market and, if so, under what restrictions. The process by which the "candidates" are chosen is murky, is potentially subject to manipulation, and is by definition based on "potential" hazard rather than on clearly identified risks. Using the EU's own calculations on the expected pace of consideration, final decisions on these chemicals could take decades. But being put on the list to begin with is akin to an indictment -- and is a death warrant for that product in the eyes of any sensible consumer.

The approach used to write the rules for applying Reach also disadvantages outsiders. Over time, these rules will become more important than Reach itself. Yet despite these rules' importance, participation in their development is so far by invitation only. In the U.S., participation in rule making of this kind is unlimited because requests for comment are widely published and agencies are held accountable for reasoned responses. In Reach, the uninvited will only be able to participate indirectly through leaks and obscure, unpublicized Web references.

This is a relatively comfortable process for established local players -- at least in the short run. They have the central staffs to complete the paperwork and monitor the endless round of meetings that often accompany rule development. But this is not helpful to small companies, even those based in the EU, and it is more of a problem to non-EU companies both large and small.

* * *

These factors explain why virtually every non-EU country with a chemicals industry has joined the U.S. in voicing serious concerns about Reach. This "coalition of the excluded" includes South Africa, which is worried that Reach will cripple the mining industry in some of the poorest parts of the developing world. At the other end of the spectrum are sophisticated high-tech producers in South Korea, India, Japan and Israel.

These countries have offered very specific suggestions: that the authorization process should be clearly risk-based; that the extension of Reach to chemicals that are embedded in manufactured goods with little risk of human exposure be strictly limited; that confidential trade secrets be protected where at all possible; and that the consultative process be more inclusive and transparent.

The EU response has not been encouraging on the whole, although some sympathetic national governments and members of the European Parliament have quietly tried to help. The EU's "party line" is that the current proposal is "balanced" and that the EU's trading partners have no choice but to comply. This is hardly the response one would expect from a major trading partner, particularly one that is striving for "better regulation."

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For this reason, Reach may have consequences beyond the chemical industry because of the signals it sends about the development of regulations generally. The more regulation's unnecessary costs exceed its benefits, the greater the negative impacts on investment, innovation, job creation and economic growth.

Just as failure in the Doha round could seriously damage the cause of free trade, so can Reach discredit the idea of "better regulation," even if the EU promises to do better next time. Approving Reach in its current form would likely undermine "better regulation" and with it much of the Lisbon agenda. Conversely, a reform of Reach would greatly invigorate regulatory reform generally. In short, the EU needs a reform victory, not a defeat.

Mr. Gray is the U.S. ambassador to the European Union.

The Protectionist Backlash (WSJ)

By Gordon Brown

The Wall Street Journal, September 6, 2006

When the great 19th-century British statesmen Bright and Cobden persuaded the world to equate free trade with liberty, that philosophy was held high. Today a more skeptical world is drifting into a new and dangerous protectionism. And once again the challenge for free traders is to show that we are fighting not just for narrow interests but for high ideals.

Urgently championing the benefits of free trade is all the more important because, of all the setbacks for the world economy this summer -- high oil prices, the recurrence of inflation and political instability -- perhaps the most worrying for the long term is the stalling of the Doha round of world trade talks. And this trade failure is helping to give cover to a protectionist backlash that is seeing the growth of populism in Latin America, a resort to "national champions" in Europe and protectionist calls in the U.S.

I believe this new tide of protectionism with all its worrying features -- anti-free trade sentiment in all places, and anti-American rhetoric in some -- can and must be challenged and defeated by people prepared to stand up for free trade and the values of freedom and democracy -- values that, at root, Britain, the U.S. and most of the world share. This will require bold leadership -- starting at the IMF and World Bank annual meetings later this month in Singapore. It will also require a new willingness from pro-free trade leaders in both politics and business to make the case that the world's best hope is more globalization, not less, and that for poor countries the only path out of poverty is not the isolationist route but the trade route.

The impetus for such a campaign, and for an early resumption of the Doha talks, lies in the fundamental benefits of trade growth. For, time and time again over the last 30 years, the expansion in trade has demonstrated Adam Smith's theories about the dynamics of growth.

Since 1975 world trade has grown at 6% a year, the main motor for 3% world economic growth. Far from being a zero-sum game, expansion in trade is almost entirely positive for both big, maturing economies and emerging markets hoping to escape poverty. Recent estimates by the World Bank suggest further trade liberalization could lift up to 95 million people out of extreme poverty. So in Singapore, as chairman of the International Monetary and Finance committee, I have put progress on trade and a pro-globalization agenda firmly at the heart of our meetings. Big decisions will rightly be made on international governance. A strengthened IMF will be better equipped to meet the challenges to trade and globalization.

I have also invited Pascal Lamy, who has shown great skill and leadership as head of the World Trade Organization, to address the IMF committee. IMF Managing Director Rodrigo de Rato and I will also chair a summit of global business and financial leaders, which will start with a discussion of the importance of free trade and examine how we can make globalization work better. As chancellor I have the privilege of daily contact with businesspeople of every type, and this initiative at the IMF reflects what I believe is a shared realization in the business and finance community of the damage that the stalled trade talks are doing to the very process of globalization.

Prior to the Singapore meetings it is right to discover where there is common ground among the key players, especially America, Europe, India and Brazil. These are talks that the British trade secretary, Alistair Darling, is starting in Rio this week. And I propose two further initiatives that not only break with the past but also put the pro-globalization, pro-free trade agenda to the forefront.

I will propose that the IMF consider how this year's surveillance processes could focus not just on current account imbalances -- its current work -- but also on promoting trade growth and financial stability, thereby bringing the main players to recognize that international cooperation can yield more than talk but also policy improvement. And with all countries -- rich and poor -- coming together in Singapore, the IMF and World Bank meetings are a good place to consider how we help developing countries liberalize and, by removing barriers to trade, make a trade agreement more acceptable to them.

Anyone familiar with cargo shipping rates can tell you that, with such poor infrastructure in the developing world, transport costs alone can be 10 times the costs of tariffs and thus are a far bigger barrier to trade. In Singapore, the United Kingdom will offer to do more to support infrastructure for trade, and I hope we can build on the promises to do more made by Japan, the U.S. and now by EU Trade Commissioner Peter Mandelson for Europe. In this way we will demonstrate that the social impact of

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globalization should be addressed not by curtailing free trade, open markets and labor flexibility, but by complementing open flexible markets and free open trade with what will help make globalization fairer to developing countries: necessary reforms and investment in infrastructure, and the education and equipping of the world's unskilled workers and poor.

But reducing infrastructure barriers alone will not be a panacea, or offset the breakdown of trade talks. Few suggest that developing-country intransigence was to blame for the collapse of the Doha talks in July. Developed-country agriculture remains the barrier, and here too we can make progress in Singapore.

The truth is that Europe could and should now go considerably beyond its initial offer of a 39% cut in agricultural tariffs. It even could go beyond the 51% now mooted. Similarly, America could and should go beyond a 53% cut in trade-distorting domestic support for its farmers. Brazil could and should go beyond its pledge to reduce tariffs on industrial goods to a maximum of 30%, with India responding on services.

I believe that, once we can regain the momentum in Singapore, any breakthrough should be followed quickly by a push by heads of government for a trade agreement before the end of the year.

It is one of the great ironies that the greatest damage to globalization today is not being inflicted by the demonstrations and running protests that have marked trade negotiations over the years. The wound is self-inflicted, caused by our failure, as the world's wealthiest countries, beneficiaries of globalization, to agree to trade liberalization. So let Singapore be a start to winning the high ground on trade and globalization -- and a victory for the power of both argument and action.

Mr. Brown is U.K. chancellor of the Exchequer.

Airbus Agonistes (WSJ)

The Wall Street Journal, September 6, 2006

Another head rolled at Airbus this week in the wake of the problems with the much-delayed A380 superjumbo jet. Charles Champion, head of the A380 program, was the first scalp claimed by new CEO Christian Streiff, who himself was brought in two months ago to clean house.

That's turning out to be a sizable job. So here's a superjumbo suggestion for Mr. Streiff: While you're at it, why not go all the way and reject government subsidies for the redesigned A350? It might help Airbus avoid the headaches it has had with the A380 and stop losing market share to rival Boeing.

Rejecting subsidies could also avert another nasty trans-Atlantic trade dispute. The World Trade Organization is likely to deem the subsidies illegal, and Europe is also tempting Congress to get involved and retaliate against the U.S. defense business of Airbus's parent companies, or other EU imports.

The latest incarnation of the A350, a midsize airplane that will compete against Boeing's new 787 Dreamliner and its popular 777 widebody, was unveiled in mid-July. British and German government officials said then that Airbus's previous request for soft government loans, known as "launch aid," for the A350 had been frozen because the new version of the aircraft was so different from the earlier one. Airbus would have to reapply, and its decision on whether to ask for subsidies from France, Germany, Spain and Britain is expected soon.

As of now, no official price tag is available. But the first version of the A350 came in at €4 billion-€4.5 billion, and most analysts expect that figure to double. Because launch aid can be granted for up to one-third of development costs, European taxpayers could be on the hook for something close to €3 billion.

It's easier to gamble when other people -- taxpayers -- are fronting 33% of the aircraft's development costs at interest rates that aren't disclosed but are presumed to be at or close to zero. There's little question that launch aid has skewed Airbus's business thinking in the past. Had it not been for prodding from French President Jacques Chirac and its other political benefactors, the company might never have attempted to build the A380, whose disappointing sales indicate a limited market for such an aeronautic beast.

The financial cushion from subsidies might also have led Airbus to allow problems -- from management to manufacturing -- to fester far too long. Those problems finally surfaced in a big way over the past year as French and German power brokers bickered over which nationality called the shots in the executive suite. That didn't help to solve such things as the A380's wiring that earlier this year forced Airbus to delay the first delivery of the airplane by six months. That delay is costing the company that owns 80% of Airbus, European Aeronautic Defence & Space Co., or EADS, some €2 billion, or $2.57 billion, in profits over the next four years.

Giving up subsidies for the A350 might be difficult, but the alternatives aren't attractive either. With EADS's partner in Airbus, the U.K.'s BAE Systems, looking to pull out of the joint venture, British officials are squeezing Airbus and EADS for assurances that the U.K. won't lose jobs as a result. After all, government aid does come with a few strings attached.

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EADS co-CEO Thomas Enders had the right answer when asked about U.K. jobs in July: "There are no guarantees. The jobs all over the company . . . have to be competitive, and they have to be innovative. That is the best assurance that they will stay." Sticking by that smart philosophy would be easier if Airbus were to drop its dependence on subsidies.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

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TODAY'S EDITION

Terrorism News:

Bush Asks Congress To Approve Plan For Trial Of Top Terror Detainees 4
Many Al Qaeda Terrorists Identified By Detainees Remain At Large 8
Administration Issues New Interrogation Policies 9
Administration Offers Qualified Support For GOP Bills On NSA Surveillance 9
Gadahn Reportedly Indicted On Charges Of Supporting Terrorism 10
Senate Democrats To Unveil 600-Page Anti-Terrorism Plan Today 10

Homeland Response:

Bush Cites NCTC As Example Of Post-9/11 Intelligence Reform 10
DHS IG Says Agency Using A Dozen Different Data-Mining Systems 11
Former Clinton Officials Assail ABC Movie About 9/11 11
Polls Find New Yorkers More Concerned About Terrorist Attacks Than Rest Of Nation 11
Poll Of 9/11 Survivors Finds Most Feel US Is Not Safer 12
GAO Reports Criticize Progress On Disaster Preparedness Since Katrina 12

War News:

Bush Says Iraq Success Essential To War On Terror 13
Bush Says Deaths Of Innocents, Soldiers In Iraq "Hardest Thing" For Him 13
Senate Panel To Release Two Chapters Of Report On Pre-Iraq War Intel 14
GOP Blocks Vote Of No Confidence In Rumsfeld 14
Weldon Resolution Would Give Military Commanders Authority Over Iraq Pullout 15
Iraq To Take Command Of Its Armed Forces Today 15
Shiite Lawmakers Push Legislation Creating Autonomous Regions Within Iraq 15
Judge Rejects US Request To Force-Medicate Alleged Iraqi Agent 16
Musharraf Says Pakistan Will Help In Fight Against Taliban 16

Corporate Scandals:

US Seeks To Preserve Lay Conviction 16
Congress Examines Stock Options Backdating 17
Former DOJ Officials Call For New Policy On Corporate Cooperation With Probes 18
New York Revises Civil Complaint Against AIG, Former Officers 19
California Probes Hewlett-Packard Inquiry Into Board Leaks 19
SEC Files Civil Charges Against Two Former ITXC Officials 20
Time Warner Agrees To Implement Governance Changes 20

Criminal Law:

Former Illinois Governor Sentenced To 6½ Years In Prison 21
Noe Attorney Seeks Probation 21
Jeffs Informed Of Utah Charges At Brief Hearing 22
Chicago Police Commander Sentenced To Prison For Embezzlement 22
Former New Orleans Transit Official Sentenced To Two Years In Prison For Embezzlement 22
FBI Tapes Of Senior Gotti Suggest "Junior" Still In Leadership In 2001 22
New York Man Pleads Guilty To No-Show Job At Indicted Garbage Hauler 22
US Seizes Counterfeit Products From China 23
US Seeks Death Penalty In Ohio Slaying Of Pennsylvania Doctor 23
Judge Convicts Rabbi Caught In Child Sex Sting 23
FBI Arrests 18 Suspected Latin Kings Members In Massachusetts 24

Los Angeles Kidnap-For-Ransom Trial Begins 24
Texas Fake Doctor Pleads Guilty To Administering Phony Flu Vaccine 24
FBI Jackson Office Flooded With Hurricane Fraud Tips 24
Texas Man Sentenced To 10 Years In Prison For Katrina Relief Fraud 25
Alabama Woman Indicted On FEMA Relief Fraud Charges .. 25
Task Force Tries To Curb Maryland Gang Violence 25

Civil Rights:

Study Finds Prisons Lack Mental Health Treatment 26
UCLA Admissions Changes Expected To Increase Minority Enrollment 26

Antitrust:

Stolt-Nielsen Charged With Price-Fixing 27
Texas Airfield Bill Revised To Address Antitrust Concerns 27
Judge Refuses To Dismiss Comcast Antitrust Suit 28
NYSE Head Says Euronext Deal Will Close 28
Bertelsmann To Sell BMG Publishing To Vivendi 28
EU Approves Equity Firms' Purchase Of Casema 29
Antitrust Regulators Asked To Review Health-Plan Mergers . 29

Environment/Indian Affairs:

Gulf Oil Discovery Could Help Break Impasse On Offshore Drilling Bill 29
House Committee To Grill BP Executive On Corrosion Problems 29
Ford To Pay $125,000 Fine For Air Pollution Violations 30
LATimes Praises Bill To Limit Traffic, Smog 30
Tribal Gaming Commission, DOJ File Notice Of Appeal In Casino Ruling 30

FBI/DEA/ATF/USMS:

DEA Proposes Policy Change Regarding Painkillers, Other Prescribed Drugs 30
US Demands Sources For Newspaper Articles On BALCO Probe 31
Marion Jones' Second Doping Test Comes Back Negative .. 32
NFL's Drug-Policy Debate Continues 32

Immigration:

Frist Says Action On Immigration Reform Unlikely 32

Tax:

WSJournal Praises Massachusetts For Looking To Income Tax Cuts 33

Congress-Administration:

Stevens Lifts Hold On Government Transparency Bill 33
GOP Leaders Plan Lame Duck Session For Appropriations . 33
Office Of Special Counsel Official Under Fire For Dress Guidelines 34
Farm State Senators Ask For $6 Billion In Farm Aid 34
US, European Opinion Said To Be "Converging" In Disapproval Of Bush 34
Barclays Chosen To Manage TSP Stock And Bond Index Funds 34
Snow Says NBC Reporter's Question Expressed "Democratic Point Of View." 35
Broder Says Rove Critics Should Apologize Over Plame Charges 35
Blumenthal Says Rice A Bush "Enabler." 35

Other News:

Growth Of Wages, Benefits Sparks Worries About Inflation 35
Tort Reform Groups Push For States To Curb Class Actions 36
US Trails Other Countries In Proportion Of Young With College Degrees 36
NYTimes Praises Ford For Stepping Down As CEO 36
Brooks Discusses Factors Contributing To Inequality 36
Several Republican Primaries Pit Moderates Against Conservatives 36
House Democrats To Host Event For "A-List" Challengers 37
Big Donors From 2004 Not Yet Aiding Democrats 37
Kondracke Says Estimates Have Democrats Winning 30 House Seats 37
GOP Sees Chance At Knocking Off Democratic Incumbent In IA3 37
Democrats Hope To Gain Ground In Florida 38
New Democratic 527 Group Targets House GOP 38
Armey To Visit Iowa, New Hampshire, South Carolina 38
New York Democrats Hope Clinton Will Boost Turnout In Down Ballot Races 38
Thune Plans To Organize NRSC Chairman Recruitment 39
Santorum Says Casey Just Spouts DNC Talking Points 39
Rothenberg Sees GOP Advantage In Tennessee Senate Race 39
Polls Of Rhode Island Senate Primary Show Conflicting Results 39
Lamont Says He Wouldn't Support Lieberman For Defense Post 39
Democratic Lobbyists Under Pressure To Aid Party's Fundraising 40
Senators Scold Stem Cell Scientist 41
LATimes Notes California Move To Replace Capitol Statue With One Of Reagan 41

DOJ_NMG_0058780

Israel Ends Blockade Of Lebanon 41
Ahmadinejad To Address UN 42
Turkish Public Shifts Interest Towards Iran, Away From EU, US, NATO 43
State Department Revamps Assignments Process To Meet New Diplomatic Priorities 43
US Air Force Officer Missing In Kyrgyzstan 43
Blair Could Announce Departure Plan Today 43
Prague Eyes Hosting US Missile Defense Site 44
Specter Sees "Remarkable Transformation" In Gadhafi 44
Paulson Urges Restart Of World Trade Talks 44
Lugar Slows Action On Darfur Bill To Settle Sanctions Disagreements 44
Sudanese Journalist Kidnapped, Executed 45
Will Says Japan Must Lessen Social Protections To Secure Welfare System 45
WSJournal Praises Bolton 45
NYTimes Lauds IMF Voting Share Adjustments, Backs Greater Advisory Role 45

The Big Picture:

Headlines From Today's Front Pages 46

Washington's Schedule:

Today's Events In Washington 47

DOJ_NMG_0058781

TERRORISM NEWS:

Bush Asks Congress To Approve Plan For Trial Of Top Terror Detainees. McClatchy (9/7, Hutcheson, Talev) reports this morning, "In a dramatic announcement, President Bush acknowledged Wednesday that he'd authorized a secret CIA detention program and announced plans to bring to trial 14 top terrorist suspects, including some of the alleged architects of the Sept. 11 attacks." Bush "used the announcement, delivered five days before the fifth anniversary of the 2001 attacks, to challenge Congress to authorize him to wage the war on terrorism on his terms. At stake is defining how the rule of law governs the executive branch as it deals with captives who it suspects are terrorists." Speaking to "a White House audience that included relatives of Sept. 11 victims," Bush "demanded that lawmakers revive his plan for military tribunals without key legal safeguards for those on trial, legalize the CIA's detention program and shield US officials from prosecution for possible war crimes."

CBS Evening News anchor Katie Couric (9/6, lead story, 3:30) "sat down with the President…for an exclusive interview at the White House and asked him why he decided to move some of the most dangerous terrorists in the world to the prison at Guantanamo." Bush said, "The reason why we're moving them there is because we want them to go through a military tribunal. We want them to receive the justice that they denied other people. The other thing is that we've got to make sure we have the capacity to…interrogate people to learn information." The President "says that information already obtained from interrogating terror suspects has protected the country from attack." Said Bush, "For example we uncovered a potential anthrax attack on the United States or the fact that Khalid Sheik Mohammed had got somebody to -- to line up people to fly airlines -- to crash airlines -- I think the West Coast or somewhere in America, and these would be Southeast Asians. It was a pretty rich data that has been declassified so that I'm capable of telling the American people the importance of the interrogation program. And I'm going to call upon Congress to make sure that our interrogators have the capacity to do so without breaking the law. See, we're not interrogating now because CIA officials feel like the rules are so vague, that they cannot interrogate without being tried as war criminals, and that's irresponsible."

Much of the media coverage last night and this morning places Bush's speech in the context of the midterm elections, in which Republicans are said to be in serious jeopardy. And in that framework, the President's announcement – described as "stunning" or "dramatic" in a number of reports – is being described as a shrewd political move. For example, ABC World News (9/6, lead story, 2:40, Gibson) reported on Bush's "stunning announcement" and added that it was made "in the most dramatic way possible." Also on ABC World News (9/6, story 3, 3:15, Gibson), George Stephanopoulos was asked to comment on "the political implications of the series of speeches that the President is making on the war on terror." Stephanopoulos said, "It will really have consequences again. Here, the Administration took an admission, and a mandate from the Supreme Court, and turned it into a powerful political statement. That's clever jujitsu there. And what we can see now is that the White House has a well thought out disciplined plan to own the airwaves on these national security issues, at least through the anniversary of 9/11."

On NBC Nightly News (9/6, story 4, 1:05, 9.87M), Tim Russert said Bush could have made the announcement "a month ago" or "the day after election day," and asked "Why now? Because it helps them in the midterm elections and two, the Bush Administration thinks they can influence Congress over the next three weeks. Hammer out a bill in the full spotlight of the midterm elections and hope to put the Democrats on the defensive." The Democrats "realize they should try to reach an accommodation because they don't want to be on the losing end of this debate."

NBC Nightly News (9/6, lead story, 2:45, Williams, 9.87M) reported, "As it played out on live television, it was a dramatic event," one that, added NBC (Gregory), "appears timed for maximum political benefit." The top Democrat on the House Intelligence Committee "dismissed today's move as a campaign year effort to corner Congress." Democratic Rep. Jane Harman was shown saying, "To say you take my legislation or you are coddling terrorists, I don't buy that for a second." On CNN's The Situation Room (9/6), Harman said Bush's "timing is suspicious. For years, many of us have been saying the international world has been saying, and many litigants in court have been saying, that his program violates the law of the Constitution."

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Under the headline "President Shifts Argument, Catches Critics Off Guard," the Washington Post (9/7, A1, Abramowitz, Babington, 748K) reports this morning, "With a series of forceful speeches on terrorism and a dramatic announcement that he has sent top-tier terrorism suspects to the Guantanamo Bay prison, President Bush this week has demonstrated anew the power of even a weakened commander in chief to set the terms of national debate. … By challenging Congress to immediately give the administration authority to try notorious al-Qaeda figures such as Khalid Sheik Mohammed by military commissions," Bush "shifted the argument with Democratic critics of national security policies and competence. As Bush framed the choice, anyone against his proposal would be denying him necessary tools to protect American security." The President's "success in catching much of Washington by surprise showed that a president who polls show has his political back to the wall still has formidable tools: the ability to make well-timed course corrections on policy, dominate the news and shape the capital's agenda in the weeks before Election Day. … Even Democratic aides on Capitol Hill said Bush's tactics this week have diminished their party's efforts to highlight the problems in Iraq and motivate an anti-Republican vote Nov. 7."Wolf Blitzer, also on CNN's The Situation Room (9/6), said Bush "may deny that this has anything to do with politics, but it's clearly going back to that political playbook that worked so well for the Republicans in 2002-2004, by hammering away that they're saving lives, that the president is preventing another 9/11. Clearly there are political, serious political overtones in this decision to release all this previously classified information today."

Wolf Blitzer, also on CNN's The Situation Room (9/6), said Bush "may deny that this has anything to do with politics, but it's clearly going back to that political playbook that worked so well for the Republicans in 2002-2004, by hammering away that they're saving lives, that the president is preventing another 9/11. Clearly there are political, serious political overtones in this decision to release all this previously classified information today."

The Los Angeles Times (9/7, Brownstein, 918K) reports, "Until now, the dispute over establishing a new system to replace the military commissions has not generated much attention outside of legal circles." But "several analysts said Bush emphatically changed that dynamic Wednesday." Bush's announcement "is likely to increase the pressure on Congress to quickly approve guidelines for trying suspected terrorists." The President "may also be establishing a line of contrast with Democrats. Many Democrats believe that by heightening the focus on the detainee trial issue less than two months before the mid-term Congressional election, Bush may be seeking to replicate a successful GOP strategy from the 2002 campaign." USA Today (9/7, Page, 2.27M) runs a similar story, titled "Bush Pushes The Button That Best Benefits The GOP," in which it says Bush "demonstrated with a dramatic speech Wednesday one of the most consequential powers of his office." USA Today adds, "With less than nine weeks until congressional elections, the president turned the topic from the war in Iraq and complaints about stagnant wages and rising health care costs to the only major area in which Americans continue to give him and the GOP high marks. … Consider the findings of a USA TODAY/Gallup Poll taken two weeks ago. By 55%-43%, those surveyed approved of how Bush was handling terrorism. In six other areas, most Americans disapproved of the job he was doing. His handling of the situation in Iraq got the highest negative ratings: 61% disapproved. Just 36% approved."

The Wall Street Journal (9/7, Bravin, 2.03M) says "Bush and Republican Party leaders are betting that by forcing Congress to vote on antiterror policies this month during its brief pre-election session, they can turn voters against Democrats who may oppose the Bush proposals. In addition, lawmakers plan to consider legislation validating the president's program of wiretapping international phone calls without obtaining warrants, which was ruled unconstitutional last month by a federal district court in Detroit."

The Chicago Tribune (9/7, Silva, 623K) reports, "The admission of the CIA's long-concealed program, claims of its successes and the announcement of planned trials for several accused terrorists represent dramatic moves by the Bush administration to rivet public attention to persisting threats as both the anniversary of Sept. 11 and critical Nov. 7 congressional elections near."

On CBS Evening News (9/6, story 2, 1:40, Couric, 7.66M) chief Washington correspondent Bob Schieffer was asked whether he thought Congress would "accommodate" Bush's request. Said Schieffer, "Oh, I don't think there's any doubt about it. This will give Congress something to do, and they'll have an excuse not to act on things like working on the deficit and immigration problems all those controversial things that they'd really not -- rather not handle as we come to into this election."

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The New York Times (9/7, Sanger, 1.21M) reports Bush "is calculating that with a critical election just nine weeks away, neither angry Democrats nor nervous Republicans will dare deny him the power to detain, interrogate and try suspects his way." But "the gambit carries with it a potential downside by identifying Mr. Bush even more closely with a detention system whose history has been marked by widespread accusations of mistreatment."

But the Financial Times (9/7, Daniel, Sevastopulo) says Bush's proposal 'could face opposition from some lawmakers, including Senator John McCain, who wants guarantees detainees can have access to all evidence, including classified information, levelled against them." The Washington Times (9/7, Dinan, 88K) notes "the top members of the Senate Armed Services Committee, Sen. John W. Warner, Virginia Republican, and Sen. Carl Levin, Michigan Democrat, have been working on a bill that differs from Mr. Bush's on classified information and hearsay rules." Warner "said yesterday that he expects they can resolve any differences and get a bill to the Senate floor soon. 'In my judgment, we can close any gaps,' he said."

USA Today (9/7, Biskupic, Stone, 2.27M) reports Republican Sen. Lindsey Graham said yesterday, "I do not think we can afford to again cut legal corners that will result in federal court rejection of our work product." Another USA Today report (9/7, Jackson), meanwhile, notes House Majority Whip Roy Blunt "said Bush was 'forceful and persuasive'" and "predicted Congress would act quickly."

Bush Proposal Would Allow Terror Convictions Based On Coerced Evidence. Bush's proposed system of military justice for terror suspects that would allow convictions in US courts based on the use of coerced evidence. The Los Angeles Times (9/7, Reynolds, Schmitt, Savage, 918K) reports that that Administration proposal "also would permit war crimes convictions based on evidence that was never made available to the accused. Bush said reliance on such controversial information at trial would be strictly limited, permitted only under a judge's ruling that it was relevant and credible, and that the use of coerced statements would stop short of allowing evidence obtained through torture." The Times adds, "The administration's proposed rules resemble those imposed under an executive order that Bush issued shortly after the Sept. 11 attacks; it set up military commissions for terrorist suspects captured overseas, some of whom were sent to the U.S. detention facility in Guantanamo Bay, Cuba. The Supreme Court struck down that system in June, in part because it had not been approved by Congress."

The Washington Post (9/7, A1, Smith, Fletcher, 748K) reports, "Together with the emptying of the secret CIA sites, the imposition of the new interrogation rules amounted to a policy shift for the White House." The Administration "has come under substantial foreign and judicial criticism for insisting on the right to hold detainees at will and to subject them to interrogations that international experts have repeatedly called abusive and illegal." But "Bush also said he wants the CIA in the future to have the authority to question terrorists under a program separate from the military's that would not be subject to the interrogation rules the administration put forward yesterday. Several human rights groups criticized this proposed exemption, even as they hailed the new rules." The Post adds, "A senior administration official said that Secretary of State Condoleezza Rice, recognizing pressure from European allies, was among those pushing for the administration to acknowledge the CIA program and to put it on sustainable legal footing."

The Washington Post (9/7, A18, Eggen, Linzer, 748K) reports that in announcing the transfers, Bush "disclosed new details about some of the detainees subjected to what he called 'tough' interrogation methods, which human rights advocates have condemned as torture. Bush defended an 'alternative set of procedures' for interrogations that he said offered critical information about links between suspected terrorists and helped thwart eight plots aimed at killing Americans." Bush "called the interrogations by specially trained CIA officers 'safe and lawful and necessary' and said the information gleaned from the detainees had allowed the CIA to 'make sense' of seized documents and computer records, to identify voices on tape recordings of intercepted telephone calls, and to interpret what terrorist suspects had said to one another. He said the information was corroborated by other sources, but he did not give details about those sources."

Gonzales Seen As President's Point Man On Anti-Terror Policy. The Houston Chronicle (9/7, Reinert) reports, "When Alberto Gonzales was White House counsel, he was a behind-the-scenes player who chatted often with his only client, George W. Bush. … Now that Gonzales is the U.S. attorney general, the Houstonian finds himself standing in the spotlight for the president on his controversial policies in the war on terror." The Chronicle continues, "Whether the issue is

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defending Bush's military tribunals, which the Supreme Court says violate U.S. law and international treaties, or the president's authorization of warrantless eavesdropping on Americans' telephone and e-mail conversations, Gonzales has emerged as the administration's point man. That role has put him in the cross-hairs of Democrats and his fellow Republicans alike. … 'I think what's important for Congress to understand is that we need to have procedures (for) fair proceedings but ones that (also) reflect the reality that we are still at war,' Gonzales said in an interview this week with the Houston Chronicle. 'They need to allow us to bring terrorists to justice in a way that we don't have to compromise sensitive information or classified information.'" The Chronicle adds, "Gonzales spent hours talking with reporters about Bush's latest proposal for trying foreign terror suspects held at Guantanamo Bay. On Wednesday, he emerged from a Cabinet meeting at the White House and stood next to the president as Bush urged Congress to get on board. … But across town on Capitol Hill, Republican lawmakers were already circulating their own plan for overhauling the tribunal system, revealing several major sticking points with the White House and Gonzales' Justice Department. … Gonzales insists that terror suspects should be prohibited from seeing some of the evidence against them, and that hearsay testimony and evidence gathered through coercive interrogations should be admissible at trial. Key lawmakers disagree and say that the administration's approach would never pass Supreme Court muster." The Chronicle notes, "Gonzales said his role in developing the administration's terrorism policies is essentially to provide legal advice. … Still, Gonzales said he views his close relationship with Bush as a positive thing that allows him to speak his mind."

Officials Relieved Secret Prisons Are Public. The Washington Post (9/7, A17, Priest, 748K) reports that the people charged with carrying out the CIA's covert prison program were relieved as President Bush revealed the secret yesterday. That "feeling of relief by the very people carrying out the program was a striking indication of how deeply attitudes have changed within the government about the administration's unorthodox counterterrorism tactics and the need to shroud them in secrecy." The Post adds that when the program was set up, government professionals "worried about the program's effectiveness and legality. As controversy spread within Congress and around the world through media reports, some argued that the program was becoming counterproductive." CIA Director Michael V. Hayden, "who favored the administration's stance and pushed for a revision of existing policy, alerted employees about Bush's White House statement moments before it aired. Hayden advised that they watch and assured them he was working to protect the employees who handled terrorists."

Europe, Human Rights Groups View Bush Decision With Skepticism. The Washington Post (9/7, A17, Sullivan, 748K) reports that President Bush's announcement that 14 suspected terrorists will be transferred from secret CIA detention to the US military prison and Guantanamo Bay, Cuba was greeted "with skepticism among human rights advocates and some lawmakers in Europe."

Many Al Qaeda Terrorists Identified By Detainees Remain At Large. The Los Angeles Times (9/7, Meyer, 918K) reports, "Al Qaeda detainees have helped the CIA identify at least 86 individuals that the terror organization 'deemed suitable' for attacks in the United States or Europe, but more than half of them remain at large, according to documents released Wednesday by the Bush administration. That was just one of many disclosures contained in a raft of formerly classified documents released by the White House to accompany President Bush's" Wednesday speech. The Times notes the documents revealed that Ammar al-Baluchi, a relative of Khalid Shaikh Mohammed, "went so far as to marry an Al Qaeda operative named Aafia Siddiqui and send her to the United States to help one of Al Qaeda's soldiers slip into the country."

Editorial Reaction To Bush's Speech. Editorials in some major newspapers this morning suggest Bush's announcement was fueled by political considerations. The New York Times (9/7, 1.21M) editorializes, "Two months before a Congressional election in which voters are expressing serious doubts about the Republicans' handling of national security, President Bush finally has some real terrorists in Guantánamo Bay." Bush's "urgency was phony, driven by the Supreme Court's ruling, not principle. This should all have happened long ago."

The Washington Post (9/7, A26, 748K) says in an editorial, "Congress should welcome the invitation to legislate but resist any preelection stampede." It "should seriously engage itself with the issues of security, human rights and fundamental American values raised by the president's proposals -- and make sure that torture, illegal detentions and unfair trials will not be the result." The Post adds that "bringing the system of terrorist detentions under law is a priority. But a grossly abbreviated legislative process in the

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midst of an election season in which one party is trying to label the other as soft on terrorism is not a propitious moment for sober action. Better to do this right than fast."

USA Today (9/7, 2.27M) editorializes, "The speech was largely in part political theater, the opening act of the Republicans' fall strategy of flexing their anti-terrorism muscles. It cast doubt on any and all who question Bush's strategy, including the Supreme Court. Even so, there was much in Bush's remarks on which all sides could agree: There should be clear guidelines for the treatment and questioning of detainees. If US interrogators abide by those guidelines, they shouldn't have to worry about being sued by terror suspects or prosecuted. And, most certainly, it is time to try suspected terrorists who plotted against the nation and bring them to justice."

The Los Angeles Times (9/7, 918K) says in an editorial, "Critics will complain that Bush's concern for the rule of law comes rather late in this war on terrorism. He is asking Congress to approve military commissions only because the Supreme Court ruled earlier this year that he had violated the Constitution and Common Article 3 of the Geneva Convention when he impaneled military tribunals of his own devising. … That said, Bush's actions reflect a welcome recognition that the war on terrorism doesn't mean the president can ignore either the Constitution or the international rules of war."

Critic Says Bush's Plan Will Attract A Lawsuit. The New York Times (9/7, Stolberg, 1.21M) reports, "Military justice experts say that if Congress passes the legislation, trials of some terror suspects at Guantánamo could begin relatively quickly, in three to four months. … One expert who has been critical of the administration's plan, Eugene R. Fidell, predicted that the proposal would attract a lawsuit." Said Fidell, "Going the way they have done this is in fact quite unfair to the very families of 9/11 victims who President Bush had at his meeting today…because those people need closure and in fact what he's done is guarantee further protracted delay because of the inevitable litigation."

Gingrich Says Bush's Claim Of A Thwarted Biological Attack His "Most Important" Revelation. Former House Speaker Newt Gingrich said on Fox News' Hannity and Colmes (9/6), "I thought the most important thing the President said today, which has gotten almost no news coverage, was that we broke up a plot to use anthrax in a biological attack. I don't think anybody has yet asked, how many people might have died if that attack had been pulled off and how seriously should we be worried ant these kind of terrorists getting biological and nuclear weapons. The President mentioned it in passing but I thought it was a very chilling side comment."

Many Al Qaeda Terrorists Identified By Detainees Remain At Large. The Los Angeles Times (9/7, Meyer, 918K) reports, "Al Qaeda detainees have helped the CIA identify at least 86 individuals that the terror organization 'deemed suitable' for attacks in the United States or Europe, but more than half of them remain at large, according to documents released Wednesday by the Bush administration. That was just one of many disclosures contained in a raft of formerly classified documents released by the White House to accompany President Bush's" Wednesday speech. The Times notes the documents revealed that Ammar al-Baluchi, a relative of Khalid Shaikh Mohammed "went so far as to marry an Al Qaeda operative named Aafia Siddiqui and send her to the United States to help one of Al Qaeda's soldiers slip into the country." Siddiqui "remains on the loose and is one of the FBI's most wanted suspected terrorists. But her connections to Al Qaeda, and especially to Mohammed and the terror network's inner circle, had never been disclosed."

Experts Say 9/11 Architects May Never Be Tried. McClatchy Newspapers (9/7, Gordon, Taylor, Henderson) reports, "President Bush's stunning transfer of 14 top terror suspects to Guantanamo Bay boosted hopes that, at last, the architects of the Sept. 11 attacks will be brought to justice. … But some legal experts questioned whether their trials will ever occur - and whether Bush's maneuver is merely a power play to win congressional support for special military courts similar to those already struck down by the Supreme Court." McClatchy continues, "The president's decision to move captive al-Qaida members from secret CIA prisons overseas escalates a battle with Congress over what rights terror detainees should be afforded if they were to stand trial. … The administration wants Congress to approve special procedures that would narrow these rights in the name of shielding national security secrets by excluding defendants from portions of their trials." McClatchy adds, "Administration lawyers also want to use incriminating statements that might have been coerced with interrogation techniques that Bush described as tough and safe, but others liken to torture. … Those transferred include some of the most dangerous men captured in the war on terror - among them Khalid Sheikh Mohammed, the suspected mastermind of the Sept. 11 plot,

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alleged hijacker coordinator Ramzi Bin al Shibh and Abu Zubaydah, a trusted associate of Osama bin Laden. … Only one defendant, Zacarias Moussaoui, has been prosecuted in the United States as a result of the Sept. 11 attacks, and that took four-and-a-half years even though he pleaded guilty. Experts said that even if Congress were to endorse Bush's proposal, legal challenges would delay prosecutions of the 14 alleged terrorists for years." McClatchy notes, "A senior Justice Department official, who insisted upon anonymity, said special military trial procedures are needed because 'it is critically important that we maintain the secrecy of sensitive intelligence sources and methods in the war on terrorism.' … The official said that statements stemming from torture would be automatically barred from use during the trials. But, the official said, military judges should decide whether to allow use of other admissions that 'the accused may allege were obtained through some form of coercion.'"

Administration Issues New Interrogation Policies. The Los Angeles Times (9/7, Barnes, Havemann, 918K) reports, "The Bush administration, under a crossfire from the other two branches of government, issued new interrogation policies today that are designed to ensure that all detainees are treated humanely with the full protection of the Geneva Convention." The policies, "embodied in a new Army field manual, prohibit cruel, inhumane or degrading punishment." In particular, said Cully Stimson, deputy assistant defense secretary for detainee affairs, "they bar 'murder, torture, corporal punishment, execution without trial by proper authority, threats or acts of violence, including rape or forced prostitution, assault and thefts, public curiosity, bodily injury and reprisals.'" They also "rule out subjecting detainees to medical experiments and to sensory deprivation, Stimson said."

The Washington Times (9/7, Scarborough, 88K) says "the manual bans the use of hoods, a widespread practice in transporting Taliban, al Qaeda and Iraq insurgency suspects." It also "prohibits the use of dogs in interrogations, a method used sporadically at the Abu Ghraib prison outside Baghdad."

NBC Nightly News (9/6, story 3, 1:00, Miklaszewski, 9.87M) said, "Not everyone is happy with the new rules. Some military officials fear they are too restrictive and tie the hands of interrogators. If they don't talk they could be turned over to the CIA where many of these rules do not apply."

The Washington Post (9/7, A1, White, 748K) runs a similar story under the headline "New Rules Of Interrogation Forbid Use Of Harsh Tactics," while USA Today (9/7, Diamond, 2.27M) reports Congress "approved a proposal by Sen. John McCain, R-Ariz., last December that led to the new rules."

Administration Offers Qualified Support For GOP Bills On NSA Surveillance. The AP (9/7, Abrams) reports, "The Bush administration gave guarded support to several terrorist surveillance bills Wednesday as Congress took up the sensitive issue of how to give legal backing to the president's warrantless wiretapping." Acting Assistant Attorney General Steven Bradbury "told a House Judiciary subcommittee that legislation backed by the House GOP leadership showed promise and that the president had expressed support for a measure from Sen. Arlen Specter," but Bradbury and NSA General Counsel Robert Deitz "also said the NSA's wiretapping program was proper and necessary, and that tampering with it could jeopardize national security."

DOJ Says Warrantless Wiretaps Are Justified. The AP (9/7, Neumeister) reports, "A government lawyer used a dramatic scenario of a nuclear attack on Washington to illustrate his arguments Tuesday in defense of President Bush's warrantless wiretapping program." The AP continues, "Anthony Coppolino, a special litigation counsel based in Washington, said the Constitution gives Bush the right as commander in chief to do what is necessary to surveil terrorists and stop them from attacking the United States, including interrogating someone who might have information about an imminent attack. … 'Suppose for example the president obtains intelligence that a nuclear bomb was planted ... right there in Washington, and the only way he was going to find out whether that was going to happen was to grab the person and interrogate him,' Coppolino said in U.S. District Court in Manhattan. 'Would that be in his constitutional authority? I would say so.'" The AP adds, "Coppolino used the argument to justify a Bush administration decision after the Sept. 11, 2001 terrorist attacks to monitor international phone calls and e-mails to or from the United States involving people suspected of terrorist links. … He was responding in oral arguments before U.S. District Judge Gerard E. Lynch to a lawsuit brought by the Center for Constitutional Rights seeking to stop Bush and government

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agencies from conducting warrantless surveillance of communications in the United States."

The New York Sun (9/6, Goldstein) reports that Coppolino "argued that the Foreign Intelligence Surveillance Act — which requires the president to get a court warrant to eavesdrop in certain scenarios — intrudes on the president's inherent constitutional powers if the law is interpreted to outlaw Mr. Bush's program. … Almost three weeks ago, a federal judge in Detroit, Anna Diggs Taylor, ruled that the eavesdropping violated both the Fourth Amendment and FISA, and must be halted. … The ruling, which the government is appealing, was in response to a similar lawsuit by the American Civil Liberties Union. While the judge in the New York case, Gerard Lynch, is free to consider Judge Taylor's ruling, it is not binding." The Sun continues, "Yesterday, Judge Lynch directed few questions toward the Fourth Amendment issues. Instead, during an oral argument that lasted nearly three hours, Judge Lynch appeared skeptical of the government's claim that Congress, when it passed FISA in 1978, had improperly taken away powers that belonged to the president. … At one point, Judge Lynch said that what both sides demanded he do — either strike down FISA or strike down the surveillance program — amounts to judicial activism." The Sun adds, "Judge Lynch directed nearly all his questioning on the legality of the program to the government. He sought input from the plaintiffs for the most part during a lengthy argument on whether the plaintiffs have the standing to bring the lawsuit. Mr. Coppolino said the plaintiffs have to be able to prove that the government spied on their communications with foreign clients before the lawsuit could go forward."

Gadahn Reportedly Indicted On Charges Of Supporting Terrorism. The New York Daily News (9/7, Meek, 729K) reports American al Qaeda member Adam Gadahn "is charged with aiding terrorists in a secret federal indictment expected to be unsealed soon, the Daily News has learned. … The federal indictment is expected unsealed in Los Angeles in the next few days, three sources said. It will likely charge Gadahn with giving material support to terrorists. The indictment will cite Ayman al-Zawahiri…who praised 'Brother Azzam' in a video released last weekend." The Daily News adds, "Sources said that ringing endorsement sealed the fate of Gadahn, who has been sought by the FBI since 2004. … 'It makes the criminal charges much better,' said a source familiar with the prosecution's case."

Senate Democrats To Unveil 600-Page Anti-Terrorism Plan Today. Roll Call (9/7, Stanton) reports, "Senate Democratic leaders will introduce a detailed homeland security and anti-terrorism package today that significantly expands the size of U.S. special forces units used to track and combat terrorists, while also establishing a comprehensive transportation security plan and implementing the remaining security recommendations of the 9/11 commission, Senate Democratic aides said Wednesday. … The 600-plus-page Democratic plan — dubbed the Real Security Act of 2006 — meshes existing Democratic proposals…with newly drafted legislative language." Roll Call adds that the "proposal 'builds on the "Real Security Platform"' unveiled by House and Senate leaders earlier this year and is a 'full soup-to-nuts way to fight the war on terror,' said a…Democratic aide familiar with the plan."

HOMELAND RESPONSE:

Bush Cites NCTC As Example Of Post-9/11 Intelligence Reform. CBS Evening News (9/6, story 4, 3:05, Couric, 7.66M) reported that in an interview, President Bush said "the government is doing a much better job of coordinating intelligence than it did before 9/11, and he singled out the new National Counter-Terrorism Center as an example. Tonight we're able to give you an exclusive look inside that top-secret facility." CBS (Martin) added that the NCTC "was set up specifically to overcome rivalries between intelligence agencies like the CIA and FBI, which failed to share vital clues about the al Qaeda plot to attack America on 9/11. It is the nerve center of the war against terror," but "it took a bureaucratic battle royal to make that happen," and NCTC "is still not fully manned." NCTC chief analyst Andy Leibman: "They should be gradually increasing the size until probably a year and a half or so from now when we'll be at full strength." Martin: "And he's going to need every one of them, because each day, the national counter-terrorism center adds literally thousands of names to its lists of suspected terrorists, which already numbers 400,000."

Mueller Touts Efforts To Combat Home-Grown Terrorism. CBS News' "Five Years Later" (9/6, story 3, 7:45, Couric), a special on the anniversary of the 9/11 attacks, reported, "Since we've been hit the FBI's budget has almost doubled. It's now close to $6 billion. Almost half the Bureau's

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investigations involve counterterrorism. And they've added 6,000 new people. CBS (Stewart), "In the past two years the FBI and local police say they've uncovered at least five home grown cells around the country -- most recently in Miami where seven men were charged with plotting to blow up the seers tower in Chicago. Have you been lucky or have you been good?" FBI Director Robert Mueller was shown saying, "It's both. Yes, you could be fortunate but to the extent that you are thorough, to the extent that you follow up on every lead, you make your luck." Stewart: "Are we safer now?" Mueller: "Yes. The Patriot act broke down the walls and we are much more adept now at identifying pieces of information and following up on those pieces of information with all of our counterparts in the intelligence community and in the law enforcement community." But former CIA terrorism analyst Michael Scheuer said, "I think they're whistling past the graveyard if they think we're significantly safer than we were on 9/11."

Counter-Terror Officials Said To Have Overestimated Islamic Extremists' Capacity. In a Wall Street Journal op-ed (9/7), Heather MacDonald, contributing editor at City Journal, says, "Since 9/11, it has been generally assumed that Islamic extremists have an almost infinite capacity to wreak large-scale destruction in the U.S. The most pressing question for homeland security officials accordingly was: How do we shore up the country's equally limitless vulnerabilities? There is reason to think, however, that we may have overestimated Muslim terrorists' reach. To find out whether this is true, the next stage of the homeland security enterprise should be oriented around one overriding goal: determining the actual capacity of jihadists to strike the U.S. That means ramping up our intelligence efforts and facing down privacy zealots and civil libertarian extremists, who continue to impede those efforts at every turn." The "domestic plots uncovered so far do not suggest that at present we face anything like an omnipresent, omnipotent enemy; wanting to bring down the Sears Tower and being able to do so are very different matters." Yet the "security-industrial complex continues to trumpet the notion that we are everywhere under growing threat -- enabled by politicians unable or unwilling to understand risk analysis but quick to denounce even a rational decision by the federal government to ignore low-priority vulnerabilities."

DHS IG Says Agency Using A Dozen Different Data-Mining Systems. The Washington Times (9/7, Hudson, 88K) reports a study released yesterday by the Department of Homeland Security's inspector general says the agency "is using a dozen different data-mining systems to track terrorist and criminal activity." DHS uses data-mining technology "to screen airplane cargo, but not to pre-screen passengers -- an experiment that was abandoned after strong opposition from the public and members of Congress." The Times continues, "A system used to track high-risk shipments through borders can alert inspectors to conduct a search; however, the inspector general said 'limitations' in the system can lead to errors." Meanwhile, the IG says a freight-assessment system under development by the TSA to pre-screen airline cargo and flag suspect shipment for inspection "faces a 'unique problem' because the TSA cannot regulate shippers." Agency officials have yet to "submit a response" to the report.

Former Clinton Officials Assail ABC Movie About 9/11. The Washington Post (9/7, A9, Kurtz, 748K) reports, "Top officials of the Clinton administration have launched a preemptive strike against" the ABC miniseries "The Path to 9/11," which "they say includes made-up scenes depicting them as undermining attempts to kill Osama bin Laden. Former secretary of state Madeleine K. Albright called one scene involving her 'false and defamatory.' Former national security adviser Samuel R. 'Sandy' Berger said the film 'flagrantly misrepresents my personal actions.' And former White House aide Bruce R. Lindsey…said: 'It is unconscionable to mislead the American public about one of the most horrendous tragedies our country has ever known.'"

Polls Find New Yorkers More Concerned About Terrorist Attacks Than Rest Of Nation. The New York Times (9/7, Toner, Connelly, 1.21M) reports New York Times/CBS News polls of 1,206 adults nationally and 838 adults in New York City conducted Aug 17-21 (+/- 3%) and Aug. 23-27 (+/- 3%), respectively, have found "two-thirds of New Yorkers say they are still 'very concerned' about another attack on their city," while Americans outside the city, "in many ways, have adjusted to the 'new normal' of the post-Sept. 11 era. … Only 22 percent in the national poll said they were still 'very concerned' about an attack where they live, down from 39 percent five years ago. Three-fourths said daily life had largely returned to normal." New Yorkers were also "less likely to say the federal government had done all that 'could reasonably be expected' to protect the United States

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from future terrorist attacks. Seventy-two percent of New Yorkers said the government could do more, compared with 58 percent in the national survey."

Poll Of 9/11 Survivors Finds Most Feel US Is Not Safer. The Washington Times (9/7, Harper, 88K) reports "those closest to the September 11 attacks often face a mix of old fears and anxieties, according to a survey of 500 surviving family members and first responders released yesterday" by the New York-based World Trade Center Family Center. The survey "found that 75 percent of the respondents said 'media coverage of 9/11-related issues continue to increase emotional distress for adults and children, including grief, anxiety, fear of another attack and depression.'" Meanwhile, 60 percent "said they do not feel personally safe and that the United States is not safer today; 17 percent felt the country was safer, while 22 percent were undecided."

9/11 Widow "OK" With Anniversary Being "Just Another Day." Nikki Stern, who served as New Jersey's 9/11 families' liaison and as executive director of Families of September 11 after her husband, Jim Potorti, died in the World Trade Center's North Tower, writes in USA Today (9/7, 2.27M) that in many parts of the country, 9/11 has become "just another day," and she's "OK with that. … It's not that I want people to forget the events of Sept. 11, 2001. … But I realize that the date will mean different things to different people, and that it will change over time. Memory morphs experience.

Some Say First Registered Victim Of 9/11 Deserves Sainthood. ABC World News (9/6, story 11, 2:40, Gibson) reported on Father Mychal Judge, "the first registered casualty of" 9/11 and a man "who some say deserves sainthood." ABC (Harris) continued that Judge "was the fire department chaplain who'd rushed to the towers to be with his men. Five years later, Father Judge has become an icon. … People who've never him have prayed at his gravesite, built monuments, written books, and started a grassroots internet movement to have Mychal Judge named a saint."

Perceived US Hegemony Said To Have Prompted 9/11 Attacks. USA Today (9/7, 2.27M) runs an essay adapted from William J. Dobson's cover story in the current issue of Foreign Policy magazine. Dobson writes that after 9/11, we were told "that everything had changed. … Yet, if you look closely at the trend lines since 9/11, what is remarkable is how little the world has changed. The forces of globalization continue unabated; indeed, if anything, they have accelerated." Dobson argues that it was the fall of the Soviet Union, and not 9/11 that "changed the world forever." Since then, the US has "reigned supreme — 'the sole superpower,' 'the hyperpower,' 'the global hegemon,' call it what you like. And from that moment on, the world was out of balance — and it still is." Dobson continues, "The United States was a target on Sept. 11 because it was perceived to be the global hegemon." Now, rather than alter "the balance of power," 9/11 has "only aggravated differences in the imbalance that existed. … In 2001, the U.S. military expenditure of $325 billion was the same as the next 14 biggest militaries combined. By 2005, the Pentagon was outspending the next 14 militaries by $116 billion." Dobson state that "only when the international system achieves some sort of balance — whether it happens because of others' progress, US decline, or both — will the post-Cold War era come to a close."

GAO Reports Criticize Progress On Disaster Preparedness Since Katrina. USA Today (9/7, Hall, Konigsmark, 2.27M) reports the GAO released three reports yesterday examining "the government's progress in addressing its response after Hurricane Katrina." GAO Comptroller General David Walker said that the nation is "clearly better off than we were five years ago and one year ago, but we are not where we need to be." Though DHS "says it has made changes to improve its ability to respond to disasters," the GAO said "there is little information available on the extent to which those changes are operational." Agency spokesman Russ Knocke "said some of Homeland Security's new policies are not made public for security reasons."

In a brief article, the New York Times (9/7, Lipton, 1.21M) focuses on the GAO's finding that there is no "government entity…keeping track of the $88 billion appropriated to 23 federal agencies to respond to Hurricanes Katrina, Rita and Wilma." This means "the government cannot definitively say 'whether more may be needed, or whether too much has been provided,' let alone how much money has been spent." Though FEMA is "trying to keep track" of its $42.6 billion, "its weekly report does not include accurate or comprehensive information on spending by other agencies, the GAO report said."

Also reporting on the GAO's findings, the Washington Post (9/7, A25, Hsu, 748K) reports, "The US Army Corps of Engineers lacks a strategic plan to spend more than $7

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billion approved by Congress for levee and flood-control projects in greater New Orleans, risking a repeat of the piecemeal approach that led to catastrophic systemic failures after Hurricane Katrina last year. … 'We are concerned that the Corps has embarked on a multi-billion repair and construction effort in response to the appropriations it has already received, without a guiding strategic plan,' reported the GAO, Congress's audit arm. The Corps is 'once again...taking an incremental approach that is based on funding.'"

WAR NEWS:

Bush Says Iraq Success Essential To War On Terror. CBS Evening News (9/6, story 3, 1:35, Couric, 7.66M) reported, "As President Bush appeals to Congress and the American people to support him in the global war on terror, he insists it cannot be won without succeeding in Iraq. We talked a lot about that at the White House today." Couric asked Bush, "You have said we can't cut and run on more than one occasion. 'We have to stay until we win. Otherwise we'll be fighting the terrorists here at home on our own streets.' So what do you mean exactly by that, Mr. President?" President Bush: "I mean that a defeat in Iraq will embolden the enemy and will provide the enemy more opportunity to train, plan to attack us. That's what I mean. There's a -- it's -- you know one of the hardest parts of my job is to connect Iraq to the war on terror. I believe it but the American people have got to understand that a defeat in Iraq -- in other words this government there fails, the terrorists will be emboldened. The radicals will topple moderate governments. And I truly believe this is the ideological struggle of 21st century. And the consequences for not achieving success are dire."

Bush Comparison Of War On Terror, Cold War Analyzed. The Christian Science Monitor (9/7, LaFranchi, 58K) reports President Bush is "reemphasizing his focus on the war on terror as the defining struggle of the age. With historical analogies his constant tool, the president compares Osama bin Laden to the ideological foes the United States faced in the 20th century - Lenin and Hitler, for example - and likens the struggle against Islamic radicalism to the cold war." Such comparisons "can help Americans understand the foe the US is up against, analysts agree, and can help put the challenge ahead into perspective." But "such analogies go only so far and can actually hinder understanding if they obscure the differences in the current situation or act to cover up missteps in current policy."

Most Americans Don't View Iraq As Part Of War On Terror. The AP reports most Americans "view the war in Iraq as a separate conflict from the war on terror, polling indicates." President Bush has "described Iraq as the central battlefield in the war on terror in several speeches and noted that terrorist leaders have said fighting the U.S. in Iraq is critical to their strategy. But a CNN poll out Wednesday asked the public if the war in Iraq is part of the war on terrorism. Fifty-three percent said 'no;' 45 percent said 'yes.'"

Gingrich Says Bush Strategies Lack Scale, Metrics, And Definition Needed For Victory. In a Wall Street Journal op-ed (9/7), former Speaker Newt Gingrich says President Bush "today finds himself in precisely the same dilemma Lincoln faced 144 years ago. With American survival at stake, he also must choose. His strategies are not wrong, but they are failing. And they are failing for three reasons." They "do not define the scale of the emerging World War III, between the West and the forces of militant Islam, and so they do not outline how difficult the challenge is and how big the effort will have to be." They "do not define victory in this larger war as our goal, and so the energy, resources and intensity needed to win cannot be mobilized." They do not "establish clear metrics of achievement and then replace leaders, bureaucrats and bureaucracies as needed to achieve those goals." Gingrich concludes, "We have to be honest about how big this problem is and then design new, bolder and more profound strategies to secure American national security in a very dangerous 21st century. Unless we, like Lincoln, think anew, we cannot set the nation on a course for victory."

Bush Says Deaths Of Innocents, Soldiers In Iraq "Hardest Thing" For Him. On CBS News' "Five Years Later" (9/6, story 2, 8:20), anchor Katie Couric interviewed President Bush. Asked if he was "frustrated" with the progress of the war in Iraq, Bush said, "Absolutely. Starting with the death of innocent people and our soldiers. That's the hardest thing for me. I meet with a lot of the families. I do the best I can to cry with them or, you know, laugh with them if they want to laugh and hug 'em. One thing most have said to me is don't leave before this job gets done. They understand the stakes and so do our soldiers. The stakes are this: If we leave before the job is done an enemy that has attacked us will be emboldened. Allies and modern

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people will wonder where America's soul is." Asked of criticism of the Iraq war effort from some of his father's former advisers, such as Brent Scowcroft, rankled, Bush said, "Does it bother me? No, not really. When you do hard things, people are going to criticize you. The American people expect me to make decisions based upon principle, to deal with the threats that face our nation, not to worry about criticism. Of course I listen to it. That's part of the job."

Bush Regrets Abu Ghraib, "Bring It On." On CBS News' "Five Years Later" (9/6, story 2, 8:20), Bush was also asked if there were things he would do differently. Bush said, "Yeah I mean I wish for example Abu Ghraib didn't happen. That was a stain on our nation's character. And it sent a signal about who we're not to a lot of people around the world. I probably could have watched my language a little better. 'Bring it on,' for example. Sometimes I try to explain myself in plain terms and sometimes the terms are too plain."

Senate Panel To Release Two Chapters Of Report On Pre-Iraq War Intel. The Washington Post (9/7, A11, Weisman, 748K) reports the "long-awaited Senate analysis comparing the Bush administration's public statements about the threat posed by Saddam Hussein with the evidence senior officials reviewed in private remains mired in partisan recrimination and will not be released before the November elections, key senators said yesterday." But the Senate Select Committee on Intelligence "will vote today to declassify two less controversial chapters of the panel's report, on the use of intelligence in the run-up to the Iraq war, for release as early as Friday." The first "examines what, if any, information provided by Iraqi exiles was used in official intelligence estimates. The second compares prewar estimates of Iraq's alleged chemical, biological and nuclear programs with the findings of U.S. weapons hunters, who wrapped up their work empty-handed in December 2004. Even that limited release may pack a wallop." Sen. Dianne Feinstein said, "This is a very critical part of our report. I am hopeful that it can be adequately declassified so that individuals can see that. If it is, the full import of the INC will be known." The Post adds Senate aides "said it took two Republican committee members, Chuck Hagel (Neb.) and Olympia J. Snowe (Maine), to force" Chairman Pat Roberts "to act."

GOP Blocks Vote Of No Confidence In Rumsfeld. ABC World News (9/6, story 4,0:40, Gibson) reported, "In the Senate today, the Bush Administration's handling of National Security was front and center. A fierce debate took place as Democrats pushed for a vote of no confidence in Defense Secretary Donald Rumsfeld. Their resolution said staying the course is not a strategy for success in Iraq. The Republicans who control the chamber, stood by Rumsfeld." Sen. Hillary Clinton: "We went to war with the Secretary of Defense we had. Now, it's time to complete the mission with a new Secretary of Defense that we need. It is past time." Sen. Jim DeMint: "I'm afraid if my Democratic colleagues spent half the time helping us fight this war on terror as they do attacking the Administration, we'd be a lot closer to winning this war."

USA Today/AP (9/7) reports Republicans "called the move a political stunt and stood by Rumsfeld." Senate Majority Leader Bill Frist "made the rounds of news shows Wednesday morning to support Rumsfeld. 'The American people want us to be safe and secure. They recognize it takes bold leadership,' Frist said on NBC's Today show." The Rumsfeld resolution, "which is non-binding, is likely to be struck down on a point of order since it is not germane to the pending legislation, the Pentagon spending bill. The GOP tactics would prevent Republican senators from having to vote to support the way President Bush and Rumsfeld have handled the war." Democrats "are likely to have no more luck in forcing a vote on Rumsfeld in the House of Representatives, where Republican leaders keep tight control over floor debate."

The Washington Times (9/7, Fagan, Bellantoni, 88K) says Senate Republicans "blocked" the vote. GOP Sen. Judd Gregg "said Democrats don't seem to understand that there are enemies who 'wish to kill us.' He said their policy 'is firmly grounded in Birkenstocks and clearly not grounded in the reality of the world as it is.'" Republicans "said Mr. Rumsfeld has made the country safer. 'By going on offense, he's helped to ensure that we have not been attacked here at home in the five years since 9/11,' said Senate Majority Whip Mitch McConnell, Kentucky Republican."

The Wall Street Journal (9/7, Rogers, 2.03M) notes the debate took place during consideration of "a $468.4 billion wartime defense budget," which "is poised to clear the Senate today." The Los Angeles Times (9/7, Simon, 918K), among other newspapers, also reports the story this morning.

Reid, Boyer Say Democrats Are Using Rumsfeld To Make A Larger Point. CNN's The Situation Room (9/6, Bash) reported that Senate Minority Leader Harry Reid

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"conceded that they are trying to use Donald Rumsfeld to make a broader political point. He certainly suggested that in his statement, and that point is that they believe, and they're making this case over and over on the campaign trail -- that the administration has had a lot of mismanagement when it comes to the Iraq war."

Sen. Barbara Boxer was asked on MSNBC's Tucker (9/6) if it is a "waste of time" to go after Rumsfeld since he is not responsible for the war. Boxer said, "Actually, if you read the resolution, it's a lot broader than that. The resolution says we must change course in Iraq, that what we're doing isn't working, and that one way to bring a fresh start is to replace Donald Rumsfeld. So it's really an important statement, and I think the American people want to hear us make that statement. And it's very sad that a parliamentary maneuver is being used to block it."

Weldon Resolution Would Give Military Commanders Authority Over Iraq Pullout. The Hill (9/7, Bolton) reports, "The second-ranking Republican on the House Armed Services Committee, who is a strong supporter of the US military mission in Iraq, has drafted a resolution that would give military commanders -- instead of President Bush or Secretary of Defense Don Rumsfeld -- decision-making authority over when American troops should return home." GOP Rep. Curt Weldon, the vice chairman of the Armed Services panel and chairman of the Tactical Air and Land Forces Subcommittee, "told Speaker Dennis Hastert (Ill.) Monday of his plans to introduce the resolution shortly." The resolution "would express the sense of the House that military commanders should put in place a system of criteria to assess the capability of Iraqi security forces. Once those criteria are met, the mission in Iraq would be considered complete and the president could begin withdrawing troops." Weldon is "in the midst of a difficult reelection campaign because of voters' generally sour view of the war in Iraq. His race is considered among the most competitive in the nation, and Weldon recently cited Bush's low poll numbers as the reason."

Iraq To Take Command Of Its Armed Forces Today. USA Today/AP (9/7) reports, "Iraq takes control of its armed forces command today, a significant milestone on its path toward self-sufficiency and an essential step before international troops can eventually withdraw." Maj. Gen. William Caldwell, a U.S. military spokesman, said yesterday, "This is such a huge, significant event that's about to occur. … If you go back and you map out significant events that have occurred in this government's formation in taking control of the country, tomorrow is gigantic."

Shiite Lawmakers Push Legislation Creating Autonomous Regions Within Iraq. The New York Times (9/7, Oppel, 1.21M) reports, "Shiite lawmakers are pushing ahead with legislation that would provide a mechanism to carve Iraq into largely autonomous regions, angering some Sunni Arab lawmakers who say Shiites should first follow through on a promise to allow Parliament to re-examine the issue of federalism. Allowing Shiite-dominated provinces in southern Iraq the means to form their own semiautonomous regions has been a top priority of Abdul Aziz al-Hakim, leader of the powerful Supreme Council for Islamic Revolution in Iraq, a Shiite political party." The Times adds, "Federalism provisions in the new Constitution, approved by voters last fall, allow such regions to be formed. Sunnis had been reluctant to support the charter, fearing those provisions would leave the country's oil wealth in the hands of Shiites in the south and Kurds in the north." To win Sunnis over, Shiite representatives "changed the charter so Parliament could later decide whether to narrow those provisions."

Parliament Speaker Says Country Months Away From Collapse. The Washington Times (9/7, 88K) reports, "Iraq's leaders have just months to mend their differences or see their country collapse, the speaker of parliament told wrangling deputies yesterday after a car bomb caused dozens of casualties during the morning rush hour. Ethnic Kurds in the chamber demanded a new national flag. Other members complained about parliament's agenda, on its first full session after a summer recess." The Times adds, "Upset by the squabbling, Speaker Mahmoud al-Mashhadani stepped in. 'Let's start talking the same language,' he said. 'We have three to four months to reconcile with each other. If the country doesn't survive this, it will go under,' said Mr. al-Mashhadani, a Sunni Arab."

1,500 Killed In Baghdad In August. ABC World News (9/6, story 5, 0:15, Gibson) reported, "In Iraq, the Baghdad morgue now says 1,500 people were killed in that city last month. Triple the initial tally released a few days ago. Officials had no explanation today for the revision. But the number still represents a marginal improvement from the death toll in July and August. And Iraqi television said 27

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terrorists have been executed. The government's first execution since the fall of Saddam Hussein."

Judge Rejects US Request To Force-Medicate Alleged Iraqi Agent. The AP (9/7, Neumeister) reports US District Judge Michael Mukasey "dealt a severe setback Wednesday to the government case against a one-time journalist and congressional aide accused of becoming a paid Iraqi intelligence agent." Mukasey ruled Susan Lindauer "cannot be forced to take medication to control delusions of grandiosity and paranoia," and he "criticized the strength of the case." The AP notes, "The indictment against Lindauer accused her of meeting in 1999 and October 2001 with Iraqi spy agency officers, accepting an unspecified task and about $10,000 and delivering a letter to a U.S. government official claiming Iraqi contacts and trying to influence U.S. foreign policy. It also alleged she met an undercover FBI agent posing as a Libyan spy to support resistance groups in Iraq after the U.S. invasion."

Musharraf Says Pakistan Will Help In Fight Against Taliban. The New York Times (9/7, Gall, 1.21M) reports, "President Pervez Musharraf of Pakistan, on a two-day visit to shore up relations, promised Wednesday to help Afghanistan combat the worsening Taliban insurgency, which operates from his country. Relations between the nations have deteriorated badly this year as the insurgency has bloomed, and President Hamid Karzai of Afghanistan has blamed Pakistan for providing a haven to militants and suicide bombers. … American and other foreign diplomats have been pushing for closer ties between Afghanistan and Pakistan as the only way to resolve the insurgency and regional terrorism in the long term." The meeting "came before state visits by General Musharraf and Mr. Karzai to Washington this month, and a meeting they are scheduled to hold with President Bush."

USA Today (9/7, 2.27M) reports Musharraf said "Pakistan will help fight al-Qaeda and Taliban militants but won't allow foreign troops into tribal areas that Afghan leaders say harbor terrorists and extremists."

The Washington Post (9/7, A23, Constable, 748K) reports Musharraf "acknowledged that the new truce with Islamic militants based in Pakistan's tribal border region had caused 'misgivings' in neighboring Afghanistan, where government forces and 10,000 NATO troops are fending off a fierce armed offensive by hundreds of Taliban insurgents." But "the Pakistani leader, on a fence-mending visit to the Afghan capital, said he would not hesitate to act militarily if the Taliban forces reneged on the pact, which calls on them to end armed attacks inside Pakistan and to stop crossing into Afghanistan to fight against the Karzai government and international troops." The agreement also "requires foreign militants to leave the tribal area of North Waziristan or take up a peaceable life there, and it prohibits local Islamic extremist groups from enforcing draconian religious notions such as requiring men to grow long beards or destroying audio and video equipment."

Pakistani Prime Minister Denies Bin Laden Would Receive Immunity. CNN's The Situation Room (9/6, Blitzer) reported, "Pakistan's prime minister is talking tough about Osama bin Laden. Prime Minister Shaukat Aziz is disputing an ABC News report that bin Laden would not face capture in Pakistan if he agreed to lead a peaceful life. Aziz tells CNN that there's no immunity for terrorists. At the same time, Aziz is praising a peace agreement with pro-Taliban tribal leaders. It's designed to end violence along the Pakistani-Afghan border."

CORPORATE SCANDALS:

US Seeks To Preserve Lay Conviction. The AP (9/7, Lozano) reports, "The Justice Department on Wednesday asked a judge to delay ruling on a request by lawyers for convicted Enron Corp. founder Kenneth Lay's estate to erase his convictions and dismiss the indictment against him because he died before he had appealed. … Lay was convicted of 10 counts of fraud, conspiracy and lying to banks in two separate cases on May 25. He died of heart disease July 5." The AP continues, "Lay's lawyers have said in a previous court filing that Lay's death 'necessitates' erasing his convictions. They cited a 2004 ruling from the 5th U.S. Circuit Court of Appeals that found that a defendant's death pending appeal extinguished his entire case because he hadn't had a full opportunity to challenge the conviction and the government shouldn't be able to punish a dead defendant or his estate." The AP adds, "In a court filing Wednesday, federal prosecutors asked U.S. District Judge Sim Lake to defer from making a ruling until Oct. 23, the previously scheduled sentencing date, so Congress can consider legislation the Justice Department submitted Tuesday that changes current federal law regarding such situations. …

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'Certain provisions of the (legislation) would be directly relevant to the situation presented by defendant Lay's death,' prosecutors Sean Berkowitz and John Hueston wrote in their motion. 'For example ... the (legislation) provides that the death of a defendant charged with a criminal offense shall not be the basis for abating or otherwise invalidating either a verdict returned or the underlying indictment.' … The Justice Department would like to make the new legislation retroactive to July 1, four days before Lay died."

The Wall Street Journal (9/7, Emshwiller) reports, "Erasing Mr. Lay's conviction could have a major impact on the government's efforts to recover tens of millions of dollars it contends he realized from the frauds at Enron. Without the criminal conviction, the government would likely have to go through potentially lengthy civil proceedings." The Journal notes, "'Yesterday, government prosecutors moved to protect their criminal conviction of Mr. Lay. In a filing in Houston federal court, the government asked Judge Lake to hold off ruling on the motion to vacate Mr. Lay's conviction until Oct. 23. The filing noted that the Justice Department on Tuesday had sent proposed legislation to Congress. Under the proposed legislation the death of a defendant would "not be the basis for abating or otherwise invalidating" a guilty verdict. The filing added that the current state of the law 'unnecessarily harms crime victims' and 'erases hard-won verdicts against those who have wronged them, verdicts that might aid crime victims' in their loss-recovery efforts. The proposal would also create a special forfeiture procedure for such cases. The proposed legislation would be retroactive to July 1 -- four days before Mr. Lay's death."

Congress Examines Stock Options Backdating. The AP (9/7, Gordon) reports, "The government is aggressively investigating the suspicious timing of stock options granted to top executives at scores of companies, federal officials said Wednesday." The AP continues, "Shareholders and employees have been 'ripped off by senior executives who rigged stock option programs ... to further enrich themselves,' the chairman of the Senate Finance Committee said at a hearing. … The tax-writing committee, led by GOP Sen. Charles Grassley of Iowa, is considering reducing or eliminating a deduction that encourages companies to award executives with stock options. This kind of compensation is linked to a company's stock prices and by, extension, performance. … The Securities and Exchange Commission chairman expressed support for the idea."

The San Jose Mercury News (9/7, Davies) reports, "Top federal law enforcement officials Wednesday expressed alarm over the extent of backdating stock options for corporate executives, but also told a Senate committee that federal regulators face limits in investigating the practice." The News continues, "IRS Commissioner Mark Everson said the 'vast amount of compensation' in backdated options going to chief executive officers and chief financial officers did not automatically involve fraud or tax violations, though he found 'much of this behavior abhorrent.' … 'High pay itself does not lead to illegality, but the temptation to do the wrong thing greatly increases when the stakes are as staggeringly high as they are,' Everson testified at a hearing of the Senate Finance Committee." The News adds, "The director of enforcement for the Securities and Exchange Commission, Linda Thomsen, said the SEC is investigating more than 100 companies for possible fraudulent reporting of stock option grants, including many in the tech sector. Nearly 30 Silicon Valley companies are being investigated by either the SEC or the Justice Department."

CNET News (9/7, Broache) reports, "At a hearing…top officials from the Securities and Exchange Commission, Internal Revenue Service and Department of Justice's corporate fraud unit said they couldn't be sure how many of the companies suspected of 'backdating' stock options for financial gain will face full-blown enforcement proceedings or new charges. … 'Like other forms of corporate fraud, the Department of Justice takes stock option backdating seriously, and we will continue to use our best efforts to uncover criminal conduct where it occurs,' said Deputy Attorney General Paul McNulty."

Dow Jones (9/7, Wells) reports, "Investigating companies for improperly backdating stock options is a top priority of the federal government's corporate fraud task force, a senior U.S. Justice Department official said Wednesday. … Such manipulation of stock option pricing 'can only be seen as a brazen abuse of corporate power to artificially inflate the salaries of corporate wrongdoers at the expense of shareholders,' Deputy Attorney General Paul J. McNulty told the Senate Finance Committee." Dow Jones adds, "The Federal Bureau of Investigation is conducting some 45 investigations over stock-options backdating, while the SEC is investigating more than 100 companies. McNulty, chairman of the federal government's corporate fraud task force, said

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this issue is a priority for the task force, but he wouldn't predict how many more criminal cases will be filed. … Everson said the IRS has referred about 25 corporate executive pay cases for criminal investigation this year, but he didn't say how many involved options backdating. The cases primarily involve diversion of corporate income to corporate executives, resulting in the underreporting of compensation on the executive's personal income tax return, he said."

Bloomberg (9/7, Anand, Westbrook) reports, "Senators said they may close a loophole in U.S. tax law that lets companies deduct executive pay of more than $1 million, in an effort to crack down on the manipulation of stock option grants. … The loophole, a provision in a 1993 law that allows companies to deduct performance-based pay for top executives, was a central focus of Senate hearings yesterday on the stock options backdating scandal." Bloomberg continues, "Regulators are looking at how executives inflated potential profits from stock option grants by backdating them to times when stock prices were at their lows. … Regulators said they were frustrated with the 1993 tax law and suggested that changing it would go a long way to stopping stock option abuses. … 'The unquenchable appetite for exorbitant compensation on the part of executives, and the sheeplike willingness of the boards to feed it' raises the question of whether the $1 million cap should be changed, Internal Revenue Commissioner Mark W. Everson told the Finance Committee."

US Seeks Options Data From Home Depot. Bloomberg (9/7) reports, "Home Depot, the world's largest home-improvement retailer, said yesterday that federal prosecutors had requested information regarding its stock options practices." Bloomberg continues, "Home Depot disclosed the request from the United States attorney in Manhattan in a filing yesterday with the Securities and Exchange Commission. … A company spokeswoman said Home Depot had not received a subpoena." Bloomberg adds, "Home Depot said in June that the S.E.C. had begun an informal inquiry into its stock option practices. The company said the inquiry was related to its disclosure that it had awarded options to some executives at below-market prices in three cases before December 2000. The company said it was cooperating with the inquiry. … At least 120 companies have disclosed internal or federal investigations into their option grants. … United States attorneys have issued subpoenas to at least 48 corporations. Five former officials at two companies have been charged with criminal violations tied to backdating." Bloomberg notes, "Also yesterday, BEA Systems, the software maker, said it would miss a Sept. 11 deadline to report second-quarter financial results, citing an internal review of stock option grants."

Former DOJ Officials Call For New Policy On Corporate Cooperation With Probes. Dow Jones (9/7, Burns) reports, "Former top U.S. Justice Department officials are urging the Bush administration to abandon a controversial policy that they say is forcing companies to waive attorney-client privileges and other legal protections during criminal investigations." Dow Jones continues, "In a letter Tuesday to U.S. Attorney General Alberto Gonzales, a bipartisan group of 10 former Justice Department officials called for an end to prosecutors insisting that companies waive legal privileges in order to receive credit for cooperating with investigators. The group said the hardball approach is 'seriously flawed,' isn't needed, and is undermining rather than enhancing corporate compliance with U.S. laws." Dow Jones adds, "The group's warnings come on the heels of criticism from the American Bar Association, the U.S. Chamber of Commerce, and others who say the government has gone overboard in fighting corporate crime. A federal judge in Manhattan recently rejected criminal charges accusing former KPMG employees of selling fraudulent tax shelters, ruling that it was unconstitutional for prosecutors to demand that KPMG only advance legal fees to those who cooperated with the investigation. … Lawmakers aren't ignoring the complaints. The Senate Judiciary Committee plans to hold a hearing Tuesday with testimony from FBI Director Robert Mueller, former U.S. Attorney General Edwin Meese and U.S. Chamber President and Chief Executive Thomas Donohue." Dow Jones notes, "Concerns center on a 2003 memo by then-Deputy Attorney General Larry Thompson outlining principles of prosecuting businesses. Among other things, critics say the so-called Thompson Memorandum encouraged prosecutors to demand the waiver of attorney-client privileges and work-product protections in exchange for businesses being deemed as having cooperated with federal officials."

The New York Times (9/7, Browning) reports, "The unusual request, in a letter delivered Tuesday to Attorney General Alberto R. Gonzales, is the latest attack upon prosecutorial guidelines that were adopted after the collapse of Enron and other corporate scandals. Any revision to the

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guidelines would change the way the government pursues white-collar cases." The Times continues, "The letter was signed by Richard L. Thornburgh, an attorney general under Presidents Ronald W. Reagan and George H. W. Bush, and by Kenneth W. Starr, a former solicitor general, as well as by eight others, including three former deputy attorneys general." The Times notes, "The Justice Department argues that the Thompson memorandum has helped prosecutors crack down on corporate misconduct. … But the letter from the former Justice Department officials argues that the pressure to disclose information has discouraged insiders from reporting wrongdoing, by breaking the traditional bond of trust between lawyers and the people they talk to."

More Commentary. In an op-ed for The Hill (9/7), Representatives Dan Lungren (R-CA) and William Delahunt (D-MA) write, "Recent actions by the federal government have imperiled a cornerstone of America's justice system — the attorney-client privilege. … As members of the House Judiciary Committee, we share a deep, abiding and bipartisan respect for the attorney-client privilege and work product doctrine and the fundamental purposes these protections serve in our system of justice." Lungren and Delahunt continue, "We have become gravely concerned that these protections are being undermined by recent policy changes by the Department of Justice, the Securities and Exchange Commission and other federal agencies that encourage federal prosecutors to pressure organizations to waive these protections as a condition of being deemed 'cooperative.' These changes in policy are dangerous and misguided and we are pleased the Senate Judiciary Committee will be holding oversight hearings September 12th into the consequences of this dangerous trend. … As former law enforcement officials, we are also concerned that this dramatic policy shift will undermine internal corporate legal compliance programs. It is important to keep in mind that lawyers play a key role in helping companies understand the complex legal environment in which they operate. In order to fulfill this important role, lawyers must have the trust and confidence of companies' leaders and employees so that they receive all of the relevant information necessary to advise their clients on how best to comply with the law." Lungren and Delahunt conclude that, "the Department of Justice, the Securities and Exchange Commission and other federal agencies should not consider any company or other entity to be 'non-cooperative' for protecting its right to consult confidentially with its attorneys. … Federal agencies should adopt policies that reverse the government's assault on the attorney-client privilege. And if they refuse to do so, Congress should act."

New York Revises Civil Complaint Against AIG, Former Officers. The Wall Street Journal (9/7, Mcdonald, Pleven) reports, "New York state authorities amended a civil fraud complaint against former top executives at American International Group Inc., dropping some charges but retaining accusations that former Chief Executive Maurice R. 'Hank' Greenberg and a top lieutenant improperly polished the insurance giant's results." The Journal continues, "The complaint was first filed in May 2005 by New York Attorney General Eliot Spitzer and the New York State Insurance Department and named AIG, Mr. Greenberg and the company's former chief financial officer, Howard I. Smith. … AIG has since restated results, and it signed in February a $1.64 billion settlement with state and federal authorities, so in the amendment filed yesterday in New York State Supreme Court, the authorities removed AIG as a defendant. Additionally, they dropped an allegation relating to underpayment of contributions to state workers' compensation plans -- for which AIG had already pledged restitution. … The authorities also removed an allegation that AIG misled state insurance regulators and that the executives improperly accounted for certain life-insurance policies in order to boost the company's underwriting income. That accounting has since been changed by the insurer."

California Probes Hewlett-Packard Inquiry Into Board Leaks. The Wall Street Journal (9/7, Lawton, Searcey, Young) reports, "California Attorney General Bill Lockyer said his office has been conducting an investigation into how Hewlett-Packard Co. traced phone records of its board members last year, and that while he isn't sure yet whether there was criminal activity by people acting on the company's behalf, the activity was 'colossally stupid.'" The Journal continues, "Mr. Lockyer's remarks came amid a widening furor over an H-P probe of boardroom leaks surrounding the ouster of former Chairman and Chief Executive Carly Fiorina. Revelations about tactics used in the probe prompted an inquiry from the Securities and Exchange Commission and requests from state investigators for records from H-P and telecommunications carriers AT&T Inc. and Cox Communications Inc." The Journal adds, "H-P moved to distance itself from the growing scandal, which centers on

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the use of 'pretexting' to obtain directors' private phone records in an effort to identify the source of the leaks. Pretexting, or posing as a person in order to obtain private phone or other information about them, is illegal in California. … In a filing yesterday with the SEC, the Silicon Valley computer giant acknowledged 'pretexting' had been used in the course of its investigation into the leaks. That investigation was conducted on the company's behalf by an unidentified private investigator who in turn hired a contractor who used pretexting to obtain directors' phone records."

The Washington Post (9/7, D1, Nakashima) reports, "In documents submitted to the Securities and Exchange Commission, the computer company also said it had reviewed private phone records of its board members obtained by a private contractor. .. . The company said this week that it would not renominate board member George A. Keyworth II, who the company concluded had leaked confidential information about discussions on potential acquisitions and supplier changes during the board's annual off-site strategy meeting in January." The Post adds, "In May, Hewlett-Packard's board of directors asked Keyworth to resign, but he declined. Another board member, Thomas J. Perkins, did resign in protest over the methods used to investigate the leak to the Cnet technology news service. … According to the SEC filing, HP hired a consultant, who hired a contractor to investigate the leak." The Post notes, "In the case of Perkins, the co-founder of the Silicon Valley venture capital firm Kleiner Perkins Caufield & Byers, the contractor set up a phony e-mail address to access home-phone records through an online billing account. The contractor also posed as Perkins on the phone to access his long-distance records, according to Perkins's lawyer Viet Dinh."

The Los Angeles Times (9/7, Granelli, Menn) reports, "The feud involves former HP Chairwoman Carly Fiorina; her successor, Patricia C. Dunn; and directors George A. Keyworth II and Thomas J. Perkins, a Silicon Valley venture capitalist whose firm backed and brought to prominence dozens of technology giants including Amazon.com Inc., Google Inc. and Palm Inc." The Times continues, "Perkins triggered the investigation after resigning in May. He later protested that his own phone records had been hacked and that the company had failed to follow Securities and Exchange Commission rules that require it to disclose when a director's resignation results from a disagreement over 'operations, policies or practices.' … The SEC is looking into whether the board properly disclosed Perkins' departure."

SEC Files Civil Charges Against Two Former ITXC Officials. Dow Jones (9/7, Hughes) reports, "The U.S. Securities and Exchange Commission on Wednesday said it has filed civil charges against two more former employees of telecommunications company ITXC Corp., accusing them of approving and in some cases negotiating almost $267,500 in bribes paid to senior officials of government-owned telephone companies in Nigeria, Rwanda and Senegal." Dow Jones continues, "The SEC accused Steven Ott, the former vice president for global sales, and Roger Michael Young, the former managing director for the Middle East and Africa, of violating the Foreign Corrupt Practices Act. The SEC said the men also caused the company to falsely record the bribes as legitimate business expenses." Dow Jones adds, "The civil suit came as Yaw Osei Amoako, a former ITXC regional manager, pleaded guilty in Trenton, New Jersey, to conspiring to violate the anti-bribery law in connection with payments of bribes to employees of foreign state-owned telecommunications companies. He faces up to five years in prison and a $250,000 fine, and is scheduled to be sentenced on Dec. 11, the Justice Department said. The SEC had filed a civil suit against Amoako last year. … The Justice Department said it had charged Amoako and unnamed co-conspirators with arranging for ITXC to pay $166,000 in commissions to a foreign official at Nitel, a Nigerian government-owned company; $26,000 to Rwandatel, owned by the Rwandan government; and about $74,000 to an employee of Sonatel, partly owned by the Senegalese government."

Time Warner Agrees To Implement Governance Changes. Bloomberg (9/7, Glovin) reports, "Time Warner Inc., the world's largest media company, won approval yesterday of a settlement of an investor lawsuit that a judge says will require the company to make changes in how it governs itself." Bloomberg continues, "U.S. District Judge Shirley Wohl Kram gave final approval to the settlement of a 2002 suit that claims the directors of America Online and AOL Time Warner knew employees were violating accounting rules. … America Online Inc. is trying to find ways to keep customers coming back to its Internet community while parent company Time Warner Inc. seeks ways to expand its Internet empire." Bloomberg adds, "Under the settlement, Time Warner agreed to designate an independent director as chair of its nominating and governance committee. Within three years, two-thirds of the

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company's directors will be independent, the settlement says. … These and other changes 'may enhance investor confidence by ensuring that the company maintains a healthy governance structure,' Kram said in a ruling. … The suit was filed by investors on behalf of the company against directors and officers of AOL and AOL Time Warner, now known as Time Warner. Investors claimed the directors knew or ignored signs that employees disregarded internal accounting and contracting policies. They say directors and senior officers breached their duty to shareholders."

CRIMINAL LAW:

Former Illinois Governor Sentenced To 6½ Years In Prison. ABC World News (9/6, story 8,0:15, Gibson) reported, "Former Illinois Governor George Ryan was sentenced today to 6 1/2 years in prison, in connection with a corruption scandal that ended his career. The 72-year-old Republican was convicted of racketeering, conspiracy and fraud, and taking payoffs in exchange for business." NBC Nightly News (9/6, story 7, 0:15, Williams, 9.87M) noted, "It's been a stunning fall from grace for…Ryan, who came to the world's attention by suspending capital punishment and throwing open the doors of his state's death row."

The Chicago Tribune (9/7, A1, O'Connor, Bush, 623K) adds that Ryan, addressing the court, "struggled briefly with his emotions as he delivered the closest thing yet to an apology. Ryan, however, carefully avoided admitting criminal wrongdoing" and "told the judge he deeply regretted that his conviction caused a loss of faith in government, saying, 'When they elected me as governor of this state, they expected better, and I let them down, and for that I apologize.' … Prosecutors weren't impressed with Ryan's tone." Assistant US Attorney Patrick Collins "said Ryan 'unfortunately remained defiant today.'" The Chicago Sun-Times (9/7, Korecki) notes, "Ryan's co-defendant, Lawrence Warner, was sentenced to three years and five months in prison — a sentence announced about 90 minutes after Ryan's."

The Washington Post (9/7, A3, Slevin, 748K) reports Ryan's "conviction…is the most dramatic success yet for U.S. Attorney Patrick J. Fitzgerald, imported from New York in 2001 to lead an anti-corruption drive that now stretches from Chicago to the state capitol in Springfield." USA Today/AP (9/7, Robinson) notes, "The sentencing capped an eight-year federal investigation of drivers license selling and other corruption in state government in the Ryan era that has seen 79 individuals charged and 75 convicted."

The New York Times (9/7, Davey, 1.21M) adds, "The remarkable unraveling of Mr. Ryan and his political career has already left a mark on this state's rough-edged political terrain. Those who once considered deal-making and favors for buddies as an ordinary, unavoidable ingredient of politics here say they have begun wondering whether an aggressive United States attorney's office may actually change that. And within hours of Mr. Ryan's sentencing, the current candidates for governor were publicly arguing over which one might be more closely linked to corruption claims."

Noe Attorney Seeks Probation. The Toledo Blade (OH) (9/7, Wilkinson) reports, "Tom Noe hurt no one when he skirted federal campaign laws and illegally poured money into President Bush's re-election, and a federal judge should consider giving him probation, his attorney said today." The Blade continues, "In a memorandum to U.S. District Judge David Katz Noe's Toledo attorney Jon Richardson argues that the Bush campaign never complained about Noe's actions and that no one was harmed. … '... Noe's actions victimized no one,' Mr. Richardson wrote. … Judge Katz is expected to sentence the former GOP fund-raiser on Tuesday." The Blade adds, "In his memo, which was filed a day after federal prosecutors issued a rare memorandum of their own, Mr. Richardson criticized the prosecutors' call for additional prison time. In fact, he said the judge could give Noe probation. … 'If the Court were to sentence Mr. Noe to substantial community services, rather than incarceration, the moral and legal scales in this case would easily come into balance,' wrote Mr. Richardson. … Noe, 52, pleaded guilty in May to illegally funneling more than $45,000 into the President's re-election campaign at an October, 2003, fund-raiser in Columbus using 24 conduits, including several prominent local Republican public officials. … In May, prosecutors said Noe faced as little as two years in prison. But yesterday they made their case for a potential prison term of more than four years. … They claimed Noe should get a stiffer penalty because he abused his 'position of trust' as an official Bush-Cheney fund-raiser and because his 'systematic and pervasive corruption' had a negative effect on the public's trust in the electoral process. They also claimed Noe had not fully accepted responsibility for his crimes."

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Jeffs Informed Of Utah Charges At Brief Hearing. In a widely-distributed story, the AP (9/7, Dobner) reports, "Looking pale and gaunt…Warren Jeffs made his first appearance in a Utah court via closed-circuit TV Wednesday on charges he arranged a marriage between an underage girl and an older man. … The judge set a preliminary hearing for Sept. 19, at which time the issue of bail will be addressed." The Salt Lake Tribune (9/7, Adams) adds, "During the brief hearing, Jeffs was formally informed of the two Utah charges of being an accomplice to rape, a first-degree felony." The Deseret Morning News (9/7, Winslow, Perkins) notes, "In the border towns of Hildale, Utah, and Colorado City, Ariz., members of the Fundamentalist LDS Church kept silent about the arrest of their leader. None of his followers was in court Wednesday. Ex-members said Jeffs is portraying himself as someone who is 'persecuted' for his religious beliefs." CNN and Fox News also briefly reported on Jeffs' court appearance throughout the day and evening in their news updates.

Jeffs' Brother Arrested In Arizona. The AP (9/7) reports one of Warren Jeffs's brothers "was arrested by sheriff's deputies in Mohave County (AZ) after he refused to cooperate when they asked to check the welfare of his son. Deputies went to a trailer park in the community of Beaver Dam Friday evening after the grown son of John B. Jeffs asked them to check on his 11-year-old brother, said Trish Carter, a sheriff's spokeswoman." The AP adds that "deputies were able to check on the 11-year-old and found that he was not in danger and was unharmed, Carter said. Jeffs appeared before a judge Tuesday and was released from custody with a Sept. 11 court date."

Chicago Police Commander Sentenced To Prison For Embezzlement. The Chicago Tribune (9/7, 623K) reports, "A former Chicago police commander who admitted to stealing $4,000 meant for a ceremony honoring police officers and then lying to federal agents was sentenced to 5 months in prison Wednesday. Michael Acosta's prison time will be followed by 5 months of home confinement, U.S. District Judge Harry Leinenweber said." The Tribune notes, "Prosecutors have said Acosta raised funds from an individual contributor through John 'Quarters' Boyle, a former city worker who was sentenced to prison in the city's Hired Truck scandal. Acosta admitted to lying to the FBI about using his position to help Boyle." The Chicago Sun-Times (9/7) adds, "Acosta and Boyle were friends, and when federal agents wiretapped Boyle's phones, they recorded a number of conversations between the two men. Acosta violated police regulations by associating with a known felon. At the time, Boyle had served prison time for stealing millions of dollars in Illinois tollway money." The AP (9/7) also reports on Acosta's sentencing.

Former New Orleans Transit Official Sentenced To Two Years In Prison For Embezzlement. In a widely-distributed story, the AP (9/7) reports, "An uncle of former New Orleans Mayor Marc Morial was sentenced Wednesday to two years in federal prison for stealing money from the city's bus and streetcar system. Glenn Haydel also was ordered to serve three years of supervised release, fined $5,000 and ordered to pay $540,000 in restitution to the Regional Transit Authority." The AP notes, "Haydel diverted $550,000 of RTA money to his corporate account, then transferred $350,000 to a personal account, according to a statement from" US Attorney Jim Letten. "He concealed the transfer from the RTA and, under oath during a deposition, lied about what he had done with the money, Letten said."

FBI Tapes Of Senior Gotti Suggest "Junior" Still In Leadership In 2001. The New York Daily News (9/7, Zambito, 729K) reports, "The Daper Don's secretly recorded words -- revealed in court yesterday -- could blow away his son's claims of leaving the mob. John Gotti was taped in April 2001 telling attorney Joseph Corozzo to replace his son, John A. (Junior) Gotti, as head of the Gambino crime family with his brother Peter Gotti, an FBI agent testified. But FBI Special Agent Theodore Otto said the late mobster also wanted his son and two trusted Gambino soldiers, John (Jackie the Nose) D'Amico and Nicholas Corozzo…to maintain leadership roles." The senior Gotti's "words appear to place his son in the family's hierarchy at a time when Junior Gotti claims he had turned his back on the mob."

New York Man Pleads Guilty To No-Show Job At Indicted Garbage Hauler. The AP (9/7) reports, "A New York man pleaded guilty Wednesday to holding a no-show job at a garbage hauler that was indicted last June in an investigation of the mob's influence over the trash industry in Connecticut and New York." Joseph J. Milo Sr. "pleaded guilty in U.S. District Court in New Haven to conspiring to defraud the Internal Revenue Service. Milo was

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placed on the payroll of Automated Waste Disposal of Danbury in September 1999, prosecutors said. … AWD mailed weekly paychecks to Milo's New York residence," and he "falsely reported that $52,000 he received from AWD for the tax years 2000 through 2004 was earned income." The Danbury News Times (9/7) notes, "Milo is the brother of Thomas Milo, an alleged mobster who the government said was a silent partner in James Galante's sanitation business. Milo faces up to six months in jail. He will be sentenced Dec. 22."

US Seizes Counterfeit Products From China. AFP (9/7) reports, "US authorities have seized more than 135,000 phony Nike sneakers that a major smuggling ring tried to import into the United States from China, and charged six people in the case, officials said." AFP continues, "The US Homeland Security and Justice departments said in a statement they had broken up 'one of the largest counterfeit merchandise smuggling schemes uncovered in recent US history.' … The six defendants are accused of trying to illegally import the fake Nike Air Jordan shoes in 15 cargo containers between May and July, according to the indictment. The sneakers have a retail value of more than 16 million dollars." AFP adds, "Three of the suspects are from China, two from the United States and one from Mexico. … The six were indicted by a federal grand jury in the western state of Arizona last month and accused of conspiring to traffic in counterfeit goods and services, a charged that carries sentence of up to five years in prison and a 250,000 dollar fine."

US Seeks Death Penalty In Ohio Slaying Of Pennsylvania Doctor. The Pittsburgh Tribune-Review (9/7, Hasch) reports, "A Mercer County (PA) woman could face the death penalty if she is convicted of plotting with her lover to kill her husband so they could split her share of the multimillion-dollar estate." The Tribune-Review continues, "Prosecutors filed notice Wednesday in U.S. District Court in Akron that they will seek the death penalty against Donna Moonda, 47, of Hermitage, who is charged with murder for hire and related crimes in the death of Dr. Gulam Moonda, who was shot May 13, 2005, along the Ohio Turnpike." The Tribune-Review adds, "A Beaver County man, Damian Ray Bradford, 25, of Center, has admitted that he and Donna Moonda were lovers. … Bradford, who has pleaded guilty to interstate stalking and a firearms violation resulting in death, told investigators that he killed the 69-year-old doctor in what was supposed to look like a random highway robbery after Donna Moonda promised to give him half of her share of her husband's estate. … He has agreed to testify against her in exchange for a prison sentence that he could finish serving by the time he is 40." The Tribune-Review notes, "U.S. Attorney Gregory A. White of the Northern District of Ohio and his staff made the decision to seek the death penalty, which was approved by Attorney General Alberto Gonzales, said First Assistant U.S. Attorney William J. Edwards. .. Prosecutors contend that Donna Moonda procured Bradford's cooperation in the plot by 'payment and promise of payment' and that 'substantial planning and premeditation' took place before the slaying."

Judge Convicts Rabbi Caught In Child Sex Sting. The Washington Post (9/7, Markon) reports, "A Maryland rabbi caught in a television sting operation was convicted yesterday of traveling to Herndon for what he thought would be sex with a 13-year-old boy he met over the Internet." The Post continues, "In a written opinion issued yesterday, a federal judge in Alexandria found David A. Kaye, 56, guilty after a bench trial last month in which prosecutors presented evidence of sexually graphic chats between him and the boy. In reality, the boy was a 26-year-old man working for Perverted Justice, a group that tries to expose adults who use the Internet for sexual activity with children. … Perverted Justice was working with the NBC newsmagazine 'Dateline,' which paid the watchdog group to create a pedophile sting that ran as a series of television reports called 'To Catch a Predator.' Men lured to the house they set up in Herndon last year also included a schoolteacher from Prince George's County and a physician from the Eastern Shore." The Post adds, "Kaye, a Potomac resident, is the former vice president of program at Rockville-based PANIM: The Institute for Jewish Leaders and Values, an educational foundation that trains Jewish leaders. He resigned in October after informing the organization that he would be featured on 'Dateline.' … 'You know I'm in trouble. I know I'm in trouble,' Kaye told NBC correspondent Chris Hansen when he was confronted on camera after traveling to the Herndon house in August 2005, according to the opinion by U.S. District Judge James C. Cacheris. The judge convicted Kaye on one count of coercion and enticement and one count of travel with intent to engage in illicit sexual conduct. … Kaye, who has been jailed since his arrest in May, faces up to 60 years in prison

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when he is sentenced Dec. 1." The Post notes, "U.S. Attorney Chuck Rosenberg said he was 'very pleased because we've always thought the evidence in this case was extremely compelling. The judge's opinion makes it clear that our case was strong.'"

FBI Arrests 18 Suspected Latin Kings Members In Massachusetts. The Boston Globe (9/7, Murphy, 425K) reports, "For nine months, a witness who infiltrated the Chelsea chapter of the Latin Kings for the FBI secretly recorded conversations with gang members who sold cocaine and guns and talked about killing rival gang members in a fight over turf, an FBI affidavit says. … Yesterday, the investigation culminated with the arrests of 18 reputed members of the Latin Kings' Chelsea chapter, including David 'The House' Mojica , 34, who was fired from the Suffolk County Sheriff's Department in 1999 after impregnating an inmate; and Paul 'King Ghost' Follis, 20, the alleged leader of the chapter. Twelve people were indicted on federal charges of allegedly selling cocaine and six were charged in state court with selling cocaine and guns. 'Today the focus is on toppling the Latin Kings organization in Chelsea,' said US Attorney Michael J. Sullivan, noting in a press release that the arrests follow a crackdown by state and federal authorities on street gangs over the past few years that has dismantled the Latin Kings in Lawrence, Lowell, Springfield, and Holyoke, and the Immortal Outlaws and Latin Gangsta' Deciples in Lawrence."

The Boston Herald/AP (9/7) reports that the FBI informant "was able to buy cocaine and guns from gang members, according to an affidavit filed by an FBI agent in support of a request by federal prosecutors to detain the gang members pending trial. … In Chelsea, the group has been involved in a gang war with rivals over the past few years, resulting in numerous shootings, stabbings and other violence, authorities said." The AP also notes, "The FBI has been investigating the Latin Kings in Massachusetts since 2002. In 2004 and 2005, authorities have made sweeping arrests of members of the Latin Kings in Lawrence, Lowell, Springfield and Holyoke."

Los Angeles Kidnap-For-Ransom Trial Begins. The Los Angeles Times (9/7, Mozingo, 918K) reports, "From their aquarium store on Ventura Boulevard, two Eastern Europeans hatched a murderous kidnapping-for-ransom conspiracy, ultimately strangling five victims and dumping their bodies in a deep-gorge reservoir near Yosemite, prosecutors said Wednesday. In a two-hour statement opening the men's federal trial in downtown Los Angeles, prosecutors told jurors that Iouri Mikhel, a Russian immigrant, and Jurijus Kadamovas, a Lithuanian, carried out their abductions and murders in the same methodical way they might have set up a fish tank — and then laundered the ransom proceeds through bank accounts from Dubai to Jamaica." The Times notes, "The charges stem from an alleged scheme in 2001 and 2002 to abduct wealthy businesspeople in Los Angeles, mostly Russians, and extort money from them and their families with false promises of their safe return, prosecutors said.

The AP (9/7, Risling) reports, "Authorities allege the pair orchestrated the kidnapping and eventual killing of real estate developer Meyer Muscatel; Russian banking mogul George Safiev; Safiev's accountant Rita Peckler; Safiev's business partner Nick Kharabadze; and Alexander Umansky, who owned a car accessory business. The motive was greed, with Mikhel and Kadamovas spending ransom money on expensive cars and luxury homes, the prosecutor said." The AP notes, "The first prosecution witnesses was an FBI agent who testified about the recovery of the bodies from the reservoir in March 2002. Jurors watched video of the bodies being brought up from a depth of more than 200 feet."

Texas Fake Doctor Pleads Guilty To Administering Phony Flu Vaccine. The Houston Chronicle (9/7, Rice, 535K) reports, "A phony doctor whose phony flu vaccine was injected into more than 1,100 people is facing prison after pleading guilty in a Houston federal court. Iyad Abu El Hawa could receive a maximum of 10 years in prison for health-care fraud and three years for misbranding a drug when he is sentenced on Dec. 4. He admitted guilt on one count of each charge Wednesday in U.S. District Judge Kenneth Hoyt's court." The Chronicle notes, "El Hawa initially told FBI agents that he was a plastic surgeon in Israel, but investigators learned that he had no formal training, education or experience in the prevention of communicable diseases."

FBI Jackson Office Flooded With Hurricane Fraud Tips. The Biloxi Sun Herald (9/6, Fitzgerald, 44K) reported, "Telephones at the FBI office in Jackson are ringing off the hook in response to Special Agent John Raucci's plea for tips from anyone suspecting fraudulent activity involving

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Katrina recovery money. The calls came after the Sun Herald on Saturday quoted Raucci as saying reward money -- possibly $25,000 or more -- is available for tipsters who help agents crack a fraud case involving people suspected of diverting federal funds intended to help in hurricane recovery." The Sun Herald noted, "Oftentimes a tipster becomes what the FBI calls the storyteller, Raucci said. 'The storyteller often provides how the conspiracy was thought out, and all the levels involved, and it's usually the easiest way to begin a case. And if it goes to the grand jury, the person who sits and explains a conspiracy is able to put it on a more personal level.'"

Four In Mississippi Plead Guilty To Fraud Charges. The AP (9/4) reported, "Four people pleaded guilty last week to making fraudulent claims after Hurricane Katrina, U.S. Attorney Dunn Lampton said. Marion Griffin of Morton was charged with using a false address to collect a $2,000 FEMA debit card. … Glenda Spangler, also of Morton, claimed damages to a home with a Pascagoula address when she, too, lived in Scott County, Lampton said. Charles Lyles of Brookhaven pleaded guilty to mail fraud and was accused of using a fraudulent address to obtain FEMA relief benefits and hotel accommodations, Lampton said. Karynette Arnold of Jackson used the address of an abandoned house in Jackson and claimed damages to the home, Lampton said."

The Scott County (MS) Times (9/7, Phillips) notes, "The arrests came after a local Katrina Fraud Task Force, consisting of over 20 federal and state law enforcement agencies, was formed to pursue and prosecute individuals who engage in fraud associated with the hurricanes. 'The number of these Katrina fraud cases continue to build and already hundreds are pending in our office,' said U.S. Attorney Dunn Lampton. … 'I want to stress that anyone who has information regarding fraudulent use of government monies meant to assist the victims of Hurricane Katrina should contact the Department of Homeland Security or the FBI.'" The Brookhavenman Daily Leader (9/6) also reported on the guilty pleas.

Texas Man Sentenced To 10 Years In Prison For Katrina Relief Fraud. The Dallas Morning News (9/7, Wyatt, 500K) reports in "Regional Roundup" that Kenneth Reven McClain of Dallas "will spend more than 10 years in prison for running a scheme to steal federal relief money meant for Hurricane Katrina evacuees. A federal judge late Tuesday sentenced…McClain to 126 months in prison in what authorities described as the stiffest sentence yet in a hurricane relief fraud case. Court records show Mr. McClain targeted more than $600,000 in relief funds with a string of aliases, stolen identities and fake claims from August 2005 to November." The AP (9/7) notes, "McClain allegedly hired a Dallas homeless man to stay in a hotel room and collect the relief assistance packages and letters. McClain was arrested in November. Authorities then discovered he had several active warrants for his arrest and at least 27 known aliases."

Alabama Woman Indicted On FEMA Relief Fraud Charges. The Mobile Press-Register (9/6) reported Hannah Williams of Grove Hill, Ala., "has been charged with defrauding the federal government after Hurricane Katrina." She "was indicted by a federal grand jury in Mobile on charges of filing a false claim and two counts each of mail and wire fraud. According to the indictment, Williams fraudulently claimed that her primary residence on King Institute Way in Grove Hill was flooded and damaged by sewage backup. … Williams applied for aid from the Federal Emergency Management Agency and received $22,904, according to the indictment."

Alabama Contractor Charged With Katrina-Related Fraud. The Mobile Press-Register (9/6, Bean) reported, "A local contractor remained jailed Monday after deputies chased him down, tackled him, then charged him with bilking Baldwin County residents out of about $500,000 in a series of construction-related scams targeting the elderly, Hurricane Katrina victims and others. Baldwin County Sheriff's Office spokesman John Murphy said Tracy Allen Hoyt, 41, of Summerdale, is accused of making fraudulent construction deals and promising to do work, but never finishing the job. … Murphy said an investigation has so far found about 30 reported victims, including one who lost about $200,000. Another of Hoyt's victims appears to be Summerdale School, where Hoyt was hired to build a field house, Murphy said."

Task Force Tries To Curb Maryland Gang Violence. The Washington Post (9/7, B2, Londono) reports, "Crime committed by gang members in Montgomery County has increased notably in recent months, and the number of identified members has also risen, an assistant police chief said yesterday during a congressional hearing." The Post continues, "Montgomery Assistant Chief John King told the House Committee on Government Reform that detectives had identified 930 gang members as of May, a 30

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percent increase from November. Crime attributed to gang members increased 30 percent in those six months, contributing to surges in burglaries, robberies and vandalism, King said." The Post adds, "King said the three leading gangs in the county are Mara Salvatrucha, or MS-13, consisting primarily of Central American immigrants, and the Crips and the Bloods, which are made up largely of African Americans. During the second quarter of this year, Crips members were linked to 21 incidents, making that gang more active than the other two, which were linked to 18 each. … The hearing, in Takoma Park, was called to assess the progress of a two-year-old task force created to curtail gang violence in Montgomery and Prince George's by fostering cooperation among law enforcement agencies, social service providers and community organizations."

Youth Relocations Seen As Way To Avoid Gang Participation. USA Today (9/7, Johnson) reports, "Last spring, a member of Pastor Kenneth Hammond's congregation at Union Baptist Church came to him with a desperate plea for help: A 15-year-old boy in the community was trying to get out of a local gang, and gang members who had learned of the plan were threatening the boy's life. … Hammond says he didn't hesitate. He got a few hundred dollars from his church's ministry fund and helped the boy's family secretly move him more than 400 miles away, to Ohio. Hammond says he had done the same thing last year to help another youth escape gang life here and wouldn't hesitate to do it again." USA continues, "Hammond is among three Durham pastors whose churches have sponsored secret 'relocations' of youths seeking to escape gangs, which often try to kill or harm those who go back on pledges to be gang members for life. … At a time when gang-related violence is boosting crime rates in Durham and many other cities, a few clergy, parents and even police in troubled communities across the nation quietly have been helping to relocate youths in last-ditch efforts to extricate them from gang life. … In some ways, such relocation efforts in Durham, Providence, Washington, D.C., and Richmond, Va., represent a dark twist on community-backed, send-a-kid-to-camp programs that for generations have given lower-income youths a chance to see a different way of life."

CIVIL RIGHTS:

Study Finds Prisons Lack Mental Health Treatment. The AP (9/7, Sniffen) reports, "More than half of America's prison and jail inmates have symptoms of a mental health problem, the Justice Department estimated Wednesday. But fewer than one-third of those with problems are getting treatment behind bars." The AP continues, "The study by the department's Bureau of Justice Statistics also found the incidence of symptoms much higher among women than men. Compared to inmates without symptoms, these mentally troubled prisoners were more likely to have been jailed before, to get into a fight behind bars, to have been physically or sexually abused in the past and to have drug problems, the bureau said. … But troubled inmates were no more likely to have used a weapon during their offense (37 percent for troubled and nontroubled state prisoners) and only slightly more likely to have committed a violent offense (49 percent of state prisoners with symptoms but 46 percent among inmates without problems)." The AP adds, "The results are 'both a scandal and national tragedy,' said Michael J. Fitzpatrick, executive director of the National Alliance on Mental Illness, a national grass-roots organization dedicated to improving the lives of the mentally ill. 'The study reveals that the problem is two to three times greater than anyone imagined.' … Fitzpatrick said the results indicate 'that the mental health system is failing — long before people enter the criminal justice system and after they leave it.' He said more resources devoted to mental health treatment on the outside would avoid 'enormous costs shifted onto our police, courts, jails and prisons at all levels.' … Other experts and officials said the survey methods may make the problem seem more serious than it is, but at least one agreed that solutions lie outside prisons themselves."

The Los Angeles Times (9/7, Warren) reports, "The survey of more than 25,000 prisoners nationwide showed that mental health problems were strongly associated with violence and previous convictions. A quarter of those state prisoners with mental disorders had been incarcerated three or more times in the past, and 58% of them had been charged with violating prison rules. … Mentally ill inmates were more likely to get in a prison fight, and more likely to have been homeless in the year before their arrest. Three out of four were dependent on drugs and alcohol, with 37% saying they had used drugs at the time of their offense."

UCLA Admissions Changes Expected To Increase Minority Enrollment. The Los Angeles Times (9/7, Trounson) reports, "Spurred partly by campus and community concern over dwindling numbers of African

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American students, UCLA is moving toward a major shift in its admissions process, perhaps as early as this fall." The changes "would be the most dramatic at UCLA in at least five years. They would move the Westwood campus toward a more 'holistic' admissions model -- much like UC Berkeley's -- in which students' achievements are viewed in the context of their personal experiences." California's public colleges and universities are prohibited from "considering race in admissions or employment." The moves are at least partly in response to "admissions figures released in June, which showed that only 96 African Americans -- or 2% of the freshman class -- were likely to enroll at UCLA this fall." The new admissions process is said to be "similar to that used not only by UC Berkeley, but by the Ivy League and other elite private colleges."

ANTITRUST:

Stolt-Nielsen Charged With Price-Fixing. The AP (9/7, Anderson) reports, "Stolt-Nielsen SA was indicted Wednesday by a federal grand jury in Philadelphia for price-fixing and other illegal cartel activities in the parcel shipping industry." The AP continues, "The U.S. Justice Department said indictments were brought against the London-based shipping company, two subsidiaries and two former executives of the company. The executives are Samuel Cooperman, a former chief executive, and Rick Wingfield, a former executive vice president. … 'The indictment charges Stolt-Nielsen and its executives with serious antitrust crimes -- price fixing, customer allocation and bid rigging,' said Justice antitrust chief Thomas Barnett." The AP adds, "The company has been doggedly fighting efforts by Justice prosecutors to bring charges against it. Stolt-Nielsen filed emergency appeals with the Supreme Court in July and August seeking to temporarily bar the indictment while it appealed the U.S. government's decision to revoke amnesty agreements shielding the shipping company from prosecution. Both of those emergency appeals were rejected by Supreme Court justices. … The parcel tanker shipping industry moves liquids such as chemicals and oils across the ocean. Justice alleges that Stolt-Nielsen and two competitors agreed to not compete with each other's customers and illegally discussed pricing and other matters to eliminate competition in the business. … Stolt-Nielsen was initially granted amnesty as part of Justice's investigation into the parcel shipping industry, but Justice officials revoked it in 2004 after determining the company wasn't meeting the terms of the deal. The company has been fighting indictment since then."

Texas Airfield Bill Revised To Address Antitrust Concerns. The Dallas Morning News (9/7, Reddy, Gillman) reports, "Aiming to ease antitrust concerns, the creators of a June compromise that would phase out the Wright amendment agreed Wednesday to eliminate some controversial language. … The change would remove a phrase in the bill that offers the deal a blanket exemption from competition laws." The News continues, "Critics say the exemption could unfairly benefit Southwest Airlines Co. and American Airlines Inc. … The planned revisions came on the eve of a so called mark-up session of the House Judiciary Committee. … That panel is reviewing the bill that would lift flight restrictions at Dallas Love Field." The News adds, "The committee chairman, Rep. James Sensenbrenner, R-Wis., flagged the bill over concerns that it would exempt the North Texas-based carriers from antitrust laws. … The legislation would carry out a deal that ended a contentious fight among the cities of Dallas and Fort Worth, Southwest, American and Dallas/Fort Worth International Airport. … The bill has already cleared the House Transportation and Infrastructure Committee."

Group Plans Airfield Protest. The Dallas Business Journal (9/7) reports, "A group that is calling for an immediate repeal of the Wright Amendment says it will hold a demonstration Thursday morning at Dallas Love Field." The Journal continues, "The Friends of Love Field, which opposes a bill in the House Judiciary Committee that is calling for a repeal of the Wright Amendment over eight years, said they were unable to afford the $1,530 they say it would cost for a walk-up fare on American for a flight from Dallas/Fort Worth International to Reagan National in Washington, D.C., to protest on Capitol Hill. According to Bestfares.com, an online travel deal clearinghouse that tracks airline ticket costs, a walk-up fare leaving Wednesday and returning Thursday evening would be $942. .. The Wright Amendment limits flights from Love Field to short haul trips to a few surrounding states. Washington, D.C., is not included in the area permitted by the 1979 federal law." The Journal adds, "The Friends of Love Field, a grass roots organization consisting of residents around Love Field that support a Wright repeal, say they are demonstrating in opposition of the bill and they encourage a Judiciary Committee review of the bill for antitrust issues."

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Judge Refuses To Dismiss Comcast Antitrust Suit. The Legal Intelligencer (9/7, Duffy) reports, "Cable television giant Comcast Corp. suffered a significant setback last week when a federal judge refused to dismiss a class action antitrust suit that accuses Comcast of setting out to establish monopolies in the Philadelphia and Chicago markets and then increasing prices once it had eliminated all the competition." The Intelligencer continues, "The suit could reverberate throughout the cable industry because it alleges that many of the big cable companies cooperated in carving up much of the nation into separate markets where each would be exclusive providers." The Intelligencer adds, "The plaintiffs in the suit, a group of cable subscribers, claim that Comcast and its would-be competitors struck a series of deals in which they 'swapped' assets and customers so that each company would have 'clusters' of markets. … Plaintiffs lawyers contend that the deals were designed to eliminate competition." The Intelligencer notes, "In the Philadelphia and Chicago markets, the suit alleges, Comcast succeeded, through a series of swap agreements with AT&T and Adelphia, in establishing monopolies in the cable television and cable Internet service markets, with 94 percent and 92 percent, respectively, of the two markets. … Since then, the suit says, Comcast has used its monopoly power to raise cable prices in the Philadelphia and Chicago clusters to 'artificially high, supra-competitive levels.'"

NYSE Head Says Euronext Deal Will Close. The Wall Street Journal (9/7, Lucchetti) reports, "NYSE Group Inc. Chief Executive Officer John Thain is 'comfortable' that the New York Stock Exchange operator will close its $20 billion merger with European exchange operator Euronext NV by early next year, and he lashed out at a hedge-fund operator that has pushed Euronext to merge instead with Frankfurt's Deutsche Börse AG." The Journal continues, "Mr. Thain, in an interview at his Lower Manhattan office, said he remained confident that the NYSE merger with Euronext would be approved by both companies' shareholders. The vote is tentatively scheduled for early December. … Some analysts have questioned whether NYSE will get Euronext shareholders' approval, because share-price moves among the three exchanges in recent months make Deutsche Börse's offer look financially stronger -- if the deal were to be closed today. … But Mr. Thain says that because Deutsche Börse's offer is based on a backward-looking three-month average price, its deal will likely look less attractive over time. The pricing structure of Deutsche Börse's proposal 'makes their deal at the moment look better,' but its 'advantage will erode over time as the three-month average comes down.' … Mr. Thain also criticized a proposal by the Children's Investment Fund Management (UK), also known as TCI, for Euronext to let shareholders vote on both an NYSE and a Deutsche Börse proposal."

Bertelsmann To Sell BMG Publishing To Vivendi. The Wall Street Journal (9/7, Esterl) reports, "German media giant Bertelsmann AG confirmed a deal to sell its BMG Music Publishing business to Vivendi SA of France for €1.63 billion ($2.09 billion)." The Journal continues, "Separately, Bertelsmann agreed to pay $60 million to a Vivendi unit to partially settle litigation linked to Bertelsmann's involvement with online music concern Napster Inc." The Journal adds, "Bertelsmann, Europe's biggest media company, also reported yesterday its revenue in the second quarter rose 12% to €4.68 billion from a year earlier. Net income was €192 million, compared with €191 million. … Paris-based Vivendi beat out six other bidders for BMG Music Publishing, which posted just over €370 million in sales last year. The acquisition catapults Vivendi's Universal Music Group -- the world's largest recorded-music company -- into the No. 1 spot in the music-publishing business ahead of EMI Group PLC and Warner Music Group Corp."

USA Today (9/7, Lieberman) reports, "If approved by antitrust officials in Europe and the USA, Universal will pick up more than 1 million copyrights for an eclectic array of songs from artists including Coldplay, Barry Manilow, Christina Aguilera, R. Kelly, the Bee Gees, Elvis Costello, Puccini and Ravel." USA adds, "In addition to getting revenue when CDs or downloads are sold, music publishers collect royalties every time their songs are performed on radio, TV, movies, ads, concerts, online or even built into toys. That has made it a coveted arm of the music business even as anemic album sales and piracy have staggered record companies. … The acquisition 'is a unique opportunity to grow our music-publishing business and enhance the value of Universal Music Group,' Vivendi CEO Jean-Bernard Levy said in a statement."

Rivals May Challenge Deal. The New York Times (9/7, Carvajal) reports, "The German media company Bertelsmann agreed on Wednesday to sell its music

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publishing business to a French rival, Vivendi, for 1.63 billion euros, or $2.1 billion, but an association of independent competitors immediately promised to challenge the deal." The Times continues, "An umbrella organization of music companies, Impala, signaled on Wednesday that it would raise objections to the deal. The group, which represents 2,500 independent labels, persuaded a European Union appeals court in July to annul the European Commission's approval of the two-year-old merger that created Sony BMG, a joint-venture music company of Bertelsmann and Sony. … 'I think it's very risky that the economic press is announcing that Vivendi is buying BMG Publishing,' said Patrick Zelnik, president of Impala and chief executive of the French music company Nave. 'We have a strong case to oppose this merger and it's even stronger than Sony BMG.'" The Times adds, "With the purchase, Vivendi's Universal Music Group would become the leader in music publishing, the profitable side of the ailing industry because it involves the trade and sale of music rights for use not only on CD's, but also for ring tones, computer downloads and movie and television soundtracks. … BMG Music Publishing, which had 183 million euros, or $234 million, in revenue in the first six months, was not part of the 2004 Sony-BMG deal. It controls more than a million copyrights, from contemporary Christian music to artists like Coldplay, Britney Spears and Black Eyed Peas."

EU Approves Equity Firms' Purchase Of Casema. The AP (9/7) reports, "EU antitrust regulators on Wednesday cleared private equity firms Cinven Ltd. and Warburg Pincus LLC to buy the Netherlands' third-largest cable television operator Casema BV." The AP continues, "The two agreed in July to pay euro2.1 billion (US$2.6 billion) for the company from another group of private investors -- the Carlyle Group Inc., Providence Equity Partners Inc. and GMT Communications Partners III LLP." The AP adds, "Casema has 1.3 million subscribers, representing about 20 percent of the Dutch cable market. The European Commission said its investigation showed the deal would not significantly harm competition as there were only limited overlaps between Casema and Warburg Pincus' Multikabel -- the country's fourth largest cable TV firm -- even though both offer broadband internet, fixed telephone lines, leased lines and newer combined services. … It said their main business was still buying broadcast rights wholesale and providing them over cable networks to viewers and merging Multikabel's small subscriber base with Casema would not cause problems as it was too small to change the structure of the market."

Antitrust Regulators Asked To Review Health-Plan Mergers. UPI (9/6, Gilcrest) reports U.S. lawmakers yesterday "urged antitrust regulators to look closely at whether a pending health-plan mega-merger squeezes out competition, a problem some experts say is a primary driver of runaway healthcare costs." The proposed "consolidation of Pennsylvania health-insurance giants Blue Cross Independence and Highmark provided the backdrop for a hearing before the Senate Judiciary Committee on whether the health-insurance market is becoming the game of a handful of industry giants that, answerable only to their shareholders, continue to hike premiums, cut doctor reimbursements and leave consumers with fewer choices and no apparent increase in quality." Health-policy experts "who testified at the hearing urged a health-insurance industry crackdown."

ENVIRONMENT/INDIAN AFFAIRS:

Gulf Oil Discovery Could Help Break Impasse On Offshore Drilling Bill. USA Today (9/7, 13A, Stone, 2.27M) reports, "As news of a huge oil discovery deep in the western Gulf of Mexico unfolded, informal talks began in Congress to break an impasse over competing House and Senate plans to expand offshore oil and natural gas-drilling." However, "it is unclear whether the discovery will prod lawmakers to work out a compromise before Congress leaves for the Nov. 7 elections. The discovery of reserves that may exceed Alaska's Prudhoe Bay, the nation's largest oilfield, could be 'galvanizing,' says Marnie Funk, a spokeswoman for Senate Energy Chairman Pete Domenici, R-N.M." USA Today says, "For now, aides to lawmakers are talking, and the House and Senate have yet to appoint negotiators. Both bills would ease restrictions on offshore drilling, now banned in the eastern Gulf of Mexico and along the east and west coasts. The House version goes much further in opening once-protected areas on the Atlantic and Pacific coasts to energy exploration. The White House supports the Senate bill."

House Committee To Grill BP Executive On Corrosion Problems. The Wall Street Journal (9/7,

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Cummins, 2.03M) reports, "Already under siege by American environmental regulators and financial-market investigators, BP PLC faces a new inquisitor today: Congress. In the first of as many as two Capitol Hill appearances in coming days, U.S. operations chief Bob Malone and other BP officials face a public grilling from politicians just ahead of U.S. midterm elections." The Journal says, "The House Energy and Commerce Committee will hear testimony from experts and BP officials on corrosion problems at BP's Alaska oil field. ... While much new evidence isn't expected this week, the intensified scrutiny risks a further public-relations backlash from consumers and politicians against BP and its chief executive, John Browne." The Journal writes, "At a time of widespread anger at today's gasoline prices, 'BP becomes a very convenient whipping boy' for the entire oil industry, said James Post, a management professor at Boston University."

Ford To Pay $125,000 Fine For Air Pollution Violations. The St. Louis Post-Dispatch (9/7) reports, "Ford Motor Co. will pay a $125,000 fine over allegations that the company violated the Clean Air Act because equipment at the Hazelwood plant was leaking ozone-depleting chemicals, federal court documents obtained Wednesday show." The Post-Dispatch continues, "The Justice Department filed a civil suit against Ford last week, alleging that machinery at the plant leaked the chemicals for six months in 2002 and 2003. … The suit also said Ford failed to perform leak tests on an air dryer that contained the chemicals, failed to successfully repair leaks, failed to notify the U.S. Environmental Protection Agency that the air dryer had failed follow-up tests and failed to properly maintain records on the leak." The Post-Dispatch adds, "Under a consent decree, signed last week, Ford has to pay a civil penalty of $125,000 within 30 days, must mothball two cooling appliances and retire the air dryer equipment. The company did not admit any wrongdoing."

LATimes Praises Bill To Limit Traffic, Smog. The Los Angeles Times (9/7, 918K) says in an editorial, "Among the many bills passed by the Legislature in the frantic final days of August was one little-heralded measure that could go a long way toward curbing two of Southern California's worst ills: traffic and smog. For it to become law, Gov. Arnold Schwarzenegger's environmental consciousness will have to triumph over his impulse to placate business interests." The bill "by state Sen. Alan Lowenthal (D-Long Beach) would impose a fee of $30 per 20-foot container on all cargo ships passing through the ports of Los Angeles and Long Beach. It is projected to generate $500 million a year, which would be earmarked for improving port security, cleaning up port pollution and building port infrastructure."

Tribal Gaming Commission, DOJ File Notice Of Appeal In Casino Ruling. The Kansas City Business Journal (9/7) reports, "The National Indian Gaming Commission and the U.S. Department of Justice on Tuesday filed notice to appeal a federal judge's opinion that an Indian tribe could open a casino in Kansas City, Kan." The Journal continues, "Eric Melgren, U.S. attorney for the District of Kansas, and Jackie Rapstine, assistant U.S. attorney, filed the notice to appeal to the U.S. Court of Appeals for the 10th Circuit in Denver. … Andrew Ames, a Justice Department spokesman, declined to speak directly about the case. He said that filing the notice doesn't necessarily mean the government will appeal but serves as a 'place holder' if it elects to do so. The notice could be withdrawn later, Ames said."

The Kansas City Star (9/7, Alm) reports, "In July, U.S. District Judge Julie Robinson overturned a 2004 decision by the National Indian Gaming Commission that disqualified the land for tribal gambling. … While upholding several underlying elements of the commission's decision, Robinson overturned its ultimate conclusion, ruling that the purchase of the half-acre tract in 1996 by the Oklahoma-based Wyandotte Nation amounted to settlement against the United States of a land claim whose roots reached back to 1842." The Star adds, "City and state officials have challenged the land's tribal reservation status since it was granted by the federal agency. … When the National Indian Gaming Commission in 2004 voided that reservation status, Kansas Attorney General Phill Kline raided the casino and shut it down, seizing 152 slot machines and about $500,000 in cash. … The casino never reopened." The Star notes, "Late last year the tribe dismantled and hauled away the vacant and vandalized mobile building units that had been fashioned into the 7th Street Casino."

FBI/DEA/ATF/USMS:

DEA Proposes Policy Change Regarding Painkillers, Other Prescribed Drugs. There are more than 100 media references to the DEA's policy statement on dispensing and prescribing OxyContin and

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other prescribed drugs. For example, the Washington Post (9/7, A4, Kaufman) reports the DEA yesterday "overturned a two-year-old policy that many pain specialists said was limiting their ability to properly treat chronically ill patients in need of powerful, morphine-based painkillers. While defending its efforts to aggressively investigate doctors who officials conclude are writing painkiller prescriptions for no 'legitimate medical purpose,' the agency agreed with the protesting experts that it had gone too far in limiting how doctors prescribe the widely used medications." Karen Tandy "said the DEA received more than 600 comments from doctors, patients and others about its policies on narcotic painkillers, many of them strongly opposed to the agency's position on limiting refills." One doctor who became a critic of the DEA "called Tandy's actions yesterday 'a very positive step forward in restoring that necessary cooperation between practicing physicians and the DEA.'" The Dallas Morning News posted the Washington Post story on its Web site.

USA Today (9/7, Leinwand) reports patients who "use powerful narcotic painkillers such as OxyContin or hyperactivity drugs such as Ritalin will be able to get up to a 90-day supply of the drugs, rather then just a one-month supply, under a rule proposed Wednesday by the Drug Enforcement Administration. … The changes come at a time when government efforts to halt the abuse of prescription drugs have fueled concerns that doctors who prescribed large doses of the drugs to treat acute pain would face DEA investigations. The new policy statement does not include a specific list of do's and don'ts, but...Tandy says doctors should be able to glean from the listing of prosecutions on the agency's website what it takes to violate the law."

According to the AP (9/6), the proposal is subject to 60 days of public comment and "makes clear that doctors could prescribe up to a 90-day supply without fear of prosecution." The AP reports doctors "have complained that strict regulation by the Drug Enforcement Administration forced them to limit prescriptions to a 30-day supply and leave patients untreated. 'Today's policy statement reaffirms that DEA wants doctors to treat pain as is appropriate under accepted medical community standards,'" said Tandy.

US Demands Sources For Newspaper Articles On BALCO Probe. The San Francisco Chronicle (9/7, Egelko) reports, "Federal prosecutors, who have sought Chronicle reporters' sources of secret grand jury testimony about steroid use by athletes, dramatically expanded their demands last month to include the confidential sources for hundreds of articles about the BALCO drug investigation, lawyers for the newspaper said today. … 'The government's fishing expedition cannot be countenanced,' attorneys for the Hearst Corp., which owns The Chronicle, declared in papers filed with a federal judge. … They sought to dismiss a Justice Department subpoena seeking documents that would identify sources for the articles, or to obtain an order that would prohibit the government from inquiring into The Chronicle's sources for its reporting about the case." The Chronicle adds, "The case arose from a federal grand jury investigation of the Bay Area Laboratory Co-Operative, or BALCO, and its supplying of performance-enhancing drugs to professional athletes. … After BALCO's founder and others were indicted on drug charges in 2004, The Chronicle published articles quoting grand jury testimony by Barry Bonds of the Giants, Jason Giambi of the Yankees, sprinter Tim Montgomery and other athletes about their use of substances supplied by the lab. … This May the newspaper and reporters Mark Fainaru-Wada and Lance Williams received subpoenas from a new grand jury demanding their sources of the BALCO grand jury testimony and any documents that would reveal the sources. … U.S. District Judge Jeffrey White ruled Aug. 15 that the reporters must identify their sources, saying neither the Constitution nor federal law allows journalists to withhold information from a grand jury. Prosecutors agreed Tuesday to delay imprisonment of the reporters for contempt of court until the Ninth U.S. Circuit Court of Appeals rules on their appeal of White's decision."

BALCO Case Provides Road Map To Steroids Probes. USA Today (9/7, Michaelis) reports, "The effect of the BALCO doping scandal on the sporting public was to paint every eye-popping performance in shades of gray. But as this summer of even more doping dissonance has shown, the effect of the Bay Area Laboratory Co-Operative on anti-doping is such that its legacy ultimately could lie not in the ills it unearthed but in the road map it provided." USA continues, "Through the raids and revelations of recent months, including Marion Jones' initial positive test for EPO and the suspension of Tour de France cycling favorites based not on positive drug tests but other evidence, BALCO's fingerprints were everywhere. … And while the anti-doping net made its biggest splash this summer by catching U.S. stars — Tour champion Floyd Landis and world champion sprinter Justin Gatlin — those grandiose gotchas are helping to lift the black

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marks BALCO left on the U.S. image globally by spotlighting the increased sophistication and effectiveness of U.S. anti-doping officials."

Marion Jones' Second Doping Test Comes Back Negative. According to the Los Angeles Times (9/7, Elliott), sprinter Marion Jones "was absolved of a potential doping violation Wednesday when tests found no evidence of the prohibited blood-boosting drug erythropoietin in a urine sample she had submitted June 23 at the U.S. championships, contradicting an initial positive result that was made public last month. … Jones withdrew from a meet in Zurich, Switzerland, on Aug. 18 after learning that her 'A' sample from June 23 had shown traces of EPO. She has not competed since then."

The AP (9/7) reports, "The finding means her initial positive result is thrown out, clearing her of the most recent -- and most damaging -- allegations against Jones and paving the way for her return to the track."

The Washington Post (9/7, Shipley) reports testing for EPO "requires three full days of lab work and is considered extremely complex and challenging. Last fall, after the EPO positive of triathlete Rutger Beke of Belgium was overturned on appeal, the World Anti-Doping Agency convened a meeting among its laboratory directors to discuss the test, though WADA Chairman Dick Pound insisted at the time the test was sound and reliable."

Network TV Coverage. ABC's Word News Now (9/7, 3:00 a.m.) reported, "Lawyers for Marion Jones say the sprinter's backup drug test has come back negative, clearing her of doping charges plaguing her since June."

Cable TV Coverage. ESPN (9/7, 1:00 a.m.) reported, "Marion Jones' back-up drug test or "B" sample came back negative, so she's clean and cleared of the doping allegations surrounding her after testing positive in June."

CNN (9/6, 9:30 p.m.) reported, "The Associated Press is reporting tonight the back-up drug test for the five-time Olympic champion came back negative, clearing her of doping allegations. The 30-year-old sprinter tested positive for the banned substance EPO, a blood booster, in June."

NFL's Drug-Policy Debate Continues. The Washington Post (9/7, Maske) reports the executive director of the NFL Players Association "said Wednesday that he sees no immediate need to make significant changes to the sport's steroid-testing program. 'I don't see any reason to change our program at all,'" Gene Upshaw said. "'If you have someone who's cheating, we'll catch him if the science allows it.' … Upshaw's comments came on the same day that Roger Goodell said during his first news conference as NFL commissioner that he intends to explore possible measures for strengthening the steroid program."

Citing yesterday's New York Times story, the AP (9/6) reports the NFL "is talking with its players' union about beefing up its testing program for performance-enhancing drugs with the changes possibly taking effect this season." The AP adds, "The NFL does approximately 10,000 tests for performance-enhancing drugs a year and there are about 2,000 players in the league. Players are randomly selected for testing and can be tested during the off-season."

IMMIGRATION:

Frist Says Action On Immigration Reform Unlikely. CBS Evening News (9/6, story 5, 0:15, Couric, 7.66M) reported, "Senate Majority leader Bill Frist said today Congress is not likely to act this year on immigration reform, but that's probably not going to stop thousands of people from showing up on the Mall in Washington tomorrow for a demonstration in favor of amnesty for millions of illegal immigrants."

House Republicans To Push Border Security Bills. The Washington Times (9/7, Hurt, 88K) reports senior aides said "House Republicans will make a final push to get border-security legislation on President Bush's desk before November's elections." GOP leaders are "planning a series of tough new border-security measures that they hope can get through the Senate, which in the past has opposed border-security legislation unless it has included a guest-worker program and grants citizenship rights to the estimated 12 million to 20 million illegal aliens already here." Senate Majority Leader Bill Frist said "it would be 'next to impossible' to approve such comprehensive immigration reform, but several key senators said they are willing to consider a border-security-only approach."

Immigrant Advocates To Protest At Capitol. The Washington Post (9/7, B1, Brulliard, Fears, 748K) reports immigration activists "plan to mass in front of the Capitol today, renewing their appeal for legislative reform as Congress reconvenes after a recess in which many members experienced a backlash against illegal immigration back home." The "turnout at today's rally may provide a barometer

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of the vitality of the immigrant rights movement, which sent millions to the streets this spring but has generated less public attention in recent months. Local organizers said they expect hundreds of thousands of demonstrators from the East Coast, but protests this week in Phoenix and Chicago drew disappointing crowds."

Border Crossers Returned To Mexico Seen As Likely To Try Again. USA Today (9/7, Welch, 2.27M) reports from Tecate, California, that amid the national debate over "what to do about tens of thousands of people who cross into the USA illegally every year, it is here along the dusty border that one sees the enormous difficulty of cutting off the flow. Despite night-vision cameras, helicopters and seismic-motion detectors, the success of border-enforcement policies in the Southwest often come down to whether an agent can run faster than whomever he is chasing." USA Today quotes Nick Coates, a supervisory agent for the Border Patrol, who says border crossers who are caught know that agents will take them "to the station, give them some juice and crackers and send them back home — so they can do it again tomorrow." USA Today adds that Coates and other "agents wonder aloud about the wisdom of returning felons to Mexico, knowing that they will likely try again to enter the USA and perhaps succeed."

TAX:

WSJournal Praises Massachusetts For Looking To Income Tax Cuts. The Wall Street Journal (9/7, 2.03M) says in an editorial, "You'll never guess the hottest issue in this fall's Democratic primary for governor of Massachusetts: income tax cuts. Two of the three Democratic candidates in this bluest of blue states have endorsed cutting the state flat-rate income tax to 5%. One of them, Democratic Attorney General Tom Reilly, insists the tax cut would mean 'real money in people's pockets,' and he pledges to be a 'strong, unwavering voice to stand up and hold the line on taxes.'" An August 27 Boston Globe poll "found that 57% of Democratic primary voters support the tax relief plan. This is the same electorate that has given the nation Ted Kennedy, Michael Dukakis and John Kerry. Perhaps liberal Northeasterners aren't as fond of high taxes as their political leaders assert."

CONGRESS-ADMINISTRATION:

Stevens Lifts Hold On Government Transparency Bill. The Hill (9/7, Schor) reports Senate Commerce Committee Chairman Ted Stevens (R-Alaska) "has lifted his hold on a government-transparency bill days after an online grassroots campaign revealed him as the senator raising questions, one of the bill's chief sponsors said yesterday." John Hart, "spokesman for Sen. Tom Coburn (R-Okla.), said Stevens' office had informed Coburn that the hold was no more."

New Obstacles To Earmark Reform Proposals Emerge. The Christian Science Monitor (9/7, Chaddock, 58K) reports, "Facing unprecedented public scrutiny and an election this fall, Congress is under the gun to tighten the rules on the time-honored lawmaker practice of slipping pet projects into legislation - and it has about 30 days left to get the job done." Both House and Senate leaders "pledge to change the rules on lawmakers' earmarks this month, before Congress breaks for the midterm election. But this week, sticking points emerged, complicating their pledge to push the changes through." In the House, leaders "postponed a vote on rule changes, as they grapple with how to extend reforms to all bills, not just spending bills." In the Senate, "new obstacles are surfacing to a bill that would create an easily searchable - and public - database of all government contracts, grants, and earmarks."

GOP Leaders Plan Lame Duck Session For Appropriations. Roll Call (9/7, Pierce) reports that despite the "possibility that a Democratic takeover of one or both chambers in November could throw a monkey wrench into a lame-duck appropriations process, Congressional Republicans say they have no plans to accelerate the passage of the non-security-related spending bills before they leave for the campaign trail." Regarding the "schedule GOP leaders have set to complete spending bills on the Defense and Homeland Security appropriations and an array of other national security measures," Senate Appropriations Committee member Larry Craig said, "There's a reality, and that reality is 19 days." Roll Call adds Republicans plan "to take up nine other spending measures either individually or as an omnibus following the Nov. 7 elections, calculating that vulnerable Members need at least a month to campaign at home." Craig and "other appropriators acknowledged a

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concern in the GOP ranks that a Democratic takeover, even of just one chamber, could spell the demise of Republican-written spending bills if Democrats decide that pushing the bills into the 110th Congress would allow them to renegotiate the measures with revised priorities."

Office Of Special Counsel Official Under Fire For Dress Guidelines. The Washington Post (9/7, A25, Williamson, 748K) reports for the US Office of Special Counsel – "charged with protecting federal workers and whistle-blowers from illegal treatment -- it seemed an effort to protect its own employees from crimes of fashion." Last month, the agency "devoted part of its employee newsletter to 'Business Casual' do's and don'ts. Tight pants, short skirts and long fingernails are out; khaki trousers -- for everyone! -- are in. Any among the 100-plus staff of lawyers and investigators who have spent their careers blind to the sartorial signals of official Washington were told: 'You are not trying to stand out for the cutting edge look, but for your good judgment.'" But "what some employees found ironic, coming from an agency whose job includes fighting workplace sex discrimination, was the advice that women avoid tight pants and, 'before choosing a skirt to wear, sit down in it facing a mirror.'" Office spokesman Loren Smith "said his boss, Special Counsel Scott J. Bloch, had 'skimmed' the newsletter and 'was under the impression it was for a discussion of what the guidelines might be.'" The "clothing flap is the silliest in a string of controversies beginning with the start of Bloch's five-year term, in January 2004."

Farm State Senators Ask For $6 Billion In Farm Aid. The AP (9/7, Jalonick) reports farm-state senators are increasing their request for drought relief dollars "by half, saying the nation's farmers now need an estimated $6 billion or more in assistance." A bipartisan group in the Senate has been pushing a package that included $4 billion in drought assistance, but earlier this year "House Republicans and the White House said it was too expensive and would unfairly distribute the money." Since then, says Democratic Sen. Kent Conrad of North Dakota, conditions have worsened and he, along with Republican Sen. Norm Coleman of Minnesota and 10 other senators, introduced a bill Wednesday asking for additional help. White House spokesman Alex Conant said Wednesday that the administration "still opposes the congressional disaster funding."

US, European Opinion Said To Be "Converging" In Disapproval Of Bush. The Financial Times (9/7, Dombey, Williamson) reports, "Public opinion in Europe and the US is converging against President George W. Bush, according to a new transatlantic survey released on Wednesday." While 77 percent "of EU citizens disapprove of Mr Bush's handling of international affairs, the figure in the US is now 58 per cent, according to the annual Transatlantic Trends poll of 13,000 people in 12 European nations and the US." This is "the first time in the five-year history of the poll that more Americans disapprove than approve of Mr Bush's international stance. During that time, European disapproval of the US has risen by more than 20 percentage points, while the proportion of Europeans who favour US leadership of world affairs has fallen from 64 to 37 per cent."

Schneider Says Public Support For Iraq War Remains Weak. William Schneider said on CNN's The Situation Room (9/6), "Public support for the war in Iraq remains weak. The latest figures: 39 percent of Americans favor the war, 58 percent are opposed. Not a significant change from two weeks ago. Americans don't like to fight wars they can't win. That's why President Bush talks about the prospects for victory in Iraq. … But only a quarter of Americans believe the US and its allies are winning, while 12 percent think the insurgents are winning. The prevailing view? Neither side is winning. President Bush is making an effort to link the unpopular war in Iraq with the widely supported war on terrorism. After all, the president says, that's what the enemy does."

Barclays Chosen To Manage TSP Stock And Bond Index Funds. The Washington Post (9/7, D4, Barr, 748K) reports in its "Federal Diary" column, "Barclays Global Investors, one of the world's largest money managers, has been selected for the fifth time to manage the four primary stock and bond index funds at the Thrift Savings Plan, the 401(k)-type program for more than 3.6 million government employees and retirees, officials announced yesterday. … The bidding process to manage a majority of the TSP's $186 billion in assets has been underway for six months. The Federal Retirement Thrift Investment Board, which oversees the TSP, requested contract proposals for each of the four funds, hoping to encourage competition by allowing firms to bid for the right to manage one, some or all of the funds."

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Snow Says NBC Reporter's Question Expressed "Democratic Point Of View." The Washington Times (9/7, Pierce, 88K) reports in its "Inside Politics" column, "During a press briefing Tuesday, NBC correspondent David Gregory became angry when White House spokesman Tony Snow said that a remark by Mr. Gregory expressed 'the Democratic point of view,' Editor & Publisher reports at its Web site (www.editorandpublisher.com)."

Broder Says Rove Critics Should Apologize Over Plame Charges. In his Washington Post column (9/7, A27), David Broder says the charge that Karl Rove "masterminded a conspiracy to discredit Iraq intelligence critic Joseph Wilson by 'outing' his CIA-operative wife, Valerie Plame" has been "undermined." The Wilson-Plame case "seemed overblown to me from the start." Broder recounts some of the claims made against Rove by Sidney Blumenthal in Salon, a Newsweek cover story, and in the American Prospect, adding, "These and other publications owe Karl Rove an apology. And all of journalism needs to relearn the lesson: Can the conspiracy theories and stick to the facts."

Blumenthal Says Rice A Bush "Enabler." In his Salon.com column (9/7), Sidney Blumenthal says President Bush's relationship with Secretary of State Condoleezza Rice is "perhaps the strangest of his many strange relationships. The mysterious attachment involves complex transactions of noblesse oblige and deference, ignorance and adulation, vulnerability and sweet talk. Like his other female enablers, Karen Hughes, his political image-maker and undersecretary of state for public diplomacy, and Harriet Miers, his legal counsel, Rice is ferociously protective. She shields him from worst-case scenarios, telling him to ignore criticism that misunderstands his greatness, and showers him with a constant stream of flattery that he is a world-historical colossus."

OTHER NEWS:

Growth Of Wages, Benefits Sparks Worries About Inflation. The Washington Post (9/7, D1, Henderson, 748K) reports, "Wages and benefits rose strongly in the spring, the government reported yesterday, providing a bit of good news for some workers -- and fresh concern about inflation. The statistic known as labor compensation, which includes wages and employment benefits, rose at a robust 6.6 percent annual rate from April to June, the Labor Department said, revising its earlier, incomplete estimate of 5.4 percent growth." For workers, "the gain, significant as it may sound on first blush, barely exceeded surging prices for gasoline and many other items. After adjusting for inflation, compensation rose at a more modest 1.6 percent annual rate." But "modest or not, analysts who are paid to worry about inflation saw plenty of reason to do so yesterday, fretting that rising labor costs may squeeze corporate profits or prompt the Federal Reserve to raise interest rates to restrain price increases."

The New York Times (9/7, Peters, 1.21M) headlines its story "Labor Costs Shake A Pillar Of Fed Policy," and says, "As inflation edged higher this year, many economists -- including those at the Federal Reserve -- pointed to higher productivity and stable labor costs as signs that prices were not likely to rise unchecked." But the new numbers "suggested yesterday that the threat of higher inflation had not diminished and that it might take more monetary restraint to hold prices down."

The Wall Street Journal (9/7, Gerena-Morales, 2.03M) says "the jump was more than many had expected, and the source remains somewhat of a puzzle." Analysts "said the boost likely resulted from a combination of a tightening labor market that has helped lift wages, as well as one-time payments such as bonuses or the exercising of stock options, though the exact composition isn't known."

Fed Says Economy Grew During Summer, But At Slower Rate. USA Today (9/7, Kirchhoff, 2.27M) reports, "The economy expanded from mid-July to the end of August, though at a slower pace in many areas of the country, the Federal Reserve said Wednesday." In its beige book, the Fed "cited reports of more sluggish consumer spending, high energy prices, a slumping housing market and dry weather that hurt farmers." The pace of growth "slowed in five of the 12 Fed districts: Boston, New York, Philadelphia, Kansas City, and Dallas (though growth in Dallas is still strong)."

Stocks Close Lower. NBC Nightly News (9/6, story 9, 0:05, Williams, 9.87M) reported, "Tonight on Wall Street. the Dow lost 63 points [to close at 11, 406.20]; and NASDAQ was down almost 38 [to close at 2,167.84]." The Wall Street Journal (9/7, Browning, 2.03M) says "the Standard & Poor's 500-stock index clung to the much-watched 1300 mark, shedding 12.99, or 0.99%, to 1300.26. It remains up 4.2% for 2006." USA Today (9/7, Krantz, 2.27M), among other newspapers, also reports the stock numbers.

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Tort Reform Groups Push For States To Curb Class Actions. The National Law Journal (9/7, Bronstad) reports, "Tort reform groups and lawyers representing some of the nation's largest corporations are working with legislators in several states to draft amendments to consumer protection laws that would seek to curb what they see as a tide of costly class actions." The Journal continues, "Tort reformers are looking to introduce proposed amendments as early as December in states with a history of large class certifications or high-dollar settlements and verdicts in consumer class actions, such as Massachusetts, Illinois and the District of Columbia. … The new momentum represents continuing fallout from California's Proposition 64, a landmark 2004 ballot initiative that tightened the reins on consumer cases. As part of their efforts, tort reformers are circulating model legislation to state lawmakers that would require consumers to have suffered economic losses or injuries from a company's alleged misstatements in order to file a class action." The Journal adds, "The model legislation, which was encouraged recently in a report by the American Tort Reform Foundation, also would require consumers to have relied on a company's alleged misrepresentations when they bought its product or services. … Plaintiffs lawyers said that amending consumer protection statutes in ways similar to what happened in California would add significant hurdles in bringing consumer class actions."

US Trails Other Countries In Proportion Of Young With College Degrees. The New York Times (9/7, Lewin, 1.21M) reports the National Center for Public Policy and Higher Education will issue a report today finding that the United States "has fallen behind other nations in its college enrollment and completion rates, as the affordability of American colleges and universities has declined." The U.S. "ranks seventh among developed nations for 25- to 34-year-olds" with college degrees. The report also graded the states on affordability of college education and gave 43 states a failing grade.

USA Today (9/7, Marklein, 2.27M) reports the group's chairman, former North Carolina governor James Hunt said the findings, "challenge the notion that the American higher education system is still the best in the world." It "suggests that as the large and well-educated baby boom generation retires, the USA faces a drop-off in college-trained workers to replace them."

NYTimes Praises Ford For Stepping Down As CEO. The New York Times (9/7, 1.21M) says in an editorial, "Only Ford Motor Company finds its identity knitted inextricably to its founder's name." On Tuesday, "the great-grandson, William Clay Ford Jr., stepped down as Ford's chief executive and president, passing the reins to the Boeing executive Alan Mulally. Mr. Ford will stay on as chairman, but the job of running the company rests with Mr. Mulally now. While there is plenty of doubt about whether Mr. Mulally will be able to turn around the fortunes of the automaker, Mr. Ford has passed one of the most important tests of leadership: knowing when to step aside. By most accounts, the outgoing chief executive had far more on his plate than he could handle in the midst of a restructuring that could save — or finish — the company."

Brooks Discusses Factors Contributing To Inequality. In his New York Times column (9/7), David Brooks says, "There are two schools of thought on income inequality. Members of the first school — populist politicians and a few economists — say the key issue is economic power. The haves exercise more power over the have-nots. As a result, corporate profits soar, while wages stagnate." In short, "populists argue, the market is broken. The rules are rigged. The reigning ideology in Washington must be upended. Unions must be revived. Globalization needs to be reorganized." But the "problem with this narrative is that it doesn't really fit the facts," and members of "the second and much more persuasive school of thought on inequality say the key issue is skills. Lawrence Katz, formerly of the Clinton administration, now of Harvard, puts it this way: Across many nations, the market increasingly rewards people with high social and customer-service skills."

Several Republican Primaries Pit Moderates Against Conservatives. The Wall Street Journal (9/7, Lueck, 2.03M) reports as Republican leaders "work to retain control of Congress, a number of primaries around the country are pitting their party's conservative base against its moderates." In Arizona's 8th CD, "the National Republican Congressional Committee has spent more than $200,000 to help Steve Huffman -- a state representative who favors abortion rights and federal funding of embryonic stem-cell research -- win Tuesday's primary." But a recent poll "of likely primary voters showed Mr. Huffman lagging in the five-candidate race behind Randy Graf, a socially conservative

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candidate who has advanced by taking a hard line on immigration." The district "mirrors intramural fights occupying Republicans throughout the country before Sept. 12, when 10 states hold primaries. Beyond Arizona, primaries for open House seats in Vermont and Wisconsin are pitting the party's moderates against its right wing," as does the Rhode Island Senate primary between Sen. Lincoln Chafee and Cranston Mayor Steve Laffey. Beyond the "specific seats at stake, the intraparty primary fights could bode ill for Republicans in the general election, signaling disaffection among conservatives who may be less inclined to turn out in November." Democrats, "too, have had their share of internal challenges from the left, most notably Ned Lamont's victory in the Connecticut senatorial primary last month after attacking incumbent Joseph Lieberman over supporting the Iraq war. But those fights tend to be in places that are safely Democratic."

House Democrats To Host Event For "A-List" Challengers. Roll Call (9/7, Whittington) reports House Democrats "are planning to host their top challenger candidates on Capitol Hill next Wednesday for an event designed to quicken the drumbeat for Democratic chances of taking back the House this fall." September 13 is "being dubbed the 'March to the Majority' day, when candidates from around the country who have been selected for the Democratic Congressional Campaign Committee's 'Red to Blue' program will be in town to meet with the House Democratic Caucus, DCCC staff and relevant interest groups, as well as to attend a fundraising reception that night." The DCCC has "announced two rounds of Red to Blue recipients, totaling 34 candidates. A third round is expected soon." Roll Call also lists the current Red to Blue candidates.

Big Donors From 2004 Not Yet Aiding Democrats. The Hill (9/7, Hearn) reports that with their "political prospects flying high, Democrats are turning their attention to mobilizing voters for the fall election and are worried that so the deep-pocketed donors who helped them in 2004 will sit this election out." Rep. Artur Davis said, "In 2004, there was significant support by large national donors on behalf of the Democratic ticket. That level of energy has not materialized to date, and that is disappointing considering the tremendous stakes and opportunities available to Democrats this cycle." The Hill adds Democrats "and their presidential nominee, John Kerry, received unprecedented support two years ago when donors pumped more than $200 million into liberal 527 organizations." This year, "those well-heeled donors have yet to join the fray."

Kondracke Says Estimates Have Democrats Winning 30 House Seats. In his Roll Call column (9/7), Morton Kondracke says, "We won't have to stay up late on Nov. 7 to see whether Democrats win back the House. By shortly after 8 p.m., the result should be clear." The polls "close by 7 p.m. EST in Kentucky and Indiana, where six GOP-held seats are up for grabs. They close at 7:30 p.m. in Ohio, with three seats, and at 8 p.m. in Connecticut, Pennsylvania and New Jersey, which together have a total of seven more contested seats. The final tallies won't be in until later, of course, but results in the early states should show whether Democrats will pick up the 15 seats they need." Currently, the "polls, the pundit consensus and the estimates of both Democratic experts and some Republicans all suggest that GOP rule in the House will end, conceivably with a Democratic pickup of 30 seats — double what's needed." GOP officials "acknowledge that the 'environment is not favorable,' but Republican National Committee Chairman Ken Mehlman nonetheless predicted flatly to me that his party will hold both the House and Senate. 'No. 1,' he said, 'the playing field is relatively narrow' with just 20 GOP open seats at risk. 'Two, we are going to have more resources, and we're going to target them better."

GOP Sees Chance At Knocking Off Democratic Incumbent In IA3. The Hill (9/7, Snyder) reports with poll numbers "showing voters broadly unhappy with Republicans in Congress, Iowa's 3rd District presents the party with a rare opportunity: the chance to pick off a Democratic incumbent." Republican candidate Jeff Lamberti — "son of the founder of the ubiquitous Casey's General Store gas station chain here and co-president of Iowa's evenly split state Senate — has money, name ID and an energetic personality in his favor. He believes voters will not hold him accountable for sins in Washington." The race, "which matches him against Democrat Leonard Boswell, seeking his 6th term, has been noted as among the most competitive by several political publications. Even Democrats acknowledge that Lamberti is an able opponent." Still, experts say, "the Ankeny attorney faces several obstacles beyond whatever unhappiness there is in the district with Republicans, including a well-funded incumbent who

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appeals to urban and rural voters and Iowans' own sense of loyalty." Des Moines Register columnist David Yepsen, "who predicts that Boswell will win reelection," said, "Iowa voters like to keep incumbents around. You really have to screw up in this state to lose."

Democrats Hope To Gain Ground In Florida. The New York Times (9/7, Goodnough, 1.21M) reports with Gov. Jeb Bush "leaving office because of term limits," and GOP Senate nominee Katherine Harris "perhaps the party's weakest here in decades," Florida's "hobbled Democrats see a rare opportunity to regain some of the ground they have lost in this swing state over the last 12 years." Still, Gov. Bush's "popularity will almost certainly help" GOP nominee Attorney General Charlie Crist, and "the State Legislature, controlled by Republicans since 1996, will stay that way. Republicans now hold every statewide office except for that of Senator Bill Nelson, who now faces a challenge from Ms. Harris, and all but 7 of Florida's 25 seats in the House." Yet Democrats "believe they can capitalize on national anger toward Republicans this year, and on local concern about home insurance rates and education policy, including what many see as an overemphasis on standardized testing. They are hoping that social conservatives will be kept at home on Election Day by Mr. Crist's moderate positions: he supports stem cell research and civil unions for same-sex couples, and, though against abortion, has said he would not support new restrictions on it."

New Democratic 527 Group Targets House GOP. The Washington Post (9/7, A10, Cillizza, 748K) reports a "new independent political organization made up of former Democratic members of Congress and high-level party operatives has begun running television ads targeting two Republican incumbents." The group, "Majority Action, is sponsoring commercials that hit Reps. Deborah Pryce (Ohio) and James T. Walsh (N.Y.) on corruption and the war in Iraq, respectively." The goal "of Majority Action, according to co-chairman Joe Andrew, is to level the financial playing field in Republican-held seats where a potential national wave could wipe out a number of incumbents not considered top targets at the moment." Andrew and "Don Fowler -- both former Democratic National Committee chairmen -- anchor the group's leadership circle, which includes a panoply of former lawmakers, including past Democratic Congressional Campaign Committee chairmen Tony Coelho (Calif.) and Martin Frost (Tex.)." While he "shied away from specifics, Andrew said Majority Action had a 'seven-figure' budget -- between $8 million and $10 million, an informed source said -- and was spending in the 'six figures' in individual House districts."

Armey To Visit Iowa, New Hampshire, South Carolina. The Washington Post (9/7, A10, Cillizza, 748K) reports former House majority leader Richard K. Armey (R-Tex.) "retired from the House in 2002 and has spent his time since heading up Freedom Works -- a group that advocates shrinking government and lowering taxes." Armey is "now headed to Iowa for a speech on Sept. 19, stoking speculation that he may fancy himself a candidate for president in 2008. Although Armey told ABC News that he has 'no interest in Dick Armey for president,' he left the door open -- wide open." Aides were "quick to point out that the former leader is likely to visit the presidential proving grounds of New Hampshire and South Carolina later this year. An aide said Armey hopes to 'keep the Reagan legacy alive in the presidential primary.'"

New York Democrats Hope Clinton Will Boost Turnout In Down Ballot Races. The Wall Street Journal (9/7, Calmes, 2.03M) reports in its "Campaign Journal" that as Democrats "count the 15 Republican seats they need to take control of the U.S. House, their tally of likeliest captures includes three in blue-state Connecticut, three and four respectively in swing-states Ohio and Pennsylvania and even three in blood-red Indiana. But here in that bluest of blue states, New York, they're counting on only one." With "as many as seven of Republicans' nine House seats in New York" on "political watch lists in this high-stakes mid-term election," the "cautious counters among Democrats are banking only on swiping the one in the state's rural center that liberal Republican Rep. Sherwood Boehlert is vacating after nearly a quarter century. Most of the remaining half-dozen Republican-held districts belong to incumbents with deep roots," including Rep. Tom Reynolds, "the man in charge of getting all House Republicans re-elected in a really bad year for his party." Sen. Hillary Clinton is "putting her rich treasury and statewide organization to work to get Democrats, supportive independents and mutinous Republicans to come out. Down-ballot candidates, like those Democrats seeking House seats, are hoping Sen. Clinton's supporters will pull them along."

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Thune Plans To Organize NRSC Chairman Recruitment. Roll Call (9/7, Billings) reports that with "no clear candidate emerging to chair the National Republican Senatorial Committee in the next election cycle, one-time aspirant Sen. John Thune (S.D.) said Wednesday he plans to organize a meeting of the GOP freshman class to try to recruit someone to take on the task." Thune, who "decided against pursuing the NRSC post himself a month ago, said he believes there is a deep bench of talent in the Republican Conference from which to draw. As such, Thune said he hopes to help get first-term GOPers together within the next two weeks and rally the group behind a candidate." Sens. Mel Martinez (FL), David Vitter (LA), Jim DeMint (SC) and Richard Burr (NC) "have all been mentioned as possible successors to Sen. Elizabeth Dole (N.C.), who has chaired the committee for the past two years. Another name that recently has surfaced is that of Sen. John Ensign (Nev.), who already is a candidate for Conference vice chairman next Congress but also would be viewed as a strong contender for the NRSC."

Santorum Says Casey Just Spouts DNC Talking Points. Sen. Rick Santorum said on Fox News' Your World with Neil Cavuto (9/6), "I think that the people of Pennsylvania are starting to focus on who their next senator is going to be, instead of just sort of an overall national climate. And I think there's a big difference between me and Bob Casey Jr. And I think that was played out over the weekend on Meet the Press, and I think it's going to be played out over the next two months about someone who's worked hard to deliver for Pennsylvania, who can make a difference here in Washington, D.C., for us, and someone whose -- who refuses to take positions on issues, and just spouts Democratic talking points out of the Democratic National Committee."

Rothenberg Sees GOP Advantage In Tennessee Senate Race. In his Roll Call column (9/7), Stuart Rothenberg says the campaign of Democrat Harold Ford released a poll conducted by Peter Brodnitz of Benenson Strategy Group, "a credible pollster with experience and savvy," that "showed him leading" Republican nominee Bob Corker "by a couple of points, 44 percent to 42 percent. Corker's negatives had risen considerably since Brodnitz's February poll, while Ford's favorable ratings had moved higher since then." On "one level, the approaching national Democratic wave, the Tennessee Senate ballot test and many of the poll's internals suggest that Ford certainly has a chance to win this race. His own ratings are pretty good, and he has more than $5 million in advertising headed for the airwaves." But Republicans "have won the past five Senate races in Tennessee, with the Democrats' best showing in those five outcomes at 44.3 percent of the total vote (by Bob Clement in the 2002 open-seat race)." The "fact that Ford is getting 44 percent of the vote now — and 90 percent of the black vote — isn't hard to believe. Democratic candidates seem to be getting their votes early this cycle, and since I all along have expected the Congressman to get 47 percent or 48 percent of the vote, his poll doesn't shake my initial assessment of the contest" as "Clear Republican Advantage." But if "Corker's ads don't start to move numbers his way by the beginning of October, I'll certainly take another long look at this race."

Polls Of Rhode Island Senate Primary Show Conflicting Results. The Washington Times (9/7, Pfeiffer, 88K) reports, "Less than a week before Rhode Island voters hold their statewide primary elections, two polls show a 31-point discrepancy as to whether voters will renominate incumbent Republican Sen. Lincoln Chafee." A Rhode Island College (RIC) poll "taken in the last week of August showed Cranston Mayor Stephen Laffey leading Mr. Chafee by 17 points, 51 percent to 34 percent." The day after the RIC poll was released, the National Republican Senatorial Committee (NRSC) "released its own poll, conducted by Public Opinion Strategies, showing Mr. Chafee ahead of Mr. Laffey by 14 points, 53 percent to 39 percent." The Providence Journal "yesterday reported that more than 1,000 city Democrats have dropped or switched their party affiliation and are expected to vote in the Republican primary. The paper said Chafee supporters think it's a statewide trend and predict Democrats turned independents might help Mr. Chafee survive Mr. Laffey's challenge."

Lamont Says He Wouldn't Support Lieberman For Defense Post. The Christian Science Monitor (9/7, Cook, 58K) reports Connecticut Democratic Senate nominee Ned Lamont "came to Washington Wednesday to line up support for the general election. But he began the day at a Monitor-sponsored breakfast with reporters taking verbal shots at his opponent." Reporters asked Lamont to "weigh in on Senate Democrats' plan to call for a no-confidence vote on Defense Secretary

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Donald Rumsfeld. One journalist posed a hypothetical question: What if Senator Lieberman were asked to fill the post - would a future Senator Lamont vote to confirm him?" Lamont said, "I don't think I would. I know the man. I respect the man. He is a man of integrity. I have never spoken ill of him throughout this entire campaign, but he has been so wrong on one of the biggest issues of the day for so long. The idea that he would go take over as Secretary of defense, I just couldn't do that." The Monitor adds that when asked "about Lamont's comment, a spokesperson for the Lieberman campaign e-mailed that 'Joe Lieberman has repeatedly said that he is not interested in any other job other than being the senator from Connecticut. We do not understand why Ned Lamont can't take 'no' for an answer.'"

The Hill (9/7, Blake) reports Lamont "attempted to remove the partisan labels from his race with" Lieberman "and stressed his ability to work with lawmakers of all persuasions at a breakfast with reporters in Washington yesterday." Lamont "was in town to collect some of the spoils of the Democratic party's support," and he "acknowledged that the liberal blogosphere played a large role in his victory, referring to the netroots as 'the girl that I took to the dance' and said the party's help will be paramount in winning in the general. But he emphasized the importance of bipartisanship multiple times during the breakfast, which was hosted by the Christian Science Monitor." Lamont said he "would not support the impeachment of President Bush, that he would not vote to cut off funds to the war effort in Iraq and that Lieberman's candidacy could cause some problems for three Democratic House challengers in Connecticut, even though he expected them to win."

Lieberman Gets Lukewarm Welcome From Democrats. In the Washington Post's "Washington Sketch" column (9/7, A2), Dana Milbank writes, "You could feel the temperature drop as Sen. Joseph Lieberman of Connecticut entered the Senate chamber yesterday for the first time since he lost his Democratic primary last month and became an independent candidate. Democratic leaders Richard Durbin (Ill.) and Charles Schumer (N.Y.) kept a safe distance. Christopher Dodd (Conn.) gave him a perfunctory handshake. Harry Reid (Nev.), the minority leader, turned his back; when Lieberman approached, Reid indulged him in a quick handshake then quickly busied himself in another conversation."

The AP (9/7, Miga) reports Lieberman was "greeted warmly Wednesday as he attended his party's weekly luncheon and participated in Senate business. Democrats gave Lieberman an ovation as Senate Minority Leader Harry Reid, D-Nev., introduced him at the lunch and welcomed him back. Republican Sen. Susan Collins of Maine shared a hug with Lieberman on the Senate floor." But the "cordial response reflected a harsh political reality. If Democrats manage to gain six seats in November and Lieberman wins, the party will need him to take majority control. Lieberman, the party's 2000 vice presidential nominee, has said he would caucus with Democrats if he prevails in his independent run." But "election year's bare knuckles weren't far away, and neither was Lieberman's chief rival, Democratic nominee Ned Lamont." Reid "met with Lamont," and is "supporting the Democratic nominee, who also was in Washington to confer with labor unions and party leaders."

The Hill (9/7, Allen, Bolton) reports if Lieberman's "Democratic colleagues are anxious to get rid of him, they gave no indication of it in their first gathering" since the primary. Sen. Joseph Biden, who has endorsed Lamont, said, "I don't think there's any of us out there saying 'Goddamn, I hope Joe doesn't win.'"

The New York Times (9/7, Leibovich, 1.21M) reports in its "Washington Memo" column that "as is common with household disturbances, the principals involved were quick to play down any friction to outsiders. Some would not even acknowledge that anything was awry." Since his defeat, Lieberman "has repeatedly said that 'both parties have gone off track,' complained that 'partisanship has become too intense' in the capital and noted that George Washington cautioned long ago about 'the dangers of political factionalism.'" So it was "curious that one of Mr. Lieberman's first stops upon his return was partisan by definition, the Democratic caucus luncheon."

The Los Angeles Times (9/7, Fiore, Simon, 918K) reports, "If it's possible to embrace someone without actually touching them, that's what his used-to-be friends in the Senate did. In Hollywood, they call it an air kiss." Beneath the "outward appearances, the political climate among the Senate Democrats was cool. Lieberman has become the poster boy for what liberals in his party deplore: Democrats who refuse to strongly challenge Republican policies, particularly the Iraq war."

Democratic Lobbyists Under Pressure To Aid Party's Fundraising. Roll Call (9/7, Newmyer) reports with "control of the House within reach for the first time

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in more than a decade, Democratic lobbyists say they're feeling unusually intense pressure from House Democratic leaders to open their wallets and help their party close the deal." But Democratic lobbyists "are rising to the challenge, a dozen Democratic consultants said, upping their personal contributions and making the case to their corporate clients that they need to pony up as well." One Democratic lobbyist said Democratic Congressional Campaign Committee Chairman Rahm Emanuel "has been pretty blunt with people. Now, people downtown are finally paying attention and believing." Roll Call adds that with "recent media coverage and poll numbers suggesting a Democratic takeover of the House, aides and lobbyists alike said the fundraising pitch is becoming an easier sell."

Senators Scold Stem Cell Scientist. The Washington Post (9/7, A4, Weiss, 748K) reports two senators "who strongly support human embryonic stem cell research lashed out yesterday at the scientist who recently reported the creation of those cells by a method that does not require the destruction of embryos, saying the scientist and his company have harmed the struggling field by overstating their results." Sen. Arlen Specter said, "It's a big black eye if scientists are making false and inaccurate representations." The Post adds that at the hearing of the Senate Appropriations labor, health and human services subcommittee, Robert Lanza of Advanced Cell Technology (ACT) in Worcester, Mass., "defended his work and the company's statements." But Sens. Specter and Tom Harkin "repeatedly interrupted and scolded Lanza."

LATimes Notes California Move To Replace Capitol Statue With One Of Reagan. The Los Angeles Times (9/7, 918K) says in an editorial the California Legislature last week passed a bill to remove the statue of Thomas Starr King from the US Capitol and replace it with Ronald Reagan's image. King, "a Unitarian minister, may have been an intellectual star in the mid-19th century, but today he's not exactly a household name." King "traveled from town to town in California's early days exhorting citizens to support the Union cause in the Civil War. Before King, it was by no means clear that California was going to go that way."

Israel Ends Blockade Of Lebanon. The New York Times (9/7, Erlanger, 1.21M) reports Tel Aviv "announced Wednesday that it would lift its air and sea blockade of Lebanon on Thursday evening, three weeks after the cessation of hostilities, because international forces were ready to move into place to impose an arms embargo on the Hezbollah militia. Prime Minister Ehud Olmert said Israel would yield its 'control positions over Lebanon's seaports and airports' at 6 p.m. Thursday to international supervision." The Times says the deal involves French, Greek, British and Italian patrols of the Lebanese coast until German ships can take over later this month. The "main issue" for Tel Aviv is "preventing arms from moving across the land border from Syria," and the Times notes Israeli officials have said they "had 'an understanding' that international forces would deploy alongside the Lebanese Army to monitor that border."

The Washington Post (9/7, A21, Wilson, Cody, 748K) adds Olmert "announced Wednesday that Israel will lift its eight-week-old air and sea blockade of Lebanon on Thursday evening, removing what diplomats have called the chief obstacle to the country's recovery from [the recent] devastating war." He "made the decision after receiving assurances from" Secretary Rice and UN Secretary-General Kofi Annan "that international troops were ready to begin sea patrols and airport security checks designed to prevent Hezbollah from restocking its arms supply." The Post notes Annan had "stepped up diplomatic pressure on Israel to end the blockade, calling it 'a humiliation' for Lebanon during his recent trip to the region."

The Financial Times (9/7, Morris, England, Peel) adds Tel Aviv "had refused to lift its air and sea blockade until it was satisfied that enough foreign forces were in place to prevent weapons reaching the Shia militia." The deal "follows a week of urgent telephone diplomacy by" Annan "involving" Secretary Rice, Olmert, French President Jacques Chirac, German Foreign Minister Frank-Walter Steinmeier, and Lebanese Prime Minister Fouad Siniora. "An exhausted but elated Mr Annan greeted the announcement on Wednesday night as a vital move to enable humanitarian aid, and the reconstruction of Lebanon, to start."

USA Today/AP (9/7) calls Israel's lifting of the blockade "a crucial breakthrough in international efforts to rebuild from the war,": and says it "will be the first major test for the U.N. force charged with keeping the peace and preventing arms shipments from reaching Hezbollah. It was also a victory for" Annan, "who has repeatedly demanded that Israel end the blockade, and showed some disagreements can be resolved with U.N. mediation."

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The Los Angeles Times (9/7, Ellingwood, Stack, 918K) runs a similar report.

Annan's "Two Notable Successes" Noted. In an analysis piece, the AP (9/7, Hacaoglu) notes Annan "wrapped up a trip to the Middle East Wednesday with two notable successes: winning Israel's agreement to lift its blockade of war-ravaged Lebanon and securing a commitment for Turkish troops to join the U.N. peacekeeping force there." He "called the Turkish decision 'a sign of international solidarity' — the spirit he sought during his Mideast tour." Annan "also renewed a call for an Israeli troop pullout from Lebanon, calling it 'crucial' to peacekeeping," and then "urged Hezbollah militants based in southern Lebanon to disarm."

Footage Of Israeli Airman Captured In 1986 Colors Hostage Negotiations. The New York Times (9/7, Kraft, 1.21M) reports, "Videotape of an Israeli airman captured 20 years ago has surfaced in a Lebanese television documentary, touching a raw nerve for Israelis anxious for the return of soldiers taken by Hezbollah two months ago. … The grainy image of a bearded and hollow-eyed Capt. Ron Arad speaking to his captors was broadcast in both Lebanon and Israel this week. Captain Arad, an Air Force navigator whose plane was shot down over Lebanon in 1986, is said by Hezbollah to be dead, and the failure to conduct successful negotiations for his return has weighed heavily on Israelis." While the tape "is old," the Israeli government "did not know the film existed." The Times notes, "News of the film has captivated and depressed Israelis, many of whom see it as an attempt by the Lebanese to press the Israeli government to negotiate with Hezbollah over the two current prisoners, Ehud Goldwasser, 31, and Eldad Regev, 26, as well as Cpl. Gilad Shalit, who has turned 20 since his capture by" Hamas militants near the Gaza border.

Ahmadinejad To Address UN. Fox News' Hannity and Colmes (9/6, Colmes) reported, "The Jerusalem Post reporting tonight the president of Iran Mahmoud Ahmadinejad is coming to America and will speak to the United Nations."

The Financial Times (9/7, Dinmore) reports specifically on Ahmadinejad's latest debate challenge, saying, "The scene is set for a clash of the 'Great Satan' and the 'axis of evil' at the United Nations this month when" Bush and Ahmadinejad address the general assembly on the same day, with the US pressing the world body to impose sanctions on Iran over its nuclear programme." The White House "confirmed on Wednesday that [he] would be granted a US visa to go to New York."

Romney Explains Opposition To Khatami Speech. Massachusetts Gov. Mitt Romney was asked on Fox News' The O'Reilly Factor (9/6) about his opposition to former Iranian president Mohammad Khatami's speech at Harvard. Romney said that "on September 10 and September 11, on the fifth anniversary of an extraordinary tragedy in America, you don't welcome a person to Harvard with open arms who has preached the destruction of Israel, who has developed nuclear technology, contrary to what he had said, who has jailed dissident students in his country, praised Hezbollah." Romney added, "There is nothing wrong with free speech. Inviting someone to come to a university like Harvard and expecting my state and taxpayers to help fund his movement with police escorts, no way."

Romney said on Fox News' The Big Story with John Gibson (9/6), "My preference of course would be to withhold enough support services for him so he decides not to come here and go other places. I think it's a disgrace to have an individual who has been a supporter of Hezbollah, who has advocated the destruction of Israel, who has jailed dissidents to have a person of that nature come to Harvard on September 10 and 11 at this critical time, given our history, is totally inappropriate. Probably any time it's inappropriate. And therefore I insisted that our state agencies do not provide the support that it would normally provide for a visiting dignitary."

Human Rights Officials Say Khatami Should Face Questions During National Cathedral Address. In an op-ed in the Washington Post (9/7, A27, 748K), Felice Gaer and Nina Shea, respectively chair and vice chair of the United States Commission on International Religious Freedom, note "a troubling irony in inviting former Iranian president Mohammad Khatami to speak today at the National Cathedral on the role the Abrahamic faiths can play in shaping peace in the world." The Commission "continues to recommend that Iran be included on the State Department's list of 'countries of particular concern'" because of continued religious freedom violations. "The commission's 2006 annual report and the State Department's annual International Religious Freedom Report conclusively demonstrate that Iran's egregious, systematic violations of religious freedom did not significantly diminish during Khatami's administration." The authors ask if "Khatami will use his address at the National Cathedral to call upon clerics in his own country to respect the universally guaranteed right

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to freedom of religion and belief, as well as the rights of those who hold diverse views and beliefs." They conclude, "In the final analysis, it would be a tragic oversight for the former leader of Iran to be invited to give a lecture on these specific topics in such a prominent place of worship without being questioned openly and seriously on both the nature of diversity and the legacies of his own record on human rights and religious freedom."

Turkish Public Shifts Interest Towards Iran, Away From EU, US, NATO. The New York Times (9/7, 1.21M) details the results of the German Marshall Fund of the United States' annual opinion survey, Transatlantic Trends, that suggest "Turkey has increasingly warmed toward Iran while cooling toward its NATO allies and the goal of European Union membership." The "striking shift in attitudes" among Turks is borne out by a drop in affinity for the US and for EU membership, and by a noticeable rise in affinity towards Iran. The Turkish portion of the survey "was based on in-person interviews of 1,000 randomly selected adults from June 6 to June 24. The margin of sampling error was plus or minus three percentage points."

State Department Revamps Assignments Process To Meet New Diplomatic Priorities. The Washington Times (9/7, Kralev, 88K) reports the State Department "has begun the first major overhaul of its assignment system in decades, making it more difficult for U.S. diplomats to avoid serving in Iraq, Afghanistan and other dangerous posts that the Bush administration views as crucial in the war on terrorism." Senior leadership within the Department announced "that no jobs will be available for bidding by Foreign Service officers until all open positions in the critical posts have been filled. They also said that they would resort to 'directed assignments' if the new scheme fails to achieve the desired results." One official "said that the best way for Foreign Service officers to ensure they have another job when their current assignment ends will be to opt for Iraq, Afghanistan, Sudan, Pakistan and other hardship posts in the Middle East, Africa and South Asia. … Reaction to the new assignment system in the Foreign Service has been mixed. While officers understand the need to staff priority posts, 'there is also widespread concern that long-standing assignment rules and practices are being hastily jettisoned,' said the American Foreign Service Association, the diplomats' union."

US Air Force Officer Missing In Kyrgyzstan. The New York Times (9/7, Chivers, 1.21M) reports, "A United States Air Force officer stationed in Kyrgyzstan was reported missing on Wednesday after disappearing during a shopping trip on Tuesday with fellow service members in the capital, Kyrgyz and American officials said." The officer, Maj. Jill Metzger, "has been a personnel officer for several months at the Manas Air Base, which supports military operations in Afghanistan, and was in the final days of her tour of duty." She "was last seen on a security video taken at 4:18 p.m. Tuesday in TSUM, a large department store near the center of Bishkek, said Nurdin Jangarayev, a spokesman for the Interior Ministry, which is investigating the case. … Her disappearance perplexed local investigators and American officials alike, who said they had not categorized the case beyond calling it a missing-person investigation. There were no immediate signs of foul play, the authorities said, and as of Wednesday no one had claimed to have abducted her."

Blair Could Announce Departure Plan Today. The Financial Times (9/7, Blitz) reports British Prime Minster Tony Blair "is to make an 11th hour attempt to end the growing revolt against his premiership within the Labour party by publicly declaring that he will quit as prime minister in the summer of next year. However, it was far from certain on Wednesday night that this would be enough to satisfy those MPs demanding a firm date for his departure." Blair met twice yesterday with Chancellor of the Exchequer Gordon Brown, and "agreed to endorse publicly the recent statements of cabinet allies that this month's Labour conference will be his last as prime minister." Brown told Blair "that he wants to have taken over well before next year's parliamentary summer break. The chancellor also demanded an end to efforts by the prime minister's allies to tie his hands on policy before the handover." Relations between Blair and Brown "remained deeply uneasy on Wednesday night. Throughout Wednesday, allies of both men were engaged in a semi-public row after senior No 10 figures suggested the chancellor was orchestrating a plot to unseat the prime minister." The Times predicts Blair's "declaration that he will quit next summer – which ratifies a similar statement by David Miliband, environment minister – could come as early as today."

The New York Times (9/7, Cowell, 1.21M) notes, "In a mood of gathering crisis," Blair "sought Wednesday to face down a revolt within his Labor Party as an extraordinary

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procession of eight junior aides resigned to protest his refusal to set a date to leave office soon. The spectacle of Mr. Blair fighting off such challenges, in sharp contrast to the euphoria of his rise to power nine years ago, recalled Margaret Thatcher's final days as her authority seeped away in 1990." While "Blair has dismissed challenges in the past," UK "political analysts said the mood seemed more venomous this time. Some analysts depicted the public pressure as a renewed effort by supporters of" Brown "to force the prime minister from office within the next few months."

USA Today (9/7, Stinson, 2.27M) reports, "Among those who quit: Tom Watson, a defense minister for veterans' affairs. 'I no longer believe that your remaining in office is in the interest of either the party or the country,' he said in a letter to Blair." Joining Watson were "six parliamentary private secretaries, who serve as unpaid ministerial aides."

The Washington Post (9/7, A21, Sullivan, Jordan, 748K) reports, "Adding to the frenzy of speculation was the publication this week of a memo, written by Blair aides, outlining a series of television appearances, speeches and interviews to mark Blair's final days: 'He needs to go with the crowds wanting more,' the memo said. 'He should be the star who won't even play that last encore.'" But "Blair's future turned from parlor game to political crisis on Wednesday."

The Wall Street Journal (9/7, Champion, 2.03M) says "a recent letter from 21 lawmakers urging his resignation forced his closest party allies -- including the chairman of Labour's executive committee -- to say publicly for the first time that Mr. Blair would be gone by this time next year. Mr. Blair has promised to leave sometime before the United Kingdom's next national elections, expected in 2009, but hasn't been more specific."

ABC World News (9/6, story 6, 0:15, Gibson) reported, "America's staunchest ally, in the war, British Prime Minister Tony Blair, is under increasing pressure in his country to step down. His Labor Party has been losing influence." Blair "has vowed not to run for another term," and "eight party members have resigned from the Blair government in protest."

The Washington Times/AP (9/7, Gardiner) reports, "Legislators in closely contested districts, alarmed that the party is falling behind the opposition Conservatives in opinion polls, fear they will lose their seats in the next election, expected in 2009, if the leadership question isn't resolved soon."

The Los Angeles Times (9/7, Murphy, 918K) reports, "Less than 15 months after his party won a historic third consecutive general election, Blair is seen by many allies as a liability, with his party -- in the words of Conservative Party leader David Cameron – 'in meltdown.'"

Prague Eyes Hosting US Missile Defense Site. The AP (9/7, Rybarova) notes Czech Foreign Minister Alexandr Vondra "on Wednesday voiced support for a U.S. missile defense base in the region that would protect America and Europe from intercontinental ballistic missiles." The AP notes such a base "would be the first American strategic missile defense site outside U.S. territory." Ambassador William Cabaniss "said just where the system would be located has not yet been decided. But he did say that 'it's my hope that we will be able to offer the Czech Republic a chance to host a missile defense facility.'" The AP also reports negative reaction from Moscow to any missile defense deployment in Eastern Europe.

Specter Sees "Remarkable Transformation" In Gadhafi. The Washington Times (9/7, McCaslin, 88K) reports in its "Inside the Beltway" column that Sen. Arlen Specter has just returned from Libya, where he says he "witnessed a remarkable transformation" in Libyan leader Moammar Gadhafi. Specter "says he embarked on a several-hour plane flight from Tripoli into the 'middle of the desert, met with him in his tent, and had a discussion with him looking for some guidance as to how a major world terrorist could rehabilitate, pay compensation, as to whether there could be any insight as to what we might do with North Korea and Iran today.' Regrettably, he said, Col. Gadhafi couldn't offer a definitive solution, 'but the rehabilitation of Libya and Gadhafi showed that there is some hope to turn major terrorists into a rehabilitated situation.'"

Paulson Urges Restart Of World Trade Talks. Bloomberg (9/7, Fitzgerald) reports US Treasury Secretary Henry Paulson urged finance ministers participating in ASEAN meeting in Hanoi to "focus on reigniting" the stalled Doha Round of world trade talks. "I can't think of anything in the control of the collective governments of the world that can have a more positive impact on the global economy than trade liberalization," Paulson told reporters.

Lugar Slows Action On Darfur Bill To Settle Sanctions Disagreements. The Hill (9/7, Mikhail) reports SFRC Chairman Richard Lugar "is stalling a bill addressing the genocide afflicting Darfur." He "has been

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holding up the Darfur Peace and Accountability Act for months, according to several sources from both parties. With the bill set to expire at the end of this session, barring passage, and with the situation in and around Darfur deteriorating, the window for congressional involvement is closing." The Hill says "the delay has resulted in a bipartisan call to move the bill before the end of the session." After the House passed the bill 416-3, "staffers from the House, Senate and State Department" began meeting in order to have the Senate "take up the bill." The Hill notes, "From the outset the State Department requested a repeal of most of the bill's sanctions provisions. State Department officials were interested in sending arms and professionalizing the military in southern Sudan, the Sudan People's Liberation Army (SPLA), to preserve a tenuous peace agreement stemming from a separate conflict with the Sudanese government in the North. This has been a fundamental source of disagreement between State and some lawmakers who desire a more robust set of sanctions." That "disagreement" has been "an integral, if not the main reason for the delay."

Sudanese Journalist Kidnapped, Executed. The Washington Post (9/7, A23, Timberg, 748K) reports, "A Sudanese newspaper editor who infuriated Muslim fundamentalists last year by printing an article that concerned questions about the parentage of the prophet Muhammad was found dead Wednesday in Khartoum." Mohamed Taha was kidnapped a day earlier from him home, and "his decapitated body was found Wednesday in another section of the city." His killing was condemned by Reporters Without Borders, and "groups of tearful Sudanese reporters gathered outside a mosque in Khartoum" last night. The Post explains, "Last year, Taha published an article that referred to a centuries-old text by a Muslim historian that raised questions about the prophet's lineage. Religious leaders in Khartoum denounced Taha's work, and scores of protesters called for his death."

Will Says Japan Must Lessen Social Protections To Secure Welfare System. In his column in today's Washington Post (9/7, A27, 748K), George Will highlights the "wrenching choices" facing Japan. "Longevity is a blessing, but the Japanese live inconveniently long lives. Inconvenient, that is, for those who administer Japan's welfare state." Life expectancy, among the highest in the world, continues to rise, and Japan "has closed 4,000 schools in the past 20 years" and "has a fertility rate" well below the replacement level. Will notes, "Japan has never been welcoming toward immigrants." Many "senior officials say the way to square a declining population and workforce with the pension costs of long-lived retirees is to rethink retirement -- to 'work for life,' one official says." Will says it "is not a foolish question" to ask why a shrinking population is bad for Japan, however, "the welfare state's imperatives cannot be ignored, and the Japanese will not dismantle that state. So the alternative is to pursue increased revenue from rapid economic growth achieved by sacrificing equity, understood as job security and other entitlements, in the interest of efficiency." Will concludes, "About the simultaneous pursuit of equity and efficiency, one official acknowledges that something must give: 'We are chasing two rabbits.' The rabbits do not run in tandem, so Japan, like other welfare states, must increasingly, if reluctantly, choose efficiency over sanctuary."

WSJournal Praises Bolton. In an editorial, the Wall Street Journal (9/7, 2.03M) repeats some of SFRC members' comments opposing the nomination of John Bolton to be US Ambassador to the UN, and says, "We recall the Bolton hysteria as the committee prepares to consider the ambassador's renomination to his post. As his critics would have it, Mr. Bolton's mission to the U.N. was supposed to be an act of diplomatic sabotage by the Administration. Instead, his tenure has been among the most constructive of any U.S. ambassador since Jeane Kirkpatrick and Daniel Patrick Moynihan." Even on issues where the US position was not adopted, Bolton's work has "at least demonstrated that the U.S. was willing to demand standards on an issue -- and from an organization -- that could use some." The Journal concludes, "Mr. Bolton hasn't won over all of his critics, although at least Senator Voinovich had the grace to admit that he's changed his mind about the ambassador and will vote to confirm. We suspect that some of his Democratic colleagues will also be reluctant to filibuster the nomination of a diplomat who stands up daily for his country, and for common sense."

NYTimes Lauds IMF Voting Share Adjustments, Backs Greater Advisory Role. The New York Times (9/7, 1.21M) editorializes, "Any move that makes the International Monetary Fund -- and for that matter other major global institutions -- look less like an old

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boys' club is a good move. So the I.M.F.'s executive board began doing the right thing last week when it decided to give China, South Korea, Turkey and Mexico slightly larger voting shares — and promised them even more say to come." A voting realignment "is essential for bolstering the fund's credibility," and "is long overdue." Citing what it calls "a clear need for a credible global institution to provide not only cash and bitter medicine to the poor and crisis-ridden, but also direction and frank criticism to richer countries whose problems could wreak global havoc if not addressed," the Times says the "advice can't stop there. The fund needs to take a closer look at who's buying all those cheap goods and borrowing all that excess cash from China. China may be the enabler. But the United States needs to reduce its enormous trade deficit and its enormous budget deficit, to protect its economy and for the sake of global stability." The Journal concludes, "Some clear and urgent words on that from the fund should also be welcomed — although we fear the White House will prove less interested."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bush Acknowledges Secret Jails."
"A New Issue In The Election Mix."
"Blacks May Gain As UCLA Moves To Alter Admissions."
"Bush's Plan Allows Coerced Evidence."
"The Fat Lady Sings In Dolby."

USA Today:
"Families Relocate Gang Members To Save Them."
"Congress Pressed For Laws To Meet 'New Era' Threats."
"Bush Orders 9/11 Suspects To Trials At Guantanamo."

New York Times:
"President Moves 14 Held In Secret To Guantánamo."
"A Challenge From Bush To Congress."
"9/11 Polls Find Lingering Fears In New York City."
"Leak, Inquiry And Resignation Rock A Boardroom."
"Mrs. Astor's Guardian Says Son May Have Mishandled Millions."
"Israel Will Ease Grip On Lebanon."

Washington Post:
"Loudoun To Restrict Growth."
"No Tunnel For Tysons, Kaine Says."
"PAC Funds Undercut Claims In Senate Race."
"In Online Social Club, Sharing Is The Point Until It Goes Too Far."
"Bush Says Detainees Will Be Tried."
"New Interrogation Rules Ban Harsh Tactics."
"President Shifts Argument, Catches Critics Off Guard."

Washington Times:
"Finding Diplomats For Perilous Post."
"Bush Admits To Anti-Terror CIA Program."
"Border Security On Tap For GOP."
"Downtown D.C. Says Goodbye To Hecht's."
"Couple Mark 80 Years Together."

Detroit Free Press:
"Time For Mulally To Get To Business."
"Wagner: GM Is OK, Alliance Or No."
"Strike Worsens Crisis Gripping Detroit Schools."
"A Little More Of Tiger Could Help Automaker Polish Image."

Atlanta Journal-Constitution:
"Owner Of Falcons Thinks Out Of The Dome."
"It's A Panda."
"Bush Confirms Secret Prisons, Denies Torture."
"Overall Cancer Death Rates Show Decline."

Houston Chronicle:
"Lay Case: It's Not Over."
"Bush Discloses Details Of Secret CIA Prisons."
"Kids Putting In A 7-Hour Day."
"Gonzales Emerges A President's Point Man."
"Beheadings A Sign Of Mexico Turf War."

Story Lineup From Last Night's Network News:
ABC: Bush CIA Prisons; Bush-CIA Procedures; Bush-Analysis; Rumsfeld Under Fire; Sectarian Violence; Blair Under Fire; A Cities Rebirth; Illinois Governor Ryan Sentenced; Space Shuttle; New Japanese Prince; 9/11 Hero.
CBS: Bush CIA Prisons; Bush Analysis; Bush CBS Interview Excerpt; GM Warranties, Space Shuttle; Counter Terrorism Center; Immigration Reform; Opinion Segment; Snap Shots; Blind Wonder Child.
NBC: Bush CIA Prisons; Bush Analysis; Treatment Of Prisoners; Democrats Response; RPG Defense; Danger For Pregnant Women; Illinois Governor Ryan Sentenced; Montana Fire; Stock Market; Nellie Connally Obit.

DOJ_NMG_0058824

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Jones Cleared Of Doping Allegations; Sanchez-No Hitter; Bush-Terror Suspects; Pentagon-Interrogation Techniques Manual; Iraqi Army Taking Some Control.

CBS: Jones-Cleared Of Doping Allegations; Bush-Terror Suspects; UK-Two More Charged In Terror Plot; US Cancer Rates; Space Shuttle-Faulty Fuel Cell; Wall Street.

NPR: Bush-Terror Suspects; Space Shuttle-Faulty Fuel Cell; Ryan Sentenced; Senate-Rumsfeld Vote; Mexico-Drug Killings; Pentagon-Interrogation Techniques Manual; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Speaks on the war on terrorism, Cobb Galleria Centre, Atlanta; attends Max Burns for Congress reception, the Mighty Eighth Air Force Heritage Center, Pooler, Ga.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at a Thelma Drake for Congress breakfast, Norfolk Marriott Waterside, Norfolk, Va.

US Senate: 9:30 a.m. FOREIGN RELATIONS _ Full Committee. Consideration of an extradition treaty with the U.K. and Northern Ireland, and votes on pending nominations, including John Bolton to be UN Ambassador. Location: Room 419, Dirksen.

9:30 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information, and International Security Subcommittee. Hearing on funding for $12 billion in potentially wasteful projects. Karen Evans, OMB; David Powner, GAO. Location: Room 342, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Markup of pending legislation and votes on pending nominations. Location: Room 226, Dirksen.

10 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on hurricane preparedness one year after Katrina. Coast Guard Commandant Adm. Thad Allen; George Foresman, undersecretary of Homeland Security for preparedness; FEMA Director R. David Paulison; Bruce Baughman, president, National Emergency Management Association; Ellis Stanley Sr., certified emergency manager and general manager, Emergency Preparedness Department, Los Angeles. Location: Room 192, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on the guardianship system relating to seniors. Ira Salzman, attorney for Philip Marshall, grandson of socialite and philanthropist Brooke Astor; Barbara Bovjberg, GAO; Carol Scott, Missouri long term care ombudsman; Mel Grossman, administrative judge, Florida 17th Judicial Circuit Court; Terry Hammond, executive director, National Guardianship Association. Location: Room 562, Dirksen.

10 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on a new benefit for traumatically injured servicemembers. Principal Deputy Defense Undersecretary Michael Dominguez; Thomas Lastowka, VA; wounded veteran Army Sgt. John Keith; Jeremy Chwat, Wounded Warrior Project. Location: Room 418, Russell.

10:30 a.m. FINANCE _ Full Committee. Meeting on issues related to withholding prescription drug premiums from beneficiaries' Social Security checks. Social Security Administrator JoAnne Barnhart, others. Location: Room 215, Dirksen.

2 p.m. JUDICIARY _ Homeland Security, Terrorism and Technology Subcommittee. Hearing on what actions the U.S. and foreign governments are taking to ensure airline security. Paul Rosenzweig, DHS, others. Location: Room 216, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Meeting on pending matters. Closed. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 503 - bill to amend the Horse Protection Act.

10 a.m. APPROPRIATIONS _ Defense subcommittee. Hearing on defense contracting. Comptroller General David Walker; Defense Undersecretary Keith Krieg; Delores Etter, assistant secretary of the Navy for research, development and acquisition; Lt. Gen. Joseph Yakovac Jr., military deputy/director, Army Acquisition Corps, Office of the Assistant Secretary of the Army; Lt. Gen. Donald J. Hoffman, Office of the Assistant Secretary of the Air Force for Acquisition. Location: Room 2359, Rayburn.

10 a.m. ARMED SERVICES _ Full Committee. Hearing on standards of military commissions and tribunals. Acting Assistant Attorney General Steven Bradbury; Army Judge Advocate General Maj. Gen. Scott Black; Navy Judge Advocate General Adm. Bruce MacDonald; Deputy Judge

DOJ_NMG_0058825

Advocatge General of the Air Force Maj. Gen. Charles Dunlap, Jr.; Marine Corps Staff Judge Advocate Brig. Gen. James Walker. Location: Room 2118, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on the BP oil pipeline in Alaska. Robert A. Malone, chairman and president, BP America Inc.; Steve Marshall, president, BP Exploration Alaska Inc.; Kevin Hostler, president and CEO, Alyeska Pipeline Service Co.; C. Dan Stears, Coffman Engineers, Anchorage; Thomas J. Barrett, administrator, Pipeline and Hazardous Materials Safety Administration; Alaska Environmental Conservation Commissioner Kurt Fredricksson. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee. Hearing on the Federal Home Loan Bank system. Ronald Rosenfeld, Chairman, Federal Housing Finance Board. Location: Room 2128, Rayburn.

10 a.m. HOMELAND SECURITY _ Subcommittee on Emergency Preparedness, Science and Technology. Hearing on realignment of the Science and Technology Directorate. Testimony from Homeland Security Undersecretary Jay Cohen. Location: Room 334, Cannon.

10 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 2141, Rayburn.

10 a.m. RESOURCES _ Water and Power Subcommittee. Hearing on pending legislation. Testimony from Chris Neudeck, Kjeldsen, Sinnock & Neudeck, Stockton, Calif; Jerry Krambeck, Mayor, Spearfish, S.D.; Lynn Hurley, Santa Clara Valley Water District, San Jose, Calif.; Leslie James, Colorado River Energy Distributors Association, Tempe, Ariz.; Dan Peterson, Pend Orielle Public Utility District, Newport, Wash.; Grant Ward, Electrical District No. 3, Maricopa, Ariz.; William Rinne, US Bureau of Reclamation; Les Harder, California Department of Water Resources. Location: Room 1324, Longworth.

10 a.m. RESOURCES _ National Parks Subcommittee. Hearing on pending legislation. Testimony from members of Congress; John Wessels, acting assistant director for Business Services, National Park Service; Kirk Lindquist, Michigan Lighthouse Fund, Okemos, Mich.; Alec Petkoff, American Legion; Bob Andrew, Long Beach Merchants Association, Long Beach, Wash.; Rita ``Kay'' Hively, Newtonia Battlefields Protection Association, Neosho, Mo. Location: Room 1334, Longworth.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways, Transit and Pipelines Subcommittee. Hearing on the future of the highway systems. Schneider National CEO Chris Lofgren, FedEx Freight CEO Douglas Duncan, Wal-Mart Stores inc. VP Tim Yatsko. Location: Room 2167, Rayburn.

1 p.m. HOMELAND SECURITY _ Intelligence, Information Sharing and Terrorism Risk Assessment Subcommittee. Hearing on relationship between the Homeland Security Department and its Homeland Security Information Sharing Network. Testimony from Charles Allen, chief intelligence officer, US Dept. of Homeland Security; Kenneth Bouche, information and technology command, Illinois State Police; Amy Whitmore, Virginia Fusion Center, Virginia State Police; and Richard Canas, director, New Jersey Office of Homeland Security. Location: Room 2118, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ International Terrorism and Nonproliferation Subcommittee. Hearing on the state of Islamic terrorism in the past five years. Peter Brookes, Heritage Foundation; Frank J. Gaffney Jr., president and CEO, Center for Security Policy; Walid Phares, Foundation for the Defense of Democracies; Thomas M. Sanderson, Center for Strategic and International Studies. Location: Room 2172, Rayburn.

Other: FORMER IRANIAN PRESIDENT MOHAMMAD KHATAMI _ Highlights: 4:30 p.m. Holds news conference in the southeast portion of the nave of the Washington National Cathedral. Note: All media must gather at the intersection of Wisconsin Ave. and South Rd. to be escorted to the Cathedral. No parking on Cathedral grounds. Pool TV coverage provided by the Cathedral. No other TV cameras allowed on the grounds. Satellite feed available. Same provisions for the 7:30 p.m. speech. Call contact for other restrictions. Contact: Elizabeth Mullen, 202-537-6248. 7:30 p.m. Speaks at Washington National Cathedral on the role of the three Abrahamic faiths in shaping the peace process. Contact: Greg Rixon, 202-537-2198.

BLACK CAUCUS-LEGISLATIVE _ The Congressional Black Caucus Foundation holds its 36th Annual Legislative Conference. Highlights: 9:30 a.m. - 11:45 a.m. ``Confronting Crises: Achieving Energy Independence, a National Town Hall Meeting, moderated by Ed Gordon. Confirmed panelists include former Secretary of Energy, Governor Bill Richardson; Hazel OLeary, former Secretary of Energy and President of Fisk University; and former Congressman Joe Kennedy,

DOJ_NMG_0058826

Chairman and President of Citizens Energy Corporation. 1 p.m. Big city mayors, including Anthony Williams of D.C., Michael Bloomberg of New York, Kwame Kilpatrick of Detroit and John Street of Philadelphia, discuss their programs to address crime. 1 p.m. Forum sponsored by D.C. delegate Eleanor Holmes Norton on the decline of black marriage and family life. Room 140B. 1 p.m. Rep. Elijah Cummings hosts forum on auto- and child-seat safety with Mary Wilson of the Supremes. The Rev. Jesse Jackson will present an award. Room 144A, Washington Convention Center. Location: Washington Convention Center, 801 Mount Vernon Place NW., unless otherwise noted.

IMMIGRATION-CAMP DEMOCRACY _ Schedule of events surrounding Camp Democracy. Highlights: 10:30 a.m. Parade through the camp. 11:30 a.m. News conference. 4 p.m. Participate in the immigration rally and march. Location: At the camp, Constitution Ave. and 14th St.

9/11 ANNIVERSARY RELATED EVENTS _ Highlights: 3 p.m. News conference with former 9/11 Commission member Tim Roemer and Mary Fetchet, founding director, Voices of September 11, discussing the last five years. Center for National Policy, 1 Massachusetts Ave. NW., Suite 333. Contact: Patrick Doherty, 202-682-4119.

BIOETHICS _ 8:30 a.m. Two-day meeting of the President's Council on Bioethics. Location: Westin Embassy Row Hotel, 2100 Massachusetts Ave. NW.

IRAN-TORTURE-PROTEST _ 9 a.m. Former Iranian political prisoners and torture victims hold news conference to protest the visit of former Iranian President Khatami. Speakers also include Sen. Sam Brownback, who'll announce introduction of the Iran Human Rights Act. Location: National Press Club.

PALESTINIANS _ 9 a.m. The New America Foundation holds a discussion with Ghaith al-Omari, Directof of International Relations at the Presidency, of the Palestinian Authority. Location: 7th floor, 1630 Connecticut Ave. NW.

REPUBLICAN CONFERENCE _ 9 a.m. GOP conference holds closed meeting. Location: HC-5, US Capitol.

RENEWABLE ENERGY _ 9:15 a.m. Energy Secretary Bodman and Agriculture Secretary Johanns host a roundtable discussion with the media to highlight a jointly sponsored renewable fuels conference next month in St. Louis. Location: Energy Department, 1000 Independence Ave. SW.

DRUG ABUSE _ 9:30 a.m. The Substance Abuse and Mental Health Services Administration releases a national survey -- formerly called the ``Household Survey'' -- on drug abuse and health, with National Office of Drug Control Policy Director John Walters, Assistant Surgeon General Eric Broderick, others. Location: National Press Club.

HIGHER EDUCATION _ 9:30 a.m. Secretary of Education Spellings joins former Govs. James Hunt Jr. and Garrey Carruthers for the release of the National Center for Public Policy and Higher Educations ``Measuring Up 2006: The National Report Card on Higher Education.'' Location: National Press Club.

RURAL HEALTH CARE _ 9:30 a.m. Reps. Walden, Pomeroy and others hold news conference on rural health care. Location: Cannon Terrace.

AIRLINE SECURITY _ 10 a.m. The Coalition of Airline Pilots Associations holds a news briefing to discuss airline security five years after 9/11. Location: Room HC-7, Capitol.

GROUND ZERO-HEALTH _ 10 a.m. Media availability with Reps. Vito Fossella and Carolyn Maloney and several 9/11 responders. They'll be meeting today with HHS Secretary Michael Leavitt and 9/11 Health Coordinator Dr. John Howard on the federal response to health impacts of the September 11th attacks. Location: S-207, US Capitol.

JOHNSTONE-TRANSPORTATION SECURITY _ 10 a.m. The Woodrow Wilson Center hosts the launch of a book, ``9/11 and the Future of Transportation Security,'' with author R. William Johnstone, Transportation security staffer, National Commission on Terrorist Attacks Upon the United States (9/11 Commission). Location: Woodrow Wilson International Center for Scholars, 6th floor auditorium, One Woodrow Wilson Plaza, 1300 Pennsylvania Ave. NW.

DEMOCRATS-SECURITY _ 10:45 a.m. Senate Democratic leaders and New York Senators Charles Schumer and Hillary Clinton announce major new legislation to fix Americas security policies and reflect the lessons of 9/11. Location: S-211, U.S. Capitol.

PELOSI _ 10:45 a.m. House Democratic leader Rep. Nancy Pelosi holds her weekly news conference. Location: Room H-206, Capitol.

BORDER SECURITY-OFFICERS _ 11 a.m. Reps. Walter Jones, Tom Tancredo, Virgil Goode, others, hold a news conference to demand justice for Border Patrol officers facing prison for doing their jobs. Location: Cannon Terrace.

BORDER SECURITY _ 11 a.m. Citizens Against Government Waste, the ACLU and the Cato Institute hold a news conference on border crossing identification. Location: Hotel Washington, 515 15th St. NW.

DOJ_NMG_0058827

DEWINE-TRANSPORTATION BILL _ 11 a.m. Sen. Mike DeWine holds news conference on pending transportation legislation. Location: Senate Russell Park.

PREDATORY LENDING _ 11 a.m. Sen. Jim Talent and Rep. Sam Graves, others, hold a news conference to announce support to stop predatory lenders from targeting military families. Location: Room SC-238, Capitol.

SECURITY-PRESS FREEDOM _ 11 a.m. - 12:30 p.m. The American Enterprise Institute hosts a discussion, ``National Security and Freedom of the Press." A discussion of the First Amendment and freedom of the press. Former CIA director James Woolsey, journalist Stuart Taylor, and others will discuss whether the publication of classified material should be limited or penalized. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

SOCIAL SECURITY _ 11:15 a.m. Sen. Harry Reid and Rep. Nancy Pelosi speak at Americans United for Change news conference. They'll kick off the ``Golden Promise" campaign to protect Social Security and stop privatization of the system. Location: West Front, Capitol.

NUCLEAR FUEL _ 12 p.m. Reps. Edward Markey and Eliot Engel, representatives of Public Citizen, Union of Concerned Scients, others, hold a news conference to launch a campaign to secure spent nuclear fuels at nuclear reactors. Location: Cannon Terrace.

WESTERN CULTURE-MUSLIMS _ 12 p.m. The Womens Foreign Policy Group hosts a luncheon program on ``Where Western Culture and Muslim Values Intersect: Fact and Fiction. Speakers are: Lawrence Rosen, 2005 Carnegie Corporation Scholar; William Nelson Cromwell Professor of Anthropology, Princeton University; and Brian Edwards, 2005 Carnegie Corporation Scholar, Professor of English and Comparative Literary Studies, Northwestern University. Location: The Cosmos Club, 2121 Massachusetts Ave. NW.

BIDEN-NATIONAL SECURITY _ 12:30 p.m. Sen. Joseph R. Biden Jr., D-el., senior Democrat on the Senate Foreign Relations Committee, addresses the National Press Club. Biden will deliver a major address on rethinking Americas future security, critique the Bush administrations performance, and outline his own comprehensive approach to homeland security. Location: National Press Club.

DOCTORS' PAY-MEDICARE _ 1 p.m. The American Medical Association holds a telephone briefing to release a survey of citizen reactions to impending cuts in Medicare physician reimbursement. Notes: Callin number: 800-588-4973; passcode: 15565355.

GULF COAST-ECONOMIC RECOVERY _ 4 p.m. Rep. William Jefferson (D-LA) hosts forum on ``Economic Opportunity in the Wake of a Disaster: Putting the Market to Work for Working Families and Communities." Participants include the U.S. Department of Commerce; National Minority Supplier Development Council; Capital One Bank; National Association of Realtors; Shawn Barney, New Orleans entrepreneur, others. Location: Room 143-A, Washington Convention Center.

IMMIGRATION RALLY _ 4 p.m. The National Capital Immigration Coalition and the We Are America Alliance sponsor a march and rally to urge the newly-convened Congress to ``pass comprehensive immigration reform before the November elections." Location: Rally begins on the National Mall, 3rd Street between Constitution and Independence Avenues, and will conclude with a march around the Capitol.

TERRORISM TRENDS _ 4 p.m. - 6 p.m. Bruce Hoffman, Professor, Security Studies Program at Georgetown University and author of Inside Terrorism, will speak at a Terrorism and Homeland Security Forum co-sponsored by the Division of International Security Studies of the Woodrow Wilson Center, Georgetown Universitys Center for Peace and Security Studies, and the Dwight D. Eisenhower National Security Series. This discussion is part of an ongoing series that provides a forum for policy specialists from Congress and the Executive, business, academia, and journalism to exchange information and share perspectives on current issues relating to terrorism and homeland security. Location: Woodrow Wilson International Center for Scholars, Flom Auditorium, 6th Floor, Ronald Reagan Building, 1300 Pennsylvania Ave. NW.

JENKINS-TERRORISM _ 6:30 p.m. RAND Corporation terrorism expert Brian Michael Jenkins holds a discussion on the state of the war on terrorism and to discuss his new book, ``Unconquerable Nation: Knowing Our Enemy." Location: RAND Corporation, 1200 S. Hayes St., Arlington, Va.

KOREA _ 6:30 p.m. The US-Korea Institute holds a forum on ``Why Should Americans Care about Korea?" with former Amb. Thomas Hubbard, and consultant Paul Chamberlin. Location: Room 806, 1619 Massachusetts Ave. NW.

TERRORISM-EUROPE _ 6:30 p.m. Foreign Policy magazine and the Wilson School of Public and International Affairs at Princeton University hold an event about American and European cooperation in the fight against terrorism, with

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former German Foreign Minister Joschka Fischer, Amb. Robert Hurchings, Deputy Assistant Secretary of State Kurt Volker, others. Location: CSIS, 1800 K St. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, SEPTEMBER 7, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Bush Asks Congress To Approve Plan For Trial Of Top Terror Detainees ... 3
Many Al Qaeda Terrorists Identified By Detainees Remain At Large ... 6
Administration Issues New Interrogation Policies ... 7
Administration Offers Qualified Support For GOP Bills On NSA Surveillance ... 7
Gadahn Reportedly Indicted On Charges Of Supporting Terrorism ... 8
Senate Democrats To Unveil 600-Page Anti-Terrorism Plan Today ... 8

Homeland Response:

Bush Cites NCTC As Example Of Post-9/11 Intelligence Reform. 8
DHS IG Says Agency Using A Dozen Different Data-Mining Systems ... 9
Former Clinton Officials Assail ABC Movie About 9/11 ... 9
Polls Find New Yorkers More Concerned About Terrorist Attacks Than Rest Of Nation ... 9
Poll Of 9/11 Survivors Finds Most Feel US Is Not Safer ... 10
GAO Reports Criticize Progress On Disaster Preparedness Since Katrina ... 10

War News:

Bush Says Iraq Success Essential To War On Terror ... 11
Bush Says Deaths Of Innocents, Soldiers In Iraq "Hardest Thing" For Him ... 11
Senate Panel To Release Two Chapters Of Report On Pre-Iraq War Intel ... 11
GOP Blocks Vote Of No Confidence In Rumsfeld ... 12
Weldon Resolution Would Give Military Commanders Authority Over Iraq Pullout ... 12
Iraq To Take Command Of Its Armed Forces Today ... 13
Shiite Lawmakers Push Legislation Creating Autonomous Regions Within Iraq ... 13
Judge Rejects US Request To Force-Medicate Alleged Iraqi Agent ... 13
Musharraf Says Pakistan Will Help In Fight Against Taliban ... 13

Corporate Scandals:

US Seeks To Preserve Lay Conviction ... 14
Congress Examines Stock Options Backdating ... 14
Former DOJ Officials Call For New Policy On Corporate Cooperation With Probes ... 15
New York Revises Civil Complaint Against AIG, Former Officers 16
California Probes Hewlett-Packard Inquiry Into Board Leaks ... 16
SEC Files Civil Charges Against Two Former ITXC Officials ... 17
Time Warner Agrees To Implement Governance Changes ... 17

Criminal Law:

Former Illinois Governor Sentenced To 6½ Years In Prison ... 18
Noe Attorney Seeks Probation ... 18
Jeffs Informed Of Utah Charges At Brief Hearing ... 18
Chicago Police Commander Sentenced To Prison For Embezzlement ... 19
Former New Orleans Transit Official Sentenced To Two Years In Prison For Embezzlement ... 19
FBI Tapes Of Senior Gotti Suggest "Junior" Still In Leadership In 2001 ... 19
New York Man Pleads Guilty To No-Show Job At Indicted Garbage Hauler ... 19
US Seizes Counterfeit Products From China ... 19
US Seeks Death Penalty In Ohio Slaying Of Pennsylvania Doctor ... 19
Judge Convicts Rabbi Caught In Child Sex Sting ... 20
FBI Arrests 18 Suspected Latin Kings Members In Massachusetts ... 20
Los Angeles Kidnap-For-Ransom Trial Begins ... 20
Texas Fake Doctor Pleads Guilty To Administering Phony Flu Vaccine ... 21
FBI Jackson Office Flooded With Hurricane Fraud Tips ... 21
Texas Man Sentenced To 10 Years In Prison For Katrina Relief Fraud ... 21
Alabama Woman Indicted On FEMA Relief Fraud Charges ... 21
Task Force Tries To Curb Maryland Gang Violence ... 22

Civil Rights:

Study Finds Prisons Lack Mental Health Treatment ... 22
UCLA Admissions Changes Expected To Increase Minority Enrollment ... 23

Antitrust:

Stolt-Nielsen Charged With Price-Fixing ... 23
Texas Airfield Bill Revised To Address Antitrust Concerns ... 23

Judge Refuses To Dismiss Comcast Antitrust Suit 24
NYSE Head Says Euronext Deal Will Close 24
Bertelsmann To Sell BMG Publishing To Vivendi 24
EU Approves Equity Firms' Purchase Of Casema 25
Antitrust Regulators Asked To Review Health-Plan Mergers 25

Environment/Indian Affairs:

Gulf Oil Discovery Could Help Break Impasse On Offshore Drilling Bill 25
House Committee To Grill BP Executive On Corrosion Problems25
Ford To Pay $125,000 Fine For Air Pollution Violations..... 26
LATimes Praises Bill To Limit Traffic, Smog..... 26
Tribal Gaming Commission, DOJ File Notice Of Appeal In Casino Ruling..... 26

FBI/DEA/ATF/USMS:

DEA Proposes Policy Change Regarding Painkillers, Other Prescribed Drugs 26
US Demands Sources For Newspaper Articles On BALCO Probe 27
Marion Jones' Second Doping Test Comes Back Negative..... 27
NFL's Drug-Policy Debate Continues 28

Immigration:

Frist Says Action On Immigration Reform Unlikely..... 28

Tax:

WSJournal Praises Massachusetts For Looking To Income Tax Cuts..... 28

Congress-Administration:

Stevens Lifts Hold On Government Transparency Bill 28
GOP Leaders Plan Lame Duck Session For Appropriations..... 29
Office Of Special Counsel Official Under Fire For Dress Guidelines 29
Farm State Senators Ask For $6 Billion In Farm Aid..... 29
US, European Opinion Said To Be "Converging" In Disapproval Of Bush 29
Barclays Chosen To Manage TSP Stock And Bond Index Funds30
Snow Says NBC Reporter's Question Expressed "Democratic Point Of View." 30
Broder Says Rove Critics Should Apologize Over Plame Charges 30
Blumenthal Says Rice A Bush "Enabler." 30

Other News:

Growth Of Wages, Benefits Sparks Worries About Inflation 30
Tort Reform Groups Push For States To Curb Class Actions..... 31
US Trails Other Countries In Proportion Of Young With College Degrees 31
NYTimes Praises Ford For Stepping Down As CEO 31
Brooks Discusses Factors Contributing To Inequality 31
Several Republican Primaries Pit Moderates Against Conservatives 31
House Democrats To Host Event For "A-List" Challengers..... 32
Big Donors From 2004 Not Yet Aiding Democrats 32
Kondracke Says Estimates Have Democrats Winning 30 House Seats 32
GOP Sees Chance At Knocking Off Democratic Incumbent In IA3..... 32
Democrats Hope To Gain Ground In Florida..... 32
New Democratic 527 Group Targets House GOP 33
Armey To Visit Iowa, New Hampshire, South Carolina 33
New York Democrats Hope Clinton Will Boost Turnout In Down Ballot Races..... 33
Thune Plans To Organize NRSC Chairman Recruitment 33
Santorum Says Casey Just Spouts DNC Talking Points 34
Rothenberg Sees GOP Advantage In Tennessee Senate Race 34
Polls Of Rhode Island Senate Primary Show Conflicting Results34
Lamont Says He Wouldn't Support Lieberman For Defense Post34
Democratic Lobbyists Under Pressure To Aid Party's Fundraising 35
Senators Scold Stem Cell Scientist 35
LATimes Notes California Move To Replace Capitol Statue With One Of Reagan..... 35
Israel Ends Blockade Of Lebanon 36
Ahmadinejad To Address UN 36
Turkish Public Shifts Interest Towards Iran, Away From EU, US, NATO 37
State Department Revamps Assignments Process To Meet New Diplomatic Priorities 37
US Air Force Officer Missing In Kyrgyzstan..... 37
Blair Could Announce Departure Plan Today..... 37
Prague Eyes Hosting US Missile Defense Site 38
Specter Sees "Remarkable Transformation" In Gadhafi 38
Paulson Urges Restart Of World Trade Talks 38
Lugar Slows Action On Darfur Bill To Settle Sanctions Disagreements..... 39
Sudanese Journalist Kidnapped, Executed 39
Will Says Japan Must Lessen Social Protections To Secure Welfare System 39
WSJournal Praises Bolton 39
NYTimes Lauds IMF Voting Share Adjustments, Backs Greater Advisory Role..... 39

The Big Picture:

Headlines From Today's Front Pages 40

Washington's Schedule:

Today's Events In Washington 40

DOJ_NMG_0058831

TERRORISM NEWS:

Bush Asks Congress To Approve Plan For Trial Of Top Terror Detainees. McClatchy (9/7, Hutcheson, Talev) reports this morning, "In a dramatic announcement, President Bush acknowledged Wednesday that he'd authorized a secret CIA detention program and announced plans to bring to trial 14 top terrorist suspects, including some of the alleged architects of the Sept. 11 attacks." Bush "used the announcement, delivered five days before the fifth anniversary of the 2001 attacks, to challenge Congress to authorize him to wage the war on terrorism on his terms. At stake is defining how the rule of law governs the executive branch as it deals with captives who it suspects are terrorists." Speaking to "a White House audience that included relatives of Sept. 11 victims," Bush "demanded that lawmakers revive his plan for military tribunals without key legal safeguards for those on trial, legalize the CIA's detention program and shield US officials from prosecution for possible war crimes."

CBS Evening News anchor Katie Couric (9/6, lead story, 3:30) "sat down with the President…for an exclusive interview at the White House and asked him why he decided to move some of the most dangerous terrorists in the world to the prison at Guantanamo." Bush said, "The reason why we're moving them there is because we want them to go through a military tribunal. We want them to receive the justice that they denied other people. The other thing is that we've got to make sure we have the capacity to…interrogate people to learn information." The President "says that information already obtained from interrogating terror suspects has protected the country from attack." Said Bush, "For example we uncovered a potential anthrax attack on the United States or the fact that Khalid Sheik Mohammed had got somebody to -- to line up people to fly airlines -- to crash airlines -- I think the West Coast or somewhere in America, and these would be Southeast Asians. It was a pretty rich data that has been declassified so that I'm capable of telling the American people the importance of the interrogation program. And I'm going to call upon Congress to make sure that our interrogators have the capacity to do so without breaking the law. See, we're not interrogating now because CIA officials feel like the rules are so vague, that they cannot interrogate without being tried as war criminals, and that's irresponsible."

Much of the media coverage last night and this morning places Bush's speech in the context of the midterm elections, in which Republicans are said to be in serious jeopardy. And in that framework, the President's announcement – described as "stunning" or "dramatic" in a number of reports – is being described as a shrewd political move. For example, ABC World News (9/6, lead story, 2:40, Gibson) reported on Bush's "stunning announcement" and added that it was made "in the most dramatic way possible." Also on ABC World News (9/6, story 3, 3:15, Gibson), George Stephanopoulos was asked to comment on "the political implications of the series of speeches that the President is making on the war on terror." Stephanopoulos said, "It will really have consequences again. Here, the Administration took an admission, and a mandate from the Supreme Court, and turned it into a powerful political statement. That's clever jujitsu there. And what we can see now is that the White House has a well thought out disciplined plan to own the airwaves on these national security issues, at least through the anniversary of 9/11."

On NBC Nightly News (9/6, story 4, 1:05, 9.87M), Tim Russert said Bush could have made the announcement "a month ago" or "the day after election day," and asked "Why now? Because it helps them in the midterm elections and two, the Bush Administration thinks they can influence Congress over the next three weeks. Hammer out a bill in the full spotlight of the midterm elections and hope to put the Democrats on the defensive." The Democrats "realize they should try to reach an accommodation because they don't want to be on the losing end of this debate."

NBC Nightly News (9/6, lead story, 2:45, Williams, 9.87M) reported, "As it played out on live television, it was a dramatic event," one that, added NBC (Gregory), "appears timed for maximum political benefit." The top Democrat on the House Intelligence Committee "dismissed today's move as a campaign year effort to corner Congress." Democratic Rep. Jane Harman was shown saying, "To say you take my legislation or you are coddling terrorists, I don't buy that for a second." On CNN's The Situation Room (9/6), Harman said Bush's "timing is suspicious. For years, many of us have been saying the international world has been saying, and many litigants in court have been saying, that his program violates the law of the Constitution."

Under the headline "President Shifts Argument, Catches Critics Off Guard," the Washington Post (9/7, A1, Abramowitz, Babington, 748K) reports this morning, "With a series of forceful speeches on terrorism and a dramatic announcement that he has sent top-tier terrorism suspects to the Guantanamo Bay prison, President Bush this week has demonstrated anew the power of even a weakened commander in chief to set the terms of national debate. … By challenging Congress to immediately give the administration authority to try notorious al-Qaeda figures such as Khalid Sheik Mohammed by military commissions," Bush "shifted the argument with Democratic critics of national

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security policies and competence. As Bush framed the choice, anyone against his proposal would be denying him necessary tools to protect American security." The President's "success in catching much of Washington by surprise showed that a president who polls show has his political back to the wall still has formidable tools: the ability to make well-timed course corrections on policy, dominate the news and shape the capital's agenda in the weeks before Election Day. … Even Democratic aides on Capitol Hill said Bush's tactics this week have diminished their party's efforts to highlight the problems in Iraq and motivate an anti-Republican vote Nov. 7."Wolf Blitzer, also on CNN's The Situation Room (9/6), said Bush "may deny that this has anything to do with politics, but it's clearly going back to that political playbook that worked so well for the Republicans in 2002-2004, by hammering away that they're saving lives, that the president is preventing another 9/11. Clearly there are political, serious political overtones in this decision to release all this previously classified information today."

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The Los Angeles Times (9/7, Brownstein, 918K) reports, "Until now, the dispute over establishing a new system to replace the military commissions has not generated much attention outside of legal circles." But "several analysts said Bush emphatically changed that dynamic Wednesday." Bush's announcement "is likely to increase the pressure on Congress to quickly approve guidelines for trying suspected terrorists." The President "may also be establishing a line of contrast with Democrats. Many Democrats believe that by heightening the focus on the detainee trial issue less than two months before the mid-term Congressional election, Bush may be seeking to replicate a successful GOP strategy from the 2002 campaign." USA Today (9/7, Page, 2.27M) runs a similar story, titled "Bush Pushes The Button That Best Benefits The GOP," in which it says Bush "demonstrated with a dramatic speech Wednesday one of the most consequential powers of his office." USA Today adds, "With less than nine weeks until congressional elections, the president turned the topic from the war in Iraq and complaints about stagnant wages and rising health care costs to the only major area in which Americans continue to give him and the GOP high marks. … Consider the findings of a USA TODAY/Gallup Poll taken two weeks ago. By 55%-43%, those surveyed approved of how Bush was handling terrorism. In six other areas, most Americans disapproved of the job he was doing. His handling of the situation in Iraq got the highest negative ratings: 61% disapproved. Just 36% approved."

The Wall Street Journal (9/7, Bravin, 2.03M) says "Bush and Republican Party leaders are betting that by forcing Congress to vote on antiterror policies this month during its brief pre-election session, they can turn voters against Democrats who may oppose the Bush proposals. In addition, lawmakers plan to consider legislation validating the president's program of wiretapping international phone calls without obtaining warrants, which was ruled unconstitutional last month by a federal district court in Detroit."

The Chicago Tribune (9/7, Silva, 623K) reports, "The admission of the CIA's long-concealed program, claims of its successes and the announcement of planned trials for several accused terrorists represent dramatic moves by the Bush administration to rivet public attention to persisting threats as both the anniversary of Sept. 11 and critical Nov. 7 congressional elections near."

On CBS Evening News (9/6, story 2, 1:40, Couric, 7.66M) chief Washington correspondent Bob Schieffer was asked whether he thought Congress would "accommodate" Bush's request. Said Schieffer, "Oh, I don't think there's any doubt about it. This will give Congress something to do, and they'll have an excuse not to act on things like working on the deficit and immigration problems all those controversial things that they'd really not -- rather not handle as we come to into this election."

The New York Times (9/7, Sanger, 1.21M) reports Bush "is calculating that with a critical election just nine weeks away, neither angry Democrats nor nervous Republicans will dare deny him the power to detain, interrogate and try suspects his way." But "the gambit carries with it a potential downside by identifying Mr. Bush even more closely with a detention system whose history has been marked by widespread accusations of mistreatment."

But the Financial Times (9/7, Daniel, Sevastopulo) says Bush's proposal 'could face opposition from some lawmakers, including Senator John McCain, who wants guarantees detainees can have access to all evidence, including classified information, levelled against them." The Washington Times (9/7, Dinan, 88K) notes "the top members of the Senate Armed Services Committee, Sen. John W. Warner, Virginia Republican, and Sen. Carl Levin, Michigan Democrat, have been working on a bill that differs from Mr. Bush's on classified information and hearsay rules." Warner "said yesterday that he expects they can resolve any differences and get a bill to the Senate floor soon. 'In my judgment, we can close any gaps,' he said."

USA Today (9/7, Biskupic, Stone, 2.27M) reports Republican Sen. Lindsey Graham said yesterday, "I do not think we can afford to again cut legal corners that will result in federal court rejection of our work product." Another USA Today report (9/7, Jackson), meanwhile, notes House

Majority Whip Roy Blunt "said Bush was 'forceful and persuasive'" and "predicted Congress would act quickly."

Bush Proposal Would Allow Terror Convictions Based On Coerced Evidence. Bush's proposed system of military justice for terror suspects that would allow convictions in US courts based on the use of coerced evidence. The Los Angeles Times (9/7, Reynolds, Schmitt, Savage, 918K) reports that that Administration proposal "also would permit war crimes convictions based on evidence that was never made available to the accused. Bush said reliance on such controversial information at trial would be strictly limited, permitted only under a judge's ruling that it was relevant and credible, and that the use of coerced statements would stop short of allowing evidence obtained through torture." The Times adds, "The administration's proposed rules resemble those imposed under an executive order that Bush issued shortly after the Sept. 11 attacks; it set up military commissions for terrorist suspects captured overseas, some of whom were sent to the U.S. detention facility in Guantanamo Bay, Cuba. The Supreme Court struck down that system in June, in part because it had not been approved by Congress."

The Washington Post (9/7, A1, Smith, Fletcher, 748K) reports, "Together with the emptying of the secret CIA sites, the imposition of the new interrogation rules amounted to a policy shift for the White House." The Administration "has come under substantial foreign and judicial criticism for insisting on the right to hold detainees at will and to subject them to interrogations that international experts have repeatedly called abusive and illegal." But "Bush also said he wants the CIA in the future to have the authority to question terrorists under a program separate from the military's that would not be subject to the interrogation rules the administration put forward yesterday. Several human rights groups criticized this proposed exemption, even as they hailed the new rules." The Post adds, "A senior administration official said that Secretary of State Condoleezza Rice, recognizing pressure from European allies, was among those pushing for the administration to acknowledge the CIA program and to put it on sustainable legal footing."

The Washington Post (9/7, A18, Eggen, Linzer, 748K) reports that in announcing the transfers, Bush "disclosed new details about some of the detainees subjected to what he called 'tough' interrogation methods, which human rights advocates have condemned as torture. Bush defended an 'alternative set of procedures' for interrogations that he said offered critical information about links between suspected terrorists and helped thwart eight plots aimed at killing Americans." Bush "called the interrogations by specially trained CIA officers 'safe and lawful and necessary' and said the information gleaned from the detainees had allowed the CIA to 'make sense' of seized documents and computer records, to identify voices on tape recordings of intercepted telephone calls, and to interpret what terrorist suspects had said to one another. He said the information was corroborated by other sources, but he did not give details about those sources."

Gonzales Seen As President's Point Man On Anti-Terror Policy. The Houston Chronicle (9/7, Reinert) reports, "When Alberto Gonzales was White House counsel, he was a behind-the-scenes player who chatted often with his only client, George W. Bush. … Now that Gonzales is the U.S. attorney general, the Houstonian finds himself standing in the spotlight for the president on his controversial policies in the war on terror." The Chronicle continues, "Whether the issue is defending Bush's military tribunals, which the Supreme Court says violate U.S. law and international treaties, or the president's authorization of warrantless eavesdropping on Americans' telephone and e-mail conversations, Gonzales has emerged as the administration's point man. That role has put him in the cross-hairs of Democrats and his fellow Republicans alike. … 'I think what's important for Congress to understand is that we need to have procedures (for) fair proceedings but ones that (also) reflect the reality that we are still at war,' Gonzales said in an interview this week with the Houston Chronicle. 'They need to allow us to bring terrorists to justice in a way that we don't have to compromise sensitive information or classified information.'" The Chronicle adds, "Gonzales spent hours talking with reporters about Bush's latest proposal for trying foreign terror suspects held at Guantanamo Bay. On Wednesday, he emerged from a Cabinet meeting at the White House and stood next to the president as Bush urged Congress to get on board. … But across town on Capitol Hill, Republican lawmakers were already circulating their own plan for overhauling the tribunal system, revealing several major sticking points with the White House and Gonzales' Justice Department. … Gonzales insists that terror suspects should be prohibited from seeing some of the evidence against them, and that hearsay testimony and evidence gathered through coercive interrogations should be admissible at trial. Key lawmakers disagree and say that the administration's approach would never pass Supreme Court muster." The Chronicle notes, "Gonzales said his role in developing the administration's terrorism policies is essentially to provide legal advice. … Still, Gonzales said he views his close relationship with Bush as a positive thing that allows him to speak his mind."

Officials Relieved Secret Prisons Are Public. The Washington Post (9/7, A17, Priest, 748K) reports that the people charged with carrying out the CIA's covert prison program were relieved as President Bush revealed the secret yesterday. That "feeling of relief by the very people carrying out the program was a striking indication of how deeply attitudes have changed within the government about the administration's unorthodox counterterrorism tactics and the

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need to shroud them in secrecy." The Post adds that when the program was set up, government professionals "worried about the program's effectiveness and legality. As controversy spread within Congress and around the world through media reports, some argued that the program was becoming counterproductive." CIA Director Michael V. Hayden, "who favored the administration's stance and pushed for a revision of existing policy, alerted employees about Bush's White House statement moments before it aired. Hayden advised that they watch and assured them he was working to protect the employees who handled terrorists."

Europe, Human Rights Groups View Bush Decision With Skepticism. The Washington Post (9/7, A17, Sullivan, 748K) reports that President Bush's announcement that 14 suspected terrorists will be transferred from secret CIA detention to the US military prison and Guantanamo Bay, Cuba was greeted "with skepticism among human rights advocates and some lawmakers in Europe."

Many Al Qaeda Terrorists Identified By Detainees Remain At Large. The Los Angeles Times (9/7, Meyer, 918K) reports, "Al Qaeda detainees have helped the CIA identify at least 86 individuals that the terror organization 'deemed suitable' for attacks in the United States or Europe, but more than half of them remain at large, according to documents released Wednesday by the Bush administration. That was just one of many disclosures contained in a raft of formerly classified documents released by the White House to accompany President Bush's" Wednesday speech. The Times notes the documents revealed that Ammar al-Baluchi, a relative of Khalid Shaikh Mohammed, "went so far as to marry an Al Qaeda operative named Aafia Siddiqui and send her to the United States to help one of Al Qaeda's soldiers slip into the country."

Editorial Reaction To Bush's Speech. Editorials in some major newspapers this morning suggest Bush's announcement was fueled by political considerations. The New York Times (9/7, 1.21M) editorializes, "Two months before a Congressional election in which voters are expressing serious doubts about the Republicans' handling of national security, President Bush finally has some real terrorists in Guantánamo Bay." Bush's "urgency was phony, driven by the Supreme Court's ruling, not principle. This should all have happened long ago."

The Washington Post (9/7, A26, 748K) says in an editorial, "Congress should welcome the invitation to legislate but resist any preelection stampede." It "should seriously engage itself with the issues of security, human rights and fundamental American values raised by the president's proposals -- and make sure that torture, illegal detentions and unfair trials will not be the result." The Post adds that "bringing the system of terrorist detentions under law is a priority. But a grossly abbreviated legislative process in the midst of an election season in which one party is trying to label the other as soft on terrorism is not a propitious moment for sober action. Better to do this right than fast."

USA Today (9/7, 2.27M) editorializes, "The speech was largely in part political theater, the opening act of the Republicans' fall strategy of flexing their anti-terrorism muscles. It cast doubt on any and all who question Bush's strategy, including the Supreme Court. Even so, there was much in Bush's remarks on which all sides could agree: There should be clear guidelines for the treatment and questioning of detainees. If US interrogators abide by those guidelines, they shouldn't have to worry about being sued by terror suspects or prosecuted. And, most certainly, it is time to try suspected terrorists who plotted against the nation and bring them to justice."

The Los Angeles Times (9/7, 918K) says in an editorial, "Critics will complain that Bush's concern for the rule of law comes rather late in this war on terrorism. He is asking Congress to approve military commissions only because the Supreme Court ruled earlier this year that he had violated the Constitution and Common Article 3 of the Geneva Convention when he impaneled military tribunals of his own devising. … That said, Bush's actions reflect a welcome recognition that the war on terrorism doesn't mean the president can ignore either the Constitution or the international rules of war."

Critic Says Bush's Plan Will Attract A Lawsuit. The New York Times (9/7, Stolberg, 1.21M) reports, "Military justice experts say that if Congress passes the legislation, trials of some terror suspects at Guantánamo could begin relatively quickly, in three to four months. … One expert who has been critical of the administration's plan, Eugene R. Fidell, predicted that the proposal would attract a lawsuit." Said Fidell, "Going the way they have done this is in fact quite unfair to the very families of 9/11 victims who President Bush had at his meeting today…because those people need closure and in fact what he's done is guarantee further protracted delay because of the inevitable litigation."

Gingrich Says Bush's Claim Of A Thwarted Biological Attack His "Most Important" Revelation. Former House Speaker Newt Gingrich said on Fox News' Hannity and Colmes (9/6), "I thought the most important thing the President said today, which has gotten almost no news coverage, was that we broke up a plot to use anthrax in a biological attack. I don't think anybody has yet asked, how many people might have died if that attack had been pulled off and how seriously should we be worried ant these kind of terrorists getting biological and nuclear weapons. The President mentioned it in passing but I thought it was a very chilling side comment."

Many Al Qaeda Terrorists Identified By Detainees Remain At Large. The Los Angeles Times

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(9/7, Meyer, 918K) reports, "Al Qaeda detainees have helped the CIA identify at least 86 individuals that the terror organization 'deemed suitable' for attacks in the United States or Europe, but more than half of them remain at large, according to documents released Wednesday by the Bush administration. That was just one of many disclosures contained in a raft of formerly classified documents released by the White House to accompany President Bush's" Wednesday speech. The Times notes the documents revealed that Ammar al-Baluchi, a relative of Khalid Shaikh Mohammed "went so far as to marry an Al Qaeda operative named Aafia Siddiqui and send her to the United States to help one of Al Qaeda's soldiers slip into the country." Siddiqui "remains on the loose and is one of the FBI's most wanted suspected terrorists. But her connections to Al Qaeda, and especially to Mohammed and the terror network's inner circle, had never been disclosed."

Experts Say 9/11 Architects May Never Be Tried. McClatchy Newspapers (9/7, Gordon, Taylor, Henderson) reports, "President Bush's stunning transfer of 14 top terror suspects to Guantanamo Bay boosted hopes that, at last, the architects of the Sept. 11 attacks will be brought to justice. … But some legal experts questioned whether their trials will ever occur - and whether Bush's maneuver is merely a power play to win congressional support for special military courts similar to those already struck down by the Supreme Court." McClatchy continues, "The president's decision to move captive al-Qaida members from secret CIA prisons overseas escalates a battle with Congress over what rights terror detainees should be afforded if they were to stand trial. … The administration wants Congress to approve special procedures that would narrow these rights in the name of shielding national security secrets by excluding defendants from portions of their trials." McClatchy adds, "Administration lawyers also want to use incriminating statements that might have been coerced with interrogation techniques that Bush described as tough and safe, but others liken to torture. … Those transferred include some of the most dangerous men captured in the war on terror - among them Khalid Sheikh Mohammed, the suspected mastermind of the Sept. 11 plot, alleged hijacker coordinator Ramzi Bin al Shibh and Abu Zubaydah, a trusted associate of Osama bin Laden. … Only one defendant, Zacarias Moussaoui, has been prosecuted in the United States as a result of the Sept. 11 attacks, and that took four-and-a-half years even though he pleaded guilty. Experts said that even if Congress were to endorse Bush's proposal, legal challenges would delay prosecutions of the 14 alleged terrorists for years." McClatchy notes, "A senior Justice Department official, who insisted upon anonymity, said special military trial procedures are needed because 'it is critically important that we maintain the secrecy of sensitive intelligence sources and methods in the war on terrorism.' … The official said that statements stemming from torture would be automatically barred from use during the trials. But, the official said, military judges should decide whether to allow use of other admissions that 'the accused may allege were obtained through some form of coercion.'"

Administration Issues New Interrogation Policies. The Los Angeles Times (9/7, Barnes, Havemann, 918K) reports, "The Bush administration, under a crossfire from the other two branches of government, issued new interrogation policies today that are designed to ensure that all detainees are treated humanely with the full protection of the Geneva Convention." The policies, "embodied in a new Army field manual, prohibit cruel, inhumane or degrading punishment." In particular, said Cully Stimson, deputy assistant defense secretary for detainee affairs, "they bar 'murder, torture, corporal punishment, execution without trial by proper authority, threats or acts of violence, including rape or forced prostitution, assault and thefts, public curiosity, bodily injury and reprisals.'" They also "rule out subjecting detainees to medical experiments and to sensory deprivation, Stimson said."

The Washington Times (9/7, Scarborough, 88K) says "the manual bans the use of hoods, a widespread practice in transporting Taliban, al Qaeda and Iraq insurgency suspects." It also "prohibits the use of dogs in interrogations, a method used sporadically at the Abu Ghraib prison outside Baghdad."

NBC Nightly News (9/6, story 3, 1:00, Miklaszewski, 9.87M) said, "Not everyone is happy with the new rules. Some military officials fear they are too restrictive and tie the hands of interrogators. If they don't talk they could be turned over to the CIA where many of these rules do not apply."

The Washington Post (9/7, A1, White, 748K) runs a similar story under the headline "New Rules Of Interrogation Forbid Use Of Harsh Tactics," while USA Today (9/7, Diamond, 2.27M) reports Congress "approved a proposal by Sen. John McCain, R-Ariz., last December that led to the new rules."

Administration Offers Qualified Support For GOP Bills On NSA Surveillance. The AP (9/7, Abrams) reports, "The Bush administration gave guarded support to several terrorist surveillance bills Wednesday as Congress took up the sensitive issue of how to give legal backing to the president's warrantless wiretapping." Acting Assistant Attorney General Steven Bradbury "told a House Judiciary subcommittee that legislation backed by the House GOP leadership showed promise and that the president had expressed support for a measure from Sen. Arlen Specter," but Bradbury and NSA General Counsel Robert Deitz "also said the NSA's wiretapping program was proper and

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necessary, and that tampering with it could jeopardize national security."

DOJ Says Warrantless Wiretaps Are Justified. The AP (9/7, Neumeister) reports, "A government lawyer used a dramatic scenario of a nuclear attack on Washington to illustrate his arguments Tuesday in defense of President Bush's warrantless wiretapping program." The AP continues, "Anthony Coppolino, a special litigation counsel based in Washington, said the Constitution gives Bush the right as commander in chief to do what is necessary to surveil terrorists and stop them from attacking the United States, including interrogating someone who might have information about an imminent attack. … 'Suppose for example the president obtains intelligence that a nuclear bomb was planted ... right there in Washington, and the only way he was going to find out whether that was going to happen was to grab the person and interrogate him,' Coppolino said in U.S. District Court in Manhattan. 'Would that be in his constitutional authority? I would say so.'" The AP adds, "Coppolino used the argument to justify a Bush administration decision after the Sept. 11, 2001 terrorist attacks to monitor international phone calls and e-mails to or from the United States involving people suspected of terrorist links. … He was responding in oral arguments before U.S. District Judge Gerard E. Lynch to a lawsuit brought by the Center for Constitutional Rights seeking to stop Bush and government agencies from conducting warrantless surveillance of communications in the United States."

The New York Sun (9/6, Goldstein) reports that Coppolino "argued that the Foreign Intelligence Surveillance Act — which requires the president to get a court warrant to eavesdrop in certain scenarios — intrudes on the president's inherent constitutional powers if the law is interpreted to outlaw Mr. Bush's program. … Almost three weeks ago, a federal judge in Detroit, Anna Diggs Taylor, ruled that the eavesdropping violated both the Fourth Amendment and FISA, and must be halted. … The ruling, which the government is appealing, was in response to a similar lawsuit by the American Civil Liberties Union. While the judge in the New York case, Gerard Lynch, is free to consider Judge Taylor's ruling, it is not binding." The Sun continues, "Yesterday, Judge Lynch directed few questions toward the Fourth Amendment issues. Instead, during an oral argument that lasted nearly three hours, Judge Lynch appeared skeptical of the government's claim that Congress, when it passed FISA in 1978, had improperly taken away powers that belonged to the president. … At one point, Judge Lynch said that what both sides demanded he do — either strike down FISA or strike down the surveillance program — amounts to judicial activism." The Sun adds, "Judge Lynch directed nearly all his questioning on the legality of the program to the government. He sought input from the plaintiffs for the most part during a lengthy argument on whether the plaintiffs have the standing to bring the lawsuit. Mr. Coppolino said the plaintiffs have to be able to prove that the government spied on their communications with foreign clients before the lawsuit could go forward."

Gadahn Reportedly Indicted On Charges Of Supporting Terrorism. The New York Daily News (9/7, Meek, 729K) reports American al Qaeda member Adam Gadahn "is charged with aiding terrorists in a secret federal indictment expected to be unsealed soon, the Daily News has learned. … The federal indictment is expected unsealed in Los Angeles in the next few days, three sources said. It will likely charge Gadahn with giving material support to terrorists. The indictment will cite Ayman al-Zawahiri…who praised 'Brother Azzam' in a video released last weekend." The Daily News adds, "Sources said that ringing endorsement sealed the fate of Gadahn, who has been sought by the FBI since 2004. … 'It makes the criminal charges much better,' said a source familiar with the prosecution's case."

Senate Democrats To Unveil 600-Page Anti-Terrorism Plan Today. Roll Call (9/7, Stanton) reports, "Senate Democratic leaders will introduce a detailed homeland security and anti-terrorism package today that significantly expands the size of U.S. special forces units used to track and combat terrorists, while also establishing a comprehensive transportation security plan and implementing the remaining security recommendations of the 9/11 commission, Senate Democratic aides said Wednesday. … The 600-plus-page Democratic plan — dubbed the Real Security Act of 2006 — meshes existing Democratic proposals…with newly drafted legislative language." Roll Call adds that the "proposal 'builds on the "Real Security Platform"' unveiled by House and Senate leaders earlier this year and is a 'full soup-to-nuts way to fight the war on terror,' said a…Democratic aide familiar with the plan."

HOMELAND RESPONSE:

Bush Cites NCTC As Example Of Post-9/11 Intelligence Reform. CBS Evening News (9/6, story 4, 3:05, Couric, 7.66M) reported that in an interview, President Bush said "the government is doing a much better job of coordinating intelligence than it did before 9/11, and he singled out the new National Counter-Terrorism Center as an example. Tonight we're able to give you an exclusive look inside that top-secret facility." CBS (Martin) added that the NCTC "was set up specifically to overcome rivalries between intelligence agencies like the CIA and FBI, which failed to share vital clues about the al Qaeda plot to attack America on 9/11. It is the nerve center of the war against terror," but "it

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took a bureaucratic battle royal to make that happen," and NCTC "is still not fully manned." NCTC chief analyst Andy Leibman: "They should be gradually increasing the size until probably a year and a half or so from now when we'll be at full strength." Martin: "And he's going to need every one of them, because each day, the national counter-terrorism center adds literally thousands of names to its lists of suspected terrorists, which already numbers 400,000."

Mueller Touts Efforts To Combat Home-Grown Terrorism. CBS News' "Five Years Later" (9/6, story 3, 7:45, Couric), a special on the anniversary of the 9/11 attacks, reported, "Since we've been hit the FBI's budget has almost doubled. It's now close to $6 billion. Almost half the Bureau's investigations involve counterterrorism. And they've added 6,000 new people. CBS (Stewart), "In the past two years the FBI and local police say they've uncovered at least five home grown cells around the country -- most recently in Miami where seven men were charged with plotting to blow up the seers tower in Chicago. Have you been lucky or have you been good?" FBI Director Robert Mueller was shown saying, "It's both. Yes, you could be fortunate but to the extent that you are thorough, to the extent that you follow up on every lead, you make your luck." Stewart: "Are we safer now?" Mueller: "Yes. The Patriot act broke down the walls and we are much more adept now at identifying pieces of information and following up on those pieces of information with all of our counterparts in the intelligence community and in the law enforcement community." But former CIA terrorism analyst Michael Scheuer said, "I think they're whistling past the graveyard if they think we're significantly safer than we were on 9/11."

Counter-Terror Officials Said To Have Overestimated Islamic Extremists' Capacity. In a Wall Street Journal op-ed (9/7), Heather MacDonald, contributing editor at City Journal, says, "Since 9/11, it has been generally assumed that Islamic extremists have an almost infinite capacity to wreak large-scale destruction in the U.S. The most pressing question for homeland security officials accordingly was: How do we shore up the country's equally limitless vulnerabilities? There is reason to think, however, that we may have overestimated Muslim terrorists' reach. To find out whether this is true, the next stage of the homeland security enterprise should be oriented around one overriding goal: determining the actual capacity of jihadists to strike the U.S. That means ramping up our intelligence efforts and facing down privacy zealots and civil libertarian extremists, who continue to impede those efforts at every turn." The "domestic plots uncovered so far do not suggest that at present we face anything like an omnipresent, omnipotent enemy; wanting to bring down the Sears Tower and being able to do so are very different matters." Yet the "security-industrial complex continues to trumpet the notion that we are everywhere under growing threat -- enabled by politicians unable or unwilling to understand risk analysis but quick to denounce even a rational decision by the federal government to ignore low-priority vulnerabilities."

DHS IG Says Agency Using A Dozen Different Data-Mining Systems. The Washington Times (9/7, Hudson, 88K) reports a study released yesterday by the Department of Homeland Security's inspector general says the agency "is using a dozen different data-mining systems to track terrorist and criminal activity." DHS uses data-mining technology "to screen airplane cargo, but not to pre-screen passengers -- an experiment that was abandoned after strong opposition from the public and members of Congress." The Times continues, "A system used to track high-risk shipments through borders can alert inspectors to conduct a search; however, the inspector general said 'limitations' in the system can lead to errors." Meanwhile, the IG says a freight-assessment system under development by the TSA to pre-screen airline cargo and flag suspect shipment for inspection "faces a 'unique problem' because the TSA cannot regulate shippers." Agency officials have yet to "submit a response" to the report.

Former Clinton Officials Assail ABC Movie About 9/11. The Washington Post (9/7, A9, Kurtz, 748K) reports, "Top officials of the Clinton administration have launched a preemptive strike against" the ABC miniseries "The Path to 9/11," which "they say includes made-up scenes depicting them as undermining attempts to kill Osama bin Laden. Former secretary of state Madeleine K. Albright called one scene involving her 'false and defamatory.' Former national security adviser Samuel R. 'Sandy' Berger said the film 'flagrantly misrepresents my personal actions.' And former White House aide Bruce R. Lindsey…said: 'It is unconscionable to mislead the American public about one of the most horrendous tragedies our country has ever known.'"

Polls Find New Yorkers More Concerned About Terrorist Attacks Than Rest Of Nation. The New York Times (9/7, Toner, Connelly, 1.21M) reports New York Times/CBS News polls of 1,206 adults nationally and 838 adults in New York City conducted Aug 17-21 (+/- 3%) and Aug. 23-27 (+/- 3%), respectively, have found "two-thirds of New Yorkers say they are still 'very concerned' about another attack on their city," while Americans outside the city, "in many ways, have adjusted to the 'new normal' of the post-Sept. 11 era. … Only 22 percent in the national poll said they were still 'very concerned' about an attack where they live, down from 39 percent five years ago. Three-fourths said daily life had largely returned to normal." New Yorkers were also "less likely to say the federal government had done all that 'could reasonably be expected' to protect the United

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States from future terrorist attacks. Seventy-two percent of New Yorkers said the government could do more, compared with 58 percent in the national survey."

Poll Of 9/11 Survivors Finds Most Feel US Is Not Safer. The Washington Times (9/7, Harper, 88K) reports "those closest to the September 11 attacks often face a mix of old fears and anxieties, according to a survey of 500 surviving family members and first responders released yesterday" by the New York-based World Trade Center Family Center. The survey "found that 75 percent of the respondents said 'media coverage of 9/11-related issues continue to increase emotional distress for adults and children, including grief, anxiety, fear of another attack and depression.'" Meanwhile, 60 percent "said they do not feel personally safe and that the United States is not safer today; 17 percent felt the country was safer, while 22 percent were undecided."

9/11 Widow "OK" With Anniversary Being "Just Another Day." Nikki Stern, who served as New Jersey's 9/11 families' liaison and as executive director of Families of September 11 after her husband, Jim Potorti, died in the World Trade Center's North Tower, writes in USA Today (9/7, 2.27M) that in many parts of the country, 9/11 has become "just another day," and she's "OK with that. … It's not that I want people to forget the events of Sept. 11, 2001. … But I realize that the date will mean different things to different people, and that it will change over time. Memory morphs experience.

Some Say First Registered Victim Of 9/11 Deserves Sainthood. ABC World News (9/6, story 11, 2:40, Gibson) reported on Father Mychal Judge, "the first registered casualty of" 9/11 and a man "who some say deserves sainthood." ABC (Harris) continued that Judge "was the fire department chaplain who'd rushed to the towers to be with his men. Five years later, Father Judge has become an icon. … People who've never him have prayed at his gravesite, built monuments, written books, and started a grassroots internet movement to have Mychal Judge named a saint."

Perceived US Hegemony Said To Have Prompted 9/11 Attacks. USA Today (9/7, 2.27M) runs an essay adapted from William J. Dobson's cover story in the current issue of Foreign Policy magazine. Dobson writes that after 9/11, we were told "that everything had changed. … Yet, if you look closely at the trend lines since 9/11, what is remarkable is how little the world has changed. The forces of globalization continue unabated; indeed, if anything, they have accelerated." Dobson argues that it was the fall of the Soviet Union, and not 9/11 that "changed the world forever." Since then, the US has "reigned supreme — 'the sole superpower,' 'the hyperpower,' 'the global hegemon,' call it what you like. And from that moment on, the world was out of balance — and it still is." Dobson continues, "The United States was a target on Sept. 11 because it was perceived to be the global hegemon." Now, rather than alter "the balance of power," 9/11 has "only aggravated differences in the imbalance that existed. … In 2001, the U.S. military expenditure of $325 billion was the same as the next 14 biggest militaries combined. By 2005, the Pentagon was outspending the next 14 militaries by $116 billion." Dobson state that "only when the international system achieves some sort of balance — whether it happens because of others' progress, US decline, or both — will the post-Cold War era come to a close."

GAO Reports Criticize Progress On Disaster Preparedness Since Katrina. USA Today (9/7, Hall, Konigsmark, 2.27M) reports the GAO released three reports yesterday examining "the government's progress in addressing its response after Hurricane Katrina." GAO Comptroller General David Walker said that the nation is "clearly better off than we were five years ago and one year ago, but we are not where we need to be." Though DHS "says it has made changes to improve its ability to respond to disasters," the GAO said "there is little information available on the extent to which those changes are operational." Agency spokesman Russ Knocke "said some of Homeland Security's new policies are not made public for security reasons."

In a brief article, the New York Times (9/7, Lipton, 1.21M) focuses on the GAO's finding that there is no "government entity…keeping track of the $88 billion appropriated to 23 federal agencies to respond to Hurricanes Katrina, Rita and Wilma." This means "the government cannot definitively say 'whether more may be needed, or whether too much has been provided,' let alone how much money has been spent." Though FEMA is "trying to keep track" of its $42.6 billion, "its weekly report does not include accurate or comprehensive information on spending by other agencies, the GAO report said."

Also reporting on the GAO's findings, the Washington Post (9/7, A25, Hsu, 748K) reports, "The US Army Corps of Engineers lacks a strategic plan to spend more than $7 billion approved by Congress for levee and flood-control projects in greater New Orleans, risking a repeat of the piecemeal approach that led to catastrophic systemic failures after Hurricane Katrina last year. … 'We are concerned that the Corps has embarked on a multi-billion repair and construction effort in response to the appropriations it has already received, without a guiding strategic plan,' reported the GAO, Congress's audit arm. The Corps is 'once again...taking an incremental approach that is based on funding.'"

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WAR NEWS:

Bush Says Iraq Success Essential To War On Terror. CBS Evening News (9/6, story 3, 1:35, Couric, 7.66M) reported, "As President Bush appeals to Congress and the American people to support him in the global war on terror, he insists it cannot be won without succeeding in Iraq. We talked a lot about that at the White House today." Couric asked Bush, "You have said we can't cut and run on more than one occasion. 'We have to stay until we win. Otherwise we'll be fighting the terrorists here at home on our own streets.' So what do you mean exactly by that, Mr. President?" President Bush: "I mean that a defeat in Iraq will embolden the enemy and will provide the enemy more opportunity to train, plan to attack us. That's what I mean. There's a -- it's -- you know one of the hardest parts of my job is to connect Iraq to the war on terror. I believe it but the American people have got to understand that a defeat in Iraq -- in other words this government there fails, the terrorists will be emboldened. The radicals will topple moderate governments. And I truly believe this is the ideological struggle of 21st century. And the consequences for not achieving success are dire."

Bush Comparison Of War On Terror, Cold War Analyzed. The Christian Science Monitor (9/7, LaFranchi, 58K) reports President Bush is "reemphasizing his focus on the war on terror as the defining struggle of the age. With historical analogies his constant tool, the president compares Osama bin Laden to the ideological foes the United States faced in the 20th century - Lenin and Hitler, for example - and likens the struggle against Islamic radicalism to the cold war." Such comparisons "can help Americans understand the foe the US is up against, analysts agree, and can help put the challenge ahead into perspective." But "such analogies go only so far and can actually hinder understanding if they obscure the differences in the current situation or act to cover up missteps in current policy."

Most Americans Don't View Iraq As Part Of War On Terror. The AP reports most Americans "view the war in Iraq as a separate conflict from the war on terror, polling indicates." President Bush has "described Iraq as the central battlefield in the war on terror in several speeches and noted that terrorist leaders have said fighting the U.S. in Iraq is critical to their strategy. But a CNN poll out Wednesday asked the public if the war in Iraq is part of the war on terrorism. Fifty-three percent said 'no;' 45 percent said 'yes.'"

Gingrich Says Bush Strategies Lack Scale, Metrics, And Definition Needed For Victory. In a Wall Street Journal op-ed (9/7), former Speaker Newt Gingrich says President Bush "today finds himself in precisely the same dilemma Lincoln faced 144 years ago. With American survival at stake, he also must choose. His strategies are not wrong, but they are failing. And they are failing for three reasons." They "do not define the scale of the emerging World War III, between the West and the forces of militant Islam, and so they do not outline how difficult the challenge is and how big the effort will have to be." They "do not define victory in this larger war as our goal, and so the energy, resources and intensity needed to win cannot be mobilized." They do not "establish clear metrics of achievement and then replace leaders, bureaucrats and bureaucracies as needed to achieve those goals." Gingrich concludes, "We have to be honest about how big this problem is and then design new, bolder and more profound strategies to secure American national security in a very dangerous 21st century. Unless we, like Lincoln, think anew, we cannot set the nation on a course for victory."

Bush Says Deaths Of Innocents, Soldiers In Iraq "Hardest Thing" For Him. On CBS News' "Five Years Later" (9/6, story 2, 8:20), anchor Katie Couric interviewed President Bush. Asked if he was "frustrated" with the progress of the war in Iraq, Bush said, "Absolutely. Starting with the death of innocent people and our soldiers. That's the hardest thing for me. I meet with a lot of the families. I do the best I can to cry with them or, you know, laugh with them if they want to laugh and hug 'em. One thing most have said to me is don't leave before this job gets done. They understand the stakes and so do our soldiers. The stakes are this: If we leave before the job is done an enemy that has attacked us will be emboldened. Allies and modern people will wonder where America's soul is." Asked of criticism of the Iraq war effort from some of his father's former advisers, such as Brent Scowcroft, rankled, Bush said, "Does it bother me? No, not really. When you do hard things, people are going to criticize you. The American people expect me to make decisions based upon principle, to deal with the threats that face our nation, not to worry about criticism. Of course I listen to it. That's part of the job."

Bush Regrets Abu Ghraib, "Bring It On." On CBS News' "Five Years Later" (9/6, story 2, 8:20), Bush was also asked if there were things he would do differently. Bush said, "Yeah I mean I wish for example Abu Ghraib didn't happen. That was a stain on our nation's character. And it sent a signal about who we're not to a lot of people around the world. I probably could have watched my language a little better. 'Bring it on,' for example. Sometimes I try to explain myself in plain terms and sometimes the terms are too plain."

Senate Panel To Release Two Chapters Of Report On Pre-Iraq War Intel. The Washington Post (9/7, A11, Weisman, 748K) reports the "long-awaited Senate analysis comparing the Bush administration's public

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statements about the threat posed by Saddam Hussein with the evidence senior officials reviewed in private remains mired in partisan recrimination and will not be released before the November elections, key senators said yesterday." But the Senate Select Committee on Intelligence "will vote today to declassify two less controversial chapters of the panel's report, on the use of intelligence in the run-up to the Iraq war, for release as early as Friday." The first "examines what, if any, information provided by Iraqi exiles was used in official intelligence estimates. The second compares prewar estimates of Iraq's alleged chemical, biological and nuclear programs with the findings of U.S. weapons hunters, who wrapped up their work empty-handed in December 2004. Even that limited release may pack a wallop." Sen. Dianne Feinstein said, "This is a very critical part of our report. I am hopeful that it can be adequately declassified so that individuals can see that. If it is, the full import of the INC will be known." The Post adds Senate aides "said it took two Republican committee members, Chuck Hagel (Neb.) and Olympia J. Snowe (Maine), to force" Chairman Pat Roberts "to act."

GOP Blocks Vote Of No Confidence In Rumsfeld. ABC World News (9/6, story 4,0:40, Gibson) reported, "In the Senate today, the Bush Administration's handling of National Security was front and center. A fierce debate took place as Democrats pushed for a vote of no confidence in Defense Secretary Donald Rumsfeld. Their resolution said staying the course is not a strategy for success in Iraq. The Republicans who control the chamber, stood by Rumsfeld." Sen. Hillary Clinton: "We went to war with the Secretary of Defense we had. Now, it's time to complete the mission with a new Secretary of Defense that we need. It is past time." Sen. Jim DeMint: "I'm afraid if my Democratic colleagues spent half the time helping us fight this war on terror as they do attacking the Administration, we'd be a lot closer to winning this war."

USA Today/AP (9/7) reports Republicans "called the move a political stunt and stood by Rumsfeld." Senate Majority Leader Bill Frist "made the rounds of news shows Wednesday morning to support Rumsfeld. 'The American people want us to be safe and secure. They recognize it takes bold leadership,' Frist said on NBC's Today show." The Rumsfeld resolution, "which is non-binding, is likely to be struck down on a point of order since it is not germane to the pending legislation, the Pentagon spending bill. The GOP tactics would prevent Republican senators from having to vote to support the way President Bush and Rumsfeld have handled the war." Democrats "are likely to have no more luck in forcing a vote on Rumsfeld in the House of Representatives, where Republican leaders keep tight control over floor debate."

The Washington Times (9/7, Fagan, Bellantoni, 88K) says Senate Republicans "blocked" the vote. GOP Sen. Judd Gregg "said Democrats don't seem to understand that there are enemies who 'wish to kill us.' He said their policy 'is firmly grounded in Birkenstocks and clearly not grounded in the reality of the world as it is.'" Republicans "said Mr. Rumsfeld has made the country safer. 'By going on offense, he's helped to ensure that we have not been attacked here at home in the five years since 9/11,' said Senate Majority Whip Mitch McConnell, Kentucky Republican."

The Wall Street Journal (9/7, Rogers, 2.03M) notes the debate took place during consideration of "a $468.4 billion wartime defense budget," which "is poised to clear the Senate today." The Los Angeles Times (9/7, Simon, 918K), among other newspapers, also reports the story this morning.

Reid, Boyer Say Democrats Are Using Rumsfeld To Make A Larger Point. CNN's The Situation Room (9/6, Bash) reported that Senate Minority Leader Harry Reid "conceded that they are trying to use Donald Rumsfeld to make a broader political point. He certainly suggested that in his statement, and that point is that they believe, and they're making this case over and over on the campaign trail -- that the administration has had a lot of mismanagement when it comes to the Iraq war."

Sen. Barbara Boxer was asked on MSNBC's Tucker (9/6) if it is a "waste of time" to go after Rumsfeld since he is not responsible for the war. Boxer said, "Actually, if you read the resolution, it's a lot broader than that. The resolution says we must change course in Iraq, that what we're doing isn't working, and that one way to bring a fresh start is to replace Donald Rumsfeld. So it's really an important statement, and I think the American people want to hear us make that statement. And it's very sad that a parliamentary maneuver is being used to block it."

Weldon Resolution Would Give Military Commanders Authority Over Iraq Pullout. The Hill (9/7, Bolton) reports, "The second-ranking Republican on the House Armed Services Committee, who is a strong supporter of the US military mission in Iraq, has drafted a resolution that would give military commanders -- instead of President Bush or Secretary of Defense Don Rumsfeld -- decision-making authority over when American troops should return home." GOP Rep. Curt Weldon, the vice chairman of the Armed Services panel and chairman of the Tactical Air and Land Forces Subcommittee, "told Speaker Dennis Hastert (Ill.) Monday of his plans to introduce the resolution shortly." The resolution "would express the sense of the House that military commanders should put in place a system of criteria to assess the capability of Iraqi security forces. Once those criteria are met, the mission in Iraq would be considered complete and the president could begin

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withdrawing troops." Weldon is "in the midst of a difficult reelection campaign because of voters' generally sour view of the war in Iraq. His race is considered among the most competitive in the nation, and Weldon recently cited Bush's low poll numbers as the reason."

Iraq To Take Command Of Its Armed Forces Today. USA Today/AP (9/7) reports, "Iraq takes control of its armed forces command today, a significant milestone on its path toward self-sufficiency and an essential step before international troops can eventually withdraw." Maj. Gen. William Caldwell, a U.S. military spokesman, said yesterday, "This is such a huge, significant event that's about to occur. … If you go back and you map out significant events that have occurred in this government's formation in taking control of the country, tomorrow is gigantic."

Shiite Lawmakers Push Legislation Creating Autonomous Regions Within Iraq. The New York Times (9/7, Oppel, 1.21M) reports, "Shiite lawmakers are pushing ahead with legislation that would provide a mechanism to carve Iraq into largely autonomous regions, angering some Sunni Arab lawmakers who say Shiites should first follow through on a promise to allow Parliament to re-examine the issue of federalism. Allowing Shiite-dominated provinces in southern Iraq the means to form their own semiautonomous regions has been a top priority of Abdul Aziz al-Hakim, leader of the powerful Supreme Council for Islamic Revolution in Iraq, a Shiite political party." The Times adds, "Federalism provisions in the new Constitution, approved by voters last fall, allow such regions to be formed. Sunnis had been reluctant to support the charter, fearing those provisions would leave the country's oil wealth in the hands of Shiites in the south and Kurds in the north." To win Sunnis over, Shiite representatives "changed the charter so Parliament could later decide whether to narrow those provisions."

Parliament Speaker Says Country Months Away From Collapse. The Washington Times (9/7, 88K) reports, "Iraq's leaders have just months to mend their differences or see their country collapse, the speaker of parliament told wrangling deputies yesterday after a car bomb caused dozens of casualties during the morning rush hour. Ethnic Kurds in the chamber demanded a new national flag. Other members complained about parliament's agenda, on its first full session after a summer recess." The Times adds, "Upset by the squabbling, Speaker Mahmoud al-Mashhadani stepped in. 'Let's start talking the same language,' he said. 'We have three to four months to reconcile with each other. If the country doesn't survive this, it will go under,' said Mr. al-Mashhadani, a Sunni Arab."

1,500 Killed In Baghdad In August. ABC World News (9/6, story 5, 0:15, Gibson) reported, "In Iraq, the Baghdad morgue now says 1,500 people were killed in that city last month. Triple the initial tally released a few days ago. Officials had no explanation today for the revision. But the number still represents a marginal improvement from the death toll in July and August. And Iraqi television said 27 terrorists have been executed. The government's first execution since the fall of Saddam Hussein."

Judge Rejects US Request To Force-Medicate Alleged Iraqi Agent. The AP (9/7, Neumeister) reports US District Judge Michael Mukasey "dealt a severe setback Wednesday to the government case against a one-time journalist and congressional aide accused of becoming a paid Iraqi intelligence agent." Mukasey ruled Susan Lindauer "cannot be forced to take medication to control delusions of grandiosity and paranoia," and he "criticized the strength of the case." The AP notes, "The indictment against Lindauer accused her of meeting in 1999 and October 2001 with Iraqi spy agency officers, accepting an unspecified task and about $10,000 and delivering a letter to a U.S. government official claiming Iraqi contacts and trying to influence U.S. foreign policy. It also alleged she met an undercover FBI agent posing as a Libyan spy to support resistance groups in Iraq after the U.S. invasion."

Musharraf Says Pakistan Will Help In Fight Against Taliban. The New York Times (9/7, Gall, 1.21M) reports, "President Pervez Musharraf of Pakistan, on a two-day visit to shore up relations, promised Wednesday to help Afghanistan combat the worsening Taliban insurgency, which operates from his country. Relations between the nations have deteriorated badly this year as the insurgency has bloomed, and President Hamid Karzai of Afghanistan has blamed Pakistan for providing a haven to militants and suicide bombers. … American and other foreign diplomats have been pushing for closer ties between Afghanistan and Pakistan as the only way to resolve the insurgency and regional terrorism in the long term." The meeting "came before state visits by General Musharraf and Mr. Karzai to Washington this month, and a meeting they are scheduled to hold with President Bush."

USA Today (9/7, 2.27M) reports Musharraf said "Pakistan will help fight al-Qaeda and Taliban militants but won't allow foreign troops into tribal areas that Afghan leaders say harbor terrorists and extremists."

The Washington Post (9/7, A23, Constable, 748K) reports Musharraf "acknowledged that the new truce with Islamic militants based in Pakistan's tribal border region had caused 'misgivings' in neighboring Afghanistan, where government forces and 10,000 NATO troops are fending off a

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fierce armed offensive by hundreds of Taliban insurgents." But "the Pakistani leader, on a fence-mending visit to the Afghan capital, said he would not hesitate to act militarily if the Taliban forces reneged on the pact, which calls on them to end armed attacks inside Pakistan and to stop crossing into Afghanistan to fight against the Karzai government and international troops." The agreement also "requires foreign militants to leave the tribal area of North Waziristan or take up a peaceable life there, and it prohibits local Islamic extremist groups from enforcing draconian religious notions such as requiring men to grow long beards or destroying audio and video equipment."

Pakistani Prime Minister Denies Bin Laden Would Receive Immunity. CNN's The Situation Room (9/6, Blitzer) reported, "Pakistan's prime minister is talking tough about Osama bin Laden. Prime Minister Shaukat Aziz is disputing an ABC News report that bin Laden would not face capture in Pakistan if he agreed to lead a peaceful life. Aziz tells CNN that there's no immunity for terrorists. At the same time, Aziz is praising a peace agreement with pro-Taliban tribal leaders. It's designed to end violence along the Pakistani-Afghan border."

CORPORATE SCANDALS:

US Seeks To Preserve Lay Conviction. The AP (9/7, Lozano) reports, "The Justice Department on Wednesday asked a judge to delay ruling on a request by lawyers for convicted Enron Corp. founder Kenneth Lay's estate to erase his convictions and dismiss the indictment against him because he died before he had appealed. … Lay was convicted of 10 counts of fraud, conspiracy and lying to banks in two separate cases on May 25. He died of heart disease July 5." The AP continues, "Lay's lawyers have said in a previous court filing that Lay's death 'necessitates' erasing his convictions. They cited a 2004 ruling from the 5th U.S. Circuit Court of Appeals that found that a defendant's death pending appeal extinguished his entire case because he hadn't had a full opportunity to challenge the conviction and the government shouldn't be able to punish a dead defendant or his estate." The AP adds, "In a court filing Wednesday, federal prosecutors asked U.S. District Judge Sim Lake to defer from making a ruling until Oct. 23, the previously scheduled sentencing date, so Congress can consider legislation the Justice Department submitted Tuesday that changes current federal law regarding such situations. … 'Certain provisions of the (legislation) would be directly relevant to the situation presented by defendant Lay's death,' prosecutors Sean Berkowitz and John Hueston wrote in their motion. 'For example ... the (legislation) provides that the death of a defendant charged with a criminal offense shall not be the basis for abating or otherwise invalidating either a verdict returned or the underlying indictment.' … The Justice Department would like to make the new legislation retroactive to July 1, four days before Lay died."

The Wall Street Journal (9/7, Emshwiller) reports, "Erasing Mr. Lay's conviction could have a major impact on the government's efforts to recover tens of millions of dollars it contends he realized from the frauds at Enron. Without the criminal conviction, the government would likely have to go through potentially lengthy civil proceedings." The Journal notes, "'Yesterday, government prosecutors moved to protect their criminal conviction of Mr. Lay. In a filing in Houston federal court, the government asked Judge Lake to hold off ruling on the motion to vacate Mr. Lay's conviction until Oct. 23. The filing noted that the Justice Department on Tuesday had sent proposed legislation to Congress. Under the proposed legislation the death of a defendant would "not be the basis for abating or otherwise invalidating" a guilty verdict. The filing added that the current state of the law 'unnecessarily harms crime victims' and 'erases hard-won verdicts against those who have wronged them, verdicts that might aid crime victims' in their loss-recovery efforts. The proposal would also create a special forfeiture procedure for such cases. The proposed legislation would be retroactive to July 1 -- four days before Mr. Lay's death."

Congress Examines Stock Options Backdating. The AP (9/7, Gordon) reports, "The government is aggressively investigating the suspicious timing of stock options granted to top executives at scores of companies, federal officials said Wednesday." The AP continues, "Shareholders and employees have been 'ripped off by senior executives who rigged stock option programs ... to further enrich themselves,' the chairman of the Senate Finance Committee said at a hearing. … The tax-writing committee, led by GOP Sen. Charles Grassley of Iowa, is considering reducing or eliminating a deduction that encourages companies to award executives with stock options. This kind of compensation is linked to a company's stock prices and by, extension, performance. … The Securities and Exchange Commission chairman expressed support for the idea."

The San Jose Mercury News (9/7, Davies) reports, "Top federal law enforcement officials Wednesday expressed alarm over the extent of backdating stock options for corporate executives, but also told a Senate committee that federal regulators face limits in investigating the practice." The News continues, "IRS Commissioner Mark Everson said the 'vast amount of compensation' in backdated options going to chief executive officers and chief financial officers did not automatically involve fraud or tax violations, though he found 'much of this behavior abhorrent.' … 'High pay itself does not lead to illegality, but the temptation to do the wrong thing greatly increases when the stakes are as staggeringly high as they are,' Everson testified at a hearing of the Senate

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Finance Committee." The News adds, "The director of enforcement for the Securities and Exchange Commission, Linda Thomsen, said the SEC is investigating more than 100 companies for possible fraudulent reporting of stock option grants, including many in the tech sector. Nearly 30 Silicon Valley companies are being investigated by either the SEC or the Justice Department."

CNET News (9/7, Broache) reports, "At a hearing…top officials from the Securities and Exchange Commission, Internal Revenue Service and Department of Justice's corporate fraud unit said they couldn't be sure how many of the companies suspected of 'backdating' stock options for financial gain will face full-blown enforcement proceedings or new charges. … 'Like other forms of corporate fraud, the Department of Justice takes stock option backdating seriously, and we will continue to use our best efforts to uncover criminal conduct where it occurs,' said Deputy Attorney General Paul McNulty."

Dow Jones (9/7, Wells) reports, "Investigating companies for improperly backdating stock options is a top priority of the federal government's corporate fraud task force, a senior U.S. Justice Department official said Wednesday. … Such manipulation of stock option pricing 'can only be seen as a brazen abuse of corporate power to artificially inflate the salaries of corporate wrongdoers at the expense of shareholders,' Deputy Attorney General Paul J. McNulty told the Senate Finance Committee." Dow Jones adds, "The Federal Bureau of Investigation is conducting some 45 investigations over stock-options backdating, while the SEC is investigating more than 100 companies. McNulty, chairman of the federal government's corporate fraud task force, said this issue is a priority for the task force, but he wouldn't predict how many more criminal cases will be filed. … Everson said the IRS has referred about 25 corporate executive pay cases for criminal investigation this year, but he didn't say how many involved options backdating. The cases primarily involve diversion of corporate income to corporate executives, resulting in the underreporting of compensation on the executive's personal income tax return, he said."

Bloomberg (9/7, Anand, Westbrook) reports, "Senators said they may close a loophole in U.S. tax law that lets companies deduct executive pay of more than $1 million, in an effort to crack down on the manipulation of stock option grants. … The loophole, a provision in a 1993 law that allows companies to deduct performance-based pay for top executives, was a central focus of Senate hearings yesterday on the stock options backdating scandal." Bloomberg continues, "Regulators are looking at how executives inflated potential profits from stock option grants by backdating them to times when stock prices were at their lows. … Regulators said they were frustrated with the 1993 tax law and suggested that changing it would go a long way to stopping stock option abuses. … 'The unquenchable appetite for exorbitant compensation on the part of executives, and the sheeplike willingness of the boards to feed it' raises the question of whether the $1 million cap should be changed, Internal Revenue Commissioner Mark W. Everson told the Finance Committee."

US Seeks Options Data From Home Depot. Bloomberg (9/7) reports, "Home Depot, the world's largest home-improvement retailer, said yesterday that federal prosecutors had requested information regarding its stock options practices." Bloomberg continues, "Home Depot disclosed the request from the United States attorney in Manhattan in a filing yesterday with the Securities and Exchange Commission. … A company spokeswoman said Home Depot had not received a subpoena." Bloomberg adds, "Home Depot said in June that the S.E.C. had begun an informal inquiry into its stock option practices. The company said the inquiry was related to its disclosure that it had awarded options to some executives at below-market prices in three cases before December 2000. The company said it was cooperating with the inquiry. … At least 120 companies have disclosed internal or federal investigations into their option grants. … United States attorneys have issued subpoenas to at least 48 corporations. Five former officials at two companies have been charged with criminal violations tied to backdating." Bloomberg notes, "Also yesterday, BEA Systems, the software maker, said it would miss a Sept. 11 deadline to report second-quarter financial results, citing an internal review of stock option grants."

Former DOJ Officials Call For New Policy On Corporate Cooperation With Probes. Dow Jones (9/7, Burns) reports, "Former top U.S. Justice Department officials are urging the Bush administration to abandon a controversial policy that they say is forcing companies to waive attorney-client privileges and other legal protections during criminal investigations." Dow Jones continues, "In a letter Tuesday to U.S. Attorney General Alberto Gonzales, a bipartisan group of 10 former Justice Department officials called for an end to prosecutors insisting that companies waive legal privileges in order to receive credit for cooperating with investigators. The group said the hardball approach is 'seriously flawed,' isn't needed, and is undermining rather than enhancing corporate compliance with U.S. laws." Dow Jones adds, "The group's warnings come on the heels of criticism from the American Bar Association, the U.S. Chamber of Commerce, and others who say the government has gone overboard in fighting corporate crime. A federal judge in Manhattan recently rejected criminal charges accusing former KPMG employees of selling fraudulent tax shelters, ruling that it was unconstitutional for prosecutors to demand that KPMG only advance legal fees to those who

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cooperated with the investigation. … Lawmakers aren't ignoring the complaints. The Senate Judiciary Committee plans to hold a hearing Tuesday with testimony from FBI Director Robert Mueller, former U.S. Attorney General Edwin Meese and U.S. Chamber President and Chief Executive Thomas Donohue." Dow Jones notes, "Concerns center on a 2003 memo by then-Deputy Attorney General Larry Thompson outlining principles of prosecuting businesses. Among other things, critics say the so-called Thompson Memorandum encouraged prosecutors to demand the waiver of attorney-client privileges and work-product protections in exchange for businesses being deemed as having cooperated with federal officials."

The New York Times (9/7, Browning) reports, "The unusual request, in a letter delivered Tuesday to Attorney General Alberto R. Gonzales, is the latest attack upon prosecutorial guidelines that were adopted after the collapse of Enron and other corporate scandals. Any revision to the guidelines would change the way the government pursues white-collar cases." The Times continues, "The letter was signed by Richard L. Thornburgh, an attorney general under Presidents Ronald W. Reagan and George H. W. Bush, and by Kenneth W. Starr, a former solicitor general, as well as by eight others, including three former deputy attorneys general." The Times notes, "The Justice Department argues that the Thompson memorandum has helped prosecutors crack down on corporate misconduct. … But the letter from the former Justice Department officials argues that the pressure to disclose information has discouraged insiders from reporting wrongdoing, by breaking the traditional bond of trust between lawyers and the people they talk to."

More Commentary. In an op-ed for The Hill (9/7), Representatives Dan Lungren (R-CA) and William Delahunt (D-MA) write, "Recent actions by the federal government have imperiled a cornerstone of America's justice system — the attorney-client privilege. … As members of the House Judiciary Committee, we share a deep, abiding and bipartisan respect for the attorney-client privilege and work product doctrine and the fundamental purposes these protections serve in our system of justice." Lungren and Delahunt continue, "We have become gravely concerned that these protections are being undermined by recent policy changes by the Department of Justice, the Securities and Exchange Commission and other federal agencies that encourage federal prosecutors to pressure organizations to waive these protections as a condition of being deemed 'cooperative.' These changes in policy are dangerous and misguided and we are pleased the Senate Judiciary Committee will be holding oversight hearings September 12th into the consequences of this dangerous trend. … As former law enforcement officials, we are also concerned that this dramatic policy shift will undermine internal corporate legal compliance programs. It is important to keep in mind that lawyers play a key role in helping companies understand the complex legal environment in which they operate. In order to fulfill this important role, lawyers must have the trust and confidence of companies' leaders and employees so that they receive all of the relevant information necessary to advise their clients on how best to comply with the law." Lungren and Delahunt conclude that, "the Department of Justice, the Securities and Exchange Commission and other federal agencies should not consider any company or other entity to be 'non-cooperative' for protecting its right to consult confidentially with its attorneys. … Federal agencies should adopt policies that reverse the government's assault on the attorney-client privilege. And if they refuse to do so, Congress should act."

New York Revises Civil Complaint Against AIG, Former Officers. The Wall Street Journal (9/7, Mcdonald, Pleven) reports, "New York state authorities amended a civil fraud complaint against former top executives at American International Group Inc., dropping some charges but retaining accusations that former Chief Executive Maurice R. 'Hank' Greenberg and a top lieutenant improperly polished the insurance giant's results." The Journal continues, "The complaint was first filed in May 2005 by New York Attorney General Eliot Spitzer and the New York State Insurance Department and named AIG, Mr. Greenberg and the company's former chief financial officer, Howard I. Smith. … AIG has since restated results, and it signed in February a $1.64 billion settlement with state and federal authorities, so in the amendment filed yesterday in New York State Supreme Court, the authorities removed AIG as a defendant. Additionally, they dropped an allegation relating to underpayment of contributions to state workers' compensation plans -- for which AIG had already pledged restitution. … The authorities also removed an allegation that AIG misled state insurance regulators and that the executives improperly accounted for certain life-insurance policies in order to boost the company's underwriting income. That accounting has since been changed by the insurer."

California Probes Hewlett-Packard Inquiry Into Board Leaks. The Wall Street Journal (9/7, Lawton, Searcey, Young) reports, "California Attorney General Bill Lockyer said his office has been conducting an investigation into how Hewlett-Packard Co. traced phone records of its board members last year, and that while he isn't sure yet whether there was criminal activity by people acting on the company's behalf, the activity was 'colossally stupid.'" The Journal continues, "Mr. Lockyer's remarks came amid a widening furor over an H-P probe of boardroom leaks surrounding the ouster of former Chairman and Chief Executive Carly Fiorina. Revelations about tactics used in the

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probe prompted an inquiry from the Securities and Exchange Commission and requests from state investigators for records from H-P and telecommunications carriers AT&T Inc. and Cox Communications Inc." The Journal adds, "H-P moved to distance itself from the growing scandal, which centers on the use of 'pretexting' to obtain directors' private phone records in an effort to identify the source of the leaks. Pretexting, or posing as a person in order to obtain private phone or other information about them, is illegal in California. … In a filing yesterday with the SEC, the Silicon Valley computer giant acknowledged 'pretexting' had been used in the course of its investigation into the leaks. That investigation was conducted on the company's behalf by an unidentified private investigator who in turn hired a contractor who used pretexting to obtain directors' phone records."

The Washington Post (9/7, D1, Nakashima) reports, "In documents submitted to the Securities and Exchange Commission, the computer company also said it had reviewed private phone records of its board members obtained by a private contractor. .. . The company said this week that it would not renominate board member George A. Keyworth II, who the company concluded had leaked confidential information about discussions on potential acquisitions and supplier changes during the board's annual off-site strategy meeting in January." The Post adds, "In May, Hewlett-Packard's board of directors asked Keyworth to resign, but he declined. Another board member, Thomas J. Perkins, did resign in protest over the methods used to investigate the leak to the Cnet technology news service. … According to the SEC filing, HP hired a consultant, who hired a contractor to investigate the leak." The Post notes, "In the case of Perkins, the co-founder of the Silicon Valley venture capital firm Kleiner Perkins Caufield & Byers, the contractor set up a phony e-mail address to access home-phone records through an online billing account. The contractor also posed as Perkins on the phone to access his long-distance records, according to Perkins's lawyer Viet Dinh."

The Los Angeles Times (9/7, Granelli, Menn) reports, "The feud involves former HP Chairwoman Carly Fiorina; her successor, Patricia C. Dunn; and directors George A. Keyworth II and Thomas J. Perkins, a Silicon Valley venture capitalist whose firm backed and brought to prominence dozens of technology giants including Amazon.com Inc., Google Inc. and Palm Inc." The Times continues, "Perkins triggered the investigation after resigning in May. He later protested that his own phone records had been hacked and that the company had failed to follow Securities and Exchange Commission rules that require it to disclose when a director's resignation results from a disagreement over 'operations, policies or practices.' … The SEC is looking into whether the board properly disclosed Perkins' departure."

SEC Files Civil Charges Against Two Former ITXC Officials. Dow Jones (9/7, Hughes) reports, "The U.S. Securities and Exchange Commission on Wednesday said it has filed civil charges against two more former employees of telecommunications company ITXC Corp., accusing them of approving and in some cases negotiating almost $267,500 in bribes paid to senior officials of government-owned telephone companies in Nigeria, Rwanda and Senegal." Dow Jones continues, "The SEC accused Steven Ott, the former vice president for global sales, and Roger Michael Young, the former managing director for the Middle East and Africa, of violating the Foreign Corrupt Practices Act. The SEC said the men also caused the company to falsely record the bribes as legitimate business expenses." Dow Jones adds, "The civil suit came as Yaw Osei Amoako, a former ITXC regional manager, pleaded guilty in Trenton, New Jersey, to conspiring to violate the anti-bribery law in connection with payments of bribes to employees of foreign state-owned telecommunications companies. He faces up to five years in prison and a $250,000 fine, and is scheduled to be sentenced on Dec. 11, the Justice Department said. The SEC had filed a civil suit against Amoako last year. … The Justice Department said it had charged Amoako and unnamed co-conspirators with arranging for ITXC to pay $166,000 in commissions to a foreign official at Nitel, a Nigerian government-owned company; $26,000 to Rwandatel, owned by the Rwandan government; and about $74,000 to an employee of Sonatel, partly owned by the Senegalese government."

Time Warner Agrees To Implement Governance Changes. Bloomberg (9/7, Glovin) reports, "Time Warner Inc., the world's largest media company, won approval yesterday of a settlement of an investor lawsuit that a judge says will require the company to make changes in how it governs itself." Bloomberg continues, "U.S. District Judge Shirley Wohl Kram gave final approval to the settlement of a 2002 suit that claims the directors of America Online and AOL Time Warner knew employees were violating accounting rules. … America Online Inc. is trying to find ways to keep customers coming back to its Internet community while parent company Time Warner Inc. seeks ways to expand its Internet empire." Bloomberg adds, "Under the settlement, Time Warner agreed to designate an independent director as chair of its nominating and governance committee. Within three years, two-thirds of the company's directors will be independent, the settlement says. … These and other changes 'may enhance investor confidence by ensuring that the company maintains a healthy governance structure,' Kram said in a ruling. … The suit was filed by investors on behalf of the company against directors and officers of AOL and AOL Time Warner, now known as Time Warner.

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Investors claimed the directors knew or ignored signs that employees disregarded internal accounting and contracting policies. They say directors and senior officers breached their duty to shareholders."

CRIMINAL LAW:

Former Illinois Governor Sentenced To 6½ Years In Prison. ABC World News (9/6, story 8,0:15, Gibson) reported, "Former Illinois Governor George Ryan was sentenced today to 6 1/2 years in prison, in connection with a corruption scandal that ended his career. The 72-year-old Republican was convicted of racketeering, conspiracy and fraud, and taking payoffs in exchange for business." NBC Nightly News (9/6, story 7, 0:15, Williams, 9.87M) noted, "It's been a stunning fall from grace for…Ryan, who came to the world's attention by suspending capital punishment and throwing open the doors of his state's death row."

The Chicago Tribune (9/7, A1, O'Connor, Bush, 623K) adds that Ryan, addressing the court, "struggled briefly with his emotions as he delivered the closest thing yet to an apology. Ryan, however, carefully avoided admitting criminal wrongdoing" and "told the judge he deeply regretted that his conviction caused a loss of faith in government, saying, 'When they elected me as governor of this state, they expected better, and I let them down, and for that I apologize.' … Prosecutors weren't impressed with Ryan's tone." Assistant US Attorney Patrick Collins "said Ryan 'unfortunately remained defiant today.'" The Chicago Sun-Times (9/7, Korecki) notes, "Ryan's co-defendant, Lawrence Warner, was sentenced to three years and five months in prison — a sentence announced about 90 minutes after Ryan's."

The Washington Post (9/7, A3, Slevin, 748K) reports Ryan's "conviction…is the most dramatic success yet for U.S. Attorney Patrick J. Fitzgerald, imported from New York in 2001 to lead an anti-corruption drive that now stretches from Chicago to the state capitol in Springfield." USA Today/AP (9/7, Robinson) notes, "The sentencing capped an eight-year federal investigation of drivers license selling and other corruption in state government in the Ryan era that has seen 79 individuals charged and 75 convicted."

The New York Times (9/7, Davey, 1.21M) adds, "The remarkable unraveling of Mr. Ryan and his political career has already left a mark on this state's rough-edged political terrain. Those who once considered deal-making and favors for buddies as an ordinary, unavoidable ingredient of politics here say they have begun wondering whether an aggressive United States attorney's office may actually change that. And within hours of Mr. Ryan's sentencing, the current candidates for governor were publicly arguing over which one might be more closely linked to corruption claims."

Noe Attorney Seeks Probation. The Toledo Blade (OH) (9/7, Wilkinson) reports, "Tom Noe hurt no one when he skirted federal campaign laws and illegally poured money into President Bush's re-election, and a federal judge should consider giving him probation, his attorney said today." The Blade continues, "In a memorandum to U.S. District Judge David Katz Noe's Toledo attorney Jon Richardson argues that the Bush campaign never complained about Noe's actions and that no one was harmed. … '... Noe's actions victimized no one,' Mr. Richardson wrote. … Judge Katz is expected to sentence the former GOP fund-raiser on Tuesday." The Blade adds, "In his memo, which was filed a day after federal prosecutors issued a rare memorandum of their own, Mr. Richardson criticized the prosecutors' call for additional prison time. In fact, he said the judge could give Noe probation. … 'If the Court were to sentence Mr. Noe to substantial community services, rather than incarceration, the moral and legal scales in this case would easily come into balance,' wrote Mr. Richardson. … Noe, 52, pleaded guilty in May to illegally funneling more than $45,000 into the President's re-election campaign at an October, 2003, fund-raiser in Columbus using 24 conduits, including several prominent local Republican public officials. … In May, prosecutors said Noe faced as little as two years in prison. But yesterday they made their case for a potential prison term of more than four years. … They claimed Noe should get a stiffer penalty because he abused his 'position of trust' as an official Bush-Cheney fund-raiser and because his 'systematic and pervasive corruption' had a negative effect on the public's trust in the electoral process. They also claimed Noe had not fully accepted responsibility for his crimes."

Jeffs Informed Of Utah Charges At Brief Hearing. In a widely-distributed story, the AP (9/7, Dobner) reports, "Looking pale and gaunt…Warren Jeffs made his first appearance in a Utah court via closed-circuit TV Wednesday on charges he arranged a marriage between an underage girl and an older man. … The judge set a preliminary hearing for Sept. 19, at which time the issue of bail will be addressed." The Salt Lake Tribune (9/7, Adams) adds, "During the brief hearing, Jeffs was formally informed of the two Utah charges of being an accomplice to rape, a first-degree felony." The Deseret Morning News (9/7, Winslow, Perkins) notes, "In the border towns of Hildale, Utah, and Colorado City, Ariz., members of the Fundamentalist LDS Church kept silent about the arrest of their leader. None of his followers was in court Wednesday. Ex-members said Jeffs is portraying himself as someone who is 'persecuted' for his religious beliefs." CNN and Fox News also briefly reported on Jeffs' court appearance throughout the day and evening in their news updates.

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Jeffs' Brother Arrested In Arizona. The AP (9/7) reports one of Warren Jeffs's brothers "was arrested by sheriff's deputies in Mohave County (AZ) after he refused to cooperate when they asked to check the welfare of his son. Deputies went to a trailer park in the community of Beaver Dam Friday evening after the grown son of John B. Jeffs asked them to check on his 11-year-old brother, said Trish Carter, a sheriff's spokeswoman." The AP adds that "deputies were able to check on the 11-year-old and found that he was not in danger and was unharmed, Carter said. Jeffs appeared before a judge Tuesday and was released from custody with a Sept. 11 court date."

Chicago Police Commander Sentenced To Prison For Embezzlement. The Chicago Tribune (9/7, 623K) reports, "A former Chicago police commander who admitted to stealing $4,000 meant for a ceremony honoring police officers and then lying to federal agents was sentenced to 5 months in prison Wednesday. Michael Acosta's prison time will be followed by 5 months of home confinement, U.S. District Judge Harry Leinenweber said." The Tribune notes, "Prosecutors have said Acosta raised funds from an individual contributor through John 'Quarters' Boyle, a former city worker who was sentenced to prison in the city's Hired Truck scandal. Acosta admitted to lying to the FBI about using his position to help Boyle." The Chicago Sun-Times (9/7) adds, "Acosta and Boyle were friends, and when federal agents wiretapped Boyle's phones, they recorded a number of conversations between the two men. Acosta violated police regulations by associating with a known felon. At the time, Boyle had served prison time for stealing millions of dollars in Illinois tollway money." The AP (9/7) also reports on Acosta's sentencing.

Former New Orleans Transit Official Sentenced To Two Years In Prison For Embezzlement. In a widely-distributed story, the AP (9/7) reports, "An uncle of former New Orleans Mayor Marc Morial was sentenced Wednesday to two years in federal prison for stealing money from the city's bus and streetcar system. Glenn Haydel also was ordered to serve three years of supervised release, fined $5,000 and ordered to pay $540,000 in restitution to the Regional Transit Authority." The AP notes, "Haydel diverted $550,000 of RTA money to his corporate account, then transferred $350,000 to a personal account, according to a statement from" US Attorney Jim Letten. "He concealed the transfer from the RTA and, under oath during a deposition, lied about what he had done with the money, Letten said."

FBI Tapes Of Senior Gotti Suggest "Junior" Still In Leadership In 2001. The New York Daily News (9/7, Zambito, 729K) reports, "The Daper Don's secretly recorded words -- revealed in court yesterday -- could blow away his son's claims of leaving the mob. John Gotti was taped in April 2001 telling attorney Joseph Corozzo to replace his son, John A. (Junior) Gotti, as head of the Gambino crime family with his brother Peter Gotti, an FBI agent testified. But FBI Special Agent Theodore Otto said the late mobster also wanted his son and two trusted Gambino soldiers, John (Jackie the Nose) D'Amico and Nicholas Corozzo…to maintain leadership roles." The senior Gotti's "words appear to place his son in the family's hierarchy at a time when Junior Gotti claims he had turned his back on the mob."

New York Man Pleads Guilty To No-Show Job At Indicted Garbage Hauler. The AP (9/7) reports, "A New York man pleaded guilty Wednesday to holding a no-show job at a garbage hauler that was indicted last June in an investigation of the mob's influence over the trash industry in Connecticut and New York." Joseph J. Milo Sr. "pleaded guilty in U.S. District Court in New Haven to conspiring to defraud the Internal Revenue Service. Milo was placed on the payroll of Automated Waste Disposal of Danbury in September 1999, prosecutors said. … AWD mailed weekly paychecks to Milo's New York residence," and he "falsely reported that $52,000 he received from AWD for the tax years 2000 through 2004 was earned income." The Danbury News Times (9/7) notes, "Milo is the brother of Thomas Milo, an alleged mobster who the government said was a silent partner in James Galante's sanitation business. Milo faces up to six months in jail. He will be sentenced Dec. 22."

US Seizes Counterfeit Products From China. AFP (9/7) reports, "US authorities have seized more than 135,000 phony Nike sneakers that a major smuggling ring tried to import into the United States from China, and charged six people in the case, officials said." AFP continues, "The US Homeland Security and Justice departments said in a statement they had broken up 'one of the largest counterfeit merchandise smuggling schemes uncovered in recent US history.' … The six defendants are accused of trying to illegally import the fake Nike Air Jordan shoes in 15 cargo containers between May and July, according to the indictment. The sneakers have a retail value of more than 16 million dollars." AFP adds, "Three of the suspects are from China, two from the United States and one from Mexico. … The six were indicted by a federal grand jury in the western state of Arizona last month and accused of conspiring to traffic in counterfeit goods and services, a charged that carries sentence of up to five years in prison and a 250,000 dollar fine."

US Seeks Death Penalty In Ohio Slaying Of Pennsylvania Doctor. The Pittsburgh Tribune-Review (9/7, Hasch) reports, "A Mercer County (PA) woman could

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face the death penalty if she is convicted of plotting with her lover to kill her husband so they could split her share of the multimillion-dollar estate." The Tribune-Review continues, "Prosecutors filed notice Wednesday in U.S. District Court in Akron that they will seek the death penalty against Donna Moonda, 47, of Hermitage, who is charged with murder for hire and related crimes in the death of Dr. Gulam Moonda, who was shot May 13, 2005, along the Ohio Turnpike." The Tribune-Review adds, "A Beaver County man, Damian Ray Bradford, 25, of Center, has admitted that he and Donna Moonda were lovers. … Bradford, who has pleaded guilty to interstate stalking and a firearms violation resulting in death, told investigators that he killed the 69-year-old doctor in what was supposed to look like a random highway robbery after Donna Moonda promised to give him half of her share of her husband's estate. … He has agreed to testify against her in exchange for a prison sentence that he could finish serving by the time he is 40." The Tribune-Review notes, "U.S. Attorney Gregory A. White of the Northern District of Ohio and his staff made the decision to seek the death penalty, which was approved by Attorney General Alberto Gonzales, said First Assistant U.S. Attorney William J. Edwards. .. Prosecutors contend that Donna Moonda procured Bradford's cooperation in the plot by 'payment and promise of payment' and that 'substantial planning and premeditation' took place before the slaying."

Judge Convicts Rabbi Caught In Child Sex Sting. The Washington Post (9/7, Markon) reports, "A Maryland rabbi caught in a television sting operation was convicted yesterday of traveling to Herndon for what he thought would be sex with a 13-year-old boy he met over the Internet." The Post continues, "In a written opinion issued yesterday, a federal judge in Alexandria found David A. Kaye, 56, guilty after a bench trial last month in which prosecutors presented evidence of sexually graphic chats between him and the boy. In reality, the boy was a 26-year-old man working for Perverted Justice, a group that tries to expose adults who use the Internet for sexual activity with children. … Perverted Justice was working with the NBC newsmagazine 'Dateline,' which paid the watchdog group to create a pedophile sting that ran as a series of television reports called 'To Catch a Predator.' Men lured to the house they set up in Herndon last year also included a schoolteacher from Prince George's County and a physician from the Eastern Shore." The Post adds, "Kaye, a Potomac resident, is the former vice president of program at Rockville-based PANIM: The Institute for Jewish Leaders and Values, an educational foundation that trains Jewish leaders. He resigned in October after informing the organization that he would be featured on 'Dateline.' … 'You know I'm in trouble. I know I'm in trouble,' Kaye told NBC correspondent Chris Hansen when he was confronted on camera after traveling to the Herndon house in August 2005, according to the opinion by U.S. District Judge James C. Cacheris. The judge convicted Kaye on one count of coercion and enticement and one count of travel with intent to engage in illicit sexual conduct. … Kaye, who has been jailed since his arrest in May, faces up to 60 years in prison when he is sentenced Dec. 1." The Post notes, "U.S. Attorney Chuck Rosenberg said he was 'very pleased because we've always thought the evidence in this case was extremely compelling. The judge's opinion makes it clear that our case was strong.'"

FBI Arrests 18 Suspected Latin Kings Members In Massachusetts. The Boston Globe (9/7, Murphy, 425K) reports, "For nine months, a witness who infiltrated the Chelsea chapter of the Latin Kings for the FBI secretly recorded conversations with gang members who sold cocaine and guns and talked about killing rival gang members in a fight over turf, an FBI affidavit says. … Yesterday, the investigation culminated with the arrests of 18 reputed members of the Latin Kings' Chelsea chapter, including David 'The House' Mojica , 34, who was fired from the Suffolk County Sheriff's Department in 1999 after impregnating an inmate; and Paul 'King Ghost' Follis, 20, the alleged leader of the chapter. Twelve people were indicted on federal charges of allegedly selling cocaine and six were charged in state court with selling cocaine and guns. 'Today the focus is on toppling the Latin Kings organization in Chelsea,' said US Attorney Michael J. Sullivan, noting in a press release that the arrests follow a crackdown by state and federal authorities on street gangs over the past few years that has dismantled the Latin Kings in Lawrence, Lowell, Springfield, and Holyoke, and the Immortal Outlaws and Latin Gangsta' Deciples in Lawrence."

The Boston Herald/AP (9/7) reports that the FBI informant "was able to buy cocaine and guns from gang members, according to an affidavit filed by an FBI agent in support of a request by federal prosecutors to detain the gang members pending trial. … In Chelsea, the group has been involved in a gang war with rivals over the past few years, resulting in numerous shootings, stabbings and other violence, authorities said." The AP also notes, "The FBI has been investigating the Latin Kings in Massachusetts since 2002. In 2004 and 2005, authorities have made sweeping arrests of members of the Latin Kings in Lawrence, Lowell, Springfield and Holyoke."

Los Angeles Kidnap-For-Ransom Trial Begins. The Los Angeles Times (9/7, Mozingo, 918K) reports, "From their aquarium store on Ventura Boulevard, two Eastern Europeans hatched a murderous kidnapping-for-ransom conspiracy, ultimately strangling five victims and dumping their bodies in a deep-gorge reservoir near Yosemite,

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prosecutors said Wednesday. In a two-hour statement opening the men's federal trial in downtown Los Angeles, prosecutors told jurors that Iouri Mikhel, a Russian immigrant, and Jurijus Kadamovas, a Lithuanian, carried out their abductions and murders in the same methodical way they might have set up a fish tank — and then laundered the ransom proceeds through bank accounts from Dubai to Jamaica." The Times notes, "The charges stem from an alleged scheme in 2001 and 2002 to abduct wealthy businesspeople in Los Angeles, mostly Russians, and extort money from them and their families with false promises of their safe return, prosecutors said.

The AP (9/7, Risling) reports, "Authorities allege the pair orchestrated the kidnapping and eventual killing of real estate developer Meyer Muscatel; Russian banking mogul George Safiev; Safiev's accountant Rita Peckler; Safiev's business partner Nick Kharabadze; and Alexander Umansky, who owned a car accessory business. The motive was greed, with Mikhel and Kadamovas spending ransom money on expensive cars and luxury homes, the prosecutor said." The AP notes, "The first prosecution witnesses was an FBI agent who testified about the recovery of the bodies from the reservoir in March 2002. Jurors watched video of the bodies being brought up from a depth of more than 200 feet."

Texas Fake Doctor Pleads Guilty To Administering Phony Flu Vaccine. The Houston Chronicle (9/7, Rice, 535K) reports, "A phony doctor whose phony flu vaccine was injected into more than 1,100 people is facing prison after pleading guilty in a Houston federal court. Iyad Abu El Hawa could receive a maximum of 10 years in prison for health-care fraud and three years for misbranding a drug when he is sentenced on Dec. 4. He admitted guilt on one count of each charge Wednesday in U.S. District Judge Kenneth Hoyt's court." The Chronicle notes, "El Hawa initially told FBI agents that he was a plastic surgeon in Israel, but investigators learned that he had no formal training, education or experience in the prevention of communicable diseases."

FBI Jackson Office Flooded With Hurricane Fraud Tips. The Biloxi Sun Herald (9/6, Fitzgerald, 44K) reported, "Telephones at the FBI office in Jackson are ringing off the hook in response to Special Agent John Raucci's plea for tips from anyone suspecting fraudulent activity involving Katrina recovery money. The calls came after the Sun Herald on Saturday quoted Raucci as saying reward money -- possibly $25,000 or more -- is available for tipsters who help agents crack a fraud case involving people suspected of diverting federal funds intended to help in hurricane recovery." The Sun Herald noted, "Oftentimes a tipster becomes what the FBI calls the storyteller, Raucci said. 'The storyteller often provides how the conspiracy was thought out, and all the levels involved, and it's usually the easiest way to begin a case. And if it goes to the grand jury, the person who sits and explains a conspiracy is able to put it on a more personal level.'"

Four In Mississippi Plead Guilty To Fraud Charges. The AP (9/4) reported, "Four people pleaded guilty last week to making fraudulent claims after Hurricane Katrina, U.S. Attorney Dunn Lampton said. Marion Griffin of Morton was charged with using a false address to collect a $2,000 FEMA debit card. … Glenda Spangler, also of Morton, claimed damages to a home with a Pascagoula address when she, too, lived in Scott County, Lampton said. Charles Lyles of Brookhaven pleaded guilty to mail fraud and was accused of using a fraudulent address to obtain FEMA relief benefits and hotel accommodations, Lampton said. Karynette Arnold of Jackson used the address of an abandoned house in Jackson and claimed damages to the home, Lampton said."

The Scott County (MS) Times (9/7, Phillips) notes, "The arrests came after a local Katrina Fraud Task Force, consisting of over 20 federal and state law enforcement agencies, was formed to pursue and prosecute individuals who engage in fraud associated with the hurricanes. 'The number of these Katrina fraud cases continue to build and already hundreds are pending in our office,' said U.S. Attorney Dunn Lampton. … 'I want to stress that anyone who has information regarding fraudulent use of government monies meant to assist the victims of Hurricane Katrina should contact the Department of Homeland Security or the FBI.'" The Brookhavenman Daily Leader (9/6) also reported on the guilty pleas.

Texas Man Sentenced To 10 Years In Prison For Katrina Relief Fraud. The Dallas Morning News (9/7, Wyatt, 500K) reports in "Regional Roundup" that Kenneth Reven McClain of Dallas "will spend more than 10 years in prison for running a scheme to steal federal relief money meant for Hurricane Katrina evacuees. A federal judge late Tuesday sentenced…McClain to 126 months in prison in what authorities described as the stiffest sentence yet in a hurricane relief fraud case. Court records show Mr. McClain targeted more than $600,000 in relief funds with a string of aliases, stolen identities and fake claims from August 2005 to November." The AP (9/7) notes, "McClain allegedly hired a Dallas homeless man to stay in a hotel room and collect the relief assistance packages and letters. McClain was arrested in November. Authorities then discovered he had several active warrants for his arrest and at least 27 known aliases."

Alabama Woman Indicted On FEMA Relief Fraud Charges. The Mobile Press-Register (9/6)

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reported Hannah Williams of Grove Hill, Ala., "has been charged with defrauding the federal government after Hurricane Katrina." She "was indicted by a federal grand jury in Mobile on charges of filing a false claim and two counts each of mail and wire fraud. According to the indictment, Williams fraudulently claimed that her primary residence on King Institute Way in Grove Hill was flooded and damaged by sewage backup. … Williams applied for aid from the Federal Emergency Management Agency and received $22,904, according to the indictment."

Alabama Contractor Charged With Katrina-Related Fraud. The Mobile Press-Register (9/6, Bean) reported, "A local contractor remained jailed Monday after deputies chased him down, tackled him, then charged him with bilking Baldwin County residents out of about $500,000 in a series of construction-related scams targeting the elderly, Hurricane Katrina victims and others. Baldwin County Sheriff's Office spokesman John Murphy said Tracy Allen Hoyt, 41, of Summerdale, is accused of making fraudulent construction deals and promising to do work, but never finishing the job. … Murphy said an investigation has so far found about 30 reported victims, including one who lost about $200,000. Another of Hoyt's victims appears to be Summerdale School, where Hoyt was hired to build a field house, Murphy said."

Task Force Tries To Curb Maryland Gang Violence. The Washington Post (9/7, B2, Londono) reports, "Crime committed by gang members in Montgomery County has increased notably in recent months, and the number of identified members has also risen, an assistant police chief said yesterday during a congressional hearing." The Post continues, "Montgomery Assistant Chief John King told the House Committee on Government Reform that detectives had identified 930 gang members as of May, a 30 percent increase from November. Crime attributed to gang members increased 30 percent in those six months, contributing to surges in burglaries, robberies and vandalism, King said." The Post adds, "King said the three leading gangs in the county are Mara Salvatrucha, or MS-13, consisting primarily of Central American immigrants, and the Crips and the Bloods, which are made up largely of African Americans. During the second quarter of this year, Crips members were linked to 21 incidents, making that gang more active than the other two, which were linked to 18 each. … The hearing, in Takoma Park, was called to assess the progress of a two-year-old task force created to curtail gang violence in Montgomery and Prince George's by fostering cooperation among law enforcement agencies, social service providers and community organizations."

Youth Relocations Seen As Way To Avoid Gang Participation. USA Today (9/7, Johnson) reports, "Last spring, a member of Pastor Kenneth Hammond's congregation at Union Baptist Church came to him with a desperate plea for help: A 15-year-old boy in the community was trying to get out of a local gang, and gang members who had learned of the plan were threatening the boy's life. … Hammond says he didn't hesitate. He got a few hundred dollars from his church's ministry fund and helped the boy's family secretly move him more than 400 miles away, to Ohio. Hammond says he had done the same thing last year to help another youth escape gang life here and wouldn't hesitate to do it again." USA continues, "Hammond is among three Durham pastors whose churches have sponsored secret 'relocations' of youths seeking to escape gangs, which often try to kill or harm those who go back on pledges to be gang members for life. … At a time when gang-related violence is boosting crime rates in Durham and many other cities, a few clergy, parents and even police in troubled communities across the nation quietly have been helping to relocate youths in last-ditch efforts to extricate them from gang life. … In some ways, such relocation efforts in Durham, Providence, Washington, D.C., and Richmond, Va., represent a dark twist on community-backed, send-a-kid-to-camp programs that for generations have given lower-income youths a chance to see a different way of life."

CIVIL RIGHTS:

Study Finds Prisons Lack Mental Health Treatment. The AP (9/7, Sniffen) reports, "More than half of America's prison and jail inmates have symptoms of a mental health problem, the Justice Department estimated Wednesday. But fewer than one-third of those with problems are getting treatment behind bars." The AP continues, "The study by the department's Bureau of Justice Statistics also found the incidence of symptoms much higher among women than men. Compared to inmates without symptoms, these mentally troubled prisoners were more likely to have been jailed before, to get into a fight behind bars, to have been physically or sexually abused in the past and to have drug problems, the bureau said. … But troubled inmates were no more likely to have used a weapon during their offense (37 percent for troubled and nontroubled state prisoners) and only slightly more likely to have committed a violent offense (49 percent of state prisoners with symptoms but 46 percent among inmates without problems)." The AP adds, "The results are 'both a scandal and national tragedy,' said Michael J. Fitzpatrick, executive director of the National Alliance on Mental Illness, a national grass-roots organization dedicated to improving the lives of the mentally ill. 'The study reveals that the problem is two to three times greater than anyone imagined.' … Fitzpatrick said the results indicate 'that the mental health system is failing — long before people enter the criminal justice system and after they leave it.' He said more resources devoted to mental health treatment on the

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outside would avoid 'enormous costs shifted onto our police, courts, jails and prisons at all levels.' … Other experts and officials said the survey methods may make the problem seem more serious than it is, but at least one agreed that solutions lie outside prisons themselves."

The Los Angeles Times (9/7, Warren) reports, "The survey of more than 25,000 prisoners nationwide showed that mental health problems were strongly associated with violence and previous convictions. A quarter of those state prisoners with mental disorders had been incarcerated three or more times in the past, and 58% of them had been charged with violating prison rules. … Mentally ill inmates were more likely to get in a prison fight, and more likely to have been homeless in the year before their arrest. Three out of four were dependent on drugs and alcohol, with 37% saying they had used drugs at the time of their offense."

UCLA Admissions Changes Expected To Increase Minority Enrollment. The Los Angeles Times (9/7, Trounson) reports, "Spurred partly by campus and community concern over dwindling numbers of African American students, UCLA is moving toward a major shift in its admissions process, perhaps as early as this fall." The changes "would be the most dramatic at UCLA in at least five years. They would move the Westwood campus toward a more 'holistic' admissions model -- much like UC Berkeley's -- in which students' achievements are viewed in the context of their personal experiences." California's public colleges and universities are prohibited from "considering race in admissions or employment." The moves are at least partly in response to "admissions figures released in June, which showed that only 96 African Americans -- or 2% of the freshman class -- were likely to enroll at UCLA this fall." The new admissions process is said to be "similar to that used not only by UC Berkeley, but by the Ivy League and other elite private colleges."

ANTITRUST:

Stolt-Nielsen Charged With Price-Fixing. The AP (9/7, Anderson) reports, "Stolt-Nielsen SA was indicted Wednesday by a federal grand jury in Philadelphia for price-fixing and other illegal cartel activities in the parcel shipping industry." The AP continues, "The U.S. Justice Department said indictments were brought against the London-based shipping company, two subsidiaries and two former executives of the company. The executives are Samuel Cooperman, a former chief executive, and Rick Wingfield, a former executive vice president. … 'The indictment charges Stolt-Nielsen and its executives with serious antitrust crimes -- price fixing, customer allocation and bid rigging,' said Justice antitrust chief Thomas Barnett." The AP adds, "The company has been doggedly fighting efforts by Justice prosecutors to bring charges against it. Stolt-Nielsen filed emergency appeals with the Supreme Court in July and August seeking to temporarily bar the indictment while it appealed the U.S. government's decision to revoke amnesty agreements shielding the shipping company from prosecution. Both of those emergency appeals were rejected by Supreme Court justices. … The parcel tanker shipping industry moves liquids such as chemicals and oils across the ocean. Justice alleges that Stolt-Nielsen and two competitors agreed to not compete with each other's customers and illegally discussed pricing and other matters to eliminate competition in the business. … Stolt-Nielsen was initially granted amnesty as part of Justice's investigation into the parcel shipping industry, but Justice officials revoked it in 2004 after determining the company wasn't meeting the terms of the deal. The company has been fighting indictment since then."

Texas Airfield Bill Revised To Address Antitrust Concerns. The Dallas Morning News (9/7, Reddy, Gillman) reports, "Aiming to ease antitrust concerns, the creators of a June compromise that would phase out the Wright amendment agreed Wednesday to eliminate some controversial language. … The change would remove a phrase in the bill that offers the deal a blanket exemption from competition laws." The News continues, "Critics say the exemption could unfairly benefit Southwest Airlines Co. and American Airlines Inc. … The planned revisions came on the eve of a so called mark-up session of the House Judiciary Committee. … That panel is reviewing the bill that would lift flight restrictions at Dallas Love Field." The News adds, "The committee chairman, Rep. James Sensenbrenner, R-Wis., flagged the bill over concerns that it would exempt the North Texas-based carriers from antitrust laws. … The legislation would carry out a deal that ended a contentious fight among the cities of Dallas and Fort Worth, Southwest, American and Dallas/Fort Worth International Airport. … The bill has already cleared the House Transportation and Infrastructure Committee."

Group Plans Airfield Protest. The Dallas Business Journal (9/7) reports, "A group that is calling for an immediate repeal of the Wright Amendment says it will hold a demonstration Thursday morning at Dallas Love Field." The Journal continues, "The Friends of Love Field, which opposes a bill in the House Judiciary Committee that is calling for a repeal of the Wright Amendment over eight years, said they were unable to afford the $1,530 they say it would cost for a walk-up fare on American for a flight from Dallas/Fort Worth International to Reagan National in Washington, D.C., to protest on Capitol Hill. According to Bestfares.com, an online travel deal clearinghouse that tracks airline ticket costs, a walk-up fare leaving Wednesday and returning Thursday

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evening would be $942. .. The Wright Amendment limits flights from Love Field to short haul trips to a few surrounding states. Washington, D.C., is not included in the area permitted by the 1979 federal law." The Journal adds, "The Friends of Love Field, a grass roots organization consisting of residents around Love Field that support a Wright repeal, say they are demonstrating in opposition of the bill and they encourage a Judiciary Committee review of the bill for antitrust issues."

Judge Refuses To Dismiss Comcast Antitrust Suit. The Legal Intelligencer (9/7, Duffy) reports, "Cable television giant Comcast Corp. suffered a significant setback last week when a federal judge refused to dismiss a class action antitrust suit that accuses Comcast of setting out to establish monopolies in the Philadelphia and Chicago markets and then increasing prices once it had eliminated all the competition." The Intelligencer continues, "The suit could reverberate throughout the cable industry because it alleges that many of the big cable companies cooperated in carving up much of the nation into separate markets where each would be exclusive providers." The Intelligencer adds, "The plaintiffs in the suit, a group of cable subscribers, claim that Comcast and its would-be competitors struck a series of deals in which they 'swapped' assets and customers so that each company would have 'clusters' of markets. … Plaintiffs lawyers contend that the deals were designed to eliminate competition." The Intelligencer notes, "In the Philadelphia and Chicago markets, the suit alleges, Comcast succeeded, through a series of swap agreements with AT&T and Adelphia, in establishing monopolies in the cable television and cable Internet service markets, with 94 percent and 92 percent, respectively, of the two markets. … Since then, the suit says, Comcast has used its monopoly power to raise cable prices in the Philadelphia and Chicago clusters to 'artificially high, supra-competitive levels.'"

NYSE Head Says Euronext Deal Will Close. The Wall Street Journal (9/7, Lucchetti) reports, "NYSE Group Inc. Chief Executive Officer John Thain is 'comfortable' that the New York Stock Exchange operator will close its $20 billion merger with European exchange operator Euronext NV by early next year, and he lashed out at a hedge-fund operator that has pushed Euronext to merge instead with Frankfurt's Deutsche Börse AG." The Journal continues, "Mr. Thain, in an interview at his Lower Manhattan office, said he remained confident that the NYSE merger with Euronext would be approved by both companies' shareholders. The vote is tentatively scheduled for early December. … Some analysts have questioned whether NYSE will get Euronext shareholders' approval, because share-price moves among the three exchanges in recent months make Deutsche Börse's offer look financially stronger -- if the deal were to be closed today. … But Mr. Thain says that because Deutsche Börse's offer is based on a backward-looking three-month average price, its deal will likely look less attractive over time. The pricing structure of Deutsche Börse's proposal 'makes their deal at the moment look better,' but its 'advantage will erode over time as the three-month average comes down.' … Mr. Thain also criticized a proposal by the Children's Investment Fund Management (UK), also known as TCI, for Euronext to let shareholders vote on both an NYSE and a Deutsche Börse proposal."

Bertelsmann To Sell BMG Publishing To Vivendi. The Wall Street Journal (9/7, Esterl) reports, "German media giant Bertelsmann AG confirmed a deal to sell its BMG Music Publishing business to Vivendi SA of France for €1.63 billion ($2.09 billion)." The Journal continues, "Separately, Bertelsmann agreed to pay $60 million to a Vivendi unit to partially settle litigation linked to Bertelsmann's involvement with online music concern Napster Inc." The Journal adds, "Bertelsmann, Europe's biggest media company, also reported yesterday its revenue in the second quarter rose 12% to €4.68 billion from a year earlier. Net income was €192 million, compared with €191 million. … Paris-based Vivendi beat out six other bidders for BMG Music Publishing, which posted just over €370 million in sales last year. The acquisition catapults Vivendi's Universal Music Group -- the world's largest recorded-music company -- into the No. 1 spot in the music-publishing business ahead of EMI Group PLC and Warner Music Group Corp."

USA Today (9/7, Lieberman) reports, "If approved by antitrust officials in Europe and the USA, Universal will pick up more than 1 million copyrights for an eclectic array of songs from artists including Coldplay, Barry Manilow, Christina Aguilera, R. Kelly, the Bee Gees, Elvis Costello, Puccini and Ravel." USA adds, "In addition to getting revenue when CDs or downloads are sold, music publishers collect royalties every time their songs are performed on radio, TV, movies, ads, concerts, online or even built into toys. That has made it a coveted arm of the music business even as anemic album sales and piracy have staggered record companies. … The acquisition 'is a unique opportunity to grow our music-publishing business and enhance the value of Universal Music Group,' Vivendi CEO Jean-Bernard Levy said in a statement."

Rivals May Challenge Deal. The New York Times (9/7, Carvajal) reports, "The German media company Bertelsmann agreed on Wednesday to sell its music publishing business to a French rival, Vivendi, for 1.63 billion euros, or $2.1 billion, but an association of independent competitors immediately promised to challenge the deal." The Times continues, "An umbrella organization of music companies, Impala, signaled on Wednesday that it would

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raise objections to the deal. The group, which represents 2,500 independent labels, persuaded a European Union appeals court in July to annul the European Commission's approval of the two-year-old merger that created Sony BMG, a joint-venture music company of Bertelsmann and Sony. … 'I think it's very risky that the economic press is announcing that Vivendi is buying BMG Publishing,' said Patrick Zelnik, president of Impala and chief executive of the French music company Nave. 'We have a strong case to oppose this merger and it's even stronger than Sony BMG.'" The Times adds, "With the purchase, Vivendi's Universal Music Group would become the leader in music publishing, the profitable side of the ailing industry because it involves the trade and sale of music rights for use not only on CD's, but also for ring tones, computer downloads and movie and television soundtracks. … BMG Music Publishing, which had 183 million euros, or $234 million, in revenue in the first six months, was not part of the 2004 Sony-BMG deal. It controls more than a million copyrights, from contemporary Christian music to artists like Coldplay, Britney Spears and Black Eyed Peas."

EU Approves Equity Firms' Purchase Of Casema. The AP (9/7) reports, "EU antitrust regulators on Wednesday cleared private equity firms Cinven Ltd. and Warburg Pincus LLC to buy the Netherlands' third-largest cable television operator Casema BV." The AP continues, "The two agreed in July to pay euro2.1 billion (US$2.6 billion) for the company from another group of private investors -- the Carlyle Group Inc., Providence Equity Partners Inc. and GMT Communications Partners III LLP." The AP adds, "Casema has 1.3 million subscribers, representing about 20 percent of the Dutch cable market. The European Commission said its investigation showed the deal would not significantly harm competition as there were only limited overlaps between Casema and Warburg Pincus' Multikabel -- the country's fourth largest cable TV firm -- even though both offer broadband internet, fixed telephone lines, leased lines and newer combined services. … It said their main business was still buying broadcast rights wholesale and providing them over cable networks to viewers and merging Multikabel's small subscriber base with Casema would not cause problems as it was too small to change the structure of the market."

Antitrust Regulators Asked To Review Health-Plan Mergers. UPI (9/6, Gilcrest) reports U.S. lawmakers yesterday "urged antitrust regulators to look closely at whether a pending health-plan mega-merger squeezes out competition, a problem some experts say is a primary driver of runaway healthcare costs." The proposed "consolidation of Pennsylvania health-insurance giants Blue Cross Independence and Highmark provided the backdrop for a hearing before the Senate Judiciary Committee on whether the health-insurance market is becoming the game of a handful of industry giants that, answerable only to their shareholders, continue to hike premiums, cut doctor reimbursements and leave consumers with fewer choices and no apparent increase in quality." Health-policy experts "who testified at the hearing urged a health-insurance industry crackdown."

ENVIRONMENT/INDIAN AFFAIRS:

Gulf Oil Discovery Could Help Break Impasse On Offshore Drilling Bill. USA Today (9/7, 13A, Stone, 2.27M) reports, "As news of a huge oil discovery deep in the western Gulf of Mexico unfolded, informal talks began in Congress to break an impasse over competing House and Senate plans to expand offshore oil and natural gas-drilling." However, "it is unclear whether the discovery will prod lawmakers to work out a compromise before Congress leaves for the Nov. 7 elections. The discovery of reserves that may exceed Alaska's Prudhoe Bay, the nation's largest oilfield, could be 'galvanizing,' says Marnie Funk, a spokeswoman for Senate Energy Chairman Pete Domenici, R-N.M." USA Today says, "For now, aides to lawmakers are talking, and the House and Senate have yet to appoint negotiators. Both bills would ease restrictions on offshore drilling, now banned in the eastern Gulf of Mexico and along the east and west coasts. The House version goes much further in opening once-protected areas on the Atlantic and Pacific coasts to energy exploration. The White House supports the Senate bill."

House Committee To Grill BP Executive On Corrosion Problems. The Wall Street Journal (9/7, Cummins, 2.03M) reports, "Already under siege by American environmental regulators and financial-market investigators, BP PLC faces a new inquisitor today: Congress. In the first of as many as two Capitol Hill appearances in coming days, U.S. operations chief Bob Malone and other BP officials face a public grilling from politicians just ahead of U.S. midterm elections." The Journal says, "The House Energy and Commerce Committee will hear testimony from experts and BP officials on corrosion problems at BP's Alaska oil field. ... While much new evidence isn't expected this week, the intensified scrutiny risks a further public-relations backlash from consumers and politicians against BP and its chief executive, John Browne." The Journal writes, "At a time of widespread anger at today's gasoline prices, 'BP becomes a very convenient whipping boy' for the entire oil industry, said James Post, a management professor at Boston University."

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Ford To Pay $125,000 Fine For Air Pollution Violations. The St. Louis Post-Dispatch (9/7) reports, "Ford Motor Co. will pay a $125,000 fine over allegations that the company violated the Clean Air Act because equipment at the Hazelwood plant was leaking ozone-depleting chemicals, federal court documents obtained Wednesday show." The Post-Dispatch continues, "The Justice Department filed a civil suit against Ford last week, alleging that machinery at the plant leaked the chemicals for six months in 2002 and 2003. … The suit also said Ford failed to perform leak tests on an air dryer that contained the chemicals, failed to successfully repair leaks, failed to notify the U.S. Environmental Protection Agency that the air dryer had failed follow-up tests and failed to properly maintain records on the leak." The Post-Dispatch adds, "Under a consent decree, signed last week, Ford has to pay a civil penalty of $125,000 within 30 days, must mothball two cooling appliances and retire the air dryer equipment. The company did not admit any wrongdoing."

LATimes Praises Bill To Limit Traffic, Smog. The Los Angeles Times (9/7, 918K) says in an editorial, "Among the many bills passed by the Legislature in the frantic final days of August was one little-heralded measure that could go a long way toward curbing two of Southern California's worst ills: traffic and smog. For it to become law, Gov. Arnold Schwarzenegger's environmental consciousness will have to triumph over his impulse to placate business interests." The bill "by state Sen. Alan Lowenthal (D-Long Beach) would impose a fee of $30 per 20-foot container on all cargo ships passing through the ports of Los Angeles and Long Beach. It is projected to generate $500 million a year, which would be earmarked for improving port security, cleaning up port pollution and building port infrastructure."

Tribal Gaming Commission, DOJ File Notice Of Appeal In Casino Ruling. The Kansas City Business Journal (9/7) reports, "The National Indian Gaming Commission and the U.S. Department of Justice on Tuesday filed notice to appeal a federal judge's opinion that an Indian tribe could open a casino in Kansas City, Kan." The Journal continues, "Eric Melgren, U.S. attorney for the District of Kansas, and Jackie Rapstine, assistant U.S. attorney, filed the notice to appeal to the U.S. Court of Appeals for the 10th Circuit in Denver. … Andrew Ames, a Justice Department spokesman, declined to speak directly about the case. He said that filing the notice doesn't necessarily mean the government will appeal but serves as a 'place holder' if it elects to do so. The notice could be withdrawn later, Ames said."

The Kansas City Star (9/7, Alm) reports, "In July, U.S. District Judge Julie Robinson overturned a 2004 decision by the National Indian Gaming Commission that disqualified the land for tribal gambling. … While upholding several underlying elements of the commission's decision, Robinson overturned its ultimate conclusion, ruling that the purchase of the half-acre tract in 1996 by the Oklahoma-based Wyandotte Nation amounted to settlement against the United States of a land claim whose roots reached back to 1842." The Star adds, "City and state officials have challenged the land's tribal reservation status since it was granted by the federal agency. … When the National Indian Gaming Commission in 2004 voided that reservation status, Kansas Attorney General Phill Kline raided the casino and shut it down, seizing 152 slot machines and about $500,000 in cash. … The casino never reopened." The Star notes, "Late last year the tribe dismantled and hauled away the vacant and vandalized mobile building units that had been fashioned into the 7th Street Casino."

FBI/DEA/ATF/USMS:

DEA Proposes Policy Change Regarding Painkillers, Other Prescribed Drugs. There are more than 100 media references to the DEA's policy statement on dispensing and prescribing OxyContin and other prescribed drugs. For example, the Washington Post (9/7, A4, Kaufman) reports the DEA yesterday "overturned a two-year-old policy that many pain specialists said was limiting their ability to properly treat chronically ill patients in need of powerful, morphine-based painkillers. While defending its efforts to aggressively investigate doctors who officials conclude are writing painkiller prescriptions for no 'legitimate medical purpose,' the agency agreed with the protesting experts that it had gone too far in limiting how doctors prescribe the widely used medications." Karen Tandy "said the DEA received more than 600 comments from doctors, patients and others about its policies on narcotic painkillers, many of them strongly opposed to the agency's position on limiting refills." One doctor who became a critic of the DEA "called Tandy's actions yesterday 'a very positive step forward in restoring that necessary cooperation between practicing physicians and the DEA.'" The Dallas Morning News posted the Washington Post story on its Web site.

USA Today (9/7, Leinwand) reports patients who "use powerful narcotic painkillers such as OxyContin or hyperactivity drugs such as Ritalin will be able to get up to a 90-day supply of the drugs, rather then just a one-month supply, under a rule proposed Wednesday by the Drug Enforcement Administration. … The changes come at a time when government efforts to halt the abuse of prescription drugs have fueled concerns that doctors who prescribed large doses of the drugs to treat acute pain would face DEA investigations. The new policy statement does not include a

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specific list of do's and don'ts, but...Tandy says doctors should be able to glean from the listing of prosecutions on the agency's website what it takes to violate the law."

According to the AP (9/6), the proposal is subject to 60 days of public comment and "makes clear that doctors could prescribe up to a 90-day supply without fear of prosecution." The AP reports doctors "have complained that strict regulation by the Drug Enforcement Administration forced them to limit prescriptions to a 30-day supply and leave patients untreated. 'Today's policy statement reaffirms that DEA wants doctors to treat pain as is appropriate under accepted medical community standards,'" said Tandy.

US Demands Sources For Newspaper Articles On BALCO Probe. The San Francisco Chronicle (9/7, Egelko) reports, "Federal prosecutors, who have sought Chronicle reporters' sources of secret grand jury testimony about steroid use by athletes, dramatically expanded their demands last month to include the confidential sources for hundreds of articles about the BALCO drug investigation, lawyers for the newspaper said today. … 'The government's fishing expedition cannot be countenanced,' attorneys for the Hearst Corp., which owns The Chronicle, declared in papers filed with a federal judge. … They sought to dismiss a Justice Department subpoena seeking documents that would identify sources for the articles, or to obtain an order that would prohibit the government from inquiring into The Chronicle's sources for its reporting about the case." The Chronicle adds, "The case arose from a federal grand jury investigation of the Bay Area Laboratory Co-Operative, or BALCO, and its supplying of performance-enhancing drugs to professional athletes. … After BALCO's founder and others were indicted on drug charges in 2004, The Chronicle published articles quoting grand jury testimony by Barry Bonds of the Giants, Jason Giambi of the Yankees, sprinter Tim Montgomery and other athletes about their use of substances supplied by the lab. … This May the newspaper and reporters Mark Fainaru-Wada and Lance Williams received subpoenas from a new grand jury demanding their sources of the BALCO grand jury testimony and any documents that would reveal the sources. … U.S. District Judge Jeffrey White ruled Aug. 15 that the reporters must identify their sources, saying neither the Constitution nor federal law allows journalists to withhold information from a grand jury. Prosecutors agreed Tuesday to delay imprisonment of the reporters for contempt of court until the Ninth U.S. Circuit Court of Appeals rules on their appeal of White's decision."

BALCO Case Provides Road Map To Steroids Probes. USA Today (9/7, Michaelis) reports, "The effect of the BALCO doping scandal on the sporting public was to paint every eye-popping performance in shades of gray. But as this summer of even more doping dissonance has shown, the effect of the Bay Area Laboratory Co-Operative on anti-doping is such that its legacy ultimately could lie not in the ills it unearthed but in the road map it provided." USA continues, "Through the raids and revelations of recent months, including Marion Jones' initial positive test for EPO and the suspension of Tour de France cycling favorites based not on positive drug tests but other evidence, BALCO's fingerprints were everywhere. … And while the anti-doping net made its biggest splash this summer by catching U.S. stars — Tour champion Floyd Landis and world champion sprinter Justin Gatlin — those grandiose gotchas are helping to lift the black marks BALCO left on the U.S. image globally by spotlighting the increased sophistication and effectiveness of U.S. anti-doping officials."

Marion Jones' Second Doping Test Comes Back Negative. According to the Los Angeles Times (9/7, Elliott), sprinter Marion Jones "was absolved of a potential doping violation Wednesday when tests found no evidence of the prohibited blood-boosting drug erythropoietin in a urine sample she had submitted June 23 at the U.S. championships, contradicting an initial positive result that was made public last month. … Jones withdrew from a meet in Zurich, Switzerland, on Aug. 18 after learning that her 'A' sample from June 23 had shown traces of EPO. She has not competed since then."

The AP (9/7) reports, "The finding means her initial positive result is thrown out, clearing her of the most recent -- and most damaging -- allegations against Jones and paving the way for her return to the track."

The Washington Post (9/7, Shipley) reports testing for EPO "requires three full days of lab work and is considered extremely complex and challenging. Last fall, after the EPO positive of triathlete Rutger Beke of Belgium was overturned on appeal, the World Anti-Doping Agency convened a meeting among its laboratory directors to discuss the test, though WADA Chairman Dick Pound insisted at the time the test was sound and reliable."

Network TV Coverage. ABC's Word News Now (9/7, 3:00 a.m.) reported, "Lawyers for Marion Jones say the sprinter's backup drug test has come back negative, clearing her of doping charges plaguing her since June."

Cable TV Coverage. ESPN (9/7, 1:00 a.m.) reported, "Marion Jones' back-up drug test or "B" sample came back negative, so she's clean and cleared of the doping allegations surrounding her after testing positive in June."

CNN (9/6, 9:30 p.m.) reported, "The Associated Press is reporting tonight the back-up drug test for the five-time Olympic champion came back negative, clearing her of doping allegations. The 30-year-old sprinter tested positive for the banned substance EPO, a blood booster, in June."

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NFL's Drug-Policy Debate Continues. The Washington Post (9/7, Maske) reports the executive director of the NFL Players Association "said Wednesday that he sees no immediate need to make significant changes to the sport's steroid-testing program. 'I don't see any reason to change our program at all,'" Gene Upshaw said. "'If you have someone who's cheating, we'll catch him if the science allows it.' … Upshaw's comments came on the same day that Roger Goodell said during his first news conference as NFL commissioner that he intends to explore possible measures for strengthening the steroid program."

Citing yesterday's New York Times story, the AP (9/6) reports the NFL "is talking with its players' union about beefing up its testing program for performance-enhancing drugs with the changes possibly taking effect this season." The AP adds, "The NFL does approximately 10,000 tests for performance-enhancing drugs a year and there are about 2,000 players in the league. Players are randomly selected for testing and can be tested during the off-season."

IMMIGRATION:

Frist Says Action On Immigration Reform Unlikely. CBS Evening News (9/6, story 5, 0:15, Couric, 7.66M) reported, "Senate Majority leader Bill Frist said today Congress is not likely to act this year on immigration reform, but that's probably not going to stop thousands of people from showing up on the Mall in Washington tomorrow for a demonstration in favor of amnesty for millions of illegal immigrants."

House Republicans To Push Border Security Bills. The Washington Times (9/7, Hurt, 88K) reports senior aides said "House Republicans will make a final push to get border-security legislation on President Bush's desk before November's elections." GOP leaders are "planning a series of tough new border-security measures that they hope can get through the Senate, which in the past has opposed border-security legislation unless it has included a guest-worker program and grants citizenship rights to the estimated 12 million to 20 million illegal aliens already here." Senate Majority Leader Bill Frist said "it would be 'next to impossible' to approve such comprehensive immigration reform, but several key senators said they are willing to consider a border-security-only approach."

Immigrant Advocates To Protest At Capitol. The Washington Post (9/7, B1, Brulliard, Fears, 748K) reports immigration activists "plan to mass in front of the Capitol today, renewing their appeal for legislative reform as Congress reconvenes after a recess in which many members experienced a backlash against illegal immigration back home." The "turnout at today's rally may provide a barometer of the vitality of the immigrant rights movement, which sent millions to the streets this spring but has generated less public attention in recent months. Local organizers said they expect hundreds of thousands of demonstrators from the East Coast, but protests this week in Phoenix and Chicago drew disappointing crowds."

Border Crossers Returned To Mexico Seen As Likely To Try Again. USA Today (9/7, Welch, 2.27M) reports from Tecate, California, that amid the national debate over "what to do about tens of thousands of people who cross into the USA illegally every year, it is here along the dusty border that one sees the enormous difficulty of cutting off the flow. Despite night-vision cameras, helicopters and seismic-motion detectors, the success of border-enforcement policies in the Southwest often come down to whether an agent can run faster than whomever he is chasing." USA Today quotes Nick Coates, a supervisory agent for the Border Patrol, who says border crossers who are caught know that agents will take them "to the station, give them some juice and crackers and send them back home — so they can do it again tomorrow." USA Today adds that Coates and other "agents wonder aloud about the wisdom of returning felons to Mexico, knowing that they will likely try again to enter the USA and perhaps succeed."

TAX:

WSJournal Praises Massachusetts For Looking To Income Tax Cuts. The Wall Street Journal (9/7, 2.03M) says in an editorial, "You'll never guess the hottest issue in this fall's Democratic primary for governor of Massachusetts: income tax cuts. Two of the three Democratic candidates in this bluest of blue states have endorsed cutting the state flat-rate income tax to 5%. One of them, Democratic Attorney General Tom Reilly, insists the tax cut would mean 'real money in people's pockets,' and he pledges to be a 'strong, unwavering voice to stand up and hold the line on taxes.'" An August 27 Boston Globe poll "found that 57% of Democratic primary voters support the tax relief plan. This is the same electorate that has given the nation Ted Kennedy, Michael Dukakis and John Kerry. Perhaps liberal Northeasterners aren't as fond of high taxes as their political leaders assert."

CONGRESS-ADMINISTRATION:

Stevens Lifts Hold On Government Transparency Bill. The Hill (9/7, Schor) reports Senate Commerce Committee Chairman Ted Stevens (R-Alaska) "has lifted his hold on a government-transparency bill days after an online grassroots campaign revealed him as the

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senator raising questions, one of the bill's chief sponsors said yesterday." John Hart, "spokesman for Sen. Tom Coburn (R-Okla.), said Stevens' office had informed Coburn that the hold was no more."

New Obstacles To Earmark Reform Proposals Emerge. The Christian Science Monitor (9/7, Chaddock, 58K) reports, "Facing unprecedented public scrutiny and an election this fall, Congress is under the gun to tighten the rules on the time-honored lawmaker practice of slipping pet projects into legislation - and it has about 30 days left to get the job done." Both House and Senate leaders "pledge to change the rules on lawmakers' earmarks this month, before Congress breaks for the midterm election. But this week, sticking points emerged, complicating their pledge to push the changes through." In the House, leaders "postponed a vote on rule changes, as they grapple with how to extend reforms to all bills, not just spending bills." In the Senate, "new obstacles are surfacing to a bill that would create an easily searchable - and public - database of all government contracts, grants, and earmarks."

GOP Leaders Plan Lame Duck Session For Appropriations. Roll Call (9/7, Pierce) reports that despite the "possibility that a Democratic takeover of one or both chambers in November could throw a monkey wrench into a lame-duck appropriations process, Congressional Republicans say they have no plans to accelerate the passage of the non-security-related spending bills before they leave for the campaign trail." Regarding the "schedule GOP leaders have set to complete spending bills on the Defense and Homeland Security appropriations and an array of other national security measures," Senate Appropriations Committee member Larry Craig said, "There's a reality, and that reality is 19 days." Roll Call adds Republicans plan "to take up nine other spending measures either individually or as an omnibus following the Nov. 7 elections, calculating that vulnerable Members need at least a month to campaign at home." Craig and "other appropriators acknowledged a concern in the GOP ranks that a Democratic takeover, even of just one chamber, could spell the demise of Republican-written spending bills if Democrats decide that pushing the bills into the 110th Congress would allow them to renegotiate the measures with revised priorities."

Office Of Special Counsel Official Under Fire For Dress Guidelines. The Washington Post (9/7, A25, Williamson, 748K) reports for the US Office of Special Counsel – "charged with protecting federal workers and whistle-blowers from illegal treatment -- it seemed an effort to protect its own employees from crimes of fashion." Last month, the agency "devoted part of its employee newsletter to 'Business Casual' do's and don'ts. Tight pants, short skirts and long fingernails are out; khaki trousers -- for everyone! -- are in. Any among the 100-plus staff of lawyers and investigators who have spent their careers blind to the sartorial signals of official Washington were told: 'You are not trying to stand out for the cutting edge look, but for your good judgment.'" But "what some employees found ironic, coming from an agency whose job includes fighting workplace sex discrimination, was the advice that women avoid tight pants and, 'before choosing a skirt to wear, sit down in it facing a mirror.'" Office spokesman Loren Smith "said his boss, Special Counsel Scott J. Bloch, had 'skimmed' the newsletter and 'was under the impression it was for a discussion of what the guidelines might be.'" The "clothing flap is the silliest in a string of controversies beginning with the start of Bloch's five-year term, in January 2004."

Farm State Senators Ask For $6 Billion In Farm Aid. The AP (9/7, Jalonick) reports farm-state senators are increasing their request for drought relief dollars "by half, saying the nation's farmers now need an estimated $6 billion or more in assistance." A bipartisan group in the Senate has been pushing a package that included $4 billion in drought assistance, but earlier this year "House Republicans and the White House said it was too expensive and would unfairly distribute the money." Since then, says Democratic Sen. Kent Conrad of North Dakota, conditions have worsened and he, along with Republican Sen. Norm Coleman of Minnesota and 10 other senators, introduced a bill Wednesday asking for additional help. White House spokesman Alex Conant said Wednesday that the administration "still opposes the congressional disaster funding."

US, European Opinion Said To Be "Converging" In Disapproval Of Bush. The Financial Times (9/7, Dombey, Williamson) reports, "Public opinion in Europe and the US is converging against President George W. Bush, according to a new transatlantic survey released on Wednesday." While 77 percent "of EU citizens disapprove of Mr Bush's handling of international affairs, the figure in the US is now 58 per cent, according to the annual Transatlantic Trends poll of 13,000 people in 12 European nations and the US." This is "the first time in the five-year history of the poll that more Americans disapprove than approve of Mr Bush's international stance. During that time, European disapproval of the US has risen by more than 20 percentage points, while the proportion of Europeans who favour US leadership of world affairs has fallen from 64 to 37 per cent."

Schneider Says Public Support For Iraq War Remains Weak. William Schneider said on CNN's The Situation Room (9/6), "Public support for the war in Iraq remains weak. The latest figures: 39 percent of Americans

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favor the war, 58 percent are opposed. Not a significant change from two weeks ago. Americans don't like to fight wars they can't win. That's why President Bush talks about the prospects for victory in Iraq. … But only a quarter of Americans believe the US and its allies are winning, while 12 percent think the insurgents are winning. The prevailing view? Neither side is winning. President Bush is making an effort to link the unpopular war in Iraq with the widely supported war on terrorism. After all, the president says, that's what the enemy does."

Barclays Chosen To Manage TSP Stock And Bond Index Funds. The Washington Post (9/7, D4, Barr, 748K) reports in its "Federal Diary" column, "Barclays Global Investors, one of the world's largest money managers, has been selected for the fifth time to manage the four primary stock and bond index funds at the Thrift Savings Plan, the 401(k)-type program for more than 3.6 million government employees and retirees, officials announced yesterday. … The bidding process to manage a majority of the TSP's $186 billion in assets has been underway for six months. The Federal Retirement Thrift Investment Board, which oversees the TSP, requested contract proposals for each of the four funds, hoping to encourage competition by allowing firms to bid for the right to manage one, some or all of the funds."

Snow Says NBC Reporter's Question Expressed "Democratic Point Of View." The Washington Times (9/7, Pierce, 88K) reports in its "Inside Politics" column, "During a press briefing Tuesday, NBC correspondent David Gregory became angry when White House spokesman Tony Snow said that a remark by Mr. Gregory expressed 'the Democratic point of view,' Editor & Publisher reports at its Web site (www.editorandpublisher.com)."

Broder Says Rove Critics Should Apologize Over Plame Charges. In his Washington Post column (9/7, A27), David Broder says the charge that Karl Rove "masterminded a conspiracy to discredit Iraq intelligence critic Joseph Wilson by 'outing' his CIA-operative wife, Valerie Plame" has been "undermined." The Wilson-Plame case "seemed overblown to me from the start." Broder recounts some of the claims made against Rove by Sidney Blumenthal in Salon, a Newsweek cover story, and in the American Prospect, adding, "These and other publications owe Karl Rove an apology. And all of journalism needs to relearn the lesson: Can the conspiracy theories and stick to the facts."

Blumenthal Says Rice A Bush "Enabler." In his Salon.com column (9/7), Sidney Blumenthal says President Bush's relationship with Secretary of State Condoleezza Rice is "perhaps the strangest of his many strange relationships. The mysterious attachment involves complex transactions of noblesse oblige and deference, ignorance and adulation, vulnerability and sweet talk. Like his other female enablers, Karen Hughes, his political image-maker and undersecretary of state for public diplomacy, and Harriet Miers, his legal counsel, Rice is ferociously protective. She shields him from worst-case scenarios, telling him to ignore criticism that misunderstands his greatness, and showers him with a constant stream of flattery that he is a world-historical colossus."

OTHER NEWS:

Growth Of Wages, Benefits Sparks Worries About Inflation. The Washington Post (9/7, D1, Henderson, 748K) reports, "Wages and benefits rose strongly in the spring, the government reported yesterday, providing a bit of good news for some workers -- and fresh concern about inflation. The statistic known as labor compensation, which includes wages and employment benefits, rose at a robust 6.6 percent annual rate from April to June, the Labor Department said, revising its earlier, incomplete estimate of 5.4 percent growth." For workers, "the gain, significant as it may sound on first blush, barely exceeded surging prices for gasoline and many other items. After adjusting for inflation, compensation rose at a more modest 1.6 percent annual rate." But "modest or not, analysts who are paid to worry about inflation saw plenty of reason to do so yesterday, fretting that rising labor costs may squeeze corporate profits or prompt the Federal Reserve to raise interest rates to restrain price increases."

The New York Times (9/7, Peters, 1.21M) headlines its story "Labor Costs Shake A Pillar Of Fed Policy," and says, "As inflation edged higher this year, many economists -- including those at the Federal Reserve -- pointed to higher productivity and stable labor costs as signs that prices were not likely to rise unchecked." But the new numbers "suggested yesterday that the threat of higher inflation had not diminished and that it might take more monetary restraint to hold prices down."

The Wall Street Journal (9/7, Gerena-Morales, 2.03M) says "the jump was more than many had expected, and the source remains somewhat of a puzzle." Analysts "said the boost likely resulted from a combination of a tightening labor market that has helped lift wages, as well as one-time payments such as bonuses or the exercising of stock options, though the exact composition isn't known."

Fed Says Economy Grew During Summer, But At Slower Rate. USA Today (9/7, Kirchhoff, 2.27M) reports, "The economy expanded from mid-July to the end of August, though at a slower pace in many areas of the country, the

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Federal Reserve said Wednesday." In its beige book, the Fed "cited reports of more sluggish consumer spending, high energy prices, a slumping housing market and dry weather that hurt farmers." The pace of growth "slowed in five of the 12 Fed districts: Boston, New York, Philadelphia, Kansas City, and Dallas (though growth in Dallas is still strong)."

Stocks Close Lower. NBC Nightly News (9/6, story 9, 0:05, Williams, 9.87M) reported, "Tonight on Wall Street. the Dow lost 63 points [to close at 11, 406.20]; and NASDAQ was down almost 38 [to close at 2,167.84]." The Wall Street Journal (9/7, Browning, 2.03M) says "the Standard & Poor's 500-stock index clung to the much-watched 1300 mark, shedding 12.99, or 0.99%, to 1300.26. It remains up 4.2% for 2006." USA Today (9/7, Krantz, 2.27M), among other newspapers, also reports the stock numbers.

Tort Reform Groups Push For States To Curb Class Actions. The National Law Journal (9/7, Bronstad) reports, "Tort reform groups and lawyers representing some of the nation's largest corporations are working with legislators in several states to draft amendments to consumer protection laws that would seek to curb what they see as a tide of costly class actions." The Journal continues, "Tort reformers are looking to introduce proposed amendments as early as December in states with a history of large class certifications or high-dollar settlements and verdicts in consumer class actions, such as Massachusetts, Illinois and the District of Columbia. … The new momentum represents continuing fallout from California's Proposition 64, a landmark 2004 ballot initiative that tightened the reins on consumer cases. As part of their efforts, tort reformers are circulating model legislation to state lawmakers that would require consumers to have suffered economic losses or injuries from a company's alleged misstatements in order to file a class action." The Journal adds, "The model legislation, which was encouraged recently in a report by the American Tort Reform Foundation, also would require consumers to have relied on a company's alleged misrepresentations when they bought its product or services. … Plaintiffs lawyers said that amending consumer protection statutes in ways similar to what happened in California would add significant hurdles in bringing consumer class actions."

US Trails Other Countries In Proportion Of Young With College Degrees. The New York Times (9/7, Lewin, 1.21M) reports the National Center for Public Policy and Higher Education will issue a report today finding that the United States "has fallen behind other nations in its college enrollment and completion rates, as the affordability of American colleges and universities has declined." The U.S. "ranks seventh among developed nations for 25- to 34-year-olds" with college degrees. The report also graded the states on affordability of college education and gave 43 states a failing grade.

USA Today (9/7, Marklein, 2.27M) reports the group's chairman, former North Carolina governor James Hunt said the findings, "challenge the notion that the American higher education system is still the best in the world." It "suggests that as the large and well-educated baby boom generation retires, the USA faces a drop-off in college-trained workers to replace them."

NYTimes Praises Ford For Stepping Down As CEO. The New York Times (9/7, 1.21M) says in an editorial, "Only Ford Motor Company finds its identity knitted inextricably to its founder's name." On Tuesday, "the great-grandson, William Clay Ford Jr., stepped down as Ford's chief executive and president, passing the reins to the Boeing executive Alan Mulally. Mr. Ford will stay on as chairman, but the job of running the company rests with Mr. Mulally now. While there is plenty of doubt about whether Mr. Mulally will be able to turn around the fortunes of the automaker, Mr. Ford has passed one of the most important tests of leadership: knowing when to step aside. By most accounts, the outgoing chief executive had far more on his plate than he could handle in the midst of a restructuring that could save — or finish — the company."

Brooks Discusses Factors Contributing To Inequality. In his New York Times column (9/7), David Brooks says, "There are two schools of thought on income inequality. Members of the first school — populist politicians and a few economists — say the key issue is economic power. The haves exercise more power over the have-nots. As a result, corporate profits soar, while wages stagnate." In short, "populists argue, the market is broken. The rules are rigged. The reigning ideology in Washington must be upended. Unions must be revived. Globalization needs to be reorganized." But the "problem with this narrative is that it doesn't really fit the facts," and members of "the second and much more persuasive school of thought on inequality say the key issue is skills. Lawrence Katz, formerly of the Clinton administration, now of Harvard, puts it this way: Across many nations, the market increasingly rewards people with high social and customer-service skills."

Several Republican Primaries Pit Moderates Against Conservatives. The Wall Street Journal (9/7, Lueck, 2.03M) reports as Republican leaders "work to retain control of Congress, a number of primaries around the country are pitting their party's conservative base against its moderates." In Arizona's 8th CD, "the National Republican Congressional Committee has spent more than $200,000 to help Steve Huffman -- a state representative who favors

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abortion rights and federal funding of embryonic stem-cell research -- win Tuesday's primary." But a recent poll "of likely primary voters showed Mr. Huffman lagging in the five-candidate race behind Randy Graf, a socially conservative candidate who has advanced by taking a hard line on immigration." The district "mirrors intramural fights occupying Republicans throughout the country before Sept. 12, when 10 states hold primaries. Beyond Arizona, primaries for open House seats in Vermont and Wisconsin are pitting the party's moderates against its right wing," as does the Rhode Island Senate primary between Sen. Lincoln Chafee and Cranston Mayor Steve Laffey. Beyond the "specific seats at stake, the intraparty primary fights could bode ill for Republicans in the general election, signaling disaffection among conservatives who may be less inclined to turn out in November." Democrats, "too, have had their share of internal challenges from the left, most notably Ned Lamont's victory in the Connecticut senatorial primary last month after attacking incumbent Joseph Lieberman over supporting the Iraq war. But those fights tend to be in places that are safely Democratic."

House Democrats To Host Event For "A-List" Challengers. Roll Call (9/7, Whittington) reports House Democrats "are planning to host their top challenger candidates on Capitol Hill next Wednesday for an event designed to quicken the drumbeat for Democratic chances of taking back the House this fall." September 13 is "being dubbed the 'March to the Majority' day, when candidates from around the country who have been selected for the Democratic Congressional Campaign Committee's 'Red to Blue' program will be in town to meet with the House Democratic Caucus, DCCC staff and relevant interest groups, as well as to attend a fundraising reception that night." The DCCC has "announced two rounds of Red to Blue recipients, totaling 34 candidates. A third round is expected soon." Roll Call also lists the current Red to Blue candidates.

Big Donors From 2004 Not Yet Aiding Democrats. The Hill (9/7, Hearn) reports that with their "political prospects flying high, Democrats are turning their attention to mobilizing voters for the fall election and are worried that so the deep-pocketed donors who helped them in 2004 will sit this election out." Rep. Artur Davis said, "In 2004, there was significant support by large national donors on behalf of the Democratic ticket. That level of energy has not materialized to date, and that is disappointing considering the tremendous stakes and opportunities available to Democrats this cycle." The Hill adds Democrats "and their presidential nominee, John Kerry, received unprecedented support two years ago when donors pumped more than $200 million into liberal 527 organizations." This year, "those well-heeled donors have yet to join the fray."

Kondracke Says Estimates Have Democrats Winning 30 House Seats. In his Roll Call column (9/7), Morton Kondracke says, "We won't have to stay up late on Nov. 7 to see whether Democrats win back the House. By shortly after 8 p.m., the result should be clear." The polls "close by 7 p.m. EST in Kentucky and Indiana, where six GOP-held seats are up for grabs. They close at 7:30 p.m. in Ohio, with three seats, and at 8 p.m. in Connecticut, Pennsylvania and New Jersey, which together have a total of seven more contested seats. The final tallies won't be in until later, of course, but results in the early states should show whether Democrats will pick up the 15 seats they need." Currently, the "polls, the pundit consensus and the estimates of both Democratic experts and some Republicans all suggest that GOP rule in the House will end, conceivably with a Democratic pickup of 30 seats — double what's needed." GOP officials "acknowledge that the 'environment is not favorable,' but Republican National Committee Chairman Ken Mehlman nonetheless predicted flatly to me that his party will hold both the House and Senate. 'No. 1,' he said, 'the playing field is relatively narrow' with just 20 GOP open seats at risk. 'Two, we are going to have more resources, and we're going to target them better."

GOP Sees Chance At Knocking Off Democratic Incumbent In IA3. The Hill (9/7, Snyder) reports with poll numbers "showing voters broadly unhappy with Republicans in Congress, Iowa's 3rd District presents the party with a rare opportunity: the chance to pick off a Democratic incumbent." Republican candidate Jeff Lamberti — "son of the founder of the ubiquitous Casey's General Store gas station chain here and co-president of Iowa's evenly split state Senate — has money, name ID and an energetic personality in his favor. He believes voters will not hold him accountable for sins in Washington." The race, "which matches him against Democrat Leonard Boswell, seeking his 6th term, has been noted as among the most competitive by several political publications. Even Democrats acknowledge that Lamberti is an able opponent." Still, experts say, "the Ankeny attorney faces several obstacles beyond whatever unhappiness there is in the district with Republicans, including a well-funded incumbent who appeals to urban and rural voters and Iowans' own sense of loyalty." Des Moines Register columnist David Yepsen, "who predicts that Boswell will win reelection," said, "Iowa voters like to keep incumbents around. You really have to screw up in this state to lose."

Democrats Hope To Gain Ground In Florida. The New York Times (9/7, Goodnough, 1.21M) reports with Gov. Jeb Bush "leaving office because of term limits," and

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GOP Senate nominee Katherine Harris "perhaps the party's weakest here in decades," Florida's "hobbled Democrats see a rare opportunity to regain some of the ground they have lost in this swing state over the last 12 years." Still, Gov. Bush's "popularity will almost certainly help" GOP nominee Attorney General Charlie Crist, and "the State Legislature, controlled by Republicans since 1996, will stay that way. Republicans now hold every statewide office except for that of Senator Bill Nelson, who now faces a challenge from Ms. Harris, and all but 7 of Florida's 25 seats in the House." Yet Democrats "believe they can capitalize on national anger toward Republicans this year, and on local concern about home insurance rates and education policy, including what many see as an overemphasis on standardized testing. They are hoping that social conservatives will be kept at home on Election Day by Mr. Crist's moderate positions: he supports stem cell research and civil unions for same-sex couples, and, though against abortion, has said he would not support new restrictions on it."

New Democratic 527 Group Targets House GOP. The Washington Post (9/7, A10, Cillizza, 748K) reports a "new independent political organization made up of former Democratic members of Congress and high-level party operatives has begun running television ads targeting two Republican incumbents." The group, "Majority Action, is sponsoring commercials that hit Reps. Deborah Pryce (Ohio) and James T. Walsh (N.Y.) on corruption and the war in Iraq, respectively." The goal "of Majority Action, according to co-chairman Joe Andrew, is to level the financial playing field in Republican-held seats where a potential national wave could wipe out a number of incumbents not considered top targets at the moment." Andrew and "Don Fowler -- both former Democratic National Committee chairmen -- anchor the group's leadership circle, which includes a panoply of former lawmakers, including past Democratic Congressional Campaign Committee chairmen Tony Coelho (Calif.) and Martin Frost (Tex.)." While he "shied away from specifics, Andrew said Majority Action had a 'seven-figure' budget -- between $8 million and $10 million, an informed source said -- and was spending in the 'six figures' in individual House districts."

Armey To Visit Iowa, New Hampshire, South Carolina. The Washington Post (9/7, A10, Cillizza, 748K) reports former House majority leader Richard K. Armey (R-Tex.) "retired from the House in 2002 and has spent his time since heading up Freedom Works -- a group that advocates shrinking government and lowering taxes." Armey is "now headed to Iowa for a speech on Sept. 19, stoking speculation that he may fancy himself a candidate for president in 2008. Although Armey told ABC News that he has 'no interest in Dick Armey for president,' he left the door open -- wide open." Aides were "quick to point out that the former leader is likely to visit the presidential proving grounds of New Hampshire and South Carolina later this year. An aide said Armey hopes to 'keep the Reagan legacy alive in the presidential primary.'"

New York Democrats Hope Clinton Will Boost Turnout In Down Ballot Races. The Wall Street Journal (9/7, Calmes, 2.03M) reports in its "Campaign Journal" that as Democrats "count the 15 Republican seats they need to take control of the U.S. House, their tally of likeliest captures includes three in blue-state Connecticut, three and four respectively in swing-states Ohio and Pennsylvania and even three in blood-red Indiana. But here in that bluest of blue states, New York, they're counting on only one." With "as many as seven of Republicans' nine House seats in New York" on "political watch lists in this high-stakes mid-term election," the "cautious counters among Democrats are banking only on swiping the one in the state's rural center that liberal Republican Rep. Sherwood Boehlert is vacating after nearly a quarter century. Most of the remaining half-dozen Republican-held districts belong to incumbents with deep roots," including Rep. Tom Reynolds, "the man in charge of getting all House Republicans re-elected in a really bad year for his party." Sen. Hillary Clinton is "putting her rich treasury and statewide organization to work to get Democrats, supportive independents and mutinous Republicans to come out. Down-ballot candidates, like those Democrats seeking House seats, are hoping Sen. Clinton's supporters will pull them along."

Thune Plans To Organize NRSC Chairman Recruitment. Roll Call (9/7, Billings) reports that with "no clear candidate emerging to chair the National Republican Senatorial Committee in the next election cycle, one-time aspirant Sen. John Thune (S.D.) said Wednesday he plans to organize a meeting of the GOP freshman class to try to recruit someone to take on the task." Thune, who "decided against pursuing the NRSC post himself a month ago, said he believes there is a deep bench of talent in the Republican Conference from which to draw. As such, Thune said he hopes to help get first-term GOPers together within the next two weeks and rally the group behind a candidate." Sens. Mel Martinez (FL), David Vitter (LA), Jim DeMint (SC) and Richard Burr (NC) "have all been mentioned as possible successors to Sen. Elizabeth Dole (N.C.), who has chaired the committee for the past two years. Another name that recently has surfaced is that of Sen. John Ensign (Nev.), who already is a candidate for Conference vice chairman next Congress but also would be viewed as a strong contender for the NRSC."

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Santorum Says Casey Just Spouts DNC Talking Points. Sen. Rick Santorum said on Fox News' Your World with Neil Cavuto (9/6), "I think that the people of Pennsylvania are starting to focus on who their next senator is going to be, instead of just sort of an overall national climate. And I think there's a big difference between me and Bob Casey Jr. And I think that was played out over the weekend on Meet the Press, and I think it's going to be played out over the next two months about someone who's worked hard to deliver for Pennsylvania, who can make a difference here in Washington, D.C., for us, and someone whose -- who refuses to take positions on issues, and just spouts Democratic talking points out of the Democratic National Committee."

Rothenberg Sees GOP Advantage In Tennessee Senate Race. In his Roll Call column (9/7), Stuart Rothenberg says the campaign of Democrat Harold Ford released a poll conducted by Peter Brodnitz of Benenson Strategy Group, "a credible pollster with experience and savvy," that "showed him leading" Republican nominee Bob Corker "by a couple of points, 44 percent to 42 percent. Corker's negatives had risen considerably since Brodnitz's February poll, while Ford's favorable ratings had moved higher since then." On "one level, the approaching national Democratic wave, the Tennessee Senate ballot test and many of the poll's internals suggest that Ford certainly has a chance to win this race. His own ratings are pretty good, and he has more than $5 million in advertising headed for the airwaves." But Republicans "have won the past five Senate races in Tennessee, with the Democrats' best showing in those five outcomes at 44.3 percent of the total vote (by Bob Clement in the 2002 open-seat race)." The "fact that Ford is getting 44 percent of the vote now — and 90 percent of the black vote — isn't hard to believe. Democratic candidates seem to be getting their votes early this cycle, and since I all along have expected the Congressman to get 47 percent or 48 percent of the vote, his poll doesn't shake my initial assessment of the contest" as "Clear Republican Advantage." But if "Corker's ads don't start to move numbers his way by the beginning of October, I'll certainly take another long look at this race."

Polls Of Rhode Island Senate Primary Show Conflicting Results. The Washington Times (9/7, Pfeiffer, 88K) reports, "Less than a week before Rhode Island voters hold their statewide primary elections, two polls show a 31-point discrepancy as to whether voters will renominate incumbent Republican Sen. Lincoln Chafee." A Rhode Island College (RIC) poll "taken in the last week of August showed Cranston Mayor Stephen Laffey leading Mr. Chafee by 17 points, 51 percent to 34 percent." The day after the RIC poll was released, the National Republican Senatorial Committee (NRSC) "released its own poll, conducted by Public Opinion Strategies, showing Mr. Chafee ahead of Mr. Laffey by 14 points, 53 percent to 39 percent." The Providence Journal "yesterday reported that more than 1,000 city Democrats have dropped or switched their party affiliation and are expected to vote in the Republican primary. The paper said Chafee supporters think it's a statewide trend and predict Democrats turned independents might help Mr. Chafee survive Mr. Laffey's challenge."

Lamont Says He Wouldn't Support Lieberman For Defense Post. The Christian Science Monitor (9/7, Cook, 58K) reports Connecticut Democratic Senate nominee Ned Lamont "came to Washington Wednesday to line up support for the general election. But he began the day at a Monitor-sponsored breakfast with reporters taking verbal shots at his opponent." Reporters asked Lamont to "weigh in on Senate Democrats' plan to call for a no-confidence vote on Defense Secretary Donald Rumsfeld. One journalist posed a hypothetical question: What if Senator Lieberman were asked to fill the post - would a future Senator Lamont vote to confirm him?" Lamont said, "I don't think I would. I know the man. I respect the man. He is a man of integrity. I have never spoken ill of him throughout this entire campaign, but he has been so wrong on one of the biggest issues of the day for so long. The idea that he would go take over as Secretary of defense, I just couldn't do that." The Monitor adds that when asked "about Lamont's comment, a spokesperson for the Lieberman campaign e-mailed that 'Joe Lieberman has repeatedly said that he is not interested in any other job other than being the senator from Connecticut. We do not understand why Ned Lamont can't take 'no' for an answer.'"

The Hill (9/7, Blake) reports Lamont "attempted to remove the partisan labels from his race with" Lieberman "and stressed his ability to work with lawmakers of all persuasions at a breakfast with reporters in Washington yesterday." Lamont "was in town to collect some of the spoils of the Democratic party's support," and he "acknowledged that the liberal blogosphere played a large role in his victory, referring to the netroots as 'the girl that I took to the dance' and said the party's help will be paramount in winning in the general. But he emphasized the importance of bipartisanship multiple times during the breakfast, which was hosted by the Christian Science Monitor." Lamont said he "would not support the impeachment of President Bush, that he would not vote to cut off funds to the war effort in Iraq and that Lieberman's candidacy could cause some problems for three Democratic House challengers in Connecticut, even though he expected them to win."

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Lieberman Gets Lukewarm Welcome From Democrats. In the Washington Post's "Washington Sketch" column (9/7, A2), Dana Milbank writes, "You could feel the temperature drop as Sen. Joseph Lieberman of Connecticut entered the Senate chamber yesterday for the first time since he lost his Democratic primary last month and became an independent candidate. Democratic leaders Richard Durbin (Ill.) and Charles Schumer (N.Y.) kept a safe distance. Christopher Dodd (Conn.) gave him a perfunctory handshake. Harry Reid (Nev.), the minority leader, turned his back; when Lieberman approached, Reid indulged him in a quick handshake then quickly busied himself in another conversation."

The AP (9/7, Miga) reports Lieberman was "greeted warmly Wednesday as he attended his party's weekly luncheon and participated in Senate business. Democrats gave Lieberman an ovation as Senate Minority Leader Harry Reid, D-Nev., introduced him at the lunch and welcomed him back. Republican Sen. Susan Collins of Maine shared a hug with Lieberman on the Senate floor." But the "cordial response reflected a harsh political reality. If Democrats manage to gain six seats in November and Lieberman wins, the party will need him to take majority control. Lieberman, the party's 2000 vice presidential nominee, has said he would caucus with Democrats if he prevails in his independent run." But "election year's bare knuckles weren't far away, and neither was Lieberman's chief rival, Democratic nominee Ned Lamont." Reid "met with Lamont," and is "supporting the Democratic nominee, who also was in Washington to confer with labor unions and party leaders."

The Hill (9/7, Allen, Bolton) reports if Lieberman's "Democratic colleagues are anxious to get rid of him, they gave no indication of it in their first gathering" since the primary. Sen. Joseph Biden, who has endorsed Lamont, said, "I don't think there's any of us out there saying 'Goddamn, I hope Joe doesn't win.'"

The New York Times (9/7, Leibovich, 1.21M) reports in its "Washington Memo" column that "as is common with household disturbances, the principals involved were quick to play down any friction to outsiders. Some would not even acknowledge that anything was awry." Since his defeat, Lieberman "has repeatedly said that 'both parties have gone off track,' complained that 'partisanship has become too intense' in the capital and noted that George Washington cautioned long ago about 'the dangers of political factionalism.'" So it was "curious that one of Mr. Lieberman's first stops upon his return was partisan by definition, the Democratic caucus luncheon."

The Los Angeles Times (9/7, Fiore, Simon, 918K) reports, "If it's possible to embrace someone without actually touching them, that's what his used-to-be friends in the Senate did. In Hollywood, they call it an air kiss." Beneath the "outward appearances, the political climate among the Senate Democrats was cool. Lieberman has become the poster boy for what liberals in his party deplore: Democrats who refuse to strongly challenge Republican policies, particularly the Iraq war."

Democratic Lobbyists Under Pressure To Aid Party's Fundraising. Roll Call (9/7, Newmyer) reports with "control of the House within reach for the first time in more than a decade, Democratic lobbyists say they're feeling unusually intense pressure from House Democratic leaders to open their wallets and help their party close the deal." But Democratic lobbyists "are rising to the challenge, a dozen Democratic consultants said, upping their personal contributions and making the case to their corporate clients that they need to pony up as well." One Democratic lobbyist said Democratic Congressional Campaign Committee Chairman Rahm Emanuel "has been pretty blunt with people. Now, people downtown are finally paying attention and believing." Roll Call adds that with "recent media coverage and poll numbers suggesting a Democratic takeover of the House, aides and lobbyists alike said the fundraising pitch is becoming an easier sell."

Senators Scold Stem Cell Scientist. The Washington Post (9/7, A4, Weiss, 748K) reports two senators "who strongly support human embryonic stem cell research lashed out yesterday at the scientist who recently reported the creation of those cells by a method that does not require the destruction of embryos, saying the scientist and his company have harmed the struggling field by overstating their results." Sen. Arlen Specter said, "It's a big black eye if scientists are making false and inaccurate representations." The Post adds that at the hearing of the Senate Appropriations labor, health and human services subcommittee, Robert Lanza of Advanced Cell Technology (ACT) in Worcester, Mass., "defended his work and the company's statements." But Sens. Specter and Tom Harkin "repeatedly interrupted and scolded Lanza."

LATimes Notes California Move To Replace Capitol Statue With One Of Reagan. The Los Angeles Times (9/7, 918K) says in an editorial the California Legislature last week passed a bill to remove the statue of Thomas Starr King from the US Capitol and replace it with Ronald Reagan's image. King, "a Unitarian minister, may have been an intellectual star in the mid-19th century, but today he's not exactly a household name." King "traveled from town to town in California's early days exhorting citizens to support the Union cause in the Civil War. Before King, it was by no means clear that California was going to go that way."

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Israel Ends Blockade Of Lebanon. The New York Times (9/7, Erlanger, 1.21M) reports Tel Aviv "announced Wednesday that it would lift its air and sea blockade of Lebanon on Thursday evening, three weeks after the cessation of hostilities, because international forces were ready to move into place to impose an arms embargo on the Hezbollah militia. Prime Minister Ehud Olmert said Israel would yield its 'control positions over Lebanon's seaports and airports' at 6 p.m. Thursday to international supervision." The Times says the deal involves French, Greek, British and Italian patrols of the Lebanese coast until German ships can take over later this month. The "main issue" for Tel Aviv is "preventing arms from moving across the land border from Syria," and the Times notes Israeli officials have said they "had 'an understanding' that international forces would deploy alongside the Lebanese Army to monitor that border."

The Washington Post (9/7, A21, Wilson, Cody, 748K) adds Olmert "announced Wednesday that Israel will lift its eight-week-old air and sea blockade of Lebanon on Thursday evening, removing what diplomats have called the chief obstacle to the country's recovery from [the recent] devastating war." He "made the decision after receiving assurances from" Secretary Rice and UN Secretary-General Kofi Annan "that international troops were ready to begin sea patrols and airport security checks designed to prevent Hezbollah from restocking its arms supply." The Post notes Annan had "stepped up diplomatic pressure on Israel to end the blockade, calling it 'a humiliation' for Lebanon during his recent trip to the region."

The Financial Times (9/7, Morris, England, Peel) adds Tel Aviv "had refused to lift its air and sea blockade until it was satisfied that enough foreign forces were in place to prevent weapons reaching the Shia militia." The deal "follows a week of urgent telephone diplomacy by" Annan "involving" Secretary Rice, Olmert, French President Jacques Chirac, German Foreign Minister Frank-Walter Steinmeier, and Lebanese Prime Minister Fouad Siniora. "An exhausted but elated Mr Annan greeted the announcement on Wednesday night as a vital move to enable humanitarian aid, and the reconstruction of Lebanon, to start."

USA Today/AP (9/7) calls Israel's lifting of the blockade "a crucial breakthrough in international efforts to rebuild from the war,": and says it "will be the first major test for the U.N. force charged with keeping the peace and preventing arms shipments from reaching Hezbollah. It was also a victory for" Annan, "who has repeatedly demanded that Israel end the blockade, and showed some disagreements can be resolved with U.N. mediation."

The Los Angeles Times (9/7, Ellingwood, Stack, 918K) runs a similar report.

Annan's "Two Notable Successes" Noted. In an analysis piece, the AP (9/7, Hacaoglu) notes Annan "wrapped up a trip to the Middle East Wednesday with two notable successes: winning Israel's agreement to lift its blockade of war-ravaged Lebanon and securing a commitment for Turkish troops to join the U.N. peacekeeping force there." He "called the Turkish decision 'a sign of international solidarity' — the spirit he sought during his Mideast tour." Annan "also renewed a call for an Israeli troop pullout from Lebanon, calling it 'crucial' to peacekeeping," and then "urged Hezbollah militants based in southern Lebanon to disarm."

Footage Of Israeli Airman Captured In 1986 Colors Hostage Negotiations. The New York Times (9/7, Kraft, 1.21M) reports, "Videotape of an Israeli airman captured 20 years ago has surfaced in a Lebanese television documentary, touching a raw nerve for Israelis anxious for the return of soldiers taken by Hezbollah two months ago. … The grainy image of a bearded and hollow-eyed Capt. Ron Arad speaking to his captors was broadcast in both Lebanon and Israel this week. Captain Arad, an Air Force navigator whose plane was shot down over Lebanon in 1986, is said by Hezbollah to be dead, and the failure to conduct successful negotiations for his return has weighed heavily on Israelis." While the tape "is old," the Israeli government "did not know the film existed." The Times notes, "News of the film has captivated and depressed Israelis, many of whom see it as an attempt by the Lebanese to press the Israeli government to negotiate with Hezbollah over the two current prisoners, Ehud Goldwasser, 31, and Eldad Regev, 26, as well as Cpl. Gilad Shalit, who has turned 20 since his capture by" Hamas militants near the Gaza border.

Ahmadinejad To Address UN. Fox News' Hannity and Colmes (9/6, Colmes) reported, "The Jerusalem Post reporting tonight the president of Iran Mahmoud Ahmadinejad is coming to America and will speak to the United Nations."

The Financial Times (9/7, Dinmore) reports specifically on Ahmadinejad's latest debate challenge, saying, "The scene is set for a clash of the 'Great Satan' and the 'axis of evil' at the United Nations this month when" Bush and Ahmadinejad address the general assembly on the same day, with the US pressing the world body to impose sanctions on Iran over its nuclear programme." The White House "confirmed on Wednesday that [he] would be granted a US visa to go to New York."

Romney Explains Opposition To Khatami Speech. Massachusetts Gov. Mitt Romney was asked on Fox News' The O'Reilly Factor (9/6) about his opposition to former Iranian president Mohammad Khatami's speech at Harvard. Romney said that "on September 10 and September 11, on the fifth anniversary of an extraordinary tragedy in America, you don't welcome a person to Harvard with open arms who has preached the destruction of Israel, who has developed nuclear technology, contrary to what he had said, who has jailed dissident students in his country, praised Hezbollah."

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Romney added, "There is nothing wrong with free speech. Inviting someone to come to a university like Harvard and expecting my state and taxpayers to help fund his movement with police escorts, no way."

Romney said on Fox News' The Big Story with John Gibson (9/6), "My preference of course would be to withhold enough support services for him so he decides not to come here and go other places. I think it's a disgrace to have an individual who has been a supporter of Hezbollah, who has advocated the destruction of Israel, who has jailed dissidents to have a person of that nature come to Harvard on September 10 and 11 at this critical time, given our history, is totally inappropriate. Probably any time it's inappropriate. And therefore I insisted that our state agencies do not provide the support that it would normally provide for a visiting dignitary."

Human Rights Officials Say Khatami Should Face Questions During National Cathedral Address. In an op-ed in the Washington Post (9/7, A27, 748K), Felice Gaer and Nina Shea, respectively chair and vice chair of the United States Commission on International Religious Freedom, note "a troubling irony in inviting former Iranian president Mohammad Khatami to speak today at the National Cathedral on the role the Abrahamic faiths can play in shaping peace in the world." The Commission "continues to recommend that Iran be included on the State Department's list of 'countries of particular concern'" because of continued religious freedom violations. "The commission's 2006 annual report and the State Department's annual International Religious Freedom Report conclusively demonstrate that Iran's egregious, systematic violations of religious freedom did not significantly diminish during Khatami's administration." The authors ask if "Khatami will use his address at the National Cathedral to call upon clerics in his own country to respect the universally guaranteed right to freedom of religion and belief, as well as the rights of those who hold diverse views and beliefs." They conclude, "In the final analysis, it would be a tragic oversight for the former leader of Iran to be invited to give a lecture on these specific topics in such a prominent place of worship without being questioned openly and seriously on both the nature of diversity and the legacies of his own record on human rights and religious freedom."

Turkish Public Shifts Interest Towards Iran, Away From EU, US, NATO. The New York Times (9/7, 1.21M) details the results of the German Marshall Fund of the United States' annual opinion survey, Transatlantic Trends, that suggest "Turkey has increasingly warmed toward Iran while cooling toward its NATO allies and the goal of European Union membership." The "striking shift in attitudes" among Turks is borne out by a drop in affinity for the US and for EU membership, and by a noticeable rise in affinity towards Iran. The Turkish portion of the survey "was based on in-person interviews of 1,000 randomly selected adults from June 6 to June 24. The margin of sampling error was plus or minus three percentage points."

State Department Revamps Assignments Process To Meet New Diplomatic Priorities. The Washington Times (9/7, Kralev, 88K) reports the State Department "has begun the first major overhaul of its assignment system in decades, making it more difficult for U.S. diplomats to avoid serving in Iraq, Afghanistan and other dangerous posts that the Bush administration views as crucial in the war on terrorism." Senior leadership within the Department announced "that no jobs will be available for bidding by Foreign Service officers until all open positions in the critical posts have been filled. They also said that they would resort to 'directed assignments' if the new scheme fails to achieve the desired results." One official "said that the best way for Foreign Service officers to ensure they have another job when their current assignment ends will be to opt for Iraq, Afghanistan, Sudan, Pakistan and other hardship posts in the Middle East, Africa and South Asia. … Reaction to the new assignment system in the Foreign Service has been mixed. While officers understand the need to staff priority posts, 'there is also widespread concern that long-standing assignment rules and practices are being hastily jettisoned,' said the American Foreign Service Association, the diplomats' union."

US Air Force Officer Missing In Kyrgyzstan. The New York Times (9/7, Chivers, 1.21M) reports, "A United States Air Force officer stationed in Kyrgyzstan was reported missing on Wednesday after disappearing during a shopping trip on Tuesday with fellow service members in the capital, Kyrgyz and American officials said." The officer, Maj. Jill Metzger, "has been a personnel officer for several months at the Manas Air Base, which supports military operations in Afghanistan, and was in the final days of her tour of duty." She "was last seen on a security video taken at 4:18 p.m. Tuesday in TSUM, a large department store near the center of Bishkek, said Nurdin Jangarayev, a spokesman for the Interior Ministry, which is investigating the case. … Her disappearance perplexed local investigators and American officials alike, who said they had not categorized the case beyond calling it a missing-person investigation. There were no immediate signs of foul play, the authorities said, and as of Wednesday no one had claimed to have abducted her."

Blair Could Announce Departure Plan Today. The Financial Times (9/7, Blitz) reports British Prime Minster Tony Blair "is to make an 11th hour attempt to end the growing revolt against his premiership within the Labour party by publicly declaring that he will quit as prime minister in the summer of next year. However, it was far from certain on

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Wednesday night that this would be enough to satisfy those MPs demanding a firm date for his departure." Blair met twice yesterday with Chancellor of the Exchequer Gordon Brown, and "agreed to endorse publicly the recent statements of cabinet allies that this month's Labour conference will be his last as prime minister." Brown told Blair "that he wants to have taken over well before next year's parliamentary summer break. The chancellor also demanded an end to efforts by the prime minister's allies to tie his hands on policy before the handover." Relations between Blair and Brown "remained deeply uneasy on Wednesday night. Throughout Wednesday, allies of both men were engaged in a semi-public row after senior No 10 figures suggested the chancellor was orchestrating a plot to unseat the prime minister." The Times predicts Blair's "declaration that he will quit next summer – which ratifies a similar statement by David Miliband, environment minister – could come as early as today."

The New York Times (9/7, Cowell, 1.21M) notes, "In a mood of gathering crisis," Blair "sought Wednesday to face down a revolt within his Labor Party as an extraordinary procession of eight junior aides resigned to protest his refusal to set a date to leave office soon. The spectacle of Mr. Blair fighting off such challenges, in sharp contrast to the euphoria of his rise to power nine years ago, recalled Margaret Thatcher's final days as her authority seeped away in 1990." While "Blair has dismissed challenges in the past," UK "political analysts said the mood seemed more venomous this time. Some analysts depicted the public pressure as a renewed effort by supporters of" Brown "to force the prime minister from office within the next few months."

USA Today (9/7, Stinson, 2.27M) reports, "Among those who quit: Tom Watson, a defense minister for veterans' affairs. 'I no longer believe that your remaining in office is in the interest of either the party or the country,' he said in a letter to Blair." Joining Watson were "six parliamentary private secretaries, who serve as unpaid ministerial aides."

The Washington Post (9/7, A21, Sullivan, Jordan, 748K) reports, "Adding to the frenzy of speculation was the publication this week of a memo, written by Blair aides, outlining a series of television appearances, speeches and interviews to mark Blair's final days: 'He needs to go with the crowds wanting more,' the memo said. 'He should be the star who won't even play that last encore.'" But "Blair's future turned from parlor game to political crisis on Wednesday."

The Wall Street Journal (9/7, Champion, 2.03M) says "a recent letter from 21 lawmakers urging his resignation forced his closest party allies -- including the chairman of Labour's executive committee -- to say publicly for the first time that Mr. Blair would be gone by this time next year. Mr. Blair has promised to leave sometime before the United Kingdom's next national elections, expected in 2009, but hasn't been more specific."

ABC World News (9/6, story 6, 0:15, Gibson) reported, "America's staunchest ally, in the war, British Prime Minister Tony Blair, is under increasing pressure in his country to step down. His Labor Party has been losing influence." Blair "has vowed not to run for another term," and "eight party members have resigned from the Blair government in protest."

The Washington Times/AP (9/7, Gardiner) reports, "Legislators in closely contested districts, alarmed that the party is falling behind the opposition Conservatives in opinion polls, fear they will lose their seats in the next election, expected in 2009, if the leadership question isn't resolved soon."

The Los Angeles Times (9/7, Murphy, 918K) reports, "Less than 15 months after his party won a historic third consecutive general election, Blair is seen by many allies as a liability, with his party -- in the words of Conservative Party leader David Cameron – 'in meltdown.'"

Prague Eyes Hosting US Missile Defense Site. The AP (9/7, Rybarova) notes Czech Foreign Minister Alexandr Vondra "on Wednesday voiced support for a U.S. missile defense base in the region that would protect America and Europe from intercontinental ballistic missiles." The AP notes such a base "would be the first American strategic missile defense site outside U.S. territory." Ambassador William Cabaniss "said just where the system would be located has not yet been decided. But he did say that 'it's my hope that we will be able to offer the Czech Republic a chance to host a missile defense facility.'" The AP also reports negative reaction from Moscow to any missile defense deployment in Eastern Europe.

Specter Sees "Remarkable Transformation" In Gadhafi. The Washington Times (9/7, McCaslin, 88K) reports in its "Inside the Beltway" column that Sen. Arlen Specter has just returned from Libya, where he says he "witnessed a remarkable transformation" in Libyan leader Moammar Gadhafi. Specter "says he embarked on a several-hour plane flight from Tripoli into the 'middle of the desert, met with him in his tent, and had a discussion with him looking for some guidance as to how a major world terrorist could rehabilitate, pay compensation, as to whether there could be any insight as to what we might do with North Korea and Iran today.' Regrettably, he said, Col. Gadhafi couldn't offer a definitive solution, 'but the rehabilitation of Libya and Gadhafi showed that there is some hope to turn major terrorists into a rehabilitated situation.'"

Paulson Urges Restart Of World Trade Talks. Bloomberg (9/7, Fitzgerald) reports US Treasury Secretary Henry Paulson urged finance ministers participating in ASEAN meeting in Hanoi to "focus on reigniting" the stalled Doha Round of world trade talks. "I can't think of anything in

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the control of the collective governments of the world that can have a more positive impact on the global economy than trade liberalization," Paulson told reporters.

Lugar Slows Action On Darfur Bill To Settle Sanctions Disagreements. The Hill (9/7, Mikhail) reports SFRC Chairman Richard Lugar "is stalling a bill addressing the genocide afflicting Darfur." He "has been holding up the Darfur Peace and Accountability Act for months, according to several sources from both parties. With the bill set to expire at the end of this session, barring passage, and with the situation in and around Darfur deteriorating, the window for congressional involvement is closing." The Hill says "the delay has resulted in a bipartisan call to move the bill before the end of the session." After the House passed the bill 416-3, "staffers from the House, Senate and State Department" began meeting in order to have the Senate "take up the bill." The Hill notes, "From the outset the State Department requested a repeal of most of the bill's sanctions provisions. State Department officials were interested in sending arms and professionalizing the military in southern Sudan, the Sudan People's Liberation Army (SPLA), to preserve a tenuous peace agreement stemming from a separate conflict with the Sudanese government in the North. This has been a fundamental source of disagreement between State and some lawmakers who desire a more robust set of sanctions." That "disagreement" has been "an integral, if not the main reason for the delay."

Sudanese Journalist Kidnapped, Executed. The Washington Post (9/7, A23, Timberg, 748K) reports, "A Sudanese newspaper editor who infuriated Muslim fundamentalists last year by printing an article that concerned questions about the parentage of the prophet Muhammad was found dead Wednesday in Khartoum." Mohamed Taha was kidnapped a day earlier from him home, and "his decapitated body was found Wednesday in another section of the city." His killing was condemned by Reporters Without Borders, and "groups of tearful Sudanese reporters gathered outside a mosque in Khartoum" last night. The Post explains, "Last year, Taha published an article that referred to a centuries-old text by a Muslim historian that raised questions about the prophet's lineage. Religious leaders in Khartoum denounced Taha's work, and scores of protesters called for his death."

Will Says Japan Must Lessen Social Protections To Secure Welfare System. In his column in today's Washington Post (9/7, A27, 748K), George Will highlights the "wrenching choices" facing Japan. "Longevity is a blessing, but the Japanese live inconveniently long lives. Inconvenient, that is, for those who administer Japan's welfare state." Life expectancy, among the highest in the world, continues to rise, and Japan "has closed 4,000 schools in the past 20 years" and "has a fertility rate" well below the replacement level. Will notes, "Japan has never been welcoming toward immigrants." Many "senior officials say the way to square a declining population and workforce with the pension costs of long-lived retirees is to rethink retirement -- to 'work for life,' one official says." Will says it "is not a foolish question" to ask why a shrinking population is bad for Japan, however, "the welfare state's imperatives cannot be ignored, and the Japanese will not dismantle that state. So the alternative is to pursue increased revenue from rapid economic growth achieved by sacrificing equity, understood as job security and other entitlements, in the interest of efficiency." Will concludes, "About the simultaneous pursuit of equity and efficiency, one official acknowledges that something must give: 'We are chasing two rabbits.' The rabbits do not run in tandem, so Japan, like other welfare states, must increasingly, if reluctantly, choose efficiency over sanctuary."

WSJournal Praises Bolton. In an editorial, the Wall Street Journal (9/7, 2.03M) repeats some of SFRC members' comments opposing the nomination of John Bolton to be US Ambassador to the UN, and says, "We recall the Bolton hysteria as the committee prepares to consider the ambassador's renomination to his post. As his critics would have it, Mr. Bolton's mission to the U.N. was supposed to be an act of diplomatic sabotage by the Administration. Instead, his tenure has been among the most constructive of any U.S. ambassador since Jeane Kirkpatrick and Daniel Patrick Moynihan." Even on issues where the US position was not adopted, Bolton's work has "at least demonstrated that the U.S. was willing to demand standards on an issue -- and from an organization -- that could use some." The Journal concludes, "Mr. Bolton hasn't won over all of his critics, although at least Senator Voinovich had the grace to admit that he's changed his mind about the ambassador and will vote to confirm. We suspect that some of his Democratic colleagues will also be reluctant to filibuster the nomination of a diplomat who stands up daily for his country, and for common sense."

NYTimes Lauds IMF Voting Share Adjustments, Backs Greater Advisory Role. The New York Times (9/7, 1.21M) editorializes, "Any move that makes the International Monetary Fund -- and for that matter other major global institutions -- look less like an old boys' club is a good move. So the I.M.F.'s executive board began doing the right thing last week when it decided to give China, South Korea, Turkey and Mexico slightly larger voting shares — and promised them even more say to come." A voting realignment "is essential for bolstering the fund's credibility," and "is long overdue." Citing what it calls "a clear need for a

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credible global institution to provide not only cash and bitter medicine to the poor and crisis-ridden, but also direction and frank criticism to richer countries whose problems could wreak global havoc if not addressed," the Times says the "advice can't stop there. The fund needs to take a closer look at who's buying all those cheap goods and borrowing all that excess cash from China. China may be the enabler. But the United States needs to reduce its enormous trade deficit and its enormous budget deficit, to protect its economy and for the sake of global stability." The Journal concludes, "Some clear and urgent words on that from the fund should also be welcomed — although we fear the White House will prove less interested."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bush Acknowledges Secret Jails."
"A New Issue In The Election Mix."
"Blacks May Gain As UCLA Moves To Alter Admissions."
"Bush's Plan Allows Coerced Evidence."
"The Fat Lady Sings In Dolby."

USA Today:
"Families Relocate Gang Members To Save Them."
"Congress Pressed For Laws To Meet 'New Era' Threats."
"Bush Orders 9/11 Suspects To Trials At Guantanamo."

New York Times:
"President Moves 14 Held In Secret To Guantánamo."
"A Challenge From Bush To Congress."
"9/11 Polls Find Lingering Fears In New York City."
"Leak, Inquiry And Resignation Rock A Boardroom."
"Mrs. Astor's Guardian Says Son May Have Mishandled Millions."
"Israel Will Ease Grip On Lebanon."

Washington Post:
"Loudoun To Restrict Growth."
"No Tunnel For Tysons, Kaine Says."
"PAC Funds Undercut Claims In Senate Race."
"In Online Social Club, Sharing Is The Point Until It Goes Too Far."
"Bush Says Detainees Will Be Tried."
"New Interrogation Rules Ban Harsh Tactics."
"President Shifts Argument, Catches Critics Off Guard."

Washington Times:
"Finding Diplomats For Perilous Post."
"Bush Admits To Anti-Terror CIA Program."
"Border Security On Tap For GOP."
"Downtown D.C. Says Goodbye To Hecht's."
"Couple Mark 80 Years Together."

Detroit Free Press:
"Time For Mulally To Get To Business."
"Wagner: GM Is OK, Alliance Or No."
"Strike Worsens Crisis Gripping Detroit Schools."
"A Little More Of Tiger Could Help Automaker Polish Image."

Atlanta Journal-Constitution:
"Owner Of Falcons Thinks Out Of The Dome."
"It's A Panda."
"Bush Confirms Secret Prisons, Denies Torture."
"Overall Cancer Death Rates Show Decline."

Houston Chronicle:
"Lay Case: It's Not Over."
"Bush Discloses Details Of Secret CIA Prisons."
"Kids Putting In A 7-Hour Day."
"Gonzales Emerges A President's Point Man."
"Beheadings A Sign Of Mexico Turf War."

Story Lineup From Last Night's Network News:
ABC: Bush CIA Prisons; Bush-CIA Procedures; Bush-Analysis; Rumsfeld Under Fire; Sectarian Violence; Blair Under Fire; A Cities Rebirth; Illinois Governor Ryan Sentenced; Space Shuttle; New Japanese Prince; 9/11 Hero.
CBS: Bush CIA Prisons; Bush Analysis; Bush CBS Interview Excerpt; GM Warranties, Space Shuttle; Counter Terrorism Center; Immigration Reform; Opinion Segment; Snap Shots; Blind Wonder Child.
NBC: Bush CIA Prisons; Bush Analysis; Treatment Of Prisoners; Democrats Response; RPG Defense; Danger For Pregnant Women; Illinois Governor Ryan Sentenced; Montana Fire; Stock Market; Nellie Connally Obit.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Jones Cleared Of Doping Allegations; Sanchez-No Hitter; Bush-Terror Suspects; Pentagon-Interrogation Techniques Manual; Iraqi Army Taking Some Control.
CBS: Jones-Cleared Of Doping Allegations; Bush-Terror Suspects; UK-Two More Charged In Terror Plot; US Cancer Rates; Space Shuttle-Faulty Fuel Cell; Wall Street.
NPR: Bush-Terror Suspects; Space Shuttle-Faulty Fuel Cell; Ryan Sentenced; Senate-Rumsfeld Vote; Mexico-Drug Killings; Pentagon-Interrogation Techniques Manual; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Speaks on the war on terrorism, Cobb Galleria Centre, Atlanta; attends Max Burns for

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Congress reception, the Mighty Eighth Air Force Heritage Center, Pooler, Ga.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at a Thelma Drake for Congress breakfast, Norfolk Marriott Waterside, Norfolk, Va.

US Senate: 9:30 a.m. FOREIGN RELATIONS _ Full Committee. Consideration of an extradition treaty with the U.K. and Northern Ireland, and votes on pending nominations, including John Bolton to be UN Ambassador. Location: Room 419, Dirksen.

9:30 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information, and International Security Subcommittee. Hearing on funding for $12 billion in potentially wasteful projects. Karen Evans, OMB; David Powner, GAO. Location: Room 342, Dirksen.

9:30 a.m. JUDICIARY _ Full Committee. Markup of pending legislation and votes on pending nominations. Location: Room 226, Dirksen.

10 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on hurricane preparedness one year after Katrina. Coast Guard Commandant Adm. Thad Allen; George Foresman, undersecretary of Homeland Security for preparedness; FEMA Director R. David Paulison; Bruce Baughman, president, National Emergency Management Association; Ellis Stanley Sr., certified emergency manager and general manager, Emergency Preparedness Department, Los Angeles. Location: Room 192, Dirksen.

10 a.m. SPECIAL AGING _ Full Committee. Hearing on the guardianship system relating to seniors. Ira Salzman, attorney for Philip Marshall, grandson of socialite and philanthropist Brooke Astor; Barbara Bovjberg, GAO; Carol Scott, Missouri long term care ombudsman; Mel Grossman, administrative judge, Florida 17th Judicial Circuit Court; Terry Hammond, executive director, National Guardianship Association. Location: Room 562, Dirksen.

10 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on a new benefit for traumatically injured servicemembers. Principal Deputy Defense Undersecretary Michael Dominguez; Thomas Lastowka, VA; wounded veteran Army Sgt. John Keith; Jeremy Chwat, Wounded Warrior Project. Location: Room 418, Russell.

10:30 a.m. FINANCE _ Full Committee. Meeting on issues related to withholding prescription drug premiums from beneficiaries' Social Security checks. Social Security Administrator JoAnne Barnhart, others. Location: Room 215, Dirksen.

2 p.m. JUDICIARY _ Homeland Security, Terrorism and Technology Subcommittee. Hearing on what actions the U.S. and foreign governments are taking to ensure airline security. Paul Rosenzweig, DHS, others. Location: Room 216, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Meeting on pending matters. Closed. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 503 - bill to amend the Horse Protection Act.

10 a.m. APPROPRIATIONS _ Defense subcommittee. Hearing on defense contracting. Comptroller General David Walker; Defense Undersecretary Keith Krieg; Delores Etter, assistant secretary of the Navy for research, development and acquisition; Lt. Gen. Joseph Yakovac Jr., military deputy/director, Army Acquisition Corps, Office of the Assistant Secretary of the Army; Lt. Gen. Donald J. Hoffman, Office of the Assistant Secretary of the Air Force for Acquisition. Location: Room 2359, Rayburn.

10 a.m. ARMED SERVICES _ Full Committee. Hearing on standards of military commissions and tribunals. Acting Assistant Attorney General Steven Bradbury; Army Judge Advocate General Maj. Gen. Scott Black; Navy Judge Advocate General Adm. Bruce MacDonald; Deputy Judge Advocatge General of the Air Force Maj. Gen. Charles Dunlap, Jr.; Marine Corps Staff Judge Advocate Brig. Gen. James Walker. Location: Room 2118, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on the BP oil pipeline in Alaska. Robert A. Malone, chairman and president, BP America Inc.; Steve Marshall, president, BP Exploration Alaska Inc.; Kevin Hostler, president and CEO, Alyeska Pipeline Service Co.; C. Dan Stears, Coffman Engineers, Anchorage; Thomas J. Barrett, administrator, Pipeline and Hazardous Materials Safety Administration; Alaska Environmental Conservation Commissioner Kurt Fredricksson. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee. Hearing on the Federal Home Loan Bank system. Ronald Rosenfeld, Chairman, Federal Housing Finance Board. Location: Room 2128, Rayburn.

10 a.m. HOMELAND SECURITY _ Subcommittee on Emergency Preparedness, Science and Technology. Hearing on realignment of the Science and Technology Directorate. Testimony from Homeland Security Undersecretary Jay Cohen. Location: Room 334, Cannon.

10 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 2141, Rayburn.

10 a.m. RESOURCES _ Water and Power Subcommittee. Hearing on pending legislation. Testimony from Chris Neudeck, Kjeldsen, Sinnock & Neudeck, Stockton, Calif; Jerry Krambeck, Mayor, Spearfish, S.D.; Lynn Hurley, Santa Clara Valley Water District, San Jose, Calif.; Leslie James, Colorado River Energy Distributors Association, Tempe, Ariz.; Dan Peterson, Pend Orielle Public Utility

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District, Newport, Wash.; Grant Ward, Electrical District No. 3, Maricopa, Ariz.; William Rinne, US Bureau of Reclamation; Les Harder, California Department of Water Resources. Location: Room 1324, Longworth.

10 a.m. RESOURCES _ National Parks Subcommittee. Hearing on pending legislation. Testimony from members of Congress; John Wessels, acting assistant director for Business Services, National Park Service; Kirk Lindquist, Michigan Lighthouse Fund, Okemos, Mich.; Alec Petkoff, American Legion; Bob Andrew, Long Beach Merchants Association, Long Beach, Wash.; Rita ``Kay'' Hively, Newtonia Battlefields Protection Association, Neosho, Mo. Location: Room 1334, Longworth.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways, Transit and Pipelines Subcommittee. Hearing on the future of the highway systems. Schneider National CEO Chris Lofgren, FedEx Freight CEO Douglas Duncan, Wal-Mart Stores inc. VP Tim Yatsko. Location: Room 2167, Rayburn.

1 p.m. HOMELAND SECURITY _ Intelligence, Information Sharing and Terrorism Risk Assessment Subcommittee. Hearing on relationship between the Homeland Security Department and its Homeland Security Information Sharing Network. Testimony from Charles Allen, chief intelligence officer, US Dept. of Homeland Security; Kenneth Bouche, information and technology command, Illinois State Police; Amy Whitmore, Virginia Fusion Center, Virginia State Police; and Richard Canas, director, New Jersey Office of Homeland Security. Location: Room 2118, Rayburn.

2 p.m. INTERNATIONAL RELATIONS _ International Terrorism and Nonproliferation Subcommittee. Hearing on the state of Islamic terrorism in the past five years. Peter Brookes, Heritage Foundation; Frank J. Gaffney Jr., president and CEO, Center for Security Policy; Walid Phares, Foundation for the Defense of Democracies; Thomas M. Sanderson, Center for Strategic and International Studies. Location: Room 2172, Rayburn.

Other: FORMER IRANIAN PRESIDENT MOHAMMAD KHATAMI _ Highlights: 4:30 p.m. Holds news conference in the southeast portion of the nave of the Washington National Cathedral. Note: All media must gather at the intersection of Wisconsin Ave. and South Rd. to be escorted to the Cathedral. No parking on Cathedral grounds. Pool TV coverage provided by the Cathedral. No other TV cameras allowed on the grounds. Satellite feed available. Same provisions for the 7:30 p.m. speech. Call contact for other restrictions. Contact: Elizabeth Mullen, 202-537-6248. 7:30 p.m. Speaks at Washington National Cathedral on the role of the three Abrahamic faiths in shaping the peace process. Contact: Greg Rixon, 202-537-2198.

BLACK CAUCUS-LEGISLATIVE _ The Congressional Black Caucus Foundation holds its 36th Annual Legislative Conference. Highlights: 9:30 a.m. - 11:45 a.m. ``Confronting Crises: Achieving Energy Independence, a National Town Hall Meeting, moderated by Ed Gordon. Confirmed panelists include former Secretary of Energy, Governor Bill Richardson; Hazel OLeary, former Secretary of Energy and President of Fisk University; and former Congressman Joe Kennedy, Chairman and President of Citizens Energy Corporation. 1 p.m. Big city mayors, including Anthony Williams of D.C., Michael Bloomberg of New York, Kwame Kilpatrick of Detroit and John Street of Philadelphia, discuss their programs to address crime. 1 p.m. Forum sponsored by D.C. delegate Eleanor Holmes Norton on the decline of black marriage and family life. Room 140B. 1 p.m. Rep. Elijah Cummings hosts forum on auto- and child-seat safety with Mary Wilson of the Supremes. The Rev. Jesse Jackson will present an award. Room 144A, Washington Convention Center. Location: Washington Convention Center, 801 Mount Vernon Place NW., unless otherwise noted.

IMMIGRATION-CAMP DEMOCRACY _ Schedule of events surrounding Camp Democracy. Highlights: 10:30 a.m. Parade through the camp. 11:30 a.m. News conference. 4 p.m. Participate in the immigration rally and march. Location: At the camp, Constitution Ave. and 14th St.

9/11 ANNIVERSARY RELATED EVENTS _ Highlights: 3 p.m. News conference with former 9/11 Commission member Tim Roemer and Mary Fetchet, founding director, Voices of September 11, discussing the last five years. Center for National Policy, 1 Massachusetts Ave. NW., Suite 333. Contact: Patrick Doherty, 202-682-4119.

BIOETHICS _ 8:30 a.m. Two-day meeting of the President's Council on Bioethics. Location: Westin Embassy Row Hotel, 2100 Massachusetts Ave. NW.

IRAN-TORTURE-PROTEST _ 9 a.m. Former Iranian political prisoners and torture victims hold news conference to protest the visit of former Iranian President Khatami. Speakers also include Sen. Sam Brownback, who'll announce introduction of the Iran Human Rights Act. Location: National Press Club.

PALESTINIANS _ 9 a.m. The New America Foundation holds a discussion with Ghaith al-Omari, Directof of International Relations at the Presidency, of the Palestinian Authority. Location: 7th floor, 1630 Connecticut Ave. NW.

REPUBLICAN CONFERENCE _ 9 a.m. GOP conference holds closed meeting. Location: HC-5, US Capitol.

RENEWABLE ENERGY _ 9:15 a.m. Energy Secretary Bodman and Agriculture Secretary Johanns host a roundtable discussion with the media to highlight a jointly sponsored renewable fuels conference next month in St. Louis. Location: Energy Department, 1000 Independence Ave. SW.

DOJ_NMG_0058871

DRUG ABUSE _ 9:30 a.m. The Substance Abuse and Mental Health Services Administration releases a national survey -- formerly called the ``Household Survey'' -- on drug abuse and health, with National Office of Drug Control Policy Director John Walters, Assistant Surgeon General Eric Broderick, others. Location: National Press Club.

HIGHER EDUCATION _ 9:30 a.m. Secretary of Education Spellings joins former Govs. James Hunt Jr. and Garrey Carruthers for the release of the National Center for Public Policy and Higher Educations ``Measuring Up 2006: The National Report Card on Higher Education.'' Location: National Press Club.

RURAL HEALTH CARE _ 9:30 a.m. Reps. Walden, Pomeroy and others hold news conference on rural health care. Location: Cannon Terrace.

AIRLINE SECURITY _ 10 a.m. The Coalition of Airline Pilots Associations holds a news briefing to discuss airline security five years after 9/11. Location: Room HC-7, Capitol.

GROUND ZERO-HEALTH _ 10 a.m. Media availability with Reps. Vito Fossella and Carolyn Maloney and several 9/11 responders. They'll be meeting today with HHS Secretary Michael Leavitt and 9/11 Health Coordinator Dr. John Howard on the federal response to health impacts of the September 11th attacks. Location: S-207, US Capitol.

JOHNSTONE-TRANSPORTATION SECURITY _ 10 a.m. The Woodrow Wilson Center hosts the launch of a book, ``9/11 and the Future of Transportation Security,'' with author R. William Johnstone, Transportation security staffer, National Commission on Terrorist Attacks Upon the United States (9/11 Commission). Location: Woodrow Wilson International Center for Scholars, 6th floor auditorium, One Woodrow Wilson Plaza, 1300 Pennsylvania Ave. NW.

DEMOCRATS-SECURITY _ 10:45 a.m. Senate Democratic leaders and New York Senators Charles Schumer and Hillary Clinton announce major new legislation to fix Americas security policies and reflect the lessons of 9/11. Location: S-211, U.S. Capitol.

PELOSI _ 10:45 a.m. House Democratic leader Rep. Nancy Pelosi holds her weekly news conference. Location: Room H-206, Capitol.

BORDER SECURITY-OFFICERS _ 11 a.m. Reps. Walter Jones, Tom Tancredo, Virgil Goode, others, hold a news conference to demand justice for Border Patrol officers facing prison for doing their jobs. Location: Cannon Terrace.

BORDER SECURITY _ 11 a.m. Citizens Against Government Waste, the ACLU and the Cato Institute hold a news conference on border crossing identification. Location: Hotel Washington, 515 15th St. NW.

DEWINE-TRANSPORTATION BILL _ 11 a.m. Sen. Mike DeWine holds news conference on pending transportation legislation. Location: Senate Russell Park.

PREDATORY LENDING _ 11 a.m. Sen. Jim Talent and Rep. Sam Graves, others, hold a news conference to announce support to stop predatory lenders from targeting military families. Location: Room SC-238, Capitol.

SECURITY-PRESS FREEDOM _ 11 a.m. - 12:30 p.m. The American Enterprise Institute hosts a discussion, ``National Security and Freedom of the Press.'' A discussion of the First Amendment and freedom of the press. Former CIA director James Woolsey, journalist Stuart Taylor, and others will discuss whether the publication of classified material should be limited or penalized. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

SOCIAL SECURITY _ 11:15 a.m. Sen. Harry Reid and Rep. Nancy Pelosi speak at Americans United for Change news conference. They'll kick off the ``Golden Promise'' campaign to protect Social Security and stop privatization of the system. Location: West Front, Capitol.

NUCLEAR FUEL _ 12 p.m. Reps. Edward Markey and Eliot Engel, representatives of Public Citizen, Union of Concerned Scients, others, hold a news conference to launch a campaign to secure spent nuclear fuels at nuclear reactors. Location: Cannon Terrace.

WESTERN CULTURE-MUSLIMS _ 12 p.m. The Womens Foreign Policy Group hosts a luncheon program on ``Where Western Culture and Muslim Values Intersect: Fact and Fiction. Speakers are: Lawrence Rosen, 2005 Carnegie Corporation Scholar; William Nelson Cromwell Professor of Anthropology, Princeton University; and Brian Edwards, 2005 Carnegie Corporation Scholar, Professor of English and Comparative Literary Studies, Northwestern University. Location: The Cosmos Club, 2121 Massachusetts Ave. NW.

BIDEN-NATIONAL SECURITY _ 12:30 p.m. Sen. Joseph R. Biden Jr., D-el., senior Democrat on the Senate Foreign Relations Committee, addresses the National Press Club. Biden will deliver a major address on rethinking Americas future security, critique the Bush administrations performance, and outline his own comprehensive approach to homeland security. Location: National Press Club.

DOCTORS' PAY-MEDICARE _ 1 p.m. The American Medical Association holds a telephone briefing to release a survey of citizen reactions to impending cuts in Medicare physician reimbursement. Notes: Callin number: 800-588-4973; passcode: 15565355.

GULF COAST-ECONOMIC RECOVERY _ 4 p.m. Rep. William Jefferson (D-LA) hosts forum on ``Economic Opportunity in the Wake of a Disaster: Putting the Market to Work for Working Families and Communities.'' Participants include the U.S. Department of Commerce; National Minority Supplier Development Council; Capital One Bank; National Association of Realtors; Shawn Barney, New Orleans entrepreneur, others. Location: Room 143-A, Washington Convention Center.

IMMIGRATION RALLY _ 4 p.m. The National Capital Immigration Coalition and the We Are America Alliance sponsor a march and rally to urge the newly-convened

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Congress to ``pass comprehensive immigration reform before the November elections." Location: Rally begins on the National Mall, 3rd Street between Constitution and Independence Avenues, and will conclude with a march around the Capitol.

TERRORISM TRENDS _ 4 p.m. - 6 p.m. Bruce Hoffman, Professor, Security Studies Program at Georgetown University and author of Inside Terrorism, will speak at a Terrorism and Homeland Security Forum co-sponsored by the Division of International Security Studies of the Woodrow Wilson Center, Georgetown Universitys Center for Peace and Security Studies, and the Dwight D. Eisenhower National Security Series. This discussion is part of an ongoing series that provides a forum for policy specialists from Congress and the Executive, business, academia, and journalism to exchange information and share perspectives on current issues relating to terrorism and homeland security. Location: Woodrow Wilson International Center for Scholars, Flom Auditorium, 6th Floor, Ronald Reagan Building, 1300 Pennsylvania Ave. NW.

JENKINS-TERRORISM _ 6:30 p.m. RAND Corporation terrorism expert Brian Michael Jenkins holds a discussion on the state of the war on terrorism and to discuss his new book, ``Unconquerable Nation: Knowing Our Enemy." Location: RAND Corporation, 1200 S. Hayes St., Arlington, Va.

KOREA _ 6:30 p.m. The US-Korea Institute holds a forum on ``Why Should Americans Care about Korea?" with former Amb. Thomas Hubbard, and consultant Paul Chamberlin. Location: Room 806, 1619 Massachusetts Ave. NW.

TERRORISM-EUROPE _ 6:30 p.m. Foreign Policy magazine and the Wilson School of Public and International Affairs at Princeton University hold an event about American and European cooperation in the fight against terrorism, with former German Foreign Minister Joschka Fischer, Amb. Robert Hurchings, Deputy Assistant Secretary of State Kurt Volker, others. Location: CSIS, 1800 K St. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, SEPTEMBER 7, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Bush Announces Plan To Bring Top Terror Suspects To Trial (MCT) 5
President Shifts Argument, Catches Critics Off Guard (WP) 7
Bush Prods Congress In Bid To Isolate Democrats (LAT) 9
Bush Pushes The Button That Best Benefits The GOP (USAT) 10
Bush Confirms Existence Of Secret CIA Prisons (WSJ) 11
Bush Acknowledges Secret CIA Prisons (CHIT) 13
A Challenge From Bush To Congress (NYT) 15
Al-Qaeda Suspects Moved To Guantánamo (FT) 16
Bush Admits To Anti-terror CIA Program (WT) 17
3 Republican Senators Among Critics Of Military Tribunal Plan (USAT) 18
Congress Pressed For Laws To Meet 'new Era' Threats (USAT) 19
Bush's Plan Allows Coerced Evidence (LAT) 20
Bush Says Detainees Will Be Tried (WP) 21
Secret World Of Detainees Grows More Public (WP) 23
Gonzales Emerges As President's Point Man (HC) 25
Officials Relieved Secret Is Shared (WP) 26
Detainee Decision Greeted Skeptically (WP) 28
Terror Suspects Still At Large (LAT) 29
A Sudden Sense Of Urgency (NYT) 32
Ending The Lawlessness (WP) 33
Bush Puts 9/11 Suspects In Gitmo, Congress On The Spot (USAT) 34
Barely Legal War-making (LAT) 35
President Moves 14 Held In Secret To Guantánamo (NYT) ..35
Doubts Surface If Architects Of Sept. 11 Attacks Will Ever Go To Trial (MCT) 37
White House Issues New Interrogation Policies (LAT) 39
Army Bans 'Inhumane Treatment' Of Detainees (WT) 40
New Rules Of Interrogation Forbid Use Of Harsh Tactics (WP) 41
New Pentagon Rules Ban 'abusive' Interrogation (USAT) 43
Congress Takes Up Surveillance Bills (AP-Y) 44
Wiretap Program Justified, Lawyer Says (FINDLAW/AP) 45
Wiretapping As Anti-Terror Tool Called A Presidential Prerogative (NYS) 45
Yank-Qaeda The Traitor (NYDN) 46
Democrats To Unveil Anti-Terrorism Bill (RC) 47

Homeland Response:

The Security-Industrial Complex (WSJ) 48
Homeland Security Sifts Data In Terror War (WT) 50
Clinton Administration Officials Assail ABC's 'The Path To 9/11' (WP) 51
9/11 Polls Find Lingering Fears In New York City (NYT) 52
9/11 Continues To Haunt Survivors (WT) 54
I'm Ready To Reclaim My Life (opinion) (USAT) 54
How Little The World Has Changed (opinion) (USAT) 56
Report: U.S. Not Ready For Disaster (USAT) 57
Washington: Little Accounting Of Hurricane Money (NYT) 58
Corps Of Engineers Lacking Flood Plan? (WP) 58

War News:

Is It Fair To Compare Terror To Cold War? (CSM) 58
Poll: Many Separate Iraq And Terrorism (AP-Y) 60
Bush And Lincoln (WSJ) 60
Panel Set To Release Just Part Of Report On Run-Up To War (WP) 62
Senate GOP Rallies For Rumsfeld As Democrats Press For Dismissal (USAT/AP) 63
GOP Halts Rumsfeld Vote (WT) 64
Senate Set To Pass Defense Budget; Rumsfeld Resolution Is Derailed (WSJ) 65
Senate Republicans Say `No' To A Vote On Rumsfeld (LAT) 65

Weldon Seeks Plan For Iraq Withdrawal (HILL) 67
Iraqis To Begin Taking Control Of Forces (USAT/AP) 68
Shiites Push Laws To Define How To Divide Iraqi Regions (NYT) 69
Judge Refuses To Order Drugging Of Defendant In Iraq Spy Case (NSDY/AP) 70
Pakistan Vows To Help Afghans Fight Taliban (NYT) 71
Pakistan Says It Will Help Fight Taliban (USAT) 73
Pakistani Leader Seeks To Mend Fences With Kabul (WP) .. 74

Corporate Scandals:

Feds Seeking To Preserve Lay Conviction (AP) 75
U.S. Seeks Law To Aid In Pursuit Of Lay's Assets (WSJ) 76
Congress Taking A Look At Timing Of Stock Options Granted To Executives (AP) 76
Federal Officials Express Concern Over Options Backdating (MERCN) 78
Feds: Expect More Stock Option Cases (CNET) 78
US Task Force Makes Options Abuse A Top Priority (DOW) 79
Senators May End Executive Pay Deduction (WP/BLOOM) .. 80
Options Data Sought From Home Depot (NYT) 81
Group Calls For New DOJ Policy On Corporate Cooperation (DOW) 81
Ex-Officials Of Justice Dept. Oppose Prosecutors' Tactic In Corporate Criminal Cases (NYT) 82
The Importance Of Keeping Attorney-client Privilege (HILL) . 83
New York Amends Case Against AIG, Ex-Officers (WSJ) 84
H-P Faces Probe Over Its Inquiry Into Board Leaks (WSJ) 85
Calif. Examining HP's Media-Leak Probe, Firm Says (WP) 88
State Probes HP's Spying On Directors (LAT) 89
SEC Files Civil Charges Against Two More Ex-ITXC Executives (DOW) 90
Time Warner Agrees To Governance Changes (WP/BLOOM) 91

Criminal Law:

Ryan Gets 61/2 Years (CHIT) 91
Ryan Gets 6½ Years In Prison (CHIST) 93
Ex-Governor Is Sentenced To Prison (WP) 94
Ex-governor Of Illinois Gets 6½ Years For Corruption (USAT/AP) 95
Ex-Governor Of Illinois Gets 6½ Years In Prison (NYT) 95
Noe Attorney Asks For Probation, Sees No Victim (TOLB) 97
Polygamist Leader Jeffs Appears In Court (AP) 97
Jeffs Faces The Judge (SLT) 98
Jeffs Appears Via Video In Utah Court (DESERET) 99
Brother Of Warren Jeffs Arrested At Trailer Park (AP) 100
Ex-cop Sentenced For Stealing From Heroes Fund (CHIT) 100
Ex-commander Who Stole Thousands Sentenced (CHIST) 101
Police Commander Sentenced In Theft Case (PHI) 101
Kin Of Ex-New Orleans Mayor Jailed (WP/AP) 102
Dad's Words May Do Gotti In (NYDN) 102
New York Man Pleads Guilty In Trash Probe (AP) 103
Defendant In Galante Case Pleads Guilty (DANNT) 103
US Customs Seize Thousands Of Nike Knock-offs From China (AFP-Y) 103
Death Penalty Sought In Moonda Slaying (PTR) 103
Rabbi Caught On TV Is Convicted Of Seeking Sex With Boy (WP) 104
Reputed Gang Members Arrested (BOS) 105
Members Of Chelsea Latin Kings Indicted On Drug, Gun Charges (AP) 106
2 Men Go On Trial In Abduction Killings (LAT) 106
Prosecutors In LA Say Greed Drove Kidnappers Who Dumped Bodies (CCT) 108
Guilty Plea Made In Flu Shot Scam (HC) 109
Scam Tips Flooding In (BSH) 109
4 Plead Guilty To Hurricane Fraud (BSH) 110
Locals Plead Guilty To Fraud (SCT) 110
Brookhavenman Guilty Of Katrina Fraud (DL) 111
REGIONAL ROUNDUP (DMN) 111
Dallas Man Convicted Of Defrauding FEMA In Homeless Scheme (DMN/AP) 113
Grove Hill Woman Faces Fraud Charges (MR) 114
Contractor Charged With Fraud (MR) 114
Gang Figures Rising In Md. (WP) 115
Families Relocate Gang Members To Save Them (USAT) 116

Civil Rights:

Prisons Lacking Mental Health Treatment (AP-Y) 118
Prison Fosters Mental Illness Cites Report (LAT) 120
Blacks May Gain As UCLA Moves To Alter Admissions (LAT) 120

Antitrust:

Stolt-Nielsen Indicted For Price Fixing (AP-YBIZ) 122
Language Revised In Wright Compromise (DMN) 122
Group To Hold Wright Demonstration (DALLBIZ) 124
Motion To Dismiss Fails In Closely-Watched Comcast Antitrust Suit (LAW) 125
NYSE's CEO Sees No Unraveling Of Euronext Deal (WSJ) .. 126
Bertelsmann Confirms Sale Of BMG Publishing To Vivendi (WSJ) 127
Vivendi Bid Wins Battle For BMG (USAT) 128

DOJ_NMG_0058876

Rivals May Challenge A Proposed Vivendi-Bertelsmann Deal (NYT) 128
EU OKs Equity Firms To Buy Casema (AP)....129
Analysis: Health Plan Merger A Red Flag? (UPI/UPI) 130

Environment/Indian Affairs:

Offshore-drilling Legislation Heats Up (USAT) 131
Congress To Begin Exploration Of BP's Alaska Oil Problems (WSJ) 132
Ford Will Pay Fine Of $125,000, Papers Show (SLPD)....133
Clean Up The Killer Ports (LAT) 133
Indian Agency, Justice Department Could Appeal WyCo Casino Ruling (KCBIZ)....134
Wyandotte Tribe Plans To Appeal KCK Casino Ruling (KCS)134

FBI/DEA/ATF/USMS:

DEA Revises Rule On Prescribing Painkillers (WP)....135
DEA To Change Rules On Addictive Prescriptions (USAT) .136
Feds May Ease Limit On Painkillers DEA Rule Would Allow Doctors To Issue 90-day Supply Of Painkillers (AP) 137
Prosecutors' Demands In BALCO Case Soar (SFC) 137
BALCO Creates Inquiry Road Map (USAT) 138
Marion Jones Cleared: 'B' Sample Comes Back Negative (LAT)....141
Jones' 'B' Sample Comes Back Negative (AP)....142
Jones Is Cleared Of Drug Violation (WP)....143
Upshaw Is Okay With Steroid Policy (WP)....144
Report: NFL Discussing Changing Drug Policy With Player's Union (AP)....145

Immigration:

Border Security On Tap For GOP (WT)....146
Rally May Gauge Future Of Immigration Movement (WP) ...146
On Border, A Daily Game Of Cat And Mouse (USAT) 148

Tax:

Goodbye, Taxachusetts (WSJ)....150

Congress-Administration:

Stevens Lifts Hold (HILL)....151
Congress Eyes 'Pork-barrel' Reforms (CSM)....151
Lame-Duck Showdown? (RC) 152
A Published Dress Code Is Dressed Down In Furor (WP)....153
Senators Ask For $6 Billion In Farm Aid (AP)....155
Disapproval Of Bush Nears European Levels (FT) 155
Barclays Again Chosen To Manage Main TSP Index Funds (WP) 156
Inside Politics (WT)....157
One Leak And A Flood Of Silliness (WP)....157
Bush's Top Female Enabler (SAL) 158

Other News:

Wages, Benefits Grew In Spring (WP)....159
Labor Costs Shake A Pillar Of Fed Policy (NYT)....160
Sharp Jump In U.S. Labor Costs May Presage A Rise In Inflation (WSJ) 161
Housing Fears, High Energy Prices Help Cool Economy's Growth (USAT)....162
Dow Industrials Shed 63.08 On Signs Of Slowing Growth, Rising Labor Costs (WSJ)....163
Labor Costs Report Pummels Stocks (USAT)....163
Tort Reform's Next Big Push (LAW) 164
Report Finds U.S. Students Lagging In Finishing College (NYT)....166
Higher Education Stats Stir New Concerns In USA (USAT) .168
By Any Other Name (NYT) 168
The Populist Myths On Income Inequality (NYT)....169
Republicans' Internecine Wars (WSJ)....170
DCCC's A-List Coming To Town (RC) 171
Dems Missing Big Donors (HILL)....172
Democrats Appear Poised To Win House — And We'll Know Early (RC)....173
Republicans Sense Opportunity To Pick Up A Seat In Iowa's 3rd District (HILL)....175
Democrats See Chances To Gain In Florida (NYT)....176
New Group Is Racing To Slow Down GOP (WP)....177
Democrats Look To Hillary Clinton To Help Win New York House Seats Campaign Journal Offers Insights About Political Developments From The Front Lines Of The Fall Races Through Election Day. (WSJ)....178
Draft Movement Builds For NRSC (RC)....180
Tennessee Senate: How Important Is A Poll In Rating A Race? (RC)....181
R.I. Polls Conflict For Senate Race (WT)....182
Lieberman-Lamont Battle Goes To D.C. (CSM)....183
Ned Lamont Tries To Carve Out Some Middle Ground (HILL) 183
For Lieberman, The 'I' Stands For 'Ignored' (WP)....185
Senate Democrats Cordial To Lieberman (AP-Y) 186
Senators: Welcome Back, Joe (HILL) 187
Lieberman Returns As Media Magnet And Party Pariah (NYT)....188
Democrats Act Out An Episode Of `Everyone Loves Lieberman' (LAT)....189
Democrats Court Lobbyists Heavily (RC)....190
Senators Denounce Scientist's Stem Cell Claims (WP)....192

DOJ_NMG_0058877

Dethroning California's King (LAT) 193
Israel Will Ease Grip On Lebanon (NYT) 194
Israel To End Blockade Of Lebanon (WP) 195
Israel To Lift Air And Sea Blockade (FT) 196
Israel Says It Will End Blockade Of Lebanon; First Real Test Of U.N. Peace Force (USAT/AP) 197
Israel To Lift Lebanon Air And Sea Blockade (LAT) 197
Annan Ends Mideast Trip With 2 Successes (AP) 199
Lebanese Documentary Unveils 1980's Tape Of A Prisoner (NYT) 199
Iran's Leader To Duel With Bush At UN (FT) 201
Questions For Khatami (WP) 201
Turks Warm To Iran, Jilting Allies, Poll Finds (NYT) 202
Finding Diplomats For Perilous Posts (WT) 203
U.S. Air Force Major Missing In Kyrgyzstan (NYT) 204
Rebel MPs Force Blair's Hand (FT) 205
Pressure On Blair Mounts As 8 Aides Resign (NYT) 206
Seven Resign Government Posts To Protest Blair (USAT) ..207
Blair Tries To Contain Revolt In Own Party As 8 Quit Government (WP) 208
Britain's Blair Is Pressured To Step Down (WSJ) 209
7 Aides Quit, Urge Blair To Follow Suit (WT/AP) 210
Blair Faces A Party Revolt (LAT) 211
Czech Minister Backs U.S. Defense Base (AP) 212
Inside The Beltway (WT) 213
Paulson Calls On APEC To Reignite World Trade Talks (BLOOM) 214
Anxiety Mounts As Sen. Lugar Delays Darfur Peace Measure (HILL) 215
Abducted Sudanese Journalist Found Dead (WP) 216
Japan's Wrenching Choices (WP) 217
Mr. Diplomacy (WSJ) 218
Opening Up The Club (NYT) 218

DOJ_NMG_0058878

TERRORISM NEWS:

Bush Announces Plan To Bring Top Terror Suspects To Trial (MCT)

By Ron Hutcheson And Margaret Talev

McClatchy Newspapers, September 7, 2006

WASHINGTON - In a dramatic announcement, President Bush acknowledged Wednesday that he'd authorized a secret CIA detention program and announced plans to bring to trial 14 top terrorist suspects, including some of the alleged architects of the Sept. 11 attacks.

Bush used the announcement, delivered five days before the fifth anniversary of the 2001 attacks, to challenge Congress to authorize him to wage the war on terrorism on his terms. At stake is defining how the rule of law governs the executive branch as it deals with captives who it suspects are terrorists.

Speaking to a White House audience that included relatives of Sept. 11 victims, Bush demanded that lawmakers revive his plan for military tribunals without key legal safeguards for those on trial, legalize the CIA's detention program and shield U.S. officials from prosecution for possible war crimes.

Leading lawmakers in both parties said they would insist that the detainee trials offer legal rights that Bush opposes, but the president's announcement appeared to be intended to give him more leverage in his negotiations with Congress over how to try suspected terrorists.

After refusing for months to confirm media reports of secret CIA prisons, which some Republicans likened to treason, Bush pulled the lid off a CIA program intended to extract information from "high-value" terrorist suspects. His narrative of the CIA's interrogation efforts gave him a chance to highlight some of the administration's successes in the war on terrorism two months before November's congressional elections, in which Republicans are emphasizing their tough approach to national security.

The CIA's captives included Khalid Sheikh Mohammed, the alleged mastermind behind the Sept. 11 attacks, and Ramzi Binalshibh, another suspected Sept. 11 plotter, as well as others linked to the attack on the USS Cole in Yemen in 2000 and bombings at the U.S. embassies in Kenya and Tanzania in 1998.

Relatives of the attacks' victims applauded and cheered when Bush declared his intention to bring the two captives and 12 other top terrorist suspects to trial "as soon as Congress acts" on his plan for military tribunals.

Bush said information gleaned from the CIA interrogations helped thwart attacks on the United States. It also provided invaluable information on terror cells, al-Qaida's efforts to develop biological weapons and the location of key al-Qaida operatives, he said. He and other administration officials wouldn't provide details on the CIA prisons.

Two U.S. intelligence officials, who spoke only on the condition of anonymity because those details remain classified, said the CIA's program of interrogating some prisoners and sending others to third countries for questioning produced a mixture of some good information and some false information from prisoners eager to end harsh treatment.

In addition to the potential political benefits, Bush had other reasons to make the program public. A Supreme Court ruling in June struck down the administration's plan to bring terrorist suspects before military tribunals and called into question the legality of secret CIA detentions.

The court said Bush needed congressional approval to establish the military tribunals and ruled that terrorist suspects are entitled to basic protections under the Geneva Conventions governing treatment of wartime captives.

Lawyers for detainees in Guantanamo Bay, Cuba, and civil liberties groups called Bush's announcement a cynical effort to stiff-arm Congress and score political points.

"The president's acknowledgements today do not gloss over the gross illegalities at Guantanamo or in secret CIA prisons," the Center for Constitutional Rights, a group that works with detainees, said in a statement. "The administration must be forced to justify why hundreds of men have been detained in Guantanamo for five years without any hearing."

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Bush insisted that the CIA hasn't engaged in torture, but he said that the Geneva Conventions' prohibition against "humiliating and degrading treatment" could potentially cause legal problems for CIA interrogators.

"I want to be absolutely clear with our people and the world: The United States does not torture. It's against our laws, and it's against our values. I have not authorized it - and I will not authorize it," the president said.

However, he added: "Some believe our military and intelligence personnel involved in capturing and questioning terrorists could now be at risk of prosecution under the War Crimes Act - simply for doing their jobs in a thorough and professional way. This is unacceptable."

Bush and other administration officials declined to discuss the CIA's interrogation tactics, which the two intelligence officials said has included "water-boarding," a technique that makes its victim fear he's drowning.

In another development Wednesday, the Pentagon issued a new manual on the treatment of prisoners that explicitly prohibits water-boarding, sexual humiliation, electric shocks, the threatening use of dogs and other degrading or painful tactics.

Bush suggested that the CIA should have more latitude, while avoiding the use of torture.

He also strongly defended the use of "tough" interrogation methods in describing the case of Abu Zubaydah, a suspected al-Qaida operative who was nursed back to health by the CIA after he was wounded in a firefight. He said Zubaydah, who's believed to be a trusted associate of Osama bin Laden, resisted questioning until the CIA "used an alternative set of procedures," which Bush declined to specify.

Once he started talking, Bush said, Zubaydah helped the CIA capture Khalid Sheikh Mohammed, the alleged Sept. 11 mastermind, and his alleged co-plotter Ramzi Binalshibh.

Two senior administration officials who briefed reporters on the secret CIA program under the condition of anonymity, said the program was put on hold within the past few weeks when the last 14 suspects in CIA custody were transferred to the Defense Department's detention center in Guantanamo Bay, Cuba.

The officials said that "fewer than 100" suspects had ever been in CIA custody. They declined to provide a detailed accounting of their fates, but said that many had been returned to their home countries for prosecution.

The president challenged Congress to act swiftly on legislation that would clear the way for his version of military trials and lift the legal cloud over the CIA's interrogation program, permitting it to resume.

"This is intelligence that cannot be found any other place," Bush said. "And our security depends on getting this kind of information."

Some lawmakers chafed at what they viewed as an effort to force them into line behind Bush's approach.

"Congress is being told, either take this program or you're coddling terrorists," Rep. Jane Harman, D-Calif., told CNN. Harman is the ranking Democrat on the House of Representatives Intelligence Committee.

Senate Majority Leader Bill Frist, R-Tenn., said he'd immediately introduce legislation sponsoring the administration's plan for military tribunals. He also left open the possibility of bypassing the Senate Armed Services Committee to expedite bringing the debate to the Senate floor, possibly as soon as next week.

Three leading Republicans on the Senate Armed Services Committee who have offered an alternative to Bush's military tribunal plan said they're willing to seek a compromise with the president, but don't plan to fold. They are Sens. John McCain of Arizona, Lindsey Graham of South Carolina and John Warner of Virginia, the chairman of the committee.

Their alternative would prohibit the use of testimony obtained through coercive interrogation, restrict the use of hearsay evidence and give judges the right to decide whether defendants should be allowed to see classified information that could be used against them. Bush opposes those terms.

Leading Democratic senators argue that terms such as those sought by McCain, Graham and Warner are necessary to ensure due process of law at the tribunals so that higher courts won't overrule them as unconstitutional.

"We will work with the president, and if we can't work with him, with Senators McCain and Warner and Graham, to come up with an approach that allows us to get the information we need and not have it thrown out by future courts," said Sen. Charles Schumer, D-N.Y.

If Senate Democrats could lure six Republicans to stand with them, they could block Bush's terms. But McCain and Graham said they were willing to compromise and thought that Bush was willing to strike a deal.

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"The administration, it seems to me ... has decided to work with Congress," Graham said.

"The House (of Representatives), generally speaking, supports the administration," McCain said. "We understand that we need to get this resolved in September. I just hope that we can work out our differences."

McCain said that the trials could start in October if Congress agrees on the ground rules this month.

"They are ready to go," he said. "That's why it's important that we pass this legislation."

SUSPECTS

Here is a list of the 14 people formerly in CIA custody now at the U.S. prison camp for suspected terrorists at Guantanamo Bay, Cuba. Five of the 14 are believed to have been involved in the Sept. 11, 2001 attacks.

-Ali Abd al Aziz Ali - An ethnic Baluchi, born and raised in Kuwait. 29 years old. Allegedly helped arrange money and travel for Sept. 11 hijackers. His uncle is suspected Sept. 11 mastermind Khalid Sheikh Mohammed and his cousin is Ramzi Yousef, who plotted the first World Trade Center bombing in 1993.

-Ahmed Khalfan Ghailani - Tanzanian, believed to be about 32 years old. One of al Qaida's top forgers, he was indicted on charges relating to the 1998 bombings of U.S. embassies in East Africa. Allegedly served as a cook for Osama bin Laden before becoming al Qaida's top document forger.

-Riduan bin Isomuddin, aka Hambali - Indonesian, of Sudanese extraction, 42 years old. Believed to have planned bombing in Bali that killed 200 in 2002.

-Mustafa Ahmad al Hawsawi - Saudi. Allegedly provided funding for the 9/11 hijackers and shared a bank account with one of them.

-Mohammed Nazir Bin Lep, aka Lillie - Malaysian. Key Hambali lieutenant. Believed to have provided funds for the 2003 bombing of the Marriott hotel in Jakarta, Indonesia.

-Majid Khan - Pakistani. Moved to the United States with his family in 1996 and graduated from high school in 1999 in Baltimore. Allegedly researched various terrorism plots, including a plan to blow up gas stations and poison reservoirs, on behalf of Khalid Sheikh Mohammed.

-Abd al Rahim al Nashiri - Saudi, 41 years old. Mastermind of the USS Cole bombing in October 2000. Nashiri was sentenced to death in absentia by a Yemeni court.

-Abu Faraj al-Libi - Libyan. Allegedly became al Qaida's top operations officer after Khalid Sheikh Mohammed was captured. Believed to have ferried messages from Osama bin Laden to al Qaida members.

-Abu Zubaydah - Palestinian, raised in Saudi Arabia. Alleged al Qaida facilitator who helped make travel arrangements, including smuggling now-deceased Al Qaida in Iraq leader Abu Musab al Zarqawi out of Afghanistan to Iran in November 2001. No direct connection to Sept. 11.

-Ramzi Binalshibh - Yemeni. About 34. Scheduled to be one of the 9/11 hijackers, he's believed to have served as a communications go-between after he failed to receive a U.S. visa. Allegedly was recruiting hijackers for an attack on Heathrow Airport in London when captured.

-Mohd Farik bin Amin, aka Zubair - Malaysian. Hanbali associate. Allegedly tapped for a suicide mission against Los Angeles.

-Waleed bin Attash, aka Khallad - Yemeni, raised in Saudi Arabia, 27 years old. Allegedly worked with Nashiri on USS Cole plot and was selected by bin Laden as one of the 9/11 hijackers, but an arrest in Yemen prevented his participation. Believed to have trained participants in 9/11 attacks and the USS Cole bombing.

-Khalid Sheikh Mohammed - Baluchi, born and raised in Kuwait. Suspected mastermind of 9/11 attacks. 1986 graduate of North Carolina A&T State University.

-Gouled Hassan Dourad - Somali, 32 years old. Allegedly cased the U.S. military base in Djibouti for a planned terrorist attack.

Source: U.S. Department of Defense.

President Shifts Argument, Catches Critics Off Guard (WP)

By Michael Abramowitz And Charles Babington

The Washington Post, September 7, 2006

With a series of forceful speeches on terrorism and a dramatic announcement that he has sent top-tier terrorism suspects to the Guantanamo Bay prison, President Bush this week has demonstrated anew the power of even a weakened commander in chief to set the terms of national debate.

All week, the White House has made plain its desire to refocus the attention of voters this fall away from a troubled and unpopular war in Iraq in favor of Bush's vision of a worldwide struggle against Islamic radicalism and terrorism. Yesterday, Bush sought to turn a legal defeat at the Supreme Court into a political opportunity.

By challenging Congress to immediately give the administration authority to try notorious al-Qaeda figures such as Khalid Sheik Mohammed by military commissions, he shifted the argument with Democratic critics of national security policies and competence. As Bush framed the choice, anyone against his proposal would be denying him necessary tools to protect American security.

His success in catching much of Washington by surprise showed that a president who polls show has his political back to the wall still has formidable tools: the ability to make well-timed course corrections on policy, dominate the news and shape the capital's agenda in the weeks before Election Day.

Bush's moves were partly a concession to those who have complained about secret CIA prisons abroad. Even as he acknowledged the existence of the prison program for the first time, Bush could argue that there are no terrorism suspects now in the CIA program.

At the same time, Bush sought to redefine the issue of CIA detentions from one of civil liberties to one of protecting Americans. He asserted that interrogators had reaped an intelligence bonanza from the questioning of top al-Qaeda leaders such as Mohammed -- the mastermind of the Sept. 11, 2001, attacks -- and Osama bin Laden deputy Abu Zubaida, and insisted Congress pass a law that would allow such interrogations to continue without legal jeopardy to soldiers and intelligence officers.

"We need to ensure that those questioning terrorists can continue to do everything within the limits of the law to get information that can save American lives," he said in his speech in the East Room of the White House.

After months of mostly ineffectual efforts to reverse Bush's year-long decline in public approval -- driven in large measure by growing impatience with the Iraq war -- the White House in recent days has launched an aggressive campaign to use the five-year anniversary of the Sept. 11 attacks to regain momentum and prevent GOP congressional majorities from being routed this fall. Even Democratic aides on Capitol Hill said Bush's tactics this week have diminished their party's efforts to highlight the problems in Iraq and motivate an anti-Republican vote Nov. 7.

Bush's speech took place moments before the Senate launched a lengthy debate on a Democratic proposal urging the president to fire Defense Secretary Donald H. Rumsfeld as a step toward "a change of course" in Iraq. GOP senators denounced the resolution as partisan posturing, and prevented it from coming to a vote by ruling it not germane to the military spending bill on the Senate floor, and the president's announcement immediately overshadowed the debate.

The midterm elections may well hinge on whether Bush's new move proves effective. There is reason for skepticism. This is already the White House's third effort in the past year to reshape the Iraq debate with new rhetoric.

"This is a political offensive above all, and it's not clear it will work," said Jeremy Rosner, a top Democratic pollster who formerly worked on the Clinton National Security Council staff. "It is elevating the prominence of Iraq, which all polls show has turned unpopular. . . . What they lack still is any signal that they have a way forward. They are ratcheting up the rhetoric without giving voters any sense of how they want to get out of this mess."

Sen. Debbie Stabenow (D-Mich.) said the president is "desperately trying to use words and make connections that will somehow convince people that what they're seeing and hearing isn't reality." He is "trying to connect it to World War II rather than Vietnam, for example." The tactic will not work, Stabenow predicted, because "the American people understand that there have been missteps, misjudgments" that have had tragic consequences.

White House officials have rejected the idea that the ongoing series of speeches are primarily political in nature, saying Bush has wanted to set the war in Iraq in proper context. White House counselor Dan Bartlett said the president has been anxious to help the public understand the scenes of violence from Lebanon and Iraq this past summer. But he also said the

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administration was determined to answer Democratic charges. "It is very important to define the terms of the debate and not be defined by others," Bartlett said. "Sometimes in the past charges that go unanswered, however egregious they may be, can then become conventional wisdom."

This mind-set was behind an unusual White House public relations gambit yesterday, which saw the White House release a letter from Chief of Staff Joshua B. Bolten, who seldom speaks in public, responding to Democratic Majority Leader Harry M. Reid (Nev.) criticizing the administration's Iraq policy this week. Bolten essentially said that most of Reid's suggestions for changing policy in Iraq were already being pursued by the administration.

Such letters have heartened Republicans looking for more energetic leadership from the White House. "The Democrats are trying to politicize the war on terror," said Senate Majority Whip Mitch McConnell (R-Ky.). "They are the ones who chose to make this a political issue, and we said, 'Okay, we'll engage.' "

Vin Weber, a top GOP strategist and lobbyist, said the White House "has substantially stepped up its effort to win the argument in the country about the war on terror." He contrasted the intensity of the involvement of Bolten and White House press secretary Tony Snow with their predecessors in framing the new message. He said it was a mistake to view the ongoing speeches solely from a political perspective, but he said Republicans could eventually benefit.

"I think the Democrats have been a little seduced by polls showing that Iraq is a big issue," he said, asserting that national security remains an issue that will favor Republicans. "I would not want to be the opposition party challenging the commander in chief in a fundamental way going into the election."

But Bill Galston, a Democratic analyst from the centrist wing of his party, was skeptical that the president would have much success changing voters' negative impressions of the war in Iraq. "If the facts on the ground are bad enough at home and abroad, then the most artful presidential framing will not alter people's judgments, and that's where I think people are," said Galston, a senior fellow at the Brookings Institution.

Bush Prods Congress In Bid To Isolate Democrats (LAT)

By Ronald Brownstein

The Los Angeles Times, September 7, 2006

WASHINGTON -- When President Bush on Wednesday urged Congress to provide him new legal authority quickly to bring suspected terrorists to trial, he may have answered a political riddle: what issue would Republicans use to sharpen their contrasts with Democrats over national security in the approaching mid-term election.

Bush's push for new legal authority could reshape the legislative landscape on the question of trying terrorists and inject a volatile new dispute into the 2006 election, analysts say.

The Supreme Court in June forced Bush to seek a new legislative framework for trying suspected terrorists when it threw out as unconstitutional the military commission system he had established.

Until now, the dispute over establishing a new system to replace the military commissions has not generated much attention outside of legal circles.

But several analysts said Bush emphatically changed that dynamic Wednesday by announcing that he had moved 14 high-profile detainees to the detention center in Guantanamo Bay, Cuba -- including Khalid Sheikh Mohammed, the suspected mastermind of the September 11, 2001 terrorist attacks -- and declaring that he intends to bring them to trial as quickly as Congress approves new rules.

By linking the trial of key figures suspected in the 9/11 attacks to agreement on a new legal structure, Bush's announcement is likely to increase the pressure on Congress to quickly approve guidelines for trying suspected terrorists.

"He is putting the ball in Congress' court to deal with this issue now," says Cliff May, president of the Foundation for the Defense of Democracies, a conservative national security group. "It is not going to be easy for Congress to say, 'Oh, we don't think trying Khalid Sheikh Mohammed is so important, we've got a highway bill we want to work on.' He's saying I am establishing a priority here."

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Bush may also be establishing a line of contrast with Democrats. Many Democrats believe that by heightening the focus on the detainee trial issue less than two months before the mid-term Congressional election, Bush may be seeking to replicate a successful GOP strategy from the 2002 campaign.

In 2002, Bush and Republican Congressional candidates condemned Democrats as weak on national security after a dispute over union protections delayed Senate approval of the legislation creating the new Department of Homeland Security. Bush ignited the issue when he charged in late September 2002 that the Senate, then under narrow Democratic control, "is more interested in special interests in Washington and not interested in the security of the American people."

Several Democrats said Wednesday they believe the White House is positioning Bush to level a similar charge against Democrats in the coming weeks if Congress fails to authorize a new system for trying suspected terrorists before it adjourns.

"This is a pretty transparent attempt at offering up a bait to liberal Democrats to get in his way," said Democratic consultant Jim Jordan, who ran the Democratic Senatorial Campaign Committee during the struggle over the homeland security department in 2002.

Many civil libertarians believe the system Bush initially proposed for trying terrorists, and the new legislation he released Wednesday, does not provide sufficient legal protection to the accused.

In what might be a signal of arguments to come, House Majority Leader John Boehner of Ohio and Majority Whip Roy Blount of Missouri both issued statements promising quick action on the president's request for new legislation. The statement from Boehner's office criticized House Minority Leader Nancy Pelosi, D-Calif., for comments earlier this year praising the Supreme Court decision overturning the military trial system Bush had established.

"While Republicans want to give the president the necessary tools to prosecute and achieve victory in the Global War on Terror, the reaction of Capitol Hill Democrats to the ... decision is just one more example of why Americans have no confidence in Democrats when it comes to addressing the issues of national and homeland security," said the statement.

Democrats, though, say they are optimistic that if the debate moves in that direction the party can defend itself more effectively than it did in 2002. For one thing, they note, Bush's overall approval rating is much lower today than then; for another, the war in Iraq has introduced doubts about his management of national security that were not present during the earlier argument.

Most importantly, they argue, three Republicans with military pedigrees are leading efforts to craft an alternative to the military commission proposal Bush released Wednesday: Senators John McCain of Arizona, Lindsey Graham of South Carolina and John Warner of Virginia. Many Democrats are likely to embrace their eventual proposal, which is expected to provide more procedural protections for accused terrorists than Bush's plan.

David Wade, a senior adviser to Sen. John Kerry, D-Mass., said the skepticism of such prominent Republicans about Bush's approach will make it difficult for the GOP to use the issue to portray Congressional Democrats as weak on security.

"I think that is incredibly hard for them to pull off when a president who has approval ratings in the 30s is not able to corral former prisoner of war John McCain, former secretary of the Navy John Warner, and former (military) lawyer Lindsey Graham to follow that playbook. They are going to be the faces of the opposition to Bush's policy," Wade said.

May agreed that as long as Democrats stay close to those prominent Republicans, the GOP will have difficulty framing the issue as a partisan dispute. "The danger for Bush is if McCain and Graham say we don't like (the president's approach)," said May, "that is pretty much a get-out-of-jail-free card for the Democrats."

Bush Pushes The Button That Best Benefits The GOP (USAT)

By Susan Page

USA Today, September 7, 2006

WASHINGTON — President Bush demonstrated with a dramatic speech Wednesday one of the most consequential powers of his office.

He changed the subject.

With less than nine weeks until congressional elections, the president turned the topic from the war in Iraq and complaints about stagnant wages and rising health care costs to the only major area in which Americans continue to give him and the GOP high marks.

In a speech about secret CIA prisons and terrorists' tribunals, he cited the approaching fifth anniversary of 9/11 in arguing that his administration's handling of the terrorist threat has succeeded in protecting Americans from another attack on U.S. soil.

"Some may ask: Why are you disclosing this information now?" the president said toward the end of his 37-minute address to an invited audience in the East Room. Questioning of the suspects has been "largely completed" so the men could now stand trial, he said, and a Supreme Court decision struck down the administration's plans for military tribunals because they hadn't been sanctioned by Congress.

"Congress is in session for just a few more weeks," he said, "and passing this legislation ought to be the top priority."

And the political goal of Bush's speech?

"Grab the agenda and keep control of it — that's what's going on," said Steven Schier, a political scientist at Carleton College in Northfield, Minn. "It's an attempt to structure the agenda for the election and move a lot of nagging concerns that the public has about this administration to the back of the public's mind."

Consider the findings of a USA TODAY/Gallup Poll taken two weeks ago. By 55%-43%, those surveyed approved of how Bush was handling terrorism. In six other areas, most Americans disapproved of the job he was doing. His handling of the situation in Iraq got the highest negative ratings: 61% disapproved. Just 36% approved.

Fear of terrorism remains potent, though. Nearly half of those polled said they were worried that someone in their family would become a victim of terrorism.

The poll of 1,001 adults had an error margin of +/-3 percentage points.

"Historically, every time the country focuses on homeland security and the fight against terrorism, it inures to the president's benefit," said Republican strategist Charlie Black. "But, you know, it's a question of whether that stays prominent in the news until November." Black said he's still concerned about the elections, which could imperil GOP control of the House of Representatives and perhaps the Senate.

Even so, Black said that disclosures in the speech — including that suspected 9/11 mastermind Khalid Sheikh Mohammed "sang like a canary" with details that helped trap other suspects — makes the administration's actions against terrorism more than an abstraction to the public.

Bush made revelations guaranteed to grab headlines: the existence of secret CIA prisons in foreign countries. The transfer of 14 of the most notorious alleged terrorists from the prisons to the U.S. facility at Guantanamo Bay. Glimpses of the information gleaned from their interrogations, which he said hadn't included torture.

Afterwards, Bush got reluctant praise from some frequent critics. Amnesty International's Larry Cox called the movement of valuable detainees to trials "an important step toward achieving accountability," though he criticized the administration for maintaining the secret prisons.

Within hours, congressional Republicans were citing the president's speech as evidence of Republican toughness toward terrorists.

House Majority Leader John Boehner of Ohio issued a statement saying Bush's speech underscored "how wrong Capitol Hill Democrats are when it comes to protecting the American people."

Senate Democratic Leader Harry Reid of Nevada said Democrats on the Armed Services Committee were working with Republicans on legislation to set tribunal rules that were, he noted, supported by uniformed military lawyers who had criticized Bush's approach. He said the president's "flawed system" had "failed to prosecute a single terrorist" so far.

Meanwhile, Senate Democrats spent much of Wednesday on the same political quest as Bush: Setting a friendly agenda for the fall elections. In their case, the topic was different. They pushed for a non-binding resolution calling for Defense Secretary Donald Rumsfeld to be fired because of his stewardship of the war in Iraq.

Bush Confirms Existence Of Secret CIA Prisons (WSJ)

By Jess Bravin

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The Wall Street Journal, September 7, 2006

WASHINGTON -- Under pressure from a contrary Supreme Court ruling and a public at times skeptical of his military judgment, President Bush disclosed long-classified elements of his counterterrorism program yesterday. He confirmed the secret prison network run by the Central Intelligence Agency and announced the transfer of 14 alleged al Qaeda commanders -- including suspected masterminds of the Sept. 11, 2001, attacks -- to Guantanamo Bay, Cuba, for eventual trial.

In a White House speech, the president directly addressed several of the prisoner policies that have run aground in domestic courts and sparked criticism abroad. The president hopes to pressure lawmakers to approve his version of new counterterrorism laws that would allow for military trials of suspected terrorists and insulate officials from legal action for violating the Geneva Conventions. (Bush's remarks1)

By personally announcing that such al Qaeda figures as Ramzi Binalshibh and Khalid Sheikh Mohammed -- two of the most widely known alleged architects of the attacks -- had been sent from CIA prisons to Guantanamo, the president underscored his role in responding to the Sept. 11 attacks. He said intelligence extracted from these prisoners had foiled terrorist plots at home and abroad.

The White House initiative comes just before the fifth anniversary of Sept. 11 and two months before hotly contested congressional elections that Republicans hope to win on national-security issues. Mr. Bush and Republican Party leaders are betting that by forcing Congress to vote on antiterror policies this month during its brief pre-election session, they can turn voters against Democrats who may oppose the Bush proposals. In addition, lawmakers plan to consider legislation validating the president's program of wiretapping international phone calls without obtaining warrants, which was ruled unconstitutional last month by a federal district court in Detroit.

Yesterday's move represents a turnabout for a White House that has insisted it alone held power to decide the treatment of enemy prisoners, without court or congressional sanction. Administration officials said they had little choice, following the Supreme Court's June 29 decision rejecting the president's claim that his inherent war powers allowed him to set aside Geneva provisions and establish a military-trial system outside existing law.

The justices' ruling invalidated a November 2001 order Mr. Bush issued that authorized tribunals -- called military commissions -- to try non-U.S. citizens for war crimes outside the Constitution's due-process guarantees. Under Defense Department rules implementing that order, defendants could be excluded from their trials, denied access to evidence and receive limited opportunities to appeal convictions. The Supreme Court found the president's national-security claims didn't justify such deviations from the Uniform Code of Military Justice, the 1950 legislation governing military trials.

By acting before Congress has decided what form of justice the prisoners will face, the president has also taken a political and legal gamble. Now at Guantanamo, where they will be visited by delegates of the International Committee of the Red Cross and, presumably, assigned military defense attorneys, the prisoners could raise allegations of torture suffered while in detention or use their trials as a platform for propaganda.

Democrats, meanwhile, cast the president's initiative as an admission of failure. "For five years, Democrats have stood ready to work with the president and the Republican Congress to establish sound procedures to bring terrorists to justice," Senate Minority Leader Harry Reid said in a statement. "Unfortunately, President Bush ignored the advice of our uniformed military and set up a flawed system that failed to prosecute a single terrorist and was ruled unconstitutional by the U.S. Supreme Court."

Administration officials characterized their new proposal as a compromise between the nearly complete discretion the president asserted in his November 2001 order and the detailed rules of the military justice code. In some instances, the draft legislation appears to afford more rights to defendants than the president had initially preferred. For instance, while the commission system that had been in place foresaw no appeal to the federal courts, the president's bill grants convicts a right to appeal to the U.S. Court of Appeals for the District of Columbia and to the Supreme Court.

Senate Majority Leader Bill Frist, who is co-sponsoring the president's bill, said it would provide "another tool in the war on terror. ... The procedures should be fair but tough and recognize that we should prosecute barbaric al Qaeda terrorists differently than our uniformed military or civilian criminals," he said in a statement.

University of California, Berkeley, law professor John Yoo, who as a Justice Department official helped develop the administration's legal policies, said "it does not look like the procedures for these commissions differ in any significant way from

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the rules already in place before" the Supreme Court's decision. "The only difference is that [the president] is seeking Congress's explicit support."

Critics said the new proposal did little to fix substantive failings of the former process, such as permitting the defendant's exclusion from his trial. Col. Dwight Sullivan, the Marine lawyer in charge of defense counsel for Guantanamo defendants, said that if adopted as written, the bill was certain to provoke legal challenges from attorneys in his office. "Congress simply should not rush into this so that three or four years down the road we have another military commission system thrown out," he said.

Sen. Lindsey Graham (R., S.C.), an Air Force Reserve lawyer who has been working on separate legislation to authorize military commissions, took issue with some provisions in the White House proposal, such as denying defendants access to classified evidence against them. "I do not think we can afford to again cut legal corners that will result in federal court rejection," he said in a statement.

Even if the bill is approved immediately, it remains uncertain when the new prisoners would stand trial. Ten Guantanamo prisoners were charged under the former commission system. It is unclear whether their cases would take a back seat to the more notorious defendants recently transferred. The isolated naval base has only one courtroom, and a request to build a second is pending, a Pentagon official said.

In his speech yesterday, Mr. Bush defended the handling of the prisoners to date, but wouldn't discuss interrogation methods, saying they had provided crucial intelligence. "The procedures were tough and they were safe and lawful and necessary," he said.

At a media briefing yesterday, an administration official said that in recent years as many as 100 prisoners had been held by the CIA. Some eventually were sent to third countries, and with the transfer to Guantanamo, the agency no longer holds any prisoners in its overseas facilities, officials said.

The president said, however, that the CIA might do so again in the future. To help ensure that interrogators couldn't be sued for mistreating prisoners, the legislation would bar courts from hearing claims based on the Geneva Conventions.

Bush Acknowledges Secret CIA Prisons (CHIT)

By Mark Silva

Chicago Tribune, September 7, 2006

WASHINGTON -- President Bush, calling on Congress to quickly authorize trials of suspected terrorists by military tribunals, acknowledged for the first time Wednesday that the Central Intelligence Agency has subjected dozens of detainees to "tough" interrogation at secret prisons abroad and said the remaining 14 have been transferred to Guantanamo Bay, Cuba, to await trial.

The 14 held at the U.S. detention center at Guantanamo include high-level Al Qaeda operatives responsible for the terrorist attacks of Sept. 11, 2001, as well as bombings and foiled plots targeting Americans at home and abroad, according to the president and senior aides.

The admission of the CIA's long-concealed program, claims of its successes and the announcement of planned trials for several accused terrorists represent dramatic moves by the Bush administration to rivet public attention to persisting threats as both the anniversary of Sept. 11 and critical Nov. 7 congressional elections near.

The newest arrivals at Guantanamo include Khalid Shaikh Mohammed, whom authorities blame for planning the Sept. 11 attacks as Al Qaeda's former No. 3 man before his capture in 2003.

They also include Abu Zubaydah, a suspected link between Al Qaeda leader Osama bin Laden and terrorist cells whose capture months after Sept. 11 and subsequent CIA interrogation led to the arrests of many more suspects. Bush said the information collected by interrogators prevented another assault on the United States.

The White House is using the imprisonment of these men, as well as acknowledging a CIA program said to hold no suspects at the moment, to prod Congress to enact legislation authorizing military trials for many of the more than 400 detainees held at Guantanamo.

"As soon as Congress acts to authorize the military commissions I have proposed, the men our intelligence officials believe orchestrated the deaths of nearly 3,000 Americans on September the 11th, 2001, can face justice," Bush said in a speech in the

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East Room of the White House. He spoke with many relatives of Sept. 11 victims in attendance, who applauded his call for justice.

While the president maintains that the CIA's "tough" interrogation practices fall short of torture, the Defense Department issued new directives Wednesday to ensure that detainees and prisoners of war are treated equally and humanely. The Army has published a new field manual barring torture and inhumane or degrading treatment.

The manual includes specific prohibitions in response to abuses that Iraqi detainees suffered at Iraq's Abu Ghraib prison in 2003.

Bush is seeking passage of military tribunal legislation this month, and GOP leaders have pledged to commit their September agenda to national security. The White House and Republican leaders are attempting to underscore their party's commitment to security with the approach of fall elections in which control of Congress is at stake.

Yet some complain that the administration is trying to ramrod legislation permitting military tribunals and authorizing the interrogation practices that the CIA has been using without giving Congress time to deliberate.

"Congress has been awaiting this legislation for two months and it is being given to the Congress with little time to consider the bill with the seriousness and deliberation that the American people deserve," said Rep. Ike Skelton of Missouri, the ranking Democrat on the House Armed Services Committee.

The administration has maintained that it has the right to try suspects in military courts, but the Supreme Court ruled June 29 that Congress first must authorize such trials and that they must be fair under U.S. and international law.

The Supreme Court has overruled the administration's claim that detainees at Guantanamo are not covered by a portion of the Geneva Conventions, Common Article 3, which guarantees a minimum level of humane treatment.

In response, Bush is asking Congress to sign off on a tribunal process similar to the one in use at the time of the court's decision. He also is asking lawmakers to strictly define compliance with Common Article 3 and to insulate U.S. personnel from lawsuits or criminal charges for purported violations of the conventions.

Plan allows secret evidence

The tribunal process proposed by Bush allows for the use of hearsay and coerced testimony and for secret evidence. It also limits detainees' rights to appeals in U.S. courts.

Administration lawyers say that they may need to keep some evidence secret in order to protect intelligence-gathering operations, but defense attorneys argue that their clients should have the right to review the evidence against them. Republican Sens. John McCain of Arizona and Lindsey Graham of South Carolina have drafted a rival bill requiring such disclosure.

Bush's proposal amounts to election-season posturing, according to Neal Katyal, a lawyer for Salim Hamdan, a Yemeni detainee and onetime driver for bin Laden whose case resulted in the Supreme Court ruling against the military tribunals.

"I think the proposal reflects politics and not national security," Katyal said. "It conforms almost to a 'T' to the process struck down in Hamdan."

To bolster his case, Bush offered unusually explicit details about how the interrogation of Zubaydah gave the CIA invaluable information about Al Qaeda, and how the tougher interrogation led to the capture of Mohammed and other operatives.

"Were it not for this program," Bush said, "our intelligence community believes that Al Qaeda and its allies would have succeeded in launching another attack against the American homeland."

Bush, calling the tactics "an alternative set of procedures" for interrogations, said the Justice Department had deemed them lawful. But the vast majority of information gleaned from detainees that he cited Wednesday appears to have come during a 29-month period in which Justice Department lawyers relied on a now-repudiated definition of "torture."

Torture memo rescinded

That definition, according to an August 2002 Justice Department memo, said that physical pain "amounting to torture must be equivalent in intensity to the pain accompanying serious physical injury, such as organ failure, impairment of bodily function, or even death."

The 50-page memo outlining "standards of conduct for interrogation" was rescinded Dec. 31, 2004, in the wake of the abuses at Abu Ghraib.

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The acknowledgment of the CIA program, which senior administration officials say has involved "fewer than 100" suspects, also is intended to allay congressional concerns that the administration is concealing information.

"We thought it was time to put it all on the table with the Congress," a senior administration official said.

While thousands of "enemy combatants" have been captured, senior administration officials said many have been returned to their home countries, 770 have been detained at Guantanamo at one time or another and only "a small number of the most notorious and dangerous terrorists" have been interrogated in the CIA-run program.

Bush and intelligence chief John Negroponte detailed a string of alleged plots that they said were foiled with information obtained from interrogations of those in secret CIA custody, although most have previously been made public.

The CIA's inspector general has audited the program, Negroponte's office said, and "multiple safeguards" were built in.

Specially trained teams of senior CIA officers have worked under scripted guidelines in the interrogation of suspects.

"These are unwilling sources deliberately and actively attempting to withhold and distort information," another administration official said. "We, the Central Intelligence Agency, need to have direct and thorough access to them."

A Challenge From Bush To Congress (NYT)

By David E. Sanger

The New York Times, September 7, 2006

WASHINGTON, Sept. 6 — In calling for public war-crime trials at Guantánamo Bay, President Bush is calculating that with a critical election just nine weeks away, neither angry Democrats nor nervous Republicans will dare deny him the power to detain, interrogate and try suspects his way.

For years now, Guantánamo has been a political liability, regarded primarily as a way station for outcasts. By transforming Guantánamo instead into the new home of 14 Qaeda leaders who rank among the most notorious terror suspects, Mr. Bush is challenging Congress to restore to him the authority to put the United States' worst enemies on trial on terms he has defined.

But the gambit carries with it a potential downside by identifying Mr. Bush even more closely with a detention system whose history has been marked by widespread accusations of mistreatment.

Mr. Bush had more than one agenda at work when he announced on Wednesday that the country should "wait no longer'' to bring to trial those seized by the C.I.A. and accused of planning the Sept. 11 attacks.

He is trying to rebuff a Supreme Court that visibly angered him in June when it ruled that his procedures for interrogation and trials violated both the Constitution and the Geneva Conventions.

And he is trying to divert voters from the morass of Iraq and to revive the emotionally potent question of what powers the president should be able to use to defend the country.

Mr. Bush must have known that his call for trials would prompt a standing ovation from the relatives of the Sept. 11 victims who were invited to the East Room for the announcement. It did. What he doesn't know for sure is whether the transfer of Khalid Shaikh Mohammed and other terror suspects will create the pressure on Capitol Hill to give him the legal latitude he says he needs.

"It's one thing for Congress to argue over abstract rules'' about approved interrogation techniques and the rules of evidence at military commissions, said one senior administration official who sat in on the debates over how to respond to the Supreme Court ruling in the Hamdan case last June. "But it's another to say, 'Once you approve the rules, we put these guys on trial — but it only happens if Congress acts.' ''

In this case, the White House needs Congress to write the rules in a way that would satisfy the Supreme Court while allowing the military to introduce its evidence at trial — even though Mr. Muhammed and his fellow defendants will almost certainly assert that their own accounts of their roles in terror plots were extracted by coercion.

That is a balancing act Mr. Bush tried for years to avoid, as he and Vice President Dick Cheney, the chief architect of Mr. Bush's assertions of broad executive powers, argued that it was the commander in chief — not Congress — who had the power to set rules for unconventional trials in an unconventional war.

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Besides trying to shape what happens in Congress, Mr. Bush is also trying to ignite a new debate around the country, one that tries to rekindle memories of the days just after the Sept. 11 attacks. On Wednesday, he recalled those days as a moment when the country "wondered if there was a second wave of attacks still to come.''

That was also a time when the president seemed to have carte blanche to fight terrorists in any way he saw fit, and when the country seemed unified in a way that is hard to remember today.

So in the week leading up to the announcement on Wednesday, Mr. Bush and his aides again cast themselves as the country's last line of defense. First came Secretary of Defense Donald H. Rumsfeld, who used a speech to veterans to accuse critics of the war in Iraq of being appeasers, ideological descendants of Prime Minister Neville Chamberlain of Britain, whose effort to accommodate Hitler in 1938 has gone down in history as an act of cowardice.

Then came Mr. Bush, who used a speech to the same audience to lump disparate groups together as "Islamo-fascists,'' and then, this week, to warn explicitly that the world had averted its eyes to the rise of Lenin and then of Hitler, propelling the United States into a century of hot and cold wars.

But perhaps more significantly, a president who had rarely mentioned Osama bin Laden — who, of course, remains at large five years after Sept 11 — quoted Mr. bin Laden at length, describing his visions of a "caliphate'' that circles the globe.

On Wednesday, in the East Room, Mr. Bush's words were more moderate, but he made clear that he intended to use his pulpit over the next few days to redefine the enemy as a living threat that will occupy generations of Americans — and to argue that he needs every tool available to fight them. "We're fighting for our way of life, and our ability to live in freedom,'' he argued. "We're fighting for the cause of humanity, against those who seek to impose the darkness of tyranny and terror upon the entire world.''

It was a move that did not surprise Democrats.

"Look, they have won two elections on the basis of terrorism, and that's the president's strongest position,'' said Lee Hamilton, the former Democratic congressman who is now co-chairman of a study group making recommendations to Mr. Bush about how to develop a new Iraq strategy. "And he's playing to his strength.''

But it may also force members of Mr. Bush's party — many of whom have been creating as much strategic distance from the president as possible — to nationalize the midterm elections, making them a referendum on Mr. Bush and his tactics.

Democrats have been trying to do that for months, betting that the chaos in Iraq is their ticket to regaining a majority in the House, and perhaps the longer shot of the Senate. Now Mr. Bush is betting that once again Americans will look at the faces of the terrorists the C.I.A. has captured, and give the president one last shot at fighting the war on his terms.

Al-Qaeda Suspects Moved To Guantánamo (FT)

By Caroline Daniel And Demetri Sevastopulo

Financial Times, September 7, 2006

President George W. Bush announced on Wednesday that 14 of the alleged most high-profile al-Qaeda terrorists who had been held in secret CIA custody had been moved to Guantánamo Bay prison in Cuba in preparation for military tribunals.

Mr Bush said the suspected terrorists included Khalid Sheikh Mohammed, considered the third most senior al-Qaeda leader, Ramzi Binalshibh, who was alleged to be a potential September 11 hijacker, and Abu Zubaydah, an alleged go-between for Osama Bin Laden.

The move also marked the first official confirmation by the White House of its controversial use of secret prisons around the world by the CIA. In a speech, Mr Bush also defended interrogation techniques that had been used on the men, calling the procedures "tough, safe, lawful and necessary". The transfer of the men reinforces the Republican effort to make the November congressional elections a referendum on national security. It also increas-es pressure on Congress to act to legalise the military commissions that the administration created to try alleged terrorists.

The administration was forced to shift course on Guantánamo following a landmark Supreme Court decision in June, which ruled that the military commissions violated US law and the Geneva conventions.

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The White House sent draft legislation to Capitol Hill on Wednesday aimed at revamping the commissions. But the bill could face opposition from some lawmakers, including Senator John McCain, who wants guarantees detainees can have access to all evidence, including classified information, levelled against them.

Mr Bush said: "As soon as Congress acts to authorise the military commissions I have proposed, the men our intelligence officials believe orchestrated the deaths of nearly 3,000 Americans on September 11 2001 can face justice".

The Supreme Court ruling raised questions of the military commissions and the legality of the detentions. Mr Bush said the transfers "mean there are now no terrorists in the CIA programme" but it needed to continue.

He urged Congress to pass legislation in the next few weeks to legalise the commissions and set clearer boundaries for the CIA, including listing "the specific recognisable offences that would be considered crimes under the War Crimes Act", and ensure captured terrorists could not invoke the Geneva conventions to prosecute US officials in US courts.

The White House made the move as Senate Democrats introduced a non-binding resolution calling on Mr Bush to fire Donald Rumsfeld, the defence secretary.

Bush Admits To Anti-terror CIA Program (WT)

By Stephen Dinan

The Washington Times, September 7, 2006

President Bush yesterday publicly acknowledged the CIA is running a classified program to interrogate top terror suspects, saying it has prevented attacks and demanding that Congress act quickly to give it official status.

Mr. Bush also sent Congress a bill laying out rules for military trials for terror suspects, in response to a Supreme Court ruling in June that said tribunals for detainees must be approved by legislators.

Speaking at the White House to an audience that included families that lost relatives in the September 11 attacks, he said that soon after the attacks he authorized the CIA to imprison and question the top suspects captured in the war on terror.

He said the interrogations have helped thwart an al Qaeda effort to make anthrax and a plot to fly airplanes into buildings, among other attacks.

Mr. Bush said that the CIA recently transferred September 11 mastermind Khalid Shaikh Mohammed and 13 top terror suspects to the Defense Department for military trials, and that the only hurdle left was congressional action.

"We're now approaching the five-year anniversary of the 9/11 attacks, and the families of those murdered that day have waited patiently for justice," Mr. Bush said.

"As soon as Congress acts to authorize the military commissions I have proposed, the men our intelligence officials believe orchestrated the deaths of nearly 3,000 Americans on September the 11th, 2001, can face justice."

Democrats said that Mr. Bush's announcement marked a reversal of policy, and that it was about time. But they also said that by sending his own bill, he was throwing a monkey wrench into bipartisan efforts already at work on Capitol Hill.

"The last thing we need is a repeat of the arrogant, go-it-alone behavior that has jeopardized and delayed efforts to bring these terrorists to justice for five years," said Senate Minority Leader Harry Reid, Nevada Democrat.

The June Supreme Court ruling said detainees in the war on terror are covered by the Geneva Conventions. That left the CIA program in doubt, and Mr. Bush said he had to go public and seek congressional authorization to preserve the program.

The court also said Congress must approve military tribunals.

Mr. Bush's proposal would let terrorists have attorneys, would let them appeal tribunal verdicts and would preserve the right against self-incrimination. It also would allow the use of classified evidence given when the defendant was not present.

The top members of the Senate Armed Services Committee, Sen. John W. Warner, Virginia Republican, and Sen. Carl Levin, Michigan Democrat, have been working on a bill that differs from Mr. Bush's on classified information and hearsay rules.

Mr. Warner said yesterday that he expects they can resolve any differences and get a bill to the Senate floor soon.

"In my judgment, we can close any gaps," he said.

The military's chief prosecutor for detainees told the Associated Press yesterday that trials could begin in early 2007 if Congress acts soon. Air Force Col. Morris Davis also said that "it would be reasonable" to expect prosecutors to seek the death penalty for Mohammed.

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The administration yesterday offered extraordinary details about the CIA program and disrupted terrorist plots.

A senior intelligence official, briefing reporters before the speech, said that fewer than 100 terror suspects had been part of the CIA program and ther are no such suspects currently in CIA custody.

The official said the information gleaned from interrogations was checked against other sources.

Another top administration official, also speaking on the condition that he not be named, said Mr. Bush wants congressional authorization within three weeks -- a tight legislative schedule.

House Democrats said Congress must take time to review Mr. Bush's proposal, and Rep. Jane Harman, the top Democrat on the House Permanent Select Committee on Intelligence, said his speech was "the opening salvo in the fall campaign."

"As a person who comes to work every day trying to understand the complexities of the threats against us, I resent being told that either I suspend the laws for heinous murderers like Khalid Shaikh Mohammed, or I am coddling terrorists," she said.

But Republicans in Congress said the speech was a shot in the arm, particularly by naming specific terrorists and plots.

"I don't think the White House has ever laid it out all in a row like that. There have been bits and pieces of information, but not in one hard-hitting speech," said Rep. Jack Kingston, Georgia Republican. "I think that speech could be the model people are looking for as to why we're at Guantanamo and the other things we're doing in the war on terror."

The speech was the third in a series in which the president has sought to bolster support for the war on terror.

He said yesterday that information gleaned from detainees included operational details such as training to set off explosives high enough in tall buildings so that survivors cannot escape via upper-floor windows. The president also said interrogations exposed the anthrax plot, prevented a terrorist attack on U.S. Marines at Camp Lemonier in Djibouti and thwarted a plot to fly hijacked airplanes into London's Heathrow Airport.

"Information from terrorists in CIA custody has played a role in the capture or questioning of nearly every senior al Qaeda member or associate detained by the U.S. and its allies since this program began," Mr. Bush said.

The conservative group Progress for America will announce today a "significant ad buy" to nationally broadcast a commercial titled "They Want to Kill Us," said a source familiar with the effort. The ad aims to highlight the continuing threat of terrorism and shore up public support for the war in Iraq.

3 Republican Senators Among Critics Of Military Tribunal Plan (USAT)

By Joan Biskupic And Andrea Stone

USA Today, September 7, 2006

WASHINGTON — President Bush's long-awaited plan for military commissions to try foreign terrorist suspects was criticized Wednesday by fellow Republicans who said the proposal, which omits many of the usual safeguards of a military trial, doesn't go far enough to protect prisoners.

“I do not think we can afford to again cut legal corners that will result in federal court rejection of our work product,” said Republican Sen. Lindsey Graham of South Carolina, who with fellow Republican Sens. John McCain of Arizona and John Warner of Virginia has been most critical of the president's position on tribunals.

The three senators expressed optimism about a compromise. Warner, chairman of the Armed Services Committee, said he hoped to introduce a bipartisan bill soon and said Congress could pass a bill before members go home to campaign for the Nov. 7 election.

He and the others refused to provide details of their plan, but Graham made clear that among the “points of contention” was the White House proposal to bar a defendant from seeing all evidence against him. Graham and others expressed concern about setting precedents that could be used against captured U.S. troops.

Bush's plan would allow classified information to be shown to the jury but not the accused and would allow prosecutors to introduce hearsay evidence that traditionally is barred. Such evidence, under the Bush plan, would be allowed if it came from witnesses who were dead, imprisoned or otherwise unable to testify. As a result, the person on trial would not be able to sufficiently challenge the evidence against him. Some statements obtained “by coercion” could be used if a military judge found that they were reliable.

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Human rights groups offered the harshest criticism. They said Bush's plan too closely mirrored the tribunal arrangement struck down by the Supreme Court on June 29.

"The draft may say it's modeled on the Uniform Code of Military Justice, but it's a pale imitation," said Deborah Pearlstein of Human Rights First.

Similar criticism came from Georgetown University law professor Neal Katyal, who represented Salim Ahmed Hamdan, a Yemeni national accused of being a driver for Osama bin Laden. His case led to the rejection of the original Bush plan for military tribunals.

Katyal said the administration was shunning fundamental rules used in World War II tribunals. "We've had a tradition that we don't kick criminals out of their trials," he said.

Others applauded the plan. Jay Sekulow of the conservative American Center for Law and Justice said the proposal will "protect the integrity of the process for all involved while at the same time protecting vital national security interests."

Bush's first plan for trying foreign terrorism suspects was announced two months after the 9/11 attacks. The high court said it lacked sufficient safeguards, in violation of the U.S. military code of justice and the Geneva Conventions.

Bush's new proposal tracks many of the procedures used in military trials and ensures a defendant's access to a lawyer. The plan would specify which war crimes could be heard by tribunals rather than allowing vague charges.

The plan stops short of matching the code cited heavily by the justices. Bush said allowing detainees to see classified information to be used against them could jeopardize national security. He said hearsay evidence should be allowed because some foreign nationals are too dangerous to be brought to the USA or Guantanamo Bay to testify.

Congress Pressed For Laws To Meet 'new Era' Threats (USAT)

By David Jackson

USA Today, September 7, 2006

WASHINGTON — President Bush disclosed the existence of secret CIA prisons for the first time Wednesday and said 14 al-Qaeda terror suspects had been moved from them to Guantanamo Bay, Cuba, to stand trial for the 9/11 attacks and other crimes.

Bush outlined plots he said had been broken up by CIA interrogations at the prisons, which he did not locate or describe in detail. He also called on Congress to pass legislation creating military tribunals for the transferred suspects and up to 455 other Guantanamo prisoners before leaving to campaign.

Bush said "a small number" of terror suspects with "unparalleled knowledge about terrorist networks and their plans" had been questioned and held by the CIA since Sept. 11, 2001. None remain in secret custody. Some were sent to their home countries or countries with legal claims against them.

Among those transferred Monday to the U.S. naval base at Guantanamo were Khalid Sheikh Mohammed, the alleged mastermind of 9/11; Ramzi Binalshibh, an alleged would-be 9/11 hijacker; and Abu Zubaydah, a top aide to al-Qaeda leader Osama bin Laden.

Lawmakers and human rights groups had criticized the administration for allegedly torturing terror suspects. Bush again denied any torture.

He said the CIA interrogations "helped us to take potential mass murderers off the streets before they were able to kill." Bush urged Congress "for the sake of our security" to act quickly and "update our laws to meet the threats of this new era."

Bush's request was a response to a Supreme Court ruling in June that the administration could not conduct military trials without Congress' approval and that interrogations should be subject to the Geneva Conventions, which set rules for humane treatment for prisoners of war.

He said all suspects will now be questioned under rules in a new Army field manual. Bush asked Congress to set separate CIA interrogation rules in light of the high court decision.

House Majority Whip Roy Blunt, R-Mo., said Bush was "forceful and persuasive" and predicted Congress would act quickly. Republican critics of Bush's detention policy, led by Sens. John McCain of Arizona and Lindsey Graham of South Carolina, are pushing their own bill.

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Rep. Jane Harman of California and other Democrats said new detention and interrogation guidelines must safeguard "our Constitution and our values."

News reports about secret CIA prisons drew worldwide criticism, from European Union members to some in Congress. Elisa Massimino of Human Rights First said secret interrogations "invite cruel, inhuman and degrading treatment of suspects."

Bush said the CIA program remains "crucial to getting life-saving information." He said that it has been reviewed by federal lawyers and that lawmakers have been kept informed.

Bush's Plan Allows Coerced Evidence (LAT)

By Maura Reynolds, Richard B. Schmitt And David G. Savage

The Los Angeles Times, September 7, 2006

WASHINGTON — President Bush asked Congress Wednesday to approve a new system of military-style justice for terrorism suspects that would, for the first time, permit convictions in American courts based on the use of coerced evidence.

The Bush administration proposal also would permit war crimes convictions based on evidence that was never made available to the accused.

Bush said reliance on such controversial information at trial would be strictly limited, permitted only under a judge's ruling that it was relevant and credible, and that the use of coerced statements would stop short of allowing evidence obtained through torture.

"I want to be absolutely clear with our people, and the world: The United States does not torture. It's against our laws, and it's against our values," the president said, announcing that the new system would be used to prosecute the most notorious detainees in U.S. custody.

The administration's proposed rules resemble those imposed under an executive order that Bush issued shortly after the Sept. 11 attacks; it set up military commissions for terrorist suspects captured overseas, some of whom were sent to the U.S. detention facility in Guantanamo Bay, Cuba. The Supreme Court struck down that system in June, in part because it had not been approved by Congress.

Now Bush is going back to Congress seeking approval for his military commissions, with changes, two months before an election in which national security has taken center stage.

It is not clear whether the president's plan will gain traction on Capitol Hill, where lawmakers have been working for weeks on their own proposals for military commissions to try terrorist suspects.

Two of the leading authors of a nearly complete Senate bill, Armed Services Committee Chairman John W. Warner (R-Va.) and Sen. Lindsey Graham (R-S.C.), said their bill differs from the administration plan in key areas — including the use of classified and coerced evidence — but also said that differences may not be insurmountable.

"The goal for me is to take the committee bill and the administration bill and find middle ground so we can get commissions authorized in a way that will withstand judicial scrutiny, get congressional buy-in, and be a form we can be proud of as a nation to render justice to terrorists," Graham said.

Details of the Senate-drafted bill are expected to be released in the next two days, Warner said.

Democrats adopted a wait-and-see posture Wednesday, indicating they were more likely to support the Warner-Graham bill than the administration's plan. Sen. Carl Levin of Michigan, the committee's top Democrat, said he had "serious concerns" about the Bush bill.

Many Democrats described the policy outlined by Bush as a retreat for the administration. "This is a major reversal from past Bush administration policy, which held that no new law was needed. It is essentially a mea culpa, cloaked in rhetoric," said Sen. Dianne Feinstein (D-Calif.).

In the House, where Republican members largely have supported the administration's approach to detainees, Rep. Duncan Hunter (R-El Cajon), chairman of the Armed Services Committee, planned to convene a hearing on the administration's proposal today. The administration's proposed system would incorporate many procedures used for U.S. military personnel in court-martial proceedings — but with several major distinctions. It would allow hearsay evidence and confessions obtained through coercive interrogations, assuming a judge found the information to be probative and credible.

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The rules would entitle the accused to public trials, access to lawyers and the right to be present during trial, raising the prospect of high-profile proceedings involving what the government has labeled some of the most ruthless terrorists in the world.

The White House called on Congress to enact the legislation as a first step toward bringing to justice the likes of alleged Sept. 11 planner Khalid Shaikh Mohammed and 13 other terror suspects who had been held by the CIA in undisclosed prisons overseas.

Bush said in a surprise announcement Wednesday that the detainees had exhausted their value to intelligence authorities and had been transferred to Guantanamo Bay. But administration officials acknowledged that the timing of any trials would depend on what rules lawmakers embrace.

Senators have been working on legislation related to detainees since the Supreme Court ruled that the administration's proposal for military commissions was illegal.

Based on senators' descriptions, the working draft of their bill differs from the Bush proposal in a few key ways. It does not permit convictions based on evidence that the accused could not see, for instance.

Graham said that any system used on foreign detainees must be the same as U.S. officials would want to see for American personnel captured overseas.

"Whatever we do … could come back to haunt us," Graham said.

The administration's proposed system would create more than two dozen offenses, from murder and pillaging to lesser crimes such as conspiracy. A military officer would preside over the commission, which would include at least five members. The rules would require a two-thirds majority to convict. Defendants could face the death penalty.

The plan was criticized Wednesday by civilian defense lawyers and other legal experts.

"Today's plan is a radical scheme, designed to resurrect a system of martial law that literally America has never seen," said Neal K. Katyal, a professor at Georgetown Law Center in Washington, who argued the Hamdan vs. Rumsfeld case before the Supreme Court that resulted in the ruling against the military tribunals.

"Do Americans want their sons or daughters tried under these kinds of circumstances?" Katyal said.

The Supreme Court said the system invalidated in its June ruling fell short of meeting U.S. law and international standards. The court also held that U.S. personnel could be prosecuted if they subjected prisoners to inhumane or degrading treatment in violation of the Geneva Convention. Bush's legislation seeks to limit the exposure of U.S. personnel to such prosecutions by foreign courts.

Bush Says Detainees Will Be Tried (WP)

By R. Jeffrey Smith And Michael Fletcher

The Washington Post, September 7, 2006

President Bush yesterday announced the transfer of the last 14 suspected terrorists held by the CIA at secret foreign prisons to the military detention facility at Guantanamo Bay, Cuba, and said he wants to try them before U.S. military panels under proposed new rules he simultaneously sent to Congress.

Bush's statement during an impassioned East Room speech represented the first time he has confirmed the existence of the CIA program under which Khalid Sheik Mohammed, the self-proclaimed mastermind of the Sept. 11, 2001, attacks, and others have been secretly held and subjected to irregular interrogation methods.

The president's dramatic speech committed Washington to putting senior al-Qaeda members -- including some believed to be the architects of the attacks -- on trial in proceedings that may be at least partly open. Only one person, Zacarias Moussaoui, has been convicted of conspiring in the attacks, and he had little to do with the actual plot.

Standing before an audience that included family members of attack victims, Bush delivered remarks timed to stake out a new policy position before the November elections -- and also to pressure lawmakers to approve quickly the administration's version of legislation on detainee matters that have been hotly debated for years.

Bush largely defended his administration's controversial detainee policies. But he spoke on the same day that the Defense Department, under pressure from Congress and the Supreme Court, separately ruled out the military's future use of interrogation

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methods that officials have said were practiced on the CIA's detainees -- including the use of temperature extremes and waterboarding, which simulates drowning.

Together with the emptying of the secret CIA sites, the imposition of the new interrogation rules amounted to a policy shift for the White House. The administration has come under substantial foreign and judicial criticism for insisting on the right to hold detainees at will and to subject them to interrogations that international experts have repeatedly called abusive and illegal.

But Bush also said he wants the CIA in the future to have the authority to question terrorists under a program separate from the military's that would not be subject to the interrogation rules the administration put forward yesterday. Several human rights groups criticized this proposed exemption, even as they hailed the new rules.

Retired Brig. Gen. Stephen N. Xenakis, an adviser to Physicians for Human Rights, said he is "proud to see the U.S. military adopt standards by which we would want our own soldiers to be treated, but it is profoundly disappointing that the President continues to insist on a parallel, clandestine interrogation system in absolute conflict with our laws and values."

Other aspects of the new administration policy provoked immediate controversy. The 86-page draft law on the new military courts, called "commissions," that Bush sent to Capitol Hill would allow defendants to be prosecuted with evidence they are not permitted to see, as well as evidence obtained through coercive interrogations that fall short of torture.

Human rights experts and uniformed military lawyers have criticized both provisions, arguing that they set a dangerous precedent for foreign trials of captured U.S. military personnel. Three influential Republican senators -- John W. Warner (Va.), John McCain (Ariz.), and Lindsey O. Graham (S.C.) -- have drafted competing legislation that gives defendants access to the evidence against them and provides other rights that Bush opposes.

But Bush's push yesterday produced political gains among other Republicans. Senate Majority Leader Bill Frist (R-Tenn.), who earlier said he was considering bringing the bill drafted by his colleagues to the floor next week, shifted ground yesterday and said he will instead soon bring the administration's version to the floor.

In his speech, Bush endorsed controversial legislation that would exempt U.S. officials and CIA officers from prosecution for some past detainee abuse. He called "unacceptable" provisions in a 10-year-old U.S. law on war crimes that subjects officials to possible prosecution for humiliating or degrading detainees.

In some cases, Bush said, "it has been necessary to move . . . individuals to an environment where they can be held secretly, questioned by experts and when appropriate, prosecuted for terrorist acts." He did not say where the secret prisons were located, but said they were "outside the United States."

The Washington Post has withheld the names of several Eastern Europe countries involved in the effort since it first reported last November that secret prisons were established in eight nations, a disclosure that was heavily criticized at the time by Republican lawmakers.

Bush confirmed that among those held at these sites were Abu Zubaida, an associate of Osama bin Laden who allegedly helped train the Sept. 11 hijackers; Mohammed, the accused mastermind of the attacks; and an alleged high-level accomplice, Ramzi Binalshibh.

Bush said the CIA had used an "alternative set of procedures" to question the men because they were trained to resist interrogations, and that these procedures -- which he did not detail -- had borne fruit.

About 100 detainees have been held at the secret prisons at various times, many of whom were transferred months ago to Guantanamo Bay or their native countries, a senior U.S. official said yesterday. Bush said none remains after the "current transfers."

Sources have said that besides waterboarding and temperature extremes, the techniques included the repeated use of sleep deprivation and restricted diets beyond what is authorized under military rules. They also have said that -- contrary to international agreements governing prisoners in wartime -- the CIA's detainees were not allowed contact with representatives of the International Committee of the Red Cross.

At Guantanamo Bay, officials said, the 14 suspects will be allowed regular visits from the Red Cross, provided lawyers when they are charged and receive the same medical care afforded the U.S. military personnel guarding them.

Bush said that "by giving us information about terrorist plans we could not get anywhere else, this program has saved lives."

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But an hour before Bush spoke, two senior military officers gave a different account of the efficacy of using such rough interrogation methods. Lt. Gen. John F. Kimmons, Army deputy chief of staff for intelligence, said in briefing reporters at the Pentagon on the military's new interrogation rules that "no good intelligence is going to come from abusive practices. I think the empirical evidence of the last five years, hard years, tell us that."

Deputy Assistant Secretary of Defense Charles "Cully" Stimson said interrogators "tell you that the intelligence they get from detainees is best derived through a period of rapport-building, long-term."

Administration officials did not acknowledge any political calculation in yesterday's surprising announcement, saying that it was prompted by the need to bring the terrorism suspects to justice and by the reality that they have lost value as sources because they have been detained for so long. They also said Supreme Court's June decision in Hamdan v. Rumsfeld, which put the detainees under the protections of the Geneva Conventions, forced their hand.

"There are two reasons why I'm making these limited disclosures today," Bush said. "First, we have largely completed our questioning of the men -- and to start the process for bringing them to trial, we must bring them into the open. Second, the Supreme Court's recent decision has impaired our ability to prosecute terrorists through military commissions, and has put in question the future of the CIA program."

A senior administration official said that Secretary of State Condoleezza Rice, recognizing pressure from European allies, was among those pushing for the administration to acknowledge the CIA program and to put it on sustainable legal footing.

"The program was extremely beneficial. But as time passed, the costs became more and more apparent," the official said on the condition of anonymity because of sensitivities about internal deliberations. "We concluded that the program needs to continue, but in a different way that was sustainable."

The year-long effort often pitted Rice and two of her closest aides -- legal adviser John B. Bellinger III and counselor Philip D. Zelikow, against Vice President Cheney and his chief of staff, David Addington, according to officials close to the process.

Bush, who was hearing complaints from foreign leaders, pressed for options that would allow him to make a decision. The CIA supported the effort because its officials have worried about being accused of making detainees permanently disappear.

Leading Democrats reacted cautiously to Bush's speech, saying that they have always been in favor of trying terrorism suspects. Senate Minority Leader Harry M. Reid (D-Nev.) called the decision to prosecute the alleged masterminds of the Sept. 11 attacks "long overdue" and said he backs an effort by Senate lawmakers to write the rules for the trials.

Secret World Of Detainees Grows More Public (WP)

By Dan Eggen And Dafna Linzer

The Washington Post, September 7, 2006

The secret interrogation of senior al-Qaeda aide Abu Zubaida provided U.S. authorities with the clues they needed to capture the alleged mastermind of the Sept. 11, 2001, attacks and other key terrorism suspects around the world, according to new accounts provided yesterday by President Bush and administration officials.

In announcing the transfer of Zubaida and 13 other "high value" terrorism suspects to the U.S. military prison at Guantanamo Bay, Cuba, Bush disclosed new details about some of the detainees subjected to what he called "tough" interrogation methods, which human rights advocates have condemned as torture. Bush defended an "alternative set of procedures" for interrogations that he said offered critical information about links between suspected terrorists and helped thwart eight plots aimed at killing Americans.

The group of suspects is an apparent who's who of al-Qaeda and its affiliates, including alleged Sept. 11 mastermind Khalid Sheik Mohammed and the Indonesian extremist leader known as Hambali, who is blamed for bombings in Bali and the Philippines. Officials said the group also includes those suspected in the bombing of the USS Cole in Yemen in 2000 and the bombings of U.S. embassies in Kenya and Tanzania in 1998.

"These are dangerous men with unparalleled knowledge about terrorist networks and their plans for new attacks," Bush said.

Bush asserted that information provided by some of the 14 detainees not only helped with the capture of others, but led to the unraveling of an al-Qaeda effort to manufacture anthrax spores; a plot to attack Marines at a base in Djibouti with an

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explosives-laden water tanker; a plan to attack the U.S. consulate in Karachi, Pakistan, with car and motorcycle bombs; and a plan to fly passenger jets into Heathrow Airport or Canary Wharf in London.

Bush called the interrogations by specially trained CIA officers "safe and lawful and necessary" and said the information gleaned from the detainees had allowed the CIA to "make sense" of seized documents and computer records, to identify voices on tape recordings of intercepted telephone calls, and to interpret what terrorist suspects had said to one another. He said the information was corroborated by other sources, but he did not give details about those sources.

"It's the rogue's gallery of al-Qaeda, the crown jewels of who we have," said Bruce Hoffman, a terrorism expert and Georgetown University professor. "But in attempting to resolve their status, the last thing you want is to give any impression that it's going to be a kangaroo court."

Intelligence officials said the suspects were transferred in secret over the past several days. But the prisons in which they were held, while now empty, are not closed, and officials said CIA staff members are continuing to maintain a presence at the facilities.

The public confirmation of the 14 men completes a list of all known detainees in U.S. custody, following the disclosure in May of others being held at Guantanamo Bay.

Overall, nearly 100 detainees had been held in the secret CIA prisons, officials said. Most were either transferred to jails in other countries, where they could be interrogated and held without trial, or set free, intelligence officials said.

In a series of "biographies" and other documents released by the director of national intelligence (DNI) yesterday, authorities provided startling new details about the CIA prison program, which had been wrapped in secrecy. At the same time, the information was carefully edited and included little if any information on how the detainees were arrested, how information was gathered and assessed, and where the prisoners were held or moved.

The 14 detainees can be roughly divided into two groups: those allegedly associated with al-Qaeda and the Sept. 11 attacks, and those suspected of having ties to Hambali and Jemaah Islamiyah, a Southeast Asian extremist group linked to al-Qaeda.

The alleged Sept. 11 conspirators in the group include Mohammed, Zubaida, lead operative Ramzi Binalshibh and financier Mustafa Ahmad Hawsawi. The list also includes Majid Khan, a Pakistani national who worked at a family gas station in Baltimore and allegedly was selected by Mohammed to blow up gas stations and participate in other plots in the United States.

The DNI documents portray the capture and intermittent interrogations of Zubaida as crucial to unraveling much of what the government knows about the Sept. 11 attacks and the internal operations of al-Qaeda. But some of the portrayal appears to be at odds with other published reports, and intelligence sources indicated yesterday that Zubaida's case is more complicated than the administration let on.

Zubaida "was wounded in the capture operation" in Pakistan in March 2002, and "likely would have died" if the CIA had not provided medical attention, according to the documents. During an initial interrogation, he provided information "that he probably viewed as nominal," but which included identifying Mohammed as the Sept. 11 mastermind who used the nickname "Mukhtar," the documents say. The information "opened up new leads" that eventually resulted in Mohammed's capture, the documents say.

But in his recent book, "The One Percent Doctrine," Ron Suskind reported that a tipster led the CIA directly to Mohammed and subsequently collected a $25 million reward. Intelligence sources said yesterday that Suskind's description is correct but that Zubaida's information was also helpful.

What the DNI documents also do not mention is that the CIA had identified Mohammed's nickname in August 2001, according to the Sept. 11 commission report. The commission found that the agency failed to connect the information with previous intelligence identifying Mukhtar as an al-Qaeda associate plotting terrorist attacks, and identified that failure as one of the crucial missed opportunities before Sept. 11.

When Zubaida refused to provide further information, the CIA designed a new interrogation program that would be "safe, effective and legal," the DNI documents say, leading to "accurate and highly actionable intelligence" that led to the capture of Binalshibh.

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The DNI document outlines Mohammed's alleged role in launching a series of other plots before his capture in Rawalapindi, Pakistan, in March 2003. One involved having South Asian terrorists associated with Jemaah Islamiyah hijack an airliner over the Pacific and crash it into a West Coast skyscraper. Another was to use Pakistanis in early 2003 to smuggle explosives into New York City and hit gas stations, railroad tracks and a bridge.

Mark Lowenthal, who was a senior adviser to then-CIA Director George J. Tenet when the detention program began, said there was little thought about what would happen to the group being held in the secret prisons.

"The main concern was that these people needed to be off the street, and I don't think people thought beyond that initially," he said. "What do you do afterward and how long do you hold them for? We don't try prisoners of war. We try war criminals, and we do that at the end of a war. This one doesn't look like it's ending so fast."

Other CIA veterans who would discuss the matter only on the condition of anonymity said they thought trials were inevitable. "The question was when," said one former official. "How long are they valuable for? One year, two or three or more? It's hard to say."

Gonzales Emerges As President's Point Man (HC)

By Patty Reinert

Houston Chronicle, September 7, 2006

As attorney general, he must defend Bush and the Constitution

WASHINGTON — When Alberto Gonzales was White House counsel, he was a behind-the-scenes player who chatted often with his only client, George W. Bush.

Now that Gonzales is the U.S. attorney general, the Houstonian finds himself standing in the spotlight for the president on his controversial policies in the war on terror.

Whether the issue is defending Bush's military tribunals, which the Supreme Court says violate U.S. law and international treaties, or the president's authorization of warrantless eavesdropping on Americans' telephone and e-mail conversations, Gonzales has emerged as the administration's point man. That role has put him in the cross-hairs of Democrats and his fellow Republicans alike.

"I think what's important for Congress to understand is that we need to have procedures (for) fair proceedings but ones that (also) reflect the reality that we are still at war," Gonzales said in an interview this week with the Houston Chronicle. "They need to allow us to bring terrorists to justice in a way that we don't have to compromise sensitive information or classified information."

Gonzales spent hours talking with reporters about Bush's latest proposal for trying foreign terror suspects held at Guantanamo Bay. On Wednesday, he emerged from a Cabinet meeting at the White House and stood next to the president as Bush urged Congress to get on board.

Congress has own planBut across town on Capitol Hill, Republican lawmakers were already circulating their own plan for overhauling the tribunal system, revealing several major sticking points with the White House and Gonzales' Justice Department.

Gonzales insists that terror suspects should be prohibited from seeing some of the evidence against them, and that hearsay testimony and evidence gathered through coercive interrogations should be admissible at trial. Key lawmakers disagree and say that the administration's approach would never pass Supreme Court muster.

Despite negotiations during Congress' August recess, not much appears to have changed since Gonzales' appearance before the Senate Armed Services Committee in August, which featured a dramatic showdown between the attorney general and Sen. John McCain, R-Ariz., a Vietnam-era prisoner of war and torture survivor.

McCain asked: Should military courts trying terror suspects be allowed to consider evidence gleaned during illegal, inhumane interrogations?

The pause was long; the silence uncomfortable. Gonzales sighed deeply before answering.

Such evidence — though it was obtained by violating the 1949 Geneva Conventions — should be allowed, he said, so long as a U.S. military judge deemed it reliable.

McCain gritted his teeth and snarled: "Well, I think that if you practice illegal, inhumane treatment and allow that to be admissible in court, that would be a radical departure from any practice that this nation ... "

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Gonzales said in the interview that he views McCain as a hero. "He's sacrificed a lot for our country," Gonzales said, "and I think his views as we develop this policy are ones that should be seriously considered."

Gonzales said disagreements are inevitable as the administration and lawmakers hash out such complicated issues.

The attorney general also has drawn the wrath of Senate Judiciary Chairman Arlen Specter, R-Pa., and Sen. Patrick Leahy of Vermont, the top Democrat on that committee, who took turns dressing down the attorney general at one hearing. They complained that Gonzales had repeatedly refused to testify before the committee overseeing his work, instead sending a parade of Justice Department underlings to Capitol Hill who were authorized to tell lawmakers virtually nothing.

Once Gonzales finally decided to grace the committee with his presence, Specter said, he flouted the panel's rules by turning in his opening statement too late for anyone to review it before the hearing. After berating Gonzales for several minutes and threatening to deep-six his opening remarks, Specter relented.

After calmly reading his prepared statement, Gonzales spent the hearing, as usual, smiling and politely responding to the senators' questions while closely guarding the information they were seeking.

Gonzales said lawmakers may get frustrated, but he is barred from giving more complete answers to some questions because the information is classified.

Pummeling in the pressGonzales also is taking a beating in the national press. The New York Times editorial page has accused him of going to the Hill to "stonewall, obfuscate and spin fairy tales." Ruth Marcus, a liberal columnist for the Washington Post, recently delivered what, coming from her, was intended as the ultimate insult: "Alberto Gonzales is achieving something remarkable, even miraculous, as attorney general," she wrote. "He is making John Ashcroft look good."

"My wife reads a lot of it," Gonzales said. "I don't."

"It's a tough job, and you're going to make some tough decisions that are going to please some people, not please other people. You've got to do what you think is the right thing to do."

Gonzales said his role in developing the administration's terrorism policies is essentially to provide legal advice.

"I also, as a member of the president's Cabinet, do have a role in providing my own views about what is appropriate policy," he said. "At the end of the day, however, the president decides what is the policy of the administration."

'Being brutally frank'Still, Gonzales said he views his close relationship with Bush as a positive thing that allows him to speak his mind.

"When you communicate, you end up, honestly, sometimes being brutally frank," he said. "Lawyers appreciate being able to do that with their client, no matter if they are attorney general or a first-year associate at some firm."

But in his previous job as White House counsel and now, as attorney general, Gonzales said, "my No. 1 allegiance is to the Constitution."

"I think people need to understand that as attorney general, I wear two hats. I wear the hat as a member of the president's team. My job is to further his agenda, to further his policy objectives," he said. "But I'm also the chief law enforcement officer of the country and I understand very clearly where those lines diverge. And I take my obligations as the nation's chief law enforcement officer, very, very seriously."

As for Bush, Gonzales said, "He's very, very respectful about my role as attorney general."

Officials Relieved Secret Is Shared (WP)

By Dana Priest

The Washington Post, September 7, 2006

Employees at CIA headquarters stood transfixed at television sets yesterday in a moment one senior official called "electric" as President Bush told the nation about the agency's covert prison system -- a program once considered so secret that even Bush did not know the details.

"I know it's going to make a lot of people sleep well at night," one counterterrorism officer said of the disclosure. The feeling of relief by the very people carrying out the program was a striking indication of how deeply attitudes have changed within the government about the administration's unorthodox counterterrorism tactics and the need to shroud them in secrecy.

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"Finally the burden of this program will not rest only on the shoulders of the CIA," said James Pavitt, who headed CIA covert operations when the program was put in place, with White House approval, after Sept. 11, 2001. "This was a tough world and we were asked to do some tough things," he said, adding that such efforts were always within the law.

Although it was a recent Supreme Court ruling that forced the program into legal limbo and probably pushed the president into going public, the administration had begun debating whether to suspend the CIA's so-called black sites at least a year ago. European allies as well as senior officials at the State and Justice departments and the CIA, along with a handful of lawmakers, lobbied to abandon the program for something more transparent and with more legal protections of detainees.

In the past year, the CIA has studied more closely the effectiveness of harsh interrogation techniques that it and other agencies have used and concluded that some of those were worth discarding. CIA officials have eliminated some of those techniques and, within the past two months, have begun to consult for the first time with the full Senate and House intelligence committees about creating a new list of techniques.

But the rules for a new CIA prison system are still unsettled.

"Although there is no one in CIA custody today, it's our intent that the CIA detention program continue," said a senior intelligence official. "It's simply been too valuable in the war on terrorism to not allow it to move forward."

The idea, said several administration officials, is to get Congress's political buy-in to a program that is fraught with some of the most difficult questions facing the government: how a country steeped in the rule of law should treat suspected terrorists it believes have valuable information.

When it set up the program, the CIA -- at the urging of Vice President Cheney and a White House general counsel's office with an unconventional view of what constituted torture -- asserted that it needed to hide prisoners in secret locations around the world and to harshly interrogate them to extract time-sensitive information about possible terrorists attacks.

Government professionals worried about the program's effectiveness and legality. As controversy spread within Congress and around the world through media reports, some argued that the program was becoming counterproductive.

Some CIA employees refused to sit in meetings where the prisons or interrogation methods were being discussed. Others consulted lawyers.

"This program has been the subject of so much controversy and suspicion and resentment against the U.S. that on balance, it is probably desirable" to disclose and discontinue it "and get it behind us," said Paul Pillar, a former CIA officer and now a Georgetown University professor.

Administration officials said yesterday that the need for secret CIA prisons continues, but that they will seek legislation immunizing CIA employees from prosecution for anything they may have been asked to do that might now be considered illegal. At the same time, the administration will ask the intelligence committees to give it guidance to draw up a separate, shorter list of harsh techniques it might still employee under certain circumstances.

The point, said one senior official, "is to make the program more durable" and not "subject to the pendulum swings" of Congress or the president. Several officials interviewed requested anonymity because they were not authorized to speak about the program. Others were permitted by the administration to talk to reporters but not to disclose their identities.

Part of the largest CIA covert action program since the height of the Cold War, the prison system grew to include eight countries, including several in Eastern European democracies, according to current and former intelligence officials. A senior intelligence official said yesterday that the system held nearly 100 people over the life of the program, but no more than a couple of dozen at any one time.

The prisons were made legal under U.S. law with a presidential finding allowing the agency to set them up. But they were illegal in the democratic countries in which they operated. Only a small handful of foreign intelligence officials -- and usually one or two top political leaders -- ever knew of their existence. Only CIA personnel were allowed on the sites, one of which was located on a Soviet-era compound in Eastern Europe. Others were once located in Thailand and Afghanistan.

A written defense of the program issued by the administration yesterday said it would be "practically impossible" to act quickly on "information from one detainee in the questioning of another" if they were all in the custody of different foreign governments. But the statement did not explain why that couldn't also have been accomplished if the detainees had been held together at Guantanamo Bay.

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Prisoners were subjected to harsh interrogation techniques including feigned drowning, extreme isolation, slapping, sleep deprivation, reduced food intake, and light and sound bombardment -- sometimes in combination with each other. Human rights groups and many international legal experts have said these techniques amount to torture. The administration insists, as Bush did again yesterday, that it has never authorized or used torture.

Secret prisons became a particularly sensitive issue in Europe after The Washington Post reported on their existence in Eastern Europe in November. The European Parliament and Council of Europe both have ongoing investigations, and virtually all governments there have been forced to address the matter. Some have made thorough attempts to make sure their intelligence services never engaged in such cooperation; others have not.

European cooperation on counterterrorism is among the most productive relationships the CIA has and has resulted in the detainment of many top terrorists. European officials, too, though, have expressed deep concern that a system dependent upon such secrecy was not sustainable.

"We obviously welcome the news that they'll be closed," said one British official. "We welcome any news that ensures detainees are treated under the Geneva Conventions."

CIA Director Michael V. Hayden, who favored the administration's stance and pushed for a revision of existing policy, alerted employees about Bush's White House statement moments before it aired. Hayden advised that they watch and assured them he was working to protect the employees who handled terrorists.

"The mood? It's good," offered one intelligence officer.

Detainee Decision Greeted Skeptically (WP)

By Kevin Sullivan

The Washington Post, September 7, 2006

LONDON, Sept. 6 -- President Bush's decision to transfer 14 suspected terrorists to a U.S. military prison at Guantanamo Bay, Cuba, from secret CIA detention centers was greeted Wednesday with skepticism among human rights advocates and some lawmakers in Europe.

"By his admission that the CIA has indeed practiced illegal kidnapping and detention, Bush exposes not only his own previous lies," said Sarah Ludford, a British member of the European Parliament and vice chairman of a parliamentary inquiry into the CIA's clandestine prison program in Europe. "He also exposes to ridicule those arrogant government leaders in Europe who dismissed as unfounded our fears about 'extraordinary rendition,' " the international transfer of suspects without judicial recourse.

Disclosure by The Washington Post last year that the CIA operated secret prisons in East European countries generated widespread outrage here. No European leader has acknowledged hosting any of the facilities. The Post withheld the names of European countries where the prisons were located at the request of U.S. officials.

A European investigator concluded in June that there were "serious indications" that Poland and Romania had hosted prisons. Officials in those countries strongly denied the assertion.

The investigator, from Europe's human rights watchdog agency, the Council of Europe, also concluded that at least seven other European nations -- Sweden, Italy, Britain, Turkey, Germany, Bosnia and Macedonia --"could be held responsible for violations of the rights of specific individuals" who were handed over to the CIA or captured by U.S. operatives in those countries. None has acknowledged such activities.

In an interview, Ludford said her commission concluded in an interim report in July that it was "highly implausible" that European leaders didn't know about or permit CIA secret jails and activity in their countries. She said there had been, at U.S. request, a "pact of silence" among European leaders to deny the existence of the program.

"Bush has now left the Europeans high and dry," Ludford said. British Prime Minister Tony Blair, she said, "can be as loyal as he likes to George Bush, but George Bush, when it suits him, will turn around and pull the rug out from under his feet."

Liz Lynne, another European Parliament member, on Wednesday called for an official European Union protest of Bush's proposal to try suspected terrorists before what she called illegal military tribunals at Guantanamo, Britain's Press Association reported.

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"George Bush is steamrollering his way over even his own judicial system. It is essential that the E.U. steps up its efforts to put an end to this terrible abuse of human rights," Lynne said, the news service reported.

European officials and rights activists have also said European governments have allowed the CIA to use their airspace and airports to carry suspects to and from the secret jails. A European Parliament investigation in April concluded that the CIA had operated more than 1,000 flights through European airspace since 2001, but it was unclear how many flights carried terrorism suspects. Amnesty International has also accused the British government of allowing several such flights, despite a denial last year from then-Foreign Secretary Jack Straw.

"After years of allegations come shocking admissions of guilt by the U.S. president as to the existence of secret prisons outside the rule of law," Shami Chakrabarti, director of the Britain-based human rights group Liberty, said in a statement Wednesday. "How long until he confesses to secret torture flights and what then will our prime minister say about British complicity?"

In Washington, Larry Cox, executive director of Amnesty International USA, praised Bush's decision to bring the suspects out of secret prisons as "an important step."

"At the same time, we are appalled that the Bush administration will further undermine its moral leadership by brazenly continuing to hold prisoners in secret sites in violation of international law," he said in a statement, referring to Bush's decision not to permanently shutter the CIA prison program.

Cox, in a telephone interview, said it was "almost impossible to overstate" the damage the secret prison program has done to the United States' "reputation and moral authority" around the world.

"This will not by itself restore our reputation as a country that respects international law," he said, adding that several people held in the secret prisons have later been proved not guilty.

Ludford, the European Parliament member, said she wanted terrorists put in prison but said authorities had "screwed up the possibility of a proper criminal trial."

Terror Suspects Still At Large (LAT)

By Josh Meyer

The Los Angeles Times, September 7, 2006

WASHINGTON — Al Qaeda detainees have helped the CIA identify at least 86 individuals that the terror organization "deemed suitable" for attacks in the United States or Europe, but more than half of them remain at large, according to documents released Wednesday by the Bush administration.

That was just one of many disclosures contained in a raft of formerly classified documents released by the White House to accompany President Bush's announcement that he was transferring 14 high-value Al Qaeda detainees from CIA custody to the prison facility in Guantanamo Bay, Cuba, to face trial.

Taken together, Bush's speech, documents released by the director of national intelligence and briefings by administration officials provided a sweeping overview of a CIA program that had been one of the government's most carefully guarded secrets. They also provided some unsettling details about Al Qaeda's sophisticated operation and its plots against the United States and its allies overseas.

In his speech, Bush described a cascading effect in which the capture of key prisoners led to the identification and capture of other terrorism suspects.

In particular, he said senior Al Qaeda operative Abu Zubeida identified one of the key accomplices in the Sept. 11 attacks, Ramzi Binalshibh, and provided information that led to his capture.

In turn, information from 9/11 mastermind Khalid Shaikh Mohammed led to other terrorist suspects, including affiliates of the Jemaah Islamiah organization in Southeast Asia. And some of them ultimately named Hambali, the head of Jemaah Islamiah who also acted as Al Qaeda's top coordinator in that region.

When confronted with the news that 17 of his operatives had been captured, Hambali acknowledged that the men were being groomed at Mohammed's request for more attacks inside the United States, probably using airplanes.

During questioning, Mohammed also provided many details of other plots to kill Americans.

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For example, he described the design of planned attacks on buildings inside the United States, and how operatives were directed to carry them out.

"He told us the operatives had been instructed to ensure that the explosives went off at a point that was high enough to prevent the people trapped above from escaping out the windows," Bush said.

Terrorist suspects held in CIA custody have provided information that helped stop a planned strike on U.S. Marines at Camp Lemonier in Djibouti, on the Horn of Africa. The operatives, Bush said, were going to use an explosive-laden water tanker.

Most of the details of these plots did not make it into the president's 37-minute speech at the White House, but they were eye-opening just the same.

The detainees also provided details about Al Qaeda's specially trained travel facilitators and forgers, whose role was to crank out falsified documents to aid operatives on their terrorist missions around the world.

Some of them spent most of their time — and a lot of Al Qaeda's money — trying to help get operatives into the United States for attacks under the direct supervision of Mohammed.

One of them was a relative of Mohammed known as Ammar al-Baluchi, who has been accused of delivering funds to the Sept. 11 hijackers. What hadn't been disclosed was that Al-Baluchi went so far as to marry an Al Qaeda operative named Aafia Siddiqui and send her to the United States to help one of Al Qaeda's soldiers slip into the country.

Siddiqui, a U.S.-educated neuroscientist, remains on the loose and is one of the FBI's most wanted suspected terrorists. But her connections to Al Qaeda, and especially to Mohammed and the terror network's inner circle, had never been disclosed.

The administration also released details about the man that Siddiqui allegedly helped infiltrate the United States in preparation for attack, Majid Khan. Khan had links to top Al Qaeda operatives, including Mohammed, who assigned him to conduct research on poisoning U.S. water reservoirs. The Pakistani national, also known as Yusif, attended high school in Baltimore in the late 1990s.

Additional information about the 14 CIA detainees was released Wednesday, including:

• Abu Faraj Libbi, a Libyan, was the former No. 3 leader of Al Qaeda and the most wanted man in Pakistan. He allegedly masterminded two attempts to assassinate Pakistani President Pervez Musharraf. But as Al Qaeda's "general manager" he also was heavily involved in financially supporting not only Al Qaeda operatives but their families as well.

• Abu Zubeida, a Palestinian raised in Saudi Arabia, was believed to be a link between Osama bin Laden and many Al Qaeda cells around the world. But he also was believed to be organizing an attack on Israel at the time of his capture in 2002, using at least $50,000 from donors in Saudi Arabia. And in November 2001, Zubeida helped smuggle Abu Musab Zarqawi, the now-deceased leader of Al Qaeda in Iraq, and some 70 other Arab fighters out of Afghanistan and into Iran.

• Walid bin Attash, better known as Khallad, was an alleged Al Qaeda operative accused of serving as a bodyguard for Osama bin Laden and as a mastermind of the U.S. destroyer Cole bombing. But he also played an important role after Sept. 11, helping prepare Al Qaeda's defenses around Tora Bora. After that, he fled to Pakistan and served as a communications link between Al Qaeda's senior leadership and its network in Saudi Arabia. He also assisted in the movement of operatives between South and Southeast Asia and the Arabian Peninsula.

• Abd al Rahim al Nashiri was known as a suspected mastermind of the Cole bombing. But he was also said to be getting funding together for other Al Qaeda attacks. Among them: a plot to crash a small plane into the bridge of a Western navy vessel in Port Rashid, United Arab Emirates; a car bomb attack against a Saudi military installation aimed at killing U.S. personnel; attacks on oil tankers in the Strait of Gibraltar and Western warships passing through the Port of Dubai; and other attacks on land-based targets in Morocco and Qatar.

• Gouled Hassan Dourad allegedly headed a Mogadishu-based network for Al Qaeda fighters in Somalia. He allegedly cased a U.S. military base in Djibouti for possible attack and helped create a haven for Al Qaeda in Somalia, including locating safehouses and procuring weapons. He also was privy to many previously undisclosed Al Qaeda plots in Africa, including shooting down an Ethiopian jetliner landing at a Somalia airport in 2003 and kidnapping Western workers as a way of raising money.

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• Mohd Farik Bin Amin, a Malaysian best known as Zubair, was one of two Jemaah Islamiah members chosen to be suicide operatives in an Al Qaeda attack on a Los Angeles skyscraper. The other was a Malaysian known as Mohammed Nazir bin Lep. The thwarted attack has been reported, but no names had been attached to it.

*

(INFOBOX BELOW)

Facing trial

Among the high-value terrorism suspects transferred from CIA custody to Guantanamo Bay naval base in Cuba are these 11 men:

Ali Abdul Aziz Ali

Age 29, born in Baluchistan and raised in Kuwait. Pakistan-based, Al Qaeda-affiliated nephew of presumed Sept. 11 mastermind Khalid Shaikh Mohammed, for whom he allegedly served as a key lieutenant in the plot. Cousin of Ramzi Ahmed Yousef, his chief mentor, who is in prison for his role in the 1993 World Trade Center bombing.

Ahmed Khalfan Ghailani

Born about 1974 in Tanzania.

Al Qaeda document forger and travel facilitator. Indicted for his alleged role in the 1998 U.S. Embassy bombings in East Africa. After moving to Afghanistan, became a cook for Osama bin Laden before moving to a forgery office in Kandahar.

Mustafa Ahmed al-Hawsawi

The Saudi is believed to be one of two key financial facilitators entrusted by Khalid Shaikh Mohammed to manage funding for the hijackings. Reports suggest direct ties to several of the hijackers and to other operatives. Worked in the Al Qaeda media center in Afghanistan from 2000 until he left for the United Arab Emirates in 2001. Hid in Pakistan until his capture in 2003.

Lillie

Malaysian-born key lieutenant for Hambali, the jailed operative from Jemaah Islamiah, an Al Qaeda-linked group in Southeast Asia. Allegedly facilitated the transfer of Al Qaeda funds used for the JW Marriott hotel bombing in Jakarta, Indonesia, in 2003. Was said to be particularly interested in the ideas of martyrdom and slated to be a suicide operative for an

Al Qaeda "second wave" attack targeting Los Angeles.

Majid Khan

Before his 2003 capture, the Pakistani national was an Al Qaeda operative with U.S. connections. Moved with his family to Baltimore in 1996, becoming involved in local Islamic organizations before returning to Pakistan in 2002. His uncle and cousin, both suspected Al Qaeda operatives, introduced him to Khalid Shaikh Mohammed, who was impressed with Khan's English skills and knowledge of the United States and selected him as an operative for a possible attack in the U.S. Khan allegedly researched poisoning U.S. reservoirs and was considered for an operation to kill Pakistani President Pervez Musharraf.

Abd al Rahim al Nashiri

Born in 1965, Saudi national of Yemeni descent. Was Al Qaeda's operations chief in the Arabian Peninsula until his capture in 2002. Led cells in Qatar, Saudi Arabia, the United Arab Emirates and Yemen. Convicted by a Yemeni court of being the mastermind and local manager of the 2000 bombing of the U.S. destroyer Cole off Yemen.

Abu Faraj Libbi

Libyan paramilitary commander took on more direct operational responsibilities after the arrest in 2003 of Khalid Shaikh Mohammed. Was the organization's general manager, subordinate only to Bin Laden and Ayman Zawahiri, beginning in mid-2003. Was a conduit for communications between Al Qaeda managers and Bin Laden from August 2003 until his capture in 2005.

Abu Zubeida

Palestinian raised in Saudi Arabia. Was a leading extremist facilitator who operated in the Afghanistan-Pakistan region from the mid-1990s. Recruited by Bin Laden to be one of Al Qaeda's senior travel facilitators. Three of the Sept. 11 hijackers received basic training at Al Qaeda's Khaldan camp in Afghanistan, which Abu Zubeida oversaw. Established a document forgery network in Pakistan that supported Al Qaeda and other extremist groups.

Zubair

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Malaysian member of Jemaah Islamiah served directly under Hambali, suspected of assisting in planning attacks until his capture in 2003. Was allegedly tapped in November 2001 to be a suicide operative for an Al Qaeda attack targeting Los Angeles. Said to have played a role in transferring funds used to finance terrorist attacks in Southeast Asia from Khalid Shaikh Mohammed to Hambali.

Walid bin Attash

Yemeni born and raised in Saudi Arabia. Was a key Al Qaeda operative from 1998 until his capture in 2003. The 27-year-old is the scion of a reputedly prominent terrorist family: His father was close to Bin Laden, and several brothers who went to Afghanistan to train and fight in the 1990s. After training at a number of camps in the mid-1990s, he alternated between serving as a bodyguard for Bin Laden and participating in combat against the Northern Alliance in Afghanistan. Was reportedly chosen by Bin Laden to become a hijacker in the Sept. 11 attack, but was arrested in Yemen in April 2001 while trying to obtain a U.S. visa. After his brief imprisonment, helped Bin Laden select additional hijackers and supervised training at a terrorist camp in Afghanistan.

Gouled Hassan Dourad

Born in Somalia in 1974. Was head of a Mogadishu-based facilitation network that allegedly supported Al Qaeda members in Somalia. His responsibilities are said to have included locating safe houses, helping transfer funds and procuring weapons, explosives and other supplies. Was allegedly privy to several terrorist plots under consideration by his Somalia cell, including shooting down an Ethiopian jetliner landing in Somalia in 2003.

Source: The White House

A Sudden Sense Of Urgency (NYT)

The New York Times, September 7, 2006

Two months before a Congressional election in which voters are expressing serious doubts about the Republicans' handling of national security, President Bush finally has some real terrorists in Guantánamo Bay.

Mr. Bush admitted yesterday that the Central Intelligence Agency has been secretly holding prisoners and said he was transferring 14 to Guantánamo Bay, including some believed to have been behind the 9/11 attacks. He said he was informing the Red Cross about the prisoners, placing them under the Geneva Conventions, and asking that Congress — right now — create military tribunals to try them.

Those are just the right steps. If Guantánamo Bay has any purpose, it is for men like Khalid Shaikh Mohammed and Ramzi bin al-Shibh, considered key players in 9/11. They should go on trial. If convicted, they should be locked up for life.

But Mr. Bush's urgency was phony, driven by the Supreme Court's ruling, not principle. This should all have happened long ago. If the White House had not wanted to place terror suspects beyond the reach of the law, all 14 of these men could have been tried by now, and America's reputation would have been spared some grievous damage. And there would be no need for Congress to rush through legislation if the White House had not stymied all of its attempts to do just that before.

The nation needs laws governing Guantánamo Bay, not just for the 14 new prisoners, but also for many others who have been there for years without due process, and who may have done no wrong.

Last month, for example, The Washington Post wrote about some of the first arrivals at Guantánamo Bay in 2002: six men, born in Algeria but living in Bosnia, accused of plotting to attack the United States Embassy in Sarajevo. Two years after their capture, Bosnian officials exonerated them. Last year, the Bosnian prime minister asked Washington to release them. But The Post said the administration has decided the men will never be returned to Bosnia, only to Algeria, and then only if they are confined or kept under close watch. Even the Algerian government won't go along with that.

Mr. Bush could have prevented this sort of miscarriage of justice if he had not insisted on creating his own system of military tribunals, which the Supreme Court ruled illegal. Even now, the legislation he is proposing to handle Guantánamo prisoners would undermine key principles of justice. It would permit the use of evidence obtained through coercion, along with hearsay evidence, and evidence that is kept secret from the accused. The military's top lawyers have all publicly opposed these provisions.

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Mr. Bush also wants to rewrite American law to create a glaring exception to the Geneva Conventions, to give ex post facto approval to abusive interrogation methods, and to bar legal challenges to the new system.

Some of the most influential Republican voices on military affairs, Senators John Warner, John McCain and Lindsey Graham, are sponsoring a more sensible bill that would bar the use of coerced testimony and secret evidence. Members of this Congress have a nasty habit of caving in to the White House on national security, and there's a looming election, but it is vital that they stick to their principles this time.

Ending The Lawlessness (WP)

The Washington Post, September 7, 2006

PRESIDENT BUSH took major steps yesterday toward cleaning up the mess his administration has made of the detention, interrogation and prosecution of those captured in the war on terrorism. In a White House speech, the president announced that all 14 high-value detainees being held in secret CIA facilities abroad had been transferred to military custody at Guantanamo Bay for trial and registered with the International Red Cross. The Pentagon simultaneously released a new directive on detentions and a manual on interrogations that conforms with the Geneva Conventions and that explicitly bans techniques once authorized by Defense Secretary Donald H. Rumsfeld, such as hooding and the use of dogs. More broadly, Mr. Bush asked Congress to approve a legal framework for the trial of terrorist suspects, which would make the nation's response to the threat posed by al-Qaeda the product of democracy rather than secret executive decisions.

Yet as Mr. Bush took these constructive steps, he also undermined them. He delivered a full-throated defense of the CIA's "alternative set of procedures" that the world properly regards as torture. With an election pending and families of Sept. 11 victims as his audience, he demanded legislative action on issues of enormous complexity in the few remaining days of the congressional session. And the bill he sent to Congress would authorize the administration to resume some of the worst excesses of the past five years.

Congress should welcome the invitation to legislate but resist any preelection stampede. It should seriously engage itself with the issues of security, human rights and fundamental American values raised by the president's proposals -- and make sure that torture, illegal detentions and unfair trials will not be the result.

The immediate steps Mr. Bush took constitute a breakthrough, however belated. By emptying the CIA prisons and revising the Army manual on interrogations, the administration has ensured that, at least for now, all detainees are being held openly in facilities with decent rules and full access by the Red Cross. The rules for their trials will be set by Congress, as mandated by the Supreme Court in June.

But the detention and interrogation regime that Mr. Bush wants Congress to sanction is almost as bad as the one the Supreme Court forced him to set aside in the Hamdan case. Mr. Bush has no regrets about the interrogation tactics used on high-value detainees, which he did not name but which others have said included simulated drowning. He described the techniques as "tough" but "safe and lawful and necessary." But they were not "lawful" -- at least not as the Supreme Court has articulated the law. On the same day that U.S. generals were describing abusive techniques as ineffective and counterproductive, Mr. Bush insisted that the CIA's program of secret detentions and coercive interrogations needs to continue.

Indeed, the bill he sent to Congress would largely authorize the system the administration created on its own after Sept. 11, 2001. It would allow military commission trials modeled principally on the ad hoc ones the military set up unilaterally. It would define compliance with Common Article 3 of the Geneva Conventions -- which prohibits certain cruel and humiliating treatment of detainees -- so as to allow categories of conduct the article clearly forbids. It would limit war crimes prosecutions for violations of Common Article 3 to certain specified serious violations. And it would eliminate most judicial review of detention policies. The administration seems to want a system in which the military keeps its hands clean while the CIA does the dirty work of violating international law and humanitarian norms.

And the president wants this system created in a matter of a few short days. "Time is of the essence," he said. "Congress is in session just for a few more weeks, and passing this legislation ought to be the top priority." Yes, bringing the system of terrorist detentions under law is a priority. But a grossly abbreviated legislative process in the midst of an election season in which one party is trying to label the other as soft on terrorism is not a propitious moment for sober action. Better to do this right than fast.

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Bush Puts 9/11 Suspects In Gitmo, Congress On The Spot (USAT)

USA Today, September 7, 2006

Just a few days shy of the fifth anniversary of 9/11, President Bush invoked the shock of that day, and the fears it unleashed, to drop some eye-opening news Wednesday: 14 of the world's most vile suspected terrorists have been transferred from secret CIA prisons abroad to Guatanamo Bay, Cuba.

In a midday White House speech, the president acknowledged for the first time the existence of the CIA prisons, where the 14 suspects, including the alleged mastermind of the 9/11 plot, had been held. He said that under tough questioning, the suspects had given up information that helped stop several, mostly familiar, plots — from a plan to fly jetliners into London's Heathrow Airport to one to blow up the U.S. consulate in Karachi, Pakistan. And he said the suspects were being transferred so they could be tried under the administration's proposed military tribunal system, to be created by legislation he sent to Congress Wednesday and hoped lawmakers would approve this month.

The speech was largely in part political theater, the opening act of the Republicans' fall strategy of flexing their anti-terrorism muscles. It cast doubt on any and all who question Bush's strategy, including the Supreme Court. Even so, there was much in Bush's remarks on which all sides could agree: There should be clear guidelines for the treatment and questioning of detainees. If U.S. interrogators abide by those guidelines, they shouldn't have to worry about being sued by terror suspects or prosecuted. And, most certainly, it is time to try suspected terrorists who plotted against the nation and bring them to justice.

The hard part, as it has been always been, is finding a way to balance the need to protect the nation against terrorists without compromising its values. How can information be extracted from terror suspects without endangering American troops who become prisoners? How can terror suspects be put on trial fairly without giving them access to classified information that might reveal confidential informants?

These are difficult questions over which well-intentioned people disagree. Sadly, many of the Bush administration's policies on the treatment of prisoners, and its proposals to prosecute them, have hurt America's image abroad and been of dubious legality — a fact now cemented in law.

In June, the Supreme Court struck down the administration's controversial system of military commissions, asserting that they violated U.S. military law and the Geneva Conventions for dealing with prisoners of war. The problem, the court found, was not just the tribunals but Bush's insistence that he could go it alone, without the checks and balances the Constitution prescribes. If Bush wants to keep the commissions, the justices said, he'll have to fix those problems and persuade Congress to go along.

Of course, bringing the most notorious al-Qaeda prisoners to Guantanamo is designed to pressure Congress into approving the administration's hard-line approach. But, at the same time, the administration is at least grudgingly expressing a new willingness to work with Congress to devise a new system.

Most of the tough issues revolve around the sorts of evidence that would be allowed at trials — such as hearsay, coerced testimony and classified materials — and whether suspects would be able to see all the evidence against them.

Several key Republican senators, including John McCain, who was a Vietnam War prisoner, and Lindsey Graham, an Air Force reserve judge and former military lawyer, have drafted a measure that would give terror suspects the right to see classified evidence. The Bush proposal would instead allow a defense lawyer to view this material. Working models exist in federal and military courts to deal with this problem; surely, Bush and Congress should be able to work out an acceptable compromise on this and other critical issues.

Five years after 9/11, it's time for national unity on how to question and try suspects in a war on terror that may go on indefinitely. "The families of those murdered that day have waited patiently for justice," Bush said Wednesday. "They should have to wait no longer."

He's right.

But that won't happen if new rules are legally flawed, or prosecutions are constantly delayed by constitutional challenges, or the system can't pass Supreme Court scrutiny.

Justice depends on rules that simultaneously stand up to terrorism and reflect American values, and verdicts that are credible in the eyes of the world.

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Barely Legal War-making (LAT)

The Los Angeles Times, September 7, 2006

The president who redefined torture and sidelined Congress is finally giving lip service to the law and playing nice with the legislative branch.

'AMERICA IS A NATION OF LAW," President Bush observed Wednesday when he announced that 14 accused terrorists held in secret CIA prisons abroad had been transferred to the U.S. detention center at Guantanamo Bay, Cuba, where they will receive the protections of international law. Later in the day, Bush

submitted to Congress an overdue (though still flawed) proposal to create military commissions to try these and other detainees.

Critics will complain that Bush's concern for the rule of law comes rather late in this war on terrorism. He is asking Congress to approve military commissions only because the Supreme Court ruled earlier this year that he had violated the Constitution and Common Article 3 of the Geneva Convention when he impaneled military tribunals of his own devising.

As for the 14 prisoners, at this late date they are unlikely to possess any information about current conspiracies. Normalizing their status (if detention at Guantanamo can be called normal) defuses a controversy with U.S. allies over the CIA's detention of suspected terrorists abroad.

That said, Bush's actions reflect a welcome recognition that the war on terrorism doesn't mean the president can ignore either the Constitution or the international rules of war. Coincidentally or not, his remarks came on the day that the Pentagon released a new Army field manual making it clear that interrogators may not engage in "cruel, inhumane or degrading" punishment. At a time when some Republican candidates for Congress are championing Bush's leadership in the war, the president seems to be acknowledging some past missteps.

On the theory that 9/11 "changed everything," the administration has over the last five years toyed with redefining torture, ignored the expertise of career military lawyers and essentially told the other two branches of the federal government that they were bystanders in this war. It was a humbler Bush who "respectfully" asked Congress to enact his proposals for military commissions to try detainees at Guantanamo, including the relocated CIA prisoners. Bush must know that he has to be prepared to compromise with members of Congress with other ideas.

That would include senior Republicans such as Sen. John McCain of Arizona, who argues that detainees at Guantanamo should enjoy the protections afforded to defendants by the Uniform Code of Military Justice, including the right to see all evidence against them and protection against testimony obtained through coercive questioning. Bush's proposal does not give detainees such protections. For example, a military judge could admit evidence obtained through coercion if it were "reliable and probative."

As was not the case when he asserted the authority to create military tribunals on his own, Bush must now find common ground with Congress. That's the American way. In what Bush rightly called "a nation of law," the president proposes and the Congress disposes — even in the post-9/11 world.

President Moves 14 Held In Secret To Guantánamo (NYT)

By Sheryl Gay Stolberg

The New York Times, September 7, 2006

WASHINGTON, Sept. 6 — President Bush said Wednesday that 14 high-profile terror suspects held secretly until now by the Central Intelligence Agency — including the man accused of masterminding the Sept. 11 attacks — had been transferred to the detention center at Guantánamo Bay, Cuba, to face military tribunals if Congress approves.

The suspects include Khalid Shaikh Mohammed, thought to be the Sept. 11 mastermind, and other close associates of Osama bin Laden. Mr. Bush said he had decided to “bring them into the open” after years in which the C.I.A. held them without charges in undisclosed sites abroad, in a program the White House had not previously acknowledged.

The announcement, in the East Room of the White House, was the first time the president had discussed the secret C.I.A. program, and he made clear that he had fully authorized it. Mr. Bush defended the treatment the suspects had received but would

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not say where the so-called "high-value terrorist detainees" had been held or what techniques had been used to extract information from them.

The transfer of the high-level suspects to Guantánamo Bay effectively suspended the extraordinary program, in which the intelligence agency became the jailer and interrogator of suspects counterterrorism officials considered the world's most wanted Islamic extremists.

The government says the 14 terror suspects include some of the most senior members of Al Qaeda captured by the United States since 2001, including those responsible for the bombing of the destroyer Cole in 2000 in Yemen and the 1998 attacks on American embassies in Kenya and Tanzania. Most of the detainees have been interviewed extensively and are believed to have little remaining intelligence value.

With the transfer of the suspects to Guantánamo, which is run by the Defense Department, the International Committee of the Red Cross will monitor their treatment, Mr. Bush said. He used the East Room appearance to urge Congress to authorize new military commissions to put terror suspects on trial, replacing rules established by the administration but struck down in June by the Supreme Court. [Page A27.]

"As soon as Congress acts to authorize the military commissions I have proposed, the men our intelligence officials believe orchestrated the deaths of nearly 3,000 Americans on Sept. 11, 2001, can face justice," Mr. Bush said, to an audience that included family members of the victims. He added, "To start the process for bringing them to trial, we must bring them out in to the open."

To that end, the president sent Congress legislation proposing new rules for the commissions and detailing specific standards for the humane treatment of detainees. Yet the proposal hews closely to the old commission model, and it retains several provisions the court found troublesome, including language that permits defendants to be excluded from their own trials.

At the same time, the Pentagon released a new Army Field Manual that lays out permissible interrogation techniques and specifically bans eight methods that have come up in abuse cases. Among the techniques banned is water-boarding, in which a wet rag is forced down a bound prisoner's throat to cause gagging; intelligence officials have said Mr. Mohammed was subjected to that treatment while in C.I.A. custody.

Although the C.I.A. has faced criticism over the use of harsh techniques, one senior intelligence official said detainees had not been mistreated. They were given dental and vision care as well as the Koran, prayer rugs and clocks to schedule prayers, the official said. They were also given reading material, DVD's and access to exercise equipment.

Administration officials said the timing of Mr. Bush's decision to bring the terror suspects to trial was driven not by politics but by the need to respond to the Supreme Court's decision and the fact that the suspects were no longer regarded as sources of valuable intelligence.

On Capitol Hill, some Republicans reacted warily. But even those who criticized the proposal said it was imperative for Congress to pass legislation setting up tribunals soon.

"I do not believe it is necessary to have a trial where the accused cannot see the evidence against them," said Senator Lindsey Graham, Republican of South Carolina, a former military prosecutor who has played a central role in the debate. But Mr. Graham said he believed his differences with the White House "can be overcome."

Mr. Bush's speech was the third in a series he is delivering on the war on terror in the days before the fifth anniversary of the Sept. 11 attacks, and it carried potential political benefits for a White House that is intent on maintaining Republican control of Congress this November.

The address helped put a face on the enemy, reminding Americans that while Osama bin Laden — to whom Mr. Bush referred repeatedly in a speech on Tuesday — is still at large, many terrorists have been captured. Five years after the attacks, Mr. Bush gave the families of Sept. 11 victims something to cheer about, and those in the audience did, as he announced he wanted to put the suspects on trial.

By moving the high-profile suspects to Guantánamo just two months before the midterm elections, the administration is putting intense pressure on lawmakers to act before adjourning to campaign. If Democrats try to thwart legislation to try senior members of Al Qaeda, they will risk being labeled weak on national security, a label they can ill afford in an election that may turn on the question of which party is better suited to keep Americans safe.

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"This is certainly a logical and very sound step both substantively and politically," said David Rivkin, who served in the White House counsel's office under the first President Bush and is sympathetic to this administration's approach. "It's reminding the country and the world of the folks we are fighting against. Nobody can say these are just pitiful foot soldiers; these are pretty senior guys."

The C.I.A. program, though officially a secret, has been the subject of numerous news reports in recent months. By speaking publicly about it for the first time, Mr. Bush hopes to build support for it on Capitol Hill, and in the public.

The White House released biographies of the 14 suspects and details of the accusations against them. They include such well-known Qaeda operatives as Abu Zubaydah, who the administration said was trying to organize a terrorist attack in Israel at the time of his capture, and Ramzi bin al-Shibh, who the authorities say helped facilitate the Sept. 11 attacks.

Despite the new information, human rights organizations were critical of Mr. Bush's announcement.

"It's wonderful that at last the United States has acknowledged that these detention sites exist," said Larry Cox, executive director of Amnesty International U.S.A. But Mr. Cox described the program as "a form of torture," and said the United States should suspend it.

In his speech, Mr. Bush fiercely resisted that characterization. "I want to be absolutely clear with our people, and the world," he said. "The United States does not torture. It's against our laws, and it's against our values. I have not authorized it — and I will not authorize it."

A senior intelligence official said there had been fewer than 100 detainees in the C.I.A. program since its inception shortly after the Sept. 11 attacks. Beyond the 14, the remainder have either been turned over to the Defense Department as so-called unlawful enemy combatants, returned to their countries of origin or sent to nations that have legal proceedings against them.

The official described the C.I.A. detainees as the government's "single largest source of insight into Al Qaeda," saying they accounted for 50 percent of everything the authorities had learned about the terrorist network. But, he said, "Some of these people have been held for a considerable period of time, and their intelligence value has aged off."

Mr. Bush said the C.I.A. would not relinquish its capability to detain and question terrorism suspects, and the senior intelligence official said the administration intended that the program would continue. But agency officials — who feared employees might be subject to lawsuits or criminal prosecution — welcomed the hand-off of the detainees and the prospect that the C.I.A.'s role would be limited in future cases.

"I am confident that this will be greeted with relief by agency employees," said Jeffrey H. Smith, a former general counsel for the C.I.A. "Many of them were uncomfortable with their role as jailers."

Military justice experts say that if Congress passes the legislation, trials of some terror suspects at Guantánamo could begin relatively quickly, in three to four months. But the trials of the 14 high-value suspects, who are held in a special high-security facility separate from other detainees, might not begin for at least a year, because the government would have to build its case .

One expert who has been critical of the administration's plan, Eugene R. Fidell, predicted that the proposal would attract a lawsuit.

"Going the way they have done this is in fact quite unfair to the very families of 9/11 victims who President Bush had at his meeting today," Mr. Fidell said, "because those people need closure and in fact what he's done is guarantee further protracted delay because of the inevitable litigation."

On Capitol Hill, Democrats were also critical. Representative Jane Harman of California, the senior Democrat on the House Intelligence Committee, said Mr. Bush should have disclosed the program years ago and called his speech "the opening salvo in the fall campaign."

Doubts Surface If Architects Of Sept. 11 Attacks Will Ever Go To Trial (MCT)

By Greg Gordon, Marisa Taylor And Stephen Henderson, McClatchy Newspapers

McClatchy Newspapers, September 7, 2006

WASHINGTON - President Bush's stunning transfer of 14 top terror suspects to Guantanamo Bay boosted hopes that, at last, the architects of the Sept. 11 attacks will be brought to justice.

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But some legal experts questioned whether their trials will ever occur - and whether Bush's maneuver is merely a power play to win congressional support for special military courts similar to those already struck down by the Supreme Court.

The president's decision to move captive al-Qaida members from secret CIA prisons overseas escalates a battle with Congress over what rights terror detainees should be afforded if they were to stand trial.

The administration wants Congress to approve special procedures that would narrow these rights in the name of shielding national security secrets by excluding defendants from portions of their trials.

Administration lawyers also want to use incriminating statements that might have been coerced with interrogation techniques that Bush described as tough and safe, but others liken to torture.

Those transferred include some of the most dangerous men captured in the war on terror - among them Khalid Sheikh Mohammed, the suspected mastermind of the Sept. 11 plot, alleged hijacker coordinator Ramzi Bin al Shibh and Abu Zubaydah, a trusted associate of Osama bin Laden.

John Radsan, a former assistant CIA counsel, said Bush "is trying to raise the stakes on what type of military commission we get" in negotiations with Congress.

"Before we had Khalid Sheikh Mohammed in the mix, people were saying that the (detainees) in Guantanamo are not that important . . . We should give them the same rights that we give our uniformed people," said Radsan, who teaches at the William Mitchell College of Law in St. Paul, Minn.

"The administration will now make the argument we can't give the same military commission that we give our enlisted people to Khalid Sheikh Mohammed. That's a strong argument."

Neal Sonnett, chairman of the American Bar Association's task force on enemy combatants, said he welcomes the emergence of the detainees from secret prisons. But he said he wonders whether the move will wind up further delaying resolution of the fate of hundreds of lower-level "enemy combatants" who have been held for years at Guantanamo, with only 10 being formally charged.

"Had a proper scheme of military commissions been constructed in 2002, we probably would have been able to prosecute enemy combatants, and most of the trials would have been over by now."

Only one defendant, Zacarias Moussaoui, has been prosecuted in the United States as a result of the Sept. 11 attacks, and that took four-and-a-half years even though he pleaded guilty. Experts said that even if Congress were to endorse Bush's proposal, legal challenges would delay prosecutions of the 14 alleged terrorists for years.

In late June, the Supreme Court struck down the military commissions that the White House had put in place to deal with those captured in the war on terrorism, saying Bush lacked the authority to set up such a system on his own.

The high court also ruled Common Article 3 of the Geneva Conventions applies to the war on terror. It prohibits torture and other "outrages upon human dignity, in particular humiliating and degrading treatment."

The administration has asked Congress to fix the problem by endorsing a similar system that is already provoking new controversy. It would allow, in some instances, the court to exclude a terror suspect from portions of his trial where classified information is presented, and it would allow use of statements obtained during possibly coercive interrogations.

Bush said Wednesday that those interrogations led to numerous arrests and the disruption of several terror plots.

A senior Justice Department official, who insisted upon anonymity, said special military trial procedures are needed because "it is critically important that we maintain the secrecy of sensitive intelligence sources and methods in the war on terrorism."

The official said that statements stemming from torture would be automatically barred from use during the trials. But, the official said, military judges should decide whether to allow use of other admissions that "the accused may allege were obtained through some form of coercion."

The administration's bill would strip captives of the ability to sue in federal courts for treaty violations, while expanding the list of abuses that constitute war crimes.

"What bothers me is, I'm looking at the new bill the president has submitted, and it doesn't seem to be any better than the one the Supreme Court held to be illegal," Sonnett said.

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Barbara Olshansky, a lawyer for the Center for Constitutional Rights, which represents many of the detainees, said the bill is rife with due process issues - "there's no safeguard or oversight" of their legal rights.

While administration officials said the bill embraces the Geneva Conventions, some provisions openly contradict them, said Madeline Morris, a Duke University law professor who has drafted an alternative proposal for military tribunals.

"Just asserting that the tribunals comply with the court's rulings and Geneva doesn't make it so," she said.

The Justice Department official said that the transfers were arranged because "we don't think America . . . should wait for prosecutions of some of these very significant war criminals."

But Sonnett said that, with a congressional election just two months away, the president "is trying to put the emphasis back on 9/11 and the war against terror."

White House Issues New Interrogation Policies (LAT)

By Julian E. Barnes And Joel Havemann

The Los Angeles Times, September 7, 2006

WASHINGTON — The Bush administration, under a crossfire from the other two branches of government, issued new interrogation policies today that are designed to ensure that all detainees are treated humanely with the full protection of the Geneva Convention.

The policies, embodied in a new Army field manual, prohibit cruel, inhumane or degrading punishment.

In particular, said Cully Stimson, deputy assistant defense secretary for detainee affairs, they bar "murder, torture, corporal punishment, execution without trial by proper authority, threats or acts of violence, including rape or forced prostitution, assault and thefts, public curiosity, bodily injury and reprisals."

They also rule out subjecting detainees to medical experiments and to sensory deprivation, Stimson said.

The manual eliminates a secret list of interrogation tactics and reverses an earlier decision to maintain two interrogation standards — one for traditional prisoners of war and another for "unlawful combatants" captured during a conflict but not affiliated with a nation's military force.

At a Pentagon press conference, Lt. Gen. Jeff Kimmons, Army deputy chief of staff for intelligence, offered his own list of prohibited activities.

"Interrogators," he said, "may not force a detainee to be naked, perform sexual acts or pose in a sexual manner; they cannot use hoods or place sacks over a detainee's head or use duct tape over his eyes; they cannot beat or electrically shock or burn them or inflict other forms of physical pain-any kind of physical pain; they may not use water boarding; they may not use hypothermia or treatment which will lead to heat injury; they will not perform mock executions; they may not deprive detainees of the necessary food, water and medical care, and they may not use dogs in any aspect of interrogations."

The new field manual follows an amendment to a defense spending bill sponsored by Sen. John McCain (R-Ariz.), a prisoner of war in Vietnam, outlawing the torture. McCain's amendment in turn came on the heels of revelations that guards at the Abu Ghraib prison in Iraq had subjected prisoners to humiliating sexual situations.

Further pressure on the administration came from the Supreme Court, which ruled last June that the administration could not waive provisions of the Geneva Convention merely by declaring the war on terrorism to be an unconventional conflict.

The manual and its related policy directives — the legal framework for interrogations — originally were to be released in the spring. But when State Department officials and Republican senators on the Armed Services Committee raised objections, they were pulled back.

The Pentagon's decision to drop the objectionable provisions appears to mark a victory for advocates of closer U.S. adherence to the protections of the Geneva Convention, an international agreement on the treatment of prisoners and others during wartime. Human rights groups said they planned to study the manual carefully to see what parts of the international treaty it included and what it left out.

"If the new field manual embraces the Geneva Convention, it is an important return to the rule of law," said Jumana Musa,Ö an advocacy director for Amnesty International. "It is an important public statement."

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Under the new guidelines, prisoners of war — defined as members of uniformed militaries captured on a battlefield — may receive certain extra considerations as mandated by the Geneva Convention, such as being allowed to retain their personal effects and to refuse to answer detailed questions. But ceding to congressional demands, the manual establishes a single baseline standard of care and treatment for all detainees, regardless of their status.

Kimmons said all detainees would be treated according to Common Article 3 — found in each of the four Geneva pacts approved in 1949 — which prohibits torture and cruel treatment. Unlike other parts of the Geneva agreements, it covers all detainees, whether they are unlawful combatants or traditional prisoners of war.

After the abuse of detainees at Abu Ghraib came to light in 2004, some Defense Department lawyers pushed to incorporate the protections of Common Article 3 into the field manual. But senior political appointees argued that doing so would tie the hands of U.S. troops by outlawing long periods of confinement or allowing detainees to accuse the military of "humiliating or degrading treatment," which is banned by the provision.

Because of those objections, senior Pentagon officials decided that the manual and the accompanying policy directives would demand that detainees be treated humanely, but would avoid any direct mention of Geneva.

But in June, the Supreme Court ruled in Hamdan vs. RumsfeldÖ that the provisions of the Geneva Convention could be applied to an unconventional conflict, like the war on terrorism. The court said that Common Article 3 covered all individuals caught up in a conflict, whether part of a regular military force or not.

A little over a week later, Deputy Defense Secretary Gordon R. England issued a memorandum saying that the U.S. military would adhere to the standards in Common Article 3.

The manual's guidelines will apply to all prisoners held in Defense Department facilities and to all interrogators working there. Under the McCain amendment, the protections also will apply to CIA prisoners held in Defense Department prisons or bases.

They will not apply to CIA interrogators working in prisons run by other countries, although under the McCain amendment, those prisoners must be treated humanely and cannot be tortured.

The Pentagon had intended to keep some of its interrogation techniques classified. Some military officials believe that releasing such tactics would make it easier for terrorists to learn how to resist questioning.

But when State Department officials saw a draft of the manual earlier this year, they raised reservations about the classified list. They expressed concern that even if the techniques were humane and lawful, some advocacy groups and other countries would assume the worst and insist that by maintaining a secret list, the United States must be allowing torture.

The revision of the Army manual began after an international outcry over the Abu Ghraib scandal, as well as questions over the treatment of hundreds of detainees at Guantanamo Bay, Cuba. The new language is plain and easily understood — "designed to be used by soldiers," the military official said.

Military officials say the new manual tries to address the lessons investigators have drawn from Abu Ghraib, including rebuilding the wall between soldiers assigned to interrogate detainees and those who run the prison. Some of the abuses at Abu Ghraib began after officers who had worked at Guantanamo were brought to Iraq and recommended using military police to "set the conditions" for interrogators.

Musa, the lawyer for Amnesty International, said the Bush administration had created confusion in the military by establishing different standards of treatment for Guantanamo Bay, Afghanistan and Iraq.

"There was confusion," Musa said. "There needs to be a clear message to soldiers about what is acceptable and what is not."

Army Bans 'Inhumane Treatment' Of Detainees (WT)

By Rowan Scarborough

The Washington Times, September 7, 2006

The Pentagon is banning eight interrogation techniques and mandating humane treatment in an overhaul of how the military handles detainees in the war on terror -- a response to complaints from human rights groups.

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But the Pentagon is sticking by the Bush administration's original stand that captured al Qaeda terrorists do not qualify as prisoners of war under the Geneva Conventions and, therefore, unlike soldiers, can be prosecuted for deaths they cause.

"The inhumane treatment of detainees is prohibited and is not justified by the stress of combat or deep provocation," says Defense Department Directive No. 2310, which was announced yesterday.

A revamped Army field manual for intelligence collection sets out 19 interrogation techniques for detainees that are permitted and the eight that are banned.

The manual bans the use of hoods, a widespread practice in transporting Taliban, al Qaeda and Iraq insurgency suspects. It also prohibits the use of dogs in interrogations, a method used sporadically at the Abu Ghraib prison outside Baghdad.

"We have used straightforward language in the field manual for use by soldiers, sailors, airmen and Marines," Lt. Gen. John F. Kimmons, Army deputy chief of staff for intelligence, told reporters at the Pentagon. "It is not written for lawyers."

The policies stem from 12 major investigations conducted by the military into accusations of prisoner abuse in Afghanistan, Iraq and the detention facility at Guantanamo Bay, Cuba.

Human rights groups have accused President Bush, Defense Secretary Donald H. Rumsfeld and other senior leaders of condoning torture in their zeal to extract information from al Qaeda operatives, including Khalid Shaikh Mohammed, the September 11 mastermind. Mr. Bush and Mr. Rumsfeld say they never condoned torture.

"The new manual is broader in scope and incorporates hard-won wartime lessons learned since 9/11," Gen. Kimmons said.

The Army is in charge of all detainee operations in the war on terror. It has processed more than 56,000 detainees and is holding about 15,000 today.

The service has conducted more than 600 criminal investigations in response to abuse complaints. The investigations resulted in charges against 251 soldiers, who faced courts-martial or administrative punishment.

The Army says it has conducted 21 criminal investigations into 22 detainee deaths, either because the death was caused by mistreatment or because there was misconduct, such as obstruction of justice. In the 22 deaths, 11 were caused by shootings, nine by blunt force traumas, one by drowning and one by asphyxiation.

Directive 2310 sets out basic guidelines for detainee treatment in accordance with the Geneva Conventions.

"All persons captured, detained, interned or otherwise in the control of DoD personnel during the course of military operations will be given humane care and treatment from the moment they fall into the hands of DoD personnel until release, transfer out of DoD control or repatriation," the directive states.

"All detainees will be respected as human beings. They will be protected against threats or acts of violence including rape, forced prostitution, assault and theft, public curiosity, bodily injury and reprisals. They will not be subjected to medical or scientific experiments. They will not be subjected to sensory deprivation."

The new rules, said Cully Stimson, deputy assistant secretary of defense for detainee affairs, "provide our forces in the field the policy guidance needed to ensure the safe, secure and humane detention during armed conflicts."

The administration is retaining the category of "unlawful enemy combatant," which is not part of the Geneva Conventions, for Taliban, al Qaeda and other U.S.-designated terrorists. This means they will not be granted "combatant immunity" given to soldiers and can be prosecuted.

The policy prohibits the military from turning over custody of detainees to another government agency, such as the CIA, unless approved by higher-ups. In Iraq, the CIA moved "ghost detainees" in and out of military prisons and kept them from the Red Cross.

Besides banning hoods and dogs, Gen. Kimmons said, interrogators cannot force detainees to be naked or perform sex acts and cannot inflict any type of physical pain or deprive them of food and water.

New Rules Of Interrogation Forbid Use Of Harsh Tactics (WP)

By Josh White

The Washington Post, September 7, 2006

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Pentagon officials yesterday repudiated the harsh interrogation tactics adopted since the Sept. 11, 2001, terrorist attacks, specifically forbidding U.S. troops from using forced nudity, hooding, military dogs and waterboarding to elicit information from detainees captured in ongoing wars.

The Defense Department simultaneously embraced international humane treatment standards for all detainees in U.S. military custody, the first time there has been a uniform standard for both enemy prisoners of war and the so-called unlawful combatants linked to al-Qaeda, the Taliban and other terrorist organizations.

In a new department-wide directive on detention policy and a retooled Army field manual on interrogations, Pentagon officials demonstrated a dramatic shift in the way they view the treatment of detainees, and tacitly acknowledged the failures that led to allegations of abuse in U.S. facilities in Iraq, Afghanistan and at Guantanamo Bay, Cuba. The documents reverse the Bush administration's hard-line stance on the rights afforded to suspected terrorists, and label some previously accepted interrogation tactics as abusive and illegal.

Both documents abandon aggressive approaches -- designed to break the will of "high value" terrorism suspects -- and clearly say to U.S. troops that detainee abuse is illegal and that they are required to report any suspected mistreatment. U.S. forces must adhere to the standards of the Geneva Conventions' Common Article 3, which is now part of U.S. law and prohibits "outrages upon personal dignity, in particular humiliating and degrading treatment."

Charles "Cully" Stimson, deputy assistant secretary of defense for detainee affairs, said yesterday that the new policy "unambiguously articulates the values and traditions of our nation, values that John Adams called 'the policy of humanity,' which has been the cornerstone of the American ethos of warfare. More importantly, it provides our forces in the field the policy guidance needed to ensure the safe, secure and humane detention during armed conflicts, however those are characterized."

The new policies also eliminate the military's controversial practice of hiding detainees -- sometimes called "ghosting" -- and requires anyone operating in a Defense Department facility to follow the military's new regulations. But while the policies apply to all Defense Department employees and contractors, there are no safeguards in the event a CIA employee takes custody of a detainee and moves him into a separate, nonmilitary, facility.

President Bush said in a speech yesterday that the CIA's use of a global secret prison network should continue but also said that 14 top-level terrorism suspects were transferred to Guantanamo Bay this week, emptying the CIA's prisons. Those detainees will now have to be afforded Geneva Conventions protections.

The revisions announced yesterday stem from international concerns that emerged in early 2004 after a group of U.S. soldiers were pictured in photographs abusing detainees at the Abu Ghraib prison in Iraq. Those detainees were shown hooded, naked, in painful positions and menaced by dogs. Several military investigations that followed revealed similar tactics in Cuba and allegations of physical abuse in U.S. facilities throughout Iraq and Afghanistan, calling into question the overall U.S. policy.

The new directive and manual are victories for Sen. John McCain (R-Ariz.) and other members of the Senate Armed Services Committee who pushed the administration to make a clear statement against abusive practices.

Sen. Carl M. Levin (Mich.), ranking Democrat on the committee, said it is a shame that top Pentagon civilians ignored pleas from military service lawyers to avoid the use of aggressive tactics.

"If the Administration had listened to its military lawyers several years ago, much of the damage done to our credibility caused by detainee mistreatment in Afghanistan, Guantanamo and at Abu Ghraib might have been avoided," Levin said in an e-mailed statement.

The new field manual is designed to be "as clear and crisp and unambiguous as possible," Lt. Gen. John F. Kimmons, Army deputy chief of staff for intelligence, said at a Pentagon news conference. He acknowledged past "transgressions and mistakes," and he said that "no good intelligence is going to come from abusive practices. I think history tells us that. I think the empirical evidence of the last five years, hard years, tells us that."

Human rights groups generally welcomed the changes. "This is the Pentagon coming full circle," said Tom Malinowski, Washington advocacy director for Human Rights Watch. "This is very strong guidance."

The Army has adopted 16 standard interrogation tactics that are carryovers from previous field manuals, including such approaches as direct questioning, offering positive incentives and playing on a detainee's emotions. Three expanded techniques -- good cop, bad cop; pretending to be an official from another country; and detention in a separate cell from others -- are

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allowed but require approval from senior officers. Officials originally considered keeping those three techniques classified but decided to make them public for the sake of full transparency.

Gone are techniques that at one point Defense Secretary Donald H. Rumsfeld approved for use at Guantanamo Bay and later appeared in Iraq, such as putting detainees in stress positions; manipulating their sleep patterns, diet and environment; and using dogs and sexually provocative behavior. Also prohibited is waterboarding, which involves putting detainees on boards and simulating drowning.

The military urges interrogators to ask themselves two questions if they think they may be crossing the line: if they think the technique could violate the law; and "if the proposed approach technique were used by the enemy against one of your fellow soldiers, would you believe the soldier had been abused?"

New Pentagon Rules Ban 'abusive' Interrogation (USAT)

By John Diamond

USA Today, September 7, 2006

WASHINGTON — The Pentagon issued new rules Wednesday for interrogating prisoners and terrorism suspects that forbid harsh questioning techniques such as using dogs, hoods, water dunking, forced nudity or total sensory deprivation.

"No good intelligence is going to come from abusive practices," said Lt. Gen. John Kimmons, the Army's chief intelligence officer.

The rules were announced as President Bush said that 14 valuable detainees, including Sept. 11 mastermind Khalid Sheikh Mohammed, had been moved to the U.S. prison at Guantanamo Bay, Cuba.

That puts the terror suspects in military, rather than CIA, custody and makes them covered by the new Pentagon guidelines, including Geneva Conventions protections against physical abuse or "humiliating and degrading treatment."

The prisoner transfer, carried out in secret on Monday, came in response to a Supreme Court ruling that said even terror suspects are covered by the code of the Geneva Conventions.

The new interrogation rules are in the new Army field manual on "Human Intelligence Collector Operations," which updates the 1992 version of the document. The rules apply to all U.S. military interrogations, not just those by the Army.

Congress approved a proposal by Sen. John McCain, R-Ariz., last December that led to the new rules.

Newly approved questioning techniques involve mainly psychological approaches, such as making a prisoner fear he may never see his family.

Three newly approved techniques require high-level approval: employing "good-cop, bad-cop" tactics; "false flag" approaches to make a prisoner believe he is being held by another country's military; and, only in the case of unlawful combatants such as terror suspects, separating prisoners so they cannot coordinate their stories.

The moves end two separate systems of interrogation — one that involved secret procedures and locations by the CIA and the other an unclassified set of rules used by the military.

"The current transfers mean that there are now no terrorists in the CIA program," Bush said.

Future captures of high-ranking terrorists, Bush said, will require CIA interrogation under rules that remain secret. Bush is concerned about CIA interrogations continuing until Congress clarifies what he called "vague and undefined" language in the Geneva Conventions that could subject U.S. intelligence officers to war-crimes charges.

That's because the officers might have mistreated detainees under some interpretations of the code of the Geneva Conventions.

Both CIA and military interrogations have been sources of controversy for the Bush administration.

In April 2004, photographs surfaced of Iraqi prisoners being abused and humiliated by U.S. soldiers at the Abu Ghraib prison outside Baghdad. The pictures depicted prisoners recoiling in terror from dogs, set upon by guards, and stripped and forced together in sexually suggestive poses.

Last November, The Washington Post reported that the CIA maintained a network of secret prisons in Asia and Central Europe.

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The White House has never confirmed the locations of the CIA detention centers, and an investigation by the European Union found no proof that the CIA had established prisons in Central Europe.

Without specifying their locations, Bush acknowledged the existence of such facilities for the first time Wednesday.

The Office of the Director of National Intelligence issued a five-page defense of CIA interrogation practices Wednesday that provided no detail on the techniques used by agency interrogators. The document suggested that harsher methods were used after Abu Zubayda, an associate of al-Qaeda leader Osama bin Laden, stopped cooperating with interrogators a few months after his capture in March 2002.

"Over the ensuing months, the CIA designed a new interrogation program that would be safe, effective and legal," the document stated.

Congress Takes Up Surveillance Bills (AP-Y)

By Jim Abrams

AP, September 6, 2006

The Bush administration gave guarded support to several terrorist surveillance bills Wednesday as Congress took up the sensitive issue of how to give legal backing to the president's warrantless wiretapping.

The acting assistant attorney general told a House Judiciary subcommittee that legislation backed by the House GOP leadership showed promise and that the president had expressed support for a measure from Sen. Arlen Specter, the Senate Judiciary Committee chairman.

But Steven Bradbury and the National Security Agency's general counsel, Robert Deitz, also said the NSA's wiretapping program was proper and necessary, and that tampering with it could jeopardize national security.

Republican leaders have made the legislation a top item before Congress leaves at the end of this month for the fall elections. But GOP lawmakers are divided on how best to put into law the program without trampling on personal rights. Meanwhile, Democratic opposition has made a quick resolution unlikely.

Wednesday's hearing focused on the leading House bill, sponsored by Rep. Heather Wilson, R-N.Mex. It would streamline the 1978 law that set up a secret federal court to authorize security-related eavesdropping.

The measure would extend from the current three days to five days the time allowed for emergency surveillance before a warrant application is submitted and approved by that court.

On Thursday, the Senate Judiciary Committee planned to consider as many as four bills. One, by Specter, R-Pa., was developed after negotiations with the administration.

Bradbury said that "we see promise" in the Wilson bill because it recognizes that "in times of armed conflict involving an exigent terrorist threat, the president may need to act with agility and dispatch to protect the nation."

But he took issue with a requirement in the bill that the president wait for an attack before initiating an electronic surveillance program. "The president cannot and should not wait for thousands of Americans to die before initiating vital intelligence collection," Bradbury said.

The surveillance program, created after the Sept. 11 attacks, monitors the international calls and e-mails between people overseas who are suspected of involvement in terrorism and people on American soil. The program was disclosed in news reports last December.

The need for Congress to give legal status to the program gained a sense of urgency last month when a federal judge in Detroit ruled that it violated rights to free speech and privacy as well as constitutional separation of powers.

The administration has appealed that ruling contending that the president, as commander in chief, is justified in taking action to protect the nation during times of war.

Democrats say the administration is using terrorism to expand presidential powers and reduce the authority of the courts and Congress to oversee his actions. "We're just cloaking the activity with a veil of legitimacy," said Rep. Robert Scott, D-Va.

One Democratic alternative, sponsored by Rep. Jane Harman, D-Calif., the top Democrat on the intelligence committee, makes clear that surveillance must be conducted under the 1978 law but changes procedures to speed up the process.

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Specter's bill would submit the program to the special court for a one-time constitutional review; expand the time for emergency warrants from three to seven days; and require the attorney general to inform Congress's intelligence committees on the program's activities every six months.

Wiretap Program Justified, Lawyer Says (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, September 7, 2006

(AP) - NEW YORK-A government lawyer used a dramatic scenario of a nuclear attack on Washington to illustrate his arguments Tuesday in defense of President Bush's warrantless wiretapping program.

Anthony Coppolino, a special litigation counsel based in Washington, said the Constitution gives Bush the right as commander in chief to do what is necessary to surveil terrorists and stop them from attacking the United States, including interrogating someone who might have information about an imminent attack.

"Suppose for example the president obtains intelligence that a nuclear bomb was planted ... right there in Washington, and the only way he was going to find out whether that was going to happen was to grab the person and interrogate him," Coppolino said in U.S. District Court in Manhattan. "Would that be in his constitutional authority? I would say so."

Coppolino used the argument to justify a Bush administration decision after the Sept. 11, 2001 terrorist attacks to monitor international phone calls and e-mails to or from the United States involving people suspected of terrorist links.

He was responding in oral arguments before U.S. District Judge Gerard E. Lynch to a lawsuit brought by the Center for Constitutional Rights seeking to stop Bush and government agencies from conducting warrantless surveillance of communications in the United States.

Attorney Michael Avery for the Center for Constitutional Rights brushed off the "ticking bomb hypothetical," saying the example did not prove the legality of an unprecedented intrusion on Constitutional rights.

"Balancing the need for enforcement against the protection of civil liberties is not something our Constitutional system entrusts to the chief executive," Avery said.

Coppolino's arguments grew ever more dramatic as he was challenged by the judge over the limits of presidential authority and whether Bush could eavesdrop on the phone conversations of Americans without Congressional and judicial approval.

He said the surveillance program was essential in the war against terrorism in finding the enemy and was "as close to a modern battlefield as you can get: Where is al-Qaida? Where do they want to hit us?"

Lynch cited complaints that the surveillance program intrudes on Americans and was operating in the face of a Constitution that generally permits Congress to overrule the president with a two-thirds majority.

Coppolino said Bush did not need to check with Congress first to monitor phone conversations of suspected terrorism operatives because the Constitution directly gives him the "power to detect the activities of an enemy attempting to attack the United States."

The arguments came after U.S. District Judge Anna Diggs Taylor in Detroit struck down the National Security Agency program last month, finding it unconstitutional. The government has appealed her ruling in the separate lawsuit.

Lynch hinted that the lawsuits could be consolidated. He did not indicate when he would make a ruling.

Wiretapping As Anti-Terror Tool Called A Presidential Prerogative (NYS)

By Joseph Goldstein, Staff Reporter of the Sun

New York Sun, September 6, 2006

Eavesdropping on terrorists and their associates in America is a battlefield prerogative that belongs to President Bush and cannot be taken away, a Justice Department attorney told a federal judge in Manhattan yesterday.

The statement came during a hearing in a lawsuit that challenges the Bush administration's terrorist surveillance program on behalf of several attorneys at the Manhattan-based Center for Constitutional Rights.

The Justice Department attorney, Anthony Coppolino, said the power to conduct war time surveillance has long been exercised by presidents and "derives from the Constitution."

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Since the New York Times first reported the existence of the surveillance program in December 2005, administration officials have confirmed that the eavesdropping occurs without a court warrant, and have said it targets communications between persons on American soil and Al Qaeda associates abroad.

"This is an area that is as close to the modern-day battlefield as you can get," Mr. Coppolino said in U.S. District Court in Manhattan. "Where is Al Qaeda today and what are they planning to do? Where are they going to hit us?"

He argued that the Foreign Intelligence Surveillance Act — which requires the president to get a court warrant to eavesdrop in certain scenarios — intrudes on the president's inherent constitutional powers if the law is interpreted to outlaw Mr. Bush's program.

Almost three weeks ago, a federal judge in Detroit, Anna Diggs Taylor, ruled that the eavesdropping violated both the Fourth Amendment and FISA, and must be halted.

The ruling, which the government is appealing, was in response to a similar lawsuit by the American Civil Liberties Union. While the judge in the New York case, Gerard Lynch, is free to consider Judge Taylor's ruling, it is not binding.

Yesterday, Judge Lynch directed few questions toward the Fourth Amendment issues. Instead, during an oral argument that lasted nearly three hours, Judge Lynch appeared skeptical of the government's claim that Congress, when it passed FISA in 1978, had improperly taken away powers that belonged to the president.

"We're debating a rather abstract but rather vital issue: Does the president have the power to do something despite the fact that Congress has said 'Thou shalt not have this power'?" Judge Lynch said.

Although he said he had "no idea at this point" how he will rule, Judge Lynch questioned whether the office of the presidency came with as much inherent power as Mr. Coppolino claimed.

"Doesn't Congress always have the power to give the president tools?" Judge Lynch said. "They can raise armies or not. They can give him the tools or not. When you say the president must have the tools, isn't that too much?"

At one point, Judge Lynch said that what both sides demanded he do — either strike down FISA or strike down the surveillance program — amounts to judicial activism.

Judge Lynch also seemed troubled that the eavesdropping would pick up conversations in which one party was on American soil.

"Even Julius Caesar didn't get to bring his armies back into Rome — although he did," Judge Lynch said, referring to the Roman prohibition barring its generals from leading armies back toward Rome.

Judge Lynch began yesterday's hearing by saying that he had not yet read the government's secret brief on the specifics of the surveillance program.

"This is a public argument and I did not want to risk inadvertent disclosure" of a classified piece of information, Judge Lynch, who once served as a prosecutor in the Iran/Contra investigation and was later appointed to the bench by President Clinton, said. "I want to emphasize that I am so far as ignorant as the plaintiff or the public about what is in the government's classified submissions.

The Justice Department has sought to have the suit dismissed on the grounds that litigation would require divulging secrets about the scope of the program.

Judge Lynch directed nearly all his questioning on the legality of the program to the government. He sought input from the plaintiffs for the most part during a lengthy argument on whether the plaintiffs have the standing to bring the lawsuit. Mr. Coppolino said the plaintiffs have to be able to prove that the government spied on their communications with foreign clients before the lawsuit could go forward.

A lawyer for the plaintiffs, Shayana Kadidal, said the lawyers have represented terror suspects who "are alleged to be exactly the types of people" the surveillance would target.

In briefs, the lawyers have said they have already been harmed by the existence of the surveillance program because their clients are afraid to speak openly with them and they can no longer use phone calls or e-mails to discuss their cases.

Yank-Qaeda The Traitor (NYDN)

By James Gordon Meek, Daily News Washington Bureau

New York Daily News, September 7, 2006

WASHINGTON - An American who has made Al Qaeda propaganda videos is charged with aiding terrorists in a secret federal indictment expected to be unsealed soon, the Daily News has learned.

Adam Yahiye Gadahn, a 28-year-old Californian who now calls himself Azzam al-Amriki, has appeared in four Al Qaeda videos. In two of the videos, released since the July 7 anniversary of last year's bombings of London's transit system, he appears with his face uncovered.

The federal indictment is expected unsealed in Los Angeles in the next few days, three sources said. It will likely charge Gadahn with giving material support to terrorists.

The indictment will cite Ayman al-Zawahiri, the No.2 man in Al Qaeda, who praised "Brother Azzam" in a video released last weekend. In the video, Gadahn delivers an hour-long speech urging his countrymen to convert to Islam - or be vanquished.

"[Gadahn] wants to lead his people out of the darkness and into the light," Zawahiri says in a taped introduction to the video. "So listen to him."

Sources said that ringing endorsement sealed the fate of Gadahn, who has been sought by the FBI since 2004. He is believed to be living in Pakistan.

"It makes the criminal charges much better," said a source familiar with the prosecution's case.

Gadahn was raised Adam Pearlman on an Orange County, Calif., hippie goat farm by a Catholic mother and Jewish father, psychedelic rocker Phil Pearlman.

He converted to Islam as a teenager in 1997. That year, he was recruited by an Al Qaeda support cell operating a nonprofit group called Charity Without Borders.

The cell's leaders were tied to Egyptian terror group Gama'a al-Islamiyya and its imprisoned leader, Sheik Omar Abdel-Rahman, the blind cleric convicted of targeting New York City landmarks.

Democrats To Unveil Anti-Terrorism Bill (RC)

By John Stanton

Roll Call, September 7, 2006

Senate Democratic leaders will introduce a detailed homeland security and anti-terrorism package today that significantly expands the size of U.S. special forces units used to track and combat terrorists, while also establishing a comprehensive transportation security plan and implementing the remaining security recommendations of the 9/11 commission, Senate Democratic aides said Wednesday.

Meanwhile, Senate Majority Leader Bill Frist (R-Tenn.) at press time was expected to introduce the White House's legislative proposal for creating new military tribunals for trying suspected terrorists at the Guantanamo Bay military base in Cuba. According to a summary of the Frist bill, Geneva Convention protections would be afforded to suspects under a modified version of the military's court-martial system. But the legislation would significantly limit defendants' access to sensitive information being used as evidence, as well as relaxed evidentiary rules that have raised red flags among Democrats and moderate Republicans, including Sens. John McCain (R-Ariz.) and Lindsey Graham (R-S.C.).

The 600-plus-page Democratic plan — dubbed the Real Security Act of 2006 — meshes existing Democratic proposals, such as the special forces expansion, an initiative proposed by Senate Minority Leader Harry Reid (D-Nev.), with newly drafted legislative language.

While Democrats have made significant progress in their efforts to wrest the national security issue from Republicans, leaders understand that the GOP has successfully exploited the Democrats' lack of a comprehensive and detailed legislative plan as evidence that the minority is long on rhetoric but short on specifics, a Democratic aide said.

"The Republicans basically have been daring us to present a plan," the aide added.

Today's Democratic proposal "builds on the 'Real Security Platform'" unveiled by House and Senate leaders earlier this year and is a "full soup-to-nuts way to fight the war on terror," said a second Democratic aide familiar with the plan.

According to these aides, the Democratic plan will include the long-languishing intelligence authorization bill that was approved by the Senate Intelligence Committee earlier this year, as well as an Iraq contracting proposal sponsored by Sen. Byron

Dorgan (D-N.D.); increased funding for democratization and outreach programs in the Middle East and other parts of the Islamic world; and two sense of the Senate provisions calling for the resignation of Defense Secretary Donald Rumsfeld and for a continuation of federal wiretapping and financial tracking efforts so long as they comply with the Foreign Intelligence Surveillance Act.

As for the issue of tribunals for Guantanamo Bay detainees, the Democratic bill will include a sense of the Senate provision endorsing the Armed Services Committee's bipartisan efforts to draft a tribunal system more in line with McCain's positions than those of the White House.

While Democrats said they would look to break out portions of their comprehensive bill over the next several weeks as amendments to the Defense Department and Homeland Security spending bills, Republican aides said Frist, Majority Whip Mitch McConnell (R-Ky.) and other leaders were attempting Wednesday evening to work out a schedule for moving Frist's tribunal legislation as soon as possible.

Sen. John Cornyn (R-Texas) said Wednesday that while it was absolutely necessary to complete the legislation this year, Frist's target adjournment date of Sept. 29 "is a hard and fast date," and that the House and Senate will need to finish the bill before then. GOP aides said it was unclear at press time which process leaders would decide on for moving the bill, including whether to hold hearings on it and when to schedule a floor debate.

Additionally, leadership's efforts to expedite passage could be complicated by McCain and others who oppose the bill's provisions barring the accused from accessing classified information being used against them. McCain told reporters Wednesday that "I think it's important that we stand by 200 years of legal precedents concerning classified information because the defendant should have a right to know what evidence is being used."

A Capitol Hill Republican bristled at McCain's opposition, privately complaining that McCain appears to be looking more toward the 2008 presidential contest — in which he could face off against Frist — than moving legislation.

"If McCain doesn't veer off, this is an opening salvo in the 2008 wars, and McCain joining with Democrats gives Frist a major opening on an important issue with the GOP base," this source said.

An aide to Frist declined to comment directly on McCain's concerns. However, the aide did note that Frist opposes giving terrorist suspects access to classified information because of concerns that it could be leaked to terrorists that have not been captured.

"The Majority Leader is against automatically giving terrorists and those around them access to classified information about how we are fighting and winning the war on Islamic terrorism, which will inevitably end up leaking out to those who want to do this harm," the aide said.

HOMELAND RESPONSE:

The Security-Industrial Complex (WSJ)

By Heather MacDonald

The Wall Street Journal, September 7, 2006

Since 9/11, it has been generally assumed that Islamic extremists have an almost infinite capacity to wreak large-scale destruction in the U.S. The most pressing question for homeland security officials accordingly was: How do we shore up the country's equally limitless vulnerabilities? There is reason to think, however, that we may have overestimated Muslim terrorists' reach. To find out whether this is true, the next stage of the homeland security enterprise should be oriented around one overriding goal: determining the actual capacity of jihadists to strike the U.S. That means ramping up our intelligence efforts and facing down privacy zealots and civil libertarian extremists, who continue to impede those efforts at every turn.

In assessing where the country is five years after 9/11, we need to begin by recognizing that security and intelligence reforms have made it much harder for an Islamic terrorist to get into the country and inflict large-scale damage. No would-be hijacker, for example, will be able to commandeer an airplane again, thanks to strengthened cockpit doors and inevitable passenger resistance. Meanwhile, plastic explosives, botulism and dynamite are tightly controlled, and bulk sellers of fertilizer know their regular customers and would likely report a suspicious purchase.

Nor is there evidence that terrorists abroad have any nuclear, chemical or biological weapons, or could obtain them in the foreseeable future. Trying to amass WMD capacity makes a terror cell much more vulnerable to detection, a risk that so far may have helped tip the balance in favor of more conventional weapons. Better screening of people and cargo passing through official ports of entry and better information from our overseas partners after 9/11 have made coming into the U.S. with malevolent intent and a big weapon significantly more challenging.

The domestic plots uncovered so far do not suggest that at present we face anything like an omnipresent, omnipotent enemy; wanting to bring down the Sears Tower and being able to do so are very different matters. "None of those plots should scare you," a former government counterterrorism expert who spent years overseeing terrorism investigations told me -- off the record. Another intelligence official of even higher rank admits -- also off the record -- that "most of the threats have been aspirational, not operational."

Yet the security-industrial complex continues to trumpet the notion that we are everywhere under growing threat -- enabled by politicians unable or unwilling to understand risk analysis but quick to denounce even a rational decision by the federal government to ignore low-priority vulnerabilities. Grandstanding legislators, for example, preposterously demanded that every cargo container entering a U.S. port be screened for nuclear material following the Dubai ports controversy; similar calls for universal luggage screening have followed the abortive London airline bombing plot.

From now on, every new claim of a supposedly vulnerable target should be accompanied by evidence that some terrorist somewhere has even a fantasy wish to strike it and a remotely credible ability to do so. Also -- and most crucially -- the knowledge deficit regarding terrorist capacity must narrow, through deployment of every possible information-gathering method.

The London airline plan was uncovered thanks to several informants. The FBI has tried to build relationships with American Muslim communities in the hope of similar leads, should any domestic terror cells exist. Yet that effort has been jeopardized by the ACLU and the Council on American-Islamic Relations's campaign to portray every security initiative since 9/11 as the product of racism and religious bigotry.

This obstructionism recurs in each intelligence domain. The interrogation of terrorism suspects abroad provides crucial intelligence about possible future plots in the U.S. But military interrogators now shrink from using techniques common in every police station across the country, thanks to the overreaction to the real prisoner abuse at Abu Ghraib and the ginned-up abuse at Guantanamo Bay by advocates who view interrogation itself as a human-rights violation.

Anti-Western jihadists depend on Western communications technology to organize themselves and plan their strikes. That dependency is their greatest Achilles heel. We built the technology, we should certainly be able to use it against them more effectively than they use it against us -- if the privacy advocates didn't object.

Ideally, every time a jihadist sends an email, transfers funds over the Internet, or talks on a cell phone, he should face a risk of detection. Jihadist Web sites, for example, teach aspiring terrorists to frequently switch their cell phones' SIM cards (the internal computer chips that contain a phone subscriber's identifying information). Data mining programs should be monitoring cell phone signals for this potentially suspicious behavior, as well as a host of other activities in cyberspace that can signify terrorist intentions.

Yet under pressure from cyber-libertarians, the Senate killed Pentagon research into this vital technology in 2003, despite powerful privacy protections that were built into the proposed programs. Ever since then, even non-government scientists and companies have shunned antiterror technology work for fear of being attacked by privacy crusaders. Congress should reverse its Luddite ban on data mining and establish legal authority for its application throughout the intelligence community. And the Foreign Intelligence Surveillance Act must be amended to permit maximum use of computer technology in tracking terrorist phone conversations, so that programs like the NSA's international phone surveillance program can proceed with full legal authority.

Even if intelligence analysts start collecting better information about terrorist capacities, however, cultural barriers remain to sharing it. To be sure, real progress has been made in encouraging cooperation among agencies and in integrating intelligence. Still, a high-ranking NSA official was reportedly denied entry to the office of his counterpart in DHS recently -- because he had not yet received a new type of security clearance. Analysts continue to conceal their intelligence sources and methods from other agencies' analysts.

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Meanwhile, DHS and the FBI battle on over command of domestic intelligence functions. DHS is currently claiming the right to direct the flow of terrorism information between the federal and local governments, but has persuaded few people outside its own precincts that it has the ability to do so. The department remains an unwieldy mess, overwhelmed by congressional mandates, and unable to set priorities among them.

Should we start getting more intelligence and analyzing it more effectively, we may confirm that terror spending should continue to rise sharply. Our vulnerabilities, we may discover, are matched by our Islamic enemies' current capacities or likely future strength. Such an intelligence push may, however, end up denying the jihadists' their greatest weapon -- limitless fear. Such fear can turn even a failed plot into a resounding success by provoking a massive overreaction, an overreaction premised on the belief that another attack is just around the corner. According to several security experts, the response to the London airline plot represents just such a multibillion-dollar excess.

Vigilance against terrorism will always be necessary. But we may help the fight by ratcheting down the apocalyptic rhetoric just a few notches -- should counterterrorism intelligence support such a de-escalation.

Ms. Mac Donald is a contributing editor at City Journal.

Homeland Security Sifts Data In Terror War (WT)

By Audrey Hudson

The Washington Times, September 7, 2006

The Homeland Security Department is using a dozen different data-mining systems to track terrorist and criminal activity, according to a study released yesterday by the agency's inspector general.

The technology is also being used to screen airplane cargo, but not to pre-screen passengers -- an experiment that was abandoned after strong opposition from the public and members of Congress.

The survey shows that 12 systems are used by Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), Office of Intelligence and Analysis (OIA), Secret Service and Transportation Security Administration (TSA).

Data mining uses computers to analyze massive amounts of information to detect illegal activity; Congress set a mandate for the technology to be used by the agency to combat terrorism. The data involved can include personal information such as credit-card purchases, phone numbers, travel, bank or medical records.

A system used to track high-risk shipments through borders can alert inspectors to conduct a search; however, the inspector general said "limitations" in the system can lead to errors.

A freight-assessment system under development by the TSA would pre-screen airline cargo and flag suspect shipment for inspection. However, the report notes that it faces a "unique problem" because the TSA cannot regulate shippers.

"Therefore, the information that TSA has on shippers is provided on a voluntary basis, which limits the amount and type of data that it receives," the report said.

The technology is used to vet flight crews and pilots, which the report says uses names, Social Security numbers and commercial information to ensure flight attendants and pilots are valid.

Privacy advocates and civil libertarians are critical of the technology and say the database can contain errors.

Melissa Ngo, director of the identification and surveillance project for the Electronic Privacy Information Center, says the technology overwhelms law-enforcement officials with too much information that cannot be verified.

"This is not a thorough investigative technique, but searching for a needle in a haystack when you don't even know what the needle looks like. We will always support thorough investigations based on real evidence, not rumors, guesses or fishing expeditions," she said.

Homeland Security officials reviewed the report but did not submit a response.

One data-mining system to detect money laundering and drug trafficking is used by ICE, while a second massive system tracks criminal activity. The third system, much smaller in scale, is used to generate leads into terrorist activity.

One data-mining system shared with the public is aimed at reducing risks to national infrastructure. The voluntary tool allows owners of transportation facilities, maritime facilities and vessels, airports and mass transit to assess their security status.

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Homeland Security also uses the systems to ferret out immigration violators, customs fraud and drug smugglers. Another system examines whether documents such as passports and driver's licenses are fraudulent.

Clinton Administration Officials Assail ABC's 'The Path To 9/11' (WP)

By Howard Kurtz

The Washington Post, September 7, 2006

Top officials of the Clinton administration have launched a preemptive strike against an ABC-TV "docudrama," slated to air Sunday and Monday, that they say includes made-up scenes depicting them as undermining attempts to kill Osama bin Laden.

Former secretary of state Madeleine K. Albright called one scene involving her "false and defamatory." Former national security adviser Samuel R. "Sandy" Berger said the film "flagrantly misrepresents my personal actions." And former White House aide Bruce R. Lindsey, who now heads the William J. Clinton Foundation, said: "It is unconscionable to mislead the American public about one of the most horrendous tragedies our country has ever known."

ABC's entertainment division said the six-hour movie, "The Path to 9/11," will say in a disclaimer that it is a "dramatization . . . not a documentary" and contains "fictionalized scenes." But the disclaimer also says the movie is based on the Sept. 11 commission's report, although that report contradicts several key scenes.

Berger said in an interview that ABC is "certainly trying to create the impression that this is realistic, but it's a fabrication."

Marc Platt, the film's executive producer, said that although it "does contain composite and conflated scenes and representative characters and dialogue, we've worked very hard to be fair. If individuals feel they're wrongly portrayed, that's obviously of concern. We've portrayed the essence of the truth of these events. Our intention was not in any way to be political or present a point of view."

The former Clinton aides voiced their objections in letters to Robert A. Iger, chief executive of ABC's corporate parent, the Walt Disney Co., but the network refused to make changes or to give them advance copies of the movie. They were not interviewed by ABC; it hired as a co-executive producer Thomas H. Kean, the Republican who chaired the Sept. 11 commission, but no Democratic members of the panel.

"In an undertaking this gargantuan," Platt said, "it's impossible to interview every single person available, and we didn't believe we needed to." He said that "maybe I'm naive" in thinking that hiring only Kean would not prompt criticism of a political slant.

The fierceness of the debate reflects a recognition that a $40 million miniseries -- whose cast includes Harvey Keitel, Patricia Heaton and Penny Johnson Jerald -- can damage Clinton's legacy in the anti-terrorism fight on the fifth anniversary of the Sept. 11 attacks.

Among the scenes that the Clinton team said are fictional:

Â· Berger is seen as refusing authorization for a proposed raid to capture bin Laden in spring 1998 to CIA operatives in Afghanistan who have the terrorist leader in their sights. A CIA operative sends a message: "We're ready to load the package. Repeat, do we have clearance to load the package?" Berger responds: "I don't have that authority."

Berger said that neither he nor Clinton ever rejected a CIA or military request to conduct an operation against bin Laden. The Sept. 11 commission said no CIA operatives were poised to attack; that Afghanistan's rebel Northern Alliance was not involved, as the film says; and that then-CIA Director George J. Tenet decided the plan would not work.

Â· Tenet is depicted as challenging Albright for having alerted Pakistan in advance of the August 1998 missile strike that unsuccessfully targeted bin Laden.

"Madame Secretary," Tenet is seen saying, "the Pakistani security service, the ISI, has close ties with the Taliban." Albright is seen shouting: "We had to inform the Pakistanis. There are regional factors involved." Tenet then complains that "we've enhanced bin Laden's stature."

Albright said she never warned Pakistan. The Sept. 11 commission found that a senior U.S. military official warned Pakistan that missiles crossing its airspace would not be from its archenemy, India.

Â· "The Path to 9/11" uses news footage to suggest that Clinton was distracted by the Republican drive to impeach him. Veteran White House counterterrorism official Richard A. Clarke, who also disputes the film's accuracy, is portrayed as telling FBI

agent John P. O'Neill: "Republicans went all out for impeachment. I just don't see the president in this climate willing to take chances."

O'Neill responds: "So it's okay if somebody kills bin Laden, so long as he didn't give the order. . . . It's pathetic." The Sept. 11 commission found no evidence that the Monica S. Lewinsky scandal played a role in the August 1998 missile strike, but added that the "intense partisanship of the period" was one factor that "likely had a cumulative effect on future decisions about the use of force against bin Laden."

Clinton allies have complained that advance copies were sent to a number of conservative commentators, including Rush Limbaugh, but not to liberals. Limbaugh, saying that the screenwriter, Cyrus Nowrasteh, is a friend of his, told his radio audience that the film "indicts the Clinton administration, Madeleine Albright, Sandy Berger. It is just devastating to the Clinton administration. It talks about how we had chances to capture bin Laden in specific detail."

ABC said copies of the film were sent to media organizations and commentators without regard to ideology, and that Democrats and Republicans were invited to a screening in Washington. At the screening, Richard Ben-Veniste, a Democratic member of the Sept. 11 commission, assailed the film as inaccurate.

Nowrasteh, who has described himself as a conservative, told Frontpage magazine that the movie illustrates "the frequent opportunities the administration had in the '90s to stop bin Laden in his tracks -- but lacked the will to do so."

Nowrasteh drew criticism from Reagan administration officials for his Showtime movie "The Day Reagan Was Shot." He told the Los Angeles Daily News then that he "made a conscious effort not to contact any members of the [Reagan] administration because I didn't want them to stymie my efforts."

The assault on "The Path to 9/11" assumed the trappings of a campaign yesterday. Four senior House Democrats -- John Conyers Jr., Jane Harman, John D. Dingell and Louise M. Slaughter -- have written Iger to demand that the inaccuracies be corrected. Spurred by the Center for American Progress, which is headed by Clinton chief of staff John D. Podesta, 25,000 people have sent letters of protest to ABC.

9/11 Polls Find Lingering Fears In New York City (NYT)

By Robin Toner And Marjorie Connelly

The New York Times, September 7, 2006

Five years after the Sept. 11 attacks, two-thirds of New Yorkers say they are still “very concerned” about another attack on their city, a level of apprehension only slightly reduced from the fall of 2001, according to the latest New York Times/CBS News polls of the nation and New York City.

Nearly a third of New Yorkers said they thought about Sept. 11 every day. Nearly a third said that they had not gone back to pre-Sept. 11 routines and that they were still dealing with changes caused by the attacks.

Outside New York, however, Americans, in many ways, have adjusted to the “new normal” of the post-Sept. 11 era, the national survey suggests.

In contrast to the frantic fall of 2001, their fears of another attack seem less acute and personal. Only 22 percent in the national poll said they were still “very concerned” about an attack where they live, down from 39 percent five years ago. Three-fourths said daily life had largely returned to normal.

New Yorkers were more likely to say that they felt uneasy about the prospect of terrorist attacks. City residents said they believed that the air quality in Lower Manhattan after the Sept. 11 attacks was more dangerous than officials said at the time. [Page B4.]

And they were less likely to say the federal government had done all that “could reasonably be expected” to protect the United States from future terrorist attacks. Seventy-two percent of New Yorkers said the government could do more, compared with 58 percent in the national survey.

Nearly 6 in 10 New Yorkers said they would not be willing to work on a high floor in a new building at the World Trade Center site. Forty percent said they still felt nervous and edgy because of the attacks.

“I don’t feel safe,” said Elizabeth Vinas, 43, a receptionist from Brooklyn, interviewed in a follow-up to the poll. “I don’t know when there will be another attack, I just think they will try again.”

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Gwendolyn Branch, 50, a Manhattan homemaker, said, "I just have a feeling that something is going to happen."

The national poll found that Americans' personal sense of security, to a large extent, revolved around where they live. Nearly a third of those who lived in big cities said they were "personally very concerned" about an attack where they live; only 13 percent of the people in small towns or rural areas felt that way. More than half of the suburbanites said they felt safe from terrorism, compared with fewer than half of those who lived in cities.

Donna Howlett, a retired beauty salon manager who lives in San Jose, Calif., said: "I think that from now on out, we're living under the fear of being attacked. They're planning things all the time."

A majority of Midwesterners felt safe; residents of the Northeast were evenly divided.

The findings point to a political paradox. Mr. Bush, who has made the campaign against terrorism the centerpiece of his presidency, has some of his lowest approval ratings in areas that are most concerned with another attack. New York City, which is overwhelmingly Democratic, gave Mr. Bush a 25 percent approval rating in a Quinnipiac University Poll.

The New York Times/CBS News polls were conducted by telephone in August, and each has a margin of sampling error of plus or minus three percentage points. The national poll was conducted Aug 17-21 with 1,206 adults, and the poll of New York City was conducted Aug. 23-27 with 838 adults.

The surveys found Americans almost resigned to the continuing struggle against terrorism. The proportion of those who said they thought a terrorist attack on the United States in the next few months was "very" or "somewhat" likely has dropped substantially in the past five years, but it still amounted to more than half in the national survey.

In New York, 69 percent said they were "very concerned" about another attack there, compared with 74 percent in October 2001.

Nationally, 4 in 10 thought the threat of terrorism against the United States had, if anything, increased since 2001, and 81 percent said they thought Americans would always have to live with the threat.

But a big part of the "new normal," a term used by a Republican pollster, Bill McInturff, is the resurgence of political divisions on national security questions. The extraordinary national unity recorded in the fall of 2001, when Mr. Bush's approval rating reached 89 percent (79 percent in New York City) and Americans' trust in government soared, has given way to deeply partisan views over Mr. Bush's conduct of the war on terror and in Iraq. The survey found that Republicans and Democrats disagreed on a wide range of national security issues, from the wisdom of the war in Iraq to whether the nation had done enough to protect airports.

In general, 83 percent of the Republicans said they thought the United States' campaign against terrorism was going "very" or "somewhat" well, compared with 43 percent of the Democrats and 55 percent of the independents. When asked if the government had done "all it could reasonably be expected to do" to protect the nation against another attack, 56 percent of Republicans said yes; nearly two-thirds of the Democrats and independents said no.

Similar divisions were apparent when Americans were asked if they believed the United States was "adequately prepared for another terrorist attack." Three years ago, a majority of Republicans, independents and Democrats said they believed the government was ready. In the latest poll, only a majority of Republicans felt that way; independents were evenly divided.

A majority of those surveyed nationally still gave Mr. Bush positive marks for his handling of the campaign against terrorism — 55 percent approved, down from the high of 90 percent approval in December 2001. But on many security-related questions, he has lost the support of the vast majority of Democrats and many independents as well.

In general, the polls found a distinct skepticism toward government at all levels. Only 13 percent of New Yorkers said they thought the city was adequately prepared to deal with a chemical or biological attack. Nationwide, 39 percent said they thought their state and local governments were adequately prepared for an attack in general, while 52 percent said they were not. Similar views were reflected among New Yorkers.

In another measure of the confidence gap, 6 in 10 New Yorkers said they would not trust the government to tell them the truth about dangers like contaminated air or water in the event of another terrorist attack. A major study released this week, after the poll was completed, by Mount Sinai Medical Center found that the health impact of working at ground zero was more widespread and persistent than previously thought.

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Women, in general, were more likely to say they still felt nervous about the threat of terrorism and less likely to say they felt confident in the government's ability to handle another attack.

Nationwide, 58 percent of the men said the United States was prepared for another attack, but just 42 percent of the women.

James Vollintine, a 35-year-old firefighter from Topeka, Kan., argued that government preparation could go only so far. "You can only be so proactive," Mr. Vollintine said in a follow-up interview. "You can only think of so many scenarios."

But Sandy Jackson, 47, a homemaker in Aberdeen, Md., said, "When the planes hit the Pentagon, I thought it was war, and I rushed to get my daughters out of school." Ms. Jackson added: "I'm still nervous because we can't put our guard down. I think they're looking to do us harm."

9/11 Continues To Haunt Survivors (WT)

By Jennifer Harper

The Washington Times, September 7, 2006

The effects of terrorism linger: After five years, those closest to the September 11 attacks often face a mix of old fears and anxieties, according to a survey of 500 surviving family members and first responders released yesterday.

The most negative reactions were directed toward the press and Hollywood. The survey from the New York-based World Trade Center Family Center found that 75 percent of the respondents said "media coverage of 9/11-related issues continue to increase emotional distress for adults and children, including grief, anxiety, fear of another attack and depression."

Respondents named movies and ongoing news coverage as the worst culprits. Only 5 percent of survivors said the reports and films were "important so people will remember."

Two films opened this year dealing with the events of September 11. Print and broadcast news organizations are gearing up for substantial coverage of the fifth anniversary Monday, many showcasing disturbing images and video footage. "Path to 9/11" on ABC is under fire from Democrats and liberal bloggers who say the miniseries blames the attacks on the Clinton administration.

For survivors -- those who lost a family member at the World Trade Center or who were first responders -- a sense of safety is paramount.

The survey found that 60 percent said they do not feel personally safe and that the United States is not safer today; 17 percent felt the country was safer, while 22 percent were undecided. Among those with safety concerns, about half "held the government in Washington responsible."

Some respondents called for more border security, or were philosophical about the realities of terrorism.

"We can't control it. We can't stop crazy people," one respondent noted. Another said, "We can't worry about it and focus on it."

About a third of the first responders at ground zero report they are depressed about their experiences; four out of 10 say they can't shake the lingering effects. Half of the firefighters and two-thirds of the construction workers at the site report symptoms of post-traumatic stress.

Among children who lost a parent on September 11, more than a third said they continue to have "intrusive thoughts" about the attacks, 42 percent underperformed at school and more than a third had post-traumatic stress or separation anxiety.

The survey did find some good news. It revealed that 90 percent of those children continued to seek ways to honor their lost parents and 55 percent said they had good relationships with their siblings. Among adults, 60 percent reported that family support and togetherness had increased.

The survey was conducted through the South Nassau Communities Hospital, which founded the family center on Sept. 29, 2001, to offer free counseling and care to local survivors of the attacks.

I'm Ready To Reclaim My Life (opinion) (USAT)

By Nikki Stern

USA Today, September 7, 2006

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As we approach the fifth anniversary of the 9/11 attacks, there seems to be a collective national ambivalence about how we should commemorate that September day.

Certainly for family members like me — my husband, Jim Potorti, died in the World Trade Center's North Tower — marking the date has proved to be even more conflicting.

I still live in the New York metropolitan area, so there are a number of events and memorials available to me.

I could attend a ceremony at Ground Zero, where the names of the victims will be read aloud and a bell will ring at the times the planes crashed into the towers and again when the towers fell. Or I could attend a small service in my community. I've received invitations to a reception at the governor's mansion, a candlelight vigil held by my late husband's employer and an exhibition of photos earmarked for a memorial that has yet to be built.

Amid all of this, I'm dealing with the melancholia that permeates everything this time of year, a mood that also happens to run smack up against my natural instinct to embrace autumn. I used to love this time of year — unpacking sweaters, taking bike trips, walking along the beach, getting the house ready, plunging back into work. It was a time of renewal, no matter that the season indicated otherwise.

What's already out there

Regardless of what I do, the fifth anniversary has already created its own kind of synergy. Setting aside lowbrow marketing efforts (the almost risible commemorative coins made from silver recovered from the World Trade Center being just one example), there are numerous reminders in the form of articles, books, documentaries, made-for-TV ventures and two "mainstream" movies.

Both United 93 and World Trade Center emphasize the courage and humanity present that day, acknowledging the horror that was the catalyst without displaying it gratuitously. Even so, some feel that even five years is too soon to relive these events.

In other circumstances, though, five years is an eternity. The pace of rebuilding at Ground Zero feels positively glacial to the residents of Lower Manhattan as well as the visitors who seemed stunned that for now, the 16 acres remains a construction site, and that there is no memorial to visit.

The fact is, we don't know what the five-year mark is supposed to mean. What exactly are we to remember? What are we to do?

In many parts of the country, 9/11 is just another day. It's the beginning of school. It's time to head back to work after a Labor Day vacation. Even in the Northeast, where the shockwaves of the attacks were more intense and longer-lasting, everyday routines take precedence.

I'm OK with that.

I've never supported the idea of a national holiday, which often devolves into meaningless rituals or become excuses for "white sales" or extra days off. But I don't want the nation or its citizens to be caught up in eternal mourning. Neither do I wish the prevailing mood to be anger or outrage.

Hope from the pain

It's not that I want people to forget the events of Sept. 11, 2001. In fact, I hope that schools will continue to develop a comprehensive curriculum, and that the day will generate in-depth discussions among passionate citizens. After all, we must learn from our history. But I realize that the date will mean different things to different people, and that it will change over time. Memory morphs experience.

I'd like to imagine that as a result of such horrific events, people would change their own world by helping, giving, learning, becoming involved in something that helps others. In doing so, they could change the world for all of us.

My friend Jay, whose brother lost his life at the Trade Center, has begun an initiative, My Good Deed, which supports acts of charity as a way to remember those who died. To be honest, this project speaks more to me than a ceremony at which my husband's name is intoned.

I have the beginnings of a plan for this anniversary — that is, I won't plan. I'll remember my husband. I'll look to my future. And I will begin to reclaim both my autumn — and my hope.

Nikki Stern served as New Jersey's 9/11 families' liaison and as executive director of Families of September 11. She lives in Princeton, N.J.

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How Little The World Has Changed (opinion) (USAT)

By William J. Dobson

USA Today, September 7, 2006

At 8:45 a.m., Sept. 11, 2001, we were living in the post-Cold War era. At 9:37 a.m., just 52 minutes later, as the third hijacked airliner careened into the Pentagon, the post-9/11 era had begun. Everyone told us that everything had changed.

It was the beginning of a new chapter in history. The image of thousands of people perishing as the Twin Towers collapsed in a cascade of fire and dust, live on television, was a bookmark for the ages. There was a world before this tragedy, and then there was something very different that was about to follow. Rarely have so many agreed about the meaning of a single moment.

Five years on, this response must be understood as one being born out of shock. Certainly, for some, there could not have been a more life-changing moment. Collectively, we feared what was about to end.

Globalization would surely grind to a halt. Borders — in particular, the need to maintain them — would undergo a renaissance as governments looked to shield themselves from the next attack. Global trade, capital flows and immigration could no longer be what they once were. National economies would cool, as the realization of a "clash of civilizations" grew hot.

Yet, if you look closely at the trend lines since 9/11, what is remarkable is how little the world has changed. The forces of globalization continue unabated; indeed, if anything, they have accelerated. Across broad measures of political, economic and social data, the constants outweigh the variations. And, five years later, U.S. foreign policy is marked by no greater strategic clarity than it had on Sept. 10, 2001.

The attacks on the World Trade Center and the Pentagon were theatrical terrorism of the worst kind. But the tragic drama of that day did not usher in a new era. No, if there was a day that changed the world forever, it was 15 years ago, not five. New Year's Eve, 1991. It was on that day, far away from any cameras, that the Soviet Union finally threw in the towel, dissolving itself and officially bringing an end to the Cold War. From that moment on, the United States reigned supreme — "the sole superpower," "the hyperpower," "the global hegemon," call it what you like. And from that moment on, the world was out of balance — and it still is. The tragedy of 9/11 was a manifestation of the unipolar disorder the world had already entered a decade earlier. A day after 9/11, we were still living in the post-Cold War era, we still are today, and that is precisely the problem.

Where we left off

The global economy offered the first sign that a new, darker day hadn't dawned. On Sept. 10, the Dow Jones Industrial Average closed at 9,605.51. Once markets reopened on Sept. 17, it took only 40 days for the market to close above that level again. Hard-hit businesses such as the tourist industry bounced back remarkably fast. In 2005, more than 800 million tourists traveled abroad, up from 688 million four years earlier. Confidence returned so quickly that we are not even shying away from building skyscrapers.

Numerous buildings taller than the World Trade Center have either been built, proposed, or begun construction since Sept. 11.

The United States' openness to the immigrants of the world was supposed to be another casualty of 9/11. University presidents and CEOs have complained loudly that the United States has fallen into a "Fortress America" mentality. But the picture is less dire than they claim. For example, the United States granted far more worker visas in 2005 than in 1998, the heyday of America's triumphant, open-for-business dot-com boom. The number of people becoming U.S. citizens is also on the rise. More foreigners were naturalized in 2005 than in most years before the attack.

Surely, though, there is a growing gulf between America and the world.

Otherwise, how could anyone explain the mounting anti-Americanism in recent years? It is true that anti-American sentiment runs wide and deep today, but it is also true that it has a far longer lineage than the Bush administration. Its roots are in the world's collective fear that U.S. pre-eminence would become so great that the United States would come to dominate others. As early as 1983, a poll by the Gallup Organization found that a majority in Brazil, Japan and Mexico believed that a strong U.S. military presence around the world increased the chance of war. Those fears grew with the end of the superpower contest. In 1995, majorities around the world said the United States was intent on dominating them. Even with a president as beloved abroad as Bill Clinton, America was considered a bully by 83% of people polled in Israel and 61% in Britain, two of America's

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closest allies. The fact that anti-Americanism has spiked since the U.S. invasion of Iraq is entirely sensible. For the rest of the world, it is the realization of the fears of U.S. dominance they have long harbored.

The United States was a target on Sept. 11 because it was perceived to be the global hegemon. Al-Qaeda's efforts to overthrow Arab regimes had been an abysmal failure in the 1990s. Unable to accomplish his objectives in the Arab world, Osama bin Laden plotted to strike the "faraway enemy," the United States. By striking at the colossus, which for decades had helped shore up the bedrock of Arab regimes, bin Laden hoped to remake the world. What we saw on 9/11 was an explosion that had been building for some time.

World's imbalance

The attacks of Sept. 11 have not altered the balance of power. Instead, they only aggravated differences in the imbalance that existed. Perhaps the truest thing that changed because of 9/11 was the way in which the Pentagon's budget soared. In 2001, the U.S. military expenditure of $325 billion was the same as the next 14 biggest militaries combined. By 2005, the Pentagon was outspending the next 14 militaries by $116 billion. If the world feared the imbalance between the United States and everyone else before Sept. 11, you can understand how that fear could be so much greater today. The gulf between the United States and the rest of the world has just grown wider. For better or worse, only when the international system achieves some sort of balance — whether it happens because of others' progress, U.S. decline, or both — will the post-Cold War era come to a close. Until then, 1991 will remain the year that matters most.

William J. Dobson is managing editor of Foreign Policymagazine. This essay was adapted from his cover story in the current issue. It is available at www.ForeignPolicy.com.

Report: U.S. Not Ready For Disaster (USAT)

By Mimi Hall And Anne Rochell Konigsmark

USA Today, September 7, 2006

WASHINGTON — The U.S. isn't prepared to handle disasters and lacks an effective way to track $88 billion doled out to help rebuild the Gulf Coast after last year's killer hurricanes, according to government reports released Wednesday.

The reports by the Government Accountability Office (GAO), Congress' investigative agency, say that safeguards are not in place to ensure speedy responses to the nation's next catastrophe.

“We are clearly better off than we were five years ago and one year ago, but we are not where we need to be,” said GAO Comptroller General David Walker.

Max Stier of the Partnership for Public Service, a non-partisan group that promotes effective government, said that the 9/11 attacks and Hurricane Katrina were “wake-up calls” and that the new GAO reports highlight a “critical need for leadership” in government.

The three reports examine the government's progress in addressing its response after Hurricane Katrina, which hit Aug. 29, 2005, and left more than 1,700 people dead in Louisiana and Mississippi.

Among the findings:

•The Homeland Security Department says it has made changes to improve its ability to respond to disasters, “but there is little information available on the extent to which those changes are operational.” Responders still don't have the ability to communicate by radio during a crisis.

Department spokesman Russ Knocke said some of Homeland Security's new policies are not made public for security reasons. “There has been a tremendous amount of reflection on what did and didn't work” during the Katrina response, he said.

•The government has no place to collect data on how and where 23 agencies are spending their share of the $88 billion Congress has allocated for Gulf Coast recovery.

Congress needs to know “how much federal funding has been spent and by whom, whether more may be needed, or whether too much has been provided,” the GAO said. Taxpayers and hurricane victims also should be able to find out how the money's being spent, one report said.

•The Army Corps of Engineers is “following a piecemeal approach” to flood prevention. “We are concerned that the Corps is proceeding with over $7 billion of interim repairs and construction without a comprehensive strategy,” the GAO said.

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The GAO report also expressed concern about the delays and costs to repair damaged levees. The costs have risen from $841 million to more than $1 billion.

The corps "generally" agrees with the GAO, according to a written response from John Paul Woodley, assistant secretary of the Army for civil works. However, Woodley said, the corps is "moving forthright to re-establish lines of defense."

Washington: Little Accounting Of Hurricane Money (NYT)

By Eric Lipton

The New York Times, September 7, 2006

No single government entity is keeping track of the $88 billion appropriated to 23 federal agencies to respond to Hurricanes Katrina, Rita and Wilma, according to a report by the Government Accountability Office. As a result, the report said, the government cannot definitively say "whether more may be needed, or whether too much has been provided," let alone how much money has been spent. The only agency trying to keep track is the Federal Emergency Management Agency, which has received $42.6 billion. But its weekly report does not include accurate or comprehensive information on spending by other agencies, the G.A.O. report said.

Corps Of Engineers Lacking Flood Plan? (WP)

By Spencer Hsu

The Washington Post, September 7, 2006

The U.S. Army Corps of Engineers lacks a strategic plan to spend more than $7 billion approved by Congress for levee and flood-control projects in greater New Orleans, risking a repeat of the piecemeal approach that led to catastrophic systemic failures after Hurricane Katrina last year, congressional auditors reported yesterday.

While the Corps has spent more than $1 billion to repair southeastern Louisiana's broken levee system by this summer -- more than the $738 million it cost to build over 40 years -- billions more are coming for further work, such as adding pumps and canal gates, raising and reinforcing levees and storm-proofing pumping stations, the Government Accountability Office said in a report.

The money comes before the Corps outlines a long-term strategy to protect the region from the most powerful hurricanes, due to Congress by December 2007, which early estimates said might cost $10 billion to $20 billion, or more.

"We are concerned that the Corps has embarked on a multi-billion repair and construction effort in response to the appropriations it has already received, without a guiding strategic plan," reported the GAO, Congress's audit arm. The Corps is "once again . . . taking an incremental approach that is based on funding."

U.S. Comptroller General David M. Walker, who heads the GAO, said earmarks by Congress would waste money and time.

"The Corps by itself cannot implement this recommendation," Walker said. "It must achieve cooperation and agreement from Congress."

The Corps concluded that the 350-mile New Orleans flood-control system was "a system in name only" in a 6,000-page report in June, acknowledging major design, construction and maintenance flaws.

WAR NEWS:

Is It Fair To Compare Terror To Cold War? (CSM)

By Howard LaFranchi

The Christian Science Monitor, September 7, 2006

WASHINGTON

As the fifth anniversary of the 9/11 attacks approaches, President Bush is reemphasizing his focus on the war on terror as the defining struggle of the age. With historical analogies his constant tool, the president compares Osama bin Laden to the ideological foes the United States faced in the 20th century - Lenin and Hitler, for example - and likens the struggle against Islamic radicalism to the cold war.

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Such comparisons can help Americans understand the foe the US is up against, analysts agree, and can help put the challenge ahead into perspective. For example, the cold war was an ideological battle spanning more than four decades, and the fight against terrorism is not likely to reach a decisive denouement anytime soon, experts say.

But such analogies go only so far and can actually hinder understanding if they obscure the differences in the current situation or act to cover up missteps in current policy.

"The cold war is a good template to begin to think about how to deal with the challenge of radical Islam," says Andrew Bacevich, a former Army colonel and now professor of international relations at Boston University. "The problem is that whatever the president is saying now, his administration's policies have not mirrored the policies of the cold war - starting with the fact that US strategy in the cold war was not primarily oriented towards an aggressive use of force."

Mr. Bush himself has said that the war on terror is not just a military battle, but the wars in Afghanistan and Iraq are nevertheless seen as the signature acts of the president's war on terror.

At the same time, Bush continues to draw comparisons between this war and 20th-century conflicts. "Bin Laden and his terrorist allies have made their intentions as clear as Lenin and Hitler before them," he said in Washington Tuesday in a speech to the Military Officers Association of America.

Such references are both useful and problematic, some experts say. "It's helpful to have things to point to that people can understand. But it's also true that historical analogies are rarely 100 percent accurate, and that can lead to misunderstandings," says Thomas Henriksen, a historian focusing on US foreign policy at the Hoover Institution in Stanford, Calif. "It's true that this will be a long conflict, and when the president says this is more than a military conflict, that's also true."

But Mr. Henriksen says other factors weaken such analogies: For example, World War II and the cold war were fought against "state actors" - Germany, Japan, and then the Soviet Union - while the foes in the war on terror are stateless, dispersed organizations and the ideology that feeds them.

Another problem with such analogies is that they suggest that the answers to the current challenge can also be found in history. Some experts say that can be a costly mistake.

"Superficially, the comparison [to the cold war] is credible, in that this is an ideological challenge, but it starts breaking down when you compare the enemies we were and are [now] up against," says Geoffrey Kemp, a national-security expert at the Nixon Center in Washington.

In the cold war, the ideological foe the US faced was backed by "serious countries with serious capabilities," says Mr. Kemp, who served in the National Security Council of the Reagan White House. While radical Islam may be fed by a common ideology favoring a global caliphate, "when you get into the details, you find a disparate constellation of differing factions and agendas."

The result, he says, is that the current foe "has to be dealt with in a very different way. The traditional ways are less relevant now."

Where many experts differ most ardently with the Bush administration's strategy is in the use of force - and specifically in the characterization of the Iraq war as the central front in the war on terror.

Bush continues to insist on that point. "Iraq is not a distraction in [the radical Islamists'] war against America," he said Tuesday, but rather "the central battlefield where this war will be decided."

Professor Bacevich disagrees, saying that "if the Bush approach had been applied in the cold war, our response would have been to invade Poland." Adds Kemp, "Where Iraq is the central front is in an intensifying battle between Shiites and Sunnis. It doesn't serve our purposes [in the battle with terrorism] to be caught in the middle of that."

Some experts say battling Islamic radicalism is so different from previous wars - and so little a military fight - that the word "war" should not be used at all. "The message the rhetoric about Iraq sends is that we still think we can win this conflict with military force, and that's simply not the case," says Charles Pena, a national security-expert with the Coalition for a Realistic Foreign Policy in Washington. He is so adamant about this point that he titled a new book "Winning the Un-War."

Aside from de-emphasizing the military response, Mr. Pena says the US has to change a "hypocritical" policy toward the Middle East that talks democracy but supports authoritarian regimes. He says, "If we don't reassess our foreign policy and deal with the root causes of what attracts so many Muslims to the radical message, it's a losing battle."

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Poll: Many Separate Iraq And Terrorism (AP-Y)

By The Associated Press

AP, September 6, 2006

Most people in this country view the war in Iraq as a separate conflict from the war on terror, polling indicates.

President Bush has described Iraq as the central battlefield in the war on terror in several speeches and noted that terrorist leaders have said fighting the U.S. in Iraq is critical to their strategy.

But a CNN poll out Wednesday asked the public if the war in Iraq is part of the war on terrorism. Fifty-three percent said "no;" 45 percent said "yes."

In other poll results about the war on terror:

_Bush's approval on handling terrorism was at 55 percent in a CBS-New York Times poll out Wednesday — his highest rating on handling terrorism in that poll since July 2005.

_By 45 percent to 32 percent, people are more likely to think the best way to lessen the terror threat is to reduce, not increase, the U.S. military presence overseas, according to a poll released Wednesday by the Pew Research Center for the People & the Press.

_Two-thirds said the U.S. is less respected by other countries these days than it was in the past, the Pew poll found. The Iraq war was mentioned by 68 percent as a top reason people are unhappy with the U.S.

_Six in 10 in an AP-Ipsos poll said there will be more terrorism in the United States because the U.S. went to war in Iraq.

The CBS-NYT poll, CNN poll and the AP-Ipsos poll of about 1,000 adults each, and the Pew poll of about 1,500 adults, had margins of sampling error of plus or minus 3 percentage points. The CBS-NYT poll was conducted Aug. 17-21, the CNN poll was conducted Aug. 30-Sept. 2, while the AP-Ipsos poll was conducted Aug. 7-9 and the Pew poll was conducted Aug. 9-13.

Bush And Lincoln (WSJ)

By Newt Gingrich

The Wall Street Journal, September 7, 2006

"The dogmas of the quiet past are inadequate to the stormy present. . . . As our case is new, so we must think anew, and act anew. We must disenthrall ourselves."

-- Abraham Lincoln

Annual message to Congress, Dec. 1, 1862 * * *

WASHINGTON -- Five years have passed since the horrific attack on our American homeland, and, still, there is one serious, undeniable fact we have yet to confront: We are, today, not where we wanted to be and nowhere near where we need to be.

In April of 1861, in response to the firing on Fort Sumter, President Lincoln called for 75,000 volunteers to serve for 90 days. Lincoln had greatly underestimated the challenge of preserving the Union. No one imagined that what would become the Civil War would last four years and take the lives of 620,000 Americans.

By the summer of 1862, with thousands of Americans already dead or wounded and the hopes of a quick resolution to the war all but abandoned, three political factions had emerged. There were those who thought the war was too hard and would have accepted defeat by negotiating the end of the United States by allowing the South to secede. Second were those who urged staying the course by muddling through with a cautious military policy and a desire to be "moderate and reasonable" about Southern property rights, including slavery.

We see these first two factions today. The Kerry-Gore-Pelosi-Lamont bloc declares the war too hard, the world too dangerous. They try to find some explainable way to avoid reality while advocating return to "normalcy," and promoting a policy of weakness and withdrawal abroad.

Most government officials constitute the second wing, which argues the system is doing the best it can and that we have to "stay the course" -- no matter how unproductive. But, after being exposed in the failed response to Hurricane Katrina, it will become increasingly difficult for this wing to keep explaining the continuing failures of the system.

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Just consider the following: Osama bin Laden is still at large. Afghanistan is still insecure. Iraq is still violent. North Korea and Iran are still building nuclear weapons and missiles. Terrorist recruiting is still occurring in the U.S., Canada, Great Britain and across the planet. * * *

By late summer, 1862, Lincoln agonizingly concluded that a third faction had the right strategy for victory. This group's strategy demanded reorganizing everything as needed, intensifying the war, and bringing the full might of the industrial North to bear until the war was won.

The first and greatest lesson of the last five years parallels what Lincoln came to understand. The dangers are greater, the enemy is more determined, and victory will be substantially harder than we had expected in the early days after the initial attack. Despite how painful it would prove to be, Lincoln chose the road to victory. President Bush today finds himself in precisely the same dilemma Lincoln faced 144 years ago. With American survival at stake, he also must choose. His strategies are not wrong, but they are failing. And they are failing for three reasons.

(1) They do not define the scale of the emerging World War III, between the West and the forces of militant Islam, and so they do not outline how difficult the challenge is and how big the effort will have to be. (2) They do not define victory in this larger war as our goal, and so the energy, resources and intensity needed to win cannot be mobilized. (3) They do not establish clear metrics of achievement and then replace leaders, bureaucrats and bureaucracies as needed to achieve those goals.

To be sure, Mr. Bush understands that we cannot ignore our enemies; they are real. He knows that an enemy who believes in religiously sanctioned suicide-bombing is an enemy who, with a nuclear or biological weapon, is a mortal threat to our survival as a free country. The analysis Mr. Bush offers the nation -- before the Joint Session on Sept. 20, 2001, in his 2002 State of the Union, in his 2005 Second Inaugural -- is consistently correct. On each occasion, he outlines the threat, the moral nature of the conflict and the absolute requirement for victory.

Unfortunately, the great bureaucracies Mr. Bush presides over (but does not run) have either not read his speeches or do not believe in his analysis. The result has been a national security performance gap that we must confront if we are to succeed in winning this rising World War III.

We have to be honest about how big this problem is and then design new, bolder and more profound strategies to secure American national security in a very dangerous 21st century. Unless we, like Lincoln, think anew, we cannot set the nation on a course for victory. Here are some initial steps:

First, the president should address a Joint Session of Congress to explain to the country the urgency of the threat of losing millions of people in one or more cities if our enemies find a way to deliver weapons of mass murder to American soil. He should further communicate the scale of the anti-American coalition, the clarity of their desire to destroy America, and the requirement that we defeat them. He should then make clear to the world that a determined American people whose very civilization is at stake will undertake the measures needed to prevail over our enemies. While desiring the widest possible support, we will not compromise our self-defense in order to please our critics.

Then he should announce an aggressively honest review of what has not worked in the first five years of the war. Based upon the findings he should initiate a sweeping transformation of the White House's national security apparatus. The current hopelessly slow and inefficient interagency system should be replaced by a new metrics-based and ruthlessly disciplined integrated system of accountability, with clear timetables and clear responsibilities.

The president should insist upon creating new aggressive entrepreneurial national security systems that replace (rather than reform) the current failing bureaucracies. For example, the Agency for International Development has been a disaster in both Afghanistan and Iraq. The president should issue new regulations where possible and propose new legislation where necessary. The old systems cannot be allowed to continue to fail without consequence. Those within the bureaucracies who cannot follow the president's directives should be compelled to leave.

Following this initiative, the president should propose a dramatic and deep overhaul of homeland security grounded in metrics-based performance to create a system capable of meeting the seriousness of the threat. The leaders of the new national security and homeland security organizations should be asked what they need to win this emerging World War III, and then the budget should be developed. We need a war budget, but we currently have an OMB-driven, pseudo-war budget. The goal of

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victory, ultimately, will lead to a dramatically larger budget, which will lead to a serious national debate. We can win this argument, but we first have to make it.

Congress should immediately pass the legislation sent by the president yesterday to meet the requirements of the Supreme Court's Hamdan decision. More broadly, it should pass an act that recognizes that we are entering World War III and serves notice that the U.S. will use all its resources to defeat our enemies -- not accommodate, understand or negotiate with them, but defeat them.

Because the threat of losing millions of Americans is real, Congress should hold blunt, no-holds-barred oversight hearings on what is and is not working. Laws should be changed to shift from bureaucratic to entrepreneurial implementation throughout the national security and homeland security elements of government.

Beyond our shores, we must commit to defeating the enemies of freedom in Iraq, starting with doubling the size of the Iraqi military and police forces. We should put Iran, Syria and Saudi Arabia on notice that any help going to the enemies of the Iraqi people will be considered hostile acts by the U.S. In southern Lebanon, the U.S. should insist on disarming Hezbollah, emphasizing it as the first direct defeat of Syria and Iran -- thus restoring American prestige in the region while undermining the influence of the Syrian and Iranian dictatorships.

Further, we should make clear our goal of replacing the repressive dictatorships in North Korea, Iran and Syria, whose aim is to do great harm to the American people and our allies. Our first steps should be the kind of sustained aggressive strategy of replacement which Ronald Reagan directed brilliantly in Poland, and ultimately led to the collapse of the Soviet empire.

The result of this effort would be borders that are controlled, ports that are secure and an enemy that understands the cost of going up against the full might of the U.S. No enemy can stand against a determined American people. But first we must commit to victory. These steps are the first on a long and difficult road to victory, but are necessary to win the future.

Mr. Gingrich, former speaker of the U.S. House of Representatives, is a senior fellow at the American Enterprise Institute and the author of "Winning the Future: A 21st Century Contract with America" (Regnery, 2005).

Panel Set To Release Just Part Of Report On Run-Up To War (WP)

By Jonathan Weisman

The Washington Post, September 7, 2006

A long-awaited Senate analysis comparing the Bush administration's public statements about the threat posed by Saddam Hussein with the evidence senior officials reviewed in private remains mired in partisan recrimination and will not be released before the November elections, key senators said yesterday.

Instead, the Senate Select Committee on Intelligence will vote today to declassify two less controversial chapters of the panel's report, on the use of intelligence in the run-up to the Iraq war, for release as early as Friday. One chapter has concluded that Iraqi exiles in the Iraqi National Congress, who were subsidized by the U.S. government, tried to influence the views of intelligence officers analyzing Hussein's efforts to create weapons of mass destruction.

"It is clear to me, at least, that the INC information provided to the Department of Defense was misleading, that the government spent unnecessary amounts of money supporting that group, and all of that helped create bogus reasons to go to war," said Sen. Dianne Feinstein (D-Calif.), a member of the intelligence committee.

Under pressure from Democrats, Republicans on the committee agreed in February 2004 to write a report on the use of prewar intelligence, but the effort has languished amid partisan feuding. Last year, angry Democrats briefly shut down the Senate to protest the pace of the investigation.

After nearly three years, the heart of the report remains incomplete. Committee Chairman Pat Roberts (R-Kan.) said Democrats produced 511 administration statements to be analyzed, a virtually impossible task. At this point, the section is 800 pages long, accompanied by 40,000 documents, and is nowhere near ready for release, he said.

But with midterm elections two months away, two of five chapters are about to be released. The first examines what, if any, information provided by Iraqi exiles was used in official intelligence estimates. The second compares prewar estimates of Iraq's alleged chemical, biological and nuclear programs with the findings of U.S. weapons hunters, who wrapped up their work empty-handed in December 2004.

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Even that limited release may pack a wallop.

"This is a very critical part of our report," Feinstein said. "I am hopeful that it can be adequately declassified so that individuals can see that. If it is, the full import of the INC will be known."

Senate aides said it took two Republican committee members, Chuck Hagel (Neb.) and Olympia J. Snowe (Maine), to force Roberts to act. Republicans on the committee readily conceded that Democrats would be able to pick through the chapters -- especially the INC portion -- to resurrect charges that the Bush administration manipulated intelligence to build a case for war. And Democrats appeared ready to do just that.

"The principle that holds up this country is accountability, and we have not had any," said Sen. John D. Rockefeller IV (W.Va.), the committee's ranking Democrat. "What happened with the INC was remarkable."

But Republicans and Democrats differ sharply on the significance of controversial figures in the INC, such as Ahmed Chalabi. Democrats will say Chalabi and other exiles fueled the drive to war in 2002 by fundamentally distorting the conclusions of several intelligence reports, including a critical, classified estimate of Hussein's capabilities for nuclear, chemical and biological weapons. Republicans have concluded that the exiles had little influence.

"The big question is: Did the INC have any direct input into the 2002 National Intelligence Estimate so as to affect in some way what was in that estimate?" Roberts said. "In my view, the conclusion is there is very little, if any, evidence that took place."

Roberts was emphatic yesterday that the chapter on Iraqi exiles "is a rather old story." The INC's efforts to influence U.S. policy in Iraq date to the early years of the Clinton administration and affected not just the White House but also Congress, he said.

"The allegation that the Bush administration was the first to discover and utilize the INC was simply not true," Roberts said. "It went way back."

Chalabi and the INC had strong supporters in the Bush administration, he conceded, but their biases and motives were widely understood. Ultimately, Chalabi had little to no influence on the critical administration document that convinced many policymakers that Saddam Hussein's weapons program presented a clear threat, Roberts said.

"The whole thing has been a colossal waste of time," said Sen. Christopher S. Bond (R-Mo.), another committee member.

Democratic aides disagreed with Roberts's characterization of the conclusions. Chalabi and senior members of the INC wanted the United States to depose Hussein in hopes that they could seize control of a new Iraqi government, and their efforts to influence intelligence did shape the critical National Intelligence Estimate, the aides said.

Roberts kept the investigation narrowly targeted to the exiles' influence on the intelligence process, beating back Democratic efforts to examine INC contacts with policymakers, the aides said. So the report is silent on Chalabi's efforts to sway Congress and individuals in the Bush administration.

Still, the report should make waves, they said. Democrats are already using Chalabi in their attacks on Defense Secretary Donald H. Rumsfeld, painting the secretary as a gullible dupe to an ambitious con man.

"The U.S. government spent a lot of money on the INC," Feinstein said. "I think it is a very important report."

Senate GOP Rallies For Rumsfeld As Democrats Press For Dismissal (USAT/AP)

By The Associated Press

USA Today, September 7, 2006

WASHINGTON — Senate Democrats pushed for a vote Wednesday calling for Defense Secretary Donald Rumsfeld to be fired, but Republicans moved to head them off.

Senate Minority Leader Harry Reid, D-Nev., submitted the resolution, which criticized the Bush administration's policy on Iraq. " 'Staying the course' is not a strategy for success," it said.

"The 'stay the course' policy in Iraq has made America less secure, reduced the readiness of our troops and burdened America's taxpayers with over $300 billion in additional debt. … One indication of a change of course would be to replace the current secretary of defense," the resolution said.

Reid called Rumsfeld "a leading participant in the administration's cherry-picking and manipulation of intelligence in the run-up to war."

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Republicans called the move a political stunt and stood by Rumsfeld.

Sen. Ted Stevens, R-Alaska, the floor manager of the bill, defended Rumsfeld. “This man deserves the support of the Senate, does not deserve the opposition I'm sad to say … on a purely political basis.”

Senate Majority Leader Bill Frist, R-Tenn., made the rounds of news shows Wednesday morning to support Rumsfeld.

“The American people want us to be safe and secure. They recognize it takes bold leadership,” Frist said on NBC's Today show.

The Rumsfeld resolution, which is non-binding, is likely to be struck down on a point of order since it is not germane to the pending legislation, the Pentagon spending bill.

The GOP tactics would prevent Republican senators from having to vote to support the way President Bush and Rumsfeld have handled the war.

Democrats are likely to have no more luck in forcing a vote on Rumsfeld in the House of Representatives, where Republican leaders keep tight control over floor debate.

GOP Halts Rumsfeld Vote (WT)

By Amy Fagan And Christina Bellantoni

The Washington Times, September 7, 2006

Senate Republicans yesterday blocked a Democratic resolution urging the dismissal of Defense Secretary Donald H. Rumsfeld and changing of the current Iraq policy, following hours of politically charged debate.

"Secretary Rumsfeld and the Bush White House have mastered the politics of national security, but as we've seen day after day in Iraq, they've failed to do what it takes to make America safe," said Senate Minority Leader Harry Reid, Nevada Democrat, who led the effort.

"No matter how the lily is gilded, things are not going well in the war against terrorism, and there is no doubt that we need new leadership," said Sen. Hillary Rodham Clinton, New York Democrat.

Republicans accused Democrats of playing political games and advocating a dangerous message of retreat.

"They are very united in defeatism. ... They attack this president, with no ideas of their own," Sen. Jim DeMint, South Carolina Republican said of Democrats. "Stop performing for an audience, and help us fight this war," he told them.

Democrats offered their proposal as an amendment to the annual defense spending bill, but Republicans blocked it from receiving a vote by objecting on grounds that it was unrelated to spending.

Still, Democrats insisted on nearly five hours of debate on the proposal, arguing it's high time to hold Mr. Rumsfeld and the administration accountable. Their resolution, which didn't carry the force of law, stated that the current "stay the course" policy in Iraq has made America less secure and stretched U.S. forces thin and burdened taxpayers, and that President Bush must change the direction, starting with a new defense secretary. The proposal did not specifically outline a new direction.

Democrats complained that Mr. Rumsfeld had shifted the focus from Afghanistan, rushed an unwise invasion of Iraq, didn't plan adequately for the aftermath, ignored calls for more troops and dismissed criticism.

But Sen. Judd Gregg, New Hampshire Republican, said Democrats don't seem to understand that there are enemies who "wish to kill us." He said their policy "is firmly grounded in Birkenstocks and clearly not grounded in the reality of the world as it is."

Republicans said Mr. Rumsfeld has made the country safer. "By going on offense, he's helped to ensure that we have not been attacked here at home in the five years since 9/11," said Senate Majority Whip Mitch McConnell, Kentucky Republican.

Meanwhile, House Minority Leader Nancy Pelosi of California said Democrats lack the ability to hold a similar no-confidence vote in that chamber.

"The president has the vote that counts when it comes to Rumsfeld," she said. "It's clear the president's standards are not very high when it comes to protecting the American people, strengthening our military or bringing stability to the world."

Mrs. Pelosi and other House Democrats charged yesterday that Republicans have jeopardized America's security in the five years since the September 11 terrorist attacks. They said if they win back the majority in the November elections, one of the party's first actions will be implementing the recommendations made by the September 11 commission.

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Former Rep. Tim Roemer, Indiana Democrat, who served as a member of that bipartisan panel, said the government failed to make 20 of the changes the commission recommended.

"As al Qaeda is poised to attack again, to simply sit back and do little or nothing, or play politics with this issue, is unacceptable and it makes us unsafe," he said.

House Minority Whip Steny H. Hoyer, Maryland Democrat, said Republicans have created an environment in which the "most objective analysis indicates that we are not as ready and strong today as we were in January of 2001, related to national security."

He said the country's airports are safer, but the ports, borders and nuclear power plants are not.

"We know that the Republican leadership will attempt to play politics with the nation's security as we approach the anniversary of 9/11, but we want to make it clear that empty rhetoric will not make the nation safer," said Democratic Caucus Chairman James E. Clyburn of South Carolina.

Senate Set To Pass Defense Budget; Rumsfeld Resolution Is Derailed (WSJ)

By David Rogers

The Wall Street Journal, September 7, 2006

WASHINGTON -- A $468.4 billion wartime defense budget is poised to clear the Senate today after Republicans derailed a Democratic resolution calling for the ouster of Defense Secretary Donald Rumsfeld and a new course in Iraq.

The amendment fell last evening on procedural grounds without the roll-call vote Democrats had sought. But the debate was one of the most intense in the Senate since the war began three years ago and reflected the political stakes going into November's elections.

"History is going to judge this period harshly, and I wish as a body we could redeem ourselves," said Sen. Hillary Clinton (D., N.Y.). Michigan Sen. Carl Levin, the ranking Democrat on the Senate Armed Services Committee, said that the target wasn't so much Mr. Rumsfeld as it was achieving a change in policy to force the new Iraqi government to face up to the choices before it.

"The Iraqi leaders must face the abyss, they must face a very stark choice, civil war or nation building," Mr. Levin said. "The American security blanket is now providing a negative incentive to reach those kinds of essential decisions."

Majority Leader Bill Frist (R., Tenn.) dismissed the resolution as a "political stunt." But President Bush is in the midst of his own public-relations drive on the war, and at a Capitol luncheon before the floor debate, Republican National Committee Chairman Ken Mehlman met with Senate Republicans to underscore the need to stay on the political offensive on national-security issues this fall.

Mr. Bush met later with House and Senate leaders on the fall agenda, including a set of security-related bills he wants in relation to the war against terror. And mindful of the failure thus far to reach agreement on immigration overhaul, the administration signaled a greater openness to using emergency funds to appease voters worried about border security.

Mr. Frist conceded that "it would be next to impossible" this month to complete comprehensive legislation to deal with the millions of undocumented workers in the country. But the Senate has added $1.8 billion in emergency funds to the defense bill for border security, and this may be wrapped into a separate Homeland Security bill being negotiated.

Down in the polls, returning Republicans appear on the defensive and are focused primarily on national-security issues to help them with voters. Speaker Dennis Hastert said last night, however, that he remains "cautiously optimistic" about holding the House, but also wants some action on the domestic front.

"You go district by district, election by election, we're in play," Mr. Hastert said. And there could be a marriage of interests in both parties around a pre-election bid to permanently extend the expanded $1,000 child tax credit.

"I'd like to make it permanent...I'd make a run at it if I thought we'd get anywhere in the Senate," Mr. Hastert said. Montana Sen. Max Baucus, the ranking Democrat on the Senate Finance Committee, said later he would be "fine" with such an initiative if not packaged with other items opposed by his party.

As a first down payment toward the new fiscal year beginning Oct. 1, $63.1 billion is provided in emergency funds to pay for military operations overseas as well as for equipment to reconstitute Army and Marine units returning from Iraq.

Senate Republicans Say `No' To A Vote On Rumsfeld (LAT)

DOJ_NMG_0058939

By Richard Simon

The Los Angeles Times, September 7, 2006

WASHINGTON — The Senate's Republican majority on Wednesday blocked a no-confidence vote on Defense Secretary Donald H. Rumsfeld, but the fact that the issue was even raised underscored the Democrats' increasing efforts to turn the controversial Pentagon chief into the focus of public discontent with the war in Iraq.

The Democratic-sponsored resolution called on President Bush to replace Rumsfeld as a tangible way of showing that the administration was willing to change its Iraq policies.

"This is about … the president demonstrating to the American people he understands America cannot 'stay the course' when the present course is taking our country in the wrong direction," Senate Minority Leader Harry Reid (D-Nev.) said in promoting the measure.

The resolution carried no force of law, and Bush for months has scoffed at the growing clamor among Democrats, and even among some Republicans, for Rumsfeld to go.

But the measure offered Democrats a chance to decry the continued turmoil in Iraq 3 1/2 years after the U.S.-led invasion, and an opportunity to portray Rumsfeld as a key symbol of the problems that have hampered the administration's goal of establishing a stable democracy there.

Democrats hope to turn public disaffection with the war into gains in November's midterm congressional elections.

In arguing against the resolution, Republicans reiterated the administration argument that the U.S. mission in Iraq was "critical to the war against terrorism."

"The Democrat amendment may rile up the liberal base, but it won't kill a single terrorist or prevent a single attack," Assistant Majority Leader Mitch McConnell (R-Ky.) said.

Majority Leader Bill Frist (R-Tenn.) dismissed the Democratic effort as a "political stunt."

Rumsfeld's handling of the war has come under fire since the early days of the invasion. Most recently, he was criticized for a speech last week that compared those who opposed the administration's Iraq policy to those who sought to appease the Nazis in the late 1930s.

Two years ago, Rumsfeld was assailed for using an automated signature machine to sign condolence letters to the families of troops killed in combat. He also was criticized after telling a soldier concerned about the lack of armor for vehicles in Iraq that "you go to war with the army you have … not the army you might want."

"Apart from President Bush, no one embodies the administration's failures in Iraq more than Secretary Rumsfeld," Sen. Edward M. Kennedy (D-Mass.) said during the debate Wednesday.

Sen. Barbara Boxer, joined by her California Democratic colleague, Sen. Dianne Feinstein, in supporting the resolution, argued, "If you look at the polls, they are begging us — begging us — to change course."

Two prominent Senate Republicans — John McCain of Arizona and Chuck Hagel of Nebraska — have expressed a loss of confidence in Rumsfeld's leadership but have said that it is up to the president to decide who is on his team.

McCain, saying it was important for the president to have a team around him that he could trust, said Wednesday, "The president should be able to keep that team until such time as the president of the United States loses confidence in that team."

Rumsfeld continues to have the "full confidence" of the president, White House Chief of Staff Joshua B. Bolten said in a letter to Reid. "Under his leadership, the United States armed forces and our allies have overthrown two brutal tyrannies and liberated more than 50 million people," Bolten wrote.

Sen. Ted Stevens (R-Alaska) was among those defending Rumsfeld on the Senate floor. "This man deserves the support of the Senate [and] does not deserve the opposition, I'm sad to say, … on a purely political basis," he said.

Hoping to force their GOP colleagues facing tough reelection campaigns to cast a politically difficult vote, Democratic senators sought to hold the no-confidence vote on Rumsfeld during a debate on the annual defense spending bill.

But Republicans blocked any votes on the measure, citing a Senate rule that prohibits adding unrelated matters to a spending measure.

The spending bill, which proponents say is crucial to supporting the troops, is expected to pass the Senate on a strong bipartisan vote. It then must be reconciled with the House version.

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Weldon Seeks Plan For Iraq Withdrawal (HILL)

By Alexander Bolton

The Hill, September 7, 2006

The second-ranking Republican on the House Armed Services Committee, who is a strong supporter of the U.S. military mission in Iraq, has drafted a resolution that would give military commanders — instead of President Bush or Secretary of Defense Don Rumsfeld — decision-making authority over when American troops should return home.

Rep. Curt Weldon (R-Pa.), the vice chairman of the Armed Services panel and chairman of the Tactical Air and Land Forces Subcommittee, told Speaker Dennis Hastert (Ill.) Monday of his plans to introduce the resolution shortly.

The resolution would express the sense of the House that military commanders should put in place a system of criteria to assess the capability of Iraqi security forces. Once those criteria are met, the mission in Iraq would be considered complete and the president could begin withdrawing troops.

Weldon is one of the foremost Republican military experts in the House, and he is considered to have a good chance of succeeding Rep. Duncan Hunter (R-Calif.) as chairman of the Armed Services Committee at the end of 2008 should Republicans keep control of the lower chamber.

But Weldon is also in the midst of a difficult reelection campaign because of voters' generally sour view of the war in Iraq. His race is considered among the most competitive in the nation, and Weldon recently cited Bush's low poll numbers as the reason.

In an interview, Weldon said his resolution "clearly says that the decision will be made by the commanding generals in the theater [of war]. They're the ones we're paying to do the job. They know what the criteria are, they're the best to assess the readiness of the Iraqi brigades."

"They determine the timetable for bringing the troops back home," said Weldon of the commanders. "There's no armchair politician back here making those decisions, whether it's an elected member of Congress or even the secretary of the defense."

The resolution is a bold step and goes farther than what many Democrats have advocated. Earlier this year, 37 Senate Democrats voted for a resolution that instructed the president to speed up the transition of U.S. forces to a "limited presence," but still left the timetable for withdrawal firmly in the president's power. The Democratic amendment did not go so far as to empower generals to set criteria for departure.

Weldon said he was expecting to discuss the proposal with other leaders such as Hunter, Rules Chairman David Dreier (R-Calif.) and Majority Leader John Boehner (R-Ohio) this week.

Weldon initially introduced his proposal to the White House about a year ago, and has worked quietly behind the scenes to reach an agreement. But after 10 months of negotiations, Weldon is going forward on his own.

"I've tried to do this quietly with the administration over the last nine or 10 months," he said. "I've had meeting after meeting, phone call after phone call, so now it's time for me to do my job. I'm a legislator and I've put this in a legislative format."

Yet Weldon is adamant that he is in no way undermining the president. He said he supports Bush and the war in Iraq. In Weldon's view, his legislation is necessary to assure voters that the decision on when to pull out of Iraq will not be driven by political considerations.

Bush has said repeatedly that he will withdraw troops when the mission in Iraq is accomplished. Weldon says he merely wants to give the people who he says have the most expertise, the military commanders, the job of deciding what criteria must be met for the mission to be considered accomplished.

"The president appoints the generals, so this is not stripping him of anything," said Weldon. "If you have a problem with that you don't trust and have confidence in our generals."

Weldon's proposal, however, has met with strong skepticism among senior senators, including members of the Senate Armed Services Committee.

"Constitutionally, the president is the commander-in-chief," said Sen. Richard Lugar (R-Ind.), chairman of the Foreign Relations Committee. "I don't see a good reason to separate the chain of command from the president. I appreciate what Curt is trying to do, but it's not a good idea."

Sen. Jack Reed (R.I.), a Democrat on the Armed Services panel, raised constitutional questions.

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"The Constitution clearly gives the president the authority as commander-in-chief to make that decision," he said. "I don't know how you get around the notion that the buck stops there in the White House."

Weldon initially contemplated introducing his proposal as regular legislation, but opted instead for a sense of the House resolution after learning that legislation would conflict with the president's constitutional war powers.

Sen. Lindsey Graham (S.C.), a Republican on the Armed Services panel, said that empowering generals with such decisionmaking authority risked "doing away with civilian control of the military."

"It would subvert civilian leadership of the military," he said.

But House lawmakers more familiar with the proposal have been more amenable. Weldon may have a potential partner across the aisle in Rep. Ike Skelton (Mo.), the ranking Democrat on the House Armed Services Committee.

Weldon said he is looking to partner with a Democrat on the legislation.

Skelton told Weldon in a phone conversation Tuesday that he put forth a very similar proposal to the White House several months ago, according to Weldon, who did not know that Skelton had been contemplating a similar approach.

At the beginning of the year, Skelton proposed to Bush bringing home one American brigade for every three Iraqi brigades that had received adequate training.

Weldon said that Bush responded to Skelton, rejecting the proposal as "too stringent."

Weldon added that Hastert's staff was "intrigued" when he shared his proposal with them yesterday. He said that Dreier and Hunter also expressed cautious interest when he shared it with them several months ago.

At the time, however, Republican leaders were working on a different resolution endorsing Bush's Iraq-policy that Boehner used to kick off a floor debate over the war. Boehner told Weldon that he did not have time to work with Weldon's proposal, Weldon said.

Iraqis To Begin Taking Control Of Forces (USAT/AP)

By The Associated Press

USA Today, September 7, 2006

BAGHDAD — Iraq takes control of its armed forces command today, a significant milestone on its path toward self-sufficiency and an essential step before international troops can eventually withdraw.

"This is such a huge, significant event that's about to occur," Maj. Gen. William Caldwell, a U.S. military spokesman, said Wednesday. "If you go back and you map out significant events that have occurred in this government's formation in taking control of the country, tomorrow is gigantic."

Meanwhile, bloodshed continued around Iraq. At least 36 people were killed across the country in car bombings, mortar attacks and drive-by shootings. Police also found a total of 29 bodies.

Today's ceremony, which will put the prime minister in direct control of some of the country's military, comes five days after it was originally scheduled. The first time around, the Iraqi government abruptly called it off at the last minute after an unspecified disagreement between U.S. and Iraqi officials. Neither side revealed many details of the disagreement, other than to say it was mostly over procedural matters.

The hand-over is so important that it was "not something you want to rush into," Caldwell said. "If there's even a question, if there's even a slightest misunderstanding, you would absolutely want to get that thoroughly resolved and have complete understanding."

The U.S.-led coalition has been training and equipping the Iraqi military in the hope that it will soon be in a position to take over security for the entire country and allow foreign troops to leave.

How fast that can be achieved is still unclear.

"It's the prime minister's decision how rapidly he wants to move along with assuming control," Caldwell said. Today's ceremony will transfer direct operational control of the 8th Iraqi Army Division and the country's small naval and air forces to Prime Minister Nouri al-Maliki.

"They can move as rapidly thereafter as they want. I know, conceptually, they've talked about perhaps two divisions a month," Caldwell said.

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The 8th Division recently engaged in a fierce, 12-hour battle with Shiite militiamen in the southern city of Diwaniyah. The fighting left more than 20 soldiers and 50 militiamen dead.

Iraqi President Jalal Talabani said in a meeting Tuesday with British Foreign Secretary Margaret Beckett that fighting in Iraq will have abated by the end of 2007, and that Iraqi forces will be able to handle any remaining violence after that.

Among the deadliest attacks Wednesday, two bombs targeting an Iraqi army patrol exploded within minutes at a busy intersection in northern Baghdad, killing at least nine people and wounding 39 others, police said. Two of the dead and eight of the wounded were Iraqi soldiers, police told the Associated Press.

Meanwhile, the U.S. military said the arrest of al-Qaeda in Iraq's second-in-command took place in June and was the most significant blow to the terrorist group since the death of al-Qaeda in Iraq leader Abu Musab al-Zarqawi.

Caldwell said Hamed Jumaa Farid al-Saeedi, also known as Abu Humam or Abu Rana, was captured on June 19 — not a few days ago, as the Iraqi government had initially announced.

Shiites Push Laws To Define How To Divide Iraqi Regions (NYT)

By Richard A. Oppel Jr.

The New York Times, September 7, 2006

BAGHDAD, Iraq, Sept. 6 — Shiite lawmakers are pushing ahead with legislation that would provide a mechanism to carve Iraq into largely autonomous regions, angering some Sunni Arab lawmakers who say Shiites should first follow through on a promise to allow Parliament to re-examine the issue of federalism.

Allowing Shiite-dominated provinces in southern Iraq the means to form their own semiautonomous regions has been a top priority of Abdul Aziz al-Hakim, leader of the powerful Supreme Council for Islamic Revolution in Iraq, a Shiite political party.

Federalism provisions in the new Constitution, approved by voters last fall, allow such regions to be formed. Sunnis had been reluctant to support the charter, fearing those provisions would leave the country's oil wealth in the hands of Shiites in the south and Kurds in the north.

To win Sunnis over, Shiite representatives changed the charter so Parliament could later decide whether to narrow those provisions.

Now, lawmakers from Mr. Hakim's party are backing legislation that would define the process for breaking the country into autonomous regions.

Shiite representatives say the proposal would not set that process in motion, and say they are merely trying to meet a constitutional deadline for defining it.

But some Sunni leaders say the Shiites should first allow debate on amending the Constitution. The new proposal "is an obstacle to the national reconciliation," said Dhafir al-Ani, a member of the Sunni bloc in Parliament. "This draft could be presented after amending the Constitution."

Saleh Mutlak, an outspoken Sunni lawmaker, said Shiite lawmakers should instead focus on the country's fragile economy and security. "These people should take care of these things, not federalism," he said. "The government is disintegrating and there is no other power except the militias."

Mr. Hakim has previously said he has no intention of changing the main federalism provisions. Nevertheless, Ridha Jawad Taki, a senior member of Mr. Hakim's party, insisted that Shiites were still open to debating the provisions. It may be one or two years before anyone starts the actual process of forming an autonomous region, Mr. Taki said in an interview.

"Right now, we are making a mechanism and procedure for the Iraqi people in the provinces to make use of this right in the Constitution," he said.

Other Shiite parties in Parliament say they favor a slower path toward federal territories. Nasir al-Saadi, a member of the bloc loyal to the radical cleric Moktada al-Sadr, said he did not object to a mechanism for carving the country into regions. But he said that it would be a long time before the country was ready to do that and that it should not happen until the "occupation" had ended.

"This isn't the time to implement federalism," he said.

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Hassan al-Shimiri, a member of Fadhila, another Shiite party, was also cautious. Within the dominant Shiite governing coalition, he said, "there are many blocs that still have reservations about the activation of federalism."

Some lawmakers worry that there is a limited amount of time to bring Sunni Arab, Shiite and Kurdish politicians together. The speaker of Parliament, Mahmoud Mashhadani, an outspoken and controversial Sunni Arab, warned lawmakers on Wednesday that Iraq's sectarian factions might have only a few months to do so.

...

Lawmakers also approved a measure on Wednesday that would allow private companies to import gasoline into Iraq, a proposal intended to ease perpetual fuel shortages.

Sectarian executions and other violence continued Wednesday. News agencies reported that as many as 60 Iraqis were killed or found dead throughout the country. Such tallies, however, have proven to greatly understate death tolls.

Iraqi officials also announced that 27 "terrorists" had been executed in Baghdad for crimes of rape and murder.

On Wednesday the chief American military spokesman in Iraq, Maj. Gen. William B. Caldwell IV, said that now that last-minute "technical" details had been hammered out, the prime minister, Nuri Kamal al-Maliki, would assume control of the Iraqi armed forces on Thursday.

"Tomorrow is gigantic," General Caldwell said. "It's the one event that puts the prime minister directly in the operational control of his military forces."

However, initially that control will be limited. In addition to Iraq's nascent air and naval forces, Mr. Maliki will be assuming control of only one Iraqi Army division on Thursday, General Caldwell said. Control of other divisions will be handed over at a rate of perhaps two per month, he said.

General Caldwell also disclosed that Hamid Juma Faris Jouri al-Saeedi, whose arrest had been hailed by Iraqi officials as the capture of the No. 2 leader of Al Qaeda's branch in Iraq, was actually detained on June 19. The announcement was delayed so Iraqi and American forces could take advantage of information Mr. Saeedi disclosed to interrogators, he said.

Questions also remain about Mr. Saeedi's exact role in Al Qaeda. American officials have played down Iraqi assertions that he was the second-ranking official in the terrorist group.

American officials say Mr. Saeedi supervised the insurgent who led the bombing of the Askariya shrine in Samarra on Feb. 22, an attack that set off a spasm of sectarian killings that continue to this day.

But it remains unclear what role Mr. Saeedi played in that attack, and American officials have not said whether Mr. Saeedi ordered or planned the bombing.

Judge Refuses To Order Drugging Of Defendant In Iraq Spy Case (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, September 7, 2006

NEW YORK -- A judge dealt a severe setback Wednesday to the government case against a one-time journalist and congressional aide accused of becoming a paid Iraqi intelligence agent when he ruled she cannot be forced to take medication to control delusions of grandiosity and paranoia.

U.S. District Judge Michael Mukasey also criticized the strength of the case against Susan Lindauer. He rejected the government's request that it be permitted to administer drugs to try to make her competent to stand trial.

At least a half-dozen mental health professionals including a psychiatrist retained by the government have found Lindauer mentally incompetent to stand trial, the judge said.

A telephone message left with prosecutors was not immediately returned Wednesday.

Lindauer was arrested in March 2004 in Takoma Park, Md., on charges she conspired to act as a spy for the Iraqi Intelligence Service and engaged in banned financial transactions with Saddam Hussein's government. The charges carry potential penalties of up to 25 years in prison.

The judge said it would be permissible to order drugs to be given to Lindauer if it could be shown that important government interests were at stake in the prosecution and that the drugs would be effective without serious side effects and would be in her best interests.

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He said the importance of the government's interest seemed "significantly weaker" than in cases in which defendants were ordered to receive medication or treatment.

"It would be a denial of reality ... to find otherwise," he said, adding that he doubted whether the proposed medication would succeed.

The indictment against Lindauer accused her of meeting in 1999 and October 2001 with Iraqi spy agency officers, accepting an unspecified task and about $10,000 and delivering a letter to a U.S. government official claiming Iraqi contacts and trying to influence U.S. foreign policy. It also alleged she met an undercover FBI agent posing as a Libyan spy to support resistance groups in Iraq after the U.S. invasion.

The judge said it appeared the "high-water mark" of the effort she's accused of making to act as an unregistered agent of the Iraqi government would be her January 2003 delivery of the letter to the U.S. official, which the indictment described as an unsuccessful attempt to influence U.S. foreign policy.

As the judge noted, the identity of the recipient of the letter was former White House Chief of Staff Andrew Card, a distant cousin of Lindauer.

The arrest of Lindauer drew attention because of the unusual accusations, the connection to Card and the fact that Lindauer has worked in the press offices of four Democratic members of Congress and as a journalist for two magazines, two newspapers and a television news company.

Her father, John Lindauer, a former owner of a newspaper chain in Alaska, was the state's Republican nominee for governor in 1998.

The judge said even the government's psychiatrist had testified that Susan Lindauer, who is in her 40s, suffers from hallucinations, grandiose and persecutory delusions and mood disturbances that may be traced as far back as age 7, including purported gifts of prophecy and spiritual visitations.

The government psychiatrist cited Lindauer's own writings, including those in which she suggests she reported 11 bombings before they occurred, speaks with divine inspiration and declares herself to be an angel, the judge noted.

The psychiatrist also cited writings in which she said that the government was surveilling her from hidden cameras in her apartment, that the CIA and FBI were after her because of difficulties in this country's relationship with Syria and that the intelligence community had blown up the modem on her computer, the judge said.

"As a further example of both grandiosity and paranoia, he cites evidence that Lindauer has believed that objectively neutral environmental stimuli _ such as lights going on or off or a statement by a radio announcer _ refer specifically to her," the judge said.

He said the delusions result in endless futile requests from Lindauer that her lawyer contact witnesses who she claims would support her description of events and otherwise "follow leads that exist only in her imagination."

The judge said the government psychiatrist found that even lay people perceive Lindauer is not mentally stable and that a neighbor reported that she seemed "mildly schizophrenic."

He said Lindauer "could not act successfully as an agent of the Iraqi government without in some way influencing normal people."

"The indictment charges only what it describes as an unsuccessful attempt to influence an unnamed government official, and the record shows that even lay people recognize that she is seriously disturbed," he added.

All the mental health experts said Lindauer resisted the idea she suffers mental illness, the judge said.

Although Lindauer initially was free on $500,000 bail, she has remained jailed for most of the last year as she has undergone the psychological examinations and faced determinations over her competency for trial.

Her lawyer, Sanford Talkin, said he was uncertain where the case would go next.

"I don't see it as a victory. I see it as a just result," he said. "I'm very happy that the judge did not force medication upon her. I think that would have been a travesty of justice for her to be force medicated."

Pakistan Vows To Help Afghans Fight Taliban (NYT)

By Carlotta Gall

DOJ_NMG_0058945

The New York Times, September 7, 2006

KABUL, Afghanistan, Sept. 6 — President Pervez Musharraf of Pakistan, on a two-day visit to shore up relations, promised Wednesday to help Afghanistan combat the worsening Taliban insurgency, which operates from his country.

Relations between the nations have deteriorated badly this year as the insurgency has bloomed, and President Hamid Karzai of Afghanistan has blamed Pakistan for providing a haven to militants and suicide bombers.

Mr. Karzai has called on the United States and its NATO allies, whose troops are deployed and dying in increasing numbers in southern Afghanistan, to press Pakistan to clamp down on the Islamic militants, which Pakistan has long used as an arm of foreign policy to pressure neighboring rivals, Afghanistan and India.

American and other foreign diplomats have been pushing for closer ties between Afghanistan and Pakistan as the only way to resolve the insurgency and regional terrorism in the long term.

The meeting on Wednesday came before state visits by General Musharraf and Mr. Karzai to Washington this month, and a meeting they are scheduled to hold with President Bush.

After a one-on-one session that ran well over its scheduled time, General Musharraf and Mr. Karzai emerged with promises of greater cooperation, but hanging over all the declarations were questions about Pakistan's support for the insurgents, and whether General Musharraf would follow through on his promises.

"We hope very soon we can remove the obstacles between the two countries in our relations," Mr. Karzai said at a joint news briefing at the presidential palace in Kabul. "I am very happy today that President Musharraf assured me that he is going to try his best to get rid of this sickness in the region," he said.

General Musharraf said he had come on a "mission to iron out any possible misconceptions" as to Pakistan's intentions for Afghanistan. "There is only one option, and that one option is to have brotherly relations between our two countries."

Pakistan and Afghanistan have waged a war of words for the last six months, since Mr. Karzai visited Islamabad in February and presented General Musharraf with an intelligence dossier on Taliban leaders who used Pakistan as a sanctuary.

General Musharraf dismissed the intelligence as out of date and "nonsense."

His latitude to crack down on the Taliban has been constrained by the influence of Islamic parties in his government and some popular support for Islamic militancy, particularly in the border areas where his government has limited control.

General Musharraf said an agreement his government signed with militants in the Pakistani border region of North Waziristan on Tuesday was intended to end attacks on Afghanistan and training or militant activity on both sides of the border.

"No militant activity, no training activity, they have accepted this," General Musharraf said. "This is the bottom line of the peace agreement."

Mr. Karzai expressed concerns about the agreement, which many analysts interpreted as allowing sanctuary for the militants in return for stopping attacks on Pakistani security forces, but he called it a positive step. "Let's see how it is going to be implemented and what will happen," he said.

The United States is taking a harder look at Pakistan's role in the Taliban insurgency, Afghan and American officials here said. Seth G. Jones, a political scientist at the RAND Corporation, said that after talks with military, security and diplomatic officials in Afghanistan, there was increasing evidence that Pakistani intelligence agents had been financing, training, providing intelligence and assistance to Taliban insurgents.

The Taliban have staged a resurgence in Afghanistan, Mr. Jones said, because they benefit from a haven across the border in Pakistan and enjoy state support. Whether the orders come from General Musharraf himself is not clear, Mr. Jones said, but he said it was clear that he knew about the support, and that he so far had failed to stop the militancy.

NATO members have also added their voices to Afghanistan's pleas for more pressure to be brought upon General Musharraf to contain Taliban insurgents.

General Musharraf visited on the same day that Afghanistan signed an agreement with NATO on greater cooperation. Ambassadors of the North Atlantic Council have been visiting Afghanistan this week to look at security in the south, troop levels and plans for NATO to assume military command of eastern Afghanistan in coming weeks.

Jaap de Hoop Scheffer, secretary general of NATO, said the agreement showed NATO's long-term commitment to Afghanistan. Mr. Karzai welcomed it for bringing more stability to the country.

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But even as the agreement was signed, Canadian troops in the southern province of Kandahar continued to wage heavy battles against hundreds of Taliban insurgents hemmed in a district west of Kandahar.

The commander of NATO troops in Afghanistan, Lt. Gen. David Richards, said he sensed that the operation, which had already cost hundreds of lives, including those of 19 NATO service members, was turning in NATO's favor. "They are feeling the pressure," he told journalists during a flying visit to Kandahar.

Mr. Jones, of RAND, said NATO and the American-led coalition had evidence of Pakistan's role, and specifically the role of Pakistani intelligence, the Inter-Services Intelligence, or I.S.I., in aiding the insurgents. "The evidence suggests the I.S.I. is involved in several ways," he said.

Pakistani intelligence agents have provided intelligence to the Taliban about coalition plans and tactical operations, he said, tipping off Taliban forces and allowing them to flee. Western military forces have intercepted the tips and know they are from people connected to Pakistani intelligence, Mr. Jones said.

Mr. Jones said there were numerous accounts that Pakistani agents were providing assistance to wounded Taliban fighters who made their way back to Pakistan, paying their medical bills and ensuring their care.

The Pakistani intelligence agency was providing support, housing and security for the Taliban leadership, including the reclusive leader, Mullah Muhammad Omar, he said.

It was also directly or indirectly involved in training fighters in camps, preparing them to fight either in Kashmir or Afghanistan, and in providing finance and possibly weapons, he said.

"The U.S. government also believes they have given monetary assistance and maybe weapons," he said.

American Embassy and military officials have said Pakistan is cooperating by deploying thousands of soldiers along the border with Afghanistan to try to check the infiltration of militants.

Yet the overwhelming consensus in Afghanistan, including among foreign diplomats and members of Mr. Karzai's administration, is that Pakistan is orchestrating, or at least turning a blind eye, to the campaign against Afghanistan to keep the country unstable, and to retain influence through its clients.

Pakistani officials stressed, as General Musharraf did, that it was in Pakistan's interest to see a stable, prosperous Afghanistan.

General Musharraf said he had raised concerns that India, Pakistan's rival to the east, was establishing consulates close to the Pakistani border in Afghanistan.

"This is our concern," he said. "I have brought it to President Karzai."

Pakistan Says It Will Help Fight Taliban (USAT)

USA Today, September 7, 2006

Pakistan will help fight al-Qaeda and Taliban militants but won't allow foreign troops into tribal areas that Afghan leaders say harbor terrorists and extremists, President Pervez Musharraf said Wednesday. Musharraf, meeting with Afghan President Hamid Karzai in Kabul, outlined a peace deal between Pakistani armed forces and tribal militants in North Waziristan, the region bordering Afghanistan. Musharraf said the deal bans terrorist camps and foreign fighters in the area, which is ruled by warlords. Karzai said Afghanistan would wait to see whether cross-border raids stop.

London charges 2 morein alleged air terror plot

London's Metropolitan Police charged two more suspects in an alleged plot to bomb as many as 10 U.S.-bound airliners. Three suspects were released. Wednesday was the deadline to charge or release the remaining suspects arrested in raids Aug. 9-10. Police have released six suspects, charged 11 with conspiracy to commit murder, charged two with preparing terrorism acts and charged four with lesser offenses, including withholding information about planned terrorism.

Sudan newspaper editorabducted and killed

Sudanese newspaper editor Mohammed Taha Mohammed Ahmed, who provoked a furor by publishing an article that questioned the prophet Mohammed's parentage, was found dead a day after being abducted from his home in Khartoum. Police Maj. Gen. Mohammed Nagib al-Tayeb said several suspects were arrested. He wouldn't give more details.

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In May 2005, protesters demanded Ahmed's death for republishing the Internet article. Islamic sharia law that has governed Sudan since 1983 says blasphemy is punishable by death. Ahmed apologized and said he did not intend to insult the prophet. His Al-Wifaq newspaper was fined $3,200.

U.S. Air Force officermissing in Kyrgyzstan

U.S. Air Force Maj. Jill Metzger, stationed at the Manas air base in Kyrgyzstan, disappeared Tuesday while shopping with colleagues in Bishkek, the capital, U.S. ambassador Marie Yovanovitch said. Metzger was buying souvenirs before her scheduled rotation home today, Yovanovitch said. Manas is used by U.S. forces fighting militants in Afghanistan. Kyrgyzstan, a mountainous, former Soviet republic west of China, has been plagued by instability and crime since violent protests ousted President Askar Akayev last year.

Fines get Paris dog owners to clean up after their pets

Paris officials say they are winning a battle for walkways free of dog mess as heavy fines lead more people to pick up their dogs' droppings or switch to other pets.

“There are fewer dogs and more owners picking up,” said Yves Contassot, a city official in charge of the campaign.

The number of dogs tumbled from 190,000 in 2003 to fewer than 150,000. The percentage of owners picking up excrement to avoid a $235 fine soared from 1% in 2001 to more than 70%.

Pakistani Leader Seeks To Mend Fences With Kabul (WP)

By Pamela Constable

The Washington Post, September 7, 2006

KABUL, Afghanistan, Sept. 6 -- Pakistan's president Wednesday strongly defended his day-old peace pact with Taliban militants and, standing next to Afghan President Hamid Karzai here, made an impassioned plea to repair their stormy relations and combat the "common enemy" of terrorism and Taliban ideology.

Speaking outside Kabul's presidential palace, Gen. Pervez Musharraf acknowledged that the new truce with Islamic militants based in Pakistan's tribal border region had caused "misgivings" in neighboring Afghanistan, where government forces and 10,000 NATO troops are fending off a fierce armed offensive by hundreds of Taliban insurgents.

But the Pakistani leader, on a fence-mending visit to the Afghan capital, said he would not hesitate to act militarily if the Taliban forces reneged on the pact, which calls on them to end armed attacks inside Pakistan and to stop crossing into Afghanistan to fight against the Karzai government and international troops.

The agreement also requires foreign militants to leave the tribal area of North Waziristan or take up a peaceable life there, and it prohibits local Islamic extremist groups from enforcing draconian religious notions such as requiring men to grow long beards or destroying audio and video equipment.

"We have to fight al-Qaeda, we have to fight the Taliban, and we have to fight Talibanization," Musharraf said. "The bottom line is . . . no al-Qaeda, no foreigners acting in our areas, no training activities, no Taliban actions on our side of the border or in Afghanistan, no Talibanization of society."

The Pakistani general, who took power in a bloodless 1999 coup, wore a gray business suit for the visit. He said that he hoped the problem of Islamic militancy could be solved through negotiations, adding that military actions could only buy time. But he stressed that "we are not leaving the military side at all. Any militant action will be addressed with force."

Musharraf referred to Karzai repeatedly as his "brother" and brought along a number of Pakistani officials who share Karzai's ethnic Pashtun origin. He said that the two leaders of neighboring Muslim countries faced a common threat and that their only option was to stop criticizing each other, build a relationship of trust and cooperate to fight Islamic terrorism and extremism.

Karzai's response was less effusive but cordial, as he welcomed Musharraf and a large delegation of Pakistani officials to his palace with an honor guard and a brass band. After the two men met privately, Karzai described their discussions as "constructive" and said he hoped that soon "all obstacles that have affected our relations will be removed."

The friendly and respectful atmosphere of the visit was a dramatic shift from recent months, when the two leaders angrily attacked each other from afar. Karzai has repeatedly accused Pakistan of being a source of shelter and support for the revived

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Taliban insurgency, which has carried out suicide bombings and assassinations. Musharraf has heatedly denied the allegations and accused Karzai of knowing nothing about his own country.

Many Afghans remain skeptical of Pakistan's intentions toward them because of its past interference in Afghan politics. They doubt Musharraf's willingness to seriously crack down on Islamic militancy because his government formally supported Taliban rule in Kabul until the attacks of Sept. 11, 2001, and later formed a domestic political alliance with Pakistani religious parties.

In telephone interviews, Afghan officials in several provinces bordering Pakistan said they feared the new pact would allow both the Taliban and its al-Qaeda allies freer rein to cause trouble inside Afghanistan -- the opposite of its purported intent.

"This is not good, if Musharraf can make an agreement with the bad guys and send them into Afghanistan," said Hakim Taniwal, governor of Paktia province. "If they are not being bothered, they will have more time to infiltrate here and do what they want."

Many Pakistanis have welcomed the pact with relief after several years of conflict in the fiercely independent tribal zones, unrest that erupted after Musharraf sent tens of thousands of army troops into the region at Washington's behest in an attempt to roust al-Qaeda militants believed to be hiding in the rugged border region.

But others called the agreement a major concession to the Islamic extremists, who have been gaining influence and power in the area despite the army attacks. They said it would grant undue legitimacy to armed religious fanatics.

"This empowers the militants and turns them into a new elite," said Afrasiab Khattak, a human rights and political activist in Peshawar, a Pakistani city near the Afghan border. "Whatever rhetoric Musharraf indulges in in Kabul, the hard-liners have no reason to worry."

Military officials in Pakistan described the peace pact as a calculated risk that was worth taking to pacify the troubled tribal region. They also said it was a tactical move that would not undermine their larger military objectives of protecting the border and cooperating with Afghan and Western forces in the pursuit of armed extremists.

The White House played down concerns about the agreement. "There's been an implication that somehow this throws open the border area to al-Qaeda," spokesman Tony Snow told reporters in Washington. "That does not make sense for the government of Pakistan."

Snow said Pakistan "has been very cooperative in helping track down members of al-Qaeda."

On Wednesday, Musharraf said he would never allow foreign troops to operate on Pakistani territory, a pledge he has made previously.

Many Afghans have questioned the continued U.S. support for Pakistan, complaining that Washington has refrained from pressuring Musharraf to rein in the local Taliban because of his strong cooperation in pursuing al-Qaeda suspects.

But during his visit to Kabul on Wednesday, Musharraf for the first time repeatedly denounced al-Qaeda and the Taliban in the same breath, calling both a threat to modern, peaceful societies. He bristled at a question about whether Pakistan's army was too weak to take on the militants, but said he could have faced a full-fledged popular uprising if he had persisted in the military campaign.

Musharraf is scheduled later this month to travel to the United States, where he will attend the U.N. General Assembly and meet with officials in Washington. His visit to Kabul was arranged at the last minute, and Pakistani officials said he had sought a chance to explain his new policy toward the Taliban to Afghan officials and society.

CORPORATE SCANDALS:

Feds Seeking To Preserve Lay Conviction (AP)

By JUAN A. LOZANO, ASSOCIATED PRESS

AP, September 7, 2006

HOUSTON (AP) - The Justice Department on Wednesday asked a judge to delay ruling on a request by lawyers for convicted Enron Corp. founder Kenneth Lay's estate to erase his convictions and dismiss the indictment against him because he died before he had appealed.

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Lay was convicted of 10 counts of fraud, conspiracy and lying to banks in two separate cases on May 25. He died of heart disease July 5.

Lay's lawyers have said in a previous court filing that Lay's death "necessitates" erasing his convictions. They cited a 2004 ruling from the 5th U.S. Circuit Court of Appeals that found that a defendant's death pending appeal extinguished his entire case because he hadn't had a full opportunity to challenge the conviction and the government shouldn't be able to punish a dead defendant or his estate.

In a court filing Wednesday, federal prosecutors asked U.S. District Judge Sim Lake to defer from making a ruling until Oct. 23, the previously scheduled sentencing date, so Congress can consider legislation the Justice Department submitted Tuesday that changes current federal law regarding such situations.

"Certain provisions of the (legislation) would be directly relevant to the situation presented by defendant Lay's death," prosecutors Sean Berkowitz and John Hueston wrote in their motion. "For example ... the (legislation) provides that the death of a defendant charged with a criminal offense shall not be the basis for abating or otherwise invalidating either a verdict returned or the underlying indictment."

The Justice Department would like to make the new legislation retroactive to July 1, four days before Lay died.

U.S. Seeks Law To Aid In Pursuit Of Lay's Assets (WSJ)

By John R. Emshwiller

The Wall Street Journal, September 7, 2006

The Justice Department is seeking new legislation that could make it easier for federal prosecutors to seize the remaining assets of Kenneth Lay, the former Enron Corp. chairman who was convicted on fraud and conspiracy charges in May and then died suddenly from heart-related problems on July 5.

The death of the 64-year-old Mr. Lay made it likely that his conviction would be erased under a legal doctrine that holds that a person can't be considered a felon if he dies before he has a chance to appeal his case. Last month, the Lay estate filed a motion to vacate Mr. Lay's conviction with Judge Sim Lake, who presided over the criminal trial in Houston. Mr. Lay's co-defendant, former Enron president Jeffrey Skilling, was also convicted at the trial and is scheduled to be sentenced on Oct. 23.

Erasing Mr. Lay's conviction could have a major impact on the government's efforts to recover tens of millions of dollars it contends he realized from the frauds at Enron. Without the criminal conviction, the government would likely have to go through potentially lengthy civil proceedings.

Yesterday, government prosecutors moved to protect their criminal conviction of Mr. Lay. In a filing in Houston federal court, the government asked Judge Lake to hold off ruling on the motion to vacate Mr. Lay's conviction until Oct. 23. The filing noted that the Justice Department on Tuesday had sent proposed legislation to Congress. Under the proposed legislation the death of a defendant would "not be the basis for abating or otherwise invalidating" a guilty verdict. The filing added that the current state of the law "unnecessarily harms crime victims" and "erases hard-won verdicts against those who have wronged them, verdicts that might aid crime victims" in their loss-recovery efforts. The proposal would also create a special forfeiture procedure for such cases. The proposed legislation would be retroactive to July 1 -- four days before Mr. Lay's death. (See the filing1)

A Justice Department spokeswoman declined to comment. A spokeswoman for Mr. Lay's estate said she couldn't comment until his attorneys had a chance to study the latest filings.

Congress Taking A Look At Timing Of Stock Options Granted To Executives (AP)

By Marcy Gordon, Associated Press

AP, September 7, 2006

WASHINGTON – The government is aggressively investigating the suspicious timing of stock options granted to top executives at scores of companies, federal officials said Wednesday.

Shareholders and employees have been “ripped off by senior executives who rigged stock option programs ... to further enrich themselves,” the chairman of the Senate Finance Committee said at a hearing.

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The tax-writing committee, led by GOP Sen. Charles Grassley of Iowa, is considering reducing or eliminating a deduction that encourages companies to award executives with stock options. This kind of compensation is linked to a company's stock prices and by, extension, performance.

The Securities and Exchange Commission chairman expressed support for the idea.

Companies are required to pay taxes on compensation that exceeds $1 million a year received by each executive. There is an exception for pay tied to a company's financial performance; all of this can be deducted. This requirement has led companies to dole out stock options.

SEC chief Christopher Cox told the Senate Banking Committee that this rule "deserves pride of place in the Museum of Unintended Consequences." He said the $1 million threshold was "an unworkable price control."

At least 79 public companies, including UnitedHealth Group Inc., The Home Depot Inc., personal-finance software maker Intuit Inc. and Barnes & Noble Inc., are under scrutiny by the Justice Department or the SEC, or both, for possible fraudulent reporting of stock option grants.

The Internal Revenue Service is conducting its own investigation for possible tax-law violations in option grants.

"We will apply our resources to this area with full rigor," IRS Commissioner Mark Everson said in testimony at the hearing.

Cox and the SEC's enforcement director, Linda Thomsen said the agency is investigating more than 100 companies.

This summer, the Justice Department and the SEC charged former officials of two technology companies, Brocade Communications Systems Inc. and Comverse Technology Inc.

With only two cases brought so far out of the scores of companies under investigation, the government is sending a message that "most don't have to worry about it," Lynn Turner, a former SEC chief accountant, said at the Banking Committee hearing.

At issue in many investigations is a practice known as backdating: Stock options are issued retroactively to coincide with low points in a company's share price. This can fatten profits for options recipients when they sell their shares at higher market prices.

Backdating options can be legal as long as the practice is disclosed properly to investors and approved by the company's board. In some cases, however, the practice can run afoul of federal accounting and tax laws.

It can outrage company shareholders and the public when they see lavish compensation for executives, unrelated to their performance, even as companies stumble and lay off employees.

A new academic study found that corporate executives gained an average of $600,000 a year each from backdating of stock options between 2000 and 2004. By contrast, shareholders were hurt by an average loss in market value of 8 percent, or $500 million, for each affected company from the negative publicity of being under government investigation, the researchers at the University of Michigan found.

About 120 companies – many of them in the technology sector – are the subjects of government or internal inquiries into whether corporate insiders rigged options, without the proper disclosure or accounting, to ensure larger windfalls. The fallout: Shareholders have sued and some companies say they may have to restate earnings because past option grants may have distorted their financial results.

The SEC is focusing on cases of serious fraud, with elements such as deliberately lying, forging documents or deceiving directors or investors. In addition, the agency this summer adopted rules for what public companies must disclose regarding the dating of stock option grants to executives.

Possible tax issues in the IRS inquiry include whether deductions were taken correctly by companies regarding options that were backdated and whether executives who received options accurately reported their sale profits.

Everson also said the IRS's examination of compensation paid to executives of charities, begun in late 2004, has found problems with compensation reporting and loans made to executives and other officials.

On the Net:

Securities and Exchange Commission: www.sec.gov

Justice Department: www.usdoj.gov

Internal Revenue Service: www.irs.gov

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Federal Officials Express Concern Over Options Backdating (MERCN)

By Frank Davies

The San Jose Mercury News, September 7, 2006

WASHINGTON - Top federal law enforcement officials Wednesday expressed alarm over the extent of backdating stock options for corporate executives, but also told a Senate committee that federal regulators face limits in investigating the practice.

IRS Commissioner Mark Everson said the ``vast amount of compensation"in backdated options going to chief executive officers and chief financial officers did not automatically involve fraud or tax violations, though he found ``much of this behavior abhorrent."

``High pay itself does not lead to illegality, but the temptation to do the wrong thing greatly increases when the stakes are as staggeringly high as they are," Everson testified at a hearing of the Senate Finance Committee.

The director of enforcement for the Securities and Exchange Commission, Linda Thomsen, said the SEC is investigating more than 100 companies for possible fraudulent reporting of stock option grants, including many in the tech sector. Nearly 30 Silicon Valley companies are being investigated by either the SEC or the Justice Department.

Since March, Corporate America has been embroiled in a widening scandal over backdating options. Typically, the practice involves issuing options to executives or employees that are misdated, often to an earlier date, to take advantage of lower stock prices and give the option holder a head start to profits.

Many investigations have focused on Silicon Valley companies, ``where much of this backdating occurred," Deputy Attorney General Paul McNulty said, citing a special task force set up for northern California.

But so far, the Justice Department has filed charges against former executives of only two companies alleging criminal violations of securities law -- Brocade Communications of San Jose and Comverse Technology of New York.

And criminal fraud, along with other securities and tax violations, are not easy to investigate and prove, officials conceded.

``Fraud is collusive and hidden, and this just takes time," Thomsen said. She acknowledged that the SEC often relied on academic analysts and whistleblowers, or companies that review their own compensation packages and file new statements with the SEC.

Sen. Charles Grassley, R-Iowa and chairman of the committee, said federal investigators could be more aggressive: ``I hope the government isn't waiting for the phone to ring."

Grassley warned that reports of executives avoiding taxes by improperly backdating their stock options abused shareholders and discouraged investment.

Everson said the IRS ``is not where we should be, and we need to greatly enhance our analytical capabilities" to investigate potential fraud. But he said Congress had not fully funded a $1 billion program to modernize IRS information technology.

Several academic analysts told the committee that the Sarbanes-Oxley Act of 2002, designed to tighten accounting rules after the Enron scandal, now made it harder to commit fraud in backdating stock options.

Charles Elson, who chairs the Center for Corporate Governance at the University of Delaware, said the solution to backdating abuses was ``better oversight by boards of directors, with independent directors who have equity ownership" in a company.

Another analyst, Lucian Bebchuk of Harvard Law School, said strengthening shareholders' rights was crucial.

``When shareholders' rights are weak, designers of pay arrangements may not feel sufficient pressure to change these arrangements because any tax penalties will be borne largely by shareholders, not executives," Bebchuk testified.

Feds: Expect More Stock Option Cases (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, September 7, 2006

SEC officials tell senators they're investigating more than 100 companies, many of them from the technology sector.

WASHINGTON--Expect to see more legal action in the coming months against executives suspected of stock option mischief, federal officials told U.S. senators on Wednesday.

At a hearing here convened by the Senate Finance Committee, top officials from the Securities and Exchange Commission, Internal Revenue Service and Department of Justice's corporate fraud unit said they couldn't be sure how many of the companies suspected of "backdating" stock options for financial gain will face full-blown enforcement proceedings or new charges.

"Like other forms of corporate fraud, the Department of Justice takes stock option backdating seriously, and we will continue to use our best efforts to uncover criminal conduct where it occurs," said Deputy Attorney General Paul McNulty.

Stock option backdating

Some Bay Area companies have announced that they've been contacted by the U.S. Attorney's office in Northern California. Typically the contact comes in the form of a grand jury subpoena. They include:

The IRS, too, "will follow up on every company and the relevant executives for each case where it is determined that abuses have occurred," said IRS Commissioner Mark Everson.

Currently, more than 100 companies, largely from the technology sector, are under investigation by the SEC for possible fraudulent reporting of stock option grants to their top executives, said Linda Thomsen, director of the SEC's enforcement division. So far, the Justice Department and the SEC have filed civil and criminal charges against former top executives from two technology companies: Brocade Communications Systems and Comverse Technology. Two former Brocade executives pleaded not guilty to those charges last week.

Stock option backdating refers to the practice of retroactively changing the date of a stock option grant to make it appear it was granted on a date when its value was lower, thereby multiplying the payoff when the options are exercised. While not necessarily illegal, the practice could run afoul of tax laws, securities regulations and fraud statutes if concealed from shareholders.

Senate committee leaders voiced disgust at the allegedly fraudulent practices and urged the enforcement officials to advise them if changes in the law are necessary.

"It is behavior that ignores the concept of an 'honest day's pay' and replaces it with a phrase that we hear all too often today, 'I'll get mine,'" said Sen. Chuck Grassley, the Iowa Republican who serves as committee chairman.

Montana Sen. Max Baucus, the committee's Democratic co-chairman, said the stock option scandal is indicative of a broader problem--overpaid executives. "It is high time that we tried to close the loopholes (in tax laws)," he said.

The senators indicated they were weighing a number of legislative options, including changes to--or even a repeal of--a section of the tax code that puts a $1 million cap on the amount of employee compensation that firms can deduct from their income taxes. The measure, enacted in 1993, had been intended to stave off "excessive" executive pay, "but it really hasn't worked," said Grassley, who said he voted against the bill containing that provision. "Companies have found ways to get around it, and frankly it has more holes in it than Swiss cheese."

The federal officials said they didn't see the need for additional congressional action right now. New SEC rules that go into effect next year, for instance, would require more detailed reports of executives' compensation and a broader discussion and analysis of a company's compensation practices, and are designed to foster increased transparency, Thomsen said.

"These issues cannot be reformed by Congress," said the IRS' Everson. "They're going to have to be reformed by American business."

US Task Force Makes Options Abuse A Top Priority (DOW)

By Rob Wells, Of DOW JONES NEWSWIRES

Dow Jones, September 7, 2006

WASHINGTON -(Dow Jones)- Investigating companies for improperly backdating stock options is a top priority of the federal government's corporate fraud task force, a senior U.S. Justice Department official said Wednesday.

Such manipulation of stock option pricing "can only be seen as a brazen abuse of corporate power to artificially inflate the salaries of corporate wrongdoers at the expense of shareholders," Deputy Attorney General Paul J. McNulty told the Senate Finance Committee.

McNulty was on a panel of top financial regulators testifying about the backdating of stock options, which allows companies to manipulate the value of options granted to executives.

Internal Revenue Service Commissioner Mark Everson said Congress can help investigations of these cases. He suggested lawmakers consider loosening aspects of taxpayer privacy laws to let the IRS share certain taxpayer information with the Securities and Exchange Commission and the Justice Department investigators.

"The unquestionable appetite for exhorbitant compensation on the part of executives and the sheep-like willingness of boards to feed it yet again raise the issue of whether modification" of taxpayer privacy standards is warranted, Everson told the panel.

The Federal Bureau of Investigation is conducting some 45 investigations over stock-options backdating, while the SEC is investigating more than 100 companies. McNulty, chairman of the federal government's corporate fraud task force, said this issue is a priority for the task force, but he wouldn't predict how many more criminal cases will be filed.

Everson said the IRS has referred about 25 corporate executive pay cases for criminal investigation this year, but he didn't say how many involved options backdating. The cases primarily involve diversion of corporate income to corporate executives, resulting in the underreporting of compensation on the executive's personal income tax return, he said.

Auditing corporations and wealthy individuals to uncover options backdating and other abuses will remain an IRS priority in the coming years, Everson said.

Some 166,221 high-income taxpayers were audited in the 2004 fiscal year; the IRS plans to audit 234,000 high-income individuals in the 2006 fiscal year, he said.

Senate Finance Chairman Charles Grassley, R-Iowa, has asked the Justice Department whether existing tax laws are adequate to rein in and prosecute stock option backdating. McNulty said the Justice Department isn't seeking any new legislation to combat the problem.

Everson said many of the changes need to be undertaken by the companies and boards of directors themselves.

"I finding this particular practice shocking because these people are paid in the tens of millions of dollars," Everson said. "The idea that they need to get a little bit more, it really does say the controls within the companies and the actions of the companies have gone out of kilter."

Grassley has said he's considering legislation to address questionable tax deductions for executive compensation. But the committee isn't expected to act on any new legislation this year to remedy executive compensation problems, a spokeswoman said. The Senate is set to adjourn at the end of September until the November elections, and then return to complete must-pass spending bills.

Stock options give the holder the right to buy stock in the future at a price determined in the present. Backdating involves setting that strike price retroactively, thus benefiting from the ability to look back and choose the lowest possible price. The result is that backdated options are much more valuable. Authorities are asking whether stock option grants were improperly or illegally backdated so that they would carry the beneficial dates.

McNulty said two criminal cases have been filed so far in the government's wide-ranging probe.

Last month, a grand jury in San Francisco indicted the former chief executive and former human resources vice president at Brocade Communications Systems Inc. (BRCD) in connection with a scheme to backdate stock options from 2000 to 2004.

And the former chief executive officer, chief financial officer and general counsel of Comverse Technology, Inc., have been charged with conspiracy to commit securities fraud, wire fraud and mail fraud related to options backdating allegations, he said.

The backdating of stock options involves substantial tax exposure for companies. Stock options are considered "performance based compensation" and therefore aren't subject to business deduction limitations for executive compensation.

A backdated stock option, however, isn't performance based and therefore is subject to the business deduction limitation.

Dozens of companies, such as Apple Computer Inc. (AAPL), have said they may have to restate their financial statements following revelations of backdating of stock option grants to their executives.

-By Rob Wells, Dow Jones Newswires; 202-862-9272; Rob.Wells@dowjones.com

Senators May End Executive Pay Deduction (WP/BLOOM)

By Vineeta Anand And Jesse Westbrook, Bloomberg News

The Washington Post, September 7, 2006

Senators said they may close a loophole in U.S. tax law that lets companies deduct executive pay of more than $1 million, in an effort to crack down on the manipulation of stock option grants.

The loophole, a provision in a 1993 law that allows companies to deduct performance-based pay for top executives, was a central focus of Senate hearings yesterday on the stock options backdating scandal.

"Companies have found it easy to get around the law," said Charles E. Grassley (R-Iowa), chairman of the Senate Finance Committee.

Regulators are looking at how executives inflated potential profits from stock option grants by backdating them to times when stock prices were at their lows.

Regulators said they were frustrated with the 1993 tax law and suggested that changing it would go a long way to stopping stock option abuses.

"The unquenchable appetite for exorbitant compensation on the part of executives, and the sheeplike willingness of the boards to feed it" raises the question of whether the $1 million cap should be changed, Internal Revenue Commissioner Mark W. Everson told the Finance Committee.

The SEC voted on July 26 to require companies to explain the value of their stock options and how they chose the grant dates. The new rules take effect in 2007.

The SEC is investigating more than 100 companies for the improper reporting of stock option grants, including allegations of backdating, SEC Chairman Christopher Cox told the Banking Committee.

Options Data Sought From Home Depot (NYT)

By Bloomberg News

The New York Times, September 7, 2006

Home Depot, the world's largest home-improvement retailer, said yesterday that federal prosecutors had requested information regarding its stock options practices.

Home Depot disclosed the request from the United States attorney in Manhattan in a filing yesterday with the Securities and Exchange Commission.

A company spokeswoman said Home Depot had not received a subpoena.

Home Depot said in June that the S.E.C. had begun an informal inquiry into its stock option practices. The company said the inquiry was related to its disclosure that it had awarded options to some executives at below-market prices in three cases before December 2000. The company said it was cooperating with the inquiry.

At least 120 companies have disclosed internal or federal investigations into their option grants.

United States attorneys have issued subpoenas to at least 48 corporations. Five former officials at two companies have been charged with criminal violations tied to backdating.

Also yesterday, BEA Systems, the software maker, said it would miss a Sept. 11 deadline to report second-quarter financial results, citing an internal review of stock option grants.

The company said it would file its quarterly financial report with the S.E.C. as soon as possible after the review was completed.

Group Calls For New DOJ Policy On Corporate Cooperation (DOW)

By Judith Burns, DOW JONES NEWSWIRES

Dow Jones, September 7, 2006

WASHINGTON -(Dow Jones)- Former top U.S. Justice Department officials are urging the Bush administration to abandon a controversial policy that they say is forcing companies to waive attorney-client privileges and other legal protections during criminal investigations.

In a letter Tuesday to U.S. Attorney General Alberto Gonzales, a bipartisan group of 10 former Justice Department officials called for an end to prosecutors insisting that companies waive legal privileges in order to receive credit for cooperating with

investigators. The group said the hardball approach is " seriously flawed," isn't needed, and is undermining rather than enhancing corporate compliance with U.S. laws.

The group's warnings come on the heels of criticism from the American Bar Association, the U.S. Chamber of Commerce, and others who say the government has gone overboard in fighting corporate crime. A federal judge in Manhattan recently rejected criminal charges accusing former KPMG employees of selling fraudulent tax shelters, ruling that it was unconstitutional for prosecutors to demand that KPMG only advance legal fees to those who cooperated with the investigation.

Lawmakers aren't ignoring the complaints. The Senate Judiciary Committee plans to hold a hearing Tuesday with testimony from FBI Director Robert Mueller, former U.S. Attorney General Edwin Meese and U.S. Chamber President and Chief Executive Thomas Donohue.

Concerns center on a 2003 memo by then-Deputy Attorney General Larry Thompson outlining principles of prosecuting businesses. Among other things, critics say the so-called Thompson Memorandum encouraged prosecutors to demand the waiver of attorney-client privileges and work-product protections in exchange for businesses being deemed as having cooperated with federal officials.

"The threat of being labeled 'uncooperative' simply poses too great a risk of indictment to do otherwise," ensuring that companies under investigation will waive their right to keep conversations with their lawyer confidential, the letter states. The authors, who served under Presidents Jimmy Carter, Ronald Reagan, George H. Bush, Bill Clinton and the current Bush administration, include former Attorney General Richard Thornburgh, former Deputy Attorney General Jamie Gorelick, and former Solicitor General Kenneth Starr.

Critics say the approach outlined in the Thompson memo discourages corporate employees and executives from having candid conversations with lawyers, making it harder for companies to detect and remedy wrongdoing. Turning over sensitive, confidential material to federal prosecutors also is spurring civil class-action lawsuits and other litigation, according to the former Justice Department officials, since a firm that waives privileges for one party, such as a criminal prosecutor, almost always is deemed to have waived it for all other parties, including those civil suits.

The former officials called for the Justice Department to issue a revised policy which explicitly tells prosecutors that waiving attorney-client privilege and work-product protections "should not be a factor" in determining whether a company has cooperated with the government in an investigation.

While well-intentioned, a Justice Department memo last fall calling for all federal prosecutors to adopt a written process for waiver reviews likely will compound the problem by creating a variety of approaches that provide only " token restraints" on prosecutors, according to the letter from the former senior officials.

A Justice Department spokesman wasn't immediately available to comment.

-By Judith Burns, Dow Jones Newswires; 202-862-6692; Judith.Burns@dowjones.com

Ex-Officials Of Justice Dept. Oppose Prosecutors' Tactic In Corporate Criminal Cases (NYT)

By Lynnley Browning

The New York Times, September 7, 2006

A group of former top Justice Department officials have asked the United States attorney general to curtail the tactics of federal prosecutors that encourage companies and people to disclose legal communications to avoid indictment.

The unusual request, in a letter delivered Tuesday to Attorney General Alberto R. Gonzales, is the latest attack upon prosecutorial guidelines that were adopted after the collapse of Enron and other corporate scandals. Any revision to the guidelines would change the way the government pursues white-collar cases.

The letter was signed by Richard L. Thornburgh, an attorney general under Presidents Ronald W. Reagan and George H. W. Bush, and by Kenneth W. Starr, a former solicitor general, as well as by eight others, including three former deputy attorneys general.

It was released a week before the Senate Judiciary Committee is scheduled to hold a hearing on the disclosure of communications between lawyers and clients.

The confidentiality of conversations, notes, letters and legal analyses exchanged between lawyers and clients, including those between in-house lawyers and whistle-blowers, has been a long-established legal doctrine. Such confidentiality, known as lawyer-client privilege and work-product doctrine, is protected in some states by law and in the federal system by the courts.

But lawyer-client privilege has eroded in recent years largely through the influence of a Justice Department document known as the Thompson memorandum.

Written in 2003, the memorandum outlines nine guidelines that prosecutors can consider when weighing whether to indict a company or individuals for wrongdoing.

One guideline calls for consideration of whether a company or person has demonstrated cooperation with investigators by disclosing legal communications to them. Companies that do not disclose secrets face a greater risk of indictment — and for most an indictment is a death blow, as it was for the accounting firm Arthur Andersen.

The Justice Department argues that the Thompson memorandum has helped prosecutors crack down on corporate misconduct.

But the letter from the former Justice Department officials argues that the pressure to disclose information has discouraged insiders from reporting wrongdoing, by breaking the traditional bond of trust between lawyers and the people they talk to.

"By making waiver of privilege and work-product protections nearly assured, the department's policies discourage personnel within companies and other organizations from consulting with their lawyers, thereby impeding the lawyers' ability effectively to counsel compliance with the law," the letter said. "This, in turn, harms not only the corporate client, but the investing public as well."

The Justice Department has in recent months defended the Thompson memorandum. Kathleen Blomquist, a Justice Department spokeswoman, said yesterday, "We must disagree with their criticism of the Thompson memorandum.''

The letter is the latest move in a growing attack from prominent legal and business circles upon the Thompson memorandum.

Other provisions of the document, which was written by Larry D. Thompson, the deputy attorney general at the time, have come under criticism.

One such provision urges companies under investigation to cut off legal fees to employees caught up in the inquiries, even before they are found guilty of wrongdoing. Companies have traditionally paid legal costs.

In June, Judge Lewis A. Kaplan of United States District Court in Manhattan said that the guideline on fees violated the constitutional rights of former employees of the accounting firm KPMG, who stand trial next year in a case involving questionable tax shelters.

Still, it is unclear whether the Justice Department is reconsidering the Thompson memorandum.

In mid-July, a low-level Justice Department official sent a letter to the president of the American Bar Association saying that the Justice Department did not believe that a coercive "culture of waiver" had taken hold under the Thompson memorandum.

Susan Hackett, general counsel for the Association of Corporate Counsel, a lobby of senior lawyers who oppose the Thompson memorandum's guideline on disclosure, said yesterday that "there's been a spate of corporate scandals, but what's so different now that requires all of these new privilege erosions?"

The Importance Of Keeping Attorney-client Privilege (HILL)

By Rep. Dan Lungren (R-Calif.) And Rep. William Delahunt (D-Mass.)

The Hill, September 7, 2006

Recent actions by the federal government have imperiled a cornerstone of America's justice system — the attorney-client privilege.

As members of the House Judiciary Committee, we share a deep, abiding and bipartisan respect for the attorney-client privilege and work product doctrine and the fundamental purposes these protections serve in our system of justice.

We have become gravely concerned that these protections are being undermined by recent policy changes by the Department of Justice, the Securities and Exchange Commission and other federal agencies that encourage federal prosecutors to pressure organizations to waive these protections as a condition of being deemed "cooperative." These changes

in policy are dangerous and misguided and we are pleased the Senate Judiciary Committee will be holding oversight hearings September 12th into the consequences of this dangerous trend.

As former law enforcement officials, we are also concerned that this dramatic policy shift will undermine internal corporate legal compliance programs. It is important to keep in mind that lawyers play a key role in helping companies understand the complex legal environment in which they operate. In order to fulfill this important role, lawyers must have the trust and confidence of companies' leaders and employees so that they receive all of the relevant information necessary to advise their clients on how best to comply with the law.

By authorizing the government to demand a waiver of the companies' attorney-client privilege and work product protections, these policies create a strong disincentive for attorney-client consultation. These policies also impede internal investigations within companies aimed at detecting and remedying misconduct. The public interest is ill served by such policies.

Prosecutors already have enormous power to obtain information in a criminal investigation, as they should. But it is simply unnecessary to give them extraordinary new authority to circumvent a time-honored privilege. The attorney-client privilege is the oldest evidentiary privilege in this country, predating even the Constitution and the Bill of Rights. It has been embraced time and again by the courts because, as in the words of the Supreme Court, it encourages "full and frank communication between attorneys and their clients and thereby promote[s] broader public interest in the observance of law and administration of justice."

The government's expectation that organizations will routinely waive privileges also jeopardizes the rights of individuals within those organizations who may be fired and left to fend for themselves if they do not "cooperate" with a company's attorney who has already agreed to provide their privileged information to prosecutors. This is a serious inroad on Fifth Amendment rights.

We recently held a subcommittee hearing in the House of Representatives on these developments. Our Subcommittee on Crime, Terrorism and Homeland Security is often deeply divided along party lines. But on the issue of protecting the attorney-client privilege and all of its societal benefits, every member present expressed serious concern about the government's current practices. Perhaps most telling of all, ten former attorneys general, deputy attorneys general and solicitors general, from both Republican and Democratic administrations, have called for action to reverse this dangerous trend.

In addition, the American Bar Association, which represents all types of lawyers, including both prosecutors and defense attorneys, unanimously adopted a resolution that "strongly supports the preservation of the attorney-client privilege" and "opposes policies, practices and procedures of government bodies that have the effect of eroding the attorney-client privilege." Furthermore, the United States Sentencing Commission unanimously concluded that waiver of the attorney-client privilege should not be a factor in sentencing determinations.

For decades, prosecutors have been able to do their jobs by a variety of means, including subpoenas and interviews, without violating the confidential attorney-client relationship. There is no evidence that that they could not continue to do so effectively now without demanding waiver of the privilege. In fact, former Attorney General Dick Thornburgh testified before us that, in his nine years at the Department of Justice, he could not remember a single case where the government felt it was necessary to obtain attorney-client privilege-protected material in order to prosecute a case successfully.

The administration does not consider itself to be uncooperative when it legitimately asserts executive privilege to protect confidential communications with its attorneys. We agree with this position.

Similarly, the Department of Justice, the Securities and Exchange Commission and other federal agencies should not consider any company or other entity to be "non-cooperative" for protecting its right to consult confidentially with its attorneys.

Federal agencies should adopt policies that reverse the government's assault on the attorney-client privilege. And if they refuse to do so, Congress should act.

Rep. Dan Lungren is a Republican from California and Rep. William Delahunt is a Democrat from Massachusetts.

New York Amends Case Against AIG, Ex-Officers (WSJ)

By Ian McDonald And Liam Pleven

The Wall Street Journal, September 7, 2006

DOJ_NMG_0058958

New York state authorities amended a civil fraud complaint against former top executives at American International Group Inc., dropping some charges but retaining accusations that former Chief Executive Maurice R. "Hank" Greenberg and a top lieutenant improperly polished the insurance giant's results.

The complaint was first filed in May 2005 by New York Attorney General Eliot Spitzer and the New York State Insurance Department and named AIG, Mr. Greenberg and the company's former chief financial officer, Howard I. Smith.

AIG has since restated results, and it signed in February a $1.64 billion settlement with state and federal authorities, so in the amendment filed yesterday in New York State Supreme Court, the authorities removed AIG as a defendant. Additionally, they dropped an allegation relating to underpayment of contributions to state workers' compensation plans -- for which AIG had already pledged restitution.

The authorities also removed an allegation that AIG misled state insurance regulators and that the executives improperly accounted for certain life-insurance policies in order to boost the company's underwriting income. That accounting has since been changed by the insurer.

Removing the charges means the potential damages are likely lower. The charges that remain accuse Messrs. Greenberg and Smith of using complex insurance transactions to burnish AIG's financial results in recent years.

Mr. Spitzer's spokesman, Darren Dopp, characterized the move as "a routine amendment of a case." David Boies, lead attorney for Mr. Greenberg, released a statement calling the dropped claims "key."

He said, "We are confident that when all the facts are out, the remaining claims, which relate to accounting disputes involving much smaller amounts than the claims that are being dropped, will also be dismissed."

Also in a statement, Vincent Sama and Andrew Lawler, lead lawyers for Mr. Smith, said, "We are pleased by this development and are confident that, after all the facts are considered, the remaining claims will be dismissed."

AIG declined to comment.

H-P Faces Probe Over Its Inquiry Into Board Leaks (WSJ)

By Christopher Lawton, Dionne Searcey And Shawn Young

The Wall Street Journal, September 7, 2006

California Attorney General Bill Lockyer said his office has been conducting an investigation into how Hewlett-Packard Co. traced phone records of its board members last year, and that while he isn't sure yet whether there was criminal activity by people acting on the company's behalf, the activity was "colossally stupid."

Mr. Lockyer's remarks came amid a widening furor over an H-P probe of boardroom leaks surrounding the ouster of former Chairman and Chief Executive Carly Fiorina. Revelations about tactics used in the probe prompted an inquiry from the Securities and Exchange Commission and requests from state investigators for records from H-P and telecommunications carriers AT&T Inc. and Cox Communications Inc.

H-P moved to distance itself from the growing scandal, which centers on the use of "pretexting" to obtain directors' private phone records in an effort to identify the source of the leaks. Pretexting, or posing as a person in order to obtain private phone or other information about them, is illegal in California.

In a filing yesterday with the SEC, the Silicon Valley computer giant acknowledged "pretexting" had been used in the course of its investigation into the leaks. That investigation was conducted on the company's behalf by an unidentified private investigator who in turn hired a contractor who used pretexting to obtain directors' phone records.

H-P spokesman Mike Moeller said the company told the investigators conducting its internal probe that only legal means were to be used to obtain information. He added that H-P didn't know pretexting would be involved. "We have determined pretexting will not be used in any future investigation if we have to do another one of these," Mr. Moeller said.

H-P declined to disclose the name of the private-investigation firm it retained or the "pretexting" firm that firm employed as a subcontractor.

The revelations about the H-P investigation came to light this week, but the controversy began back in May when H-P's board learned that the company's investigation had pointed to director George Keyworth as the source of some of the leaks. The board then voted to ask Mr. Keyworth to resign as a director, but he refused.

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Another director, Tom Perkins, a venture capitalist and friend of Mr. Keyworth, quit the board abruptly in anger over H-P Chairman Patricia Dunn's handling of the investigation. Mr. Perkins subsequently asked the company and others to look into the methods used to search for directors' phone records.

In its SEC filing yesterday, H-P said it has decided not to renominate Mr. Keyworth for another term as director. The company is scheduled to hold its next board elections in March 2007.

Yesterday, Ms. Dunn referred a call to her to H-P. H-P general counsel Ann Baskins declined to comment. Neither Mr. Perkins, who was in Turkey overseeing the maiden voyage of his 290-foot yacht, nor Mr. Keyworth responded to calls seeking comment.

Mr. Perkins's attorney, Viet Dinh, said: "We have engaged in a 3½-month effort just simply to get H-P to come clean and disclose to the market and SEC Tom Perkins' reason for resigning, and the full scope and methods of the chairperson's investigation. I think today's filing by H-P is a significant step for the company to recognize its obligations under the law and to its shareholders."

The SEC is investigating the circumstances of Mr. Perkins's resignation from the board. The law requires that when a director resigns the company has to disclose whether it was the result of a fundamental disagreement. At the time, H-P didn't provide the SEC with any details about Mr. Perkins's resignation.

Two members of the H-P board said earlier this week that the board asked for the company's leak investigation to be reviewed after the fact by the law firm of Wilson Sonsini Goodrich & Rosati, which has long represented H-P's board. The law firm had concluded that the methods used were legal, these board members say. But the law firm says it made no such conclusion on its own; it simply reported that the private-investigation firm involved and that firm's lawyers claimed their methods were legal. Larry Sonsini, the attorney for H-P's board, yesterday declined to comment.

It isn't clear who besides Mr. Perkins may have been "pretexted." A deputy attorney general in the special crimes unit of the California attorney general's office sent an email to Pui-Wing Tam, the Wall Street Journal reporter who broke the story of Ms. Fiorina's difficulties with the board, stating that she may have been the target of pretexting activity. Deputy Attorney General Robert M. Morgester and a spokesman for the attorney general's office declined to comment.

H-P declined to comment on the email, except to say it is cooperating fully with the California attorney general's office.

Ms. Dunn helped spark the company-led probe early last year. At the time, details of the H-P board's deliberations about Ms. Fiorina, who was ultimately ousted in February 2005, had leaked to The Wall Street Journal. The leak investigation lasted for months and intensified after CNET News, a technology news Web site, posted a story about the board discussions earlier this year.

Mr. Lockyer, the California attorney general, said his office has been investigating the pretexting incident involving H-P for several weeks as one of six such incidents, to determine if a crime was committed. Mr. Lockyer said that pretexting is a tool of identify thieves, and that he will soon start cracking down on identity theft in California. "The chairman of a board shouldn't be invading the privacy of fellow directors. I don't know yet whether that is criminal, but that is what we are looking at," Mr. Lockyer said.

As part of his investigation, Mr. Lockyer obtained a search warrant against Cox Communications on Aug. 31. A private investigator used a Cox Internet connection to access the home-phone records of Mr. Perkins, the H-P director, according to an affidavit from California Department of Justice Special Agent Hal Berman. Mr. Perkins's phone carrier at his principal residence in Northern California is AT&T.

The search warrant, filed in Superior Court in Marin County, includes Mr. Berman's affidavit. In the affidavit Mr. Berman says he obtained information from AT&T in mid-August relating to the "unlawful access of Thomas J. Perkins residential account." Using Mr. Perkins's telephone number and the last four digits of his Social Security number, the private investigator set up an online account to access Mr. Perkins's phone records, according to the affidavit.

Mr. Perkins's bill for January 2006 was then accessed. Mr. Berman said in his affidavit that he was seeking information about the Cox subscriber.

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A spokesman for Cox said: "Cox never gives away our customers' personal information except when we receive a subpoena. When we do receive a valid subpoena, we have to comply with the legal requirements imposed on us by The Cable Act. We do comply with the law in those circumstances."

In a letter dated Aug. 11 to Mr. Perkins, AT&T lawyer Travis Dodd apologized for "any inconvenience or concern" the incident had caused him and explained details of how Mr. Perkins's records were accessed.

"We are working hard to prevent unauthorized access to our customers' account information," the letter said. "We face, however, increasingly clever and unscrupulous third-parties who are determined to obtain information and are willing to utilize a myriad of tactics to do so."

The AT&T letter largely corroborated the information in Mr. Berman's affidavit. The letter said an online account was established Jan. 30 of this year by someone who used the last four numbers of Mr. Perkins's Social Security number as well as his phone number. It appears that call records for the month of January were viewed, though records for December 2005 were also accessible.

The email address used to register the account was mike@yahoo.com and the Internet provider associated with this address was Cox, the letter said. It also said AT&T didn't know who had registered the account.

The letter said someone attempted to register a second online account to gain access to Mr. Perkins's long-distance phone records on Jan. 29. Again, the person tried to use Mr. Perkins's Social Security number, but because AT&T didn't have that information for this particular account, the attempt failed. According to the letter, someone then called an AT&T customer-service representative, offered identifying information for Mr. Perkins and sought help in creating the online account. The customer-service representative complied in creating the account. It was accessed on Feb. 2 and call records for January were viewed, the letter said.

AT&T told Mr. Perkins in the letter that the person who created the account would have had access to his billing information, the amount of his bill, types of services purchased and his local and long-distance call records. "We have locked the online access to the accounts," the letter said.

AT&T said in the letter it discovered the unauthorized access to Mr. Perkins's account as part of a broader review of pretexting practices. The letter said AT&T was working with law enforcement to learn more about how third parties obtain information. Yesterday, AT&T wouldn't comment further other than to verify the letter's authenticity.

H-P added in yesterday's filing with the SEC that it had received a comment letter from the SEC regarding its May disclosures of Mr. Perkins's resignation from the board. H-P said it intends to respond to the SEC that its disclosures were "accurate and complete at the time of filing."

A spokesman for the SEC declined to comment.

Pretexting is explicitly against federal law where financial records are concerned, but legal experts say pretexting to obtain other types of records, such as phone records, isn't covered by any one federal law. Some states, including California and Illinois, have outlawed the practice, however. The term pretexting originated in the law-enforcement community and became well-known by the mid-1990s as the number of criminals fraudulently obtaining bank records multiplied.

The Federal Trade Commission and the U.S. Department of Justice both said earlier this year that the practice is illegal with regard to phone records. The FTC said pretexting violates the Fair Trade Commission Act, which bars deceptive and unfair trade practices. The FTC in May brought charges against five data vendors accused of using pretexting to get personal information they subsequently sold to clients.

Indeed, hundreds of Web sites and private investigators advertise their ability to obtain almost any type of records on anyone, though some have shut down recently under pressure from privacy groups. Some offer to sell information on the last 100 cellphone calls a person has made for as little as $65 to $100. One commonly used method by these sites, experts say: obtain personal information such as birth dates and Social Security numbers, much of it readily available online, then contact a bank or phone company and pretend to be the customer inquiring about his or her account.

Phone companies, whose customer records are at times accessed by pretexters, have been trying to crack down on the practice. Yesterday, AT&T filed suit in federal court in California to block 25 so-called data brokers from accessing customer information without authorization from the company or the customer. It filed a similar suit in Texas last month. Both suits are

aimed at giving the company the legal means to use email addresses and Internet addresses to identify suspects who obtain records online.

In the past year, Verizon Wireless has secured court orders to halt operations of several companies that it claimed operated Web sites that fraudulently obtained phone records.

But a hodgepodge of state laws and the difficulty of prosecuting frauds that aren't committed for the direct purpose of stealing money or property has made corporate, federal or state crackdowns on pretexting difficult, said Marc Rotenberg, executive director of the Electronic Privacy Information Center in Washington, who also teaches privacy law at Georgetown University Law Center.

State and federal efforts to pass consumer-friendly laws on pretexting have had mixed results. Illinois recently passed a measure outlawing pretexting, and Mr. Rotenberg said California also has a law that could come into play in the H-P controversy. But efforts to pass a sweeping federal law have stalled, partly out of concerns raised by some members of Congress about the impact on national security.

Calif. Examining HP's Media-Leak Probe, Firm Says (WP)

By Ellen Nakashima

The Washington Post, September 7, 2006

The state of California is looking into methods used by Hewlett-Packard Co. to determine who leaked confidential information to the news media, the company said yesterday.

In documents submitted to the Securities and Exchange Commission, the computer company also said it had reviewed private phone records of its board members obtained by a private contractor.

The company said this week that it would not renominate board member George A. Keyworth II, who the company concluded had leaked confidential information about discussions on potential acquisitions and supplier changes during the board's annual off-site strategy meeting in January.

In May, Hewlett-Packard's board of directors asked Keyworth to resign, but he declined. Another board member, Thomas J. Perkins, did resign in protest over the methods used to investigate the leak to the Cnet technology news service.

According to the SEC filing, HP hired a consultant, who hired a contractor to investigate the leak. That contractor used a practice known as "pretexting," which involves deceiving a phone company into believing it is providing information to a real customer.

While "no recording or eavesdropping had occurred . . . some form of 'pretexting' for phone record information . . . had been used," the filing said.

In the case of Perkins, the co-founder of the Silicon Valley venture capital firm Kleiner Perkins Caufield & Byers, the contractor set up a phony e-mail address to access home-phone records through an online billing account. The contractor also posed as Perkins on the phone to access his long-distance records, according to Perkins's lawyer Viet Dinh.

"Obviously, he felt violated and betrayed," Dinh said. "You sign on to become a director. You don't sign on to have your personal phone records fraudulently accessed by nefarious investigators."

According to the SEC filing, the company reviewed phone calls to determine that Keyworth was the source. Keyworth told fellow directors that, if he'd been asked, he would have admitted to being the leak, according to an article on Newsweek magazine's Web site Tuesday.

Keyworth could not be reached for comment yesterday.

"Pretexting" comes in several forms, including special technology that fools automated phone systems. Private investigators sometimes use it to obtain information in divorce cases or other disputes.

This year, AT&T Inc., Sprint Nextel Corp., Verizon Wireless and Cingular Wireless LLC, as well as the state of Florida, have filed lawsuits against data-broker firms that specialize in gathering and marketing data, claiming they fraudulently obtained customers' phone records.

"There were no established laws in the United States prohibiting" the practice at the time HP's contractor was investigating the leaks, company spokesman Ryan Donovan said.

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Federal Trade Commissioner Jon Leibowitz disputed that assertion.

"Trafficking in consumers' confidential telephone records is unacceptable and it's illegal," he said, adding that it violates an FTC act prohibiting unfair or deceptive acts.

The FTC in May filed complaints against five data brokers, charging that they violated that law.

"It is an unfair act to take someone's private information, to pretend that you are that person to get that information, to make someone's private telephone information public," Leibowitz said.

In addition, anti-fraud laws in California prohibit the release of phone records without the customer's consent.

California Attorney General Bill Lockyer is investigating whether state laws against identity theft or theft of computer information were violated, according to Bloomberg News. He declined to say who was subpoenaed and said "all parties" were cooperating.

"We are in the middle of our inquiry, which began a few weeks ago, and subpoenas were issued" yesterday, Lockyer said in an interview with news services. "I don't have a settled view of whether anyone at HP broke the law but it certainly was colossally stupid."

The company defends its actions, saying it was "responding to a serious threat posed by unauthorized leaks of its boardroom deliberations and confidential information," Donovan said.

The company has conducted its own investigation into the leak probe, concluding that "it should have monitored more closely the actions of its outside agency and the actions of the subcontractors that its agency retained."

State Probes HP's Spying On Directors (LAT)

By James S. Granelli And Joseph Menn, Times Staff Writers

The Los Angeles Times, September 7, 2006

Allegations of identity theft follow the firm's disclosure that it dug up data on personal calls.

Stepping into a fight among some powerful Silicon Valley players, California Atty. Gen. Bill Lockyer on Wednesday said he had launched a criminal investigation into whether Hewlett-Packard Co. broke laws by spying on directors to determine who was leaking boardroom information to the media.

Lockyer's announcement followed the company's disclosure earlier in the day that it had deceived telephone companies into releasing data on directors' personal phone calls.

Privacy experts were dismayed that HP resorted, at best, to unethical tactics more commonly associated with shady private investigators.

Lockyer said that his office was investigating allegations of identity theft and hacking into phone company computers — and that the probe "could go all the way up the chain." Lockyer said his office had issued subpoenas, but he would not disclose the names of the targets.

The attorney general said a decision on possible charges was weeks or months away. Regardless of the outcome, he said, HP's methods were "obviously colossally stupid."

The feud involves former HP Chairwoman Carly Fiorina; her successor, Patricia C. Dunn; and directors George A. Keyworth II and Thomas J. Perkins, a Silicon Valley venture capitalist whose firm backed and brought to prominence dozens of technology giants including Amazon.com Inc., Google Inc. and Palm Inc.

Perkins triggered the investigation after resigning in May. He later protested that his own phone records had been hacked and that the company had failed to follow Securities and Exchange Commission rules that require it to disclose when a director's resignation results from a disagreement over "operations, policies or practices."

The SEC is looking into whether the board properly disclosed Perkins' departure.

Perkins could not be reached for comment. But in his letter to the board, he called his resignation "a very sad duty."

"My history with the Hewlett-Packard Company is long and I have been privileged to count both founders as close friends. I consider HP to be an icon of Silicon Valley, and one of the great companies of the world. It now needs, urgently, to correct its course," his letter stated.

HP said its efforts to stem boardroom leaks were started by Fiorina before she was ousted as chairwoman and chief executive in February 2005.

This year Chairwoman Dunn hired outside investigators to find out who leaked boardroom conversations and strategies, including possible purchases of other companies.

She reportedly was angered that CNet Networks, an online technology news site, had published details of an annual meeting of HP directors and top management. CNet disclosed that the group discussed the possibility of buying more software companies and working more closely with Advanced Micro Devices Inc. instead of longtime chip supplier Intel Corp.

At a board meeting in May, HP executives confronted Keyworth, who acknowledged that he had leaked some information, and asked him to step down as director. He refused. But after an emotional argument, his friend, Perkins, quit in protest over the board's methods.

HP's filing Wednesday with the SEC revealed that Dunn's investigation used outside contractors to trace the leak. One contractor used "some form of 'pretexting' for phone record information," according to the filing.

Pretexting is a practice by which private investigators, data brokers and others use false identities to gather information about other people's phone calls.

Lawrence T. Babbio Jr., vice chairman and president of phone carrier Verizon Communications Inc., sits on HP's board and thus was probably a pretexting target. Verizon said Babbio would not comment.

In the SEC filing, HP said that at the time of its investigation, its lawyers advised that pretexting "was not generally unlawful." The lawyers wouldn't say, though, that the contractor's actions "complied in all respects with applicable law."

An affidavit for a search warrant sought by Lockyer's office disclosed that Perkins' phone records in January for his home were accessed by an impostor.

The affidavit from Hal Berman, a state Justice Department special agent, said the impostor used Perkins' home phone number and the last four digits of his Social Security number to open an online account for paying bills. The warrant asks Cox Communications Inc. to divulge the name of the Internet customer who used the cable firm's service to create that account.

HP's disclosure, filed with the SEC, angered some privacy advocates but did little damage to the company's stock, which has been trading near its high for the last 12 months. Its stock fell 62 cents on Wednesday to $35.84.

"At this very high level, this is very nasty business," said Neville L. Johnson, a Beverly Hills lawyer who represents a number of victims of investigator Anthony Pellicano's alleged illegal eavesdropping of celebrities.

"What you should do is tell the board members that we want all your phone records, and if you don't turn them over, you're off the board," he said.

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james.granelli@latimes.com
joseph.menn@latimes.com

SEC Files Civil Charges Against Two More Ex-ITXC Executives (DOW)

By Siobhan Hughes, Of DOW JONES NEWSWIRES

Dow Jones, September 7, 2006

WASHINGTON -(Dow Jones)- The U.S. Securities and Exchange Commission on Wednesday said it has filed civil charges against two more former employees of telecommunications company ITXC Corp., accusing them of approving and in some cases negotiating almost $267,500 in bribes paid to senior officials of government-owned telephone companies in Nigeria, Rwanda and Senegal.

The SEC accused Steven Ott, the former vice president for global sales, and Roger Michael Young, the former managing director for the Middle East and Africa, of violating the Foreign Corrupt Practices Act. The SEC said the men also caused the company to falsely record the bribes as legitimate business expenses.

An attorney for Ott couldn't immediately be reached. An attorney for Young wasn't in the office and couldn't immediately return a phone call.

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The civil suit came as Yaw Osei Amoako, a former ITXC regional manager, pleaded guilty in Trenton, New Jersey, to conspiring to violate the anti-bribery law in connection with payments of bribes to employees of foreign state-owned telecommunications companies. He faces up to five years in prison and a $250,000 fine, and is scheduled to be sentenced on Dec. 11, the Justice Department said. The SEC had filed a civil suit against Amoako last year.

ITXC was based in Princeton, N.J. In 2004, it was acquired by Teleglobe International Holdings Ltd., now part of Videsh Sanchar Nigam Ltd. ITXC allegedly earned $11.5 million in net profits thanks to the contracts approved by Ott and Young, the SEC said.

The Justice Department said it had charged Amoako and unnamed co-conspirators with arranging for ITXC to pay $166,000 in commissions to a foreign official at Nitel, a Nigerian government-owned company; $26,000 to Rwandatel, owned by the Rwandan government; and about $74,000 to an employee of Sonatel, partly owned by the Senegalese government.

An attorney for Amoako couldn't be located. Earlier this year, a federal judge put the SEC's case on hold until the resolution of the criminal case.

-By Siobhan Hughes, Dow Jones Newswires; 202-862-6654; Siobhan.Hughes@ dowjones.com

Time Warner Agrees To Governance Changes (WP/BLOOM)

By David Glovin, Bloomberg News

The Washington Post, September 7, 2006

Time Warner Inc., the world's largest media company, won approval yesterday of a settlement of an investor lawsuit that a judge says will require the company to make changes in how it governs itself.

U.S. District Judge Shirley Wohl Kram gave final approval to the settlement of a 2002 suit that claims the directors of America Online and AOL Time Warner knew employees were violating accounting rules.

Under the settlement, Time Warner agreed to designate an independent director as chair of its nominating and governance committee. Within three years, two-thirds of the company's directors will be independent, the settlement says.

These and other changes "may enhance investor confidence by ensuring that the company maintains a healthy governance structure," Kram said in a ruling.

The suit was filed by investors on behalf of the company against directors and officers of AOL and AOL Time Warner, now known as Time Warner. Investors claimed the directors knew or ignored signs that employees disregarded internal accounting and contracting policies. They say directors and senior officers breached their duty to shareholders.

Similar allegations led to a $2.5 billion settlement of a separate investor class-action lawsuit against the company. That suit alleged securities fraud.

The settlement yesterday has two key parts: "extensive governance and compliance provisions at the board and management level" and an acknowledgement by Time Warner that the suit was "a substantial factor" in the company's ability to recover about $200 million from its director-and-officer insurers, Kram said. The money would fund the governance changes, Kram said.

Under the pact, lawyers for the investors will collect $9.6 million, which would come out of the $200 million insurance proceeds, according to court records.

Susan Duffy, a Time Warner spokeswoman, declined to comment. Patrick Morris, an attorney for the investors, did not return calls seeking a comment. Time Warner continues to deny the investors' allegations of wrongdoing, according to court records.

CRIMINAL LAW:

Ryan Gets 61/2 Years (CHIT)

By Matt O'connor And Rudolph Bush

Chicago Tribune, September 7, 2006

DOJ_NMG_0058965

George Ryan, the Republican governor whose bold clearing of Death Row won international praise but whose old-style political ways led to a sweeping federal corruption conviction, was sentenced Wednesday to 6½ years in prison on what he acknowledged was the saddest day of his life.

In court, Ryan, a former pharmacist from Kankakee, struggled briefly with his emotions as he delivered the closest thing yet to an apology. Ryan, however, carefully avoided admitting criminal wrongdoing.

The former governor told the judge he deeply regretted that his conviction caused a loss of faith in government, saying, "When they elected me as governor of this state, they expected better, and I let them down, and for that I apologize."

Ryan said his greatest anxiety concerned the impact his imprisonment will have on Lura Lynn, his wife of more than 50 years. "It's really very excruciating for both of us for that to happen," said Ryan, clearing his throat as he appeared to choke back emotion. "I am going to need a glass of water," he said.

As Ryan spoke, his wife wept and relatives passed a box of tissues among themselves.

U.S. District Judge Rebecca Pallmeyer called Ryan "a very complicated human being" who as a public official did good things but who also damaged people's faith in government.

"The real harm done by public corruption is the confidence citizens have that their government is playing by the rules," she said. "Cynicism is inconsistent with patriotism."

Ryan was snared in an eight-year federal probe that exposed rampant bribery in state driver's license facilities while he was secretary of state. The investigation has been among the most successful in modern Chicago history in reach and significance, with 75 convictions.

Lawyers for Ryan, 72, had sought a sentence of 2½ years in prison, saying they feared anything much longer could amount to a death sentence. He suffers from Crohn's disease and diabetes, they said.

Pallmeyer also sentenced Ryan's co-defendant and longtime friend, Lawrence Warner, to almost 3½ years in prison on Wednesday. Warner also agreed to forfeit $1.7 million in ill-gotten profits.

In April, following a nearly six-month trial, a federal jury convicted Ryan of steering millions of dollars in state business to Warner and other friends in return for vacations, gifts and other benefits to Ryan and his family.

Ryan was also convicted of gutting corruption-fighting efforts and misusing state resources for political gain.

Ryan was the third former governor in Illinois history to be convicted of wrongdoing, all since the 1970s. Otto Kerner received 3 years in prison in 1973 for taking bribes while governor in the late 1960s; he was paroled after serving a year. Dan Walker was sentenced in 1987 to 7 years for bank fraud unrelated to his public duties but was released after 17½ months.

At the request of defense lawyers, Pallmeyer delayed the date Ryan and Warner must surrender to prison until after Christmas.

Ryan still hopes to convince the judge that he should remain free until his appeal has been decided months down the line.

In his remarks in court, Ryan, in his booming baritone voice, spoke of his humble beginnings and said his father taught him that each generation had an obligation to make life better for the next.

Ryan also said his father told him that "there is no right way to do the wrong thing."

"I tried to practice my life with that in mind," Ryan said.

Saying he had a bit of a cold, Ryan declared that Wednesday was "without question the saddest day of my life."

But he forcefully added: "I am proud of the life I have had."

In 36 years of public office, Ryan said he had been steadfast in keeping "the trust that my constituents have placed in me."

He appeared to deflect blame on others by saying he had not been vigilant enough as secretary of state, the elected post he held before his one term as governor.

"The jury's verdict speaks for itself in showing that I simply didn't do enough," Ryan said. "Should have been more vigilant. Should have been more watchful. Should have been a lot of things, I guess.

"My charge in public office was to maintain and instill public confidence in the integrity of the government," he added. "I tried to do that, but I obviously failed."

Prosecutors weren't impressed with Ryan's tone. After the sentencing, Assistant U.S. Atty. Patrick Collins, the lead prosecutor in the federal Operation Safe Road probe, said Ryan "unfortunately remained defiant today."

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"I was very much hoping ... if the judge was going to provide some mercy, it would be based on a heartfelt apology, and I didn't hear that," Collins said.

As he left the courthouse, Ryan's lead attorney, Dan Webb, again promised an appeal based largely on Pallmeyer's decision to dismiss two jurors during deliberations and bring in alternates to continue the trial.

The jurors were dismissed after Tribune reports that both had concealed arrest records during jury selection.

"Based on the jury deliberations, we are very hopeful that someday this conviction will be reversed and George Ryan will be vindicated and this conviction will be put behind him," Webb said.

Two Ryan jurors on opposite sides of the controversial deliberations had different opinions about the sentence.

Evelyn Ezell, who was kicked off the jury during deliberations for failing to reveal a history of arrests, said Ryan's sentence was unfair. Before she was removed from the jury, Ezell had been the sole holdout against Ryan's conviction.

"Six-and-a-half years is too much. It shouldn't be any years," she said.

Juror Denise Peterson, who deliberated through the verdict but came under scrutiny for bringing outside legal material into the jury room, said she thought Ryan would get more time than he did.

"I don't want to send anybody to jail, but he was totally guilty. The evidence was overwhelming," she said.

Pallmeyer rejected a government bid to stiffen Ryan's sentence for his scuttling internal investigations into the link between political fundraising and the selling of driver's licenses for bribes. Prosecutors contended the coverup risked death and bodily injury.

As a result of the ruling, Ryan faced up to 8 years in prison, not 10 years, as prosecutors hoped.

Pallmeyer also dismissed two counts of Ryan's 18-count conviction, one for a fraudulent lease with Warner and the other for leaking the selection of a state prison site to a friend who improperly profited on the tip.

Prosecutors sought to have Ryan sentenced to a lengthier prison term than Scott Fawell, Ryan's former top aide, who is serving 6½ years in prison, contending the former governor's conduct was more egregious.

Collins took issue with the contention in many of the more than 100 letters written on Ryan's behalf that Ryan had been betrayed by friends.

"He betrayed the public trust," Collins said of Ryan.

Collins also disputed many of the letter writers' contention that Ryan had displayed courage in public office, saying that was sadly lacking at several key junctures in his two terms as secretary of state.

Webb contended that Ryan had striven to do the right thing is his public life and cited his commutation of all Death Row inmates' sentences despite widespread public support for the death penalty.

Webb's voice broke with emotion when he said the greatest punishment Ryan faced was separation from his wife.

"It's going to be an enormous punishment on George Ryan," Webb said.

Following his sentencing Wednesday, Ryan was able to avoid a horde of reporters in the Dirksen U.S. Courthouse lobby by being whisked through an underground entrance.

A spokesman for the U.S. Marshals Service said U.S. District Chief Judge James Holderman ordered the measure.

At Ryan's side throughout the afternoon was his longtime political ally, former Gov. James R. Thompson, whose law firm footed the cost of Ryan's multimillion-dollar defense.

Ryan Gets 6½ Years In Prison (CHIST)

By Natasha Korecki

Chicago Sun-Times, September 7, 2006

A stoic former Gov. George Ryan was sentenced this afternoon to 6 1/2 years in federal prison for years of corruption while he held state office.

Before U.S. District Judge Rebecca Pallmeyer imposed the sentence, Ryan apologized to voters for his actions.

“When they elected me as the governor of this state, they expected better. And I let them down. For that I apologize,” Ryan said. “The result deeply pains me. This is the saddest day of my life.”

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Ryan's co-defendant, Lawrence Warner, was sentenced to three years and five months in prison — a sentence announced about 90 minutes after Ryan's.

Ryan, 72, showed no expression when the sentence was handed down. Nor did his wife Lura Lynn, who sat behind him and beside former Gov. Jim Thompson.

Ryan was convicted in April of steering contracts and leases to his pals, including Warner, while taking gifts, vacations and cash in return. Ryan was also convicted of lying to FBI agents.

The sentence is the exact same term given to Ryan's former right hand man and protege, Scott Fawell. But Fawell, who testified against Ryan, was just 45 years old when sentenced in 2003.

Pallmeyer said Ryan's conviction could overshadow what he did in a lifetime of politics.

"For many people, the corruption will eclipse the policy decisions," the judge said. "That's one thing Mr. Fawell does not suffer."

Also in the courtroom was U.S. Attorney Patrick Fitzgerald, FBI Special-Agent-In-Charge Robert Grant and the Rev. Duane "Scott" Willis and his wife, Janet. The couple lost six of their kids in a 1994 accident linked to a truck driver that had paid bribes to get his commercial driver's license. That accident led to the Operation Safe Road investigation that snared Ryan and Fawell.

Ryan faced eight to 10 years in prison. His lawyers asked for 30 months, citing his age, his health issues and those of his wife.

Ryan's family, including his son and five daughters were in the courtroom. They previously sent letters to Pallmeyer asking for leniency.

Before the sentence, Ryan said the sentence the government was seeking "for a man my age and my health would be tantamount to a death sentence. I ask that you temper your judgment in light of the good that I've tried to do during my 72 years of life."

Ryan thanked Thompson's law firm, Winston & Strawn, for its work in offering "a defense that I desperately needed but could not afford."

And he said he was worried about Lura Lynn.

"It's for my wife that I harbor the greatest anxiety," Ryan said. "I know now that we face the prospect of involuntary separation."

Ex-Governor Is Sentenced To Prison (WP)

By Peter Slevin

The Washington Post, September 7, 2006

CHICAGO, Sept. 6 -- Former governor George H. Ryan, who won global attention for emptying Illinois's death row, was sentenced to 6 1/2 years in prison Wednesday for a decade of tawdry corruption and official lies that he minimized to the end.

U.S. District Judge Rebecca Pallmeyer rejected Ryan's request for leniency, saying that he violated the public trust through sweetheart deals and political favoritism. If Ryan thinks the allegations were "relatively minor or insignificant," Pallmeyer said, "I would suggest they are anything but."

The judge said she could not be sure that the 72-year-old defendant, who has diabetes, high cholesterol and Crohn's disease, would survive prison. "This gives me the least pleasure I've ever experienced," she told a courtroom audience that included Ryan's wife and six children.

Given a chance to speak, Ryan, a former Kankakee pharmacist who became the state's most powerful Republican, acknowledged that he disappointed the people of Illinois, but he insisted that in 36 years in public life he "always tried to be steadfast."

"I simply didn't do enough," Ryan said, speaking strongly in remarks more like a political concession speech than a mea culpa. "I should have been more vigilant. I should have been more watchful. I should have been a lot of things, I guess."

Ryan stands convicted of 16 counts of racketeering conspiracy, fraud and lying under oath. He plans to appeal.

The conviction of Ryan is the most dramatic success yet for U.S. Attorney Patrick J. Fitzgerald, imported from New York in 2001 to lead an anti-corruption drive that now stretches from Chicago to the state capitol in Springfield.

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Assistant U.S. Attorney Patrick Collins -- alleging "a sense of entitlement, even arrogance," among corrupt Illinois officials -- urged Pallmeyer to challenge that culture by changing the cost-benefit calculus of would-be lawbreakers.

Among the dozens of practitioners and beneficiaries of official corruption recently found guilty are Mayor Richard M. Daley's patronage chief, Robert Sorich, and aides well known to the mayor. Many are now telling agents what they know as investigators dig deeper -- and climb higher.

Ryan, who served two terms as secretary of state and one as governor, is best known for his 2003 decision to impose a moratorium on the death penalty and to commute the capital sentences of 167 inmates. A former believer in capital punishment, he said he feared innocents would die.

Death penalty opponents celebrated, some pushing for him to receive the Nobel Peace Prize. But unfolding at the same time was a lengthy federal investigation into Ryan's habit of favoring friends with secret deals, using state money for his campaigns and steering funds from other Republican campaigns to his daughters.

When questioned by federal agents, the jury said, Ryan repeatedly lied about what he had done.

Among Ryan's crimes was steering state business and office leases to lobbyist and businessman Larry Warner, sentenced Wednesday by Pallmeyer to 41 months in prison. Ryan also took free vacations in Jamaica, writing rent checks to his politically connected host, only to be reimbursed by him in cash.

Witnesses said Ryan often flashed rolls of $100 bills. Yet federal investigators discovered that, in the course of a decade, Ryan withdrew only $6,700 in cash from his bank.

Today, Ryan is too poor to pay his prominent defense attorneys, and he is expected to lose his state pension. Pallmeyer ordered him to pay more than $600,000 in restitution for overpriced leases.

Ex-governor Of Illinois Gets 6½ Years For Corruption (USAT/AP)

By Mike Robinson, The Associated Press

USA Today, September 7, 2006

CHICAGO — Former governor George Ryan, who was acclaimed by capital punishment foes for suspending executions in Illinois and emptying out death row, was sentenced Wednesday to 6½ years behind bars in the corruption scandal that ruined his political career.

“People of this state expected better, and I let them down,” Ryan, 72, said in court.

Federal prosecutors had asked for eight to 10 years in prison. Defense attorneys argued that even 2½ years would deprive Ryan of the last healthy years of his life.

“Government leaders have an obligation to stand as the example. Mr. Ryan failed to meet that standard,” U.S. District Judge Rebecca Pallmeyer said.

Ryan, a Republican, was convicted in April of racketeering conspiracy, mail fraud and other offenses for taking payoffs from political insiders in exchange for state business while he was Illinois secretary of State from 1991 to 1999 and governor for four years after that. The verdict capped Illinois' biggest political corruption trial in decades.

Prosecutors said that Ryan doled out big-money contracts and leases to his longtime friend, businessman-lobbyist Larry Warner, and others and received such things as Caribbean vacations and a golf bag in return. Ryan used state money and workers for his campaigns, the government alleged.

Defense attorneys pleaded for mercy, citing Ryan's age, health problems and the humiliation he has suffered.

“The public shaming that Ryan has endured combined with the impending loss of his pension greatly lessens the need for the court to punish through the sentencing process,” Ryan's lawyers said in court papers.

The scandal that led to Ryan's downfall began in 1994 when a van crash in Wisconsin exposed a scheme inside the Illinois secretary of State's office in which truck drivers obtained licenses for bribes.

The probe expanded to other incidents of corruption under Ryan.

Ex-Governor Of Illinois Gets 6½ Years In Prison (NYT)

By Monica Davey

The New York Times, September 7, 2006

DOJ_NMG_0058969

CHICAGO, Sept. 6 — George Ryan, the former governor of Illinois who was venerated around the world by opponents of capital punishment for halting the death penalty in his state, saw the depths of his downward spiral on Wednesday as a judge sentenced him to six and a half years in federal prison for racketeering and fraud.

Saying it was "the saddest day of my life," Mr. Ryan, 72, had asked for a lesser sentence, something that would not amount, he said in his booming baritone, "to a death sentence." His lawyers had recommended a prison term of no more than two and a half years, far below the federal sentencing guidelines.

Mr. Ryan, who during 40 years in public office rose to become one of the area's most powerful Republicans, for the first time apologized for a scheme in which prosecutors say he put taxpayers' money toward campaign work, lied to federal agents, and handed out contracts and leases to his friends in exchange for gifts, including island vacations, for himself and his family.

"People of this state expected better," he said, holding a small file of papers on a lectern before the judge, Rebecca R. Pallmeyer, of United States District Court. "I let them down. For that, I apologize." Still, Mr. Ryan, who fought the claims against him during a jury trial that lasted more than half a year, also said, "I'm proud of the life I've had."

In pressing the judge to sentence Mr. Ryan to at least six and a half years, Patrick Collins, an assistant United States attorney, pointed to what he called the "mutating virus" that corruption in Illinois politics has become, and said the sentence needed to send a message that carried beyond one man or one office.

"Your sentence has to speak to public officials that public corruption cannot be tolerated," he said.

The remarkable unraveling of Mr. Ryan and his political career has already left a mark on this state's rough-edged political terrain. Those who once considered deal-making and favors for buddies as an ordinary, unavoidable ingredient of politics here say they have begun wondering whether an aggressive United States attorney's office may actually change that.

And within hours of Mr. Ryan's sentencing, the current candidates for governor were publicly arguing over which one might be more closely linked to corruption claims.

Dan K. Webb, a lawyer for Mr. Ryan, said he was deeply disappointed by the sentence. He had asked the judge to weigh Mr. Ryan's age, his health issues (Crohn's disease, diabetes, diverticulitis and high cholesterol), and what Mr. Webb described as acts of courage while in office.

He pointed, in particular, to Mr. Ryan's finding in 2003, as his term as governor was ending, that the state's system of capital punishment was broken. Although Mr. Ryan had long been a supporter of the death penalty, he commuted more than 160 of the state's death sentences to life in prison, winning a Nobel Peace Prize nomination, even as his critics here said he was cynically bracing for his own indictment.

On Wednesday, Mr. Webb asked that Mr. Ryan be allowed to remain free on bond until an appeal of his case can be heard, and the judge has yet to rule on that. For now, Mr. Ryan is to turn himself in on Jan. 4. Mr. Webb asked that Mr. Ryan be allowed to serve his sentence at the federal prison in Oxford, Wis., where some other local politicians have served time (including former United States Representative Dan Rostenkowski, several Chicago aldermen and a Cook County Circuit Court clerk).

Mr. Ryan, a snowy-haired, ruddy-faced former pharmacist from Kankakee, began his political career in the mid-60's on the Kankakee County Board, then went on to successful runs for the General Assembly, lieutenant governor, secretary of state and, finally, one term as governor.

Entering the courtroom, Mr. Ryan looked more like a politician working a room than a defendant. He politely shook hands with some in the long line of reporters, family members, ordinary spectators and other former politicians, including former Gov. James R. Thompson, seeming not to hear when a spectator called out, "Put the cuffs on, George."

Mr. Ryan's friend Lawrence Warner was sentenced Wednesday to more than three years for receiving commissions from leases and contracts from Mr. Ryan's office.

Elsewhere, in a political campaign season, the echoes were already being felt from the hearing. Many have blamed Mr. Ryan's woes for Republicans' recent losses in Illinois, including the loss of the governorship in 2003 to Democrats for the first time in three decades.

Judy Baar Topinka, the Republican nominee for governor who served as treasurer during Mr. Ryan's administration, told reporters that she did not believe his sentence would affect her much. But she swiftly referred to the continuing federal investigation into hiring by the administration of Gov. Rod R. Blagojevich, a Democrat.

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Mr. Blagojevich's campaign shot back immediately: "Unfortunately, Treasurer Topinka who is pointing a finger today was in a position of responsibility during the Ryan administration and was silent then."

In announcing her sentence, Judge Pallmeyer seemed to be speaking to more than the politicians in the room with her. The true damage, she said, was the loss of confidence that citizens have in knowing that their government plays by the rules.

"Cynicism is inconsistent with patriotism," Judge Pallmeyer said. "Government leaders have an obligation to stand as the example. Mr. Ryan failed to meet that standard."

Noe Attorney Asks For Probation, Sees No Victim (TOLB)

By Mike Wilkinson, BLADE STAFF WRITER

Toledo Blade (OH), September 7, 2006

Tom Noe hurt no one when he skirted federal campaign laws and illegally poured money into President Bush's re-election, and a federal judge should consider giving him probation, his attorney said today.

In a memorandum to U.S. District Judge David Katz Noe's Toledo attorney Jon Richardson argues that the Bush campaign never complained about Noe's actions and that no one was harmed.

"... Noe's actions victimized no one," Mr. Richardson wrote.

Judge Katz is expected to sentence the former GOP fund-raiser on Tuesday.

In his memo, which was filed a day after federal prosecutors issued a rare memorandum of their own, Mr. Richardson criticized the prosecutors' call for additional prison time. In fact, he said the judge could give Noe probation.

"If the Court were to sentence Mr. Noe to substantial community services, rather than incarceration, the moral and legal scales in this case would easily come into balance," wrote Mr. Richardson.

Noe, 52, pleaded guilty in May to illegally funneling more than $45,000 into the President's re-election campaign at an October, 2003, fund-raiser in Columbus using 24 conduits, including several prominent local Republican public officials.

In May, prosecutors said Noe faced as little as two years in prison. But yesterday they made their case for a potential prison term of more than four years.

They claimed Noe should get a stiffer penalty because he abused his "position of trust" as an official Bush-Cheney fund-raiser and because his "systematic and pervasive corruption" had a negative effect on the public's trust in the electoral process. They also claimed Noe had not fully accepted responsibility for his crimes.

But Mr. Richardson appears to say that the wave of publicity — almost all of it negative — is a penalty itself.

"No public humiliation has been so complete as Mr. Noe's. No fall so thoroughly documented as his," he wrote. "There is nothing ... that covers the night he sat his daughters down to tell them what was to come."

The Lucas County prosecutor, in a separate case, is pursuing 46 felony charges against Noe. The trial on those charges is scheduled to begin Oct. 10. Noe has pleaded not guilty to the charges.

Prosecutors believe he embezzled more than $3 million from the coin funds he managed for the Ohio Bureau of Workers' Compensation.

Mr. Richardson, in his memo, cautioned the judge to keep the federal and state charges separate.

"The conduct alleged is different. The levels of seriousness are different," he wrote. "And, as mentioned before, the allegations there are unproven. All that is the same is the man."

At the time of Noe's indictment in the federal case, a top Justice Department official said the case is the largest campaign money-laundering scheme prosecuted by the department since new campaign finance laws were enacted by Congress in 2002.

Polygamist Leader Jeffs Appears In Court (AP)

By Jennifer Dobner

AP, September 7, 2006

ST. GEORGE, Utah - Looking pale and gaunt in a green-striped jail uniform, polygamist sect leader Warren Jeffs made his first appearance in a Utah court via closed-circuit TV Wednesday on charges he arranged a marriage between an underage girl and an older man.

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Jeffs, 50, is charged with two counts of rape as an accomplice. The charges carry up to life in prison. He is being held in the Purgatory Correctional Facility in nearby Hurricane.

The hearing was conducted via video, with Jeffs in jail and the judge in the county courthouse in St. George. The judge set a preliminary hearing for Sept. 19, at which time the issue of bail will be addressed.

Jeffs said little during the proceeding. He said his Nevada lawyer is helping him find an attorney in Utah.

Since 2002, Jeffs has been the leader of the 10,000-member Fundamentalist Church of Jesus Christ of Latter Day Saints. Most of its members live in the adjoining towns of Hildale, Utah, and Colorado City, Ariz.

Jeffs was arrested Aug. 28 during a traffic stop near Las Vegas after more than a year on the run and three months on the FBI's Most Wanted list.

Utah prosecutors contend Jeffs forced a teenage girl from his sect to marry and have sex with an older man. He faces similar charges in Arizona.

Jeffs Faces The Judge (SLT)

By Brooke Adams, The Salt Lake Tribune

Salt Lake Tribune, September 7, 2006

Security tight even though appearance is via TV

ST. GEORGE - Captured polygamous leader Warren S. Jeffs appeared in a Washington County courtroom for a six-minute hearing Wednesday, as SWAT teams watched from the street and a nearby bluff and media satellite trucks crammed the courthouse parking lot.

Jeffs, 50, appeared via a video link from the Purgatory Correctional Facility in Hurricane a day after being extradited from Las Vegas. He was arrested Aug. 28 after a routine traffic stop just outside of Las Vegas on Interstate 15.

During the brief hearing, Jeffs was formally informed of the two Utah charges of being an accomplice to rape, a first-degree felony. The charges, punishable by five years to life in prison, stem from Jeffs' alleged role arranging a marriage between a teenage Hildale girl and an older man.

Jeffs

St. George police SWAT officer Josh Wilson stands guard at the entrance to the parking lot outside 5th District Court. Even though Jeffs appeared via TV, law enforcement took no chances. (Douglas C. Pizac/The Associated Press)

is the leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints, a community of 6,000 or so historically based in Hildale, Utah, and Colorado City, Ariz.

The twin cities are about a 45-minute drive from the jail where Jeffs is now incarcerated.

Fifth District Judge James L. Shumate set a preliminary hearing for Sept. 19. On Monday, the judge will review whether Jeffs has retained a Utah attorney, his bail status and whether the preliminary hearing should be postponed.

Jeffs, his brow creased and staring intently at a television monitor, appeared to be alone in a white cinder block interview room at the jail. The monitor displayed four picture views: one of himself, one of the judge, and one each of the attorneys' tables.

Richard A. Wright, a Las Vegas attorney who met with Jeffs

Web Extra

Click here to see video of the hearing, courtesy of KUTV2.

several times while he was incarcerated at the Clark County Detention Center, was not in the courtroom or at the jail.

After Shumate explained the charges and possible penalties, Jeffs told told the judge that Wright is "helping me find Utah counsel. I ask for a week to be able to do that."

Washington County Attorney Brock Belnap said he had been contacted by Wright, who asked him to relay to the judge a request for a review hearing next week.

Jeffs also said Wright had asked him to relay that message. "He suggested asking for a continuance [of the preliminary hearing] until I get counsel," Jeffs said.

But Shumate said he will keep the preliminary hearing scheduled until an attorney for Jeffs can weigh in. The judge told Jeffs he will again appear in court via video for

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next week's review hearing, "unless you have counsel that wants you in court."

Belnap was asked outside the courthouse about delaying that hearing and said, "We do not plan on objecting to it if he wants it."

Last week, Shumate revoked the $500,000 bail set for Jeffs. If a new bail amount is granted and posted, Belnap noted, Jeffs would still be held on a federal detainer for fleeing prosecution.

Audience seats in the courtroom were packed mostly with reporters. At least five Washington County Sheriff's deputies also were in the room and several SWAT team members could be seen in the hallway behind the courtroom.

Sgt. Craig Harding, spokesman for the St. George Police Department, said his department will provide security around the courthouse throughout the proceedings.

"We would

St. George Police Department SWAT team members Wyatt Miles, left, and Josh Wilson keep watch over the parking lot at the 5th District Courthouse where Warren Jeffs appeared via video. (Douglas C. Pizac/The Associated Press)

be very foolish if we didn't prepare for the worst-case scenario," he said of the officers positioned on the ridge, nearby buildings and among the crowd outside the courthouse. "We need to

plan for everything to happen and hope nothing does."

Four students from a criminal justice class at nearby Dixie State College, located in St. George, also attended the brief hearing.

"I've heard a lot of things about what Warren Jeffs has done . . . and I think it's exciting that they finally caught him," said Shannon Potter, 33, who is studying criminal justice at Dixie and psychology at Utah State University. "It's good to get him out of the general population."

Jeffs went into hiding about three years ago, as authorities attempted to serve subpoenas on him and other men as part of an investigation into the sect's practice of assigned, underage marriages.

He has been listed as a fugitive from justice - and on the FBI's Most Wanted list since May - since last summer, when he was indicted by a Mohave County, Ariz., grand jury on similar allegations.

Jeffs Appears Via Video In Utah Court (DESERET)

By Ben Winslow And Nancy Perkins, Deseret Morning News

Deseret Morning News, September 7, 2006

He asks judge for a week to find a lawyer

ST. GEORGE — Looking thin and pale, captured polygamist leader Warren Jeffs made his first court appearance here in 5th District Court, finally facing charges of rape as an accomplice.

"Mr. Jeffs, can you hear me OK, sir?" Judge James L. Shumate asked.

"Yes," Jeffs said, softly.

As the judge read the charges and possible punishments, Jeffs looked down at the copy in his hands, following along. Shumate asked Jeffs if he had an attorney.

"I have a Nevada attorney helping me find Utah counsel. I ask for a week to do that," Jeffs replied.

As the six-minute hearing concluded, Jeffs leaned forward to the camera trying to speak but was cut off by the judge. Shumate set a status conference for Monday, where he will be updated on whether Jeffs has a lawyer, address the preliminary hearing and bail issues. Jeffs is being held without bail.

Jeffs said his lawyer suggested he request a delay for the preliminary hearing.

But Shumate was reluctant to postpone the hearing set for Sept. 19.

Washington County Attorney Brock Belnap said his office is "prepared to go forward with our case" against Jeffs.

"Our office will be cooperative if he requests a continuance. We will not object to it," Belnap told reporters after the hearing.

Courthouse security

Security outside the courthouse was intense.

SWAT team sharpshooters were spotted on nearby rooftops and redrock hillsides. Officers were also walking the streets surrounding the courthouse, watching people go in and out.

"We just want to make sure everything goes smoothly," St. George Police Sgt. Craig Harding said.

Even though Jeffs was not in the courthouse, police used the hearing as a SWAT training exercise to prepare for when the polygamist leader will be transported to court.

Jeffs remains in isolation at the jail. Sheriff's deputies who were watching him told the Deseret Morning News that Jeffs appeared to be "doing OK" behind bars.

"He's nice and quiet," Washington County Sheriff Kirk Smith said of Jeffs' first day in Purgatory. "He's just a quiet individual."

'Uncle Warren'

In the border towns of Hildale, Utah, and Colorado City, Ariz., members of the Fundamentalist LDS Church kept silent about the arrest of their leader. None of his followers was in court Wednesday. Ex-members said Jeffs is portraying himself as someone who is "persecuted" for his religious beliefs.

"He's being persecuted by the wicked people of the world," ex-FLDS member Ross Chatwin said. "He's going to play that role of Christ crucified, I think."

Jeffs is revered by FLDS faithful, even in song. The Deseret Morning News has obtained a copy of the lyrics to the song "We Love You, Uncle Warren," written about five years ago and taught to FLDS children. It reads in part:

"Uncle Warren is a busy man; he works from dawn to dark
To carry out the Prophet's will with all his mind and heart.
But he will take the time with joy to greet each little girl and boy.
Uncle Warren is a plain man; he doesn't care for show.
He shuns the fame and riches that most men covet so.
Yet in his humble dignity, he's greater than a king to me.
Uncle Warren is a perfect Priesthood man;
To the Prophet he is loyal through and through.

Brother Of Warren Jeffs Arrested At Trailer Park (AP)

AP, September 7, 2006

KINGMAN - A brother of polygamous church leader Warren Jeffs was arrested by sheriff's deputies in Mohave County after he refused to cooperate when they asked to check the welfare of his son.

Deputies went to a trailer park in the community of Beaver Dam Friday evening after the grown son of John B. Jeffs asked them to check on his 11-year-old brother, said Trish Carter, a sheriff's spokeswoman.

They found Jeffs, 38, of Colorado City, sitting in a vehicle in front of the trailer home, and he refused to answer questions or comply with deputies' commands and they had to pull him out, Carter said. Jeffs was arrested on resisting arrest and disorderly conduct charges.

"He did not cooperate with us in the least," Carter said Wednesday. "We were just there for an innocent little welfare check."

After Jeffs was taken into custody, deputies were able to check on the 11-year-old and found that he was not in danger and was unharmed, Carter said.

Jeffs appeared before a judge Tuesday and was released from custody with a Sept. 11 court date, Carter said.

Jeffs is a brother of Warren Jeffs, the leader of Fundamentalist Church of Jesus Christ of Latter Day Saints, based in Colorado City and nearby Hildale, Utah. Warren Jeffs, 50, was arrested last week outside Las Vegas on charges related to marriages he allegedly arranged between adult men and underage girls. He had been a fugitive for more than a year and was on the FBI's most wanted list.

Ex-cop Sentenced For Stealing From Heroes Fund (CHIT)

Tribune Staff Report

Chicago Tribune, September 7, 2006

DOJ_NMG_0058974

A former Chicago police commander who admitted to stealing $4,000 meant for a ceremony honoring police officers and then lying to federal agents was sentenced to 5 months in prison Wednesday.

Michael Acosta's prison time will be followed by 5 months of home confinement, U.S. District Judge Harry Leinenweber said. Acosta could have been sentenced to up to 14 years in prison.

Acosta pleaded guilty to one count of fraud in January, and he recently retired from his post supervising officers at the city's airports.

Prosecutors have said Acosta raised funds from an individual contributor through John "Quarters" Boyle, a former city worker who was sentenced to prison in the city's Hired Truck scandal. Acosta admitted to lying to the FBI about using his position to help Boyle.

Ex-commander Who Stole Thousands Sentenced (CHIST)

Chicago Sun-Times, September 7, 2006

A retired Chicago Police commander received a "split sentence" Wednesday of five months in prison followed by five months in home confinement for stealing $4,000 that was earmarked to help pay for a ceremony to recognize heroic police officers.

Michael Acosta, who retired last year from his position overseeing police at O'Hare and Midway international airports, was facing an advisory penalty guideline range of eight to 14 months in prison, which range also made him eligible to receive a "split sentence," according to Assistant U.S. Atty. Manish Shaw.

U.S. District Judge Harry D. Leinenweber sentenced Acosta to 10 months -- five months must be served in prison and the remaining five must be served in home confinement, Shaw said. After he serves the split incarceration terms, the judge ordered Acosta to serve two years on supervised release. Acosta, 60, of Chicago, also must pay $4,000 in restitution and a $5,000 fine, Shaw added.

Prior to Leinenweber handing down the penalty, Acosta apologized to his family for any embarrassment he brought them.

Acosta, who pleaded guilty earlier this year to one count of mail fraud, admitted he took $4,000 of the $9,000 in contributions meant for the Police Recognition Ceremony in 2004.

In addition, Acosta admitted he lied to FBI agents about doing a favor for John "Quarters" Boyle, a former City of Chicago heavy equipment operator. Acosta gave Boyle the criminal history information on an unidentified person.

Acosta and Boyle were friends, and when federal agents wiretapped Boyle's phones, they recorded a number of conversations between the two men. Acosta violated police regulations by associating with a known felon. At the time, Boyle had served prison time for stealing millions of dollars in Illinois tollway money.

Boyle later pleaded guilty and was sentenced to seven years in prison for shaking down trucking company owners seeking business in the city's Hired Truck Program.

Police Commander Sentenced In Theft Case (PHI)

The Philadelphia Inquirer, September 7, 2006

CHICAGO - A former Chicago police commander who pocketed $4,000 that was donated to pay for a ceremony honoring his fellow officers was sentenced Wednesday to five months in federal prison.

U.S. District Judge Harry Leinenweber also ordered Michael Acosta to complete five months of home confinement upon Acosta's release from prison. He recently retired from his post supervising officers at the city's airports.

Acosta pleaded guilty on Jan. 17 to one count of mail fraud.

He admitted receiving a March 2004 donation of $7,000 from an unnamed private company to pay for a "police recognition ceremony" honoring fellow officers. He kept $2,000 of the money and passed the remaining $5,000 along to pay for the ceremony.

He also admitted in his signed plea agreement to receiving another $2,000 from a private individual for a "police recognition luncheon."

Additionally, Acosta also acknowledged lying to FBI agents when he said he hadn't done any favors for John "Quarters" Boyle, a key figure in the city's scandal-plagued Hired Truck Program.

Boyle was sentenced to seven years in federal prison for cheating on his taxes and taking more than $214,000 in payoffs to get trucking companies into the program.

Boyle had served prison time in the early 1990s for stealing $4 million from the Illinois Toll Highway Authority, most of it in quarters.

Police regulations prohibited Acosta from associating with a known felon.

Kin Of Ex-New Orleans Mayor Jailed (WP/AP)

The Associated Press

The Washington Post, September 7, 2006

NEW ORLEANS -- An uncle of former New Orleans Mayor Marc Morial was sentenced Wednesday to two years in federal prison for stealing money from the city's bus and streetcar system.

Glenn Haydel also was ordered to serve three years of supervised release, fined $5,000 and ordered to pay $540,000 in restitution to the Regional Transit Authority. He had faced a maximum of 25 years and $1 million in fines.

Haydel pleaded guilty in May to committing federal program fraud while representing the RTA during a bond transaction in August 2000.

His nephew, Morial, served two terms as mayor and now heads the National Urban League, based in New York City.

Morial has not been accused of wrongdoing but federal authorities have been looking into city contracts awarded during his administration, which ended in 2002.

Haydel was the majority shareholder of Metro New Orleans Transit Inc. and president of Transit Management of Southeast Louisiana Inc. The two entities essentially operated the mass transit system for the RTA, said U.S. Attorney Jim Letten.

Haydel diverted $550,000 of RTA money to his corporate account, then transferred $350,000 to a personal account, according to a statement from Letten. He concealed the transfer from the RTA and, under oath during a deposition, lied about what he had done with the money, Letten said.

Letten and Haydel's attorney did not immediately return calls seeking comment Wednesday.

Dad's Words May Do Gotti In (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 7, 2006

The Daper Don's secretly recorded words - revealed in court yesterday - could blow away his son's claims of leaving the mob.

John Gotti was taped in April 2001 telling attorney Joseph Corozzo to replace his son, John A. (Junior) Gotti, as head of the Gambino crime family with his brother Peter Gotti, an FBI agent testified.

But FBI Special Agent Theodore Otto said the late mobster also wanted his son and two trusted Gambino soldiers, John (Jackie the Nose) D'Amico and Nicholas Corozzo - Joseph Corozzo's uncle - to maintain leadership roles.

"Pete ... John, Jackie and Nickie," Gotti Sr. told Joseph Corozzo during a visit to a Missouri prison where the elder Gotti was serving a life sentence. "Shake it up the way you wanna shake it up."

The late Dapper Don's words appear to place his son in the family's hierarchy at a time when Junior Gotti claims he had turned his back on the mob.

Central to Gotti's defense in his latest trial is that the statute of limitations for the government to charge him had expired. Junior Gotti contends he quit the mob before 1999, more than five years before his 2004 racketeering indictment.

Seven days after Gotti Sr.'s conversation with Joseph Corozzo was intercepted, Junior Gotti became enraged when his uncle Richie visited him in prison and told him he had been demoted from acting boss, Otto said.

In a 2003 prison visit with his sister Angel, Gotti recalled the meeting with Richie Gotti, according to another tape.

"F-----g moron. I had Richie in here, he lied to me, to me to my face ...," Gotti said. "End of the visit, Angel, I just threw him the hell out."

Meanwhile, defense attorneys called to the stand radio host and Guardian Angels founder Curtis Sliwa, whom Gotti is accused of ordering thugs to beat up in 1992.

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Sliwa, who testified for the prosecution at Gotti's two previous mistrials, was not happy to be called by the defense.

"I said I would be hostile to you and Mr. Gotti's defense," Sliwa told Gotti's lawyer.

His testimony is expected to resume today.

New York Man Pleads Guilty In Trash Probe (AP)

AP, September 7, 2006

NEW HAVEN, Conn. -- A New York man pleaded guilty Wednesday to holding a no-show job at a garbage hauler that was indicted last June in an investigation of the mob's influence over the trash industry in Connecticut and New York.

Joseph J. Milo Sr., 63, of Mamaroneck, N.Y., pleaded guilty in U.S. District Court in New Haven to conspiring to defraud the Internal Revenue Service.

Milo was placed on the payroll of Automated Waste Disposal of Danbury in September 1999, prosecutors said. In January 2000, Milo signed a health care enrollment form stating that he was employed as a salesman for AWD.

Milo admitted that from January 2000 through June 2006 he was a "no-show" employee of AWD, receiving pay and health insurance from AWD even though he performed no work for the company. AWD mailed weekly paychecks to Milo's New York residence.

Milo falsely reported that $52,000 he received from AWD for the tax years 2000 through 2004 was earned income.

In June, authorities charged 29 individuals and 10 businesses, including Automated Waste Disposal, a reputed mob boss, a former Waterbury mayor and the owner of a Danbury trash hauling business.

Milo is the brother of AWD co-owner Thomas Milo, who was one of the people charged in June, authorities said.

Companies owned by James Galante paid a "mob tax" to alleged Genovese crime family boss Matthew Ianniello as part of a property rights scheme in which trash haulers carved out routes for each other and agreed not to poach customers, according to a 117-page indictment.

Joseph Milo faces up to five years in prison and a $250,000 fine when he is sentenced on Dec. 22.

Defendant In Galante Case Pleads Guilty (DANNT)

Danbury News Times, September 7, 2006

NEW HAVEN -- Joseph Milo, Sr., one of the defendants in a federal racketeering case involving the trash industry, pleaded guilty today in New Haven to one count of conspiracy to defraud the Internal Revenue Service.

Milo is the brother of Thomas Milo, an alleged mobster who the government said was a silent partner in James Galante's sanitation business.

Milo faces up to six months in jail. He will be sentenced Dec. 22.

Galante, prosecutors allege, was a key player in a price-rigging scheme that involved organized crime figures.

Galante lives in New Fairfield and owns Automated Waste Disposal on White Street in Danbury.

US Customs Seize Thousands Of Nike Knock-offs From China (AFP-Y)

AFP, September 7, 2006

US authorities have seized more than 135,000 phony Nike sneakers that a major smuggling ring tried to import into the United States from China, and charged six people in the case, officials said.

The US Homeland Security and Justice departments said in a statement they had broken up "one of the largest counterfeit merchandise smuggling schemes uncovered in recent US history."

The six defendants are accused of trying to illegally import the fake Nike Air Jordan shoes in 15 cargo containers between May and July, according to the indictment. The sneakers have a retail value of more than 16 million dollars.

Three of the suspects are from China, two from the United States and one from Mexico.

The six were indicted by a federal grand jury in the western state of Arizona last month and accused of conspiring to traffic in counterfeit goods and services, a charged that carries sentence of up to five years in prison and a 250,000 dollar fine.

Death Penalty Sought In Moonda Slaying (PTR)

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By Michael Hasch

Pittsburgh Tribune-Review, September 7, 2006

A Mercer County woman could face the death penalty if she is convicted of plotting with her lover to kill her husband so they could split her share of the multimillion-dollar estate.

Prosecutors filed notice Wednesday in U.S. District Court in Akron that they will seek the death penalty against Donna Moonda, 47, of Hermitage, who is charged with murder for hire and related crimes in the death of Dr. Gulam Moonda, who was shot May 13, 2005, along the Ohio Turnpike.

A Beaver County man, Damian Ray Bradford, 25, of Center, has admitted that he and Donna Moonda were lovers.

Bradford, who has pleaded guilty to interstate stalking and a firearms violation resulting in death, told investigators that he killed the 69-year-old doctor in what was supposed to look like a random highway robbery after Donna Moonda promised to give him half of her share of her husband's estate.

He has agreed to testify against her in exchange for a prison sentence that he could finish serving by the time he is 40.

U.S. Attorney Gregory A. White of the Northern District of Ohio and his staff made the decision to seek the death penalty, which was approved by Attorney General Alberto Gonzales, said First Assistant U.S. Attorney William J. Edwards.

Prosecutors contend that Donna Moonda procured Bradford's cooperation in the plot by "payment and promise of payment" and that "substantial planning and premeditation" took place before the slaying.

Defense attorney Roger M. Synenberg has said Moonda is innocent and that Bradford is lying in exchange for leniency.

Synenberg, who could not be reached for comment yesterday, also has said he will ask the court to appoint a second lawyer who has experience in death sentence cases because Donna Moonda doesn't have the money to pay her legal fees.

Michael Hasch can be reached at mhasch@tribweb.com or (412) 320-7820.

Rabbi Caught On TV Is Convicted Of Seeking Sex With Boy (WP)

By Jerry Markon

The Washington Post, September 7, 2006

A Maryland rabbi caught in a television sting operation was convicted yesterday of traveling to Herndon for what he thought would be sex with a 13-year-old boy he met over the Internet.

In a written opinion issued yesterday, a federal judge in Alexandria found David A. Kaye, 56, guilty after a bench trial last month in which prosecutors presented evidence of sexually graphic chats between him and the boy. In reality, the boy was a 26-year-old man working for Perverted Justice, a group that tries to expose adults who use the Internet for sexual activity with children.

Perverted Justice was working with the NBC newsmagazine "Dateline," which paid the watchdog group to create a pedophile sting that ran as a series of television reports called "To Catch a Predator." Men lured to the house they set up in Herndon last year also included a schoolteacher from Prince George's County and a physician from the Eastern Shore.

Kaye, a Potomac resident, is the former vice president of program at Rockville-based PANIM: The Institute for Jewish Leaders and Values, an educational foundation that trains Jewish leaders. He resigned in October after informing the organization that he would be featured on "Dateline."

"You know I'm in trouble. I know I'm in trouble," Kaye told NBC correspondent Chris Hansen when he was confronted on camera after traveling to the Herndon house in August 2005, according to the opinion by U.S. District Judge James C. Cacheris. The judge convicted Kaye on one count of coercion and enticement and one count of travel with intent to engage in illicit sexual conduct.

Kaye, who has been jailed since his arrest in May, faces up to 60 years in prison when he is sentenced Dec. 1.

U.S. Attorney Chuck Rosenberg said he was "very pleased because we've always thought the evidence in this case was extremely compelling. The judge's opinion makes it clear that our case was strong."

Peter D. Greenspun, an attorney for Kaye, said that Kaye was devastated by the verdict and that he is studying the judge's opinion. "This decision should put anyone who engages in explicit chat over the Internet on notice of the risks involved," Greenspun said. Some defense lawyers have challenged the television sting operations as entrapment, and experts in media

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ethics have questioned NBC's decision to pay Perverted Justice because mainstream news organizations typically do not pay sources for their cooperation.

NBC has defended the arrangement, saying the programs have raised public awareness of the growing problem of Internet pedophilia. Cacheris's opinion said NBC paid Perverted Justice $100,000.

Rabbi Sidney Schwarz, PANIM's president, said his "heart goes out to David and his family."

Cacheris wrote that prosecutors presented overwhelming evidence during the two-day trial, including outtakes from the NBC show and a log of Kaye's chats with the supposed 13-year-old. Using the America Online screen name "REDBD," Kaye initiated the chats, Cacheris wrote.

At one point, court documents said, Kaye wrote to the "boy": "You are only 13?"

"Uhh yea," the boy responded.

"That's rape," Kaye said. ". . . I've never been with a young man like you but I would like to."

Defense attorneys argued that Kaye didn't believe the boy was 13. Kaye, who is divorced, testified that he had had numerous homosexual experiences with adults and thought he was talking to a young adult.

Reputed Gang Members Arrested (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, September 7, 2006

FBI says Chelsea chapter infiltrated

For nine months, a witness who infiltrated the Chelsea chapter of the Latin Kings for the FBI secretly recorded conversations with gang members who sold cocaine and guns and talked about killing rival gang members in a fight over turf, an FBI affidavit says.

It was a dangerous job. But according to the affidavit, the witness kept gathering evidence, even after a gang member dubbed ``King Maniac'' accused him of being a ``snitch'' and warned, ``whoever gets me locked up I'm gonna shoot him.''

Yesterday, the investigation culminated with the arrests of 18 reputed members of the Latin Kings' Chelsea chapter, including David ``The House'' Mojica , 34, who was fired from the Suffolk County Sheriff's Department in 1999 after impregnating an inmate; and Paul ``King Ghost'' Follis, 20, the alleged leader of the chapter. Twelve people were indicted on federal charges of allegedly selling cocaine and six were charged in state court with selling cocaine and guns.

``Today the focus is on toppling the Latin Kings organization in Chelsea,'' said US Attorney Michael J. Sullivan , noting in a press release that the arrests follow a crackdown by state and federal authorities on street gangs over the past few years that has dismantled the Latin Kings in Lawrence, Lowell, Springfield, and Holyoke, and the Immortal Outlaws and Latin Gangsta' Deciples in Lawrence.

Follis's lawyer, Elliot Weinstein , scoffed at assertions that his client was a Latin Kings leader, saying, ``The government has always had a wonderful imagination with regard to placing people in positions of responsibility. All they have done is charge my client with a drug offense. If they had real and legitimate proof of an overarching organized criminal group then they would have brought that charge.''

The Almighty Latin Kings and Queen Nation street gang, formed in Chicago in the 1960s, has chapters throughout Massachusetts and in prisons, according to authorities.

After Chelsea's dominant gang, MS-13, was weakened by a wave of prosecutions and deportations, the Latin Kings joined forces last year with the Bloods and Kappin on Suckers in a battle against the remnants of MS-13 and an emerging Asian gang, the Tiny Rascal Gang (TRG), according to the FBI affidavit.

After two gang-related murders, a stabbing, and several shootings last year, according to the affidavit, the Latin Kings and Bloods converged on Goodfellas barber shop in Chelsea last fall to confront a TRG member. A Latin King was shot in the head during the confrontation and survived.

Last month, Stephen ``Clipper'' Ford , 22, of East Boston, one of the men indicted yesterday, was beaten with a baseball bat by rival gang members, according to the affidavit.

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Others charged include: Edwin ``King E" Echevarria , 18, of Chelsea, the alleged second-in-command; Manuel ``King Maniac" Berrios , 23, of Chelsea; Nelson ``Cheeseburger" Rios , 18, of Chelsea; Sandra Rivera , 28, of Chelsea; Miguel ``King Papalito" Berrios , 20, of Chelsea; Samuel ``Noodles" Argueta , 20, of Chelsea; Harry Jean, 22, of East Boston; Angel ``King A" Roldan , 20, of Dorchester; Anthony ``Butterball" Velez , 22, of Chelsea; Jose Echevarria , 35, of Chelsea; Luis Colon , 27, of Chelsea; Rosanna Argueta , 22, of Chelsea; and three juveniles.

Members Of Chelsea Latin Kings Indicted On Drug, Gun Charges (AP)

AP, September 7, 2006

BOSTON - Eighteen alleged members and associates of the Chelsea chapter of the Latin Kings gang were indicted Wednesday on state and federal drug and firearm charges.

During a nine-month investigation, a witness working with law enforcement officials was able to buy cocaine and guns from gang members, according to an affidavit filed by an FBI agent in support of a request by federal prosecutors to detain the gang members pending trial.

The Latin Kings, formed in Chicago in the 1960s, now has chapters throughout the eastern United States.

In Chelsea, the group has been involved in a gang war with rivals over the past few years, resulting in numerous shootings, stabbings and other violence, authorities said.

Twelve members of the Chelsea chapter, including the alleged leader, Paul Follis, 20, were indicted on federal drug charges, while another six were indicted on state drug and firearm charges. Follis was charged with conspiracy and cocaine distribution.

The FBI has been investigating the Latin Kings in Massachusetts since 2002. In 2004 and 2005, authorities have made sweeping arrests of members of the Latin Kings in Lawrence, Lowell, Springfield and Holyoke.

2 Men Go On Trial In Abduction Killings (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, September 7, 2006

The pair allegedly sought ransoms for five businesspeople, then dumped their bodies.

From their aquarium store on Ventura Boulevard, two Eastern Europeans hatched a murderous kidnapping-for-ransom conspiracy, ultimately strangling five victims and dumping their bodies in a deep-gorge reservoir near Yosemite, prosecutors said Wednesday.

In a two-hour statement opening the men's federal trial in downtown Los Angeles, prosecutors told jurors that Iouri Mikhel, a Russian immigrant, and Jurijus Kadamovas, a Lithuanian, carried out their abductions and murders in the same methodical way they might have set up a fish tank — and then laundered the ransom proceeds through bank accounts from Dubai to Jamaica.

The U.S. attorney's office is seeking the death penalty against both defendants, who have pleaded not guilty to five counts of "hostage taking resulting in death" and two counts of conspiracy. The charges stem from an alleged scheme in 2001 and 2002 to abduct wealthy businesspeople in Los Angeles, mostly Russians, and extort money from them and their families with false promises of their safe return, prosecutors said.

The victims were Meyer Muscatel, a Los Angeles real-estate developer; Rita Pekler, a financial consultant; Alexander Umansky, the owner of a high-end auto electronics store; and George Safiev and Nick Kharabadze, two partners in a fledgling film production company.

The defendants were not two-bit criminals, prosecutors contended. Mikhel, 41, lived in a Tudor-style estate in the hills above Encino. The two men, they said, used the ransom money to buy a $79,000 Mercedes SUV, mink coats for their girlfriends and two pure-bred Dobermans.

Kadamovas, 39, told an accomplice that he expected to ultimately make $50 million. Before they were arrested in February 2002, the pair allegedly trolled the ski slopes of Aspen and a Florida boat show seeking new wealthy Russians to target.

"This was business as usual," said Assistant U.S. Atty. Susan J. Dewitt. "This is how they afforded their lavish lifestyle."

The defendants recorded their victims' voices so they could play them for the families from which they tried to extort money, even after the victims were dead, Dewitt said.

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And after they were arrested, authorities say, they staged an elaborate attempt to tunnel out of their cells at the federal detention center. That plot was thwarted only because another inmate reported them, prosecutors said. Guards found an arsenal of tools and a large hole behind a mirror in Mikhel's cell.

Mikhel's attorney, Richard M. Callahan, conceded that his client was a "con man" who brought business "methods he learned in Russia, both legal and illegal," with him to the U.S. But he was not a murderer, Callahan said.

"He became a master of international banking … usually disguising money through a series of shell companies and off-shore bank accounts," Callahan said.

But prosecutors contended that they would offer an inside view of the violent ransom plots through the testimony of a cooperating witness: Ainar Altmanis, who pleaded guilty to taking part in the scheme. Through him, prosecutors indicated in court papers, they will lay out a step-by-step account of the alleged crimes in novelistic detail — from the preparations at a Home Depot, to the grisly deaths, to the ghostly images of bodies lying in the silt 300 feet below the surface of the New Melones Reservoir.

The victims did not go easy, Dewitt said: The defendants tried to suffocate one person, Umansky, who was 35, with a bag over his head. When that failed, they wrapped a rope around his neck — Mikhel and Altmanis each pulled an end. When Umansky stopped moving, Altmanis was nervous because "noise was still coming from the body."

"Mikhel said it was just air coming from his lungs," Dewitt said. He allegedly stepped on Umansky's chest and told Altmanis matter-of-factly: "These sounds are common."

The defense plans to attack Altmanis' credibility, alleging that he committed the murders and is trying to get a lesser sentence by helping prosecutors make a case against the two defendants on trial.

Callahan said Altmanis was envious of Mikhel's lifestyle and tried to get himself involved in some of the business deals. He also had free rein to Mikhel's "estate," Callahan said, and thus probably left behind the physical evidence discovered during searches, including stun guns, drugs allegedly used to sedate victims and a $4-million ransom.

Mikhel sat through the first day of the trial shackled to the floor, blinking slowly, as if he were fighting sleep. Thin, with an angular face and close-cropped silver hair, he wore a loose gray T-shirt and jail pants.

Behind him, his co-defendant, Kadamovas, was a study in contrast: pudgy, crown-bald and bookish, with thick glasses, a brown sweater and blue shirt buttoned to the neck.

His attorney, Sonia E. Chahin, urged jurors to distinguish between the two, depicting Kadamovas as a humdrum aquarium enthusiast, not an international money launderer.

"He has always had an interest in fish, and always had innovative designs," she said.

Kadamovas knew nothing about the killings and was not part of the attempt to tunnel out of the Metropolitan Detention Center, Chahin said. The glass cutters, bolt cutters, pliers, wrenches, box cutters, hacksaw blades and other tools were not found in his cell, she noted.

The trial is expected to last up to four months. Prosecutors were barred from introducing a warrant for the pair's arrest in the Mediterranean nation of Cyprus, also on kidnapping and murder charges. Even so, they are planning to call at least 117 witnesses. The first few took the stand in the afternoon.

Dominick Degen, a hefty tattooed mechanic from a Sierra foothill town, told of finding a body on the bank of the reservoir while fishing with his father and 5-year-old son. Degen saw the head wrapped in a plastic bag.

"I backed away real quick so I didn't traumatize my son any more than I already had," he said.

The body was that of Muscatel, 58, the defendants' first victim, according to prosecutors.

Mikhel and Kadamovas allegedly pretended to be nouveau riche Russians seeking to invest in Los Angeles real estate in order to lure Muscatel to a meeting. When Muscatel arrived at Mikhel's Encino home, he was immediately hit with a gun, bound with flex ties and thrown on the floor, Dewitt said Wednesday

"They always cry at first," the prosecutor quoted Mikhel as saying. "Then they calm down and cooperate."

But when they realized that Muscatel didn't have much money, and his business partner refused to listen to Muscatel's pleas to transfer money into strange accounts, they strangled him, Dewitt said. They wrapped the body in a tarp and loaded it into Kadamovas' Nissan Quest minivan for the five-hour drive north.

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Dewitt said Mikhel and Kadamovas arrived at the Parrotts Ferry Bridge at night but had trouble getting the heavy body, strapped to a 45-pound barbell, over the railing. They banged Muscatel's head so hard that it bled and Kadamovas stepped in the blood, leaving a shoe print the FBI would recover.

The weight came loose and Muscatel's body floated to the surface, where Degen would discover it on his fishing trip. The other four bodies sank to the bottom, Dewitt said.

joe.mozingo@latimes.com

Prosecutors In LA Say Greed Drove Kidnappers Who Dumped Bodies (CCT)

By Greg Risling

The Contra Costa Times, September 7, 2006

LOS ANGELES - Two Russian immigrants looking to amass a fortune concocted a kidnapping-for-ransom scheme that ended after the bodies of five victims were discovered in a Northern California reservoir, a federal prosecutor said Wednesday.

The trial of Iouri Mikhel and Jurijus Kadamovas opened in U.S. District Court with Assistant U.S. Attorney Susan DeWitt telling jurors the two men oversaw a crew that kidnapped and later killed the victims regardless of whether ransoms were paid.

"No matter how much they cooperated or how much money was paid for their release, they were killed," DeWitt said. "The defendants did not want to leave witnesses alive."

Mikhel, 41, and Kadamovas, 39, have pleaded not guilty to charges that include conspiracy and hostage-taking resulting in death. If convicted, they could face the death penalty.

Authorities allege the pair orchestrated the kidnapping and eventual killing of real estate developer Meyer Muscatel; Russian banking mogul George Safiev; Safiev's accountant Rita Peckler; Safiev's business partner Nick Kharabadze; and Alexander Umansky, who owned a car accessory business.

The motive was greed, with Mikhel and Kadamovas spending ransom money on expensive cars and luxury homes, the prosecutor said.

"This was business as usual for them," DeWitt said. "This is how they afforded their lavish lifestyle."

The victims were lured to businesses and homes owned by the two defendants then taken captive, DeWitt said. Family members and associates of three victims paid $1.2 million in ransom.

The bodies were later dumped in a reservoir north of Yosemite National Park. Authorities said they learned the location of the bodies after arresting Ainar Altmanis, one of three co-conspirators who have pleaded guilty in the case.

Another defendant, Petro Krylov, is scheduled for trial in January after pleading not guilty.

In opening statements, defense attorneys argued that jurors should not believe testimony by Altmanis and others who pleaded guilty because they struck a deal with prosecutors that would likely lessen their expected prison sentences.

"They have been promised favorable treatment," said attorney Sonia Chahin, who represents Kadamovas. "These are witnesses whose credibility has to be seriously questioned."

Mikhel's attorney, Richard Callahan, said his client was a "master of deception" who participated in money laundering but was not capable of murder. Callahan blamed the killings on Altmanis, whom he said aspired to be rich.

"He and he alone is responsible for the deaths," Callahan said.

In court, Kadamovas wore a brown sweater and glasses and listened to his interpreter. Mikhel, in a prison jumpsuit, shook his head several times during DeWitt's statement.

The first prosecution witnesses was an FBI agent who testified about the recovery of the bodies from the reservoir in March 2002. Jurors watched video of the bodies being brought up from a depth of more than 200 feet. They also saw photos of the victims, some of whom had weights attached to their bloated bodies and their hands and legs bound.

Autopsies determined all the victims were either asphyxiated or strangled.

DeWitt said Kadamovas told one coconspirator that he wanted to make $50 million from the hostage-taking scheme, and that the bodies would be stacked on top of one another until they reached the top of the reservoir.

Prosecutors intend to present tape recordings of ransom calls; DNA belonging to two victims collected from handcuffs; and a pair of shoes that matched a bloody footprint found on a bridge near the reservoir.

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During opening statements, DeWitt showed the jury pictures of the victims on a large video monitor and outlined how they were killed. Family members and friends of the victims were in court. Some wiped away tears as the prosecutor spoke.

The defendants were described as ruthless by DeWitt, who said Mikhel and Kadamovas promised Peckler she would be drugged and left alive in a hotel.

"She wasn't left in a hotel," DeWitt said. "She was left in watery grave."

The trial is expected to last three to four months.

Guilty Plea Made In Flu Shot Scam (HC)

By Harvey Rice

Houston Chronicle, September 7, 2006

Phony doctor faces prison for administering fake inoculations

A phony doctor whose phony flu vaccine was injected into more than 1,100 people is facing prison after pleading guilty in a Houston federal court.

Iyad Abu El Hawa could receive a maximum of 10 years in prison for health-care fraud and three years for misbranding a drug when he is sentenced on Dec. 4. He admitted guilt on one count of each charge Wednesday in U.S. District Judge Kenneth Hoyt's court.

El Hawa, 36, the owner of a Houston home health-care business, admitted that he used a doctor's name without authorization and purchased thousands of syringes and needles.

One of his employees filled the syringes with sterile water and they were given a fake bar code, authorities said. Medicare and Medicaid were billed for the injections of dozens of residents at two nursing homes last year.

In addition, investigators said, El Hawa planned to charge Exxon Mobil $20 apiece after inoculating 1,100 employees at a Baytown refinery.

The discovery of the fake vaccinations raised fears of contamination, leading health officials to urge recipients to get blood tests. They were found to be free of contaminants.

Martha Denise Gonzales, 49, of Baytown, is scheduled for trial Sept. 18 in Hoyt's court on accusations that she arranged for the phony flu shots. Gonzales, who is charged with conspiracy and tampering with a consumer product, remains free on a $50,000 bond.

The fraud was discovered by a nurse El Hawa had hired to help inoculate employees at the Exxon Mobil plant. The nurse gave two syringes to the FBI, which discovered El Hawa tossing a bag of syringes into a trash container across the street from his office, prosecutors said.

El Hawa initially told FBI agents that he was a plastic surgeon in Israel, but investigators learned that he had no formal training, education or experience in the prevention of communicable diseases.

Even so, El Hawa owned Comfort & Caring Home Health and controlled, or was associated with, America Home Health Care Services, Universal Home Healthcare Services and Universal Wound Care in Houston; and America Home Health Care Services in Baytown.

Scam Tips Flooding In (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, September 7, 2006

GULFPORT - Telephones at the FBI office in Jackson are ringing off the hook in response to Special Agent John Raucci's plea for tips from anyone suspecting fraudulent activity involving Katrina recovery money.

The calls came after the Sun Herald on Saturday quoted Raucci as saying reward money - possibly $25,000 or more - is available for tipsters who help agents crack a fraud case involving people suspected of diverting federal funds intended to help in hurricane recovery.

The only drawback is the Sun Herald published the headquarters' main telephone number instead of the Katrina fraud hot line - 1-800-225-5324. Callers who use the main number are being directed to the hotline number.

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The volume of calls was not immediately available, but Raucci said Tuesday he is pleased with the immediate response and continues to urge residents to call about any suspicious activity, no matter how insignificant it may seem.

Oftentimes a tipster becomes what the FBI calls the storyteller, Raucci said.

"The storyteller often provides how the conspiracy was thought out, and all the levels involved, and it's usually the easiest way to begin a case. And if it goes to the grand jury, the person who sits and explains a conspiracy is able to put it on a more personal level."

The FBI has eight agents who are investigating possible Katrina-related fraud while working in South Mississippi on 90-day rotations. By early December, the FBI expects to have 10 full-time agents assigned here to work on storm-related fraud cases.

4 Plead Guilty To Hurricane Fraud (BSH)

Biloxi Sun Herald, September 7, 2006

JACKSON - Four people pleaded guilty last week to making fraudulent claims after Hurricane Katrina, U.S. Attorney Dunn Lampton said.

Marion Griffin of Morton was charged with using a false address to collect a $2,000 FEMA debit card.

Griffin claimed he lived in Moss Point when Katrina struck. Lampton said Griffin actually lived in Scott County, more than 150 miles inland.

Glenda Spangler, also of Morton, claimed damages to a home with a Pascagoula address when she, too, lived in Scott County, Lampton said.

Charles Lyles of Brookhaven pleaded guilty to mail fraud and was accused of using a fraudulent address to obtain FEMA relief benefits and hotel accommodations, Lampton said.

Karynette Arnold of Jackson used the address of an abandoned house in Jackson and claimed damages to the home, Lampton said.

Lampton said the maximum sentence for Spangler and Arnold is five years and a $250,000 fine. Griffin faces a possible 10-year sentence and $250,000 fine, he said.

Lyles, accused in the mail fraud scheme, faces the longest sentence - 20 years and a $250,00 fine.

U.S. District Judge Tom S. Lee will sentence all on Dec. 1.

Locals Plead Guilty To Fraud (SCT)

By Tami K. Phillips

Scott County Times (MI), September 7, 2006

JACKSON--Two Morton residents have pleaded guilty to federal charges in Katrina fraud cases.

The individuals were indicted in June by the U.S. Department of Justice on conspiracy to defraud the Federal Emergency Management Agency (FEMA) as well as a number of counts of making false statements to FEMA and stealing, purloining and converting FEMA funds to which they were not entitled.

Those pleading guilty include Marion Griffin and Glenda Spangler.

Griffin, 42, of P.O. Box 66, Morton, pleaded guilty to theft and conversion of Katrina disaster assistance funds. According to a press release from the U.S. Department of Justice, Griffin fraudulently received and spent $2,000 in FEMA funds obtained after Griffin claimed a false address in Moss Point. Griffin lived in Scott County, not at the address claimed at the time Hurricane Katrina hit the Mississippi Gulf Coast.

Spangler, 52, of 1429 Rocky Creek Rd., Morton, pleaded guilty to making a false statement and fraudulent claim to FEMA. Spangler claimed she lived in Pascagoula at the time of the hurricane.

Two other Mississippians pleaded guilty to FEMA fraud.

Charles Lyles of Brookhaven pleaded guilty to a mail fraud scheme and said he lied about his primary residence in his FEMA application, using an address in Brookhaven at which he did not live.

Karynette Arnold of Jackson pleaded guilty to making a false statement to FEMA by using an abandoned home as a false address in Jackson and claiming damage to that residence.

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All defendants are scheduled for sentencing Dec. 1 in U.S. District Court in Jackson. The maximum sentence for Spangler is five years in prison and a $250,000 fine. Griffin faces 10 years in prison and a $250,000 fine.

Griffin and Spangler were among four local residents indicted by the U.S. Department of Justice in June. Others indicted included Stephanie L. Fontan, 34, of 713 Colledge St., Pelahatchie, and Stephen W. Fontan, 32, of 1041 Rocky Creek Rd., Morton.

The Morton Police Department called Stephanie Fontan the ring leader in the scam in which several individuals used false addresses to secure FEMA funds.

The arrests came after a local Katrina Fraud Task Force, consisting of over 20 federal and state law enforcement agencies, was formed to pursue and prosecute individuals who engage in fraud associated with the hurricanes.

"The number of these Katrina fraud cases continue to build and already hundreds are pending in our office," said U.S. Attorney Dunn Lampton. "I have already talked with local district attorneys who have asked to assume some of the mounting caseload. I want to stress that anyone who has information regarding fraudulent use of government monies meant to assist the victims of Hurricane Katrina should contact the Department of Homeland Security or the FBI."

Anyone who has information concerning possible fraud being committed during the post-Katrina recovery effort is asked to call the DHS-OIG Fraud Hotline at 1-866-720-5721, the FBI Fraud Hotline at 1-800-225-5324 or local law enforcement offices.

Brookhavenman Guilty Of Katrina Fraud (DL)

The Daily Leader (MS), September 6, 2006

A Brookhaven man was one of four Mississippians who pleaded guilty to fraud in U.S. District Court Friday in the wake of Hurricane Katrina.

Charles Lyles, of Brookhaven, pleaded guilty to a mail fraud scheme which resulted in him fraudulently obtaining Federal Emergency Management Agency relief benefits and hotel accommodations, according to a Department of Justice release. Lyles was convicted for listing his a false Brookhaven primary residence address in his FEMA application.

Lyles faces a maximum sentence of 20 years in the custory of the Mississippi Department of Corrections and up to a $250,000 fine.

Similar cases were developed against Marion Griffin, of Morton; Glenda Spangler, of Morton; and Karynette Arnold, of Jackson.

All defendents are scheduled to be sentenced before U.S. District Judge Tom S. Lee on Dec. 1.

The cases were investigated by the Katrina Fraud Task Force, consisting of more than 20 federal and state law enforcement agencies. It was formed in Mississippi's Southern District to pursue and prosecute individuals who engage in fraud associated with the Hurricanes Katrina and Rita.

REGIONAL ROUNDUP (DMN)

The Dallas Morning News, September 7, 2006

AREA

TOM FOX/DMNGreg Mitchell of Johnson Excavation on Wednesday monitored a bulldozer demolishing a Grapevine home where police said a couple kept dozens of animals. This week, police said 85 cats, 19 raccoons and five opossums had been removed.

Former senator to speak

about U.S. moral divide

John Danforth, who represented Missouri in the U.S. Senate from 1976 to 1995, will talk about his new book, Faith and Politics, in two speeches this month in North Texas. Mr. Danforth is also an Episcopal priest. His book looks at the moral issues dividing America and proposes ways the nation can unite. On Sept. 20, he will be in Dallas at 6:30 p.m. at the Hotel Crescent Court on McKinney Avenue near Maple Avenue. At noon the next day, he'll be at the Fort Worth Club, 306 W. Seventh St. in Fort Worth. Reservations are required for both events. In Dallas, the price is $45; call 214-965-8400. In Fort Worth, the price is $40; call 817-212-2696.

From staff reports

CRANDALL

Woman in critical

condition after fire

Two people were injured, one critically, when fire gutted a house in Crandall shortly after midnight Wednesday, officials said. Crandall Police Chief Jimmy Lane said a man and a woman, who were not identified, were taken to Presbyterian Hospital of Kaufman, and the woman was flown to the burn unit at Parkland Memorial Hospital in Dallas in critical condition. Chief Lane said that when firefighters and police arrived, the man was outside the home trying to rescue the woman. He said the Kaufman County fire marshal has not determined the cause of the fire or a damage estimate.

Richard Abshire

Dallas

Man gets 10-year term

in Katrina fraud case

A 33-year-old Dallas man will spend more than 10 years in prison for running a scheme to steal federal relief money meant for Hurricane Katrina evacuees. A federal judge late Tuesday sentenced Kenneth Reven McClain to 126 months in prison in what authorities described as the stiffest sentence yet in a hurricane relief fraud case. Court records show Mr. McClain targeted more than $600,000 in relief funds with a string of aliases, stolen identities and fake claims from August 2005 to November. He also recruited at least one homeless man to live at a motel and collect relief checks.

Tim Wyatt

FORT WORTH

Police: Man abducted,

sexually assaulted teen

A Fort Worth man has been charged with sexually assaulting a 15-year-old girl he allegedly abducted from a Wise County convenience store, police said. Gregory K. Rios, 49, was being held in the Mansfield Jail on Wednesday on $25,000 bail. Police Lt. Gene Jones said that Mr. Rios pulled the girl into his car Tuesday afternoon, then drove her around for hours and stopped at the Fiesta Inn Motel, 3808 N. Main St. in Fort Worth. Police said that Mr. Rios raped the teen and then fell asleep. She then escaped and ran to a nearby convenience store about 8:45 p.m. to call police. Mr. Rios was arrested at the motel. The girl was examined at Cook Children's Medical Center in Fort Worth and released to her parents. Lt. Jones said the Wise County Sheriff's Department is investigating the abduction and would decide whether to file additional charges.

Jeff Mosier

GRAPEVINE

House razed after dozens

of animals are removed

Crews razed a house in Grapevine on Wednesday that had become a neighborhood nuisance. Last month, animal control officers and the Dallas SPCA rounded up dozens of cats from the home in the 1300 block of Airline Drive. This week, police said 85 cats had been captured, along with 19 raccoons and five opossums. After animal control officers received a tip in August, they contacted the owner of the house, who let investigators inside to look around. The next day, officers returned with a warrant to remove the animals. Police said a married couple in their 60s lived in the house and provided food for the cats. The house was in such bad condition that the city condemned it and the couple had to relocate. Some of the cats were in poor health and had to be destroyed. Those that could be nursed back to health are being put up for adoption.

WFAA-TV

IRVING

West Nile case reported;

woman recovering

A third human case of West Nile virus has been reported in Irving, city officials said. The Irving woman, who is in her 40s, lives near Belt Line and Shady Grove roads in the 75060 ZIP code. She's recovering at home after being hospitalized, a city news

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release said. City crews recently sprayed areas near the woman's home. The area is bounded by Belt Line Road to the west, Shady Grove Road to the north and Story Road to the east, and will be sprayed over two weeks, the release said.

Eric Aasen

LANCASTER

Police seek tips about

party that led to shooting

Police are seeking information about a rowdy party that resulted in a bystander getting hit by a stray bullet Saturday night. A large group of teenagers gathered at the Meadows Apartments in the 1500 block of North Bluegrove Road, Lancaster police Lt. J.C. Hall said. Witnesses told police that a fight erupted after a group of uninvited people arrived. The melee spilled out of an apartment and into the parking lot and yard before gunfire rang out about 11 p.m. "The victim had reportedly come outside his nearby residence to watch the disturbance when he was struck by the stray bullet," Lt. Hall said. The 34-year-old man was taken to Methodist Dallas Medical Center with a gunshot wound to his chest. Police said many of the witnesses either fled the scene or were hesitant to talk. Anyone with information about the shooting can call 972-227-2311.

Holly Yan

McKinney

Suspect in plane death

fighting extradition

A Canadian man accused by Montana authorities of crashing a rented airplane into a lake and leaving his girlfriend to die 24 years ago is fighting extradition from Texas. Jaroslaw "Jerry" Ambrozuk attended a hearing Wednesday before a Collin County magistrate and chose not to waive his extradition to Montana. He was charged with being a fugitive from justice, said Lt. John Norton, a spokesman for the Collin County Sheriff's Department. Mr. Ambrozuk, an illegal immigrant, was arrested last week by Plano police on a warrant accusing him of negligent homicide in the August 1982 death of 18-year-old Dianne Babcock. He vanished after failing to report the crash or his girlfriend's death to authorities, officials said. Mr. Ambrozuk has been living in an exclusive neighborhood in Plano under the alias Michael Lee Smith, Montana authorities said.

Associated Press

RICHARDSON

Legal conference set

for Sept. 21 to 24

The Texas Association of Legal Professionals will hold its fall educational conference Sept. 21 to 24 at The Richardson Hotel. A diverse selection of seminars in various areas of law will be presented. Seven hours of continuing legal education credits are available. Call 214-210-2472 or visit www.texasalp.org.

Lauren D'Avolio

Dallas Man Convicted Of Defrauding FEMA In Homeless Scheme (DMN/AP)

Associated Press

The Dallas Morning News, September 7, 2006

A Dallas man convicted on conspiracy and fraud charges in a scheme that involved recruiting the homeless to pose as hurricane evacuees to obtain relief funds has been sentenced to more than 10 years in federal prison.

Kenneth Reven McClain, 33, was sentenced late Tuesday to 10 1/2 years in prison, according to a news release issued Wednesday by U.S. Attorney Richard B. Roper. He was convicted in May.

Officials said McClain conspired with others to submit false claims to the Federal Emergency Management Agency, fabricating names and addresses to secure hundreds of thousands of dollars in relief aid. At least one person submitted claims totaling more than $10,000.

McClain allegedly hired a Dallas homeless man to stay in a hotel room and collect the relief assistance packages and letters.

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McClain was arrested in November. Authorities then discovered he had several active warrants for his arrest and at least 27 known aliases.

Grove Hill Woman Faces Fraud Charges (MR)

Staff Report

Mobile Press-Register (AL), September 6, 2006

A Grove Hill woman has been charged with defrauding the federal government after Hurricane Katrina.

Hannah Williams was indicted by a federal grand jury in Mobile on charges of filing a false claim and two counts each of mail and wire fraud.

According to the indictment, Williams fraudulently claimed that her primary residence on King Institute Way in Grove Hill was flooded and damaged by sewage backup. She also claimed personal property at the address was damaged by the Aug. 29, 2005, storm, according to the indictment.

Williams applied for aid from the Federal Emergency Management Agency and received $22,904, according to the indictment. The money allegedly came in checks issued in September and October last year and in direct deposits into her bank account in January and May of this year.

Contractor Charged With Fraud (MR)

By Josh Bean, Staff Reporter

Mobile Press-Register (AL), September 7, 2006

Authorities say Tracy Allen Hoyt bilked residents out of about $500,000

A local contractor remained jailed Monday after deputies chased him down, tackled him, then charged him with bilking Baldwin County residents out of about $500,000 in a series of construction-related scams targeting the elderly, Hurricane Katrina victims and others.

Baldwin County Sheriff's Office spokesman John Murphy said Tracy Allen Hoyt, 41, of Summerdale, is accused of making fraudulent construction deals and promising to do work, but never finishing the job.

"He would come in and get some money up front to do some things. Then, when it came time to do it, he would never complete the job or do what he was supposed to do," Murphy said. "He was very smooth. He was very convincing. He pretty much knew what to say. He would say things like, 'We've got to act fast. I won't be able to get materials at the prices for much longer.'"

Murphy said an investigation has so far found about 30 reported victims, including one who lost about $200,000. Another of Hoyt's victims appears to be Summerdale School, where Hoyt was hired to build a field house, Murphy said.

Hoyt, who had previously done some work on the school's press box, was reportedly paid more than $24,000 up front by a parents' group -- supposedly for materials -- to build a field house with showers and a changing area, officials said.

"He said he would donate the labor if they would contribute the money for materials," Baldwin County Public Schools spokesman Terry Wilhite said. "A field house was never built, and the money was never refunded."

Summerdale resident Van Hubbard said he felt betrayed by Hoyt, who coached youth baseball with Hubbard before allegedly scamming Hubbard's grandmother out of $30,000.

"I know a lot of people are out of a lot of money, and they're never going to get it back," Hubbard said.

Sheriff's deputies caught Hoyt and wrestled him to the ground on Saturday after an hour-long car chase through the southeastern part of the county, he said.

Murphy said that when deputies who were acting on a tip attempted to pull Hoyt over, he tried to evade them in his vehicle before pulling to the side of the road in Robertsdale.

When a deputy approached the car, Hoyt sped off again and led deputies on a chase that reached speeds of 65 mph, Murphy said. Sheriff's deputies eventually incapacitated Hoyt's car by placing metal spikes across U.S. 90 in Elsanor.

When Hoyt got out of the vehicle, deputies were forced to tackle him, Murphy said, which in turn led to an additional charge of resisting arrest.

"He didn't stop when it was clear that he should," Murphy said.

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Hoyt remained in the Baldwin County Corrections Center on Monday, charged with three counts of first-degree theft of property and two counts of second-degree theft of property. All five are felony counts.

Hoyt is also charged with numerous traffic infractions because of a police chase on Saturday. He was being held on a $56,000 bond as of Monday afternoon, and a jail spokeswoman said his next court date is scheduled for Oct. 2.

Murphy said deputies had been hunting for Hoyt, who had been living at addresses in Foley, Summerdale and Gulf Shores, for the last month. Murphy said that the suspect apparently knew authorities were seeking to serve him with arrest warrants. The jail log lists Hoyt's address as 204 Shriver Road in Summerdale.

Murphy said the Sheriff's Department, District Attorney's office and state Attorney General's office continue to investigate Hoyt.

Gang Figures Rising In Md. (WP)

By Ernesto Londoño

The Washington Post, September 7, 2006

Crime committed by gang members in Montgomery County has increased notably in recent months, and the number of identified members has also risen, an assistant police chief said yesterday during a congressional hearing.

Montgomery Assistant Chief John King told the House Committee on Government Reform that detectives had identified 930 gang members as of May, a 30 percent increase from November. Crime attributed to gang members increased 30 percent in those six months, contributing to surges in burglaries, robberies and vandalism, King said.

King said the three leading gangs in the county are Mara Salvatrucha, or MS-13, consisting primarily of Central American immigrants, and the Crips and the Bloods, which are made up largely of African Americans. During the second quarter of this year, Crips members were linked to 21 incidents, making that gang more active than the other two, which were linked to 18 each.

"Our intelligence indicates that these Crips and Bloods are not formally associated with their popular namesakes in California," King said. "But the presence of these two groups highlights the importance of our actions on this issue."

Capt. Bill Lynn of the Prince George's County Police Department, who also testified, said MS-13 remains "the most notable gang" in that county, but he also noted a significant influx of Bloods and Crips members. He did not cite statistics yesterday. In April, the sergeant who oversees the Prince George's police gang task force told The Washington Post that investigators had identified 1,300 gang members.

Robert L. Green, warden of the Montgomery County Correctional Facility, testified that 108 known gang members are in the system, which supervises about 3,000 people. Green said corrections officials try to steer gang members into programs that discourage them from committing crimes and rejoining gangs upon their release.

The hearing, in Takoma Park, was called to assess the progress of a two-year-old task force created to curtail gang violence in Montgomery and Prince George's by fostering cooperation among law enforcement agencies, social service providers and community organizations.

Patrick Word, a detective with the Gaithersburg Police Department who is president of the Mid-Atlantic Regional Gang Investigators Network, said the counties have come a long way in the past couple of years.

Word, who did not attend the hearing, said local officials for many years played down the scope of the gang problem but now present a realistic assessment. "We don't have to preach that anymore," Word said. "People know there are gangs."

He said the rise in Crips and Bloods activity is by no means isolated to Montgomery County, and he urged elected officials and local leaders to not disregard the threat these gangs pose in the Washington region.

"We don't just need money to fund programs that will deal with Hispanic youth," Word said. "That's just part of the problem."

Federal and local officials highlighted yesterday the opening of the Crossroads Youth Opportunity Center as one of the milestones of the partnership. The center, which was started with federal and county funds, broke ground in May and provides after-school activities, job training and substance abuse counseling.

"It's a great example of how we were able to work with local government," said Rep. Chris Van Hollen (D-Md.), a member of the committee, who was instrumental in awarding $2.3 million for the bi-county anti-gang partnership last year. Van Hollen, who

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is running for reelection, said securing continued funding for the partnership, known as the Maryland Regional Gang Initiative, remains a priority.

Daniel Arretche, program director of Identity Inc., a Gaithersburg-based group that works with young people considered at risk to join gangs, told legislators that many gang members come from abusive homes and are subjected to violence before becoming criminals.

"The perpetrators of crimes can be seen as victims, depending on the point at which you begin to relate the history of their lives," he said.

Families Relocate Gang Members To Save Them (USAT)

By Kevin Johnson

USA Today, September 7, 2006

DURHAM, N.C. — Last spring, a member of Pastor Kenneth Hammond's congregation at Union Baptist Church came to him with a desperate plea for help: A 15-year-old boy in the community was trying to get out of a local gang, and gang members who had learned of the plan were threatening the boy's life.

Hammond says he didn't hesitate. He got a few hundred dollars from his church's ministry fund and helped the boy's family secretly move him more than 400 miles away, to Ohio. Hammond says he had done the same thing last year to help another youth escape gang life here and wouldn't hesitate to do it again.

“We've been involved with a number of tragedies here,” Hammond says, leafing through the church's funeral registry, where the names of six victims of gang-related violence have been recorded in the past two years. “Sometimes, there is just too much danger to keep them here.”

Hammond is among three Durham pastors whose churches have sponsored secret “relocations” of youths seeking to escape gangs, which often try to kill or harm those who go back on pledges to be gang members for life.

At a time when gang-related violence is boosting crime rates in Durham and many other cities, a few clergy, parents and even police in troubled communities across the nation quietly have been helping to relocate youths in last-ditch efforts to extricate them from gang life.

In some ways, such relocation efforts in Durham, Providence, Washington, D.C., and Richmond, Va., represent a dark twist on community-backed, send-a-kid-to-camp programs that for generations have given lower-income youths a chance to see a different way of life.

Stephen Tucker, a minister in Washington who helped relocate a suspected D.C. gang member and her child, says the effort is more like a private, underground witness protection program.

There are no guarantees, Tucker acknowledges: Gang members eventually might track down the young defectors or threaten the youths' family members who don't relocate. And once youths are moved, there might not be much support to help them stay away from crime.

But John Reis, a former gang investigator in Rhode Island who in 2001 secretly helped move a 16-year-old Latin Kings gang member from Providence to New York City, says the point is to simply change the scenery for gang defectors and hope their lives change.

“You are dealing with a kid's life here,” Reis says. “If you don't do something, they could end up dead tomorrow.”

No one tracks how many gang members have been relocated through community efforts, but such moves remain rare. It's also unclear how successful relocated gang members have been at staying out of trouble, partly because those involved in relocations typically provide the help in secret.

Hammond, Tucker and Reis say that anecdotal evidence from the cases in which they've been involved suggests that at the very least, relocation provides an immediate safe haven for gang defectors and gives them a chance to stay out of harm's way.

Hammond and Reis say they are not in regular contact with the youths they helped relocate but say they have been attending school in their new towns. Tucker, pastor of New Commandment Baptist Church, says the young mother he assisted has been working at a Kmart in Maryland.

For Tucker, defining success in relocations is simple.

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“She's alive,” the pastor says of the young mother with a satisfied smile.

Some police officials wonder whether the relocation efforts, however well-intentioned, eventually will help spread gangs to places that haven't had such problems.

There's no indication of that so far, but as police have cracked down on gangs in Chicago and other cities, gang members have moved to nearby suburbs and committed crimes there. The number of gang members is increasing nationwide, according to the National Youth Gang Center, which has estimated that there were 760,000 gang members in the USA in 2004, up from 731,500 in 2002.

“My fear is that (relocations) won't stop the troubling behavior,” says police Sgt. Van Ellis of Tulsa, where for years police have battled violence stemming from drug wars and now face the emergence of Hispanic youth gangs. “It only transplants the trouble somewhere else.”

Reis acknowledges that's a possibility. “With the Internet and the way everybody is connected these days, it's hard to completely remove a kid,” he says. “There is really nowhere you can go to completely escape this. At some point, we'll be flying kids all over the place to escape.”

Around Christmas last year, Durham police Cpl. Vincent Pearsall was summoned to the home of a 13-year-old boy whose distraught, single mother claimed she was losing her son to the Crips gang.

For years, the Crips and Bloods have been at war on the streets of Durham, a city of nearly 200,000 where homicide rates were up slightly last year to 36, from 32 in 2004. Local police estimate there are 745 gang members in the city, up from 600 last year.

Pearsall says that when he visited the skinny, eighth-grade boy that December day, the youth was showing signs of being a gang recruit. The boy had become withdrawn and was unusually belligerent. His clothing rarely varied from shades of gray and black, the uniform of his apparent new family, the Folk Nation, a group affiliated with the Crips.

Following Pearsall's advice, the boy's 34-year-old mother had searched her son's backpack and had found the gang's “flag,” or colors, and writing that linked her son to the group.

In an interview with USA TODAY, the boy's mother said her son later acknowledged that he had been sent on late-night “missions” into rival Bloods territory, sometimes to provoke violence by marking the neighborhoods with Crips' graffiti.

The mother, who declined to be identified or name her son for this article because of ongoing concerns for their safety, says she sought counsel from a range of sources. She says the school district declined to transfer her son to another school. Other law enforcement officials, she says, told her there was nothing they could do.

Through a friend, the mother contacted Pearsall. His advice was to the point. “Get him out of town,” Pearsall recalls telling the mother. “Had he stayed, he was gonna get hurt or worse. There was no doubt about that.”

Within a few days, the mother had arranged to move her son to another state, to live with her sister.

The mother says that at 4 a.m. on Dec. 28, she led her son out of their house with a single duffel bag, a small television and a photograph of the boy's father, who had been killed five years earlier in a shooting not related to gangs.

She says she purposely left behind her son's other belongings, including the bedroom furniture, to avoid rousing any suspicion among her son's fellow gang members who might be watching them.

Since making the seven-hour drive to her sister's home that night, the mother estimates she has spent $5,000 on furniture, clothing and counseling for her son. She kept her job and house in Durham, and makes periodic trips to visit her son.

The mother says she is in debt and lives in fear that her son's former gang associates may come calling one day, demanding details on her son's whereabouts. Her home now has a security system with motion sensors, and a local undercover police officer makes regular passes by her house at night.

While describing her son's relocation, the mother tearfully says the ordeal and the continuing separation are difficult. Even so, she says she has no regrets.

Now, “he never wants to come back here,” the mother says, adding that she is trying to sell her home so she can join her son in time for his next birthday in October. “He's doing good,” the mother says. “I did what I did to save my son's life. I was not going to be one of those parents who did nothing.”

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Five years ago, Reis, a former gang investigator with the Providence police department, was involved in a relocation that showed the depth of gangs' reach into some communities.

Reis says he cobbled together a few hundred bucks — some of it from a leftover federal public safety grant — to help a 16-year-old youth move away from gang life.

Reis recalls that before the teen could go, there were delicate negotiations with his family. The boy's mother and uncle also were members of the Latin Kings and agreed to "release" the teen to live with a friend in New York City on the condition that the youth not return to Providence, where he could have faced retribution from the gang.

In New York, Reis says, the friend agreed to take in the teen only after she was assured that the mother "would not come after her." A short time later, Reis says, he took the anxious teen to the local bus station. Before boarding, the youth offered a simple "thank you," and then he was gone.

Today, Reis and two other gang specialists — Jerry "Doc" Semper, special assistant to the county attorney in Prince George's County, Md., and Moses Robinson, a police officer from Rochester, N.Y. — travel the country for the Justice Department, counseling police departments on gang issues. They say relocating young gang members isn't ideal in every situation, but they say it can be an effective last resort.

"When kids reach the point, at 15 or 16, when they are in (gangs), the resources (to help get them out) just aren't there," Reis says. "If you are a hard-core gang member, there is nowhere you can go."

During a recent Justice Department session in Washington on gang issues, Reis, Semper and Robinson briefly discussed relocations with several police and church officials, including Tucker. The discussion spotlighted the significant role that churches play in many relocations, in part because houses of worship often are considered off-limits by warring gangs.

"I don't know of any church that wouldn't try to help if it was presented with a life and death situation," Tucker says. "It wasn't a stretch for us to do it. I viewed it as an extension of our ministry."

Relocated gang members could be in "real danger" in their new communities without much of a support system, says Malcolm Klein, a sociologist at the University of Southern California. Without a home, education or job training, many of them likely will fall in with the old crowd in a new location.

"How do you judge when a kid is ready to get out?" Klein asks. "And what do these (benefactors) really know about these kids and where they are sending them? These are complex questions."

Relocations aside, Durham Police Chief Steven Chalmers says his city is trying to reach out to youths in a range of ways. A local police officer founded an annual "boot camp" where gang members and other youths ages 11-15 can volunteer for military-style training for more than a month, including two weeks of survival skills training in the North Carolina wilderness.

Late last year, Chalmers says, the department identified 10 gang members to participate in a job-training program in which candidates were subjected to drug screening and other monitoring. After word spread about the program, he says, the department was "bombarded" with inquiries from about 125 youths who expressed a desire to get out of gang life.

Still, Chalmers says, there will always be instances in which the only option is to "get them out" of town.

Until there are better options, church leaders such as Tucker, Hammond, Charles Barnes of Morehead Avenue Baptist Church in Durham and Bishop James Daniel of Greater Joy Baptist Church in Durham say they will continue to dip into their contingency funds, if necessary, to save more youths.

"When you learn about the gang culture," Barnes says, "it's all about death. But a lot of these kids, when you get them by themselves, are totally different. They want help; they want discipline. It's just that a lot of them feel the only way out is to die or be beaten half to death."

Barnes says he has helped relocate four gang defectors. "When they get so deep in (gang life), they not only put themselves in danger, but also put their families at risk. Sometimes, (sending them away) just has to be done."

CIVIL RIGHTS:

Prisons Lacking Mental Health Treatment (AP-Y)

By Michael J. Sniffen, Associated Press Writer

DOJ_NMG_0058992

AP, September 7, 2006

More than half of America's prison and jail inmates have symptoms of a mental health problem, the Justice Department estimated Wednesday. But fewer than one-third of those with problems are getting treatment behind bars.

The study by the department's Bureau of Justice Statistics also found the incidence of symptoms much higher among women than men. Compared to inmates without symptoms, these mentally troubled prisoners were more likely to have been jailed before, to get into a fight behind bars, to have been physically or sexually abused in the past and to have drug problems, the bureau said.

But troubled inmates were no more likely to have used a weapon during their offense (37 percent for troubled and nontroubled state prisoners) and only slightly more likely to have committed a violent offense (49 percent of state prisoners with symptoms but 46 percent among inmates without problems).

The results are "both a scandal and national tragedy," said Michael J. Fitzpatrick, executive director of the National Alliance on Mental Illness, a national grass-roots organization dedicated to improving the lives of the mentally ill. "The study reveals that the problem is two to three times greater than anyone imagined."

Fitzpatrick said the results indicate "that the mental health system is failing — long before people enter the criminal justice system and after they leave it." He said more resources devoted to mental health treatment on the outside would avoid "enormous costs shifted onto our police, courts, jails and prisons at all levels."

Other experts and officials said the survey methods may make the problem seem more serious than it is, but at least one agreed that solutions lie outside prisons themselves.

"As a society, we could do a better job dealing with the mentally ill — both in keeping people from coming to prison and how they do when they get out of prison," said Jeffrey Beard, Pennsylvania's secretary of corrections.

He said Pennsylvania has set up community correction centers to get mentally ill inmates out into the world. He said there has been additional money in the past few years at the federal and state level for such projects, "but we could move a little quicker."

Based on a survey of nationally representative samples, the statistics bureau estimated that 56 percent of the nation's 1.25 million state prisoners, 64 percent of its 747,000 jail inmates and 45 percent of its 156,000 federal prisoners reported treatment for or symptoms of major depression, mania or psychotic disorders such as hallucinations or delusions in the last year.

Treatment behind bars was most common among state prisoners — 34 percent of those reporting symptoms, compared with 24 percent of the troubled federal prisoners and 17 percent of jail inmates with problems. The most common treatment was a prescribed medication, for 27 percent of state, 19 percent of federal and 15 percent of jail inmates with problems.

Female inmates had higher rates of symptoms in all three types of facilities: 73 percent of women and 55 percent of men in state prisons; 61 percent of women and 44 percent of men in federal facilities; 75 percent of women and 63 percent of men in jails.

Beard said that mental health problems among Pennsylvania inmates had leveled off in the last year or so after rising for five of six years. Now 18 percent of Pennsylvania inmates have a mental problem requiring some treatment, including just under 4 percent with serious mental illness including schizophrenics and psychotics.

"Every inmate in Pennsylvania gets a psychological profile," Beard said. "Our numbers on based on clinicians seeing everybody."

Fred Osher, health service policy director in the criminal justice program of the Council of State Governments, noted that previous studies that focused on those diagnosed as mentally ill found fewer troubled inmates — closer to 20 percent.

The statistics bureau conducted interviews with samples of state, federal and jail inmates based on diagnostic questions in the Diagnostic and Statistical Manual of Mental Disorders, fourth edition, which is used by mental health professionals.

Inmates were asked if they had a history of mental health treatment or had symptoms of major depression, mania or psychotic orders in the previous year. State and federal prisoners were interviewed in 2004; jail inmates in 2002.

"This method shows what the high end of the problems might be," Osher said. The federal study did not look at clusters of symptoms over time or evidence of disability, important factors in deciding who requires treatment, Osher said.

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So the difference between those with symptoms and those getting treatment may not be evidence of "how underserved people are in prisons, but a reflection of an increase in good screening in recent years to see that those who need treatment get it," Osher said.

Beard said Pennsylvania's prison system runs a mental health system with special needs units to separate those with low level mental illness from inmates who might harm them; licensed inpatient units for treatment of more seriously ill inmates; and a forensic hospital for treatment of the most chronic and seriously mentally ill prisoners.

"I feel comfortable we are dealing with the mentally ill coming into our system," Beard said.

Prison Fosters Mental Illness Cites Report (LAT)

By Jenifer Warren

The Los Angeles Times, September 7, 2006

SACRAMENTO — More than half of the nation's jail and prison inmates suffer from a mental health problem, according to a federal report released today that comes as California faces court orders to dramatically improve mental health care for the incarcerated.

The study, by the research arm of the U.S. Department of Justice, confirmed what wardens, convicts and correctional officers know: that large numbers of inmates, especially repeat felons, display symptoms of depression, mania or psychotic disorders.

The survey of more than 25,000 prisoners nationwide showed that mental health problems were strongly associated with violence and previous convictions. A quarter of those state prisoners with mental disorders had been incarcerated three or more times in the past, and 58% of them had been charged with violating prison rules.

Mentally ill inmates were more likely to get in a prison fight, and more likely to have been homeless in the year before their arrest. Three out of four were dependent on drugs and alcohol, with 37% saying they had used drugs at the time of their offense.

Female inmates were found to have higher rates of mental illness than males — with 73% of females in state prisons reporting symptoms, compared to 55% of all males.

Despite the prevalence of mental illness, only one in three state prisoners had received any treatment since admission to prison, the study found.

The report comes as California copes with recent federal court orders to immediately hire 550 psychiatrists and other prison mental health staff, and to spend $600 million on new facilities. The orders are part of a long-running lawsuit over care for the mentally ill behind bars.

The class-action case was won by inmates in 1995, but despite a sweeping settlement ordering the Department of Corrections and Rehabilitation to provide a constitutional level of care, serious problems remain. Among them: California's prison suicide rate is dramatically higher than the national average, which is falling.

The California rate is 27 deaths per 100,000 inmates, compared to 14 per 100,000 nationally, according to the Federal Bureau of Justice Statistics.

Blacks May Gain As UCLA Moves To Alter Admissions (LAT)

By Rebecca Trounson, Times Staff Writer

The Los Angeles Times, September 7, 2006

Using a `holistic' model, officials would view student achievements in light of life experiences.

Spurred partly by campus and community concern over dwindling numbers of African American students, UCLA is moving toward a major shift in its admissions process, perhaps as early as this fall.

The changes in admissions, pushed by acting Chancellor Norman Abrams and several faculty leaders, would be the most dramatic at UCLA in at least five years. They would move the Westwood campus toward a more "holistic" admissions model — much like UC Berkeley's — in which students' achievements are viewed in the context of their personal experiences.

UCLA officials emphasized, however, that the campus would continue to abide by the restrictions imposed by Proposition 209, the 1996 voter initiative that barred California's public colleges and universities from considering race in admissions or employment.

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A key UCLA faculty committee approved the broad framework for the admissions changes last week, with two more faculty panels expected to vote on it this month. Many details remain to be worked out, but officials said the new process, if approved, would take effect for students applying to UCLA in November for 2007. Abrams, a veteran UCLA law professor who became acting chancellor July 1, said the faculty had been studying admissions reforms for some time. Under the University of California's system of shared governance, faculty members set admissions and eligibility standards.

But Abrams said the admissions figures released in June, which showed that only 96 African Americans — or 2% of the freshman class — were likely to enroll at UCLA this fall, spurred many to action, inside and outside the university. Those numbers, the lowest at the campus since at least 1973, prompted calls from black alumni, community leaders and some legislators for an overhaul of UCLA's admissions practices.

The UCLA figures stood in contrast to a trend toward slightly higher numbers of black, Latino and Native American students across the UC system. Those groups, though still considered underrepresented at UC, will make up just under 20% of the anticipated 2006 freshman class, compared with just below 19% for the current class, but they vary by campus.

The enrollment numbers "have been a catalyst for us within the university to look at our processes, and also for many in the community who want to see change," Abrams said in an interview this week.

Abrams and faculty leaders said they believe the shift, if approved, will lead to fairer admissions for all applicants. They said the new process would make UCLA's admissions similar to that used not only by UC Berkeley, but by the Ivy League and other elite private colleges.

They also emphasized that although UCLA's low numbers this year for both African American and Latino freshmen helped spark the changes, it was not clear what effect they would have on those figures. And they said the reforms were not geared specifically at raising those levels.

"In my view, this should not be done — and under California law, cannot be done — to improve our African American admissions numbers, but because it's desirable to improve our processes overall," Abrams said.

In response, Ward Connerly, the conservative former UC regent who was an architect of Proposition 209, said Wednesday that UCLA had the right to change its procedures, within the boundaries of law and UC guidelines. Yet he scoffed at the idea that UCLA was not making the shift in direct response to the racial numbers, saying it "doesn't pass the giggle test."

"It's obvious why they're doing it and what their objective is," Connerly said.

Others praised the steps toward change.

"It's hard for big institutions to make 90-degree turns while driving 70 mph, and I'm proud of my alma mater for doing that," said Peter Taylor, a Los Angeles businessman and prominent UCLA alumnus.

Taylor, who is African American, heads a UCLA task force of alumni, community leaders and donors formed in response to the enrollment numbers. That group has endorsed the holistic approach. Darnell Hunt, a UCLA sociologist who heads its Bunche Center for African American Studies, said the new process would be "a good first step," but he also said it could not address all the factors involved, including the socioeconomic and educational inequities that affect many minority students.

"Any change that moves UCLA toward a more inclusive, more holistic review, I'm certainly in favor of," said Hunt, who along with several colleagues has been studying admissions as part of a research project on the challenges facing black students in California universities.

The center's most recent report, posted on its website last week, said UCLA's current process "relied too heavily on minute differences in numbers and gross rankings."

Under admissions changes that took effect for the 2002 entering class, all UC campuses accept students under a system called "comprehensive review," in which personal factors, not just grades and test scores, are considered for all applicants. Previously, nonacademic factors, such as unusual talents and overcoming adversity, could be taken into account in admitting no more than half the freshman class at each campus.

But each UC campus, though required to stay within the broad guidelines, also was free to interpret the policy in its own way. UC Berkeley allows individual readers to review all parts of an applicant's file.

At that campus, 140 black students, 10 more than in 2005, have said they will enroll this fall, making up 3.3% of the class of about 4,200. The number of Latino students also rose.

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At UCLA, in what admissions officials have described as an attempt to increase objectivity, applicants' files have been divided by academic and personal areas, and read by separate reviewers. That is proposed to change.

Adrienne Lavine, an engineering professor and the outgoing chairwoman of UCLA's faculty senate, said the new process would allow the campus to better define the kind of student it wants. She and others said that was increasingly important, given the numbers of applications the campus receives. More than 47,000 students applied for the incoming freshman class.

Thomas Lifka, who oversees admissions as UCLA's assistant vice chancellor for student academic services, described the change as one of philosophy and process but said it should not affect how students apply to the campus.

"They shouldn't worry about presenting their credentials in a different light or manner," Lifka said. "It has to do with how we capture the concept of merit — and it means that for each applicant, we'll be looking at all the information about them at the same time."

He and others said that although specifics of the changes remain to be decided, admissions officials must start now to shift gears, and they will start with a comprehensive study of UC Berkeley's process.

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rebecca.trounson@latimes.com

ANTITRUST:

Stolt-Nielsen Indicted For Price Fixing (AP-YBIZ)

By Mark H. Anderson, Dow Jones Newswires

AP, September 7, 2006

Stolt-Nielsen Indicted For Tanker Shipping Price Fixing

WASHINGTON (AP) -- Stolt-Nielsen SA was indicted Wednesday by a federal grand jury in Philadelphia for price-fixing and other illegal cartel activities in the parcel shipping industry.

The U.S. Justice Department said indictments were brought against the London-based shipping company, two subsidiaries and two former executives of the company. The executives are Samuel Cooperman, a former chief executive, and Rick Wingfield, a former executive vice president.

"The indictment charges Stolt-Nielsen and its executives with serious antitrust crimes -- price fixing, customer allocation and bid rigging," said Justice antitrust chief Thomas Barnett.

The company has been doggedly fighting efforts by Justice prosecutors to bring charges against it. Stolt-Nielsen filed emergency appeals with the Supreme Court in July and August seeking to temporarily bar the indictment while it appealed the U.S. government's decision to revoke amnesty agreements shielding the shipping company from prosecution. Both of those emergency appeals were rejected by Supreme Court justices.

The parcel tanker shipping industry moves liquids such as chemicals and oils across the ocean. Justice alleges that Stolt-Nielsen and two competitors agreed to not compete with each other's customers and illegally discussed pricing and other matters to eliminate competition in the business.

Stolt-Nielsen was initially granted amnesty as part of Justice's investigation into the parcel shipping industry, but Justice officials revoked it in 2004 after determining the company wasn't meeting the terms of the deal. The company has been fighting indictment since then.

In March, a panel of the 3rd U.S. Circuit Court of Appeals in Philadelphia ruled that federal courts didn't have the power to block government prosecutors from pursuing the company and its officers because of the earlier existence of an amnesty deal.

Supreme Court rejection of the emergency appeals cleared the way for the indictments. Stolt-Nielsen still has an appeal pending before the Supreme Court on legal questions relating to its revoked amnesty. Justice officials said the company is the first to have its amnesty revoked since the program began in 1993.

Language Revised In Wright Compromise (DMN)

By SUDEEP REDDY And TODD J. GILLMAN, The Dallas Morning News

DOJ_NMG_0058996

Dallas Morning News, September 7, 2006

Backers suggest wording to address antitrust concerns

WASHINGTON – Aiming to ease antitrust concerns, the creators of a June compromise that would phase out the Wright amendment agreed Wednesday to eliminate some controversial language.

The change would remove a phrase in the bill that offers the deal a blanket exemption from competition laws.

Critics say the exemption could unfairly benefit Southwest Airlines Co. and American Airlines Inc.

The planned revisions came on the eve of a so called mark-up session of the House Judiciary Committee.

That panel is reviewing the bill that would lift flight restrictions at Dallas Love Field.

The committee chairman, Rep. James Sensenbrenner, R-Wis., flagged the bill over concerns that it would exempt the North Texas-based carriers from antitrust laws.

The legislation would carry out a deal that ended a contentious fight among the cities of Dallas and Fort Worth, Southwest, American and Dallas/Fort Worth International Airport.

The bill has already cleared the House Transportation and Infrastructure Committee.

The legislation would end flight restrictions at Love Field in 2014.

It also would immediately allow for flights anywhere in the U.S. from Love, if passengers first stopped at an airport in one of the nine Wright states.

The agreement would also cut the gates at Love to 20 from 32, a move intended to compensate for an expected increase in air traffic and noise at the inner-city airport.

That piece of the deal has sparked complaints from competitors and some lawmakers that it would reduce the potential for competition at Love Field.

The five parties to the North Texas agreement, along with lawmakers from the area, had warned that any changes to the bill could result in its withdrawal.

The initial antitrust language in the bill was intended to protect the five parties from court challenges.

Still, some members were concerned that the proposed changes may not adequately accommodate Mr. Sensenbrenner.

"It was a big step," said Rep. Kay Granger, R-Fort Worth. "We are hoping that he will be satisfied."

Delay possible

There also were signals that the committee could hold off on considering the Wright legislation. The bill is the last of seven items scheduled for today's meeting, and the committee has until the end of next week to deal with the issue.

Representatives from Texas were conferring with colleagues on the Wright issue Wednesday evening as they gathered on the House floor for their first votes since leaving in July for a summer recess.

Rep. Lamar Smith, R-San Antonio, the senior Texan on the Judiciary Committee, said lawmakers were continuing to negotiate language.

After talking with Mr. Sensenbrenner on the floor, Mr. Smith said the committee may have one more week to work on the issue.

North Texas lawmakers from both sides of the aisle have been meeting with other members of the committee to press the case.

Two Texans

The panel includes two Texas lawmakers – Rep. Louie Gohmert, R-Tyler, and Rep. Sheila Jackson Lee, D-Houston – who are co-sponsors of the Wright legislation.

Rep. Eddie Bernice Johnson, D-Dallas, said she met with Rep. John Conyers of Michigan, the top Democrat on the committee, and received his support.

Ms. Johnson said removing part of the blanket antitrust immunity wouldn't further expose the deal to outside challenges.

Without changing the language, the bill "would have been safe," she said. "But if this language helps improve the possibility of moving it along, then I can support it."

So far, Mr. Sensenbrenner has been the only member of the committee to question the bill.

The chairman "has concerns about exempting an agreement from antitrust laws that protect the interests of consumers," said committee spokesman Jeff Lungren.

It isn't unusual for a committee to pick up legislation that has already passed another committee in order to review elements that fall under its control.

"It gives us an opportunity to review it, and again add our expertise to ensure that if any legislation does get passed, it's the best legislative product possible," Mr. Lungren said.

If any changes are made in the House version, the Senate would have to come up with identical language in its bill to prevent a procedural logjam.

Congress is scheduled to be in session for less than a month before returning home to campaign for the November elections. That could further complicate efforts to clear the legislation by the end of the year, when the North Texas agreement expires.

"There's still enough time, but it really needs to be the same in the House and the Senate," Ms. Granger said.

On the Senate side, Sen. Patrick Leahy, D-Vt., has expressed similar antitrust concerns.

But the deal has been backed by key Senate Republicans, including Majority Leader Bill Frist of Tennessee, John McCain of Arizona, and John Ensign, the Nevada senator who originally introduced legislation to repeal Wright.

Sen. Kay Bailey Hutchison, R-Texas, who is leading efforts to clear the bill through the Senate, said she worked through the day on the Wright issue, losing sleep over the matter.

She said she e-mailed her staff at 4 a.m. Wednesday with the subject line: "Couldn't sleep. What about this?"

Ms. Hutchison said she was working with Sen. Arlen Specter, R-Pa., and Mr. Leahy to resolve the antitrust concerns.

"These are pretty simple, clear-cut questions," she said. "We either answer them or we try to have some strategy by which everybody can have their say and we can move forward."

E-mail sreddy@dallasnews.com

and tgillman@dallasnews.com

Group To Hold Wright Demonstration (DALLBIZ)

Dallas Business Journal, September 7, 2006

A group that is calling for an immediate repeal of the Wright Amendment says it will hold a demonstration Thursday morning at Dallas Love Field.

The Friends of Love Field, which opposes a bill in the House Judiciary Committee that is calling for a repeal of the Wright Amendment over eight years, said they were unable to afford the $1,530 they say it would cost for a walk-up fare on American for a flight from Dallas/Fort Worth International to Reagan National in Washington, D.C., to protest on Capitol Hill. According to Bestfares.com, an online travel deal clearinghouse that tracks airline ticket costs, a walk-up fare leaving Wednesday and returning Thursday evening would be $942.

The Wright Amendment limits flights from Love Field to short haul trips to a few surrounding states. Washington, D.C., is not included in the area permitted by the 1979 federal law.

The Friends of Love Field, a grass roots organization consisting of residents around Love Field that support a Wright repeal, say they are demonstrating in opposition of the bill and they encourage a Judiciary Committee review of the bill for antitrust issues.

Dallas-based Southwest Airlines (NYSE: LUV) had led a move to repeal the amendment, but has since accepted a compromise agreement forged along with Fort Worth-based American Airlines (NYSE: AMR), the D/FW Airport Board and the cities of Fort Worth and Dallas, in support of a compromise agreement that was the basis for a bill introduced in the House by Sen. Kay Bailey Hutchison, R-Texas.

Shortly after the bill was introduced, a memo, purportedly from the Department of Justice's antitrust division, began circulating on Capitol Hill. The letter expressed concerns that the bill violates antitrust laws and should not be approved by Congress.

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The owners of the Legend gates at Love Field, Love Terminal Partners, have filed a lawsuit over the Wright compromise, calling the local deal "a wildly pernicious and anti-competitive arrangement to limit carrier operations and consumer choices for air travelers in North Texas."

Meanwhile, Hutchison has asked the Justice Department to butt out of the debate because of the memo expressing the antitrust concerns.

And just last week, a group of antitrust experts from law schools in Texas and elsewhere said in a letter to congressional leaders that the Dallas-Fort Worth deal to end Wright Amendment flight restrictions will result in higher fares and reduced service for Dallas-Fort Worth fliers.

The local compromise calls for ending Wright restrictions by 2014. In return, the city of Dallas will use eminent domain to demolish a privately owned passenger terminal at Love Field, reducing the number of gates there to 20, down from 32. American (NYSE: AMR) and Southwest (NYSE: LUV) both accepted that compromise, which has been debated in Congress.

The House Judiciary Committee is slated to review the bill Thursday.

The Friends of Love Field say they will demonstrate from 9 a.m. to 10 p.m. in the mail terminal building at Love Field.

Motion To Dismiss Fails In Closely-Watched Comcast Antitrust Suit (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, September 7, 2006

Cable television giant Comcast Corp. suffered a significant setback last week when a federal judge refused to dismiss a class action antitrust suit that accuses Comcast of setting out to establish monopolies in the Philadelphia and Chicago markets and then increasing prices once it had eliminated all the competition.

The suit could reverberate throughout the cable industry because it alleges that many of the big cable companies cooperated in carving up much of the nation into separate markets where each would be exclusive providers.

The plaintiffs in the suit, a group of cable subscribers, claim that Comcast and its would-be competitors struck a series of deals in which they "swapped" assets and customers so that each company would have "clusters" of markets.

Plaintiffs lawyers contend that the deals were designed to eliminate competition.

In the Philadelphia and Chicago markets, the suit alleges, Comcast succeeded, through a series of swap agreements with AT&T and Adelphia, in establishing monopolies in the cable television and cable Internet service markets, with 94 percent and 92 percent, respectively, of the two markets.

Since then, the suit says, Comcast has used its monopoly power to raise cable prices in the Philadelphia and Chicago clusters to "artificially high, supra-competitive levels."

Comcast's first response to the suit was to argue that its customers must arbitrate their claims.

When U.S. District Judge John R. Padova refused to enforce the arbitration clause, Comcast appealed, and the 3rd U.S. Circuit Court of Appeals reversed, sending the case back to Padova to reconsider whether arbitration should be ordered.

Padova later agreed to enforce the arbitration clause, but ruled that the arbitrators must be allowed to consider the plaintiffs' claims as a class action.

Apparently neither Comcast nor the plaintiffs were happy with the notion of arbitrating class claims, and court records show that they agreed to go forward in federal court, with Comcast abandoning its motion to compel arbitration.

In the second round of litigation, Comcast's lawyers moved for dismissal of the suit, arguing that the plaintiffs' theories were fatally flawed and that the case failed to allege any antitrust injury.

Now, in a 30-page opinion in Glaberson v. Comcast Corp., Padova has refused to dismiss the suit, finding that the plaintiffs have stated a valid claim that Comcast established a "horizontal restraint" -- a term defined in antitrust law as "an agreement between competitors at the same level of the market structure to allocate territories in order to minimize competition."

Comcast's lawyers -- Darryl J. May and Jason Leckerman of Ballard Spahr Andrews & Ingersoll in Philadelphia, and Michael S. Shuster, Sheron Korpus and James T. Cain of Kasowitz Benson Torres & Friedman in New York -- argued that the plaintiffs cannot show that any of the swap deals was unlawful because each of the transactions was approved by government authorities at the federal, state and local levels.

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Padova disagreed, saying "the mere fact that regulatory and law enforcement agencies may have reviewed and approved the challenged transactions is not ground for dismissal."

Instead, Padova said, courts have held that activities which come under the jurisdiction of a regulatory agency may nevertheless be subject to scrutiny under the antitrust laws, and that "there is no general presumption that Congress intends the antitrust laws to be displaced whenever it gives an agency regulatory authority over an industry."

Regulatory approval, Padova said, will act as a bar to an antitrust claim "only where there is a plain repugnancy between the antitrust and regulatory provisions."

Comcast, Padova said, "does not contend that the antitrust laws and the regulatory provisions under which the challenged transactions were approved are repugnant to each other, but simply argues that we should refrain from 'substitut[ing] [our] judgment for that of the countless federal, state and local authorities who approved the cable system transactions as being in the public interest.'"

Defense lawyers also argued that the plaintiffs lack "antitrust standing" to challenge its swap agreements and acquisitions because they are unable to demonstrate a direct causal connection between those transactions and their alleged injury of higher cable prices.

The fatal flaw in the plaintiffs' theory, Comcast argued, is that the plaintiffs cannot show there ever was or would have been competition in any of the markets.

Price competition for cable programming services arises, Comcast argued, only when an "overbuilder" operates in a given franchise area alongside the incumbent cable provider.

An overbuilder is a firm that enters a market where cable service is already being provided and builds its own cable network to offer consumers a choice. Although the practice has been attempted, it is rare and has not met with success.

Comcast argued that its swap agreements were "competition-neutral" since they did not affect the level of competition existing in any of the markets, and that the plaintiffs therefore cannot show they had any anti-competitive effects that could give rise to an antitrust injury.

Padova disagreed, saying the complaint asserts sufficient allegations of "a reduction of actual and prospective competition in the Philadelphia and Chicago clusters that was the intended result of the challenged swap agreements and acquisitions."

The suit, Padova said, "provides examples of how the transactions were structured to achieve the removal of competitors from the relevant markets."

In one instance, Padova said, the suit alleges that in a swap agreement between Comcast and Adelphia Communications Corp., Comcast obtained Adelphia's cable systems and cable subscribers located in Philadelphia and adjacent New Jersey areas in exchange for Comcast's cable systems and cable subscribers in and around Palm Beach, Fla., and Los Angeles, and that this agreement eliminated competition from Adelphia in the Philadelphia market.

Padova also found that the plaintiffs' alleged injury -- an increase in price resulting from the dampening of competitive market forces -- "is assuredly one type of injury for which Section 4 of the Clayton Act potentially offers redress."

The alleged injury, Padova said, "is one that flows from the challenged swap agreements and acquisitions, in that Comcast's ability to raise its cable prices stemmed from the purported deliberate lessening of competition achieved through those transactions."

The plaintiffs are represented by attorneys Anthony J. Bolognese and Joshua H. Grabar of Bolognese & Associates in Philadelphia; Alan I. Gilbert and David Woodward of Heins Mills & Olson in Minneapolis; Barry Barnett and John W. Turner of Susman Godfrey in Dallas; Carol A. Mager of Mager & Goldstein in Philadelphia; and Ann D. White in Jenkintown, Pa.

NYSE's CEO Sees No Unraveling Of Euronext Deal (WSJ)

By Aaron Lucchetti

The Wall Street Journal, September 7, 2006

NEW YORK -- NYSE Group Inc. Chief Executive Officer John Thain is "comfortable" that the New York Stock Exchange operator will close its $20 billion merger with European exchange operator Euronext NV by early next year, and he lashed out at a hedge-fund operator that has pushed Euronext to merge instead with Frankfurt's Deutsche Börse AG.

Mr. Thain, in an interview at his Lower Manhattan office, said he remained confident that the NYSE merger with Euronext would be approved by both companies' shareholders. The vote is tentatively scheduled for early December.

Some analysts have questioned whether NYSE will get Euronext shareholders' approval, because share-price moves among the three exchanges in recent months make Deutsche Börse's offer look financially stronger -- if the deal were to be closed today.

But Mr. Thain says that because Deutsche Börse's offer is based on a backward-looking three-month average price, its deal will likely look less attractive over time. The pricing structure of Deutsche Börse's proposal "makes their deal at the moment look better," but its "advantage will erode over time as the three-month average comes down."

Mr. Thain also criticized a proposal by the Children's Investment Fund Management (UK), also known as TCI, for Euronext to let shareholders vote on both an NYSE and a Deutsche Börse proposal.

"That's not going to happen," Mr. Thain said. "This is not a multiple-choice quiz."

Euronext's management and board already have approved a merger with NYSE, and Euronext CEO Jean-François Théodore is in New York talking to investors.

Mr. Thain suggested that TCI's preference for a Euronext-Deutsche Börse deal is motivated by the fact that it holds stakes in both firms.

"TCI, like all hedge funds, is simply touting its own interests," he said. TCI officials, he added, are understating the risk of antitrust problems with a Deutsche Börse-Euronext deal, and overstating the ability of Euronext and Deutsche Börse executives to work together to integrate a combined European exchange titan.

TCI declined to comment.

A spokesman for Deutsche Börse said: "We are convinced about the merits of our proposed transaction and the value it creates for shareholders and stakeholders. Deutsche Börse believes its proposal does not entail significant execution risk also with regard to potential antitrust issues."

Mr. Thain likened the current battle over Euronext to the opposition to the Big Board's own merger with Archipelago during the summer of 2005. Ultimately, the NYSE garnered about 90% of its owners' votes on the Archipelago deal, despite a vocal opposition from some NYSE seatholders and a court challenge by a handful who threatened to delay the closing of the deal.

In the Euronext transaction, "I'm comfortable shareholders will vote on what makes long-term strategic sense and what's financially attractive, and we will be both," Mr. Thain concluded.

Bertelsmann Confirms Sale Of BMG Publishing To Vivendi (WSJ)

By Mike Esterl

The Wall Street Journal, September 7, 2006

FRANKFURT -- German media giant Bertelsmann AG confirmed a deal to sell its BMG Music Publishing business to Vivendi SA of France for €1.63 billion ($2.09 billion).

News of the transaction was first reported1 Tuesday on WSJ.com.

Separately, Bertelsmann agreed to pay $60 million to a Vivendi unit to partially settle litigation linked to Bertelsmann's involvement with online music concern Napster Inc.

Bertelsmann, Europe's biggest media company, also reported yesterday its revenue in the second quarter rose 12% to €4.68 billion from a year earlier. Net income was €192 million, compared with €191 million.

Paris-based Vivendi beat out six other bidders for BMG Music Publishing, which posted just over €370 million in sales last year. The acquisition catapults Vivendi's Universal Music Group -- the world's largest recorded-music company -- into the No. 1 spot in the music-publishing business ahead of EMI Group PLC and Warner Music Group Corp.

Music publishers control the rights to the melodies and lyrics of songs while recorded-music companies sell CDs and digital downloads of music. Thomas Rabe, Bertelsmann's chief financial officer, said in a conference call the company remains "absolutely committed" to its much-larger recorded-music business.

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Bertelsmann also said it will pay Universal Music Group $60 million to drop a lawsuit. Universal Music Group and other music companies sued the German company in 2003 over its $85 million investment in the original file-sharing service Napster, which was forced to close in 2001.

Bertelsmann continues to deny any wrongdoing. But management said it hopes to reach out-of-court settlements with other plaintiffs, including EMI Group, and plans to begin negotiations in the coming weeks.

Vivendi Bid Wins Battle For BMG (USAT)

By David Lieberman

USA Today, September 7, 2006

NEW YORK — Vivendi's Universal Music Group put itself in line to become the world's No. 1 music-publishing company on Wednesday after its $2.1 billion offer won a widely watched bidding war for Bertelsmann's BMG Music Publishing Group.

If approved by antitrust officials in Europe and the USA, Universal will pick up more than 1 million copyrights for an eclectic array of songs from artists including Coldplay, Barry Manilow, Christina Aguilera, R. Kelly, the Bee Gees, Elvis Costello, Puccini and Ravel.

Universal already has about 1 million copyrights, including those of Paul Simon, Elton John and Bernie Taupin, Motown's Holland-Dozier-Holland, Madonna, Prince, Leonard Bernstein and Kiss.

Other bidders weren't disclosed.

In addition to getting revenue when CDs or downloads are sold, music publishers collect royalties every time their songs are performed on radio, TV, movies, ads, concerts, online or even built into toys. That has made it a coveted arm of the music business even as anemic album sales and piracy have staggered record companies.

The acquisition "is a unique opportunity to grow our music-publishing business and enhance the value of Universal Music Group," Vivendi CEO Jean-Bernard Levy said in a statement.

While the deal would give Universal the most copyrights, it still would have major rivals: In the second quarter, EMI controlled 19.8% of songs played on U.S. radio stations monitored by Nielsen Broadcast Data Systems. Warner/Chappell had 13.8%, Sony/ATV 10.5%, Universal 10.2% and BMG 7.3%.

"Only a handful of copyrights really matter," says Larry Mestel of Primary Wave Music Publishing, which has rights to Nirvana, Daniel Johnston and music from movies including Ben Hur. "The rest just clutter up the system."

Privately owned Bertelsmann put its music-publishing unit on the block to help repay loans it used to buy back a 25.1% stake owned by Belgian billionaire Albert Frere. But BMG chief Thomas Rabe said in a statement that "Bertelsmann remains fully committed to its recorded music business through its partnership with Sony in Sony BMG Music Entertainment."

BMG publishing generated $234 million in revenue in the first half of 2006, about 2% of the total for Bertelsmann, the company reported on Wednesday. While that's flat with the same period last year, operating cash flow for music publishing grew 30% to $38.4 million.

Separately, Bertelsmann settled the Vivendi piece of a lawsuit by several music companies. The lawsuit alleges that loans Bertelsmann made to Napster helped the file-sharing service operate longer than it otherwise would have. Universal will get $60 million, while Bertelsmann admitted no liability.

Rivals May Challenge A Proposed Vivendi-Bertelsmann Deal (NYT)

By Doreen Carvajal

The New York Times, September 7, 2006

PARIS, Sept. 6 — The German media company Bertelsmann agreed on Wednesday to sell its music publishing business to a French rival, Vivendi, for 1.63 billion euros, or $2.1 billion, but an association of independent competitors immediately promised to challenge the deal.

An umbrella organization of music companies, Impala, signaled on Wednesday that it would raise objections to the deal. The group, which represents 2,500 independent labels, persuaded a European Union appeals court in July to annul the European Commission's approval of the two-year-old merger that created Sony BMG, a joint-venture music company of Bertelsmann and Sony.

"I think it's very risky that the economic press is announcing that Vivendi is buying BMG Publishing,'' said Patrick Zelnik, president of Impala and chief executive of the French music company Nave. "We have a strong case to oppose this merger and it's even stronger than Sony BMG.''

With the purchase, Vivendi's Universal Music Group would become the leader in music publishing, the profitable side of the ailing industry because it involves the trade and sale of music rights for use not only on CD's, but also for ring tones, computer downloads and movie and television soundtracks.

BMG Music Publishing, which had 183 million euros, or $234 million, in revenue in the first six months, was not part of the 2004 Sony-BMG deal. It controls more than a million copyrights, from contemporary Christian music to artists like Coldplay, Britney Spears and Black Eyed Peas.

Vivendi, which is based in Paris, released a minimum of information about its plans, although it said in a statement that the deal was subject to regulatory approval.

"This is a historic acquisition, which will further diversify and expand our portfolio of music assets into such key areas as production, music library, classical and Christian music,'' said Doug Morris, chief executive of the Universal Music Group, which analysts have said controls more than 12 percent of the music publishing market, a share that would rise to more than 20 percent with the BMG Publishing purchase.

Claire Barbaret, an analyst with Natexis Bleichroeder in Paris, said the company was promising to raise the profit margins of the music publishing business, but had offered few details. She said that Vivendi had increased its margins in the publishing business by automating much of its work.

"It's the kind of business where you don't need a lot of people,'' he said. "It's just about managing rights and they have managed to have a mean and lean organization. Probably they will replicate that at BMG Music Publishing with a lot less people because UMG can handle what BMG is doing.''

Bertelsmann's sale of BMG Music Publishing is part of a broader strategy to whittle down its 8.7 billion euro in debt, which expanded in July when it bought back a 25.1 percent share in the company that was owned by Groupe Bruxelles Lambert, a holding company, for 4.5 billion euros.

As part of the Vivendi deal, the two companies have agreed to settle a legal dispute in the United States. The Universal Music Group, the EMI Group and several independent music publishers had sued Bertelsmann, accusing the company of costing them billions in sales by lending money to Napster, then an illegal file-swapping service.

The companies sought as much as $150,000 a pirated song, which could have cost the company as much as $17 billion. But this week, in return for withdrawing from the lawsuit, Universal Music will get $60 million from Bertelsmann in reimbursement for legal fees and expenses.

"This is a first step toward an acceptable result of litigation that has been costly and time-consuming to Bertelsmann,'' said Ken Steinthal, a lawyer with Weil, Gotshal & Manges representing the company in the case.

During a conference call with analysts and reporters from Germany, Bertelsmann's chief financial officer, Thomas Rabe, expressed confidence that the sale of BMG Music Publishing would be approved by government regulators. He noted that Bertelsmann expected to reap the proceeds before the end of the year, but declined to comment further on the regulatory risks.

As the BMG Music Publishing deal moves toward its antitrust review in Europe, regulators are also likely to restart their consideration of the Sony-BMG venture. Bertelsmann has not yet notified European officials that it intends to file again for approval for Sony BMG, but executives say they expect it to happen this autumn.

Daniel von Brevern, a Düsseldorf lawyer specializing in competition issues with the firm of Lovells, said that he expected the two reviews to proceed on a parallel course.

"Difficult or not, it's hard to say,'' he said. "The Sony BMG court case doesn't make things easier for them. In the end, I would be surprised if they prohibited the sale of BMG Music Publishing, but I'm also sure that it will take some time.''

EU OKs Equity Firms To Buy Casema (AP)

AP, September 7, 2006

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BRUSSELS, Belgium --EU antitrust regulators on Wednesday cleared private equity firms Cinven Ltd. and Warburg Pincus LLC to buy the Netherlands' third-largest cable television operator Casema BV.

The two agreed in July to pay euro2.1 billion (US$2.6 billion) for the company from another group of private investors -- the Carlyle Group Inc., Providence Equity Partners Inc. and GMT Communications Partners III LLP.

Casema has 1.3 million subscribers, representing about 20 percent of the Dutch cable market. The European Commission said its investigation showed the deal would not significantly harm competition as there were only limited overlaps between Casema and Warburg Pincus' Multikabel -- the country's fourth largest cable TV firm -- even though both offer broadband internet, fixed telephone lines, leased lines and newer combined services.

It said their main business was still buying broadcast rights wholesale and providing them over cable networks to viewers and merging Multikabel's small subscriber base with Casema would not cause problems as it was too small to change the structure of the market.

The Carlyle consortium bought Casema in January 2003 for US$677 million in cash and debt from France Telecom SA, which was suffering under a heavy debt burden at the time.

They said they have invested euro250 million (US$314 million) in infrastructure since then, and Casema now offers digital television, broadband internet and telephony to Dutch consumers.

The sale price suggests the sellers netted around one billion euros in profit by buying and reselling Casema within four years.

In August, Warburg Pincus and Cinven also agreed to buy the country's no. 2 cable TV firm Essent Kabelcom for euro2.6 billion (US$3.3 billion) from Essent NV. Together Kabelcom, Casema and Multikabel will serve over 3.3 million customers and would have had a pro forma revenue of approximately euro870 million (US$1.11 billion) for the financial year ended Dec. 31, 2005.

While all three cable companies will likely be joined in a single holding company owned by Warburg Pincus and Cinven, their names and brands will not change.

Analysis: Health Plan Merger A Red Flag? (UPI/UPI)

By Laura Gilcrest, Upi Health Business Editor

United Press International, September 7, 2006

WASHINGTON, Sept. 6 (UPI) -- U.S. lawmakers Wednesday urged antitrust regulators to look closely at whether a pending health-plan mega-merger squeezes out competition, a problem some experts say is a primary driver of runaway healthcare costs.

The proposed consolidation of Pennsylvania health-insurance giants Blue Cross Independence and Highmark provided the backdrop for a hearing before the Senate Judiciary Committee on whether the health-insurance market is becoming the game of a handful of industry giants that, answerable only to their shareholders, continue to hike premiums, cut doctor reimbursements and leave consumers with fewer choices and no apparent increase in quality.

"Take a very close look at that situation," Committee Chairman Arlen Specter, R-Pa., told federal antitrust officials who testified at the hearing.

Blue Cross Independence -- the largest health insurer in the Philadelphia area -- took in 28 percent of the $28 billion spent on the state's health-insurance premiums in 2004, while Highmark picked up 27 percent, according to a report in Daily and Sunday Review.

The potential merger in Pennsylvania -- which reportedly has one of the nation's highest premium rates -- is just the latest example of a rash of super-sized mergers among health plans, which critics say are the largely overlooked culprits in the nation's soaring health spending, one-third of which doesn't even go toward care of patients, but to other expenses like administrative costs.

Sen. Tom Coburn, R-Okla., noted that healthcare spending now accounts for about 16.2 percent of the U.S. gross domestic product, asking, "What are we getting for it?"

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Health-policy experts who testified at the hearing urged a health-insurance industry crackdown by, for example, casting a more critical eye on the mega-mergers and imposing new requirements like standardized reporting of health plans' premium-generated revenues, their administrative costs and what percentage of their premiums actually go toward patient care.

Some experts testified that a law allowing doctors to engage in collective bargaining with the health plans -- as the federal government is allowed to do -- might create a more equitable playing field.

Specter asked panelist J. Bruce McDonald, deputy assistant attorney general in the Department of Justice's antitrust division, why DOJ had only challenged two out of 400 recent health-plan mergers. "Is this not quite enough scrutiny?" he said.

McDonald responded that the agency investigated all mergers "presenting anti-competitive problems."

Mark Piasio, a physician and president of the Pennsylvania Medical Society, told the committee that his state's health-insurance market is in the grips of a few major players who engage in "predatory pricing," where rivals are effectively locked out of the market -- particularly in areas like Philadelphia -- and where physicians continue to see their reimbursement rates shrink.

The test of monopolistic behavior in Pennsylvania has been met, he said. "We have the highest (insurance company) profit and the lowest reimbursement rates. There is at least questionable behavior on the part of the large players. Why isn't (Pennsylvania) the focus of an anti-trust investigation?" Piasio asked.

Edward Langston, an Indiana-based family practitioner and chair-elect to the American Medical Association's Board of Trustees, told the lawmakers a recent AMA study revealed that a trend toward "aggressive consolidation" has reached national proportions.

In many of the 294 U.S. markets on which the study focused, "competition has been undermined" and the "hallmarks of monopoly" are in evidence, he said, including the insurers' ability to raise premiums without sacrificing market share and tactics that force doctors to accept unfair contract terms for their services. A monopolistic few "are operating in the interest of shareholders, not patients," Langston told the committee.

He added that, although premiums have been rising in the double digits and health plans spent $55 billion on consolidation and acquisitions in 2004 and 2005, "physician reimbursement is not changing."

"We're blamed for being the driver of high healthcare costs," Langston said. "We're raising red flags (and) calling for transparency in what the real costs are."

However, Stephanie Kanwit, special counsel to health plan trade group America's Health Insurance Plans, told lawmakers that the U.S. health-insurance market is one marked by "vigorous competition," where monopolies are not a problem and where health plans are continually rolling out new products to benefit consumers.

She also testified that collective bargaining for doctors has been "condemned" by DOJ and that such a policy would "inevitably raise prices without increasing quality."

Instead, Kanwit said, the answer to cutting costs lies in creating doctor performance and efficiency measures, an effort already under way in a number of pilot projects "that will lead to a national framework for doctor performance."

Specter noted that a number of health-insurance giants including Aetna, United Health Group and WellPoint were all asked to testify before the committee and that all had declined. "That's not a very good sign if companies won't come in and respond to questions," he said.

ENVIRONMENT/INDIAN AFFAIRS:

Offshore-drilling Legislation Heats Up (USAT)

By Andrea Stone

USA Today, September 7, 2006

As news of a huge oil discovery deep in the western Gulf of Mexico unfolded, informal talks began in Congress to break an impasse over competing House and Senate plans to expand offshore oil and natural gas-drilling.

The find by Chevron, Devon Energy and StatOil in an area already open to exploration follows a summer of soaring gas prices partially sparked by BP's shutdown last month of a damaged pipeline in Alaska. But it is unclear whether the discovery will prod lawmakers to work out a compromise before Congress leaves for the Nov. 7 elections.

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The discovery of reserves that may exceed Alaska's Prudhoe Bay, the nation's largest oilfield, could be "galvanizing," says Marnie Funk, a spokeswoman for Senate Energy Chairman Pete Domenici, R-N.M.

"The House either takes the Senate (bill) or no one gets an energy bill this year. That's simply a political reality," she said. "We only have 22 legislative days left, and key senators have made it clear they can't support the House bill or anything like it. We don't have the votes, and we're out of time."

Perhaps, but House Majority Leader John Boehner, R-Ohio, indicated Tuesday that his members aren't folding just yet. "We really do believe that we have a much better bill than what the Senate passed," he said. He said he expects committee chairmen to discuss "the prospect for coming to some agreement. I just don't know what it might be."

For now, aides to lawmakers are talking, and the House and Senate have yet to appoint negotiators.

Both bills would ease restrictions on offshore drilling, now banned in the eastern Gulf of Mexico and along the east and west coasts. The House version goes much further in opening once-protected areas on the Atlantic and Pacific coasts to energy exploration. The White House supports the Senate bill. Senate Majority Leader Bill Frist, R-Tenn., said there aren't the votes for anything broader.

The Senate bill, passed on a 71-25 vote Aug. 1, would open 8.3 million acres in the Gulf of Mexico to oil and gas drilling while preserving a "zone of protection" stretching 125 to 300 miles off the Florida coast. Domenici has said the area to be opened for drilling holds 1.26 billion barrels of crude oil and 5.83 trillion cubic feet of natural gas and would "reduce our reliance on foreign oil and gas."

The Senate measure would direct 37.5% of annual production royalties to the Katrina-battered states of Louisiana, Mississippi, Texas and Alabama to fund coastal restoration. The states now get 2%.

The House approved a more expansive bill in June on a 232-187 vote. It would lift a federal ban on offshore exploration along most of the Atlantic and Pacific coasts. Drilling would be allowed beyond 100 miles from shore and between 50 to 100 miles if state legislatures approve. States would have to grant an exemption for drilling within 50 miles of land.

Democrats, led by Senate Minority Leader Harry Reid of Nevada, have vowed to block anything except the Senate bill.

It resulted from lengthy negotiations with Florida senators who have opposed past proposals amid fears drilling would endanger tourist beaches.

Industry groups support the House bill. "The opportunity to do meaningful energy legislation does not come around very often," says Bob Slaughter of the National Petrochemical & Refiners Association.

Congress To Begin Exploration Of BP's Alaska Oil Problems (WSJ)

By Chip Cummins

The Wall Street Journal, September 7, 2006

Already under siege by American environmental regulators and financial-market investigators, BP PLC faces a new inquisitor today: Congress.

In the first of as many as two Capitol Hill appearances in coming days, U.S. operations chief Bob Malone and other BP officials face a public grilling from politicians just ahead of U.S. midterm elections. The House Energy and Commerce Committee will hear testimony from experts and BP officials on corrosion problems at BP's Alaska oil field. The London company partially shuttered the field last month after discovering corroded pipes.

The hearing comes amid a series of embarrassing regulatory, criminal and civil probes at BP. Those include an investigation into safety problems at the company's U.S. refineries and probes into whether BP traders manipulated energy markets.

While much new evidence isn't expected this week, the intensified scrutiny risks a further public-relations backlash from consumers and politicians against BP and its chief executive, John Browne. BP's profits and stock price have risen over the past two years along with higher prices for oil, natural gas and petroleum-based fuels like gasoline. At a time of widespread anger at today's gasoline prices, "BP becomes a very convenient whipping boy" for the entire oil industry, said James Post, a management professor at Boston University.

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The swirl of controversy marks a major setback for Lord Browne, who crafted for BP an image based on environmental and corporate responsibility. While many environmentalists and activist investors have been satisfied that BP matched actions with words, BP is now at risk of losing that goodwill after more than a year of safety, environmental and compliance problems in the U.S.

"I think some of the sort of emotional capital that [BP] has built up will be called in" amid the public scrutiny, said John Elkington, founder of SustainAbility Ltd., a corporate-responsibility consulting firm in London.

Lord Browne isn't expected to testify in hearings scheduled for today or at a Senate hearing on Prudhoe Bay scheduled next week before the Senate Energy and Natural Resources Committee. Instead, Mr. Malone, a native Texan and newly appointed chief executive of BP's American operations, will be the senior executive answering questions from lawmakers.

In March 2005, an explosion at BP's refinery in Texas City, Texas, killed 15 workers. The company was fined heavily for safety shortcomings stemming from the accident. Regulators are still poring over details of the accident, including whether senior BP executives bear more responsibility for safety shortcomings than the company has so far acknowledged.

Meanwhile, the Commodity Futures Trading Commission and Justice Department allege that the company manipulated the U.S. propane market in early 2004, a charge the company denies. Investigators are also probing the company's crude-oil and gasoline-market trading activities. BP has said it is cooperating with investigators but declined to comment further.

Ford Will Pay Fine Of $125,000, Papers Show (SLPD)

St. Louis Post-Dispatch, September 7, 2006

Ford Motor Co. will pay a $125,000 fine over allegations that the company violated the Clean Air Act because equipment at the Hazelwood plant was leaking ozone-depleting chemicals, federal court documents obtained Wednesday show.

The Justice Department filed a civil suit against Ford last week, alleging that machinery at the plant leaked the chemicals for six months in 2002 and 2003.

The suit also said Ford failed to perform leak tests on an air dryer that contained the chemicals, failed to successfully repair leaks, failed to notify the U.S. Environmental Protection Agency that the air dryer had failed follow-up tests and failed to properly maintain records on the leak.

Under a consent decree, signed last week, Ford has to pay a civil penalty of $125,000 within 30 days, must mothball two cooling appliances and retire the air dryer equipment. The company did not admit any wrongdoing.

Clean Up The Killer Ports (LAT)

The Los Angeles Times, September 7, 2006

AMONG THE MANY BILLS passed by the Legislature in the frantic final days of August was one little-heralded measure that could go a long way toward curbing two of Southern California's worst ills: traffic and smog. For it to become law, Gov. Arnold Schwarzenegger's environmental consciousness will have to triumph over his impulse to placate business interests.

SB 927 by state Sen. Alan Lowenthal (D-Long Beach) would impose a fee of $30 per 20-foot container on all cargo ships passing through the ports of Los Angeles and Long Beach. It is projected to generate $500 million a year, which would be earmarked for improving port security, cleaning up port pollution and building port infrastructure.

Port issues seldom generate much excitement among voters, but they should. The ports are the single largest generator of air pollution in Southern California, which kills an estimated 2,400 people prematurely per year. They're also a major source of traffic.

Shippers and retailers, who would be stuck with the tab under Lowenthal's plan, contend that the legislation would encourage shippers to send their goods elsewhere, that it would constitute a tax (which would require two-thirds approval in the Legislature), that it would violate the commerce clause of the U.S. Constitution and that it would hurt consumers by raising prices on many products.

These claims are exaggerated or wrong on all counts. A study commissioned by two environmental groups found that the proposed fee would increase total voyage costs to local ports by 1.5% to 2.5%. But sending goods through the Panama Canal to ports on the East Coast or in the Gulf of Mexico would add far more expense, and the only major West Coast alternatives — Oakland, Seattle and Portland — can handle just a fraction of the local ports' traffic. The bill clearly creates a user fee, not a tax,

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and the commerce clause does not prevent states from imposing such fees. And if the bill would add a few cents to the price of some consumer products, it would be worth it.

Under the bill, the ports would use a third of the proceeds to pay for better security, and the state Air Resources Board and Transportation Commission would control the rest. There are plenty of projects to go around. The Los Angeles County Economic Development Corp., a nonprofit business organization, has identified $4 billion worth of needed infrastructure projects, and a plan by the ports to cut air pollution would require billions more. Much of the money is likely to come from taxpayers; voters will be asked in November to approve $3.2 billion worth of bonds to cover port infrastructure and air quality. It's only fair that the shipping industry contribute as well.

Schwarzenegger has not said whether he will sign SB 927. Few other bills will test his commitment to the environment more. If he's truly interested in burnishing his environmental credentials before the November election, he'll sign this bill into law.

Indian Agency, Justice Department Could Appeal WyCo Casino Ruling (KCBIZ)

Kansas City Business Journal, September 7, 2006

The National Indian Gaming Commission and the U.S. Department of Justice on Tuesday filed notice to appeal a federal judge's opinion that an Indian tribe could open a casino in Kansas City, Kan.

Eric Melgren, U.S. attorney for the District of Kansas, and Jackie Rapstine, assistant U.S. attorney, filed the notice to appeal to the U.S. Court of Appeals for the 10th Circuit in Denver.

Andrew Ames, a Justice Department spokesman, declined to speak directly about the case. He said that filing the notice doesn't necessarily mean the government will appeal but serves as a "place holder" if it elects to do so. The notice could be withdrawn later, Ames said.

In March 2004, the National Indian Gaming Commission ruled that the Wyandotte Nation of Oklahoma could not legally operate a casino on property across the street from City Hall in Kansas City, Kan. The agency said in a 24-page letter at the time that the casino site, which sits on a parcel of land called the Shriner Tract, failed to meet the definition of tribal land for the purpose of gaming under the Indian Gaming Regulatory Act.

U.S. District Judge Julie Robinson overturned that decision in July.

Wyandotte Tribe Plans To Appeal KCK Casino Ruling (KCS)

By Rick Alm

The Kansas City Star, September 7, 2006

The Justice Department said Tuesday that it would appeal a federal judge's ruling that appeared to permit a tribal casino to resume operating in downtown Kansas City, Kan.

In July, U.S. District Judge Julie Robinson overturned a 2004 decision by the National Indian Gaming Commission that disqualified the land for tribal gambling.

While upholding several underlying elements of the commission's decision, Robinson overturned its ultimate conclusion, ruling that the purchase of the half-acre tract in 1996 by the Oklahoma-based Wyandotte Nation amounted to settlement against the United States of a land claim whose roots reached back to 1842.

City and state officials have challenged the land's tribal reservation status since it was granted by the federal agency.

When the National Indian Gaming Commission in 2004 voided that reservation status, Kansas Attorney General Phill Kline raided the casino and shut it down, seizing 152 slot machines and about $500,000 in cash.

The casino never reopened.

Late last year the tribe dismantled and hauled away the vacant and vandalized mobile building units that had been fashioned into the 7th Street Casino.

Kline and others, including other tribes with Kansas casinos, have appeals pending in several earlier rulings, including Robinson's decision in a related case that the federal government's land-trust action was correct.

Kline did not appeal to the U.S. Supreme Court a decision in May by the 10th U.S. Circuit Court of Appeals in Denver that upheld Robinson's ruling that his 2004 raid was unlawful.

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FBI/DEA/ATF/USMS:

DEA Revises Rule On Prescribing Painkillers (WP)

By Marc Kaufman

The Washington Post, September 7, 2006

The Drug Enforcement Administration yesterday overturned a two-year-old policy that many pain specialists said was limiting their ability to properly treat chronically ill patients in need of powerful, morphine-based painkillers.

While defending its efforts to aggressively investigate doctors who officials conclude are writing painkiller prescriptions for no "legitimate medical purpose," the agency agreed with the protesting experts that it had gone too far in limiting how doctors prescribe the widely used medications.

The unusual turnaround was welcomed by relieved doctors, who said it will help restore "balance" in government policy between the needs of pain patients and the effort to control prescription drug abuse and diversion.

Specifically, the DEA proposed a formal rule that would allow doctors with patients who need a constant supply of morphine-based painkillers to write multiple prescriptions in a single office visit. Under the new rule, a doctor can write three 30-day prescriptions at a time -- two of them future-dated -- to be filled a month apart.

Two years ago, the agency clamped down on the common practice of writing such multi-month prescriptions, which it said were probably illegal and were contributing to the growing abuse of prescription painkillers.

As a result of the DEA's position, many doctors began requiring patients to come in each month for a new prescription -- office visits many doctors considered medically unnecessary but essential to keep them out of trouble with the DEA.

Yesterday, DEA Administrator Karen Tandy said the agency had been wrong in limiting the multiple prescriptions and had made the tough decision to reverse course. She said the DEA received more than 600 comments from doctors, patients and others about its policies on narcotic painkillers, many of them strongly opposed to the agency's position on limiting refills.

"Think about how hard it is for anybody to go out publicly and say, 'We think this is probably prohibited by law,' " she said, referring to the earlier decision to prohibit multiple refills. "And then you listen to people and then you say, 'You know what? You're right,' and we're going to propose a rule that interprets this correctly. And that's what we've done."

When the DEA issued its restrictive 2004 drug refill guidelines, many pain specialists saw it as a sign that relations between their profession and the agency had deteriorated badly. They also complained that DEA arrests and prosecutions of doctors treating pain were creating a "chill" on medical practice and denying patients drugs they needed.

Agency officials had earlier worked for two years with pain and hospice experts on a "frequently asked questions" guideline to advise doctors on how to prescribe controlled drugs in a way that would not get them into trouble with law enforcement. The agency briefly posted the guidelines on its Web site in 2004 but then pulled them down and disavowed them.

One of the doctors involved with writing the guidelines -- who became a critic of the DEA when they were abruptly discarded -- called Tandy's actions yesterday "a very positive step forward in restoring that necessary cooperation between practicing physicians and the DEA."

Howard Heit, a Fairfax County pain and addiction specialist, also said the new policy will help patients get better care by allowing doctors more flexibility in prescribing controlled drugs.

But Siobhan Reynolds, who created the Pain Relief Network several years ago to help defend pain doctors who she said were being unfairly arrested and prosecuted, disagreed and said the new DEA policy has changed little.

"Ms. Tandy states here, as she has on many occasions, that doctors need not fear criminal prosecution as long as they practice medicine in conformity with what these drug cops think is 'appropriate,' " Reynolds said. "If that isn't a threat, it will certainly pass for one within the thoroughly intimidated medical community."

The use of prescription narcotics rose sharply over the past decade as knowledge grew on how to control intractable pain and specialists found what they considered better ways to help patients. That growing use, however, has led to abuse as well, and to scores of deaths and injuries associated with prescription narcotics.

In addition to publishing its new policy statement and rulemaking yesterday, the DEA began posting extensive information on its Web site about doctors who have been arrested and prosecuted for their prescribing practices. Tandy said that she hopes doctors will review the cases so they will see that only "egregious" offenders are being prosecuted.

DEA To Change Rules On Addictive Prescriptions (USAT)

By Donna Leinwand

USA Today, September 7, 2006

Patients who use powerful narcotic painkillers such as OxyContin or hyperactivity drugs such as Ritalin will be able to get up to a 90-day supply of the drugs, rather then just a one-month supply, under a rule proposed Wednesday by the Drug Enforcement Administration.

The DEA also issued a statement aimed at assuring doctors that the agency doesn't intend to use the Controlled Substances Act — which governs the distribution of highly addictive medicines — to interfere in legitimate treatments of patients with persistent pain. The 90-day rule is scheduled to take effect after a two-month period in which citizens may submit comments on it.

The changes come at a time when government efforts to halt the abuse of prescription drugs have fueled concerns that doctors who prescribed large doses of the drugs to treat acute pain would face DEA investigations.

The new policy statement does not include a specific list of do's and don'ts, but DEA Administrator Karen Tandy says doctors should be able to glean from the listing of prosecutions on the agency's website what it takes to violate the law.

Out of more than 1 million doctors who are registered with the DEA to prescribe such narcotics, the agency prosecuted 67 last year for prescription abuse. Tandy says the DEA has targeted doctors who strayed far outside accepted medical practice, including some who prescribed medically unnecessary drugs for cash or sex, some who demanded kickbacks and some who invented patients or fed their own addictions.

The DEA investigates doctors “who knowingly and egregiously put drugs into the hands of traffickers and abusers,” Tandy says. “This isn't just questionable behavior. There is no gray area here.”

OxyContin and other powerful narcotics are Schedule II narcotics, the most regulated category of prescription drugs because they are highly addictive and prone to abuse. Prescriptions of the drugs cannot be refilled without an office visit and physical examination by a doctor. States may also place additional restrictions on prescriptions.

For years, doctors who treated people with chronic conditions have worked around the one-month limit on prescriptions by writing one prescription for a three-month supply, and instructing pharmacists to dispense only 30 days' worth at a time.

Two years ago, the DEA, working with a committee of doctors, issued guidelines that acknowledged the practice and gave advice about prescribing the drugs within the law. Several months later, the DEA abruptly withdrew the guidelines, saying it had gone beyond its legal authority. It replaced them with a statement that reversed a policy that allowed multiple prescriptions to be written on the same day.

“It was quite threatening in tone,” says Russell Portenoy. Chairman of the Department of Pain Medicine and Palliative Care at Beth Israel Medical Center in New York City, he helped write the 2004 guidelines. “There was a tremendous chilling between the DEA and the medical community.”

Since then, pain doctors say the legal questions over Schedule II drugs have made physicians more cautious about prescribing them and may have hindered effort to treat patients' pain.

Portenoy and other doctors welcome the DEA's move in favor of 90-day prescriptions. “This is a step forward,” says Frederick Burgess, president of the American Academy of Pain Medicine and an anesthesiologist at Rhode Island Hospital in Providence. “Doctors who are practicing in good faith have very little to worry about.”

The use of narcotic pain relievers has increased dramatically in the past decade. OxyContin, an opioid introduced in the mid-1990s, rapidly became a favorite among patients with severe pain — and among drug abusers.

About 6 million Americans abuse prescription drugs, according to the 2004 National Survey of Drug Use and Health. The survey also found that one in 10 high school seniors said they had used Vicodin, a Schedule III narcotic, for non-medical purposes. Schedule III drugs have a lower risk of abuse than Schedule II drugs. The 2005 survey will be released today.

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Tandy says she doesn't want to tell doctors how to treat patients. “The DEA does not belong in the practice of medicine. We want doctors to be able to prescribe drugs when people are in pain. We're trying to give them a comfort level.”

Feds May Ease Limit On Painkillers DEA Rule Would Allow Doctors To Issue 90-day Supply Of Painkillers (AP)

By Hope Yen

AP, September 6, 2006

(AP) People taking Oxycontin, codeine and other powerful painkillers for chronic pain could get a 90-day supply, under a proposal Wednesday that would let patients avoid repeated doctor visits to get more than 30-day prescriptions.

Unless a patient makes another office visit, doctors now cannot refill the schedule II controlled substances because they can be abused by addicts. Current law is silent on the question of multiple prescriptions for a drug that are issued by a doctor in a single office visit.

The new proposal, subject to 60 days of public comment, makes clear that doctors could prescribe up to a 90-day supply without fear of prosecution. Doctors have complained that strict regulation by the Drug Enforcement Administration forced them to limit prescriptions to a 30-day supply and leave patients untreated.

"Today's policy statement reaffirms that DEA wants doctors to treat pain as is appropriate under accepted medical community standards," the agency's chief, Karen Tandy, said at a news briefing. "Physicians acting in accordance with accepted medical practice should be confident that they will not be criminally charged," Tandy said.

A broader debate in recent years has questioned the proper role of federal law enforcement in monitoring doctors' prescription decisions. The Supreme Court this year ruled against a Justice Department attempt to use the Controlled Substances Act to punish Oregon doctors who helped patients commit suicide.

The number of physicians charged under that law has risen from 38 in 2003 to 67 in 2005. Meanwhile, about 6 million people _ including one in 10 high school seniors _ currently abuse controlled substance prescription drugs, according to the DEA.

At the briefing, Tandy sought to ease distrust of the DEA among doctors, noting that the agency had listened to their concerns in easing prescription rules.

In many cases, doctors had already been issuing multiple prescriptions since the law was silent on the matter. The rule change would give them ease of mind that they won't be prosecuted for doing so.

In addition, the DEA's Web site will offer a new page that will spell out the number of prosecutions each year and the circumstances in which they were charged to avoid an undue chilling effect.

"We believe that the statement and proposed rule will help the medical professional ensure that only patients who need medication for pain relief get it," Tandy said.

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On the Net:

Drug Enforcement Administration: http://www.dea.gov/

Prosecutors' Demands In BALCO Case Soar (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, September 7, 2006

Feds now want confidential sources for hundreds of Chronicle articles

(09-06) 16:09 PDT SAN FRANCISCO -- Federal prosecutors, who have sought Chronicle reporters' sources of secret grand jury testimony about steroid use by athletes, dramatically expanded their demands last month to include the confidential sources for hundreds of articles about the BALCO drug investigation, lawyers for the newspaper said today.

"The government's fishing expedition cannot be countenanced," attorneys for the Hearst Corp., which owns The Chronicle, declared in papers filed with a federal judge.

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They sought to dismiss a Justice Department subpoena seeking documents that would identify sources for the articles, or to obtain an order that would prohibit the government from inquiring into The Chronicle's sources for its reporting about the case.

Thom Mrozek, spokesman for the U.S. Attorney's office in Los Angeles, declined comment, saying prosecutors would reply in writing at a later date.

The case arose from a federal grand jury investigation of the Bay Area Laboratory Co-Operative, or BALCO, and its supplying of performance-enhancing drugs to professional athletes.

After BALCO's founder and others were indicted on drug charges in 2004, The Chronicle published articles quoting grand jury testimony by Barry Bonds of the Giants, Jason Giambi of the Yankees, sprinter Tim Montgomery and other athletes about their use of substances supplied by the lab.

This May the newspaper and reporters Mark Fainaru-Wada and Lance Williams received subpoenas from a new grand jury demanding their sources of the BALCO grand jury testimony and any documents that would reveal the sources.

U.S. District Judge Jeffrey White ruled Aug. 15 that the reporters must identify their sources, saying neither the Constitution nor federal law allows journalists to withhold information from a grand jury. Prosecutors agreed Tuesday to delay imprisonment of the reporters for contempt of court until the Ninth U.S. Circuit Court of Appeals rules on their appeal of White's decision.

In today's filing, Hearst lawyers said prosecutors changed the scope of their inquiry Aug. 3, in a conversation with attorneys for the newspaper. Until then, they said, prosecutors had sought only documents that would identify the leaker of the transcripts, and were repeatedly told by The Chronicle that it had no such documents.

But on Aug. 3, prosecutors said the subpoena required the newspaper to produce "any documents (broadly defined) that reflected any information about any grand jury testimony in the BALCO investigation," attorney David Shapiro said in a court declaration.

By its new interpretation, the government is now seeking documents, such as e-mails, that would identify confidential sources for all BALCO-related articles, even those who had nothing to do with grand jury transcripts, Hearst lawyers said. They said The Chronicle has published about 450 such articles, including 150 by Fainaru-Wada and Williams.

"The information now sought has only a remote and tenuous connection to the government's investigation" of the leaks, and would have a "wide and unprecedented impact ... on Chronicle reporters' confidential source relationships," the lawyers said.

Attorneys for the two reporters filed a separate motion today asking White to clarify that his Aug. 15 order referred only to testimony about sources of the grand jury transcripts.

E-mail Bob Egelko at begelko@sfchronicle.com.

BALCO Creates Inquiry Road Map (USAT)

By Vicki Michaelis, Usa Today

USA Today, September 7, 2006

The effect of the BALCO doping scandal on the sporting public was to paint every eye-popping performance in shades of gray. But as this summer of even more doping dissonance has shown, the effect of the Bay Area Laboratory Co-Operative on anti-doping is such that its legacy ultimately could lie not in the ills it unearthed but in the road map it provided.

Through the raids and revelations of recent months, including Marion Jones' initial positive test for EPO and the suspension of Tour de France cycling favorites based not on positive drug tests but other evidence, BALCO's fingerprints were everywhere.

TIMELINE: Doping issues in 2006

And while the anti-doping net made its biggest splash this summer by catching U.S. stars — Tour champion Floyd Landis and world champion sprinter Justin Gatlin — those grandiose gotchas are helping to lift the black marks BALCO left on the U.S. image globally by spotlighting the increased sophistication and effectiveness of U.S. anti-doping officials.

At a time when the U.S. Olympic Committee is contemplating a bid for the 2016 Summer Games, that offers some comfort.

"The amount of activity has concerned all of us, but we do feel positive about and take solace in the fact that we believe the system is getting better," USOC chief executive officer Jim Scherr says.

Marked improvement from an anti-doping system rife with conflicts of interest began with the formation of the independent World Anti-Doping Agency (WADA) in 1999 and its U.S. counterpart, the U.S. Anti-Doping Agency (USADA), a year later.

But, especially in the USA, anti-doping officials gained the acceleration they needed to catch up with even the best of the best after a 2003 federal raid of BALCO in Burlingame, Calif. A grand jury investigation uncovered a widespread doping scandal involving track and field athletes as well as Major League Baseball players.

BALCO gave anti-doping officials inside information on what athletes were using, when they were using it and how they were ingesting it. It highlighted the importance of government involvement in building anti-doping cases. It set a precedent for using evidence other than positive drug tests to bring forth doping charges.

Perhaps most important, it trumpeted and validated the technological and prosecutorial capabilities of anti-doping officials, encouraging athletes, coaches and other insiders to contact them with valuable tips.

USADA chief executive officer Terry Madden says his agency is receiving two to three times the tips it did before BALCO. WADA chairman Dick Pound says he also is getting three times the information.

"What I've always maintained is any good war, whether a war on drugs or any other war, needs a combination of good intelligence and good technology," says performance-enhancing drug expert Gary Wadler, an assistant professor at New York University's school of medicine.

BALCO facilitates investigations

BALCO opened the door to intelligence and made the technology more effective.

Through plea deals and interviews, many with government agents, athletes in the BALCO case revealed details about their doping regimens that have allowed anti-doping officials to target their testing.

"We have become more efficient and intelligent in the way we test," Madden says.

For example, U.S. sprinter Kelli White, who received a BALCO-related suspension, admitted in 2004 that she used EPO, a substance drug testers had been checking for only in middle- and long-distance athletes because it is primarily used to boost endurance.

Jones' "A" sample tested positive for EPO in June at the U.S. track and field championships, where she won the 100 meters. On Wednesday, she received word that her "B" sample, which was tested last week, came back negative, thus clearing her.

Government involvement

The first widely publicized step in anti-doping by a government came in 1998, when French customs officers seized banned substances, including EPO, from a medical official working for a Tour de France team. The scandal helped galvanize support for the formation of WADA.

In the BALCO case, government agencies from the IRS, which conducted the initial raid, to the U.S. attorney's office were involved, seizing evidence, compelling testimony and gaining access to documents that anti-doping officials could not have gotten on their own.

When Sen. John McCain, R-Ariz., head of the Commerce Committee, subpoenaed BALCO documents from the Justice Department and forwarded them to USADA so it could resolve cases before the 2004 Athens Olympics, "that was the whole ballgame" in terms of convicting some athletes, Madden says.

Governments worldwide "have come to realize that they actually have to do something now or they're going to be exposed as guilty of just showboating," Pound says.

This summer, authorities in China and Germany, as well as in Spain — where the investigation into a doctor with ties to Tour de France competitors and other athletes is ongoing — have been involved in anti-doping activities.

U.S. government involvement also has increased, most publicly with President Bush's remarks against steroid use during his 2004 State of the Union address. Around that same time, Scott Burns, deputy director for the White House Office of National Drug Control Policy, became the U.S. representative to WADA, a role served by sports ministers worldwide.

"It became immediately clear to me that the world looked at the United States as one of the worst (doping) offenders," Burns says. Developments such as those this summer "helps our image." He adds, "I have seen literally a 180-degree turn in the last two or three years with respect to our reputation."

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Non-analytical evidence

While the cases of Landis, Gatlin and Jones are based on positive drug tests, BALCO was a guide for the use of other types of evidence, such as doping logs and testimony.

"That area of the field of anti-doping will be expanding, we believe, at a rapid rate, so that you're going to see more and more BALCO-type cases brought along with increased testing cases," Madden says.

Five of the track and field athletes involved in BALCO were sanctioned not on the basis of positive tests but on other evidence gathered against them. That precedent could be used to convict athletes implicated in the Spanish investigation.

Graham at the beginning

BALCO began when Trevor Graham, who has coached many high-profile U.S. track athletes, including Gatlin and Jones, sent a syringe containing tetrahydrogestrinone (THG), an anabolic steroid, to USADA. Graham identified BALCO as the source.

USADA sent the syringe to UCLA's anti-doping lab. Scientists there developed a test for THG, which was performed at subsequent competitions. Four of the track athletes sanctioned in the BALCO case tested positive for THG. "It's been demonstrated very publicly by us receiving the syringe and following up on that responsibly, there's now an entity out there that you can bring these types of information to," says Travis Tygart, USADA senior managing director and general counsel.

WADA's effectiveness at adjudicating cases also has helped its credibility.

"A lot more people are prepared to talk with us and want to be identified with it," Pound says. "They say, 'Listen, you should look here or look for that or do some testing here,' that kind of stuff."

Such progress helps put this summer's string of positives in a positive light for sports officials.

"Events of recent weeks are extremely disappointing in many respects, but we should not be totally discouraged by them," International Olympic Committee President Jacques Rogge said in a statement given to USA TODAY.

At the least, anti-doping officials are encouraged, though they know even with a road map they have an arduous journey.

"We've made significant progress," Madden says.

"We have more work to do, but we like the position we're in right now."

DOPING TIMELINE

Crackdowns worldwide on performance-enhancing drugs this summer have ensnared top athletes and intimated widespread abuses, pushing doping time and again to the top of the sports pages. A chronological look:

May 23: Police officers raid a laboratory in Madrid, Spain, seizing frozen blood, steroids and other performance-enhancing substances and equipment, as well as lists naming more than 100 athletes. They arrest five people, including officials linked to pro cycling teams.

June 30: Tour de France team officials withdraw pre-race favorites Jan Ullrich and Ivan Basso and seven other cyclists implicated in the Spanish doping scandal.

July 27: The Phonak cycling team announces that its rider, Tour de France champion Floyd Landis, tested positive for testosterone in an "A" sample test taken after his remarkable Stage 17 comeback.

July 29: World champion sprinter Justin Gatlin reveals in a statement that he tested positive for testosterone at an April meet in Kansas. He denies knowingly taking any banned substances.

Aug. 5: A test on Landis' "B" sample confirms the positive finding. He is fired by Phonak, and the Tour de France director says Landis is no longer considered the champion. Landis is appealing the case.

Aug. 8: Chinese anti-doping and sports officials find hundreds of doses of the endurance-boosting substance erythropoietin (EPO), testosterone and steroids during a surprise visit to a sport school's training camp. They also catch school staff injecting teenaged student-athletes with banned substances.

Aug. 17: German federal agents and prosecutors raid the office and residence of a German doctor suspected of supplying performance-enhancing drugs to the doctor at the center of the Spanish doping scandal.

Aug. 18: Media reports, the first on The Washington Post website, reveal that five-time Olympic medalist Marion Jones tested positive on an "A" sample test for EPO at the U.S. track and field championships in June.

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Aug. 22: Gatlin agrees not to contest the laboratory results that showed he tested positive for testosterone. The U.S. Anti-Doping Agency strips him of the 100-meter world record he co-held and bans him for eight years. He plans to appeal the length of the suspension.

Aug. 24: A Chicago Tribune online report reveals that U.S. sprinter LaTasha Jenkins, a former NCAA 200-meter champion, tested positive in an "A" sample for the steroid nandrolone at an international meet in July.

Aug. 27: An article in the Charlotte Observer claims that six former Carolina Panthers, including three of the five starting offensive linemen from the 2004 Super Bowl team, received numerous prescriptions for steroids and other banned substances, based on court documents in a federal case against a South Carolina doctor.

Sept. 6: Marion Jones' backup "B" sample tests negative, according to her attorneys, and clears her of doping allegations that she used the banned endurance enhancer EPO.

Contributing: Wire reports

Marion Jones Cleared: 'B' Sample Comes Back Negative (LAT)

By Helene Elliott, Times Staff Writer

The Los Angeles Times, September 7, 2006

Marion Jones was absolved of a potential doping violation Wednesday when tests found no evidence of the prohibited blood-boosting drug erythropoietin in a urine sample she had submitted June 23 at the U.S. championships, contradicting an initial positive result that was made public last month.

A conclusive positive result cannot be declared unless both the "A" and "B" samples test positive for a banned substance, or if an athlete's "A" sample tests positive and the athlete forgoes a test of the "B" sample. Samples are taken at the same time and divided for testing purposes.

Jones withdrew from a meet in Zurich, Switzerland, on Aug. 18 after learning that her "A" sample from June 23 had shown traces of EPO. She has not competed since then. "Marion wants to run as soon as possible," Rich Nichols, one of her attorneys, said Wednesday.

Jones was enjoying an impressive season and appeared to have regained the form she displayed before the birth of her son in June, 2003. She had finished first or second in the 100-meter dash in all seven meets in which she participated, including winning the 100 at the U.S. championships at Indianapolis.

Her season-best time of 10.91 seconds at the Golden Gala in Rome on July 14 was her best since her undefeated 2002 season, when she was timed in 10.90. It's also the third-fastest time in the world this season.

When the positive result of her "A" sample from Indianapolis became known, Jones said she was "shocked" and requested an expedited processing of her "B" sample. That was carried out last week at the UCLA Olympic Analytical Laboratory, and the results were forwarded to her attorneys on Wednesday.

"I am absolutely ecstatic," she said in a statement. "I have always maintained that I have never ever taken performance-enhancing drugs, and I am pleased that a scientific process has now demonstrated that fact."

Another of her attorneys, Los Angeles-based Howard Jacobs, praised the execution of the "scientific part of the testing protocols," but lamented the leak of the result of the "A" sample.

"Marion was wrongfully accused of a doping violation and her reputation was unfairly questioned," Jacobs said. "The 'B' sample did not confirm the 'A' positive result and Marion is now free to compete."

Jones, 30, won three gold medals and two bronze medals at the 2000 Sydney Olympics. Although she had never tested positive for a banned substance before June, she has long been under investigation by the U.S. Anti-Doping Agency, in no small part because of her associations with athletes who have been suspended for using performance-enhancing drugs.

Her ex-husband, shotputter C.J. Hunter, served a two-year ban for using the banned steroid nandrolone, and her former boyfriend, Tim Montgomery -- the father of her son -- is midway through a two-year doping suspension. In addition, Jones was coached for five years by Trevor Graham, who has been accused by Montgomery and Victor Conte, founder of the Bay Area Laboratory Co-Operative, of dispensing banned drugs.

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Nearly a dozen athletes who have worked with Graham have been sanctioned for using performance-enhancing substances, including Athens Olympic sprint champion Justin Gatlin. Organizers of a meet earlier this month in Berlin had shunned Jones and other athletes coached by Graham, eager to avoid the controversy that surrounds him.

Jones' 'B' Sample Comes Back Negative (AP)

By The Associated Press

AP, September 7, 2006

Marion Jones' latest comeback came in a laboratory, where her backup sample turned up clean -- a stunning twist that clears her to compete and could validate a long list of triumphs sullied by years of doping allegations.

The "B" sample taken from one of the world's best-known and most decorated sprinters did not detect the banned endurance enhancer EPO, her attorneys said Wednesday night.

The finding means her initial positive result is thrown out, clearing her of the most recent -- and most damaging -- allegations against Jones and paving the way for her return to the track.

"I am absolutely ecstatic," Jones said in a statement released by her lawyers. "I have always maintained that I have never ever taken performance enhancing drugs, and I am pleased that a scientific process has now demonstrated that fact."

Long a target of governing bodies in track and the Olympic movement, Jones always vehemently denied ever taking performance-enhancing drugs. But she tested positive for EPO on June 23, after winning the 100 meters at U.S. nationals for her first sprint title since 2002.

She withdrew from the 200 meters the next day and was slated to race at a meet in Switzerland in August, but withdrew unexpectedly. Hours later, reports of her positive "A" test for EPO were revealed.

She faced a minimum two-year ban, pending the result of the backup, or `B,' test, conducted at the same UCLA lab using the same sample. Instead, the 30-year-old sprinter is clear to run again.

"I am anxious to get back on the track," Jones said.

The statement, released by attorney Rich Nichols, said Jones was informed of the negative test by the U.S. Anti-Doping Agency. USADA does not comment on active cases and never acknowledged Jones' positive `A' test.

USADA general counsel Travis Tygart did not immediately return messages left late Wednesday by The Associated Press. U.S. Olympic Committee spokesman Darryl Seibel said the federation had no comment.

Questions have long been raised about the reliability of EPO testing, and this negative `B' test will spark further debate.

"I believe there are issues with that test," said Howard Jacobs, another Jones attorney who has defended several athletes on doping charges. "It's a difficult test. From what I saw on the `A' sample, it was questionable as to whether it should've been called a positive. I can't say I was shocked that the `B' came back negative based on what the `A' looked like."

As he has in the doping case involving Tour de France winner Floyd Landis, Jacobs derided the leaking of positive tests. Doping cases aren't supposed to be made public until they are resolved, but most are reported once a positive `A' test is confirmed.

"This is perfect illustration of why this new trend of leaking A-positives is a horrible thing," Jacobs said. "This whole thing should have happened anonymously. Marion should've been able to keep competing and no one should have known about it."

EPO is also known as Erythropoietin, a banned performance-enhancer that can boost endurance.

Jones, who has five world championships to go with her Olympic medals, dominated track and field in the late 1990s. At the Sydney Games, she became the first woman to win five Olympic medals -- taking gold in the 100 meters, 200 meters, 1,600-meter relay and bronze in the long jump and 400-meter relay.

Since then, her reputation has suffered. She is one of several athletes who has testified to the federal grand jury investigating BALCO in 2003. Her ex-husband, C.J. Hunter, and Bay Area Laboratory Co-operative founder Victor Conte have accused her of using banned substances, allegations she has denied.

Her former coach, Trevor Graham, has been linked to several athletes in trouble for doping, including Justin Gatlin, who recently tested positive for testosterone or other steroids and faces a possible eight-year ban. Last December, the father of Jones'

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son, sprinter Tim Montgomery, retired after he was banned for two years for doping violations -- the result of information gathered in the BALCO probe.

Earlier this year, the International Olympic Committee said it would continue to investigate Jones' performance in Sydney to determine whether she was doping then.

Jacobs said the turnaround in Jones' case places a burden on sports federations and those who administer the tests to make sure they're doing a good job and following protocol on releasing results.

"They need to look at their procedures," Jacobs said. "Not USADA so much as the sports federations" who leak the positive tests.

"They always talk about holding athletes to the highest standards," he said. "They need to follow their own rules. This kind of calls them on the carpet."

Jones Is Cleared Of Drug Violation (WP)

By Amy Shipley, Washington Post Staff Writer

The Washington Post, September 7, 2006

Former Olympian's 'B' Sample Is Negative

Marion Jones learned yesterday she will not face anti-doping charges because testing on the second half of her urine sample did not confirm the positive result on the first, according to her attorneys.

Jones had tested positive for the endurance-boosting drug erythropoietin (EPO) at the U.S. track and field championships in June, but the result was not considered an official positive because the testing on the sample had not been completed.

Her attorney, Howard Jacobs, said he received a fax yesterday afternoon from the U.S. Anti-Doping Agency saying Jones's B sample did not confirm the A, indicating there was no case against her.

"I am absolutely ecstatic," Jones, a five-time Olympic medal winner, said in a statement. "I have always maintained that I have never ever taken performance enhancing drugs, and I am pleased that a scientific process has now demonstrated that fact. I am anxious to get back on the track."

Jones's case represents at least the second time a high-profile athlete tested positive for EPO but never faced doping charges. Kenyan distance runner Bernard Lagat produced a positive A sample for EPO at the 2005 world championships in Paris, but his name was cleared when the B did not support the A.

Anti-doping officials do not officially release A sample results because of the possibility the B won't support the A, but Jones's results were leaked. The Chicago Tribune first reported the B sample result on its Web site.

Jones had said she was "shocked" at the positive result on the A sample, but had issued no other public comments until yesterday. Jacobs said he found even the positive test on the A sample suspect, saying it was "right on the threshold" of a positive result based on the old criteria for a positive that were relaxed just over a year ago. Jacobs speculated that the criteria were loosened because testers felt too many athletes were getting away with using EPO.

"There have been a lot of people saying the test has been flawed for a while," Jacobs said. "I've been one of those people."

Testing for EPO requires three full days of lab work and is considered extremely complex and challenging. Last fall, after the EPO positive of triathlete Rutger Beke of Belgium was overturned on appeal, the World Anti-Doping Agency convened a meeting among its laboratory directors to discuss the test, though WADA Chairman Dick Pound insisted at the time the test was sound and reliable.

The EPO test was patented by French scientists and put into use shortly before the 2000 Summer Games in Sydney, and it is supposed to distinguish between naturally produced and artificial EPO. Critics have said that naturally produced EPO or other proteins can sometimes look like artificial EPO, thereby creating false positives. The testing on Jones's initial sample was conducted at the UCLA Analytical Laboratory in Los Angeles under the direction of Don Catlin, one of the most respected scientists in the field.

USADA attorney Travis Tygart did not immediately return a call seeking comment. Catlin also could not be reached.

Jones was having her finest summer in the sport since 2001 when she learned of the positive test on Aug. 18. She pulled out of a scheduled race in Zurich that night and flew home.

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She had won the 100 meter title at the U.S. championships in Indianapolis on June 25, the day she produced a sample that came up positive in initial testing. She later won five major international races, finishing second in two others and three times running times under 11 seconds. At the time she left the international circuit last month, she was the second-ranked 100 runner in the world.

This summer's success was considered a major comeback for Jones, who took the 2002 season off to have a baby and then struggled to regain her form as she became entangled in the steroid scandal surrounding the Bay Area Laboratory Co-Operative (Balco) in 2003.

A disappointing 2004 season ended at the Summer Olympics in Athens, where she finished fifth in the long jump and was involved in a flubbed exchange in the 4x100 relay that cost the U.S. team a medal.

USADA has been investigating Jones for years, but she has stated that she has never used performance-enhancing drugs.

"She never had any explanation for how or why she tested positive in the first place, so this is certainly a great relief to her," Jacobs said. "They've been certainly targeting her for a long time. Whether the fact it was her had anything to do with the fact A [sample] leaked in the first place, I don't know, but it certainly doesn't look good. Somebody needs to look into how this information became public."

Upshaw Is Okay With Steroid Policy (WP)

By Mark Maske, Washington Post Staff Writer

The Washington Post, September 7, 2006

EAST RUTHERFORD, N.J., Sept. 6 -- Gene Upshaw, the executive director of the NFL Players Association, said Wednesday that he sees no immediate need to make significant changes to the sport's steroid-testing program.

"I don't see any reason to change our program at all," Upshaw said. "If you have someone who's cheating, we'll catch him if the science allows it. We test enough. We test for everything we can test for, and we're always adding substances to the banned list when the science allows us to test for them. The only way to improve the drug program is to improve the science of the testing. When that happens, call me."

Upshaw's comments came on the same day that Roger Goodell said during his first news conference as NFL commissioner that he intends to explore possible measures for strengthening the steroid program, perhaps including more frequent testing of players and the addition of substances to the league's list of banned performance-enhancing drugs.

Goodell said he had opened discussions with Upshaw on the subject. But Upshaw, speaking earlier in the day, said he'd been given no indication in his conversations with NFL officials that the league wanted to make any major alterations to the steroid program at this point.

"I've never heard that from them," Upshaw said in a telephone interview.

Goodell, meeting with reporters at Giants Stadium after attending the New York Giants' practice, did not specify what changes to the steroid program he favors, if any. But Goodell, who was elected by the sport's 32 team owners last month to succeed the retiring Paul Tagliabue and took office Friday, said he was talking to Upshaw about a variety of issues related to the program.

"I think he shares my commitment that we're going to do everything possible to have the best possible drug program and to address these issues as quickly as we can using the technology and the science that exists," Goodell said. "Our program right now is an outstanding program. But it can always be improved, and that's how we're going to approach it."

Goodell said he had had one conversation with Upshaw in which the two discussed the frequency of testing and concluded that the number of tests should be increased only if they believed such a step would bolster the effectiveness of the program. Currently, all NFL players are tested for performance-enhancing drugs at least once per year, usually in training camp. Players are subject to random testing during the season and up to six tests each during the offseason. A first positive test results in the offending player being suspended four games without pay. A second positive test brings an eight-game suspension, and a third positive test results in a one-year suspension.

Members of Congress regularly have called the NFL's testing program the best in professional sports but also have said there's room for improvement. Upshaw and Tagliabue usually echoed that theme, acknowledging that the program had one

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unavoidable loophole because no reliable urine test for human growth hormone exists. Upshaw has said he would not favor blood-testing of players for growth hormone.

Goodell said Wednesday he has no indication that the NFL has an extensive problem with the use of growth hormone among its players but he thinks it's important for the league to be diligent in continuing to support research aimed at developing a reliable urine test for it.

League officials, in a story in Wednesday's editions of the New York Times, said that the league might seek modifications to the program as part of its annual review with the players' union of drug-testing policies. Goodell said Wednesday that changes to the program are made almost annually, and Upshaw said, "We do our annual reviews all the time. This would be no different."

Goodell also said Wednesday that he won't dismiss Bryant Gumbel as an announcer on the league-owned NFL Network. Tagliabue had said that Gumbel's status with the network would be up for discussion after the veteran broadcaster recently made highly critical remarks about the league, the owners and Upshaw during an HBO show. Goodell said he'd met with Gumbel last week to express his concerns but had decided against firing Gumbel.

The NFL Network is carrying regular season games for the first time this season and hired Gumbel as its play-by-play announcer for its eight broadcasts beginning on Thanksgiving.

"I think we have a very good understanding and respect for one another and what we expect, and he will be a very good announcer for us," Goodell said.

Goodell said one of the issues he's studying in his early days as commissioner is whether the league should take steps to nullify the competitive advantage that some teams get from crowd noise in their home stadiums. He said he likes having loud, enthusiastic crowds at games but wonders whether the offenses of visiting teams should have to suffer when their players can't hear quarterbacks' signals. Goodell said that he and members of the league's competition committee will study possible remedies, including a suggestion to place radio receivers in the helmets of other offensive players so they can hear the quarterback over the crowd noise.

Goodell indicated the league had completed a five-year extension of its collective bargaining agreement with its referees.

Report: NFL Discussing Changing Drug Policy With Player's Union (AP)

AP, September 6, 2006

NEW YORK (AP) - The NFL is talking with its players' union about beefing up its testing program for performance-enhancing drugs with the changes possibly taking effect this season, according to a newspaper report.

The changes could include more testing and increasing the number of banned substances, according to a report on The New York Times' website on Wednesday. "We are in the process of re-evaluation, trying to determine if more is better, if it's the right time to add substances, to add more tests," Harold Henderson, the league's executive vice president for labour relations, told the paper. "It might make sense to do some tweaking."

The NFL does approximately 10,000 tests for performance-enhancing drugs a year and there are about 2,000 players in the league. Players are randomly selected for testing and can be tested during the off-season.

The NFL announced in June that it added amphetamines to the list of banned performance-enhancers starting this season.

Amphetamines were previously listed as a "substance-abuse drug," but are now in the same category as steroids and other enhancers that carry much stronger penalties. This season will serve as a transition year, where a first positive test would bring a warning and put a player into the drug program.

But in 2007, amphetamines will be tested for on a regular basis. A first positive test will result in a four-game suspension, the same penalty now levied for positive steroids tests.

In addition to the amphetamines change, the penalty for a second positive test for performance-enhancing drugs was increased from six to eight games. A third positive test still carries a one-year suspension.

IMMIGRATION:

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Border Security On Tap For GOP (WT)

By Charles Hurt

The Washington Times, September 7, 2006

House Republicans will make a final push to get border-security legislation on President Bush's desk before November's elections, senior aides told The Washington Times yesterday.

Top Republicans are planning a series of tough new border-security measures that they hope can get through the Senate, which in the past has opposed border-security legislation unless it has included a guest-worker program and grants citizenship rights to the estimated 12 million to 20 million illegal aliens already here.

Senate Majority Leader Bill Frist, Tennessee Republican, said yesterday it would be "next to impossible" to approve such comprehensive immigration reform, but several key senators said they are willing to consider a border-security-only approach.

"If our only options are a half a loaf or no loaf, then I'd be inclined to take half a loaf," said Sen. John Cornyn, the Texas Republican who for years has been a leading advocate of comprehensive immigration reform that secures the borders.

The renewed House effort comes after a monthlong August recess during which time Republicans held a series of "field hearings" to further explore the problem of illegal immigration.

Republicans now worry that many voters will blame them for not doing more because they control the White House and both chambers of Congress.

"Some of our members need something to hang their hat on," said one senior House Republican aide.

House Republicans say they get little credit for having approved a border-security bill 10 months ago and the Republican Congress as a whole gets little credit for the border-security improvements that have passed both chambers.

The latest bill to fund the Iraq war, for instance, contained $1.9 billion for beefed up border patrol. And by year's end, Congress is expected to have approved another $20 billion.

The sticking point for border-security legislation has been a handful of Senate Republicans who sided with most Democrats to oppose any immigration bill that doesn't include a guest-worker program and provisions to grant citizenship to the majority of the illegal alien population.

Some, however, are having second thoughts as the November midterm elections near.

"If all we could get through is border security and work-site enforcement, I could support that," Mr. Cornyn said yesterday.

Sen. Sam Brownback of Kansas has been another stalwart Republican opposed to the border-security-only approach. But yesterday, he said he's "not sure" how he would vote on such a bill now.

"I'd like to see us do something. I'd like to see us do something comprehensive," he said. "But I would look at it."

Even Sen. Mel Martinez, the Florida Republican who wrote the compromise bill that ultimately passed the Senate, has softened to the idea.

"It really would depend on what it looked like," he said yesterday.

Such legislation could also pick up a few Democrats. A handful already have expressed public support for a straight border-security bill. And yesterday, Sen. Mark Pryor, the Arkansas Democrat who has supported comprehensive legislation, said yesterday he would consider a border bill.

Mr. Martinez acknowledged that, without a major immigration bill passing both chambers, Republicans have a problem on their hands heading into November.

"It was a serious risk when we left here in July with this cocky attitude that this would be a better political issue for us if we get nothing done on it," he said. "That was a real mistake."

That vulnerability was clear yesterday with Mr. Frist's "next to impossible" statement about comprehensive reform.

Within hours, Sen. Edward M. Kennedy, the Massachusetts Democrat who has been on the forefront of immigration reform, issued a statement.

"How can Republicans say they are for making America safer when they can't even pass a comprehensive immigration-reform bill to protect our borders?"

Rally May Gauge Future Of Immigration Movement (WP)

By Karin Brulliard And Darryl Fears

The Washington Post, September 7, 2006

Immigration activists plan to mass in front of the Capitol today, renewing their appeal for legislative reform as Congress reconvenes after a recess in which many members experienced a backlash against illegal immigration back home.

The turnout at today's rally may provide a barometer of the vitality of the immigrant rights movement, which sent millions to the streets this spring but has generated less public attention in recent months. Local organizers said they expect hundreds of thousands of demonstrators from the East Coast, but protests this week in Phoenix and Chicago drew disappointing crowds.

Organizers said they have little hope that Congress will act on immigration this election year. But, they said, they see the new round of protests -- and voter registration drives that started slowly this summer -- as part of a still-nascent pro-immigration movement.

"It's obviously really important that we get good numbers but also that the message gets across to Congress," said Jaime Contreras, chairman of the National Capital Immigration Coalition, which is organizing the rally. "I have no doubt that this issue is not going to end this year, and it's going to be an ongoing issue."

Immigrant activists are seeking legal status for all illegal immigrants and a halt to increased raids and deportations.

But Republicans, facing mid-term elections, appear more likely to focus on funding enforcement measures -- such as border patrols and fencing -- through routine spending bills they intend to pass this month.

A month of House Republican hearings in August helped entrench conservative opinion against a Senate-passed immigration bill that would couple stringent border security measures with new pathways to legal work and citizenship for undocumented workers. Compromising with the Senate now could risk alienating the Republicans' core voters, who have soured on the party over government spending and other issues.

Immigration "is a very serious issue with the American people, and the American people feel pretty strongly, as House Republicans do, that we ought to be securing our borders and enforcing our laws," said House Majority Leader John A. Boehner (R-Ohio). "When I traveled the entire month of August, I heard it nonstop. They don't want the [Senate] bill. They don't want amnesty for illegal aliens."

Senate Majority Leader Bill Frist (R-Tenn.) conceded yesterday that a deal on immigration before the election is now "next to impossible."

Several towns and states nationwide also moved this year to clamp down on illegal immigrants, which some observers attributed to a backlash inflamed by the spring protests.

The National Conference of State Legislators counted nearly 550 new pieces of legislation concerning immigrants in state legislatures this year, covering topics such as employment, public benefits, education and law enforcement. Seventy-nine bills have been enacted, mostly after massive pro-immigrant marches in March, April and May. This year's pace of enacted legislation exceeds last year's, the group said.

Twenty panicked immigrant families fled Valley Park, Mo., near St. Louis, in August after the city council approved an ordinance that barred landlords from renting to immigrants under the threat of a fine of $500 per unit, according to the Archdiocese of St. Louis.

Counties in Ohio, Texas and California have authorized sheriff's deputies to turn over illegal immigrants to federal authorities for possible deportation after stopping them for minor traffic violations.

Sheriff's deputies in other counties will receive training from federal immigration authorities on spotting, arresting and deporting illegal immigrants.

"Have the marchers been a spur? Maybe in some places," said Rick Swartz, an immigrant organizer, who founded the National Immigration Forum. "The marchers have given the anti-immigration movement something to complain about, and they are piling on a backlash that began years ago."

Counter-protesters have shown up at other immigrant rallies. Organizers in Phoenix predicted their rally on Monday would attract 10,000 pro-immigrant demonstrators to the state capitol -- about 2,000 showed up.

In Chicago, about 250 marchers trekked west for four days from Chicago to Batavia, Ill., where about 2,000 activists rallied near the district offices of U.S. House Speaker J. Dennis Hastert (R).

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Organizers initially predicted a turnout of 1 million, but they now are projecting a crowd similar to the one at a rally on the National Mall on April 10. A police official estimated that the demonstration drew at least 100,000 people; organizers pegged attendance about 500,000.

"Even in the dog days of summer, there has been an incredible amount of energy," said Ali Noorani, executive director of the Massachusetts Immigrant and Refugee Advocacy Coalition, which is bringing about 10 busloads of demonstrators.

About 200 buses -- half from Eastern states outside the Washington region -- are scheduled to stream into the District for the 4 p.m. rally. Local organizers have contracted fewer buses than for previous protests and have encouraged local demonstrators to take public transportation.

Ricardo Juarez, coordinator of the immigrant advocacy group Mexicans Without Borders, said he feared that many immigrants who skipped work for the spring rallies might be hesitant to leave their jobs early now, when signs do not point to action in Congress.

"There was more energy, more interest," earlier this year, Juarez said.

Area organizers said they are pinning some hope for new energy on non-Latinos, whom they worked harder to attract, both to broaden the base of the movement and to make the efforts more palatable to opponents whose criticism has centered on Hispanics who have sneaked across the border.

Organizers printed fliers in Arabic, Swahili, Korean, Amharic, French and Chinese, among other languages. African and Asian community organizations publicized the demonstration in news conferences with local ethnic media.

In each, they emphasized that the effect of immigration reform would stretch beyond Latinos, by potentially cracking down on the 200,000 estimated illegal Korean immigrants, for example, or by influencing the backlog for relatives' immigration applications.

"If we leave this alone and let the Latino community take the lead on this alone . . . they have a limited power and political power," said Chung Pak, chairman of the League of Korean Americans of Maryland. "Other affected communities must help form a coalition to make sure that whatever comes out would not be detrimental."

On Border, A Daily Game Of Cat And Mouse (USAT)

By William M. Welch

USA Today, September 7, 2006

Agents spend their days and nights chasing illegal immigrants — only to have most released and caught again days later

TECATE, Calif. — In the soft light of dawn, Nick Coates crouches behind dry scrub at the mouth of Canyon 56 and waits.

Four figures make their way toward him in a line down a steep foot trail surrounded by bush. Coates springs from his hiding spot and, without touching his holstered gun, pushes the four men face down in the dirt.

Turning them over, Coates exclaims, “You again!”

So goes another day at the office for the U.S. Border Patrol, or La Migra to those who try to cross the rugged peaks here from the border with Mexico just beyond.

As the nation debates what to do about tens of thousands of people who cross into the USA illegally every year, it is here along the dusty border that one sees the enormous difficulty of cutting off the flow.

Despite night-vision cameras, helicopters and seismic-motion detectors, the success of border-enforcement policies in the Southwest often come down to whether an agent can run faster than whomever he is chasing.

On this night, the agents managed to outfox rather than outrun the men.

In serviceable Spanish, Coates asks the men for immigration papers. Each shakes his head no.

“This guy here,” he says, “I've caught three times in the last week and a half.”

The last time was three days ago, at the same desolate spot.

Roughly 10,000 agents working in shifts are charged with watching the 1,951-mile border with Mexico, from the beach west of Tijuana through Arizona and Texas to the Gulf of Mexico. Assisting them are 6,000 members of the National Guard ordered to the border by President Bush.

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This year, the Border Patrol has caught more than 900,000 people trying to cross. How many people are not caught is anybody's guess, the Border Patrol says.

This 21-mile section of the U.S.-Mexican border along state Highway 94 is one of the busiest sections of border in California. The rugged section stretching to San Diego was once the site of the biggest flow of illegal immigrants in the nation, with more than half a million illegal immigrants apprehended annually in the mid-1990s.

A decade-long enforcement crackdown, called Operation Gatekeeper, has focused equipment and agents here. As of Aug. 24, the Border Patrol had apprehended 129,655 illegal migrants entering in the San Diego sector in fiscal 2006. That's down significantly from the 1990s but up 16% over the same period in the previous year.

The Guard's presence appears to have had an effect. Apprehensions of illegal immigrants have dropped where the Guard's presence is heaviest, along the western Arizona border, according to Border Patrol Chief David Aguilar.

But the stepped-up enforcement appears to have rerouted traffic rather than slow it down.

Big numbers of illegal immigrants shifted to the east and are crossing the border near Tucson, says Todd Fraser, spokesman for the Border Patrol in Washington. Arrests also have increased recently in other parts of the border region in New Mexico and California, Aguilar says.

“The Border Patrol doesn't think there's going to be a point in time when we ever get to 100%, where we just seal off the border. We're not kidding anybody,” Fraser says. “But we want to make it a high probability that we're going to detect the intrusion and apprehend” illegal migrants.

On this night in Tecate, about a dozen agents are on patrol; a few others run the checkpoint and station.

For Coates, a supervisory agent, and Carlos Perez, an agent working with him, the workday begins shortly before midnight.

Coates has been at it for eight years. The 34-year-old former Army airborne infantryman relies on his conditioning and stamina to do the job. He sets out in the dark on hikes across intimidating terrain that can last hours — perhaps his entire shift.

As is typical, most of those caught tonight are from the interior of Mexico. They are assisted by a foot guide, or “coyote,” who normally lives just across the border in or near the teeming city of Tijuana.

Those captured are taken to a Border Patrol regional headquarters at a checkpoint along Highway 94 outside Jamul, Calif., a tiny town in eastern San Diego County. They are held in a glass-walled cell, questioned and usually returned to Mexico within hours.

A bus bearing the Department of Homeland Security emblem waits to transport the night's tally home.

“They know we're going to take 'em to the station, give them some juice and crackers and send them back home — so they can do it again tomorrow,” Coates says.

The U.S. policy of “catch and release” appears practical given that trying to jail all comers for illegally entering the country would require the building of a lot of prisons.

But what of those who are found to have committed violent crimes?

The agents wonder aloud about the wisdom of returning felons to Mexico, knowing that they will likely try again to enter the USA and perhaps succeed.

Agent T.M. Farmer, processing one man for deportation, says “the ones with the long criminal records” are who he hates to see released. He worries about confronting a violent criminal in the dark who is intent on getting past him.

Coates says: “There are hard-core felons, gang members. You have to be really, really careful.”

Twenty-five Border Patrol agents have died in the line of duty since 1992, and 93 since government agents began patrolling the border. Sixteen have been killed in the 66-mile-long San Diego sector, which includes this stretch of border.

The decision to return or prosecute illegal immigrants caught at the border rests with the U.S. attorney's office in San Diego.

Deborah Hartman, spokeswoman for U.S. Attorney Carol Lam, said in an e-mail response to questions that her office does not publicly discuss its guidelines on prosecution decisions.

“We prosecute thousands of immigration cases each year,” she says. “Our highest priority is prosecuting those who are a danger to others, either because they are risking peoples' lives or because they are coming to this country to commit crimes. So obviously someone's criminal history is an important factor, but it is not the only factor.”

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Before anyone can be prosecuted or deported, they have to be caught. Technology has helped, but stemming the tide still relies mostly on cunning, running and courage.

High in the mountain peaks and along well-worn trails, seismic and other sensors alert agents when someone is walking by. The agents are so tuned to the nuances of the seismic signals that they can distinguish between human and animal foot traffic.

Large, infrared scopes fixed on the beds of pickups are used to scan the landscape. The night-vision scopes show surprising clarity on a screen in the truck cab. Scope operators who spot people radio agents who scout the terrain in vehicles or on foot.

The group captured at dawn had tripped the sensors. Perez surmised the canyon they would take and headed that way. Coates caught a glimpse of the group against a canyon wall. Then they lay in wait for the Mexicans to run into them.

The four men captured were in addition to eight caught about 1 a.m. by Coates and other agents. The men were caught crossing ranches in groups of three and five. Both groups tried to hide in the grass and gave up with no struggle.

Most of the men had light backpacks with water, some food and clothes. One fresh-faced young man carried books.

By the time the agents' shift ends, 40 border crossers have been caught.

"It's just one of those days where you can throw a stick and hit a group," Coates says.

But many have gotten in.

Perez and Coates go after a group that eludes the first line of sensors and agents.

They ride a Jeep along dirt trails until they can go no further, then hike up barely discernible trails to head them off at a pass. They find fresh footprints but no people. From the distant north comes the sound of barking dogs.

Well past dawn, the radio crackles. Sensors suggest it's a big one, maybe 15 people. Coates and agent Jose Hernandez hike uphill in pursuit. The sun is out and growing hot. The terrain turns steep.

The agents call for a helicopter. It swoops in close to the mountainside. After an hour of climbing, the agents conclude this group, too, has eluded them.

Tracks suggest the crossers split up and made their way down two nearby washes, through some culverts under the highway and toward the USA.

Coates and others have worked well past the end of their shifts. Tired and dirty, Coates is asked about the debate in Washington over how to enforce the border.

"Whatever they do," he says, "I still have to go chase aliens."

TAX:

Goodbye, Taxachusetts (WSJ)

The Wall Street Journal, September 7, 2006

You'll never guess the hottest issue in this fall's Democratic primary for governor of Massachusetts: income tax cuts. Two of the three Democratic candidates in this bluest of blue states have endorsed cutting the state flat-rate income tax to 5%. One of them, Democratic Attorney General Tom Reilly, insists the tax cut would mean "real money in people's pockets," and he pledges to be a "strong, unwavering voice to stand up and hold the line on taxes."

The leading Republican candidate heading into the September 19 primary, Lieutenant Governor Kerry Healey, agrees. The lone dissenter is former Clinton Administration U.S. Attorney Deval Patrick, who sounds like his former Washington colleagues in claiming "we can't afford it." Voters disagree. An August 27 Boston Globe poll found that 57% of Democratic primary voters support the tax relief plan. This is the same electorate that has given the nation Ted Kennedy, Michael Dukakis and John Kerry.

Perhaps liberal Northeasterners aren't as fond of high taxes as their political leaders assert. Earlier this year, the heavily Democratic legislature in Rhode Island slid down the Laffer Curve by chopping its top income tax rate nearly in half as part of a plan to lure departed jobs and workers back to the state. Meanwhile, a property tax revolt is brewing in New Jersey.

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Despite the disparaging legend of "Taxachusetts" going back to the Dukakis era, Bay State voters have often shown they like taxes about as much as they do the New York Yankees. Though Democrats outnumber Republicans five to one in the state, the last four governors have been fiscally conservative and tax-cutting Republicans. In 2000, despite heavy opposition from the Boston media and lobbyists, 59% of Massachusetts voters approved a ballot initiative to cut the income tax rate to 5%, from 5.85%.

This year's tax fight has erupted because the oligarchs in the legislature have ignored the will of the electorate by freezing the rate at 5.3%. Their excuse was that this was required in 2002 to make up for falling tax revenue and would only be "temporary." But tax receipts have climbed again since 2003 -- to $18.4 billion from $14 billion, a 31% cash windfall.

The pro-tax coalition has also found an unlikely ally in the state Chamber of Commerce and other business groups, which insist the government has unmet spending needs. "The big businesses lobby against tax cuts here," says David Tuerck, director of the Beacon Hill Institute, a local think-tank. "They much prefer to spend the money on corporate welfare projects." The Institute's new study estimates the tax cut would create 8,000 new jobs and raise incomes by more than $450 million over the next four years.

Current Governor Mitt Romney says the state's $1 billion revenue surplus more than justifies the tax cut. "We'll either spend that money or give it back to the citizens," he says. "Those are our options." It says something about the public mood that, even in the cradle of modern liberalism, voters don't seem to trust politicians to spend the dollars wisely and want more of their money back.

CONGRESS-ADMINISTRATION:

Stevens Lifts Hold (HILL)

By Elana Schor

The Hill, September 7, 2006

Senate Commerce Committee Chairman Ted Stevens (R-Alaska) has lifted his hold on a government-transparency bill days after an online grassroots campaign revealed him as the senator raising questions, one of the bill's chief sponsors said yesterday.

John Hart, spokesman for Sen. Tom Coburn (R-Okla.), said Stevens' office had informed Coburn that the hold was no more. Coburn and Sen. Barack Obama (D-Ill.) are the chief sponsors of the measure, which would set up a free and public online database of all contracts and grants given out by the government.

Stevens, through a spokesman, said the hold was never anonymous and it was lifted "now that [Coburn] has ceased blocking several Commerce Committee with his secret holds."

Congress Eyes 'Pork-barrel' Reforms (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, September 7, 2006

WASHINGTON

Facing unprecedented public scrutiny and an election this fall, Congress is under the gun to tighten the rules on the time-honored lawmaker practice of slipping pet projects into legislation - and it has about 30 days left to get the job done.

Both House and Senate leaders pledge to change the rules on lawmakers' earmarks this month, before Congress breaks for the midterm election. But this week, sticking points emerged, complicating their pledge to push the changes through.

In the House, leaders Wednesday postponed a vote on rule changes, as they grapple with how to extend reforms to all bills, not just spending bills.

In the Senate, new obstacles are surfacing to a bill that would create an easily searchable - and public - database of all government contracts, grants, and earmarks.

If passed, information now requiring months of research and Freedom of Information Act requests could be acquired with the click of a mouse.

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Together, the reforms would mark a sea change in the way Congress does business, especially in the Senate, where project add-ons are seldom challenged before a vote - and where a senator's "secret hold" on a bill is enough to derail it quietly.

And that's the rub. When an anonymous senator last month slapped a secret hold on a popular bipartisan bill to publish earmarks, contracts, and grants, public-interest groups mobilized to "out" the source, who turned out to be Sen. Ted Stevens (R) of Alaska. Sen. Robert Byrd (D) of West Virginia confirms he also once put a hold on the bill, but withdrew it.

All clear? Not quite. Early this week, at least two other secret holds surfaced on the bill. Groups rallying in Washington on Wednesday called on Senate majority leader Bill Frist to sweep aside the holds - a senatorial courtesy, not a rule - and move the bill to the floor.

"The time for secret holds and keeping taxpayers in the dark is long over. We appreciate Senator Frist committing to bring this bill to the Senate floor for the up-or-down vote it deserves, and we hope he will announce a specific date for the vote as soon as possible," said Tim Phillips, president of Americans for Prosperity, which supports earmark reform.

But advocates say there is still enough time and public momentum to move reforms that will make a difference through Congress this session.

"I don't think senators realized that people cared so much about transparency and responsiveness," says Zephyr Teachout, national director of the Sunlight Foundation, a broad-based coalition of groups that mobilized bloggers to identify the source of secret holds.

Public support for change should be credited to former Rep. Randy "Duke" Cunningham (R) of California, whose vast defense earmark-for-bribe scam - some earning his co-conspirators profit margins in excess of 800 percent - stunned many colleagues and sent him to prison. It also raised the profile on the hidden process of securing funds for member projects and mobilized public-interest groups and bloggers to shine a bright light both on earmarking and moves to reform the process.

Even if negotiations fail to produce comprehensive lobby reform, House and Senate leaders say they will change the rules of both bodies to require disclosure of all member projects and their sponsors.

"One way or another, we will address this issue," said House majority leader John Boehner, as Congress resumed work Tuesday. "It's important to use taxpayers' resources wisely - and important [that] we move forward on reform."

Groups supporting earmark reform cross the political spectrum, from Democrat Howard Dean and those who helped build his Web-based 2004 presidential run to the American Conservative Union and the Eagle Forum.

"There's a lot written on the fact that nothing can get done in the last month before a midterm [election]. But there are issues where people on the far left and far right and the middle agree, and this is one of those issues. And that gives me hope," says Ed Frank, a spokesman for Americans for Prosperity, which is sponsoring a nationwide tour to end earmarks.

In addition, sponsors of the Legislative Transparency and Accountability Act say public pressure is on their side to expose secret holds and move the bill to the floor.

"This now has a very good chance of passing," says John Hart, a spokesman for sponsoring Sen. Tom Coburn (R) of Oklahoma. Other lead sponsors include Sens. John McCain (R) of Arizona, Barack Obama (D) of Illinois, and Thomas Carper (D) of Delaware.

At the same time, independent groups are moving ahead with plans to make more information about earmarks available to the public. Last month, the Sunlight Foundation - along with Citizens against Government Waste, the Club for Growth, the Heritage Foundation, Human Events Online, the National Taxpayers Union, the blog Porkbusters.com, and others - launched an interactive database of more than 1,800 earmarks in the House version of the fiscal year 2007 spending bill for the Departments of Labor, Health and Human Services, and Education. OMB Watch, another public-interest group, is in the process of putting information on federal grants and contracts online in a searchable form.

Despite continued efforts by a few senators to bury the bill, reforms say they have a big asset: public pressure.

"There are flashpoints in terms of public consciousness and earmarks are one of them," says Paul Keil, a reporter for TPMmuckraker.com, which helped identify secret holds on the Senate bill. "Duke Cunningham had a lot to do with it, as did the 'Bridge to Nowhere,' " an earmark sponsored by Senator Stevens.

Lame-Duck Showdown? (RC)

DOJ_NMG_0059026

By Emily Pierce

Roll Call, September 7, 2006

Despite the possibility that a Democratic takeover of one or both chambers in November could throw a monkey wrench into a lame-duck appropriations process, Congressional Republicans say they have no plans to accelerate the passage of the non-security-related spending bills before they leave for the campaign trail.

"There's a reality, and that reality is 19 days," said Senate Appropriations Committee member Larry Craig (R-Idaho) of the schedule GOP leaders have set to complete spending bills on the Defense and Homeland Security appropriations and an array of other national security measures. Republicans plan to take up nine other spending measures either individually or as an omnibus following the Nov. 7 elections, calculating that vulnerable Members need at least a month to campaign at home.

Craig and other appropriators acknowledged a concern in the GOP ranks that a Democratic takeover, even of just one chamber, could spell the demise of Republican-written spending bills if Democrats decide that pushing the bills into the 110th Congress would allow them to renegotiate the measures with revised priorities.

"We're very worried," said Sen. Pete Domenici (R-N.M.), who chairs the Senate Appropriations subcommittee on energy and water.

Domenici said he was "pushing hard" to complete more bills this month, but he complained GOP leaders were "not going to do anything with any of" the non-security-related bills with the elections looming.

However, Craig said GOP leaders were banking that allowing vulnerable Members to go home to campaign in early October, instead of staying in session to finish appropriations, would help ensure that "we keep our majority."

"There are still enough policy issues that both sides want made that some of [the bills] wouldn't move anyway" in a lame-duck session, Craig reasoned. Either way, he said, "there's going to be some selectivity on what gets done."

Responding to the possibility that spending bills could be held up even further, Jenny Manley, spokeswoman for Senate Appropriations Chairman Thad Cochran (R-Miss.), said, "Both parties must remain committed to the best interests of the American taxpayer by expeditiously considering each of these bills."

Meanwhile, Office of Management and Budget Director Rob Portman downplayed the possibility of both the idea that Democrats would seek to rewrite any spending bills and the potential for any actual Democratic takeover.

"In the case of some bills they may not want to wait" until the new year, Portman said. He noted, "But I think we'll probably hold the House and the Senate so we won't have to deal with that issue."

Still, Portman acknowledged that the administration only expects to receive the Defense and Homeland Security spending bills before Congress leaves to campaign for the elections — making the remaining measures' fate uncertain.

Democratic aides said it was too early to speculate what they might do if the elections give them control of either chamber.

"I don't think it's even been discussed," said Tom Gavin, spokesman for Senate Appropriations ranking member Robert Byrd (D-W.Va.). Gavin said Byrd's preference was to pass all 11 bills before the beginning of fiscal 2007 on Oct. 1 and criticized Senate Republican leaders for what he said was "putting them off and putting them off because of political reasons."

Still, other aides held out the possibility that Democrats could decide to seek to use any momentum from the elections to put their stamp on a few spending bills. However, one House Democratic aide cautioned that if only the House changes hands, House Democrats would have to rely on their Senate counterparts to block measures from becoming law.

"It's harder for us to stop anything," the aide said of House rules that restrict the minority from preventing the passage of legislation.

"It would definitely have to be a strategy to get Senate Democrats to stop" the bills from moving forward during the lame duck, the aide added.

A Published Dress Code Is Dressed Down In Furor (WP)

By Elizabeth Williamson

The Washington Post, September 7, 2006

For the U.S. Office of Special Counsel -- charged with protecting federal workers and whistle-blowers from illegal treatment -- it seemed an effort to protect its own employees from crimes of fashion.

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Last month, the agency devoted part of its employee newsletter to "Business Casual" do's and don'ts. Tight pants, short skirts and long fingernails are out; khaki trousers -- for everyone! -- are in. Any among the 100-plus staff of lawyers and investigators who have spent their careers blind to the sartorial signals of official Washington were told: "You are not trying to stand out for the cutting edge look, but for your good judgment."

Next came two pages of tips for achieving the good-judgment, non-cutting-edge look.

Men: Avoid sneakers for receptions, leave earrings at home and strap on a "conservative watch."

Women: Wear the conservative watch, plus tailored pants, tailored shirts, tailored sweaters, and "a tailored purse . . . that hangs on your shoulder is often advantageous as it frees your hands for greetings (hand shakes) or holding a beverage." For those who cannot master this, "leaving your purse locked in the trunk is preferable." Also "make certain you can walk comfortably in your shoes."

But what some employees found ironic, coming from an agency whose job includes fighting workplace sex discrimination, was the advice that women avoid tight pants and, "before choosing a skirt to wear, sit down in it facing a mirror."

"You couldn't help but laugh when you saw it. But then people took it more seriously and became offended and insulted," said an office investigator who spoke on the condition of anonymity for fear of reprisal. "This came through our boss. How is that going to make us feel?"

Office spokesman Loren Smith said his boss, Special Counsel Scott J. Bloch, had "skimmed" the newsletter and "was under the impression it was for a discussion of what the guidelines might be."

Bloch, a Kansas lawyer who was deputy director and counsel at the Justice Department's Task Force for Faith-based and Community Initiatives, was appointed by President Bush to be Special Counsel.

The clothing flap is the silliest in a string of controversies beginning with the start of Bloch's five-year term, in January 2004. Early on, he was accused of failing to enforce a long-standing policy against bias in the federal workplace based on sexual orientation. Since then, Bloch has also been accused of retaliating against employees who disagreed with his policies, and of tossing out legitimate complaints and whistle-blower cases to claim progress in reducing the office backlog. The Office of Personnel Management inspector general is investigating the allegations.

Bloch has denied the accusations, saying that, under his leadership, the agency has grown more efficient and receptive to whistle-blowers and employees alleging unfair treatment.

Smith said the newsletter tips do not replace the office dress code: basically, suits, pants or skirts that "communicate professionalism." He said the official code, and last month's advice, for that matter, came after Bloch objected to employee interpretations of business casual, which Smith said included "jeans with holes, flip flops and the like."

Could all this ado about clothing hint at a new concern for federal personnel packaging?

The Office of Special Counsel advice comes on the heels of a July Treasury Department newsletter that attempted to inspire staffers toward more daring, edgy new looks.

Women, the July 21 issue of Treasury Notes advised, should take "your every day suit, find a fabulous and outlandish oxford, and pair it with glamorous sunglasses and colorful bag and shoes to match." Men were encouraged to "indulge in the beauty and love of a suit, by buying yourself a custom-made suit. . . . Outfit it with quality oxfords and eye-catching cuff links."

Last week, Debra Katz, an attorney representing a group of employees in an unrelated case against Bloch, wrote to the co-chairmen of the Congressional Caucus for Women's Issues, Reps. Ginny Brown-Waite (R-Fla.) and Hilda L. Solis (D-Calif.), asking that the caucus direct Bloch to "rescind the highly sexist and patronizing advice he provided to OSC's female workforce."

Katz believes that the dress code violates Title VII of the 1964 Civil Rights Act, which, she said in the letter, "holds employers legally accountable for permitting rigid gender-based stereotypes to operate to the detriment of their female employees."

Then, there is the insult to their common sense. "These people work at 17th and M," she said. "It's not like they haven't seen business attire."

Smith said the office understands that Title VII allows employer dress-code distinctions based on sex.

After The Washington Post contacted his office about the dress-code flap this week, Bloch issued a memo to "Everybody": "I would like to clear up some apparent confusion regarding OSC's dress policy. Attached is my 2004 policy directive, which remains in effect today."

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Bloch went on to explain that -- oops -- the business casual advice was copied (without attribution) from student Web sites at the University of Missouri and Virginia Tech.

The plagiarized dress code "was placed in the newsletter by employees," Bloch emphasized. "I understood it was offered as food for thought from the business and professional world, and not as anything required."

It was a note that would have made the true writers of the newsletter dress code proud. When caught (figuratively) with one's khakis down, the code advises: Make "a quick, pleasant apology, then make a good impression with your interpersonal skills."

Senators Ask For $6 Billion In Farm Aid (AP)

By Mary Clare Jalonick

AP, September 7, 2006

WASHINGTON -- Farm-state senators are increasing their request for drought relief dollars by half, saying the nation's farmers now need an estimated $6 billion or more in assistance.

Democrats and Republicans in the Senate have been pushing a package that included $4 billion to help farmers and ranchers weather a devastating drought that has set records in many parts of the country. One version of that package stalled earlier this year as House Republicans and the White House said it was too expensive and would unfairly distribute the money.

Since then, says Democratic Sen. Kent Conrad of North Dakota, conditions have worsened. Along with Republican Sen. Norm Coleman of Minnesota and 10 other senators, Conrad introduced a bill Wednesday asking for additional help. The bill is expected to exceed $6 billion and covers losses from both 2005 and 2006.

Conrad said the senators will try to attach the package to one of a few bills before the November election, when voters in hard-hit states may have drought on their minds. But he acknowledged that will be difficult with few legislative days left before Congress adjourns.

A separate disaster package worth $4 billion is pending as part of an agriculture spending bill. But members of Republican leadership have not targeted that bill as a priority before the election.

White House spokesman Alex Conant said Wednesday that the administration still opposes the congressional disaster funding. Last week, Agriculture Secretary Mike Johanns promised to provide $79 million in relief funds, including $50 million for livestock producers, and accelerate $700 million in planned payments to cotton, grain sorghum and peanut farmers.

Farm-state members have said that's not enough.

"That's just shifting deck chairs on the Titanic," Conrad said.

Johanns has said he wants to wait for the harvest of this year's crops before deciding whether to give out more money.

Sen. Tim Johnson, D-S.D., one of the bill's co-sponsors, said the bill needs President Bush's approval to succeed.

"There are huge swatches of our state that could face depopulation because of a drought that is one of the worst since the Dust Bowl," he said.

The bill also provides money for flooding and other weather-related agricultural disasters. It would provide $300 million in grants for small businesses that have been directly affected by weather, and Conrad said it would also give assistance to farmers affected by Tropical Storm Ernesto, which caused flooding in North Carolina, Virginia and Maryland.

"When a community or an industry is impacted by a natural disaster such as a hurricane or tornado, we extend a helping hand," said Sen. Max Baucus, D-Mont., another co-sponsor. "Agriculture should be not be different."

Disapproval Of Bush Nears European Levels (FT)

By Daniel Dombey And Hugh Williamson

Financial Times, September 7, 2006

Public opinion in Europe and the US is converging against President George W. Bush, according to a new transatlantic survey released on Wednesday.

While 77 per cent of EU citizens disapprove of Mr Bush's handling of international affairs, the figure in the US is now 58 per cent, according to the annual Transatlantic Trends poll of 13,000 people in 12 European nations and the US.

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This is the first time in the five-year history of the poll that more Americans disapprove than approve of Mr Bush's international stance. During that time, European disapproval of the US has risen by more than 20 percentage points, while the proportion of Europeans who favour US leadership of world affairs has fallen from 64 to 37 per cent.

"Every single US official says the transatlantic relationship has improved, but Europeans have made their mind up on Bush," said Ron Asmus, of the German Marshall Fund, which carried out the survey together with the Compagnia di San Paolo, an Italian non-profit organisation. "But Americans and Europeans do not have a fundamental difference on threats and there you have a basis for co-operation."

However, the poll did reveal a widening gap with Turkey, where support for joining the European Union has fallen from 73 per cent in 2004 to 54 per cent this year. In that time, positive feelings towards the EU among Turks have fallen from 52 to 45 per cent, while their positive feelings towards Iran have risen from 34 to 43 per cent. The poll, which included responses from nine EU countries and from Turkey, Romania and Bulgaria, said that 94 per cent of Americans and 87 per cent of Europeans believed that a nuclear-armed Iran would be an important threat.

It adds that 37 per cent of respondents in EU countries and Romania and Bulgaria and 45 per cent of Americans believe that military action should be used to prevent Tehran from acquiring nuclear weapons if all other options fail. Only 10 per cent of Turkish respondents support such a course of action, while 56 per cent said they would accept a nuclear-armed Iran.

Barclays Again Chosen To Manage Main TSP Index Funds (WP)

By Stephen Barr

The Washington Post, September 7, 2006

Barclays Global Investors, one of the world's largest money managers, has been selected for the fifth time to manage the four primary stock and bond index funds at the Thrift Savings Plan, the 401(k)-type program for more than 3.6 million government employees and retirees, officials announced yesterday.

The San Francisco company, owned by the British banking giant Barclays PLC, has held the contract for the TSP index funds since Congress opened up the first fund for federal employee retirement savings in 1988. The new contract is for three years and can be extended for up to five years.

The bidding process to manage a majority of the TSP's $186 billion in assets has been underway for six months. The Federal Retirement Thrift Investment Board, which oversees the TSP, requested contract proposals for each of the four funds, hoping to encourage competition by allowing firms to bid for the right to manage one, some or all of the funds.

In a statement, Gary A. Amelio , the board's executive director, said he was "most impressed and gratified by the strong competition for this business by many very qualified vendors."

Kathy Taylor , managing director at BGI, said: "It was a very competitive and rigorous bidding process. We're privileged to be the manager selected and to be given the opportunity to continue our successful relationship with the TSP."

TSP spokesman Tom Trabucco , citing competitive considerations related to the contract award, said the board would not disclose how many firms submitted bids.

Trabucco said no estimate of the value of the contract to Barclays had been calculated. Barclays will collect fees based on the amount of assets under management and will share in income from securities lending related to the TSP, he said.

Participants in the TSP pay for the cost of the program's administration and operations, including the expense of hiring Barclays as a manager. The fees charged to participants are among the lowest, if not the lowest, in the mutual fund industry, according to TSP officials.

Last year, participants were charged 50 cents per $1,000 invested in TSP stock funds and 40 cents per $1,000 invested in the TSP bond fund.

Barclays will manage the common-stock index investment fund, the small-capitalization-stock index investment fund, the international stock index investment fund and the fixed-income index investment fund at the TSP.

The remaining TSP investment options are overseen by the board's staff. A government securities fund is jointly managed with the Treasury Department, and five life-cycle funds are administered by the retirement board.

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TSP officials, at the urging of members of Congress, are looking at whether to expand the investment choices offered to civil service, postal and military personnel. The TSP has hired Ennis Knupp & Associates, an investment consulting firm, to study whether real estate investment trusts, Treasury inflation-protected securities, emerging market equities, commodities and other investment possibilities should be offered to government employees.

Several House members have called for adding a REIT fund to the TSP, and officials hope that the Ennis Knupp study can be completed by the end of October. The last comprehensive TSP review led to the addition of the small-cap and international funds in 2001.

The thrift board also announced that Watson Wyatt Worldwide, a consulting and compensation firm, will assist the TSP in conducting a survey of plan members. The survey will collect data on the attitudes and concerns of TSP participants.

Watson Wyatt will be paid up to $215,124 for its services under a procurement arranged by the Government Printing Office, the TSP said.NARFE Convention

About 2,000 delegates, members and guests will attend the 29th biennial convention of the National Active and Retired Federal Employees Association in Albuquerque that begins Sunday, the group announced.

Speakers include Linda M. Springer , director of OPM; Dale Goff , president of the National Association of Postmasters; Charles W. Mapa , president of the National League of Postmasters; and Harry Johns , president of the Alzheimer's Association .

The NARFE will elect a new president at the five-day convention. Dan C. Galvan of Temple, Tex., is the only announced candidate for the office. The current president, Charles L. Fallis of Salem, Va., cannot seek re-election under the group's term-limit rules.

Inside Politics (WT)

By Greg Pierce

The Washington Times, September 7, 2006

Conspiracy theory

Retired Air Force officer Bob Bowman won Tuesday's Democratic primary to challenge Rep. Dave Weldon, Florida Republican. Mr. Bowman got 55 percent of the Democratic vote to 45 percent for John M. Kennedy in Florida's 15th District.

Mr. Bowman, a Vietnam veteran, unsuccessfully sought the Reform Party nomination for president in 2000. "Among his more controversial positions," the Stuart (Fla.) News reports, "is that some members of the U.S. government may have had some complicity in the Sept. 11, 2001, terrorist attacks and he wants another investigation into that incident."

After learning of Mr. Bowman's primary victory, blogger Rusty Shackleford (http://mypetjawa.mu.nu) posted video of Mr. Bowman speaking at a June "9/11 Truth" symposium.

"The official story ... of 9/11 is a bunch of hogwash -- it's impossible," Mr. Bowman told the symposium. Referring to a "cover-up" of the facts about the 2001 attacks, Mr. Bowman said that "high levels of our government don't want us to know what happened and who was responsible."

Who was responsible? "I think the case is pretty clear that it's highly placed individuals in the administration, with all roads passing through [Vice President] Dick Cheney," Mr. Bowman told the gathering in Los Angeles, suggesting that the Bush administration was guilty of "high treason and conspiracy to commit murder."

One Leak And A Flood Of Silliness (WP)

By David S. Broder

The Washington Post, September 7, 2006

Conspiracy theories flourish in politics, and most of them have no more basis than spring training hopes for the Chicago Cubs.

Whenever things turn dicey for Republicans, they complain about the "liberal media" sabotaging them. And when Democrats get in a jam, they take up Hillary Clinton's warnings about a "vast right-wing conspiracy."

For much of the past five years, dark suspicions have been voiced about the Bush White House undermining its critics, and Karl Rove has been fingered as the chief culprit in this supposed plot to suppress the opposition.

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Now at least one count in that indictment has been substantially weakened -- the charge that Rove masterminded a conspiracy to discredit Iraq intelligence critic Joseph Wilson by "outing" his CIA-operative wife, Valerie Plame.

I have written almost nothing about the Wilson-Plame case, because it seemed overblown to me from the start. Wilson's claim in a New York Times op-ed about his memo on the supposed Iraqi purchase of uranium yellowcake from Niger; the Robert D. Novak column naming Plame as the person who had recommended Wilson to check up on the reported sale; the call for a special prosecutor and the lengthy interrogation that led to the jailing of Judith Miller of the New York Times and the deposition of several other reporters; and, finally, the indictment of Lewis "Scooter" Libby, Vice President Cheney's chief of staff -- all of this struck me as being a tempest in a teapot.

No one behaved well in the whole mess -- not Wilson, not Libby, not special prosecutor Patrick Fitzgerald and not the reporters involved.

The only time I commented on the case was to caution reporters who offered bold First Amendment defenses for keeping their sources' names secret that they had better examine the motivations of the people leaking the information to be sure they deserve protection.

But caution has been notably lacking in some of the press treatment of this subject -- especially when it comes to Karl Rove. And it behooves us in the media to examine that behavior, not just sweep it under the rug.

Sidney Blumenthal, a former aide to President Bill Clinton and now a columnist for several publications, has just published a book titled, "How Bush Rules: Chronicles of a Radical Regime." It is a collection of his columns for Salon, including one originally published on July 14, 2005, titled "Rove's War."

It was occasioned by the disclosure of a memo from Time magazine's Matt Cooper, saying that Rove had confirmed to him the identity of Valerie Plame. To Blumenthal, that was proof that this "was political payback against Wilson by a White House that wanted to shift the public focus from the Iraq War to Wilson's motives."

Then Blumenthal went off on a rant: "While the White House stonewalls, Rove has license to run his own damage control operation. His surrogates argue that if Rove did anything, it wasn't a crime. . . . Rove is fighting his war as though it will be settled in a court of Washington pundits. Brandishing his formidable political weapons, he seeks to demonstrate his prowess once again. His corps of agents raises a din in which their voices drown out individual dissidents. His frantic massing of forces dominates the capital by winning the communications battle. Indeed, Rove may succeed momentarily in quelling the storm. But the stillness may be illusory. Before the prosecutor, Rove's arsenal is useless."

In fact, the prosecutor concluded that there was no crime; hence, no indictment. And we now know that the original "leak," in casual conversations with reporters Novak and Bob Woodward, came not from the conspiracy theorists' target in the White House but from the deputy secretary of state at the time, Richard Armitage, an esteemed member of the Washington establishment and no pal of Rove or President Bush.

Blumenthal's example is far from unique. Newsweek, in a July 25, 2005, cover story on Rove, after dutifully noting that Rove's lawyer said the prosecutor had told him that Rove was not a target of the investigation, added: "But this isn't just about the Facts, it's about what Rove's foes regard as a higher Truth: That he is a one-man epicenter of a narrative of Evil."

And in the American Prospect's cover story for August 2005, Joe Conason wrote that Rove "is a powerful bully. Fear of retribution has stifled those who might have revealed his secrets. He has enjoyed the impunity of a malefactor who could always claim, however implausibly, deniability -- until now."

These and other publications owe Karl Rove an apology. And all of journalism needs to relearn the lesson: Can the conspiracy theories and stick to the facts.

Bush's Top Female Enabler (SAL)

By Sidney Blumenthal

SAlon.com, September 7, 2006

About two weeks after the 2004 presidential election, on Nov. 13, the British Embassy in Washington held a surprise 50th birthday party for Condoleezza Rice. Upon her arrival ambassador David Manning presented her with a red Oscar de la Renta-designed gown for which the embassy staff had managed to secure the "state secret" of her size. When Rice changed into the

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dress and emerged like Cinderella she was met by her Prince Charming, dressed in a tuxedo, the man she once called "my husband," President Bush.

At the State Department's senior policy meeting the following Monday, an official remarked about the red dress, "It gives new meaning to 'they have your number.'" The next day Bush announced his appointment of his national security advisor as his new secretary of state.

OTHER NEWS:

Wages, Benefits Grew In Spring (WP)

By Nell Henderson

The Washington Post, September 7, 2006

Wages and benefits rose strongly in the spring, the government reported yesterday, providing a bit of good news for some workers -- and fresh concern about inflation.

The statistic known as labor compensation, which includes wages and employment benefits, rose at a robust 6.6 percent annual rate from April to June, the Labor Department said, revising its earlier, incomplete estimate of 5.4 percent growth.

For workers, the gain, significant as it may sound on first blush, barely exceeded surging prices for gasoline and many other items. After adjusting for inflation, compensation rose at a more modest 1.6 percent annual rate.

Modest or not, analysts who are paid to worry about inflation saw plenty of reason to do so yesterday, fretting that rising labor costs may squeeze corporate profits or prompt the Federal Reserve to raise interest rates to restrain price increases.

"We're seeing a labor market that is tighter and beginning to manifest itself in higher wage inflation, which is probably going to get worse before it gets better," said one of the paid worriers, Nariman Behravesh, chief economist at Global Insight Inc., a financial analysis and forecasting firm. That outfit predicts the Fed will raise interest rates again this year, though not as soon as its next meeting Sept. 20.

Global Insight agrees with the Fed's forecast that inflation will fall next year, as slower economic growth makes it harder for businesses to raise prices. But Behravesh said that until then, "the dilemma . . . is how long can the Fed let inflation creep up and do nothing without the markets getting upset."

Investors in futures markets are betting that the Fed probably will not raise interest rates again this year and that it may even cut rates early next year as the cooling housing market saps economic growth.

That view was bolstered yesterday by the Fed's survey of regional economic conditions, which described slumping sales of cars and houses, and modest increases in consumer spending in August.

But the Fed survey also echoed the Labor Department's report, as some of the 12 Federal Reserve Bank districts reported "sharp wage increases or wage pressures" for workers in certain industries, such as information technology, trucking, retail, finance and health care. The Fed survey showed shortages of certain high-skilled workers.

For example, the Philadelphia Fed reported that in its district, "wages are generally reported to be rising slightly faster now than at this time last year, but salaries offered for positions that are difficult to fill have increased substantially." The survey summarizes business anecdotes without identifying companies by name. In the Philadelphia district, "firms in all industries continue to report increases in health-care costs," the report said.

The Fed left its benchmark short-term interest rate unchanged at 5.25 percent at its last meeting Aug. 8, taking a break after 17 consecutive increases over the past two years. The majority of policymakers at the table thought they might be done tightening credit, according to minutes of the meeting released last week.

The policymakers also saw inflation risks, the minutes showed, noting "a worrisome picture" of rising labor costs and slowing productivity -- the economy's output of goods and services per hour worked.

The Labor Department report yesterday updated those figures to show bigger jumps this year in labor costs, which account for an average of two-thirds of business costs and can be a key driver of inflation. "Unit labor costs," or compensation per unit of output, rose at a rapid 4.9 percent annual rate April through June after soaring at a 9 percent pace in the first three months of the

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year -- the fastest quarterly increase in nearly six years. Those increases were revised up from earlier estimates of 4.2 percent for the second quarter and 2.5 percent for the first quarter.

Some of those gains, particularly in the first quarter, probably took the form of one-time bonuses and other profit-linked pay to highly skilled, upper-income workers, economists said. But the breadth "suggests stronger inflation pressure," economists at Goldman Sachs Group Inc. said in a note to clients.

The Labor Department also said productivity grew at a modest 1.6 percent annual rate from April to June. That was better than its earlier estimate of a 1.1 percent pace but still a sharp slowdown from the 4.3 percent pace in the first quarter.

Faster productivity growth means businesses can raise wages and maintain profit margins without raising prices. Slower productivity growth means businesses can pay more only if they accept smaller profits or raise prices.

Former Fed chairman Alan Greenspan recognized in the mid-1990s that U.S. productivity was picking up as businesses boosted their efficiency through the use of computers, telecommunications and better methods of managing their supply chains. With productivity growing at an average 2.5 percent a year from 1995 to 2000, almost double the pace of the 1970s and 1980s, the Fed could let the economy grow faster and let unemployment drop lower than most economic models had predicted without fueling inflation.

Productivity growth even accelerated during the 2001 recession and the initially sluggish recovery that followed, again upending the models, growing at an average 3.5 percent a year from 2000 through 2003.

Fed Chairman Ben S. Bernanke, who succeeded Greenspan in February, said in a speech last week that "a case can be made" that the strong productivity growth since 1995 "is likely to continue for some time."

Labor Costs Shake A Pillar Of Fed Policy (NYT)

By Jeremy W. Peters

The New York Times, September 7, 2006

As inflation edged higher this year, many economists — including those at the Federal Reserve — pointed to higher productivity and stable labor costs as signs that prices were not likely to rise unchecked.

But a new Labor Department report suggested yesterday that the threat of higher inflation had not diminished and that it might take more monetary restraint to hold prices down. The report found unit labor costs — which take into account changes in productivity and hourly wages — increased much more sharply in the first half of the year than the government first calculated.

“These data should raise more questions about whether a moderation in economic growth would lead to slowing inflationary pressures,” said Dean Maki, an economist with Barclays Capital. “Wage pressures and unit labor cost pressures are rising. Those are factors that have been cited by the Fed as relatively benign pieces of the inflation backdrop. And that is no longer the case.”

The new labor cost numbers raise the prospect that the Fed could face both slower growth and higher prices, creating a quandary over whether to risk even further economic weakness to contain inflation.

Indeed, the Fed’s own survey of regional economic activity, known as the beige book, suggested that growth was slowing in many parts of the country even as wage pressures were building.

In its report, the Labor Department said that second-quarter nonfarm unit labor costs increased 4.9 percent compared with the first quarter. It first reported the increase at 4.2 percent.

The rise was even steeper in the first quarter. The department said first-quarter unit labor costs rose 9 percent, compared with the 2.5 percent rise that was first reported. That was the largest quarter-over-quarter rise since 2000. But much of that jump may be due to fatter bonuses and options payouts, factors that are not likely to recur this year.

At the same time, productivity slowed. It rose only 1.6 percent in the second quarter, compared with a 4.3 percent rise in the first quarter.

Last month, for the first time in two years, a meeting of the Fed’s policy-making committee did not bring a rise in the central bank’s overnight lending rate. In a statement explaining its decision, the Fed committee said it believed inflation pressures were “likely to moderate over time.”

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But now, said Nariman Behravesh, chief economist with Global Insight, the new data could force the Fed to push through another rate increase at its Sept. 20 meeting.

"Can the Fed sit on the sidelines and do nothing while telling the markets it's being patient?" he said. "The dilemma that the Fed is facing is that for the next 6 to 12 months, core inflation is likely to creep up."

Many economists, however, predicted that the Fed would not be alarmed enough by the latest data to resume raising borrowing costs.

"We don't expect the Fed will feel pressure to raise rates, even after this data," Mr. Maki said. "It does appear they're inclined to wait a while and gather more data on whether inflation pressures are moderating."

Interest rate futures, an indication of what investors think the Fed's future monetary policy decisions will be, were unchanged yesterday. Investors are still betting that the central bank will hold rates steady this month and again in October.

The rise in unit labor costs in the second quarter could add to pressures for businesses to raise prices for consumers.

With unemployment at relatively low levels — 4.7 percent in August — economists said higher labor costs were likely. A team of economists from Goldman Sachs wrote in a report yesterday that such high unit labor costs were not surprising, considering "the unemployment rate is in the vicinity of what most economists regard as full employment."

The Fed's beige book found that in many sections of the country, employers reported having to pay their employees more, particularly for jobs that require special skills. Labor shortages were also noted.

The region-by-region survey noted that wage pressures were increasing in the Philadelphia, Chicago, Minneapolis, Kansas City and Dallas districts. The Kansas City and Dallas districts reported "fairly widespread labor shortages," the report said, while other districts noted shortages in particular sectors, like truck drivers near Cleveland and engineers near Chicago.

On the whole, the beige book painted a picture of a slowing economy, punctuated by less robust consumer spending, a weakening housing market and high energy prices.

Just a few months ago, the Federal Reserve used words like "solid" and "strong" to describe activity it now says is largely "steady" but "slow."

Sharp Jump In U.S. Labor Costs May Presage A Rise In Inflation (WSJ)

By Rafael Gerena-Morales

The Wall Street Journal, September 7, 2006

The nation's labor costs in the second quarter rose at the fastest rate in nearly six years as employers passed on productivity gains to workers in the form of higher pay. But economists disagreed on whether the rise stemmed from one-time items like bonuses or a broad rise in paychecks or benefits that could signal rising inflationary pressures.

The Labor Department reported yesterday that nonfarm business productivity rose at a seasonally adjusted annual rate of 1.6% in the second quarter, surpassing an earlier estimate of 1.1%. In the first quarter, productivity increased 4.3%.

However, unit-labor costs -- a gauge of inflation -- rose an upwardly revised 4.9% in the latest quarter and 9% in the first quarter. Those increases -- which were revised from earlier estimates of 4.2% and 2.5%, respectively -- mean labor costs have jumped 5% in the second quarter compared with the year-earlier period, the fastest pace since the third quarter of 2000. Unit-labor costs reflect the cost of labor for each unit of output.

The latest data are "certainly good news for workers," said Stephen Stanley, chief economist at RBS Greenwich Capital. "They've been working against the strong head winds of high energy prices and a softening housing market. ... But these big revisions are something to be concerned about. I think we're in for a pretty extended period" of elevated inflation. (The data contributed to a drop in major stock indexes. See related article3.)

Yesterday's report showed hourly compensation rose 6.6% in the second quarter compared with the first quarter, up from an earlier estimate of 5.4% and up 7.7% from the year-earlier period. First-quarter compensation jumped 13.7% compared with the fourth quarter, up from the previously reported 6.9%. The measure includes pay, bonuses, health and pension benefits, and other forms of compensation.

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The jump was more than many had expected, and the source remains somewhat of a puzzle. Analysts said the boost likely resulted from a combination of a tightening labor market that has helped lift wages, as well as one-time payments such as bonuses or the exercising of stock options, though the exact composition isn't known.

The composition matters because if the pay gains are bonus-driven, "the implication would be that it's a one-time movement ... and not an inflationary risk," said Michael Moran, chief economist at Daiwa Securities America Inc. And while that is likely what happened in the first quarter, he added the second-quarter jump "looks more like a broader underlying increase in wages."

Rising labor costs don't appear to be forcing companies to raise prices, according to the Federal Reserve's August studies of regional economies, known as "beige book" reports, released yesterday. The reports found that while there were "widespread increases in the prices of energy and certain other commodities," they "do not appear to have passed through to finished consumer goods."

Yesterday's report isn't likely to douse concerns workers are benefiting unequally from the expansion. For example, other recent reports have shown average hourly earnings of workers, excluding managers, have risen by an inflation-adjusted 0.5% in the 12 months through July. Wage and salary income for all workers, including managers, has risen an inflation-adjusted 4.5% in the same period when other forms of pay, such as bonuses, are included.

Separately, the Institute for Supply Management reported yesterday that service-sector business activity continued to expand in August. The ISM said its index moved to a reading of 57.0 in August from 54.8 in July. Readings above 50 signal expansion. But the ISM's reading on new orders dipped in August, suggesting that service-sector activity may cool in the months ahead.

Housing Fears, High Energy Prices Help Cool Economy's Growth (USAT)

By Sue Kirchhoff

USA Today, September 7, 2006

WASHINGTON — The economy expanded from mid-July to the end of August, though at a slower pace in many areas of the country, the Federal Reserve said Wednesday.

In its beige book, an anecdotal look at the economy named for the color of its cover, the Fed cited reports of more sluggish consumer spending, high energy prices, a slumping housing market and dry weather that hurt farmers.

The pace of growth slowed in five of the 12 Fed districts: Boston, New York, Philadelphia, Kansas City, and Dallas (though growth in Dallas is still strong).

Business contacts in the Atlanta Fed district called activity "mixed," while Richmond said growth was slow. San Francisco, the largest Fed district, noted "solid" expansion.

Even as the economy moderates, price pressures continue, complicating life for the Fed. Energy and other commodity prices remain elevated, while labor shortages and growing wage pressures were reported around the country, especially for skilled workers. The Philadelphia, Chicago, Minneapolis, Kansas City and Dallas districts all reported rising wage pressures.

Still, the beige book noted that "manufacturers found little ability to pass through higher costs into the prices of manufactured goods, with the exception of energy-intensive goods and services."

The Fed voted to hold its target for short-term interest rates steady at 5.25% at its last meeting Aug. 8, ending two years of steady rate increases designed to control inflation and take away excess stimulus.

Fed Chairman Ben Bernanke and other officials have said they expect slower growth to gradually reduce inflation. But the recently released minutes of the Aug. 8 meeting indicate uncertainty among Fed officials about the path of the economy, and inflation, ahead.

"Despite some rising inflationary pressures, most analysts (including us) expect the (Fed) to hold rates steady at the Sept. 20 meeting," Steven Wood of Insight Economics said in an advisory to clients regarding the beige book.

One of the biggest unknowns regarding the economy is whether the once high-flying housing market will have an orderly or a steep decline. The beige book noted rising inventories of unsold homes, especially pricey dwellings.

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Kansas City attributed some of the increased inventory to a "sizable numbers of foreclosures." The New York and Philadelphia districts saw modest increases in home-mortgage delinquencies.

Still, builders in Michigan said the rate of decline had tapered off some, and builders in Wisconsin said they were "pleasantly surprised" with the number of people looking at model homes.

Nationally, housing is seen to "remain weak, if not weaken further," but commercial real estate growth is taking up some of the slack.

Dow Industrials Shed 63.08 On Signs Of Slowing Growth, Rising Labor Costs (WSJ)

By E.S. Browning

The Wall Street Journal, September 7, 2006

A touch of anxiety returned to the stock market, as worries about the stagflation bugaboo drove major indexes down.

The concern about stagflation -- a combination of inflation and economic sluggishness that tormented stocks in the 1970s -- came from a Federal Reserve survey that noted signs of slowing growth, and from a Labor Department report showing labor costs rising more rapidly than expected in the year's first half.

Yesterday, the Dow Jones Industrial Average retreated 63.08 points, or 0.55%, to 11406.20. The industrial average remains up 6.4% this year, less than 320 points from the record close of 11722.98 reached more than six years ago.

The biggest damage was done to more-volatile sections of the market, including small stocks and technology stocks, which had been rebounding.

The Nasdaq Composite Index, which on Tuesday had fought its way back to even for 2006, dropped 37.86, or 1.72%, to 2167.84, leaving the index, which is laden with technology stocks, down again for the year. The Russell 2000 small-stock index declined 15.46, or 2.13%, to 712.04, still up 5.8% this year.

"The bullishness that we had in August has left us," said Stephen Sachs, director of trading at mutual-fund group Rydex Investments in Rockville, Md. "People are pricing in a much slower economy and still some uncertainty about the inflation outlook."

Bond prices fell as the higher labor costs reawakened fears of an additional Fed interest-rate increase. But bonds recovered some ground after release of the Fed survey, since a weakening economy makes a rate increase less likely.

Higher rates hurt stocks by weighing on corporate profits, and hurt bonds because they make existing bonds, with their lower rates, less attractive.

The economic data were far from conclusive, however. An index of service-sector activity came in stronger than expected for August, suggesting that the economy may not have cooled as much as people think.

The Standard & Poor's 500-stock index clung to the much-watched 1300 mark, shedding 12.99, or 0.99%, to 1300.26. It remains up 4.2% for 2006.

Outside the U.S., stocks declined in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, fell 2.44, or 1.1%, to 220.23.

In major U.S. market action:

Stocks retreated. Trading volume for stocks listed on the New York Stock Exchange was 2.3 billion shares, as 665 stocks rose and 2,651 fell.

Bond prices declined. The 10-year Treasury note fell 4/32, or $1.25 for each $1,000 invested, to 100 19/32, pushing the yield up to 4.801%. The 30-year bond was down 8/32 to 93 2/32 to yield 4.951%.

The dollar strengthened. Late in New York, it traded at 116.63 yen, up from 115.96, while the euro fell against the dollar to $1.2808 from $1.2820.

Labor Costs Report Pummels Stocks (USAT)

By Matt Krantz

USA Today, September 7, 2006

Stocks fell to their lowest levels in nearly two weeks Wednesday when investors fretted over a government report showing higher labor costs.

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That Labor Department report, indicating wages rose a faster-than-expected 4.9% in the second quarter, reignited fears the Federal Reserve may need to boost short-term interest rates more to quash inflation.

Hammered by stocks in the oil refining and marketing, oil equipment and services and Internet retail industries, the Standard & Poor's 500 index sank 12.99 points, or 1.0%, to 1300.26. The index is still up 4.2% this year, though.

The Dow Jones industrials also fell, losing 63.08 points to 11,406.20. That narrowed the Dow's 2006 gain to 6.4%.

But the tech-heavy Nasdaq composite index was the hardest hit of the three major indexes. It lost 37.86 points to 2167.84, pushing it down 1.7% this year.

The labor cost news was unwelcome because many investors had concluded the Fed's fight against inflation was largely over, says Andy Brooks, trader at T. Rowe Price. “It sent an inflation chill through the market,” he says.

Since investors know September and October tend to be weak months for the stock market, it doesn't take much to unnerve them at this time of the year, says John Caldwell, strategist at McDonald Investments. “It's the season people are more jittery,” he says. Add the constant worries about oil prices and geopolitical risks, and, “All those little things weigh on people,” he says.

Highlights:

Donaldson, a maker of filtration devices for industrial engines and equipment, jumped $5.28 to $38.34. Late Tuesday, the company reported 44% higher quarterly earnings and boosted its outlook for the current fiscal year.

•Hain Celestial, a maker and distributor of organic food, jumped $2.15 to $25.35. The company reported net income of $8.8 million, reversing a year-ago loss.

•Priceline lost $3.29 to $30.87 after the online retailer said late Tuesday that Chinese companies Hutchison Whampoa and Cheung Kong were selling 8.9 million of its shares.

•Carrier Access, a maker of telecom gear for wired and wireless carriers, tanked $3.34, or 37%, to $5.78. The company cut its outlook for the third quarter, saying it expected a loss of up to 16 cents a share. Previously, the company expected to earn up to a penny a share.

Tort Reform's Next Big Push (LAW)

By Amanda Bronstad, The National Law Journal

National Law Journal, September 7, 2006

Tort reform groups and lawyers representing some of the nation's largest corporations are working with legislators in several states to draft amendments to consumer protection laws that would seek to curb what they see as a tide of costly class actions.

Tort reformers are looking to introduce proposed amendments as early as December in states with a history of large class certifications or high-dollar settlements and verdicts in consumer class actions, such as Massachusetts, Illinois and the District of Columbia.

The new momentum represents continuing fallout from California's Proposition 64, a landmark 2004 ballot initiative that tightened the reins on consumer cases. As part of their efforts, tort reformers are circulating model legislation to state lawmakers that would require consumers to have suffered economic losses or injuries from a company's alleged misstatements in order to file a class action.

The model legislation, which was encouraged recently in a report by the American Tort Reform Foundation, also would require consumers to have relied on a company's alleged misrepresentations when they bought its product or services.

"This has been an issue well beyond California," said Cary Silverman, a lawyer in the Washington office of Kansas City, Mo.-based Shook, Hardy & Bacon who helped write the recent report published by the ATR Foundation, which is part of the American Tort Reform Association (ATRA).

"Obviously, California had a situation where there were extreme examples of abuse spurred by plaintiffs' lawyers who took it to the edge of what was possible," Silverman said. "They may not be as broad as California's was in terms of letting anybody sue whether they're injured or not, but the requirements in a lot of the states are still very flexible as to what a person needs to show in order to sue."

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Plaintiffs lawyers said that amending consumer protection statutes in ways similar to what happened in California would add significant hurdles in bringing consumer class actions.

"It would have a chilling effect on lawsuits that seek to bring to light corporate misconduct," said Steve Silverman, a partner at Miami-based Kluger, Peretz, Kaplan & Berlin and co-lead counsel in multidistrict litigation filed against E.I. du Pont de Nemours & Co. over the health dangers of Teflon cookware.

In California, a handful of lawyers brought a multitude of lawsuits under the state's unfair competition law seeking quick settlements for seemingly trivial violations against small businesses, such as automobile repair shops and restaurants.

In 2004, voters in California approved Proposition 64, which required plaintiffs to prove they were injured by an alleged violation of the state's consumer law and instituted traditional procedural burdens associated with class actions.

"Prop. 64 was sort of the start of dealing with the most abusive of these types of cases," Cary Silverman said. "From there it caused others to say, 'Let's look at what's happening in other states, too.'" To determine where to introduce legislation next year, tort reformers are evaluating which states have legislatures in session next year and which have political momentum building, he said. About 12 states have a "high potential for abuse" while another 15 have laws for which "legislation would be helpful."

He said that reformers are particularly interested in states where large consumer class actions have popped up, such as Massachusetts, Illinois, Virginia, Maryland, New Jersey, West Virginia and the District of Columbia.

The ATRA report highlighted recent consumer suits across the country brought against Philip Morris USA and its parent company, Altria Group Inc., over the allegedly misleading marketing of its "light" cigarettes -- particularly a $10.1 billion verdict that was eventually overturned by the Illinois Supreme Court in December 2005. The report also noted consumer suits in Florida, Ohio and Texas against DaimlerChrysler A.G. over allegedly defective seat belts.

"Those are the kinds of things that cause people to sit up and take notice," said Kenneth Parsigian, a partner at Boston-based Goodwin Procter who represented Philip Morris in a "light" cigarettes case in Massachusetts. "If you can start bringing cases for hundreds of thousands of people at one time and don't have to prove that all of them are misled, this becomes an industry-threatening tool."

REFORMERS' MODEL LAW

The American Legislative Exchange Council (ALEC), a Washington-based group of 2,400 conservative state lawmakers, drafted model legislation being pushed by reformers that would provide guidance to legislators looking to reform the private right of action embodied in their state consumer protection acts.

Specifically, the legislation would restrict private lawsuits to a consumer who "reasonably relies upon an act or practice declared unlawful" and suffers a monetary or property loss as a result. The legislation also would require a 10-day notice to prospective defendants in a lawsuit and specify certain circumstances in which damages and attorney fees would be awarded.

"We expect it to be introduced in a number of states," said Kristin Armshaw, director of the Civil Justice Task Force at ALEC. She said legislation could be introduced as early as December. "We've been doing an educational campaign for over a year and been to a lot of legislators."

At the top of the list for potential legislative reforms is Massachusetts, where a bill backed by retailer groups this year would have amended the state's consumer protection act by requiring consumers to have suffered injuries before filing suit.

"I would anticipate that bill will be re-introduced," said Jon Hurst, president of the Retailers Association of Massachusetts, which attempted to push through state Senate Bill No. 919. The bill ended the year pending before a committee.

"We've become the new California," Hurst said. "There have been lawsuits filed here that wouldn't have been filed here had California not passed theirs, but we're unfortunately the place to go now for some of these frivolous consumer actions."

Brian Leary, a partner in the Boston office of Newark, N.J.-based McCarter & English, said the bill, which was influenced by Proposition 64, sought to alleviate concerns that consumers were not benefiting from a host of settlements against retailers who were accused of not pricing all of the items in their stores. He said those suits were brought by a handful of attorneys but cost retailers thousands of dollars in settlements.

"People were recovering large attorney fee awards without demonstrating actual injury to consumers and without delivering a single penny to consumers," said Leary, who represented BJ's Wholesale Club Inc. in one of the suits. "Consumers were getting absolutely nothing and lawyers have been the beneficiaries."

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Sam Perkins, a partner at Brody Hardoon Perkins & Keston in Boston, who brought suit against several retailers including BJ's, agreed that legislators are looking for ways to cut back on consumer litigation in the state, where the consumer protection act traditionally has been interpreted inconsistently by the courts. Massachusetts also allows for statutory damages in consumer suits.

"There is no question there will be a ton more litigation in Massachusetts," said Perkins.

In addition to Massachusetts, bills focused on the issues of reliance or actual injuries and losses have been proposed or heard this year in Minnesota, Missouri, New Hampshire and Oklahoma, Parsigian said. The Missouri bill sought to restrict consumer suits that involved conduct already approved by a regulatory agency. All those bills either failed or died.

But he said support for reform is gaining, pushed not only by ATRA but also by groups such as the U.S. Chamber of Commerce and the pharmaceutical industry.

Fred Morgan, chairman of the Judiciary Committee of the Oklahoma House of Representatives and a partner at Oklahoma City-based Reynolds, Ridings, Vogt & Morgan, drafted a comprehensive lawsuit reform bill this year that included elements "based on the California law."

Although that bill didn't pass, he said those changes "went right to the heart of lawsuit reform."

Plaintiffs lawyers said requiring reliance and actual injuries would add major hurdles in bringing consumer class actions.

"The idea that a reliance requirement be injected into consumer protection statues is a horrible idea," said Todd Heyman, a partner at Boston-based Shapiro Haber & Urmy who sued Philip Morris over "light" cigarettes in Massachusetts. He said a reliance requirement would in effect be a "free pass" for companies to make misrepresentations without being held accountable. Using statistics, surveys and expert witnesses to conclude whether each consumer in a class relied on misstatements would be expensive and restrict efforts to bring class actions, he said.

'FATAL' TO CLASS CERTIFICATION

David Dunham, a partner at Austin, Texas-based Taylor Dunham & Burgess, said such a requirement is "fatal to class certification." Dunham filed a class action of 5,000 dentists against the maker of allegedly defective software.

"The problem is: When you have high-volume, low-dollar, common consumer problems, how can you get consumers relief?" said Dunham, whose certified class action was reversed by the Texas Supreme Court on the ground that he had not proven the dentists had relied on the claims of the software maker. "If you can't bring it as a class action, they're not going to get relief."

Plaintiffs lawyers also said that not all consumer cases can prove actual injuries, yet they present valid claims.

John Banzhaf III, professor of public interest law at George Washington University Law School, said there are many examples where consumers should be able to sue before suffering a conventional injury or losing actual dollars from their pocketbooks. For example, in recent cases involving the theft of laptop computers, the individuals who filed consumer claims alleged they were owed compensation for the loss of their privacy but "nobody suffered economic loss," he said.

Report Finds U.S. Students Lagging In Finishing College (NYT)

By Tamar Lewin

The New York Times, September 7, 2006

The United States, long the world leader in higher education, has fallen behind other nations in its college enrollment and completion rates, as the affordability of American colleges and universities has declined, according to a new report.

The study, from the National Center for Public Policy and Higher Education, found that although the United States still leads the world in the proportion of 35- to 64-year-olds with college degrees, it ranks seventh among developed nations for 25- to 34-year-olds. On rates of college completion, the United States is in the lower half of developed nations.

“Completion is the Achilles’ heel of American higher education,’’ said Patrick M. Callan, president of the center, a nonprofit, nonpartisan organization based in San Jose, Calif., and Washington.

One particular area of concern, Mr. Callan said, is that younger Americans — the most diverse generation in the nation’s history — are lagging educationally, compared with the baby boom generation.

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"The strength of America is in the population that's closest to retirement, while the strength of many countries against whom we compare ourselves is in their younger population,'' he said. "Perhaps for the first time in our history, the next generation will be less educated.''

Over all, the report said, while other nations have significantly improved and expanded their higher education systems, the United States' higher education performance has stalled since the early 1990's.

At the same time, for most American families, college is becoming increasingly unaffordable. While federal Pell grants for low-income students covered 70 percent of the cost of a year at a four-year public university in the 1990's, Mr. Callan said, that has dropped to less than half.

"It's going backwards,'' he said. "Tuition is going up faster than family income, faster than inflation, faster even than health care.''

The report, which grades the states on how well they compare with the state with the best record, gives 43 states, including New York and Connecticut, an F for affordability. New Jersey got a D.

On average, a year at a public four-year university costs 31 percent of a family's income, the report said. But that figure hides the enormous difference between families in the bottom 20 percent of income, for which it would be 73 percent of annual income, and those in the top 20 percent, for which it would amount to only 9 percent.

The report, "Measuring Up 2006: The National Report Card on Higher Education," paints a picture of an income-stratified society, with a huge educational gap between low- and high-income young adults. In 12 states, the proportion of 18- to 24-year-olds from high-income families who are enrolled in college is at least twice as great as those from low-income families; in five states, the high-income students are at least three times as likely to be in college.

In New York, 33 percent of young adults from families with the lowest fifth of incomes are in college, compared with 55 percent of those from the richest families, close to the national average. The figures for Connecticut are 16.1 percent from the bottom fifth and 57.9 percent from the top fifth. New Jersey's figures are 19.6 percent from the bottom fifth and 51.0 percent from the top.

Ethnic differences in college enrollment also persist, with four states having twice the percentage of white students in college as nonwhite students. The secretary of education, Margaret Spellings, plans to announce her own ideas for making higher education "affordable, accessible and consumer friendly for all Americans'' after the Commission on the Future of Higher Education that she created last fall delivers its final recommendations this month.

"In order to remain a leader in the global economy, our nation must adapt its higher education system to prepare Americans for the jobs of today and tomorrow,'' Ms. Spellings said yesterday.

The report is the fourth in the center's series of assessments of national and state performance, which it produces every two years. This is the first report to include international comparisons.

On the state level, New York rated an A– on both students' preparation and the proportion who complete their degrees. New Jersey got an A on preparation and a B on completion, Connecticut an A– on preparation and a B on completion.

The likelihood of a ninth grader in New York enrolling in college four years later has dropped to 37 percent, three percentage points below the national average, from 45 percent in the early 1990's. That is one of the steepest declines in the nation, and one the center attributed to a falling high school graduation rate in the state.

Even accounting for New York's Tuition Assistance Program for low-income students, the center found, attending a public two- or four-year college would cost low- and lower-middle-income students nearly half of their family's annual income.

"New York has one of the best financial aid programs in the country, but also one of the largest low-income populations that the program doesn't reach,'' Mr. Callan said.

Officials at the State University of New York, the City University of New York and the State Education Department took issue with the center's methodology and said New York's public universities were more affordable than portrayed.

The report "badly miscalculates New York's TAP program and inaccurately portrays higher education in New York as unaffordable,'' said John R. Ryan, the SUNY chancellor. "Nothing could be further from the truth."

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The vice chancellor at CUNY, Jay Hershenson, said that, among other things, the report sharply understated the average amount of aid to undergraduates who receive state aid and failed to take into account more than a quarter-million students in nondegree programs that lead to college.

Higher Education Stats Stir New Concerns In USA (USAT)

By Mary Beth Marklein, Usa Today

USA Today, September 7, 2006

The United States has made incremental improvements in preparing students for college in recent years, but it has made "no notable progress since the early 1990s" in increasing college participation rates, a report says. And, it says, degree-completion rates in the USA compare poorly with those of other countries.

Those and other findings "challenge the notion that the American higher education system is still the best in the world," says former North Carolina governor James Hunt, chairman of the board of the non-partisan National Center for Public Policy and Higher Education, based in San Jose, Calif.

The center is to release the report, its fourth in a series, Thursday in Washington. For the first time, it compared national and state performances with those of 26 other countries in the Organization of Economic Cooperation and Development, whose members include many of the world's leading economies, such as Germany, Japan, the United Kingdom and Turkey.

The USA does not fare well, the report says. For example, although it still leads in the share of people ages 35 to 64 with a college degree, it ranks seventh among 25- to 34-year-olds with college degrees. That suggests that as the large and well-educated baby boom generation retires, the USA faces a drop-off in college-trained workers to replace them.

Though it ranks fifth in college participation rates, it continues to trail other countries in raising those rates, the report says.

Of particular concern, the report says, is the proportion of students who complete a college degree or certificate program. The USA ranks 16th among 27 countries.

The report also suggests that tuition increases, combined with dwindling financial aid, contributes to the flat growth in participation rates. "For most American families, college affordability has continued to deteriorate," Hunt says.

Since the early 1990s, it says:

• The proportion of family income needed to pay net college costs (after accounting for all student financial aid except loans) at public four-year colleges has grown from 28% to 42% in Ohio; from 18% to 30% in Iowa; from 25% to 36% in Oregon; and from 20% to 31% in Washington state.

• State support of need-based financial aid improved significantly in Washington, California and Maryland.

• Gaps in college participation between high- and low-income students persist. In Virginia, 58% of high-income and 14% of low-income young adults ages 18 to 24 are enrolled in college; in Illinois, the gap is 52% to 23%.

• The likelihood of a ninth-grader enrolling in college four years later is less than 40%, decreasing from 44% to 32% in Hawaii and from 45% to 37% in New York.

By Any Other Name (NYT)

The New York Times, September 7, 2006

Have you driven a Durant lately? Few people outside of Detroit know or care that William Durant founded the world's largest automobile company, General Motors. Only Ford Motor Company finds its identity knitted inextricably to its founder's name.

That is hardly surprising, given the position that Henry Ford occupies in our national consciousness. Mr. Ford is credited with changing the very shape of the country with his Model T. Since then his son, grandson and great-grandson have all stood at the helm of the company he founded.

On Tuesday, the great-grandson, William Clay Ford Jr., stepped down as Ford's chief executive and president, passing the reins to the Boeing executive Alan Mulally. Mr. Ford will stay on as chairman, but the job of running the company rests with Mr. Mulally now.

While there is plenty of doubt about whether Mr. Mulally will be able to turn around the fortunes of the automaker, Mr. Ford has passed one of the most important tests of leadership: knowing when to step aside. By most accounts, the outgoing chief

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executive had far more on his plate than he could handle in the midst of a restructuring that could save — or finish — the company.

Too many milestones at Ford have been negative recently; this summer, Toyota surpassed it as the second-biggest-selling auto company in the country. It was time for a change, and it was well worth reaching outside the generally closed circle of auto executives. Too often the mind-set in Detroit has seemed narrow and mired in the past.

Coming from Boeing, another American industrial icon, Mr. Mulally could be called an inside-outsider. He studied Ford's operations in the 1980's and Toyota's more recently as he streamlined Boeing. With 37 years of experience there, Mr. Mulally is hardly the sort of gun-for-hire that slashes costs and jobs before leaving with a quick, big paycheck.

Unfortunately for employees at Ford, some 30,000 positions are already on the chopping block. Shrinking employment in the manufacturing sector should pose serious public policy questions for our leaders in Washington. But for Ford it is unavoidable when declining market share combines with increased productivity. A strong future for Ford's workers will only be possible with better designs and better cars that capture consumers. With experience but a fresh set of eyes, it may take a Mulally to restore the Ford name to greatness.

The Populist Myths On Income Inequality (NYT)

By David Brooks

The New York Times, September 7, 2006

There are two schools of thought on income inequality. Members of the first school — populist politicians and a few economists — say the key issue is economic power.

The haves exercise more power over the have-nots. As a result, corporate profits soar, while wages stagnate. Money-drenched politicians push through shareholder-friendly trade deals that outsource American jobs while job insecurity skyrockets. C.E.O.'s get absurd salaries while the 99 percent of earners enjoy few benefits from productivity gains. Unions are weakened while manufacturing wages tumble and the middle class suffers.

In short, populists argue, the market is broken. The rules are rigged. The reigning ideology in Washington must be upended. Unions must be revived. Globalization needs to be reorganized.

The problem with this narrative is that it doesn't really fit the facts. First, workers over all are not getting a smaller slice of the pie. Wages and benefits have made up roughly the same share of G.D.P. for 50 years. Second, offshore outsourcing is not decimating employment. According to the Bureau of Labor Statistics, outsourcing is responsible for 1.9 percent of layoffs, and the efficiencies it produces create more jobs at better wages than the ones destroyed.

Third, jobs are not more insecure. Workers are just as likely to hold a job for 20 years as they were in 1969. Fourth, workers are not stuck in dead-end jobs. Social mobility is roughly where it was a generation ago.

Fifth, declining unionization has not been the driving force behind inequality. David Card of the University of California, Berkeley, has estimated that de-unionization explains between 10 and 20 percent of the rise in inequality, and that effect was probably strongest decades ago. These days the working class is not falling behind the middle or upper-middle class. Instead, the big rise in inequality is within the office parks, among people who were never unionized. Middle managers are falling behind top executives.

The populists, who usually live in university towns, paint a portrait of unrelieved misery that badly distorts reality. It's true that middle-class wages are lagging, but as Stephen Rose points out in The American Prospect, over the past 25 years the share of working-age adults in households making over $100,000 has risen by 13 percent while the share of households making less than $75,000 has dropped by 14 percent — after adjusting for inflation. The median household income of people in their prime working years (25-59) is $63,000. More than half of Americans have no credit card debt, and half of those who do owe less than $2,200.

Workers continue to see their wages rise as they age. The typical male worker with some college but no degree has seen his income rise from $34,000 in 2000 to about $40,000 today.

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Members of the second and much more persuasive school of thought on inequality say the key issue is skills. Lawrence Katz, formerly of the Clinton administration, now of Harvard, puts it this way: Across many nations, the market increasingly rewards people with high social and customer-service skills.

A contractor who can work with customers, design kitchens and organize jobs may earn five times as much as one of his workers who has identical cabinetry skills. An office worker who is creative, charismatic and really good in fast-changing interactive settings now gets paid much more than a disciplined middle manager who excels at routine tasks.

Katz describes a polarized economy. Wages are rising in the bottom quartile for workers who provide personal services. The middle is lagging. The real rewards are going to the top 10 percent, especially to those relative few who have the skills to transform organizations from the top.

In other words, the market isn't broken; the meritocracy is working almost too well. It's rewarding people based on individual talents. Higher education pays off because it provides technical knowledge and because it screens out people who are not organized, self-motivated and socially adept. But even among people with identical education levels, inequality is widening as the economy favors certain abilities.

In short, government policy is not driving inequality and wage stagnation. But government hasn't done much to effectively address the problem either, even though per-capita education spending has more than quadrupled since 1950. What's needed is not a populist revolt, which would make everything worse, but a second generation of human capital policies, designed for people as they actually are, to help them get the intangible skills the economy rewards.

What would a set of second-generation human capital policies look like? I'll come back to that in a few days.

Republicans' Internecine Wars (WSJ)

By Sarah Lueck

The Wall Street Journal, September 7, 2006

TUCSON, Ariz. -- As Republican leaders work to retain control of Congress, a number of primaries around the country are pitting their party's conservative base against its moderates.

One such fight can be found in this socially moderate border district, where the National Republican Congressional Committee has spent more than $200,000 to help Steve Huffman -- a state representative who favors abortion rights and federal funding of embryonic stem-cell research -- win Tuesday's primary.

But a recent poll of likely primary voters showed Mr. Huffman lagging in the five-candidate race behind Randy Graf, a socially conservative candidate who has advanced by taking a hard line on immigration.

Mr. Huffman warns that a Graf primary victory means that in November, his party could lose the seat held for 22 years by departing Republican Rep. Jim Kolbe. "This district is not going to elect an extreme candidate like Randy Graf," Mr. Huffman says.

Mr. Graf, a former state representative and golf pro, says only a candidate with a security-focused immigration position can keep the seat in Republican hands. He says Mr. Huffman was "handpicked" by the Washington political establishment at a time when many voters are dissatisfied with the status quo. "I am the anti-establishment guy," says Mr. Graf.

Arizona's Eighth District mirrors intramural fights occupying Republicans throughout the country before Sept. 12, when 10 states hold primaries. Beyond Arizona, primaries for open House seats in Vermont and Wisconsin are pitting the party's moderates against its right wing.

In Rhode Island, Republican Sen. Lincoln Chafee faces a strong primary challenge from Cranston Mayor Steve Laffey, aided by the Club for Growth. The economic-conservative advocacy group is trying to punish the incumbent for opposing some of President Bush's tax cuts -- even as the National Republican Senatorial Committee has backed Mr. Chafee, arguing Mr. Laffey couldn't win the heavily Democratic state in November.

Beyond the specific seats at stake, the intraparty primary fights could bode ill for Republicans in the general election, signaling disaffection among conservatives who may be less inclined to turn out in November.

Democrats, too, have had their share of internal challenges from the left, most notably Ned Lamont's victory in the Connecticut senatorial primary last month after attacking incumbent Joseph Lieberman over supporting the Iraq war. But those

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fights tend to be in places that are safely Democratic. Republican leaders fear that in many of their battles, a more conservative candidate could lose.

The irony in Arizona is that Mr. Graf's success comes in part by taking the same security-only immigration stance that many House Republicans have staked out -- and by arguing that Mr. Huffman is soft on the issue.

Mr. Graf would be right at home with House Republicans who railed against illegal immigration during field hearings over the summer. Like them, Mr. Graf backs increased border security and workplace enforcement, and opposes new guest-worker programs and amnesty for illegal immigrants.

Mr. Huffman says immigrant labor is critical to Arizona's economy, and he supports a guest-worker program as part of an immigration overhaul. The race represents a battle between the two disparate views Republicans hold on immigration, and the outcome will signal to party leaders which policies work politically.

A victory by Mr. Huffman would signal that even voters concerned about illegal immigration can be persuaded to support a more moderate policy. It would also be a triumph for business groups that are pushing for expanded legal immigration and are accustomed to the business-friendly Mr. Kolbe, who supports a guest-worker program, along with increased border security and a worker-verification system. Mr. Kolbe also wants a route for illegal immigrants working in the U.S. to eventually become citizens. In this, Mr. Huffman diverges from the incumbent, saying he doesn't support such a "path to citizenship."

A win for Mr. Graf, on the other hand, would confirm that voters want the government to crack down on illegal immigrants. "If this issue can't be won in this district" by hard-liners, says Mr. Graf, "the argument can be made that it can't be won anywhere in the country."

This week, Mr. Graf is getting some support from a surprising source. The Democratic Congressional Campaign Committee spent $190,000 on a television ad criticizing Mr. Huffman on immigration -- a sign that Democrats, like Republican leaders, view the moderate as a tougher opponent. The ad accuses Mr. Huffman, a state representative, of missing votes on border security and immigration. "If we can't trust Huffman to show up to work, how can we trust him to protect us?" the ad says. Mr. Huffman, in a statement, called it a "false and reckless" attack.

Mr. Graf's immigration campaign is longstanding. In 2004, he challenged Mr. Kolbe in the Republican primary, using immigration as a focal point. Mr. Graf lost, but got 43%, compared with the incumbent's 57%, which he says proved that immigration had traction.

In a sign that Mr. Graf's immigration position indeed has political traction, Mr. Huffman has tried to blur the differences with his chief opponent. His campaign brochure puts "secure our border" at the top of the list of things he would do if sent to Washington; alongside it is written: "No Amnesty!"

At a forum for Republican candidates last week, Mr. Huffman backed increased border security, and then explained his support of a temporary worker program. He said he favors an approach on immigration that "both protects our national security and keeps our economy moving forward."

Mr. Graf said he wants to root out illegal immigrants at the border and in the workplace. "We need to make sure they don't get jobs, make sure they don't get benefits," Mr. Graf said. "If we do that, I'm convinced 75% will either go home or be deported." He also noted his support for Proposition 200, a state ballot measure that passed in 2004 that requires proof of citizenship at polls, and requires state and local governments to verify that applicants for public benefits are citizens. Mr. Huffman opposed it.

The forum left some voters in the audience undecided. "Immigration is the biggest thing here. It's got to be," says Larry Chapman, a 76-year-old retired school superintendent who is an independent but plans to vote in the Republican primary. "They're all saying the right things" on border security, he adds.

Ralph Duchin, a 74-year-old petroleum geologist, says he is leaning toward Mr. Huffman, in part because he agrees with him on abortion rights and stem-cell research. On immigration, "I'm a hard-liner," Mr. Duchin says. But "evicting 12 million people, it's not going to happen." Mr. Huffman's position is "more realistic," he says.

DCCC's A-List Coming To Town (RC)

By Lauren W. Whittington

Roll Call, September 7, 2006

House Democrats are planning to host their top challenger candidates on Capitol Hill next Wednesday for an event designed to quicken the drumbeat for Democratic chances of taking back the House this fall.

Sept. 13 is being dubbed the "March to the Majority" day, when candidates from around the country who have been selected for the Democratic Congressional Campaign Committee's "Red to Blue" program will be in town to meet with the House Democratic Caucus, DCCC staff and relevant interest groups, as well as to attend a fundraising reception that night.

"American families are looking for a change from the Republican mantra of 'stay the course' and these New Direction Democrats will deliver that come November," said DCCC spokeswoman Sarah Feinberg.

A March to the Majority reception will be held at the Sewall-Belmont House on Capitol Hill on Wednesday night. A minimum $250 contribution is required, with the proceeds going to the Red to Blue program recipients.

The DCCC has announced two rounds of Red to Blue recipients, totaling 34 candidates. A third round is expected soon. Candidates selected for the program get additional help with fundraising and campaign strategy from the committee.

The current Red to Blue candidates, all of whom are invited to next week's event are: Michael Arcuri (New York's 24th), Bruce Braley (Iowa's 1st), Darcy Burner (Washington's 8th), Phyllis Busansky (Florida's 9th), Chris Carney (Pennsylvania's 10th), Joe Courtney (Connecticut's 2nd), John Cranley (Ohio's 1st), Jill Derby (Nevada's 2nd), Joe Donnelly (Indiana's 2nd), Tammy Duckworth (Illinois' 6th), Brad Ellsworth (Indiana's 8th), Diane Farrell (Connecticut's 4th), Kirsten Gillibrand (New York's 20th), Tessa Hafen (Nevada's 3rd), Baron Hill (Indiana's 9th), Christine Jennings (Florida's 13th), Phil Kellam (Virginia's 2nd), Mary Jo Kilroy (Ohio's 15th), Ron Klein (Florida's 22nd), Nick Lampson (Texas' 22nd), Ken Lucas (Kentucky's 4th), Patricia Madrid (New Mexico's 1st), Harry Mitchell (Arizona's 5th), Lois Murphy (Pennsylvania's 6th), Patrick Murphy (Pennsylvania's 8th), Joe Sestak (Pennsylvania's 7th), Heath Shuler (North Carolina's 11th), Zack Space (Ohio's 18th), Linda Stender (New Jersey's 7th), Mike Weaver (Kentucky's 2nd), Peter Welch (Vermont's At-large), Patty Wetterling (Minnesota's 6th) and Charlie Wilson (Ohio's 6th).

Dems Missing Big Donors (HILL)

By Josephine Hearn

The Hill, September 7, 2006

With their political prospects flying high, Democrats are turning their attention to mobilizing voters for the fall election and are worried that so the deep-pocketed donors who helped them in 2004 will sit this election out.

"In 2004, there was significant support by large national donors on behalf of the Democratic ticket," said Rep. Artur Davis (D-Ala.), one of a handful of lawmakers highly active with the Democrats' campaign operation. "That level of energy has not materialized to date, and that is disappointing considering the tremendous stakes and opportunities available to Democrats this cycle."

Rep. Rahm Emanuel (D-Ill.), chairman of the Democratic Congressional Campaign Committee, has been more pointed.

"In the 2004 election there were some very active players who, as far as I can tell, have now decided they're neither going to be involved in the field, advertising or anything," Emanuel told the New York Daily News in August. "Do you know where they are?"

Democrats and their presidential nominee, John Kerry, received unprecedented support two years ago when donors pumped more than $200 million into liberal 527 organizations. Financier George Soros gave $24 million to 527s, according to the nonpartisan Center for Responsive Politics. Microsoft co-founder Paul Lewis chipped in $23 million. Entertainment mogul Steve Bing contributed $14 million, savings and loan barons Herb and Marion Sandler $13 million, and hotel heiress Linda Pritzker, computer executive Ted Waitt and Alida Rockefeller Messinger all gave multiple millions.

These and other large donors bankrolled America Coming Together in 2004, a 527 organization devoted to turning out Democratic voters in 17 states. Although the group did make significant gains, it was outpaced by Republican organizing in key states like Ohio, leading some big donors to feel burned by the 2004 election, upset that they shelled out millions only to see Kerry lose, Democratic fundraisers said.

"There was a lot of questioning about where money went and was it spent properly," said Andy Spahn, an advisor to Hollywood donors. "In some part that led to disillusionment and cynicism about 527s."

This year, those well-heeled donors have yet to join the fray. Soros has given less than $2 million, Lewis a paltry $1.1 million, and the others even less. Some are eschewing election-year operations in favor of long-term efforts such as the

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Democracy Alliance, a group of more than 80 high net-worth individuals funding projects to amplify the liberal message, identify future leaders and conduct research.

For help with turnout efforts, congressional Democrats are instead looking to longtime allies such as the AFL-CIO. The labor group recently announced that it would pump $40 million into mobilizing voters. MoveOn.org Political Action has run ads in 11 congressional districts and has pledged $25 million to the election, about half of what it spent in 2004.

Those pledges have somewhat mitigated concerns of congressional Democrats that the big money won't materialize.

Aside from those who thought their money was misspent in 2004, other wealthy individuals simply don't take an interest in midterm elections no matter how bright the prospects.

"There are still a lot of people that don't play 3.5 years out of four no matter how big the midterm is," said a Democratic fundraiser experienced with large donors. "It's not important enough for them. It's always 'What can I get out of this? Can I be close to the president of the United States? Can I have an ambassadorship?'"

Fundraising typically falls off across the board in mid-term elections, a trend that affects contributors large and small.

"Congressional work isn't as sexy to these guys as presidential work," said political consultant Alan Secrest. "[But] this is an historic opportunity. You probably won't see one like this for another 20 years. Those who don't have the vision or temerity to get involved this year ought to find another ambition."

Democrats caution that the election season has only just begun and many wealthy backers may still decide to chip in.

"Because the majority is in reach, because of the momentum we have, that's the best selling point for any big donor," said Rep. Debbie Wasserman Schultz (D-Fla.), one of Emanuel's top lieutenants. "If they care about winning the presidency, one of the major keys to enhancing the likelihood of success in '08 is to win one chamber back in '06."

Spahn, the Hollywood consultant, said the Democratic donor base had "tremendous optimism," but that many contributors were choosing to give smaller donations directly to the candidates and party committees. Campaign-finance law limits the amount of direct contributions an individual can give.

"This has been a very aggressive fundraising cycle. There have been Senate or party committee events almost weekly here," Spahn added.

Indeed, the party committee coffers have broken records this year. The DCCC has banked 73 percent more this cycle than it did in 2004 and has remained unusually competitive with the National Republican Congressional Committee, raising $81 million to the NRCC's $115 million.

Although multi-million dollar contributions have been scarce, Wasserman Schultz is confident that Democrats will excel in sending voters to the polls.

"We always have to begin again when it comes to [get-out-the-vote efforts]," she said. "Our effort to win back the House does not rise and fall on whether George Soros makes a contribution."

Democrats Appear Poised To Win House — And We'll Know Early (RC)

By Morton M. Kondracke

Roll Call, September 7, 2006

We won't have to stay up late on Nov. 7 to see whether Democrats win back the House. By shortly after 8 p.m., the result should be clear.

The polls close by 7 p.m. EST in Kentucky and Indiana, where six GOP-held seats are up for grabs. They close at 7:30 p.m. in Ohio, with three seats, and at 8 p.m. in Connecticut, Pennsylvania and New Jersey, which together have a total of seven more contested seats.

The final tallies won't be in until later, of course, but results in the early states should show whether Democrats will pick up the 15 seats they need.

Right now, polls, the pundit consensus and the estimates of both Democratic experts and some Republicans all suggest that GOP rule in the House will end, conceivably with a Democratic pickup of 30 seats — double what's needed.

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The RealClearPolitics.com average of the last four generic Congressional polls gives Democrats a 12.2-point advantage — a historically huge gap that's far above the 7-point GOP vote margin in 1994, when Republicans picked up 52 seats and took over the House.

Democratic experts say that it will take a 5-point vote advantage on Election Day this year to win 15 seats and recapture control.

Robert Richie of the electoral reform group FairVote calculates that gerrymandering of House districts means Democrats will need 54 percent of the national House vote to win 15 seats. The GOP got 53.5 percent in 1994.

One Republican pro told me that "Democrats are being very smart to target 40 to 50 races around the country. If they end up with a 7-point generic advantage, they'll win a majority of those races. I would put it in the 30 range."

Reviewing the handicapping of individual races by nonpartisan experts such as Stu Rothenberg of The Rothenberg Political Report (also a contributing writer for Roll Call), Charlie Cook of National Journal and Larry Sabato of the University of Virginia, RealClearPolitics.com's Richard Baehr concluded that nine GOP seats lean Democratic, two are dead even, 15 are barely leaning Republican, and 12 more are competitive. By contrast, only three Democratic seats are considered up for grabs.

GOP officials acknowledge that the "environment is not favorable," but Republican National Committee Chairman Ken Mehlman nonetheless predicted flatly to me that his party will hold both the House and Senate.

"No. 1," he said, "the playing field is relatively narrow" with just 20 GOP open seats at risk. "Two, we are going to have more resources, and we're going to target them better.

"While it's true the Democrats have done very well at their Congressional committees, [the RNC] will spend more than has ever been spent on House and Senate races and more than make up the difference."

Mehlman declined to discuss specific numbers, but late-August Federal Election Commission reports showed the RNC with $33 million more in cash on hand than the Democratic National Committee had, while the Democratic Senatorial Campaign Committee led its GOP counterpart by $15 million. The parties' House committees were close to even.

Other GOP sources said that when candidates' coffers are included, Republicans overall have $43 million more to spend on the Congressional elections than Democrats. The GOP is hoping for a low-turnout election, in which its proven get-out-the-vote machinery prevails.

And, Mehlman added, "our guys understand that this election is going to be a choice, not a referendum. And while Americans are clearly frustrated about the Iraq War, that

doesn't mean that when they're told what will happen if we cut and run, they'll want to do that. Polls consistently show they don't want to do that."

The Republican who predicted a 30-seat loss was basing his estimate on the expectation that news from Iraq would continue to be bad. "Barring some major event like discovering a [terrorist] weapons cache in Chicago or something, I think [Republicans] are flying into a mountain."

GOP officials hope that President Bush will be able to pull up his approval ratings by 5 percentage points or so before November — from an average of 40 percent to 45 percent — and pull GOP fortunes with it.

But at the moment, even White House officials acknowledge that events in Iraq are casting a dark shadow over the national mood.

Various analyses show that Bush has lost the support he had in 2004 among married women — the "security moms" — but polling I've seen also indicates a substantial reversal among men, especially older men.

Bush beat Democratic nominee Sen. John Kerry (Mass.) by 55 percent to 44 percent among men in 2004, while Bush got 48 percent among women, up 5 percentage points from 2000.

The latest Gallup Poll, however, shows that the gender gap has virtually disappeared and that Bush receives just 43 percent support from males and 41 percent among women. Fifty-four percent of both men and women disapprove of his performance.

When voters were asked whether they are satisfied with the way things are going in the country, 60 percent of men aged 18-49 said they were dissatisfied, and 73 percent of men over 50 said so — about the level for all women.

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In Gallup's August generic Congressional ballot test, women leaned Democratic by a margin of 49 percent to 40 percent, while men — traditionally a more Republican-oriented group — split nearly even at 47 percent Republican, 46 percent Democratic. And older men split 51 percent Republican to 46 percent Democratic.

Bush and Republicans also have lost support from self-identified independent voters, who split almost evenly in 2004. Now, independents disapprove of Bush's performance by a margin of 58 percent to 36 percent and plan to vote Democratic in November by 45 percent to 35 percent. Republicans must hope that this group does not show up at the polls in the off-year election.

The pro-Democratic tilt of the 2006 political table could shift, of course. But Republicans' chances of holding the House probably depend more on world events now than on campaign talk.

Republicans Sense Opportunity To Pick Up A Seat In Iowa's 3rd District (HILL)

By Jim Snyder

The Hill, September 7, 2006

DES MOINES, Iowa — With poll numbers showing voters broadly unhappy with Republicans in Congress, Iowa's 3rd District presents the party with a rare opportunity: the chance to pick off a Democratic incumbent.

Republican candidate Jeff Lamberti — son of the founder of the ubiquitous Casey's General Store gas station chain here and co-president of Iowa's evenly split state Senate — has money, name ID and an energetic personality in his favor. He believes voters will not hold him accountable for sins in Washington.

"People are unhappy with Congress as a whole. I believe there is a strong desire for change," said Lamberti, who represents part of Polk County, where Des Moines is based, in the Iowa Senate.

The race, which matches him against Democrat Leonard Boswell, seeking his 6th term, has been noted as among the most competitive by several political publications. Even Democrats acknowledge that Lamberti is an able opponent.

Still, experts say, the Ankeny attorney faces several obstacles beyond whatever unhappiness there is in the district with Republicans, including a well-funded incumbent who appeals to urban and rural voters and Iowans' own sense of loyalty.

"Iowa voters like to keep incumbents around," says Des Moines Register columnist David Yepsen, who predicts that Boswell will win reelection.

"You really have to screw up in this state to lose."

Governors here have served on average for longer than a decade. Iowa senators conservative Chuck Grassley and liberal Tom Harkin are in their 5th and 4th terms, respectively. A House incumbent hasn't lost in over a decade.

Boswell is a centrist Democrat who voted for the resolution authorizing President Bush to go to war in Iraq and for the House Republican immigration bill.

Health problems sidelined Boswell for much of the spring, but the candidate seems back on his feet, a few pounds lighter. He had more than $1 million cash on hand at the end of the last reporting period.

The 3rd district, like the state as a whole, is evenly divided between Democrats and Republicans. District voters favored President Bush over Sen. John Kerry by 267 votes. Four years earlier, Vice President Al Gore beat Bush by 571 votes.

Boswell, who spent more than $1 million in his last two races, safely won in both 2004 and 2002 over his Republican opponent, attorney Stan Thompson.

While the 3rd district contains plenty of rural areas, 65 percent of the voters live in Polk. The urban center is Democratic. Democrats also say Boswell, a retired lieutenant colonel and farmer, appeals to rural, more conservative voters as well. In the 2004 race, he lost only two of the 12 counties in the 3rd.

Boswell "fits in better with the real values of Iowa families," says Democratic Congressional Campaign Committee spokeswoman Jen Psaki, than the "smooth-talking Jeff Lamberti."

Republican political candidates have fared well in more rural areas of the district, however, and do well in suburbs surrounding the capital city.

The DCCC cut in half the amount of money it planned to spend in the district, which may indicate that Democrats feel increasingly comfortable with how the race is going.

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But Tim Miller, Lamberti's spokesman, noted that the district is still one of only a handful of races where the DCCC is spending money to protect incumbents.

"They still are obviously concerned about Boswell," Miller said.

As elsewhere in the state, economic and job issues may be the foremost in voters' minds, strategists say. Iowa has an unemployment rate lower than the national average, but fears of layoffs or insecure pensions remain a worry for many blue-collar workers here.

"In Iowa, the concern is underemployment. People working two jobs, but earning less," said Democratic strategist Jeff Link.

The closing of a Maytag plant in Newton, Iowa, 20 miles east of Des Moines, underscores the feeling of unease, Link said.

Healthcare is another hot issue. After undergoing his own health scare, Boswell made the issue a central topic of his initial campaign advertisement, which stresses his work to expand health care for senior citizens and veterans.

Immigration is another issue in the 3rd district, and one Republicans across the state, and the country, are trying to seize on. Iowa's influx of illegal immigrants has been less than in other areas, but voters here "want a candidate who is tough on the border," said Lamberti.

Sensing an opportunity, Republicans held a field hearing on immigration last week in Dubuque, which is in Iowa's 1st district, another swing district that leaders of both parties are targeting.

Democrats, meanwhile, plan to exploit Lamberti's voting record in the Iowa Senate, including past votes cutting education spending. Education typically polls among the issues voters care most about in Iowa, a state that is traditionally near the top in per capita education spending.

Lamberti, though, has made fiscal responsibility another theme of his campaign, and has called for reducing the number of congressional pork barrel projects.

Though Lamberti insists unhappiness with congressional Republicans and President Bush isn't pervasive in the third district, he has structured his campaign around the idea of change.

Change is the title of his first television advertisement, which stresses his intention to cut taxes, control spending and control the border. Boswell's support for the House bill is an "election-year conversion," said spokesman Miller.

Lamberti has criticized Boswell for approving budgets that have increased the debt. Democrats quickly seized on this criticism of overspending to aid the gubernatorial candidacy of Iowa Secretary of State Chet Culver, who is running against Rep. Jim Nussle, the chairman of the House Budget Committee.

Democrats See Chances To Gain In Florida (NYT)

By Abby Goodnough

The New York Times, September 7, 2006

MIAMI, Sept. 6 — Gov. Jeb Bush is leaving office because of term limits, and Florida Republicans' new Senate nominee, Representative Katherine Harris, is perhaps the party's weakest here in decades. So the state's hobbled Democrats see a rare opportunity to regain some of the ground they have lost in this swing state over the last 12 years.

The going will be rough. Governor Bush's popularity will almost certainly help Attorney General Charlie Crist, who in Tuesday's primary became the Republican nominee to succeed him. And the State Legislature, controlled by Republicans since 1996, will stay that way. Republicans now hold every statewide office except for that of Senator Bill Nelson, who now faces a challenge from Ms. Harris, and all but 7 of Florida's 25 seats in the House.

Yet Democrats believe they can capitalize on national anger toward Republicans this year, and on local concern about home insurance rates and education policy, including what many see as an overemphasis on standardized testing. They are hoping that social conservatives will be kept at home on Election Day by Mr. Crist's moderate positions: he supports stem cell research and civil unions for same-sex couples, and, though against abortion, has said he would not support new restrictions on it.

Republican dominance notwithstanding, Florida has more registered Democrats, who number 4.2 million, than Republicans, at 3.9 million, according to the Division of Elections.

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"Florida is so evenly divided that fairly small constituencies can make a big difference," said Lance deHaven-Smith, a political science professor at Florida State University. "All the Democrats would have to do is undermine turnout among the Republican base just a bit."

The state also has a rich pool of two million unaffiliated voters, concentrated in the central corridor between Tampa and Orlando, who sustain its standing as a swing state. The Democratic nominee for governor, Representative Jim Davis of Tampa, would have to win over those voters while keeping conservative Democrats in the Florida Panhandle from backing Mr. Crist.

Mr. Crist, a state senator and education commissioner before he was elected attorney general in 2002, is a gifted campaigner who will stump with Governor Bush at his side and probably raise a lot of money in the process. He collected $14 million in his primary race against Tom Gallagher, the state's chief financial officer, whom he defeated by 64 percent to 33 percent on Tuesday. In contrast, Mr. Davis raised just $4 million and defeated his primary opponent, State Senator Rod Smith, by about 47 percent to 42 percent.

Democrats are also expected to wage aggressive fights in the races for attorney general and chief financial officer, positions that Republicans have held since 2002. They will fight hard too for the Congressional seats of Ms. Harris, who is relinquishing hers to run for the Senate, and Representative E. Clay Shaw Jr. of Fort Lauderdale, who is considered one of the nation's most vulnerable Republicans.

"The question mark is turnout," said Susan MacManus, a political science professor at the University of South Florida. In particular, she said, the Democratic Party will need to improve turnout among blacks and non-Cuban Hispanics, including the growing population of Puerto Ricans in Central Florida.

Mr. Crist may have an unusual advantage with black voters, some of whom lost interest in Mr. Davis during the primary after an independent political committee called attention to his vote as a state legislator in 1990 against restitution for two black men who had been wrongfully imprisoned for murder.

But Joe Garcia, a Democratic political strategist in Miami, said that even if the race was only slightly competitive, national Democratic leaders would come to campaign for Mr. Davis because winning the governor's seat would help them capture Florida's 27 electoral votes in the 2008 presidential race.

Josh Earnest, a spokesman for Mr. Davis, said nine Democrats "with reported presidential ambitions" called the nominee on Wednesday to congratulate him on his primary victory and offer assistance in the general election.

Mr. Garcia questioned whether Mr. Bush's influence would really help Mr. Crist. He suggested that Democrats, trying to hamper the governor's ability to bolster Republican candidates, would tie him to his brother at a time when the president's popularity has plummeted.

"You want Jeb Bush to carry you," he said, "that's fine, but his big brother is going to be there with him."

Others, including Aubrey Jewett, a political science professor at the University of Central Florida, dismissed the idea that the governor could be anything but an asset to Mr. Crist and other Republicans.

"He's pretty much going out on top," Professor Jewett said.

Whether the governor and other Republicans will campaign for Ms. Harris is another question. Al Cardenas, a former leader of the Florida Republican Party, said the party would watch Ms. Harris closely over the next few weeks. She struggled with fund-raising and lost more than a dozen staff members during her erratic primary campaign, and on Tuesday she won just under half the vote in a four-way race.

"I'd like to see her have competent staff, begin to run a tight schedule, pick up on her fund-raising and take it to Bill Nelson in a way that starts impressing those of us who have been around for a while," Mr. Cardenas said. "Whether folks will gravitate toward her will have a lot to do with how she picks up the ball and runs with it."

New Group Is Racing To Slow Down GOP (WP)

By Chris Cillizza

The Washington Post, September 7, 2006

A new independent political organization made up of former Democratic members of Congress and high-level party operatives has begun running television ads targeting two Republican incumbents.

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The group, Majority Action, is sponsoring commercials that hit Reps. Deborah Pryce (Ohio) and James T. Walsh (N.Y.) on corruption and the war in Iraq, respectively.

"The course set by President Bush and Congress isn't working," says a narrator in one of the ads. "But Congressman Walsh wants to give us more of the same."

The goal of Majority Action, according to co-chairman Joe Andrew, is to level the financial playing field in Republican-held seats where a potential national wave could wipe out a number of incumbents not considered top targets at the moment.

"Poll after poll [show] that the only thing standing between Democrats being able to win the House back is Republicans being better able to execute their campaigns," Andrew said.

Andrew and Don Fowler -- both former Democratic National Committee chairmen -- anchor the group's leadership circle, which includes a panoply of former lawmakers, including past Democratic Congressional Campaign Committee chairmen Tony Coelho (Calif.) and Martin Frost (Tex.).

While he shied away from specifics, Andrew said Majority Action had a "seven-figure" budget -- between $8 million and $10 million, an informed source said -- and was spending in the "six figures" in individual House districts.

The group is registered as a 527 (so named for its place in the tax code) with the Internal Revenue Service and had raised $210,000 as of June 30. Ads in two additional districts are expected to launch shortly.

Majority Action's founders have insisted the organization will succeed where other outside groups -- which can accept contributions of unlimited size -- targeting House and Senate races have failed because of the high-profile figures aligned with the effort and the amount of attention being paid to the fight for control of this cycle.Presidential Run for Armey?

Other former shakers on Capitol Hill likewise seem to be in the mood, if not to resume shaking, to at least jiggle a little.

Witness former House majority leader Richard K. Armey (R-Tex.) who retired from the House in 2002 and has spent his time since heading up Freedom Works -- a group that advocates shrinking government and lowering taxes.

Armey is now headed to Iowa for a speech on Sept. 19, stoking speculation that he may fancy himself a candidate for president in 2008. Although Armey told ABC News that he has "no interest in Dick Armey for president," he left the door open -- wide open.

Aides were quick to point out that the former leader is likely to visit the presidential proving grounds of New Hampshire and South Carolina later this year. An aide said Armey hopes to "keep the Reagan legacy alive in the presidential primary."

An Armey bid would have any number of hurdles, most importantly the weight of history. The previous former House member to be elected president was George H.W. Bush.

Democrats Look To Hillary Clinton To Help Win New York House Seats Campaign Journal Offers Insights About Political Developments From The Front Lines Of The Fall Races Through Election Day. (WSJ)

By Jackie Calmes

The Wall Street Journal, September 7, 2006

CLARENCE, N.Y. -- As Democrats count the 15 Republican seats they need to take control of the U.S. House, their tally of likeliest captures includes three in blue-state Connecticut, three and four respectively in swing-states Ohio and Pennsylvania and even three in blood-red Indiana.

But here in that bluest of blue states, New York, they're counting on only one.

As many as seven of Republicans' nine House seats in New York are on political watch lists in this high-stakes mid-term election. Yet cautious counters among Democrats are banking only on swiping the one in the state's rural center that liberal Republican Rep. Sherwood Boehlert is vacating after nearly a quarter century. Most of the remaining half-dozen Republican-held districts belong to incumbents with deep roots, including this town's native son, Rep. Tom Reynolds, the man in charge of getting all House Republicans re-elected in a really bad year for his party.

"The wind is in our face," Mr. Reynolds acknowledges -- but he says so with the air of a man who's confident it would take a gale to uproot him and his fellow New York Republicans in Congress.

Enter the state's junior Democratic senator, one Hillary Clinton, to help fan the winds.

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Turnout is the great wild-card of mid-term elections since voters' participation is significantly lower than in presidential years. In each state, local factors work to hold it down, or beef it up. Sen. Clinton, up for re-election in New York this year, is putting her rich treasury and statewide organization to work to get Democrats, supportive independents and mutinous Republicans to come out. Down-ballot candidates, like those Democrats seeking House seats, are hoping Sen. Clinton's supporters will pull them along.

It's not like Sen. Clinton needs to go all out: She faces only token Republican opposition -- "token" being a label that holds true no matter which of two Republican candidates wins next Tuesday's primary, after a campaign in which they've traded tales of adultery, nepotism and general family dysfunction.

But the prospective Democratic presidential candidate is thinking beyond 2006, to 2008. "She wants to drive up the vote," says Curtis Ellis, a strategist for Mr. Reynolds' Democratic rival, industrialist Jack Davis. Sen. Clinton's objective is to impress the nation's political class, with a heavy vote not just from reliably Democratic New York City but from historically Republican upstate New York. A big tally there, she figures, would be a good counter to those in both parties who argue that she is too polarizing a figure to be elected president.

Democrats in New York and Washington are hoping that Mrs. Clinton's efforts could offset any complacency their voters might have about her race or the other top-of-the-ballot contest for governor; Democrat's candidate, nationally known Attorney General Eliot Spitzer, likewise has minimal Republican opposition. Even if lots of unmotivated Democrats were to stay home Nov. 7, the thinking goes, Mrs. Clinton and Mr. Spitzer will win easily. But the party's challengers for lower offices would lose the wind at their backs that a big Democratic turnout could provide -- and with it any chance of blowing past Republicans and into Congress.

The flip-side of the turnout coin also gives Democrats hope -- and Republicans' heartburn. Just as Democrats are energized by opposition to President Bush, the Republican-led Congress and the war in Iraq, Republican voters nationwide are demoralized. Party leaders almost everywhere are fretful that many will stay home on Election Day. In New York, with the Senate seat and governorship seen as lost causes, and Mr. Bush and Congress even more disreputable, Republicans' fears of low turnout are even more pronounced.

Yet Democrats' real expectations of congressional gains in the true-blue state are no greater than, say, in Mr. Bush's own red state of Texas. Simple math goes far to explain why. Of New York's 29 House districts, Democrats already hold 20 -- mostly in New York City and around Buffalo and Albany. Republicans retain most of the state's vast upstate of farmland and expanding suburbs, which have long shared disdain for the big-city Democrats.

Lately, those strongholds have gone soft for Republicans, turned off by the national party's increasingly southern and socially conservative cast. That's what gives Democrats hope. But like elsewhere in the country, the gerrymandering of congressional districts in New York has solidified Republicans' hold.

Democrats' "best shot," according to the Democratic Congressional Campaign Committee as well as nonpartisan analysts, is Mr. Boehlert's district. Its narrow vote for Mr. Bush in 2000 widened in 2004, yet Democrats express confidence that without the popular Mr. Boehlert on the ballot, Democrat Mike Arcuri, the Oneida County district attorney, can beat Republican state Sen. Ray Meier. They say their next best shot is against freshman Rep. Randy Kuhl, who is challenged by Eric Massa, a former aide to retired Gen. Wesley Clark; though Mr. Kuhl's district running north from the Pennsylvania border to Rochester's suburbs was drawn to be solidly Republican, his unspectacular showing in 2004 whetted Democrats' appetites.

But Republicans say their polls show Mr. Kuhl as well as five other targeted New York Republicans are running ahead of their Democratic foes. That includes four-term Rep. John Sweeney, who was embarrassed earlier in the campaign by reports -- complete with photographs -- of his late-night stop at a fraternity drinking party, and is still challenged by antiwar sentiment. Nine-term Rep. Jim Walsh is the only Republican whose district voted against Mr. Bush, though narrowly, in both 2000 and 2004. But the money he's brought home from his perch on the Appropriations Committee has helped make him formidably popular despite his district's Democratic tilt.

Also in Democrats' long-shot sights are six-termer Sue Kelly, whose Democratic challenger will be picked in Tuesday's primary; and seven-term moderate Peter King, long considered safe but recently added to nonpartisan analyst Stuart Rothenberg's watch list partly due to the credibility of his Democratic challenger, state legislator Dave Mejias. And then there's

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Mr. Reynolds, who is in a rematch against Mr. Davis, an anti-free trade industrialist who unexpectedly held the Republican leader to 56% in the hard-pressed district two years ago.

Mr. Reynolds, as chairman of the National Republican Congressional Committee, insists that in New York as well as nationally, he and Chairman Ken Mehlman at the Republican National Committee will do what they must -- and spend what they must -- to get Republican voters out. Even so, at best they know they'll just be holding down their losses.

Draft Movement Builds For NRSC (RC)

By Erin P. Billings

Roll Call, September 7, 2006

With no clear candidate emerging to chair the National Republican Senatorial Committee in the next election cycle, one-time aspirant Sen. John Thune (S.D.) said Wednesday he plans to organize a meeting of the GOP freshman class to try to recruit someone to take on the task.

Thune, who decided against pursuing the NRSC post himself a month ago, said he believes there is a deep bench of talent in the Republican Conference from which to draw. As such, Thune said he hopes to help get first-term GOPers together within the next two weeks and rally the group behind a candidate.

"Hopefully, we can find somebody with an interest level and move forward," Thune said.

Only a few names have surfaced for the campaign committee chairmanship since Thune indicated to the GOP leadership before the August recess that he wasn't interested. Thune, who defeated then-Minority Leader Tom Daschle (D-S.D.) in 2004, said he told his colleagues then, and continues to maintain, that he is "willing to be helpful in anyway I can" to make sure leaders find a strong chairman for the 2008 cycle.

But the effort appears to be more difficult than expected. Both Republican Senators and aides said Wednesday that few candidates' names are surfacing, and those Senators who have been mentioned as possibilities don't appear to be embracing the idea.

"It is the toughest job in the Senate leadership other than Majority Leader," said one GOP Senate aide.

Sen. John Cornyn (Texas), a candidate for Conference vice chairman, said while the job is tough, it has its benefits, including traveling the country, establishing leadership credentials and bolstering GOP chances for electoral success. Cornyn said he also was wondering about who might jump in the race for next cycle.

"It certainly is a very important position," Cornyn said. "I hope someone steps forward and is willing to take it on."

Sen. Lamar Alexander (Tenn.), a candidate for Majority Whip next Congress, agreed, calling it a "huge, time-consuming job," but one that would serve as "an opportunity for leadership."

"I'm sure someone will step up," he said.

The chairmanship's sole prerequisite is that the Senator is not up for re-election in that cycle, a higher bar in 2008 with such a large share of the Conference facing voters. Add to it the fact that many of the older lawmakers have gained seniority and either don't feel obligated or do not want to take on a grueling job that requires enormous travel demands, constant fundraising and a massive time commitment.

And, 2008 promises to be a difficult election year for Republicans, with nearly two dozen Senators in cycle and the presidency in the balance.

Freshmen GOP Sens. Mel Martinez (Fla.), David Vitter (La.), Jim DeMint (S.C.) and Richard Burr (N.C.) have all been mentioned as possible successors to Sen. Elizabeth Dole (N.C.), who has chaired the committee for the past two years. Another name that recently has surfaced is that of Sen. John Ensign (Nev.), who already is a candidate for Conference vice chairman next Congress but also would be viewed as a strong contender for the NRSC.

Both Vitter and Martinez previously have indicated they aren't interested, while DeMint, Ensign and Burr shot down suggestions they might pursue the post as late as Wednesday. Ensign said he wouldn't want the job given the time and travel commitments, while DeMint said he was "rooting for somebody else at this point" to vie for the position.

DeMint added that he wasn't referring to a particular Senator, but speaking more generally about his colleagues: "I shouldn't name anyone."

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But several key Republican sources suggested that Burr, viewed as able and energetic among the junior Senators, might be his colleagues' choice to take on the job and could receive some pressure to run. A spokeswoman, however, insisted that her boss isn't pursuing it.

"He has no intention of seeking the NRSC post," said Laura Caudell.

Several Republican sources said they expect at least one candidate will surface in the coming days or weeks, once Senators have an opportunity to gauge one another's interest and support. The leadership elections will come shortly after Nov. 7 when lawmakers return to the Capitol for an expected lame-duck session.

As one Senate GOP aide put it, it's "not unusual" that a candidate has yet to jump into the ring in the weeks since Thune surprised the Conference with his decision not to run. This aide said whoever runs probably is working his or her colleagues to assure an uncontested bid.

"Whoever does eventually run, they want a clean field," this aide said. "No freshman wants to pop up just to get whacked. I think whoever announces will have it."

Tennessee Senate: How Important Is A Poll In Rating A Race? (RC)

By Stuart Rothenberg

Roll Call, September 7, 2006

I began this year rating the Tennessee Senate race between Democrat Harold Ford Jr. and Republican Bob Corker as "Clear Advantage" for the GOP, primarily because of the state's recent political trends, concerns about how Ford's race and family might affect his prospects, and assumptions about the appeal of a mainstream conservative such as Corker.

Ford is an appealing guy and an excellent campaigner who never seems to run out of energy. His family and race seem less important to me now than they did a year ago, and if any Democrat can win this race, it's Harold Ford. Do I need to reassess my evaluation of the contest? To steal from William Shakespeare, "To change the rating of the race or not to change the rating of the race — that is the question."

Late in August, the Ford campaign released a poll conducted by Peter Brodnitz of Benenson Strategy Group. Brodnitz conducted polling for Tim Kaine's successful gubernatorial race in Virginia, as well as Rhode Island Secretary of State Matt Brown's less successful bid for the Democratic Senate nomination in the Ocean State.

In other words, Brodnitz is no slouch. He's a credible pollster with experience and savvy. It's always a good idea to be suspicious of polling, but these numbers don't look cooked to me. One Republican operative familiar with the race thought the survey numbers definitely seemed believable.

And the numbers? Ford's poll showed him leading Corker by a couple of points, 44 percent to 42 percent. Corker's negatives had risen considerably since Brodnitz's February poll, while Ford's favorable ratings had moved higher since then.

On one level, the approaching national Democratic wave, the Tennessee Senate ballot test and many of the poll's internals suggest that Ford certainly has a chance to win this race. His own ratings are pretty good, and he has more than $5 million in advertising headed for the airwaves.

As I've already noted, Ford is an excellent candidate, and he's running in a year when voters are unhappy with the president and the direction of the nation. They seem ready for something — and someone — different. Ford, an African-American Democrat who aggressively presents himself as a moderate, certainly fills that bill.

But does the poll offer evidence that my initial assumptions and analysis were wrong? Do the poll's numbers indicate that Ford has a significantly better chance of winning — not of getting close, but of winning — than my initial analysis concluded? Do I need to move the race to "Narrow Advantage" for Corker or even "Tossup"?

Ford leads in the ballot test by 2 points. If the poll is accurate, that's not much of a margin, but it does mean that he starts out even or a bit ahead rather than behind, unlike his standing in Brodnitz's June survey, when Ford trailed, 46 percent to 39 percent.

Ford's favorability ratings have improved dramatically, from 42 percent favorable/31 percent unfavorable in February 2006 to 47 percent favorable/31 percent unfavorable in June and 55 percent favorable/29 percent unfavorable in August.

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By contrast, Corker's ratings have gone from 16 percent favorable/8 percent unfavorable in February to 43 percent favorable/16 percent unfavorable in June and 48 percent favorable/26 percent unfavorable last month.

Democrats see the name identification ratings as evidence of Ford's growing strength and Corker's weakness because the Republican's unfavorable rating has moved up. But it doesn't seem that simple to me.

Corker's negatives have grown because he was attacked by his two primary opponents during the GOP primary, while Ford's favorable ratings have grown and his unfavorables have stayed unchanged because he did not have a primary and instead has been able to run positive ads about himself and his views statewide.

So while the snapshot presented in the Ford poll seems accurate, I'm skeptical about its predictive value.

Brodnitz's survey shows Corker trailing Ford among moderates by 2-to-1 and getting less than two-thirds of the vote of self-

described conservatives. Is that the likely situation in November, after Corker has pummeled Ford in millions of dollars of TV ads? Remember, those ads only need to rally the GOP base, not convert Democrats into Corker voters.

True, Ford will spend millions of his own dollars building himself up and tearing down Corker, and he may well keep the Republican on the defensive. But Corker already has been attacked in the primary, for his performance as mayor of Chattanooga and for his work for unpopular former Gov. Don Sundquist (R).

Remember, Corker is only now starting to paint Ford as too liberal for the state, and the Democrat can expect that some of his decade's worth of votes on Capitol Hill will become problematic for him this fall.

Republicans have won the past five Senate races in Tennessee, with the Democrats' best showing in those five outcomes at 44.3 percent of the total vote (by Bob Clement in the 2002 open-seat race). Democrats carried the state in the 1992 and 1996 presidential races, when Tennessean Al Gore was in the vice presidential slot, but the Democratic ticket

couldn't crack 48 percent of the vote either time. And of course Gore lost his home state as the presidential nominee in 2000.

The fact that Ford is getting 44 percent of the vote now — and 90 percent of the black vote — isn't hard to believe. Democratic candidates seem to be getting their votes early this cycle, and since I all along have expected the Congressman to get 47 percent or 48 percent of the vote, his poll doesn't shake my initial assessment of the contest. But if Corker's ads don't start to move numbers his way by the beginning of October, I'll certainly take another long look at this race.

Stuart Rothenberg is editor of the Rothenberg Political Report.

R.I. Polls Conflict For Senate Race (WT)

By Eric Pfeiffer

The Washington Times, September 7, 2006

Less than a week before Rhode Island voters hold their statewide primary elections, two polls show a 31-point discrepancy as to whether voters will renominate incumbent Republican Sen. Lincoln Chafee.

A Rhode Island College (RIC) poll taken in the last week of August showed Cranston Mayor Stephen Laffey leading Mr. Chafee by 17 points, 51 percent to 34 percent.

The day after the RIC poll was released, the National Republican Senatorial Committee (NRSC) released its own poll, conducted by Public Opinion Strategies, showing Mr. Chafee ahead of Mr. Laffey by 14 points, 53 percent to 39 percent.

"Ours was an internal poll and we weren't initially going to release it," said NRSC spokesman Dan Ronayne. "But after we saw the Rhode Island College numbers, we thought it was important to do so."

The RIC poll said it queried 63 percent self-identified Republicans and 37 percent independents, who can register to vote in either party primary on Tuesday. The NRSC has not released a party ID breakdown for its poll.

Club for Growth Executive Director David Keating, whose conservative group has targeted Mr. Chafee for his moderate ways and is backing Mr. Laffey, says he thinks neither poll is right.

"We think this race is a lot closer than either poll is indicating," he said. Mr. Keating said the Club for Growth's internal polling has indicated a "tossup" race.

Differing poll numbers are not uncommon. A recent Strategic Vision survey showed embattled Sen. Rick Santorum, Pennsylvania Republican, narrowing the gap with his Democrat opponent, Bob Casey Jr., to six points, 47 percent to 41 percent.

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Another poll was released by USA Today/Gallup about the same time showing Mr. Casey ahead by 18 points, 56 percent to 38 percent.

A high turnout of independents voting in the Republican primary could sway the race in Mr. Chafee's favor.

The Providence Journal yesterday reported that more than 1,000 city Democrats have dropped or switched their party affiliation and are expected to vote in the Republican primary. The paper said Chafee supporters think it's a statewide trend and predict Democrats turned independents might help Mr. Chafee survive Mr. Laffey's challenge.

Rhode Island has about 68,000 registered Republicans, compared with 236,000 Democrats. More than 365,000 registered independents make up the state's largest voting bloc.

Mr. Chafee leads by two points among independents, 43 percent to 41 percent, in the RIC poll. Mr. Chafee previously led Mr. Laffey, 49 percent to 31 percent, among unaffiliated voters.

Former Rhode Island Attorney General Sheldon Whitehouse has the Democratic Party's backing and is expected to win the Democratic nomination over businessman Carl Sheeler.

Early polling shows Mr. Whitehouse will be a formidable opponent for Mr. Chafee and would defeat Mr. Laffey handily.

Lieberman-Lamont Battle Goes To D.C. (CSM)

By David Cook

The Christian Science Monitor, September 7, 2006

WASHINGTON

Ned Lamont, the wealthy businessman who last month defeated incumbent Sen. Joseph Lieberman in Connecticut's Democratic primary, came to Washington Wednesday to line up support for the general election. But he began the day at a Monitor-sponsored breakfast with reporters taking verbal shots at his opponent.

Reporters asked Mr. Lamont to weigh in on Senate Democrats' plan to call for a no-confidence vote on Defense Secretary Donald Rumsfeld. One journalist posed a hypothetical question: What if Senator Lieberman were asked to fill the post - would a future Senator Lamont vote to confirm him?

"I don't think I would. I know the man. I respect the man. He is a man of integrity. I have never spoken ill of him throughout this entire campaign, but he has been so wrong on one of the biggest issues of the day for so long. The idea that he would go take over as Secretary of defense, I just couldn't do that," Lamont replied, referring to Lieberman's strong support for the Iraq war.

"It doesn't matter if Donald Rumsfeld retires and somebody who thinks just like him goes into place ... If you are replacing Rumsfeld with Lieberman, that would be what we call in my world a lateral move," Lamont said.

When asked about Lamont's comment, a spokesperson for the Lieberman campaign e-mailed that "Joe Lieberman has repeatedly said that he is not interested in any other job other than being the senator from Connecticut. We do not understand why Ned Lamont can't take 'no' for an answer."

The tanned and youthful candidate delivered his answers in rapid-fire fashion. When asked if Sen. Hillary Clinton used a recent meeting with him to improve her image on the Iraq war, Lamont said, "Politics is fascinating. I like all my new friends and I was very impressed with Mrs. Clinton and a number of other people I have talked to." He added, "I had an awful lot of people who really didn't want to talk to me on Tuesday afternoon and they were pretty happy to talk with me on Tuesday evening."

Lamont's Washington visit included meetings with party leaders and union officials to seek their help in waging his general election campaign. The latest polls show him running behind Lieberman in the general election - the average of all polling data gives Lieberman a 5.3 percent lead at 47.3 percent, according to the website Real Clear Politics. Lamont shared his strategy for closing the poll gap: "What I have got to do is introduce Ned Lamont" to the electorate as a whole, he said.

Ned Lamont Tries To Carve Out Some Middle Ground (HILL)

By Aaron Blake

The Hill, September 7, 2006

Connecticut Democratic Senate nominee Ned Lamont attempted to remove the partisan labels from his race with Sen. Joe Lieberman (D-Conn.) and stressed his ability to work with lawmakers of all persuasions at a breakfast with reporters in Washington yesterday.

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Lamont gained national attention last month by defeating Lieberman, a three-term moderate, in the Democratic primary. He was in town to collect some of the spoils of the Democratic party's support.

He acknowledged that the liberal blogosphere played a large role in his victory, referring to the netroots as "the girl that I took to the dance" and said the party's help will be paramount in winning in the general. But he emphasized the importance of bipartisanship multiple times during the breakfast, which was hosted by the Christian Science Monitor.

Lieberman has decided to run as an independent in the general election, setting up a rematch of the Aug. 8 primary, which Lamont won 52 to 48 percent. The race also includes Republican Alan Schlesinger, who doesn't have the state or national party's support and is registering single-digits in the polls. Several Republicans, meanwhile, have endorsed Lieberman's independent bid.

Over the course of the hour-long breakfast, Lamont said he would not support the impeachment of President Bush, that he would not vote to cut off funds to the war effort in Iraq and that Lieberman's candidacy could cause some problems for three Democratic House challengers in Connecticut, even though he expected them to win.

Democrats have cast Lamont's victory as a rebuke of the Bush administration's foreign policy, which Lieberman has supported, while Republicans say it's an example of the Democratic Party purging a member for being too moderate.

Now Lamont appears to be trying to cultivate other segments of the electorate and shedding the stereotypes associated with the liberal blogosphere — mostly that it is extreme and unwilling to compromise.

In perhaps the most interesting exchange, Lamont was asked toward the end of the breakfast whether he would vote for Lieberman to replace Defense Secretary Donald Rumsfeld. He had said earlier that Lieberman's ascension to defense secretary would represent a "lateral move" to the leadership of Rumsfeld, who many Democrats think should resign.

Yet he wrestled with the question for about 30 seconds before deciding that he didn't think he would vote to confirm Lieberman.

Rumsfeld has been under fire for comments he made last week in a speech criticizing the war's critics, and Democratic leaders have said they will push for a vote of no confidence in the secretary this month. Lieberman has long been rumored as a possible replacement, despite his party affiliation.

"I know the man, I respect the man — he's a man of integrity," Lamont said of Lieberman. "I've never spoken ill of him throughout this entire campaign. But he's been so wrong on one of the biggest issues of the day for so long that the idea that he would go take over as secretary of defense — I just couldn't do it."

In the first of many allusions to bipartisanship, Lamont said he didn't know why the process of evaluating Rumsfeld had to be partisan. He contrasted it with the smooth leadership transition at Ford Motor Company that was described in the morning's papers.

"I just don't know why, in Washington, we can't look at the facts and come to the same conclusions and agree to do it as gracefully as Ford seemed to have today," Lamont said.

Lamont, who won largely thanks to the anti-war and anti-Bush vote, said his task would have been much tougher without Lieberman's stance on the war and relationship with Bush.

He began by lamenting the 132,000 troops "stuck in the middle of a bloody civil war" in Iraq, but said he would not vote to cut off funding for the war. Instead, he said putting pressure on the administration would be a better alternative, predicting that the American people will lead the effort.

On the question of whether President Bush should be impeached, Lamont said he would oppose such a move if Democrats take power because the process was politically abused during President Clinton's impeachment and he "can't bear putting the nation through that again."

He also said he doesn't "see anything that I would call an impeachable offense," even though he thinks the president's domestic wiretapping program is illegal. He also wouldn't commit to a censure resolution, as Sen. Russell Feingold (D-Wis.) has proposed, but said he would encourage hearings to evaluate the president.

When asked about the three House races in his state, which are crucial to Democrats' quest to take over that chamber, Lamont said his victory "cuts both ways" but that he thought Democrats would succeed.

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"We have Joe running on his own ticket, and that's going to be a little tougher for some of the under-ticket, because the Republican congressmen have already endorsed — or all-but-endorsed — Joe Lieberman," Lamont said. "So that gives them a leg. But we're going to win. … We've energized a whole group of people."

One of the three Republican incumbents in trouble, Rep. Christopher Shays (R-Conn.), recently criticized Bush and Rumsfeld and declared his support for a timeline after returning from his 14th trip to Iraq. Lamont offered tepid praise for Shays' change of heart but also expressed skepticism about his motives.

"I salute people that change their mind. … Somehow in politics, that makes you [appear] weak," said Lamont, who went on to question the timing of Shays's announcement, which came just more than two months before the election.

For Lieberman, The 'I' Stands For 'Ignored' (WP)

By Dana Milbank

The Washington Post, September 7, 2006

You could feel the temperature drop as Sen. Joseph Lieberman of Connecticut entered the Senate chamber yesterday for the first time since he lost his Democratic primary last month and became an independent candidate.

Democratic leaders Richard Durbin (Ill.) and Charles Schumer (N.Y.) kept a safe distance. Christopher Dodd (Conn.) gave him a perfunctory handshake. Harry Reid (Nev.), the minority leader, turned his back; when Lieberman approached, Reid indulged him in a quick handshake then quickly busied himself in another conversation.

Republican Susan Collins (Maine), spying Lieberman alone in the center aisle, rushed over with a hug and a kiss -- and a pledge to campaign for him in Connecticut. Could she feel the daggers in his back when she hugged him? Collins chuckled. "I told him I'm going to get him a dog named Harry," she told reporters later.

Harry Truman's famous adage -- If you want a friend in Washington, get a dog -- has never been truer. After Lieberman was vanquished by antiwar candidate Ned Lamont in last month's primary, 40 of the 45 members of the Senate Democratic caucus abandoned their longtime colleague and their party's former vice presidential nominee. In this town, partisanship is thicker than friendship.

"Joe Lieberman is out of step with the people of Connecticut," John Kerry (D-Mass.) harrumphed on the Sunday talk shows. To highlight their embrace of Lamont, Reid and Schumer invited him to meetings at the Capitol yesterday.

"Hey, you know, that's politics," Senator Pariah told reporters who besieged him off the Senate floor. Lieberman reported that, privately, "some of the Democrats said, 'Sorry it didn't turn out better, but we hope you come back.' " He added, wryly, "I won't disclose which one said that."

It probably wasn't Dodd. Speaking to reporters off the Senate floor, he chided Lieberman sharply. "Joe made a decision to do what he wanted to do, and other people respect the decision by voters," he said angrily. "You don't just disregard that, okay?"

Of course, Dodd made clear that he still likes his good buddy Joe; he just wants him to lose his job. "The affection for people that you have is not subject to the vagaries of elections," Dodd declared.

The treatment of Lieberman has been so unkind that some wonder whether the outcast -- who is, after all, ahead in opinion polls -- might be angered enough to bolt from the party. "Could they possibly be so stupid?" columnist Norman Ornstein asked in Roll Call yesterday.

Don't ask.

The five moderate Democrats who haven't abandoned Lieberman formed a security detail for their embattled colleague. "We're the escort committee," Mary Landrieu (La.) said as she and Ken Salazar (Colo.) preceded Lieberman into the Senate Democrats' weekly lunch. Does the Lieberman Caucus have a table in the back? "Yes, right here," Landrieu said, beckoning in the direction of a bench outside the room.

Lieberman, entering without a food tester, ate lunch surrounded by Landrieu, Salazar and Tom Carper (Del.). "Look, he's my friend, and I put friendship ahead of partisanship," said Ben Nelson (Neb.), who, with Mark Pryor (Ark.), completed the Lieberman Caucus. But this is a minority view among Senate Democrats. "It seems to be," Nelson said, somewhat bitterly.

Nothing personal, the Lamont Democrats insisted. "He's our friend," Durbin declared after lunch, at which he said colleagues gave Lieberman "a big ovation."

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"He's a friend of mine," seconded Carl Levin (Mich.).

Lieberman told reporters that Blanche Lincoln (Ark.) approached him at lunch and said, "I'm not going to settle for a handshake; I want a big hug."

Hugs and ovations are nice. But Durbin, Levin and Lincoln aren't on Lieberman's list of supporters.

Republicans, perhaps hoping for a convert, were quick to offer succor; half a dozen approached with backslaps and condolences during Lieberman's eight minutes on the Senate floor. "What happened to him was a tragedy," Trent Lott (Miss.) said off the Senate floor. "I'd be happy to have him in our party."

Lieberman took a charitable view of his peers' disloyalty. "My colleagues were as warm and collegial as you would expect them to be," he told a pack of 20 reporters. "I understand the rules of the game."

Three Lieberman aides finally wrested the senator away from the reporters and into an elevator, only to find that the doors wouldn't shut. "Please!" the senator cried out.

While Democrats kept their distance from Lieberman, Lamont was in town basking in their affection. "I love all my new friends," he joked at a bacon-and-eggs breakfast downtown with reporters. The high-flying Democratic nominee was so exuberant that, when a questioner asked him to list his weaknesses, Lamont was stumped.

"I like to get things done," he offered. "I think I get along pretty well with people."

Lamont made clear that even in victory he wouldn't be magnanimous. When asked if he would vote to confirm Lieberman to replace Donald Rumsfeld at the Pentagon, Lamont said he would not. "That would be what we call in my world a lateral move," he said.

A couple of hours later, Lamont arrived at the Capitol for a meeting with Reid and Schumer. "They're on board 100 percent!" he exulted after the 20-minute session, at which he detected no residual support for Lieberman. "That's then and now is now," the candidate said.

Senate Democrats Cordial To Lieberman (AP-Y)

By Andrew Miga

AP, September 6, 2006

Democrats applauded, a Republican colleague gave him a hug — Sen. Joe Lieberman still has plenty of friends in Congress.

Weeks after Lieberman lost the Democratic primary — and defied his party with an independent bid — the three-term Connecticut senator was greeted warmly Wednesday as he attended his party's weekly luncheon and participated in Senate business.

Democrats gave Lieberman an ovation as Senate Minority Leader Harry Reid, D-Nev., introduced him at the lunch and welcomed him back. Republican Sen. Susan Collins of Maine shared a hug with Lieberman on the Senate floor.

"My colleagues were as warm and collegial as you would expect them to be," Lieberman said of his reception on Capitol Hill.

The cordial response reflected a harsh political reality. If Democrats manage to gain six seats in November and Lieberman wins, the party will need him to take majority control. Lieberman, the party's 2000 vice presidential nominee, has said he would caucus with Democrats if he prevails in his independent run.

"I didn't sense any awkwardness in there. There was no discussion about him and Connecticut and his future," said Sen. Ken Salazar, D-Colo., one of a few moderate Democrats who are supporting Lieberman's re-election. "It was hearty applause welcoming him back and, I think probably through that, sending him a signal that he's very, very welcome in our caucus."

The response also highlighted how the Senate works. At 18 years and counting, Lieberman is a member of that venerable club.

But election year's bare knuckles weren't far away, and neither was Lieberman's chief rival, Democratic nominee Ned Lamont.

Reid met with Lamont, the challenger who rode opposition to the Iraq war to the party nomination Aug. 8. Reid is supporting the Democratic nominee, who also was in Washington to confer with labor unions and party leaders.

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"That's politics," Lieberman said.

Statewide polls show Lieberman leading Lamont and little-known Republican Alan Schlesinger, who has been spurned by the national GOP.

Sen. Carl Levin, D-Mich., a fellow member of the Armed Services Committee, said he didn't know about the reaction of other Democrats, but, "He's a friend of mine and I welcome him."

Sen. Chris Dodd, D-Conn., a longtime Lieberman friend who is supporting Lamont, said that although the politics of the moment may be awkward, Lieberman's long-term friendships would endure.

"There's a beginning and end to all of this," Dodd said. "Life will continue."

Lieberman has said he is buoyed by the support of five colleagues: Salazar, Mary Landrieu, D-La., Mark Pryor, D-Ark., Thomas Carper, D-Del., and Ben Nelson, D-Neb. Landrieu and Carper were among about a half dozen senators from both parties who greeted Lieberman when he appeared on the Senate floor.

"They all said, 'We wish you well,' and some of the Democrats said, 'Sorry it didn't turn out better, but we hope you come back,'" Lieberman said. "I won't disclose which of them said that."

Earlier in the day, Lamont told reporters he will reach out to moderates and even Republicans as he seeks to broaden his appeal.

"Amongst moderates and Republicans, I've got to get more in front of them and introduce myself, because they didn't have a chance to pay as much attention to the race," Lamont said.

In a breakfast meeting with reporters, Lamont was asked if he won the Senate seat and President Bush nominated Lieberman to replace Donald H. Rumsfeld as defense secretary, would he back the nomination.

Lamont said he couldn't support Lieberman because he was wrong about the Iraq war.

"In good conscience, I couldn't support him for that," Lamont said.

Senators: Welcome Back, Joe (HILL)

By Jonathan Allen And Alexander Bolton

The Hill, September 7, 2006

If Sen. Joe Lieberman's Democratic colleagues are anxious to get rid of him, they gave no indication of it in their first gathering since Lieberman lost a Connecticut primary to Ned Lamont last month and launched an independent bid.

"I don't think there's any of us out there saying 'Goddamn, I hope Joe doesn't win,'" said Sen. Joe Biden (D-Del.), who has endorsed Lamont in the general election.

Indeed, Democratic senators applauded Lieberman at their weekly policy luncheon, when Minority Leader Harry Reid (D-Nev.) asked him to brief the caucus on upcoming port-security legislation.

"Welcome back," said Reid, who was scheduled to meet with Lamont later in the day.

After Reid's introduction, Lieberman got "a warm ovation," according to Minority Whip Richard Durbin (D-Ill.).

As much as liberal scrawlers on the Internet are calling for his scalp, Lieberman's courtly colleagues seem to be patting him on the shoulder.

"I'd always like to work with Joe Lieberman," Sen. Dianne Feinstein (D-Calif.), who is backing Lamont, said of a possible Lieberman win in the general election.

Others were a little more forward.

"I'm not going to settle for a handshake. I want a big hug," Sen. Blanche Lincoln (D-Ark.) told Lieberman. Lincoln has not endorsed either candidate.

A smiling Lieberman emerged from the caucus shortly after 2 p.m. to chat with about 40 members of the news media who had gathered in the hallway outside of the meeting room.

"I appreciated it immensely," he said of the ovation he received, noting that it had been some time since his mere presence at a caucus meeting sparked applause.

He easily brushed off Reid's meeting with Lamont.

"That's politics," he said.

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Lieberman gamely handled a few more questions — Republican colleagues are not asking him to join their side and he has "no interest" in becoming secretary of defense — before moving toward the sanctuary of a senators-only elevator.

Earlier in the day, Lieberman said several senators approached him on the floor during a vote on an amendment to the pending fiscal year 2007 defense appropriations bill. He said he got kind words from a bipartisan set of members, including Kent Conrad (D-N.D.), Orrin Hatch (R-Utah), Charles Grassley (R-Iowa), Tom Carper (D-Del.), Mary Landrieu (D-La.) and Chris Dodd (D-Conn.).

Lieberman's centrism was once a source of strength in Democratic circles, helping land him the vice presidential slot in 2000. But his 2004 presidential bid fell flat in the Democratic primary, and his support for American involvement in the Iraq war has made him a target for critics of the war. Lamont edged Lieberman in the primary, but Lieberman leads in polling in a three-way general-election race including Republican Alan Schlesinger.

Lamont's challenge put Democratic leaders in a bind, and several of them said before the primary that they would support whomever Connecticut Democrats chose.

But some of Lieberman's colleagues hope party support for Lamont will be restrained.

"The DSCC's resources are not unlimited and I hope we would focus on states where an incumbent Democrat is not running for re-election," said Carper, who could be in line to replace Lieberman atop the Democratic roster on the governmental affairs panel.

"Joe Lieberman is one of my closest personal friends," he said. Carper has endorsed Lieberman in the primary.

But not everyone in the Democratic Caucus was as charitable.

"Everyone knows where I stand, I'm a dyed-in-the-wool Democrat, and I want to see the Democrat win," Sen. Frank Lautenberg (D-N.J.) said.

Biden may have been the most circumspect.

"I don't have a relationship with, nor do I even know, Joe's opponent. I've endorsed him because he's the Democratic" nominee, Biden said. "If Lamont wins, he'll be embraced, and if Joe wins, he'll be embraced."

At least for one day, Democrats wrapped their arms around Lieberman.

Lieberman Returns As Media Magnet And Party Pariah (NYT)

By Mark Leibovich

The New York Times, September 7, 2006

WASHINGTON, Sept. 6 — Senator Joseph I. Lieberman returned to Capitol Hill on Wednesday for an awkward family meal with senators from his own party. There were no reports of plates hurled in his direction.

As is common with household disturbances, the principals involved were quick to play down any friction to outsiders. Some would not even acknowledge that anything was awry.

But of course, Mr. Lieberman upset the normal order of things last month when he began an independent bid for re-election after losing Connecticut's Democratic primary to Ned Lamont, a Greenwich businessman. As a result, Mr. Lieberman has largely been abandoned by his Democratic colleagues in the Senate, only five of whom have endorsed his campaign.

Since his defeat, Mr. Lieberman has repeatedly said that "both parties have gone off track," complained that "partisanship has become too intense" in the capital and noted that George Washington cautioned long ago about "the dangers of political factionalism."

So it was curious that one of Mr. Lieberman's first stops upon his return was partisan by definition, the Democratic caucus luncheon. Asked in a brief interview why he was going, Mr. Lieberman said, "Because you all kept asking me if I was going to be there.''

"You all" referred to the news media, and it was not immediately clear if Mr. Lieberman was kidding.

What was apparent was that Mr. Lieberman had become a political curiosity and media magnet of the first order in recent weeks. Roughly two dozen reporters awaited him at various entry and exit points — or considerably more than Mr. Lieberman had trailing him during his 2004 presidential campaign. They were there to study body language for signs of discomfort and parse small talk for hints of pariah status.

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There were periodic reports of Mr. Lieberman's whereabouts. He was seen getting out of a car at the Capitol. There was an interview with a CNN reporter outside. There was a sighting in the cloakroom.

Senator Daniel K. Inouye, Democrat of Hawaii, reported having "a very, very cordial conversation" with Mr. Lieberman on the Senate floor. This was marginally noteworthy, as Mr. Inouye had previously said he would support Mr. Lieberman but then switched to Mr. Lamont (or "the other fellow").

Mr. Lieberman exchanged quick greetings on the floor with a bipartisan roster of senators that included Christopher J. Dodd, Connecticut's other Democratic senator; Charles E. Grassley, Republican of Iowa; Orrin G. Hatch, Republican of Utah; and Thomas R. Carper, Democrat of Delaware. Senator Susan Collins, Republican of Maine, admitted to actually hugging Mr. Lieberman.

"I'm hoping that doesn't come back to haunt him," Ms. Collins said, a reference to the hug and possible kiss that Mr. Lieberman received from President Bush after last year's State of the Union address, an image that Mr. Lamont's supporters tarred him with during the primary campaign.

Senators Mary L. Landrieu of Louisiana and Ken Salazar of Colorado, two of the Democrats who have endorsed Mr. Lieberman, walked off the floor together and were dubbed "the Lieberman caucus" by the Washington Post reporter Dana Milbank.

"We're his escorts," Ms. Landrieu explained.

Senator Hillary Rodham Clinton walked by en route to the luncheon and dropped this bombshell: "I'm looking forward to seeing Joe."

At which point, Elvis himself stepped off a Senate elevator.

"There he is," someone screamed, and a crush of reporters collapsed around Mr. Lieberman. He repeated that people had been collegial and that his floor encounters had been warm. He then took a question about some trivial matter — Iraq, terrorism, the fate of Defense Secretary Donald H. Rumsfeld, or something. Later, he said he had no interest in replacing Mr. Rumsfeld, a prospect suggested by Mr. Lamont in his own visit to Capitol Hill on Wednesday.

The Lieberman Re-entry Vigil dispersed around 1 p.m. and reconvened an hour later outside the Lyndon Baines Johnson room, site of the luncheon (an inclusive smorgasbord of beef, chicken and fish). Senator Harry Reid of Nevada, the Democratic leader, made a point of welcoming Mr. Lieberman. Senator Blanche Lincoln, Democrat of Arkansas, gave him a special hug. He even received an ovation from his colleagues. What kind of ovation, one member of the press throng wondered?

"Here it is five days before 9/11 and we're trying to gauge the warmth of an ovation," said David Lightman of The Hartford Courant.

A warm ovation, confirmed Senator Tim Johnson, Democrat of South Dakota.

Standing or sitting ovation?

Sitting, apparently.

Democrats Act Out An Episode Of `Everyone Loves Lieberman' (LAT)

By Faye Fiore And Richard Simon

The Los Angeles Times, September 7, 2006

WASHINGTON — Sen. Joe Lieberman, the rebuked Connecticut Democrat, returned to Capitol Hill on Wednesday for the first time since last month's humiliating defeat in his home-state primary. And if it's possible to embrace someone without actually touching them, that's what his used-to-be friends in the Senate did.

In Hollywood, they call it an air kiss.

"It's great to be back … glad to be here," a smiling Lieberman said, heading to a luncheon with fellow Senate Democrats, whochatted and chortled with him while deftly ignoring the reality that most of them now consider him politically radioactive.

It was quite a turn of the tables for the three-term senator and once-popular vice presidential nominee, whose endorsement of the Iraq war lost him the Democratic nomination to political upstart and multimillionaire Ned Lamont.

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Refusing to bow out, Lieberman relaunched his campaign as an independent. Most of his Democratic colleagues promptly deserted him, setting the stage for an awkward moment as they reunited Wednesday afternoon for their back-to-work lunch after Congress' summer recess.

The senators cheerfully glided through the meal, even giving Lieberman a round of applause. Minority Leader Harry Reid of Nevada personally welcomed back the incumbent — but later scooted off to meet with Lamont, who was in town raising money and drumming up support.

"Many of us are very fond of Joe," California Sen. Dianne Feinstein said warmly, just before reminding everyone she wasn't endorsing him either.

Beneath the outward appearances, the political climate among the Senate Democrats was cool. Lieberman has become the poster boy for what liberals in his party deplore: Democrats who refuse to strongly challenge Republican policies, particularly the Iraq war. Some party activists are pressuring him to drop out of the race. Sen. Hillary Rodham Clinton of New York lent Lamont one of her strategists.

But Lieberman has refused to bend. In his first vote Wednesday, he joined Senate Republicans in defeating a Feinstein-sponsored amendment that would have prohibited the sale of so-called cluster bombs to other nations until the Defense Department adopted rules aimed at preventing their use near civilian populations.

Indeed, Lieberman might have had a better time around the corner at the GOP luncheon, with senators who worked to beat him up in the 2000 presidential campaign but who now regard him as a political martyr for his steadfast support of the war.

"Frankly, I'd be glad to have him sit with the Republicans," Sen. Trent Lott of Mississippi told reporters outside the Senate chamber. "I think what happened to him is a tragedy."

Sen. Susan Collins of Maine, who has worked with Lieberman on homeland security issues, said she would "be delighted" to go to Connecticut to campaign for him. She said that when she saw him after the long recess, she gave him a big hug.

"Did you pull out any of those knives in his back?" one reporter asked.

"No," Collins answered. "But I'm tempted to send him a dog named Harry" — a reference to President Truman's adage that politicians wanting friends in Washington should purchase pets.

Support from Connecticut Republicans — as well as the state's large contingent of independent voters — may be just the thing that gives Lieberman the additional six years in the Senate he seeks. He has been emphasizing that his reelection bid is "about people, not politics," and a recent poll he commissioned showed him with a double-digit lead over Lamont; the little-known GOP candidate in the race barely registered support in the poll.

As part of Lieberman's effort to reach voters directly, now that he can no longer count on party resources, his campaign unveiled a website and blog Wednesday, and the candidate spent the morning pressing the flesh at a diner in Hamden, Conn., before traveling to Washington.

Still, legislative business will require him to spend much of the next month in a setting where he is opposed by former friends and embraced by former enemies.

"It's excruciatingly awkward," said University of Pennsylvania political scientist Donald Kettl. "The usual 'my good friend' will wear thin very quickly."

Lieberman, though, seemed unruffled by his new work environment.

"Oh, that's just politics," he said dismissively, in what may have been the day's most indisputable sentence.

Democrats Court Lobbyists Heavily (RC)

By Tory Newmyer

Roll Call, September 7, 2006

With control of the House within reach for the first time in more than a decade, Democratic lobbyists say they're feeling unusually intense pressure from House Democratic leaders to open their wallets and help their party close the deal.

But Democratic lobbyists are rising to the challenge, a dozen Democratic consultants said, upping their personal contributions and making the case to their corporate clients that they need to pony up as well.

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Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) "has been pretty blunt with people," one Democratic lobbyist said. "Now, people downtown are finally paying attention and believing."

"There's been a significant increase in House Democratic fundraising activity. Folks are really working it hard," said another well-placed Democratic lobbyist.

With recent media coverage and poll numbers suggesting a Democratic takeover of the House, aides and lobbyists alike said the fundraising pitch is becoming an easier sell.

While a shift in giving to the Democrats is not yet showing up in public disclosures, Democratic lobbyists report that their corporate clients, who have bankrolled Republican majorities in past cycles, are looking for ways to hedge their bets between now and Election Day.

A House Democratic campaign aide offered a more skeptical assessment, saying that "the business community and the K Street crowd may be talking a big game about contributing to both parties in light of the looming election, but the reality is that they are still nearly completely devoted to House and Senate Republicans."

The shifting momentum also has helped redirect to House candidates contributions that might otherwise have gone to Senate contenders. Since at least a handful of Democratic votes have been necessary to end debate on all Senate measures, the minority party has remained key to business in that chamber. But in the House, iron-fisted Republican control and chamber rules that make it tougher for the minority party to shape the debate have largely left Democrats and their lobbying allies on the sidelines. Consequently, House Democratic candidates have had a tougher time finding corporate contributions to back them up, several lobbyists said.

"In recent years, K Street has placed more focus on the Senate," said Bruce Andrews, a former Democratic House aide now lobbying for Quinn Gillespie & Associates. "But with likely Democratic gains in November, K Street is renewing its focus on the House as well."

Both parties in both chambers typically roll out high-pressured fundraising gambits at the close of every cycle to round up as much loose change as possible. But strategists close to the House Democratic operation said they've been struck by the volume of activity this year.

"It's not a different movie. It's just in Technicolor this year," said Paul Equale, a Democratic consultant.

And Emanuel, who has distinguished himself as an aggressive fundraiser, also is dialing up the intensity of his appeals. "Rahm's message certainly now is that we're getting to the crunch time, and we need it more than ever," said one Democratic lobbyist.

In that drive, the Illinois lawmaker is being backed by House Democratic leaders and committee members who stand to wield powerful gavels if the chamber flips.

Rep. John Dingell (D-Mich.), the ranking member on the Energy and Commerce Committee, on Wednesday huddled at the Washington Court Hotel with about 35 lobbyists who make up his informal kitchen cabinet.

Dingell usually organizes the irregular get-togethers to discuss policy matters. This week, however, the talk was purely about the upcoming elections, an aide said.

"We want to make sure they're helping frontline candidates [in competitive races], doing everything they can, ready to be on call and work with the leadership of the DCCC to make sure Democrats win back the House," the aide said. "This is his No. 1 priority."

On Sept. 13, House Minority Whip Steny Hoyer (D-Md.) is hosting a lunch to raise PAC contributions for top-tier, open-seat candidates.

That night, the DCCC is hosting a "March to the Majority Reception" at the Sewall-Belmont House and Museum on Capitol Hill. And later this month, Dingell and several colleagues are hosting a dinner at Bistro Bis to raise money for the DCCC. Guests can attend for $500, but the price tag to be an event chair is a $10,000 check to the campaign committee.

Efforts to gather campaign cash from former Hill staffers working downtown have gotten another boost this cycle from an informal effort led by Hoyer and by Democratic Reps. John Tanner (Tenn.), Ellen Tauscher (Calif.) and Joe Crowley (N.Y.). That program had collected $100,000 by mid-summer, with nearly 60 percent of the money coming from personal checks, according to a source familiar with the effort.

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While House Democrats are finding many loyal soldiers among the ranks of K Street lobbyists, the party is facing resistance in some downtown quarters where Democratic ties are outweighed by policy demands.

Since a key component of the minority party's messaging has been tagging Republicans as corporate handmaidens, Democrats have kept certain industries in their cross hairs — most notably the energy and pharmaceutical sectors.

One Democratic lobbyist for a drugmaker said the attacks have gone too far, prompting him to redirect money he would have otherwise offered the DCCC.

"At some point politics is politics, but when you demonize an industry that cures things, it just goes beyond the pale," this lobbyist said, calling the fundraising appeals from the DCCC on the heels of attacks "dishonest."

That criticism follows a line of attack Republicans have leveled at Democrats for accepting donations from lobbyists while blasting GOP ties to the community.

"It's shocking that the architect of the 'culture of hypocrisy' is now shaking down K Street for campaign cash," said Ed Patru, a spokesman for the National Republican Congressional Committee.

Nevertheless, Democratic lobbyist Steve Elmendorf said that the buzz about Democrats retaking the House is enough to prompt lobbyists to keep cutting checks and leaning on clients to follow suit.

"I called the DCCC today and asked them to send me a list of their events," he said, describing a move that turns on its head the normal fundraising dynamic. "I already give, but I've got clients."

Senators Denounce Scientist's Stem Cell Claims (WP)

By Rick Weiss

The Washington Post, September 7, 2006

Two senators who strongly support human embryonic stem cell research lashed out yesterday at the scientist who recently reported the creation of those cells by a method that does not require the destruction of embryos, saying the scientist and his company have harmed the struggling field by overstating their results.

"It's a big black eye if scientists are making false and inaccurate representations," a combative Sen. Arlen Specter (R-Pa.) said during a hearing of the Senate Appropriations labor, health and human services subcommittee, which he chairs.

Robert Lanza of Advanced Cell Technology (ACT) in Worcester, Mass., defended his work and the company's statements. "Our paper is 100 percent correct," said the visibly shaken scientist, referring to the highly publicized article that appeared in the Aug. 24 issue of the journal Nature.

"You're on the ropes!" Specter retorted, capping one of several exchanges in which he and Sen. Tom Harkin (D-Iowa), a fellow advocate of stem cell research, repeatedly interrupted and scolded Lanza.

At issue was the initial publicity and resulting media coverage of ACT's widely reported experiment, which showed that a single cell taken from a human embryo can be coaxed to become a colony of stem cells.

Embryonic stem cells are prized for their medical and research potential, and until Lanza's experiment they had been grown only by methods that necessitated the destruction of an embryo.

Because the removal of a single cell from an early embryo is widely regarded as harmless (hundreds of apparently healthy children began as fertility clinic embryos that first had a cell or two removed for testing purposes), ACT characterized the technique as a way to make stem cells without destroying embryos.

But opponents of the research, most prominently representatives of the Roman Catholic Church, quickly attacked that claim as bordering on fraudulent. They noted that, in ACT's experiments, the scientists destroyed the embryos to get as many single cells as possible to work with.

While that fact was clear in the Nature report, it was less than clear to some members of the media and the public.

Specter and Harkin focused on what they said was the main reason for the confusion: the company's news release, which said the team had derived stem cells "using an approach that does not harm embryos."

The approach -- removing single cells -- may be harmless when only one cell is removed, the senators agreed. But in this case, it did harm embryos because the scientists, wanting to make the most of the few embryos donated for the work, took many cells from each.

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Similarly, the release quoted Lanza as saying: "We have demonstrated, for the first time, that human embryonic stem cells can be generated without interfering with the embryo's potential for life."

Harkin said: "ACT should have made it more clear from the beginning that none of the embryos survived." He added that he suspected the wording was intentionally misleading to raise the company's long-suffering stock price. The stem cell field, he said, has "been hyped too much. We need to come back to Earth."

But Ronald M. Green, a Dartmouth University ethicist who was among several who approved the experimental protocol, told the senators they were wrong to belittle the findings or the way they were reported.

"We're speaking here of an enormous breakthrough in American medicine," said Green, who said his only financial link to the company was the approximately $200 per day he was paid -- more than a year ago -- for attending a handful of meetings to review the research.

Not addressed by the senators was a plainly incorrect announcement sent to science reporters by the journal Nature itself.

"By plucking single cells from human embryos, Robert Lanza and his colleagues have been able to generate new lines of cultured human embryonic stem (ES) cells while leaving the embryos intact," the release said.

That erroneous description -- written not by scientists at Nature but by the journal's lay staff -- was corrected after news stories were published.

Nature later apologized to reporters, blaming the mistake on "internal communication problems."

Lanza and the senators agreed on one thing: The quickest way to boost the availability of stem cells for research would be to pass legislation like that recently vetoed by President Bush, which would allow scientists with federal funding to study embryos about to be discarded by fertility clinics.

Dethroning California's King (LAT)

The Los Angeles Times, September 7, 2006

Farewell to the little-known 19th century abolitionist, whose Capitol Hill statue representing the Golden State will give way to Ronald Reagan.

AH, THOMAS. WE HARDLY KNEW YE. Thomas Starr King, that is. Once one of California's most beloved heroes; honored in bronze as one of the state's two representatives in the 100-statue collection at the U.S. Capitol. For 75 years, schoolchildren, foreign dignitaries and visitors from California all paid homage to the state's duo of major historical figures: Father Junipero Serra, the founder of California's missions, and Thomas Starr King.

Wait a minute. Thomas Starr who?

That was probably the question members of the Legislature were asking themselves in the closing hours of their session last week, when they sent the governor a bill to unceremoniously oust King and replace him with Ronald Reagan. King, a Unitarian minister, may have been an intellectual star in the mid-19th century, but today he's not exactly a household name. It's a safe bet that most Californians who know his name at all first learned it while visiting the U.S. Capitol, then promptly exclaimed, "Huh?"

King traveled from town to town in California's early days exhorting citizens to support the Union cause in the Civil War. Before King, it was by no means clear that California was going to go that way. There was strong sentiment for the Confederacy in Southern California, and the state toyed with splitting in two or seceding. King's stump speeches helped keep the 10-year-old state in the republic.

But that was a long time ago. California always has been more interested in the future than the past. Besides, King did most of his preaching in New England. He arrived here just before the Civil War started, and he died before it was over. Now he's mostly known as the name of a middle school in Silver Lake.

So was King the most obscure figure represented in the Capitol's collection? Not even close. Maryland has John Hanson, who some argue was the first president. (No kidding. Look it up.) Pennsylvania passed up Benjamin Franklin but picked John Peter Gabriel Muhlenberg. Missouri has Francis Preston Blair Jr., who did for his state much what King did for ours.

But no more obscurity for California. In Reagan, the state will honor the president, governor and entertainer who has not just a star on the Hollywood Walk of Fame but now a sculpture at the Capitol. Reagan won't be the first to have both. Will Rogers

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(Oklahoma) got his statue in 1939, long before his star. And although Philo T. Farnsworth (Utah) already has his statue, he is still waiting for his star.

He richly deserves it. Look it up.

Israel Will Ease Grip On Lebanon (NYT)

By Steven Erlanger

The New York Times, September 7, 2006

JERUSALEM, Sept. 6 — Israel announced Wednesday that it would lift its air and sea blockade of Lebanon on Thursday evening, three weeks after the cessation of hostilities, because international forces were ready to move into place to impose an arms embargo on the Hezbollah militia.

Prime Minister Ehud Olmert said Israel would yield its "control positions over Lebanon's seaports and airports" at 6 p.m. Thursday to international supervision.

French, Greek, British and Italian ships will patrol Lebanon's coast until German ships arrive in two weeks. The Germans will also help patrol Lebanon's airport to prevent the resupply of rockets, launchers and heavy arms to Hezbollah from its main supporters, Syria and Iran.

Preventing arms from moving across the land border from Syria remains the main issue. A senior Israeli official who spoke on the condition of anonymity because he was not authorized to talk about the subject, said Israel had "an understanding" that international forces would deploy alongside the Lebanese Army to monitor that border.

But Miri Eisin, a spokeswoman for Mr. Olmert, said the land border "is still an open issue — it's not resolved so far as Israel is concerned." Mr. Olmert wants Lebanese forces with United Nations forces at each of the nine crossing points along the mountainous 205-mile border with Syria, Ms. Eisin said. While the border is unfenced and largely unmarked, large rockets and truck-based launchers cannot be brought overland by donkeys, she said, so the crossings are crucial.

"The land border with Syria is the wild card and the real test of the arms embargo," said the spokesman for the Israeli Foreign Ministry, Mark Regev. "We're hopeful we'll see Lebanese forces augmented by international forces there on the border enforcing the arms embargo. It would be very nice to believe Syria would change its policies, but we'd like a verification process."

Israeli military officials have said that if they have evidence of continuing supplies of rockets and launchers to Hezbollah on trucks from Syria, Israel will feel justified in bombing those trucks.

Israel has been pressed hard to lift its air and sea embargos by the United Nations secretary general, Kofi Annan, who had suggested it might be lifted within 48 hours.

In Cairo, the Lebanese foreign minister, Fawzi Salloukh, said Lebanon "would wait for the 48 hours given by Kofi Annan, and if the situation is resolved, we will thank him.''

"If it is not," Mr. Salloukh added, "the Lebanese government will take the necessary measures and break the blockade with all our might."

Mr. Annan, on his arrival in Madrid on Wednesday at the end of his Middle East tour, said he had worked on the plan during his flight from Turkey and was pleased with the results. "The lifting of the blockade will enable Lebanese Prime Minister Fouad Siniora and his government to accelerate their economic recovery and reconstruction program," he said in a statement.

Israel is depending on Lebanon to help bring about the return of two soldiers captured by Hezbollah on July 12; those seizures led to the war. And with various Arab airlines vowing to land in Beirut anyway, Israel decided that it was time to lift its restrictions. Israel has already granted permission for most civilian aircraft and aid shipments to land.

"We have to play our cards right and know when we have enough," said the senior Israeli official. "It's the big stuff, the larger rockets and launchers, that we have to worry about."

European navies will monitor the coast, and the airport is a relatively small area that will be easy to monitor, the official said. As for the difficult issue of the Syrian border, "we have an understanding" that international forces will be there to help Lebanese forces, the official said, even though Syria had warned Lebanon that any international presence on its border would cause Syria to close the border.

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Under the resolution that ended the fighting, the Lebanese government must request the help of the United Nations force to monitor the border, and the Israeli official insisted that Israel had been told that Lebanon would make the request.

Mr. Annan has met with all sides in an attempt to push along efforts to carry out the Security Council resolution, 1701, which went into effect Aug. 14 and largely stopped the fighting. He has said he will appoint a special envoy to work on the return of the Israeli soldiers captured by Hezbollah, presumably in exchange for a few Lebanese prisoners held by Israel for years, and for Hezbollah fighters captured during the war.

Mr. Annan has pressed European nations and nations like Turkey and Indonesia with large Muslim populations to provide troops for the expanded United Nations force.

About 3,250 international troops are now in Lebanon, but Mr. Annan expects the figure to reach 5,000 by the end of next week. The resolution calls for a maximum of 15,000 troops, but a senior European diplomat, who spoke on the condition of customary diplomatic anonymity, said that even 12,000 would be "a good showing."

Elsewhere, in Gaza, some staff members from the Palestinian prime minister's office joined a strike by civil servants demanding salaries from the Hamas government, which has been unable to pay them in full for six months.

The strikes have been pressed by Fatah, Hamas's political rival, but also reflect popular unhappiness with the inability of the government to secure enough funds, in the face of a Western aid cutoff and an Israeli refusal to hand over tax and customs receipts, to pay 165,000 civil servants more than small, intermittent stipends.

Israel, the United States and Europe want Hamas to recognize the right of Israel to exist, forswear violence and recognize previous Israeli-Palestinian agreements. Some Europeans are now suggesting, according to a senior French diplomat, that those restrictions be eased if the Palestinians come up with a national-unity government that at least forswears violence and terrorism. The United States and Britain are against weakening the terms demanded of Hamas.

Israel To End Blockade Of Lebanon (WP)

By Scott Wilson And Edward Cody

The Washington Post, September 7, 2006

JERUSALEM, Sept. 6 -- Prime Minister Ehud Olmert announced Wednesday that Israel will lift its eight-week-old air and sea blockade of Lebanon on Thursday evening, removing what diplomats have called the chief obstacle to the country's recovery from a devastating war between Israeli forces and the Lebanese militia Hezbollah.

Olmert made the decision after receiving assurances from Secretary of State Condoleezza Rice and U.N. Secretary General Kofi Annan that international troops were ready to begin sea patrols and airport security checks designed to prevent Hezbollah from restocking its arms supply, according to a statement issued by his office.

Israel waged a 33-day war against the Shiite Muslim militia and continued to enforce its blockade after a U.N.-brokered cease-fire brought an end to the fighting on Aug. 14. Israeli officials had said the military would maintain the blockade until enough of the 15,000-member multinational force to be deployed in Lebanon under the cease-fire resolution was in place to enforce an arms embargo against Hezbollah.

But Annan recently stepped up diplomatic pressure on Israel to end the blockade, calling it "a humiliation" for Lebanon during his recent trip to the region. Olmert's statement said Annan pledged that Italian, British, French and Greek forces would begin sea patrols until the German navy arrives in approximately two weeks. German officials will also monitor Beirut's international airport, the statement said.

"We have enough confidence today to allow us to take this step," said Mark Regev, the Israeli Foreign Ministry spokesman. "There are enough forces there now to enforce the arms embargo against Hezbollah. We're moving out so the Lebanese and the international forces can move in."

The announcement came after several Middle Eastern commercial airlines resumed regular flights into Beirut's airport, which was bombed by Israeli warplanes during the war, and a British carrier threatened to run the blockade. BMED, a British Airways franchise, announced Wednesday that it would "break the air embargo" and land in Beirut without first receiving Israeli permission, as the other airlines have been required to do.

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Across Lebanon's political spectrum, the blockade had stirred anger as an infringement on the government's already undermined national sovereignty. The parliament speaker, Nabih Berri, organized a sit-in by parliament members that began Saturday afternoon and was to last until the blockade was lifted. Members from all political parties applauded his move and, in shifts of 10, members are spending the night in the parliament building to dramatize their protest.

The blockade has also impeded the recovery of Lebanon's war-battered economy, which is based largely on its role as a regional air and sea shipping hub and a magnet for rich tourists from the Persian Gulf oil countries.

The war left an estimated 850 to 1,200 Lebanese dead, most of them civilians, and ravaged Hezbollah's strongholds in southern Lebanon and the crowded suburbs of south Beirut. The Israeli military said 117 soldiers were killed in combat and 41 civilians were killed by Hezbollah rocket fire before the cease-fire took effect.

The resolution calls for the deployment of 15,000 U.N.-backed peacekeepers in southern Lebanon alongside an equal number of Lebanese troops, who will have the authority to prevent Hezbollah from replenishing its arsenal. Israeli officials say Hezbollah's arms supply comes from Iran and Syria.

Officials in Lebanon said Prime Minister Fouad Siniora insisted that Israel lift the blockade before his government would request U.N. help in guarding Lebanon's air, sea and land frontiers. They said Siniora would then go through the United Nations to ask France, Greece and Italy to take up the temporary assignment of policing shipping lanes into Beirut's port and flights to and from its international airport.

Germany has volunteered to shoulder the responsibility for the long term. But German officials predicted it would take weeks for their ships to equip and arrive off Lebanon. In contrast, France and Italy already have warships in the region, and Greece lies just a short distance away.

The arrangements had to go through the United Nations, officials said, because Hezbollah refused to welcome the European ships directly, saying Lebanon would be handing over its sovereignty to NATO.

Germany also has offered technical help and training for Lebanese military and security personnel monitoring traffic across the land border with Syria, the main conduit in the past for Hezbollah arms arriving from Iran. Lebanon has accepted the offer but refused an Israeli demand that foreign personnel be part of the border-monitoring operation.

In any case, one official involved in the negotiations said, Hezbollah is not concerned about getting resupplied because of the long tradition of smuggling over little-used paths along the long, sparsely populated frontier.

Regev, the Israeli Foreign Ministry spokesman, called the issue "a wild card" and reiterated Israel's demand that multinational forces be deployed along the border with Syria. Without providing details, Regev said, "We have reason to believe that will happen."

In another reflection of Lebanon's anger, Foreign Minister Fawzi Salloukh told reporters in Cairo that Lebanon would break the blockade "with our might" if it was not lifted. Salloukh, a Hezbollah sympathizer, did not specify what he meant, and his comment was seen more as bravura than a practical threat.

Former Gen. Michel Aoun, a right-wing political figure, drew sustained applause when he announced the news of Israel's decision during a speech to his followers. "The regrettable thing is that it was on orders from Olmert," he added with a chuckle, and loud boos rose from the audience.

Israel To Lift Air And Sea Blockade (FT)

By Harvey Morris, Andrew England And Quentin Peel

Financial Times, September 7, 2006

Israel will on Thursday lift an air and sea blockade on Lebanon that has been in force since the start of its war with Hizbollah on July 12.

The office of Ehud Olmert, prime minister, said on Wednesday night that international forces would replace those of Israel at command positions over Lebanese seaports and airports.

“We have enough confidence that the Lebanese army, together with international forces, are ready and able to implement the international embargo against Hizbollah,” said Mark Regev, Israeli foreign ministry spokesman.

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The Israeli government had refused to lift its air and sea blockade until it was satisfied that enough foreign forces were in place to prevent weapons reaching the Shia militia. Israeli officials said they were still concerned about the land border between Lebanon and Syria but noted that Israel had no forces there.

The Israeli announcement follows a week of urgent telephone diplomacy by Kofi Annan, the United Nations secretary-general, involving Condoleezza Rice, the US secretary of state, President Jacques Chirac of France, Frank-Walter Steinmeier, the German foreign minister, as well as Mr Olmert and Fouad Siniora, the Lebanese prime minister.

An exhausted but elated Mr Annan greeted the announcement on Wednesday night as a vital move to enable humanitarian aid, and the reconstruction of Lebanon, to start. He heard news of Mr Olmert's announcement as he flew from Ankara to Madrid at the end of a 10-day tour of Middle East capitals to bolster the UN peace plan.

The deal that persuaded Mr Olmert to lift the blockade will involve French, Italian, Greek and British ships patrolling the Lebanese coastline for the next two weeks, before they are replaced by a long-term German naval taskforce, also involving Scandinavian and Turkish ships.

Germany has also agreed to provide 10 airport police and customs experts to reinforce security at Beirut airport, as well as technical equipment and training to help the Lebanese government tighten security along its border with Syria.

The airport security deal was the final element in a complex package designed to allay Israeli fears that arms would be smuggled to Hizbollah forces as soon as its air and sea blockade was lifted. Ms Rice, who has been in daily telephone contact with Mr Annan, is understood to have played a key part in persuading Mr Olmert to accept the package.

From the start of his tour Mr Annan had stressed that lifting the embargo was an essential step to make the peace plan work. UN officials say that failure to lift the blockade was not only stopping reconstruction, but also undermining the political authority of the Lebanese government.

Israel Says It Will End Blockade Of Lebanon; First Real Test Of U.N. Peace Force (USAT/AP)

By The Associated Press

USA Today, September 7, 2006

JERUSALEM — Israel said Wednesday that it would lift its stifling blockade of Lebanon within a day, marking a crucial breakthrough in international efforts to rebuild southern Lebanon from the war between Israel and Hezbollah guerrillas.

The transfer of supervision of Lebanon's airspace and coastline to international troops would be the first major test for the United Nations force charged with keeping the peace and preventing arms shipments from reaching Hezbollah guerrillas.

It was a major victory for U.N. Secretary-General Kofi Annan, who had demanded that Israel end the blockade, and it showed that with U.N. mediation, some of the outstanding disagreements might be resolved.

Israel is slowly pulling its troops out of southern Lebanon as international peacekeepers arrive. However, a deal on the thorniest remaining issue — the return of two Israeli soldiers whose July 12 capture sparked the fighting — will be far more difficult to broker, since Israel has demanded their unconditional release but Hezbollah has insisted on a prisoner swap.

Israel imposed the air, land and sea blockade shortly after the war against Hezbollah began nearly two months ago. Israel said the blockade was vital to stopping the guerrilla group from resupplying itself with arms from its major patrons, Syria and Iran.

There were no dollar estimates on the losses Lebanon suffered from the blockade, but at one point it caused severe fuel shortages, leading to long lines at gas stations and forcing the electric company to ration power.

In recent weeks, some supply ships were allowed to dock after coordinating with the Israelis, easing the country's fuel crisis and allowing the electricity authority to lift part of the rationing.

Israel had said it would not end the blockade until a beefed up U.N. force in southern Lebanon could take over to prevent arms shipments to Hezbollah.

On Wednesday, a statement from Israeli Prime Minister Ehud Olmert's office said Annan and U.S. Secretary of State Condoleezza Rice told Olmert that the international forces were ready to monitor the airports and seaports.

Israel To Lift Lebanon Air And Sea Blockade (LAT)

By Ken Ellingwood And Megan K. Stack

The Los Angeles Times, September 7, 2006

DOJ_NMG_0059071

JERUSALEM — Israel's government said today it would end its air and maritime blockade of Lebanon on Thursday to make way for an international force that is to deploy as part of a cease-fire that ended the 34-day conflict.

Israel's decision came after Secretary of State Condoleezza Rice and U.N. Secretary-General Kofi Annan notified its leaders that the international forces were ready to take positions at Lebanon's airports and along the coast, according to a statement from the office of Israeli Prime Minister Ehud Olmert.

Israeli officials said those assurances persuaded them that Israel could ease its restrictions on the arrival and departure of ships and airplanes, an embargo it has said was aimed at preventing arms from reaching fighters of the Islamic militant Hezbollah movement. FOR THE RECORD: An earlier version of this story misidentified Lebanese labor minister Tarrad Hamadeh, a Hezbollah supporter. The earlier story identified the labor minister as Trad Hamadeh, a Hezbollah member. "We said from the beginning that we'll be willing to lift our restrictions when the Lebanese government, augmented by the internationals, would be able to enforce the arms embargo," said Mark Regev, a spokesman for the Israeli Foreign Ministry. "It's come together in a way today to give us the confidence to lift the restrictions."

The news was met with jubilation in Lebanon, where anxiety has been growing as the economic damage of the war was compounded by the lockdown.

The Lebanese government sent a formal request to Annan for German naval ships to help patrol the Mediterranean Sea. The Lebanese army will be charged with monitoring the Syrian border for signs of weapon smuggling, said Interior Minister Ahmed Fatfat.

"It's very important to show that with diplomatic pressure and with political action we can have some solution in the Middle East," Fatfat said. "It's very important to show to the Arab nation and to the Lebanese population that there is another way besides war."

A German team was to arrive at Beirut International Airport today, the Israeli statement said. The German naval forces were not due to arrive for two weeks, but Italian, French, British and Greek forces would deploy until then, Israel said.

A day earlier, Annan had expressed confidence that the blockade, imposed shortly after the outbreak of fighting July 12, would be lifted within 48 hours.

Since the cease-fire took effect on Aug. 14, Israel has approved a limited number of ships and flights into and out of Lebanon despite the blockade, its officials said. But the embargo still cost the economy more than $20 million a day, said the Lebanese government.

Commercial air travel had slowed to a trickle, with only a handful of flights a day, all of them routed through the airport in Amman, Jordan. The fishermen of Lebanon's storied coast had languished on dry land, forbidden to sail into the sea to make their living.

Business owners fretted over shipments stuck in Turkey, Syria or Jordan. Blackouts, a perpetual problem in Lebanon in the best of times, grew more frequent as fuel supplies dwindled.

"It was contributing to higher costs, higher anxieties, delays," said Marwan Iskander, an economist and head of a research firm. "It was constrictive. It made the country feel as if it was going to suffocate."

Annan has called repeatedly for an end to the blockade, including during a visit last week with Israeli leaders. But they said then that they would not until all provisions of the Security Council resolution that ended the fighting were implemented. The resolution includes a ban on the supply of weapons into Lebanon that are not authorized by the Lebanese government.

Trad Hamadeh, the labor minister and a member of Hezbollah, said that asking the U.N. forces to monitor the coast was dangerous because "it internationalizes even further our small country." But, he added, "since we live in a democracy and the majority of ministers voted for UNIFIL's help in controlling our sea, we will cooperate with the French and the Germans despite our reservations."

Regev said, however, that Israel remained concerned about the transfer of weapons to Hezbollah through Lebanon's border with Syria, which along with Iran, has been a key backer and supplier of the Shiite group.

"The big question is the Syrian-Lebanese border," Regev said.

Israeli ground forces have slowly withdrawn from southern Lebanon, giving way to Lebanese army soldiers and a U.N. military force that is to be expanded to up to 15,000 troops under the terms of the Security Council resolution. Israel wants the

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international forces to patrol against cross-border smuggling, but Syria opposes deploying such a force along its frontier with Lebanon.

Israeli officials remain wary of Syria's promise to honor the arms embargo. Annan, who met last week with Syrian President Bashar Assad, said later that the regime had committed to deploying a battalion along the border with Lebanon to enforce the U.N. resolution. Syrian officials have denied arming Hezbollah.

Meanwhile, Lebanon toughened its stance on the two Israeli soldiers whose capture by Hezbollah helped trigger this summer's war.

The cease-fire agreement called for the unconditional release of the Israeli soldiers. But today, the Lebanese foreign minister said the Israelis would only be freed if the two sides negotiated a prisoner swap.

Annan Ends Mideast Trip With 2 Successes (AP)

By Selcan Hacaoglu, Associated Press Writer

AP, September 7, 2006

U.N. Secretary-General Kofi Annan wrapped up a trip to the Middle East Wednesday with two notable successes: winning Israel's agreement to lift its blockade of war-ravaged Lebanon and securing a commitment for Turkish troops to join the U.N. peacekeeping force there.

Just hours after Annan called for the lifting of a sea and air blockade, Israel said it would end it Thursday evening. International forces will replace the Israelis at command positions over Lebanese seaports and airports. Israel said the blockade was necessary to prevent arms shipments to Hezbollah guerrillas.

Annan — on the tail end of 11-day trip to the region — also renewed a call for an Israeli troop pullout from Lebanon, calling it "crucial" to peacekeeping.

The U.N. chief also urged Hezbollah militants based in southern Lebanon to disarm.

The U.N. had 2,000 peacekeepers in Lebanon but is starting to send thousands more into the region to monitor a tenuous truce between Israel and Hezbollah after 34 days of fighting.

"When 5,000 international troops are on the ground ... we will have a credible force and it will be time for Israel to withdraw completely," Annan said.

The U.N. force will eventually number 15,000 who will monitor the truce along with 15,000 Lebanese army troops.

Annan arrived in Turkey Tuesday — hours before its parliament voted to send troops to Lebanon, becoming the first Muslim country with diplomatic relations to Israel to join the U.N. peacekeeping force.

Annan called the Turkish decision "a sign of international solidarity" — the spirit he sought during his Mideast tour.

Turkish officials, mindful of strong opposition in Turkey to deployment, have said its contribution would not exceed 1,000 and pledged that Turkish soldiers would not be tasked with disarming Hezbollah.

Thousands in Turkey have protested the deployment, fearing it will lead to Turks confronting fellow Muslims. Police detained 30 stone-throwing protesters on Wednesday.

Annan said Lebanon — not foreign troops — must reach a national consensus on disarming Hezbollah militants.

"The remaining ones should disarm and devote all their energy to political activities to transform themselves into parties," he said.

Annan said a mediator he appointed for indirect talks between Israel and Hezbollah on the release of two abducted Israeli soldiers would be in the region before the end of next week.

Associated Press writers Suzan Fraser in Ankara and Benjamin Harvey in Istanbul contributed to this report.

Lebanese Documentary Unveils 1980's Tape Of A Prisoner (NYT)

By Dina Kraft

The New York Times, September 7, 2006

TEL AVIV, Sept. 6 — Videotape of an Israeli airman captured 20 years ago has surfaced in a Lebanese television documentary, touching a raw nerve for Israelis anxious for the return of soldiers taken by Hezbollah two months ago.

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The broadcast of the film, which Israeli officials had not been aware existed, comes as Israelis emerge from a war that failed in its declared mission of freeing the two soldiers captured by Hezbollah on July 12.

The grainy image of a bearded and hollow-eyed Capt. Ron Arad speaking to his captors was broadcast in both Lebanon and Israel this week. Captain Arad, an Air Force navigator whose plane was shot down over Lebanon in 1986, is said by Hezbollah to be dead, and the failure to conduct successful negotiations for his return has weighed heavily on Israelis.

The film surfaced as part of a documentary called "The Captured," about three Israeli soldiers captured by Hezbollah in 2000 and the Arad case, that was produced for a private mainstream Lebanese television station. The film, which does not address the current case, includes videotape of the capture of the soldiers in 2000 that Israeli officials also had not known existed.

The tape of Captain Arad, while never seen here, is old. But Israel, which has been seeking positive confirmation of his fate for 20 years now, did not know the film existed.

"I am a soldier in the Israeli Army," Captain Arad says in a flat voice during the brief segment. He offers the names of his parents, "Dov Arad. Batya Arad," and describes what he studied as part of his pilot's training.

The film was shown on Wednesday on the Lebanese station LBC, considered one of the most reputable channels in the region, and in two parts by the mainstream Israeli station Channel 10 on Tuesday and Wednesday. The Israeli station reportedly bought rights to broadcast the film.

The news that the film of Captain Arad existed began to leak out a week ago, and images from the film have been printed in Israeli newspapers over the past several days.

Israeli intelligence officials said the tape appeared to have been recorded about a year and a half after his capture.

The tape was apparently in the possession of the Amal militia, the Shiite group believed to have captured Captain Arad, one of the film's producers said, but it was not clear why it came to light only recently. The producers said they received the film from people believed to have ties to Amal. They said the documentary was not scheduled to be shown until later in the year but was moved up because of the possibility of negotiations over the recent captives.

Israeli officials and relatives of the soldiers captured in 2000 were interviewed for the documentary, but they were apparently unaware of the older videotape.

News of the film has captivated and depressed Israelis, many of whom see it as an attempt by the Lebanese to press the Israeli government to negotiate with Hezbollah over the two current prisoners, Ehud Goldwasser, 31, and Eldad Regev, 26, as well as Cpl. Gilad Shalit, who has turned 20 since his capture by militants who entered Israel from Gaza on June 25. Israel has called for their unconditional release.

The film of Captain Arad appears to date to about 1988, about the same time Israeli officials were in negotiations for Captain Arad's release. Soon after, all contact about the airman was terminated by his captors. There are suspicions that he might have been sold to a contingent of Iranian national guards and later died.

The film also shows newly surfaced videotape of the 2000 capture of three Israeli soldiers in a cross-border raid very similar to the one carried out this summer. The film was apparently shot by Hezbollah.

The soldiers are seen in an army Jeep just seconds before a roadside bomb is detonated, engulfing it in a thick cloud of smoke. Hezbollah guerrillas are then visible racing to the Jeep and dragging the soldiers into Lebanon.

Hezbollah is apparently hoping that its recent capture of the two army reservists will finally press Israeli to release Lebanese prisoners. The soldiers captured in 2000 were killed during their captivity, though it is not clear when.

Raphael Israeli, an expert in Islamic fundamentalism at the Hebrew University of Jerusalem, said the documentary was an effort to demoralize Israel. "Hezbollah continues to play on Israelis' feelings of how vulnerable they are," he said.

The most notorious Lebanese prisoner in Israel is Samir Kuntar. Another, Nissim Nasser, is confirmed to be in Israeli custody, accused of spying for Hezbollah.

In 1979 Mr. Kuntar, just 16 at the time, infiltrated into Israel and attacked a family in the town of Nahariya. First he shot the father, Danny Haran, in the head in front of his 4-year-old daughter, Einat, and then crushed her skull with his rifle butt.

Smadar Haran, Mr. Haran's wife, hid in a crawl space with the couple's 2-year-old daughter. Mrs. Haran, trying to quiet the toddler, accidentally smothered her to death.

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The killings are seared into Israeli memory, and the question of whether Mr. Kuntar could be released is a painful one.

"Samir Kuntar is a monster," Bradley Burston wrote on the Web site of the newspaper Haaretz. "He may never have deserved a life. But Gilad Shalit, Ehud Goldwasser, and Eldad Regev do. So do their families. Free the monster. Let them live."

Israel, which has a strong ethos of not leaving soldiers behind in battle, has vowed not to engage in a prisoner swap this time, but past governments have made deals. In January 2004 Israel released about 430 prisoners in exchange for the bodies of the Israeli soldiers captured in 2000 and for the return of an Israeli businessman who was kidnapped by Hezbollah.

Reserve Maj. Gen. Amos Malka, who served as director of military intelligence at the time of the 2000 raid, wrote about the tape of the 2000 abduction in the daily Yediot Ahronot on Wednesday.

"The Northern Command has to check carefully how it happened that two kidnappings that Hezbollah prepared and practiced succeeded in being performed in an almost identical manner," he wrote. "Where were the failures? Where did we not learn the lesson?"

Iran's Leader To Duel With Bush At UN (FT)

By Guy Dinmore

Financial Times, September 7, 2006

The scene is set for a clash of the "Great Satan" and the "axis of evil" at the United Nations this month when presidents George W. Bush and Mahmoud Ahmadi-Nejad address the general assembly on the same day, with the US pressing the world body to impose sanctions on Iran over its nuclear programme.

The White House confirmed on Wednesday that the Iranian president would be granted a US visa to go to New York. "This will be the debate," a US official said, referring to Mr Ahmadi-Nejad's challenge to Mr Bush to hold a televised debate.

According to the UN agenda, Mr Bush is due to speak ahead of the Iranian president on September 19, the official noted.

Mr Ahmadi-Nejad attended the general assembly last year shortly after his election victory but only after US officials raised questions over his visa application following allegations – never substantiated – that he had played a role in the 1979-81 US embassy hostage crisis in Tehran.

Since then Mr Ahmadi-Nejad has been widely condemned for questioning the Holocaust and calling for Israel to be wiped off the map by Palestinians. However, the White House said that had no bearing on his visa application. The US has never denied a visa to a head of state to attend the UN general assembly, but did once refuse entry to Yassir Arafat, the Palestinian leader.

The US is pressing the UN to impose sanctions on Iran following its refusal to halt uranium enrichment by last week's UN-imposed deadline. China and Russia appear reluctant to move quickly with punitive measures, however, and this year's general assembly is likely to see intense lobbying by all sides.

Mr Ahmadi-Nejad told a cabinet meeting on Wednesday that the UN visit was a "good chance" for the debate and that the US side, if it wished, could bring advisers, according to his website.

Mr Bush first called Iran part of the "axis of evil" in 2002. Iranian leaders habitually refer to the US as the "Great Satan".

Questions For Khatami (WP)

By Felice D. Gaer And Nina Shea

The Washington Post, September 7, 2006

There is a troubling irony in inviting former Iranian president Mohammad Khatami to speak today at the National Cathedral on the role the Abrahamic faiths can play in shaping peace in the world. In his own country, Khatami held office as president from 1997 to 2005 while religious minorities -- including Jews, Christians, Sunni and Sufi Muslims, Bahais, dissident Shiite Muslims and Zoroastrians -- faced systematic harassment, discrimination, imprisonment, torture and even execution because of their religious beliefs. During Khatami's term, Iranian officials persecuted reformers, students, labor activists and journalists for "insulting Islam" and publishing materials deemed to deviate from Islamic standards.

In 1998 student protests were followed by severe repression, and a series of extrajudicial murders of dissidents were committed in the years thereafter. In 2004 the U.N. special rapporteur on freedom of expression concluded that charges against those detained for criticism of the government "lack any objective criteria" and are open to arbitrary interpretation by the judiciary. Women of all faiths have also suffered discrimination and repression.

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Because of these recurring and egregious violations of religious freedom, the U.S. Commission on International Religious Freedom continues to recommend that Iran be included on the State Department's list of "countries of particular concern." Since 1999 secretaries of state in both the Clinton and Bush administrations have agreed. Iran was initially placed on this list during Khatami's tenure as president. The commission's 2006 annual report and the State Department's annual International Religious Freedom Report conclusively demonstrate that Iran's egregious, systematic violations of religious freedom did not significantly diminish during Khatami's administration.

Against that backdrop, we are prompted to ask whether President Khatami plans to use the pulpit at the National Cathedral to denounce and express regret for these offenses. Such a step would go a long way toward facilitating reconciliation among his own countrymen and women, as well as among the Abrahamic faiths.

We also note that the cathedral's description of the event mentions Khatami's call for a "dialogue of civilizations." Certainly it is useful to urge clergy and leaders in the West and throughout the world to respect a diversity of views, beliefs and cultures. We wish to inquire whether Khatami will use his address at the National Cathedral to call upon clerics in his own country to respect the universally guaranteed right to freedom of religion and belief, as well as the rights of those who hold diverse views and beliefs.

Furthermore, unconditioned "dialogue" between Iran and the West is precisely what is being urged by Iran's current president at this time as an alternative to its compliance with U.N. resolutions regarding weapons of mass destruction. Khatami's address at the cathedral on this very topic of "dialogue" could easily be manipulated to make it appear that the cathedral is giving the moral high ground to Iran on this critical issue. Dialogue and discussion require that more than one voice be heard.

It appears that the cathedral is providing a public platform to an individual who was responsible for implementing and administering policies that resulted in the severe persecution of religious minorities as well as dissident voices within Iran's own Shiite community. Chief among these victimized groups are the very Abrahamic faiths he will discuss in his address.

The National Cathedral is one of America's most significant moral symbols. It is a place where national leaders have been laid to rest, and it is where the nation grieved for the victims of Sept. 11, 2001. It is a place where the people -- despite political differences -- have come together to mourn, reflect and unify. It is a place where those from diverse faiths and backgrounds gather to worship. It is imperative that those responsible for the National Cathedral, as the caretakers of one of America's national symbols, preserve its unique role and not allow it to be misused or manipulated. The commission fears that Khatami's address, in its announced format, jeopardizes this important tradition and may ultimately undermine the cathedral's critical national role.

In the final analysis, it would be a tragic oversight for the former leader of Iran to be invited to give a lecture on these specific topics in such a prominent place of worship without being questioned openly and seriously on both the nature of diversity and the legacies of his own record on human rights and religious freedom.

Felice D. Gaer is chair and Nina Shea vice chair of the United States Commission on International Religious Freedom, an independent federal agency.

Turks Warm To Iran, Jilting Allies, Poll Finds (NYT)

The New York Times, September 7, 2006

BERLIN, Sept. 6 — Turkey has increasingly warmed toward Iran while cooling toward its NATO allies and the goal of European Union membership, according to a survey of international attitudes published Wednesday.

The survey, Transatlantic Trends, an annual poll of European and American public opinion conducted for the German Marshall Fund of the United States, shows a striking shift in attitudes within Turkey.

The survey found that on a 100-point “thermometer” scale, with 100 being the friendliest feeling, Turkish attitudes toward the United States fell to 20 degrees, from 28 degrees, in the past two years.

Over the same period, feelings toward Iran increased to 43 degrees, from 34 degrees.

Further, in a different part of the survey, while a majority in Turkey continued to see membership in the European Union as a good thing, support for that goal fell to 54 percent, from 73 percent in 2004.

The poll, conducted in each of the past five years, was carried out in the United States and 12 European countries: Britain, Bulgaria, France, Germany, Italy, the Netherlands, Poland, Portugal, Romania, Slovakia, Spain and Turkey.

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In Turkey, the survey was based on in-person interviews of 1,000 randomly selected adults from June 6 to June 24. The margin of sampling error was plus or minus three percentage points.

Finding Diplomats For Perilous Posts (WT)

By Nicholas Kralev

The Washington Times, September 7, 2006

The State Department has begun the first major overhaul of its assignment system in decades, making it more difficult for U.S. diplomats to avoid serving in Iraq, Afghanistan and other dangerous posts that the Bush administration views as crucial in the war on terrorism.

Senior department officials said that no jobs will be available for bidding by Foreign Service officers until all open positions in the critical posts have been filled. They also said that they would resort to "directed assignments" if the new scheme fails to achieve the desired results.

"We are going to start filling the toughest posts first," one senior official said. "We are still doing this on a voluntary basis, but, obviously, if we ever have to go to directed assignments, we will, because the bottom line is, you have to get your best, most talented people in the hardest and most important positions."

Another official said that the best way for Foreign Service officers to ensure they have another job when their current assignment ends will be to opt for Iraq, Afghanistan, Sudan, Pakistan and other hardship posts in the Middle East, Africa and South Asia.

Those who prefer to be posted in less dangerous places in Asia and Latin America or the much sought-after European countries will have to wait for assignments longer and may not know where they would go until weeks before reporting at their new post.

Each year in late August, the State Department publishes an internal list of all positions in Washington and overseas that will become available the following summer. Officers bid for the jobs they are interested in, and most of them receive a new assignment by the end of the year.

The director-general of the Foreign Service, George M. Staples, said in a memorandum to employees last month that a new phase will be added to the previous bidding process.

All bid lists will still be due at the same time in late October, but only bids for the most critical posts, where officers are not allowed to be accompanied by their families, will be considered during the initial new phase, which will last until Nov. 22.

Positions at posts with a "hardship differential" of 15 percent or more will be filled by Jan. 18, and with 10 percent or more by March 20. Only then will non-hardship assignments be made, Mr. Staples said. The differential refers to increases in pay and other benefits to reflect risk.

The Aug. 16 memo came 12 days after the Government Accountability Office (GAO) published a report critical of the State Department's staffing practices.

"We found that State's assignment system did not effectively meet the staffing needs of hardship posts, and that State had difficulty filling positions there, particularly at the mid-levels," the authors of the document said in a letter to Sen. Richard G. Lugar, Indiana Republican and chairman of the Senate Foreign Relations Committee, who requested the GAO report.

Mr. Lugar "feels the State Department still is not adequately staffed for stabilization and reconstruction efforts," said his spokesman, Andy Fisher.

"He has encouraged the administration to implement a section" of the Stabilization and Reconstruction bill that he co-sponsored with Sen. Joseph R. Biden Jr., Delaware Democrat and the committee's ranking member, which "would develop a 250-person active duty corps," Mr. Fisher said.

The State Department has had a hard time filling positions in Iraq and Afghanistan, even though it has offered various incentives for serving there, such as higher pay and benefits packages, better chances for promotion and guaranteeing officers one of their top five choices of an onward assignment.

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Although most of those who volunteer for risky posts do so to serve their country, some of the officers are too junior for the positions they occupy, and others volunteer more for the benefits than the service, officials say. In addition, many sent to hardship posts arrive with minimum language, cultural and security training, which limits their effectiveness in the field.

During her last two visits to Baghdad in April, Secretary of State Condoleezza Rice was said to be disappointed by the quality of some of the officers at the embassy there.

Reaction to the new assignment system in the Foreign Service has been mixed. While officers understand the need to staff priority posts, "there is also widespread concern that long-standing assignment rules and practices are being hastily jettisoned," said the American Foreign Service Association, the diplomats' union.

"Many still perceive that the new system devalues their past and sometimes extended service in hardship posts," the association said. "Members feel as if the excellent work performed by the Foreign Service in many important but less difficult posts is no longer valued or rewarded."

U.S. Air Force Major Missing In Kyrgyzstan (NYT)

By C. J. Chivers

The New York Times, September 7, 2006

MOSCOW, Sept. 6 — A United States Air Force officer stationed in Kyrgyzstan was reported missing on Wednesday after disappearing during a shopping trip on Tuesday with fellow service members in the capital, Kyrgyz and American officials said.

The officer, Maj. Jill Metzger, has been a personnel officer for several months at the Manas Air Base, which supports military operations in Afghanistan, and was in the final days of her tour of duty.

She was last seen on a security video taken at 4:18 p.m. Tuesday in TSUM, a large department store near the center of Bishkek, said Nurdin Jangarayev, a spokesman for the Interior Ministry, which is investigating the case.

Members of the military stationed at Manas are allowed to travel off the base only with permission and in groups. Major Metzger, who is assigned to the 376th Air Expeditionary Wing, was on an approved trip with co-workers, said Capt. Anna Carpenter, a spokeswoman for the air base.

Mr. Jangarayev said the group had separated in the store but agreed to meet later. When the rest of the group gathered, the major did not appear.

Her disappearance perplexed local investigators and American officials alike, who said they had not categorized the case beyond calling it a missing-person investigation. There were no immediate signs of foul play, the authorities said, and as of Wednesday no one had claimed to have abducted her.

Mr. Jangarayev said that Major Metzger had friends in the city and that she was scheduled to leave Bishkek this week.

Kyrgyzstan, a small Central Asian republic, has allowed the United States to operate an air base at Bishkek's civilian airport since late 2001. There has been little anti-American sentiment in the population, and the country, once a remote part of the Soviet Union, is largely peaceful and open to outsiders.

Tensions between the government and Islamist groups in the southern part of the country have grown, however. There have been small skirmishes in the south this year between government security forces and gunmen whom the government characterizes as Islamic militants and members of banned extremist groups.

American officials appealed to the Kyrgyz people on national television and Web sites, asking for information about Major Metzger's whereabouts. "We are terribly concerned," the American ambassador, Marie L. Yovanovitch, said in a telephone interview. "She has been missing for over 24 hours."

The air base and the American Embassy released pictures of the major, showing a lean blonde woman in her early 30's and about 5 feet 2. In one picture she is wearing blue jeans and a light green shirt. Captain Carpenter said she had been wearing the same clothes when she disappeared.

Ambassador Yovanovitch said the air base and embassy staffs were working with the S.N.B., the Kyrgyz security agency that succeeded the Soviet K.G.B., and with the police, who were examining all of the security videos available at TSUM.

Initial leads, derived from the store videos and cellphone records, were inconclusive.

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Mr. Jangarayev, the spokesman for the national police, said the major used her cellphone at 2 p.m. Tuesday to call a number at a former Soviet farm nine miles outside Bishkek. She spoke with someone for two minutes, he said. She called the same number at 3:39 p.m. and spoke for about 15 seconds, Mr. Jangarayev said, adding that it was not clear to whom she had spoken.

He said the next insight into her whereabouts came from the TSUM videotapes, which showed her on the second floor of the store. Later her cellphone was called twice but she did not answer, Mr. Jangarayev said. Records from her service provider showed that by then her phone had left the store and traveled through the city, he said.

The first call, at 5:35 p.m., reached her phone near the capital's eastern bus station, he said, and the second call reached the phone about 7 p.m. at Tunguch, a residential area on Bishkek's eastern outskirts. Neither call was answered and the phone was shut off a short while later, Mr. Jangarayev said.

He said it was not clear who was trying to call the major. "We are trying to find this out now," he said.

After she failed to meet the rest of the group in the store they returned to the base, Mr. Jangarayev said, hoping that she had returned on her own, but they found no sign of her.

Captain Carpenter said the city's hospitals had been searched to no avail.

Mr. Jangarayev said the pattern of her calls suggested that she might have been someone's guest in Bishkek or had left with an acquaintance. But such a move would be highly unusual for a career American military officer, and the embassy declined to comment on such theories.

"I think at this point we just can't speculate," Ambassador Yovanovitch said.

Rebel MPs Force Blair's Hand (FT)

By James Blitz

Financial Times, September 7, 2006

Tony Blair is to make an 11th hour attempt to end the growing revolt against his premiership within the Labour party by publicly declaring that he will quit as prime minister in the summer of next year.

However, it was far from certain on Wednesday night that this would be enough to satisfy those MPs demanding a firm date for his departure.

After holding two lengthy meetings on Wednesday with Gordon Brown, the chancellor, Mr Blair has agreed to endorse publicly the recent statements of cabinet allies that this month's Labour conference will be his last as prime minister.

Mr Brown has told Mr Blair that he wants to have taken over well before next year's parliamentary summer break. The chancellor also demanded an end to efforts by the prime minister's allies to tie his hands on policy before the handover. Mr Blair's declaration that he will quit next summer – which ratifies a similar statement by David Miliband, environment minister – could come as early as today.

Mr Brown's aides are seeing the gesture as a constructive first step towards ensuring a stable and orderly handover of power to the chancellor next year.

But on a day in which seven government members resigned over Mr Blair's determination to stay in office, it was far from clear that the prime minister had re-established his authority over the Labour administration.

Relations between Mr Blair and Mr Brown remained deeply uneasy on Wednesday night. Throughout Wednesday, allies of both men were engaged in a semi-public row after senior No 10 figures suggested the chancellor was orchestrating a plot to unseat the prime minister.

Mr Brown's allies denied the plot claims. But a senior No 10 figure said on Wednesday night: "Why is this revolt happening? That's the question we ask."

Mr Blair's public statement that he will quit next summer will be an embarrassment for the prime minister, coming just a week after he firmly declared that he wanted to keep his departure intentions vague.

But Mr Blair's allies were adamant on Wednesday night that the prime minister would not give a specific date for his departure, again disowning newspaper reports that he would go on May 31.

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Mr Brown's aides said they regarded Mr Blair's forthcoming statement as the first step in an "iterative process", one in which the two men must work closely together on the transition of power. "It needs follow-through," said one Brown aide.

The chancellor is still looking for more clarity on the timing of Mr Blair's resignation, insisting that a resignation announcement on May 31 would be far too late.

Mr Brown is also demanding that the prime minister disown former ministers such as Stephen Byers who argue that Mr Blair must use his final months in power to tie down the chancellor's policy prospectus for No 10.

Wednesday's meetings between Mr Blair and Mr Brown came as Tom Watson, a junior defence minister, and seven parliamentary private secretaries resigned from the government after declaring Mr Blair should stand aside. Mr Blair later branded Mr Watson's actions as "disloyal, discourteous and wrong".

Mr Blair's allies rallied to his support on Wednesday. David Blunkett, a former home secretary, said: "It is now in Gordon Brown's – and the Labour party's – best interests for those seeking the prime minister's immediate departure to back off."

Pressure On Blair Mounts As 8 Aides Resign (NYT)

By Alan Cowell

The New York Times, September 7, 2006

LONDON, Sept. 6 — In a mood of gathering crisis, Prime Minister Tony Blair sought Wednesday to face down a revolt within his Labor Party as an extraordinary procession of eight junior aides resigned to protest his refusal to set a date to leave office soon.

The spectacle of Mr. Blair fighting off such challenges, in sharp contrast to the euphoria of his rise to power nine years ago, recalled Margaret Thatcher's final days as her authority seeped away in 1990. Even as the chorus of dissent mounted, however, Mr. Blair was still scheduling Middle East diplomacy, with a planned visit to Lebanon on Monday.

British news reports late Wednesday said Mr. Blair would make some kind of announcement on Thursday about his intentions, apparently bending to the growing pressure.

Mr. Blair has dismissed challenges in the past — he was once nicknamed Teflon Tony — but British political analysts said the mood seemed more venomous this time. Some analysts depicted the public pressure as a renewed effort by supporters of Gordon Brown, the chancellor of the Exchequer and Mr. Blair's heir apparent, to force the prime minister from office within the next few months.

But with the Labor Party's annual conference scheduled for later this month and local elections next May likely to punish Mr. Blair's party, legislators have become increasingly restless that they might lose their seats to a growing threat from the opposition Conservatives.

The day's events seemed to indicate that the rivalry between Mr. Blair and Mr. Brown was moving toward a showdown over what the prime minister depicted as the future of Labor.

"We are three years from the next election," Mr. Blair said in a letter to one of the defectors, Tom Watson, a junior minister in the Defense Ministry and a former Blair loyalist. "We have a strong policy platform. There is no fundamental ideological divide in the Labor Party for the first time in 100 years of history. For the first time ever, we have the prospect not just of two, but three successive full terms. To put all this at risk in this way is simply not a sensible, mature or intelligent way of conducting ourselves if we want to remain a governing party."

His adversaries saw it differently.

"People in the country want a change," said Doug Henderson, a former government minister seen as a member of the Brown camp. "There should be a new leader in place by the end of March."

David Blunkett, a former minister who has supported Mr. Blair, urged Mr. Brown and his followers to "back off" in order to "avoid the split of our party."

Mr. Watson was one of 17 Labor legislators who signed a letter on Tuesday demanding Mr. Blair's early departure.

"It is with the greatest sadness that I have to say that I no longer believe that your remaining in office is in the interest of either the party or the country," Mr. Watson said in a resignation letter that he made public on Wednesday.

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Mr. Blair snapped back. "I had been intending to dismiss him but wanted to extend to him the courtesy of speaking to him first," he said in a statement released by his office.

"Had he come to me privately and expressed his view about the leadership, that would have been one thing. But to sign a round robin letter which was then leaked to the press was disloyal, discourteous and wrong."

Mr. Blair led the Labor Party to its first run of three consecutive election victories. He was returned to office for the third time in May 2005, albeit with a reduced majority, his popularity sapped by scandal at home and, overseas, by his close alliance with the United States in the Iraq war. But the timing of Mr. Blair's departure has divided the party.

The newest crisis began to accelerate rapidly after Mr. Blair let it be known on Tuesday that he wanted a final 12 months in office, an offer endorsed by almost 50 party loyalists.

After Mr. Watson quit as a junior minister, six more Labor legislators holding the junior rank of personal private secretaries in various ministries also resigned their official positions, though not their parliamentary seats. All were signatories of Tuesday's letter to Mr. Blair and risked being dismissed in any event.

The seventh private secretary, Iain Wright, announced late Wednesday evening that he had quit because he "believed that the party and the government cannot renew itself in office without urgently renewing the leadership."

Earlier, another of the private secretaries to resign, Khalid Mahmood, told Mr. Blair in a letter: "The party and the Labor government's work is more important than any individual. Sadly, I feel that your remaining in office no longer serves the best interests of the party or the country."

Using the coded language that denotes a longer transition, Mr. Blair argued on Wednesday that the Labor Party's best prospects lay in "setting out the policy agenda for the future combined with a stable and orderly transition that leaves ample time for the next leader to bed in."

The Sun newspaper reported Wednesday that he would resign as Labor Party leader on May 31, 2007, leaving office in late July.

The fight over Mr. Blair's departure may not resolve the question of his succession because party strategists have not ruled out a challenge to Mr. Brown in a leadership race.

Mr. Brown has not spoken publicly about a fight that has seized the headlines to the delight of opponents like David Cameron, the Conservative leader, who said the crisis showed the government was in "meltdown."

Seven Resign Government Posts To Protest Blair (USAT)

By Jeffrey Stinson

USA Today, September 7, 2006

LONDON — British Prime Minister Tony Blair faced a new challenge to his leadership Wednesday when seven junior members of his Labor Party government resigned to protest his refusal to say when he will leave office.

Among those who quit: Tom Watson, a defense minister for veterans' affairs. "I no longer believe that your remaining in office is in the interest of either the party or the country," he said in a letter to Blair.

Joining Watson were six parliamentary private secretaries, who serve as unpaid ministerial aides. They are among a growing list of junior and back-bench Labor Party members of Parliament who have called on Blair to step aside soon to improve the party's political fortunes ahead of local and regional elections next spring.

Blair said he would have fired Watson for signing a letter calling for him to step down. He called Watson's actions "disloyal, discourteous and wrong."

Blair, 53, is the U.S. government's closest ally in Iraq and in the war on terrorism. He has said he plans to step aside before national elections in 2010 to make way for his finance minister, Gordon Brown.

Blair has refused to say when, despite the drop in his popularity since he won a third consecutive election last year. His office on Wednesday could not confirm reports that the prime minister will make a public statement on his future today.

"He is being squeezed on all sides — by his own party and by the general public," says Julia Clark, a senior research executive in the political unit of Britain's Ipsos MORI polling firm.

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The most recent Ipsos MORI Poll showed 32% of British voters back Labor compared with 36% for the Conservatives. Support for the Liberal Democrats was 24%. Blair's approval rating was 44% in the poll of 2,019 adults conducted July 20-24.

Clark says many voters don't think Blair has fulfilled promises to improve health care and schools and to deal with immigration problems. His government has seen scandals. Among them: allegations that it rewarded financial supporters with nominations to the House of Lords and knighthoods.

Blair's political problems also stem from his close alliance with U.S. policies in Iraq and the Middle East, Clark adds.

"Blair is very much seen as America's lap dog," she says. "At the same time, anti-Americanism is growing over Iraq and the Middle East. He is seen as doing as he's told rather than what's right for the country."

This isn't the first time this year that Blair has faced cries to name an early date to clear the way for Brown. Blair reshuffled his Cabinet and pledged not to serve out his term after Labor suffered a defeat in local and regional elections in May.

If Brown takes over, says George Jones, emeritus professor of government at the London School of Economics, the U.S. government will still have a strong ally.

"Brown is himself a great friend of the United States," he says. When it comes to Iraq and the Middle East, he says, "I'm not sure that Mr. Brown would do anything different."

Blair Tries To Contain Revolt In Own Party As 8 Quit Government (WP)

By Kevin Sullivan And Mary Jordan

The Washington Post, September 7, 2006

LONDON, Sept. 6 -- Prime Minister Tony Blair, the second-longest-serving British leader since the 19th century, struggled to contain a growing political rebellion Wednesday, as eight junior members of his government resigned amid new demands for him to set a date for his departure or step down now.

"I no longer believe that your remaining in office is in the interest of either the party or the country," said the resignation letter of Tom Watson, the highest-ranking of the eight Labor Party legislators who quit Blair's government.

Blair, whose once-soaring popularity has been badly damaged by the war in Iraq and his close alliance with President Bush, finds himself in a predicament reminiscent of that faced in 1990 by Prime Minister Margaret Thatcher. After serving nearly 12 years, a defiant Thatcher was ousted in a rebellion by members of her Conservative Party, bringing a graceless end to her historic premiership.

"The sooner Blair goes, the more honorable his exit will be. The best course is to leave immediately," said Vernon Bogdanor, a professor of government at Oxford University.

The timing is dominating political debate in Britain in the weeks leading up to the annual meetings of the major political parties.

Blair, who has said he will not seek reelection to a fourth term, has repeatedly declined to name a date for his departure, saying it would only embolden his critics to demand his immediate resignation. But he is expected as early as Thursday to more clearly spell out when he is leaving.

He has promised to resign in ample time for his successor, most likely Chancellor Gordon Brown, to prepare for the general election that must be held no later than 2010.

Several of Blair's top cabinet ministers, including Environment Secretary David Miliband, a close ally, said this week that Blair would probably leave in about a year, which analysts interpreted as a signal from Blair. Other published reports said Blair might leave next summer, or next May after the 10th anniversary of his landslide 1997 election.

Adding to the frenzy of speculation was the publication this week of a memo, written by Blair aides, outlining a series of television appearances, speeches and interviews to mark Blair's final days: "He needs to go with the crowds wanting more," the memo said. "He should be the star who won't even play that last encore."

But Blair's future turned from parlor game to political crisis on Wednesday with the surprise resignations of the former loyalists.

His Downing Street office said that more than 80 other Labor members of Parliament had signed a letter saying they were satisfied with the schedule described by Miliband. But analysts called the resignations proof that Blair's ability to govern was

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slipping. They also follow the decision of nearly 40 British Muslims to quit the Labor Party in protest of Blair's support of Israel in its recent military campaign in Lebanon.

"There's great hostility in the Labor Party for Blair's support for Israel" in the Lebanon conflict, Bogdanor said. Party members felt that they were not consulted over the issue and that Blair followed "too blindly in the path of the Americans" while opinion polls showed the British public believed that "Israel's actions were disproportionate," he said.

One of the people who resigned from the government Wednesday, Mark Tami, said in an interview that "my concern is the great uncertainty hanging over the government. All everyone wants to talk about is when he's going, and we have to move on."

Another member of the group, Chris Mole, said in an interview that Blair should leave "sooner than later" to make way for Brown because "he has lost the confidence of his party at large and the people in the country in general."

Mole said that was partly because "all leaders become unpopular over time." But he said the "intense speculation" about Blair's future meant that "whatever initiative he tries to talk about is ignored and swept aside."

In his resignation letter to Blair, Watson, a junior minister involved in defense issues, expressed "greatest sadness," praised Blair for "visionary" leadership and said "the nation owes you an incalculable debt." But, he said, "I share the view of the overwhelming majority of the party and the country" that the party must "renew its leadership."

The resignations clearly angered Blair, who issued a statement within minutes of Watson's resignation saying he had planned to fire him. "Had he come to me privately and expressed his view about the leadership, that would have been one thing," Blair said. "But to sign a round robin letter which was then leaked to the press was disloyal, discourteous and wrong."

Blair later released a written response to Watson defending his government. "We are three years from the next election. We have a strong policy platform. There is no fundamental ideological divide in the Labor Party for the first time in 100 years of history," he wrote. " . . . To put all this at risk in this way is simply not a sensible, mature or intelligent way of conducting ourselves if we want to remain a governing party."

Britain's Blair Is Pressured To Step Down (WSJ)

By Marc Champion

The Wall Street Journal, September 7, 2006

British Prime Minister Tony Blair appears likely to step down by next summer, a change that would deprive President Bush of his staunchest -- and most articulate -- ally on thorny global issues from the war in Iraq to policy in Lebanon.

In the past week, Mr. Blair has encountered intense pressure from normally loyal members of Parliament within his ruling Labour Party to name a date for his departure after nearly a decade in office.

A recent letter from 21 lawmakers urging his resignation forced his closest party allies -- including the chairman of Labour's executive committee -- to say publicly for the first time that Mr. Blair would be gone by this time next year. Mr. Blair has promised to leave sometime before the United Kingdom's next national elections, expected in 2009, but hasn't been more specific.

Whenever Mr. Blair goes, his old friend and rival for power, Chancellor of the Exchequer Gordon Brown, is the clear front-runner to succeed him.

Mr. Brown, as steward of one of Europe's most successful economies, has been running the country in tandem with Mr. Blair since 1997. The two were partners in the 1990s transformation of Labour to a centrist party from a left-wing one. As a result, political observers say no drastic changes of economic or foreign policy are expected.

Still, the next few months are likely to be tense as Mr. Blair tries to entrench his legacy. According to an internal Downing Street memo leaked earlier this week that outlines a strategy for Mr. Blair's home stretch, "His genuine legacy is...the triumph of Blairism." So-called Blairism amounts to the prime minister's efforts, unpopular with much of the Labour Party and often resisted by Mr. Brown, to reshape Britain's creaking public services by introducing more private-sector participation.

Mr. Blair's office declined to confirm or deny the authenticity of the widely published memo.

What the memo described as "the elephant in the room" for Mr. Blair is Iraq and his close public relationship with Mr. Bush. Both issues have been influential in weakening Mr. Blair's support within Labour and among voters generally.

According to a Sept. 1-3 opinion poll by the Populus research firm, published in The Times of London yesterday, 73% of Britons agree that "the British Government's foreign policy, especially its support for the invasion of Iraq and refusal to demand an

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immediate cease-fire by Israel in the recent war against Hezbollah in Lebanon, has significantly increased the risk of terrorist attacks on Britain."

And 62% agree that "in order to reduce the risk of future terrorist attacks on Britain, the Government should change its foreign policy, in particular by distancing itself from America, being more critical of Israel and declaring a timetable for withdrawing from Iraq."

Mr. Brown is a strong admirer of the U.S., but he has kept a low profile on the Iraq war, which is closely identified with Mr. Blair. Analysts and politicians familiar with both men say that while the United Kingdom is likely to remain a foreign-policy ally of Washington, there would be little reason for any successor to continue such a prominent "shoulder-to-shoulder" relationship with the White House.

Mr. Blair was ridiculed in the media, for example, when a microphone left working at the Group of Eight summit in St. Petersburg, Russia, picked up Mr. Bush greeting his fellow statesman with a folksy, "Yo, Blair."

"The pressure within the party on any new leader to distance himself from the Bush administration will be enormous," said John Curtice, a professor of government and a U.K. politics specialist at the University of Strathclyde, Scotland.

That would make it unlikely Mr. Brown or any other successor would travel to Washington as Mr. Blair did during the recent conflict between Israel and the Hezbollah militia in Lebanon to express full support for the U.S. policy of resisting an early international appeal for a cease-fire. Mr. Blair's position was deeply unpopular in the U.K.

Mr. Blair's most loyal supporters had hoped he would be able to quiet the recent unrest within Labour's ranks by floating an unofficial date for his departure.

The Sun, a conservative tabloid newspaper whose support Mr. Blair has cultivated carefully throughout his time in office, reported yesterday that he would resign as leader of the Labour Party May 31 and then hand over power following a leadership contest July 26. A spokesman for Mr. Blair described that as "speculation," but declined to deny it.

Rather than ease the pressure on Mr. Blair, the apparent leak has increased it. Seven junior government officials and aides yesterday resigned in protest, demanding Mr. Blair step down sooner.

"It's a rapidly moving situation. Loyalists like myself had hoped that the Sun story would draw a line under it. But it looks as though it's still slipping away further," said Donald Anderson, who retired last year as a Labour member of Parliament and chairman of the House of Commons Foreign Affairs Committee.

Mr. Anderson said Mr. Blair may have to set a clear departure date himself at the party's annual conference later this month. That would ensure the succession issue is neutralized before regional elections in Scotland and Wales in May, Labour strongholds the party risks losing.

The revolt is a sign of widespread unease among Labour members of Parliament as opinion polls have shown voter support plummeting below that for the opposition Conservative Party. That has led to concerns Mr. Blair's rising personal unpopularity is poisoning the party's chances of winning the next national elections. Last month, a regular opinion poll of voting intentions put the Conservatives nine percentage points ahead of Labour.

7 Aides Quit, Urge Blair To Follow Suit (WT/AP)

By Beth Gardiner, Associated Press

The Washington Times, September 7, 2006

LONDON -- Seven junior members of Prime Minister Tony Blair's government resigned yesterday to protest his refusal to leave office as calls for the British leader to announce when he will step aside gained momentum.

The rebellion in Mr. Blair's Labor Party flared despite strong hints by senior ministers that Mr. Blair planned to step down within a year, and a press report saying the departure date would be July 26.

Though the lower-level revolt was unlikely to force Mr. Blair from office, it raised fears that the eventual change of command will be rancorous and messy.

"I no longer believe that your remaining in office is in the interest of either the party or the country," Tom Watson, who was minister for veterans in the Ministry of Defense, said in a letter to the prime minister. He and other Labor Party members had signed another letter to Mr. Blair demanding that he step aside as prime minister.

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Mr. Blair responded that he would have fired Mr. Watson if he hadn't quit and warned that intraparty divisions would damage Labor's effort to hold on to office.

"To put [the party's electoral success] at risk in this way is simply not a sensible, mature or intelligent way of conducting ourselves if we want to remain a governing party," he wrote.

Pressure from within the Labor Party for Mr. Blair to announce a time frame for his departure has intensified in recent weeks.

Legislators in closely contested districts, alarmed that the party is falling behind the opposition Conservatives in opinion polls, fear they will lose their seats in the next election, expected in 2009, if the leadership question isn't resolved soon.

Mr. Blair last week shrugged off demands that he announce his plans at the Labor Party's annual conference later this month. He has been reluctant to set a specific time frame for his resignation, fearing it would make him an instant lame duck, draining his remaining authority and power.

Blair Faces A Party Revolt (LAT)

By Kim Murphy

The Los Angeles Times, September 7, 2006

LONDON — Prime Minister Tony Blair's hold on office was dealt a strong blow Wednesday when eight former loyalists quit the government in a bid to speed his departure.

The political crisis engulfing one of the Bush administration's most loyal allies follows months of unease within the Labor Party as support has slipped over such issues as immigration, healthcare and the cost of wars in Iraq and Afghanistan.

Less than 15 months after his party won a historic third consecutive general election, Blair is seen by many allies as a liability, with his party — in the words of Conservative Party leader David Cameron — "in meltdown."

Polls show the Labor Party at its weakest point since 1994, trailing the Conservative Party by several points. Nearly half of the respondents in a Sunday Times poll last month said Blair should step down immediately.

Signals from Blair's camp that he would depart by next summer have not appeased Labor Party critics, many of whom hope for a quick succession by treasury chancellor Gordon Brown.

Questions about Blair's exit arose even before the Labor Party fared badly in local elections in May. Since then, the issue has come to be known as "the long goodbye."

Last weekend, the prime minister tried to stop the drumbeat for a departure timetable by pledging to allow "ample time" for a successor to settle in. He called for a "stable and orderly" transition, and urged the political establishment to stop "obsessing" about his departure and "get on with the business of government."

That was followed by a report in the Sun — and not denied by Downing Street — that Blair planned to announce his resignation on May 31, 2007, and would depart by the end of July. It seemed to be the timetable many had been seeking, but for others it was too little, too slow.

Brown's supporters have said they want a firm departure date. Many Labor Party members want Blair to resign before May elections in Scotland and Wales, fearing the party's prospects could be dismal without new leadership.

Open warfare broke out Wednesday after 15 Labor Party Parliament deputies faxed a letter to Downing Street outlining the "brutal truth," that the party risked losing the next general election, expected in 2009, unless Blair agreed to "stand aside."

It was a race to see whether the most prominent of the deputies, junior Defense Minister Tom Watson, would quit or be fired. He stepped down, declaring a "great sadness" in his resignation letter.

"I no longer believe that your remaining in office is in the interest of either the party or the country," Watson wrote of Blair.

Blair said he had already planned to dismiss Watson.

"We are three years from the next election. We have a strong policy platform. There is no fundamental ideological divide in the Labor Party for the first time in 100 years," Blair said in a letter to Watson. "To put all this at risk is simply not a sensible, mature or intelligent way of conducting ourselves if we want to remain a governing party."

The departure set off a cascade of resignations from seven junior party secretaries — all centrist Labor Party parliament members.

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"Cumulatively, it's quite serious. It's suggestive of a continuing problem of getting a grip on things," said Patrick Dunleavy, professor of politics at the London School of Economics.

"The reality is that Labor could lose, and there could be an outright Tory government of some kind," he said. "That's a very serious situation, and one that Labor hasn't been in since about 1994."

Barely able to contain their glee, Conservative Party leaders mainly stood back and watched the drama unfold.

"Increasingly, it appears this government is in meltdown and divided. It seems unable to show leadership on the challenges of the future," Cameron said.

Brown has been conspicuously silent, leaving the fight to his supporters.

Although Brown is popular and can take some of the credit for Britain's robust economy, several Labor Party members have shown interest in the leadership, raising the prospect of a bruising intramural contest.

Parliament member Glenda Jackson, the former actress and a Brown supporter, made a bid to calm the infighting by calling for Blair's timetable to be given a chance to play out.

"People say to me in my constituency they'll never vote again for Labor while Blair is in office," Jackson said in a telephone interview. "I personally would like him to go today. But I think there's been a step forward with this sign that he will be stepping down on May 31."

British prime ministers do not run for election. Instead, by tradition, the head of the party with the most members of Parliament becomes prime minister. He or she then chooses members of the Cabinet, who conduct most of the executive tasks of government.

Tony Blair, of the Labor Party, has been prime minister since 1997. His tenure is the second-longest since the 19th century. The prime minister decides on the timing of the general election, which must be held at least every five years. Blair's party won the last general election in 2005.

A prime minister may resign at any time. The House of Commons can pass a motion of no confidence, which requires the prime minister to resign or request a general election. In other cases, prime ministers can lose their jobs if members of their party remove them from the leadership. That was the fate of Margaret Thatcher in 1990.

Czech Minister Backs U.S. Defense Base (AP)

By Nadia Rybarova, Associated Press Writer

AP, September 7, 2006

Foreign Minister Alexandr Vondra on Wednesday voiced support for a U.S. missile defense base in the region that would protect America and Europe from intercontinental ballistic missiles.

However, Russia's military chief of staff criticized U.S. plans to build a missile defense site in eastern Europe, warning in an opinion piece published in the Polish daily Dziennik on Wednesday that it could spark a new arms race.

The base would be the first American strategic missile defense site outside U.S. territory.

"In the future, the North Atlantic Alliance and European states will not be able to avoid the construction of this system, and it is in the interest of Europe to build such systems in cooperation with America," Vondra told a conference on the U.S. missile defense system.

U.S. Ambassador to Prague William Cabaniss said just where the system would be located has not yet been decided. But he did say that "it's my hope that we will be able to offer the Czech Republic a chance to host a missile defense facility."

U.S. defense experts in July finished a survey of possible locations for a missile defense base in the Czech Republic. A similar survey mission also traveled to neighboring Poland and U.S. authorities are expected to decided where to locate the base later this year.

Russian Gen. Yuri Baluyevsky said installing such a system near Russia's borders could "upset the existing balance between Russian and American strategic weapons systems." Such a step, Baluyevsky wrote, "will probably demand a correction in Russia's stance on arms reductions."

"The installation of the American national missile defense system could initiate a new spiral in the arms race, and divert colossal resources from solving a host of problems not just in Russia or the U.S., but also in other countries," Baluyevsky said.

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Inside The Beltway (WT)

By John McCaslin

The Washington Times, September 7, 2006

Political science

The father of a junior high school student in Kentucky is appealing for help after the teachings of former Vice President Al Gore were injected into his daughter's class curriculum.

The parent, who works in the technology sector, wrote to the Competitive Enterprise Institute (CEI) in Washington: "My daughter's seventh-grade private school science class is essentially using Gore's 'An Inconvenient Truth' as a textbook. Aside from Iain Murray's CEI, do you know of any competent rebuttal sources in academia? Iain's stuff is good, but I want to 'two source' it."

Mr. Murray, a senior fellow at CEI who specializes in global climate change and environmental science, says he forwarded the parent a major critique of Mr. Gore's film on global warming, "but the idea that 'An Inconvenient Truth' is being used as a school textbook is very worrying."

The climate specialist suggested balancing Mr. Gore's beliefs by adapting a school textbook titled: "Global Warming: A Case Study in How Politics Distorts Science."

Dusty trek

Who would have thought the day would come when a leading U.S. senator, while seeking advice on combating terrorism, would travel deep into Libya's desert to huddle with Libyan strongman Moammar Gadhafi in his tent?

By golly, Sen. Arlen Specter, Pennsylvania Republican, has just returned to say he's witnessed a remarkable transformation of Libya and its leader, "where they have moved from being the world's leading terrorist state in very heavy competition."

He says he embarked on a several-hour plane flight from Tripoli into the "middle of the desert, met with him in his tent, and had a discussion with him looking for some guidance as to how a major world terrorist could rehabilitate, pay compensation, as to whether there could be any insight as to what we might do with North Korea and Iran today."

Regrettably, he said, Col. Gadhafi couldn't offer a definitive solution, "but the rehabilitation of Libya and Gadhafi showed that there is some hope to turn major terrorists into a rehabilitated situation."

Troy's tale

Usually when one's dog goes missing, the only folks who know about it are a few close friends and neighbors. Not this week. Not in Washington.

Troy, a large 12-year-old yellow Labrador retriever belonging to Washington-based radio host and conservative commentator Laura Ingraham, escaped his fence on Labor Day and the "devastated" host actually took time off from her popular show to try to locate him.

But not until she first made a "tearful plea" over the airwaves for his safe return.

Making matters worse, Troy had just moved with his master into a new home in Northwest Washington, and she thought the dog, which wasn't wearing his tags, was disoriented.

Miss Ingraham received word late yesterday that Troy had been found in what she described as a "very unique rescue story, which you might not even believe." (Stay tuned to her show -- which airs in Washington weekdays from 9 a.m. to noon on WTNT-570 AM -- today to hear that amazing tale, but let's say there's a possibility that Troy was being held for "doggy ransom," so to speak.)

"I had 30 people canvassing the neighborhood, a group I called 'Team Troy,'" Miss Ingraham told Inside the Beltway last evening. "I was beside myself. I had 600 fliers around the city. I've been operating on three hours' sleep. ... Now I am beyond overjoyed."

And yes, Troy is now wearing his dog tags.

Recess is over

"With tongue in cheek, people ask me what I like about the Senate. I draw an analogy about when I was in elementary school. What I liked most about elementary school was recess. Now that I serve in the Senate, I am still quite fond of recesses."

-- Sen. Thomas R. Carper, Delaware Democrat, on returning to Capitol Hill after his lengthy late-summer recess.

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Pause to reflect

President Bush has proclaimed tomorrow through Sunday as National Days of Prayer and Remembrance of the September 11th attacks, asking for memorial services to be held in places of worship, the ringing of bells and evening candlelight vigils.

A new era?

Alveda King, niece of Martin Luther King, will be on Capitol Hill today to participate in a discussion of a new documentary featuring her family that questions the "undying loyalty" of the old black political guard to the Democratic Party.

"We are showing a shortened version of our film on Capitol Hill in honor of the Congressional Black Caucus week," film producer Nina May explains. "We have several conservative black leaders coming to town to give a different perspective on a variety of issues like illegal immigration, vouchers, etc., that you won't hear from the black caucus."

Also participating will be Tony Williams, son of Washington writer and commentator Juan Williams, who is running as a Republican for D.C. Council.

The screening and panel discussion will take place from 10 a.m. to 12:30 p.m. in Room 2212 of the Rayburn House Office Building.

Paulson Calls On APEC To Reignite World Trade Talks (BLOOM)

By Alison Fitzgerald

Bloomberg, September 7, 2006

Sept. 7 (Bloomberg) -- U.S. Treasury Secretary Henry Paulson said Asia-Pacific finance ministers meeting in Hanoi today should focus on reigniting the stalled Doha Round of talks aimed at reducing global trade barriers.

``I can't think of anything in the control of the collective governments of the world that can have a more positive impact on the global economy than trade liberalization," Paulson told reporters before a two-day meeting of ministers from the Asia Pacific Economic Cooperation forum, or APEC, in the Vietnamese capital city of Hanoi.

The 60-year-old Paulson, a former Goldman Sachs Group Inc. chief executive who is making his first trip to Asia since taking over as head of the Treasury in July, said he'd like the finance ministers of the 21 APEC economies, which represent more than half the world's gross domestic product, to look for creative ways to solve the Doha impasse.

Doha Round negotiations were suspended in July after members including the U.S., the European Union, Brazil and India failed to agree on cuts in subsidies. WTO Director-General Pascal Lamy said he recommended the suspension to allow for ``serious reflection" by participants.

``A resumption of the negotiations will only come in the right conditions after some political decisions have been taken," Lamy said in his report to the WTO General Council after the suspension of talks.

Sparking a Wave

A successful resumption of the Doha Round may help to spark a ``new wave of sustained growth in foreign direct investment," the APEC Business Advisory Council said in its report to the Hanoi meeting.

APEC must ``reinforce the importance of the WTO," the Business Advisory Council said.

In a draft version of a communiqué to be released after tomorrow's scheduled conclusion of the APEC Hanoi meeting, ministers ``resolved to work with our own trade authorities to make tangible contributions to restart the Doha Round."

The communiqué also calls for a fight against ``terrorist financing, money laundering and other abuses of our financial systems."

Paulson said today he also wants the APEC meeting to focus on rebalancing global trade and investment flows, plus cooperating on the fight against the financing of terrorism and the proliferation of weapons.

IMF View

``In many APEC economies, the financial sector is vulnerable to money laundering and terrorist-financing activities," the International Monetary Fund said in a submission to a meeting of deputy finance and central bank officials held in Hanoi ahead of the arrival of finance ministers.

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``There are potential reputation risks to individual economies if their anti-money laundering and combating of the financing of terrorism frameworks are not improved," the IMF said.

Stuart Levey, the U.S. under-secretary for terrorism and financial intelligence, visited Vietnam in July to discuss issues such as ``proliferation and other illicit activities" of North Korea, according to U.S. Ambassador to Vietnam Michael Marine. Levey asked Vietnam's central bank to check on any North Korean bank accounts in the country, State Bank Governor Le Duc Thuy said Aug. 22.

The U.S. Treasury Department is cooperating with Singapore to fight against ``illicit activities of all kinds, including those associated with North Korea," according to a text of an Aug. 9 speech by Deputy U.S. Treasury Secretary Robert Kimmitt posted on the Treasury Department's Web site.

``I don't think any of these things I laid out lend themselves to immediate solutions," Paulson said today. ``All of them are going to be intermediate-term issues."

Anxiety Mounts As Sen. Lugar Delays Darfur Peace Measure (HILL)

By David Mikhail

The Hill, September 7, 2006

A prominent Republican senator is stalling a bill addressing the genocide afflicting Darfur.

Senator Richard Lugar (R-Ind.), chairman of the Foreign Relations Committee, has been holding up the Darfur Peace and Accountability Act for months, according to several sources from both parties. With the bill set to expire at the end of this session, barring passage, and with the situation in and around Darfur deteriorating, the window for congressional involvement is closing.

The delay has resulted in a bipartisan call to move the bill before the end of the session. Sen. Sam Brownback (R-Kan.), who helped negotiate the bill, said that “the overall situation in Darfur is not improving; in many cases the lack of security has caused increased violence and sexual assaults. My colleagues must act before Congress adjourns and pass a final version of the Darfur Peace and Accountability Act”

Heather Flynn, a Democratic aide at the Senate Foreign Relations Committee, said recent days and weeks “have shown a continuous decline in Sudan,” and “it’s important that Congress address the issue before the end of the session.”

Staffers from the House, Senate and State Department met in April, the first of several meetings after the House passed the legislation by a 416-3 vote, to negotiate how to proceed. The group agreed that the Senate should take up the bill, which extends previously placed sanctions on Sudan and conditions their removal on progress toward ending the crisis and disarming the Janjaweed, the government-sponsored militia that has facilitated the violence.

The offices represented include House Majority Leader John Boehner (R-Ohio), House International Relations Committee Chairman and the bill’s lead sponsor Henry Hyde (R-Ill.), Rep. Donald Payne (D-N.J.), and Ranking Foreign Relations Committee Member Joseph Biden (D-Del.). Lugar’s office was not represented at the meeting.

From the outset the State Department requested a repeal of most of the bill’s sanctions provisions. State Department officials were interested in sending arms and professionalizing the military in southern Sudan, the Sudan People’s Liberation Army (SPLA), to preserve a tenuous peace agreement stemming from a separate conflict with the Sudanese government in the North. This has been a fundamental source of disagreement between State and some lawmakers who desire a more robust set of sanctions.

Lugar’s office had taken control of the legislation in June so that arms reduction experts could work out the final language after further negotiations. But according to several sources, his office has neither presented any revised version of the bill in the past three months, nor had substantial contact with other House or Senate members, including those involved in the initial negotiations. The legislation is in the Foreign Relations Committee but has not been referred to the African affairs subcommittee in the five months since it went to the Senate.

Andy Fisher, a spokesman for Lugar, said Senate and House staffs are continuing to discuss the Darfur legislation and “an effort will be made to produce the best legislation possible before the end of the session.”

An integral, if not the main reason for the delay is the disagreement over sanctions. When asked what issues Lugar had with the bill, Fisher responded that the senator “would like to ensure that assistance to Sudan, including security assistance for

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southern Sudan, is appropriate to the situation," but that no agreement has been reached on the levels of aid, besides humanitarian, to be sent to the Southern region. Lugar drafted a 2004 bill that allocated millions of dollars to facilitate the North-South negotiations.

Most of the sources interviewed said that the State Department would have preferred to have no bill come out of Congress, largely to allow diplomatic flexibility with the Sudanese government to preserve the North-South agreement as well as negotiate on Darfur. Duane Sams, head of the Sudan Program Group at State, did not respond to several calls for comment.

One Democratic source claimed that Lugar hijacked the 2004 legislation, stating that he had taken the bill before it went to the floor and added new language after much of the legislation had already been agreed upon, hinting at a similar instance here.

Fisher responded to the accusation, stating that "insistence on the original (2004) bill would have been unsuccessful."

Lugar has been accused of bottling another sanctions bill that the State Department doesn't support, the Iran Freedom and Support Act. The Iran bill has also not been referred to the appropriate subcommittee since February of 2005.

Sudan has been plagued by two major conflicts over the past 20 years. A protracted civil war waged for 22 years between the Muslim north and the non-Muslim south over the implementation of Islamic law. Additionally, the government has engaged in what has been largely classified as genocide in the western Darfur region, with between 180,000 and 400,000 people killed and millions displaced, after rebels waged a separatist movement in 2003.

The bill's delay has coincided with a myriad of events that has made the situation arguably beyond intervention. Violence has recently increased between ethnic Darfurian factions, while cross-border fighting between the Sudanese and Chadian governments could soon lead to all-out war. Meanwhile, in spite of a recently signed peace agreement, Janjaweed attacks on Darfurians have not abated.

Within the past 48 hours the Sudanese government called for the expulsion of a 7,000-member African Union peacekeeping force charged with protecting refugee camps, while previously rejecting a U.N. resolution to send a larger peacekeeping force into the region.

The worsening situation has led to a call for a special envoy. Rep. Chris Smith (R-N.J.) has said that the appointment is "highly appropriate, if not an absolute necessity," adding that the situation needs a person who can focus entirely on Darfur.

Senator Lugar signed a letter sent to the president asking him to name a special envoy to the region, and agreed to be an original co-sponsor of a bill just introduced that condemns the Sudanese government for rejecting the U.N. force, according to Fisher.

Abducted Sudanese Journalist Found Dead (WP)

By Craig Timberg

The Washington Post, September 7, 2006

EL FASHER, Sudan, Sept. 6 -- A Sudanese newspaper editor who infuriated Muslim fundamentalists last year by printing an article that concerned questions about the parentage of the prophet Muhammad was found dead Wednesday in Khartoum, the capital.

Masked gunmen abducted Mohamed Taha, editor in chief of Al-Wifaq, from his home Tuesday. His decapitated body was found Wednesday in another section of the city.

...

Groups of tearful Sudanese reporters gathered outside a mosque in Khartoum on Wednesday night, according to news reports.

Reporters Without Borders, a group that promotes press freedoms worldwide, condemned the killing.

"We express our solidarity with our colleagues in Khartoum, for whom this cowardly murder is a harsh ordeal," the organization said in a statement. "The Sudanese authorities must do their utmost to see that light is shed on this tragedy, so that both the perpetrators and those who instigated it are brought to trial."

Last year, Taha published an article that referred to a centuries-old text by a Muslim historian that raised questions about the prophet's lineage. Religious leaders in Khartoum denounced Taha's work, and scores of protesters called for his death.

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Prosecutors tried Taha for blasphemy, a charge that can carry the death penalty under sharia , or Islamic law, in Sudan. Taha, who was fined about $3,000, apologized in print for upsetting Muslims. His newspaper also was temporarily suspended from printing.

No group has asserted responsibility for Taha's killing, though news reports quoted government officials as saying there have been arrests in the case.

Japan's Wrenching Choices (WP)

By George F. Will

The Washington Post, September 7, 2006

TOKYO -- Longevity is a blessing, but the Japanese live inconveniently long lives. Inconvenient, that is, for those who administer Japan's welfare state.

Welfare states are made possible by the productivity of modern economies, which make possible living conditions -- improved nutrition, hygiene, housing, medical care, education, environment -- that increase life expectancy. That increase threatens the solvency of welfare states, because the elderly receive most government transfer payments: pensions and medical care.

The life expectancy of Japanese women (85.5) is the world's highest, and that of men (78.5) is behind only Hong Kong and Switzerland. The median age here is 41.2, compared with 36.5 in America, and it is projected to be 49.5 in 2050, when 37 percent of the population -- twice today's rate -- will be over 65. And 41.7 percent will be over 60, compared with 26.4 percent in America.

Japan, which has closed 4,000 schools in the past 20 years, has a fertility rate -- the number of children per woman of childbearing age -- of 1.32. The replacement rate, which keeps population from shrinking, is 2.1. Last year deaths exceeded births by 21,408. The U.S. fertility rate is barely at replacement level, but immigration is one reason why demographer Nicholas Eberstadt expects America to be the "only industrialized country to hold its share of global population in the next half century."

Japan has never been welcoming toward immigrants. Shinzo Abe, who almost certainly will become prime minister this month, says he wants a Japan where "people in other parts of the world would like to live" and "become citizens." But other senior officials say the way to square a declining population and workforce with the pension costs of long-lived retirees is to rethink retirement -- to "work for life," one official says.

Another says of immigration that it is wrong to import workers to do "hard, risky jobs. Hardships should be shouldered by the Japanese themselves." And, he asks, "Why should we increase our population?" Leaving aside the welfare state's grinding imperatives, that is not a foolish question. In 1920 Japan's population was 56 million. Today it is 127.5 million on a land mass the size of California (population: 36 million) that is three-quarters mountainous. A third official, noting that Japan imports 60 percent of its staple foods, says, "It might be good to have a declining population" of, say, 100 million by 2050.

But the welfare state's imperatives cannot be ignored, and the Japanese will not dismantle that state. So the alternative is to pursue increased revenue from rapid economic growth achieved by sacrificing equity, understood as job security and other entitlements, in the interest of efficiency.

Japan cherishes what Prime Minister Junichiro Koizumi calls, disparagingly, a "sanctuary" economy. Also called a "convoy" economy, it is one in which many workers enjoy extraordinary job security and benefits. But today almost one-third of all workers are "non-regular" (up from one-fifth in 1990) and have little security and few benefits.

Until the "lost decade" of 1990s deflation, Japan seemed to be a rarity, a command economy that worked. But the economy succumbed to the cumulative inefficiencies of government commands. It buckled beneath the "iron triangle" of favors-seeking big businesses, the favors-dispensing Liberal Democratic Party and government bureaucracy. That system produced the ballooning of nonperforming financial assets.

Japan's nominal gross domestic product still is less than it was in 1997; America's GDP has increased more than 50 percent since then. But Japan's economy has been growing since 2002, even though Koizumi, who would be a better member of the Republican Party than most Republicans are, has cut public works spending -- formerly one of the economy's locomotives -- from 8 percent of GDP to 4 percent.

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The Japanese may now re-experience the 1980s -- theirs and America's. Theirs, in a humming economy. America's, in an unpleasant byproduct of that humming -- the super-rich (think of Gordon Gekko in the 1987 movie "Wall Street"), whose vulgarity and shady dealings shock Japanese sensibilities.

Because of those sensibilities, statements that strike Americans as banalities can startle the Japanese, as when Koizumi told parliament, "I don't think it's bad that there are social disparities." When Abe said, "It is important to create a society in which losers don't stay losers," the news was that Japan, with its centuries of commitment to social harmony, must accept temporary losers.

About the simultaneous pursuit of equity and efficiency, one official acknowledges that something must give: "We are chasing two rabbits." The rabbits do not run in tandem, so Japan, like other welfare states, must increasingly, if reluctantly, choose efficiency over sanctuary.

Mr. Diplomacy (WSJ)

The Wall Street Journal, September 7, 2006

John Bolton became America's Ambassador to the United Nations last year on a recess appointment. Since then, the U.S. has won unanimous Security Council resolutions condemning North Korea's missile tests and ending the Israeli-Lebanese war, and a near-unanimous one (Qatar dissenting) setting a deadline for Iran to suspend its nuclear program. Not bad for a man once called "the poster child of what someone in the diplomatic corps should not be."

Those were the words of George Voinovich, the Ohio Republican who as a member of the Senate Foreign Relations Committee surprised even himself by opposing Mr. Bolton's nomination. Mr. Bolton was also called a "kiss-up, kick-down sort of guy" and "lacking in any real knowledge of the wider world" by two State Department officials. Joe Biden, the committee's ranking Democrat, all but accused Mr. Bolton of being a liar, while California's Barbara Boxer called his nomination "outrageous."

We recall the Bolton hysteria as the committee prepares to consider the ambassador's renomination to his post. As his critics would have it, Mr. Bolton's mission to the U.N. was supposed to be an act of diplomatic sabotage by the Administration. Instead, his tenure has been among the most constructive of any U.S. ambassador since Jeane Kirkpatrick and Daniel Patrick Moynihan.

So, in addition to his work in the Security Council, Mr. Bolton used the lessons of the Oil for Food scandal to get the U.N. to adopt International Public Sector Accounting Standards to its budgeting, create an ethics office, and eliminate famous Turtle Bay excesses such as the $10,000 gift limit for U.N. bureaucrats. (Today the limit is $250.) Mr. Bolton also led the opposition to the creation of the new U.N. Human Rights Council, in which democratic nations are, as they were before, a minority voice. The effort failed at Turtle Bay, but at least it demonstrated that the U.S. was willing to demand standards on an issue -- and from an organization -- that could use some.

Mr. Bolton hasn't won over all of his critics, although at least Senator Voinovich had the grace to admit that he's changed his mind about the ambassador and will vote to confirm. We suspect that some of his Democratic colleagues will also be reluctant to filibuster the nomination of a diplomat who stands up daily for his country, and for common sense.

Opening Up The Club (NYT)

The New York Times, September 7, 2006

Any move that makes the International Monetary Fund — and for that matter other major global institutions — look less like an old boys' club is a good move. So the I.M.F.'s executive board began doing the right thing last week when it decided to give China, South Korea, Turkey and Mexico slightly larger voting shares — and promised them even more say to come.

A reapportionment is essential for bolstering the fund's credibility. And it is long overdue. China represents about 15 percent of the world's gross domestic product but has only a 2.9 percent voting share at the fund, which will grow to 3.7 percent. (Belgium, with less than 1 percent of the global economy, has a 2.1 percent share.)

All of this may sound pretty arcane until one considers the fragile state of the world economy. There is a clear need for a credible global institution to provide not only cash and bitter medicine to the poor and crisis-ridden, but also direction and frank criticism to richer countries whose problems could wreak global havoc if not addressed.

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The Bush administration, which championed the changes, is hoping that if China gains more of a stake in the global system it will have an incentive to behave more responsibly: allowing the yuan to strengthen against the dollar and reining in its export binge. China needs a more flexible currency, both for the sake of smooth trade relations — the system is pretty tetchy these days — and to gain more control over its economy. As long as China keeps the yuan artificially low, other Asian countries, eager to sell their own cheap exports, will too.

But the advice can't stop there. The fund needs to take a closer look at who's buying all those cheap goods and borrowing all that excess cash from China. China may be the enabler. But the United States needs to reduce its enormous trade deficit and its enormous budget deficit, to protect its economy and for the sake of global stability.

Some clear and urgent words on that from the fund should also be welcomed — although we fear the White House will prove less interested.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Bush Announces Plan To Bring Top Terror Suspects To Trial (MCT) ... 4
President Shifts Argument, Catches Critics Off Guard (WP) ... 6
Bush Prods Congress In Bid To Isolate Democrats (LAT) ... 8
Bush Pushes The Button That Best Benefits The GOP (USAT) ... 9
Bush Confirms Existence Of Secret CIA Prisons (WSJ) ... 10
Bush Acknowledges Secret CIA Prisons (CHIT) ... 11
A Challenge From Bush To Congress (NYT) ... 13
Al-Qaeda Suspects Moved To Guantánamo (FT) ... 14
Bush Admits To Anti-terror CIA Program (WT) ... 14
3 Republican Senators Among Critics Of Military Tribunal Plan (USAT) ... 15
Congress Pressed For Laws To Meet 'new Era' Threats (USAT) 16
Bush's Plan Allows Coerced Evidence (LAT) ... 17
Bush Says Detainees Will Be Tried (WP) ... 18
Secret World Of Detainees Grows More Public (WP) ... 20
Gonzales Emerges As President's Point Man (HC) ... 21
Officials Relieved Secret Is Shared (WP) ... 23
Detainee Decision Greeted Skeptically (WP) ... 24
Terror Suspects Still At Large (LAT) ... 25
A Sudden Sense Of Urgency (NYT) ... 27
Ending The Lawlessness (WP) ... 28
Bush Puts 9/11 Suspects In Gitmo, Congress On The Spot (USAT) ... 29
Barely Legal War-making (LAT) ... 30
President Moves 14 Held In Secret To Guantánamo (NYT) ... 30
Doubts Surface If Architects Of Sept. 11 Attacks Will Ever Go To Trial (MCT) ... 32
White House Issues New Interrogation Policies (LAT) ... 33
Army Bans 'Inhumane Treatment' Of Detainees (WT) ... 35
New Rules Of Interrogation Forbid Use Of Harsh Tactics (WP) . 36
New Pentagon Rules Ban 'abusive' Interrogation (USAT) ... 37
Congress Takes Up Surveillance Bills (AP-Y) ... 38
Wiretap Program Justified, Lawyer Says (FINDLAW/AP) ... 38
Wiretapping As Anti-Terror Tool Called A Presidential Prerogative (NYS) ... 39
Yank-Qaeda The Traitor (NYDN) ... 40
Democrats To Unveil Anti-Terrorism Bill (RC) ... 41

Homeland Response:

The Security-Industrial Complex (WSJ) ... 42
Homeland Security Sifts Data In Terror War (WT) ... 43
Clinton Administration Officials Assail ABC's 'The Path To 9/11' (WP) ... 44
9/11 Polls Find Lingering Fears In New York City (NYT) ... 45
9/11 Continues To Haunt Survivors (WT) ... 46
I'm Ready To Reclaim My Life (opinion) (USAT) ... 47
How Little The World Has Changed (opinion) (USAT) ... 48
Report: U.S. Not Ready For Disaster (USAT) ... 49
Washington: Little Accounting Of Hurricane Money (NYT) ... 50
Corps Of Engineers Lacking Flood Plan? (WP) ... 50

War News:

Is It Fair To Compare Terror To Cold War? (CSM) ... 51
Poll: Many Separate Iraq And Terrorism (AP-Y) ... 52
Bush And Lincoln (WSJ) ... 52
Panel Set To Release Just Part Of Report On Run-Up To War (WP) ... 54
Senate GOP Rallies For Rumsfeld As Democrats Press For Dismissal (USAT/AP) ... 55
GOP Halts Rumsfeld Vote (WT) ... 55
Senate Set To Pass Defense Budget; Rumsfeld Resolution Is Derailed (WSJ) ... 56
Senate Republicans Say `No' To A Vote On Rumsfeld (LAT) ... 57
Weldon Seeks Plan For Iraq Withdrawal (HILL) ... 58
Iraqis To Begin Taking Control Of Forces (USAT/AP) ... 59
Shiites Push Laws To Define How To Divide Iraqi Regions (NYT) ... 60
Judge Refuses To Order Drugging Of Defendant In Iraq Spy Case (NSDY/AP) ... 61
Pakistan Vows To Help Afghans Fight Taliban (NYT) ... 62
Pakistan Says It Will Help Fight Taliban (USAT) ... 64
Pakistani Leader Seeks To Mend Fences With Kabul (WP) ... 64

Corporate Scandals:

Feds Seeking To Preserve Lay Conviction (AP) ... 66
U.S. Seeks Law To Aid In Pursuit Of Lay's Assets (WSJ) ... 66
Congress Taking A Look At Timing Of Stock Options Granted To Executives (AP) ... 66
Federal Officials Express Concern Over Options Backdating (MERCN) ... 68
Feds: Expect More Stock Option Cases (CNET) ... 68
US Task Force Makes Options Abuse A Top Priority (DOW) ... 69

Senators May End Executive Pay Deduction (WP/BLOOM) 70
Options Data Sought From Home Depot (NYT) 70
Group Calls For New DOJ Policy On Corporate Cooperation (DOW) 71
Ex-Officials Of Justice Dept. Oppose Prosecutors' Tactic In Corporate Criminal Cases (NYT) 72
The Importance Of Keeping Attorney-client Privilege (HILL) 73
New York Amends Case Against AIG, Ex-Officers (WSJ) 74
H-P Faces Probe Over Its Inquiry Into Board Leaks (WSJ) 74
Calif. Examining HP's Media-Leak Probe, Firm Says (WP) 76
State Probes HP's Spying On Directors (LAT) 77
SEC Files Civil Charges Against Two More Ex-ITXC Executives (DOW) 79
Time Warner Agrees To Governance Changes (WP/BLOOM) .. 79

Criminal Law:

Ryan Gets 61/2 Years (CHIT) 80
Ryan Gets 6½ Years In Prison (CHIST) 81
Ex-Governor Is Sentenced To Prison (WP) 82
Ex-governor Of Illinois Gets 6½ Years For Corruption (USAT/AP) 83
Ex-Governor Of Illinois Gets 6½ Years In Prison (NYT) 83
Noe Attorney Asks For Probation, Sees No Victim (TOLB) 84
Polygamist Leader Jeffs Appears In Court (AP) 85
Jeffs Faces The Judge (SLT) 85
Jeffs Appears Via Video In Utah Court (DESERET) 86
Brother Of Warren Jeffs Arrested At Trailer Park (AP) 87
Ex-cop Sentenced For Stealing From Heroes Fund (CHIT) 88
Ex-commander Who Stole Thousands Sentenced (CHIST) 88
Police Commander Sentenced In Theft Case (PHI) 88
Kin Of Ex-New Orleans Mayor Jailed (WP/AP) 89
Dad's Words May Do Gotti In (NYDN) 89
New York Man Pleads Guilty In Trash Probe (AP) 89
Defendant In Galante Case Pleads Guilty (DANNT) 90
US Customs Seize Thousands Of Nike Knock-offs From China (AFP-Y) 90
Death Penalty Sought In Moonda Slaying (PTR) 90
Rabbi Caught On TV Is Convicted Of Seeking Sex With Boy (WP) 91
Reputed Gang Members Arrested (BOS) 91
Members Of Chelsea Latin Kings Indicted On Drug, Gun Charges (AP) 92
2 Men Go On Trial In Abduction Killings (LAT) 92
Prosecutors In LA Say Greed Drove Kidnappers Who Dumped Bodies (CCT) 94
Guilty Plea Made In Flu Shot Scam (HC) 95
Scam Tips Flooding In (BSH) 95
4 Plead Guilty To Hurricane Fraud (BSH) 96
Locals Plead Guilty To Fraud (SCT) 96
Brookhavenman Guilty Of Katrina Fraud (DL) 97
REGIONAL ROUNDUP (DMN) 97
Dallas Man Convicted Of Defrauding FEMA In Homeless Scheme (DMN/AP) 99
Grove Hill Woman Faces Fraud Charges (MR) 99
Contractor Charged With Fraud (MR) 99
Gang Figures Rising In Md. (WP) 100
Families Relocate Gang Members To Save Them (USAT) 101

Civil Rights:

Prisons Lacking Mental Health Treatment (AP-Y) 104
Prison Fosters Mental Illness Cites Report (LAT) 105
Blacks May Gain As UCLA Moves To Alter Admissions (LAT) . 105

Antitrust:

Stolt-Nielsen Indicted For Price Fixing (AP-YBIZ) 107
Language Revised In Wright Compromise (DMN) 107
Group To Hold Wright Demonstration (DALLBIZ) 108
Motion To Dismiss Fails In Closely-Watched Comcast Antitrust Suit (LAW) 109
NYSE's CEO Sees No Unraveling Of Euronext Deal (WSJ) 111
Bertelsmann Confirms Sale Of BMG Publishing To Vivendi (WSJ) 111
Vivendi Bid Wins Battle For BMG (USAT) 112
Rivals May Challenge A Proposed Vivendi-Bertelsmann Deal (NYT) 112
EU OKs Equity Firms To Buy Casema (AP) 113
Analysis: Health Plan Merger A Red Flag? (UPI/UPI) 114

Environment/Indian Affairs:

Offshore-drilling Legislation Heats Up (USAT) 115
Congress To Begin Exploration Of BP's Alaska Oil Problems (WSJ) 116
Ford Will Pay Fine Of $125,000, Papers Show (SLPD) 116
Clean Up The Killer Ports (LAT) 116
Indian Agency, Justice Department Could Appeal WyCo Casino Ruling (KCBIZ) 117
Wyandotte Tribe Plans To Appeal KCK Casino Ruling (KCS) .. 117

FBI/DEA/ATF/USMS:

DEA Revises Rule On Prescribing Painkillers (WP) 118
DEA To Change Rules On Addictive Prescriptions (USAT) 119
Feds May Ease Limit On Painkillers DEA Rule Would Allow Doctors To Issue 90-day Supply Of Painkillers (AP) 119
Prosecutors' Demands In BALCO Case Soar (SFC) 120
BALCO Creates Inquiry Road Map (USAT) 121
Marion Jones Cleared: 'B' Sample Comes Back Negative (LAT)123
Jones' 'B' Sample Comes Back Negative (AP) 124
Jones Is Cleared Of Drug Violation (WP) 125
Upshaw Is Okay With Steroid Policy (WP) 126
Report: NFL Discussing Changing Drug Policy With Player's Union (AP) 127

Immigration:

Border Security On Tap For GOP (WT) 127
Rally May Gauge Future Of Immigration Movement (WP) 128
On Border, A Daily Game Of Cat And Mouse (USAT) 129

Tax:

Goodbye, Taxachusetts (WSJ) 131

Congress-Administration:

Stevens Lifts Hold (HILL) 132
Congress Eyes 'Pork-barrel' Reforms (CSM) 132

DOJ_NMG_0059095

Lame-Duck Showdown? (RC) 133
A Published Dress Code Is Dressed Down In Furor (WP) 134
Senators Ask For $6 Billion In Farm Aid (AP) 135
Disapproval Of Bush Nears European Levels (FT) 136
Barclays Again Chosen To Manage Main TSP Index Funds (WP) 136
Inside Politics (WT) 137
One Leak And A Flood Of Silliness (WP) 137
Bush's Top Female Enabler (SAL) 138

Other News:

Wages, Benefits Grew In Spring (WP) 139
Labor Costs Shake A Pillar Of Fed Policy (NYT) 140
Sharp Jump In U.S. Labor Costs May Presage A Rise In Inflation (WSJ) 141
Housing Fears, High Energy Prices Help Cool Economy's Growth (USAT) 141
Dow Industrials Shed 63.08 On Signs Of Slowing Growth, Rising Labor Costs (WSJ) 142
Labor Costs Report Pummels Stocks (USAT) 143
Tort Reform's Next Big Push (LAW) 143
Report Finds U.S. Students Lagging In Finishing College (NYT) 145
Higher Education Stats Stir New Concerns In USA (USAT) 146
By Any Other Name (NYT) 147
The Populist Myths On Income Inequality (NYT) 147
Republicans' Internecine Wars (WSJ) 148
DCCC's A-List Coming To Town (RC) 150
Dems Missing Big Donors (HILL) 150
Democrats Appear Poised To Win House — And We'll Know Early (RC) 151
Republicans Sense Opportunity To Pick Up A Seat In Iowa's 3rd District (HILL) 153
Democrats See Chances To Gain In Florida (NYT) 154
New Group Is Racing To Slow Down GOP (WP) 155
Democrats Look To Hillary Clinton To Help Win New York House Seats Campaign Journal Offers Insights About Political Developments From The Front Lines Of The Fall Races Through Election Day. (WSJ) 156
Draft Movement Builds For NRSC (RC) 157
Tennessee Senate: How Important Is A Poll In Rating A Race? (RC) 158
R.I. Polls Conflict For Senate Race (WT) 159
Lieberman-Lamont Battle Goes To D.C. (CSM) 160
Ned Lamont Tries To Carve Out Some Middle Ground (HILL) . 160
For Lieberman, The 'I' Stands For 'Ignored' (WP) 161
Senate Democrats Cordial To Lieberman (AP-Y) 162
Senators: Welcome Back, Joe (HILL) 163
Lieberman Returns As Media Magnet And Party Pariah (NYT) 164
Democrats Act Out An Episode Of `Everyone Loves Lieberman' (LAT) 165
Democrats Court Lobbyists Heavily (RC) 166
Senators Denounce Scientist's Stem Cell Claims (WP) 168
Dethroning California's King (LAT) 169
Israel Will Ease Grip On Lebanon (NYT) 169
Israel To End Blockade Of Lebanon (WP) 170
Israel To Lift Air And Sea Blockade (FT) 171
Israel Says It Will End Blockade Of Lebanon; First Real Test Of U.N. Peace Force (USAT/AP) 172
Israel To Lift Lebanon Air And Sea Blockade (LAT) 172
Annan Ends Mideast Trip With 2 Successes (AP) 174
Lebanese Documentary Unveils 1980's Tape Of A Prisoner (NYT) 174
Iran's Leader To Duel With Bush At UN (FT) 175
Questions For Khatami (WP) 176
Turks Warm To Iran, Jilting Allies, Poll Finds (NYT) 177
Finding Diplomats For Perilous Posts (WT) 177
U.S. Air Force Major Missing In Kyrgyzstan (NYT) 178
Rebel MPs Force Blair's Hand (FT) 179
Pressure On Blair Mounts As 8 Aides Resign (NYT) 180
Seven Resign Government Posts To Protest Blair (USAT) 181
Blair Tries To Contain Revolt In Own Party As 8 Quit Government (WP) 181
Britain's Blair Is Pressured To Step Down (WSJ) 182
7 Aides Quit, Urge Blair To Follow Suit (WT/AP) 184
Blair Faces A Party Revolt (LAT) 184
Czech Minister Backs U.S. Defense Base (AP) 185
Inside The Beltway (WT) 186
Paulson Calls On APEC To Reignite World Trade Talks (BLOOM) 187
Anxiety Mounts As Sen. Lugar Delays Darfur Peace Measure (HILL) 188
Abducted Sudanese Journalist Found Dead (WP) 189
Japan's Wrenching Choices (WP) 189
Mr. Diplomacy (WSJ) 190
Opening Up The Club (NYT) 191

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TERRORISM NEWS:

Bush Announces Plan To Bring Top Terror Suspects To Trial (MCT)

By Ron Hutcheson And Margaret Talev

McClatchy Newspapers, September 7, 2006

WASHINGTON - In a dramatic announcement, President Bush acknowledged Wednesday that he'd authorized a secret CIA detention program and announced plans to bring to trial 14 top terrorist suspects, including some of the alleged architects of the Sept. 11 attacks.

Bush used the announcement, delivered five days before the fifth anniversary of the 2001 attacks, to challenge Congress to authorize him to wage the war on terrorism on his terms. At stake is defining how the rule of law governs the executive branch as it deals with captives who it suspects are terrorists.

Speaking to a White House audience that included relatives of Sept. 11 victims, Bush demanded that lawmakers revive his plan for military tribunals without key legal safeguards for those on trial, legalize the CIA's detention program and shield U.S. officials from prosecution for possible war crimes.

Leading lawmakers in both parties said they would insist that the detainee trials offer legal rights that Bush opposes, but the president's announcement appeared to be intended to give him more leverage in his negotiations with Congress over how to try suspected terrorists.

After refusing for months to confirm media reports of secret CIA prisons, which some Republicans likened to treason, Bush pulled the lid off a CIA program intended to extract information from "high-value" terrorist suspects. His narrative of the CIA's interrogation efforts gave him a chance to highlight some of the administration's successes in the war on terrorism two months before November's congressional elections, in which Republicans are emphasizing their tough approach to national security.

The CIA's captives included Khalid Sheikh Mohammed, the alleged mastermind behind the Sept. 11 attacks, and Ramzi Binalshibh, another suspected Sept. 11 plotter, as well as others linked to the attack on the USS Cole in Yemen in 2000 and bombings at the U.S. embassies in Kenya and Tanzania in 1998.

Relatives of the attacks' victims applauded and cheered when Bush declared his intention to bring the two captives and 12 other top terrorist suspects to trial "as soon as Congress acts" on his plan for military tribunals.

Bush said information gleaned from the CIA interrogations helped thwart attacks on the United States. It also provided invaluable information on terror cells, al-Qaida's efforts to develop biological weapons and the location of key al-Qaida operatives, he said. He and other administration officials wouldn't provide details on the CIA prisons.

Two U.S. intelligence officials, who spoke only on the condition of anonymity because those details remain classified, said the CIA's program of interrogating some prisoners and sending others to third countries for questioning produced a mixture of some good information and some false information from prisoners eager to end harsh treatment.

In addition to the potential political benefits, Bush had other reasons to make the program public. A Supreme Court ruling in June struck down the administration's plan to bring terrorist suspects before military tribunals and called into question the legality of secret CIA detentions.

The court said Bush needed congressional approval to establish the military tribunals and ruled that terrorist suspects are entitled to basic protections under the Geneva Conventions governing treatment of wartime captives.

Lawyers for detainees in Guantanamo Bay, Cuba, and civil liberties groups called Bush's announcement a cynical effort to stiff-arm Congress and score political points.

"The president's acknowledgements today do not gloss over the gross illegalities at Guantanamo or in secret CIA prisons," the Center for Constitutional Rights, a group that works with detainees, said in a statement. "The administration must be forced to justify why hundreds of men have been detained in Guantanamo for five years without any hearing."

Bush insisted that the CIA hasn't engaged in torture, but he said that the Geneva Conventions' prohibition against "humiliating and degrading treatment" could potentially cause legal problems for CIA interrogators.

"I want to be absolutely clear with our people and the world: The United States does not torture. It's against our laws, and it's against our values. I have not authorized it - and I will not authorize it," the president said.

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However, he added: "Some believe our military and intelligence personnel involved in capturing and questioning terrorists could now be at risk of prosecution under the War Crimes Act - simply for doing their jobs in a thorough and professional way. This is unacceptable."

Bush and other administration officials declined to discuss the CIA's interrogation tactics, which the two intelligence officials said has included "water-boarding," a technique that makes its victim fear he's drowning.

In another development Wednesday, the Pentagon issued a new manual on the treatment of prisoners that explicitly prohibits water-boarding, sexual humiliation, electric shocks, the threatening use of dogs and other degrading or painful tactics.

Bush suggested that the CIA should have more latitude, while avoiding the use of torture.

He also strongly defended the use of "tough" interrogation methods in describing the case of Abu Zubaydah, a suspected al-Qaida operative who was nursed back to health by the CIA after he was wounded in a firefight. He said Zubaydah, who's believed to be a trusted associate of Osama bin Laden, resisted questioning until the CIA "used an alternative set of procedures," which Bush declined to specify.

Once he started talking, Bush said, Zubaydah helped the CIA capture Khalid Sheikh Mohammed, the alleged Sept. 11 mastermind, and his alleged co-plotter Ramzi Binalshibh.

Two senior administration officials who briefed reporters on the secret CIA program under the condition of anonymity, said the program was put on hold within the past few weeks when the last 14 suspects in CIA custody were transferred to the Defense Department's detention center in Guantanamo Bay, Cuba.

The officials said that "fewer than 100" suspects had ever been in CIA custody. They declined to provide a detailed accounting of their fates, but said that many had been returned to their home countries for prosecution.

The president challenged Congress to act swiftly on legislation that would clear the way for his version of military trials and lift the legal cloud over the CIA's interrogation program, permitting it to resume.

"This is intelligence that cannot be found any other place," Bush said. "And our security depends on getting this kind of information."

Some lawmakers chafed at what they viewed as an effort to force them into line behind Bush's approach.

"Congress is being told, either take this program or you're coddling terrorists," Rep. Jane Harman, D-Calif., told CNN. Harman is the ranking Democrat on the House of Representatives Intelligence Committee.

Senate Majority Leader Bill Frist, R-Tenn., said he'd immediately introduce legislation sponsoring the administration's plan for military tribunals. He also left open the possibility of bypassing the Senate Armed Services Committee to expedite bringing the debate to the Senate floor, possibly as soon as next week.

Three leading Republicans on the Senate Armed Services Committee who have offered an alternative to Bush's military tribunal plan said they're willing to seek a compromise with the president, but don't plan to fold. They are Sens. John McCain of Arizona, Lindsey Graham of South Carolina and John Warner of Virginia, the chairman of the committee.

Their alternative would prohibit the use of testimony obtained through coercive interrogation, restrict the use of hearsay evidence and give judges the right to decide whether defendants should be allowed to see classified information that could be used against them. Bush opposes those terms.

Leading Democratic senators argue that terms such as those sought by McCain, Graham and Warner are necessary to ensure due process of law at the tribunals so that higher courts won't overrule them as unconstitutional.

"We will work with the president, and if we can't work with him, with Senators McCain and Warner and Graham, to come up with an approach that allows us to get the information we need and not have it thrown out by future courts," said Sen. Charles Schumer, D-N.Y.

If Senate Democrats could lure six Republicans to stand with them, they could block Bush's terms. But McCain and Graham said they were willing to compromise and thought that Bush was willing to strike a deal.

"The administration, it seems to me ... has decided to work with Congress," Graham said.

"The House (of Representatives), generally speaking, supports the administration," McCain said. "We understand that we need to get this resolved in September. I just hope that we can work out our differences."

McCain said that the trials could start in October if Congress agrees on the ground rules this month.

"They are ready to go," he said. "That's why it's important that we pass this legislation."

SUSPECTS

Here is a list of the 14 people formerly in CIA custody now at the U.S. prison camp for suspected terrorists at Guantanamo Bay, Cuba. Five of the 14 are believed to have been involved in the Sept. 11, 2001 attacks.

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-Ali Abd al Aziz Ali - An ethnic Baluchi, born and raised in Kuwait. 29 years old. Allegedly helped arrange money and travel for Sept. 11 hijackers. His uncle is suspected Sept. 11 mastermind Khalid Sheikh Mohammed and his cousin is Ramzi Yousef, who plotted the first World Trade Center bombing in 1993.

-Ahmed Khalfan Ghailani - Tanzanian, believed to be about 32 years old. One of al Qaida's top forgers, he was indicted on charges relating to the 1998 bombings of U.S. embassies in East Africa. Allegedly served as a cook for Osama bin Laden before becoming al Qaida's top document forger.

-Riduan bin Isomuddin, aka Hambali - Indonesian, of Sudanese extraction, 42 years old. Believed to have planned bombing in Bali that killed 200 in 2002.

-Mustafa Ahmad al Hawsawi - Saudi. Allegedly provided funding for the 9/11 hijackers and shared a bank account with one of them.

-Mohammed Nazir Bin Lep, aka Lillie - Malaysian. Key Hambali lieutenant. Believed to have provided funds for the 2003 bombing of the Marriott hotel in Jakarta, Indonesia.

-Majid Khan - Pakistani. Moved to the United States with his family in 1996 and graduated from high school in 1999 in Baltimore. Allegedly researched various terrorism plots, including a plan to blow up gas stations and poison reservoirs, on behalf of Khalid Sheikh Mohammed.

-Abd al Rahim al Nashiri - Saudi, 41 years old. Mastermind of the USS Cole bombing in October 2000. Nashiri was sentenced to death in absentia by a Yemeni court.

-Abu Faraj al-Libi - Libyan. Allegedly became al Qaida's top operations officer after Khalid Sheikh Mohammed was captured. Believed to have ferried messages from Osama bin Laden to al Qaida members.

-Abu Zubaydah - Palestinian, raised in Saudi Arabia. Alleged al Qaida facilitator who helped make travel arrangements, including smuggling now-deceased Al Qaida in Iraq leader Abu Musab al Zarqawi out of Afghanistan to Iran in November 2001. No direct connection to Sept. 11.

-Ramzi Binalshibh - Yemeni. About 34. Scheduled to be one of the 9/11 hijackers, he's believed to have served as a communications go-between after he failed to receive a U.S. visa. Allegedly was recruiting hijackers for an attack on Heathrow Airport in London when captured.

-Mohd Farik bin Amin, aka Zubair - Malaysian. Hanbali associate. Allegedly tapped for a suicide mission against Los Angeles.

-Waleed bin Attash, aka Khallad - Yemeni, raised in Saudi Arabia, 27 years old. Allegedly worked with Nashiri on USS Cole plot and was selected by bin Laden as one of the 9/11 hijackers, but an arrest in Yemen prevented his participation. Believed to have trained participants in 9/11 attacks and the USS Cole bombing.

-Khalid Sheikh Mohammed - Baluchi, born and raised in Kuwait. Suspected mastermind of 9/11 attacks. 1986 graduate of North Carolina A&T State University.

-Gouled Hassan Dourad - Somali, 32 years old. Allegedly cased the U.S. military base in Djibouti for a planned terrorist attack.

Source: U.S. Department of Defense.

President Shifts Argument, Catches Critics Off Guard (WP)

By Michael Abramowitz And Charles Babington

The Washington Post, September 7, 2006

With a series of forceful speeches on terrorism and a dramatic announcement that he has sent top-tier terrorism suspects to the Guantanamo Bay prison, President Bush this week has demonstrated anew the power of even a weakened commander in chief to set the terms of national debate.

All week, the White House has made plain its desire to refocus the attention of voters this fall away from a troubled and unpopular war in Iraq in favor of Bush's vision of a worldwide struggle against Islamic radicalism and terrorism. Yesterday, Bush sought to turn a legal defeat at the Supreme Court into a political opportunity.

By challenging Congress to immediately give the administration authority to try notorious al-Qaeda figures such as Khalid Sheik Mohammed by military commissions, he shifted the argument with Democratic critics of national security policies and competence. As Bush framed the choice, anyone against his proposal would be denying him necessary tools to protect American security.

His success in catching much of Washington by surprise showed that a president who polls show has his political back to the wall still has formidable tools: the ability to make well-timed course corrections on policy, dominate the news and shape the capital's agenda in the weeks before Election Day.

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Bush's moves were partly a concession to those who have complained about secret CIA prisons abroad. Even as he acknowledged the existence of the prison program for the first time, Bush could argue that there are no terrorism suspects now in the CIA program.

At the same time, Bush sought to redefine the issue of CIA detentions from one of civil liberties to one of protecting Americans. He asserted that interrogators had reaped an intelligence bonanza from the questioning of top al-Qaeda leaders such as Mohammed -- the mastermind of the Sept. 11, 2001, attacks -- and Osama bin Laden deputy Abu Zubaida, and insisted Congress pass a law that would allow such interrogations to continue without legal jeopardy to soldiers and intelligence officers.

"We need to ensure that those questioning terrorists can continue to do everything within the limits of the law to get information that can save American lives," he said in his speech in the East Room of the White House.

After months of mostly ineffectual efforts to reverse Bush's year-long decline in public approval -- driven in large measure by growing impatience with the Iraq war -- the White House in recent days has launched an aggressive campaign to use the five-year anniversary of the Sept. 11 attacks to regain momentum and prevent GOP congressional majorities from being routed this fall. Even Democratic aides on Capitol Hill said Bush's tactics this week have diminished their party's efforts to highlight the problems in Iraq and motivate an anti-Republican vote Nov. 7.

Bush's speech took place moments before the Senate launched a lengthy debate on a Democratic proposal urging the president to fire Defense Secretary Donald H. Rumsfeld as a step toward "a change of course" in Iraq. GOP senators denounced the resolution as partisan posturing, and prevented it from coming to a vote by ruling it not germane to the military spending bill on the Senate floor, and the president's announcement immediately overshadowed the debate.

The midterm elections may well hinge on whether Bush's new move proves effective. There is reason for skepticism. This is already the White House's third effort in the past year to reshape the Iraq debate with new rhetoric.

"This is a political offensive above all, and it's not clear it will work," said Jeremy Rosner, a top Democratic pollster who formerly worked on the Clinton National Security Council staff. "It is elevating the prominence of Iraq, which all polls show has turned unpopular. . . . What they lack still is any signal that they have a way forward. They are ratcheting up the rhetoric without giving voters any sense of how they want to get out of this mess."

Sen. Debbie Stabenow (D-Mich.) said the president is "desperately trying to use words and make connections that will somehow convince people that what they're seeing and hearing isn't reality." He is "trying to connect it to World War II rather than Vietnam, for example." The tactic will not work, Stabenow predicted, because "the American people understand that there have been missteps, misjudgments" that have had tragic consequences.

White House officials have rejected the idea that the ongoing series of speeches are primarily political in nature, saying Bush has wanted to set the war in Iraq in proper context. White House counselor Dan Bartlett said the president has been anxious to help the public understand the scenes of violence from Lebanon and Iraq this past summer. But he also said the administration was determined to answer Democratic charges. "It is very important to define the terms of the debate and not be defined by others," Bartlett said. "Sometimes in the past charges that go unanswered, however egregious they may be, can then become conventional wisdom."

This mind-set was behind an unusual White House public relations gambit yesterday, which saw the White House release a letter from Chief of Staff Joshua B. Bolten, who seldom speaks in public, responding to Democratic Majority Leader Harry M. Reid (Nev.) criticizing the administration's Iraq policy this week. Bolten essentially said that most of Reid's suggestions for changing policy in Iraq were already being pursued by the administration.

Such letters have heartened Republicans looking for more energetic leadership from the White House. "The Democrats are trying to politicize the war on terror," said Senate Majority Whip Mitch McConnell (R-Ky.). "They are the ones who chose to make this a political issue, and we said, 'Okay, we'll engage.' "

Vin Weber, a top GOP strategist and lobbyist, said the White House "has substantially stepped up its effort to win the argument in the country about the war on terror." He contrasted the intensity of the involvement of Bolten and White House press secretary Tony Snow with their predecessors in framing the new message. He said it was a mistake to view the ongoing speeches solely from a political perspective, but he said Republicans could eventually benefit.

"I think the Democrats have been a little seduced by polls showing that Iraq is a big issue," he said, asserting that national security remains an issue that will favor Republicans. "I would not want to be the opposition party challenging the commander in chief in a fundamental way going into the election."

But Bill Galston, a Democratic analyst from the centrist wing of his party, was skeptical that the president would have much success changing voters' negative impressions of the war in Iraq. "If the facts on the ground are bad enough at home and abroad, then the most artful presidential framing will not alter people's judgments, and that's where I think people are," said Galston, a senior fellow at the Brookings Institution.

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Bush Prods Congress In Bid To Isolate Democrats (LAT)

By Ronald Brownstein

The Los Angeles Times, September 7, 2006

WASHINGTON -- When President Bush on Wednesday urged Congress to provide him new legal authority quickly to bring suspected terrorists to trial, he may have answered a political riddle: what issue would Republicans use to sharpen their contrasts with Democrats over national security in the approaching mid-term election.

Bush's push for new legal authority could reshape the legislative landscape on the question of trying terrorists and inject a volatile new dispute into the 2006 election, analysts say.

The Supreme Court in June forced Bush to seek a new legislative framework for trying suspected terrorists when it threw out as unconstitutional the military commission system he had established.

Until now, the dispute over establishing a new system to replace the military commissions has not generated much attention outside of legal circles.

But several analysts said Bush emphatically changed that dynamic Wednesday by announcing that he had moved 14 high-profile detainees to the detention center in Guantanamo Bay, Cuba -- including Khalid Sheikh Mohammed, the suspected mastermind of the September 11, 2001 terrorist attacks -- and declaring that he intends to bring them to trial as quickly as Congress approves new rules.

By linking the trial of key figures suspected in the 9/11 attacks to agreement on a new legal structure, Bush's announcement is likely to increase the pressure on Congress to quickly approve guidelines for trying suspected terrorists.

"He is putting the ball in Congress' court to deal with this issue now," says Cliff May, president of the Foundation for the Defense of Democracies, a conservative national security group. "It is not going to be easy for Congress to say, 'Oh, we don't think trying Khalid Sheikh Mohammed is so important, we've got a highway bill we want to work on.' He's saying I am establishing a priority here."

Bush may also be establishing a line of contrast with Democrats. Many Democrats believe that by heightening the focus on the detainee trial issue less than two months before the mid-term Congressional election, Bush may be seeking to replicate a successful GOP strategy from the 2002 campaign.

In 2002, Bush and Republican Congressional candidates condemned Democrats as weak on national security after a dispute over union protections delayed Senate approval of the legislation creating the new Department of Homeland Security. Bush ignited the issue when he charged in late September 2002 that the Senate, then under narrow Democratic control, "is more interested in special interests in Washington and not interested in the security of the American people."

Several Democrats said Wednesday they believe the White House is positioning Bush to level a similar charge against Democrats in the coming weeks if Congress fails to authorize a new system for trying suspected terrorists before it adjourns.

"This is a pretty transparent attempt at offering up a bait to liberal Democrats to get in his way," said Democratic consultant Jim Jordan, who ran the Democratic Senatorial Campaign Committee during the struggle over the homeland security department in 2002.

Many civil libertarians believe the system Bush initially proposed for trying terrorists, and the new legislation he released Wednesday, does not provide sufficient legal protection to the accused.

In what might be a signal of arguments to come, House Majority Leader John Boehner of Ohio and Majority Whip Roy Blount of Missouri both issued statements promising quick action on the president's request for new legislation. The statement from Boehner's office criticized House Minority Leader Nancy Pelosi, D-Calif., for comments earlier this year praising the Supreme Court decision overturning the military trial system Bush had established.

"While Republicans want to give the president the necessary tools to prosecute and achieve victory in the Global War on Terror, the reaction of Capitol Hill Democrats to the ... decision is just one more example of why Americans have no confidence in Democrats when it comes to addressing the issues of national and homeland security," said the statement.

Democrats, though, say they are optimistic that if the debate moves in that direction the party can defend itself more effectively than it did in 2002. For one thing, they note, Bush's overall approval rating is much lower today than then; for another, the war in Iraq has introduced doubts about his management of national security that were not present during the earlier argument.

Most importantly, they argue, three Republicans with military pedigrees are leading efforts to craft an alternative to the military commission proposal Bush released Wednesday: Senators John McCain of Arizona, Lindsey Graham of South Carolina and John Warner of Virginia. Many Democrats are likely to embrace their eventual proposal, which is expected to provide more procedural protections for accused terrorists than Bush's plan.

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David Wade, a senior adviser to Sen. John Kerry, D-Mass., said the skepticism of such prominent Republicans about Bush's approach will make it difficult for the GOP to use the issue to portray Congressional Democrats as weak on security.

"I think that is incredibly hard for them to pull off when a president who has approval ratings in the 30s is not able to corral former prisoner of war John McCain, former secretary of the Navy John Warner, and former (military) lawyer Lindsey Graham to follow that playbook. They are going to be the faces of the opposition to Bush's policy," Wade said.

May agreed that as long as Democrats stay close to those prominent Republicans, the GOP will have difficulty framing the issue as a partisan dispute. "The danger for Bush is if McCain and Graham say we don't like (the president's approach)," said May, "that is pretty much a get-out-of-jail-free card for the Democrats."

Bush Pushes The Button That Best Benefits The GOP (USAT)

By Susan Page

USA Today, September 7, 2006

WASHINGTON — President Bush demonstrated with a dramatic speech Wednesday one of the most consequential powers of his office.

He changed the subject.

With less than nine weeks until congressional elections, the president turned the topic from the war in Iraq and complaints about stagnant wages and rising health care costs to the only major area in which Americans continue to give him and the GOP high marks.

In a speech about secret CIA prisons and terrorists' tribunals, he cited the approaching fifth anniversary of 9/11 in arguing that his administration's handling of the terrorist threat has succeeded in protecting Americans from another attack on U.S. soil.

“Some may ask: Why are you disclosing this information now?” the president said toward the end of his 37-minute address to an invited audience in the East Room. Questioning of the suspects has been “largely completed” so the men could now stand trial, he said, and a Supreme Court decision struck down the administration's plans for military tribunals because they hadn't been sanctioned by Congress.

“Congress is in session for just a few more weeks,” he said, “and passing this legislation ought to be the top priority.”

And the political goal of Bush's speech?

“Grab the agenda and keep control of it — that's what's going on,” said Steven Schier, a political scientist at Carleton College in Northfield, Minn. “It's an attempt to structure the agenda for the election and move a lot of nagging concerns that the public has about this administration to the back of the public's mind.”

Consider the findings of a USA TODAY/Gallup Poll taken two weeks ago. By 55%-43%, those surveyed approved of how Bush was handling terrorism. In six other areas, most Americans disapproved of the job he was doing. His handling of the situation in Iraq got the highest negative ratings: 61% disapproved. Just 36% approved.

Fear of terrorism remains potent, though. Nearly half of those polled said they were worried that someone in their family would become a victim of terrorism.

The poll of 1,001 adults had an error margin of +/-3 percentage points.

“Historically, every time the country focuses on homeland security and the fight against terrorism, it inures to the president's benefit,” said Republican strategist Charlie Black. “But, you know, it's a question of whether that stays prominent in the news until November.” Black said he's still concerned about the elections, which could imperil GOP control of the House of Representatives and perhaps the Senate.

Even so, Black said that disclosures in the speech — including that suspected 9/11 mastermind Khalid Sheikh Mohammed “sang like a canary” with details that helped trap other suspects — makes the administration's actions against terrorism more than an abstraction to the public.

Bush made revelations guaranteed to grab headlines: the existence of secret CIA prisons in foreign countries. The transfer of 14 of the most notorious alleged terrorists from the prisons to the U.S. facility at Guantanamo Bay. Glimpses of the information gleaned from their interrogations, which he said hadn't included torture.

Afterwards, Bush got reluctant praise from some frequent critics. Amnesty International's Larry Cox called the movement of valuable detainees to trials “an important step toward achieving accountability,” though he criticized the administration for maintaining the secret prisons.

Within hours, congressional Republicans were citing the president's speech as evidence of Republican toughness toward terrorists.

House Majority Leader John Boehner of Ohio issued a statement saying Bush's speech underscored “how wrong Capitol Hill Democrats are when it comes to protecting the American people.”

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Senate Democratic Leader Harry Reid of Nevada said Democrats on the Armed Services Committee were working with Republicans on legislation to set tribunal rules that were, he noted, supported by uniformed military lawyers who had criticized Bush's approach. He said the president's "flawed system" had "failed to prosecute a single terrorist" so far.

Meanwhile, Senate Democrats spent much of Wednesday on the same political quest as Bush: Setting a friendly agenda for the fall elections. In their case, the topic was different. They pushed for a non-binding resolution calling for Defense Secretary Donald Rumsfeld to be fired because of his stewardship of the war in Iraq.

Bush Confirms Existence Of Secret CIA Prisons (WSJ)

By Jess Bravin

The Wall Street Journal, September 7, 2006

WASHINGTON -- Under pressure from a contrary Supreme Court ruling and a public at times skeptical of his military judgment, President Bush disclosed long-classified elements of his counterterrorism program yesterday. He confirmed the secret prison network run by the Central Intelligence Agency and announced the transfer of 14 alleged al Qaeda commanders -- including suspected masterminds of the Sept. 11, 2001, attacks -- to Guantanamo Bay, Cuba, for eventual trial.

In a White House speech, the president directly addressed several of the prisoner policies that have run aground in domestic courts and sparked criticism abroad. The president hopes to pressure lawmakers to approve his version of new counterterrorism laws that would allow for military trials of suspected terrorists and insulate officials from legal action for violating the Geneva Conventions. (Bush's remarks1)

By personally announcing that such al Qaeda figures as Ramzi Binalshibh and Khalid Sheikh Mohammed -- two of the most widely known alleged architects of the attacks -- had been sent from CIA prisons to Guantanamo, the president underscored his role in responding to the Sept. 11 attacks. He said intelligence extracted from these prisoners had foiled terrorist plots at home and abroad.

The White House initiative comes just before the fifth anniversary of Sept. 11 and two months before hotly contested congressional elections that Republicans hope to win on national-security issues. Mr. Bush and Republican Party leaders are betting that by forcing Congress to vote on antiterror policies this month during its brief pre-election session, they can turn voters against Democrats who may oppose the Bush proposals. In addition, lawmakers plan to consider legislation validating the president's program of wiretapping international phone calls without obtaining warrants, which was ruled unconstitutional last month by a federal district court in Detroit.

Yesterday's move represents a turnabout for a White House that has insisted it alone held power to decide the treatment of enemy prisoners, without court or congressional sanction. Administration officials said they had little choice, following the Supreme Court's June 29 decision rejecting the president's claim that his inherent war powers allowed him to set aside Geneva provisions and establish a military-trial system outside existing law.

The justices' ruling invalidated a November 2001 order Mr. Bush issued that authorized tribunals -- called military commissions -- to try non-U.S. citizens for war crimes outside the Constitution's due-process guarantees. Under Defense Department rules implementing that order, defendants could be excluded from their trials, denied access to evidence and receive limited opportunities to appeal convictions. The Supreme Court found the president's national-security claims didn't justify such deviations from the Uniform Code of Military Justice, the 1950 legislation governing military trials.

By acting before Congress has decided what form of justice the prisoners will face, the president has also taken a political and legal gamble. Now at Guantanamo, where they will be visited by delegates of the International Committee of the Red Cross and, presumably, assigned military defense attorneys, the prisoners could raise allegations of torture suffered while in detention or use their trials as a platform for propaganda.

Democrats, meanwhile, cast the president's initiative as an admission of failure. "For five years, Democrats have stood ready to work with the president and the Republican Congress to establish sound procedures to bring terrorists to justice," Senate Minority Leader Harry Reid said in a statement. "Unfortunately, President Bush ignored the advice of our uniformed military and set up a flawed system that failed to prosecute a single terrorist and was ruled unconstitutional by the U.S. Supreme Court."

Administration officials characterized their new proposal as a compromise between the nearly complete discretion the president asserted in his November 2001 order and the detailed rules of the military justice code. In some instances, the draft legislation appears to afford more rights to defendants than the president had initially preferred. For instance, while the commission system that had been in place foresaw no appeal to the federal courts, the president's bill grants convicts a right to appeal to the U.S. Court of Appeals for the District of Columbia and to the Supreme Court.

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Senate Majority Leader Bill Frist, who is co-sponsoring the president's bill, said it would provide "another tool in the war on terror. ... The procedures should be fair but tough and recognize that we should prosecute barbaric al Qaeda terrorists differently than our uniformed military or civilian criminals," he said in a statement.

University of California, Berkeley, law professor John Yoo, who as a Justice Department official helped develop the administration's legal policies, said "it does not look like the procedures for these commissions differ in any significant way from the rules already in place before" the Supreme Court's decision. "The only difference is that [the president] is seeking Congress's explicit support."

Critics said the new proposal did little to fix substantive failings of the former process, such as permitting the defendant's exclusion from his trial. Col. Dwight Sullivan, the Marine lawyer in charge of defense counsel for Guantanamo defendants, said that if adopted as written, the bill was certain to provoke legal challenges from attorneys in his office. "Congress simply should not rush into this so that three or four years down the road we have another military commission system thrown out," he said.

Sen. Lindsey Graham (R., S.C.), an Air Force Reserve lawyer who has been working on separate legislation to authorize military commissions, took issue with some provisions in the White House proposal, such as denying defendants access to classified evidence against them. "I do not think we can afford to again cut legal corners that will result in federal court rejection," he said in a statement.

Even if the bill is approved immediately, it remains uncertain when the new prisoners would stand trial. Ten Guantanamo prisoners were charged under the former commission system. It is unclear whether their cases would take a back seat to the more notorious defendants recently transferred. The isolated naval base has only one courtroom, and a request to build a second is pending, a Pentagon official said.

In his speech yesterday, Mr. Bush defended the handling of the prisoners to date, but wouldn't discuss interrogation methods, saying they had provided crucial intelligence. "The procedures were tough and they were safe and lawful and necessary," he said.

At a media briefing yesterday, an administration official said that in recent years as many as 100 prisoners had been held by the CIA. Some eventually were sent to third countries, and with the transfer to Guantanamo, the agency no longer holds any prisoners in its overseas facilities, officials said.

The president said, however, that the CIA might do so again in the future. To help ensure that interrogators couldn't be sued for mistreating prisoners, the legislation would bar courts from hearing claims based on the Geneva Conventions.

Bush Acknowledges Secret CIA Prisons (CHIT)

By Mark Silva

Chicago Tribune, September 7, 2006

WASHINGTON -- President Bush, calling on Congress to quickly authorize trials of suspected terrorists by military tribunals, acknowledged for the first time Wednesday that the Central Intelligence Agency has subjected dozens of detainees to "tough" interrogation at secret prisons abroad and said the remaining 14 have been transferred to Guantanamo Bay, Cuba, to await trial.

The 14 held at the U.S. detention center at Guantanamo include high-level Al Qaeda operatives responsible for the terrorist attacks of Sept. 11, 2001, as well as bombings and foiled plots targeting Americans at home and abroad, according to the president and senior aides.

The admission of the CIA's long-concealed program, claims of its successes and the announcement of planned trials for several accused terrorists represent dramatic moves by the Bush administration to rivet public attention to persisting threats as both the anniversary of Sept. 11 and critical Nov. 7 congressional elections near.

The newest arrivals at Guantanamo include Khalid Shaikh Mohammed, whom authorities blame for planning the Sept. 11 attacks as Al Qaeda's former No. 3 man before his capture in 2003.

They also include Abu Zubaydah, a suspected link between Al Qaeda leader Osama bin Laden and terrorist cells whose capture months after Sept. 11 and subsequent CIA interrogation led to the arrests of many more suspects. Bush said the information collected by interrogators prevented another assault on the United States.

The White House is using the imprisonment of these men, as well as acknowledging a CIA program said to hold no suspects at the moment, to prod Congress to enact legislation authorizing military trials for many of the more than 400 detainees held at Guantanamo.

"As soon as Congress acts to authorize the military commissions I have proposed, the men our intelligence officials believe orchestrated the deaths of nearly 3,000 Americans on September the 11th, 2001, can face justice," Bush said in a speech in the East Room of the White House. He spoke with many relatives of Sept. 11 victims in attendance, who applauded his call for justice.

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While the president maintains that the CIA's "tough" interrogation practices fall short of torture, the Defense Department issued new directives Wednesday to ensure that detainees and prisoners of war are treated equally and humanely. The Army has published a new field manual barring torture and inhumane or degrading treatment.

The manual includes specific prohibitions in response to abuses that Iraqi detainees suffered at Iraq's Abu Ghraib prison in 2003.

Bush is seeking passage of military tribunal legislation this month, and GOP leaders have pledged to commit their September agenda to national security. The White House and Republican leaders are attempting to underscore their party's commitment to security with the approach of fall elections in which control of Congress is at stake.

Yet some complain that the administration is trying to ramrod legislation permitting military tribunals and authorizing the interrogation practices that the CIA has been using without giving Congress time to deliberate.

"Congress has been awaiting this legislation for two months and it is being given to the Congress with little time to consider the bill with the seriousness and deliberation that the American people deserve," said Rep. Ike Skelton of Missouri, the ranking Democrat on the House Armed Services Committee.

The administration has maintained that it has the right to try suspects in military courts, but the Supreme Court ruled June 29 that Congress first must authorize such trials and that they must be fair under U.S. and international law.

The Supreme Court has overruled the administration's claim that detainees at Guantanamo are not covered by a portion of the Geneva Conventions, Common Article 3, which guarantees a minimum level of humane treatment.

In response, Bush is asking Congress to sign off on a tribunal process similar to the one in use at the time of the court's decision. He also is asking lawmakers to strictly define compliance with Common Article 3 and to insulate U.S. personnel from lawsuits or criminal charges for purported violations of the conventions.

Plan allows secret evidence

The tribunal process proposed by Bush allows for the use of hearsay and coerced testimony and for secret evidence. It also limits detainees' rights to appeals in U.S. courts.

Administration lawyers say that they may need to keep some evidence secret in order to protect intelligence-gathering operations, but defense attorneys argue that their clients should have the right to review the evidence against them. Republican Sens. John McCain of Arizona and Lindsey Graham of South Carolina have drafted a rival bill requiring such disclosure.

Bush's proposal amounts to election-season posturing, according to Neal Katyal, a lawyer for Salim Hamdan, a Yemeni detainee and onetime driver for bin Laden whose case resulted in the Supreme Court ruling against the military tribunals.

"I think the proposal reflects politics and not national security," Katyal said. "It conforms almost to a 'T' to the process struck down in Hamdan."

To bolster his case, Bush offered unusually explicit details about how the interrogation of Zubaydah gave the CIA invaluable information about Al Qaeda, and how the tougher interrogation led to the capture of Mohammed and other operatives.

"Were it not for this program," Bush said, "our intelligence community believes that Al Qaeda and its allies would have succeeded in launching another attack against the American homeland."

Bush, calling the tactics "an alternative set of procedures" for interrogations, said the Justice Department had deemed them lawful. But the vast majority of information gleaned from detainees that he cited Wednesday appears to have come during a 29-month period in which Justice Department lawyers relied on a now-repudiated definition of "torture."

Torture memo rescinded

That definition, according to an August 2002 Justice Department memo, said that physical pain "amounting to torture must be equivalent in intensity to the pain accompanying serious physical injury, such as organ failure, impairment of bodily function, or even death."

The 50-page memo outlining "standards of conduct for interrogation" was rescinded Dec. 31, 2004, in the wake of the abuses at Abu Ghraib.

The acknowledgment of the CIA program, which senior administration officials say has involved "fewer than 100" suspects, also is intended to allay congressional concerns that the administration is concealing information.

"We thought it was time to put it all on the table with the Congress," a senior administration official said.

While thousands of "enemy combatants" have been captured, senior administration officials said many have been returned to their home countries, 770 have been detained at Guantanamo at one time or another and only "a small number of the most notorious and dangerous terrorists" have been interrogated in the CIA-run program.

Bush and intelligence chief John Negroponte detailed a string of alleged plots that they said were foiled with information obtained from interrogations of those in secret CIA custody, although most have previously been made public.

The CIA's inspector general has audited the program, Negroponte's office said, and "multiple safeguards" were built in.

Specially trained teams of senior CIA officers have worked under scripted guidelines in the interrogation of suspects.

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"These are unwilling sources deliberately and actively attempting to withhold and distort information," another administration official said. "We, the Central Intelligence Agency, need to have direct and thorough access to them."

A Challenge From Bush To Congress (NYT)

By David E. Sanger

The New York Times, September 7, 2006

WASHINGTON, Sept. 6 — In calling for public war-crime trials at Guantánamo Bay, President Bush is calculating that with a critical election just nine weeks away, neither angry Democrats nor nervous Republicans will dare deny him the power to detain, interrogate and try suspects his way.

For years now, Guantánamo has been a political liability, regarded primarily as a way station for outcasts. By transforming Guantánamo instead into the new home of 14 Qaeda leaders who rank among the most notorious terror suspects, Mr. Bush is challenging Congress to restore to him the authority to put the United States' worst enemies on trial on terms he has defined.

But the gambit carries with it a potential downside by identifying Mr. Bush even more closely with a detention system whose history has been marked by widespread accusations of mistreatment.

Mr. Bush had more than one agenda at work when he announced on Wednesday that the country should "wait no longer'' to bring to trial those seized by the C.I.A. and accused of planning the Sept. 11 attacks.

He is trying to rebuff a Supreme Court that visibly angered him in June when it ruled that his procedures for interrogation and trials violated both the Constitution and the Geneva Conventions.

And he is trying to divert voters from the morass of Iraq and to revive the emotionally potent question of what powers the president should be able to use to defend the country.

Mr. Bush must have known that his call for trials would prompt a standing ovation from the relatives of the Sept. 11 victims who were invited to the East Room for the announcement. It did. What he doesn't know for sure is whether the transfer of Khalid Shaikh Mohammed and other terror suspects will create the pressure on Capitol Hill to give him the legal latitude he says he needs.

"It's one thing for Congress to argue over abstract rules'' about approved interrogation techniques and the rules of evidence at military commissions, said one senior administration official who sat in on the debates over how to respond to the Supreme Court ruling in the Hamdan case last June. "But it's another to say, 'Once you approve the rules, we put these guys on trial — but it only happens if Congress acts.' "

In this case, the White House needs Congress to write the rules in a way that would satisfy the Supreme Court while allowing the military to introduce its evidence at trial — even though Mr. Muhammed and his fellow defendants will almost certainly assert that their own accounts of their roles in terror plots were extracted by coercion.

That is a balancing act Mr. Bush tried for years to avoid, as he and Vice President Dick Cheney, the chief architect of Mr. Bush's assertions of broad executive powers, argued that it was the commander in chief — not Congress — who had the power to set rules for unconventional trials in an unconventional war.

Besides trying to shape what happens in Congress, Mr. Bush is also trying to ignite a new debate around the country, one that tries to rekindle memories of the days just after the Sept. 11 attacks. On Wednesday, he recalled those days as a moment when the country "wondered if there was a second wave of attacks still to come.''

That was also a time when the president seemed to have carte blanche to fight terrorists in any way he saw fit, and when the country seemed unified in a way that is hard to remember today.

So in the week leading up to the announcement on Wednesday, Mr. Bush and his aides again cast themselves as the country's last line of defense. First came Secretary of Defense Donald H. Rumsfeld, who used a speech to veterans to accuse critics of the war in Iraq of being appeasers, ideological descendants of Prime Minister Neville Chamberlain of Britain, whose effort to accommodate Hitler in 1938 has gone down in history as an act of cowardice.

Then came Mr. Bush, who used a speech to the same audience to lump disparate groups together as "Islamo-fascists,'' and then, this week, to warn explicitly that the world had averted its eyes to the rise of Lenin and then of Hitler, propelling the United States into a century of hot and cold wars.

But perhaps more significantly, a president who had rarely mentioned Osama bin Laden — who, of course, remains at large five years after Sept 11 — quoted Mr. bin Laden at length, describing his visions of a "caliphate'' that circles the globe.

On Wednesday, in the East Room, Mr. Bush's words were more moderate, but he made clear that he intended to use his pulpit over the next few days to redefine the enemy as a living threat that will occupy generations of Americans — and to argue that he needs every tool available to fight them. "We're fighting for our way of life, and our ability to live in freedom,'' he argued. "We're fighting for the cause of humanity, against those who seek to impose the darkness of tyranny and terror upon the entire world.''

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It was a move that did not surprise Democrats.

"Look, they have won two elections on the basis of terrorism, and that's the president's strongest position," said Lee Hamilton, the former Democratic congressman who is now co-chairman of a study group making recommendations to Mr. Bush about how to develop a new Iraq strategy. "And he's playing to his strength."

But it may also force members of Mr. Bush's party — many of whom have been creating as much strategic distance from the president as possible — to nationalize the midterm elections, making them a referendum on Mr. Bush and his tactics.

Democrats have been trying to do that for months, betting that the chaos in Iraq is their ticket to regaining a majority in the House, and perhaps the longer shot of the Senate. Now Mr. Bush is betting that once again Americans will look at the faces of the terrorists the C.I.A. has captured, and give the president one last shot at fighting the war on his terms.

Al-Qaeda Suspects Moved To Guantánamo (FT)

By Caroline Daniel And Demetri Sevastopulo

Financial Times, September 7, 2006

President George W. Bush announced on Wednesday that 14 of the alleged most high-profile al-Qaeda terrorists who had been held in secret CIA custody had been moved to Guantánamo Bay prison in Cuba in preparation for military tribunals.

Mr Bush said the suspected terrorists included Khalid Sheikh Mohammed, considered the third most senior al-Qaeda leader, Ramzi Binalshibh, who was alleged to be a potential September 11 hijacker, and Abu Zubaydah, an alleged go-between for Osama Bin Laden.

The move also marked the first official confirmation by the White House of its controversial use of secret prisons around the world by the CIA. In a speech, Mr Bush also defended interrogation techniques that had been used on the men, calling the procedures "tough, safe, lawful and necessary". The transfer of the men reinforces the Republican effort to make the November congressional elections a referendum on national security. It also increas-es pressure on Congress to act to legalise the military commissions that the administration created to try alleged terrorists.

The administration was forced to shift course on Guantánamo following a landmark Supreme Court decision in June, which ruled that the military commissions violated US law and the Geneva conventions.

The White House sent draft legislation to Capitol Hill on Wednesday aimed at revamping the commissions. But the bill could face opposition from some lawmakers, including Senator John McCain, who wants guarantees detainees can have access to all evidence, including classified information, levelled against them.

Mr Bush said: "As soon as Congress acts to authorise the military commissions I have proposed, the men our intelligence officials believe orchestrated the deaths of nearly 3,000 Americans on September 11 2001 can face justice".

The Supreme Court ruling raised questions of the military commissions and the legality of the detentions. Mr Bush said the transfers "mean there are now no terrorists in the CIA programme" but it needed to continue.

He urged Congress to pass legislation in the next few weeks to legalise the commissions and set clearer boundaries for the CIA, including listing "the specific recognisable offences that would be considered crimes under the War Crimes Act", and ensure captured terrorists could not invoke the Geneva conventions to prosecute US officials in US courts.

The White House made the move as Senate Democrats introduced a non-binding resolution calling on Mr Bush to fire Donald Rumsfeld, the defence secretary.

Bush Admits To Anti-terror CIA Program (WT)

By Stephen Dinan

The Washington Times, September 7, 2006

President Bush yesterday publicly acknowledged the CIA is running a classified program to interrogate top terror suspects, saying it has prevented attacks and demanding that Congress act quickly to give it official status.

Mr. Bush also sent Congress a bill laying out rules for military trials for terror suspects, in response to a Supreme Court ruling in June that said tribunals for detainees must be approved by legislators.

Speaking at the White House to an audience that included families that lost relatives in the September 11 attacks, he said that soon after the attacks he authorized the CIA to imprison and question the top suspects captured in the war on terror.

He said the interrogations have helped thwart an al Qaeda effort to make anthrax and a plot to fly airplanes into buildings, among other attacks.

Mr. Bush said that the CIA recently transferred September 11 mastermind Khalid Shaikh Mohammed and 13 top terror suspects to the Defense Department for military trials, and that the only hurdle left was congressional action.

"We're now approaching the five-year anniversary of the 9/11 attacks, and the families of those murdered that day have waited patiently for justice," Mr. Bush said.

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"As soon as Congress acts to authorize the military commissions I have proposed, the men our intelligence officials believe orchestrated the deaths of nearly 3,000 Americans on September the 11th, 2001, can face justice."

Democrats said that Mr. Bush's announcement marked a reversal of policy, and that it was about time. But they also said that by sending his own bill, he was throwing a monkey wrench into bipartisan efforts already at work on Capitol Hill.

"The last thing we need is a repeat of the arrogant, go-it-alone behavior that has jeopardized and delayed efforts to bring these terrorists to justice for five years," said Senate Minority Leader Harry Reid, Nevada Democrat.

The June Supreme Court ruling said detainees in the war on terror are covered by the Geneva Conventions. That left the CIA program in doubt, and Mr. Bush said he had to go public and seek congressional authorization to preserve the program.

The court also said Congress must approve military tribunals.

Mr. Bush's proposal would let terrorists have attorneys, would let them appeal tribunal verdicts and would preserve the right against self-incrimination. It also would allow the use of classified evidence given when the defendant was not present.

The top members of the Senate Armed Services Committee, Sen. John W. Warner, Virginia Republican, and Sen. Carl Levin, Michigan Democrat, have been working on a bill that differs from Mr. Bush's on classified information and hearsay rules.

Mr. Warner said yesterday that he expects they can resolve any differences and get a bill to the Senate floor soon.

"In my judgment, we can close any gaps," he said.

The military's chief prosecutor for detainees told the Associated Press yesterday that trials could begin in early 2007 if Congress acts soon. Air Force Col. Morris Davis also said that "it would be reasonable" to expect prosecutors to seek the death penalty for Mohammed.

The administration yesterday offered extraordinary details about the CIA program and disrupted terrorist plots.

A senior intelligence official, briefing reporters before the speech, said that fewer than 100 terror suspects had been part of the CIA program and ther are no such suspects currently in CIA custody.

The official said the information gleaned from interrogations was checked against other sources.

Another top administration official, also speaking on the condition that he not be named, said Mr. Bush wants congressional authorization within three weeks -- a tight legislative schedule.

House Democrats said Congress must take time to review Mr. Bush's proposal, and Rep. Jane Harman, the top Democrat on the House Permanent Select Committee on Intelligence, said his speech was "the opening salvo in the fall campaign."

"As a person who comes to work every day trying to understand the complexities of the threats against us, I resent being told that either I suspend the laws for heinous murderers like Khalid Shaikh Mohammed, or I am coddling terrorists," she said.

But Republicans in Congress said the speech was a shot in the arm, particularly by naming specific terrorists and plots.

"I don't think the White House has ever laid it out all in a row like that. There have been bits and pieces of information, but not in one hard-hitting speech," said Rep. Jack Kingston, Georgia Republican. "I think that speech could be the model people are looking for as to why we're at Guantanamo and the other things we're doing in the war on terror."

The speech was the third in a series in which the president has sought to bolster support for the war on terror.

He said yesterday that information gleaned from detainees included operational details such as training to set off explosives high enough in tall buildings so that survivors cannot escape via upper-floor windows. The president also said interrogations exposed the anthrax plot, prevented a terrorist attack on U.S. Marines at Camp Lemonier in Djibouti and thwarted a plot to fly hijacked airplanes into London's Heathrow Airport.

"Information from terrorists in CIA custody has played a role in the capture or questioning of nearly every senior al Qaeda member or associate detained by the U.S. and its allies since this program began," Mr. Bush said.

The conservative group Progress for America will announce today a "significant ad buy" to nationally broadcast a commercial titled "They Want to Kill Us," said a source familiar with the effort. The ad aims to highlight the continuing threat of terrorism and shore up public support for the war in Iraq.

3 Republican Senators Among Critics Of Military Tribunal Plan (USAT)

By Joan Biskupic And Andrea Stone

USA Today, September 7, 2006

WASHINGTON — President Bush's long-awaited plan for military commissions to try foreign terrorist suspects was criticized Wednesday by fellow Republicans who said the proposal, which omits many of the usual safeguards of a military trial, doesn't go far enough to protect prisoners.

“I do not think we can afford to again cut legal corners that will result in federal court rejection of our work product,” said Republican Sen. Lindsey Graham of South Carolina, who with fellow Republican Sens. John McCain of Arizona and John Warner of Virginia has been most critical of the president's position on tribunals.

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The three senators expressed optimism about a compromise. Warner, chairman of the Armed Services Committee, said he hoped to introduce a bipartisan bill soon and said Congress could pass a bill before members go home to campaign for the Nov. 7 election.

He and the others refused to provide details of their plan, but Graham made clear that among the "points of contention" was the White House proposal to bar a defendant from seeing all evidence against him. Graham and others expressed concern about setting precedents that could be used against captured U.S. troops.

Bush's plan would allow classified information to be shown to the jury but not the accused and would allow prosecutors to introduce hearsay evidence that traditionally is barred. Such evidence, under the Bush plan, would be allowed if it came from witnesses who were dead, imprisoned or otherwise unable to testify. As a result, the person on trial would not be able to sufficiently challenge the evidence against him. Some statements obtained "by coercion" could be used if a military judge found that they were reliable.

Human rights groups offered the harshest criticism. They said Bush's plan too closely mirrored the tribunal arrangement struck down by the Supreme Court on June 29.

"The draft may say it's modeled on the Uniform Code of Military Justice, but it's a pale imitation," said Deborah Pearlstein of Human Rights First.

Similar criticism came from Georgetown University law professor Neal Katyal, who represented Salim Ahmed Hamdan, a Yemeni national accused of being a driver for Osama bin Laden. His case led to the rejection of the original Bush plan for military tribunals.

Katyal said the administration was shunning fundamental rules used in World War II tribunals. "We've had a tradition that we don't kick criminals out of their trials," he said.

Others applauded the plan. Jay Sekulow of the conservative American Center for Law and Justice said the proposal will "protect the integrity of the process for all involved while at the same time protecting vital national security interests."

Bush's first plan for trying foreign terrorism suspects was announced two months after the 9/11 attacks. The high court said it lacked sufficient safeguards, in violation of the U.S. military code of justice and the Geneva Conventions.

Bush's new proposal tracks many of the procedures used in military trials and ensures a defendant's access to a lawyer. The plan would specify which war crimes could be heard by tribunals rather than allowing vague charges.

The plan stops short of matching the code cited heavily by the justices. Bush said allowing detainees to see classified information to be used against them could jeopardize national security. He said hearsay evidence should be allowed because some foreign nationals are too dangerous to be brought to the USA or Guantanamo Bay to testify.

Congress Pressed For Laws To Meet 'new Era' Threats (USAT)

By David Jackson

USA Today, September 7, 2006

WASHINGTON — President Bush disclosed the existence of secret CIA prisons for the first time Wednesday and said 14 al-Qaeda terror suspects had been moved from them to Guantanamo Bay, Cuba, to stand trial for the 9/11 attacks and other crimes.

Bush outlined plots he said had been broken up by CIA interrogations at the prisons, which he did not locate or describe in detail. He also called on Congress to pass legislation creating military tribunals for the transferred suspects and up to 455 other Guantanamo prisoners before leaving to campaign.

Bush said "a small number" of terror suspects with "unparalleled knowledge about terrorist networks and their plans" had been questioned and held by the CIA since Sept. 11, 2001. None remain in secret custody. Some were sent to their home countries or countries with legal claims against them.

Among those transferred Monday to the U.S. naval base at Guantanamo were Khalid Sheikh Mohammed, the alleged mastermind of 9/11; Ramzi Binalshibh, an alleged would-be 9/11 hijacker; and Abu Zubaydah, a top aide to al-Qaeda leader Osama bin Laden.

Lawmakers and human rights groups had criticized the administration for allegedly torturing terror suspects. Bush again denied any torture.

He said the CIA interrogations "helped us to take potential mass murderers off the streets before they were able to kill." Bush urged Congress "for the sake of our security" to act quickly and "update our laws to meet the threats of this new era."

Bush's request was a response to a Supreme Court ruling in June that the administration could not conduct military trials without Congress' approval and that interrogations should be subject to the Geneva Conventions, which set rules for humane treatment for prisoners of war.

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He said all suspects will now be questioned under rules in a new Army field manual. Bush asked Congress to set separate CIA interrogation rules in light of the high court decision.

House Majority Whip Roy Blunt, R-Mo., said Bush was “forceful and persuasive” and predicted Congress would act quickly. Republican critics of Bush's detention policy, led by Sens. John McCain of Arizona and Lindsey Graham of South Carolina, are pushing their own bill.

Rep. Jane Harman of California and other Democrats said new detention and interrogation guidelines must safeguard “our Constitution and our values.”

News reports about secret CIA prisons drew worldwide criticism, from European Union members to some in Congress. Elisa Massimino of Human Rights First said secret interrogations “invite cruel, inhuman and degrading treatment of suspects.”

Bush said the CIA program remains “crucial to getting life-saving information.” He said that it has been reviewed by federal lawyers and that lawmakers have been kept informed.

Bush's Plan Allows Coerced Evidence (LAT)

By Maura Reynolds, Richard B. Schmitt And David G. Savage

The Los Angeles Times, September 7, 2006

WASHINGTON — President Bush asked Congress Wednesday to approve a new system of military-style justice for terrorism suspects that would, for the first time, permit convictions in American courts based on the use of coerced evidence.

The Bush administration proposal also would permit war crimes convictions based on evidence that was never made available to the accused.

Bush said reliance on such controversial information at trial would be strictly limited, permitted only under a judge's ruling that it was relevant and credible, and that the use of coerced statements would stop short of allowing evidence obtained through torture.

"I want to be absolutely clear with our people, and the world: The United States does not torture. It's against our laws, and it's against our values," the president said, announcing that the new system would be used to prosecute the most notorious detainees in U.S. custody.

The administration's proposed rules resemble those imposed under an executive order that Bush issued shortly after the Sept. 11 attacks; it set up military commissions for terrorist suspects captured overseas, some of whom were sent to the U.S. detention facility in Guantanamo Bay, Cuba. The Supreme Court struck down that system in June, in part because it had not been approved by Congress.

Now Bush is going back to Congress seeking approval for his military commissions, with changes, two months before an election in which national security has taken center stage.

It is not clear whether the president's plan will gain traction on Capitol Hill, where lawmakers have been working for weeks on their own proposals for military commissions to try terrorist suspects.

Two of the leading authors of a nearly complete Senate bill, Armed Services Committee Chairman John W. Warner (R-Va.) and Sen. Lindsey Graham (R-S.C.), said their bill differs from the administration plan in key areas — including the use of classified and coerced evidence — but also said that differences may not be insurmountable.

"The goal for me is to take the committee bill and the administration bill and find middle ground so we can get commissions authorized in a way that will withstand judicial scrutiny, get congressional buy-in, and be a form we can be proud of as a nation to render justice to terrorists," Graham said.

Details of the Senate-drafted bill are expected to be released in the next two days, Warner said.

Democrats adopted a wait-and-see posture Wednesday, indicating they were more likely to support the Warner-Graham bill than the administration's plan. Sen. Carl Levin of Michigan, the committee's top Democrat, said he had "serious concerns" about the Bush bill.

Many Democrats described the policy outlined by Bush as a retreat for the administration. "This is a major reversal from past Bush administration policy, which held that no new law was needed. It is essentially a mea culpa, cloaked in rhetoric," said Sen. Dianne Feinstein (D-Calif.).

In the House, where Republican members largely have supported the administration's approach to detainees, Rep. Duncan Hunter (R-El Cajon), chairman of the Armed Services Committee, planned to convene a hearing on the administration's proposal today. The administration's proposed system would incorporate many procedures used for U.S. military personnel in court-martial proceedings — but with several major distinctions. It would allow hearsay evidence and confessions obtained through coercive interrogations, assuming a judge found the information to be probative and credible.

The rules would entitle the accused to public trials, access to lawyers and the right to be present during trial, raising the prospect of high-profile proceedings involving what the government has labeled some of the most ruthless terrorists in the world.

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The White House called on Congress to enact the legislation as a first step toward bringing to justice the likes of alleged Sept. 11 planner Khalid Shaikh Mohammed and 13 other terror suspects who had been held by the CIA in undisclosed prisons overseas.

Bush said in a surprise announcement Wednesday that the detainees had exhausted their value to intelligence authorities and had been transferred to Guantanamo Bay. But administration officials acknowledged that the timing of any trials would depend on what rules lawmakers embrace.

Senators have been working on legislation related to detainees since the Supreme Court ruled that the administration's proposal for military commissions was illegal.

Based on senators' descriptions, the working draft of their bill differs from the Bush proposal in a few key ways. It does not permit convictions based on evidence that the accused could not see, for instance.

Graham said that any system used on foreign detainees must be the same as U.S. officials would want to see for American personnel captured overseas.

"Whatever we do … could come back to haunt us," Graham said.

The administration's proposed system would create more than two dozen offenses, from murder and pillaging to lesser crimes such as conspiracy. A military officer would preside over the commission, which would include at least five members. The rules would require a two-thirds majority to convict. Defendants could face the death penalty.

The plan was criticized Wednesday by civilian defense lawyers and other legal experts.

"Today's plan is a radical scheme, designed to resurrect a system of martial law that literally America has never seen," said Neal K. Katyal, a professor at Georgetown Law Center in Washington, who argued the Hamdan vs. Rumsfeld case before the Supreme Court that resulted in the ruling against the military tribunals.

"Do Americans want their sons or daughters tried under these kinds of circumstances?" Katyal said.

The Supreme Court said the system invalidated in its June ruling fell short of meeting U.S. law and international standards. The court also held that U.S. personnel could be prosecuted if they subjected prisoners to inhumane or degrading treatment in violation of the Geneva Convention. Bush's legislation seeks to limit the exposure of U.S. personnel to such prosecutions by foreign courts.

Bush Says Detainees Will Be Tried (WP)

By R. Jeffrey Smith And Michael Fletcher

The Washington Post, September 7, 2006

President Bush yesterday announced the transfer of the last 14 suspected terrorists held by the CIA at secret foreign prisons to the military detention facility at Guantanamo Bay, Cuba, and said he wants to try them before U.S. military panels under proposed new rules he simultaneously sent to Congress.

Bush's statement during an impassioned East Room speech represented the first time he has confirmed the existence of the CIA program under which Khalid Sheik Mohammed, the self-proclaimed mastermind of the Sept. 11, 2001, attacks, and others have been secretly held and subjected to irregular interrogation methods.

The president's dramatic speech committed Washington to putting senior al-Qaeda members -- including some believed to be the architects of the attacks -- on trial in proceedings that may be at least partly open. Only one person, Zacarias Moussaoui, has been convicted of conspiring in the attacks, and he had little to do with the actual plot.

Standing before an audience that included family members of attack victims, Bush delivered remarks timed to stake out a new policy position before the November elections -- and also to pressure lawmakers to approve quickly the administration's version of legislation on detainee matters that have been hotly debated for years.

Bush largely defended his administration's controversial detainee policies. But he spoke on the same day that the Defense Department, under pressure from Congress and the Supreme Court, separately ruled out the military's future use of interrogation methods that officials have said were practiced on the CIA's detainees -- including the use of temperature extremes and waterboarding, which simulates drowning.

Together with the emptying of the secret CIA sites, the imposition of the new interrogation rules amounted to a policy shift for the White House. The administration has come under substantial foreign and judicial criticism for insisting on the right to hold detainees at will and to subject them to interrogations that international experts have repeatedly called abusive and illegal.

But Bush also said he wants the CIA in the future to have the authority to question terrorists under a program separate from the military's that would not be subject to the interrogation rules the administration put forward yesterday. Several human rights groups criticized this proposed exemption, even as they hailed the new rules.

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Retired Brig. Gen. Stephen N. Xenakis, an adviser to Physicians for Human Rights, said he is "proud to see the U.S. military adopt standards by which we would want our own soldiers to be treated, but it is profoundly disappointing that the President continues to insist on a parallel, clandestine interrogation system in absolute conflict with our laws and values."

Other aspects of the new administration policy provoked immediate controversy. The 86-page draft law on the new military courts, called "commissions," that Bush sent to Capitol Hill would allow defendants to be prosecuted with evidence they are not permitted to see, as well as evidence obtained through coercive interrogations that fall short of torture.

Human rights experts and uniformed military lawyers have criticized both provisions, arguing that they set a dangerous precedent for foreign trials of captured U.S. military personnel. Three influential Republican senators -- John W. Warner (Va.), John McCain (Ariz.), and Lindsey O. Graham (S.C.) -- have drafted competing legislation that gives defendants access to the evidence against them and provides other rights that Bush opposes.

But Bush's push yesterday produced political gains among other Republicans. Senate Majority Leader Bill Frist (R-Tenn.), who earlier said he was considering bringing the bill drafted by his colleagues to the floor next week, shifted ground yesterday and said he will instead soon bring the administration's version to the floor.

In his speech, Bush endorsed controversial legislation that would exempt U.S. officials and CIA officers from prosecution for some past detainee abuse. He called "unacceptable" provisions in a 10-year-old U.S. law on war crimes that subjects officials to possible prosecution for humiliating or degrading detainees.

In some cases, Bush said, "it has been necessary to move . . . individuals to an environment where they can be held secretly, questioned by experts and when appropriate, prosecuted for terrorist acts." He did not say where the secret prisons were located, but said they were "outside the United States."

The Washington Post has withheld the names of several Eastern Europe countries involved in the effort since it first reported last November that secret prisons were established in eight nations, a disclosure that was heavily criticized at the time by Republican lawmakers.

Bush confirmed that among those held at these sites were Abu Zubaida, an associate of Osama bin Laden who allegedly helped train the Sept. 11 hijackers; Mohammed, the accused mastermind of the attacks; and an alleged high-level accomplice, Ramzi Binalshibh.

Bush said the CIA had used an "alternative set of procedures" to question the men because they were trained to resist interrogations, and that these procedures -- which he did not detail -- had borne fruit.

About 100 detainees have been held at the secret prisons at various times, many of whom were transferred months ago to Guantanamo Bay or their native countries, a senior U.S. official said yesterday. Bush said none remains after the "current transfers."

Sources have said that besides waterboarding and temperature extremes, the techniques included the repeated use of sleep deprivation and restricted diets beyond what is authorized under military rules. They also have said that -- contrary to international agreements governing prisoners in wartime -- the CIA's detainees were not allowed contact with representatives of the International Committee of the Red Cross.

At Guantanamo Bay, officials said, the 14 suspects will be allowed regular visits from the Red Cross, provided lawyers when they are charged and receive the same medical care afforded the U.S. military personnel guarding them.

Bush said that "by giving us information about terrorist plans we could not get anywhere else, this program has saved lives."

But an hour before Bush spoke, two senior military officers gave a different account of the efficacy of using such rough interrogation methods. Lt. Gen. John F. Kimmons, Army deputy chief of staff for intelligence, said in briefing reporters at the Pentagon on the military's new interrogation rules that "no good intelligence is going to come from abusive practices. I think the empirical evidence of the last five years, hard years, tell us that."

Deputy Assistant Secretary of Defense Charles "Cully" Stimson said interrogators "tell you that the intelligence they get from detainees is best derived through a period of rapport-building, long-term."

Administration officials did not acknowledge any political calculation in yesterday's surprising announcement, saying that it was prompted by the need to bring the terrorism suspects to justice and by the reality that they have lost value as sources because they have been detained for so long. They also said Supreme Court's June decision in Hamdan v. Rumsfeld, which put the detainees under the protections of the Geneva Conventions, forced their hand.

"There are two reasons why I'm making these limited disclosures today," Bush said. "First, we have largely completed our questioning of the men -- and to start the process for bringing them to trial, we must bring them into the open. Second, the Supreme Court's recent decision has impaired our ability to prosecute terrorists through military commissions, and has put in question the future of the CIA program."

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A senior administration official said that Secretary of State Condoleezza Rice, recognizing pressure from European allies, was among those pushing for the administration to acknowledge the CIA program and to put it on sustainable legal footing.

"The program was extremely beneficial. But as time passed, the costs became more and more apparent," the official said on the condition of anonymity because of sensitivities about internal deliberations. "We concluded that the program needs to continue, but in a different way that was sustainable."

The year-long effort often pitted Rice and two of her closest aides -- legal adviser John B. Bellinger III and counselor Philip D. Zelikow, against Vice President Cheney and his chief of staff, David Addington, according to officials close to the process.

Bush, who was hearing complaints from foreign leaders, pressed for options that would allow him to make a decision. The CIA supported the effort because its officials have worried about being accused of making detainees permanently disappear.

Leading Democrats reacted cautiously to Bush's speech, saying that they have always been in favor of trying terrorism suspects. Senate Minority Leader Harry M. Reid (D-Nev.) called the decision to prosecute the alleged masterminds of the Sept. 11 attacks "long overdue" and said he backs an effort by Senate lawmakers to write the rules for the trials.

Secret World Of Detainees Grows More Public (WP)

By Dan Eggen And Dafna Linzer

The Washington Post, September 7, 2006

The secret interrogation of senior al-Qaeda aide Abu Zubaida provided U.S. authorities with the clues they needed to capture the alleged mastermind of the Sept. 11, 2001, attacks and other key terrorism suspects around the world, according to new accounts provided yesterday by President Bush and administration officials.

In announcing the transfer of Zubaida and 13 other "high value" terrorism suspects to the U.S. military prison at Guantanamo Bay, Cuba, Bush disclosed new details about some of the detainees subjected to what he called "tough" interrogation methods, which human rights advocates have condemned as torture. Bush defended an "alternative set of procedures" for interrogations that he said offered critical information about links between suspected terrorists and helped thwart eight plots aimed at killing Americans.

The group of suspects is an apparent who's who of al-Qaeda and its affiliates, including alleged Sept. 11 mastermind Khalid Sheik Mohammed and the Indonesian extremist leader known as Hambali, who is blamed for bombings in Bali and the Philippines. Officials said the group also includes those suspected in the bombing of the USS Cole in Yemen in 2000 and the bombings of U.S. embassies in Kenya and Tanzania in 1998.

"These are dangerous men with unparalleled knowledge about terrorist networks and their plans for new attacks," Bush said.

Bush asserted that information provided by some of the 14 detainees not only helped with the capture of others, but led to the unraveling of an al-Qaeda effort to manufacture anthrax spores; a plot to attack Marines at a base in Djibouti with an explosives-laden water tanker; a plan to attack the U.S. consulate in Karachi, Pakistan, with car and motorcycle bombs; and a plan to fly passenger jets into Heathrow Airport or Canary Wharf in London.

Bush called the interrogations by specially trained CIA officers "safe and lawful and necessary" and said the information gleaned from the detainees had allowed the CIA to "make sense" of seized documents and computer records, to identify voices on tape recordings of intercepted telephone calls, and to interpret what terrorist suspects had said to one another. He said the information was corroborated by other sources, but he did not give details about those sources.

"It's the rogue's gallery of al-Qaeda, the crown jewels of who we have," said Bruce Hoffman, a terrorism expert and Georgetown University professor. "But in attempting to resolve their status, the last thing you want is to give any impression that it's going to be a kangaroo court."

Intelligence officials said the suspects were transferred in secret over the past several days. But the prisons in which they were held, while now empty, are not closed, and officials said CIA staff members are continuing to maintain a presence at the facilities.

The public confirmation of the 14 men completes a list of all known detainees in U.S. custody, following the disclosure in May of others being held at Guantanamo Bay.

Overall, nearly 100 detainees had been held in the secret CIA prisons, officials said. Most were either transferred to jails in other countries, where they could be interrogated and held without trial, or set free, intelligence officials said.

In a series of "biographies" and other documents released by the director of national intelligence (DNI) yesterday, authorities provided startling new details about the CIA prison program, which had been wrapped in secrecy. At the same time, the information was carefully edited and included little if any information on how the detainees were arrested, how information was gathered and assessed, and where the prisoners were held or moved.

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The 14 detainees can be roughly divided into two groups: those allegedly associated with al-Qaeda and the Sept. 11 attacks, and those suspected of having ties to Hambali and Jemaah Islamiyah, a Southeast Asian extremist group linked to al-Qaeda.

The alleged Sept. 11 conspirators in the group include Mohammed, Zubaida, lead operative Ramzi Binalshibh and financier Mustafa Ahmad Hawsawi. The list also includes Majid Khan, a Pakistani national who worked at a family gas station in Baltimore and allegedly was selected by Mohammed to blow up gas stations and participate in other plots in the United States.

The DNI documents portray the capture and intermittent interrogations of Zubaida as crucial to unraveling much of what the government knows about the Sept. 11 attacks and the internal operations of al-Qaeda. But some of the portrayal appears to be at odds with other published reports, and intelligence sources indicated yesterday that Zubaida's case is more complicated than the administration let on.

Zubaida "was wounded in the capture operation" in Pakistan in March 2002, and "likely would have died" if the CIA had not provided medical attention, according to the documents. During an initial interrogation, he provided information "that he probably viewed as nominal," but which included identifying Mohammed as the Sept. 11 mastermind who used the nickname "Mukhtar," the documents say. The information "opened up new leads" that eventually resulted in Mohammed's capture, the documents say.

But in his recent book, "The One Percent Doctrine," Ron Suskind reported that a tipster led the CIA directly to Mohammed and subsequently collected a $25 million reward. Intelligence sources said yesterday that Suskind's description is correct but that Zubaida's information was also helpful.

What the DNI documents also do not mention is that the CIA had identified Mohammed's nickname in August 2001, according to the Sept. 11 commission report. The commission found that the agency failed to connect the information with previous intelligence identifying Mukhtar as an al-Qaeda associate plotting terrorist attacks, and identified that failure as one of the crucial missed opportunities before Sept. 11.

When Zubaida refused to provide further information, the CIA designed a new interrogation program that would be "safe, effective and legal," the DNI documents say, leading to "accurate and highly actionable intelligence" that led to the capture of Binalshibh.

The DNI document outlines Mohammed's alleged role in launching a series of other plots before his capture in Rawalapindi, Pakistan, in March 2003. One involved having South Asian terrorists associated with Jemaah Islamiyah hijack an airliner over the Pacific and crash it into a West Coast skyscraper. Another was to use Pakistanis in early 2003 to smuggle explosives into New York City and hit gas stations, railroad tracks and a bridge.

Mark Lowenthal, who was a senior adviser to then-CIA Director George J. Tenet when the detention program began, said there was little thought about what would happen to the group being held in the secret prisons.

"The main concern was that these people needed to be off the street, and I don't think people thought beyond that initially," he said. "What do you do afterward and how long do you hold them for? We don't try prisoners of war. We try war criminals, and we do that at the end of a war. This one doesn't look like it's ending so fast."

Other CIA veterans who would discuss the matter only on the condition of anonymity said they thought trials were inevitable. "The question was when," said one former official. "How long are they valuable for? One year, two or three or more? It's hard to say."

Gonzales Emerges As President's Point Man (HC)

By Patty Reinert

Houston Chronicle, September 7, 2006

As attorney general, he must defend Bush and the Constitution

WASHINGTON — When Alberto Gonzales was White House counsel, he was a behind-the-scenes player who chatted often with his only client, George W. Bush.

Now that Gonzales is the U.S. attorney general, the Houstonian finds himself standing in the spotlight for the president on his controversial policies in the war on terror.

Whether the issue is defending Bush's military tribunals, which the Supreme Court says violate U.S. law and international treaties, or the president's authorization of warrantless eavesdropping on Americans' telephone and e-mail conversations, Gonzales has emerged as the administration's point man. That role has put him in the cross-hairs of Democrats and his fellow Republicans alike.

"I think what's important for Congress to understand is that we need to have procedures (for) fair proceedings but ones that (also) reflect the reality that we are still at war," Gonzales said in an interview this week with the Houston Chronicle. "They need to allow us to bring terrorists to justice in a way that we don't have to compromise sensitive information or classified information."

Gonzales spent hours talking with reporters about Bush's latest proposal for trying foreign terror suspects held at Guantanamo Bay. On Wednesday, he emerged from a Cabinet meeting at the White House and stood next to the president as Bush urged Congress to get on board.

Congress has own planBut across town on Capitol Hill, Republican lawmakers were already circulating their own plan for overhauling the tribunal system, revealing several major sticking points with the White House and Gonzales' Justice Department.

Gonzales insists that terror suspects should be prohibited from seeing some of the evidence against them, and that hearsay testimony and evidence gathered through coercive interrogations should be admissible at trial. Key lawmakers disagree and say that the administration's approach would never pass Supreme Court muster.

Despite negotiations during Congress' August recess, not much appears to have changed since Gonzales' appearance before the Senate Armed Services Committee in August, which featured a dramatic showdown between the attorney general and Sen. John McCain, R-Ariz., a Vietnam-era prisoner of war and torture survivor.

McCain asked: Should military courts trying terror suspects be allowed to consider evidence gleaned during illegal, inhumane interrogations?

The pause was long; the silence uncomfortable. Gonzales sighed deeply before answering.

Such evidence — though it was obtained by violating the 1949 Geneva Conventions — should be allowed, he said, so long as a U.S. military judge deemed it reliable.

McCain gritted his teeth and snarled: "Well, I think that if you practice illegal, inhumane treatment and allow that to be admissible in court, that would be a radical departure from any practice that this nation ... "

Gonzales said in the interview that he views McCain as a hero. "He's sacrificed a lot for our country," Gonzales said, "and I think his views as we develop this policy are ones that should be seriously considered."

Gonzales said disagreements are inevitable as the administration and lawmakers hash out such complicated issues.

The attorney general also has drawn the wrath of Senate Judiciary Chairman Arlen Specter, R-Pa., and Sen. Patrick Leahy of Vermont, the top Democrat on that committee, who took turns dressing down the attorney general at one hearing. They complained that Gonzales had repeatedly refused to testify before the committee overseeing his work, instead sending a parade of Justice Department underlings to Capitol Hill who were authorized to tell lawmakers virtually nothing.

Once Gonzales finally decided to grace the committee with his presence, Specter said, he flouted the panel's rules by turning in his opening statement too late for anyone to review it before the hearing. After berating Gonzales for several minutes and threatening to deep-six his opening remarks, Specter relented.

After calmly reading his prepared statement, Gonzales spent the hearing, as usual, smiling and politely responding to the senators' questions while closely guarding the information they were seeking.

Gonzales said lawmakers may get frustrated, but he is barred from giving more complete answers to some questions because the information is classified.

Pummeling in the pressGonzales also is taking a beating in the national press. The New York Times editorial page has accused him of going to the Hill to "stonewall, obfuscate and spin fairy tales." Ruth Marcus, a liberal columnist for the Washington Post, recently delivered what, coming from her, was intended as the ultimate insult: "Alberto Gonzales is achieving something remarkable, even miraculous, as attorney general," she wrote. "He is making John Ashcroft look good."

"My wife reads a lot of it," Gonzales said. "I don't."

"It's a tough job, and you're going to make some tough decisions that are going to please some people, not please other people. You've got to do what you think is the right thing to do."

Gonzales said his role in developing the administration's terrorism policies is essentially to provide legal advice.

"I also, as a member of the president's Cabinet, do have a role in providing my own views about what is appropriate policy," he said. "At the end of the day, however, the president decides what is the policy of the administration."

'Being brutally frank'Still, Gonzales said he views his close relationship with Bush as a positive thing that allows him to speak his mind.

"When you communicate, you end up, honestly, sometimes being brutally frank," he said. "Lawyers appreciate being able to do that with their client, no matter if they are attorney general or a first-year associate at some firm."

But in his previous job as White House counsel and now, as attorney general, Gonzales said, "my No. 1 allegiance is to the Constitution."

"I think people need to understand that as attorney general, I wear two hats. I wear the hat as a member of the president's team. My job is to further his agenda, to further his policy objectives," he said. "But I'm also the chief law enforcement officer of the country and I understand very clearly where those lines diverge. And I take my obligations as the nation's chief law enforcement officer, very, very seriously."

As for Bush, Gonzales said, "He's very, very respectful about my role as attorney general."

Officials Relieved Secret Is Shared (WP)

By Dana Priest

The Washington Post, September 7, 2006

Employees at CIA headquarters stood transfixed at television sets yesterday in a moment one senior official called "electric" as President Bush told the nation about the agency's covert prison system -- a program once considered so secret that even Bush did not know the details.

"I know it's going to make a lot of people sleep well at night," one counterterrorism officer said of the disclosure. The feeling of relief by the very people carrying out the program was a striking indication of how deeply attitudes have changed within the government about the administration's unorthodox counterterrorism tactics and the need to shroud them in secrecy.

"Finally the burden of this program will not rest only on the shoulders of the CIA," said James Pavitt, who headed CIA covert operations when the program was put in place, with White House approval, after Sept. 11, 2001. "This was a tough world and we were asked to do some tough things," he said, adding that such efforts were always within the law.

Although it was a recent Supreme Court ruling that forced the program into legal limbo and probably pushed the president into going public, the administration had begun debating whether to suspend the CIA's so-called black sites at least a year ago. European allies as well as senior officials at the State and Justice departments and the CIA, along with a handful of lawmakers, lobbied to abandon the program for something more transparent and with more legal protections of detainees.

In the past year, the CIA has studied more closely the effectiveness of harsh interrogation techniques that it and other agencies have used and concluded that some of those were worth discarding. CIA officials have eliminated some of those techniques and, within the past two months, have begun to consult for the first time with the full Senate and House intelligence committees about creating a new list of techniques.

But the rules for a new CIA prison system are still unsettled.

"Although there is no one in CIA custody today, it's our intent that the CIA detention program continue," said a senior intelligence official. "It's simply been too valuable in the war on terrorism to not allow it to move forward."

The idea, said several administration officials, is to get Congress's political buy-in to a program that is fraught with some of the most difficult questions facing the government: how a country steeped in the rule of law should treat suspected terrorists it believes have valuable information.

When it set up the program, the CIA -- at the urging of Vice President Cheney and a White House general counsel's office with an unconventional view of what constituted torture -- asserted that it needed to hide prisoners in secret locations around the world and to harshly interrogate them to extract time-sensitive information about possible terrorists attacks.

Government professionals worried about the program's effectiveness and legality. As controversy spread within Congress and around the world through media reports, some argued that the program was becoming counterproductive.

Some CIA employees refused to sit in meetings where the prisons or interrogation methods were being discussed. Others consulted lawyers.

"This program has been the subject of so much controversy and suspicion and resentment against the U.S. that on balance, it is probably desirable" to disclose and discontinue it "and get it behind us," said Paul Pillar, a former CIA officer and now a Georgetown University professor.

Administration officials said yesterday that the need for secret CIA prisons continues, but that they will seek legislation immunizing CIA employees from prosecution for anything they may have been asked to do that might now be considered illegal. At the same time, the administration will ask the intelligence committees to give it guidance to draw up a separate, shorter list of harsh techniques it might still employee under certain circumstances.

The point, said one senior official, "is to make the program more durable" and not "subject to the pendulum swings" of Congress or the president. Several officials interviewed requested anonymity because they were not authorized to speak about the program. Others were permitted by the administration to talk to reporters but not to disclose their identities.

Part of the largest CIA covert action program since the height of the Cold War, the prison system grew to include eight countries, including several in Eastern European democracies, according to current and former intelligence officials. A senior intelligence official said yesterday that the system held nearly 100 people over the life of the program, but no more than a couple of dozen at any one time.

The prisons were made legal under U.S. law with a presidential finding allowing the agency to set them up. But they were illegal in the democratic countries in which they operated. Only a small handful of foreign intelligence officials -- and usually one or two top political leaders -- ever knew of their existence. Only CIA personnel were allowed on the sites, one of which was located on a Soviet-era compound in Eastern Europe. Others were once located in Thailand and Afghanistan.

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A written defense of the program issued by the administration yesterday said it would be "practically impossible" to act quickly on "information from one detainee in the questioning of another" if they were all in the custody of different foreign governments. But the statement did not explain why that couldn't also have been accomplished if the detainees had been held together at Guantanamo Bay.

Prisoners were subjected to harsh interrogation techniques including feigned drowning, extreme isolation, slapping, sleep deprivation, reduced food intake, and light and sound bombardment -- sometimes in combination with each other. Human rights groups and many international legal experts have said these techniques amount to torture. The administration insists, as Bush did again yesterday, that it has never authorized or used torture.

Secret prisons became a particularly sensitive issue in Europe after The Washington Post reported on their existence in Eastern Europe in November. The European Parliament and Council of Europe both have ongoing investigations, and virtually all governments there have been forced to address the matter. Some have made thorough attempts to make sure their intelligence services never engaged in such cooperation; others have not.

European cooperation on counterterrorism is among the most productive relationships the CIA has and has resulted in the detainment of many top terrorists. European officials, too, though, have expressed deep concern that a system dependent upon such secrecy was not sustainable.

"We obviously welcome the news that they'll be closed," said one British official. "We welcome any news that ensures detainees are treated under the Geneva Conventions."

CIA Director Michael V. Hayden, who favored the administration's stance and pushed for a revision of existing policy, alerted employees about Bush's White House statement moments before it aired. Hayden advised that they watch and assured them he was working to protect the employees who handled terrorists.

"The mood? It's good," offered one intelligence officer.

Detainee Decision Greeted Skeptically (WP)

By Kevin Sullivan

The Washington Post, September 7, 2006

LONDON, Sept. 6 -- President Bush's decision to transfer 14 suspected terrorists to a U.S. military prison at Guantanamo Bay, Cuba, from secret CIA detention centers was greeted Wednesday with skepticism among human rights advocates and some lawmakers in Europe.

"By his admission that the CIA has indeed practiced illegal kidnapping and detention, Bush exposes not only his own previous lies," said Sarah Ludford, a British member of the European Parliament and vice chairman of a parliamentary inquiry into the CIA's clandestine prison program in Europe. "He also exposes to ridicule those arrogant government leaders in Europe who dismissed as unfounded our fears about 'extraordinary rendition,' " the international transfer of suspects without judicial recourse.

Disclosure by The Washington Post last year that the CIA operated secret prisons in East European countries generated widespread outrage here. No European leader has acknowledged hosting any of the facilities. The Post withheld the names of European countries where the prisons were located at the request of U.S. officials.

A European investigator concluded in June that there were "serious indications" that Poland and Romania had hosted prisons. Officials in those countries strongly denied the assertion.

The investigator, from Europe's human rights watchdog agency, the Council of Europe, also concluded that at least seven other European nations -- Sweden, Italy, Britain, Turkey, Germany, Bosnia and Macedonia --"could be held responsible for violations of the rights of specific individuals" who were handed over to the CIA or captured by U.S. operatives in those countries. None has acknowledged such activities.

In an interview, Ludford said her commission concluded in an interim report in July that it was "highly implausible" that European leaders didn't know about or permit CIA secret jails and activity in their countries. She said there had been, at U.S. request, a "pact of silence" among European leaders to deny the existence of the program.

"Bush has now left the Europeans high and dry," Ludford said. British Prime Minister Tony Blair, she said, "can be as loyal as he likes to George Bush, but George Bush, when it suits him, will turn around and pull the rug out from under his feet."

Liz Lynne, another European Parliament member, on Wednesday called for an official European Union protest of Bush's proposal to try suspected terrorists before what she called illegal military tribunals at Guantanamo, Britain's Press Association reported.

"George Bush is steamrollering his way over even his own judicial system. It is essential that the E.U. steps up its efforts to put an end to this terrible abuse of human rights," Lynne said, the news service reported.

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European officials and rights activists have also said European governments have allowed the CIA to use their airspace and airports to carry suspects to and from the secret jails. A European Parliament investigation in April concluded that the CIA had operated more than 1,000 flights through European airspace since 2001, but it was unclear how many flights carried terrorism suspects. Amnesty International has also accused the British government of allowing several such flights, despite a denial last year from then-Foreign Secretary Jack Straw.

"After years of allegations come shocking admissions of guilt by the U.S. president as to the existence of secret prisons outside the rule of law," Shami Chakrabarti, director of the Britain-based human rights group Liberty, said in a statement Wednesday. "How long until he confesses to secret torture flights and what then will our prime minister say about British complicity?"

In Washington, Larry Cox, executive director of Amnesty International USA, praised Bush's decision to bring the suspects out of secret prisons as "an important step."

"At the same time, we are appalled that the Bush administration will further undermine its moral leadership by brazenly continuing to hold prisoners in secret sites in violation of international law," he said in a statement, referring to Bush's decision not to permanently shutter the CIA prison program.

Cox, in a telephone interview, said it was "almost impossible to overstate" the damage the secret prison program has done to the United States' "reputation and moral authority" around the world.

"This will not by itself restore our reputation as a country that respects international law," he said, adding that several people held in the secret prisons have later been proved not guilty.

Ludford, the European Parliament member, said she wanted terrorists put in prison but said authorities had "screwed up the possibility of a proper criminal trial."

Terror Suspects Still At Large (LAT)

By Josh Meyer

The Los Angeles Times, September 7, 2006

WASHINGTON — Al Qaeda detainees have helped the CIA identify at least 86 individuals that the terror organization "deemed suitable" for attacks in the United States or Europe, but more than half of them remain at large, according to documents released Wednesday by the Bush administration.

That was just one of many disclosures contained in a raft of formerly classified documents released by the White House to accompany President Bush's announcement that he was transferring 14 high-value Al Qaeda detainees from CIA custody to the prison facility in Guantanamo Bay, Cuba, to face trial.

Taken together, Bush's speech, documents released by the director of national intelligence and briefings by administration officials provided a sweeping overview of a CIA program that had been one of the government's most carefully guarded secrets. They also provided some unsettling details about Al Qaeda's sophisticated operation and its plots against the United States and its allies overseas.

In his speech, Bush described a cascading effect in which the capture of key prisoners led to the identification and capture of other terrorism suspects.

In particular, he said senior Al Qaeda operative Abu Zubeida identified one of the key accomplices in the Sept. 11 attacks, Ramzi Binalshibh, and provided information that led to his capture.

In turn, information from 9/11 mastermind Khalid Shaikh Mohammed led to other terrorist suspects, including affiliates of the Jemaah Islamiah organization in Southeast Asia. And some of them ultimately named Hambali, the head of Jemaah Islamiah who also acted as Al Qaeda's top coordinator in that region.

When confronted with the news that 17 of his operatives had been captured, Hambali acknowledged that the men were being groomed at Mohammed's request for more attacks inside the United States, probably using airplanes.

During questioning, Mohammed also provided many details of other plots to kill Americans.

For example, he described the design of planned attacks on buildings inside the United States, and how operatives were directed to carry them out.

"He told us the operatives had been instructed to ensure that the explosives went off at a point that was high enough to prevent the people trapped above from escaping out the windows," Bush said.

Terrorist suspects held in CIA custody have provided information that helped stop a planned strike on U.S. Marines at Camp Lemonier in Djibouti, on the Horn of Africa. The operatives, Bush said, were going to use an explosive-laden water tanker.

Most of the details of these plots did not make it into the president's 37-minute speech at the White House, but they were eye-opening just the same.

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The detainees also provided details about Al Qaeda's specially trained travel facilitators and forgers, whose role was to crank out falsified documents to aid operatives on their terrorist missions around the world.

Some of them spent most of their time — and a lot of Al Qaeda's money — trying to help get operatives into the United States for attacks under the direct supervision of Mohammed.

One of them was a relative of Mohammed known as Ammar al-Baluchi, who has been accused of delivering funds to the Sept. 11 hijackers. What hadn't been disclosed was that Al-Baluchi went so far as to marry an Al Qaeda operative named Aafia Siddiqui and send her to the United States to help one of Al Qaeda's soldiers slip into the country.

Siddiqui, a U.S.-educated neuroscientist, remains on the loose and is one of the FBI's most wanted suspected terrorists. But her connections to Al Qaeda, and especially to Mohammed and the terror network's inner circle, had never been disclosed.

The administration also released details about the man that Siddiqui allegedly helped infiltrate the United States in preparation for attack, Majid Khan. Khan had links to top Al Qaeda operatives, including Mohammed, who assigned him to conduct research on poisoning U.S. water reservoirs. The Pakistani national, also known as Yusif, attended high school in Baltimore in the late 1990s.

Additional information about the 14 CIA detainees was released Wednesday, including:

· Abu Faraj Libbi, a Libyan, was the former No. 3 leader of Al Qaeda and the most wanted man in Pakistan. He allegedly masterminded two attempts to assassinate Pakistani President Pervez Musharraf. But as Al Qaeda's "general manager" he also was heavily involved in financially supporting not only Al Qaeda operatives but their families as well.

· Abu Zubeida, a Palestinian raised in Saudi Arabia, was believed to be a link between Osama bin Laden and many Al Qaeda cells around the world. But he also was believed to be organizing an attack on Israel at the time of his capture in 2002, using at least $50,000 from donors in Saudi Arabia. And in November 2001, Zubeida helped smuggle Abu Musab Zarqawi, the now-deceased leader of Al Qaeda in Iraq, and some 70 other Arab fighters out of Afghanistan and into Iran.

· Walid bin Attash, better known as Khallad, was an alleged Al Qaeda operative accused of serving as a bodyguard for Osama bin Laden and as a mastermind of the U.S. destroyer Cole bombing. But he also played an important role after Sept. 11, helping prepare Al Qaeda's defenses around Tora Bora. After that, he fled to Pakistan and served as a communications link between Al Qaeda's senior leadership and its network in Saudi Arabia. He also assisted in the movement of operatives between South and Southeast Asia and the Arabian Peninsula.

· Abd al Rahim al Nashiri was known as a suspected mastermind of the Cole bombing. But he was also said to be getting funding together for other Al Qaeda attacks. Among them: a plot to crash a small plane into the bridge of a Western navy vessel in Port Rashid, United Arab Emirates; a car bomb attack against a Saudi military installation aimed at killing U.S. personnel; attacks on oil tankers in the Strait of Gibraltar and Western warships passing through the Port of Dubai; and other attacks on land-based targets in Morocco and Qatar.

· Gouled Hassan Dourad allegedly headed a Mogadishu-based network for Al Qaeda fighters in Somalia. He allegedly cased a U.S. military base in Djibouti for possible attack and helped create a haven for Al Qaeda in Somalia, including locating safehouses and procuring weapons. He also was privy to many previously undisclosed Al Qaeda plots in Africa, including shooting down an Ethiopian jetliner landing at a Somalia airport in 2003 and kidnapping Western workers as a way of raising money.

· Mohd Farik Bin Amin, a Malaysian best known as Zubair, was one of two Jemaah Islamiah members chosen to be suicide operatives in an Al Qaeda attack on a Los Angeles skyscraper. The other was a Malaysian known as Mohammed Nazir bin Lep. The thwarted attack has been reported, but no names had been attached to it.

*

(INFOBOX BELOW)

Facing trial

Among the high-value terrorism suspects transferred from CIA custody to Guantanamo Bay naval base in Cuba are these 11 men:

Ali Abdul Aziz Ali

Age 29, born in Baluchistan and raised in Kuwait. Pakistan-based, Al Qaeda-affiliated nephew of presumed Sept. 11 mastermind Khalid Shaikh Mohammed, for whom he allegedly served as a key lieutenant in the plot. Cousin of Ramzi Ahmed Yousef, his chief mentor, who is in prison for his role in the 1993 World Trade Center bombing.

Ahmed Khalfan Ghailani

Born about 1974 in Tanzania.

Al Qaeda document forger and travel facilitator. Indicted for his alleged role in the 1998 U.S. Embassy bombings in East Africa. After moving to Afghanistan, became a cook for Osama bin Laden before moving to a forgery office in Kandahar.

Mustafa Ahmed al-Hawsawi

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The Saudi is believed to be one of two key financial facilitators entrusted by Khalid Shaikh Mohammed to manage funding for the hijackings. Reports suggest direct ties to several of the hijackers and to other operatives. Worked in the Al Qaeda media center in Afghanistan from 2000 until he left for the United Arab Emirates in 2001. Hid in Pakistan until his capture in 2003.

Lillie

Malaysian-born key lieutenant for Hambali, the jailed operative from Jemaah Islamiah, an Al Qaeda-linked group in Southeast Asia. Allegedly facilitated the transfer of Al Qaeda funds used for the JW Marriott hotel bombing in Jakarta, Indonesia, in 2003. Was said to be particularly interested in the ideas of martyrdom and slated to be a suicide operative for an

Al Qaeda "second wave" attack targeting Los Angeles.

Majid Khan

Before his 2003 capture, the Pakistani national was an Al Qaeda operative with U.S. connections. Moved with his family to Baltimore in 1996, becoming involved in local Islamic organizations before returning to Pakistan in 2002. His uncle and cousin, both suspected Al Qaeda operatives, introduced him to Khalid Shaikh Mohammed, who was impressed with Khan's English skills and knowledge of the United States and selected him as an operative for a possible attack in the U.S. Khan allegedly researched poisoning U.S. reservoirs and was considered for an operation to kill Pakistani President Pervez Musharraf.

Abd al Rahim al Nashiri

Born in 1965, Saudi national of Yemeni descent. Was Al Qaeda's operations chief in the Arabian Peninsula until his capture in 2002. Led cells in Qatar, Saudi Arabia, the United Arab Emirates and Yemen. Convicted by a Yemeni court of being the mastermind and local manager of the 2000 bombing of the U.S. destroyer Cole off Yemen.

Abu Faraj Libbi

Libyan paramilitary commander took on more direct operational responsibilities after the arrest in 2003 of Khalid Shaikh Mohammed. Was the organization's general manager, subordinate only to Bin Laden and Ayman Zawahiri, beginning in mid-2003. Was a conduit for communications between Al Qaeda managers and Bin Laden from August 2003 until his capture in 2005.

Abu Zubeida

Palestinian raised in Saudi Arabia. Was a leading extremist facilitator who operated in the Afghanistan-Pakistan region from the mid-1990s. Recruited by Bin Laden to be one of Al Qaeda's senior travel facilitators. Three of the Sept. 11 hijackers received basic training at Al Qaeda's Khaldan camp in Afghanistan, which Abu Zubeida oversaw. Established a document forgery network in Pakistan that supported Al Qaeda and other extremist groups.

Zubair

Malaysian member of Jemaah Islamiah served directly under Hambali, suspected of assisting in planning attacks until his capture in 2003. Was allegedly tapped in November 2001 to be a suicide operative for an Al Qaeda attack targeting Los Angeles. Said to have played a role in transferring funds used to finance terrorist attacks in Southeast Asia from Khalid Shaikh Mohammed to Hambali.

Walid bin Attash

Yemeni born and raised in Saudi Arabia. Was a key Al Qaeda operative from 1998 until his capture in 2003. The 27-year-old is the scion of a reputedly prominent terrorist family: His father was close to Bin Laden, and several brothers who went to Afghanistan to train and fight in the 1990s. After training at a number of camps in the mid-1990s, he alternated between serving as a bodyguard for Bin Laden and participating in combat against the Northern Alliance in Afghanistan. Was reportedly chosen by Bin Laden to become a hijacker in the Sept. 11 attack, but was arrested in Yemen in April 2001 while trying to obtain a U.S. visa. After his brief imprisonment, helped Bin Laden select additional hijackers and supervised training at a terrorist camp in Afghanistan.

Gouled Hassan Dourad

Born in Somalia in 1974. Was head of a Mogadishu-based facilitation network that allegedly supported Al Qaeda members in Somalia. His responsibilities are said to have included locating safe houses, helping transfer funds and procuring weapons, explosives and other supplies. Was allegedly privy to several terrorist plots under consideration by his Somalia cell, including shooting down an Ethiopian jetliner landing in Somalia in 2003.

Source: The White House

A Sudden Sense Of Urgency (NYT)

The New York Times, September 7, 2006

Two months before a Congressional election in which voters are expressing serious doubts about the Republicans' handling of national security, President Bush finally has some real terrorists in Guantánamo Bay.

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Mr. Bush admitted yesterday that the Central Intelligence Agency has been secretly holding prisoners and said he was transferring 14 to Guantánamo Bay, including some believed to have been behind the 9/11 attacks. He said he was informing the Red Cross about the prisoners, placing them under the Geneva Conventions, and asking that Congress — right now — create military tribunals to try them.

Those are just the right steps. If Guantánamo Bay has any purpose, it is for men like Khalid Shaikh Mohammed and Ramzi bin al-Shibh, considered key players in 9/11. They should go on trial. If convicted, they should be locked up for life.

But Mr. Bush's urgency was phony, driven by the Supreme Court's ruling, not principle. This should all have happened long ago. If the White House had not wanted to place terror suspects beyond the reach of the law, all 14 of these men could have been tried by now, and America's reputation would have been spared some grievous damage. And there would be no need for Congress to rush through legislation if the White House had not stymied all of its attempts to do just that before.

The nation needs laws governing Guantánamo Bay, not just for the 14 new prisoners, but also for many others who have been there for years without due process, and who may have done no wrong.

Last month, for example, The Washington Post wrote about some of the first arrivals at Guantánamo Bay in 2002: six men, born in Algeria but living in Bosnia, accused of plotting to attack the United States Embassy in Sarajevo. Two years after their capture, Bosnian officials exonerated them. Last year, the Bosnian prime minister asked Washington to release them. But The Post said the administration has decided the men will never be returned to Bosnia, only to Algeria, and then only if they are confined or kept under close watch. Even the Algerian government won't go along with that.

Mr. Bush could have prevented this sort of miscarriage of justice if he had not insisted on creating his own system of military tribunals, which the Supreme Court ruled illegal. Even now, the legislation he is proposing to handle Guantánamo prisoners would undermine key principles of justice. It would permit the use of evidence obtained through coercion, along with hearsay evidence, and evidence that is kept secret from the accused. The military's top lawyers have all publicly opposed these provisions.

Mr. Bush also wants to rewrite American law to create a glaring exception to the Geneva Conventions, to give ex post facto approval to abusive interrogation methods, and to bar legal challenges to the new system.

Some of the most influential Republican voices on military affairs, Senators John Warner, John McCain and Lindsey Graham, are sponsoring a more sensible bill that would bar the use of coerced testimony and secret evidence. Members of this Congress have a nasty habit of caving in to the White House on national security, and there's a looming election, but it is vital that they stick to their principles this time.

Ending The Lawlessness (WP)

The Washington Post, September 7, 2006

PRESIDENT BUSH took major steps yesterday toward cleaning up the mess his administration has made of the detention, interrogation and prosecution of those captured in the war on terrorism. In a White House speech, the president announced that all 14 high-value detainees being held in secret CIA facilities abroad had been transferred to military custody at Guantanamo Bay for trial and registered with the International Red Cross. The Pentagon simultaneously released a new directive on detentions and a manual on interrogations that conforms with the Geneva Conventions and that explicitly bans techniques once authorized by Defense Secretary Donald H. Rumsfeld, such as hooding and the use of dogs. More broadly, Mr. Bush asked Congress to approve a legal framework for the trial of terrorist suspects, which would make the nation's response to the threat posed by al-Qaeda the product of democracy rather than secret executive decisions.

Yet as Mr. Bush took these constructive steps, he also undermined them. He delivered a full-throated defense of the CIA's "alternative set of procedures" that the world properly regards as torture. With an election pending and families of Sept. 11 victims as his audience, he demanded legislative action on issues of enormous complexity in the few remaining days of the congressional session. And the bill he sent to Congress would authorize the administration to resume some of the worst excesses of the past five years.

Congress should welcome the invitation to legislate but resist any preelection stampede. It should seriously engage itself with the issues of security, human rights and fundamental American values raised by the president's proposals -- and make sure that torture, illegal detentions and unfair trials will not be the result.

The immediate steps Mr. Bush took constitute a breakthrough, however belated. By emptying the CIA prisons and revising the Army manual on interrogations, the administration has ensured that, at least for now, all detainees are being held openly in facilities with decent rules and full access by the Red Cross. The rules for their trials will be set by Congress, as mandated by the Supreme Court in June.

But the detention and interrogation regime that Mr. Bush wants Congress to sanction is almost as bad as the one the Supreme Court forced him to set aside in the Hamdan case. Mr. Bush has no regrets about the interrogation tactics used on

high-value detainees, which he did not name but which others have said included simulated drowning. He described the techniques as "tough" but "safe and lawful and necessary." But they were not "lawful" -- at least not as the Supreme Court has articulated the law. On the same day that U.S. generals were describing abusive techniques as ineffective and counterproductive, Mr. Bush insisted that the CIA's program of secret detentions and coercive interrogations needs to continue.

Indeed, the bill he sent to Congress would largely authorize the system the administration created on its own after Sept. 11, 2001. It would allow military commission trials modeled principally on the ad hoc ones the military set up unilaterally. It would define compliance with Common Article 3 of the Geneva Conventions -- which prohibits certain cruel and humiliating treatment of detainees -- so as to allow categories of conduct the article clearly forbids. It would limit war crimes prosecutions for violations of Common Article 3 to certain specified serious violations. And it would eliminate most judicial review of detention policies. The administration seems to want a system in which the military keeps its hands clean while the CIA does the dirty work of violating international law and humanitarian norms.

And the president wants this system created in a matter of a few short days. "Time is of the essence," he said. "Congress is in session just for a few more weeks, and passing this legislation ought to be the top priority." Yes, bringing the system of terrorist detentions under law is a priority. But a grossly abbreviated legislative process in the midst of an election season in which one party is trying to label the other as soft on terrorism is not a propitious moment for sober action. Better to do this right than fast.

Bush Puts 9/11 Suspects In Gitmo, Congress On The Spot (USAT)

USA Today, September 7, 2006

Just a few days shy of the fifth anniversary of 9/11, President Bush invoked the shock of that day, and the fears it unleashed, to drop some eye-opening news Wednesday: 14 of the world's most vile suspected terrorists have been transferred from secret CIA prisons abroad to Guatanamo Bay, Cuba.

In a midday White House speech, the president acknowledged for the first time the existence of the CIA prisons, where the 14 suspects, including the alleged mastermind of the 9/11 plot, had been held. He said that under tough questioning, the suspects had given up information that helped stop several, mostly familiar, plots — from a plan to fly jetliners into London's Heathrow Airport to one to blow up the U.S. consulate in Karachi, Pakistan. And he said the suspects were being transferred so they could be tried under the administration's proposed military tribunal system, to be created by legislation he sent to Congress Wednesday and hoped lawmakers would approve this month.

The speech was largely in part political theater, the opening act of the Republicans' fall strategy of flexing their anti-terrorism muscles. It cast doubt on any and all who question Bush's strategy, including the Supreme Court. Even so, there was much in Bush's remarks on which all sides could agree: There should be clear guidelines for the treatment and questioning of detainees. If U.S. interrogators abide by those guidelines, they shouldn't have to worry about being sued by terror suspects or prosecuted. And, most certainly, it is time to try suspected terrorists who plotted against the nation and bring them to justice.

The hard part, as it has been always been, is finding a way to balance the need to protect the nation against terrorists without compromising its values. How can information be extracted from terror suspects without endangering American troops who become prisoners? How can terror suspects be put on trial fairly without giving them access to classified information that might reveal confidential informants?

These are difficult questions over which well-intentioned people disagree. Sadly, many of the Bush administration's policies on the treatment of prisoners, and its proposals to prosecute them, have hurt America's image abroad and been of dubious legality — a fact now cemented in law.

In June, the Supreme Court struck down the administration's controversial system of military commissions, asserting that they violated U.S. military law and the Geneva Conventions for dealing with prisoners of war. The problem, the court found, was not just the tribunals but Bush's insistence that he could go it alone, without the checks and balances the Constitution prescribes. If Bush wants to keep the commissions, the justices said, he'll have to fix those problems and persuade Congress to go along.

Of course, bringing the most notorious al-Qaeda prisoners to Guantanamo is designed to pressure Congress into approving the administration's hard-line approach. But, at the same time, the administration is at least grudgingly expressing a new willingness to work with Congress to devise a new system.

Most of the tough issues revolve around the sorts of evidence that would be allowed at trials — such as hearsay, coerced testimony and classified materials — and whether suspects would be able to see all the evidence against them.

Several key Republican senators, including John McCain, who was a Vietnam War prisoner, and Lindsey Graham, an Air Force reserve judge and former military lawyer, have drafted a measure that would give terror suspects the right to see classified evidence. The Bush proposal would instead allow a defense lawyer to view this material. Working models exist in federal and

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military courts to deal with this problem; surely, Bush and Congress should be able to work out an acceptable compromise on this and other critical issues.

Five years after 9/11, it's time for national unity on how to question and try suspects in a war on terror that may go on indefinitely. "The families of those murdered that day have waited patiently for justice," Bush said Wednesday. "They should have to wait no longer."

He's right.

But that won't happen if new rules are legally flawed, or prosecutions are constantly delayed by constitutional challenges, or the system can't pass Supreme Court scrutiny.

Justice depends on rules that simultaneously stand up to terrorism and reflect American values, and verdicts that are credible in the eyes of the world.

Barely Legal War-making (LAT)

The Los Angeles Times, September 7, 2006

The president who redefined torture and sidelined Congress is finally giving lip service to the law and playing nice with the legislative branch.

'AMERICA IS A NATION OF LAW," President Bush observed Wednesday when he announced that 14 accused terrorists held in secret CIA prisons abroad had been transferred to the U.S. detention center at Guantanamo Bay, Cuba, where they will receive the protections of international law. Later in the day, Bush

submitted to Congress an overdue (though still flawed) proposal to create military commissions to try these and other detainees.

Critics will complain that Bush's concern for the rule of law comes rather late in this war on terrorism. He is asking Congress to approve military commissions only because the Supreme Court ruled earlier this year that he had violated the Constitution and Common Article 3 of the Geneva Convention when he impaneled military tribunals of his own devising.

As for the 14 prisoners, at this late date they are unlikely to possess any information about current conspiracies. Normalizing their status (if detention at Guantanamo can be called normal) defuses a controversy with U.S. allies over the CIA's detention of suspected terrorists abroad.

That said, Bush's actions reflect a welcome recognition that the war on terrorism doesn't mean the president can ignore either the Constitution or the international rules of war. Coincidentally or not, his remarks came on the day that the Pentagon released a new Army field manual making it clear that interrogators may not engage in "cruel, inhumane or degrading" punishment. At a time when some Republican candidates for Congress are championing Bush's leadership in the war, the president seems to be acknowledging some past missteps.

On the theory that 9/11 "changed everything," the administration has over the last five years toyed with redefining torture, ignored the expertise of career military lawyers and essentially told the other two branches of the federal government that they were bystanders in this war. It was a humbler Bush who "respectfully" asked Congress to enact his proposals for military commissions to try detainees at Guantanamo, including the relocated CIA prisoners. Bush must know that he has to be prepared to compromise with members of Congress with other ideas.

That would include senior Republicans such as Sen. John McCain of Arizona, who argues that detainees at Guantanamo should enjoy the protections afforded to defendants by the Uniform Code of Military Justice, including the right to see all evidence against them and protection against testimony obtained through coercive questioning. Bush's proposal does not give detainees such protections. For example, a military judge could admit evidence obtained through coercion if it were "reliable and probative."

As was not the case when he asserted the authority to create military tribunals on his own, Bush must now find common ground with Congress. That's the American way. In what Bush rightly called "a nation of law," the president proposes and the Congress disposes — even in the post-9/11 world.

President Moves 14 Held In Secret To Guantánamo (NYT)

By Sheryl Gay Stolberg

The New York Times, September 7, 2006

WASHINGTON, Sept. 6 — President Bush said Wednesday that 14 high-profile terror suspects held secretly until now by the Central Intelligence Agency — including the man accused of masterminding the Sept. 11 attacks — had been transferred to the detention center at Guantánamo Bay, Cuba, to face military tribunals if Congress approves.

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The suspects include Khalid Shaikh Mohammed, thought to be the Sept. 11 mastermind, and other close associates of Osama bin Laden. Mr. Bush said he had decided to "bring them into the open" after years in which the C.I.A. held them without charges in undisclosed sites abroad, in a program the White House had not previously acknowledged.

The announcement, in the East Room of the White House, was the first time the president had discussed the secret C.I.A. program, and he made clear that he had fully authorized it. Mr. Bush defended the treatment the suspects had received but would not say where the so-called "high-value terrorist detainees" had been held or what techniques had been used to extract information from them.

The transfer of the high-level suspects to Guantánamo Bay effectively suspended the extraordinary program, in which the intelligence agency became the jailer and interrogator of suspects counterterrorism officials considered the world's most wanted Islamic extremists.

The government says the 14 terror suspects include some of the most senior members of Al Qaeda captured by the United States since 2001, including those responsible for the bombing of the destroyer Cole in 2000 in Yemen and the 1998 attacks on American embassies in Kenya and Tanzania. Most of the detainees have been interviewed extensively and are believed to have little remaining intelligence value.

With the transfer of the suspects to Guantánamo, which is run by the Defense Department, the International Committee of the Red Cross will monitor their treatment, Mr. Bush said. He used the East Room appearance to urge Congress to authorize new military commissions to put terror suspects on trial, replacing rules established by the administration but struck down in June by the Supreme Court. [Page A27.]

"As soon as Congress acts to authorize the military commissions I have proposed, the men our intelligence officials believe orchestrated the deaths of nearly 3,000 Americans on Sept. 11, 2001, can face justice," Mr. Bush said, to an audience that included family members of the victims. He added, "To start the process for bringing them to trial, we must bring them out into the open."

To that end, the president sent Congress legislation proposing new rules for the commissions and detailing specific standards for the humane treatment of detainees. Yet the proposal hews closely to the old commission model, and it retains several provisions the court found troublesome, including language that permits defendants to be excluded from their own trials.

At the same time, the Pentagon released a new Army Field Manual that lays out permissible interrogation techniques and specifically bans eight methods that have come up in abuse cases. Among the techniques banned is water-boarding, in which a wet rag is forced down a bound prisoner's throat to cause gagging; intelligence officials have said Mr. Mohammed was subjected to that treatment while in C.I.A. custody.

Although the C.I.A. has faced criticism over the use of harsh techniques, one senior intelligence official said detainees had not been mistreated. They were given dental and vision care as well as the Koran, prayer rugs and clocks to schedule prayers, the official said. They were also given reading material, DVD's and access to exercise equipment.

Administration officials said the timing of Mr. Bush's decision to bring the terror suspects to trial was driven not by politics but by the need to respond to the Supreme Court's decision and the fact that the suspects were no longer regarded as sources of valuable intelligence.

On Capitol Hill, some Republicans reacted warily. But even those who criticized the proposal said it was imperative for Congress to pass legislation setting up tribunals soon.

"I do not believe it is necessary to have a trial where the accused cannot see the evidence against them," said Senator Lindsey Graham, Republican of South Carolina, a former military prosecutor who has played a central role in the debate. But Mr. Graham said he believed his differences with the White House "can be overcome."

Mr. Bush's speech was the third in a series he is delivering on the war on terror in the days before the fifth anniversary of the Sept. 11 attacks, and it carried potential political benefits for a White House that is intent on maintaining Republican control of Congress this November.

The address helped put a face on the enemy, reminding Americans that while Osama bin Laden — to whom Mr. Bush referred repeatedly in a speech on Tuesday — is still at large, many terrorists have been captured. Five years after the attacks, Mr. Bush gave the families of Sept. 11 victims something to cheer about, and those in the audience did, as he announced he wanted to put the suspects on trial.

By moving the high-profile suspects to Guantánamo just two months before the midterm elections, the administration is putting intense pressure on lawmakers to act before adjourning to campaign. If Democrats try to thwart legislation to try senior members of Al Qaeda, they will risk being labeled weak on national security, a label they can ill afford in an election that may turn on the question of which party is better suited to keep Americans safe.

"This is certainly a logical and very sound step both substantively and politically," said David Rivkin, who served in the White House counsel's office under the first President Bush and is sympathetic to this administration's approach. "It's reminding

the country and the world of the folks we are fighting against. Nobody can say these are just pitiful foot soldiers; these are pretty senior guys."

The C.I.A. program, though officially a secret, has been the subject of numerous news reports in recent months. By speaking publicly about it for the first time, Mr. Bush hopes to build support for it on Capitol Hill, and in the public.

The White House released biographies of the 14 suspects and details of the accusations against them. They include such well-known Qaeda operatives as Abu Zubaydah, who the administration said was trying to organize a terrorist attack in Israel at the time of his capture, and Ramzi bin al-Shibh, who the authorities say helped facilitate the Sept. 11 attacks.

Despite the new information, human rights organizations were critical of Mr. Bush's announcement.

"It's wonderful that at last the United States has acknowledged that these detention sites exist," said Larry Cox, executive director of Amnesty International U.S.A. But Mr. Cox described the program as "a form of torture," and said the United States should suspend it.

In his speech, Mr. Bush fiercely resisted that characterization. "I want to be absolutely clear with our people, and the world," he said. "The United States does not torture. It's against our laws, and it's against our values. I have not authorized it — and I will not authorize it."

A senior intelligence official said there had been fewer than 100 detainees in the C.I.A. program since its inception shortly after the Sept. 11 attacks. Beyond the 14, the remainder have either been turned over to the Defense Department as so-called unlawful enemy combatants, returned to their countries of origin or sent to nations that have legal proceedings against them.

The official described the C.I.A. detainees as the government's "single largest source of insight into Al Qaeda," saying they accounted for 50 percent of everything the authorities had learned about the terrorist network. But, he said, "Some of these people have been held for a considerable period of time, and their intelligence value has aged off."

Mr. Bush said the C.I.A. would not relinquish its capability to detain and question terrorism suspects, and the senior intelligence official said the administration intended that the program would continue. But agency officials — who feared employees might be subject to lawsuits or criminal prosecution — welcomed the hand-off of the detainees and the prospect that the C.I.A.'s role would be limited in future cases.

"I am confident that this will be greeted with relief by agency employees," said Jeffrey H. Smith, a former general counsel for the C.I.A. "Many of them were uncomfortable with their role as jailers."

Military justice experts say that if Congress passes the legislation, trials of some terror suspects at Guantánamo could begin relatively quickly, in three to four months. But the trials of the 14 high-value suspects, who are held in a special high-security facility separate from other detainees, might not begin for at least a year, because the government would have to build its case .

One expert who has been critical of the administration's plan, Eugene R. Fidell, predicted that the proposal would attract a lawsuit.

"Going the way they have done this is in fact quite unfair to the very families of 9/11 victims who President Bush had at his meeting today," Mr. Fidell said, "because those people need closure and in fact what he's done is guarantee further protracted delay because of the inevitable litigation."

On Capitol Hill, Democrats were also critical. Representative Jane Harman of California, the senior Democrat on the House Intelligence Committee, said Mr. Bush should have disclosed the program years ago and called his speech "the opening salvo in the fall campaign."

Doubts Surface If Architects Of Sept. 11 Attacks Will Ever Go To Trial (MCT)

By Greg Gordon, Marisa Taylor And Stephen Henderson, McClatchy Newspapers

McClatchy Newspapers, September 7, 2006

WASHINGTON - President Bush's stunning transfer of 14 top terror suspects to Guantanamo Bay boosted hopes that, at last, the architects of the Sept. 11 attacks will be brought to justice.

But some legal experts questioned whether their trials will ever occur - and whether Bush's maneuver is merely a power play to win congressional support for special military courts similar to those already struck down by the Supreme Court.

The president's decision to move captive al-Qaida members from secret CIA prisons overseas escalates a battle with Congress over what rights terror detainees should be afforded if they were to stand trial.

The administration wants Congress to approve special procedures that would narrow these rights in the name of shielding national security secrets by excluding defendants from portions of their trials.

Administration lawyers also want to use incriminating statements that might have been coerced with interrogation techniques that Bush described as tough and safe, but others liken to torture.

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Those transferred include some of the most dangerous men captured in the war on terror - among them Khalid Sheikh Mohammed, the suspected mastermind of the Sept. 11 plot, alleged hijacker coordinator Ramzi Bin al Shibh and Abu Zubaydah, a trusted associate of Osama bin Laden.

John Radsan, a former assistant CIA counsel, said Bush "is trying to raise the stakes on what type of military commission we get" in negotiations with Congress.

"Before we had Khalid Sheikh Mohammed in the mix, people were saying that the (detainees) in Guantanamo are not that important . . . We should give them the same rights that we give our uniformed people," said Radsan, who teaches at the William Mitchell College of Law in St. Paul, Minn.

"The administration will now make the argument we can't give the same military commission that we give our enlisted people to Khalid Sheikh Mohammed. That's a strong argument."

Neal Sonnett, chairman of the American Bar Association's task force on enemy combatants, said he welcomes the emergence of the detainees from secret prisons. But he said he wonders whether the move will wind up further delaying resolution of the fate of hundreds of lower-level "enemy combatants" who have been held for years at Guantanamo, with only 10 being formally charged.

"Had a proper scheme of military commissions been constructed in 2002, we probably would have been able to prosecute enemy combatants, and most of the trials would have been over by now."

Only one defendant, Zacarias Moussaoui, has been prosecuted in the United States as a result of the Sept. 11 attacks, and that took four-and-a-half years even though he pleaded guilty. Experts said that even if Congress were to endorse Bush's proposal, legal challenges would delay prosecutions of the 14 alleged terrorists for years.

In late June, the Supreme Court struck down the military commissions that the White House had put in place to deal with those captured in the war on terrorism, saying Bush lacked the authority to set up such a system on his own.

The high court also ruled Common Article 3 of the Geneva Conventions applies to the war on terror. It prohibits torture and other "outrages upon human dignity, in particular humiliating and degrading treatment."

The administration has asked Congress to fix the problem by endorsing a similar system that is already provoking new controversy. It would allow, in some instances, the court to exclude a terror suspect from portions of his trial where classified information is presented, and it would allow use of statements obtained during possibly coercive interrogations.

Bush said Wednesday that those interrogations led to numerous arrests and the disruption of several terror plots.

A senior Justice Department official, who insisted upon anonymity, said special military trial procedures are needed because "it is critically important that we maintain the secrecy of sensitive intelligence sources and methods in the war on terrorism."

The official said that statements stemming from torture would be automatically barred from use during the trials. But, the official said, military judges should decide whether to allow use of other admissions that "the accused may allege were obtained through some form of coercion."

The administration's bill would strip captives of the ability to sue in federal courts for treaty violations, while expanding the list of abuses that constitute war crimes.

"What bothers me is, I'm looking at the new bill the president has submitted, and it doesn't seem to be any better than the one the Supreme Court held to be illegal," Sonnett said.

Barbara Olshansky, a lawyer for the Center for Constitutional Rights, which represents many of the detainees, said the bill is rife with due process issues - "there's no safeguard or oversight" of their legal rights.

While administration officials said the bill embraces the Geneva Conventions, some provisions openly contradict them, said Madeline Morris, a Duke University law professor who has drafted an alternative proposal for military tribunals.

"Just asserting that the tribunals comply with the court's rulings and Geneva doesn't make it so," she said.

The Justice Department official said that the transfers were arranged because "we don't think America . . . should wait for prosecutions of some of these very significant war criminals."

But Sonnett said that, with a congressional election just two months away, the president "is trying to put the emphasis back on 9/11 and the war against terror."

White House Issues New Interrogation Policies (LAT)

By Julian E. Barnes And Joel Havemann

The Los Angeles Times, September 7, 2006

WASHINGTON — The Bush administration, under a crossfire from the other two branches of government, issued new interrogation policies today that are designed to ensure that all detainees are treated humanely with the full protection of the Geneva Convention.

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The policies, embodied in a new Army field manual, prohibit cruel, inhumane or degrading punishment.

In particular, said Cully Stimson, deputy assistant defense secretary for detainee affairs, they bar "murder, torture, corporal punishment, execution without trial by proper authority, threats or acts of violence, including rape or forced prostitution, assault and thefts, public curiosity, bodily injury and reprisals."

They also rule out subjecting detainees to medical experiments and to sensory deprivation, Stimson said.

The manual eliminates a secret list of interrogation tactics and reverses an earlier decision to maintain two interrogation standards — one for traditional prisoners of war and another for "unlawful combatants" captured during a conflict but not affiliated with a nation's military force.

At a Pentagon press conference, Lt. Gen. Jeff Kimmons, Army deputy chief of staff for intelligence, offered his own list of prohibited activities.

"Interrogators," he said, "may not force a detainee to be naked, perform sexual acts or pose in a sexual manner; they cannot use hoods or place sacks over a detainee's head or use duct tape over his eyes; they cannot beat or electrically shock or burn them or inflict other forms of physical pain-any kind of physical pain; they may not use water boarding; they may not use hypothermia or treatment which will lead to heat injury; they will not perform mock executions; they may not deprive detainees of the necessary food, water and medical care, and they may not use dogs in any aspect of interrogations."

The new field manual follows an amendment to a defense spending bill sponsored by Sen. John McCain (R-Ariz.), a prisoner of war in Vietnam, outlawing the torture. McCain's amendment in turn came on the heels of revelations that guards at the Abu Ghraib prison in Iraq had subjected prisoners to humiliating sexual situations.

Further pressure on the administration came from the Supreme Court, which ruled last June that the administration could not waive provisions of the Geneva Convention merely by declaring the war on terrorism to be an unconventional conflict.

The manual and its related policy directives — the legal framework for interrogations — originally were to be released in the spring. But when State Department officials and Republican senators on the Armed Services Committee raised objections, they were pulled back.

The Pentagon's decision to drop the objectionable provisions appears to mark a victory for advocates of closer U.S. adherence to the protections of the Geneva Convention, an international agreement on the treatment of prisoners and others during wartime. Human rights groups said they planned to study the manual carefully to see what parts of the international treaty it included and what it left out.

"If the new field manual embraces the Geneva Convention, it is an important return to the rule of law," said Jumana Musa,Ö an advocacy director for Amnesty International. "It is an important public statement."

Under the new guidelines, prisoners of war — defined as members of uniformed militaries captured on a battlefield — may receive certain extra considerations as mandated by the Geneva Convention, such as being allowed to retain their personal effects and to refuse to answer detailed questions. But ceding to congressional demands, the manual establishes a single baseline standard of care and treatment for all detainees, regardless of their status.

Kimmons said all detainees would be treated according to Common Article 3 — found in each of the four Geneva pacts approved in 1949 — which prohibits torture and cruel treatment. Unlike other parts of the Geneva agreements, it covers all detainees, whether they are unlawful combatants or traditional prisoners of war.

After the abuse of detainees at Abu Ghraib came to light in 2004, some Defense Department lawyers pushed to incorporate the protections of Common Article 3 into the field manual. But senior political appointees argued that doing so would tie the hands of U.S. troops by outlawing long periods of confinement or allowing detainees to accuse the military of "humiliating or degrading treatment," which is banned by the provision.

Because of those objections, senior Pentagon officials decided that the manual and the accompanying policy directives would demand that detainees be treated humanely, but would avoid any direct mention of Geneva.

But in June, the Supreme Court ruled in Hamdan vs. RumsfeldÖ that the provisions of the Geneva Convention could be applied to an unconventional conflict, like the war on terrorism. The court said that Common Article 3 covered all individuals caught up in a conflict, whether part of a regular military force or not.

A little over a week later, Deputy Defense Secretary Gordon R. England issued a memorandum saying that the U.S. military would adhere to the standards in Common Article 3.

The manual's guidelines will apply to all prisoners held in Defense Department facilities and to all interrogators working there. Under the McCain amendment, the protections also will apply to CIA prisoners held in Defense Department prisons or bases.

They will not apply to CIA interrogators working in prisons run by other countries, although under the McCain amendment, those prisoners must be treated humanely and cannot be tortured.

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The Pentagon had intended to keep some of its interrogation techniques classified. Some military officials believe that releasing such tactics would make it easier for terrorists to learn how to resist questioning.

But when State Department officials saw a draft of the manual earlier this year, they raised reservations about the classified list. They expressed concern that even if the techniques were humane and lawful, some advocacy groups and other countries would assume the worst and insist that by maintaining a secret list, the United States must be allowing torture.

The revision of the Army manual began after an international outcry over the Abu Ghraib scandal, as well as questions over the treatment of hundreds of detainees at Guantanamo Bay, Cuba. The new language is plain and easily understood — "designed to be used by soldiers," the military official said.

Military officials say the new manual tries to address the lessons investigators have drawn from Abu Ghraib, including rebuilding the wall between soldiers assigned to interrogate detainees and those who run the prison. Some of the abuses at Abu Ghraib began after officers who had worked at Guantanamo were brought to Iraq and recommended using military police to "set the conditions" for interrogators.

Musa, the lawyer for Amnesty International, said the Bush administration had created confusion in the military by establishing different standards of treatment for Guantanamo Bay, Afghanistan and Iraq.

"There was confusion," Musa said. "There needs to be a clear message to soldiers about what is acceptable and what is not."

Army Bans 'Inhumane Treatment' Of Detainees (WT)

By Rowan Scarborough

The Washington Times, September 7, 2006

The Pentagon is banning eight interrogation techniques and mandating humane treatment in an overhaul of how the military handles detainees in the war on terror -- a response to complaints from human rights groups.

But the Pentagon is sticking by the Bush administration's original stand that captured al Qaeda terrorists do not qualify as prisoners of war under the Geneva Conventions and, therefore, unlike soldiers, can be prosecuted for deaths they cause.

"The inhumane treatment of detainees is prohibited and is not justified by the stress of combat or deep provocation," says Defense Department Directive No. 2310, which was announced yesterday.

A revamped Army field manual for intelligence collection sets out 19 interrogation techniques for detainees that are permitted and the eight that are banned.

The manual bans the use of hoods, a widespread practice in transporting Taliban, al Qaeda and Iraq insurgency suspects. It also prohibits the use of dogs in interrogations, a method used sporadically at the Abu Ghraib prison outside Baghdad.

"We have used straightforward language in the field manual for use by soldiers, sailors, airmen and Marines," Lt. Gen. John F. Kimmons, Army deputy chief of staff for intelligence, told reporters at the Pentagon. "It is not written for lawyers."

The policies stem from 12 major investigations conducted by the military into accusations of prisoner abuse in Afghanistan, Iraq and the detention facility at Guantanamo Bay, Cuba.

Human rights groups have accused President Bush, Defense Secretary Donald H. Rumsfeld and other senior leaders of condoning torture in their zeal to extract information from al Qaeda operatives, including Khalid Shaikh Mohammed, the September 11 mastermind. Mr. Bush and Mr. Rumsfeld say they never condoned torture.

"The new manual is broader in scope and incorporates hard-won wartime lessons learned since 9/11," Gen. Kimmons said.

The Army is in charge of all detainee operations in the war on terror. It has processed more than 56,000 detainees and is holding about 15,000 today.

The service has conducted more than 600 criminal investigations in response to abuse complaints. The investigations resulted in charges against 251 soldiers, who faced courts-martial or administrative punishment.

The Army says it has conducted 21 criminal investigations into 22 detainee deaths, either because the death was caused by mistreatment or because there was misconduct, such as obstruction of justice. In the 22 deaths, 11 were caused by shootings, nine by blunt force traumas, one by drowning and one by asphyxiation.

Directive 2310 sets out basic guidelines for detainee treatment in accordance with the Geneva Conventions.

"All persons captured, detained, interned or otherwise in the control of DoD personnel during the course of military operations will be given humane care and treatment from the moment they fall into the hands of DoD personnel until release, transfer out of DoD control or repatriation," the directive states.

"All detainees will be respected as human beings. They will be protected against threats or acts of violence including rape, forced prostitution, assault and theft, public curiosity, bodily injury and reprisals. They will not be subjected to medical or scientific experiments. They will not be subjected to sensory deprivation."

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The new rules, said Cully Stimson, deputy assistant secretary of defense for detainee affairs, "provide our forces in the field the policy guidance needed to ensure the safe, secure and humane detention during armed conflicts."

The administration is retaining the category of "unlawful enemy combatant," which is not part of the Geneva Conventions, for Taliban, al Qaeda and other U.S.-designated terrorists. This means they will not be granted "combatant immunity" given to soldiers and can be prosecuted.

The policy prohibits the military from turning over custody of detainees to another government agency, such as the CIA, unless approved by higher-ups. In Iraq, the CIA moved "ghost detainees" in and out of military prisons and kept them from the Red Cross.

Besides banning hoods and dogs, Gen. Kimmons said, interrogators cannot force detainees to be naked or perform sex acts and cannot inflict any type of physical pain or deprive them of food and water.

New Rules Of Interrogation Forbid Use Of Harsh Tactics (WP)

By Josh White

The Washington Post, September 7, 2006

Pentagon officials yesterday repudiated the harsh interrogation tactics adopted since the Sept. 11, 2001, terrorist attacks, specifically forbidding U.S. troops from using forced nudity, hooding, military dogs and waterboarding to elicit information from detainees captured in ongoing wars.

The Defense Department simultaneously embraced international humane treatment standards for all detainees in U.S. military custody, the first time there has been a uniform standard for both enemy prisoners of war and the so-called unlawful combatants linked to al-Qaeda, the Taliban and other terrorist organizations.

In a new department-wide directive on detention policy and a retooled Army field manual on interrogations, Pentagon officials demonstrated a dramatic shift in the way they view the treatment of detainees, and tacitly acknowledged the failures that led to allegations of abuse in U.S. facilities in Iraq, Afghanistan and at Guantanamo Bay, Cuba. The documents reverse the Bush administration's hard-line stance on the rights afforded to suspected terrorists, and label some previously accepted interrogation tactics as abusive and illegal.

Both documents abandon aggressive approaches -- designed to break the will of "high value" terrorism suspects -- and clearly say to U.S. troops that detainee abuse is illegal and that they are required to report any suspected mistreatment. U.S. forces must adhere to the standards of the Geneva Conventions' Common Article 3, which is now part of U.S. law and prohibits "outrages upon personal dignity, in particular humiliating and degrading treatment."

Charles "Cully" Stimson, deputy assistant secretary of defense for detainee affairs, said yesterday that the new policy "unambiguously articulates the values and traditions of our nation, values that John Adams called 'the policy of humanity,' which has been the cornerstone of the American ethos of warfare. More importantly, it provides our forces in the field the policy guidance needed to ensure the safe, secure and humane detention during armed conflicts, however those are characterized."

The new policies also eliminate the military's controversial practice of hiding detainees -- sometimes called "ghosting" -- and requires anyone operating in a Defense Department facility to follow the military's new regulations. But while the policies apply to all Defense Department employees and contractors, there are no safeguards in the event a CIA employee takes custody of a detainee and moves him into a separate, nonmilitary, facility.

President Bush said in a speech yesterday that the CIA's use of a global secret prison network should continue but also said that 14 top-level terrorism suspects were transferred to Guantanamo Bay this week, emptying the CIA's prisons. Those detainees will now have to be afforded Geneva Conventions protections.

The revisions announced yesterday stem from international concerns that emerged in early 2004 after a group of U.S. soldiers were pictured in photographs abusing detainees at the Abu Ghraib prison in Iraq. Those detainees were shown hooded, naked, in painful positions and menaced by dogs. Several military investigations that followed revealed similar tactics in Cuba and allegations of physical abuse in U.S. facilities throughout Iraq and Afghanistan, calling into question the overall U.S. policy.

The new directive and manual are victories for Sen. John McCain (R-Ariz.) and other members of the Senate Armed Services Committee who pushed the administration to make a clear statement against abusive practices.

Sen. Carl M. Levin (Mich.), ranking Democrat on the committee, said it is a shame that top Pentagon civilians ignored pleas from military service lawyers to avoid the use of aggressive tactics.

"If the Administration had listened to its military lawyers several years ago, much of the damage done to our credibility caused by detainee mistreatment in Afghanistan, Guantanamo and at Abu Ghraib might have been avoided," Levin said in an e-mailed statement.

The new field manual is designed to be "as clear and crisp and unambiguous as possible," Lt. Gen. John F. Kimmons, Army deputy chief of staff for intelligence, said at a Pentagon news conference. He acknowledged past "transgressions and

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mistakes," and he said that "no good intelligence is going to come from abusive practices. I think history tells us that. I think the empirical evidence of the last five years, hard years, tells us that."

Human rights groups generally welcomed the changes. "This is the Pentagon coming full circle," said Tom Malinowski, Washington advocacy director for Human Rights Watch. "This is very strong guidance."

The Army has adopted 16 standard interrogation tactics that are carryovers from previous field manuals, including such approaches as direct questioning, offering positive incentives and playing on a detainee's emotions. Three expanded techniques -- good cop, bad cop; pretending to be an official from another country; and detention in a separate cell from others -- are allowed but require approval from senior officers. Officials originally considered keeping those three techniques classified but decided to make them public for the sake of full transparency.

Gone are techniques that at one point Defense Secretary Donald H. Rumsfeld approved for use at Guantanamo Bay and later appeared in Iraq, such as putting detainees in stress positions; manipulating their sleep patterns, diet and environment; and using dogs and sexually provocative behavior. Also prohibited is waterboarding, which involves putting detainees on boards and simulating drowning.

The military urges interrogators to ask themselves two questions if they think they may be crossing the line: if they think the technique could violate the law; and "if the proposed approach technique were used by the enemy against one of your fellow soldiers, would you believe the soldier had been abused?"

New Pentagon Rules Ban 'abusive' Interrogation (USAT)

By John Diamond

USA Today, September 7, 2006

WASHINGTON — The Pentagon issued new rules Wednesday for interrogating prisoners and terrorism suspects that forbid harsh questioning techniques such as using dogs, hoods, water dunking, forced nudity or total sensory deprivation.

"No good intelligence is going to come from abusive practices," said Lt. Gen. John Kimmons, the Army's chief intelligence officer.

The rules were announced as President Bush said that 14 valuable detainees, including Sept. 11 mastermind Khalid Sheikh Mohammed, had been moved to the U.S. prison at Guantanamo Bay, Cuba.

That puts the terror suspects in military, rather than CIA, custody and makes them covered by the new Pentagon guidelines, including Geneva Conventions protections against physical abuse or "humiliating and degrading treatment."

The prisoner transfer, carried out in secret on Monday, came in response to a Supreme Court ruling that said even terror suspects are covered by the code of the Geneva Conventions.

The new interrogation rules are in the new Army field manual on "Human Intelligence Collector Operations," which updates the 1992 version of the document. The rules apply to all U.S. military interrogations, not just those by the Army.

Congress approved a proposal by Sen. John McCain, R-Ariz., last December that led to the new rules.

Newly approved questioning techniques involve mainly psychological approaches, such as making a prisoner fear he may never see his family.

Three newly approved techniques require high-level approval: employing "good-cop, bad-cop" tactics; "false flag" approaches to make a prisoner believe he is being held by another country's military; and, only in the case of unlawful combatants such as terror suspects, separating prisoners so they cannot coordinate their stories.

The moves end two separate systems of interrogation — one that involved secret procedures and locations by the CIA and the other an unclassified set of rules used by the military.

"The current transfers mean that there are now no terrorists in the CIA program," Bush said.

Future captures of high-ranking terrorists, Bush said, will require CIA interrogation under rules that remain secret. Bush is concerned about CIA interrogations continuing until Congress clarifies what he called "vague and undefined" language in the Geneva Conventions that could subject U.S. intelligence officers to war-crimes charges.

That's because the officers might have mistreated detainees under some interpretations of the code of the Geneva Conventions.

Both CIA and military interrogations have been sources of controversy for the Bush administration.

In April 2004, photographs surfaced of Iraqi prisoners being abused and humiliated by U.S. soldiers at the Abu Ghraib prison outside Baghdad. The pictures depicted prisoners recoiling in terror from dogs, set upon by guards, and stripped and forced together in sexually suggestive poses.

Last November, The Washington Post reported that the CIA maintained a network of secret prisons in Asia and Central Europe.

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The White House has never confirmed the locations of the CIA detention centers, and an investigation by the European Union found no proof that the CIA had established prisons in Central Europe.

Without specifying their locations, Bush acknowledged the existence of such facilities for the first time Wednesday.

The Office of the Director of National Intelligence issued a five-page defense of CIA interrogation practices Wednesday that provided no detail on the techniques used by agency interrogators. The document suggested that harsher methods were used after Abu Zubayda, an associate of al-Qaeda leader Osama bin Laden, stopped cooperating with interrogators a few months after his capture in March 2002.

"Over the ensuing months, the CIA designed a new interrogation program that would be safe, effective and legal," the document stated.

Congress Takes Up Surveillance Bills (AP-Y)

By Jim Abrams

AP, September 6, 2006

The Bush administration gave guarded support to several terrorist surveillance bills Wednesday as Congress took up the sensitive issue of how to give legal backing to the president's warrantless wiretapping.

The acting assistant attorney general told a House Judiciary subcommittee that legislation backed by the House GOP leadership showed promise and that the president had expressed support for a measure from Sen. Arlen Specter, the Senate Judiciary Committee chairman.

But Steven Bradbury and the National Security Agency's general counsel, Robert Deitz, also said the NSA's wiretapping program was proper and necessary, and that tampering with it could jeopardize national security.

Republican leaders have made the legislation a top item before Congress leaves at the end of this month for the fall elections. But GOP lawmakers are divided on how best to put into law the program without trampling on personal rights. Meanwhile, Democratic opposition has made a quick resolution unlikely.

Wednesday's hearing focused on the leading House bill, sponsored by Rep. Heather Wilson, R-N.Mex. It would streamline the 1978 law that set up a secret federal court to authorize security-related eavesdropping.

The measure would extend from the current three days to five days the time allowed for emergency surveillance before a warrant application is submitted and approved by that court.

On Thursday, the Senate Judiciary Committee planned to consider as many as four bills. One, by Specter, R-Pa., was developed after negotiations with the administration.

Bradbury said that "we see promise" in the Wilson bill because it recognizes that "in times of armed conflict involving an exigent terrorist threat, the president may need to act with agility and dispatch to protect the nation."

But he took issue with a requirement in the bill that the president wait for an attack before initiating an electronic surveillance program. "The president cannot and should not wait for thousands of Americans to die before initiating vital intelligence collection," Bradbury said.

The surveillance program, created after the Sept. 11 attacks, monitors the international calls and e-mails between people overseas who are suspected of involvement in terrorism and people on American soil. The program was disclosed in news reports last December.

The need for Congress to give legal status to the program gained a sense of urgency last month when a federal judge in Detroit ruled that it violated rights to free speech and privacy as well as constitutional separation of powers.

The administration has appealed that ruling contending that the president, as commander in chief, is justified in taking action to protect the nation during times of war.

Democrats say the administration is using terrorism to expand presidential powers and reduce the authority of the courts and Congress to oversee his actions. "We're just cloaking the activity with a veil of legitimacy," said Rep. Robert Scott, D-Va.

One Democratic alternative, sponsored by Rep. Jane Harman, D-Calif., the top Democrat on the intelligence committee, makes clear that surveillance must be conducted under the 1978 law but changes procedures to speed up the process.

Specter's bill would submit the program to the special court for a one-time constitutional review; expand the time for emergency warrants from three to seven days; and require the attorney general to inform Congress's intelligence committees on the program's activities every six months.

Wiretap Program Justified, Lawyer Says (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, September 7, 2006

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(AP) - NEW YORK-A government lawyer used a dramatic scenario of a nuclear attack on Washington to illustrate his arguments Tuesday in defense of President Bush's warrantless wiretapping program.

Anthony Coppolino, a special litigation counsel based in Washington, said the Constitution gives Bush the right as commander in chief to do what is necessary to surveil terrorists and stop them from attacking the United States, including interrogating someone who might have information about an imminent attack.

"Suppose for example the president obtains intelligence that a nuclear bomb was planted ... right there in Washington, and the only way he was going to find out whether that was going to happen was to grab the person and interrogate him," Coppolino said in U.S. District Court in Manhattan. "Would that be in his constitutional authority? I would say so."

Coppolino used the argument to justify a Bush administration decision after the Sept. 11, 2001 terrorist attacks to monitor international phone calls and e-mails to or from the United States involving people suspected of terrorist links.

He was responding in oral arguments before U.S. District Judge Gerard E. Lynch to a lawsuit brought by the Center for Constitutional Rights seeking to stop Bush and government agencies from conducting warrantless surveillance of communications in the United States.

Attorney Michael Avery for the Center for Constitutional Rights brushed off the "ticking bomb hypothetical," saying the example did not prove the legality of an unprecedented intrusion on Constitutional rights.

"Balancing the need for enforcement against the protection of civil liberties is not something our Constitutional system entrusts to the chief executive," Avery said.

Coppolino's arguments grew ever more dramatic as he was challenged by the judge over the limits of presidential authority and whether Bush could eavesdrop on the phone conversations of Americans without Congressional and judicial approval.

He said the surveillance program was essential in the war against terrorism in finding the enemy and was "as close to a modern battlefield as you can get: Where is al-Qaida? Where do they want to hit us?"

Lynch cited complaints that the surveillance program intrudes on Americans and was operating in the face of a Constitution that generally permits Congress to overrule the president with a two-thirds majority.

Coppolino said Bush did not need to check with Congress first to monitor phone conversations of suspected terrorism operatives because the Constitution directly gives him the "power to detect the activities of an enemy attempting to attack the United States."

The arguments came after U.S. District Judge Anna Diggs Taylor in Detroit struck down the National Security Agency program last month, finding it unconstitutional. The government has appealed her ruling in the separate lawsuit.

Lynch hinted that the lawsuits could be consolidated. He did not indicate when he would make a ruling.

Wiretapping As Anti-Terror Tool Called A Presidential Prerogative (NYS)

By Joseph Goldstein, Staff Reporter of the Sun

New York Sun, September 6, 2006

Eavesdropping on terrorists and their associates in America is a battlefield prerogative that belongs to President Bush and cannot be taken away, a Justice Department attorney told a federal judge in Manhattan yesterday.

The statement came during a hearing in a lawsuit that challenges the Bush administration's terrorist surveillance program on behalf of several attorneys at the Manhattan-based Center for Constitutional Rights.

The Justice Department attorney, Anthony Coppolino, said the power to conduct war time surveillance has long been exercised by presidents and "derives from the Constitution."

Since the New York Times first reported the existence of the surveillance program in December 2005, administration officials have confirmed that the eavesdropping occurs without a court warrant, and have said it targets communications between persons on American soil and Al Qaeda associates abroad.

"This is an area that is as close to the modern-day battlefield as you can get," Mr. Coppolino said in U.S. District Court in Manhattan. "Where is Al Qaeda today and what are they planning to do? Where are they going to hit us?"

He argued that the Foreign Intelligence Surveillance Act — which requires the president to get a court warrant to eavesdrop in certain scenarios — intrudes on the president's inherent constitutional powers if the law is interpreted to outlaw Mr. Bush's program.

Almost three weeks ago, a federal judge in Detroit, Anna Diggs Taylor, ruled that the eavesdropping violated both the Fourth Amendment and FISA, and must be halted.

The ruling, which the government is appealing, was in response to a similar lawsuit by the American Civil Liberties Union. While the judge in the New York case, Gerard Lynch, is free to consider Judge Taylor's ruling, it is not binding.

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Yesterday, Judge Lynch directed few questions toward the Fourth Amendment issues. Instead, during an oral argument that lasted nearly three hours, Judge Lynch appeared skeptical of the government's claim that Congress, when it passed FISA in 1978, had improperly taken away powers that belonged to the president.

"We're debating a rather abstract but rather vital issue: Does the president have the power to do something despite the fact that Congress has said 'Thou shalt not have this power'?" Judge Lynch said.

Although he said he had "no idea at this point" how he will rule, Judge Lynch questioned whether the office of the presidency came with as much inherent power as Mr. Coppolino claimed.

"Doesn't Congress always have the power to give the president tools?" Judge Lynch said. "They can raise armies or not. They can give him the tools or not. When you say the president must have the tools, isn't that too much?"

At one point, Judge Lynch said that what both sides demanded he do — either strike down FISA or strike down the surveillance program — amounts to judicial activism.

Judge Lynch also seemed troubled that the eavesdropping would pick up conversations in which one party was on American soil.

"Even Julius Caesar didn't get to bring his armies back into Rome — although he did," Judge Lynch said, referring to the Roman prohibition barring its generals from leading armies back toward Rome.

Judge Lynch began yesterday's hearing by saying that he had not yet read the government's secret brief on the specifics of the surveillance program.

"This is a public argument and I did not want to risk inadvertent disclosure" of a classified piece of information, Judge Lynch, who once served as a prosecutor in the Iran/Contra investigation and was later appointed to the bench by President Clinton, said. "I want to emphasize that I am so far as ignorant as the plaintiff or the public about what is in the government's classified submissions.

The Justice Department has sought to have the suit dismissed on the grounds that litigation would require divulging secrets about the scope of the program.

Judge Lynch directed nearly all his questioning on the legality of the program to the government. He sought input from the plaintiffs for the most part during a lengthy argument on whether the plaintiffs have the standing to bring the lawsuit. Mr. Coppolino said the plaintiffs have to be able to prove that the government spied on their communications with foreign clients before the lawsuit could go forward.

A lawyer for the plaintiffs, Shayana Kadidal, said the lawyers have represented terror suspects who "are alleged to be exactly the types of people" the surveillance would target.

In briefs, the lawyers have said they have already been harmed by the existence of the surveillance program because their clients are afraid to speak openly with them and they can no longer use phone calls or e-mails to discuss their cases.

Yank-Qaeda The Traitor (NYDN)

By James Gordon Meek, Daily News Washington Bureau

New York Daily News, September 7, 2006

WASHINGTON - An American who has made Al Qaeda propaganda videos is charged with aiding terrorists in a secret federal indictment expected to be unsealed soon, the Daily News has learned.

Adam Yahiye Gadahn, a 28-year-old Californian who now calls himself Azzam al-Amriki, has appeared in four Al Qaeda videos. In two of the videos, released since the July 7 anniversary of last year's bombings of London's transit system, he appears with his face uncovered.

The federal indictment is expected unsealed in Los Angeles in the next few days, three sources said. It will likely charge Gadahn with giving material support to terrorists.

The indictment will cite Ayman al-Zawahiri, the No.2 man in Al Qaeda, who praised "Brother Azzam" in a video released last weekend. In the video, Gadahn delivers an hour-long speech urging his countrymen to convert to Islam - or be vanquished.

"[Gadahn] wants to lead his people out of the darkness and into the light," Zawahiri says in a taped introduction to the video. "So listen to him."

Sources said that ringing endorsement sealed the fate of Gadahn, who has been sought by the FBI since 2004. He is believed to be living in Pakistan.

"It makes the criminal charges much better," said a source familiar with the prosecution's case.

Gadahn was raised Adam Pearlman on an Orange County, Calif., hippie goat farm by a Catholic mother and Jewish father, psychedelic rocker Phil Pearlman.

He converted to Islam as a teenager in 1997. That year, he was recruited by an Al Qaeda support cell operating a nonprofit group called Charity Without Borders.

The cell's leaders were tied to Egyptian terror group Gama'a al-Islamiyya and its imprisoned leader, Sheik Omar Abdel-Rahman, the blind cleric convicted of targeting New York City landmarks.

Democrats To Unveil Anti-Terrorism Bill (RC)

By John Stanton

Roll Call, September 7, 2006

Senate Democratic leaders will introduce a detailed homeland security and anti-terrorism package today that significantly expands the size of U.S. special forces units used to track and combat terrorists, while also establishing a comprehensive transportation security plan and implementing the remaining security recommendations of the 9/11 commission, Senate Democratic aides said Wednesday.

Meanwhile, Senate Majority Leader Bill Frist (R-Tenn.) at press time was expected to introduce the White House's legislative proposal for creating new military tribunals for trying suspected terrorists at the Guantanamo Bay military base in Cuba. According to a summary of the Frist bill, Geneva Convention protections would be afforded to suspects under a modified version of the military's court-martial system. But the legislation would significantly limit defendants' access to sensitive information being used as evidence, as well as relaxed evidentiary rules that have raised red flags among Democrats and moderate Republicans, including Sens. John McCain (R-Ariz.) and Lindsey Graham (R-S.C.).

The 600-plus-page Democratic plan — dubbed the Real Security Act of 2006 — meshes existing Democratic proposals, such as the special forces expansion, an initiative proposed by Senate Minority Leader Harry Reid (D-Nev.), with newly drafted legislative language.

While Democrats have made significant progress in their efforts to wrest the national security issue from Republicans, leaders understand that the GOP has successfully exploited the Democrats' lack of a comprehensive and detailed legislative plan as evidence that the minority is long on rhetoric but short on specifics, a Democratic aide said.

"The Republicans basically have been daring us to present a plan," the aide added.

Today's Democratic proposal "builds on the 'Real Security Platform'" unveiled by House and Senate leaders earlier this year and is a "full soup-to-nuts way to fight the war on terror," said a second Democratic aide familiar with the plan.

According to these aides, the Democratic plan will include the long-languishing intelligence authorization bill that was approved by the Senate Intelligence Committee earlier this year, as well as an Iraq contracting proposal sponsored by Sen. Byron Dorgan (D-N.D.); increased funding for democratization and outreach programs in the Middle East and other parts of the Islamic world; and two sense of the Senate provisions calling for the resignation of Defense Secretary Donald Rumsfeld and for a continuation of federal wiretapping and financial tracking efforts so long as they comply with the Foreign Intelligence Surveillance Act.

As for the issue of tribunals for Guantanamo Bay detainees, the Democratic bill will include a sense of the Senate provision endorsing the Armed Services Committee's bipartisan efforts to draft a tribunal system more in line with McCain's positions than those of the White House.

While Democrats said they would look to break out portions of their comprehensive bill over the next several weeks as amendments to the Defense Department and Homeland Security spending bills, Republican aides said Frist, Majority Whip Mitch McConnell (R-Ky.) and other leaders were attempting Wednesday evening to work out a schedule for moving Frist's tribunal legislation as soon as possible.

Sen. John Cornyn (R-Texas) said Wednesday that while it was absolutely necessary to complete the legislation this year, Frist's target adjournment date of Sept. 29 "is a hard and fast date," and that the House and Senate will need to finish the bill before then. GOP aides said it was unclear at press time which process leaders would decide on for moving the bill, including whether to hold hearings on it and when to schedule a floor debate.

Additionally, leadership's efforts to expedite passage could be complicated by McCain and others who oppose the bill's provisions barring the accused from accessing classified information being used against them. McCain told reporters Wednesday that "I think it's important that we stand by 200 years of legal precedents concerning classified information because the defendant should have a right to know what evidence is being used."

A Capitol Hill Republican bristled at McCain's opposition, privately complaining that McCain appears to be looking more toward the 2008 presidential contest — in which he could face off against Frist — than moving legislation.

"If McCain doesn't veer off, this is an opening salvo in the 2008 wars, and McCain joining with Democrats gives Frist a major opening on an important issue with the GOP base," this source said.

An aide to Frist declined to comment directly on McCain's concerns. However, the aide did note that Frist opposes giving terrorist suspects access to classified information because of concerns that it could be leaked to terrorists that have not been captured.

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"The Majority Leader is against automatically giving terrorists and those around them access to classified information about how we are fighting and winning the war on Islamic terrorism, which will inevitably end up leaking out to those who want to do this harm," the aide said.

HOMELAND RESPONSE:

The Security-Industrial Complex (WSJ)

By Heather MacDonald

The Wall Street Journal, September 7, 2006

Since 9/11, it has been generally assumed that Islamic extremists have an almost infinite capacity to wreak large-scale destruction in the U.S. The most pressing question for homeland security officials accordingly was: How do we shore up the country's equally limitless vulnerabilities? There is reason to think, however, that we may have overestimated Muslim terrorists' reach. To find out whether this is true, the next stage of the homeland security enterprise should be oriented around one overriding goal: determining the actual capacity of jihadists to strike the U.S. That means ramping up our intelligence efforts and facing down privacy zealots and civil libertarian extremists, who continue to impede those efforts at every turn.

In assessing where the country is five years after 9/11, we need to begin by recognizing that security and intelligence reforms have made it much harder for an Islamic terrorist to get into the country and inflict large-scale damage. No would-be hijacker, for example, will be able to commandeer an airplane again, thanks to strengthened cockpit doors and inevitable passenger resistance. Meanwhile, plastic explosives, botulism and dynamite are tightly controlled, and bulk sellers of fertilizer know their regular customers and would likely report a suspicious purchase.

Nor is there evidence that terrorists abroad have any nuclear, chemical or biological weapons, or could obtain them in the foreseeable future. Trying to amass WMD capacity makes a terror cell much more vulnerable to detection, a risk that so far may have helped tip the balance in favor of more conventional weapons. Better screening of people and cargo passing through official ports of entry and better information from our overseas partners after 9/11 have made coming into the U.S. with malevolent intent and a big weapon significantly more challenging.

The domestic plots uncovered so far do not suggest that at present we face anything like an omnipresent, omnipotent enemy; wanting to bring down the Sears Tower and being able to do so are very different matters. "None of those plots should scare you," a former government counterterrorism expert who spent years overseeing terrorism investigations told me -- off the record. Another intelligence official of even higher rank admits -- also off the record -- that "most of the threats have been aspirational, not operational."

Yet the security-industrial complex continues to trumpet the notion that we are everywhere under growing threat -- enabled by politicians unable or unwilling to understand risk analysis but quick to denounce even a rational decision by the federal government to ignore low-priority vulnerabilities. Grandstanding legislators, for example, preposterously demanded that every cargo container entering a U.S. port be screened for nuclear material following the Dubai ports controversy; similar calls for universal luggage screening have followed the abortive London airline bombing plot.

From now on, every new claim of a supposedly vulnerable target should be accompanied by evidence that some terrorist somewhere has even a fantasy wish to strike it and a remotely credible ability to do so. Also -- and most crucially -- the knowledge deficit regarding terrorist capacity must narrow, through deployment of every possible information-gathering method.

The London airline plan was uncovered thanks to several informants. The FBI has tried to build relationships with American Muslim communities in the hope of similar leads, should any domestic terror cells exist. Yet that effort has been jeopardized by the ACLU and the Council on American-Islamic Relations's campaign to portray every security initiative since 9/11 as the product of racism and religious bigotry.

This obstructionism recurs in each intelligence domain. The interrogation of terrorism suspects abroad provides crucial intelligence about possible future plots in the U.S. But military interrogators now shrink from using techniques common in every police station across the country, thanks to the overreaction to the real prisoner abuse at Abu Ghraib and the ginned-up abuse at Guantanamo Bay by advocates who view interrogation itself as a human-rights violation.

Anti-Western jihadists depend on Western communications technology to organize themselves and plan their strikes. That dependency is their greatest Achilles heel. We built the technology, we should certainly be able to use it against them more effectively than they use it against us -- if the privacy advocates didn't object.

Ideally, every time a jihadist sends an email, transfers funds over the Internet, or talks on a cell phone, he should face a risk of detection. Jihadist Web sites, for example, teach aspiring terrorists to frequently switch their cell phones' SIM cards (the internal computer chips that contain a phone subscriber's identifying information). Data mining programs should be monitoring

cell phone signals for this potentially suspicious behavior, as well as a host of other activities in cyberspace that can signify terrorist intentions.

Yet under pressure from cyber-libertarians, the Senate killed Pentagon research into this vital technology in 2003, despite powerful privacy protections that were built into the proposed programs. Ever since then, even non-government scientists and companies have shunned antiterror technology work for fear of being attacked by privacy crusaders. Congress should reverse its Luddite ban on data mining and establish legal authority for its application throughout the intelligence community. And the Foreign Intelligence Surveillance Act must be amended to permit maximum use of computer technology in tracking terrorist phone conversations, so that programs like the NSA's international phone surveillance program can proceed with full legal authority.

Even if intelligence analysts start collecting better information about terrorist capacities, however, cultural barriers remain to sharing it. To be sure, real progress has been made in encouraging cooperation among agencies and in integrating intelligence. Still, a high-ranking NSA official was reportedly denied entry to the office of his counterpart in DHS recently -- because he had not yet received a new type of security clearance. Analysts continue to conceal their intelligence sources and methods from other agencies' analysts.

Meanwhile, DHS and the FBI battle on over command of domestic intelligence functions. DHS is currently claiming the right to direct the flow of terrorism information between the federal and local governments, but has persuaded few people outside its own precincts that it has the ability to do so. The department remains an unwieldy mess, overwhelmed by congressional mandates, and unable to set priorities among them.

Should we start getting more intelligence and analyzing it more effectively, we may confirm that terror spending should continue to rise sharply. Our vulnerabilities, we may discover, are matched by our Islamic enemies' current capacities or likely future strength. Such an intelligence push may, however, end up denying the jihadists' their greatest weapon -- limitless fear. Such fear can turn even a failed plot into a resounding success by provoking a massive overreaction, an overreaction premised on the belief that another attack is just around the corner. According to several security experts, the response to the London airline plot represents just such a multibillion-dollar excess.

Vigilance against terrorism will always be necessary. But we may help the fight by ratcheting down the apocalyptic rhetoric just a few notches -- should counterterrorism intelligence support such a de-escalation.

Ms. Mac Donald is a contributing editor at City Journal.

Homeland Security Sifts Data In Terror War (WT)

By Audrey Hudson

The Washington Times, September 7, 2006

The Homeland Security Department is using a dozen different data-mining systems to track terrorist and criminal activity, according to a study released yesterday by the agency's inspector general.

The technology is also being used to screen airplane cargo, but not to pre-screen passengers -- an experiment that was abandoned after strong opposition from the public and members of Congress.

The survey shows that 12 systems are used by Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), Office of Intelligence and Analysis (OIA), Secret Service and Transportation Security Administration (TSA).

Data mining uses computers to analyze massive amounts of information to detect illegal activity; Congress set a mandate for the technology to be used by the agency to combat terrorism. The data involved can include personal information such as credit-card purchases, phone numbers, travel, bank or medical records.

A system used to track high-risk shipments through borders can alert inspectors to conduct a search; however, the inspector general said "limitations" in the system can lead to errors.

A freight-assessment system under development by the TSA would pre-screen airline cargo and flag suspect shipment for inspection. However, the report notes that it faces a "unique problem" because the TSA cannot regulate shippers.

"Therefore, the information that TSA has on shippers is provided on a voluntary basis, which limits the amount and type of data that it receives," the report said.

The technology is used to vet flight crews and pilots, which the report says uses names, Social Security numbers and commercial information to ensure flight attendants and pilots are valid.

Privacy advocates and civil libertarians are critical of the technology and say the database can contain errors.

Melissa Ngo, director of the identification and surveillance project for the Electronic Privacy Information Center, says the technology overwhelms law-enforcement officials with too much information that cannot be verified.

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"This is not a thorough investigative technique, but searching for a needle in a haystack when you don't even know what the needle looks like. We will always support thorough investigations based on real evidence, not rumors, guesses or fishing expeditions," she said.

Homeland Security officials reviewed the report but did not submit a response.

One data-mining system to detect money laundering and drug trafficking is used by ICE, while a second massive system tracks criminal activity. The third system, much smaller in scale, is used to generate leads into terrorist activity.

One data-mining system shared with the public is aimed at reducing risks to national infrastructure. The voluntary tool allows owners of transportation facilities, maritime facilities and vessels, airports and mass transit to assess their security status.

Homeland Security also uses the systems to ferret out immigration violators, customs fraud and drug smugglers. Another system examines whether documents such as passports and driver's licenses are fraudulent.

Clinton Administration Officials Assail ABC's 'The Path To 9/11' (WP)

By Howard Kurtz

The Washington Post, September 7, 2006

Top officials of the Clinton administration have launched a preemptive strike against an ABC-TV "docudrama," slated to air Sunday and Monday, that they say includes made-up scenes depicting them as undermining attempts to kill Osama bin Laden.

Former secretary of state Madeleine K. Albright called one scene involving her "false and defamatory." Former national security adviser Samuel R. "Sandy" Berger said the film "flagrantly misrepresents my personal actions." And former White House aide Bruce R. Lindsey, who now heads the William J. Clinton Foundation, said: "It is unconscionable to mislead the American public about one of the most horrendous tragedies our country has ever known."

ABC's entertainment division said the six-hour movie, "The Path to 9/11," will say in a disclaimer that it is a "dramatization . . . not a documentary" and contains "fictionalized scenes." But the disclaimer also says the movie is based on the Sept. 11 commission's report, although that report contradicts several key scenes.

Berger said in an interview that ABC is "certainly trying to create the impression that this is realistic, but it's a fabrication."

Marc Platt, the film's executive producer, said that although it "does contain composite and conflated scenes and representative characters and dialogue, we've worked very hard to be fair. If individuals feel they're wrongly portrayed, that's obviously of concern. We've portrayed the essence of the truth of these events. Our intention was not in any way to be political or present a point of view."

The former Clinton aides voiced their objections in letters to Robert A. Iger, chief executive of ABC's corporate parent, the Walt Disney Co., but the network refused to make changes or to give them advance copies of the movie. They were not interviewed by ABC; it hired as a co-executive producer Thomas H. Kean, the Republican who chaired the Sept. 11 commission, but no Democratic members of the panel.

"In an undertaking this gargantuan," Platt said, "it's impossible to interview every single person available, and we didn't believe we needed to." He said that "maybe I'm naive" in thinking that hiring only Kean would not prompt criticism of a political slant.

The fierceness of the debate reflects a recognition that a $40 million miniseries -- whose cast includes Harvey Keitel, Patricia Heaton and Penny Johnson Jerald -- can damage Clinton's legacy in the anti-terrorism fight on the fifth anniversary of the Sept. 11 attacks.

Among the scenes that the Clinton team said are fictional:

Â· Berger is seen as refusing authorization for a proposed raid to capture bin Laden in spring 1998 to CIA operatives in Afghanistan who have the terrorist leader in their sights. A CIA operative sends a message: "We're ready to load the package. Repeat, do we have clearance to load the package?" Berger responds: "I don't have that authority."

Berger said that neither he nor Clinton ever rejected a CIA or military request to conduct an operation against bin Laden. The Sept. 11 commission said no CIA operatives were poised to attack; that Afghanistan's rebel Northern Alliance was not involved, as the film says; and that then-CIA Director George J. Tenet decided the plan would not work.

Â· Tenet is depicted as challenging Albright for having alerted Pakistan in advance of the August 1998 missile strike that unsuccessfully targeted bin Laden.

"Madame Secretary," Tenet is seen saying, "the Pakistani security service, the ISI, has close ties with the Taliban." Albright is seen shouting: "We had to inform the Pakistanis. There are regional factors involved." Tenet then complains that "we've enhanced bin Laden's stature."

Albright said she never warned Pakistan. The Sept. 11 commission found that a senior U.S. military official warned Pakistan that missiles crossing its airspace would not be from its archenemy, India.

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Â· "The Path to 9/11" uses news footage to suggest that Clinton was distracted by the Republican drive to impeach him. Veteran White House counterterrorism official Richard A. Clarke, who also disputes the film's accuracy, is portrayed as telling FBI agent John P. O'Neill: "Republicans went all out for impeachment. I just don't see the president in this climate willing to take chances."

O'Neill responds: "So it's okay if somebody kills bin Laden, so long as he didn't give the order. . . . It's pathetic." The Sept. 11 commission found no evidence that the Monica S. Lewinsky scandal played a role in the August 1998 missile strike, but added that the "intense partisanship of the period" was one factor that "likely had a cumulative effect on future decisions about the use of force against bin Laden."

Clinton allies have complained that advance copies were sent to a number of conservative commentators, including Rush Limbaugh, but not to liberals. Limbaugh, saying that the screenwriter, Cyrus Nowrasteh, is a friend of his, told his radio audience that the film "indicts the Clinton administration, Madeleine Albright, Sandy Berger. It is just devastating to the Clinton administration. It talks about how we had chances to capture bin Laden in specific detail."

ABC said copies of the film were sent to media organizations and commentators without regard to ideology, and that Democrats and Republicans were invited to a screening in Washington. At the screening, Richard Ben-Veniste, a Democratic member of the Sept. 11 commission, assailed the film as inaccurate.

Nowrasteh, who has described himself as a conservative, told Frontpage magazine that the movie illustrates "the frequent opportunities the administration had in the '90s to stop bin Laden in his tracks -- but lacked the will to do so."

Nowrasteh drew criticism from Reagan administration officials for his Showtime movie "The Day Reagan Was Shot." He told the Los Angeles Daily News then that he "made a conscious effort not to contact any members of the [Reagan] administration because I didn't want them to stymie my efforts."

The assault on "The Path to 9/11" assumed the trappings of a campaign yesterday. Four senior House Democrats -- John Conyers Jr., Jane Harman, John D. Dingell and Louise M. Slaughter -- have written Iger to demand that the inaccuracies be corrected. Spurred by the Center for American Progress, which is headed by Clinton chief of staff John D. Podesta, 25,000 people have sent letters of protest to ABC.

9/11 Polls Find Lingering Fears In New York City (NYT)

By Robin Toner And Marjorie Connelly

The New York Times, September 7, 2006

Five years after the Sept. 11 attacks, two-thirds of New Yorkers say they are still “very concerned” about another attack on their city, a level of apprehension only slightly reduced from the fall of 2001, according to the latest New York Times/CBS News polls of the nation and New York City.

Nearly a third of New Yorkers said they thought about Sept. 11 every day. Nearly a third said that they had not gone back to pre-Sept. 11 routines and that they were still dealing with changes caused by the attacks.

Outside New York, however, Americans, in many ways, have adjusted to the “new normal” of the post-Sept. 11 era, the national survey suggests.

In contrast to the frantic fall of 2001, their fears of another attack seem less acute and personal. Only 22 percent in the national poll said they were still “very concerned” about an attack where they live, down from 39 percent five years ago. Three-fourths said daily life had largely returned to normal.

New Yorkers were more likely to say that they felt uneasy about the prospect of terrorist attacks. City residents said they believed that the air quality in Lower Manhattan after the Sept. 11 attacks was more dangerous than officials said at the time. [Page B4.]

And they were less likely to say the federal government had done all that “could reasonably be expected” to protect the United States from future terrorist attacks. Seventy-two percent of New Yorkers said the government could do more, compared with 58 percent in the national survey.

Nearly 6 in 10 New Yorkers said they would not be willing to work on a high floor in a new building at the World Trade Center site. Forty percent said they still felt nervous and edgy because of the attacks.

“I don’t feel safe,” said Elizabeth Vinas, 43, a receptionist from Brooklyn, interviewed in a follow-up to the poll. “I don’t know when there will be another attack, I just think they will try again.”

Gwendolyn Branch, 50, a Manhattan homemaker, said, “I just have a feeling that something is going to happen.”

The national poll found that Americans’ personal sense of security, to a large extent, revolved around where they live. Nearly a third of those who lived in big cities said they were “personally very concerned” about an attack where they live; only 13 percent of the people in small towns or rural areas felt that way. More than half of the suburbanites said they felt safe from terrorism, compared with fewer than half of those who lived in cities.

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Donna Howlett, a retired beauty salon manager who lives in San Jose, Calif., said: "I think that from now on out, we're living under the fear of being attacked. They're planning things all the time."

A majority of Midwesterners felt safe; residents of the Northeast were evenly divided.

The findings point to a political paradox. Mr. Bush, who has made the campaign against terrorism the centerpiece of his presidency, has some of his lowest approval ratings in areas that are most concerned with another attack. New York City, which is overwhelmingly Democratic, gave Mr. Bush a 25 percent approval rating in a Quinnipiac University Poll.

The New York Times/CBS News polls were conducted by telephone in August, and each has a margin of sampling error of plus or minus three percentage points. The national poll was conducted Aug 17-21 with 1,206 adults, and the poll of New York City was conducted Aug. 23-27 with 838 adults.

The surveys found Americans almost resigned to the continuing struggle against terrorism. The proportion of those who said they thought a terrorist attack on the United States in the next few months was "very" or "somewhat" likely has dropped substantially in the past five years, but it still amounted to more than half in the national survey.

In New York, 69 percent said they were "very concerned" about another attack there, compared with 74 percent in October 2001.

Nationally, 4 in 10 thought the threat of terrorism against the United States had, if anything, increased since 2001, and 81 percent said they thought Americans would always have to live with the threat.

But a big part of the "new normal," a term used by a Republican pollster, Bill McInturff, is the resurgence of political divisions on national security questions. The extraordinary national unity recorded in the fall of 2001, when Mr. Bush's approval rating reached 89 percent (79 percent in New York City) and Americans' trust in government soared, has given way to deeply partisan views over Mr. Bush's conduct of the war on terror and in Iraq. The survey found that Republicans and Democrats disagreed on a wide range of national security issues, from the wisdom of the war in Iraq to whether the nation had done enough to protect airports.

In general, 83 percent of the Republicans said they thought the United States' campaign against terrorism was going "very" or "somewhat" well, compared with 43 percent of the Democrats and 55 percent of the independents. When asked if the government had done "all it could reasonably be expected to do" to protect the nation against another attack, 56 percent of Republicans said yes; nearly two-thirds of the Democrats and independents said no.

Similar divisions were apparent when Americans were asked if they believed the United States was "adequately prepared for another terrorist attack." Three years ago, a majority of Republicans, independents and Democrats said they believed the government was ready. In the latest poll, only a majority of Republicans felt that way; independents were evenly divided.

A majority of those surveyed nationally still gave Mr. Bush positive marks for his handling of the campaign against terrorism — 55 percent approved, down from the high of 90 percent approval in December 2001. But on many security-related questions, he has lost the support of the vast majority of Democrats and many independents as well.

In general, the polls found a distinct skepticism toward government at all levels. Only 13 percent of New Yorkers said they thought the city was adequately prepared to deal with a chemical or biological attack. Nationwide, 39 percent said they thought their state and local governments were adequately prepared for an attack in general, while 52 percent said they were not. Similar views were reflected among New Yorkers.

In another measure of the confidence gap, 6 in 10 New Yorkers said they would not trust the government to tell them the truth about dangers like contaminated air or water in the event of another terrorist attack. A major study released this week, after the poll was completed, by Mount Sinai Medical Center found that the health impact of working at ground zero was more widespread and persistent than previously thought.

Women, in general, were more likely to say they still felt nervous about the threat of terrorism and less likely to say they felt confident in the government's ability to handle another attack.

Nationwide, 58 percent of the men said the United States was prepared for another attack, but just 42 percent of the women.

James Vollintine, a 35-year-old firefighter from Topeka, Kan., argued that government preparation could go only so far. "You can only be so proactive," Mr. Vollintine said in a follow-up interview. "You can only think of so many scenarios."

But Sandy Jackson, 47, a homemaker in Aberdeen, Md., said, "When the planes hit the Pentagon, I thought it was war, and I rushed to get my daughters out of school." Ms. Jackson added: "I'm still nervous because we can't put our guard down. I think they're looking to do us harm."

9/11 Continues To Haunt Survivors (WT)

By Jennifer Harper

The Washington Times, September 7, 2006

The effects of terrorism linger: After five years, those closest to the September 11 attacks often face a mix of old fears and anxieties, according to a survey of 500 surviving family members and first responders released yesterday.

The most negative reactions were directed toward the press and Hollywood. The survey from the New York-based World Trade Center Family Center found that 75 percent of the respondents said "media coverage of 9/11-related issues continue to increase emotional distress for adults and children, including grief, anxiety, fear of another attack and depression."

Respondents named movies and ongoing news coverage as the worst culprits. Only 5 percent of survivors said the reports and films were "important so people will remember."

Two films opened this year dealing with the events of September 11. Print and broadcast news organizations are gearing up for substantial coverage of the fifth anniversary Monday, many showcasing disturbing images and video footage. "Path to 9/11" on ABC is under fire from Democrats and liberal bloggers who say the miniseries blames the attacks on the Clinton administration.

For survivors -- those who lost a family member at the World Trade Center or who were first responders -- a sense of safety is paramount.

The survey found that 60 percent said they do not feel personally safe and that the United States is not safer today; 17 percent felt the country was safer, while 22 percent were undecided. Among those with safety concerns, about half "held the government in Washington responsible."

Some respondents called for more border security, or were philosophical about the realities of terrorism.

"We can't control it. We can't stop crazy people," one respondent noted. Another said, "We can't worry about it and focus on it."

About a third of the first responders at ground zero report they are depressed about their experiences; four out of 10 say they can't shake the lingering effects. Half of the firefighters and two-thirds of the construction workers at the site report symptoms of post-traumatic stress.

Among children who lost a parent on September 11, more than a third said they continue to have "intrusive thoughts" about the attacks, 42 percent underperformed at school and more than a third had post-traumatic stress or separation anxiety.

The survey did find some good news. It revealed that 90 percent of those children continued to seek ways to honor their lost parents and 55 percent said they had good relationships with their siblings. Among adults, 60 percent reported that family support and togetherness had increased.

The survey was conducted through the South Nassau Communities Hospital, which founded the family center on Sept. 29, 2001, to offer free counseling and care to local survivors of the attacks.

I'm Ready To Reclaim My Life (opinion) (USAT)

By Nikki Stern

USA Today, September 7, 2006

As we approach the fifth anniversary of the 9/11 attacks, there seems to be a collective national ambivalence about how we should commemorate that September day.

Certainly for family members like me — my husband, Jim Potorti, died in the World Trade Center's North Tower — marking the date has proved to be even more conflicting.

I still live in the New York metropolitan area, so there are a number of events and memorials available to me.

I could attend a ceremony at Ground Zero, where the names of the victims will be read aloud and a bell will ring at the times the planes crashed into the towers and again when the towers fell. Or I could attend a small service in my community. I've received invitations to a reception at the governor's mansion, a candlelight vigil held by my late husband's employer and an exhibition of photos earmarked for a memorial that has yet to be built.

Amid all of this, I'm dealing with the melancholia that permeates everything this time of year, a mood that also happens to run smack up against my natural instinct to embrace autumn. I used to love this time of year — unpacking sweaters, taking bike trips, walking along the beach, getting the house ready, plunging back into work. It was a time of renewal, no matter that the season indicated otherwise.

What's already out there

Regardless of what I do, the fifth anniversary has already created its own kind of synergy. Setting aside lowbrow marketing efforts (the almost risible commemorative coins made from silver recovered from the World Trade Center being just one example), there are numerous reminders in the form of articles, books, documentaries, made-for-TV ventures and two "mainstream" movies.

Both United 93 and World Trade Center emphasize the courage and humanity present that day, acknowledging the horror that was the catalyst without displaying it gratuitously. Even so, some feel that even five years is too soon to relive these events.

In other circumstances, though, five years is an eternity. The pace of rebuilding at Ground Zero feels positively glacial to the residents of Lower Manhattan as well as the visitors who seemed stunned that for now, the 16 acres remains a construction site, and that there is no memorial to visit.

The fact is, we don't know what the five-year mark is supposed to mean. What exactly are we to remember? What are we to do?

In many parts of the country, 9/11 is just another day. It's the beginning of school. It's time to head back to work after a Labor Day vacation. Even in the Northeast, where the shockwaves of the attacks were more intense and longer-lasting, everyday routines take precedence.

I'm OK with that.

I've never supported the idea of a national holiday, which often devolves into meaningless rituals or become excuses for "white sales" or extra days off. But I don't want the nation or its citizens to be caught up in eternal mourning. Neither do I wish the prevailing mood to be anger or outrage.

Hope from the pain

It's not that I want people to forget the events of Sept. 11, 2001. In fact, I hope that schools will continue to develop a comprehensive curriculum, and that the day will generate in-depth discussions among passionate citizens. After all, we must learn from our history. But I realize that the date will mean different things to different people, and that it will change over time. Memory morphs experience.

I'd like to imagine that as a result of such horrific events, people would change their own world by helping, giving, learning, becoming involved in something that helps others. In doing so, they could change the world for all of us.

My friend Jay, whose brother lost his life at the Trade Center, has begun an initiative, My Good Deed, which supports acts of charity as a way to remember those who died. To be honest, this project speaks more to me than a ceremony at which my husband's name is intoned.

I have the beginnings of a plan for this anniversary — that is, I won't plan. I'll remember my husband. I'll look to my future. And I will begin to reclaim both my autumn — and my hope.

Nikki Stern served as New Jersey's 9/11 families' liaison and as executive director of Families of September 11. She lives in Princeton, N.J.

How Little The World Has Changed (opinion) (USAT)

By William J. Dobson

USA Today, September 7, 2006

At 8:45 a.m., Sept. 11, 2001, we were living in the post-Cold War era. At 9:37 a.m., just 52 minutes later, as the third hijacked airliner careened into the Pentagon, the post-9/11 era had begun. Everyone told us that everything had changed.

It was the beginning of a new chapter in history. The image of thousands of people perishing as the Twin Towers collapsed in a cascade of fire and dust, live on television, was a bookmark for the ages. There was a world before this tragedy, and then there was something very different that was about to follow. Rarely have so many agreed about the meaning of a single moment.

Five years on, this response must be understood as one being born out of shock. Certainly, for some, there could not have been a more life-changing moment. Collectively, we feared what was about to end.

Globalization would surely grind to a halt. Borders — in particular, the need to maintain them — would undergo a renaissance as governments looked to shield themselves from the next attack. Global trade, capital flows and immigration could no longer be what they once were. National economies would cool, as the realization of a "clash of civilizations" grew hot.

Yet, if you look closely at the trend lines since 9/11, what is remarkable is how little the world has changed. The forces of globalization continue unabated; indeed, if anything, they have accelerated. Across broad measures of political, economic and social data, the constants outweigh the variations. And, five years later, U.S. foreign policy is marked by no greater strategic clarity than it had on Sept. 10, 2001.

The attacks on the World Trade Center and the Pentagon were theatrical terrorism of the worst kind. But the tragic drama of that day did not usher in a new era. No, if there was a day that changed the world forever, it was 15 years ago, not five. New Year's Eve, 1991. It was on that day, far away from any cameras, that the Soviet Union finally threw in the towel, dissolving itself and officially bringing an end to the Cold War. From that moment on, the United States reigned supreme — "the sole superpower," "the hyperpower," "the global hegemon," call it what you like. And from that moment on, the world was out of balance — and it still is. The tragedy of 9/11 was a manifestation of the unipolar disorder the world had already entered a decade earlier. A day after 9/11, we were still living in the post-Cold War era, we still are today, and that is precisely the problem.

Where we left off

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The global economy offered the first sign that a new, darker day hadn't dawned. On Sept. 10, the Dow Jones Industrial Average closed at 9,605.51. Once markets reopened on Sept. 17, it took only 40 days for the market to close above that level again. Hard-hit businesses such as the tourist industry bounced back remarkably fast. In 2005, more than 800 million tourists traveled abroad, up from 688 million four years earlier. Confidence returned so quickly that we are not even shying away from building skyscrapers.

Numerous buildings taller than the World Trade Center have either been built, proposed, or begun construction since Sept. 11.

The United States' openness to the immigrants of the world was supposed to be another casualty of 9/11. University presidents and CEOs have complained loudly that the United States has fallen into a "Fortress America" mentality. But the picture is less dire than they claim. For example, the United States granted far more worker visas in 2005 than in 1998, the heyday of America's triumphant, open-for-business dot-com boom. The number of people becoming U.S. citizens is also on the rise. More foreigners were naturalized in 2005 than in most years before the attack.

Surely, though, there is a growing gulf between America and the world.

Otherwise, how could anyone explain the mounting anti-Americanism in recent years? It is true that anti-American sentiment runs wide and deep today, but it is also true that it has a far longer lineage than the Bush administration. Its roots are in the world's collective fear that U.S. pre-eminence would become so great that the United States would come to dominate others. As early as 1983, a poll by the Gallup Organization found that a majority in Brazil, Japan and Mexico believed that a strong U.S. military presence around the world increased the chance of war. Those fears grew with the end of the superpower contest. In 1995, majorities around the world said the United States was intent on dominating them. Even with a president as beloved abroad as Bill Clinton, America was considered a bully by 83% of people polled in Israel and 61% in Britain, two of America's closest allies. The fact that anti-Americanism has spiked since the U.S. invasion of Iraq is entirely sensible. For the rest of the world, it is the realization of the fears of U.S. dominance they have long harbored.

The United States was a target on Sept. 11 because it was perceived to be the global hegemon. Al-Qaeda's efforts to overthrow Arab regimes had been an abysmal failure in the 1990s. Unable to accomplish his objectives in the Arab world, Osama bin Laden plotted to strike the "faraway enemy," the United States. By striking at the colossus, which for decades had helped shore up the bedrock of Arab regimes, bin Laden hoped to remake the world. What we saw on 9/11 was an explosion that had been building for some time.

World's imbalance

The attacks of Sept. 11 have not altered the balance of power. Instead, they only aggravated differences in the imbalance that existed. Perhaps the truest thing that changed because of 9/11 was the way in which the Pentagon's budget soared. In 2001, the U.S. military expenditure of $325 billion was the same as the next 14 biggest militaries combined. By 2005, the Pentagon was outspending the next 14 militaries by $116 billion. If the world feared the imbalance between the United States and everyone else before Sept. 11, you can understand how that fear could be so much greater today. The gulf between the United States and the rest of the world has just grown wider. For better or worse, only when the international system achieves some sort of balance — whether it happens because of others' progress, U.S. decline, or both — will the post-Cold War era come to a close. Until then, 1991 will remain the year that matters most.

William J. Dobson is managing editor of Foreign Policymagazine. This essay was adapted from his cover story in the current issue. It is available at www.ForeignPolicy.com.

Report: U.S. Not Ready For Disaster (USAT)

By Mimi Hall And Anne Rochell Konigsmark

USA Today, September 7, 2006

WASHINGTON — The U.S. isn't prepared to handle disasters and lacks an effective way to track $88 billion doled out to help rebuild the Gulf Coast after last year's killer hurricanes, according to government reports released Wednesday.

The reports by the Government Accountability Office (GAO), Congress' investigative agency, say that safeguards are not in place to ensure speedy responses to the nation's next catastrophe.

“We are clearly better off than we were five years ago and one year ago, but we are not where we need to be,” said GAO Comptroller General David Walker.

Max Stier of the Partnership for Public Service, a non-partisan group that promotes effective government, said that the 9/11 attacks and Hurricane Katrina were “wake-up calls” and that the new GAO reports highlight a “critical need for leadership” in government.

The three reports examine the government's progress in addressing its response after Hurricane Katrina, which hit Aug. 29, 2005, and left more than 1,700 people dead in Louisiana and Mississippi.

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Among the findings:

·The Homeland Security Department says it has made changes to improve its ability to respond to disasters, “but there is little information available on the extent to which those changes are operational.” Responders still don't have the ability to communicate by radio during a crisis.

Department spokesman Russ Knocke said some of Homeland Security's new policies are not made public for security reasons. “There has been a tremendous amount of reflection on what did and didn't work” during the Katrina response, he said.

·The government has no place to collect data on how and where 23 agencies are spending their share of the $88 billion Congress has allocated for Gulf Coast recovery.

Congress needs to know “how much federal funding has been spent and by whom, whether more may be needed, or whether too much has been provided,” the GAO said. Taxpayers and hurricane victims also should be able to find out how the money's being spent, one report said.

·The Army Corps of Engineers is “following a piecemeal approach” to flood prevention. “We are concerned that the Corps is proceeding with over $7 billion of interim repairs and construction without a comprehensive strategy,” the GAO said.

The GAO report also expressed concern about the delays and costs to repair damaged levees. The costs have risen from $841 million to more than $1 billion.

The corps “generally” agrees with the GAO, according to a written response from John Paul Woodley, assistant secretary of the Army for civil works. However, Woodley said, the corps is “moving forthright to re-establish lines of defense.”

Washington: Little Accounting Of Hurricane Money (NYT)

By Eric Lipton

The New York Times, September 7, 2006

No single government entity is keeping track of the $88 billion appropriated to 23 federal agencies to respond to Hurricanes Katrina, Rita and Wilma, according to a report by the Government Accountability Office. As a result, the report said, the government cannot definitively say “whether more may be needed, or whether too much has been provided,” let alone how much money has been spent. The only agency trying to keep track is the Federal Emergency Management Agency, which has received $42.6 billion. But its weekly report does not include accurate or comprehensive information on spending by other agencies, the G.A.O. report said.

Corps Of Engineers Lacking Flood Plan? (WP)

By Spencer Hsu

The Washington Post, September 7, 2006

The U.S. Army Corps of Engineers lacks a strategic plan to spend more than $7 billion approved by Congress for levee and flood-control projects in greater New Orleans, risking a repeat of the piecemeal approach that led to catastrophic systemic failures after Hurricane Katrina last year, congressional auditors reported yesterday.

While the Corps has spent more than $1 billion to repair southeastern Louisiana's broken levee system by this summer -- more than the $738 million it cost to build over 40 years -- billions more are coming for further work, such as adding pumps and canal gates, raising and reinforcing levees and storm-proofing pumping stations, the Government Accountability Office said in a report.

The money comes before the Corps outlines a long-term strategy to protect the region from the most powerful hurricanes, due to Congress by December 2007, which early estimates said might cost $10 billion to $20 billion, or more.

"We are concerned that the Corps has embarked on a multi-billion repair and construction effort in response to the appropriations it has already received, without a guiding strategic plan," reported the GAO, Congress's audit arm. The Corps is "once again . . . taking an incremental approach that is based on funding."

U.S. Comptroller General David M. Walker, who heads the GAO, said earmarks by Congress would waste money and time.

"The Corps by itself cannot implement this recommendation," Walker said. "It must achieve cooperation and agreement from Congress."

The Corps concluded that the 350-mile New Orleans flood-control system was "a system in name only" in a 6,000-page report in June, acknowledging major design, construction and maintenance flaws.

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WAR NEWS:

Is It Fair To Compare Terror To Cold War? (CSM)

By Howard LaFranchi

The Christian Science Monitor, September 7, 2006

WASHINGTON

As the fifth anniversary of the 9/11 attacks approaches, President Bush is reemphasizing his focus on the war on terror as the defining struggle of the age. With historical analogies his constant tool, the president compares Osama bin Laden to the ideological foes the United States faced in the 20th century - Lenin and Hitler, for example - and likens the struggle against Islamic radicalism to the cold war.

Such comparisons can help Americans understand the foe the US is up against, analysts agree, and can help put the challenge ahead into perspective. For example, the cold war was an ideological battle spanning more than four decades, and the fight against terrorism is not likely to reach a decisive denouement anytime soon, experts say.

But such analogies go only so far and can actually hinder understanding if they obscure the differences in the current situation or act to cover up missteps in current policy.

"The cold war is a good template to begin to think about how to deal with the challenge of radical Islam," says Andrew Bacevich, a former Army colonel and now professor of international relations at Boston University. "The problem is that whatever the president is saying now, his administration's policies have not mirrored the policies of the cold war - starting with the fact that US strategy in the cold war was not primarily oriented towards an aggressive use of force."

Mr. Bush himself has said that the war on terror is not just a military battle, but the wars in Afghanistan and Iraq are nevertheless seen as the signature acts of the president's war on terror.

At the same time, Bush continues to draw comparisons between this war and 20th-century conflicts. "Bin Laden and his terrorist allies have made their intentions as clear as Lenin and Hitler before them," he said in Washington Tuesday in a speech to the Military Officers Association of America.

Such references are both useful and problematic, some experts say. "It's helpful to have things to point to that people can understand. But it's also true that historical analogies are rarely 100 percent accurate, and that can lead to misunderstandings," says Thomas Henriksen, a historian focusing on US foreign policy at the Hoover Institution in Stanford, Calif. "It's true that this will be a long conflict, and when the president says this is more than a military conflict, that's also true."

But Mr. Henriksen says other factors weaken such analogies: For example, World War II and the cold war were fought against "state actors" - Germany, Japan, and then the Soviet Union - while the foes in the war on terror are stateless, dispersed organizations and the ideology that feeds them.

Another problem with such analogies is that they suggest that the answers to the current challenge can also be found in history. Some experts say that can be a costly mistake.

"Superficially, the comparison [to the cold war] is credible, in that this is an ideological challenge, but it starts breaking down when you compare the enemies we were and are [now] up against," says Geoffrey Kemp, a national-security expert at the Nixon Center in Washington.

In the cold war, the ideological foe the US faced was backed by "serious countries with serious capabilities," says Mr. Kemp, who served in the National Security Council of the Reagan White House. While radical Islam may be fed by a common ideology favoring a global caliphate, "when you get into the details, you find a disparate constellation of differing factions and agendas."

The result, he says, is that the current foe "has to be dealt with in a very different way. The traditional ways are less relevant now."

Where many experts differ most ardently with the Bush administration's strategy is in the use of force - and specifically in the characterization of the Iraq war as the central front in the war on terror.

Bush continues to insist on that point. "Iraq is not a distraction in [the radical Islamists'] war against America," he said Tuesday, but rather "the central battlefield where this war will be decided."

Professor Bacevich disagrees, saying that "if the Bush approach had been applied in the cold war, our response would have been to invade Poland." Adds Kemp, "Where Iraq is the central front is in an intensifying battle between Shiites and Sunnis. It doesn't serve our purposes [in the battle with terrorism] to be caught in the middle of that."

Some experts say battling Islamic radicalism is so different from previous wars - and so little a military fight - that the word "war" should not be used at all. "The message the rhetoric about Iraq sends is that we still think we can win this conflict with

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military force, and that's simply not the case," says Charles Pena, a national security-expert with the Coalition for a Realistic Foreign Policy in Washington. He is so adamant about this point that he titled a new book "Winning the Un-War."

Aside from de-emphasizing the military response, Mr. Pena says the US has to change a "hypocritical" policy toward the Middle East that talks democracy but supports authoritarian regimes. He says, "If we don't reassess our foreign policy and deal with the root causes of what attracts so many Muslims to the radical message, it's a losing battle."

Poll: Many Separate Iraq And Terrorism (AP-Y)

By The Associated Press

AP, September 6, 2006

Most people in this country view the war in Iraq as a separate conflict from the war on terror, polling indicates.

President Bush has described Iraq as the central battlefield in the war on terror in several speeches and noted that terrorist leaders have said fighting the U.S. in Iraq is critical to their strategy.

But a CNN poll out Wednesday asked the public if the war in Iraq is part of the war on terrorism. Fifty-three percent said "no;" 45 percent said "yes."

In other poll results about the war on terror:

_Bush's approval on handling terrorism was at 55 percent in a CBS-New York Times poll out Wednesday — his highest rating on handling terrorism in that poll since July 2005.

_By 45 percent to 32 percent, people are more likely to think the best way to lessen the terror threat is to reduce, not increase, the U.S. military presence overseas, according to a poll released Wednesday by the Pew Research Center for the People & the Press.

_Two-thirds said the U.S. is less respected by other countries these days than it was in the past, the Pew poll found. The Iraq war was mentioned by 68 percent as a top reason people are unhappy with the U.S.

_Six in 10 in an AP-Ipsos poll said there will be more terrorism in the United States because the U.S. went to war in Iraq.

The CBS-NYT poll, CNN poll and the AP-Ipsos poll of about 1,000 adults each, and the Pew poll of about 1,500 adults, had margins of sampling error of plus or minus 3 percentage points. The CBS-NYT poll was conducted Aug. 17-21, the CNN poll was conducted Aug. 30-Sept. 2, while the AP-Ipsos poll was conducted Aug. 7-9 and the Pew poll was conducted Aug. 9-13.

Bush And Lincoln (WSJ)

By Newt Gingrich

The Wall Street Journal, September 7, 2006

"The dogmas of the quiet past are inadequate to the stormy present. . . . As our case is new, so we must think anew, and act anew. We must disenthrall ourselves."

-- Abraham Lincoln

Annual message to Congress, Dec. 1, 1862 * * *

WASHINGTON -- Five years have passed since the horrific attack on our American homeland, and, still, there is one serious, undeniable fact we have yet to confront: We are, today, not where we wanted to be and nowhere near where we need to be.

In April of 1861, in response to the firing on Fort Sumter, President Lincoln called for 75,000 volunteers to serve for 90 days. Lincoln had greatly underestimated the challenge of preserving the Union. No one imagined that what would become the Civil War would last four years and take the lives of 620,000 Americans.

By the summer of 1862, with thousands of Americans already dead or wounded and the hopes of a quick resolution to the war all but abandoned, three political factions had emerged. There were those who thought the war was too hard and would have accepted defeat by negotiating the end of the United States by allowing the South to secede. Second were those who urged staying the course by muddling through with a cautious military policy and a desire to be "moderate and reasonable" about Southern property rights, including slavery.

We see these first two factions today. The Kerry-Gore-Pelosi-Lamont bloc declares the war too hard, the world too dangerous. They try to find some explainable way to avoid reality while advocating return to "normalcy," and promoting a policy of weakness and withdrawal abroad.

Most government officials constitute the second wing, which argues the system is doing the best it can and that we have to "stay the course" -- no matter how unproductive. But, after being exposed in the failed response to Hurricane Katrina, it will become increasingly difficult for this wing to keep explaining the continuing failures of the system.

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Just consider the following: Osama bin Laden is still at large. Afghanistan is still insecure. Iraq is still violent. North Korea and Iran are still building nuclear weapons and missiles. Terrorist recruiting is still occurring in the U.S., Canada, Great Britain and across the planet. * * *

By late summer, 1862, Lincoln agonizingly concluded that a third faction had the right strategy for victory. This group's strategy demanded reorganizing everything as needed, intensifying the war, and bringing the full might of the industrial North to bear until the war was won.

The first and greatest lesson of the last five years parallels what Lincoln came to understand. The dangers are greater, the enemy is more determined, and victory will be substantially harder than we had expected in the early days after the initial attack. Despite how painful it would prove to be, Lincoln chose the road to victory. President Bush today finds himself in precisely the same dilemma Lincoln faced 144 years ago. With American survival at stake, he also must choose. His strategies are not wrong, but they are failing. And they are failing for three reasons.

(1) They do not define the scale of the emerging World War III, between the West and the forces of militant Islam, and so they do not outline how difficult the challenge is and how big the effort will have to be. (2) They do not define victory in this larger war as our goal, and so the energy, resources and intensity needed to win cannot be mobilized. (3) They do not establish clear metrics of achievement and then replace leaders, bureaucrats and bureaucracies as needed to achieve those goals.

To be sure, Mr. Bush understands that we cannot ignore our enemies; they are real. He knows that an enemy who believes in religiously sanctioned suicide-bombing is an enemy who, with a nuclear or biological weapon, is a mortal threat to our survival as a free country. The analysis Mr. Bush offers the nation -- before the Joint Session on Sept. 20, 2001, in his 2002 State of the Union, in his 2005 Second Inaugural -- is consistently correct. On each occasion, he outlines the threat, the moral nature of the conflict and the absolute requirement for victory.

Unfortunately, the great bureaucracies Mr. Bush presides over (but does not run) have either not read his speeches or do not believe in his analysis. The result has been a national security performance gap that we must confront if we are to succeed in winning this rising World War III.

We have to be honest about how big this problem is and then design new, bolder and more profound strategies to secure American national security in a very dangerous 21st century. Unless we, like Lincoln, think anew, we cannot set the nation on a course for victory. Here are some initial steps:

First, the president should address a Joint Session of Congress to explain to the country the urgency of the threat of losing millions of people in one or more cities if our enemies find a way to deliver weapons of mass murder to American soil. He should further communicate the scale of the anti-American coalition, the clarity of their desire to destroy America, and the requirement that we defeat them. He should then make clear to the world that a determined American people whose very civilization is at stake will undertake the measures needed to prevail over our enemies. While desiring the widest possible support, we will not compromise our self-defense in order to please our critics.

Then he should announce an aggressively honest review of what has not worked in the first five years of the war. Based upon the findings he should initiate a sweeping transformation of the White House's national security apparatus. The current hopelessly slow and inefficient interagency system should be replaced by a new metrics-based and ruthlessly disciplined integrated system of accountability, with clear timetables and clear responsibilities.

The president should insist upon creating new aggressive entrepreneurial national security systems that replace (rather than reform) the current failing bureaucracies. For example, the Agency for International Development has been a disaster in both Afghanistan and Iraq. The president should issue new regulations where possible and propose new legislation where necessary. The old systems cannot be allowed to continue to fail without consequence. Those within the bureaucracies who cannot follow the president's directives should be compelled to leave.

Following this initiative, the president should propose a dramatic and deep overhaul of homeland security grounded in metrics-based performance to create a system capable of meeting the seriousness of the threat. The leaders of the new national security and homeland security organizations should be asked what they need to win this emerging World War III, and then the budget should be developed. We need a war budget, but we currently have an OMB-driven, pseudo-war budget. The goal of victory, ultimately, will lead to a dramatically larger budget, which will lead to a serious national debate. We can win this argument, but we first have to make it.

Congress should immediately pass the legislation sent by the president yesterday to meet the requirements of the Supreme Court's Hamdan decision. More broadly, it should pass an act that recognizes that we are entering World War III and serves notice that the U.S. will use all its resources to defeat our enemies -- not accommodate, understand or negotiate with them, but defeat them.

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Because the threat of losing millions of Americans is real, Congress should hold blunt, no-holds-barred oversight hearings on what is and is not working. Laws should be changed to shift from bureaucratic to entrepreneurial implementation throughout the national security and homeland security elements of government.

Beyond our shores, we must commit to defeating the enemies of freedom in Iraq, starting with doubling the size of the Iraqi military and police forces. We should put Iran, Syria and Saudi Arabia on notice that any help going to the enemies of the Iraqi people will be considered hostile acts by the U.S. In southern Lebanon, the U.S. should insist on disarming Hezbollah, emphasizing it as the first direct defeat of Syria and Iran -- thus restoring American prestige in the region while undermining the influence of the Syrian and Iranian dictatorships.

Further, we should make clear our goal of replacing the repressive dictatorships in North Korea, Iran and Syria, whose aim is to do great harm to the American people and our allies. Our first steps should be the kind of sustained aggressive strategy of replacement which Ronald Reagan directed brilliantly in Poland, and ultimately led to the collapse of the Soviet empire.

The result of this effort would be borders that are controlled, ports that are secure and an enemy that understands the cost of going up against the full might of the U.S. No enemy can stand against a determined American people. But first we must commit to victory. These steps are the first on a long and difficult road to victory, but are necessary to win the future.

Mr. Gingrich, former speaker of the U.S. House of Representatives, is a senior fellow at the American Enterprise Institute and the author of "Winning the Future: A 21st Century Contract with America" (Regnery, 2005).

Panel Set To Release Just Part Of Report On Run-Up To War (WP)

By Jonathan Weisman

The Washington Post, September 7, 2006

A long-awaited Senate analysis comparing the Bush administration's public statements about the threat posed by Saddam Hussein with the evidence senior officials reviewed in private remains mired in partisan recrimination and will not be released before the November elections, key senators said yesterday.

Instead, the Senate Select Committee on Intelligence will vote today to declassify two less controversial chapters of the panel's report, on the use of intelligence in the run-up to the Iraq war, for release as early as Friday. One chapter has concluded that Iraqi exiles in the Iraqi National Congress, who were subsidized by the U.S. government, tried to influence the views of intelligence officers analyzing Hussein's efforts to create weapons of mass destruction.

"It is clear to me, at least, that the INC information provided to the Department of Defense was misleading, that the government spent unnecessary amounts of money supporting that group, and all of that helped create bogus reasons to go to war," said Sen. Dianne Feinstein (D-Calif.), a member of the intelligence committee.

Under pressure from Democrats, Republicans on the committee agreed in February 2004 to write a report on the use of prewar intelligence, but the effort has languished amid partisan feuding. Last year, angry Democrats briefly shut down the Senate to protest the pace of the investigation.

After nearly three years, the heart of the report remains incomplete. Committee Chairman Pat Roberts (R-Kan.) said Democrats produced 511 administration statements to be analyzed, a virtually impossible task. At this point, the section is 800 pages long, accompanied by 40,000 documents, and is nowhere near ready for release, he said.

But with midterm elections two months away, two of five chapters are about to be released. The first examines what, if any, information provided by Iraqi exiles was used in official intelligence estimates. The second compares prewar estimates of Iraq's alleged chemical, biological and nuclear programs with the findings of U.S. weapons hunters, who wrapped up their work empty-handed in December 2004.

Even that limited release may pack a wallop.

"This is a very critical part of our report," Feinstein said. "I am hopeful that it can be adequately declassified so that individuals can see that. If it is, the full import of the INC will be known."

Senate aides said it took two Republican committee members, Chuck Hagel (Neb.) and Olympia J. Snowe (Maine), to force Roberts to act. Republicans on the committee readily conceded that Democrats would be able to pick through the chapters -- especially the INC portion -- to resurrect charges that the Bush administration manipulated intelligence to build a case for war. And Democrats appeared ready to do just that.

"The principle that holds up this country is accountability, and we have not had any," said Sen. John D. Rockefeller IV (W.Va.), the committee's ranking Democrat. "What happened with the INC was remarkable."

But Republicans and Democrats differ sharply on the significance of controversial figures in the INC, such as Ahmed Chalabi. Democrats will say Chalabi and other exiles fueled the drive to war in 2002 by fundamentally distorting the conclusions of several intelligence reports, including a critical, classified estimate of Hussein's capabilities for nuclear, chemical and biological weapons. Republicans have concluded that the exiles had little influence.

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"The big question is: Did the INC have any direct input into the 2002 National Intelligence Estimate so as to affect in some way what was in that estimate?" Roberts said. "In my view, the conclusion is there is very little, if any, evidence that took place."

Roberts was emphatic yesterday that the chapter on Iraqi exiles "is a rather old story." The INC's efforts to influence U.S. policy in Iraq date to the early years of the Clinton administration and affected not just the White House but also Congress, he said.

"The allegation that the Bush administration was the first to discover and utilize the INC was simply not true," Roberts said. "It went way back."

Chalabi and the INC had strong supporters in the Bush administration, he conceded, but their biases and motives were widely understood. Ultimately, Chalabi had little to no influence on the critical administration document that convinced many policymakers that Saddam Hussein's weapons program presented a clear threat, Roberts said.

"The whole thing has been a colossal waste of time," said Sen. Christopher S. Bond (R-Mo.), another committee member.

Democratic aides disagreed with Roberts's characterization of the conclusions. Chalabi and senior members of the INC wanted the United States to depose Hussein in hopes that they could seize control of a new Iraqi government, and their efforts to influence intelligence did shape the critical National Intelligence Estimate, the aides said.

Roberts kept the investigation narrowly targeted to the exiles' influence on the intelligence process, beating back Democratic efforts to examine INC contacts with policymakers, the aides said. So the report is silent on Chalabi's efforts to sway Congress and individuals in the Bush administration.

Still, the report should make waves, they said. Democrats are already using Chalabi in their attacks on Defense Secretary Donald H. Rumsfeld, painting the secretary as a gullible dupe to an ambitious con man.

"The U.S. government spent a lot of money on the INC," Feinstein said. "I think it is a very important report."

Senate GOP Rallies For Rumsfeld As Democrats Press For Dismissal (USAT/AP)

By The Associated Press

USA Today, September 7, 2006

WASHINGTON — Senate Democrats pushed for a vote Wednesday calling for Defense Secretary Donald Rumsfeld to be fired, but Republicans moved to head them off.

Senate Minority Leader Harry Reid, D-Nev., submitted the resolution, which criticized the Bush administration's policy on Iraq. " 'Staying the course' is not a strategy for success," it said.

"The 'stay the course' policy in Iraq has made America less secure, reduced the readiness of our troops and burdened America's taxpayers with over $300 billion in additional debt. … One indication of a change of course would be to replace the current secretary of defense," the resolution said.

Reid called Rumsfeld "a leading participant in the administration's cherry-picking and manipulation of intelligence in the run-up to war."

Republicans called the move a political stunt and stood by Rumsfeld.

Sen. Ted Stevens, R-Alaska, the floor manager of the bill, defended Rumsfeld. "This man deserves the support of the Senate, does not deserve the opposition I'm sad to say … on a purely political basis."

Senate Majority Leader Bill Frist, R-Tenn., made the rounds of news shows Wednesday morning to support Rumsfeld.

"The American people want us to be safe and secure. They recognize it takes bold leadership," Frist said on NBC's Today show.

The Rumsfeld resolution, which is non-binding, is likely to be struck down on a point of order since it is not germane to the pending legislation, the Pentagon spending bill.

The GOP tactics would prevent Republican senators from having to vote to support the way President Bush and Rumsfeld have handled the war.

Democrats are likely to have no more luck in forcing a vote on Rumsfeld in the House of Representatives, where Republican leaders keep tight control over floor debate.

GOP Halts Rumsfeld Vote (WT)

By Amy Fagan And Christina Bellantoni

The Washington Times, September 7, 2006

Senate Republicans yesterday blocked a Democratic resolution urging the dismissal of Defense Secretary Donald H. Rumsfeld and changing of the current Iraq policy, following hours of politically charged debate.

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"Secretary Rumsfeld and the Bush White House have mastered the politics of national security, but as we've seen day after day in Iraq, they've failed to do what it takes to make America safe," said Senate Minority Leader Harry Reid, Nevada Democrat, who led the effort.

"No matter how the lily is gilded, things are not going well in the war against terrorism, and there is no doubt that we need new leadership," said Sen. Hillary Rodham Clinton, New York Democrat.

Republicans accused Democrats of playing political games and advocating a dangerous message of retreat.

"They are very united in defeatism. ... They attack this president, with no ideas of their own," Sen. Jim DeMint, South Carolina Republican said of Democrats. "Stop performing for an audience, and help us fight this war," he told them.

Democrats offered their proposal as an amendment to the annual defense spending bill, but Republicans blocked it from receiving a vote by objecting on grounds that it was unrelated to spending.

Still, Democrats insisted on nearly five hours of debate on the proposal, arguing it's high time to hold Mr. Rumsfeld and the administration accountable. Their resolution, which didn't carry the force of law, stated that the current "stay the course" policy in Iraq has made America less secure and stretched U.S. forces thin and burdened taxpayers, and that President Bush must change the direction, starting with a new defense secretary. The proposal did not specifically outline a new direction.

Democrats complained that Mr. Rumsfeld had shifted the focus from Afghanistan, rushed an unwise invasion of Iraq, didn't plan adequately for the aftermath, ignored calls for more troops and dismissed criticism.

But Sen. Judd Gregg, New Hampshire Republican, said Democrats don't seem to understand that there are enemies who "wish to kill us." He said their policy "is firmly grounded in Birkenstocks and clearly not grounded in the reality of the world as it is."

Republicans said Mr. Rumsfeld has made the country safer. "By going on offense, he's helped to ensure that we have not been attacked here at home in the five years since 9/11," said Senate Majority Whip Mitch McConnell, Kentucky Republican.

Meanwhile, House Minority Leader Nancy Pelosi of California said Democrats lack the ability to hold a similar no-confidence vote in that chamber.

"The president has the vote that counts when it comes to Rumsfeld," she said. "It's clear the president's standards are not very high when it comes to protecting the American people, strengthening our military or bringing stability to the world."

Mrs. Pelosi and other House Democrats charged yesterday that Republicans have jeopardized America's security in the five years since the September 11 terrorist attacks. They said if they win back the majority in the November elections, one of the party's first actions will be implementing the recommendations made by the September 11 commission.

Former Rep. Tim Roemer, Indiana Democrat, who served as a member of that bipartisan panel, said the government failed to make 20 of the changes the commission recommended.

"As al Qaeda is poised to attack again, to simply sit back and do little or nothing, or play politics with this issue, is unacceptable and it makes us unsafe," he said.

House Minority Whip Steny H. Hoyer, Maryland Democrat, said Republicans have created an environment in which the "most objective analysis indicates that we are not as ready and strong today as we were in January of 2001, related to national security."

He said the country's airports are safer, but the ports, borders and nuclear power plants are not.

"We know that the Republican leadership will attempt to play politics with the nation's security as we approach the anniversary of 9/11, but we want to make it clear that empty rhetoric will not make the nation safer," said Democratic Caucus Chairman James E. Clyburn of South Carolina.

Senate Set To Pass Defense Budget; Rumsfeld Resolution Is Derailed (WSJ)

By David Rogers

The Wall Street Journal, September 7, 2006

WASHINGTON -- A $468.4 billion wartime defense budget is poised to clear the Senate today after Republicans derailed a Democratic resolution calling for the ouster of Defense Secretary Donald Rumsfeld and a new course in Iraq.

The amendment fell last evening on procedural grounds without the roll-call vote Democrats had sought. But the debate was one of the most intense in the Senate since the war began three years ago and reflected the political stakes going into November's elections.

"History is going to judge this period harshly, and I wish as a body we could redeem ourselves," said Sen. Hillary Clinton (D., N.Y.). Michigan Sen. Carl Levin, the ranking Democrat on the Senate Armed Services Committee, said that the target wasn't so much Mr. Rumsfeld as it was achieving a change in policy to force the new Iraqi government to face up to the choices before it.

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"The Iraqi leaders must face the abyss, they must face a very stark choice, civil war or nation building," Mr. Levin said. "The American security blanket is now providing a negative incentive to reach those kinds of essential decisions."

Majority Leader Bill Frist (R., Tenn.) dismissed the resolution as a "political stunt." But President Bush is in the midst of his own public-relations drive on the war, and at a Capitol luncheon before the floor debate, Republican National Committee Chairman Ken Mehlman met with Senate Republicans to underscore the need to stay on the political offensive on national-security issues this fall.

Mr. Bush met later with House and Senate leaders on the fall agenda, including a set of security-related bills he wants in relation to the war against terror. And mindful of the failure thus far to reach agreement on immigration overhaul, the administration signaled a greater openness to using emergency funds to appease voters worried about border security.

Mr. Frist conceded that "it would be next to impossible" this month to complete comprehensive legislation to deal with the millions of undocumented workers in the country. But the Senate has added $1.8 billion in emergency funds to the defense bill for border security, and this may be wrapped into a separate Homeland Security bill being negotiated.

Down in the polls, returning Republicans appear on the defensive and are focused primarily on national-security issues to help them with voters. Speaker Dennis Hastert said last night, however, that he remains "cautiously optimistic" about holding the House, but also wants some action on the domestic front.

"You go district by district, election by election, we're in play," Mr. Hastert said. And there could be a marriage of interests in both parties around a pre-election bid to permanently extend the expanded $1,000 child tax credit.

"I'd like to make it permanent...I'd make a run at it if I thought we'd get anywhere in the Senate," Mr. Hastert said. Montana Sen. Max Baucus, the ranking Democrat on the Senate Finance Committee, said later he would be "fine" with such an initiative if not packaged with other items opposed by his party.

As a first down payment toward the new fiscal year beginning Oct. 1, $63.1 billion is provided in emergency funds to pay for military operations overseas as well as for equipment to reconstitute Army and Marine units returning from Iraq.

Senate Republicans Say `No' To A Vote On Rumsfeld (LAT)

By Richard Simon

The Los Angeles Times, September 7, 2006

WASHINGTON — The Senate's Republican majority on Wednesday blocked a no-confidence vote on Defense Secretary Donald H. Rumsfeld, but the fact that the issue was even raised underscored the Democrats' increasing efforts to turn the controversial Pentagon chief into the focus of public discontent with the war in Iraq.

The Democratic-sponsored resolution called on President Bush to replace Rumsfeld as a tangible way of showing that the administration was willing to change its Iraq policies.

"This is about … the president demonstrating to the American people he understands America cannot 'stay the course' when the present course is taking our country in the wrong direction," Senate Minority Leader Harry Reid (D-Nev.) said in promoting the measure.

The resolution carried no force of law, and Bush for months has scoffed at the growing clamor among Democrats, and even among some Republicans, for Rumsfeld to go.

But the measure offered Democrats a chance to decry the continued turmoil in Iraq 3 1/2 years after the U.S.-led invasion, and an opportunity to portray Rumsfeld as a key symbol of the problems that have hampered the administration's goal of establishing a stable democracy there.

Democrats hope to turn public disaffection with the war into gains in November's midterm congressional elections.

In arguing against the resolution, Republicans reiterated the administration argument that the U.S. mission in Iraq was "critical to the war against terrorism."

"The Democrat amendment may rile up the liberal base, but it won't kill a single terrorist or prevent a single attack," Assistant Majority Leader Mitch McConnell (R-Ky.) said.

Majority Leader Bill Frist (R-Tenn.) dismissed the Democratic effort as a "political stunt."

Rumsfeld's handling of the war has come under fire since the early days of the invasion. Most recently, he was criticized for a speech last week that compared those who opposed the administration's Iraq policy to those who sought to appease the Nazis in the late 1930s.

Two years ago, Rumsfeld was assailed for using an automated signature machine to sign condolence letters to the families of troops killed in combat. He also was criticized after telling a soldier concerned about the lack of armor for vehicles in Iraq that "you go to war with the army you have … not the army you might want."

"Apart from President Bush, no one embodies the administration's failures in Iraq more than Secretary Rumsfeld," Sen. Edward M. Kennedy (D-Mass.) said during the debate Wednesday.

Sen. Barbara Boxer, joined by her California Democratic colleague, Sen. Dianne Feinstein, in supporting the resolution, argued, "If you look at the polls, they are begging us — begging us — to change course."

Two prominent Senate Republicans — John McCain of Arizona and Chuck Hagel of Nebraska — have expressed a loss of confidence in Rumsfeld's leadership but have said that it is up to the president to decide who is on his team.

McCain, saying it was important for the president to have a team around him that he could trust, said Wednesday, "The president should be able to keep that team until such time as the president of the United States loses confidence in that team."

Rumsfeld continues to have the "full confidence" of the president, White House Chief of Staff Joshua B. Bolten said in a letter to Reid. "Under his leadership, the United States armed forces and our allies have overthrown two brutal tyrannies and liberated more than 50 million people," Bolten wrote.

Sen. Ted Stevens (R-Alaska) was among those defending Rumsfeld on the Senate floor. "This man deserves the support of the Senate [and] does not deserve the opposition, I'm sad to say, … on a purely political basis," he said.

Hoping to force their GOP colleagues facing tough reelection campaigns to cast a politically difficult vote, Democratic senators sought to hold the no-confidence vote on Rumsfeld during a debate on the annual defense spending bill.

But Republicans blocked any votes on the measure, citing a Senate rule that prohibits adding unrelated matters to a spending measure.

The spending bill, which proponents say is crucial to supporting the troops, is expected to pass the Senate on a strong bipartisan vote. It then must be reconciled with the House version.

Weldon Seeks Plan For Iraq Withdrawal (HILL)

By Alexander Bolton

The Hill, September 7, 2006

The second-ranking Republican on the House Armed Services Committee, who is a strong supporter of the U.S. military mission in Iraq, has drafted a resolution that would give military commanders — instead of President Bush or Secretary of Defense Don Rumsfeld — decision-making authority over when American troops should return home.

Rep. Curt Weldon (R-Pa.), the vice chairman of the Armed Services panel and chairman of the Tactical Air and Land Forces Subcommittee, told Speaker Dennis Hastert (Ill.) Monday of his plans to introduce the resolution shortly.

The resolution would express the sense of the House that military commanders should put in place a system of criteria to assess the capability of Iraqi security forces. Once those criteria are met, the mission in Iraq would be considered complete and the president could begin withdrawing troops.

Weldon is one of the foremost Republican military experts in the House, and he is considered to have a good chance of succeeding Rep. Duncan Hunter (R-Calif.) as chairman of the Armed Services Committee at the end of 2008 should Republicans keep control of the lower chamber.

But Weldon is also in the midst of a difficult reelection campaign because of voters' generally sour view of the war in Iraq. His race is considered among the most competitive in the nation, and Weldon recently cited Bush's low poll numbers as the reason.

In an interview, Weldon said his resolution "clearly says that the decision will be made by the commanding generals in the theater [of war]. They're the ones we're paying to do the job. They know what the criteria are, they're the best to assess the readiness of the Iraqi brigades."

"They determine the timetable for bringing the troops back home," said Weldon of the commanders. "There's no armchair politician back here making those decisions, whether it's an elected member of Congress or even the secretary of the defense."

The resolution is a bold step and goes farther than what many Democrats have advocated. Earlier this year, 37 Senate Democrats voted for a resolution that instructed the president to speed up the transition of U.S. forces to a "limited presence," but still left the timetable for withdrawal firmly in the president's power. The Democratic amendment did not go so far as to empower generals to set criteria for departure.

Weldon said he was expecting to discuss the proposal with other leaders such as Hunter, Rules Chairman David Dreier (R-Calif.) and Majority Leader John Boehner (R-Ohio) this week.

Weldon initially introduced his proposal to the White House about a year ago, and has worked quietly behind the scenes to reach an agreement. But after 10 months of negotiations, Weldon is going forward on his own.

"I've tried to do this quietly with the administration over the last nine or 10 months," he said. "I've had meeting after meeting, phone call after phone call, so now it's time for me to do my job. I'm a legislator and I've put this in a legislative format."

Yet Weldon is adamant that he is in no way undermining the president. He said he supports Bush and the war in Iraq. In Weldon's view, his legislation is necessary to assure voters that the decision on when to pull out of Iraq will not be driven by political considerations.

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Bush has said repeatedly that he will withdraw troops when the mission in Iraq is accomplished. Weldon says he merely wants to give the people who he says have the most expertise, the military commanders, the job of deciding what criteria must be met for the mission to be considered accomplished.

"The president appoints the generals, so this is not stripping him of anything," said Weldon. "If you have a problem with that you don't trust and have confidence in our generals."

Weldon's proposal, however, has met with strong skepticism among senior senators, including members of the Senate Armed Services Committee.

"Constitutionally, the president is the commander-in-chief," said Sen. Richard Lugar (R-Ind.), chairman of the Foreign Relations Committee. "I don't see a good reason to separate the chain of command from the president. I appreciate what Curt is trying to do, but it's not a good idea."

Sen. Jack Reed (R.I.), a Democrat on the Armed Services panel, raised constitutional questions.

"The Constitution clearly gives the president the authority as commander-in-chief to make that decision," he said. "I don't know how you get around the notion that the buck stops there in the White House."

Weldon initially contemplated introducing his proposal as regular legislation, but opted instead for a sense of the House resolution after learning that legislation would conflict with the president's constitutional war powers.

Sen. Lindsey Graham (S.C.), a Republican on the Armed Services panel, said that empowering generals with such decisionmaking authority risked "doing away with civilian control of the military."

"It would subvert civilian leadership of the military," he said.

But House lawmakers more familiar with the proposal have been more amenable. Weldon may have a potential partner across the aisle in Rep. Ike Skelton (Mo.), the ranking Democrat on the House Armed Services Committee.

Weldon said he is looking to partner with a Democrat on the legislation.

Skelton told Weldon in a phone conversation Tuesday that he put forth a very similar proposal to the White House several months ago, according to Weldon, who did not know that Skelton had been contemplating a similar approach.

At the beginning of the year, Skelton proposed to Bush bringing home one American brigade for every three Iraqi brigades that had received adequate training.

Weldon said that Bush responded to Skelton, rejecting the proposal as "too stringent."

Weldon added that Hastert's staff was "intrigued" when he shared his proposal with them yesterday. He said that Dreier and Hunter also expressed cautious interest when he shared it with them several months ago.

At the time, however, Republican leaders were working on a different resolution endorsing Bush's Iraq-policy that Boehner used to kick off a floor debate over the war. Boehner told Weldon that he did not have time to work with Weldon's proposal, Weldon said.

Iraqis To Begin Taking Control Of Forces (USAT/AP)

By The Associated Press

USA Today, September 7, 2006

BAGHDAD — Iraq takes control of its armed forces command today, a significant milestone on its path toward self-sufficiency and an essential step before international troops can eventually withdraw.

"This is such a huge, significant event that's about to occur," Maj. Gen. William Caldwell, a U.S. military spokesman, said Wednesday. "If you go back and you map out significant events that have occurred in this government's formation in taking control of the country, tomorrow is gigantic."

Meanwhile, bloodshed continued around Iraq. At least 36 people were killed across the country in car bombings, mortar attacks and drive-by shootings. Police also found a total of 29 bodies.

Today's ceremony, which will put the prime minister in direct control of some of the country's military, comes five days after it was originally scheduled. The first time around, the Iraqi government abruptly called it off at the last minute after an unspecified disagreement between U.S. and Iraqi officials. Neither side revealed many details of the disagreement, other than to say it was mostly over procedural matters.

The hand-over is so important that it was "not something you want to rush into," Caldwell said. "If there's even a question, if there's even a slightest misunderstanding, you would absolutely want to get that thoroughly resolved and have complete understanding."

The U.S.-led coalition has been training and equipping the Iraqi military in the hope that it will soon be in a position to take over security for the entire country and allow foreign troops to leave.

How fast that can be achieved is still unclear.

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"It's the prime minister's decision how rapidly he wants to move along with assuming control," Caldwell said. Today's ceremony will transfer direct operational control of the 8th Iraqi Army Division and the country's small naval and air forces to Prime Minister Nouri al-Maliki.

"They can move as rapidly thereafter as they want. I know, conceptually, they've talked about perhaps two divisions a month," Caldwell said.

The 8th Division recently engaged in a fierce, 12-hour battle with Shiite militiamen in the southern city of Diwaniyah. The fighting left more than 20 soldiers and 50 militiamen dead.

Iraqi President Jalal Talabani said in a meeting Tuesday with British Foreign Secretary Margaret Beckett that fighting in Iraq will have abated by the end of 2007, and that Iraqi forces will be able to handle any remaining violence after that.

Among the deadliest attacks Wednesday, two bombs targeting an Iraqi army patrol exploded within minutes at a busy intersection in northern Baghdad, killing at least nine people and wounding 39 others, police said. Two of the dead and eight of the wounded were Iraqi soldiers, police told the Associated Press.

Meanwhile, the U.S. military said the arrest of al-Qaeda in Iraq's second-in-command took place in June and was the most significant blow to the terrorist group since the death of al-Qaeda in Iraq leader Abu Musab al-Zarqawi.

Caldwell said Hamed Jumaa Farid al-Saeedi, also known as Abu Humam or Abu Rana, was captured on June 19 — not a few days ago, as the Iraqi government had initially announced.

Shiites Push Laws To Define How To Divide Iraqi Regions (NYT)

By Richard A. Oppel Jr.

The New York Times, September 7, 2006

BAGHDAD, Iraq, Sept. 6 — Shiite lawmakers are pushing ahead with legislation that would provide a mechanism to carve Iraq into largely autonomous regions, angering some Sunni Arab lawmakers who say Shiites should first follow through on a promise to allow Parliament to re-examine the issue of federalism.

Allowing Shiite-dominated provinces in southern Iraq the means to form their own semiautonomous regions has been a top priority of Abdul Aziz al-Hakim, leader of the powerful Supreme Council for Islamic Revolution in Iraq, a Shiite political party.

Federalism provisions in the new Constitution, approved by voters last fall, allow such regions to be formed. Sunnis had been reluctant to support the charter, fearing those provisions would leave the country's oil wealth in the hands of Shiites in the south and Kurds in the north.

To win Sunnis over, Shiite representatives changed the charter so Parliament could later decide whether to narrow those provisions.

Now, lawmakers from Mr. Hakim's party are backing legislation that would define the process for breaking the country into autonomous regions.

Shiite representatives say the proposal would not set that process in motion, and say they are merely trying to meet a constitutional deadline for defining it.

But some Sunni leaders say the Shiites should first allow debate on amending the Constitution. The new proposal "is an obstacle to the national reconciliation," said Dhafir al-Ani, a member of the Sunni bloc in Parliament. "This draft could be presented after amending the Constitution."

Saleh Mutlak, an outspoken Sunni lawmaker, said Shiite lawmakers should instead focus on the country's fragile economy and security. "These people should take care of these things, not federalism," he said. "The government is disintegrating and there is no other power except the militias."

Mr. Hakim has previously said he has no intention of changing the main federalism provisions. Nevertheless, Ridha Jawad Taki, a senior member of Mr. Hakim's party, insisted that Shiites were still open to debating the provisions. It may be one or two years before anyone starts the actual process of forming an autonomous region, Mr. Taki said in an interview.

"Right now, we are making a mechanism and procedure for the Iraqi people in the provinces to make use of this right in the Constitution," he said.

Other Shiite parties in Parliament say they favor a slower path toward federal territories. Nasir al-Saadi, a member of the bloc loyal to the radical cleric Moktada al-Sadr, said he did not object to a mechanism for carving the country into regions. But he said that it would be a long time before the country was ready to do that and that it should not happen until the "occupation" had ended.

"This isn't the time to implement federalism," he said.

Hassan al-Shimiri, a member of Fadhila, another Shiite party, was also cautious. Within the dominant Shiite governing coalition, he said, "there are many blocs that still have reservations about the activation of federalism."

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Some lawmakers worry that there is a limited amount of time to bring Sunni Arab, Shiite and Kurdish politicians together. The speaker of Parliament, Mahmoud Mashhadani, an outspoken and controversial Sunni Arab, warned lawmakers on Wednesday that Iraq's sectarian factions might have only a few months to do so.

...

Lawmakers also approved a measure on Wednesday that would allow private companies to import gasoline into Iraq, a proposal intended to ease perpetual fuel shortages.

Sectarian executions and other violence continued Wednesday. News agencies reported that as many as 60 Iraqis were killed or found dead throughout the country. Such tallies, however, have proven to greatly understate death tolls.

Iraqi officials also announced that 27 "terrorists" had been executed in Baghdad for crimes of rape and murder.

On Wednesday the chief American military spokesman in Iraq, Maj. Gen. William B. Caldwell IV, said that now that last-minute "technical" details had been hammered out, the prime minister, Nuri Kamal al-Maliki, would assume control of the Iraqi armed forces on Thursday.

"Tomorrow is gigantic," General Caldwell said. "It's the one event that puts the prime minister directly in the operational control of his military forces."

However, initially that control will be limited. In addition to Iraq's nascent air and naval forces, Mr. Maliki will be assuming control of only one Iraqi Army division on Thursday, General Caldwell said. Control of other divisions will be handed over at a rate of perhaps two per month, he said.

General Caldwell also disclosed that Hamid Juma Faris Jouri al-Saeedi, whose arrest had been hailed by Iraqi officials as the capture of the No. 2 leader of Al Qaeda's branch in Iraq, was actually detained on June 19. The announcement was delayed so Iraqi and American forces could take advantage of information Mr. Saeedi disclosed to interrogators, he said.

Questions also remain about Mr. Saeedi's exact role in Al Qaeda. American officials have played down Iraqi assertions that he was the second-ranking official in the terrorist group.

American officials say Mr. Saeedi supervised the insurgent who led the bombing of the Askariya shrine in Samarra on Feb. 22, an attack that set off a spasm of sectarian killings that continue to this day.

But it remains unclear what role Mr. Saeedi played in that attack, and American officials have not said whether Mr. Saeedi ordered or planned the bombing.

Judge Refuses To Order Drugging Of Defendant In Iraq Spy Case (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, September 7, 2006

NEW YORK -- A judge dealt a severe setback Wednesday to the government case against a one-time journalist and congressional aide accused of becoming a paid Iraqi intelligence agent when he ruled she cannot be forced to take medication to control delusions of grandiosity and paranoia.

U.S. District Judge Michael Mukasey also criticized the strength of the case against Susan Lindauer. He rejected the government's request that it be permitted to administer drugs to try to make her competent to stand trial.

At least a half-dozen mental health professionals including a psychiatrist retained by the government have found Lindauer mentally incompetent to stand trial, the judge said.

A telephone message left with prosecutors was not immediately returned Wednesday.

Lindauer was arrested in March 2004 in Takoma Park, Md., on charges she conspired to act as a spy for the Iraqi Intelligence Service and engaged in banned financial transactions with Saddam Hussein's government. The charges carry potential penalties of up to 25 years in prison.

The judge said it would be permissible to order drugs to be given to Lindauer if it could be shown that important government interests were at stake in the prosecution and that the drugs would be effective without serious side effects and would be in her best interests.

He said the importance of the government's interest seemed "significantly weaker" than in cases in which defendants were ordered to receive medication or treatment.

"It would be a denial of reality ... to find otherwise," he said, adding that he doubted whether the proposed medication would succeed.

The indictment against Lindauer accused her of meeting in 1999 and October 2001 with Iraqi spy agency officers, accepting an unspecified task and about $10,000 and delivering a letter to a U.S. government official claiming Iraqi contacts and trying to influence U.S. foreign policy. It also alleged she met an undercover FBI agent posing as a Libyan spy to support resistance groups in Iraq after the U.S. invasion.

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The judge said it appeared the "high-water mark" of the effort she's accused of making to act as an unregistered agent of the Iraqi government would be her January 2003 delivery of the letter to the U.S. official, which the indictment described as an unsuccessful attempt to influence U.S. foreign policy.

As the judge noted, the identity of the recipient of the letter was former White House Chief of Staff Andrew Card, a distant cousin of Lindauer.

The arrest of Lindauer drew attention because of the unusual accusations, the connection to Card and the fact that Lindauer has worked in the press offices of four Democratic members of Congress and as a journalist for two magazines, two newspapers and a television news company.

Her father, John Lindauer, a former owner of a newspaper chain in Alaska, was the state's Republican nominee for governor in 1998.

The judge said even the government's psychiatrist had testified that Susan Lindauer, who is in her 40s, suffers from hallucinations, grandiose and persecutory delusions and mood disturbances that may be traced as far back as age 7, including purported gifts of prophecy and spiritual visitations.

The government psychiatrist cited Lindauer's own writings, including those in which she suggests she reported 11 bombings before they occurred, speaks with divine inspiration and declares herself to be an angel, the judge noted.

The psychiatrist also cited writings in which she said that the government was surveilling her from hidden cameras in her apartment, that the CIA and FBI were after her because of difficulties in this country's relationship with Syria and that the intelligence community had blown up the modem on her computer, the judge said.

"As a further example of both grandiosity and paranoia, he cites evidence that Lindauer has believed that objectively neutral environmental stimuli _ such as lights going on or off or a statement by a radio announcer _ refer specifically to her," the judge said.

He said the delusions result in endless futile requests from Lindauer that her lawyer contact witnesses who she claims would support her description of events and otherwise "follow leads that exist only in her imagination."

The judge said the government psychiatrist found that even lay people perceive Lindauer is not mentally stable and that a neighbor reported that she seemed "mildly schizophrenic."

He said Lindauer "could not act successfully as an agent of the Iraqi government without in some way influencing normal people."

"The indictment charges only what it describes as an unsuccessful attempt to influence an unnamed government official, and the record shows that even lay people recognize that she is seriously disturbed," he added.

All the mental health experts said Lindauer resisted the idea she suffers mental illness, the judge said.

Although Lindauer initially was free on $500,000 bail, she has remained jailed for most of the last year as she has undergone the psychological examinations and faced determinations over her competency for trial.

Her lawyer, Sanford Talkin, said he was uncertain where the case would go next.

"I don't see it as a victory. I see it as a just result," he said. "I'm very happy that the judge did not force medication upon her. I think that would have been a travesty of justice for her to be force medicated."

Pakistan Vows To Help Afghans Fight Taliban (NYT)

By Carlotta Gall

The New York Times, September 7, 2006

KABUL, Afghanistan, Sept. 6 — President Pervez Musharraf of Pakistan, on a two-day visit to shore up relations, promised Wednesday to help Afghanistan combat the worsening Taliban insurgency, which operates from his country.

Relations between the nations have deteriorated badly this year as the insurgency has bloomed, and President Hamid Karzai of Afghanistan has blamed Pakistan for providing a haven to militants and suicide bombers.

Mr. Karzai has called on the United States and its NATO allies, whose troops are deployed and dying in increasing numbers in southern Afghanistan, to press Pakistan to clamp down on the Islamic militants, which Pakistan has long used as an arm of foreign policy to pressure neighboring rivals, Afghanistan and India.

American and other foreign diplomats have been pushing for closer ties between Afghanistan and Pakistan as the only way to resolve the insurgency and regional terrorism in the long term.

The meeting on Wednesday came before state visits by General Musharraf and Mr. Karzai to Washington this month, and a meeting they are scheduled to hold with President Bush.

After a one-on-one session that ran well over its scheduled time, General Musharraf and Mr. Karzai emerged with promises of greater cooperation, but hanging over all the declarations were questions about Pakistan's support for the insurgents, and whether General Musharraf would follow through on his promises.

"We hope very soon we can remove the obstacles between the two countries in our relations," Mr. Karzai said at a joint news briefing at the presidential palace in Kabul. "I am very happy today that President Musharraf assured me that he is going to try his best to get rid of this sickness in the region," he said.

General Musharraf said he had come on a "mission to iron out any possible misconceptions" as to Pakistan's intentions for Afghanistan. "There is only one option, and that one option is to have brotherly relations between our two countries."

Pakistan and Afghanistan have waged a war of words for the last six months, since Mr. Karzai visited Islamabad in February and presented General Musharraf with an intelligence dossier on Taliban leaders who used Pakistan as a sanctuary.

General Musharraf dismissed the intelligence as out of date and "nonsense."

His latitude to crack down on the Taliban has been constrained by the influence of Islamic parties in his government and some popular support for Islamic militancy, particularly in the border areas where his government has limited control.

General Musharraf said an agreement his government signed with militants in the Pakistani border region of North Waziristan on Tuesday was intended to end attacks on Afghanistan and training or militant activity on both sides of the border.

"No militant activity, no training activity, they have accepted this," General Musharraf said. "This is the bottom line of the peace agreement."

Mr. Karzai expressed concerns about the agreement, which many analysts interpreted as allowing sanctuary for the militants in return for stopping attacks on Pakistani security forces, but he called it a positive step. "Let's see how it is going to be implemented and what will happen," he said.

The United States is taking a harder look at Pakistan's role in the Taliban insurgency, Afghan and American officials here said. Seth G. Jones, a political scientist at the RAND Corporation, said that after talks with military, security and diplomatic officials in Afghanistan, there was increasing evidence that Pakistani intelligence agents had been financing, training, providing intelligence and assistance to Taliban insurgents.

The Taliban have staged a resurgence in Afghanistan, Mr. Jones said, because they benefit from a haven across the border in Pakistan and enjoy state support. Whether the orders come from General Musharraf himself is not clear, Mr. Jones said, but he said it was clear that he knew about the support, and that he so far had failed to stop the militancy.

NATO members have also added their voices to Afghanistan's pleas for more pressure to be brought upon General Musharraf to contain Taliban insurgents.

General Musharraf visited on the same day that Afghanistan signed an agreement with NATO on greater cooperation. Ambassadors of the North Atlantic Council have been visiting Afghanistan this week to look at security in the south, troop levels and plans for NATO to assume military command of eastern Afghanistan in coming weeks.

Jaap de Hoop Scheffer, secretary general of NATO, said the agreement showed NATO's long-term commitment to Afghanistan. Mr. Karzai welcomed it for bringing more stability to the country.

But even as the agreement was signed, Canadian troops in the southern province of Kandahar continued to wage heavy battles against hundreds of Taliban insurgents hemmed in a district west of Kandahar.

The commander of NATO troops in Afghanistan, Lt. Gen. David Richards, said he sensed that the operation, which had already cost hundreds of lives, including those of 19 NATO service members, was turning in NATO's favor. "They are feeling the pressure," he told journalists during a flying visit to Kandahar.

Mr. Jones, of RAND, said NATO and the American-led coalition had evidence of Pakistan's role, and specifically the role of Pakistani intelligence, the Inter-Services Intelligence, or I.S.I., in aiding the insurgents. "The evidence suggests the I.S.I. is involved in several ways," he said.

Pakistani intelligence agents have provided intelligence to the Taliban about coalition plans and tactical operations, he said, tipping off Taliban forces and allowing them to flee. Western military forces have intercepted the tips and know they are from people connected to Pakistani intelligence, Mr. Jones said.

Mr. Jones said there were numerous accounts that Pakistani agents were providing assistance to wounded Taliban fighters who made their way back to Pakistan, paying their medical bills and ensuring their care.

The Pakistani intelligence agency was providing support, housing and security for the Taliban leadership, including the reclusive leader, Mullah Muhammad Omar, he said.

It was also directly or indirectly involved in training fighters in camps, preparing them to fight either in Kashmir or Afghanistan, and in providing finance and possibly weapons, he said.

"The U.S. government also believes they have given monetary assistance and maybe weapons," he said.

American Embassy and military officials have said Pakistan is cooperating by deploying thousands of soldiers along the border with Afghanistan to try to check the infiltration of militants.

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Yet the overwhelming consensus in Afghanistan, including among foreign diplomats and members of Mr. Karzai's administration, is that Pakistan is orchestrating, or at least turning a blind eye, to the campaign against Afghanistan to keep the country unstable, and to retain influence through its clients.

Pakistani officials stressed, as General Musharraf did, that it was in Pakistan's interest to see a stable, prosperous Afghanistan.

General Musharraf said he had raised concerns that India, Pakistan's rival to the east, was establishing consulates close to the Pakistani border in Afghanistan.

"This is our concern," he said. "I have brought it to President Karzai."

Pakistan Says It Will Help Fight Taliban (USAT)

USA Today, September 7, 2006

Pakistan will help fight al-Qaeda and Taliban militants but won't allow foreign troops into tribal areas that Afghan leaders say harbor terrorists and extremists, President Pervez Musharraf said Wednesday. Musharraf, meeting with Afghan President Hamid Karzai in Kabul, outlined a peace deal between Pakistani armed forces and tribal militants in North Waziristan, the region bordering Afghanistan. Musharraf said the deal bans terrorist camps and foreign fighters in the area, which is ruled by warlords. Karzai said Afghanistan would wait to see whether cross-border raids stop.

London charges 2 morein alleged air terror plot

London's Metropolitan Police charged two more suspects in an alleged plot to bomb as many as 10 U.S.-bound airliners. Three suspects were released. Wednesday was the deadline to charge or release the remaining suspects arrested in raids Aug. 9-10. Police have released six suspects, charged 11 with conspiracy to commit murder, charged two with preparing terrorism acts and charged four with lesser offenses, including withholding information about planned terrorism.

Sudan newspaper editorabducted and killed

Sudanese newspaper editor Mohammed Taha Mohammed Ahmed, who provoked a furor by publishing an article that questioned the prophet Mohammed's parentage, was found dead a day after being abducted from his home in Khartoum. Police Maj. Gen. Mohammed Nagib al-Tayeb said several suspects were arrested. He wouldn't give more details.

In May 2005, protesters demanded Ahmed's death for republishing the Internet article. Islamic sharia law that has governed Sudan since 1983 says blasphemy is punishable by death. Ahmed apologized and said he did not intend to insult the prophet. His Al-Wifaq newspaper was fined $3,200.

U.S. Air Force officermissing in Kyrgyzstan

U.S. Air Force Maj. Jill Metzger, stationed at the Manas air base in Kyrgyzstan, disappeared Tuesday while shopping with colleagues in Bishkek, the capital, U.S. ambassador Marie Yovanovitch said. Metzger was buying souvenirs before her scheduled rotation home today, Yovanovitch said. Manas is used by U.S. forces fighting militants in Afghanistan. Kyrgyzstan, a mountainous, former Soviet republic west of China, has been plagued by instability and crime since violent protests ousted President Askar Akayev last year.

Fines get Paris dog owners to clean up after their pets

Paris officials say they are winning a battle for walkways free of dog mess as heavy fines lead more people to pick up their dogs' droppings or switch to other pets.

"There are fewer dogs and more owners picking up," said Yves Contassot, a city official in charge of the campaign.

The number of dogs tumbled from 190,000 in 2003 to fewer than 150,000. The percentage of owners picking up excrement to avoid a $235 fine soared from 1% in 2001 to more than 70%.

Pakistani Leader Seeks To Mend Fences With Kabul (WP)

By Pamela Constable

The Washington Post, September 7, 2006

KABUL, Afghanistan, Sept. 6 -- Pakistan's president Wednesday strongly defended his day-old peace pact with Taliban militants and, standing next to Afghan President Hamid Karzai here, made an impassioned plea to repair their stormy relations and combat the "common enemy" of terrorism and Taliban ideology.

Speaking outside Kabul's presidential palace, Gen. Pervez Musharraf acknowledged that the new truce with Islamic militants based in Pakistan's tribal border region had caused "misgivings" in neighboring Afghanistan, where government forces and 10,000 NATO troops are fending off a fierce armed offensive by hundreds of Taliban insurgents.

But the Pakistani leader, on a fence-mending visit to the Afghan capital, said he would not hesitate to act militarily if the Taliban forces reneged on the pact, which calls on them to end armed attacks inside Pakistan and to stop crossing into Afghanistan to fight against the Karzai government and international troops.

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The agreement also requires foreign militants to leave the tribal area of North Waziristan or take up a peaceable life there, and it prohibits local Islamic extremist groups from enforcing draconian religious notions such as requiring men to grow long beards or destroying audio and video equipment.

"We have to fight al-Qaeda, we have to fight the Taliban, and we have to fight Talibanization," Musharraf said. "The bottom line is . . . no al-Qaeda, no foreigners acting in our areas, no training activities, no Taliban actions on our side of the border or in Afghanistan, no Talibanization of society."

The Pakistani general, who took power in a bloodless 1999 coup, wore a gray business suit for the visit. He said that he hoped the problem of Islamic militancy could be solved through negotiations, adding that military actions could only buy time. But he stressed that "we are not leaving the military side at all. Any militant action will be addressed with force."

Musharraf referred to Karzai repeatedly as his "brother" and brought along a number of Pakistani officials who share Karzai's ethnic Pashtun origin. He said that the two leaders of neighboring Muslim countries faced a common threat and that their only option was to stop criticizing each other, build a relationship of trust and cooperate to fight Islamic terrorism and extremism.

Karzai's response was less effusive but cordial, as he welcomed Musharraf and a large delegation of Pakistani officials to his palace with an honor guard and a brass band. After the two men met privately, Karzai described their discussions as "constructive" and said he hoped that soon "all obstacles that have affected our relations will be removed."

The friendly and respectful atmosphere of the visit was a dramatic shift from recent months, when the two leaders angrily attacked each other from afar. Karzai has repeatedly accused Pakistan of being a source of shelter and support for the revived Taliban insurgency, which has carried out suicide bombings and assassinations. Musharraf has heatedly denied the allegations and accused Karzai of knowing nothing about his own country.

Many Afghans remain skeptical of Pakistan's intentions toward them because of its past interference in Afghan politics. They doubt Musharraf's willingness to seriously crack down on Islamic militancy because his government formally supported Taliban rule in Kabul until the attacks of Sept. 11, 2001, and later formed a domestic political alliance with Pakistani religious parties.

In telephone interviews, Afghan officials in several provinces bordering Pakistan said they feared the new pact would allow both the Taliban and its al-Qaeda allies freer rein to cause trouble inside Afghanistan -- the opposite of its purported intent.

"This is not good, if Musharraf can make an agreement with the bad guys and send them into Afghanistan," said Hakim Taniwal, governor of Paktia province. "If they are not being bothered, they will have more time to infiltrate here and do what they want."

Many Pakistanis have welcomed the pact with relief after several years of conflict in the fiercely independent tribal zones, unrest that erupted after Musharraf sent tens of thousands of army troops into the region at Washington's behest in an attempt to roust al-Qaeda militants believed to be hiding in the rugged border region.

But others called the agreement a major concession to the Islamic extremists, who have been gaining influence and power in the area despite the army attacks. They said it would grant undue legitimacy to armed religious fanatics.

"This empowers the militants and turns them into a new elite," said Afrasiab Khattak, a human rights and political activist in Peshawar, a Pakistani city near the Afghan border. "Whatever rhetoric Musharraf indulges in in Kabul, the hard-liners have no reason to worry."

Military officials in Pakistan described the peace pact as a calculated risk that was worth taking to pacify the troubled tribal region. They also said it was a tactical move that would not undermine their larger military objectives of protecting the border and cooperating with Afghan and Western forces in the pursuit of armed extremists.

The White House played down concerns about the agreement. "There's been an implication that somehow this throws open the border area to al-Qaeda," spokesman Tony Snow told reporters in Washington. "That does not make sense for the government of Pakistan."

Snow said Pakistan "has been very cooperative in helping track down members of al-Qaeda."

On Wednesday, Musharraf said he would never allow foreign troops to operate on Pakistani territory, a pledge he has made previously.

Many Afghans have questioned the continued U.S. support for Pakistan, complaining that Washington has refrained from pressuring Musharraf to rein in the local Taliban because of his strong cooperation in pursuing al-Qaeda suspects.

But during his visit to Kabul on Wednesday, Musharraf for the first time repeatedly denounced al-Qaeda and the Taliban in the same breath, calling both a threat to modern, peaceful societies. He bristled at a question about whether Pakistan's army was too weak to take on the militants, but said he could have faced a full-fledged popular uprising if he had persisted in the military campaign.

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Musharraf is scheduled later this month to travel to the United States, where he will attend the U.N. General Assembly and meet with officials in Washington. His visit to Kabul was arranged at the last minute, and Pakistani officials said he had sought a chance to explain his new policy toward the Taliban to Afghan officials and society.

CORPORATE SCANDALS:

Feds Seeking To Preserve Lay Conviction (AP)

By JUAN A. LOZANO, ASSOCIATED PRESS

AP, September 7, 2006

HOUSTON (AP) - The Justice Department on Wednesday asked a judge to delay ruling on a request by lawyers for convicted Enron Corp. founder Kenneth Lay's estate to erase his convictions and dismiss the indictment against him because he died before he had appealed.

Lay was convicted of 10 counts of fraud, conspiracy and lying to banks in two separate cases on May 25. He died of heart disease July 5.

Lay's lawyers have said in a previous court filing that Lay's death "necessitates" erasing his convictions. They cited a 2004 ruling from the 5th U.S. Circuit Court of Appeals that found that a defendant's death pending appeal extinguished his entire case because he hadn't had a full opportunity to challenge the conviction and the government shouldn't be able to punish a dead defendant or his estate.

In a court filing Wednesday, federal prosecutors asked U.S. District Judge Sim Lake to defer from making a ruling until Oct. 23, the previously scheduled sentencing date, so Congress can consider legislation the Justice Department submitted Tuesday that changes current federal law regarding such situations.

"Certain provisions of the (legislation) would be directly relevant to the situation presented by defendant Lay's death," prosecutors Sean Berkowitz and John Hueston wrote in their motion. "For example ... the (legislation) provides that the death of a defendant charged with a criminal offense shall not be the basis for abating or otherwise invalidating either a verdict returned or the underlying indictment."

The Justice Department would like to make the new legislation retroactive to July 1, four days before Lay died.

U.S. Seeks Law To Aid In Pursuit Of Lay's Assets (WSJ)

By John R. Emshwiller

The Wall Street Journal, September 7, 2006

The Justice Department is seeking new legislation that could make it easier for federal prosecutors to seize the remaining assets of Kenneth Lay, the former Enron Corp. chairman who was convicted on fraud and conspiracy charges in May and then died suddenly from heart-related problems on July 5.

The death of the 64-year-old Mr. Lay made it likely that his conviction would be erased under a legal doctrine that holds that a person can't be considered a felon if he dies before he has a chance to appeal his case. Last month, the Lay estate filed a motion to vacate Mr. Lay's conviction with Judge Sim Lake, who presided over the criminal trial in Houston. Mr. Lay's co-defendant, former Enron president Jeffrey Skilling, was also convicted at the trial and is scheduled to be sentenced on Oct. 23.

Erasing Mr. Lay's conviction could have a major impact on the government's efforts to recover tens of millions of dollars it contends he realized from the frauds at Enron. Without the criminal conviction, the government would likely have to go through potentially lengthy civil proceedings.

Yesterday, government prosecutors moved to protect their criminal conviction of Mr. Lay. In a filing in Houston federal court, the government asked Judge Lake to hold off ruling on the motion to vacate Mr. Lay's conviction until Oct. 23. The filing noted that the Justice Department on Tuesday had sent proposed legislation to Congress. Under the proposed legislation the death of a defendant would "not be the basis for abating or otherwise invalidating" a guilty verdict. The filing added that the current state of the law "unnecessarily harms crime victims" and "erases hard-won verdicts against those who have wronged them, verdicts that might aid crime victims" in their loss-recovery efforts. The proposal would also create a special forfeiture procedure for such cases. The proposed legislation would be retroactive to July 1 -- four days before Mr. Lay's death. (See the filing1)

A Justice Department spokeswoman declined to comment. A spokeswoman for Mr. Lay's estate said she couldn't comment until his attorneys had a chance to study the latest filings.

Congress Taking A Look At Timing Of Stock Options Granted To Executives (AP)

DOJ_NMG_0059159

By Marcy Gordon, Associated Press

AP, September 7, 2006

WASHINGTON – The government is aggressively investigating the suspicious timing of stock options granted to top executives at scores of companies, federal officials said Wednesday.

Shareholders and employees have been "ripped off by senior executives who rigged stock option programs ... to further enrich themselves," the chairman of the Senate Finance Committee said at a hearing.

The tax-writing committee, led by GOP Sen. Charles Grassley of Iowa, is considering reducing or eliminating a deduction that encourages companies to award executives with stock options. This kind of compensation is linked to a company's stock prices and by, extension, performance.

The Securities and Exchange Commission chairman expressed support for the idea.

Companies are required to pay taxes on compensation that exceeds $1 million a year received by each executive. There is an exception for pay tied to a company's financial performance; all of this can be deducted. This requirement has led companies to dole out stock options.

SEC chief Christopher Cox told the Senate Banking Committee that this rule "deserves pride of place in the Museum of Unintended Consequences." He said the $1 million threshold was "an unworkable price control."

At least 79 public companies, including UnitedHealth Group Inc., The Home Depot Inc., personal-finance software maker Intuit Inc. and Barnes & Noble Inc., are under scrutiny by the Justice Department or the SEC, or both, for possible fraudulent reporting of stock option grants.

The Internal Revenue Service is conducting its own investigation for possible tax-law violations in option grants.

"We will apply our resources to this area with full rigor," IRS Commissioner Mark Everson said in testimony at the hearing.

Cox and the SEC's enforcement director, Linda Thomsen said the agency is investigating more than 100 companies.

This summer, the Justice Department and the SEC charged former officials of two technology companies, Brocade Communications Systems Inc. and Comverse Technology Inc.

With only two cases brought so far out of the scores of companies under investigation, the government is sending a message that "most don't have to worry about it," Lynn Turner, a former SEC chief accountant, said at the Banking Committee hearing.

At issue in many investigations is a practice known as backdating: Stock options are issued retroactively to coincide with low points in a company's share price. This can fatten profits for options recipients when they sell their shares at higher market prices.

Backdating options can be legal as long as the practice is disclosed properly to investors and approved by the company's board. In some cases, however, the practice can run afoul of federal accounting and tax laws.

It can outrage company shareholders and the public when they see lavish compensation for executives, unrelated to their performance, even as companies stumble and lay off employees.

A new academic study found that corporate executives gained an average of $600,000 a year each from backdating of stock options between 2000 and 2004. By contrast, shareholders were hurt by an average loss in market value of 8 percent, or $500 million, for each affected company from the negative publicity of being under government investigation, the researchers at the University of Michigan found.

About 120 companies – many of them in the technology sector – are the subjects of government or internal inquiries into whether corporate insiders rigged options, without the proper disclosure or accounting, to ensure larger windfalls. The fallout: Shareholders have sued and some companies say they may have to restate earnings because past option grants may have distorted their financial results.

The SEC is focusing on cases of serious fraud, with elements such as deliberately lying, forging documents or deceiving directors or investors. In addition, the agency this summer adopted rules for what public companies must disclose regarding the dating of stock option grants to executives.

Possible tax issues in the IRS inquiry include whether deductions were taken correctly by companies regarding options that were backdated and whether executives who received options accurately reported their sale profits.

Everson also said the IRS's examination of compensation paid to executives of charities, begun in late 2004, has found problems with compensation reporting and loans made to executives and other officials.

On the Net:

Securities and Exchange Commission: www.sec.gov

Justice Department: www.usdoj.gov

Internal Revenue Service: www.irs.gov

DOJ_NMG_0059160

Federal Officials Express Concern Over Options Backdating (MERCN)

By Frank Davies

The San Jose Mercury News, September 7, 2006

WASHINGTON - Top federal law enforcement officials Wednesday expressed alarm over the extent of backdating stock options for corporate executives, but also told a Senate committee that federal regulators face limits in investigating the practice.

IRS Commissioner Mark Everson said the ``vast amount of compensation"in backdated options going to chief executive officers and chief financial officers did not automatically involve fraud or tax violations, though he found ``much of this behavior abhorrent."

``High pay itself does not lead to illegality, but the temptation to do the wrong thing greatly increases when the stakes are as staggeringly high as they are," Everson testified at a hearing of the Senate Finance Committee.

The director of enforcement for the Securities and Exchange Commission, Linda Thomsen, said the SEC is investigating more than 100 companies for possible fraudulent reporting of stock option grants, including many in the tech sector. Nearly 30 Silicon Valley companies are being investigated by either the SEC or the Justice Department.

Since March, Corporate America has been embroiled in a widening scandal over backdating options. Typically, the practice involves issuing options to executives or employees that are misdated, often to an earlier date, to take advantage of lower stock prices and give the option holder a head start to profits.

Many investigations have focused on Silicon Valley companies, ``where much of this backdating occurred," Deputy Attorney General Paul McNulty said, citing a special task force set up for northern California.

But so far, the Justice Department has filed charges against former executives of only two companies alleging criminal violations of securities law -- Brocade Communications of San Jose and Comverse Technology of New York.

And criminal fraud, along with other securities and tax violations, are not easy to investigate and prove, officials conceded.

``Fraud is collusive and hidden, and this just takes time," Thomsen said. She acknowledged that the SEC often relied on academic analysts and whistleblowers, or companies that review their own compensation packages and file new statements with the SEC.

Sen. Charles Grassley, R-Iowa and chairman of the committee, said federal investigators could be more aggressive: ``I hope the government isn't waiting for the phone to ring."

Grassley warned that reports of executives avoiding taxes by improperly backdating their stock options abused shareholders and discouraged investment.

Everson said the IRS ``is not where we should be, and we need to greatly enhance our analytical capabilities" to investigate potential fraud. But he said Congress had not fully funded a $1 billion program to modernize IRS information technology.

Several academic analysts told the committee that the Sarbanes-Oxley Act of 2002, designed to tighten accounting rules after the Enron scandal, now made it harder to commit fraud in backdating stock options.

Charles Elson, who chairs the Center for Corporate Governance at the University of Delaware, said the solution to backdating abuses was ``better oversight by boards of directors, with independent directors who have equity ownership" in a company.

Another analyst, Lucian Bebchuk of Harvard Law School, said strengthening shareholders' rights was crucial.

``When shareholders' rights are weak, designers of pay arrangements may not feel sufficient pressure to change these arrangements because any tax penalties will be borne largely by shareholders, not executives," Bebchuk testified.

Feds: Expect More Stock Option Cases (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, September 7, 2006

SEC officials tell senators they're investigating more than 100 companies, many of them from the technology sector.

WASHINGTON--Expect to see more legal action in the coming months against executives suspected of stock option mischief, federal officials told U.S. senators on Wednesday.

At a hearing here convened by the Senate Finance Committee, top officials from the Securities and Exchange Commission, Internal Revenue Service and Department of Justice's corporate fraud unit said they couldn't be sure how many of the companies suspected of "backdating" stock options for financial gain will face full-blown enforcement proceedings or new charges.

"Like other forms of corporate fraud, the Department of Justice takes stock option backdating seriously, and we will continue to use our best efforts to uncover criminal conduct where it occurs," said Deputy Attorney General Paul McNulty.

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Stock option backdating

Some Bay Area companies have announced that they've been contacted by the U.S. Attorney's office in Northern California. Typically the contact comes in the form of a grand jury subpoena. They include:

The IRS, too, "will follow up on every company and the relevant executives for each case where it is determined that abuses have occurred," said IRS Commissioner Mark Everson.

Currently, more than 100 companies, largely from the technology sector, are under investigation by the SEC for possible fraudulent reporting of stock option grants to their top executives, said Linda Thomsen, director of the SEC's enforcement division. So far, the Justice Department and the SEC have filed civil and criminal charges against former top executives from two technology companies: Brocade Communications Systems and Comverse Technology. Two former Brocade executives pleaded not guilty to those charges last week.

Stock option backdating refers to the practice of retroactively changing the date of a stock option grant to make it appear it was granted on a date when its value was lower, thereby multiplying the payoff when the options are exercised. While not necessarily illegal, the practice could run afoul of tax laws, securities regulations and fraud statutes if concealed from shareholders.

Senate committee leaders voiced disgust at the allegedly fraudulent practices and urged the enforcement officials to advise them if changes in the law are necessary.

"It is behavior that ignores the concept of an 'honest day's pay' and replaces it with a phrase that we hear all too often today, 'I'll get mine,'" said Sen. Chuck Grassley, the Iowa Republican who serves as committee chairman.

Montana Sen. Max Baucus, the committee's Democratic co-chairman, said the stock option scandal is indicative of a broader problem--overpaid executives. "It is high time that we tried to close the loopholes (in tax laws)," he said.

The senators indicated they were weighing a number of legislative options, including changes to--or even a repeal of--a section of the tax code that puts a $1 million cap on the amount of employee compensation that firms can deduct from their income taxes. The measure, enacted in 1993, had been intended to stave off "excessive" executive pay, "but it really hasn't worked," said Grassley, who said he voted against the bill containing that provision. "Companies have found ways to get around it, and frankly it has more holes in it than Swiss cheese."

The federal officials said they didn't see the need for additional congressional action right now. New SEC rules that go into effect next year, for instance, would require more detailed reports of executives' compensation and a broader discussion and analysis of a company's compensation practices, and are designed to foster increased transparency, Thomsen said.

"These issues cannot be reformed by Congress," said the IRS' Everson. "They're going to have to be reformed by American business."

US Task Force Makes Options Abuse A Top Priority (DOW)

By Rob Wells, Of DOW JONES NEWSWIRES

Dow Jones, September 7, 2006

WASHINGTON -(Dow Jones)- Investigating companies for improperly backdating stock options is a top priority of the federal government's corporate fraud task force, a senior U.S. Justice Department official said Wednesday.

Such manipulation of stock option pricing "can only be seen as a brazen abuse of corporate power to artificially inflate the salaries of corporate wrongdoers at the expense of shareholders," Deputy Attorney General Paul J. McNulty told the Senate Finance Committee.

McNulty was on a panel of top financial regulators testifying about the backdating of stock options, which allows companies to manipulate the value of options granted to executives.

Internal Revenue Service Commissioner Mark Everson said Congress can help investigations of these cases. He suggested lawmakers consider loosening aspects of taxpayer privacy laws to let the IRS share certain taxpayer information with the Securities and Exchange Commission and the Justice Department investigators.

"The unquestionable appetite for exhorbitant compensation on the part of executives and the sheep-like willingness of boards to feed it yet again raise the issue of whether modification" of taxpayer privacy standards is warranted, Everson told the panel.

The Federal Bureau of Investigation is conducting some 45 investigations over stock-options backdating, while the SEC is investigating more than 100 companies. McNulty, chairman of the federal government's corporate fraud task force, said this issue is a priority for the task force, but he wouldn't predict how many more criminal cases will be filed.

Everson said the IRS has referred about 25 corporate executive pay cases for criminal investigation this year, but he didn't say how many involved options backdating. The cases primarily involve diversion of corporate income to corporate executives, resulting in the underreporting of compensation on the executive's personal income tax return, he said.

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Auditing corporations and wealthy individuals to uncover options backdating and other abuses will remain an IRS priority in the coming years, Everson said.

Some 166,221 high-income taxpayers were audited in the 2004 fiscal year; the IRS plans to audit 234,000 high-income individuals in the 2006 fiscal year, he said.

Senate Finance Chairman Charles Grassley, R-Iowa, has asked the Justice Department whether existing tax laws are adequate to rein in and prosecute stock option backdating. McNulty said the Justice Department isn't seeking any new legislation to combat the problem.

Everson said many of the changes need to be undertaken by the companies and boards of directors themselves.

"I finding this particular practice shocking because these people are paid in the tens of millions of dollars," Everson said. "The idea that they need to get a little bit more, it really does say the controls within the companies and the actions of the companies have gone out of kilter."

Grassley has said he's considering legislation to address questionable tax deductions for executive compensation. But the committee isn't expected to act on any new legislation this year to remedy executive compensation problems, a spokeswoman said. The Senate is set to adjourn at the end of September until the November elections, and then return to complete must-pass spending bills.

Stock options give the holder the right to buy stock in the future at a price determined in the present. Backdating involves setting that strike price retroactively, thus benefiting from the ability to look back and choose the lowest possible price. The result is that backdated options are much more valuable. Authorities are asking whether stock option grants were improperly or illegally backdated so that they would carry the beneficial dates.

McNulty said two criminal cases have been filed so far in the government's wide-ranging probe.

Last month, a grand jury in San Francisco indicted the former chief executive and former human resources vice president at Brocade Communications Systems Inc. (BRCD) in connection with a scheme to backdate stock options from 2000 to 2004.

And the former chief executive officer, chief financial officer and general counsel of Comverse Technology, Inc., have been charged with conspiracy to commit securities fraud, wire fraud and mail fraud related to options backdating allegations, he said.

The backdating of stock options involves substantial tax exposure for companies. Stock options are considered "performance based compensation" and therefore aren't subject to business deduction limitations for executive compensation.

A backdated stock option, however, isn't performance based and therefore is subject to the business deduction limitation.

Dozens of companies, such as Apple Computer Inc. (AAPL), have said they may have to restate their financial statements following revelations of backdating of stock option grants to their executives.

-By Rob Wells, Dow Jones Newswires; 202-862-9272; Rob.Wells@dowjones.com

Senators May End Executive Pay Deduction (WP/BLOOM)

By Vineeta Anand And Jesse Westbrook, Bloomberg News

The Washington Post, September 7, 2006

Senators said they may close a loophole in U.S. tax law that lets companies deduct executive pay of more than $1 million, in an effort to crack down on the manipulation of stock option grants.

The loophole, a provision in a 1993 law that allows companies to deduct performance-based pay for top executives, was a central focus of Senate hearings yesterday on the stock options backdating scandal.

"Companies have found it easy to get around the law," said Charles E. Grassley (R-Iowa), chairman of the Senate Finance Committee.

Regulators are looking at how executives inflated potential profits from stock option grants by backdating them to times when stock prices were at their lows.

Regulators said they were frustrated with the 1993 tax law and suggested that changing it would go a long way to stopping stock option abuses.

"The unquenchable appetite for exorbitant compensation on the part of executives, and the sheeplike willingness of the boards to feed it" raises the question of whether the $1 million cap should be changed, Internal Revenue Commissioner Mark W. Everson told the Finance Committee.

The SEC voted on July 26 to require companies to explain the value of their stock options and how they chose the grant dates. The new rules take effect in 2007.

The SEC is investigating more than 100 companies for the improper reporting of stock option grants, including allegations of backdating, SEC Chairman Christopher Cox told the Banking Committee.

Options Data Sought From Home Depot (NYT)

By Bloomberg News

The New York Times, September 7, 2006

Home Depot, the world's largest home-improvement retailer, said yesterday that federal prosecutors had requested information regarding its stock options practices.

Home Depot disclosed the request from the United States attorney in Manhattan in a filing yesterday with the Securities and Exchange Commission.

A company spokeswoman said Home Depot had not received a subpoena.

Home Depot said in June that the S.E.C. had begun an informal inquiry into its stock option practices. The company said the inquiry was related to its disclosure that it had awarded options to some executives at below-market prices in three cases before December 2000. The company said it was cooperating with the inquiry.

At least 120 companies have disclosed internal or federal investigations into their option grants.

United States attorneys have issued subpoenas to at least 48 corporations. Five former officials at two companies have been charged with criminal violations tied to backdating.

Also yesterday, BEA Systems, the software maker, said it would miss a Sept. 11 deadline to report second-quarter financial results, citing an internal review of stock option grants.

The company said it would file its quarterly financial report with the S.E.C. as soon as possible after the review was completed.

Group Calls For New DOJ Policy On Corporate Cooperation (DOW)

By Judith Burns, DOW JONES NEWSWIRES

Dow Jones, September 7, 2006

WASHINGTON -(Dow Jones)- Former top U.S. Justice Department officials are urging the Bush administration to abandon a controversial policy that they say is forcing companies to waive attorney-client privileges and other legal protections during criminal investigations.

In a letter Tuesday to U.S. Attorney General Alberto Gonzales, a bipartisan group of 10 former Justice Department officials called for an end to prosecutors insisting that companies waive legal privileges in order to receive credit for cooperating with investigators. The group said the hardball approach is " seriously flawed," isn't needed, and is undermining rather than enhancing corporate compliance with U.S. laws.

The group's warnings come on the heels of criticism from the American Bar Association, the U.S. Chamber of Commerce, and others who say the government has gone overboard in fighting corporate crime. A federal judge in Manhattan recently rejected criminal charges accusing former KPMG employees of selling fraudulent tax shelters, ruling that it was unconstitutional for prosecutors to demand that KPMG only advance legal fees to those who cooperated with the investigation.

Lawmakers aren't ignoring the complaints. The Senate Judiciary Committee plans to hold a hearing Tuesday with testimony from FBI Director Robert Mueller, former U.S. Attorney General Edwin Meese and U.S. Chamber President and Chief Executive Thomas Donohue.

Concerns center on a 2003 memo by then-Deputy Attorney General Larry Thompson outlining principles of prosecuting businesses. Among other things, critics say the so-called Thompson Memorandum encouraged prosecutors to demand the waiver of attorney-client privileges and work-product protections in exchange for businesses being deemed as having cooperated with federal officials.

"The threat of being labeled 'uncooperative' simply poses too great a risk of indictment to do otherwise," ensuring that companies under investigation will waive their right to keep conversations with their lawyer confidential, the letter states. The authors, who served under Presidents Jimmy Carter, Ronald Reagan, George H. Bush, Bill Clinton and the current Bush administration, include former Attorney General Richard Thornburgh, former Deputy Attorney General Jamie Gorelick, and former Solicitor General Kenneth Starr.

Critics say the approach outlined in the Thompson memo discourages corporate employees and executives from having candid conversations with lawyers, making it harder for companies to detect and remedy wrongdoing. Turning over sensitive, confidential material to federal prosecutors also is spurring civil class-action lawsuits and other litigation, according to the former Justice Department officials, since a firm that waives privileges for one party, such as a criminal prosecutor, almost always is deemed to have waived it for all other parties, including those civil suits.

The former officials called for the Justice Department to issue a revised policy which explicitly tells prosecutors that waiving attorney-client privilege and work-product protections "should not be a factor" in determining whether a company has cooperated with the government in an investigation.

While well-intentioned, a Justice Department memo last fall calling for all federal prosecutors to adopt a written process for waiver reviews likely will compound the problem by creating a variety of approaches that provide only " token restraints" on prosecutors, according to the letter from the former senior officials.

A Justice Department spokesman wasn't immediately available to comment.

-By Judith Burns, Dow Jones Newswires; 202-862-6692; Judith.Burns@dowjones.com

Ex-Officials Of Justice Dept. Oppose Prosecutors' Tactic In Corporate Criminal Cases (NYT)

By Lynnley Browning

The New York Times, September 7, 2006

A group of former top Justice Department officials have asked the United States attorney general to curtail the tactics of federal prosecutors that encourage companies and people to disclose legal communications to avoid indictment.

The unusual request, in a letter delivered Tuesday to Attorney General Alberto R. Gonzales, is the latest attack upon prosecutorial guidelines that were adopted after the collapse of Enron and other corporate scandals. Any revision to the guidelines would change the way the government pursues white-collar cases.

The letter was signed by Richard L. Thornburgh, an attorney general under Presidents Ronald W. Reagan and George H. W. Bush, and by Kenneth W. Starr, a former solicitor general, as well as by eight others, including three former deputy attorneys general.

It was released a week before the Senate Judiciary Committee is scheduled to hold a hearing on the disclosure of communications between lawyers and clients.

The confidentiality of conversations, notes, letters and legal analyses exchanged between lawyers and clients, including those between in-house lawyers and whistle-blowers, has been a long-established legal doctrine. Such confidentiality, known as lawyer-client privilege and work-product doctrine, is protected in some states by law and in the federal system by the courts.

But lawyer-client privilege has eroded in recent years largely through the influence of a Justice Department document known as the Thompson memorandum.

Written in 2003, the memorandum outlines nine guidelines that prosecutors can consider when weighing whether to indict a company or individuals for wrongdoing.

One guideline calls for consideration of whether a company or person has demonstrated cooperation with investigators by disclosing legal communications to them. Companies that do not disclose secrets face a greater risk of indictment — and for most an indictment is a death blow, as it was for the accounting firm Arthur Andersen.

The Justice Department argues that the Thompson memorandum has helped prosecutors crack down on corporate misconduct.

But the letter from the former Justice Department officials argues that the pressure to disclose information has discouraged insiders from reporting wrongdoing, by breaking the traditional bond of trust between lawyers and the people they talk to.

"By making waiver of privilege and work-product protections nearly assured, the department's policies discourage personnel within companies and other organizations from consulting with their lawyers, thereby impeding the lawyers' ability effectively to counsel compliance with the law," the letter said. "This, in turn, harms not only the corporate client, but the investing public as well."

The Justice Department has in recent months defended the Thompson memorandum. Kathleen Blomquist, a Justice Department spokeswoman, said yesterday, "We must disagree with their criticism of the Thompson memorandum.''

The letter is the latest move in a growing attack from prominent legal and business circles upon the Thompson memorandum.

Other provisions of the document, which was written by Larry D. Thompson, the deputy attorney general at the time, have come under criticism.

One such provision urges companies under investigation to cut off legal fees to employees caught up in the inquiries, even before they are found guilty of wrongdoing. Companies have traditionally paid legal costs.

In June, Judge Lewis A. Kaplan of United States District Court in Manhattan said that the guideline on fees violated the constitutional rights of former employees of the accounting firm KPMG, who stand trial next year in a case involving questionable tax shelters.

Still, it is unclear whether the Justice Department is reconsidering the Thompson memorandum.

In mid-July, a low-level Justice Department official sent a letter to the president of the American Bar Association saying that the Justice Department did not believe that a coercive "culture of waiver" had taken hold under the Thompson memorandum.

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Susan Hackett, general counsel for the Association of Corporate Counsel, a lobby of senior lawyers who oppose the Thompson memorandum's guideline on disclosure, said yesterday that "there's been a spate of corporate scandals, but what's so different now that requires all of these new privilege erosions?"

The Importance Of Keeping Attorney-client Privilege (HILL)

By Rep. Dan Lungren (R-Calif.) And Rep. William Delahunt (D-Mass.)

The Hill, September 7, 2006

Recent actions by the federal government have imperiled a cornerstone of America's justice system — the attorney-client privilege.

As members of the House Judiciary Committee, we share a deep, abiding and bipartisan respect for the attorney-client privilege and work product doctrine and the fundamental purposes these protections serve in our system of justice.

We have become gravely concerned that these protections are being undermined by recent policy changes by the Department of Justice, the Securities and Exchange Commission and other federal agencies that encourage federal prosecutors to pressure organizations to waive these protections as a condition of being deemed "cooperative." These changes in policy are dangerous and misguided and we are pleased the Senate Judiciary Committee will be holding oversight hearings September 12th into the consequences of this dangerous trend.

As former law enforcement officials, we are also concerned that this dramatic policy shift will undermine internal corporate legal compliance programs. It is important to keep in mind that lawyers play a key role in helping companies understand the complex legal environment in which they operate. In order to fulfill this important role, lawyers must have the trust and confidence of companies' leaders and employees so that they receive all of the relevant information necessary to advise their clients on how best to comply with the law.

By authorizing the government to demand a waiver of the companies' attorney-client privilege and work product protections, these policies create a strong disincentive for attorney-client consultation. These policies also impede internal investigations within companies aimed at detecting and remedying misconduct. The public interest is ill served by such policies.

Prosecutors already have enormous power to obtain information in a criminal investigation, as they should. But it is simply unnecessary to give them extraordinary new authority to circumvent a time-honored privilege. The attorney-client privilege is the oldest evidentiary privilege in this country, predating even the Constitution and the Bill of Rights. It has been embraced time and again by the courts because, as in the words of the Supreme Court, it encourages "full and frank communication between attorneys and their clients and thereby promote[s] broader public interest in the observance of law and administration of justice."

The government's expectation that organizations will routinely waive privileges also jeopardizes the rights of individuals within those organizations who may be fired and left to fend for themselves if they do not "cooperate" with a company's attorney who has already agreed to provide their privileged information to prosecutors. This is a serious inroad on Fifth Amendment rights.

We recently held a subcommittee hearing in the House of Representatives on these developments. Our Subcommittee on Crime, Terrorism and Homeland Security is often deeply divided along party lines. But on the issue of protecting the attorney-client privilege and all of its societal benefits, every member present expressed serious concern about the government's current practices. Perhaps most telling of all, ten former attorneys general, deputy attorneys general and solicitors general, from both Republican and Democratic administrations, have called for action to reverse this dangerous trend.

In addition, the American Bar Association, which represents all types of lawyers, including both prosecutors and defense attorneys, unanimously adopted a resolution that "strongly supports the preservation of the attorney-client privilege" and "opposes policies, practices and procedures of government bodies that have the effect of eroding the attorney-client privilege." Furthermore, the United States Sentencing Commission unanimously concluded that waiver of the attorney-client privilege should not be a factor in sentencing determinations.

For decades, prosecutors have been able to do their jobs by a variety of means, including subpoenas and interviews, without violating the confidential attorney-client relationship. There is no evidence that that they could not continue to do so effectively now without demanding waiver of the privilege. In fact, former Attorney General Dick Thornburgh testified before us that, in his nine years at the Department of Justice, he could not remember a single case where the government felt it was necessary to obtain attorney-client privilege-protected material in order to prosecute a case successfully.

The administration does not consider itself to be uncooperative when it legitimately asserts executive privilege to protect confidential communications with its attorneys. We agree with this position.

Similarly, the Department of Justice, the Securities and Exchange Commission and other federal agencies should not consider any company or other entity to be "non-cooperative" for protecting its right to consult confidentially with its attorneys.

Federal agencies should adopt policies that reverse the government's assault on the attorney-client privilege. And if they refuse to do so, Congress should act.

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Rep. Dan Lungren is a Republican from California and Rep. William Delahunt is a Democrat from Massachusetts.

New York Amends Case Against AIG, Ex-Officers (WSJ)

By Ian McDonald And Liam Pleven

The Wall Street Journal, September 7, 2006

New York state authorities amended a civil fraud complaint against former top executives at American International Group Inc., dropping some charges but retaining accusations that former Chief Executive Maurice R. "Hank" Greenberg and a top lieutenant improperly polished the insurance giant's results.

The complaint was first filed in May 2005 by New York Attorney General Eliot Spitzer and the New York State Insurance Department and named AIG, Mr. Greenberg and the company's former chief financial officer, Howard I. Smith.

AIG has since restated results, and it signed in February a $1.64 billion settlement with state and federal authorities, so in the amendment filed yesterday in New York State Supreme Court, the authorities removed AIG as a defendant. Additionally, they dropped an allegation relating to underpayment of contributions to state workers' compensation plans -- for which AIG had already pledged restitution.

The authorities also removed an allegation that AIG misled state insurance regulators and that the executives improperly accounted for certain life-insurance policies in order to boost the company's underwriting income. That accounting has since been changed by the insurer.

Removing the charges means the potential damages are likely lower. The charges that remain accuse Messrs. Greenberg and Smith of using complex insurance transactions to burnish AIG's financial results in recent years.

Mr. Spitzer's spokesman, Darren Dopp, characterized the move as "a routine amendment of a case." David Boies, lead attorney for Mr. Greenberg, released a statement calling the dropped claims "key."

He said, "We are confident that when all the facts are out, the remaining claims, which relate to accounting disputes involving much smaller amounts than the claims that are being dropped, will also be dismissed."

Also in a statement, Vincent Sama and Andrew Lawler, lead lawyers for Mr. Smith, said, "We are pleased by this development and are confident that, after all the facts are considered, the remaining claims will be dismissed."

AIG declined to comment.

H-P Faces Probe Over Its Inquiry Into Board Leaks (WSJ)

By Christopher Lawton, Dionne Searcey And Shawn Young

The Wall Street Journal, September 7, 2006

California Attorney General Bill Lockyer said his office has been conducting an investigation into how Hewlett-Packard Co. traced phone records of its board members last year, and that while he isn't sure yet whether there was criminal activity by people acting on the company's behalf, the activity was "colossally stupid."

Mr. Lockyer's remarks came amid a widening furor over an H-P probe of boardroom leaks surrounding the ouster of former Chairman and Chief Executive Carly Fiorina. Revelations about tactics used in the probe prompted an inquiry from the Securities and Exchange Commission and requests from state investigators for records from H-P and telecommunications carriers AT&T Inc. and Cox Communications Inc.

H-P moved to distance itself from the growing scandal, which centers on the use of "pretexting" to obtain directors' private phone records in an effort to identify the source of the leaks. Pretexting, or posing as a person in order to obtain private phone or other information about them, is illegal in California.

In a filing yesterday with the SEC, the Silicon Valley computer giant acknowledged "pretexting" had been used in the course of its investigation into the leaks. That investigation was conducted on the company's behalf by an unidentified private investigator who in turn hired a contractor who used pretexting to obtain directors' phone records.

H-P spokesman Mike Moeller said the company told the investigators conducting its internal probe that only legal means were to be used to obtain information. He added that H-P didn't know pretexting would be involved. "We have determined pretexting will not be used in any future investigation if we have to do another one of these," Mr. Moeller said.

H-P declined to disclose the name of the private-investigation firm it retained or the "pretexting" firm that firm employed as a subcontractor.

The revelations about the H-P investigation came to light this week, but the controversy began back in May when H-P's board learned that the company's investigation had pointed to director George Keyworth as the source of some of the leaks. The board then voted to ask Mr. Keyworth to resign as a director, but he refused.

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Another director, Tom Perkins, a venture capitalist and friend of Mr. Keyworth, quit the board abruptly in anger over H-P Chairman Patricia Dunn's handling of the investigation. Mr. Perkins subsequently asked the company and others to look into the methods used to search for directors' phone records.

In its SEC filing yesterday, H-P said it has decided not to renominate Mr. Keyworth for another term as director. The company is scheduled to hold its next board elections in March 2007.

Yesterday, Ms. Dunn referred a call to her to H-P. H-P general counsel Ann Baskins declined to comment. Neither Mr. Perkins, who was in Turkey overseeing the maiden voyage of his 290-foot yacht, nor Mr. Keyworth responded to calls seeking comment.

Mr. Perkins's attorney, Viet Dinh, said: "We have engaged in a 3½-month effort just simply to get H-P to come clean and disclose to the market and SEC Tom Perkins' reason for resigning, and the full scope and methods of the chairperson's investigation. I think today's filing by H-P is a significant step for the company to recognize its obligations under the law and to its shareholders."

The SEC is investigating the circumstances of Mr. Perkins's resignation from the board. The law requires that when a director resigns the company has to disclose whether it was the result of a fundamental disagreement. At the time, H-P didn't provide the SEC with any details about Mr. Perkins's resignation.

Two members of the H-P board said earlier this week that the board asked for the company's leak investigation to be reviewed after the fact by the law firm of Wilson Sonsini Goodrich & Rosati, which has long represented H-P's board. The law firm had concluded that the methods used were legal, these board members say. But the law firm says it made no such conclusion on its own; it simply reported that the private-investigation firm involved and that firm's lawyers claimed their methods were legal. Larry Sonsini, the attorney for H-P's board, yesterday declined to comment.

It isn't clear who besides Mr. Perkins may have been "pretexted." A deputy attorney general in the special crimes unit of the California attorney general's office sent an email to Pui-Wing Tam, the Wall Street Journal reporter who broke the story of Ms. Fiorina's difficulties with the board, stating that she may have been the target of pretexting activity. Deputy Attorney General Robert M. Morgester and a spokesman for the attorney general's office declined to comment.

H-P declined to comment on the email, except to say it is cooperating fully with the California attorney general's office.

Ms. Dunn helped spark the company-led probe early last year. At the time, details of the H-P board's deliberations about Ms. Fiorina, who was ultimately ousted in February 2005, had leaked to The Wall Street Journal. The leak investigation lasted for months and intensified after CNET News, a technology news Web site, posted a story about the board discussions earlier this year.

Mr. Lockyer, the California attorney general, said his office has been investigating the pretexting incident involving H-P for several weeks as one of six such incidents, to determine if a crime was committed. Mr. Lockyer said that pretexting is a tool of identify thieves, and that he will soon start cracking down on identity theft in California. "The chairman of a board shouldn't be invading the privacy of fellow directors. I don't know yet whether that is criminal, but that is what we are looking at," Mr. Lockyer said.

As part of his investigation, Mr. Lockyer obtained a search warrant against Cox Communications on Aug. 31. A private investigator used a Cox Internet connection to access the home-phone records of Mr. Perkins, the H-P director, according to an affidavit from California Department of Justice Special Agent Hal Berman. Mr. Perkins's phone carrier at his principal residence in Northern California is AT&T.

The search warrant, filed in Superior Court in Marin County, includes Mr. Berman's affidavit. In the affidavit Mr. Berman says he obtained information from AT&T in mid-August relating to the "unlawful access of Thomas J. Perkins residential account." Using Mr. Perkins's telephone number and the last four digits of his Social Security number, the private investigator set up an online account to access Mr. Perkins's phone records, according to the affidavit.

Mr. Perkins's bill for January 2006 was then accessed. Mr. Berman said in his affidavit that he was seeking information about the Cox subscriber.

A spokesman for Cox said: "Cox never gives away our customers' personal information except when we receive a subpoena. When we do receive a valid subpoena, we have to comply with the legal requirements imposed on us by The Cable Act. We do comply with the law in those circumstances."

In a letter dated Aug. 11 to Mr. Perkins, AT&T lawyer Travis Dodd apologized for "any inconvenience or concern" the incident had caused him and explained details of how Mr. Perkins's records were accessed.

"We are working hard to prevent unauthorized access to our customers' account information," the letter said. "We face, however, increasingly clever and unscrupulous third-parties who are determined to obtain information and are willing to utilize a myriad of tactics to do so."

The AT&T letter largely corroborated the information in Mr. Berman's affidavit. The letter said an online account was established Jan. 30 of this year by someone who used the last four numbers of Mr. Perkins's Social Security number as well as his phone number. It appears that call records for the month of January were viewed, though records for December 2005 were also accessible.

The email address used to register the account was mike@yahoo.com and the Internet provider associated with this address was Cox, the letter said. It also said AT&T didn't know who had registered the account.

The letter said someone attempted to register a second online account to gain access to Mr. Perkins's long-distance phone records on Jan. 29. Again, the person tried to use Mr. Perkins's Social Security number, but because AT&T didn't have that information for this particular account, the attempt failed. According to the letter, someone then called an AT&T customer-service representative, offered identifying information for Mr. Perkins and sought help in creating the online account. The customer-service representative complied in creating the account. It was accessed on Feb. 2 and call records for January were viewed, the letter said.

AT&T told Mr. Perkins in the letter that the person who created the account would have had access to his billing information, the amount of his bill, types of services purchased and his local and long-distance call records. "We have locked the online access to the accounts," the letter said.

AT&T said in the letter it discovered the unauthorized access to Mr. Perkins's account as part of a broader review of pretexting practices. The letter said AT&T was working with law enforcement to learn more about how third parties obtain information. Yesterday, AT&T wouldn't comment further other than to verify the letter's authenticity.

H-P added in yesterday's filing with the SEC that it had received a comment letter from the SEC regarding its May disclosures of Mr. Perkins's resignation from the board. H-P said it intends to respond to the SEC that its disclosures were "accurate and complete at the time of filing."

A spokesman for the SEC declined to comment.

Pretexting is explicitly against federal law where financial records are concerned, but legal experts say pretexting to obtain other types of records, such as phone records, isn't covered by any one federal law. Some states, including California and Illinois, have outlawed the practice, however. The term pretexting originated in the law-enforcement community and became well-known by the mid-1990s as the number of criminals fraudulently obtaining bank records multiplied.

The Federal Trade Commission and the U.S. Department of Justice both said earlier this year that the practice is illegal with regard to phone records. The FTC said pretexting violates the Fair Trade Commission Act, which bars deceptive and unfair trade practices. The FTC in May brought charges against five data vendors accused of using pretexting to get personal information they subsequently sold to clients.

Indeed, hundreds of Web sites and private investigators advertise their ability to obtain almost any type of records on anyone, though some have shut down recently under pressure from privacy groups. Some offer to sell information on the last 100 cellphone calls a person has made for as little as $65 to $100. One commonly used method by these sites, experts say: obtain personal information such as birth dates and Social Security numbers, much of it readily available online, then contact a bank or phone company and pretend to be the customer inquiring about his or her account.

Phone companies, whose customer records are at times accessed by pretexters, have been trying to crack down on the practice. Yesterday, AT&T filed suit in federal court in California to block 25 so-called data brokers from accessing customer information without authorization from the company or the customer. It filed a similar suit in Texas last month. Both suits are aimed at giving the company the legal means to use email addresses and Internet addresses to identify suspects who obtain records online.

In the past year, Verizon Wireless has secured court orders to halt operations of several companies that it claimed operated Web sites that fraudulently obtained phone records.

But a hodgepodge of state laws and the difficulty of prosecuting frauds that aren't committed for the direct purpose of stealing money or property has made corporate, federal or state crackdowns on pretexting difficult, said Marc Rotenberg, executive director of the Electronic Privacy Information Center in Washington, who also teaches privacy law at Georgetown University Law Center.

State and federal efforts to pass consumer-friendly laws on pretexting have had mixed results. Illinois recently passed a measure outlawing pretexting, and Mr. Rotenberg said California also has a law that could come into play in the H-P controversy. But efforts to pass a sweeping federal law have stalled, partly out of concerns raised by some members of Congress about the impact on national security.

Calif. Examining HP's Media-Leak Probe, Firm Says (WP)

By Ellen Nakashima

The Washington Post, September 7, 2006

The state of California is looking into methods used by Hewlett-Packard Co. to determine who leaked confidential information to the news media, the company said yesterday.

In documents submitted to the Securities and Exchange Commission, the computer company also said it had reviewed private phone records of its board members obtained by a private contractor.

The company said this week that it would not renominate board member George A. Keyworth II, who the company concluded had leaked confidential information about discussions on potential acquisitions and supplier changes during the board's annual off-site strategy meeting in January.

In May, Hewlett-Packard's board of directors asked Keyworth to resign, but he declined. Another board member, Thomas J. Perkins, did resign in protest over the methods used to investigate the leak to the Cnet technology news service.

According to the SEC filing, HP hired a consultant, who hired a contractor to investigate the leak. That contractor used a practice known as "pretexting," which involves deceiving a phone company into believing it is providing information to a real customer.

While "no recording or eavesdropping had occurred . . . some form of 'pretexting' for phone record information . . . had been used," the filing said.

In the case of Perkins, the co-founder of the Silicon Valley venture capital firm Kleiner Perkins Caufield & Byers, the contractor set up a phony e-mail address to access home-phone records through an online billing account. The contractor also posed as Perkins on the phone to access his long-distance records, according to Perkins's lawyer Viet Dinh.

"Obviously, he felt violated and betrayed," Dinh said. "You sign on to become a director. You don't sign on to have your personal phone records fraudulently accessed by nefarious investigators."

According to the SEC filing, the company reviewed phone calls to determine that Keyworth was the source. Keyworth told fellow directors that, if he'd been asked, he would have admitted to being the leak, according to an article on Newsweek magazine's Web site Tuesday.

Keyworth could not be reached for comment yesterday.

"Pretexting" comes in several forms, including special technology that fools automated phone systems. Private investigators sometimes use it to obtain information in divorce cases or other disputes.

This year, AT&T Inc., Sprint Nextel Corp., Verizon Wireless and Cingular Wireless LLC, as well as the state of Florida, have filed lawsuits against data-broker firms that specialize in gathering and marketing data, claiming they fraudulently obtained customers' phone records.

"There were no established laws in the United States prohibiting" the practice at the time HP's contractor was investigating the leaks, company spokesman Ryan Donovan said.

Federal Trade Commissioner Jon Leibowitz disputed that assertion.

"Trafficking in consumers' confidential telephone records is unacceptable and it's illegal," he said, adding that it violates an FTC act prohibiting unfair or deceptive acts.

The FTC in May filed complaints against five data brokers, charging that they violated that law.

"It is an unfair act to take someone's private information, to pretend that you are that person to get that information, to make someone's private telephone information public," Leibowitz said.

In addition, anti-fraud laws in California prohibit the release of phone records without the customer's consent.

California Attorney General Bill Lockyer is investigating whether state laws against identity theft or theft of computer information were violated, according to Bloomberg News. He declined to say who was subpoenaed and said "all parties" were cooperating.

"We are in the middle of our inquiry, which began a few weeks ago, and subpoenas were issued" yesterday, Lockyer said in an interview with news services. "I don't have a settled view of whether anyone at HP broke the law but it certainly was colossally stupid."

The company defends its actions, saying it was "responding to a serious threat posed by unauthorized leaks of its boardroom deliberations and confidential information," Donovan said.

The company has conducted its own investigation into the leak probe, concluding that "it should have monitored more closely the actions of its outside agency and the actions of the subcontractors that its agency retained."

State Probes HP's Spying On Directors (LAT)

By James S. Granelli And Joseph Menn, Times Staff Writers

The Los Angeles Times, September 7, 2006

Allegations of identity theft follow the firm's disclosure that it dug up data on personal calls.

Stepping into a fight among some powerful Silicon Valley players, California Atty. Gen. Bill Lockyer on Wednesday said he had launched a criminal investigation into whether Hewlett-Packard Co. broke laws by spying on directors to determine who was leaking boardroom information to the media.

Lockyer's announcement followed the company's disclosure earlier in the day that it had deceived telephone companies into releasing data on directors' personal phone calls.

Privacy experts were dismayed that HP resorted, at best, to unethical tactics more commonly associated with shady private investigators.

Lockyer said that his office was investigating allegations of identity theft and hacking into phone company computers — and that the probe "could go all the way up the chain." Lockyer said his office had issued subpoenas, but he would not disclose the names of the targets.

The attorney general said a decision on possible charges was weeks or months away. Regardless of the outcome, he said, HP's methods were "obviously colossally stupid."

The feud involves former HP Chairwoman Carly Fiorina; her successor, Patricia C. Dunn; and directors George A. Keyworth II and Thomas J. Perkins, a Silicon Valley venture capitalist whose firm backed and brought to prominence dozens of technology giants including Amazon.com Inc., Google Inc. and Palm Inc.

Perkins triggered the investigation after resigning in May. He later protested that his own phone records had been hacked and that the company had failed to follow Securities and Exchange Commission rules that require it to disclose when a director's resignation results from a disagreement over "operations, policies or practices."

The SEC is looking into whether the board properly disclosed Perkins' departure.

Perkins could not be reached for comment. But in his letter to the board, he called his resignation "a very sad duty."

"My history with the Hewlett-Packard Company is long and I have been privileged to count both founders as close friends. I consider HP to be an icon of Silicon Valley, and one of the great companies of the world. It now needs, urgently, to correct its course," his letter stated.

HP said its efforts to stem boardroom leaks were started by Fiorina before she was ousted as chairwoman and chief executive in February 2005.

This year Chairwoman Dunn hired outside investigators to find out who leaked boardroom conversations and strategies, including possible purchases of other companies.

She reportedly was angered that CNet Networks, an online technology news site, had published details of an annual meeting of HP directors and top management. CNet disclosed that the group discussed the possibility of buying more software companies and working more closely with Advanced Micro Devices Inc. instead of longtime chip supplier Intel Corp.

At a board meeting in May, HP executives confronted Keyworth, who acknowledged that he had leaked some information, and asked him to step down as director. He refused. But after an emotional argument, his friend, Perkins, quit in protest over the board's methods.

HP's filing Wednesday with the SEC revealed that Dunn's investigation used outside contractors to trace the leak. One contractor used "some form of 'pretexting' for phone record information," according to the filing.

Pretexting is a practice by which private investigators, data brokers and others use false identities to gather information about other people's phone calls.

Lawrence T. Babbio Jr., vice chairman and president of phone carrier Verizon Communications Inc., sits on HP's board and thus was probably a pretexting target. Verizon said Babbio would not comment.

In the SEC filing, HP said that at the time of its investigation, its lawyers advised that pretexting "was not generally unlawful." The lawyers wouldn't say, though, that the contractor's actions "complied in all respects with applicable law."

An affidavit for a search warrant sought by Lockyer's office disclosed that Perkins' phone records in January for his home were accessed by an impostor.

The affidavit from Hal Berman, a state Justice Department special agent, said the impostor used Perkins' home phone number and the last four digits of his Social Security number to open an online account for paying bills. The warrant asks Cox Communications Inc. to divulge the name of the Internet customer who used the cable firm's service to create that account.

HP's disclosure, filed with the SEC, angered some privacy advocates but did little damage to the company's stock, which has been trading near its high for the last 12 months. Its stock fell 62 cents on Wednesday to $35.84.

"At this very high level, this is very nasty business," said Neville L. Johnson, a Beverly Hills lawyer who represents a number of victims of investigator Anthony Pellicano's alleged illegal eavesdropping of celebrities.

"What you should do is tell the board members that we want all your phone records, and if you don't turn them over, you're off the board," he said.

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james.granelli@latimes.com
joseph.menn@latimes.com

SEC Files Civil Charges Against Two More Ex-ITXC Executives (DOW)

By Siobhan Hughes, Of DOW JONES NEWSWIRES

Dow Jones, September 7, 2006

WASHINGTON -(Dow Jones)- The U.S. Securities and Exchange Commission on Wednesday said it has filed civil charges against two more former employees of telecommunications company ITXC Corp., accusing them of approving and in some cases negotiating almost $267,500 in bribes paid to senior officials of government-owned telephone companies in Nigeria, Rwanda and Senegal.

The SEC accused Steven Ott, the former vice president for global sales, and Roger Michael Young, the former managing director for the Middle East and Africa, of violating the Foreign Corrupt Practices Act. The SEC said the men also caused the company to falsely record the bribes as legitimate business expenses.

An attorney for Ott couldn't immediately be reached. An attorney for Young wasn't in the office and couldn't immediately return a phone call.

The civil suit came as Yaw Osei Amoako, a former ITXC regional manager, pleaded guilty in Trenton, New Jersey, to conspiring to violate the anti-bribery law in connection with payments of bribes to employees of foreign state-owned telecommunications companies. He faces up to five years in prison and a $250,000 fine, and is scheduled to be sentenced on Dec. 11, the Justice Department said. The SEC had filed a civil suit against Amoako last year.

ITXC was based in Princeton, N.J. In 2004, it was acquired by Teleglobe International Holdings Ltd., now part of Videsh Sanchar Nigam Ltd. ITXC allegedly earned $11.5 million in net profits thanks to the contracts approved by Ott and Young, the SEC said.

The Justice Department said it had charged Amoako and unnamed co-conspirators with arranging for ITXC to pay $166,000 in commissions to a foreign official at Nitel, a Nigerian government-owned company; $26,000 to Rwandatel, owned by the Rwandan government; and about $74,000 to an employee of Sonatel, partly owned by the Senegalese government.

An attorney for Amoako couldn't be located. Earlier this year, a federal judge put the SEC's case on hold until the resolution of the criminal case.

-By Siobhan Hughes, Dow Jones Newswires; 202-862-6654; Siobhan.Hughes@ dowjones.com

Time Warner Agrees To Governance Changes (WP/BLOOM)

By David Glovin, Bloomberg News

The Washington Post, September 7, 2006

Time Warner Inc., the world's largest media company, won approval yesterday of a settlement of an investor lawsuit that a judge says will require the company to make changes in how it governs itself.

U.S. District Judge Shirley Wohl Kram gave final approval to the settlement of a 2002 suit that claims the directors of America Online and AOL Time Warner knew employees were violating accounting rules.

Under the settlement, Time Warner agreed to designate an independent director as chair of its nominating and governance committee. Within three years, two-thirds of the company's directors will be independent, the settlement says.

These and other changes "may enhance investor confidence by ensuring that the company maintains a healthy governance structure," Kram said in a ruling.

The suit was filed by investors on behalf of the company against directors and officers of AOL and AOL Time Warner, now known as Time Warner. Investors claimed the directors knew or ignored signs that employees disregarded internal accounting and contracting policies. They say directors and senior officers breached their duty to shareholders.

Similar allegations led to a $2.5 billion settlement of a separate investor class-action lawsuit against the company. That suit alleged securities fraud.

The settlement yesterday has two key parts: "extensive governance and compliance provisions at the board and management level" and an acknowledgement by Time Warner that the suit was "a substantial factor" in the company's ability to recover about $200 million from its director-and-officer insurers, Kram said. The money would fund the governance changes, Kram said.

Under the pact, lawyers for the investors will collect $9.6 million, which would come out of the $200 million insurance proceeds, according to court records.

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Susan Duffy, a Time Warner spokeswoman, declined to comment. Patrick Morris, an attorney for the investors, did not return calls seeking a comment. Time Warner continues to deny the investors' allegations of wrongdoing, according to court records.

CRIMINAL LAW:

Ryan Gets 61/2 Years (CHIT)

By Matt O'connor And Rudolph Bush

Chicago Tribune, September 7, 2006

George Ryan, the Republican governor whose bold clearing of Death Row won international praise but whose old-style political ways led to a sweeping federal corruption conviction, was sentenced Wednesday to 6½ years in prison on what he acknowledged was the saddest day of his life.

In court, Ryan, a former pharmacist from Kankakee, struggled briefly with his emotions as he delivered the closest thing yet to an apology. Ryan, however, carefully avoided admitting criminal wrongdoing.

The former governor told the judge he deeply regretted that his conviction caused a loss of faith in government, saying, "When they elected me as governor of this state, they expected better, and I let them down, and for that I apologize."

Ryan said his greatest anxiety concerned the impact his imprisonment will have on Lura Lynn, his wife of more than 50 years. "It's really very excruciating for both of us for that to happen," said Ryan, clearing his throat as he appeared to choke back emotion. "I am going to need a glass of water," he said.

As Ryan spoke, his wife wept and relatives passed a box of tissues among themselves.

U.S. District Judge Rebecca Pallmeyer called Ryan "a very complicated human being" who as a public official did good things but who also damaged people's faith in government.

"The real harm done by public corruption is the confidence citizens have that their government is playing by the rules," she said. "Cynicism is inconsistent with patriotism."

Ryan was snared in an eight-year federal probe that exposed rampant bribery in state driver's license facilities while he was secretary of state. The investigation has been among the most successful in modern Chicago history in reach and significance, with 75 convictions.

Lawyers for Ryan, 72, had sought a sentence of 2½ years in prison, saying they feared anything much longer could amount to a death sentence. He suffers from Crohn's disease and diabetes, they said.

Pallmeyer also sentenced Ryan's co-defendant and longtime friend, Lawrence Warner, to almost 3½ years in prison on Wednesday. Warner also agreed to forfeit $1.7 million in ill-gotten profits.

In April, following a nearly six-month trial, a federal jury convicted Ryan of steering millions of dollars in state business to Warner and other friends in return for vacations, gifts and other benefits to Ryan and his family.

Ryan was also convicted of gutting corruption-fighting efforts and misusing state resources for political gain.

Ryan was the third former governor in Illinois history to be convicted of wrongdoing, all since the 1970s. Otto Kerner received 3 years in prison in 1973 for taking bribes while governor in the late 1960s; he was paroled after serving a year. Dan Walker was sentenced in 1987 to 7 years for bank fraud unrelated to his public duties but was released after 17½ months.

At the request of defense lawyers, Pallmeyer delayed the date Ryan and Warner must surrender to prison until after Christmas.

Ryan still hopes to convince the judge that he should remain free until his appeal has been decided months down the line.

In his remarks in court, Ryan, in his booming baritone voice, spoke of his humble beginnings and said his father taught him that each generation had an obligation to make life better for the next.

Ryan also said his father told him that "there is no right way to do the wrong thing."

"I tried to practice my life with that in mind," Ryan said.

Saying he had a bit of a cold, Ryan declared that Wednesday was "without question the saddest day of my life."

But he forcefully added: "I am proud of the life I have had."

In 36 years of public office, Ryan said he had been steadfast in keeping "the trust that my constituents have placed in me."

He appeared to deflect blame on others by saying he had not been vigilant enough as secretary of state, the elected post he held before his one term as governor.

"The jury's verdict speaks for itself in showing that I simply didn't do enough," Ryan said. "Should have been more vigilant. Should have been more watchful. Should have been a lot of things, I guess.

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"My charge in public office was to maintain and instill public confidence in the integrity of the government," he added. "I tried to do that, but I obviously failed."

Prosecutors weren't impressed with Ryan's tone. After the sentencing, Assistant U.S. Atty. Patrick Collins, the lead prosecutor in the federal Operation Safe Road probe, said Ryan "unfortunately remained defiant today."

"I was very much hoping ... if the judge was going to provide some mercy, it would be based on a heartfelt apology, and I didn't hear that," Collins said.

As he left the courthouse, Ryan's lead attorney, Dan Webb, again promised an appeal based largely on Pallmeyer's decision to dismiss two jurors during deliberations and bring in alternates to continue the trial.

The jurors were dismissed after Tribune reports that both had concealed arrest records during jury selection.

"Based on the jury deliberations, we are very hopeful that someday this conviction will be reversed and George Ryan will be vindicated and this conviction will be put behind him," Webb said.

Two Ryan jurors on opposite sides of the controversial deliberations had different opinions about the sentence.

Evelyn Ezell, who was kicked off the jury during deliberations for failing to reveal a history of arrests, said Ryan's sentence was unfair. Before she was removed from the jury, Ezell had been the sole holdout against Ryan's conviction.

"Six-and-a-half years is too much. It shouldn't be any years," she said.

Juror Denise Peterson, who deliberated through the verdict but came under scrutiny for bringing outside legal material into the jury room, said she thought Ryan would get more time than he did.

"I don't want to send anybody to jail, but he was totally guilty. The evidence was overwhelming," she said.

Pallmeyer rejected a government bid to stiffen Ryan's sentence for his scuttling internal investigations into the link between political fundraising and the selling of driver's licenses for bribes. Prosecutors contended the coverup risked death and bodily injury.

As a result of the ruling, Ryan faced up to 8 years in prison, not 10 years, as prosecutors hoped.

Pallmeyer also dismissed two counts of Ryan's 18-count conviction, one for a fraudulent lease with Warner and the other for leaking the selection of a state prison site to a friend who improperly profited on the tip.

Prosecutors sought to have Ryan sentenced to a lengthier prison term than Scott Fawell, Ryan's former top aide, who is serving 6½ years in prison, contending the former governor's conduct was more egregious.

Collins took issue with the contention in many of the more than 100 letters written on Ryan's behalf that Ryan had been betrayed by friends.

"He betrayed the public trust," Collins said of Ryan.

Collins also disputed many of the letter writers' contention that Ryan had displayed courage in public office, saying that was sadly lacking at several key junctures in his two terms as secretary of state.

Webb contended that Ryan had striven to do the right thing is his public life and cited his commutation of all Death Row inmates' sentences despite widespread public support for the death penalty.

Webb's voice broke with emotion when he said the greatest punishment Ryan faced was separation from his wife.

"It's going to be an enormous punishment on George Ryan," Webb said.

Following his sentencing Wednesday, Ryan was able to avoid a horde of reporters in the Dirksen U.S. Courthouse lobby by being whisked through an underground entrance.

A spokesman for the U.S. Marshals Service said U.S. District Chief Judge James Holderman ordered the measure.

At Ryan's side throughout the afternoon was his longtime political ally, former Gov. James R. Thompson, whose law firm footed the cost of Ryan's multimillion-dollar defense.

Ryan Gets 6½ Years In Prison (CHIST)

By Natasha Korecki

Chicago Sun-Times, September 7, 2006

A stoic former Gov. George Ryan was sentenced this afternoon to 6 1/2 years in federal prison for years of corruption while he held state office.

Before U.S. District Judge Rebecca Pallmeyer imposed the sentence, Ryan apologized to voters for his actions.

“When they elected me as the governor of this state, they expected better. And I let them down. For that I apologize,” Ryan said. “The result deeply pains me. This is the saddest day of my life.”

Ryan’s co-defendant, Lawrence Warner, was sentenced to three years and five months in prison — a sentence announced about 90 minutes after Ryan’s.

Ryan, 72, showed no expression when the sentence was handed down. Nor did his wife Lura Lynn, who sat behind him and beside former Gov. Jim Thompson.

Ryan was convicted in April of steering contracts and leases to his pals, including Warner, while taking gifts, vacations and cash in return. Ryan was also convicted of lying to FBI agents.

The sentence is the exact same term given to Ryan's former right hand man and protege, Scott Fawell. But Fawell, who testified against Ryan, was just 45 years old when sentenced in 2003.

Pallmeyer said Ryan's conviction could overshadow what he did in a lifetime of politics.

"For many people, the corruption will eclipse the policy decisions," the judge said. "That's one thing Mr. Fawell does not suffer."

Also in the courtroom was U.S. Attorney Patrick Fitzgerald, FBI Special-Agent-In-Charge Robert Grant and the Rev. Duane "Scott" Willis and his wife, Janet. The couple lost six of their kids in a 1994 accident linked to a truck driver that had paid bribes to get his commercial driver's license. That accident led to the Operation Safe Road investigation that snared Ryan and Fawell.

Ryan faced eight to 10 years in prison. His lawyers asked for 30 months, citing his age, his health issues and those of his wife.

Ryan's family, including his son and five daughters were in the courtroom. They previously sent letters to Pallmeyer asking for leniency.

Before the sentence, Ryan said the sentence the government was seeking "for a man my age and my health would be tantamount to a death sentence. I ask that you temper your judgment in light of the good that I've tried to do during my 72 years of life."

Ryan thanked Thompson's law firm, Winston & Strawn, for its work in offering "a defense that I desperately needed but could not afford."

And he said he was worried about Lura Lynn.

"It's for my wife that I harbor the greatest anxiety," Ryan said. "I know now that we face the prospect of involuntary separation."

Ex-Governor Is Sentenced To Prison (WP)

By Peter Slevin

The Washington Post, September 7, 2006

CHICAGO, Sept. 6 -- Former governor George H. Ryan, who won global attention for emptying Illinois's death row, was sentenced to 6 1/2 years in prison Wednesday for a decade of tawdry corruption and official lies that he minimized to the end.

U.S. District Judge Rebecca Pallmeyer rejected Ryan's request for leniency, saying that he violated the public trust through sweetheart deals and political favoritism. If Ryan thinks the allegations were "relatively minor or insignificant," Pallmeyer said, "I would suggest they are anything but."

The judge said she could not be sure that the 72-year-old defendant, who has diabetes, high cholesterol and Crohn's disease, would survive prison. "This gives me the least pleasure I've ever experienced," she told a courtroom audience that included Ryan's wife and six children.

Given a chance to speak, Ryan, a former Kankakee pharmacist who became the state's most powerful Republican, acknowledged that he disappointed the people of Illinois, but he insisted that in 36 years in public life he "always tried to be steadfast."

"I simply didn't do enough," Ryan said, speaking strongly in remarks more like a political concession speech than a mea culpa. "I should have been more vigilant. I should have been more watchful. I should have been a lot of things, I guess."

Ryan stands convicted of 16 counts of racketeering conspiracy, fraud and lying under oath. He plans to appeal.

The conviction of Ryan is the most dramatic success yet for U.S. Attorney Patrick J. Fitzgerald, imported from New York in 2001 to lead an anti-corruption drive that now stretches from Chicago to the state capitol in Springfield.

Assistant U.S. Attorney Patrick Collins -- alleging "a sense of entitlement, even arrogance," among corrupt Illinois officials -- urged Pallmeyer to challenge that culture by changing the cost-benefit calculus of would-be lawbreakers.

Among the dozens of practitioners and beneficiaries of official corruption recently found guilty are Mayor Richard M. Daley's patronage chief, Robert Sorich, and aides well known to the mayor. Many are now telling agents what they know as investigators dig deeper -- and climb higher.

Ryan, who served two terms as secretary of state and one as governor, is best known for his 2003 decision to impose a moratorium on the death penalty and to commute the capital sentences of 167 inmates. A former believer in capital punishment, he said he feared innocents would die.

Death penalty opponents celebrated, some pushing for him to receive the Nobel Peace Prize. But unfolding at the same time was a lengthy federal investigation into Ryan's habit of favoring friends with secret deals, using state money for his campaigns and steering funds from other Republican campaigns to his daughters.

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When questioned by federal agents, the jury said, Ryan repeatedly lied about what he had done.

Among Ryan's crimes was steering state business and office leases to lobbyist and businessman Larry Warner, sentenced Wednesday by Pallmeyer to 41 months in prison. Ryan also took free vacations in Jamaica, writing rent checks to his politically connected host, only to be reimbursed by him in cash.

Witnesses said Ryan often flashed rolls of $100 bills. Yet federal investigators discovered that, in the course of a decade, Ryan withdrew only $6,700 in cash from his bank.

Today, Ryan is too poor to pay his prominent defense attorneys, and he is expected to lose his state pension. Pallmeyer ordered him to pay more than $600,000 in restitution for overpriced leases.

Ex-governor Of Illinois Gets 6½ Years For Corruption (USAT/AP)

By Mike Robinson, The Associated Press

USA Today, September 7, 2006

CHICAGO — Former governor George Ryan, who was acclaimed by capital punishment foes for suspending executions in Illinois and emptying out death row, was sentenced Wednesday to 6½ years behind bars in the corruption scandal that ruined his political career.

"People of this state expected better, and I let them down," Ryan, 72, said in court.

Federal prosecutors had asked for eight to 10 years in prison. Defense attorneys argued that even 2½ years would deprive Ryan of the last healthy years of his life.

"Government leaders have an obligation to stand as the example. Mr. Ryan failed to meet that standard," U.S. District Judge Rebecca Pallmeyer said.

Ryan, a Republican, was convicted in April of racketeering conspiracy, mail fraud and other offenses for taking payoffs from political insiders in exchange for state business while he was Illinois secretary of State from 1991 to 1999 and governor for four years after that. The verdict capped Illinois' biggest political corruption trial in decades.

Prosecutors said that Ryan doled out big-money contracts and leases to his longtime friend, businessman-lobbyist Larry Warner, and others and received such things as Caribbean vacations and a golf bag in return. Ryan used state money and workers for his campaigns, the government alleged.

Defense attorneys pleaded for mercy, citing Ryan's age, health problems and the humiliation he has suffered.

"The public shaming that Ryan has endured combined with the impending loss of his pension greatly lessens the need for the court to punish through the sentencing process," Ryan's lawyers said in court papers.

The scandal that led to Ryan's downfall began in 1994 when a van crash in Wisconsin exposed a scheme inside the Illinois secretary of State's office in which truck drivers obtained licenses for bribes.

The probe expanded to other incidents of corruption under Ryan.

Ex-Governor Of Illinois Gets 6½ Years In Prison (NYT)

By Monica Davey

The New York Times, September 7, 2006

CHICAGO, Sept. 6 — George Ryan, the former governor of Illinois who was venerated around the world by opponents of capital punishment for halting the death penalty in his state, saw the depths of his downward spiral on Wednesday as a judge sentenced him to six and a half years in federal prison for racketeering and fraud.

Saying it was "the saddest day of my life," Mr. Ryan, 72, had asked for a lesser sentence, something that would not amount, he said in his booming baritone, "to a death sentence." His lawyers had recommended a prison term of no more than two and a half years, far below the federal sentencing guidelines.

Mr. Ryan, who during 40 years in public office rose to become one of the area's most powerful Republicans, for the first time apologized for a scheme in which prosecutors say he put taxpayers' money toward campaign work, lied to federal agents, and handed out contracts and leases to his friends in exchange for gifts, including island vacations, for himself and his family.

"People of this state expected better," he said, holding a small file of papers on a lectern before the judge, Rebecca R. Pallmeyer, of United States District Court. "I let them down. For that, I apologize." Still, Mr. Ryan, who fought the claims against him during a jury trial that lasted more than half a year, also said, "I'm proud of the life I've had."

In pressing the judge to sentence Mr. Ryan to at least six and a half years, Patrick Collins, an assistant United States attorney, pointed to what he called the "mutating virus" that corruption in Illinois politics has become, and said the sentence needed to send a message that carried beyond one man or one office.

"Your sentence has to speak to public officials that public corruption cannot be tolerated," he said.

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The remarkable unraveling of Mr. Ryan and his political career has already left a mark on this state's rough-edged political terrain. Those who once considered deal-making and favors for buddies as an ordinary, unavoidable ingredient of politics here say they have begun wondering whether an aggressive United States attorney's office may actually change that.

And within hours of Mr. Ryan's sentencing, the current candidates for governor were publicly arguing over which one might be more closely linked to corruption claims.

Dan K. Webb, a lawyer for Mr. Ryan, said he was deeply disappointed by the sentence. He had asked the judge to weigh Mr. Ryan's age, his health issues (Crohn's disease, diabetes, diverticulitis and high cholesterol), and what Mr. Webb described as acts of courage while in office.

He pointed, in particular, to Mr. Ryan's finding in 2003, as his term as governor was ending, that the state's system of capital punishment was broken. Although Mr. Ryan had long been a supporter of the death penalty, he commuted more than 160 of the state's death sentences to life in prison, winning a Nobel Peace Prize nomination, even as his critics here said he was cynically bracing for his own indictment.

On Wednesday, Mr. Webb asked that Mr. Ryan be allowed to remain free on bond until an appeal of his case can be heard, and the judge has yet to rule on that. For now, Mr. Ryan is to turn himself in on Jan. 4. Mr. Webb asked that Mr. Ryan be allowed to serve his sentence at the federal prison in Oxford, Wis., where some other local politicians have served time (including former United States Representative Dan Rostenkowski, several Chicago aldermen and a Cook County Circuit Court clerk).

Mr. Ryan, a snowy-haired, ruddy-faced former pharmacist from Kankakee, began his political career in the mid-60's on the Kankakee County Board, then went on to successful runs for the General Assembly, lieutenant governor, secretary of state and, finally, one term as governor.

Entering the courtroom, Mr. Ryan looked more like a politician working a room than a defendant. He politely shook hands with some in the long line of reporters, family members, ordinary spectators and other former politicians, including former Gov. James R. Thompson, seeming not to hear when a spectator called out, "Put the cuffs on, George."

Mr. Ryan's friend Lawrence Warner was sentenced Wednesday to more than three years for receiving commissions from leases and contracts from Mr. Ryan's office.

Elsewhere, in a political campaign season, the echoes were already being felt from the hearing. Many have blamed Mr. Ryan's woes for Republicans' recent losses in Illinois, including the loss of the governorship in 2003 to Democrats for the first time in three decades.

Judy Baar Topinka, the Republican nominee for governor who served as treasurer during Mr. Ryan's administration, told reporters that she did not believe his sentence would affect her much. But she swiftly referred to the continuing federal investigation into hiring by the administration of Gov. Rod R. Blagojevich, a Democrat.

Mr. Blagojevich's campaign shot back immediately: "Unfortunately, Treasurer Topinka who is pointing a finger today was in a position of responsibility during the Ryan administration and was silent then."

In announcing her sentence, Judge Pallmeyer seemed to be speaking to more than the politicians in the room with her. The true damage, she said, was the loss of confidence that citizens have in knowing that their government plays by the rules.

"Cynicism is inconsistent with patriotism," Judge Pallmeyer said. "Government leaders have an obligation to stand as the example. Mr. Ryan failed to meet that standard."

Noe Attorney Asks For Probation, Sees No Victim (TOLB)

By Mike Wilkinson, BLADE STAFF WRITER

Toledo Blade (OH), September 7, 2006

Tom Noe hurt no one when he skirted federal campaign laws and illegally poured money into President Bush's re-election, and a federal judge should consider giving him probation, his attorney said today.

In a memorandum to U.S. District Judge David Katz Noe's Toledo attorney Jon Richardson argues that the Bush campaign never complained about Noe's actions and that no one was harmed.

"... Noe's actions victimized no one," Mr. Richardson wrote.

Judge Katz is expected to sentence the former GOP fund-raiser on Tuesday.

In his memo, which was filed a day after federal prosecutors issued a rare memorandum of their own, Mr. Richardson criticized the prosecutors' call for additional prison time. In fact, he said the judge could give Noe probation.

"If the Court were to sentence Mr. Noe to substantial community services, rather than incarceration, the moral and legal scales in this case would easily come into balance," wrote Mr. Richardson.

Noe, 52, pleaded guilty in May to illegally funneling more than $45,000 into the President's re-election campaign at an October, 2003, fund-raiser in Columbus using 24 conduits, including several prominent local Republican public officials.

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In May, prosecutors said Noe faced as little as two years in prison. But yesterday they made their case for a potential prison term of more than four years.

They claimed Noe should get a stiffer penalty because he abused his "position of trust" as an official Bush-Cheney fund-raiser and because his "systematic and pervasive corruption" had a negative effect on the public's trust in the electoral process. They also claimed Noe had not fully accepted responsibility for his crimes.

But Mr. Richardson appears to say that the wave of publicity — almost all of it negative — is a penalty itself.

"No public humiliation has been so complete as Mr. Noe's. No fall so thoroughly documented as his," he wrote. "There is nothing ... that covers the night he sat his daughters down to tell them what was to come."

The Lucas County prosecutor, in a separate case, is pursuing 46 felony charges against Noe. The trial on those charges is scheduled to begin Oct. 10. Noe has pleaded not guilty to the charges.

Prosecutors believe he embezzled more than $3 million from the coin funds he managed for the Ohio Bureau of Workers' Compensation.

Mr. Richardson, in his memo, cautioned the judge to keep the federal and state charges separate.

"The conduct alleged is different. The levels of seriousness are different," he wrote. "And, as mentioned before, the allegations there are unproven. All that is the same is the man."

At the time of Noe's indictment in the federal case, a top Justice Department official said the case is the largest campaign money-laundering scheme prosecuted by the department since new campaign finance laws were enacted by Congress in 2002.

Polygamist Leader Jeffs Appears In Court (AP)

By Jennifer Dobner

AP, September 7, 2006

ST. GEORGE, Utah - Looking pale and gaunt in a green-striped jail uniform, polygamist sect leader Warren Jeffs made his first appearance in a Utah court via closed-circuit TV Wednesday on charges he arranged a marriage between an underage girl and an older man.

Jeffs, 50, is charged with two counts of rape as an accomplice. The charges carry up to life in prison. He is being held in the Purgatory Correctional Facility in nearby Hurricane.

The hearing was conducted via video, with Jeffs in jail and the judge in the county courthouse in St. George. The judge set a preliminary hearing for Sept. 19, at which time the issue of bail will be addressed.

Jeffs said little during the proceeding. He said his Nevada lawyer is helping him find an attorney in Utah.

Since 2002, Jeffs has been the leader of the 10,000-member Fundamentalist Church of Jesus Christ of Latter Day Saints. Most of its members live in the adjoining towns of Hildale, Utah, and Colorado City, Ariz.

Jeffs was arrested Aug. 28 during a traffic stop near Las Vegas after more than a year on the run and three months on the FBI's Most Wanted list.

Utah prosecutors contend Jeffs forced a teenage girl from his sect to marry and have sex with an older man. He faces similar charges in Arizona.

Jeffs Faces The Judge (SLT)

By Brooke Adams, The Salt Lake Tribune

Salt Lake Tribune, September 7, 2006

Security tight even though appearance is via TV

ST. GEORGE - Captured polygamous leader Warren S. Jeffs appeared in a Washington County courtroom for a six-minute hearing Wednesday, as SWAT teams watched from the street and a nearby bluff and media satellite trucks crammed the courthouse parking lot.

Jeffs, 50, appeared via a video link from the Purgatory Correctional Facility in Hurricane a day after being extradited from Las Vegas. He was arrested Aug. 28 after a routine traffic stop just outside of Las Vegas on Interstate 15.

During the brief hearing, Jeffs was formally informed of the two Utah charges of being an accomplice to rape, a first-degree felony. The charges, punishable by five years to life in prison, stem from Jeffs' alleged role arranging a marriage between a teenage Hildale girl and an older man.

Jeffs

St. George police SWAT officer Josh Wilson stands guard at the entrance to the parking lot outside 5th District Court. Even though Jeffs appeared via TV, law enforcement took no chances. (Douglas C. Pizac/The Associated Press)

is the leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints, a community of 6,000 or so historically based in Hildale, Utah, and Colorado City, Ariz.

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The twin cities are about a 45-minute drive from the jail where Jeffs is now incarcerated.

Fifth District Judge James L. Shumate set a preliminary hearing for Sept. 19. On Monday, the judge will review whether Jeffs has retained a Utah attorney, his bail status and whether the preliminary hearing should be postponed.

Jeffs, his brow creased and staring intently at a television monitor, appeared to be alone in a white cinder block interview room at the jail. The monitor displayed four picture views: one of himself, one of the judge, and one each of the attorneys' tables.

Richard A. Wright, a Las Vegas attorney who met with Jeffs

Web Extra

Click here to see video of the hearing, courtesy of KUTV2.

several times while he was incarcerated at the Clark County Detention Center, was not in the courtroom or at the jail.

After Shumate explained the charges and possible penalties, Jeffs told told the judge that Wright is "helping me find Utah counsel. I ask for a week to be able to do that."

Washington County Attorney Brock Belnap said he had been contacted by Wright, who asked him to relay to the judge a request for a review hearing next week.

Jeffs also said Wright had asked him to relay that message. "He suggested asking for a continuance [of the preliminary hearing] until I get counsel," Jeffs said.

But Shumate said he will keep the preliminary hearing scheduled until an attorney for Jeffs can weigh in. The judge told Jeffs he will again appear in court via video for

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next week's review hearing, "unless you have counsel that wants you in court."

Belnap was asked outside the courthouse about delaying that hearing and said, "We do not plan on objecting to it if he wants it."

Last week, Shumate revoked the $500,000 bail set for Jeffs. If a new bail amount is granted and posted, Belnap noted, Jeffs would still be held on a federal detainer for fleeing prosecution.

Audience seats in the courtroom were packed mostly with reporters. At least five Washington County Sheriff's deputies also were in the room and several SWAT team members could be seen in the hallway behind the courtroom.

Sgt. Craig Harding, spokesman for the St. George Police Department, said his department will provide security around the courthouse throughout the proceedings.

"We would

St. George Police Department SWAT team members Wyatt Miles, left, and Josh Wilson keep watch over the parking lot at the 5th District Courthouse where Warren Jeffs appeared via video. (Douglas C. Pizac/The Associated Press)

be very foolish if we didn't prepare for the worst-case scenario," he said of the officers positioned on the ridge, nearby buildings and among the crowd outside the courthouse. "We need to

plan for everything to happen and hope nothing does."

Four students from a criminal justice class at nearby Dixie State College, located in St. George, also attended the brief hearing.

"I've heard a lot of things about what Warren Jeffs has done . . . and I think it's exciting that they finally caught him," said Shannon Potter, 33, who is studying criminal justice at Dixie and psychology at Utah State University. "It's good to get him out of the general population."

Jeffs went into hiding about three years ago, as authorities attempted to serve subpoenas on him and other men as part of an investigation into the sect's practice of assigned, underage marriages.

He has been listed as a fugitive from justice - and on the FBI's Most Wanted list since May - since last summer, when he was indicted by a Mohave County, Ariz., grand jury on similar allegations.

Jeffs Appears Via Video In Utah Court (DESERET)

By Ben Winslow And Nancy Perkins, Deseret Morning News

Deseret Morning News, September 7, 2006

He asks judge for a week to find a lawyer

ST. GEORGE — Looking thin and pale, captured polygamist leader Warren Jeffs made his first court appearance here in 5th District Court, finally facing charges of rape as an accomplice.

"Mr. Jeffs, can you hear me OK, sir?" Judge James L. Shumate asked.

"Yes," Jeffs said, softly.

As the judge read the charges and possible punishments, Jeffs looked down at the copy in his hands, following along. Shumate asked Jeffs if he had an attorney.

"I have a Nevada attorney helping me find Utah counsel. I ask for a week to do that," Jeffs replied.

As the six-minute hearing concluded, Jeffs leaned forward to the camera trying to speak but was cut off by the judge. Shumate set a status conference for Monday, where he will be updated on whether Jeffs has a lawyer, address the preliminary hearing and bail issues. Jeffs is being held without bail.

Jeffs said his lawyer suggested he request a delay for the preliminary hearing.

But Shumate was reluctant to postpone the hearing set for Sept. 19.

Washington County Attorney Brock Belnap said his office is "prepared to go forward with our case" against Jeffs.

"Our office will be cooperative if he requests a continuance. We will not object to it," Belnap told reporters after the hearing.

Courthouse security

Security outside the courthouse was intense.

SWAT team sharpshooters were spotted on nearby rooftops and redrock hillsides. Officers were also walking the streets surrounding the courthouse, watching people go in and out.

"We just want to make sure everything goes smoothly," St. George Police Sgt. Craig Harding said.

Even though Jeffs was not in the courthouse, police used the hearing as a SWAT training exercise to prepare for when the polygamist leader will be transported to court.

Jeffs remains in isolation at the jail. Sheriff's deputies who were watching him told the Deseret Morning News that Jeffs appeared to be "doing OK" behind bars.

"He's nice and quiet," Washington County Sheriff Kirk Smith said of Jeffs' first day in Purgatory. "He's just a quiet individual."

'Uncle Warren'

In the border towns of Hildale, Utah, and Colorado City, Ariz., members of the Fundamentalist LDS Church kept silent about the arrest of their leader. None of his followers was in court Wednesday. Ex-members said Jeffs is portraying himself as someone who is "persecuted" for his religious beliefs.

"He's being persecuted by the wicked people of the world," ex-FLDS member Ross Chatwin said. "He's going to play that role of Christ crucified, I think."

Jeffs is revered by FLDS faithful, even in song. The Deseret Morning News has obtained a copy of the lyrics to the song "We Love You, Uncle Warren," written about five years ago and taught to FLDS children. It reads in part:

"Uncle Warren is a busy man; he works from dawn to dark
To carry out the Prophet's will with all his mind and heart.
But he will take the time with joy to greet each little girl and boy.
Uncle Warren is a plain man; he doesn't care for show.
He shuns the fame and riches that most men covet so.
Yet in his humble dignity, he's greater than a king to me.
Uncle Warren is a perfect Priesthood man;
To the Prophet he is loyal through and through.

Brother Of Warren Jeffs Arrested At Trailer Park (AP)

AP, September 7, 2006

KINGMAN - A brother of polygamous church leader Warren Jeffs was arrested by sheriff's deputies in Mohave County after he refused to cooperate when they asked to check the welfare of his son.

Deputies went to a trailer park in the community of Beaver Dam Friday evening after the grown son of John B. Jeffs asked them to check on his 11-year-old brother, said Trish Carter, a sheriff's spokeswoman.

They found Jeffs, 38, of Colorado City, sitting in a vehicle in front of the trailer home, and he refused to answer questions or comply with deputies' commands and they had to pull him out, Carter said. Jeffs was arrested on resisting arrest and disorderly conduct charges.

"He did not cooperate with us in the least," Carter said Wednesday. "We were just there for an innocent little welfare check."

After Jeffs was taken into custody, deputies were able to check on the 11-year-old and found that he was not in danger and was unharmed, Carter said.

Jeffs appeared before a judge Tuesday and was released from custody with a Sept. 11 court date, Carter said.

Jeffs is a brother of Warren Jeffs, the leader of Fundamentalist Church of Jesus Christ of Latter Day Saints, based in Colorado City and nearby Hildale, Utah. Warren Jeffs, 50, was arrested last week outside Las Vegas on charges related to

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marriages he allegedly arranged between adult men and underage girls. He had been a fugitive for more than a year and was on the FBI's most wanted list.

Ex-cop Sentenced For Stealing From Heroes Fund (CHIT)

Tribune Staff Report

Chicago Tribune, September 7, 2006

A former Chicago police commander who admitted to stealing $4,000 meant for a ceremony honoring police officers and then lying to federal agents was sentenced to 5 months in prison Wednesday.

Michael Acosta's prison time will be followed by 5 months of home confinement, U.S. District Judge Harry Leinenweber said. Acosta could have been sentenced to up to 14 years in prison.

Acosta pleaded guilty to one count of fraud in January, and he recently retired from his post supervising officers at the city's airports.

Prosecutors have said Acosta raised funds from an individual contributor through John "Quarters" Boyle, a former city worker who was sentenced to prison in the city's Hired Truck scandal. Acosta admitted to lying to the FBI about using his position to help Boyle.

Ex-commander Who Stole Thousands Sentenced (CHIST)

Chicago Sun-Times, September 7, 2006

A retired Chicago Police commander received a “split sentence” Wednesday of five months in prison followed by five months in home confinement for stealing $4,000 that was earmarked to help pay for a ceremony to recognize heroic police officers.

Michael Acosta, who retired last year from his position overseeing police at O’Hare and Midway international airports, was facing an advisory penalty guideline range of eight to 14 months in prison, which range also made him eligible to receive a “split sentence,” according to Assistant U.S. Atty. Manish Shaw.

U.S. District Judge Harry D. Leinenweber sentenced Acosta to 10 months -- five months must be served in prison and the remaining five must be served in home confinement, Shaw said. After he serves the split incarceration terms, the judge ordered Acosta to serve two years on supervised release. Acosta, 60, of Chicago, also must pay $4,000 in restitution and a $5,000 fine, Shaw added.

Prior to Leinenweber handing down the penalty, Acosta apologized to his family for any embarrassment he brought them.

Acosta, who pleaded guilty earlier this year to one count of mail fraud, admitted he took $4,000 of the $9,000 in contributions meant for the Police Recognition Ceremony in 2004.

In addition, Acosta admitted he lied to FBI agents about doing a favor for John “Quarters” Boyle, a former City of Chicago heavy equipment operator. Acosta gave Boyle the criminal history information on an unidentified person.

Acosta and Boyle were friends, and when federal agents wiretapped Boyle’s phones, they recorded a number of conversations between the two men. Acosta violated police regulations by associating with a known felon. At the time, Boyle had served prison time for stealing millions of dollars in Illinois tollway money.

Boyle later pleaded guilty and was sentenced to seven years in prison for shaking down trucking company owners seeking business in the city’s Hired Truck Program.

Police Commander Sentenced In Theft Case (PHI)

The Philadelphia Inquirer, September 7, 2006

CHICAGO - A former Chicago police commander who pocketed $4,000 that was donated to pay for a ceremony honoring his fellow officers was sentenced Wednesday to five months in federal prison.

U.S. District Judge Harry Leinenweber also ordered Michael Acosta to complete five months of home confinement upon Acosta's release from prison. He recently retired from his post supervising officers at the city's airports.

Acosta pleaded guilty on Jan. 17 to one count of mail fraud.

He admitted receiving a March 2004 donation of $7,000 from an unnamed private company to pay for a "police recognition ceremony" honoring fellow officers. He kept $2,000 of the money and passed the remaining $5,000 along to pay for the ceremony.

He also admitted in his signed plea agreement to receiving another $2,000 from a private individual for a "police recognition luncheon."

Additionally, Acosta also acknowledged lying to FBI agents when he said he hadn't done any favors for John "Quarters" Boyle, a key figure in the city's scandal-plagued Hired Truck Program.

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Boyle was sentenced to seven years in federal prison for cheating on his taxes and taking more than $214,000 in payoffs to get trucking companies into the program.

Boyle had served prison time in the early 1990s for stealing $4 million from the Illinois Toll Highway Authority, most of it in quarters.

Police regulations prohibited Acosta from associating with a known felon.

Kin Of Ex-New Orleans Mayor Jailed (WP/AP)

The Associated Press

The Washington Post, September 7, 2006

NEW ORLEANS -- An uncle of former New Orleans Mayor Marc Morial was sentenced Wednesday to two years in federal prison for stealing money from the city's bus and streetcar system.

Glenn Haydel also was ordered to serve three years of supervised release, fined $5,000 and ordered to pay $540,000 in restitution to the Regional Transit Authority. He had faced a maximum of 25 years and $1 million in fines.

Haydel pleaded guilty in May to committing federal program fraud while representing the RTA during a bond transaction in August 2000.

His nephew, Morial, served two terms as mayor and now heads the National Urban League, based in New York City.

Morial has not been accused of wrongdoing but federal authorities have been looking into city contracts awarded during his administration, which ended in 2002.

Haydel was the majority shareholder of Metro New Orleans Transit Inc. and president of Transit Management of Southeast Louisiana Inc. The two entities essentially operated the mass transit system for the RTA, said U.S. Attorney Jim Letten.

Haydel diverted $550,000 of RTA money to his corporate account, then transferred $350,000 to a personal account, according to a statement from Letten. He concealed the transfer from the RTA and, under oath during a deposition, lied about what he had done with the money, Letten said.

Letten and Haydel's attorney did not immediately return calls seeking comment Wednesday.

Dad's Words May Do Gotti In (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, September 7, 2006

The Daper Don's secretly recorded words - revealed in court yesterday - could blow away his son's claims of leaving the mob.

John Gotti was taped in April 2001 telling attorney Joseph Corozzo to replace his son, John A. (Junior) Gotti, as head of the Gambino crime family with his brother Peter Gotti, an FBI agent testified.

But FBI Special Agent Theodore Otto said the late mobster also wanted his son and two trusted Gambino soldiers, John (Jackie the Nose) D'Amico and Nicholas Corozzo - Joseph Corozzo's uncle - to maintain leadership roles.

"Pete ... John, Jackie and Nickie," Gotti Sr. told Joseph Corozzo during a visit to a Missouri prison where the elder Gotti was serving a life sentence. "Shake it up the way you wanna shake it up."

The late Dapper Don's words appear to place his son in the family's hierarchy at a time when Junior Gotti claims he had turned his back on the mob.

Central to Gotti's defense in his latest trial is that the statute of limitations for the government to charge him had expired. Junior Gotti contends he quit the mob before 1999, more than five years before his 2004 racketeering indictment.

Seven days after Gotti Sr.'s conversation with Joseph Corozzo was intercepted, Junior Gotti became enraged when his uncle Richie visited him in prison and told him he had been demoted from acting boss, Otto said.

In a 2003 prison visit with his sister Angel, Gotti recalled the meeting with Richie Gotti, according to another tape.

"F-----g moron. I had Richie in here, he lied to me, to me to my face ...," Gotti said. "End of the visit, Angel, I just threw him the hell out."

Meanwhile, defense attorneys called to the stand radio host and Guardian Angels founder Curtis Sliwa, whom Gotti is accused of ordering thugs to beat up in 1992.

Sliwa, who testified for the prosecution at Gotti's two previous mistrials, was not happy to be called by the defense.

"I said I would be hostile to you and Mr. Gotti's defense," Sliwa told Gotti's lawyer.

His testimony is expected to resume today.

New York Man Pleads Guilty In Trash Probe (AP)

AP, September 7, 2006

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NEW HAVEN, Conn. -- A New York man pleaded guilty Wednesday to holding a no-show job at a garbage hauler that was indicted last June in an investigation of the mob's influence over the trash industry in Connecticut and New York.

Joseph J. Milo Sr., 63, of Mamaroneck, N.Y., pleaded guilty in U.S. District Court in New Haven to conspiring to defraud the Internal Revenue Service.

Milo was placed on the payroll of Automated Waste Disposal of Danbury in September 1999, prosecutors said. In January 2000, Milo signed a health care enrollment form stating that he was employed as a salesman for AWD.

Milo admitted that from January 2000 through June 2006 he was a "no-show" employee of AWD, receiving pay and health insurance from AWD even though he performed no work for the company. AWD mailed weekly paychecks to Milo's New York residence.

Milo falsely reported that $52,000 he received from AWD for the tax years 2000 through 2004 was earned income.

In June, authorities charged 29 individuals and 10 businesses, including Automated Waste Disposal, a reputed mob boss, a former Waterbury mayor and the owner of a Danbury trash hauling business.

Milo is the brother of AWD co-owner Thomas Milo, who was one of the people charged in June, authorities said.

Companies owned by James Galante paid a "mob tax" to alleged Genovese crime family boss Matthew Ianniello as part of a property rights scheme in which trash haulers carved out routes for each other and agreed not to poach customers, according to a 117-page indictment.

Joseph Milo faces up to five years in prison and a $250,000 fine when he is sentenced on Dec. 22.

Defendant In Galante Case Pleads Guilty (DANNT)

Danbury News Times, September 7, 2006

NEW HAVEN -- Joseph Milo, Sr., one of the defendants in a federal racketeering case involving the trash industry, pleaded guilty today in New Haven to one count of conspiracy to defraud the Internal Revenue Service.

Milo is the brother of Thomas Milo, an alleged mobster who the government said was a silent partner in James Galante's sanitation business.

Milo faces up to six months in jail. He will be sentenced Dec. 22.

Galante, prosecutors allege, was a key player in a price-rigging scheme that involved organized crime figures.

Galante lives in New Fairfield and owns Automated Waste Disposal on White Street in Danbury.

US Customs Seize Thousands Of Nike Knock-offs From China (AFP-Y)

AFP, September 7, 2006

US authorities have seized more than 135,000 phony Nike sneakers that a major smuggling ring tried to import into the United States from China, and charged six people in the case, officials said.

The US Homeland Security and Justice departments said in a statement they had broken up "one of the largest counterfeit merchandise smuggling schemes uncovered in recent US history."

The six defendants are accused of trying to illegally import the fake Nike Air Jordan shoes in 15 cargo containers between May and July, according to the indictment. The sneakers have a retail value of more than 16 million dollars.

Three of the suspects are from China, two from the United States and one from Mexico.

The six were indicted by a federal grand jury in the western state of Arizona last month and accused of conspiring to traffic in counterfeit goods and services, a charged that carries sentence of up to five years in prison and a 250,000 dollar fine.

Death Penalty Sought In Moonda Slaying (PTR)

By Michael Hasch

Pittsburgh Tribune-Review, September 7, 2006

A Mercer County woman could face the death penalty if she is convicted of plotting with her lover to kill her husband so they could split her share of the multimillion-dollar estate.

Prosecutors filed notice Wednesday in U.S. District Court in Akron that they will seek the death penalty against Donna Moonda, 47, of Hermitage, who is charged with murder for hire and related crimes in the death of Dr. Gulam Moonda, who was shot May 13, 2005, along the Ohio Turnpike.

A Beaver County man, Damian Ray Bradford, 25, of Center, has admitted that he and Donna Moonda were lovers.

Bradford, who has pleaded guilty to interstate stalking and a firearms violation resulting in death, told investigators that he killed the 69-year-old doctor in what was supposed to look like a random highway robbery after Donna Moonda promised to give him half of her share of her husband's estate.

He has agreed to testify against her in exchange for a prison sentence that he could finish serving by the time he is 40.

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U.S. Attorney Gregory A. White of the Northern District of Ohio and his staff made the decision to seek the death penalty, which was approved by Attorney General Alberto Gonzales, said First Assistant U.S. Attorney William J. Edwards.

Prosecutors contend that Donna Moonda procured Bradford's cooperation in the plot by "payment and promise of payment" and that "substantial planning and premeditation" took place before the slaying.

Defense attorney Roger M. Synenberg has said Moonda is innocent and that Bradford is lying in exchange for leniency.

Synenberg, who could not be reached for comment yesterday, also has said he will ask the court to appoint a second lawyer who has experience in death sentence cases because Donna Moonda doesn't have the money to pay her legal fees.

Michael Hasch can be reached at mhasch@tribweb.com or (412) 320-7820.

Rabbi Caught On TV Is Convicted Of Seeking Sex With Boy (WP)

By Jerry Markon

The Washington Post, September 7, 2006

A Maryland rabbi caught in a television sting operation was convicted yesterday of traveling to Herndon for what he thought would be sex with a 13-year-old boy he met over the Internet.

In a written opinion issued yesterday, a federal judge in Alexandria found David A. Kaye, 56, guilty after a bench trial last month in which prosecutors presented evidence of sexually graphic chats between him and the boy. In reality, the boy was a 26-year-old man working for Perverted Justice, a group that tries to expose adults who use the Internet for sexual activity with children.

Perverted Justice was working with the NBC newsmagazine "Dateline," which paid the watchdog group to create a pedophile sting that ran as a series of television reports called "To Catch a Predator." Men lured to the house they set up in Herndon last year also included a schoolteacher from Prince George's County and a physician from the Eastern Shore.

Kaye, a Potomac resident, is the former vice president of program at Rockville-based PANIM: The Institute for Jewish Leaders and Values, an educational foundation that trains Jewish leaders. He resigned in October after informing the organization that he would be featured on "Dateline."

"You know I'm in trouble. I know I'm in trouble," Kaye told NBC correspondent Chris Hansen when he was confronted on camera after traveling to the Herndon house in August 2005, according to the opinion by U.S. District Judge James C. Cacheris. The judge convicted Kaye on one count of coercion and enticement and one count of travel with intent to engage in illicit sexual conduct.

Kaye, who has been jailed since his arrest in May, faces up to 60 years in prison when he is sentenced Dec. 1.

U.S. Attorney Chuck Rosenberg said he was "very pleased because we've always thought the evidence in this case was extremely compelling. The judge's opinion makes it clear that our case was strong."

Peter D. Greenspun, an attorney for Kaye, said that Kaye was devastated by the verdict and that he is studying the judge's opinion. "This decision should put anyone who engages in explicit chat over the Internet on notice of the risks involved," Greenspun said. Some defense lawyers have challenged the television sting operations as entrapment, and experts in media ethics have questioned NBC's decision to pay Perverted Justice because mainstream news organizations typically do not pay sources for their cooperation.

NBC has defended the arrangement, saying the programs have raised public awareness of the growing problem of Internet pedophilia. Cacheris's opinion said NBC paid Perverted Justice $100,000.

Rabbi Sidney Schwarz, PANIM's president, said his "heart goes out to David and his family."

Cacheris wrote that prosecutors presented overwhelming evidence during the two-day trial, including outtakes from the NBC show and a log of Kaye's chats with the supposed 13-year-old. Using the America Online screen name "REDBD," Kaye initiated the chats, Cacheris wrote.

At one point, court documents said, Kaye wrote to the "boy": "You are only 13?"

"Uhh yea," the boy responded.

"That's rape," Kaye said. ". . . I've never been with a young man like you but I would like to."

Defense attorneys argued that Kaye didn't believe the boy was 13. Kaye, who is divorced, testified that he had had numerous homosexual experiences with adults and thought he was talking to a young adult.

Reputed Gang Members Arrested (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, September 7, 2006

FBI says Chelsea chapter infiltrated

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For nine months, a witness who infiltrated the Chelsea chapter of the Latin Kings for the FBI secretly recorded conversations with gang members who sold cocaine and guns and talked about killing rival gang members in a fight over turf, an FBI affidavit says.

It was a dangerous job. But according to the affidavit, the witness kept gathering evidence, even after a gang member dubbed ``King Maniac'' accused him of being a ``snitch'' and warned, ``whoever gets me locked up I'm gonna shoot him.''

Yesterday, the investigation culminated with the arrests of 18 reputed members of the Latin Kings' Chelsea chapter, including David ``The House'' Mojica , 34, who was fired from the Suffolk County Sheriff's Department in 1999 after impregnating an inmate; and Paul ``King Ghost'' Follis, 20, the alleged leader of the chapter. Twelve people were indicted on federal charges of allegedly selling cocaine and six were charged in state court with selling cocaine and guns.

``Today the focus is on toppling the Latin Kings organization in Chelsea,'' said US Attorney Michael J. Sullivan , noting in a press release that the arrests follow a crackdown by state and federal authorities on street gangs over the past few years that has dismantled the Latin Kings in Lawrence, Lowell, Springfield, and Holyoke, and the Immortal Outlaws and Latin Gangsta' Deciples in Lawrence.

Follis's lawyer, Elliot Weinstein , scoffed at assertions that his client was a Latin Kings leader, saying, ``The government has always had a wonderful imagination with regard to placing people in positions of responsibility. All they have done is charge my client with a drug offense. If they had real and legitimate proof of an overarching organized criminal group then they would have brought that charge.''

The Almighty Latin Kings and Queen Nation street gang, formed in Chicago in the 1960s, has chapters throughout Massachusetts and in prisons, according to authorities.

After Chelsea's dominant gang, MS-13, was weakened by a wave of prosecutions and deportations, the Latin Kings joined forces last year with the Bloods and Kappin on Suckers in a battle against the remnants of MS-13 and an emerging Asian gang, the Tiny Rascal Gang (TRG), according to the FBI affidavit.

After two gang-related murders, a stabbing, and several shootings last year, according to the affidavit, the Latin Kings and Bloods converged on Goodfellas barber shop in Chelsea last fall to confront a TRG member. A Latin King was shot in the head during the confrontation and survived.

Last month, Stephen ``Clipper'' Ford , 22, of East Boston, one of the men indicted yesterday, was beaten with a baseball bat by rival gang members, according to the affidavit.

Others charged include: Edwin ``King E'' Echevarria , 18, of Chelsea, the alleged second-in-command; Manuel ``King Maniac'' Berrios , 23, of Chelsea; Nelson ``Cheeseburger'' Rios , 18, of Chelsea; Sandra Rivera , 28, of Chelsea; Miguel ``King Papalito'' Berrios , 20, of Chelsea; Samuel ``Noodles'' Argueta , 20, of Chelsea; Harry Jean, 22, of East Boston; Angel ``King A'' Roldan , 20, of Dorchester; Anthony ``Butterball'' Velez , 22, of Chelsea; Jose Echevarria , 35, of Chelsea; Luis Colon , 27, of Chelsea; Rosanna Argueta , 22, of Chelsea; and three juveniles.

Members Of Chelsea Latin Kings Indicted On Drug, Gun Charges (AP)

AP, September 7, 2006

BOSTON - Eighteen alleged members and associates of the Chelsea chapter of the Latin Kings gang were indicted Wednesday on state and federal drug and firearm charges.

During a nine-month investigation, a witness working with law enforcement officials was able to buy cocaine and guns from gang members, according to an affidavit filed by an FBI agent in support of a request by federal prosecutors to detain the gang members pending trial.

The Latin Kings, formed in Chicago in the 1960s, now has chapters throughout the eastern United States.

In Chelsea, the group has been involved in a gang war with rivals over the past few years, resulting in numerous shootings, stabbings and other violence, authorities said.

Twelve members of the Chelsea chapter, including the alleged leader, Paul Follis, 20, were indicted on federal drug charges, while another six were indicted on state drug and firearm charges. Follis was charged with conspiracy and cocaine distribution.

The FBI has been investigating the Latin Kings in Massachusetts since 2002. In 2004 and 2005, authorities have made sweeping arrests of members of the Latin Kings in Lawrence, Lowell, Springfield and Holyoke.

2 Men Go On Trial In Abduction Killings (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, September 7, 2006

The pair allegedly sought ransoms for five businesspeople, then dumped their bodies.

From their aquarium store on Ventura Boulevard, two Eastern Europeans hatched a murderous kidnapping-for-ransom conspiracy, ultimately strangling five victims and dumping their bodies in a deep-gorge reservoir near Yosemite, prosecutors said Wednesday.

In a two-hour statement opening the men's federal trial in downtown Los Angeles, prosecutors told jurors that Iouri Mikhel, a Russian immigrant, and Jurijus Kadamovas, a Lithuanian, carried out their abductions and murders in the same methodical way they might have set up a fish tank — and then laundered the ransom proceeds through bank accounts from Dubai to Jamaica.

The U.S. attorney's office is seeking the death penalty against both defendants, who have pleaded not guilty to five counts of "hostage taking resulting in death" and two counts of conspiracy. The charges stem from an alleged scheme in 2001 and 2002 to abduct wealthy businesspeople in Los Angeles, mostly Russians, and extort money from them and their families with false promises of their safe return, prosecutors said.

The victims were Meyer Muscatel, a Los Angeles real-estate developer; Rita Pekler, a financial consultant; Alexander Umansky, the owner of a high-end auto electronics store; and George Safiev and Nick Kharabadze, two partners in a fledgling film production company.

The defendants were not two-bit criminals, prosecutors contended. Mikhel, 41, lived in a Tudor-style estate in the hills above Encino. The two men, they said, used the ransom money to buy a $79,000 Mercedes SUV, mink coats for their girlfriends and two pure-bred Dobermans.

Kadamovas, 39, told an accomplice that he expected to ultimately make $50 million. Before they were arrested in February 2002, the pair allegedly trolled the ski slopes of Aspen and a Florida boat show seeking new wealthy Russians to target.

"This was business as usual," said Assistant U.S. Atty. Susan J. Dewitt. "This is how they afforded their lavish lifestyle."

The defendants recorded their victims' voices so they could play them for the families from which they tried to extort money, even after the victims were dead, Dewitt said.

And after they were arrested, authorities say, they staged an elaborate attempt to tunnel out of their cells at the federal detention center. That plot was thwarted only because another inmate reported them, prosecutors said. Guards found an arsenal of tools and a large hole behind a mirror in Mikhel's cell.

Mikhel's attorney, Richard M. Callahan, conceded that his client was a "con man" who brought business "methods he learned in Russia, both legal and illegal," with him to the U.S. But he was not a murderer, Callahan said.

"He became a master of international banking … usually disguising money through a series of shell companies and off-shore bank accounts," Callahan said.

But prosecutors contended that they would offer an inside view of the violent ransom plots through the testimony of a cooperating witness: Ainar Altmanis, who pleaded guilty to taking part in the scheme. Through him, prosecutors indicated in court papers, they will lay out a step-by-step account of the alleged crimes in novelistic detail — from the preparations at a Home Depot, to the grisly deaths, to the ghostly images of bodies lying in the silt 300 feet below the surface of the New Melones Reservoir.

The victims did not go easy, Dewitt said: The defendants tried to suffocate one person, Umansky, who was 35, with a bag over his head. When that failed, they wrapped a rope around his neck — Mikhel and Altmanis each pulled an end. When Umansky stopped moving, Altmanis was nervous because "noise was still coming from the body."

"Mikhel said it was just air coming from his lungs," Dewitt said. He allegedly stepped on Umansky's chest and told Altmanis matter-of-factly: "These sounds are common."

The defense plans to attack Altmanis' credibility, alleging that he committed the murders and is trying to get a lesser sentence by helping prosecutors make a case against the two defendants on trial.

Callahan said Altmanis was envious of Mikhel's lifestyle and tried to get himself involved in some of the business deals. He also had free rein to Mikhel's "estate," Callahan said, and thus probably left behind the physical evidence discovered during searches, including stun guns, drugs allegedly used to sedate victims and a $4-million ransom.

Mikhel sat through the first day of the trial shackled to the floor, blinking slowly, as if he were fighting sleep. Thin, with an angular face and close-cropped silver hair, he wore a loose gray T-shirt and jail pants.

Behind him, his co-defendant, Kadamovas, was a study in contrast: pudgy, crown-bald and bookish, with thick glasses, a brown sweater and blue shirt buttoned to the neck.

His attorney, Sonia E. Chahin, urged jurors to distinguish between the two, depicting Kadamovas as a humdrum aquarium enthusiast, not an international money launderer.

"He has always had an interest in fish, and always had innovative designs," she said.

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Kadamovas knew nothing about the killings and was not part of the attempt to tunnel out of the Metropolitan Detention Center, Chahin said. The glass cutters, bolt cutters, pliers, wrenches, box cutters, hacksaw blades and other tools were not found in his cell, she noted.

The trial is expected to last up to four months. Prosecutors were barred from introducing a warrant for the pair's arrest in the Mediterranean nation of Cyprus, also on kidnapping and murder charges. Even so, they are planning to call at least 117 witnesses. The first few took the stand in the afternoon.

Dominick Degen, a hefty tattooed mechanic from a Sierra foothill town, told of finding a body on the bank of the reservoir while fishing with his father and 5-year-old son. Degen saw the head wrapped in a plastic bag.

"I backed away real quick so I didn't traumatize my son any more than I already had," he said.

The body was that of Muscatel, 58, the defendants' first victim, according to prosecutors.

Mikhel and Kadamovas allegedly pretended to be nouveau riche Russians seeking to invest in Los Angeles real estate in order to lure Muscatel to a meeting. When Muscatel arrived at Mikhel's Encino home, he was immediately hit with a gun, bound with flex ties and thrown on the floor, Dewitt said Wednesday

"They always cry at first," the prosecutor quoted Mikhel as saying. "Then they calm down and cooperate."

But when they realized that Muscatel didn't have much money, and his business partner refused to listen to Muscatel's pleas to transfer money into strange accounts, they strangled him, Dewitt said. They wrapped the body in a tarp and loaded it into Kadamovas' Nissan Quest minivan for the five-hour drive north.

Dewitt said Mikhel and Kadamovas arrived at the Parrotts Ferry Bridge at night but had trouble getting the heavy body, strapped to a 45-pound barbell, over the railing. They banged Muscatel's head so hard that it bled and Kadamovas stepped in the blood, leaving a shoe print the FBI would recover.

The weight came loose and Muscatel's body floated to the surface, where Degen would discover it on his fishing trip. The other four bodies sank to the bottom, Dewitt said.

joe.mozingo@latimes.com

Prosecutors In LA Say Greed Drove Kidnappers Who Dumped Bodies (CCT)

By Greg Risling

The Contra Costa Times, September 7, 2006

LOS ANGELES - Two Russian immigrants looking to amass a fortune concocted a kidnapping-for-ransom scheme that ended after the bodies of five victims were discovered in a Northern California reservoir, a federal prosecutor said Wednesday.

The trial of Iouri Mikhel and Jurijus Kadamovas opened in U.S. District Court with Assistant U.S. Attorney Susan DeWitt telling jurors the two men oversaw a crew that kidnapped and later killed the victims regardless of whether ransoms were paid.

"No matter how much they cooperated or how much money was paid for their release, they were killed," DeWitt said. "The defendants did not want to leave witnesses alive."

Mikhel, 41, and Kadamovas, 39, have pleaded not guilty to charges that include conspiracy and hostage-taking resulting in death. If convicted, they could face the death penalty.

Authorities allege the pair orchestrated the kidnapping and eventual killing of real estate developer Meyer Muscatel; Russian banking mogul George Safiev; Safiev's accountant Rita Peckler; Safiev's business partner Nick Kharabadze; and Alexander Umansky, who owned a car accessory business.

The motive was greed, with Mikhel and Kadamovas spending ransom money on expensive cars and luxury homes, the prosecutor said.

"This was business as usual for them," DeWitt said. "This is how they afforded their lavish lifestyle."

The victims were lured to businesses and homes owned by the two defendants then taken captive, DeWitt said. Family members and associates of three victims paid $1.2 million in ransom.

The bodies were later dumped in a reservoir north of Yosemite National Park. Authorities said they learned the location of the bodies after arresting Ainar Altmanis, one of three co-conspirators who have pleaded guilty in the case.

Another defendant, Petro Krylov, is scheduled for trial in January after pleading not guilty.

In opening statements, defense attorneys argued that jurors should not believe testimony by Altmanis and others who pleaded guilty because they struck a deal with prosecutors that would likely lessen their expected prison sentences.

"They have been promised favorable treatment," said attorney Sonia Chahin, who represents Kadamovas. "These are witnesses whose credibility has to be seriously questioned."

Mikhel's attorney, Richard Callahan, said his client was a "master of deception" who participated in money laundering but was not capable of murder. Callahan blamed the killings on Altmanis, whom he said aspired to be rich.

"He and he alone is responsible for the deaths," Callahan said.

In court, Kadamovas wore a brown sweater and glasses and listened to his interpreter. Mikhel, in a prison jumpsuit, shook his head several times during DeWitt's statement.

The first prosecution witnesses was an FBI agent who testified about the recovery of the bodies from the reservoir in March 2002. Jurors watched video of the bodies being brought up from a depth of more than 200 feet. They also saw photos of the victims, some of whom had weights attached to their bloated bodies and their hands and legs bound.

Autopsies determined all the victims were either asphyxiated or strangled.

DeWitt said Kadamovas told one coconspirator that he wanted to make $50 million from the hostage-taking scheme, and that the bodies would be stacked on top of one another until they reached the top of the reservoir.

Prosecutors intend to present tape recordings of ransom calls; DNA belonging to two victims collected from handcuffs; and a pair of shoes that matched a bloody footprint found on a bridge near the reservoir.

During opening statements, DeWitt showed the jury pictures of the victims on a large video monitor and outlined how they were killed. Family members and friends of the victims were in court. Some wiped away tears as the prosecutor spoke.

The defendants were described as ruthless by DeWitt, who said Mikhel and Kadamovas promised Peckler she would be drugged and left alive in a hotel.

"She wasn't left in a hotel," DeWitt said. "She was left in watery grave."

The trial is expected to last three to four months.

Guilty Plea Made In Flu Shot Scam (HC)

By Harvey Rice

Houston Chronicle, September 7, 2006

Phony doctor faces prison for administering fake inoculations

A phony doctor whose phony flu vaccine was injected into more than 1,100 people is facing prison after pleading guilty in a Houston federal court.

Iyad Abu El Hawa could receive a maximum of 10 years in prison for health-care fraud and three years for misbranding a drug when he is sentenced on Dec. 4. He admitted guilt on one count of each charge Wednesday in U.S. District Judge Kenneth Hoyt's court.

El Hawa, 36, the owner of a Houston home health-care business, admitted that he used a doctor's name without authorization and purchased thousands of syringes and needles.

One of his employees filled the syringes with sterile water and they were given a fake bar code, authorities said. Medicare and Medicaid were billed for the injections of dozens of residents at two nursing homes last year.

In addition, investigators said, El Hawa planned to charge Exxon Mobil $20 apiece after inoculating 1,100 employees at a Baytown refinery.

The discovery of the fake vaccinations raised fears of contamination, leading health officials to urge recipients to get blood tests. They were found to be free of contaminants.

Martha Denise Gonzales, 49, of Baytown, is scheduled for trial Sept. 18 in Hoyt's court on accusations that she arranged for the phony flu shots. Gonzales, who is charged with conspiracy and tampering with a consumer product, remains free on a $50,000 bond.

The fraud was discovered by a nurse El Hawa had hired to help inoculate employees at the Exxon Mobil plant. The nurse gave two syringes to the FBI, which discovered El Hawa tossing a bag of syringes into a trash container across the street from his office, prosecutors said.

El Hawa initially told FBI agents that he was a plastic surgeon in Israel, but investigators learned that he had no formal training, education or experience in the prevention of communicable diseases.

Even so, El Hawa owned Comfort & Caring Home Health and controlled, or was associated with, America Home Health Care Services, Universal Home Healthcare Services and Universal Wound Care in Houston; and America Home Health Care Services in Baytown.

Scam Tips Flooding In (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, September 7, 2006

GULFPORT - Telephones at the FBI office in Jackson are ringing off the hook in response to Special Agent John Raucci's plea for tips from anyone suspecting fraudulent activity involving Katrina recovery money.

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The calls came after the Sun Herald on Saturday quoted Raucci as saying reward money - possibly $25,000 or more - is available for tipsters who help agents crack a fraud case involving people suspected of diverting federal funds intended to help in hurricane recovery.

The only drawback is the Sun Herald published the headquarters' main telephone number instead of the Katrina fraud hot line - 1-800-225-5324. Callers who use the main number are being directed to the hotline number.

The volume of calls was not immediately available, but Raucci said Tuesday he is pleased with the immediate response and continues to urge residents to call about any suspicious activity, no matter how insignificant it may seem.

Oftentimes a tipster becomes what the FBI calls the storyteller, Raucci said.

"The storyteller often provides how the conspiracy was thought out, and all the levels involved, and it's usually the easiest way to begin a case. And if it goes to the grand jury, the person who sits and explains a conspiracy is able to put it on a more personal level."

The FBI has eight agents who are investigating possible Katrina-related fraud while working in South Mississippi on 90-day rotations. By early December, the FBI expects to have 10 full-time agents assigned here to work on storm-related fraud cases.

4 Plead Guilty To Hurricane Fraud (BSH)

Biloxi Sun Herald, September 7, 2006

JACKSON - Four people pleaded guilty last week to making fraudulent claims after Hurricane Katrina, U.S. Attorney Dunn Lampton said.

Marion Griffin of Morton was charged with using a false address to collect a $2,000 FEMA debit card.

Griffin claimed he lived in Moss Point when Katrina struck. Lampton said Griffin actually lived in Scott County, more than 150 miles inland.

Glenda Spangler, also of Morton, claimed damages to a home with a Pascagoula address when she, too, lived in Scott County, Lampton said.

Charles Lyles of Brookhaven pleaded guilty to mail fraud and was accused of using a fraudulent address to obtain FEMA relief benefits and hotel accommodations, Lampton said.

Karynette Arnold of Jackson used the address of an abandoned house in Jackson and claimed damages to the home, Lampton said.

Lampton said the maximum sentence for Spangler and Arnold is five years and a $250,000 fine. Griffin faces a possible 10-year sentence and $250,000 fine, he said.

Lyles, accused in the mail fraud scheme, faces the longest sentence - 20 years and a $250,00 fine.

U.S. District Judge Tom S. Lee will sentence all on Dec. 1.

Locals Plead Guilty To Fraud (SCT)

By Tami K. Phillips

Scott County Times (MI), September 7, 2006

JACKSON--Two Morton residents have pleaded guilty to federal charges in Katrina fraud cases.

The individuals were indicted in June by the U.S. Department of Justice on conspiracy to defraud the Federal Emergency Management Agency (FEMA) as well as a number of counts of making false statements to FEMA and stealing, purloining and converting FEMA funds to which they were not entitled.

Those pleading guilty include Marion Griffin and Glenda Spangler.

Griffin, 42, of P.O. Box 66, Morton, pleaded guilty to theft and conversion of Katrina disaster assistance funds. According to a press release from the U.S. Department of Justice, Griffin fraudulently received and spent $2,000 in FEMA funds obtained after Griffin claimed a false address in Moss Point. Griffin lived in Scott County, not at the address claimed at the time Hurricane Katrina hit the Mississippi Gulf Coast.

Spangler, 52, of 1429 Rocky Creek Rd., Morton, pleaded guilty to making a false statement and fraudulent claim to FEMA. Spangler claimed she lived in Pascagoula at the time of the hurricane.

Two other Mississippians pleaded guilty to FEMA fraud.

Charles Lyles of Brookhaven pleaded guilty to a mail fraud scheme and said he lied about his primary residence in his FEMA application, using an address in Brookhaven at which he did not live.

Karynette Arnold of Jackson pleaded guilty to making a false statement to FEMA by using an abandoned home as a false address in Jackson and claiming damage to that residence.

All defendants are scheduled for sentencing Dec. 1 in U.S. District Court in Jackson. The maximum sentence for Spangler is five years in prison and a $250,000 fine. Griffin faces 10 years in prison and a $250,000 fine.

Griffin and Spangler were among four local residents indicted by the U.S. Department of Justice in June. Others indicted included Stephanie L. Fontan, 34, of 713 Colledge St., Pelahatchie, and Stephen W. Fontan, 32, of 1041 Rocky Creek Rd., Morton.

The Morton Police Department called Stephanie Fontan the ring leader in the scam in which several individuals used false addresses to secure FEMA funds.

The arrests came after a local Katrina Fraud Task Force, consisting of over 20 federal and state law enforcement agencies, was formed to pursue and prosecute individuals who engage in fraud associated with the hurricanes.

"The number of these Katrina fraud cases continue to build and already hundreds are pending in our office," said U.S. Attorney Dunn Lampton. "I have already talked with local district attorneys who have asked to assume some of the mounting caseload. I want to stress that anyone who has information regarding fraudulent use of government monies meant to assist the victims of Hurricane Katrina should contact the Department of Homeland Security or the FBI."

Anyone who has information concerning possible fraud being committed during the post-Katrina recovery effort is asked to call the DHS-OIG Fraud Hotline at 1-866-720-5721, the FBI Fraud Hotline at 1-800-225-5324 or local law enforcement offices.

Brookhavenman Guilty Of Katrina Fraud (DL)

The Daily Leader (MS), September 6, 2006

A Brookhaven man was one of four Mississippians who pleaded guilty to fraud in U.S. District Court Friday in the wake of Hurricane Katrina.

Charles Lyles, of Brookhaven, pleaded guilty to a mail fraud scheme which resulted in him fraudulently obtaining Federal Emergency Management Agency relief benefits and hotel accommodations, according to a Department of Justice release. Lyles was convicted for listing his a false Brookhaven primary residence address in his FEMA application.

Lyles faces a maximum sentence of 20 years in the custory of the Mississippi Department of Corrections and up to a $250,000 fine.

Similar cases were developed against Marion Griffin, of Morton; Glenda Spangler, of Morton; and Karynette Arnold, of Jackson.

All defendents are scheduled to be sentenced before U.S. District Judge Tom S. Lee on Dec. 1.

The cases were investigated by the Katrina Fraud Task Force, consisting of more than 20 federal and state law enforcement agencies. It was formed in Mississippi's Southern District to pursue and prosecute individuals who engage in fraud associated with the Hurricanes Katrina and Rita.

REGIONAL ROUNDUP (DMN)

The Dallas Morning News, September 7, 2006

AREA

TOM FOX/DMNGreg Mitchell of Johnson Excavation on Wednesday monitored a bulldozer demolishing a Grapevine home where police said a couple kept dozens of animals. This week, police said 85 cats, 19 raccoons and five opossums had been removed.

Former senator to speak
about U.S. moral divide

John Danforth, who represented Missouri in the U.S. Senate from 1976 to 1995, will talk about his new book, Faith and Politics, in two speeches this month in North Texas. Mr. Danforth is also an Episcopal priest. His book looks at the moral issues dividing America and proposes ways the nation can unite. On Sept. 20, he will be in Dallas at 6:30 p.m. at the Hotel Crescent Court on McKinney Avenue near Maple Avenue. At noon the next day, he'll be at the Fort Worth Club, 306 W. Seventh St. in Fort Worth. Reservations are required for both events. In Dallas, the price is $45; call 214-965-8400. In Fort Worth, the price is $40; call 817-212-2696.

From staff reports

CRANDALL

Woman in critical
condition after fire

Two people were injured, one critically, when fire gutted a house in Crandall shortly after midnight Wednesday, officials said. Crandall Police Chief Jimmy Lane said a man and a woman, who were not identified, were taken to Presbyterian Hospital of Kaufman, and the woman was flown to the burn unit at Parkland Memorial Hospital in Dallas in critical condition. Chief Lane said that when firefighters and police arrived, the man was outside the home trying to rescue the woman. He said the Kaufman County fire marshal has not determined the cause of the fire or a damage estimate.

Richard Abshire
Dallas
Man gets 10-year term
in Katrina fraud case

A 33-year-old Dallas man will spend more than 10 years in prison for running a scheme to steal federal relief money meant for Hurricane Katrina evacuees. A federal judge late Tuesday sentenced Kenneth Reven McClain to 126 months in prison in what authorities described as the stiffest sentence yet in a hurricane relief fraud case. Court records show Mr. McClain targeted more than $600,000 in relief funds with a string of aliases, stolen identities and fake claims from August 2005 to November. He also recruited at least one homeless man to live at a motel and collect relief checks.

Tim Wyatt
FORT WORTH
Police: Man abducted,
sexually assaulted teen

A Fort Worth man has been charged with sexually assaulting a 15-year-old girl he allegedly abducted from a Wise County convenience store, police said. Gregory K. Rios, 49, was being held in the Mansfield Jail on Wednesday on $25,000 bail. Police Lt. Gene Jones said that Mr. Rios pulled the girl into his car Tuesday afternoon, then drove her around for hours and stopped at the Fiesta Inn Motel, 3808 N. Main St. in Fort Worth. Police said that Mr. Rios raped the teen and then fell asleep. She then escaped and ran to a nearby convenience store about 8:45 p.m. to call police. Mr. Rios was arrested at the motel. The girl was examined at Cook Children's Medical Center in Fort Worth and released to her parents. Lt. Jones said the Wise County Sheriff's Department is investigating the abduction and would decide whether to file additional charges.

Jeff Mosier
GRAPEVINE
House razed after dozens
of animals are removed

Crews razed a house in Grapevine on Wednesday that had become a neighborhood nuisance. Last month, animal control officers and the Dallas SPCA rounded up dozens of cats from the home in the 1300 block of Airline Drive. This week, police said 85 cats had been captured, along with 19 raccoons and five opossums. After animal control officers received a tip in August, they contacted the owner of the house, who let investigators inside to look around. The next day, officers returned with a warrant to remove the animals. Police said a married couple in their 60s lived in the house and provided food for the cats. The house was in such bad condition that the city condemned it and the couple had to relocate. Some of the cats were in poor health and had to be destroyed. Those that could be nursed back to health are being put up for adoption.

WFAA-TV
IRVING
West Nile case reported;
woman recovering

A third human case of West Nile virus has been reported in Irving, city officials said. The Irving woman, who is in her 40s, lives near Belt Line and Shady Grove roads in the 75060 ZIP code. She's recovering at home after being hospitalized, a city news release said. City crews recently sprayed areas near the woman's home. The area is bounded by Belt Line Road to the west, Shady Grove Road to the north and Story Road to the east, and will be sprayed over two weeks, the release said.

Eric Aasen
LANCASTER
Police seek tips about
party that led to shooting

Police are seeking information about a rowdy party that resulted in a bystander getting hit by a stray bullet Saturday night. A large group of teenagers gathered at the Meadows Apartments in the 1500 block of North Bluegrove Road, Lancaster police Lt. J.C. Hall said. Witnesses told police that a fight erupted after a group of uninvited people arrived. The melee spilled out of an apartment and into the parking lot and yard before gunfire rang out about 11 p.m. "The victim had reportedly come outside his nearby residence to watch the disturbance when he was struck by the stray bullet," Lt. Hall said. The 34-year-old man was taken to Methodist Dallas Medical Center with a gunshot wound to his chest. Police said many of the witnesses either fled the scene or were hesitant to talk. Anyone with information about the shooting can call 972-227-2311.

Holly Yan
McKinney
Suspect in plane death

DOJ_NMG_0059191

fighting extradition

A Canadian man accused by Montana authorities of crashing a rented airplane into a lake and leaving his girlfriend to die 24 years ago is fighting extradition from Texas. Jaroslaw "Jerry" Ambrozuk attended a hearing Wednesday before a Collin County magistrate and chose not to waive his extradition to Montana. He was charged with being a fugitive from justice, said Lt. John Norton, a spokesman for the Collin County Sheriff's Department. Mr. Ambrozuk, an illegal immigrant, was arrested last week by Plano police on a warrant accusing him of negligent homicide in the August 1982 death of 18-year-old Dianne Babcock. He vanished after failing to report the crash or his girlfriend's death to authorities, officials said. Mr. Ambrozuk has been living in an exclusive neighborhood in Plano under the alias Michael Lee Smith, Montana authorities said.

Associated Press

RICHARDSON

Legal conference set

for Sept. 21 to 24

The Texas Association of Legal Professionals will hold its fall educational conference Sept. 21 to 24 at The Richardson Hotel. A diverse selection of seminars in various areas of law will be presented. Seven hours of continuing legal education credits are available. Call 214-210-2472 or visit www.texasalp.org.

Lauren D'Avolio

Dallas Man Convicted Of Defrauding FEMA In Homeless Scheme (DMN/AP)

Associated Press

The Dallas Morning News, September 7, 2006

A Dallas man convicted on conspiracy and fraud charges in a scheme that involved recruiting the homeless to pose as hurricane evacuees to obtain relief funds has been sentenced to more than 10 years in federal prison.

Kenneth Reven McClain, 33, was sentenced late Tuesday to 10 1/2 years in prison, according to a news release issued Wednesday by U.S. Attorney Richard B. Roper. He was convicted in May.

Officials said McClain conspired with others to submit false claims to the Federal Emergency Management Agency, fabricating names and addresses to secure hundreds of thousands of dollars in relief aid. At least one person submitted claims totaling more than $10,000.

McClain allegedly hired a Dallas homeless man to stay in a hotel room and collect the relief assistance packages and letters.

McClain was arrested in November. Authorities then discovered he had several active warrants for his arrest and at least 27 known aliases.

Grove Hill Woman Faces Fraud Charges (MR)

Staff Report

Mobile Press-Register (AL), September 6, 2006

A Grove Hill woman has been charged with defrauding the federal government after Hurricane Katrina.

Hannah Williams was indicted by a federal grand jury in Mobile on charges of filing a false claim and two counts each of mail and wire fraud.

According to the indictment, Williams fraudulently claimed that her primary residence on King Institute Way in Grove Hill was flooded and damaged by sewage backup. She also claimed personal property at the address was damaged by the Aug. 29, 2005, storm, according to the indictment.

Williams applied for aid from the Federal Emergency Management Agency and received $22,904, according to the indictment. The money allegedly came in checks issued in September and October last year and in direct deposits into her bank account in January and May of this year.

Contractor Charged With Fraud (MR)

By Josh Bean, Staff Reporter

Mobile Press-Register (AL), September 7, 2006

Authorities say Tracy Allen Hoyt bilked residents out of about $500,000

A local contractor remained jailed Monday after deputies chased him down, tackled him, then charged him with bilking Baldwin County residents out of about $500,000 in a series of construction-related scams targeting the elderly, Hurricane Katrina victims and others.

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Baldwin County Sheriff's Office spokesman John Murphy said Tracy Allen Hoyt, 41, of Summerdale, is accused of making fraudulent construction deals and promising to do work, but never finishing the job.

"He would come in and get some money up front to do some things. Then, when it came time to do it, he would never complete the job or do what he was supposed to do," Murphy said. "He was very smooth. He was very convincing. He pretty much knew what to say. He would say things like, 'We've got to act fast. I won't be able to get materials at the prices for much longer.'"

Murphy said an investigation has so far found about 30 reported victims, including one who lost about $200,000. Another of Hoyt's victims appears to be Summerdale School, where Hoyt was hired to build a field house, Murphy said.

Hoyt, who had previously done some work on the school's press box, was reportedly paid more than $24,000 up front by a parents' group -- supposedly for materials -- to build a field house with showers and a changing area, officials said.

"He said he would donate the labor if they would contribute the money for materials," Baldwin County Public Schools spokesman Terry Wilhite said. "A field house was never built, and the money was never refunded."

Summerdale resident Van Hubbard said he felt betrayed by Hoyt, who coached youth baseball with Hubbard before allegedly scamming Hubbard's grandmother out of $30,000.

"I know a lot of people are out of a lot of money, and they're never going to get it back," Hubbard said.

Sheriff's deputies caught Hoyt and wrestled him to the ground on Saturday after an hour-long car chase through the southeastern part of the county, he said.

Murphy said that when deputies who were acting on a tip attempted to pull Hoyt over, he tried to evade them in his vehicle before pulling to the side of the road in Robertsdale.

When a deputy approached the car, Hoyt sped off again and led deputies on a chase that reached speeds of 65 mph, Murphy said. Sheriff's deputies eventually incapacitated Hoyt's car by placing metal spikes across U.S. 90 in Elsanor.

When Hoyt got out of the vehicle, deputies were forced to tackle him, Murphy said, which in turn led to an additional charge of resisting arrest.

"He didn't stop when it was clear that he should," Murphy said.

Hoyt remained in the Baldwin County Corrections Center on Monday, charged with three counts of first-degree theft of property and two counts of second-degree theft of property. All five are felony counts.

Hoyt is also charged with numerous traffic infractions because of a police chase on Saturday. He was being held on a $56,000 bond as of Monday afternoon, and a jail spokeswoman said his next court date is scheduled for Oct. 2.

Murphy said deputies had been hunting for Hoyt, who had been living at addresses in Foley, Summerdale and Gulf Shores, for the last month. Murphy said that the suspect apparently knew authorities were seeking to serve him with arrest warrants. The jail log lists Hoyt's address as 204 Shriver Road in Summerdale.

Murphy said the Sheriff's Department, District Attorney's office and state Attorney General's office continue to investigate Hoyt.

Gang Figures Rising In Md. (WP)

By Ernesto Londoño

The Washington Post, September 7, 2006

Crime committed by gang members in Montgomery County has increased notably in recent months, and the number of identified members has also risen, an assistant police chief said yesterday during a congressional hearing.

Montgomery Assistant Chief John King told the House Committee on Government Reform that detectives had identified 930 gang members as of May, a 30 percent increase from November. Crime attributed to gang members increased 30 percent in those six months, contributing to surges in burglaries, robberies and vandalism, King said.

King said the three leading gangs in the county are Mara Salvatrucha, or MS-13, consisting primarily of Central American immigrants, and the Crips and the Bloods, which are made up largely of African Americans. During the second quarter of this year, Crips members were linked to 21 incidents, making that gang more active than the other two, which were linked to 18 each.

"Our intelligence indicates that these Crips and Bloods are not formally associated with their popular namesakes in California," King said. "But the presence of these two groups highlights the importance of our actions on this issue."

Capt. Bill Lynn of the Prince George's County Police Department, who also testified, said MS-13 remains "the most notable gang" in that county, but he also noted a significant influx of Bloods and Crips members. He did not cite statistics yesterday. In April, the sergeant who oversees the Prince George's police gang task force told The Washington Post that investigators had identified 1,300 gang members.

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Robert L. Green, warden of the Montgomery County Correctional Facility, testified that 108 known gang members are in the system, which supervises about 3,000 people. Green said corrections officials try to steer gang members into programs that discourage them from committing crimes and rejoining gangs upon their release.

The hearing, in Takoma Park, was called to assess the progress of a two-year-old task force created to curtail gang violence in Montgomery and Prince George's by fostering cooperation among law enforcement agencies, social service providers and community organizations.

Patrick Word, a detective with the Gaithersburg Police Department who is president of the Mid-Atlantic Regional Gang Investigators Network, said the counties have come a long way in the past couple of years.

Word, who did not attend the hearing, said local officials for many years played down the scope of the gang problem but now present a realistic assessment. "We don't have to preach that anymore," Word said. "People know there are gangs."

He said the rise in Crips and Bloods activity is by no means isolated to Montgomery County, and he urged elected officials and local leaders to not disregard the threat these gangs pose in the Washington region.

"We don't just need money to fund programs that will deal with Hispanic youth," Word said. "That's just part of the problem."

Federal and local officials highlighted yesterday the opening of the Crossroads Youth Opportunity Center as one of the milestones of the partnership. The center, which was started with federal and county funds, broke ground in May and provides after-school activities, job training and substance abuse counseling.

"It's a great example of how we were able to work with local government," said Rep. Chris Van Hollen (D-Md.), a member of the committee, who was instrumental in awarding $2.3 million for the bi-county anti-gang partnership last year. Van Hollen, who is running for reelection, said securing continued funding for the partnership, known as the Maryland Regional Gang Initiative, remains a priority.

Daniel Arretche, program director of Identity Inc., a Gaithersburg-based group that works with young people considered at risk to join gangs, told legislators that many gang members come from abusive homes and are subjected to violence before becoming criminals.

"The perpetrators of crimes can be seen as victims, depending on the point at which you begin to relate the history of their lives," he said.

Families Relocate Gang Members To Save Them (USAT)

By Kevin Johnson

USA Today, September 7, 2006

DURHAM, N.C. — Last spring, a member of Pastor Kenneth Hammond's congregation at Union Baptist Church came to him with a desperate plea for help: A 15-year-old boy in the community was trying to get out of a local gang, and gang members who had learned of the plan were threatening the boy's life.

Hammond says he didn't hesitate. He got a few hundred dollars from his church's ministry fund and helped the boy's family secretly move him more than 400 miles away, to Ohio. Hammond says he had done the same thing last year to help another youth escape gang life here and wouldn't hesitate to do it again.

“We've been involved with a number of tragedies here,” Hammond says, leafing through the church's funeral registry, where the names of six victims of gang-related violence have been recorded in the past two years. “Sometimes, there is just too much danger to keep them here.”

Hammond is among three Durham pastors whose churches have sponsored secret “relocations” of youths seeking to escape gangs, which often try to kill or harm those who go back on pledges to be gang members for life.

At a time when gang-related violence is boosting crime rates in Durham and many other cities, a few clergy, parents and even police in troubled communities across the nation quietly have been helping to relocate youths in last-ditch efforts to extricate them from gang life.

In some ways, such relocation efforts in Durham, Providence, Washington, D.C., and Richmond, Va., represent a dark twist on community-backed, send-a-kid-to-camp programs that for generations have given lower-income youths a chance to see a different way of life.

Stephen Tucker, a minister in Washington who helped relocate a suspected D.C. gang member and her child, says the effort is more like a private, underground witness protection program.

There are no guarantees, Tucker acknowledges: Gang members eventually might track down the young defectors or threaten the youths' family members who don't relocate. And once youths are moved, there might not be much support to help them stay away from crime.

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But John Reis, a former gang investigator in Rhode Island who in 2001 secretly helped move a 16-year-old Latin Kings gang member from Providence to New York City, says the point is to simply change the scenery for gang defectors and hope their lives change.

"You are dealing with a kid's life here," Reis says. "If you don't do something, they could end up dead tomorrow."

No one tracks how many gang members have been relocated through community efforts, but such moves remain rare. It's also unclear how successful relocated gang members have been at staying out of trouble, partly because those involved in relocations typically provide the help in secret.

Hammond, Tucker and Reis say that anecdotal evidence from the cases in which they've been involved suggests that at the very least, relocation provides an immediate safe haven for gang defectors and gives them a chance to stay out of harm's way.

Hammond and Reis say they are not in regular contact with the youths they helped relocate but say they have been attending school in their new towns. Tucker, pastor of New Commandment Baptist Church, says the young mother he assisted has been working at a Kmart in Maryland.

For Tucker, defining success in relocations is simple.

"She's alive," the pastor says of the young mother with a satisfied smile.

Some police officials wonder whether the relocation efforts, however well-intentioned, eventually will help spread gangs to places that haven't had such problems.

There's no indication of that so far, but as police have cracked down on gangs in Chicago and other cities, gang members have moved to nearby suburbs and committed crimes there. The number of gang members is increasing nationwide, according to the National Youth Gang Center, which has estimated that there were 760,000 gang members in the USA in 2004, up from 731,500 in 2002.

"My fear is that (relocations) won't stop the troubling behavior," says police Sgt. Van Ellis of Tulsa, where for years police have battled violence stemming from drug wars and now face the emergence of Hispanic youth gangs. "It only transplants the trouble somewhere else."

Reis acknowledges that's a possibility. "With the Internet and the way everybody is connected these days, it's hard to completely remove a kid," he says. "There is really nowhere you can go to completely escape this. At some point, we'll be flying kids all over the place to escape."

Around Christmas last year, Durham police Cpl. Vincent Pearsall was summoned to the home of a 13-year-old boy whose distraught, single mother claimed she was losing her son to the Crips gang.

For years, the Crips and Bloods have been at war on the streets of Durham, a city of nearly 200,000 where homicide rates were up slightly last year to 36, from 32 in 2004. Local police estimate there are 745 gang members in the city, up from 600 last year.

Pearsall says that when he visited the skinny, eighth-grade boy that December day, the youth was showing signs of being a gang recruit. The boy had become withdrawn and was unusually belligerent. His clothing rarely varied from shades of gray and black, the uniform of his apparent new family, the Folk Nation, a group affiliated with the Crips.

Following Pearsall's advice, the boy's 34-year-old mother had searched her son's backpack and had found the gang's "flag," or colors, and writing that linked her son to the group.

In an interview with USA TODAY, the boy's mother said her son later acknowledged that he had been sent on late-night "missions" into rival Bloods territory, sometimes to provoke violence by marking the neighborhoods with Crips' graffiti.

The mother, who declined to be identified or name her son for this article because of ongoing concerns for their safety, says she sought counsel from a range of sources. She says the school district declined to transfer her son to another school. Other law enforcement officials, she says, told her there was nothing they could do.

Through a friend, the mother contacted Pearsall. His advice was to the point. "Get him out of town," Pearsall recalls telling the mother. "Had he stayed, he was gonna get hurt or worse. There was no doubt about that."

Within a few days, the mother had arranged to move her son to another state, to live with her sister.

The mother says that at 4 a.m. on Dec. 28, she led her son out of their house with a single duffel bag, a small television and a photograph of the boy's father, who had been killed five years earlier in a shooting not related to gangs.

She says she purposely left behind her son's other belongings, including the bedroom furniture, to avoid rousing any suspicion among her son's fellow gang members who might be watching them.

Since making the seven-hour drive to her sister's home that night, the mother estimates she has spent $5,000 on furniture, clothing and counseling for her son. She kept her job and house in Durham, and makes periodic trips to visit her son.

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The mother says she is in debt and lives in fear that her son's former gang associates may come calling one day, demanding details on her son's whereabouts. Her home now has a security system with motion sensors, and a local undercover police officer makes regular passes by her house at night.

While describing her son's relocation, the mother tearfully says the ordeal and the continuing separation are difficult. Even so, she says she has no regrets.

Now, "he never wants to come back here," the mother says, adding that she is trying to sell her home so she can join her son in time for his next birthday in October. "He's doing good," the mother says. "I did what I did to save my son's life. I was not going to be one of those parents who did nothing."

Five years ago, Reis, a former gang investigator with the Providence police department, was involved in a relocation that showed the depth of gangs' reach into some communities.

Reis says he cobbled together a few hundred bucks — some of it from a leftover federal public safety grant — to help a 16-year-old youth move away from gang life.

Reis recalls that before the teen could go, there were delicate negotiations with his family. The boy's mother and uncle also were members of the Latin Kings and agreed to "release" the teen to live with a friend in New York City on the condition that the youth not return to Providence, where he could have faced retribution from the gang.

In New York, Reis says, the friend agreed to take in the teen only after she was assured that the mother "would not come after her." A short time later, Reis says, he took the anxious teen to the local bus station. Before boarding, the youth offered a simple "thank you," and then he was gone.

Today, Reis and two other gang specialists — Jerry "Doc" Semper, special assistant to the county attorney in Prince George's County, Md., and Moses Robinson, a police officer from Rochester, N.Y. — travel the country for the Justice Department, counseling police departments on gang issues. They say relocating young gang members isn't ideal in every situation, but they say it can be an effective last resort.

"When kids reach the point, at 15 or 16, when they are in (gangs), the resources (to help get them out) just aren't there," Reis says. "If you are a hard-core gang member, there is nowhere you can go."

During a recent Justice Department session in Washington on gang issues, Reis, Semper and Robinson briefly discussed relocations with several police and church officials, including Tucker. The discussion spotlighted the significant role that churches play in many relocations, in part because houses of worship often are considered off-limits by warring gangs.

"I don't know of any church that wouldn't try to help if it was presented with a life and death situation," Tucker says. "It wasn't a stretch for us to do it. I viewed it as an extension of our ministry."

Relocated gang members could be in "real danger" in their new communities without much of a support system, says Malcolm Klein, a sociologist at the University of Southern California. Without a home, education or job training, many of them likely will fall in with the old crowd in a new location.

"How do you judge when a kid is ready to get out?" Klein asks. "And what do these (benefactors) really know about these kids and where they are sending them? These are complex questions."

Relocations aside, Durham Police Chief Steven Chalmers says his city is trying to reach out to youths in a range of ways. A local police officer founded an annual "boot camp" where gang members and other youths ages 11-15 can volunteer for military-style training for more than a month, including two weeks of survival skills training in the North Carolina wilderness.

Late last year, Chalmers says, the department identified 10 gang members to participate in a job-training program in which candidates were subjected to drug screening and other monitoring. After word spread about the program, he says, the department was "bombarded" with inquiries from about 125 youths who expressed a desire to get out of gang life.

Still, Chalmers says, there will always be instances in which the only option is to "get them out" of town.

Until there are better options, church leaders such as Tucker, Hammond, Charles Barnes of Morehead Avenue Baptist Church in Durham and Bishop James Daniel of Greater Joy Baptist Church in Durham say they will continue to dip into their contingency funds, if necessary, to save more youths.

"When you learn about the gang culture," Barnes says, "it's all about death. But a lot of these kids, when you get them by themselves, are totally different. They want help; they want discipline. It's just that a lot of them feel the only way out is to die or be beaten half to death."

Barnes says he has helped relocate four gang defectors. "When they get so deep in (gang life), they not only put themselves in danger, but also put their families at risk. Sometimes, (sending them away) just has to be done."

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CIVIL RIGHTS:

Prisons Lacking Mental Health Treatment (AP-Y)

By Michael J. Sniffen, Associated Press Writer

AP, September 7, 2006

More than half of America's prison and jail inmates have symptoms of a mental health problem, the Justice Department estimated Wednesday. But fewer than one-third of those with problems are getting treatment behind bars.

The study by the department's Bureau of Justice Statistics also found the incidence of symptoms much higher among women than men. Compared to inmates without symptoms, these mentally troubled prisoners were more likely to have been jailed before, to get into a fight behind bars, to have been physically or sexually abused in the past and to have drug problems, the bureau said.

But troubled inmates were no more likely to have used a weapon during their offense (37 percent for troubled and nontroubled state prisoners) and only slightly more likely to have committed a violent offense (49 percent of state prisoners with symptoms but 46 percent among inmates without problems).

The results are "both a scandal and national tragedy," said Michael J. Fitzpatrick, executive director of the National Alliance on Mental Illness, a national grass-roots organization dedicated to improving the lives of the mentally ill. "The study reveals that the problem is two to three times greater than anyone imagined."

Fitzpatrick said the results indicate "that the mental health system is failing — long before people enter the criminal justice system and after they leave it." He said more resources devoted to mental health treatment on the outside would avoid "enormous costs shifted onto our police, courts, jails and prisons at all levels."

Other experts and officials said the survey methods may make the problem seem more serious than it is, but at least one agreed that solutions lie outside prisons themselves.

"As a society, we could do a better job dealing with the mentally ill — both in keeping people from coming to prison and how they do when they get out of prison," said Jeffrey Beard, Pennsylvania's secretary of corrections.

He said Pennsylvania has set up community correction centers to get mentally ill inmates out into the world. He said there has been additional money in the past few years at the federal and state level for such projects, "but we could move a little quicker."

Based on a survey of nationally representative samples, the statistics bureau estimated that 56 percent of the nation's 1.25 million state prisoners, 64 percent of its 747,000 jail inmates and 45 percent of its 156,000 federal prisoners reported treatment for or symptoms of major depression, mania or psychotic disorders such as hallucinations or delusions in the last year.

Treatment behind bars was most common among state prisoners — 34 percent of those reporting symptoms, compared with 24 percent of the troubled federal prisoners and 17 percent of jail inmates with problems. The most common treatment was a prescribed medication, for 27 percent of state, 19 percent of federal and 15 percent of jail inmates with problems.

Female inmates had higher rates of symptoms in all three types of facilities: 73 percent of women and 55 percent of men in state prisons; 61 percent of women and 44 percent of men in federal facilities; 75 percent of women and 63 percent of men in jails.

Beard said that mental health problems among Pennsylvania inmates had leveled off in the last year or so after rising for five of six years. Now 18 percent of Pennsylvania inmates have a mental problem requiring some treatment, including just under 4 percent with serious mental illness including schizophrenics and psychotics.

"Every inmate in Pennsylvania gets a psychological profile," Beard said. "Our numbers on based on clinicians seeing everybody."

Fred Osher, health service policy director in the criminal justice program of the Council of State Governments, noted that previous studies that focused on those diagnosed as mentally ill found fewer troubled inmates — closer to 20 percent.

The statistics bureau conducted interviews with samples of state, federal and jail inmates based on diagnostic questions in the Diagnostic and Statistical Manual of Mental Disorders, fourth edition, which is used by mental health professionals.

Inmates were asked if they had a history of mental health treatment or had symptoms of major depression, mania or psychotic orders in the previous year. State and federal prisoners were interviewed in 2004; jail inmates in 2002.

"This method shows what the high end of the problems might be," Osher said. The federal study did not look at clusters of symptoms over time or evidence of disability, important factors in deciding who requires treatment, Osher said.

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So the difference between those with symptoms and those getting treatment may not be evidence of "how underserved people are in prisons, but a reflection of an increase in good screening in recent years to see that those who need treatment get it," Osher said.

Beard said Pennsylvania's prison system runs a mental health system with special needs units to separate those with low level mental illness from inmates who might harm them; licensed inpatient units for treatment of more seriously ill inmates; and a forensic hospital for treatment of the most chronic and seriously mentally ill prisoners.

"I feel comfortable we are dealing with the mentally ill coming into our system," Beard said.

Prison Fosters Mental Illness Cites Report (LAT)

By Jenifer Warren

The Los Angeles Times, September 7, 2006

SACRAMENTO — More than half of the nation's jail and prison inmates suffer from a mental health problem, according to a federal report released today that comes as California faces court orders to dramatically improve mental health care for the incarcerated.

The study, by the research arm of the U.S. Department of Justice, confirmed what wardens, convicts and correctional officers know: that large numbers of inmates, especially repeat felons, display symptoms of depression, mania or psychotic disorders.

The survey of more than 25,000 prisoners nationwide showed that mental health problems were strongly associated with violence and previous convictions. A quarter of those state prisoners with mental disorders had been incarcerated three or more times in the past, and 58% of them had been charged with violating prison rules.

Mentally ill inmates were more likely to get in a prison fight, and more likely to have been homeless in the year before their arrest. Three out of four were dependent on drugs and alcohol, with 37% saying they had used drugs at the time of their offense.

Female inmates were found to have higher rates of mental illness than males — with 73% of females in state prisons reporting symptoms, compared to 55% of all males.

Despite the prevalence of mental illness, only one in three state prisoners had received any treatment since admission to prison, the study found.

The report comes as California copes with recent federal court orders to immediately hire 550 psychiatrists and other prison mental health staff, and to spend $600 million on new facilities. The orders are part of a long-running lawsuit over care for the mentally ill behind bars.

The class-action case was won by inmates in 1995, but despite a sweeping settlement ordering the Department of Corrections and Rehabilitation to provide a constitutional level of care, serious problems remain. Among them: California's prison suicide rate is dramatically higher than the national average, which is falling.

The California rate is 27 deaths per 100,000 inmates, compared to 14 per 100,000 nationally, according to the Federal Bureau of Justice Statistics.

Blacks May Gain As UCLA Moves To Alter Admissions (LAT)

By Rebecca Trounson, Times Staff Writer

The Los Angeles Times, September 7, 2006

Using a `holistic' model, officials would view student achievements in light of life experiences.

Spurred partly by campus and community concern over dwindling numbers of African American students, UCLA is moving toward a major shift in its admissions process, perhaps as early as this fall.

The changes in admissions, pushed by acting Chancellor Norman Abrams and several faculty leaders, would be the most dramatic at UCLA in at least five years. They would move the Westwood campus toward a more "holistic" admissions model — much like UC Berkeley's — in which students' achievements are viewed in the context of their personal experiences.

UCLA officials emphasized, however, that the campus would continue to abide by the restrictions imposed by Proposition 209, the 1996 voter initiative that barred California's public colleges and universities from considering race in admissions or employment.

A key UCLA faculty committee approved the broad framework for the admissions changes last week, with two more faculty panels expected to vote on it this month. Many details remain to be worked out, but officials said the new process, if approved, would take effect for students applying to UCLA in November for 2007. Abrams, a veteran UCLA law professor who became acting chancellor July 1, said the faculty had been studying admissions reforms for some time. Under the University of California's system of shared governance, faculty members set admissions and eligibility standards.

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But Abrams said the admissions figures released in June, which showed that only 96 African Americans — or 2% of the freshman class — were likely to enroll at UCLA this fall, spurred many to action, inside and outside the university. Those numbers, the lowest at the campus since at least 1973, prompted calls from black alumni, community leaders and some legislators for an overhaul of UCLA's admissions practices.

The UCLA figures stood in contrast to a trend toward slightly higher numbers of black, Latino and Native American students across the UC system. Those groups, though still considered underrepresented at UC, will make up just under 20% of the anticipated 2006 freshman class, compared with just below 19% for the current class, but they vary by campus.

The enrollment numbers "have been a catalyst for us within the university to look at our processes, and also for many in the community who want to see change," Abrams said in an interview this week.

Abrams and faculty leaders said they believe the shift, if approved, will lead to fairer admissions for all applicants. They said the new process would make UCLA's admissions similar to that used not only by UC Berkeley, but by the Ivy League and other elite private colleges.

They also emphasized that although UCLA's low numbers this year for both African American and Latino freshmen helped spark the changes, it was not clear what effect they would have on those figures. And they said the reforms were not geared specifically at raising those levels.

"In my view, this should not be done — and under California law, cannot be done — to improve our African American admissions numbers, but because it's desirable to improve our processes overall," Abrams said.

In response, Ward Connerly, the conservative former UC regent who was an architect of Proposition 209, said Wednesday that UCLA had the right to change its procedures, within the boundaries of law and UC guidelines. Yet he scoffed at the idea that UCLA was not making the shift in direct response to the racial numbers, saying it "doesn't pass the giggle test."

"It's obvious why they're doing it and what their objective is," Connerly said.

Others praised the steps toward change.

"It's hard for big institutions to make 90-degree turns while driving 70 mph, and I'm proud of my alma mater for doing that," said Peter Taylor, a Los Angeles businessman and prominent UCLA alumnus.

Taylor, who is African American, heads a UCLA task force of alumni, community leaders and donors formed in response to the enrollment numbers. That group has endorsed the holistic approach. Darnell Hunt, a UCLA sociologist who heads its Bunche Center for African American Studies, said the new process would be "a good first step," but he also said it could not address all the factors involved, including the socioeconomic and educational inequities that affect many minority students.

"Any change that moves UCLA toward a more inclusive, more holistic review, I'm certainly in favor of," said Hunt, who along with several colleagues has been studying admissions as part of a research project on the challenges facing black students in California universities.

The center's most recent report, posted on its website last week, said UCLA's current process "relied too heavily on minute differences in numbers and gross rankings."

Under admissions changes that took effect for the 2002 entering class, all UC campuses accept students under a system called "comprehensive review," in which personal factors, not just grades and test scores, are considered for all applicants. Previously, nonacademic factors, such as unusual talents and overcoming adversity, could be taken into account in admitting no more than half the freshman class at each campus.

But each UC campus, though required to stay within the broad guidelines, also was free to interpret the policy in its own way. UC Berkeley allows individual readers to review all parts of an applicant's file.

At that campus, 140 black students, 10 more than in 2005, have said they will enroll this fall, making up 3.3% of the class of about 4,200. The number of Latino students also rose.

At UCLA, in what admissions officials have described as an attempt to increase objectivity, applicants' files have been divided by academic and personal areas, and read by separate reviewers. That is proposed to change.

Adrienne Lavine, an engineering professor and the outgoing chairwoman of UCLA's faculty senate, said the new process would allow the campus to better define the kind of student it wants. She and others said that was increasingly important, given the numbers of applications the campus receives. More than 47,000 students applied for the incoming freshman class.

Thomas Lifka, who oversees admissions as UCLA's assistant vice chancellor for student academic services, described the change as one of philosophy and process but said it should not affect how students apply to the campus.

"They shouldn't worry about presenting their credentials in a different light or manner," Lifka said. "It has to do with how we capture the concept of merit — and it means that for each applicant, we'll be looking at all the information about them at the same time."

He and others said that although specifics of the changes remain to be decided, admissions officials must start now to shift gears, and they will start with a comprehensive study of UC Berkeley's process.

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rebecca.trounson@latimes.com

ANTITRUST:

Stolt-Nielsen Indicted For Price Fixing (AP-YBIZ)

By Mark H. Anderson, Dow Jones Newswires
AP, September 7, 2006
Stolt-Nielsen Indicted For Tanker Shipping Price Fixing

WASHINGTON (AP) -- Stolt-Nielsen SA was indicted Wednesday by a federal grand jury in Philadelphia for price-fixing and other illegal cartel activities in the parcel shipping industry.

The U.S. Justice Department said indictments were brought against the London-based shipping company, two subsidiaries and two former executives of the company. The executives are Samuel Cooperman, a former chief executive, and Rick Wingfield, a former executive vice president.

"The indictment charges Stolt-Nielsen and its executives with serious antitrust crimes -- price fixing, customer allocation and bid rigging," said Justice antitrust chief Thomas Barnett.

The company has been doggedly fighting efforts by Justice prosecutors to bring charges against it. Stolt-Nielsen filed emergency appeals with the Supreme Court in July and August seeking to temporarily bar the indictment while it appealed the U.S. government's decision to revoke amnesty agreements shielding the shipping company from prosecution. Both of those emergency appeals were rejected by Supreme Court justices.

The parcel tanker shipping industry moves liquids such as chemicals and oils across the ocean. Justice alleges that Stolt-Nielsen and two competitors agreed to not compete with each other's customers and illegally discussed pricing and other matters to eliminate competition in the business.

Stolt-Nielsen was initially granted amnesty as part of Justice's investigation into the parcel shipping industry, but Justice officials revoked it in 2004 after determining the company wasn't meeting the terms of the deal. The company has been fighting indictment since then.

In March, a panel of the 3rd U.S. Circuit Court of Appeals in Philadelphia ruled that federal courts didn't have the power to block government prosecutors from pursuing the company and its officers because of the earlier existence of an amnesty deal.

Supreme Court rejection of the emergency appeals cleared the way for the indictments. Stolt-Nielsen still has an appeal pending before the Supreme Court on legal questions relating to its revoked amnesty. Justice officials said the company is the first to have its amnesty revoked since the program began in 1993.

Language Revised In Wright Compromise (DMN)

By SUDEEP REDDY And TODD J. GILLMAN, The Dallas Morning News
Dallas Morning News, September 7, 2006
Backers suggest wording to address antitrust concerns

WASHINGTON – Aiming to ease antitrust concerns, the creators of a June compromise that would phase out the Wright amendment agreed Wednesday to eliminate some controversial language.

The change would remove a phrase in the bill that offers the deal a blanket exemption from competition laws.

Critics say the exemption could unfairly benefit Southwest Airlines Co. and American Airlines Inc.

The planned revisions came on the eve of a so called mark-up session of the House Judiciary Committee.

That panel is reviewing the bill that would lift flight restrictions at Dallas Love Field.

The committee chairman, Rep. James Sensenbrenner, R-Wis., flagged the bill over concerns that it would exempt the North Texas-based carriers from antitrust laws.

The legislation would carry out a deal that ended a contentious fight among the cities of Dallas and Fort Worth, Southwest, American and Dallas/Fort Worth International Airport.

The bill has already cleared the House Transportation and Infrastructure Committee.

The legislation would end flight restrictions at Love Field in 2014.

It also would immediately allow for flights anywhere in the U.S. from Love, if passengers first stopped at an airport in one of the nine Wright states.

The agreement would also cut the gates at Love to 20 from 32, a move intended to compensate for an expected increase in air traffic and noise at the inner-city airport.

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That piece of the deal has sparked complaints from competitors and some lawmakers that it would reduce the potential for competition at Love Field.

The five parties to the North Texas agreement, along with lawmakers from the area, had warned that any changes to the bill could result in its withdrawal.

The initial antitrust language in the bill was intended to protect the five parties from court challenges.

Still, some members were concerned that the proposed changes may not adequately accommodate Mr. Sensenbrenner.

"It was a big step," said Rep. Kay Granger, R-Fort Worth. "We are hoping that he will be satisfied."

Delay possible

There also were signals that the committee could hold off on considering the Wright legislation. The bill is the last of seven items scheduled for today's meeting, and the committee has until the end of next week to deal with the issue.

Representatives from Texas were conferring with colleagues on the Wright issue Wednesday evening as they gathered on the House floor for their first votes since leaving in July for a summer recess.

Rep. Lamar Smith, R-San Antonio, the senior Texan on the Judiciary Committee, said lawmakers were continuing to negotiate language.

After talking with Mr. Sensenbrenner on the floor, Mr. Smith said the committee may have one more week to work on the issue.

North Texas lawmakers from both sides of the aisle have been meeting with other members of the committee to press the case.

Two Texans

The panel includes two Texas lawmakers – Rep. Louie Gohmert, R-Tyler, and Rep. Sheila Jackson Lee, D-Houston – who are co-sponsors of the Wright legislation.

Rep. Eddie Bernice Johnson, D-Dallas, said she met with Rep. John Conyers of Michigan, the top Democrat on the committee, and received his support.

Ms. Johnson said removing part of the blanket antitrust immunity wouldn't further expose the deal to outside challenges.

Without changing the language, the bill "would have been safe," she said. "But if this language helps improve the possibility of moving it along, then I can support it."

So far, Mr. Sensenbrenner has been the only member of the committee to question the bill.

The chairman "has concerns about exempting an agreement from antitrust laws that protect the interests of consumers," said committee spokesman Jeff Lungren.

It isn't unusual for a committee to pick up legislation that has already passed another committee in order to review elements that fall under its control.

"It gives us an opportunity to review it, and again add our expertise to ensure that if any legislation does get passed, it's the best legislative product possible," Mr. Lungren said.

If any changes are made in the House version, the Senate would have to come up with identical language in its bill to prevent a procedural logjam.

Congress is scheduled to be in session for less than a month before returning home to campaign for the November elections. That could further complicate efforts to clear the legislation by the end of the year, when the North Texas agreement expires.

"There's still enough time, but it really needs to be the same in the House and the Senate," Ms. Granger said.

On the Senate side, Sen. Patrick Leahy, D-Vt., has expressed similar antitrust concerns.

But the deal has been backed by key Senate Republicans, including Majority Leader Bill Frist of Tennessee, John McCain of Arizona, and John Ensign, the Nevada senator who originally introduced legislation to repeal Wright.

Sen. Kay Bailey Hutchison, R-Texas, who is leading efforts to clear the bill through the Senate, said she worked through the day on the Wright issue, losing sleep over the matter.

She said she e-mailed her staff at 4 a.m. Wednesday with the subject line: "Couldn't sleep. What about this?"

Ms. Hutchison said she was working with Sen. Arlen Specter, R-Pa., and Mr. Leahy to resolve the antitrust concerns.

"These are pretty simple, clear-cut questions," she said. "We either answer them or we try to have some strategy by which everybody can have their say and we can move forward."

E-mail sreddy@dallasnews.com

and tgillman@dallasnews.com

Group To Hold Wright Demonstration (DALLBIZ)

Dallas Business Journal, September 7, 2006

A group that is calling for an immediate repeal of the Wright Amendment says it will hold a demonstration Thursday morning at Dallas Love Field.

The Friends of Love Field, which opposes a bill in the House Judiciary Committee that is calling for a repeal of the Wright Amendment over eight years, said they were unable to afford the $1,530 they say it would cost for a walk-up fare on American for a flight from Dallas/Fort Worth International to Reagan National in Washington, D.C., to protest on Capitol Hill. According to Bestfares.com, an online travel deal clearinghouse that tracks airline ticket costs, a walk-up fare leaving Wednesday and returning Thursday evening would be $942.

The Wright Amendment limits flights from Love Field to short haul trips to a few surrounding states. Washington, D.C., is not included in the area permitted by the 1979 federal law.

The Friends of Love Field, a grass roots organization consisting of residents around Love Field that support a Wright repeal, say they are demonstrating in opposition of the bill and they encourage a Judiciary Committee review of the bill for antitrust issues.

Dallas-based Southwest Airlines (NYSE: LUV) had led a move to repeal the amendment, but has since accepted a compromise agreement forged along with Fort Worth-based American Airlines (NYSE: AMR), the D/FW Airport Board and the cities of Fort Worth and Dallas, in support of a compromise agreement that was the basis for a bill introduced in the House by Sen. Kay Bailey Hutchison, R-Texas.

Shortly after the bill was introduced, a memo, purportedly from the Department of Justice's antitrust division, began circulating on Capitol Hill. The letter expressed concerns that the bill violates antitrust laws and should not be approved by Congress.

The owners of the Legend gates at Love Field, Love Terminal Partners, have filed a lawsuit over the Wright compromise, calling the local deal "a wildly pernicious and anti-competitive arrangement to limit carrier operations and consumer choices for air travelers in North Texas."

Meanwhile, Hutchison has asked the Justice Department to butt out of the debate because of the memo expressing the antitrust concerns.

And just last week, a group of antitrust experts from law schools in Texas and elsewhere said in a letter to congressional leaders that the Dallas-Fort Worth deal to end Wright Amendment flight restrictions will result in higher fares and reduced service for Dallas-Fort Worth fliers.

The local compromise calls for ending Wright restrictions by 2014. In return, the city of Dallas will use eminent domain to demolish a privately owned passenger terminal at Love Field, reducing the number of gates there to 20, down from 32. American (NYSE: AMR) and Southwest (NYSE: LUV) both accepted that compromise, which has been debated in Congress.

The House Judiciary Committee is slated to review the bill Thursday.

The Friends of Love Field say they will demonstrate from 9 a.m. to 10 p.m. in the mail terminal building at Love Field.

Motion To Dismiss Fails In Closely-Watched Comcast Antitrust Suit (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, September 7, 2006

Cable television giant Comcast Corp. suffered a significant setback last week when a federal judge refused to dismiss a class action antitrust suit that accuses Comcast of setting out to establish monopolies in the Philadelphia and Chicago markets and then increasing prices once it had eliminated all the competition.

The suit could reverberate throughout the cable industry because it alleges that many of the big cable companies cooperated in carving up much of the nation into separate markets where each would be exclusive providers.

The plaintiffs in the suit, a group of cable subscribers, claim that Comcast and its would-be competitors struck a series of deals in which they "swapped" assets and customers so that each company would have "clusters" of markets.

Plaintiffs lawyers contend that the deals were designed to eliminate competition.

In the Philadelphia and Chicago markets, the suit alleges, Comcast succeeded, through a series of swap agreements with AT&T and Adelphia, in establishing monopolies in the cable television and cable Internet service markets, with 94 percent and 92 percent, respectively, of the two markets.

Since then, the suit says, Comcast has used its monopoly power to raise cable prices in the Philadelphia and Chicago clusters to "artificially high, supra-competitive levels."

Comcast's first response to the suit was to argue that its customers must arbitrate their claims.

When U.S. District Judge John R. Padova refused to enforce the arbitration clause, Comcast appealed, and the 3rd U.S. Circuit Court of Appeals reversed, sending the case back to Padova to reconsider whether arbitration should be ordered.

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Padova later agreed to enforce the arbitration clause, but ruled that the arbitrators must be allowed to consider the plaintiffs' claims as a class action.

Apparently neither Comcast nor the plaintiffs were happy with the notion of arbitrating class claims, and court records show that they agreed to go forward in federal court, with Comcast abandoning its motion to compel arbitration.

In the second round of litigation, Comcast's lawyers moved for dismissal of the suit, arguing that the plaintiffs' theories were fatally flawed and that the case failed to allege any antitrust injury.

Now, in a 30-page opinion in Glaberson v. Comcast Corp., Padova has refused to dismiss the suit, finding that the plaintiffs have stated a valid claim that Comcast established a "horizontal restraint" -- a term defined in antitrust law as "an agreement between competitors at the same level of the market structure to allocate territories in order to minimize competition."

Comcast's lawyers -- Darryl J. May and Jason Leckerman of Ballard Spahr Andrews & Ingersoll in Philadelphia, and Michael S. Shuster, Sheron Korpus and James T. Cain of Kasowitz Benson Torres & Friedman in New York -- argued that the plaintiffs cannot show that any of the swap deals was unlawful because each of the transactions was approved by government authorities at the federal, state and local levels.

Padova disagreed, saying "the mere fact that regulatory and law enforcement agencies may have reviewed and approved the challenged transactions is not ground for dismissal."

Instead, Padova said, courts have held that activities which come under the jurisdiction of a regulatory agency may nevertheless be subject to scrutiny under the antitrust laws, and that "there is no general presumption that Congress intends the antitrust laws to be displaced whenever it gives an agency regulatory authority over an industry."

Regulatory approval, Padova said, will act as a bar to an antitrust claim "only where there is a plain repugnancy between the antitrust and regulatory provisions."

Comcast, Padova said, "does not contend that the antitrust laws and the regulatory provisions under which the challenged transactions were approved are repugnant to each other, but simply argues that we should refrain from 'substitut[ing] [our] judgment for that of the countless federal, state and local authorities who approved the cable system transactions as being in the public interest.'"

Defense lawyers also argued that the plaintiffs lack "antitrust standing" to challenge its swap agreements and acquisitions because they are unable to demonstrate a direct causal connection between those transactions and their alleged injury of higher cable prices.

The fatal flaw in the plaintiffs' theory, Comcast argued, is that the plaintiffs cannot show there ever was or would have been competition in any of the markets.

Price competition for cable programming services arises, Comcast argued, only when an "overbuilder" operates in a given franchise area alongside the incumbent cable provider.

An overbuilder is a firm that enters a market where cable service is already being provided and builds its own cable network to offer consumers a choice. Although the practice has been attempted, it is rare and has not met with success.

Comcast argued that its swap agreements were "competition-neutral" since they did not affect the level of competition existing in any of the markets, and that the plaintiffs therefore cannot show they had any anti-competitive effects that could give rise to an antitrust injury.

Padova disagreed, saying the complaint asserts sufficient allegations of "a reduction of actual and prospective competition in the Philadelphia and Chicago clusters that was the intended result of the challenged swap agreements and acquisitions."

The suit, Padova said, "provides examples of how the transactions were structured to achieve the removal of competitors from the relevant markets."

In one instance, Padova said, the suit alleges that in a swap agreement between Comcast and Adelphia Communications Corp., Comcast obtained Adelphia's cable systems and cable subscribers located in Philadelphia and adjacent New Jersey areas in exchange for Comcast's cable systems and cable subscribers in and around Palm Beach, Fla., and Los Angeles, and that this agreement eliminated competition from Adelphia in the Philadelphia market.

Padova also found that the plaintiffs' alleged injury -- an increase in price resulting from the dampening of competitive market forces -- "is assuredly one type of injury for which Section 4 of the Clayton Act potentially offers redress."

The alleged injury, Padova said, "is one that flows from the challenged swap agreements and acquisitions, in that Comcast's ability to raise its cable prices stemmed from the purported deliberate lessening of competition achieved through those transactions."

The plaintiffs are represented by attorneys Anthony J. Bolognese and Joshua H. Grabar of Bolognese & Associates in Philadelphia; Alan I. Gilbert and David Woodward of Heins Mills & Olson in Minneapolis; Barry Barnett and John W. Turner of Susman Godfrey in Dallas; Carol A. Mager of Mager & Goldstein in Philadelphia; and Ann D. White in Jenkintown, Pa.

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NYSE's CEO Sees No Unraveling Of Euronext Deal (WSJ)

By Aaron Lucchetti

The Wall Street Journal, September 7, 2006

NEW YORK -- NYSE Group Inc. Chief Executive Officer John Thain is "comfortable" that the New York Stock Exchange operator will close its $20 billion merger with European exchange operator Euronext NV by early next year, and he lashed out at a hedge-fund operator that has pushed Euronext to merge instead with Frankfurt's Deutsche Börse AG.

Mr. Thain, in an interview at his Lower Manhattan office, said he remained confident that the NYSE merger with Euronext would be approved by both companies' shareholders. The vote is tentatively scheduled for early December.

Some analysts have questioned whether NYSE will get Euronext shareholders' approval, because share-price moves among the three exchanges in recent months make Deutsche Börse's offer look financially stronger -- if the deal were to be closed today.

But Mr. Thain says that because Deutsche Börse's offer is based on a backward-looking three-month average price, its deal will likely look less attractive over time. The pricing structure of Deutsche Börse's proposal "makes their deal at the moment look better," but its "advantage will erode over time as the three-month average comes down."

Mr. Thain also criticized a proposal by the Children's Investment Fund Management (UK), also known as TCI, for Euronext to let shareholders vote on both an NYSE and a Deutsche Börse proposal.

"That's not going to happen," Mr. Thain said. "This is not a multiple-choice quiz."

Euronext's management and board already have approved a merger with NYSE, and Euronext CEO Jean-François Théodore is in New York talking to investors.

Mr. Thain suggested that TCI's preference for a Euronext-Deutsche Börse deal is motivated by the fact that it holds stakes in both firms.

"TCI, like all hedge funds, is simply touting its own interests," he said. TCI officials, he added, are understating the risk of antitrust problems with a Deutsche Börse-Euronext deal, and overstating the ability of Euronext and Deutsche Börse executives to work together to integrate a combined European exchange titan.

TCI declined to comment.

A spokesman for Deutsche Börse said: "We are convinced about the merits of our proposed transaction and the value it creates for shareholders and stakeholders. Deutsche Börse believes its proposal does not entail significant execution risk also with regard to potential antitrust issues."

Mr. Thain likened the current battle over Euronext to the opposition to the Big Board's own merger with Archipelago during the summer of 2005. Ultimately, the NYSE garnered about 90% of its owners' votes on the Archipelago deal, despite a vocal opposition from some NYSE seatholders and a court challenge by a handful who threatened to delay the closing of the deal.

In the Euronext transaction, "I'm comfortable shareholders will vote on what makes long-term strategic sense and what's financially attractive, and we will be both," Mr. Thain concluded.

Bertelsmann Confirms Sale Of BMG Publishing To Vivendi (WSJ)

By Mike Esterl

The Wall Street Journal, September 7, 2006

FRANKFURT -- German media giant Bertelsmann AG confirmed a deal to sell its BMG Music Publishing business to Vivendi SA of France for €1.63 billion ($2.09 billion).

News of the transaction was first reported1 Tuesday on WSJ.com.

Separately, Bertelsmann agreed to pay $60 million to a Vivendi unit to partially settle litigation linked to Bertelsmann's involvement with online music concern Napster Inc.

Bertelsmann, Europe's biggest media company, also reported yesterday its revenue in the second quarter rose 12% to €4.68 billion from a year earlier. Net income was €192 million, compared with €191 million.

Paris-based Vivendi beat out six other bidders for BMG Music Publishing, which posted just over €370 million in sales last year. The acquisition catapults Vivendi's Universal Music Group -- the world's largest recorded-music company -- into the No. 1 spot in the music-publishing business ahead of EMI Group PLC and Warner Music Group Corp.

Music publishers control the rights to the melodies and lyrics of songs while recorded-music companies sell CDs and digital downloads of music. Thomas Rabe, Bertelsmann's chief financial officer, said in a conference call the company remains "absolutely committed" to its much-larger recorded-music business.

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Bertelsmann also said it will pay Universal Music Group $60 million to drop a lawsuit. Universal Music Group and other music companies sued the German company in 2003 over its $85 million investment in the original file-sharing service Napster, which was forced to close in 2001.

Bertelsmann continues to deny any wrongdoing. But management said it hopes to reach out-of-court settlements with other plaintiffs, including EMI Group, and plans to begin negotiations in the coming weeks.

Vivendi Bid Wins Battle For BMG (USAT)

By David Lieberman

USA Today, September 7, 2006

NEW YORK — Vivendi's Universal Music Group put itself in line to become the world's No. 1 music-publishing company on Wednesday after its $2.1 billion offer won a widely watched bidding war for Bertelsmann's BMG Music Publishing Group.

If approved by antitrust officials in Europe and the USA, Universal will pick up more than 1 million copyrights for an eclectic array of songs from artists including Coldplay, Barry Manilow, Christina Aguilera, R. Kelly, the Bee Gees, Elvis Costello, Puccini and Ravel.

Universal already has about 1 million copyrights, including those of Paul Simon, Elton John and Bernie Taupin, Motown's Holland-Dozier-Holland, Madonna, Prince, Leonard Bernstein and Kiss.

Other bidders weren't disclosed.

In addition to getting revenue when CDs or downloads are sold, music publishers collect royalties every time their songs are performed on radio, TV, movies, ads, concerts, online or even built into toys. That has made it a coveted arm of the music business even as anemic album sales and piracy have staggered record companies.

The acquisition "is a unique opportunity to grow our music-publishing business and enhance the value of Universal Music Group," Vivendi CEO Jean-Bernard Levy said in a statement.

While the deal would give Universal the most copyrights, it still would have major rivals: In the second quarter, EMI controlled 19.8% of songs played on U.S. radio stations monitored by Nielsen Broadcast Data Systems. Warner/Chappell had 13.8%, Sony/ATV 10.5%, Universal 10.2% and BMG 7.3%.

"Only a handful of copyrights really matter," says Larry Mestel of Primary Wave Music Publishing, which has rights to Nirvana, Daniel Johnston and music from movies including Ben Hur. "The rest just clutter up the system."

Privately owned Bertelsmann put its music-publishing unit on the block to help repay loans it used to buy back a 25.1% stake owned by Belgian billionaire Albert Frere. But BMG chief Thomas Rabe said in a statement that "Bertelsmann remains fully committed to its recorded music business through its partnership with Sony in Sony BMG Music Entertainment."

BMG publishing generated $234 million in revenue in the first half of 2006, about 2% of the total for Bertelsmann, the company reported on Wednesday. While that's flat with the same period last year, operating cash flow for music publishing grew 30% to $38.4 million.

Separately, Bertelsmann settled the Vivendi piece of a lawsuit by several music companies. The lawsuit alleges that loans Bertelsmann made to Napster helped the file-sharing service operate longer than it otherwise would have. Universal will get $60 million, while Bertelsmann admitted no liability.

Rivals May Challenge A Proposed Vivendi-Bertelsmann Deal (NYT)

By Doreen Carvajal

The New York Times, September 7, 2006

PARIS, Sept. 6 — The German media company Bertelsmann agreed on Wednesday to sell its music publishing business to a French rival, Vivendi, for 1.63 billion euros, or $2.1 billion, but an association of independent competitors immediately promised to challenge the deal.

An umbrella organization of music companies, Impala, signaled on Wednesday that it would raise objections to the deal. The group, which represents 2,500 independent labels, persuaded a European Union appeals court in July to annul the European Commission's approval of the two-year-old merger that created Sony BMG, a joint-venture music company of Bertelsmann and Sony.

"I think it's very risky that the economic press is announcing that Vivendi is buying BMG Publishing," said Patrick Zelnik, president of Impala and chief executive of the French music company Nave. "We have a strong case to oppose this merger and it's even stronger than Sony BMG."

With the purchase, Vivendi's Universal Music Group would become the leader in music publishing, the profitable side of the ailing industry because it involves the trade and sale of music rights for use not only on CD's, but also for ring tones, computer downloads and movie and television soundtracks.

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BMG Music Publishing, which had 183 million euros, or $234 million, in revenue in the first six months, was not part of the 2004 Sony-BMG deal. It controls more than a million copyrights, from contemporary Christian music to artists like Coldplay, Britney Spears and Black Eyed Peas.

Vivendi, which is based in Paris, released a minimum of information about its plans, although it said in a statement that the deal was subject to regulatory approval.

"This is a historic acquisition, which will further diversify and expand our portfolio of music assets into such key areas as production, music library, classical and Christian music,'' said Doug Morris, chief executive of the Universal Music Group, which analysts have said controls more than 12 percent of the music publishing market, a share that would rise to more than 20 percent with the BMG Publishing purchase.

Claire Barbaret, an analyst with Natexis Bleichroeder in Paris, said the company was promising to raise the profit margins of the music publishing business, but had offered few details. She said that Vivendi had increased its margins in the publishing business by automating much of its work.

"It's the kind of business where you don't need a lot of people,'' he said. "It's just about managing rights and they have managed to have a mean and lean organization. Probably they will replicate that at BMG Music Publishing with a lot less people because UMG can handle what BMG is doing.''

Bertelsmann's sale of BMG Music Publishing is part of a broader strategy to whittle down its 8.7 billion euro in debt, which expanded in July when it bought back a 25.1 percent share in the company that was owned by Groupe Bruxelles Lambert, a holding company, for 4.5 billion euros.

As part of the Vivendi deal, the two companies have agreed to settle a legal dispute in the United States. The Universal Music Group, the EMI Group and several independent music publishers had sued Bertelsmann, accusing the company of costing them billions in sales by lending money to Napster, then an illegal file-swapping service.

The companies sought as much as $150,000 a pirated song, which could have cost the company as much as $17 billion. But this week, in return for withdrawing from the lawsuit, Universal Music will get $60 million from Bertelsmann in reimbursement for legal fees and expenses.

"This is a first step toward an acceptable result of litigation that has been costly and time-consuming to Bertelsmann,'' said Ken Steinthal, a lawyer with Weil, Gotshal & Manges representing the company in the case.

During a conference call with analysts and reporters from Germany, Bertelsmann's chief financial officer, Thomas Rabe, expressed confidence that the sale of BMG Music Publishing would be approved by government regulators. He noted that Bertelsmann expected to reap the proceeds before the end of the year, but declined to comment further on the regulatory risks.

As the BMG Music Publishing deal moves toward its antitrust review in Europe, regulators are also likely to restart their consideration of the Sony-BMG venture. Bertelsmann has not yet notified European officials that it intends to file again for approval for Sony BMG, but executives say they expect it to happen this autumn.

Daniel von Brevern, a Düsseldorf lawyer specializing in competition issues with the firm of Lovells, said that he expected the two reviews to proceed on a parallel course.

"Difficult or not, it's hard to say,'' he said. "The Sony BMG court case doesn't make things easier for them. In the end, I would be surprised if they prohibited the sale of BMG Music Publishing, but I'm also sure that it will take some time.''

EU OKs Equity Firms To Buy Casema (AP)

AP, September 7, 2006

BRUSSELS, Belgium --EU antitrust regulators on Wednesday cleared private equity firms Cinven Ltd. and Warburg Pincus LLC to buy the Netherlands' third-largest cable television operator Casema BV.

The two agreed in July to pay euro2.1 billion (US$2.6 billion) for the company from another group of private investors -- the Carlyle Group Inc., Providence Equity Partners Inc. and GMT Communications Partners III LLP.

Casema has 1.3 million subscribers, representing about 20 percent of the Dutch cable market. The European Commission said its investigation showed the deal would not significantly harm competition as there were only limited overlaps between Casema and Warburg Pincus' Multikabel -- the country's fourth largest cable TV firm -- even though both offer broadband internet, fixed telephone lines, leased lines and newer combined services.

It said their main business was still buying broadcast rights wholesale and providing them over cable networks to viewers and merging Multikabel's small subscriber base with Casema would not cause problems as it was too small to change the structure of the market.

The Carlyle consortium bought Casema in January 2003 for US$677 million in cash and debt from France Telecom SA, which was suffering under a heavy debt burden at the time.

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They said they have invested euro250 million (US$314 million) in infrastructure since then, and Casema now offers digital television, broadband internet and telephony to Dutch consumers.

The sale price suggests the sellers netted around one billion euros in profit by buying and reselling Casema within four years.

In August, Warburg Pincus and Cinven also agreed to buy the country's no. 2 cable TV firm Essent Kabelcom for euro2.6 billion (US$3.3 billion) from Essent NV. Together Kabelcom, Casema and Multikabel will serve over 3.3 million customers and would have had a pro forma revenue of approximately euro870 million (US$1.11 billion) for the financial year ended Dec. 31, 2005.

While all three cable companies will likely be joined in a single holding company owned by Warburg Pincus and Cinven, their names and brands will not change.

Analysis: Health Plan Merger A Red Flag? (UPI/UPI)

By Laura Gilcrest, Upi Health Business Editor

United Press International, September 7, 2006

WASHINGTON, Sept. 6 (UPI) -- U.S. lawmakers Wednesday urged antitrust regulators to look closely at whether a pending health-plan mega-merger squeezes out competition, a problem some experts say is a primary driver of runaway healthcare costs.

The proposed consolidation of Pennsylvania health-insurance giants Blue Cross Independence and Highmark provided the backdrop for a hearing before the Senate Judiciary Committee on whether the health-insurance market is becoming the game of a handful of industry giants that, answerable only to their shareholders, continue to hike premiums, cut doctor reimbursements and leave consumers with fewer choices and no apparent increase in quality.

"Take a very close look at that situation," Committee Chairman Arlen Specter, R-Pa., told federal antitrust officials who testified at the hearing.

Blue Cross Independence -- the largest health insurer in the Philadelphia area -- took in 28 percent of the $28 billion spent on the state's health-insurance premiums in 2004, while Highmark picked up 27 percent, according to a report in Daily and Sunday Review.

The potential merger in Pennsylvania -- which reportedly has one of the nation's highest premium rates -- is just the latest example of a rash of super-sized mergers among health plans, which critics say are the largely overlooked culprits in the nation's soaring health spending, one-third of which doesn't even go toward care of patients, but to other expenses like administrative costs.

Sen. Tom Coburn, R-Okla., noted that healthcare spending now accounts for about 16.2 percent of the U.S. gross domestic product, asking, "What are we getting for it?"

Health-policy experts who testified at the hearing urged a health-insurance industry crackdown by, for example, casting a more critical eye on the mega-mergers and imposing new requirements like standardized reporting of health plans' premium-generated revenues, their administrative costs and what percentage of their premiums actually go toward patient care.

Some experts testified that a law allowing doctors to engage in collective bargaining with the health plans -- as the federal government is allowed to do -- might create a more equitable playing field.

Specter asked panelist J. Bruce McDonald, deputy assistant attorney general in the Department of Justice's antitrust division, why DOJ had only challenged two out of 400 recent health-plan mergers. "Is this not quite enough scrutiny?" he said.

McDonald responded that the agency investigated all mergers "presenting anti-competitive problems."

Mark Piasio, a physician and president of the Pennsylvania Medical Society, told the committee that his state's health-insurance market is in the grips of a few major players who engage in "predatory pricing," where rivals are effectively locked out of the market -- particularly in areas like Philadelphia -- and where physicians continue to see their reimbursement rates shrink.

The test of monopolistic behavior in Pennsylvania has been met, he said. "We have the highest (insurance company) profit and the lowest reimbursement rates. There is at least questionable behavior on the part of the large players. Why isn't (Pennsylvania) the focus of an anti-trust investigation?" Piasio asked.

Edward Langston, an Indiana-based family practitioner and chair-elect to the American Medical Association's Board of Trustees, told the lawmakers a recent AMA study revealed that a trend toward "aggressive consolidation" has reached national proportions.

In many of the 294 U.S. markets on which the study focused, "competition has been undermined" and the "hallmarks of monopoly" are in evidence, he said, including the insurers' ability to raise premiums without sacrificing market share and tactics that force doctors to accept unfair contract terms for their services. A monopolistic few "are operating in the interest of shareholders, not patients," Langston told the committee.

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He added that, although premiums have been rising in the double digits and health plans spent $55 billion on consolidation and acquisitions in 2004 and 2005, "physician reimbursement is not changing."

"We're blamed for being the driver of high healthcare costs," Langston said. "We're raising red flags (and) calling for transparency in what the real costs are."

However, Stephanie Kanwit, special counsel to health plan trade group America's Health Insurance Plans, told lawmakers that the U.S. health-insurance market is one marked by "vigorous competition," where monopolies are not a problem and where health plans are continually rolling out new products to benefit consumers.

She also testified that collective bargaining for doctors has been "condemned" by DOJ and that such a policy would "inevitably raise prices without increasing quality."

Instead, Kanwit said, the answer to cutting costs lies in creating doctor performance and efficiency measures, an effort already under way in a number of pilot projects "that will lead to a national framework for doctor performance."

Specter noted that a number of health-insurance giants including Aetna, United Health Group and WellPoint were all asked to testify before the committee and that all had declined. "That's not a very good sign if companies won't come in and respond to questions," he said.

ENVIRONMENT/INDIAN AFFAIRS:

Offshore-drilling Legislation Heats Up (USAT)

By Andrea Stone

USA Today, September 7, 2006

As news of a huge oil discovery deep in the western Gulf of Mexico unfolded, informal talks began in Congress to break an impasse over competing House and Senate plans to expand offshore oil and natural gas-drilling.

The find by Chevron, Devon Energy and StatOil in an area already open to exploration follows a summer of soaring gas prices partially sparked by BP's shutdown last month of a damaged pipeline in Alaska. But it is unclear whether the discovery will prod lawmakers to work out a compromise before Congress leaves for the Nov. 7 elections.

The discovery of reserves that may exceed Alaska's Prudhoe Bay, the nation's largest oilfield, could be “galvanizing,” says Marnie Funk, a spokeswoman for Senate Energy Chairman Pete Domenici, R-N.M.

“The House either takes the Senate (bill) or no one gets an energy bill this year. That's simply a political reality,” she said. “We only have 22 legislative days left, and key senators have made it clear they can't support the House bill or anything like it. We don't have the votes, and we're out of time.”

Perhaps, but House Majority Leader John Boehner, R-Ohio, indicated Tuesday that his members aren't folding just yet. “We really do believe that we have a much better bill than what the Senate passed,” he said. He said he expects committee chairmen to discuss “the prospect for coming to some agreement. I just don't know what it might be.”

For now, aides to lawmakers are talking, and the House and Senate have yet to appoint negotiators.

Both bills would ease restrictions on offshore drilling, now banned in the eastern Gulf of Mexico and along the east and west coasts. The House version goes much further in opening once-protected areas on the Atlantic and Pacific coasts to energy exploration. The White House supports the Senate bill. Senate Majority Leader Bill Frist, R-Tenn., said there aren't the votes for anything broader.

The Senate bill, passed on a 71-25 vote Aug. 1, would open 8.3 million acres in the Gulf of Mexico to oil and gas drilling while preserving a “zone of protection” stretching 125 to 300 miles off the Florida coast. Domenici has said the area to be opened for drilling holds 1.26 billion barrels of crude oil and 5.83 trillion cubic feet of natural gas and would “reduce our reliance on foreign oil and gas.”

The Senate measure would direct 37.5% of annual production royalties to the Katrina-battered states of Louisiana, Mississippi, Texas and Alabama to fund coastal restoration. The states now get 2%.

The House approved a more expansive bill in June on a 232-187 vote. It would lift a federal ban on offshore exploration along most of the Atlantic and Pacific coasts. Drilling would be allowed beyond 100 miles from shore and between 50 to 100 miles if state legislatures approve. States would have to grant an exemption for drilling within 50 miles of land.

Democrats, led by Senate Minority Leader Harry Reid of Nevada, have vowed to block anything except the Senate bill.

It resulted from lengthy negotiations with Florida senators who have opposed past proposals amid fears drilling would endanger tourist beaches.

Industry groups support the House bill. “The opportunity to do meaningful energy legislation does not come around very often,” says Bob Slaughter of the National Petrochemical & Refiners Association.

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Congress To Begin Exploration Of BP's Alaska Oil Problems (WSJ)

By Chip Cummins

The Wall Street Journal, September 7, 2006

Already under siege by American environmental regulators and financial-market investigators, BP PLC faces a new inquisitor today: Congress.

In the first of as many as two Capitol Hill appearances in coming days, U.S. operations chief Bob Malone and other BP officials face a public grilling from politicians just ahead of U.S. midterm elections. The House Energy and Commerce Committee will hear testimony from experts and BP officials on corrosion problems at BP's Alaska oil field. The London company partially shuttered the field last month after discovering corroded pipes.

The hearing comes amid a series of embarrassing regulatory, criminal and civil probes at BP. Those include an investigation into safety problems at the company's U.S. refineries and probes into whether BP traders manipulated energy markets.

While much new evidence isn't expected this week, the intensified scrutiny risks a further public-relations backlash from consumers and politicians against BP and its chief executive, John Browne. BP's profits and stock price have risen over the past two years along with higher prices for oil, natural gas and petroleum-based fuels like gasoline. At a time of widespread anger at today's gasoline prices, "BP becomes a very convenient whipping boy" for the entire oil industry, said James Post, a management professor at Boston University.

The swirl of controversy marks a major setback for Lord Browne, who crafted for BP an image based on environmental and corporate responsibility. While many environmentalists and activist investors have been satisfied that BP matched actions with words, BP is now at risk of losing that goodwill after more than a year of safety, environmental and compliance problems in the U.S.

"I think some of the sort of emotional capital that [BP] has built up will be called in" amid the public scrutiny, said John Elkington, founder of SustainAbility Ltd., a corporate-responsibility consulting firm in London.

Lord Browne isn't expected to testify in hearings scheduled for today or at a Senate hearing on Prudhoe Bay scheduled next week before the Senate Energy and Natural Resources Committee. Instead, Mr. Malone, a native Texan and newly appointed chief executive of BP's American operations, will be the senior executive answering questions from lawmakers.

In March 2005, an explosion at BP's refinery in Texas City, Texas, killed 15 workers. The company was fined heavily for safety shortcomings stemming from the accident. Regulators are still poring over details of the accident, including whether senior BP executives bear more responsibility for safety shortcomings than the company has so far acknowledged.

Meanwhile, the Commodity Futures Trading Commission and Justice Department allege that the company manipulated the U.S. propane market in early 2004, a charge the company denies. Investigators are also probing the company's crude-oil and gasoline-market trading activities. BP has said it is cooperating with investigators but declined to comment further.

Ford Will Pay Fine Of $125,000, Papers Show (SLPD)

St. Louis Post-Dispatch, September 7, 2006

Ford Motor Co. will pay a $125,000 fine over allegations that the company violated the Clean Air Act because equipment at the Hazelwood plant was leaking ozone-depleting chemicals, federal court documents obtained Wednesday show.

The Justice Department filed a civil suit against Ford last week, alleging that machinery at the plant leaked the chemicals for six months in 2002 and 2003.

The suit also said Ford failed to perform leak tests on an air dryer that contained the chemicals, failed to successfully repair leaks, failed to notify the U.S. Environmental Protection Agency that the air dryer had failed follow-up tests and failed to properly maintain records on the leak.

Under a consent decree, signed last week, Ford has to pay a civil penalty of $125,000 within 30 days, must mothball two cooling appliances and retire the air dryer equipment. The company did not admit any wrongdoing.

Clean Up The Killer Ports (LAT)

The Los Angeles Times, September 7, 2006

AMONG THE MANY BILLS passed by the Legislature in the frantic final days of August was one little-heralded measure that could go a long way toward curbing two of Southern California's worst ills: traffic and smog. For it to become law, Gov. Arnold Schwarzenegger's environmental consciousness will have to triumph over his impulse to placate business interests.

SB 927 by state Sen. Alan Lowenthal (D-Long Beach) would impose a fee of $30 per 20-foot container on all cargo ships passing through the ports of Los Angeles and Long Beach. It is projected to generate $500 million a year, which would be earmarked for improving port security, cleaning up port pollution and building port infrastructure.

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Port issues seldom generate much excitement among voters, but they should. The ports are the single largest generator of air pollution in Southern California, which kills an estimated 2,400 people prematurely per year. They're also a major source of traffic.

Shippers and retailers, who would be stuck with the tab under Lowenthal's plan, contend that the legislation would encourage shippers to send their goods elsewhere, that it would constitute a tax (which would require two-thirds approval in the Legislature), that it would violate the commerce clause of the U.S. Constitution and that it would hurt consumers by raising prices on many products.

These claims are exaggerated or wrong on all counts. A study commissioned by two environmental groups found that the proposed fee would increase total voyage costs to local ports by 1.5% to 2.5%. But sending goods through the Panama Canal to ports on the East Coast or in the Gulf of Mexico would add far more expense, and the only major West Coast alternatives — Oakland, Seattle and Portland — can handle just a fraction of the local ports' traffic. The bill clearly creates a user fee, not a tax, and the commerce clause does not prevent states from imposing such fees. And if the bill would add a few cents to the price of some consumer products, it would be worth it.

Under the bill, the ports would use a third of the proceeds to pay for better security, and the state Air Resources Board and Transportation Commission would control the rest. There are plenty of projects to go around. The Los Angeles County Economic Development Corp., a nonprofit business organization, has identified $4 billion worth of needed infrastructure projects, and a plan by the ports to cut air pollution would require billions more. Much of the money is likely to come from taxpayers; voters will be asked in November to approve $3.2 billion worth of bonds to cover port infrastructure and air quality. It's only fair that the shipping industry contribute as well.

Schwarzenegger has not said whether he will sign SB 927. Few other bills will test his commitment to the environment more. If he's truly interested in burnishing his environmental credentials before the November election, he'll sign this bill into law.

Indian Agency, Justice Department Could Appeal WyCo Casino Ruling (KCBIZ)

Kansas City Business Journal, September 7, 2006

The National Indian Gaming Commission and the U.S. Department of Justice on Tuesday filed notice to appeal a federal judge's opinion that an Indian tribe could open a casino in Kansas City, Kan.

Eric Melgren, U.S. attorney for the District of Kansas, and Jackie Rapstine, assistant U.S. attorney, filed the notice to appeal to the U.S. Court of Appeals for the 10th Circuit in Denver.

Andrew Ames, a Justice Department spokesman, declined to speak directly about the case. He said that filing the notice doesn't necessarily mean the government will appeal but serves as a "place holder" if it elects to do so. The notice could be withdrawn later, Ames said.

In March 2004, the National Indian Gaming Commission ruled that the Wyandotte Nation of Oklahoma could not legally operate a casino on property across the street from City Hall in Kansas City, Kan. The agency said in a 24-page letter at the time that the casino site, which sits on a parcel of land called the Shriner Tract, failed to meet the definition of tribal land for the purpose of gaming under the Indian Gaming Regulatory Act.

U.S. District Judge Julie Robinson overturned that decision in July.

Wyandotte Tribe Plans To Appeal KCK Casino Ruling (KCS)

By Rick Alm

The Kansas City Star, September 7, 2006

The Justice Department said Tuesday that it would appeal a federal judge's ruling that appeared to permit a tribal casino to resume operating in downtown Kansas City, Kan.

In July, U.S. District Judge Julie Robinson overturned a 2004 decision by the National Indian Gaming Commission that disqualified the land for tribal gambling.

While upholding several underlying elements of the commission's decision, Robinson overturned its ultimate conclusion, ruling that the purchase of the half-acre tract in 1996 by the Oklahoma-based Wyandotte Nation amounted to settlement against the United States of a land claim whose roots reached back to 1842.

City and state officials have challenged the land's tribal reservation status since it was granted by the federal agency.

When the National Indian Gaming Commission in 2004 voided that reservation status, Kansas Attorney General Phill Kline raided the casino and shut it down, seizing 152 slot machines and about $500,000 in cash.

The casino never reopened.

Late last year the tribe dismantled and hauled away the vacant and vandalized mobile building units that had been fashioned into the 7th Street Casino.

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Kline and others, including other tribes with Kansas casinos, have appeals pending in several earlier rulings, including Robinson's decision in a related case that the federal government's land-trust action was correct.

Kline did not appeal to the U.S. Supreme Court a decision in May by the 10th U.S. Circuit Court of Appeals in Denver that upheld Robinson's ruling that his 2004 raid was unlawful.

FBI/DEA/ATF/USMS:

DEA Revises Rule On Prescribing Painkillers (WP)

By Marc Kaufman

The Washington Post, September 7, 2006

The Drug Enforcement Administration yesterday overturned a two-year-old policy that many pain specialists said was limiting their ability to properly treat chronically ill patients in need of powerful, morphine-based painkillers.

While defending its efforts to aggressively investigate doctors who officials conclude are writing painkiller prescriptions for no "legitimate medical purpose," the agency agreed with the protesting experts that it had gone too far in limiting how doctors prescribe the widely used medications.

The unusual turnaround was welcomed by relieved doctors, who said it will help restore "balance" in government policy between the needs of pain patients and the effort to control prescription drug abuse and diversion.

Specifically, the DEA proposed a formal rule that would allow doctors with patients who need a constant supply of morphine-based painkillers to write multiple prescriptions in a single office visit. Under the new rule, a doctor can write three 30-day prescriptions at a time -- two of them future-dated -- to be filled a month apart.

Two years ago, the agency clamped down on the common practice of writing such multi-month prescriptions, which it said were probably illegal and were contributing to the growing abuse of prescription painkillers.

As a result of the DEA's position, many doctors began requiring patients to come in each month for a new prescription -- office visits many doctors considered medically unnecessary but essential to keep them out of trouble with the DEA.

Yesterday, DEA Administrator Karen Tandy said the agency had been wrong in limiting the multiple prescriptions and had made the tough decision to reverse course. She said the DEA received more than 600 comments from doctors, patients and others about its policies on narcotic painkillers, many of them strongly opposed to the agency's position on limiting refills.

"Think about how hard it is for anybody to go out publicly and say, 'We think this is probably prohibited by law,' " she said, referring to the earlier decision to prohibit multiple refills. "And then you listen to people and then you say, 'You know what? You're right,' and we're going to propose a rule that interprets this correctly. And that's what we've done."

When the DEA issued its restrictive 2004 drug refill guidelines, many pain specialists saw it as a sign that relations between their profession and the agency had deteriorated badly. They also complained that DEA arrests and prosecutions of doctors treating pain were creating a "chill" on medical practice and denying patients drugs they needed.

Agency officials had earlier worked for two years with pain and hospice experts on a "frequently asked questions" guideline to advise doctors on how to prescribe controlled drugs in a way that would not get them into trouble with law enforcement. The agency briefly posted the guidelines on its Web site in 2004 but then pulled them down and disavowed them.

One of the doctors involved with writing the guidelines -- who became a critic of the DEA when they were abruptly discarded -- called Tandy's actions yesterday "a very positive step forward in restoring that necessary cooperation between practicing physicians and the DEA."

Howard Heit, a Fairfax County pain and addiction specialist, also said the new policy will help patients get better care by allowing doctors more flexibility in prescribing controlled drugs.

But Siobhan Reynolds, who created the Pain Relief Network several years ago to help defend pain doctors who she said were being unfairly arrested and prosecuted, disagreed and said the new DEA policy has changed little.

"Ms. Tandy states here, as she has on many occasions, that doctors need not fear criminal prosecution as long as they practice medicine in conformity with what these drug cops think is 'appropriate,' " Reynolds said. "If that isn't a threat, it will certainly pass for one within the thoroughly intimidated medical community."

The use of prescription narcotics rose sharply over the past decade as knowledge grew on how to control intractable pain and specialists found what they considered better ways to help patients. That growing use, however, has led to abuse as well, and to scores of deaths and injuries associated with prescription narcotics.

In addition to publishing its new policy statement and rulemaking yesterday, the DEA began posting extensive information on its Web site about doctors who have been arrested and prosecuted for their prescribing practices. Tandy said that she hopes doctors will review the cases so they will see that only "egregious" offenders are being prosecuted.

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DEA To Change Rules On Addictive Prescriptions (USAT)

By Donna Leinwand

USA Today, September 7, 2006

Patients who use powerful narcotic painkillers such as OxyContin or hyperactivity drugs such as Ritalin will be able to get up to a 90-day supply of the drugs, rather then just a one-month supply, under a rule proposed Wednesday by the Drug Enforcement Administration.

The DEA also issued a statement aimed at assuring doctors that the agency doesn't intend to use the Controlled Substances Act — which governs the distribution of highly addictive medicines — to interfere in legitimate treatments of patients with persistent pain. The 90-day rule is scheduled to take effect after a two-month period in which citizens may submit comments on it.

The changes come at a time when government efforts to halt the abuse of prescription drugs have fueled concerns that doctors who prescribed large doses of the drugs to treat acute pain would face DEA investigations.

The new policy statement does not include a specific list of do's and don'ts, but DEA Administrator Karen Tandy says doctors should be able to glean from the listing of prosecutions on the agency's website what it takes to violate the law.

Out of more than 1 million doctors who are registered with the DEA to prescribe such narcotics, the agency prosecuted 67 last year for prescription abuse. Tandy says the DEA has targeted doctors who strayed far outside accepted medical practice, including some who prescribed medically unnecessary drugs for cash or sex, some who demanded kickbacks and some who invented patients or fed their own addictions.

The DEA investigates doctors "who knowingly and egregiously put drugs into the hands of traffickers and abusers," Tandy says. "This isn't just questionable behavior. There is no gray area here."

OxyContin and other powerful narcotics are Schedule II narcotics, the most regulated category of prescription drugs because they are highly addictive and prone to abuse. Prescriptions of the drugs cannot be refilled without an office visit and physical examination by a doctor. States may also place additional restrictions on prescriptions.

For years, doctors who treated people with chronic conditions have worked around the one-month limit on prescriptions by writing one prescription for a three-month supply, and instructing pharmacists to dispense only 30 days' worth at a time.

Two years ago, the DEA, working with a committee of doctors, issued guidelines that acknowledged the practice and gave advice about prescribing the drugs within the law. Several months later, the DEA abruptly withdrew the guidelines, saying it had gone beyond its legal authority. It replaced them with a statement that reversed a policy that allowed multiple prescriptions to be written on the same day.

"It was quite threatening in tone," says Russell Portenoy. Chairman of the Department of Pain Medicine and Palliative Care at Beth Israel Medical Center in New York City, he helped write the 2004 guidelines. "There was a tremendous chilling between the DEA and the medical community."

Since then, pain doctors say the legal questions over Schedule II drugs have made physicians more cautious about prescribing them and may have hindered effort to treat patients' pain.

Portenoy and other doctors welcome the DEA's move in favor of 90-day prescriptions. "This is a step forward," says Frederick Burgess, president of the American Academy of Pain Medicine and an anesthesiologist at Rhode Island Hospital in Providence. "Doctors who are practicing in good faith have very little to worry about."

The use of narcotic pain relievers has increased dramatically in the past decade. OxyContin, an opioid introduced in the mid-1990s, rapidly became a favorite among patients with severe pain — and among drug abusers.

About 6 million Americans abuse prescription drugs, according to the 2004 National Survey of Drug Use and Health. The survey also found that one in 10 high school seniors said they had used Vicodin, a Schedule III narcotic, for non-medical purposes. Schedule III drugs have a lower risk of abuse than Schedule II drugs. The 2005 survey will be released today.

Tandy says she doesn't want to tell doctors how to treat patients. "The DEA does not belong in the practice of medicine. We want doctors to be able to prescribe drugs when people are in pain. We're trying to give them a comfort level."

Feds May Ease Limit On Painkillers DEA Rule Would Allow Doctors To Issue 90-day Supply Of Painkillers (AP)

By Hope Yen

AP, September 6, 2006

(AP) People taking Oxycontin, codeine and other powerful painkillers for chronic pain could get a 90-day supply, under a proposal Wednesday that would let patients avoid repeated doctor visits to get more than 30-day prescriptions.

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Unless a patient makes another office visit, doctors now cannot refill the schedule II controlled substances because they can be abused by addicts. Current law is silent on the question of multiple prescriptions for a drug that are issued by a doctor in a single office visit.

The new proposal, subject to 60 days of public comment, makes clear that doctors could prescribe up to a 90-day supply without fear of prosecution. Doctors have complained that strict regulation by the Drug Enforcement Administration forced them to limit prescriptions to a 30-day supply and leave patients untreated.

"Today's policy statement reaffirms that DEA wants doctors to treat pain as is appropriate under accepted medical community standards," the agency's chief, Karen Tandy, said at a news briefing. "Physicians acting in accordance with accepted medical practice should be confident that they will not be criminally charged," Tandy said.

A broader debate in recent years has questioned the proper role of federal law enforcement in monitoring doctors' prescription decisions. The Supreme Court this year ruled against a Justice Department attempt to use the Controlled Substances Act to punish Oregon doctors who helped patients commit suicide.

The number of physicians charged under that law has risen from 38 in 2003 to 67 in 2005. Meanwhile, about 6 million people _ including one in 10 high school seniors _ currently abuse controlled substance prescription drugs, according to the DEA.

At the briefing, Tandy sought to ease distrust of the DEA among doctors, noting that the agency had listened to their concerns in easing prescription rules.

In many cases, doctors had already been issuing multiple prescriptions since the law was silent on the matter. The rule change would give them ease of mind that they won't be prosecuted for doing so.

In addition, the DEA's Web site will offer a new page that will spell out the number of prosecutions each year and the circumstances in which they were charged to avoid an undue chilling effect.

"We believe that the statement and proposed rule will help the medical professional ensure that only patients who need medication for pain relief get it," Tandy said.

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On the Net:

Drug Enforcement Administration: http://www.dea.gov/

Prosecutors' Demands In BALCO Case Soar (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, September 7, 2006

Feds now want confidential sources for hundreds of Chronicle articles

(09-06) 16:09 PDT SAN FRANCISCO -- Federal prosecutors, who have sought Chronicle reporters' sources of secret grand jury testimony about steroid use by athletes, dramatically expanded their demands last month to include the confidential sources for hundreds of articles about the BALCO drug investigation, lawyers for the newspaper said today.

"The government's fishing expedition cannot be countenanced," attorneys for the Hearst Corp., which owns The Chronicle, declared in papers filed with a federal judge.

They sought to dismiss a Justice Department subpoena seeking documents that would identify sources for the articles, or to obtain an order that would prohibit the government from inquiring into The Chronicle's sources for its reporting about the case.

Thom Mrozek, spokesman for the U.S. Attorney's office in Los Angeles, declined comment, saying prosecutors would reply in writing at a later date.

The case arose from a federal grand jury investigation of the Bay Area Laboratory Co-Operative, or BALCO, and its supplying of performance-enhancing drugs to professional athletes.

After BALCO's founder and others were indicted on drug charges in 2004, The Chronicle published articles quoting grand jury testimony by Barry Bonds of the Giants, Jason Giambi of the Yankees, sprinter Tim Montgomery and other athletes about their use of substances supplied by the lab.

This May the newspaper and reporters Mark Fainaru-Wada and Lance Williams received subpoenas from a new grand jury demanding their sources of the BALCO grand jury testimony and any documents that would reveal the sources.

U.S. District Judge Jeffrey White ruled Aug. 15 that the reporters must identify their sources, saying neither the Constitution nor federal law allows journalists to withhold information from a grand jury. Prosecutors agreed Tuesday to delay imprisonment of the reporters for contempt of court until the Ninth U.S. Circuit Court of Appeals rules on their appeal of White's decision.

In today's filing, Hearst lawyers said prosecutors changed the scope of their inquiry Aug. 3, in a conversation with attorneys for the newspaper. Until then, they said, prosecutors had sought only documents that would identify the leaker of the transcripts, and were repeatedly told by The Chronicle that it had no such documents.

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But on Aug. 3, prosecutors said the subpoena required the newspaper to produce "any documents (broadly defined) that reflected any information about any grand jury testimony in the BALCO investigation," attorney David Shapiro said in a court declaration.

By its new interpretation, the government is now seeking documents, such as e-mails, that would identify confidential sources for all BALCO-related articles, even those who had nothing to do with grand jury transcripts, Hearst lawyers said. They said The Chronicle has published about 450 such articles, including 150 by Fainaru-Wada and Williams.

"The information now sought has only a remote and tenuous connection to the government's investigation" of the leaks, and would have a "wide and unprecedented impact ... on Chronicle reporters' confidential source relationships," the lawyers said.

Attorneys for the two reporters filed a separate motion today asking White to clarify that his Aug. 15 order referred only to testimony about sources of the grand jury transcripts.

E-mail Bob Egelko at begelko@sfchronicle.com.

BALCO Creates Inquiry Road Map (USAT)

By Vicki Michaelis, Usa Today

USA Today, September 7, 2006

The effect of the BALCO doping scandal on the sporting public was to paint every eye-popping performance in shades of gray. But as this summer of even more doping dissonance has shown, the effect of the Bay Area Laboratory Co-Operative on anti-doping is such that its legacy ultimately could lie not in the ills it unearthed but in the road map it provided.

Through the raids and revelations of recent months, including Marion Jones' initial positive test for EPO and the suspension of Tour de France cycling favorites based not on positive drug tests but other evidence, BALCO's fingerprints were everywhere.

TIMELINE: Doping issues in 2006

And while the anti-doping net made its biggest splash this summer by catching U.S. stars — Tour champion Floyd Landis and world champion sprinter Justin Gatlin — those grandiose gotchas are helping to lift the black marks BALCO left on the U.S. image globally by spotlighting the increased sophistication and effectiveness of U.S. anti-doping officials.

At a time when the U.S. Olympic Committee is contemplating a bid for the 2016 Summer Games, that offers some comfort.

"The amount of activity has concerned all of us, but we do feel positive about and take solace in the fact that we believe the system is getting better," USOC chief executive officer Jim Scherr says.

Marked improvement from an anti-doping system rife with conflicts of interest began with the formation of the independent World Anti-Doping Agency (WADA) in 1999 and its U.S. counterpart, the U.S. Anti-Doping Agency (USADA), a year later.

But, especially in the USA, anti-doping officials gained the acceleration they needed to catch up with even the best of the best after a 2003 federal raid of BALCO in Burlingame, Calif. A grand jury investigation uncovered a widespread doping scandal involving track and field athletes as well as Major League Baseball players.

BALCO gave anti-doping officials inside information on what athletes were using, when they were using it and how they were ingesting it. It highlighted the importance of government involvement in building anti-doping cases. It set a precedent for using evidence other than positive drug tests to bring forth doping charges.

Perhaps most important, it trumpeted and validated the technological and prosecutorial capabilities of anti-doping officials, encouraging athletes, coaches and other insiders to contact them with valuable tips.

USADA chief executive officer Terry Madden says his agency is receiving two to three times the tips it did before BALCO. WADA chairman Dick Pound says he also is getting three times the information.

"What I've always maintained is any good war, whether a war on drugs or any other war, needs a combination of good intelligence and good technology," says performance-enhancing drug expert Gary Wadler, an assistant professor at New York University's school of medicine.

BALCO facilitates investigations

BALCO opened the door to intelligence and made the technology more effective.

Through plea deals and interviews, many with government agents, athletes in the BALCO case revealed details about their doping regimens that have allowed anti-doping officials to target their testing.

"We have become more efficient and intelligent in the way we test," Madden says.

For example, U.S. sprinter Kelli White, who received a BALCO-related suspension, admitted in 2004 that she used EPO, a substance drug testers had been checking for only in middle- and long-distance athletes because it is primarily used to boost endurance.

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Jones' "A" sample tested positive for EPO in June at the U.S. track and field championships, where she won the 100 meters. On Wednesday, she received word that her "B" sample, which was tested last week, came back negative, thus clearing her.

Government involvement

The first widely publicized step in anti-doping by a government came in 1998, when French customs officers seized banned substances, including EPO, from a medical official working for a Tour de France team. The scandal helped galvanize support for the formation of WADA.

In the BALCO case, government agencies from the IRS, which conducted the initial raid, to the U.S. attorney's office were involved, seizing evidence, compelling testimony and gaining access to documents that anti-doping officials could not have gotten on their own.

When Sen. John McCain, R-Ariz., head of the Commerce Committee, subpoenaed BALCO documents from the Justice Department and forwarded them to USADA so it could resolve cases before the 2004 Athens Olympics, "that was the whole ballgame" in terms of convicting some athletes, Madden says.

Governments worldwide "have come to realize that they actually have to do something now or they're going to be exposed as guilty of just showboating," Pound says.

This summer, authorities in China and Germany, as well as in Spain — where the investigation into a doctor with ties to Tour de France competitors and other athletes is ongoing — have been involved in anti-doping activities.

U.S. government involvement also has increased, most publicly with President Bush's remarks against steroid use during his 2004 State of the Union address. Around that same time, Scott Burns, deputy director for the White House Office of National Drug Control Policy, became the U.S. representative to WADA, a role served by sports ministers worldwide.

"It became immediately clear to me that the world looked at the United States as one of the worst (doping) offenders," Burns says. Developments such as those this summer "helps our image." He adds, "I have seen literally a 180-degree turn in the last two or three years with respect to our reputation."

Non-analytical evidence

While the cases of Landis, Gatlin and Jones are based on positive drug tests, BALCO was a guide for the use of other types of evidence, such as doping logs and testimony.

"That area of the field of anti-doping will be expanding, we believe, at a rapid rate, so that you're going to see more and more BALCO-type cases brought along with increased testing cases," Madden says.

Five of the track and field athletes involved in BALCO were sanctioned not on the basis of positive tests but on other evidence gathered against them. That precedent could be used to convict athletes implicated in the Spanish investigation.

Graham at the beginning

BALCO began when Trevor Graham, who has coached many high-profile U.S. track athletes, including Gatlin and Jones, sent a syringe containing tetrahydrogestrinone (THG), an anabolic steroid, to USADA. Graham identified BALCO as the source.

USADA sent the syringe to UCLA's anti-doping lab. Scientists there developed a test for THG, which was performed at subsequent competitions. Four of the track athletes sanctioned in the BALCO case tested positive for THG. "It's been demonstrated very publicly by us receiving the syringe and following up on that responsibly, there's now an entity out there that you can bring these types of information to," says Travis Tygart, USADA senior managing director and general counsel.

WADA's effectiveness at adjudicating cases also has helped its credibility.

"A lot more people are prepared to talk with us and want to be identified with it," Pound says. "They say, 'Listen, you should look here or look for that or do some testing here,' that kind of stuff."

Such progress helps put this summer's string of positives in a positive light for sports officials.

"Events of recent weeks are extremely disappointing in many respects, but we should not be totally discouraged by them," International Olympic Committee President Jacques Rogge said in a statement given to USA TODAY.

At the least, anti-doping officials are encouraged, though they know even with a road map they have an arduous journey.

"We've made significant progress," Madden says.

"We have more work to do, but we like the position we're in right now."

DOPING TIMELINE

Crackdowns worldwide on performance-enhancing drugs this summer have ensnared top athletes and intimated widespread abuses, pushing doping time and again to the top of the sports pages. A chronological look:

May 23: Police officers raid a laboratory in Madrid, Spain, seizing frozen blood, steroids and other performance-enhancing substances and equipment, as well as lists naming more than 100 athletes. They arrest five people, including officials linked to pro cycling teams.

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June 30: Tour de France team officials withdraw pre-race favorites Jan Ullrich and Ivan Basso and seven other cyclists implicated in the Spanish doping scandal.

July 27: The Phonak cycling team announces that its rider, Tour de France champion Floyd Landis, tested positive for testosterone in an "A" sample test taken after his remarkable Stage 17 comeback.

July 29: World champion sprinter Justin Gatlin reveals in a statement that he tested positive for testosterone at an April meet in Kansas. He denies knowingly taking any banned substances.

Aug. 5: A test on Landis' "B" sample confirms the positive finding. He is fired by Phonak, and the Tour de France director says Landis is no longer considered the champion. Landis is appealing the case.

Aug. 8: Chinese anti-doping and sports officials find hundreds of doses of the endurance-boosting substance erythropoietin (EPO), testosterone and steroids during a surprise visit to a sport school's training camp. They also catch school staff injecting teenaged student-athletes with banned substances.

Aug. 17: German federal agents and prosecutors raid the office and residence of a German doctor suspected of supplying performance-enhancing drugs to the doctor at the center of the Spanish doping scandal.

Aug. 18: Media reports, the first on The Washington Post website, reveal that five-time Olympic medalist Marion Jones tested positive on an "A" sample test for EPO at the U.S. track and field championships in June.

Aug. 22: Gatlin agrees not to contest the laboratory results that showed he tested positive for testosterone. The U.S. Anti-Doping Agency strips him of the 100-meter world record he co-held and bans him for eight years. He plans to appeal the length of the suspension.

Aug. 24: A Chicago Tribune online report reveals that U.S. sprinter LaTasha Jenkins, a former NCAA 200-meter champion, tested positive in an "A" sample for the steroid nandrolone at an international meet in July.

Aug. 27: An article in the Charlotte Observer claims that six former Carolina Panthers, including three of the five starting offensive linemen from the 2004 Super Bowl team, received numerous prescriptions for steroids and other banned substances, based on court documents in a federal case against a South Carolina doctor.

Sept. 6: Marion Jones' backup "B" sample tests negative, according to her attorneys, and clears her of doping allegations that she used the banned endurance enhancer EPO.

Contributing: Wire reports

Marion Jones Cleared: 'B' Sample Comes Back Negative (LAT)

By Helene Elliott, Times Staff Writer

The Los Angeles Times, September 7, 2006

Marion Jones was absolved of a potential doping violation Wednesday when tests found no evidence of the prohibited blood-boosting drug erythropoietin in a urine sample she had submitted June 23 at the U.S. championships, contradicting an initial positive result that was made public last month.

A conclusive positive result cannot be declared unless both the "A" and "B" samples test positive for a banned substance, or if an athlete's "A" sample tests positive and the athlete forgoes a test of the "B" sample. Samples are taken at the same time and divided for testing purposes.

Jones withdrew from a meet in Zurich, Switzerland, on Aug. 18 after learning that her "A" sample from June 23 had shown traces of EPO. She has not competed since then. "Marion wants to run as soon as possible," Rich Nichols, one of her attorneys, said Wednesday.

Jones was enjoying an impressive season and appeared to have regained the form she displayed before the birth of her son in June, 2003. She had finished first or second in the 100-meter dash in all seven meets in which she participated, including winning the 100 at the U.S. championships at Indianapolis.

Her season-best time of 10.91 seconds at the Golden Gala in Rome on July 14 was her best since her undefeated 2002 season, when she was timed in 10.90. It's also the third-fastest time in the world this season.

When the positive result of her "A" sample from Indianapolis became known, Jones said she was "shocked" and requested an expedited processing of her "B" sample. That was carried out last week at the UCLA Olympic Analytical Laboratory, and the results were forwarded to her attorneys on Wednesday.

"I am absolutely ecstatic," she said in a statement. "I have always maintained that I have never ever taken performance-enhancing drugs, and I am pleased that a scientific process has now demonstrated that fact."

Another of her attorneys, Los Angeles-based Howard Jacobs, praised the execution of the "scientific part of the testing protocols," but lamented the leak of the result of the "A" sample.

"Marion was wrongfully accused of a doping violation and her reputation was unfairly questioned," Jacobs said. "The 'B' sample did not confirm the 'A' positive result and Marion is now free to compete."

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Jones, 30, won three gold medals and two bronze medals at the 2000 Sydney Olympics. Although she had never tested positive for a banned substance before June, she has long been under investigation by the U.S. Anti-Doping Agency, in no small part because of her associations with athletes who have been suspended for using performance-enhancing drugs.

Her ex-husband, shotputter C.J. Hunter, served a two-year ban for using the banned steroid nandrolone, and her former boyfriend, Tim Montgomery -- the father of her son -- is midway through a two-year doping suspension. In addition, Jones was coached for five years by Trevor Graham, who has been accused by Montgomery and Victor Conte, founder of the Bay Area Laboratory Co-Operative, of dispensing banned drugs.

Nearly a dozen athletes who have worked with Graham have been sanctioned for using performance-enhancing substances, including Athens Olympic sprint champion Justin Gatlin. Organizers of a meet earlier this month in Berlin had shunned Jones and other athletes coached by Graham, eager to avoid the controversy that surrounds him.

Jones' 'B' Sample Comes Back Negative (AP)

By The Associated Press

AP, September 7, 2006

Marion Jones' latest comeback came in a laboratory, where her backup sample turned up clean -- a stunning twist that clears her to compete and could validate a long list of triumphs sullied by years of doping allegations.

The "B" sample taken from one of the world's best-known and most decorated sprinters did not detect the banned endurance enhancer EPO, her attorneys said Wednesday night.

The finding means her initial positive result is thrown out, clearing her of the most recent -- and most damaging -- allegations against Jones and paving the way for her return to the track.

"I am absolutely ecstatic," Jones said in a statement released by her lawyers. "I have always maintained that I have never ever taken performance enhancing drugs, and I am pleased that a scientific process has now demonstrated that fact."

Long a target of governing bodies in track and the Olympic movement, Jones always vehemently denied ever taking performance-enhancing drugs. But she tested positive for EPO on June 23, after winning the 100 meters at U.S. nationals for her first sprint title since 2002.

She withdrew from the 200 meters the next day and was slated to race at a meet in Switzerland in August, but withdrew unexpectedly. Hours later, reports of her positive "A" test for EPO were revealed.

She faced a minimum two-year ban, pending the result of the backup, or `B,' test, conducted at the same UCLA lab using the same sample. Instead, the 30-year-old sprinter is clear to run again.

"I am anxious to get back on the track," Jones said.

The statement, released by attorney Rich Nichols, said Jones was informed of the negative test by the U.S. Anti-Doping Agency. USADA does not comment on active cases and never acknowledged Jones' positive `A' test.

USADA general counsel Travis Tygart did not immediately return messages left late Wednesday by The Associated Press. U.S. Olympic Committee spokesman Darryl Seibel said the federation had no comment.

Questions have long been raised about the reliability of EPO testing, and this negative `B' test will spark further debate.

"I believe there are issues with that test," said Howard Jacobs, another Jones attorney who has defended several athletes on doping charges. "It's a difficult test. From what I saw on the `A' sample, it was questionable as to whether it should've been called a positive. I can't say I was shocked that the `B' came back negative based on what the `A' looked like."

As he has in the doping case involving Tour de France winner Floyd Landis, Jacobs derided the leaking of positive tests. Doping cases aren't supposed to be made public until they are resolved, but most are reported once a positive `A' test is confirmed.

"This is perfect illustration of why this new trend of leaking A-positives is a horrible thing," Jacobs said. "This whole thing should have happened anonymously. Marion should've been able to keep competing and no one should have known about it."

EPO is also known as Erythropoietin, a banned performance-enhancer that can boost endurance.

Jones, who has five world championships to go with her Olympic medals, dominated track and field in the late 1990s. At the Sydney Games, she became the first woman to win five Olympic medals -- taking gold in the 100 meters, 200 meters, 1,600-meter relay and bronze in the long jump and 400-meter relay.

Since then, her reputation has suffered. She is one of several athletes who has testified to the federal grand jury investigating BALCO in 2003. Her ex-husband, C.J. Hunter, and Bay Area Laboratory Co-operative founder Victor Conte have accused her of using banned substances, allegations she has denied.

Her former coach, Trevor Graham, has been linked to several athletes in trouble for doping, including Justin Gatlin, who recently tested positive for testosterone or other steroids and faces a possible eight-year ban. Last December, the father of

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Jones' son, sprinter Tim Montgomery, retired after he was banned for two years for doping violations -- the result of information gathered in the BALCO probe.

Earlier this year, the International Olympic Committee said it would continue to investigate Jones' performance in Sydney to determine whether she was doping then.

Jacobs said the turnaround in Jones' case places a burden on sports federations and those who administer the tests to make sure they're doing a good job and following protocol on releasing results.

"They need to look at their procedures," Jacobs said. "Not USADA so much as the sports federations" who leak the positive tests.

"They always talk about holding athletes to the highest standards," he said. "They need to follow their own rules. This kind of calls them on the carpet."

Jones Is Cleared Of Drug Violation (WP)

By Amy Shipley, Washington Post Staff Writer

The Washington Post, September 7, 2006

Former Olympian's 'B' Sample Is Negative

Marion Jones learned yesterday she will not face anti-doping charges because testing on the second half of her urine sample did not confirm the positive result on the first, according to her attorneys.

Jones had tested positive for the endurance-boosting drug erythropoietin (EPO) at the U.S. track and field championships in June, but the result was not considered an official positive because the testing on the sample had not been completed.

Her attorney, Howard Jacobs, said he received a fax yesterday afternoon from the U.S. Anti-Doping Agency saying Jones's B sample did not confirm the A, indicating there was no case against her.

"I am absolutely ecstatic," Jones, a five-time Olympic medal winner, said in a statement. "I have always maintained that I have never ever taken performance enhancing drugs, and I am pleased that a scientific process has now demonstrated that fact. I am anxious to get back on the track."

Jones's case represents at least the second time a high-profile athlete tested positive for EPO but never faced doping charges. Kenyan distance runner Bernard Lagat produced a positive A sample for EPO at the 2005 world championships in Paris, but his name was cleared when the B did not support the A.

Anti-doping officials do not officially release A sample results because of the possibility the B won't support the A, but Jones's results were leaked. The Chicago Tribune first reported the B sample result on its Web site.

Jones had said she was "shocked" at the positive result on the A sample, but had issued no other public comments until yesterday. Jacobs said he found even the positive test on the A sample suspect, saying it was "right on the threshold" of a positive result based on the old criteria for a positive that were relaxed just over a year ago. Jacobs speculated that the criteria were loosened because testers felt too many athletes were getting away with using EPO.

"There have been a lot of people saying the test has been flawed for a while," Jacobs said. "I've been one of those people."

Testing for EPO requires three full days of lab work and is considered extremely complex and challenging. Last fall, after the EPO positive of triathlete Rutger Beke of Belgium was overturned on appeal, the World Anti-Doping Agency convened a meeting among its laboratory directors to discuss the test, though WADA Chairman Dick Pound insisted at the time the test was sound and reliable.

The EPO test was patented by French scientists and put into use shortly before the 2000 Summer Games in Sydney, and it is supposed to distinguish between naturally produced and artificial EPO. Critics have said that naturally produced EPO or other proteins can sometimes look like artificial EPO, thereby creating false positives. The testing on Jones's initial sample was conducted at the UCLA Analytical Laboratory in Los Angeles under the direction of Don Catlin, one of the most respected scientists in the field.

USADA attorney Travis Tygart did not immediately return a call seeking comment. Catlin also could not be reached.

Jones was having her finest summer in the sport since 2001 when she learned of the positive test on Aug. 18. She pulled out of a scheduled race in Zurich that night and flew home.

She had won the 100 meter title at the U.S. championships in Indianapolis on June 25, the day she produced a sample that came up positive in initial testing. She later won five major international races, finishing second in two others and three times running times under 11 seconds. At the time she left the international circuit last month, she was the second-ranked 100 runner in the world.

This summer's success was considered a major comeback for Jones, who took the 2002 season off to have a baby and then struggled to regain her form as she became entangled in the steroid scandal surrounding the Bay Area Laboratory Co-Operative (Balco) in 2003.

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A disappointing 2004 season ended at the Summer Olympics in Athens, where she finished fifth in the long jump and was involved in a flubbed exchange in the 4x100 relay that cost the U.S. team a medal.

USADA has been investigating Jones for years, but she has stated that she has never used performance-enhancing drugs.

"She never had any explanation for how or why she tested positive in the first place, so this is certainly a great relief to her," Jacobs said. "They've been certainly targeting her for a long time. Whether the fact it was her had anything to do with the fact A [sample] leaked in the first place, I don't know, but it certainly doesn't look good. Somebody needs to look into how this information became public."

Upshaw Is Okay With Steroid Policy (WP)

By Mark Maske, Washington Post Staff Writer

The Washington Post, September 7, 2006

EAST RUTHERFORD, N.J., Sept. 6 -- Gene Upshaw, the executive director of the NFL Players Association, said Wednesday that he sees no immediate need to make significant changes to the sport's steroid-testing program.

"I don't see any reason to change our program at all," Upshaw said. "If you have someone who's cheating, we'll catch him if the science allows it. We test enough. We test for everything we can test for, and we're always adding substances to the banned list when the science allows us to test for them. The only way to improve the drug program is to improve the science of the testing. When that happens, call me."

Upshaw's comments came on the same day that Roger Goodell said during his first news conference as NFL commissioner that he intends to explore possible measures for strengthening the steroid program, perhaps including more frequent testing of players and the addition of substances to the league's list of banned performance-enhancing drugs.

Goodell said he had opened discussions with Upshaw on the subject. But Upshaw, speaking earlier in the day, said he'd been given no indication in his conversations with NFL officials that the league wanted to make any major alterations to the steroid program at this point.

"I've never heard that from them," Upshaw said in a telephone interview.

Goodell, meeting with reporters at Giants Stadium after attending the New York Giants' practice, did not specify what changes to the steroid program he favors, if any. But Goodell, who was elected by the sport's 32 team owners last month to succeed the retiring Paul Tagliabue and took office Friday, said he was talking to Upshaw about a variety of issues related to the program.

"I think he shares my commitment that we're going to do everything possible to have the best possible drug program and to address these issues as quickly as we can using the technology and the science that exists," Goodell said. "Our program right now is an outstanding program. But it can always be improved, and that's how we're going to approach it."

Goodell said he had had one conversation with Upshaw in which the two discussed the frequency of testing and concluded that the number of tests should be increased only if they believed such a step would bolster the effectiveness of the program. Currently, all NFL players are tested for performance-enhancing drugs at least once per year, usually in training camp. Players are subject to random testing during the season and up to six tests each during the offseason. A first positive test results in the offending player being suspended four games without pay. A second positive test brings an eight-game suspension, and a third positive test results in a one-year suspension.

Members of Congress regularly have called the NFL's testing program the best in professional sports but also have said there's room for improvement. Upshaw and Tagliabue usually echoed that theme, acknowledging that the program had one unavoidable loophole because no reliable urine test for human growth hormone exists. Upshaw has said he would not favor blood-testing of players for growth hormone.

Goodell said Wednesday he has no indication that the NFL has an extensive problem with the use of growth hormone among its players but he thinks it's important for the league to be diligent in continuing to support research aimed at developing a reliable urine test for it.

League officials, in a story in Wednesday's editions of the New York Times, said that the league might seek modifications to the program as part of its annual review with the players' union of drug-testing policies. Goodell said Wednesday that changes to the program are made almost annually, and Upshaw said, "We do our annual reviews all the time. This would be no different."

Goodell also said Wednesday that he won't dismiss Bryant Gumbel as an announcer on the league-owned NFL Network. Tagliabue had said that Gumbel's status with the network would be up for discussion after the veteran broadcaster recently made highly critical remarks about the league, the owners and Upshaw during an HBO show. Goodell said he'd met with Gumbel last week to express his concerns but had decided against firing Gumbel.

The NFL Network is carrying regular season games for the first time this season and hired Gumbel as its play-by-play announcer for its eight broadcasts beginning on Thanksgiving.

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"I think we have a very good understanding and respect for one another and what we expect, and he will be a very good announcer for us," Goodell said.

Goodell said one of the issues he's studying in his early days as commissioner is whether the league should take steps to nullify the competitive advantage that some teams get from crowd noise in their home stadiums. He said he likes having loud, enthusiastic crowds at games but wonders whether the offenses of visiting teams should have to suffer when their players can't hear quarterbacks' signals. Goodell said that he and members of the league's competition committee will study possible remedies, including a suggestion to place radio receivers in the helmets of other offensive players so they can hear the quarterback over the crowd noise.

Goodell indicated the league had completed a five-year extension of its collective bargaining agreement with its referees.

Report: NFL Discussing Changing Drug Policy With Player's Union (AP)

AP, September 6, 2006

NEW YORK (AP) - The NFL is talking with its players' union about beefing up its testing program for performance-enhancing drugs with the changes possibly taking effect this season, according to a newspaper report.

The changes could include more testing and increasing the number of banned substances, according to a report on The New York Times' website on Wednesday. "We are in the process of re-evaluation, trying to determine if more is better, if it's the right time to add substances, to add more tests," Harold Henderson, the league's executive vice president for labour relations, told the paper. "It might make sense to do some tweaking."

The NFL does approximately 10,000 tests for performance-enhancing drugs a year and there are about 2,000 players in the league. Players are randomly selected for testing and can be tested during the off-season.

The NFL announced in June that it added amphetamines to the list of banned performance-enhancers starting this season.

Amphetamines were previously listed as a "substance-abuse drug," but are now in the same category as steroids and other enhancers that carry much stronger penalties. This season will serve as a transition year, where a first positive test would bring a warning and put a player into the drug program.

But in 2007, amphetamines will be tested for on a regular basis. A first positive test will result in a four-game suspension, the same penalty now levied for positive steroids tests.

In addition to the amphetamines change, the penalty for a second positive test for performance-enhancing drugs was increased from six to eight games. A third positive test still carries a one-year suspension.

IMMIGRATION:

Border Security On Tap For GOP (WT)

By Charles Hurt

The Washington Times, September 7, 2006

House Republicans will make a final push to get border-security legislation on President Bush's desk before November's elections, senior aides told The Washington Times yesterday.

Top Republicans are planning a series of tough new border-security measures that they hope can get through the Senate, which in the past has opposed border-security legislation unless it has included a guest-worker program and grants citizenship rights to the estimated 12 million to 20 million illegal aliens already here.

Senate Majority Leader Bill Frist, Tennessee Republican, said yesterday it would be "next to impossible" to approve such comprehensive immigration reform, but several key senators said they are willing to consider a border-security-only approach.

"If our only options are a half a loaf or no loaf, then I'd be inclined to take half a loaf," said Sen. John Cornyn, the Texas Republican who for years has been a leading advocate of comprehensive immigration reform that secures the borders.

The renewed House effort comes after a monthlong August recess during which time Republicans held a series of "field hearings" to further explore the problem of illegal immigration.

Republicans now worry that many voters will blame them for not doing more because they control the White House and both chambers of Congress.

"Some of our members need something to hang their hat on," said one senior House Republican aide.

House Republicans say they get little credit for having approved a border-security bill 10 months ago and the Republican Congress as a whole gets little credit for the border-security improvements that have passed both chambers.

The latest bill to fund the Iraq war, for instance, contained $1.9 billion for beefed up border patrol. And by year's end, Congress is expected to have approved another $20 billion.

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The sticking point for border-security legislation has been a handful of Senate Republicans who sided with most Democrats to oppose any immigration bill that doesn't include a guest-worker program and provisions to grant citizenship to the majority of the illegal alien population.

Some, however, are having second thoughts as the November midterm elections near.

"If all we could get through is border security and work-site enforcement, I could support that," Mr. Cornyn said yesterday.

Sen. Sam Brownback of Kansas has been another stalwart Republican opposed to the border-security-only approach. But yesterday, he said he's "not sure" how he would vote on such a bill now.

"I'd like to see us do something. I'd like to see us do something comprehensive," he said. "But I would look at it."

Even Sen. Mel Martinez, the Florida Republican who wrote the compromise bill that ultimately passed the Senate, has softened to the idea.

"It really would depend on what it looked like," he said yesterday.

Such legislation could also pick up a few Democrats. A handful already have expressed public support for a straight border-security bill. And yesterday, Sen. Mark Pryor, the Arkansas Democrat who has supported comprehensive legislation, said yesterday he would consider a border bill.

Mr. Martinez acknowledged that, without a major immigration bill passing both chambers, Republicans have a problem on their hands heading into November.

"It was a serious risk when we left here in July with this cocky attitude that this would be a better political issue for us if we get nothing done on it," he said. "That was a real mistake."

That vulnerability was clear yesterday with Mr. Frist's "next to impossible" statement about comprehensive reform.

Within hours, Sen. Edward M. Kennedy, the Massachusetts Democrat who has been on the forefront of immigration reform, issued a statement.

"How can Republicans say they are for making America safer when they can't even pass a comprehensive immigration-reform bill to protect our borders?"

Rally May Gauge Future Of Immigration Movement (WP)

By Karin Brulliard And Darryl Fears

The Washington Post, September 7, 2006

Immigration activists plan to mass in front of the Capitol today, renewing their appeal for legislative reform as Congress reconvenes after a recess in which many members experienced a backlash against illegal immigration back home.

The turnout at today's rally may provide a barometer of the vitality of the immigrant rights movement, which sent millions to the streets this spring but has generated less public attention in recent months. Local organizers said they expect hundreds of thousands of demonstrators from the East Coast, but protests this week in Phoenix and Chicago drew disappointing crowds.

Organizers said they have little hope that Congress will act on immigration this election year. But, they said, they see the new round of protests -- and voter registration drives that started slowly this summer -- as part of a still-nascent pro-immigration movement.

"It's obviously really important that we get good numbers but also that the message gets across to Congress," said Jaime Contreras, chairman of the National Capital Immigration Coalition, which is organizing the rally. "I have no doubt that this issue is not going to end this year, and it's going to be an ongoing issue."

Immigrant activists are seeking legal status for all illegal immigrants and a halt to increased raids and deportations.

But Republicans, facing mid-term elections, appear more likely to focus on funding enforcement measures -- such as border patrols and fencing -- through routine spending bills they intend to pass this month.

A month of House Republican hearings in August helped entrench conservative opinion against a Senate-passed immigration bill that would couple stringent border security measures with new pathways to legal work and citizenship for undocumented workers. Compromising with the Senate now could risk alienating the Republicans' core voters, who have soured on the party over government spending and other issues.

Immigration "is a very serious issue with the American people, and the American people feel pretty strongly, as House Republicans do, that we ought to be securing our borders and enforcing our laws," said House Majority Leader John A. Boehner (R-Ohio). "When I traveled the entire month of August, I heard it nonstop. They don't want the [Senate] bill. They don't want amnesty for illegal aliens."

Senate Majority Leader Bill Frist (R-Tenn.) conceded yesterday that a deal on immigration before the election is now "next to impossible."

Several towns and states nationwide also moved this year to clamp down on illegal immigrants, which some observers attributed to a backlash inflamed by the spring protests.

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The National Conference of State Legislators counted nearly 550 new pieces of legislation concerning immigrants in state legislatures this year, covering topics such as employment, public benefits, education and law enforcement. Seventy-nine bills have been enacted, mostly after massive pro-immigrant marches in March, April and May. This year's pace of enacted legislation exceeds last year's, the group said.

Twenty panicked immigrant families fled Valley Park, Mo., near St. Louis, in August after the city council approved an ordinance that barred landlords from renting to immigrants under the threat of a fine of $500 per unit, according to the Archdiocese of St. Louis.

Counties in Ohio, Texas and California have authorized sheriff's deputies to turn over illegal immigrants to federal authorities for possible deportation after stopping them for minor traffic violations.

Sheriff's deputies in other counties will receive training from federal immigration authorities on spotting, arresting and deporting illegal immigrants.

"Have the marchers been a spur? Maybe in some places," said Rick Swartz, an immigrant organizer, who founded the National Immigration Forum. "The marchers have given the anti-immigration movement something to complain about, and they are piling on a backlash that began years ago."

Counter-protesters have shown up at other immigrant rallies. Organizers in Phoenix predicted their rally on Monday would attract 10,000 pro-immigrant demonstrators to the state capitol -- about 2,000 showed up.

In Chicago, about 250 marchers trekked west for four days from Chicago to Batavia, Ill., where about 2,000 activists rallied near the district offices of U.S. House Speaker J. Dennis Hastert (R).

Organizers initially predicted a turnout of 1 million, but they now are projecting a crowd similar to the one at a rally on the National Mall on April 10. A police official estimated that the demonstration drew at least 100,000 people; organizers pegged attendance about 500,000.

"Even in the dog days of summer, there has been an incredible amount of energy," said Ali Noorani, executive director of the Massachusetts Immigrant and Refugee Advocacy Coalition, which is bringing about 10 busloads of demonstrators.

About 200 buses -- half from Eastern states outside the Washington region -- are scheduled to stream into the District for the 4 p.m. rally. Local organizers have contracted fewer buses than for previous protests and have encouraged local demonstrators to take public transportation.

Ricardo Juarez, coordinator of the immigrant advocacy group Mexicans Without Borders, said he feared that many immigrants who skipped work for the spring rallies might be hesitant to leave their jobs early now, when signs do not point to action in Congress.

"There was more energy, more interest," earlier this year, Juarez said.

Area organizers said they are pinning some hope for new energy on non-Latinos, whom they worked harder to attract, both to broaden the base of the movement and to make the efforts more palatable to opponents whose criticism has centered on Hispanics who have sneaked across the border.

Organizers printed fliers in Arabic, Swahili, Korean, Amharic, French and Chinese, among other languages. African and Asian community organizations publicized the demonstration in news conferences with local ethnic media.

In each, they emphasized that the effect of immigration reform would stretch beyond Latinos, by potentially cracking down on the 200,000 estimated illegal Korean immigrants, for example, or by influencing the backlog for relatives' immigration applications.

"If we leave this alone and let the Latino community take the lead on this alone . . . they have a limited power and political power," said Chung Pak, chairman of the League of Korean Americans of Maryland. "Other affected communities must help form a coalition to make sure that whatever comes out would not be detrimental."

On Border, A Daily Game Of Cat And Mouse (USAT)

By William M. Welch

USA Today, September 7, 2006

Agents spend their days and nights chasing illegal immigrants — only to have most released and caught again days later

TECATE, Calif. — In the soft light of dawn, Nick Coates crouches behind dry scrub at the mouth of Canyon 56 and waits.

Four figures make their way toward him in a line down a steep foot trail surrounded by bush. Coates springs from his hiding spot and, without touching his holstered gun, pushes the four men face down in the dirt.

Turning them over, Coates exclaims, “You again!”

So goes another day at the office for the U.S. Border Patrol, or La Migra to those who try to cross the rugged peaks here from the border with Mexico just beyond.

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As the nation debates what to do about tens of thousands of people who cross into the USA illegally every year, it is here along the dusty border that one sees the enormous difficulty of cutting off the flow.

Despite night-vision cameras, helicopters and seismic-motion detectors, the success of border-enforcement policies in the Southwest often come down to whether an agent can run faster than whomever he is chasing.

On this night, the agents managed to outfox rather than outrun the men.

In serviceable Spanish, Coates asks the men for immigration papers. Each shakes his head no.

“This guy here,” he says, “I've caught three times in the last week and a half.”

The last time was three days ago, at the same desolate spot.

Roughly 10,000 agents working in shifts are charged with watching the 1,951-mile border with Mexico, from the beach west of Tijuana through Arizona and Texas to the Gulf of Mexico. Assisting them are 6,000 members of the National Guard ordered to the border by President Bush.

This year, the Border Patrol has caught more than 900,000 people trying to cross. How many people are not caught is anybody's guess, the Border Patrol says.

This 21-mile section of the U.S.-Mexican border along state Highway 94 is one of the busiest sections of border in California. The rugged section stretching to San Diego was once the site of the biggest flow of illegal immigrants in the nation, with more than half a million illegal immigrants apprehended annually in the mid-1990s.

A decade-long enforcement crackdown, called Operation Gatekeeper, has focused equipment and agents here. As of Aug. 24, the Border Patrol had apprehended 129,655 illegal migrants entering in the San Diego sector in fiscal 2006. That's down significantly from the 1990s but up 16% over the same period in the previous year.

The Guard's presence appears to have had an effect. Apprehensions of illegal immigrants have dropped where the Guard's presence is heaviest, along the western Arizona border, according to Border Patrol Chief David Aguilar.

But the stepped-up enforcement appears to have rerouted traffic rather than slow it down.

Big numbers of illegal immigrants shifted to the east and are crossing the border near Tucson, says Todd Fraser, spokesman for the Border Patrol in Washington. Arrests also have increased recently in other parts of the border region in New Mexico and California, Aguilar says.

“The Border Patrol doesn't think there's going to be a point in time when we ever get to 100%, where we just seal off the border. We're not kidding anybody,” Fraser says. “But we want to make it a high probability that we're going to detect the intrusion and apprehend” illegal migrants.

On this night in Tecate, about a dozen agents are on patrol; a few others run the checkpoint and station.

For Coates, a supervisory agent, and Carlos Perez, an agent working with him, the workday begins shortly before midnight.

Coates has been at it for eight years. The 34-year-old former Army airborne infantryman relies on his conditioning and stamina to do the job. He sets out in the dark on hikes across intimidating terrain that can last hours — perhaps his entire shift.

As is typical, most of those caught tonight are from the interior of Mexico. They are assisted by a foot guide, or “coyote,” who normally lives just across the border in or near the teeming city of Tijuana.

Those captured are taken to a Border Patrol regional headquarters at a checkpoint along Highway 94 outside Jamul, Calif., a tiny town in eastern San Diego County. They are held in a glass-walled cell, questioned and usually returned to Mexico within hours.

A bus bearing the Department of Homeland Security emblem waits to transport the night's tally home.

“They know we're going to take 'em to the station, give them some juice and crackers and send them back home — so they can do it again tomorrow,” Coates says.

The U.S. policy of “catch and release” appears practical given that trying to jail all comers for illegally entering the country would require the building of a lot of prisons.

But what of those who are found to have committed violent crimes?

The agents wonder aloud about the wisdom of returning felons to Mexico, knowing that they will likely try again to enter the USA and perhaps succeed.

Agent T.M. Farmer, processing one man for deportation, says “the ones with the long criminal records” are who he hates to see released. He worries about confronting a violent criminal in the dark who is intent on getting past him.

Coates says: “There are hard-core felons, gang members. You have to be really, really careful.”

Twenty-five Border Patrol agents have died in the line of duty since 1992, and 93 since government agents began patrolling the border. Sixteen have been killed in the 66-mile-long San Diego sector, which includes this stretch of border.

The decision to return or prosecute illegal immigrants caught at the border rests with the U.S. attorney's office in San Diego.

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Deborah Hartman, spokeswoman for U.S. Attorney Carol Lam, said in an e-mail response to questions that her office does not publicly discuss its guidelines on prosecution decisions.

"We prosecute thousands of immigration cases each year," she says. "Our highest priority is prosecuting those who are a danger to others, either because they are risking peoples' lives or because they are coming to this country to commit crimes. So obviously someone's criminal history is an important factor, but it is not the only factor."

Before anyone can be prosecuted or deported, they have to be caught. Technology has helped, but stemming the tide still relies mostly on cunning, running and courage.

High in the mountain peaks and along well-worn trails, seismic and other sensors alert agents when someone is walking by. The agents are so tuned to the nuances of the seismic signals that they can distinguish between human and animal foot traffic.

Large, infrared scopes fixed on the beds of pickups are used to scan the landscape. The night-vision scopes show surprising clarity on a screen in the truck cab. Scope operators who spot people radio agents who scout the terrain in vehicles or on foot.

The group captured at dawn had tripped the sensors. Perez surmised the canyon they would take and headed that way. Coates caught a glimpse of the group against a canyon wall. Then they lay in wait for the Mexicans to run into them.

The four men captured were in addition to eight caught about 1 a.m. by Coates and other agents. The men were caught crossing ranches in groups of three and five. Both groups tried to hide in the grass and gave up with no struggle.

Most of the men had light backpacks with water, some food and clothes. One fresh-faced young man carried books.

By the time the agents' shift ends, 40 border crossers have been caught.

"It's just one of those days where you can throw a stick and hit a group," Coates says.

But many have gotten in.

Perez and Coates go after a group that eludes the first line of sensors and agents.

They ride a Jeep along dirt trails until they can go no further, then hike up barely discernible trails to head them off at a pass. They find fresh footprints but no people. From the distant north comes the sound of barking dogs.

Well past dawn, the radio crackles. Sensors suggest it's a big one, maybe 15 people. Coates and agent Jose Hernandez hike uphill in pursuit. The sun is out and growing hot. The terrain turns steep.

The agents call for a helicopter. It swoops in close to the mountainside. After an hour of climbing, the agents conclude this group, too, has eluded them.

Tracks suggest the crossers split up and made their way down two nearby washes, through some culverts under the highway and toward the USA.

Coates and others have worked well past the end of their shifts. Tired and dirty, Coates is asked about the debate in Washington over how to enforce the border.

"Whatever they do," he says, "I still have to go chase aliens."

TAX:

Goodbye, Taxachusetts (WSJ)

The Wall Street Journal, September 7, 2006

You'll never guess the hottest issue in this fall's Democratic primary for governor of Massachusetts: income tax cuts. Two of the three Democratic candidates in this bluest of blue states have endorsed cutting the state flat-rate income tax to 5%. One of them, Democratic Attorney General Tom Reilly, insists the tax cut would mean "real money in people's pockets," and he pledges to be a "strong, unwavering voice to stand up and hold the line on taxes."

The leading Republican candidate heading into the September 19 primary, Lieutenant Governor Kerry Healey, agrees. The lone dissenter is former Clinton Administration U.S. Attorney Deval Patrick, who sounds like his former Washington colleagues in claiming "we can't afford it." Voters disagree. An August 27 Boston Globe poll found that 57% of Democratic primary voters support the tax relief plan. This is the same electorate that has given the nation Ted Kennedy, Michael Dukakis and John Kerry.

Perhaps liberal Northeasterners aren't as fond of high taxes as their political leaders assert. Earlier this year, the heavily Democratic legislature in Rhode Island slid down the Laffer Curve by chopping its top income tax rate nearly in half as part of a plan to lure departed jobs and workers back to the state. Meanwhile, a property tax revolt is brewing in New Jersey.

Despite the disparaging legend of "Taxachusetts" going back to the Dukakis era, Bay State voters have often shown they like taxes about as much as they do the New York Yankees. Though Democrats outnumber Republicans five to one in the state, the last four governors have been fiscally conservative and tax-cutting Republicans. In 2000, despite heavy opposition from the

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Boston media and lobbyists, 59% of Massachusetts voters approved a ballot initiative to cut the income tax rate to 5%, from 5.85%.

This year's tax fight has erupted because the oligarchs in the legislature have ignored the will of the electorate by freezing the rate at 5.3%. Their excuse was that this was required in 2002 to make up for falling tax revenue and would only be "temporary." But tax receipts have climbed again since 2003 -- to $18.4 billion from $14 billion, a 31% cash windfall.

The pro-tax coalition has also found an unlikely ally in the state Chamber of Commerce and other business groups, which insist the government has unmet spending needs. "The big businesses lobby against tax cuts here," says David Tuerck, director of the Beacon Hill Institute, a local think-tank. "They much prefer to spend the money on corporate welfare projects." The Institute's new study estimates the tax cut would create 8,000 new jobs and raise incomes by more than $450 million over the next four years.

Current Governor Mitt Romney says the state's $1 billion revenue surplus more than justifies the tax cut. "We'll either spend that money or give it back to the citizens," he says. "Those are our options." It says something about the public mood that, even in the cradle of modern liberalism, voters don't seem to trust politicians to spend the dollars wisely and want more of their money back.

CONGRESS-ADMINISTRATION:

Stevens Lifts Hold (HILL)

By Elana Schor

The Hill, September 7, 2006

Senate Commerce Committee Chairman Ted Stevens (R-Alaska) has lifted his hold on a government-transparency bill days after an online grassroots campaign revealed him as the senator raising questions, one of the bill's chief sponsors said yesterday.

John Hart, spokesman for Sen. Tom Coburn (R-Okla.), said Stevens' office had informed Coburn that the hold was no more. Coburn and Sen. Barack Obama (D-Ill.) are the chief sponsors of the measure, which would set up a free and public online database of all contracts and grants given out by the government.

Stevens, through a spokesman, said the hold was never anonymous and it was lifted "now that [Coburn] has ceased blocking several Commerce Committee with his secret holds."

Congress Eyes 'Pork-barrel' Reforms (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, September 7, 2006

WASHINGTON

Facing unprecedented public scrutiny and an election this fall, Congress is under the gun to tighten the rules on the time-honored lawmaker practice of slipping pet projects into legislation - and it has about 30 days left to get the job done.

Both House and Senate leaders pledge to change the rules on lawmakers' earmarks this month, before Congress breaks for the midterm election. But this week, sticking points emerged, complicating their pledge to push the changes through.

In the House, leaders Wednesday postponed a vote on rule changes, as they grapple with how to extend reforms to all bills, not just spending bills.

In the Senate, new obstacles are surfacing to a bill that would create an easily searchable - and public - database of all government contracts, grants, and earmarks.

If passed, information now requiring months of research and Freedom of Information Act requests could be acquired with the click of a mouse.

Together, the reforms would mark a sea change in the way Congress does business, especially in the Senate, where project add-ons are seldom challenged before a vote - and where a senator's "secret hold" on a bill is enough to derail it quietly.

And that's the rub. When an anonymous senator last month slapped a secret hold on a popular bipartisan bill to publish earmarks, contracts, and grants, public-interest groups mobilized to "out" the source, who turned out to be Sen. Ted Stevens (R) of Alaska. Sen. Robert Byrd (D) of West Virginia confirms he also once put a hold on the bill, but withdrew it.

All clear? Not quite. Early this week, at least two other secret holds surfaced on the bill. Groups rallying in Washington on Wednesday called on Senate majority leader Bill Frist to sweep aside the holds - a senatorial courtesy, not a rule - and move the bill to the floor.

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"The time for secret holds and keeping taxpayers in the dark is long over. We appreciate Senator Frist committing to bring this bill to the Senate floor for the up-or-down vote it deserves, and we hope he will announce a specific date for the vote as soon as possible," said Tim Phillips, president of Americans for Prosperity, which supports earmark reform.

But advocates say there is still enough time and public momentum to move reforms that will make a difference through Congress this session.

"I don't think senators realized that people cared so much about transparency and responsiveness," says Zephyr Teachout, national director of the Sunlight Foundation, a broad-based coalition of groups that mobilized bloggers to identify the source of secret holds.

Public support for change should be credited to former Rep. Randy "Duke" Cunningham (R) of California, whose vast defense earmark-for-bribe scam - some earning his co-conspirators profit margins in excess of 800 percent - stunned many colleagues and sent him to prison. It also raised the profile on the hidden process of securing funds for member projects and mobilized public-interest groups and bloggers to shine a bright light both on earmarking and moves to reform the process.

Even if negotiations fail to produce comprehensive lobby reform, House and Senate leaders say they will change the rules of both bodies to require disclosure of all member projects and their sponsors.

"One way or another, we will address this issue," said House majority leader John Boehner, as Congress resumed work Tuesday. "It's important to use taxpayers' resources wisely - and important [that] we move forward on reform."

Groups supporting earmark reform cross the political spectrum, from Democrat Howard Dean and those who helped build his Web-based 2004 presidential run to the American Conservative Union and the Eagle Forum.

"There's a lot written on the fact that nothing can get done in the last month before a midterm [election]. But there are issues where people on the far left and far right and the middle agree, and this is one of those issues. And that gives me hope," says Ed Frank, a spokesman for Americans for Prosperity, which is sponsoring a nationwide tour to end earmarks.

In addition, sponsors of the Legislative Transparency and Accountability Act say public pressure is on their side to expose secret holds and move the bill to the floor.

"This now has a very good chance of passing," says John Hart, a spokesman for sponsoring Sen. Tom Coburn (R) of Oklahoma. Other lead sponsors include Sens. John McCain (R) of Arizona, Barack Obama (D) of Illinois, and Thomas Carper (D) of Delaware.

At the same time, independent groups are moving ahead with plans to make more information about earmarks available to the public. Last month, the Sunlight Foundation - along with Citizens against Government Waste, the Club for Growth, the Heritage Foundation, Human Events Online, the National Taxpayers Union, the blog Porkbusters.com, and others - launched an interactive database of more than 1,800 earmarks in the House version of the fiscal year 2007 spending bill for the Departments of Labor, Health and Human Services, and Education. OMB Watch, another public-interest group, is in the process of putting information on federal grants and contracts online in a searchable form.

Despite continued efforts by a few senators to bury the bill, reforms say they have a big asset: public pressure.

"There are flashpoints in terms of public consciousness and earmarks are one of them," says Paul Keil, a reporter for TPMmuckraker.com, which helped identify secret holds on the Senate bill. "Duke Cunningham had a lot to do with it, as did the 'Bridge to Nowhere,' " an earmark sponsored by Senator Stevens.

Lame-Duck Showdown? (RC)

By Emily Pierce

Roll Call, September 7, 2006

Despite the possibility that a Democratic takeover of one or both chambers in November could throw a monkey wrench into a lame-duck appropriations process, Congressional Republicans say they have no plans to accelerate the passage of the non-security-related spending bills before they leave for the campaign trail.

“There’s a reality, and that reality is 19 days,” said Senate Appropriations Committee member Larry Craig (R-Idaho) of the schedule GOP leaders have set to complete spending bills on the Defense and Homeland Security appropriations and an array of other national security measures. Republicans plan to take up nine other spending measures either individually or as an omnibus following the Nov. 7 elections, calculating that vulnerable Members need at least a month to campaign at home.

Craig and other appropriators acknowledged a concern in the GOP ranks that a Democratic takeover, even of just one chamber, could spell the demise of Republican-written spending bills if Democrats decide that pushing the bills into the 110th Congress would allow them to renegotiate the measures with revised priorities.

“We’re very worried,” said Sen. Pete Domenici (R-N.M.), who chairs the Senate Appropriations subcommittee on energy and water.

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Domenici said he was “pushing hard” to complete more bills this month, but he complained GOP leaders were “not going to do anything with any of” the non-security-related bills with the elections looming.

However, Craig said GOP leaders were banking that allowing vulnerable Members to go home to campaign in early October, instead of staying in session to finish appropriations, would help ensure that “we keep our majority.”

“There are still enough policy issues that both sides want made that some of [the bills] wouldn’t move anyway” in a lame-duck session, Craig reasoned. Either way, he said, “there’s going to be some selectivity on what gets done.”

Responding to the possibility that spending bills could be held up even further, Jenny Manley, spokeswoman for Senate Appropriations Chairman Thad Cochran (R-Miss.), said, “Both parties must remain committed to the best interests of the American taxpayer by expeditiously considering each of these bills.”

Meanwhile, Office of Management and Budget Director Rob Portman downplayed the possibility of both the idea that Democrats would seek to rewrite any spending bills and the potential for any actual Democratic takeover.

“In the case of some bills they may not want to wait” until the new year, Portman said. He noted, “But I think we’ll probably hold the House and the Senate so we won’t have to deal with that issue.”

Still, Portman acknowledged that the administration only expects to receive the Defense and Homeland Security spending bills before Congress leaves to campaign for the elections — making the remaining measures’ fate uncertain.

Democratic aides said it was too early to speculate what they might do if the elections give them control of either chamber.

“I don’t think it’s even been discussed,” said Tom Gavin, spokesman for Senate Appropriations ranking member Robert Byrd (D-W.Va.). Gavin said Byrd’s preference was to pass all 11 bills before the beginning of fiscal 2007 on Oct. 1 and criticized Senate Republican leaders for what he said was “putting them off and putting them off because of political reasons.”

Still, other aides held out the possibility that Democrats could decide to seek to use any momentum from the elections to put their stamp on a few spending bills. However, one House Democratic aide cautioned that if only the House changes hands, House Democrats would have to rely on their Senate counterparts to block measures from becoming law.

“It’s harder for us to stop anything,” the aide said of House rules that restrict the minority from preventing the passage of legislation.

“It would definitely have to be a strategy to get Senate Democrats to stop” the bills from moving forward during the lame duck, the aide added.

A Published Dress Code Is Dressed Down In Furor (WP)

By Elizabeth Williamson

The Washington Post, September 7, 2006

For the U.S. Office of Special Counsel -- charged with protecting federal workers and whistle-blowers from illegal treatment -- it seemed an effort to protect its own employees from crimes of fashion.

Last month, the agency devoted part of its employee newsletter to "Business Casual" do's and don'ts. Tight pants, short skirts and long fingernails are out; khaki trousers -- for everyone! -- are in. Any among the 100-plus staff of lawyers and investigators who have spent their careers blind to the sartorial signals of official Washington were told: "You are not trying to stand out for the cutting edge look, but for your good judgment."

Next came two pages of tips for achieving the good-judgment, non-cutting-edge look.

Men: Avoid sneakers for receptions, leave earrings at home and strap on a "conservative watch."

Women: Wear the conservative watch, plus tailored pants, tailored shirts, tailored sweaters, and "a tailored purse . . . that hangs on your shoulder is often advantageous as it frees your hands for greetings (hand shakes) or holding a beverage." For those who cannot master this, "leaving your purse locked in the trunk is preferable." Also "make certain you can walk comfortably in your shoes."

But what some employees found ironic, coming from an agency whose job includes fighting workplace sex discrimination, was the advice that women avoid tight pants and, "before choosing a skirt to wear, sit down in it facing a mirror."

"You couldn't help but laugh when you saw it. But then people took it more seriously and became offended and insulted," said an office investigator who spoke on the condition of anonymity for fear of reprisal. "This came through our boss. How is that going to make us feel?"

Office spokesman Loren Smith said his boss, Special Counsel Scott J. Bloch, had "skimmed" the newsletter and "was under the impression it was for a discussion of what the guidelines might be."

Bloch, a Kansas lawyer who was deputy director and counsel at the Justice Department's Task Force for Faith-based and Community Initiatives, was appointed by President Bush to be Special Counsel.

The clothing flap is the silliest in a string of controversies beginning with the start of Bloch's five-year term, in January 2004. Early on, he was accused of failing to enforce a long-standing policy against bias in the federal workplace based on sexual

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orientation. Since then, Bloch has also been accused of retaliating against employees who disagreed with his policies, and of tossing out legitimate complaints and whistle-blower cases to claim progress in reducing the office backlog. The Office of Personnel Management inspector general is investigating the allegations.

Bloch has denied the accusations, saying that, under his leadership, the agency has grown more efficient and receptive to whistle-blowers and employees alleging unfair treatment.

Smith said the newsletter tips do not replace the office dress code: basically, suits, pants or skirts that "communicate professionalism." He said the official code, and last month's advice, for that matter, came after Bloch objected to employee interpretations of business casual, which Smith said included "jeans with holes, flip flops and the like."

Could all this ado about clothing hint at a new concern for federal personnel packaging?

The Office of Special Counsel advice comes on the heels of a July Treasury Department newsletter that attempted to inspire staffers toward more daring, edgy new looks.

Women, the July 21 issue of Treasury Notes advised, should take "your every day suit, find a fabulous and outlandish oxford, and pair it with glamorous sunglasses and colorful bag and shoes to match." Men were encouraged to "indulge in the beauty and love of a suit, by buying yourself a custom-made suit. . . . Outfit it with quality oxfords and eye-catching cuff links."

Last week, Debra Katz, an attorney representing a group of employees in an unrelated case against Bloch, wrote to the co-chairmen of the Congressional Caucus for Women's Issues, Reps. Ginny Brown-Waite (R-Fla.) and Hilda L. Solis (D-Calif.), asking that the caucus direct Bloch to "rescind the highly sexist and patronizing advice he provided to OSC's female workforce."

Katz believes that the dress code violates Title VII of the 1964 Civil Rights Act, which, she said in the letter, "holds employers legally accountable for permitting rigid gender-based stereotypes to operate to the detriment of their female employees."

Then, there is the insult to their common sense. "These people work at 17th and M," she said. "It's not like they haven't seen business attire."

Smith said the office understands that Title VII allows employer dress-code distinctions based on sex.

After The Washington Post contacted his office about the dress-code flap this week, Bloch issued a memo to "Everybody": "I would like to clear up some apparent confusion regarding OSC's dress policy. Attached is my 2004 policy directive, which remains in effect today."

Bloch went on to explain that -- oops -- the business casual advice was copied (without attribution) from student Web sites at the University of Missouri and Virginia Tech.

The plagiarized dress code "was placed in the newsletter by employees," Bloch emphasized. "I understood it was offered as food for thought from the business and professional world, and not as anything required."

It was a note that would have made the true writers of the newsletter dress code proud. When caught (figuratively) with one's khakis down, the code advises: Make "a quick, pleasant apology, then make a good impression with your interpersonal skills."

Senators Ask For $6 Billion In Farm Aid (AP)

By Mary Clare Jalonick

AP, September 7, 2006

WASHINGTON -- Farm-state senators are increasing their request for drought relief dollars by half, saying the nation's farmers now need an estimated $6 billion or more in assistance.

Democrats and Republicans in the Senate have been pushing a package that included $4 billion to help farmers and ranchers weather a devastating drought that has set records in many parts of the country. One version of that package stalled earlier this year as House Republicans and the White House said it was too expensive and would unfairly distribute the money.

Since then, says Democratic Sen. Kent Conrad of North Dakota, conditions have worsened. Along with Republican Sen. Norm Coleman of Minnesota and 10 other senators, Conrad introduced a bill Wednesday asking for additional help. The bill is expected to exceed $6 billion and covers losses from both 2005 and 2006.

Conrad said the senators will try to attach the package to one of a few bills before the November election, when voters in hard-hit states may have drought on their minds. But he acknowledged that will be difficult with few legislative days left before Congress adjourns.

A separate disaster package worth $4 billion is pending as part of an agriculture spending bill. But members of Republican leadership have not targeted that bill as a priority before the election.

White House spokesman Alex Conant said Wednesday that the administration still opposes the congressional disaster funding. Last week, Agriculture Secretary Mike Johanns promised to provide $79 million in relief funds, including $50 million for livestock producers, and accelerate $700 million in planned payments to cotton, grain sorghum and peanut farmers.

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Farm-state members have said that's not enough.

"That's just shifting deck chairs on the Titanic," Conrad said.

Johanns has said he wants to wait for the harvest of this year's crops before deciding whether to give out more money.

Sen. Tim Johnson, D-S.D., one of the bill's co-sponsors, said the bill needs President Bush's approval to succeed.

"There are huge swatches of our state that could face depopulation because of a drought that is one of the worst since the Dust Bowl," he said.

The bill also provides money for flooding and other weather-related agricultural disasters. It would provide $300 million in grants for small businesses that have been directly affected by weather, and Conrad said it would also give assistance to farmers affected by Tropical Storm Ernesto, which caused flooding in North Carolina, Virginia and Maryland.

"When a community or an industry is impacted by a natural disaster such as a hurricane or tornado, we extend a helping hand," said Sen. Max Baucus, D-Mont., another co-sponsor. "Agriculture should be not be different."

Disapproval Of Bush Nears European Levels (FT)

By Daniel Dombey And Hugh Williamson

Financial Times, September 7, 2006

Public opinion in Europe and the US is converging against President George W. Bush, according to a new transatlantic survey released on Wednesday.

While 77 per cent of EU citizens disapprove of Mr Bush's handling of international affairs, the figure in the US is now 58 per cent, according to the annual Transatlantic Trends poll of 13,000 people in 12 European nations and the US.

This is the first time in the five-year history of the poll that more Americans disapprove than approve of Mr Bush's international stance. During that time, European disapproval of the US has risen by more than 20 percentage points, while the proportion of Europeans who favour US leadership of world affairs has fallen from 64 to 37 per cent.

"Every single US official says the transatlantic relationship has improved, but Europeans have made their mind up on Bush," said Ron Asmus, of the German Marshall Fund, which carried out the survey together with the Compagnia di San Paolo, an Italian non-profit organisation. "But Americans and Europeans do not have a fundamental difference on threats and there you have a basis for co-operation."

However, the poll did reveal a widening gap with Turkey, where support for joining the European Union has fallen from 73 per cent in 2004 to 54 per cent this year. In that time, positive feelings towards the EU among Turks have fallen from 52 to 45 per cent, while their positive feelings towards Iran have risen from 34 to 43 per cent. The poll, which included responses from nine EU countries and from Turkey, Romania and Bulgaria, said that 94 per cent of Americans and 87 per cent of Europeans believed that a nuclear-armed Iran would be an important threat.

It adds that 37 per cent of respondents in EU countries and Romania and Bulgaria and 45 per cent of Americans believe that military action should be used to prevent Tehran from acquiring nuclear weapons if all other options fail. Only 10 per cent of Turkish respondents support such a course of action, while 56 per cent said they would accept a nuclear-armed Iran.

Barclays Again Chosen To Manage Main TSP Index Funds (WP)

By Stephen Barr

The Washington Post, September 7, 2006

Barclays Global Investors, one of the world's largest money managers, has been selected for the fifth time to manage the four primary stock and bond index funds at the Thrift Savings Plan, the 401(k)-type program for more than 3.6 million government employees and retirees, officials announced yesterday.

The San Francisco company, owned by the British banking giant Barclays PLC, has held the contract for the TSP index funds since Congress opened up the first fund for federal employee retirement savings in 1988. The new contract is for three years and can be extended for up to five years.

The bidding process to manage a majority of the TSP's $186 billion in assets has been underway for six months. The Federal Retirement Thrift Investment Board, which oversees the TSP, requested contract proposals for each of the four funds, hoping to encourage competition by allowing firms to bid for the right to manage one, some or all of the funds.

In a statement, Gary A. Amelio , the board's executive director, said he was "most impressed and gratified by the strong competition for this business by many very qualified vendors."

Kathy Taylor , managing director at BGI, said: "It was a very competitive and rigorous bidding process. We're privileged to be the manager selected and to be given the opportunity to continue our successful relationship with the TSP."

TSP spokesman Tom Trabucco , citing competitive considerations related to the contract award, said the board would not disclose how many firms submitted bids.

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Trabucco said no estimate of the value of the contract to Barclays had been calculated. Barclays will collect fees based on the amount of assets under management and will share in income from securities lending related to the TSP, he said.

Participants in the TSP pay for the cost of the program's administration and operations, including the expense of hiring Barclays as a manager. The fees charged to participants are among the lowest, if not the lowest, in the mutual fund industry, according to TSP officials.

Last year, participants were charged 50 cents per $1,000 invested in TSP stock funds and 40 cents per $1,000 invested in the TSP bond fund.

Barclays will manage the common-stock index investment fund, the small-capitalization-stock index investment fund, the international stock index investment fund and the fixed-income index investment fund at the TSP.

The remaining TSP investment options are overseen by the board's staff. A government securities fund is jointly managed with the Treasury Department, and five life-cycle funds are administered by the retirement board.

TSP officials, at the urging of members of Congress, are looking at whether to expand the investment choices offered to civil service, postal and military personnel. The TSP has hired Ennis Knupp & Associates, an investment consulting firm, to study whether real estate investment trusts, Treasury inflation-protected securities, emerging market equities, commodities and other investment possibilities should be offered to government employees.

Several House members have called for adding a REIT fund to the TSP, and officials hope that the Ennis Knupp study can be completed by the end of October. The last comprehensive TSP review led to the addition of the small-cap and international funds in 2001.

The thrift board also announced that Watson Wyatt Worldwide, a consulting and compensation firm, will assist the TSP in conducting a survey of plan members. The survey will collect data on the attitudes and concerns of TSP participants.

Watson Wyatt will be paid up to $215,124 for its services under a procurement arranged by the Government Printing Office, the TSP said.NARFE Convention

About 2,000 delegates, members and guests will attend the 29th biennial convention of the National Active and Retired Federal Employees Association in Albuquerque that begins Sunday, the group announced.

Speakers include Linda M. Springer , director of OPM; Dale Goff , president of the National Association of Postmasters; Charles W. Mapa , president of the National League of Postmasters; and Harry Johns , president of the Alzheimer's Association.

The NARFE will elect a new president at the five-day convention. Dan C. Galvan of Temple, Tex., is the only announced candidate for the office. The current president, Charles L. Fallis of Salem, Va., cannot seek re-election under the group's term-limit rules.

Inside Politics (WT)

By Greg Pierce

The Washington Times, September 7, 2006

Conspiracy theory

Retired Air Force officer Bob Bowman won Tuesday's Democratic primary to challenge Rep. Dave Weldon, Florida Republican. Mr. Bowman got 55 percent of the Democratic vote to 45 percent for John M. Kennedy in Florida's 15th District.

Mr. Bowman, a Vietnam veteran, unsuccessfully sought the Reform Party nomination for president in 2000. "Among his more controversial positions," the Stuart (Fla.) News reports, "is that some members of the U.S. government may have had some complicity in the Sept. 11, 2001, terrorist attacks and he wants another investigation into that incident."

After learning of Mr. Bowman's primary victory, blogger Rusty Shackleford (http://mypetjawa.mu.nu) posted video of Mr. Bowman speaking at a June "9/11 Truth" symposium.

"The official story ... of 9/11 is a bunch of hogwash -- it's impossible," Mr. Bowman told the symposium. Referring to a "cover-up" of the facts about the 2001 attacks, Mr. Bowman said that "high levels of our government don't want us to know what happened and who was responsible."

Who was responsible? "I think the case is pretty clear that it's highly placed individuals in the administration, with all roads passing through [Vice President] Dick Cheney," Mr. Bowman told the gathering in Los Angeles, suggesting that the Bush administration was guilty of "high treason and conspiracy to commit murder."

One Leak And A Flood Of Silliness (WP)

By David S. Broder

The Washington Post, September 7, 2006

Conspiracy theories flourish in politics, and most of them have no more basis than spring training hopes for the Chicago Cubs.

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Whenever things turn dicey for Republicans, they complain about the "liberal media" sabotaging them. And when Democrats get in a jam, they take up Hillary Clinton's warnings about a "vast right-wing conspiracy."

For much of the past five years, dark suspicions have been voiced about the Bush White House undermining its critics, and Karl Rove has been fingered as the chief culprit in this supposed plot to suppress the opposition.

Now at least one count in that indictment has been substantially weakened -- the charge that Rove masterminded a conspiracy to discredit Iraq intelligence critic Joseph Wilson by "outing" his CIA-operative wife, Valerie Plame.

I have written almost nothing about the Wilson-Plame case, because it seemed overblown to me from the start. Wilson's claim in a New York Times op-ed about his memo on the supposed Iraqi purchase of uranium yellowcake from Niger; the Robert D. Novak column naming Plame as the person who had recommended Wilson to check up on the reported sale; the call for a special prosecutor and the lengthy interrogation that led to the jailing of Judith Miller of the New York Times and the deposition of several other reporters; and, finally, the indictment of Lewis "Scooter" Libby, Vice President Cheney's chief of staff -- all of this struck me as being a tempest in a teapot.

No one behaved well in the whole mess -- not Wilson, not Libby, not special prosecutor Patrick Fitzgerald and not the reporters involved.

The only time I commented on the case was to caution reporters who offered bold First Amendment defenses for keeping their sources' names secret that they had better examine the motivations of the people leaking the information to be sure they deserve protection.

But caution has been notably lacking in some of the press treatment of this subject -- especially when it comes to Karl Rove. And it behooves us in the media to examine that behavior, not just sweep it under the rug.

Sidney Blumenthal, a former aide to President Bill Clinton and now a columnist for several publications, has just published a book titled, "How Bush Rules: Chronicles of a Radical Regime." It is a collection of his columns for Salon, including one originally published on July 14, 2005, titled "Rove's War."

It was occasioned by the disclosure of a memo from Time magazine's Matt Cooper, saying that Rove had confirmed to him the identity of Valerie Plame. To Blumenthal, that was proof that this "was political payback against Wilson by a White House that wanted to shift the public focus from the Iraq War to Wilson's motives."

Then Blumenthal went off on a rant: "While the White House stonewalls, Rove has license to run his own damage control operation. His surrogates argue that if Rove did anything, it wasn't a crime. . . . Rove is fighting his war as though it will be settled in a court of Washington pundits. Brandishing his formidable political weapons, he seeks to demonstrate his prowess once again. His corps of agents raises a din in which their voices drown out individual dissidents. His frantic massing of forces dominates the capital by winning the communications battle. Indeed, Rove may succeed momentarily in quelling the storm. But the stillness may be illusory. Before the prosecutor, Rove's arsenal is useless."

In fact, the prosecutor concluded that there was no crime; hence, no indictment. And we now know that the original "leak," in casual conversations with reporters Novak and Bob Woodward, came not from the conspiracy theorists' target in the White House but from the deputy secretary of state at the time, Richard Armitage, an esteemed member of the Washington establishment and no pal of Rove or President Bush.

Blumenthal's example is far from unique. Newsweek, in a July 25, 2005, cover story on Rove, after dutifully noting that Rove's lawyer said the prosecutor had told him that Rove was not a target of the investigation, added: "But this isn't just about the Facts, it's about what Rove's foes regard as a higher Truth: That he is a one-man epicenter of a narrative of Evil."

And in the American Prospect's cover story for August 2005, Joe Conason wrote that Rove "is a powerful bully. Fear of retribution has stifled those who might have revealed his secrets. He has enjoyed the impunity of a malefactor who could always claim, however implausibly, deniability -- until now."

These and other publications owe Karl Rove an apology. And all of journalism needs to relearn the lesson: Can the conspiracy theories and stick to the facts.

Bush's Top Female Enabler (SAL)

By Sidney Blumenthal

SAlon.com, September 7, 2006

About two weeks after the 2004 presidential election, on Nov. 13, the British Embassy in Washington held a surprise 50th birthday party for Condoleezza Rice. Upon her arrival ambassador David Manning presented her with a red Oscar de la Renta-designed gown for which the embassy staff had managed to secure the "state secret" of her size. When Rice changed into the dress and emerged like Cinderella she was met by her Prince Charming, dressed in a tuxedo, the man she once called "my husband," President Bush.

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At the State Department's senior policy meeting the following Monday, an official remarked about the red dress, "It gives new meaning to 'they have your number.'" The next day Bush announced his appointment of his national security advisor as his new secretary of state.

OTHER NEWS:

Wages, Benefits Grew In Spring (WP)

By Nell Henderson

The Washington Post, September 7, 2006

Wages and benefits rose strongly in the spring, the government reported yesterday, providing a bit of good news for some workers -- and fresh concern about inflation.

The statistic known as labor compensation, which includes wages and employment benefits, rose at a robust 6.6 percent annual rate from April to June, the Labor Department said, revising its earlier, incomplete estimate of 5.4 percent growth.

For workers, the gain, significant as it may sound on first blush, barely exceeded surging prices for gasoline and many other items. After adjusting for inflation, compensation rose at a more modest 1.6 percent annual rate.

Modest or not, analysts who are paid to worry about inflation saw plenty of reason to do so yesterday, fretting that rising labor costs may squeeze corporate profits or prompt the Federal Reserve to raise interest rates to restrain price increases.

"We're seeing a labor market that is tighter and beginning to manifest itself in higher wage inflation, which is probably going to get worse before it gets better," said one of the paid worriers, Nariman Behravesh, chief economist at Global Insight Inc., a financial analysis and forecasting firm. That outfit predicts the Fed will raise interest rates again this year, though not as soon as its next meeting Sept. 20.

Global Insight agrees with the Fed's forecast that inflation will fall next year, as slower economic growth makes it harder for businesses to raise prices. But Behravesh said that until then, "the dilemma . . . is how long can the Fed let inflation creep up and do nothing without the markets getting upset."

Investors in futures markets are betting that the Fed probably will not raise interest rates again this year and that it may even cut rates early next year as the cooling housing market saps economic growth.

That view was bolstered yesterday by the Fed's survey of regional economic conditions, which described slumping sales of cars and houses, and modest increases in consumer spending in August.

But the Fed survey also echoed the Labor Department's report, as some of the 12 Federal Reserve Bank districts reported "sharp wage increases or wage pressures" for workers in certain industries, such as information technology, trucking, retail, finance and health care. The Fed survey showed shortages of certain high-skilled workers.

For example, the Philadelphia Fed reported that in its district, "wages are generally reported to be rising slightly faster now than at this time last year, but salaries offered for positions that are difficult to fill have increased substantially." The survey summarizes business anecdotes without identifying companies by name. In the Philadelphia district, "firms in all industries continue to report increases in health-care costs," the report said.

The Fed left its benchmark short-term interest rate unchanged at 5.25 percent at its last meeting Aug. 8, taking a break after 17 consecutive increases over the past two years. The majority of policymakers at the table thought they might be done tightening credit, according to minutes of the meeting released last week.

The policymakers also saw inflation risks, the minutes showed, noting "a worrisome picture" of rising labor costs and slowing productivity -- the economy's output of goods and services per hour worked.

The Labor Department report yesterday updated those figures to show bigger jumps this year in labor costs, which account for an average of two-thirds of business costs and can be a key driver of inflation. "Unit labor costs," or compensation per unit of output, rose at a rapid 4.9 percent annual rate April through June after soaring at a 9 percent pace in the first three months of the year -- the fastest quarterly increase in nearly six years. Those increases were revised up from earlier estimates of 4.2 percent for the second quarter and 2.5 percent for the first quarter.

Some of those gains, particularly in the first quarter, probably took the form of one-time bonuses and other profit-linked pay to highly skilled, upper-income workers, economists said. But the breadth "suggests stronger inflation pressure," economists at Goldman Sachs Group Inc. said in a note to clients.

The Labor Department also said productivity grew at a modest 1.6 percent annual rate from April to June. That was better than its earlier estimate of a 1.1 percent pace but still a sharp slowdown from the 4.3 percent pace in the first quarter.

Faster productivity growth means businesses can raise wages and maintain profit margins without raising prices. Slower productivity growth means businesses can pay more only if they accept smaller profits or raise prices.

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Former Fed chairman Alan Greenspan recognized in the mid-1990s that U.S. productivity was picking up as businesses boosted their efficiency through the use of computers, telecommunications and better methods of managing their supply chains. With productivity growing at an average 2.5 percent a year from 1995 to 2000, almost double the pace of the 1970s and 1980s, the Fed could let the economy grow faster and let unemployment drop lower than most economic models had predicted without fueling inflation.

Productivity growth even accelerated during the 2001 recession and the initially sluggish recovery that followed, again upending the models, growing at an average 3.5 percent a year from 2000 through 2003.

Fed Chairman Ben S. Bernanke, who succeeded Greenspan in February, said in a speech last week that "a case can be made" that the strong productivity growth since 1995 "is likely to continue for some time."

Labor Costs Shake A Pillar Of Fed Policy (NYT)

By Jeremy W. Peters

The New York Times, September 7, 2006

As inflation edged higher this year, many economists — including those at the Federal Reserve — pointed to higher productivity and stable labor costs as signs that prices were not likely to rise unchecked.

But a new Labor Department report suggested yesterday that the threat of higher inflation had not diminished and that it might take more monetary restraint to hold prices down. The report found unit labor costs — which take into account changes in productivity and hourly wages — increased much more sharply in the first half of the year than the government first calculated.

“These data should raise more questions about whether a moderation in economic growth would lead to slowing inflationary pressures,” said Dean Maki, an economist with Barclays Capital. “Wage pressures and unit labor cost pressures are rising. Those are factors that have been cited by the Fed as relatively benign pieces of the inflation backdrop. And that is no longer the case.”

The new labor cost numbers raise the prospect that the Fed could face both slower growth and higher prices, creating a quandary over whether to risk even further economic weakness to contain inflation.

Indeed, the Fed’s own survey of regional economic activity, known as the beige book, suggested that growth was slowing in many parts of the country even as wage pressures were building.

In its report, the Labor Department said that second-quarter nonfarm unit labor costs increased 4.9 percent compared with the first quarter. It first reported the increase at 4.2 percent.

The rise was even steeper in the first quarter. The department said first-quarter unit labor costs rose 9 percent, compared with the 2.5 percent rise that was first reported. That was the largest quarter-over-quarter rise since 2000. But much of that jump may be due to fatter bonuses and options payouts, factors that are not likely to recur this year.

At the same time, productivity slowed. It rose only 1.6 percent in the second quarter, compared with a 4.3 percent rise in the first quarter.

Last month, for the first time in two years, a meeting of the Fed’s policy-making committee did not bring a rise in the central bank’s overnight lending rate. In a statement explaining its decision, the Fed committee said it believed inflation pressures were “likely to moderate over time.”

But now, said Nariman Behravesh, chief economist with Global Insight, the new data could force the Fed to push through another rate increase at its Sept. 20 meeting.

“Can the Fed sit on the sidelines and do nothing while telling the markets it’s being patient?” he said. “The dilemma that the Fed is facing is that for the next 6 to 12 months, core inflation is likely to creep up.”

Many economists, however, predicted that the Fed would not be alarmed enough by the latest data to resume raising borrowing costs.

“We don’t expect the Fed will feel pressure to raise rates, even after this data,” Mr. Maki said. “It does appear they’re inclined to wait a while and gather more data on whether inflation pressures are moderating.”

Interest rate futures, an indication of what investors think the Fed’s future monetary policy decisions will be, were unchanged yesterday. Investors are still betting that the central bank will hold rates steady this month and again in October.

The rise in unit labor costs in the second quarter could add to pressures for businesses to raise prices for consumers.

With unemployment at relatively low levels — 4.7 percent in August — economists said higher labor costs were likely. A team of economists from Goldman Sachs wrote in a report yesterday that such high unit labor costs were not surprising, considering “the unemployment rate is in the vicinity of what most economists regard as full employment.”

The Fed’s beige book found that in many sections of the country, employers reported having to pay their employees more, particularly for jobs that require special skills. Labor shortages were also noted.

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The region-by-region survey noted that wage pressures were increasing in the Philadelphia, Chicago, Minneapolis, Kansas City and Dallas districts. The Kansas City and Dallas districts reported “fairly widespread labor shortages,” the report said, while other districts noted shortages in particular sectors, like truck drivers near Cleveland and engineers near Chicago.

On the whole, the beige book painted a picture of a slowing economy, punctuated by less robust consumer spending, a weakening housing market and high energy prices.

Just a few months ago, the Federal Reserve used words like “solid” and “strong” to describe activity it now says is largely “steady” but “slow.”

Sharp Jump In U.S. Labor Costs May Presage A Rise In Inflation (WSJ)

By Rafael Gerena-Morales

The Wall Street Journal, September 7, 2006

The nation's labor costs in the second quarter rose at the fastest rate in nearly six years as employers passed on productivity gains to workers in the form of higher pay. But economists disagreed on whether the rise stemmed from one-time items like bonuses or a broad rise in paychecks or benefits that could signal rising inflationary pressures.

The Labor Department reported yesterday that nonfarm business productivity rose at a seasonally adjusted annual rate of 1.6% in the second quarter, surpassing an earlier estimate of 1.1%. In the first quarter, productivity increased 4.3%.

However, unit-labor costs -- a gauge of inflation -- rose an upwardly revised 4.9% in the latest quarter and 9% in the first quarter. Those increases -- which were revised from earlier estimates of 4.2% and 2.5%, respectively -- mean labor costs have jumped 5% in the second quarter compared with the year-earlier period, the fastest pace since the third quarter of 2000. Unit-labor costs reflect the cost of labor for each unit of output.

The latest data are "certainly good news for workers," said Stephen Stanley, chief economist at RBS Greenwich Capital. "They've been working against the strong head winds of high energy prices and a softening housing market. ... But these big revisions are something to be concerned about. I think we're in for a pretty extended period" of elevated inflation. (The data contributed to a drop in major stock indexes. See related article3.)

Yesterday's report showed hourly compensation rose 6.6% in the second quarter compared with the first quarter, up from an earlier estimate of 5.4% and up 7.7% from the year-earlier period. First-quarter compensation jumped 13.7% compared with the fourth quarter, up from the previously reported 6.9%. The measure includes pay, bonuses, health and pension benefits, and other forms of compensation.

The jump was more than many had expected, and the source remains somewhat of a puzzle. Analysts said the boost likely resulted from a combination of a tightening labor market that has helped lift wages, as well as one-time payments such as bonuses or the exercising of stock options, though the exact composition isn't known.

The composition matters because if the pay gains are bonus-driven, "the implication would be that it's a one-time movement ... and not an inflationary risk," said Michael Moran, chief economist at Daiwa Securities America Inc. And while that is likely what happened in the first quarter, he added the second-quarter jump "looks more like a broader underlying increase in wages."

Rising labor costs don't appear to be forcing companies to raise prices, according to the Federal Reserve's August studies of regional economies, known as "beige book" reports, released yesterday. The reports found that while there were "widespread increases in the prices of energy and certain other commodities," they "do not appear to have passed through to finished consumer goods."

Yesterday's report isn't likely to douse concerns workers are benefiting unequally from the expansion. For example, other recent reports have shown average hourly earnings of workers, excluding managers, have risen by an inflation-adjusted 0.5% in the 12 months through July. Wage and salary income for all workers, including managers, has risen an inflation-adjusted 4.5% in the same period when other forms of pay, such as bonuses, are included.

Separately, the Institute for Supply Management reported yesterday that service-sector business activity continued to expand in August. The ISM said its index moved to a reading of 57.0 in August from 54.8 in July. Readings above 50 signal expansion. But the ISM's reading on new orders dipped in August, suggesting that service-sector activity may cool in the months ahead.

Housing Fears, High Energy Prices Help Cool Economy's Growth (USAT)

By Sue Kirchhoff

USA Today, September 7, 2006

WASHINGTON — The economy expanded from mid-July to the end of August, though at a slower pace in many areas of the country, the Federal Reserve said Wednesday.

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In its beige book, an anecdotal look at the economy named for the color of its cover, the Fed cited reports of more sluggish consumer spending, high energy prices, a slumping housing market and dry weather that hurt farmers.

The pace of growth slowed in five of the 12 Fed districts: Boston, New York, Philadelphia, Kansas City, and Dallas (though growth in Dallas is still strong).

Business contacts in the Atlanta Fed district called activity "mixed," while Richmond said growth was slow. San Francisco, the largest Fed district, noted "solid" expansion.

Even as the economy moderates, price pressures continue, complicating life for the Fed. Energy and other commodity prices remain elevated, while labor shortages and growing wage pressures were reported around the country, especially for skilled workers. The Philadelphia, Chicago, Minneapolis, Kansas City and Dallas districts all reported rising wage pressures.

Still, the beige book noted that "manufacturers found little ability to pass through higher costs into the prices of manufactured goods, with the exception of energy-intensive goods and services."

The Fed voted to hold its target for short-term interest rates steady at 5.25% at its last meeting Aug. 8, ending two years of steady rate increases designed to control inflation and take away excess stimulus.

Fed Chairman Ben Bernanke and other officials have said they expect slower growth to gradually reduce inflation. But the recently released minutes of the Aug. 8 meeting indicate uncertainty among Fed officials about the path of the economy, and inflation, ahead.

"Despite some rising inflationary pressures, most analysts (including us) expect the (Fed) to hold rates steady at the Sept. 20 meeting," Steven Wood of Insight Economics said in an advisory to clients regarding the beige book.

One of the biggest unknowns regarding the economy is whether the once high-flying housing market will have an orderly or a steep decline. The beige book noted rising inventories of unsold homes, especially pricey dwellings.

Kansas City attributed some of the increased inventory to a "sizable numbers of foreclosures." The New York and Philadelphia districts saw modest increases in home-mortgage delinquencies.

Still, builders in Michigan said the rate of decline had tapered off some, and builders in Wisconsin said they were "pleasantly surprised" with the number of people looking at model homes.

Nationally, housing is seen to "remain weak, if not weaken further," but commercial real estate growth is taking up some of the slack.

Dow Industrials Shed 63.08 On Signs Of Slowing Growth, Rising Labor Costs (WSJ)

By E.S. Browning

The Wall Street Journal, September 7, 2006

A touch of anxiety returned to the stock market, as worries about the stagflation bugaboo drove major indexes down.

The concern about stagflation -- a combination of inflation and economic sluggishness that tormented stocks in the 1970s -- came from a Federal Reserve survey that noted signs of slowing growth, and from a Labor Department report showing labor costs rising more rapidly than expected in the year's first half.

Yesterday, the Dow Jones Industrial Average retreated 63.08 points, or 0.55%, to 11406.20. The industrial average remains up 6.4% this year, less than 320 points from the record close of 11722.98 reached more than six years ago.

The biggest damage was done to more-volatile sections of the market, including small stocks and technology stocks, which had been rebounding.

The Nasdaq Composite Index, which on Tuesday had fought its way back to even for 2006, dropped 37.86, or 1.72%, to 2167.84, leaving the index, which is laden with technology stocks, down again for the year. The Russell 2000 small-stock index declined 15.46, or 2.13%, to 712.04, still up 5.8% this year.

"The bullishness that we had in August has left us," said Stephen Sachs, director of trading at mutual-fund group Rydex Investments in Rockville, Md. "People are pricing in a much slower economy and still some uncertainty about the inflation outlook."

Bond prices fell as the higher labor costs reawakened fears of an additional Fed interest-rate increase. But bonds recovered some ground after release of the Fed survey, since a weakening economy makes a rate increase less likely.

Higher rates hurt stocks by weighing on corporate profits, and hurt bonds because they make existing bonds, with their lower rates, less attractive.

The economic data were far from conclusive, however. An index of service-sector activity came in stronger than expected for August, suggesting that the economy may not have cooled as much as people think.

The Standard & Poor's 500-stock index clung to the much-watched 1300 mark, shedding 12.99, or 0.99%, to 1300.26. It remains up 4.2% for 2006.

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Outside the U.S., stocks declined in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, fell 2.44, or 1.1%, to 220.23.

In major U.S. market action:

Stocks retreated. Trading volume for stocks listed on the New York Stock Exchange was 2.3 billion shares, as 665 stocks rose and 2,651 fell.

Bond prices declined. The 10-year Treasury note fell 4/32, or $1.25 for each $1,000 invested, to 100 19/32, pushing the yield up to 4.801%. The 30-year bond was down 8/32 to 93 2/32 to yield 4.951%.

The dollar strengthened. Late in New York, it traded at 116.63 yen, up from 115.96, while the euro fell against the dollar to $1.2808 from $1.2820.

Labor Costs Report Pummels Stocks (USAT)

By Matt Krantz

USA Today, September 7, 2006

Stocks fell to their lowest levels in nearly two weeks Wednesday when investors fretted over a government report showing higher labor costs.

That Labor Department report, indicating wages rose a faster-than-expected 4.9% in the second quarter, reignited fears the Federal Reserve may need to boost short-term interest rates more to quash inflation.

Hammered by stocks in the oil refining and marketing, oil equipment and services and Internet retail industries, the Standard & Poor's 500 index sank 12.99 points, or 1.0%, to 1300.26. The index is still up 4.2% this year, though.

The Dow Jones industrials also fell, losing 63.08 points to 11,406.20. That narrowed the Dow's 2006 gain to 6.4%.

But the tech-heavy Nasdaq composite index was the hardest hit of the three major indexes. It lost 37.86 points to 2167.84, pushing it down 1.7% this year.

The labor cost news was unwelcome because many investors had concluded the Fed's fight against inflation was largely over, says Andy Brooks, trader at T. Rowe Price. “It sent an inflation chill through the market,” he says.

Since investors know September and October tend to be weak months for the stock market, it doesn't take much to unnerve them at this time of the year, says John Caldwell, strategist at McDonald Investments. “It's the season people are more jittery,” he says. Add the constant worries about oil prices and geopolitical risks, and, “All those little things weigh on people,” he says.

Highlights:

Donaldson, a maker of filtration devices for industrial engines and equipment, jumped $5.28 to $38.34. Late Tuesday, the company reported 44% higher quarterly earnings and boosted its outlook for the current fiscal year.

·Hain Celestial, a maker and distributor of organic food, jumped $2.15 to $25.35. The company reported net income of $8.8 million, reversing a year-ago loss.

·Priceline lost $3.29 to $30.87 after the online retailer said late Tuesday that Chinese companies Hutchison Whampoa and Cheung Kong were selling 8.9 million of its shares.

·Carrier Access, a maker of telecom gear for wired and wireless carriers, tanked $3.34, or 37%, to $5.78. The company cut its outlook for the third quarter, saying it expected a loss of up to 16 cents a share. Previously, the company expected to earn up to a penny a share.

Tort Reform's Next Big Push (LAW)

By Amanda Bronstad, The National Law Journal

National Law Journal, September 7, 2006

Tort reform groups and lawyers representing some of the nation's largest corporations are working with legislators in several states to draft amendments to consumer protection laws that would seek to curb what they see as a tide of costly class actions.

Tort reformers are looking to introduce proposed amendments as early as December in states with a history of large class certifications or high-dollar settlements and verdicts in consumer class actions, such as Massachusetts, Illinois and the District of Columbia.

The new momentum represents continuing fallout from California's Proposition 64, a landmark 2004 ballot initiative that tightened the reins on consumer cases. As part of their efforts, tort reformers are circulating model legislation to state lawmakers that would require consumers to have suffered economic losses or injuries from a company's alleged misstatements in order to file a class action.

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The model legislation, which was encouraged recently in a report by the American Tort Reform Foundation, also would require consumers to have relied on a company's alleged misrepresentations when they bought its product or services.

"This has been an issue well beyond California," said Cary Silverman, a lawyer in the Washington office of Kansas City, Mo.-based Shook, Hardy & Bacon who helped write the recent report published by the ATR Foundation, which is part of the American Tort Reform Association (ATRA).

"Obviously, California had a situation where there were extreme examples of abuse spurred by plaintiffs' lawyers who took it to the edge of what was possible," Silverman said. "They may not be as broad as California's was in terms of letting anybody sue whether they're injured or not, but the requirements in a lot of the states are still very flexible as to what a person needs to show in order to sue."

Plaintiffs lawyers said that amending consumer protection statutes in ways similar to what happened in California would add significant hurdles in bringing consumer class actions.

"It would have a chilling effect on lawsuits that seek to bring to light corporate misconduct," said Steve Silverman, a partner at Miami-based Kluger, Peretz, Kaplan & Berlin and co-lead counsel in multidistrict litigation filed against E.I. du Pont de Nemours & Co. over the health dangers of Teflon cookware.

In California, a handful of lawyers brought a multitude of lawsuits under the state's unfair competition law seeking quick settlements for seemingly trivial violations against small businesses, such as automobile repair shops and restaurants.

In 2004, voters in California approved Proposition 64, which required plaintiffs to prove they were injured by an alleged violation of the state's consumer law and instituted traditional procedural burdens associated with class actions.

"Prop. 64 was sort of the start of dealing with the most abusive of these types of cases," Cary Silverman said. "From there it caused others to say, 'Let's look at what's happening in other states, too.'" To determine where to introduce legislation next year, tort reformers are evaluating which states have legislatures in session next year and which have political momentum building, he said. About 12 states have a "high potential for abuse" while another 15 have laws for which "legislation would be helpful."

He said that reformers are particularly interested in states where large consumer class actions have popped up, such as Massachusetts, Illinois, Virginia, Maryland, New Jersey, West Virginia and the District of Columbia.

The ATRA report highlighted recent consumer suits across the country brought against Philip Morris USA and its parent company, Altria Group Inc., over the allegedly misleading marketing of its "light" cigarettes -- particularly a $10.1 billion verdict that was eventually overturned by the Illinois Supreme Court in December 2005. The report also noted consumer suits in Florida, Ohio and Texas against DaimlerChrysler A.G. over allegedly defective seat belts.

"Those are the kinds of things that cause people to sit up and take notice," said Kenneth Parsigian, a partner at Boston-based Goodwin Procter who represented Philip Morris in a "light" cigarettes case in Massachusetts. "If you can start bringing cases for hundreds of thousands of people at one time and don't have to prove that all of them are misled, this becomes an industry-threatening tool."

REFORMERS' MODEL LAW

The American Legislative Exchange Council (ALEC), a Washington-based group of 2,400 conservative state lawmakers, drafted model legislation being pushed by reformers that would provide guidance to legislators looking to reform the private right of action embodied in their state consumer protection acts.

Specifically, the legislation would restrict private lawsuits to a consumer who "reasonably relies upon an act or practice declared unlawful" and suffers a monetary or property loss as a result. The legislation also would require a 10-day notice to prospective defendants in a lawsuit and specify certain circumstances in which damages and attorney fees would be awarded.

"We expect it to be introduced in a number of states," said Kristin Armshaw, director of the Civil Justice Task Force at ALEC. She said legislation could be introduced as early as December. "We've been doing an educational campaign for over a year and been to a lot of legislators."

At the top of the list for potential legislative reforms is Massachusetts, where a bill backed by retailer groups this year would have amended the state's consumer protection act by requiring consumers to have suffered injuries before filing suit.

"I would anticipate that bill will be re-introduced," said Jon Hurst, president of the Retailers Association of Massachusetts, which attempted to push through state Senate Bill No. 919. The bill ended the year pending before a committee.

"We've become the new California," Hurst said. "There have been lawsuits filed here that wouldn't have been filed here had California not passed theirs, but we're unfortunately the place to go now for some of these frivolous consumer actions."

Brian Leary, a partner in the Boston office of Newark, N.J.-based McCarter & English, said the bill, which was influenced by Proposition 64, sought to alleviate concerns that consumers were not benefiting from a host of settlements against retailers who were accused of not pricing all of the items in their stores. He said those suits were brought by a handful of attorneys but cost retailers thousands of dollars in settlements.

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"People were recovering large attorney fee awards without demonstrating actual injury to consumers and without delivering a single penny to consumers," said Leary, who represented BJ's Wholesale Club Inc. in one of the suits. "Consumers were getting absolutely nothing and lawyers have been the beneficiaries."

Sam Perkins, a partner at Brody Hardoon Perkins & Keston in Boston, who brought suit against several retailers including BJ's, agreed that legislators are looking for ways to cut back on consumer litigation in the state, where the consumer protection act traditionally has been interpreted inconsistently by the courts. Massachusetts also allows for statutory damages in consumer suits.

"There is no question there will be a ton more litigation in Massachusetts," said Perkins.

In addition to Massachusetts, bills focused on the issues of reliance or actual injuries and losses have been proposed or heard this year in Minnesota, Missouri, New Hampshire and Oklahoma, Parsigian said. The Missouri bill sought to restrict consumer suits that involved conduct already approved by a regulatory agency. All those bills either failed or died.

But he said support for reform is gaining, pushed not only by ATRA but also by groups such as the U.S. Chamber of Commerce and the pharmaceutical industry.

Fred Morgan, chairman of the Judiciary Committee of the Oklahoma House of Representatives and a partner at Oklahoma City-based Reynolds, Ridings, Vogt & Morgan, drafted a comprehensive lawsuit reform bill this year that included elements "based on the California law."

Although that bill didn't pass, he said those changes "went right to the heart of lawsuit reform."

Plaintiffs lawyers said requiring reliance and actual injuries would add major hurdles in bringing consumer class actions.

"The idea that a reliance requirement be injected into consumer protection statues is a horrible idea," said Todd Heyman, a partner at Boston-based Shapiro Haber & Urmy who sued Philip Morris over "light" cigarettes in Massachusetts. He said a reliance requirement would in effect be a "free pass" for companies to make misrepresentations without being held accountable. Using statistics, surveys and expert witnesses to conclude whether each consumer in a class relied on misstatements would be expensive and restrict efforts to bring class actions, he said.

'FATAL' TO CLASS CERTIFICATION

David Dunham, a partner at Austin, Texas-based Taylor Dunham & Burgess, said such a requirement is "fatal to class certification." Dunham filed a class action of 5,000 dentists against the maker of allegedly defective software.

"The problem is: When you have high-volume, low-dollar, common consumer problems, how can you get consumers relief?" said Dunham, whose certified class action was reversed by the Texas Supreme Court on the ground that he had not proven the dentists had relied on the claims of the software maker. "If you can't bring it as a class action, they're not going to get relief."

Plaintiffs lawyers also said that not all consumer cases can prove actual injuries, yet they present valid claims.

John Banzhaf III, professor of public interest law at George Washington University Law School, said there are many examples where consumers should be able to sue before suffering a conventional injury or losing actual dollars from their pocketbooks. For example, in recent cases involving the theft of laptop computers, the individuals who filed consumer claims alleged they were owed compensation for the loss of their privacy but "nobody suffered economic loss," he said.

Report Finds U.S. Students Lagging In Finishing College (NYT)

By Tamar Lewin

The New York Times, September 7, 2006

The United States, long the world leader in higher education, has fallen behind other nations in its college enrollment and completion rates, as the affordability of American colleges and universities has declined, according to a new report.

The study, from the National Center for Public Policy and Higher Education, found that although the United States still leads the world in the proportion of 35- to 64-year-olds with college degrees, it ranks seventh among developed nations for 25- to 34-year-olds. On rates of college completion, the United States is in the lower half of developed nations.

“Completion is the Achilles’ heel of American higher education,’’ said Patrick M. Callan, president of the center, a nonprofit, nonpartisan organization based in San Jose, Calif., and Washington.

One particular area of concern, Mr. Callan said, is that younger Americans — the most diverse generation in the nation’s history — are lagging educationally, compared with the baby boom generation.

“The strength of America is in the population that’s closest to retirement, while the strength of many countries against whom we compare ourselves is in their younger population,’’ he said. “Perhaps for the first time in our history, the next generation will be less educated.’’

Over all, the report said, while other nations have significantly improved and expanded their higher education systems, the United States’ higher education performance has stalled since the early 1990’s.

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At the same time, for most American families, college is becoming increasingly unaffordable. While federal Pell grants for low-income students covered 70 percent of the cost of a year at a four-year public university in the 1990's, Mr. Callan said, that has dropped to less than half.

"It's going backwards,'' he said. "Tuition is going up faster than family income, faster than inflation, faster even than health care.''

The report, which grades the states on how well they compare with the state with the best record, gives 43 states, including New York and Connecticut, an F for affordability. New Jersey got a D.

On average, a year at a public four-year university costs 31 percent of a family's income, the report said. But that figure hides the enormous difference between families in the bottom 20 percent of income, for which it would be 73 percent of annual income, and those in the top 20 percent, for which it would amount to only 9 percent.

The report, "Measuring Up 2006: The National Report Card on Higher Education," paints a picture of an income-stratified society, with a huge educational gap between low- and high-income young adults. In 12 states, the proportion of 18- to 24-year-olds from high-income families who are enrolled in college is at least twice as great as those from low-income families; in five states, the high-income students are at least three times as likely to be in college.

In New York, 33 percent of young adults from families with the lowest fifth of incomes are in college, compared with 55 percent of those from the richest families, close to the national average. The figures for Connecticut are 16.1 percent from the bottom fifth and 57.9 percent from the top fifth. New Jersey's figures are 19.6 percent from the bottom fifth and 51.0 percent from the top.

Ethnic differences in college enrollment also persist, with four states having twice the percentage of white students in college as nonwhite students. The secretary of education, Margaret Spellings, plans to announce her own ideas for making higher education "affordable, accessible and consumer friendly for all Americans'' after the Commission on the Future of Higher Education that she created last fall delivers its final recommendations this month.

"In order to remain a leader in the global economy, our nation must adapt its higher education system to prepare Americans for the jobs of today and tomorrow,'' Ms. Spellings said yesterday.

The report is the fourth in the center's series of assessments of national and state performance, which it produces every two years. This is the first report to include international comparisons.

On the state level, New York rated an A– on both students' preparation and the proportion who complete their degrees. New Jersey got an A on preparation and a B on completion, Connecticut an A– on preparation and a B on completion.

The likelihood of a ninth grader in New York enrolling in college four years later has dropped to 37 percent, three percentage points below the national average, from 45 percent in the early 1990's. That is one of the steepest declines in the nation, and one the center attributed to a falling high school graduation rate in the state.

Even accounting for New York's Tuition Assistance Program for low-income students, the center found, attending a public two- or four-year college would cost low- and lower-middle-income students nearly half of their family's annual income.

"New York has one of the best financial aid programs in the country, but also one of the largest low-income populations that the program doesn't reach,'' Mr. Callan said.

Officials at the State University of New York, the City University of New York and the State Education Department took issue with the center's methodology and said New York's public universities were more affordable than portrayed.

The report "badly miscalculates New York's TAP program and inaccurately portrays higher education in New York as unaffordable,'' said John R. Ryan, the SUNY chancellor. "Nothing could be further from the truth."

The vice chancellor at CUNY, Jay Hershenson, said that, among other things, the report sharply understated the average amount of aid to undergraduates who receive state aid and failed to take into account more than a quarter-million students in nondegree programs that lead to college.

Higher Education Stats Stir New Concerns In USA (USAT)

By Mary Beth Marklein, Usa Today

USA Today, September 7, 2006

The United States has made incremental improvements in preparing students for college in recent years, but it has made "no notable progress since the early 1990s" in increasing college participation rates, a report says. And, it says, degree-completion rates in the USA compare poorly with those of other countries.

Those and other findings "challenge the notion that the American higher education system is still the best in the world," says former North Carolina governor James Hunt, chairman of the board of the non-partisan National Center for Public Policy and Higher Education, based in San Jose, Calif.

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The center is to release the report, its fourth in a series, Thursday in Washington. For the first time, it compared national and state performances with those of 26 other countries in the Organization of Economic Cooperation and Development, whose members include many of the world's leading economies, such as Germany, Japan, the United Kingdom and Turkey.

The USA does not fare well, the report says. For example, although it still leads in the share of people ages 35 to 64 with a college degree, it ranks seventh among 25- to 34-year-olds with college degrees. That suggests that as the large and well-educated baby boom generation retires, the USA faces a drop-off in college-trained workers to replace them.

Though it ranks fifth in college participation rates, it continues to trail other countries in raising those rates, the report says.

Of particular concern, the report says, is the proportion of students who complete a college degree or certificate program. The USA ranks 16th among 27 countries.

The report also suggests that tuition increases, combined with dwindling financial aid, contributes to the flat growth in participation rates. "For most American families, college affordability has continued to deteriorate," Hunt says.

Since the early 1990s, it says:

· The proportion of family income needed to pay net college costs (after accounting for all student financial aid except loans) at public four-year colleges has grown from 28% to 42% in Ohio; from 18% to 30% in Iowa; from 25% to 36% in Oregon; and from 20% to 31% in Washington state.

· State support of need-based financial aid improved significantly in Washington, California and Maryland.

· Gaps in college participation between high- and low-income students persist. In Virginia, 58% of high-income and 14% of low-income young adults ages 18 to 24 are enrolled in college; in Illinois, the gap is 52% to 23%.

· The likelihood of a ninth-grader enrolling in college four years later is less than 40%, decreasing from 44% to 32% in Hawaii and from 45% to 37% in New York.

By Any Other Name (NYT)

The New York Times, September 7, 2006

Have you driven a Durant lately? Few people outside of Detroit know or care that William Durant founded the world's largest automobile company, General Motors. Only Ford Motor Company finds its identity knitted inextricably to its founder's name.

That is hardly surprising, given the position that Henry Ford occupies in our national consciousness. Mr. Ford is credited with changing the very shape of the country with his Model T. Since then his son, grandson and great-grandson have all stood at the helm of the company he founded.

On Tuesday, the great-grandson, William Clay Ford Jr., stepped down as Ford's chief executive and president, passing the reins to the Boeing executive Alan Mulally. Mr. Ford will stay on as chairman, but the job of running the company rests with Mr. Mulally now.

While there is plenty of doubt about whether Mr. Mulally will be able to turn around the fortunes of the automaker, Mr. Ford has passed one of the most important tests of leadership: knowing when to step aside. By most accounts, the outgoing chief executive had far more on his plate than he could handle in the midst of a restructuring that could save — or finish — the company.

Too many milestones at Ford have been negative recently; this summer, Toyota surpassed it as the second-biggest-selling auto company in the country. It was time for a change, and it was well worth reaching outside the generally closed circle of auto executives. Too often the mind-set in Detroit has seemed narrow and mired in the past.

Coming from Boeing, another American industrial icon, Mr. Mulally could be called an inside-outsider. He studied Ford's operations in the 1980's and Toyota's more recently as he streamlined Boeing. With 37 years of experience there, Mr. Mulally is hardly the sort of gun-for-hire that slashes costs and jobs before leaving with a quick, big paycheck.

Unfortunately for employees at Ford, some 30,000 positions are already on the chopping block. Shrinking employment in the manufacturing sector should pose serious public policy questions for our leaders in Washington. But for Ford it is unavoidable when declining market share combines with increased productivity. A strong future for Ford's workers will only be possible with better designs and better cars that capture consumers. With experience but a fresh set of eyes, it may take a Mulally to restore the Ford name to greatness.

The Populist Myths On Income Inequality (NYT)

By David Brooks

The New York Times, September 7, 2006

There are two schools of thought on income inequality. Members of the first school — populist politicians and a few economists — say the key issue is economic power.

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The haves exercise more power over the have-nots. As a result, corporate profits soar, while wages stagnate. Money-drenched politicians push through shareholder-friendly trade deals that outsource American jobs while job insecurity skyrockets. C.E.O.'s get absurd salaries while the 99 percent of earners enjoy few benefits from productivity gains. Unions are weakened while manufacturing wages tumble and the middle class suffers.

In short, populists argue, the market is broken. The rules are rigged. The reigning ideology in Washington must be upended. Unions must be revived. Globalization needs to be reorganized.

The problem with this narrative is that it doesn't really fit the facts. First, workers over all are not getting a smaller slice of the pie. Wages and benefits have made up roughly the same share of G.D.P. for 50 years. Second, offshore outsourcing is not decimating employment. According to the Bureau of Labor Statistics, outsourcing is responsible for 1.9 percent of layoffs, and the efficiencies it produces create more jobs at better wages than the ones destroyed.

Third, jobs are not more insecure. Workers are just as likely to hold a job for 20 years as they were in 1969. Fourth, workers are not stuck in dead-end jobs. Social mobility is roughly where it was a generation ago.

Fifth, declining unionization has not been the driving force behind inequality. David Card of the University of California, Berkeley, has estimated that de-unionization explains between 10 and 20 percent of the rise in inequality, and that effect was probably strongest decades ago. These days the working class is not falling behind the middle or upper-middle class. Instead, the big rise in inequality is within the office parks, among people who were never unionized. Middle managers are falling behind top executives.

The populists, who usually live in university towns, paint a portrait of unrelieved misery that badly distorts reality. It's true that middle-class wages are lagging, but as Stephen Rose points out in The American Prospect, over the past 25 years the share of working-age adults in households making over $100,000 has risen by 13 percent while the share of households making less than $75,000 has dropped by 14 percent — after adjusting for inflation. The median household income of people in their prime working years (25-59) is $63,000. More than half of Americans have no credit card debt, and half of those who do owe less than $2,200.

Workers continue to see their wages rise as they age. The typical male worker with some college but no degree has seen his income rise from $34,000 in 2000 to about $40,000 today.

Members of the second and much more persuasive school of thought on inequality say the key issue is skills. Lawrence Katz, formerly of the Clinton administration, now of Harvard, puts it this way: Across many nations, the market increasingly rewards people with high social and customer-service skills.

A contractor who can work with customers, design kitchens and organize jobs may earn five times as much as one of his workers who has identical cabinetry skills. An office worker who is creative, charismatic and really good in fast-changing interactive settings now gets paid much more than a disciplined middle manager who excels at routine tasks.

Katz describes a polarized economy. Wages are rising in the bottom quartile for workers who provide personal services. The middle is lagging. The real rewards are going to the top 10 percent, especially to those relative few who have the skills to transform organizations from the top.

In other words, the market isn't broken; the meritocracy is working almost too well. It's rewarding people based on individual talents. Higher education pays off because it provides technical knowledge and because it screens out people who are not organized, self-motivated and socially adept. But even among people with identical education levels, inequality is widening as the economy favors certain abilities.

In short, government policy is not driving inequality and wage stagnation. But government hasn't done much to effectively address the problem either, even though per-capita education spending has more than quadrupled since 1950. What's needed is not a populist revolt, which would make everything worse, but a second generation of human capital policies, designed for people as they actually are, to help them get the intangible skills the economy rewards.

What would a set of second-generation human capital policies look like? I'll come back to that in a few days.

Republicans' Internecine Wars (WSJ)

By Sarah Lueck

The Wall Street Journal, September 7, 2006

TUCSON, Ariz. -- As Republican leaders work to retain control of Congress, a number of primaries around the country are pitting their party's conservative base against its moderates.

One such fight can be found in this socially moderate border district, where the National Republican Congressional Committee has spent more than $200,000 to help Steve Huffman -- a state representative who favors abortion rights and federal funding of embryonic stem-cell research -- win Tuesday's primary.

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But a recent poll of likely primary voters showed Mr. Huffman lagging in the five-candidate race behind Randy Graf, a socially conservative candidate who has advanced by taking a hard line on immigration.

Mr. Huffman warns that a Graf primary victory means that in November, his party could lose the seat held for 22 years by departing Republican Rep. Jim Kolbe. "This district is not going to elect an extreme candidate like Randy Graf," Mr. Huffman says.

Mr. Graf, a former state representative and golf pro, says only a candidate with a security-focused immigration position can keep the seat in Republican hands. He says Mr. Huffman was "handpicked" by the Washington political establishment at a time when many voters are dissatisfied with the status quo. "I am the anti-establishment guy," says Mr. Graf.

Arizona's Eighth District mirrors intramural fights occupying Republicans throughout the country before Sept. 12, when 10 states hold primaries. Beyond Arizona, primaries for open House seats in Vermont and Wisconsin are pitting the party's moderates against its right wing.

In Rhode Island, Republican Sen. Lincoln Chafee faces a strong primary challenge from Cranston Mayor Steve Laffey, aided by the Club for Growth. The economic-conservative advocacy group is trying to punish the incumbent for opposing some of President Bush's tax cuts -- even as the National Republican Senatorial Committee has backed Mr. Chafee, arguing Mr. Laffey couldn't win the heavily Democratic state in November.

Beyond the specific seats at stake, the intraparty primary fights could bode ill for Republicans in the general election, signaling disaffection among conservatives who may be less inclined to turn out in November.

Democrats, too, have had their share of internal challenges from the left, most notably Ned Lamont's victory in the Connecticut senatorial primary last month after attacking incumbent Joseph Lieberman over supporting the Iraq war. But those fights tend to be in places that are safely Democratic. Republican leaders fear that in many of their battles, a more conservative candidate could lose.

The irony in Arizona is that Mr. Graf's success comes in part by taking the same security-only immigration stance that many House Republicans have staked out -- and by arguing that Mr. Huffman is soft on the issue.

Mr. Graf would be right at home with House Republicans who railed against illegal immigration during field hearings over the summer. Like them, Mr. Graf backs increased border security and workplace enforcement, and opposes new guest-worker programs and amnesty for illegal immigrants.

Mr. Huffman says immigrant labor is critical to Arizona's economy, and he supports a guest-worker program as part of an immigration overhaul. The race represents a battle between the two disparate views Republicans hold on immigration, and the outcome will signal to party leaders which policies work politically.

A victory by Mr. Huffman would signal that even voters concerned about illegal immigration can be persuaded to support a more moderate policy. It would also be a triumph for business groups that are pushing for expanded legal immigration and are accustomed to the business-friendly Mr. Kolbe, who supports a guest-worker program, along with increased border security and a worker-verification system. Mr. Kolbe also wants a route for illegal immigrants working in the U.S. to eventually become citizens. In this, Mr. Huffman diverges from the incumbent, saying he doesn't support such a "path to citizenship."

A win for Mr. Graf, on the other hand, would confirm that voters want the government to crack down on illegal immigrants. "If this issue can't be won in this district" by hard-liners, says Mr. Graf, "the argument can be made that it can't be won anywhere in the country."

This week, Mr. Graf is getting some support from a surprising source. The Democratic Congressional Campaign Committee spent $190,000 on a television ad criticizing Mr. Huffman on immigration -- a sign that Democrats, like Republican leaders, view the moderate as a tougher opponent. The ad accuses Mr. Huffman, a state representative, of missing votes on border security and immigration. "If we can't trust Huffman to show up to work, how can we trust him to protect us?" the ad says. Mr. Huffman, in a statement, called it a "false and reckless" attack.

Mr. Graf's immigration campaign is longstanding. In 2004, he challenged Mr. Kolbe in the Republican primary, using immigration as a focal point. Mr. Graf lost, but got 43%, compared with the incumbent's 57%, which he says proved that immigration had traction.

In a sign that Mr. Graf's immigration position indeed has political traction, Mr. Huffman has tried to blur the differences with his chief opponent. His campaign brochure puts "secure our border" at the top of the list of things he would do if sent to Washington; alongside it is written: "No Amnesty!"

At a forum for Republican candidates last week, Mr. Huffman backed increased border security, and then explained his support of a temporary worker program. He said he favors an approach on immigration that "both protects our national security and keeps our economy moving forward."

Mr. Graf said he wants to root out illegal immigrants at the border and in the workplace. "We need to make sure they don't get jobs, make sure they don't get benefits," Mr. Graf said. "If we do that, I'm convinced 75% will either go home or be deported."

He also noted his support for Proposition 200, a state ballot measure that passed in 2004 that requires proof of citizenship at polls, and requires state and local governments to verify that applicants for public benefits are citizens. Mr. Huffman opposed it.

The forum left some voters in the audience undecided. "Immigration is the biggest thing here. It's got to be," says Larry Chapman, a 76-year-old retired school superintendent who is an independent but plans to vote in the Republican primary. "They're all saying the right things" on border security, he adds.

Ralph Duchin, a 74-year-old petroleum geologist, says he is leaning toward Mr. Huffman, in part because he agrees with him on abortion rights and stem-cell research. On immigration, "I'm a hard-liner," Mr. Duchin says. But "evicting 12 million people, it's not going to happen." Mr. Huffman's position is "more realistic," he says.

DCCC's A-List Coming To Town (RC)

By Lauren W. Whittington

Roll Call, September 7, 2006

House Democrats are planning to host their top challenger candidates on Capitol Hill next Wednesday for an event designed to quicken the drumbeat for Democratic chances of taking back the House this fall.

Sept. 13 is being dubbed the "March to the Majority" day, when candidates from around the country who have been selected for the Democratic Congressional Campaign Committee's "Red to Blue" program will be in town to meet with the House Democratic Caucus, DCCC staff and relevant interest groups, as well as to attend a fundraising reception that night.

"American families are looking for a change from the Republican mantra of 'stay the course' and these New Direction Democrats will deliver that come November," said DCCC spokeswoman Sarah Feinberg.

A March to the Majority reception will be held at the Sewall-Belmont House on Capitol Hill on Wednesday night. A minimum $250 contribution is required, with the proceeds going to the Red to Blue program recipients.

The DCCC has announced two rounds of Red to Blue recipients, totaling 34 candidates. A third round is expected soon. Candidates selected for the program get additional help with fundraising and campaign strategy from the committee.

The current Red to Blue candidates, all of whom are invited to next week's event are: Michael Arcuri (New York's 24th), Bruce Braley (Iowa's 1st), Darcy Burner (Washington's 8th), Phyllis Busansky (Florida's 9th), Chris Carney (Pennsylvania's 10th), Joe Courtney (Connecticut's 2nd), John Cranley (Ohio's 1st), Jill Derby (Nevada's 2nd), Joe Donnelly (Indiana's 2nd), Tammy Duckworth (Illinois' 6th), Brad Ellsworth (Indiana's 8th), Diane Farrell (Connecticut's 4th), Kirsten Gillibrand (New York's 20th), Tessa Hafen (Nevada's 3rd), Baron Hill (Indiana's 9th), Christine Jennings (Florida's 13th), Phil Kellam (Virginia's 2nd), Mary Jo Kilroy (Ohio's 15th), Ron Klein (Florida's 22nd), Nick Lampson (Texas' 22nd), Ken Lucas (Kentucky's 4th), Patricia Madrid (New Mexico's 1st), Harry Mitchell (Arizona's 5th), Lois Murphy (Pennsylvania's 6th), Patrick Murphy (Pennsylvania's 8th), Joe Sestak (Pennsylvania's 7th), Heath Shuler (North Carolina's 11th), Zack Space (Ohio's 18th), Linda Stender (New Jersey's 7th), Mike Weaver (Kentucky's 2nd), Peter Welch (Vermont's At-large), Patty Wetterling (Minnesota's 6th) and Charlie Wilson (Ohio's 6th).

Dems Missing Big Donors (HILL)

By Josephine Hearn

The Hill, September 7, 2006

With their political prospects flying high, Democrats are turning their attention to mobilizing voters for the fall election and are worried that so the deep-pocketed donors who helped them in 2004 will sit this election out.

"In 2004, there was significant support by large national donors on behalf of the Democratic ticket," said Rep. Artur Davis (D-Ala.), one of a handful of lawmakers highly active with the Democrats' campaign operation. "That level of energy has not materialized to date, and that is disappointing considering the tremendous stakes and opportunities available to Democrats this cycle."

Rep. Rahm Emanuel (D-Ill.), chairman of the Democratic Congressional Campaign Committee, has been more pointed.

"In the 2004 election there were some very active players who, as far as I can tell, have now decided they're neither going to be involved in the field, advertising or anything," Emanuel told the New York Daily News in August. "Do you know where they are?"

Democrats and their presidential nominee, John Kerry, received unprecedented support two years ago when donors pumped more than $200 million into liberal 527 organizations. Financier George Soros gave $24 million to 527s, according to the nonpartisan Center for Responsive Politics. Microsoft co-founder Paul Lewis chipped in $23 million. Entertainment mogul Steve Bing contributed $14 million, savings and loan barons Herb and Marion Sandler $13 million, and hotel heiress Linda Pritzker, computer executive Ted Waitt and Alida Rockefeller Messinger all gave multiple millions.

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These and other large donors bankrolled America Coming Together in 2004, a 527 organization devoted to turning out Democratic voters in 17 states. Although the group did make significant gains, it was outpaced by Republican organizing in key states like Ohio, leading some big donors to feel burned by the 2004 election, upset that they shelled out millions only to see Kerry lose, Democratic fundraisers said.

"There was a lot of questioning about where money went and was it spent properly," said Andy Spahn, an advisor to Hollywood donors. "In some part that led to disillusionment and cynicism about 527s."

This year, those well-heeled donors have yet to join the fray. Soros has given less than $2 million, Lewis a paltry $1.1 million, and the others even less. Some are eschewing election-year operations in favor of long-term efforts such as the Democracy Alliance, a group of more than 80 high net-worth individuals funding projects to amplify the liberal message, identify future leaders and conduct research.

For help with turnout efforts, congressional Democrats are instead looking to longtime allies such as the AFL-CIO. The labor group recently announced that it would pump $40 million into mobilizing voters. MoveOn.org Political Action has run ads in 11 congressional districts and has pledged $25 million to the election, about half of what it spent in 2004.

Those pledges have somewhat mitigated concerns of congressional Democrats that the big money won't materialize.

Aside from those who thought their money was misspent in 2004, other wealthy individuals simply don't take an interest in midterm elections no matter how bright the prospects.

"There are still a lot of people that don't play 3.5 years out of four no matter how big the midterm is," said a Democratic fundraiser experienced with large donors. "It's not important enough for them. It's always 'What can I get out of this? Can I be close to the president of the United States? Can I have an ambassadorship?'"

Fundraising typically falls off across the board in mid-term elections, a trend that affects contributors large and small.

"Congressional work isn't as sexy to these guys as presidential work," said political consultant Alan Secrest. "[But] this is an historic opportunity. You probably won't see one like this for another 20 years. Those who don't have the vision or temerity to get involved this year ought to find another ambition."

Democrats caution that the election season has only just begun and many wealthy backers may still decide to chip in.

"Because the majority is in reach, because of the momentum we have, that's the best selling point for any big donor," said Rep. Debbie Wasserman Schultz (D-Fla.), one of Emanuel's top lieutenants. "If they care about winning the presidency, one of the major keys to enhancing the likelihood of success in '08 is to win one chamber back in '06."

Spahn, the Hollywood consultant, said the Democratic donor base had "tremendous optimism," but that many contributors were choosing to give smaller donations directly to the candidates and party committees. Campaign-finance law limits the amount of direct contributions an individual can give.

"This has been a very aggressive fundraising cycle. There have been Senate or party committee events almost weekly here," Spahn added.

Indeed, the party committee coffers have broken records this year. The DCCC has banked 73 percent more this cycle than it did in 2004 and has remained unusually competitive with the National Republican Congressional Committee, raising $81 million to the NRCC's $115 million.

Although multi-million dollar contributions have been scarce, Wasserman Schultz is confident that Democrats will excel in sending voters to the polls.

"We always have to begin again when it comes to [get-out-the-vote efforts]," she said. "Our effort to win back the House does not rise and fall on whether George Soros makes a contribution."

Democrats Appear Poised To Win House — And We'll Know Early (RC)

By Morton M. Kondracke

Roll Call, September 7, 2006

We won't have to stay up late on Nov. 7 to see whether Democrats win back the House. By shortly after 8 p.m., the result should be clear.

The polls close by 7 p.m. EST in Kentucky and Indiana, where six GOP-held seats are up for grabs. They close at 7:30 p.m. in Ohio, with three seats, and at 8 p.m. in Connecticut, Pennsylvania and New Jersey, which together have a total of seven more contested seats.

The final tallies won't be in until later, of course, but results in the early states should show whether Democrats will pick up the 15 seats they need.

Right now, polls, the pundit consensus and the estimates of both Democratic experts and some Republicans all suggest that GOP rule in the House will end, conceivably with a Democratic pickup of 30 seats — double what's needed.

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The RealClearPolitics.com average of the last four generic Congressional polls gives Democrats a 12.2-point advantage — a historically huge gap that's far above the 7-point GOP vote margin in 1994, when Republicans picked up 52 seats and took over the House.

Democratic experts say that it will take a 5-point vote advantage on Election Day this year to win 15 seats and recapture control.

Robert Richie of the electoral reform group FairVote calculates that gerrymandering of House districts means Democrats will need 54 percent of the national House vote to win 15 seats. The GOP got 53.5 percent in 1994.

One Republican pro told me that "Democrats are being very smart to target 40 to 50 races around the country. If they end up with a 7-point generic advantage, they'll win a majority of those races. I would put it in the 30 range."

Reviewing the handicapping of individual races by nonpartisan experts such as Stu Rothenberg of The Rothenberg Political Report (also a contributing writer for Roll Call), Charlie Cook of National Journal and Larry Sabato of the University of Virginia, RealClearPolitics.com's Richard Baehr concluded that nine GOP seats lean Democratic, two are dead even, 15 are barely leaning Republican, and 12 more are competitive. By contrast, only three Democratic seats are considered up for grabs.

GOP officials acknowledge that the "environment is not favorable," but Republican National Committee Chairman Ken Mehlman nonetheless predicted flatly to me that his party will hold both the House and Senate.

"No. 1," he said, "the playing field is relatively narrow" with just 20 GOP open seats at risk. "Two, we are going to have more resources, and we're going to target them better.

"While it's true the Democrats have done very well at their Congressional committees, [the RNC] will spend more than has ever been spent on House and Senate races and more than make up the difference."

Mehlman declined to discuss specific numbers, but late-August Federal Election Commission reports showed the RNC with $33 million more in cash on hand than the Democratic National Committee had, while the Democratic Senatorial Campaign Committee led its GOP counterpart by $15 million. The parties' House committees were close to even.

Other GOP sources said that when candidates' coffers are included, Republicans overall have $43 million more to spend on the Congressional elections than Democrats. The GOP is hoping for a low-turnout election, in which its proven get-out-the-vote machinery prevails.

And, Mehlman added, "our guys understand that this election is going to be a choice, not a referendum. And while Americans are clearly frustrated about the Iraq War, that

doesn't mean that when they're told what will happen if we cut and run, they'll want to do that. Polls consistently show they don't want to do that."

The Republican who predicted a 30-seat loss was basing his estimate on the expectation that news from Iraq would continue to be bad. "Barring some major event like discovering a [terrorist] weapons cache in Chicago or something, I think [Republicans] are flying into a mountain."

GOP officials hope that President Bush will be able to pull up his approval ratings by 5 percentage points or so before November — from an average of 40 percent to 45 percent — and pull GOP fortunes with it.

But at the moment, even White House officials acknowledge that events in Iraq are casting a dark shadow over the national mood.

Various analyses show that Bush has lost the support he had in 2004 among married women — the "security moms" — but polling I've seen also indicates a substantial reversal among men, especially older men.

Bush beat Democratic nominee Sen. John Kerry (Mass.) by 55 percent to 44 percent among men in 2004, while Bush got 48 percent among women, up 5 percentage points from 2000.

The latest Gallup Poll, however, shows that the gender gap has virtually disappeared and that Bush receives just 43 percent support from males and 41 percent among women. Fifty-four percent of both men and women disapprove of his performance.

When voters were asked whether they are satisfied with the way things are going in the country, 60 percent of men aged 18-49 said they were dissatisfied, and 73 percent of men over 50 said so — about the level for all women.

In Gallup's August generic Congressional ballot test, women leaned Democratic by a margin of 49 percent to 40 percent, while men — traditionally a more Republican-oriented group — split nearly even at 47 percent Republican, 46 percent Democratic. And older men split 51 percent Republican to 46 percent Democratic.

Bush and Republicans also have lost support from self-identified independent voters, who split almost evenly in 2004. Now, independents disapprove of Bush's performance by a margin of 58 percent to 36 percent and plan to vote Democratic in November by 45 percent to 35 percent. Republicans must hope that this group does not show up at the polls in the off-year election.

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The pro-Democratic tilt of the 2006 political table could shift, of course. But Republicans' chances of holding the House probably depend more on world events now than on campaign talk.

Republicans Sense Opportunity To Pick Up A Seat In Iowa's 3rd District (HILL)

By Jim Snyder

The Hill, September 7, 2006

DES MOINES, Iowa — With poll numbers showing voters broadly unhappy with Republicans in Congress, Iowa's 3rd District presents the party with a rare opportunity: the chance to pick off a Democratic incumbent.

Republican candidate Jeff Lamberti — son of the founder of the ubiquitous Casey's General Store gas station chain here and co-president of Iowa's evenly split state Senate — has money, name ID and an energetic personality in his favor. He believes voters will not hold him accountable for sins in Washington.

"People are unhappy with Congress as a whole. I believe there is a strong desire for change," said Lamberti, who represents part of Polk County, where Des Moines is based, in the Iowa Senate.

The race, which matches him against Democrat Leonard Boswell, seeking his 6th term, has been noted as among the most competitive by several political publications. Even Democrats acknowledge that Lamberti is an able opponent.

Still, experts say, the Ankeny attorney faces several obstacles beyond whatever unhappiness there is in the district with Republicans, including a well-funded incumbent who appeals to urban and rural voters and Iowans' own sense of loyalty.

"Iowa voters like to keep incumbents around," says Des Moines Register columnist David Yepsen, who predicts that Boswell will win reelection.

"You really have to screw up in this state to lose."

Governors here have served on average for longer than a decade. Iowa senators conservative Chuck Grassley and liberal Tom Harkin are in their 5th and 4th terms, respectively. A House incumbent hasn't lost in over a decade.

Boswell is a centrist Democrat who voted for the resolution authorizing President Bush to go to war in Iraq and for the House Republican immigration bill.

Health problems sidelined Boswell for much of the spring, but the candidate seems back on his feet, a few pounds lighter. He had more than $1 million cash on hand at the end of the last reporting period.

The 3rd district, like the state as a whole, is evenly divided between Democrats and Republicans. District voters favored President Bush over Sen. John Kerry by 267 votes. Four years earlier, Vice President Al Gore beat Bush by 571 votes.

Boswell, who spent more than $1 million in his last two races, safely won in both 2004 and 2002 over his Republican opponent, attorney Stan Thompson.

While the 3rd district contains plenty of rural areas, 65 percent of the voters live in Polk. The urban center is Democratic. Democrats also say Boswell, a retired lieutenant colonel and farmer, appeals to rural, more conservative voters as well. In the 2004 race, he lost only two of the 12 counties in the 3rd.

Boswell "fits in better with the real values of Iowa families," says Democratic Congressional Campaign Committee spokeswoman Jen Psaki, than the "smooth-talking Jeff Lamberti."

Republican political candidates have fared well in more rural areas of the district, however, and do well in suburbs surrounding the capital city.

The DCCC cut in half the amount of money it planned to spend in the district, which may indicate that Democrats feel increasingly comfortable with how the race is going.

But Tim Miller, Lamberti's spokesman, noted that the district is still one of only a handful of races where the DCCC is spending money to protect incumbents.

"They still are obviously concerned about Boswell," Miller said.

As elsewhere in the state, economic and job issues may be the foremost in voters' minds, strategists say. Iowa has an unemployment rate lower than the national average, but fears of layoffs or insecure pensions remain a worry for many blue-collar workers here.

"In Iowa, the concern is underemployment. People working two jobs, but earning less," said Democratic strategist Jeff Link.

The closing of a Maytag plant in Newton, Iowa, 20 miles east of Des Moines, underscores the feeling of unease, Link said.

Healthcare is another hot issue. After undergoing his own health scare, Boswell made the issue a central topic of his initial campaign advertisement, which stresses his work to expand health care for senior citizens and veterans.

Immigration is another issue in the 3rd district, and one Republicans across the state, and the country, are trying to seize on. Iowa's influx of illegal immigrants has been less than in other areas, but voters here "want a candidate who is tough on the border," said Lamberti.

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Sensing an opportunity, Republicans held a field hearing on immigration last week in Dubuque, which is in Iowa's 1st district, another swing district that leaders of both parties are targeting.

Democrats, meanwhile, plan to exploit Lamberti's voting record in the Iowa Senate, including past votes cutting education spending. Education typically polls among the issues voters care most about in Iowa, a state that is traditionally near the top in per capita education spending.

Lamberti, though, has made fiscal responsibility another theme of his campaign, and has called for reducing the number of congressional pork barrel projects.

Though Lamberti insists unhappiness with congressional Republicans and President Bush isn't pervasive in the third district, he has structured his campaign around the idea of change.

Change is the title of his first television advertisement, which stresses his intention to cut taxes, control spending and control the border. Boswell's support for the House bill is an "election-year conversion," said spokesman Miller.

Lamberti has criticized Boswell for approving budgets that have increased the debt. Democrats quickly seized on this criticism of overspending to aid the gubernatorial candidacy of Iowa Secretary of State Chet Culver, who is running against Rep. Jim Nussle, the chairman of the House Budget Committee.

Democrats See Chances To Gain In Florida (NYT)

By Abby Goodnough

The New York Times, September 7, 2006

MIAMI, Sept. 6 — Gov. Jeb Bush is leaving office because of term limits, and Florida Republicans' new Senate nominee, Representative Katherine Harris, is perhaps the party's weakest here in decades. So the state's hobbled Democrats see a rare opportunity to regain some of the ground they have lost in this swing state over the last 12 years.

The going will be rough. Governor Bush's popularity will almost certainly help Attorney General Charlie Crist, who in Tuesday's primary became the Republican nominee to succeed him. And the State Legislature, controlled by Republicans since 1996, will stay that way. Republicans now hold every statewide office except for that of Senator Bill Nelson, who now faces a challenge from Ms. Harris, and all but 7 of Florida's 25 seats in the House.

Yet Democrats believe they can capitalize on national anger toward Republicans this year, and on local concern about home insurance rates and education policy, including what many see as an overemphasis on standardized testing. They are hoping that social conservatives will be kept at home on Election Day by Mr. Crist's moderate positions: he supports stem cell research and civil unions for same-sex couples, and, though against abortion, has said he would not support new restrictions on it.

Republican dominance notwithstanding, Florida has more registered Democrats, who number 4.2 million, than Republicans, at 3.9 million, according to the Division of Elections.

"Florida is so evenly divided that fairly small constituencies can make a big difference," said Lance deHaven-Smith, a political science professor at Florida State University. "All the Democrats would have to do is undermine turnout among the Republican base just a bit."

The state also has a rich pool of two million unaffiliated voters, concentrated in the central corridor between Tampa and Orlando, who sustain its standing as a swing state. The Democratic nominee for governor, Representative Jim Davis of Tampa, would have to win over those voters while keeping conservative Democrats in the Florida Panhandle from backing Mr. Crist.

Mr. Crist, a state senator and education commissioner before he was elected attorney general in 2002, is a gifted campaigner who will stump with Governor Bush at his side and probably raise a lot of money in the process. He collected $14 million in his primary race against Tom Gallagher, the state's chief financial officer, whom he defeated by 64 percent to 33 percent on Tuesday. In contrast, Mr. Davis raised just $4 million and defeated his primary opponent, State Senator Rod Smith, by about 47 percent to 42 percent.

Democrats are also expected to wage aggressive fights in the races for attorney general and chief financial officer, positions that Republicans have held since 2002. They will fight hard too for the Congressional seats of Ms. Harris, who is relinquishing hers to run for the Senate, and Representative E. Clay Shaw Jr. of Fort Lauderdale, who is considered one of the nation's most vulnerable Republicans.

"The question mark is turnout," said Susan MacManus, a political science professor at the University of South Florida. In particular, she said, the Democratic Party will need to improve turnout among blacks and non-Cuban Hispanics, including the growing population of Puerto Ricans in Central Florida.

Mr. Crist may have an unusual advantage with black voters, some of whom lost interest in Mr. Davis during the primary after an independent political committee called attention to his vote as a state legislator in 1990 against restitution for two black men who had been wrongfully imprisoned for murder.

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But Joe Garcia, a Democratic political strategist in Miami, said that even if the race was only slightly competitive, national Democratic leaders would come to campaign for Mr. Davis because winning the governor's seat would help them capture Florida's 27 electoral votes in the 2008 presidential race.

Josh Earnest, a spokesman for Mr. Davis, said nine Democrats "with reported presidential ambitions" called the nominee on Wednesday to congratulate him on his primary victory and offer assistance in the general election.

Mr. Garcia questioned whether Mr. Bush's influence would really help Mr. Crist. He suggested that Democrats, trying to hamper the governor's ability to bolster Republican candidates, would tie him to his brother at a time when the president's popularity has plummeted.

"You want Jeb Bush to carry you," he said, "that's fine, but his big brother is going to be there with him."

Others, including Aubrey Jewett, a political science professor at the University of Central Florida, dismissed the idea that the governor could be anything but an asset to Mr. Crist and other Republicans.

"He's pretty much going out on top," Professor Jewett said.

Whether the governor and other Republicans will campaign for Ms. Harris is another question. Al Cardenas, a former leader of the Florida Republican Party, said the party would watch Ms. Harris closely over the next few weeks. She struggled with fund-raising and lost more than a dozen staff members during her erratic primary campaign, and on Tuesday she won just under half the vote in a four-way race.

"I'd like to see her have competent staff, begin to run a tight schedule, pick up on her fund-raising and take it to Bill Nelson in a way that starts impressing those of us who have been around for a while," Mr. Cardenas said. "Whether folks will gravitate toward her will have a lot to do with how she picks up the ball and runs with it."

New Group Is Racing To Slow Down GOP (WP)

By Chris Cillizza

The Washington Post, September 7, 2006

A new independent political organization made up of former Democratic members of Congress and high-level party operatives has begun running television ads targeting two Republican incumbents.

The group, Majority Action, is sponsoring commercials that hit Reps. Deborah Pryce (Ohio) and James T. Walsh (N.Y.) on corruption and the war in Iraq, respectively.

"The course set by President Bush and Congress isn't working," says a narrator in one of the ads. "But Congressman Walsh wants to give us more of the same."

The goal of Majority Action, according to co-chairman Joe Andrew, is to level the financial playing field in Republican-held seats where a potential national wave could wipe out a number of incumbents not considered top targets at the moment.

"Poll after poll [show] that the only thing standing between Democrats being able to win the House back is Republicans being better able to execute their campaigns," Andrew said.

Andrew and Don Fowler -- both former Democratic National Committee chairmen -- anchor the group's leadership circle, which includes a panoply of former lawmakers, including past Democratic Congressional Campaign Committee chairmen Tony Coelho (Calif.) and Martin Frost (Tex.).

While he shied away from specifics, Andrew said Majority Action had a "seven-figure" budget -- between $8 million and $10 million, an informed source said -- and was spending in the "six figures" in individual House districts.

The group is registered as a 527 (so named for its place in the tax code) with the Internal Revenue Service and had raised $210,000 as of June 30. Ads in two additional districts are expected to launch shortly.

Majority Action's founders have insisted the organization will succeed where other outside groups -- which can accept contributions of unlimited size -- targeting House and Senate races have failed because of the high-profile figures aligned with the effort and the amount of attention being paid to the fight for control of this cycle.Presidential Run for Armey?

Other former shakers on Capitol Hill likewise seem to be in the mood, if not to resume shaking, to at least jiggle a little.

Witness former House majority leader Richard K. Armey (R-Tex.) who retired from the House in 2002 and has spent his time since heading up Freedom Works -- a group that advocates shrinking government and lowering taxes.

Armey is now headed to Iowa for a speech on Sept. 19, stoking speculation that he may fancy himself a candidate for president in 2008. Although Armey told ABC News that he has "no interest in Dick Armey for president," he left the door open -- wide open.

Aides were quick to point out that the former leader is likely to visit the presidential proving grounds of New Hampshire and South Carolina later this year. An aide said Armey hopes to "keep the Reagan legacy alive in the presidential primary."

An Armey bid would have any number of hurdles, most importantly the weight of history. The previous former House member to be elected president was George H.W. Bush.

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Democrats Look To Hillary Clinton To Help Win New York House Seats Campaign Journal Offers Insights About Political Developments From The Front Lines Of The Fall Races Through Election Day. (WSJ)

By Jackie Calmes

The Wall Street Journal, September 7, 2006

CLARENCE, N.Y. -- As Democrats count the 15 Republican seats they need to take control of the U.S. House, their tally of likeliest captures includes three in blue-state Connecticut, three and four respectively in swing-states Ohio and Pennsylvania and even three in blood-red Indiana.

But here in that bluest of blue states, New York, they're counting on only one.

As many as seven of Republicans' nine House seats in New York are on political watch lists in this high-stakes mid-term election. Yet cautious counters among Democrats are banking only on swiping the one in the state's rural center that liberal Republican Rep. Sherwood Boehlert is vacating after nearly a quarter century. Most of the remaining half-dozen Republican-held districts belong to incumbents with deep roots, including this town's native son, Rep. Tom Reynolds, the man in charge of getting all House Republicans re-elected in a really bad year for his party.

"The wind is in our face," Mr. Reynolds acknowledges -- but he says so with the air of a man who's confident it would take a gale to uproot him and his fellow New York Republicans in Congress.

Enter the state's junior Democratic senator, one Hillary Clinton, to help fan the winds.

Turnout is the great wild-card of mid-term elections since voters' participation is significantly lower than in presidential years. In each state, local factors work to hold it down, or beef it up. Sen. Clinton, up for re-election in New York this year, is putting her rich treasury and statewide organization to work to get Democrats, supportive independents and mutinous Republicans to come out. Down-ballot candidates, like those Democrats seeking House seats, are hoping Sen. Clinton's supporters will pull them along.

It's not like Sen. Clinton needs to go all out: She faces only token Republican opposition -- "token" being a label that holds true no matter which of two Republican candidates wins next Tuesday's primary, after a campaign in which they've traded tales of adultery, nepotism and general family dysfunction.

But the prospective Democratic presidential candidate is thinking beyond 2006, to 2008. "She wants to drive up the vote," says Curtis Ellis, a strategist for Mr. Reynolds' Democratic rival, industrialist Jack Davis. Sen. Clinton's objective is to impress the nation's political class, with a heavy vote not just from reliably Democratic New York City but from historically Republican upstate New York. A big tally there, she figures, would be a good counter to those in both parties who argue that she is too polarizing a figure to be elected president.

Democrats in New York and Washington are hoping that Mrs. Clinton's efforts could offset any complacency their voters might have about her race or the other top-of-the-ballot contest for governor; Democrat's candidate, nationally known Attorney General Eliot Spitzer, likewise has minimal Republican opposition. Even if lots of unmotivated Democrats were to stay home Nov. 7, the thinking goes, Mrs. Clinton and Mr. Spitzer will win easily. But the party's challengers for lower offices would lose the wind at their backs that a big Democratic turnout could provide -- and with it any chance of blowing past Republicans and into Congress.

The flip-side of the turnout coin also gives Democrats hope -- and Republicans' heartburn. Just as Democrats are energized by opposition to President Bush, the Republican-led Congress and the war in Iraq, Republican voters nationwide are demoralized. Party leaders almost everywhere are fretful that many will stay home on Election Day. In New York, with the Senate seat and governorship seen as lost causes, and Mr. Bush and Congress even more disreputable, Republicans' fears of low turnout are even more pronounced.

Yet Democrats' real expectations of congressional gains in the true-blue state are no greater than, say, in Mr. Bush's own red state of Texas. Simple math goes far to explain why. Of New York's 29 House districts, Democrats already hold 20 -- mostly in New York City and around Buffalo and Albany. Republicans retain most of the state's vast upstate of farmland and expanding suburbs, which have long shared disdain for the big-city Democrats.

Lately, those strongholds have gone soft for Republicans, turned off by the national party's increasingly southern and socially conservative cast. That's what gives Democrats hope. But like elsewhere in the country, the gerrymandering of congressional districts in New York has solidified Republicans' hold.

Democrats' "best shot," according to the Democratic Congressional Campaign Committee as well as nonpartisan analysts, is Mr. Boehlert's district. Its narrow vote for Mr. Bush in 2000 widened in 2004, yet Democrats express confidence that without the popular Mr. Boehlert on the ballot, Democrat Mike Arcuri, the Oneida County district attorney, can beat Republican state Sen. Ray Meier. They say their next best shot is against freshman Rep. Randy Kuhl, who is challenged by Eric Massa, a former aide

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to retired Gen. Wesley Clark; though Mr. Kuhl's district running north from the Pennsylvania border to Rochester's suburbs was drawn to be solidly Republican, his unspectacular showing in 2004 whetted Democrats' appetites.

But Republicans say their polls show Mr. Kuhl as well as five other targeted New York Republicans are running ahead of their Democratic foes. That includes four-term Rep. John Sweeney, who was embarrassed earlier in the campaign by reports -- complete with photographs -- of his late-night stop at a fraternity drinking party, and is still challenged by antiwar sentiment. Nine-term Rep. Jim Walsh is the only Republican whose district voted against Mr. Bush, though narrowly, in both 2000 and 2004. But the money he's brought home from his perch on the Appropriations Committee has helped make him formidably popular despite his district's Democratic tilt.

Also in Democrats' long-shot sights are six-termer Sue Kelly, whose Democratic challenger will be picked in Tuesday's primary; and seven-term moderate Peter King, long considered safe but recently added to nonpartisan analyst Stuart Rothenberg's watch list partly due to the credibility of his Democratic challenger, state legislator Dave Mejias. And then there's Mr. Reynolds, who is in a rematch against Mr. Davis, an anti-free trade industrialist who unexpectedly held the Republican leader to 56% in the hard-pressed district two years ago.

Mr. Reynolds, as chairman of the National Republican Congressional Committee, insists that in New York as well as nationally, he and Chairman Ken Mehlman at the Republican National Committee will do what they must -- and spend what they must -- to get Republican voters out. Even so, at best they know they'll just be holding down their losses.

Draft Movement Builds For NRSC (RC)

By Erin P. Billings

Roll Call, September 7, 2006

With no clear candidate emerging to chair the National Republican Senatorial Committee in the next election cycle, one-time aspirant Sen. John Thune (S.D.) said Wednesday he plans to organize a meeting of the GOP freshman class to try to recruit someone to take on the task.

Thune, who decided against pursuing the NRSC post himself a month ago, said he believes there is a deep bench of talent in the Republican Conference from which to draw. As such, Thune said he hopes to help get first-term GOPers together within the next two weeks and rally the group behind a candidate.

“Hopefully, we can find somebody with an interest level and move forward,” Thune said.

Only a few names have surfaced for the campaign committee chairmanship since Thune indicated to the GOP leadership before the August recess that he wasn’t interested. Thune, who defeated then-Minority Leader Tom Daschle (D-S.D.) in 2004, said he told his colleagues then, and continues to maintain, that he is “willing to be helpful in anyway I can” to make sure leaders find a strong chairman for the 2008 cycle.

But the effort appears to be more difficult than expected. Both Republican Senators and aides said Wednesday that few candidates’ names are surfacing, and those Senators who have been mentioned as possibilities don’t appear to be embracing the idea.

“It is the toughest job in the Senate leadership other than Majority Leader,” said one GOP Senate aide.

Sen. John Cornyn (Texas), a candidate for Conference vice chairman, said while the job is tough, it has its benefits, including traveling the country, establishing leadership credentials and bolstering GOP chances for electoral success. Cornyn said he also was wondering about who might jump in the race for next cycle.

“It certainly is a very important position,” Cornyn said. “I hope someone steps forward and is willing to take it on.”

Sen. Lamar Alexander (Tenn.), a candidate for Majority Whip next Congress, agreed, calling it a “huge, time-consuming job,” but one that would serve as “an opportunity for leadership.”

“I’m sure someone will step up,” he said.

The chairmanship’s sole prerequisite is that the Senator is not up for re-election in that cycle, a higher bar in 2008 with such a large share of the Conference facing voters. Add to it the fact that many of the older lawmakers have gained seniority and either don’t feel obligated or do not want to take on a grueling job that requires enormous travel demands, constant fundraising and a massive time commitment.

And, 2008 promises to be a difficult election year for Republicans, with nearly two dozen Senators in cycle and the presidency in the balance.

Freshmen GOP Sens. Mel Martinez (Fla.), David Vitter (La.), Jim DeMint (S.C.) and Richard Burr (N.C.) have all been mentioned as possible successors to Sen. Elizabeth Dole (N.C.), who has chaired the committee for the past two years. Another name that recently has surfaced is that of Sen. John Ensign (Nev.), who already is a candidate for Conference vice chairman next Congress but also would be viewed as a strong contender for the NRSC.

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Both Vitter and Martinez previously have indicated they aren't interested, while DeMint, Ensign and Burr shot down suggestions they might pursue the post as late as Wednesday. Ensign said he wouldn't want the job given the time and travel commitments, while DeMint said he was "rooting for somebody else at this point" to vie for the position.

DeMint added that he wasn't referring to a particular Senator, but speaking more generally about his colleagues: "I shouldn't name anyone."

But several key Republican sources suggested that Burr, viewed as able and energetic among the junior Senators, might be his colleagues' choice to take on the job and could receive some pressure to run. A spokeswoman, however, insisted that her boss isn't pursuing it.

"He has no intention of seeking the NRSC post," said Laura Caudell.

Several Republican sources said they expect at least one candidate will surface in the coming days or weeks, once Senators have an opportunity to gauge one another's interest and support. The leadership elections will come shortly after Nov. 7 when lawmakers return to the Capitol for an expected lame-duck session.

As one Senate GOP aide put it, it's "not unusual" that a candidate has yet to jump into the ring in the weeks since Thune surprised the Conference with his decision not to run. This aide said whoever runs probably is working his or her colleagues to assure an uncontested bid.

"Whoever does eventually run, they want a clean field," this aide said. "No freshman wants to pop up just to get whacked. I think whoever announces will have it."

Tennessee Senate: How Important Is A Poll In Rating A Race? (RC)

By Stuart Rothenberg

Roll Call, September 7, 2006

I began this year rating the Tennessee Senate race between Democrat Harold Ford Jr. and Republican Bob Corker as "Clear Advantage" for the GOP, primarily because of the state's recent political trends, concerns about how Ford's race and family might affect his prospects, and assumptions about the appeal of a mainstream conservative such as Corker.

Ford is an appealing guy and an excellent campaigner who never seems to run out of energy. His family and race seem less important to me now than they did a year ago, and if any Democrat can win this race, it's Harold Ford. Do I need to reassess my evaluation of the contest? To steal from William Shakespeare, "To change the rating of the race or not to change the rating of the race — that is the question."

Late in August, the Ford campaign released a poll conducted by Peter Brodnitz of Benenson Strategy Group. Brodnitz conducted polling for Tim Kaine's successful gubernatorial race in Virginia, as well as Rhode Island Secretary of State Matt Brown's less successful bid for the Democratic Senate nomination in the Ocean State.

In other words, Brodnitz is no slouch. He's a credible pollster with experience and savvy. It's always a good idea to be suspicious of polling, but these numbers don't look cooked to me. One Republican operative familiar with the race thought the survey numbers definitely seemed believable.

And the numbers? Ford's poll showed him leading Corker by a couple of points, 44 percent to 42 percent. Corker's negatives had risen considerably since Brodnitz's February poll, while Ford's favorable ratings had moved higher since then.

On one level, the approaching national Democratic wave, the Tennessee Senate ballot test and many of the poll's internals suggest that Ford certainly has a chance to win this race. His own ratings are pretty good, and he has more than $5 million in advertising headed for the airwaves.

As I've already noted, Ford is an excellent candidate, and he's running in a year when voters are unhappy with the president and the direction of the nation. They seem ready for something — and someone — different. Ford, an African-American Democrat who aggressively presents himself as a moderate, certainly fills that bill.

But does the poll offer evidence that my initial assumptions and analysis were wrong? Do the poll's numbers indicate that Ford has a significantly better chance of winning — not of getting close, but of winning — than my initial analysis concluded? Do I need to move the race to "Narrow Advantage" for Corker or even "Tossup"?

Ford leads in the ballot test by 2 points. If the poll is accurate, that's not much of a margin, but it does mean that he starts out even or a bit ahead rather than behind, unlike his standing in Brodnitz's June survey, when Ford trailed, 46 percent to 39 percent.

Ford's favorability ratings have improved dramatically, from 42 percent favorable/31 percent unfavorable in February 2006 to 47 percent favorable/31 percent unfavorable in June and 55 percent favorable/29 percent unfavorable in August.

By contrast, Corker's ratings have gone from 16 percent favorable/8 percent unfavorable in February to 43 percent favorable/16 percent unfavorable in June and 48 percent favorable/26 percent unfavorable last month.

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Democrats see the name identification ratings as evidence of Ford's growing strength and Corker's weakness because the Republican's unfavorable rating has moved up. But it doesn't seem that simple to me.

Corker's negatives have grown because he was attacked by his two primary opponents during the GOP primary, while Ford's favorable ratings have grown and his unfavorables have stayed unchanged because he did not have a primary and instead has been able to run positive ads about himself and his views statewide.

So while the snapshot presented in the Ford poll seems accurate, I'm skeptical about its predictive value.

Brodnitz's survey shows Corker trailing Ford among moderates by 2-to-1 and getting less than two-thirds of the vote of self-described conservatives. Is that the likely situation in November, after Corker has pummeled Ford in millions of dollars of TV ads? Remember, those ads only need to rally the GOP base, not convert Democrats into Corker voters.

True, Ford will spend millions of his own dollars building himself up and tearing down Corker, and he may well keep the Republican on the defensive. But Corker already has been attacked in the primary, for his performance as mayor of Chattanooga and for his work for unpopular former Gov. Don Sundquist (R).

Remember, Corker is only now starting to paint Ford as too liberal for the state, and the Democrat can expect that some of his decade's worth of votes on Capitol Hill will become problematic for him this fall.

Republicans have won the past five Senate races in Tennessee, with the Democrats' best showing in those five outcomes at 44.3 percent of the total vote (by Bob Clement in the 2002 open-seat race). Democrats carried the state in the 1992 and 1996 presidential races, when Tennessean Al Gore was in the vice presidential slot, but the Democratic ticket

couldn't crack 48 percent of the vote either time. And of course Gore lost his home state as the presidential nominee in 2000.

The fact that Ford is getting 44 percent of the vote now — and 90 percent of the black vote — isn't hard to believe. Democratic candidates seem to be getting their votes early this cycle, and since I all along have expected the Congressman to get 47 percent or 48 percent of the vote, his poll doesn't shake my initial assessment of the contest. But if Corker's ads don't start to move numbers his way by the beginning of October, I'll certainly take another long look at this race.

Stuart Rothenberg is editor of the Rothenberg Political Report.

R.I. Polls Conflict For Senate Race (WT)

By Eric Pfeiffer

The Washington Times, September 7, 2006

Less than a week before Rhode Island voters hold their statewide primary elections, two polls show a 31-point discrepancy as to whether voters will renominate incumbent Republican Sen. Lincoln Chafee.

A Rhode Island College (RIC) poll taken in the last week of August showed Cranston Mayor Stephen Laffey leading Mr. Chafee by 17 points, 51 percent to 34 percent.

The day after the RIC poll was released, the National Republican Senatorial Committee (NRSC) released its own poll, conducted by Public Opinion Strategies, showing Mr. Chafee ahead of Mr. Laffey by 14 points, 53 percent to 39 percent.

"Ours was an internal poll and we weren't initially going to release it," said NRSC spokesman Dan Ronayne. "But after we saw the Rhode Island College numbers, we thought it was important to do so."

The RIC poll said it queried 63 percent self-identified Republicans and 37 percent independents, who can register to vote in either party primary on Tuesday. The NRSC has not released a party ID breakdown for its poll.

Club for Growth Executive Director David Keating, whose conservative group has targeted Mr. Chafee for his moderate ways and is backing Mr. Laffey, says he thinks neither poll is right.

"We think this race is a lot closer than either poll is indicating," he said. Mr. Keating said the Club for Growth's internal polling has indicated a "tossup" race.

Differing poll numbers are not uncommon. A recent Strategic Vision survey showed embattled Sen. Rick Santorum, Pennsylvania Republican, narrowing the gap with his Democrat opponent, Bob Casey Jr., to six points, 47 percent to 41 percent.

Another poll was released by USA Today/Gallup about the same time showing Mr. Casey ahead by 18 points, 56 percent to 38 percent.

A high turnout of independents voting in the Republican primary could sway the race in Mr. Chafee's favor.

The Providence Journal yesterday reported that more than 1,000 city Democrats have dropped or switched their party affiliation and are expected to vote in the Republican primary. The paper said Chafee supporters think it's a statewide trend and predict Democrats turned independents might help Mr. Chafee survive Mr. Laffey's challenge.

Rhode Island has about 68,000 registered Republicans, compared with 236,000 Democrats. More than 365,000 registered independents make up the state's largest voting bloc.

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Mr. Chafee leads by two points among independents, 43 percent to 41 percent, in the RIC poll. Mr. Chafee previously led Mr. Laffey, 49 percent to 31 percent, among unaffiliated voters.

Former Rhode Island Attorney General Sheldon Whitehouse has the Democratic Party's backing and is expected to win the Democratic nomination over businessman Carl Sheeler.

Early polling shows Mr. Whitehouse will be a formidable opponent for Mr. Chafee and would defeat Mr. Laffey handily.

Lieberman-Lamont Battle Goes To D.C. (CSM)

By David Cook

The Christian Science Monitor, September 7, 2006

WASHINGTON

Ned Lamont, the wealthy businessman who last month defeated incumbent Sen. Joseph Lieberman in Connecticut's Democratic primary, came to Washington Wednesday to line up support for the general election. But he began the day at a Monitor-sponsored breakfast with reporters taking verbal shots at his opponent.

Reporters asked Mr. Lamont to weigh in on Senate Democrats' plan to call for a no-confidence vote on Defense Secretary Donald Rumsfeld. One journalist posed a hypothetical question: What if Senator Lieberman were asked to fill the post - would a future Senator Lamont vote to confirm him?

"I don't think I would. I know the man. I respect the man. He is a man of integrity. I have never spoken ill of him throughout this entire campaign, but he has been so wrong on one of the biggest issues of the day for so long. The idea that he would go take over as Secretary of defense, I just couldn't do that," Lamont replied, referring to Lieberman's strong support for the Iraq war.

"It doesn't matter if Donald Rumsfeld retires and somebody who thinks just like him goes into place ... If you are replacing Rumsfeld with Lieberman, that would be what we call in my world a lateral move," Lamont said.

When asked about Lamont's comment, a spokesperson for the Lieberman campaign e-mailed that "Joe Lieberman has repeatedly said that he is not interested in any other job other than being the senator from Connecticut. We do not understand why Ned Lamont can't take 'no' for an answer."

The tanned and youthful candidate delivered his answers in rapid-fire fashion. When asked if Sen. Hillary Clinton used a recent meeting with him to improve her image on the Iraq war, Lamont said, "Politics is fascinating. I like all my new friends and I was very impressed with Mrs. Clinton and a number of other people I have talked to." He added, "I had an awful lot of people who really didn't want to talk to me on Tuesday afternoon and they were pretty happy to talk with me on Tuesday evening."

Lamont's Washington visit included meetings with party leaders and union officials to seek their help in waging his general election campaign. The latest polls show him running behind Lieberman in the general election - the average of all polling data gives Lieberman a 5.3 percent lead at 47.3 percent, according to the website Real Clear Politics. Lamont shared his strategy for closing the poll gap: "What I have got to do is introduce Ned Lamont" to the electorate as a whole, he said.

Ned Lamont Tries To Carve Out Some Middle Ground (HILL)

By Aaron Blake

The Hill, September 7, 2006

Connecticut Democratic Senate nominee Ned Lamont attempted to remove the partisan labels from his race with Sen. Joe Lieberman (D-Conn.) and stressed his ability to work with lawmakers of all persuasions at a breakfast with reporters in Washington yesterday.

Lamont gained national attention last month by defeating Lieberman, a three-term moderate, in the Democratic primary. He was in town to collect some of the spoils of the Democratic party's support.

He acknowledged that the liberal blogosphere played a large role in his victory, referring to the netroots as "the girl that I took to the dance" and said the party's help will be paramount in winning in the general. But he emphasized the importance of bipartisanship multiple times during the breakfast, which was hosted by the Christian Science Monitor.

Lieberman has decided to run as an independent in the general election, setting up a rematch of the Aug. 8 primary, which Lamont won 52 to 48 percent. The race also includes Republican Alan Schlesinger, who doesn't have the state or national party's support and is registering single-digits in the polls. Several Republicans, meanwhile, have endorsed Lieberman's independent bid.

Over the course of the hour-long breakfast, Lamont said he would not support the impeachment of President Bush, that he would not vote to cut off funds to the war effort in Iraq and that Lieberman's candidacy could cause some problems for three Democratic House challengers in Connecticut, even though he expected them to win.

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Democrats have cast Lamont's victory as a rebuke of the Bush administration's foreign policy, which Lieberman has supported, while Republicans say it's an example of the Democratic Party purging a member for being too moderate.

Now Lamont appears to be trying to cultivate other segments of the electorate and shedding the stereotypes associated with the liberal blogosphere — mostly that it is extreme and unwilling to compromise.

In perhaps the most interesting exchange, Lamont was asked toward the end of the breakfast whether he would vote for Lieberman to replace Defense Secretary Donald Rumsfeld. He had said earlier that Lieberman's ascension to defense secretary would represent a "lateral move" to the leadership of Rumsfeld, who many Democrats think should resign.

Yet he wrestled with the question for about 30 seconds before deciding that he didn't think he would vote to confirm Lieberman.

Rumsfeld has been under fire for comments he made last week in a speech criticizing the war's critics, and Democratic leaders have said they will push for a vote of no confidence in the secretary this month. Lieberman has long been rumored as a possible replacement, despite his party affiliation.

"I know the man, I respect the man — he's a man of integrity," Lamont said of Lieberman. "I've never spoken ill of him throughout this entire campaign. But he's been so wrong on one of the biggest issues of the day for so long that the idea that he would go take over as secretary of defense — I just couldn't do it."

In the first of many allusions to bipartisanship, Lamont said he didn't know why the process of evaluating Rumsfeld had to be partisan. He contrasted it with the smooth leadership transition at Ford Motor Company that was described in the morning's papers.

"I just don't know why, in Washington, we can't look at the facts and come to the same conclusions and agree to do it as gracefully as Ford seemed to have today," Lamont said.

Lamont, who won largely thanks to the anti-war and anti-Bush vote, said his task would have been much tougher without Lieberman's stance on the war and relationship with Bush.

He began by lamenting the 132,000 troops "stuck in the middle of a bloody civil war" in Iraq, but said he would not vote to cut off funding for the war. Instead, he said putting pressure on the administration would be a better alternative, predicting that the American people will lead the effort.

On the question of whether President Bush should be impeached, Lamont said he would oppose such a move if Democrats take power because the process was politically abused during President Clinton's impeachment and he "can't bear putting the nation through that again."

He also said he doesn't "see anything that I would call an impeachable offense," even though he thinks the president's domestic wiretapping program is illegal. He also wouldn't commit to a censure resolution, as Sen. Russell Feingold (D-Wis.) has proposed, but said he would encourage hearings to evaluate the president.

When asked about the three House races in his state, which are crucial to Democrats' quest to take over that chamber, Lamont said his victory "cuts both ways" but that he thought Democrats would succeed.

"We have Joe running on his own ticket, and that's going to be a little tougher for some of the under-ticket, because the Republican congressmen have already endorsed — or all-but-endorsed — Joe Lieberman," Lamont said. "So that gives them a leg. But we're going to win. … We've energized a whole group of people."

One of the three Republican incumbents in trouble, Rep. Christopher Shays (R-Conn.), recently criticized Bush and Rumsfeld and declared his support for a timeline after returning from his 14th trip to Iraq. Lamont offered tepid praise for Shays' change of heart but also expressed skepticism about his motives.

"I salute people that change their mind. … Somehow in politics, that makes you [appear] weak," said Lamont, who went on to question the timing of Shays's announcement, which came just more than two months before the election.

For Lieberman, The 'I' Stands For 'Ignored' (WP)

By Dana Milbank

The Washington Post, September 7, 2006

You could feel the temperature drop as Sen. Joseph Lieberman of Connecticut entered the Senate chamber yesterday for the first time since he lost his Democratic primary last month and became an independent candidate.

Democratic leaders Richard Durbin (Ill.) and Charles Schumer (N.Y.) kept a safe distance. Christopher Dodd (Conn.) gave him a perfunctory handshake. Harry Reid (Nev.), the minority leader, turned his back; when Lieberman approached, Reid indulged him in a quick handshake then quickly busied himself in another conversation.

Republican Susan Collins (Maine), spying Lieberman alone in the center aisle, rushed over with a hug and a kiss -- and a pledge to campaign for him in Connecticut. Could she feel the daggers in his back when she hugged him? Collins chuckled. "I told him I'm going to get him a dog named Harry," she told reporters later.

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Harry Truman's famous adage -- If you want a friend in Washington, get a dog -- has never been truer. After Lieberman was vanquished by antiwar candidate Ned Lamont in last month's primary, 40 of the 45 members of the Senate Democratic caucus abandoned their longtime colleague and their party's former vice presidential nominee. In this town, partisanship is thicker than friendship.

"Joe Lieberman is out of step with the people of Connecticut," John Kerry (D-Mass.) harrumphed on the Sunday talk shows. To highlight their embrace of Lamont, Reid and Schumer invited him to meetings at the Capitol yesterday.

"Hey, you know, that's politics," Senator Pariah told reporters who besieged him off the Senate floor. Lieberman reported that, privately, "some of the Democrats said, 'Sorry it didn't turn out better, but we hope you come back.' " He added, wryly, "I won't disclose which one said that."

It probably wasn't Dodd. Speaking to reporters off the Senate floor, he chided Lieberman sharply. "Joe made a decision to do what he wanted to do, and other people respect the decision by voters," he said angrily. "You don't just disregard that, okay?"

Of course, Dodd made clear that he still likes his good buddy Joe; he just wants him to lose his job. "The affection for people that you have is not subject to the vagaries of elections," Dodd declared.

The treatment of Lieberman has been so unkind that some wonder whether the outcast -- who is, after all, ahead in opinion polls -- might be angered enough to bolt from the party. "Could they possibly be so stupid?" columnist Norman Ornstein asked in Roll Call yesterday.

Don't ask.

The five moderate Democrats who haven't abandoned Lieberman formed a security detail for their embattled colleague. "We're the escort committee," Mary Landrieu (La.) said as she and Ken Salazar (Colo.) preceded Lieberman into the Senate Democrats' weekly lunch. Does the Lieberman Caucus have a table in the back? "Yes, right here," Landrieu said, beckoning in the direction of a bench outside the room.

Lieberman, entering without a food tester, ate lunch surrounded by Landrieu, Salazar and Tom Carper (Del.). "Look, he's my friend, and I put friendship ahead of partisanship," said Ben Nelson (Neb.), who, with Mark Pryor (Ark.), completed the Lieberman Caucus. But this is a minority view among Senate Democrats. "It seems to be," Nelson said, somewhat bitterly.

Nothing personal, the Lamont Democrats insisted. "He's our friend," Durbin declared after lunch, at which he said colleagues gave Lieberman "a big ovation."

"He's a friend of mine," seconded Carl Levin (Mich.).

Lieberman told reporters that Blanche Lincoln (Ark.) approached him at lunch and said, "I'm not going to settle for a handshake; I want a big hug."

Hugs and ovations are nice. But Durbin, Levin and Lincoln aren't on Lieberman's list of supporters.

Republicans, perhaps hoping for a convert, were quick to offer succor; half a dozen approached with backslaps and condolences during Lieberman's eight minutes on the Senate floor. "What happened to him was a tragedy," Trent Lott (Miss.) said off the Senate floor. "I'd be happy to have him in our party."

Lieberman took a charitable view of his peers' disloyalty. "My colleagues were as warm and collegial as you would expect them to be," he told a pack of 20 reporters. "I understand the rules of the game."

Three Lieberman aides finally wrested the senator away from the reporters and into an elevator, only to find that the doors wouldn't shut. "Please!" the senator cried out.

While Democrats kept their distance from Lieberman, Lamont was in town basking in their affection. "I love all my new friends," he joked at a bacon-and-eggs breakfast downtown with reporters. The high-flying Democratic nominee was so exuberant that, when a questioner asked him to list his weaknesses, Lamont was stumped.

"I like to get things done," he offered. "I think I get along pretty well with people."

Lamont made clear that even in victory he wouldn't be magnanimous. When asked if he would vote to confirm Lieberman to replace Donald Rumsfeld at the Pentagon, Lamont said he would not. "That would be what we call in my world a lateral move," he said.

A couple of hours later, Lamont arrived at the Capitol for a meeting with Reid and Schumer. "They're on board 100 percent!" he exulted after the 20-minute session, at which he detected no residual support for Lieberman. "That's then and now is now," the candidate said.

Senate Democrats Cordial To Lieberman (AP-Y)

By Andrew Miga

AP, September 6, 2006

Democrats applauded, a Republican colleague gave him a hug — Sen. Joe Lieberman still has plenty of friends in Congress.

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Weeks after Lieberman lost the Democratic primary — and defied his party with an independent bid — the three-term Connecticut senator was greeted warmly Wednesday as he attended his party's weekly luncheon and participated in Senate business.

Democrats gave Lieberman an ovation as Senate Minority Leader Harry Reid, D-Nev., introduced him at the lunch and welcomed him back. Republican Sen. Susan Collins of Maine shared a hug with Lieberman on the Senate floor.

"My colleagues were as warm and collegial as you would expect them to be," Lieberman said of his reception on Capitol Hill.

The cordial response reflected a harsh political reality. If Democrats manage to gain six seats in November and Lieberman wins, the party will need him to take majority control. Lieberman, the party's 2000 vice presidential nominee, has said he would caucus with Democrats if he prevails in his independent run.

"I didn't sense any awkwardness in there. There was no discussion about him and Connecticut and his future," said Sen. Ken Salazar, D-Colo., one of a few moderate Democrats who are supporting Lieberman's re-election. "It was hearty applause welcoming him back and, I think probably through that, sending him a signal that he's very, very welcome in our caucus."

The response also highlighted how the Senate works. At 18 years and counting, Lieberman is a member of that venerable club.

But election year's bare knuckles weren't far away, and neither was Lieberman's chief rival, Democratic nominee Ned Lamont.

Reid met with Lamont, the challenger who rode opposition to the Iraq war to the party nomination Aug. 8. Reid is supporting the Democratic nominee, who also was in Washington to confer with labor unions and party leaders.

"That's politics," Lieberman said.

Statewide polls show Lieberman leading Lamont and little-known Republican Alan Schlesinger, who has been spurned by the national GOP.

Sen. Carl Levin, D-Mich., a fellow member of the Armed Services Committee, said he didn't know about the reaction of other Democrats, but, "He's a friend of mine and I welcome him."

Sen. Chris Dodd, D-Conn., a longtime Lieberman friend who is supporting Lamont, said that although the politics of the moment may be awkward, Lieberman's long-term friendships would endure.

"There's a beginning and end to all of this," Dodd said. "Life will continue."

Lieberman has said he is buoyed by the support of five colleagues: Salazar, Mary Landrieu, D-La., Mark Pryor, D-Ark., Thomas Carper, D-Del., and Ben Nelson, D-Neb. Landrieu and Carper were among about a half dozen senators from both parties who greeted Lieberman when he appeared on the Senate floor.

"They all said, 'We wish you well,' and some of the Democrats said, 'Sorry it didn't turn out better, but we hope you come back,'" Lieberman said. "I won't disclose which of them said that."

Earlier in the day, Lamont told reporters he will reach out to moderates and even Republicans as he seeks to broaden his appeal.

"Amongst moderates and Republicans, I've got to get more in front of them and introduce myself, because they didn't have a chance to pay as much attention to the race," Lamont said.

In a breakfast meeting with reporters, Lamont was asked if he won the Senate seat and President Bush nominated Lieberman to replace Donald H. Rumsfeld as defense secretary, would he back the nomination.

Lamont said he couldn't support Lieberman because he was wrong about the Iraq war.

"In good conscience, I couldn't support him for that," Lamont said.

Senators: Welcome Back, Joe (HILL)

By Jonathan Allen And Alexander Bolton

The Hill, September 7, 2006

If Sen. Joe Lieberman's Democratic colleagues are anxious to get rid of him, they gave no indication of it in their first gathering since Lieberman lost a Connecticut primary to Ned Lamont last month and launched an independent bid.

"I don't think there's any of us out there saying 'Goddamn, I hope Joe doesn't win,'" said Sen. Joe Biden (D-Del.), who has endorsed Lamont in the general election.

Indeed, Democratic senators applauded Lieberman at their weekly policy luncheon, when Minority Leader Harry Reid (D-Nev.) asked him to brief the caucus on upcoming port-security legislation.

"Welcome back," said Reid, who was scheduled to meet with Lamont later in the day.

After Reid's introduction, Lieberman got "a warm ovation," according to Minority Whip Richard Durbin (D-Ill.).

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As much as liberal scrawlers on the Internet are calling for his scalp, Lieberman's courtly colleagues seem to be patting him on the shoulder.

"I'd always like to work with Joe Lieberman," Sen. Dianne Feinstein (D-Calif.), who is backing Lamont, said of a possible Lieberman win in the general election.

Others were a little more forward.

"I'm not going to settle for a handshake. I want a big hug," Sen. Blanche Lincoln (D-Ark.) told Lieberman. Lincoln has not endorsed either candidate.

A smiling Lieberman emerged from the caucus shortly after 2 p.m. to chat with about 40 members of the news media who had gathered in the hallway outside of the meeting room.

"I appreciated it immensely," he said of the ovation he received, noting that it had been some time since his mere presence at a caucus meeting sparked applause.

He easily brushed off Reid's meeting with Lamont.

"That's politics," he said.

Lieberman gamely handled a few more questions — Republican colleagues are not asking him to join their side and he has "no interest" in becoming secretary of defense — before moving toward the sanctuary of a senators-only elevator.

Earlier in the day, Lieberman said several senators approached him on the floor during a vote on an amendment to the pending fiscal year 2007 defense appropriations bill. He said he got kind words from a bipartisan set of members, including Kent Conrad (D-N.D.), Orrin Hatch (R-Utah), Charles Grassley (R-Iowa), Tom Carper (D-Del.), Mary Landrieu (D-La.) and Chris Dodd (D-Conn.).

Lieberman's centrism was once a source of strength in Democratic circles, helping land him the vice presidential slot in 2000. But his 2004 presidential bid fell flat in the Democratic primary, and his support for American involvement in the Iraq war has made him a target for critics of the war. Lamont edged Lieberman in the primary, but Lieberman leads in polling in a three-way general-election race including Republican Alan Schlesinger.

Lamont's challenge put Democratic leaders in a bind, and several of them said before the primary that they would support whomever Connecticut Democrats chose.

But some of Lieberman's colleagues hope party support for Lamont will be restrained.

"The DSCC's resources are not unlimited and I hope we would focus on states where an incumbent Democrat is not running for re-election," said Carper, who could be in line to replace Lieberman atop the Democratic roster on the governmental affairs panel.

"Joe Lieberman is one of my closest personal friends," he said. Carper has endorsed Lieberman in the primary.

But not everyone in the Democratic Caucus was as charitable.

"Everyone knows where I stand, I'm a dyed-in-the-wool Democrat, and I want to see the Democrat win," Sen. Frank Lautenberg (D-N.J.) said.

Biden may have been the most circumspect.

"I don't have a relationship with, nor do I even know, Joe's opponent. I've endorsed him because he's the Democratic" nominee, Biden said. "If Lamont wins, he'll be embraced, and if Joe wins, he'll be embraced."

At least for one day, Democrats wrapped their arms around Lieberman.

Lieberman Returns As Media Magnet And Party Pariah (NYT)

By Mark Leibovich

The New York Times, September 7, 2006

WASHINGTON, Sept. 6 — Senator Joseph I. Lieberman returned to Capitol Hill on Wednesday for an awkward family meal with senators from his own party. There were no reports of plates hurled in his direction.

As is common with household disturbances, the principals involved were quick to play down any friction to outsiders. Some would not even acknowledge that anything was awry.

But of course, Mr. Lieberman upset the normal order of things last month when he began an independent bid for re-election after losing Connecticut's Democratic primary to Ned Lamont, a Greenwich businessman. As a result, Mr. Lieberman has largely been abandoned by his Democratic colleagues in the Senate, only five of whom have endorsed his campaign.

Since his defeat, Mr. Lieberman has repeatedly said that "both parties have gone off track," complained that "partisanship has become too intense" in the capital and noted that George Washington cautioned long ago about "the dangers of political factionalism."

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So it was curious that one of Mr. Lieberman's first stops upon his return was partisan by definition, the Democratic caucus luncheon. Asked in a brief interview why he was going, Mr. Lieberman said, "Because you all kept asking me if I was going to be there.''

"You all" referred to the news media, and it was not immediately clear if Mr. Lieberman was kidding.

What was apparent was that Mr. Lieberman had become a political curiosity and media magnet of the first order in recent weeks. Roughly two dozen reporters awaited him at various entry and exit points — or considerably more than Mr. Lieberman had trailing him during his 2004 presidential campaign. They were there to study body language for signs of discomfort and parse small talk for hints of pariah status.

There were periodic reports of Mr. Lieberman's whereabouts. He was seen getting out of a car at the Capitol. There was an interview with a CNN reporter outside. There was a sighting in the cloakroom.

Senator Daniel K. Inouye, Democrat of Hawaii, reported having "a very, very cordial conversation" with Mr. Lieberman on the Senate floor. This was marginally noteworthy, as Mr. Inouye had previously said he would support Mr. Lieberman but then switched to Mr. Lamont (or "the other fellow").

Mr. Lieberman exchanged quick greetings on the floor with a bipartisan roster of senators that included Christopher J. Dodd, Connecticut's other Democratic senator; Charles E. Grassley, Republican of Iowa; Orrin G. Hatch, Republican of Utah; and Thomas R. Carper, Democrat of Delaware. Senator Susan Collins, Republican of Maine, admitted to actually hugging Mr. Lieberman.

"I'm hoping that doesn't come back to haunt him," Ms. Collins said, a reference to the hug and possible kiss that Mr. Lieberman received from President Bush after last year's State of the Union address, an image that Mr. Lamont's supporters tarred him with during the primary campaign.

Senators Mary L. Landrieu of Louisiana and Ken Salazar of Colorado, two of the Democrats who have endorsed Mr. Lieberman, walked off the floor together and were dubbed "the Lieberman caucus" by the Washington Post reporter Dana Milbank.

"We're his escorts," Ms. Landrieu explained.

Senator Hillary Rodham Clinton walked by en route to the luncheon and dropped this bombshell: "I'm looking forward to seeing Joe."

At which point, Elvis himself stepped off a Senate elevator.

"There he is," someone screamed, and a crush of reporters collapsed around Mr. Lieberman. He repeated that people had been collegial and that his floor encounters had been warm. He then took a question about some trivial matter — Iraq, terrorism, the fate of Defense Secretary Donald H. Rumsfeld, or something. Later, he said he had no interest in replacing Mr. Rumsfeld, a prospect suggested by Mr. Lamont in his own visit to Capitol Hill on Wednesday.

The Lieberman Re-entry Vigil dispersed around 1 p.m. and reconvened an hour later outside the Lyndon Baines Johnson room, site of the luncheon (an inclusive smorgasbord of beef, chicken and fish). Senator Harry Reid of Nevada, the Democratic leader, made a point of welcoming Mr. Lieberman. Senator Blanche Lincoln, Democrat of Arkansas, gave him a special hug. He even received an ovation from his colleagues. What kind of ovation, one member of the press throng wondered?

"Here it is five days before 9/11 and we're trying to gauge the warmth of an ovation," said David Lightman of The Hartford Courant.

A warm ovation, confirmed Senator Tim Johnson, Democrat of South Dakota.

Standing or sitting ovation?

Sitting, apparently.

Democrats Act Out An Episode Of `Everyone Loves Lieberman' (LAT)

By Faye Fiore And Richard Simon

The Los Angeles Times, September 7, 2006

WASHINGTON — Sen. Joe Lieberman, the rebuked Connecticut Democrat, returned to Capitol Hill on Wednesday for the first time since last month's humiliating defeat in his home-state primary. And if it's possible to embrace someone without actually touching them, that's what his used-to-be friends in the Senate did.

In Hollywood, they call it an air kiss.

"It's great to be back … glad to be here," a smiling Lieberman said, heading to a luncheon with fellow Senate Democrats, whochatted and chortled with him while deftly ignoring the reality that most of them now consider him politically radioactive.

It was quite a turn of the tables for the three-term senator and once-popular vice presidential nominee, whose endorsement of the Iraq war lost him the Democratic nomination to political upstart and multimillionaire Ned Lamont.

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Refusing to bow out, Lieberman relaunched his campaign as an independent. Most of his Democratic colleagues promptly deserted him, setting the stage for an awkward moment as they reunited Wednesday afternoon for their back-to-work lunch after Congress' summer recess.

The senators cheerfully glided through the meal, even giving Lieberman a round of applause. Minority Leader Harry Reid of Nevada personally welcomed back the incumbent — but later scooted off to meet with Lamont, who was in town raising money and drumming up support.

"Many of us are very fond of Joe," California Sen. Dianne Feinstein said warmly, just before reminding everyone she wasn't endorsing him either.

Beneath the outward appearances, the political climate among the Senate Democrats was cool. Lieberman has become the poster boy for what liberals in his party deplore: Democrats who refuse to strongly challenge Republican policies, particularly the Iraq war. Some party activists are pressuring him to drop out of the race. Sen. Hillary Rodham Clinton of New York lent Lamont one of her strategists.

But Lieberman has refused to bend. In his first vote Wednesday, he joined Senate Republicans in defeating a Feinstein-sponsored amendment that would have prohibited the sale of so-called cluster bombs to other nations until the Defense Department adopted rules aimed at preventing their use near civilian populations.

Indeed, Lieberman might have had a better time around the corner at the GOP luncheon, with senators who worked to beat him up in the 2000 presidential campaign but who now regard him as a political martyr for his steadfast support of the war.

"Frankly, I'd be glad to have him sit with the Republicans," Sen. Trent Lott of Mississippi told reporters outside the Senate chamber. "I think what happened to him is a tragedy."

Sen. Susan Collins of Maine, who has worked with Lieberman on homeland security issues, said she would "be delighted" to go to Connecticut to campaign for him. She said that when she saw him after the long recess, she gave him a big hug.

"Did you pull out any of those knives in his back?" one reporter asked.

"No," Collins answered. "But I'm tempted to send him a dog named Harry" — a reference to President Truman's adage that politicians wanting friends in Washington should purchase pets.

Support from Connecticut Republicans — as well as the state's large contingent of independent voters — may be just the thing that gives Lieberman the additional six years in the Senate he seeks. He has been emphasizing that his reelection bid is "about people, not politics," and a recent poll he commissioned showed him with a double-digit lead over Lamont; the little-known GOP candidate in the race barely registered support in the poll.

As part of Lieberman's effort to reach voters directly, now that he can no longer count on party resources, his campaign unveiled a website and blog Wednesday, and the candidate spent the morning pressing the flesh at a diner in Hamden, Conn., before traveling to Washington.

Still, legislative business will require him to spend much of the next month in a setting where he is opposed by former friends and embraced by former enemies.

"It's excruciatingly awkward," said University of Pennsylvania political scientist Donald Kettl. "The usual 'my good friend' will wear thin very quickly."

Lieberman, though, seemed unruffled by his new work environment.

"Oh, that's just politics," he said dismissively, in what may have been the day's most indisputable sentence.

Democrats Court Lobbyists Heavily (RC)

By Tory Newmyer

Roll Call, September 7, 2006

With control of the House within reach for the first time in more than a decade, Democratic lobbyists say they're feeling unusually intense pressure from House Democratic leaders to open their wallets and help their party close the deal.

But Democratic lobbyists are rising to the challenge, a dozen Democratic consultants said, upping their personal contributions and making the case to their corporate clients that they need to pony up as well.

Democratic Congressional Campaign Committee Chairman Rahm Emanuel (Ill.) "has been pretty blunt with people," one Democratic lobbyist said. "Now, people downtown are finally paying attention and believing."

"There's been a significant increase in House Democratic fundraising activity. Folks are really working it hard," said another well-placed Democratic lobbyist.

With recent media coverage and poll numbers suggesting a Democratic takeover of the House, aides and lobbyists alike said the fundraising pitch is becoming an easier sell.

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While a shift in giving to the Democrats is not yet showing up in public disclosures, Democratic lobbyists report that their corporate clients, who have bankrolled Republican majorities in past cycles, are looking for ways to hedge their bets between now and Election Day.

A House Democratic campaign aide offered a more skeptical assessment, saying that "the business community and the K Street crowd may be talking a big game about contributing to both parties in light of the looming election, but the reality is that they are still nearly completely devoted to House and Senate Republicans."

The shifting momentum also has helped redirect to House candidates contributions that might otherwise have gone to Senate contenders. Since at least a handful of Democratic votes have been necessary to end debate on all Senate measures, the minority party has remained key to business in that chamber. But in the House, iron-fisted Republican control and chamber rules that make it tougher for the minority party to shape the debate have largely left Democrats and their lobbying allies on the sidelines. Consequently, House Democratic candidates have had a tougher time finding corporate contributions to back them up, several lobbyists said.

"In recent years, K Street has placed more focus on the Senate," said Bruce Andrews, a former Democratic House aide now lobbying for Quinn Gillespie & Associates. "But with likely Democratic gains in November, K Street is renewing its focus on the House as well."

Both parties in both chambers typically roll out high-pressured fundraising gambits at the close of every cycle to round up as much loose change as possible. But strategists close to the House Democratic operation said they've been struck by the volume of activity this year.

"It's not a different movie. It's just in Technicolor this year," said Paul Equale, a Democratic consultant.

And Emanuel, who has distinguished himself as an aggressive fundraiser, also is dialing up the intensity of his appeals. "Rahm's message certainly now is that we're getting to the crunch time, and we need it more than ever," said one Democratic lobbyist.

In that drive, the Illinois lawmaker is being backed by House Democratic leaders and committee members who stand to wield powerful gavels if the chamber flips.

Rep. John Dingell (D-Mich.), the ranking member on the Energy and Commerce Committee, on Wednesday huddled at the Washington Court Hotel with about 35 lobbyists who make up his informal kitchen cabinet.

Dingell usually organizes the irregular get-togethers to discuss policy matters. This week, however, the talk was purely about the upcoming elections, an aide said.

"We want to make sure they're helping frontline candidates [in competitive races], doing everything they can, ready to be on call and work with the leadership of the DCCC to make sure Democrats win back the House," the aide said. "This is his No. 1 priority."

On Sept. 13, House Minority Whip Steny Hoyer (D-Md.) is hosting a lunch to raise PAC contributions for top-tier, open-seat candidates.

That night, the DCCC is hosting a "March to the Majority Reception" at the Sewall-Belmont House and Museum on Capitol Hill. And later this month, Dingell and several colleagues are hosting a dinner at Bistro Bis to raise money for the DCCC. Guests can attend for $500, but the price tag to be an event chair is a $10,000 check to the campaign committee.

Efforts to gather campaign cash from former Hill staffers working downtown have gotten another boost this cycle from an informal effort led by Hoyer and by Democratic Reps. John Tanner (Tenn.), Ellen Tauscher (Calif.) and Joe Crowley (N.Y.). That program had collected $100,000 by mid-summer, with nearly 60 percent of the money coming from personal checks, according to a source familiar with the effort.

While House Democrats are finding many loyal soldiers among the ranks of K Street lobbyists, the party is facing resistance in some downtown quarters where Democratic ties are outweighed by policy demands.

Since a key component of the minority party's messaging has been tagging Republicans as corporate handmaidens, Democrats have kept certain industries in their cross hairs — most notably the energy and pharmaceutical sectors.

One Democratic lobbyist for a drugmaker said the attacks have gone too far, prompting him to redirect money he would have otherwise offered the DCCC.

"At some point politics is politics, but when you demonize an industry that cures things, it just goes beyond the pale," this lobbyist said, calling the fundraising appeals from the DCCC on the heels of attacks "dishonest."

That criticism follows a line of attack Republicans have leveled at Democrats for accepting donations from lobbyists while blasting GOP ties to the community.

"It's shocking that the architect of the 'culture of hypocrisy' is now shaking down K Street for campaign cash," said Ed Patru, a spokesman for the National Republican Congressional Committee.

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Nevertheless, Democratic lobbyist Steve Elmendorf said that the buzz about Democrats retaking the House is enough to prompt lobbyists to keep cutting checks and leaning on clients to follow suit.

"I called the DCCC today and asked them to send me a list of their events," he said, describing a move that turns on its head the normal fundraising dynamic. "I already give, but I've got clients."

Senators Denounce Scientist's Stem Cell Claims (WP)

By Rick Weiss

The Washington Post, September 7, 2006

Two senators who strongly support human embryonic stem cell research lashed out yesterday at the scientist who recently reported the creation of those cells by a method that does not require the destruction of embryos, saying the scientist and his company have harmed the struggling field by overstating their results.

"It's a big black eye if scientists are making false and inaccurate representations," a combative Sen. Arlen Specter (R-Pa.) said during a hearing of the Senate Appropriations labor, health and human services subcommittee, which he chairs.

Robert Lanza of Advanced Cell Technology (ACT) in Worcester, Mass., defended his work and the company's statements. "Our paper is 100 percent correct," said the visibly shaken scientist, referring to the highly publicized article that appeared in the Aug. 24 issue of the journal Nature.

"You're on the ropes!" Specter retorted, capping one of several exchanges in which he and Sen. Tom Harkin (D-Iowa), a fellow advocate of stem cell research, repeatedly interrupted and scolded Lanza.

At issue was the initial publicity and resulting media coverage of ACT's widely reported experiment, which showed that a single cell taken from a human embryo can be coaxed to become a colony of stem cells.

Embryonic stem cells are prized for their medical and research potential, and until Lanza's experiment they had been grown only by methods that necessitated the destruction of an embryo.

Because the removal of a single cell from an early embryo is widely regarded as harmless (hundreds of apparently healthy children began as fertility clinic embryos that first had a cell or two removed for testing purposes), ACT characterized the technique as a way to make stem cells without destroying embryos.

But opponents of the research, most prominently representatives of the Roman Catholic Church, quickly attacked that claim as bordering on fraudulent. They noted that, in ACT's experiments, the scientists destroyed the embryos to get as many single cells as possible to work with.

While that fact was clear in the Nature report, it was less than clear to some members of the media and the public.

Specter and Harkin focused on what they said was the main reason for the confusion: the company's news release, which said the team had derived stem cells "using an approach that does not harm embryos."

The approach -- removing single cells -- may be harmless when only one cell is removed, the senators agreed. But in this case, it did harm embryos because the scientists, wanting to make the most of the few embryos donated for the work, took many cells from each.

Similarly, the release quoted Lanza as saying: "We have demonstrated, for the first time, that human embryonic stem cells can be generated without interfering with the embryo's potential for life."

Harkin said: "ACT should have made it more clear from the beginning that none of the embryos survived." He added that he suspected the wording was intentionally misleading to raise the company's long-suffering stock price. The stem cell field, he said, has "been hyped too much. We need to come back to Earth."

But Ronald M. Green, a Dartmouth University ethicist who was among several who approved the experimental protocol, told the senators they were wrong to belittle the findings or the way they were reported.

"We're speaking here of an enormous breakthrough in American medicine," said Green, who said his only financial link to the company was the approximately $200 per day he was paid -- more than a year ago -- for attending a handful of meetings to review the research.

Not addressed by the senators was a plainly incorrect announcement sent to science reporters by the journal Nature itself.

"By plucking single cells from human embryos, Robert Lanza and his colleagues have been able to generate new lines of cultured human embryonic stem (ES) cells while leaving the embryos intact," the release said.

That erroneous description -- written not by scientists at Nature but by the journal's lay staff -- was corrected after news stories were published.

Nature later apologized to reporters, blaming the mistake on "internal communication problems."

Lanza and the senators agreed on one thing: The quickest way to boost the availability of stem cells for research would be to pass legislation like that recently vetoed by President Bush, which would allow scientists with federal funding to study embryos about to be discarded by fertility clinics.

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Dethroning California's King (LAT)

The Los Angeles Times, September 7, 2006

Farewell to the little-known 19th century abolitionist, whose Capitol Hill statue representing the Golden State will give way to Ronald Reagan.

AH, THOMAS. WE HARDLY KNEW YE. Thomas Starr King, that is. Once one of California's most beloved heroes; honored in bronze as one of the state's two representatives in the 100-statue collection at the U.S. Capitol. For 75 years, schoolchildren, foreign dignitaries and visitors from California all paid homage to the state's duo of major historical figures: Father Junipero Serra, the founder of California's missions, and Thomas Starr King.

Wait a minute. Thomas Starr who?

That was probably the question members of the Legislature were asking themselves in the closing hours of their session last week, when they sent the governor a bill to unceremoniously oust King and replace him with Ronald Reagan. King, a Unitarian minister, may have been an intellectual star in the mid-19th century, but today he's not exactly a household name. It's a safe bet that most Californians who know his name at all first learned it while visiting the U.S. Capitol, then promptly exclaimed, "Huh?"

King traveled from town to town in California's early days exhorting citizens to support the Union cause in the Civil War. Before King, it was by no means clear that California was going to go that way. There was strong sentiment for the Confederacy in Southern California, and the state toyed with splitting in two or seceding. King's stump speeches helped keep the 10-year-old state in the republic.

But that was a long time ago. California always has been more interested in the future than the past. Besides, King did most of his preaching in New England. He arrived here just before the Civil War started, and he died before it was over. Now he's mostly known as the name of a middle school in Silver Lake.

So was King the most obscure figure represented in the Capitol's collection? Not even close. Maryland has John Hanson, who some argue was the first president. (No kidding. Look it up.) Pennsylvania passed up Benjamin Franklin but picked John Peter Gabriel Muhlenberg. Missouri has Francis Preston Blair Jr., who did for his state much what King did for ours.

But no more obscurity for California. In Reagan, the state will honor the president, governor and entertainer who has not just a star on the Hollywood Walk of Fame but now a sculpture at the Capitol. Reagan won't be the first to have both. Will Rogers (Oklahoma) got his statue in 1939, long before his star. And although Philo T. Farnsworth (Utah) already has his statue, he is still waiting for his star.

He richly deserves it. Look it up.

Israel Will Ease Grip On Lebanon (NYT)

By Steven Erlanger

The New York Times, September 7, 2006

JERUSALEM, Sept. 6 — Israel announced Wednesday that it would lift its air and sea blockade of Lebanon on Thursday evening, three weeks after the cessation of hostilities, because international forces were ready to move into place to impose an arms embargo on the Hezbollah militia.

Prime Minister Ehud Olmert said Israel would yield its “control positions over Lebanon’s seaports and airports” at 6 p.m. Thursday to international supervision.

French, Greek, British and Italian ships will patrol Lebanon’s coast until German ships arrive in two weeks. The Germans will also help patrol Lebanon’s airport to prevent the resupply of rockets, launchers and heavy arms to Hezbollah from its main supporters, Syria and Iran.

Preventing arms from moving across the land border from Syria remains the main issue. A senior Israeli official who spoke on the condition of anonymity because he was not authorized to talk about the subject, said Israel had “an understanding” that international forces would deploy alongside the Lebanese Army to monitor that border.

But Miri Eisin, a spokeswoman for Mr. Olmert, said the land border “is still an open issue — it’s not resolved so far as Israel is concerned.” Mr. Olmert wants Lebanese forces with United Nations forces at each of the nine crossing points along the mountainous 205-mile border with Syria, Ms. Eisin said. While the border is unfenced and largely unmarked, large rockets and truck-based launchers cannot be brought overland by donkeys, she said, so the crossings are crucial.

“The land border with Syria is the wild card and the real test of the arms embargo,” said the spokesman for the Israeli Foreign Ministry, Mark Regev. “We’re hopeful we’ll see Lebanese forces augmented by international forces there on the border enforcing the arms embargo. It would be very nice to believe Syria would change its policies, but we’d like a verification process.”

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Israeli military officials have said that if they have evidence of continuing supplies of rockets and launchers to Hezbollah on trucks from Syria, Israel will feel justified in bombing those trucks.

Israel has been pressed hard to lift its air and sea embargos by the United Nations secretary general, Kofi Annan, who had suggested it might be lifted within 48 hours.

In Cairo, the Lebanese foreign minister, Fawzi Salloukh, said Lebanon "would wait for the 48 hours given by Kofi Annan, and if the situation is resolved, we will thank him.''

"If it is not," Mr. Salloukh added, "the Lebanese government will take the necessary measures and break the blockade with all our might."

Mr. Annan, on his arrival in Madrid on Wednesday at the end of his Middle East tour, said he had worked on the plan during his flight from Turkey and was pleased with the results. "The lifting of the blockade will enable Lebanese Prime Minister Fouad Siniora and his government to accelerate their economic recovery and reconstruction program," he said in a statement.

Israel is depending on Lebanon to help bring about the return of two soldiers captured by Hezbollah on July 12; those seizures led to the war. And with various Arab airlines vowing to land in Beirut anyway, Israel decided that it was time to lift its restrictions. Israel has already granted permission for most civilian aircraft and aid shipments to land.

"We have to play our cards right and know when we have enough," said the senior Israeli official. "It's the big stuff, the larger rockets and launchers, that we have to worry about."

European navies will monitor the coast, and the airport is a relatively small area that will be easy to monitor, the official said. As for the difficult issue of the Syrian border, "we have an understanding" that international forces will be there to help Lebanese forces, the official said, even though Syria had warned Lebanon that any international presence on its border would cause Syria to close the border.

Under the resolution that ended the fighting, the Lebanese government must request the help of the United Nations force to monitor the border, and the Israeli official insisted that Israel had been told that Lebanon would make the request.

Mr. Annan has met with all sides in an attempt to push along efforts to carry out the Security Council resolution, 1701, which went into effect Aug. 14 and largely stopped the fighting. He has said he will appoint a special envoy to work on the return of the Israeli soldiers captured by Hezbollah, presumably in exchange for a few Lebanese prisoners held by Israel for years, and for Hezbollah fighters captured during the war.

Mr. Annan has pressed European nations and nations like Turkey and Indonesia with large Muslim populations to provide troops for the expanded United Nations force.

About 3,250 international troops are now in Lebanon, but Mr. Annan expects the figure to reach 5,000 by the end of next week. The resolution calls for a maximum of 15,000 troops, but a senior European diplomat, who spoke on the condition of customary diplomatic anonymity, said that even 12,000 would be "a good showing."

Elsewhere, in Gaza, some staff members from the Palestinian prime minister's office joined a strike by civil servants demanding salaries from the Hamas government, which has been unable to pay them in full for six months.

The strikes have been pressed by Fatah, Hamas's political rival, but also reflect popular unhappiness with the inability of the government to secure enough funds, in the face of a Western aid cutoff and an Israeli refusal to hand over tax and customs receipts, to pay 165,000 civil servants more than small, intermittent stipends.

Israel, the United States and Europe want Hamas to recognize the right of Israel to exist, forswear violence and recognize previous Israeli-Palestinian agreements. Some Europeans are now suggesting, according to a senior French diplomat, that those restrictions be eased if the Palestinians come up with a national-unity government that at least forswears violence and terrorism. The United States and Britain are against weakening the terms demanded of Hamas.

Israel To End Blockade Of Lebanon (WP)

By Scott Wilson And Edward Cody

The Washington Post, September 7, 2006

JERUSALEM, Sept. 6 -- Prime Minister Ehud Olmert announced Wednesday that Israel will lift its eight-week-old air and sea blockade of Lebanon on Thursday evening, removing what diplomats have called the chief obstacle to the country's recovery from a devastating war between Israeli forces and the Lebanese militia Hezbollah.

Olmert made the decision after receiving assurances from Secretary of State Condoleezza Rice and U.N. Secretary General Kofi Annan that international troops were ready to begin sea patrols and airport security checks designed to prevent Hezbollah from restocking its arms supply, according to a statement issued by his office.

Israel waged a 33-day war against the Shiite Muslim militia and continued to enforce its blockade after a U.N.-brokered cease-fire brought an end to the fighting on Aug. 14. Israeli officials had said the military would maintain the blockade until

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enough of the 15,000-member multinational force to be deployed in Lebanon under the cease-fire resolution was in place to enforce an arms embargo against Hezbollah.

But Annan recently stepped up diplomatic pressure on Israel to end the blockade, calling it "a humiliation" for Lebanon during his recent trip to the region. Olmert's statement said Annan pledged that Italian, British, French and Greek forces would begin sea patrols until the German navy arrives in approximately two weeks. German officials will also monitor Beirut's international airport, the statement said.

"We have enough confidence today to allow us to take this step," said Mark Regev, the Israeli Foreign Ministry spokesman. "There are enough forces there now to enforce the arms embargo against Hezbollah. We're moving out so the Lebanese and the international forces can move in."

The announcement came after several Middle Eastern commercial airlines resumed regular flights into Beirut's airport, which was bombed by Israeli warplanes during the war, and a British carrier threatened to run the blockade. BMED, a British Airways franchise, announced Wednesday that it would "break the air embargo" and land in Beirut without first receiving Israeli permission, as the other airlines have been required to do.

Across Lebanon's political spectrum, the blockade had stirred anger as an infringement on the government's already undermined national sovereignty. The parliament speaker, Nabih Berri, organized a sit-in by parliament members that began Saturday afternoon and was to last until the blockade was lifted. Members from all political parties applauded his move and, in shifts of 10, members are spending the night in the parliament building to dramatize their protest.

The blockade has also impeded the recovery of Lebanon's war-battered economy, which is based largely on its role as a regional air and sea shipping hub and a magnet for rich tourists from the Persian Gulf oil countries.

The war left an estimated 850 to 1,200 Lebanese dead, most of them civilians, and ravaged Hezbollah's strongholds in southern Lebanon and the crowded suburbs of south Beirut. The Israeli military said 117 soldiers were killed in combat and 41 civilians were killed by Hezbollah rocket fire before the cease-fire took effect.

The resolution calls for the deployment of 15,000 U.N.-backed peacekeepers in southern Lebanon alongside an equal number of Lebanese troops, who will have the authority to prevent Hezbollah from replenishing its arsenal. Israeli officials say Hezbollah's arms supply comes from Iran and Syria.

Officials in Lebanon said Prime Minister Fouad Siniora insisted that Israel lift the blockade before his government would request U.N. help in guarding Lebanon's air, sea and land frontiers. They said Siniora would then go through the United Nations to ask France, Greece and Italy to take up the temporary assignment of policing shipping lanes into Beirut's port and flights to and from its international airport.

Germany has volunteered to shoulder the responsibility for the long term. But German officials predicted it would take weeks for their ships to equip and arrive off Lebanon. In contrast, France and Italy already have warships in the region, and Greece lies just a short distance away.

The arrangements had to go through the United Nations, officials said, because Hezbollah refused to welcome the European ships directly, saying Lebanon would be handing over its sovereignty to NATO.

Germany also has offered technical help and training for Lebanese military and security personnel monitoring traffic across the land border with Syria, the main conduit in the past for Hezbollah arms arriving from Iran. Lebanon has accepted the offer but refused an Israeli demand that foreign personnel be part of the border-monitoring operation.

In any case, one official involved in the negotiations said, Hezbollah is not concerned about getting resupplied because of the long tradition of smuggling over little-used paths along the long, sparsely populated frontier.

Regev, the Israeli Foreign Ministry spokesman, called the issue "a wild card" and reiterated Israel's demand that multinational forces be deployed along the border with Syria. Without providing details, Regev said, "We have reason to believe that will happen."

In another reflection of Lebanon's anger, Foreign Minister Fawzi Salloukh told reporters in Cairo that Lebanon would break the blockade "with our might" if it was not lifted. Salloukh, a Hezbollah sympathizer, did not specify what he meant, and his comment was seen more as bravura than a practical threat.

Former Gen. Michel Aoun, a right-wing political figure, drew sustained applause when he announced the news of Israel's decision during a speech to his followers. "The regrettable thing is that it was on orders from Olmert," he added with a chuckle, and loud boos rose from the audience.

Israel To Lift Air And Sea Blockade (FT)

By Harvey Morris, Andrew England And Quentin Peel
Financial Times, September 7, 2006

DOJ_NMG_0059264

Israel will on Thursday lift an air and sea blockade on Lebanon that has been in force since the start of its war with Hizbollah on July 12.

The office of Ehud Olmert, prime minister, said on Wednesday night that international forces would replace those of Israel at command positions over Lebanese seaports and airports.

"We have enough confidence that the Lebanese army, together with international forces, are ready and able to implement the international embargo against Hizbollah," said Mark Regev, Israeli foreign ministry spokesman.

The Israeli government had refused to lift its air and sea blockade until it was satisfied that enough foreign forces were in place to prevent weapons reaching the Shia militia. Israeli officials said they were still concerned about the land border between Lebanon and Syria but noted that Israel had no forces there.

The Israeli announcement follows a week of urgent telephone diplomacy by Kofi Annan, the United Nations secretary-general, involving Condoleezza Rice, the US secretary of state, President Jacques Chirac of France, Frank-Walter Steinmeier, the German foreign minister, as well as Mr Olmert and Fouad Siniora, the Lebanese prime minister.

An exhausted but elated Mr Annan greeted the announcement on Wednesday night as a vital move to enable humanitarian aid, and the reconstruction of Lebanon, to start. He heard news of Mr Olmert's announcement as he flew from Ankara to Madrid at the end of a 10-day tour of Middle East capitals to bolster the UN peace plan.

The deal that persuaded Mr Olmert to lift the blockade will involve French, Italian, Greek and British ships patrolling the Lebanese coastline for the next two weeks, before they are replaced by a long-term German naval taskforce, also involving Scandinavian and Turkish ships.

Germany has also agreed to provide 10 airport police and customs experts to reinforce security at Beirut airport, as well as technical equipment and training to help the Lebanese government tighten security along its border with Syria.

The airport security deal was the final element in a complex package designed to allay Israeli fears that arms would be smuggled to Hizbollah forces as soon as its air and sea blockade was lifted. Ms Rice, who has been in daily telephone contact with Mr Annan, is understood to have played a key part in persuading Mr Olmert to accept the package.

From the start of his tour Mr Annan had stressed that lifting the embargo was an essential step to make the peace plan work. UN officials say that failure to lift the blockade was not only stopping reconstruction, but also undermining the political authority of the Lebanese government.

Israel Says It Will End Blockade Of Lebanon; First Real Test Of U.N. Peace Force (USAT/AP)

By The Associated Press

USA Today, September 7, 2006

JERUSALEM — Israel said Wednesday that it would lift its stifling blockade of Lebanon within a day, marking a crucial breakthrough in international efforts to rebuild southern Lebanon from the war between Israel and Hezbollah guerrillas.

The transfer of supervision of Lebanon's airspace and coastline to international troops would be the first major test for the United Nations force charged with keeping the peace and preventing arms shipments from reaching Hezbollah guerrillas.

It was a major victory for U.N. Secretary-General Kofi Annan, who had demanded that Israel end the blockade, and it showed that with U.N. mediation, some of the outstanding disagreements might be resolved.

Israel is slowly pulling its troops out of southern Lebanon as international peacekeepers arrive. However, a deal on the thorniest remaining issue — the return of two Israeli soldiers whose July 12 capture sparked the fighting — will be far more difficult to broker, since Israel has demanded their unconditional release but Hezbollah has insisted on a prisoner swap.

Israel imposed the air, land and sea blockade shortly after the war against Hezbollah began nearly two months ago. Israel said the blockade was vital to stopping the guerrilla group from resupplying itself with arms from its major patrons, Syria and Iran.

There were no dollar estimates on the losses Lebanon suffered from the blockade, but at one point it caused severe fuel shortages, leading to long lines at gas stations and forcing the electric company to ration power.

In recent weeks, some supply ships were allowed to dock after coordinating with the Israelis, easing the country's fuel crisis and allowing the electricity authority to lift part of the rationing.

Israel had said it would not end the blockade until a beefed up U.N. force in southern Lebanon could take over to prevent arms shipments to Hezbollah.

On Wednesday, a statement from Israeli Prime Minister Ehud Olmert's office said Annan and U.S. Secretary of State Condoleezza Rice told Olmert that the international forces were ready to monitor the airports and seaports.

Israel To Lift Lebanon Air And Sea Blockade (LAT)

By Ken Ellingwood And Megan K. Stack

The Los Angeles Times, September 7, 2006

DOJ_NMG_0059265

JERUSALEM — Israel's government said today it would end its air and maritime blockade of Lebanon on Thursday to make way for an international force that is to deploy as part of a cease-fire that ended the 34-day conflict.

Israel's decision came after Secretary of State Condoleezza Rice and U.N. Secretary-General Kofi Annan notified its leaders that the international forces were ready to take positions at Lebanon's airports and along the coast, according to a statement from the office of Israeli Prime Minister Ehud Olmert.

Israeli officials said those assurances persuaded them that Israel could ease its restrictions on the arrival and departure of ships and airplanes, an embargo it has said was aimed at preventing arms from reaching fighters of the Islamic militant Hezbollah movement. FOR THE RECORD: An earlier version of this story misidentified Lebanese labor minister Tarrad Hamadeh, a Hezbollah supporter. The earlier story identified the labor minister as Trad Hamadeh, a Hezbollah member. "We said from the beginning that we'll be willing to lift our restrictions when the Lebanese government, augmented by the internationals, would be able to enforce the arms embargo," said Mark Regev, a spokesman for the Israeli Foreign Ministry. "It's come together in a way today to give us the confidence to lift the restrictions."

The news was met with jubilation in Lebanon, where anxiety has been growing as the economic damage of the war was compounded by the lockdown.

The Lebanese government sent a formal request to Annan for German naval ships to help patrol the Mediterranean Sea. The Lebanese army will be charged with monitoring the Syrian border for signs of weapon smuggling, said Interior Minister Ahmed Fatfat.

"It's very important to show that with diplomatic pressure and with political action we can have some solution in the Middle East," Fatfat said. "It's very important to show to the Arab nation and to the Lebanese population that there is another way besides war."

A German team was to arrive at Beirut International Airport today, the Israeli statement said. The German naval forces were not due to arrive for two weeks, but Italian, French, British and Greek forces would deploy until then, Israel said.

A day earlier, Annan had expressed confidence that the blockade, imposed shortly after the outbreak of fighting July 12, would be lifted within 48 hours.

Since the cease-fire took effect on Aug. 14, Israel has approved a limited number of ships and flights into and out of Lebanon despite the blockade, its officials said. But the embargo still cost the economy more than $20 million a day, said the Lebanese government.

Commercial air travel had slowed to a trickle, with only a handful of flights a day, all of them routed through the airport in Amman, Jordan. The fishermen of Lebanon's storied coast had languished on dry land, forbidden to sail into the sea to make their living.

Business owners fretted over shipments stuck in Turkey, Syria or Jordan. Blackouts, a perpetual problem in Lebanon in the best of times, grew more frequent as fuel supplies dwindled.

"It was contributing to higher costs, higher anxieties, delays," said Marwan Iskander, an economist and head of a research firm. "It was constrictive. It made the country feel as if it was going to suffocate."

Annan has called repeatedly for an end to the blockade, including during a visit last week with Israeli leaders. But they said then that they would not until all provisions of the Security Council resolution that ended the fighting were implemented. The resolution includes a ban on the supply of weapons into Lebanon that are not authorized by the Lebanese government.

Trad Hamadeh, the labor minister and a member of Hezbollah, said that asking the U.N. forces to monitor the coast was dangerous because "it internationalizes even further our small country." But, he added, "since we live in a democracy and the majority of ministers voted for UNIFIL's help in controlling our sea, we will cooperate with the French and the Germans despite our reservations."

Regev said, however, that Israel remained concerned about the transfer of weapons to Hezbollah through Lebanon's border with Syria, which along with Iran, has been a key backer and supplier of the Shiite group.

"The big question is the Syrian-Lebanese border," Regev said.

Israeli ground forces have slowly withdrawn from southern Lebanon, giving way to Lebanese army soldiers and a U.N. military force that is to be expanded to up to 15,000 troops under the terms of the Security Council resolution. Israel wants the international forces to patrol against cross-border smuggling, but Syria opposes deploying such a force along its frontier with Lebanon.

Israeli officials remain wary of Syria's promise to honor the arms embargo. Annan, who met last week with Syrian President Bashar Assad, said later that the regime had committed to deploying a battalion along the border with Lebanon to enforce the U.N. resolution. Syrian officials have denied arming Hezbollah.

Meanwhile, Lebanon toughened its stance on the two Israeli soldiers whose capture by Hezbollah helped trigger this summer's war.

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The cease-fire agreement called for the unconditional release of the Israeli soldiers. But today, the Lebanese foreign minister said the Israelis would only be freed if the two sides negotiated a prisoner swap.

Annan Ends Mideast Trip With 2 Successes (AP)

By Selcan Hacaoglu, Associated Press Writer

AP, September 7, 2006

U.N. Secretary-General Kofi Annan wrapped up a trip to the Middle East Wednesday with two notable successes: winning Israel's agreement to lift its blockade of war-ravaged Lebanon and securing a commitment for Turkish troops to join the U.N. peacekeeping force there.

Just hours after Annan called for the lifting of a sea and air blockade, Israel said it would end it Thursday evening. International forces will replace the Israelis at command positions over Lebanese seaports and airports. Israel said the blockade was necessary to prevent arms shipments to Hezbollah guerrillas.

Annan — on the tail end of 11-day trip to the region — also renewed a call for an Israeli troop pullout from Lebanon, calling it "crucial" to peacekeeping.

The U.N. chief also urged Hezbollah militants based in southern Lebanon to disarm.

The U.N. had 2,000 peacekeepers in Lebanon but is starting to send thousands more into the region to monitor a tenuous truce between Israel and Hezbollah after 34 days of fighting.

"When 5,000 international troops are on the ground ... we will have a credible force and it will be time for Israel to withdraw completely," Annan said.

The U.N. force will eventually number 15,000 who will monitor the truce along with 15,000 Lebanese army troops.

Annan arrived in Turkey Tuesday — hours before its parliament voted to send troops to Lebanon, becoming the first Muslim country with diplomatic relations to Israel to join the U.N. peacekeeping force.

Annan called the Turkish decision "a sign of international solidarity" — the spirit he sought during his Mideast tour.

Turkish officials, mindful of strong opposition in Turkey to deployment, have said its contribution would not exceed 1,000 and pledged that Turkish soldiers would not be tasked with disarming Hezbollah.

Thousands in Turkey have protested the deployment, fearing it will lead to Turks confronting fellow Muslims. Police detained 30 stone-throwing protesters on Wednesday.

Annan said Lebanon — not foreign troops — must reach a national consensus on disarming Hezbollah militants.

"The remaining ones should disarm and devote all their energy to political activities to transform themselves into parties," he said.

Annan said a mediator he appointed for indirect talks between Israel and Hezbollah on the release of two abducted Israeli soldiers would be in the region before the end of next week.

Associated Press writers Suzan Fraser in Ankara and Benjamin Harvey in Istanbul contributed to this report.

Lebanese Documentary Unveils 1980's Tape Of A Prisoner (NYT)

By Dina Kraft

The New York Times, September 7, 2006

TEL AVIV, Sept. 6 — Videotape of an Israeli airman captured 20 years ago has surfaced in a Lebanese television documentary, touching a raw nerve for Israelis anxious for the return of soldiers taken by Hezbollah two months ago.

The broadcast of the film, which Israeli officials had not been aware existed, comes as Israelis emerge from a war that failed in its declared mission of freeing the two soldiers captured by Hezbollah on July 12.

The grainy image of a bearded and hollow-eyed Capt. Ron Arad speaking to his captors was broadcast in both Lebanon and Israel this week. Captain Arad, an Air Force navigator whose plane was shot down over Lebanon in 1986, is said by Hezbollah to be dead, and the failure to conduct successful negotiations for his return has weighed heavily on Israelis.

The film surfaced as part of a documentary called "The Captured," about three Israeli soldiers captured by Hezbollah in 2000 and the Arad case, that was produced for a private mainstream Lebanese television station. The film, which does not address the current case, includes videotape of the capture of the soldiers in 2000 that Israeli officials also had not known existed.

The tape of Captain Arad, while never seen here, is old. But Israel, which has been seeking positive confirmation of his fate for 20 years now, did not know the film existed.

"I am a soldier in the Israeli Army," Captain Arad says in a flat voice during the brief segment. He offers the names of his parents, "Dov Arad. Batya Arad," and describes what he studied as part of his pilot's training.

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The film was shown on Wednesday on the Lebanese station LBC, considered one of the most reputable channels in the region, and in two parts by the mainstream Israeli station Channel 10 on Tuesday and Wednesday. The Israeli station reportedly bought rights to broadcast the film.

The news that the film of Captain Arad existed began to leak out a week ago, and images from the film have been printed in Israeli newspapers over the past several days.

Israeli intelligence officials said the tape appeared to have been recorded about a year and a half after his capture.

The tape was apparently in the possession of the Amal militia, the Shiite group believed to have captured Captain Arad, one of the film's producers said, but it was not clear why it came to light only recently. The producers said they received the film from people believed to have ties to Amal. They said the documentary was not scheduled to be shown until later in the year but was moved up because of the possibility of negotiations over the recent captives.

Israeli officials and relatives of the soldiers captured in 2000 were interviewed for the documentary, but they were apparently unaware of the older videotape.

News of the film has captivated and depressed Israelis, many of whom see it as an attempt by the Lebanese to press the Israeli government to negotiate with Hezbollah over the two current prisoners, Ehud Goldwasser, 31, and Eldad Regev, 26, as well as Cpl. Gilad Shalit, who has turned 20 since his capture by militants who entered Israel from Gaza on June 25. Israel has called for their unconditional release.

The film of Captain Arad appears to date to about 1988, about the same time Israeli officials were in negotiations for Captain Arad's release. Soon after, all contact about the airman was terminated by his captors. There are suspicions that he might have been sold to a contingent of Iranian national guards and later died.

The film also shows newly surfaced videotape of the 2000 capture of three Israeli soldiers in a cross-border raid very similar to the one carried out this summer. The film was apparently shot by Hezbollah.

The soldiers are seen in an army Jeep just seconds before a roadside bomb is detonated, engulfing it in a thick cloud of smoke. Hezbollah guerrillas are then visible racing to the Jeep and dragging the soldiers into Lebanon.

Hezbollah is apparently hoping that its recent capture of the two army reservists will finally press Israeli to release Lebanese prisoners. The soldiers captured in 2000 were killed during their captivity, though it is not clear when.

Raphael Israeli, an expert in Islamic fundamentalism at the Hebrew University of Jerusalem, said the documentary was an effort to demoralize Israel. "Hezbollah continues to play on Israelis' feelings of how vulnerable they are," he said.

The most notorious Lebanese prisoner in Israel is Samir Kuntar. Another, Nissim Nasser, is confirmed to be in Israeli custody, accused of spying for Hezbollah.

In 1979 Mr. Kuntar, just 16 at the time, infiltrated into Israel and attacked a family in the town of Nahariya. First he shot the father, Danny Haran, in the head in front of his 4-year-old daughter, Einat, and then crushed her skull with his rifle butt.

Smadar Haran, Mr. Haran's wife, hid in a crawl space with the couple's 2-year-old daughter. Mrs. Haran, trying to quiet the toddler, accidentally smothered her to death.

The killings are seared into Israeli memory, and the question of whether Mr. Kuntar could be released is a painful one.

"Samir Kuntar is a monster," Bradley Burston wrote on the Web site of the newspaper Haaretz. "He may never have deserved a life. But Gilad Shalit, Ehud Goldwasser, and Eldad Regev do. So do their families. Free the monster. Let them live."

Israel, which has a strong ethos of not leaving soldiers behind in battle, has vowed not to engage in a prisoner swap this time, but past governments have made deals. In January 2004 Israel released about 430 prisoners in exchange for the bodies of the Israeli soldiers captured in 2000 and for the return of an Israeli businessman who was kidnapped by Hezbollah.

Reserve Maj. Gen. Amos Malka, who served as director of military intelligence at the time of the 2000 raid, wrote about the tape of the 2000 abduction in the daily Yediot Ahronot on Wednesday.

"The Northern Command has to check carefully how it happened that two kidnappings that Hezbollah prepared and practiced succeeded in being performed in an almost identical manner," he wrote. "Where were the failures? Where did we not learn the lesson?"

Iran's Leader To Duel With Bush At UN (FT)

By Guy Dinmore

Financial Times, September 7, 2006

The scene is set for a clash of the "Great Satan" and the "axis of evil" at the United Nations this month when presidents George W. Bush and Mahmoud Ahmadi-Nejad address the general assembly on the same day, with the US pressing the world body to impose sanctions on Iran over its nuclear programme.

The White House confirmed on Wednesday that the Iranian president would be granted a US visa to go to New York. "This will be the debate," a US official said, referring to Mr Ahmadi-Nejad's challenge to Mr Bush to hold a televised debate.

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According to the UN agenda, Mr Bush is due to speak ahead of the Iranian president on September 19, the official noted.

Mr Ahmadi-Nejad attended the general assembly last year shortly after his election victory but only after US officials raised questions over his visa application following allegations – never substantiated – that he had played a role in the 1979-81 US embassy hostage crisis in Tehran.

Since then Mr Ahmadi-Nejad has been widely condemned for questioning the Holocaust and calling for Israel to be wiped off the map by Palestinians. However, the White House said that had no bearing on his visa application. The US has never denied a visa to a head of state to attend the UN general assembly, but did once refuse entry to Yassir Arafat, the Palestinian leader.

The US is pressing the UN to impose sanctions on Iran following its refusal to halt uranium enrichment by last week's UN-imposed deadline. China and Russia appear reluctant to move quickly with punitive measures, however, and this year's general assembly is likely to see intense lobbying by all sides.

Mr Ahmadi-Nejad told a cabinet meeting on Wednesday that the UN visit was a "good chance" for the debate and that the US side, if it wished, could bring advisers, according to his website.

Mr Bush first called Iran part of the "axis of evil" in 2002. Iranian leaders habitually refer to the US as the "Great Satan".

Questions For Khatami (WP)

By Felice D. Gaer And Nina Shea

The Washington Post, September 7, 2006

There is a troubling irony in inviting former Iranian president Mohammad Khatami to speak today at the National Cathedral on the role the Abrahamic faiths can play in shaping peace in the world. In his own country, Khatami held office as president from 1997 to 2005 while religious minorities -- including Jews, Christians, Sunni and Sufi Muslims, Bahais, dissident Shiite Muslims and Zoroastrians -- faced systematic harassment, discrimination, imprisonment, torture and even execution because of their religious beliefs. During Khatami's term, Iranian officials persecuted reformers, students, labor activists and journalists for "insulting Islam" and publishing materials deemed to deviate from Islamic standards.

In 1998 student protests were followed by severe repression, and a series of extrajudicial murders of dissidents were committed in the years thereafter. In 2004 the U.N. special rapporteur on freedom of expression concluded that charges against those detained for criticism of the government "lack any objective criteria" and are open to arbitrary interpretation by the judiciary. Women of all faiths have also suffered discrimination and repression.

Because of these recurring and egregious violations of religious freedom, the U.S. Commission on International Religious Freedom continues to recommend that Iran be included on the State Department's list of "countries of particular concern." Since 1999 secretaries of state in both the Clinton and Bush administrations have agreed. Iran was initially placed on this list during Khatami's tenure as president. The commission's 2006 annual report and the State Department's annual International Religious Freedom Report conclusively demonstrate that Iran's egregious, systematic violations of religious freedom did not significantly diminish during Khatami's administration.

Against that backdrop, we are prompted to ask whether President Khatami plans to use the pulpit at the National Cathedral to denounce and express regret for these offenses. Such a step would go a long way toward facilitating reconciliation among his own countrymen and women, as well as among the Abrahamic faiths.

We also note that the cathedral's description of the event mentions Khatami's call for a "dialogue of civilizations." Certainly it is useful to urge clergy and leaders in the West and throughout the world to respect a diversity of views, beliefs and cultures. We wish to inquire whether Khatami will use his address at the National Cathedral to call upon clerics in his own country to respect the universally guaranteed right to freedom of religion and belief, as well as the rights of those who hold diverse views and beliefs.

Furthermore, unconditioned "dialogue" between Iran and the West is precisely what is being urged by Iran's current president at this time as an alternative to its compliance with U.N. resolutions regarding weapons of mass destruction. Khatami's address at the cathedral on this very topic of "dialogue" could easily be manipulated to make it appear that the cathedral is giving the moral high ground to Iran on this critical issue. Dialogue and discussion require that more than one voice be heard.

It appears that the cathedral is providing a public platform to an individual who was responsible for implementing and administering policies that resulted in the severe persecution of religious minorities as well as dissident voices within Iran's own Shiite community. Chief among these victimized groups are the very Abrahamic faiths he will discuss in his address.

The National Cathedral is one of America's most significant moral symbols. It is a place where national leaders have been laid to rest, and it is where the nation grieved for the victims of Sept. 11, 2001. It is a place where the people -- despite political differences -- have come together to mourn, reflect and unify. It is a place where those from diverse faiths and backgrounds gather to worship. It is imperative that those responsible for the National Cathedral, as the caretakers of one of America's

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national symbols, preserve its unique role and not allow it to be misused or manipulated. The commission fears that Khatami's address, in its announced format, jeopardizes this important tradition and may ultimately undermine the cathedral's critical national role.

In the final analysis, it would be a tragic oversight for the former leader of Iran to be invited to give a lecture on these specific topics in such a prominent place of worship without being questioned openly and seriously on both the nature of diversity and the legacies of his own record on human rights and religious freedom.

Felice D. Gaer is chair and Nina Shea vice chair of the United States Commission on International Religious Freedom, an independent federal agency.

Turks Warm To Iran, Jilting Allies, Poll Finds (NYT)

The New York Times, September 7, 2006

BERLIN, Sept. 6 — Turkey has increasingly warmed toward Iran while cooling toward its NATO allies and the goal of European Union membership, according to a survey of international attitudes published Wednesday.

The survey, Transatlantic Trends, an annual poll of European and American public opinion conducted for the German Marshall Fund of the United States, shows a striking shift in attitudes within Turkey.

The survey found that on a 100-point "thermometer" scale, with 100 being the friendliest feeling, Turkish attitudes toward the United States fell to 20 degrees, from 28 degrees, in the past two years.

Over the same period, feelings toward Iran increased to 43 degrees, from 34 degrees.

Further, in a different part of the survey, while a majority in Turkey continued to see membership in the European Union as a good thing, support for that goal fell to 54 percent, from 73 percent in 2004.

The poll, conducted in each of the past five years, was carried out in the United States and 12 European countries: Britain, Bulgaria, France, Germany, Italy, the Netherlands, Poland, Portugal, Romania, Slovakia, Spain and Turkey.

In Turkey, the survey was based on in-person interviews of 1,000 randomly selected adults from June 6 to June 24. The margin of sampling error was plus or minus three percentage points.

Finding Diplomats For Perilous Posts (WT)

By Nicholas Kralev

The Washington Times, September 7, 2006

The State Department has begun the first major overhaul of its assignment system in decades, making it more difficult for U.S. diplomats to avoid serving in Iraq, Afghanistan and other dangerous posts that the Bush administration views as crucial in the war on terrorism.

Senior department officials said that no jobs will be available for bidding by Foreign Service officers until all open positions in the critical posts have been filled. They also said that they would resort to "directed assignments" if the new scheme fails to achieve the desired results.

"We are going to start filling the toughest posts first," one senior official said. "We are still doing this on a voluntary basis, but, obviously, if we ever have to go to directed assignments, we will, because the bottom line is, you have to get your best, most talented people in the hardest and most important positions."

Another official said that the best way for Foreign Service officers to ensure they have another job when their current assignment ends will be to opt for Iraq, Afghanistan, Sudan, Pakistan and other hardship posts in the Middle East, Africa and South Asia.

Those who prefer to be posted in less dangerous places in Asia and Latin America or the much sought-after European countries will have to wait for assignments longer and may not know where they would go until weeks before reporting at their new post.

Each year in late August, the State Department publishes an internal list of all positions in Washington and overseas that will become available the following summer. Officers bid for the jobs they are interested in, and most of them receive a new assignment by the end of the year.

The director-general of the Foreign Service, George M. Staples, said in a memorandum to employees last month that a new phase will be added to the previous bidding process.

All bid lists will still be due at the same time in late October, but only bids for the most critical posts, where officers are not allowed to be accompanied by their families, will be considered during the initial new phase, which will last until Nov. 22.

Positions at posts with a "hardship differential" of 15 percent or more will be filled by Jan. 18, and with 10 percent or more by March 20. Only then will non-hardship assignments be made, Mr. Staples said. The differential refers to increases in pay and other benefits to reflect risk.

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The Aug. 16 memo came 12 days after the Government Accountability Office (GAO) published a report critical of the State Department's staffing practices.

"We found that State's assignment system did not effectively meet the staffing needs of hardship posts, and that State had difficulty filling positions there, particularly at the mid-levels," the authors of the document said in a letter to Sen. Richard G. Lugar, Indiana Republican and chairman of the Senate Foreign Relations Committee, who requested the GAO report.

Mr. Lugar "feels the State Department still is not adequately staffed for stabilization and reconstruction efforts," said his spokesman, Andy Fisher.

"He has encouraged the administration to implement a section" of the Stabilization and Reconstruction bill that he co-sponsored with Sen. Joseph R. Biden Jr., Delaware Democrat and the committee's ranking member, which "would develop a 250-person active duty corps," Mr. Fisher said.

The State Department has had a hard time filling positions in Iraq and Afghanistan, even though it has offered various incentives for serving there, such as higher pay and benefits packages, better chances for promotion and guaranteeing officers one of their top five choices of an onward assignment.

Although most of those who volunteer for risky posts do so to serve their country, some of the officers are too junior for the positions they occupy, and others volunteer more for the benefits than the service, officials say. In addition, many sent to hardship posts arrive with minimum language, cultural and security training, which limits their effectiveness in the field.

During her last two visits to Baghdad in April, Secretary of State Condoleezza Rice was said to be disappointed by the quality of some of the officers at the embassy there.

Reaction to the new assignment system in the Foreign Service has been mixed. While officers understand the need to staff priority posts, "there is also widespread concern that long-standing assignment rules and practices are being hastily jettisoned," said the American Foreign Service Association, the diplomats' union.

"Many still perceive that the new system devalues their past and sometimes extended service in hardship posts," the association said. "Members feel as if the excellent work performed by the Foreign Service in many important but less difficult posts is no longer valued or rewarded."

U.S. Air Force Major Missing In Kyrgyzstan (NYT)

By C. J. Chivers

The New York Times, September 7, 2006

MOSCOW, Sept. 6 — A United States Air Force officer stationed in Kyrgyzstan was reported missing on Wednesday after disappearing during a shopping trip on Tuesday with fellow service members in the capital, Kyrgyz and American officials said.

The officer, Maj. Jill Metzger, has been a personnel officer for several months at the Manas Air Base, which supports military operations in Afghanistan, and was in the final days of her tour of duty.

She was last seen on a security video taken at 4:18 p.m. Tuesday in TSUM, a large department store near the center of Bishkek, said Nurdin Jangarayev, a spokesman for the Interior Ministry, which is investigating the case.

Members of the military stationed at Manas are allowed to travel off the base only with permission and in groups. Major Metzger, who is assigned to the 376th Air Expeditionary Wing, was on an approved trip with co-workers, said Capt. Anna Carpenter, a spokeswoman for the air base.

Mr. Jangarayev said the group had separated in the store but agreed to meet later. When the rest of the group gathered, the major did not appear.

Her disappearance perplexed local investigators and American officials alike, who said they had not categorized the case beyond calling it a missing-person investigation. There were no immediate signs of foul play, the authorities said, and as of Wednesday no one had claimed to have abducted her.

Mr. Jangarayev said that Major Metzger had friends in the city and that she was scheduled to leave Bishkek this week.

Kyrgyzstan, a small Central Asian republic, has allowed the United States to operate an air base at Bishkek's civilian airport since late 2001. There has been little anti-American sentiment in the population, and the country, once a remote part of the Soviet Union, is largely peaceful and open to outsiders.

Tensions between the government and Islamist groups in the southern part of the country have grown, however. There have been small skirmishes in the south this year between government security forces and gunmen whom the government characterizes as Islamic militants and members of banned extremist groups.

American officials appealed to the Kyrgyz people on national television and Web sites, asking for information about Major Metzger's whereabouts. "We are terribly concerned," the American ambassador, Marie L. Yovanovitch, said in a telephone interview. "She has been missing for over 24 hours."

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The air base and the American Embassy released pictures of the major, showing a lean blonde woman in her early 30's and about 5 feet 2. In one picture she is wearing blue jeans and a light green shirt. Captain Carpenter said she had been wearing the same clothes when she disappeared.

Ambassador Yovanovitch said the air base and embassy staffs were working with the S.N.B., the Kyrgyz security agency that succeeded the Soviet K.G.B., and with the police, who were examining all of the security videos available at TSUM.

Initial leads, derived from the store videos and cellphone records, were inconclusive.

Mr. Jangarayev, the spokesman for the national police, said the major used her cellphone at 2 p.m. Tuesday to call a number at a former Soviet farm nine miles outside Bishkek. She spoke with someone for two minutes, he said. She called the same number at 3:39 p.m. and spoke for about 15 seconds, Mr. Jangarayev said, adding that it was not clear to whom she had spoken.

He said the next insight into her whereabouts came from the TSUM videotapes, which showed her on the second floor of the store. Later her cellphone was called twice but she did not answer, Mr. Jangarayev said. Records from her service provider showed that by then her phone had left the store and traveled through the city, he said.

The first call, at 5:35 p.m., reached her phone near the capital's eastern bus station, he said, and the second call reached the phone about 7 p.m. at Tunguch, a residential area on Bishkek's eastern outskirts. Neither call was answered and the phone was shut off a short while later, Mr. Jangarayev said.

He said it was not clear who was trying to call the major. "We are trying to find this out now," he said.

After she failed to meet the rest of the group in the store they returned to the base, Mr. Jangarayev said, hoping that she had returned on her own, but they found no sign of her.

Captain Carpenter said the city's hospitals had been searched to no avail.

Mr. Jangarayev said the pattern of her calls suggested that she might have been someone's guest in Bishkek or had left with an acquaintance. But such a move would be highly unusual for a career American military officer, and the embassy declined to comment on such theories.

"I think at this point we just can't speculate," Ambassador Yovanovitch said.

Rebel MPs Force Blair's Hand (FT)

By James Blitz

Financial Times, September 7, 2006

Tony Blair is to make an 11th hour attempt to end the growing revolt against his premiership within the Labour party by publicly declaring that he will quit as prime minister in the summer of next year.

However, it was far from certain on Wednesday night that this would be enough to satisfy those MPs demanding a firm date for his departure.

After holding two lengthy meetings on Wednesday with Gordon Brown, the chancellor, Mr Blair has agreed to endorse publicly the recent statements of cabinet allies that this month's Labour conference will be his last as prime minister.

Mr Brown has told Mr Blair that he wants to have taken over well before next year's parliamentary summer break. The chancellor also demanded an end to efforts by the prime minister's allies to tie his hands on policy before the handover. Mr Blair's declaration that he will quit next summer – which ratifies a similar statement by David Miliband, environment minister – could come as early as today.

Mr Brown's aides are seeing the gesture as a constructive first step towards ensuring a stable and orderly handover of power to the chancellor next year.

But on a day in which seven government members resigned over Mr Blair's determination to stay in office, it was far from clear that the prime minister had re-established his authority over the Labour administration.

Relations between Mr Blair and Mr Brown remained deeply uneasy on Wednesday night. Throughout Wednesday, allies of both men were engaged in a semi-public row after senior No 10 figures suggested the chancellor was orchestrating a plot to unseat the prime minister.

Mr Brown's allies denied the plot claims. But a senior No 10 figure said on Wednesday night: "Why is this revolt happening? That's the question we ask."

Mr Blair's public statement that he will quit next summer will be an embarrassment for the prime minister, coming just a week after he firmly declared that he wanted to keep his departure intentions vague.

But Mr Blair's allies were adamant on Wednesday night that the prime minister would not give a specific date for his departure, again disowning newspaper reports that he would go on May 31.

Mr Brown's aides said they regarded Mr Blair's forthcoming statement as the first step in an "iterative process", one in which the two men must work closely together on the transition of power. "It needs follow-through," said one Brown aide.

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The chancellor is still looking for more clarity on the timing of Mr Blair's resignation, insisting that a resignation announcement on May 31 would be far too late.

Mr Brown is also demanding that the prime minister disown former ministers such as Stephen Byers who argue that Mr Blair must use his final months in power to tie down the chancellor's policy prospectus for No 10.

Wednesday's meetings between Mr Blair and Mr Brown came as Tom Watson, a junior defence minister, and seven parliamentary private secretaries resigned from the government after declaring Mr Blair should stand aside. Mr Blair later branded Mr Watson's actions as "disloyal, discourteous and wrong".

Mr Blair's allies rallied to his support on Wednesday. David Blunkett, a former home secretary, said: "It is now in Gordon Brown's – and the Labour party's – best interests for those seeking the prime minister's immediate departure to back off."

Pressure On Blair Mounts As 8 Aides Resign (NYT)

By Alan Cowell

The New York Times, September 7, 2006

LONDON, Sept. 6 — In a mood of gathering crisis, Prime Minister Tony Blair sought Wednesday to face down a revolt within his Labor Party as an extraordinary procession of eight junior aides resigned to protest his refusal to set a date to leave office soon.

The spectacle of Mr. Blair fighting off such challenges, in sharp contrast to the euphoria of his rise to power nine years ago, recalled Margaret Thatcher's final days as her authority seeped away in 1990. Even as the chorus of dissent mounted, however, Mr. Blair was still scheduling Middle East diplomacy, with a planned visit to Lebanon on Monday.

British news reports late Wednesday said Mr. Blair would make some kind of announcement on Thursday about his intentions, apparently bending to the growing pressure.

Mr. Blair has dismissed challenges in the past — he was once nicknamed Teflon Tony — but British political analysts said the mood seemed more venomous this time. Some analysts depicted the public pressure as a renewed effort by supporters of Gordon Brown, the chancellor of the Exchequer and Mr. Blair's heir apparent, to force the prime minister from office within the next few months.

But with the Labor Party's annual conference scheduled for later this month and local elections next May likely to punish Mr. Blair's party, legislators have become increasingly restless that they might lose their seats to a growing threat from the opposition Conservatives.

The day's events seemed to indicate that the rivalry between Mr. Blair and Mr. Brown was moving toward a showdown over what the prime minister depicted as the future of Labor.

"We are three years from the next election," Mr. Blair said in a letter to one of the defectors, Tom Watson, a junior minister in the Defense Ministry and a former Blair loyalist. "We have a strong policy platform. There is no fundamental ideological divide in the Labor Party for the first time in 100 years of history. For the first time ever, we have the prospect not just of two, but three successive full terms. To put all this at risk in this way is simply not a sensible, mature or intelligent way of conducting ourselves if we want to remain a governing party."

His adversaries saw it differently.

"People in the country want a change," said Doug Henderson, a former government minister seen as a member of the Brown camp. "There should be a new leader in place by the end of March."

David Blunkett, a former minister who has supported Mr. Blair, urged Mr. Brown and his followers to "back off" in order to "avoid the split of our party."

Mr. Watson was one of 17 Labor legislators who signed a letter on Tuesday demanding Mr. Blair's early departure.

"It is with the greatest sadness that I have to say that I no longer believe that your remaining in office is in the interest of either the party or the country," Mr. Watson said in a resignation letter that he made public on Wednesday.

Mr. Blair snapped back. "I had been intending to dismiss him but wanted to extend to him the courtesy of speaking to him first," he said in a statement released by his office.

"Had he come to me privately and expressed his view about the leadership, that would have been one thing. But to sign a round robin letter which was then leaked to the press was disloyal, discourteous and wrong."

Mr. Blair led the Labor Party to its first run of three consecutive election victories. He was returned to office for the third time in May 2005, albeit with a reduced majority, his popularity sapped by scandal at home and, overseas, by his close alliance with the United States in the Iraq war. But the timing of Mr. Blair's departure has divided the party.

The newest crisis began to accelerate rapidly after Mr. Blair let it be known on Tuesday that he wanted a final 12 months in office, an offer endorsed by almost 50 party loyalists.

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After Mr. Watson quit as a junior minister, six more Labor legislators holding the junior rank of personal private secretaries in various ministries also resigned their official positions, though not their parliamentary seats. All were signatories of Tuesday's letter to Mr. Blair and risked being dismissed in any event.

The seventh private secretary, Iain Wright, announced late Wednesday evening that he had quit because he "believed that the party and the government cannot renew itself in office without urgently renewing the leadership."

Earlier, another of the private secretaries to resign, Khalid Mahmood, told Mr. Blair in a letter: "The party and the Labor government's work is more important than any individual. Sadly, I feel that your remaining in office no longer serves the best interests of the party or the country."

Using the coded language that denotes a longer transition, Mr. Blair argued on Wednesday that the Labor Party's best prospects lay in "setting out the policy agenda for the future combined with a stable and orderly transition that leaves ample time for the next leader to bed in."

The Sun newspaper reported Wednesday that he would resign as Labor Party leader on May 31, 2007, leaving office in late July.

The fight over Mr. Blair's departure may not resolve the question of his succession because party strategists have not ruled out a challenge to Mr. Brown in a leadership race.

Mr. Brown has not spoken publicly about a fight that has seized the headlines to the delight of opponents like David Cameron, the Conservative leader, who said the crisis showed the government was in "meltdown."

Seven Resign Government Posts To Protest Blair (USAT)

By Jeffrey Stinson

USA Today, September 7, 2006

LONDON — British Prime Minister Tony Blair faced a new challenge to his leadership Wednesday when seven junior members of his Labor Party government resigned to protest his refusal to say when he will leave office.

Among those who quit: Tom Watson, a defense minister for veterans' affairs. "I no longer believe that your remaining in office is in the interest of either the party or the country," he said in a letter to Blair.

Joining Watson were six parliamentary private secretaries, who serve as unpaid ministerial aides. They are among a growing list of junior and back-bench Labor Party members of Parliament who have called on Blair to step aside soon to improve the party's political fortunes ahead of local and regional elections next spring.

Blair said he would have fired Watson for signing a letter calling for him to step down. He called Watson's actions "disloyal, discourteous and wrong."

Blair, 53, is the U.S. government's closest ally in Iraq and in the war on terrorism. He has said he plans to step aside before national elections in 2010 to make way for his finance minister, Gordon Brown.

Blair has refused to say when, despite the drop in his popularity since he won a third consecutive election last year. His office on Wednesday could not confirm reports that the prime minister will make a public statement on his future today.

"He is being squeezed on all sides — by his own party and by the general public," says Julia Clark, a senior research executive in the political unit of Britain's Ipsos MORI polling firm.

The most recent Ipsos MORI Poll showed 32% of British voters back Labor compared with 36% for the Conservatives. Support for the Liberal Democrats was 24%. Blair's approval rating was 44% in the poll of 2,019 adults conducted July 20-24.

Clark says many voters don't think Blair has fulfilled promises to improve health care and schools and to deal with immigration problems. His government has seen scandals. Among them: allegations that it rewarded financial supporters with nominations to the House of Lords and knighthoods.

Blair's political problems also stem from his close alliance with U.S. policies in Iraq and the Middle East, Clark adds.

"Blair is very much seen as America's lap dog," she says. "At the same time, anti-Americanism is growing over Iraq and the Middle East. He is seen as doing as he's told rather than what's right for the country."

This isn't the first time this year that Blair has faced cries to name an early date to clear the way for Brown. Blair reshuffled his Cabinet and pledged not to serve out his term after Labor suffered a defeat in local and regional elections in May.

If Brown takes over, says George Jones, emeritus professor of government at the London School of Economics, the U.S. government will still have a strong ally.

"Brown is himself a great friend of the United States," he says. When it comes to Iraq and the Middle East, he says, "I'm not sure that Mr. Brown would do anything different."

Blair Tries To Contain Revolt In Own Party As 8 Quit Government (WP)

By Kevin Sullivan And Mary Jordan

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The Washington Post, September 7, 2006

LONDON, Sept. 6 -- Prime Minister Tony Blair, the second-longest-serving British leader since the 19th century, struggled to contain a growing political rebellion Wednesday, as eight junior members of his government resigned amid new demands for him to set a date for his departure or step down now.

"I no longer believe that your remaining in office is in the interest of either the party or the country," said the resignation letter of Tom Watson, the highest-ranking of the eight Labor Party legislators who quit Blair's government.

Blair, whose once-soaring popularity has been badly damaged by the war in Iraq and his close alliance with President Bush, finds himself in a predicament reminiscent of that faced in 1990 by Prime Minister Margaret Thatcher. After serving nearly 12 years, a defiant Thatcher was ousted in a rebellion by members of her Conservative Party, bringing a graceless end to her historic premiership.

"The sooner Blair goes, the more honorable his exit will be. The best course is to leave immediately," said Vernon Bogdanor, a professor of government at Oxford University.

The timing is dominating political debate in Britain in the weeks leading up to the annual meetings of the major political parties.

Blair, who has said he will not seek reelection to a fourth term, has repeatedly declined to name a date for his departure, saying it would only embolden his critics to demand his immediate resignation. But he is expected as early as Thursday to more clearly spell out when he is leaving.

He has promised to resign in ample time for his successor, most likely Chancellor Gordon Brown, to prepare for the general election that must be held no later than 2010.

Several of Blair's top cabinet ministers, including Environment Secretary David Miliband, a close ally, said this week that Blair would probably leave in about a year, which analysts interpreted as a signal from Blair. Other published reports said Blair might leave next summer, or next May after the 10th anniversary of his landslide 1997 election.

Adding to the frenzy of speculation was the publication this week of a memo, written by Blair aides, outlining a series of television appearances, speeches and interviews to mark Blair's final days: "He needs to go with the crowds wanting more," the memo said. "He should be the star who won't even play that last encore."

But Blair's future turned from parlor game to political crisis on Wednesday with the surprise resignations of the former loyalists.

His Downing Street office said that more than 80 other Labor members of Parliament had signed a letter saying they were satisfied with the schedule described by Miliband. But analysts called the resignations proof that Blair's ability to govern was slipping. They also follow the decision of nearly 40 British Muslims to quit the Labor Party in protest of Blair's support of Israel in its recent military campaign in Lebanon.

"There's great hostility in the Labor Party for Blair's support for Israel" in the Lebanon conflict, Bogdanor said. Party members felt that they were not consulted over the issue and that Blair followed "too blindly in the path of the Americans" while opinion polls showed the British public believed that "Israel's actions were disproportionate," he said.

One of the people who resigned from the government Wednesday, Mark Tami, said in an interview that "my concern is the great uncertainty hanging over the government. All everyone wants to talk about is when he's going, and we have to move on."

Another member of the group, Chris Mole, said in an interview that Blair should leave "sooner than later" to make way for Brown because "he has lost the confidence of his party at large and the people in the country in general."

Mole said that was partly because "all leaders become unpopular over time." But he said the "intense speculation" about Blair's future meant that "whatever initiative he tries to talk about is ignored and swept aside."

In his resignation letter to Blair, Watson, a junior minister involved in defense issues, expressed "greatest sadness," praised Blair for "visionary" leadership and said "the nation owes you an incalculable debt." But, he said, "I share the view of the overwhelming majority of the party and the country" that the party must "renew its leadership."

The resignations clearly angered Blair, who issued a statement within minutes of Watson's resignation saying he had planned to fire him. "Had he come to me privately and expressed his view about the leadership, that would have been one thing," Blair said. "But to sign a round robin letter which was then leaked to the press was disloyal, discourteous and wrong."

Blair later released a written response to Watson defending his government. "We are three years from the next election. We have a strong policy platform. There is no fundamental ideological divide in the Labor Party for the first time in 100 years of history," he wrote. " . . . To put all this at risk in this way is simply not a sensible, mature or intelligent way of conducting ourselves if we want to remain a governing party."

Britain's Blair Is Pressured To Step Down (WSJ)

By Marc Champion

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The Wall Street Journal, September 7, 2006

British Prime Minister Tony Blair appears likely to step down by next summer, a change that would deprive President Bush of his staunchest -- and most articulate -- ally on thorny global issues from the war in Iraq to policy in Lebanon.

In the past week, Mr. Blair has encountered intense pressure from normally loyal members of Parliament within his ruling Labour Party to name a date for his departure after nearly a decade in office.

A recent letter from 21 lawmakers urging his resignation forced his closest party allies -- including the chairman of Labour's executive committee -- to say publicly for the first time that Mr. Blair would be gone by this time next year. Mr. Blair has promised to leave sometime before the United Kingdom's next national elections, expected in 2009, but hasn't been more specific.

Whenever Mr. Blair goes, his old friend and rival for power, Chancellor of the Exchequer Gordon Brown, is the clear front-runner to succeed him.

Mr. Brown, as steward of one of Europe's most successful economies, has been running the country in tandem with Mr. Blair since 1997. The two were partners in the 1990s transformation of Labour to a centrist party from a left-wing one. As a result, political observers say no drastic changes of economic or foreign policy are expected.

Still, the next few months are likely to be tense as Mr. Blair tries to entrench his legacy. According to an internal Downing Street memo leaked earlier this week that outlines a strategy for Mr. Blair's home stretch, "His genuine legacy is...the triumph of Blairism." So-called Blairism amounts to the prime minister's efforts, unpopular with much of the Labour Party and often resisted by Mr. Brown, to reshape Britain's creaking public services by introducing more private-sector participation.

Mr. Blair's office declined to confirm or deny the authenticity of the widely published memo.

What the memo described as "the elephant in the room" for Mr. Blair is Iraq and his close public relationship with Mr. Bush. Both issues have been influential in weakening Mr. Blair's support within Labour and among voters generally.

According to a Sept. 1-3 opinion poll by the Populus research firm, published in The Times of London yesterday, 73% of Britons agree that "the British Government's foreign policy, especially its support for the invasion of Iraq and refusal to demand an immediate cease-fire by Israel in the recent war against Hezbollah in Lebanon, has significantly increased the risk of terrorist attacks on Britain."

And 62% agree that "in order to reduce the risk of future terrorist attacks on Britain, the Government should change its foreign policy, in particular by distancing itself from America, being more critical of Israel and declaring a timetable for withdrawing from Iraq."

Mr. Brown is a strong admirer of the U.S., but he has kept a low profile on the Iraq war, which is closely identified with Mr. Blair. Analysts and politicians familiar with both men say that while the United Kingdom is likely to remain a foreign-policy ally of Washington, there would be little reason for any successor to continue such a prominent "shoulder-to-shoulder" relationship with the White House.

Mr. Blair was ridiculed in the media, for example, when a microphone left working at the Group of Eight summit in St. Petersburg, Russia, picked up Mr. Bush greeting his fellow statesman with a folksy, "Yo, Blair."

"The pressure within the party on any new leader to distance himself from the Bush administration will be enormous," said John Curtice, a professor of government and a U.K. politics specialist at the University of Strathclyde, Scotland.

That would make it unlikely Mr. Brown or any other successor would travel to Washington as Mr. Blair did during the recent conflict between Israel and the Hezbollah militia in Lebanon to express full support for the U.S. policy of resisting an early international appeal for a cease-fire. Mr. Blair's position was deeply unpopular in the U.K.

Mr. Blair's most loyal supporters had hoped he would be able to quiet the recent unrest within Labour's ranks by floating an unofficial date for his departure.

The Sun, a conservative tabloid newspaper whose support Mr. Blair has cultivated carefully throughout his time in office, reported yesterday that he would resign as leader of the Labour Party May 31 and then hand over power following a leadership contest July 26. A spokesman for Mr. Blair described that as "speculation," but declined to deny it.

Rather than ease the pressure on Mr. Blair, the apparent leak has increased it. Seven junior government officials and aides yesterday resigned in protest, demanding Mr. Blair step down sooner.

"It's a rapidly moving situation. Loyalists like myself had hoped that the Sun story would draw a line under it. But it looks as though it's still slipping away further," said Donald Anderson, who retired last year as a Labour member of Parliament and chairman of the House of Commons Foreign Affairs Committee.

Mr. Anderson said Mr. Blair may have to set a clear departure date himself at the party's annual conference later this month. That would ensure the succession issue is neutralized before regional elections in Scotland and Wales in May, Labour strongholds the party risks losing.

The revolt is a sign of widespread unease among Labour members of Parliament as opinion polls have shown voter support plummeting below that for the opposition Conservative Party. That has led to concerns Mr. Blair's rising personal

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unpopularity is poisoning the party's chances of winning the next national elections. Last month, a regular opinion poll of voting intentions put the Conservatives nine percentage points ahead of Labour.

7 Aides Quit, Urge Blair To Follow Suit (WT/AP)

By Beth Gardiner, Associated Press

The Washington Times, September 7, 2006

LONDON -- Seven junior members of Prime Minister Tony Blair's government resigned yesterday to protest his refusal to leave office as calls for the British leader to announce when he will step aside gained momentum.

The rebellion in Mr. Blair's Labor Party flared despite strong hints by senior ministers that Mr. Blair planned to step down within a year, and a press report saying the departure date would be July 26.

Though the lower-level revolt was unlikely to force Mr. Blair from office, it raised fears that the eventual change of command will be rancorous and messy.

"I no longer believe that your remaining in office is in the interest of either the party or the country," Tom Watson, who was minister for veterans in the Ministry of Defense, said in a letter to the prime minister. He and other Labor Party members had signed another letter to Mr. Blair demanding that he step aside as prime minister.

Mr. Blair responded that he would have fired Mr. Watson if he hadn't quit and warned that intraparty divisions would damage Labor's effort to hold on to office.

"To put [the party's electoral success] at risk in this way is simply not a sensible, mature or intelligent way of conducting ourselves if we want to remain a governing party," he wrote.

Pressure from within the Labor Party for Mr. Blair to announce a time frame for his departure has intensified in recent weeks.

Legislators in closely contested districts, alarmed that the party is falling behind the opposition Conservatives in opinion polls, fear they will lose their seats in the next election, expected in 2009, if the leadership question isn't resolved soon.

Mr. Blair last week shrugged off demands that he announce his plans at the Labor Party's annual conference later this month. He has been reluctant to set a specific time frame for his resignation, fearing it would make him an instant lame duck, draining his remaining authority and power.

Blair Faces A Party Revolt (LAT)

By Kim Murphy

The Los Angeles Times, September 7, 2006

LONDON — Prime Minister Tony Blair's hold on office was dealt a strong blow Wednesday when eight former loyalists quit the government in a bid to speed his departure.

The political crisis engulfing one of the Bush administration's most loyal allies follows months of unease within the Labor Party as support has slipped over such issues as immigration, healthcare and the cost of wars in Iraq and Afghanistan.

Less than 15 months after his party won a historic third consecutive general election, Blair is seen by many allies as a liability, with his party — in the words of Conservative Party leader David Cameron — "in meltdown."

Polls show the Labor Party at its weakest point since 1994, trailing the Conservative Party by several points. Nearly half of the respondents in a Sunday Times poll last month said Blair should step down immediately.

Signals from Blair's camp that he would depart by next summer have not appeased Labor Party critics, many of whom hope for a quick succession by treasury chancellor Gordon Brown.

Questions about Blair's exit arose even before the Labor Party fared badly in local elections in May. Since then, the issue has come to be known as "the long goodbye."

Last weekend, the prime minister tried to stop the drumbeat for a departure timetable by pledging to allow "ample time" for a successor to settle in. He called for a "stable and orderly" transition, and urged the political establishment to stop "obsessing" about his departure and "get on with the business of government."

That was followed by a report in the Sun — and not denied by Downing Street — that Blair planned to announce his resignation on May 31, 2007, and would depart by the end of July. It seemed to be the timetable many had been seeking, but for others it was too little, too slow.

Brown's supporters have said they want a firm departure date. Many Labor Party members want Blair to resign before May elections in Scotland and Wales, fearing the party's prospects could be dismal without new leadership.

Open warfare broke out Wednesday after 15 Labor Party Parliament deputies faxed a letter to Downing Street outlining the "brutal truth," that the party risked losing the next general election, expected in 2009, unless Blair agreed to "stand aside."

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It was a race to see whether the most prominent of the deputies, junior Defense Minister Tom Watson, would quit or be fired. He stepped down, declaring a "great sadness" in his resignation letter.

"I no longer believe that your remaining in office is in the interest of either the party or the country," Watson wrote of Blair.

Blair said he had already planned to dismiss Watson.

"We are three years from the next election. We have a strong policy platform. There is no fundamental ideological divide in the Labor Party for the first time in 100 years," Blair said in a letter to Watson. "To put all this at risk is simply not a sensible, mature or intelligent way of conducting ourselves if we want to remain a governing party."

The departure set off a cascade of resignations from seven junior party secretaries — all centrist Labor Party parliament members.

"Cumulatively, it's quite serious. It's suggestive of a continuing problem of getting a grip on things," said Patrick Dunleavy, professor of politics at the London School of Economics.

"The reality is that Labor could lose, and there could be an outright Tory government of some kind," he said. "That's a very serious situation, and one that Labor hasn't been in since about 1994."

Barely able to contain their glee, Conservative Party leaders mainly stood back and watched the drama unfold.

"Increasingly, it appears this government is in meltdown and divided. It seems unable to show leadership on the challenges of the future," Cameron said.

Brown has been conspicuously silent, leaving the fight to his supporters.

Although Brown is popular and can take some of the credit for Britain's robust economy, several Labor Party members have shown interest in the leadership, raising the prospect of a bruising intramural contest.

Parliament member Glenda Jackson, the former actress and a Brown supporter, made a bid to calm the infighting by calling for Blair's timetable to be given a chance to play out.

"People say to me in my constituency they'll never vote again for Labor while Blair is in office," Jackson said in a telephone interview. "I personally would like him to go today. But I think there's been a step forward with this sign that he will be stepping down on May 31."

British prime ministers do not run for election. Instead, by tradition, the head of the party with the most members of Parliament becomes prime minister. He or she then chooses members of the Cabinet, who conduct most of the executive tasks of government.

Tony Blair, of the Labor Party, has been prime minister since 1997. His tenure is the second-longest since the 19th century. The prime minister decides on the timing of the general election, which must be held at least every five years. Blair's party won the last general election in 2005.

A prime minister may resign at any time. The House of Commons can pass a motion of no confidence, which requires the prime minister to resign or request a general election. In other cases, prime ministers can lose their jobs if members of their party remove them from the leadership. That was the fate of Margaret Thatcher in 1990.

Czech Minister Backs U.S. Defense Base (AP)

By Nadia Rybarova, Associated Press Writer

AP, September 7, 2006

Foreign Minister Alexandr Vondra on Wednesday voiced support for a U.S. missile defense base in the region that would protect America and Europe from intercontinental ballistic missiles.

However, Russia's military chief of staff criticized U.S. plans to build a missile defense site in eastern Europe, warning in an opinion piece published in the Polish daily Dziennik on Wednesday that it could spark a new arms race.

The base would be the first American strategic missile defense site outside U.S. territory.

"In the future, the North Atlantic Alliance and European states will not be able to avoid the construction of this system, and it is in the interest of Europe to build such systems in cooperation with America," Vondra told a conference on the U.S. missile defense system.

U.S. Ambassador to Prague William Cabaniss said just where the system would be located has not yet been decided. But he did say that "it's my hope that we will be able to offer the Czech Republic a chance to host a missile defense facility."

U.S. defense experts in July finished a survey of possible locations for a missile defense base in the Czech Republic. A similar survey mission also traveled to neighboring Poland and U.S. authorities are expected to decided where to locate the base later this year.

Russian Gen. Yuri Baluyevsky said installing such a system near Russia's borders could "upset the existing balance between Russian and American strategic weapons systems." Such a step, Baluyevsky wrote, "will probably demand a correction in Russia's stance on arms reductions."

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"The installation of the American national missile defense system could initiate a new spiral in the arms race, and divert colossal resources from solving a host of problems not just in Russia or the U.S., but also in other countries," Baluyevsky said.

Inside The Beltway (WT)

By John McCaslin

The Washington Times, September 7, 2006

Political science

The father of a junior high school student in Kentucky is appealing for help after the teachings of former Vice President Al Gore were injected into his daughter's class curriculum.

The parent, who works in the technology sector, wrote to the Competitive Enterprise Institute (CEI) in Washington: "My daughter's seventh-grade private school science class is essentially using Gore's 'An Inconvenient Truth' as a textbook. Aside from Iain Murray's CEI, do you know of any competent rebuttal sources in academia? Iain's stuff is good, but I want to 'two source' it."

Mr. Murray, a senior fellow at CEI who specializes in global climate change and environmental science, says he forwarded the parent a major critique of Mr. Gore's film on global warming, "but the idea that 'An Inconvenient Truth' is being used as a school textbook is very worrying."

The climate specialist suggested balancing Mr. Gore's beliefs by adapting a school textbook titled: "Global Warming: A Case Study in How Politics Distorts Science."

Dusty trek

Who would have thought the day would come when a leading U.S. senator, while seeking advice on combating terrorism, would travel deep into Libya's desert to huddle with Libyan strongman Moammar Gadhafi in his tent?

By golly, Sen. Arlen Specter, Pennsylvania Republican, has just returned to say he's witnessed a remarkable transformation of Libya and its leader, "where they have moved from being the world's leading terrorist state in very heavy competition."

He says he embarked on a several-hour plane flight from Tripoli into the "middle of the desert, met with him in his tent, and had a discussion with him looking for some guidance as to how a major world terrorist could rehabilitate, pay compensation, as to whether there could be any insight as to what we might do with North Korea and Iran today."

Regrettably, he said, Col. Gadhafi couldn't offer a definitive solution, "but the rehabilitation of Libya and Gadhafi showed that there is some hope to turn major terrorists into a rehabilitated situation."

Troy's tale

Usually when one's dog goes missing, the only folks who know about it are a few close friends and neighbors. Not this week. Not in Washington.

Troy, a large 12-year-old yellow Labrador retriever belonging to Washington-based radio host and conservative commentator Laura Ingraham, escaped his fence on Labor Day and the "devastated" host actually took time off from her popular show to try to locate him.

But not until she first made a "tearful plea" over the airwaves for his safe return.

Making matters worse, Troy had just moved with his master into a new home in Northwest Washington, and she thought the dog, which wasn't wearing his tags, was disoriented.

Miss Ingraham received word late yesterday that Troy had been found in what she described as a "very unique rescue story, which you might not even believe." (Stay tuned to her show -- which airs in Washington weekdays from 9 a.m. to noon on WTNT-570 AM -- today to hear that amazing tale, but let's say there's a possibility that Troy was being held for "doggy ransom," so to speak.)

"I had 30 people canvassing the neighborhood, a group I called 'Team Troy,'" Miss Ingraham told Inside the Beltway last evening. "I was beside myself. I had 600 fliers around the city. I've been operating on three hours' sleep. ... Now I am beyond overjoyed."

And yes, Troy is now wearing his dog tags.

Recess is over

"With tongue in cheek, people ask me what I like about the Senate. I draw an analogy about when I was in elementary school. What I liked most about elementary school was recess. Now that I serve in the Senate, I am still quite fond of recesses."

-- Sen. Thomas R. Carper, Delaware Democrat, on returning to Capitol Hill after his lengthy late-summer recess.

Pause to reflect

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President Bush has proclaimed tomorrow through Sunday as National Days of Prayer and Remembrance of the September 11th attacks, asking for memorial services to be held in places of worship, the ringing of bells and evening candlelight vigils.

A new era?

Alveda King, niece of Martin Luther King, will be on Capitol Hill today to participate in a discussion of a new documentary featuring her family that questions the "undying loyalty" of the old black political guard to the Democratic Party.

"We are showing a shortened version of our film on Capitol Hill in honor of the Congressional Black Caucus week," film producer Nina May explains. "We have several conservative black leaders coming to town to give a different perspective on a variety of issues like illegal immigration, vouchers, etc., that you won't hear from the black caucus."

Also participating will be Tony Williams, son of Washington writer and commentator Juan Williams, who is running as a Republican for D.C. Council.

The screening and panel discussion will take place from 10 a.m. to 12:30 p.m. in Room 2212 of the Rayburn House Office Building.

Paulson Calls On APEC To Reignite World Trade Talks (BLOOM)

By Alison Fitzgerald

Bloomberg, September 7, 2006

Sept. 7 (Bloomberg) -- U.S. Treasury Secretary Henry Paulson said Asia-Pacific finance ministers meeting in Hanoi today should focus on reigniting the stalled Doha Round of talks aimed at reducing global trade barriers.

``I can't think of anything in the control of the collective governments of the world that can have a more positive impact on the global economy than trade liberalization,'' Paulson told reporters before a two-day meeting of ministers from the Asia Pacific Economic Cooperation forum, or APEC, in the Vietnamese capital city of Hanoi.

The 60-year-old Paulson, a former Goldman Sachs Group Inc. chief executive who is making his first trip to Asia since taking over as head of the Treasury in July, said he'd like the finance ministers of the 21 APEC economies, which represent more than half the world's gross domestic product, to look for creative ways to solve the Doha impasse.

Doha Round negotiations were suspended in July after members including the U.S., the European Union, Brazil and India failed to agree on cuts in subsidies. WTO Director-General Pascal Lamy said he recommended the suspension to allow for ``serious reflection'' by participants.

``A resumption of the negotiations will only come in the right conditions after some political decisions have been taken,'' Lamy said in his report to the WTO General Council after the suspension of talks.

Sparking a Wave

A successful resumption of the Doha Round may help to spark a ``new wave of sustained growth in foreign direct investment,'' the APEC Business Advisory Council said in its report to the Hanoi meeting.

APEC must ``reinforce the importance of the WTO,'' the Business Advisory Council said.

In a draft version of a communiqué to be released after tomorrow's scheduled conclusion of the APEC Hanoi meeting, ministers ``resolved to work with our own trade authorities to make tangible contributions to restart the Doha Round.''

The communiqué also calls for a fight against ``terrorist financing, money laundering and other abuses of our financial systems.''

Paulson said today he also wants the APEC meeting to focus on rebalancing global trade and investment flows, plus cooperating on the fight against the financing of terrorism and the proliferation of weapons.

IMF View

``In many APEC economies, the financial sector is vulnerable to money laundering and terrorist-financing activities,'' the International Monetary Fund said in a submission to a meeting of deputy finance and central bank officials held in Hanoi ahead of the arrival of finance ministers.

``There are potential reputation risks to individual economies if their anti-money laundering and combating of the financing of terrorism frameworks are not improved,'' the IMF said.

Stuart Levey, the U.S. under-secretary for terrorism and financial intelligence, visited Vietnam in July to discuss issues such as ``proliferation and other illicit activities'' of North Korea, according to U.S. Ambassador to Vietnam Michael Marine. Levey asked Vietnam's central bank to check on any North Korean bank accounts in the country, State Bank Governor Le Duc Thuy said Aug. 22.

The U.S. Treasury Department is cooperating with Singapore to fight against ``illicit activities of all kinds, including those associated with North Korea,'' according to a text of an Aug. 9 speech by Deputy U.S. Treasury Secretary Robert Kimmitt posted on the Treasury Department's Web site.

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``I don't think any of these things I laid out lend themselves to immediate solutions," Paulson said today. ``All of them are going to be intermediate-term issues."

Anxiety Mounts As Sen. Lugar Delays Darfur Peace Measure (HILL)

By David Mikhail

The Hill, September 7, 2006

A prominent Republican senator is stalling a bill addressing the genocide afflicting Darfur.

Senator Richard Lugar (R-Ind.), chairman of the Foreign Relations Committee, has been holding up the Darfur Peace and Accountability Act for months, according to several sources from both parties. With the bill set to expire at the end of this session, barring passage, and with the situation in and around Darfur deteriorating, the window for congressional involvement is closing.

The delay has resulted in a bipartisan call to move the bill before the end of the session. Sen. Sam Brownback (R-Kan.), who helped negotiate the bill, said that "the overall situation in Darfur is not improving; in many cases the lack of security has caused increased violence and sexual assaults. My colleagues must act before Congress adjourns and pass a final version of the Darfur Peace and Accountability Act"

Heather Flynn, a Democratic aide at the Senate Foreign Relations Committee, said recent days and weeks "have shown a continuous decline in Sudan," and "it's important that Congress address the issue before the end of the session."

Staffers from the House, Senate and State Department met in April, the first of several meetings after the House passed the legislation by a 416-3 vote, to negotiate how to proceed. The group agreed that the Senate should take up the bill, which extends previously placed sanctions on Sudan and conditions their removal on progress toward ending the crisis and disarming the Janjaweed, the government-sponsored militia that has facilitated the violence.

The offices represented include House Majority Leader John Boehner (R-Ohio), House International Relations Committee Chairman and the bill's lead sponsor Henry Hyde (R-Ill.), Rep. Donald Payne (D-N.J.), and Ranking Foreign Relations Committee Member Joseph Biden (D-Del.). Lugar's office was not represented at the meeting.

From the outset the State Department requested a repeal of most of the bill's sanctions provisions. State Department officials were interested in sending arms and professionalizing the military in southern Sudan, the Sudan People's Liberation Army (SPLA), to preserve a tenuous peace agreement stemming from a separate conflict with the Sudanese government in the North. This has been a fundamental source of disagreement between State and some lawmakers who desire a more robust set of sanctions.

Lugar's office had taken control of the legislation in June so that arms reduction experts could work out the final language after further negotiations. But according to several sources, his office has neither presented any revised version of the bill in the past three months, nor had substantial contact with other House or Senate members, including those involved in the initial negotiations. The legislation is in the Foreign Relations Committee but has not been referred to the African affairs subcommittee in the five months since it went to the Senate.

Andy Fisher, a spokesman for Lugar, said Senate and House staffs are continuing to discuss the Darfur legislation and "an effort will be made to produce the best legislation possible before the end of the session."

An integral, if not the main reason for the delay is the disagreement over sanctions. When asked what issues Lugar had with the bill, Fisher responded that the senator "would like to ensure that assistance to Sudan, including security assistance for southern Sudan, is appropriate to the situation," but that no agreement has been reached on the levels of aid, besides humanitarian, to be sent to the Southern region. Lugar drafted a 2004 bill that allocated millions of dollars to facilitate the North-South negotiations.

Most of the sources interviewed said that the State Department would have preferred to have no bill come out of Congress, largely to allow diplomatic flexibility with the Sudanese government to preserve the North-South agreement as well as negotiate on Darfur. Duane Sams, head of the Sudan Program Group at State, did not respond to several calls for comment.

One Democratic source claimed that Lugar hijacked the 2004 legislation, stating that he had taken the bill before it went to the floor and added new language after much of the legislation had already been agreed upon, hinting at a similar instance here.

Fisher responded to the accusation, stating that "insistence on the original (2004) bill would have been unsuccessful."

Lugar has been accused of bottling another sanctions bill that the State Department doesn't support, the Iran Freedom and Support Act. The Iran bill has also not been referred to the appropriate subcommittee since February of 2005.

Sudan has been plagued by two major conflicts over the past 20 years. A protracted civil war waged for 22 years between the Muslim north and the non-Muslim south over the implementation of Islamic law. Additionally, the government has engaged in what has been largely classified as genocide in the western Darfur region, with between 180,000 and 400,000 people killed and millions displaced, after rebels waged a separatist movement in 2003.

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The bill's delay has coincided with a myriad of events that has made the situation arguably beyond intervention. Violence has recently increased between ethnic Darfurian factions, while cross-border fighting between the Sudanese and Chadian governments could soon lead to all-out war. Meanwhile, in spite of a recently signed peace agreement, Janjaweed attacks on Darfurians have not abated.

Within the past 48 hours the Sudanese government called for the expulsion of a 7,000-member African Union peacekeeping force charged with protecting refugee camps, while previously rejecting a U.N. resolution to send a larger peacekeeping force into the region.

The worsening situation has led to a call for a special envoy. Rep. Chris Smith (R-N.J.) has said that the appointment is "highly appropriate, if not an absolute necessity," adding that the situation needs a person who can focus entirely on Darfur.

Senator Lugar signed a letter sent to the president asking him to name a special envoy to the region, and agreed to be an original co-sponsor of a bill just introduced that condemns the Sudanese government for rejecting the U.N. force, according to Fisher.

Abducted Sudanese Journalist Found Dead (WP)

By Craig Timberg

The Washington Post, September 7, 2006

EL FASHER, Sudan, Sept. 6 -- A Sudanese newspaper editor who infuriated Muslim fundamentalists last year by printing an article that concerned questions about the parentage of the prophet Muhammad was found dead Wednesday in Khartoum, the capital.

Masked gunmen abducted Mohamed Taha, editor in chief of Al-Wifaq, from his home Tuesday. His decapitated body was found Wednesday in another section of the city.

...

Groups of tearful Sudanese reporters gathered outside a mosque in Khartoum on Wednesday night, according to news reports.

Reporters Without Borders, a group that promotes press freedoms worldwide, condemned the killing.

"We express our solidarity with our colleagues in Khartoum, for whom this cowardly murder is a harsh ordeal," the organization said in a statement. "The Sudanese authorities must do their utmost to see that light is shed on this tragedy, so that both the perpetrators and those who instigated it are brought to trial."

Last year, Taha published an article that referred to a centuries-old text by a Muslim historian that raised questions about the prophet's lineage. Religious leaders in Khartoum denounced Taha's work, and scores of protesters called for his death.

Prosecutors tried Taha for blasphemy, a charge that can carry the death penalty under sharia , or Islamic law, in Sudan. Taha, who was fined about $3,000, apologized in print for upsetting Muslims. His newspaper also was temporarily suspended from printing.

No group has asserted responsibility for Taha's killing, though news reports quoted government officials as saying there have been arrests in the case.

Japan's Wrenching Choices (WP)

By George F. Will

The Washington Post, September 7, 2006

TOKYO -- Longevity is a blessing, but the Japanese live inconveniently long lives. Inconvenient, that is, for those who administer Japan's welfare state.

Welfare states are made possible by the productivity of modern economies, which make possible living conditions -- improved nutrition, hygiene, housing, medical care, education, environment -- that increase life expectancy. That increase threatens the solvency of welfare states, because the elderly receive most government transfer payments: pensions and medical care.

The life expectancy of Japanese women (85.5) is the world's highest, and that of men (78.5) is behind only Hong Kong and Switzerland. The median age here is 41.2, compared with 36.5 in America, and it is projected to be 49.5 in 2050, when 37 percent of the population -- twice today's rate -- will be over 65. And 41.7 percent will be over 60, compared with 26.4 percent in America.

Japan, which has closed 4,000 schools in the past 20 years, has a fertility rate -- the number of children per woman of childbearing age -- of 1.32. The replacement rate, which keeps population from shrinking, is 2.1. Last year deaths exceeded births by 21,408. The U.S. fertility rate is barely at replacement level, but immigration is one reason why demographer Nicholas Eberstadt expects America to be the "only industrialized country to hold its share of global population in the next half century."

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Japan has never been welcoming toward immigrants. Shinzo Abe, who almost certainly will become prime minister this month, says he wants a Japan where "people in other parts of the world would like to live" and "become citizens." But other senior officials say the way to square a declining population and workforce with the pension costs of long-lived retirees is to rethink retirement -- to "work for life," one official says.

Another says of immigration that it is wrong to import workers to do "hard, risky jobs. Hardships should be shouldered by the Japanese themselves." And, he asks, "Why should we increase our population?" Leaving aside the welfare state's grinding imperatives, that is not a foolish question. In 1920 Japan's population was 56 million. Today it is 127.5 million on a land mass the size of California (population: 36 million) that is three-quarters mountainous. A third official, noting that Japan imports 60 percent of its staple foods, says, "It might be good to have a declining population" of, say, 100 million by 2050.

But the welfare state's imperatives cannot be ignored, and the Japanese will not dismantle that state. So the alternative is to pursue increased revenue from rapid economic growth achieved by sacrificing equity, understood as job security and other entitlements, in the interest of efficiency.

Japan cherishes what Prime Minister Junichiro Koizumi calls, disparagingly, a "sanctuary" economy. Also called a "convoy" economy, it is one in which many workers enjoy extraordinary job security and benefits. But today almost one-third of all workers are "non-regular" (up from one-fifth in 1990) and have little security and few benefits.

Until the "lost decade" of 1990s deflation, Japan seemed to be a rarity, a command economy that worked. But the economy succumbed to the cumulative inefficiencies of government commands. It buckled beneath the "iron triangle" of favors-seeking big businesses, the favors-dispensing Liberal Democratic Party and government bureaucracy. That system produced the ballooning of nonperforming financial assets.

Japan's nominal gross domestic product still is less than it was in 1997; America's GDP has increased more than 50 percent since then. But Japan's economy has been growing since 2002, even though Koizumi, who would be a better member of the Republican Party than most Republicans are, has cut public works spending -- formerly one of the economy's locomotives -- from 8 percent of GDP to 4 percent.

The Japanese may now re-experience the 1980s -- theirs and America's. Theirs, in a humming economy. America's, in an unpleasant byproduct of that humming -- the super-rich (think of Gordon Gekko in the 1987 movie "Wall Street"), whose vulgarity and shady dealings shock Japanese sensibilities.

Because of those sensibilities, statements that strike Americans as banalities can startle the Japanese, as when Koizumi told parliament, "I don't think it's bad that there are social disparities." When Abe said, "It is important to create a society in which losers don't stay losers," the news was that Japan, with its centuries of commitment to social harmony, must accept temporary losers.

About the simultaneous pursuit of equity and efficiency, one official acknowledges that something must give: "We are chasing two rabbits." The rabbits do not run in tandem, so Japan, like other welfare states, must increasingly, if reluctantly, choose efficiency over sanctuary.

Mr. Diplomacy (WSJ)

The Wall Street Journal, September 7, 2006

John Bolton became America's Ambassador to the United Nations last year on a recess appointment. Since then, the U.S. has won unanimous Security Council resolutions condemning North Korea's missile tests and ending the Israeli-Lebanese war, and a near-unanimous one (Qatar dissenting) setting a deadline for Iran to suspend its nuclear program. Not bad for a man once called "the poster child of what someone in the diplomatic corps should not be."

Those were the words of George Voinovich, the Ohio Republican who as a member of the Senate Foreign Relations Committee surprised even himself by opposing Mr. Bolton's nomination. Mr. Bolton was also called a "kiss-up, kick-down sort of guy" and "lacking in any real knowledge of the wider world" by two State Department officials. Joe Biden, the committee's ranking Democrat, all but accused Mr. Bolton of being a liar, while California's Barbara Boxer called his nomination "outrageous."

We recall the Bolton hysteria as the committee prepares to consider the ambassador's renomination to his post. As his critics would have it, Mr. Bolton's mission to the U.N. was supposed to be an act of diplomatic sabotage by the Administration. Instead, his tenure has been among the most constructive of any U.S. ambassador since Jeane Kirkpatrick and Daniel Patrick Moynihan.

So, in addition to his work in the Security Council, Mr. Bolton used the lessons of the Oil for Food scandal to get the U.N. to adopt International Public Sector Accounting Standards to its budgeting, create an ethics office, and eliminate famous Turtle Bay excesses such as the $10,000 gift limit for U.N. bureaucrats. (Today the limit is $250.) Mr. Bolton also led the opposition to the creation of the new U.N. Human Rights Council, in which democratic nations are, as they were before, a minority voice. The

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effort failed at Turtle Bay, but at least it demonstrated that the U.S. was willing to demand standards on an issue -- and from an organization -- that could use some.

Mr. Bolton hasn't won over all of his critics, although at least Senator Voinovich had the grace to admit that he's changed his mind about the ambassador and will vote to confirm. We suspect that some of his Democratic colleagues will also be reluctant to filibuster the nomination of a diplomat who stands up daily for his country, and for common sense.

Opening Up The Club (NYT)

The New York Times, September 7, 2006

Any move that makes the International Monetary Fund — and for that matter other major global institutions — look less like an old boys' club is a good move. So the I.M.F.'s executive board began doing the right thing last week when it decided to give China, South Korea, Turkey and Mexico slightly larger voting shares — and promised them even more say to come.

A reapportionment is essential for bolstering the fund's credibility. And it is long overdue. China represents about 15 percent of the world's gross domestic product but has only a 2.9 percent voting share at the fund, which will grow to 3.7 percent. (Belgium, with less than 1 percent of the global economy, has a 2.1 percent share.)

All of this may sound pretty arcane until one considers the fragile state of the world economy. There is a clear need for a credible global institution to provide not only cash and bitter medicine to the poor and crisis-ridden, but also direction and frank criticism to richer countries whose problems could wreak global havoc if not addressed.

The Bush administration, which championed the changes, is hoping that if China gains more of a stake in the global system it will have an incentive to behave more responsibly: allowing the yuan to strengthen against the dollar and reining in its export binge. China needs a more flexible currency, both for the sake of smooth trade relations — the system is pretty tetchy these days — and to gain more control over its economy. As long as China keeps the yuan artificially low, other Asian countries, eager to sell their own cheap exports, will too.

But the advice can't stop there. The fund needs to take a closer look at who's buying all those cheap goods and borrowing all that excess cash from China. China may be the enabler. But the United States needs to reduce its enormous trade deficit and its enormous budget deficit, to protect its economy and for the sake of global stability.

Some clear and urgent words on that from the fund should also be welcomed — although we fear the White House will prove less interested.

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From: USDOJ- Office of Public Affairs
Sent: Thursday, September 07, 2006 12:01 PM
To: USDOJ- Office of Public Affairs
Subject: PREPARED STATEMENT OF STEVEN G. BRADBURY, ACTING ASSISTANT ATTORNEY GENERAL FOR THE OFFICE OF LEGAL COUNSEL, BEFORE THE HOUSE COMMITTEE ON ARMED SERVICES

Department of Justice

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PREPARED STATEMENT OF STEVEN G. BRADBURY, ACTING ASSISTANT ATTORNEY GENERAL FOR THE OFFICE OF LEGAL COUNSEL, BEFORE THE HOUSE COMMITTEE ON ARMED SERVICES

WASHINGTON, D.C.

Thank you, Mr. Chairman, Ranking Member Skelton, and Members of the Committee.

I am pleased to appear here today on behalf of the Administration to discuss the proposed legislation that we believe Congress should put in place to respond to the Supreme Court's decision in *Hamdan v. Rumsfeld*.

Earlier this week, the President transmitted to Congress a legislative proposal reflecting the outcome of two months of discussions within the Executive Branch and between the political Branches of Government. In early July, I testified before this Committee on these issues together with Principal Deputy General Counsel of the Department of Defense, Daniel Dell'Orto. I and others within the Administration have testified before other congressional committees, and we have engaged in numerous informal consultations with Members of Congress and their staffs. These discussions have been equally extensive within the Administration, and they have included detailed discussion with and input from the military lawyers in all branches of the Armed Services, including the TJAGs who are here today. They and their staffs have been active participants in our

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deliberations, and many of their comments, as well as the comments from the Hill, are reflected in the legislative package that the President has recommended for the consideration of Congress.

Military Commission Procedures

Mr. Chairman, first and foremost, the proposed legislative package responds to the Supreme Court's decision in *Hamdan* by establishing statutory military commissions to try captured terrorists for violations of the laws of war. Shortly after the atrocities of 9/11, President Bush directed the Department of Defense to establish military commissions for trying the terrorists responsible for those and other war crimes. The path to those prosecutions has not been easy, however, as the procedures have been challenged in litigation over the past several years. Now that the Supreme Court has decided *Hamdan*, we believe it is time to establish military commissions as a matter of statute that will satisfy the issues raised by the Court and that will enable the United States to prosecute and bring to justice members of al Qaeda and the Taliban for their war crimes.

We therefore would propose that Congress enact a new Code of Military Commissions, modeled on the court-martial procedures of the Uniform Code of Military Justice, or "UCMJ," but adapted for use in the special context of military commission trials of terrorists. The proposed legislation would create a new chapter for military commission procedures in title 10 of the U.S. Code, which would follow immediately after the UCMJ. These military commissions would have jurisdiction to try alien unlawful enemy combatants—that is, members of groups, such as al Qaeda and the Taliban, who wage war against the United States in disregard of the established law of war.

In many respects, the new Code of Military Commissions would track closely the procedures and structure of the UCMJ. We have proposed a system of military commissions, presided over by a military judge, with commission members drawn from the Armed Forces. The prosecution and defense counsel would be appointed from the JAG corps with the ability of the accused to retain a civilian counsel, in addition to assigned military defense counsel, and with the possibility that some prosecutors may be experienced prosecutors from the Department of Justice. Trial procedures, sentencing, and appellate review would largely track those currently provided under the UCMJ (albeit with federal court review in the D.C. Circuit, as Congress provided in the Detainee Treatment Act of 2005, or "DTA").

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Because of the specific concerns raised by the Supreme Court, and because of comments from the Hill and within the Pentagon, the new Code of Military Commissions would differ in significant respects from the military-commission procedures established before *Hamdan*.

In particular, the presiding officer would be a certified military judge with the traditional authority of a judge to make final rulings at trial on law and evidence, just as in courts-martial. And as with courts-martial, the military judge would not be a voting member of the commission.

We also propose increasing the minimum number of commission members to five, from three, and require twelve members of the commission for any case in which the death penalty is sought. As is the case under the current military-commission procedures, and just as under the UCMJ, the Government would bear the burden of proving the accused's guilt beyond a reasonable doubt, and a conviction would require a vote of two-thirds of the commission members in a non-death penalty case. As under the UCMJ, the death penalty would require a unanimous vote of all 12 commission members.

In addition, the Code of Military Commissions would establish a military appeals system that parallels the appellate process under the UCMJ. The draft legislation would create a Court of Military Commission Review within DoD to hear appeals on questions of law. The legislation would provide for judicial review of final military commission decisions in the D.C. Circuit, the same Article III court that currently hears those appeals and other detainee actions under the DTA. The bill would give all convicted detainees an appeal as of right, regardless of the length of their sentence, as opposed to the pre-*Hamdan* system, which provides for discretionary review of sentences under 10 years. The Supreme Court could review the D.C. Circuit's decisions through petitions for a writ of certiorari.

While the proposed military commissions would track the UCMJ in many ways, the Code of Military Commissions would depart from court-martial procedures in those instances where applying the UCMJ's provisions would be inappropriate or impractical. This is critical, because military necessity would not permit the strict application of all court-martial procedures, and because there are relevant differences between the procedures appropriate for trying our service members and those appropriate for trying the terrorists whom they fight.

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For instance, the UCMJ provides *Miranda*-type protections for U.S. military personnel that are broader than the civilian rule and that could impede or limit evidence obtained during the interrogation of terrorist detainees. I do not believe that anyone contends that terrorists should be given *Miranda* warnings before interrogations. The draft legislation therefore would not include such *Miranda* requirements. At the same time, it would provide the accused with counsel once charges are brought and would grant the accused a privilege against self-incrimination during the trial.

The military-commission procedures also would not include the UCMJ's Article 32 investigation, which is a pre-charging proceeding that is akin to, but considerably more protective than, the civilian grand jury. Such a proceeding is appropriate when applied to U.S. military personnel, but is unnecessary and inappropriate for the trial of captured unlawful combatants, who are already subject to detention under the laws of war.

Because military commissions must try crimes based on evidence collected everywhere from the battlefields in Afghanistan to foreign terrorist safe houses, we believe that the Code of Military Commissions should provide for the introduction of all probative evidence, including hearsay evidence, where such evidence is reliable. Like a civilian judge, the military judge may exclude such evidence if the probative value is substantially outweighed by unfair prejudice. But the Code of Military Commissions must provide a standard of admissibility broader than that applied in court-martial proceedings.

Court-martial rules of evidence track those in civilian courts, reflecting the fact that the overwhelming majority of court-martial prosecutions arise from every-day violations of the military code of conduct, far from the battlefield. By contrast, military commissions must permit the introduction of a broader range of evidence, including hearsay statements, because many witnesses are likely to be foreign nationals who are not amenable to process, and other witnesses may be unavailable because of military necessity, incarceration, injury, or death. In this respect, the Code of Military Commissions follows the practice of international war crimes tribunals, which similarly recognize the need for broad evidentiary rules when dealing with evidence obtained under conditions of war.

Court-martial rules of evidence also require that classified evidence, if it is to be used at a court martial, be shared with the accused. In the midst of the current conflict, we simply cannot consider sharing with

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captured terrorists the highly sensitive intelligence that may be relevant to military-commission prosecutions. In the court-martial context, the Government must choose between disclosing the evidence to the accused or allowing the accused to evade prosecution. Putting the Government to that choice may be entirely appropriate when it comes to the trial of members of our own Armed Forces, but the Administration does not believe that imposing that dilemma is either necessary or appropriate when it comes to trying alien unlawful combatants for violations of the laws of war. We therefore believe it critical to ensure that military commissions have the discretion, under defined and limited circumstances, to admit classified evidence not shared with the accused.

To this end, the proposed legislation would require that before any classified evidence is to be introduced outside the accused's presence, the head of the executive department or agency that has classified the evidence must certify that sharing the evidence would harm national security and that the evidence has been declassified to the maximum extent possible. The military judge then would be required to make specific findings that the exclusion is warranted, is no broader than necessary, and would not compromise the accused's right to a full and fair trial. At least one defense counsel, properly cleared, would be able to represent the accused at all proceedings where evidence is offered against the accused. Additionally, the proposed legislation provides the accused with an unclassified version of the classified information introduced against them, consistent with national security concerns. These procedures, properly administered by the military judge, would strike the appropriate balance between safeguarding our Nation's secrets and ensuring a fair trial of the accused.

Common Article 3 of the Geneva Conventions

Mr. Chairman, the Administration also believes that the draft legislation must address the Supreme Court's ruling in *Hamdan* that Common Article 3 of the Geneva Conventions applies to our armed conflict with al Qaeda. The United States has never before applied Common Article 3 in the context of an armed conflict with international terrorists.

In my previous testimony before the Committee, I discussed with the Committee the problems caused by the vagueness of some terms in Common Article 3, particularly its prohibition of "[o]utrages upon personal dignity, in particular, humiliating and degrading treatment," a phrase that is susceptible of uncertain and

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unpredictable application. If left undefined by statute, the application of Common Article 3 will subject those who fight to defend America from terrorist attack to an uncertain legal standard that may be influenced by foreign tribunals.

The Supreme Court has said that in interpreting a treaty provision such as Common Article 3, the meaning given to the treaty language by international tribunals must be accorded "respectful consideration," and the interpretations adopted by other state parties to the treaty are due "considerable weight." Accordingly, without the bill's provisions, the meaning of Common Article 3—the standard that now applies to the conduct of U.S. personnel in the War on Terror—would be informed by the evolving interpretations of tribunals and governments outside the United States.

We believe that the standards governing the treatment of detainees by United States personnel in the War on Terror should be certain, and that those standards should be defined clearly by U.S. law, consistent with our international obligations. The draft legislation therefore would define our obligations under the relevant treatment provisions of Common Article 3 by reference to the U.S. constitutional standard already adopted by Congress in the McCain Amendment, which are fully consistent with United States international obligations.

Last year, after a significant public debate on the standard that should govern the treatment of captured al Qaeda terrorists, Congress adopted the McCain Amendment as part of the Detainee Treatment Act. That Amendment prohibits "cruel, inhuman, or degrading treatment or punishment," as defined by reference to the established meaning of our Constitution, for all detainees held by the United States, regardless of nationality or geographic location. Indeed, the same provision was used to clarify similarly vague provisions in another treaty—the Convention Against Torture. Congress rightly assumed that the enactment of the Detainee Treatment Act settled questions about the baseline standard that would govern the treatment of detainees by the United States in the War on Terror.

The Administration further believes that we owe it to those called upon to handle detainees in the War on Terror to ensure that legislation addressing the *Hamdan* decision brings clarity and certainty to the War Crimes Act. To that end, the proposed legislation sets forth a definite and clear list of nine offenses serious enough to be considered "war crimes," punishable as the most serious breaches of Common Article 3, including

DOJ_NMG_0059290

clear and serious "outrages upon human dignity," such as rape, sexual assault, and conducting Nazi-like human experiments.

Judicial Review of Detainee Claims

Finally, Mr. Chairman, the draft legislation would clarify how the judicial review provisions of the DTA apply. Some have argued that *Hamdan* makes the DTA inapplicable to the hundreds of habeas petitions brought by the Guantanamo detainees to challenge their detention as enemy combatants. While we disagree with that reading, the proposed legislation would make clear that alien detainees held as enemy combatants by the United States in the War on Terror may not challenge their detention or trial in advance of a final judgment of a military commission or a final order of a Combatant Status Review Tribunal.

We believe that that was Congress's original intent under the DTA, and we believe that it makes sense, as in the civilian justice system, to restrict the accused's ability to pursue appellate remedies until after the trial has been completed. Our courts should not be misused to hear all manner of other challenges by terrorists lawfully held as enemy combatants in wartime.

* * *

I look forward to discussing these subjects with the Committee this morning.

Thank you, Mr. Chairman.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, SEPTEMBER 8, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Bush Urges Congress To Approve Anti-Terror Legislation.....4
Top Military Lawyers, Key Republicans Object To Bush's Tribunal Plan 7
Two-Year White House Debate On Terror Detainees Recounted 10
Judge Rejects US Motion To Dismiss Oregon Suit Challenging Surveillance Program 10
Video Shows Bin Laden, Hijackers Planning 9/11 Attacks 11
Columnist Blasts FBI Actions In Sears Tower Plot Probe..... 12
Danish Terror Probe May Falter Because Of Insufficient Evidence 12
Limbaugh Says Hard Line Needed To Combat Militant Islam 12
Hoagland Says War On Terror Needs Greater International Cooperation..... 13

Homeland Response:

Mueller Says Homegrown Terror Threat Rising, But Foreign Groups Still Primary Concern 13
Impact Of 9/11 After Five Years Examined..... 13
ABC Miniseries On 9/11 Angers Clinton Officials 14
Cleared Cell Phone Suspect Says Racism At Root Of Arrest. 16
Conspiracy Theories Find Fertile Ground Among Some Americans..... 17
Senate Panels Reach Agreement On Ports Legislation 17
DHS, DOJ Aim To Link Fingerprint Databases..... 17
Architects Unveil Designs For WTC Towers 17

War News:

Bush Defends Decision To Invade Iraq 18
US Transfers Control Of Armed Forces To Iraqi Government19
Baghdad Death Toll Remains Less Steep Than US Officials Predicted..... 19
IED Attacks Against US Troops Continue..... 19
Tape From Al Qaeda In Iraq Said To Feature Zarqawi Replacement.....20
Al-Arabiya Offices In Baghdad Ordered To Close 20
US Military Seeks Help In Training Iraqis In Reconstruction..20
NATO General Says "Moderate Reinforcements" Needed In Afghanistan 20
Hyde Calls For Overhaul Of US Counterdrug Policies For Afghanistan 20
Musharraf Tells Afghan Officials Pakistan Will Aid Fight Against Al Qaeda, Taliban 21

DOJ:

Corporate Scandals:

DOJ Probing Michaels Stores Stock Option Grants 21
Stockman Targeted In SEC Investigation Of Auto Parts Company's Failure 21
US Settles With Lay Estate Over Enron Pension Payouts 21
Former DOJ Officials Seek Reversal Of Corporate Fraud Policy.....22
California Probers Suspect Crimes Committed In H-P Efforts To Trace Boardroom Leaks 23
WSJournal Blasts Spitzer, Says AIG Case Was Prosecutorial Abuse 25

Criminal Law:

Armitage Admits He Was "Primary" Plame Source For Novak, Woodward 25
US Arrests Sportingbet Chairman 26
Tennessee Judge Sentenced 42 Months In To Prison For Extortion.....26
Retrial Of Former New Mexico Treasurer Gets Underway....27
FBI Closes Tampa Corruption Trial Without Charges.....27
Gotti Defense Calls Minister, Sliwa To Testify 27
Gambino Underboss Sentenced To 11 Years In Prison 27

FBI Arrests Long Island Businessman On Illegal Hazardous Waste Storage Charges 28
Pollster Pleads Guilty To Making Up Data For Bush Campaign, Others 28
Man Arrested In String Of Sexual Assaults In Phoenix Area ... 28
Despite Criminal Charges, Prep Footballer Retains Eligibility 28

Civil Law:

1st Circuit Rules Massachusetts Woman Cannot Sue FBI Over Bulger Murder 29
FTC Settles Children's Privacy Case With Xanga For $1 Million 29
US Honors Prison Whistleblower 29

Civil Rights:

7th Circuit Hears Arguments On Indiana Legislative Prayer ... 30
3rd Circuit Upholds Dismissal Of Sex Bias Claim Against Catholic College 30
Conference In Louisville To Discuss School Desegregation Policies 30

Antitrust:

SCOTUS Moves Toward Re-Examining Key Antitrust Precedent 31
Judge Approves New Deadline For Microsoft Antitrust Compliance 31
Valero Energy Weighs Purchase Of European Oil Refineries 32
House To Consider Revision To Texas Airfield Pact Next Week 32
Shareholders OK Alcatel-Lucent Merger 33
Battle Over Net Movie Rental Patent Heats Up 33

Environment:

Lawmakers Berate BP Executives Over Pipeline Neglect 33
Energy Secretary Says Cellulosic Ethanol Five Years Away ... 35
Federal Protection Of Killer Whales Sparks Lawsuit 35
Writer Urges Better Fish-Eating Habits 35

FBI/DEA/ATF/USMS:

Survey Finds Drug Use Down Among Teens, Up Among Baby Boomers 36
Bahamian Man Accused Of Heading Drug Ring Appears In Florida Court 36
Report: U.S. Trying To Deport A Once-Trusted Drug Informant 36
In Delaware, Man Convicted In Heroin Case Gets 30-Year Sentence 37
House Judiciary Committee Approves Bill Revising Gun Show Laws 37
Post Columnist Comments On Selection Of Sullivan To Head ATF 37
Marshals Name Suspect In New York Trooper Shootings To Most Wanted List 37

Immigration:

US Arrests 19 In Arranged-Marriage Scam 38
House GOP Leaders To Propose Border Security Bills 38

Congress-Administration:

Chafee Holds Up Committee Vote On Bolton Nomination 40
Senate Approves Defense Appropriations Bill 41
Court Suspends Decision On FCC Indecency Rules 41
Treasury Department Official Ends Links To Hedge Fund 41
White House Continues To Back Rumsfeld 41
Bush Highlights Federal Workforce Reforms 42
Rove Alleged To Have Had Ordered Exorcism In Hillary Clinton's West Wing Office 42
Education Department Backtracks On Teacher Qualifications 42
Memo From Founder Says CBC Should Remain Exclusively Black 42
NYTimes Regrets Departure Of McClellan From Medicare .. 43

Other News:

OPEC Expected To Stand Pat On Output Limits 43
Economists Predict Housing Slowdown Will Extend To 2007 43
Judges Concerned About Increase In Judicial Surveys 44
Private Court Reporting School Closes 44
Bush, Iraq War Seen As Turning Southern Women Away From GOP 44
NRCC Chairman's Own Seat At Stake In November 44
First Lady Campaigns For Drake In Virginia 44
Hastert Unlikely To Be Minority Leader If Democrats Take Over House 45
Lamont Ad Targets Lieberman's Position On Iraq 45
Kean Name, Anti-Latino Backlash Could Hurt Menendez 45
Tape Captures Candid Moment Between Schwarzenegger, Aides 45
California Ballot Measures Cumulatively Would Commit $48 Billion In Spending 45
CNN Poll Shows Giuliani Leading Field Of 2008 GOP Hopefuls 45
Clinton Leads Democratic Field In CNN Poll Of 2008 Presidential Hopefuls 46
Doctors Launch Campaign To Repeal Cuts In Medicare Fees 46
House GOP's Priorities Questioned 46

DOJ_NMG_0059296

Questions Raised About Relationship Between Wal-Mart, Conservative Think Tanks 46
Rubin Downplays Significance Of New Think Tank Project . 47
Kristol Warns Of Increase In Anti-Judaism 47
Krugman Welcomes New Debate About Economic Inequality 47
NYTimes Criticizes Intel For Cutting Jobs After Repatriating Profits 47
Possibility Of Iran Sanctions Grows Despite French Ambivalence 47
Israel Allows Air Traffic To Lebanon To Resume But Maintains Naval Blockade 48
Blair Says He'll Leave Office Next Summer 49
Asian Nations Want Annan's UN Successor To Be Asian 50
France Suggests Deploying UN Force To Darfur Without Sudanese Permission 50
US-Russia WTO Deal Looks Unlikely This Year 51
Calderon Urged To Tackle Privilege To Build Mexico's Competitiveness 51
LATimes Opposes Nationalization Of Chadian Oil Operations 52

The Big Picture:

Headlines From Today's Front Pages 52

Washington's Schedule:

Today's Events In Washington 53

DOJ_NMG_0059297

TERRORISM NEWS:

Bush Urges Congress To Approve Anti-Terror Legislation. CNN's The Situation Room (9/7, Blitzer) reported yesterday that in a speech in Atlanta, President Bush "said al Qaeda is determined to strike again, but added that America has learned the lessons of 9/11 and he claimed a number of successes in the war on terror, including the capture of al Qaeda commanders." Fox News' Special Report (9/7, Hume) said Bush also "pressed Congress to pass two pieces of legislation: a bill to authorize government surveillance into and out of the United States and a way to place captured suspects on trial." CNN (9/7, Quijano) reported the President "suggested any delay would mean putting off punishment for the alleged mastermind behind 9/11."

The Atlanta Journal-Constitution (9/8, Baxter, 399K) reports Bush "said the nation is safer because of his administration's homeland security reforms, but must remain on the offensive until its enemies are 'finally defeated.'" He "spoke before an invited audience of 600 organized by the Georgia Public Policy Foundation, a conservative think tank, held at the Cobb Galleria Centre. From there, he flew to Pooler, outside Savannah, to attend a fund-raiser that netted $375,000 for Republican congressional candidate Max Burns in his race against incumbent Democratic US Rep. John Barrow." But Bush's Atlanta speech "was perhaps his most carefully detailed listing of what the administration has done to respond to the terrorist attacks, from reorganizing the government's intelligence operations to requiring hardened cockpit doors on airplanes."

Media reports are framing Bush's speech as part of a GOP initiative to gain the advantage on the key national security issue – one that Democrats are trying to counteract with their own message. The New York Times (9/8, Hauser, Stout, 1.21M) reports "the Democrats went on the offensive as…Bush, speaking in Atlanta, urged Congress to pass legislation that would give his administration the surveillance tools he said it needed to fight terrorism." And the Los Angeles Times (9/8, Gerstenzang, 918K) says "the long-distance debate between Bush and the Democrats went to the heart of the political battle now at center stage in Washington: With the Republican majority in the House and possibly the Senate at risk in the November elections, each party is vying to convince voters that it is better prepared to protect the country." Bush's speeches, adds the Times, "are setting Republicans' debate for what they've dubbed 'Security September,' an effort to keep the political focus on security matters in the closing weeks of the congressional session before the election."

Last night, ABC World News (9/7, lead story, 9:30, Gibson) said that "the series of speeches that the President has made this week have demonstrated, as one newspaper noted today, the power of an even weakened commander in chief set the terms of national debate." In a similar piece, the Christian Science Monitor (9/8, Feldmann, 58K) says Bush "has dramatically reframed the debate over the war on terror and laid down a stiff political challenge to the Democrats." The President "made major news, foremost his proposal for new rules governing trials of terror suspects. The accompanying announcement that 14 'high value' terrorism detainees -- including top Al Qaeda planners of 9/11 -- are being moved from secret CIA prisons to the US military prison in Guantánamo Bay, Cuba, puts a face on his plan for trials." Bush's speeches "demonstrate the power of the presidential bully pulpit, even for a chief executive struggling in the polls. And in the first week of the fall campaign, marked by the traditional Labor Day kickoff, they confirm a political strategy long telegraphed by Bush adviser Karl Rove: to make heavy use of the terrorism issue for the third election in a row."

The Washington Post (9/8, A1, Asthana, Deyoung, 748K) says "Bush's aggressive defense of the administration's national security policies, amid rising public disapproval of both the Iraq war and his overall management of the war against terrorism, has been a careful balance between claims of progress and warnings of remaining threats." In his remarks in Atlanta, Bush "delivered what he called a 'progress report' on 'what we have done to fix the problems that the 9/11 attacks revealed.'" The Post adds, "Dividing the Sept. 11 attacks into four 'stages,' Bush said that each had exposed gaps in the nation's defenses. Osama bin Laden had found in Afghanistan a safe haven for terrorists to train and plan the attacks. Al-Qaeda operatives were able to enter the United States undetected and, once here, to transfer money and move about freely. Finally, they were able to pass through airport security and board planes with box cutters they used to take control of the aircraft." After the attacks, Bush's "'new

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doctrine' of holding nations harboring or supporting terrorists responsible had allowed the removal of the Taliban from power in Afghanistan and the installation of a democratic government, Bush said. Diplomatic, financial and intelligence initiatives had ensured that 'al-Qaeda can no longer move widely without fearing for their lives.'"

The tone of the coverage in today's New York Times (9/8, Stolberg, 1.21M) is rather negative toward the President. The Times says Bush is trying "to reshape the political climate by focusing the nation on the threat from terrorism rather than the war in Iraq." He "mentioned only briefly the proposal he unveiled on Wednesday for interrogating and trying detainees linked to terrorism." The speech was a "rebuttal to critics who say he has not done enough and a playbook that Republican candidates may use as they face skeptical voters in November. … In Mr. Bush's version of events, there was no mention of the August 2001 intelligence report warning that Osama bin Laden was plotting to attack inside the United States. Nor was there any of his own early response, judged by his critics to have been erratic, after learning, during a visit to a Florida elementary school, that planes had crashed into the Word Trade Center."

The New York Times (9/8, Hulse, Nagourney, 1.21M) runs a second story in which it casts doubt on whether Bush's "effort to refocus attention on national security" is good politics. Republicans "facing tough races said Thursday that their initial reaction was that it would not substantially alter the political environment in their favor." The Times adds, "Even as the White House followed up on Mr. Bush's series of speeches with steps like e-mailing talking points to sympathetic radio talk show hosts and unleashing new attacks on Democrats, the candidates who are the intended beneficiaries -- Republicans in danger of losing House and Senate seats -- suggested that the president might have trouble changing the way voters are approaching the election." The Times adds "the early responses from Republican candidates could change if the White House message breaks through." McClatchy (9/8, Hutcheson) runs a very similar story, in which it says "White House adviser Karl Rove previewed the strategy in January, and now…Bush is putting it into action. … It worked in 2002 and 2004, but it might not be as successful this time." Pollsters "say that while his handling of terrorism remains his strong point, any political benefit Bush gets from the issue is likely to be offset by discontent with the Iraq war."

The AP (9/8, Raum) makes a similar point, saying Bush "is casting the war on global terrorism as the central issue of the midterm elections. But it's a risky political strategy. The approach carries reminders of failures in Iraq, prisoner treatment at Guantanamo Bay, warrantless wiretapping at home and Osama bin Laden's endurance abroad." Democrats "were quick to portray the president's recent statements -- including his acknowledgment Wednesday of a secret CIA prison system and the movement of 14 high-profile detainees to Guantanamo -- as an admission of failure."

ABC World News (9/7, lead story, 9:30, Gibson) interviewed Bush yesterday, and asked him whether his speeches on the war on terror were geared toward the midterm elections, Bush said, "Everything the President does is -- you know, has got some political implications. We're in an election year. But the job of the commander in chief during a time of war is to constantly explain to the American people what's taking place and what the strategies are. And the tactics -- as tactics change, those tactical changes. And I'm not the first President to have to become an educator in chief during a time of war." Asked if he thought a Democratic takeover of Congress would hurt national security, Bush said, "In my mind, the Republican Party and its members are much better suited for defending this country. And you're speculating as to whether or not the House is going to turn." Bush maintained that Republicans would maintain control of both the House and Senate. Asked if Republican candidates would consider him a liability, Bush said, "You better ask the candidates. I don't think I am. We've raised a lot of money for the political party. And I've appeared with a lot of candidates. But it's up to each candidate to make their decision."

Judiciary Committee Democrats Block Surveillance Measure. The Washington Times (9/8, Dinan, Hurt, 88K) reports Bush "said the courts are threatening his wiretapping program and called on Congress to pass a law to put the program on sounder footing, but one hour later Senate Democrats blocked an effort to do just that." During a Senate Judiciary Committee meeting yesterday, "Democrats blocked consideration of such a bill. Sen. Russ Feingold, Wisconsin Democrat, likened the bill to a 'rubber stamp' by authorizing almost everything the administration requested." Democrats "then invoked a parliamentary rule forcing the committee to disband for the day and blocking further action on the bill." The Times adds, "Chairman Arlen Specter, the Pennsylvania Republican who has said publicly the program should be more closely monitored by Congress and the courts, accused

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Democrats on his committee of filibustering the bill." Republicans "seized on the obstruction, noting that it came just an hour after Democratic leaders vowed that 'Democrats want to do everything we can to defeat the terrorists by improving our monitoring of terrorists and finally bringing those in custody to justice.'"

USA Today (9/8, 2.27M) also reports "the surveillance bill hit a snag at the Senate Judiciary Committee." Specter "blamed election-year obstructionism for stalling action on legislation to authorize the formerly secret program under which the National Security Agency monitors, without a court order, international calls and e-mails of people in the USA when one party of the conversation may be linked to terrorists."

The AP (9/8, Pickler) notes Bush "initially resisted eavesdropping legislation on the grounds that the once top-secret program was already legal and that legislation could expose sensitive details." But "some leading members of Congress disagreed, and a federal judge in Detroit ruled last month that the program violated rights to free speech and privacy as well as constitutional separation of powers."

Democrats Criticize Bush's Speeches, GOP Efforts On Homeland Security. Reporting on the Democrats' efforts to gain the upper hand on the terror issue, CNN's The Situation Room (9/7, Koppel) reported that "for the fourth day in a row," they "have been pounding away" on Capitol Hill, "making national security front and center on their agenda, trying to put Republicans on the defense, turn the tables on them, if you will. And in this case, today's photo-op centered on a new piece of legislation that Senate Democrats are putting forward entitled 'The Real Security Act of 2006.' Now, while in fact, it didn't really include any new ideas, or new criticisms per se, they were all included in one lump sum. In particular, what they are doing is criticizing the Bush administration yet again for not enacting the recommendations made by the 9/11 Commission."

The Washington Post (9/8, A1, Asthana, Deyoung, 748K) reports Senate Democrats "moved to match Bush in harnessing the emotional power of the anniversary commemoration to a policy argument."

Sen. Barbara Boxer was asked on CNN's The Situation Room (9/7) about Republicans trying to make the war on terrorism the big issue in the 2006 campaign. Boxer said, "We say 'bring it on right now.' I mean, you heard our leader, Harry Reid, say, you can run this play once, twice. By the third time, the American people get it. And we say it's time to stop scaring the American people, and start protecting them." Boxer added that Republicans "really do a great job of scaring us, but they are not making the investments in homeland defense. And I call them soft on homeland defense."

Sen. John Kerry was asked on MSNBC's Hardball (9/7) if Bush's speeches are timed for political purpose. Kerry said, "Yes," adding, "I think the President knows full well that he's exaggerating success. … And I think a lot of people in Washington are fed up with this public relations campaign on terror. The President is busy doing exactly what they did in 2002, exactly what they did in 2004. You know, the President is more interested in ginning up terror, scaring the America people, and not really fighting the war on terror in a way that protects the American people."

US Success In Fighting Global War Against Terrorism Seen As Mixed. The Wall Street Journal (9/8, Solomon, Hookway, 2.03M), in a 2,751 analysis piece, examines US efforts to fight global terrorism reporting that since the 9/11 attacks, saying "the U.S. has recorded some big tactical successes as it has cooperated closely with many governments to combat terrorism." Officials in the Philippines, Pakistan, Saudi Arabia and Jordan "have cracked down on violent home-grown extremists and aided in the hunt for operatives" but "even as high-profile targets fall in ones and twos, concern is widespread that the U.S. is having much less success, or even is failing, in the broader mission of blocking the font of new terrorists." And terrorism experts are concerned about "what they call growing militancy among some expatriates and Muslim populations far removed from the Middle East." The Journal notes, "Indonesia illustrates the conflicting results in the war on terrorism since 9/11. Indonesia has captured or killed more than 200 terrorists in five years, its officials say. It has cut deeply into the top ranks of Jemaah Islamiyah, the principal ally of al Qaeda in Southeast Asia. But alongside this progress are a creeping shift to a more conservative brand of Islam in Indonesia and the continuing growth of hard-line militias."

Kerik Questions Critics Of Bush Counter-Terrorism Policies. Former New York City police commissioner Bernard Kerik, in an op-ed in the Washington Times (9/8, 88K), questions the resolve of some Americans to fight terrorism saying, "Remarkably, the antiterrorism programs Mr. Bush instituted that have proven most effective at preventing follow-on 'spectacular attacks' on America are at risk of being dismantled. The Patriot Act, the National

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Security Agency's foreign electronic eavesdropping program targeting al Qaeda's communications and programs that track the e-mail and money trails of transnational terrorists are only a few of these defensive tools under attack." But some lawmakers "blinded by a combination of misplaced priorities and politics -- have begun to minimize the magnitude of the ongoing threat and are attempting to disable the very programs that have been instrumental in identifying terrorists and frustrating their missions."

Dionne Says Administration Uses 9/11 For Political Gain. E.J. Dionne Jr. writes in the Washington Post (9/8, A17, 748K), "Five years later, you look at the rancid state of our politics, the decline in America's standing in the world and the behavior of our national leadership, and you want to shed tears for your nation." On this year's anniversary, Dionne says "so much of what's being said about the events of Sept. 11 is about the political survival of the Bush administration." He also observes that "whenever the president gets into trouble, he tries to remind us of who he was in the months immediately after Sept. 11, 2001. Most of us respected that George W. Bush. But maybe that Bush was just a figment of the imagination of all Americans who actually thought the events of five years ago transcended partisan politics."

USA Today Says War On Terror Has Lost Its Focus. In an editorial, USA Today (9/8, 2.27M) says, "Five years later, it is painfully clear that the war [on terror] has lost the focus it had in those months after 9/11." For example, it notes Bin Laden and his top deputy, Ayman al-Zawahri "remain at large," and although Al-Qaeda's "centralized structure has been degraded…homegrown cells are springing up around the world." But "most disturbingly," USA Today says the "mishandled war in Iraq—which had nothing to with the 9/11 attacks—has proved to be a devastating blunder." In recent speeches running-up to this year's anniversary, Bush, Vice President Cheney and Defense Secretary Donald Rumsfeld have delivered a series of speeches using "a divisive, partisan edge—portraying any who disagree with the administration's policies as appeasers oblivious to the severity of the threat." Instead, the newspaper says, "When American presidents inspire the nation to its best, they candidly appeal not to fear but to the country's natural optimism and can-do spirit."

Top Military Lawyers, Key Republicans Object To Bush's Tribunal Plan. The AP (9/8, Flaherty) reports, "Senate leaders are throwing their weight behind a White House plan to prosecute terrorism detainees despite dissent among some Republicans and the military's top lawyers." Majority Leader Bill Frist "said he wants to pass the proposal by the end of the month and would decide Friday how quickly to proceed on the bill, indicating a vote could come as soon as next week. The momentum placed behind President Bush's plan by Frist sent GOP moderates scrambling to develop an alternative that would address their concerns." The AP adds, "Also sounding alarms on Bush's legislation Thursday were the Pentagon's top uniformed lawyers. Testifying before a House panel, the service's judge advocate generals said the plan could violate treaty obligations and make US troops vulnerable."

NBC Nightly News (9/7, story 3, Reid, 9.87M) reported "the Pentagon's top uniformed lawyers said the President's new proposal may also be unconstitutional because it would allow the use of evidence obtained through coercion and severely limit defendants' access to the evidence against them." General Jack Walker, staff judge advocate US Marine Corps: "I believe the right to see the evidence against and you to be present when evidence is being presented are fundamental to a full and fair trial." NBC also reported, "Three influential Senate Republicans say they too have concerns about the constitutionality of the President's bill and are writing their own. Sen. Lindsey Graham says in a statement, 'I do not think we can afford to again cut legal corners that will result in Federal court rejection of our work product.' Republicans and Democrats are hopeful a compromise can be reached. With elections so close, no one in Congress wants to look soft on terrorism." Republicans "said there is no doubt they will pass a bill quickly. As one aide put it, we are not going home to campaign and leaving them hanging around without a way to bring them to justice."

McClatchy (9/8, Taylor, Gordon) reports, "At a House Armed Services Committee hearing, lawyers for all of the armed services generally endorsed Bush's push for a separate new military court tailored to deal with the complexities of prosecuting dangerous terrorist suspects while protecting national security secrets." But "the lawyers voiced concern about the fairness of preventing a defendant from hearing and confronting evidence against him." The Administration's plan "is likely to provoke a rousing debate when the measure goes before Congress next week." Democrats "support an alternative bill being crafted by a trio of Republicans that would guarantee suspects more protections and would be more in line with international law."

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The Washington Post (9/8, A9, Babington, Smith, 748K) reports, "Bush's campaign to sharply limit the courtroom rights of suspected terrorists ran into opposition yesterday from key Republican senators. … One of those is John McCain, a former Vietnam War prisoner and a 2008 presidential hopeful who faces a political dilemma. He has won acclaim for standing up to Bush on issues such as humane treatment of detainees, but he also is eager to build conservative support for the GOP primaries." The Post adds, "Several colleagues cautioned McCain and the others to stick with Bush on the tribunals question, and House leaders scheduled a vote in two weeks on legislation likely to mirror the White House's proposal. The day's events suggest that Republicans may spend a good portion of the 109th Congress's final weeks trying to resolve an issue that could factor heavily in the Nov. 7 elections." The Post also reports, "Earlier divisions among Senate Republicans on issues such as immigration have contributed to legislative stalemates, and party leaders are eager to avoid a similar impasse over detainee trials."

The Washington Post (9/8, A9, White, 748K) also reports that "defense attorneys for detainees who have spent years at the U.S. detention facility in Guantanamo Bay, Cuba, said the 14 high-value terrorism suspects transferred there Monday are entering a prison that appears to be increasingly restrictive." They said "their clients have reported tighter enforcement of regulations and regular attempts to disrupt detainees' sleep and prayers since a violent melee in one housing unit in May and the apparently coordinated suicides of three detainees in June. Some attorneys said their clients seem more hopeless and worn down in recent weeks than at any time in their incarcerations."

The Los Angeles Times (9/8, Simon, 918K) reports, "Congressional Republicans leaders -- looking to highlight their party's efforts in fighting terrorism in advance of the November mid-term election -- are pushing for a vote on new rules for military commissions by the end of September. … The flurry of activity occurred as Pentagon lawyers took issue with a key provision of the administration's proposal -- permitting judges to deny suspects the right to see classified evidence used against them."

The Wall Street Journal (9/8, Lueck, Rogers, 2.03M) reports "Senate Republicans sought to bridge their differences over President Bush's plan to prosecute terrorism suspects." The Journal quotes McCain saying, "It's not best to go to the floor and have a big fight." White House "officials said last night that no changes had been agreed to yet, but Sen. Lindsey Graham (R., S.C.) predicted: 'Some of their positions put the bill in legal jeopardy and I think they'll back off.'" The New York Times (9/8, Zernike, 1.21M) reports "senior administration officials said Mr. Bush was willing to negotiate with Congress about the shape of legislation to establish tribunals, which would replace those struck down in June by the Supreme Court."

McClatchy distributes an article from the Chicago Tribune (9/8, Simpson, Zajac) that reports, "The administration's tribunal proposal, which was unveiled Wednesday and is creating tension among some leading Republicans in the Senate, is already under attack because it could permit convictions based on evidence obtained from 'coercion' while eliminating other protections long honored under American law. The Pentagon's top uniformed lawyers raised objections to the plan in congressional testimony Thursday, including to a provision that would allow suspects to be tried on secret evidence." The Tribune adds, "Although President Bush and senior administration officials have tried to minimize such concerns by promising that evidence obtained from torture would be barred, the 86-page bill proposed by the White House to establish tribunals appears to leave great latitude for defining whether torture occurred. … The definition for torture offered in the White House bill simply refers to an existing U.S. criminal statute. That law classifies torture as the infliction of 'severe physical or mental pain or suffering.' … But in August 2002, when Justice Department lawyers were first crafting formal interrogation standards for the White House in the war on terrorism, they wrote a 50-page memo interpreting the law's prohibition against 'severe physical' pain in such a way that it only came into effect when the 'the most extreme acts' of abuse were perpetrated. … The memo, written for then-White House counsel Alberto Gonzales by the Justice Department's office of legal counsel, further said physical pain amounting to torture under the statute 'must be equivalent in intensity to the pain accompanying serious physical injury, such as organ failure, impairment of bodily function, or even death.' Gonzales is now attorney general."

Democratic Sen. Jack Reed said on PBS' Newshour with Jim Lehrer (9/7), "Sen. John McCain, Sen. Lindsey Graham have pointed out that, in order to provide a legitimate process, that modifications must be made to the President's proposal. That sentiment was echoed today by the uniformed military lawyers who testified before the House of

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Representatives. … So, I would take the advice of the uniformed military, the advice that both Senator McCain and Senator Warner, and Senator Graham, are urging on the President."

GOP Sen. John Sununu was asked on PBS' Newshour with Jim Lehrer (9/7) if President Bush's proposal for trying terror suspects is something he can accept. Sununu said, "I think it's unlikely that it would be passed through the House and the Senate in the exact form that the President has put it forward." Sununu added, "I think it will be similar to what the President has proposed. … My guess is, there will be some modification made in at least one, if not both of those areas, before it's sent to the President. But the key is that we get a good statutory framework in place that is consistent with the Supreme Court ruling, so that these trials can begin."

Harsh Interrogation Techniques Would Be Made Lawful By Bush Plan. The New York Times (9/8, Liptak, 1.21M) reports, 'Many of the harsh interrogation techniques repudiated by the Pentagon on Wednesday would be made lawful by legislation put forward the same day by the Bush administration. And the courts would be forbidden from intervening." The proposal "is in the last 10 pages of an 86-page bill devoted mostly to military commissions, and it is a tangled mix of cross-references and pregnant omissions." But "legal experts say it adds up to an apparently unique interpretation of the Geneva Conventions, one that could allow C.I.A. operatives and others to use many of the very techniques disavowed by the Pentagon, including stress positions, sleep deprivation and extreme temperatures. … In effect, the administration is proposing to write into law a two-track system that has existed as a practical matter for some time."

Bush's Defense Of Secret Detention System Raises Concerns. The New York Times (9/8, Mazzetti, 1.21M) reports, "In defending the Central Intelligence Agency's secret network of prisons on Wednesday…Bush said the detention system had used lawful interrogation techniques, was fully described to select members of Congress and led directly to the capture of a string of terrorists over the past four years. … Mr. Bush described the interrogation techniques used on the C.I.A. prisoners as having been 'safe, lawful and effective,' and he asserted that torture had not been used. But the Bush administration has yet to make public the legal papers prepared by government lawyers that served as the basis for its determination that those procedures did not violate American or international law." The Times continues, "The president said the Department of Justice approved a set of aggressive interrogation practices for C.I.A. detainees in 2002 after milder ones proved ineffective on Abu Zubaydah, the first of the Qaeda leaders taken into custody. … Current and former government officials said that specific interrogation methods were addressed in a series of documents, including an August 2002 memorandum by the Justice Department that authorized the C.I.A.'s use of 20 interrogation practices." The Times adds, "The August 2002 document, which was leaked to reporters in 2004, said interrogation methods just short of those that might cause pain comparable to 'organ failure, impairment of bodily function or even death' could be allowable without being considered torture. .. The memorandum was repudiated in another Justice Department document at the end of 2004, and Congressional officials said on Thursday that they had not received documents from the administration explaining the legal underpinnings of the program."

Red Cross To Visit 9/11 Mastermind Mohammed. The Financial Times (9/8, Sevastopulo, Dinmore, Daniel) reports, "The International Red Cross is expected to get its first access next week to Khaled Sheikh Mohammed, the alleged mastermind behind the September 11 attacks, and 13 other high-value detainees who have been transferred from secret Central Intelligence Agency prisons to Guantánamo Bay."

Bush's Secret Prisons Speech Said To Have Had Little Effect On Overseas Opinions. In continuing coverage of overseas reaction to President Bush's Wednesday speech, the Washington Post (9/8, A8, Anderson, 748K) says his "transfer of terrorism suspects out of secret CIA prisons to the Guantanamo detention facility would do little to repair transatlantic distrust that has grown in recent years." Bush's "acknowledgment Wednesday of the CIA prisons' existence -- and his refusal to say where they were -- touched off new demands in Europe for a full accounting of the locations." While the "detention of the suspects drew support from Australia, a close U.S. ally," UN Secretary-General Kofi Annan "took an opposing view." One analyst "said that people in France find it astounding that U.S. troops had to be told specifically not to employ what are widely viewed here as old torture techniques, particularly the practice known as waterboarding, in which prisoners are made to feel as if they're drowning." Another Europe expert said Bush "is unlikely 'to get much credit for coming clean at this late stage in the story. It's simply being received here as confirmation of

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what people thought already -- that these guys are doing things they shouldn't be doing.'" MEP Liz Lynne is quoted saying, "If Bush announced that he was closing Guantanamo Bay detention camp and bringing the people there to trial according to international law, or releasing them if there is no evidence, then he would repair his credibility. If he doesn't do that, then I think he's whistling in the wind." The AP (9/8, Stringer) and New York Times (9/8, Knowlton, 1.21M) run similar reports.

Kerry Says Bush Is Capitulating To Common Sense. Sen. John Kerry said on MSNBC's Hardball (9/7), "What the President did was capitulate to common sense and is finally doing something we've wanted to do for a long time. We ought to do it quickly and get it done." Kerry added, "These people should have been brought to justice a long time ago. But what it also underscores is that the President had an illegal, unconstitutional structure for detaining people that he was destroying, in a sense, the reputation of our country and hurting the values of our country in other lands where we need people's support."

More Commentary. In an editorial, the Wall Street Journal (9/8, 2.03M) says President Bush Wednesday "explained for the first time in detail the importance of interrogation as an intelligence tool in the war on terror." The Journal said it is "glad Mr. Bush has finally made all this a matter of public record," because "for too long his critics have been allowed to get away with blithe assertions that the US has been 'torturing' detainees and that 'torture doesn't work.'"

Washington Post (9/8, A17, 748K) columnist Eugene Robinson writes, "If the secret prisons where US agents interrogated 'high-value' terrorism suspects with 'alternative' techniques are so legitimate and legal, if they're so fully consistent with American values and traditions, then why are they overseas?" Robinson says that the "one thing" President Bush "didn't tell us Wednesday in his forceful yet obfuscatory speech." Robinson also observes, "If the president needed a 'hot pursuit' exemption to allow some specific forms of coercive interrogation, he should have asked Congress to give it to him—rather than rely on a vague blanket authorization to pursue the war on terrorism."

Two-Year White House Debate On Terror Detainees Recounted. The Washington Post (9/8, A1, Linzer, Kessler, 748K) reports, "Shackled and hooded, 14 men in secret CIA custody were gathered one by one from locations across the world last weekend and flown to a rallying point to await one more flight. For some of the prisoners, it was their third or fourth journey to yet another unknown destination since….Bush approved a covert plan for them to disappear into CIA facilities hidden throughout Eastern Europe and Asia." The Post adds, "The arrival of the prisoners, witnessed by few beyond the CIA officers accompanying them, marked the end of a five-year effort by the Bush administration to conceal as many as 100 al-Qaeda suspects from the world and to shield the agency's interrogation tactics and facilities from public scrutiny. It was also the result of nearly two years of debate within the Bush White House, touched off by a personal plea from British Prime Minister Tony Blair for the release of British citizens in US custody." The debate "divided the president's key advisers and kept open the CIA's 'black sites' until President Bush himself, under the advice of Secretary of State Condoleezza Rice, ordered the facilities emptied for now, and possibly for good." In a series of interviews, "often on the condition of anonymity, key players from throughout the administration agreed to discuss events that led to the unraveling of one of the president's most controversial programs. Drawing on recollections and portions of personal notes, officials said major factors that pushed the president toward Wednesday's announcement were demands from allies to close sites down, an increased urgency from the CIA to find a longer-term solution to detentions and an appeal from Rice to Bush to consider the administration's legacy."

The New York Times (9/8, Zernike, 1.21M) reports "administration officials, who agreed to discuss internal administration deliberations in exchange for anonymity, said the decision to transfer high-level terror suspects from Central Intelligence Agency prisons to military custody had been the result of months of secret debate at the highest levels of government." The officials "said the change had been most vigorously championed by the State Department, under Condoleezza Rice, against some resistance from a range of officials, including Vice President Dick Cheney, who had defended the status quo, in which high-level leaders of Al Qaeda, including the man identified as the mastermind of the Sept. 11 attacks, have been held in secret C.I.A custody."

Judge Rejects US Motion To Dismiss Oregon Suit Challenging Surveillance Program. The AP (9/8, Fought) reports, "A federal judge Thursday rejected a Bush administration plea to throw out a lawsuit over the government's warrantless surveillance

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program, saying he is not convinced going ahead with the case would harm national security." The AP continues, "It is the latest of several differing rulings on a program the administration says is essential to fight terrorism, but that civil-liberties groups decry as an overreaching of presidential authority." The AP adds, "U.S. District Judge Garr King said he believes there may be a way for the lawsuit, filed by a now-defunct Islamic charity, to proceed without releasing information that could harm national security. .. .The lawsuit was filed by the Al-Haramain Islamic Foundation, which had a chapter in Ashland that went out of business after the U.S. government labeled it a terrorist organization." The AP notes, "The foundation charged that two of its lawyers and at least one official were under electronic surveillance in March and April 2004. The foundation asked King to rule the surveillance a violation of a federal law that requires a special court to approve intelligence-related wiretapping."

The New York Times (9/8, Liptak, 1.21M) reports that the suit is "similar to actions pending in Detroit and New York, but with a wrinkle: the charity says it has seen a classified document confirming that its communications with its lawyers were actually intercepted. In the other suits, the plaintiffs face the preliminary hurdle of establishing that they have standing to sue based only on the risk that there has been interception." The Al-Haramain Islamic Foundation "says the government inadvertently provided it the document in an unrelated lawsuit. The document includes a log, the charity says, of communications between its officials and its law firm that were obtained by the National Security Agency through electronic surveillance for which the government had no warrant."

Former Portland Official Says Counter-Terror Efforts Undermining Civil Liberties. Under the headline "In The Defense Of Basic Rights, An Official Led A City's Defiance," the New York Times (9/8, Yardley, 1.21M) reports, "Two months after the attacks of Sept. 11, Attorney General John Ashcroft asked local police forces across the country to help federal agents interview 5,000 young Middle Eastern men as part of a nationwide antiterrorism effort. Portland, which has long marched to a distinctive civic drummer, was the first city to refuse, citing an Oregon law that forbids such questioning if the subject is not a suspect in a crime." Jeffrey L. Rogers, "a Vietnam veteran from a prominent Republican family, was the city attorney here, making him an instant face of Portland's defiance," and the recipient of denunciations and death threats. The Times notes, "In 2005, Portland formally withdrew its Police Department from the Joint Terrorism Task Force of the F.B.I. Mr. Rogers approves of that position, though not necessarily with how civil liberties are protected elsewhere. 'We should be very worried that the way Bush and his handlers are going about 'defending the country' is eroding the essence of our country,' he said."

Video Shows Bin Laden, Hijackers Planning 9/11 Attacks. ABC World News (9/7, story 3, 2:15, Gibson) reported, "New videotape surfaced on Arab television today. A tape more than five years old, showing, we are told, the 9/11 hijackers training for their mission. And Osama bin Laden planning the attacks. These are images we have not seen before. And they provide more detail on just how much planning and effort went into carrying out the attacks."

CBS Evening News (9/7, lead story, 2:30, Axelrod, 7.66M) reported "the Arab network al Jazeera broadcast it saying it reveals for the first time the alleged coordinator of the attacks, Ramzi bin al-Shibh meeting with bin Laden. He's one of the 14 terror suspects just transferred to Guantanamo Bay for a future trial." A "new CBS News/'New York Times' poll suggests" the tape "might spell trouble for the President. A majority of Americans say the US cannot win the war on terror if bin Laden is not killed or captured. And fewer than half are confident that he will be. That's not good news for a President who's been speaking of little else lately but why his war on terror will succeed."

NBC Nightly News (9/7, lead story, 2:15, Myers, 9.87M) said, "There is no threat of another attack on this tape but this propaganda video is clearly meant to conjure up frightening images for Americans." And CNN's The Situation Room (9/7, Arena) reported "the release of the tape "follows the release of another al Qaeda tape just this weekend causing some to speculate that perhaps al Qaeda is planning an attack of some sort. I did have an opportunity to speak today to FBI director Robert Mueller and he says that there's simply no intelligence to suggest that any threat is imminent at this time."

The Washington Post (9/8, A14, 748K) notes "the video included the last wills and testaments of two of the hijackers, Wail M. Alshehri and Hamza Alghamdi." Al-Jazeera "did not say how it obtained the video, which was produced by al-Sahab, al-Qaeda's media branch. Islamic militant Web forums said the entire video would soon be posted on the Internet."

DOJ_NMG_0059305

The Los Angeles Times/AP (9/8) reports, "The footage was the fourth in a series of long videos that Al Qaeda has put out to memorialize the suicide hijackings against the Pentagon and World Trade Center, said Ben Venzke, head of IntelCenter, a private US company that monitors militant message traffic and provides counterterrorism intelligence services for the American government." The New York Times (9/8, Slackman, 1.21M) and USA Today/AP (9/8), among other newspapers, run similar reports this morning.

Columnist Blasts FBI Actions In Sears Tower Plot Probe. In a column distributed by Scripps Howard (9/8), Dan K. Thomasson writes, "Last June, Attorney General Alberto Gonzales made a dramatic announcement: The FBI had broken up a major terrorist cell in Miami and had arrested its leaders, who were in the early stages of plotting to blow up several government targets and the Sears Tower in Chicago. … But published reports based on court documents and testimony make it obvious that if brains were dynamite, the alleged terrorists couldn't blow their own noses." Thomasson continues, "Furthermore, much of their plotting seems to have been furthered by the FBI itself. In fact, the bureau, through the good offices of an informant, actually conducted a formal ceremony inducting the alleged culprits into al-Qaida, administering a solemn oath in a comic-book ritual. … This truly bizarre affair began when the son of a Louisiana Christian minister (who thinks the son is nuts) contacted an acquaintance who is of Middle Eastern extraction to tell him he was interested in conducting jihad and needed help. The man was an FBI informant who reported this to the bureau, which offered to supply him with the wherewithal for an elaborate sting. As the operation proceeded, any number of utterly improbable schemes - including the establishment of Muslim armies under the flag of a new nation of Moors - began to take shape, at least in the minds of the alleged culprits, egged on by another bureau informant posing as an al-Qaida contact man and possible financier." Thomasson adds, "That the bureau would waste untold man hours and who knows how much money on these cartoon characters is more than a little evidence of the administration's need to convince Americans that it is on the job 24/7 when it comes to ferreting out threats to the homeland. A few minutes of listening to the clownish conspiracies should have convinced any intelligence expert that these pitiful plotters couldn't pull off a liquor-store heist. They were and are petty criminals at best. … Worse than that, it reveals a major flaw in the nation' counterterrorism efforts - the FBI's traditional reliance on informants who have their own interests at stake. … If the Justice Department and the bureau have that much manpower to waste on this nonsense - bows and arrows, for goodness' sake! - we should all be a bit frightened. The guys who ran this sting had to be right out of FBI school. In the old days, no self-respecting agent would have come near it."

Danish Terror Probe May Falter Because Of Insufficient Evidence. The New York Times (9/8, Bilefsky, 1.21M) reports Danish investigators "expressed concerns" that "the evidence gathered of what is suspected of being a terrorist bombing plot, which Justice Minister Lene Espersen has called the most serious in the history of the country, could be too weak to hold five of the seven men who remain in custody." Hans Jorgen Bonnichsen, "a former operational chief of Danish intelligence, told the Danish radio broadcaster DR that the intelligence service faced a difficult challenge. While it had evidence of a potential attack, he said, it might have acted before it could be determined whether the evidence was sufficient to stand up in court." It "also emerged Thursday that, just 90 minutes before the police crashed through his door in a sweep aimed at foiling what was alleged to be a terrorist plot, one of the suspects wrote an e-mail message to the editor of the Danish newspaper Politiken in which he railed against anti-Muslim hysteria, the paper reported Thursday."

Limbaugh Says Hard Line Needed To Combat Militant Islam. On the CBS Evening News (9/7, story 8, 2:05, Couric, 7.66M) opinion segment, Rush Limbaugh said, "Militant Islam wants to kill us just because we're alive and don't believe as they do. They've been killing us for decades. So it's time to stop pretending these terrorist incidents are episodic events and face the reality our way of life is in grave danger. This threat is not just going to go away because we choose to ignore it." But "some Americans, sadly, not interested in victory, and yet they want us to believe that their behavior is patriotic. Well, it's not. When the critics are more interested in punishing this country over a few incidents at Abu Ghraib and Guantanamo Bay than they are in defeating those who want to kill us, when they seek to destroy a foreign surveillance program which is designed to identify those who want to kill us and how they intend to do it, when they want to grant those who want to kill us US

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constitutional rights, I don't call that patriotic. Patriotism is rallying behind the country, regardless of party affiliation to defeat Islamic-Fascism."

Hoagland Says War On Terror Needs Greater International Cooperation. Jim Hoagland, in his Washington Post (9/8, A17, 748K) column, writes that while terrorist attacks and foiled plots have spread America's feelings of post-9/11 "vulnerability…abroad in the past five years, the international response to the threat of terrorist assaults has remained far from being unified or even particularly coherent. The greatest task for the next five years…is to create and manage a truly integrated international campaign to displace and contain jihadist terrorism as a political weapon. The Bush administration can help start that effort by adjusting the rhetoric, goals and style of its war on global terrorism. That is particularly true when its statements will reach non-American audiences," which Hoagland says "are hard put to see how Washington's approach will help protect them as well as the US homeland, which has been spared since 2001." Hoagland adds, "Americans need to be told by the president and his senior aides more, and more often, about the role that European, Asian, Arab and other forces and investigators are playing" in the war on terror.

HOMELAND RESPONSE:

Mueller Says Homegrown Terror Threat Rising, But Foreign Groups Still Primary Concern. In a widely-distributed story, the AP (9/8, Sniffen) reports, "FBI Director Robert Mueller sees a rising threat from homegrown terrorists but cautions that foreign groups are far from vanquished and still consume more bureau resources. … 'We've decimated al-Qaida's leadership and taken away their sanctuary, but there are still individuals in the al-Qaida hierarchy who are capable of organizing, financing and supporting attacks in the United States or against United States interests around the world,' Mueller said." The AP adds, "The number of overall terrorist investigations has remained fairly static for the past two years after spiking immediately after" 9/11 "and after passage of the USA Patriot Act, Mueller said. And FBI Deputy Director John Pistole said, 'Many, if not most, of those cases are dealing with material support for terrorism. These are not bomb-throwers; these are people out there raising money or recruiting.'" The AP notes, "'I hope the American people understand this problem (of terrorism) is going to be with us for a substantial period of time,' Mueller said, 'and the FBI does a heck of a good job.' He added that the bureau had expanded its resources and transformed its anti-terrorism focus from after-the-fact arrests to prevention while 'we've maintained our operational tempo' against public corruption, organized crime, civil rights, white collar crime and gangs."

The Los Angeles Times (9/8, Schmitt, 918K) reports that "federal law enforcement and intelligence officials are struggling to adapt to an increasingly worrisome threat" of homegrown terrorists. In a speech yesterday, Attorney General Alberto Gonzales "called for greater cooperation between federal authorities and state and local crime fighters. He said terrorist groups such as Al Qaeda were 'finding disaffected souls in neighborhoods, mosques, prisons and universities all over the world, including our own backyards.' Mueller said Wednesday in a briefing with reporters that the bureau had 'certainly several hundred' individuals under investigation in the U.S.," and "he said the bureau was also devoting more resources to understanding the 'radicalization' process." Mueller noted, "One cannot dismiss the potency still of Al Qaeda to undertake attacks. But by the same token, there also are those groups of individuals, as we have seen in various countries, that are motivated by radical Islamist ideology to undertake actions on their own." Pistole "said during the same briefing that most of the subjects of U.S. investigations were being examined for their financial ties to terrorist groups rather than as actual operatives."

USA Today (9/8, 4A, 2.27M) also briefly reports on Mueller and Pistole's comments, noting Mueller said, "'We've decimated al-Qaeda's leadership,' but the terrorists can still organize, finance and support attacks against the USA, he said." Pistole "said many people under investigation 'are not bomb-throwers; these are people out there raising money or recruiting' help for terrorists."

Impact Of 9/11 After Five Years Examined. The New York Times (9/8, 1.21M) reports on how the September 11, 2001 attacks have affected live in the US in a five-story segment, examining the impact on Americans ranging from military families who have sons or daughters in combat zones to Muslim women who face discrimination because of their garb.

The New York Times (9/8, Blumenthal, 1.21M) reports, "Two and a half years after he was killed in an ambush in

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Baghdad, Specialist Scott Quentin Larson Jr. still fills the modest home of his parents, Scott and Mary Larson, and their three other children in the northwestern suburbs of Houston." Larson joined the Army after 9/11, and Houston "has "suffered the greatest number of American deaths — 27 as of Sept. 7, according to icasualties.org, a Web site that tracks military casualties — in the two wars, in Iraq and Afghanistan, that are consuming a newly terrorism-aware America."

The New York Times (9/8, Yardley, 1.21M) reports on former Portland city attorney Jeffrey L. Rogers. Two months "after the attacks of Sept. 11, Attorney General John Ashcroft asked local police forces across the country to help federal agents interview 5,000 young Middle Eastern men as part of a nationwide antiterrorism effort." Portland, "which has long marched to a distinctive civic drummer, was the first city to refuse, citing an Oregon law that forbids such questioning if the subject is not a suspect in a crime." Rogers became "an instant face of Portland's defiance."

The New York Times (9/8, Urbina, 1.21M) reports on Rick Edmond, who was not at his desk in the Pentagon when American Airlines Flight 77 struck near his office. Edmond says, "My friends say that I shouldn't go back, considering how close it came. For me, that's exactly why I keep going back." The Times adds Edmond's "biggest act of bravery, he said, was to return to work the next day."

The New York Times (9/8, MacFarquhar, 1.21M) reports on Dena al-Atassi, whose head scarf apparently cost her a supervisory job with the Jenny Craig diet chain. Before Sept. 11, "Muslim women who wore head scarves in the United States were often viewed as vaguely exotic. The terrorist attacks abruptly changed that, transforming the head scarf, for many people, into a symbol of something dangerous, and marking the women who wear them as among the most obvious targets for those who deem the faith threatening."

The New York Times (9/8, Johnson, 1.21M) reports the Fire Department in Colorado Springs "is called out hundreds of times a year to deal with things like oil spills on the Interstate, gas pipeline leaks or the odd chemical residue left over from illegal drug labs. And since this summer the hazardous-materials team has responded to those calls by tooling out in a shiny new vehicle paid for by taxpayers around the country through a grant from the Department of Homeland Security." In "cities and towns across the United States, five years of fighting terrorism has come closest to home in the form of modern emergency preparedness — or, critics would suggest, old-fashioned political pork."

Muslim-Americans Respond Differently To Post-9/11 Environment. The Los Angeles Times (9/8, Sahagun, 918K) describes the behavior of a Muslim homemaker who has shifted her charitable contributions "to less-suspected organizations," a young imam who shaved "part of his beard to appear less threatening to non-Muslims" and a student at UC Irvine who "helps organize rallies and fundraisers to support Muslims whom she believes have been unfairly targeted by federal investigators" as examples of how "some Muslims have tried to be less visible, others more bold, as they live and work beside their fellow Americans" after the 9/11 attacks. Georgetown University Muslim scholar Zahid Bukhari said, "We are witnessing the creation of a new Muslim American identity that is still a work in progress."

Supporting Cast Of 9/11 Mostly Fading From Limelight. USA Today (9/8, Hampson, Moore, 2.27M) reports on the "supporting actors in a tragedy that saw almost 3,000 of their countrymen slaughtered in less than two hours. After Sept. 11, 2001, their names and faces suddenly were familiar to millions, only to fade in public memory in the five years since." Some "have embraced celebrity. Ben Sliney, the FAA manager who grounded the planes, even played himself in the recent movie United 93," but others "have shunned it like a curse."

ABC Miniseries On 9/11 Angers Clinton Officials. ABC World News (9/7, story 4, 2:10, Gibson) reported, "There was a fresh reminder, today, of how, in some ways, 9/11 remains a very contentious political issue. Democrats and Republicans are fighting about a miniseries that airing on this network, Sunday and Monday, based on the 9/11 Commission report. What is the controversy? Whether the Clinton White House missed an opportunity to get Osama bin Laden well before 9/11." ABC (Tapper) added, "The 'Path to 9/11' is a five-hour movie that traces a decade's worth of events here and abroad that led to that horrible day. Its producers say the film is based on the exhaustive 9/11 Commission report. But it's causing a political firestorm." Richard Ben-Veniste, 9/11 Commission: "If someone wants to make a film that they claim to be based on the 9/11 Commission finding, then it ought to be accurate." Tapper: "Former President Clinton and his senior security team are campaigning against the film. Saying it unfairly depicts them as obstructing efforts to capture or kill Osama bin Laden

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while they were in office. Some of the scenes in question -- an actor portraying Clinton's national security officer, Sandy Berger, refuses to give the order to kill bin Laden. Mr. Berger wrote to ABC saying no such episode ever occurred. … And now, it appears the scenes are being changed. And that has a lot of conservatives angry."

The New York Times (9/8, Healy, Mckinley, 1.21M) reports Thomas H. Kean, "a consultant on the ABC project and co-chairman of the federal Sept. 11 commission," said "he believed Mr. Berger was correct and that ABC was making appropriate changes." The "reassessment came as two Clinton aides mounted an unusual attack last night on the motives of Mr. Kean, a Republican and a former governor of New Jersey. In a letter to Mr. Kean, the two aides, Bruce R. Lindsey and Douglas Band, wrote that his defense of the mini-series 'is destroying the bipartisan aura of the 9/11 Commission,' on whose findings the project is partly based. They asserted that Mr. Kean was driven by payments from ABC or his own partisan politics." Kean, "who called Mr. Clinton a good friend, said it was outrageous to suggest he was being swayed by money or politics, and added that any fee he received would be donated to charity. He said he stood by the film because he believed it would draw attention to the commission's security recommendations, many of which have not been put into effect, and because the film did not pretend to be a documentary." The Washington Times/UPI (9/8, Wasserman), runs a similar report under the headline "ABC Revises 9/11 Film After Clinton Criticism."

NBC Nightly News (9/7, story 6, 2:15, Williams, 9.87M) reported on the "firestorm over a new drama that's supposed to depict the events leading up to the September 11th attacks. Advanced copies of this TV series were sent out to mostly conservative pundits and bloggers across the country that reported the program lays much of the blame on former President Clinton. Then critics, including terrorism experts pointed out some of the scenes are pure fiction. Is this dramatic license, or a political attack?." NBC (Taibbi) added, "But the liberal blogosphere is shouting that there are many scenes in the movie that didn't happen that way, like the one in which American operatives poised to take out Osama bin Laden are told to stand down by the Clinton White House. Some Democrats complained it's a painful history rewritten by conservative filmmakers." Former President Bill Clinton, "portrayed as paralyzed into inaction, says the movie's depictions are despicable and no organization should dramatize 9/11. Controversies over fact based films are nothing new. Oliver Stone's JFK, the CBS Reagan movie killed off by conservatives or almost all of Michael Moore's films. This happens to be a movie conservatives who reviewed it love but that some critics call outrageous."

The AP (9/8, Hajela) reports that "in a statement released Thursday afternoon in apparent response to the growing uproar, ABC said, 'No one has seen the final version of the film, because the editing process is not yet complete, so criticisms of film specifics are premature and irresponsible.'" Former Secretary of State Madeleine Albright, former National Security Adviser Sandy Berger, Clinton Foundation head Bruce Lindsey and Clinton adviser Douglas Band "wrote in the past week to Robert Iger, CEO of ABC's parent The Walt Disney Co., to express concern over 'The Path to 9/11.'"

The Wall Street Journal (9/8, Trachtenberg, Barnes, 2.03M) reports "lawyers for former President Clinton sent a letter to Disney earlier this week asking for the movie to be edited or pulled from the schedule." The Journal adds, "It was conservatives who created the last such uproar over a TV movie. In 2003 right-leaning pundits criticized 'The Reagans,' a CBS movie about the lives of the late president and former first lady. CBS ultimately pulled the program." USA Today (9/8, 2.27M) also reports the story.

Alessandra Stanley, in New York Times review (9/8), writes, "Dramatic license was certainly taken, but blame is spread pretty evenly across the board. It's not the inaccuracies of 'The Path to 9/11' that make ABC's mini-series so upsetting. It's the situation on the ground in Afghanistan now. The television movie about the rise of Al Qaeda comes at a time when the Taliban is flaunting a resurgence in Afghanistan. Sept. 11 drove the United States to clean out that terrorist hole-in-the-wall, once and for all." Stanley adds, "After all the lessons learned from Sept. 11, the Taliban is back and growing stronger while the American military there seems as bogged down as it is in Iraq, powerless to check the spiraling violence."

State Department Warned Clinton Administration About Bin Laden. The Washington Times (9/8. Pierce, 88K) reports in its "Inside Politics" column, "The State Department warned the Clinton administration of the dangers from Osama bin Laden after the terrorist left Sudan in May 1996, according to two declassified 'top secret' State Department documents. The group Judicial Watch obtained the documents through a Freedom of Information Act request and released them to the press yesterday. … The

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documents, authored by the State Department's Bureau of Intelligence and Research, discuss bin Laden's travels, prolonged stay in Afghanistan, financial networks, anti-Western threats in press interviews, ties to the Khobar Towers bombing and 'emboldened' threats against US interests."

Former US Ambassador Says "Path To 9/11" Distorts USS Cole Bombing Investigation. In an op-ed in the Los Angeles Times (9/8, 918K), former US Ambassador to Yemen Barbara Bodine "says ABC traded fact for drama in portraying events after the 2000 bombing of the destroyer Cole." In making "The Path To 9/11" miniseries, ABC "has chosen not to document but to dramatize this most critical of times," choosing "fiction when fact is needed and…mythmaking when the candor of history is called for." She says, "from the part of the story" she knows "firsthand, ABC has done the American people a disservice." Bodine says, in the aftermath of the Cole bombing, she "had four missions: recover the Cole and her crew; provide security for the burgeoning U.S. presence in Aden; establish a joint Yemeni-American criminal investigation, as agreed between the president of Yemen and FBI Director Louis Freeh; and maintain the Yemeni-American relationship." Those "tasks were not sequential but deeply interdependent." She adds, "Diplomatic relations are not an end in themselves but rather provide a context within which we are able to operate — or not. Our cooperative relationship enabled the recovery, the security and the investigation to move forward, to work through the tensions, disagreements and conflicts that naturally arose. The attack on the Cole was a hostile act, but this was not a hostile government or a hostile people. It was my job to make sure everyone involved understood that our actions must not subvert our goals." As US investigators "inevitably collided headlong with the limited capabilities of Yemen," Bodine says she worked to manage "the friction, the suspicion," and "miscommunication." She concludes, "In the aftermath of the attack on the Cole, the stakes were high. Former Secretary of State Colin Powell's first lesson of leadership is that 'being responsible sometimes means pissing people off.' It's inevitable, if you are honorable. The job of the ambassador is to make the tough calls. To paraphrase a fellow Missourian, the buck stopped on my desk."

Cleared Cell Phone Suspect Says Racism At Root Of Arrest. The Dallas Morning News (9/8, Smith, 500K) reports, "Frustration tempered celebration Thursday afternoon as Louai Othman and Muslim community leaders gathered to discuss the three-week ordeal that began with terrorism charges against three Mesquite men and ended Tuesday with all charges being dropped. Mr. Othman, one of the men arrested after buying hundreds of cellphones, said he understands the need to prevent terrorism but noted that his activities wouldn't have led to his arrest but for his Palestinian heritage. … Mr. Othman said he has no plans to sue over his experience but would like an apology from police and prosecutors who put him in jail for 12 days." The Morning News notes that after Michigan dropped the terrorism charges, "the FBI…said the men had no known connections to terrorist organizations, but the case was not yet closed. Federal prosecutors brought the money laundering and conspiracy charges," which were dismissed Tuesday.

The Fort Worth Star-Telegram (9/8, Kirsch, 236K) reports, "Othman said neighbors have harassed him and that his bank closed his account." The Start-Telegram also notes that Othman called for a public apology, saying, "We all bleed the same blood. We're not different from anybody else." Local CAIR chapter board member Mustafaa Carroll "said the arrests of the men were part of a pattern of racial profiling of Arab-Americans since the 9-11 attacks. 'Muslims and Arab-Americans have faced scrutiny beyond what is reasonable. Every Muslim has been the victim of suspicion,' he said." The AP (9/8, Curry) adds that Othman said, "We just want them to come on TV and apologize. Give us our innocence back." Othman, "who said he never felt personally affected by prejudice before the Michigan arrest, said he would probably move from his Mesquite apartment. He said the ordeal could someday prevent him from getting a job with the government." Carroll "called the charges 'ludicrous,'" and "ultimately, CAIR officials said, most Muslims are overjoyed that the charges were dropped."

Cell Phone Companies Acting To Thwart Phone Reselling. The AP (9/8, Welsh-Huggins) reports, "People moving state to state, armed with cash and tricks to avoid scrutiny, are buying cheap prepaid mobile phones by the thousands with plans to sell them in Latin America and Hong Kong. Cell phone companies say the practice is costing them millions of dollars, and some have hired private investigators to document what they say is illegal tampering with their phones." The AP notes that although "those in the trade say it's nothing but capitalism at its best -- no different than reselling stock for more than you paid," the FBI and DHS

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"issued nationwide bulletins earlier this year warning police to be on the lookout for bulk purchases of cell phones. Authorities are worried that profits from the trade could end up financing terrorism or that the phones could be used as detonators in attacks.

Conspiracy Theories Find Fertile Ground Among Some Americans. The Washington Post (9/8, C1, Powell, 748K) reports on the conspiracy theorists who have concluded that the US government was behind the 9/11 attacks on the World Trade Center and the Pentagon. David Ray Griffin, "an eminent liberal theologian and philosopher," read "the 9/11 Commission report with a swell of anger. Contradictions were ignored and no military or civilian official was reprimanded, much less cashiered." Griffin said, "There was massive complicity in this attack by U.S. government operatives." The Post adds, "If that feels like a skip off the cliff of established reality, more Americans are in free fall than you might guess. There are few more startling measures of American distrust of leaders than the widespread belief that the Bush administration had a hand in the attacks of Sept. 11 in order to spark an invasion of Afghanistan and Iraq." A recent Scripps Howard/Ohio University poll "of 1,010 Americans found that 36 percent suspect the U.S. government promoted the attacks or intentionally sat on its hands. Sixteen percent believe explosives brought down the towers. Twelve percent believe a cruise missile hit the Pentagon."

Senate Panels Reach Agreement On Ports Legislation. The AP (9/8, Jordan) reports Senators "announced agreement" on "ports security legislation, hoping to approve bolstered protections before November's elections to stop nuclear materials from being smuggled into the country." The $835 million bill, "which has languished in the Senate for years, resembles plans the House approved in May. But it's not clear how Congress will pay for the security measures, including putting monitors at the nation's 22 largest ports to screen for materials to make radiological 'dirty' bombs or nuclear weapons." The agreement "among the Senate Finance, Commerce and Homeland Security committees cleared the way for quick consideration by the full Senate."

CQ (9/7, Yoest) reports Senate Majority Leader Bill Frist, R-Tenn., said "he would call up port security legislation immediately following passage of the Defense appropriations bill (HR 5631) Thursday night." The bill "would authorize by statute an existing voluntary program managed by the Customs and Border Protection Bureau that rewards shippers with fewer inspections if they meet specified security standards. The greatest benefits in the program — known as the Customs-Trade Partnership Against Terrorism — are awarded to shippers who exceed the voluntary standards."

DHS, DOJ Aim To Link Fingerprint Databases. The AP (9/8, Caterinicchia) reports, "The Department of Homeland Security on Thursday announced improvements to the fingerprint databases it and the Justice Department use, which the government hopes will improve information sharing among federal, state and local law enforcement." The AP continues, "The changes are part of a pilot program launched this week between federal authorities and the Boston Police Department, according to a DHS spokeswoman. The technology enhancements represent the first in a series of three phases to connect the U.S. Visitor and Immigrant Status Indicator Technology program's database and the FBI's Integrated Automated Fingerprint Identification System. US-VISIT will collect all 10 fingerprints instead of two to enhance accuracy and to complement the FBI's 10-fingerprint system. The upgrades should be complete by 2009." The AP adds, "Of more than 64 million visitors processed through US-VISIT, more than 1,300 criminals or immigration violators have been intercepted, according to DHS. Accenture Ltd., a management and technology consulting company, is the system's prime contractor and is supported by Raytheon Co., SRA International Inc. and Titan Corp., which is now part of L3 Communications Holdings Inc."

Architects Unveil Designs For WTC Towers. The AP (9/8, Westfeldt) reports, "Architects presented striking new visions for the World Trade Center site Thursday with designs for three more towers -- including a diamond-shaped skyscraper -- that would replace the twin towers with some of the city's tallest buildings overlooking a Sept. 11 memorial." The designs unveiled yesterday "joined plans for the 1,776-foot-tall Freedom Tower skyscraper, an 8-acre memorial surrounding the spots where the twin towers stood and a winged glass-and-steel transit hub." The three new towers "would descend in height from the iconic Freedom Tower in a spiral around the memorial, which sets twin reflecting pools above the spots where the towers stood in a tree-filled plaza."

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The New York Times (9/8, Dunlap, 1.21M) reports, "Taken in a single sweep, the designs presented yesterday by the developer, Larry A. Silverstein, offered the most comprehensive picture to date of what the finished trade center might -- just might -- look like in 2011 or 2012, if development unfolds as planned." That is "something it has stubbornly refused to do so far. Mr. Silverstein still needs tenants and financing. And the Police Department, which will review the security, has only just received the plans. Its objections to the original Freedom Tower forced a redesign last summer. Foundation work finally started in March." The Wall Street Journal (9/8, Frangos, 2.03M) also reports the story, as did the CBS Evening News (9/7, story 9, 0:20, Couric, 7.66M).

In his Wall Street Journal column (9/8), Daniel Henninger writes, "Whatever else the homicidal Muslim gangs thought they were going to accomplish on September 11, none could have predicted that five years later the site of their attack in lower Manhattan would remain 16 empty acres. More than nothing is happening at Ground Zero. … My myth is to believe they are filling the world with more gravity and moral seriousness about September 11 than one might have guessed from the downward spiral of our politics since that day. What eventually becomes of Ground Zero isn't so important anymore. More good than one might have hoped for has walked away from it."

WAR NEWS:

Bush Defends Decision To Invade Iraq. ABC World News (9/7, lead story, 9:30, Gibson) interviewed President Bush. Asked if his decision to invade Iraq was responsible for ending the US' post-9/11 unity, President Bush said, "No question people are concerned about the war in Iraq. Nobody likes war. And I don't like war. But I have to make decisions that I think are in the interests of this country. And one of the lessons of 9/11, you know, I was right here in the cabin, that I had time to reflect about that fateful day. I realized that we were at war. I also realized that it's really important for this nation to confront threats before they come to hurt us." Asked how Iraq was related to the war on terror, given that Saddam Hussein was not linked to the 9/11 attacks, Bush said, "No, I understand that people ask…how can Iraq be a connection when Saddam Hussein didn't order the attacks? And, you know, I understand that concern because he didn't order the attacks. The enemy, however, believes that Iraq is a part of the war on terror. Osama bin Laden has called Iraq central to the war on terror. And if we lose, if this young democracy fails, the enemy will be emboldened." Pressed on whether Iraq would have become a front in the war on terror if the US hadn't invaded, Bush said, "Now…I just told you. The President's job is to confront a threat. And if I can walk you back in history, Saddam Hussein was clearly a threat. He was a sponsor of terror. He was shooting at American airplanes. He was given a last chance. And it was his choice to make. Presidents don't get do-overs. But I'm going to make this statement to you -- this world is safer and better off without Saddam Hussein in power."

Conservative Group's Ad Links Iraq, Al Qaeda Threat. The AP (9/8, Kuhnhenn) reports, "Dovetailing with President Bush's war-on-terror message, a conservative advocacy group released a television ad Thursday warning that many critics of the war in Iraq 'would cut and run in the Middle East, leaving al-Qaida to attack us again.'" The ad "by Progress for America, a conservative group that gained prominence in the 2004 presidential election, displays images of past terrorist acts against the U.S. by Islamic terrorists and links the war in Iraq to the broader campaign against terrorism." The release "comes as President Bush is executing an aggressive political strategy nine weeks before midterm elections to draw attention to the continuing fight abroad and at home to thwart terrorists." The Progress for America ad "does not mention any candidates, but its first statewide run Thursday was in Missouri, where Republican Sen. Jim Talent is facing a tough re-election challenge from Democrat Claire McCaskill."

Support For Iraq War Seen As Waning In Former Strongholds Of Support. CBS Evening News (9/7, story 2, 2:45, Couric, 7.66M) reported, "President Bush says Iraq is a big part of the war on terror and two more American soldiers and a Marine have been killed in action there. With casualties rising, the President's approval ratings here at home are falling. The latest CBS News/'New York Times' poll shows just 36% of Americans approve of the job he's doing. Support for the war is slipping even in places where not long ago nearly everyone backed it." CBS (Pitts) goes on to interview people at a diner in Jacksonville, North Carolina, "home to camp Le Jeune, the largest Marine Corps base on the East Coast." May of those interviewed express misgivings about the war. CBS concluded its story saying, "Here in a place where war is so very personal. .And faith so very deep,

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the President is preaching to a choir that no longer seems quite so willing to believe."

Friedman Urges US To Push For Unity Among Iraqi Factions. Thomas Friedman writes in the New York Times (9/8, 1.21M), "To listen to the latest Bush-Cheney-Rumsfeld speeches, you'd think that our biggest problem in Iraq is a violent minority of 'extremists,' defying the democratic will of the Iraqi people." However, Friedman says, "We are stalled in Iraq not because of something some fringe antiwar critics said, or did, but because of how the Bush team, the center of US policy, approached Iraq from the start." He says the US is also "failing in Iraq because" the Shiite and Sunni mainstreams "either won't stand up to extremists or try to use their violence for their own purposes." Therefore, Friedman urges the US to "make one more big push to produce a more stable accord between Shiites, Sunnis and Kurds over how to share power and oil revenues and demobilize militias."

US Transfers Control Of Armed Forces To Iraqi Government. ABC World News (9/7, story 2, 0:20, Gibson) reported, "The US began handing over control of Iraq's armed forces to Iraq's government. And this was hailed as a milestone. But it's still not clear when Iraqi forces will be strong enough to allow US troops to leave. The transfer occurred as militants launched attacks."

NBC Nightly News (9/7, story 4, 0:20, Williams, 9.87M) also said "the handover coincided with a rash of new insurgent attacks aimed at the Iraqi police force in Baghdad. At least 17 people, most of them police officers, were killed."

The AP (9/8, Santana) reports "the ceremony in the heavily fortified Green Zone only transferred authority for one of Iraq's 10 divisions and its small air force and navy, and it remained unclear how quickly Iraqi forces would be prepared to take over security."

The Los Angeles Times (9/8, McDonnell, 918K) also reports the story, referring to the "highly symbolic move linked to a possible future drawdown of US troops." However, "at a time when both US and Iraqi officials are striving to show signs of progress, both sides touted the signing as something beyond a public relations gimmick. The Iraqi government assumed full authority over the nation's embryonic air force and navy, along with the one army division."

Charles Krauthammer writes in the Washington Post (9/8, A17, 748K), "Yesterday Maliki took over operational control of the Iraqi armed forces, the one national security institution that works. He needs to demonstrate the will to use it. The American people will support a cause that is noble and necessary, but not one that is unwinnable. And without a central Iraqi government willing to act in its own self-defense, this war will be unwinnable."

Baghdad Death Toll Remains Less Steep Than US Officials Predicted. The New York Times (9/8, Von Zielbauer, 1.21M) reports, "The Baghdad morgue recorded more than 1,500 violent deaths in August, a morgue official said Thursday, a notable reduction from July's toll but hardly the sharp drop that American military and Iraqi government officials had been predicting." The morgue official "said 1,535 bodies had been received in August, about the same number as in June and a 17 percent reduction from July. The morgue reported receiving 1,855 bodies in July, the highest number of civilian deaths for any month since the American-led invasion in 2003." The official "provided the information on the condition that he not be named because he was not authorized to speak for attribution."

The Washington Post (9/8, A12, Knickmeyer, 748K) reports, "Baghdad's morgue almost tripled its count for violent deaths in Iraq's capital during August from 550 to 1,536, authorities said Thursday, appearing to erase most of what US generals and Iraqi leaders had touted as evidence of progress in a major security operation to restore order in the capital. Separately, the Health Ministry confirmed Thursday that it planned to construct two new branch morgues in Baghdad and add doctors and refrigerator units to raise capacity to as many as 250 corpses a day." The morgue expansion plans "and the final body count for August show the dramatic surge in violence in Baghdad since US-led foreign troops entered Iraq in 2003."

IED Attacks Against US Troops Continue. USA Today (9/8, Brook, 2.27M) reports, "Iraqi insurgents continue to increase their homemade-bomb attacks on US and other coalition troops, despite a $3.5 billion Pentagon effort to stop them, a Pentagon official said Thursday." Iraqi insurgents "attacked troops of the US-led coalition 1,200 times in August with improvised explosive devices (IEDs), compared with 1,100 attacks in July, said retired Army general Montgomery Meigs." He "heads the Pentagon's anti-IED task force, the Joint Improvised Explosive Device Defeat Organization." USA Today adds, "August's figure is four times as many IED attacks as were reported in January 2004." The Washington Post (9/8, A12, Tyson, 748K) runs a similar report

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titled "Army Faces Rising Number Of Roadside Bombs In Iraq," and quotes Meigs saying, "We're making slow, grudging progress. … We're not going to bat a thousand." But "he predicted his organization -- which has grown from a small Army initiative of 12 people in 2003 to a Pentagon entity with 269 employees and a fiscal 2006 budget of $3.47 billion -- would 'do better' over time.'

The AP (9/8, Jelinek) reports, "Though he declined to give statistics, Meigs said the number of U.S. casualties from the bombs has remained almost constant over the last couple of years even though insurgents planted three or four times as many of the devices over that period." He also "said US forces have been finding more of the bombs, which are remotely detonated and often hidden in rocks, debris and the like."

Tape From Al Qaeda In Iraq Said To Feature Zarqawi Replacement. The Washington Post (9/8, A12, Raghavan, 748K) reports, "The new leader of al-Qaeda in Iraq called on insurgent groups to unite against the American occupation and vowed to avenge the death of his predecessor, Abu Musab al-Zarqawi, according to an audiotape broadcast on an Arabic satellite television network Thursday night." The recording "was believed to be the first taped message by Abu Hamza al-Muhajer, and it surfaced three months after Zarqawi was killed in a US airstrike north of Baghdad."

Al-Arabiya Offices In Baghdad Ordered To Close. The AP (9/8) reports, "The Iraqi government on Thursday ordered Arabic satellite network Al-Arabiya to shut down its Baghdad operations for one month, state television reported. Al-Arabiya said Iraqi police later arrived at its offices to enforce the order. The other pan-Arab satellite network, Al-Jazeera, had its office in the capital closed two years ago." The order "apparently was issued by Prime Minister Nouri al-Maliki's Cabinet." In July, al-Maliki "warned television stations against broadcasting video that could undermine Iraq's stability."

US Military Seeks Help In Training Iraqis In Reconstruction. The Washington Post (9/8, A15, Pincus, 748K) reports, "The joint military command in Iraq is seeking a team to train 100 senior and mid-level employees of the Iraq Ministry of Construction and Housing how to exercise oversight over the policy, planning and construction of public buildings, military facilities, housing, roads and bridges funded by the Baghdad government."

NATO General Says "Moderate Reinforcements" Needed In Afghanistan. USA Today (9/8, 2.27M) reports, "NATO's top commander in Afghanistan said 'moderate reinforcements' are needed to help the Western alliance defeat militants who have been resurgent in the southern provinces." US Army Gen. James Jones "is asking for 2,000-2,500 troops to augment the 18,500 in place, plus attack helicopters and transport aircraft." Jones "said NATO has been surprised by the intensity of attacks and by the militants' willingness to stand and fight rather than hit and run. The coming weeks could be decisive in the battle against the Taliban and other Islamic fundamentalist fighters, he said."

The Washington Post (9/8, A14, Anderson, 748K) reports, "NATO Secretary General Jaap de Hoop Scheffer endorsed Jones's call, telling reporters that 'all allies should think how they can help.' Jones and de Hoop Scheffer had just returned from a three-day visit to Afghanistan."

The AP (9/8, Garwood) says "Iraq-style suicide bombings, highly organized ambushes and dogged resistance have become hallmarks of Taliban holdouts who are fueling Afghanistan's worst violence since the US-led invasion toppled the hard-line regime in late 2001."

The Financial Times (9/8, Dombey) reports, "The admission that Nato needs more troops after clashes that have claimed the lives of British and Canadian soldiers in the past week, highlights the challenge facing the alliance in bringing order to the country where the attacks of September 11 2001 were planned. … Plans for Nato to concentrate on helping to develop infrastructure in the south of Afghanistan have taken a back step." The Washington Times (9/8, Garwood, 88K) also reports the story.

Hyde Calls For Overhaul Of US Counterdrug Policies For Afghanistan. The Washington Times (9/8, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, "House International Relations Committee Chairman Henry J. Hyde is warning the White House that Afghanistan is in danger of becoming a 'failed narcotics state.' He is calling for another overhaul of the administration's counterdrug policies in that country: less eradication and more attacks on drug kingpins, warlord allies, production labs and supply routes."

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Musharraf Tells Afghan Officials Pakistan Will Aid Fight Against Al Qaeda, Taliban. The New York Times (9/8, Gall, 1.21M) reports, "President Pervez Musharraf of Pakistan, in a conciliatory speech to Afghan officials and members of Parliament, conceded Thursday that Al Qaeda and Taliban insurgents had been crossing the border into Afghanistan to mount attacks but denied that he or his government were backing them." In "a major policy shift that may cost him support at home," General Musharraf "pledged to seek out and destroy the command structure of insurgents apparently linked to Afghanistan's ousted Taliban rulers, who are fighting NATO and Afghan forces in southern Afghanistan." The Times adds, "It is the first time he has agreed to go after the Taliban leadership, something the Afghan government and Western countries with troops in Afghanistan have been demanding."

DOJ:

CORPORATE SCANDALS:

DOJ Probing Michaels Stores Stock Option Grants. The Fort Worth Star-Telegram (9/8, Landy) reports, "An inquiry into stock-options grants made by Michaels Stores Inc. during the 1990s has been transferred to the Justice Department's fraud unit, but a review by the craft-supplies retailer's audit committee found no intentional wrongdoing in the way stock options were awarded to executives." The Star-Telegram continues, "This summer Michaels, based in Irving, received a letter from the Securities and Exchange Commission and grand jury subpoenas issued in New York and Texas, all seeking documents related to stock-options grants. … According to a filing made Thursday with the SEC, Michaels learned this week that the New York subpoena had been withdrawn because of the transfer to the fraud unit." The Star-Telegram adds, "Present and former directors and officers of Michaels also have been accused in several shareholder lawsuits of breaching their fiduciary duties by re-pricing or backdating stock-option grants in the mid-1990s to make the awards more lucrative for the recipients. .. . On Aug. 25, outside lawyers working with the audit committee found that the company committed no intentional misconduct in its options practices. A separate internal committee, composed of board members Liz Minyard and Cece Smith, was formed Aug. 28 to 'investigate and make decisions on behalf of Michaels with respect to these subpoenas and any stock-option grant issue raised by the SEC,' as well as the shareholder lawsuits."

Stockman Targeted In SEC Investigation Of Auto Parts Company's Failure. The Washington Post (9/8, A1, Johnsonn, 748K) reports sources said lawyers at the Securities and Exchange Commission "recently notified" former Reagan Administration aide David A. Stockman "that he could face civil charges related to upbeat statements he made to investors two months before an auto parts company he ran sought bankruptcy protection last year." Securities regulators "are examining the role Stockman and other former executives played in alleged financial irregularities at Collins & Aikman Corp., with an eye on whether Stockman may have lied to investors by telling them the company's finances were being 'managed quite effectively' when he was aware of mounting problems. Federal prosecutors have also subpoenaed financial records from the company." Two sources "sympathetic to" Stockman "said Stockman did nothing wrong. Rather, they said, he knocked himself out to save Collins & Aikman from crippling industry forces that sent several competitors into bankruptcy proceedings. The sources said Stockman had no motivation to commit fraud. He apparently did not sell Collins & Aikman stock he owned during his tenure there and doubled his personal holdings to more than 300,000 shares between August 2004 and the day he left the Southfield, Mich., company in May 2005."

US Settles With Lay Estate Over Enron Pension Payouts. Market Watch (9/8, Jelter) reports, "Kenneth Lay's estate has agreed to pay $12 million to settle claims filed against the late Enron boss by the U.S. Labor Department on behalf of the thousands of Enron employees who lost their pensions when the company collapsed in 2001, officials said Thursday. … 'Although the proposed settlement provides a $12 million claim against the estate, the final recovery will depend upon the total amount of assets available for distribution from Lay's estate,' the Labor Department said in a written statement." Market Watch continues, "The department sued Lay and other top Enron executives in 2003, alleging mismanagement of retirement plans and lying to them about the company's failing financial health while encouraging them to buy Enron stock even as

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they were selling their own shares. … Despite Thursday's agreement, the settlement process is far from over for Lay's family. .. . The Justice Department earlier this week said it's seeking $40 million from the estate, asking Congress to pass a law that would allow it remove the 'doctrine of abatement' clause in the criminal code, which is typically used by the families of deceased felons to keep what prosecutors call ill-gotten gains."

CNNMoney (9/8, Pasha) reports, "Lay, who died of a heart attack after his conviction in May on charges on conspiracy and fraud related to Enron's collapse, testified during his trial that he was $250,000 in the red because most of his net worth was tied up in worthless Enron stock. He added that legal bills ate up the rest of his fortune and that he still owed millions to his attorneys." CNNMoney adds, "The Labor Department said any final recovery will depend upon the total amount of assets available for distribution from Lay's estate. The proposed settlement is subject to approval from the U.S. District Court for the Southern District of Texas. .. The department sued Lay in June 2003 for misrepresenting the company's financial turmoil to employees and encouraging them to continue to buy Enron stock even though he knew the company was in trouble. … He was also sued for failing to monitor those in charge of Enron's pension plans and, as a member of the board of the directors, for neglecting to appoint a trustee who would oversee the company's employee stock ownership plan. … The settlement, if approved, would add to the pot of money that's been recovered for the participants of Enron's doomed pension plan. The government and private plaintiffs have already recovered about $221 million from Enron, its board of directors, officers and fiduciaries that served on the pension plan's administrative committee. … But the recovery of the $221 million is being appealed. And the Labor Department has yet to settle with Enron's former chief executive Jeffrey Skilling, who was convicted of 19 counts of conspiracy and fraud in May."

Former DOJ Officials Seek Reversal Of Corporate Fraud Policy. The AP (9/8, Yen) reports, "Former top Justice Department officials are asking Attorney General Alberto Gonzales to reverse a policy they say unfairly pressures corporations facing possible indictment to disclose their confidential communications with attorneys." The AP continues, "In a letter released Wednesday, the 10 former officials, including Solicitor General Ted Olson and Attorney General Dick Thornburgh, said the Justice Department needed to rethink the 2003 policy that guides prosecutors in deciding whether to seek criminal charges against a business. … That policy, issued after scandals at companies like Enron Corp. cost shareholders billions of dollars, says prosecutors can consider reducing charges or not bringing them at all if a company waives attorney-client privilege and hands over otherwise confidential documents." The AP adds, "In the letter, the former Justice officials from both political parties joined the American Bar Association, American Civil Liberties Union and U.S. Chamber of Commerce in saying the policy is harmful because it discourages employees from seeking needed advice from company lawyers for fear of later disclosure. … Company lawyers could cooperate in government investigations by answering questions rather than turning over privileged documents wholesale, they said."

Bloomberg (9/8, Schmidt) reports, "Critics of the policy, including the U.S. Chamber of Commerce and the American Bar Association, say potential defendants risk indictment by invoking their right to keep conversations with their attorneys private. The companies also say they are forced by the policy into unreasonable and costly settlements. … The letter to Gonzales, dated Sept. 5 and made public today, gives a boost to the business-led campaign to overturn the policy. The Senate Judiciary Committee plans to hold a public hearing next week on the prosecution tactics." Bloomberg adds, "In cracking down on corporate fraud following scandals at Enron Corp. and WorldCom Inc., the government has increasingly offered companies leniency if they cooperate in an investigation. Guidelines on how companies can aid prosecutors are laid out in a 2003 memorandum by then-Deputy Attorney General Larry Thompson. … The Thompson memo, advising prosecutors on how they should decide whether to indict a company, gives examples of cooperation. They include whether a company has reported the potential fraud, whether it conducted its own investigation and whether it waived attorney-client privilege." Bloomberg notes, "Justice Department officials have defended the policy on waiving attorney-client privilege as necessary to speed up investigations and ensure that a company is fully forthcoming. … Kathleen Blomquist, a department spokeswoman, said the agency 'appreciates the views' of the former officials but disagrees with their criticisms."

The Legal Times (9/8, Mclure) reports, "Nearly all of the letter's signatories are now partners at large corporate law firms that defend companies and executives who have felt the

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sting of the Bush administration's current campaign against corporate misconduct."

WSJournal Touts Criticism Of "Thompson Memo" By Former Justice Officials. The Wall Street Journal (9/8, 2.03M) says in an editorial, "It's not every day that top Justice Department officials from the Carter, Reagan, Bush 41, Clinton and Bush 43 Administrations can all agree on a matter of law. That's what happened Tuesday, when three former Attorneys General, three former Deputy AGs and four former Solicitors General sent Alberto Gonzales a letter." The former officials "call the 'Thompson Memorandum' 'seriously flawed' and argue that it 'undermines, rather than enhances, compliance with the law.' The 2003 memo, written by then-Deputy Attorney General Larry Thompson, set out standards that U.S. Attorneys must apply when deciding whether to indict a company under investigation." The letter "focuses on the waiver of attorney-client privilege and a company's willingness to pay the legal fees of employees accused of wrongdoing. The memo makes plain that a company that refuses to waive attorney-client privilege or continues to pay accused employees' legal fees is more likely to face criminal indictment."

California Probers Suspect Crimes Committed In H-P Efforts To Trace Boardroom Leaks. The Wall Street Journal (9/8, Stecklow, Forelle, Wilke, Buckman) reports, "A widening scandal over Hewlett-Packard Co.'s investigation into leaks from its board of directors is casting an awkward light on the actions of its outside counsel, prominent Silicon Valley lawyer Larry Sonsini, and H-P's non-executive chairman, Patricia Dunn." The Journal continues, "In an unusual email exchange this summer between Mr. Sonsini and Tom Perkins, an H-P director who angrily resigned in May over a search of directors' phone records, Mr. Sonsini assured Mr. Perkins that the probe -- including its use of a practice called pretexting to obtain the phone records -- was 'well done and within legal limits.' … Late yesterday, a spokesman for California Attorney General Bill Lockyer said that state investigators now believe there was criminal activity involved in the methods used to search those records. Besides H-P directors, the company disclosed3 that nine reporters, including Pui-Wing Tam of The Wall Street Journal, had their phone records accessed by investigators working for H-P. … The company, which said it was unaware that pretexting was being used, said it was 'dismayed' that the information was accessed without reporters' knowledge."

The New York Times (9/8, Darlin) reports, "The California attorney general's investigation into the purloining of private phone records by agents of Hewlett-Packard has revealed that the monitoring effort began earlier than previously indicated and included journalists as targets." The Times continues, "The targets included nine journalists who have covered Hewlett-Packard, including one from The New York Times, the company said. … The company said this week that its board had hired private investigators to identify directors leaking information to the press and that those investigators had posed as board members — a technique known as pretexting — to gain access to their personal phone records." The Times adds, "In an interview Thursday about the state's criminal investigation of the Hewlett-Packard matter, Attorney General Bill Lockyer said, 'A crime was committed.' But he added: 'It is unclear how strong the case is. Who is charged and for what is still an open question.' … Mr. Lockyer said search warrants would be issued to obtain the records of Internet service providers in an attempt to trace the identities of the imposters. He said Hewlett-Packard was cooperating with the investigation into what he said was the first California case of a major corporation using such methods to obtain phone records."

The Washington Post (9/8, D1, Nakashima) reports, "Lockyer disclosed this week that he had begun a criminal investigation of methods used by HP's contractor to determine the source of a January leak to the media. The leak involved confidential board discussions about potential acquisitions and other corporate business. George A. Keyworth II, the board member who HP determined had leaked the information, resigned, as did another board member, who protested the methods used to determine the leaker's identity." The Post adds, "Privacy and consumer advocates said the controversy demonstrates the need for comprehensive laws that protect personal information from unauthorized access. The practice of faking identities to obtain personal information is escalating, as is the scope of the records being breached, privacy experts said. … At least four bills have emerged in Congress dealing specifically with unauthorized access to private phone records. But none has passed, despite lawmakers' vows early this year to have a bill on President Bush's desk by late spring. … In the absence of federal laws, states have taken the lead in enacting tough consumer protection and privacy statutes. California, where

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Hewlett-Packard is based, has some of the toughest, outlawing unauthorized access to computer records or computer systems to wrongly control or copy data. Another California law makes it a crime to obtain personal identifying information, such as a Social Security number, and use it for an unlawful purpose."

Departed Fiorina Still Casts Shadow At H-P. USA Today (9/8, Kessler) reports, "Carly Fiorina left Hewlett-Packard more than a year ago, but the ousted former CEO continues to have plenty of influence over the computer giant's fortunes. … HP shares Thursday fell for the fourth day in a row as board members continued a very public fight with one another. The battle, which includes an outcry about the possibly stolen phone records of board members and reporters, dates back to Fiorina's last month in office." USA continues, "At the same time, several notable business and technology news sources, including Forbes and CNet, have run articles attributing at least some of HP's recent successes to decisions Fiorina made. … The Fiorina buzz is expected to get even louder in October, when she releases her long-awaited tell-all book, Tough Choices. Publisher Portfolio had originally ordered 150,000 copies, which is a large run for a business book. But the company received so many calls this week that it might have to order more, says associate publisher Will Weisser. … Fiorina has stayed silent through the melee, promising to give interviews when her book comes out. But there's no question that the controversy is a huge distraction for her successor, CEO Mark Hurd, who is trying to turn HP around, says tech analyst Roger Kay at Endpoint Technologies Associates."

H-P Dispute Draws Attention To Pretexting Tactic. The Wall Street Journal (9/8, Binkley, Marr) reports, "When private investigators are accused of bad things, the people who hired them -- companies, law firms or individuals -- often deny that they ordered up illegal or unethical actions. Sometimes, that's enough to escape criminal or civil liability, even when the investigators themselves are under heavy legal fire." The Journal continues, 'The question of who is responsible for the actions of a hired private investigator is front and center in the current dust-up over Hewlett-Packard Co.'s probe of boardroom leaks. H-P has acknowledged that 'pretexting' -- the practice of posing as a person to obtain private phone records or other information about them -- was used in an investigation conducted on the company's behalf by a private investigator. A contractor hired by the investigator performed the pretexting." The Journal adds, "The most prominent recent example is the long-running federal probe of Anthony Pellicano, the so-called detective to the stars who for many years was in the employ of a long list of prominent Hollywood attorneys, actors and executives. … Earlier this year, Mr. Pellicano was indicted by a federal grand jury in Los Angeles accusing him of illegal activities including wiretapping and racketeering. … Mr. Pellicano's indictment has been messy and embarrassing for a number of people in show business -- including prominent Hollywood lawyer Bert Fields and executives like former agent Michael Ovitz, both of whom used Mr. Pellicano's services over the years. But the government hasn't charged those men, or their firms, and attorneys who have clients involved in the case say it's languishing." The Journal notes, "Attorneys don't all agree on whether a private detective's transgressions can enmesh an unknowing client in a criminal investigation, civil lawsuit or just an embarrassing situation."

The Wall Street Journal (9/8, Searcey, Young) reports, "Last year, the customer-service center at Verizon Wireless began receiving suspicious calls from someone posing as a Verizon Wireless employee who was helping 'voice-impaired' customers gain access to their cellphone records. … 'He just got out of the hospital with throat surgery' and couldn't make the call himself, the caller told the customer-service representative in one instance, according to legal filings. … But the caller was apparently operating a 'pretexting' scam, in effect calling under the pretext of being a representative of the customer. (Pretexters also pretend to be the actual customer.) Verizon sought an injunction to shut down the caller's company and its affiliates, including Data Find Solutions Inc. The companies were allegedly operating Web sites that sold consumers' cellphone and regular phone records for fees of $60 or more. A judge granted Verizon Wireless's request." The Journal adds, "Pretexting is a growing problem for phone companies, but it is even more of a problem for consumers. Private investigators, suspicious spouses and an increasing number of data-mining companies are engaging in the practice. Only in the past year or so has phone-company pretexting begun to draw attention from law-enforcement officials, lawmakers and phone-service providers. … In some instances, pretexters pretend to be phone-company employees seeking customer phone records. In others, the callers already have enough personal information about the actual customer to convince the phone company to let them access call records. … Phone companies have been striking back with legal action. In the

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past year, Cingular Wireless and T-Mobile as well as Verizon Wireless have gone to court against pretexters."

WSJournal Blasts Spitzer, Says AIG Case Was Prosecutorial Abuse. The Wall Street Journal (9/8, 2.03M) says in an editorial, "New York Attorney General Eliot Spitzer's office quietly admitted this week that it is dropping certain civil charges against Hank Greenberg, former CEO of AIG. Here ends a monumental story of prosecutorial abuse." Last year, "Mr. Greenberg was drummed out of the insurance empire he created after Mr. Spitzer accused him of presiding over a firm that was a 'black box' of accounting scandals. AIG settled with Mr. Spitzer, but Mr. Greenberg refused to roll over. Mr. Spitzer's spokesman, Darren Dopp, characterized this week's changes to the complaint as little more than a 'routine amendment.' Really? The prosecutor has in fact abandoned nearly every substantive claim he'd made against the insurance titan, claims that helped lose Mr. Greenberg his job."

CRIMINAL LAW:

Armitage Admits He Was "Primary" Plame Source For Novak, Woodward. The New York Times (9/8, Johnston, 1.21M) reports, "Expressing regret for his actions and apologies to his administration colleagues," former Deputy Secretary of State Richard Armitage "confirmed Thursday that he was the primary source who first told a columnist about the intelligence officer at the center of the C.I.A. leak case." Armitage said, "It was a terrible error on my part. There wasn't a day when I didn't feel like I had let down the president, the secretary of state, my colleagues, my family and the Wilsons. I value my ability to keep state secrets. This was bad, and I really felt badly about this." Armitage "also confirmed what had long been speculated — that he was the anonymous government official who talked to Bob Woodward...about the Central Intelligence Agency officer, Valerie Wilson, in June 2003. It is the first known conversation between an administration official and a journalist about her." Armitage "said he had wanted to disclose his role as soon as he realized that he was the main source for" Robert Novak's column, but "he held back at the request of Patrick J. Fitzgerald, the prosecutor."

The Washington Post (9/8, A3, 748K) reports Armitage, "who said he testified about his actions to a grand jury three times, was not charged for making the disclosure, a circumstance he attributes to his candor in speaking with investigators about his action. He turned over his computers and never even hired an attorney, Armitage said, because 'I did not need an attorney to tell me to tell the truth.'" The Post adds the confirmation of "Armitage's role has provoked criticism of both him and the special counsel, Patrick J. Fitzgerald, who learned of it shortly after his appointment in 2003. Some have questioned why Armitage waited so long to speak up about it, and why Fitzgerald spent two years appearing to chase a question that had already been answered." Armitage said "that he was asked, during the course of the investigation, whether he had discussed the leak in advance with other senior administration officials, and that he replied: 'Hell, no.'"

The CBS Evening News (9/7, story 3, 2:50, Couric, 7.66M) reported the Plame "leak ultimately sent a reporter to jail, got a top White House aide indicted, and set off a criminal investigation that has cost taxpayers $20 million so far." CBS (Martin) added Armitage "couldn't be any blunter." Richard Armitage: "Oh, I feel terrible every day. I think I let down the President I let down the Secretary of State, I let down my Department, my family, and I also let down Mr. and Mrs. Wilson." Martin: "You feel you owe the Wilson's an apology?" Armitage: "I think I've just done it." CBS adds that of the "nearly three year" time delay in coming forward, Armitage added, "The special counsel, once he was appointed, asked me not to discuss this and I honored his request." Martin: "Armitage never did tell the President but he's talking now because the special counsel told him he could."

McClatchy Newspapers (9/8, Strobel) says Armitage "acknowledged Thursday that he was [Novak's] primary source," and "that the disclosure was inadvertent and that he had cooperated fully with Justice Department special counsel Patrick Fitzgerald in the months since." Armitage "said he had no partisan intent in mentioning that Wilson's wife worked at the CIA at the end of an interview with Novak on other subjects." He "was rueful nonetheless, and disclosed that he had written a letter of resignation as the State Department's No. 2 official and closest adviser to then-Secretary of State Colin Powell." The AP (9/8, Apuzzo) adds Armitage "said Thursday he inadvertently disclosed" Plame's identify to Novak and Woodward. He "apologized for his conversations with" both men, and "said he was not a part of a conspiracy to reveal Plame's identity and did not know whether one existed. He described his June 2003 conversation with Woodward as an afterthought at the end of a lengthy interview."

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US Arrests Sportingbet Chairman. Bloomberg (9/8, Weeks) reports, "U.S. authorities arrested Sportingbet Plc Chairman Peter Dicks, the second executive of a British gambling company to be held amid a government crackdown on Internet betting." Bloomberg continues, "Dicks, 64, was arrested yesterday at 11:30 p.m. at John F. Kennedy International Airport, said Pasquale DiFulco, a spokesman for the Port Authority of New York and New Jersey. He is being held as a fugitive based on a warrant from Louisiana and is awaiting extradition, DiFulco said. A spokesman for the company declined to comment on his detention." Bloomberg adds, "Shares of online betting companies plunged, and Sportingbet, which gets more than half its revenue from the U.S., asked that trading in its stock be suspended. U.S. officials say online betting sites can be used to launder money and sell drugs, and that they lack safeguards to screen out minors and gambling addicts. … 'Unless the chairman is being held on charges unrelated to online gaming, we can probably assume the Department of Justice has an agenda against sports-betting companies that are using telephone lines to make bets,' said Andrew Lee, an online gaming analyst at Dresdner Kleinwort in London. … Dicks is scheduled to appear in court after 6:30 p.m. in state court in Queens, New York, as a fugitive, said a court clerk who declined to identify herself."

The Los Angeles Times (9/8, Hiltzik) reports, "The Dicks arrest follows the July 17 arrest of David Carruthers, chief executive of BetOnSports.com, another online sports book. Carruthers was on a layover at Dallas-Fort Worth Airport between Costa Rica and Great Britain when he was taken into custody on federal charges including racketeering and mail fraud. He is under house arrest in a St. Louis suburb and awaiting trial early next year. The company discharged Carruthers and has shut down its U.S. operation. Its future remains in doubt. … While it is not illegal under U.S. law for Americans to make online bets, federal prosecutors maintain that it is illegal for online operators to solicit or accept them, even when their operations are located offshore." The Times notes, "Experts in gambling law said the two arrests underscored an intensified government attack on Internet gambling at a time when the online customer base is expanding rapidly worldwide and the technology to mask the source and destination of wagers is improving. The online gambling market is estimated at more than $11 billion annually and is projected to reach $25 billion by 2010. More than half of that is estimated to come from bettors in the United States."

The Wall Street Journal (9/8, Vitorovich) reports, "Like BetOnSports, before it fired Mr. Carruthers and closed its U.S. operations, Sportingbet accepts online bets from U.S.-based customers on sporting events as well as games such as casino and poker. It generates 65% of its earnings from the U.S., where online sports betting is illegal."

PartyGaming Head Charges US With Using Protectionist Tactics. The London Guardian (9/8, Bowers) reports, "PartyGaming chief executive Mitch Garber yesterday issued a thinly veiled attack on the manner in which the US justice department appears to be pursuing offshore gambling operators that seek customers in America." The Guardian continues, "Speaking less than an hour after learning of the arrest of Sportingbet chairman Peter Dicks, he said: 'We are a FTSE 100-compliant company. If the department of justice has any issue with our business, I would hope they would notify us and communicate that with us fully.' … Mr Garber also said he was hopeful that the company would be licensed by the UK Gambling Commission, a move that would add regulatory legitimacy to the world's largest online gambling group." The Guardian adds, "Like most internet operators, PartyGaming is licensed in an offshore territory and not subject to regulation in the main markets in which it operates. He praised the British authorities, and the Treasury in particular, for a "progressive" attitude to online betting. … He attacked countries that appeared to be mirroring US attempts to ban online gambling while protecting their domestic industries. 'They are penalising companies for being innovative and for their speed of growth - which is often faster than governments can cope with. All these countries have gaming themselves: casinos, racetracks and the like ... All we want is regulation.'"

Tennessee Judge Sentenced 42 Months In To Prison For Extortion. The Knoxville News Sentinel (9/8, Satterfield) reports, "His supporters' glowing endorsements were laughable and his excuses unacceptable. That was U.S. District Court Judge Thomas Phillips' blunt assessment of former Roane County General Sessions Court Judge Thomas Alva Austin's bid Thursday to win a sentencing break. … Phillips ordered Austin to spend the next 42 months in a minimum-security federal prison for his guilty pleas earlier this year to charges he forced some $14,000 in kickbacks from operators of a driving school the

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judge created and a private probation firm where he ordered offenders to report." The News Sentinel notes, "A probe by FBI Special Agent Bob Gibson revealed allegations that Austin had been using his robe to line his pockets for a decade, collecting as much as $100,000 in kickbacks. Austin's own words, captured in secretly recorded conversations between the judge and his extortion victims, raised allegations that he solicited sexual favors from women appearing in his court and routinely smoked marijuana."

Retrial Of Former New Mexico Treasurer Gets Underway. The AP (9/8, Korte) reports that the retrial of former New Mexico Treasurer Robert Vigil. Assistant US Attorney Steven Yarbrough "described how investment advisers delivered kickbacks through alleged bagmen -- many of them witnesses who are cooperating with the government in the case." Vigil lawyer Sam Bregman said that "Vigil believed money he accepted from investment advisers constituted legitimate campaign contributions. … He also attacked the FBI undercover operation that produced key pieces of evidence, such as tape recordings and videotapes showing Nelson handing $10,000 to Vigil." The AP adds, "Testimony began at midmorning. The government's first witness was San Diego FBI agent Lamont Siller, who described how he tape-recorded calls between Nelson and Vigil after Nelson agreed to cooperate with the government. The defense team questioned the authenticity of compact discs of the conversations, prompting a break in Siller's testimony."

FBI Closes Tampa Corruption Trial Without Charges. The Tampa Tribune (9/8, Silvestrini, Krause) reports, "No officials at the Hillsborough County Courthouse will be charged with any crimes at the conclusion of a lengthy investigation into possible corruption. Carl Whitehead, special agent in charge of the Tampa office of the FBI, said: 'I am very confident that we have conducted a thorough and exhaustive investigation into these allegations. We were not able to substantiate those allegations. I believe the public should feel comfortable and have a sense of confidence that they can deal with their state court system. I have no information that would indicate otherwise.' U.S. Attorney Paul Perez said Thursday: 'Bottom line, is that the FBI and the FDLE over the last number of years received a lot of complaints, leads, allegations, and they did their due diligence in running out each one of those, and that took time.'"

Gotti Defense Calls Minister, Sliwa To Testify. Newsday (9/8, DeStefano) reports, "A former state correction officer who is now a clergyman testified Thursday that reputed mobster John A. Gotti often told him he wanted to emigrate to Canada." Jerry Hargraves, testifying for the defense, "said he had numerous conversations with Gotti when the reputed Gambino crime family captain was being held at a state prison in Valhalla in 1998 while under a federal indictment." Additionally, Curtis Sliwa "testified for more than three hours Thursday as a defense witness in what appeared to be an effort to show how his testimony contradicted that of other informants. Under questioning by defense attorney Charles Carnesi, Sliwa stuck to the essentials of his earlier testimony about being abducted and escaping." The AP (9/8) adds that Sliwa testified "he often lied to draw attention to his civilian crimefighting group. 'I said, "Well, if they won't give us credit for things we've done, I'll make something up,"' Sliwa recalled in his testimony." Calling Sliwa "allowed…Carnesi to put heavy emphasis on Sliwa's failings and less focus on his 1992 baseball bat beating and dramatic escape from a taxi after he was shot a few months later." The New York Daily News (9/8, Zambito, Martinez, 729K) and New York Post (9/8, Cornell, 608K) also report on the testimony by Sliwa and Hargrave.

Gambino Underboss Sentenced To 11 Years In Prison. The AP (9/7, Neumeister) reported, "A judge sentenced Gambino crime family underboss Anthony Megale to more than 11 years in prison Wednesday, warning him to change his ways so he does not return to a life of crime when freed eventually. U.S. District Judge Alvin K. Hellerstein imposed the sentence of 11 years and three months in prison after Anthony Megale pleaded guilty in March to racketeering and extortion charges, admitting participation in a wide ranging racketeering enterprise. … As part of Megale's plea, he admitted extorting the owners of a restaurant in Greenwich, Conn., a New Jersey trucking company and a construction company in Westchester County." The AP added that "Hellerstein also ordered Megale to pay a fine of $30,000 and to forfeit $100,000 he pocketed from his crimes." The Westchester Journal News (9/7, O'Connor) also reported on the sentencing.

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FBI Arrests Long Island Businessman On Illegal Hazardous Waste Storage Charges. The New York Post (9/8, Geller, 608K) reports, "The owner of a Long Island titanium manufacturing firm was busted yesterday on charges of illegally storing more than 11 tons of corrosive hazardous waste at his plant, turning the site into a set for a 'science-fiction horror movie.'" Gerald Cohen, "owner of Lawrence Aviation Industries in Port Jefferson Station, also was accused of allowing the plant's generators to emit 444 tons of smog-producing nitrogen oxide. He pleaded not guilty in Central Islip federal court and was released on $11 million bond." The New York Daily News (9/8, Weir, 729K) notes, "FBI agents yesterday arrested Cohen, 72, at his...home in St. James. … The bail was secured by his ownership of three parcels of property totaling 75 acres at the Lawrence Aviation site." The Daily News adds, "Investigators believe that the contaminants have affected the region's aquifer, which feeds 47 public supply wells and serves about 120,000 people within 4 miles of the site. … Cohen faces up to 15 years in prison if convicted of the crimes."

Newsday (9/8, Kessler) reports, "The owner of one of the most notorious toxic-waste sites on Long Island was arrested yesterday by FBI agents." Cohen "also was charged with one count of violating the Clean Air Act for allowing two diesel power generators that produced electricity for the company to discharge into the air as much as 440 tons of smog-producing nitrogen oxide between 2001 and 2003, according to Roslynn Mauskopf, the U.S. attorney for the Eastern District. … 'Commerce and the economy can co-exist with conservation and ecology, provided people conduct themselves and their businesses lawfully,' said Mark Mershon, the head of the FBI in New York."

Pollster Pleads Guilty To Making Up Data For Bush Campaign, Others. The AP (9/8) reports the owner of DataUSA Inc., "a company that conducted political polls for the campaigns of President Bush, Sen. Joe Lieberman and other candidates, pleaded guilty to fraud for making up survey and poll results." Tracy Costin "pleaded guilty Wednesday to one count of conspiracy to commit wire fraud. Costin, 46, faces a maximum of five years in prison and a fine of up to $250,000 when she is sentenced Nov. 30." As part of "her plea agreement, Costin agreed to repay $82,732 to the unidentified clients for 11 jobs between June 2002 and May 2004. DataUSA is now known as Viewpoint USA." An FBI affidavit "from 2004 quotes a supervisor of the company estimating that 50 percent of the data sent to Bush's campaign was falsified. FBI Special Agent Jeff Rovelli, who wrote the affidavit, said Thursday that investigators were not able to verify the claim related to Bush because that data was not located and analyzed."

Man Arrested In String Of Sexual Assaults In Phoenix Area. USA Today (9/8) reports, "Police have arrested a construction worker on suspicion of sexually assaulting two sisters whose attack has been blamed on the city's 'Baseline Killer.' … However, police said the man has not been linked to the rash of crimes in the Phoenix area — including eight killings and 11 sexual assaults — that police have said may be the work of a single predator." USA continues, "Mark Goudeau, 43, was arrested Wednesday on charges he is the man who attacked two sisters in a Phoenix park in September 2005. He was booked on suspicion of aggravated assault, kidnapping, sexual assault and sexual abuse. He was held without bail. … 'This suspect has been arrested for the sexual assault in one case only and is not connected to any other case in this series at this time,' Phoenix Police Chief Jack Harris said. … 'We will continue to pore over evidence we have obtained, and further analysis is forthcoming,' he said." USA adds, "Police Cmdr. Kim Humphrey said investigators spent Thursday contacting victims and witnesses from other crimes to see whether any could pick Goudeau out of a photo lineup. Humphrey said Goudeau resembles a widely circulated police sketch depicting the Baseline Killer as a man with dreadlocks. … In the past, the Phoenix police have said that the attack on the two sisters was believed to be part of the series of sexual assaults, robberies and slayings blamed on a serial predator whose earliest crimes happened along the city's Baseline Road. … The Baseline Killer has been linked to crimes dating to August 2005, including eight killings, 11 sexual assaults of women and girls, and several robberies. Investigators have said they connected the crimes through either forensic evidence or similarities in the way they were committed."

Despite Criminal Charges, Prep Footballer Retains Eligibility. The Washington Post (9/8, A1, Saslow, Barr) reports, "They have decided, as a team, that Pat Lazear's troubles no longer exist. He and four friends were never arrested for the robbery of a Bethesda smoothie shop.

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Police never charged Lazear with two felonies. The Montgomery County school system never forced him to transfer from Whitman High School before his senior year." The Post continues, "None of the incidents is relevant to Lazear's new football teammates at Wheaton High School, so they've instituted a simple rule: Treat Lazear as if his life began Aug. 15, when the All-Met linebacker arrived at Wheaton's practice field and revived the school's football team." The Post adds, "More than five months after he allegedly drove the getaway car in a felony robbery and three months after Whitman forced him to finish his junior year at home, Lazear, 17, has reclaimed his place in football's hierarchy. More than 20 Division I colleges have offered Lazear scholarships, and he will likely choose between Alabama and Ohio State. Coaches at Wheaton consider Lazear's arrival to be the luckiest incident in the team's recent history. Teammates voted Lazear captain, even though the Maryland judicial system forces him to wear a black ankle monitor so it can track his whereabouts. … Lazear will face armed robbery charges as an adult in a trial set for Nov. 29, but his football community has already rendered its own verdict: His guilt or innocence hardly matters, Wheaton players and coaches said. Lazear has transformed Wheaton into a playoff contender, and he will start on offense, defense and as the punter tonight in the season-opening game at Seneca Valley."

CIVIL LAW:

1st Circuit Rules Massachusetts Woman Cannot Sue FBI Over Bulger Murder. The Boston Globe (9/8, 425K) reports in "New England In Brief" that the 1st US Circuit Court of Appeals "ruled yesterday that the wife of a Quincy safecracker who was kidnapped, tortured, and killed in 1983 by longtime FBI informants James 'Whitey' Bulger and Stephen 'The Rifleman' Flemmi can't sue the government because she waited too long to file her $50 million lawsuit." The court "upheld a judge's dismissal of Elaine Barrett's lawsuit last year, finding that she knew by March 2000 that the FBI's mishandling of Bulger and Flemmi resulted in the murder of her husband, Arthur 'Bucky' Barrett, yet she waited nearly three years to file a claim." The Globe notes, "Earlier this week, US District Judge Reginald C. Lindsay, the same judge who dismissed Barrett's suit, ordered the government to pay $3.1 million to the mother of Quincy fisherman John McIntyre, who was murdered in 1984."

FTC Settles Children's Privacy Case With Xanga For $1 Million. The Washington Post (9/8, D5, Noguchi) reports, "Social-networking site Xanga.com Inc. and its operators said yesterday that they would pay a $1 million fine for alleged violations of the Children's Online Privacy Protection Act, at a time of heightened parental and government concern about children's safety online." The Post continues, "In a settlement with the Federal Trade Commission, Xanga also agreed to increase its privacy controls after allegedly collecting, using and disclosing personal information collected from children under age 13. … The settlement named the company and its principals, Marc Ginsberg and John Hiler." The Post adds, "The site, with 25 million registered members, is one of several Web sites where people meet and make connections. … The settlement followed numerous congressional hearings and several legislative proposals aimed at addressing concerns that younger Internet users are exposing themselves online to sexual and financial predators. MySpace, after complaints and media reports that its site was being used by sexual predators, this year hired a security chief. … The law 'requires all commercial Web sites, including operators of social networking sites like Xanga, to give parents notice and obtain their consent before collecting personal information from kids they know are under 13,' FTC Chairman Deborah Platt Majoras said in a written statement. Although the site said children under 13 were not permitted to join, it accepted registrations from those who submitted birth dates indicating that they were underage."

US Honors Prison Whistleblower. McClatchy (9/8, Doyle) reports, "Leroy Smith paid a price for blowing the whistle at Atwater federal prison. On Thursday, the Bush administration paid him back with some honors." McClatchy continues, "In a ceremony that vindicated Smith's work, but does not erase the pain he endured, the Office of Special Counsel presented Smith with its 2006 Public Servant Award. The award recognizes the prison safety officer as the nation's 'outstanding whistleblower.' … Smith had revealed that Atwater inmates and prison workers were being exposed to dangerous chemicals while recycling old computers. After prison officials minimized the health problems, Smith continued to pursue the complaints with the Office of Special Counsel." McClatchy adds, "Smith's ambivalence arose because of a peculiar twist that tainted the award presentation itself, and seemingly raised questions about

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ongoing government concern about the charges he raised. … Some five years ago, Smith began calling attention to the computer recycling program at what is formally called United States Penitentiary Atwater. He reported that about 120 inmates were busting the old computers open with hammers, spreading toxic chemicals into the air. … Cancer, kidney disease, central nervous system ailments and other health problems have all been linked to toxic exposure. … Smith eventually brought the complaints to the Office of Special Counsel, an independent federal agency responsible for protecting whistleblowers and investigating their complaints. … 'Managers recklessly, and in some cases knowingly, exposed inmates and staff to unsafe levels of lead, cadmium and other hazardous materials over a period of years,' Scott Bloch of the Office of Special Counsel concluded in a 53-page report finished earlier this year. … Two separate reports by the federal Bureau of Prisons were 'sadly inadequate,' Bloch declared. As a result of Bloch's follow-up inquiry, the Justice Department's Office of Inspector General is now conducting its own investigation."

CIVIL RIGHTS:

7th Circuit Hears Arguments On Indiana Legislative Prayer. The AP (9/8, Smith) reports, "Indiana's battle over prayer in the state House of Representatives headed to the 7th U.S. Circuit Court of Appeals Thursday in a case House Speaker Brian Bosma and one judge say could have national ramifications." The AP continues, "The U.S. Department of Justice and lawyers for Bosma urged a three-judge panel in Chicago to overturn a lower court ruling prohibiting the House from opening its daily business with sectarian prayers." The AP adds, "The same 7th Circuit panel voted 2-1 last spring to deny Bosma's request to temporarily lift the ban while the case was appealed. But the court said the case deserved review because it involved internal proceedings of a legislative body and raised important federalism concerns. … 'The court clearly recognizes that this decision has implications far beyond the Indiana House of Representatives,' Bosma, R-Indianapolis, said after the arguments." The AP notes, "Prayer in the Indiana House was a tradition for 189 years until the American Civil Liberties Union of Indiana challenged the practice on behalf of four people, who believed the prayers - usually Christian - were offensive and violated the constitutional separation of church and state. … Of 53 opening prayers during the 2005 House session, 41 were given by clergy identified with Christian churches and at least 29 mentioned Jesus Christ. … In a brief filed in the case, the Justice Department says the United States has a substantial interest in the matter. … 'The United States Congress, from the first Continental Congress in 1774, has appointed chaplains to open each legislative day with an invocation, and the prayers have frequently included sectarian references, including references to particular religious deities,' the brief noted."

3rd Circuit Upholds Dismissal Of Sex Bias Claim Against Catholic College. The Legal Intelligencer (9/8, Duffy) reports, "In a judicial about-face, the 3rd U.S. Circuit Court of Appeals has reversed itself and upheld a lower court's dismissal of sex discrimination claims against Gannon University, a Catholic diocesan college in Erie, Pa., brought by a woman who said she was ousted from her post as chaplain only because she is a woman." The Intelligencer continues, "In Petruska v. Gannon University, the court vacated a groundbreaking opinion authored by the late Judge Edward R. Becker just prior to his death in May that had revived Lynette M. Petruska's lawsuit and rejected the university's defense under the 'ministerial exception' to Title VII. … Becker found that the ministerial exception should be 'carefully tailored' and applied only when the alleged discrimination somehow relates to the religious beliefs, doctrine or internal regulations of a church. … 'Where a church discriminates for reasons unrelated to religion, we hold that the Constitution does not foreclose Title VII suits,' Becker wrote. … 'Employment discrimination unconnected to religious belief, religious doctrine or the internal regulations of a church is simply the exercise of intolerance, not the free exercise of religion that the Constitution protects,' Becker wrote in an opinion joined by Judge Richard L. Nygaard. … But in a dissent, Judge D. Brooks Smith said he believed Becker's opinion 'effectively refuses to recognize any ministerial exception, placing this court at odds with every other federal court of appeals to consider the issue.'"

Conference In Louisville To Discuss School Desegregation Policies. The Louisville Courier-Journal (9/8, Kenning) reports, "More than 200 educators and civil-rights activists are gathering in Louisville for a conference" organized by the Louisville NAACP "on school desegregation -- at a time when such policies face landmark

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legal challenges." The U.S. Supreme Court recently "agreed to hear cases challenging such policies in Louisville and Seattle." And "the Bush administration recently filed a brief urging the high court to strike down Jefferson County Public Schools' policy, arguing it amounts to an illegal quota and unfairly burdens some students." The conference is "expected to draw top officials from groups such as the National Education Association and the National Association for the Advancement of Colored People to discuss the benefits, shortfalls and future of school integration."

Bush Administration Urged To Change Mind On Use Of Race In School Assignments. The Los Angeles Times (9/8) reports, 'To his credit, President Bush chose a Cabinet that (to quote former President Clinton) 'looks like America.' Now the same administration that takes race into account in assembling a government has asked the Supreme Court not to allow school districts to do the same thing in filling their classrooms." Solicitor General Paul D. Clement argued in "a brief with the high court" that "public schools in Seattle and Louisville, Ky. -- and everywhere else -- may not take steps to maintain a measure of racial balance." The administration "is telling the court that school systems that place a priority on diversity violate the 'equal protection of the laws' guaranteed by the 14th Amendment." But "given segregated housing patterns and persistent racial disparities in family income, in many places the only way to bring students of different races together is to take account of race -- just as Bush has done in his own administration."

ANTITRUST:

SCOTUS Moves Toward Re-Examining Key Antitrust Precedent. The Legal Times (9/8, Mauro) reports, "The Supreme Court has moved closer toward re-examining one of the biggest and hoariest precedents in antitrust law, known to law students everywhere as the Dr. Miles rule." The Times continues, "In an order released Aug. 28, the Court issued a stay of a judgment of the 5th U.S. Circuit Court of Appeals in a case that squarely tests the Dr. Miles precedent. .. .Under that rule, established in the 1911 case of Dr. Miles Medical Co. v. John D. Park & Sons Co., minimum prices manufacturers set on what dealers can charge customers for their products are deemed as illegal per se under the Sherman Act, no matter what evidence might be presented." The Times adds, "The per se rule has come under increasing attack in recent years as being too rigid to take into account market factors that argue for minimum price setting -- including the perceived problem of 'free-rider' discount retailers, who piggyback on the advertising, promotion and informed sales force of other merchants selling the same product. … Critics of the rule suggest the time is right to mount an attack on Dr. Miles, after the Court's last term in which it rejected two lesser-known per se antitrust rules. The rule played a role in major antitrust litigation, including the Nine West litigation, in which several states and the Federal Trade Commission sued the company for fixing the price of women's shoes. A settlement in the case was reached in early 2000." The Times notes, "Though the Court has not yet granted review in the pending case, Leegin Creative Leather Products v. PSKS, its agreement to stay a 5th Circuit judgment that upheld Dr. Miles is a sign of substantial interest among the justices in taking up the case. … 'This is a potentially very major development,' says former Solicitor General Theodore Olson, a Gibson Dunn & Crutcher partner who sought the stay on behalf of Leegin, which makes women's accessories under the Brighton's label. 'A stay is only granted if the justices regard a grant of cert as reasonably likely and there is a fair prospect that the decision below is erroneous.'"

Judge Approves New Deadline For Microsoft Antitrust Compliance. CNET News (9/8, Broache) reports, "A federal judge has granted a two-year extension of portions of the landmark antitrust agreement reached by U.S. and state government plaintiffs with Microsoft." CNET continues, "At a periodic status conference here on Thursday, U.S. District Judge Colleen Kollar-Kotelly granted formal approval to the extension, saying she was satisfied with the parties' justifications for the extra time. The judge also said she would sign off, as expected, on the changes to the final judgment, which she initially approved in 2002." CNET adds, "Last week, the Justice Department and Microsoft filed a joint motion seeking an extension until Nov. 12, 2009, of provisions of the settlement relating to the Microsoft Communications Protocol Program. The MCPP, a requirement of the 2002 antitrust settlement, is designed to help third-party developers in creating software that works with Windows. … Keeping tabs on the MCPP documentation effort has become the central focus of federal and state prosecutors and the judge, who all recently criticized Microsoft for dragging its feet on compliance. Microsoft is undertaking a similar project to comply with orders in

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Europe." CNET notes, "Under the modified agreement, the government would have the 'unilateral' ability to ask the court to extend the provisions related to the MCPP up to 2012. The remaining portions of the settlement, which relate to other licensing and middleware obligations, would expire as scheduled on Nov. 12, 2007. … U.S. Department of Justice attorney Aaron Hoag told the judge Thursday that the government has 'no substantive complaints' about Microsoft's performance in the expiring areas. The company has fully resolved, for instance, a situation last fall in which it acknowledged it had circulated a draft marketing plan that would have forced portable-music player makers to exclude rival media player software from CDs packaged with their devices."

Microsoft May Delay European Vista Launch Due To Antitrust Concerns. Bloomberg (9/8, Newman) reports, "Microsoft Corp., the world's largest software maker, said it may delay the release of its next version of the Windows operating system in Europe if regulators demand changes to the software." Bloomberg continues, "Microsoft is waiting for a response to the company's proposals to the European Commission to ensure that Windows Vista is 'fully compliant with European law,' said Tom Brookes, a spokesman for Redmond, Washington-based Microsoft. The commission said it is reviewing the proposal that it received last month." Bloomberg adds, "Vista is two years behind schedule and a further delay may cost Microsoft hundreds of millions of dollars in revenue, Chief Financial Officer Chris Liddell said in July. Microsoft said last month that legal uncertainties in Europe may cause the company 'to delay release dates for Windows.' … 'Once we receive the Commission's response, we will know whether the Commission is seeking additional product design changes that would result in delay in Europe,' Brookes said in a statement today. … Microsoft is planning to release Vista to corporate customers in November and to retail stores in January, Brookes said."

The Wall Street Journal (9/8, Echikson) reports, "In a written response, EU antitrust spokesman Jonathan Todd said it is misleading for Microsoft to imply regulators are delaying the launch of Vista. Regulators sent Microsoft a 'detailed list' of concerns about Vista at the beginning of July. Microsoft asked for an extension to reply and finally did so at the end of August. The European Union's top antitrust regulator, Neelie Kroes, spoke by telephone about the issue Aug. 22 with Microsoft Chief Executive Steve Ballmer, Mr. Todd said."

Valero Energy Weighs Purchase Of European Oil Refineries. Bloomberg (9/8) reports, "Valero Energy Corp., North America's largest refiner, is looking to possible plant acquisitions in Europe to keep revenue growing and gain flexibility to capitalize on shifts in profit margins across continents." Bloomberg continues, "Europe represents 'a growth platform,' Executive Vice President Richard Marcogliese said in a meeting Wednesday with workers at Valero's Corpus Christi refinery. … The San Antonio-based company is looking to overseas purchases and is considering expansions into other industries, such as chemicals, as U.S. refinery acquisitions become too expensive." Bloomberg adds, "Valero already sells some fuel in Europe from its Aruba refinery. Having one or more plants in Europe would let it shift more of its sales when market swings make fuels more profitable on one continent than another. … Another consideration for Valero is that it won't be inhibited by antitrust concerns in Europe, Marcogliese said. For example, he said, the Federal Trade Commission wouldn't let Valero acquire any more plants in California out of concern it would have too much market dominance there."

House To Consider Revision To Texas Airfield Pact Next Week. The Dallas Morning News (9/8, Reddy) reports, "Legislators from North Texas continued scrambling Thursday to ease antitrust concerns in legislation to lift the Wright amendment. … But they'll have to wait another tense week." The News continues, "The House Judiciary Committee deferred consideration of the bill that would end flight restrictions at Dallas Love Field. Other items on the panel's agenda forced the Wright battle into next week. … The panel was scheduled to consider language in the Wright bill related to competition laws and antitrust issues that have drawn concerns from key lawmakers." The News adds, "The powerful chairman of the Judiciary Committee, Rep. James Sensenbrenner, R-Wis., has objected to parts of the legislation that could exempt American Airlines Inc. and Southwest Airlines Co. from laws governing competition. .. .The two North Texas carriers and other parties to the deal agreed Wednesday to remove a short phrase that would effectively immunize the deal from a legal challenge under competition laws. But it was unclear whether that would satisfy Mr. Sensenbrenner. … The legislation, which has already passed the House Transportation and Infrastructure Committee, would implement terms of a June agreement

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among American, Southwest, the cities of Dallas and Fort Worth and Dallas/Fort Worth International Airport."

Shareholders OK Alcatel-Lucent Merger. AFP (9/8) reports, "Shareholders in French telecommunications equipment maker Alcatel and US group Lucent approved a merger of the two companies to create a giant valued at 21.5 billion euros (27 billion dollars)." AFP continues, "The backing came during special general assemblies held by Lucent shareholders in Wilmington, Delaware and Alcatel shareholders in Paris." AFP adds, "The merger creates a giant valued at 21.5 billion euros (27 billion dollars) that will be second only to US-based Cisco Systems in the field of telecoms equipment. … Alcatel and Lucent expect to complete their marriage by the end of 2006. The companies have already cleared several key regulatory hurdles, including antitrust clearance in the United States and the European Union. … The companies have also submitted a formal notice to the Committee on Foreign Investment in the United States, seeking US governmental approval of their merger."

Bloomberg (9/8, Ruitenberg, Levy) reports, "Alcatel in July won European antitrust approval to buy Lucent, six weeks after U.S. regulators approved the deal. … The companies have submitted a formal notice to the Committee on Foreign Investment in the U.S. for approval of the deal. Lucent is forming a separate unit for classified U.S. government research to allay security concerns as the company comes under French control."

The Wall Street Journal (9/8, Young, Silver, Abboud) reports, "When Patricia Russo took the reins at Lucent Technologies Inc. four years ago, skeptics predicted she wouldn't be able to keep the teetering telecommunications-equipment giant solvent. But she did, returning the company to a profit in less than two years. … As the 54-year-old Trenton, N.J., native -- once nicknamed 'curve breaker' for her off-the-charts work ethic -- takes charge of Lucent's combination with Alcatel SA to create a trans-Atlantic telecom giant, her task is to lead the companies in knitting themselves together in the face of an onslaught of new rivals and a consolidating customer base." The Journal continues, "Lucent shareholders aren't hugely enthusiastic about the deal: Holders of just 52% of shares outstanding voted to proceed with the transaction yesterday, according to preliminary results. (Shares that weren't voted were counted as 'no' votes.) Also on Thursday, Alcatel shareholders gave a green light to the agreement reached in April. Now, employees at Alcatel and Lucent are looking closely at Ms. Russo's plans to cut 9,000 jobs from the combined work force of 88,000 'in a fair and balanced manner.' … An American who doesn't speak French, Ms. Russo will be running a company based in Paris and dominated by Alcatel. The deal is being billed as a merger of equals, but Alcatel will make up 60% of the combined companies' shareholder base and will dominate the inner management circle."

Battle Over Net Movie Rental Patent Heats Up. The National Law Journal (9/8, Baldas) reports, "A legal clash between Blockbuster Inc. and Netflix Inc. has triggered a patent debate over who has the right to offer DVD-rental services over the Internet." The Journal continues, "The litigation presents a crucial question: Is the concept of renting movies over the Internet an original idea that deserves patent protection? … Netflix claims it is, and is suing Blockbuster for patent infringement for allegedly copying its seven-year-old online movie-rental business method. Netflix Inc. v. Blockbuster Inc., No. C 06 2361 (N.D. Calif.) … Netflix argues that it has patents covering its many online features, including allowing subscribers to keep DVDs for as long as they want without incurring a late fee, obtaining new DVDs upon return of those already watched and prioritizing their own personal movie list. … But Blockbuster is countersuing, claiming that Netflix is trying to monopolize the online movie-rental industry and stifle competition. Blockbuster also alleges that Netflix obtained its patents fraudulently by failing to disclose pertinent information to the U.S. Patent and Trademark Office. Blockbuster also argues there is nothing original about renting videos online in the first place."

ENVIRONMENT:

Lawmakers Berate BP Executives Over Pipeline Neglect. USA Today (9/8, Davidson, 2.27M) reports, "Members of Congress blasted BP executives Thursday for failing to prevent two oil leaks in Alaska this year, saying the company ignored signs of pipeline corrosion, cut costs despite record profits and harassed workers who raised concerns. 'Years of neglecting to inspect the most vital oil-gathering pipelines in this country is not acceptable,' Rep. Joe Barton, R-Texas, the chairman of the House Energy and Commerce Committee, told BP officials at a hearing before the investigations subcommittee."

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The AP (9/7, Foss) reports Richard C. Woollam, "[t]he former head of pipeline-corrosion monitoring for BP in Alaska[,] refused to testify under oath Thursday as outraged lawmakers grilled company officials over the causes of a massive oil spill earlier this year." The AP says, "Other BP executives apologized and pledged to fix operational lapses on the North Slope that led to the region's biggest ever oil spill in March and the partial shutdown last month of the country's largest oil field. Lawmakers said BP's mistakes in Alaska — as well as its responsibility for a deadly refinery fire last spring — were particularly unacceptable given the industry's record profits and the relatively inexpensive measures that might have prevented the oil spill." The AP reports, "Lawmakers repeatedly hammered BP executives about allegations that the company failed to adequately address concerns raised by its own pipeline workers over the past five years, in part because of an atmosphere of fear and intimidation under the supervision of Woollam."

CBS Evening News (9/7, story 4, 0:20, Couric, 7.66M) reported, "a former official at British Petroleum declined to testify to Congress today about those corroded pipelines that forced America's biggest oil field to shut down. At the same time, BP executives promised Congress they'll have the field at Prudhoe Bay, Alaska, back in full production by the end of next month. That news sent oil prices down to the lowest point in five months."

The Washington Post (9/8, D1, Mufson, 748K) reports lawmakers "zeroed in on the company's failure to use a common pipeline diagnostic device known as a 'smart pig' to detect problems. They also probed allegations that the company ignored or suppressed complaints from its workers about pipeline safety issues."

The New York Times (9/8, Barringer, 1.21M) says, "Already facing a Justice Department inquiry over the management of the vast Prudhoe Bay complex, top executives of BP took a bipartisan pummeling on Thursday from a Congressional subcommittee," whose "members accused the executives of systematic neglect."

The Wall Street Journal (9/8, Fialka, 2.03M) reports the responses of BP executive Steve Marshall "provoked bipartisan agreement among members of the committee, in a year when Congress has been scrambling to find some way to respond to high gasoline prices and voter frustration with flush profits among oil companies." BP America chairman and president Robert A. Malone "said the company had hired outside advisers to counsel employees on safety and ethical problems. 'We have fallen short of the high standards we hold for ourselves,' he told the committee, 'and the expectations that others have for us.'

The Financial Times (9/8, Grant) reports, "Malone took issue with critics who 'alleged that BP engineered the shutdown of Prudhoe Bay as a way to manipulate prices.' He said: 'I am here to assure you that nothing could be further from the truth. BP took the extraordinary step to shut down production because we saw unexpectedly severe corrosion that couldn't be explained.'"

The London Guardian (9/8, Clark) reports, "Senior BP executives owned up yesterday to 'unacceptable' operating failures as they faced a barrage of attacks from US politicians over the company's leaking pipelines in the Alaskan wilderness." The Guardian continues, "The British oil company's US president, Robert Malone, and its head of Alaskan operations, Steve Marshall, ate humble pie in an appearance before members of Congress's energy and commerce committee. 'We have fallen short of the high standards we hold for ourselves,' Mr Malone said. 'BP America's recent operating failures are unacceptable.'" The Guardian adds, "They were accused of ignoring warning signs and cutting back on maintenance checks in the run-up to discovery of corrosion and a spill that forced the shutdown of half of the Prudhoe Bay oilfield in August. … Mr Marshall said: 'These spills occurred on my watch. As president, I'm in charge of the overall business in Alaska and the buck stops with me.' … Their admission of blame did little to pacify congressmen, who said their constituents were paying higher prices at petrol pumps as a result of BP's shutdown. The Prudhoe Bay field accounts for 8% of US domestic oil production. … BP was accused by the committee of having safety policies 'as rusty as its pipelines'. In a packed hearing room, the committee demanded to know why it had been 14 years since BP last subjected its 29-year-old eastern pipeline to inspection by 'pig' - a maintenance robot. Another pipeline operator, Alyeska, testified that it sent pigs along its lines every two weeks."

McClatchy (9/8, Mauer) reports, "The first of at least four congressional hearings into why BP failed to prevent pipeline failures on Alaska's North Slope began dramatically Thursday when Richard Woollam, the company's corrosion chief until 2005, refused to testify, citing his Fifth Amendment right against self-incrimination." McClatchy continues, "In a day marked with blistering criticism of BP from Republicans and Democrats on the House Energy and Commerce Committee,

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the British-born Woollam, derided in an internal BP report as 'King Richard' for his dictatorial style, refused to answer any questions. … The committee's investigations panel is looking into the failure of BP to monitor and control corrosion on two smaller North Slope transit pipelines that feed the main trans-Alaska pipeline." McClatchy adds, "One of those lines had a catastrophic leak on March 2, spilling more than 200,000 gallons of oil in the tundra and the ice-locked shore of an unnamed lake. The other line had a smaller leak in August. Unsure of the reliability of either line, BP announced it would shut down all North Slope production Aug. 6, then limited the closure to the field's eastern half. … Over and over, the committee members grilled BP Exploration (Alaska) President Steve Marshall about why BP neglected to conduct the only reliable test of the decay of an entire pipeline, a 'smart pig' that travels inside the pipe and records the thickness of the wall along its length. … Marshall replied that the company thought the line wasn't as susceptible to corrosion as others. The last smart pig run on the western line was in 1998 and on the eastern line in 1992." McClatchy notes, "Woollam, and the presence of a battery of defense attorneys, was a sharp reminder of grand jury proceedings in Anchorage hanging over the congressional hearings. The Justice Department and the Environmental Protection Agency are investigating whether the oil spill was a criminal violation of the Clean Water Act."

Energy Secretary Says Cellulosic Ethanol Five Years Away. The Des Moines Register (9/8, Brasher, 163K) reports Energy Secretary Samuel Bodman said Thursday that distilleries capable of making fuel alcohol from crop waste, prairie grasses or trees rather than corn "should be in operation within five years." Bodman told reporters his department "expects to issue loan guarantees next year for the first such projects." The Energy Department estimates that it costs $2.20 a gallon to produce cellulosic ethanol.

Scientists Redesigning Crops To Harvest Fuel. The New York Times (9/8, C1, Pollack, 1.21M) reports, "In an era of $3-a-gallon gasoline and growing concern about global warming from fossil fuels, seed and biotechnology companies see a big new opportunity in developing corn and other crops tailored for use in ethanol and other biofuels." The Times notes that developing energy crops "could mean new applications of genetic engineering."

Federal Protection Of Killer Whales Sparks Lawsuit. The New York Times (9/8, Kowal) reports on Kenneth C. Balcomb III, "a zoologist whose work has helped turn killer whales into Puget Sound celebrities. … Mr. Balcomb has plied these waters for three decades on a mission to identify every killer whale, or orca, by the gray 'saddle patch' behind its black dorsal fin. Half a million photographs later, the tribulations and triumphs of the three local orca pods, or families, that he follows are major news in the Pacific Northwest." The Times continues, "The public affection Mr. Balcomb and others have stirred up for these 10,000-pound creatures, the largest members of the dolphin family, has pushed the federal government to pay closer attention to their health, federal officials say. Last year, southern resident killer whales — the 90 current members of J, K and L pods — were added to the endangered species list. … By November, the National Oceanic and Atmospheric Administration's National Marine Fisheries Service, an arm of the Department of Commerce, plans to establish boundaries for the 'critical habitat' the three pods need to survive: 2,500 square miles in Puget Sound and the Strait of Juan de Fuca that also constitute one of the nation's busiest waterways for commercial shipping. … Once that map is completed, federal agencies will be required to consider the killer whales' well-being before approving projects or policies that would affect these waters wherever they are deeper than 20 feet. Thus, most areas close to the shoreline would not be affected, the fisheries service said." The Times notes, "Orca protection, though, has brewed its own legal battle in a region familiar with debates about endangered salmon and the northern spotted owl. Washington's homebuilders and farmers, assisted by a conservative legal foundation, have sued the federal government to strip the killer whales of their endangered status. … Lawyers for these groups say the government should not distinguish orcas in Puget Sound from a healthy global population numbering in the tens of thousands. The state's Farm Bureau and Building Industry Association warn, in particular, that local governments might react to federal protection of the orcas by locking up land near streams or along the coast to improve water quality for the orcas and for salmon, their main food source."

Writer Urges Better Fish-Eating Habits. In an op-ed for the New York Times (9/8), author Paul Greenberg writes, "With every new warning about a species being overfished into extinction, friends have started asking if they

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should eat fish at all. The Pew Oceans Commission report 'America's Living Oceans' first alerted the public to the desperate state of the seas in 2003 when it declared them to be "in crisis." That year a study in the journal Nature reported that up to 90 percent of the stocks of the ocean's major predators (Atlantic cod and bluefin tuna to name two) have been wiped out. In the next few weeks, Congress will debate what to do about the dire state of the nation's fisheries when it takes up the reauthorization of the Magnuson-Stevens fisheries management act." Greenberg continues, "Making matters more problematic, numerous recent studies on methyl mercury and PCB's have connected these pollutants in fish with health problems like birth defects, heart disease and memory loss. … It might now seem advisable for a fish guy to hang up his hooks and start pushing flax or any of the other dull foods that contain the legendary Omega-3 fatty acid — a compound found in fish that ameliorates as many ills as the fish-borne contaminants seem to aggravate. But for those of us who feel passionately about the ocean, abstinence is just not an option." Greenberg adds, "The route to a well-managed sea is not as difficult as many environmental problems. And, curiously, many of the modifications that would repair the damage we have done to marine fisheries would also steer us clear of mercury and PCB contamination. With that in mind here are some things to strive toward: … First, go vegetarian, in a manner of speaking. Farmed fish have gotten a bad name in recent years — even while our production of them has grown to rival the wild fish harvest, as the Food and Agriculture Organization reported this week. … Second, don't eat the cheap fish. … Finally, don't eat the big fish." Greenberg concludes, "It therefore follows that if we reduce our consumption of the big fish we can reduce our mercury and PCB load and reduce the burden we place on the marine environment. Sardines, mackerel and most fish that are shorter in total length than the diameter of a dinner plate are generally safer to eat. … But fighting the American urge to consume whatever we want is a battle worth fighting with ourselves, particularly when it comes to the sea. … Considering what's at stake is the survival of the ecosystem of the world's oceans, I'd rather eat fewer, smaller and more expensive fish than no fish at all."

FBI/DEA/ATF/USMS:

Survey Finds Drug Use Down Among Teens, Up Among Baby Boomers. USA Today (9/8, Leinwand, 2.27M) reports the National Survey on Drug Use and Health says baby boomers' "use of marijuana and other drugs is increasing usage rates among older adults, while teens' drug use is declining." A survey released Thursday indicates overall, illicit drug use among Americans "rose slightly from 2004 to 2005, driven in part by small increases in cocaine and prescription-drug abuse by young adults 18-25 and by rising drug use — mostly marijuana — among adults 50-59." According to USA Today, John Walters said when baby boomers were young "substance abuse became seen as part of coming of age," and some "have carried (it) on throughout their lifetimes."

The AP (9/7) says the government "reported Thursday that 4.4 percent of baby boomers ages 50 to 59 indicated that they had used illicit drugs in the past month. … Meanwhile, illicit drug use among young teens went down for the third consecutive year." The ONDCP's David Murray said, "Rarely have we seen a story like this where this is such an obvious contrast as one generation goes off stage right, and entering stage left is a generation that learned a lesson somehow and they're doing something very different."

In a separate story, the AP (9/8) reports overall drug use "increased in the United States just a smidgen in 2005, but another drop among young teens had federal drug policy officials beaming on Tuesday." Walters said, "This is a culture change and welcome news for our nation's well-being."

Bahamian Man Accused Of Heading Drug Ring Appears In Florida Court. The AP (9/7) reports a Bahamian man "appeared in court Thursday after being extradited to Miami to face drug charges for leading a cocaine and marijuana trafficking ring that stretched from the Caribbean to Canada. Samuel Knowles faces charges of conspiracy to import cocaine and conspiracy to possess with intent to distribute cocaine, the U.S. Attorney's Office said. U.S. agents took Knowles into custody late Monday, Jeannette Moran, a spokeswoman for the U.S. Drug Enforcement Administration said earlier this week." The AP adds that Knowles "was one of ten people indicted by a federal grand jury in 2001 in 'Operation White Sea,' a joint effort between Florida, Canadian, Bahamian and Jamaican law enforcement agencies."

Report: U.S. Trying To Deport A Once-Trusted Drug Informant. The Houston Chronicle

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(9/8, Pinkerton) reports the U.S. government "is trying to deport one of its once-trusted drug informants, undermining a civil lawsuit charging that American authorities failed to prevent a dozen or more homicides at the Mexican safe house where the informant once worked. Guillermo Ramirez Peyro, who earned more than $200,000 while informing on the Juarez drug cartel, is certain he'll be killed if he is sent back to Mexico," according to his lawyer. Ramirez, a Mexican highway policeman "turned drug trafficker, oversaw a cartel safe house in the border town of Juarez, across the border from El Paso." The Chronicle continues, "Sandalio Gonzalez, the former agent in charge of the Drug Enforcement Administration office in El Paso, agrees and alleges that U.S. officials want to deport Ramirez to cover up their own misdeeds. Gonzalez claims he was forced to leave the DEA after he distributed a memo in February 2004 blasting ICE's handling of the informant."

In Delaware, Man Convicted In Heroin Case Gets 30-Year Sentence. The News Journal (9/7) reports a man who "ran a $1.7 million heroin operation, primarily in the Riverside area of Wilmington, was sentenced to 30 years in prison in federal court. Jesus Sarraga-Solana, also known as Christian Alberto Diaz, who prosecutors described as a drug kingpin with operations in Delaware and Philadelphia, was convicted of conspiracy to distribute more than one kilogram of heroin and possession with intent to distribute more than 100 grams of heroin. … U.S. Attorney Colm F. Connolly praised the cooperative nature of the investigation, between the DEA and Wilmington Police, which led to the arrests and elimination of a "'major regional heroin organization.'"

House Judiciary Committee Approves Bill Revising Gun Show Laws. The Richmond Times-Dispatch (9/8, Hardin) reports, "A bill to revamp federal enforcement rules for gun dealers, born in part from complaints about heavy-handed tactics at Richmond gun shows, is headed to the House floor." The Times-Dispatch continues, "The House Judiciary Committee approved the bipartisan bill by voice vote yesterday, and a spokesman for the House majority leader said it could come up for a House vote as early as next week. … Backers said it would strengthen enforcement by the Bureau of Alcohol, Tobacco, Firearms and Explosives while critics contended it would gut the agency's powers." The Times-Dispatch adds, "A pair of lawmakers who are diametrically opposed on some issues joined forces on the bill: liberal Virginia Democrat Robert C. Scott, D-3rd, teamed with conservative North Carolina Republican Howard Coble to craft the bill and push it through. … With his action, Scott ended up on the same side as the National Rifle Association gun-rights lobby, while the gun-control group Brady Center to Prevent Gun Violence blasted the legislation. .. The bill would give ATF more tools to punish federally licensed gun dealers who break U.S. firearm sale rules. It would offer an intermediate set of new penalties -- including civil penalties or a license suspension -- that fall short of revoking a dealer's license. … Current law offers just written warnings and revocation of licenses to punish rogue dealers. … The bill also directs the inspector general for the Justice Department to review the ATF's gun show enforcement program."

Post Columnist Comments On Selection Of Sullivan To Head ATF. In his "In The Loop" column for the Washington Post (9/8, A15), Al Kamen writes, "Often, when there's an opening at the top of an agency, a career official may fill in as acting head until the new political appointee is confirmed. But the White House last week announced that Michael J. Sullivan , the U.S. attorney in Boston, will be acting director of the Bureau of Alcohol, Tobacco, Firearms and Explosives." Kamen continues, "There's no formal word, but news reports in Boston have successors lining up to take his job as top federal prosecutor for Massachusetts. And it seems widely assumed that he will get the nod. … 'I love the work of the U.S. attorney's office,' Sullivan told the Boston Globe, but when you get 'an important challenge . . . obviously you jump at the opportunity.' Sounds like a bit more than a short-term acting directorship." Kamen adds, "The White House moved with lightning speed on this opening -- Deputy Director Edgar A. Domenech had just become acting director following the Aug. 8 departure of director Carl Truscott . … Loop Fans may recall our Aug. 18 item noting that Domenech, a career employee, had reversed Truscott's decision to engrave in stone a quotation from President Bush 's post-9/11 speech to Congress at the entry to the new ATF headquarters opening next year. … Not that that had anything to do with this."

Marshals Name Suspect In New York Trooper Shootings To Most Wanted List. The AP (9/8, Thompson) reports, "A fugitive suspected of

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killing a state trooper and wounding two others has been named by federal marshals to their '5 Most Wanted' list while a two-state manhunt continues." The AP continues, "The search for Ralph 'Bucky' Phillips, a career thief who broke out of an Erie County jail in April, has become one of the largest in New York history. … Authorities believe Phillips has been helped by numerous people since his escape, but has also broken into unoccupied hunting cabins in New York and Pennsylvania and stolen about 15 cars to remain one step ahead of police, authorities said." The AP adds, "Phillips may have spent 11 days hiding out in a western Pennsylvania home last month, slipping back into New York at least once to steal 41 guns from a gun shop, authorities said Wednesday. .. .As New York lawmen searched for Phillips in the rural wooded areas of the southwestern tip of the state, he was staying – at least some of the time – at the home of Todd Allen Nelson in Ludlow, Pa., Pennsylvania state police said. .. .In naming Phillips to the U.S. Marshals most wanted list, Marshals Service Director John Clark said the fugitive 'has shown he is as dangerous as he is desperate. As such, Phillips is a major threat to the safety of communities throughout an entire region.'"

The New York Times (9/8, Wilson) reports, "His father went by the nickname Buck, and so he was called Bucky, a smiling boy in the old pictures, the woods behind him. He lived in a shack near here with a sister and poor parents, and played outside, sitting on a make-believe couch and watching a pretend television, both made of hay. … 'He'd play in the woods,' said Shawn Horton, 46, a lifelong acquaintance. 'Hide-and-seek. Small-game hunting. A normal country boy.' … But as the boy, Ralph J. Phillips, grew, his game of hide-and-seek became far less innocent. 'At one time, he had quite a cache of stolen vehicles in the woods,' Ms. Horton said. 'I believe it was just the thrill of it for him.'" The Times adds, "His latest round of hide-and-seek has brought hundreds of state troopers, national attention and tragedy to these woods in Chautauqua County. The police said he was the prime suspect in the Aug. 31 shootings of two state troopers, one of them killed, the other critically injured in an ambush from the woods. He is also a suspect in the shooting of a trooper on June 10 during a traffic stop, in which the officer was wounded, and in the robbery of a gun store. … Mr. Phillips, 44, has a long criminal history, stretching back perhaps 30 years, but it is not a history of bloodshed. That contradiction has left his family and old friends wondering just what it was, if he was the gunman, that transformed him from a unrepentant thief into someone ready to commit murder. … Most believe that when the police, four months into the hunt, arrested his daughter, her boyfriend and Mr. Phillips's former girlfriend, and the authorities temporarily took custody of his daughter's three young children, Mr. Phillips went from a man bent on escape, and who they say had already shot one trooper, to a man filled with rage."

IMMIGRATION:

US Arrests 19 In Arranged-Marriage Scam. The Washington Times (9/8, Summers) reports, "Federal authorities yesterday arrested 19 residents and charged three others from the region in connection with a scam that resulted in as many as 1,000 marriages between U.S. citizens and illegal aliens trying to avoid immigration laws." The Times continues, "U.S. Attorney Chuck Rosenberg said the early morning arrests capped a three-year undercover investigation that tracked nine persons who arranged marriages between citizens and 10 illegal aliens from Ghana who sought permanent residency and avoiding deportation. Authorities did not charge all of those involved because some acted as informants in the case, affidavit papers show." The times adds, "Three of those arrested are U.S. citizens who accepted as much as $500 on the marriage day and $300 each month from their new spouse, in part for filing petitions their legal-residence petitions. … 'Many, many illegal aliens are willing to pay cash, and lots of it, to facilitators and to fake spouses ... for the chance to become a United States citizens,' Mr. Rosenberg said. 'Illegal aliens who marry U.S. citizens have a quicker and easier road to lawful, permanent-resident status.' … The crackdown was named "Operation Arlington Marriage Fraud" and is considered the largest of its kind in the region."

House GOP Leaders To Propose Border Security Bills. The AP (9/8, Gamboa) reports House Republicans "are crafting new bills to crack down on illegal immigrants, nailing the coffin shut for now on broader legislation that would give many illegal immigrants legal status." If the bills "are approved, Republicans can go into midterm elections Nov. 7 saying they took action on illegal immigration. At the same time, they can appease conservatives who oppose giving illegal immigrants a chance at citizenship, which some have called amnesty." Speaker Dennis Hastert said, "Our borders are a sieve and we are at

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war and we certainly need to act like we are at war. We need to close our borders." Hastert said House leaders "will preside over a meeting next week where Republican committee chairmen will propose border security measures based on what they learned from field hearings they conducted over the past month." Some "possible ideas include voter identification cards and safer Social Security cards, he said."

CQ (9/7, Sandler) reports House Republicans "are gearing up for a campaign-season finish in Washington designed to put pressure on their Senate counterparts and boost their party in the upcoming elections." Speaker Hastert "put Republican Policy Chairman Adam H. Putnam of Florida in charge of organizing the forum and putting together the package, which might be either a stand-alone bill or separate provisions that would be added to other legislation likely to become law." The format "for that Sept. 12 event, scheduled for eight weeks before Election Day, is designed for staged drama. Hastert and his leadership will sit on a dais. His chairmen and subcommittee chairmen will serve as witnesses, reporting what they learned during 21 hearings in 13 states. A day later, a border security package will be drafted, and it could be on the House floor the following week."

CNN's The Situation Room (9/7, Bash) reported that GOP leaders "announced their focus from now until election day will be on border security. The same thing they have trumpeted over on the House side since the beginning of this debate. That is going to be border security, not the guest worker program allowing a path to citizenship that the Senate passed, and certainly that the kind of idea that the president has supported.

McClatchy Newspapers (9/8, Doyle) reports, "Comprehensive immigration reform appears dead for the year, as House Republicans on Thursday announced plans to push ahead with border security measures and leave everything else for another time." The "specific proposals including new fencing, stiffer penalties and more Border Patrol agents will be aired next week. In an unusual public relations maneuver, House Republican leaders will sit and listen to testimony offered by the chairmen of House committees that held hearings in August."

The New York Times (9/8, Swarns, 1.21M) reports the House Republicans "made it clear they would not heed President Bush's call to create a guest worker plan or grant legal status to the nation's illegal immigrants before the November midterm elections." Speaker Hastert said "House Republicans would continue their discussions with the Senate in an effort to come to a consensus about overhauling immigration laws, but he emphasized that they would focus first on what could be accomplished this month before Congress recesses. He said the initiatives would emerge from hearings held around the country in August."

The Los Angeles Times (9/8, Gaouette, 918K) reports the decision "effectively ends any chance that Congress will pass legislation addressing the status of millions of illegal immigrants before November's midterm congressional elections. It also adds another act to the House's summerlong series of immigration 'field hearings' around the country, which critics said were meant less to solicit public input than to promote the get-tough approach to immigration favored by conservative lawmakers."

The Washington Times (9/8, Hurt, 88K) reports House Republicans "officially rejected the Senate immigration bill that would grant citizenship rights to some 10 million illegal aliens now in the country." Speaker Hastert said, "We agree that we cannot support the Senate amnesty bill. This Democrat immigration bill wouldn't secure the border. It would erase it."

Congressional Inaction On Immigration Could Generate Backlash. The Christian Science Monitor (9/8, Paulson, 58K) reports the "decision by congressional leaders not to try to bridge the big gulf between the House and Senate versions of immigration reform, at least not before the November midterm elections, is touching off a backlash that may deliver a sting to some incumbent lawmakers. How big the backlash grows may not be known until the day after the election, but it's surfacing in blogs, letters to the editor, and record-low approval ratings for Capitol Hill." If the "backlash to inaction proves to be a big one, it would probably hit Republican lawmakers, who control both houses of Congress, the hardest, observers say."

Senate Republicans Have Given Up Hope On Immigration Reform. CNN's The Situation Room (9/7, Bash) reported, "In the Senate, even Republicans who sponsored this legislation say they have all but given up hope. For example, Senator Mel Martinez, a Republican of Florida, told me, I just don't believe that we will be able to get comprehensive reform done."

Democrats Have Seven Point Advantage On Immigration. CNN's The Situation Room (9/7, Blitzer) reported that the new CNN poll "asked which party would do a

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better job on immigration. Forty five percent say the Democrats, 38 percent say Republicans."

Washington Pro-Immigrant Rally Fizzles. The Washington Post (9/8, A6, Fears, Aizenman, 748K) reports the pro-immigration rally "that promised to bring tens of thousands of marchers from across the nation to Washington yesterday managed to draw only a paltry number of demonstrators, raising questions about the movement's tactics and staying power." With "fewer than 5,000 people attending, organizers from other localities expressed two worries about the turnout: that they were losing the momentum built up by the huge marches in the spring, and that the movement's national organizers in Washington have lost touch with the people."

Calderon Hopes To Win Immigration Reform Before Bush Leaves Office. The Washington Post (9/8, A6, Weissert, 748K) reports Mexican President-elect Felipe Calderon said "that he is committed to winning broad immigration reform in the U.S. Congress before President Bush leaves office in January 2009." Calderon, who "spoke with Bush by telephone on Wednesday, said he believes the White House is ready for action." Calderon said, "We will work intensely over the next two years to arrive at a concrete agreement."

Groups Criticize Mandate For New Border ID System. The Washington Times (9/8, Hudson, 88K) reports a "congressional mandate for new identification at the Canadian and Mexican borders amounts to an 'honor system' that will give terrorists speedy access into the United States, conservatives and liberals said yesterday." The Western Hemisphere Travel Initiative "that goes into effect next year requires a passport or a new identification card for Americans traveling across the border." Homeland Security officials are "pushing for a People Access Security Service or PASS card with a radio frequency identification (RFID) chip that can be read at the border as the driver speeds by a reader. New passports also will contain RFID chips." Critics "of the program say information from the RFID chips can be stolen easily and will lead to a spike in identity thefts, and that cloned or stolen cards can be obtained easily by terrorists and illegal aliens."

CONGRESS-ADMINISTRATION:

Chafee Holds Up Committee Vote On Bolton Nomination. The AP (9/8, Flaherty) reports the Senate Foreign Relations Committee "unexpectedly postponed a vote Thursday on confirming John Bolton as U.N. ambassador when a lawmaker in a tough re-election fight said he had more questions." Sen. Lincoln Chafee supported the postponement, the AP says, because "delaying the vote until later could spare [him] from potentially alienating some GOP voters by supporting or opposing Bolton." SFRC Chairman Richard Lugar "gave no reason for the delay and did not say when the vote would be held." Bolton "had been opposed by many Democrats but was expected to be confirmed by the Republican-led panel. Lugar said he removed the nomination from the agenda of Thursday's committee meeting after conferring with several senators." Chafee "sent a letter to" Secretary Rice yesterday "saying he had questions about U.S. policy in the Middle East, including worries that the U.S. has not done enough to prevent Israel from expanding its settlements in the Palestinian West Bank." The AP adds, "The delay might be brief." Assistant Secretary McCormack is quoted saying, "I would expect probably early next week they will have an opportunity to take it up again."

The Financial Times (9/8, Yeager) says Lugar "abruptly removed the nomination from his committee's agenda on Thursday after Lincoln Chafee, a committee member, said he still had questions about Mr Bolton." Chafee "faces a tough challenge on Tuesday in Rhode Island's primary from Steve Laffey, who complains that his votes are frequently at odds with Bush administration policy."

The Washington Post (9/8, A3, Weisman, 748K) reports Chafee "is fighting for his political life. Next Tuesday, Rhode Island primary voters must decide between Chafee, the Senate's most liberal Republican, and Cranston Mayor Stephen Laffey, who is challenging him from the right. If Chafee survives the GOP primary, he must then win reelection in one of the most Democratic states in the country." Stephen Hourahan, Chafee's spokesman, "said the senator's move against Bolton was not motivated by politics, noting that Chafee remains in a political bind. The move might play well with Democratic voters in November, he acknowledged, but next week it could enflame Republican primary voters already drawn to Laffey." The Washington Times (9/8, Bellantoni, 88K) runs a similar report.

GOP Establishment Steps Up Efforts To Save Chafee. The Wall Street Journal (9/8, Harwood, 2.03M) reports in its "Washington Wire" column, "Republican establishment steps up efforts to stop conservative Laffey from toppling moderate Sen. Chafee in Rhode Island primary

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Tuesday. Senate campaign committee declares 'Steve Laffey is unelectable' and sends mailing amid late turnout drive. Laffey receives $5,000 from illegal-immigration foe Minuteman PAC."

Senate Approves Defense Appropriations Bill. The New York Times/AP (9/8) reports the Senate "agreed Thursday to spend an additional $63 billion for military operations in Iraq and Afghanistan as it passed a bill to finance military spending." The measure "was approved 98 to 0 after senators added money to help track down Osama bin Laden and to fight the opium trade in Afghanistan, which is helping the Taliban's resurgence. The overwhelming support came despite Democrats' increasing criticism of the Bush administration's handling of the war in Iraq." The bill "now totals $469.7 billion. It grew more than $16 billion during a debate that began in July and was suspended during lawmakers' four-week August recess."

Court Suspends Decision On FCC Indecency Rules. The Wall Street Journal (9/8, Hughes, 2.03M) reports, "A federal appeals court gave the Federal Communications Commission 60 days to clarify its enforcement of indecency rules for broadcasters." A three-judge panel for the Second Circuit Court of Appeals in New York "essentially suspended an FCC decision in which four television programs, aired between 2002 to 2004, were found to be indecent because they contained foul language. The appeals court sent the case back to the FCC, as the agency requested."

The Washington Post (9/8, D3, Ahrens, 748K) calls the ruling a "temporary victory" for television broadcasters, who "have argued that they are held to a double standard when it comes to their programming -- cable and satellite channels are not under the FCC's jurisdiction -- and that government regulation of broadcast content has suppressed creativity and is increasingly irrelevant in a 200-channel, Internet world." In March, the FCC "ruled that episodes of ABC's 'NYPD Blue' and shows on Fox and CBS violated the agency's indecency rules, which forbid the broadcast of sexual or excretory material between 6 a.m. and 10 p.m., when children are most likely to be watching."

Treasury Department Official Ends Links To Hedge Fund. The Washington Post (9/8, D01, Masters) reports, "One of the Treasury Department's top officials dealing with hedge funds has agreed to forgo up to $1.5 million in severance payments from his former employer, which invests in hedge funds." The Post continues, "Emil Henry Jr., assistant secretary for financial institutions, came to Treasury in 2005 from Gleacher Partners LLC. This spring, he gave at least three speeches about hedge fund issues and chaired a closed-door meeting for government regulators about the $1 trillion industry. He also announced plans to host private meetings with hedge fund industry leaders." The Post adds, "Henry had received approval from government ethics lawyers for a severance agreement from Gleacher that called for him to receive 20 percent of the firm's 2005 and 2006 profits, up to $2.5 million. He received part of his severance payment last year, totaling about $1 million. … He also signed an ethics agreement promising not to participate in 'any particular matter that would have a direct and predictable effect on my financial interests.' His speeches did not advocate a particular policy position." The Post notes, "Ethics experts and at least one member of Congress began questioning the propriety of Henry's role after Bloomberg News reported the severance agreement on Aug. 24. … They said that the arrangement gave Henry a direct stake in the performance of particular hedge funds at time when federal officials are grappling with whether and how to regulate these rapidly growing investment pools and the Treasury is getting more involved in the issue."

White House Continues To Back Rumsfeld. The Washington Post (9/8, A15, Kamen, 748K) reports in its "In the Loop" column that Democratic calls for the ouster of Defense Secretary Donald Rumsfeld "forced the White House to dig in behind Rumsfeld, with spokesman Tony Snow saying Rumsfeld's going nowhere. 'It's not going to happen,' Snow said. 'Creating Don Rumsfeld as a bogeyman may make for good politics but would make for very lousy strategy at this time.'"

Impeachment Scholar Contemplates Removal Of Rumsfeld. In a Los Angeles Times (9/8, 918K) op-ed titled "How To Punish Rumsfeld," Michael Gerhardt of the University of North Carolina Law School, author of a book on the federal impeachment process, writes that Defense Secretary Donald Rumsfeld "has become one of the most despised Cabinet secretaries ever. In fact, the number of people who have come to hate Rumsfeld has grown so much in the Senate and elsewhere that it's become necessary to take a step back to contemplate by what means the

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Constitution might allow them to vent their hatred. The first and most obvious means is through the impeachment process." But he "would have to be shown not just to have abused his power but to have done so maliciously. Demonstrating malice would require showing that he knew what the law required and that he deliberately disregarded it. That's a high bar. … The best opportunity to remove Rumsfeld may be after the midterm elections, which Democrats hope to make a referendum on Iraq and Rumsfeld. If their strategy works, the secretary may decide to fall on his sword like a good soldier -- or he may be pushed."

Bush Highlights Federal Workforce Reforms. The Washington Post (9/8, D4, Barr, 748K) reports in its "Federal Diary" column, "Bold changes in the government's organization and ambitious plans to reshape personnel management continue to swirl around the federal workforce five years after the Sept. 11, 2001, terrorist attacks. President Bush pointed to the structural changes yesterday in what he called a progress report on the struggle against terrorism. His list included creation of the Transportation Security Administration, which added about 54,000 jobs to the federal payroll; the merger of 22 agencies and 180,000 employees into a new Department of Homeland Security; and the decision to pull together the 16 agencies of the intelligence community with 100,000 employees under a new position, director of national intelligence." The Post adds, "Bush, of course, did not mention the turf wars and other tensions that have accompanied the reorganizations. He did not mention hard feelings between the administration and unions (although he expressed appreciation for federal agents, analysts and others who work to deter terrorist threats). He did not address critics who question whether the administration's changes may have created more problems than solutions."

Rove Alleged To Have Had Ordered Exorcism In Hillary Clinton's West Wing Office. The Chicago Tribune/Newsday (9/7) reported that Karl Rove, "the Bush political shaman Democrats love to demonize, enlisted a trio of clergymen to exorcise Hillary Rodham Clinton's left-wing spirit when he moved into her West Wing office in 2001, according to an unflattering new biography." White House spokesman Dana Perino said, "I talked to Karl; he said it's not true and, beyond that, he will have no comment." The Tribune adds Sen. Clinton "smiled and shook her head in disbelief Wednesday when asked about the tale, which appears in 'The Architect: Karl Rove and the Master Plan for Absolute Power,' by James Moore and Wayne Slater." Deal Hudson, "a former Fordham University professor Rove enlisted to woo Catholic voters, told Moore and Slater that he witnessed the exorcism, which he described as 'an actual liturgical ceremony.'"

Education Department Backtracks On Teacher Qualifications. The AP (9/8, Feller) reports the Education Department will "allow states to count teachers as highly qualified even under standards that may do little to ensure quality." Federal law "allows veteran teachers to be considered highly qualified under factors that states choose, such as job evaluations, teaching awards or service on school committees." In May, the Department had "ordered states to phase out that system for most teachers. Watchdog groups and the department itself say many states were using this system to set weak, improper standards." Yet Education Secretary Margaret Spellings "has pulled back, telling states this week in a letter that they now are 'strongly encouraged,' though not required, to stop using the method to rate teachers."

Memo From Founder Says CBC Should Remain Exclusively Black. The Washington Times (9/8, DeBose, 88K) reports it is "'critical' that the Congressional Black Caucus remain an all-black organization, one of the CBC's founders has said in a strategy memo." Former Rep. William Lacy Clay Sr. said, "The CBC welcomes support from others in the House and Senate, especially those with liberal credentials, but it is critical that its membership remain exclusively African American." The Times adds Clay's letter – "distributed by his son, Rep. William Lacy Clay Jr., Missouri Democrat -- prompted a CBC meeting before the August recess. " Rep. Carolyn Cheeks Kilpatrick said, "The members have discussed it, and we supported the tradition that only African-Americans have been full members of the CBC, but as always we will work with anyone as our coalition partners and some have become honorary members." The Times adds the Clay letter "was written in response to concerns that two Jewish congressional candidates, Tennessee state Rep. Steve Cohen and New York City Councilman David Yassky, both Democrats, would apply for CBC membership if elected from majority-black districts."

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NYTimes Regrets Departure Of McClellan From Medicare. The New York Times (9/8, 1.21M) says in an editorial, "Mark McClellan, a physician and health economist, announced his resignation this week as head of the agency that oversees Medicare and Medicaid. He will be missed. As a pragmatic expert embedded in a fiercely ideological administration, he brought uncommon intelligence, good humor and dispassionate judgment to politically charged issues."

OTHER NEWS:

OPEC Expected To Stand Pat On Output Limits. The Wall Street Journal (9/8, Bahree, 2.03M) reports, "With oil prices remaining lofty despite a recent decline, OPEC is expected to leave its formal crude-output limits unchanged when the cartel meets in Vienna Monday." Although "[o]il prices have retreated significantly," they "still are triple what they were in 2002, and thus are far too high for OPEC -- which provides about a third of the world's daily oil needs -- to trim output in response to the recent decline. Cutting production likely would provoke an anti-OPEC backlash in the U.S., Europe and Asia."

Economists Predict Housing Slowdown Will Extend To 2007. The Wall Street Journal (9/8, Izzo, 2.03M) reports, "Economists believe cooling in the housing market to extend into next year and many forecasters in the latest WSJ.com survey predict no change -- or an outright decline -- in home prices next year. Twenty-five of the 48 economists who answered the survey's question about housing predicted no change or a decline in a closely watched gauge of nationwide home prices during 2007. The average prediction for next year was for an increase of 0.43%, lifted by five economists who forecast gains of 5% or more." For this year, "the economists forecast a 3.5% rise in the home-price index."

USA Today (9/8, Knox, 2.27M), meanwhile, reports that "the outlook for the nation's housing market is even weaker than earlier projected, mainly because sellers are refusing to cut prices enough after the towering price gains of the boom years, the National Association of Realtors said Thursday." The NAR's lower sales forecast "followed profit warnings this week from two of the largest home builders, Beazer Homes USA and KB Home. A Federal Reserve official also indicated that interest rates might resume their upward climb, which would make it harder for buyers to afford homes." USA Today adds, "The cascade of bad news weighed on stocks, which fell as investors worried about the ripple effect on the economy." The New York Times (9/8, Peters, 1.21M) runs a similar story titled "Some Housing Pessimism From Real Estate Brokers."

Rate "Pause" Has Broad Support In Fed Board. The Wall Street Journal (9/8, lp, 2.03M) reports, "Just two of the Federal Reserve's 12 regional banks wanted to raise interest rates ahead of the central bank's policy meeting last month, suggesting support for the Fed's rate 'pause' is relatively broad within the central bank." The minutes of the meeting, released yesterday, "add to the evidence that the Fed is willing to leave rates alone for the time being to see how growth and inflation evolve."

The Washington Post (9/8, D2, Henderson, 748K) reports the Federal Reserve "may be done raising interest rates, having probably increased them enough already to cause inflation to fall gradually, an influential central bank policymaker said yesterday." Janet L. Yellen, president of the Federal Reserve Bank of San Francisco and "a leading voice in recent Fed debates," said in a speech that "inflation is too high, hovering a bit above a range she describes as her 'comfort zone.'" But "she also expects inflation to recede because of the Fed's past interest-rate increases -- 17 consecutive increases over the past two years, which have already chilled the once-sizzling housing market and sharply slowed the nation's economic growth."

Stocks Down Yesterday. NBC Nightly News (9/7, story 9, 0:15, Williams, 9.87M) reported, "Turning now to Wall Street, worries about interest rates and the housing markets held stocks down today. The Dow was fell almost 75 points [to close at 11.331.44]. The Nasdaq lost 12 points[to close at 2,155.29] on the day." USA Today/AP (9/8, Paradis) says the Standard & Poor's 500 index "was off 6.24 points, or 0.5%, at 1294.02."

Bernanke Seeks To Make Fed More Transparent By Dispersing Authority. The Wall Street Journal (9/8, lp, 2.03M) in a 2,352 word analysis adopts a positive tone in an examination of Federal Reserve Chairman Ben Bernanke's attempts to make the Fed more transparent by allocating more authority to other Fed officials. In contrast to former Fed Chairmen Alan Greenspan and Paul Volcker, Bernanke "is trying to depersonalize the Fed by making its decision-making more democratic and easier to understand. … Bernanke has

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long believed the Fed's success depended too much on the 'personal preference' of those two men." Bernanke wants to provide "more systematic, specific information, in particular about the Fed's goals -- such as for the inflation rate -- and forecasts. This, he believes, would have several benefits. If the Fed were clearer about the inflation rate it aimed to achieve, the public and companies would be less likely to press for higher wages and prices in anticipation of higher inflation. That would make it easier for the Fed to keep inflation low and stable, without wrenching changes in interest rates."

Judges Concerned About Increase In Judicial Surveys. The National Law Journal (9/8, Coyle) reports, "When Tennessee Court of Criminal Appeals Judge John Everett Williams, who was up for retention election this year, got his questionnaire from the Tennessee Family Action Council soliciting his views on abortion, the death penalty, same-sex marriage, evolution and other issues, he declined to respond, citing Chief Justice John G. Roberts Jr. as setting 'the gold standard' on ethical conduct during his U.S. Supreme Court confirmation hearings. … 'As did Justice Roberts, I do not wish to hint or signal that I am predisposed to rule on any matter that may come before me as a judge,' wrote Williams in June, one of 64 Tennessee judges receiving the questionnaire." The Journal continues, "Questionnaires for judicial candidates have been an 'issue' since at least 2000, according to court and election officials, because they raise concerns about sitting judges and judicial candidates campaigning and making promises just as other political candidates do. … But this year, the questionnaires are proliferating, more sophisticated and seemingly coordinated across states." The Journal adds, "Concerns about the questionnaires have reached the National Center for State Courts whose National Ad Hoc Advisory Committee on Judicial Campaign Oversight is preparing to send a letter to state courts, state bar associations and others with recommendations on how to deal with them."

Private Court Reporting School Closes. The San Diego Union-Tribune (9/8, Gao) reports, "The only private court reporting school of its kind in the county has shut down, disrupting the education of 175 students. The Court Reporting Institute, housed on the second floor of a Gibbs Drive building near Montgomery Field in Kearny Mesa, closed Aug. 28." The Court Reporters Board of California had "received no complaints about the San Diego campus."

Bush, Iraq War Seen As Turning Southern Women Away From GOP. The AP (9/8, McCaffrey) reports President Bush's "once-solid relationship with Southern women is on the rocks." In recent years, "Southern women have been some of Bush's biggest fans, defying the traditional gender gap in which women have preferred Democrats to Republicans. Bush secured a second term due in large part to support from 54 percent of Southern female voters while women nationally favored Democrat John Kerry, 51-48 percent." Now, "anger over the Iraq war and frustration with the country's direction have taken a toll on the president's popularity and stirred dissatisfaction with the Republican-held Congress." A recent Associated Press-Ipsos poll "found that three out of five Southern women surveyed said they planned to vote for a Democrat in the midterm elections. With control of the Senate and House in the balance, such a seismic shift could have dire consequences for the GOP."

NRCC Chairman's Own Seat At Stake In November. The Wall Street Journal (9/8, Calmes, 2.03M) reports that in a sign of the midterm election difficulties facing Republicans, National Republican Congressional Committee Chairman Tom Reynolds is "back home yet again, campaigning for his own survival." Democrat Jack Davis "and his antitrade message are still familiar here in economically troubled upstate New York from his race two years ago. Back then, Mr. Davis, a local industrialist, seemingly came from nowhere to hold Mr. Reynolds to a 56% re-election vote, below what President Bush pulled here in 2004. Two years before that, in 2002 the congressman had won 74% of the vote." Reynolds, "who harbors aspirations of being House speaker some day, remains favored for a fifth term despite a national climate that is threateningly cold to both the president, who isn't on the ballot, and Republicans in Congress, who are. But he is having to work for his votes."

First Lady Campaigns For Drake In Virginia. The Washington Times/AP (9/8, Barisic) reports First Lady Laura Bush is the latest high-profile Republican to campaign for first-term Republican Rep. Thelma Drake in Virginia. At a fundraiser the First Lady helped raise $150,000 for Drake whom she praised "as an advocate for children, preserver of Virginia's natural resources, supporter of tax cuts and

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champion of military members." She "also said the congresswoman is 'a thoughtful, positive and powerful part' of the serious national dialogue needed for President Bush to accomplish his goals for the rest of his term, including rebuilding the hurricane-ravaged Gulf Coast and keeping the country safe from terrorism."

Hastert Unlikely To Be Minority Leader If Democrats Take Over House. The Wall Street Journal (9/8, Harwood, 2.03M) reports in its "Washington Wire" column that the maneuvering has started for the post-election House leadership. According to the Journal, "Republican insiders say Speaker Hastert would likely become backbencher, not minority leader, if Democrats take over. Stronger Democratic gains would lift odds that Reps. Pence and Shadegg challenge incumbents Boehner and Blunt for leader and whip posts." Meanwhile, "Pelosi looks set as Democrats' choice for speaker, but moderate Hoyer and war critic Murtha may face off for majority leader. Still unclear: leadership aspirations of Democrats' campaign chief Emanuel."

Lamont Ad Targets Lieberman's Position On Iraq. The AP (9/8, Miga) reports the Iraq war "is center stage again in Connecticut's increasingly nasty Senate race. Ned Lamont, whose upset of Sen. Joe Lieberman in last month's Democratic primary was fueled in large part by his opposition to the war, took fresh aim at Lieberman's staunch support of the conflict in a new television ad Thursday." But Lieberman "fired back, calling Lamont's stance on the war 'dangerous,' and complained, 'at some point my opponent has to start dealing with fact and not just be a perpetual whiner.'" The AP adds the Lamont spot "features a young man solemnly reading some of the names of U.S. troops who have died in Iraq." Lamont says in the ad, "Why do we listen when George Bush and Joe Lieberman tell us they know how to fight terrorism?" Lamont is "spending about $175,000 to broadcast the commercial over two weeks, his campaign said."

Kean Name, Anti-Latino Backlash Could Hurt Menendez. USA Today (9/8, Kiely, 2.27M) reports in a year "when Republicans in the rest of the country are struggling, Tom Kean Jr. has a shot at knocking off Democratic Sen. Robert Menendez" in Democratic-leaning New Jersey. Menendez says "the reason is that he's running against two Tom Keans: the 36-year-old state senator who is on the Nov. 7 ballot and his identically named father, one of New Jersey's most popular governors and chairman of the 9/11 Commission." But others "think Menendez's surname — and the state's growing ethnic mix — may be factors, too." Rider University analyst David Rebovich said, "I'll be blunt. It's not a nice thing to say about New Jersey, but being a Latino may be costing him in some parts of the state."

Tape Captures Candid Moment Between Schwarzenegger, Aides. The Los Angeles Times (9/8, Salladay, 918K) reports in a six-minute tape of a meeting between California Gov. Arnold Schwarzenegger and aides, the Governor "describes Republican legislators as the 'wild bunch' and, referring to a Latina lawmaker, casually says that 'black blood' mixed with 'Latino blood' equals 'hot' — a fiery personality." Schwarzenegger spokeswoman Margita Thompson said in a statement, "This is a small part of a long conversation that is taken totally out of context. The governor respects every member of the Legislature and holds them in the highest regard. It is not uncommon for him to have fun and joke with the members while they're working, especially during very tense negotiations."

California Ballot Measures Cumulatively Would Commit $48 Billion In Spending. The Los Angeles Times (9/8, Finnegan, 918K) reports that on the California ballot, voters "face choices about vast sums of money: how much to spend, how much to borrow, how much to generate by raising taxes. Together, the proposals would open a $46-billion gusher of spending on highways, schools, levees, hospitals, housing, parkland and more. They would add $84 billion in debt and interest to state budgets over the next 30 years. Taxes, mainly on oil and tobacco, would rise by more than $3 billion a year." With television ad skirmishes "already underway, a key question is whether the sheer magnitude of the total spending risks eroding support for many, if not all, of the ballot measures. All 13 hold fiscal implications for California."

CNN Poll Shows Giuliani Leading Field Of 2008 GOP Hopefuls. CNN's The Situation Room (9/7, Blitzer) reported, "Our new poll shows -- get this -- Rudy Giuliani the number-one choice among Republicans to be their 2008 presidential nominee. The former mayor of New York leads Senator John McCain of Arizona by 11 points, a

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wider margin than Giuliani had in our polls earlier in the year. The former House speaker, Newt Gingrich, and the Virginia senator, George Allen, fill out the top four."

Clinton Leads Democratic Field In CNN Poll Of 2008 Presidential Hopefuls. CNN's The Situation Room (9/7, Blitzer) reported, "Hillary Clinton continues to dominate the field among Democrats. Our new CNN poll, conducted by Opinion Research Corporation, shows that the senator from New York is the top choice among Democrats to be their presidential nominee. Former Vice President Al Gore and the 2004 ticket of John Kerry and John Edwards round out the top four."

Experts Say Clinton Must Win Big Upstate To Make A Credible Presidential Bid. ABC News' Nightline (9/8, McFadden) reported, "Pundits say Senator Clinton must win and win big in upstate New York, where a majority of voters went for President Bush last time, to make a credible case, she could win a presidential election, if she decides to run."

Clinton Says Bush Has Been "Disappointing" As President. Clinton, interviewed on ABC News' Nightline (9/8), said President Bush has been "disappointing," adding, "I think our country is really headed in the wrong direction. And after 9/11, we were united. And there was an opportunity for leadership that pulled us together, not just in the immediate aftermath of that horrific attack. But for months and years. And called us to sacrifice on behalf of a larger, national purpose. But that didn't happen. And we have paid a big price for it. "

Clinton Says She Isn't Thinking About 2008 Presidential Race. Clinton was asked on ABC News' Nightline (9/8) if she is running for president in 2008. she said, "I am not thinking about that at all. You know, I -- I know everybody else is. And lots of other people are saying she is, she is. But the truth is, I don't think about it. I haven't made a decision about it because that's not how I think and how I work."

Clinton was asked on ABC News' Nightline (9/8) if America is ready for a female president. She said, "I hope so. It depends upon when and if that happens. We'll have to stay tuned." Nightline noted that Clinton's use of the words "stay tuned" were "construed by a wire service standing behind me, to be a coy hint from Clinton, regarding her presidential aspirations. The next morning, papers around the world carried the story, including the New York Post. A glimpse about why the senator is so famously cautious about what she says."

Doctors Launch Campaign To Repeal Cuts In Medicare Fees. The Los Angeles Times (9/8, Alonso-Zaldivar, 918K) reports, "The Bush administration and Republican-led Congress are headed for a political confrontation with an influential constituency: the 700,000 doctors who treat seniors in the Medicare program and are frantically trying to stave off a planned cut in their fees." The AMA says "that doctors may stop taking seniors as new patients -- or even drop out of the program -- if the cuts go through. It has launched a nationwide blitz to persuade Congress to rescind a 5.1% cut planned for next year, insisting that lawmakers act before they adjourn in October to campaign for reelection." But with the tight Congressional schedule no action is expected to occur and the Administration "is showing no sign that it wants to hold off on the cuts." The Times notes, "What is needed, according to a top Medicare official, is a revised system that rewards doctors for quality care rather than paying for numbers of office visits, tests and procedures."

House GOP's Priorities Questioned. The Washington Post (9/8, A2, Milbank, 748K) reports in its "Washington Sketch" column, "Let us stipulate, as the lawyers like to say, that horses should not be slaughtered for human consumption. Let us further stipulate that there is nothing inherently offensive about minting coins to commemorate the bicentennial of Abraham Lincoln's birth. Still, the question arises: What are House Republicans thinking?" GOP lawmakers "have much to worry about: war in Iraq and Afghanistan, terrorism and border problems, high energy prices and health-care costs, and none of the federal government's annual spending bills enacted. So what did House leaders decide to make the centerpiece of the week? H.R. 503: the American Horse Slaughter Prevention Act. This legislation, passed yesterday, followed Wednesday's action on a full slate of bills including H.R. 2808, the Abraham Lincoln Commemorative Coin Act. And to think that Republicans are in jeopardy of losing their majority in the House."

Questions Raised About Relationship Between Wal-Mart, Conservative Think Tanks. The New York Times (9/8, Barbaro, Strom, 1.21M) reports that as Wal-Mart Stores "struggles to rebut criticism from unions and Democratic leaders, the company has discovered a reliable ally: prominent conservative research

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groups like the American Enterprise Institute, the Heritage Foundation and the Manhattan Institute." Top policy analysts "at these groups have written newspaper opinion pieces around the country supporting Wal-Mart, defended the company in interviews with reporters and testified on its behalf before government committees in Washington." However, the groups "and their employees — have consistently failed to disclose a tie to the giant discount retailer: financing from the Walton Family Foundation, which is run by the Wal-Mart founder Sam Walton's three children, who have a controlling stake in the company." The groups "said the donations from the foundation have no influence over their research, which is deliberately kept separate from their fund-raising activities. What's more, the pro-business philosophies of these groups often dovetail with the interests of Wal-Mart." But the "financing, which totaled more than $2.5 million over the last six years, according to data compiled by GuideStar, a research organization, raises questions about what the research groups should disclose to newspaper editors, reporters or government officials."

Rubin Downplays Significance Of New Think Tank Project. The New York Times (9/8, Thomas, 1.21M) reports former Treasury Secretary Robert Rubin has "started a small research group aimed at generating policy ideas for Democratic presidential candidates, as well as elevating the next generation of Democrat-supporting financiers." On Wall Street, Rubin, "from his perch on the board of Citigroup, has become an influential public defender of its chief executive, Charles O. Prince III, who is feeling the lash from investors over the stock's long stagnant run. Just don't ask the man himself." Rubin said, "I am a little pebble of sand on the beach. So what I say does not matter anymore." The Times adds as Democrats "hope to take over control of the House from Republicans and as an aspiring presidential class of 2008 becomes more assertive, the Hamilton Project, named after the founding father and onetime Treasury secretary Alexander Hamilton, is arguably Mr. Rubin's most overt political act since he stepped down from the Treasury in 1999. Mr. Rubin, naturally, denies any such crass intent."

Kristol Warns Of Increase In Anti-Judaism. In a Wall Street Journal op-ed (9/8), Weekly Standard editor Bill Kristol says, "Is anti-Judaism now enjoying a broader revival? It would seem so." Kristol notes several US academics and European intellectuals have expressed anti-Jewish sentiments, adding, "And then there's Mahmoud Ahmadinejad -- bidding fair to be the most powerful leader in the Islamic world. Mr. Ahmadinejad has called, of course, for the 'the elimination of the Zionist regime' and 'the destruction of Israel.' He wants Israel eliminated because he wants Judaism eliminated (Christianity will take longer). Javier Solana of the EU and Kofi Annan of the U.N. are eagerly paying him court. Will Mr. Solana or Mr. Annan stand up in the presence of Mr. Ahmadinejad and denounce Jew-hatred? No. Jews are under attack. And no one seems very concerned."

Krugman Welcomes New Debate About Economic Inequality. In his New York Times column (9/8), Paul Krugman says, "We are, finally, having a national discussion about inequality, and right-wing commentators are in full panic mode. Statistics, most of them irrelevant or misleading, are flying; straw men are under furious attack. It's all very confusing — deliberately so." Krugman says the "lion's share of the benefits from recent economic growth has gone to a small, wealthy minority, while most Americans were worse off in 2005 than they were in 2000."

NYTimes Criticizes Intel For Cutting Jobs After Repatriating Profits. The New York Times (9/8, 1.21M) says in an editorial, "This week, Intel announced that it would be cutting 10,500 jobs, or about 10 percent of its work force. The company's chief executive, Paul Otellini, said that while it was a difficult decision, the move was 'essential to Intel becoming a more agile and efficient company.'" But Intel "was also one of the major corporations that took advantage of the American Jobs Creation Act, a one-year tax holiday for American businesses operating overseas that lawmakers claimed was going to act as an engine for job growth. By reducing taxes on repatriated profits, it was supposed to generate cash for companies to use in underwriting new hiring at home. In reality, it was little more than a multibillion-dollar giveaway. Intel repatriated $6.2 billion under the program, which taxed foreign profits at a rate of just 5.25 percent, compared with the normal rate of 35 percent. Now, instead of creating new jobs, it is cutting existing ones."

Possibility Of Iran Sanctions Grows Despite French Ambivalence. The Financial Times (9/8, Williamson) reports, "Western powers on Thursday held out

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hope that China and Russia would agree to sanctions against Tehran should it fail to rein in its nuclear programme despite often voiced doubts from Beijing and Moscow." China and Russia were said to "remain committed" to the relevant UNSCR, and one diplomat is quoted saying, "No country has changed its position." Both nations, "which have strong economic ties to Iran, have in the past been resistant to moving swiftly towards sanctions."

The AP (9/8, Jahn) notes comments by Undersecretary Burns that Tehran "moved a step closer to U.N. sanctions Thursday, with a meeting of the five Security Council permanent members plus Germany making a 'lot of progress' on ways of punishing Tehran for its nuclear defiance." Burns "said further discussions were needed on how harshly to penalize Tehran for its refusal to freeze uranium enrichment, as demanded by the Security Council." The six-nation meeting "came amid broad moves by key European nations to enlist world support in pressuring Iran to give up uranium enrichment." However, the effort "was marred by signs that France, a key U.S. ally in pushing for firm U.N. action against Iran, might be wavering." French Foreign Minister Philippe Douste-Blazy "appeared to suggest Thursday that demand was negotiable, telling reporters: 'The question is to know at what moment this suspension takes place compared to negotiations.'" Speaking to reporters, Burns "dismissed suggestions of a split, saying all five permanent Security Council members insist that 'Iran must (first) suspend its nuclear operations, its enrichment activities, and (only) then would we sit down and negotiate.'"

Khatami Criticizes Bush, US Human Rights Record. McClatchy (9/8) reports from Charlottesville, VA, "Just before heading for a visit to Washington, former Iranian President Mohammed Khatami took a veiled swipe at President Bush on Thursday and said differences between nations should be resolved through dialogue and civility, not name-calling and finger-pointing." Khatami himself "didn't name any names in his speech at the University of Virginia, but he left little doubt that one of his barbs was aimed at Bush."

The AP (9/8, Gearan) reports Khatami also "took a swipe at the Bush administration for what he called human rights abuses in the Iraq war and the pursuit of terrorists. 'I do not deny the existence of problems in Iran, but I would certainly say those are not (worse than) the violations in places like Abu Ghraib and Guantanamo,' Khatami said. 'Let's condemn the violation of human rights wherever it takes place.'"

The Washington Post (9/8, A10, Wright, 748K) reports that in Washington, "amid noisy protests and tight security," Khatami "issued a call at the Washington National Cathedral yesterday for leaders in both the West and the Islamic world to launch a historic dialogue to 'rescue life from the claws of the warmongers and violence-seekers and ostentatious leaders.'" But "Khatami, who served as president between 1997 and 2005, signaled that the time is not yet right for direct dialogue between the United States and Iran." He "warned that the language of threats needs to end for any negotiation to have a chance -- an indirect reference to U.S. and U.N. pressure to impose new sanctions on Iran because of disputes over its nuclear program." Khatami "said Iran is prepared to discuss the suspension -- both the timing and the scope -- of its uranium enrichment in negotiations." The Washington Times (9/8, Sands, 88K) and Los Angeles Times (9/8, Neuman, 918K) also report on Khatami's remaks in Washington.

State, Treasury Seek To Shut Down Overseas Iranian Banks That Finance Arms Sales. The Wall Street Journal (9/8, Simpson, King, 2.03M) reports the Administration "is seeking to isolate a network of European and Middle Eastern banks and companies controlled by the Iranian government that U.S. officials suspect Iran is using to acquire sophisticated weapons technology." The State and Treasury and Departments "are trying to enlist European governments and big multinational banks in the effort, in part by sharing information with them about suspected money laundering and other illicit activities by these banks and firms." The Journal adds, "Law-enforcement officials from several countries say they have evidence that Iran has an elaborate weapons-acquisition program that resembles networks set up by China, Pakistan and North Korea, all three of which created scores of front companies to buy sophisticated equipment in Europe and sometimes the U.S." The Administration's work is "expected to proceed on two levels, with efforts by Treasury to formally blacklist some firms and target others through 'moral suasion' aimed at their business partners." It "represents an important second front in a larger diplomatic bid to pressure Tehran over its nuclear program."

Israel Allows Air Traffic To Lebanon To Resume But Maintains Naval Blockade. The Washington Post (9/8, A14, Wilson, 748K) reports Tel Aviv "lifted its eight-week-long air blockade of Lebanon on

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Thursday, but maintained its sea cordon after determining that not enough international forces had taken up positions along the coast to enforce" the arms embargo against Hezbollah. Israel "began allowing commercial flights to land early Thursday evening at Beirut's Rafiq al-Hariri International Airport," and "a plane from Lebanon's Middle East Airlines, arriving on a direct flight from Paris, circled Beirut in a celebratory gesture before landing shortly after the blockade was lifted at 6 p.m." However, Tel Aviv "did not carry out its pledge to lift the sea blockade at the same time, citing the inability of a U.N.-backed, multinational peacekeeping force to deploy enough ships off the coast to guarantee the arms embargo would remain intact." An Israeli Foreign Ministry spokesman "said that Israel hoped to stop its sea patrols 'sooner rather than later' but that the timing depended on how quickly the international forces deployed."

Under the headline, "Lebanese Ports Still Blocked," the New York Times (9/8, Smith, 1.21M) notes, "Commercial planes streamed into Beirut's international airport late Thursday after Israel formally ended its eight-week air blockade of Lebanon. But Israel announced that it was not yet lifting restrictions on sea traffic as planned." The Times adds, "The mixed signals…angered Lebanese government officials and interrupted a round of celebratory speeches at the Parliament building where lawmakers were ending a six-day-old sit-in protesting the blockade." But "the blockade's end, brokered by" UN Secretary-General Kofi Annan, "signaled what many Lebanese hoped would be a gradual return to normalcy after the sudden and devastating war."

The Financial Times (9/8, England, Morris) says the lifting of the air blockade "removes a key barrier to the country's postwar economic recovery. … The embargo cost the nation tens of millions of dollars a day, effecting imports, exports, tourism, trade and other activities, said Marwan Mikhael, an adviser to the minister of economy and trade. 'It's like announcing the end of the war,' Mr Mikhael said." The Los Angeles Times (9/8, Stack, King, 918K) runs a similar report.

NYTimes Urges US TO Take Lead On Reconstruction Effort. The New York Times (9/8, 1.21M) editorializes, "Donor countries have pledged nearly $1 billion for Lebanon's reconstruction. Experience suggests it could take months or years for that money to arrive, and the marquee total will never be reached. Hezbollah is already handing out Iranian cash. What Lebanon needs is a smaller, more dependable group to work directly…on reconstruction. The United States, which isn't sending troops, should take the lead in making sure that pledges turn into real projects, and quickly. France and Saudi Arabia could be charter members." The Times concludes, "A lot was finessed in the cease-fire resolution. That doesn't mean Hezbollah should be allowed to grow even stronger."

Blair Says He'll Leave Office Next Summer.

NBC Nightly News (9/7, story 5, 2:25, Williams, 9.87M) reported, "Tonight there is high drama playing out in Great Britain. The Prime Minister, Tony Blair has said he will step down and hand over the reins to Gordon Brown. The two men have reportedly been in a colossal fight over when Blair should go." NBC (Colt) added, "By this afternoon the usually articulate Prime Minister looked angry, haggard and was at a loss for words. Still no firm date but he promises to be gone within a year." Tony Blair: "I am not going to set a precise date now. I don't think that is right." Colt: "The Prime Minister was forced to act facing a growing revolt from within his own party. A junior minister and seven aides resigned yesterday because Blair refused to." Blair: "The glory days of Britain are not over but Tory days of government are."

Major newspaper and wires extensively covered Blair's announcement. In a 1,615-word piece, the New York Times (9/8, Cowell, 1.21M) reports Blair "announced Thursday that he would leave office within the next 12 months, bending to pressure after an open rebellion in his own party. His announcement opened a troubled final chapter in a remarkable three-term premiership in which he moved from absolute political dominance of a prosperous Britain to fighting off open mockery about his closeness to President Bush." Blair's statement "means that, around or well before next summer, Mr. Blair will resign the leadership of the Labor Party and make way for Gordon Brown, his finance minister, to take over as prime minister. For much of this week, Britain has been gripped by the spectacle of a brutal, behind-the-scenes power struggle between the men over the timing of Mr. Blair's departure."

In an analysis piece, the New York Times (9/8, Lyall, 1.21M) says, "The most arresting political image to emerge here this week was not a picture of Prime Minister Tony Blair, who on Thursday clung to his job by announcing -- sort of -- when he planned to leave it." It was "a photograph of Gordon Brown, the chancellor of the exchequer, driving away from an earlier meeting with Mr. Blair, an enormous grin across his normally glum face." The Times adds, "When it comes to the

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complicated, rivalrous and ever-changing relationship between the once-sprightly prime minister and the buttoned-up chancellor, the smile said it all. Theirs is a zero-sum partnership: the story of Mr. Blair's slow downward slide is every bit the story of Mr. Brown's dogged ascent."

In a 1,215-word story, the Washington Post (9/8, A12, Sullivan, Jordan, 748K) notes Blair, "who has led Britain for nearly a decade through economic prosperity and the pain of war, announced Thursday that he would resign within 12 months. Battered by diving public approval ratings and an increasingly acrimonious feud with his presumed successor [Brown], Blair appeared stunned at the fevered demands in recent days that he make clear when he would step down." The Post calls Blair's announcement "a muffled, small beginning to the final chapter of a historic premiership. Since his party's landslide election in 1997, Blair, 53, has outlasted every other major European leader in office and become one of the world's most recognized statesmen. It was unclear if Blair's announcement would satisfy his critics."

One of three pieces on the subject in today's Financial Times (9/8, Blitz) is an analysis entitled, "Blair's U-turn Puts His Authority In Jeopardy." Blair "suffered a political humiliation on Thursday. One week ago, the prime minister declared he would not provide a timetable for his departure from Number 10, warning people to 'stop obsessing' about his exit plans. On Thursday, after a revolt by Labour MPs, he performed a complete U-turn, publicly stating he would leave Number 10 within 12 months." Calling the move "a major reverse," the Times says, "The question now is whether he retains enough authority to stay in office for another nine months, as he would seem to wish. Or will the humiliation simply get worse from here, forcing him out of Number 10 even earlier?"

CNN's The Situation Room (9/7, Verjee) said Blair's popularity "began sinking when he committed his nation to the US-led war in Iraq three years ago. His Labor Party is now trailing the opposition Conservative Party in opinion polls."

The AP (9/8, Gardiner), AFP (9/8, Rao), Chicago Tribune (9/8, Hundley, 623K), USA Today (9/8, Stinson, 2.27M) and Los Angeles Times (9/8, Murphy, 918K), among other newspapers, run similar reports this morning.

Asian Nations Want Annan's UN Successor To Be Asian. The Wall Street Journal (9/8, Harwood, 2.03M) reports in its "Washington Wire" column, "Asia wants one of its own to succeed Annan at United Nations. China and continental neighbors say the eighth U.N. secretary-general should be Asian. A Security Council straw poll testing five candidates showed South Korean Foreign Minister Ban Ki Moon leading, followed by Indian novelist and UN bureaucrat Shashi Tharoor. The US doesn't support any of the five."

France Suggests Deploying UN Force To Darfur Without Sudanese Permission. The AP (9/8, Meyer) reports Human Rights Watch claims that Sudan "is indiscriminately bombing civilian-occupied villages in Darfur." he group "said that sources report flight crews rolling bombs out the back ramps of their Soviet-made Antonov aircraft, a means of targeting rebels that was often practiced by government forces in their 21-year civil war with rebels in southern Sudan." HRW says that tactic "is so inaccurate that it cannot strike at military targets without a substantial risk of harm to civilians." In addition, France "on Thursday raised the idea of sending U.N. peacekeepers to the war-torn region even without Sudanese permission," despite that fact the Security Council "resolutions calling for the peacekeeping mission say they must be deployed with the consent of Khartoum, which has staunchly rejected any U.N. troops." French Foreign Minister Philippe Douste-Blazy hinted that deploying anyway should be considered," and is quoted saying, "Do we go there, in spite of them? That's not on the table, nobody has asked the question like that. But it's a real question." He "urged Sudan to accept the U.N. force and said he planned to visit the troubled region and meet with Sudanese officials soon. But a top Sudanese diplomat Thursday denounced the proposed U.N. peacekeeping force."

Biden Proposes Special Darfur Envoy, No-Fly Zone. AFP (9/8) reports SFRC ranking Democrat Joe Biden "submitted a resolution calling for the appointment of a special US envoy to Sudan and the creation of a no-fly zone in the country's violence-wracked Darfur region." He is quoted saying, "The situation in Darfur has spiraled out of control. Since the signing of the Darfur Peace Agreement on May 5, violence has increased exponentially. Fifty thousand people have been displaced in the past two months. Two hundred women have been raped over the past five weeks -- two hundred more have been violently assaulted. We cannot stand by and let further tragedy unfold." He added that "the international community must also step up and apply renewed pressure on Khartoum." AFP says the Biden

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resolution "urges the international community to impose economic and diplomatic sanctions on the government of Sudan, …calls on" President Bush "to appoint a special envoy for Sudan, and calls for a special session of the UN Human Rights Council to address Darfur."

Bill Richardson Departs For Khartoum To Seek Journalist's Release. The Chicago Tribune (9/8, Neikirk, 623K) notes New Mexico Gov. Bill Richardson and two others departed yesterday "on a plane to Sudan's capital" to seek the release of "imprisoned Chicago Tribune correspondent Paul Salopek." Accompanying Richardson is Salopek's wife and a Tribune editor. Before departing, Richardson "told reporters that he would seek to secure Salopek's release on humanitarian grounds when he meets with Sudanese President Omar al-Bashir in Khartoum. The president formally invited Richardson to come to Sudan, raising hopes for a speedy resolution of the case." Richardson "sounded an optimistic note. 'We will return whenever we bring him back,' he told reporters. Pressed on what he meant by that, he quipped: 'My hope is we bring him back before the election. I have other responsibilities. We are going to be very persistent, let me say that.'" The Tribune adds, "In Washington, State Department spokesman Sean McCormack said Richardson is going to Sudan as a private citizen. He added that the department has called for a speedy and fair judicial process and would like to see Salopek return home as soon as possible."

US-Russia WTO Deal Looks Unlikely This Year. The AP (9/8, Crutsinger) reports US and Russian "trade negotiators have failed to overcome obstacles in Russia's bid to join the World Trade Organization, raising the prospect that the effort may drag into 2007. Both sides took tough bargaining positions in public this week," with Kremlin aide Igor Shuvalov saying "it might be time to suspend the talks because Russia could not make further concessions." The AP adds, "For its part, the Bush administration insists it must reach an agreement that makes significant progress in tackling widespread copyright piracy in Russia and in opening up Russia's market to U.S. exports of agriculture and other products." Moscow "has been trying since 1994 to join the 149-nation group that sets the rules for world trade. However, the talks have been contentious with the United States, the last major country whose approval Russia still needs." The US and Russia "are arguing over Russia's agricultural inspection procedures, which the U.S. believes are rigged to keep American products out of the country. Also still in contention are barriers Russia has erected to keep U.S. service companies including banks from doing business in Russia." The AP said the "goal" of reaching a deal by October "is also looking increasingly unlikely." USTR spokeswoman Gretchen Hamel "refused on Thursday to characterize the status of the talks other than to say, 'We are continuing to work.' Private trade analysts said they are growing less optimistic that a deal can be reached this year."

Calderon Urged To Tackle Privilege To Build Mexico's Competitiveness. In her column in today's Wall Street Journal (9/8, 2.03M), Mary Anastasia O'Grady discusses Mexican legal maneuvers that "may tell more about the challenges faced by President-elect Felipe Calderón than do the anti-democratic antics of his losing rival Andrés Manuel López Obrador." Ricardo Salinas Pliego, a "billionaire media mogul," has filed four injunctions in federal court "against articles in a new securities law that protect minority investors, regulate insider trading, increase disclosure, mandate an all-independent audit committee and give the national banking and securities commission broader supervisory and investigative powers." His "attempt to destroy modern securities legislation in a fledgling democracy is worth paying attention to, as is the latest move in Mexican politics to grant, yet again, special treatment to telecom tycoon Carlos Slim. Both are symptomatic of the culture of privilege that has stifled Mexican growth and left a good part of the country so poor that it bought into the siren song of the authoritarian López Obrador." Of Calderon's intimations that he may "lean to port" on socio-economic issues, O'Grady says, "This is an alarming development from a president-elect who ran on a platform to make the country fairer, more competitive and more prosperous -- and won. To adopt AMLO's platform of redistributing wealth would not only be a betrayal of those who voted for him. It would also be a recipe for disaster." Calderón "can best defeat the left by spending his political capital going against the country's notoriously anti-competitive cartels." He could "tell Mexico's poor that, as their champion, he is about to end the culture of privilege that has left them behind. What he must not do, though, is shrink from the confrontation with the titans who think they own Mexico. As Mr. Salinas Pliego is now showing, it won't be easy." Calderón "must allocate [his political] capital to its highest use. Rather than spend it mimicking the messianic

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militant in the tent, he should make a big down payment on a future assault on privilege."

WPost Says Calderon Should Continue Addressing Problems, Not Politics. In an editorial, the Washington Post (9/8, A16, 748K) says, "In his first speech after the unanimous decision of the Federal Electoral Judicial Tribunal upholding his narrow victory, Mr. Calderon focused on what his government would do for the country," and "clearly distinguished himself from leftist populist Andrés Manuel López Obrador, who claims to represent the poor but has set himself an entirely different goal: overthrowing the democratic system." The Post notes, "If Mr. Calderón keeps focusing on Mexicans' needs while his opponent trumpets his own, Mexico may just get through its political crisis without serious damage." Calderon "should elaborate and make public detailed proposals to deliver on his promise to the poor," but he "should also prepare a push for free-market reforms that can enable faster growth: Fixes in Mexico's antiquated labor laws could help create many new jobs. The new president is a relatively uncharismatic man, but one who has shown determination and the ability to overcome political obstacles through intelligence and hard work. He will need those qualities in the months ahead."

LATimes Opposes Nationalization Of Chadian Oil Operations. The Los Angeles Times (9/8, 918K) editorializes, "Chad, the most corrupt country on Earth and one of the poorest, has long represented a serious challenge for those seeking to alleviate Africa's relentless poverty." A "promising attempt to" deliver development aid in that environment "may now be cut short." While the international community partnered with the government to devote "70% of [Chad's] oil revenues" to "an independently monitored account to be used for development projects such as clinics and schools," President Idriss Deby "now wants more government control and a bigger piece of the pie." While Deby's efforts to date have left the development agreement "unaffected," the Times says his "moves look very much like the opening steps of a plan to nationalize the country's energy industry. That would likely mean an end to foreign investment in Chad, and it displays a blithe disregard for the rule of law, reducing confidence that the government will live up to its development commitments." While Deby remains "reliant" on France for support, the Times notes French President Jacques Chirac "is much more focused on enlisting Deby's help in stabilizing neighboring Sudan than in addressing Chad's oil grab, and may very well be willing to overlook the matter since it has increased Deby's popular support and could help stabilize his regime. But Chad's president is walking a dangerous path. Chirac should tell him to turn back before it's too late."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"A Post-9/11 Identity Shift."
"CIA Can Still Get Tough On Detainees."
"Spiraling Scandal Engulfs Tech Icon."
"Baghdad's Beacons Of Civility."

USA Today:
"Killer Cancer Genes ID'd."
"9/11 Put Anonymous Faces On The Front Page Of History."
"Drug Use Rises In 50s, Dips Among Teens."

New York Times:
"Lawyers And G.O.P. Chiefs Resist Proposal On Tribunal."
"Interrogation Methods Rejected By Military Win Bush's Support."
"Blair To Give Up Post As Premier Within One Year."
"Mental Activity Seen In A Brain Gravely Injured."
"City Ad Firms Agree To Hire More Black Managers."
"After Years Behind Bars, Now A Life On The Run."

Washington Post:
"Bush Calls For Greater Wiretap Authority."
"D.C. Area Traffic Crawls To New Low."
"Decision To Move Detainees Resolved Tow-Year Debate Among Bush Advisers."
"Reagan Aide Stockman Targeted In Fraud Probe."
"Despite Charges, Prep Football Standout Remains Tackle-Eligible."
"'Vegetative' Woman's Brain Shows Surprising Activity."

Washington Times:
"Khatami Defends Ahmadinejad, Iran's Nuke Plans."
"Bush Slams Court Threat To Wiretaps."
"Blacks Only Welcome In Hill Caucus."
"ABC Revises 9/11 Film After Clinton Criticism."
"Beltway Snooze Shuts Down Rush Hour."
"Congo Revives U.S. Buses."

DOJ_NMG_0059346

Detroit Free Press:
"Long Strike Could Sink Schools, Judge Told."
"Nude Stop At Drive-Thru Earns Coach Suspension."
"Detroit Rock Legend ready For Spotlight."
"Fewer U.S. Dollars Flows To Windsor."

Atlanta Journal-Constitution:
"Lun Lun Makes A Great Mana."
"Iraq Assumes Military Control."
"Taylor Family Reaped Millions From State."

Houston Chronicle:
"Of Poorest Evacuees, 69% Plan To Stay."
"Fired TSU President Taken Off Teaching."
"Behind The Scenes As U.S. Empties CIA's Secret Prison Sites."
"In Austin, A Heavy Wait Showdown."
"'He Is Our Thurgood Marshall.'"

Story Lineup From Last Night's Network News:
ABC: Bush Interview; Iraq Forces; New Al Qaeda Videotape; Controversial 9/11 Film; Children Of 9/11.
CBS: Al Qaeda New Videotape; Bush Iraq Plan-Less Support; Valerie Plame-Leak; BP's Prudhoe Bay; Dental Fillings Scare; New HPV Vaccine; HPV Vaccine Analysis; Rush Limbaugh-Opinion; Rebuilding New York's Skyline; Maryanne Jones Test Negative; Baseball Fan Involvement.
NBC: New Al Qaeda Videotape; Al Qaeda Video Analysis; Terrorist Prisons; Iraq Forces Transfer; Trouble For Blair; Controversial 9/11 Film; Marion Jones Test Negative; Dental Fillings Safety; Stock Market; Gordon Manning Obit; 9/11 Inspired Firefighters.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Afghanistan-Car Bomb; Baghdad-Car Bomb; Bush-Iraq War; Al Qaeda Video.
CBS: Al Qaeda Video; Senate-Pre-Iraq War Intelligence Report; Space Shuttle; Wall Street; Oil Prices.
NPR: Space Shuttle; UN-Iran Sanctions; Al Qaeda Video; CA-Wildfire; Senate-Bolton Confirmation; VA-Phony Marriage Scheme; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends Bouchard for US Senate and Michigan Republican Party reception, Private Residence, Clarkston, Mich.; attends Talent Victory Committee reception, Private residence, Kansas City, Mo.

VICE PRESIDENT CHENEY — Speaks at a reception for Massachusetts State Victory 2006, Harvard Club, Boston.

US Senate: No Scheduled Events.

US House: FLOOR SCHEDULE _ 2 p.m. HOUSE FLOOR _ House meets in pro-forma session.

Other: FORMER IRANIAN PRESIDENT MOHAMMAD KHATAMI _ Highlights: 7 p.m. Speaks at a dinner hosted by the Council on American-Islamic Relations, discussing ``The Dialogue of Civilizations: Five Years After 9/11." Note Private reception including a photo opportunity preceeds the dinner aty 6 p.m. Media RSVP by Tuesday, Sept. 5, 202-742-6409 or 202-488-8787, ext. 6052. Contact: Ibrahim Hooper, 202-488-8787. Marriott Crystal Gateway Hotel, 1700 Jefferson Davis Highway, Arlington.

BLACK CAUCUS-LEGISLATIVE _ The Congressional Black Caucus Foundation holds its 36th Annual Legislative Conference. Highlights: 8 a.m. Forum on child welfare systems and situation, including speakers William Bell, president, Casey Family Programs. 8 a.m. - 9:30 a.m. Homeownership Breakfast (invitation only) with Detroit Mayor Kwame Kilpatrick. 9 a.m. Forum on the Iraq war and how to get out of Iraq, with Rep. John Murtha, Rev. James Forbes of New York, Rev. Jesse Jackson, others. 5 p.m. - 7 p.m. CBCF Chairs Reception with Congressman Kendrick Meek. Location: Washington Convention Center, 801 Mount Vernon Place NW., unless otherwise noted.

BIOETHICS _ 8:30 a.m. Two-day meeting of the President's Council on Bioethics. Location: Westin Embassy Row Hotel, 2100 Massachusetts Ave. NW.

MUSLIM YOUTH-POST 9/11 _ Americans for Informed Democracy, George Washington University, and the Brookings institution hold a two-day summit to examine U.S.-Muslim relations five years after 9/11. Highlights: 3:45 p.m. Discussion on putting reforms into action, with Mary Fetchet, Voices of September 11; Chris Kojm, former Deputy Director of the 9/11 Commission; Karl Inderfurth, former Assistant Secretary of State; 9/11 Commission member Slade Gorton. Location: Elliott School of International Affairs, 1957 E St. NW.

MEDICAL STUDENTS _ Medical students from across the country gather for Paul Ambrose Legislative Affairs Leadership Institute, aimed at providing physicians-in-training the chance to learn practical political skills to help effect change. Speakers include: Rear Admiral Moritsugu, Acting Surgeon General and Jim Nicholson, Secretary of Veterans

DOJ_NMG_0059347

Affairs. Contacts: Amy Boudreau, 847-846-7047. Kate Thomas, 703-620-6600 ext 231.

POST-9/11 SECURITY _ 8:30 a.m. - 3 p.m. The American Enterprise Institute hosts a forum, ``Five Years Later: A Progress Report on U.S. Security Post-9/11," with a keynote address by Stuart Levey, under secretary of treasury for terrorism and financial intelligence. Highlights: 8:30 a.m. Registration and breakfast. 9 a.m. Panel One on the Global War on Terror. Panelists: Max Boot, Council on Foreign Relations; David Gordon, Office of the Director of National Intelligence; Frederick Kagan, AEI; and Richard Shultz, Tufts University, Fletcher School. Moderator: Danielle Pletka, AEI. 10:15 a.m. Special Session: AEI Studies on Public Opinion: America and the War on Terrorism, with Karlyn H. Bowman, AEI. 10:50 a.m. Pnale Two on The State of Homeland Security. Panelists: Clark Ervin, Homeland Security Initiative, Aspen Institute; Michael OHanlon, the Brookings Institution; and Robert Powell, University of California at Berkeley. Moderator: Gary Schmitt, AEI. 12:30 p.m. Keynote luncheon address by Stuart Levey, under secretary of treasury for terrorism and financial intelligence. 1:30 p.m. Panel Three on Law & Order. Panelists: Bruce Fein, the Linchfield Group; Heather MacDonald, Manhattan Institute; Jeremy Rabkin, Cornell University; and John Yoo, AEI, University of California at Berkeley, Boalt Hall School of Law. Moderator: Fred Thompson, AEI, former U.S. senator. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

ALTERNATIVE FUELS-HEALTH _ 8:30 a.m. - 3:30 p.m. The American Lung Association of the District of Columbia; American Lung Association of the Upper Midwest and American Lung Association of the Southwest co-host an ``Air Quality and Alternative Transportation Fuel Forum" with top officials from lung associations, faith-based groups, and school and health organizations to participate in a scientific examination of the impact of renewable transportation fuel on air quality, human health and the environment. Highlights: 9:15 a.m. Bill Wehrum, U.S. Environmental Protection Agency clean air administrator. 2 p.m. Dr. Jonathan M. Samet, John Hopkins Bloomberg School of Public Health and chairman of the National Academies of Sciences study on air particles and human health. Location: National Press Club, Ballroom.

IRAQ BRIEFING _ 9 a.m. Army Maj. Gen. Thomas R. Turner II, commander of Multinational Division-North and the 101st Airborne Division, briefs live from Iraq. He'll discuss ongoing security operations. Location: Pentagon Room 2E579.

PORT SECURITY-BRIEFING _ 9 a.m. Senate Commerce Committee staff holds press briefing on the Senate Port Security Legislation (HR 4954). Location: Room 254, Russell.

WAR ON TERRORISM _ 9:30 a.m. The Cato Institute hosts a policy forum, ``The War on Terrorism Five Years after 9/11," featuring a presentation by Robert Pape, associate professor of Political Science, University of Chicago and author of ``Dying to Win: The Strategic Logic of Suicide Terrorism." The presentation will be followed by a discussion of U.S. strategy in the war on terrorism with Rand Beers, The National Security Network; Andrew Kohut, Pew Research Center; Flynt Leverett, New America Foundation; Dana Priest, The Washington Post; and Christopher Preble, Cato Institute. Location: Cato Institute, 1000 Massachusetts Ave. NW.

INDIA-PAKISTAN _ 10 a.m. The Heritage Foundation holds a forum on the India-Pakistan peace progress, with Sen. Chuck Hagel, and a panel discussion with Walter Anderson the School of Advanced International Studies, Teresits Schaffer of CSIS, Marvin Weinbaum of the Middle East Institute, others. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

NATIONAL SECURITY _ 10 a.m. The White House Project holds a telephone briefing with pollster Celinda Lake, others, to discuss a new poll on voter attitudes toward national security. Contacts: Lindsay Clinton, 212-785-6001.

TERRORISM-HOMELAND SECURITY _ 10 a.m. Deputy Homeland Security Secretary Michael Jackson speaks on ``Understanding and Responding to Terrorism: A Multidimensional Approach." Location: Capital Hilton, 1001 16th St. NW.

ENERGY RESOURCES-CARIBBEAN _ 10:15 a.m. Assistant US Energy Secretary Karen Harbert holds phone briefing on the Energy and the Competitiveness of the Caribbean Conference in Trinidad and Tobago. Contacts: Daniel Morales, 240-281-3029. Notes: To participate, call 888/529-1867 or 706-679-5920. Conference ID: 5789974.

CHERTOFF-9/11 _ 10:30 a.m. Homeland Security Secretary Chertoff speaks on ``September 11: Five Years Later." Location: Gaston Hall, Georgetown University.

IRAQ-FORCE PROTECTION-GRENADES _ 11:30 a.m. Major General Jeffrey Sorenson, Assistant Secretary of the Army, discusses force-protection measures for soldiers deployed in Iraq, Afghanistan and elsewhere. He'll also discuss efforts to protect against rocket-propelled grenades. Location: Pentagon Room 1E462.

DOJ_NMG_0059348

DEMOCRATS-PROTECTING AMERICA _ 11:45 a.m. Democratic Whip Hoyer and Rep. Bennie Thompson, ranking member on the Homeland Security Committee, others, hold press conference. They'll release a report detailing homeland security failures of the Bush administration and Republican Congress five years after the 9/11 attacks. Location: House Radio-TV Gallery.

DEAN _ 12 p.m. DNC Chairman Howard Dean addresses the National Association of Black Owned Broadcasters. Location: Fairmont Hotel, 2401 M St. NW.

FAITH-FOREIGN POLICY _ 12 p.m. The Heritage Foundation sponsors a forum, ``Presidential Faith and Foreign Policy Are Times Changing? Participants include Elizabeth Edwards Spalding, Assistant Professor of Government and Director of the Washington Program at Claremont McKenna College, and author of ``The First Cold Warrior: Harry Truman, Containment, and the Remaking of Liberal Internationalism." Location: Heritage Foundation's Lehrman Auditorium, 214 Massachusetts Ave. NE.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, SEPTEMBER 8, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

Bush Urges Congress To Approve Anti-Terror Legislation 3
Top Military Lawyers, Key Republicans Object To Bush's Tribunal Plan 6
Two-Year White House Debate On Terror Detainees Recounted 8
Judge Rejects US Motion To Dismiss Oregon Suit Challenging Surveillance Program 9
Video Shows Bin Laden, Hijackers Planning 9/11 Attacks 9
Columnist Blasts FBI Actions In Sears Tower Plot Probe 10
Danish Terror Probe May Falter Because Of Insufficient Evidence 10
Limbaugh Says Hard Line Needed To Combat Militant Islam 10
Hoagland Says War On Terror Needs Greater International Cooperation 10

Homeland Response:

Mueller Says Homegrown Terror Threat Rising, But Foreign Groups Still Primary Concern 11
Impact Of 9/11 After Five Years Examined 11
ABC Miniseries On 9/11 Angers Clinton Officials 12
Cleared Cell Phone Suspect Says Racism At Root Of Arrest 13
Conspiracy Theories Find Fertile Ground Among Some Americans 14
Senate Panels Reach Agreement On Ports Legislation 14
DHS, DOJ Aim To Link Fingerprint Databases 14
Architects Unveil Designs For WTC Towers 15

War News:

Bush Defends Decision To Invade Iraq 15
US Transfers Control Of Armed Forces To Iraqi Government 16
Baghdad Death Toll Remains Less Steep Than US Officials Predicted 16
IED Attacks Against US Troops Continue 16
Tape From Al Qaeda In Iraq Said To Feature Zarqawi Replacement 17
Al-Arabiya Offices In Baghdad Ordered To Close 17
US Military Seeks Help In Training Iraqis In Reconstruction 17
NATO General Says "Moderate Reinforcements" Needed In Afghanistan 17
Hyde Calls For Overhaul Of US Counterdrug Policies For Afghanistan 17
Musharraf Tells Afghan Officials Pakistan Will Aid Fight Against Al Qaeda, Taliban 17

DOJ:

Corporate Scandals:

DOJ Probing Michaels Stores Stock Option Grants 18
Stockman Targeted In SEC Investigation Of Auto Parts Company's Failure 18
US Settles With Lay Estate Over Enron Pension Payouts 18
Former DOJ Officials Seek Reversal Of Corporate Fraud Policy 19
California Probers Suspect Crimes Committed In H-P Efforts To Trace Boardroom Leaks 19
WSJournal Blasts Spitzer, Says AIG Case Was Prosecutorial Abuse 21

Criminal Law:

Armitage Admits He Was "Primary" Plame Source For Novak, Woodward 21
US Arrests Sportingbet Chairman 22
Tennessee Judge Sentenced 42 Months In To Prison For Extortion 23
Retrial Of Former New Mexico Treasurer Gets Underway 23
FBI Closes Tampa Corruption Trial Without Charges 23
Gotti Defense Calls Minister, Sliwa To Testify 23
Gambino Underboss Sentenced To 11 Years In Prison 23
FBI Arrests Long Island Businessman On Illegal Hazardous Waste Storage Charges 24
Pollster Pleads Guilty To Making Up Data For Bush Campaign, Others 24
Man Arrested In String Of Sexual Assaults In Phoenix Area 24
Despite Criminal Charges, Prep Footballer Retains Eligibility 24

Civil Law:

1st Circuit Rules Massachusetts Woman Cannot Sue FBI Over Bulger Murder 25
FTC Settles Children's Privacy Case With Xanga For $1 Million 25
US Honors Prison Whistleblower 25

Civil Rights:

7th Circuit Hears Arguments On Indiana Legislative Prayer 26
3rd Circuit Upholds Dismissal Of Sex Bias Claim Against Catholic College 26

Conference In Louisville To Discuss School Desegregation Policies ... 26

Antitrust:

SCOTUS Moves Toward Re-Examining Key Antitrust Precedent 27
Judge Approves New Deadline For Microsoft Antitrust Compliance ... 27
Valero Energy Weighs Purchase Of European Oil Refineries ... 28
House To Consider Revision To Texas Airfield Pact Next Week 28
Shareholders OK Alcatel-Lucent Merger ... 28
Battle Over Net Movie Rental Patent Heats Up ... 29

Environment:

Lawmakers Berate BP Executives Over Pipeline Neglect ... 29
Energy Secretary Says Cellulosic Ethanol Five Years Away ... 30
Federal Protection Of Killer Whales Sparks Lawsuit ... 30
Writer Urges Better Fish-Eating Habits ... 31

FBI/DEA/ATF/USMS:

Survey Finds Drug Use Down Among Teens, Up Among Baby Boomers ... 31
Bahamian Man Accused Of Heading Drug Ring Appears In Florida Court ... 31
Report: U.S. Trying To Deport A Once-Trusted Drug Informant . 31
In Delaware, Man Convicted In Heroin Case Gets 30-Year Sentence ... 32
House Judiciary Committee Approves Bill Revising Gun Show Laws ... 32
Post Columnist Comments On Selection Of Sullivan To Head ATF ... 32
Marshals Name Suspect In New York Trooper Shootings To Most Wanted List ... 32

Immigration:

US Arrests 19 In Arranged-Marriage Scam ... 33
House GOP Leaders To Propose Border Security Bills ... 33

Congress-Administration:

Chafee Holds Up Committee Vote On Bolton Nomination ... 35
Senate Approves Defense Appropriations Bill ... 35
Court Suspends Decision On FCC Indecency Rules ... 35
Treasury Department Official Ends Links To Hedge Fund ... 35
White House Continues To Back Rumsfeld ... 36
Bush Highlights Federal Workforce Reforms ... 36
Rove Alleged To Have Had Ordered Exorcism In Hillary Clinton's West Wing Office ... 36
Education Department Backtracks On Teacher Qualifications ... 36
Memo From Founder Says CBC Should Remain Exclusively Black ... 37
NYTimes Regrets Departure Of McClellan From Medicare ... 37

Other News:

OPEC Expected To Stand Pat On Output Limits ... 37
Economists Predict Housing Slowdown Will Extend To 2007 ... 37
Judges Concerned About Increase In Judicial Surveys ... 38
Private Court Reporting School Closes ... 38
Bush, Iraq War Seen As Turning Southern Women Away From GOP ... 38
NRCC Chairman's Own Seat At Stake In November ... 38
First Lady Campaigns For Drake In Virginia ... 38
Hastert Unlikely To Be Minority Leader If Democrats Take Over House ... 39
Lamont Ad Targets Lieberman's Position On Iraq ... 39
Kean Name, Anti-Latino Backlash Could Hurt Menendez ... 39
Tape Captures Candid Moment Between Schwarzenegger, Aides ... 39
California Ballot Measures Cumulatively Would Commit $48 Billion In Spending ... 39
CNN Poll Shows Giuliani Leading Field Of 2008 GOP Hopefuls 39
Clinton Leads Democratic Field In CNN Poll Of 2008 Presidential Hopefuls ... 39
Doctors Launch Campaign To Repeal Cuts In Medicare Fees ... 40
House GOP's Priorities Questioned ... 40
Questions Raised About Relationship Between Wal-Mart, Conservative Think Tanks ... 40
Rubin Downplays Significance Of New Think Tank Project ... 41
Kristol Warns Of Increase In Anti-Judaism ... 41
Krugman Welcomes New Debate About Economic Inequality ... 41
NYTimes Criticizes Intel For Cutting Jobs After Repatriating Profits ... 41
Possibility Of Iran Sanctions Grows Despite French Ambivalence ... 41
Israel Allows Air Traffic To Lebanon To Resume But Maintains Naval Blockade ... 42
Blair Says He'll Leave Office Next Summer ... 43
Asian Nations Want Annan's UN Successor To Be Asian ... 43
France Suggests Deploying UN Force To Darfur Without Sudanese Permission ... 43
US-Russia WTO Deal Looks Unlikely This Year ... 44
Calderon Urged To Tackle Privilege To Build Mexico's Competitiveness ... 44
LATimes Opposes Nationalization Of Chadian Oil Operations ... 45

The Big Picture:

Headlines From Today's Front Pages ... 45

Washington's Schedule:

Today's Events In Washington ... 46

DOJ_NMG_0059351

TERRORISM NEWS:

Bush Urges Congress To Approve Anti-Terror Legislation. CNN's The Situation Room (9/7, Blitzer) reported yesterday that in a speech in Atlanta, President Bush "said al Qaeda is determined to strike again, but added that America has learned the lessons of 9/11 and he claimed a number of successes in the war on terror, including the capture of al Qaeda commanders." Fox News' Special Report (9/7, Hume) said Bush also "pressed Congress to pass two pieces of legislation: a bill to authorize government surveillance into and out of the United States and a way to place captured suspects on trial." CNN (9/7, Quijano) reported the President "suggested any delay would mean putting off punishment for the alleged mastermind behind 9/11."

The Atlanta Journal-Constitution (9/8, Baxter, 399K) reports Bush "said the nation is safer because of his administration's homeland security reforms, but must remain on the offensive until its enemies are 'finally defeated.'" He "spoke before an invited audience of 600 organized by the Georgia Public Policy Foundation, a conservative think tank, held at the Cobb Galleria Centre. From there, he flew to Pooler, outside Savannah, to attend a fund-raiser that netted $375,000 for Republican congressional candidate Max Burns in his race against incumbent Democratic US Rep. John Barrow." But Bush's Atlanta speech "was perhaps his most carefully detailed listing of what the administration has done to respond to the terrorist attacks, from reorganizing the government's intelligence operations to requiring hardened cockpit doors on airplanes."

Media reports are framing Bush's speech as part of a GOP initiative to gain the advantage on the key national security issue – one that Democrats are trying to counteract with their own message. The New York Times (9/8, Hauser, Stout, 1.21M) reports "the Democrats went on the offensive as…Bush, speaking in Atlanta, urged Congress to pass legislation that would give his administration the surveillance tools he said it needed to fight terrorism." And the Los Angeles Times (9/8, Gerstenzang, 918K) says "the long-distance debate between Bush and the Democrats went to the heart of the political battle now at center stage in Washington: With the Republican majority in the House and possibly the Senate at risk in the November elections, each party is vying to convince voters that it is better prepared to protect the country." Bush's speeches, adds the Times, "are setting Republicans' debate for what they've dubbed 'Security September,' an effort to keep the political focus on security matters in the closing weeks of the congressional session before the election."

Last night, ABC World News (9/7, lead story, 9:30, Gibson) said that "the series of speeches that the President has made this week have demonstrated, as one newspaper noted today, the power of an even weakened commander in chief set the terms of national debate." In a similar piece, the Christian Science Monitor (9/8, Feldmann, 58K) says Bush "has dramatically reframed the debate over the war on terror and laid down a stiff political challenge to the Democrats." The President "made major news, foremost his proposal for new rules governing trials of terror suspects. The accompanying announcement that 14 'high value' terrorism detainees -- including top Al Qaeda planners of 9/11 -- are being moved from secret CIA prisons to the US military prison in Guantánamo Bay, Cuba, puts a face on his plan for trials." Bush's speeches "demonstrate the power of the presidential bully pulpit, even for a chief executive struggling in the polls. And in the first week of the fall campaign, marked by the traditional Labor Day kickoff, they confirm a political strategy long telegraphed by Bush adviser Karl Rove: to make heavy use of the terrorism issue for the third election in a row."

The Washington Post (9/8, A1, Asthana, Deyoung, 748K) says "Bush's aggressive defense of the administration's national security policies, amid rising public disapproval of both the Iraq war and his overall management of the war against terrorism, has been a careful balance between claims of progress and warnings of remaining threats." In his remarks in Atlanta, Bush "delivered what he called a 'progress report' on 'what we have done to fix the problems that the 9/11 attacks revealed.'" The Post adds, "Dividing the Sept. 11 attacks into four 'stages,' Bush said that each had exposed gaps in the nation's defenses. Osama bin Laden had found in Afghanistan a safe haven for terrorists to train and plan the attacks. Al-Qaeda operatives were able to enter the United States undetected and, once here, to transfer money and move about freely. Finally, they were able to pass through airport security and board planes with box cutters they used to take control of the aircraft." After the attacks, Bush's "'new doctrine' of holding nations harboring or supporting terrorists responsible had allowed the removal of the Taliban from power in Afghanistan and the installation of a democratic government, Bush said. Diplomatic, financial and intelligence initiatives had ensured that 'al-Qaeda can no longer move widely without fearing for their lives.'"

The tone of the coverage in today's New York Times (9/8, Stolberg, 1.21M) is rather negative toward the President. The Times says Bush is trying "to reshape the political climate by focusing the nation on the threat from terrorism rather than the war in Iraq." He "mentioned only briefly the

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proposal he unveiled on Wednesday for interrogating and trying detainees linked to terrorism." The speech was a "rebuttal to critics who say he has not done enough and a playbook that Republican candidates may use as they face skeptical voters in November. … In Mr. Bush's version of events, there was no mention of the August 2001 intelligence report warning that Osama bin Laden was plotting to attack inside the United States. Nor was there any of his own early response, judged by his critics to have been erratic, after learning, during a visit to a Florida elementary school, that planes had crashed into the Word Trade Center."

The New York Times (9/8, Hulse, Nagourney, 1.21M) runs a second story in which it casts doubt on whether Bush's "effort to refocus attention on national security" is good politics. Republicans "facing tough races said Thursday that their initial reaction was that it would not substantially alter the political environment in their favor." The Times adds, "Even as the White House followed up on Mr. Bush's series of speeches with steps like e-mailing talking points to sympathetic radio talk show hosts and unleashing new attacks on Democrats, the candidates who are the intended beneficiaries -- Republicans in danger of losing House and Senate seats -- suggested that the president might have trouble changing the way voters are approaching the election." The Times adds "the early responses from Republican candidates could change if the White House message breaks through." McClatchy (9/8, Hutcheson) runs a very similar story, in which it says "White House adviser Karl Rove previewed the strategy in January, and now…Bush is putting it into action. … It worked in 2002 and 2004, but it might not be as successful this time." Pollsters "say that while his handling of terrorism remains his strong point, any political benefit Bush gets from the issue is likely to be offset by discontent with the Iraq war."

The AP (9/8, Raum) makes a similar point, saying Bush "is casting the war on global terrorism as the central issue of the midterm elections. But it's a risky political strategy. The approach carries reminders of failures in Iraq, prisoner treatment at Guantanamo Bay, warrantless wiretapping at home and Osama bin Laden's endurance abroad." Democrats "were quick to portray the president's recent statements -- including his acknowledgment Wednesday of a secret CIA prison system and the movement of 14 high-profile detainees to Guantanamo -- as an admission of failure."

ABC World News (9/7, lead story, 9:30, Gibson) interviewed Bush yesterday, and asked him whether his speeches on the war on terror were geared toward the midterm elections, Bush said, "Everything the President does is -- you know, has got some political implications. We're in an election year. But the job of the commander in chief during a time of war is to constantly explain to the American people what's taking place and what the strategies are. And the tactics -- as tactics change, those tactical changes. And I'm not the first President to have to become an educator in chief during a time of war." Asked if he thought a Democratic takeover of Congress would hurt national security, Bush said, "In my mind, the Republican Party and its members are much better suited for defending this country. And you're speculating as to whether or not the House is going to turn." Bush maintained that Republicans would maintain control of both the House and Senate. Asked if Republican candidates would consider him a liability, Bush said, "You better ask the candidates. I don't think I am. We've raised a lot of money for the political party. And I've appeared with a lot of candidates. But it's up to each candidate to make their decision."

Judiciary Committee Democrats Block Surveillance Measure. The Washington Times (9/8, Dinan, Hurt, 88K) reports Bush "said the courts are threatening his wiretapping program and called on Congress to pass a law to put the program on sounder footing, but one hour later Senate Democrats blocked an effort to do just that." During a Senate Judiciary Committee meeting yesterday, "Democrats blocked consideration of such a bill. Sen. Russ Feingold, Wisconsin Democrat, likened the bill to a 'rubber stamp' by authorizing almost everything the administration requested." Democrats "then invoked a parliamentary rule forcing the committee to disband for the day and blocking further action on the bill." The Times adds, "Chairman Arlen Specter, the Pennsylvania Republican who has said publicly the program should be more closely monitored by Congress and the courts, accused Democrats on his committee of filibustering the bill." Republicans "seized on the obstruction, noting that it came just an hour after Democratic leaders vowed that 'Democrats want to do everything we can to defeat the terrorists by improving our monitoring of terrorists and finally bringing those in custody to justice.'"

USA Today (9/8, 2.27M) also reports "the surveillance bill hit a snag at the Senate Judiciary Committee." Specter "blamed election-year obstructionism for stalling action on legislation to authorize the formerly secret program under which the National Security Agency monitors, without a court order, international calls and e-mails of people in the USA when one party of the conversation may be linked to terrorists."

The AP (9/8, Pickler) notes Bush "initially resisted eavesdropping legislation on the grounds that the once top-secret program was already legal and that legislation could expose sensitive details." But "some leading members of Congress disagreed, and a federal judge in Detroit ruled last month that the program violated rights to free speech and privacy as well as constitutional separation of powers."

Democrats Criticize Bush's Speeches, GOP Efforts On Homeland Security. Reporting on the Democrats' efforts to gain the upper hand on the terror issue, CNN's The

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Situation Room (9/7, Koppel) reported that "for the fourth day in a row," they "have been pounding away" on Capitol Hill, "making national security front and center on their agenda, trying to put Republicans on the defense, turn the tables on them, if you will. And in this case, today's photo-op centered on a new piece of legislation that Senate Democrats are putting forward entitled 'The Real Security Act of 2006.' Now, while in fact, it didn't really include any new ideas, or new criticisms per se, they were all included in one lump sum. In particular, what they are doing is criticizing the Bush administration yet again for not enacting the recommendations made by the 9/11 Commission."

The Washington Post (9/8, A1, Asthana, Deyoung, 748K) reports Senate Democrats "moved to match Bush in harnessing the emotional power of the anniversary commemoration to a policy argument."

Sen. Barbara Boxer was asked on CNN's The Situation Room (9/7) about Republicans trying to make the war on terrorism the big issue in the 2006 campaign. Boxer said, "We say 'bring it on right now.' I mean, you heard our leader, Harry Reid, say, you can run this play once, twice. By the third time, the American people get it. And we say it's time to stop scaring the American people, and start protecting them." Boxer added that Republicans "really do a great job of scaring us, but they are not making the investments in homeland defense. And I call them soft on homeland defense."

Sen. John Kerry was asked on MSNBC's Hardball (9/7) if Bush's speeches are timed for political purpose. Kerry said, "Yes," adding, "I think the President knows full well that he's exaggerating success. … And I think a lot of people in Washington are fed up with this public relations campaign on terror. The President is busy doing exactly what they did in 2002, exactly what they did in 2004. You know, the President is more interested in ginning up terror, scaring the America people, and not really fighting the war on terror in a way that protects the American people."

US Success In Fighting Global War Against Terrorism Seen As Mixed. The Wall Street Journal (9/8, Solomon, Hookway, 2.03M), in a 2,751 analysis piece, examines US efforts to fight global terrorism reporting that since the 9/11 attacks, saying "the U.S. has recorded some big tactical successes as it has cooperated closely with many governments to combat terrorism." Officials in the Philippines, Pakistan, Saudi Arabia and Jordan "have cracked down on violent home-grown extremists and aided in the hunt for operatives" but "even as high-profile targets fall in ones and twos, concern is widespread that the U.S. is having much less success, or even is failing, in the broader mission of blocking the font of new terrorists." And terrorism experts are concerned about "what they call growing militancy among some expatriates and Muslim populations far removed from the Middle East." The Journal notes, "Indonesia illustrates the conflicting results in the war on terrorism since 9/11. Indonesia has captured or killed more than 200 terrorists in five years, its officials say. It has cut deeply into the top ranks of Jemaah Islamiyah, the principal ally of al Qaeda in Southeast Asia. But alongside this progress are a creeping shift to a more conservative brand of Islam in Indonesia and the continuing growth of hard-line militias."

Kerik Questions Critics Of Bush Counter-Terrorism Policies. Former New York City police commissioner Bernard Kerik, in an op-ed in the Washington Times (9/8, 88K), questions the resolve of some Americans to fight terrorism saying, "Remarkably, the antiterrorism programs Mr. Bush instituted that have proven most effective at preventing follow-on 'spectacular attacks' on America are at risk of being dismantled. The Patriot Act, the National Security Agency's foreign electronic eavesdropping program targeting al Qaeda's communications and programs that track the e-mail and money trails of transnational terrorists are only a few of these defensive tools under attack." But some lawmakers "blinded by a combination of misplaced priorities and politics -- have begun to minimize the magnitude of the ongoing threat and are attempting to disable the very programs that have been instrumental in identifying terrorists and frustrating their missions."

Dionne Says Administration Uses 9/11 For Political Gain. E.J. Dionne Jr. writes in the Washington Post (9/8, A17, 748K), "Five years later, you look at the rancid state of our politics, the decline in America's standing in the world and the behavior of our national leadership, and you want to shed tears for your nation." On this year's anniversary, Dionne says "so much of what's being said about the events of Sept. 11 is about the political survival of the Bush administration." He also observes that "whenever the president gets into trouble, he tries to remind us of who he was in the months immediately after Sept. 11, 2001. Most of us respected that George W. Bush. But maybe that Bush was just a figment of the imagination of all Americans who actually thought the events of five years ago transcended partisan politics."

USA Today Says War On Terror Has Lost Its Focus. In an editorial, USA Today (9/8, 2.27M) says, "Five years later, it is painfully clear that the war [on terror] has lost the focus it had in those months after 9/11." For example, it notes Bin Laden and his top deputy, Ayman al-Zawahri "remain at large," and although Al-Qaeda's "centralized structure has been degraded…homegrown cells are springing up around the world." But "most disturbingly," USA Today says the "mishandled war in Iraq—which had nothing to with the 9/11 attacks—has proved to be a devastating blunder." In recent speeches running-up to this year's anniversary, Bush, Vice President Cheney and Defense Secretary Donald Rumsfeld have delivered a series of speeches using "a divisive, partisan edge—portraying any who disagree with the administration's policies as appeasers

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oblivious to the severity of the threat." Instead, the newspaper says, "When American presidents inspire the nation to its best, they candidly appeal not to fear but to the country's natural optimism and can-do spirit."

Top Military Lawyers, Key Republicans Object To Bush's Tribunal Plan. The AP (9/8, Flaherty) reports, "Senate leaders are throwing their weight behind a White House plan to prosecute terrorism detainees despite dissent among some Republicans and the military's top lawyers." Majority Leader Bill Frist "said he wants to pass the proposal by the end of the month and would decide Friday how quickly to proceed on the bill, indicating a vote could come as soon as next week. The momentum placed behind President Bush's plan by Frist sent GOP moderates scrambling to develop an alternative that would address their concerns." The AP adds, "Also sounding alarms on Bush's legislation Thursday were the Pentagon's top uniformed lawyers. Testifying before a House panel, the service's judge advocate generals said the plan could violate treaty obligations and make US troops vulnerable."

NBC Nightly News (9/7, story 3, Reid, 9.87M) reported "the Pentagon's top uniformed lawyers said the President's new proposal may also be unconstitutional because it would allow the use of evidence obtained through coercion and severely limit defendants' access to the evidence against them." General Jack Walker, staff judge advocate US Marine Corps: "I believe the right to see the evidence against and you to be present when evidence is being presented are fundamental to a full and fair trial." NBC also reported, "Three influential Senate Republicans say they too have concerns about the constitutionality of the President's bill and are writing their own. Sen. Lindsey Graham says in a statement, 'I do not think we can afford to again cut legal corners that will result in Federal court rejection of our work product.' Republicans and Democrats are hopeful a compromise can be reached. With elections so close, no one in Congress wants to look soft on terrorism." Republicans "said there is no doubt they will pass a bill quickly. As one aide put it, we are not going home to campaign and leaving them hanging around without a way to bring them to justice."

McClatchy (9/8, Taylor, Gordon) reports, "At a House Armed Services Committee hearing, lawyers for all of the armed services generally endorsed Bush's push for a separate new military court tailored to deal with the complexities of prosecuting dangerous terrorist suspects while protecting national security secrets." But "the lawyers voiced concern about the fairness of preventing a defendant from hearing and confronting evidence against him." The Administration's plan "is likely to provoke a rousing debate when the measure goes before Congress next week." Democrats "support an alternative bill being crafted by a trio of Republicans that would guarantee suspects more protections and would be more in line with international law."

The Washington Post (9/8, A9, Babington, Smith, 748K) reports, "Bush's campaign to sharply limit the courtroom rights of suspected terrorists ran into opposition yesterday from key Republican senators. … One of those is John McCain, a former Vietnam War prisoner and a 2008 presidential hopeful who faces a political dilemma. He has won acclaim for standing up to Bush on issues such as humane treatment of detainees, but he also is eager to build conservative support for the GOP primaries." The Post adds, "Several colleagues cautioned McCain and the others to stick with Bush on the tribunals question, and House leaders scheduled a vote in two weeks on legislation likely to mirror the White House's proposal. The day's events suggest that Republicans may spend a good portion of the 109th Congress's final weeks trying to resolve an issue that could factor heavily in the Nov. 7 elections." The Post also reports, "Earlier divisions among Senate Republicans on issues such as immigration have contributed to legislative stalemates, and party leaders are eager to avoid a similar impasse over detainee trials."

The Washington Post (9/8, A9, White, 748K) also reports that "defense attorneys for detainees who have spent years at the U.S. detention facility in Guantanamo Bay, Cuba, said the 14 high-value terrorism suspects transferred there Monday are entering a prison that appears to be increasingly restrictive." They said "their clients have reported tighter enforcement of regulations and regular attempts to disrupt detainees' sleep and prayers since a violent melee in one housing unit in May and the apparently coordinated suicides of three detainees in June. Some attorneys said their clients seem more hopeless and worn down in recent weeks than at any time in their incarcerations."

The Los Angeles Times (9/8, Simon, 918K) reports, "Congressional Republicans leaders -- looking to highlight their party's efforts in fighting terrorism in advance of the November mid-term election -- are pushing for a vote on new rules for military commissions by the end of September. … The flurry of activity occurred as Pentagon lawyers took issue with a key provision of the administration's proposal -- permitting judges to deny suspects the right to see classified evidence used against them."

The Wall Street Journal (9/8, Lueck, Rogers, 2.03M) reports "Senate Republicans sought to bridge their differences over President Bush's plan to prosecute terrorism suspects." The Journal quotes McCain saying, "It's not best to go to the floor and have a big fight." White House "officials said last night that no changes had been agreed to yet, but Sen. Lindsey Graham (R., S.C.) predicted: 'Some of their positions put the bill in legal jeopardy and I think they'll back off.'" The New York Times (9/8, Zernike, 1.21M) reports "senior administration officials said Mr. Bush was willing to

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negotiate with Congress about the shape of legislation to establish tribunals, which would replace those struck down in June by the Supreme Court."

McClatchy distributes an article from the Chicago Tribune (9/8, Simpson, Zajac) that reports, "The administration's tribunal proposal, which was unveiled Wednesday and is creating tension among some leading Republicans in the Senate, is already under attack because it could permit convictions based on evidence obtained from 'coercion' while eliminating other protections long honored under American law. The Pentagon's top uniformed lawyers raised objections to the plan in congressional testimony Thursday, including to a provision that would allow suspects to be tried on secret evidence." The Tribune adds, "Although President Bush and senior administration officials have tried to minimize such concerns by promising that evidence obtained from torture would be barred, the 86-page bill proposed by the White House to establish tribunals appears to leave great latitude for defining whether torture occurred. … The definition for torture offered in the White House bill simply refers to an existing U.S. criminal statute. That law classifies torture as the infliction of 'severe physical or mental pain or suffering.' … But in August 2002, when Justice Department lawyers were first crafting formal interrogation standards for the White House in the war on terrorism, they wrote a 50-page memo interpreting the law's prohibition against 'severe physical' pain in such a way that it only came into effect when the 'the most extreme acts' of abuse were perpetrated. … The memo, written for then-White House counsel Alberto Gonzales by the Justice Department's office of legal counsel, further said physical pain amounting to torture under the statute 'must be equivalent in intensity to the pain accompanying serious physical injury, such as organ failure, impairment of bodily function, or even death.' Gonzales is now attorney general."

Democratic Sen. Jack Reed said on PBS' Newshour with Jim Lehrer (9/7), "Sen. John McCain, Sen. Lindsey Graham have pointed out that, in order to provide a legitimate process, that modifications must be made to the President's proposal. That sentiment was echoed today by the uniformed military lawyers who testified before the House of Representatives. … So, I would take the advice of the uniformed military, the advice that both Senator McCain and Senator Warner, and Senator Graham, are urging on the President."

GOP Sen. John Sununu was asked on PBS' Newshour with Jim Lehrer (9/7) if President Bush's proposal for trying terror suspects is something he can accept. Sununu said, "I think it's unlikely that it would be passed through the House and the Senate in the exact form that the President has put it forward." Sununu added, "I think it will be similar to what the President has proposed. … My guess is, there will be some modification made in at least one, if not both of those areas, before it's sent to the President. But the key is that we get a good statutory framework in place that is consistent with the Supreme Court ruling, so that these trials can begin."

Harsh Interrogation Techniques Would Be Made Lawful By Bush Plan. The New York Times (9/8, Liptak, 1.21M) reports, 'Many of the harsh interrogation techniques repudiated by the Pentagon on Wednesday would be made lawful by legislation put forward the same day by the Bush administration. And the courts would be forbidden from intervening." The proposal "is in the last 10 pages of an 86-page bill devoted mostly to military commissions, and it is a tangled mix of cross-references and pregnant omissions." But "legal experts say it adds up to an apparently unique interpretation of the Geneva Conventions, one that could allow C.I.A. operatives and others to use many of the very techniques disavowed by the Pentagon, including stress positions, sleep deprivation and extreme temperatures. … In effect, the administration is proposing to write into law a two-track system that has existed as a practical matter for some time."

Bush's Defense Of Secret Detention System Raises Concerns. The New York Times (9/8, Mazzetti, 1.21M) reports, "In defending the Central Intelligence Agency's secret network of prisons on Wednesday…Bush said the detention system had used lawful interrogation techniques, was fully described to select members of Congress and led directly to the capture of a string of terrorists over the past four years. … Mr. Bush described the interrogation techniques used on the C.I.A. prisoners as having been 'safe, lawful and effective,' and he asserted that torture had not been used. But the Bush administration has yet to make public the legal papers prepared by government lawyers that served as the basis for its determination that those procedures did not violate American or international law." The Times continues, "The president said the Department of Justice approved a set of aggressive interrogation practices for C.I.A. detainees in 2002 after milder ones proved ineffective on Abu Zubaydah, the first of the Qaeda leaders taken into custody. … Current and former government officials said that specific interrogation methods were addressed in a series of documents, including an August 2002 memorandum by the Justice Department that authorized the C.I.A.'s use of 20 interrogation practices." The Times adds, "The August 2002 document, which was leaked to reporters in 2004, said interrogation methods just short of those that might cause pain comparable to 'organ failure, impairment of bodily function or even death' could be allowable without being considered torture. .. The memorandum was repudiated in another Justice Department document at the end of 2004, and Congressional officials said on Thursday that they had not received documents from the administration explaining the legal underpinnings of the program."

DOJ_NMG_0059356

Red Cross To Visit 9/11 Mastermind Mohammed. The Financial Times (9/8, Sevastopulo, Dinmore, Daniel) reports, "The International Red Cross is expected to get its first access next week to Khaled Sheikh Mohammed, the alleged mastermind behind the September 11 attacks, and 13 other high-value detainees who have been transferred from secret Central Intelligence Agency prisons to Guantánamo Bay."

Bush's Secret Prisons Speech Said To Have Had Little Effect On Overseas Opinions. In continuing coverage of overseas reaction to President Bush's Wednesday speech, the Washington Post (9/8, A8, Anderson, 748K) says his "transfer of terrorism suspects out of secret CIA prisons to the Guantanamo detention facility would do little to repair transatlantic distrust that has grown in recent years." Bush's "acknowledgment Wednesday of the CIA prisons' existence -- and his refusal to say where they were -- touched off new demands in Europe for a full accounting of the locations." While the "detention of the suspects drew support from Australia, a close U.S. ally," UN Secretary-General Kofi Annan "took an opposing view." One analyst "said that people in France find it astounding that U.S. troops had to be told specifically not to employ what are widely viewed here as old torture techniques, particularly the practice known as waterboarding, in which prisoners are made to feel as if they're drowning." Another Europe expert said Bush "is unlikely 'to get much credit for coming clean at this late stage in the story. It's simply being received here as confirmation of what people thought already -- that these guys are doing things they shouldn't be doing.'" MEP Liz Lynne is quoted saying, "If Bush announced that he was closing Guantanamo Bay detention camp and bringing the people there to trial according to international law, or releasing them if there is no evidence, then he would repair his credibility. If he doesn't do that, then I think he's whistling in the wind." The AP (9/8, Stringer) and New York Times (9/8, Knowlton, 1.21M) run similar reports.

Kerry Says Bush Is Capitulating To Common Sense. Sen. John Kerry said on MSNBC's Hardball (9/7), "What the President did was capitulate to common sense and is finally doing something we've wanted to do for a long time. We ought to do it quickly and get it done." Kerry added, "These people should have been brought to justice a long time ago. But what it also underscores is that the President had an illegal, unconstitutional structure for detaining people that he was destroying, in a sense, the reputation of our country and hurting the values of our country in other lands where we need people's support."

More Commentary. In an editorial, the Wall Street Journal (9/8, 2.03M) says President Bush Wednesday "explained for the first time in detail the importance of interrogation as an intelligence tool in the war on terror." The Journal said it is "glad Mr. Bush has finally made all this a matter of public record," because "for too long his critics have been allowed to get away with blithe assertions that the US has been 'torturing' detainees and that 'torture doesn't work.'"

Washington Post (9/8, A17, 748K) columnist Eugene Robinson writes, "If the secret prisons where US agents interrogated 'high-value' terrorism suspects with 'alternative' techniques are so legitimate and legal, if they're so fully consistent with American values and traditions, then why are they overseas?" Robinson says that the "one thing" President Bush "didn't tell us Wednesday in his forceful yet obfuscatory speech." Robinson also observes, "If the president needed a 'hot pursuit' exemption to allow some specific forms of coercive interrogation, he should have asked Congress to give it to him—rather than rely on a vague blanket authorization to pursue the war on terrorism."

Two-Year White House Debate On Terror Detainees Recounted. The Washington Post (9/8, A1, Linzer, Kessler, 748K) reports, "Shackled and hooded, 14 men in secret CIA custody were gathered one by one from locations across the world last weekend and flown to a rallying point to await one more flight. For some of the prisoners, it was their third or fourth journey to yet another unknown destination since….Bush approved a covert plan for them to disappear into CIA facilities hidden throughout Eastern Europe and Asia." The Post adds, "The arrival of the prisoners, witnessed by few beyond the CIA officers accompanying them, marked the end of a five-year effort by the Bush administration to conceal as many as 100 al-Qaeda suspects from the world and to shield the agency's interrogation tactics and facilities from public scrutiny. It was also the result of nearly two years of debate within the Bush White House, touched off by a personal plea from British Prime Minister Tony Blair for the release of British citizens in US custody." The debate "divided the president's key advisers and kept open the CIA's 'black sites' until President Bush himself, under the advice of Secretary of State Condoleezza Rice, ordered the facilities emptied for now, and possibly for good." In a series of interviews, "often on the condition of anonymity, key players from throughout the administration agreed to discuss events that led to the unraveling of one of the president's most controversial programs. Drawing on recollections and portions of personal notes, officials said major factors that pushed the president toward Wednesday's announcement were demands from allies to close sites down, an increased urgency from the CIA to find a longer-term solution to detentions and an appeal from Rice to Bush to consider the administration's legacy."

The New York Times (9/8, Zernike, 1.21M) reports "administration officials, who agreed to discuss internal administration deliberations in exchange for anonymity, said the decision to transfer high-level terror suspects from Central

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Intelligence Agency prisons to military custody had been the result of months of secret debate at the highest levels of government." The officials "said the change had been most vigorously championed by the State Department, under Condoleezza Rice, against some resistance from a range of officials, including Vice President Dick Cheney, who had defended the status quo, in which high-level leaders of Al Qaeda, including the man identified as the mastermind of the Sept. 11 attacks, have been held in secret C.I.A custody."

Judge Rejects US Motion To Dismiss Oregon Suit Challenging Surveillance Program. The AP (9/8, Fought) reports, "A federal judge Thursday rejected a Bush administration plea to throw out a lawsuit over the government's warrantless surveillance program, saying he is not convinced going ahead with the case would harm national security." The AP continues, "It is the latest of several differing rulings on a program the administration says is essential to fight terrorism, but that civil-liberties groups decry as an overreaching of presidential authority." The AP adds, "U.S. District Judge Garr King said he believes there may be a way for the lawsuit, filed by a now-defunct Islamic charity, to proceed without releasing information that could harm national security. .. .The lawsuit was filed by the Al-Haramain Islamic Foundation, which had a chapter in Ashland that went out of business after the U.S. government labeled it a terrorist organization." The AP notes, "The foundation charged that two of its lawyers and at least one official were under electronic surveillance in March and April 2004. The foundation asked King to rule the surveillance a violation of a federal law that requires a special court to approve intelligence-related wiretapping."

The New York Times (9/8, Liptak, 1.21M) reports that the suit is "similar to actions pending in Detroit and New York, but with a wrinkle: the charity says it has seen a classified document confirming that its communications with its lawyers were actually intercepted. In the other suits, the plaintiffs face the preliminary hurdle of establishing that they have standing to sue based only on the risk that there has been interception." The Al-Haramain Islamic Foundation "says the government inadvertently provided it the document in an unrelated lawsuit. The document includes a log, the charity says, of communications between its officials and its law firm that were obtained by the National Security Agency through electronic surveillance for which the government had no warrant."

Former Portland Official Says Counter-Terror Efforts Undermining Civil Liberties. Under the headline "In The Defense Of Basic Rights, An Official Led A City's Defiance," the New York Times (9/8, Yardley, 1.21M) reports, "Two months after the attacks of Sept. 11, Attorney General John Ashcroft asked local police forces across the country to help federal agents interview 5,000 young Middle Eastern men as part of a nationwide antiterrorism effort. Portland, which has long marched to a distinctive civic drummer, was the first city to refuse, citing an Oregon law that forbids such questioning if the subject is not a suspect in a crime." Jeffrey L. Rogers, "a Vietnam veteran from a prominent Republican family, was the city attorney here, making him an instant face of Portland's defiance," and the recipient of denunciations and death threats. The Times notes, "In 2005, Portland formally withdrew its Police Department from the Joint Terrorism Task Force of the F.B.I. Mr. Rogers approves of that position, though not necessarily with how civil liberties are protected elsewhere. 'We should be very worried that the way Bush and his handlers are going about 'defending the country' is eroding the essence of our country,' he said."

Video Shows Bin Laden, Hijackers Planning 9/11 Attacks. ABC World News (9/7, story 3, 2:15, Gibson) reported, "New videotape surfaced on Arab television today. A tape more than five years old, showing, we are told, the 9/11 hijackers training for their mission. And Osama bin Laden planning the attacks. These are images we have not seen before. And they provide more detail on just how much planning and effort went into carrying out the attacks."

CBS Evening News (9/7, lead story, 2:30, Axelrod, 7.66M) reported "the Arab network al Jazeera broadcast it saying it reveals for the first time the alleged coordinator of the attacks, Ramzi bin al-Shibh meeting with bin Laden. He's one of the 14 terror suspects just transferred to Guantanamo Bay for a future trial." A "new CBS News/'New York Times' poll suggests" the tape "might spell trouble for the President. A majority of Americans say the US cannot win the war on terror if bin Laden is not killed or captured. And fewer than half are confident that he will be. That's not good news for a President who's been speaking of little else lately but why his war on terror will succeed."

NBC Nightly News (9/7, lead story, 2:15, Myers, 9.87M) said, "There is no threat of another attack on this tape but this propaganda video is clearly meant to conjure up frightening images for Americans." And CNN's The Situation Room (9/7, Arena) reported "the release of the tape "follows the release of another al Qaeda tape just this weekend causing some to speculate that perhaps al Qaeda is planning an attack of some sort. I did have an opportunity to speak today to FBI director Robert Mueller and he says that there's simply no intelligence to suggest that any threat is imminent at this time."

The Washington Post (9/8, A14, 748K) notes "the video included the last wills and testaments of two of the hijackers, Wail M. Alshehri and Hamza Alghamdi." Al-Jazeera "did not say how it obtained the video, which was produced by al-

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Sahab, al-Qaeda's media branch. Islamic militant Web forums said the entire video would soon be posted on the Internet."

The Los Angeles Times/AP (9/8) reports, "The footage was the fourth in a series of long videos that Al Qaeda has put out to memorialize the suicide hijackings against the Pentagon and World Trade Center, said Ben Venzke, head of IntelCenter, a private US company that monitors militant message traffic and provides counterterrorism intelligence services for the American government." The New York Times (9/8, Slackman, 1.21M) and USA Today/AP (9/8), among other newspapers, run similar reports this morning.

Columnist Blasts FBI Actions In Sears Tower Plot Probe. In a column distributed by Scripps Howard (9/8), Dan K. Thomasson writes, "Last June, Attorney General Alberto Gonzales made a dramatic announcement: The FBI had broken up a major terrorist cell in Miami and had arrested its leaders, who were in the early stages of plotting to blow up several government targets and the Sears Tower in Chicago. … But published reports based on court documents and testimony make it obvious that if brains were dynamite, the alleged terrorists couldn't blow their own noses." Thomasson continues, "Furthermore, much of their plotting seems to have been furthered by the FBI itself. In fact, the bureau, through the good offices of an informant, actually conducted a formal ceremony inducting the alleged culprits into al-Qaida, administering a solemn oath in a comic-book ritual. … This truly bizarre affair began when the son of a Louisiana Christian minister (who thinks the son is nuts) contacted an acquaintance who is of Middle Eastern extraction to tell him he was interested in conducting jihad and needed help. The man was an FBI informant who reported this to the bureau, which offered to supply him with the wherewithal for an elaborate sting. As the operation proceeded, any number of utterly improbable schemes - including the establishment of Muslim armies under the flag of a new nation of Moors - began to take shape, at least in the minds of the alleged culprits, egged on by another bureau informant posing as an al-Qaida contact man and possible financier." Thomasson adds, "That the bureau would waste untold man hours and who knows how much money on these cartoon characters is more than a little evidence of the administration's need to convince Americans that it is on the job 24/7 when it comes to ferreting out threats to the homeland. A few minutes of listening to the clownish conspiracies should have convinced any intelligence expert that these pitiful plotters couldn't pull off a liquor-store heist. They were and are petty criminals at best. … Worse than that, it reveals a major flaw in the nation' counterterrorism efforts - the FBI's traditional reliance on informants who have their own interests at stake. … If the Justice Department and the bureau have that much manpower to waste on this nonsense - bows and arrows, for goodness' sake! - we should all be a bit frightened. The guys who ran this sting had to be right out of FBI school. In the old days, no self-respecting agent would have come near it."

Danish Terror Probe May Falter Because Of Insufficient Evidence. The New York Times (9/8, Bilefsky, 1.21M) reports Danish investigators "expressed concerns" that "the evidence gathered of what is suspected of being a terrorist bombing plot, which Justice Minister Lene Espersen has called the most serious in the history of the country, could be too weak to hold five of the seven men who remain in custody." Hans Jorgen Bonnichsen, "a former operational chief of Danish intelligence, told the Danish radio broadcaster DR that the intelligence service faced a difficult challenge. While it had evidence of a potential attack, he said, it might have acted before it could be determined whether the evidence was sufficient to stand up in court." It "also emerged Thursday that, just 90 minutes before the police crashed through his door in a sweep aimed at foiling what was alleged to be a terrorist plot, one of the suspects wrote an e-mail message to the editor of the Danish newspaper Politiken in which he railed against anti-Muslim hysteria, the paper reported Thursday."

Limbaugh Says Hard Line Needed To Combat Militant Islam. On the CBS Evening News (9/7, story 8, 2:05, Couric, 7.66M) opinion segment, Rush Limbaugh said, "Militant Islam wants to kill us just because we're alive and don't believe as they do. They've been killing us for decades. So it's time to stop pretending these terrorist incidents are episodic events and face the reality our way of life is in grave danger. This threat is not just going to go away because we choose to ignore it." But "some Americans, sadly, not interested in victory, and yet they want us to believe that their behavior is patriotic. Well, it's not. When the critics are more interested in punishing this country over a few incidents at Abu Ghraib and Guantanamo Bay than they are in defeating those who want to kill us, when they seek to destroy a foreign surveillance program which is designed to identify those who want to kill us and how they intend to do it, when they want to grant those who want to kill us US constitutional rights, I don't call that patriotic. Patriotism is rallying behind the country, regardless of party affiliation to defeat Islamic-Fascism."

Hoagland Says War On Terror Needs Greater International Cooperation. Jim Hoagland, in his Washington Post (9/8, A17, 748K) column, writes that while terrorist attacks and foiled plots have spread America's feelings of post-9/11 "vulnerability…abroad in the past five years, the international response to the threat of terrorist

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assaults has remained far from being unified or even particularly coherent. The greatest task for the next five years…is to create and manage a truly integrated international campaign to displace and contain jihadist terrorism as a political weapon. The Bush administration can help start that effort by adjusting the rhetoric, goals and style of its war on global terrorism. That is particularly true when its statements will reach non-American audiences," which Hoagland says "are hard put to see how Washington's approach will help protect them as well as the US homeland, which has been spared since 2001." Hoagland adds, "Americans need to be told by the president and his senior aides more, and more often, about the role that European, Asian, Arab and other forces and investigators are playing" in the war on terror.

HOMELAND RESPONSE:

Mueller Says Homegrown Terror Threat Rising, But Foreign Groups Still Primary Concern. In a widely-distributed story, the AP (9/8, Sniffen) reports, "FBI Director Robert Mueller sees a rising threat from homegrown terrorists but cautions that foreign groups are far from vanquished and still consume more bureau resources. … 'We've decimated al-Qaida's leadership and taken away their sanctuary, but there are still individuals in the al-Qaida hierarchy who are capable of organizing, financing and supporting attacks in the United States or against United States interests around the world,' Mueller said." The AP adds, "The number of overall terrorist investigations has remained fairly static for the past two years after spiking immediately after" 9/11 "and after passage of the USA Patriot Act, Mueller said. And FBI Deputy Director John Pistole said, 'Many, if not most, of those cases are dealing with material support for terrorism. These are not bomb-throwers; these are people out there raising money or recruiting.'" The AP notes, "'I hope the American people understand this problem (of terrorism) is going to be with us for a substantial period of time,' Mueller said, 'and the FBI does a heck of a good job.' He added that the bureau had expanded its resources and transformed its anti-terrorism focus from after-the-fact arrests to prevention while 'we've maintained our operational tempo' against public corruption, organized crime, civil rights, white collar crime and gangs."

The Los Angeles Times (9/8, Schmitt, 918K) reports that "federal law enforcement and intelligence officials are struggling to adapt to an increasingly worrisome threat" of homegrown terrorists. In a speech yesterday, Attorney General Alberto Gonzales "called for greater cooperation between federal authorities and state and local crime fighters. He said terrorist groups such as Al Qaeda were 'finding disaffected souls in neighborhoods, mosques, prisons and universities all over the world, including our own backyards.' Mueller said Wednesday in a briefing with reporters that the bureau had 'certainly several hundred' individuals under investigation in the U.S.," and "he said the bureau was also devoting more resources to understanding the 'radicalization' process." Mueller noted, "One cannot dismiss the potency still of Al Qaeda to undertake attacks. But by the same token, there also are those groups of individuals, as we have seen in various countries, that are motivated by radical Islamist ideology to undertake actions on their own." Pistole "said during the same briefing that most of the subjects of U.S. investigations were being examined for their financial ties to terrorist groups rather than as actual operatives."

USA Today (9/8, 4A, 2.27M) also briefly reports on Mueller and Pistole's comments, noting Mueller said, "'We've decimated al-Qaeda's leadership,' but the terrorists can still organize, finance and support attacks against the USA, he said." Pistole "said many people under investigation 'are not bomb-throwers; these are people out there raising money or recruiting' help for terrorists."

Impact Of 9/11 After Five Years Examined. The New York Times (9/8, 1.21M) reports on how the September 11, 2001 attacks have affected live in the US in a five-story segment, examining the impact on Americans ranging from military families who have sons or daughters in combat zones to Muslim women who face discrimination because of their garb.

The New York Times (9/8, Blumenthal, 1.21M) reports, "Two and a half years after he was killed in an ambush in Baghdad, Specialist Scott Quentin Larson Jr. still fills the modest home of his parents, Scott and Mary Larson, and their three other children in the northwestern suburbs of Houston." Larson joined the Army after 9/11, and Houston "has "suffered the greatest number of American deaths — 27 as of Sept. 7, according to icasualties.org, a Web site that tracks military casualties — in the two wars, in Iraq and Afghanistan, that are consuming a newly terrorism-aware America."

The New York Times (9/8, Yardley, 1.21M) reports on former Portland city attorney Jeffrey L. Rogers. Two months "after the attacks of Sept. 11, Attorney General John Ashcroft asked local police forces across the country to help federal agents interview 5,000 young Middle Eastern men as part of a nationwide antiterrorism effort." Portland, "which has long marched to a distinctive civic drummer, was the first city to refuse, citing an Oregon law that forbids such questioning if the subject is not a suspect in a crime." Rogers became "an instant face of Portland's defiance."

The New York Times (9/8, Urbina, 1.21M) reports on Rick Edmond, who was not at his desk in the Pentagon when American Airlines Flight 77 struck near his office. Edmond says, "My friends say that I shouldn't go back, considering

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how close it came. For me, that's exactly why I keep going back." The Times adds Edmond's "biggest act of bravery, he said, was to return to work the next day."

The New York Times (9/8, MacFarquhar, 1.21M) reports on Dena al-Atassi, whose head scarf apparently cost her a supervisory job with the Jenny Craig diet chain. Before Sept. 11, "Muslim women who wore head scarves in the United States were often viewed as vaguely exotic. The terrorist attacks abruptly changed that, transforming the head scarf, for many people, into a symbol of something dangerous, and marking the women who wear them as among the most obvious targets for those who deem the faith threatening."

The New York Times (9/8, Johnson, 1.21M) reports the Fire Department in Colorado Springs "is called out hundreds of times a year to deal with things like oil spills on the Interstate, gas pipeline leaks or the odd chemical residue left over from illegal drug labs. And since this summer the hazardous-materials team has responded to those calls by tooling out in a shiny new vehicle paid for by taxpayers around the country through a grant from the Department of Homeland Security." In "cities and towns across the United States, five years of fighting terrorism has come closest to home in the form of modern emergency preparedness — or, critics would suggest, old-fashioned political pork."

Muslim-Americans Respond Differently To Post-9/11 Environment. The Los Angeles Times (9/8, Sahagun, 918K) describes the behavior of a Muslim homemaker who has shifted her charitable contributions "to less-suspected organizations," a young imam who shaved "part of his beard to appear less threatening to non-Muslims" and a student at UC Irvine who "helps organize rallies and fundraisers to support Muslims whom she believes have been unfairly targeted by federal investigators" as examples of how "some Muslims have tried to be less visible, others more bold, as they live and work beside their fellow Americans" after the 9/11 attacks. Georgetown University Muslim scholar Zahid Bukhari said, "We are witnessing the creation of a new Muslim American identity that is still a work in progress."

Supporting Cast Of 9/11 Mostly Fading From Limelight. USA Today (9/8, Hampson, Moore, 2.27M) reports on the "supporting actors in a tragedy that saw almost 3,000 of their countrymen slaughtered in less than two hours. After Sept. 11, 2001, their names and faces suddenly were familiar to millions, only to fade in public memory in the five years since." Some "have embraced celebrity. Ben Sliney, the FAA manager who grounded the planes, even played himself in the recent movie United 93," but others "have shunned it like a curse."

ABC Miniseries On 9/11 Angers Clinton Officials. ABC World News (9/7, story 4, 2:10, Gibson) reported, "There was a fresh reminder, today, of how, in some ways, 9/11 remains a very contentious political issue. Democrats and Republicans are fighting about a miniseries that airing on this network, Sunday and Monday, based on the 9/11 Commission report. What is the controversy? Whether the Clinton White House missed an opportunity to get Osama bin Laden well before 9/11." ABC (Tapper) added, "The 'Path to 9/11' is a five-hour movie that traces a decade's worth of events here and abroad that led to that horrible day. Its producers say the film is based on the exhaustive 9/11 Commission report. But it's causing a political firestorm." Richard Ben-Veniste, 9/11 Commission: "If someone wants to make a film that they claim to be based on the 9/11 Commission finding, then it ought to be accurate." Tapper: "Former President Clinton and his senior security team are campaigning against the film. Saying it unfairly depicts them as obstructing efforts to capture or kill Osama bin Laden while they were in office. Some of the scenes in question -- an actor portraying Clinton's national security officer, Sandy Berger, refuses to give the order to kill bin Laden. Mr. Berger wrote to ABC saying no such episode ever occurred. … And now, it appears the scenes are being changed. And that has a lot of conservatives angry."

The New York Times (9/8, Healy, Mckinley, 1.21M) reports Thomas H. Kean, "a consultant on the ABC project and co-chairman of the federal Sept. 11 commission," said "he believed Mr. Berger was correct and that ABC was making appropriate changes." The "reassessment came as two Clinton aides mounted an unusual attack last night on the motives of Mr. Kean, a Republican and a former governor of New Jersey. In a letter to Mr. Kean, the two aides, Bruce R. Lindsey and Douglas Band, wrote that his defense of the mini-series 'is destroying the bipartisan aura of the 9/11 Commission,' on whose findings the project is partly based. They asserted that Mr. Kean was driven by payments from ABC or his own partisan politics." Kean, "who called Mr. Clinton a good friend, said it was outrageous to suggest he was being swayed by money or politics, and added that any fee he received would be donated to charity. He said he stood by the film because he believed it would draw attention to the commission's security recommendations, many of which have not been put into effect, and because the film did not pretend to be a documentary." The Washington Times/UPI (9/8, Wasserman), runs a similar report under the headline "ABC Revises 9/11 Film After Clinton Criticism."

NBC Nightly News (9/7, story 6, 2:15, Williams, 9.87M) reported on the "firestorm over a new drama that's supposed to depict the events leading up to the September 11th attacks. Advanced copies of this TV series were sent out to mostly conservative pundits and bloggers across the country that reported the program lays much of the blame on former President Clinton. Then critics, including terrorism experts pointed out some of the scenes are pure fiction. Is this dramatic license, or a political attack?." NBC (Taibbi) added,

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"But the liberal blogosphere is shouting that there are many scenes in the movie that didn't happen that way, like the one in which American operatives poised to take out Osama bin Laden are told to stand down by the Clinton White House. Some Democrats complained it's a painful history rewritten by conservative filmmakers." Former President Bill Clinton, "portrayed as paralyzed into inaction, says the movie's depictions are despicable and no organization should dramatize 9/11. Controversies over fact based films are nothing new. Oliver Stone's JFK, the CBS Reagan movie killed off by conservatives or almost all of Michael Moore's films. This happens to be a movie conservatives who reviewed it love but that some critics call outrageous."

The AP (9/8, Hajela) reports that "in a statement released Thursday afternoon in apparent response to the growing uproar, ABC said, 'No one has seen the final version of the film, because the editing process is not yet complete, so criticisms of film specifics are premature and irresponsible.'" Former Secretary of State Madeleine Albright, former National Security Adviser Sandy Berger, Clinton Foundation head Bruce Lindsey and Clinton adviser Douglas Band "wrote in the past week to Robert Iger, CEO of ABC's parent The Walt Disney Co., to express concern over 'The Path to 9/11.'"

The Wall Street Journal (9/8, Trachtenberg, Barnes, 2.03M) reports "lawyers for former President Clinton sent a letter to Disney earlier this week asking for the movie to be edited or pulled from the schedule." The Journal adds, "It was conservatives who created the last such uproar over a TV movie. In 2003 right-leaning pundits criticized 'The Reagans,' a CBS movie about the lives of the late president and former first lady. CBS ultimately pulled the program." USA Today (9/8, 2.27M) also reports the story.

Alessandra Stanley, in New York Times review (9/8), writes, "Dramatic license was certainly taken, but blame is spread pretty evenly across the board. It's not the inaccuracies of 'The Path to 9/11' that make ABC's mini-series so upsetting. It's the situation on the ground in Afghanistan now. The television movie about the rise of Al Qaeda comes at a time when the Taliban is flaunting a resurgence in Afghanistan. Sept. 11 drove the United States to clean out that terrorist hole-in-the-wall, once and for all." Stanley adds, "After all the lessons learned from Sept. 11, the Taliban is back and growing stronger while the American military there seems as bogged down as it is in Iraq, powerless to check the spiraling violence."

State Department Warned Clinton Administration About Bin Laden. The Washington Times (9/8. Pierce, 88K) reports in its "Inside Politics" column, "The State Department warned the Clinton administration of the dangers from Osama bin Laden after the terrorist left Sudan in May 1996, according to two declassified 'top secret' State Department documents. The group Judicial Watch obtained the documents through a Freedom of Information Act request and released them to the press yesterday. … The documents, authored by the State Department's Bureau of Intelligence and Research, discuss bin Laden's travels, prolonged stay in Afghanistan, financial networks, anti-Western threats in press interviews, ties to the Khobar Towers bombing and 'emboldened' threats against US interests."

Former US Ambassador Says "Path To 9/11" Distorts USS Cole Bombing Investigation. In an op-ed in the Los Angeles Times (9/8, 918K), former US Ambassador to Yemen Barbara Bodine "says ABC traded fact for drama in portraying events after the 2000 bombing of the destroyer Cole." In making "The Path To 9/11" miniseries, ABC "has chosen not to document but to dramatize this most critical of times," choosing "fiction when fact is needed and…mythmaking when the candor of history is called for." She says, "from the part of the story" she knows "firsthand, ABC has done the American people a disservice." Bodine says, in the aftermath of the Cole bombing, she "had four missions: recover the Cole and her crew; provide security for the burgeoning U.S. presence in Aden; establish a joint Yemeni-American criminal investigation, as agreed between the president of Yemen and FBI Director Louis Freeh; and maintain the Yemeni-American relationship." Those "tasks were not sequential but deeply interdependent." She adds, "Diplomatic relations are not an end in themselves but rather provide a context within which we are able to operate — or not. Our cooperative relationship enabled the recovery, the security and the investigation to move forward, to work through the tensions, disagreements and conflicts that naturally arose. The attack on the Cole was a hostile act, but this was not a hostile government or a hostile people. It was my job to make sure everyone involved understood that our actions must not subvert our goals." As US investigators "inevitably collided headlong with the limited capabilities of Yemen," Bodine says she worked to manage "the friction, the suspicion," and "miscommunication." She concludes, "In the aftermath of the attack on the Cole, the stakes were high. Former Secretary of State Colin Powell's first lesson of leadership is that 'being responsible sometimes means pissing people off.' It's inevitable, if you are honorable. The job of the ambassador is to make the tough calls. To paraphrase a fellow Missourian, the buck stopped on my desk."

Cleared Cell Phone Suspect Says Racism At Root Of Arrest. The Dallas Morning News (9/8, Smith, 500K) reports, "Frustration tempered celebration Thursday afternoon as Louai Othman and Muslim community leaders gathered to discuss the three-week ordeal that began with terrorism charges against three Mesquite men and ended

DOJ_NMG_0059362

Tuesday with all charges being dropped. Mr. Othman, one of the men arrested after buying hundreds of cellphones, said he understands the need to prevent terrorism but noted that his activities wouldn't have led to his arrest but for his Palestinian heritage. … Mr. Othman said he has no plans to sue over his experience but would like an apology from police and prosecutors who put him in jail for 12 days." The Morning News notes that after Michigan dropped the terrorism charges, "the FBI…said the men had no known connections to terrorist organizations, but the case was not yet closed. Federal prosecutors brought the money laundering and conspiracy charges," which were dismissed Tuesday.

The Fort Worth Star-Telegram (9/8, Kirsch, 236K) reports, "Othman said neighbors have harassed him and that his bank closed his account." The Start-Telegram also notes that Othman called for a public apology, saying, "We all bleed the same blood. We're not different from anybody else." Local CAIR chapter board member Mustafaa Carroll "said the arrests of the men were part of a pattern of racial profiling of Arab-Americans since the 9-11 attacks. 'Muslims and Arab-Americans have faced scrutiny beyond what is reasonable. Every Muslim has been the victim of suspicion,' he said." The AP (9/8, Curry) adds that Othman said, "We just want them to come on TV and apologize. Give us our innocence back." Othman, "who said he never felt personally affected by prejudice before the Michigan arrest, said he would probably move from his Mesquite apartment. He said the ordeal could someday prevent him from getting a job with the government." Carroll "called the charges 'ludicrous,'" and "ultimately, CAIR officials said, most Muslims are overjoyed that the charges were dropped."

Cell Phone Companies Acting To Thwart Phone Reselling. The AP (9/8, Welsh-Huggins) reports, "People moving state to state, armed with cash and tricks to avoid scrutiny, are buying cheap prepaid mobile phones by the thousands with plans to sell them in Latin America and Hong Kong. Cell phone companies say the practice is costing them millions of dollars, and some have hired private investigators to document what they say is illegal tampering with their phones." The AP notes that although "those in the trade say it's nothing but capitalism at its best -- no different than reselling stock for more than you paid," the FBI and DHS "issued nationwide bulletins earlier this year warning police to be on the lookout for bulk purchases of cell phones. Authorities are worried that profits from the trade could end up financing terrorism or that the phones could be used as detonators in attacks.

Conspiracy Theories Find Fertile Ground Among Some Americans. The Washington Post (9/8, C1, Powell, 748K) reports on the conspiracy theorists who have concluded that the US government was behind the 9/11 attacks on the World Trade Center and the Pentagon. David Ray Griffin, "an eminent liberal theologian and philosopher," read "the 9/11 Commission report with a swell of anger. Contradictions were ignored and no military or civilian official was reprimanded, much less cashiered." Griffin said, "There was massive complicity in this attack by U.S. government operatives." The Post adds, "If that feels like a skip off the cliff of established reality, more Americans are in free fall than you might guess. There are few more startling measures of American distrust of leaders than the widespread belief that the Bush administration had a hand in the attacks of Sept. 11 in order to spark an invasion of Afghanistan and Iraq." A recent Scripps Howard/Ohio University poll "of 1,010 Americans found that 36 percent suspect the U.S. government promoted the attacks or intentionally sat on its hands. Sixteen percent believe explosives brought down the towers. Twelve percent believe a cruise missile hit the Pentagon."

Senate Panels Reach Agreement On Ports Legislation. The AP (9/8, Jordan) reports Senators "announced agreement" on "ports security legislation, hoping to approve bolstered protections before November's elections to stop nuclear materials from being smuggled into the country." The $835 million bill, "which has languished in the Senate for years, resembles plans the House approved in May. But it's not clear how Congress will pay for the security measures, including putting monitors at the nation's 22 largest ports to screen for materials to make radiological 'dirty' bombs or nuclear weapons." The agreement "among the Senate Finance, Commerce and Homeland Security committees cleared the way for quick consideration by the full Senate."

CQ (9/7, Yoest) reports Senate Majority Leader Bill Frist, R-Tenn., said "he would call up port security legislation immediately following passage of the Defense appropriations bill (HR 5631) Thursday night." The bill "would authorize by statute an existing voluntary program managed by the Customs and Border Protection Bureau that rewards shippers with fewer inspections if they meet specified security standards. The greatest benefits in the program — known as the Customs-Trade Partnership Against Terrorism — are awarded to shippers who exceed the voluntary standards."

DHS, DOJ Aim To Link Fingerprint Databases. The AP (9/8, Caterinicchia) reports, "The Department of Homeland Security on Thursday announced improvements to the fingerprint databases it and the Justice Department use, which the government hopes will improve information sharing among federal, state and local law enforcement." The AP continues, "The changes are part of a pilot program launched this week between federal authorities and the Boston Police

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Department, according to a DHS spokeswoman. The technology enhancements represent the first in a series of three phases to connect the U.S. Visitor and Immigrant Status Indicator Technology program's database and the FBI's Integrated Automated Fingerprint Identification System. US-VISIT will collect all 10 fingerprints instead of two to enhance accuracy and to complement the FBI's 10-fingerprint system. The upgrades should be complete by 2009." The AP adds, "Of more than 64 million visitors processed through US-VISIT, more than 1,300 criminals or immigration violators have been intercepted, according to DHS. Accenture Ltd., a management and technology consulting company, is the system's prime contractor and is supported by Raytheon Co., SRA International Inc. and Titan Corp., which is now part of L3 Communications Holdings Inc."

Architects Unveil Designs For WTC Towers. The AP (9/8, Westfeldt) reports, "Architects presented striking new visions for the World Trade Center site Thursday with designs for three more towers -- including a diamond-shaped skyscraper -- that would replace the twin towers with some of the city's tallest buildings overlooking a Sept. 11 memorial." The designs unveiled yesterday "joined plans for the 1,776-foot-tall Freedom Tower skyscraper, an 8-acre memorial surrounding the spots where the twin towers stood and a winged glass-and-steel transit hub." The three new towers "would descend in height from the iconic Freedom Tower in a spiral around the memorial, which sets twin reflecting pools above the spots where the towers stood in a tree-filled plaza."

The New York Times (9/8, Dunlap, 1.21M) reports, "Taken in a single sweep, the designs presented yesterday by the developer, Larry A. Silverstein, offered the most comprehensive picture to date of what the finished trade center might -- just might -- look like in 2011 or 2012, if development unfolds as planned." That is "something it has stubbornly refused to do so far. Mr. Silverstein still needs tenants and financing. And the Police Department, which will review the security, has only just received the plans. Its objections to the original Freedom Tower forced a redesign last summer. Foundation work finally started in March." The Wall Street Journal (9/8, Frangos, 2.03M) also reports the story, as did the CBS Evening News (9/7, story 9, 0:20, Couric, 7.66M).

In his Wall Street Journal column (9/8), Daniel Henninger writes, "Whatever else the homicidal Muslim gangs thought they were going to accomplish on September 11, none could have predicted that five years later the site of their attack in lower Manhattan would remain 16 empty acres. More than nothing is happening at Ground Zero. … My myth is to believe they are filling the world with more gravity and moral seriousness about September 11 than one might have guessed from the downward spiral of our politics since that day. What eventually becomes of Ground Zero isn't so important anymore. More good than one might have hoped for has walked away from it."

WAR NEWS:

Bush Defends Decision To Invade Iraq. ABC World News (9/7, lead story, 9:30, Gibson) interviewed President Bush. Asked if his decision to invade Iraq was responsible for ending the US' post-9/11 unity, President Bush said, "No question people are concerned about the war in Iraq. Nobody likes war. And I don't like war. But I have to make decisions that I think are in the interests of this country. And one of the lessons of 9/11, you know, I was right here in the cabin, that I had time to reflect about that fateful day. I realized that we were at war. I also realized that it's really important for this nation to confront threats before they come to hurt us." Asked how Iraq was related to the war on terror, given that Saddam Hussein was not linked to the 9/11 attacks, Bush said, "No, I understand that people ask…how can Iraq be a connection when Saddam Hussein didn't order the attacks? And, you know, I understand that concern because he didn't order the attacks. The enemy, however, believes that Iraq is a part of the war on terror. Osama bin Laden has called Iraq central to the war on terror. And if we lose, if this young democracy fails, the enemy will be emboldened." Pressed on whether Iraq would have become a front in the war on terror if the US hadn't invaded, Bush said, "Now…I just told you. The President's job is to confront a threat. And if I can walk you back in history, Saddam Hussein was clearly a threat. He was a sponsor of terror. He was shooting at American airplanes. He was given a last chance. And it was his choice to make. Presidents don't get do-overs. But I'm going to make this statement to you -- this world is safer and better off without Saddam Hussein in power."

Conservative Group's Ad Links Iraq, Al Qaeda Threat. The AP (9/8, Kuhnhenn) reports, "Dovetailing with President Bush's war-on-terror message, a conservative advocacy group released a television ad Thursday warning that many critics of the war in Iraq 'would cut and run in the Middle East, leaving al-Qaida to attack us again.'" The ad "by Progress for America, a conservative group that gained prominence in the 2004 presidential election, displays images of past terrorist acts against the U.S. by Islamic terrorists and links the war in Iraq to the broader campaign against terrorism." The release "comes as President Bush is executing an aggressive political strategy nine weeks before midterm elections to draw attention to the continuing fight abroad and at home to thwart terrorists." The Progress for America ad "does not mention any candidates, but its first statewide run Thursday was in Missouri, where Republican

DOJ_NMG_0059364

Sen. Jim Talent is facing a tough re-election challenge from Democrat Claire McCaskill."

Support For Iraq War Seen As Waning In Former Strongholds Of Support. CBS Evening News (9/7, story 2, 2:45, Couric, 7.66M) reported, "President Bush says Iraq is a big part of the war on terror and two more American soldiers and a Marine have been killed in action there. With casualties rising, the President's approval ratings here at home are falling. The latest CBS News/'New York Times' poll shows just 36% of Americans approve of the job he's doing. Support for the war is slipping even in places where not long ago nearly everyone backed it." CBS (Pitts) goes on to interview people at a diner in Jacksonville, North Carolina, "home to camp Le Jeune, the largest Marine Corps base on the East Coast." May of those interviewed express misgivings about the war. CBS concluded its story saying, "Here in a place where war is so very personal. .And faith so very deep, the President is preaching to a choir that no longer seems quite so willing to believe."

Friedman Urges US To Push For Unity Among Iraqi Factions. Thomas Friedman writes in the New York Times (9/8, 1.21M), "To listen to the latest Bush-Cheney-Rumsfeld speeches, you'd think that our biggest problem in Iraq is a violent minority of 'extremists,' defying the democratic will of the Iraqi people." However, Friedman says, "We are stalled in Iraq not because of something some fringe antiwar critics said, or did, but because of how the Bush team, the center of US policy, approached Iraq from the start." He says the US is also "failing in Iraq because" the Shiite and Sunni mainstreams "either won't stand up to extremists or try to use their violence for their own purposes." Therefore, Friedman urges the US to "make one more big push to produce a more stable accord between Shiites, Sunnis and Kurds over how to share power and oil revenues and demobilize militias."

US Transfers Control Of Armed Forces To Iraqi Government. ABC World News (9/7, story 2, 0:20, Gibson) reported, "The US began handing over control of Iraq's armed forces to Iraq's government. And this was hailed as a milestone. But it's still not clear when Iraqi forces will be strong enough to allow US troops to leave. The transfer occurred as militants launched attacks."

NBC Nightly News (9/7, story 4, 0:20, Williams, 9.87M) also said "the handover coincided with a rash of new insurgent attacks aimed at the Iraqi police force in Baghdad. At least 17 people, most of them police officers, were killed."

The AP (9/8, Santana) reports "the ceremony in the heavily fortified Green Zone only transferred authority for one of Iraq's 10 divisions and its small air force and navy, and it remained unclear how quickly Iraqi forces would be prepared to take over security."

The Los Angeles Times (9/8, McDonnell, 918K) also reports the story, referring to the "highly symbolic move linked to a possible future drawdown of US troops." However, "at a time when both US and Iraqi officials are striving to show signs of progress, both sides touted the signing as something beyond a public relations gimmick. The Iraqi government assumed full authority over the nation's embryonic air force and navy, along with the one army division."

Charles Krauthammer writes in the Washington Post (9/8, A17, 748K), "Yesterday Maliki took over operational control of the Iraqi armed forces, the one national security institution that works. He needs to demonstrate the will to use it. The American people will support a cause that is noble and necessary, but not one that is unwinnable. And without a central Iraqi government willing to act in its own self-defense, this war will be unwinnable."

Baghdad Death Toll Remains Less Steep Than US Officials Predicted. The New York Times (9/8, Von Zielbauer, 1.21M) reports, "The Baghdad morgue recorded more than 1,500 violent deaths in August, a morgue official said Thursday, a notable reduction from July's toll but hardly the sharp drop that American military and Iraqi government officials had been predicting." The morgue official "said 1,535 bodies had been received in August, about the same number as in June and a 17 percent reduction from July. The morgue reported receiving 1,855 bodies in July, the highest number of civilian deaths for any month since the American-led invasion in 2003." The official "provided the information on the condition that he not be named because he was not authorized to speak for attribution."

The Washington Post (9/8, A12, Knickmeyer, 748K) reports, "Baghdad's morgue almost tripled its count for violent deaths in Iraq's capital during August from 550 to 1,536, authorities said Thursday, appearing to erase most of what US generals and Iraqi leaders had touted as evidence of progress in a major security operation to restore order in the capital. Separately, the Health Ministry confirmed Thursday that it planned to construct two new branch morgues in Baghdad and add doctors and refrigerator units to raise capacity to as many as 250 corpses a day." The morgue expansion plans "and the final body count for August show the dramatic surge in violence in Baghdad since US-led foreign troops entered Iraq in 2003."

IED Attacks Against US Troops Continue. USA Today (9/8, Brook, 2.27M) reports, "Iraqi insurgents continue to increase their homemade-bomb attacks on US and other coalition troops, despite a $3.5 billion Pentagon effort to stop them, a Pentagon official said Thursday." Iraqi insurgents "attacked troops of the US-led coalition 1,200 times in August with improvised explosive devices (IEDs), compared with 1,100 attacks in July, said retired Army general Montgomery Meigs." He "heads the Pentagon's anti-IED task force, the Joint Improvised Explosive Device Defeat Organization."

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USA Today adds, "August's figure is four times as many IED attacks as were reported in January 2004." The Washington Post (9/8, A12, Tyson, 748K) runs a similar report titled "Army Faces Rising Number Of Roadside Bombs In Iraq," and quotes Meigs saying, "We're making slow, grudging progress. … We're not going to bat a thousand." But "he predicted his organization -- which has grown from a small Army initiative of 12 people in 2003 to a Pentagon entity with 269 employees and a fiscal 2006 budget of $3.47 billion -- would 'do better' over time.'

The AP (9/8, Jelinek) reports, "Though he declined to give statistics, Meigs said the number of U.S. casualties from the bombs has remained almost constant over the last couple of years even though insurgents planted three or four times as many of the devices over that period." He also "said US forces have been finding more of the bombs, which are remotely detonated and often hidden in rocks, debris and the like."

Tape From Al Qaeda In Iraq Said To Feature Zarqawi Replacement. The Washington Post (9/8, A12, Raghavan, 748K) reports, "The new leader of al-Qaeda in Iraq called on insurgent groups to unite against the American occupation and vowed to avenge the death of his predecessor, Abu Musab al-Zarqawi, according to an audiotape broadcast on an Arabic satellite television network Thursday night." The recording "was believed to be the first taped message by Abu Hamza al-Muhajer, and it surfaced three months after Zarqawi was killed in a US airstrike north of Baghdad."

Al-Arabiya Offices In Baghdad Ordered To Close. The AP (9/8) reports, "The Iraqi government on Thursday ordered Arabic satellite network Al-Arabiya to shut down its Baghdad operations for one month, state television reported. Al-Arabiya said Iraqi police later arrived at its offices to enforce the order. The other pan-Arab satellite network, Al-Jazeera, had its office in the capital closed two years ago." The order "apparently was issued by Prime Minister Nouri al-Maliki's Cabinet." In July, al-Maliki "warned television stations against broadcasting video that could undermine Iraq's stability."

US Military Seeks Help In Training Iraqis In Reconstruction. The Washington Post (9/8, A15, Pincus, 748K) reports, "The joint military command in Iraq is seeking a team to train 100 senior and mid-level employees of the Iraq Ministry of Construction and Housing how to exercise oversight over the policy, planning and construction of public buildings, military facilities, housing, roads and bridges funded by the Baghdad government."

NATO General Says "Moderate Reinforcements" Needed In Afghanistan. USA Today (9/8, 2.27M) reports, "NATO's top commander in Afghanistan said 'moderate reinforcements' are needed to help the Western alliance defeat militants who have been resurgent in the southern provinces." US Army Gen. James Jones "is asking for 2,000-2,500 troops to augment the 18,500 in place, plus attack helicopters and transport aircraft." Jones "said NATO has been surprised by the intensity of attacks and by the militants' willingness to stand and fight rather than hit and run. The coming weeks could be decisive in the battle against the Taliban and other Islamic fundamentalist fighters, he said."

The Washington Post (9/8, A14, Anderson, 748K) reports, "NATO Secretary General Jaap de Hoop Scheffer endorsed Jones's call, telling reporters that 'all allies should think how they can help.' Jones and de Hoop Scheffer had just returned from a three-day visit to Afghanistan."

The AP (9/8, Garwood) says "Iraq-style suicide bombings, highly organized ambushes and dogged resistance have become hallmarks of Taliban holdouts who are fueling Afghanistan's worst violence since the US-led invasion toppled the hard-line regime in late 2001."

The Financial Times (9/8, Dombey) reports, "The admission that Nato needs more troops after clashes that have claimed the lives of British and Canadian soldiers in the past week, highlights the challenge facing the alliance in bringing order to the country where the attacks of September 11 2001 were planned. … Plans for Nato to concentrate on helping to develop infrastructure in the south of Afghanistan have taken a back step." The Washington Times (9/8, Garwood, 88K) also reports the story.

Hyde Calls For Overhaul Of US Counterdrug Policies For Afghanistan. The Washington Times (9/8, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, "House International Relations Committee Chairman Henry J. Hyde is warning the White House that Afghanistan is in danger of becoming a 'failed narcotics state.' He is calling for another overhaul of the administration's counterdrug policies in that country: less eradication and more attacks on drug kingpins, warlord allies, production labs and supply routes."

Musharraf Tells Afghan Officials Pakistan Will Aid Fight Against Al Qaeda, Taliban. The New York Times (9/8, Gall, 1.21M) reports, "President Pervez Musharraf of Pakistan, in a conciliatory speech to Afghan officials and members of Parliament, conceded Thursday that Al Qaeda and Taliban insurgents had been crossing the border into Afghanistan to mount attacks but denied that he or his government were backing them." In "a major policy

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shift that may cost him support at home," General Musharraf "pledged to seek out and destroy the command structure of insurgents apparently linked to Afghanistan's ousted Taliban rulers, who are fighting NATO and Afghan forces in southern Afghanistan." The Times adds, "It is the first time he has agreed to go after the Taliban leadership, something the Afghan government and Western countries with troops in Afghanistan have been demanding."

DOJ:

CORPORATE SCANDALS:

DOJ Probing Michaels Stores Stock Option Grants. The Fort Worth Star-Telegram (9/8, Landy) reports, "An inquiry into stock-options grants made by Michaels Stores Inc. during the 1990s has been transferred to the Justice Department's fraud unit, but a review by the craft-supplies retailer's audit committee found no intentional wrongdoing in the way stock options were awarded to executives." The Star-Telegram continues, "This summer Michaels, based in Irving, received a letter from the Securities and Exchange Commission and grand jury subpoenas issued in New York and Texas, all seeking documents related to stock-options grants. … According to a filing made Thursday with the SEC, Michaels learned this week that the New York subpoena had been withdrawn because of the transfer to the fraud unit." The Star-Telegram adds, "Present and former directors and officers of Michaels also have been accused in several shareholder lawsuits of breaching their fiduciary duties by re-pricing or backdating stock-option grants in the mid-1990s to make the awards more lucrative for the recipients. .. . On Aug. 25, outside lawyers working with the audit committee found that the company committed no intentional misconduct in its options practices. A separate internal committee, composed of board members Liz Minyard and Cece Smith, was formed Aug. 28 to 'investigate and make decisions on behalf of Michaels with respect to these subpoenas and any stock-option grant issue raised by the SEC,' as well as the shareholder lawsuits."

Stockman Targeted In SEC Investigation Of Auto Parts Company's Failure. The Washington Post (9/8, A1, Johnsonn, 748K) reports sources said lawyers at the Securities and Exchange Commission "recently notified" former Reagan Administration aide David A. Stockman "that he could face civil charges related to upbeat statements he made to investors two months before an auto parts company he ran sought bankruptcy protection last year." Securities regulators "are examining the role Stockman and other former executives played in alleged financial irregularities at Collins & Aikman Corp., with an eye on whether Stockman may have lied to investors by telling them the company's finances were being 'managed quite effectively' when he was aware of mounting problems. Federal prosecutors have also subpoenaed financial records from the company." Two sources "sympathetic to" Stockman "said Stockman did nothing wrong. Rather, they said, he knocked himself out to save Collins & Aikman from crippling industry forces that sent several competitors into bankruptcy proceedings. The sources said Stockman had no motivation to commit fraud. He apparently did not sell Collins & Aikman stock he owned during his tenure there and doubled his personal holdings to more than 300,000 shares between August 2004 and the day he left the Southfield, Mich., company in May 2005."

US Settles With Lay Estate Over Enron Pension Payouts. Market Watch (9/8, Jelter) reports, "Kenneth Lay's estate has agreed to pay $12 million to settle claims filed against the late Enron boss by the U.S. Labor Department on behalf of the thousands of Enron employees who lost their pensions when the company collapsed in 2001, officials said Thursday. … 'Although the proposed settlement provides a $12 million claim against the estate, the final recovery will depend upon the total amount of assets available for distribution from Lay's estate,' the Labor Department said in a written statement." Market Watch continues, "The department sued Lay and other top Enron executives in 2003, alleging mismanagement of retirement plans and lying to them about the company's failing financial health while encouraging them to buy Enron stock even as they were selling their own shares. … Despite Thursday's agreement, the settlement process is far from over for Lay's family. .. . The Justice Department earlier this week said it's seeking $40 million from the estate, asking Congress to pass a law that would allow it remove the 'doctrine of abatement' clause in the criminal code, which is typically used by the families of deceased felons to keep what prosecutors call ill-gotten gains."

CNNMoney (9/8, Pasha) reports, "Lay, who died of a heart attack after his conviction in May on charges on conspiracy and fraud related to Enron's collapse, testified during his trial that he was $250,000 in the red because most of his net worth was tied up in worthless Enron stock. He added that legal bills ate up the rest of his fortune and that he still owed millions to his attorneys." CNNMoney adds, "The Labor Department said any final recovery will depend upon the total amount of assets available for distribution from Lay's estate. The proposed settlement is subject to approval from the U.S. District Court for the Southern District of Texas. .. The department sued Lay in June 2003 for misrepresenting

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the company's financial turmoil to employees and encouraging them to continue to buy Enron stock even though he knew the company was in trouble. … He was also sued for failing to monitor those in charge of Enron's pension plans and, as a member of the board of the directors, for neglecting to appoint a trustee who would oversee the company's employee stock ownership plan. … The settlement, if approved, would add to the pot of money that's been recovered for the participants of Enron's doomed pension plan. The government and private plaintiffs have already recovered about $221 million from Enron, its board of directors, officers and fiduciaries that served on the pension plan's administrative committee. … But the recovery of the $221 million is being appealed. And the Labor Department has yet to settle with Enron's former chief executive Jeffrey Skilling, who was convicted of 19 counts of conspiracy and fraud in May."

Former DOJ Officials Seek Reversal Of Corporate Fraud Policy. The AP (9/8, Yen) reports, "Former top Justice Department officials are asking Attorney General Alberto Gonzales to reverse a policy they say unfairly pressures corporations facing possible indictment to disclose their confidential communications with attorneys." The AP continues, "In a letter released Wednesday, the 10 former officials, including Solicitor General Ted Olson and Attorney General Dick Thornburgh, said the Justice Department needed to rethink the 2003 policy that guides prosecutors in deciding whether to seek criminal charges against a business. … That policy, issued after scandals at companies like Enron Corp. cost shareholders billions of dollars, says prosecutors can consider reducing charges or not bringing them at all if a company waives attorney-client privilege and hands over otherwise confidential documents." The AP adds, "In the letter, the former Justice officials from both political parties joined the American Bar Association, American Civil Liberties Union and U.S. Chamber of Commerce in saying the policy is harmful because it discourages employees from seeking needed advice from company lawyers for fear of later disclosure. … Company lawyers could cooperate in government investigations by answering questions rather than turning over privileged documents wholesale, they said."

Bloomberg (9/8, Schmidt) reports, "Critics of the policy, including the U.S. Chamber of Commerce and the American Bar Association, say potential defendants risk indictment by invoking their right to keep conversations with their attorneys private. The companies also say they are forced by the policy into unreasonable and costly settlements. … The letter to Gonzales, dated Sept. 5 and made public today, gives a boost to the business-led campaign to overturn the policy. The Senate Judiciary Committee plans to hold a public hearing next week on the prosecution tactics." Bloomberg adds, "In cracking down on corporate fraud following scandals at Enron Corp. and WorldCom Inc., the government has increasingly offered companies leniency if they cooperate in an investigation. Guidelines on how companies can aid prosecutors are laid out in a 2003 memorandum by then-Deputy Attorney General Larry Thompson. … The Thompson memo, advising prosecutors on how they should decide whether to indict a company, gives examples of cooperation. They include whether a company has reported the potential fraud, whether it conducted its own investigation and whether it waived attorney-client privilege." Bloomberg notes, "Justice Department officials have defended the policy on waiving attorney-client privilege as necessary to speed up investigations and ensure that a company is fully forthcoming. … Kathleen Blomquist, a department spokeswoman, said the agency 'appreciates the views' of the former officials but disagrees with their criticisms."

The Legal Times (9/8, Mclure) reports, "Nearly all of the letter's signatories are now partners at large corporate law firms that defend companies and executives who have felt the sting of the Bush administration's current campaign against corporate misconduct."

WSJournal Touts Criticism Of "Thompson Memo" By Former Justice Officials. The Wall Street Journal (9/8, 2.03M) says in an editorial, "It's not every day that top Justice Department officials from the Carter, Reagan, Bush 41, Clinton and Bush 43 Administrations can all agree on a matter of law. That's what happened Tuesday, when three former Attorneys General, three former Deputy AGs and four former Solicitors General sent Alberto Gonzales a letter." The former officials "call the 'Thompson Memorandum' 'seriously flawed' and argue that it 'undermines, rather than enhances, compliance with the law.' The 2003 memo, written by then- Deputy Attorney General Larry Thompson, set out standards that U.S. Attorneys must apply when deciding whether to indict a company under investigation." The letter "focuses on the waiver of attorney-client privilege and a company's willingness to pay the legal fees of employees accused of wrongdoing. The memo makes plain that a company that refuses to waive attorney-client privilege or continues to pay accused employees' legal fees is more likely to face criminal indictment."

California Probers Suspect Crimes Committed In H-P Efforts To Trace Boardroom Leaks. The Wall Street Journal (9/8, Stecklow, Forelle, Wilke, Buckman) reports, "A widening scandal over Hewlett-Packard Co.'s investigation into leaks from its board of directors is casting an awkward light on the actions of its outside counsel, prominent Silicon Valley lawyer Larry Sonsini, and H-P's non-executive chairman, Patricia Dunn." The Journal continues,

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"In an unusual email exchange this summer between Mr. Sonsini and Tom Perkins, an H-P director who angrily resigned in May over a search of directors' phone records, Mr. Sonsini assured Mr. Perkins that the probe -- including its use of a practice called pretexting to obtain the phone records -- was 'well done and within legal limits.' … Late yesterday, a spokesman for California Attorney General Bill Lockyer said that state investigators now believe there was criminal activity involved in the methods used to search those records. Besides H-P directors, the company disclosed3 that nine reporters, including Pui-Wing Tam of The Wall Street Journal, had their phone records accessed by investigators working for H-P. … The company, which said it was unaware that pretexting was being used, said it was 'dismayed' that the information was accessed without reporters' knowledge."

The New York Times (9/8, Darlin) reports, "The California attorney general's investigation into the purloining of private phone records by agents of Hewlett-Packard has revealed that the monitoring effort began earlier than previously indicated and included journalists as targets." The Times continues, "The targets included nine journalists who have covered Hewlett-Packard, including one from The New York Times, the company said. … The company said this week that its board had hired private investigators to identify directors leaking information to the press and that those investigators had posed as board members — a technique known as pretexting — to gain access to their personal phone records." The Times adds, "In an interview Thursday about the state's criminal investigation of the Hewlett-Packard matter, Attorney General Bill Lockyer said, 'A crime was committed.' But he added: 'It is unclear how strong the case is. Who is charged and for what is still an open question.' … Mr. Lockyer said search warrants would be issued to obtain the records of Internet service providers in an attempt to trace the identities of the imposters. He said Hewlett-Packard was cooperating with the investigation into what he said was the first California case of a major corporation using such methods to obtain phone records."

The Washington Post (9/8, D1, Nakashima) reports, "Lockyer disclosed this week that he had begun a criminal investigation of methods used by HP's contractor to determine the source of a January leak to the media. The leak involved confidential board discussions about potential acquisitions and other corporate business. George A. Keyworth II, the board member who HP determined had leaked the information, resigned, as did another board member, who protested the methods used to determine the leaker's identity." The Post adds, "Privacy and consumer advocates said the controversy demonstrates the need for comprehensive laws that protect personal information from unauthorized access. The practice of faking identities to obtain personal information is escalating, as is the scope of the records being breached, privacy experts said. … At least four bills have emerged in Congress dealing specifically with unauthorized access to private phone records. But none has passed, despite lawmakers' vows early this year to have a bill on President Bush's desk by late spring. … In the absence of federal laws, states have taken the lead in enacting tough consumer protection and privacy statutes. California, where Hewlett-Packard is based, has some of the toughest, outlawing unauthorized access to computer records or computer systems to wrongly control or copy data. Another California law makes it a crime to obtain personal identifying information, such as a Social Security number, and use it for an unlawful purpose."

Departed Fiorina Still Casts Shadow At H-P. USA Today (9/8, Kessler) reports, "Carly Fiorina left Hewlett-Packard more than a year ago, but the ousted former CEO continues to have plenty of influence over the computer giant's fortunes. … HP shares Thursday fell for the fourth day in a row as board members continued a very public fight with one another. The battle, which includes an outcry about the possibly stolen phone records of board members and reporters, dates back to Fiorina's last month in office." USA continues, "At the same time, several notable business and technology news sources, including Forbes and CNet, have run articles attributing at least some of HP's recent successes to decisions Fiorina made. … The Fiorina buzz is expected to get even louder in October, when she releases her long-awaited tell-all book, Tough Choices. Publisher Portfolio had originally ordered 150,000 copies, which is a large run for a business book. But the company received so many calls this week that it might have to order more, says associate publisher Will Weisser. … Fiorina has stayed silent through the melee, promising to give interviews when her book comes out. But there's no question that the controversy is a huge distraction for her successor, CEO Mark Hurd, who is trying to turn HP around, says tech analyst Roger Kay at Endpoint Technologies Associates."

H-P Dispute Draws Attention To Pretexting Tactic. The Wall Street Journal (9/8, Binkley, Marr) reports, "When private investigators are accused of bad things, the people who hired them -- companies, law firms or individuals -- often deny that they ordered up illegal or unethical actions. Sometimes, that's enough to escape criminal or civil liability, even when the investigators themselves are under heavy legal fire." The Journal continues, 'The question of who is responsible for the actions of a hired private investigator is front and center in the current dust-up over Hewlett-Packard Co.'s probe of boardroom leaks. H-P has acknowledged that 'pretexting' -- the practice of posing as a person to obtain private phone records or other information about them -- was used in an investigation conducted on the company's behalf by a private investigator. A contractor hired by the investigator performed the pretexting." The Journal adds, "The most prominent recent example is the long-running federal probe of

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Anthony Pellicano, the so-called detective to the stars who for many years was in the employ of a long list of prominent Hollywood attorneys, actors and executives. … Earlier this year, Mr. Pellicano was indicted by a federal grand jury in Los Angeles accusing him of illegal activities including wiretapping and racketeering. … Mr. Pellicano's indictment has been messy and embarrassing for a number of people in show business -- including prominent Hollywood lawyer Bert Fields and executives like former agent Michael Ovitz, both of whom used Mr. Pellicano's services over the years. But the government hasn't charged those men, or their firms, and attorneys who have clients involved in the case say it's languishing." The Journal notes, "Attorneys don't all agree on whether a private detective's transgressions can enmesh an unknowing client in a criminal investigation, civil lawsuit or just an embarrassing situation."

The Wall Street Journal (9/8, Searcey, Young) reports, "Last year, the customer-service center at Verizon Wireless began receiving suspicious calls from someone posing as a Verizon Wireless employee who was helping 'voice-impaired' customers gain access to their cellphone records. … 'He just got out of the hospital with throat surgery' and couldn't make the call himself, the caller told the customer-service representative in one instance, according to legal filings. … But the caller was apparently operating a 'pretexting' scam, in effect calling under the pretext of being a representative of the customer. (Pretexters also pretend to be the actual customer.) Verizon sought an injunction to shut down the caller's company and its affiliates, including Data Find Solutions Inc. The companies were allegedly operating Web sites that sold consumers' cellphone and regular phone records for fees of $60 or more. A judge granted Verizon Wireless's request." The Journal adds, "Pretexting is a growing problem for phone companies, but it is even more of a problem for consumers. Private investigators, suspicious spouses and an increasing number of data-mining companies are engaging in the practice. Only in the past year or so has phone-company pretexting begun to draw attention from law-enforcement officials, lawmakers and phone-service providers. … In some instances, pretexters pretend to be phone-company employees seeking customer phone records. In others, the callers already have enough personal information about the actual customer to convince the phone company to let them access call records. … Phone companies have been striking back with legal action. In the past year, Cingular Wireless and T-Mobile as well as Verizon Wireless have gone to court against pretexters."

WSJournal Blasts Spitzer, Says AIG Case Was Prosecutorial Abuse. The Wall Street Journal (9/8, 2.03M) says in an editorial, "New York Attorney General Eliot Spitzer's office quietly admitted this week that it is dropping certain civil charges against Hank Greenberg, former CEO of AIG. Here ends a monumental story of prosecutorial abuse." Last year, "Mr. Greenberg was drummed out of the insurance empire he created after Mr. Spitzer accused him of presiding over a firm that was a 'black box' of accounting scandals. AIG settled with Mr. Spitzer, but Mr. Greenberg refused to roll over. Mr. Spitzer's spokesman, Darren Dopp, characterized this week's changes to the complaint as little more than a 'routine amendment.' Really? The prosecutor has in fact abandoned nearly every substantive claim he'd made against the insurance titan, claims that helped lose Mr. Greenberg his job."

CRIMINAL LAW:

Armitage Admits He Was "Primary" Plame Source For Novak, Woodward. The New York Times (9/8, Johnston, 1.21M) reports, "Expressing regret for his actions and apologies to his administration colleagues," former Deputy Secretary of State Richard Armitage "confirmed Thursday that he was the primary source who first told a columnist about the intelligence officer at the center of the C.I.A. leak case." Armitage said, "It was a terrible error on my part. There wasn't a day when I didn't feel like I had let down the president, the secretary of state, my colleagues, my family and the Wilsons. I value my ability to keep state secrets. This was bad, and I really felt badly about this." Armitage "also confirmed what had long been speculated — that he was the anonymous government official who talked to Bob Woodward...about the Central Intelligence Agency officer, Valerie Wilson, in June 2003. It is the first known conversation between an administration official and a journalist about her." Armitage "said he had wanted to disclose his role as soon as he realized that he was the main source for" Robert Novak's column, but "he held back at the request of Patrick J. Fitzgerald, the prosecutor."

The Washington Post (9/8, A3, 748K) reports Armitage, "who said he testified about his actions to a grand jury three times, was not charged for making the disclosure, a circumstance he attributes to his candor in speaking with investigators about his action. He turned over his computers and never even hired an attorney, Armitage said, because 'I did not need an attorney to tell me to tell the truth.'" The Post adds the confirmation of "Armitage's role has provoked criticism of both him and the special counsel, Patrick J. Fitzgerald, who learned of it shortly after his appointment in 2003. Some have questioned why Armitage waited so long to speak up about it, and why Fitzgerald spent two years appearing to chase a question that had already been answered." Armitage said "that he was asked, during the course of the investigation, whether he had discussed the

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leak in advance with other senior administration officials, and that he replied: 'Hell, no.'"

The CBS Evening News (9/7, story 3, 2:50, Couric, 7.66M) reported the Plame "leak ultimately sent a reporter to jail, got a top White House aide indicted, and set off a criminal investigation that has cost taxpayers $20 million so far." CBS (Martin) added Armitage "couldn't be any blunter." Richard Armitage: "Oh, I feel terrible every day. I think I let down the President I let down the Secretary of State, I let down my Department, my family, and I also let down Mr. and Mrs. Wilson." Martin: "You feel you owe the Wilson's an apology?" Armitage: "I think I've just done it." CBS adds that of the "nearly three year" time delay in coming forward, Armitage added, "The special counsel, once he was appointed, asked me not to discuss this and I honored his request." Martin: "Armitage never did tell the President but he's talking now because the special counsel told him he could."

McClatchy Newspapers (9/8, Strobel) says Armitage "acknowledged Thursday that he was [Novak's] primary source," and "that the disclosure was inadvertent and that he had cooperated fully with Justice Department special counsel Patrick Fitzgerald in the months since." Armitage "said he had no partisan intent in mentioning that Wilson's wife worked at the CIA at the end of an interview with Novak on other subjects." He "was rueful nonetheless, and disclosed that he had written a letter of resignation as the State Department's No. 2 official and closest adviser to then-Secretary of State Colin Powell." The AP (9/8, Apuzzo) adds Armitage "said Thursday he inadvertently disclosed" Plame's identify to Novak and Woodward. He "apologized for his conversations with" both men, and "said he was not a part of a conspiracy to reveal Plame's identity and did not know whether one existed. He described his June 2003 conversation with Woodward as an afterthought at the end of a lengthy interview."

US Arrests Sportingbet Chairman. Bloomberg (9/8, Weeks) reports, "U.S. authorities arrested Sportingbet Plc Chairman Peter Dicks, the second executive of a British gambling company to be held amid a government crackdown on Internet betting." Bloomberg continues, "Dicks, 64, was arrested yesterday at 11:30 p.m. at John F. Kennedy International Airport, said Pasquale DiFulco, a spokesman for the Port Authority of New York and New Jersey. He is being held as a fugitive based on a warrant from Louisiana and is awaiting extradition, DiFulco said. A spokesman for the company declined to comment on his detention." Bloomberg adds, "Shares of online betting companies plunged, and Sportingbet, which gets more than half its revenue from the U.S., asked that trading in its stock be suspended. U.S. officials say online betting sites can be used to launder money and sell drugs, and that they lack safeguards to screen out minors and gambling addicts. … 'Unless the chairman is being held on charges unrelated to online gaming, we can probably assume the Department of Justice has an agenda against sports-betting companies that are using telephone lines to make bets,' said Andrew Lee, an online gaming analyst at Dresdner Kleinwort in London. … Dicks is scheduled to appear in court after 6:30 p.m. in state court in Queens, New York, as a fugitive, said a court clerk who declined to identify herself."

The Los Angeles Times (9/8, Hiltzik) reports, "The Dicks arrest follows the July 17 arrest of David Carruthers, chief executive of BetOnSports.com, another online sports book. Carruthers was on a layover at Dallas-Fort Worth Airport between Costa Rica and Great Britain when he was taken into custody on federal charges including racketeering and mail fraud. He is under house arrest in a St. Louis suburb and awaiting trial early next year. The company discharged Carruthers and has shut down its U.S. operation. Its future remains in doubt. … While it is not illegal under U.S. law for Americans to make online bets, federal prosecutors maintain that it is illegal for online operators to solicit or accept them, even when their operations are located offshore." The Times notes, "Experts in gambling law said the two arrests underscored an intensified government attack on Internet gambling at a time when the online customer base is expanding rapidly worldwide and the technology to mask the source and destination of wagers is improving. The online gambling market is estimated at more than $11 billion annually and is projected to reach $25 billion by 2010. More than half of that is estimated to come from bettors in the United States."

The Wall Street Journal (9/8, Vitorovich) reports, "Like BetOnSports, before it fired Mr. Carruthers and closed its U.S. operations, Sportingbet accepts online bets from U.S.-based customers on sporting events as well as games such as casino and poker. It generates 65% of its earnings from the U.S., where online sports betting is illegal."

PartyGaming Head Charges US With Using Protectionist Tactics. The London Guardian (9/8, Bowers) reports, "PartyGaming chief executive Mitch Garber yesterday issued a thinly veiled attack on the manner in which the US justice department appears to be pursuing offshore gambling operators that seek customers in America." The Guardian continues, "Speaking less than an hour after learning of the arrest of Sportingbet chairman Peter Dicks, he said: 'We are a FTSE 100-compliant company. If the department of justice has any issue with our business, I would hope they would notify us and communicate that with us fully.' … Mr Garber also said he was hopeful that the company would be licensed by the UK Gambling Commission, a move that would add regulatory legitimacy to the world's largest online gambling group." The Guardian adds, "Like most internet operators, PartyGaming is licensed

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in an offshore territory and not subject to regulation in the main markets in which it operates. He praised the British authorities, and the Treasury in particular, for a "progressive" attitude to online betting. … He attacked countries that appeared to be mirroring US attempts to ban online gambling while protecting their domestic industries. 'They are penalising companies for being innovative and for their speed of growth - which is often faster than governments can cope with. All these countries have gaming themselves: casinos, racetracks and the like ... All we want is regulation.'"

Tennessee Judge Sentenced 42 Months In To Prison For Extortion. The Knoxville News Sentinel (9/8, Satterfield) reports, "His supporters' glowing endorsements were laughable and his excuses unacceptable. That was U.S. District Court Judge Thomas Phillips' blunt assessment of former Roane County General Sessions Court Judge Thomas Alva Austin's bid Thursday to win a sentencing break. … Phillips ordered Austin to spend the next 42 months in a minimum-security federal prison for his guilty pleas earlier this year to charges he forced some $14,000 in kickbacks from operators of a driving school the judge created and a private probation firm where he ordered offenders to report." The News Sentinel notes, "A probe by FBI Special Agent Bob Gibson revealed allegations that Austin had been using his robe to line his pockets for a decade, collecting as much as $100,000 in kickbacks. Austin's own words, captured in secretly recorded conversations between the judge and his extortion victims, raised allegations that he solicited sexual favors from women appearing in his court and routinely smoked marijuana."

Retrial Of Former New Mexico Treasurer Gets Underway. The AP (9/8, Korte) reports that the retrial of former New Mexico Treasurer Robert Vigil. Assistant US Attorney Steven Yarbrough "described how investment advisers delivered kickbacks through alleged bagmen -- many of them witnesses who are cooperating with the government in the case." Vigil lawyer Sam Bregman said that "Vigil believed money he accepted from investment advisers constituted legitimate campaign contributions. … He also attacked the FBI undercover operation that produced key pieces of evidence, such as tape recordings and videotapes showing Nelson handing $10,000 to Vigil." The AP adds, "Testimony began at midmorning. The government's first witness was San Diego FBI agent Lamont Siller, who described how he tape-recorded calls between Nelson and Vigil after Nelson agreed to cooperate with the government. The defense team questioned the authenticity of compact discs of the conversations, prompting a break in Siller's testimony."

FBI Closes Tampa Corruption Trial Without Charges. The Tampa Tribune (9/8, Silvestrini, Krause) reports, "No officials at the Hillsborough County Courthouse will be charged with any crimes at the conclusion of a lengthy investigation into possible corruption. Carl Whitehead, special agent in charge of the Tampa office of the FBI, said: 'I am very confident that we have conducted a thorough and exhaustive investigation into these allegations. We were not able to substantiate those allegations. I believe the public should feel comfortable and have a sense of confidence that they can deal with their state court system. I have no information that would indicate otherwise.' U.S. Attorney Paul Perez said Thursday: 'Bottom line, is that the FBI and the FDLE over the last number of years received a lot of complaints, leads, allegations, and they did their due diligence in running out each one of those, and that took time.'"

Gotti Defense Calls Minister, Sliwa To Testify. Newsday (9/8, DeStefano) reports, "A former state correction officer who is now a clergyman testified Thursday that reputed mobster John A. Gotti often told him he wanted to emigrate to Canada." Jerry Hargraves, testifying for the defense, "said he had numerous conversations with Gotti when the reputed Gambino crime family captain was being held at a state prison in Valhalla in 1998 while under a federal indictment." Additionally, Curtis Sliwa "testified for more than three hours Thursday as a defense witness in what appeared to be an effort to show how his testimony contradicted that of other informants. Under questioning by defense attorney Charles Carnesi, Sliwa stuck to the essentials of his earlier testimony about being abducted and escaping." The AP (9/8) adds that Sliwa testified "he often lied to draw attention to his civilian crimefighting group. 'I said, "Well, if they won't give us credit for things we've done, I'll make something up,"' Sliwa recalled in his testimony." Calling Sliwa "allowed…Carnesi to put heavy emphasis on Sliwa's failings and less focus on his 1992 baseball bat beating and dramatic escape from a taxi after he was shot a few months later." The New York Daily News (9/8, Zambito, Martinez, 729K) and New York Post (9/8, Cornell, 608K) also report on the testimony by Sliwa and Hargrave.

Gambino Underboss Sentenced To 11 Years In Prison. The AP (9/7, Neumeister) reported, "A judge sentenced Gambino crime family underboss Anthony Megale to more than 11 years in prison Wednesday, warning him to change his ways so he does not return to a life of crime when freed eventually. U.S. District Judge Alvin K. Hellerstein imposed the sentence of 11 years and three months in prison after Anthony Megale pleaded guilty in March to racketeering and extortion charges, admitting participation in a wide

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ranging racketeering enterprise. … As part of Megale's plea, he admitted extorting the owners of a restaurant in Greenwich, Conn., a New Jersey trucking company and a construction company in Westchester County." The AP added that "Hellerstein also ordered Megale to pay a fine of $30,000 and to forfeit $100,000 he pocketed from his crimes." The Westchester Journal News (9/7, O'Connor) also reported on the sentencing.

FBI Arrests Long Island Businessman On Illegal Hazardous Waste Storage Charges. The New York Post (9/8, Geller, 608K) reports, "The owner of a Long Island titanium manufacturing firm was busted yesterday on charges of illegally storing more than 11 tons of corrosive hazardous waste at his plant, turning the site into a set for a 'science-fiction horror movie.'" Gerald Cohen, "owner of Lawrence Aviation Industries in Port Jefferson Station, also was accused of allowing the plant's generators to emit 444 tons of smog-producing nitrogen oxide. He pleaded not guilty in Central Islip federal court and was released on $11 million bond." The New York Daily News (9/8, Weir, 729K) notes, "FBI agents yesterday arrested Cohen, 72, at his…home in St. James. … The bail was secured by his ownership of three parcels of property totaling 75 acres at the Lawrence Aviation site." The Daily News adds, "Investigators believe that the contaminants have affected the region's aquifer, which feeds 47 public supply wells and serves about 120,000 people within 4 miles of the site. … Cohen faces up to 15 years in prison if convicted of the crimes."

Newsday (9/8, Kessler) reports, "The owner of one of the most notorious toxic-waste sites on Long Island was arrested yesterday by FBI agents." Cohen "also was charged with one count of violating the Clean Air Act for allowing two diesel power generators that produced electricity for the company to discharge into the air as much as 440 tons of smog-producing nitrogen oxide between 2001 and 2003, according to Roslynn Mauskopf, the U.S. attorney for the Eastern District. … 'Commerce and the economy can co-exist with conservation and ecology, provided people conduct themselves and their businesses lawfully,' said Mark Mershon, the head of the FBI in New York."

Pollster Pleads Guilty To Making Up Data For Bush Campaign, Others. The AP (9/8) reports the owner of DataUSA Inc., "a company that conducted political polls for the campaigns of President Bush, Sen. Joe Lieberman and other candidates, pleaded guilty to fraud for making up survey and poll results." Tracy Costin "pleaded guilty Wednesday to one count of conspiracy to commit wire fraud. Costin, 46, faces a maximum of five years in prison and a fine of up to $250,000 when she is sentenced Nov. 30." As part of "her plea agreement, Costin agreed to repay $82,732 to the unidentified clients for 11 jobs between June 2002 and May 2004. DataUSA is now known as Viewpoint USA." An FBI affidavit "from 2004 quotes a supervisor of the company estimating that 50 percent of the data sent to Bush's campaign was falsified. FBI Special Agent Jeff Rovelli, who wrote the affidavit, said Thursday that investigators were not able to verify the claim related to Bush because that data was not located and analyzed."

Man Arrested In String Of Sexual Assaults In Phoenix Area. USA Today (9/8) reports, "Police have arrested a construction worker on suspicion of sexually assaulting two sisters whose attack has been blamed on the city's 'Baseline Killer.' … However, police said the man has not been linked to the rash of crimes in the Phoenix area — including eight killings and 11 sexual assaults — that police have said may be the work of a single predator." USA continues, "Mark Goudeau, 43, was arrested Wednesday on charges he is the man who attacked two sisters in a Phoenix park in September 2005. He was booked on suspicion of aggravated assault, kidnapping, sexual assault and sexual abuse. He was held without bail. … 'This suspect has been arrested for the sexual assault in one case only and is not connected to any other case in this series at this time,' Phoenix Police Chief Jack Harris said. … 'We will continue to pore over evidence we have obtained, and further analysis is forthcoming,' he said." USA adds, "Police Cmdr. Kim Humphrey said investigators spent Thursday contacting victims and witnesses from other crimes to see whether any could pick Goudeau out of a photo lineup. Humphrey said Goudeau resembles a widely circulated police sketch depicting the Baseline Killer as a man with dreadlocks. … In the past, the Phoenix police have said that the attack on the two sisters was believed to be part of the series of sexual assaults, robberies and slayings blamed on a serial predator whose earliest crimes happened along the city's Baseline Road. … The Baseline Killer has been linked to crimes dating to August 2005, including eight killings, 11 sexual assaults of women and girls, and several robberies. Investigators have said they connected the crimes through either forensic evidence or similarities in the way they were committed."

Despite Criminal Charges, Prep Footballer Retains Eligibility. The Washington Post (9/8, A1, Saslow, Barr) reports, "They have decided, as a team, that Pat Lazear's troubles no longer exist. He and four friends were never arrested for the robbery of a Bethesda smoothie shop. Police never charged Lazear with two felonies. The Montgomery County school system never forced him to transfer from Whitman High School before his senior year." The Post continues, "None of the incidents is relevant to

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Lazear's new football teammates at Wheaton High School, so they've instituted a simple rule: Treat Lazear as if his life began Aug. 15, when the All-Met linebacker arrived at Wheaton's practice field and revived the school's football team." The Post adds, "More than five months after he allegedly drove the getaway car in a felony robbery and three months after Whitman forced him to finish his junior year at home, Lazear, 17, has reclaimed his place in football's hierarchy. More than 20 Division I colleges have offered Lazear scholarships, and he will likely choose between Alabama and Ohio State. Coaches at Wheaton consider Lazear's arrival to be the luckiest incident in the team's recent history. Teammates voted Lazear captain, even though the Maryland judicial system forces him to wear a black ankle monitor so it can track his whereabouts. … Lazear will face armed robbery charges as an adult in a trial set for Nov. 29, but his football community has already rendered its own verdict: His guilt or innocence hardly matters, Wheaton players and coaches said. Lazear has transformed Wheaton into a playoff contender, and he will start on offense, defense and as the punter tonight in the season-opening game at Seneca Valley."

CIVIL LAW:

1st Circuit Rules Massachusetts Woman Cannot Sue FBI Over Bulger Murder. The Boston Globe (9/8, 425K) reports in "New England In Brief" that the 1st US Circuit Court of Appeals "ruled yesterday that the wife of a Quincy safecracker who was kidnapped, tortured, and killed in 1983 by longtime FBI informants James 'Whitey' Bulger and Stephen 'The Rifleman' Flemmi can't sue the government because she waited too long to file her $50 million lawsuit." The court "upheld a judge's dismissal of Elaine Barrett's lawsuit last year, finding that she knew by March 2000 that the FBI's mishandling of Bulger and Flemmi resulted in the murder of her husband, Arthur 'Bucky' Barrett, yet she waited nearly three years to file a claim." The Globe notes, "Earlier this week, US District Judge Reginald C. Lindsay, the same judge who dismissed Barrett's suit, ordered the government to pay $3.1 million to the mother of Quincy fisherman John McIntyre, who was murdered in 1984."

FTC Settles Children's Privacy Case With Xanga For $1 Million. The Washington Post (9/8, D5, Noguchi) reports, "Social-networking site Xanga.com Inc. and its operators said yesterday that they would pay a $1 million fine for alleged violations of the Children's Online Privacy Protection Act, at a time of heightened parental and government concern about children's safety online." The Post continues, "In a settlement with the Federal Trade Commission, Xanga also agreed to increase its privacy controls after allegedly collecting, using and disclosing personal information collected from children under age 13. … The settlement named the company and its principals, Marc Ginsberg and John Hiler." The Post adds, "The site, with 25 million registered members, is one of several Web sites where people meet and make connections. … The settlement followed numerous congressional hearings and several legislative proposals aimed at addressing concerns that younger Internet users are exposing themselves online to sexual and financial predators. MySpace, after complaints and media reports that its site was being used by sexual predators, this year hired a security chief. … The law 'requires all commercial Web sites, including operators of social networking sites like Xanga, to give parents notice and obtain their consent before collecting personal information from kids they know are under 13,' FTC Chairman Deborah Platt Majoras said in a written statement. Although the site said children under 13 were not permitted to join, it accepted registrations from those who submitted birth dates indicating that they were underage."

US Honors Prison Whistleblower. McClatchy (9/8, Doyle) reports, "Leroy Smith paid a price for blowing the whistle at Atwater federal prison. On Thursday, the Bush administration paid him back with some honors." McClatchy continues, "In a ceremony that vindicated Smith's work, but does not erase the pain he endured, the Office of Special Counsel presented Smith with its 2006 Public Servant Award. The award recognizes the prison safety officer as the nation's 'outstanding whistleblower.' … Smith had revealed that Atwater inmates and prison workers were being exposed to dangerous chemicals while recycling old computers. After prison officials minimized the health problems, Smith continued to pursue the complaints with the Office of Special Counsel." McClatchy adds, "Smith's ambivalence arose because of a peculiar twist that tainted the award presentation itself, and seemingly raised questions about ongoing government concern about the charges he raised. … Some five years ago, Smith began calling attention to the computer recycling program at what is formally called United States Penitentiary Atwater. He reported that about 120 inmates were busting the old computers open with hammers, spreading toxic chemicals into the air. … Cancer, kidney disease, central nervous system ailments and other health problems have all been linked to toxic exposure. … Smith eventually brought the complaints to the Office of Special Counsel, an independent federal agency responsible for protecting whistleblowers and investigating their complaints. … 'Managers recklessly, and in some cases knowingly, exposed inmates and staff to unsafe levels of lead, cadmium and other hazardous materials over a period of years,' Scott Bloch of the Office of Special Counsel concluded in a 53-

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page report finished earlier this year. … Two separate reports by the federal Bureau of Prisons were 'sadly inadequate,' Bloch declared. As a result of Bloch's follow-up inquiry, the Justice Department's Office of Inspector General is now conducting its own investigation."

CIVIL RIGHTS:

7th Circuit Hears Arguments On Indiana Legislative Prayer. The AP (9/8, Smith) reports, "Indiana's battle over prayer in the state House of Representatives headed to the 7th U.S. Circuit Court of Appeals Thursday in a case House Speaker Brian Bosma and one judge say could have national ramifications." The AP continues, "The U.S. Department of Justice and lawyers for Bosma urged a three-judge panel in Chicago to overturn a lower court ruling prohibiting the House from opening its daily business with sectarian prayers." The AP adds, "The same 7th Circuit panel voted 2-1 last spring to deny Bosma's request to temporarily lift the ban while the case was appealed. But the court said the case deserved review because it involved internal proceedings of a legislative body and raised important federalism concerns. … 'The court clearly recognizes that this decision has implications far beyond the Indiana House of Representatives,' Bosma, R-Indianapolis, said after the arguments." The AP notes, "Prayer in the Indiana House was a tradition for 189 years until the American Civil Liberties Union of Indiana challenged the practice on behalf of four people, who believed the prayers - usually Christian - were offensive and violated the constitutional separation of church and state. … Of 53 opening prayers during the 2005 House session, 41 were given by clergy identified with Christian churches and at least 29 mentioned Jesus Christ. … In a brief filed in the case, the Justice Department says the United States has a substantial interest in the matter. … 'The United States Congress, from the first Continental Congress in 1774, has appointed chaplains to open each legislative day with an invocation, and the prayers have frequently included sectarian references, including references to particular religious deities,' the brief noted."

3rd Circuit Upholds Dismissal Of Sex Bias Claim Against Catholic College. The Legal Intelligencer (9/8, Duffy) reports, "In a judicial about-face, the 3rd U.S. Circuit Court of Appeals has reversed itself and upheld a lower court's dismissal of sex discrimination claims against Gannon University, a Catholic diocesan college in Erie, Pa., brought by a woman who said she was ousted from her post as chaplain only because she is a woman." The Intelligencer continues, "In Petruska v. Gannon University, the court vacated a groundbreaking opinion authored by the late Judge Edward R. Becker just prior to his death in May that had revived Lynette M. Petruska's lawsuit and rejected the university's defense under the 'ministerial exception' to Title VII. … Becker found that the ministerial exception should be 'carefully tailored' and applied only when the alleged discrimination somehow relates to the religious beliefs, doctrine or internal regulations of a church. … 'Where a church discriminates for reasons unrelated to religion, we hold that the Constitution does not foreclose Title VII suits,' Becker wrote. … 'Employment discrimination unconnected to religious belief, religious doctrine or the internal regulations of a church is simply the exercise of intolerance, not the free exercise of religion that the Constitution protects,' Becker wrote in an opinion joined by Judge Richard L. Nygaard. … But in a dissent, Judge D. Brooks Smith said he believed Becker's opinion 'effectively refuses to recognize any ministerial exception, placing this court at odds with every other federal court of appeals to consider the issue.'"

Conference In Louisville To Discuss School Desegregation Policies. The Louisville Courier-Journal (9/8, Kenning) reports, "More than 200 educators and civil-rights activists are gathering in Louisville for a conference" organized by the Louisville NAACP "on school desegregation -- at a time when such policies face landmark legal challenges." The U.S. Supreme Court recently "agreed to hear cases challenging such policies in Louisville and Seattle." And "the Bush administration recently filed a brief urging the high court to strike down Jefferson County Public Schools' policy, arguing it amounts to an illegal quota and unfairly burdens some students." The conference is "expected to draw top officials from groups such as the National Education Association and the National Association for the Advancement of Colored People to discuss the benefits, shortfalls and future of school integration."

Bush Administration Urged To Change Mind On Use Of Race In School Assignments. The Los Angeles Times (9/8) reports, 'To his credit, President Bush chose a Cabinet that (to quote former President Clinton) 'looks like America.' Now the same administration that takes race into account in assembling a government has asked the Supreme Court not to allow school districts to do the same thing in filling their classrooms." Solicitor General Paul D. Clement argued in "a brief with the high court" that "public schools in Seattle and Louisville, Ky. -- and everywhere else -- may not take steps to maintain a measure of racial balance." The administration "is telling the court that school systems that place a priority on diversity violate the 'equal protection of the laws' guaranteed by the 14th Amendment." But "given segregated housing patterns and persistent racial disparities in family income, in many places the only way to bring

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students of different races together is to take account of race -- just as Bush has done in his own administration."

ANTITRUST:

SCOTUS Moves Toward Re-Examining Key Antitrust Precedent. The Legal Times (9/8, Mauro) reports, "The Supreme Court has moved closer toward re-examining one of the biggest and hoariest precedents in antitrust law, known to law students everywhere as the Dr. Miles rule." The Times continues, "In an order released Aug. 28, the Court issued a stay of a judgment of the 5th U.S. Circuit Court of Appeals in a case that squarely tests the Dr. Miles precedent. .. .Under that rule, established in the 1911 case of Dr. Miles Medical Co. v. John D. Park & Sons Co., minimum prices manufacturers set on what dealers can charge customers for their products are deemed as illegal per se under the Sherman Act, no matter what evidence might be presented." The Times adds, "The per se rule has come under increasing attack in recent years as being too rigid to take into account market factors that argue for minimum price setting -- including the perceived problem of 'free-rider' discount retailers, who piggyback on the advertising, promotion and informed sales force of other merchants selling the same product. … Critics of the rule suggest the time is right to mount an attack on Dr. Miles, after the Court's last term in which it rejected two lesser-known per se antitrust rules. The rule played a role in major antitrust litigation, including the Nine West litigation, in which several states and the Federal Trade Commission sued the company for fixing the price of women's shoes. A settlement in the case was reached in early 2000." The Times notes, "Though the Court has not yet granted review in the pending case, Leegin Creative Leather Products v. PSKS, its agreement to stay a 5th Circuit judgment that upheld Dr. Miles is a sign of substantial interest among the justices in taking up the case. … 'This is a potentially very major development,' says former Solicitor General Theodore Olson, a Gibson Dunn & Crutcher partner who sought the stay on behalf of Leegin, which makes women's accessories under the Brighton's label. 'A stay is only granted if the justices regard a grant of cert as reasonably likely and there is a fair prospect that the decision below is erroneous.'"

Judge Approves New Deadline For Microsoft Antitrust Compliance. CNET News (9/8, Broache) reports, "A federal judge has granted a two-year extension of portions of the landmark antitrust agreement reached by U.S. and state government plaintiffs with Microsoft." CNET continues, "At a periodic status conference here on Thursday, U.S. District Judge Colleen Kollar-Kotelly granted formal approval to the extension, saying she was satisfied with the parties' justifications for the extra time. The judge also said she would sign off, as expected, on the changes to the final judgment, which she initially approved in 2002." CNET adds, "Last week, the Justice Department and Microsoft filed a joint motion seeking an extension until Nov. 12, 2009, of provisions of the settlement relating to the Microsoft Communications Protocol Program. The MCPP, a requirement of the 2002 antitrust settlement, is designed to help third-party developers in creating software that works with Windows. … Keeping tabs on the MCPP documentation effort has become the central focus of federal and state prosecutors and the judge, who all recently criticized Microsoft for dragging its feet on compliance. Microsoft is undertaking a similar project to comply with orders in Europe." CNET notes, "Under the modified agreement, the government would have the 'unilateral' ability to ask the court to extend the provisions related to the MCPP up to 2012. The remaining portions of the settlement, which relate to other licensing and middleware obligations, would expire as scheduled on Nov. 12, 2007. … U.S. Department of Justice attorney Aaron Hoag told the judge Thursday that the government has 'no substantive complaints' about Microsoft's performance in the expiring areas. The company has fully resolved, for instance, a situation last fall in which it acknowledged it had circulated a draft marketing plan that would have forced portable-music player makers to exclude rival media player software from CDs packaged with their devices."

Microsoft May Delay European Vista Launch Due To Antitrust Concerns. Bloomberg (9/8, Newman) reports, "Microsoft Corp., the world's largest software maker, said it may delay the release of its next version of the Windows operating system in Europe if regulators demand changes to the software." Bloomberg continues, "Microsoft is waiting for a response to the company's proposals to the European Commission to ensure that Windows Vista is 'fully compliant with European law,' said Tom Brookes, a spokesman for Redmond, Washington-based Microsoft. The commission said it is reviewing the proposal that it received last month." Bloomberg adds, "Vista is two years behind schedule and a further delay may cost Microsoft hundreds of millions of dollars in revenue, Chief Financial Officer Chris Liddell said in July. Microsoft said last month that legal uncertainties in Europe may cause the company 'to delay release dates for Windows.' … 'Once we receive the Commission's response, we will know whether the Commission is seeking additional product design changes that would result in delay in Europe,' Brookes said in a statement today. … Microsoft is planning to release Vista to corporate customers in November and to retail stores in January, Brookes said."

The Wall Street Journal (9/8, Echikson) reports, "In a written response, EU antitrust spokesman Jonathan Todd said it is misleading for Microsoft to imply regulators are

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delaying the launch of Vista. Regulators sent Microsoft a 'detailed list' of concerns about Vista at the beginning of July. Microsoft asked for an extension to reply and finally did so at the end of August. The European Union's top antitrust regulator, Neelie Kroes, spoke by telephone about the issue Aug. 22 with Microsoft Chief Executive Steve Ballmer, Mr. Todd said."

Valero Energy Weighs Purchase Of European Oil Refineries. Bloomberg (9/8) reports, "Valero Energy Corp., North America's largest refiner, is looking to possible plant acquisitions in Europe to keep revenue growing and gain flexibility to capitalize on shifts in profit margins across continents." Bloomberg continues, "Europe represents 'a growth platform,' Executive Vice President Richard Marcogliese said in a meeting Wednesday with workers at Valero's Corpus Christi refinery. … The San Antonio-based company is looking to overseas purchases and is considering expansions into other industries, such as chemicals, as U.S. refinery acquisitions become too expensive." Bloomberg adds, "Valero already sells some fuel in Europe from its Aruba refinery. Having one or more plants in Europe would let it shift more of its sales when market swings make fuels more profitable on one continent than another. … Another consideration for Valero is that it won't be inhibited by antitrust concerns in Europe, Marcogliese said. For example, he said, the Federal Trade Commission wouldn't let Valero acquire any more plants in California out of concern it would have too much market dominance there."

House To Consider Revision To Texas Airfield Pact Next Week. The Dallas Morning News (9/8, Reddy) reports, "Legislators from North Texas continued scrambling Thursday to ease antitrust concerns in legislation to lift the Wright amendment. … But they'll have to wait another tense week." The News continues, "The House Judiciary Committee deferred consideration of the bill that would end flight restrictions at Dallas Love Field. Other items on the panel's agenda forced the Wright battle into next week. … The panel was scheduled to consider language in the Wright bill related to competition laws and antitrust issues that have drawn concerns from key lawmakers." The News adds, "The powerful chairman of the Judiciary Committee, Rep. James Sensenbrenner, R-Wis., has objected to parts of the legislation that could exempt American Airlines Inc. and Southwest Airlines Co. from laws governing competition. .. .The two North Texas carriers and other parties to the deal agreed Wednesday to remove a short phrase that would effectively immunize the deal from a legal challenge under competition laws. But it was unclear whether that would satisfy Mr. Sensenbrenner. … The legislation, which has already passed the House Transportation and Infrastructure Committee, would implement terms of a June agreement among American, Southwest, the cities of Dallas and Fort Worth and Dallas/Fort Worth International Airport."

Shareholders OK Alcatel-Lucent Merger. AFP (9/8) reports, "Shareholders in French telecommunications equipment maker Alcatel and US group Lucent approved a merger of the two companies to create a giant valued at 21.5 billion euros (27 billion dollars)." AFP continues, "The backing came during special general assemblies held by Lucent shareholders in Wilmington, Delaware and Alcatel shareholders in Paris." AFP adds, "The merger creates a giant valued at 21.5 billion euros (27 billion dollars) that will be second only to US-based Cisco Systems in the field of telecoms equipment. … Alcatel and Lucent expect to complete their marriage by the end of 2006. The companies have already cleared several key regulatory hurdles, including antitrust clearance in the United States and the European Union. … The companies have also submitted a formal notice to the Committee on Foreign Investment in the United States, seeking US governmental approval of their merger."

Bloomberg (9/8, Ruitenberg, Levy) reports, "Alcatel in July won European antitrust approval to buy Lucent, six weeks after U.S. regulators approved the deal. … The companies have submitted a formal notice to the Committee on Foreign Investment in the U.S. for approval of the deal. Lucent is forming a separate unit for classified U.S. government research to allay security concerns as the company comes under French control."

The Wall Street Journal (9/8, Young, Silver, Abboud) reports, "When Patricia Russo took the reins at Lucent Technologies Inc. four years ago, skeptics predicted she wouldn't be able to keep the teetering telecommunications-equipment giant solvent. But she did, returning the company to a profit in less than two years. … As the 54-year-old Trenton, N.J., native -- once nicknamed 'curve breaker' for her off-the-charts work ethic -- takes charge of Lucent's combination with Alcatel SA to create a trans-Atlantic telecom giant, her task is to lead the companies in knitting themselves together in the face of an onslaught of new rivals and a consolidating customer base." The Journal continues, "Lucent shareholders aren't hugely enthusiastic about the deal: Holders of just 52% of shares outstanding voted to proceed with the transaction yesterday, according to preliminary results. (Shares that weren't voted were counted as 'no' votes.) Also on Thursday, Alcatel shareholders gave a green light to the agreement reached in April. Now, employees at Alcatel and Lucent are looking closely at Ms. Russo's plans to cut 9,000 jobs from the combined work force of 88,000 'in a fair and balanced manner.' … An American who doesn't speak French, Ms. Russo will be running a company based in Paris and dominated by Alcatel. The deal is being billed as a

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merger of equals, but Alcatel will make up 60% of the combined companies' shareholder base and will dominate the inner management circle."

Battle Over Net Movie Rental Patent Heats Up. The National Law Journal (9/8, Baldas) reports, "A legal clash between Blockbuster Inc. and Netflix Inc. has triggered a patent debate over who has the right to offer DVD-rental services over the Internet." The Journal continues, "The litigation presents a crucial question: Is the concept of renting movies over the Internet an original idea that deserves patent protection? … Netflix claims it is, and is suing Blockbuster for patent infringement for allegedly copying its seven-year-old online movie-rental business method. Netflix Inc. v. Blockbuster Inc., No. C 06 2361 (N.D. Calif.) … Netflix argues that it has patents covering its many online features, including allowing subscribers to keep DVDs for as long as they want without incurring a late fee, obtaining new DVDs upon return of those already watched and prioritizing their own personal movie list. … But Blockbuster is countersuing, claiming that Netflix is trying to monopolize the online movie-rental industry and stifle competition. Blockbuster also alleges that Netflix obtained its patents fraudulently by failing to disclose pertinent information to the U.S. Patent and Trademark Office. Blockbuster also argues there is nothing original about renting videos online in the first place."

ENVIRONMENT:

Lawmakers Berate BP Executives Over Pipeline Neglect. USA Today (9/8, Davidson, 2.27M) reports, "Members of Congress blasted BP executives Thursday for failing to prevent two oil leaks in Alaska this year, saying the company ignored signs of pipeline corrosion, cut costs despite record profits and harassed workers who raised concerns. 'Years of neglecting to inspect the most vital oil-gathering pipelines in this country is not acceptable,' Rep. Joe Barton, R-Texas, the chairman of the House Energy and Commerce Committee, told BP officials at a hearing before the investigations subcommittee."

The AP (9/7, Foss) reports Richard C. Woollam, "[t]he former head of pipeline-corrosion monitoring for BP in Alaska[,] refused to testify under oath Thursday as outraged lawmakers grilled company officials over the causes of a massive oil spill earlier this year." The AP says, "Other BP executives apologized and pledged to fix operational lapses on the North Slope that led to the region's biggest ever oil spill in March and the partial shutdown last month of the country's largest oil field. Lawmakers said BP's mistakes in Alaska — as well as its responsibility for a deadly refinery fire last spring — were particularly unacceptable given the industry's record profits and the relatively inexpensive measures that might have prevented the oil spill." The AP reports, "Lawmakers repeatedly hammered BP executives about allegations that the company failed to adequately address concerns raised by its own pipeline workers over the past five years, in part because of an atmosphere of fear and intimidation under the supervision of Woollam."

CBS Evening News (9/7, story 4, 0:20, Couric, 7.66M) reported, "a former official at British Petroleum declined to testify to Congress today about those corroded pipelines that forced America's biggest oil field to shut down. At the same time, BP executives promised Congress they'll have the field at Prudhoe Bay, Alaska, back in full production by the end of next month. That news sent oil prices down to the lowest point in five months."

The Washington Post (9/8, D1, Mufson, 748K) reports lawmakers "zeroed in on the company's failure to use a common pipeline diagnostic device known as a 'smart pig' to detect problems. They also probed allegations that the company ignored or suppressed complaints from its workers about pipeline safety issues."

The New York Times (9/8, Barringer, 1.21M) says, "Already facing a Justice Department inquiry over the management of the vast Prudhoe Bay complex, top executives of BP took a bipartisan pummeling on Thursday from a Congressional subcommittee," whose "members accused the executives of systematic neglect."

The Wall Street Journal (9/8, Fialka, 2.03M) reports the responses of BP executive Steve Marshall "provoked bipartisan agreement among members of the committee, in a year when Congress has been scrambling to find some way to respond to high gasoline prices and voter frustration with flush profits among oil companies." BP America chairman and president Robert A. Malone "said the company had hired outside advisers to counsel employees on safety and ethical problems. 'We have fallen short of the high standards we hold for ourselves,' he told the committee, 'and the expectations that others have for us.'

The Financial Times (9/8, Grant) reports, "Malone took issue with critics who 'alleged that BP engineered the shutdown of Prudhoe Bay as a way to manipulate prices.' He said: 'I am here to assure you that nothing could be further from the truth. BP took the extraordinary step to shut down production because we saw unexpectedly severe corrosion that couldn't be explained.'"

The London Guardian (9/8, Clark) reports, "Senior BP executives owned up yesterday to 'unacceptable' operating failures as they faced a barrage of attacks from US politicians over the company's leaking pipelines in the Alaskan wilderness." The Guardian continues, "The British oil company's US president, Robert Malone, and its head of Alaskan operations, Steve Marshall, ate humble pie in an appearance before members of Congress's energy and commerce committee. 'We have fallen short of the high

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standards we hold for ourselves,' Mr Malone said. 'BP America's recent operating failures are unacceptable.'" The Guardian adds, "They were accused of ignoring warning signs and cutting back on maintenance checks in the run-up to discovery of corrosion and a spill that forced the shutdown of half of the Prudhoe Bay oilfield in August. … Mr Marshall said: 'These spills occurred on my watch. As president, I'm in charge of the overall business in Alaska and the buck stops with me.' … Their admission of blame did little to pacify congressmen, who said their constituents were paying higher prices at petrol pumps as a result of BP's shutdown. The Prudhoe Bay field accounts for 8% of US domestic oil production. … BP was accused by the committee of having safety policies 'as rusty as its pipelines'. In a packed hearing room, the committee demanded to know why it had been 14 years since BP last subjected its 29-year-old eastern pipeline to inspection by 'pig' - a maintenance robot. Another pipeline operator, Alyeska, testified that it sent pigs along its lines every two weeks."

McClatchy (9/8, Mauer) reports, "The first of at least four congressional hearings into why BP failed to prevent pipeline failures on Alaska's North Slope began dramatically Thursday when Richard Woollam, the company's corrosion chief until 2005, refused to testify, citing his Fifth Amendment right against self-incrimination." McClatchy continues, "In a day marked with blistering criticism of BP from Republicans and Democrats on the House Energy and Commerce Committee, the British-born Woollam, derided in an internal BP report as 'King Richard' for his dictatorial style, refused to answer any questions. … The committee's investigations panel is looking into the failure of BP to monitor and control corrosion on two smaller North Slope transit pipelines that feed the main trans-Alaska pipeline." McClatchy adds, "One of those lines had a catastrophic leak on March 2, spilling more than 200,000 gallons of oil in the tundra and the ice-locked shore of an unnamed lake. The other line had a smaller leak in August. Unsure of the reliability of either line, BP announced it would shut down all North Slope production Aug. 6, then limited the closure to the field's eastern half. … Over and over, the committee members grilled BP Exploration (Alaska) President Steve Marshall about why BP neglected to conduct the only reliable test of the decay of an entire pipeline, a 'smart pig' that travels inside the pipe and records the thickness of the wall along its length. … Marshall replied that the company thought the line wasn't as susceptible to corrosion as others. The last smart pig run on the western line was in 1998 and on the eastern line in 1992." McClatchy notes, "Woollam, and the presence of a battery of defense attorneys, was a sharp reminder of grand jury proceedings in Anchorage hanging over the congressional hearings. The Justice Department and the Environmental Protection Agency are investigating whether the oil spill was a criminal violation of the Clean Water Act."

Energy Secretary Says Cellulosic Ethanol Five Years Away. The Des Moines Register (9/8, Brasher, 163K) reports Energy Secretary Samuel Bodman said Thursday that distilleries capable of making fuel alcohol from crop waste, prairie grasses or trees rather than corn "should be in operation within five years." Bodman told reporters his department "expects to issue loan guarantees next year for the first such projects." The Energy Department estimates that it costs $2.20 a gallon to produce cellulosic ethanol.

Scientists Redesigning Crops To Harvest Fuel. The New York Times (9/8, C1, Pollack, 1.21M) reports, "In an era of $3-a-gallon gasoline and growing concern about global warming from fossil fuels, seed and biotechnology companies see a big new opportunity in developing corn and other crops tailored for use in ethanol and other biofuels." The Times notes that developing energy crops "could mean new applications of genetic engineering."

Federal Protection Of Killer Whales Sparks Lawsuit. The New York Times (9/8, Kowal) reports on Kenneth C. Balcomb III, "a zoologist whose work has helped turn killer whales into Puget Sound celebrities. … Mr. Balcomb has plied these waters for three decades on a mission to identify every killer whale, or orca, by the gray 'saddle patch' behind its black dorsal fin. Half a million photographs later, the tribulations and triumphs of the three local orca pods, or families, that he follows are major news in the Pacific Northwest." The Times continues, "The public affection Mr. Balcomb and others have stirred up for these 10,000-pound creatures, the largest members of the dolphin family, has pushed the federal government to pay closer attention to their health, federal officials say. Last year, southern resident killer whales — the 90 current members of J, K and L pods — were added to the endangered species list. … By November, the National Oceanic and Atmospheric Administration's National Marine Fisheries Service, an arm of the Department of Commerce, plans to establish boundaries for the 'critical habitat' the three pods need to survive: 2,500 square miles in Puget Sound and the Strait of Juan de Fuca that also constitute one of the nation's busiest waterways for commercial shipping. … Once that map is completed, federal agencies will be required to consider the killer whales' well-being before approving projects or policies that would affect these waters wherever they are deeper than 20 feet. Thus, most areas close to the shoreline would not be affected, the fisheries service said." The Times notes, "Orca protection, though, has brewed its own legal battle in a region familiar with debates about endangered salmon and the northern spotted owl. Washington's homebuilders and farmers, assisted by a conservative legal foundation, have sued the federal government to strip the killer whales of their endangered status. … Lawyers for these groups say the

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government should not distinguish orcas in Puget Sound from a healthy global population numbering in the tens of thousands. The state's Farm Bureau and Building Industry Association warn, in particular, that local governments might react to federal protection of the orcas by locking up land near streams or along the coast to improve water quality for the orcas and for salmon, their main food source."

Writer Urges Better Fish-Eating Habits. In an op-ed for the New York Times (9/8), author Paul Greenberg writes, "With every new warning about a species being overfished into extinction, friends have started asking if they should eat fish at all. The Pew Oceans Commission report 'America's Living Oceans' first alerted the public to the desperate state of the seas in 2003 when it declared them to be "in crisis." That year a study in the journal Nature reported that up to 90 percent of the stocks of the ocean's major predators (Atlantic cod and bluefin tuna to name two) have been wiped out. In the next few weeks, Congress will debate what to do about the dire state of the nation's fisheries when it takes up the reauthorization of the Magnuson-Stevens fisheries management act." Greenberg continues, "Making matters more problematic, numerous recent studies on methyl mercury and PCB's have connected these pollutants in fish with health problems like birth defects, heart disease and memory loss. … It might now seem advisable for a fish guy to hang up his hooks and start pushing flax or any of the other dull foods that contain the legendary Omega-3 fatty acid — a compound found in fish that ameliorates as many ills as the fish-borne contaminants seem to aggravate. But for those of us who feel passionately about the ocean, abstinence is just not an option." Greenberg adds, "The route to a well-managed sea is not as difficult as many environmental problems. And, curiously, many of the modifications that would repair the damage we have done to marine fisheries would also steer us clear of mercury and PCB contamination. With that in mind here are some things to strive toward: … First, go vegetarian, in a manner of speaking. Farmed fish have gotten a bad name in recent years — even while our production of them has grown to rival the wild fish harvest, as the Food and Agriculture Organization reported this week. … Second, don't eat the cheap fish. … Finally, don't eat the big fish." Greenberg concludes, "It therefore follows that if we reduce our consumption of the big fish we can reduce our mercury and PCB load and reduce the burden we place on the marine environment. Sardines, mackerel and most fish that are shorter in total length than the diameter of a dinner plate are generally safer to eat. … But fighting the American urge to consume whatever we want is a battle worth fighting with ourselves, particularly when it comes to the sea. … Considering what's at stake is the survival of the ecosystem of the world's oceans, I'd rather eat fewer, smaller and more expensive fish than no fish at all."

FBI/DEA/ATF/USMS:

Survey Finds Drug Use Down Among Teens, Up Among Baby Boomers. USA Today (9/8, Leinwand, 2.27M) reports the National Survey on Drug Use and Health says baby boomers' "use of marijuana and other drugs is increasing usage rates among older adults, while teens' drug use is declining." A survey released Thursday indicates overall, illicit drug use among Americans "rose slightly from 2004 to 2005, driven in part by small increases in cocaine and prescription-drug abuse by young adults 18-25 and by rising drug use — mostly marijuana — among adults 50-59." According to USA Today, John Walters said when baby boomers were young "substance abuse became seen as part of coming of age," and some "have carried (it) on throughout their lifetimes."

The AP (9/7) says the government "reported Thursday that 4.4 percent of baby boomers ages 50 to 59 indicated that they had used illicit drugs in the past month. … Meanwhile, illicit drug use among young teens went down for the third consecutive year." The ONDCP's David Murray said, "Rarely have we seen a story like this where this is such an obvious contrast as one generation goes off stage right, and entering stage left is a generation that learned a lesson somehow and they're doing something very different."

In a separate story, the AP (9/8) reports overall drug use "increased in the United States just a smidgen in 2005, but another drop among young teens had federal drug policy officials beaming on Tuesday." Walters said, "This is a culture change and welcome news for our nation's well-being."

Bahamian Man Accused Of Heading Drug Ring Appears In Florida Court. The AP (9/7) reports a Bahamian man "appeared in court Thursday after being extradited to Miami to face drug charges for leading a cocaine and marijuana trafficking ring that stretched from the Caribbean to Canada. Samuel Knowles faces charges of conspiracy to import cocaine and conspiracy to possess with intent to distribute cocaine, the U.S. Attorney's Office said. U.S. agents took Knowles into custody late Monday, Jeannette Moran, a spokeswoman for the U.S. Drug Enforcement Administration said earlier this week." The AP adds that Knowles "was one of ten people indicted by a federal grand jury in 2001 in 'Operation White Sea,' a joint effort between Florida, Canadian, Bahamian and Jamaican law enforcement agencies."

Report: U.S. Trying To Deport A Once-Trusted Drug Informant. The Houston Chronicle (9/8, Pinkerton) reports the U.S. government "is trying to deport one of its

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once-trusted drug informants, undermining a civil lawsuit charging that American authorities failed to prevent a dozen or more homicides at the Mexican safe house where the informant once worked. Guillermo Ramirez Peyro, who earned more than $200,000 while informing on the Juarez drug cartel, is certain he'll be killed if he is sent back to Mexico," according to his lawyer. Ramirez, a Mexican highway policeman "turned drug trafficker, oversaw a cartel safe house in the border town of Juarez, across the border from El Paso." The Chronicle continues, "Sandalio Gonzalez, the former agent in charge of the Drug Enforcement Administration office in El Paso, agrees and alleges that U.S. officials want to deport Ramirez to cover up their own misdeeds. Gonzalez claims he was forced to leave the DEA after he distributed a memo in February 2004 blasting ICE's handling of the informant."

In Delaware, Man Convicted In Heroin Case Gets 30-Year Sentence. The News Journal (9/7) reports a man who "ran a $1.7 million heroin operation, primarily in the Riverside area of Wilmington, was sentenced to 30 years in prison in federal court. Jesus Sarraga-Solana, also known as Christian Alberto Diaz, who prosecutors described as a drug kingpin with operations in Delaware and Philadelphia, was convicted of conspiracy to distribute more than one kilogram of heroin and possession with intent to distribute more than 100 grams of heroin. … U.S. Attorney Colm F. Connolly praised the cooperative nature of the investigation, between the DEA and Wilmington Police, which led to the arrests and elimination of a "'major regional heroin organization.'"

House Judiciary Committee Approves Bill Revising Gun Show Laws. The Richmond Times-Dispatch (9/8, Hardin) reports, "A bill to revamp federal enforcement rules for gun dealers, born in part from complaints about heavy-handed tactics at Richmond gun shows, is headed to the House floor." The Times-Dispatch continues, "The House Judiciary Committee approved the bipartisan bill by voice vote yesterday, and a spokesman for the House majority leader said it could come up for a House vote as early as next week. … Backers said it would strengthen enforcement by the Bureau of Alcohol, Tobacco, Firearms and Explosives while critics contended it would gut the agency's powers." The Times-Dispatch adds, "A pair of lawmakers who are diametrically opposed on some issues joined forces on the bill: liberal Virginia Democrat Robert C. Scott, D-3rd, teamed with conservative North Carolina Republican Howard Coble to craft the bill and push it through. … With his action, Scott ended up on the same side as the National Rifle Association gun-rights lobby, while the gun-control group Brady Center to Prevent Gun Violence blasted the legislation. .. The bill would give ATF more tools to punish federally licensed gun dealers who break U.S. firearm sale rules. It would offer an intermediate set of new penalties -- including civil penalties or a license suspension -- that fall short of revoking a dealer's license. … Current law offers just written warnings and revocation of licenses to punish rogue dealers. … The bill also directs the inspector general for the Justice Department to review the ATF's gun show enforcement program."

Post Columnist Comments On Selection Of Sullivan To Head ATF. In his "In The Loop" column for the Washington Post (9/8, A15), Al Kamen writes, "Often, when there's an opening at the top of an agency, a career official may fill in as acting head until the new political appointee is confirmed. But the White House last week announced that Michael J. Sullivan , the U.S. attorney in Boston, will be acting director of the Bureau of Alcohol, Tobacco, Firearms and Explosives." Kamen continues, "There's no formal word, but news reports in Boston have successors lining up to take his job as top federal prosecutor for Massachusetts. And it seems widely assumed that he will get the nod. … 'I love the work of the U.S. attorney's office,' Sullivan told the Boston Globe, but when you get 'an important challenge . . . obviously you jump at the opportunity.' Sounds like a bit more than a short-term acting directorship." Kamen adds, "The White House moved with lightning speed on this opening -- Deputy Director Edgar A. Domenech had just become acting director following the Aug. 8 departure of director Carl Truscott . … Loop Fans may recall our Aug. 18 item noting that Domenech, a career employee, had reversed Truscott's decision to engrave in stone a quotation from President Bush 's post-9/11 speech to Congress at the entry to the new ATF headquarters opening next year. … Not that that had anything to do with this."

Marshals Name Suspect In New York Trooper Shootings To Most Wanted List. The AP (9/8, Thompson) reports, "A fugitive suspected of killing a state trooper and wounding two others has been named by federal marshals to their '5 Most Wanted' list while a two-state manhunt continues." The AP continues, "The search for Ralph 'Bucky' Phillips, a career thief who broke out of an Erie County jail in April, has become one of the largest in New York history. … Authorities believe Phillips has been helped by numerous people since his escape, but has also broken into unoccupied hunting cabins in New York and Pennsylvania and stolen about 15 cars to remain one step ahead of police, authorities said." The AP adds, "Phillips may have spent 11 days hiding out in a western Pennsylvania home last month, slipping back into New York at least once to steal 41 guns from a gun shop, authorities said Wednesday.

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.. .As New York lawmen searched for Phillips in the rural wooded areas of the southwestern tip of the state, he was staying – at least some of the time – at the home of Todd Allen Nelson in Ludlow, Pa., Pennsylvania state police said. .. .In naming Phillips to the U.S. Marshals most wanted list, Marshals Service Director John Clark said the fugitive 'has shown he is as dangerous as he is desperate. As such, Phillips is a major threat to the safety of communities throughout an entire region.'"

The New York Times (9/8, Wilson) reports, "His father went by the nickname Buck, and so he was called Bucky, a smiling boy in the old pictures, the woods behind him. He lived in a shack near here with a sister and poor parents, and played outside, sitting on a make-believe couch and watching a pretend television, both made of hay. … 'He'd play in the woods,' said Shawn Horton, 46, a lifelong acquaintance. 'Hide-and-seek. Small-game hunting. A normal country boy.' … But as the boy, Ralph J. Phillips, grew, his game of hide-and-seek became far less innocent. 'At one time, he had quite a cache of stolen vehicles in the woods,' Ms. Horton said. 'I believe it was just the thrill of it for him.'" The Times adds, "His latest round of hide-and-seek has brought hundreds of state troopers, national attention and tragedy to these woods in Chautauqua County. The police said he was the prime suspect in the Aug. 31 shootings of two state troopers, one of them killed, the other critically injured in an ambush from the woods. He is also a suspect in the shooting of a trooper on June 10 during a traffic stop, in which the officer was wounded, and in the robbery of a gun store. … Mr. Phillips, 44, has a long criminal history, stretching back perhaps 30 years, but it is not a history of bloodshed. That contradiction has left his family and old friends wondering just what it was, if he was the gunman, that transformed him from a unrepentant thief into someone ready to commit murder. … Most believe that when the police, four months into the hunt, arrested his daughter, her boyfriend and Mr. Phillips's former girlfriend, and the authorities temporarily took custody of his daughter's three young children, Mr. Phillips went from a man bent on escape, and who they say had already shot one trooper, to a man filled with rage."

IMMIGRATION:

US Arrests 19 In Arranged-Marriage Scam. The Washington Times (9/8, Summers) reports, "Federal authorities yesterday arrested 19 residents and charged three others from the region in connection with a scam that resulted in as many as 1,000 marriages between U.S. citizens and illegal aliens trying to avoid immigration laws." The Times continues, "U.S. Attorney Chuck Rosenberg said the early morning arrests capped a three-year undercover investigation that tracked nine persons who arranged marriages between citizens and 10 illegal aliens from Ghana who sought permanent residency and avoiding deportation. Authorities did not charge all of those involved because some acted as informants in the case, affidavit papers show." The times adds, "Three of those arrested are U.S. citizens who accepted as much as $500 on the marriage day and $300 each month from their new spouse, in part for filing petitions their legal-residence petitions. … 'Many, many illegal aliens are willing to pay cash, and lots of it, to facilitators and to fake spouses ... for the chance to become a United States citizens,' Mr. Rosenberg said. 'Illegal aliens who marry U.S. citizens have a quicker and easier road to lawful, permanent-resident status.' … The crackdown was named "Operation Arlington Marriage Fraud" and is considered the largest of its kind in the region."

House GOP Leaders To Propose Border Security Bills. The AP (9/8, Gamboa) reports House Republicans "are crafting new bills to crack down on illegal immigrants, nailing the coffin shut for now on broader legislation that would give many illegal immigrants legal status." If the bills "are approved, Republicans can go into midterm elections Nov. 7 saying they took action on illegal immigration. At the same time, they can appease conservatives who oppose giving illegal immigrants a chance at citizenship, which some have called amnesty." Speaker Dennis Hastert said, "Our borders are a sieve and we are at war and we certainly need to act like we are at war. We need to close our borders." Hastert said House leaders "will preside over a meeting next week where Republican committee chairmen will propose border security measures based on what they learned from field hearings they conducted over the past month." Some "possible ideas include voter identification cards and safer Social Security cards, he said."

CQ (9/7, Sandler) reports House Republicans "are gearing up for a campaign-season finish in Washington designed to put pressure on their Senate counterparts and boost their party in the upcoming elections." Speaker Hastert "put Republican Policy Chairman Adam H. Putnam of Florida in charge of organizing the forum and putting together the package, which might be either a stand-alone bill or separate provisions that would be added to other legislation likely to become law." The format "for that Sept. 12 event, scheduled for eight weeks before Election Day, is designed for staged drama. Hastert and his leadership will sit on a dais. His chairmen and subcommittee chairmen will serve as witnesses, reporting what they learned during 21 hearings in 13 states. A day later, a border security package will be drafted, and it could be on the House floor the following week."

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CNN's The Situation Room (9/7, Bash) reported that GOP leaders "announced their focus from now until election day will be on border security. The same thing they have trumpeted over on the House side since the beginning of this debate. That is going to be border security, not the guest worker program allowing a path to citizenship that the Senate passed, and certainly that the kind of idea that the president has supported.

McClatchy Newspapers (9/8, Doyle) reports, "Comprehensive immigration reform appears dead for the year, as House Republicans on Thursday announced plans to push ahead with border security measures and leave everything else for another time." The "specific proposals including new fencing, stiffer penalties and more Border Patrol agents will be aired next week. In an unusual public relations maneuver, House Republican leaders will sit and listen to testimony offered by the chairmen of House committees that held hearings in August."

The New York Times (9/8, Swarns, 1.21M) reports the House Republicans "made it clear they would not heed President Bush's call to create a guest worker plan or grant legal status to the nation's illegal immigrants before the November midterm elections." Speaker Hastert said "House Republicans would continue their discussions with the Senate in an effort to come to a consensus about overhauling immigration laws, but he emphasized that they would focus first on what could be accomplished this month before Congress recesses. He said the initiatives would emerge from hearings held around the country in August."

The Los Angeles Times (9/8, Gaouette, 918K) reports the decision "effectively ends any chance that Congress will pass legislation addressing the status of millions of illegal immigrants before November's midterm congressional elections. It also adds another act to the House's summerlong series of immigration 'field hearings' around the country, which critics said were meant less to solicit public input than to promote the get-tough approach to immigration favored by conservative lawmakers."

The Washington Times (9/8, Hurt, 88K) reports House Republicans "officially rejected the Senate immigration bill that would grant citizenship rights to some 10 million illegal aliens now in the country." Speaker Hastert said, "We agree that we cannot support the Senate amnesty bill. This Democrat immigration bill wouldn't secure the border. It would erase it."

Congressional Inaction On Immigration Could Generate Backlash. The Christian Science Monitor (9/8, Paulson, 58K) reports the "decision by congressional leaders not to try to bridge the big gulf between the House and Senate versions of immigration reform, at least not before the November midterm elections, is touching off a backlash that may deliver a sting to some incumbent lawmakers. How big the backlash grows may not be known until the day after the election, but it's surfacing in blogs, letters to the editor, and record-low approval ratings for Capitol Hill." If the "backlash to inaction proves to be a big one, it would probably hit Republican lawmakers, who control both houses of Congress, the hardest, observers say."

Senate Republicans Have Given Up Hope On Immigration Reform. CNN's The Situation Room (9/7, Bash) reported, "In the Senate, even Republicans who sponsored this legislation say they have all but given up hope. For example, Senator Mel Martinez, a Republican of Florida, told me, I just don't believe that we will be able to get comprehensive reform done."

Democrats Have Seven Point Advantage On Immigration. CNN's The Situation Room (9/7, Blitzer) reported that the new CNN poll "asked which party would do a better job on immigration. Forty five percent say the Democrats, 38 percent say Republicans."

Washington Pro-Immigrant Rally Fizzles. The Washington Post (9/8, A6, Fears, Aizenman, 748K) reports the pro-immigration rally "that promised to bring tens of thousands of marchers from across the nation to Washington yesterday managed to draw only a paltry number of demonstrators, raising questions about the movement's tactics and staying power." With "fewer than 5,000 people attending, organizers from other localities expressed two worries about the turnout: that they were losing the momentum built up by the huge marches in the spring, and that the movement's national organizers in Washington have lost touch with the people."

Calderon Hopes To Win Immigration Reform Before Bush Leaves Office. The Washington Post (9/8, A6, Weissert, 748K) reports Mexican President-elect Felipe Calderon said "that he is committed to winning broad immigration reform in the U.S. Congress before President Bush leaves office in January 2009." Calderon, who "spoke with Bush by telephone on Wednesday, said he believes the White House is ready for action." Calderon said, "We will work intensely over the next two years to arrive at a concrete agreement."

Groups Criticize Mandate For New Border ID System. The Washington Times (9/8, Hudson, 88K) reports a "congressional mandate for new identification at the Canadian and Mexican borders amounts to an 'honor system' that will give terrorists speedy access into the United States, conservatives and liberals said yesterday." The Western Hemisphere Travel Initiative "that goes into effect next year requires a passport or a new identification card for Americans traveling across the border." Homeland Security officials are "pushing for a People Access Security Service or PASS card with a radio frequency identification (RFID) chip that can be read at the border as the driver speeds by a reader. New passports also will contain RFID chips." Critics "of the program say information from the RFID chips can be stolen

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easily and will lead to a spike in identity thefts, and that cloned or stolen cards can be obtained easily by terrorists and illegal aliens."

CONGRESS-ADMINISTRATION:

Chafee Holds Up Committee Vote On Bolton Nomination. The AP (9/8, Flaherty) reports the Senate Foreign Relations Committee "unexpectedly postponed a vote Thursday on confirming John Bolton as U.N. ambassador when a lawmaker in a tough re-election fight said he had more questions." Sen. Lincoln Chafee supported the postponement, the AP says, because "delaying the vote until later could spare [him] from potentially alienating some GOP voters by supporting or opposing Bolton." SFRC Chairman Richard Lugar "gave no reason for the delay and did not say when the vote would be held." Bolton "had been opposed by many Democrats but was expected to be confirmed by the Republican-led panel. Lugar said he removed the nomination from the agenda of Thursday's committee meeting after conferring with several senators." Chafee "sent a letter to" Secretary Rice yesterday "saying he had questions about U.S. policy in the Middle East, including worries that the U.S. has not done enough to prevent Israel from expanding its settlements in the Palestinian West Bank." The AP adds, "The delay might be brief." Assistant Secretary McCormack is quoted saying, "I would expect probably early next week they will have an opportunity to take it up again."

The Financial Times (9/8, Yeager) says Lugar "abruptly removed the nomination from his committee's agenda on Thursday after Lincoln Chafee, a committee member, said he still had questions about Mr Bolton." Chafee "faces a tough challenge on Tuesday in Rhode Island's primary from Steve Laffey, who complains that his votes are frequently at odds with Bush administration policy."

The Washington Post (9/8, A3, Weisman, 748K) reports Chafee "is fighting for his political life. Next Tuesday, Rhode Island primary voters must decide between Chafee, the Senate's most liberal Republican, and Cranston Mayor Stephen Laffey, who is challenging him from the right. If Chafee survives the GOP primary, he must then win reelection in one of the most Democratic states in the country." Stephen Hourahan, Chafee's spokesman, "said the senator's move against Bolton was not motivated by politics, noting that Chafee remains in a political bind. The move might play well with Democratic voters in November, he acknowledged, but next week it could enflame Republican primary voters already drawn to Laffey." The Washington Times (9/8, Bellantoni, 88K) runs a similar report.

GOP Establishment Steps Up Efforts To Save Chafee. The Wall Street Journal (9/8, Harwood, 2.03M) reports in its "Washington Wire" column, "Republican establishment steps up efforts to stop conservative Laffey from toppling moderate Sen. Chafee in Rhode Island primary Tuesday. Senate campaign committee declares 'Steve Laffey is unelectable' and sends mailing amid late turnout drive. Laffey receives $5,000 from illegal-immigration foe Minuteman PAC."

Senate Approves Defense Appropriations Bill. The New York Times/AP (9/8) reports the Senate "agreed Thursday to spend an additional $63 billion for military operations in Iraq and Afghanistan as it passed a bill to finance military spending." The measure "was approved 98 to 0 after senators added money to help track down Osama bin Laden and to fight the opium trade in Afghanistan, which is helping the Taliban's resurgence. The overwhelming support came despite Democrats' increasing criticism of the Bush administration's handling of the war in Iraq." The bill "now totals $469.7 billion. It grew more than $16 billion during a debate that began in July and was suspended during lawmakers' four-week August recess."

Court Suspends Decision On FCC Indecency Rules. The Wall Street Journal (9/8, Hughes, 2.03M) reports, "A federal appeals court gave the Federal Communications Commission 60 days to clarify its enforcement of indecency rules for broadcasters." A three-judge panel for the Second Circuit Court of Appeals in New York "essentially suspended an FCC decision in which four television programs, aired between 2002 to 2004, were found to be indecent because they contained foul language. The appeals court sent the case back to the FCC, as the agency requested."

The Washington Post (9/8, D3, Ahrens, 748K) calls the ruling a "temporary victory" for television broadcasters, who "have argued that they are held to a double standard when it comes to their programming -- cable and satellite channels are not under the FCC's jurisdiction -- and that government regulation of broadcast content has suppressed creativity and is increasingly irrelevant in a 200-channel, Internet world." In March, the FCC "ruled that episodes of ABC's 'NYPD Blue' and shows on Fox and CBS violated the agency's indecency rules, which forbid the broadcast of sexual or excretory material between 6 a.m. and 10 p.m., when children are most likely to be watching."

Treasury Department Official Ends Links To Hedge Fund. The Washington Post (9/8, D01, Masters) reports, "One of the Treasury Department's top officials dealing with hedge funds has agreed to forgo up to $1.5 million in severance payments from his former employer, which invests in hedge funds." The Post continues, "Emil Henry Jr., assistant secretary for financial institutions, came to Treasury in 2005 from Gleacher Partners LLC. This spring,

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he gave at least three speeches about hedge fund issues and chaired a closed-door meeting for government regulators about the $1 trillion industry. He also announced plans to host private meetings with hedge fund industry leaders." The Post adds, "Henry had received approval from government ethics lawyers for a severance agreement from Gleacher that called for him to receive 20 percent of the firm's 2005 and 2006 profits, up to $2.5 million. He received part of his severance payment last year, totaling about $1 million. … He also signed an ethics agreement promising not to participate in 'any particular matter that would have a direct and predictable effect on my financial interests.' His speeches did not advocate a particular policy position." The Post notes, "Ethics experts and at least one member of Congress began questioning the propriety of Henry's role after Bloomberg News reported the severance agreement on Aug. 24. … They said that the arrangement gave Henry a direct stake in the performance of particular hedge funds at time when federal officials are grappling with whether and how to regulate these rapidly growing investment pools and the Treasury is getting more involved in the issue."

White House Continues To Back Rumsfeld. The Washington Post (9/8, A15, Kamen, 748K) reports in its "In the Loop" column that Democratic calls for the ouster of Defense Secretary Donald Rumsfeld "forced the White House to dig in behind Rumsfeld, with spokesman Tony Snow saying Rumsfeld's going nowhere. 'It's not going to happen,' Snow said. 'Creating Don Rumsfeld as a bogeyman may make for good politics but would make for very lousy strategy at this time.'"

Impeachment Scholar Contemplates Removal Of Rumsfeld. In a Los Angeles Times (9/8, 918K) op-ed titled "How To Punish Rumsfeld," Michael Gerhardt of the University of North Carolina Law School, author of a book on the federal impeachment process, writes that Defense Secretary Donald Rumsfeld "has become one of the most despised Cabinet secretaries ever. In fact, the number of people who have come to hate Rumsfeld has grown so much in the Senate and elsewhere that it's become necessary to take a step back to contemplate by what means the Constitution might allow them to vent their hatred. The first and most obvious means is through the impeachment process." But he "would have to be shown not just to have abused his power but to have done so maliciously. Demonstrating malice would require showing that he knew what the law required and that he deliberately disregarded it. That's a high bar. … The best opportunity to remove Rumsfeld may be after the midterm elections, which Democrats hope to make a referendum on Iraq and Rumsfeld. If their strategy works, the secretary may decide to fall on his sword like a good soldier -- or he may be pushed."

Bush Highlights Federal Workforce Reforms. The Washington Post (9/8, D4, Barr, 748K) reports in its "Federal Diary" column, "Bold changes in the government's organization and ambitious plans to reshape personnel management continue to swirl around the federal workforce five years after the Sept. 11, 2001, terrorist attacks. President Bush pointed to the structural changes yesterday in what he called a progress report on the struggle against terrorism. His list included creation of the Transportation Security Administration, which added about 54,000 jobs to the federal payroll; the merger of 22 agencies and 180,000 employees into a new Department of Homeland Security; and the decision to pull together the 16 agencies of the intelligence community with 100,000 employees under a new position, director of national intelligence." The Post adds, "Bush, of course, did not mention the turf wars and other tensions that have accompanied the reorganizations. He did not mention hard feelings between the administration and unions (although he expressed appreciation for federal agents, analysts and others who work to deter terrorist threats). He did not address critics who question whether the administration's changes may have created more problems than solutions."

Rove Alleged To Have Had Ordered Exorcism In Hillary Clinton's West Wing Office. The Chicago Tribune/Newsday (9/7) reported that Karl Rove, "the Bush political shaman Democrats love to demonize, enlisted a trio of clergymen to exorcise Hillary Rodham Clinton's left-wing spirit when he moved into her West Wing office in 2001, according to an unflattering new biography." White House spokesman Dana Perino said, "I talked to Karl; he said it's not true and, beyond that, he will have no comment." The Tribune adds Sen. Clinton "smiled and shook her head in disbelief Wednesday when asked about the tale, which appears in 'The Architect: Karl Rove and the Master Plan for Absolute Power,' by James Moore and Wayne Slater." Deal Hudson, "a former Fordham University professor Rove enlisted to woo Catholic voters, told Moore and Slater that he witnessed the exorcism, which he described as 'an actual liturgical ceremony.'"

Education Department Backtracks On Teacher Qualifications. The AP (9/8, Feller) reports the Education Department will "allow states to count teachers as highly qualified even under standards that may do little to ensure quality." Federal law "allows veteran teachers to be considered highly qualified under factors that states choose, such as job evaluations, teaching awards or service on school committees." In May, the Department had "ordered states to phase out that system for most teachers. Watchdog groups and the department itself say many states were using

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this system to set weak, improper standards." Yet Education Secretary Margaret Spellings "has pulled back, telling states this week in a letter that they now are 'strongly encouraged,' though not required, to stop using the method to rate teachers."

Memo From Founder Says CBC Should Remain Exclusively Black. The Washington Times (9/8, DeBose, 88K) reports it is "'critical' that the Congressional Black Caucus remain an all-black organization, one of the CBC's founders has said in a strategy memo." Former Rep. William Lacy Clay Sr. said, "The CBC welcomes support from others in the House and Senate, especially those with liberal credentials, but it is critical that its membership remain exclusively African American." The Times adds Clay's letter – "distributed by his son, Rep. William Lacy Clay Jr., Missouri Democrat -- prompted a CBC meeting before the August recess. " Rep. Carolyn Cheeks Kilpatrick said, "The members have discussed it, and we supported the tradition that only African-Americans have been full members of the CBC, but as always we will work with anyone as our coalition partners and some have become honorary members." The Times adds the Clay letter "was written in response to concerns that two Jewish congressional candidates, Tennessee state Rep. Steve Cohen and New York City Councilman David Yassky, both Democrats, would apply for CBC membership if elected from majority-black districts."

NYTimes Regrets Departure Of McClellan From Medicare. The New York Times (9/8, 1.21M) says in an editorial, "Mark McClellan, a physician and health economist, announced his resignation this week as head of the agency that oversees Medicare and Medicaid. He will be missed. As a pragmatic expert embedded in a fiercely ideological administration, he brought uncommon intelligence, good humor and dispassionate judgment to politically charged issues."

OTHER NEWS:

OPEC Expected To Stand Pat On Output Limits. The Wall Street Journal (9/8, Bahree, 2.03M) reports, "With oil prices remaining lofty despite a recent decline, OPEC is expected to leave its formal crude-output limits unchanged when the cartel meets in Vienna Monday." Although "[o]il prices have retreated significantly," they "still are triple what they were in 2002, and thus are far too high for OPEC -- which provides about a third of the world's daily oil needs -- to trim output in response to the recent decline. Cutting production likely would provoke an anti-OPEC backlash in the U.S., Europe and Asia."

Economists Predict Housing Slowdown Will Extend To 2007. The Wall Street Journal (9/8, Izzo, 2.03M) reports, "Economists believe cooling in the housing market to extend into next year and many forecasters in the latest WSJ.com survey predict no change -- or an outright decline -- in home prices next year. Twenty-five of the 48 economists who answered the survey's question about housing predicted no change or a decline in a closely watched gauge of nationwide home prices during 2007. The average prediction for next year was for an increase of 0.43%, lifted by five economists who forecast gains of 5% or more." For this year, "the economists forecast a 3.5% rise in the home-price index."

USA Today (9/8, Knox, 2.27M), meanwhile, reports that "the outlook for the nation's housing market is even weaker than earlier projected, mainly because sellers are refusing to cut prices enough after the towering price gains of the boom years, the National Association of Realtors said Thursday." The NAR's lower sales forecast "followed profit warnings this week from two of the largest home builders, Beazer Homes USA and KB Home. A Federal Reserve official also indicated that interest rates might resume their upward climb, which would make it harder for buyers to afford homes." USA Today adds, "The cascade of bad news weighed on stocks, which fell as investors worried about the ripple effect on the economy." The New York Times (9/8, Peters, 1.21M) runs a similar story titled "Some Housing Pessimism From Real Estate Brokers."

Rate "Pause" Has Broad Support In Fed Board. The Wall Street Journal (9/8, Ip, 2.03M) reports, "Just two of the Federal Reserve's 12 regional banks wanted to raise interest rates ahead of the central bank's policy meeting last month, suggesting support for the Fed's rate 'pause' is relatively broad within the central bank." The minutes of the meeting, released yesterday, "add to the evidence that the Fed is willing to leave rates alone for the time being to see how growth and inflation evolve."

The Washington Post (9/8, D2, Henderson, 748K) reports the Federal Reserve "may be done raising interest rates, having probably increased them enough already to cause inflation to fall gradually, an influential central bank policymaker said yesterday." Janet L. Yellen, president of the Federal Reserve Bank of San Francisco and "a leading voice in recent Fed debates," said in a speech that "inflation is too high, hovering a bit above a range she describes as her 'comfort zone.'" But "she also expects inflation to recede because of the Fed's past interest-rate increases -- 17 consecutive increases over the past two years, which have already chilled the once-sizzling housing market and sharply slowed the nation's economic growth."

Stocks Down Yesterday. NBC Nightly News (9/7, story 9, 0:15, Williams, 9.87M) reported, "Turning now to Wall

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Street, worries about interest rates and the housing markets held stocks down today. The Dow was fell almost 75 points [to close at 11.331.44]. The Nasdaq lost 12 points[to close at 2,155.29] on the day." USA Today/AP (9/8, Paradis) says the Standard & Poor's 500 index "was off 6.24 points, or 0.5%, at 1294.02."

Bernanke Seeks To Make Fed More Transparent By Dispersing Authority. The Wall Street Journal (9/8, lp, 2.03M) in a 2,352 word analysis adopts a positive tone in an examination of Federal Reserve Chairman Ben Bernanke's attempts to make the Fed more transparent by allocating more authority to other Fed officials. In contrast to former Fed Chairmen Alan Greenspan and Paul Volcker, Bernanke "is trying to depersonalize the Fed by making its decision-making more democratic and easier to understand. … Bernanke has long believed the Fed's success depended too much on the 'personal preference' of those two men." Bernanke wants to provide "more systematic, specific information, in particular about the Fed's goals -- such as for the inflation rate -- and forecasts. This, he believes, would have several benefits. If the Fed were clearer about the inflation rate it aimed to achieve, the public and companies would be less likely to press for higher wages and prices in anticipation of higher inflation. That would make it easier for the Fed to keep inflation low and stable, without wrenching changes in interest rates."

Judges Concerned About Increase In Judicial Surveys. The National Law Journal (9/8, Coyle) reports, "When Tennessee Court of Criminal Appeals Judge John Everett Williams, who was up for retention election this year, got his questionnaire from the Tennessee Family Action Council soliciting his views on abortion, the death penalty, same-sex marriage, evolution and other issues, he declined to respond, citing Chief Justice John G. Roberts Jr. as setting 'the gold standard' on ethical conduct during his U.S. Supreme Court confirmation hearings. … 'As did Justice Roberts, I do not wish to hint or signal that I am predisposed to rule on any matter that may come before me as a judge,' wrote Williams in June, one of 64 Tennessee judges receiving the questionnaire." The Journal continues, "Questionnaires for judicial candidates have been an 'issue' since at least 2000, according to court and election officials, because they raise concerns about sitting judges and judicial candidates campaigning and making promises just as other political candidates do. … But this year, the questionnaires are proliferating, more sophisticated and seemingly coordinated across states." The Journal adds, "Concerns about the questionnaires have reached the National Center for State Courts whose National Ad Hoc Advisory Committee on Judicial Campaign Oversight is preparing to send a letter to state courts, state bar associations and others with recommendations on how to deal with them."

Private Court Reporting School Closes. The San Diego Union-Tribune (9/8, Gao) reports, "The only private court reporting school of its kind in the county has shut down, disrupting the education of 175 students. The Court Reporting Institute, housed on the second floor of a Gibbs Drive building near Montgomery Field in Kearny Mesa, closed Aug. 28." The Court Reporters Board of California had "received no complaints about the San Diego campus."

Bush, Iraq War Seen As Turning Southern Women Away From GOP. The AP (9/8, McCaffrey) reports President Bush's "once-solid relationship with Southern women is on the rocks." In recent years, "Southern women have been some of Bush's biggest fans, defying the traditional gender gap in which women have preferred Democrats to Republicans. Bush secured a second term due in large part to support from 54 percent of Southern female voters while women nationally favored Democrat John Kerry, 51-48 percent." Now, "anger over the Iraq war and frustration with the country's direction have taken a toll on the president's popularity and stirred dissatisfaction with the Republican-held Congress." A recent Associated Press-Ipsos poll "found that three out of five Southern women surveyed said they planned to vote for a Democrat in the midterm elections. With control of the Senate and House in the balance, such a seismic shift could have dire consequences for the GOP."

NRCC Chairman's Own Seat At Stake In November. The Wall Street Journal (9/8, Calmes, 2.03M) reports that in a sign of the midterm election difficulties facing Republicans, National Republican Congressional Committee Chairman Tom Reynolds is "back home yet again, campaigning for his own survival." Democrat Jack Davis "and his antitrade message are still familiar here in economically troubled upstate New York from his race two years ago. Back then, Mr. Davis, a local industrialist, seemingly came from nowhere to hold Mr. Reynolds to a 56% re-election vote, below what President Bush pulled here in 2004. Two years before that, in 2002 the congressman had won 74% of the vote." Reynolds, "who harbors aspirations of being House speaker some day, remains favored for a fifth term despite a national climate that is threateningly cold to both the president, who isn't on the ballot, and Republicans in Congress, who are. But he is having to work for his votes."

First Lady Campaigns For Drake In Virginia. The Washington Times/AP (9/8, Barisic) reports First Lady Laura Bush is the latest high-profile Republican to campaign for first-term Republican Rep. Thelma Drake in Virginia. At a

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fundraiser the First Lady helped raise $150,000 for Drake whom she praised "as an advocate for children, preserver of Virginia's natural resources, supporter of tax cuts and champion of military members." She "also said the congresswoman is 'a thoughtful, positive and powerful part' of the serious national dialogue needed for President Bush to accomplish his goals for the rest of his term, including rebuilding the hurricane-ravaged Gulf Coast and keeping the country safe from terrorism."

Hastert Unlikely To Be Minority Leader If Democrats Take Over House. The Wall Street Journal (9/8, Harwood, 2.03M) reports in its "Washington Wire" column that the maneuvering has started for the post-election House leadership. According to the Journal, "Republican insiders say Speaker Hastert would likely become backbencher, not minority leader, if Democrats take over. Stronger Democratic gains would lift odds that Reps. Pence and Shadegg challenge incumbents Boehner and Blunt for leader and whip posts." Meanwhile, "Pelosi looks set as Democrats' choice for speaker, but moderate Hoyer and war critic Murtha may face off for majority leader. Still unclear: leadership aspirations of Democrats' campaign chief Emanuel."

Lamont Ad Targets Lieberman's Position On Iraq. The AP (9/8, Miga) reports the Iraq war "is center stage again in Connecticut's increasingly nasty Senate race. Ned Lamont, whose upset of Sen. Joe Lieberman in last month's Democratic primary was fueled in large part by his opposition to the war, took fresh aim at Lieberman's staunch support of the conflict in a new television ad Thursday." But Lieberman "fired back, calling Lamont's stance on the war 'dangerous,' and complained, 'at some point my opponent has to start dealing with fact and not just be a perpetual whiner.'" The AP adds the Lamont spot "features a young man solemnly reading some of the names of U.S. troops who have died in Iraq." Lamont says in the ad, "Why do we listen when George Bush and Joe Lieberman tell us they know how to fight terrorism?" Lamont is "spending about $175,000 to broadcast the commercial over two weeks, his campaign said."

Kean Name, Anti-Latino Backlash Could Hurt Menendez. USA Today (9/8, Kiely, 2.27M) reports in a year "when Republicans in the rest of the country are struggling, Tom Kean Jr. has a shot at knocking off Democratic Sen. Robert Menendez" in Democratic-leaning New Jersey. Menendez says "the reason is that he's running against two Tom Keans: the 36-year-old state senator who is on the Nov. 7 ballot and his identically named father, one of New Jersey's most popular governors and chairman of the 9/11 Commission." But others "think Menendez's surname — and the state's growing ethnic mix — may be factors, too." Rider University analyst David Rebovich said, "I'll be blunt. It's not a nice thing to say about New Jersey, but being a Latino may be costing him in some parts of the state."

Tape Captures Candid Moment Between Schwarzenegger, Aides. The Los Angeles Times (9/8, Salladay, 918K) reports in a six-minute tape of a meeting between California Gov. Arnold Schwarzenegger and aides, the Governor "describes Republican legislators as the 'wild bunch' and, referring to a Latina lawmaker, casually says that 'black blood' mixed with 'Latino blood' equals 'hot' — a fiery personality." Schwarzenegger spokeswoman Margita Thompson said in a statement, "This is a small part of a long conversation that is taken totally out of context. The governor respects every member of the Legislature and holds them in the highest regard. It is not uncommon for him to have fun and joke with the members while they're working, especially during very tense negotiations."

California Ballot Measures Cumulatively Would Commit $48 Billion In Spending. The Los Angeles Times (9/8, Finnegan, 918K) reports that on the California ballot, voters "face choices about vast sums of money: how much to spend, how much to borrow, how much to generate by raising taxes. Together, the proposals would open a $46-billion gusher of spending on highways, schools, levees, hospitals, housing, parkland and more. They would add $84 billion in debt and interest to state budgets over the next 30 years. Taxes, mainly on oil and tobacco, would rise by more than $3 billion a year." With television ad skirmishes "already underway, a key question is whether the sheer magnitude of the total spending risks eroding support for many, if not all, of the ballot measures. All 13 hold fiscal implications for California."

CNN Poll Shows Giuliani Leading Field Of 2008 GOP Hopefuls. CNN's The Situation Room (9/7, Blitzer) reported, "Our new poll shows -- get this -- Rudy Giuliani the number-one choice among Republicans to be their 2008 presidential nominee. The former mayor of New York leads Senator John McCain of Arizona by 11 points, a wider margin than Giuliani had in our polls earlier in the year. The former House speaker, Newt Gingrich, and the Virginia senator, George Allen, fill out the top four."

Clinton Leads Democratic Field In CNN Poll Of 2008 Presidential Hopefuls. CNN's The Situation Room (9/7, Blitzer) reported, "Hillary Clinton continues to dominate the field among Democrats. Our new CNN poll, conducted by Opinion Research Corporation, shows that the

DOJ_NMG_0059388

senator from New York is the top choice among Democrats to be their presidential nominee. Former Vice President Al Gore and the 2004 ticket of John Kerry and John Edwards round out the top four."

Experts Say Clinton Must Win Big Upstate To Make A Credible Presidential Bid. ABC News' Nightline (9/8, McFadden) reported, "Pundits say Senator Clinton must win and win big in upstate New York, where a majority of voters went for President Bush last time, to make a credible case, she could win a presidential election, if she decides to run."

Clinton Says Bush Has Been "Disappointing" As President. Clinton, interviewed on ABC News' Nightline (9/8), said President Bush has been "disappointing," adding, "I think our country is really headed in the wrong direction. And after 9/11, we were united. And there was an opportunity for leadership that pulled us together, not just in the immediate aftermath of that horrific attack. But for months and years. And called us to sacrifice on behalf of a larger, national purpose. But that didn't happen. And we have paid a big price for it. "

Clinton Says She Isn't Thinking About 2008 Presidential Race. Clinton was asked on ABC News' Nightline (9/8) if she is running for president in 2008. she said, "I am not thinking about that at all. You know, I -- I know everybody else is. And lots of other people are saying she is, she is. But the truth is, I don't think about it. I haven't made a decision about it because that's not how I think and how I work."

Clinton was asked on ABC News' Nightline (9/8) if America is ready for a female president. She said, "I hope so. It depends upon when and if that happens. We'll have to stay tuned." Nightline noted that Clinton's use of the words "stay tuned" were "construed by a wire service standing behind me, to be a coy hint from Clinton, regarding her presidential aspirations. The next morning, papers around the world carried the story, including the New York Post. A glimpse about why the senator is so famously cautious about what she says."

Doctors Launch Campaign To Repeal Cuts In Medicare Fees. The Los Angeles Times (9/8, Alonso-Zaldivar, 918K) reports, "The Bush administration and Republican-led Congress are headed for a political confrontation with an influential constituency: the 700,000 doctors who treat seniors in the Medicare program and are frantically trying to stave off a planned cut in their fees." The AMA says "that doctors may stop taking seniors as new patients -- or even drop out of the program -- if the cuts go through. It has launched a nationwide blitz to persuade Congress to rescind a 5.1% cut planned for next year, insisting that lawmakers act before they adjourn in October to campaign for reelection." But with the tight Congressional schedule no action is expected to occur and the Administration "is showing no sign that it wants to hold off on the cuts." The Times notes, "What is needed, according to a top Medicare official, is a revised system that rewards doctors for quality care rather than paying for numbers of office visits, tests and procedures."

House GOP's Priorities Questioned. The Washington Post (9/8, A2, Milbank, 748K) reports in its "Washington Sketch" column, "Let us stipulate, as the lawyers like to say, that horses should not be slaughtered for human consumption. Let us further stipulate that there is nothing inherently offensive about minting coins to commemorate the bicentennial of Abraham Lincoln's birth. Still, the question arises: What are House Republicans thinking?" GOP lawmakers "have much to worry about: war in Iraq and Afghanistan, terrorism and border problems, high energy prices and health-care costs, and none of the federal government's annual spending bills enacted. So what did House leaders decide to make the centerpiece of the week? H.R. 503: the American Horse Slaughter Prevention Act. This legislation, passed yesterday, followed Wednesday's action on a full slate of bills including H.R. 2808, the Abraham Lincoln Commemorative Coin Act. And to think that Republicans are in jeopardy of losing their majority in the House."

Questions Raised About Relationship Between Wal-Mart, Conservative Think Tanks. The New York Times (9/8, Barbaro, Strom, 1.21M) reports that as Wal-Mart Stores "struggles to rebut criticism from unions and Democratic leaders, the company has discovered a reliable ally: prominent conservative research groups like the American Enterprise Institute, the Heritage Foundation and the Manhattan Institute." Top policy analysts "at these groups have written newspaper opinion pieces around the country supporting Wal-Mart, defended the company in interviews with reporters and testified on its behalf before government committees in Washington." However, the groups "and their employees — have consistently failed to disclose a tie to the giant discount retailer: financing from the Walton Family Foundation, which is run by the Wal-Mart founder Sam Walton's three children, who have a controlling stake in the company." The groups "said the donations from the foundation have no influence over their research, which is deliberately kept separate from their fund-raising activities. What's more, the pro-business philosophies of these groups often dovetail with the interests of Wal-Mart." But the "financing, which totaled more than $2.5 million over the last six years, according to data compiled by GuideStar, a research organization, raises questions about what the research groups should disclose to newspaper editors, reporters or government officials."

DOJ_NMG_0059389

Rubin Downplays Significance Of New Think Tank Project. The New York Times (9/8, Thomas, 1.21M) reports former Treasury Secretary Robert Rubin has "started a small research group aimed at generating policy ideas for Democratic presidential candidates, as well as elevating the next generation of Democrat-supporting financiers." On Wall Street, Rubin, "from his perch on the board of Citigroup, has become an influential public defender of its chief executive, Charles O. Prince III, who is feeling the lash from investors over the stock's long stagnant run. Just don't ask the man himself." Rubin said, "I am a little pebble of sand on the beach. So what I say does not matter anymore." The Times adds as Democrats "hope to take over control of the House from Republicans and as an aspiring presidential class of 2008 becomes more assertive, the Hamilton Project, named after the founding father and onetime Treasury secretary Alexander Hamilton, is arguably Mr. Rubin's most overt political act since he stepped down from the Treasury in 1999. Mr. Rubin, naturally, denies any such crass intent."

Kristol Warns Of Increase In Anti-Judaism. In a Wall Street Journal op-ed (9/8), Weekly Standard editor Bill Kristol says, "Is anti-Judaism now enjoying a broader revival? It would seem so." Kristol notes several US academics and European intellectuals have expressed anti-Jewish sentiments, adding, "And then there's Mahmoud Ahmadinejad -- bidding fair to be the most powerful leader in the Islamic world. Mr. Ahmadinejad has called, of course, for the 'the elimination of the Zionist regime' and 'the destruction of Israel.' He wants Israel eliminated because he wants Judaism eliminated (Christianity will take longer). Javier Solana of the EU and Kofi Annan of the U.N. are eagerly paying him court. Will Mr. Solana or Mr. Annan stand up in the presence of Mr. Ahmadinejad and denounce Jew-hatred? No. Jews are under attack. And no one seems very concerned."

Krugman Welcomes New Debate About Economic Inequality. In his New York Times column (9/8), Paul Krugman says, "We are, finally, having a national discussion about inequality, and right-wing commentators are in full panic mode. Statistics, most of them irrelevant or misleading, are flying; straw men are under furious attack. It's all very confusing — deliberately so." Krugman says the "lion's share of the benefits from recent economic growth has gone to a small, wealthy minority, while most Americans were worse off in 2005 than they were in 2000."

NYTimes Criticizes Intel For Cutting Jobs After Repatriating Profits. The New York Times (9/8, 1.21M) says in an editorial, "This week, Intel announced that it would be cutting 10,500 jobs, or about 10 percent of its work force. The company's chief executive, Paul Otellini, said that while it was a difficult decision, the move was 'essential to Intel becoming a more agile and efficient company.'" But Intel "was also one of the major corporations that took advantage of the American Jobs Creation Act, a one-year tax holiday for American businesses operating overseas that lawmakers claimed was going to act as an engine for job growth. By reducing taxes on repatriated profits, it was supposed to generate cash for companies to use in underwriting new hiring at home. In reality, it was little more than a multibillion-dollar giveaway. Intel repatriated $6.2 billion under the program, which taxed foreign profits at a rate of just 5.25 percent, compared with the normal rate of 35 percent. Now, instead of creating new jobs, it is cutting existing ones."

Possibility Of Iran Sanctions Grows Despite French Ambivalence. The Financial Times (9/8, Williamson) reports, "Western powers on Thursday held out hope that China and Russia would agree to sanctions against Tehran should it fail to rein in its nuclear programme despite often voiced doubts from Beijing and Moscow." China and Russia were said to "remain committed" to the relevant UNSCR, and one diplomat is quoted saying, "No country has changed its position." Both nations, "which have strong economic ties to Iran, have in the past been resistant to moving swiftly towards sanctions."

The AP (9/8, Jahn) notes comments by Undersecretary Burns that Tehran "moved a step closer to U.N. sanctions Thursday, with a meeting of the five Security Council permanent members plus Germany making a 'lot of progress' on ways of punishing Tehran for its nuclear defiance." Burns "said further discussions were needed on how harshly to penalize Tehran for its refusal to freeze uranium enrichment, as demanded by the Security Council." The six-nation meeting "came amid broad moves by key European nations to enlist world support in pressuring Iran to give up uranium enrichment." However, the effort "was marred by signs that France, a key U.S. ally in pushing for firm U.N. action against Iran, might be wavering." French Foreign Minister Philippe Douste-Blazy "appeared to suggest Thursday that demand was negotiable, telling reporters: 'The question is to know at what moment this suspension takes place compared to negotiations.'" Speaking to reporters, Burns "dismissed suggestions of a split, saying all five permanent Security Council members insist that 'Iran must (first) suspend its nuclear operations, its enrichment activities, and (only) then would we sit down and negotiate.'"

Khatami Criticizes Bush, US Human Rights Record. McClatchy (9/8) reports from Charlottesville, VA, "Just before heading for a visit to Washington, former Iranian President Mohammed Khatami took a veiled swipe at President Bush on Thursday and said differences between nations should be

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resolved through dialogue and civility, not name-calling and finger-pointing." Khatami himself "didn't name any names in his speech at the University of Virginia, but he left little doubt that one of his barbs was aimed at Bush."

The AP (9/8, Gearan) reports Khatami also "took a swipe at the Bush administration for what he called human rights abuses in the Iraq war and the pursuit of terrorists. 'I do not deny the existence of problems in Iran, but I would certainly say those are not (worse than) the violations in places like Abu Ghraib and Guantanamo,' Khatami said. 'Let's condemn the violation of human rights wherever it takes place.'"

The Washington Post (9/8, A10, Wright, 748K) reports that in Washington, "amid noisy protests and tight security," Khatami "issued a call at the Washington National Cathedral yesterday for leaders in both the West and the Islamic world to launch a historic dialogue to 'rescue life from the claws of the warmongers and violence-seekers and ostentatious leaders.'" But "Khatami, who served as president between 1997 and 2005, signaled that the time is not yet right for direct dialogue between the United States and Iran." He "warned that the language of threats needs to end for any negotiation to have a chance -- an indirect reference to U.S. and U.N. pressure to impose new sanctions on Iran because of disputes over its nuclear program." Khatami "said Iran is prepared to discuss the suspension -- both the timing and the scope -- of its uranium enrichment in negotiations." The Washington Times (9/8, Sands, 88K) and Los Angeles Times (9/8, Neuman, 918K) also report on Khatami's remaks in Washington.

State, Treasury Seek To Shut Down Overseas Iranian Banks That Finance Arms Sales. The Wall Street Journal (9/8, Simpson, King, 2.03M) reports the Administration "is seeking to isolate a network of European and Middle Eastern banks and companies controlled by the Iranian government that U.S. officials suspect Iran is using to acquire sophisticated weapons technology." The State and Treasury and Departments "are trying to enlist European governments and big multinational banks in the effort, in part by sharing information with them about suspected money laundering and other illicit activities by these banks and firms." The Journal adds, "Law-enforcement officials from several countries say they have evidence that Iran has an elaborate weapons-acquisition program that resembles networks set up by China, Pakistan and North Korea, all three of which created scores of front companies to buy sophisticated equipment in Europe and sometimes the U.S." The Administration's work is "expected to proceed on two levels, with efforts by Treasury to formally blacklist some firms and target others through 'moral suasion' aimed at their business partners." It "represents an important second front in a larger diplomatic bid to pressure Tehran over its nuclear program."

Israel Allows Air Traffic To Lebanon To Resume But Maintains Naval Blockade. The Washington Post (9/8, A14, Wilson, 748K) reports Tel Aviv "lifted its eight-week-long air blockade of Lebanon on Thursday, but maintained its sea cordon after determining that not enough international forces had taken up positions along the coast to enforce" the arms embargo against Hezbollah. Israel "began allowing commercial flights to land early Thursday evening at Beirut's Rafiq al-Hariri International Airport," and "a plane from Lebanon's Middle East Airlines, arriving on a direct flight from Paris, circled Beirut in a celebratory gesture before landing shortly after the blockade was lifted at 6 p.m." However, Tel Aviv "did not carry out its pledge to lift the sea blockade at the same time, citing the inability of a U.N.-backed, multinational peacekeeping force to deploy enough ships off the coast to guarantee the arms embargo would remain intact." An Israeli Foreign Ministry spokesman "said that Israel hoped to stop its sea patrols 'sooner rather than later' but that the timing depended on how quickly the international forces deployed."

Under the headline, "Lebanese Ports Still Blocked," the New York Times (9/8, Smith, 1.21M) notes, "Commercial planes streamed into Beirut's international airport late Thursday after Israel formally ended its eight-week air blockade of Lebanon. But Israel announced that it was not yet lifting restrictions on sea traffic as planned." The Times adds, "The mixed signals…angered Lebanese government officials and interrupted a round of celebratory speeches at the Parliament building where lawmakers were ending a six-day-old sit-in protesting the blockade." But "the blockade's end, brokered by" UN Secretary-General Kofi Annan, "signaled what many Lebanese hoped would be a gradual return to normalcy after the sudden and devastating war."

The Financial Times (9/8, England, Morris) says the lifting of the air blockade "removes a key barrier to the country's postwar economic recovery. … The embargo cost the nation tens of millions of dollars a day, effecting imports, exports, tourism, trade and other activities, said Marwan Mikhael, an adviser to the minister of economy and trade. 'It's like announcing the end of the war,' Mr Mikhael said." The Los Angeles Times (9/8, Stack, King, 918K) runs a similar report.

NYTimes Urges US TO Take Lead On Reconstruction Effort. The New York Times (9/8, 1.21M) editorializes, "Donor countries have pledged nearly $1 billion for Lebanon's reconstruction. Experience suggests it could take months or years for that money to arrive, and the marquee total will never be reached. Hezbollah is already handing out Iranian cash. What Lebanon needs is a smaller, more dependable group to work directly…on reconstruction. The United States, which isn't sending troops, should take the lead in making sure that pledges turn into real projects, and

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quickly. France and Saudi Arabia could be charter members." The Times concludes, "A lot was finessed in the cease-fire resolution. That doesn't mean Hezbollah should be allowed to grow even stronger."

Blair Says He'll Leave Office Next Summer. NBC Nightly News (9/7, story 5, 2:25, Williams, 9.87M) reported, "Tonight there is high drama playing out in Great Britain. The Prime Minister, Tony Blair has said he will step down and hand over the reins to Gordon Brown. The two men have reportedly been in a colossal fight over when Blair should go." NBC (Colt) added, "By this afternoon the usually articulate Prime Minister looked angry, haggard and was at a loss for words. Still no firm date but he promises to be gone within a year." Tony Blair: "I am not going to set a precise date now. I don't think that is right." Colt: "The Prime Minister was forced to act facing a growing revolt from within his own party. A junior minister and seven aides resigned yesterday because Blair refused to." Blair: "The glory days of Britain are not over but Tory days of government are."

Major newspaper and wires extensively covered Blair's announcement. In a 1,615-word piece, the New York Times (9/8, Cowell, 1.21M) reports Blair "announced Thursday that he would leave office within the next 12 months, bending to pressure after an open rebellion in his own party. His announcement opened a troubled final chapter in a remarkable three-term premiership in which he moved from absolute political dominance of a prosperous Britain to fighting off open mockery about his closeness to President Bush." Blair's statement "means that, around or well before next summer, Mr. Blair will resign the leadership of the Labor Party and make way for Gordon Brown, his finance minister, to take over as prime minister. For much of this week, Britain has been gripped by the spectacle of a brutal, behind-the-scenes power struggle between the men over the timing of Mr. Blair's departure."

In an analysis piece, the New York Times (9/8, Lyall, 1.21M) says, "The most arresting political image to emerge here this week was not a picture of Prime Minister Tony Blair, who on Thursday clung to his job by announcing -- sort of -- when he planned to leave it." It was "a photograph of Gordon Brown, the chancellor of the exchequer, driving away from an earlier meeting with Mr. Blair, an enormous grin across his normally glum face." The Times adds, "When it comes to the complicated, rivalrous and ever-changing relationship between the once-sprightly prime minister and the buttoned-up chancellor, the smile said it all. Theirs is a zero-sum partnership: the story of Mr. Blair's slow downward slide is every bit the story of Mr. Brown's dogged ascent."

In a 1,215-word story, the Washington Post (9/8, A12, Sullivan, Jordan, 748K) notes Blair, "who has led Britain for nearly a decade through economic prosperity and the pain of war, announced Thursday that he would resign within 12 months. Battered by diving public approval ratings and an increasingly acrimonious feud with his presumed successor [Brown], Blair appeared stunned at the fevered demands in recent days that he make clear when he would step down." The Post calls Blair's announcement "a muffled, small beginning to the final chapter of a historic premiership. Since his party's landslide election in 1997, Blair, 53, has outlasted every other major European leader in office and become one of the world's most recognized statesmen. It was unclear if Blair's announcement would satisfy his critics."

One of three pieces on the subject in today's Financial Times (9/8, Blitz) is an analysis entitled, "Blair's U-turn Puts His Authority In Jeopardy." Blair "suffered a political humiliation on Thursday. One week ago, the prime minister declared he would not provide a timetable for his departure from Number 10, warning people to 'stop obsessing' about his exit plans. On Thursday, after a revolt by Labour MPs, he performed a complete U-turn, publicly stating he would leave Number 10 within 12 months." Calling the move "a major reverse," the Times says, "The question now is whether he retains enough authority to stay in office for another nine months, as he would seem to wish. Or will the humiliation simply get worse from here, forcing him out of Number 10 even earlier?"

CNN's The Situation Room (9/7, Verjee) said Blair's popularity "began sinking when he committed his nation to the US-led war in Iraq three years ago. His Labor Party is now trailing the opposition Conservative Party in opinion polls."

The AP (9/8, Gardiner), AFP (9/8, Rao), Chicago Tribune (9/8, Hundley, 623K), USA Today (9/8, Stinson, 2.27M) and Los Angeles Times (9/8, Murphy, 918K), among other newspapers, run similar reports this morning.

Asian Nations Want Annan's UN Successor To Be Asian. The Wall Street Journal (9/8, Harwood, 2.03M) reports in its "Washington Wire" column, "Asia wants one of its own to succeed Annan at United Nations. China and continental neighbors say the eighth U.N. secretary-general should be Asian. A Security Council straw poll testing five candidates showed South Korean Foreign Minister Ban Ki Moon leading, followed by Indian novelist and UN bureaucrat Shashi Tharoor. The US doesn't support any of the five."

France Suggests Deploying UN Force To Darfur Without Sudanese Permission. The AP (9/8, Meyer) reports Human Rights Watch claims that Sudan "is indiscriminately bombing civilian-occupied villages in Darfur." he group "said that sources report flight crews rolling bombs out the back ramps of their Soviet-made Antonov aircraft, a means of targeting rebels that was often practiced by government forces in their 21-year civil war with rebels in

DOJ_NMG_0059392

southern Sudan." HRW says that tactic "is so inaccurate that it cannot strike at military targets without a substantial risk of harm to civilians." In addition, France "on Thursday raised the idea of sending U.N. peacekeepers to the war-torn region even without Sudanese permission," despite that fact the Security Council "resolutions calling for the peacekeeping mission say they must be deployed with the consent of Khartoum, which has staunchly rejected any U.N. troops." French Foreign Minister Philippe Douste-Blazy hinted that deploying anyway should be considered," and is quoted saying, "Do we go there, in spite of them? That's not on the table, nobody has asked the question like that. But it's a real question." He "urged Sudan to accept the U.N. force and said he planned to visit the troubled region and meet with Sudanese officials soon. But a top Sudanese diplomat Thursday denounced the proposed U.N. peacekeeping force."

Biden Proposes Special Darfur Envoy, No-Fly Zone. AFP (9/8) reports SFRC ranking Democrat Joe Biden "submitted a resolution calling for the appointment of a special US envoy to Sudan and the creation of a no-fly zone in the country's violence-wracked Darfur region." He is quoted saying, "The situation in Darfur has spiraled out of control. Since the signing of the Darfur Peace Agreement on May 5, violence has increased exponentially. Fifty thousand people have been displaced in the past two months. Two hundred women have been raped over the past five weeks -- two hundred more have been violently assaulted. We cannot stand by and let further tragedy unfold." He added that "the international community must also step up and apply renewed pressure on Khartoum." AFP says the Biden resolution "urges the international community to impose economic and diplomatic sanctions on the government of Sudan, …calls on" President Bush "to appoint a special envoy for Sudan, and calls for a special session of the UN Human Rights Council to address Darfur."

Bill Richardson Departs For Khartoum To Seek Journalist's Release. The Chicago Tribune (9/8, Neikirk, 623K) notes New Mexico Gov. Bill Richardson and two others departed yesterday "on a plane to Sudan's capital" to seek the release of "imprisoned Chicago Tribune correspondent Paul Salopek." Accompanying Richardson is Salopek's wife and a Tribune editor. Before departing, Richardson "told reporters that he would seek to secure Salopek's release on humanitarian grounds when he meets with Sudanese President Omar al-Bashir in Khartoum. The president formally invited Richardson to come to Sudan, raising hopes for a speedy resolution of the case." Richardson "sounded an optimistic note. 'We will return whenever we bring him back,' he told reporters. Pressed on what he meant by that, he quipped: 'My hope is we bring him back before the election. I have other responsibilities. We are going to be very persistent, let me say that.'" The Tribune adds, "In Washington, State Department spokesman Sean McCormack said Richardson is going to Sudan as a private citizen. He added that the department has called for a speedy and fair judicial process and would like to see Salopek return home as soon as possible."

US-Russia WTO Deal Looks Unlikely This Year. The AP (9/8, Crutsinger) reports US and Russian "trade negotiators have failed to overcome obstacles in Russia's bid to join the World Trade Organization, raising the prospect that the effort may drag into 2007. Both sides took tough bargaining positions in public this week," with Kremlin aide Igor Shuvalov saying "it might be time to suspend the talks because Russia could not make further concessions." The AP adds, "For its part, the Bush administration insists it must reach an agreement that makes significant progress in tackling widespread copyright piracy in Russia and in opening up Russia's market to U.S. exports of agriculture and other products." Moscow "has been trying since 1994 to join the 149-nation group that sets the rules for world trade. However, the talks have been contentious with the United States, the last major country whose approval Russia still needs." The US and Russia "are arguing over Russia's agricultural inspection procedures, which the U.S. believes are rigged to keep American products out of the country. Also still in contention are barriers Russia has erected to keep U.S. service companies including banks from doing business in Russia." The AP said the "goal" of reaching a deal by October "is also looking increasingly unlikely." USTR spokeswoman Gretchen Hamel "refused on Thursday to characterize the status of the talks other than to say, 'We are continuing to work.' Private trade analysts said they are growing less optimistic that a deal can be reached this year."

Calderon Urged To Tackle Privilege To Build Mexico's Competitiveness. In her column in today's Wall Street Journal (9/8, 2.03M), Mary Anastasia O'Grady discusses Mexican legal maneuvers that "may tell more about the challenges faced by President-elect Felipe Calderón than do the anti-democratic antics of his losing rival Andrés Manuel López Obrador." Ricardo Salinas Pliego, a "billionaire media mogul," has filed four injunctions in federal court "against articles in a new securities law that protect minority investors, regulate insider trading, increase disclosure, mandate an all-independent audit committee and give the national banking and securities commission broader supervisory and investigative powers." His "attempt to destroy modern securities legislation in a fledgling democracy is worth paying attention to, as is the latest move in Mexican politics to grant, yet again, special treatment to telecom tycoon Carlos Slim. Both are symptomatic of the culture of privilege that has stifled Mexican growth and left a good part of the country so poor that it bought into the siren song of the

DOJ_NMG_0059393

authoritarian López Obrador." Of Calderon's intimations that he may "lean to port" on socio-economic issues, O'Grady says, "This is an alarming development from a president-elect who ran on a platform to make the country fairer, more competitive and more prosperous -- and won. To adopt AMLO's platform of redistributing wealth would not only be a betrayal of those who voted for him. It would also be a recipe for disaster." Calderón "can best defeat the left by spending his political capital going against the country's notoriously anti-competitive cartels." He could "tell Mexico's poor that, as their champion, he is about to end the culture of privilege that has left them behind. What he must not do, though, is shrink from the confrontation with the titans who think they own Mexico. As Mr. Salinas Pliego is now showing, it won't be easy." Calderón "must allocate [his political] capital to its highest use. Rather than spend it mimicking the messianic militant in the tent, he should make a big down payment on a future assault on privilege."

WPost Says Calderon Should Continue Addressing Problems, Not Politics. In an editorial, the Washington Post (9/8, A16, 748K) says, "In his first speech after the unanimous decision of the Federal Electoral Judicial Tribunal upholding his narrow victory, Mr. Calderon focused on what his government would do for the country," and "clearly distinguished himself from leftist populist Andrés Manuel López Obrador, who claims to represent the poor but has set himself an entirely different goal: overthrowing the democratic system." The Post notes, "If Mr. Calderón keeps focusing on Mexicans' needs while his opponent trumpets his own, Mexico may just get through its political crisis without serious damage." Calderon "should elaborate and make public detailed proposals to deliver on his promise to the poor," but he "should also prepare a push for free-market reforms that can enable faster growth: Fixes in Mexico's antiquated labor laws could help create many new jobs. The new president is a relatively uncharismatic man, but one who has shown determination and the ability to overcome political obstacles through intelligence and hard work. He will need those qualities in the months ahead."

LATimes Opposes Nationalization Of Chadian Oil Operations. The Los Angeles Times (9/8, 918K) editorializes, "Chad, the most corrupt country on Earth and one of the poorest, has long represented a serious challenge for those seeking to alleviate Africa's relentless poverty." A "promising attempt to" deliver development aid in that environment "may now be cut short." While the international community partnered with the government to devote "70% of [Chad's] oil revenues" to "an independently monitored account to be used for development projects such as clinics and schools," President Idriss Deby "now wants more government control and a bigger piece of the pie." While Deby's efforts to date have left the development agreement "unaffected," the Times says his "moves look very much like the opening steps of a plan to nationalize the country's energy industry. That would likely mean an end to foreign investment in Chad, and it displays a blithe disregard for the rule of law, reducing confidence that the government will live up to its development commitments." While Deby remains "reliant" on France for support, the Times notes French President Jacques Chirac "is much more focused on enlisting Deby's help in stabilizing neighboring Sudan than in addressing Chad's oil grab, and may very well be willing to overlook the matter since it has increased Deby's popular support and could help stabilize his regime. But Chad's president is walking a dangerous path. Chirac should tell him to turn back before it's too late."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"A Post-9/11 Identity Shift."
"CIA Can Still Get Tough On Detainees."
"Spiraling Scandal Engulfs Tech Icon."
"Baghdad's Beacons Of Civility."

USA Today:
"Killer Cancer Genes ID'd."
"9/11 Put Anonymous Faces On The Front Page Of History."
"Drug Use Rises In 50s, Dips Among Teens."

New York Times:
"Lawyers And G.O.P. Chiefs Resist Proposal On Tribunal."
"Interrogation Methods Rejected By Military Win Bush's Support."
"Blair To Give Up Post As Premier Within One Year."
"Mental Activity Seen In A Brain Gravely Injured."
"City Ad Firms Agree To Hire More Black Managers."
"After Years Behind Bars, Now A Life On The Run."

Washington Post:
"Bush Calls For Greater Wiretap Authority."
"D.C. Area Traffic Crawls To New Low."
"Decision To Move Detainees Resolved Tow-Year Debate Among Bush Advisers."
"Reagan Aide Stockman Targeted In Fraud Probe."
"Despite Charges, Prep Football Standout Remains Tackle-Eligible."
"'Vegetative' Woman's Brain Shows Surprising Activity."

Washington Times:
"Khatami Defends Ahmadinejad, Iran's Nuke Plans."
"Bush Slams Court Threat To Wiretaps."
"Blacks Only Welcome In Hill Caucus."

DOJ_NMG_0059394

"ABC Revises 9/11 Film After Clinton Criticism."
"Beltway Snooze Shuts Down Rush Hour."
"Congo Revives U.S. Buses."

Detroit Free Press:
"Long Strike Could Sink Schools, Judge Told."
"Nude Stop At Drive-Thru Earns Coach Suspension."
"Detroit Rock Legend ready For Spotlight."
"Fewer U.S. Dollars Flows To Windsor."

Atlanta Journal-Constitution:
"Lun Lun Makes A Great Mana."
"Iraq Assumes Military Control."
"Taylor Family Reaped Millions From State."

Houston Chronicle:
"Of Poorest Evacuees, 69% Plan To Stay."
"Fired TSU President Taken Off Teaching."
"Behind The Scenes As U.S. Empties CIA's Secret Prison Sites."
"In Austin, A Heavy Wait Showdown."
"'He Is Our Thurgood Marshall.'"

Story Lineup From Last Night's Network News:
ABC: Bush Interview; Iraq Forces; New Al Qaeda Videotape; Controversial 9/11 Film; Children Of 9/11.
CBS: Al Qaeda New Videotape; Bush Iraq Plan-Less Support; Valerie Plame-Leak; BP's Prudhoe Bay; Dental Fillings Scare; New HPV Vaccine; HPV Vaccine Analysis; Rush Limbaugh-Opinion; Rebuilding New York's Skyline; Maryanne Jones Test Negative; Baseball Fan Involvement.
NBC: New Al Qaeda Videotape; Al Qaeda Video Analysis; Terrorist Prisons; Iraq Forces Transfer; Trouble For Blair; Controversial 9/11 Film; Marion Jones Test Negative; Dental Fillings Safety; Stock Market; Gordon Manning Obit; 9/11 Inspired Firefighters.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Afghanistan-Car Bomb; Baghdad-Car Bomb; Bush-Iraq War; Al Qaeda Video.
CBS: Al Qaeda Video; Senate-Pre-Iraq War Intelligence Report; Space Shuttle; Wall Street; Oil Prices.
NPR: Space Shuttle; UN-Iran Sanctions; Al Qaeda Video; CA-Wildfire; Senate-Bolton Confirmation; VA-Phony Marriage Scheme; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends Bouchard for US Senate and Michigan Republican Party reception, Private Residence, Clarkston, Mich.; attends Talent Victory Committee reception, Private residence, Kansas City, Mo.

VICE PRESIDENT CHENEY — Speaks at a reception for Massachusetts State Victory 2006, Harvard Club, Boston.

US Senate: No Scheduled Events.

US House: FLOOR SCHEDULE _ 2 p.m. HOUSE FLOOR _ House meets in pro-forma session.

Other: FORMER IRANIAN PRESIDENT MOHAMMAD KHATAMI _ Highlights: 7 p.m. Speaks at a dinner hosted by the Council on American-Islamic Relations, discussing ``The Dialogue of Civilizations: Five Years After 9/11." Note Private reception including a photo opportunity preceeds the dinner aty 6 p.m. Media RSVP by Tuesday, Sept. 5, 202-742-6409 or 202-488-8787, ext. 6052. Contact: Ibrahim Hooper, 202-488-8787. Marriott Crystal Gateway Hotel, 1700 Jefferson Davis Highway, Arlington.

BLACK CAUCUS-LEGISLATIVE _ The Congressional Black Caucus Foundation holds its 36th Annual Legislative Conference. Highlights: 8 a.m. Forum on child welfare systems and situation, including speakers William Bell, president, Casey Family Programs. 8 a.m. - 9:30 a.m. Homeownership Breakfast (invitation only) with Detroit Mayor Kwame Kilpatrick. 9 a.m. Forum on the Iraq war and how to get out of Iraq, with Rep. John Murtha, Rev. James Forbes of New York, Rev. Jesse Jackson, others. 5 p.m. - 7 p.m. CBCF Chairs Reception with Congressman Kendrick Meek. Location: Washington Convention Center, 801 Mount Vernon Place NW., unless otherwise noted.

BIOETHICS _ 8:30 a.m. Two-day meeting of the President's Council on Bioethics. Location: Westin Embassy Row Hotel, 2100 Massachusetts Ave. NW.

MUSLIM YOUTH-POST 9/11 _ Americans for Informed Democracy, George Washington University, and the Brookings institution hold a two-day summit to examine U.S.-Muslim relations five years after 9/11. Highlights: 3:45 p.m. Discussion on putting reforms into action, with Mary Fetchet, Voices of September 11; Chris Kojm, former Deputy Director of the 9/11 Commission; Karl Inderfurth, former Assistant Secretary of State; 9/11 Commission member Slade Gorton. Location: Elliott School of International Affairs, 1957 E St. NW.

MEDICAL STUDENTS _ Medical students from across the country gather for Paul Ambrose Legislative Affairs Leadership Institute, aimed at providing physicians-in-training the chance to learn practical political skills to help effect change. Speakers include: Rear Admiral Moritsugu, Acting Surgeon General and Jim Nicholson, Secretary of Veterans Affairs. Contacts: Amy Boudreau, 847-846-7047. Kate Thomas, 703-620-6600 ext 231.

POST-9/11 SECURITY _ 8:30 a.m. - 3 p.m. The American Enterprise Institute hosts a forum, ``Five Years Later: A Progress Report on U.S. Security Post-9/11," with a keynote address by Stuart Levey, under secretary of treasury for terrorism and financial intelligence. Highlights: 8:30 a.m.

DOJ_NMG_0059395

Registration and breakfast. 9 a.m. Panel One on the Global War on Terror. Panelists: Max Boot, Council on Foreign Relations; David Gordon, Office of the Director of National Intelligence; Frederick Kagan, AEI; and Richard Shultz, Tufts University, Fletcher School. Moderator: Danielle Pletka, AEI. 10:15 a.m. Special Session: AEI Studies on Public Opinion: America and the War on Terrorism, with Karlyn H. Bowman, AEI. 10:50 a.m. Pnale Two on The State of Homeland Security. Panelists: Clark Ervin, Homeland Security Initiative, Aspen Institute; Michael OHanlon, the Brookings Institution; and Robert Powell, University of California at Berkeley. Moderator: Gary Schmitt, AEI. 12:30 p.m. Keynote luncheon address by Stuart Levey, under secretary of treasury for terrorism and financial intelligence. 1:30 p.m. Panel Three on Law & Order. Panelists: Bruce Fein, the Linchfield Group; Heather MacDonald, Manhattan Institute; Jeremy Rabkin, Cornell University; and John Yoo, AEI, University of California at Berkeley, Boalt Hall School of Law. Moderator: Fred Thompson, AEI, former U.S. senator. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

ALTERNATIVE FUELS-HEALTH _ 8:30 a.m. - 3:30 p.m. The American Lung Association of the District of Columbia; American Lung Association of the Upper Midwest and American Lung Association of the Southwest co-host an ``Air Quality and Alternative Transportation Fuel Forum" with top officials from lung associations, faith-based groups, and school and health organizations to participate in a scientific examination of the impact of renewable transportation fuel on air quality, human health and the environment. Highlights: 9:15 a.m. Bill Wehrum, U.S. Environmental Protection Agency clean air administrator. 2 p.m. Dr. Jonathan M. Samet, John Hopkins Bloomberg School of Public Health and chairman of the National Academies of Sciences study on air particles and human health. Location: National Press Club, Ballroom.

IRAQ BRIEFING _ 9 a.m. Army Maj. Gen. Thomas R. Turner II, commander of Multinational Division-North and the 101st Airborne Division, briefs live from Iraq. He'll discuss ongoing security operations. Location: Pentagon Room 2E579.

PORT SECURITY-BRIEFING _ 9 a.m. Senate Commerce Committee staff holds press briefing on the Senate Port Security Legislation (HR 4954). Location: Room 254, Russell.

WAR ON TERRORISM _ 9:30 a.m. The Cato Institute hosts a policy forum, ``The War on Terrorism Five Years after 9/11," featuring a presentation by Robert Pape, associate professor of Political Science, University of Chicago and author of ``Dying to Win: The Strategic Logic of Suicide Terrorism." The presentation will be followed by a discussion of U.S. strategy in the war on terrorism with Rand Beers, The National Security Network; Andrew Kohut, Pew Research Center; Flynt Leverett, New America Foundation; Dana Priest, The Washington Post; and Christopher Preble, Cato Institute. Location: Cato Institute, 1000 Massachusetts Ave. NW.

INDIA-PAKISTAN _ 10 a.m. The Heritage Foundation holds a forum on the India-Pakistan peace progress, with Sen. Chuck Hagel, and a panel discussion with Walter Anderson the School of Advanced International Studies, Teresits Schaffer of CSIS, Marvin Weinbaum of the Middle East Institute, others. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

NATIONAL SECURITY _ 10 a.m. The White House Project holds a telephone briefing with pollster Celinda Lake, others, to discuss a new poll on voter attitudes toward national security. Contacts: Lindsay Clinton, 212-785-6001.

TERRORISM-HOMELAND SECURITY _ 10 a.m. Deputy Homeland Security Secretary Michael Jackson speaks on ``Understanding and Responding to Terrorism: A Multidimensional Approach." Location: Capital Hilton, 1001 16th St. NW.

ENERGY RESOURCES-CARIBBEAN _ 10:15 a.m. Assistant US Energy Secretary Karen Harbert holds phone briefing on the Energy and the Competitiveness of the Caribbean Conference in Trinidad and Tobago. Contacts: Daniel Morales, 240-281-3029. Notes: To participate, call 888/529-1867 or 706-679-5920. Conference ID: 5789974.

CHERTOFF-9/11 _ 10:30 a.m. Homeland Security Secretary Chertoff speaks on ``September 11: Five Years Later." Location: Gaston Hall, Georgetown University.

IRAQ-FORCE PROTECTION-GRENADES _ 11:30 a.m. Major General Jeffrey Sorenson, Assistant Secretary of the Army, discusses force-protection measures for soldiers deployed in Iraq, Afghanistan and elsewhere. He'll also discuss efforts to protect against rocket-propelled grenades. Location: Pentagon Room 1E462.

DEMOCRATS-PROTECTING AMERICA _ 11:45 a.m. Democratic Whip Hoyer and Rep. Bennie Thompson, ranking member on the Homeland Security Committee, others, hold press conference. They'll release a report detailing homeland security failures of the Bush administration and Republican Congress five years after the 9/11 attacks. Location: House Radio-TV Gallery.

DEAN _ 12 p.m. DNC Chairman Howard Dean addresses the National Association of Black Owned Broadcasters. Location: Fairmont Hotel, 2401 M St. NW.

FAITH-FOREIGN POLICY _ 12 p.m. The Heritage Foundation sponsors a forum, ``Presidential Faith and Foreign Policy Are Times Changing? Participants include Elizabeth Edwards Spalding, Assistant Professor of Government and Director of the Washington Program at Claremont McKenna College, and author of ``The First Cold Warrior: Harry Truman, Containment, and the Remaking of Liberal Internationalism." Location: Heritage Foundation's Lehrman Auditorium, 214 Massachusetts Ave. NE.

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Sent:	Friday, September 8, 2006 9:16 AM
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Subject:	Department of Justice News Clips for Friday, September 08, 2006
Attachments:	dojclips060908.pdf; dojclips060908.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, SEPTEMBER 8, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:

President Defends War In Speech Here (AJC).....5
Democrats Attack Bush's Anti-Terrorism Strategy (NYT).....6
Bush Outlines Steps To Close 9/11 Security Gaps (LAT) 8
Bush Moves To Shore Up War-on-terror Credentials (CSM) 9
Bush Calls For Greater Wiretap Authority (WP) 10
Bush Assures That The Nation Is Safer As Memories Turn To A Day Of Destruction (NYT) 12
Candidates Say Bush's Efforts Won't Hurt, But May Not Help (NYT) 13
Emphasis On Terrorism May Not Work On Voters, Analysts Say (CO)..... 14
Analysis: Bush Election Focus Is Risky (AP-Y)..... 15
Bush Slams Court Threat To Wiretaps (WT) 17
Bush Says It's Harder For Terrorists To Attack (USAT) 18
Bush Touts Progress Since 9/11 Attacks (AP-Y)..... 18
Five Years Later In Indonesia, War On Terror Shows Both Gains And Worrisome Trends (WSJ) 19
Preventing Days Of Infamy (WT) 23
Vanished Towers, Vanished Leadership (WP)..... 24
Five Years Later, No Attacks But Focus Blurs, Unity Fades (USAT)..... 25
Senate Terrorism Bill Meeting Dissent (AP-Y) 26
Legal Experts In Military Object To Bush Plan (MCT) 27
Bush's Detainee Plan Is Criticized (WP) 29
Guantanamo More Strict, Detainees Say (WP)..... 30
Top Military Lawyers Dislike Tribunal Plan (LAT) 31
Senate Republicans Seek Unity On Terror Tribunals (WSJ). 32
Lawyers And G.O.P. Chiefs Resist Proposal On Tribunal (NYT) 33
Rules For Terrorism Tribunals Unclear On Torture, Legal Adviser Says (MCT) 35
Interrogation Methods Rejected By Military Win Bush's Support (NYT)..... 36
Questions Raised About Bush's Primary Claims In Defense Of Secret Detention System (NYT) 38
Red Cross To See Alleged 9/11 Plotter (FT) 40
Confirmation Of CIA Prisons Leaves Europeans Mistrustful (WP).....40
Europeans Seek More Info On Secret Jails (AP-Y).....41
Europeans' Views Mixed On News Of C.I.A. Camps (NYT)....43
Interrogation And Intelligence (WSJ) 44
'Values' We Have To Hide Abroad (WP).....45
Decision To Move Detainees Resolved Two-Year Debate Among Bush Advisers (WP) 46
Federal Judge In Oregon Refuses To Dismiss Lawsuit Over Bush Administration Eavesdropping (AP) 48
Judge Allows Islamic Group To Challenge Wiretapping (NYT).....49
In The Defense Of Basic Rights, An Official Led A City's Defiance (NYT).....49
Video Shows Bin Laden With 9/11 Planners (WP/AP) 50
Al-Jazeera Shows Video Of 9/11 Hijackers Meeting (LAT/AP)50
Al Jazeera Shows Tape Of Bin Laden And Planners Of 9/11 (NYT).....52
Tape Said To Be From Zarqawi Successor (USAT/AP).....53
DAN K. THOMASSON: Keeping Us Safe From Bows And Arrows (SCRIPPS).....53
Danish Investigators Fear Evidence Is Insufficient To Hold 5 Suspects In Possible Bombing Plot (NYT) 54
Wanted: Global Teamwork On Terrorism (WP) 55

Homeland Response:

FBI: Homegrown Terror Is A Minority (WP/AP) 56
Officials On Alert For A Different Sort Of Terrorist (LAT) 57
Echoes Of 9/11 Define Life 5 Years Later (NYT).....58
A Son And Soldier Unafraid, A Family Nonetheless In Grief (NYT).....59

At The Pentagon, A Shared Symbol Of Security For The Next Time Darkness Falls (NYT) 60
It's A Simple Scarf, But Its Meaning Is Much More Than Faith (NYT) 60
Rise Of Municipal Preparedness Comes With No Few Headaches (NYT) 62
A Post-9/11 Identity Shift (LAT) 62
9/11 Put Anonymous Faces On The Front Page Of History (USAT) 65
Passions Flare As Broadcast Of 9/11 Mini-Series Nears (NYT) 68
ABC Revises 9/11 Film After Clinton Criticism (WT) 69
Clinton Officials Protest 9/11 TV Series (AP-Y) 70
Scholastic Pulls Teaching Material For 9/11 Show Faulted As Biased (WSJ) 71
Ex-Clinton Officials Demand ABC Change Its 9/11 Docudrama (USAT) 72
Laying Blame And Passing The Buck, Dramatized (NYT) 72
Inside Politics (WT) 74
9/11 Miniseries Is Bunk (LAT) 75
Cleared Man Cites Prejudice (DMN) 75
Man Cleared Of Terrorism Charge Cites Prejudice (FWST) 76
Man Wrongly Accused Of Plot Wants Apology (AP) 77
Cell Phone Makers Fight Resales (HC/AP) 78
The Disbelievers (WP) 80
Senators Agree On Ports Security Bill (AP-Y) 84
Feds Work To Link Fingerprint Databases (AP) 84
Designs For 3 WTC Towers Unveiled (AP-Y) 85
A First Look At Freedom Tower's Neighbors (NYT) 86
Plans For Three Trade Center Towers Are Unveiled (WSJ) .. 88
Ground Zero Bears America's Broken Politics (column) (WSJ) 89

War News:

Conservative Group Airs Pro-Bush Ad (AP-Y) 90
The Central Truth (NYT) 91
Iraq Takes Over Command Of Armed Forces (AP) 92
Iraq Begins To Take Formal Control Of Its Armed Forces (LAT) 93
Iraq: A Civil War We Can Still Win (WP) 94
Fall In Deaths In Baghdad Not As Steep As Predicted (NYT) . 95
Body Count In Baghdad Nearly Triples (WP) 97
IED Attacks Keep Rising; U.S. Keeps Adjusting (USAT) 98
Army Faces Rising Number Of Roadside Bombs In Iraq (WP) 99
Pentagon: Bomb Detection Improves (AP-Y) 100
Tape Reportedly Features Voice Of Zarqawi Heir (WP) 100
Al-Arabiya: Told To Close Baghdad Office (AP) 102
Come Train Iraqis For Public Works Projects (WP) 102
NATO General: Troops Needed For Afghan Fight (USAT) .. 103
NATO General Wants More Troops In Afghan South (WP) .. 104
NATO Needs More Troops To Fight Taliban (AP) 105
NATO Seeks Reinforcement In Afghanistan (FT) 106
NATO General Seeks Reinforcements To Fight Taliban (WT/AP) 107
Inside The Ring (WT) 107
Musharraf Pledges To Pursue Qaeda And Taliban Insurgents (NYT) 109

Corporate Scandals:

Michaels Stock-option Inquiry Goes To Justice (FWST) 110
Reagan Aide Stockman Targeted In Fraud Probe (WP) 111
Lay's Estate To Pay $12 Million To Settle Enron Pension Dispute (MRKTWTCH) 113
U.S., Lay Estate Ink $12M Pension Settlement (CNN) 113
Former Officials Ask Gonzales To Reverse Policy About Corporations And Their Lawyers (FINDLAW/AP) 114
Corporate Fraud Policy Should Be Revised, Former Officials Say (BLOOM) 115
Former Justice Officials Critical Of Thompson Memo Policy (LAW) 116
Memo To Gonzales (WSJ) 116
H-P Scandal Puts Chairman, Lawyer In Awkward Light (WSJ) 117
Hewlett-Packard Spied On Writers In Leaks (NYT) 120
HP Investigators Got Reporters' Phone Records (WP) 121
Controversial HP Probe Started Under Fiorina (USAT) 122
Detectives Often Take The Heat If Things Sour (WSJ) 124
Scams Seeking Phone-Customer Data Are Growing Threat (WSJ) 125
Spitzer's Retreat (WSJ) 126

Criminal Law:

Source In C.I.A. Leak Case Voices Remorse (NYT) 127
Armitage Says He Was Source Of CIA Leak (WP) 128
Armitage Reveals That He Was A Source In Plame Leak (MCT) 128
Armitage Says He Was Source In CIA Leak (AP) 130
Sportingbet Chairman Peter Dicks Is Arrested In U.S. (Update8) (BLOOM) 130
British Online Gaming Executive Is Arrested (LAT) 132
U.S. Detains Sportingbet Chairman (WSJ) 133
PartyGaming Chief Accuses America Of Protectionist Tactics (LGUARD) 133
Roane Judge Gets 42 Months (KNOXNS) 134

DOJ_NMG_0059400

Vigil Trial: Yarbrough Details Kickback Scheme To Jurors (AP) 135
Courthouse Inquiry Ends With No Sign Of Corruption (TAMPTRIB) 136
Sliwa Testifies In 3rd Gotti Trial (NSDY) 138
Guardian Angels Founder Testifies At 'Junior' Gotti Retrial (AP) 139
Sliwa Helps Gotti? (NYDN) 139
SLIWA'S SLEAZY CHARADES (NYPOST) 140
Judge Sentences Gambino Underboss To More Than 11 Years (NSDY/AP) 141
'The Brain' Sentenced To 135 Months (WESTJN) 141
FEDS BUST 'TOXIC' L.I. METAL MAN (NYPOST) 142
Suffolk Firm Owner Busted In Toxic Waste Pollute Case (NYDN) 142
Toxic Waste Leads To Bust (NSDY) 143
Pollster Pleads Guilty To Fraud (AP-Y) 144
Man Arrested In 2005 Phoenix Attack (USAT) 144
Despite Charges, Prep Football Standout Remains Tackle-Eligible (WP) 145

Civil Law:

Court: Wife Of Bulger Victim Cannot Sue (BOS) 148
Xanga To Pay $1 Million In Children's Privacy Case (WP) 149
Prison Whistleblower (quietly) Honored (MCT) 149

Civil Rights:

Appeals Court Hears Arguments Over Legislative Prayers (AP) 150
3rd Circuit Reverses Itself On Groundbreaking Sex Discrimination Ruling (LAW) 151
Schools' Policies On Race In Spotlight (LCJ KY) 153
Let Schools 'Look Like America,' Too (LAT) 154

Antitrust:

Is Time Ripe For 'Dr. Miles' To Fall? (LAW) 155
Judge OKs New Microsoft Antitrust Deadline (CNET) 156
Microsoft May Delay Vista In Europe On Antitrust Case (Update2) (BLOOM) 157
Microsoft Threatens Vista Delay Amid Dispute With EU Regulators (WSJ) 158
Valero Energy Weighing Purchase Of One Or More Oil Refineries In Europe (BLOOM) 159
Wright Law Revision In Holding Pattern (DMN) 159
Alcatel, Lucent Shareholders Back Merger (AFP-Y) 161
Alcatel, Lucent Owners Approve $10.5 Billion Takeover (Update1) (BLOOM) 162
Lukewarm Investors, Nervous Workers Await The New CEO At Lucent-Alcatel (WSJ) 163
No Happy Ending For Net Movie Renters (LAW) 164

Environment:

Congressmen Slam BP Executives At Oil Leak Hearing (USAT) 165
Former BP Executive Declines To Testify (AP-Y) 166
BP Executives Rebuked In Hill Appearance (WP) 168
Panel Questions BP On Managing Alaska Oil (NYT) 169
BP's Top U.S. Pipeline Inspector Refuses To Testify (WSJ) 170
BP Executive Refuses To Testify (FT) 171
Contrite BP Bosses Admit Blame For Alaskan Oil Leaks (LGUARD) 171
BP Official Refuses To Testify At Pipeline Hearing (MCT) 172
Cellulosic Ethanol Is Five Years Away, Energy Secretary Says (DMR) 173
Redesigning Crops To Harvest Fuel (NYT) 174
For Pods Of Whales, Celebrity Status And Now A Lawsuit (NYT) 176
Other Fish To Fry (NYT) 178

FBI/DEA/ATF/USMS:

Drug Use Rises In 50s, Dips Among Teens (USAT) 179
Drug Use Up For Boomers, Down For Young Teens (AP) 180
Drug Use Up For Boomers, Down For Young Teens (AP) 181
Bahamian Man Extradited To Miami For Drug Charges Five Years Ago (AP) 182
U.S. Trying To Deport Ex-drug Informant (HC) 182
Local Drug Kingpin Sentenced To 30 Years (NJ) 184
Bill To Revise Gun-show Laws Advances In House (RTD) 184
No Firing Of Rumsfeld To Appease Democrats (WP) 185
Fugitive Suspected In New York State Trooper Shootings Named To '15 Most Wanted' List (AP) 186
After Years Behind Bars, Now A Life On The Run (NYT) 187

Immigration:

19 Residents Arrested In Arranged-marriage Scam (WT) 189
House Crafting New Border Security Bill (AP-Y) 190
Immigration Pushed Aside As House GOP Sticks To Border Security Priorities (MCT) 191
Immigration Overhaul Takes A Back Seat As Campaign Season Begins (NYT) 193
House GOP Makes Border Security Its Priority (LAT) 194
House Republicans Reject Illegal-aliens Amnesty Bill (WT) 195
As Congress Stalls On Immigration, A Backlash Brews (CSM) 195

DOJ_NMG_0059401

Immigration Rally's Low Turnout Disappoints Advocates (WP) 197
Mexican President-Elect To Press U.S. Reforms (WP/AP) ..198
Conservatives, Liberals Hit 'Honor System' On Border (WT) 199

Congress-Administration:

Chafee Delays Vote On Bolton Nomination (AP) 200
Bolton's UN Position In Jeopardy (FT)....201
GOP Senators' Bid To Confirm Bolton Is Called Off (WP) 201
Committee Delays Vote On Bolton Confirmation (WT) 202
Republicans And Democrats Begin Plotting Post-Election Leadership (WSJ)....203
Senate Approves $63 Billion More For War In Iraq (NYT/AP)204
Court Allows FCC To Clarify Indecency-Policy Enforcement (WSJ) 204
Court Suspends Enforcement Of Indecency Ruling (WP) 205
Hedge Fund Link Ends For U.S. Official (WP) 206
How To Punish Rumsfeld (LAT)....207
Progress, Setbacks Among Bush's Workforce Reforms (column) (WP)....207
Book Says Rove Ordered Office Exorcism (CHIT)....209
Ed. Dept. Eases Teacher Quality Rule (AP-Y)....209
Blacks Only Welcome In Hill Caucus (WT)....210
Departure Of A Pragmatist (NYT)....211

Other News:

OPEC Likely To Keep Output Level (WSJ) 212
Housing Slowdown Takes Its Toll (WSJ)....212
Housing Market Forecast Worsens (USAT) 214
Some Housing Pessimism From Real Estate Brokers (NYT)215
Fed Minutes Show Broad Backing For Rate 'Pause' (WSJ) .216
Fed Official Defends Interest Rate Policy (WP)....217
Housing Report Worries Slam Stocks (USAT/AP)....218
'Transparent' Vision New Fed Chairman Hopes To Downplay Impact Of His Words (WSJ)....219
Judicial Surveys Vex The Bench (LAW)....222
Local Court Reporting School Founders (SDUT)....224
War Turns Southern Women Away From GOP (AP-Y)....225
Republicans Look Homeward (WSJ)....226
First Lady Stumps For Drake In Norfolk (WT/AP)....228
Conn. Senate Race Centers On Iraq War (AP-Y)....228
Battle Of Surnames Underlies Senate Contest In N.J. (USAT)229
Tape Rolls On Gov.'s Meeting (LAT)....231
Money Is At The Root Of California's November Ballot (LAT)233
Doctors Feverishly Seek To Halt Planned Cuts In Medicare Fees (LAT)....235
Down The Homestretch, The House Wanders Off Course (WP)....236
Conservatives Help Wal-Mart, And Vice Versa (NYT)....237
New Role For Rubin: Policy Guru (NYT)....239
Anti-Judaism (WSJ)....241
Whining Over Discontent (NYT) 242
Cashing Their Chips (NYT)....243
Russia And China 'stay Committed' On Tehran (FT)....243
Iran Moves Step Closer To U.N. Sanctions (AP) 244
Iran's Former President Takes Veiled Swipe At Bush (LEXHL)....245
Former Iranian Leader Suggests Dialogue (AP-Y) 246
At Cathedral, Iran's Khatami Urges Dialogue (WP)....247
Khatami Defends Ahmadinejad, Iran's Nuke Plans (WT)....249
In U.S. Visit, Iran's Khatami Urges Dialogue (LAT) 250
U.S. Takes Aim At Banks Controlled By Tehran (WSJ)....252
Israel Lifts Blockade Of Air Access To Lebanon (WP)....252
Lebanese Ports Still Blocked (NYT) 253
Israel Lifts Air Blockade But Navy Stays (FT)....255
Israel Ends Its Lebanese Air Embargo; Seas May Be Next (LAT) 256
Lebanon's Other Border (NYT)....257
Blair To Give Up Post As Premier Within One Year (NYT)....257
Another Tilt In The Uneasy Partnership Atop Britain's Governing Party (NYT)....259
Blair Says He Will Step Down Within 12 Months (WP)....261
Blair's U-turn Puts His Authority In Jeopardy (FT) 262
Blair Won't Set Specific Date For Exit (AP-Y) 263
Blair Vows To Go Within Year, In Bid To Calm Crisis (AFP-Y)265
British PM Will Step Down Within A Year (CHIT)....266
Blair Says He'll Step Down As British PM Within A Year (USAT)....268
Blair Promises To Step Down Within A Year (LAT) 268
Rights Group: Sudan Bombing Civilians (AP)....269
US Senate Bill Would Create No-fly Zone Over Darfur (AFP)270
Group Hopes To Free Reporter Imprisoned In Sudan (CHIT)271
Russia And U.S. Trade Deal Stalls (AP-Y)....272
The Temptation Of Don Felipe (WSJ) 272
Mexico's President-Elect (WP) 274
Chad Goes Bad (LAT)....274

DOJ_NMG_0059402

TERRORISM NEWS:

President Defends War In Speech Here (AJC)

By Tom Baxter

The Atlanta Journal-Constitution, September 8, 2006

Five years after his "let's roll" speech in Atlanta helped launch the war on terrorism, President Bush returned Thursday to give an accounting of what his administration has accomplished since the 2001 attacks.

In the fourth in a series of election-season speeches leading up to the fifth anniversary of 9/11, Bush said the nation is safer because of his administration's homeland security reforms, but must remain on the offensive until its enemies are "finally defeated."

He spoke before an invited audience of 600 organized by the Georgia Public Policy Foundation, a conservative think tank, held at the Cobb Galleria Centre. From there, he flew to Pooler, outside Savannah, to attend a fund-raiser that netted $375,000 for Republican congressional candidate Max Burns in his race against incumbent Democratic U.S. Rep. John Barrow.

The president described his speech in Atlanta as "a progress report on the steps we have taken since 9/11 to protect the American people, steps we've taken to go on the offense against the enemy and steps we are taking to win the war on terror."

Two months after 9/11, in a speech at the Georgia World Congress Center, Bush spoke of "a war to save civilization itself" and concluded with the exhortation, "let's roll." The borrowed words, which became a rallying cry, came from an airline passenger who helped lead a revolt against hijackers on 9/11.

On Thursday, Bush called the revolt — which resulted in the plane's crash in Pennsylvania, aborting the terrorists' mission — the "first victory in the war on terror."

Detailed list of responses

There were no revelations in his speech, as there were Wednesday when he acknowledged for the first time that 14 top terrorist suspects had been held in secret locations and said they would be transferred to the prison facility at Guantanamo Naval Base to await military tribunals.

But Bush's Atlanta speech was perhaps his most carefully detailed listing of what the administration has done to respond to the terrorist attacks, from reorganizing the government's intelligence operations to requiring hardened cockpit doors on airplanes.

"Even if all the steps I have outlined this morning had been taken before 9/11, no one can say for sure that we would have prevented the attack," Bush said. "We can say that if America had these reforms in place in 2001, the terrorists would have found it harder to plan and finance their operations, harder to slip into the country undetected, and harder to board the airplanes and take control of the cockpits and succeed in striking their targets."

He also reiterated his support for the war in Iraq, recalling a fallen Georgia soldier, 1st Lt. Noah Harris of Ellijay, who joined the Army after 9/11 and died June 18, 2005, when his Humvee was hit by a roadside bomb.

"The best way to honor the memory of brave Americans like Lt. Harris is to complete the mission they began. So we will stay, we will fight and we will win in Iraq," Bush said, drawing the most sustained applause of his speech.

Sensing public impatience with the pace of the war, Democrats are aggressively challenging Bush. Among other things, they have pushed for the release, scheduled today, of a Senate intelligence committee report that is expected to underscore the overestimation of the threat posed by Iraq's weapons program and the reliance of intelligence agencies on questionable sources.

"Republicans have ignored the lessons of 9/11 and failed to make America as safe as we can and should be," Senate Democratic leader Harry Reid of Nevada said Thursday. "They want to stay the course in the face of failure. We won't. We'll change course in Iraq."

Terror a campaign issue

Opinions inside and outside the Galleria were decidedly mixed.

"He's laying down the gauntlet and sending the message: We're not going to back down," said Gwinnett County developer Emory Morsberger, a former state legislator who was in the audience for Bush's speech.

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But Atlanta elementary school teacher Heather Barbour, one of about 80 protesters outside, voiced opposition to the war.

"He's trying to tie it in with World War II, which was a unifying cause. But he has it wrong. His 'war on terror' is closer to Vietnam. It's a war that can't be won with anything that could be called 'victory,' " Barbour said.

Bush began his current series of speeches last week in Salt Lake City, outlining an "ideological struggle" he compared to the World War II struggle against fascism.

Speaking in Washington on Tuesday, he quoted extensively from terrorist leaders to underline the seriousness of the threat they pose, and in the White House speech Wednesday he called on Congress to pass legislation that would circumvent a U.S. Supreme Court ruling and allow the trial of suspected terrorists before military tribunals.

The series is set to culminate in a Sept. 19 speech at the United Nations.

The speeches coincide with a congressional campaign season in which Republicans hope to gain ground on security issues, as they have in the past two elections. In a year when Republicans are fighting to maintain control of Congress, Georgia is a rarity, with two former GOP congressmen, Burns and Mac Collins, challenging incumbent Democrats, Barrow and U.S. Rep. Jim Marshall of Macon.

David Johnson, CEO of Strategic Vision, a Republican polling firm, said Georgia is the only one of eight states his firm has surveyed this year in which the majority of voters continue to approve of Bush's handling of the war on terror, at 52 percent in a poll conducted Aug. 18-20, though the margin of error was 4.5 percent. The others are Florida, Washington, Michigan, Wisconsin, New York, Pennsylvania and New Jersey.

Even in Georgia, approval for Bush's handling of the war in Iraq has slipped, with 42 percent approval and 49 percent disapproval, Johnson said.

"The war on terrorism is his only strong card still left," he said.

Democrats Attack Bush's Anti-Terrorism Strategy (NYT)

By Christine Hauser And David Stout

The New York Times, September 8, 2006

Democrats sharply criticized the Bush administration's anti-terrorism efforts today as the Senate's top Democrat reiterated his call for the beginning of a phased withdrawal of American troops from Iraq by the end of the year.

The Democrats went on the offensive as President Bush, speaking in Atlanta, urged Congress to pass legislation that would give his administration the surveillance tools he said it needed to fight terrorism.

It was the latest in a series of speeches by the president this week as he works to rally support for his efforts to combat terrorism, some of which have been sharply constrained in recent months by the federal courts. Both parties are seeking to gain traction on national security and terrorism issues as the November elections approach.

The president is seeking Congressional approval for his Terrorist Surveillance Program, which has provoked fierce legal and political debate since it was disclosed last December that the National Security Agency was wiretapping the international communications of some Americans without a court warrant.

"The terrorists who want to harm America can now buy disposable cell phones, and open anonymous e-mail addresses. Our laws need to change to take these changes into account," Mr. Bush said today. "If an Al Qaeda commander or associate is calling into the United States, we need to know why they're calling. And Congress needs to pass legislation supporting this program."

But as the president was speaking, Senate Democrats were holding a news conference on Capitol Hill to denounce his anti-terrorism policies as "tough but empty rhetoric" and to offer a package of proposals of their own.

"Republicans have ignored the lessons of 9/11 and failed to make America as safe as we can and should be," said Senator Harry Reid of Nevada, the minority leader. "They want to 'stay the course' in the face of failure. We won't."

Mr. Reid and several colleagues offered what they called the "Real Security Act of 2006," calling for the beginning of a phased withdrawal of American troops from Iraq by the end of this year, a heightened effort to enlist more countries to take part in building a new Iraq, the ouster of Defense Secretary Donald H. Rumsfeld, and a faster adoption of the recommendations of the independent commission that investigated the 9/11 attacks.

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"Five years after Sept. 11, 2001, the American people deserve a government that has learned the lessons of the terrorist attacks," the Democrats said in a statement. "Bush Republicans have talked tough but failed to protect this country."

Mr. Bush argued in his speech today, however, that his administration had "waged an unprecedented campaign against terror at home and abroad, and that campaign has succeeded in protecting the homeland."

Five years after 9/11, he said, "America is safer."

He pointed to the renewal of the USA Patriot Act, which greatly expanded the government's investigative powers in the wake of the Sept. 11 attacks. And he emphasized that there had been a cultural change in the Federal Bureau of Investigation that tore down what he and other critics called a "wall" preventing the agency from sharing key information with intelligence agencies that might have foiled the 9/11 attacks.

"Nine-eleven lifted the veil on a threat that is far broader and more dangerous than we saw that morning," Mr. Bush said.

The Bush administration's national security efforts, such as detaining terrorist suspects, winning passage of the USA Patriot Act and implementing its Terrorist Surveillance program, have often come under attack by Democrats and rights groups who say the administration infringes on civil liberties.

Some prominent Republicans have also voiced reservations about the president's approach, including Senators John W. Warner of Virginia, the chairman of the Armed Services Committee, and Lindsey Graham of South Carolina, a member of the panel and a former military judge.

But Mr. Bush said it was essential that Congress give "explicit approval" to his Terrorist Surveillance Program.

Referring to international telephone calls made by the 9/11 terrorists as they plotted the attacks, Mr. Bush said that, "before 9/11, our intelligence professionals found it difficult to monitor international communications such as those between the Al Qaeda operatives secretly in the United States and planners of the 9/11 attacks."

The surveillance program initiated by his administration, he said, "helps protect Americans by allowing us to track terrorist communications, so we can learn about threats like the 9/11 plot before it is too late."

So far, two federal judges - one in Manhattan and one in Detroit - have considered the legality of the program, which is operated by the National Security Agency.

The judge in Manhattan indicated on Tuesday that he had serious reservations about the legality of the program but said that other issues might keep him from deciding whether it was lawful.

In August, Judge Anna Diggs Taylor of Federal District Court in Detroit ruled that the program was unconstitutional and ordered it shut down, but she stayed her decision after the government filed an appeal.

"My administration strongly disagrees with the ruling," Mr. Bush said. "We're appealing it, and we believe our appeal will be successful."

He said that a "series of protracted legal challenges would put a heavy burden on this critical and vital program" and that the surest way to keep it would be to get "explicit approval" from Congress.

"So today I'm calling on the Congress to promptly pass legislation providing additional authority for the Terrorist Surveillance Program, along with broader reforms in the Foreign Intelligence Surveillance Act," he said.

Critics say that the surveillance program violates the 1978 Foreign Intelligence Surveillance Act, under which the government must obtain a warrant from a secret court before wiretapping the international communications of Americans for national security purposes.

But Mr. Bush said that new laws needed to be adapted to new security challenges, saying that cellphones and the Internet have changed the way people communicate.

The politics of terrorism and the Iraq war continued to play out during the day. At a fund-raiser for former Representative Max Burns near Savannah, Mr. Bush again labeled Iraq a central front in the battle against worldwide terrorism. "If we ignore the hopes and aspirations of the Iraqi people, we will have failed when history looks back," Mr. Bush said.

Mr. Burns was one of only two Republican House incumbents who lost their seats in 2004, according to The Almanac of American Politics. Now, he is trying to unseat the Democrat who ousted him by 52 to 48 percent, Representative John Barrow.

Around the time that Mr. Bush was speaking for Mr. Burns, one of the president's most persistent Democratic critics denounced the administration in Washington. "Our disproportionate focus on Iraq has played into the terrorists' hands by

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undermining our ability to confront the terrorist threat around the globe," said Senator Russell D. Feingold of Wisconsin. Mr. Feingold was the only senator to vote against the Patriot Act in 2001.

Bush Outlines Steps To Close 9/11 Security Gaps (LAT)

By James Gerstenzang

The Los Angeles Times, September 8, 2006

MARIETTA, Ga. — President Bush said Thursday that stepped-up security at home and U.S. operations overseas had made the United States better able to prevent a terrorist strike than it was five years ago. But, he said, "America still faces determined enemies, and we will not be safe until those enemies are finally defeated."

Delivering what he called a progress report on closing security gaps that the Sept. 11 strikes exposed, the president said the nation had learned it must aggressively seek out terrorists and those who harbor them overseas — a statement he has made increasingly often as opposition to the war in Iraq has mounted in the United States.

Citing terrorist actions since 2001 in Britain, Russia, Spain, Indonesia and elsewhere, the president said, "We've seen that the extremists have not given up on their dreams to strike our nation."

As he spoke, to an invited audience of Chamber of Commerce officials and others assembled by a public policy research institute in this Atlanta suburb, Senate Democrats in Washington highlighted what they presented as setbacks and mistakes in the anti-terrorism campaign and in Iraq.

The Democrats called for a shift in course to more directly target terrorist operatives and begin to draw down U.S. troops in Iraq.

The Senate Democrats said their plan, which they unveiled at a Capitol Hill news conference, would boost efforts by special operations forces "to kill and capture terrorists" overseas; better track nuclear weapons materials; and expand rail, air, port and other transportation security, among other provisions.

"Republicans have ignored the lessons of 9/11 and failed to make America as safe as we can and should be," Senate Minority Leader Harry Reid (D-Nev.) said in a statement issued by his office as Bush was speaking in Georgia. "They want to 'stay the course' in the face of failure. We won't. We'll change course in Iraq."

The long-distance debate between Bush and the Democrats went to the heart of the political battle now at center stage in Washington: With the Republican majority in the House and possibly the Senate at risk in the November elections, each party is vying to convince voters that it is better prepared to protect the country.

The president's speech was his third in three days, and fourth since Aug. 31, about the campaign against terrorism, the war in Iraq and efforts the administration has taken to improve security. The speaking campaign is built around the fifth anniversary of the Sept. 11 attacks and is leading up to a Sept. 19 address at the United Nations General Assembly.

The speeches are setting Republicans' debate for what they've dubbed "Security September," an effort to keep the political focus on security matters in the closing weeks of the congressional session before the election.

In his 45-minute address, Bush called on Congress to approve his Terrorist Surveillance Program, under which the National Security Agency has intercepted the international phone and e-mail communications of some people in the United States without court warrant. Disclosure of the program in December touched off sharp debate in Congress and in court. A federal judge in Michigan ruled last month that the surveillance was unconstitutional, but she stayed her order to end the program while the government appeals.

Senate Democrats used procedural tactics Thursday to delay a vote that would have sent to the floor legislation to authorize the program. Lawmakers from both parties have expressed concerns about the surveillance program, and four bills are under consideration by the Senate Judiciary Committee, with several more in the House.

Senate Judiciary Chairman Arlen Specter (R-Pa.), sponsor of a White House-backed bill, expressed frustration with Democrats. Specter said he was weighing whether to ask Senate leaders to bypass his committee and send his legislation directly to the floor.

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Bush, in his speech, sought to show that his administration had learned from the Sept. 11 attacks and taken steps to prevent new terrorist strikes. He said that by ousting the Taliban government in Afghanistan soon after the 2001 attacks, the United States had demonstrated that any nation providing support for Al Qaeda or other terrorists was in jeopardy.

Describing gaps that the Sept. 11 hijackers exploited to enter the United States, Bush said the nation had moved to "correct weaknesses in our immigration and visa systems." He also said obstacles had been removed that had kept intelligence agents and criminal investigators from working together and sharing information.

"At every level, America's law enforcement officers now have a clear goal: to identify, locate and stop terrorists before they can kill people," the president said.

Bush also drew attention to increased screening of airplane passengers and cargo.

While the president focused on the steps taken to prevent new attacks, he made no reference to troublesome markers in the fight overseas.

In Afghanistan, Taliban militants have been showing new strength for several months, and NATO's commander, speaking in Belgium, called for reinforcements in southern regions, where Taliban forces have achieved battlefield successes.

The Defense Department said Thursday that 145,000 U.S. troops were in Iraq — more than at any time since December, and 15,000 more than a month ago. Tours of some 3,500 have been extended in the wake of growing sectarian violence in Baghdad. The Pentagon said the increase stemmed from an overlap as new troops arrive before others leave.

Bush Moves To Shore Up War-on-terror Credentials (CSM)

By Linda Feldmann

The Christian Science Monitor, September 8, 2006

WASHINGTON

Two months before high-stakes congressional elections, President Bush has dramatically reframed the debate over the war on terror and laid down a stiff political challenge to the Democrats.

This week's series of national-security speeches, pegged to Monday's 9/11 anniversary, differ in a key way from similar rounds of speeches in the last year: Mr. Bush made major news, foremost his proposal for new rules governing trials of terror suspects. The accompanying announcement that 14 "high value" terrorism detainees - including top Al Qaeda planners of 9/11 - are being moved from secret CIA prisons to the US military prison in Guantánamo Bay, Cuba, puts a face on his plan for trials.

Bush's speeches demonstrate the power of the presidential bully pulpit, even for a chief executive struggling in the polls. And in the first week of the fall campaign, marked by the traditional Labor Day kickoff, they confirm a political strategy long telegraphed by Bush adviser Karl Rove: to make heavy use of the terrorism issue for the third election in a row.

The question now is whether the increasingly unpopular war in Iraq - long framed as a central front in the war on terror - will undo the White House's goal of portraying Republicans as more capable than Democrats of defending the nation. For the Democrats, who control neither the White House nor Congress, the task is to convince enough voters in key congressional races to make the leap for change.

In 2004, "what the White House did was to use the war on terror like a helium balloon to pull up the sagging ratings in the war in Iraq," says Norman Ornstein, a political analyst at the American Enterprise Institute. "Now, Iraq is like a lead weight pulling down on the war on terror. So they believe they need a more aggressive public approach to explain what the president is doing and put his critics back on their heels."

The Democrats are saying, in effect, "no more Mr. Nice Guy."

"They feel as if they've been battered for two elections in a row on the security issue and reacted either passively or defensively, and there will be no more of that," says Mr. Ornstein.

The Democrats had planned to make headlines Wednesday with a Senate debate over their resolution recommending that Bush fire Defense Secretary Donald Rumsfeld, whom they blame for strategic failures in the Iraq war, but Bush's speech overshadowed the action on Capitol Hill. Republican senators killed the measure in a point of order declaring it irrelevant to the Pentagon spending bill under consideration.

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Democrats face a greater challenge over the substance of Bush's proposed legislation to change the rules for military trials of terror suspects. Last June, the administration suffered a major blow when the Supreme Court struck down the existing rules. Now, Bush is taking defeat and turning it on its ear, going on the offensive by promoting a plan that he promises will bring the likes of Khalid Sheik Mohammed - the self-described mastermind of 9/11 - to justice. Civil libertarians complain Bush's proposal still does not adequately protect the rights of the accused. The president, for example, would allow hearsay evidence in the trials.

Democrats who aggressively challenge Bush run the risk of being portrayed as soft on terror. But internal Republican debate on the matter could provide cover for Demo- crats. Republican Sens. John Warner of Virginia, John McCain of Arizona, and Lindsey Graham of South Carolina have drafted alternative legislation for military trials that would provide the kind of defendant rights that many military lawyers say are essential to due process, such as ensuring a defendant's right to know the evidence against him. The senators, all with military backgrounds, argue that denying such access would set a bad precedent for US military personnel if captured and tried abroad.

Republicans are also divided over how to craft legislation that would officially sanction the warrantless wiretapping program.

But Democrats aren't sitting back, assuming GOP debates won't be resolved, and they are trying to grab news attention on their own. Yesterday, Senate Democratic leaders introduced legislation called the Real Security Act of 2006, containing measures related to both Iraq and the larger war on terror. The proposal contains the so-called Reed-Levin resolution, which calls for redeployment of US troops out of Iraq this year; a provision for heightened security on transportation; rules for military trials of terror detainees; and other changes related to the war on terror.

Bush, meanwhile, delivered the latest in his series of 9/11 speeches yesterday in Atlanta.

"I learned a lot of lessons on 9/11, and one lesson is this: In order to protect the country, we will keep steady pressure, unrelenting pressure, on Al Qaeda and its associates," he said. "We will deny them safe haven. We will find them, and we will bring them to justice."

Bush called on Congress to pass legislation providing additional authority for the wiretapping program, which he calls the Terrorist Surveillance Program, along with reforms to the Foreign Intelligence Surveillance Act. The warrantless wiretapping program was recently ruled illegal by a federal judge in Detroit.

Earlier this year, Sen. Arlen Specter (R) of Pennsylvania, chairman of the Judiciary Committee, and Vice President Cheney agreed to a plan that codifies in law the wiretapping plan, but other proposals, some from Republicans, are under consideration in both chambers.

Bush Calls For Greater Wiretap Authority (WP)

By Anushka Asthana And Karen Deyoung

The Washington Post, September 8, 2006

ATLANTA, Sept. 7 -- President Bush urged Congress Thursday to give him "additional authority" to continue his administration's warrantless eavesdropping program. The speech was his latest effort in several days to mark the fifth anniversary of the Sept. 11, 2001, attacks by framing the election-year national security debate to political and policy advantage.

Bush asserted that his administration has filled many of the security gaps exposed by the Sept. 11 attacks but said he needs more power to adapt to changes in the threat.

"The nature of communications has changed quite dramatically," Bush warned in an address here. "The terrorists who want to harm America can now buy disposable cellphones and open anonymous e-mail messages. Our laws need to change to take these changes into account."

The president's appeal for congressional action to strengthen the legal underpinnings of the National Security Agency's surveillance program ran into roadblocks even as he spoke. Senate Judiciary Committee Chairman Arlen Spector (R-Pa.) suspended efforts to draft legislation until at least next week after Sen. Russell Feingold (D-Wis.) proposed new amendments and a bipartisan group of senators urged more hearings.

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Challenges also emerged to new rules Bush outlined Wednesday for putting foreign terrorist suspects on trial. In congressional testimony, U.S. military lawyers criticized his proposed military commissions as lacking sufficient judicial protections for defendants.

Meanwhile, Senate Democrats moved to match Bush in harnessing the emotional power of the anniversary commemoration to a policy argument. Introducing what they dubbed the Real Security Act of 2006, they called for a plan to accelerate redeployment of troops out of Iraq, overhaul procedures for bringing accused terrorists to trial and redistribute homeland security funds.

While the plan says Democrats want to "change the course in Iraq" by accelerating a phased redeployment, it does not offer specifics about troop levels or a timetable. Minority Leader Harry M. Reid (D-Nev.) told a Capitol Hill news conference that Republicans had "failed to make America as safe as we can and should be" and "want to 'stay the course' in the face of failure" in Iraq.

Bush's aggressive defense of the administration's national security policies, amid rising public disapproval of both the Iraq war and his overall management of the war against terrorism, has been a careful balance between claims of progress and warnings of remaining threats.

In his remarks here, Bush delivered what he called a "progress report" on "what we have done to fix the problems that the 9/11 attacks revealed."

Improved intelligence, tougher immigration and better airport security, coupled with diplomatic and military pressure, meant terrorists would find it far harder to plan or carry out an attack like the Sept. 11 assaults on New York and Washington, he told an audience assembled by the Georgia Public Policy Foundation.

"Many Americans look at these events and ask the same question. Five years after 9/11, are we safer? The answer is, yes, America is safer. We are safer because we've taken action to protect the homeland. We are safer because we are on offense against our enemies overseas. We're safer because of the skill and sacrifice of the brave Americans who defend our people.

"Yet five years after 9/11, America still faces determined enemies, and we will not be safe until those enemies are finally defeated."

Dividing the Sept. 11 attacks into four "stages," Bush said that each had exposed gaps in the nation's defenses. Osama bin Laden had found in Afghanistan a safe haven for terrorists to train and plan the attacks. Al-Qaeda operatives were able to enter the United States undetected and, once here, to transfer money and move about freely. Finally, they were able to pass through airport security and board planes with box cutters they used to take control of the aircraft.

After the attacks, his "new doctrine" of holding nations harboring or supporting terrorists responsible had allowed the removal of the Taliban from power in Afghanistan and the installation of a democratic government, Bush said. Diplomatic, financial and intelligence initiatives had ensured that "al-Qaeda can no longer move widely without fearing for their lives."

Noting that the Sept. 11 commission that investigated the attacks and other inquiries had recommended a series of intelligence and institutional reforms, Bush recited what he called major changes in federal law enforcement that allowed the Justice Department and the FBI to concentrate more attention on terrorism. Walls that prevented intelligence and criminal investigators from talking to each other had been torn down by the USA Patriot Act, he said, and the establishment of the Office of the Director of National Intelligence (ODNI) and the National Counterterrorism Center (NCTC) allowed information-sharing between federal officials and their state and local counterparts.

Bush defended his initiation of a domestic "terrorist surveillance program" as vital to stay in front of the terrorists. The 2001 program secretly authorized the National Security Agency to monitor phone and e-mail communications between people in the United States and suspected terrorists abroad without first obtaining a warrant.

The program was "leaked to the news media" last year, and "was then challenged in court," Bush said. He said his administration. "strongly disagrees" with the ruling of a federal judge in Michigan who last month declared the program unconstitutional. "We are appealing it, and we believe our appeal will be successful," he said. "A series of protracted legal challenges would put a heavy burden on this critical and vital program."

Although Bush claimed credit for domestic reforms after the attacks, many of them -- including the establishment of the Department of Homeland Security, the ODNI and the NCTC -- were implemented in the face of initial administration resistance.

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The Sept. 11 commission, which last December assessed the administration's reform record as mediocre at best, has remained unimpressed. Six months after that report card, commission chairman Thomas H. Kean told Congress this summer that "our perspective now . . . is just about the same. There is still a great deal we have to do and still haven't done to protect the American people."

A report titled "9/11 Five Years Later: Success and Challenges," issued by the White House Thursday to coincide with Bush's speech, focused more on events overseas than at home. In it, the White House took credit only for adopting "a comprehensive approach" toward such priorities as maritime and aviation security, noting, "our Homeland is not immune from attack."

Congressional critics have focused on the administration's shortcomings in securing chemical plants and aviation cargo, and in scanning shipping containers for radiation. The Department of Homeland Security is far behind schedule in developing industry-specific plans to protect vital facilities, while states are resisting calls to overhaul national requirements for ID cards.

Interoperable communications -- a problem in the Sept. 11 attacks and in Hurricane Katrina last year -- remain a fundamental problem for emergency first responders, with 82 percent of states reporting recently that such efforts were still "in progress."

DeYoung reported from Washington. Staff writer Spencer S. Hsu in Washington contributed to this report.

Bush Assures That The Nation Is Safer As Memories Turn To A Day Of Destruction (NYT)

By Sheryl Gay Stolberg

The New York Times, September 8, 2006

ATLANTA, Sept. 7 — Setting out his own narrative of what happened on Sept. 11, 2001, President Bush on Thursday defended his administration's record on domestic security, saying he had "learned a lot of lessons" on that day and had made Americans safer as a result.

Speaking to an audience of conservative intellectuals here, Mr. Bush also called on Congress to pass legislation authorizing one of his most controversial antiterror initiatives, a once-secret National Security Agency program to eavesdrop on suspected members of Al Qaeda.

The president used the latest in a series of his addresses leading up to the fifth anniversary of Sept. 11 to continue his effort to reshape the political climate by focusing the nation on the threat from terrorism rather than the war in Iraq. He mentioned only briefly the proposal he unveiled on Wednesday for interrogating and trying detainees linked to terrorism.

Instead, he offered his version of how terrorists plotted to attack the United States on Sept. 11 and used that framework to present a "progress report" — a rebuttal to critics who say he has not done enough and a playbook that Republican candidates may use as they face skeptical voters in November.

There is a wide range of narratives competing to define how the Sept. 11 attacks came about and played out, from the liberal version embodied in Michael Moore's "Fahrenheit 911" to the partly fictionalized account in a coming ABC miniseries "The Path to 9/11," which has drawn intense criticism from former Clinton administration officials who say it misrepresents what they did to confront Al Qaeda.

In Mr. Bush's version of events, there was no mention of the August 2001 intelligence report warning that Osama bin Laden was plotting to attack inside the United States. Nor was there any of his own early response, judged by his critics to have been erratic, after learning, during a visit to a Florida elementary school, that planes had crashed into the Word Trade Center.

Instead, the president laid out what he said were the four critical phases of the plot: its early planning abroad; the movement of the first Qaeda operatives to the United States; the arrival of the remainder of the plotters and the flight training they undertook; and the morning of the attacks, when the terrorists passed airport security to board the ill-fated flights.

"Many Americans look at these events," Mr. Bush said, "and ask the same question: Five years after 9/11, are we safer? The answer is, yes, America is safer. We are safer because we've taken action to protect the homeland."

For each phase, the president ticked off a litany of steps his administration had taken, like air security improvements and revamping intelligence agencies so they can share information more freely. To buttress his case, the White House released a 21-page report entitled "9/11 Five Years Later: Successes and Challenges," stuffed with facts and numbers.

"I learned a lot of lessons on 9/11," Mr. Bush said at one point. At another, he said, "We've learned the lessons of 9/11, and we have addressed the gaps in our defenses exposed by that attack."

Critics, including Democrats and the Republican co-chairman of the commission that investigated the Sept. 11 attacks, say the Bush administration has not done nearly enough to prevent another attack. The co-chairman, Thomas H. Kean, a former New Jersey governor, said in an interview last week that both the administration and Congress should be held accountable for failing to adopt his panel's recommendations in their entirety.

"The most dangerous gap is the possibility of a terrorist with a nuclear weapon," Mr. Kean said, when asked to cite an example of a vulnerability. "We still haven't done enough to contain about a hundred sites around the world that have enriched uranium."

During a year when control of Congress may turn on the question of which party is better suited to keep Americans safe, Mr. Bush is clearly trying to take the offensive. A senior White House official, who requested anonymity before talking about internal strategy, said that Thursday's address was a way to hammer home the "safer yet not safe" theme.

"It was a way for the president to go back and say, They got into the country, here's what would happen today," the official said. "They got money, here's what would happen today, and kind of go through those four phases to spell out how we are safer but still not safe."

Later in the day, Mr. Bush turned more directly to politics, traveling to Savannah to attend a fund-raiser for Max Burns, a former Republican congressman who is trying to regain his seat.

Mr. Bush's request for Congress to authorize the federal eavesdropping was his second legislative request in as many days. On Wednesday he called on lawmakers to approve a bill creating new military commissions to try terror suspects, replacing tribunals that the administration had authorized but that were struck down by the Supreme Court.

"The surest way to keep the program," Mr. Bush said, referring to the eavesdropping, "is to get explicit approval from the United States Congress."

Candidates Say Bush's Efforts Won't Hurt, But May Not Help (NYT)

By Carl Hulse And Adam Nagourney

The New York Times, September 8, 2006

WASHINGTON, Sept. 7 — President Bush's effort to refocus attention on national security is still in its early stages, but Republicans facing tough races said Thursday that their initial reaction was that it would not substantially alter the political environment in their favor.

Even as the White House followed up on Mr. Bush's series of speeches with steps like e-mailing talking points to sympathetic radio talk show hosts and unleashing new attacks on Democrats, the candidates who are the intended beneficiaries — Republicans in danger of losing House and Senate seats — suggested that the president might have trouble changing the way voters are approaching the election.

"It just doesn't help me; the things he says or does in my district don't really help," said Representative Rob Simmons of Connecticut, a Republican facing a particularly tough challenge from Democrats. "My race is about me, not about him. I learned a long time ago to continue to focus on my people and their needs."

Representative Chris Chocola, Republican of Indiana, said the war in Iraq had not played a central role in his campaign. "I don't think it will change the environment," Mr. Chocola said.

He added, "I think it will help focus on the issues, and I think it is an important issue to focus on."

In Michigan, Mike Bouchard, the Republican challenger to Senator Debbie Stabenow, said he was campaigning on economic issues, not security. Although Mr. Bush will visit Michigan on Friday to raise money for Mr. Bouchard at the end of what the White House sees as a successful week, the two men will not campaign together, Mr. Bouchard said.

"I appreciate his support, and he's going to help me raise valuable resources," he said. "But the focus of my campaign is Michigan: I'm on the ballot."

Similarly, Mr. Bush will appear at a fund-raiser on the same day for Senator Jim Talent of Missouri, another endangered Republican. Mr. Talent's aides said that the president and Mr. Talent would not campaign together, continuing a pattern in

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which Republican candidates in tough races have distanced themselves from Mr. Bush even as they have taken advantage of his ability to raise money for them.

Mr. Bush's announcement on Wednesday that he had transferred 14 high-profile terrorism suspects into military custody and wanted them brought to trial in military tribunals was an example of a president's unmatched power to shape events and influence the politics of an issue.

In coming weeks, both parties will be trying to assess the impact of his move and recalibrate their strategies accordingly as they head toward Election Day.

The early responses from Republican candidates could change if the White House message breaks through, and some Republicans praised Mr. Bush on Thursday for having made his case.

Senator Rick Santorum of Pennsylvania, one of the most endangered Republicans in the Senate and a steadfast defender of Mr. Bush and his administration, said the president's effort could only help.

"I think it is important for the conduct of this war to better explain what is going on, the nature of the enemy we are facing, the complexity we are dealing with," Mr. Santorum said. "What I have found when I have talked about this and laid out in broader detail the threat we are confronting and the challenge in meeting that threat, people come up to me universally and say: 'Boy, I didn't know that. Now I have a better understanding.' "

"Until recently," he said, "I don't think the president has really done that effectively."

The remarks came as the White House continued to roll out a post-Labor Day campaign that offered echoes of the Republican National Convention in New York two years ago, where Mr. Bush was nominated to a second term amid constant reminders about the attacks of Sept. 11.

And the speeches by Mr. Bush were just one part of what Karl Rove, the president's chief strategist, told lobbyists in a private briefing this week would be a hard-charging effort that would include frequent quotations from Osama bin Laden and a warning that terrorists were out to destroy Israel and dominate the world economy through the control of oil reserves.

In a repeat of the 2004 campaign, a group supportive of the president, Progress for America, began running an advertisement this week on national cable television and on stations in Missouri echoing Mr. Bush's new theme. With images including the World Trade Center collapsing on Sept. 11, 2001, and pictures of terrorists, including Abu Musab al-Zarqawi, the leader of the Iraqi insurgency who was killed in June, an announcer says, "These people want to kill us."

The announcer continues: "Many seem to have forgotten the evil that happened only five years ago. They would cut and run in the Middle East, leaving Al Qaeda to attack us again."

Stuart Roy, a spokesman for Progress for America, said the group was not coordinating with the White House.

"I'm sure that there are people within the administration that are aware generally of what we are doing," Mr. Roy said. But, he said, "We haven't had any substantial heads-up from the White House about the elements of the speech or their particular schedule."

In addition to the talking points e-mailed by the Republican National Committee, Sara Taylor, the White House political director, held a briefing with hundreds of state Republican Party executive directors and communications directors going over points they should make to local reporters to reinforce the White House message. And the Republican National Committee released a mock newspaper called America Weakly, intended to portray Democrats as weak on national security.

Representative Christopher Shays of Connecticut, one of three Republicans in the state facing a tough challenge, said that while he appreciated the effort by Mr. Bush, it would not matter significantly in his race.

"I think he needs to be doing what he is doing, but I don't think it is going to be all that helpful," Mr. Shays said. "There are very few undecided folks. People have pretty much made up as to how they are going to vote. But do I think it is important the president says what he believes? Absolutely."

Emphasis On Terrorism May Not Work On Voters, Analysts Say (CO)

By Ron Hutcheson

The Charlotte Observer, September 8, 2006

WASHINGTON - White House adviser Karl Rove previewed the strategy in January, and now President Bush is putting it into action.

Using the power of his office to full advantage, Bush has shifted the nation's focus from the war in Iraq to the war on terrorism, at least for the moment. In a series of speeches, Bush has sought to turn the November congressional elections into a referendum on which party can best protect Americans from terrorism.

It worked in 2002 and 2004, but it might not be as successful this time.

Pollsters say that while his handling of terrorism remains his strong point, any political benefit Bush gets from the issue is likely to be offset by discontent with the Iraq war, which Americans increasingly consider separate from the war on terrorism. While strategists in both parties say Bush has done a masterful job of drawing attention to his signature issue, his ability to set the national agenda is constrained by the realities of a conflict that even he concedes is testing the nation's patience.

Following up on Wednesday's confirmation that the CIA ran secret prisons and his announcement that he wants to bring top terrorist suspects to trial if Congress approves his plans for special military tribunals, Bush on Thursday delivered his third terrorism-related speech this week. He'll continue the theme through the weekend with a series of events marking Monday's fifth anniversary of the Sept. 11, 2001, terrorist attacks.

The president's role in commemorating a tragic event is a natural outgrowth of his job, but the larger political context was determined months ago. Rove spelled out the election-year theme in a speech to Republican activists in January.

"The United States faces a ruthless enemy, and we need a commander-in-chief and a Congress who understand the nature of the threat and the gravity that America finds itself in," he said at a party gathering in Washington. "President Bush and the Republican Party do. Unfortunately, the same cannot be said for many Democrats."

Within hours of Bush's speech on Wednesday, Republican Party chairman Ken Mehlman used the president's disclosures about the CIA's secret interrogation program to try to bash Democrats and rally Republicans.

"These new revelations are a clear reminder that the threat is real, and that we must pursue victory in this war with all our might. ... Time and time again, some Democrats in Washington have questioned why our government needs tools like these to prevent attacks on American soil," he said in a message to Republicans and others on the party's e-mail list.

Frank Newport, the editor in chief of the nonpartisan Gallup Poll, said the Republican focus on terrorism is a replay of a strategy that helped the party win congressional seats in 2002 and contributed to Bush's re-election in 2004.

"The White House strategy is fairly straight-forward, fairly blatant. A blunt instrument is effective in politics," he said. "Karl Rove and other strategists have gone back once again to what's worked in the past."

But the political landscape has shifted. Bush's standing with voters and support for the Iraq war have slipped. Voters are also less impressed with the president's handling of terrorism.

In September 2002, 75 percent of Americans felt that the war on terrorism was going well or somewhat well, according to Gallup. By 2004, the figure had fallen to 59 percent. Now only about half of Americans think it's going well.

To the extent that voters think Iraq is linked to the war on terrorism - and most don't agree with Bush that the two are intertwined - the attempt to link the two seems to have backfired on the president. Pollsters agree that the war in Iraq has helped drive Bush's approval ratings down to the upper 30s or low 40s from a record 90 percent shortly after the Sept. 11 attacks, depending on the poll.

"It's a double-edged sword. If Iraq is linked, then it neutralizes his strength," said Carroll Doherty, associate director of the Pew Research Center, another nonpartisan polling organization.

But pollsters also agree that Democrats cannot assume that dissatisfaction with Bush will give them control of the House and Senate.

"What the public is looking for is, where do we go from here? The challenge for Democrats is to say, `this is our plan,'" Newport said. "The onus is on them to take advantage of what nature has given them."

Analysis: Bush Election Focus Is Risky (AP-Y)

By Tom Raum

AP, September 8, 2006

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President Bush is casting the war on global terrorism as the central issue of the midterm elections. But it's a risky political strategy.

The approach carries reminders of failures in Iraq, prisoner treatment at Guantanamo Bay, warrantless wiretapping at home and Osama bin Laden's endurance abroad.

"We learned the lessons of Sept. 11," Bush said Thursday in the latest in a new round of speeches on the subject. "We're working to connect the dots to stop the terrorists from hurting America again."

GOP strategists hope the new focus, including efforts by Republicans in Congress to press for votes on a string of anti-terror initiatives, will burnish Bush's image as commander in chief in responding to the 9/11 attacks and help to divert attention from Iraq.

But Democrats were quick to portray the president's recent statements — including his acknowledgment Wednesday of a secret CIA prison system and the movement of 14 high-profile detainees to Guantanamo — as an admission of failure.

"Republicans have ignored the lessons of 9/11 and failed to make America as safe as we can and should be," Senate Democratic leader Harry Reid of Nevada said on Thursday. "They want to stay the course in the face of failure. We won't. We'll change course in Iraq."

With the electorate in a sour and generally anti-incumbent mood, majority-party Republicans have little choice but to run on the war against terrorism, suggest activists in both parties.

Frank Luntz, a GOP pollster and strategist who helped orchestrate the "Contract with America" campaign in 1994 that helped Republicans seize control of both House and Senate, sees parallels between then and now — but in reverse since Republicans now control both chambers.

"There is a deep desire for change and a consistent widespread rejection of the status quo," he said.

Republicans have little choice but to make the war on terrorism their central theme, Luntz said. "They have to, because this is their one area of strength. This goes to the core difference between the two parties and their visions. If you can't communicate a core difference, what can you do?"

Democratic pollster Mark Mellman noted that the one-time commanding Republican edge over Democrats on national security "has been dramatically diminished."

"The conclusion of a lot of polls is that people in this country do not feel safer and they feel that George Bush's policies in Iraq and elsewhere have increased the likelihood of terrorism against the United States, not decreased it," Mellman said.

Six in 10 in a recent AP-Ipsos poll said there will be more terrorism in the United States because the U.S. went to war in Iraq. A CNN poll published earlier this week asked the public if the war in Iraq was part of the war on terrorism. Fifty-three percent said "no;" 45 percent said "yes."

With two months to go before congressional elections that will determine whether Republicans can extend their control of Congress, Americans seem concerned over the threat of terrorism but ambivalent over assigning credit — or blame — to efforts to contain it.

"We're in a lot better shape than where we were before," Grant Miller, 28, a car salesman and Democrat said over lunch in Crestwood, Ky.

Fellow Kentuckian Tim Cox, 46, gave the president solid marks for combatting terrorism, which he said was his biggest present concern. "We're doing what we should be," the factory worker said while stopping by the post office in PeeWee Valley, Ky.

Frank Satterly, 45, a Republican who works as a meat cutter in New Albany, Ind., called it "pretty darn good" that there have been no further terrorist attacks in the U.S. in the past five years. However, he said, no matter who is president, "We're still going to have a terror threat. This is not going away."

Heavy emphasis on the war against terrorism could backfire for the Republicans, particularly if things get worse in Iraq, southern Lebanon, or in dealings with Iran.

But Democrats could also overplay their hand by being too harshly critical of the president.

"At any point, there could be a rally-around-the-president effect if there's another terrorist incident, another big arrest, or if — God forbid — we're attacked again," said James Thurber, a political scientist at American University.

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EDITOR'S NOTE — Tom Raum has covered Washington for The Associated Press since 1973, including five presidencies.

Bush Slams Court Threat To Wiretaps (WT)

By Stephen Dinan And Charles Hurt

The Washington Times, September 8, 2006

President Bush yesterday said the courts are threatening his wiretapping program and called on Congress to pass a law to put the program on sounder footing, but one hour later Senate Democrats blocked an effort to do just that.

Mr. Bush, speaking in Atlanta as part of a series of war-on-terror speeches, said his administration has made substantial progress in correcting the mistakes that allowed the September 11 terrorist attacks to happen. Delivering a five-year anniversary report card, the president said the nation boosted domestic security and disrupted terrorist plots through better intelligence and military action abroad.

"We've learned the lessons of September the 11th. We're changing how people can work together. We're modernizing the system. We're working to connect the dots to stop the terrorists from hurting America again," Mr. Bush said.

But the president said a federal court in Michigan has jeopardized a key tool, the terrorist surveillance program, which allows the government to listen to phone calls between the U.S. and overseas without a warrant. Mr. Bush said he expects the ruling to be overturned, but wants action from Congress to protect the program.

"A series of protracted legal challenges would put a heavy burden on this critical and vital program," the president said. "The surest way to keep the program is to get explicit approval from the United States Congress."

But during a Senate Judiciary Committee meeting yesterday, Democrats blocked consideration of such a bill. Sen. Russ Feingold, Wisconsin Democrat, likened the bill to a "rubber stamp" by authorizing almost everything the administration requested.

"The president has basically said: I'll agree to let a court decide if I'm breaking the law if you pass a law first that says I'm not breaking the law," Mr. Feingold said.

Democrats then invoked a parliamentary rule forcing the committee to disband for the day and blocking further action on the bill.

Chairman Arlen Specter, the Pennsylvania Republican who has said publicly the program should be more closely monitored by Congress and the courts, accused Democrats on his committee of filibustering the bill.

"We have seen the incipient stage of filibuster by amendment," he said during one pointed exchange. "Filibuster by speech, filibuster by amendment. Obstructionism."

Republicans seized on the obstruction, noting that it came just an hour after Democratic leaders vowed that "Democrats want to do everything we can to defeat the terrorists by improving our monitoring of terrorists and finally bringing those in custody to justice."

"It's little wonder that Democrats have a serious credibility gap with the American people on the issue of national security when they continue to obstruct national security legislation that is critical to fighting the war on terror," said Sen. John Cornyn, Texas Republican and member of the Judiciary Committee.

In his five-year review yesterday, Mr. Bush dissected the September 11 plot into four phases: the overseas planning by al Qaeda leaders; insertion of the first two hijackers into the U.S.; deploying the rest of the 19 hijackers, and having some of them train to fly airplanes; and carrying out the attack.

The president said actions have been taken to close the exploited security gaps.

The White House released a report listing more than 100 specific steps ranging from improved visa verification to cracking down on terrorist finances to fighting the war in Iraq.

Mr. Bush also called on Congress to pass a bill authorizing trial by military commission of terrorist detainees. He said that is all that stands between the mastermind of the September 11 attacks and a trial.

"The sooner the Congress authorizes the military commissions I have called for, the sooner Khalid Shaikh Mohammed will receive the justice he deserves," he said.

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By calling for Congress to authorize military tribunals and the wiretapping program, Mr. Bush has dumped two hot potatoes right into lawmakers' laps with midterm elections less than two months away.

Senate Minority Leader Harry Reid, Nevada Democrat, said Mr. Bush is just trying to scare voters.

"Roosevelt said, 'The only thing we have to fear is fear itself.' President Bush -- to the contrary -- says to each of us, 'Be afraid,' and then does nothing to make us safer," he said.

Bush Says It's Harder For Terrorists To Attack (USAT)

USA Today, September 8, 2006

Security improvements in the past five years make it harder for terrorists to attack the USA, but there's no way to know whether the changes would have prevented 9/11, President Bush said Thursday. Bush, speaking in Atlanta, urged Congress to take quick action on his proposed legislation that would allow terrorism suspects to be tried by military commissions and a bill that would give specific authority for his warrantless wiretapping program.

The surveillance bill hit a snag at the Senate Judiciary Committee. Chairman Arlen Specter, R-Pa., blamed election-year obstructionism for stalling action on legislation to authorize the formerly secret program under which the National Security Agency monitors, without a court order, international calls and e-mails of people in the USA when one party of the conversation may be linked to terrorists. “We have seen the incipient stage of filibuster by amendment,” Specter said after Sen. Russ Feingold, D-Wis., offered four amendments and spoke against the bill for about a quarter of the panel's meeting. Feingold said the bill would give the government too much power to eavesdrop.

Meanwhile, the Pentagon's top uniformed lawyers said that denying suspects' access to evidence, a key part of Bush's new plan to prosecute terrorism detainees, could violate the Geneva Conventions. Maj. Gen. Scott Black, the Army's judge advocate general, said at a House hearing that the government must disclose evidence against a suspect or drop the prosecution.

The 14 terrorism suspects transferred from CIA custody at overseas prisons to the U.S. military prison at Guantanamo Bay, Cuba, arrived in good health, said the facility commander, Navy Rear Adm. Harry Harris.

FBI director notes terror probes in USA

The FBI is investigating hundreds of people in the USA as part of several thousand terrorism investigations worldwide, Director Robert Mueller said. He said there are “varied levels of intensity” to the investigations. Some are criminal cases, and some are for intelligence gathering. “We've decimated al-Qaeda's leadership,” but the terrorists can still organize, finance and support attacks against the USA, he said. Deputy Director John Pistole said many people under investigation “are not bomb-throwers; these are people out there raising money or recruiting” help for terrorists.

Armitage apologizes for CIA leak

A former No. 2 State Department official said he inadvertently disclosed the identity of CIA officer Valerie Plame in talks with two reporters in 2003. Confirming that he was the source of a leak that triggered a federal probe, former deputy secretary of State Richard Armitage said he never intended to reveal Plame's identity. “I made a terrible mistake,” he said in a phone interview with the Associated Press. “I embarrassed my president … and I embarrassed the Wilsons. And for that I'm very sorry.” Armitage said he considered coming forward last month when news reports identified him as the leaker but said he did not want to be accused of trying to get the story out during summer's slow news cycle. Special prosecutor Patrick Fitzgerald had led a probe to try to determine whether Bush administration officials revealed Plame's identity. Her husband, former ambassador Joseph Wilson, claimed his wife's status was leaked because he discounted reports that Iraq tried to buy uranium ore from Niger.

Bush Touts Progress Since 9/11 Attacks (AP-Y)

By Nedra Pickler

AP, September 8, 2006

Terrorists today would have a tougher time plotting and carrying out attacks like the ones of Sept. 11 because of security improvements in the past five years, President Bush said Thursday.

There's no way to know if the attacks would have been prevented by the changes, Bush said, but he contended the nation is safer than in September 2001.

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Keeping his focus on national security leading up to Monday's anniversary of the attacks and November's congressional elections, Bush said more still needs to be done to stop the terrorist threat.

He pressed Congress to take quick action on two new laws — legislation proposed Wednesday by the White House that would allow terror suspects to be tried by a military commission and a bill that would give specific authority for his anti-terror eavesdropping program.

Bush initially resisted eavesdropping legislation on the grounds that the once top-secret program was already legal and that legislation could expose sensitive details.

But some leading members of Congress disagreed, and a federal judge in Detroit ruled last month that the program violated rights to free speech and privacy as well as constitutional separation of powers.

"A series of protracted legal challenges would put a heavy burden on this critical and vital program," Bush said in a speech to the conservative Georgia Public Policy Foundation. "The surest way to keep the program is to get explicit approval from the United States Congress."

Senate Democratic leader Harry Reid accused Bush of trying to scare Americans into voting Republican in the midterm elections with his speeches. He said the president's announcement Wednesday that he was transferring 14 terror suspects from secret CIA prisons to military custody so they can be tried before military panels was also politically timed.

"He's had years to bring these murders to justice, and he's waited until now — two months before an election — to do it?" Reid said. "It's a cynical but typical move from the campaigner in chief."

Bush said the United States has been making progress against terrorists in the past five years, beginning with the unsuccessful mission of the terrorists on United Flight 93, which crashed into a field in Pennsylvania when passengers fought back. "They delivered America its first victory in the war on terror," the president said to sustained applause.

"Many Americans look at these events and ask the same question: Five years after 9/11, are we safer?" Bush said. "The answer is: Yes, America is safer."

Bush said that's because his administration has filled gaps in the country's defenses that the terrorists exploited.

He used the example of two hijackers, Khalid al-Mihdhar and Nawaf al-Hazmi, who had come to the attention of the CIA before they helped crash American Flight 77 into the Pentagon but still were able to enter the United States.

Today, Bush said, intelligence officials would put known suspects like al-Hazmi and al-Mihdhar on a watch list that would be accessible at airports, consulates, border crossings and for state and local law enforcement. The men would have face-to-face interviews today to get visas and would be fingerprinted and screened against a database of known or suspected terrorists.

Al-Mihdhar and al-Hazmi were preparing for the attack while living in California, making phone calls to planners overseas. Bush said today, the National Security Agency monitors international calls "such as those between the al-Qaida operatives secretly in the United States and planners of the 9/11 attacks."

On the morning of Sept. 11, 2001, al-Hazmi, al-Mihdhar and 17 others were allowed to board their flights even though some of them were flagged by the passenger prescreening system. At the time, rules required only that their checked baggage be held until they boarded the planes.

Some of the hijackers also set off metal detectors. Security screeners manually checked them with handheld devices, but allowed them to board without verifying what had set off the alarms.

Bush said improved screening by the Transportation Security Administration, an increased number of federal air marshals, hardened cockpit doors and pilots trained to carry firearms would help stop a similar plot today.

"Even if all the steps I've outlined this morning had been taken before 9/11, no one can say for sure that we would have prevented the attack," Bush said. "We can say that if America had these reforms in place in 2001, the terrorists would have found it harder to plan and finance their operations, harder to slip into the country undetected, and harder to board the airplanes and take control of the cockpits, and succeed in striking their targets."

Five Years Later In Indonesia, War On Terror Shows Both Gains And Worrisome Trends (WSJ)

By Jay Solomon And James Hookway

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The Wall Street Journal, September 8, 2006

JAKARTA, Indonesia -- At the five-year mark in America's global struggle against Islamic terrorism, the world's largest Muslim nation offers hope, and a warning.

Last November, Indonesian police trained by the U.S. tracked their region's most-wanted bomb-maker to a house in central Java. Bedecked in a suicide belt, Azahari Husin lobbed several bombs at his pursuers and invited them to enter the house and join him in "paradise." Police responded instead with a burst of bullets, some of which pierced Mr. Azahari's heart.

"He said he didn't want to die alone, but I made it clear I didn't want to join him," says Col. Petrus Reinhard Golose, an officer of Indonesia's crack counterterrorism police.

Elsewhere in Indonesia, however, Islamic militias this summer were openly recruiting men to go to Lebanon to fight alongside Hezbollah. A man the U.S. says is the spiritual leader of Southeast Asia's main terrorist group was freed from jail to resume his verbal attacks on the U.S. and Israel. And Islamic militias and fundamentalism are both growing forces inside Indonesia, say political analysts.

In the five years since Sept. 11, 2001, the U.S. has recorded some big tactical successes as it has cooperated closely with many governments to combat terrorism. In the Philippines, U.S. Special Forces working with the local army have cleansed much of the country's southern region of the Abu Sayyaf terrorist group. The government of Pakistan, also cooperating with the Pentagon, has killed or arrested more than 600 alleged al Qaeda members. Saudi Arabia and Jordan have cracked down on violent home-grown extremists and aided in the hunt for operatives such as Abu Musab al-Zarqawi, killed in Iraq in June.

Yet even as high-profile targets fall in ones and twos, concern is widespread that the U.S. is having much less success, or even is failing, in the broader mission of blocking the font of new terrorists. From Egypt to Bangladesh, they are incubated by religious extremism and, local officials say, by popular anger with American wars and U.S. foreign policy. The Sunni-Islam insurgency in Iraq, for instance, has directly produced fighters who have fanned out to countries like Jordan, Lebanon and Kuwait to try to widen their wars against pro-West governments and Shiite Muslims, say security officials from the neighboring lands.

To Western security officials fighting terrorism, the most troubling element is what they call growing militancy among some expatriates and Muslim populations far removed from the Middle East. Jihadist Web sites and Arab media have seized on the bloodshed in Iraq, Afghanistan and Lebanon to export images that help to radicalize Muslims in Europe and Southeast Asia, say these officials.

Indonesia illustrates the conflicting results in the war on terrorism since 9/11. Indonesia has captured or killed more than 200 terrorists in five years, its officials say. It has cut deeply into the top ranks of Jemaah Islamiyah, the principal ally of al Qaeda in Southeast Asia. But alongside this progress are a creeping shift to a more conservative brand of Islam in Indonesia and the continuing growth of hard-line militias.

Indonesian officials say anger about U.S. support for Israel and about wars in which Muslims die undercuts their ability to cooperate with the U.S. in fighting terrorism. "I've always appealed to my colleagues in the U.S.: If there are changes in U.S. policy in the Middle East, there would be a significant reduction in terrorist attacks here. This is not a theory," says Ansyaad Mbai, who oversees Indonesia's counterterrorism operations and is a close aide to President Susilo Bambang Yudhoyono.

Indonesia has a secular constitution, and traditionally its nearly 200 million Muslims practiced a moderate form of the faith. But lately, some local jurisdictions have been unilaterally implementing elements of Islamic law, or Shariah, such as alcohol bans and limits on women's rights. At the national level, parliament is debating an "anti-pornography" bill that, as initially filed, would authorize a government agency to regulate skirt lengths and how long couples may kiss in public.

More recently, radical Muslim leaders in Indonesia, furious over the recent combat in Lebanon, have urged supporters to strike out against American and Israeli targets. Militias such as the Islamic Defenders Front and Indonesian Mujahedeen Council openly recruited fighters to go to the Middle East to fight Israel in Lebanon, though the government says it prevented any from actually going.

An Islamic radicalization of Indonesia is far from a sure thing. Presidential elections in 2004 gave 60% of the vote to Mr. Yudhoyono, a staunchly secular retired general. Purely Islamist parties won only around 15% of parliamentary seats that year, though recently, some secular parties have also backed legislation with an Islamic tint. Senior Indonesian and American officials

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say Jakarta is making significant strides in building one of the Islamic world's most vibrant democracies, after nearly 30 years of dictatorial rule under former President Suharto, who resigned in 1998.

Women's and minority groups have increasingly taken to the streets in recent months to push back against attempts to implement forms of Shariah law. And Indonesia's two largest Islamic organizations, Nahdlatul Ulama and Muhammadiyah,have shown an increasing willingness to combat the radical preachers and boarding schools that bred the suicide bombers that struck Bali and Jakarta in recent years. "This is a Muslim-majority country but it's not an Islamic state," says Defense Minister Juwono Sudarsono, who has worked to strengthen military ties to Washington.

Yet the Indonesian government's sway over what localities decide on matters such as Shariah is somewhat limited, officials here acknowledge. The central government is trying to wield a light hand, a reaction to the long years of Suharto's authoritarian rule.

Before Sept. 11 and for a while afterward, the U.S. was frustrated that the Indonesians didn't seem to take terrorism very seriously. U.S. diplomats were deeply worried that al Qaeda or its Indonesian sympathizers were casing their embassy and planning to hit it. Indeed, in 2002, a captured al Qaeda operative, Omar al Farooq, provided detailed intelligence to Americans of a plot to strike inside Indonesia.

Indonesian officials played down the threats and declined to receive U.S. intelligence briefings, say U.S. diplomats. Americans "couldn't get a dial tone" to discuss terrorism with the Indonesians, says one U.S. diplomat who was based in Jakarta. He says the police even failed to close off a road in front of the embassy that could be used for a truck bombing.

Then came the nightclub bombings in Bali. The October 2002 attack killed 202 people. More than 80 were Australian tourists, and within hours, Australian police were at the resort island working with Indonesian police to provide forensic and other technical help. They used a serial number on an engine block to trace the attack to a mechanic in east Java. After that, software supplied by Australia let Indonesian police trace phone traffic to a wider web of plotters.

The attack was a wake-up call to Indonesian authorities. Today they pursue terrorism more vigorously with a police unit called Detachment 88, a name inspired by the pronunciation of "ATA," the U.S. Anti-Terrorism Assistance program. The State Department has pumped more than $35 million into Detachment 88 since 2001, according to the U.S. Embassy in Jakarta.

At a camp in the hills outside Jakarta, Detachment 88 operatives have been trained in counterterrorism tactics by the Federal Bureau of Investigation, Central Intelligence Agency and Secret Service. Indonesian forensic specialists have studied methods to identify the "signatures" of munitions. Others have received sniper training or been taught techniques such as how to preserve crime-scene evidence from water or other damage.

A payoff came in the hunt for Mr. Azahari, a British-trained engineer and former university professor who, Indonesian authorities say, made the bombs that Jemaah Islamiyah has used in four major terrorism strikes since 2002, including the Bali bombing of that year.

Last October, after a second lethal Bali attack, at outdoor gathering spots, Detachment 88 tracked plotters to just outside the Javanese city of Malang through phone calls and Internet traffic. Spies located Mr. Azahari and his men at a safe house, which police surrounded with snipers. They were able to kill him before he detonated his suicide belt, preventing a large explosion that would have obliterated documents and other evidence, say Indonesian officials.

An especially important technology obtained from the U.S. and Australia, says Indonesia's Col. Golose, is software that enhances police ability to monitor Internet chat rooms. As the capture or killing of top Jemaah Islamiyah leaders gradually erodes its hierarchy, smaller cells have emerged, increasing the importance of such tracking technology, he says.

Indonesia also needed legal upgrades to tackle terrorism. Its colonial-era legal code had to be amended to permit courtroom use of such modern evidence as emails and video clips revealing suspects at attack sites. The government instituted a new counterterrorism law after the first Bali attack that permitted detention of suspects for a week without charges and introduced new rules of evidence. Indonesia has sent police, judges and prosecutors on missions to the U.S. and Europe to learn how to implement the rules.

American officials say these changes are impressive given the previous dictatorial rule in Indonesia, which marginalized the police and courts. "If you look at their system in 1998, everything depended on the army, as it was Suharto's instrument for

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control," says the U.S. ambassador to Indonesia, B. Lynn Pascoe. "They are now building new systems, including effective police operations."

Authorities have won several death sentences for Jemaah Islamiyah operatives, three of whom could face a firing squad this fall. In a court in Jakarta last September, Judge Roki Panjaitan pronounced such a sentence for Iwan Dharmawan, also known as Rois, a plotter of a September 2004 suicide bombing of Australia's embassy. (It's believed Australia was targeted because of its support of the U.S.-led wars in Iraq and Afghanistan.) Judge Panjaitan says he faced a crush of men in white robes screaming that his sentence "was a decision from Satan." He says a beefed-up police presence provided a sense of security both for him and for witnesses.

Despite the Indonesian police's sharpened skills, the threat posed by militants is palpable. Abu Bakar Baasyir, thought to be Jemaah Islamiyah's spiritual leader, is out of prison now after serving two years for conspiracy in the first Bali attack. During the recent fighting in Lebanon, he was on television calling for a global jihad against Israel and America.

Still at large is the suspected mastermind of the 2005 Bali attack, Noordin Mohammed Top, who escaped the shootout that killed Mr. Azahari. Counterterrorism officials here believe Mr. Noordin has established a network separate from Jemaah Islamiyah. Particularly troubling, investigators say, were the arrests last month of two men who were communicating with one of the imprisoned plotters of the first Bali bombing via the Internet.

Every year since 2002, terrorists have struck Western targets here in September or October, leading many Indonesians to call the period the "bombing season." Just last week, the U.S. Embassy issued a warning that terrorist groups "continue to plan attacks against Westerners and Western interests in Indonesia."

Many Indonesians voice concern that fundamentalist, militant Islam is gaining ground. Government officials and analysts are convinced the wars in Iraq and Afghanistan have helped push some Indonesians down a militant path. Islamist political parties here openly say their opposition to U.S. foreign policy has helped grow their ranks. While militancy alone doesn't equal terrorism, it sets the stage.

One organization that has fed off the U.S. wars is the Islamic Defenders Front, known as FPI. When the FPI emerged in the late 1990s after Mr. Suharto's fall, it focused on actions such as forcibly closing bars during the holy month of Ramadan. But after the U.S. invaded Afghanistan following 9/11 to rout the fundamentalist-Muslim protectors of al Qaeda, the FPI's ranks swelled and it became a loud voice against U.S. foreign policy.

The group has often massed white-robed followers outside the U.S. embassy and parliament in Jakarta to denounce the invasions of Iraq and Afghanistan. After months of relative quiet this year, the group rekindled its rhetorical offensive when Israel struck back at Hezbollah. The FPI militia claimed it had trained 2,000 warriors for action in support of Hezbollah in Lebanon.

At FPI headquarters in Jakarta, graffiti on a front walkway call the compound an "anti-Israeli zone" and label the U.S. "evil." Inside are photos of Osama bin Laden and various Palestinian clerics and Afghan mujahedeen. A 25-year-old administrator in the office, Soleh Mahmud, said the FPI must bear arms "to be prepared if George Bush will attack us." He claimed the FPI has 60,000 militiamen in Jakarta and operates in 23 of Indonesia's 32 provinces. Independent analysts acknowledge the FPI's swift growth but say its claims of 30 million supporters are vastly inflated.

After the tsunami that devastated the Indonesian province of Aceh 20 months ago, and was followed by a major aid effort from the U.S. military, the FPI offered help as well. It said it was there partly to prevent Western aid groups from "Christianizing" the province.

The FPI uses its growing ranks to target groups it regards as apostate or as agents of the West, say some Indonesian minorities and moderate Islamic groups. Last year, FPI militiamen helped shutter the offices of an Islamic sect called Ahmadiyah. Indonesia's powerful Muslim religious arbiter, known as the Ulamas Council, had issued a fatwa calling Ahmadiyah heretical.

On an August morning in 2005, about 300 members of the FPI and another Islamist militia appeared outside the offices of a group called the Liberal Islam Network, a U.S.-funded organization that promotes interfaith dialogue. A large police force prevented an attack, which leaders of Liberal Islam Network say they feared. The FPI says it had merely come to find out why the group was espousing doctrines contrary to Islamic teaching. "We went there to get an answer," Mr. Mahmud says.

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Extremists "see us as a tool of the Americans" and sometimes telephone death threats, says the Liberal Islam Network's executive director, Hamid Basyaib. "The Islamists are riding the wave of democracy" to achieve their long-term goal of an Islamic state.

In recent months, more than 20 local districts and municipalities in Indonesia have enacted elements of Islamic law, Indonesian officials say. Among them is Aceh province. TV news sometimes shows public canings of offenders there.

The tug-of-war is evident in Tangerang, an industrial city an hour west of Jakarta. Tangerang houses textile mills and Korean-owned shoe factories, many of which operate night shifts. But last year, the city legislature made it illegal for a woman to be outdoors after 7 p.m. unaccompanied by a man. Among those arrested in a sweep was Lilies Lindawati, a 36-year-old mother of two. She was convicted of prostitution after police found lipstick and makeup in her purse.

Women's groups assembled to protest her treatment but were run off the street by an ethnic militia called the Betawi Brotherhood Forum. Ms. Lindawati, who spent three days in jail and was fined, tried suing the mayor for wrongful arrest, but a city judge dismissed her suit last week.

On the national level, Islamist and some secular parties have been pushing measures such as the anti-pornography law that, in its original form, would have regulated not only public kissing but dancing and forms of music. Secular Indonesians complained that it would essentially enact Shariah, and women's groups took to the streets of Jakarta to protest it. The Ulamas Council and Indonesia's fastest-growing Islamist party, Justice and Prosperity, responded by mobilizing hundreds of thousands of supporters for a march on parliament.

In parliament, the anti-pornography bill faces plenty of opposition from politicians who cite the country's secular constitution. In addition, the governor of Bali said its provisions would kill tourism, and has threatened that Bali will secede if the legislation passes. The bill now is being amended, and its critics are increasingly confident it will be watered down.

Some of these critics say that when faced with a threat such as this they normally might seek political and financial support from the U.S. government and American aid organizations, such as the Ford Foundation or the Asia Foundation. But now, they're afraid that doing so would open them to being labeled as tools of the U.S. "Once you're cast as a foot soldier of Bush, it's a powerful symbol" for adversaries, says Kamala Chandrakirana, chairwoman of the National Commission on Violence Against Women, who says the conflicts in Iraq and Lebanon have made her job harder.

Preventing Days Of Infamy (WT)

By Bernard B. Kerik

The Washington Times, September 8, 2006

On a day that has lived in infamy for 65 years, the Japanese attacked Pearl Harbor, killing 2,400 Americans. The result was an unshakable commitment by the American people to defeat a daunting and resourceful enemy. Reassuring his country in a time of war, President Franklin Roosevelt said: "Always will we remember the character of the onslaught against us. Hostilities exist. There is no blinking at the fact that our people, our territory, and our interests are in grave danger."

Monday marks the fifth anniversary of the day al Qaeda attacked America and extinguished the lives of almost 3,000 people in acts so calculated they challenge Pearl Harbor in their brutality. As I reflect on Roosevelt's words, I wonder why some Americans today don't have that same steadfast dedication to the presumptive victory Roosevelt took for granted.

In the aftermath of September 11, President Bush expressed our nation's collective outrage and resolve. To his credit, he invaded Afghanistan, al Qaeda's sanctuary, and then Iraq, where the leadership fomented regional instability and terrorism and, indisputably, employed weapons of mass destruction against its Kurdish population. I believe the president's actions -- coupled with significantly enhanced intelligence, military and law enforcement antiterrorism preparedness -- have made America safer and prevented similar attacks. But in contrast to the Roosevelt era, our response to September and its equally lethal enemy is now dangerously wavering.

Recent events demonstrate that the United States and its allies are far from achieving victory. In the past several weeks, American, British and Pakistani intelligence services uncovered a plot in the UK to blow up 10 airliners bound for U.S. cities. Other plots to blow up the Holland Tunnel and the Herald Square subway station in New York, the Sears Tower in Chicago and the FBI headquarters in Miami have also been thwarted. These cases serve as stark reminders that al Qaeda and its thousands

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of globally distributed acolytes continue to pursue more American deaths. Meanwhile, in Great Britain, Spain, the Philippines, Israel, and the Middle East, thousands have been killed in the terrorists' pursuit of global jihad.

Remarkably, the antiterrorism programs Mr. Bush instituted that have proven most effective at preventing follow-on "spectacular attacks" on America are at risk of being dismantled. The Patriot Act, the National Security Agency's foreign electronic eavesdropping program targeting al Qaeda's communications and programs that track the e-mail and money trails of transnational terrorists are only a few of these defensive tools under attack.

Despite the success of these programs, some on Capitol Hill and in the media -- blinded by a combination of misplaced priorities and politics -- have begun to minimize the magnitude of the ongoing threat and are attempting to disable the very programs that have been instrumental in identifying terrorists and frustrating their missions. Despite the presence of an enemy at our doorstep, their fixation is not on saving American lives, but on attacking perceived encroachments on American civil liberties.

As I reflect upon the fifth anniversary of September 11, and the tragic deaths of so many friends, coworkers and innocents, I am grateful not only for the protection these programs have offered, but also for those first responders and our military valiantly fighting a global war, the outcome of which is no less important than the one Roosevelt faced 65 years ago.

Let none of us forget that the enemy living among us, looking to exploit cracks in our national commitment, is the same enemy that killed more people on September 11 than were killed at Pearl Harbor. On behalf of future generations, we must do everything in our power to prevent another day of infamy.

Bernard B. Kerik, chairman and president of the Kerik Group, served as the New York City Police Department's 40th police commissioner during the terrorist attacks of September 11, 2001.

Vanished Towers, Vanished Leadership (WP)

By E.j. Dionne Jr.

The Washington Post, September 8, 2006

The events of Sept. 11, 2001, are personal to every American. The day was not about politics or partisanship or elections. That's why the country, divided more or less 50-50 on political matters the day before the terrorist attacks, immediately drew together in sorrow, solidarity and determination. The rest of the world stood with us.

Five years later, you look at the rancid state of our politics, the decline in America's standing in the world and the behavior of our national leadership, and you want to shed tears for your nation. This year, so much of what's being said about the events of Sept. 11 is about the political survival of the Bush administration.

Our household's personal ties to that day pass through a neighborhood arrayed along the Atlantic Ocean in Rockaway, Queens, where my mother-in-law and two of my wife's brothers live.

That middle-class community is the home of many firefighters, police officers and mid-level employees of companies that happened to be housed in the World Trade Center buildings. In Rockaway, terrorism is not an abstraction.

Something missing in your skyline, we learned, can be as powerful a presence as something that's actually there. My kids always knew we were about to get to Grandma's house when we crossed the Verrazano-Narrows Bridge from Staten Island to Brooklyn. One of them would inevitably shout out, "The Twin Towers!" Whenever we cross that bridge now, the silence in the car and the absence of those buildings are a memorial to a day of pain and outrage.

Because Sept. 11 was experienced so personally, divisions melted. In our household my wife and I instructed our kids that all of us should wish President Bush well and hope for his success. Surely something like this happened in millions of other homes where Bush was not exactly a political hero.

For a while, Bush himself changed. He abandoned unilateralism in pursuit of a broad international coalition against terrorism. He cooperated with Democratic leaders, transforming a partisan administration into a coalition presidency. Perhaps Bush would follow the example of that unifying Republican president, Dwight D. Eisenhower.

History did not unfold that way.

Understanding the hope and truly national feeling of determination during that extraordinary moment five years ago is the only way to comprehend why hostility to the president has become so strong and why the country is now so divided. The temptation to use the nation's abhorrence of terrorism as a political tool was simply too strong for Bush to resist.

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By mid-2002, the fight against terrorism was a means for winning a midterm election. A significant portion of the Republican National Convention in 2004 was given over to turning Sept. 11 into the backdrop for the Bush reelection campaign.

And on Tuesday, there was Bush's truly astonishing address to the Military Officers Association of America. Having not talked much about Osama bin Laden for years, Bush couldn't stop talking about him. By my count, bin Laden got 17 mentions.

Bush touted bin Laden's dream of a "caliphate" that "would be a totalitarian Islamic empire encompassing all current and former Muslim lands, stretching from Europe to North Africa, the Middle East and Southeast Asia."

Building up the theoretical threat of bin Laden's "radical empire" is a nifty way to shift attention away from the questions on the minds of most voters. What will this administration do to fix its flawed and terribly executed policy in Iraq? And if bin Laden is the threat after all, what exactly are we doing in Iraq? And why have we allowed the situation in Afghanistan to deteriorate?

The president has no good answers, so he wants to lift the whole debate to a misty, ideological plane where he can bunch bin Laden with Hitler and Lenin as totalitarian threats. A president who kept quiet about bin Laden when doing so served his political purposes now revives him rhetorically just before the anniversary of Sept. 11, at a moment when his party is in grave jeopardy in another election.

Whenever the president gets into trouble, he tries to remind us of who he was in the months immediately after Sept. 11, 2001. Most of us respected that George W. Bush.

But maybe that Bush was just a figment of the imagination of all Americans who actually thought the events of five years ago transcended partisan politics. Too bad that was an illusion.

Five Years Later, No Attacks But Focus Blurs, Unity Fades (USAT)

USA Today, September 8, 2006

At times in American history, presidents have given speeches so perfectly fitting the nation's needs that the words came to capture and define the era. Think of Franklin D. Roosevelt's "the only thing we have to fear is fear itself." Or John F. Kennedy's "ask not what your country can do for you; ask what you can do for your country."

Nine days after the 9/11 attacks on New York and Washington, D.C., President Bush delivered one of those speeches. Standing before Congress, and with a stunned nation and much of a sympathetic world watching on television, Bush outlined what would become a new "war on terror."

That night, the president pitched it just right. He outlined a five-pronged approach the United States would employ to hunt down the terrorist leaders directly responsible for the attacks and destroy their al-Qaeda organization. It would, he said, use "every means of diplomacy, every tool of intelligence, every instrument of law enforcement, every financial influence, and every necessary weapon of war."

He told Americans that "we're in a fight for our principles, and our first responsibility is to live by them." He said America's future would not be one of fear because "this country will define our times, not be defined by them." And he went out of his way to assure Muslims that "we respect your faith" and to note that "the terrorists practice a fringe form of Islamic extremism."

Within weeks, the United States attacked Afghanistan, where the Taliban regime was harboring al-Qaeda leader Osama bin Laden. The regime was toppled, and the al-Qaeda training camps were destroyed. The war on terror was on the right track.

Five years later, it is painfully clear that the war has lost the focus it had in those months after 9/11. Bin Laden and his top deputy, Ayman al-Zawahri, escaped at the battle of Tora Bora in eastern Afghanistan in late 2001. They are in hiding but remain at large. Al-Qaeda's centralized structure has been degraded, but homegrown cells are springing up around the world. The Taliban is attempting a comeback in Afghanistan.

Most disturbingly, the mishandled war in Iraq — which had nothing to with the 9/11 attacks — has proved to be a devastating blunder. Lawrence Wright, author of a new book on al-Qaeda, The Looming Tower, says internal al-Qaeda documents show that after its rout from Afghanistan, the organization was in despair and on the ropes. But Iraq gave al-Qaeda a new lease on life, providing a place where extremists could go and fight — and helping prove their contention that the United States wants to attack Muslims and occupy Muslim lands.

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The Iraq war has undermined U.S. efforts to win hearts and minds in the moderate Muslim world. In the five predominantly Muslim countries surveyed earlier this year by the Pew Global Attitudes Project, support for the U.S.-led war on terror was 10% in Egypt, 14% in Turkey, 16% in Jordan, 30% in Pakistan and 39% in Indonesia.

The past cannot be undone. But ways exist to regain the focus that the war on terror had in the early months after 9/11.

Capturing bin Laden and Zawahri remains a priority. Even though they are severely hampered — they can't organize attacks, train recruits, communicate by cellphone or transfer money as they used to — getting them would be an important victory for justice and help undermine their appeal. It wouldn't spell the end of al-Qaeda, but it would deprive the movement of its charismatic leaders, who are still churning out audio and video tapes with irritating frequency.

Domestically, nearly five years have passed without a follow-on attack. Security and public awareness are better than they were before Sept. 11. But Americans are still more vulnerable than they should be after so calamitous an event. The 9/11 Commission and others have spelled out glaring vulnerabilities and remaining priorities. Now it's a question of competence to address them.

Internationally, the United States squandered the post-9/11 goodwill it reaped. The administration's questionable approaches have ranged from a tolerance for torture to a "my way or the highway" attitude to much of the world. That has to change, and alliances must be rebuilt — something that has been handled better in Bush's second term. An even greater challenge is to develop policies that lead moderate Muslims — particularly in the Middle East — to see the United States as an asset, or at least reverse the trend toward increasing radicalization.

In the run-up to this anniversary, Bush, Vice President Cheney and Defense Secretary Donald Rumsfeld have delivered a series of speeches about the war on terror. But rather than the inclusive tone of the address on Sept. 20, 2001, they have had a divisive, partisan edge — portraying any who disagree with the administration's policies as appeasers oblivious to the severity of the threat.

Never mind that the administration has made far too many mistakes to claim unique wisdom in the ways of waging war on terrorism. This is a destructive course, essentially the opposite of FDR's call to turn fear aside.

When American presidents inspire the nation to its best, they candidly appeal not to fear but to the country's natural optimism and can-do spirit. Bush did that five years ago. It's time for an encore.

Senate Terrorism Bill Meeting Dissent (AP-Y)

By Anne Plummer Flaherty

AP, September 8, 2006

Senate leaders are throwing their weight behind a White House plan to prosecute terrorism detainees despite dissent among some Republicans and the military's top lawyers.

Majority Leader Bill Frist, R-Tenn., said he wants to pass the proposal by the end of the month and would decide Friday how quickly to proceed on the bill, indicating a vote could come as soon as next week. The momentum placed behind President Bush's plan by Frist sent GOP moderates scrambling to develop an alternative that would address their concerns.

Also sounding alarms on Bush's legislation Thursday were the Pentagon's top uniformed lawyers. Testifying before a House panel, the service's judge advocate generals said the plan could violate treaty obligations and make U.S. troops vulnerable.

"While we seek that balance" of fairness and security, "we also must remember the concept of reciprocity," said Brig. Gen. James Walker, staff judge advocate for the Marine Corps. "What we do and how we treat these individuals can, in the future, have a direct impact on our service men and women overseas. "

The president's legislation would authorize the defense secretary to convene military tribunals to prosecute terrorism suspects and omit rights common in military and civil courts, such as the defendant's right to access all evidence and a ban on coerced testimony. Bush has said the plan is both fair and tough enough to ensure dangerous terrorists can be brought to justice.

Senate leaders also have hailed the legislation as necessary and practical, contending that terrorists must not be granted rights comparable with U.S. citizens or service members.

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"I support the administration bill and hope that it's what the Senate will pass," said the majority whip, Sen. Mitch McConnell, R-Ky.

But GOP moderates — Sens. John Warner, John McCain and Lindsey Graham — have agreed with the Pentagon lawyers that Bush's plan may go too far. Warner, R-Va., chairman of the Armed Services Committee, convened closed-door meetings throughout the day Thursday with other panel members and a senior official from the Justice Department in a bid to generate consensus on an alternative proposal.

Some conservatives indicated they weren't biting. Sen. John Cornyn, R-Texas, a committee member, said he supports the administration's position and did not feel strongly "one way or the other" if a bill received the Armed Services Committee's blessing before reaching the floor.

"We're racing against the clock" to pass legislation allowing the president to proceed, he said.

Indeed, a leadership aide said Warner, McCain, R-Ariz., and Graham, R-S.C., were given "24 hours to think their position over," indicating that the bill could be routed around the committee and placed directly on the Senate floor.

The vote would come just as lawmakers are departing for midterm elections and Republicans are fighting to maintain the majority by trumpeting their tough stance on the war on terror. The short time table may also help to steamroll over any opposition mounted by Warner and McCain.

Whether to insist the system grant a defendant access to all evidence used against him, even if it would compromise classified material, remained the biggest sticking point.

Steven Bradbury, acting assistant attorney general, defended the White House plan in saying such cases would be rare.

"These procedures, properly administered by the military judge, would strike the appropriate balance between safeguarding our nation's secrets and ensuring a fair trial of the accused," Bradbury told the House Armed Services Committee.

Rep. Duncan Hunter, R-Calif., who heads the House panel and has sided with the administration on detainee treatment issues, said at the hearing that any military commission established to prosecute terrorists must allow the government to protect intelligence sources.

"Some of these acts of complicity in terrorist operations or plots are very small pieces — the guy that drives the car, the guy that delivers a document — and you don't have, in many cases, other broad evidence," Hunter said.

But the service's top lawyers reiterated their position that other alternatives must be explored — or the case dropped.

"I believe the accused should see that evidence," said Maj. Gen. Scott Black, the Army's judge advocate general.

The hearing came a day after Bush acknowledged for the first time that the CIA had secret prisons overseas and defended the practice of tough interrogations to force terrorists to reveal plots to attack the United States and its allies. Bush said 14 detainees would be transferred out of CIA custody to the military's Guantanamo Bay prison.

The announcement, however, did not signal an end to the controversial program. State Department legal adviser John Bellinger III told reporters Thursday that if additional members of the al-Qaida terror network were captured, "we reserve the right to have those people questioned by the CIA."

Legal Experts In Military Object To Bush Plan (MCT)

By Marisa Taylor And Greg Gordon

McClatchy Newspapers, September 8, 2006

WASHINGTON - Top Pentagon lawyers took issue Thursday with key aspects of President Bush's proposal for a special court system that would limit the legal rights of terrorism suspects and exclude them from parts of their own death-penalty trials.

To protect classified information, Bush's proposal would bar terrorism detainees from trials in "extraordinary circumstances." It also would narrow what constitutes coerced admissions - a central issue in prosecuting 14 top terrorist suspects who were subjected to unorthodox interrogation techniques that critics call torture.

At a House Armed Services Committee hearing, lawyers for all of the armed services generally endorsed Bush's push for a separate new military court tailored to deal with the complexities of prosecuting dangerous terrorist suspects while protecting national security secrets.

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But the lawyers voiced concern about the fairness of preventing a defendant from hearing and confronting evidence against him.

"I'm not aware of any situation in the world where there is a system of jurisprudence that is recognized by civilized people, where an individual can be tried without, and convicted without seeing the evidence against him," Brig. Gen. James C. Walker, staff judge advocate of the U.S. Marine Corps, told the panel.

The administration's court plan is likely to provoke a rousing debate when the measure goes before Congress next week. Democrats support an alternative bill being crafted by a trio of Republicans that would guarantee suspects more protections and would be more in line with international law.

During Thursday's hearing, Rep. Duncan Hunter, R-Calif., pressed Navy Judge Advocate General Bruce MacDonald as to whether he would bar the use of crucial classified evidence if it otherwise meant sharing it with suspected Sept. 11 mastermind Khalid Sheikh Mohammed.

"I can't imagine any military judge believing that an accused has had a full and fair hearing if all the government's evidence that was introduced was all classified and the accused was not able to see any of it," MacDonald replied.

Steven Bradbury, acting chief of the Justice Department's Office of Legal Counsel, contended that sharing the information with a defense lawyer, who has a national security clearance, would address the problem. But several of the military lawyers disagreed.

The administration proposed the legislation in response to a recent Supreme Court ruling that struck down the administration's earlier attempt to create a special military terrorism court.

Bradbury said a new system is needed because traditional military court rules are too rigid for terrorism cases. U.S. troops or intelligence agents can't read newly captured terrorists their Miranda rights, he said, and national security concerns make it impractical to comply with speedy trial rules.

The proposal also would allow the use of hearsay, testimony relayed from witnesses who don't have to appear in court and face cross-examination.

Experts in military law said Bush's proposal would raise a host of thorny legal issues, especially surrounding statements made during aggressive interrogation techniques.

Bradbury said military judges should be left to decide on a case-by-case basis whether the detainees were coerced into making incriminating statements.

But Scott Silliman, a Duke University law professor and former Air Force lawyer, said he expects the issue of coerced statements to produce legal problems for prosecutors unless Congress sanctions a system "that says no matter how you get the evidence, it's always going to be admissible, no matter what techniques you use."

He said the Uniform Military Code of Justice governing traditional military courts lets prosecutors show defendants summaries or substitutions for classified information, which is "an easy way to establish a system for prosecuting terrorists that satisfied the mandate of the Supreme Court."

Edward MacMahon, the chief defense lawyer for convicted Sept. 11 conspirator Zacarias Moussaoui, a case knotted for two years by voluminous amounts of classified information, also questioned why national security secrets couldn't be handled the way they are in traditional military courts.

"You could use classified information in a case and show it to the lawyers, the defendant and the jury and never let" the public see it, he said. "That happens all the time in these kinds of cases."

MacMahon sharply criticized the extent to which the government classified information. He noted that the defense team was barred from disclosing the existence of highly classified statements from suspected Sept. 11 architect Mohammed before the trial, although they'd been published a year earlier in the Sept. 11 commission's reports.

"Sometimes you wonder if you were a defense attorney whether it's national security or just a game?"

It was unclear whether the bill could move in Congress in the few weeks left in the congressional session. Senate Majority Leader Bill Frist, R-Tenn., said he would decide on a course of action on Monday. Some Republicans want Frist to send Bush's plan to the Senate floor next week without review by the Senate Armed Services Committee.

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That could lead to a legislative free-for-all unless a group of Republican critics of the White House plan can reach a compromise with the administration. Frist may also decide to offer a competing plan by Armed Services Committee Chairman John Warner, R-Va., and Sens. Lindsey Graham, R-S.C., and John McCain, R-Ariz., which would give terrorism defendants more rights at trial and might better withstand legal scrutiny and international judgment.

"Obviously, there's a lot of strategy here and a lot of politics," Silliman said. "We should rise above that. The whole world is looking at what we do."

Bush's Detainee Plan Is Criticized (WP)

By Charles Babington And R. Jeffrey Smith

The Washington Post, September 8, 2006

President Bush's campaign to sharply limit the courtroom rights of suspected terrorists ran into opposition yesterday from key Republican senators and even top uniformed military lawyers, who said it would violate basic principles of justice.

The military lawyers told a House panel that they particularly object to Bush's bid to allow terrorism suspects to be convicted on secret evidence that is withheld from the defendants, an objection embraced by at least three prominent members of the Senate Armed Services Committee.

One of those is John McCain (R-Ariz.), a former Vietnam War prisoner and a 2008 presidential hopeful who faces a political dilemma. He has won acclaim for standing up to Bush on issues such as humane treatment of detainees, but he also is eager to build conservative support for the GOP primaries. Several colleagues cautioned McCain and the others to stick with Bush on the tribunals question, and House leaders scheduled a vote in two weeks on legislation likely to mirror the White House's proposal.

The day's events suggest that Republicans may spend a good portion of the 109th Congress's final weeks trying to resolve an issue that could factor heavily in the Nov. 7 elections. Earlier divisions among Senate Republicans on issues such as immigration have contributed to legislative stalemates, and party leaders are eager to avoid a similar impasse over detainee trials.

Bush placed the issue near the top of the political agenda Wednesday when he announced that several top al-Qaeda suspects have been moved from secret CIA-run prisons to the U.S. military base at Guantanamo Bay, Cuba. The president suggested that Congress will be to blame if it fails to approve his proposals for prosecuting the detainees under guidelines that critics say are unconstitutional and unfair.

Lawmakers in both parties agree that enemy combatants should be afforded fewer rights than defendants enjoy in civil trials or, for the most part, in military courts-martial. But several uniformed military lawyers told the House Armed Services Committee yesterday that the White House goes too far in seeking to convict detainees on classified information never shared with the suspects.

"I am not aware of any situation in the world where there is a system of jurisprudence that is recognized by civilized people where an individual can be tried and convicted without seeing the evidence against him," said Brigadier Gen. James C. Walker, staff judge advocate to the Marine Corps commandant.

Bush's high-profile drive for his version of the legislation has been particularly awkward for the three Republican senators who circulated a different bill earlier this week: McCain; Armed Services Committee Chairman John W. Warner (Va.), a former Navy secretary; and Lindsey O. Graham (S.C.), a former Air Force lawyer.

A top GOP Senate aide, who asked that he not be identified because of the sensitive nature of the deliberations, predicted that the trio will find it difficult to hold their ground because they are defending "a bloodless legal principle" while the White House is pushing the politically popular idea of convicting those accused of the 2001 atrocities.

But virtually all Senate Democrats, and at least a few more Republicans, appear sympathetic to Warner, McCain and Graham. Sen. Chuck Hagel (R-Neb.) said in an interview that he takes very seriously the testimony of the uniformed lawyers. He also said Bush was "unwise" to come close to threatening Congress in his Wednesday speech. "We don't work for the president," Hagel said.

Under Bush's proposal, any detainees eventually put forward for trial -- a group that may or may not include all 14 suspects who figured in Wednesday's announcement -- could be convicted or acquitted under conditions that differ sharply from those in

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standard U.S. criminal trials. The "jury" in a trial by the commissions not involving the death penalty would consist of at least five military officers, and in death penalty cases a dozen officers. A presiding officer, dubbed the military "judge" and possessing legal training or experience, would decide all legal matters but would not vote.

Those eligible for such military trials would be any foreigners deemed "unlawful enemy combatants," a term the administration defines more broadly than Bush did in an executive order shortly after the 2001 terrorist attacks. That category would include not just al-Qaeda and Taliban members, but also anyone who is affiliated with a "force or organization" engaged in hostilities against the United States and its allies, who commits hostile acts for such groups, or -- most broadly -- who "supports hostilities" that aid such groups.

Terrorism would be only one of 27 offenses that could be charged under the Bush plan; the others include conspiracy, hostage-taking, torture, rape and hijacking.

During the trials, prosecutors would be permitted to use classified information to secure convictions; defendants and their lawyers would not be told about such information. Prosecutors could also rely on hearsay, or evidence obtained indirectly, and evidence obtained by coercion if the panel's chief deemed it reliable and directly related to the accusations.

A rival set of rules circulated earlier this week by Warner, McCain and Graham would bar any use in the trials of secret evidence or information obtained from "cruel, inhuman, or degrading treatment" and would admit information from coercive interrogations only if the military judge found it reliable and pertinent. The proposal would allow trials to be closed only to protect information that would damage national security, leaving out any reference to "the public interest" as a reason.

Major human rights groups including Human Rights Watch also criticized the Bush plan's provisions allowing the use of coerced or secret evidence, and complained that the plan could lead to congressional approval for military trials or indefinite detentions of any foreigners accused of supporting terrorist activities.

Meanwhile yesterday, another key component of the GOP security agenda ran into trouble. Both the House and Senate Republican leadership have vowed to pass legislation this month authorizing the National Security Administration's warrantless wiretapping program. But when the Senate Judiciary Committee tried to draft wiretapping legislation, a Democrat who did not reveal his or her identity invoked an obscure Senate rule that halted the panel's efforts after two hours. Committee Chairman Arlen Specter (R-Pa.) vowed to try again next week.

Guantanamo More Strict, Detainees Say (WP)

By Josh White

The Washington Post, September 8, 2006

Defense attorneys for detainees who have spent years at the U.S. detention facility in Guantanamo Bay, Cuba, said the 14 high-value terrorism suspects transferred there Monday are entering a prison that appears to be increasingly restrictive.

Attorneys for several detainees said their clients have reported tighter enforcement of regulations and regular attempts to disrupt detainees' sleep and prayers since a violent melee in one housing unit in May and the apparently coordinated suicides of three detainees in June. Some attorneys said their clients seem more hopeless and worn down in recent weeks than at any time in their incarcerations.

"The strong sense I have is that ever since the suicides, things have just gotten really tense, really harsh, with no flexibility," said P. Sabin Willett, a lawyer who visited clients at Guantanamo in a trip that ended Friday. "I don't mean that they're torturing people; it's just that they are being harsher in how they respond. And that's creating a growing sense of despair."

Guantanamo Bay officials declined to provide many details yesterday about the conditions under which the terrorism suspects, who include suspected architects of the Sept. 11, 2001, attacks, will be held. But lawyers familiar with Guantanamo said they are likely to be placed in segregation at the prison, which has a range of cells. They include some that resemble cells at a typical U.S. prison, some dormitory-style blocks and some small mesh holding areas.

The 14 detainees -- transferred from secret CIA prisons on a Sunday night flight -- are the first to be brought to Guantanamo Bay in nearly two years.

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Military officials said all detainees at Guantanamo are treated humanely and according to the protections afforded by the Geneva Conventions, which are now part of official Defense Department policy. They acknowledge that some policies and procedures had to be changed in light of the suicides and argued that detainees embellish and coordinate their stories.

"In the wake of the suicides and the disturbance, the procedures were looked at to see whether they could be improved for the detainees' health and safety and for the safety of the guards," said a Defense Department official who requested anonymity because he was not authorized to discuss the matter. "Things are a little tighter."

Rear Adm. Harry B. Harris Jr., the facility's commander, told reporters at the Pentagon yesterday that the 14 detainees arrived safely earlier this week and that "all appeared to be in good condition." Harris said he signed for their custody.

Harris declined to discuss where in the prison compound the detainees will be housed but said it is a "high security" facility. Harris also would not say how long ago Joint Task Force Guantanamo was alerted that it would be receiving new detainees. He said no policies or procedures were changed in anticipation of their arrival.

The detainees will be afforded some of the same privileges as the approximately 440 other military detainees at Guantanamo, Harris said, including visits from the International Committee of the Red Cross, the ability to send and receive mail, access to reading materials, and exercise time. The detainees could soon have a chance to meet with legal counsel.

Because they had been held in secret sites, some of the detainees may be experiencing their first contact with the outside world in years.

Harris and other military officials reiterated the danger the detainees pose. The Joint Task Force, "as you know, exists to ensure that extremely dangerous individuals, such as these men, are unable to engage in their efforts to plan or conduct terrorist attacks," he said.

Defense attorneys worry that their clients, most of whom have not been charged, will face harsher conditions indefinitely.

Joshua Colangelo-Bryan, who represents several detainees at Guantanamo, said his recent visits have been alarming. Isa al-Murbati, 41, of Bahrain, told him that guards are purposefully interfering with Muslim prayers and sending out aggressive response teams to physically subdue detainees who do not cooperate.

"It appears that authorities at Guantanamo are trying to reassert control," Colangelo-Bryan said.

Melissa A. Hoffer visited clients in Cuba last month and said that the environment is "completely repressive" and that she had not seen her clients in such despair since she began representing them.

Lakhdar Boumediene, a Bosnian-Algerian in his early forties, told Hoffer that he now lives in a steel "cage" and that the restrictions have been "unbearable."

"Despite everything, they have retained some sense of hope, and that's something that has always blown me away about them," Hoffer said. "During my last visit, I sensed some erosion of that hope, and desperation creeping in."

Mohamed al-Qahtani, who is believed to have been a potential 20th hijacker in the Sept. 11 attacks, is living under conditions similar to those the new detainees may face. Though he has not faced aggressive interrogation since early 2003, Qahtani remains isolated in a cell with lights on 24 hours a day. Gitanjali Gutierrez, a lawyer with the Center for Constitutional Rights who represents Qahtani, said Qahtani has experienced psychological problems from the rough questioning.

She said her visits with about 10 clients during the month of July aroused concern.

"Now it's so tight and harsh that they're having mental breakdowns," Gutierrez said. "The deterioration of my clients is just remarkable."

Top Military Lawyers Dislike Tribunal Plan (LAT)

By Richard Simon

The Los Angeles Times, September 8, 2006

Washington — The Bush administration's proposal for bringing accused terrorists to trial drew criticism from top military lawyers on Thursday as congressional Republicans worked to bridge differences within their ranks over the White House proposal.

A group of influential GOP senators who have been critical of the administration's proposal worked through the day to come up with a compromise. Congressional Republicans leaders -- looking to highlight their party's efforts in fighting terrorism in

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advance of the November mid-term election -- are pushing for a vote on new rules for military commissions by the end of September.

President Bush exhorted Congress to adopt his plan for holding trials for terrorism suspects -- including the most notorious prisoners in U.S. custody -- after the Supreme Court in June struck down the administration's system.

"I think we're making some progress," Sen. John Warner, R-Va., chairman of the Senate Armed Services Committee, said after one round of closed-door meetings.

Sen. Lindsey Graham, R-S.C., a key negotiator, said only that he was optimistic that an agreement can be reached.

The flurry of activity occurred as Pentagon lawyers took issue with a key provision of the administration's proposal -- permitting judges to deny suspects the right to see classified evidence used against them.

"I can't imagine any military judge believing that an accused has had a full and fair hearing if all the government's evidence that was introduced was classified and the accused was not able to see any of it," the Army's Judge Advocate General, Maj. Gen. Scott Black, told the House Armed Services Committee.

Brig. Gen. James Walker, U.S. Marine Corps staff judge advocate, added: "I'm not aware of any situation in the world where there is a system of jurisprudence that is recognized by civilized people, where an individual can be tried and convicted without seeing the evidence against him. And I don't think that the United States needs to become the first in that scenario."

Supporters of the administration's proposal said they were worried that allowing accused terrorists to see classified information could threaten national security.

"In the midst of the current conflict, we cannot share with captured terrorists the highly sensitive intelligence relevant to some military commission prosecutions," Steven Bradbury, acting assistant attorney general, told the committee.

Sen. John McCain, R-Ariz., who also has expressed concerns about the administration's proposal, said that if legislation is passed soon, trials could start as early as October.

"We want to act in the national interest on this issue," McCain said. "The initial desire is a bipartisan agreement. This is too important to get hung up in party politics."

Even as the McCain, Graham and Warner attempted to work out their differences with the White House, a number of Republicans were ready to move forward with a vote on the administration's proposal.

House GOP leaders -- whose rank and file appear to strongly support the president's proposal -- said they intend to bring the new rules up for a vote in two weeks, a week after the fifth anniversary of the Sept. 11 attacks.

"Khalid Shaikh Mohammed, his conspirators, and other terrorists should not be afforded rights from a judicial system of a country they seek to destroy," said House Majority Leader John Boehner, R-Ohio, and Rep. Duncan Hunter, R-Calif., chairman of the Senate Armed Services Committee, said in a statement.

Times staff writers Maura Reynolds and Janet Hook contributed to this report.

Senate Republicans Seek Unity On Terror Tribunals (WSJ)

By Sarah Lueck And David Rogers

The Wall Street Journal, September 8, 2006

WASHINGTON -- Senate Republicans sought to bridge their differences over President Bush's plan to prosecute terrorism suspects, even as top military lawyers aired doubts about the elements of the administration's proposal.

"It's not best to go to the floor and have a big fight," said Sen. John McCain (R., Ariz.), but the differences represent real hurdles facing Mr. Bush after his call for Congress to enact his proposal before the fall elections. White House officials said last night that no changes had been agreed to yet, but Sen. Lindsey Graham (R., S.C.) predicted: "Some of their positions put the bill in legal jeopardy and I think they'll back off."

Responding to a Supreme Court ruling in June, Mr. Bush wants lawmakers to authorize a military tribunal or commission structure to try foreign combatants in the terror war while insulating officials from legal action over possible violations of the Geneva Conventions. All this is to be accomplished in a partisan pre-election climate, and if Republicans are divided, it will encourage opposition from Democrats.

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The uniformed lawyers' testimony, before the House Armed Services Committee, zeroed in on differences with the White House over whether terror suspects in military trials should be allowed to see classified evidence being brought against them. "I believe the accused should see that evidence," Maj. Gen. Scott Black, judge advocate general of the Army, told lawmakers.

The testimony could fortify Senate Armed Services Committee Republicans like Sens. McCain and Graham, who have worked with Chairman John Warner (R., Va.) on a draft bill that differs from key elements of Mr. Bush's proposal.

Meetings began yesterday to resolve these disagreements, including what rules will apply to the sharing of classified evidence, hearsay evidence and coerced testimony. Senate Majority Leader Bill Frist (R., Tenn.) last night positioned himself so he can pre-empt the panel and move directly to the president's bill. But he is expected to wait until Tuesday to see if a compromise can be reached.

"I feel that we will be given enough time by the leadership, assuming we can indicate that there is progress," Mr. Warner said. Last evening, Mr. McCain said, "I am optimistic we are going to iron out an agreement with the White House."

Senate Democrats criticized the timing of the decision to propose the legislation now, calling it a "cynical" attempt to focus attention on national-security issues before the elections. "I want to know what took him so long," said Senate Democratic Leader Harry Reid of Nevada. "Now the White House wants Congress to clean up their failures."

In the House, the administration is banking on Armed Services Committee Chairman Duncan Hunter (R., Calif.) producing a bill next week that is close to the president's request. The House Intelligence and Judiciary Committees are slated to draft companion legislation dealing with legal issues raised by the National Security Agency's warrantless surveillance of some overseas communications to and from the U.S.

The White House admits that the NSA wiretap legislation poses more hurdles than the military tribunals. Conservatives on the House Judiciary Committee have been critical of what they perceive as the administration circumventing existing law on such intelligence surveillance. Within the Intelligence Committee, Rep. Heather Wilson (R., N.M.) said yesterday that the White House hadn't yet "engaged" her on wiretapping.

These problems are compounded in the Senate by the limited time left for debate. To expedite matters, some Republicans would like to merge the tribunal and NSA bills, but this could invite a filibuster that could doom both initiatives.

Most striking is how many of the key senators involved are major players in Mr. Bush's big domestic priority: immigration overhaul. After hours of talks on tribunals -- and even as the Senate was passing a $469.7 billion wartime Pentagon budget -- Senate Judiciary Committee Chairman Arlen Specter (R., Pa.) hosted a meeting off the floor to keep alive hopes of pressing the House to act on more comprehensive immigration legislation this fall.

"I think there's political peril," Mr. Specter said, "We have not performed."

Lawyers And G.O.P. Chiefs Resist Proposal On Tribunal (NYT)

By Kate Zernike

The New York Times, September 8, 2006

WASHINGTON, Sept. 7 — The Bush administration's proposal to bring leading terrorism suspects before military tribunals met stiff resistance Thursday from key Republicans and top military lawyers who said some provisions would not withstand legal scrutiny or do enough to repair the nation's tarnished reputation internationally.

Democrats, meanwhile, said they were inclined to go along with Senate Republicans drafting an alternative to the White House plan, one that would allow defendants more rights. That left Republicans to argue among themselves about what the tribunals would look like and threatened to rob the issue of the political momentum the White House hoped it would provide going into the closely fought midterm elections.

A day after President Bush unveiled the plan at the White House, senior administration officials said Mr. Bush was willing to negotiate with Congress about the shape of legislation to establish tribunals, which would replace those struck down in June by the Supreme Court.

The administration officials, who agreed to discuss internal administration deliberations in exchange for anonymity, said the decision to transfer high-level terror suspects from Central Intelligence Agency prisons to military custody had been the result of months of secret debate at the highest levels of government.

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The officials said the change had been most vigorously championed by the State Department, under Condoleezza Rice, against some resistance from a range of officials, including Vice President Dick Cheney, who had defended the status quo, in which high-level leaders of Al Qaeda, including the man identified as the mastermind of the Sept. 11 attacks, have been held in secret C.I.A custody.

The 14 terror suspects recently transferred to the American detention center in Guantánamo Bay, Cuba, under the administration plan would face war-crimes trials if Congress approves the proposed tribunals. On Thursday, Rear Adm. Harry B. Harris Jr., the commander of the American detention facility, said the 14 prisoners had been registered for the first time with the International Committee of the Red Cross, but he would not say when they had arrived, whether they had arrived together or how long he had known in advance that they were coming.

In Congress, Republican leaders said the House would vote on the president's proposal the week after next, and the chairman of the Armed Services Committee, Representative Duncan Hunter of California, argued in favor of the administration's approach in a hearing on Thursday morning with military lawyers.

But the military lawyers argued back. And the Senate Republicans said there were still several areas of contention between them and the administration, chiefly, a proposal to deny the accused the right to see classified evidence shown to the jury.

Brig, Gen. James C. Walker, the top uniformed lawyer for the Marines, said that no civilized country should deny a defendant the right to see the evidence against him and that the United States "should not be the first."

Maj. Gen. Scott C. Black, the judge advocate general of the Army, made the same point, and Rear Adm. Bruce E. MacDonald, the judge advocate general of the Navy, said military law provided rules for using classified evidence, whereby a judge could prepare an unclassified version of the evidence to share with the jury and the accused and his lawyer.

Senate Republicans said the proposal to deny the accused the right to see classified evidence was one of the main points of contention remaining between them and the administration.

"It would be unacceptable, legally, in my opinion, to give someone the death penalty in a trial where they never heard the evidence against them," said Senator Lindsey Graham of South Carolina, who has played a key role in the drafting of alternative legislation as a member of the Armed Services Committee and a military judge. " 'Trust us, you're guilty, we're going to execute you, but we can't tell you why'? That's not going to pass muster; that's not necessary."

President Bush announced his proposal for bringing terror suspects to trial on Wednesday as part of a round of speeches on national security aimed at drawing a sharp distinction between the two parties: Democrats as weak on terror, Republicans strong. The administration created its system of tribunals shortly after the terrorist attacks of Sept. 11, 2001, but the Supreme Court struck down those tribunals in June, saying they violated the Constitution and international law.

Senior administration officials said the decision to acknowledge the C.I.A. program, to move the 14 "high value'' detainees to Guantánamo and to set up a new system for putting them on trial emerged from a committee President Bush established in January, six months before a Supreme Court decision forced his hand on some of those issues.

The committee, run by J. D. Crouch, the deputy national security adviser, held more than 20 meetings in secret at the White House and a half-dozen higher-level sessions with Mr. Bush's national security team, which included Mr. Cheney, Ms. Rice, Defense Secretary Donald H. Rumsfeld and the director of national intelligence, John D. Negroponte.

While the White House described those meetings today as a largely harmonious effort to remake a detainee system that had raised objections around the world, other officials said Ms. Rice's State Department was often pitted against Mr. Cheney's staff.

"There were a range of opinions on a number of issues, but it's pretty fair to say that the State Department had been arguing for 18 months that we needed to put this whole thing on a strong legislative footing, and end the dispute with the allies,'' said one official who was part of the process. "And there were others, from the vice president's office to some in the Justice Department and the White House, who wanted to maintain the status quo.''

The standoff was broken by the Supreme Court's decision in June in the tribunal case, which took many in the White House by surprise, the officials said.

Administration lawyers on Capitol Hill said Thursday that the military trials now proposed by the administration were markedly different from the previous system and would pass court scrutiny. Among other changes, the proposal sets up tribunals

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overseen by a judge who could not also serve as part of the jury. Defendants would be given two appeals, and could not be tried twice.

But Senate Republicans remained divided over the White House proposal.

On one side, Mr. Graham and Senators John McCain of Arizona and John Warner of Virginia have argued that the system must provide enough fairness guarantees that the nation would feel comfortable having American troops tried under it. This is important, they argue, to repair a national reputation that has been damaged internationally by revelations of abuse at Guantánamo Bay and at Abu Ghraib prison in Iraq, and to set a model for how other countries might try American troops.

On the other side, Senators John Cornyn of Texas and Jeff Sessions of Alabama have shown more inclination to endorse the president's proposal. Mr. Cornyn said after a round of meetings Thursday that he still supported the president's approach on classified evidence, but that he hoped the differences could be bridged. "We're trying," he said.

Democrats have essentially said they would back Senators Warner, Graham and McCain, leaving the Republicans to lead the fight against the administration, and allowing the Democrats to avoid political fallout from challenging the administration while maintaining their criticism of the administration's handling of the war in Iraq.

"I think you're looking for a fight that doesn't exist," Senator Harry Reid of Nevada, the minority leader, told reporters.

In testimony on the Hill, an administration lawyer stood firm on the importance of denying suspects the right to know the classified evidence against them.

"In the midst of the current conflict, we simply cannot consider sharing with captured terrorists the highly sensitive intelligence that may be relevant to military-commission prosecutions," said the lawyer, Steven G. Bradbury, the acting assistant attorney general in the Office of Legal Counsel.

Rules For Terrorism Tribunals Unclear On Torture, Legal Adviser Says (MCT)

By Cam Simpson And Andrew Zajac, Chicago Tribune

McClatchy, September 8, 2006

WASHINGTON - Despite assurances that evidence obtained through torture will be off limits, the Bush administration's proposed rules for terrorism tribunals do not contain clear guidelines for determining whether torture was employed and would leave such decisions to military judges, according to documents and statements from a senior administration legal adviser.

Torture determinations, which would be made by judges appointed through a still-undefined method controlled by Defense Secretary Donald Rumsfeld, could be crucial to the conduct of tribunals for terrorism suspects under the White House plan.

The administration's tribunal proposal, which was unveiled Wednesday and is creating tension among some leading Republicans in the Senate, is already under attack because it could permit convictions based on evidence obtained from "coercion" while eliminating other protections long honored under American law. The Pentagon's top uniformed lawyers raised objections to the plan in congressional testimony Thursday, including to a provision that would allow suspects to be tried on secret evidence.

Although President Bush and senior administration officials have tried to minimize such concerns by promising that evidence obtained from torture would be barred, the 86-page bill proposed by the White House to establish tribunals appears to leave great latitude for defining whether torture occurred.

In the past, the administration operated under secret definitions of torture that drew international condemnation after they were made public, including for the interrogation rules in effect when most of the high-value al-Qaida detainees now facing tribunals were captured, records show.

The definition interrogators were working under for much of that time classified only the most extreme acts of abuse as torture, records show.

Under the new proposal, it would be up to defense attorneys in each case to raise the issue of torture at trial, John Bellinger, the top legal adviser to Secretary of State Condoleezza Rice, told reporters Thursday. Bellinger was legal adviser at the National Security Council when the CIA began operating secret jails and interrogation facilities overseas.

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"It would be up to the judge to determine - based on an argument by the accused - whether he believed that something were torture and needed to be prohibited," Bellinger said, after being asked to define what kind of interrogations could lead to the exclusion of evidence.

He also said, "If there are questions that come up about confinement or treatment, and I expect that (there) would be, those would be things that would come out at trial just as they do in our ordinary criminal (justice) system."

The definition for torture offered in the White House bill simply refers to an existing U.S. criminal statute. That law classifies torture as the infliction of "severe physical or mental pain or suffering."

But in August 2002, when Justice Department lawyers were first crafting formal interrogation standards for the White House in the war on terrorism, they wrote a 50-page memo interpreting the law's prohibition against "severe physical" pain in such a way that it only came into effect when the "the most extreme acts" of abuse were perpetrated.

The memo, written for then-White House counsel Alberto Gonzales by the Justice Department's office of legal counsel, further said physical pain amounting to torture under the statute "must be equivalent in intensity to the pain accompanying serious physical injury, such as organ failure, impairment of bodily function, or even death." Gonzales is now attorney general.

That guidance was later rescinded. But at least 11 of the 14 suspects who have been transported from overseas CIA prisons to Guantanamo Bay, Cuba - and who now would be tried under Bush's proposal - were captured or interrogated during the roughly two years the controversial legal guidance on torture was in effect.

Critics also contend that Rumsfeld's control of the process for assigning judges who would determine whether torture occurred is troubling. It could allow the Pentagon to pick judges inclined to favor the administration's position, said retired Adm. John Hutson, a former judge advocate general of the Navy. Hutson has been critical of the administration's departure from military law when devising its tribunal proposals for terrorism suspects.

"It's unheard of for the secretary of defense to be that involved in the process," said Hutson, noting that under Bush's proposal, the secretary of defense also would pick members of a panel that would review tribunals' legal decisions following verdicts.

"If you start cherry-picking people with a prosecutorial bent, or with a standard for torture that is very, very high, it's going to be a problem," said Hutson, dean of the Franklin Pierce Law Center in New Hampshire. "The key to this thing is that judges be absolutely independent."

Beyond the torture issue, the tribunal proposal is controversial because it could allow for convictions based on coerced evidence and would limit defendants' rights further than those typically provided under longstanding military procedures.

Top House Republicans back Bush's proposal, despite the concerns raised by uniformed lawyers during a hearing Thursday. In the Senate, a rift appears to be emerging between Republican leaders and such influential members as Sen. John McCain, R-Ariz., a former prisoner of war in North Vietnam who has taken a leading role in trying to limit torture and abuse.

Questions about torture in two of the most high-profile cases could prove irrelevant, because prosecutors might already have enough evidence to convict the men without relying on interrogation statements. Khalid Sheikh Mohammed, the alleged Sept. 11 mastermind and al-Qaida's chief plotter until his March 2003 capture in Pakistan, and one of his underlings, Ramzi Binalshibh, boasted about their leading roles in the suicide plan during 2002 interviews with an Arab satellite news network.

Interrogation Methods Rejected By Military Win Bush's Support (NYT)

By Adam Liptak

The New York Times, September 8, 2006

Many of the harsh interrogation techniques repudiated by the Pentagon on Wednesday would be made lawful by legislation put forward the same day by the Bush administration. And the courts would be forbidden from intervening.

The proposal is in the last 10 pages of an 86-page bill devoted mostly to military commissions, and it is a tangled mix of cross-references and pregnant omissions.

But legal experts say it adds up to an apparently unique interpretation of the Geneva Conventions, one that could allow C.I.A. operatives and others to use many of the very techniques disavowed by the Pentagon, including stress positions, sleep deprivation and extreme temperatures.

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"It's a Jekyll and Hyde routine," Martin S. Lederman, who teaches constitutional law at Georgetown University, said of the administration's dual approaches.

In effect, the administration is proposing to write into law a two-track system that has existed as a practical matter for some time.

So-called high-value detainees held by the C.I.A. have been subjected to tough interrogation in secret prisons around the world.

More run-of-the-mill prisoners held by the Defense Department have, for the most part, faced milder questioning, although human rights groups say there have been widespread abuses.

The new bill would continue to give the C.I.A. the substantial freedom it has long enjoyed, while the revisions to the Army Field Manual announced Wednesday would further restrict military interrogators.

The legislation would leave open the possibility that the military could revise its own standards to allow the harsher techniques.

John C. Yoo, a law professor at the University of California, Berkeley, and a former Justice Department official who helped develop the administration's early legal response to the terrorist threat, said the bill would provide people on the front lines with important tools.

"When you're fighting a new kind of war against an enemy we haven't faced before," Professor Yoo said, "our system needs to give flexibility to people to respond to those challenges."

In June, in Hamdan v. Rumsfeld, the Supreme Court ruled that a provision of the Geneva Conventions concerning the humane treatment of prisoners applied to all aspects of the conflict with Al Qaeda. The new bill would keep the courts from that kind of meddling, Professor Yoo said.

"There is a rejection of what the court did in Hamdan," he said, "which is to try to judicially enforce the Geneva Conventions, which no court had ever tried to do before."

Indeed, the proposed legislation takes pains to try to ensure that the Supreme Court will not have a second bite at the apple. "The act makes clear," it says in its introductory findings, "that the Geneva Conventions are not a source of judicially enforceable individual rights."

Though lawsuits will almost certainly be filed challenging the bill should it become law, most legal experts said Congress probably had the power to restrict the courts' jurisdiction in this way.

The proposed legislation would provide retroactive immunity from prosecution to government agents who used harsh methods after the Sept. 11 attacks. And, as President Bush suggested on Wednesday, it would ensure that those techniques remain lawful.

"As more high-ranking terrorists are captured, the need to obtain intelligence from them will remain critical," Mr. Bush said. "And having a C.I.A. program for questioning terrorists will continue to be crucial to getting life-saving information."

Mr. Bush said he had never authorized torture but indicated that aggressive interrogation techniques short of torture remained important tools in the administration's efforts to combat terrorism.

"I cannot describe the specific methods used — I think you understand why," he said. "If I did, it would help the terrorists learn how to resist questioning, and to keep information from us that we need to prevent new attacks on our country. But I can say the procedures were tough, and they were safe and lawful and necessary."

A senior intelligence official said that the new legislation, if enacted, would make it clear that the techniques used by the C.I.A. on senior Qaeda members who had been held abroad in secret sites would not be prohibited and that interrogators who engaged in those practices both in the past and in the future would not face prosecution.

The official, who spoke on the condition of anonymity, would not discuss the techniques the agency had used or was prepared to use.

Other senior administration officials, all of whom declined to speak on the record, said there was no intention to undercut the interrogation rules in the new Army Field Manual, which does not include some of the most extreme techniques used on some suspected terrorists in American custody.

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The intent of the legislation, they said, is to prevent the prosecution of interrogators under amendments to the War Crimes Act that were passed in the 1990's.

Common Article 3 of the Geneva Conventions bars, among other things, "outrages upon personal dignity, in particular, humiliating and degrading treatment." The administration says that language is too vague.

That is nonsense, said Harold Hongju Koh, the dean of Yale Law School and a State Department official in the Clinton administration. "Outrages upon personal dignity is something like Abu Ghraib or parading our soldiers in Vietnam before the television cameras," he said. "Unconstitutionally vague means you don't know it when you see it."

But the new legislation would interpret "outrages upon personal dignity" relatively narrowly, adopting a standard enacted last year in an amendment to the Detainee Treatment Act proposed by Senator John McCain, Republican of Arizona. The amendment prohibits "cruel, inhuman or degrading treatment or punishment" and refers indirectly to an American constitutional standard that prohibits conduct which "shocks the conscience."

There is substantial room for interpretation, legal experts said, between Common Article 3's strict prohibition of, for instance, humiliating treatment and the McCain amendment's ban only on conduct that "shocks the conscience."

The proposed legislation, said Peter S. Margulies, a law professor at Roger Williams University, "seems to be trying to surgically remove from our compliance with Geneva the section of Common Article 3 that deals with humiliating and degrading treatment."

The net effect of the new legislation in the interrogation context, Professor Yoo said, is to allow the C.I.A. flexibility of the sort that the revisions to the Army Field Manual have denied to the Pentagon. The bill lets the C.I.A. "operate with a freer hand" than the Defense Department "in that space between the Army Field Manual and the McCain amendment," he said.

Dean Koh said the administration's new interpretation of the Geneva Conventions would further isolate the United States from the rest of the world.

"Making U.S. ratification of Common Article 3 narrower and more conditional than everyone else's," he said, "by its very nature suggests that we are not prepared to make the same commitment that every other nation has made."

The bill proposed by the White House would also amend the War Crimes Act, which makes violations of Common Article 3 a felony. Those amendments are needed, the administration said, to provide guidance to American personnel.

The new legislation makes a list of nine "serious violations" of Common Article 3 federal crimes. The prohibited conduct includes torture, murder, rape, and the infliction of severe physical or mental pain. By implication, some legal experts said, the bill endorses the use of those interrogation techniques that are not mentioned.

The proposed legislation in any event represents a further retreat from international legal standards by an administration already hostile to them, some scholars said. "It's strong evidence that this administration doesn't accept international legal processes,'' said Peter J. Spiro, a law professor at Temple University.

Questions Raised About Bush's Primary Claims In Defense Of Secret Detention System (NYT)

By Mark Mazzetti

The New York Times, September 8, 2006

WASHINGTON, Sept. 7 — In defending the Central Intelligence Agency's secret network of prisons on Wednesday, President Bush said the detention system had used lawful interrogation techniques, was fully described to select members of Congress and led directly to the capture of a string of terrorists over the past four years.

A review of public documents and interviews with American officials raises questions about Mr. Bush's claims on all three fronts.

Mr. Bush described the interrogation techniques used on the C.I.A. prisoners as having been "safe, lawful and effective," and he asserted that torture had not been used. But the Bush administration has yet to make public the legal papers prepared by government lawyers that served as the basis for its determination that those procedures did not violate American or international law.

The president said the Department of Justice approved a set of aggressive interrogation practices for C.I.A. detainees in 2002 after milder ones proved ineffective on Abu Zubaydah, the first of the Qaeda leaders taken into custody.

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Current and former government officials said that specific interrogation methods were addressed in a series of documents, including an August 2002 memorandum by the Justice Department that authorized the C.I.A.'s use of 20 interrogation practices.

The August 2002 document, which was leaked to reporters in 2004, said interrogation methods just short of those that might cause pain comparable to "organ failure, impairment of bodily function or even death" could be allowable without being considered torture.

The memorandum was repudiated in another Justice Department document at the end of 2004, and Congressional officials said on Thursday that they had not received documents from the administration explaining the legal underpinnings of the program.

One prisoner is known to have died in Afghanistan after interrogation by a C.I.A. contract employee, but the agency has distanced itself from that episode, and the former employee was convicted on assault charges last month in federal court in North Carolina.

Some lawmakers questioned Mr. Bush's claims that his administration fully briefed some members of Congress on details of the secret detention program.

Senator John D. Rockefeller IV of West Virginia, the ranking Democrat on the Senate Intelligence Committee, said on Wednesday that the Bush administration had "withheld details of the C.I.A. detention and interrogation program from the Congressional intelligence committees."

Congressional officials said on Thursday that the Senate Intelligence Committee was briefed about the existence of the C.I.A. detention program but was not informed about the locations of the secret prisons.

Public documents show that some of the information that led to the arrests of senior terrorism plotters like Khalid Shaikh Mohammed and Ramzi bin al-Shibh was known before the C.I.A. detained its first prisoner, Mr. Zubaydah, in the spring of 2002.

Mr. Bush said it was Mr. Zubaydah who disclosed to C.I.A. interrogators that Mr. Mohammed was the mastermind of the Sept. 11 attacks and often used the alias Mukhtar, sometimes spelled Muktar.

"This was a vital piece of intelligence that helped our intelligence community pursue K.S.M.," Mr. Bush said, referring to the terror suspect by his initials.

The report of the Sept. 11 commission said that the C.I.A. knew of the moniker for Mr. Mohammed months before the capture of Mr. Zubaydah.

According to the report, the C.I.A. unit given the task of tracking Osama bin Laden had intercepted a cable on Aug. 28, 2001, that revealed the alias of Mr. Mohammed.

Mr. Bush also said it was the interrogation of Mr. Zubaydah that identified Mr. bin al-Shibh as an accomplice in the Sept. 11 attacks.

American officials had identified Mr. bin al-Shibh's role in the attacks months before Mr. Zubaydah's capture. A December 2001 federal grand jury indictment of Zacarias Moussaoui, the so-called 20th hijacker, said that Mr. Moussaoui had received money from Mr. bin al-Shibh and that Mr. bin al-Shibh had shared an apartment with Mohamed Atta, the ringleader of the plot.

A C.I.A. spokesman said Thursday that the agency had vetted the president's speech and stood by its accuracy.

"Abu Zubaydah was the authoritative source who identified Khalid Shaikh Mohammed as the mastermind of 9/11 and the man behind the nickname Muktar," the spokesman, Paul Gimigliano, said in a statement. "His position in Al Qaeda — his access to terrorist secrets — gave his reporting exceptional weight and it gave C.I.A. insights that were truly unique and vital. Abu Zubaydah not only identified Ramzi Bin al-Shibh as a 9/11 accomplice — something that had been done before — he provided information that helped lead to his capture."

Besides the 14 prisoners identified on Wednesday, some officials and human rights advocates questioned the fate of dozens of others believed to have moved through the C.I.A. prison network over the past four years.

Human Rights Watch, in response to a request from The New York Times, provided a list of 14 men who the organization believes have been secretly detained since the Sept. 11 attacks and whose whereabouts are still unknown.

One of the men, Ibn al-Shaykh al-Libi, is believed to have given false information about links between Iraq and Al Qaeda after C.I.A. officials transferred him to Egyptian custody in 2002. Mr. al-Libi's statements were used by the Bush administration as the foundation for its claims that Iraq trained Qaeda members to use biological and chemical weapons.

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It emerged later that Mr. al-Libi had fabricated these stories while in captivity to avoid harsh treatment by his Egyptian captors.

Human Rights Watch has also identified 20 other men it said were at the military prison at Guantánamo Bay, Cuba, and who the group believes were once in C.I.A. custody.

Red Cross To See Alleged 9/11 Plotter (FT)

By Demetri Sevastopulo, Guy Dinmore And Caroline Daniel In Washington

Financial Times, September 8, 2006

The International Red Cross is expected to get its first access next week to Khaled Sheikh Mohammed, the alleged mastermind behind the September 11 attacks, and 13 other high-value detainees who have been transferred from secret Central Intelligence Agency prisons to Guantánamo Bay.

In a surprise move on Wednesday, President George W. Bush acknowledged for the first time that the CIA had been holding and interrogating high-value al-Qaeda prisoners in secret detention facilities.

Mr Bush said the move, which was partly seen as an attempt to press Congress to pass legislation authorising its proposed new military commissions to try detainees at Guantánamo, would bring the alleged perpetrators of the September 11 attacks closer to justice. In June the Supreme Court ruled that the original military tribunals violated US law and the Geneva conventions.

Mr Bush said the CIA had transferred all its prisoners to Guantánamo but he vowed to continue the controversial programme, saying it was crucial to help prevent further attacks on the US. The ICRC on Thursday repeated demands for a list of all detainees who have been held in secret CIA custody.

As the US moves forward with plans to try alleged al Qaeda leaders previously interrogated in secret prisons, a senior Bush administration legal advisor on Thursday acknowledged that defence lawyers were likely to try to exclude any evidence deemed to have been obtained under torture.

John Bellinger, legal advisor to the secretary of state, told reporters that he would expect a "vigorous defence attorney" to question how evidence was obtained if the prisoners contested their terms of treatment.

Mr Bellinger said the administration believed its draft legislation to authorise new military commissions would get enough votes to pass through Congress before recess at the end of this month. Some key Republican senators, including John McCain and Lindsey Graham, who have proposed separate legislation oppose some of the White House measures, including refusing to allow defendants access to some classified evidence.

Meanwhile, in his fourth speech over the last week on the war on terror, Mr Bush issued what he called a "progress report" on his actions since 9/11. He told an audience in Georgia: "Many Americans look at these events and ask the same question: Five years after 9/11, are we safer? The answer is yes, America is safer."

Mr Bush defended his decision to ask the National Security Agency to spy on the international phone calls of suspected terrorists. That programme has come under fire on Capitol Hill for byassing Congressional authorisation.

"The surest way to keep the program is to get explicit approval from the United States Congress. So today I am calling on the Congress to promptly pass legislation providing additional authority for the terrorist surveillance program, along with broader reforms in the Foreign Intelligence Surveillance Act," he said.

Mr Bush has used his speeches to force not only Democrats on the defensive on national security, but also to put pressure on Republicans and back some of his more controversial elements of the war on terror, such as the surveillance and military tribunals for suspected terrorists. Republicans are leery of further weakening Mr Bush by handing him a legislative defeat on these issues, undermining his authority on national security

Confirmation Of CIA Prisons Leaves Europeans Mistrustful (WP)

By John Ward Anderson

The Washington Post, September 8, 2006

PARIS, President Bush's transfer of terrorism suspects out of secret CIA prisons to the Guantanamo detention facility would do little to repair transatlantic distrust that has grown in recent years, political analysts in France and other European countries said Thursday.

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"How willing a really liberal Democrat is to listen to George Bush -- that's about how willing the French are," said Nicole Bacharan, an expert on French-American relations at the Institute for Political Studies in Paris.

Bush's acknowledgment Wednesday of the CIA prisons' existence -- and his refusal to say where they were -- touched off new demands in Europe for a full accounting of the locations. The Washington Post reported last year that some were in Eastern Europe, but it did not name countries at the request of U.S. officials.

Poland and Romania, called likely locations by European investigators, issued new denials Thursday that such prisons were on their soil.

The CIA's detention of the suspects drew support from Australia, a close U.S. ally, where Foreign Minister Alexander Downer told Parliament that "a great deal has been achieved through these kinds of programs." He said that interrogations had led to the arrest of senior terrorism suspects.

U.N. Secretary General Kofi Annan, visiting Spain, took an opposing view. "I cannot believe that there can be a trade between the effective fight against terrorism and protection of civil liberties," he said. "If as individuals we are asked to give up our freedom, our liberties, our human rights, as protection against terrorism, do we in the end have protection?"

Asma Jehangir, chairwoman of the Human Rights Commission of Pakistan, demanded that the United States end the program immediately and apologize for ever bringing it into existence, the Associated Press reported.

"They have to admit that what they did was wrong," said Jehangir, who heads a U.N. panel that recently condemned the detention of suspects at Guantanamo Bay, Cuba. "They cannot justify it in the name of terrorism and frightening people."

Some analysts in Europe noted the president's statement that the CIA must use the prisons again in the future. The prisons "have not been liquidated or closed," said Michael Emerson, a senior research fellow at the Center for European Policy Studies in Brussels. If they are going to function again, "then the European body politic is not going to be entirely happy."

FranÃ§ois Heisbourg, a military analyst at the Foundation for Strategic Research in Paris, said that people in France find it astounding that U.S. troops had to be told specifically not to employ what are widely viewed here as old torture techniques, particularly the practice known as waterboarding, in which prisoners are made to feel as if they're drowning.

"This hearkens back to one of the favorite practices of the Gestapo -- the bathtub torture, which was a synonym for waterboarding," he said. "The notion that the U.S. Army has to say explicitly that you shouldn't do this is unfortunately a way of saying that it may indeed have been standard operating procedure at the time."

Bush is unlikely "to get much credit for coming clean at this late stage in the story," said Heisbourg. "It's simply being received here as confirmation of what people thought already -- that these guys are doing things they shouldn't be doing."

Rene van der Linden, president of the parliamentary assembly of the Council of Europe, an intergovernmental watchdog agency, said in a statement that "kidnapping people and torturing them in secret -- however tempting the short-term gain may appear to be -- is what criminals do, not democratic governments."

"In the long term, such practices create more terrorists and undermine the values we are fighting for," he said. "Europe will have no part in such a degrading system." His group conducted an investigation of the CIA prison system.

Other European critics found fault with U.S. plans for military tribunals to try prisoners.

These panels are "really not in line with international law," said Liz Lynne, a British member of the European Parliament. Bush wants to try suspects without allowing them full access to the evidence against them, she said.

"The U.S.A. would be very quick to condemn any other country that tried people without letting them see the evidence," Lynne said.

If Bush "announced that he was closing Guantanamo Bay detention camp and bringing the people there to trial according to international law, or releasing them if there is no evidence, then he would repair his credibility," Lynne said. "If he doesn't do that, then I think he's whistling in the wind."

Europeans Seek More Info On Secret Jails (AP-Y)

By David Stringer

AP, September 8, 2006

DOJ_NMG_0059439

President Bush's disclosure that terrorism suspects had been held in CIA-run prisons drew approval from activists and defense attorneys, but some called for details on the secret lockups.

Bush said in a White House speech Wednesday that a small number of high-value detainees — including the mastermind of the Sept. 11 attacks, Khalid Sheik Mohammed — had been kept in CIA custody in order to be "held secretly, questioned by experts and, when appropriate, prosecuted for terrorist acts."

International lawmakers and civil rights campaigners have long called on Bush to acknowledge the United States used a network of secret prisons and have transferred prisoners between them on covert flights.

Manfred Nowak, the U.N. special investigator on torture, called Bush's acknowledgment of CIA secret prisons "progress," but said their existence was already known.

"We knew there was secret places of detention because we knew there were people who had been arrested and then we lost track of them," Nowak told the AP.

The deputy president of Malaysia's largest opposition party, the Pan-Malaysian Islamic party, condemned the CIA prisons and said Bush's acknowledgment was not surprising.

"To us this is nothing new, Bush's use of military and force to act upon his agenda," said Nasharudin Mat Isa. "This latest boast of his (about CIA secret prisons abroad) will make him even more unpopular among Americans."

Australia, a staunch U.S. ally in the war on terror, praised the secret prison program, with Foreign Minister Alexander Downer saying it achieved "a great deal."

Downer conceded the prisons were controversial, but said critics should "understand how important it's been to get information from detainees which has led to the capture and in some cases the killing of terrorists who might have otherwise killed innocent people."

Nowak, who reports to the U.N. Human Rights Council, the global body's top right watchdog, has said the use of secret prisons violate anti-torture commitments under international law because keeping detainees in such places is a form of enforced disappearance.

He said the transfer of 14 detainees from clandestine centers to Guantanamo Bay was "an improvement," but warned that "of course there are many others."

In his comments, Bush said that with the transfer of the 14 men to Guantanamo, there currently are no detainees being held by the CIA. A senior administration official said the CIA had detained fewer than 100 suspected terrorists in the history of the program.

"President Bush has finally realized that American values are the way to win the war on terror — the values of true openness, a commitment to having fair trials and not allowing the torture of detainees," lawyer Zachary Katznelson, who represents 36 Guantanamo detainees, told the AP.

Marine Maj. Michael Mori, the Pentagon-appointed lawyer for Australian Guantanamo detainee David Hicks, said that legislation the White House wants to use to prosecute terrorist suspects in military trials is similar to provisions already deemed illegal by the high court.

"It appears to be just a rubber stamp of the old illegal commission system," Mori told the Australian Associated Press in the United States.

Bush is pressing Congress to quickly pass administration-drafted legislation authorizing the use of military commissions for trials of terror suspects after the Supreme Court in June ruled that trying detainees in military tribunals violated U.S. and international law.

Shami Chakrabarti, director of London-based human rights group Liberty, said Bush's disclosure raised fresh questions about a possible role of Britain and other countries in so-called extraordinary rendition flights, allegedly used to ferry prisoners to and from the secret prisons.

"After years of allegations come shocking admissions of guilt by the U.S. President as to the existence of secret prisons outside the rule of law," Chakrabarti said in a statement.

Andrew Tyrie, a British lawmaker and chairman of the All Parliamentary Group on Extraordinary Rendition, said he hoped Bush would in the future provide more details about the treatment of detainees at the CIA prisons.

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Bush said that interrogation techniques used were tough, but did not constitute torture.

Human Rights Watch has previously identified Poland and Romania as possible sites of secret prisons, a charge both countries have repeatedly denied.

Europeans' Views Mixed On News Of C.I.A. Camps (NYT)

By Brian Knowlton

The New York Times, September 8, 2006

WASHINGTON, Sept. 7 — Reaction in Europe and Afghanistan to the United States' transfer of 14 top terror suspects from secret C.I.A. camps to Guantánamo Bay, Cuba, for trial has been sharply mixed, welcomed by some but termed a half-measure by others.

Disclosure of the camps' existence last year generated widespread outrage abroad.

Several European lawmakers and human-rights groups said Thursday that while President Bush's acknowledgment of the camps' existence on Wednesday was helpful, it underscored concerns about clandestine practices by the United States and the complicity of some of their own governments.

Dick Marty, who led a Council of Europe investigation of the camps and of the secret transport of suspects from one foreign country to another for questioning, said President Bush had provided "just one piece of the truth."

Manfred Nowak, the United Nations special investigator on torture, called the transfer of the 14 detainees "an improvement," but added, "of course, there are many others."

José Luis Rodríguez Zapatero, the prime minister of Spain and one of the few world leaders to offer an opinion on Thursday, bluntly criticized the practices of the Central Intelligence Agency, The Associated Press reported. The fight by democracies against terrorism, he said in Madrid, "is not compatible with the existence of secret prisons."

Yet, European Union spokesmen insisted that there was still no proof of reports that there were secret camps on European soil, and officials in countries suspected of being hosts of such camps issued new denials. The European Union's foreign policy chief, Javier Solana, said in Copenhagen that "all the information that I have is that no country in the E.U., or candidate country, as far as I know, has had secret prisons."

In a statement from Geneva, the International Committee of the Red Cross welcomed "the transfer of these detainees from secret places of detention to an official place of detention," and said that it planned a visit to Guantánamo soon. But it questioned whether other detainees might still be held clandestinely, condemning the practice.

Mr. Bush said Wednesday that all the C.I.A. camps were now empty, but he reserved the right to reopen them and did not disclose their locations.

Some members of a European Parliament investigating committee were harshly critical of his comments. "Bush exposes not only his own previous lies," said Sarah Ludford, a British member.

...

In Afghanistan, Ahmad Nader Nadery, spokesman for the Afghan Independent Human Rights Commission, welcomed the United States moves.

"We have been looking for an improvement in the treatment of detainees in Guantánamo and Bagram," the Afghan city where an American military prison is located, The Associated Press quoted him as saying. "It will build more confidence in the war on terror."

The president's announcement had left European allies in an awkward position. They had denied knowledge of the camps, and in some cases of the C.I.A. flights carrying suspects to or from the camps through their airports or airspace. Yet, Mr. Bush said that information derived from the program had been shared with other countries.

The German opposition party criticized the government in Berlin for not pushing harder to unravel Germany's role in the affair. "The Merkel government, at no time, showed a real will to seek clarification," the deputy parliamentary leader of the Free Democratic Party, Sabine Leutheusser-Schnarrenberger, said in Berlin.

The government, she said, still owed an answer to the question: "What did the federal government know when about these secret prisons?"

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Interrogation And Intelligence (WSJ)

The Wall Street Journal, September 8, 2006

President Bush in the White House East Room Wednesday explained for the first time in detail the importance of interrogation as an intelligence tool in the war on terror. He conceded that some of the techniques used against the likes of 9/11 mastermind Khalid Sheikh Mohammed were "tough." But he also used his remarks to declassify a fair bit of information about what's been learned. Quite clearly the interrogations are a major reason there have been no further terrorist attacks on American soil in the past five years. The demagogues alleging senseless "torture" at "secret" overseas prisons have now gotten a proper reply.

Like the programs for monitoring bank transfers and warrantless wiretaps overseas, interrogating those who would do us harm has helped keep the country safe with minimal intrusion into the lives of ordinary Americans. The alternative to such narrowly targeted programs is a culture of fear in which everyone is a suspect. Without them we'd see the unhappy experience of airport security repeated far more often, not to mention a lot more domestic surveillance. We often wonder if those who routinely object to the Bush Administration's tactics realize they're endangering not just our safety but our civil liberties.

It's worth devoting a little space to the details on interrogations that Mr. Bush offered Wednesday. The President explained that a small number of high-ranking al Qaeda operatives have been held by the CIA at undisclosed locations. They included KSM and others involved the 9/11 attacks, as well as al Qaeda operatives responsible for the 1998 African embassy bombings and the 2000 attack on the USS Cole.

And what did we learn from the CIA program? A lot, apparently. Senior al Qaeda leader Abu Zubaydah, captured after he was wounded in a firefight in Pakistan, revealed information such as KSM's alias ("Muktar"), which helped lead to the 9/11 ringleader's arrest. Zubaydah also identified Ramzi bin al Shibh as one of KSM's accomplices and provided information leading to his arrest too.

KSM, for his part, led U.S. intelligence to a Southeast Asian terrorist leader named Hambali, whose organization was responsible for the 2002 Bali bombing. After his brother was also arrested and a cell of 17 operatives broken up, Hambali confessed he had been acting on KSM's orders to plan another attack on the U.S. KSM also led U.S. intelligence to al Qaeda operatives responsible for a program to develop biological weapons such as anthrax.

In all, it appears a substantial number of plots were foiled because of the CIA interrogation program. They included attacks not only in the U.S. but on targets such as a U.S. Marine camp in Djibouti and the U.S. consulate in Karachi. Mr. Bush said that information from the program played a role in the arrest of "nearly every" senior al Qaeda member in U.S. custody. These detainees have proven invaluable to our general understanding of their organization and have helped the U.S. decipher captured documents and computer records and identified voices on recorded calls.

We're glad Mr. Bush has finally made all this a matter of public record. For too long his critics have been allowed to get away with blithe assertions that the U.S. has been "torturing" detainees and that "torture doesn't work." But as we've been pointing out, there is all the difference in the world between aggressive questioning aimed at saving lives and the infliction of grievous bodily harm for the purposes of punishment or retribution -- the latter being how most people understand the word "torture." Had the U.S. interrogated 1993 World Trade Center bomber Ramzi Yousef the way it did KSM, it might have learned enough to perhaps stop future attacks. Instead, he was processed through the criminal justice system and has revealed little of intelligence value.

Also Wednesday, Mr. Bush upped the stakes in the Congressional debate over authorizing military tribunals for terrorists by announcing that the high-level al Qaeda operatives have been moved to Guantanamo Bay, with a view to putting them on trial. The long delay in doing this may have been necessary to extract the full intelligence value from these men, but an unfortunate side effect has been to allow critics to paint a false picture of an ineffective and needlessly cruel detainee program and to grandstand over the procedural rights of the accused. We think most Americans will readily understand why it may be necessary to deny KSM access to some of the classified intelligence that will hopefully be used to convict him.

In addition to passing the bill establishing military tribunals, Congress needs to ensure that the men and women responsible for the intelligence success the President outlined Wednesday not be vulnerable to prosecution. The Supreme Court recently ruled the Geneva Convention's vague prohibitions against "degrading" treatment applicable to our conflict with al Qaeda,

paving the way for misinterpretation by an ambitious prosecutor. Genuine detainee abuses should be punished, and have been thus far at the Abu Ghraib courts martial and elsewhere. But the men who interrogated KSM were acting on careful legal orders and in the national interest and deserve to be protected like any soldier in the field who defends his country.

'Values' We Have To Hide Abroad (WP)

By Eugene Robinson

The Washington Post, September 8, 2006

If the secret prisons where U.S. agents interrogated "high-value" terrorism suspects with "alternative" techniques are so legitimate and legal, if they're so fully consistent with American values and traditions, then why are they overseas?

That's one thing the Decider didn't tell us Wednesday in his forceful yet obfuscatory speech confirming the existence of the CIA prisons and announcing the transfer of 14 detainees to Guantanamo Bay, including boldface-name miscreants such as Khalid Sheik Mohammed, Ramzi Binalshibh and Abu Zubaida.

The president at least gave a reason why the locations of the prisons are still being kept secret, even if it wasn't the whole story. He said secrecy was needed to protect our allies from terrorist retribution, which might well be true. But governments of the host countries are probably more worried about the ire of the citizens who elected them, given the unpopularity of the Bush administration's foreign policy in much of the world, and some doubtless are concerned that the secret prisons violate host-country laws and international treaties.

In other words, the prisons (which apparently have been emptied, for the moment, but not closed down) were kept secret because they're overseas. But the Decider said not a word about why he decided the prisons had to be located in other countries in the first place.

Why not hold the suspects, say, in one of the many super-secure facilities in and around Washington? They would be much more accessible to the CIA, the FBI, the Pentagon and any other agency that wanted a crack at them. And since al-Qaeda is already determined to attack the United States, why even risk creating potential problems for loyal overseas allies? Why not interrogate America's deadliest enemies on American soil?

Since the president didn't address this question, I'll try. The only reason that makes any sense to me is that the Decider wanted to put his secret prisons beyond the reach of U.S. courts. I think the president and his lawyers knew from the beginning that detaining suspects indefinitely and wringing information out of them with methods that international agreements define as torture -- "an alternative set of procedures" was the president's delicate euphemism -- wouldn't amuse even the most law-and-order federal judge.

The full story of what has taken place at Guantanamo Bay and in the CIA's overseas prisons will come out someday. But even with the little we know so far, I remain convinced that history will view these acts of arbitrary detention, extraordinary rendition and coercive interrogation with strong censure and deep shame. The president's claim that "the United States does not torture" comes with an asterisk, since his definition of torture is as tortured as Bill Clinton's definition of "is."

Look, I know that when Khalid Sheik Mohammed (whom the president called "KSM") and the others came into U.S. custody, they were full of murderous intent and harbored vital knowledge of active plots to kill innocent people. If KSM was indeed "waterboarded," as has been reported, I shed no tears for his discomfort. My concern is for the rule of law and the norms of civilized behavior -- concepts the Decider says he wants the rest of the world to respect.

If the president needed a "hot pursuit" exemption to allow some specific forms of coercive interrogation, he should have asked Congress to give it to him -- rather than rely on a vague blanket authorization to pursue the war on terrorism. If the judgment was that coercion had to be applied anyway, absent a law allowing it, then the officials who ordered the coercion should have had to defend their actions in a court of law. Was it clearly a question of needing the information immediately? Was there no other way to get the suspects to talk?

There is less ambiguity about the question of arbitrary, indefinite detention. It's wrong, and the president knows it's wrong. The Supreme Court had to order the president to do what he knows he should -- formally charge the detainees at Guantanamo and give them fair trials of some kind -- but even now he wants to stack the deck by refusing to let the detainees even see or hear some of the evidence against them.

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No, an American "detained" by al-Qaeda wouldn't enjoy a guarantee of due process. But we're not al-Qaeda. I thought that was the whole point.

Oh, one more thing the president didn't mention, for some reason: Those 14 most-wanted terrorists who were kept in the secret prisons? As far as we know, not a single one was captured in Iraq.

Decision To Move Detainees Resolved Two-Year Debate Among Bush Advisers (WP)

By Dafna Linzer And Glenn Kessler

The Washington Post, September 8, 2006

Shackled and hooded, 14 men in secret CIA custody were gathered one by one from locations across the world last weekend and flown to a rallying point to await one more flight. For some of the prisoners, it was their third or fourth journey to yet another unknown destination since President Bush approved a covert plan for them to disappear into CIA facilities hidden throughout Eastern Europe and Asia.

On Sunday night, the men -- three Pakistanis, two Yemenis, two Saudis, two Malaysians, a Palestinian, a Libyan, a Somali, an Indonesian and a Tanzanian -- were sedated and placed together onto a flight to Guantanamo Bay, Cuba. They arrived Labor Day morning, an unusually quiet time at the Pentagon-run facility.

The arrival of the prisoners, witnessed by few beyond the CIA officers accompanying them, marked the end of a five-year effort by the Bush administration to conceal as many as 100 al-Qaeda suspects from the world and to shield the agency's interrogation tactics and facilities from public scrutiny. It was also the result of nearly two years of debate within the Bush White House, touched off by a personal plea from British Prime Minister Tony Blair for the release of British citizens in U.S. custody.

The debate divided the president's key advisers and kept open the CIA's "black sites" until President Bush himself, under the advice of Secretary of State Condoleezza Rice, ordered the facilities emptied for now, and possibly for good.

In a series of interviews, often on the condition of anonymity, key players from throughout the administration agreed to discuss events that led to the unraveling of one of the president's most controversial programs. Drawing on recollections and portions of personal notes, officials said major factors that pushed the president toward Wednesday's announcement were demands from allies to close sites down, an increased urgency from the CIA to find a longer-term solution to detentions and an appeal from Rice to Bush to consider the administration's legacy.

Favor for a Friend

For much of 2004, British officials pushed their counterparts at the State Department and the Pentagon to consider releasing the remaining four British men held at Guantanamo Bay. Blair's government was under pressure at home to get the men back and to denounce the Cuban facility on humanitarian grounds.

Senior lawyers representing the Office of the Vice President, the State Department, the Justice Department, the CIA and the Pentagon argued over the request. They had agreed earlier that year to release five suspects, but they couldn't agree on the remaining four.

The issue crystallized growing differences of opinion among Bush's top advisers, with Rice and Vice President Cheney increasingly at odds over the administration's detainee policies.

As debate dragged on, no consensus was ever sent to Bush for a decision. Finally, Blair raised the issue with the president during a trip to Washington that November. Officials briefed on their discussions said the president agreed immediately. "Blair said he really needed these guys, and the president was happy to help him," said one senior official who was involved in the deliberations.

Two months later, in January 2005, the four men were sent home to Britain and immediately freed. But as Cheney's lawyer David Addington had predicted, the decision opened up the floodgates of Guantanamo Bay. Over the coming months, every European prisoner was sent home and a total of 100 detainees were released.

Policymakers including Cheney and Attorney General Alberto R. Gonzales who were heavily invested in the detainee program were losing ground.

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Meanwhile, State Department legal adviser John Bellinger III and counselor Philip D. Zelikow pushed for a major overhaul of detainee practices. Zelikow had been executive director of the 9/11 commission, which had recommended overhauling the detention policy to make it consistent with international norms.Hamdan Goes to Court

A turning point in the debate, senior administration officials said, came 10 months later, when The Washington Post reported the existence of the secret CIA prisons in November 2005. At the time the White House refused to confirm or deny the program but said the report had harmed national security. European leaders publicly demanded explanations and privately sought an end to both the CIA program and to incarcerations without trial at Guantanamo Bay.

The detainee issue dominated Rice's winter trip to Europe and became a prime subject between Bush and his European counterparts. After meeting with German Chancellor Angela Merkel in January of this year, Bush complained about the public "misperceptions" about Guantanamo. But by June, Bush bluntly asserted at a news conference, "I'd like to close Guantanamo." He said that the facility had become an excuse for "some of our friends" to say the United States was not upholding its values.

At the same time, Gen. Michael V. Hayden had taken over as CIA director and suggested in a speech to the agency staff that he was going to review the viability of the CIA's secret program.

That review all but collapsed later in June when the Supreme Court ruled, in Hamdan v. Rumsfeld , that detainees must be put under the protections of the Geneva Conventions, in effect declaring the CIA's program illegal.

Even though comments from the justices at oral argument had suggested that they might rule against the administration's detainee policies, the White House counsel had made no contingency plans for a loss and was stunned by the decision.

"The court's decision was much more sweeping than we expected," a senior White House official said yesterday.

Most senior Justice Department lawyers believed the ruling would force the government to close the CIA's "black sites." Other lawyers disagreed.

In a series of emergency meetings with top government lawyers after the Hamdan ruling, the CIA's legal adviser, John Rizzo, told his colleagues that the program was becoming increasingly difficult to maintain anyway. Since its disclosure in press reports, several countries had asked the CIA to close prisons on their soil and other countries had refused requests to host new ones. Other lawyers noted that it had simply damaged the ability of U.S. intelligence agencies to work with important allies on almost anything.

The lawyers ended up agreeing that the CIA could not hold the suspects indefinitely. "There had to be an end game," said one official close to the deliberations.

As a compromise, they agreed that in principle the Hamdan decision did not mean that the sites could not exist; it just meant that the CIA could no longer handle suspects outside the boundaries of the Geneva Conventions.

Hamdan "forced our hand," said White House counselor Dan Bartlett, the only administration official who agreed to speak on the record. "We knew there was going to have to be some acknowledgment that they were in our hands." Also, he said, the intelligence value of interrogations had diminished to the point where the administration thought "we could bring them to justice."The President Speaks

After nearly two dozen meetings of senior policymakers on the detainee issue, Bush convened his principal advisers at the end of August to make a final decision. Several had moved far away from the impassioned defenses of secret prisons that they had mounted a year earlier.

Rice had had a series of conversations with Bush on the detainee issue, but at that National Security Council meeting she made her final pitch for a change in policy. In front of her colleagues, according to several who attended, she said that it was important for the United States to bring the issue to closure, both on foreign policy grounds and moral grounds. She noted that the secret sites were having a corrosive effect on the nation's ability to win cooperation on a range of intelligence issues. Rice urged the president to resolve the issue rather than hand it off to his successor.

The president agreed.

"This is a paradigm shift for the administration," said one senior official who was involved.

The core of Rice's argument appeared in the penultimate paragraph of the president's speech.

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"America is a nation of law," Bush said, adding that he had heard the concerns of other world leaders about the administration's detention policies. "I'll continue to work with the international community to construct a common foundation to defend our nations and protect our freedoms."

Other advisers, including Cheney, who had essentially lost out on a program he had fought to preserve, were rewarded in the speech, namely with the president's assurance, if only in theory, that the black sites program could be used again.

"It's true the program could continue, but it will never occur in the same manner that it operated before," said one influential official.

Federal Judge In Oregon Refuses To Dismiss Lawsuit Over Bush Administration Eavesdropping (AP)

By Tim Fought, Associated Press Writer

AP, September 8, 2006

PORTLAND, Ore. (AP) -- A federal judge Thursday rejected a Bush administration plea to throw out a lawsuit over the government's warrantless surveillance program, saying he is not convinced going ahead with the case would harm national security.

It is the latest of several differing rulings on a program the administration says is essential to fight terrorism, but that civil-liberties groups decry as an overreaching of presidential authority.

U.S. District Judge Garr King said he believes there may be a way for the lawsuit, filed by a now-defunct Islamic charity, to proceed without releasing information that could harm national security.

The lawsuit was filed by the Al-Haramain Islamic Foundation, which had a chapter in Ashland that went out of business after the U.S. government labeled it a terrorist organization.

The foundation charged that two of its lawyers and at least one official were under electronic surveillance in March and April 2004. The foundation asked King to rule the surveillance a violation of a federal law that requires a special court to approve intelligence-related wiretapping.

The National Security Agency's program monitors phone calls and e-mails between people in the U.S. and people in other countries when a link to terrorism is suspected. The government has called for this and other lawsuits filed against the program to be thrown out, arguing that although it is well within the president's authority, proving that would require revealing state secrets.

"We are disappointed that the court did not dismiss the case, and we are reviewing the opinion and considering our options," Justice Department spokeswoman Gina Talamona said Thursday.

Tom Nelson, a lawyer for the plaintiffs, called the ruling "a positive development" that accommodates the government's desire to protect secrets. Eventually, he said, the U.S. Supreme Court may have to give trial judges a common direction for handling cases arising from the surveillance program.

Federal judges hearing other warrantless surveillance cases have split on the issue.

Last month a Detroit judge ordered an immediate end to the program, saying it violates free speech and privacy rights as well as the separation of powers, in a ruling that is under appeal. A hearing on whether the judge should issue a stay in that case, originally set for Thursday, has been postponed until Sept. 28; the plaintiffs have agreed that the program can continue in the interim.

A Chicago judge agreed with the government that state secrets would be exposed if a case went forward, but a San Francisco judge said the surveillance is already so well known there was no danger of spilling secrets.

The Portland case turns on what King called the "Sealed Document," information that government lawyers accidentally gave Al-Haramain lawyers in 2004 before demanding it back. King said the document is now in a secure room at the FBI's Portland office.

Al-Haramain's attorneys want to use the document to make their case, but the government says any use of it will compromise state secrets.

King said the document remains classified, despite its disclosure to the plaintiffs and to a reporter from the Washington Post.

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He said he wants to consider editing the document, reaching agreement between the two sides on stipulations that wouldn't disclose state secrets, or hiring an expert to help him determine whether disclosures would result in harm.

Judge Allows Islamic Group To Challenge Wiretapping (NYT)

By Adam Liptak

The New York Times, September 8, 2006

A federal judge in Oregon yesterday allowed an Islamic charity to proceed with a suit challenging the surveillance program in which the government, without warrants, monitors some international communications of people in the United States.

The suit is similar to actions pending in Detroit and New York, but with a wrinkle: the charity says it has seen a classified document confirming that its communications with its lawyers were actually intercepted. In the other suits, the plaintiffs face the preliminary hurdle of establishing that they have standing to sue based only on the risk that there has been interception.

The charity, Al-Haramain Islamic Foundation, says the government inadvertently provided it the document in an unrelated lawsuit. The document includes a log, the charity says, of communications between its officials and its law firm that were obtained by the National Security Agency through electronic surveillance for which the government had no warrant.

According to the judge, Garr M. King of the Federal District Court in Portland, the charity has turned the document over to the F.B.I., which is holding it in a "secure compartmentalized information facility" in that city.

The government had asked Judge King to dismiss the lawsuit on national security grounds under the so-called state secrets privilege, which can require dismissal of suits in cases that would disclose classified information.

But Judge King said, "I have determined that there is no reasonable danger that the national security would be harmed if it is confirmed or denied that plaintiffs were subject to surveillance."

Still, he said, he may revisit that issue. He suggested that the plaintiffs — the charity and two of its lawyers — could establish standing and other elements of their case by submitting sworn secret statements "attesting to the contents of the document from their memories."

"It is no longer secret to plaintiffs whether their communications were intercepted as described in the sealed document," the judge said.

Last month, a federal judge in Detroit ordered the surveillance program shut down, saying it violated the Constitution and a federal law; the government has appealed, and the ruling has been stayed. In July, a federal judge in San Francisco allowed a suit against AT&T over its cooperation with the program to proceed, notwithstanding the government's assertion of the state secrets privilege.

Judge King adopted aspects of those judges' reasoning regarding the privilege.

"The existence of the surveillance program is not a secret," he wrote, "the subjects of the program are not a secret, and the general method of the program — including that it is warrantless — is not a secret."

In The Defense Of Basic Rights, An Official Led A City's Defiance (NYT)

By William Yardley

The New York Times, September 8, 2006

Jeffrey L. Rogers remembers the letters, the e-mail messages and the taunts.

"You're a disgrace," one said. "When the terrorists blow up the Rose Garden, you'll be responsible," said another, referring to the 20,000-seat sports arena in Portland, Ore.

Two months after the attacks of Sept. 11, Attorney General John Ashcroft asked local police forces across the country to help federal agents interview 5,000 young Middle Eastern men as part of a nationwide antiterrorism effort.

Portland, which has long marched to a distinctive civic drummer, was the first city to refuse, citing an Oregon law that forbids such questioning if the subject is not a suspect in a crime.

Mr. Rogers, a Vietnam veteran from a prominent Republican family, was the city attorney here, making him an instant face of Portland's defiance.

"It's common sense in a less emotionally charged atmosphere," he said. "Let's say the same thing came up now. I think the reaction would be much more muted. I mean, the wounds were really fresh. It was really raw, and people were really scared."

Nearly five years later, nonetheless, the tension between protecting civil liberties and preventing another terrorist attack remains at the center of post-9/11 American life, with the disclosure that the federal Education Department shared personal information on hundreds of student loan applicants with the Federal Bureau of Investigation.

In 2005, Portland formally withdrew its Police Department from the Joint Terrorism Task Force of the F.B.I. Mr. Rogers approves of that position, though not necessarily with how civil liberties are protected elsewhere.

"We should be very worried that the way Bush and his handlers are going about 'defending the country' is eroding the essence of our country," he said. "Fortunately, history has shown that sooner of later Americans catch on to those who exploit fear, and we return to our true values."

Mr. Rogers grew up in what he called a "progressive Republican" household. His father, William P. Rogers, was attorney general in President Dwight D. Eisenhower's second term and the first secretary of state under President Richard M. Nixon.

When Nixon, as a congressman in the late 1940's, pursued espionage accusations against Alger Hiss, he did so based on advice from William Rogers, then a committee counsel on Capitol Hill.

"J. Edgar Hoover and Dad were pretty close, and I used to go to the firing range at the F.B.I. and all that stuff," Jeffrey Rogers said. "I had a lot of respect for the F.B.I."

He graduated from Yale Law School in the same class as Bill and Hillary Rodham Clinton. There are pictures of them all clowning around after moot court.

He campaigned for Mr. Clinton and has jogged with him in Oregon. Mr. Rogers is a Democrat and calls himself "pretty liberal."

Yet neither his Republican upbringing nor his Democratic views affected his actions in Portland in 2001, he said.

All that mattered was the law, which a deputy first pointed out conflicted with Mr. Ashcroft's request.

"And I believe with no question that we were right in our interpretation," he said. After 19 years in the city attorney's office, Mr. Rogers left in 2004 to pursue a second career.

He soon completed a master's in counseling psychology and now spends his days listening to the troubles of others. His specialty, according to his business card, is "lawyers, clients of lawyers and others affected by the legal system."

In some circles, Mr. Rogers is bitterly recalled as the city attorney who fought the American government rather than the terrorists. To many others, his stance was heroic.

"My favorite," he said as he recalled one note, "was that I was 'the Gandhi of Portland.' I kept that." WILLIAM YARDLEY

Video Shows Bin Laden With 9/11 Planners (WP/AP)

The Washington Post, September 8, 2006

CAIRO, Sept. 7 -- Al-Jazeera broadcast a video Thursday showing preparations for the attacks of Sept. 11, 2001, in which al-Qaeda chief Osama bin Laden is seen meeting with some of the planners at a camp in Afghanistan.

The station said bin Laden also is shown greeting some of the hijackers, although their faces were not clear and it was not immediately known which were purportedly shown.

The video included the last wills and testaments of two of the hijackers, Wail M. Alshehri and Hamza Alghamdi.

Al-Jazeera did not say how it obtained the video, which was produced by al-Sahab, al-Qaeda's media branch. Islamic militant Web forums said the entire video would soon be posted on the Internet.

Thursday's release was the fourth in a series of long videos that al-Qaeda has put out to memorialize the Sept. 11 attacks in the United States, said Ben Venzke, head of IntelCenter, a private Virginia-based company that monitors militant message traffic and provides counterterrorism intelligence services for the U.S. government.

Venzke said the video had not been previously broadcast. "They produce long videos like these not just for 9/11, but for any significant events they feel warrant their attention," he said.

In the recording, bin Laden is shown sitting outside with his lieutenant, Muhammad Atef, and Ramzi Binalshibh, another suspected planner of the Sept. 11 attacks. Atef was killed in a U.S. airstrike in Afghanistan in 2001. Binalshibh was captured four years ago in Pakistan and is in U.S. custody.

Al-Jazeera Shows Video Of 9/11 Hijackers Meeting (LAT/AP)

The Los Angeles Times, September 8, 2006

CAIRO, Egypt — An Arab television station broadcast previously unseen footage today of a smiling Osama bin Laden meeting with the top planners of the Sept. 11 attacks in an Afghan mountain camp and calling on followers to pray for the hijackers as they carry out the suicide mission.

The sections shown on Al-Jazeera TV were part of a video that Al Qaeda announced it would release later on the Internet to mark the fifth anniversary of the airborne attacks on the United States.

The video includes the last testament of two of the hijackers, Wail al-Shehri and Hamza al-Ghamdi. It shows Bin Laden strolling in the camp, greeting followers, who Al-Jazeera said included some of the hijackers. But their faces are not clear in the video, and it was not immediately known which are purportedly shown.

In one scene, Bin Laden addresses the camera, calling on followers to support the hijackers.

"I ask you to pray for them and to ask God to make them successful, aim their shots well, set their feet strong and strengthen their hearts," Bin Laden said. The comments were apparently filmed before the attacks but never before released.

The footage was the fourth in a series of long videos that Al Qaeda has put out to memorialize the suicide hijackings against the Pentagon and World Trade Center, said Ben Venzke, head of IntelCenter, a private U.S. company that monitors militant message traffic and provides counterterrorism intelligence services for the American government.

The previous ones were issued in April and September 2002 and September 2003, each showing footage from the planning of the suicide hijackings and hijackers' last testimonies, Venzke told The Associated Press.

The latest full video probably lasts from 40 minutes to two hours, based on the past ones, he said. Al-Jazeera did not say how it obtained the video, which bore the logo of As-Sahab, Al Qaeda's media branch.

"They produce long videos like these not just for 9-11, but for any significant events they feel warrant their attention," Venzke said.

One aim is to boost recruitment, but such videos have several purposes -- "to speak to their supporters, to raise morale within their own group, to facilitate fundraising, and to serve as a psychological attack," he said.

In the footage shown by Al-Jazeera, Bin Laden is shown sitting outside in what appears to be a mountain camp with his former lieutenant Mohammed Atef and Ramzi Binalshibh, another suspected planner of the Sept. 11 attacks.

Atef, also known as Abu Hafs al-Masri, was killed by a U.S. airstrike in Afghanistan in 2001. Binalshibh was captured four years ago in Pakistan and is currently in U.S. custody, and this week President Bush announced plans to put him on military trial.

Bin Laden, wearing a dark robe and white head gear, strolls through the camp, greeting dozens of followers, some masked, some barefaced, many carrying automatic weapons.

Other scenes show training at the camp. Masked militants perform martial arts kicks or learn how to break the hold of someone who grabs them from behind. Several militants are shown practicing hiding and pulling out fold-out knives.

A voice-over narration with the video praises the mujahedeen for leaving their comfortable lives to survive in the mountains "on the soil of Kandahar" -- a southern Afghan city. Men are shown chopping wood and cutting up vegetables for dinner.

There was no confirmation of the tape's authenticity by the White House. "One by one we will bring the 9/11 plotters to justice for their vicious acts, including Ramzi Binalshibh, who is now in DOD custody," said Deputy Press Secretary Dana Perino.

An advertisement from As-Sahab on an Islamic militant Web forum said the full video would be posted on the Web soon. In the past, such teasers have come a day or two before the video was posted.

Venzke said the full version of the video was believed to include a message from Azzam al-Amriki, the nom de guerre of Adam Yehiye Gadahn, an American who the FBI says has associated with Al Qaeda. Gadahn appeared in an Al Qaeda video released last week in which he called on Americans to convert to Islam.

It also likely includes a message from Bin Laden's deputy, Ayman al-Zawahri, though it may not be new, Venzke said, without elaborating on why he believed that.

Like the previous long videos, today's footage included last testimonies by some of the hijackers.

Al-Shehri and al-Ghamdi were each shown speaking to the camera, their image superimposed over background pictures of the crumbling World Trade Center towers and the burning Pentagon, as well as a model of a passenger jet.

They both spoke of how Muslims must stand up to fight back against the West.

"If jihad now is not an obligation (on Muslims), when will it be?" said al-Shehri, pointing to attacks on Muslims in Bosnia, Afghanistan and Chechnya.

"If we are content with being humiliated and inclined to comfort, the tooth of the enemy will stretch from Jerusalem to Mecca, and then everyone will regret on a day when regret is of no use," al-Ghamdi said.

Al-Shehri was on American Airlines Flight 11, which was the first to hit the World Trade Center. Al-Ghamdi was on United Airlines Flight 175, which hit the second tower.

The footage was broadcast on the same day Al Qaeda in Iraq released what was purported to be the first audiotape by its new leader, Abu Hamza al-Muhajer, in which he vowed victory was coming and condemned Sunni Muslims cooperating with the Iraqi government.

Al-Muhajer was named leader of Iraq's most feared terror group after his predecessor, Abu Musab al-Zarqawi, was killed in a June 7 airstrike north of Baghdad. The U.S. military has put a $5 million bounty on al-Muhajer's head.

Al Jazeera Shows Tape Of Bin Laden And Planners Of 9/11 (NYT)

By Michael Slackman

The New York Times, September 8, 2006

CAIRO, Sept. 7 — Five years ago, in the soaring mountains of Afghanistan, Osama bin Laden met with some of the men involved in planning the Sept. 11 attacks on the United States. He had a video camera rolling to document the moment.

On Thursday, four days before the fifth anniversary of the attack, that tape was made public and broadcast on the news channel Al Jazeera, allowing Al Qaeda once again to command headlines, even as its leaders remain in hiding and its organization apparently has been fractured.

A day earlier, in an interview broadcast on CBS, President Bush said it was still important to capture Mr. bin Laden.

“Of course,” he said in the interview with Katie Couric, just before giving a speech about his plans to put 14 terrorist suspects on trial. “It matters. He’s the head of Al Qaeda. But one thing is for certain, though, he’s not moving like he used to.

“Another thing is,” he added, “he’s, you know, not communicating like he used to.”

Just a few hours later, the previously unseen footage of Mr. bin Laden was being broadcast around the world, compliments of Al Jazeera. The tape shows Mr. bin Laden meeting with a top lieutenant, Muhammad Atef, who was killed in Afghanistan in 2001, and Ramzi bin al-Shibh, one of the men accused of helping plan the Sept. 11 attacks, who was captured four years ago.

Mr. Bush announced Wednesday that Mr. bin al-Shibh was one of a small group of prisoners previously held in secret prisons who had been transferred to the prison at Guantánamo Bay in Cuba and whom he wanted to face a military tribunal.

In Washington on Thursday, American intelligence officials said that they were studying the videotape but that they saw no immediate significance in its content or its release.

The most recent tape to surface from Al Qaeda is in many ways typical of the promotional materials put out by the group, with scenes of Mr. bin Laden and his lieutenants hiking in the mountains, Mr. bin Laden looking almost regal and calm beneath a white headdress and masked men carrying out paramilitary exercises and martial-arts drills. Al Jazeera said that the tape was 90 minutes long but that it chose to broadcast only three minutes of it.

The film also showed images of what were reported to be sections of the last wills and testaments of two of the Sept. 11 hijackers, Wail Alshehri and Hamza Alghamdi. Al Jazeera said several of the hijackers were shown on the tape but did not say which ones.

According to a translation of the tape provided by Al Jazeera, the men discussed the situation of Muslims in Chechnya and Bosnia.

In one scene, Mr. bin Laden addresses the camera, calling on followers to support the hijackers, The Associated Press reported. “I ask you to pray for them and to ask God to make them successful, aim their shots well, set their feet strong and strengthen their hearts,” he said.

Mr. Alshehri and Mr. Alghamdi were each shown speaking to the camera, their images superimposed over background pictures of the crumbling World Trade Center towers and the burning Pentagon, as well as a model of a passenger jet.

They both spoke of how Muslims must stand up to fight the West.

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"If jihad now is not an obligation, when will it be?" said Mr. Alshehri, speaking of attacks on Muslims in Bosnia, Afghanistan and Chechnya.

Mr. Alghamdi said, "If we are content with being humiliated and inclined to comfort, the tooth of the enemy will stretch from Jerusalem to Mecca, and then everyone will regret on a day when regret is of no use."

Mr. Alshehri was on American Airlines Flight 11, which hit the north tower of the World Trade Center. Mr. Alghamdi was on United Airlines Flight 175, which hit the south tower. Al Jazeera said on its Web site that the tape also says that a previously unknown Arab Islamist, Abu al-Turab al-Urduni, supervised the training for the attacks. The video said the preparation for the attacks included not only flight training but also lessons in street fighting and how to forge official documents.

The reason for releasing the video seemed to be twofold: to try to breathe new life into Al Qaeda's image, which has lately been overshadowed by the perceived success of Hezbollah in its recent war with Israel; and to warn the West that Al Qaeda is still in the picture and that it had trained many fighters who can be seen in the video.

"This tape shows to the Americans that, even after five years, we are still in the position to attack you," said Marwan Shehadeh, an expert on Islamist movements in the Middle East who works in Jordan. "The Americans entered a war that they will not win."

He added, "They released the videotape to prove to the Americans that their strategy in the war against terror has failed."

Al Jazeera, a satellite broadcaster based in Qatar, did not say how it received the video, and it was not available on the Web sites normally used by militant Islamic groups, including Al Qaeda, to post messages.

Tape Said To Be From Zarqawi Successor (USAT/AP)

USA Today, September 8, 2006

CAIRO — Al-Jazeera TV broadcast an audiotape Thursday that was said to be the first released by the new leader of al-Qaeda in Iraq, who succeeded Abu Musab al-Zarqawi three months ago.

In the tape, Abu Hamza al-Muhajer, also known as Abu Ayyub al-Masri, said he was confident that victory will be achieved, and he called on all mujahedin to unite on the battlefield, Al-Jazeera reported.

It played a brief excerpt from the tape, in which the speaker said, "Our enemy has unified its ranks against us. Isn't it time to get together, worshipers of God?"

Al-Muhajer, a previously unknown militant, became the leader of the terrorist group after Zarqawi was killed in a U.S. airstrike June 7.

In other Iraq news:

•Attacks across Iraq killed at least 25 people. In Baghdad, six bombings killed at least 17 of the 25. The U.S. military command also said two soldiers and a Marine were killed Wednesday in separate incidents. One soldier and the Marine died in Anbar province west of Baghdad and the other soldier near Hawijah, 150 miles north of the capital.

•A parliamentary session degenerated into a shouting match during a debate on federalism when Sunni Arabs accused the majority Shiites of seeking to carve Iraq into sectarian enclaves.

•Iraq's government ordered the Arabic satellite network Al-Arabiya to shut down its Baghdad operations for one month, state television reported.

DAN K. THOMASSON: Keeping Us Safe From Bows And Arrows (SCRIPPS)

Scripps Howard News Service

Scripps Howard, September 8, 2006

WASHINGTON (SH) - Last June, Attorney General Alberto Gonzales made a dramatic announcement: The FBI had broken up a major terrorist cell in Miami and had arrested its leaders, who were in the early stages of plotting to blow up several government targets and the Sears Tower in Chicago.

But published reports based on court documents and testimony make it obvious that if brains were dynamite, the alleged terrorists couldn't blow their own noses.

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Furthermore, much of their plotting seems to have been furthered by the FBI itself. In fact, the bureau, through the good offices of an informant, actually conducted a formal ceremony inducting the alleged culprits into al-Qaida, administering a solemn oath in a comic-book ritual.

This truly bizarre affair began when the son of a Louisiana Christian minister (who thinks the son is nuts) contacted an acquaintance who is of Middle Eastern extraction to tell him he was interested in conducting jihad and needed help. The man was an FBI informant who reported this to the bureau, which offered to supply him with the wherewithal for an elaborate sting. As the operation proceeded, any number of utterly improbable schemes - including the establishment of Muslim armies under the flag of a new nation of Moors - began to take shape, at least in the minds of the alleged culprits, egged on by another bureau informant posing as an al-Qaida contact man and possible financier.

Much of the scheming took place in an old warehouse, where the alleged terrorists sat around dreaming of a new world and practicing their military prowess with karate and machetes. They called it their embassy. But the bureau didn't like that arrangement, so it had the informant provide a rent-free place for training that lent itself more to FBI surveillance.

The Miami leader brought in a Chicago associate, a convicted rapist who called himself Sultan Khan Bey, and his wife, Queen. This threat to national security (real name: Charles Stewart) announced his plans to set up a 10,000-man army that would be dress in green uniforms and carry bows and arrows. Presumably, he would turn Chicago's Grant Park into Sherwood Forest. But he squealed on his Miami partner when the two had a falling-out and the partner even took a shot at him.

To add a little reality to the situation, the FBI had its chief informant, who seems to have hatched most of the plot himself, tell the conspirators that al-Qaida wanted to attack FBI buildings in Miami, New York, Washington and Los Angeles. The informant then provided the jihad team with a camera to take pictures of the FBI field office headquarters in Miami to authenticate his claim.

It certainly doesn't take any legal genius to see that the first line of defense in all this would be entrapment, and that is what lawyers for the alleged terrorists have been quick to assert. After hearing the evidence, one of the initial magistrates reportedly was so dismayed that he noted that the plans seemed far beyond the defendants' abilities to carry out.

That the bureau would waste untold man hours and who knows how much money on these cartoon characters is more than a little evidence of the administration's need to convince Americans that it is on the job 24/7 when it comes to ferreting out threats to the homeland. A few minutes of listening to the clownish conspiracies should have convinced any intelligence expert that these pitiful plotters couldn't pull off a liquor-store heist. They were and are petty criminals at best.

Worse than that, it reveals a major flaw in the nation' counterterrorism efforts - the FBI's traditional reliance on informants who have their own interests at stake. Not only is the pay good (the first informant received $10,500 for his work plus $8,500 in expenses, and the second was given $17,000 for his efforts), often their own freedom from federal charges may depend on helping to encourage prosecutable conspiracies. In the Miami case, both informants had reasons beyond money to make this a big deal: One had previous arrests for assault and marijuana possession, and the second won political asylum here.

If the Justice Department and the bureau have that much manpower to waste on this nonsense - bows and arrows, for goodness' sake! - we should all be a bit frightened. The guys who ran this sting had to be right out of FBI school. In the old days, no self-respecting agent would have come near it.

Dan K. Thomasson is former editor of the Scripps Howard News Service.

Danish Investigators Fear Evidence Is Insufficient To Hold 5 Suspects In Possible Bombing Plot (NYT)

By Dan Bilefsky

The New York Times, September 8, 2006

ODENSE, Denmark, Sept. 7 — Danish investigators expressed concerns on Thursday that the evidence gathered of what is suspected of being a terrorist bombing plot, which Justice Minister Lene Espersen has called the most serious in the history of the country, could be too weak to hold five of the seven men who remain in custody.

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Hans Jorgen Bonnichsen, a former operational chief of Danish intelligence, told the Danish radio broadcaster DR that the intelligence service faced a difficult challenge. While it had evidence of a potential attack, he said, it might have acted before it could be determined whether the evidence was sufficient to stand up in court.

For Danish investigators, the case recalls an incident in 1996, when three Egyptians were accused of planning to blow up a bridge, the Israeli Embassy and a train station in Copenhagen. Ultimately, the three were acquitted because of insufficient evidence, and the judge ordered the government to pay each of them $15,000 in compensation.

Hans Kjellund, a defense lawyer for the Egyptians, said the current case illustrated the growing challenge faced by intelligence services to act to prevent terrorist attacks.

"The legal challenge for prosecutors in a case like this is: do you have enough evidence to show that suspects intended to commit a crime or were the suspects in the realm of thinking rather than doing?" he said. "While intelligence services can't afford to wait to prevent a terrorist attack, judicial authorities need to prove a crime was committed before they can act."

It also emerged Thursday that, just 90 minutes before the police crashed through his door in a sweep aimed at foiling what was alleged to be a terrorist plot, one of the suspects wrote an e-mail message to the editor of the Danish newspaper Politiken in which he railed against anti-Muslim hysteria, the paper reported Thursday.

In the message, the suspect, a recent convert to Islam, cited the authors of a new book, "Islamists and the Naïve," which compares Islam to Nazism and communism.

It was written by Karen Jespersen, a former interior minister from the Social Democrat Party, and her husband, Ralf Pittelkow, a columnist for Jyllands-Posten. It was that newspaper that provoked Muslim fury last year when it was the first to publish cartoons lampooning the Prophet Muhammad.

"Yes, there is fanaticism in Denmark and you have to ask yourself why the Danes are so hostile to foreigners," the letter says. "The answer is very simple for us Muslims living here," it continued, before mentioning Ms. Jespersen and Mr. Pittelkow, who was an adviser to Poul Nyrup Rasmussen when he was prime minister.

"He supports ridiculing people," the e-mail message said of Mr. Pittelkow.

The book has created a sensation in Denmark, in part because its authors are former leftist intellectuals who once advocated tolerance but now argue that anyone underestimating the threat posed by Islam to Denmark and the West is naïve.

Some have criticized the book for incendiary language that mimics the style of the far-right Danish People's Party, which advocates a zero-tolerance approach to immigration, and contends that Islam is incompatible with Denmark's liberal values. Ms. Jespersen and Mr. Pittelkow did not return phone calls on Thursday.

Asked in an interview in Politiken on Saturday how she could equate Islam with Nazism and communism, Ms. Jespersen responded: "We compare it to underline what kind of forces we are up against. It doesn't matter how many or how few there are. The link between politics and religion makes Islam a totalitarian movement, and it is gaining ground in the Middle East and Europe."

Wanted: Global Teamwork On Terrorism (WP)

By Jim Hoagland

The Washington Post, September 8, 2006

MOSCOW -- There is one way, at least, in which Americans are safer from surprise attack five years after Sept. 11, 2001. They live in a world that is more on guard against jihadist terrorism and more ready to act to foil it.

Other nations have also had to come to terms with the threat of indiscriminate attacks on their soil or citizens by radical Islamic extremists who see their struggle as a global one. Many abroad have gone from merely sympathizing with the overwhelming sense of vulnerability visited on Americans on that day of horror to sharing it.

This week alone, Denmark announced it had foiled a terrorist plot, Jordan captured a gunman who murdered and wounded tourists for motives that remain unclear, and Britain and Germany moved ahead with separate investigations of bomb conspiracies targeting U.K. airliners and German trains.

Morocco, meanwhile, uncovered an al-Qaeda-linked plot. And it was European and Canadian troops under a NATO command -- not U.S. soldiers -- who took the heaviest casualties in Afghanistan.

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Here in the Russian capital, the second anniversary of the Beslan school massacre was marked with a mixture of somber ceremonies and political invective that seemed similar to the mood brought to Washington by the approaching Sept. 11 anniversary. And a transatlantic poll released by the German Marshall Fund on Wednesday reported that Americans and Europeans are in close agreement that the three greatest threats to global peace over the next decade are terrorism, Iran getting a nuclear weapon and radical Islamic fundamentalism.

But if the sense of vulnerability has spread abroad in the past five years, the international response to the threat of terrorist assaults has remained far from being unified or even particularly coherent. The greatest task for the next five years in the post-Sept. 11 era is to create and manage a truly integrated international campaign to displace and contain jihadist terrorism as a political weapon.

The Bush administration can help start that effort by adjusting the rhetoric, goals and style of its war on global terrorism. That is particularly true when its statements will reach non-American audiences. They are increasingly aware that they, too, are in the sights of religiously and racially inspired fanatics but are hard put to see how Washington's approach will help protect them as well as the U.S. homeland, which has been spared since 2001.

The White House should acknowledge that the gains in global vigilance and intrusive police work thus far have largely been a case of collateral help: These gains have everything to do with self-interest and only secondarily with U.S. leadership. Other nations have adopted cumbersome and spotty security measures at airports, government buildings and other sensitive spots -- the long-term legacy of Sept. 11 -- to protect themselves first and foremost.

Self-interest in this area should not be disdained, or obscured by U.S. boasts that the war on terrorism and a coalition assembled by Washington are alone responsible for keeping terrorist networks off balance and on the run. Americans need to be told by the president and his senior aides more, and more often, about the role that European, Asian, Arab and other forces and investigators are playing in this effort.

The White House paid passing tribute to the international dimension of this broad conflict in the new National Strategy for Combating Terrorism released on Tuesday as part of a pre-anniversary campaign to argue that it has made the world and the country safer. Terrorists have struck "from Bali to Beslan to Baghdad," the document notes.

But it then fails to make vital distinctions that separate the motivations and methods involved in the attacks on Western tourists in Indonesia, schoolchildren in Russia and Iraqi Shiite worshipers at holy shrines that the alliterative phrase conjures. The White House paints the terrorist threat with such a broad brush -- as does the phrase "Islamic fascism" -- that other nations may have difficulty finding their own interests and concerns being addressed.

Five years have not been nearly enough time to erase the particularly American nature of the anger, fear and determination that seized the nation in response to the unjustifiable atrocity of Sept. 11. Five hundred may not be long enough.

But it has become clear in five years that jihadist terrorism is not a uniquely American problem, and the responsibility for resolving it is not uniquely American, either. An opportunity to harness a broader, more coordinated international response is now available to Washington. But is the skill?

HOMELAND RESPONSE:

FBI: Homegrown Terror Is A Minority (WP/AP)

By Michael J. Sniffen, The Associated Press

The Washington Post, September 8, 2006

WASHINGTON -- FBI Director Robert Mueller sees a rising threat from homegrown terrorists but cautions that foreign groups are far from vanquished and still consume more bureau resources.

"We have certainly hundreds" of people within the country that the bureau is investigating with varied levels of intensity, Mueller told a group of reporters Wednesday. "But if you're looking at terrorism across the board ... we have several thousand cases."

That includes not only criminal cases headed for prosecution but also intelligence cases to gather information, he said.

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With attention lately focused on the arrests of four groups of largely homegrown plotters in the past year in Miami; Atlanta; Toledo, Ohio; and Torrance, Calif., Mueller took pains to point out that al-Qaida and other international terrorists still represent a large threat.

"We've decimated al-Qaida's leadership and taken away their sanctuary, but there are still individuals in the al-Qaida hierarchy who are capable of organizing, financing and supporting attacks in the United States or against United States interests around the world," Mueller said.

"One cannot dismiss the potency of al-Qaida to undertake attacks," he added, but there are now also groups here and in other countries "motivated by radical Islamist ideology to undertake actions on their own."

Mueller added that many of the bureau's domestic cases "may have ties overseas."

The number of overall terrorist investigations has remained fairly static for the past two years after spiking immediately after the Sept. 11, 2001, attacks and after passage of the USA Patriot Act, Mueller said.

And FBI Deputy Director John Pistole said, "Many, if not most, of those cases are dealing with material support for terrorism. These are not bomb-throwers; these are people out there raising money or recruiting."

With the rise of homegrown plots here and aboard, Mueller said the bureau is putting some of the new resources it acquired after 9/11 to work on trying "to identify the various stages of radicalization and ... those who would be vulnerable to radicalization and those who would do the radicalization, so you could address them before they could engage" in attacks.

These include doubling the number of FBI intelligence analysts and tripling its linguists and putting analysts in all 56 bureau field offices. At the same time, the FBI has ramped up its regional joint terrorism task forces from 35 to 101 since 2001, expanding the number of federal, state and local agents assigned to them from 1,000 to nearly 4,000.

The FBI is looking at where radicalization can occur. Mueller said this was not necessarily in mosques but anywhere radical fundamentalism could be taught by individuals or even one charismatic individual, including gyms, schools, universities and prisons.

"I hope the American people understand this problem (of terrorism) is going to be with us for a substantial period of time," Mueller said, "and the FBI does a heck of a good job."

He added that the bureau had expanded its resources and transformed its anti-terrorism focus from after-the-fact arrests to prevention while "we've maintained our operational tempo" against public corruption, organized crime, civil rights, white collar crime and gangs.

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On the Net:

FBI: http://www.fbi.gov

Officials On Alert For A Different Sort Of Terrorist (LAT)

By Richard B. Schmitt

The Los Angeles Times, September 8, 2006

WASHINGTON — Five years after the Sept. 11 attacks, federal law enforcement and intelligence officials are struggling to adapt to an increasingly worrisome threat: homegrown terrorists both in the U.S. and abroad who are not directly connected to Al Qaeda or other recognized terrorist groups.

Their concern is driven by recent arrests of suspected terrorists accused of plotting mayhem in countries including Germany and Denmark, as well as an alleged Canadian-based plot involving American citizens and a separate alleged plot centered in Torrance.

Though they have not discounted the continuing grave threat that even a splintered Al Qaeda network poses, U.S. officials said the enemy from within was posing a new and challenging danger.

U.S. Atty. Gen. Alberto R. Gonzales and FBI Director Robert S. Mueller III addressed the subject in interviews this week marking the fifth anniversary of the attacks in New York and near Washington.

"When you are talking about people that live and work in neighborhoods in this country that receive training over the Internet, that are radicalized over the Internet … it presents different challenges for the law enforcement community to try to

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identify them," Gonzales said Tuesday. "What we are seeing is a rising threat of homegrown terrorists … not just in this country but all over the world."

Gonzales addressed the issue again Thursday during a speech in New York in which he called for greater cooperation between federal authorities and state and local crime fighters. He said terrorist groups such as Al Qaeda were "finding disaffected souls in neighborhoods, mosques, prisons and universities all over the world, including our own backyards."

Mueller said Wednesday in a briefing with reporters that the bureau had "certainly several hundred" individuals under investigation in the U.S. as part of terrorism-related intelligence and criminal probes. He said the bureau was also devoting more resources to understanding the "radicalization" process — how people come to embrace extremist views.

"One cannot dismiss the potency still of Al Qaeda to undertake attacks. But by the same token, there also are those groups of individuals, as we have seen in various countries, that are motivated by radical Islamist ideology to undertake actions on their own," Mueller said.

Among other recent cases, he cited the arrests in Denmark this week of nine men — including an ethnic Dane — suspected of gathering explosives for a terrorist plot.

The FBI's deputy director, John S. Pistole, said during the same briefing that most of the subjects of U.S. investigations were being examined for their financial ties to terrorist groups rather than as actual operatives. "These are not bomb-throwers for the most part," Pistole said. "These are people who are out there raising money."

In a way, the statements show how concern about domestic threats has changed since the immediate aftermath of Sept. 11, when officials were focused on the possibility of a second round of attacks on the homeland.

When that did not materialize, "our attention on this issue receded," said Bruce Hoffman, a terrorism expert at Georgetown University's School of Foreign Service. "We were lulled into complacency."

One major reason, Hoffman said, was the universality with which American Muslims condemned the attacks. Leaders of many mosques around the country began actively cooperating with investigators.

But that has only driven terrorist wannabes to find other places to assemble and conspire. The July 2005 London subway bombings showed how terrorists had become more likely to recruit at gyms or health clubs or bookstores — places that law enforcement officials were not customarily targeting.

The ability to reach potential converts over the Internet is also enabling terrorists in countries thought to be immune from attack, experts said. For example, until the August arrests in Berlin of two Lebanese men accused of plotting to bomb two trains, many Germans did not consider their country a high-profile target in part because of their government's opposition to the Iraq war.

The recruiting of homegrown converts is also changing the traditional profile of suspects.

"I think what really disturbs [U.S. officials] is to see growing numbers of people who do not fit any profiling model — they are not from the Middle East; they are not converted to any religion," said Evan Kohlmann, a terrorism expert who has advised the Justice Department in several terrorism prosecutions. "It is like a stealth convert — someone who radicalizes on their own. It is very difficult to find someone like that."

Echoes Of 9/11 Define Life 5 Years Later (NYT)

By Ralph Blumenthal

The New York Times, September 8, 2006

The echoes of Sept. 11, 2001, clatter through American life with continuing, tangible effect.

In many smaller towns and cities, shiny new fire trucks are the civic antidote to uncertainty — and the practical need to spend what the Department of Homeland Security dishes out. Other things Americans carry from that day are tiny and poignant, like Rick Edmond's flashlight, always on hand against a return of the darkness that he remembers in the corridors of the Pentagon.

Ideas have been amplified and altered by time, war and ideology into things never known or thought about. What does that head scarf say about where your loyalties lie? Who walks with the dead from Iraq and Afghanistan and tells the stories of what they believed in life and why they died?

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Some echoes define a country at five years in ways many Americans have stopped even thinking about, because they are just life now. Here are five people in five cities — all of them uncertain in different ways about where they have come to, but resolved to some action or declaration on the nation's road forward.

A Son And Soldier Unafraid, A Family Nonetheless In Grief (NYT)

By Ralph Blumenthal

The New York Times, September 8, 2006

The flag that covered his coffin lies boxed on the television set with shell casings from the salute fired in his honor. His medals shine from a display case, along with the grinning portrait that sat beside his empty combat boots, inverted rifle, helmet and dog tags the day his Army buddies in Iraq filed past to say goodbye.

Two and a half years after he was killed in an ambush in Baghdad, Specialist Scott Quentin Larson Jr. still fills the modest home of his parents, Scott and Mary Larson, and their three other children in the northwestern suburbs of Houston.

The city has suffered the greatest number of American deaths — 27 as of Sept. 7, according to icasualties.org, a Web site that tracks military casualties — in the two wars, in Iraq and Afghanistan, that are consuming a newly terrorism-aware America.

Six-foot-4, 255 pounds when he enlisted and 197 pounds after basic training, he looms from photos that line the walls, along with a poem and a favorite Bible verse, from Psalm 144, beginning, "Praise be to the Lord my rock, who trains my hands for war, and my fingers for battle."

Remembering, Mrs. Larson, 52, a school administrator, grew misty eyed.

"A day does not go by. ..." she said, her voice trailing off. "When I wake up, when I'm getting dressed, I see his picture."

Mr. Larson, also 52, a broker for property and casualty insurance, nodded in agreement.

"There's six of us, and one of us is not here," he said. "That's never going to change."

But he said, "We're just so grateful for the 22 years we had him."

Like their son, the Larsons said, they support the war.

"He felt like we do, there was a purpose for it," Mr. Larson said. "We're obviously disappointed it has not worked out as everyone hoped. But the point was to enforce the U.N. resolution and fight the war on terrorism."

Specialist Larson today would undoubtedly be wondering too, he said, "why all the Muslims are killing each other.''

"We liberated you for a new start,'' he said. "Why are you doing this to your country?"

But Mr. Larson said, "He probably would have re-enlisted."

"He said, 'All the good things happening, the press is not reporting that,' " Mr. Larson said.

Well before the war, their son had been determined to serve, recalled the Larsons, who come from Navy families. He was "dabbling" in college courses and waiting tables at a Bennigan's restaurant.

"That's where he put on the weight," Mrs. Larson said.

Then came the Sept. 11 attacks.

"That's when it started,'' she said, recalling her son's declaration several months later, as he joined the Army: "O.K., this is it. It's my duty to my country.''

Trained as an elite cavalry scout, he was manning the heavy gun on a Humvee escorting Iraqi troops near the Baghdad airport on April 5, 2004, when the convoy drove into an ambush. A bullet hit the round ring on his rifle, sending it into his body.

He died eight hours later. No one else in the unit was even injured. But that week proved the deadliest of the war until then for American forces, with 64 killed.

Mrs. Larson was working in the assistant principal's office at Cypress Creek High School in Cypress-Fairbanks, a suburb, the afternoon when an Army chaplain and another soldier walked in.

"They didn't say anything to me, but I knew," she said. "I saw them; I just knew.''

The principal called her husband at his insurance office. "Scott," he said, "you need to get over here."

Their son, a born-again Christian and an avid member of their Southern Baptist congregation, was not afraid of dying, they said. He began missions with a prayer that if anyone was to be killed, it should be him "because I know where I'm going."

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The Larsons said that seeing the crawling bulletins on telecasts announcing combat deaths filled them with dread because they knew what the families would be suffering.

"This is an evil world, but good has to stand up, and there has to be a cost," Mr. Larson said. "For us, it was our son."

At The Pentagon, A Shared Symbol Of Security For The Next Time Darkness Falls (NYT)

By Ian Urbina

The New York Times, September 8, 2006

Rick Edmond calls it the brotherhood of the flashlight. They are men and women, some military, some civilian, working at the Pentagon, who feel that it is only a matter of time before they will be hit again and who, like Mr. Edmond, paid $4.99 for a tiny share of personal preparedness.

"The next time it goes dark here, I want to be ready," Mr. Edmond said, holding the five-inch metal flashlight he keeps with him at all times. "This place might as well have a bull's-eye painted on the side."

On any other day, Mr. Edmond would have been at his desk that Tuesday morning five years ago, when the tip of the 757 jetliner crashed into his office. But he had gone to a meeting. To this day, he carries the burden of guilt and the sense of duty instilled by that near miss. The plane that struck the Pentagon on Sept. 11, American Airlines Flight 77, did so within an hour of the attacks on the World Trade Center, killing 189 people.

"My friends say that I shouldn't go back, considering how close it came," he said. "For me, that's exactly why I keep going back."

His biggest act of bravery, he said, was to return to work the next day. Coping, however, has come in smaller actions, he said. One such act is the so-called brotherhood of the flashlight, which started with buying what dangles from his colleagues' key chains and tugs on their belts.

"One thing you notice about the hallways here is that they're really bright and really clean," said Mr. Edmond, who has worked at the Pentagon, in Arlington, Va., since 1993, coordinating communication satellites, and who retired from the Army in 1995.

The day after the plane struck, though, the halls reeked of jet fuel. The roof was a waterfall as firefighters continued to battle flames above. But it was the pitch blackness of the halls that shocked Mr. Edmond as he toured the wreckage.

"It just felt surreal,'' he said. "This place we thought invincible had no lights."

At home, as Mr. Edmond, 52, turns out the light each night, his thoughts turn to his recurring nightmare. In it, he finds himself pushing a cart down a Pentagon hallway when suddenly something unseen blocks his path.

"The lights are on, and I can see that no one is there blocking my way," he said. "Then I realize it's some ghost and I wake up."

At the Pentagon, rebuilding is complete. The hallways are again well lighted. Mr. Edmond said that for a long while after the attack, he noticed that many of his co-workers preferred to look away from the eye of the building, the central courtyard where bodies were stored in a makeshift morgue. Many fixed their gaze instead on the faces of those passing in the hallways, he said, where there was, and still is, earnest camaraderie and a sense of mission.

In those hallways, there are a lot of little flashlights.

"No one ever talks about it, but everyone seems to have gone out and bought one of these," he said, with a chuckle, as though recognizing what a small safeguard the flashlights represent.

Sometimes, in the halls, at the copy machines or in the cafeteria, two people with flashlights exchange a knowing glance, he said.

"I was meeting with a friend of mine who is a lieutenant colonel here and he saw mine and held up his," Mr. Edmond said. "We just sort of both shook our head."

It's A Simple Scarf, But Its Meaning Is Much More Than Faith (NYT)

By Neil Macfarquhar

The New York Times, September 8, 2006

DOJ_NMG_0059458

Everything seemed to be going well, recalled Dena al-Atassi, a young college student planning a career as a diet consultant, until her prospective boss caught sight of the head scarf she wears as a devout Muslim.

"She said something like, What the heck is that on your head?'' Ms. Atassi said in an interview at a recent Muslim conference in Chicago. "I don't remember the exact words, but I will always remember the derogatory tone."

Ms. Atassi, 21, said she argued that her head scarf would not interfere with her work, that the fleshy women who flocked to the Maryland office of the Jenny Craig diet chain where she had been a trainee seemed to appreciate the fact that she dressed modestly and avoided flaunting her own slim figure.

But the supervisor in the Jenny Craig office in Florida where Ms. Atassi hoped to relocate last summer was not moved, she said, and the job never materialized.

"She wanted her office to look all-American," recalled Ms. Atassi, who reported the incident to a prominent Muslim advocacy group at the time.

Norma Hubble, Jenny Craig's vice president of operations, said the supervisor in the Florida office no longer worked for Jenny Craig but "to the company's knowledge, neither Ms. Atassi's religion nor her religious dress was a factor in any employment decisions affecting her.''

Jenny Craig "has a policy of nondiscrimination on the basis of religion,'' Ms. Hubble said in a statement, "and it complies with all federal and state laws regarding employee requests for religious dress accommodations.''

Cozette Phifer, the spokeswoman for Jenny Craig, confirmed that some staff members wore head scarves.

Before Sept. 11, Muslim women who wore head scarves in the United States were often viewed as vaguely exotic. The terrorist attacks abruptly changed that, transforming the head scarf, for many people, into a symbol of something dangerous, and marking the women who wear them as among the most obvious targets for those who deem the faith threatening.

Muslim leaders call discrimination a problem for many of the faithful, particularly for women like Ms. Atassi who wear head scarves and who say they face widespread discrimination in their careers and in their daily lives.

Born to a Syrian father from a prominent political clan and an American mother who converted from Christianity, Ms. Atassi said she was the only Muslim at Flagler-Palm Coast High School in Bunnell, Fla., a wealthy area in the northeastern part of the state. During a three-year stay in Syria as a teenager, she began taking private religion classes and, she said, noticed that veiled women showed a self-confidence lacking among American women, who seemed to her to be trying to transform themselves into a Barbie-doll ideal.

"I would meet women who were not attractive by Western standards,'' Ms. Atassi said, "and when I told them, 'You look beautiful,' they would say, 'I know, thank God.' They really believe it. The veil facilitates inner strength, a greater feeling of self-esteem."

Ms. Atassi began wearing a head scarf, or hejab in Arabic, at age 16, along with a floor-length trench coat.

About a year later, in July 2002, she said, she was passing through the airport in Amsterdam on her first trip outside the Arab world after the Sept. 11 attacks, when the security screeners singled her out, questioned her and made her remove her coat. Feeling violated, she said, she tore off her scarf in a bathroom and wept.

"I had gained such a strong relationship with God that I didn't want to do anything to distance myself from him, and I felt like I was doing just that," she said.

The head scarf stayed off for eight months. But she said she felt like a hypocrite as, bareheaded, she waged a campaign against anti-Muslim stereotypes at the University of Central Florida, where she is chairwoman of the Florida chapter of the Muslim Students Association. After she began wearing a head scarf again, she said, death threats and other offensive telephone calls salted with expletives started the very next weekend.

Discriminating against people because of their religion is illegal in the United States. But it is difficult to prove, and many victims avoid even speaking about it publicly out of fear it may affect job prospects or bring other unwanted attention. Ms. Atassi said that her stepmother had removed her own head scarf after Sept. 11 and kept it off, afraid of her co-workers' reaction. Ms. Atassi said she did not want to live that way.

"I made the decision when I put it back on that I will never take it off again," she said.

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Rise Of Municipal Preparedness Comes With No Few Headaches (NYT)

By Kirk Johnson

The New York Times, September 8, 2006

The Fire Department in Colorado Springs is called out hundreds of times a year to deal with things like oil spills on the Interstate, gas pipeline leaks or the odd chemical residue left over from illegal drug labs.

And since this summer the hazardous-materials team has responded to those calls by tooling out in a shiny new vehicle paid for by taxpayers around the country through a grant from the Department of Homeland Security.

In cities and towns across the United States, five years of fighting terrorism has come closest to home in the form of modern emergency preparedness — or, critics would suggest, old-fashioned political pork.

Sloppy management has also been a big issue. The State of Colorado, one of those under greatest scrutiny, had to return $1.5 million to the federal government this year after a state audit found that the money had been improperly allocated. The inspector general's office at the Homeland Security Department opened a subsequent audit this summer.

Bret Waters, director of the Office of Emergency Management in Colorado Springs, said he certainly would not defend every decision made in the spending of more than $154 million that has flowed into the state for domestic security since 2003. But echoing local officials in many other parts of the country, he makes no apologies for the fact that acquisitions like new haz-mat and communications trucks allow his city of 370,000 to be better equipped to handle the routine misfortunes of urban life.

In this age of sleeper cells and other hidden threats, Mr. Waters said, his job is to prepare Colorado Springs for the risks that are not routine. And the best way to do that, he said, is to bolster every element in the city's disaster plan, get the best equipment and then put that equipment in the field to practice with day after day.

"If you don't use your equipment, if you wait until a terrorist event happens, you won't know how to use it," he said. "If I set pieces of equipment in closets until there's a terrorism attack in the city of Colorado Springs, I think we'd be foolhardy."

Still, Mr. Waters, a trim California native who arrived in Colorado Springs a year ago to oversee emergency planning and operations there, said politics had colored the process. Denver in particular, by far the state's leading population center, throws around too much of its influence, he said, and so lands even more antiterrorism money than is warranted by its status as a possible large-city target.

"The obvious risks are obvious to everybody," he said. "You have to protect the Golden Gate Bridge, you have the ports, whatever. The less obvious it is, the more challenge."

In addition, Colorado Springs has to share the money it gets — about $9.3 million in federal domestic security grants since 2003 — with a surrounding five-county region the size of Connecticut and Rhode Island combined.

But an even bigger wrinkle, Mr. Waters said, is that the definitions of risk have continued to evolve since the Sept. 11 attacks, especially in the year after Hurricane Katrina. Guidelines for federal grant applications since the hurricane have specifically encouraged consideration of risks broader than terrorism, he said, including natural disaster. That makes local decisions even harder to make, because the what-if menu grows all the time.

The neighbors are a complication as well. Colorado Springs has numerous military installations in its backyard, including Fort Carson, Peterson Air Force Base, the United States Air Force Academy and headquarters of the North American Aerospace Defense Command.

The city has prospered from those associations. Thousands of military people who were once stationed in the area have stayed on in retirement, contributing to its economy and its conservative, stiff-spined character.

But whether the military bases increase or reduce the burden of possible terrorism is a different matter. On one hand, even if they add to risk, they have their own security budgets to deal with it. Yet they cannot guarantee protection of the city, Mr. Waters said.

And neither the state nor the federal government has imposed any objective standards for determining how the pieces should fit together.

"It's more like, 'Locals, figure it out,' " he said. "Some have done better than others."

A Post-9/11 Identity Shift (LAT)

DOJ_NMG_0059460

By Louis Sahagun

The Los Angeles Times, September 8, 2006

A Muslim homemaker from La Habra Heights, assuming authorities monitor her charity donations, has stopped giving to "any Muslim charity that touched my heart" and now contributes to less-suspected organizations.

In Sacramento, a young imam has broken with an ancient tradition among Muslim prayer leaders by shaving part of his beard to appear less threatening to non-Muslims.

Since Sept. 11, 2001, they say, increased scrutiny and suspicion have made them more cautious about expressing their faith. Other California Muslims have taken a different approach.

In Irvine, a 19-year-old hijab-wearing UC Irvine student and others in her school's Muslim Student Union staged a program in May critical of Israel called Holocaust in the Holy Land. She also helps organize rallies and fundraisers to support Muslims whom she believes have been unfairly targeted by federal investigators.

The experiences of the homemaker, the imam and the student reflect the transforming and sometimes contradictory effects of Sept. 11 on Muslims in the United States. In the five years since the terrorist attacks, some Muslims have tried to be less visible, others more bold, as they live and work beside their fellow Americans.

"We are witnessing the creation of a new Muslim American identity that is still a work in progress," said Zahid H. Bukhari, director of the American Muslim studies program at Georgetown University.

"In times past, it happened to African Americans, Latinos, Jews, Japanese and Catholics; now, it's Muslims' turn to become part of the fabric of American life," he said. "Before 9/11, many Muslims were physically here but mentally living back in their homelands. That is starting to change."

Many who study U.S. Muslims say that, without Sept. 11, it might have taken the diverse, reclusive and largely immigrant community another decade to enter the public square.

The acts of terrorism on American soil forced them into it, albeit under what some Muslims believe are the prying eyes of government, the media or neighbors.

They speak of shifting to unlisted telephone numbers or obtaining post office boxes so they don't have to reveal their home addresses. Some have stopped going to mosque prayer meetings.

Compounding problems is an almost predictable increase in tensions and intimidation — vandalism, break-ins, slurs — after every arrest of a suspected terrorist who is a Muslim.

"The terrorists are just everyday Muslims following their satanic cult," read a recent e-mail to the Muslim Public Affairs Council in Los Angeles.

"It's an amazingly exhausting job being Muslim in America these days because we're always on," said Napha Phyukal Quach, a member of the Al-Fatiha Islamic Center in Azusa.

For some Muslims, the best way to respond is to embrace American institutions. A Georgetown University study in 2003 found that 93% of those surveyed believed that it was important to join the American political process.

That was the conclusion of Zubeida Khan, whose family's commitment to Islam is so strong that even Muslim friends jokingly call them "The Mullahs."

The La Habra Heights homemaker had come to the United States from India in 1977, under the terms of a family-arranged marriage, to wed Iftikhar Khan.

Her husband went on to become a cardiologist. In 1998, the couple and their two sons moved into a spacious hilltop home 15 miles east of Los Angeles.

For years, "I was content being a housewife," said Khan, who does not cover her hair with a hijab, which is not mandated by the Koran, but always dresses modestly in long-sleeve blouses and long skirts or pants.

Then came 9/11.

"With people being arrested left and right and negative images of Muslims filling the news, I told my sons to keep a low profile," recalled Khan, 49. "But I also felt I had to step out of my home and into the real world to stand up for Muslims and tell people what Islam really stands for: peace, mercy, equality for all. Surrender to God."

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Khan began inviting people who might help promote understanding — city officials, pastors and rabbis — to her home for face-to-face talks.

A few years earlier, the Khans had supported a successful effort to preserve a swath of nearby hills from development.

After 9/11, they helped campaign door to door for City Council candidates and served on La Habra Heights' budget advisory committee. She volunteered for the board of trustees at Beverly Hospital in Montebello.

She also joined the Muslim Public Affairs Council Foundation in 2003 and now serves as the treasurer of its board.

Stirring a traditional Indian curry dish in the kitchen of her home, which is adorned with framed ayahs, or verses, from the Koran, Khan recalled: "It was a stressful time. But I've come to be quite well known in La Habra."

"In becoming more assertive in the public arena, I've made a statement about who and what I am at a time when a few unreasonable radicals have hijacked public attention," she said. "We have to make it loud and clear to other Muslims and our communities that we stick to the principles of the Koran and the life of the prophet."

Marya Bangee, the student at UC Irvine, says she too is trying to embody the principles of Islam. But she is among those who take a more aggressive approach when engaging American society.

Civil rights have become a banner issue among many Muslim youths. Unlike their parents, many of whom came from countries where political activism could be dangerous, today's students know their rights, speak the language and know American culture. They have no qualms about using edgy imagery to make a point.

The Holocaust in the Holy Land program included a speech titled "Israel: the Fourth Reich" and a mock Israeli security wall.

Bangee, who was a high school sophomore in Riverside when she became a political activist, made no apologies for what she called "inflammatory" and "provocative titles and phrases that brought students into the discussion."

"Keep in mind that we are college students trying to inspire discussion and debate," she said, "and sometimes we say stupid things to get things moving."

What led Bangee, who was born in the United States, to political activism?

"It was the gradual buildup of negative stereotypes and misconceptions" after 9/11, she said. "I felt I had to do something to change that. I feel no kinship with Al Qaeda or Osama bin Laden, but I do feel an obligation to bring attention to what we believe are political realities that are not being heard.

"The Koran says we must stand up for justice, and doing just that consumes almost all my time," said Bangee, who is pursuing degrees in sociology and English.

"I'm optimistic," added Bangee, whose role models include the prophet Muhammad's virtuous and supportive first wife, Khadija, "because the overwhelming trend right now is away from fear and toward a sense of proudly reclaiming our lives and defining our roles before others define them for us."

Among Bangee's recent priorities has been campaigning on behalf of a Buena Park fundraiser jailed for two years because of his connection with a charity allegedly tied to terrorists. On July 27, a jubilant Abdel Jabbar Hamdan was ordered freed by a federal judge who rejected the government's contention that he was a national security threat.

The next day, Bangee helped stage a town hall meeting for Hamdan in Irvine. As more than 200 people filed into a sweltering auditorium, she said: "This event is a direct result of 9/11 and the subsequent government investigations of Muslim charities."

The investigations have resulted in the freezing of millions of dollars in bank assets and the closure of some Muslim charities.

"One of the mandates of Islam is that Muslims donate 2.5% of their assets to the poor and the needy," Bangee said. "But for us, it is more difficult than ever to get money to the people in places such as Palestine, one of the most pressing humanitarian disasters in the world.

"Our job now," she said, "is to put pressure on the government to make sure, inshallah" — God willing — "that justice prevails."

A surge of concern over how to divert Muslim youths from radical influences has created a post-9/11 demand for a rare and expensive commodity: English-speaking imams who understand American youth culture.

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One such imam is Mohamed Abdul Azeez, the new prayer leader at the SALAM Islamic Center in Sacramento.

He's the kind of leader Mahdi Bray, executive director of the nonprofit Muslim American Society, had in mind when he observed: "We need imams who know that when our kids talk about Eminem, it's not chocolate candy, and 50 Cent isn't loose change and Usher is not going to take you to your seat."

Azeez, 30, was born in Egypt and attended a Catholic school, where he learned English. He memorized the Koran at a traditional Islamic school and later earned a medical degree at a university in Cairo.

He immigrated to the United States in 2000 with aspirations of establishing himself as a scholar and living near relatives who had arrived earlier. Azeez, who took charge of the mosque in 2004, is the one who shaved his beard.

The United States, he said, gives him the opportunity to continue studying Islam free of the cultural restraints of the Middle East. As Azeez put it, he could explore his faith "outside the box."

Shaving his beard was a break with a tradition calling on imams to take on the bearded prophet Muhammad's appearance. "I may be the only imam in America who doesn't wear a full beard," he said.

"But I don't want to scare people," said Azeez, who sports a mustache and goatee. "There are just too many negative ideas that go along with Muslims with full beards these days."

Azeez encourages congregants to vote and to support civil rights organizations, backs women on the mosque's board of trustees and welcomes non-Muslim participation in religious activities. Along with some other mosques after 9/11, his now flies an American flag.

Given that nearly everyone at his mosque has a relative or friend who has been visited by federal authorities, had a run-in with airport security or been called a profane name in public, Azeez also started a free lecture course called "Discover Islam."

Although Azeez insists that the theology at his mosque is "as orthodox as any mosque in Saudi," some congregants are dismayed by the changes, including his beard.

"Our biggest problem right now is internal squabbling," Azeez acknowledged. "I'm getting hate mail from members who say we're selling out. They don't want to adapt to what they consider a corrupt system."

At his mosque one day this summer, Azeez led prayers in Arabic and then addressed 150 worshipers in English, presenting them a challenge.

"Brothers and sisters," he began, almost scolding, "I still hear Muslim immigrants in the United States say, 'I am from Turkey, or Jordan, or Morocco.' They never call themselves Americans. They say they will go back one day. But they don't. They spend their entire lives in a nice house in the suburbs and taking advantage of a system without giving back.

"This is extremely dangerous, brothers and sisters," he said. "There is no shame in saying, 'I am a Muslim American and will help make this a better place for everyone.' "

Later, in his office, Azeez conceded, "People think I have answers for everything. I don't. Nor do I have a coherent picture of reality to share. I tend to give people hope."

Staring out the window, he added, "I have a few deferred dreams of my own, like learning to fly, or buying a rifle to go deer hunting with friends. But I can't do either of those things without worrying about being reported to authorities. Non-Muslims can do those things. We can't."

9/11 Put Anonymous Faces On The Front Page Of History (USAT)

By Rick Hampson And Martha T. Moore

USA Today, September 8, 2006

On one of the worst days in U.S. history, they stepped — or were pushed — into an instant, unexpected, often unwanted prominence. They became supporting actors in a tragedy that saw almost 3,000 of their countrymen slaughtered in less than two hours.

After Sept. 11, 2001, their names and faces suddenly were familiar to millions, only to fade in public memory in the five years since.

The day's principal actors — Bush, Rumsfeld, Giuliani — have never left the stage. And we've never stopped waiting for bin Laden's next appearance.

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But what of the supporting cast? The aide who whispered the catastrophic news in Bush's ear, the commissioners at Giuliani's side, the air-traffic manager who grounded every plane in the sky.

Some have prospered. Former New York fire commissioner Thomas Von Essen wrote a book and joined Rudy Giuliani's security consulting firm, which does a brisk business thanks largely to the former mayor's 9/11 reputation.

Former police commissioner Bernard Kerik, on the other hand, was blocked from becoming Homeland Security secretary because of tax and immigration issues involving a nanny. Then he admitted illegally accepting $165,000 in apartment renovations from a company that had alleged Mob ties and was fined $221,000.

Some have embraced celebrity. Ben Sliney, the FAA manager who grounded the planes, even played himself in the recent movie United 93.

Some have shunned it like a curse. The three firemen who raised an American flag in the wreckage of the World Trade Center have refused countless personal appearance invitations and interview requests. Ron DiFrancesco, the last person to escape from the south tower of the Trade Center, gave up a fast-track financial career in New York and moved back to his native Canada.

Some have moved on. Andrew Card, the chief of staff who told Bush of the attack as the president sat with schoolchildren in Florida, left the White House this year to return to private life. Coleen Rowley, the FBI agent in Minneapolis who blew the whistle on the failure to thoroughly investigate warnings before the attacks, is running for Congress.

Some have gone back. Sliney left his national managerial post near Washington in 2003 to again supervise air traffic controllers in New York. He prefers the action and says he feels a new urgency: “Can you ever look at a plane in the sky the same way again?”

Some have stayed put. Thomas Franklin, who snapped the photograph of the three firemen, still works at The Record of Hackensack, N.J. “A lot of people involved with 9/11 really haven't moved on,” Franklin says. “I would have thought we would have. But it still hovers over us.”

One reason: The ultimate meaning of the day — and his photo — “is still up for grabs,” he says. “The ending hasn't been written yet. Are we safer? Are we at peace?”

At a pivotal moment in George W. Bush's presidency, no one was closer than Bob Beckwith.

Remember the scene? The president and an old fireman standing on a battered firetruck at Ground Zero three days after the attack. The president has his arm around the fireman and a bullhorn in his hand, saying, “I can hear you. The rest of the world hears you. And the people who knocked these buildings down will hear all of us soon.”

Beckwith's proximity yanked him out of a retirement devoted to fishing and grandchildren and turned him into a fundraiser for charity and advocate for Bush who attended the 2004 Republican National Convention. “It changed everything,” he says.

On 9/11, he was 69, retired seven years. His family told him he was too old to report for duty. But he knew the father of a missing fireman, and three days after the attacks, he grabbed his old helmet and gear, drove into the city and talked his way into Ground Zero.

Then he heard the president was coming. For a look, he stood up on a fire engine that had been pulled from the wreckage. A man (Bush political adviser Karl Rove, Beckwith later learned) came over and asked him to jump up and down to see whether the firetruck was stable. Satisfied, he dusted off a spot next to Beckwith and told him a VIP was going to stand there; when he got up, Beckwith should get down. The VIP was Bush.

The fireman helped the president up and began to step down as instructed. But Bush said, “Where you goin'? … Stay here.”

Beckwith continues to support Bush and the president's pursuit of the war on terrorism: “I like the guy — he's a real man. … I think he's doing a good job.”

As coroner in Somerset County, Pa., where United Airlines Flight 93 crashed, Wally Miller became what he calls “the local face” of the tragedy: “The nation was gonna draw its conclusions about us based on me.”

The self-described “hick coroner” was not a forensic pathologist or even a doctor, just a part-time elected official who also ran the funeral business he inherited from his father.

Because the bodies were vaporized in the crash, “I realized early on that you didn't need a coroner, you needed a funeral director. This was going to be a giant funeral service, so I put that hat on.”

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He welcomed the victims' families when they came to see the crash site in Shanksville and guided, advised and consoled them. He befriended many; this summer he attended a birthday party for one.

Miller planted grass and wildflowers at the crash site, which has been returned to local owners pending creation of a memorial. In early August it was "waist-deep in clover — beautiful," he says.

When the Boeing 757 hit the ground at more than 500 mph, debris was thrown up into the trees around the site. It still drifts down slowly, week after week. Miller still finds pieces of wreckage — insulation, fabric, pieces of fuselage — and human remains. "We found some bony tissue last week," he says. "You're walking through a cemetery."

All remains, mostly small pieces of dried skin, are "casketed" with 350 pounds of other such material for eventual incorporation into a memorial.

Miller was re-elected easily last November and says that's the extent of his ambition: "I'm not writing a book. My job is to be the coroner." Although he has received many awards, he keeps only one reminder of his biggest case in his office: a 5-by-7-inch photo of a United Airlines 757.

The week after 9/11, Ed Fine got a call from a friend: "I think that's you on the cover of Fortune."

The magazine displayed a striking image: a refugee from the Trade Center covered with ash, trudging resolutely on, briefcase in hand.

The photo, widely distributed by Agence France-Presse, struck a chord. Rick Kirkland, Fortune's managing editor, said the then-unidentified man seemed like "everybusinessman — battered but unbowed."

Fine says he was no kind of hero. "My picture got taken. It was a perfect picture, but all I was trying to do was get uptown."

On 9/11, the 58-year-old investment consultant from New Jersey had a meeting in the north tower. He walked down 78 stories after American Airlines Flight 11 crashed into the tower 15 stories above. Outside, he was bowled over by a cloud of debris when the south tower collapsed.

He pulled himself up, covered his face with a damp towel someone handed him and starting walking.

Fine says the experience "made me realize how transitory life really is. You can be doing nothing but normal things, and your life can be wiped out in an instant."

He says that before 9/11 he was a workaholic. On vacations, he used to spend "half a day on the phone and the other half on the computer." Now, "if I make one business call a day, that's a lot." He says he and his wife have learned more about each other in the past five years than in the previous 37.

The battered black briefcase from 9/11 sits in his closet. He used it until a couple of years ago, when his wife insisted he get a new one, if only for appearances.

He agreed, he says, "but I felt a little disloyal."

When planes began crashing, Debra Burlingame, who lives in the New York suburbs, didn't know she would become a 9/11 family member. Or that she'd be reassured by a president she had always considered a "cowboy."

"For the first part of that morning, I was just another person who was seeing my hometown under attack," says Burlingame, now 52. And "I didn't particularly like George Bush."

But late that day she learned her big brother, Capt. Charles "Chic" Burlingame, had been the pilot of the American Airlines jet that terrorists seized and crashed into the Pentagon. With her country under attack, "I was just an American, and there was the president, and you want him to succeed."

The 9/11 attack intensified the natural "gregariousness" that had served her as a lawyer and Court TV producer. She fought successfully to have her brother, a Navy reservist, buried at Arlington National Cemetery, although he did not meet the cemetery's standard criteria. She appeared at the 2004 Republican convention and campaigned for Bush. "With the fifth anniversary, now it's time for me to really figure out what to do with the rest of my life," she says. "Because it really came to a standstill."

Burlingame is on the board for the World Trade Center memorial. The memorial will list the names of all who died on Sept. 11 — including those killed at the Pentagon and aboard the four planes — and the six people killed in the 1993 bombing of the Trade Center. A memorial is under construction at the Pentagon for the 184 victims who died there.

She says the Pentagon attack is often overlooked because the death toll there is dwarfed by the number killed in New York. But more died at the Pentagon than in the 1995 Oklahoma City bombing.

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"That just goes to show you how the world of terrorism has changed," she says. "It's really, really sad … 184 people, it's almost like a footnote."

They always call her "that girl," Dominic Guadagnoli says. As in, "How's that girl?"

That girl he was photographed carrying to an ambulance after she staggered out of the Trade Center, bleeding and burned. It was a photo that went around the world.

That girl — Donna Spera, now 41 and living in New Jersey — hasn't set foot in New York City since 9/11. Spera, who was an administrative assistant at Aon Financial Services, doesn't work now.

Her arms are scarred, and her left hand, which was shattered, remains weak. She is a member of a small club: those injured in the attack who survived. It's a club of which few are aware, she says: "When you hear the word 'survivors,' it's not me. It's the widows."

She's become fast friends with Guadagnoli, 37, a U.S. marshal who ran to the scene that morning from the federal courthouse. They talk on the phone and send e-mails. He flies up from Florida, where he now lives, to visit. (She still won't fly.)

They understand each other in a way their spouses can't: Why they get edgy and snappish as September approaches. How it feels to know that you survived when others died, but not know why. How exhausting it is to encounter references to 9/11 every day.

The photo that unites them in the public memory hasn't gone away. It's on copshop.com. Guadagnoli's parents saw it on a T-shirt at the mall. When he volunteered to help as a counselor in an employee assistance program, it was there on the brochure for post-traumatic stress disorder.

"I think that picture changed my life more than 9/11 did," he says.

It's also in a frame in Spera's living room, along with her battered World Trade Center ID and a Mass card for a friend who died in the north tower.

Spera says she's now both more anxious and more relaxed than before 9/11. (Her boss coined the word "Speratude" for her excess of attitude.)

"I got mellow. I look at things differently. I live each day. That's the only good thing that came out of it," she says. Then, nodding toward Guadagnoli, she adds, "besides meeting him."

Passions Flare As Broadcast Of 9/11 Mini-Series Nears (NYT)

By Patrick Healy And Jesse Mckinley

The New York Times, September 8, 2006

Under growing pressure from Democrats and aides to former President Bill Clinton, ABC is re-evaluating and in some cases re-editing crucial scenes in its new mini-series "The Path to 9/11" to soften its portrait of the Clinton administration's pursuit of Osama bin Laden, according to people involved in the project.

Among the changes, ABC is altering one scene in which an actor playing Samuel R. Berger, the former national security adviser, abruptly hangs up on a C.I.A. officer during a critical moment in a military operation, according to Thomas H. Kean, a consultant on the ABC project and co-chairman of the federal Sept. 11 commission.

Mr. Berger has said that the scene is a fiction, and Mr. Kean, in an interview, said that he believed Mr. Berger was correct and that ABC was making appropriate changes.

The reassessment came as two Clinton aides mounted an unusual attack last night on the motives of Mr. Kean, a Republican and a former governor of New Jersey. In a letter to Mr. Kean, the two aides, Bruce R. Lindsey and Douglas Band, wrote that his defense of the mini-series "is destroying the bipartisan aura of the 9/11 Commission," on whose findings the project is partly based. They asserted that Mr. Kean was driven by payments from ABC or his own partisan politics.

Mr. Kean, who called Mr. Clinton a good friend, said it was outrageous to suggest he was being swayed by money or politics, and added that any fee he received would be donated to charity. He said he stood by the film because he believed it would draw attention to the commission's security recommendations, many of which have not been put into effect, and because the film did not pretend to be a documentary.

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Yet Mr. Kean, as well as other members of the commission, did say they were concerned that their widely praised investigation of the Sept. 11 attacks might be diminished in some way by the mini-series.

"Mini-series often make things more dramatic by fictionalizing," Mr. Kean said. "I don't think the fictional moments reflect on the work of the commission, but I do hope that the controversy doesn't tarnish it. ABC is trying to be as accurate as possible."

Democrats and allies of Mr. Clinton unleashed full-throated appeals to ABC yesterday to cancel the broadcast, which is scheduled for Sunday and Monday nights. The Senate Democratic leadership sent a letter to Robert A. Iger, the chief executive of the Walt Disney Company, ABC's parent, saying that broadcasting the film "would be a gross miscarriage of your corporate and civic responsibility."

The national Democratic Party drew more than 100,000 signatures in 24 hours to a petition of complaint that it plans to give to ABC today.

Senator Hillary Rodham Clinton of New York, one of 10 senators at a news conference yesterday where the mini-series came up, left before she could be asked about it. A small throng of reporters who followed her out of the building toward her office were kept at bay by her aides.

The changes to the mini-series are still being made inside an editing suite in Los Angeles, with a variety of creative staff members and executives, including Marc Platt, the executive producer, who has been monitoring the editing from London, and David L. Cunningham, the director, who is being consulted at his home in Hawaii.

Mr. Kean said that two other parts of the film are also under review. One is a scene where an actress playing former Secretary of State Madeleine K. Albright is apparently obstructing efforts to capture Mr. bin Laden. The other part suggests that Mr. Clinton was too distracted by impeachment and his marital problems to fully focus on Mr. bin Laden.

Mr. Platt said that he could not offer specifics about what scenes were being examined, but that editing was going on and "will continue to, if needed until we broadcast."

"From Day 1, we've examined any issue or question that's arisen," he said. "And we'll continue to do so until the last possible moment."

Mr. Kean said he was surprised by the outcry, since most of the critics have not seen the film. He said Mr. Clinton had spoken directly to Mr. Iger last Friday; Clinton aides declined to comment.

Several 9/11 commission members said yesterday that they respected Mr. Kean immensely but that they were concerned about the ABC project and his role in it. One of them, Timothy J. Roemer, a Democrat, said he called Mr. Kean yesterday to urge ABC to make changes. Another, Jamie S. Gorelick, a former Clinton administration official, wrote Mr. Iger yesterday that the nation and schoolchildren would be poorly served if they drew lessons from the mini-series that were inaccurate.

Scholastic, the children's publishing company, which had been working with ABC to use "The Path to 9/11" as a teaching tool, said yesterday that it was removing materials related to the film from its Web site. A spokeswoman said a new study guide was being prepared that would explain the difference between a docudrama and a documentary.

ABC Revises 9/11 Film After Clinton Criticism (WT)

By Shaun Waterman

The Washington Times, September 8, 2006

ABC Television continues to make changes to its miniseries "The Path to 9/11," after a barrage of criticism from former Clinton administration officials.

"No one has seen the final version of the film, because the editing process is not yet complete, so criticisms of ... specifics are premature and irresponsible," ABC said in a statement yesterday.

The statement was the network's first official confirmation that the version shown at a press event in Washington a few days ago -- and distributed in DVD format to hundreds of reporters and TV reviewers -- is not the one that will air Sunday and Monday.

The ABC statement gave no details about what changes might be made. The move follows complaints to Robert Iger, chairman of ABC parent company Disney, from former President Bill Clinton and two senior officials from his administration, criticizing the film's portrayal of their efforts to capture or kill al Qaeda leader Osama bin Laden.

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In a four-page "Dear Bob" letter sent to Mr. Iger on Sept. 1, Clinton lawyer Bruce Lindsey criticized the film's portrayal of several key events.

"The content of this drama is factually and incontrovertibly inaccurate, and ABC has a duty to fully correct all errors or pull the drama entirely," Mr. Lindsey wrote. "It is unconscionable to mislead the American public about one of the most horrendous tragedies our country has ever known."

Also yesterday, Senate Minority Leader Harry Reid of Nevada and four other Senate Democrats wrote to Mr. Iger urging him to cancel the miniseries, which they said "could be construed as right-wing political propaganda."

"We urge you, after full consideration of the facts, to uphold your responsibilities as a respected member of American society and as a beneficiary of the free use of the public airwaves to cancel this factually inaccurate and deeply misguided program," Mr. Reid wrote in a letter also signed by Democratic Sens. Richard J. Durbin of Illinois, Debbie Stabenow of Michigan, Charles E. Schumer of New York and Byron L. Dorgan of North Dakota.

The ABC program has generally been praised by conservatives, while the miniseries has drawn fire from liberal blogs such as ThinkProgress.org, which says that 25,000 of its readers have used the site to send letters of complaint to ABC about the film.

"The Path to 9/11" is billed as a dramatization based in part on the report of the National Commission on Terrorist Attacks Upon the United States, which investigated the events of September 11 and circumstances leading up to it.

A disclaimer that ABC plans to show at the beginning of each episode, which will air without commercial interruption, says the film "is not a documentary," adding that "for dramatic and narrative purposes," it "contains fictionalized scenes, composite and representative characters and dialogue, as well as time compression."

Nonetheless, many Democrats are angry about portions of the film which portray failed efforts to capture and kill bin Laden.

In one scene, CIA operatives working with Ahmed Shah Masood, the charismatic Afghan mujahideen leader who fought al Qaeda and their Taliban sponsors, are assembled on a hillside above bin Laden's residence at Tarnak Farms. "It's perfect for us," says "Kirk," a composite character representing several of the CIA operatives and analysts involved in the hunt for the terrorist leader.

But the team is forced to abort the mission when National Security Adviser Samuel R. Berger hangs up on them in the middle of a conference call, after telling them he cannot give the go-ahead for the action.

"I don't have that authority," he says.

"Are there any men in Washington," Masood asks Kirk later in the film, "Or are they all cowards?"

"No such episode ever occurred -- nor did anything like it," Mr. Berger wrote to Mr. Iger.

"I find it quite amazing that a former president would try to intimidate a TV network into sanitizing a dramatization of the events leading up to September 11," said Roger Aronoff, a media analyst with the conservative watchdog group Accuracy in Media. He said ABC is "buckling under the Clinton pressure" and warned that his organization "will be watching closely" when the six-hour program airs.

Clinton Officials Protest 9/11 TV Series (AP-Y)

By Deepti Hajela

AP, September 8, 2006

A "terribly wrong" miniseries about events leading to the Sept. 11 attacks blame President Clinton's policies, former Clinton administration officials said in letters demanding that ABC correct it or not air it.

But in a statement released Thursday afternoon in apparent response to the growing uproar, ABC said, "No one has seen the final version of the film, because the editing process is not yet complete, so criticisms of film specifics are premature and irresponsible."

Former Secretary of State Madeleine Albright, former National Security Adviser Sandy Berger, Clinton Foundation head Bruce Lindsey and Clinton adviser Douglas Band wrote in the past week to Robert Iger, CEO of ABC's parent The Walt Disney Co., to express concern over "The Path to 9/11."

The two-part miniseries, scheduled to be broadcast on Sunday and Monday, is drawn from interviews and documents including the report of the Sept. 11 commission. ABC has described it as a "dramatization" as opposed to a documentary.

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"For dramatic and narrative purposes, the movie contains fictionalized scenes, composite and representative characters and dialogue, and time compression," ABC said in its statement. "We hope viewers will watch the entire broadcast of the finished film before forming an opinion about it."

The letter writers said the miniseries contained factual errors, and that their requests to see it had gone unanswered.

"By ABC's own standard, ABC has gotten it terribly wrong," Lindsey and Band said in their letter.

"The content of this drama is factually and incontrovertibly inaccurate and ABC has a duty to fully correct all errors or pull the drama entirely. It is unconscionable to mislead the American public about one of the most horrendous tragedies our country has ever known."

The letters pointed out examples of scenes they had been told were in the miniseries, but which they said never happened. Albright objected to a scene that she was told showed her insisting on warning the Pakistani government before an airstrike on Afghanistan, and that she was the one who made the warning.

"The scene as explained to me is false and defamatory," she said.

Berger objected to a scene that he was told showed him refusing to authorize an attack on Osama bin Laden despite the request from CIA officials. "The fabrication of this scene (of such apparent magnitude) cannot be justified under any reasonable definition of dramatic license," he wrote.

Lindsey and Band objected to advertisements for the miniseries, which they said suggested that Clinton wasn't paying enough attention to the threat of terrorism.

"While ABC is promoting "The Path to 9/11" as a dramatization of historical fact, in truth it is a fictitious rewriting of history that will be misinterpreted by millions of Americans," they said. "Given your stated obligation to 'get it right,' we urge you to do so by not airing this drama until the egregious factual errors are corrected, an endeavor we could easily assist you with given the opportunity to view the film."

The five-hour miniseries is set to run without commercial interruption. Director David Cunningham said it was a massive undertaking, with close to 250 speaking parts, more than 300 sets, and a budget of $40 million. Cunningham has said he shot 550 hours of film. The cast includes Harvey Keitel, Patricia Heaton and Donnie Wahlberg.

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Associated Press writer Devlin Barrett in Washington and AP Television Writer Frazier Moore in New York contributed to this report.

Scholastic Pulls Teaching Material For 9/11 Show Faulted As Biased (WSJ)

By Jeffrey Trachtenberg And Brooks Barnes

The Wall Street Journal, September 8, 2006

Children's book publisher Scholastic Corp. yanked from its Web site classroom material it posted to help teachers discuss the coming ABC docudrama "The Path to 9/11." Scholastic's work had been sharply criticized by Media Matters for America, a nonprofit media-watchdog group that describes itself as monitoring and correcting "conservative information."

On its own Web site, the group states that the Scholastic material "omits critical information regarding the Bush administration's pre-Iraq war weapons of mass destruction claims; falsely suggests a tie between Iraq and the Sept. 11, 2001, terrorist attacks; gives upbeat accounts of reportedly dire conditions on the ground in both Iraq and Afghanistan; suggests that military responses to Osama bin Laden by the Clinton administration could have 'hinder[ed] the U.S. stance on the war on terror'; and asks students to debate whether the media 'hinder our national security.'"

Kyle Good, a spokeswoman for Scholastic, said the publisher had acted swiftly on Wednesday after concluding that its material wasn't up to its own standards. "We intend to have a new discussion guide complete with background information posted on Friday morning."

Ms. Good said Scholastic saw several online reports Tuesday morning that raised concerns about the material. "We immediately did a thorough review of the discussion guide and decided to redo it," she said. She noted that Scholastic has been providing classroom guides for television programs and films since the 1950s about major national and international events.

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ABC, owned by Walt Disney Co., has come under fire in recent days from leading political figures for the $40 million movie, which is set to air Sunday and Monday. The politicians, mostly Democrats, have complained that the movie is biased and contains inaccuracies.

Lawyers for former President Clinton sent a letter to Disney earlier this week asking for the movie to be edited or pulled from the schedule. Former Secretary of State Madeleine Albright also sent a letter.

A spokeswoman for ABC said yesterday that there are no plans to pull "The Path to 9/11" from the schedule. However, ABC said the "editing process is not yet complete, so criticism of film specifics are premature and irresponsible." ABC emphasized that the five-hour movie will be clearly defined to viewers as a dramatization and not a documentary.

"The Path to 9/11," starring Harvey Keitel and Patricia Heaton, looks at the events leading up to the terrorist attacks of Sept. 11, 2001. As a result, it looks mostly at Mr. Clinton's policy and actions regarding terrorism and dramatizes what are deemed intelligence failures.

It was conservatives who created the last such uproar over a TV movie. In 2003 right-leaning pundits criticized "The Reagans," a CBS movie about the lives of the late president and former first lady. CBS ultimately pulled the program.

Rachel Evans, a spokeswoman for Media Matters for America, said the group is funded by a variety of progressive donors.

Write to Jeffrey Trachtenberg at jeffrey.trachtenberg@wsj.com1 and Brooks Barnes at brooks.barnes@wsj.com2

<hr/>ABC's Statement

"The Path to 9/11" is not a documentary of the events leading to 9/11. It is a dramatization, drawn from a variety of sources including the 9/11 Commission Report, other published materials, and personal interviews. As such, for dramatic and narrative purposes, the movie contains fictionalized scenes, composite and representative characters and dialogue, and time compression. No one has seen the final version of the film, because the editing process is not yet complete, so criticisms of film specifics are premature and irresponsible. The attacks of 9/11 were a pivotal moment in our history, and it is fitting that the debate about the events related to the attacks continue. However, we hope viewers will watch the entire broadcast of the finished film before forming an opinion about it.

Ex-Clinton Officials Demand ABC Change Its 9/11 Docudrama (USAT)

USA Today, September 8, 2006

Former Clinton administration officials on Thursday demanded revisions to or outright cancellation of an ABC miniseries about events leading up to 9/11. They say the program distorts their actions in the hunt for Osama bin Laden.

Former secretary of State Madeleine Albright wrote in a letter to ABC's parent company, Disney, that scenes in The Path to 9/11 involving her actions were “false and defamatory.”

Former national security adviser Sandy Berger complained about a scene that depicts a CIA operative who has bin Laden in his sights but is denied permission to attack by an actor portraying Berger. “There is nothing in the 9/11 Commission Report … to support this portrayal and the fabrication of this scene (of such apparent magnitude) cannot be justified,” Berger wrote.

ABC officials said in a statement that the miniseries, which is to air Sunday and Monday, is not a documentary, but a dramatization based on the 9/11 Commission's report and other factual sources that uses fictionalized scenes, “for dramatic and narrative purposes.”

“The editing process is not yet complete, so criticisms of film specifics are premature and irresponsible,” the statement read.

Former New Jersey governor Thomas Kean, chairman of the 9/11 Commission, which probed U.S. actions leading to the attacks. and a consultant for the miniseries, said the show is balanced. “People in both parties didn't particularly like the commission report, and I think people in both parties aren't going to love this one,” he said.

Laying Blame And Passing The Buck, Dramatized (NYT)

By Alessandra Stanley

The New York Times, September 8, 2006

THE first words spoken on “The Path to 9/11” are at check-in at Logan Airport at 7:13 a.m. “O.K., Mr. Atta,” an American Airlines agent says over the clickety-clack of computer keys. “One way, nonstop to Los Angeles, no return.”

Moments before American Airlines Flight 11 hits its target, ABC's mini-series pivots back 8½ years to a Ryder rental van that blew up in the parking garage of the World Trade Center on Feb. 26, 1993.

And the events leading up to disaster unfold like a spy thriller. The two-part narrative, which ABC is scheduled to broadcast Sunday and Monday night, follows a few men and women who took the Osama bin Laden threat seriously and devoted their careers to battling it. Many are real, like the former F.B.I. counterterrorism expert John P. O'Neill, who died at the World Trade Center on Sept. 11 and who is played by Harvey Keitel. A few are composites, like an intrepid C.I.A. officer with the code name Kirk (Donnie Wahlberg).

The terrorists are ruthless and implacable. Some foreign informants and obscure civil servants turn out to be inspiringly tough-minded and smart: low profiles in courage. But "The Path to 9/11" is an unsparing, and at times hyperbolic, portrait of bureaucratic turf wars, buck passing and complacency. Senior managers at the F.B.I. and C.I.A. are overwhelmed and quicker to protect their own hides than national security. It's always the enemy within that nettles the most.

ABC has been under assault by bloggers and former officials who claim the film paints an unfairly censorious portrait of the Clinton administration, with a lobbying campaign reminiscent of the one that drove CBS to cancel "The Reagans" biopic in 2003. (CBS's parent company, Viacom, kicked it to the cable channel Showtime.) Some kind of reaction was inevitable this time.

All mini-series Photoshop the facts. "The Path to 9/11" is not a documentary, or even a docu-drama; it is a fictionalized account of what took place. It relies on the report of the Sept. 11 commission, the King James version of all Sept. 11 accounts, as well as other material and memoirs. Some scenes come straight from the writers' imaginations. Yet any depiction of those times would have to focus on those who were in charge, and by their own accounts mistakes were made.

The first bombing of the World Trade Center happened on Bill Clinton's watch. So did the 1998 embassy bombings in Kenya and Tanzania and the 2000 attack on the U.S.S. Cole in Yemen. The president's staff — and the civil servants who worked for them — witnessed the danger of Al Qaeda close up and personally. Some even lost their lives.

In 2001 President Bush and his newly appointed aides had ample warning, including a briefing paper titled "Bin Laden Determined to Strike in U.S.," and they failed to take it seriously enough, but their missteps are not equal. It's like focusing blame for a school shooting at the beginning of the school year on the student's new home room teacher; the adults who watched the boy torment classmates and poison small animals knew better. (It's safe to assume that any future mini-series about American foreign policy will not delve flatteringly into Mr. Bush's march to war in Iraq.)

The outside pressure was intense enough to persuade ABC to re-edit one of the more contested made-up scenes in the film. In the version sent to critics, it depicted C.I.A. operatives and their Afghan allies armed with guns and night-vision goggles creeping in the dark to snatch Mr. bin Laden from his compound in 1998. The men are told to stand by, in harm's way, as the C.I.A. director, George J. Tenet and the national security adviser, Samuel R. Berger, cavil by videoconference. Rather than take a firm decision, Mr. Berger flips off his videophone, and Mr. Tenet aborts the mission. (Among other things, ABC agreed to excise Mr. Berger's hissy fit.)

In reality the C.I.A. got close, but never that close. In May 1998 Mr. Tenet scrapped a heavily rehearsed raid to kidnap Mr. bin Laden from his compound before it was mounted. "No capture plan before 9/11 ever again attained the same level of detail and preparation," the Sept. 11 commission report said. "Working-level C.I.A. officers were disappointed."

The international manhunt for the 1993 World Trade Center bomber, Ramzi Yousef, is thrilling, but those early successes, led by local F.B.I. agents, district attorneys and the New York Police Department, also fed public complacency. It was easy for people to dismiss the terrorist threat as real but manageable.

"We're not safe yet," Mr. O'Neill laments after he has been sidelined at the bureau by rivals. "And nobody seems to care."

Lingering serenity collapses in the second part, which opens once again with ominous fragments of Sept. 11: military pilots ordered to scramble — "Is this real world or exercise?" — and a flight attendant on Flight 11 shakily saying over a plane phone, "We're flying way too low."

As the terrorist threat mounts, one of the more jarring moments is a real-life clip of President Bill Clinton addressing the nation about Monica Lewinsky.

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The Sept. 11 commission concluded that the sex scandal distracted the Clinton administration from the terrorist threat. But in hindsight, surely the right-wing groups who drove for impeachment must look back at their partisan obsession with shame, like widows sickened by the memory of spats about dirty dishes and gambling debts.

The inserted news clips of Mr. Bush are not exactly inspiring. He is shown sweaty and dismissive in jogging shorts, dodging questions about tax cuts. Condoleezza Rice — who is impersonated by Penny Johnson Jerald, who played the conniving wife of David Palmer in "24" — cannot be too thrilled with her moment on screen either. She humors, but does not heed, the counter-terrorism adviser Richard A. Clarke; actually she demotes him.

Madeleine K. Albright has also objected to her portrayal, and Mr. Clarke, who is the Cassandra of Al Qaeda and one of the film's heroes, has complained about factual distortions.

But there is no dispute that in 2000, the destroyer Cole was attacked, Washington dithered and Mr. bin Laden's men kept burrowing deeper and deeper into their plot to attack America on its own soil. The film ends where it began, only the morning of Sept. 11 is finally shown, with slow, elegiac music, in its full horror.

Dramatic license was certainly taken, but blame is spread pretty evenly across the board. It's not the inaccuracies of "The Path to 9/11" that make ABC's mini-series so upsetting. It's the situation on the ground in Afghanistan now.

The television movie about the rise of Al Qaeda comes at a time when the Taliban is flaunting a resurgence in Afghanistan. Sept. 11 drove the United States to clean out that terrorist hole-in-the-wall, once and for all. After all the lessons learned from Sept. 11, the Taliban is back and growing stronger while the American military there seems as bogged down as it is in Iraq, powerless to check the spiraling violence.

Hindsight is heartbreaking and disturbing to watch, even in a made-for-television movie. But it's even harder to take when those steps continue to contaminate the present.

THE PATH TO 9/11

ABC, Sunday and Monday at 8 p.m., Eastern and Pacific times; 7, Central.

Directed by David L. Cunningham; written by Cyrus Nowrasteh; Mr. Cunningham, Mr. Nowrasteh and Hans Proppe, producers; Marc Platt, executive producer. Produced by UHP Productions and distributed by Touchstone Television.

WITH: Harvey Keitel (John P. O'Neill), Stephen Root (Richard A. Clarke), Donnie Wahlberg (Kirk), Barclay Hope (John Miller), Patricia Heaton (Ambassador Bodine), Shaun Toub (Emad Salem), Amy Madigan (Patricia Carver), Dan Lauria (George J. Tenet), Penny Johnson Jerald (Condoleezza Rice), Shirley Douglas (Madeleine K. Albright) and Nabil Elouahabi (Ramzi Yousef).

Inside Politics (WT)

By Greg Pierce

The Washington Times, September 8, 2006

'Fessing up

Richard L. Armitage has officially confirmed the worst-kept secret in Washington: He was the original source for press accounts that Joseph C. Wilson IV's wife worked at the CIA.

The former deputy secretary of state said he did not intend to reveal Valerie Plame's identity, the Associated Press reports, and apologized for his conversations with syndicated columnist Robert Novak and Washington Post reporter Bob Woodward. Special prosecutor Patrick J. Fitzgerald has spent three years investigating the case, after Mr. Wilson accused the Bush administration of retaliating for his New York Times column about a CIA-backed trip to Niger.

"I made a terrible mistake, not maliciously, but I made a terrible mistake," Mr. Armitage told the Associated Press in a telephone interview from his home last night.

He described a June 2003 conversation with Mr. Woodward as an afterthought at the end of a lengthy interview, in which Mr. Woodward reportedly asked, "Hey, what's the deal with Wilson?" Mr. Armitage said he responded: "I think his wife works out there."

Mr. Armitage also described his conversation with Mr. Novak: "He said to me, 'Why did the CIA send Ambassador Wilson to Niger?' I said, as I remember, 'I don't know, but his wife works out there.'"

9/11 Miniseries Is Bunk (LAT)

By Barbara Bodine

The Los Angeles Times, September 8, 2006

ON THE MORNING of Sept. 11, 2001, Americans — and the world — froze, saddened and angry. Five years later, we stop to remember those we lost and those who have sacrificed in our defense since, and to reflect on what we must learn. History will define us not by the events of that day but by who we choose to become as a result.

Regrettably, ABC has chosen not to document but to dramatize this most critical of times. Its miniseries, "The Path to 9/11," opts for fiction when fact is needed and chooses mythmaking when the candor of history is called for. The 9/11 commission report tells the story with clear-eyed honesty, precision and studious impartiality. The ABC drama does not. The 9/11 commission spent hours interviewing virtually everyone connected not just with the events of that day but those involved in counter-terrorism over 25 years — Republican as well as Democrat. ABC did not.

Many senior officials from President Clinton's administration, along with key members of the 9/11 commission, have publicly challenged the distortions and inaccuracies of "The Path to 9/11." From the part of the story I know firsthand, ABC has done the American people a disservice. Drama may be more profitable than reality, but at what cost to our national history?

One of the myths perpetuated by ABC played out in the steamy port city of Aden, Yemen, in October 2000, using an FBI agent out of New York, John O'Neill, and the U.S. ambassador to that country. According to the mythmakers, a battle ensued between a cop obsessed with tracking down Osama bin Laden and a bureaucrat more concerned with the feelings of the host government than the fate of Americans and the realities of terrorism. I know this is false. I was there. I was the ambassador.

I am not here to either defend or attack O'Neill. He was a complex man. But what happened after Al Qaeda's attack on the U.S. destroyer Cole was a complex story. Within hours, our embassy in Sana, Yemen, received support from Washington, U.S. military commands in the region and neighboring U.S. embassies. Within days, our presence in Aden went from zero to more than 300 people from the Navy, Marines, the intelligence community, the Naval Criminal Investigative Service, the FBI, the State Department and my embassy. We had a clear and common goal: honor those killed by finding those guilty.

As ambassador, I had four missions: recover the Cole and her crew; provide security for the burgeoning U.S. presence in Aden; establish a joint Yemeni-American criminal investigation, as agreed between the president of Yemen and FBI Director Louis Freeh; and maintain the Yemeni-American relationship.

These tasks were not sequential but deeply interdependent. The recovery of the ship and its crew was the most urgent. The Cole was also a crime scene, and crew members were witnesses. Recovery efforts had to be coordinated with naval investigators and the FBI. With an unsettled threat, I could not allow either to go forward without rigorous security at the harbor and at our base of operations. The least quantifiable of the four mandates was our relationship with the Yemeni authorities. Diplomatic relations are not an end in themselves but rather provide a context within which we are able to operate — or not. Our cooperative relationship enabled the recovery, the security and the investigation to move forward, to work through the tensions, disagreements and conflicts that naturally arose. The attack on the Cole was a hostile act, but this was not a hostile government or a hostile people. It was my job to make sure everyone involved understood that our actions must not subvert our goals.

The realities of a U.S. investigative style inevitably collided headlong with the limited capabilities of Yemen. The Yemenis knew Aden and its people but lacked technical and professional competence; the FBI had the forensic and technical capability but could not operate "on the street" in Aden. The friction, the suspicion, the miscommunication between the two could not, however, be allowed to derail a successful criminal investigation of the attack, its roots in Yemen and its links to other attacks against Americans around the world. Yemen's subsequent willingness to cooperate with us in the war on terrorism confirms the value of working with it — not seeing it as the enemy.

In the aftermath of the attack on the Cole, the stakes were high. Former Secretary of State Colin Powell's first lesson of leadership is that "being responsible sometimes means pissing people off." It's inevitable, if you are honorable. The job of the ambassador is to make the tough calls. To paraphrase a fellow Missourian, the buck stopped on my desk.

Cleared Man Cites Prejudice (DMN)

By Andrew D. Smith, The Dallas Morning News

DOJ_NMG_0059473

The Dallas Morning News, September 8, 2006

FB: He says being Muslim was reason he was arrested in cell case

Frustration tempered celebration Thursday afternoon as Louai Othman and Muslim community leaders gathered to discuss the three-week ordeal that began with terrorism charges against three Mesquite men and ended Tuesday with all charges being dropped.

Mr. Othman, one of the men arrested after buying hundreds of cellphones, said he understands the need to prevent terrorism but noted that his activities wouldn't have led to his arrest but for his Palestinian heritage.

MICHAEL AINSWORTH / DMN Louai Othman (center) spoke from the Farmers Branch offices of the Council on American Islamic Relations.

Mr. Othman, 23, spoke at the Farmers Branch offices of the Council on American Islamic Relations, a group whose leaders say Muslims have been systematically mistreated since the 9/11 terrorism attacks.

"This incident is seen by the Muslim community as another example of the racial and religious profiling that has been prevalent since 9/11," said Mustafaa Carroll, a group board member. "Muslim and Arab-Americans have faced scrutiny beyond what is reasonable. Every Muslim has been the victim of suspicion."

The other two men arrested, Mr. Othman's 21-year-old brother, Adham Othman, and 18-year-old cousin, Maruan Muhareb, were not at the event.

Mr. Othman said he has no plans to sue over his experience but would like an apology from police and prosecutors who put him in jail for 12 days.

In addition to time spent in jail, Mr. Othman said, the arrest led to the closure of his bank account, his eviction from a storage facility in Mesquite, and terrorism accusations against his family at their Mesquite apartment.

He said that his family probably would move and that he would get out of the business of selling cellphones.

"I'm probably going to get a nice job at a computer store," said Mr. Othman, who said he had never experienced discrimination before his arrest. "I was always treated normal," he said.

The men's ordeal began around 1 a.m. on Aug. 11, when they entered a Wal-Mart Supercenter in Caro, Mich. Someone called police after hearing the men speak Arabic and seeing them pay cash for large numbers of cellphones.

A search of the trio's rented van turned up digital photographs of a massive bridge and roughly 1,000 cellphones, most of which had been cut from their original packaging, stripped of their batteries and placed in boxes. The batteries were stowed in separate boxes.

The three were arrested and arraigned the next day on charges of soliciting and providing material support for terrorism and obtaining information on a vulnerable target, the Mackinac Bridge.

Media outlets across the country picked up the story. Pictures of the men appeared in newspapers and on television and the Internet. Friends and family said the men were the innocent victims of racial bias.

State prosecutors dropped the terrorism charges several days later, saying that there was no imminent danger to the bridge that connects Michigan's two peninsulas.

The FBI, which helped with the investigation, also said the men had no known connections to terrorist organizations, but the case was not yet closed. Federal prosecutors brought the money laundering and conspiracy charges.

The government held that the men were defrauding consumers, TracFone Wireless Inc. and Nokia Corp. by removing TracFone's proprietary software from the phones and making it possible to use the phones with any cellular provider.

The men said they resold the phones without changing them.

On Tuesday, a magistrate ruled at a preliminary hearing in Bay City, Mich., that there was insufficient evidence to try the men on the federal charges.

E-mail asmith@dallasnews.com

Man Cleared Of Terrorism Charge Cites Prejudice (FWST)

By John Kirsch

The Fort Worth Star-Telegram, September 8, 2006

DALLAS — A Mesquite man who was cleared of terrorism, money-laundering and conspiracy charges said Thursday afternoon that he hopes to resume his life in Mesquite, but he remains upset about the experience.

Louai Othman, 23, was one of three Mesquite men arrested in Michigan last month with about 1,000 cellphones and digital images of the Mackinac Bridge in their possession.

"I understand they are doing their jobs but they shouldn't accuse people without having any evidence," Othman said of authorities in Michigan. He spoke Thursday at a news conference held by the Council on American-Islamic Relations.

The three men — Othman, his 21-year-old brother, Adham Othman, and his 18-year-old cousin, Maruan Muhareb — were initially accused of planning a terrorist attack, but that state charge was dropped after authorities announced there was no evidence that they were affiliated with any terrorist groups. On Tuesday, federal conspiracy and money-laundering charges against them were thrown out for lack of evidence, and the men were released from jail.

They had traveled to Michigan to buy cellphones to resell in the Dallas-Fort Worth area, Louai Othman said. He said he, his brother and cousin have visited several other states to buy the cellphones, which he said are not available locally.

Othman said he believes that the men were singled out because of their ethnicity. They are Palestinian-American.

Othman said neighbors have harassed him and that his bank closed his account.

He said he does not plan to take legal action as a result of the incident. But the authorities who charged them should apologize on television, he said.

"We all bleed the same blood. We're not different from anybody else," Othman said.

After the incident in Michigan, Othman said he probably will get out of the cellphone resale business and look for a job at a computer store.

Mustafaa Carroll, a board member of the local chapter of the Council on American-Islamic Relations, said the arrests of the men were part of a pattern of racial profiling of Arab-Americans since the 9-11 attacks.

"Muslims and Arab-Americans have faced scrutiny beyond what is reasonable. Every Muslim has been the victim of suspicion," he said.

According to the council's Web site, the organization handled 1,522 reports of civil rights cases involving Muslims in 2004, compared with 1,019 in 2003.

Man Wrongly Accused Of Plot Wants Apology (AP)

By Matt Curry

AP, September 8, 2006

Palestinian American says he was targeted because of race.

DALLAS — One of three men wrongly accused of planning a terrorist attack on a Michigan bridge said Thursday he plans no formal action and just wants authorities to issue a public apology.

Louai Othman, 23, who spoke at the Council on American-Islamic Relations office in Dallas, said his bank account was closed and neighbors accuse him of being a terrorist. He said officials targeted him because of his race.

"We just want them to come on TV and apologize," Othman said. "Give us our innocence back."

Gina Balaya, a spokeswoman for the U.S. attorney's office in Detroit, did not return a phone call seeking comment.

A federal judge in Michigan ruled Tuesday that prosecutors failed to present enough evidence to justify bringing Othman and two others to trial on conspiracy and money laundering charges involving the buying and reselling of prepaid cell phones. They were cleared earlier of terrorism charges.

Othman, 23, his brother, Adham Othman, 21, and their cousin, Maruan Muhareb, 18, all of Mesquite, are Palestinian American. They were arrested Aug. 11 after buying large numbers of prepaid cell phones at a Wal-Mart outlet in Caro, Mich., about 80 miles north of Detroit.

The other former defendants did not appear at the Dallas news conference, which was called by CAIR, a civil rights group.

Othman said he has visited 15 states to buy prepaid cell phones for resale in Texas with few problems, but that the three were detained briefly in Wisconsin a day before their arrest.

He said he hopes to resume a normal life, but will change his line of work.

"I'm going to find a job or do something else, maybe work at a computer store," he said.

Othman, who said he never felt personally affected by prejudice before the Michigan arrest, said he would probably move from his Mesquite apartment. He said the ordeal could someday prevent him from getting a job with the government.

"They shouldn't treat people different. We all bleed the same blood," he said. "We're not different than anybody else."

Tuscola County authorities in Michigan said they were alarmed by the hundreds of prepaid cell phones they said were found in the men's van and by images on their digital camera of the 5-mile-long Mackinac Bridge, which links Michigan's two peninsulas.

They charged the men with collecting or providing materials for terrorist acts and with surveillance of a vulnerable target for terrorist purposes.

The FBI and state police later said there was no imminent threat to the landmark span and no information linking the Othmans and Muhareb to known terrorist groups.

Mustafaa Carroll, a CAIR board member in Dallas, called the charges "ludicrous."

"It doesn't take 1,000 cell phones to do something bad," he said. "I know everybody wants to feel safe and be sure we don't have another 9/11, but we can't just trample people's rights under the auspices of helping everybody else."

Ultimately, CAIR officials said, most Muslims are overjoyed that the charges were dropped.

"It closed with a happy ending," said Nabil Sadoun, another board member of the Islamic group in Dallas.

Cell Phone Makers Fight Resales (HC/AP)

By Andrew Welsh-huggins, Associated Press Writer

Houston Chronicle, September 8, 2006

COLUMBUS, Ohio — People moving state to state, armed with cash and tricks to avoid scrutiny, are buying cheap prepaid mobile phones by the thousands with plans to sell them in Latin America and Hong Kong.

Cell phone companies say the practice is costing them millions of dollars, and some have hired private investigators to document what they say is illegal tampering with their phones. Wal-Mart, Radio Shack and other retailers are limiting how many phones they will sell at one time.

The buying has raised concerns the phones might be used to aid terrorism, though those in the trade say it's nothing but capitalism at its best _ no different than reselling stock for more than you paid.

The Federal Bureau of Investigation and Department of Homeland Security issued nationwide bulletins earlier this year warning police to be on the lookout for bulk purchases of cell phones. Authorities are worried that profits from the trade could end up financing terrorism or that the phones could be used as detonators in attacks.

The practice _ at the center of court cases in Florida, Ohio and Michigan _ appears widespread and in no danger of subsiding soon. Participants in the trade don't appear very bashful.

"Don't leave a phone behind. To make real money buy them all," urged an e-mail by Larry Riedeman of Larry's Cell in Altamonte Springs, Fla., that was included in a lawsuit against that entity by TracFone Wireless Inc. "Thousands a day if you can!"

Riedman and other small companies are considered the middlemen in a system that starts with buyers snapping up phones at retailers such as Wal-Mart Stores Inc. and ends with resale of the phones overseas.

In Ohio, two men acknowledged last month to authorities that they had delivered 600 TracFones to a middleman over three months.

Also in August, three Dallas men briefly charged in Michigan with trafficking counterfeited goods told the FBI that several businesses in Texas buy telephones "from hundreds of people like themselves," according to an FBI filing in that case. The phones are then sold to middlemen in California, New York or Miami.

Another buyer, Bilal Mustafa, 22, of Minneapolis, told The Associated Press he travels around the Midwest a week at a time in search of phones. He and a buddy will buy four to six at once at small-town department stores, as many as 250 a day.

Mustafa sells them to a cell phone business he wouldn't identify. He says he's doing nothing illegal and scoffs at FBI concerns that the practice could aid terrorists.

"If it did, I wouldn't do it," said Mustafa, a Palestinian immigrant from the West Bank. "I'm not stupid."

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Purchasing cell phones in bulk is not illegal and authorities haven't had much luck trying to prosecute the buyers. Earlier this week, a federal judge threw out the charges against the men in the Michigan case, saying there wasn't enough evidence to take the case to trial.

The Michigan charges alleged that by removing the cell phones from their original packaging, the men made it easier to repackage the phones with counterfeit trademarks in violation of federal copyright law.

The men arrested in Ohio in August face a low-level charge of giving misleading information to police, including changing their story about why they had so many cell phones when they were first stopped.

Terrorism charges were leveled in both cases but quickly dropped.

The middlemen indicate an apparently insatiable hunger for the phones, with profits in some cases of 100 percent for a handset that retails for as little as $20.

The phones are so cheap because TracFone and other providers of prepaid cellular service sell them at a loss to create a market for their real profit maker, selling customers more call time.

For example, a Nokia 1100 _ one of the phones referenced in TracFone's lawsuit against Larry's Cell _ was being sold in stores for about $20 a phone. However, it probably cost TracFone about $25 per phone wholesale, said Paul Sagawa, an industry analyst with Sanford C. Bernstein & Co. in New York.

The Dallas men arrested in Michigan said they had spent $20,000 on phones within just a few days.

The Riedeman e-mails promise earnings of $10,000 a month for aggressive buyers. Riedeman offered bonuses to such suppliers, from $120 to anyone bringing in 400 phones a month to $2,000 for someone buying 2,000 a month, according to court documents.

Mustafa wouldn't say how much he earns on each $20 phone but said it's a reasonable profit.

"I don't think I'll make a million bucks," he said. "Just enough to take care of my car, my gas, a hotel and make a little money."

Buyers _ often young men _ pay cash, frequently making purchases in the middle of the night to avoid scrutiny and to skirt store sales limits, according to affidavits and other filings in state and federal court.

They make up stories about why they need the phones, move from cashier to cashier or simply buy the limit from a store, wait awhile, then return.

"I have many times used other shoppers to help me," said the Riedeman e-mail. "You would be surprised how many folks will lend a helping hand."

Riedeman could not be reached to comment. E-mail and phone messages were not immediately returned. No lawyer for him is listed in federal court documents. A phone for his brother, Clint, who is also named in the lawsuit, rang unanswered.

After receiving the phones from the buyers, often in bulk shipments, the middlemen deactivate a software lock on the devices so they can be used on other cellular services. The phones are then repackaged and shipped to their next destination, records show.

A lawsuit filed in January by Nokia Corp. accuses Pan Ocean Communications of Pompano Beach, Fla., of buying $20 cell phones from Wal-Mart, Sam's Club and Target Corp. stores, disabling their software, then reselling them for $39 as legitimate Nokia handsets. The company sold them to distributors, wholesalers, exporters and flea market booth operators, the lawsuit said.

A judge ordered Pan Ocean and another company, Sol Wireless Group of Miami, to stop reselling the phones. Messages seeking comment were left with attorneys representing the businesses.

Destinations have changed over the years, from Singapore in the past to Mexico today, said John Walls, a spokesman for CTIA, a cellular industry trade association that opposes the practice.

"You're able to deliver a pretty good product that will operate on the Mexican network, the black market can deliver a handsome profit on that device, and Mexican consumers have the opportunity to save themselves a few dollars," Walls said.

Lawsuits filed by TracFone and Nokia also name markets in Latin America and Hong Kong, where resale prices are higher.

Since TracFones that haven't been tampered with can work only in the United States, overseas buyers ought to know they aren't being sold legitimately, said Jim Baldinger, a TracFone attorney in West Palm Beach, Fla.

Lawyers for the men arrested in Michigan and Ohio say their clients were conducting legal business and are being targeted only because they are of Middle Eastern descent.

"All these individuals were doing was buying and reselling phones," said Detroit attorney Nabih Ayad. "There's nothing illegal about it. They buy cell phones from one retailer and sell them to another retailer who can sell them for more."

Retailers, wireless service providers and phone makers don't see it that way. "Resale on the black market is never a good thing," said Wendy Dominguez, a Radio Shack Corp. spokeswoman.

At West Broad Cellular near downtown Columbus, owner Abdul Salameh sells prepaid phones starting at $50, far above the price charged by rivals whom he suspects of scooping them up at places such as Wal-Mart.

Salameh, 26, says he's being undercut by the practice but isn't sure how to combat it:

"If people are selling them for real cheap, we're getting destroyed."

The Disbelievers (WP)

By Michael Powell

The Washington Post, September 8, 2006

NEW YORK

He felt no shiver of doubt in those first terrible hours.

He watched the attacks on the World Trade Center and the Pentagon and assumed al-Qaeda had wreaked terrible vengeance. He listened to anchors and military experts and assumed the facts of Sept. 11, 2001, were as stated on the screen.

It was a year before David Ray Griffin, an eminent liberal theologian and philosopher, began his stroll down the path of disbelief. He wondered why Bush listened to a child's story while the nation was attacked and how Osama bin Laden, America's Public Enemy No. 1, escaped in the mountains of Tora Bora.

He wondered why 110-story towers crashed and military jets failed to intercept even one airliner. He read the 9/11 Commission report with a swell of anger. Contradictions were ignored and no military or civilian official was reprimanded, much less cashiered.

"To me, the report read as a cartoon." White-haired and courtly, Griffin sits on a couch in a hotel lobby in Manhattan, unspooling words in that reasonable Presbyterian minister's voice. "It's a much greater stretch to accept the official conspiracy story than to consider the alternatives."

Such as?

"There was massive complicity in this attack by U.S. government operatives."

If that feels like a skip off the cliff of established reality, more Americans are in free fall than you might guess. There are few more startling measures of American distrust of leaders than the widespread belief that the Bush administration had a hand in the attacks of Sept. 11 in order to spark an invasion of Afghanistan and Iraq.

A recent Scripps Howard/Ohio University poll of 1,010 Americans found that 36 percent suspect the U.S. government promoted the attacks or intentionally sat on its hands. Sixteen percent believe explosives brought down the towers. Twelve percent believe a cruise missile hit the Pentagon.

Distrust percolates more strongly near Ground Zero. A Zogby International poll of New York City residents two years ago found 49.3 percent believed the government "consciously failed to act."

You could dismiss this as a louder than usual howl from the CIA-controls-my-thoughts-through-the-filling-in-my-molar crowd. Establishment assessments of the believers tend toward the psychotherapeutic. Many academics, politicians and thinkers left, right and center say the conspiracy theories are a case of one plus one equals five. It's a piling up of improbabilities.

Thomas Eager, a professor of materials science at MIT, has studied the collapse of the twin towers. "At first, I thought it was amazing that the buildings would come down in their own footprints," Eager says. "Then I realized that it wasn't that amazing -- it's the only way a building that weighs a million tons and is 95 percent air can come down."

But the chatter out there is loud enough for the National Institute of Standards and Technology to post a Web "fact sheet" poking holes in the conspiracy theories and defending its report on the towers.

Yeah, as if . . .

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The loose agglomeration known as the "9/11 Truth Movement" has stopped looking for truth from the government. As cacophonous and free-range a bunch of conspiracists anywhere this side of Guy Fawkes, they produce hip-hop inflected documentaries and scholarly conferences. The Web is their mother lode. Every citizen is a researcher. There's nothing like a triple, Google-fed epiphany lighting up the laptop at 2:44 a.m.

Did you see that the CIA met with bin Laden in a hospital room in Dubai? Check out this Pakistani site, there are really weird doings in Baluchistan . . .

The academic wing is led by Griffin, who founded the Center for a Postmodern World at Claremont University; James Fetzer, a tenured philosopher at the University of Minnesota (Fetzer's an old hand in JFK assassination research); and Daniel Orr, the retired chairman of the economics department at the University of Illinois. The movement's de facto minister of engineering is Steven Jones, a tenured physics professor at Brigham Young University, who's studied vectors and velocities and tested explosives and concluded that the collapse of the twin towers is best explained as controlled demolition, sped by a thousand pounds of high-grade thermite.

Former Reagan aide Barbara Honegger is a senior military affairs journalist at the Naval Postgraduate School in California. She's convinced, based on her freelance research, that a bomb went off about six minutes before an airplane hit the Pentagon -- or didn't hit it, as some believe the case may be. Catherine Austin Fitts served as assistant secretary of housing in the first President Bush's administration and gained a fine reputation as a fraud buster; David Bowman was chief of advanced space programs under presidents Ford and Carter. Fitts and Bowman agree that the "most unbelievable conspiracy" theory is the one retailed by the government.

Then there's Morgan O. Reynolds, appointed by George W. Bush as chief economist at the Labor Department. He left in 2002 and doesn't think much of his former boss; he describes President Bush as a "dysfunctional creep," not to mention a "possible war criminal."

You reach Reynolds at his country home in the hills of Arkansas. His favored rhetorical style is long paragraphs without obvious punctuation: "Who did it? Elements of our government and M-16 and the Mossad. The government's case is a laugh-out-loud proposition. They used patsies and lies and subterfuge and there's no way that Bush and Cheney could have invaded Iraq without the help of 9/11."

They are cantankerous and sometimes distrust each other -- who knows where the double agents lurk? But unreasonable questions resonate with the reasonable. Colleen Kelly's brother, a salesman, had breakfast at the Windows on the World restaurant on Sept. 11. After he died she founded September Eleventh Families for Peaceful Tomorrows to oppose the Iraq war. She lives in the Bronx and gives a gingerly embrace to the conspiracy crowd.

"Sometimes I listen to them and I think that's sooooo outlandish and bizarre," she says. "But that day had such disastrous geopolitical consequences. If David Ray Griffin asks uncomfortable questions and points out painful discrepancies? Good for him."

Griffin's book, "The New Pearl Harbor: Disturbing Questions About the Bush Administration and 9/11," never reviewed in a major U.S. newspaper, sold more than 100,000 copies and became a movement founding stone. Last year he traveled through New England, giving speeches in whitewashed churches and gymnasiums. He came to West Hartford, Conn., on a rainy autumn evening. Four hundred mostly middle-aged and upper-middle-class doctors and lawyers, teachers and social workers sat waiting.

Griffin took the podium and laid down his ideas with calm and cool. He concluded:

"It is already possible to know beyond a reasonable doubt one very important thing: The destruction of the World Trade Center was an inside job, orchestrated by domestic terrorists," he says. "The welfare of our republic and perhaps even the survival of our civilization depend on getting the truth about 9/11 exposed."

The audience rose and applauded for more than a minute.

"Reality is a thin line between denial and paranoia."

-- Author unknown, but often quoted by the 9/11 truth movement

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"Me?" You've asked the Rev. Frank Morales, the bohemian Episcopalian minister with the hipster goatee, where he stands on the nature of the conspiracy. We're standing in the ancient graveyard of St. Mark's Church in the Bowery on Second Avenue. "I lean to LIHOP."

The 9/11 truthers share a lieutenant colonel's love of acronyms. They divide themselves into LIHOPS and MIHOPS and differences are not trifling. LIHOP stands for "Let It Happen On Purpose," which means someone inside the U.S. government intentionally let the terror conspiracy go. MIHOP means "Made It Happen On Purpose," and its gradations center on whether Bush was in or out of the loop (a surprising number believe he was clueless) and whether the Mossad or British intelligence was dealt into the deal.

Morales, 57, who came out of the Lower East Side housing projects, spent days at Ground Zero performing last rites for the dead, many little more than a collection of body parts.

"I didn't presume to know who did it," he says. "There was a lot of shucking and jiving. I wonder at what point massive incompetence crosses over into negligent homicide."

To make sense of the truth movement's anger, you need to hit the rewind button to early 2001, with the hindsight of today. There was, as the 9/11 Commission hearings made clear, a bad moon rising. Warnings kept coming of a "high probability" of a "spectacular" terrorist attack. A national security adviser warned Condoleezza Rice there were terrorist cells, probably al-Qaeda guys, in the country. CIA chief George Tenet said the "system was blinking red."

A presidential bulletin on Aug. 6 had a catchy title: "Bin Laden Determined to Strike in U.S." Bush did not discuss it again with Tenet before Sept. 11.

So give the truth movement, many of whom are based in New York City, their props. They may be paranoid, but something nasty came our way. They pore over the paper trail with a Sherlock Holmesian intensity, alert to intriguing discrepancy.

Such as:

Former transporation secretary Norman Mineta told the commission he arrived in the presidential operations center -- under the White House -- at 9:20 a.m. on Sept. 11 and found Vice President Cheney. When an aide asked Cheney about the hijacked plane fast approaching the Pentagon, Mineta says the vice president snapped that the "orders still stand." Mineta assumed the orders were to shoot the plane down. Conspiracy theorists interpret this to mean: Don't shoot it down.

Cheney later said he was not in the operations center until after the plane hit. The commission never mentioned Mineta's contradictory version.

In September 2001, NORAD generals said they learned of the hijackings in time to scramble fighter jets. But the government recently released tapes claiming to show the FAA did not tell the military about the hijackings until three of the four planes had crashed.

That would mean the FAA repeatedly lied. It would also mean, as Griffin points out, that the entire military chain of command stayed quiet about huge inaccuracies for four years "even though . . . the true story would put the military in a better light."

More mysteries pile up. The 9/11 Commission says Flight 77 hit the Pentagon at 9:37. But Honegger says clocks stopped at the Pentagon at 9:32. Then there's the collapse of the twin towers, which Jones, the physics professor, timed at just short of free fall. Griffin cites firefighters, including a captain, who said in hearings and on tapes from that day that they saw flashes and heard the sound of explosions before the collapse.

"It's like the Nazi-facilitated Reichstag fire," Honegger says from her home in California. "They guided and secretly protected it to justify their global agenda."

Let's put aside the could-anyone-do-something-that-spectacularly-twisted? question and touch on practicalities. Isn't the problem with big ugly conspiracies -- from the Gulf of Tonkin to My Lai to the 1961 Pentagon plan to provoke a war by attacking Americans and blaming it on Castro -- that they are too big and ugly to keep secret?

Griffin shrugs. History is littered with government black-bag jobs. "How do you know they can't keep big secrets? Can you be sure you know what you don't know?"

* * *

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There is a "morning after" quality to the conspiratorial romance. One moment you groove on the epiphanies and the next moment you're lost in a dull haze of "this cannot be a coincidence," "perhaps significantly" and "if so . . ."

What of incompetence? Or the raw absurdity of life? The truth movement makes much of a 2001 BBC report that a half-dozen of the hijackers were still alive. They mention Waleed al Shehri, a pilot who still flies commercial runs in Morocco. But the BBC retracted that.

It turns out the live guy and the dead hijacker spelled their names differently.

Then there's the theory that Flight 77 did not hit the Pentagon and United 93 did not crash in Shanksville, Pa. But, like, what happened to the passengers? (Among the passengers on Flight 77 was Barbara Olson, wife of former U.S. solicitor general Ted Olson).

"Why should any of us know where it went?" Griffin says. "It could have been it crashed in Kentucky. We don't need a theory where it went."

Chip Berlet, senior analyst at Political Research Associates, a Boston-based left-leaning think tank, is no fan of the 9/11 Commission. He believes a serious investigation should have led to indictments and the firing of incompetent generals and civilian officials.

But he has no patience with the conspiracy theorists.

"They don't do their homework; it's a kind of charlatanism," Berlet says over the phone. "They say there's no debris on the lawn in front of the Pentagon, but they base their analysis on a photo on the Internet . That's like analyzing an impressionist painting by looking at a postcard."

Now comes a loud sigh.

"I love 'The X-Files' but I don't base my research on it," he says. "My vision of hell is having to review these [conspiracy] books over and over again."

Let's move on to Eager of MIT. "Demolition experts say, 'Ohhh, it's all science and timing.' Bull!" Eager says. "What's the technique? If 200,000 tons gives way, where do you think it's going? Straight down."

In the days after Sept. 11, experts claimed temperatures reached 2,000 degrees on the upper floors. Others claimed steel melted. Nope. What happened, Eager says, is that jet fuel sloshed around and beams got rubbery.

"It's not too much to think that you could have some regions at 900 degrees and others at 1,200 degrees, and that will distort the beams."

The truth movement doesn't really care for Eager. A Web site casts a fisheye of suspicion at the professor and his colleagues. "Did the MIT have prior knowledge?" notes one chat room. "This is for sure another speculative topic . . . "

"It is no measure of health to be sane in an insane society."

-- Krishnamurti

Nico Haupt, a gaunt fellow in black sneakers, black socks, black jeans and black T-shirt, stands up in St. Mark's Church in the Bowery. He holds aloft two blue Oreos boxes taped to resemble the twin towers. A pen juts out, kind of like a Boeing airplane.

For an hour he's shown videos of planes hitting the towers. If you note the glinting sunlight and angle of wings and you're honest about vectors and maybe the hashish is kicking in, you'll realize there were no planes .

Truth movement veterans distance themselves from Haupt, who has a bit of a temper. But Reynolds, the former Labor Department economist, also is a "no-planer."

"There were no planes, there were no hijackers," Reynolds insists. "I know, I know, I'm out of the mainstream, but that's the way it is."

But what about all those New Yorkers who saw airplanes hitting the twin towers? A chuckle rumbles down the phone line. "I don't believe anyone in Lower Manhattan," he says. "You hire three dozen Actors' Equity dudes and they'll say anything ."

Some days the 9/11 truth movement resembles an Italian coalition government -- dissolution is a certainty. Honegger and Griffin believe bombs brought down the twin towers but have little truck with make-believe planes. There's a faction that says the Mossad did it and another that says that's insane, and maybe anti-Semitic.

Where are we going here? There's a Journal of 9/11 Studies, documentaries, CDs and DVDs. Is conspiracy thought getting codified?

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"That's our worry, of course," Griffin says. "I want my life back. But how can I ignore that we have become entranced by demonic power, so focused on lust for wealth and control that almost anything becomes possible?"

You reach Honegger a few nights later. She'd like to give it up, too. "I am sitting here in my little office trying to figure out what happened to my country on this day. I wouldn't be a patriot if I didn't try to prove the government's story is preposterous."

Senators Agree On Ports Security Bill (AP-Y)

By Lara Jakes Jordan

AP, September 8, 2006

Senators announced agreement Thursday on ports security legislation, hoping to approve bolstered protections before November's elections to stop nuclear materials from being smuggled into the country.

The $835 million bill, which has languished in the Senate for years, resembles plans the House approved in May. But it's not clear how Congress will pay for the security measures, including putting monitors at the nation's 22 largest ports to screen for materials to make radiological "dirty" bombs or nuclear weapons.

The agreement among the Senate Finance, Commerce and Homeland Security committees cleared the way for quick consideration by the full Senate. House and Senate aides said they expected the legislation to go to a conference committee to hammer out any differences after Senate approval.

"When we talk to experts, they tell us that our two greatest vulnerabilities that have received inadequate attention are our seaports and our chemical facilities," said Senate Homeland Security Committee Chairwoman Susan Collins, R-Maine. She called the bill a "giant step forward in securing our homeland."

Sen. Patty Murray, D-Wash., said the plan will result in higher security for "every cargo container coming into the country."

Congress made port security an election-year priority after a February fight over a buyout that put a Dubai company in control of some operations at six American ports. The outcry led the Dubai company, DP World, to decide to sell the U.S. operations to an American company.

The Bush administration has spent about $10 billion on ports security since the Sept. 11, 2001, attacks. An estimated 6 percent of cargo at the nation's 120 ports is opened for inspection — although about 65 percent is already screened for nuclear or radiological materials, Homeland Security Secretary Michael Chertoff said in an interview last month.

His department aims to increase that number to 80 percent by the end of the year, and to almost 100 percent by the end of 2007. In 2003, few if any cargo containers were screened by radiation monitors, Chertoff said.

"That is, if you compare it to pre-9/11, just a quantum jump forward in security," Chertoff said. "There's just no other way to say it."

The 22 ports to get the monitors under the Senate plan would screen about 98 percent of incoming cargo, Collins said. The bill would also:

_Authorize $400 million in ports security grants.

_Establish a pilot program to screen all cargo headed for the U.S. at three foreign ports.

_Create a "green lane" to expedite incoming cargo from previously approved manufacturers and other business partners.

The House bill, which called for spending $5.5 billion over five years, would pay for the security with existing Customs fees. But the Senate Finance Committee has rejected doing so.

Feds Work To Link Fingerprint Databases (AP)

By Dan Caterinicchia, AP Business Writer

AP, September 8, 2006

Feds Working to Connect Fingerprint Databases Used by DHS, DOJ

WASHINGTON (AP) -- The Department of Homeland Security on Thursday announced improvements to the fingerprint databases it and the Justice Department use, which the government hopes will improve information sharing among federal, state and local law enforcement.

The changes are part of a pilot program launched this week between federal authorities and the Boston Police Department, according to a DHS spokeswoman. The technology enhancements represent the first in a series of three phases to

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connect the U.S. Visitor and Immigrant Status Indicator Technology program's database and the FBI's Integrated Automated Fingerprint Identification System. US-VISIT will collect all 10 fingerprints instead of two to enhance accuracy and to complement the FBI's 10-fingerprint system. The upgrades should be complete by 2009.

Of more than 64 million visitors processed through US-VISIT, more than 1,300 criminals or immigration violators have been intercepted, according to DHS. Accenture Ltd., a management and technology consulting company, is the system's prime contractor and is supported by Raytheon Co., SRA International Inc. and Titan Corp., which is now part of L3 Communications Holdings Inc.

Military contractor Lockheed Martin Corp. built the FBI system and continues to maintain it, a spokesman for the Bethesda, Md.-based company said.

The first phase of enhancements will give state and local law enforcement officials access to immigration history through a single biometric submission to the databases. Fingerprints currently must be submitted separately for criminal and immigration verifications.

An automatic alert also will be sent to U.S. Customs officials when the fingerprints of a suspected criminal, being processed by local law enforcement, belong to someone with an immigration violation. State Department consular officers and DHS border and immigration officers also will have access to an additional number of FBI warrants when making decisions on foreigner admissions or visa applications.

During the second phase, DHS and DOJ will increase the amount of data they exchange, and the final phase will provide a complete view of a person's criminal and immigration history.

The FBI plans to upgrade its fingerprint database and is expected to release a request for proposals on the Next Generation Identification system next year. Lockheed Martin plans to bid on that contract, the company spokesman said.

Shares of Accenture lost 48 cents to close at $28.39 Thursday, while Raytheon dipped 11 cents to end at $47.65, both on the New York Stock Exchange.

SRA International fell 3 cents to close at $26.86, L3 Communications lost $1.20 to end at $74.82, and Lockheed Martin gained 25 cents to end at $83.50, all on the NYSE.

Designs For 3 WTC Towers Unveiled (AP-Y)

By Amy Westfeldt

AP, September 8, 2006

Architects presented striking new visions for the World Trade Center site Thursday with designs for three more towers — including a diamond-shaped skyscraper — that would replace the twin towers with some of the city's tallest buildings overlooking a Sept. 11 memorial.

The designs unveiled Thursday joined plans for the 1,776-foot-tall Freedom Tower skyscraper, an 8-acre memorial surrounding the spots where the twin towers stood and a winged glass-and-steel transit hub.

The three new towers would descend in height from the iconic Freedom Tower in a spiral around the memorial, which sets twin reflecting pools above the spots where the towers stood in a tree-filled plaza.

"These are some of the most stunning buildings you will see anywhere in the world," Gov. George Pataki said. "It does respect the sanctity of this entire site."

Architects Norman Foster and Richard Rogers, both of Britain, and Fumihiko Maki, of Japan, presented models of the towers at a news conference at developer Larry Silverstein's rebuilt 7 World Trade Center. A film showed the buildings' models from different angles while "New York, New York" played in the background.

Foster designed the tallest of the three buildings — at 1,254 feet, taller than anything in the city except the Empire State Building. It appears to connect four narrow towers, topped by four shining diamonds that would be lit at night.

Foster, who designed the Hearst Tower in Manhattan and used diamond patterns in his original "kissing towers" proposal for the trade center site, called the diamonds a "beacon" that would direct viewers down towards the memorial from any angle in the city.

"Wherever you are ... and you look at this tower, it will tell you where the memorial park is," he said.

Foster's tower would have four wider floors for financial trading, a 65-foot-high lobby and retail space above and below ground. None of the buildings is planned to have storefronts or retail space that directly face the memorial.

Rogers proposed a slender 71-story tower with crisscrossing columns up and down its sides, topped by 100-foot spires at all four corners. He called it "a very slim tower, clearly structured, clearly legible" and said he wanted to create an effect of reaching into the sky.

Maki called his 61-story tower an "abstract, minimalist" creation and said it would be clad in a perforated aluminum that would make it the lightest-colored of the three buildings. It would house restaurants and cafes at its lower levels directly overlooking the memorial.

The Maki tower is the first scheduled to begin construction and the only with committed tenants. The Port Authority of New York and New Jersey, which owns the trade center site, and city officials have agreed to take space there.

Still to be designed are a performing arts center, a visitors center and a fifth tower, possibly residential, to be built just off the 16-acre site. Development officials said the entire site will be rebuilt by 2012.

Silverstein and the Port Authority are expected this month to finalize a deal to split rebuilding rights at ground zero, giving Silverstein control over the three towers on the eastern side of the site and handing over control of the Freedom Tower and the fifth tower to the Port Authority.

A First Look At Freedom Tower's Neighbors (NYT)

By David W. Dunlap

The New York Times, September 8, 2006

The developer of the new World Trade Center unveiled the designs yesterday for three gargantuan skyscrapers at ground zero that would serve as steppingstones to the Freedom Tower and, with it, remake the New York skyline.

Each building has a different famous architect — Norman Foster and Richard Rogers, both of London, and Fumihiko Maki of Tokyo — and a distinct design. Known simply as Towers 2, 3 and 4, they would occupy three parcels between Church and Greenwich Streets. Together with the PATH terminal by Santiago Calatrava, they would be the trade center's front door to the rest of downtown, with the signature Freedom Tower rising to the west.

Taken in a single sweep, the designs presented yesterday by the developer, Larry A. Silverstein, offered the most comprehensive picture to date of what the finished trade center might — just might — look like in 2011 or 2012, if development unfolds as planned.

That is something it has stubbornly refused to do so far. Mr. Silverstein still needs tenants and financing. And the Police Department, which will review the security, has only just received the plans. Its objections to the original Freedom Tower forced a redesign last summer. Foundation work finally started in March.

At the presentation, the architects and government officials said the three proposed towers were meant to respect and defer to the trade center memorial below, the true heart of the site. But only in contrast with the 1,368-foot Freedom Tower (1,776 feet if measured to the top of its mast) would these three skyscrapers seem deferential.

Lord Foster's Tower 2, across Church Street from the 18th-century St. Paul's Chapel, would be taller than the Empire State Building without its antenna. Topped by four enormous diamonds, illuminated at night and steeply inclined toward the memorial, it would reach 1,254 feet, with an 85-foot tripod-shaped antenna to complete the highest diamond.

Tower 3, by Lord Rogers, would rise 1,155 feet. Its bold exoskeletal framework of diagonal braces would create a diamond pattern echoing the rooftop of Tower 2. Even the smallest and subtlest building, Mr. Maki's 947-foot Tower 4, would be taller than the Citigroup Center.

The grouping has none of the original trade center's uniformity. The architects described the results of their collaboration as a fusion that adhered to the master site plan by Daniel Libeskind, but — except for Tower 2 — the designs bear little resemblance to Mr. Libeskind's early renderings, which showed buildings shaped like quartz crystals.

If these new designs form any kind of ensemble with the Freedom Tower — Tower 1, by David M. Childs of Skidmore, Owings & Merrill — it is probably more of a jazz quartet.

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"Think about five years from now," Deputy Mayor Daniel L. Doctoroff urged the audience at the unveiling, on the top floor of Mr. Silverstein's 7 World Trade Center, the only finished building at ground zero. "We will stand on this site and literally side by side will be the work of seven of the world's greatest architects — Libeskind, Foster, Maki, Rogers, Calatrava, Childs — all there. In one place. Nowhere else in the entire world."

(The seventh, inadvertently omitted from Mr. Doctoroff's remarks, is Frank Gehry, who is to design the performing arts center next to the Freedom Tower.)

The new designs follow Mr. Libeskind's dictum that the office towers step up in height from the southernmost parcel to the Freedom Tower, forming a kind of skyscraping spiral around the memorial plaza.

"The silhouette of the buildings does exactly what the master plan called for," Mr. Libeskind said yesterday, expressing his enthusiasm for the designs. "I never wanted a monolithic site where the buildings looked the same."

No matter the polish and refinement of the models and renderings seen yesterday, however, the designs will certainly be subject to change in coming months and years, like all of the other projects at ground zero.

Mr. Silverstein said security was a primary goal in the towers' design.

"We've spent time with N.Y.P.D.," Mr. Silverstein said, and will continue to do so "to make sure that these buildings are built as safe as a building can be built."

But Deputy Commissioner Paul J. Browne, a spokesman for the Police Department, said in an e-mail message: "The N.Y.P.D. was only shown plans for the additional structures on Tuesday, Sept. 5. Beyond that I can't comment."

Under the terms of an April agreement with the Port Authority of New York and New Jersey, which is in place conceptually but has yet to be signed, Mr. Silverstein would construct and control Towers 2, 3 and 4. He is also developing the Freedom Tower for the authority. Mr. Silverstein has surrendered his interest in the Tower 5 site, where the former Deutsche Bank building still stands, awaiting demolition. Tower 5 has not yet been designed.

Mr. Silverstein said Gov. George E. Pataki asked him in April whether conceptual designs could be prepared for the three towers before Sept. 11. "I looked at him and I said, 'Governor, if this needs to be done, I can tell you it's going to be excruciatingly difficult, but if it's a requirement that you've got to get it done in this timeframe, then let's get to it,' " he recalled yesterday.

Employees of Foster & Partners, the Richard Rogers Partnership and Maki & Associates worked together on the 25th floor of 7 World Trade Center, overlooking ground zero, with a digital clock on the wall counting off the hours to deadline.

The governor seemed pleased by the results. "These are some of the most stunning buildings you will ever see anywhere in the world," Mr. Pataki said yesterday.

Tower 2 at 200 Greenwich Street, between Vesey and Fulton Streets, would have 2.3 million square feet of office space. There would be 78 floors, four of them trading floors, and 143,000 square feet of retail space. Lord Foster said its southeast edge follows Mr. Libeskind's Wedge of Light, defined by the angle of the sun at 8:46 a.m. on Sept. 11, when the terrorist attack began.

The shaft is to be divided into quadrants, culminating in diamond forms meant to direct the eye down to the memorial. The surface of these diamonds is likely to be porous, so snow and ice will not accumulate.

Construction of Tower 2 will require the removal of the Vesey Street staircase, also called the "survivors' stairway," which is the only aboveground remnant of the original trade center that still stands where it did on 9/11.

Tower 3 at 175 Greenwich Street, between Dey and Cortlandt Streets, with 2.1 million square feet of office space, has been designed by Lord Rogers as flat-topped, with asymmetrical shoulders and a framework intended to distribute the building's weight load in case columns are knocked out. There are five trading floors in the 71-story tower and 133,000 square feet of retail space.

Cortlandt Street will be kept open between Tower 3 and Tower 4. The Port Authority had proposed building a shopping arcade that would have joined the buildings' bases, but city officials objected to the loss of an open, public corridor between the memorial and the rest of Lower Manhattan.

Tower 4 at 150 Greenwich Street, between Cortlandt and Liberty Streets, is the most understated, with a sheer curtain wall. The 61-story building, with 1.8 million square feet of office space, begins as a parallelogram and then becomes a trapezoid.

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In the 146,000 square feet of retail space at the base, Mr. Maki has proposed a multilevel public chamber at Liberty Street, through which commuters bound for Wall Street will pass. He has also proposed a restaurant overlooking the memorial plaza, offering the public an elevated vantage.

Under the conceptual development agreement, most of Mr. Maki's tower is to be occupied by the Port Authority and New York City.

Asked whether the authority had a hand in shaping the building's minimalism, Kenneth J. Ringler Jr., the executive director, said: "We certainly were not involved in that. These are artists and these are their designs."

Plans For Three Trade Center Towers Are Unveiled (WSJ)

By Alex Frangos

The Wall Street Journal, September 8, 2006

NEW YORK -- Architects unveiled plans for three shimmering office towers at Ground Zero, completing the latest vision for the World Trade Center reconstruction.

Architects Fumihiko Maki, Richard Rogers and Norman Foster showed off their plans Thursday for three distinct-looking towers of ascending height that will line the east side of the trade-center site. The cost to construct the three buildings will be about $7 billion. The entire trade-center site, including the Freedom Tower, the Sept. 11 memorial and a transit hub will cost more than $12 billion, according to people familiar with the project. 1

While the unveilings show progress toward a goal of completing the rebuilding by 2012, obstacles remain nearly five years after terrorist attacks destroyed the World Trade Center. Private office developer Larry Silverstein and the site's owner, the Port Authority of New York and New Jersey, have yet to finalize an agreement on the designs of the buildings, the layout of the labyrinthine underground concourses the buildings share with retail and transit functions, and the way to pay for it all.

Mr. Foster's tower, known as Tower 2, at 200 Greenwich St., will rise 1,254 feet, topped by an 85-foot, triangular-shaped antenna -- making it one of the tallest buildings in the U.S. and only a shade shorter than the original Twin Towers. Earlier versions of Tower 2 put the height at 1,150 feet. The nearby planned Freedom Tower's roof parapet will rise to the same height as the taller of the Twin Towers, 1,368 feet, but its antenna will reach a symbolic 1,776 feet. Tower 2 will have a sloped roof with four diamond-shaped panels, which face the memorial. Mr. Foster described the panels as a "beacon" that will draw people's view from throughout the city toward the memorial.

Mr. Rogers's tower, known as Tower 3, at 175 Greenwich St., will rise 1,155 feet, also taller by 105 feet than originally envisioned. Plans show a flat top with four spires at the corners that rise an additional 100 feet. The façade exposes the structural steel that will hold up the tower, a signature of Mr. Rogers's work.

Mr. Maki's tower, known as Tower 4, at 150 Greenwich St., will be 947 feet and have a sleek, minimalist look. Notches run up the building along the corners, increasing the number of corner offices. The façade on the upper part of the tower is set at an angle to the lower portion of the building.

All three buildings have 50- to 70-foot-tall lobbies that face the memorial. The lower floors in each building include street-facing retail space and entrances to underground transportation. Towers 2 and 3 will include several large trading-room floors to attract major financial tenants. The towers will be paid for through a combination of insurance funds and government-subsidized, tax-exempt loans.

Construction at the site has long been delayed over how Mr. Silverstein, the Port Authority and other parties would divide and pay for the site's various functions. A tentative rebuilding agreement struck in April involved Mr. Silverstein ceding rights to own the iconic, but financially uncertain, Freedom Tower and another yet-to-be-designed tower to the Port Authority. In exchange, the Port Authority agreed to reduce Mr. Silverstein's lease payments. The developer kept the rights to own towers 2, 3 and 4.

After several groundbreakings and false starts, preliminary foundation work for the Freedom Tower, the memorial and the transit hub began earlier this year. To move forward on all the buildings at the site, however, an agreement on the design of the underground warren of delivery ramps, mechanical rooms and pedestrian walkways must be completed. Both sides had hoped

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to finalize the agreement in time for Thursday's unveiling. It now appears an agreement won't be ready until the Port Authority's next scheduled board meeting, Sept. 21.

Despite the lack of an agreement, Mr. Silverstein said unveiling the drawings was a significant step. "We're about to embark on the true rebuilding of the trade center," he said.

The federal government and New York state have tentatively agreed to rent at least half of the Freedom Tower, though leases haven't been signed. Of the towers unveiled Thursday, New York City and the Port Authority have offered to fill Tower 4 with government offices, though they are continuing to negotiate with Mr. Silverstein on rental prices. Mr. Silverstein is seeking private tenants for Tower 2 and Tower 3.

His prospects for landing major tenants have gotten better in recent months. Businesses are expanding in Manhattan, causing vacancy rates to decline and rents to increase. He has landed several tenants for his already-rebuilt 7 World Trade Center, including Moody's Investors Service, which is set to take 15 floors.

Ground Zero Bears America's Broken Politics (column) (WSJ)

By Daniel Henninger

The Wall Street Journal, September 8, 2006

Whatever else the homicidal Muslim gangs thought they were going to accomplish on September 11, none could have predicted that five years later the site of their attack in lower Manhattan would remain 16 empty acres.

More than nothing is happening at Ground Zero. Work has begun on the transportation hub designed by architect Santiago Calatrava. Because the hole is so deep, you have to look hard to see that the dirt floor has become busy with construction workers in orange hardhats. Most of the work is taking place below ground, preparing footings and foundations to hold the 2.6 million square-foot Freedom Tower, whose theoretical completion date is 2011.

No matter these first signs of productive life, one's eyes inevitably move to the slurry walls, the huge slabs of torn, gray concrete that ring the site. The slurry walls will come down eventually, but after five years they have burned themselves into memory as the sad, oddly dignified remnant of the event.

Ground Zero, uncompleted and broken, is an apt metaphor for the consequent events in America that came after it -- the war on terror, Iraq, the fall into partisan division amid war, and the insular politics that left this awful unbuilt site. The site is an unclosed grave. It is a rebuke surely to New York's politics, but a mocking rebuke as well to a national ethos of public life that would rather wallow in problems than resolve them. Ironic it is that in our time the state of being most avidly sought after tragedy is "closure." In truth, we'd rather not.

Ground Zero has been the perfect storm of New York politics. Yes, politics by its nature is a slow process of extrusion. And yes, New Yorkers are famously opinionated. But in New York self-expression -- the exhibiting of the glorious self -- is a god worshipped many times a day. And so everything is fought over -- the design of the tower, the meaning of the Memorial, the money -- and no one gets to decide anything. Process, debate and not least, litigation, become the main event.

Something similar happened to our national politics through these years. It is one thing to disagree with the decision to go into Iraq, to oppose it and abhor its most painful consequences. It is something else, as some have done, especially in Congress, to withdraw and withhold support for a presidency amid war and to work to thwart virtually every aspect of its war program in Iraq and everywhere. When a Senator Lieberman partially dissents, the party purifies itself.

This is not opposition in normal political times. This is not Social Security reform; it is not a capital-gains tax cut. It is a war, or whatever euphemism one wishes to use to describe resisting the up-and-running forces that planned 9/11, London, Madrid, the foiled airline-bomb plot and all the other murders of innocent civilians whose crime was that they affronted radical Islam.

Presumably we want to succeed in this enterprise, that is, stop them. Instead, we stop ourselves -- feeling it necessary to contest, at length and in the loudest public way, surveillance techniques, interrogation techniques, the rules of engagement for U.S. military personnel, the holding of prisoners.

Is it possible to see all this as the inevitable yeastiness of an active politics? Once again, yes. And yes as well that there is a point past which, as with Ground Zero, it becomes mostly egoistic self-indulgence. Wallowing.

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An army that declares a ban on "hooding" and "water-boarding" prisoners, as ours did this week with the release of its new Field Manual, is an army fully engaged in the current politics of inversion. This is a politics that amid war expands prisoners' rights even as it restricts the freedom of travelers in airports at risk from the uncaught cohorts of the prisoners.

One would think that a system serious about staying steps ahead of a declared mortal enemy -- whether by military means or diplomatic engagements -- would prefer to do so with a nation closer together than farther apart. Not us. Our evident presumption is that we can remain deeply divided politically, work daily to deepen the divide, and still prevail. This is a novel and untested theory.

At some point in the five years of the anti-terror wars, George Bush, Dick Cheney and Donald Rumsfeld should have extended their hands across the aisle to try to break the fall of our politics. Some good might have come of it. Or perhaps the offered hand would have been slapped away. We'll never know. It's too late for that. If the Democrats win the House in November, the war on terror overnight becomes a footnote in the smaller but infinitely more familiar war to win the White House.

September 11 and the place it left behind, Ground Zero, are entering the realm of abstraction. Oliver Stone can make a movie that transforms the event into a kind of cataclysmic natural disaster, disconnected from the politics that flew planes into the buildings 108 stories above. So be it. Ground Zero has been a zero-sum game for so long that it becomes hard to complain much when the mythmakers move in to fill the void.

So I'll offer a personal myth. Since September 11, the most uplifting thing I have seen as I walk daily to work past the 16-acre site has been the constant, truly constant, stream of people who come there year round -- in the bitterest, windy days of February -- to stand outside the galvanized steel fence and look in. A paradox: The failure of political will to close the wound has allowed everyone in the world who wished to see it, to see it.

And so for nearly 2,000 days, uncounted numbers of people, often families, have come to Ground Zero. Whether they arrive in a state of curiosity, anger, fear or pain, it doesn't matter. What has been available for them to see has not been renewal or designed remembrance. There is only the sight of something undeniably monstrous. All these people have looked and come to a private conclusion about what it meant.

My myth is to believe they are filling the world with more gravity and moral seriousness about September 11 than one might have guessed from the downward spiral of our politics since that day. What eventually becomes of Ground Zero isn't so important anymore. More good than one might have hoped for has walked away from it.

WAR NEWS:

Conservative Group Airs Pro-Bush Ad (AP-Y)

By Jim Kuhnhenn

AP, September 8, 2006

Dovetailing with President Bush's war-on-terror message, a conservative advocacy group released a television ad Thursday warning that many critics of the war in Iraq "would cut and run in the Middle East, leaving al-Qaida to attack us again."

The ad by Progress for America, a conservative group that gained prominence in the 2004 presidential election, displays images of past terrorist acts against the U.S. by Islamic terrorists and links the war in Iraq to the broader campaign against terrorism.

Its release comes as President Bush is executing an aggressive political strategy nine weeks before midterm elections to draw attention to the continuing fight abroad and at home to thwart terrorists.

"Many times before 9-11, al-Qaida attacked America, and we took little action," the ad's narrator says. "But after 9-11, we struck back, destroying al-Qaida terrorists in Afghanistan and Iraq."

The ad is one of a growing number of independent advertising campaigns by advocacy groups that are weighing in with political messages that could influence the vote in November, and thus determine control of Congress.

The Progress for America ad does not mention any candidates, but its first statewide run Thursday was in Missouri, where Republican Sen. Jim Talent is facing a tough re-election challenge from Democrat Claire McCaskill. It doesn't even mention political parties, alluding only to "many (who) seem to have forgotten the evil that happened only five years ago."

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The ad is scheduled to air for a week on broadcast television in the major markets of Kansas City, Mo., and St. Louis before moving on to other states, Progress for America spokesman Stuart Roy said. The ad is also running nationally on cable television.

In launching the ad, Progress for America enlisted the help of David Beamer, the father of Todd Beamer, one of the passengers on Flight 93 who tried to wrest the doomed Sept. 11 plane back from hijackers before it crashed in Pennsylvania.

"This enemy is not going to surrender," Beamer said. "The sacrifices that have been made and continue to be made are absolutely necessary."

Progress for America made its mark two years ago when it aired an ad, "Ashley's story," that depicted Bush hugging the daughter of Sept. 11 victim Wendy Faulkner. The group was the best financed Republican-oriented group in the 2004 campaign. Between January 2005 and July of this year, the group has raised nearly $4.7 million according to Internal Revenue Service records.

Meanwhile, a group aligned with former top Democratic officials aired an ad Thursday against Republican Rep. James Walsh of New York, who is in a close contest. Majority Action executive director Mark Longabaugh would not describe the cost of the ad, but Republicans estimated it at $80,000. The group also made a significantly smaller ad purchase against Rep. Deborah Pryce, R-Ohio, also in a tight race.

"Tell Congressman Walsh to stand up to Bush," a narrator says. "We need a smarter plan for national security that keeps us safe here at home."

Majority Action is an independent nonprofit organization whose leaders include former Democratic National Committee chairmen Joe Andrew and Don Fowler. The group has stepped up its fundraising this summer. It had raised $210,000 as of June 30, according to IRS records.

Longabaugh said the group was raising money from labor unions and trial lawyers. He said the group planned to run ads against other Republican incumbents in days to come, but would not say where.

Among other independent ads:

_The political action committee for the American Medical Association is spending more than $100,000 in television ads in Maryland to support Democratic Rep. Ben Cardin in his primary contest for U.S. Senate.

_The Democratic-leaning Public Campaign Action Fund is spending $20,000 to run 331 radio ads in rural southeast Ohio attacking scandal-scarred Rep. Bob Ney, R-Ohio, for a 2002 golfing trip he took to Scotland with disgraced lobbyist Jack Abramoff. Ney has dropped out of the race. A special election is Sept. 14 to replace him on the ballot.

The Central Truth (NYT)

By Thomas L. Friedman

The New York Times, September 8, 2006

To listen to the latest Bush-Cheney-Rumsfeld speeches, you'd think that our biggest problem in Iraq is a violent minority of "extremists," defying the democratic will of the Iraqi people. And you'd think that our biggest problem at home is a misguided group of Democratic appeasers, who want to cut and run in the great totalitarian struggle of the 21st century.

I wish it were so. Unfortunately, we are in trouble in Iraq now not because of what the "fringes" there, or here, believe, but because of what the center in both places has been willing to tolerate or unwilling to change.

We have a "center problem."

Let me explain: We are stalled in Iraq not because of something some fringe antiwar critics said, or did, but because of how the Bush team, the center of U.S. policy, approached Iraq from the start. While it told the public — correctly, in my view — that building one example of a tolerant, pluralistic, democratizing society in the heart of the Arab-Muslim world was really important in the broader war of ideas against violent radical Islam, the administration acted as though this would be easy and sacrifice-free.

Bush-Cheney-Rumsfeld told us we are in the fight of our lives against a new Islamic fascism, and let's have an unprecedented wartime tax cut and shrink our armed forces. They told us we are in the fight of our lives against a new Islamic fascism, but let's send just enough troops to topple Saddam — and never control Iraq's borders, its ammo dumps or its looters. They told us we are in the fight of our lives against a new Islamic fascism, but rather than bring Democrats and Republicans

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together in a national unity war coalition, let's use the war as a wedge issue to embarrass Democrats, frighten voters and win elections. They told us we are in the fight of our lives against a new Islamic fascism — which is financed by our own oil purchases — but let's not do one serious thing about ending our oil addiction.

Donald Rumsfeld demonizes war critics as "morally confused." But it is the "moral confusion" at the heart of the Bush policy — a confusion between its important ends and insufficient means — that has hobbled us from the start. It truly, truly baffles me why a president who bet so much of his legacy on this project never gave it his best shot and tolerated so much incompetence. He summoned us to D-Day and gave us the moral equivalent of the invasion of Panama.

But there is not only a problem at the center of U.S. policy. We are also failing in Iraq because of what the Shiite and Sunni mainstreams — not the fringes — are tolerating. Democracy fails when centrist forces either won't stand up to extremists or try to use their violence for their own purposes.

The short history of the Iraq war is that the Sunnis in Iraq, and in the nearby Arab states, refused to accept one man, one vote, because it meant bringing the Shiite majority to power in Iraq for the first time. The Sunni mainstream, not the minority, believes Shiites are lesser Muslims and must never be allowed to rule Sunnis. Early in the Iraq war a prominent Sunni Arab leader said to me privately, "Thomas, these Shiites, they are not real Muslims."

For two years, the Shiite center in Iraq put up with the barbaric Sunni violence directed against its mosques and markets — violence the U.S. couldn't stop because it didn't have enough troops, and because the Sunni center inside and outside Iraq tacitly supported it.

But eventually the Shiites snapped, formed their own death squads, turned to Iran for military aid, and focused more on communal survival than on making Iraq's democracy work. Today we have Shiite and Sunni parties in the cabinet, but with their own private militias — exactly like Lebanon during its civil war. So, where the Iraqi center stops and the violent fringes start is no longer clear.

The dominant struggle in Iraq today, writes the Iranian-American analyst Vali Nasr in his provocative new book, "The Shia Revival," is not "the battle of liberty against oppression, but rather the age-old battle of the two halves of Islam, Shias and Sunnis. This is the conflict that Iraq has rekindled, and this is the conflict that will shape its future."

Just staying the course will not contain it. But before we throw up our hands on Iraq, why not make one more big push to produce a more stable accord between Shiites, Sunnis and Kurds over how to share power and oil revenues and demobilize militias. We still don't have such an understanding at the center of Iraqi politics. It may not be possible, but without it, neither is a self-sustaining, unified Iraqi democracy.

Iraq Takes Over Command Of Armed Forces (AP)

By Rebecca Santana, Associated Press Writer

AP, September 8, 2006

U.S.-led forces turned over control of Iraq's military command to the Shiite-led government Thursday, a key step toward the eventual withdrawal of foreign troops.

But the ceremony in the heavily fortified Green Zone only transferred authority for one of Iraq's 10 divisions and its small air force and navy, and it remained unclear how quickly Iraqi forces would be prepared to take over security.

A legislative session nearby, meanwhile, degenerated into a shouting match as Sunni Arabs accused the majority Shiites of seeking to carve Iraq into sectarian enclaves.

Parliament Speaker Mahmoud al-Mashhadani interrupted a session after a draft bill submitted by the largest Shiite party led to accusations from Sunni Arabs that they were trying to divide Iraq. A live broadcast from parliament was pulled off the air amid acrimonious debate.

Sunni Arab legislator Saleh al-Mutlaq threatened his people "will not stay in a parliament that leads to the division of Iraq" and threatened to boycott any session that sought to approve such legislation.

The concept of federalism is enshrined in the new Iraqi constitution, and the Kurds in the north already have their own autonomous region. However, special legislation and a referendum would be needed to establish a federation comprised of autonomous regions.

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Both the north and mainly Shiite south are rich in oil, and Sunni Arabs could end up squeezed into Baghdad and Iraq's western provinces, which have no resources. Many Sunnis fear that federalism will lead to the breakup of the country.

On Thursday, Shiite Prime Minister Nouri al-Maliki signed a document taking control of Iraq's small naval and air forces and the 8th Iraqi Army Division, based in the south.

The top U.S. general in Iraq, George Casey, promised to "continue to fight with you to protect the Iraqi people wherever they are threatened."

"Today is an important milestone, but we still have a way to go," Casey said during the ceremony.

Handing over control of the country's security to Iraqi forces is vital to any eventual drawdown of U.S. forces here. After disbanding the remaining Iraqi army following the U.S.-led invasion in 2003, coalition forces have been training the new Iraqi military.

The nine other Iraqi divisions remain under U.S. control, with authority gradually being transferred. U.S. military officials said there was no specific timetable for the transition but U.S. military spokesman Maj. Gen. William Caldwell said Wednesday the Iraqis have "talked about perhaps two divisions a month."

And, in an apparent blow to press freedom in Iraq, the government ordered the Arabic satellite network Al-Arabiya to shut its Baghdad operations for one month, state television reported. The network said Iraqi police came to its offices Thursday to enforce the order issued by al-Maliki's Cabinet.

Al-Arabiya said it did not know why it was being shut down. In July, al-Maliki warned television stations against broadcasting footage that could undermine the country's stability.

Attacks across Iraq killed at least 25 people. In Baghdad, six bombings — including three by suicide car bombers — killed at least 17 people.

The U.S. military command also said two soldiers and a Marine were killed Wednesday in separate incidents. One soldier and the Marine died in Anbar province west of Baghdad and the other soldier was killed near Hawija, 150 miles north of the capital.

Associated Press Writers Bushra Juhi, Qais al-Bashir, Elena Becatoros and Patrick Quinn contributed to this report.

Iraq Begins To Take Formal Control Of Its Armed Forces (LAT)

By Patrick J. Mcdonnell

The Los Angeles Times, September 8, 2006

BAGHDAD — The Iraqi government began to assume formal control of the nation's armed forces Thursday, in a highly symbolic move linked to a possible future drawdown of U.S. troops.

Even as U.S. and Iraqi officials lauded the move, however, violence raged in the capital, and an Iraqi official said Baghdad had recorded more than 1,500 violent deaths in August — not far behind the record level of July. The bloodshed continued despite a massive security crackdown in the capital that began Aug. 7.

The new figures would seem to contradict U.S. and Iraqi assertions that the homicide rate had dropped dramatically. U.S. officials said at one point that killings had plummeted 52% in August compared with July, but that was before a surge in violence during August's final week.

As half a dozen bomb attacks rocked the capital, Iraqi Prime Minister Nouri Maliki signed an agreement with U.S. commanders to begin the process of placing the Iraqi army's 10 divisions under the Baghdad government's jurisdiction, independent of U.S. command.

"Today the new Iraqi army has been rebuilt on values other than sectarianism," Maliki said at a joint ceremony in the capital with Army Gen. George W. Casey Jr., the top U.S. commander in Iraq.

For the moment, the transfer is more figurative than real: U.S. commanders still hold the military reins here, retaining command of nine of the 10 Iraqi divisions — the vast majority of Iraq's almost 130,000 troops.

Still, at a time when both U.S. and Iraqi officials are striving to show signs of progress, both sides touted the signing as something beyond a public relations gimmick. The Iraqi government assumed full authority over the nation's embryonic air force and navy, along with the one army division.

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Neither U.S. nor Iraqi officials gave any indication of large-scale reductions in U.S. troop levels, now at 145,000 as U.S. and Iraqi forces mount the intense security crackdown in the capital, scene of rampant guerrilla violence and sectarian slaughter.

The current U.S. troop deployment is the highest in months, but is expected to decrease gradually in coming weeks as troops rotate back to the United States.

"Today is an important milestone, but, as we say, we still have a long way to go," Casey said at the ceremony.

Full military control will gradually be transferred to the prime minister's office, U.S. authorities say, but no timetable was provided. Iraqi forces should be ready to take over security in Iraq within 12 to 18 months with "very little" U.S. support, Casey forecast recently.

The ability of Iraqi forces to provide security is central to the Bush administration's effort to stabilize this violence-roiled nation and, eventually, reduce the U.S. troop presence here.

Thursday's ceremony came two months before midterm U.S. elections in which Washington's clouded fortunes in Iraq have become a central issue.

Casey and other U.S. officials frequently cite "progress" in the development of Iraq's soldiers and police, but experts agree that the almost 300,000-strong army and police forces are riven with problems, from militia infiltration to logistical shortfalls to absenteeism to a sometimes questionable will to fight — as was the case in a recent mutiny in the nation's south.

Ill-equipped and outgunned Iraqi police often prefer to remain in their barricaded station houses, U.S. advisors acknowledge, while Iraqi military commanders complain of a lack of supplies and troops to face insurgents, death squads, militiamen and assorted other threats.

"We need more troops, more Humvees," an Iraqi commander, Col. Khaled Rasheed, told a reporter this week at an Iraqi base along the Tigris River in Baghdad, after his troops had discovered the bodies of five more civilians killed execution-style.

Thousands of members of the Iraqi security forces and recruits have been killed, many in bombings that caused multiple victims, say officials, who have not provided a precise casualty toll.

This month, the Iraqi military stood by as looters pillaged and burned a former British base near the southeastern city of Amarah. Another southern unit refused a posting to the ethnic tinderbox of Baghdad.

But U.S. advisors say the Iraqi military remains far ahead of the 165,000-member police force, which suffers from corruption, poor equipment and scant training in addition to its tendency to stay holed up.

On Wednesday evening, a contingent of police officers in the dangerous New Baghdad neighborhood was clearly less than enthusiastic about going on patrol with members of the 519th Military Police Battalion, a Louisiana outfit advising police here.

"It can be difficult to get them to patrol," Sgt. John Botts said.

Most serious, officials say, are the sectarian divisions within the police and army.

Shiite Muslim and ethnic Kurdish forces face considerable resentment in Sunni Arab regions that remain incubators of a potent insurgency that regularly targets police. Many Sunni Arabs consider Shiite police and soldiers to be sectarian warriors and active collaborators with death squads.

U.S. officials have been pouring military hardware and weapons into the country, providing the Iraqi army and police with hundreds of armored personnel carriers, Humvees, helicopters and even fixed-wing aircraft. But deadly strikes against the security forces continue.

On Thursday, the day of the transfer, authorities reported that the half a dozen bomb attacks in Baghdad had targeted police, killing at least 13 people and wounding 40.

In one attack, a suicide car bomber veered into a police convoy in Tayaran Square in the heart of Baghdad, killing at least four people and injuring 17 others. A car bomb exploded between a police precinct and a gas station, killing at least five people, including three police officers, and wounding 21 others, mostly civilians.

Also on Thursday, U.S. authorities announced the deaths of three more American service members, all attacked in hotbeds of the Sunni Arab insurgency. One soldier was killed near the northern city of Hawija, while a Marine and a soldier died in fighting in the western province of Al Anbar.

Iraq: A Civil War We Can Still Win (WP)

By Charles Krauthammer

The Washington Post, September 8, 2006

As the Democrats turn themselves into the antiwar party, as popular support for the war continues to sink, as some who initially signed on to the war now heap scorn on the entire Iraqi project, the question of immediate withdrawal must be confronted.

There are two rationales for withdrawing from -- let's be honest, abandoning -- Iraq: (a) Iraq is not worth it, and (b) worth it or not, the cause is lost.

The first rationale was articulated most recently by John Kerry: "Iraq is not the center of the war on terror. The president keeps saying it is. The president keeps trying to push that down America's throat. It's wrong, it's a mistake and it's losing us the ability to do what we need to do in the region." This is absurd. If the United States leaves, the central government in Iraq will collapse, and the beneficiaries will be Iran, Syria and al-Qaeda, the three major terrorist actors in the world today. It would not just be a psychological victory but also a territorial one. Al-Qaeda would gain a base in Mesopotamia; Syria and Iran would share spheres of influence in what's left of the Iraqi state.

We might come out of this with an independent Kurdistan that could be a base for U.S. military power, but it would be a shrunken presence in a roiling area, a tragically small consolation prize.

One can argue that we should therefore have left Saddam Hussein in place. That assumes a stable and benign status quo ante . Both assumptions are false. But assume for a moment that the critics are right. That's the argument that should have been made -- that Kerry should have made -- four years ago, before he voted yes, before he voted no, before he voted yes on the war. At this point, it is simply indisputable that the collapse of Iraq's constitutional government would represent an enormous gain for the forces of terror.

The other rationale for withdrawal is that the war is lost and therefore it is unconscionable to make one more American soldier die for a cause that cannot be salvaged.

It is a serious argument from which we have been distracted during the past several months by the increasingly absurd debate over the meaning of the term "civil war," and whether Iraq is in one.

Of course it is. It began when the Sunni minority, unwilling to accept the finality of the Baathist defeat, began making indiscriminate war on the Kurdish-Shiite majority that had inherited the country as a result of the U.S. invasion.

Iraq is not Spain in the 1930s or America in the 1860s, but whether the phrase "civil war" is to be used is irrelevant. The relevant question is, can we still win, meaning can we leave behind a functioning, self-sustaining, Western-friendly constitutional government?

And that depends on whether the government of Prime Minister Nouri al-Maliki can face up to its two potentially mortal threats: the Sunni insurgency and the challenge from Shiite cleric Moqtada al-Sadr.

The vast majority of Sunnis are fighting not for ideology but for a share of power and (oil) money. A deal with them is eminently possible and could co-opt enough Sunnis to greatly shrink the insurgency. Even now, the insurgents have the capacity to massacre civilians and kill coalition soldiers with roadside bombs, but they have never demonstrated the capacity for the kind of sustained unit action that ultimately overthrows governments and wins civil wars. (See Castro, Mao, North Vietnam.) Our ambassador in Baghdad has been urging the Maliki government to make the bargain. He has also been urging it to get serious about the growing internal threat of Sadr's Mahdi Army, which is responsible for much of the recent sectarian violence and threatens to either marginalize or supplant the central government.

The only positive element in Sadr's rise has been a fracturing of the united Shiite front that can now allow some cross-sectarian (Sunni-Shiite) deals and alliances. But that requires a Maliki government decisively willing to deal with the Sunnis and take on Sadr.

Yesterday Maliki took over operational control of the Iraqi armed forces, the one national security institution that works. He needs to demonstrate the will to use it. The American people will support a cause that is noble and necessary, but not one that is unwinnable. And without a central Iraqi government willing to act in its own self-defense, this war will be unwinnable.

Fall In Deaths In Baghdad Not As Steep As Predicted (NYT)

DOJ_NMG_0059493

By Paul Von Zielbauer

The New York Times, September 8, 2006

BAGHDAD, Sept. 7 — The Baghdad morgue recorded more than 1,500 violent deaths in August, a morgue official said Thursday, a notable reduction from July's toll but hardly the sharp drop that American military and Iraqi government officials had been predicting.

The morgue official said 1,535 bodies had been received in August, about the same number as in June and a 17 percent reduction from July. The morgue reported receiving 1,855 bodies in July, the highest number of civilian deaths for any month since the American-led invasion in 2003.

The official, who provided the information on the condition that he not be named because he was not authorized to speak for attribution, spoke on the day when the American military formally began handing over control of Iraq's armed forces to the Iraqi government. The process, which American officials have hailed as a major step toward independence, will take months longer to complete, American officials said.

The August total of violent deaths, if accurate, contradicts the sense among many Baghdad residents and claims by American officials, after a lull early in August, that death rates had ebbed. A surge in attacks toward the end of August also casts doubt on the effectiveness of a four-week-old American military operation that added 4,000 American soldiers to secure several of the city's most dangerous neighborhoods.

In Baghdad on Thursday, the police reported finding a 24 bodies in various neighborhoods of the city, an Interior Ministry spokesman said, and a series of bombing attacks killed at least 16 Iraqis. The American military reported the deaths of three service members.

On Thursday, Maj. Gen. William B. Caldwell IV, the military's top spokesman here, wrote on a military Web site — www.mnf-iraq.com — that since Aug. 7, killings in Baghdad had declined by 52 percent compared with the average daily rate in July. But the military's figures do not include dozens, perhaps hundreds, of the civilians who died violently in August. The military's figures count only killings of individuals "targeted as a result of sectarian-related violence," said Lt. Col. Barry Johnson, a spokesman for the American military. Killings from other violent acts, like car bombings and mortar attacks, were not counted, he said.

The morgue's monthly body count in Baghdad has become a main indicator of the success of both the Iraqi government's national reconciliation plan and the American military's effort to secure Baghdad.

Colonel Johnson said he could not comment on the morgue's August figures or whether they contradicted the military's view that killings had precipitously dropped. On Wednesday, General Caldwell told reporters that "the cycle of retaliatory violence has been slowed in the target areas as we have specifically focused our efforts here within the Baghdad area." On Aug. 31, Iraq's national security adviser, Mowaffak al-Rubaie, said sectarian violence and other killings had dropped by 45 percent during the previous six weeks. "There's definitely a much better sense of security among the general public," The Associated Press quoted him as saying then.

Prime Minister Nuri Kamal al-Maliki's office said Thursday that it had imposed a one-month ban on the Al Arabiya television network as punishment for biased reporting. A government spokesman, Yaseen Majeed, said the station, based in the United Arab Emirates, had made several erroneous reports about sectarian killings and bombings.

The station also knowingly allowed a former government official who was fired for impersonating an Army general to masquerade as a high-ranking Interior Ministry official during an interview in which he said "that he had witnessed over 50 bodies in the streets," Mr. Majeed said. "We warned them in July, in an official letter, not to incite violence and sectarian unrest," Mr. Majeed said. "We asked them to abide by the standards of professionalism."

Al Arabiya's assignment editor in Baghdad, Nageeb bin al-Shareef, said Thursday that his office had not been officially notified of the government ban, and that the network was continuing its broadcasts from the fortified Green Zone here.

Mr. Maliki's office also said that 27 people who had been convicted of rape or murder were executed in Baghdad on Thursday.

In the bombings in Baghdad on Thursday, a roadside bomb that exploded at about 7:30 a.m. near the mosque in the Cairo neighborhood killed 3 people and wounded 16 others, the Interior Ministry official said. At about 9:30 a.m., a suicide car bomber

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detonated a bomb near police vehicles whose tanks were being filled at a gas station in the Karrada district, killing 10 people — some of them police officers — and wounding 17, the official said.

At 10:45 a.m., 2 more people were killed and 23 wounded when a second suicide car bomber exploded a bomb in the Bab al-Sharji district, a mile north of the gas station, near the Interior Ministry's headquarters. At 3:30 p.m., a third suicide car bomber blew up his vehicle in the Kadisiya neighborhood near a police convoy, wounding seven police commandos, the Interior Ministry official said. At 7:15 p.m., a roadside bomb killed a woman and wounded 13 others in the Amil district.

On Wednesday, Ahmad al-Mashhadani, the nephew of Mahmoud al-Mashhadani, the speaker of Parliament, was abducted while driving his car in northwest Baghdad, the Interior Ministry official said. Also on Wednesday, a roadside bomb killed two people at the funeral of a Shiite militia leader.

The American military announced the deaths of two soldiers and a marine on Thursday. In Anbar Province, a marine assigned to the First Marine Logistics Group died Thursday from wounds from hostile fire on Wednesday, the military said, and a soldier with the First Brigade, First Armored Division, died Wednesday, also from hostile fire. In Hawija, north of Baghdad, a soldier with the Third Brigade Combat Team, 25th Infantry Division, was killed by gunfire on Wednesday, the military said.

Body Count In Baghdad Nearly Triples (WP)

By Ellen Knickmeyer

The Washington Post, September 8, 2006

BAGHDAD, Sept. 7 -- Baghdad's morgue almost tripled its count for violent deaths in Iraq's capital during August from 550 to 1,536, authorities said Thursday, appearing to erase most of what U.S. generals and Iraqi leaders had touted as evidence of progress in a major security operation to restore order in the capital.

Separately, the Health Ministry confirmed Thursday that it planned to construct two new branch morgues in Baghdad and add doctors and refrigerator units to raise capacity to as many as 250 corpses a day.

The morgue expansion plans and the final body count for August show the dramatic surge in violence in Baghdad since U.S.-led foreign troops entered Iraq in 2003. Baghdad's morgue chiefly handles unidentified gunshot victims, now predominantly shot execution-style and often found with hands bound and showing signs of torture.

Since the spring, as sectarian violence has mounted, monthly counts of civilian casualties have reached the highest levels of the war, topping 1,800 at the Baghdad morgue in July. At least 3,438 Iraqis were killed across the country that month, according to Iraqi government figures, nearing the total of roughly 5,000 for the entire first year of the war.

In 2002, before U.S.-led forces entered Iraq, the Baghdad morgue averaged 15 shooting victims a month, morgue officials have said.

Gianni Magazzeni, chief of the U.N. human rights office in Iraq, which tracks casualty figures from Iraq's government, confirmed Thursday that the government-run Baghdad morgue had reported 1,536 dead for August.

Bombing victims and many others who die violently in Baghdad are taken to the city's hospitals rather than the morgue. The figures announced Thursday do not include those killings, or killings outside Baghdad and its surrounding towns. A complete countrywide toll is due from the Health Ministry later this month.

At the end of August, Baghdad's morgue initially reported receiving 550 bodies during the month. U.S. military and Iraqi government officials hailed what they said was a massive decrease in violence, calling it a sign of the success of Operation Forward Together. The joint U.S.-Iraqi security push had placed at least four of Baghdad's most violent neighborhoods under cordons and search operations, which were welcomed by many residents as bringing a relief from violence.

The U.S. military had called in units from Germany and Kuwait and postponed the scheduled return home of an Alaska-based unit for the bid to return peace to Iraq's capital in the fourth year of the U.S. occupation. U.S. Ambassador Zalmay Khalilzad called it the Battle of Baghdad and said it was essential that American forces win it, although U.S. commanders cautioned that the work would take months rather than weeks.

By late August, Maj. Gen. William Caldwell was claiming a 46 percent decrease in the murder rate in Baghdad for that month. "We are actually seeing progress," Caldwell said at the time. A U.S. military Web site on Thursday continued to assert a roughly 50 percent drop in killings in Baghdad.

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A U.S. military spokesman in Baghdad, Lt. Col. Barry Johnson, said Thursday that the U.S. figures were based on the military's "consolidated reporting with the Iraqi government." Johnson also disclosed that the military's numbers included only "individuals targeted as a result of sectarian-related violence, to include executions," and did not include "other violent acts such as car bombs and mortars."

Johnson said he did not track the morgue's figures and could not account for the substantial gap between the military's count for August killings and the latest figures from Baghdad's morgue.

The issue of civilian casualties has been politically charged since the start of the Iraq war. Soon after the invasion, U.S. and Iraqi officials for a time forbade Baghdad's medical officials to release morgue counts.

About a week after the bombing of a Shiite Muslim shrine in Samarra in February this year, a Baghdad morgue official, a Health Ministry official and an Interior Ministry official -- all of whom oversaw the morgue's body counts -- said 1,000 or more people had been killed as Shiite militias rolled openly across Baghdad to carry out retaliatory killings. Iraqi officials and Gen. George W. Casey Jr., the top U.S. commander in Iraq, called that figure exaggerated, saying only about 350 people were killed. An international official in Baghdad said Health Ministry officials had cited the higher toll before lowering it in response to what he said was political pressure.

The Health Ministry is run by the Shiite religious party of cleric Moqtada al-Sadr and is guarded by his militia, known as the Mahdi Army. Sadr's militia and that of the country's other main Shiite religious party have been blamed for much of the continuing Sunni-Shiite violence.

After the Samarra bombing, morgue officials brought in refrigerated trucks to hold corpses and crammed refrigerators in the morgue far beyond their intended capacity. Most of the corpses taken to Baghdad's morgue are unidentified and are held for long periods awaiting identification.

This week, Health Minister Ali Hussein al-Shamari said morgue workers plan to begin shooting videos of the unclaimed bodies so that officials can bury them after three or four days rather than storing them at the morgue for the required two weeks.

Health officials were also working to increase the number of refrigerators to allow the morgue to handle as many as 200 to 250 bodies a day, Shamari said. Two new buildings were planned, in the districts of Karkh and Rasafa.

Morgue officials also intend to double the pay of the morgue's overworked doctors and award bonuses, the health minister said.

Shamari made his comments to a Health Ministry in-house newspaper. The ministry's spokesman, Qasim Yahia, on Thursday confirmed the details in the account. Yahia said expansion had "nothing to do with the violence and killing."

Magazzeni, the U.N. human rights official, said, "Reducing the level of violence and the number of civilians killed is crucially important." Doing so would take a "common effort" by the U.S. and Iraqi military, police and Iraq's debilitated justice system, he said.

IED Attacks Keep Rising; U.S. Keeps Adjusting (USAT)

By Tom Vanden Brook

USA Today, September 8, 2006

WASHINGTON — Iraqi insurgents continue to increase their homemade-bomb attacks on U.S. and other coalition troops, despite a $3.5 billion Pentagon effort to stop them, a Pentagon official said Thursday.

Iraqi insurgents attacked troops of the U.S.-led coalition 1,200 times in August with improvised explosive devices (IEDs), compared with 1,100 attacks in July, said retired Army general Montgomery Meigs. He heads the Pentagon's anti-IED task force, the Joint Improvised Explosive Device Defeat Organization.

August's figure is four times as many IED attacks as were reported in January 2004. “We know what (the enemy is) using,” Meigs said. “It's not an easy thing to counter. It can be countered.”

The top killers of U.S. troops in Iraq, IEDs have claimed the lives of more than 1,000 servicemembers and have wounded more than 10,000.

Among the challenges for the task force: Iraq is awash in the explosives — often artillery shells — used to make the homemade bombs, and the means of detonating them can come straight off the shelf.

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"Ever been to Radio Shack? All the ways in Radio Shack you have of throwing a switch are potential ways of initiating or arming a bomb, or both," said Meigs, a former commander of U.S. Army forces in Europe and NATO's peacekeeping force in Bosnia.

About 45% of IEDs are found and disarmed before an attack can be carried out, according to a report by the Brookings Institution, a think tank in Washington. Of troops wounded in IED attacks, about 75% return to duty, Meigs said.

Insurgents have had to more than triple their attacks to achieve the same numbers of casualties, Meigs said.

"We are making slow, grudging progress," he said. "We will do better over time."

Attacks aimed at the bottom of armored vehicles, a vulnerable spot, have been increasing in Sunni areas of Iraq, Meigs said. There have also been more attacks in Baghdad, where U.S. and Iraqi forces are engaged in a show of force to try to improve security.

"There's lots of ways of making that thing go 'boom' under the vehicle," Meigs said. "Once you're under the vehicle, that's the sweet spot if you're attacking."

The Defense Department, Meigs said, is addressing the IED danger in three ways:

•Protection. More than 30,000 Humvees are getting new armored doors. About $1.4 billion has been spent this year on jammers that disrupt electronic signals used to detonate bombs. Vehicles with V-shaped hulls that disperse the force of a blast are being sent to Iraq as quickly as possible.

Michael O'Hanlon, a military analyst at the Brookings Institution, said the V-shaped hulls may be the best solution to the IED problem. He said he doubts that troops would ever find more than half of the bombs before they explode.

•Training. The Pentagon adopts new procedures within a month in response to changes in insurgent tactics.

•Attacks on insurgents. Iraqis are providing thousands of tips per month on insurgent activity, including IEDs and snipers. Tips this year peaked in April, when 5,900 were reported.

Army Faces Rising Number Of Roadside Bombs In Iraq (WP)

By Ann Scott Tyson

The Washington Post, September 8, 2006

Roadside bombs in Iraq escalated to record levels this summer -- to about four times the number of January 2004 -- as tips from Iraqi citizens warning of the bombs and other attacks have dropped sharply amid a flaring of sectarian violence, according to a senior U.S. defense official.

The leading killer of U.S. troops in Iraq, about 1,200 improvised explosive devices [IEDs] were detonated in August as insurgents continue to invent new ways to design and hide the lethal munitions, according to retired Army Gen. Montgomery C. Meigs, director of the Joint Improvised Explosive Device Defeat Organization, which is spearheading efforts to curb the bombs.

"We're making slow, grudging progress," Meigs said in a briefing with reporters. "We're not going to bat a thousand." But he predicted his organization -- which has grown from a small Army initiative of 12 people in 2003 to a Pentagon entity with 269 employees and a fiscal 2006 budget of $3.47 billion -- would "do better" over time.

Despite the soaring number of roadside bombs, nearly half are now discovered and neutralized by the military before they explode, and the number of U.S. casualties caused by the devices has remained relatively constant, although it has edged upward in recent months, Meigs said.

But finding the bombs has grown more difficult, as fewer Iraqis have come forward to alert the military to bombs, snipers and other enemy activity since the February bombing of the gold-domed mosque in Samarra sparked a spiral of sectarian killings.

The number of tips from Iraqis that the military can act upon, known as "actionable intelligence," rose earlier this year from 4,000 in January to a peak of 5,900 in April, but then declined significantly, to 3,700, in July. "It will improve once it's not so darn lethal to go out on the street," Meigs said.

"You have to have really good intel in real time. You have to have operational analysis of what's going well and what's not going well. And you have to train everybody like crazy," he said.

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Bombs that are particularly devastating for U.S. troops today include "explosively formed penetrators" -- metal slugs placed in cones that can punch through an inch of steel, he said. Another growing challenge comes from devices designed to detonate on the underbelly of armored vehicles, where they are most vulnerable.

"There is a higher incidence of bottom attack IEDs, especially in the Sunni areas," he said, adding that there is a particular concentration in Baghdad, where the U.S. military has stepped up operations to quell sectarian violence.

The Pentagon is adding new armored doors to Humvees, producing 5,000 kits so far for the estimated 35,000 Humvees in Iraq, Meigs said. But he said the military can add only so much armor to its vehicles while remaining mobile, and that he could not guarantee the new doors would protect against the penetrator bombs or other, bigger explosive devices being produced by insurgents.

Meigs's organization will spend about $1.43 billion -- or 41 percent -- of its budget this year on jamming devices to prevent remotely detonated bombs, and an additional $1.22 billion to detect, neutralize and gather intelligence on the road bombs. But he stressed that aggressive military operations, coupled with training in methods to defeat improvised explosives, were as important as new technology in tackling the problem.

Pentagon: Bomb Detection Improves (AP-Y)

By Pauline Jelinek

AP, September 8, 2006

The Pentagon is making progress against the No. 1 killer of U.S. troops in Iraq — roadside bombs — but a sharp drop in intelligence tips from Iraqis could hurt, the effort's head said Thursday.

As sectarian violence spiraled in Iraq, tips from Iraqis on bombs and all other issues dropped from 5,900 in April to 3,700 in July, said retired Army Gen. Montgomery Meigs.

Meigs was appointed by Defense Secretary Donald H. Rumsfeld to direct a program to find solutions to what the military calls "improvised explosive devices" through new technology, better training and improved battlefield tactics. It is called the Joint IED Defeat Organization.

Also key to countering the bombs and defeating insurgents is intelligence, like the tip from "the guy who leans over at a fruit stand and says, 'Don't go around the corner,'" Meigs told a group of defense writers.

Though he declined to give statistics, Meigs said the number of U.S. casualties from the bombs has remained almost constant over the last couple of years even though insurgents planted three or four times as many of the devices over that period. He said U.S. forces have been finding more of the bombs, which are remotely detonated and often hidden in rocks, debris and the like.

Meigs said insurgents use tribal or indigenous forces to plant bombs and make them with "off-the-shelf technologies" that they change about once a year, forcing the U.S. military to keep adapting to the threat.

He called the insurgent fighter "a very cagey enemy who has the advantage of going to the marketplace for research and development...

"We are making progress against defeating his system and we are going to get better," Meigs said. "But we have got to have patience. We are not going to solve this overnight."

It was the organization's first briefing since the Pentagon clamped down months ago on information coming from the office, saying too much was being revealed to insurgents, officials said.

One piece of technology that officials have discussed publicly is the signal jammer, which can block many frequencies insurgents are using to set off bombs.

Tape Reportedly Features Voice Of Zarqawi Heir (WP)

By Sudarsan Raghavan

The Washington Post, September 8, 2006

BAGHDAD, Sept. 7 -- The new leader of al-Qaeda in Iraq called on insurgent groups to unite against the American occupation and vowed to avenge the death of his predecessor, Abu Musab al-Zarqawi, according to an audiotape broadcast on an Arabic satellite television network Thursday night.

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The recording was believed to be the first taped message by Abu Hamza al-Muhajer, and it surfaced three months after Zarqawi was killed in a U.S. airstrike north of Baghdad.

"Our enemy has unified its ranks against us. Isn't it time to get together, worshipers of God?" the voice on the recording said in a brief excerpt played on Qatar-based al-Jazeera, which identified the speaker as Muhajer. On the tape, Muhajer said he was confident his group would emerge victorious and called upon all mujaheddin , or holy warriors, to close ranks against their common enemy.

Muhajer, using florid, rebellious language, threatened new assaults on U.S. and Iraqi forces and criticized Sunni Arab groups for participating in Iraq's new government. Addressing the United States and its allies, he said: "The fire in our blood will never cool, and the swords that have been colored with your blood are still thirsty for more of your rotten heads."

The Associated Press, which translated the message, said it could not independently confirm the tape's authenticity. The full 20-minute recording was later posted on an Islamic extremist Web site.

Muhajer also called on his followers "not to rest until each one of you kills at least one American within the next 15 days, by a sniper bullet, spear, explosive or martyrdom car."

Muhajer, a pseudonym meaning "the immigrant," is the same man U.S. officials identified after Zarqawi's death as Abu Ayyub al-Masri. An Egyptian about 40 years old, he is a longtime associate of Osama bin Laden's deputy, Ayman al-Zawahiri.

Unknown before he was anointed leader of al-Qaeda in Iraq's operations on June 12, Muhajer is believed to be an explosives expert and veteran of the Zawahiri-led network Egyptian Islamic Jihad and of al-Qaeda's organization in Afghanistan. Bin Laden has endorsed him in an audio message.

Several Sunni insurgent leaders said in telephone interviews Thursday that they would heed Muhajer's call to unite and vowed to launch attacks.

"We listened to the voice recording with acceptance and satisfaction, because he was calling the people to unite, and to unify the Islamic nation's weapons, against one clear enemy, who is the American forces," said Abu Anes, a leader of the Islamist Army, a Sunni insurgent group.

"From tonight, we're going to start to take revenge for the blood of Zarqawi," the Mujaheddin Shura Council, an umbrella organization of insurgent groups that includes al-Qaeda in Iraq, said in a statement Thursday night.

But Sunni politicians dismissed Muhajer's rallying cry, saying that most Sunnis in Iraq would pay little attention.

"They cannot unite, because their aim is different," said Saleh al-Mutlak, a Sunni member of parliament. "What al-Qaeda wants is not what the Iraqi resistance wants. All al-Qaeda wants is to fight the Americans everywhere. This is not in the interests of the Iraq resistance."

Al-Qaeda in Iraq's message aired on a mixed and emotional day for the country. U.S. troops formally turned over command of the Iraqi forces to Prime Minister Nouri al-Maliki, a move U.S. officials view as a milestone on the path to withdrawal of U.S. troops from Iraq. But the handover was overshadowed by a barrage of violence. Three suicide bombings, largely targeting Iraqi police across Baghdad, killed 17 people and wounded scores.

Meanwhile, Sunni political parties accused their Shiite Muslim counterparts Thursday of trying to break the country apart. The allegations flew during a legislative session after the largest Shiite party turned in a draft bill calling for Iraq to be carved up into a three-way federal system.

The bill provided for the creation of an autonomous region in the south, where Shiites predominate. The Shiite party, the Supreme Council for the Islamic Revolution in Iraq, headed by cleric Abdul Aziz al-Hakim, has spearheaded efforts to establish a southern mini-state.

The new Iraqi constitution upholds the concept of federalism. In the north, Kurds already run their own autonomous region. But for other parts of the country to do the same, special legislation and a referendum are required. Mutlak, the Sunni lawmaker, said Thursday night that his and other Sunni parties are considering leaving the parliament if the draft bill is approved.

"What's happening shows the whole political process is not right," said Mutlak, whose party, the Iraqi National Dialogue Front, is the second-largest Sunni group in the legislature. "It looks like the parliament is divided according to sect. There is no feeling of responsibility of these parties to what's happening in Iraq."

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Also Thursday, the Iraqi government temporarily shut down the Baghdad bureau of al-Arabiya television, a Dubai-based news network.

"Closing al-Arabiya for one month is a warning for the unprofessional conduct of their correspondents in covering events in Iraq," Iraqi government spokesman Ali al-Dabbagh said on state television.

Al-Jazeera has been barred from working in Iraq for the past two years.

Special correspondents Salih Dehema, Naseer Mehdawi, Naseer Nouri and other Washington Post staff contributed to this report.

Al-Arabiya: Told To Close Baghdad Office (AP)

AP, September 8, 2006

The Iraqi government on Thursday ordered Arabic satellite network Al-Arabiya to shut down its Baghdad operations for one month, state television reported. Al-Arabiya said Iraqi police later arrived at its offices to enforce the order.

The other pan-Arab satellite network, Al-Jazeera, had its office in the capital closed two years ago.

Al-Arabiya, which is based in Dubai, United Arab Emirates, at first said its headquarters had not yet been informed of a ban, but later said on live television that police had arrived at its Baghdad offices to close its operations down.

The order apparently was issued by Prime Minister Nouri al-Maliki's Cabinet.

"We have not officially been informed about the banning and we do not know the causes. Only the cabinet knows the causes," said Jawad Hatab, the Al-Arabiya bureau chief in Baghdad.

In July, al-Maliki warned television stations against broadcasting video that could undermine Iraq's stability.

A statement by al-Maliki's office cited news reports that "capitalize on the footage of victims of terrorist attacks." He called on media outlets to "respect the dignity of human beings and not to fall in the trap set up by terrorist groups who want to petrify the Iraqi people."

The statement said TV stations should uphold the code of media ethics, or else the government will take legal action against them.

The New York-based Committee to Protect Journalists — an independent group monitoring press freedom worldwide — condemned the decision to close the Al-Arabiya bureau.

"The arbitrary closure of Al-Arabiyas Baghdad bureau flies in the face of the Iraqi governments promise to uphold freedom of the press," CPJ Executive Director Joel Simon said. "We call on Prime Minister Nouri al-Maliki to rescind this ban immediately."

In November 2003, the U.S.-appointed Governing Council banned Al-Arabiya from reporting from Baghdad after it aired an audio tape said to be from Saddam Hussein, who was still at large at the time. The station was allowed to resume its work shortly afterward.

The Iraqi government closed the Baghdad news office of Al-Jazeera television in August 2004, accusing the station of inciting violence. The office is still closed but the station operates in the Kurdish-ruled area of the north.

At one time or another, Al-Jazeera has had bureaus closed in 18 countries and its signal blocked in 30.

President Bush and Defense Secretary Donald H. Rumsfeld also have criticized the Qatar-based station, accusing it of fueling anti-American sentiment and giving terrorists a podium. Al-Jazeera says it deals with tapes purely on the basis of news value.

Come Train Iraqis For Public Works Projects (WP)

By Walter Pincus

The Washington Post, September 8, 2006

Know something about public works and don't mind a bit of internecine strife in your workplace? This one may be for you.

The joint military command in Iraq is seeking a team to train 100 senior and mid-level employees of the Iraq Ministry of Construction and Housing how to exercise oversight over the policy, planning and construction of public buildings, military facilities, housing, roads and bridges funded by the Baghdad government.

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In U.S. terms, the ministry is the equivalent of the U.S. Army Corps of Engineers, the Federal Highway Administration, the Department of Housing and Urban Development and the General Services Administration all wrapped in one.

The ministry, which goes back to Saddam Hussein's rule, plans and designs government construction projects, controls 12 state-owned construction companies and oversees 14,000 employees.

The U.S. and coalition forces assigned the housing ministry some responsibility for reconstruction projects after the invasion, but the joint military command earlier this year determined that there was an "urgent need" to train the Iraqis "in program and project management," according to the statement of work put out by the Joint Contracting Command on Aug. 19.

The contract bid calls for the creation of a one-year training program to be structured in line with the management techniques and tools "utilized by the USG [United States government], coalition partners and other agencies," the work statement says.

The contract proposal suggests that a typical class contain 15 to 20 students and requires that it be taught in Arabic with Arabic texts and other teaching aids. The idea is to have what is termed a "training the trainer" approach so that personnel completing the program would be able to teach other housing ministry employees.

Among the U.S. methods to be emphasized, according to the work statement, are "managing the life-cycle . . . the phases that connect the beginning of a project to its end."

The training should also include a segment on "motivating the team" that would focus on issues such as "working for a new boss, relocation, concerns about long term prospects for the project and the distribution of work within the project environment . . . [which is] likely to be more successful under a democratic and consultative management style."

Another subject to be covered is "ethics and transparency in public organizations," which the work statement describes as "a beneficial factor within a public organization."

Safety is, of course, a major issue in Baghdad; the proposal requires the contractor to provide security for its employees' living quarters and for their transportation to and from the teaching sites.

Classrooms will be provided by the housing ministry, but if the contractor wants to establish its own teaching venue, the proposal requires that it be within "safe walking distance" from the ministry.

NATO General: Troops Needed For Afghan Fight (USAT)

USA Today, September 8, 2006

NATO's top commander in Afghanistan said “moderate reinforcements” are needed to help the Western alliance defeat militants who have been resurgent in the southern provinces. U.S. Army Gen. James Jones is asking for 2,000-2,500 troops to augment the 18,500 in place, plus attack helicopters and transport aircraft.

Jones said NATO has been surprised by the intensity of attacks and by the militants' willingness to stand and fight rather than hit and run. The coming weeks could be decisive in the battle against the Taliban and other Islamic fundamentalist fighters, he said.

Israel eases blockade of Lebanon

Israel lifted its nearly two-month-long air blockade of Lebanon but will keep its naval blockade in place until international forces can take over, said Miri Eisin, a spokeswoman for Prime Minister Ehud Olmert.

Israel imposed the blockade to prevent arms shipments to Hezbollah after the Lebanon-based guerrillas kidnapped two Israeli soldiers in a cross-border raid July 12, sparking a 34-day war.

A cease-fire brokered by the United Nations calls for 15,000 peacekeepers and a similar number of Lebanese troops in southern Lebanon.

Belgium detains soldiers in terror probe

Belgian police said they had arrested 17 neo-Nazi sympathizers in the military who were suspected of stockpiling arms for terrorist attacks.

“They were extreme right, with anti-Semitic and xenophobic ideals,” said Lieve Pellens, spokeswoman for the federal prosecutor's office in Brussels. “They had a number of ideas to plan attacks,” Dendermonde Police Chief Luc Boterberg said.

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After a two-year investigation, police raided five army barracks and 18 soldiers' homes in northern Belgium's Dutch-speaking Flanders region.

Burundi and rebel leaders sign pact

Burundi's government and the rebel National Liberation Force (NLF) signed a cease-fire to end 12 years of civil war that killed more than 250,000 people, South African mediator Dieno Khama said. Elections were held last year after the main rebel groups signed peace deals. The NLF was a holdout. The war started in 1993, when Tutsi paratroopers assassinated the country's first democratically elected president, a Hutu.

NATO General Wants More Troops In Afghan South (WP)

By John Ward Anderson

The Washington Post, September 8, 2006

PARIS, Sept. 7 -- NATO commander Gen. James L. Jones said Thursday that the military alliance needs as many as 2,500 more soldiers and additional aircraft for its sweeps in southern Afghanistan, acknowledging that officers were surprised by the force of the fight being mounted there by the resurgent Taliban militia.

Jones said in Brussels that NATO was facing a "difficult period" on the battlefield but would prevail even at its present strength. But more troops for the alliance commander would be "a cushion . . . some insurance, if you will, that he has more than enough force to do the job."

Jones said that NATO member states had to date sent only about 85 percent of the troops they pledged to the operation in Afghanistan's turbulent south. He urged them to come up with the full commitment, notably to add a squadron of attack helicopters and two to three C-130 transports. Marine attack squadrons typically have 18 attack helicopters.

Aides to Jones said afterward that the general was not implying that NATO members should increase their overall troop commitments for Afghanistan.

NATO Secretary General Jaap de Hoop Scheffer endorsed Jones's call, telling reporters that "all allies should think how they can help." Jones and de Hoop Scheffer had just returned from a three-day visit to Afghanistan.

Brig. Ed Butler, the British commander in Afghanistan, told the Press Association news service Thursday that his troops were being attacked a dozen times a day in fighting that was "up close and personal." His soldiers had fired 400,000 bullets since arriving in Helmand province earlier this year, he said.

On Aug. 1, U.S. commanders turned over military responsibility for southern Afghanistan to NATO. The alliance force in the south, led by contingents from Britain, Canada and the Netherlands, so far has about 6,000 members, Jones said.

Previously, NATO troops operated largely in the capital, Kabul, and other relatively calm parts of the country. Casualties resulting from their entry into a full-blown combat zone, where the enemy is using weapons and tactics reminiscent of Iraqi insurgents, have rattled public opinion in some alliance countries.

Fourteen British service members died when their Nimrod reconnaissance plane crashed Sept. 2. Five Canadians have been killed in the past week, four from hostile fire and one from an accidental strafing by a U.S. jet.

Jones declined to say which member countries he felt should provide more forces. Canadian Defense Minister Gordon O'Connor said in response to the remarks that his country had met its commitments, the Canadian Broadcasting Corp. reported.

...

The NATO troops are confronting fighters of the Taliban, a radical Islamic group closely allied with the al-Qaeda organization of Osama bin Laden. Both Taliban and al-Qaeda members operate with few restrictions in the remote tribal areas on both sides of the border between Afghanistan and Pakistan, where the groups have many supporters.

On Sept. 2, NATO launched an offensive outside of the southern Afghan city of Kandahar, the insurgents' traditional home base, and reported killing more than 200 Taliban fighters in the first two days. On Thursday, officials said that 21 suspected insurgents had died that day in Panjwayi district.

Jones said that NATO knew it was stirring up a "hornet's nest" when it took to the field in the south, but that the "tenacity of resistance" was more than expected. The militiamen were standing and fighting rather than employing their usual hit-and-run tactics, he said.

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But he said that "the ultimate solution in Afghanistan is not a military solution." It will depend instead on "the cohesion and the consistent support of the international aid structure."

Senior military officers of the 26 NATO countries are to take up the issue of more forces during a meeting Friday in Warsaw.

NATO Needs More Troops To Fight Taliban (AP)

By Paul Garwood, Associated Press Writer

AP, September 8, 2006

NATO's top military commander said Thursday that he needs more troops to fight the Taliban in southern Afghanistan, where a widening insurgency has left hundreds dead, including 21 militants in the alliance's latest air and ground attacks.

U.S. Gen. James L. Jones acknowledged NATO had been surprised by the "level of intensity" of Taliban attacks since the alliance took over from American-led coalition forces in the south in August.

Iraq-style suicide bombings, highly organized ambushes and dogged resistance have become hallmarks of Taliban holdouts who are fueling Afghanistan's worst violence since the U.S.-led invasion toppled the hard-line regime in late 2001.

NATO officials say current troop levels are enough to combat militants in southern deserts and mountain ranges, or crossing from neighboring Pakistan. But the vast battlefield in the south provides ample cover for insurgents familiar with the terrain and the region's tribes. Additional air support and as many as 2,500 new, highly mobile reserve troops would help finish the conflict faster, the officials said.

Pakistani President Gen. Pervez Musharraf acknowledged Thursday that al-Qaida and Taliban militants are crossing from his country to launch attacks in Afghanistan, but he denied his government sponsored them.

"You blame us for what is happening in Afghanistan," Musharraf told Afghan government and army officials and lawmakers after an anti-terror summit in Kabul with his Afghan counterpart, Hamid Karzai. He said neither the government of Pakistan nor its intelligence service "is involved in any kind of interference inside Afghanistan."

Jones, speaking in Belgium after a visit to Afghanistan, said NATO needed "additional insurance in terms of some forces that can be there, perhaps temporarily, to make sure that we can carry the moment."

That could take the form of helicopters, transport planes and "flexible" reserve troops able to move quickly to support NATO forces battling militants.

Jones later told reporters at the Pentagon by telephone that he was seeking roughly 2,000 to 2,500 extra NATO troops for the south. He said they would bring the NATO contribution up to 100 percent — up from 85 percent — of the force level pledged by allied governments before the southern deployment. There are now about 20,000 NATO troops in Afghanistan.

Jones said he was confident that generals from the 26 NATO nations, meeting Friday and Saturday in Warsaw, Poland, would authorize the reinforcements.

"In the relatively near future, certainly before the winter, we will see this decisive moment in the region turn in favor of the troops that represent the government," he said. "It will help us to reduce casualties and bring this to a successful conclusion in a short period of time."

Afghan officials and NATO commanders in Afghanistan welcomed the call for extra soldiers and air support for some 8,000 mainly British, Canadian and Dutch troops who took control of southern military operations from the U.S.-led coalition. At least 35 NATO troops have died since the handover.

"More troops and air support means we can do more things more quickly and achieve our goals of security, stability and spreading the Afghan government's authority," said NATO spokesman Col. Nick Grant-Thorold.

In the latest violence, some 21 suspected Taliban militants were killed Thursday in Kandahar province's Panjwayi district, the scene of a NATO-led campaign, dubbed Operation Medusa, that began Saturday. The deaths drove to 270 the number of militants NATO says have been killed in the operation — figures that have not been independently verified.

Fourteen died in a NATO airstrike and seven others were killed in clashes with ground forces, said Maj. Scott Lundy, another alliance spokesman.

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In another example of the Taliban threat in the south, militants retook the Helmand provincial town of Garmser for the second time since July after police fled their compound late Wednesday, Police Chief Ghulam Nabi Malakhail said.

Lundy confirmed clashes in the town of 50,000 — including NATO airstrikes — but said he was unsure if all police had left or if there were any casualties.

"It is quite possible that some of the Afghan national police have vacated the area," Lundy said. "There is definitely fighting there."

Taliban forces defeated 40 poorly armed police in Garmser after 16 days of fighting in July. U.S., British, Canadian and Afghan ground troops won it back and handed it over to reinforced Afghan security forces.

Jones said he was disappointed by the lack of commitment by some member nations to supporting the alliance's military mission, or strengthening Afghanistan's government by promoting reconstruction and eradication of the country's thriving opium poppy industry — a source of funding for the Taliban.

"The future of Afghanistan will not be determined by the military," he said.

Associated Press writers Paul Ames in Brussels, Belgium, Amir Shah in Kabul and Noor Khan in Kandahar contributed to this report.

NATO Seeks Reinforcement In Afghanistan (FT)

By Daniel Dombey

Financial Times, September 8, 2006

Nato's top commander on Thursday called for up to 1,000 more soldiers to be sent to Afghanistan to fight a Taliban-led insurgency that has taken the military alliance by surprise.

General James Jones, Nato's supreme allied commander, said the alliance's 26 nations had failed to deliver fully on commitments to staff and equip its force in the country, where a bitter insurgency is raging in the south. He said much of the international strategy for Afghanistan's reconstruction was on "life support".

The admission that Nato needs more troops after clashes that have claimed the lives of British and Canadian soldiers in the past week, highlights the challenge facing the alliance in bringing order to the country where the attacks of September 11 2001 were planned.

Nato took over responsibility for the south of Afghanistan, an area from which western forces were previously largely absent, only on July 31. Officials admit that in the past month the alliance has been engaged in the toughest fighting since it was formed in 1949.

Plans for Nato to concentrate on helping to develop infrastructure in the south of Afghanistan have taken a back step.

"We are a little bit surprised by the level of intensity and the fact that the opposition in certain areas is not relying on traditional hit and run tactics," Gen Jones said. Jaap de Hoop Scheffer, Nato secretary-general, said: "There are certainly a number of allies who can do more." He backed the call for additions to Nato's 20,000-strong force.

Gen Jones said that to date Nato's member countries had met only 85 per cent of their commitments towards the force. Speaking at his headquarters in Mons, Belgium, he said Nato countries needed to provide more helicopters and fixed-wing aircraft, and a reserve battalion. Military officials said this would involve 500-1,000 soldiers.

Gen Jones said a Nato meeting last month had failed to fill the gap and he would be pushing for the resources he needed at a gathering of Nato chiefs of defence staff in Warsaw, starting Friday.

He emphasised that Nato needed to step up quickly so that it could prevail in the current intense bout of fighting with the Taliban, which is likely to cease with the advent of winter.

He said that, without the resolution of Afghanistan's fundamental problems – notably, rampant opium production – Nato soldiers might have to remain for years. "We simply have to do better and more effectively in the war against drugs," he said.

The brunt of the combat has fallen on 4,500 British troops. The UK has already announced a reinforcement of 1,000 soldiers but officials say more Nato troops could be difficult to find.

Many Nato troop contributors are stretched by their commitments across the world. Gen Jones said he was not looking for a redeployment of soldiers stationed elsewhere in Afghanistan.

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So far this year 21 Nato soldiers have died in battle, with 21 non-combat related deaths.

NATO General Seeks Reinforcements To Fight Taliban (WT/AP)

By Paul Garwood

The Washington Times, September 8, 2006

KABUL, Afghanistan -- NATO's top commander yesterday urged allied nations to send reinforcements to southern Afghanistan, where resurgent Taliban militants are inflicting heavy casualties on foreign forces and have captured a remote town for the second time in two months.

Gen. James L. Jones said after a trip to Afghanistan that the coming weeks could be decisive for thousands of troops fighting in the south of the country amid the worst upsurge in violence since the hard-line Taliban regime's ouster in late 2001.

He said in Belgium that NATO needed "additional insurance in terms of some forces that can be there, perhaps temporarily, to make sure that we can carry the moment."

That could take the form of helicopters, transport planes and several hundred "flexible" reserve troops able to move quickly to support NATO forces around the region. Gen. Jones said he was confident that a meeting with top generals from the 26 NATO nations today and tomorrow in Warsaw would authorize the reinforcements.

"In the relatively near future, certainly before the winter, we will see this decisive moment in the region turn in favor of the troops that represent the government," Gen. Jones said.

NATO has been surprised since moving into the region by the intensity of Taliban attacks and by insurgents' willingness to stand and fight rather than hit NATO forces and run, he said.

NATO took command of southern Afghanistan from a U.S.-led coalition on Aug 1.

Britain, Canada and the Netherlands have taken lead roles in the south since NATO took command there, pumping in around 8,000 troops and bringing the NATO force's presence to about 20,000 nationwide. The alliance claims to have inflicted grave insurgent losses, including more than 250 in an offensive near Kandahar city since the weekend.

But at least 35 British and Canadian soldiers have died within 38 days, and militants show no sign of giving up.

Late Wednesday, Taliban militants reclaimed the southern Helmand provincial town of Garmser after police fled their compound there for the second time since July, police said.

NATO spokesman Maj. Scott Lundy confirmed clashes in the town but said he was unaware that police had left.

Taliban forces held Garmser, a town of about 50,000 people, for two days in July, after defeating 40 poorly armed police in 16 days of fighting. U.S., British, Canadian and Afghan ground troops won the town back and left it to reinforced Afghan security forces.

In Kabul, Pakistani President Pervez Musharraf acknowledged that al Qaeda and Taliban militants cross from Pakistan to carry out attacks inside Afghanistan, but denied his government sponsored them.

"You blame us for what is happening in Afghanistan," Gen. Musharraf told Afghan government and army officials and lawmakers. "Let me say neither the government of Pakistan nor [the Inter-Services Intelligence agency] is involved in any kind of interference inside Afghanistan."

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, September 8, 2006

Afghan habit

House International Relations Committee Chairman Henry J. Hyde is warning the White House that Afghanistan is in danger of becoming a "failed narcotics state." He is calling for another overhaul of the administration's counterdrug policies in that country: less eradication and more attacks on drug kingpins, warlord allies, production labs and supply routes.

We obtained a letter the Illinois Republican sent yesterday to President Bush. "We have to revisit our counterdrug and counterterrorism policies in Afghanistan or we risk creation of a failed narcotics state," Mr. Hyde wrote.

Mr. Hyde, who is retiring this year, has led the House's effort to get the Bush administration, and particularly the Pentagon, to focus more on Afghanistan's burgeoning poppy crop used to make opium and heroin. He has also hammered home the point

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that millions of dollars in drug proceeds are aiding the enemy. With a resurgent Taliban wreaking havoc in poppy-rich southern Afghanistan, new thinking on the drug problem is needed, congressional sources say.

Mr. Hyde also arranged for Colombian police officers to tour Afghanistan and offer pointers last month.

The Pentagon this year announced an entirely new strategy to support Afghan police and the U.S. Drug Enforcement Administration in combating drug traffickers. But the Pentagon pointedly said it would not become directly involved in drug raids and arrests.

Mr. Hyde is not impressed. "To succeed in Afghanistan, we need to change our failing strategies," he told the president. "We must build on and learn from our experiences in Colombia. There, we mistakenly focused on drugs to the exclusion of terrorism. In Afghanistan, we are focusing primarily on terrorism. In Colombia, we have jointly made great progress by conducting a unified campaign against both. In Afghanistan, we must do the same."

He said the U.S. military only supported three DEA operations last year. It should do three a month, he said.

Why is Mr. Hyde sounding the alarm? Check out the latest survey by the U.N. Office on Drugs and Crime.

It reported this week that opium cultivation in Afghanistan rose 59 percent this year and production reached 6,100 tons.

UNODC Executive Director Antonio Maria Costa urged the government of President Hamid Karzai to start using police powers. "We trained police and prosecutors, we constructed court houses and detention centers," Mr. Costa said. "Now the government has the responsibility to use the judicial system to impose the rule of law and re-establish confidence in Kabul. Significant arrests and convictions will set an example and serve as a deterrent."

Top Gun

Retired Navy Capt. Frank W. Ault, a key player in modern naval aviation as the father of the Navy Fighter Weapons School, died at his home in Arlington on Aug. 25 at age 84. A memorial service is planned today at the Fort Myer Chapel, where his former flying mates will gather to honor a man who served in three wars and ran four public corporations after his military retirement in 1971.

Capt. Ault, a 1942 Naval Academy graduate, was a good friend of The Washington Times, always taking time to explain the culture of carrier aviation, which he helped transform.

Vietnam-era pilots might remember the "Ault Report." The Navy tapped Capt. Ault to examine the state of aviation during the war. His report held nothing back, blasting commanders for inferior combat tactics and training.

The Navy accepted the criticism and in 1969 ordered Capt. Ault to create the Navy Fighter Weapons School, the Top Gun academy where pilots go to hone skills before deploying at sea. He had the experience to get the job done, having served as a squadron and air wing commander before commanding the carrier USS Coral Sea.

Capt. Ault's Silver Wings chapter will hold a "celebration and remembrance" of the pilot's life on Sept. 28 at Fort Myer's Spates Hall. The remembrance will be lead by an old friend, retired Adm. Whitey Feightner.

Supporting a spy

A senior U.S. intelligence official publicly defended Ron Montaperto, a former Defense Intelligence Agency analyst who in June pleaded guilty to mishandling classified documents but was not charged for what U.S. officials say were more serious spying charges because of lack of evidence.

Lonnie Henley, currently the deputy national intelligence officer for East Asia, stated in a sentencing memorandum in support of a light sentence that Montaperto is "conscientious, concerned and above all dedicated to the best interests of the United States."

"I learned from him the importance of careful objective intelligence analysis, grounded in solid evidence and carefully free of personal opinion," Mr. Henley said. "He was a mentor and role model, admired by all who worked with him as a professional intelligence analyst."

Mr. Henley also was investigated by the office of Director of National Intelligence John D. Negroponte for sending an e-mail supporting Montaperto and criticizing the FBI.

Montaperto is set to be sentenced today. He pleaded guilty June 21 to one count of mishandling classified documents. He was not charged for passing secret and top-secret information to two Chinese military intelligence officers but the activities were outlined in court papers.

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Montaperto, according to the sentencing memorandum written by his lawyers, passed the classified data to China in order to help U.S.-China relations, which contradicts Mr. Henley's description of him as an unbiased analyst.

The memorandum said Montaperto did not pass secrets to China out of "ideological alignment or sympathy with the People's Republic of China." Instead, he gave the classified data because he thought "the U.S. and the PRC needed to learn to get along and better understand each other, a belief that was and is consistent with United States foreign policy," it said.

Welcome mat

Navy Rear Adm. Harry Harris, who runs the detention center at Guantanamo Bay, told reporters yesterday how his newest prisoners -- 14 high-value al Qaeda terrorists, including September 11 mastermind Khalid Shaikh Mohammed -- will be treated.

"They are afforded the opportunity to worship, and will have access to the Koran in their native language and other prayer accessories," he said. "They will be allowed to send and receive mail. Their medical and dental care is comparable to that received by any service member deployed here at Guantanamo. They will be given access to reading material. They will have the opportunity to exercise. And they get three culturally sensitive meals a day and, if appropriate, blessed by an imam."

Helo hero

We received an amazing photograph from Afghanistan that shows some of the courageous and skillful work of our troops.

The photo reveals a CH-47 helicopter being flown by a Pennsylvania National Guard pilot who in civilian life flies emergency medical evacuation helicopters.

In the picture, the helicopter is shown landing the back portion of the giant, twin-rotor chopper on a shack in a mountainous and tree-covered region of Afghanistan during the transfer of detainees by U.S. soldiers.

As our correspondent put it: "If this does not impress you, nothing ever will. Gives me the chills and a serious case of vertigo. I can't even imagine having the nerve much less the talent and ability. God Bless our military."

Musharraf Pledges To Pursue Qaeda And Taliban Insurgents (NYT)

By Carlotta Gall

The New York Times, September 8, 2006

KABUL, Afghanistan, Sept. 7 — President Pervez Musharraf of Pakistan, in a conciliatory speech to Afghan officials and members of Parliament, conceded Thursday that Al Qaeda and Taliban insurgents had been crossing the border into Afghanistan to mount attacks but denied that he or his government were backing them.

In a major policy shift that may cost him support at home, General Musharraf pledged to seek out and destroy the command structure of insurgents apparently linked to Afghanistan's ousted Taliban rulers, who are fighting NATO and Afghan forces in southern Afghanistan.

It is the first time he has agreed to go after the Taliban leadership, something the Afghan government and Western countries with troops in Afghanistan have been demanding.

"There are Al Qaeda and Taliban in both Afghanistan and Pakistan,'' he said. "Clearly they are crossing from the Pakistan side and causing bomb blasts in Afghanistan.''

"Please do understand the Pakistan government," he continued, saying that neither he nor his intelligence agency is "behind anything that is happening in Afghanistan."

General Musharraf, on a state visit here, said that such a policy would be against his country's interests and his own vision for progress and development in Pakistan and across the Central Asian region. It would also bring Pakistan into direct conflict with the America-led coalition, which is battling the insurgents in Afghanistan, and General Musharraf said he had no intention of doing that.

"The coalition would become the enemy of Pakistan and start attacking Pakistan,'' he said. "Would we be so foolish to do this?"

President Hamid Karzai of Afghanistan applauded General Musharraf's statements and said, "I was very happy to hear this was not sponsored by Pakistan."

Afghan officials have long contended that Pakistan has harbored Taliban leaders and fighters and has done too little to keep them from crossing into Afghanistan and carrying out attacks.

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General Musharraf said his government had rounded up supporters of Al Qaeda in Pakistan's cities and had pursued foreign fighters in the frontier tribal areas, but he said the focus had now shifted to dealing with the Taliban.

On Tuesday, however, his government signed an agreement with tribal elders in the restive border region that would allow militants to operate freely in return for a pledge to halt attacks and infiltration into Afghanistan. The deal was widely viewed as a face-saving retreat for the Pakistani Army, and was seen by many as creating a haven for the militants.

"The Taliban are organizing themselves — they are much better organized," General Musharraf said Thursday. "We have to see where their command structure is, who is their commander and we must destroy the command structure."

"When you attack the command structure, the thing falls," he added.

Pakistan contends that the Taliban leader, Mullah Muhammad Omar, is in Kandahar Province in Afghanistan, once the home base of the Taliban. But General Musharraf conceded that support for the Taliban was coming from Pakistan.

The Taliban have sharply expanded operations this year across the southern and southeastern Afghanistan, increasing their attacks on government offices and coalition and NATO forces.

On Wednesday, Taliban fighters overran government administration buildings in two district centers, Garmser in Helmand Province and Argandab in Zabul Province, Interior Ministry officials said.

A British soldier died of his wounds in a mortar attack Wednesday afternoon and four more were wounded, NATO reported in a statement on Thursday.

Insurgents attacked a coalition convoy on the main highway south from Kabul on Thursday, a provincial governor said.

While Mr. Karzai's response to General Musharraf's speech was upbeat, he and other Afghans listening to it expressed caution.

Asadullah Khaled, the governor of Kandahar, where NATO and Afghan troops are fighting hundreds of Taliban, said he was encouraged because General Musharraf had not differentiated the Taliban attacks from terrorism, as he had in the past. But, the governor said, "I hope what he expressed was meant with sincerity."

CORPORATE SCANDALS:

Michaels Stock-option Inquiry Goes To Justice (FWST)

By Heather Landy

The Fort Worth Star-Telegram, September 8, 2006

An inquiry into stock-options grants made by Michaels Stores Inc. during the 1990s has been transferred to the Justice Department's fraud unit, but a review by the craft-supplies retailer's audit committee found no intentional wrongdoing in the way stock options were awarded to executives.

This summer Michaels, based in Irving, received a letter from the Securities and Exchange Commission and grand jury subpoenas issued in New York and Texas, all seeking documents related to stock-options grants.

According to a filing made Thursday with the SEC, Michaels learned this week that the New York subpoena had been withdrawn because of the transfer to the fraud unit.

Present and former directors and officers of Michaels also have been accused in several shareholder lawsuits of breaching their fiduciary duties by re-pricing or backdating stock-option grants in the mid-1990s to make the awards more lucrative for the recipients.

On Aug. 25, outside lawyers working with the audit committee found that the company committed no intentional misconduct in its options practices. A separate internal committee, composed of board members Liz Minyard and Cece Smith, was formed Aug. 28 to "investigate and make decisions on behalf of Michaels with respect to these subpoenas and any stock-option grant issue raised by the SEC," as well as the shareholder lawsuits.

Michaels' board historically approved stock-option grants through unanimous "written consent resolutions." Delays in the written consent process, "general administrative deficiencies" and corrections "to what the company believed were mistakes or omissions in the grant process" explained why option grants reviewed by the audit committee were dated earlier than their approval by the board, the filing said.

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Some grants made from 1990 to 2001 were accounted for based on the wrong dates, the company found. Those errors amounted to an estimated $22.5 million of noncash compensation costs that should have been recorded, according to the filing. All of the stock options in question were exercised before the end of fiscal 2005, and any effect on the company's financial statements for this year and last "is not considered material," the filing said.

Michaels is getting ready to finalize a takeover by two private equity firms, The Blackstone Group and Bain Capital.

Reagan Aide Stockman Targeted In Fraud Probe (WP)

By Ralph Blumenthal

The Washington Post, September 8, 2006

To old hands in Washington, David A. Stockman will always be the long-haired numbers cruncher who led the cheers for Reaganomics but nearly lost his job for privately denigrating the administration's budget at the same time he sold it to the public.

Stockman's trip "to the woodshed" with President Ronald Reagan and his denouncement of the "rosy scenario" of White House fiscal policy helped coin political phrases that linger in the capital's lexicon more than two decades after he left government.

Now the man who put one over on Congress could face far more severe consequences for possibly misleading Wall Street.

Lawyers at the Securities and Exchange Commission recently notified Stockman that he could face civil charges related to upbeat statements he made to investors two months before an auto parts company he ran sought bankruptcy protection last year, according to sources familiar with the issues who spoke on condition of anonymity because the investigation continues.

Securities regulators are examining the role Stockman and other former executives played in alleged financial irregularities at Collins & Aikman Corp., with an eye on whether Stockman may have lied to investors by telling them the company's finances were being "managed quite effectively" when he was aware of mounting problems. Federal prosecutors have also subpoenaed financial records from the company.

Stockman, 59, declined interview requests. But two sources sympathetic to him who spoke on condition of anonymity because of the ongoing investigation said Stockman did nothing wrong. Rather, they said, he knocked himself out to save Collins & Aikman from crippling industry forces that sent several competitors into bankruptcy proceedings.

The sources said Stockman had no motivation to commit fraud. He apparently did not sell Collins & Aikman stock he owned during his tenure there and doubled his personal holdings to more than 300,000 shares between August 2004 and the day he left the Southfield, Mich., company in May 2005.

Stockman did not receive a salary or stock options from Collins & Aikman. Instead, the privately operated investment partnership he ran, Heartland Industrial Partners L.P., struck a deal that required the parts maker to pay it annual fees in exchange for financial services and Stockman's advice. Heartland bought a stake in Collins & Aikman in 2001 for $260 million and ultimately invested another $100 million in the company. The fee agreement is a relatively typical arrangement among Wall Street buyout firms and their portfolio companies, but it also makes it hard to know how much Stockman collected and what his incentives were as he ran Collins & Aikman. Stockman did not earn more money under the terms of the deal, nor did Heartland, after he became chief executive of Collins & Aikman in 2003.

Collins & Aikman agreed to pay Heartland $4 million each year as an advisory fee and to reimburse the partnership for out-of-pocket expenses and other services. It also agreed to give Heartland 1 percent of the value of acquisitions -- and there were many, valued at more than $1 billion total.

Between 2001 and 2004, a time when Collins & Aikman reported annual losses, Heartland received more than $44 million from the auto parts company, according to securities filings and a shareholder lawsuit. The money went into Heartland's coffers. How it was distributed among Stockman and his partners remains unclear. The percentage Stockman owns of Heartland, which operates with few public disclosure requirements, could not be determined. He stepped aside as managing partner last year.

A self-described Michigan farm boy who won a House seat before becoming one of the youngest Cabinet officials in history, Stockman was a key player in pushing Reagan's "supply side" economic platform, a crucial facet of the president's domestic policy, which reasoned that benefits from big tax cuts for corporations and wealthy individuals would trickle downhill to the middle class.

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But as he made bold public pronouncements supporting the plan, Stockman and William Greider, a Washington Post editor at the time, for months privately discussed "Trojan horses" and "magic asterisks" that hid mounting budget deficits. Stockman grew disenchanted with politics, criticizing opponents and his own party for failing to cut entitlement programs and bring the deficit under control. Greider eventually published a magazine story containing Stockman's statements, which almost got the young White House aide fire. After leaving the government, Stockman received more than $2 million for a tell-all book, in which he skewered friends, enemies and himself. In it, Stockman wrote about his thought process as chief of the Office of Management and Budget, citing the hope that he and other officials could dig themselves out of the growing deficit hole. "All along I had assumed that somehow tomorrow it would all work out . . . All we needed was one more inning," he wrote.

Stockman, like many former politicians, decided to try his luck on Wall Street. He joined Salomon Bros. Inc. in an arrangement that both sides eventually agreed was a bad fit. Stockman preferred to crunch numbers rather than schmooze clients, colleagues told the Wall Street Journal at the time. Then he joined the Blackstone Group, a private New York investment fund that buys public companies with a little money down and lots of borrowing, then reshapes and ultimately sells them at large gains. Stockman prospered at Blackstone, taking a leading role in 10 deals with a combined value of $10 billion, including one involving Collins & Aikman, according to a biography since removed from the Heartland Web site.

His Blackstone tenure helped make Stockman wealthyHis stock sales of one company, GrafTech International Ltd., in the late 1990s had a market value of more than $800 million, according to securities filings.

Stockman is married to Jennifer Blei Stockman, a technology consultant. Friends credit Blei with giving the bookish Stockman social pizazz. In recent years, she has served as president of the Guggenheim Foundation and co-chair of abortion-rights group the Republican Majority for Choice. The Stockmans have two daughters, one of whom has attended Northwestern University. The couple owns a Greenwich, Conn., estate that was assessed at more than $11 million in 2003 and another multimillion-dollar home in Aspen, Colo.

Stockman's investment in Collins & Aikman was supposed to mark the triumphant return to the state he once represented in Congress. As part of a broader plan at Heartland to reinvigorate depressed Rust Belt companies, Stockman poured millions of dollars into Collins & Aikman, eventually becoming chief executive after he and the board expressed dissatisfaction with previous managers.

A lawsuit filed last year by debt-holder MacKay Shields LLC claimed that Stockman had a thorough grasp of the finances at Collins & Aikman, which outfits more than 90 percent of the vehicles made in North America with such items as cup holders, dashboards and floor mats. Stockman served as the company's chief liaison with Wall Street and investors, from whom he fielded increasingly pointed questions.

As costs for materials mounted and demand from the nation's biggest automakers dwindled, eventually squeezing Collins & Aikman's rivals into bankruptcy, Stockman acknowledged a "maelstrom" in the industry and said cash was a "challenge." On a March 17, 2005, conference call, Stockman assured Wall Street analysts that the company could manage its way out of trouble. He went on to call the rumors about a cash crisis "totally false" and said, according to conference call transcripts, "We're in a very good position over the next few weeks and months to improve our liquidity."

The sources sympathetic to Stockman said he genuinely thought that the company had enough cash and that he could force customers, including DaimlerChrysler AG, to accept price increases, giving it more room to maneuver.

In early April, an independent analyst issued a report asserting that the company's liquidity "is not as strong as recent headlines depict" and predicting that "bankruptcy is a definite possibility." Stockman raced to hit the phones, securing a $75 million line of credit from lenders, according to a company news release.

It was not enough. Stockman clashed with the board, which prodded him to resign May 12. Five days later, Collins & Aikman filed for bankruptcy protection. News reports at the time of Stockman's departure said company insiders had criticized Stockman for keeping information about the company's troubles too close to the vest.

The company's current management team has painted a dire portrait of Collins on the eve of its bankruptcy. Collins executives had "almost no working capital, had no source of liquidity and were leveraged," according to bankruptcy court documents filed last week. "The debtors had a negative cash balance and faced imminent interruptions in production . . . Cash management systems were in disarray."

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Collins & Aikman is conducting its own investigation, for which the company's lawyers have reviewed 3 million documents and interviewed at least 70 current and former employees, according to papers filed with the bankruptcy court. The lawyers are negotiating with the SEC over whether Collins & Aikman will be required to pay fines to settle possible civil charges related to its accounting practices, the documents indicate. Dennis E. Glazer, a lawyer at Davis, Polk & Wardwell who is representing the company's board, declined to comment. A spokesman for Collins & Aikman said the company is "cooperating" with investigators.

Lay's Estate To Pay $12 Million To Settle Enron Pension Dispute (MRKTWTCH)

By Jim Jelter, MarketWatch

Market Watch, September 8, 2006

SAN FRANCISCO (MarketWatch) -- Kenneth Lay's estate has agreed to pay $12 million to settle claims filed against the late Enron boss by the U.S. Labor Department on behalf of the thousands of Enron employees who lost their pensions when the company collapsed in 2001, officials said Thursday.

"Although the proposed settlement provides a $12 million claim against the estate, the final recovery will depend upon the total amount of assets available for distribution from Lay's estate," the Labor Department said in a written statement.

The department sued Lay and other top Enron executives in 2003, alleging mismanagement of retirement plans and lying to them about the company's failing financial health while encouraging them to buy Enron stock even as they were selling their own shares.

Despite Thursday's agreement, the settlement process is far from over for Lay's family.

The Justice Department earlier this week said it's seeking $40 million from the estate, asking Congress to pass a law that would allow it remove the "doctrine of abatement" clause in the criminal code, which is typically used by the families of deceased felons to keep what prosecutors call ill-gotten gains.

Also still outstanding are the government's claims against Jeffrey Skilling, Lay's top lieutenant who served as Enron chief executive for about six months before abruptly resigning in August 2001. The company declared bankruptcy less than four months later amid a raft of accounting scandals.

In May, a Houston jury convicted both Lay and Skilling of defrauding investors.

Lay, as head of what was once the sixth-biggest publicly traded company in the United States, had by 2000 amassed a fortune measured in the hundreds of millions of dollars. He claimed to have lost most of it when Enron's stock plunged from $80 to less than $1 a share in the company's final year.

On July 5, the 64-year-old Lay died of a heart attack in Colorado -- less than two months after being found guilty on all six federal charges brought against him. He was never sentenced.

Skilling, 52, was found guilty by the same jury on 19 of 28 counts of fraud and insider trading. He faces sentencing in Houston on Oct. 23.

So far, the Labor Department and other plaintiffs have recovered about $221 million for Enron's depleted pension plans from other company executives and directors. Appeals and legal fees could eventually whittle down the overall amount collected, though.

Jim Jelter is Industrials Editor for MarketWatch in San Francisco.

U.S., Lay Estate Ink $12M Pension Settlement (CNN)

By Shaheen Pasha, CNNMoney.com staff writer

CNNMoney, September 8, 2006

Enron workers who lost their pensions can seek up to $12 million from Enron founder's estate; payout could be less.

New York (CNNMoney.com) -- The federal government said Thursday that it agreed to cap at $12 million the amount of money that Enron workers who lost their pensions could try to recover from the estate of Ken Lay, the former Enron chairman who died in July.

But claimants may not receive the full $12 million in reparations for their losses, the Labor Department said in a statement.

Enron founder Kenneth Lay died in July after being convicted of fraud and conspiracy. His estate is facing civil claims filed against him.

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Lay, who died of a heart attack after his conviction in May on charges on conspiracy and fraud related to Enron's collapse, testified during his trial that he was $250,000 in the red because most of his net worth was tied up in worthless Enron stock. He added that legal bills ate up the rest of his fortune and that he still owed millions to his attorneys.

The Labor Department said any final recovery will depend upon the total amount of assets available for distribution from Lay's estate. The proposed settlement is subject to approval from the U.S. District Court for the Southern District of Texas.

The department sued Lay in June 2003 for misrepresenting the company's financial turmoil to employees and encouraging them to continue to buy Enron stock even though he knew the company was in trouble.

He was also sued for failing to monitor those in charge of Enron's pension plans and, as a member of the board of the directors, for neglecting to appoint a trustee who would oversee the company's employee stock ownership plan.

The settlement, if approved, would add to the pot of money that's been recovered for the participants of Enron's doomed pension plan. The government and private plaintiffs have already recovered about $221 million from Enron, its board of directors, officers and fiduciaries that served on the pension plan's administrative committee.

But the recovery of the $221 million is being appealed. And the Labor Department has yet to settle with Enron's former chief executive Jeffrey Skilling, who was convicted of 19 counts of conspiracy and fraud in May.

Skilling's sentencing is scheduled for Oct. 23.

Lay's unexpected death left the government and civil litigants in a quandary over how to proceed with a mountain of civil lawsuits that had been facing the disgraced executive.

Because Lay died before he had the chance to appeal, not only does his conviction get thrown out under a legal doctrine called abatement, but it is now as if he had never been indicted in the first place.

And without a conviction, the government and a wide net of civil claimants are going to have a hard time recouping any financial restitution from Lay's estate.

Federal prosecutors did file a motion Wednesday asking U.S. Judge Sim Lake - who presided over the Enron trial - to delay clearing Lay's conviction from the record until Congress can consider a U.S. Justice Department proposal to take such power away from the courts.

The proposed law would apply to any case still active on July 1, allowing U.S. prosecutors to force Lay's estate, overseen by his wife Linda, to forfeit $43.5 million the government has said Lay gained illegally.

Separately, the government has already filed a motion attempting to hold Lay's co-defendant Skilling responsible for Lay's $43.5 million forfeiture. That would obligate Skilling to pay $183 million in restitution to government for his and Lay's convictions.

Former Officials Ask Gonzales To Reverse Policy About Corporations And Their Lawyers (FINDLAW/AP)

By Hope Yen, Associated Press Writer

AP, September 8, 2006

(AP) - WASHINGTON-Former top Justice Department officials are asking Attorney General Alberto Gonzales to reverse a policy they say unfairly pressures corporations facing possible indictment to disclose their confidential communications with attorneys.

In a letter released Wednesday, the 10 former officials, including Solicitor General Ted Olson and Attorney General Dick Thornburgh, said the Justice Department needed to rethink the 2003 policy that guides prosecutors in deciding whether to seek criminal charges against a business.

That policy, issued after scandals at companies like Enron Corp. cost shareholders billions of dollars, says prosecutors can consider reducing charges or not bringing them at all if a company waives attorney-client privilege and hands over otherwise confidential documents.

In the letter, the former Justice officials from both political parties joined the American Bar Association, American Civil Liberties Union and U.S. Chamber of Commerce in saying the policy is harmful because it discourages employees from seeking needed advice from company lawyers for fear of later disclosure.

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Company lawyers could cooperate in government investigations by answering questions rather than turning over privileged documents wholesale, they said.

"As former department officials, we appreciate and support your ongoing efforts to fight corporate crime," the former officials wrote. "Unfortunately, we believe that the department's current policy ... is undermining rather than strengthening compliance."

"Prosecutors can obtain needed information in ways that do not impinge upon the attorney-client relationship," they stated.

The officials joined other groups in lobbying Congress to force revisions to the policy, which the Justice Department has remained committed to following since waivers are not the norm. The Senate Judiciary Committee was scheduled to hold a hearing on the issue next week.

Other former officials who signed the letter were Attorney General Griffin Bell; acting Attorney General Stuart Gerson; deputy Attorney General Carol Dinkins; deputy Attorney General Jamie Gorelick; deputy Attorney General George Terwilliger; acting Solicitor General Walter Dellinger; Solicitor General Kenneth Starr; and Solicitor General Seth Waxman.

On the Net:

Justice Department: http://www.usdoj.gov/

Corporate Fraud Policy Should Be Revised, Former Officials Say (BLOOM)

By Robert Schmidt

Bloomberg, September 8, 2006

Sept. 7 (Bloomberg) -- Two ex-attorneys general and eight other former top U.S. Justice Department officials, siding with businesses, are urging the Bush administration to soften a corporate fraud policy aimed at compelling cooperation from potential defendants.

Former Attorneys General Richard Thornburgh, a Republican, and Griffin Bell, a Democrat, are among the officials who signed a letter to Attorney General Alberto Gonzales calling for changes in corporate fraud enforcement. The government's policy, which can force companies under investigation to disclose confidential conversations with lawyers, is ``seriously flawed'' and a threat to vital legal protections, the letter says.

``Most of us are former prosecutors who were able to effectively enforce the law without resorting to extorting a waiver of the attorney-client privilege,'' Thornburgh said in an interview.

Critics of the policy, including the U.S. Chamber of Commerce and the American Bar Association, say potential defendants risk indictment by invoking their right to keep conversations with their attorneys private. The companies also say they are forced by the policy into unreasonable and costly settlements.

The letter to Gonzales, dated Sept. 5 and made public today, gives a boost to the business-led campaign to overturn the policy. The Senate Judiciary Committee plans to hold a public hearing next week on the prosecution tactics.

Federal Crackdown

In cracking down on corporate fraud following scandals at Enron Corp. and WorldCom Inc., the government has increasingly offered companies leniency if they cooperate in an investigation. Guidelines on how companies can aid prosecutors are laid out in a 2003 memorandum by then-Deputy Attorney General Larry Thompson.

The Thompson memo, advising prosecutors on how they should decide whether to indict a company, gives examples of cooperation. They include whether a company has reported the potential fraud, whether it conducted its own investigation and whether it waived attorney-client privilege.

Another sign of cooperation -- refusing to pay the legal bills of ``culpable employees'' -- has come under fire from a federal judge in New York. He said in a case involving former KPMG LLP partners that the practice violated the rights of employees at the accounting firm.

Justice Department officials have defended the policy on waiving attorney-client privilege as necessary to speed up investigations and ensure that a company is fully forthcoming.

Department Disagrees

Kathleen Blomquist, a department spokeswoman, said the agency ``appreciates the views" of the former officials but disagrees with their criticisms.

``Rather than `demand' or `require' a corporation's waiver of attorney-client privilege, a corporation may decide to waive its privilege in the course of cooperating with the government's investigation to avoid being criminally charged," she said. ``T his is why corporations, in many instances, waive this privilege without the government's request."

In their letter, the former officials say companies have no choice but to disclose their conversations with lawyers.

``The threat of being labeled `uncooperative' simply poses too great a risk of indic tment to do otherwise," they wrote.

Among those signing the letter were Kenneth Starr, an independent counsel who investigated President Bill Clinton; Theodore Olson, who headed the Justice Department office that argues Supreme Court cases under President George W. Bush; Walter Dellinger, who was acting head of that office under Clinton; and Stuart Gerson, former head of the Justice Department's civil division and briefly acting attorney general in 1993.

To contact the reporter on this story: Robert Schmidt in Washington at rschmidt5@bloomberg.net .

Former Justice Officials Critical Of Thompson Memo Policy (LAW)

By Jason Mclure, Legal Times

Legal Times, September 8, 2006

A bipartisan group of 11 former senior Justice Department officials has written Attorney General Alberto Gonzales to protest the government's tactics in investigating corporate wrongdoing, tactics that they see as "seriously eroding" attorney-client privilege.

The letter, dated Sept. 5, adds to a growing chorus of criticism of the aggressive way in which the Justice Department has pursued corporate-fraud investigations since the collapse of Enron in 2001. Signatories to the letter include former Attorneys General Richard Thornburgh and Griffin Bell.

Singled out for criticism are Justice Department policies, outlined in the 2003 Thompson memo (named for former Deputy Attorney General Larry Thompson), encouraging prosecutors to demand that companies under scrutiny waive the attorney-client privilege in return for more lenient treatment from government investigators.

"We believe that the Thompson Memorandum is seriously flawed and undermines, rather than enhances, compliance with the law," the letter states.

The former Justice officials argue that the Justice Department's policies have discouraged corporate boards and executives from consulting with their lawyers, harmed the ability of companies to conduct effective internal investigations into corporate misconduct and encourage "excessive" civil suits by shareholders.

"This policy has the potential for abuse and intimidation even when it's not being implemented in an abusive way," says Theodore Olson, a former solicitor general, who is a co-author of the letter.

A spokeswoman for the Justice Department says, "We received the letter and are reviewing it."

Criticisms of the policies spelled out in the memo have come from a number of diverse interest groups, including the U.S. Chamber of Commerce, the American Civil Liberties Union, the American Bar Association and the Association of Corporate Counsel. The Senate Judiciary Committee is tentatively slated to conduct a hearing on the Thompson memo next week.

The policies outlined in the memo have also come under scrutiny in the courts. Earlier this summer a federal judge in New York ruled that federal prosecutors had exerted undue pressure on accounting firm KPMG in order to force it to cut off legal fees to former executives under indictment. That ruling has emboldened other companies under investigation, such as AOL, to take a more assertive stance in Justice Department probes.

Nearly all of the letter's signatories are now partners at large corporate law firms that defend companies and executives who have felt the sting of the Bush administration's current campaign against corporate misconduct.

Memo To Gonzales (WSJ)

The Wall Street Journal, September 8, 2006

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It's not every day that top Justice Department officials from the Carter, Reagan, Bush 41, Clinton and Bush 43 Administrations can all agree on a matter of law. That's what happened Tuesday, when three former Attorneys General, three former Deputy AGs and four former Solicitors General sent Alberto Gonzales a letter.

In it, they call the "Thompson Memorandum" "seriously flawed" and argue that it "undermines, rather than enhances, compliance with the law." The 2003 memo, written by then- Deputy Attorney General Larry Thompson, set out standards that U.S. Attorneys must apply when deciding whether to indict a company under investigation.

The letter, which Mr. Gonzales told us he'd received but not yet read, focuses on the waiver of attorney-client privilege and a company's willingness to pay the legal fees of employees accused of wrongdoing. The memo makes plain that a company that refuses to waive attorney-client privilege or continues to pay accused employees' legal fees is more likely to face criminal indictment.

Yesterday, Mr. Gonzales allowed that "it shouldn't be the case that if a company pays the attorneys' fees, that represents 'circling the wagons.'" But that is certainly how the memo has been interpreted by prosecutors in cases like the KPMG tax-shelter prosecution.

Mr. Gonzales told us he believes the problem is more with how the memo has been perceived than with its language. Which suggests that Tuesday's letter, signed by Griffin Bell, Dick Thornburgh, Jamie Gorelick, Theodore Olson, Kenneth Starr and Seth Waxman, among others, will serve a purpose if it convinces Mr. Gonzales that the Thompson memo is more than a PR problem for Justice.

H-P Scandal Puts Chairman, Lawyer In Awkward Light (WSJ)

By Steve Stecklow And Charles Forelle In Boston, John R. Wilke In Washington And Rebecca Buckman In San Francisco

The Wall Street Journal, September 8, 2006

A widening scandal over Hewlett-Packard Co.'s investigation into leaks from its board of directors is casting an awkward light on the actions of its outside counsel, prominent Silicon Valley lawyer Larry Sonsini, and H-P's non-executive chairman, Patricia Dunn.

In an unusual email exchange this summer between Mr. Sonsini and Tom Perkins, an H-P director who angrily resigned in May over a search of directors' phone records, Mr. Sonsini assured Mr. Perkins that the probe -- including its use of a practice called pretexting to obtain the phone records -- was "well done and within legal limits."

READ KEY DOCUMENTS

1

See internal emails, a search warrant from the California attorney general's office, SEC filings and other key documents.2

Late yesterday, a spokesman for California Attorney General Bill Lockyer said that state investigators now believe there was criminal activity involved in the methods used to search those records. Besides H-P directors, the company disclosed3 that nine reporters, including Pui-Wing Tam of The Wall Street Journal, had their phone records accessed by investigators working for H-P.

The company, which said it was unaware that pretexting was being used, said it was "dismayed" that the information was accessed without reporters' knowledge.

It isn't clear to what extent the investigation might threaten the future of Ms. Dunn, who authorized the probe of leaks surrounding the ouster of H-P's former chairman and chief executive, Carly Fiorina, in 2005.

Mr. Sonsini wrote in an email to Mr. Perkins that the investigation was run by the H-P legal department, which is headed by general counsel Ann Baskins. H-P used an unidentified private investigator, who in turn hired a contractor who used pretexting to obtain directors' and reporters' phone records.

Pretexting is the practice of posing as someone else in order to obtain that person's phone records or other private information. H-P has acknowledged pretexting was used in the probe but said it was done without the company's knowledge.

Some Silicon Valley veterans suggested that the flap could cost Ms. Dunn her job, and some called on her to resign -- or for H-P to dismiss her.

Ms. Dunn referred questions about the scandal to H-P. A spokesman for the company declined to comment.

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According to one person who spoke to her recently, Ms. Dunn doesn't intend to resign because she was unaware that investigators used any improper tactics to search for phone records.

In his email exchange with Mr. Perkins, which was reviewed by The Wall Street Journal, Mr. Sonsini indicated that he believed the tactics employed had been proper. Mr. Perkins first wrote to Mr. Sonsini on June 19 after attending a London board meeting of News Corp., another company for which he is a director. Mr. Perkins said he had privately discussed the H-P probe with another News Corp. director, Viet Dinh, a former U.S. assistant attorney general, and that Mr. Dinh had called the monitoring of phone connections or email addresses "unconscionable." It isn't clear from the exchange whether Mr. Dinh was informed that phone records were obtained by pretexting.

Mr. Perkins asked Mr. Sonsini if he had "cleared" the monitoring beforehand. Mr. Sonsini replied that he hadn't -- that the probe was overseen by H-P's legal department with outside experts -- and that he was confident H-P's general counsel, Ms. Baskins, "had looked into the legality of every step of the inquiry and was satisfied that it was conducted properly." An H-P spokesman said Ms. Baskins was unavailable for comment.

Mr. Sonsini reminded Mr. Perkins in the email that he remained under obligation to keep H-P board matters confidential, even though he had resigned.

MORE ON H-P

• 'Pretexting' Scams Are Growing Threat4
• Protecting Yourself Against 'Pretexting'5
• Private Investigators Often Take the Heat6
• Reporters' Phone Records Targeted7
• Page One: H-P Board Clashes Over Leaks8
09/06/06
• Page One: H-P's Board Ousts Fiorina as CEO9
02/10/05
• Page One: H-P Considers a Reorganization10
01/24/05

Apparently not satisfied, Mr. Perkins asked Mr. Sonsini or his firm to look into the legality of the probe, noting "Viet's unqualified opinion that it was illegal."

"If it was illegal, it occurred under my purview, and on my watch, and I would like to know whether or not I share some responsibility," Mr. Perkins wrote on June 20. Mr. Perkins couldn't be reached for comment. Mr. Dinh declined to comment.

Mr. Sonsini agreed to look into the matter and responded on June 28, confirming that H-P had received information about phone calls made or received from directors' cellular or home phones. "This was done through a third party that made pretext calls to phone service providers," Mr. Sonsini wrote. "Apparently a common investigatory method which was confirmed with experts."

Noting that there was no "secret spying" with listening or recording devices, Mr. Sonsini wrote, "It appears, therefore, that the process was well done and within legal limits."

The disclosures come at a time when the 65-year-old Mr. Sonsini and the 600-lawyer firm that he chairs, Wilson Sonsini Goodrich & Rosati of Palo Alto, Calif., is drawing attention in another scandal. The firm represents a number of high-tech companies now under federal investigation for allegedly backdating or otherwise manipulating dates of stock-options grants to executives or directors to make them more lucrative.

In an interview yesterday, Mr. Sonsini said that at the time he responded to Mr. Perkins's query he and his firm hadn't yet been asked by H-P to do a thorough investigation of the probe, and that he was only relaying the view of an H-P lawyer that the methods used were legal. "That was the conclusion that they gave me, and I reported that," he said.

Mr. Sonsini says H-P's board subsequently asked his firm to review the legality of the leak probe. His firm concluded in a report that it couldn't confirm that the methods were legal, he says. He and two other Wilson Sonsini lawyers said that H-P accurately reflected their findings this week in a filing with the Securities and Exchange Commission.

In that filing, H-P said a board committee investigating the matter was "advised by the committee's outside counsel that the use of pretexting at the time of the investigation was not generally unlawful (except with respect to financial institutions), but such counsel could not confirm that the techniques" of outside investigators "complied in all respects with applicable law." Mr. Sonsini declined to elaborate. He also said he wasn't authorized to disclose the outside companies H-P used in its probe.

A low-key lawyer, Mr. Sonsini has the ear of some of Silicon Valley's most powerful personalities. He is friends with Apple Computer Inc.'s Steve Jobs, and also close to Oracle Corp.'s Larry Ellison. Countless companies, from giants like Google Inc. to smaller-time start-ups, seek his legal counsel, his business advice and his guiding hand. The attention has made Mr. Sonsini wealthy -- and a hot commodity as a corporate board member.

Mr. Sonsini first joined Wilson Sonsini, then known as McCloskey, Wilson and Mosher, in 1966 and served as chairman and CEO for more than 20 years. In that time, he helped to define Wilson Sonsini as the premier firm for several generations of aspiring Silicon Valley start-ups. Mr. Sonsini has served over the years as a director of at least 11 public companies, including LSI Logic Corp. and Silicon Valley Bancshares, according to securities filings, and is a trusted adviser for many valley CEOs. His law firm has eight offices nationwide and plans soon to expand to China.

Wilson Sonsini has also invested in technology firms. Google's securities filings show that Wilson Sonsini-related individuals and partnerships held a stake in the search company prior to its initial public offering. The stake was described as less than 0.1% of Google's Class B shares, which have 10 times the voting power of regular Class A shares. Securities filings show that a collection of investment partnerships affiliated with Wilson Sonsini have held stakes in several companies, sometimes including those of which Mr. Sonsini was a director or for which his firm did legal work or both.

Mr. Sonsini has close ties to Google; he was a director of Novell Inc. while Google CEO Eric Schmidt was chief of that company. Last year, he stepped down as CEO of Wilson Sonsini but remains chairman. Mr. Sonsini, who was a director of the New York Stock Exchange from 2001 to 2003, is currently chairman of NYSE Group Inc.'s legal advisory committee.

Mr. Sonsini is closely connected to several companies that have been caught up in the stock options backdating scandal. He hasn't been accused of any wrongdoing, and there is no evidence that he was involved in the practice. Mr. Sonsini previously served on the board of Brocade Communications Systems Inc., whose former chief executive and former human resources director have been indicted on criminal fraud charges. The two former executives deny the charges.

The attorney also is a longtime adviser and lawyer to Apple, among the highest-profile companies disclosing options problems. Apple has said its probe has discovered "irregularities" in its option grants, including one to Apple's Mr. Jobs. At Pixar Inc., another company of which Mr. Jobs was chief executive, several executives received grants dated at times when the share price was unusually low. Mr. Sonsini was a board member of Pixar, which was purchased this year by Walt Disney Co.

Novell, where Mr. Sonsini was a director from 1988 through 2002, said last month that it had begun a "self-initiated, voluntary" review of its past options practices and had hired an outside law firm to look into the matter.

In addition, Mr. Sonsini has been corporate secretary to KLA-Tencor Corp., which has disclosed that its past recorded grant dates "likely differ" from when they should have been recorded. The company has received a subpoena from federal prosecutors and is being investigated by the SEC. He said yesterday his position at KLA-Tencor "was merely clerical."

As for H-P's Ms. Dunn, some in the high-tech industry were skeptical about her future. Resigning "would be the dignified thing to do," said Dick Kramlich, a veteran venture capitalist at New Enterprise Associates who has sat on numerous corporate boards. The investigation sparked by Ms. Dunn, which amounted to spying on fellow board members, "just destroys her ability to govern," Mr. Kramlich said.

"I think she should be fired," said Rob Kuhling, a partner with venture-capital firm Onset Ventures, who has served on about a half-dozen public boards and more than 20 private ones. Mr. Kuhling said H-P's tactics were "absolutely unethical and not reflective of the trust you want in the boardroom."

A person close to the 53-year-old Ms. Dunn said she would step down "if she lost the confidence of the board" and other directors asked her to do so.

Experts on corporate governance said Ms. Dunn's fate may depend on whether she knew about the investigation tactics, and how well she kept fellow board members apprised. If Ms. Dunn knew, or should have known, about the questionable tactics,

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"she has a very short half-life" as H-P chairman, predicted Joseph Grundfest, a professor of law and business at Stanford University and former member of the SEC.

Mr. Grundfest, a Dunn acquaintance, said he "would be shocked" to learn she knew about or even suspected illegal investigatory methods. He believes investigations will show that "other people violated the trust she placed in them."

Hewlett-Packard Spied On Writers In Leaks (NYT)

By Damon Darlin

The New York Times, September 8, 2006

SAN FRANCISCO, Sept. 7 — The California attorney general's investigation into the purloining of private phone records by agents of Hewlett-Packard has revealed that the monitoring effort began earlier than previously indicated and included journalists as targets.

The targets included nine journalists who have covered Hewlett-Packard, including one from The New York Times, the company said.

The company said this week that its board had hired private investigators to identify directors leaking information to the press and that those investigators had posed as board members — a technique known as pretexting — to gain access to their personal phone records.

In acknowledging Thursday that journalists' records had also been obtained, the company said it was apologizing to each one. "H.P. is dismayed that the phone records of journalists were accessed without their knowledge," a company spokesman, Michael Moeller, said.

In an interview Thursday about the state's criminal investigation of the Hewlett-Packard matter, Attorney General Bill Lockyer said, "A crime was committed." But he added: "It is unclear how strong the case is. Who is charged and for what is still an open question."

Mr. Lockyer said search warrants would be issued to obtain the records of Internet service providers in an attempt to trace the identities of the imposters. He said Hewlett-Packard was cooperating with the investigation into what he said was the first California case of a major corporation using such methods to obtain phone records.

An investigator with direct knowledge of the state's inquiry characterized the list of targets as "extensive," though that person would not elaborate. It could contain people other than journalists or directors.

Travis Dodd, general attorney with AT&T Services in San Antonio, who is working with the California prosecutors, said the records of John Markoff, a reporter for The Times in San Francisco, were a "target of the pretexting" in 2005.

Two other news organizations, the online technology news service CNET and The Wall Street Journal, said they had learned that their reporters had also been targets.

A top Hewlett-Packard official indicated earlier this week that the effort to obtain phone records had begun in January 2006 after an article appeared on CNET with accounts of a Hewlett-Packard management meeting. Those revelations prompted H.P.'s chairwoman, Patricia C. Dunn, to order an investigation of leaks, and the company has conceded that subterfuge was used by a subcontractor to gain phone records in the investigation.

Hewlett-Packard has refused to publicly disclose the names of the consulting firm it hired or the subcontractor that was used to pretext the records. The company has said that the outside consulting firm was instructed to conduct its investigation according to law and that the firm had told H.P. that its techniques were legal.

In May, that investigation identified the board's longest-serving member, George A. Keyworth II, as the source of the leak. He rebuffed a request to resign, but the company said he would not be renominated. Thomas J. Perkins, another board member, resigned in anger over the way the investigation was conducted. His efforts to get the company to acknowledge the reason for his departure led to this week's disclosures.

There had been earlier concerns at the company about leaks around the time of Carleton S. Fiorina's dismissal as chief executive in early 2005. An investigation at that time, however, was only known to have involved interviews of board members.

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Viet D. Dinh, Mr. Perkins's lawyer, said Thursday, "If it is true that the pretexting started before January 2006 and dated back to 2005, it would suggest a deeper and more troubling chain of events than the hiring of third-party pretexters and would reach much higher to persons responsible at H.P."

By Mr. Perkins's account, only the law firm of Wilson Sonsini Goodrich & Rosati, a powerful Silicon Valley law firm and outside counsel for Hewlett-Packard, conducted investigations into leaks in 2005.

A spokeswoman for the law firm, Courtney Dorman, said the firm "absolutely, definitely did not" use pretexting or hire anyone who did pretexting during the firm's informal investigation of directors in 2005.

Mr. Moeller said Thursday that the company's statements about the pretexting had never confined those events to 2006.

A lawyer for The New York Times, David McCraw, said on Thursday evening, "We are deeply concerned by reports that the rights of one of our reporters were violated."

"To the extent that this is a criminal matter, we will cooperate with authorities to make sure any wrongdoing is prosecuted," he said. "To the extent it is a civil matter, we will pursue whatever legal recourse is available. We expect as an initial step that H.P. will make a prompt and full disclosure of what took place in regards to our reporter."

CNET said Thursday that phone records of two of its reporters, Dawn Kawamoto and Tom Krazit, had also been obtained. It said access to Ms. Kawamoto's records had been gained from the same Internet address used by the person who accessed the phone records of Mr. Perkins. A caller used the last four digits of her husband's Social Security number to establish an online account with AT&T to view the records. Access was gained on one date, in late January 2006, it said.

A CNET spokeswoman, Sarah Cain, said: "These actions not only violated the privacy rights of our employee, but also the rights of all reporters to protect their confidential sources."

An article in The Wall Street Journal said records of its reporter, Pui-Wing Tam, had also been a target of pretexting activity. A spokesman for Dow Jones, owner of The Wall Street Journal, declined to comment.

Investor reaction to the Hewlett-Packard board furor has been muted. The company's stock closed Thursday at $35.42, down 2.85 percent from its close before news of the board's turmoil was reported. Indeed, at a Citigroup investor conference where Mark V. Hurd, the chief executive, spoke and answered questions Wednesday, no securities analyst asked about the problems.

HP Investigators Got Reporters' Phone Records (WP)

By Ellen Nakashima

The Washington Post, September 8, 2006

Hewlett-Packard Co. said yesterday that private investigators it hired to find out who leaked confidential corporate information to the media had accessed private phone records of nine journalists who covered the company, without obtaining their permission.

HP would not disclose the reporters' names or identify their publications. The Wall Street Journal said one of its reporters, Pui-Wing Tam, was alerted by the California attorney general's office that her records may have been disclosed to HP. The New York Times reported that its reporter John Markoff also was a target. Technology news service Cnet reported yesterday that a Cnet reporter, Dawn Kawamoto, was notified that her phone records had been accessed.

"HP is dismayed that the phone records of journalists were accessed without their knowledge, and we are fully cooperating with the attorney general's investigation," Hewlett-Packard spokesman Ryan Donovan said.

California Attorney General Bill Lockyer said yesterday that "people in high positions" at Hewlett-Packard "could be involved in illegal activity."

"Do we think a crime occurred?" Lockyer said. "Yes."

But he said the attorney general's office was still trying to figure out "who did what, when."

Lockyer disclosed this week that he had begun a criminal investigation of methods used by HP's contractor to determine the source of a January leak to the media. The leak involved confidential board discussions about potential acquisitions and other corporate business. George A. Keyworth II, the board member who HP determined had leaked the information, resigned, as did another board member, who protested the methods used to determine the leaker's identity.

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Unauthorized access to and use of personal records through computers violates California laws, Lockyer said.

"There's kind of been an admission of guilt by Hewlett-Packard," Lockyer said. He cited the company's disclosures in a filing with the Securities and Exchange Commission that it had obtained personal phone records of its own directors. Those records were obtained by a subcontractor and in some cases involved "pretexting," in which people pose as someone else.

Lockyer said HP's defense has been to say, "Well, we didn't know they were going to do it that way." That means "you have to understand more of who said what to whom, what were the expectations, what was the actual or imputed knowledge -- a lot of things we don't know yet."

Lockyer previously called the breach of phone records "colossally stupid." Yesterday he called the accessing of journalists' phone records "stupid cubed."

Privacy and consumer advocates said the controversy demonstrates the need for comprehensive laws that protect personal information from unauthorized access. The practice of faking identities to obtain personal information is escalating, as is the scope of the records being breached, privacy experts said.

"Congress has been myopic at looking at this as a phone records issue," said Robert Douglas, a privacy consultant. "It's much broader: It's utility records, bank records, medical records, cable and satellite TV records -- all of American consumers' records."

At least four bills have emerged in Congress dealing specifically with unauthorized access to private phone records. But none has passed, despite lawmakers' vows early this year to have a bill on President Bush's desk by late spring.

In the absence of federal laws, states have taken the lead in enacting tough consumer protection and privacy statutes. California, where Hewlett-Packard is based, has some of the toughest, outlawing unauthorized access to computer records or computer systems to wrongly control or copy data. Another California law makes it a crime to obtain personal identifying information, such as a Social Security number, and use it for an unlawful purpose.

The Hewlett-Packard case could spur Congress to act before its current session ends, some consumer advocates said.

The House Energy and Commerce investigations subcommittee is expected to hold a hearing this month on what phone companies are doing to protect customers' records.

"All pretexting should be prohibited," said Jeannine Kenney, senior policy analyst at Consumers Union. "Equally important, however, is that Congress take steps to prevent the violations from occurring in the first place by requiring the carriers or anyone who is entrusted with consumer data to better safeguard that information."

Viet Dinh, a former assistant U.S. attorney general who represents a Hewlett-Packard board member, said criminal laws regarding wire, computer and identity fraud are not comprehensive enough to protect consumers. "The current controversy highlights in a very dramatic manner a pervasive problem with respect to the illegal access and trading of personal records," he said.

Douglas, a former private investigator, said he thinks the case could provide momentum to stalled legislation.

But, then, he thought that before.

"One would have thought that the HP matter would be enough in the waning days of the session to push legislation through," he said. "If not, I think Congress owes the American public an explanation of how, in the course of a full year, they have not got a very simple bill to the president's desk to protect Americans' phone records."

Controversial HP Probe Started Under Fiorina (USAT)

By Michelle Kessler

USA Today, September 8, 2006

SAN FRANCISCO — Carly Fiorina left Hewlett-Packard more than a year ago, but the ousted former CEO continues to have plenty of influence over the computer giant's fortunes.

HP shares Thursday fell for the fourth day in a row as board members continued a very public fight with one another. The battle, which includes an outcry about the possibly stolen phone records of board members and reporters, dates back to Fiorina's last month in office.

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At the same time, several notable business and technology news sources, including Forbes and CNet, have run articles attributing at least some of HP's recent successes to decisions Fiorina made.

The Fiorina buzz is expected to get even louder in October, when she releases her long-awaited tell-all book, Tough Choices. Publisher Portfolio had originally ordered 150,000 copies, which is a large run for a business book. But the company received so many calls this week that it might have to order more, says associate publisher Will Weisser.

Fiorina has stayed silent through the melee, promising to give interviews when her book comes out. But there's no question that the controversy is a huge distraction for her successor, CEO Mark Hurd, who is trying to turn HP around, says tech analyst Roger Kay at Endpoint Technologies Associates.

"It's the return of the ghost of Carly," says independent tech analyst Rob Enderle.

Fiorina, a former executive at Lucent Technologies, became HP's CEO in 1999 and chairman in 2000. In 2001, during the dot-com bust, she spearheaded a controversial $25 billion acquisition of rival Compaq Computer.

Many shareholders questioned the deal. Board member Walter Hewlett, the son of an HP founder, led a revolt. It was defeated, and Hewlett left the board.

But new information suggests the discord continued.

In early 2005, Fiorina became upset that confidential company information was being leaked to the press. She hired lawyers to question board members. No one confessed.

Fiorina was forced to resign on Feb. 9. The leaks continued, so new Chairman Patricia Dunn hired an investigation firm to hunt down the source.

The firm reported that board member George Keyworth II, former science adviser to President Ronald Reagan, had been talking to the press. He was outed during a May 18 board meeting and asked to resign. He refused.

The public flaying angered board member Tom Perkins, a prominent venture capitalist, who had wanted Dunn to deal with Keyworth privately. Perkins resigned in protest.

The next month, Perkins asked HP to examine how the investigation firm obtained its information. HP hired lawyers to do the work.

The lawyers soon reported that a subcontractor hired by the investigation firm had used a controversial technique called "pretexting" to obtain phone records of board members and reporters.

Pretexting is the act of contacting a phone or other company pretending to be someone else, in order to get their confidential records.

Outraged, Perkins contacted his phone company, AT&T, and discovered that his account had been accessed that way. AT&T in turn contacted the California Attorney General's Office. HP was forced to respond last week by filing a document with the Securities and Exchange Commission outlining the battle.

It's unclear whether the investigators broke any laws, but the Attorney General and the SEC are both launching inquiries.

Such a pitched boardroom battle "is not normal," says Charles Elson, a corporate governance professor at the University of Delaware. Leaks are unethical, but it's more important that board members are free to do their jobs without being snooped on, he says.

Dunn likely had good intentions, but if the controversy doesn't blow over, she may have to resign "for the good of the company," Enderle says. That wouldn't be a huge blow for HP, he says. Although Dunn was crucial during HP's leadership transition, she plays less of a role now that Hurd is firmly in charge, he says.

But HP is worried that the mess will take away from the impressive recovery Hurd has presided over, spokesman Ryan Donovan says.

Since Fiorina left the company, HP shares have risen 76%. Net income is up 49%. HP has about 15% of the worldwide PC market and is gaining on rival Dell.

Kay says HP should be able to overcome its latest challenges. It also matters little to customers whether Fiorina or Hurd was responsible for HP's turnaround, he says. They just want good products, he says.

Fiorina may have more trouble rehabilitating her own image, Enderle says. The current board controversy will probably help her sell books, but it makes it clear that her relationships with her contemporaries "were a train wreck," he says.

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Detectives Often Take The Heat If Things Sour (WSJ)

By Christina Binkley And Merissa Marr

The Wall Street Journal, September 8, 2006

When private investigators are accused of bad things, the people who hired them -- companies, law firms or individuals -- often deny that they ordered up illegal or unethical actions. Sometimes, that's enough to escape criminal or civil liability, even when the investigators themselves are under heavy legal fire.

The question of who is responsible for the actions of a hired private investigator is front and center in the current dust-up over Hewlett-Packard Co.'s probe of boardroom leaks. H-P has acknowledged that "pretexting" -- the practice of posing as a person to obtain private phone records or other information about them -- was used in an investigation conducted on the company's behalf by a private investigator. A contractor hired by the investigator performed the pretexting.

In some other cases, the parties that have hired investigators accused of misdeeds have dodged responsibility by denying any knowledge of what the investigators were up to.

The most prominent recent example is the long-running federal probe of Anthony Pellicano, the so-called detective to the stars who for many years was in the employ of a long list of prominent Hollywood attorneys, actors and executives.

Earlier this year, Mr. Pellicano was indicted by a federal grand jury in Los Angeles accusing him of illegal activities including wiretapping and racketeering.

Mr. Pellicano's indictment has been messy and embarrassing for a number of people in show business -- including prominent Hollywood lawyer Bert Fields and executives like former agent Michael Ovitz, both of whom used Mr. Pellicano's services over the years. But the government hasn't charged those men, or their firms, and attorneys who have clients involved in the case say it's languishing.

The probe has snared one prominent attorney who employed Mr. Pellicano: Terry Christensen, a longtime ally of billionaire Kirk Kerkorian. Mr. Christensen was indicted by a grand jury for charges including conspiring to illegally wiretap. He has denied wrongdoing.

A spokesman for the U.S. attorney's office says it doesn't comment on continuing investigations. Messrs. Fields and Ovitz have repeatedly denied knowledge of any possible illegal conduct by Mr. Pellicano. Mr. Pellicano also denies the charges.

Attorneys don't all agree on whether a private detective's transgressions can enmesh an unknowing client in a criminal investigation, civil lawsuit or just an embarrassing situation.

To distance himself from the detectives he hires, New York divorce attorney Norman Sheresky says he won't allow detectives to tell him how they get the information they provide him. "I don't want to know that stuff," he says, "I just want the results."

Mr. Sheresky has hired detectives to trail his clients' spouses and even to collect urine from a toilet in an attempt to determine if a woman was pregnant (the attempt failed because water contaminated the sample).

He says he assumes the detectives he hires "follow the rules," but he acknowledges that the business often operates on a fine line.

Raoul Felder, another well-known divorce attorney, says he hires retired police officers for private detective work because they understand the laws.

"No wiretapping; no getting into computers," Mr. Felder says. "We tell them it's gotta be absolutely legal."

Private investigators can play such a crucial role in legal cases that prominent criminal defense attorney Stanley Arkin formed his own detective agency several years ago, bringing on Jack Devine, former acting director of the Central Intelligence Agency, as a partner.

Mr. Arkin prefers to call the business, known as the Arkin Group, an "intelligence agency."

"If you hire somebody, you're responsible," Mr. Arkin says. "If you engage somebody who engages in dirty tricks, there's a good chance it'll come back on you."

Sometimes, the tricks don't even have to be illegal to cause problems. General Motors Corp. was forced to publicly apologize in the 1960s for hiring a detective to check into Ralph Nader's background, which turned out to be squeaky clean.

The auto company was responding to the activist's book, "Unsafe at Any Speed," which charged that the GM Corvair was inherently unsafe.

Still, the long-running government investigation into Mr. Pellicano illustrates the huge challenges prosecutors face in proving a client was aware of the illegal methods a detective may have used.

While many of Mr. Pellicano's clients and the executives they were working for have been subpoenaed as witnesses in the investigation, only two prominent Hollywood players have been charged: Mr. Christensen and the film director John McTiernan.

Instead, the indictments have mostly focused on a handful of small-time clients and people who allegedly aided Mr. Pellicano in his investigations, including police officers and telephone company employees.

In a number of cases, prosecutors simply charged suspects with perjury, for lying to the grand jury. They included Mr. Pellicano's ex-girlfriend Sandra Carradine, who pleaded guilty to perjury, and a former SBC Communications Inc. employee who was charged with perjury.

In the case of Mr. McTiernan, prosecutors charged him with making false statements after telling investigators in an interview that he had no knowledge of any wiretapping by Mr. Pellicano. He pleaded guilty.

Other Hollywood attorneys were long rumored to be in the prosecutor's sights. However, there have been no indictments since April. Fourteen people have been charged in the investigation.

Scams Seeking Phone-Customer Data Are Growing Threat (WSJ)

By Dionne Searcey And Shawn Young

The Wall Street Journal, September 8, 2006

Last year, the customer-service center at Verizon Wireless began receiving suspicious calls from someone posing as a Verizon Wireless employee who was helping "voice-impaired" customers gain access to their cellphone records.

"He just got out of the hospital with throat surgery" and couldn't make the call himself, the caller told the customer-service representative in one instance, according to legal filings.

But the caller was apparently operating a "pretexting" scam, in effect calling under the pretext of being a representative of the customer. (Pretexters also pretend to be the actual customer.) Verizon sought an injunction to shut down the caller's company and its affiliates, including Data Find Solutions Inc. The companies were allegedly operating Web sites that sold consumers' cellphone and regular phone records for fees of $60 or more. A judge granted Verizon Wireless's request.

Pretexting is a growing problem for phone companies, but it is even more of a problem for consumers. Private investigators, suspicious spouses and an increasing number of data-mining companies are engaging in the practice. Only in the past year or so has phone-company pretexting begun to draw attention from law-enforcement officials, lawmakers and phone-service providers.

In some instances, pretexters pretend to be phone-company employees seeking customer phone records. In others, the callers already have enough personal information about the actual customer to convince the phone company to let them access call records. This week, pretexting arose as an issue at Hewlett-Packard Co., where the practice was used in an internal board investigation to find out who was leaking company information to the media.

Phone companies have been striking back with legal action. In the past year, Cingular Wireless and T-Mobile as well as Verizon Wireless have gone to court against pretexters.

A smattering of antipretexting laws have passed in various states, and Congress is mulling its own bills. Still, companies can't always spot pretexters. Some use "spoofing" devices to make it appear as if they are phoning from a customer's actual phone. Others use voice-changing devices, making male voices sound female, for example.

Corporations have tried to crack down by training employees to spot suspicious callers and by aggressively pursuing legal action to shut down known pretexting companies.

While no method is foolproof, Verizon Communications Inc. urges its customers to set up passwords even for phone conversations with customer-service representatives. In that case, it requires the customers to present their passwords to the representatives before any information can be divulged. Otherwise, customers must be able to recite information provided only on their bills before they can access records. Verizon will also send account information only to a customer's billing address.

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AT&T Inc. declined to disclose actions it has taken to safeguard customer records for fear of tipping off pretexters. In the past month, it has asked a court to stop two dozen pretexters whom it accuses of fraudulently accessing 2,500 customer accounts. The suspects in those instances were setting up online accounts to access bills.

In one complaint, AT&T said the pretexters in some cases would call the company to set up the online account using spoofing devices to make it appear they were phoning from their target's home phone. In other instances. they would simply go to the company's Web site, enter the customer's phone number and the last four digits of the customer's Social Security number and obtain an online account.

In its suits against pretexters claiming to aid disabled customers, Verizon Wireless claimed that from Sept. 14 to Oct. 19, 2005, the defendants made 5,108 calls to the company's customer-service centers to obtain records. In one of the cases, the caller posed as "Anthony -- supervisor over at the special needs center" and said he was calling on behalf of a voice-impaired customer. In another instance, a pretexter called posing as a Verizon Wireless employee from "financial services," saying she needed help getting data on a customer's account.

The alleged scam basically worked like this: The defendants adopted a pattern of posing as Verizon Wireless workers helping disabled customers, who were also impostors. The impostor customer was brought on the phone line with a customer-service representative to verify information but was nearly impossible to understand, according to the complaint. The caller then became impatient, insisting that the account had been verified and the information should be handed over.

In one instance, the Verizon representative asked for the customer's name and the last four digits of his Social Security number, according to the complaint.

"He's verified...ma'am," the caller said. "I need to hear that, though," the Verizon representative replied.

The caller then put on another person to say his name and Social Security number, but the words were unintelligible.

"O.K., I'm not understanding you," the Verizon worker said. At that point, the caller asked to speak with a supervisor. That's when the scheme unraveled.

Attempts to reach representatives of the defendants in the alleged pretexting cases for comment were unsuccessful.

--Sarmad Ali contributed to this article.

Write to Dionne Searcey at dionne.searcey@wsj.com10 and Shawn Young at shawn.young@wsj.com11

Spitzer's Retreat (WSJ)

The Wall Street Journal, September 8, 2006

New York Attorney General Eliot Spitzer's office quietly admitted this week that it is dropping certain civil charges against Hank Greenberg, former CEO of AIG. Here ends a monumental story of prosecutorial abuse.

Last year, as the whole world knows, Mr. Greenberg was drummed out of the insurance empire he created after Mr. Spitzer accused him of presiding over a firm that was a "black box" of accounting scandals. AIG settled with Mr. Spitzer, but Mr. Greenberg refused to roll over. Mr. Spitzer's spokesman, Darren Dopp, characterized this week's changes to the complaint as little more than a "routine amendment." Really?

The prosecutor has in fact abandoned nearly every substantive claim he'd made against the insurance titan, claims that helped lose Mr. Greenberg his job. Gone are charges that Mr. Greenberg deceived regulators about AIG's relationship with offshore reinsurers Union Excess and Richmond Reinsurance. Gone are charges that AIG falsely reported income from investments as underwriting income; and that AIG deliberately under-reported workers' compensation premiums it collected. Mr. Spitzer even removed inflammatory suggestions that Mr. Greenberg had improperly manipulated trading in AIG shares.

Post retreat, about the only material charge that remains relates to an AIG deal with General Re. That accusation is one of the flimsiest -- centering on what's known as "finite reinsurance." Such products are widely used, though there has always been controversy over how to account for them. Mr. Spitzer argues AIG did so improperly, but that will be tough to prove given there've never been bright-line rules about such accounting.

By the numbers, this story gets even worse. Of the $1.64 billion Mr. Spitzer wrenched from AIG, the charges he continues to press against Mr. Greenberg represent $25 million. So what we really have is a philosophical disagreement over how a near-

negligible transaction was accounted for at a $150 billion to $200 billion company. Only in this case, Mr. Spitzer used that trifling dispute to ruin a man's career.

Let's also recall that when this hoopla broke, Mr. Spitzer astounded even fellow prosecutors by threatening to indict AIG unless it fired Mr. Greenberg. Then he broke further prosecutorial codes by going on national TV to accuse Mr. Greenberg of fraud -- before he'd even filed charges. It was only months later, in the media blackout of the Thanksgiving holiday, that Mr. Spitzer leaked the news that he wouldn't pursue criminal charges. Now he's admitting most of the civil case is also bunk.

Not that any of this matters to Mr. Spitzer now. Surfing along on a wave of prosecutorial "triumphs" -- of which the Greenberg case was feted as one of those most significant -- he is cruising toward the governor's mansion. It's getting harder to believe that many of his suits weren't brought solely for that purpose.

CRIMINAL LAW:

Source In C.I.A. Leak Case Voices Remorse (NYT)

By David Johnston

The New York Times, September 8, 2006

WASHINGTON, Sept. 7 — Expressing regret for his actions and apologies to his administration colleagues, Richard L. Armitage, the former deputy secretary of state, confirmed Thursday that he was the primary source who first told a columnist about the intelligence officer at the center of the C.I.A. leak case.

"It was a terrible error on my part," Mr. Armitage said in an interview, discussing his conversations with reporters. He added: "There wasn't a day when I didn't feel like I had let down the president, the secretary of state, my colleagues, my family and the Wilsons. I value my ability to keep state secrets. This was bad, and I really felt badly about this."

Mr. Armitage also confirmed what had long been speculated — that he was the anonymous government official who talked to Bob Woodward, the Washington Post editor and reporter, about the Central Intelligence Agency officer, Valerie Wilson, in June 2003. It is the first known conversation between an administration official and a journalist about her.

Mr. Armitage, who has been criticized for keeping his silence for nearly three years, said he had wanted to disclose his role as soon as he realized that he was the main source for Robert D. Novak's column on July 14, 2003, which identified Ms. Wilson. But he held back at the request of Patrick J. Fitzgerald, the prosecutor. "He requested that I remain silent," Mr. Armitage said.

He expressed irritation over assertions in some editorials and blogs that, by his silence, he had been disloyal to the Bush administration, saying he had followed President Bush's repeated instruction that administration officials cooperate with the Fitzgerald inquiry. "I felt like I was doing exactly what he wanted," he said.

Mr. Armitage testified three times before the grand jury, the last time in December 2005. "I was never subpoenaed," he said. "I was a cooperating witness from the beginning."

He never hired a lawyer and did not believe he needed one. "I had made an inadvertent mistake, but a mistake in any event," he said. "I deserved whatever was coming to me. And I didn't need an attorney to tell the truth."

This week, after news reports clearly identified him as the source, Mr. Armitage said Mr. Fitzgerald had consented to his public disclosure of his role. Mr. Fitzgerald sent Mr. Armitage a letter in February, notifying him that the inquiry into his activities had been closed.

It was Mr. Novak's column that led to a formal request for a leak inquiry by the Central Intelligence Agency, resulting in the appointment of Mr. Fitzgerald. After nearly two years, that investigation led to an indictment of I. Lewis Libby Jr., the former chief of staff to Vice President Dick Cheney, on perjury and obstruction of justice charges.

Mr. Armitage said he first told the authorities about his conversation with Mr. Novak in October 2003, when he read in a follow-up column by Mr. Novak what he believed was a reference to him. That meant Mr. Armitage's role was known to the Justice Department almost from the outset of the inquiry, two months before Mr. Fitzgerald was named special counsel in the case.

The confirmation of Mr. Armitage's role, long the subject of news media speculation, showed that the initial leak of Ms. Wilson's identity did not originate from the White House as part of a concerted political attack against her husband, Joseph C.

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Wilson IV, who had criticized the administration over the Iraq war. Rather it was divulged by a senior State Department official who was not regarded as a close political ally of Mr. Cheney or other presidential aides involved in the underlying issues in the case.

Mr. Armitage said he did not tell prosecutors about his conversation with Mr. Woodward until the fall of 2005 because he had forgotten about it. Mr. Armitage said he did not recall the June 2003 conversation until Mr. Woodward called to remind him about it after Mr. Fitzgerald's news conference at the time of Mr. Libby's indictment.

Armitage Says He Was Source Of CIA Leak (WP)

By R. Jeffrey Smith

The Washington Post, September 8, 2006

Former Deputy Secretary of State Richard L. Armitage said yesterday that he believes he was the initial source for a 2003 newspaper column by Robert D. Novak that disclosed the CIA's previously secret employment of Valerie Plame, the wife of a prominent critic of the U.S. war in Iraq.

Armitage said that he learned about Plame's employment from a State Department memo that did not mention her covert status, and that he had no knowledge of it at the time. In 40 years of reading classified materials, Armitage said in a telephone interview, "I have never seen in a memo . . . a covert agent's name."

Novak's disclosure of Plame's CIA employment ultimately led to the appointment of a special counsel to investigate the leak. In October of last year, a grand jury indicted vice presidential chief of staff I. Lewis "Scooter" Libby on charges of lying to investigators about his conversations with reporters about Plame, forcing his resignation and embarrassing the White House.

But Armitage, who said he testified about his actions to a grand jury three times, was not charged for making the disclosure, a circumstance he attributes to his candor in speaking with investigators about his action. He turned over his computers and never even hired an attorney, Armitage said, because "I did not need an attorney to tell me to tell the truth."

The confirmation of Armitage's role has provoked criticism of both him and the special counsel, Patrick J. Fitzgerald, who learned of it shortly after his appointment in 2003. Some have questioned why Armitage waited so long to speak up about it, and why Fitzgerald spent two years appearing to chase a question that had already been answered.

Armitage said yesterday that he did not disclose his role before now because Fitzgerald had asked him not to. But word of his role eventually began to circulate, and on Tuesday, Armitage said, he asked Fitzgerald to be freed of that promise. Fitzgerald agreed.

Armitage said that he was asked, during the course of the investigation, whether he had discussed the leak in advance with other senior administration officials, and that he replied: "Hell, no."

Instead, he said, he divulged Plame's name in an offhand way at the end of his conversation with Novak, whom he had not previously met. Novak had asked him why former ambassador Joseph C. Wilson IV -- Plame's husband -- had been tasked to probe Iraq's alleged interest in acquiring nuclear materials.

"Novak asked me, 'Hey, why did the CIA send Mr. Wilson to Niger?' I said, 'I don't know, but I think his wife worked out there,' " Armitage said.

Novak asked because Wilson at the time was accusing the White House of deliberately distorting the intelligence it had received on Iraq's nuclear program to justify its invasion of the country, an allegation that infuriated Vice President Cheney and other top officials.

But Armitage said he did not realize that he was a source for Novak's subsequent column naming Plame until October 2003, when Novak identified one of his sources as someone who was not a "partisan gunslinger." That mention provoked Armitage to tell then-Secretary of State Colin L. Powell, who told the State Department's top lawyer, who in turn arranged for Armitage to speak with the Justice Department.

Armitage also acknowledged making a similar offhand remark about Plame earlier in 2003 to Washington Post Assistant Managing Editor Bob Woodward, who was researching a book about the decision to invade Iraq. Armitage said he deeply regrets embarrassing Powell, the State Department, his friends and family, and the Wilsons.

Armitage Reveals That He Was A Source In Plame Leak (MCT)

By Warren P. Strobel

DOJ_NMG_0059526

McClatchy Newspapers, September 8, 2006

WASHINGTON - Former Deputy Secretary of State Richard Armitage acknowledged Thursday that he was a columnist's primary source in the disclosure that retired U.S. Ambassador Joseph Wilson's wife worked at the CIA. The revelation touched off a wide-ranging special counsel's investigation and led to the indictment of Vice President Dick Cheney's chief of staff.

Armitage said in an interview that the disclosure was inadvertent and that he had cooperated fully with Justice Department special counsel Patrick Fitzgerald in the months since.

Fitzgerald, he said, had requested that he not talk about his role in the case, a restriction that was lifted only Tuesday.

"I called the special counsel on Tuesday of this week to ask if I could end this nightmare. He said yes," Armitage said.

Wilson traveled to the African country of Niger in February 2002 to check out claims that Iraq was seeking uranium ore there to restart its nuclear-weapons program. Wilson found the claims baseless, and after the Iraq invasion he went public with criticism that the White House had manipulated intelligence on Iraq.

The revelation that his wife, who used the name Valerie Plame, was a CIA officer in July 2003 by columnist Robert Novak prompted a series of events that led to Fitzgerald's probe and allegations that top aides to President Bush had leaked her name in an attempt to intimidate Wilson and other critics.

The administration's defenders have claimed that Armitage's acknowledgement of his role, which has been speculated about for months, takes much of the sting out of those allegations.

But interviews and documents also portray the White House - in the persons of Bush aide Karl Rove, Cheney chief of staff I. Lewis "Scooter" Libby and others - as furiously trying to get information about Wilson and Plame, then discussing it with reporters.

Fitzgerald, whose probe hasn't concluded, indicted Libby last October on charges of obstruction of justice, perjury and making false statements. Libby is contesting the charges, and Armitage said he would testify at the trial if called.

In the interview with McClatchy Newspapers, CBS News and The New York Times, Armitage said he had no partisan intent in mentioning that Wilson's wife worked at the CIA at the end of an interview with Novak on other subjects in the summer of 2003. He didn't know her by the name Valerie Plame or that she was working undercover.

Armitage was rueful nonetheless, and disclosed that he had written a letter of resignation as the State Department's No. 2 official and closest adviser to then-Secretary of State Colin Powell.

"There wasn't a day that went by that I didn't feel that I let down the president, the secretary of state, the Department of State, my family and friends and for that matter, the Wilsons," he said.

"I consider myself someone who's valued the ability to keep state secrets," he said. "This was bad."

Novak didn't immediately return a phone call seeking comment.

Armitage also said he had discussed Wilson's wife's employment at the CIA in an earlier conversation with Washington Post editor Bob Woodward, on June 13, 2003.

He said he hadn't recalled that conversation until Woodward reminded him of it later, and he then immediately called the FBI and sought another meeting with Fitzgerald.

The affair also led to subpoenas for several journalists in connection with their conversations with top White House officials, including Matthew Cooper of Time magazine and Judith Miller of The New York Times. Miller spent nearly three months in jail for refusing to identify Libby as a source, although she never wrote an article on the matter.

Armitage said he first contacted the Justice Department on Oct. 1, 2003, the day after the department launched a criminal investigation into the leaking of Plame's name. Knowingly disclosing the identity of an undercover CIA officer is a felony.

The former senior U.S. diplomat and Pentagon official said he had never been accused of wrongdoing in the matter or subpoenaed, and had cooperated fully with Fitzgerald. "I offered everything fully ... even my wife's computer," he said.

Armitage, who appeared before a grand jury three times, said he could only guess as to why Fitzgerald continued the investigation.

There were allegations at the time, he noted, that two White House officials had discussed Plame's identity with a half-dozen reporters.

"There was a question, I believe, not only of who talked to Mr. Novak, no matter how inadvertent it was ... (but also there was) the question of whether there was some sort of `conspiracy,' unquote."

Armitage learned that Wilson's wife worked at the CIA from a memo that the State Department's intelligence bureau had produced in response to queries on the matter from the White House, relayed via then-Undersecretary of State Marc Grossman.

The memo, also read by White House officials aboard Air Force One while Bush was en route to Africa, identified her as Valerie Wilson, not Plame, her maiden name.

Armitage said that Novak, at the end of the interview, asked him why the CIA had sent Joseph Wilson to Niger to check on the reports of Iraq's interest in uranium. He said his recollection was that he replied, "I don't know, but his wife works out there."

"I had no real understanding I told Novak something of enormous interest," he said.

Armitage Says He Was Source In CIA Leak (AP)

By Matt Apuzzo, Associated Press Writer

AP, September 8, 2006

The former No. 2 State Department official said Thursday he inadvertently disclosed the identity of CIA employee Valerie Plame in conversations with two reporters in 2003.

Confirming that he was the source of a leak that triggered a federal investigation, former Deputy Secretary of State Richard Armitage said he never intended to reveal Plame's identity. He apologized for his conversations with syndicated columnist Robert Novak and Washington Post reporter Bob Woodward.

For almost three years, an investigation led by Special Prosecutor Patrick Fitzgerald has tried to determine whether Bush administration officials intentionally revealed Plame's identity as covert operative as a way to punish her husband, former ambassador Joseph Wilson, for criticizing the Bush administration's march to war with Iraq.

"I made a terrible mistake, not maliciously, but I made a terrible mistake," Armitage said in a telephone interview from his home Thursday night.

He said he did not realize Plame's job was covert.

Armitage's admission suggested that the leak did not originate at the White House as retribution for Wilson's comments about the Iraq war. Wilson, a former ambassador, discounted reports that then-Iraqi leader Saddam Hussein had tried to buy yellowcake uranium from Niger to make a nuclear weapon — claims that wound up in President Bush's 2003 State of the Union address.

Armitage said he was not a part of a conspiracy to reveal Plame's identity and did not know whether one existed.

He described his June 2003 conversation with Woodward as an afterthought at the end of a lengthy interview.

"He said, 'Hey, what's the deal with Wilson?' and I said, 'I think his wife works out there,'" Armitage recalled.

He described a more direct conversation with Novak, who was the first to report on the issue: "He said to me, 'Why did the CIA send Ambassador Wilson to Niger?' I said, as I remember, 'I don't know, but his wife works out there.'"

Armitage, whose admission was first reported by CBS News Thursday, said he cooperated fully with Fitzgerald's investigation. He was never a target of the investigation and did not hire a lawyer. He agreed to speak to reporters after Fitzgerald released him from a promise of confidentiality.

Armitage said he considered coming forward late last month when a flurry of news reports identified him as the leak. But he said he did not want to be accused of trying to get the story out during the summer's slow news cycle.

"I did what I did," Armitage said. "I embarrassed my president, my secretary, my department, my family and I embarrassed the Wilsons. And for that I'm very sorry."

I. Lewis "Scooter" Libby, a former top aide to Vice President Dick Cheney, is the only administration official charged in the CIA leak case. He faces trial in January on charges he lied to authorities about conversations he had with reporters about Plame.

Armitage said he assumed Plame's job was not a secret because it was included in a State Department memo.

Sportingbet Chairman Peter Dicks Is Arrested In U.S. (Update8) (BLOOM)

By Dan Weeks

Bloomberg, September 8, 2006

Sept. 7 (Bloomberg) -- U.S. authorities arrested Sportingbet Plc Chairman Peter Dicks, the second executive of a British gambling company to be held amid a government crackdown on Internet betting.

Dicks, 64, was arrested yesterday at 11:30 p.m. at John F. Kennedy International Airport, said Pasquale DiFulco, a spokesman for the Port Authority of New York and New Jersey. He is being held as a fugitive based on a warrant from Louisiana and is awaiting extradition, DiFulco said. A spokesman for the company declined to comment on his detention.

Shares of online betting companies plunged, and Sportingbet, which gets more than half its revenue from the U.S., asked that trading in its stock be suspended. U.S. officials say online betting sites can be used to launder money and sell drugs, and that they lack safeguards to screen out minors and gambling addicts.

``Unless the chairman is being held on charges unrelated to online gaming, we can probably assume the Department of Justice has an agenda against sports-betting companies that are using telephone lines to make bets," said Andrew Lee, an online gaming analyst at Dresdner Kleinwort in London.

Dicks is scheduled to appear in court after 6:30 p.m. in state court in Queens, New York, as a fugitive, said a court clerk who declined to identify herself.

Separately today, Sportingbet said it's in talks with World Gaming Plc for an all-stock takeover valued at 46.2 million pounds ($86 million).

U.S. Clients

A message left at Dicks's home number in London wasn't immediately returned. Donna Sellers, a Justice Department spokeswoman, declined to comment.

Sportingbet, which first sold shares to investors in January 2001, accepted almost 150 million sports and gaming wagers in the fiscal third quarter that ended April 30. About four-fifths of clients are American.

The company's net income was 20.7 million pounds in the quarter through April, a 52 percent increase from the year before, on revenue of 507.3 million pounds.

Sportingbet stock slid 44 percent in two days in July after David Carruthers, then chief executive officer of U.K. Web bookmaker Betonsports Plc, was arrested and charged with crimes including racketeering and fraud.

A U.S. court ordered Betonsports to stop accepting wagers from the country, its main market, and return deposits to American gamblers. Betonsports said last month it would shut down units that take bets from the U.S.

U.S. Gains

The number of American customers who used Sportingbet's Web sites to bet on athletics rose 51 percent from a year earlier to almost 165,000 in the quarter. Sports wagers numbered 8.2 million and averaged $51 in size.

Sportingbet, which has a stock market value of 1 billion pounds, announced Dicks was being held today in a statement after asking for the suspension of trading. Shares of PartyGaming Plc, the world's biggest Internet poker company, dropped as much as 19 percent in London.

Online gambling has become a $12 billion-a-year industry for companies including Gibraltar-based PartyGaming, which got more than four-fifths of its sales from the U.S. last year. Carruthers was indicted about a week after American legislators approved a measure to stifle online gambling by restricting the flow of money to illegal gaming Web sites.

Rivals' Shares Slide

PartyGaming shares fell 11.5 pence, or 9.8 percent, to 105.75 pence in London today, rebounding from earlier losses. Bwin Interactive Entertainment AG, an Austrian online bookmaker, slid 2.42 euros, or 8.9 percent, to 24.70 euros in Vienna after dropping as much as 19 percent earlier.

Leisure & Gaming Plc, which owns betting brands including VIPsports, declined 25.5 pence, or 35 percent, to 48 pence in London and closed at the day's lowest price. 888 Holdings Plc, the largest online casino operator, fell 27 pence, or 16 percent, to 144 pence. World Gaming dropped 27.5 pence, or 30 percent, to 64.5 pence.

The U.S. government views Internet gambling as illegal under a 1961 law that bars the use of telephone lines to make interstate wagers. Sports betting triggered the only case in which someone has been tried and jailed in the U.S. for running an illegal Web gambling business, Greg Harris, an analyst at Canaccord Adams in London, said when Carruthers was charged.

NFL Season

Dicks, whose detention was announced on the same day that the U.S. National Football League starts its season, was visiting the U.S. for reasons unrelated to Sportingbet, the company said in the statement. Betonsports' Carruthers was detained in Dallas while changing planes on a trip.

Along with Carruthers, the Betonsports indictment named people including company founder Gary Kaplan, who allegedly has not paid federal wagering excise taxes on more than $3.3 billion in bets taken from the U.S. The indictment seeks the forfeiture of $4.5 billion from Kaplan and other co-defendants.

Dicks became non-executive chairman of Sportingbet.com Plc, as the company was known, in January 2000 and also is chairman of Daniel Stewart Securities Plc.

Jay Cohen, the former president of online bookmaker World Sports Exchange, is the only person to be jailed for running an illegal Internet gambling business in the U.S. He was among 14 people charged in March 1998 and was convicted in February 2000. Cohen unsuccessfully appealed his 21-month sentence all the way to the Supreme Court.

To contact the reporter on this story: Dan Weeks in London at dweeks1@bloomberg.net

British Online Gaming Executive Is Arrested (LAT)

By Michael A. Hiltzik

The Los Angeles Times, September 8, 2006

In an action that roiled the fast-growing world of online gambling, a top executive of a British Internet company was arrested on U.S. soil late Wednesday on charges connected with taking wagers from bettors in the United States.

It was the second arrest in two months of a foreign Internet-gaming executive in the United States.

Wednesday, Peter Dicks, 64, chairman of London-based Sportingbet PLC, was taken into custody by airport police at New York's John F. Kennedy International Airport after he arrived on an overseas flight. He was held on a criminal warrant issued by the state of Louisiana. After the arrest, Sportingbet asked the London Stock Exchange, where its stock is listed, to halt trading in its shares.

The Dicks arrest follows the July 17 arrest of David Carruthers, chief executive of BetOnSports.com, another online sports book. Carruthers was on a layover at Dallas-Fort Worth Airport between Costa Rica and Great Britain when he was taken into custody on federal charges including racketeering and mail fraud. He is under house arrest in a St. Louis suburb and awaiting trial early next year. The company discharged Carruthers and has shut down its U.S. operation. Its future remains in doubt.

While it is not illegal under U.S. law for Americans to make online bets, federal prosecutors maintain that it is illegal for online operators to solicit or accept them, even when their operations are located offshore.

Experts in gambling law said the two arrests underscored an intensified government attack on Internet gambling at a time when the online customer base is expanding rapidly worldwide and the technology to mask the source and destination of wagers is improving. The online gambling market is estimated at more than $11 billion annually and is projected to reach $25 billion by 2010. More than half of that is estimated to come from bettors in the United States.

Whether the government can shut down all Americans' access to such gambling is questionable, said I. Nelson Rose, a gaming law expert at Whittier Law School in California. "It's pretty clear you can't prevent it completely -- the Internet was designed to survive a nuclear war."

The law governing online betting in the United States, meanwhile, is in flux: In June, the House of Representatives passed a measure by Reps. Robert W. Goodlatte, R.-Va., and James Leach, R-Iowa, to prohibit banks and other financial service companies from passing payments to Internet wagering sites, even by check. A companion bill has been stalled in the Senate.

Experts -- and judges -- are divided over how existing laws apply to offshore Web sites such as those operated by BetOnSports and Sportingbet. The 1961 federal Wire Act specifically outlawed bets made using the national communications network -- principally via telephone -- on sporting events. Although at least one federal appeals court has ruled that the prohibition applies to Internet sports betting, some lawyers say that the law may someday be found to be inapplicable to Internet technologies that circumvent telephone networks entirely.

Dicks is charged with violating a Louisiana state law prohibiting computer gambling -- one of few such state laws in the country -- carrying a maximum sentence of five years in jail and a $25,000 fine, according to Senior Trooper Dwight Robinette, a

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spokesman for the state police. Robinette said the federal government was not involved in the prosecution. "It is our case," he said.

U.S. Detains Sportingbet Chairman (WSJ)

By Lilly Vitorovich

The Wall Street Journal, September 8, 2006

LONDON -- Online-gambling company Sportingbet PLC said nonexecutive Chairman Peter Dicks was detained by U.S. authorities, nearly two months after the U.S. arrest of David Carruthers, then-chief executive of BetOnSports PLC.

Sportingbet said Mr. Dicks, 64 years old, was detained while visiting the U.S. on non-Sportingbet business. A Sportingbet spokesman declined to comment further. A Port Authority spokesman said Mr. Dicks was taken into custody Wednesday night at John F. Kennedy International Airport on an outstanding warrant for the state of Louisiana and will likely face an extradition hearing.

MORE ON THE CASE

• BetOnSports to Close U.S. Business1

8/14/06

• Online Gamblers Have Little to Fear2

7/25/06

• BetOnSports and CEO Charged With Fraud3

7/19/06

• ReplyAll: Should Online Gambling Be Banned?4

4/4/06

Like BetOnSports, before it fired Mr. Carruthers and closed its U.S. operations, Sportingbet accepts online bets from U.S.-based customers on sporting events as well as games such as casino and poker. It generates 65% of its earnings from the U.S., where online sports betting is illegal.

Shares of Sportingbet were suspended as a result of the detainment of Mr. Dicks, but some of its peers took a heavy hit.

In London trading, PartyGaming PLC shares were down 9.8% at 105.75 pence ($2.01), while shares of 888 Holdings PLC fell 16% to 144 pence; Empire Online Ltd. slipped 4.5% to 69 pence, and Leisure & Gaming PLC declined 35% to 48 pence. In Vienna, BWIN Interactive Entertainment AG shares were down 8.9% at €24.70 ($31.71).

ABN Amro analyst Michael Pacitti said investors appear to be selling online-gambling stocks on concerns that the detainment of Mr. Dicks may be related to the BetOnSports case in the U.S.

"The market's concern is going to be that the regulation authorities in the U.S. are effectively clamping down on sports betting," he said, though he stressed that details surrounding the detainment of Mr. Dicks are still sketchy.

PartyGaming Chief Accuses America Of Protectionist Tactics (LGUARD)

By Simon Bowers, The Guardian

London Guardian, September 8, 2006

PartyGaming chief executive Mitch Garber yesterday issued a thinly veiled attack on the manner in which the US justice department appears to be pursuing offshore gambling operators that seek customers in America.

Speaking less than an hour after learning of the arrest of Sportingbet chairman Peter Dicks, he said: "We are a FTSE 100-compliant company. If the department of justice has any issue with our business, I would hope they would notify us and communicate that with us fully."

Article continues

Mr Garber also said he was hopeful that the company would be licensed by the UK Gambling Commission, a move that would add regulatory legitimacy to the world's largest online gambling group.

Like most internet operators, PartyGaming is licensed in an offshore territory and not subject to regulation in the main markets in which it operates. He praised the British authorities, and the Treasury in particular, for a "progressive" attitude to online betting.

He attacked countries that appeared to be mirroring US attempts to ban online gambling while protecting their domestic industries. "They are penalising companies for being innovative and for their speed of growth - which is often faster than governments can cope with. All these countries have gaming themselves: casinos, racetracks and the like ... All we want is regulation."

To operate under a UK licence, PartyGaming would have to pay tax as a gambling operator in Britain. With other online gaming operators, it has been in lengthy talks with the Treasury over the level of such a tax. Mr Garber said it would have to be "competitive internationally".

He was speaking after PartyGaming reported a 74% jump in first-half earnings, aided by its diverse operations, new products and strong growth outside the North American market. Despite the strong figures, shares in the company fell more than 9% on news of Mr Dicks' arrest. PartyGaming, which operates PartyPoker and PartyCasino websites, said net profit for the six months to June 30 was $298m (£160m), up from $171m a year ago.

The company said it was adding more than 3,000 new players a day and had average gross daily poker revenues of $2.9m in July and $3.0m in August. It has also launched a PartyGammon site for backgammon players, which it said had made a promising start.

Roane Judge Gets 42 Months (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), September 8, 2006

Supporters' testimony, excuses don't win Austin a sentencing break

His supporters' glowing endorsements were laughable and his excuses unacceptable.

That was U.S. District Court Judge Thomas Phillips' blunt assessment of former Roane County General Sessions Court Judge Thomas Alva Austin's bid Thursday to win a sentencing break.

"I have a little difficulty keeping a straight face," Phillips said of his reaction to testimony from three attorneys and an addiction counselor offered up at Austin's sentencing hearing.

That testimony, which included tales of Austin's dedication to helping addicts and his "reputation" for being particularly tough on men in divorce cases, was juxtaposed against secret recordings of Austin admitting a fondness for marijuana and bragging about currying sexual favors from women appearing before him in divorce cases, Phillips noted.

Nor was this federal judge impressed with what he termed Austin's excuses for forcing kickbacks from driving school instructors and a probation office chief. Those excuses included Austin's claim that his second wife had an affair with another woman.

"None of those reasons are sufficient for me to grant a downward departure for this case," Phillips said. "I cannot look at him through the eyes of these witnesses and ignore the videotapes and audiotapes that have been made a part of this record."

Phillips ordered Austin to spend the next 42 months in a minimum-security federal prison for his guilty pleas earlier this year to charges he forced some $14,000 in kickbacks from operators of a driving school the judge created and a private probation firm where he ordered offenders to report.

A probe by FBI Special Agent Bob Gibson revealed allegations that Austin had been using his robe to line his pockets for a decade, collecting as much as $100,000 in kickbacks. Austin's own words, captured in secretly recorded conversations between the judge and his extortion victims, raised allegations that he solicited sexual favors from women appearing in his court and routinely smoked marijuana.

Before meting out punishment, Phillips presided over a two-hour sentencing hearing that included testimony from Austin supporters and arguments by defense attorneys Gregory P. Isaacs and Jerrold Becker and Assistant U.S. Attorney Charles Atchley.

Isaacs zeroed in on what he called the "paradox of the robe" and whether Austin was an otherwise good man who did "bad things."

"If there were a compact disc that contained 27 years of good conduct, I guess we'd have to bring it in on a tractor-trailer," Isaacs said, a slap at Atchley's reference to a slew of video evidence against Austin.

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"The paradox of the robe is treat him no better or no worse because he wore it," Isaacs argued. "The government has tried to inject information in this sentencing hearing of conduct which is outside the (scope of) his plea. It's very unfortunate when I picked up a copy of the News Sentinel and saw pictures of discovery for conduct that was specifically excluded from the guilty plea."

That was a reference to a recent story in the News Sentinel about the video evidence against Austin.

Phillips interrupted Isaacs in his argument, asking the veteran defense attorney why he should ignore the evidence at issue.

"On the one hand, you're asking me to look at the total individual," Phillips said. "At the same time, you are asking me to ignore everything that's not specifically set forth in the plea."

Atchley contended that the secret recordings offered a glimpse at the real Austin.

"I understand why the defense doesn't like those tapes," Atchley said. "They're very damning. They are very relevant and telling as to the true character of Mr. Austin. The hubris and arrogance with which he conducted himself, the Mr. Hyde of Mr. Austin, is what is most telling."

As for Austin, he alternated in his speech to Phillips between offering apologies and leveling blame.

"Ever since I was charged, information has been headline (news)," Austin complained. "I have not responded in any way. I do not blame anyone else beside myself. I'm very sorry. I've been humiliated by the press. I've embarrassed my friends and family. The media has published bits and pieces. The newspaper took it out of context in many instances."

While Isaacs shied away from asking Phillips for probation, he did mention the possibility of something known as split confinement, in which a criminal spends part of his sentence behind bars and the rest on probation.

Austin, on the other hand, asked Phillips for "some kind of alternative sentencing," suggesting a stay at a halfway house.

"I respectfully ask for an opportunity to speak to others about my mistakes," he said. "Maybe once again I can make a positive difference."

The plea deal brokered by Isaacs and Becker already won the disgraced judge a substantial break, as he could have faced nearly a decade behind bars but wound up with a penalty range of 37-46 months.

Although Phillips stopped short of imposing the maximum, he did not mince words.

"The defendant was a respected member of the judiciary who breached the public trust," Phillips said. "It appears the defendant engaged in this behavior for years. There is no excuse for what Mr. Austin did. He betrayed the respect and trust given to him by the community. If we cannot trust our system of justice, our justice system fails."

Austin was not immediately jailed but is being allowed to surrender to the U.S. Bureau of Prisons in the coming weeks.

Jamie Satterfield may be reached at 865-342-6308.

Vigil Trial: Yarbrough Details Kickback Scheme To Jurors (AP)

By Tim Korte

AP, September 8, 2006

ALBUQUERQUE (AP) - Assistant U.S. Attorney Steven Yarbrough on Thursday told jurors a kickback scheme in the state treasurer's office that began when Michael Montoya was treasurer in 1995 carried over into the term of Robert Vigil.

Yarbrough, in his opening statement in the retrial of Vigil on public corruption charges, described how investment advisers delivered kickbacks through alleged bagmen _ many of them witnesses who are cooperating with the government in the case.

Prosecutors and the defense delivered their opening statements in Vigil's second trial on extortion and racketeering charges. His first trial ended May 22 in a mistrial.

Yarbrough told jurors the alleged extortion doesn't have to involve the threat of violence to be a crime.

"Vigil never puts a gun to anyone's head," Yarbrough said. "He doesn't have to. His power comes from his office."

The prosecutor also mentioned an instance in which Vigil funneled money through California investment adviser Kent Nelson and requested that a $300 check be made out to Jeff Armijo in the Democratic race for state auditor.

Vigil sat still at the defense table during the opening statements and later conferred with his attorneys as testimony began. About two dozen of his relatives filled the first two benches behind him in the courtroom.

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Defense attorney Sam Bregman said in introducing his case that Vigil believed money he accepted from investment advisers constituted legitimate campaign contributions.

Bregman also described how Montoya and other accomplices such as former treasurer's employee Leo Sandoval, Albuquerque businessman Angelo Garcia and Nelson conspired in a kickback scheme that he said Vigil had no knowledge of.

He also attacked the FBI undercover operation that produced key pieces of evidence, such as tape recordings and videotapes showing Nelson handing $10,000 to Vigil.

Bregman urged jurors to keep an open mind and to study all the evidence first.

"You will come to the conclusion our political system is not perfect," he said. "You will also come to the conclusion Robert committed no crime."

Testimony began at midmorning. The government's first witness was San Diego FBI agent Lamont Siller, who described how he tape-recorded calls between Nelson and Vigil after Nelson agreed to cooperate with the government.

The defense team questioned the authenticity of compact discs of the conversations, prompting a break in Siller's testimony.

Prosecutors asked the next witness, state treasurer's office public information officer Jane Tabor, to describe the office's investment policies and accompanying lists showing respondents to formal requests for proposals during Vigil's term.

Half the jurors seated late Wednesday for the trial come from Dona Ana County and 12 of the 16 live in southern New Mexico. The group includes 12 jurors and four alternates.

Because of publicity in the case, prosecutors and defense attorneys agreed to send 1,200 jury questionnaires to residents across New Mexico. A list of 250 names was generated from the responses, with 120 summoned to Albuquerque.

Only 60 made it into the courtroom for two days of jury selection.

Over the past month, Bregman had predicted extensive pretrial publicity would make it difficult to find residents who weren't familiar with the case. In fact, he made another request Wednesday to have the trial moved outside New Mexico, similar to an effort rejected last month by U.S. District Judge James Browning. The judge again denied Bregman's motion, saying the process had worked well.

"Based on the extensive questioning of the jurors at the bench and in open court, I'm confident we have found a fair and impartial jury," Browning said.

Courthouse Inquiry Ends With No Sign Of Corruption (TAMPTRIB)

By ELAINE SILVESTRINI And THOMAS W. KRAUSE

Tampa Tribune, September 8, 2006

TAMPA - No officials at the Hillsborough County Courthouse will be charged with any crimes at the conclusion of a lengthy investigation into possible corruption.

Carl Whitehead, special agent in charge of the Tampa office of the FBI, said: "I am very confident that we have conducted a thorough and exhaustive investigation into these allegations. We were not able to substantiate those allegations. I believe the public should feel comfortable and have a sense of confidence that they can deal with their state court system. I have no information that would indicate otherwise."

U.S. Attorney Paul Perez said Thursday: "Bottom line, is that the FBI and the FDLE over the last number of years received a lot of complaints, leads, allegations, and they did their due diligence in running out each one of those, and that took time."

Perez wrote a letter to Hillsborough Chief Judge Manuel Menendez Jr. on Aug. 29, saying, "The investigation has concluded with our assessment that no current judicial officer or court employees engaged in any alleged wrongdoing and that there was no credible evidence of 'courthouse corruption' within the 13th Judicial Circuit."

Perez said Thursday that the investigation also cleared former judges and courthouse employees.

Menendez said he hopes the letter will assure the public that there's no corruption at the courthouse.

"I would really like this to be the last chapter of that saga," he said. Case Predated Investigators

Perez said the corruption investigation, which began before he took office in March 2002, really involved a series of unrelated incidents that were "all looked at by the same group of federal or state investigators."

"Whenever a lead or tip was given, it would go to them," Perez said. "To me this was unfortunate, because most of these [cases] stood on their own."

Whitehead said the investigation, which also predates his tenure, was an umbrella investigation into several similar allegations involving people who traveled in the same circles. But he said the allegations of wrongdoing were unrelated in that they didn't involve people who were accused of committing crimes together.

The way the investigation was set up, Whitehead said, "everything that came in that was remotely connected was kind of put in under this umbrella."

Because he was not involved in the beginning, Whitehead said he wasn't sure of the thinking behind that approach. "Maybe there was some good reason to do that," he said. "Tangentially, they were somewhat related, but not in the way that you would think of in an investigation."

Whitehead said the investigation started in 2002 as a spinoff of an organized crime case in the Sarasota area. He said a subject in that investigation gave agents information about possible wrongdoing at the Hillsborough County Courthouse. The source, whom Whitehead wouldn't identify, mentioned former sheriff's Maj. Rocky Rodriguez, who would later figure prominently in stories about the investigation.

Perez said the only indictment resulting from the investigation was of former postal union chief Lenin "Lenny" Perez - not related to the U.S. attorney - who was accused of accepting kickbacks from health care providers for referring union workers' compensation claims to them.

Lenin Perez, past president of Local 599 of the National Association of Letter Carriers in Tampa, was sentenced in May to 21 months in federal prison after pleading guilty to a single felony charge of receiving a kickback. Under a plea deal, federal prosecutors dismissed 32 other charges. His co-defendant, private investigator Joseph Anthony Gonzalez, was sentenced to probation.

Whitehead said Lenin Perez was investigated as part of the larger investigation because authorities initially received allegations that he was involved in wrongdoing at the courthouse. "That was not substantiated," Whitehead said. "What was substantiated was that he was involved in other scams."

Menendez said he has spoken to Paul Perez about the courthouse investigation on several occasions. Typically, Menendez said, federal officials do not comment publicly on investigations. In this case, because there were public statements, Menendez said he made a special request to Perez.

"All I ask, in fairness to everyone involved, is that we announce when it is concluded," Menendez said.

The closed investigation, he said, shows that corruption did not exist. "If they found anything, they would have brought charges," he said. Chief Judge Criticizes Tribune

Menendez had harsh words for the local media, The Tampa Tribune specifically.

The Tribune strung together many unrelated events and tried to "paint a picture of some giant entity" of courthouse corruption, Menendez said.

He said federal agencies did investigate several allegations regarding courthouse officials.

"That doesn't mean there was a massive investigation into corruption at the courthouse," he said.

Although the investigations were minor and unrelated, Menendez said, the Tribune consistently pointed to them as evidence of one large corruption investigation.

At least three sworn affidavits acquired by the Tribune mention an investigation into corruption at the Hillsborough County Courthouse.

In 2003, Circuit Judge Gregory P. Holder provided an affidavit in which he says he has taken a stand against courthouse corruption. That same year, a Tampa police detective and a former FBI agent said in sworn affidavits that they worked with Holder as part of an investigation into corruption at the courthouse.

The affidavits were all filed as part of a separate investigation into Holder. The Judicial Qualifications Commission investigated whether Holder had plagiarized in a paper he wrote as an Air Force Reserve officer in 1997. Holder was cleared of that allegation.

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Last year, during a JQC hearing, Holder said under oath that he assisted in a federal investigation into former chief Judge F. Dennis Alvarez, former Circuit Judge Robert H. Bonanno and former Hillsborough County sheriff's deputy Rodriguez.

Menendez dismissed Holder's testimony.

"I'm not going to disagree with him," Menendez said. "I don't have any details about what he was or was not doing."

Holder declined to comment on the closed investigation.

Barry Cohen, Alvarez's lawyer, said: "I think Mr. Perez is to be commended for sending a letter advising the courts that an investigation has been concluded. A person spends a lifetime building a reputation. Most of the time, it's more important that anything we have. When there is a suggestion in the media that someone has been involved in criminal or corrupt activity it is a serious matter and not to be taken lightly. … We're glad it's over with."

Bonanno, who is now in private practice, said no one from the FBI or FDLE has ever contacted him about any investigation.

"It's really nice to see that the Greg Holder flight of fantasy has finally landed," Bonanno said. "I don't need any vindication. No one has ever accused me of anything."

Bonanno was discovered after hours in July 2000 inside Holder's darkened chambers. He resigned in January 2002 as the state Legislature was about to commence an impeachment hearing.

Rodriguez, who now works as a private investigator, expressed relief that the investigation has closed, but frustration that it took so long. A former major with the sheriff's office, Rodriguez turned aside an undercover informant's attempt to give him a bribe in 2002.

Rodriguez was forced to retire from the sheriff's department in 2003 for making thousands of dollars worth of unauthorized calls on his department-issued cell phone.

"I dedicated my entire adult life to law enforcement," he said Thursday. "I don't wish those allegations or those innuendos on my worst enemy."

Reporter Elaine Silvestrini can be reached at (813) 259-7837 or esilvestrini

@tampatrib.com. Reporter Thomas W. Krause can be reached at (813) 259-7698 or tkrause@tampatrib.com. @tampatrib.com. Reporter Thomas W. Krause can be reached at (813) 259-7698 or tkrause@tampatrib.com.

Sliwa Testifies In 3rd Gotti Trial (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, September 8, 2006

A former state correction officer who is now a clergyman testified Thursday that reputed mobster John A. Gotti often told him he wanted to emigrate to Canada.

Jerry Hargraves, a pastor with the Calvary Chapel of Hudson Valley in upstate Poughkeepsie, said he had numerous conversations with Gotti when the reputed Gambino crime family captain was being held at a state prison in Valhalla in 1998 while under a federal indictment.

"He wanted to just get out of the country and go to Canada," said Hargraves. "He wanted to get away."

Hargraves, who left his job as a full-time correction officer 2005, testified in Gotti's defense during his federal racketeering trial. Hargraves was called to buttress the defense's contention that Gotti, the son of the late Gambino crime boss, had abandoned his role as a member of the crime family by 1999. If the jury finds that Gotti withdrew from active membership in the crime family, the case would have exceeded the statute of limitations and further litigation would be doubtful.

Gotti is on trial for the third time -- the first two cases resulted in mistrials -- for orchestrating the 1992 abduction of Guardian Angels founder Curtis Sliwa, money laundering and other crimes. Prosecutors had called Sliwa as a key witness in the first two trials and had him describe how he was abducted on the Lower East Side in June 1992, was shot and escaped by jumping out of the window of a cab used by his captors.

But in a twist, prosecutors decided not to call Sliwa this time, possibly because of questions about his effectiveness as a witness. Instead, Sliwa testified for more than three hours Thursday as a defense witness in what appeared to be an effort to show how his testimony contradicted that of other informants.

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Under questioning by defense attorney Charles Carnesi, Sliwa stuck to the essentials of his earlier testimony about being abducted and escaping. Sliwa testified that former television news crime reporter John Miller had first indicated to him that the "Gotti crew" was behind the attack. Prosecutors contend the younger Gotti wanted Sliwa, a talk-show host, beaten because he had bad-mouthed the Gambino crime family on the radio.

"I don't know to this day who shot me," Sliwa said.

Hargraves said the younger Gotti would often avoid entering prison rooms when his Gambino crime family associates were around. Gotti also had a lot of books in his cell about Canada and talked about his wife, children and religion, said Hargraves.

Lawrence Shacht of United Security testified that he monitored Gotti while he was under house arrest in Oyster Bay in 1999 and said he never violated any bail restrictions. Shacht said Gotti's uncle, Peter, the former crime boss, visited the home.

The defense is expected to rest Tuesday or Wednesday.

Guardian Angels Founder Testifies At 'Junior' Gotti Retrial (AP)

AP, September 8, 2006

NEW YORK Guardian Angels founder Curtis Sliwa testified at the racketeering trial of John "Junior" Gotti, who is accused of ordering his kidnapping and beating, that he often lied to draw attention to his civilian crimefighting group.

"I said, 'Well, if they won't give us credit for things we've done, I'll make something up," Sliwa recalled in his testimony Thursday.

Sliwa was called to testify by lawyers for the man accused of ordering him kidnapped and beaten. In the third trial of Gotti in a year, after two ended in hung juries, prosecutors had skipped Sliwa as they recast their case to emphasize what they say was evidence Gotti continued in the clutches of the Gambino crime family even after he claimed he had quit.

The move allowed Gotti lawyer Charles Carnesi to put heavy emphasis on Sliwa's failings and less focus on his 1992 baseball bat beating and dramatic escape from a taxi after he was shot a few months later.

Gotti has denied ordering attacks on Sliwa, which occurred after Sliwa on his radio show criticized Gotti's father, mobster John Gotti.

Carnesi elicited a long life history from Sliwa and sought to portray Sliwa as a liar who staged bogus events to draw attention to his then-fledging Guardian Angels group in the late 1970s and early 1980s.

Sliwa then told how he was beaten by bat-wielding men as he headed to his radio show early one morning and of his lifesaving dive a few weeks later through the front window of a cab after he had been shot three times.

After the beating, he said, he was interviewed by police as he sat in his own blood behind a fence he had scaled to save himself.

His cab ride to work a few weeks later seemed normal enough until the driver took a wrong turn and a man hiding below the front passenger side popped up, "staring down at me with a silver-plated revolver, a cap and mask on," Sliwa said.

"Take this," he recalled the man shouting before he heard a powerful gun blast and saw a puff of smoke and fire exiting the gun's chamber.

He said he felt the worst pain of his life as a bullet entered his groin and another sliced through his leg.

He said he had a strong suspicion the Gotti family was behind the attacks, though he added: "I don't know to this day who shot me."

Sliwa Helps Gotti? (NYDN)

By Thomas Zambito And Jose Martinez, Daily News Staff Writers

New York Daily News, September 8, 2006

Curtis Sliwa unhappily found himself yesterday as a witness for the defense for his archenemy, John A. (Junior) Gotti.

Unlike Gotti's previous trials - which both ended in mistrials - the radio host wasn't testifying for the prosecutors trying to lock up the mob scion.

But he stuck to his account of how Gambino crime family goons tried to kill him in 1992 for badmouthing Dapper Don John Gotti.

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"Take this, you son of a b----," Sliwa recalled a gunman saying, just before he was blasted in June 1992 with two bullets from a silver-plated revolver.

Under questioning from attorney Charles Carnesi, Sliwa conceded he could never be 100% sure of who tried to kill him because the gunman's face was concealed by a mask.

"A 9 is not a 10, Mr. Carnesi," Sliwa said while being grilled on his certainty of who shot him.

But he said former television newsman John Miller, who specialized in covering the mob, told him who was behind the attack while they dined at the Russian Tea Room in 1992.

"[Miller] said, 'Everybody knows. It's the Gotti crew,'" Sliwa said.

Attorneys for Gotti, who are trying to convince a jury he has ditched the mob life, yesterday also called a former prison guard who was known as "Brother Love" by inmates at a Westchester County jail.

The Rev. Robert Hargraves, now a pastor in Dutchess County, recounted how Gotti told him him in 1998 that he "didn't want anything to do with" other accused mobsters.

"I'm telling you, I've never hurt anyone, I've never killed anyone," Hargraves said Gotti told him during his stint at the Westchester jail. The pastor said Gotti seemed more interested in planning a move to Canada.

"I saw him reading books on Canada," Hargraves said.

SLIWA'S SLEAZY CHARADES (NYPOST)

By Kati Cornell

The New York Post, September 8, 2006

A defense lawyer yesterday grilled radio host Curtis Sliwa on his history of media hoaxes as head of the Guardian Angels in a bid to discredit his account of a botched 1992 kidnapping by two alleged Gambino goons.

Sliwa - who nearly died on June 19, 1992, when he was shot twice in the back of a stolen taxi - was forced to detail how he staged another kidnapping nine years earlier and concocted several sham crime-busting stunts between 1980 and 1993.

The radio host testified that he enlisted a pal to drive him to Jones Beach in 1983 and dump him off in a parking lot - part of a plan to claim two transit cops had kidnapped him.

"I opted to do this immaturely. This was probably the biggest mistake I made in my life," Sliwa said, explaining that the scheme was in reaction to the frequent arrests of his fellow Guardian Angels as they patrolled the city's subways.

The colorful radio host, who founded the volunteer patrol group, has testified against John "Junior" Gotti as a witness for the prosecution at two prior trials, which ended with hung juries.

This time around, prosecutors wrapped up their case without testimony from the baggage-laden victim, who took the witness stand under a subpoena from the defense.

Among the media hoaxes detailed by Sliwa was a sensational crime-busting stunt in which he claimed he prevented a rape in a Brooklyn subway tunnel in 1993.

Sliwa said he falsely told police he'd disarmed a rapist who was "big like a gorilla."

The Guardian Angels founder said he later admitted publicly to his scams.

Sliwa pulled no punches yesterday when defense lawyer Charles Carnesi questioned him about being attacked in 1992.

The radio host described how he climbed into a taxi and was stunned when a masked gunman popped up in the front passenger seat.

"Take this, you son of a bitch," an animated Sliwa said, recounting the last words he heard before he was shot. "I felt pain like I had never felt in my life."

Sliwa eventually managed to throw himself from a front window after discovering handles on the rear doors had been removed. In cross-examination, Assistant U.S. Attorney Victor Hou showed Sliwa photos of his blood-soaked body, asking, "Is that fake blood? Is that a hoax?"

"No," Sliwa said.

Gotti is charged with orchestrating the kidnapping to silence Sliwa's on-air rants against his father, John "Dapper Don" Gotti, in addition to other racketeering charges.

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Defense lawyers also called a former correction officer known as "Brother Love," who claimed to have met Gotti at a Westchester prison in 1998 - an attempt to bolster claims that the mob scion retired from the Mafia in 1999, longer than the five-year statute of limitations for charging him with racketeering.

Gotti "told me he was no longer involved with the [Mafia] life. He wanted to get out of the country. He was moving to Canada," said Robert Hargraves, who is now a pastor.

kati.cornell@nypost.com

Judge Sentences Gambino Underboss To More Than 11 Years (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, September 8, 2006

NEW YORK -- A judge sentenced Gambino crime family underboss Anthony Megale to more than 11 years in prison Wednesday, warning him to change his ways so he does not return to a life of crime when freed eventually.

U.S. District Judge Alvin K. Hellerstein imposed the sentence of 11 years and three months in prison after Anthony Megale pleaded guilty in March to racketeering and extortion charges, admitting participation in a wide ranging racketeering enterprise.

Hellerstein noted that Megale had been accused of being the No. 2 person or underboss of the Gambino crime family from 2002 through late 2004 as it engaged in violent assault, extortion, loansharking, union embezzlement, illegal gambling and mail fraud.

As part of Megale's plea, he admitted extorting the owners of a restaurant in Greenwich, Conn., a New Jersey trucking company and a construction company in Westchester County.

Megale was arrested as part of a crackdown on the Gambino family that resulted in charges against 32 defendants from crimes that spanned more than a decade. All but one of the defendants have pleaded guilty or been convicted at trial.

The judge said he had received letters describing good works by Megale, but he concluded they had to be balanced against "many very bad things."

Besides the prison term, Hellerstein also ordered Megale to pay a fine of $30,000 and to forfeit $100,000 he pocketed from his crimes. He said he could serve the sentence at the same time as he serves a seven year, four month sentence he received after a conviction in another case in Connecticut.

Before Hellerstein sentenced Megale, he listened to three of Megale's children plead for leniency. His son Michael told the judge his father had taught him "to do the right thing, to be respectful and stand by my family."

Prosecutors had reminded Hellerstein that Megale had been in trouble with the law before, returning to crime after a racketeering conviction in 1990.

"It's a steady progression and an absolute inability to take the lesson," Hellerstein said. "You lose your family. Your family loses you. You owe it to them to change your ways."

Megale was prosecuted after a three-year probe that included court authorization of intercepted conversations among high-ranking members of the Gambino crime family at several locations in the Bronx and Westchester County, including at the United Hebrew Geriatrics Home in New Rochelle.

'The Brain' Sentenced To 135 Months (WESTJN)

By TIMOTHY O'CONNOR

Westchester Journal News, September 8, 2006

NEW YORK — Reputed Gambino underboss Anthony "The Brain" Megale smiled as Judge Alvin Hellerstein slapped him with 135 months in prison.

His shoulders relaxed and he nodded with approval to his lawyers as Hellerstein pronounced the stiffest sentence so far in the organized-crime case that centered on a Scarsdale capo and his Westchester County crew.

That's because Megale knew it could have been worse.

Hellerstein could have sentenced Megale, 53, of Stamford to a sentence that would begin after his current 86-month prison sentence expires.

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Instead, after listening to the pleas of Megale's children, the judge made the sentence concurrent to the 86-month sentence Megale is now serving for racketeering in Connecticut.

"You love your family, your family loves you," Hellerstein said to Megale. "You owe it to them to change your ways."

But even the judge acknowledged yesterday that Megale had proved resistant to change.

After Assistant U.S Attorney Christopher Conniff recounted Megale's nearly two-decade association with the Gambinos, Hellerstein drew a harsh conclusion.

"It's a steady progression and an absolute inability to take the lesson," the judge said.

Megale rose from associate, to soldier, to underboss in the crime family, authorities said.

He was indicted in March 2005 along with 31 other alleged leaders and associates of the Gambino crime family in U.S. District Court in Manhattan.

The case centered on Scarsdale crime capo Gregory DePalma and his crew.

Megale pleaded guilty in March to extorting Valbella's Restaurant in Greenwich, Conn., a New Jersey trucking company and a Westchester County construction company.

That plea in U.S. District Court in Manhattan came a month before he was sentenced in federal court in Connecticut to more than seven years in prison for extorting a nightclub and restaurant in Fairfield County.

Yesterday, Megale's 17-year-old daughter, Nicole, started crying, even before she reached the podium to address the judge.

Megale's twin children, Lauren and Michael, also tearfully asked the judge to consider their fractured home. They described their father as an involved, dedicated dad.

"My father taught us to do the right thing," said Michael Megale, 23, "to be respectful and to stand by your family." COMMENT ON THIS STORY IN OUR FORUMS

FEDS BUST 'TOXIC' L.I. METAL MAN (NYPOST)

By Andy Geller

The New York Post, September 8, 2006

The owner of a Long Island titanium manufacturing firm was busted yesterday on charges of illegally storing more than 11 tons of corrosive hazardous waste at his plant, turning the site into a set for a "science-fiction horror movie."

Gerald Cohen, 72, owner of Lawrence Aviation Industries in Port Jefferson Station, also was accused of allowing the plant's generators to emit 444 tons of smog-producing nitrogen oxide.

He pleaded not guilty in Central Islip federal court and was released on $11 million bond.

The feds seek to recover $8 million in cleanup costs at the 125-acre site.

"It literally looked like a science-fiction horror movie," Assistant U.S. Attorney Mark Lesko said.

The plant makes titanium sheets used in the aircraft industry. Officials said soil, sediment, surface water and groundwater in and around the facility are contaminated.

Suffolk Firm Owner Busted In Toxic Waste Pollute Case (NYDN)

By Richard Weir, Daily News Staff Writer

New York Daily News, September 8, 2006

The owner of a Port Jefferson Station company was busted yesterday on federal charges that his defunct factory illegally disposed of tons of toxic waste.

Gerald Cohen and his company, Lawrence Aviation Industries, were also hit with a civil suit filed by the U.S. attorney's office that seeks to recoup $8 million the government spent to clean up the Superfund site.

FBI agents yesterday arrested Cohen, 72, at his 38 Bridle Path Road home in St. James. He was released on $11 million bail after pleading not guilty at arraignment yesterday in Central Islip Federal Court.

The bail was secured by his ownership of three parcels of property totaling 75 acres at the Lawrence Aviation site.

His wife Nancy Cohen and the purchaser of the Lawrence site, Eugene Fernandez, were suretors.

Cohen is charged with illegally storing more than 11 tons of highly corrosive hazardous waste in old tanks at the 200,000-square-foot mill, located on a former turkey farm on Sheep Pasture Road.

"We will use every tool at our disposal to ensure that those who pollute our environment are held accountable," Roslynn Mauskopf, U.S. attorney for the Eastern District, said of the bust.

Lawrence Aviation manufactured titanium sheet metal for the aeronautics industry at the 160-acre property starting in 1959. The plant is on a hill in a wooded residential area about 1 mile south of Port Jefferson Harbor.

In 2000, the federal Environmental Protection Agency added the property to its National Priorities List of the most contaminated sites in the country.

According to an EPA report, the company in 1980 crushed more than 1,600 steel drums, permitting dangerous chemicals to spill onto "unprotected soil."

Among the hazardous waste that seeped into the ground - and eventually the water table - were trichloroethylene, tetrachloroethylene , hydrofluoric acid and nitric acid.

"There is contamination of the underground water," EPA spokesman Ben Barry said of the site.

He noted that there is a 600-yard-wide, 1-mile long "plume" of contaminated groundwater that extends from below the site to the harbor.

Investigators believe that the contaminants have affected the region's aquifer, which feeds 47 public supply wells and serves about 120,000 people within 4 miles of the site.

Barry said the EPA is studying how best to clean up the polluted underground water. The agency has also conducted air quality tests in nearby homes and schools to determine whether toxic vapors have penetrated the buildings.

Cohen faces up to 15 years in prison if convicted of the crimes.

Toxic Waste Leads To Bust (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, September 8, 2006

Lawrence Aviation owner accused of storing tons of hazardous chemicals in Pt. Jefferson Station

The owner of one of the most notorious toxic-waste sites on Long Island was arrested yesterday by FBI agents on criminal charges of illegally storing tons of hazardous chemical waste, as well as allowing other pollutants to spew into the air, officials said.

Gerald Cohen, 72, the head of Lawrence Aviation Industries in Port Jefferson Station, was charged with two counts of violating the federal Resource Conservation and Recovery Act for failing to legally dispose of more than 11 tons of highly caustic alkaline chemicals that had been stored in two large tanks on the 125-acre property along Sheep Pasture Road for possibly as long as 20 years.

Cohen also was charged with one count of violating the Clean Air Act for allowing two diesel power generators that produced electricity for the company to discharge into the air as much as 440 tons of smog-producing nitrogen oxide between 2001 and 2003, according to Roslynn Mauskopf, the U.S. attorney for the Eastern District.

"The site looked like a science-fiction horror movie," until a recent cleanup was begun by the Environmental Protection Agency, said Mark Lesko, the assistant U.S. attorney prosecuting the case.

Cohen, of 38 Bridle Path in St. James, pleaded not guilty at arraignment before U.S. Magistrate Judge E. Thomas Boyle. His attorney, Anthony LaPinta of Hauppauge, declined to comment.

Cohen was released on $11-million bail. If convicted he faces up to 15 years in prison and fines of more than $300 million. Some of the toxic waste may have been stored at the site for 20 years, and fines for the illegal storage can run to $50,000 a day, according to officials.

In a separate civil action, federal prosecutors sued Cohen to pay $8 million for the current cost of the EPA cleanup operation, as well as future costs. The EPA cleanup also involves the elimination of a plume of contaminated groundwater that has seeped a mile downhill from the site almost to Port Jefferson Harbor.

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The few houses located above the plume have been attached to the public water supply. The company was indicted on the same charges as Cohen and also was sued for the $8 million in the federal civil action.

Lawrence Aviation, which is essentially out of business, has a long history of supplying metals, mainly titanium, for aircraft parts to Grumman and other aviation companies on Long Island.

But the company also had a long history of clashing with local, state and federal authorities because of its almost lackadaisical treatment of hazardous materials, officials say. Cohen has denied his company was responsible for environmental problems.

In court papers, Lesko said that in the 1980s, the company "routinely disposed of highly flammable titanium shavings, known affectionately at LAI [Lawrence] as 'pixie dust,'" at the Brookhaven landfill. The landfill stopped accepting the shavings after a fire started when the blade on a bulldozer struck shavings, Lesko said.

"Commerce and the economy can co-exist with conservation and ecology, provided people conduct themselves and their businesses lawfully," said Mark Mershon, the head of the FBI in New York.

A legacy of problems

Company's history of violations

1959 Lawrence Aviation facility opens in Port Jefferson Station, making aircraft parts.

1970s-80s On several occasions, health investigators find that contaminants have leaked into groundwater. Cleanup takes two decades.

1982 Gerald Cohen takes over company from his father.

2000 Company designated Superfund site, slated for cleanup.

2003 Health agency reports improperly stored acids, explosive titanium dust and hazardous waste. Some 65 tons of materials are later removed.

2005 U.S. health agency calls site an "indeterminate public hazard."

2006 Government outlines cleanup plan. Cohen is arrested in connection with violations.

Environmental nightmare

Plume where depth to water talbe is less than 100 feet

Pollster Pleads Guilty To Fraud (AP-Y)

AP, September 8, 2006

The owner of DataUSA Inc., a company that conducted political polls for the campaigns of President Bush, Sen. Joe Lieberman and other candidates, pleaded guilty to fraud for making up survey and poll results.

Tracy Costin pleaded guilty Wednesday to one count of conspiracy to commit wire fraud. Costin, 46, faces a maximum of five years in prison and a fine of up to $250,000 when she is sentenced Nov. 30.

As part of her plea agreement, Costin agreed to repay $82,732 to the unidentified clients for 11 jobs between June 2002 and May 2004. DataUSA is now known as Viewpoint USA.

According to a federal indictment, Costin told employees to alter poll data, and managers at the company told employees to "talk to cats and dogs" when instructing them to fabricate the surveys.

An FBI affidavit from 2004 quotes a supervisor of the company estimating that 50 percent of the data sent to Bush's campaign was falsified. FBI Special Agent Jeff Rovelli, who wrote the affidavit, said Thursday that investigators were not able to verify the claim related to Bush because that data was not located and analyzed.

Assistant U.S. Attorney Edward Chang said on several occasions when the company was running up against a deadline to complete a job, results were falsified. Sometimes, the respondent's gender or political affiliation were changed to meet a quota, other times all survey answers were fabricated.

Man Arrested In 2005 Phoenix Attack (USAT)

By Judi Villa And Michael Kiefer

USA Today, September 8, 2006

Sexual assaults were blamed on ‘Baseline Killer'; police say man resembles sketch

PHOENIX — Police have arrested a construction worker on suspicion of sexually assaulting two sisters whose attack has been blamed on the city's "Baseline Killer."

However, police said the man has not been linked to the rash of crimes in the Phoenix area — including eight killings and 11 sexual assaults — that police have said may be the work of a single predator.

Mark Goudeau, 43, was arrested Wednesday on charges he is the man who attacked two sisters in a Phoenix park in September 2005. He was booked on suspicion of aggravated assault, kidnapping, sexual assault and sexual abuse. He was held without bail.

"This suspect has been arrested for the sexual assault in one case only and is not connected to any other case in this series at this time," Phoenix Police Chief Jack Harris said.

"We will continue to pore over evidence we have obtained, and further analysis is forthcoming," he said.

Police Cmdr. Kim Humphrey said investigators spent Thursday contacting victims and witnesses from other crimes to see whether any could pick Goudeau out of a photo lineup. Humphrey said Goudeau resembles a widely circulated police sketch depicting the Baseline Killer as a man with dreadlocks.

The address listed for Goudeau, an ex-convict, is in an area where many of the Baseline Killer's 23 crimes were clustered.

In the past, the Phoenix police have said that the attack on the two sisters was believed to be part of the series of sexual assaults, robberies and slayings blamed on a serial predator whose earliest crimes happened along the city's Baseline Road.

The Baseline Killer has been linked to crimes dating to August 2005, including eight killings, 11 sexual assaults of women and girls, and several robberies. Investigators have said they connected the crimes through either forensic evidence or similarities in the way they were committed.

Only 11 of the 23 Baseline Killer crimes have been forensically linked. The sexual assaults of the two sisters in which Goudeau is charged is not one of the 11, police Sgt. Andy Hill said.

Hill said forensic evidence tied Goudeau to the attack on the sisters but provided no details.

Goudeau's family said he was singled out because he lived in the area and fits the killer's profile.

"He's innocent," said Goudeau's niece, Ebony Goudeau. "They need a scapegoat. He didn't do it."

Goudeau's wife, Wendy Carr, said, "My husband is innocent. This is a huge miscarriage of justice."

Records from the Arizona Department of Corrections show Goudeau was released from prison in March 2004 after serving 13 years for aggravated assault, armed robbery and kidnapping.

Harris said police first got a tip with Goudeau's name in mid-July. Another tip was passed along to Phoenix detectives by investigators at the corrections department. Goudeau was questioned after his name surfaced, but he didn't become a suspect until last weekend, Humphrey said. At that point, police put Goudeau under surveillance.

On Wednesday, a DNA sample that Goudeau provided in prison was matched to evidence from the September 2005 sexual assaults, Humphrey said. Corrections Director Dora Schriro said her agency had made Goudeau's DNA sample available to Phoenix police.

Detectives need time to "work through everything else," Assistant Phoenix Police Chief Kevin Robinson said. "Further charges are quite possible, but we're not there yet," he said.

Goudeau was arrested during a traffic stop about 5 p.m. Wednesday. Police then searched his east-central Phoenix home and two cars.

The Baseline Killer case is one of two serial-killer cases that have shaken the Phoenix area. In the other, dubbed the Serial Shooter investigation, police arrested Dale Hausner, 33, and Samuel Dieteman, 30, last month. The roommates are charged with murder and attempted murder in 16 shootings, two of them fatal.

Despite Charges, Prep Football Standout Remains Tackle-Eligible (WP)

By Eli Saslow And Josh Barr

The Washington Post, September 8, 2006

DOJ_NMG_0059543

They have decided, as a team, that Pat Lazear's troubles no longer exist. He and four friends were never arrested for the robbery of a Bethesda smoothie shop. Police never charged Lazear with two felonies. The Montgomery County school system never forced him to transfer from Whitman High School before his senior year.

None of the incidents is relevant to Lazear's new football teammates at Wheaton High School, so they've instituted a simple rule: Treat Lazear as if his life began Aug. 15, when the All-Met linebacker arrived at Wheaton's practice field and revived the school's football team.

More than five months after he allegedly drove the getaway car in a felony robbery and three months after Whitman forced him to finish his junior year at home, Lazear, 17, has reclaimed his place in football's hierarchy. More than 20 Division I colleges have offered Lazear scholarships, and he will likely choose between Alabama and Ohio State. Coaches at Wheaton consider Lazear's arrival to be the luckiest incident in the team's recent history. Teammates voted Lazear captain, even though the Maryland judicial system forces him to wear a black ankle monitor so it can track his whereabouts.

Lazear will face armed robbery charges as an adult in a trial set for Nov. 29, but his football community has already rendered its own verdict: His guilt or innocence hardly matters, Wheaton players and coaches said. Lazear has transformed Wheaton into a playoff contender, and he will start on offense, defense and as the punter tonight in the season-opening game at Seneca Valley.

"We're going to keep the past in the past and let him focus on football," said Tommy Neal, Wheaton's first-year football coach. "I told him: 'I don't care what happened in the past. Let's make this situation the best for everybody.' "

Lazear had worried briefly that his high school football career had ended May 18, when police came to Whitman, an academically acclaimed school that draws its students from upscale neighborhoods in Bethesda. They arrested Lazear for armed robbery and conspiracy to commit armed robbery -- charges that each carry a maximum penalty of 20 years in prison. The charges stemmed from an incident March 30 when, police said, Lazear met three friends -- Justin Schweiger, Tommy Ashley and Robert Warren -- with plans to rob the Smoothie King in downtown Bethesda where classmate Alex Krouskas worked.

According to charging documents, Lazear provided a gun -- his attorney claims it was a replica not capable of firing -- and dropped Warren off at the smoothie shop. Warren allegedly showed the gun and left the store with $463. According to testimony and police statements, the Whitman classmates then switched into a different car, divided the money and met Krouskas at a pizzeria later that night. Lazear refuses to talk specifically about the charges until his trial.

In May, Whitman asked Lazear to finish his school year at home. Whitman principal Alan Goodwin recommended expulsion, but an arbiter overturned that recommendation. Montgomery County reassigned Lazear to Wheaton, where he can attend classes and play football.

"I'm just going to go out and prove what I can do on the field," Lazear said. "People can say whatever they want to say to me, but after one play they're not going to be talking anymore. A player is a player no matter where you are. That's my philosophy. I'm just trying to put this all behind me."

Lazear learned last week that moving on might be more difficult than he had hoped. A Montgomery County Circuit Court judge denied Lazear's motion to move his charges to juvenile court despite a long list of character witnesses who testified on Lazear's behalf. One witness after another stepped to the stand and characterized Lazear as an athletic leader: a former judge who met Lazear at a gym; a personal trainer; a youth football coach; a Whitman wrestling coach; a Wheaton football assistant who testified in his Montgomery County police uniform.

But in his ruling, Judge Joseph A. Dugan Jr. said Lazear's track record contradicted that depiction. The judge referenced Lazear's previous offense -- the use of a stolen credit card to buy a $130 pair of sneakers in November 2004 -- and the ensuing 90 days of court supervision.

"Ten months later, not only is that all forgotten, but you're involved in a robbery with a dangerous weapon," Dugan said while delivering his verdict.

"My take on the seriousness of the offense and your role in it weighs very heavily against you going to juvenile court. Good people do not do this. This is not 'boys will be boys.' "

Schweiger also had his motion to move his charges to juvenile court denied last week; next week, Ashley, Krouskas and Warren will have similar motions heard.

The same week that Lazear's motion was heard, his new teammates submitted their choices for team captain, and they picked a player who is still working to memorize his teammates' names. It was a selection that said less about character than ability, Lazear admitted. Just by showing up, Lazear transformed a mediocre team into a threat to make Maryland's 3A West Region playoffs. Wheaton, which won its only state title in 1996, has not had a winning varsity season for three years, and Lazear has infused the team with optimism that it will end that streak.

"They know this is a way better team with me," Lazear said. "I'm a captain because I'm going to be a leader on the football field. I'm going to make sure we go out every Friday night and get things done."

On Aug. 14, the night before Lazear practiced with Wheaton for the first time, a handful of Wheaton players gathered to talk about their new teammate. Elijah Davis, a talented running back, invited four starters to his house and logged on to a recruiting Web site. They replayed 10-second clips of Lazear's highlights for almost an hour. "We were all gathered around the computer just like in shock," Davis said. "It was like . . . 'This guy is going to make us good.' "

Without so much as playing in a game, Lazear has already earned a reputation as his team's hardest hitter and most athletic offensive threat. At 6 feet 2 and 225 pounds, Lazear runs the 40-yard dash in 4.6 seconds. He made 124 tackles at Whitman last season, and he gained 1,068 yards and scored 18 touchdowns as a running back.

Lazear said his ankle monitor is light enough that he hardly notices it when he plays, and it will not encumber him. Even though Maryland high school players are not allowed to wear jewelry on the field, Lazear will be able to play with the monitor. "The umpire will inspect it before the game and make sure it is adequately padded," said Ned Sparks, executive director of the Maryland Public Secondary Schools Athletic Association. Wheaton coaches said Lazear fits well in their offensive and defense schemes, which Neal designed to spread the field and maximize the importance of speed. Lazear will start at inside linebacker, and he'll rotate with Davis, a senior, at fullback and running back.

"I'd be a fool to take him off the field," Neal said. "He'll play both ways all the time and do everything for us. Pat sees this as an opportunity to put Wheaton back on the map."

That Lazear gets that chance has generated little controversy. A few parents called Wheaton's athletic director, but he said most feedback remained positive. The county school board received about 10 letters in June pertaining to the charged students, and most consisted of family friends offering support. The letters echoed a common theme: Even teenagers who make mistakes need to participate in school.

But football?

"He wouldn't be playing on Friday or Saturday or anytime" in Prince George's County, said a football coach from that county who asked not to be named because of the sensitivity of the issue. "That just isn't happening. Let's be real."

In Lazear's hearing last week, the judge asked Angela Lazear if she considered punishing her son by taking away football. "We don't look at football as an extracurricular activity," she said. "We look at it as an opportunity . . . to pay for his school. . . . We have never considered that. It would ruin his future."

After his arrest, Lazear said he worried that colleges would rescind scholarship offers. North Carolina State stopped its recruitment, Lazear said, and a Notre Dame coach visited Whitman to tell him the school would no longer pursue him. But Lazear still receives frequent text messages from coaches at Alabama and Ohio State among others.

"Coaches have said pretty much, 'We hope you can get it taken care of,' " Angela Lazear said during testimony last week. "It's been a hanging threat over our heads."

Lazear's attorney, the prosecutor and the judge debated Lazear's college prospects at the hearing. Said Dugan: "It depends how good he is. Even if he is convicted of armed robbery, some school out there will take him."

The judge will allow Lazear to visit Ohio State in early October, so long as a parent stays with him at all times, because he is also attending a family function. Although Paul Kemp, Lazear's attorney, told Dugan in court that he doesn't anticipate requesting any other college trips, Lazear said otherwise. "I might take some of my official trips," Lazear said, "like just as vacations."

It's been a long time since Lazear enjoyed such freedom. In May, the court issued a curfew that forced Lazear to be home by 7 p.m. Dugan extended that curfew to accommodate practice and games. "The curfew sucks," Lazear said. "I was going to have this great summer -- go on fishing trips, get a job, go to the beach. I couldn't do any of it."

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Lazear said the focus of his next four months is simple: "I want to get a [championship] ring, finish school and just get to college," he said. Lazear is taking an English correspondence course through Brigham Young University that will enable him to graduate in December. He hopes to enroll in college in January to spend an extra semester taking classes and practicing with the football team.

Lazear anticipates going to trial in November, but Kemp, who once defended boxer Mike Tyson, said a plea agreement is possible.

Lazear will wait for the resolution of his criminal charges before making his college announcement. He said the ESPNU television network is interested in a live broadcast of the announcement.

"Even if the punishment is worse, I just want to get it over with and move on," Lazear said. "If this drags on . . . it might mess up getting to school and getting started with football."

CIVIL LAW:

Court: Wife Of Bulger Victim Cannot Sue (BOS)

The Boston Globe, September 8, 2006

BOSTON

A federal appeals court ruled yesterday that the wife of a Quincy safecracker who was kidnapped, tortured, and killed in 1983 by longtime FBI informants James ``Whitey'' Bulger and Stephen ``The Rifleman'' Flemmi can't sue the government because she waited too long to file her $50 million lawsuit. The US Court of Appeals for the First Circuit upheld a judge's dismissal of Elaine Barrett's lawsuit last year, finding that she knew by March 2000 that the FBI's mishandling of Bulger and Flemmi resulted in the murder of her husband, Arthur ``Bucky'' Barrett, yet she waited nearly three years to file a claim. The Federal Tort Claims Act required Elaine Barrett to file her claim within two years of learning that FBI negligence played a role , the court found. Earlier this week, US District Judge Reginald C. Lindsay, the same judge who dismissed Barrett's suit, ordered the government to pay $3.1 million to the mother of Quincy fisherman John McIntyre, who was murdered in 1984.

Detective enters race for Wilkerson's seat A Boston police detective and former state representative announced yesterday that he will try to unseat state Senator Dianne Wilkerson in the Sept. 19 write-in campaign. John Kelleher , a Democrat who served in the House of Representatives from 1973 to 1978, said he will fund his campaign with his own money and is taking a leave of absence from the department without pay to run for Wilkerson's seat. Wilkerson, who has a history of legal problems, failed to garner the 300 signatures needed to get her name on the ballot this year, forcing her to wage a write-in campaign. Kelleher, a 32-year veteran of the Police Department, is the third challenger to enter the race. Republican Samiyah Diaz and Democrat Sonia Chang-Diaz, both 28, are vying for the seat.

NEWTON

Indecent assault at book shop alleged A 9-year-old girl says she was the victim of an indecent assault at the New England Mobile Book Fair in Newton, making her the third girl to report such an attack at the business since June 2005, police said yesterday. The latest alleged assault occurred on Sept. 1 at about 7:30 p.m., when the girl walked unaccompanied through the 49-year-old bookstore's juvenile section, Newton police said. The girl described her assailant as a white man with red, curly hair, a goatee, and a light-blue shirt. She said the man fled the bookstore afterward. Steve Gans, the bookstore's chief operating officer, said they have taken measures to find the suspect, such as installing security cameras throughout the building. He said the bookstore has turned over video images to police. Anyone with information is asked to call Newton's detective bureau at 617-796-2104 or the department's tips line at 617-796-2121.

MASSACHUSETTS

Green-Rainbow running mate named Grace Ross, the Green-Rainbow Party candidate for governor, yesterday announced a new running mate, Martina Robinson of Belchertown. The announcement qualifies Ross and Robinson for the November ballot. She replaces Wendy Van Horne, who dropped off the ticket last week for personal reasons. Ross described Robinson, 30, as a disability rights activist. Robinson, who has cerebral palsy, has been active in American Disabled for Attendant Programs Today for more than 15 years.

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BRAINTREE

Resident, neighbor injured in house fire A Braintree man was seriously injured in a fire in his Cape-style home on Arthur Street yesterday, Fire Department Lieutenant Dan McDonnell said. Firefighters arrived at the scene at 7:38 a.m. and found Joe Stover, 69, and neighbor Robert O'Toole, 44, inside near the front door. Officials believe that O'Toole entered the home to rescue Stover, McDonnell said. Stover was rushed to Massachusetts General Hospital with serious injuries, and O'Toole was taken to South Shore Hospital suffering from smoke inhalation. The fire is under investigation.

CAMBRIDGE

Reporter held hostage is named fellow Jill Carroll, the Christian Science Monitor writer who was held hostage for nearly three months in Iraq, is among the new class of fellows announced yesterday by the Joan Shorenstein Center on the Press, Politics and Public Policy at Harvard's John F. Kennedy School of Government. The Shorenstein Fellows will work on research projects while at the center. Carroll plans to analyze the decline of foreign bureaus following changes in the newspaper industry. The other 2006 fellows are: Garance Franke-Ruta, senior editor at The American Prospect; William Powers, media critic for National Journal magazine; and Allan M. Siegal, former assistant managing and standards editor at The New York Times. (AP)

Xanga To Pay $1 Million In Children's Privacy Case (WP)

By Yuki Noguchi

The Washington Post, September 8, 2006

Social-networking site Xanga.com Inc. and its operators said yesterday that they would pay a $1 million fine for alleged violations of the Children's Online Privacy Protection Act, at a time of heightened parental and government concern about children's safety online.

In a settlement with the Federal Trade Commission, Xanga also agreed to increase its privacy controls after allegedly collecting, using and disclosing personal information collected from children under age 13.

The settlement named the company and its principals, Marc Ginsberg and John Hiler.

The site, with 25 million registered members, is one of several Web sites where people meet and make connections.

The settlement followed numerous congressional hearings and several legislative proposals aimed at addressing concerns that younger Internet users are exposing themselves online to sexual and financial predators. MySpace, after complaints and media reports that its site was being used by sexual predators, this year hired a security chief.

The law "requires all commercial Web sites, including operators of social networking sites like Xanga, to give parents notice and obtain their consent before collecting personal information from kids they know are under 13," FTC Chairman Deborah Platt Majoras said in a written statement. Although the site said children under 13 were not permitted to join, it accepted registrations from those who submitted birth dates indicating that they were underage.

Hiler, Xanga's chief executive, said the company has hired a chief safety officer and would add safeguards to help it police the site for use by underage members.

"When these issues came to our attention, we instituted a stronger, more comprehensive safety and compliance program," Hiler said.

Prison Whistleblower (quietly) Honored (MCT)

By Michael Doyle, McClatchy Newspapers

McClatchy, September 8, 2006

WASHINGTON -- Leroy Smith paid a price for blowing the whistle at Atwater federal prison. On Thursday, the Bush administration paid him back with some honors.

In a ceremony that vindicated Smith's work, but does not erase the pain he endured, the Office of Special Counsel presented Smith with its 2006 Public Servant Award. The award recognizes the prison safety officer as the nation's "outstanding whistleblower."

Smith had revealed that Atwater inmates and prison workers were being exposed to dangerous chemicals while recycling old computers. After prison officials minimized the health problems, Smith continued to pursue the complaints with the Office of Special Counsel.

DOJ_NMG_0059547

"It's a great honor to receive this award," Smith said. "It gives some hope, and it gives some non-hope."

Smith's ambivalence arose because of a peculiar twist that tainted the award presentation itself, and seemingly raised questions about ongoing government concern about the charges he raised.

Some five years ago, Smith began calling attention to the computer recycling program at what is formally called United States Penitentiary Atwater. He reported that about 120 inmates were busting the old computers open with hammers, spreading toxic chemicals into the air.

Cancer, kidney disease, central nervous system ailments and other health problems have all been linked to toxic exposure.

"The inmates are seriously sick," Smith said, "and also they are contaminating the environment. They were sending this stuff out to landfills ... and water treatment plants."

Smith eventually brought the complaints to the Office of Special Counsel, an independent federal agency responsible for protecting whistleblowers and investigating their complaints.

"Managers recklessly, and in some cases knowingly, exposed inmates and staff to unsafe levels of lead, cadmium and other hazardous materials over a period of years," Scott Bloch of the Office of Special Counsel concluded in a 53-page report finished earlier this year.

Bloch, in written remarks prepared for delivery Thursday, added that prison officials "did nothing to stop (the hazards), and indeed frustrated attempts to investigate the matter." Smith's superiors at the Atwater prison, located on the grounds of the former Castle Air Force Base, reportedly rebuffed his efforts to install stronger safety protections.

Two separate reports by the federal Bureau of Prisons were "sadly inadequate," Bloch declared. As a result of Bloch's follow-up inquiry, the Justice Department's Office of Inspector General is now conducting its own investigation.

"All of us need to appreciate what Mr. Smith did," Bloch declared in his prepared written statement, "not just for the employees and inmates, but for the integrity of the system, and for the next time someone needs to step forward and bring the truth to light."

Bloch, however, never delivered his remarks in public.

The 42-year-old Smith was supposed to attend a formal ceremony Thursday afternoon, along with his wife, at the Office of Special Counsel's quarters in downtown Washington. Symbolizing the high-level recognition, Democratic Rep. Dennis Cardoza of Merced was going to attend.

But 15 minutes before the ceremony was set to start, Smith said his attorney learned the event was being cancelled. Instead, he was advised his award and certificate were simply being dropped in the mail.

Smith, backed by a whistleblowers' group called Public Employees for Environmental Responsibility, said he believes the canceled award ceremony reflected federal officials' fears about what he might say in public.

"I think they did not think I was going to give them a good review during the award ceremony," Smith said.

Loren Smith, spokesman for the Office of Special Counsel, said the event actually had to be canceled because one of the office's staffers had a death in her family. "We did not feel we could proceed in the event without her," Smith said.

Following his original complaints, Smith went on leave for a time because of stress and physical ailments he attributes to his treatment by prison officials. A 14-year veteran of the federal Bureau of Prisons, he is now working as a prison safety officer in Tucson, Ariz.

(Distributed by Scripps-McClatchy Western Service.)

CIVIL RIGHTS:

Appeals Court Hears Arguments Over Legislative Prayers (AP)

By Mike Smith

AP, September 8, 2006

INDIANAPOLIS - Indiana's battle over prayer in the state House of Representatives headed to the 7th U.S. Circuit Court of Appeals Thursday in a case House Speaker Brian Bosma and one judge say could have national ramifications.

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The U.S. Department of Justice and lawyers for Bosma urged a three-judge panel in Chicago to overturn a lower court ruling prohibiting the House from opening its daily business with sectarian prayers.

The same 7th Circuit panel voted 2-1 last spring to deny Bosma's request to temporarily lift the ban while the case was appealed. But the court said the case deserved review because it involved internal proceedings of a legislative body and raised important federalism concerns.

"The court clearly recognizes that this decision has implications far beyond the Indiana House of Representatives," Bosma, R-Indianapolis, said after the arguments.

Prayer in the Indiana House was a tradition for 189 years until the American Civil Liberties Union of Indiana challenged the practice on behalf of four people, who believed the prayers - usually Christian - were offensive and violated the constitutional separation of church and state.

Of 53 opening prayers during the 2005 House session, 41 were given by clergy identified with Christian churches and at least 29 mentioned Jesus Christ.

The ACLU claimed the practice violated a 1983 U.S. Supreme Court decision that the civil liberties group said permitted only nonsectarian prayer before legislative sessions. The ruling, in a Nebraska case, permitted legislative prayers if they did not "proselytize or advance any one or ... disparage any other faith or belief."

A footnote in the ruling said a chaplain for Nebraska's legislature had removed all references to Christ in his invocations.

Ken Falk, legal director of the ACLU of Indiana who argued the case Thursday, said numerous lower courts have interpreted the ruling as meaning sectarian legislative prayers violate the church-state separation.

"This was government speech regulated by the constitution," Falk said of the Indiana prayers after Thursday's arguments. "Existing precedent requires that legislative prayers be nonsectarian, and these prayers were certainly not nonsectarian."

U.S. District Judge David Hamilton sided with the ACLU in November 2005, ruling that prayers mentioning mention Jesus Christ or using terms such as savior amount to state endorsement of a religion.

Bosma's appeal argues that the Supreme Court case focused on whether prayers tried to convert people to a certain religion. The Justice Department claims the lower court erred by "erecting a more stringent constitutional line - one that bans any sectarian reference."

Both argue that Hamilton's ruling would require courts to make theological distinctions between sectarian and nonsectarian prayer.

In a brief filed in the case, the Justice Department says the United States has a substantial interest in the matter.

"The United States Congress, from the first Continental Congress in 1774, has appointed chaplains to open each legislative day with an invocation, and the prayers have frequently included sectarian references, including references to particular religious deities," the brief noted.

Appeals court Judge Michael Kane, the lone dissenter last spring, said then that case law supports the proposition that the Supreme Court has approved only nonsectarian prayer but that "powerful arguments to the contrary remain."

Bosma said Kane told attorneys Thursday that the case was "a surrogate for prayer in Congress" and could apply to "every state, local or national level of government that has prayer today."

Since Hamilton's ruling, several Indiana House members have gathered at the back of the chamber and prayed - often mentioning Christ. Falk says he has no problem with that, since it was done privately before official legislative business began.

The ruling also prompted U.S. Rep. Mike Sodrel, R-Ind., to file a bill that would bar federal judges from ruling on the content of prayer in state legislatures. It is pending in a House committee, according to Sodrel's office.

A provision that would prohibit using federal funds to enforce Hamilton's ruling was amended into an appropriations bill that passed the House and is now before the Senate.

It could be weeks or months before the appeals court rules. Bosma said he believes the case ultimately will be decided by the U.S. Supreme Court.

3rd Circuit Reverses Itself On Groundbreaking Sex Discrimination Ruling (LAW)

By Shannon P. Duffy, The Legal Intelligencer

DOJ_NMG_0059549

Legal Intelligencer, September 8, 2006

In a judicial about-face, the 3rd U.S. Circuit Court of Appeals has reversed itself and upheld a lower court's dismissal of sex discrimination claims against Gannon University, a Catholic diocesan college in Erie, Pa., brought by a woman who said she was ousted from her post as chaplain only because she is a woman.

In Petruska v. Gannon University, the court vacated a groundbreaking opinion authored by the late Judge Edward R. Becker just prior to his death in May that had revived Lynette M. Petruska's lawsuit and rejected the university's defense under the "ministerial exception" to Title VII.

Becker found that the ministerial exception should be "carefully tailored" and applied only when the alleged discrimination somehow relates to the religious beliefs, doctrine or internal regulations of a church.

"Where a church discriminates for reasons unrelated to religion, we hold that the Constitution does not foreclose Title VII suits," Becker wrote.

"Employment discrimination unconnected to religious belief, religious doctrine or the internal regulations of a church is simply the exercise of intolerance, not the free exercise of religion that the Constitution protects," Becker wrote in an opinion joined by Judge Richard L. Nygaard.

But in a dissent, Judge D. Brooks Smith said he believed Becker's opinion "effectively refuses to recognize any ministerial exception, placing this court at odds with every other federal court of appeals to consider the issue."

Smith said he disagreed with Becker's "fundamental premise that a church's choice regarding who performs particular spiritual functions is not necessarily a religious decision."

Instead, Smith said, "In my view, such a decision is, by its very nature, a religious one. Consequently, government interference with that decision necessarily infringes on a church's free exercise of religion and entangles the courts in religious matters."

Becker had died by the time Gannon University's lawyers filed a motion for rehearing, and the case was assigned to a newly constituted three-judge panel.

Because Judge Richard L. Nygaard had recused himself, two new judges -- Robert E. Cowen and Morton I. Greenberg -- were added to join Smith in deciding the motion for rehearing.

Now the new panel has issued a unanimous decision authored by Smith that significantly broadens the scope of the ministerial exception.

"Today, we join seven of our sister circuits in adopting the exception and hold that it applies to any claim, the resolution of which would limit a religious institution's right to choose who will perform particular spiritual functions," Smith wrote.

According to court papers, Lynette M. Petruska was hired in July 1997 by Gannon University to serve as its director of social concerns. Two years later, she was appointed chaplain -- the first female chaplain in Gannon's history.

Petruska claims that, prior to accepting the position, she sought assurances from Gannon's president, David Rubino, that she would not be replaced when the Rev. Nicholas Rouch returned from his study in Rome or when another male became available.

The suit alleges that Petruska knew that Gannon had a practice of gender discrimination and that Bishop Donald Trautman, the chairman of Gannon's board of directors, had a reputation for being unable to work with women and for removing women from leadership positions.

Petruska claims she was assured that decisions regarding her tenure as chaplain would be based solely on her performance and not her gender.

In her role as chaplain, the suit says, Petruska served as the equivalent of a vice president. Her post was a cabinet-level position on the president's staff and she was co-chairwoman of Gannon's Catholic Identity Task Force. Her religious duties included holding prayer services and planning liturgies.

Soon after her appointment, the suit says, Rubino was forced to take a leave of absence when he was accused of having a sexual affair with a female subordinate. According to court papers, Rubino admitted the affair to several university officials.

When a different female employee later accused Rubino of sexual harassment, the suit says, Petruska was instrumental in bringing her claim to the attention of top university officials.

But Petruska alleges that the university "began a campaign to conceal Rubino's misconduct."

According to the suit, Petruska soon found herself at odds with Gannon's new president, Thomas Ostrowski, who took over after Rubino resigned in May of 2000.

Petruska was serving on Gannon's sexual harassment committee as the university was in the process of revising its policy. The suit says that, although several of Gannon's lawyers advocated limiting the time period in which grievances could be filed, Petruska disagreed and her view ultimately prevailed. She was also involved in preparing a report that criticized Gannon's discrimination and harassment policies.

Despite a request from Ostrowski, the committee refused to modify portions of its report that criticized the university, the suit says.

When Rouch returned from Rome, the suit says, the chaplain's division was put under his control, making Petruska Rouch's subordinate. Ostrowski allegedly told Petruska that the proposed action was being taken solely on the basis of Petruska's gender.

The suit also alleges that Ostrowski was informed that once a new president was appointed, Trautman intended to "clean house" by removing three high-ranking university officials -- including Petruska -- all of whom were female.

In May 2001, Antoine Garibaldi was appointed president of Gannon, the suit says, and Petruska was told about a year later that he had decided to "restructure" the university, that she would be removed from the president's staff.

Petruska claims she became convinced that she was on the verge of being fired, and that she decided instead to resign in October 2002.

The suit says that after Petruska's resignation, Rouch repeatedly told Gannon students and staff that a woman would not be considered to replace Petruska as chaplain.

Petruska filed suit in federal court in Pittsburgh alleging Title VII claims of sex discrimination and retaliation, as well as state law claims of fraudulent misrepresentation, civil conspiracy, breach of contract, and negligent supervision and retention.

But U.S. District Judge Sean J. McLaughlin dismissed the entire suit, holding that under the ministerial exception, a religious institution cannot be sued under federal anti-discrimination laws.

Now the 3rd Circuit has upheld most of McLaughlin's ruling, but found that Petruska should be allowed to pursue her claim of breach of contract.

Although the 3rd Circuit has never considered the scope of the ministerial exception, Smith found that seven other circuits have, and that all of them have concluded that applying Title VII to a minister-church relationship "would violate -- or would risk violating -- the First Amendment."

When a claim involves the church's selection of clergy, Smith said, most of the circuits have held that "the exception bars any inquiry into a religious organization's underlying motivation for the contested employment decision."

In applying the exception, Smith said, courts must decide "only whether the resolution of the plaintiff's claim would limit a church's right to choose who will perform particular spiritual functions."

The exception is also limited, Smith said, because "it does not apply to all employment decisions by religious institutions, nor does it apply to all claims by ministers. It applies only to claims involving a religious institution's choice as to who will perform spiritual functions."

But Smith found that the exception would not bar Petruska from pursuing her breach of contract claim in which she alleges that, under her contract with Gannon, she was entitled to serve on the president's staff and lead the chaplain's division.

"Application of state contract law does not involve government-imposed limits on Gannon's right to select its ministers," Smith wrote.

"Unlike the duties under Title VII and state tort law, contractual obligations are entirely voluntary. . . . Enforcement of a promise, willingly made and supported by consideration, in no way constitutes a state-imposed limit upon a church's free exercise rights," Smith wrote.

Schools' Policies On Race In Spotlight (LCJ KY)

By Chris Kenning

DOJ_NMG_0059551

Louisville Courier-Journal, September 8, 2006

Conference comes amid legal challenges

More than 200 educators and civil-rights activists are gathering in Louisville for a conference on school desegregation -- at a time when such policies face landmark legal challenges.

The Louisville NAACP organized the conference to coincide with the 50th anniversary of the first school desegregation plan in Louisville, but participants said the event has taken on added significance since the U.S. Supreme Court agreed to hear cases challenging such policies in Louisville and Seattle.

"The implications are staggering," said Vanessa Siddle Walker, a speaker and Emory University professor who won a 2000 Grawemeyer Award in education. "To have a court shift what a school board is doing, and what a community values, and to create problems that many urban districts are having … it's going to take us back 100 years."

The three-day conference -- also sponsored by Jefferson County Public Schools and its teachers union, the Louisville Metro government and the University of Louisville -- is expected to draw top officials from groups such as the National Education Association and the National Association for the Advancement of Colored People to discuss the benefits, shortfalls and future of school integration.

As part of the conference, Kentucky Educational Television will televise a "town hall" forum today from the Muhammad Ali Center. Speakers will include attorney Teddy Gordon, who is representing Crystal Meredith, a Louisville parent who challenged the district's student-assignment policies in 2003.

"It's very important to have the discussion," said Gordon, who argues that voluntary desegregation has been ineffective, costly and burdensome.

Meredith's is one of two cases that the U.S. Supreme Court is expected to rule on within the next year that may decide whether hundreds of districts in the country may, in an effort to keep schools diverse, consider race when assigning students.

Jefferson County was released in 2000 from a court-ordered desegregation plan. But it has continued to use a "managed choice" plan that gives parents some choice among schools while seeking to keep most school enrollment between 15 percent and 50 percent black. About 35 percent of the district's 97,000 students are black.

A 2001 district survey found that more than 80 percent of parents approved of the policy. Supporters say integrated schools benefit students socially and academically. Without the policy, they say, some schools would segregate.

But critics argue the district policy constitutes a discriminatory quota and hasn't eliminated racial achievement gaps.

The Bush administration recently filed a brief urging the high court to strike down Jefferson County Public Schools' policy, arguing it amounts to an illegal quota and unfairly burdens some students. The president's brother, Florida Gov. Jeb Bush, also filed a brief urging the court to find the policies unconstitutional.

If the justices agree, the implications could extend beyond education, said Michael Wotorson, the NAACP's national director of education, who will speak at the conference.

"You lay open the discussion about ongoing affirmative-action programs, not only in education, but in employment as well," he said.

Conference organizers plan to address the cases but also focus on a wide-ranging discussion of "the good, the bad and the ugly of desegregation: Did this community get what it expected," said Kathryn Wallace, education chairwoman with the NAACP.

Along with Wotorson, scheduled speakers include Marsha Smith, an executive committee member of the NEA; Lucian Yates, chairman of the school of education at Kentucky State University; and Ruby Wilkins Doyle, author of a book about the African-American experience in Louisville schools through 1975.

Workshops will cover subjects such as school integration since 1975; race and achievement; parent involvement and integration; the changing era of desegregation; and the number of teachers from culturally diverse backgrounds.

Reporter Chris Kenning can be reached at (502) 582-4697.

Let Schools 'Look Like America,' Too (LAT)

The Los Angeles Times, September 8, 2006

DOJ_NMG_0059552

TO HIS CREDIT, PRESIDENT BUSH chose a Cabinet that (to quote former President Clinton) "looks like America." Now the same administration that takes race into account in assembling a government has asked the Supreme Court not to allow school districts to do the same thing in filling their classrooms.

Bush has appointed two African Americans — one a woman — as secretary of State, named the first Latino attorney general and had two Asian Americans in his original Cabinet. Of course, Bush would argue that these appointees were superbly qualified. But that doesn't mean that he was indifferent to their impact, both practically and symbolically.

Last month, Solicitor General Paul D. Clement sent a different message, filing a brief with the high court arguing that public schools in Seattle and Louisville, Ky. — and everywhere else — may not take steps to maintain a measure of racial balance. Like other school districts, Louisville and Seattle decided that bringing children of different races together makes for a better educational experience. The administration is siding with white parents who are challenging the programs as unconstitutional.

In the 1970s, such integration was fostered by what opponents called "forced busing." With federal courts no longer spearheading school integration, racial diversity in the classroom must be achieved through other kinds of pupil assignment. Many districts, including L.A. Unified, further this goal by establishing magnet schools aimed at parents who want their children to have an integrated experience.

There is a world of difference, morally and legally, between these schools and the all-white and all-black public schools that the Supreme Court outlawed in its landmark 1954 ruling in Brown vs. the Board of Education. One system was designed to separate white and black children. The other seeks to bring them together. The latter objective remains what the courts call a "compelling interest."

The Justice Department disagrees. The administration is telling the court that school systems that place a priority on diversity violate the "equal protection of the laws" guaranteed by the 14th Amendment. In his brief, Clement argues that "the use of a racial classification to achieve a desired racial balance in public schools" is just as unconstitutional as old-fashioned racial segregation.

It may well look that way to the parents of a child — white or black — who is denied a place in a specialized school because of racial-balance guidelines. As Chief Justice John G. Roberts Jr. observed in an opinion in a voting rights case: "It's a sordid business, this divvying us up by race." Yet the high court has recognized, sometimes reluctantly, that taking account of race is the lesser of two evils when the alternative is to perpetuate segregation and stereotypes.

In a colorblind society, there would be no need for school administration to keep track of the race of its pupils. That is not, unfortunately, the society in which we live. Given segregated housing patterns and persistent racial disparities in family income, in many places the only way to bring students of different races together is to take account of race — just as Bush has done in his own administration.

ANTITRUST:

Is Time Ripe For 'Dr. Miles' To Fall? (LAW)

By Tony Mauro, Legal Times

Legal Times, September 8, 2006

The Supreme Court has moved closer toward re-examining one of the biggest and hoariest precedents in antitrust law, known to law students everywhere as the Dr. Miles rule.

In an order released Aug. 28, the Court issued a stay of a judgment of the 5th U.S. Circuit Court of Appeals in a case that squarely tests the Dr. Miles precedent.

Under that rule, established in the 1911 case of Dr. Miles Medical Co. v. John D. Park & Sons Co., minimum prices manufacturers set on what dealers can charge customers for their products are deemed as illegal per se under the Sherman Act, no matter what evidence might be presented.

The per se rule has come under increasing attack in recent years as being too rigid to take into account market factors that argue for minimum price setting -- including the perceived problem of "free-rider" discount retailers, who piggyback on the advertising, promotion and informed sales force of other merchants selling the same product.

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Critics of the rule suggest the time is right to mount an attack on Dr. Miles, after the Court's last term in which it rejected two lesser-known per se antitrust rules. The rule played a role in major antitrust litigation, including the Nine West litigation, in which several states and the Federal Trade Commission sued the company for fixing the price of women's shoes. A settlement in the case was reached in early 2000.

Though the Court has not yet granted review in the pending case, Leegin Creative Leather Products v. PSKS, its agreement to stay a 5th Circuit judgment that upheld Dr. Miles is a sign of substantial interest among the justices in taking up the case.

"This is a potentially very major development," says former Solicitor General Theodore Olson, a Gibson Dunn & Crutcher partner who sought the stay on behalf of Leegin, which makes women's accessories under the Brighton's label. "A stay is only granted if the justices regard a grant of cert as reasonably likely and there is a fair prospect that the decision below is erroneous."

But Olson's adversary, Wichita, Kan., lawyer Robert Coykendall, cautions that the case is still in its early stages and could be denied review by the Court. He also dismisses the Dr. Miles precedent as a "quiet little backwater issue" that has "high visibility but low impact." He says the case has been weakened by subsequent Court rulings and no longer is as important as it once was.

Coykendall, a partner in the Wichita firm Morris, Laing, Evans, Brock & Kennedy, represents PSKS, owner of the retail shop Kay's Kloset in Flower Mound, Texas. In violation of a price-setting agreement imposed by Leegin, the store discounted Brighton products, prompting Leegen to bar the shop from selling its products anymore.

PSKS sued, claiming illegal price fixing. The jury, adopting the Dr. Miles per se rule, awarded PSKS $3.6 million in damages and $375,000 in attorney fees. The 5th Circuit affirmed. Olson obtained from the high court a stay in the payment of damages and fees.

The rule has been a favorite target of the free-market-oriented "Chicago School" of economists. Five years ago, influential 7th Circuit Judge Richard Posner called the Dr. Miles rule "a sad mistake."

Former D.C. Circuit judge Robert Bork has described the precedent as "one decisive misstep that has controlled a whole body of law."

William & Mary law professor Alan Meese, who has criticized the rule in academic writings called it the "last fortress" of those who oppose the Chicago school, and said it "may well have significant support in Congress."

Former Clinton-era FTC Chairman Robert Pitofsky, a fan of the precedent, predicts a battle royal if the Court takes a case challenging it. Asserting that the current administration has shown little interest in anti-price-fixing enforcement, the Georgetown University Law Center professor says, "It's a choice between the per se rule and no enforcement at all." If Dr. Miles falls, he says, "consumer groups will be very unhappy, and the price cutters will be, too."

Judge OKs New Microsoft Antitrust Deadline (CNET)

By Anne Broache, CNET News.com

CNET News, September 8, 2006

WASHINGTON--A federal judge has granted a two-year extension of portions of the landmark antitrust agreement reached by U.S. and state government plaintiffs with Microsoft.

At a periodic status conference here on Thursday, U.S. District Judge Colleen Kollar-Kotelly granted formal approval to the extension, saying she was satisfied with the parties' justifications for the extra time. The judge also said she would sign off, as expected, on the changes to the final judgment, which she initially approved in 2002.

Last week, the Justice Department and Microsoft filed a joint motion seeking an extension until Nov. 12, 2009, of provisions of the settlement relating to the Microsoft Communications Protocol Program. The MCPP, a requirement of the 2002 antitrust settlement, is designed to help third-party developers in creating software that works with Windows.

Keeping tabs on the MCPP documentation effort has become the central focus of federal and state prosecutors and the judge, who all recently criticized Microsoft for dragging its feet on compliance. Microsoft is undertaking a similar project to comply with orders in Europe.

Under the modified agreement, the government would have the "unilateral" ability to ask the court to extend the provisions related to the MCPP up to 2012. The remaining portions of the settlement, which relate to other licensing and middleware obligations, would expire as scheduled on Nov. 12, 2007.

DOJ_NMG_0059554

U.S. Department of Justice attorney Aaron Hoag told the judge Thursday that the government has "no substantive complaints" about Microsoft's performance in the expiring areas. The company has fully resolved, for instance, a situation last fall in which it acknowledged it had circulated a draft marketing plan that would have forced portable-music player makers to exclude rival media player software from CDs packaged with their devices.

The judge's action on Thursday was largely a procedural step. The government, in agreement with Microsoft, had already aired its plans to seek the modifications at the last status conference in May, and Kollar-Kotelly had already voiced her support.

Keeping to schedule

The revised agreement also orders Microsoft, unless otherwise ordered by the court, to keep Robert Muglia, senior vice president for the company's server and tools unit, in charge of overseeing an ongoing rewrite of the technical documentation for MCPP licensees.

Muglia, appearing before Judge Kollar-Kotelly on Thursday, said Microsoft has now assigned 250 people to the project and "placed this as the highest priority in the company." Earlier this week, Microsoft proposed a new MCPP schedule that would see licensees receiving a first version of the technical documentation by May 2007, subject to further revision and testing.

"I do believe the schedule is achievable," Muglia said. "It is not without risk, however, because any engineering schedule is not without risk."

The state and federal prosecutors said Thursday that they remained "surprised" at the length of time Microsoft estimates the rewrite project will take and plan to keep a close watch. "It's hard to know at this point how realistic this is," said Stephen Houck, an attorney for the California plaintiffs. "Or is it something being imposed on the engineers because they want to make us happy?"

Judge Kollar-Kotelly and the prosecutors said they had also taken notice of the dozen guiding principles that general counsel Brad Smith laid out at a National Press Club appearance in July. The voluntary tenets were designed to reassure the public that Microsoft is committed to competition and consumer choice, the company said.

"There has certainly been a lot of progress made since the late 1990s," Kollar-Kotelly said. "But there is still a lot to be done."

Microsoft May Delay Vista In Europe On Antitrust Case (Update2) (BLOOM)

By Matthew Newman

Bloomberg, September 8, 2006

Sept. 7 (Bloomberg) -- Microsoft Corp., the world's largest software maker, said it may delay the release of its next version of the Windows operating system in Europe if regulators demand changes to the software.

Microsoft is waiting for a response to the company's proposals to the European Commission to ensure that Windows Vista is ``fully compliant with European law," said Tom Brookes, a spokesman for Redmond, Washington-based Microsoft. The commission said it is reviewing the proposal that it received last month.

Vista is two years behind schedule and a further delay may cost Microsoft hundreds of millions of dollars in revenue, Chief Financial Officer Chris Liddell said in July. Microsoft said last month that legal uncertainties in Europe may cause the company ``to delay release dates for Windows."

``Once we receive the Commission's response, we will know whether the Commission is seeking additional product design changes that would result in delay in Europe," Brookes said in a statement today.

Microsoft is planning to release Vista to corporate customers in November and to retail stores in January, Brookes said.

The commission said it's ``misleading" for the company to say that regulators may cause delays to Vista in Europe.

Microsoft's legal battle with European regulators began almost eight years ago. In March 2004, the commission ordered the company to sell a version of Windows without a media player and to provide rivals information on how Windows communicates over a network.

Microsoft has appealed that decision. Meanwhile, the European Commission, the antitrust authority of the 25-nation European Union, fined the company 280 million euros for failing to comply with the antitrust order.

Ballmer Meeting

European Competition Commissioner Neelie Kroes spoke with Microsoft Chief Executive Steve Ballmer on Aug. 22, reminding him that Microsoft must respect EU competition rules, the commission said in a statement today.

``It is up to Microsoft to accept and implement its responsibilities as a near monopolist to ensure full compliance with EU competition rules and in particular the prohibition on abuse of a dominant market position," the commission said in the statement.

Today's statement by Microsoft was prompted by a letter to Kroes from four European Parliament members. They told Kroes that any delay to Vista may hurt European companies.

``It is alarming that one of the world's most successful technology companies considers the European Commission's attitude a `risk factor' that might delay European companies' access to future Microsoft products such as Windows Vista," Chris Heaton- Harris, Peter Skinner, Sharon Bowles and Michal Kaminski wrote in a letter to Kroes today.

`Regulatory Uncertainty'

Keith Jones, managing director at DSG International Plc's PC World chain, said that any further delay in the release of Vista would ``disrupt" the industry. PC World sold 1.75 billion pounds ($3.3 billion) of computers, accessories and related servic es last year.

``The possibility of a further delay in the introduction of Microsoft's new operating system Vista in Europe due to regulatory uncertainty would disrupt the computing industry," Jones said in an e-mailed statement.

EU regulators said in February that they're reviewing complaints against Microsoft from computer makers concerned that Vista may prevent manufacturers from customizing the software.

Complaints

Kroes sent Microsoft a letter in March outlining concerns about Vista following complaints from European and U.S. companies. A group representing International Business Machines Corp. and Oracle Corp. complained to the EU that Vista will illegally bundle security and copy-protection software.

Adobe Systems Inc. has also threatened to file an antitrust complaint against Microsoft for including its PDF technology in Office 2007, which is expected to be released at the same time as Vista.

The EU is also weighing whether to double daily antitrust fines against Microsoft to as much as 3 million euros ($3.9 million) in a dispute over whether Microsoft has complied with a previous commission order.

Shares of Microsoft fell 18 cents to $25.43 in Nasdaq Stock Market Composite trading at 4:30 p.m. New York time. They have dropped 2.8 percent this year.

To contact the reporter on this story: Matthew Newman in Brussels at Mnewman6@bloomberg.net .

Microsoft Threatens Vista Delay Amid Dispute With EU Regulators (WSJ)

By William Echikson

The Wall Street Journal, September 8, 2006

BRUSSELS -- Microsoft Corp. threatened a delay in the launch of its next-generation Vista operating system in Europe because of a standoff with regulators.

European Union regulators had "raised various concerns" about the product, a company spokesman said. Microsoft said it made "concrete proposals" to resolve these worries in the spring.

"Once we receive the [European Commission's] response, we will know whether the commission is seeking additional product design changes that would result in delay in Europe," the spokesman said. Microsoft said it has provided regulators with "extensive briefings" on Vista during the past 15 months and has given regulators copies of the product to review.

In a written response, EU antitrust spokesman Jonathan Todd said it is misleading for Microsoft to imply regulators are delaying the launch of Vista. Regulators sent Microsoft a "detailed list" of concerns about Vista at the beginning of July. M icrosoft asked for an extension to reply and finally did so at the end of August. The European Union's top antitrust regulator, Neelie Kroes, spoke by telephone about the issue Aug. 22 with Microsoft Chief Executive Steve Ballmer, Mr. Todd said.

In March 2004, the European Commission fined Microsoft a record €497 million, or more than $600 million, and ordered it to change some of its business practices. The company appealed that ruling in April at an EU court. The court's decision is expected next year.

The commission fined Microsoft an additional €280.5 million in July for defying its antitrust orders. Microsoft said it will appeal that decision, too, and is expected to file court documents within the next few weeks.

Separately, four members of the European Parliament, three from the United Kingdom and one from Poland, criticized European Union regulators for their handling of an antitrust investigation into Microsoft, saying regulators' "ongoing pursuit of Microsoft" could result in delayed release of the company's products in Europe.

A delay in the release of new Microsoft products in Europe could have grave economic consequences, the parliamentarians said in a letter to Ms. Kroes.

"We have concerns that the consequences of the commission's actions are undermining Europe's goal to become the most competitive and dynamic knowledge-driven economy in the world by 2010," the letter reads.

Mr. Todd rejected the lawmakers' assertions. "There is no reason why Microsoft cannot market Vista in a way that is fully compliant with competition regulations," he said.

Valero Energy Weighing Purchase Of One Or More Oil Refineries In Europe (BLOOM)

Bloomberg, September 8, 2006

Valero Energy Corp., North America's largest refiner, is looking to possible plant acquisitions in Europe to keep revenue growing and gain flexibility to capitalize on shifts in profit margins across continents.

Europe represents "a growth platform," Executive Vice President Richard Marcogliese said in a meeting Wednesday with workers at Valero's Corpus Christi refinery.

The San Antonio-based company is looking to overseas purchases and is considering expansions into other industries, such as chemicals, as U.S. refinery acquisitions become too expensive.

Valero already sells some fuel in Europe from its Aruba refinery. Having one or more plants in Europe would let it shift more of its sales when market swings make fuels more profitable on one continent than another.

"With our refinery in Aruba and two U.S. East Coast refineries, a European refinery could create opportunities to optimize our business across the Atlantic region," Marcogliese said later in an interview.

Another consideration for Valero is that it won't be inhibited by antitrust concerns in Europe, Marcogliese said. For example, he said, the Federal Trade Commission wouldn't let Valero acquire any more plants in California out of concern it would have too much market dominance there.

Chief Executive Officer Bill Klesse said in a January interview that Valero may make overseas acquisitions after spending $19 billion on U.S. deals in the past decade. In June, he told investors that Valero bowed out of the bidding for plants in Houston and Newfoundland because the prices were too high.

Valero's acquisition last year of Premcor Inc. valued its four refineries at about 75 percent of what it would cost to build them today, the most the company has ever paid, Marcogliese said. The latest refinery deals in North America valued plants at full replacement cost, he said.

The company may expand processing capacity at its plants by 11 percent, to 3.65 million barrels of oil a day, in the next five years, Marcogliese said. Those projects would cost an estimated $5 billion.

"Valero remains a growth company," Marcogliese said. "The acquisition market is a little bit overheated, so we may just focus on internal expansion this year."

Expansion work in 2006 will add $250 million to annual operating income, or revenue minus costs to supply and operate refineries, Marcogliese said.

"Valero has made quite a few acquisitions, and this is an ideal time to consolidate them," said Robert Hinckley, an analyst at Rochdale Securities in New York who rates Valero shares at "buy" and doesn't own any. "They'll probably continue to tweak their existing refineries to get more capacity out of them in this environment."

Wright Law Revision In Holding Pattern (DMN)

DOJ_NMG_0059557

By Sudeep Reddy, The Dallas Morning News

The Dallas Morning News, September 8, 2006

House panel weighing antitrust issues to take measure up next week

WASHINGTON – Legislators from North Texas continued scrambling Thursday to ease antitrust concerns in legislation to lift the Wright amendment.

But they'll have to wait another tense week.

The House Judiciary Committee deferred consideration of the bill that would end flight restrictions at Dallas Love Field. Other items on the panel's agenda forced the Wright battle into next week.

DallasNews.com/Extra

Read the letter from the Consumer Federation of America and Consumers Union (.pdf)

The panel was scheduled to consider language in the Wright bill related to competition laws and antitrust issues that have drawn concerns from key lawmakers.

The powerful chairman of the Judiciary Committee, Rep. James Sensenbrenner, R-Wis., has objected to parts of the legislation that could exempt American Airlines Inc. and Southwest Airlines Co. from laws governing competition.

The two North Texas carriers and other parties to the deal agreed Wednesday to remove a short phrase that would effectively immunize the deal from a legal challenge under competition laws. But it was unclear whether that would satisfy Mr. Sensenbrenner.

The legislation, which has already passed the House Transportation and Infrastructure Committee, would implement terms of a June agreement among American, Southwest, the cities of Dallas and Fort Worth and Dallas/Fort Worth International Airport.

Ongoing talks

Key lawmakers and their aides continued trading ideas Thursday with the agreement's backers and the staff of the Judiciary Committee, looking for changes that might satisfy Mr. Sensenbrenner.

"The fact that they're still working on it is good," said Rep. Kenny Marchant, R-Coppell.

The bill would repeal Wright after eight years, while immediately allowing for one-stop tickets anywhere in the U.S., as long as passengers first stopped within the nine-state Wright perimeter.

The agreement would also cut the number of gates at Love to 20 from 32, to compensate for an expected increase in traffic and noise at the inner-city airport.

The gate cuts would require demolishing a six-gate facility owned by Love Terminal Partners L.P. The group, which is suing the parties to the agreement under antitrust law, has lobbied against the legislation.

Forcing delays

Lawmakers acknowledged that the group's efforts have slowed the bill's movement.

"I don't think you're going to get the Love Terminal guys happy," Mr. Marchant said. "Hopefully that's not the test for it."

Critics say the gate reduction would reduce the potential for competition at Love Field.

This week, two prominent consumer advocacy groups became the latest to oppose the Wright bill.

Officials from Consumers Union and the Consumer Federation of America wrote to the heads of the House and Senate judiciary committees that the legislation "dramatically fails consumers and is a violation of antitrust laws."

Rep. Joe Barton, R-Ennis, chair of another powerful House committee, expected the bill to reach the House floor despite the concerns.

"I don't think there are any antitrust issues in the bill," Mr. Barton said. "We will either reach some accommodation on the Judiciary Committee or we'll move it out without changes."

Rep. Lamar Smith, R-San Antonio, said the Judiciary Committee's next likely opportunity to consider amendments would be Wednesday. The panel's authority to review the bill expires Sept. 15.

Backers remained hopeful.

"We're still confident that once the committee reviews the legislation, they'll approve it," said Southwest spokeswoman Beth Harbin.

Staff writer Terry Maxon contributed to this report from Dallas.

Alcatel, Lucent Shareholders Back Merger (AFP-Y)

AFP, September 8, 2006

Shareholders in French telecommunications equipment maker Alcatel and US group Lucent approved a merger of the two companies to create a giant valued at 21.5 billion euros (27 billion dollars).

The backing came during special general assemblies held by Lucent shareholders in Wilmington, Delaware and Alcatel shareholders in Paris.

Lucent Technologies chairwoman and chief executive, Patricia Russo, who is to be chief executive in the combined entity, said the merger would create a strong global player.

"As we have said from the start, the primary driver of this combination is to create long-term value for shareowners, customers, and employees.

"Today we received approval for the merger from Lucent's shareowners, and as a result, we are another step closer to creating the first truly global communications solutions provider with the broadest wireless, wireline and services portfolio in the industry."

The merger creates a giant valued at 21.5 billion euros (27 billion dollars) that will be second only to US-based Cisco Systems in the field of telecoms equipment.

Alcatel and Lucent expect to complete their marriage by the end of 2006. The companies have already cleared several key regulatory hurdles, including antitrust clearance in the United States and the European Union.

The companies have also submitted a formal notice to the Committee on Foreign Investment in the United States, seeking US governmental approval of their merger.

In 2005 the two groups would have had combined sales of 21 billion euros.

The merger plan calls for an exchange of shares, 0.1952 Alcatel shares for one Lucent share.

Alcatel would have greater weight than Lucent in the combined entity, which would be based and legally registered in Paris. Alctael shareholders would hold 60 percent of the company and Lucent shareholders 40 percent.

The two groups at the end of 2005 had a combined workforce of about 88,000 people. But with the merger an estimated 8,800 jobs are to be eliminated, the companies have said.

The tie-up is expected to result in cost savings of 1.4 billion euros a year at the end of three years, notably in administration, logistics, purchasing and research and development.

The current chairman of Alcatel, Serge Tchuruk, would become the merged group's non-executive chairman, while Russo would be its chief executive.

Russo would therefore become the first woman to lead a company quoted on France's principal exchange, the CAC 40.

The merger project was announced at the end of March and received a possitive reception on the stock market. Tchuruk at the time argued that Alcatel and Lucent were "complementary" and that the telecom equipment sector was in need of consolidation.

But in the United States Lucent shareholders initially voiced displeasure and sought a postponement of the general assembly to protest a merger price they judged to be too low. Lucent managers eventually reached an accord with two blocs of shareholders, Resnick and AT Maley Trust, who agreed to call off a legal challenge.

In France some Alcatel shareholders had also lost their enthusiasm for the deal on learning that Lucent suffered an 82 percent decline in net earnings in the first nine months of its fiscal year.

Alcatel and Lucent are engaged in similar activities providing equipment for fixed and mobile phones, and a merger would create a world leader in telecommunications at a time of widespread consolidation among operators.

An earlier merger attempt failed in 2001.

The equipment-making arm of American Telephone and Telegraph that broke off and became independent in 1996, Lucent grew rapidly in the late 1990s until the technology bubble burst in 2002 when it almost went bankrupt.

It has survived through thousands of layoffs and drastic budget cuts.

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Alcatel was also hard hit by the bursting of the Internet and high-tech bubble.

Both companies offer triple play and quadruple play systems for the Internet, telephones both fixed and mobile, and television, and are also working on new ideas on network renewal.

But Alcatel, unlike Lucent, is involved artificial satellites.

While Lucent is active mainly on the US market Alcatel focuses its operations on Europe and Asia.

Alcatel, Lucent Owners Approve $10.5 Billion Takeover (Update1) (BLOOM)

By Rudy Ruitenberg And Ari Levy

Bloomberg, September 8, 2006

Sept. 7 (Bloomberg) -- Alcatel SA and Lucent Technologies Inc. shareholders approved the French company's $10.5 billion purchase of its U.S. competitor to create the world's largest supplier of telephone networks.

Alcatel, which held its shareholder meeting in Paris today, agreed in April to pay 0.1952 of its American depositary shares for every Lucent share, valuing the purchase at $13.5 billion at the time. Since then, Murray Hill, New Jersey-based Lucent said third-quarter net income plunged 79 percent and sales fell 12 percent as mobile-phone companies delayed equipment purchases.

``We compete in an increasingly global and competitive industry," Chief Executive Officer Patricia Russo said today at Lucent's meeting in Wilmington, Delaware. The deal ``represents an excellent match of solutions, geography and people."

Alcatel will control 60 percent of the combined company, which Russo said will be named Alcatel Lucent, with the rest held by Lucent shareholders. Russo, 54, will lead the company from its Paris headquarters and Alcatel CEO Serge Tchuruk, 68, will be chairman. The companies have said they will fire 9,000 workers to help save $1.7 billion by the end of the third year of the merger, with 55 percent of the savings coming from job cuts.

Clients ``are merging, and it forces the equipment suppliers to merge," Andre Chassagnol, an analyst at HPC Paresco, said before the vote. ``Long-term, there's an industrial logic."

Lucent shares fell 0.4 percent to $2.26 at 1:09 p.m. in New York Stock Exchange composite trading. Alcatel shares fell 1.6 percent to close at 9.43 euros in Paris.

Cost Benefits

``The cost synergies will be accretive from the first year and will be very important" starting in 2008, Tchuruk said at the meeting in Paris today. ``Consolidation is not a luxury, not an option, it has almost become a necessity."

Following a slide in Alcatel's shares, the stock swap is valued at $10.5 billion, based on yesterday's closing price for Alcatel's American depositary receipts.

The difference between the offer price and Lucent's share price narrowed to 7 cents yesterday, from as much as 19 cents on Aug. 16 and 8 cents after the deal was announced.

``On both sides of the Atlantic the shareholders have expressed their wish to see this major project through," Tchuruk said at the meeting.

Market Position

The entity will be first in wireline and third in wireless equipment with operations in 130 countries, Russo said. The companies have combined sales of $25 billion, compared with fiscal 2006 sales of $28.5 billion at San Jose, California-based Cisco Systems Inc., the world's largest maker of networking gear.

The merger should close by the end of the year and until then ``both companies will continue to operate their businesses independently and competitively," said Russo.

Alcatel in July won European antitrust approval to buy Lucent, six weeks after U.S. regulators approved the deal.

The companies have submitted a formal notice to the Committee on Foreign Investment in the U.S. for approval of the deal. Lucent is forming a separate unit for classified U.S. government research to allay security concerns as the company comes under French control.

Certain contracts from Bell Laboratories, Lucent's research arm, will be transferred to the new government unit.

Shares of the new company will trade on the Euronext with the ADRs trading in New York.

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To contact the reporters on this story: Rudy Ruitenberg in Paris at rruitenberg@bloomberg.net ; Ari Levy in New York at Alevy5@bloomberg.net

Lukewarm Investors, Nervous Workers Await The New CEO At Lucent-Alcatel (WSJ)

By Shawn Young, Sara Silver And Leila Abboud

The Wall Street Journal, September 8, 2006

When Patricia Russo took the reins at Lucent Technologies Inc. four years ago, skeptics predicted she wouldn't be able to keep the teetering telecommunications-equipment giant solvent. But she did, returning the company to a profit in less than two years.

As the 54-year-old Trenton, N.J., native -- once nicknamed "curve breaker" for her off-the-charts work ethic -- takes charge of Lucent's combination with Alcatel SA to create a trans-Atlantic telecom giant, her task is to lead the companies in knitting themselves together in the face of an onslaught of new rivals and a consolidating customer base.

Lucent shareholders aren't hugely enthusiastic about the deal: Holders of just 52% of shares outstanding voted to proceed with the transaction yesterday, according to preliminary results. (Shares that weren't voted were counted as "no" votes.) Also on Thursday, Alcatel shareholders gave a green light to the agreement reached in April. Now, employees at Alcatel and Lucent are looking closely at Ms. Russo's plans to cut 9,000 jobs from the combined work force of 88,000 "in a fair and balanced manner."

An American who doesn't speak French, Ms. Russo will be running a company based in Paris and dominated by Alcatel. The deal is being billed as a merger of equals, but Alcatel will make up 60% of the combined companies' shareholder base and will dominate the inner management circle. "These kinds of things always have significant challenges," Ms. Russo said in an interview not long after the deal was announced. "I'm not naive about that."

The second of seven children of a doctor and a homemaker, Ms. Russo studied political science and history at Georgetown University, before taking a job at International Business Machines Corp. She joined AT&T Corp. in 1981 and held various sales and executive posts until going with Lucent when it split from AT&T in 1996. She often found herself one of just a few women rising in a technology-saturated, male-dominated industry.

In 1991, she got her first vice president's title at AT&T, as head of sales and part of a turnaround team at a unit that was losing $500 million a year making internal phone systems for corporations. "People at AT&T were coming up to me and saying, 'Have you lost your mind?'" she recalls. Undaunted, she helped collapse the sales and services departments into a single lean unit and eliminate scores of jobs. Two years later, the unit was profitable.

In the process, colleagues took to teasing Ms. Russo about her meticulous work habits and long hours, according to a former Lucent spokeswoman, Kathleen Fitzgerald. They came up with the nickname "curve-breaker" because they said she was distorting the job-performance curve, Ms. Fitzgerald says.

Indeed, Ms. Russo is a fierce competitor. At a golf game years ago, her ball came to rest on an asphalt path. Instead of moving it off the pavement, as she was allowed to do, "she took a swing with her five iron and sparks flew," recalls John Zeglis, former chief executive of AT&T Wireless Services Inc. "She wanted a clear shot at that ball."

A penchant for facts stalled Ms. Russo's career at Lucent, where a former chief executive, Richard McGinn, reduced her role in 2000. According to people familiar with the matter, Ms. Russo wouldn't back down in presenting data challenging overly aggressive revenue-growth targets, and Mr. McGinn wouldn't accept her message.

Ms. Russo turned out to be right: Lucent went into a tailspin in 2001. By then, Ms. Russo had taken a job as chief operating officer at Eastman Kodak Co., but was quickly lured back by Henry Schacht, Lucent's returning chairman and chief executive.

As soon as she took the job, in early 2002, an influential Lehman Brothers analyst at the time, Steve Levy, publicly questioned whether Ms. Russo could save the flailing giant. He faulted Lucent's board for tapping an insider instead of bringing in new blood.

Ms. Russo's response was to call Mr. Levy that night, listen calmly to his criticisms and quickly agree that Lucent needed fresh leadership, according to Mr. Levy. She invited him to measure her on it, and from that day forward she called or sent a message every time she hired a new executive or shook up a division. "It showed that she heard me and followed through," Mr. Levy recalls.

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Upon returning to Lucent, Ms. Russo cut the work force from 62,000 employees to about 30,000 employees now. She helped jettison many of the businesses Lucent had acquired in its heyday, spinning off some and shutting or selling others. Lucent returned to profitability in the fiscal third quarter of 2003. So far this year, Lucent would have reported a loss without income from its $30 billion pension plan.

Her work experiences have prepared her for the challenges of running a sprawling foreign company, Ms. Russo says. "I can't think of an easy job that I've had since that first vice president post," she says. "With all due respect to the naysayers, as I look at my jobs, I see that it hasn't always been smooth sailing."

Ms. Russo says she hasn't yet picked up a French dictionary or tried dusting off her high-school French. She isn't too worried about language barriers, though, she says. Alcatel derives 85% of its revenue outside France and uses English as its main language.

On the day the deal with Lucent was announced, Ms. Russo introduced herself at a meeting in Paris of about 70 Alcatel managers and mingled without a translator, because everyone was speaking English. Yet Ms. Russo will have to rely on colleagues and underlings to help her communicate with French media, government officials and some nonexecutive employees, who may not speak English.

Lucent and Alcatel had come close to a merger deal in 2001, but talks collapsed at the last minute when Lucent came to feel that the talk of a merger of equals was window dressing.

Having read consultants' accounts of failed mergers, Ms. Russo says she has concluded that things turn sour unless the chief executive is in clear control. In delegating decision-making authority, "you need to be clear that there's one person who makes the decision," she says. "In the end, the buck stops with me."

She has appointed her chief operating officer at Lucent, Frank D'Amelio, to the post of chief administrative officer, in charge of integrating the two operations. Mike Quigley, heir apparent at Alcatel to the company's 68-year-old CEO, Serge Tchuruk, was expected to remain in his chief operating officer post after the combination, but he switched "for personal reasons" to president of science, technology and strategy.

Shareholders also have approved resolutions that make it very difficult to oust Ms. Russo and Mr. Tchuruk over the next three years, even if the company's performance suffers or the implementation of the merger stumbles. The changes drew criticism from Proxinvest and other shareholder-advocacy groups in France.

French workers, alarmed by the relative ease and speed with which U.S. executives slash jobs, have expressed concerns to their Alcatel managers that Ms. Russo will be too quick to cut positions and will favor employees at Lucent over those at Alcatel.

Meanwhile, workers at Lucent's Murray Hill, N.J., operations have questions of their own, having watched newscasts of rioting in France over proposals to weaken job security. "How can you take a fair and balanced approach [to job cuts] when you consider the fact that it's almost impossible to lay off anyone in France?" asked one employee who took the company up on an invitation to submit questions in writing just after the deal was announced.

Pointing to the thousands of workers that Alcatel has cut in recent years, Ms. Russo said in an employee broadcast the day after the deal was announced that it is "absolutely flat out not correct" to say that French workers can't be laid off.

No Happy Ending For Net Movie Renters (LAW)

By Tresa Baldas, The National Law Journal

National Law Journal, September 8, 2006

A legal clash between Blockbuster Inc. and Netflix Inc. has triggered a patent debate over who has the right to offer DVD-rental services over the Internet.

The litigation presents a crucial question: Is the concept of renting movies over the Internet an original idea that deserves patent protection?

Netflix claims it is, and is suing Blockbuster for patent infringement for allegedly copying its seven-year-old online movie-rental business method. Netflix Inc. v. Blockbuster Inc., No. C 06 2361 (N.D. Calif.)

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Netflix argues that it has patents covering its many online features, including allowing subscribers to keep DVDs for as long as they want without incurring a late fee, obtaining new DVDs upon return of those already watched and prioritizing their own personal movie list.

But Blockbuster is countersuing, claiming that Netflix is trying to monopolize the online movie-rental industry and stifle competition. Blockbuster also alleges that Netflix obtained its patents fraudulently by failing to disclose pertinent information to the U.S. Patent and Trademark Office. Blockbuster also argues there is nothing original about renting videos online in the first place.

A FAST-FOOD COMPARISON

"There is nothing unique about what Netflix has sought to protect," said Blockbuster attorney Marshall Grossman, who likened Netflix to a fast food restaurant trying to patent drive-through services.

"Now, obviously, that's a method of doing business," said Grossman, of Alschuler Grossman Stein & Kahan in Santa Monica, Calif. "But are we going to give any business an exclusive monopoly on that type of business method? If the answer is no, then why would we give anybody that type of exclusivity on an Internet-conducted business?"

On Aug. 22, a federal judge in San Francisco allowed Blockbuster to go forward with its antitrust claims against Netflix. "As a result of Netflix's purported monopolistic conduct, Blockbuster may be forced out of the market, which would cede to Netflix virtually complete control of the online-DVD market," U.S. District Judge William Alsup wrote.

Jeffrey Chanin, a partner with Keker & Van Nest in San Francisco who is representing Netflix in the lawsuit, declined to comment.

Netflix, which filed its suit in April, has denied any monopolistic conduct, arguing that it is only trying to protect its online movie-rental concept, for which it secured two patents: one in 2003, the other in April 2006.

"The reason for patent law is to protect inventors and their inventions, and that's what we're doing," said Netflix spokesman Steve Swasey. "From top to bottom, Blockbuster has deliberately and willfully copied Netflix's business methods ... . We certainly welcome competition. We're a very good competitor. But we built a better mousetrap and Blockbuster copied us."

Swasey would neither comment on the judge's latest ruling nor explain why Netflix isn't suing other smaller companies, like QuikFlix or DVD Avenue, which also rent DVDs over the Internet.

MILLIONS AFFECTED

Meanwhile, the case has caught the attention of several patent lawyers, who believe a Netflix victory could affect millions of consumers who rent movies online from other companies.

"If Netflix is able to obtain an injunction, then that means that people who rent through Blockbuster's online service have to find some other way or go down to the local store to rent their movies. It's not going to shut down an entire class of users, like the BlackBerry case, but lots of people could be inconvenienced," said patent attorney Victor de Gyarfas, of the Los Angeles office of Foley & Lardner.

De Gyarfas, who is closely watching the Netflix-Blockbuster saga for his firm's intellectual property group, said that both sides have some hurdles to clear.

For Netflix, de Gyarfas said, the biggest hurdle is establishing the validity and enforceability of its patents. De Gyarfas noted that if a patent applicant has material information and fails to disclose it to the patent office -- as Blockbuster has alleged Netflix did -- that could render a patent unenforceable.

As for its countersuit, de Gyarfas said, Blockbuster will have to prove that the patents were obtained fraudulently, that Netflix has market power and that Netflix is trying to eliminate competition with its allegedly bogus patents.

ENVIRONMENT:

Congressmen Slam BP Executives At Oil Leak Hearing (USAT)

By Paul Davidson

USA Today, September 8, 2006

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WASHINGTON — Members of Congress blasted BP executives Thursday for failing to prevent two oil leaks in Alaska this year, saying the company ignored signs of pipeline corrosion, cut costs despite record profits and harassed workers who raised concerns.

"Years of neglecting to inspect the most vital oil-gathering pipelines in this country is not acceptable," Rep. Joe Barton, R-Texas, the chairman of the House Energy and Commerce Committee, told BP officials at a hearing before the investigations subcommittee.

BP executives acknowledged their corrosion-monitoring program was deficient but insisted they were not aware of the crisis until this year.

"We didn't believe we had a corrosion problem in these lines," said Steve Marshall president of BP's Alaska operations. "Clearly in retrospect, we did."

In early August, BP was forced to shut down half its Prudhoe Bay oil field, the largest in the country, after it discovered a small pipeline leak and subsequent tests revealed severe corrosion in the eastern portion of the field. That has halved the field's normal output of 400,000 barrels a day, or 8% of domestic oil supply.

Marshall said bypasses around the decayed lines could allow full production to resume by October.

August's incident followed a March spill of about 5,000 barrels on Prudhoe Bay's western tundra. A federal grand jury is investigating that leak, the largest ever on Alaska's North Slope.

On Thursday, lawmakers criticized BP for failing to inspect the ruptured western line with a "smart pig," a probe that detects corrosion, since 1998. The eastern line was last "pigged" in 1992. Instead, BP has relied on imprecise "spot checks" of the line using methods such as ultrasound testing.

Committee members cited signals that they said should have raised concerns about corrosion, including the 1992 test that showed calcium in the line.

Marshall said he was unaware of 1992 results because he didn't take the helm in Alaska until 2001 and Arco, which BP bought in 2000, operated the line in the early 1990s.

"I frankly just don't believe it," said Rep. Ed Markey, D-Mass.

"Clearly in retrospect, pigging could have been a positive step we could have taken," Marshall said.

Lawmakers also castigated top executives for creating a climate of fear that prevented workers from approaching superiors about problems. A 2004 report for BP by law firm Vinson & Elkins describes an atmosphere that "chills" reporting concerns.

Marshall said Richard Woollam, the corrosion manager whom Marshall said created an atmosphere of "intimidation," was transferred from Alaska. Woollam, now on leave, refused to testify Thursday, citing his Fifth Amendment rights.

Rep. Tammy Baldwin, D-Wis., noted a company report last year said BP based its corrosion-fighting on a limited budget instead of needs. Marshall said low oil prices in the 1990s led to a belt-tightening mindset that he worked to change.

Former BP Executive Declines To Testify (AP-Y)

By Brad Foss, Ap Business Writer

AP, September 8, 2006

The former head of pipeline-corrosion monitoring for BP in Alaska refused to testify under oath Thursday as outraged lawmakers grilled company officials over the causes of a massive oil spill earlier this year.

Richard C. Woollam, who was transferred to BP's Houston offices in 2005 amid concerns that he intimidated potential whistleblowers, invoked the Fifth Amendment of the Constitution in refusing to answer all questions from a House subcommittee.

Other BP executives apologized and pledged to fix operational lapses on the North Slope that led to the region's biggest ever oil spill in March and the partial shutdown last month of the country's largest oil field.

Lawmakers said BP's mistakes in Alaska — as well as its responsibility for a deadly refinery fire last spring — were particularly unacceptable given the industry's record profits and the relatively inexpensive measures that might have prevented the oil spill.

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With Congress aiming to wrap up its current session by the end of the month, Thursday's House hearing was not expected to result in any specific legislative action; it did, however, offer lawmakers an opportunity to talk tough to Big Oil at a time of soaring prices and ahead of November elections.

Rep. Diana DeGette, D-Colo., said she was especially disappointed in BP, since it professes in advertising to pride itself on protecting the environment. "I applaud BP for trying to move beyond petroleum, but maybe it should start by sticking to the basics and begin to focus on rudimentary pipe maintenance."

In March, more than 200,000 gallons of oil leaked from a 34-inch pipeline that crosses the Alaska tundra. Follow-up inspections mandated by federal investigators led to the discovery of another much smaller leak, as well as "significant" corrosion, according to BP, which briefly shut down the entire Prudhoe Bay field on Aug. 6.

"It is critical that no further leaks occur on these lines," Rep. Joe Barton, R-Texas, said. But, he added, "I'm even more concerned about BP's corporate culture."

Lawmakers repeatedly hammered BP executives about allegations that the company failed to adequately address concerns raised by its own pipeline workers over the past five years, in part because of an atmosphere of fear and intimidation under the supervision of Woollam.

Steve Marshall, the president of BP Exploration Alaska Inc., conceded that Woollam's "abrasive nature" and "intimidation" may have silenced workers.

In 2004, BP hired the Houston-based law firm Vinson & Elkins to conduct an internal investigation of alleged workplace harrassment and pipeline-corrosion data falsification. The law firm concluded that some pipeline inspectors experienced "fear of retaliation" for reporting safety concerns and other issues, but said there was no evidence that BP employees or contractors were explicitly told not to raise red flags. Vinson & Elkins also found no proof that pipeline corrosion data was falsified.

Woollam, who has worked for BP for 20 years, agreed to undergo counseling while in Alaska and was later transferred to a non-supervisory job in Houston. He is now on paid leave.

In an effort to address criticism that the company for years has willfully ignored employee concerns about pipeline safety and other environmental issues, BP on Tuesday asked a former federal judge to serve as its ombudsman and hear complaints from workers in Alaska and elsewhere about the company's operations.

BP announced Thursday that the company has hired three outside corrosion experts to independently review the Alaska pipeline problems and to make recommendations for improving BP's corrosion prevention policies.

Robert A. Malone, the head of BP PLC's U.S. operations, conceded that the company's reputation has suffered, but he vowed that Prudhoe Bay would be managed in "a safe, efficient and environmentally sensitive way."

Thomas Barrett, head of the federal Pipeline and Hazardous Materials Safety Administration, said BP's lax oversight was "very puzzling" but he told lawmakers that the Prudhoe Bay spills "are not a bellwether for the health of the majority of the energy pipeline infrastructure."

For BP, though, Prudhoe Bay isn't the only trouble spot.

The London-based company faces victims' lawsuits from a deadly explosion last year at its Texas City, Texas-based refinery. And in June federal investigators said BP energy traders cornered the U.S. propane market in the winter of 2004 and illegally manipulated prices. Investigators are also reportedly looking into whether BP manipulated crude-oil and gasoline markets.

Thursday's hearing by the House Energy and Commerce Subcommittee on Oversight and Investigations was the first of several that will focus on BP in coming weeks.

Until last month's partial shutdown, Prudhoe Bay had been producing roughly 400,000 barrels per day, or 8 percent of total U.S. output. BP is currently pumping 220,000 barrels a day. Marshall said output could be fully restored as early as the end of October.

BP officials said early tests show that oil-eating bacteria may have contributed to the Alaska pipeline corrosion. Excrement from the bacteria inside the pipes produces an acid that eats through carbon steel.

Marshall acknowledged that the corrosion problem could have been mitigated by more consistent inspection and removal — or "pigging" — of sludge that builds up on the inner walls of oil pipelines, providing shelter for the bacteria.

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"Clearly, in retrospect, pigging would have been a positive step we could have taken," Marshall said.

Marshall said BP's spending on major maintenance at Prudhoe Bay would rise to $195 million in 2007, a fourfold increase from 2004; $150 million will go toward replacing 16 miles of corroded oil transit lines.

BP Executives Rebuked In Hill Appearance (WP)

By Steven Mufson

The Washington Post, September 8, 2006

The former head of BP PLC's program to combat corrosion in its Alaska pipelines invoked the Fifth Amendment and refused to answer questions before a House subcommittee yesterday as lawmakers excoriated two other senior company executives for maintenance neglect that led to leaks and the closure of key oil pipelines last month.

The top executives of BP's North American and Alaskan operations faced grilling under oath about why they had failed to prevent a leak, found in March, that spilled 210,000 gallons of crude oil on the northern Alaska tundra. And they were pressed on how they could have failed until last month to detect corrosion so severe that BP was forced to shut down half the output of Prudhoe Bay, the largest U.S. oil field.

"If a company -- one of the world's most successful oil companies -- can't do the basic maintenance needed to keep Prudhoe Bay's oil field operating safely and without interruption, maybe it shouldn't be operating the pipeline," said House Energy and Commerce Committee Chairman Joe Barton (R-Tex.).

Although the pipeline is owned by BP and partners in the Prudhoe Bay field, company executives were eager to mollify Barton, whose committee deals with a broad variety of legislative issues important to BP from pipeline regulations to tax breaks. Robert A. Malone, the president of BP America, said the company had "stumbled," and he apologized to lawmakers. "We have fallen short of the high standards we hold for ourselves and the expectations that others have for us," he said.

The picture of BP executives, each with an attorney in tow, parrying questions about management failure erased millions of dollars of advertising that had sought to craft an image of an environmentally conscious company thinking "beyond petroleum." Rep. Edward J. Markey (D-Mass.) said BP stood for "bloated profits." Rep. Greg Walden (R-Ore.) said the company's name could stand for "broken pipelines."

Lawmakers on the oversight and investigations subcommittee of the House panel zeroed in on the company's failure to use a common pipeline diagnostic device known as a "smart pig" to detect problems. They also probed allegations that the company ignored or suppressed complaints from its workers about pipeline safety issues.

The subcommittee called Richard C. Woollam, the former manager for corrosion, inspection and chemicals for BP Exploration Alaska, to testify, but Woollam said, "Based upon the advice of counsel, I respectfully will not answer questions." Although it wasn't clear why Woollam invoked the Fifth Amendment, one possible reason is that a federal criminal investigation is underway about BP's oil spill and that he was involved in the design of the company's anti-corrosion program.

BP Alaska's president, Steve Marshall, said that Woollam had been transferred out of Alaska after a 2004 investigation by an outside law firm cited Woollam for intimidating workers who had raised safety issues. Marshall said the law firm, Vinson & Elkins LLP, "found evidence of intimidating behavior that had made some corrosion workers reluctant to raise health and safety concerns." Woollam, now based in BP's Houston office, no longer has a supervisory role, and Marshall said yesterday that Woollam was on paid leave.

But Barton asserted that "several individuals" the committee wanted to interview said "that they were reluctant to come forward to provide information due to concerns over possible retribution throughout the oil industry in Alaska." He warned that any company retaliating against such individuals would be prosecuted. "We are going to get to the bottom of this," he said.

Marshall also defended BP against allegations that it had disregarded other employee complaints. He said that in 2002, after receiving two anonymous calls alleging the falsification of corrosion inspection reports, BP hired an outside firm to audit records and found that "a small percentage of inspections had indeed been falsified." Marshall said the workers responsible were dismissed and the inspection firm's contract was not renewed.

He said that the company had also sent a senior engineer and several technical experts from outside Alaska to assess allegations that "cost-cutting and deficiencies in the corrosion program were going to lead to a major incident on the North

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Slope" of Alaska. He said that audit led to recommendations for improvements "that have been or which are still being implemented."

Marshall said BP's spending on maintenance at Prudhoe Bay would rise to $195 million in 2007, four times the 2004 level; $150 million will go toward replacing 16 miles of corroded oil transit lines.

Malone said that he has named an ombudsman for employees who have complaints -- Stanley Sporkin, former district court judge and former head of the Securities and Exchange Commission's enforcement division.

Barton leveled scorching criticism at the company, citing concerns about "BP's corporate culture of seeming indifference to safety and environmental issues." Noting that "this comes from a company that prides itself in their ads on protecting the environment," Barton said, "Shame, shame, shame."

Panel Questions BP On Managing Alaska Oil (NYT)

By Felicity Barringer

The New York Times, September 8, 2006

WASHINGTON, Sept. 7 — Already facing a Justice Department inquiry over the management of the vast Prudhoe Bay complex, top executives of BP took a bipartisan pummeling on Thursday from a Congressional subcommittee.

Subcommittee members accused the executives of systematic neglect, leading to the short-term closing last month of the nation's largest oilfield.

The former BP manager in charge of preventing corrosion in the oilfields, Richard C. Woollam, was the first representative questioned. Mr. Woollam refused to answer any questions, invoking the Fifth Amendment privilege against self-incrimination.

A report that BP commissioned in 2004 touched on Mr. Woollam's apparent role in dealing with corrosion workers, who said they felt harassed.

As a result, most of the questions fell to Steve Marshall, president of BP Exploration Alaska, the Alaska subsidiary, who said at one point, "I am not a pipeline expert."

For the most part, Mr. Marshall maintained that the company had no indication of the looming problems until 2004 or 2005.

The field, operating at half capacity, or 200,000 barrels a day, could return to full strength by Oct. 31, he told the panel, the oversight subcommittee of the House Energy and Commerce Committee.

Representative Joe L. Barton, the Texas Republican who is chairman of the full committee and who has sponsored many measures favorable to oil interests, was not mollified.

Mr. Barton said that if "one of the world's most successful oil companies can't do simple basic maintenance needed to keep the Prudhoe Bay field operating safely without interruption, maybe it shouldn't operate the pipeline.''

"I am even more concerned about BP's corporate culture of seeming indifference to safety and environmental issues,'' Mr. Barton said. "And this comes from a company that prides itself in their ads on protecting the environment. Shame, shame, shame."

Other panel members questioned whether on-site managers had threatened and harassed employees who questioned the effectiveness of the anticorrosion program and pointed out that staff reductions could hamper inspections.

Committee members asked why a crucial form of internal inspection and maintenance, carried out every 14 days on the Trans-Alaska Pipeline, was not performed on major BP lines for as long as 14 years.

In March, a line carrying crude oil from the wells to pumping stations and on to the Trans-Alaska Pipeline was the source of a 200,000-gallon spill on the tundra, the worst in the history of North Slope production.

A broad inspection in July uncovered a smaller leak on the eastern side of the field, leading to the shutdown. That contributed to oil prices increasing to a record $78.65 a barrel on world markets.

"No one pointed to these transit lines as a potential problem," Mr. Marshall told the committee.

In response, Representative Greg Walden, Republican of Oregon, said, "The subcommittee has learned that numerous red flags were raised."

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Representative Jay Inslee, Democrat of Washington, pointed out that a consultant's report in 2001 that criticized BP for not reporting the magnitude of increases in corrosion or quantifying damage to pipe walls, was edited to eliminate these comments after executives intervened.

The questioning focused on the failure to perform the maintenance checks performed on the larger Trans-Alaska pipeline. The procedure involves sending a device called a pig along the pipe to clear sediment, sludge and other materials that can contribute to corrosion.

If a pipe is especially dirty or has a chemical buildup called scale, the discharge at the end of a pig run can interfere with the screens that protect pumping stations, according to testimony by the BP executives and a corrosion specialist.

Mr. Marshall was repeatedly asked why BP had waited years for the inspections that Aleyska, which runs the Trans-Alaska, conducted every two weeks. He denied that this maintenance was postponed because of worries about sludge, although he said, "I wish we had done it quicker."

"We strive to know the condition of our lines at all times," he added. "Clearly, in retrospect, this was something we missed."

BP's Top U.S. Pipeline Inspector Refuses To Testify (WSJ)

By John J. Fialka

The Wall Street Journal, September 8, 2006

WASHINGTON -- The chief pipeline-inspection expert for the U.S. subsidiary of BP PLC took the Fifth Amendment under oath before a House Energy and Commerce panel rather than explain what he knew about corrosion in the oil company's Prudhoe Bay pipelines in 2002.

Richard Woollam, who managed corrosion-control and inspection teams, also refused to respond, on the advice of his lawyer, to the committee's allegations that he reduced inspection personnel responsible for monitoring 22 miles of pipelines leading from the giant oil field by 25%, after an outside contractor suggested that accumulating sediment in the lines might be corroding them. A BP spokesman said Mr. Woollam remains with the company but no longer runs its Alaska inspection efforts and has been placed on leave.

Steve Marshall, president of BP Exploration Alaska Inc., which manages Prudhoe Bay, said neither he nor other BP officials knew about serious corrosion problems until March 2, when 250,000 gallons of crude oil spilled onto the tundra. He acknowledged the Department of Justice has ordered BP to preserve a cross section of the pipeline for inspection.

These responses provoked bipartisan agreement among members of the committee, in a year when Congress has been scrambling to find some way to respond to high gasoline prices and voter frustration with flush profits among oil companies. Oil prices rose further after BP last month partially shut down Alaska's Prudhoe Bay oil field, which it runs on behalf of a consortium of oil companies, following the discovery of more corrosion and a second leak.

After reviewing documents gathered during his panel's investigation of the London oil giant, Chairman Joe Barton, Republican of Texas, said: "It seems to me that BP was betting the company and their field that this field would be depleted before major parts of the pipeline failed and needed to be replaced." He added: "Maybe [BP] shouldn't operate the pipeline," suggesting that Congress might help arrange a private sale of the oil-field system.

Democrats piled on, with several paraphrasing BP's environmentally friendly slogan, "Beyond Petroleum," calling it "Broken Pipelines."

Mr. Marshall, the BP Exploration Alaska executive, yielded a little ground. He said BP officials suspected in 2005 that sediment in the pipelines might be exacerbating corrosion problems and planned a test of a robot called a "smart pig" to inspect the lines to take place this year. "In retrospect, I wish we'd done it sooner," he said.

Under questioning, Mr. Marshall also said he began hearing reports in early 2003 that lower-level BP officials were responding to complaints from work crews about safety and pipeline problems by intimidating them and threatening job losses. According to BP, Mr. Woollam was removed from his supervisory role in 2004 after an internal investigation turned up evidence of employee intimidation. Mr. Woollam's name wasn't mentioned in the report stemming from the investigation.

Mr. Marshall said such intimidation is against company policy. A BP spokesman said the company urged Mr. Woollam to cooperate with the committee, but that it respected his decision to exercise his right not to testify.

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Mr. Marshall said he investigated other allegations raised by the committee that BP may have pressured an outside contractor to change a 2002 report that had originally concluded there could be serious corrosion problems in the pipelines, which were built in 1977 to feed oil from wells into the main pipeline system.

While he said BP officials disagreed with the conclusion -- which disappeared from later versions of the report -- Mr. Marshall said an internal investigation "found no evidence of pressure" to change the report. Rep. Barton warned Mr. Marshall and other BP witnesses at one point that his investigators found lower-level BP employees reluctant to talk because of "possible retribution" from BP or other large oil-industry employers in Alaska.

Robert A. Malone, chairman and president of BP America Inc., the U.S. subsidiary, said the company had hired outside advisers to counsel employees on safety and ethical problems. "We have fallen short of the high standards we hold for ourselves," he told the committee, "and the expectations that others have for us."

Write to John J. Fialka at john.fialka@wsj.com1

BP Executive Refuses To Testify (FT)

By Jeremy Grant

Financial Times, September 8, 2006

A BP executive formerly in charge of monitoring corrosion at the oil company's Prudhoe Bay operations in Alaska on Thursday refused to testify under oath at a congressional hearing that examined the oil company's litany of failures in the US.

The development came as US lawmakers got their first chance to grill BP since a massive March oil spill and the partial closure last month of the country's largest oilfield.

Richard Woollam, a former head of corrosion monitoring, cited his constitutional right against self-incrimination in refusing to testify.

Steve Marshall, president of BP Exploration, told lawmakers that Mr Woollam had been removed last year from its Alaska operations after the company found evidence of an "atmosphere of intimidation" in his pipeline inspection operations team.

Lawmakers at the energy and commerce sub-committee hearing seized on the revelation as a sign that whistleblowers who may have tried to raise the alarm about the condition of BP's pipelines were ignored.

BP last month shut down half its oilfield in Prudhoe Bay after government-ordered inspections found severe corrosion of the eastern oil transit line.

Bob Malone, president of BP North America, said Mr Woollam had been "put on leave" but remained on its payroll.

This week, BP moved to counter criticism that it failed to listen to its workers' concerns by appointing a retired US judge as ombudsman.

Mr Malone called his company's record "unacceptable" and said BP had "fallen short of the high standards we hold for ourselves, and the expectations that others have for us".

Prudhoe Bay accounted for 8 per cent of US domestic supply. Its closure led to anger about BP's safety and pipeline management policies and has prompted scrutiny in Washington at a time of public unease about petrol prices.

Mr Malone took issue with critics who "alleged that BP engineered the shutdown of Prudhoe Bay as a way to manipulate prices".

He said: "I am here to assure you that nothing could be further from the truth. BP took the extraordinary step to shut down production because we saw unexpectedly severe corrosion that couldn't be explained."

Lawmakers expressed astonishment that BP could not have foreseen its pipeline problems by inspections known as "pigging", in which a device is sent down a pipeline.

Joe Barton, a Texas Republican who chairs the House committee, said BP's admissions in hindsight "just didn't cut it" when it came to excusing "consistent failure".

Contrite BP Bosses Admit Blame For Alaskan Oil Leaks (LGUARD)

By Andrew Clark In Washington

London Guardian, September 8, 2006

DOJ_NMG_0059569

Senior BP executives owned up yesterday to "unacceptable" operating failures as they faced a barrage of attacks from US politicians over the company's leaking pipelines in the Alaskan wilderness.

The British oil company's US president, Robert Malone, and its head of Alaskan operations, Steve Marshall, ate humble pie in an appearance before members of Congress's energy and commerce committee. "We have fallen short of the high standards we hold for ourselves," Mr Malone said. "BP America's recent operating failures are unacceptable."

They were accused of ignoring warning signs and cutting back on maintenance checks in the run-up to discovery of corrosion and a spill that forced the shutdown of half of the Prudhoe Bay oilfield in August.

Mr Marshall said: "These spills occurred on my watch. As president, I'm in charge of the overall business in Alaska and the buck stops with me."

Their admission of blame did little to pacify congressmen, who said their constituents were paying higher prices at petrol pumps as a result of BP's shutdown. The Prudhoe Bay field accounts for 8% of US domestic oil production.

BP was accused by the committee of having safety policies "as rusty as its pipelines". In a packed hearing room, the committee demanded to know why it had been 14 years since BP last subjected its 29-year-old eastern pipeline to inspection by "pig" - a maintenance robot. Another pipeline operator, Alyeska, testified that it sent pigs along its lines every two weeks.

Edward Markey, a Democrat, told the BP executives: "You were essentially driving a car with over 100,000 miles on the clock without bothering to spend the money and time on maintaining it."

Another Democrat, Jan Schakowsky, said: "If this company had spent as much on inspection and maintenance as it does on advertising and lobbying for lower taxes, none of us would need to be here today."

BP's corrosion manager in Alaska, Richard Woollam, refused to answer questions, pleading the fifth amendment on advice from his lawyers. He was allowed to leave.

Mr Marshall repeatedly declined to discuss details of maintenance, saying that he was "not a corrosion expert" and did not have information available. He did agree with suggestions that BP had avoided using pigs because of a build-up of solids within the pipe which could have been dislodged, causing damage to pumps and further erosion.

Staff from the congressional committee recently visited Alaska to gather evidence. They said employees expressed fear of intimidation and harassment if they spoke out. A Democrat member, Bart Stupak, said staff turnover and a poor working culture in BP's corrosion control unit had created a "chilling atmosphere" for employees reporting problems.

BP responded last week by appointing a former district judge, Stanley Sporkin, as an independent ombudsman, and providing a 24-hour phone line for whistleblowers.

It emerged yesterday that the US justice department has subpoenaed an entire stretch of pipe as evidence in a criminal case being drawn up against BP. The US department of transportation is also investigating the company's conduct.

BP Official Refuses To Testify At Pipeline Hearing (MCT)

By Richard Mauer, McClatchy Newspapers

McClatchy, September 8, 2006

WASHINGTON -- The first of at least four congressional hearings into why BP failed to prevent pipeline failures on Alaska's North Slope began dramatically Thursday when Richard Woollam, the company's corrosion chief until 2005, refused to testify, citing his Fifth Amendment right against self-incrimination.

In a day marked with blistering criticism of BP from Republicans and Democrats on the House Energy and Commerce Committee, the British-born Woollam, derided in an internal BP report as "King Richard" for his dictatorial style, refused to answer any questions.

The committee's investigations panel is looking into the failure of BP to monitor and control corrosion on two smaller North Slope transit pipelines that feed the main trans-Alaska pipeline.

One of those lines had a catastrophic leak on March 2, spilling more than 200,000 gallons of oil in the tundra and the ice-locked shore of an unnamed lake. The other line had a smaller leak in August. Unsure of the reliability of either line, BP announced it would shut down all North Slope production Aug. 6, then limited the closure to the field's eastern half.

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Over and over, the committee members grilled BP Exploration (Alaska) President Steve Marshall about why BP neglected to conduct the only reliable test of the decay of an entire pipeline, a "smart pig" that travels inside the pipe and records the thickness of the wall along its length.

Marshall replied that the company thought the line wasn't as susceptible to corrosion as others. The last smart pig run on the western line was in 1998 and on the eastern line in 1992.

But was it just an error in judgment, or was something else at work, the committee wanted to know. Was BP shaving costs to increase profits? Were executives trying to beef up their annual bonuses by meeting budgets regardless of the consequences? Committee chairman Joe Barton, R-Texas, wondered aloud whether BP was "betting the farm" that the Prudhoe Bay field would run out before the pipeline failed, saving the costs of replacing it.

"Shame, shame, shame," he said.

Marshall and the new BP America president, Bob Malone, denied that profit motive was the cause, but they were frequently at a loss to explain what happened.

Malone, Marshall and two others, Alyeska Pipeline Service Co. President Kevin Hostler and Dan Stears of Coffman Engineers in Anchorage, all testified under oath.

Woollam was a late entry on the witness list. House investigators looking into claims that corrosion workers were afraid to criticize BP's practices unearthed an internal BP report from 2004. That report, by the law firm Vinson & Elkins, said Woollam's "overbearing management style" created a climate "where the fear of retaliation and intimidation could and did occur."

The workers believed the company wasn't doing enough to test for corrosion and prevent its spread, according to the report, made public at the hearing.

Woollam was transferred to a non-supervisory job in Houston in January 2005 and recently was placed on administrative leave with pay, Malone said.

After taking the Fifth Amendment in the packed hearing room, Woollam was quickly dismissed from the hearing. He rushed from the Rayburn House Office Building without speaking to reporters.

Woollam, and the presence of a battery of defense attorneys, was a sharp reminder of grand jury proceedings in Anchorage hanging over the congressional hearings. The Justice Department and the Environmental Protection Agency are investigating whether the oil spill was a criminal violation of the Clean Water Act.

Barton reminded the BP officials that their shutdown briefly caused a 3 percent spike in the price of oil to nearly $77 a barrel.

The two transit lines were unregulated by the U.S. Transportation Department's Pipeline and Hazardous Materials Safety Administration because they operated on low pressure in a remote area. Even after the spill, when the agency decided to impose its regulatory authority, BP resisted, said its administrator, Thomas Barrett, testifying later before the committee.

"It's the kind of thing that would cause us to question their commitment," responded Rep. John Dingell, D-Mich.

Barrett's chief safety officer, Stacy Gerard, said BP had a pattern of resisting regulation. Gerard added BP argued had that a spill in the North Slope wouldn't hurt any animal protected by the endangered species act, so it shouldn't be required to join the program.

(Distributed by Scripps-McClatchy Western Service.)

Cellulosic Ethanol Is Five Years Away, Energy Secretary Says (DMR)

By Philip Brasher

Des Moines Register, September 8, 2006

Washington, D.C. — Distilleries that can make fuel alcohol from crop waste, prairie grasses or trees rather than corn should be in operation within five years, says Energy Secretary Samuel Bodman.

Bodman said his department expects to issue loan guarantees next year for the first such projects. Construction will take an additional two to three years, he said Thursday.

“I’ll say five years, giving myself a little flexibility on it, but potentially faster than five years,” he said, answering questions at a press briefing with Agriculture Secretary Mike Johanns.

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Ethanol is currently made almost exclusively from corn, and Iowa is the leading producer.

But ethanol cannot displace a significant amount of U.S. gasoline consumption — the country now uses 140 billion gallons a year — unless the alcohol can be made from more plentiful feedstocks, such as corn stover, wheat straw, switchgrass and other sources of plant cellulose.

Government and private scientists have been working for years on ways to reduce the cost of distilling ethanol and other types of alcohol from cellulose.

Despite the research, the Energy Department estimates that it still costs $2.20 a gallon to produce cellulosic ethanol, double the cost of making ethanol from corn.

Private companies closely guard their production costs, but Bodman has been told privately that some have lowered the cost of making cellulosic ethanol to $1.50 a gallon. He did not identify the companies.

"The goal is to get it down to commensurate with corn, which is $1.10," he said.

One industry official said Bodman was probably overestimating the time it will take to get commercial-scale plants in operation.

"I think we'll see some announcements here and they will be built in two to three years," said Brent Erickson, vice president of the industrial and environmental section at the Biotechnology Industry Organization.

Redesigning Crops To Harvest Fuel (NYT)

By Andrew Pollack

The New York Times, September 8, 2006

More miles to the bushel.

That is the new mission of crop scientists. In an era of $3-a-gallon gasoline and growing concern about global warming from fossil fuels, seed and biotechnology companies see a big new opportunity in developing corn and other crops tailored for use in ethanol and other biofuels.

Syngenta, for instance, hopes in 2008 to begin selling a genetically engineered corn designed to help convert itself into ethanol. Each kernel of this self-processing corn contains an enzyme that must otherwise be added separately at the ethanol factory.

Just last week, DuPont and Bunge announced that their existing joint venture to improve soybeans for food would also start designing beans for biodiesel fuel and other industrial uses.

And Ceres, a plant genetics company in California, is at work on turning switch grass, a Prairie States native, into an energy crop.

"You could turn Oklahoma into an OPEC member by converting all its farm land to switch grass," said Richard W. Hamilton, the Ceres chief executive.

Developing energy crops could mean new applications of genetic engineering, which for years has been aimed at making plants resistant to insects and herbicides, but would now include altering their fundamental structure. One goal, for example, is to reduce the amount of lignin, a substance that gives plants the stiffness to stand upright but interferes with turning a plant's cellulose into ethanol.

Such prospects are starting to alarm some environmentalists, who worry that altered plants will cross-pollinate in the wild, resulting in forests that practically droop for want of lignin. And some oppose the notion of altering corn to feed the nation's addiction to automobiles.

"I don't think people want extra enzymes in the food supply put there to better fit the crops for energy production," said Margaret Mellon, director of the food and environment program at the Union of Concerned Scientists.

But proponents of designer fuel crops argue that the risks are small compared with the threat of dependence on foreign oil. Some studies also suggest that ethanol use could help fight global warming because the crops that help produce ethanol absorb carbon dioxide.

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So far, much of the attention on bioenergy has focused on improving the chemical processes for turning crops into ethanol. But experts say that if biofuels are to make a significant dent in the nation's petroleum consumption, the crops themselves must be improved to provide more energy from an acre.

And new agricultural sources beyond corn must be developed, they say. Even if the nation's entire corn crop were converted to ethanol production, it would replace only about 15 percent of petroleum use, according to an Energy Department report.

"Half the improvement we make over the next 10 to 15 years will come from improving the feedstocks," said Gerald A. Tuskan, a biofuel expert in the department, referring to the crops fed into the ethanol factories.

Some of the work will not necessarily involve genetic engineering. Notably, Monsanto, the leader by far in crop biotechnology, says that its biofuel development will focus on conventional breeding, which it says is quicker.

Monsanto has tested its existing corn varieties to determine which ones are better for ethanol production. Pioneer Hi-Bred International, the DuPont subsidiary that is Monsanto's rival in the corn-seed business, is doing the same.

The companies say that the designated varieties, which have higher fermentable starch content, can increase ethanol production 2 to 5 percent over other corn. And some factories are starting to request certain types of corn or to pay a premium for more desirable corn, said Pradip Das, head of crop analytics at Monsanto.

Still, some ethanol factory operators say they do not really care which corn they get. The factories are so hungry that they take "pretty much all the commercial corn you can get your hands on," said David Nelson, chairman of Midwest Grain Processors, which runs an ethanol plant in Lakota, Iowa.

William S. Niebur, vice president for crop genetics research and development at DuPont, said the demands of ethanol production would require extremely hardy corn.

"The demand for this corn grain could be so dramatic," he said, "that it would change farming practices." Instead of rotating corn with other crops, he said, farmers would be pressed to grow corn year after year, which could strain the soil and allow the buildup of insects and disease.

Many of the traits needed for energy corn — high yield as well as tolerance to disease, insects and drought — would also be desirable in corn used for human and animal food. That is not the case, though, with Syngenta's enzyme corn, which would be specifically for energy production.

Generally, the enzyme, known as amylase, is made in vats of bacteria. Ethanol manufacturers add the enzyme to corn to break down starch into sugar, which can be fermented into ethanol.

To get corn to produce its own amylase, Syngenta inserted a gene borrowed from a type of microbe called archaea that live near hot-water vents on the floor of the ocean.

The gene — actually a composite of three amylase genes — was developed with the help of Diversa, a San Diego company that specializes in finding chemicals in organisms that inhabit extreme environments.

Diversa says that because its enzyme is derived from a heat-loving microbe, ethanol factories can operate at higher temperatures and under more acidic conditions, improving efficiency.

Some people in the biofuel industry question what the advantage is of having the enzyme in the corn rather than just buying the very similar amylase that Diversa is already selling.

While Syngenta's corn is meant for industrial use in the United States, it is almost inevitable that some of it will get into human and animal food supplies, including exports, because of cross-pollination or seed intermingling. That is what happened in 2000 with Aventis CropScience's StarLink corn, which was approved only for animal use, yet ended up in human food, forcing recalls and disrupting exports.

To prevent such liability, Syngenta is seeking approval of the corn for human and animal food use, not only in the United States but in Europe, South Africa and elsewhere. Syngenta says the amylase enzyme is safe, noting that these enzymes are found in saliva.

But Bill Freese of the Center for Food Safety, an advocacy group in Washington opposed to biotechnology crops, said that this particular amylase is from a little-studied exotic microbe and that some amylase induces allergy.

The Agriculture Department has asked Syngenta for more information on its application.

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Regardless of what is done to corn, some experts say that starch alone will not provide enough ethanol. The new frontier is to produce ethanol from cellulose, the fibrous material in all plants. Cellulose is made of complex carbohydrates that can be broken down by enzymes into simpler sugars for fermenting into ethanol.

While some of the cellulose for biofuels could come from agricultural residue like corn stalks, there will probably be a need for other crops grown specifically for energy production — in particular, perennial plants like grasses that require far less energy-consuming irrigation and fertilization than crops like corn that have to be replanted each year.

That is why Ceres, a privately owned supplier of genetics technology to Monsanto, sees a future in switch grass. The company's greenhouses are filled with versions of tall, gangly grass plants, some developed by conventional breeding and some by genetic engineering.

The grasses are meant to have higher yields, to withstand drought or to break down easily in the ethanol factory — "the energy crop that melts in your mouth, if you will," Mr. Hamilton said.

Ceres, based in Thousand Oaks, Calif., is not working with Monsanto on switch grass but is collaborating with the Samuel Roberts Noble Foundation in Ardmore, Okla., a leading research institute on forage grasses. Mr. Hamilton said the partners were already testing conventionally bred switch grass varieties that yield eight or nine tons of biomass an acre, compared with about five tons for typical switch grass.

Mendel Biotechnology, based in Hayward, Calif., is looking more at miscanthus, a perennial grass native to China, where Mendel has set up an operation.

The company said miscanthus could produce well over 20 tons an acre each year. "No planting, no fertilizing, no irrigation," said its chief executive, Chris Somerville, who is also the director of plant biology at the Carnegie Institution and a Stanford University professor. "You can just cut it every year for 10 years."

Another cellulose candidate is poplar, which recently became the first tree to have its entire genome sequenced, an effort led by the Energy Department.

At first, significantly higher-yielding cellulose sources can come from conventional breeding, experts say. But later, genetic engineering may be needed. That could raise concerns because trees and grasses live longer and spread more easily than currently engineered crops like corn and soybeans.

And yet, energy crops may also be an opportunity for the industry to burnish its public image.

"After all," the journal Nature Biotechnology said in a recent editorial, "it's difficult to oppose a technology that's helping to save the planet."

For Pods Of Whales, Celebrity Status And Now A Lawsuit (NYT)

By Jessica Kowal

The New York Times, September 8, 2006

FRIDAY HARBOR, Wash. — "We saw your baby!"

A crewman on a fishing boat shouted across open water to Kenneth C. Balcomb III, a zoologist whose work has helped turn killer whales into Puget Sound celebrities.

Mr. Balcomb has plied these waters for three decades on a mission to identify every killer whale, or orca, by the gray "saddle patch" behind its black dorsal fin. Half a million photographs later, the tribulations and triumphs of the three local orca pods, or families, that he follows are major news in the Pacific Northwest.

When a newborn orca was missing for a few days in mid-August, local newspapers put it on the front page and television reporters in Seattle went up in helicopters to cover it.

"People used to say, 'What good are they?' " said Mr. Balcomb, 65, who started the low-budget Center for Whale Research on San Juan Island, 80 miles north of Seattle. "Now they want to relate to the whales they've seen."

The public affection Mr. Balcomb and others have stirred up for these 10,000-pound creatures, the largest members of the dolphin family, has pushed the federal government to pay closer attention to their health, federal officials say. Last year, southern resident killer whales — the 90 current members of J, K and L pods — were added to the endangered species list.

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By November, the National Oceanic and Atmospheric Administration's National Marine Fisheries Service, an arm of the Department of Commerce, plans to establish boundaries for the "critical habitat" the three pods need to survive: 2,500 square miles in Puget Sound and the Strait of Juan de Fuca that also constitute one of the nation's busiest waterways for commercial shipping.

Once that map is completed, federal agencies will be required to consider the killer whales' well-being before approving projects or policies that would affect these waters wherever they are deeper than 20 feet. Thus, most areas close to the shoreline would not be affected, the fisheries service said.

Orca protection, though, has brewed its own legal battle in a region familiar with debates about endangered salmon and the northern spotted owl. Washington's homebuilders and farmers, assisted by a conservative legal foundation, have sued the federal government to strip the killer whales of their endangered status.

Lawyers for these groups say the government should not distinguish orcas in Puget Sound from a healthy global population numbering in the tens of thousands. The state's Farm Bureau and Building Industry Association warn, in particular, that local governments might react to federal protection of the orcas by locking up land near streams or along the coast to improve water quality for the orcas and for salmon, their main food source.

"Radical environmentalists" are using killer whale protection to block otherwise legal economic activity, said Russell C. Brooks, a lawyer at the Pacific Legal Foundation, which is handling the case for the plaintiffs.

"It all comes back to limiting development, limiting land use, limiting whatever, from people that probably want to run the nation's economic policy out of a tree house," Mr. Brooks said.

At the Center for Whale Research, which is actually Mr. Balcomb's split-level home on the west coast of this island, there is an orca skull on a coffee table in the living room. From the kitchen window, Mr. Balcomb can scan the Haro Strait with high-powered binoculars. His son, Kelley Balcomb-Bartok, 43, receives orca updates every half-hour from spotters in Canada who work for the whale-watching industry.

A windowless room downstairs holds much of Mr. Balcomb's research: the vast archive of photographs and wall posters detailing each pod's matrilineal family tree. Females typically give birth every five years until age 40 and can live into their 90's. Males rarely live beyond 50.

Resident killer whales like those in Puget Sound behave differently from two other types, called transient and offshore orcas, that roam the oceans. The residents have tight family relationships, especially between mother and calf, and communicate in dialects understood by their relatives. They return to the same waters every year and mainly eat Chinook salmon. Transient whales eat seals, sea lions and other marine mammals.

Puget Sound's killer whale population has increased in the past few decades, which the Pacific Legal Foundation has said is proof that local orcas are not headed toward extinction.

But Mr. Balcomb said the population had still not recovered since the late 1960's and early 1970's, when as many as 47 southern resident whales were captured and sent to public aquariums and water shows. And NOAA scientists say disease or a manmade disaster like an oil spill could send the population into rapid decline.

"If we lost them, it's not likely that they would be replaceable with just another killer whale," said Bob Lohn, regional administrator for the Fisheries Service.

It has been a federal crime since 1972 to kill orcas and other marine mammals, but the federal government is a recent convert to broader orca protection. In 2001, the Center for Biological Diversity, a nonprofit conservation group, asked the Fisheries Service to list the whales in the J, K and L pods as endangered.

The agency said then — as the farmers and homebuilders argue now — that federal law viewed them as members of a global species. After a lawsuit, a federal judge ordered the agency to reconsider, and NOAA added the animals to the endangered list in November 2005.

The agency will pay Mr. Balcomb's center about $100,000 this year, in part to track the whales' winter travels, Mr. Lohn said. This will double the center's annual budget. Most of the rest of the budget comes from the Earthwatch Institute, which charges people $2,500 to spend 11 days photographing and identifying whales for Mr. Balcomb.

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Outside Mr. Balcomb's house is an old school bus that he is painting to resemble a killer whale. It used to be decorated with the words "Free Corky" and "Free Lolita," a reference to the two remaining Pacific Northwest killer whales that live in captivity in aquariums in, respectively, San Diego and Miami.

As Mr. Balcomb and others work on behalf of the larger orca population, they also imagine what it would be like to reunite Corky and Lolita with their pods one day.

Other Fish To Fry (NYT)

By Paul Greenberg

The New York Times, September 8, 2006

AFTER years of carving up tuna carcasses in my bathtub, catching cod in the dead of winter and cooking fish and chips for crowds of 50-plus I have come to be known among my friends as the fish guy.

Until recently I've enjoyed being the fish guy and my ability to correctly answer questions about fish has felt like a game of "Jeopardy" rigged for my benefit. How do you tell a flounder from a fluke? Easy, fluke have prominent teeth, flounder don't. Should bluefish and striped bass be cooked differently? Definitely: broil the bluefish, bake the bass.

But lately being the fish guy has become complicated. With every new warning about a species being overfished into extinction, friends have started asking if they should eat fish at all. The Pew Oceans Commission report "America's Living Oceans" first alerted the public to the desperate state of the seas in 2003 when it declared them to be "in crisis." That year a study in the journal Nature reported that up to 90 percent of the stocks of the ocean's major predators (Atlantic cod and bluefin tuna to name two) have been wiped out. In the next few weeks, Congress will debate what to do about the dire state of the nation's fisheries when it takes up the reauthorization of the Magnuson-Stevens fisheries management act.

Making matters more problematic, numerous recent studies on methyl mercury and PCB's have connected these pollutants in fish with health problems like birth defects, heart disease and memory loss.

It might now seem advisable for a fish guy to hang up his hooks and start pushing flax or any of the other dull foods that contain the legendary Omega-3 fatty acid — a compound found in fish that ameliorates as many ills as the fish-borne contaminants seem to aggravate. But for those of us who feel passionately about the ocean, abstinence is just not an option.

Unlike the land animals we confine to pens, fatten on synthetic feed and selectively breed for growth, most fish we eat roam the open ocean, hunt down prey and choose their mates according to their own inexplicable desires. They feed us without any interference on our part. Giving up on fish would mean the end of the last large-scale hunter-gatherer relationship we have with wild food, as well as signal our capitulation in the fight to save the oceans.

If we can learn to harvest wild fish sustainably we will have succeeded in something we have failed at on land: finding a balance with a naturally productive ecosystem. In addition, by keeping a food connection with the ocean we will retain a motivation to stop polluting it.

The route to a well-managed sea is not as difficult as many environmental problems. And, curiously, many of the modifications that would repair the damage we have done to marine fisheries would also steer us clear of mercury and PCB contamination. With that in mind here are some things to strive toward:

First, go vegetarian, in a manner of speaking. Farmed fish have gotten a bad name in recent years — even while our production of them has grown to rival the wild fish harvest, as the Food and Agriculture Organization reported this week.

This is mostly because the farmed fish we eat in the West are carnivores. Raising carnivores like salmon requires the capture of wild prey fish that wild fish also consume. By eating farmed carnivores we rob Peter to pay Paul, stealing the food source for wild fish and feeding them to farmed.

There are, however, species of vegetarian fish that grow well in captivity like tilapia, carp and catfish. Because these fish generally eat lower on the food chain, they are often lower in PCB's and methyl mercury.

In our ingredient-obsessed food culture, it might seem boring to order such commonplace fare. But I share the opinion of a fishing boat mate who once told me "fish is fish." Often it's the freshness and the cooking method that make a fish tasty, not its evolutionary provenance.

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Second, don't eat the cheap fish. Once upon a time, we had more fish than we knew what to do with. The United States government practically shoved fish down consumers' throats after World War II, sponsoring ad campaigns on behalf of the fishing industry and subsidizing institutional purchases of seafood. But decades of this kind of behavior drove us to eat through our fish surpluses and we must now import the majority of our seafood, much of which is supplied by international conglomerates that use unsustainable fishing practices.

The modern commercial fishing vessel is most often a trawler — a large ship that pulls weighted nets along the seafloor, destroying all flora and fauna in its path. This practice does not have to continue. A new generation of hook-and-line fishermen is offering an alternative to trawl-caught fish. Line-caught fish cost more, sometimes twice the price of trawl-caught fish. But shouldn't we be willing to pay more for the chance to eat a truly undomesticated creature? Should we really be paying just a few dollars for a fast-food fish sandwich made from the pureed flesh of a wild animal?

Finally, don't eat the big fish. Dining on a 500-pound bluefin tuna is the seafood equivalent of driving a Hummer. Ten pounds of little fish are required to produce one pound of bluefin and all the pollutants contained in a tuna's prey "bio-concentrate" in a tuna's flesh, making it a particularly compromised animal, chemically speaking. And because it takes so many little fish to make a big fish, the sea can sustain only a relatively small amount of large fish.

It therefore follows that if we reduce our consumption of the big fish we can reduce our mercury and PCB load and reduce the burden we place on the marine environment. Sardines, mackerel and most fish that are shorter in total length than the diameter of a dinner plate are generally safer to eat.

I would like to report that I am now a fully reformed fish guy who adheres to all of the above. I know, however, that I would have a hard time throwing back a 500-pound bluefin and that I might be tempted to choose the swordfish over the tilapia in a high-end eatery. But fighting the American urge to consume whatever we want is a battle worth fighting with ourselves, particularly when it comes to the sea.

Considering what's at stake is the survival of the ecosystem of the world's oceans, I'd rather eat fewer, smaller and more expensive fish than no fish at all.

FBI/DEA/ATF/USMS:

Drug Use Rises In 50s, Dips Among Teens (USAT)

By Donna Leinwand

USA Today, September 8, 2006

Baby boomers' use of marijuana and other drugs is increasing usage rates among older adults, while teens' drug use is declining, according to a national survey released Thursday.

Overall, illicit drug use among Americans rose slightly from 2004 to 2005, driven in part by small increases in cocaine and prescription-drug abuse by young adults 18-25 and by rising drug use — mostly marijuana — among adults 50-59, the National Survey on Drug Use and Health said. The survey said 8.1% of Americans 12 and older were illicit drug users in 2005, up from 7.9% in 2004 but down from 8.3% in 2002.

The use of illicit drugs among baby boomers 50-59 rose 63% from 2002 to 2005, according to the survey, which was sponsored by the federal Substance Abuse and Mental Health Services Administration. The survey questioned 68,308 people 12 and older about their substance abuse, smoking and drinking habits.

In 2005, 4.4% of adults in their 50s said they had used an illicit drug in the previous month, up from 2.7% in 2002. Drug use among youths 12-17, however, fell slightly for the third straight year, with 9.9% reporting illicit drug use during the previous month in 2005 compared with 10.6% in 2004.

Federal anti-drug officials say the survey indicates that while some baby boomers who were in their teens and 20s when drug-use rates peaked in the 1970s are taking their drug habits well into middle age, today's youths aren't embracing drugs as enthusiastically.

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The Census Bureau says there are 78.2 million baby boomers, the generation born from 1946 to 1964. This year, the oldest of them are turning 60. When they were young, “substance abuse became seen as part of coming of age,” says John Walters, director of the Office of National Drug Control Policy. Some “have carried (it) on throughout their lifetimes.”

Steve Hager, 55, editor of the marijuana advocacy magazine High Times, says some ailing people his age choose marijuana over sleeping pills or anti-depressants. “People in their 60s are rediscovering it,” Hager says of marijuana, which has been used as a pain reliever for glaucoma and other maladies. “If you're using it sparingly, it's the most wondrous medicine.”

The U.S. government does not recognize marijuana as having a medicinal benefit, but 11 states allow its use for medical purposes. Marijuana is the most popular illicit drug. About 6% of those surveyed reported using it in the previous month. Stimulants and prescription drugs were the second-most-used illicit drugs; 2.6% reported using them illicitly in the prior month.

Drug Use Up For Boomers, Down For Young Teens (AP)

AP, September 7, 2006

WASHINGTON - Some moms and dads might want to take a lesson from their kids: Just say no.

The government reported Thursday that 4.4 percent of baby boomers ages 50 to 59 indicated that they had used illicit drugs in the past month. It marks the third consecutive yearly increase recorded for that age group by the National Survey on Drug Use and Health.

Meanwhile, illicit drug use among young teens went down for the third consecutive year - from 11.6 percent in 2002 to 9.9 percent in 2005.

"Rarely have we seen a story like this where this is such an obvious contrast as one generation goes off stage right, and entering stage left is a generation that learned a lesson somehow and they're doing something very different," said David Murray, special assistant to the director for the Office of National Drug Control Policy.

The annual survey on drug use and health involves interviews of about 67,500 people. It provides an important snapshot of how many Americans drink, smoke and use drugs such as marijuana, cocaine and methamphetamine.

Overall, drug use remained relatively unchanged among Americans age 12 and older in 2005. About 19.7 million Americans reported they had used an illicit drug in the past month, which represented a rise from 7.9 percent to 8.1 percent. The increase was not only due to the boomers, but an increase was also seen among those 18-25, the age category that always ranks highest when it comes to illicit drug use.

Among the 18-25 group, drug use rose from 19.4 percent to 20.1 percent. Federal officials commenting on the report emphasized the drop in use among younger teens without citing the increase in the next older age group.

"This is a culture change and welcome news for our nation's well-being," said John Walters, director of the Office of National Drug Control Policy.

But groups seeking the legalization of marijuana said the results show that the United States is spending billions and incarcerating millions, yet drugs remain cheap, potent and widely available.

"The government's current approach to drugs, with its drug free rhetoric and over-reliance on punitive, criminal justice policies costs billions more each year yet delivers less and less," said Bill Piper, director of national affairs for the Drug Policy Alliance.

Murray said the peak of drug use among youth in the United States occurred in the late 1970s.

"And they brought it with them like baggage when they hit 50 and 60," Murray said.

Drug use by baby boomers increased from 2.7 percent in 2002 to 4.4 percent last year. Marijuana was by far their drug of choice, Murray said.

That's true overall. There were 14.6 million people who reported using marijuana in the past month, about 2.4 million cocaine users and 6.4 million people who used prescription drugs for nonmedical purposes, such as pain relievers, tranquilizers or sedatives. In 60 percent of those cases, the drugs came from a relative or friend for free. Only 4.3 percent reported buying the drug from a drug dealer or other stranger.

While drug use went up slightly in '05, so did alcohol use. Slightly more than half of Americans age 12 and older reported being current drinkers of alcohol. That translates to 126 million people, up from 121 million people the year before.

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Officials noted that alcohol use among those 12-17 did decline from 17.6 percent to 16.5 percent.

The percentage of Americans who acknowledged driving drunk at least once in the past year also dropped slightly in 2005 - from 13.5 percent to 13 percent.

Meanwhile, tobacco use held steady at about 29.4 percent, even though among youths 12-17, tobacco use did drop from 14.4 percent to 13.1 percent.

On the Net:

Office of National Drug Control Policy: http://www.whitehousedrugpolicy.gov/

Drug Use Up For Boomers, Down For Young Teens (AP)

AP, September 8, 2006

WASHINGTON - Overall drug use increased in the United States just a smidgen in 2005, but another drop among young teens had federal drug policy officials beaming on Tuesday.

Illicit drug use among young teens went down for the third consecutive year - from 11.6 percent in 2002 to 9.9 percent in 2005.

"This is a culture change and welcome news for our nation's well-being," said John Walters, director of the Office of National Drug Control Policy.

But the good news did not extend to all age groups.

The government reported Thursday that 4.4 percent of baby boomers ages 50 to 59 indicated that they had used illicit drugs in the past month. It marks the third consecutive yearly increase recorded for that age group by the National Survey on Drug Use and Health.

"Rarely have we seen a story like this where this is such an obvious contrast as one generation goes off stage right, and entering stage left is a generation that learned a lesson somehow and they're doing something very different," said David Murray, special assistant to the director of the Office of National Drug Control Policy.

The annual survey on drug use and health involves interviews of about 67,500 people. It provides an important snapshot of how many Americans drink, smoke and use drugs such as marijuana, cocaine and methamphetamine.

Overall, drug use remained relatively unchanged among Americans age 12 and older in 2005. About 19.7 million Americans reported they had used an illicit drug in the past month, which represented a rise from 7.9 percent to 8.1 percent. The increase was not only due to the boomers; an increase was also seen among those 18-25, the age category that always ranks highest when it comes to illicit drug use.

Among the 18-25 group, drug use rose from 19.4 percent to 20.1 percent. Federal officials said that increase was not statistically significant.

But groups seeking the legalization of marijuana said the results show that the United States is spending billions and incarcerating millions, yet drugs remain cheap, potent and widely available.

"The government's current approach to drugs, with its drug free rhetoric and over-reliance on punitive, criminal justice policies costs billions more each year yet delivers less and less," said Bill Piper, director of national affairs for the Drug Policy Alliance.

Murray said the peak of drug use among youth in the United States occurred in the late 1970s.

"And they brought it with them like baggage when they hit 50 and 60," Murray said.

But they don't have great influence on younger Americans, officials said. Walters said that teens are more influenced by peers. That's why the trend among young teens is so important.

"The way this problem starts is not through some stranger," said Walters. "It's a boyfriend or a girlfriend, a brother or sister, or the kid next door who says 'hey, lets have some drugs everyone does it.'"

Walters also noted that more than 91 percent of young teens said their parents would "strongly disapprove" of their using drugs, and those who felt that way were less likely to use drugs than children who consider their parents more ambivalent on the issue.

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Meanwhile, drug use by baby boomers increased from 2.7 percent in 2002 to 4.4 percent last year. Marijuana was by far their drug of choice, Murray said.

That's true overall. There were 14.6 million people who reported using marijuana in the past month, about 2.4 million cocaine users and 6.4 million people who used prescription drugs for nonmedical purposes, such as pain relievers, tranquilizers or sedatives.

In 60 percent of the cases involving prescriptions, the drugs came from a relative or friend for free. Only 4.3 percent reported buying the drugs from a dealer or stranger.

While drug use went up slightly in '05, so did alcohol use. Slightly more than half of Americans age 12 and older reported being current drinkers of alcohol.

Officials noted that alcohol use among those 12-17 did decline from 17.6 percent to 16.5 percent.

However, the survey showed that heavy drinking went up among those 18-22. College students led the way in that category. Heavy drinking is defined as binge drinking at least five times in the past month. Nearly one in five college students report heavy alcohol use, but the numbers dropped to 13 percent for those not enrolled in college full time.

Meanwhile, tobacco use held steady at about 29.4 percent, even though among youths 12-17, tobacco use did drop from 14.4 percent to 13.1 percent.

Bahamian Man Extradited To Miami For Drug Charges Five Years Ago (AP)

AP, September 7, 2006

A Bahamian man appeared in court Thursday after being extradited to Miami to face drugs charges for leading a cocaine and marijuana trafficking ring that stretched from the Caribbean to Canada, the U.S. Attorney's Office said Thursday.

Samuel Knowles was faces charges of conspiracy to import cocaine and conspiracy to possess with intent to distribute cocaine, the U.S. Attorney's Office said.

U.S. agents took Knowles into custody late Monday, Jeannette Moran, a spokeswoman for the U.S. Drug Enforcement Administration said earlier this week.

Knowles had been fighting extradition since the United States made its first request in March 2001, shortly after he was indicted by a U.S. grand jury on drug trafficking charges.

He appealed to the highest court for the former British colonies, the London-based Privy Council, which rejected one extradition request. The council later upheld another U.S. request based on an indictment that charged Knowles with conspiracy to smuggle cocaine into the United States between 1995 and 1997.

Knowles was one of ten people indicted by a federal grand jury in 2001 in "Operation White Sea," a joint effort between Florida, Canadian, Bahamian and Jamaican law enforcement agencies. Officials seized 3,000 pounds of cocaine, 879 pounds of marijuana and about $2.5 million. The group used speedboats to haul drugs into South Florida from Caribbean nations.

Knowles was being held in custody until his arraignment and pretrial detention hearing Sept. 19.

It was not immediately known if Knowles had an attorney representing him in Miami.

U.S. Trying To Deport Ex-drug Informant (HC)

By James Pinkerton

Houston Chronicle, September 8, 2006

Accused of overseeing deaths at a safe house, he fears he will be killed in Mexico

HARLINGEN — The U.S. government is trying to deport one of its once-trusted drug informants, undermining a civil lawsuit charging that American authorities failed to prevent a dozen or more homicides at the Mexican safe house where the informant once worked.

Guillermo Ramirez Peyro, who earned more than $200,000 while informing on the Juarez drug cartel, is certain he'll be killed if he is sent back to Mexico, his lawyer said.

"He fears being tortured or killed if he returns to Mexico," said Jodi Goodwin, a Harlingen immigration attorney who in June asked a federal appeals court to overturn an earlier decision to deport Ramirez.

Officials at the U.S. Attorney's Office in San Antonio refuse to talk about it.

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"We have no comment on the matter," spokesman Daryl Fields said.

Ramirez, 35, a Mexican highway policeman turned drug trafficker, oversaw a cartel safe house in the border town of Juarez, across the border from El Paso. And he held the keys to the safe house as traffickers went on a brutal spree, killing and burying at least a dozen of their enemies on the property, according to court documents and former agents.

Dallas lawyer Raul Loya filed a wrongful death lawsuit in December 2005 in federal court in El Paso, alleging that the informant's supervisors at U.S. Immigration and Customs Enforcement, or ICE, knew the slayings were taking place and failed to stop them.

Loya wants Ramirez held as a material witness, not deported.

"The government wants him deported because as soon as he walks across the border, he'll be dead," said Loya, who represents the surviving family of Luis Padilla and seven other victims. "That's because he's the primary witness against the government, and the only one who can corroborate a lot of the things in the lawsuit."

'A greater danger'Sandalio Gonzalez, the former agent in charge of the Drug Enforcement Administration office in El Paso, agrees and alleges that U.S. officials want to deport Ramirez to cover up their own misdeeds.

Gonzalez claims he was forced to leave the DEA after he distributed a memo in February 2004 blasting ICE's handling of the informant. But "forget about what happened to me," he said from his home in Florida. "I see a greater danger to the country, to the nation as a whole, if our own government agents are allowed to get away with something like this. Then we're just as bad as the crooks, or even worse."

The former DEA agent's memo, first published by reporter Bill Conroy of the Web site Narcosphere, accuses ICE agents of mishandling Ramirez and allowing him "to continue on an unabated crime spree while under their so-called control."

The memo describes Ramirez as a "homicidal maniac" and alleges that he took part in the first slaying at the safe house — which Narcosphere dubbed "The House of Death" — on Aug. 5, 2003.

Ramirez, now being held at an undisclosed jail in the Midwest, denied that accusation in an interview with WFAA-TV of Dallas-Fort Worth.

"I'm not a killer," he said.

Twelve victims — most of them tortured and smothered with plastic bags over their heads — were found at the house in early 2004.

When cartel henchmen asked their underlings to prepare a "carne asada," or barbecue, for so-and-so, that meant they were going to kill them.

'Carne asadas'Ramirez, nicknamed Lalo, told WFAA that his U.S. government bosses knew that he was overseeing the safe house and helped prepare it for at least a dozen "carne asadas" that occurred there from August 2003 to January 2004.

The Gonzalez memo, which was also sent to U.S. Attorney Johnny Sutton in San Antonio, said ICE superiors ignored the DEA's advice to "take down" or end the case after their informant allegedly took part in the first killing.

The memo also said the informant continued the operation in Juarez, allowing at least 13 other slayings to take place "in what can only be described as a display of total disregard for human life."

Heriberto Santillan-Tabares, an admitted top boss in the Juarez cartel, was arrested and charged with five of the slayings committed in the House of Death.

Deal for top bossIn April 2005, Sutton struck a plea bargain with Santillan: He pled guilty to running a criminal enterprise and accepted a 25-year prison sentence. In exchange, the murder charges were dropped.

U.S. officials declined to talk about the plea; Sutton said in a news release, "Mexico has a superior interest in prosecuting those responsible" for the deaths.

Gonzalez said he fears nothing will come of his efforts to ensure that the U.S. government is held accountable in the House of Death case. The Inspector General of the Justice Department and congressional subcommittees have turned him down, he said.

"The legislative branch needs to do its job and oversee the executive branch," he said. "The only way to salvage any kind of honor for the government ... is whatever committee that has oversight needs to assign an independent investigator."

Charles Bowden, a Tucson author who has written several books about Mexico's drug trade, calls the case bizarre.

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"It's a freak circumstance, not that it happened, but that it ever saw the light of day," he said.

"There's a rule the cops have, an axiom that says, 'You run the informant, and the informant doesn't run you.' In this case, it's pretty clear the informant ran the cops."

Loya said the U.S. Attorney General's Office provides specific guidelines on the use of informants, and prohibits them from breaking the law while they are helping agents enforce the law.

"You can't have an informant with a firearm, let alone a full arsenal of weapons and a house, and let him kill indiscriminately," he said.

And agents have a duty to stop a crime if they know it will occur, he said.

Cigarette smugglingICE agents did not shut down the House of Death, Loya claims, because Ramirez was not only an informant, he was a witness in a cigarette smuggling case.

"In this case, they just didn't care," Loya said. "They were more interested in pursuing a contraband cigarette case and trying to make inroads into the cartel than actually protecting human life."

Ramirez, meanwhile, is hoping to avoid deportation to Mexico.

Because he's an admitted drug trafficker, he does not qualify for asylum. But his lawyer, Goodwin, argues that his deportation would violate a U.N. treaty preventing the return of persons who have a credible fear of being tortured.

The Department of Homeland Security "insists the record contains no evidence that Mr. Ramirez would be tortured by Mexican law enforcement" or by drug traffickers acting with the acquiescence of Mexican police, according to Goodwin's petition to the appeals court.

Local Drug Kingpin Sentenced To 30 Years (NJ)

The News Journal, September 7, 2006

WILMINGTON -- A man who ran a $1.7 million heroin operation, primarily in the Riverside area of Wilmington, was sentenced to 30 years in prison in federal court today.

Jesus Sarraga-Solana, also known as Christian Alberto Diaz, who prosecutors described as a drug kingpin with operations in Delaware and Philadelphia, was convicted of conspiracy to distribute more than one kilogram of heroin and possession with intent to distribute more than 100 grams of heroin.

Sarraga-Solana, 27, was arrested in December 2004, according to federal prosecutors, and convicted after a trial in October.

Seven other members of the distribution ring were arrested and pleaded guilty in the case, receiving sentences of 20 to 60 months.

The sentence was handed down by District Judge Joseph J. Farnan Jr.

U.S. Attorney Colm F. Connolly praised the cooperative nature of the investigation, between the DEA and Wilmington Police, which led to the arrests and elimination of a “major regional heroin organization.”

Bill To Revise Gun-show Laws Advances In House (RTD)

By Peter Hardin, TIMES-DISPATCH WASHINGTON CORRESPONDENT

Richmond Times-Dispatch, September 8, 2006

WASHINGTON -- A bill to revamp federal enforcement rules for gun dealers, born in part from complaints about heavy-handed tactics at Richmond gun shows, is headed to the House floor.

The House Judiciary Committee approved the bipartisan bill by voice vote yesterday, and a spokesman for the House majority leader said it could come up for a House vote as early as next week.

Backers said it would strengthen enforcement by the Bureau of Alcohol, Tobacco, Firearms and Explosives while critics contended it would gut the agency's powers.

A pair of lawmakers who are diametrically opposed on some issues joined forces on the bill: liberal Virginia Democrat Robert C. Scott, D-3rd, teamed with conservative North Carolina Republican Howard Coble to craft the bill and push it through.

With his action, Scott ended up on the same side as the National Rifle Association gun-rights lobby, while the gun-control group Brady Center to Prevent Gun Violence blasted the legislation.

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The bill would give ATF more tools to punish federally licensed gun dealers who break U.S. firearm sale rules. It would offer an intermediate set of new penalties -- including civil penalties or a license suspension -- that fall short of revoking a dealer's license.

Current law offers just written warnings and revocation of licenses to punish rogue dealers.

The bill also directs the inspector general for the Justice Department to review the ATF's gun show enforcement program.

Coble is chairman of the House subcommittee on crime, terrorism, and homeland security. Scott is the panel's senior Democrat.

Coble said the bill came about as a result of a subcommittee hearing where complaints were lodged against ATF for questionable law-enforcement practices at gun shows in the Richmond area.

"This gives ATF some flexibility, and as we heard during the hearing, the ATF used some heavy-handed tactics and they need to be reigned in," Coble said.

Scott, a Newport News resident whose district includes part of Richmond, said the bill was necessary to establish guidelines.

"This simplifies enforcement," Scott said in a recent interview. He added that "98 percent of the time you are not going to revoke a license for a technical offense" but the bill would let a firearms dealer be fined.

"I believe it will better ensure fairness, as well as accountability and ultimately will better ensure public safety," he said yesterday.

But critics asserted the bill would undermine or eviscerate ATF enforcement.

A top ATF official told Congress in February that federal agents made mistakes while searching for illegal firearm sales at the Richmond gun shows. Yet aggressive efforts there "have reduced violent crime," the official also said.

The bill had 137 co-sponsors yesterday, according to Coble. It is part of the American Values Agenda promoted by GOP leaders to reach out to their political base and win action on issues seen as important to conservatives.

Contact staff writer Peter Hardin at phardin@mediageneral.com or (202) 662-7669.

Mary Shaffrey of Media General News Service contributed to this report.

No Firing Of Rumsfeld To Appease Democrats (WP)

By Al Kamen

The Washington Post, September 8, 2006

For most Americans, the arrival of fall means the World Series or the beginning of the football season.

But here, in an election year, it's "issue-framing" time, when the parties furiously battle to position themselves on what they think will be the winning side in November.

So when Secretary of Defense Donald Rumsfeld implied last week that Iraq war critics were as misguided as Neville Chamberlain when he dealt with Adolf Hitler 's demands, the Democrats were shocked, shocked at the comparison.

They called on President Bush to fire Rumsfeld. Then Senate Republicans quickly de-railed a Democratic move to force a floor vote on Rummy's tenure. The maneuvers forced the White House to dig in behind Rumsfeld, with spokesman Tony Snow saying Rumsfeld's going nowhere.

"It's not going to happen," Snow said. "Creating Don Rumsfeld as a bogeyman may make for good politics but would make for very lousy strategy at this time."

But it is all politics now. Of course, the Democrats weren't surprised at Rumsfeld's framing the Iraq war as World War II redux. Remember how he and Soviet expert Condoleezza Rice three years ago adroitly compared the growing Iraq insurgency to the "werewolves" in Germany, the Nazi operation to harass advancing Allied troops?

Okay. So maybe experts estimate that three dozen or so American soldiers died in the six months after Germany fell. And only three were killed in 1946. Not exactly the situation today in Iraq.

But there are still ample similarities between the two conflicts. For example: Baghdad, Berlin. Each begins with a "B," has two syllables. . . .In 17 Days, We'll All Be Safe

Now this from yesterday's Associated Press daybook.

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10:45 a.m. DEMOCRATS-SECURITY -- Senate Democratic leaders and New York Senators Charles Schumer and Hillary Clinton announce major new legislation to fix America's security policies and reflect the lessons of 9/11.

Well, there's still 17 legislative days left in the congressional session. Plenty of time to get those bills through committees, passed by both houses, then down to the White House. And there'll be time to spare to pass the overhaul of procedures for dealing with alleged terrorists that President Bush proposed Wednesday so we can quickly try "KSM" (a.k.a. Khalid Sheik Mohammed) and the others who were moved from secret prisons to Guantanamo Bay, Cuba.Teaching by Example

Our children is not learning?

President Bush , in a Labor Day speech to maritime workers at Piney Point, Md., noted: "But we also got to do some other things that's smart, and it starts with making sure our workers have the skills necessary to compete in the 21st century."Collective Delight

If you can't say anything at all, say something nice.

President Bush 's nomination of career National Park Service employee Mary Bomar , who's now head of the Northeast regional office, to run the agency pleased everyone over there, we were told.

Then we got this e-mail from David Barna , the NPS chief of public affairs, addressed to "Staff."

"Keep in mind that Mary Bomar will not be doing any press or news media interviews prior to her confirmation hearings," Barna said. "The following is a statement you can use with the news media:

" 'The men and women of the National Park Service are delighted that the President has chosen a member of our family to serve as Director.' "But He's Only Acting

Often, when there's an opening at the top of an agency, a career official may fill in as acting head until the new political appointee is confirmed. But the White House last week announced that Michael J. Sullivan , the U.S. attorney in Boston, will be acting director of the Bureau of Alcohol, Tobacco, Firearms and Explosives.

There's no formal word, but news reports in Boston have successors lining up to take his job as top federal prosecutor for Massachusetts. And it seems widely assumed that he will get the nod.

"I love the work of the U.S. attorney's office," Sullivan told the Boston Globe, but when you get "an important challenge . . . obviously you jump at the opportunity." Sounds like a bit more than a short-term acting directorship.

The White House moved with lightning speed on this opening -- Deputy Director Edgar A. Domenech had just become acting director following the Aug. 8 departure of director Carl Truscott .

Loop Fans may recall our Aug. 18 item noting that Domenech, a career employee, had reversed Truscott's decision to engrave in stone a quotation from President Bush 's post-9/11 speech to Congress at the entry to the new ATF headquarters opening next year.

Not that that had anything to do with this.

Fugitive Suspected In New York State Trooper Shootings Named To '15 Most Wanted' List (AP)

By Carolyn Thompson, Associated Press

AP, September 8, 2006

BUFFALO, N.Y. – A fugitive suspected of killing a state trooper and wounding two others has been named by federal marshals to their “15 Most Wanted” list while a two-state manhunt continues.

The search for Ralph “Bucky” Phillips, a career thief who broke out of an Erie County jail in April, has become one of the largest in New York history.

Authorities believe Phillips has been helped by numerous people since his escape, but has also broken into unoccupied hunting cabins in New York and Pennsylvania and stolen about 15 cars to remain one step ahead of police, authorities said.

Phillips may have spent 11 days hiding out in a western Pennsylvania home last month, slipping back into New York at least once to steal 41 guns from a gun shop, authorities said Wednesday.

As New York lawmen searched for Phillips in the rural wooded areas of the southwestern tip of the state, he was staying – at least some of the time – at the home of Todd Allen Nelson in Ludlow, Pa., Pennsylvania state police said.

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Nelson, 30, was charged Aug. 31 with hindering the apprehension of Phillips after Pennsylvania troopers recovered 35 guns believed stolen from an Ellington, N.Y., gun shop at his home.

Phillips, 44, is the main suspect in the gun shop break-in.

"We know now that a total of 35 firearms are in the custody of law enforcement," said ATF spokesman Joseph Green. "The remaining weapons are two pistols, one shotgun, and three high-powered rifles that are still unaccounted for and we are actively seeking those weapons and seeking information."

Investigators are looking into whether one of the stolen guns was used in the shootings of two New York state troopers on Aug. 31 as they staked out the home of Phillips' former girlfriend.

Trooper Joseph Longobardo died Sunday; Donald Baker Jr. has been in critical condition since the shooting. Both troopers were struck with bullets from a high-powered rifle.

In naming Phillips to the U.S. Marshals most wanted list, Marshals Service Director John Clark said the fugitive "has shown he is as dangerous as he is desperate. As such, Phillips is a major threat to the safety of communities throughout an entire region."

He is suspected of shooting a state trooper near Elmira on June 10 as the officer approached the stolen car he was believed to be driving. Trooper Sean Brown survived the wound.

A $225,000 reward has been offered for information leading to Phillips' arrest and conviction.

After Years Behind Bars, Now A Life On The Run (NYT)

By Michael Wilson

The New York Times, September 8, 2006

STOCKTON, N.Y., Sept. 7 — His father went by the nickname Buck, and so he was called Bucky, a smiling boy in the old pictures, the woods behind him. He lived in a shack near here with a sister and poor parents, and played outside, sitting on a make-believe couch and watching a pretend television, both made of hay.

"He'd play in the woods," said Shawn Horton, 46, a lifelong acquaintance. "Hide-and-seek. Small-game hunting. A normal country boy."

But as the boy, Ralph J. Phillips, grew, his game of hide-and-seek became far less innocent. "At one time, he had quite a cache of stolen vehicles in the woods," Ms. Horton said. "I believe it was just the thrill of it for him."

His latest round of hide-and-seek has brought hundreds of state troopers, national attention and tragedy to these woods in Chautauqua County. The police said he was the prime suspect in the Aug. 31 shootings of two state troopers, one of them killed, the other critically injured in an ambush from the woods. He is also a suspect in the shooting of a trooper on June 10 during a traffic stop, in which the officer was wounded, and in the robbery of a gun store.

Mr. Phillips, 44, has a long criminal history, stretching back perhaps 30 years, but it is not a history of bloodshed. That contradiction has left his family and old friends wondering just what it was, if he was the gunman, that transformed him from a unrepentant thief into someone ready to commit murder.

Most believe that when the police, four months into the hunt, arrested his daughter, her boyfriend and Mr. Phillips's former girlfriend, and the authorities temporarily took custody of his daughter's three young children, Mr. Phillips went from a man bent on escape, and who they say had already shot one trooper, to a man filled with rage.

He is believed to be hiding in or near Chautauqua County, a sweeping arc of woodlands threaded with narrow dirt lanes and pocked by abandoned cabins and cars with the keys tucked above the visor or dangling from the ignition.

He has survived, the police believe, with the help of a network of former girlfriends, friends from the nine state prisons where he has served time, and by using stolen cars and motorcycles. While his early exploits seemed to make him something of a folk hero, the killing of the trooper ended that. The vast majority of people in Chautauqua County want him caught.

A letter he wrote to his lawyer shortly before his escape on April 2 seemed to foreshadow his new existence. "I am just not cut out for the life you folks live," Mr. Phillips wrote. "I tried it. It didn't work. Oh well."

His old friends listen to police scanners day and night, updating each other on cellphones, and seem to know almost as much about the progress of the manhunt as the police do. Seven people have been arrested and charged with harboring him.

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The latest, Todd A. Nelson, let Mr. Phillips stay in his home, in Ludlow, Pa., for as long as 11 days, sharing beer and pizza, the authorities said.

The reward for Mr. Phillips's arrest was raised to $425,000 on Thursday. And he was added to the F.B.I.'s most wanted list.

In interviews, Mr. Phillips's daughter, her maternal grandmother, his former brother-in-law and his estranged wife paint a complex picture of the fugitive. In their telling, Mr. Phillips grew from an abused and neglected boy to a thief who stole just for the rush of it, preferably leading the police into a chase.

For more than half his life — since 1983 — he has lived almost entirely behind bars. Short periods of freedom ended in crime and capture. He seemed, they said, more comfortable locked up.

Some women were drawn to him. He was gentle, handsome, mysterious. Indeed, Mr. Phillips, since his escape, has returned to several of the women from his past, according to the police and his wife, Terry Phillips, 43, who admits that she spent a day with him during his flight, early in the summer. They ran mundane errands, calmly strolling through a grocery store to buy detergent.

That was June 9, Ms. Phillips said. The next day, the first trooper was shot.

"What the hell is he doing?" she asked during a telephone interview on Wednesday, given on the condition that her current residence, in another state, not be revealed, for fear of putting herself in danger. "Why is he doing that?"

Mr. Phillips was born on June 19, 1962, to Ralph and April Phillips. His father was some 40 years older than his mother, and was prone to drink and to violent outbursts, several members of Mr. Phillips's extended family said.

"He'd make him sleep in a barn," said Emery Masiker, 43, a contractor and Christmas tree farmer who was once married to Mr. Phillips's sister, and who was close to his mother until her death. "He was just an old, tired man."

His father may have steered him down the wrong path early on. "He was the one who taught him how to jump cars," said Norma Gloss, 65, whose daughter had a child with Mr. Phillips.

Mr. Phillips and his future wife, Terry, played together as early as age 7, she said, recalling playing house in bales of hay and provoking a bull so it would chase him. She said Mr. Phillips was sent to a home for delinquent boys, though she did not know for how long, and they had not seen each other for six years, when he pulled up with a smile and a stolen car. He was 13. "He came up to the driveway and said, 'Come on, let's go for a drive,' " she said.

Then he was in custody again, she said. His juvenile record was not available, but those who know him said Mr. Phillips was a compulsive thief.

"He went from bicycles to tractors to cars," said Art Clever, 62, who owns a general store near the Phillips family's now-crumbling home. He said Mr. Phillips was once chased into the store by four police officers, their guns drawn, and was arrested in the back office.

Mr. Masiker said what he stole did not seem to matter. "Cigarettes, guns, money," he said. " He'd steal a set of pop machine keys and come back with piles and piles of coins. He'd be all right for a couple of days, but then, like an alcoholic, he'd go back again."

He fathered a daughter in December 1982 with his girlfriend Kasey Gloss, but he has spent most of the 23 years since then in prison, according to records.

He spent three years shuttling between three prisons for stealing property from a garage in 1983. Nine months after his release, he was locked up again, for entering a home and threatening the residents with a rifle. He was released three years later, and was back in prison nine months after that.

"I call them sabbaticals," Ms. Horton said of the stints of freedom.

His longest stint behind bars, for burglary and selling drugs, began on Nov. 5, 1992, and lasted 13 years. Soon after he began serving that sentence, one of his girlfriends was caught trying to sneak him a handcuff key hidden in her mouth, according to parole records and his friends.

A Native American by blood, he enmeshed himself in Indian prison groups, his daughter said. He corresponded with Terry, his childhood friend and future wife, and she became a frequent visitor at Auburn Correctional Facility. They were married in a prison ceremony in 1995, she said.

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"In the visiting room, you've got time to talk, when it's just you two," she said. "We talked about our pasts as children, when we were 13. That's all he wanted." But a series of disciplinary violations, including one for "tampering with electricity," resulted in his transfer to prisons farther away.

"He built a CB radio in prison," Ms. Phillips said. "He would invent. He did something with wires and a battery and he made a little night light."

They split up in 2003, at his urging, and he told her to live her own life, she said. They never divorced.

He was released last November, a 43-year-old man, and moved to a halfway house in Buffalo. He seemed eager to reconnect with his daughter, whom he knew almost exclusively from her few prison visits.

"I don't drink or drug anymore," he wrote in one of the many letters that the daughter, Patrina Wright, now 23, keeps in a shoebox, and from which she read excerpts. "My new image, you might say. No more prison for me, love. All done."

He continued: "I'm doing everything I am supposed to do, so don't worry, O.K.? Things are different now, and I want to just be free."

He was free, for 49 days. Then he was accused of violating his parole, after a counselor at the halfway house reported that Mr. Phillips had threatened his daughter and her family.

Mr. Phillips's lawyer, John Keaney, said there was no threat. In his brief period of freedom, the lawyer said, Mr. Phillips had been given a pass to leave Buffalo.

While away, he shared a Christmas dinner with, among others, a former friend who had let Mr. Phillips take the blame for some of his own crimes in 1992, Mr. Keaney said.

The counselor wondered if spending more time in Chautauqua County, with his daughter, as Mr. Phillips wanted to do, was a good idea, because of the people like the former friend with whom he came into contact.

Mr. Phillips replied that there was no problem, with unfortunate bluntness. Referring to the former friend, "He said: 'If I wanted to — I was carving a turkey two feet away from him. I could have stabbed him. I could get a gun and shoot him, and I wouldn't be sitting here asking you for a pass,' " Mr. Keaney said.

Mr. Phillips's daughter said her father would never have threatened her. "He just wanted his family," she said. "He wanted to be a grandpa."

He wrote her from his cell: "I want you to know the depth of my love for you, and I'll prove myself to you by proving I can put the past behind me." He escaped several weeks later.

A question arises: how can a man who has been locked up for so long be so knowledgeable about the outdoors? Mr. Masiker said he did not believe that his old friend was the survivalist he has been painted to be.

"He goes to work like everybody else," he said, referring to recent thefts. "He's not woods guy, he's not skinning raccoons. He's not this Indian hunting guy. He's an opportunist."

The grocer, Mr. Clever, predicted a violent end. "He's a dead man walking," he said. "Everyone around here has guns. If anybody sees him, they're going to shoot him."

His wife was surprised, two months after the escape, to receive a call from him. "He said, 'Hey, can I come over?' " she said. "I said, 'Yeah,' and I gave him my address. I'm like, 'You're going to go to the Laundromat with me?' He goes, 'Yeah.' "

They shopped, and washed the clothes, and he returned to her home for a few short hours. His departure bore little resemblance to that teenager's hopeful arrival in the driveway 30 years earlier, played in reverse this time and drained of light. "We said goodbye," she said, "and he walked away in the dark, toward the car."

IMMIGRATION:

19 Residents Arrested In Arranged-marriage Scam (WT)

By Keyonna Summers, The Washington Times

The Washington Times, September 8, 2006

Federal authorities yesterday arrested 19 residents and charged three others from the region in connection with a scam that resulted in as many as 1,000 marriages between U.S. citizens and illegal aliens trying to avoid immigration laws.

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U.S. Attorney Chuck Rosenberg said the early morning arrests capped a three-year undercover investigation that tracked nine persons who arranged marriages between citizens and 10 illegal aliens from Ghana who sought permanent residency and avoiding deportation. Authorities did not charge all of those involved because some acted as informants in the case, affidavit papers show.

Three of those arrested are U.S. citizens who accepted as much as $500 on the marriage day and $300 each month from their new spouse, in part for filing petitions their legal-residence petitions.

"Many, many illegal aliens are willing to pay cash, and lots of it, to facilitators and to fake spouses ... for the chance to become a United States citizens," Mr. Rosenberg said. "Illegal aliens who marry U.S. citizens have a quicker and easier road to lawful, permanent-resident status."

The crackdown was named "Operation Arlington Marriage Fraud" and is considered the largest of its kind in the region.

The investigation started with a tip from an unidentified Arlington County Courthouse clerk who noticed a "suspicious" pattern of what appeared to be "hastily arranged marriages" between couples behaved like strangers when they applied for their marriage licenses, officials said.

The potential spouses came from Maryland, Virginia and the District. The majority of the phony marriage licenses were obtained at the Arlington Courthouse, but others were obtained in Alexandria, Fairfax and Manassas, officials said.

"It was a pattern of folks appearing in this office [who] didn't seem to know each other, or the same arranger kept appearing," Mr. Rosenberg said. The investigation found "some of the newlyweds literally met on the day of their marriage."

The investigation also uncovered U.S. citizens recruiting others to meet with Ghanaian-born illegal alien facilitators who then matched them with other Ghanaian illegals, affidavit papers show.

For $2,500 to $6,000, the facilitators would find the illegals a spouse and coach them through the immigration process.

For example, Lillian Jackline, one of the illegal alien facilitators named in the case, helped a "couple" concoct photographs, utility bills, bank accounts and other evidence of their life together, an affidavit shows.

Immigration agents posing as friends and relatives of that couple said Mrs. Jackline also helped the spouses memorize such details as how they met and on which side of the bed they slept to successfully complete Citizenship and Immigration Services' marriage interviews.

The investigation identified "at least" 500 definite sham marriages, but officials say there may have been as many as 1,000.

"That's a pretty big number when you're talking about a relatively small geographical area over a three-year period," Mr. Rosenberg said.

Authorities plan to execute six more search warrants in Virginia and two in Maryland to get more evidence.

Such fraud is widespread across the country, said William F. Reid, Immigration and Customs Enforcement's assistant director of investigations. The agency leads 10 tasks forces across the country on document-and-benefits fraud.

Virginia might have one of the worst problems because there is no waiting period for marriage licenses, Mr. Rosenberg said. There is a two- to five-day wait in Maryland and the District, he said.

Nationally, document-fraud cases doubled from 2004 and 2005, Mr. Reid said. But officials are not sure whether marriage-fraud cases have increased specifically in the region or whether enforcement has tightened recently.

Authorities do not think those arrested are linked to terrorism.

They are being held on charges of immigration fraud, marriage fraud, conspiracy to commit immigration fraud and conspiracy to commit marriage fraud. The Internal Revenue Service, the State Department and police in Arlington and Fairfax counties also participated in the investigation.

House Crafting New Border Security Bill (AP-Y)

By Suzanne Gamboa

AP, September 8, 2006

House Republicans are crafting new bills to crack down on illegal immigrants, nailing the coffin shut for now on broader legislation that would give many illegal immigrants legal status.

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If the bills are approved, Republicans can go into midterm elections Nov. 7 saying they took action on illegal immigration. At the same time, they can appease conservatives who oppose giving illegal immigrants a chance at citizenship, which some have called amnesty.

"Our borders are a sieve and we are at war and we certainly need to act like we are at war. We need to close our borders," House Speaker Dennis Hastert, R-Ill., told reporters Thursday.

House leaders will preside over a meeting next week where Republican committee chairmen will propose border security measures based on what they learned from field hearings they conducted over the past month, Hastert said.

"It won't be the whole 95 tons of what we've tried to work between the House and Senate, but we will try to get some things done," he said.

Some possible ideas include voter identification cards and safer Social Security cards, he said.

The package also will include some immigration spending added to pending defense and homeland security appropriations bills. Congressional leaders want to get those bills to President Bush this month before adjourning to campaign for the November elections.

Senate Majority Bill Frist, R-Tenn., said Wednesday it would be "next to impossible" to pass a comprehensive immigration reform bill by the end of the month.

The House package would also need Senate approval. Sen. Kay Bailey Hutchison, R-Texas, said Congress has already been improving border security.

"I think it would be a huge lost opportunity if we don't try to create a system going forward that allows people to come into our country legally," Hutchison said. She has proposed an immigration bill with Rep. Mike Pence, R-Ind., that calls for a guest worker program.

Sen. Edward M. Kennedy, D-Mass., a chief architect of the Senate bill, said the House plan for more legislation "has more to do with solving a political problem for Republicans than solving our immigration problem."

Kennedy joined thousands of people who rallied on the National Mall to push for a comprehensive immigration bill. The crowd chanted "Si Se Puede," which translates to "Yes, it can be done." But some were skeptical it could be done soon.

"If we go back to the civil rights movement, people had to march for years and years to get something," said Jaime Castillo, chairman of the National Capital Immigration Council.

Flor Hernandez, 25, of Alexandria, Va., said she is already looking to the future. She is the daughter of immigrants from El Salvador.

"I'm here to support my next generation and to make sure we are going to vote," she said.

The House passed an enforcement-only immigration bill last December that would build 700 miles of fences on the border, require employers to verify workers are legal and subject to felony prosecution illegal immigrants and the people who help them.

The bill triggered massive street demonstrations last spring by immigrants and their advocates that helped build support for the Senate's broader immigration bill.

In June, the Senate passed a bill supported by Bush that would let a majority of the estimated 11 million illegal immigrants already in the United States remain in the country and eventually earn U.S. citizenship. It also would create a new guest worker program and toughen border security.

With elections looming, House Republicans balked at negotiating a compromise, instead holding dozens of hearings in July and August to criticize the Senate bill.

The Senate immigration bill is S 2611. The House bill is HR 4437.

Immigration Pushed Aside As House GOP Sticks To Border Security Priorities (MCT)

By Michael Doyle

McClatchy Newspapers, September 8, 2006

WASHINGTON - Comprehensive immigration reform appears dead for the year, as House Republicans on Thursday announced plans to push ahead with border security measures and leave everything else for another time.

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Facing a tight schedule and sharp divisions within their own ranks, GOP leaders will be sticking with border-enforcement priorities that can be passed before the November election.

"The intention of the House is to secure the borders," House Speaker Dennis Hastert said Thursday afternoon after meeting with his leadership team. "We need to find the things that we can do to secure the border, before we have a guest-worker program or any other kind of (legalization) program."

The specific proposals including new fencing, stiffer penalties and more Border Patrol agents will be aired next week. In an unusual public relations maneuver, House Republican leaders will sit and listen to testimony offered by the chairmen of House committees that held hearings in August.

The House plans to approve the border measures, some included in annual appropriations bills, before the scheduled Sept. 29 adjournment date.

"We need to solve first problems first," Hastert said.

Senate Majority Leader Bill Frist earlier this week already had conceded it would be "next to impossible" to finish a comprehensive bill by the time lawmakers adjourn and resume campaigning.

"This is something that should not be held hostage to artificial deadlines, of elections or anything else," said Republican Rep. Deborah Pryce of Ohio, a member of the GOP leadership.

Translated politically, Republican Rep. George Radanovich of California said, this means that "the Senate version and the House version are dead."

Republican Rep. Jeff Flake of Arizona added that only a "hail Mary" play in the final days might salvage a comprehensive bill.

"It's very difficult to believe credibly that we can do it," Flake said.

Theoretically, a lame-duck session following the November election could yield a broader bill. Flake noted, though, that GOP leaders won't definitively declare a comprehensive bill dead for the year because "they want to resist that headline."

Even so, House GOP leaders foreshadowed the decision by devoting August to some 20 hearings largely devoted to bashing the Senate's comprehensive proposals.

Competing immigration measures passed the House and Senate earlier this year, but no negotiators have been named by either side. The chairman of the House Judiciary Committee, Rep. James Sensenbrenner, R-Wis., said he will continue talking to his Senate counterparts. It's unclear whether the Senate would respond to an enforcement-only measure.

For President Bush, the seeming collapse of comprehensive immigration reform is a black eye. After proposing a broad-strokes guest-worker plan in January 2004, then dropping it, and then resurrecting it again this year, Bush had declared immigration reform to be a top priority.

"I want to speak directly to members of the House and the Senate," Bush said in a nationally televised speech in May. "An immigration reform bill needs to be comprehensive, because all elements of this problem must be addressed together, or none of them will be solved at all."

Even congressional Republicans, though, had complained the White House rarely seemed fully engaged in day-to-day negotiations.

"Republicans control both houses and the White House. It's a major national problem," the Senate Judiciary Committee chairman, Republican Sen. Arlen Specter of Pennsylvania, told CNN on Sunday. "If we don't move toward solving it, we're not doing our job."

It's even more aggravating for the farm-worker advocates and farmers. Thousands of immigrant advocates rallied Thursday on the National Mall, in hopes of swaying lawmakers, while California farmers will be coming to the Capitol next week.

"It's been very frustrating," said Barry Bedwell, president of the Fresno-based California Grape and Tree Fruit League. "The polling numbers indicate that a clear majority wants immigration reform, and here you get the minority shouting down the majority."

Fifty-eight percent of those questioned in June for a Los Angeles Times/Bloomberg poll said they preferred combining a guest-worker program with tougher enforcement, while only 32 percent said they wanted strictly tougher enforcement.

The more important split is within the Republican caucus that's struggling to hold on to a 231-201 House majority.

Agribusiness leaders and the United Farm Workers had been pushing hard for an agricultural guest-worker plan included in the Senate's comprehensive bill. The plan would have granted legal status for 1.5 million illegal immigrants and streamlined a much-criticized guest-worker program already in use.

"If we have more troubles with labor this year, people may just say they won't farm next year," Bedwell said.

The Senate bill includes several other guest-worker, visa and legalization elements. A complicated compromise, authored by Republicans Mel Martinez of Florida and Chuck Hagel of Nebraska, would put many of the nation's estimated 12 million illegal immigrants on a path toward legal status.

The House approved a narrower bill last December. It includes plans for an additional 730 miles of fencing along the U.S.-Mexico border, reinforces staffing at the border and ports-of-entry, and requires employers to verify worker eligibility.

Some of the House's most controversial proposals, like creating a new felony crime of "illegal presence" in the United States, drew so much heat that they will be dropped.

Immigration Overhaul Takes A Back Seat As Campaign Season Begins (NYT)

By Rachel L. Swarns

The New York Times, September 8, 2006

WASHINGTON, Sept. 7 — House Republicans vowed Thursday to move swiftly to pass a series of border security measures by the end of September. But they made it clear they would not heed President Bush's call to create a guest worker plan or grant legal status to the nation's illegal immigrants before the November midterm elections.

The House speaker, Representative J. Dennis Hastert, Republican of Illinois, and others said House leaders would hold a hearing — scheduled for Tuesday — to discuss strategies to secure the border and then present a package of legislation, perhaps as early as Wednesday.

Mr. Hastert said House Republicans would continue their discussions with the Senate in an effort to come to a consensus about overhauling immigration laws, but he emphasized that they would focus first on what could be accomplished this month before Congress recesses. He said the initiatives would emerge from hearings held around the country in August.

"Before you have a guest worker program or any other program, you need to heal the wound or stop the bleeding," Mr. Hastert said at a news conference. "We need to solve the first problems first."

"We're at war," he added. "Our borders are a sieve. We need to stop the bleeding."

After he spoke, hundreds of immigrants rallied outside the Capitol, waving American flags and warning lawmakers that they would be held accountable at the polls if they did not take steps to legalize the more than 11 million illegal immigrants in the United States.

But the political potency of such marches, which drew hundreds of thousands of immigrants in the spring, seemed to be waning. Organizers here had predicted hundreds of thousands of demonstrators on Thursday, but it appeared that only several thousand showed up. Rallies in Phoenix and Batavia, Ill., this week also drew smaller crowds than had been predicted.

Lily Najera, a 19-year-old community college student from El Salvador, said she was surprised by the low turnout.

"I don't know if people are losing hope because they don't see any progress," said Ms. Najera, who attended the rallies in the spring.

The prospects for passage of the House border security package in the Senate remained uncertain. Senate leaders have acknowledged that their bill, which would put the majority of illegal immigrants on a path to citizenship in addition to tightening the border, will probably not become law before November.

Senator Bill Frist, Republican of Tennessee, the majority leader, said this week that it would be "next to impossible" for Congress to pass such a bill in the next three weeks. Amy Call, a spokeswoman for Mr. Frist, said Senate Republicans would be willing to consider the border security initiatives proposed by the House.

"Securing the border is a key responsibility," Ms. Call said Thursday. "We'll be interested to see what they bring forward."

Senator Mel Martinez of Florida, a Republican champion of the Senate legislation, argued, however, that border security by itself was not enough. He said a mechanism like a guest worker program to create a legal pathway into the country was an essential component of any plan intended to deter immigrants from illegally crossing from Mexico into the United States.

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"That may sound good politically speaking," Mr. Martinez said of the House plan. "But I think we need a sincere, comprehensive approach to the problem. That's what I would be insisting on, that we do provide for some legal pathway to enter the country."

Senator Edward M. Kennedy, Democrat of Massachusetts, assailed the House plan as little more than political posturing on the part of House Republicans.

"Secretary Chertoff, White House officials responsible for homeland security and every expert agree that you can't secure our borders without breaking the cycle of illegality for the millions who are already here," said Mr. Kennedy, referring to Michael Chertoff, the secretary of homeland security.

"The president understands this," Mr. Kennedy said, "and should step in to help his colleagues see the shortsightedness of their actions."

House GOP Makes Border Security Its Priority (LAT)

By Nicole Gaouette

The Los Angeles Times, September 8, 2006

WASHINGTON — House Republican leaders announced Thursday that rather than negotiate the type of sweeping overhaul of immigration law that President Bush had called for, they instead would hold an unusual hearing next week to help fashion a tightly focused "border security package."

The decision effectively ends any chance that Congress will pass legislation addressing the status of millions of illegal immigrants before November's midterm congressional elections.

It also adds another act to the House's summerlong series of immigration "field hearings" around the country, which critics said were meant less to solicit public input than to promote the get-tough approach to immigration favored by conservative lawmakers.

At next week's session, various House Republicans will testify to their leaders about lessons learned in those hearings and measures that could be included in the border security effort.

"We will quickly do border security legislation before we leave" for Congress' preelection recess, said House Speaker J. Dennis Hastert (R-Ill.). "Congress can't wait to act on this issue. The border is a sieve. We're at war, and we certainly need to act like we are at war and close our borders."

The announcement came as a few thousand immigrants and their supporters demonstrated on the National Mall to demand legalization for the estimated 12 million illegal immigrants in the U.S.

House Republicans have announced that they will concentrate on national security for the rest of this session, before an election in which many Republican seats are at risk.

House Majority Whip Roy Blunt (R-Mo.) said the border security initiative would provide more border patrol agents, add fencing and surveillance along the southern border, and toughen the enforcement of immigration laws inside the country.

Republican aides said enhanced enforcement efforts could include giving state and local officials greater authority to enforce immigration laws. Hastert said measures could include tamper-proof Social Security cards.

"The House leadership is committed to sending legislation to the president's desk before Oct. 1," Blunt said.

House and Senate leaders met with Bush on Wednesday to discuss the fall agenda, and Blunt said the administration would issue its own series of proposals related to border security in the next few days.

In December, the House passed a bill focused on enforcement of immigration laws and border security, but there has been no progress since the Senate passed its bill in late May. The Senate legislation includes steps to improve enforcement, a guest worker program and a way for illegal immigrants to gain citizenship — elements that Bush has called for but which the House has adamantly rejected.

On Thursday, Hastert said that discussions were continuing with the Senate but that House leaders had no intention of considering measures beyond security.

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"Before you have a guest worker program or any other program, you have to heal the wound," he said, referring to the border with Mexico. "There are nuggets of things we can do. It won't be the whole 95 tons of what we'd been trying to work out between the House and Senate, but we can get some things done."

Supporters of the Senate bill criticized the House announcement.

"Security alone cannot fix the problem of illegal immigration," said Sen. Mel Martinez (R-Fla.), who backs the Senate bill. "If we do enforcement without anything else, crops in the field will be rotting, nothing will be picked and the problems will ripple throughout the entire economy."

At the immigration rally, less than a mile from the Capitol, speakers promised the crowd of immigrants and activists that the fight for a broad overhaul was far from lost.

Gina Jean, a 20-year-old Haitian American from Brooklyn, clutched a Haitian flag and a sign urging bilingual education and English classes for recent immigrants.

"I see suffering people are trying to gain their rights, but people don't want to hear what we have to say," she said.

Separately, the Senate on Thursday passed a $470-billion defense spending bill for fiscal 2007 that includes $1.8 billion for the National Guard to install 370 miles of fencing and 500 miles of vehicle barriers along the southern border.

The Senate bill will have to be reconciled with the $428-billion defense spending bill the House passed in June.

House Republicans Reject Illegal-aliens Amnesty Bill (WT)

By Charles Hurt

The Washington Times, September 8, 2006

House Republicans yesterday officially rejected the Senate immigration bill that would grant citizenship rights to some 10 million illegal aliens now in the country.

"We agree that we cannot support the Senate amnesty bill," House Speaker J. Dennis Hastert said. "This Democrat immigration bill wouldn't secure the border. It would erase it."

Mr. Hastert met yesterday with other House leaders and the chairman of several committees to discuss how to proceed with the stalled immigration legislation and emerged saying new border security proposals will be offered next week.

The new initiatives will include more border patrol agents, new fencing and surveillance and stricter enforcement of current laws, which they hope will pass both the House and the Senate before November's elections.

"We will take many of these recommendations and move quickly to pass border security legislation in the next few weeks," Mr. Hastert said. "Congress cannot wait until next year to move on this issue. The American people expect us to tackle this problem and solve it."

Sen. Edward M. Kennedy, Massachusetts Democrat, criticized the decision to abandon "comprehensive immigration reform."

"After a summer of cynical immigration campaign events and years of cutting billions from border security funding, today's announcement has more to do with solving a political problem for Republicans than solving our illegal-immigration problem," he said.

"While we all support more resources for border security, it is abundantly clear that these stop-gap measures are designed to provide cover for their failure to produce comprehensive reform."

House Majority Leader John A. Boehner vowed to complete legislation.

"Republicans will take immediate action to put legislation on the president's desk that fulfills our promise to strengthen our border security by providing more border patrol agents, enhancing enforcement, building more fencing and increasing surveillance," he said.

"Republicans will vote on these reforms before adjournment and work to send them to the president's desk for his signature."

As Congress Stalls On Immigration, A Backlash Brews (CSM)

By Amanda Paulson

The Christian Science Monitor, September 8, 2006

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CHICAGO

Chicago activists marched 50 miles to House Speaker Dennis Hastert's house last weekend to protest congressional inaction over reforming immigration laws and what they say is his anti-immigrant stance. In Phoenix, protesters rallied at the state's Capitol, also to highlight the stalemate in Washington.

Bob Johnson is equally exercised. The structural engineer from Buffalo Grove, Ill., argues the other side of 2006's Great Immigration Debate - that the US needs to send home illegal immigrants and gain better control of its borders - but he says he cannot believe Congress is punting on immigration reform. He's been writing letters to his congressman and senators and says he may not vote in November or he may vote for a third-party or write-in candidate.

The decision by congressional leaders not to try to bridge the big gulf between the House and Senate versions of immigration reform, at least not before the November midterm elections, is touching off a backlash that may deliver a sting to some incumbent lawmakers.

How big the backlash grows may not be known until the day after the election, but it's surfacing in blogs, letters to the editor, and record-low approval ratings for Capitol Hill.

"When you have both Bob Novak and David Broder writing the same column about Congress's failure to act on immigration, you know something is wrong," says Tamar Jacoby, a senior fellow at the Manhattan Institute in New York, referring to two well-known columnists who typically have very different views. "People on both the right and left will see it as a huge failure" if Congress ends its term without a bill.

Certainly, many Americans are worked up over immigration. The issue sparked huge rallies and marches in the spring, and has been the subject of endless Lou Dobbs reports. Over the summer, House leaders held hearings on immigration all over the country.

But now, with inaction on the Hill, some businesses are mobilizing. A few national groups - like the Associated General Contractors of America - say they'll stop campaign contributions to lawmakers who take hard-line stances on immigration controls, according to The Wall Street Journal. The Texas Produce Association has said people may have to get used to an "outsourced" industry, with more growing done in Mexico, if Congress doesn't produce a bill.

"It's frustrating and troubling and bad for the country" that Congress hasn't taken action, says Ray Prewett, executive vice president of the Texas Vegetable Association. He adds that growers need at least a guest-worker program to enable them to harvest their crops. It angers him that Republicans in the House seem to have hardened in their opposition to compromise.

If the backlash to inaction proves to be a big one, it would probably hit Republican lawmakers, who control both houses of Congress, the hardest, observers say. Democrats hope to use that image of a "do-nothing" Congress under Republican leadership. But Republicans have presumably done the math and are calculating that voters who want a crackdown on illegal immigration would rather have no bill than a bill that offers any version of amnesty.

Still, experts see pitfalls for lawmakers. Congress "failed at crafting a Social Security plan that would sell. The same is true with immigration: It looks as if they can't tie their shoes," says David Mayhew, a political science professor and congressional scholar at Yale University. "This is a great prominent public issue, and it looked as if they were climbing up the hill earlier in the summer, but then couldn't make it and are going to do nothing."

Some activists are responding to the inaction with laws and proposals at the state and local level, mostly aimed at cracking down on illegal immigration. Towns like Riverside, N.J., and Arcadia, Wis., have followed the lead of other cities in proposing ordinances that take aim at everything from flying non-US flags to hiring illegal immigrants or restricting the number of people who can live in rental housing. In state legislatures, almost 550 bills concerning immigrants have been introduced this year, and 33 have been enacted, according to the National Conference of State Legislatures.

"It's a domino effect," says John Keeley, a spokesman for the Center for Immigration Studies, which advocates restricting immigration. "Washington's at a stalemate, but the fact is there's large-scale illegal immigration, attendant crime, school overcrowding - all this stuff going on. At the state and local level, they don't have the luxury of filibustering."

Part of the impasse, say observers, has to do with the Republican Party's split stance on the issue.

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"If they don't act, this has been their signature priority and the president's signature priority this year, and they look like idiots," says Norman Ornstein, a residential scholar at the American Enterprise Institute and coauthor of "The Broken Branch: How Congress Is Failing America and How to Get It Back on Track."

Advocates on both sides claim public-opinion majorities, with some pointing to polls showing that between two-thirds and three- quarters of the public favors a combination of enforcement and a path to citizenship. Others note that far more Americans think immigration should be decreased, than increased.

If fact, the security-only voices have been getting stronger, especially in some key districts, and many Republicans maintain they're better off with no bill than with a compromise involving some path to citizenship. And it's still possible that Congress will pass some smaller enforcement bills, increasing the resources for border security, in lieu of comprehensive reform.

But critics say that strategy is shortsighted and ignores the growing numbers of Latino voters.

"It seems to me like they're running an incredible risk," says Angela Kelley, deputy director of the National Immigration Forum, which favors reform more along the lines of the Senate's version. "It's unbelievable they would beat the drum on this issue for 18 months, have both chambers pass a bill, spend the summer doing hearings, and now say they aren't going to do anything.... They're going to have some 'splainin' to do."

Immigration Rally's Low Turnout Disappoints Advocates (WP)

By Darryl Fears And N.c. Aizenman

The Washington Post, September 8, 2006

A pro-immigration rally that promised to bring tens of thousands of marchers from across the nation to Washington yesterday managed to draw only a paltry number of demonstrators, raising questions about the movement's tactics and staying power.

With fewer than 5,000 people attending, organizers from other localities expressed two worries about the turnout: that they were losing the momentum built up by the huge marches in the spring, and that the movement's national organizers in Washington have lost touch with the people.

"I could have told you last week that there would not be that many people," said Ricardo Diaz, an organizer for A Day Without an Immigrant Coalition in Philadelphia. "Our meetings were low-energy."

Diaz said that the movement has failed to achieve any gains in Congress since the initial marches and that the people who attended them are disappointed.

"What did we have that was new?" he asked. "Why were we doing this?"

The We Are America Alliance of immigration rights groups billed the march as a post-Labor Day demonstration to show Congress that undocumented workers still want an immigration reform bill that would allow them to work in the country legally.

But, in contrast to spring's huge rallies -- which brought an estimated 100,000 to 300,000 people to the streets of Washington, and even larger turnouts in Los Angeles, Dallas, Phoenix and Chicago -- yesterday's march was the latest in a string of protests that drew paltry crowds in the past week.

In anticipation of a crush of people, Metro had planned to start its rush-hour service an hour early, at 2 p.m. But by early afternoon, "there were not enough people in the system" to warrant the extra rush-hour service, and none was added, spokeswoman Lisa Farbstein said.

Fifteen minutes before the march was scheduled to begin, only a few hundred demonstrators were milling before the stage.

Despite the poor showing, Deepak Bhargaba, executive director of the Center for Community Change, which helps fund and organize the alliance, said yesterday's march was important because it propelled the movement forward.

"I will say honestly that we continue to be amazed that people come by the thousands in spite of raids against immigrants," he said. "This was done without a lot of money and with a whole lot of guts."

It was also done in a climate that has markedly changed since spring.

In the four months since the first marches, competing immigration bills have stalled in the House and the Senate.

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The House bill, favored by opponents of illegal immigration, would force undocumented workers currently in the country to return home before being allowed to work. The Senate bill would permit illegal immigrants to pay a fine and gain permission to work.

House Republican leaders made it clear yesterday that they are not about to move forward with any immigration measure that includes a guest worker provision or avenues for undocumented workers to find lawful employment and citizenship. They prefer smaller provisions that would fund border fences, surveillance equipment and tamper-proof identification cards.

"We're at war, and we need to act like it," House Speaker J. Dennis Hastert (R-Ill.) said. "We need to close the borders."

State legislatures, county boards and city governments throughout the country have ratcheted up enforcement this year, enacting measures that restrict illegal immigration and entering into agreements that allow local authorities to arrest illegal immigrants.

Advocates who want to limit legal immigration and clamp down on illegal immigration cheered yesterday's rally turnout.

"The attempt to recreate the atmosphere in the spring has completely failed because the illegal aliens and their supporters have gotten the message that the American people aren't going to roll over for this amnesty bill," said Mark Krikorian, executive director of the Center for Immigration Studies, referring to the Senate legislation.

Grace Rivera-Oven, 37, a Germantown resident who attended the rally in April but stayed home this time, said she fears that the movement has lost some of its momentum, noting that none of the roughly 40 friends with whom she attended the April event planned to go this time.

"I just think people are a little disappointed. Politically, it doesn't seem like we've made a dent" since the previous rally, Rivera-Oven said.

Clara Sabogal, 47, who left Miami early Wednesday and slept in her car at a Virginia rest stop en route to Washington, said she is not surprised that not many people attended yesterday's rally, given the backlash.

"People are afraid," she said. "They've been listening to the news, and they don't want to leave home. Even employers are cracking down."

Janet Murguia, president and chief executive of the National Council of La Raza, the nation's largest Hispanic civil rights organization, said the movement is of two minds.

"I think there have been a lot of mixed messages in the community," she said. "You have people who want to concentrate on marches, and other people who want to concentrate on voter mobilization and education in their communities."

Rick Swartz, an immigration rights advocate, said the timing of yesterday's rally was also at fault.

"It's a Thursday," he said. "People work. Even immigrants have lives."

Mexican President-Elect To Press U.S. Reforms (WP/AP)

By Will Weissert

The Washington Post, September 8, 2006

MEXICO CITY, Sept. 7 -- Mexican President-elect Felipe CalderÃ³n said Thursday that he is committed to winning broad immigration reform in the U.S. Congress before President Bush leaves office in January 2009.

Calderon, who spoke with Bush by telephone on Wednesday, said he believes the White House is ready for action. "We will work intensely over the next two years to arrive at a concrete agreement," he told foreign journalists.

Outgoing President Vicente Fox spent six years trying to obtain legal status for the 6 million undocumented Mexicans in the United States, and his inability to secure an accord was among the biggest failures of his term.

Mexican presidents are limited to one six-year term, and Calderon will replace Fox on Dec. 1. Both are members of the pro-business National Action Party.

Calderon said Mexico has to create more jobs to slow the flow of Mexicans heading north, noting that "every year, more than 1.2 million Mexican youths reach working age. Many, facing a lack of alternatives, go looking for opportunities in the United States."

"We can't ignore it, we can't write a law making it disappear," Calderon said. "We have to find ways to improve things. That is not only in the interest of Mexico, but also a U.S. interest."

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The runner-up in Mexico's July 2 presidential election, Andres Manuel Lopez Obrador, has refused to recognize Calderon's victory and plans to hold a convention Sept. 16 to create a parallel government.

Thousands of his supporters have set up a protest camp in the heart of Mexico City, crippling traffic and hurting tourism and local businesses. They claim that fraud and illicit government spending were responsible for Calderon's victory by fewer than 234,000 votes out of the nearly 42 million cast.

Fox spokesman Ruben Aguilar said Thursday that the president was inviting Lopez Obrador's Democratic Revolutionary Party, or PRD, to negotiate a solution to the political crisis.

Calderon has said he will reach out to the millions who didn't vote for him by proposing initiatives to reduce poverty, create jobs and combat crime. He also said he will include opposition party leaders in a coalition-style government.

But a PRD spokesman, Gerardo Fernandez, said Calderon would have to resign before the party would consider talks.

Conservatives, Liberals Hit 'Honor System' On Border (WT)

By Audrey Hudson

The Washington Times, September 8, 2006

A congressional mandate for new identification at the Canadian and Mexican borders amounts to an "honor system" that will give terrorists speedy access into the United States, conservatives and liberals said yesterday.

The Western Hemisphere Travel Initiative that goes into effect next year requires a passport or a new identification card for Americans traveling across the border.

Homeland Security officials are pushing for a People Access Security Service or PASS card with a radio frequency identification (RFID) chip that can be read at the border as the driver speeds by a reader. New passports also will contain RFID chips.

Critics of the program say information from the RFID chips can be stolen easily and will lead to a spike in identity thefts, and that cloned or stolen cards can be obtained easily by terrorists and illegal aliens.

"When you're going through the border at 30 miles per hour, all they know is that your card went through; they don't know if you were driving," said Jim Harper, director of information policy studies at the Cato Institute. "Whoever heard of a security system run on the honor system?"

Citizens Against Government Waste (CAGW) released its study of the identification program during a press conference yesterday that included Mr. Harper and Timothy Sparapani, legislative counsel for the American Civil Liberties Union.

"When we come together like this, you know something is going wrong," Mr. Harper said of the groups' varying political leanings.

RFID technology in commercial use to track inventory is "good for produce, not good for people," said Tom Schatz, CAGW president.

"Congress, in its infinite wisdom, decided to overdo it when it comes to securing the borders," Mr. Schatz said. "It's an intrusive form of identification which we think should be delayed or eliminated entirely."

The tiny chips contain a transmitter with information that can be retrieved from a computer or hand-held "reading" device that costs about $500.

Citing similar concerns, the Senate adopted a delay of the program until 2009 in the pending 2007 homeland security appropriations bill.

According to the CAGW report, the new requirements would stifle tourism and commerce costing the U.S. economy $1.5 billion in its first year.

"Recent polls reveal that less than 25 percent of U.S. citizens will purchase a PASS Card to travel across the border. Yet, the federal government continues to pour funding into developing this new document, while the public is not interested in purchasing the cards," the report said.

Personal information that could be stolen from the card includes a photo, Social Security number, address, and birth documentation.

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"Someone doesn't need to pick your wallet or your bank account; all they have to do is stand near you with a scanner," Mr. Sparapani said. "It will drive ID theft up dramatically in this country and that's a real danger to our citizens and personal privacy."

CONGRESS-ADMINISTRATION:

Chafee Delays Vote On Bolton Nomination (AP)

By Anne Plummer Flaherty, Associated Press Writer

AP, September 8, 2006

A Senate committee unexpectedly postponed a vote Thursday on confirming John Bolton as U.N. ambassador when a lawmaker in a tough re-election fight said he had more questions.

The Foreign Relations Committee had been expected to vote along party lines to approve Bolton, whom Bush appointed temporarily to the post last year over opposition by Democrats and a few Republicans. The panel's vote is now expected to occur as early as next week.

Supporting the postponement was Sen. Lincoln Chafee, R-R.I., who faces a difficult primary Tuesday against a conservative GOP challenger. Delaying the vote until later could spare Chafee from potentially alienating some GOP voters by supporting or opposing Bolton.

Republicans control the committee by 10-8. A tie vote is not enough to advance a nomination to the full Senate.

Chafee's opponent in the primary, Cranston Mayor Steve Laffey, immediately chastised the senator, issuing a statement that said, "Once again, Senator Chafee has demonstrated how indecisive he is on the critical issues." Earlier this week, a group backing Chafee ran a television ad thanking him for his support for Bolton.

Senate Foreign Relations Committee Chairman Richard Lugar, R-Ind., gave no reason for the delay and did not say when the vote would be held. Bolton had been opposed by many Democrats but was expected to be confirmed by the Republican-led panel.

Lugar said he removed the nomination from the agenda of Thursday's committee meeting after conferring with several senators.

"Senator Chafee said he still had questions that were not answered," said the senator's spokesman, Stephen Hourahan.

Chafee sent a letter to Secretary of State Condoleezza Rice later in the day saying he had questions about U.S. policy in the Middle East, including worries that the U.S. has not done enough to prevent Israel from expanding its settlements in the Palestinian West Bank.

"As we tackle enormous problems in the region, most notably with Iran and Iraq, I believe we need to be successful in forging alliances," Chafee wrote. "A critical part of that work is accomplished by our ambassador to the U.N."

The U.N. is playing pivotal roles in trying to resolve confrontations with North Korea and Iran over their nuclear programs, and in keeping peace in the Middle East.

The delay might be brief. State Department spokesman Sean McCormack said, "I would expect probably early next week they will have an opportunity to take it up again."

The United Nations is grappling with several critical issues and "we are very hopeful that John will get an up or down vote in the Senate and we would urge everybody to vote in a positive way on John's nomination," McCormack said.

Joseph Biden of Delaware, the panel's top Democrat, said he did not know what the delayed vote means for Bolton, or whether Democrats would push for a filibuster. Sen. Christopher Dodd, D-Conn., said he plans to recommend that his colleagues filibuster the floor vote to block Bolton's confirmation.

Democrats have questioned Bolton's brusque style and whether he could be an effective bureaucrat who could force reform at the U.N.

Biden did say Democrats would not push for a committee vote any time soon. "I feel zero urgency with Mr. Bolton," he said.

Bush temporarily installed Bolton as U.N. ambassador on Aug. 1, 2005, while Congress was in recess, an appointment that will expire in January. The recess appointment, provided for by the Constitution, came after Democrats blocked repeated attempts by GOP leaders to grant Bolton Senate confirmation.

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Except for Chafee, Republicans on the committee have promised to support Bolton.

Associated Press Diplomatic Writer Barry Schweid contributed to this story.

Bolton's UN Position In Jeopardy (FT)

By Holly Yeager

Financial Times, September 8, 2006

A vote to allow John Bolton, US ambassador to the United Nations, to remain in his post beyond the end of the year was unexpectedly delayed on Thursday when a Republican senator said he still had questions about the nomination.

President George W. Bush's attempt last year to put Mr Bolton in the job met fierce opposition from Democrats and some Republicans, and he used a special procedure to install the sometimes gruff diplomat in the post without Senate confirmation.

That "recess appointment" expires in January and, with the support of some senators who had opposed him in the past, Republican leaders had hoped to confirm Mr Bolton under regular rules.

But Richard Lugar, chairman of the Senate foreign relations committee, abruptly removed the nomination from his committee's agenda on Thursday after Lincoln Chafee, a committee member, said he still had questions about Mr Bolton.

Mr Chafee, a moderate Republican, faces a tough challenge on Tuesday in Rhode Island's primary from Steve Laffey, who complains that his votes are frequently at odds with Bush administration policy.

Mr Chafee voted against the invasion of Iraq and several tax cuts.

But, with Republicans struggling to hold on to control of Congress, most national party officials have sided with him in the contest, arguing that a moderate Republican with an independent streak offers the best chance for Republicans to hold on to the seat in the heavily Democratic state.

If Mr Chafee opposes the nomination in the committee, it could still move to the Senate floor, where Democrats could again move to block Mr Bolton.

The president could again use a recess appointment, but Mr Bolton would not be permitted to receive a salary.

Sean McCormack, State Department spokesman, said the committee could return to the nomination as early as next week, and he said he hoped all senators would have a chance to vote on it.

Bush administration officials have stood by Mr Bolton, insisting that his skill is needed as the UN Security Council deals with important issues such as Iran, Sudan and North Korea.

GOP Senators' Bid To Confirm Bolton Is Called Off (WP)

By Jonathan Weisman

The Washington Post, September 8, 2006

Republican efforts to formally confirm John R. Bolton as ambassador to the United Nations hit an unexpected snag yesterday when a Republican senator in a tough reelection bid said he could not support the diplomat until the Bush administration answers his questions on Middle East policy.

The protest by Sen. Lincoln D. Chafee (R.I.) is only the latest development in the long-running battle to get Bolton confirmed to the post he now holds on a temporary basis. Last year, Chafee supported Bolton's confirmation, but the opposition of Sen. George V. Voinovich (R-Ohio) prompted President Bush to name him to the U.N. post as a recess appointment.

This summer, Voinovich declared that his concerns over Bolton's temperament have been satisfactorily answered by the diplomat's performance at the United Nations. That conversion prompted Bush and GOP leaders to resubmit Bolton's name for confirmation. But Chafee informed Senate Foreign Relations Committee Chairman Richard G. Lugar (R-Ind.) of his change of heart yesterday, forcing Lugar to call off the confirmation vote or face the possibility of a 9 to 9 deadlock in the 18-member panel.

Chafee is fighting for his political life. Next Tuesday, Rhode Island primary voters must decide between Chafee, the Senate's most liberal Republican, and Cranston Mayor Stephen Laffey, who is challenging him from the right. If Chafee survives the GOP primary, he must then win reelection in one of the most Democratic states in the country.

Stephen Hourahan, Chafee's spokesman, said the senator's move against Bolton was not motivated by politics, noting that Chafee remains in a political bind. The move might play well with Democratic voters in November, he acknowledged, but next week it could enflame Republican primary voters already drawn to Laffey.

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"Unfortunately, there was no win on this one," Hourahan said.

Moreover, Chafee's foreign policy concerns -- expressed in a letter to Secretary of State Condoleezza Rice -- could alienate Jewish voters and some Christian conservatives who tend to be staunchly pro-Israel. In the letter, Chafee, who chairs the Foreign Relations subcommittee on Near Eastern and South Asian affairs, urged the Bush administration to stop Israel's construction of 690 new homes in two West Bank settlements.

"It is no secret that I have serious questions about this Administration's policies in the Middle East," Chafee wrote.

But victory in the primary will probably be decided by independent voters, not party stalwarts, and burnishing his independent credentials may be a help. In a new campaign advertisement airing in Rhode Island, a character labels the senator "independent minded" before Chafee states: "I believe that neither Republicans nor Democrats are always right."

Republican leadership aides said GOP leaders are willing to give Chafee some room to maneuver ahead of Tuesday's primary. But they indicated they will probably push for a vote after the polls close next week.

Committee Delays Vote On Bolton Confirmation (WT)

By Christina Bellantoni

The Washington Times, September 8, 2006

Republican Sen. Lincoln Chafee dodged a tough vote yesterday when the Foreign Relations Committee postponed consideration of the confirmation of U.N. Ambassador John R. Bolton.

Committee Chairman Richard G. Lugar said there was a "Republican request" to remove the nomination from the day's agenda.

Mr. Lugar, Indiana Republican, wouldn't identify the person, but several senators assume the request came from Mr. Chafee, a moderate who will battle a conservative in Rhode Island's Republican primary election Tuesday. If he clears that hurdle, he will face a Democrat in one of the hottest races in the nation.

"I'm told that Senator Chafee was undecided," said Sen. Christopher J. Dodd, Connecticut Democrat and panel member. "He has got a primary on Tuesday, and I'm sure the chairman will want to reschedule after that."

A "no" vote from Mr. Chafee would help him appear moderate in a November race but would hurt his credentials with conservative Republicans on Tuesday. Political observers say switching votes between the two elections would make him seem like a flip-flopper.

President Bush's recess appointment of Mr. Bolton last year came after Democrats blocked his confirmation. Unless the Senate confirms him, his tenure will expire in January.

Mr. Chafee, who voted in favor of Mr. Bolton last year after initially holding out, avoided reporters yesterday but has said he remains undecided this time. His Republican opponent, Stephen Laffey, criticized the senator's indecision and offered his support for Mr. Bolton.

"All the other senators have made up their minds on how to vote except Lincoln Chafee, who, like always, can't figure out where he stands," said Mr. Laffey, who called Mr. Bolton "capable and effective."

Mr. Chafee is the only Republican on the panel who has yet to say whether he will support Mr. Bolton.

He sent a letter to Secretary of State Condoleezza Rice yesterday, questioning her on the administration's Middle East policy.

"As we tackle enormous problems in the region, most notably with Iran and Iraq, I believe we need to be successful in forging alliances," he wrote. "A critical part of that work is accomplished by our ambassador to the U.N."

Sen. Joseph R. Biden Jr. of Delaware, the committee's ranking Democrat, said he was surprised when Mr. Lugar told him a Republican needed more time.

"Everybody's assuming who it is, but I don't know," Mr. Biden said.

A Lugar spokesman later told the Associated Press that Mr. Chafee asked for the postponement. Mr. Lugar said he felt no time constraints to muscle the nomination through the panel.

All the 10 Republicans on the panel must vote for Mr. Bolton for him to get floor consideration. Democrats are mostly opposed to the nomination and are considering another filibuster.

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A spokesman for the Democratic Senatorial Campaign Committee accused Mr. Chafee of "riding the fence."

"He's a member of the Foreign Affairs Committee and has had months to figure out where he stands," said spokesman Phil Singer.

A Rhode Island poll conducted by Zogby before the confirmation vote last year showed that 80 percent of voters opposed Mr. Bolton's nomination.

Polls on the Senate race have been inconsistent, with some showing the senator with a large primary lead and others showing Mr. Laffey with the advantage.

Republicans And Democrats Begin Plotting Post-Election Leadership (WSJ)

By John Harwood

The Wall Street Journal, September 8, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

MANEUVERING STARTS for post-election House leadership.

Republican insiders say Speaker Hastert would likely become backbencher, not minority leader, if Democrats take over. Stronger Democratic gains would lift odds that Reps. Pence and Shadegg challenge incumbents Boehner and Blunt for leader and whip posts.

"Anyone who is even contemplating losing our majority or personal ambitions" should focus on election campaign, a top Boehner aide counters. While Pryce fights for her Ohio House seat, fellow Republicans warn she could lose leadership post over handling of party message. Pelosi looks set as Democrats' choice for speaker, but moderate Hoyer and war critic Murtha may face off for majority leader.

Still unclear: leadership aspirations of Democrats' campaign chief Emanuel.

PRE-ELECTION INDICATORS may show economy slowing further.

Economists expect employment reports and third-quarter GDP to show increasing sluggishness. But workers' purchasing power may get help from falling oil prices. Declining housing sector represents wild card.

Economists surveyed by WSJ.com put odds of recession within a year at 1 in 4, up from 1 in 5 a year ago. But they divide on how November results would affect long-term deficits; 14 say Republican rule would reduce them most, 14 say Democrats, while 10 say split control. "Democrats = tax increases," says Allen Sinai of Decision Economics, but S&P's David Wyss argues, "Republicans have turned into the spenders."

TRADE TENSIONS flavor midterm elections.

Steel executives and unions jointly seek votes for candidates "willing to stand up for American workers and enforce the trade laws." Their ads in eight states blame China, India and Brazil for "stealing American jobs." Separately, Citizens Trade PAC targets pro-trade Republican incumbents Sherwood of Pennsylvania and Hayes of North Carolina.

U.S. auto makers, still waiting for Bush to meet with Big Three executives, have major stake in administration negotiations on South Korean trade deal. In Seattle, U.S. negotiators press South Korea to open market to U.S. vehicles.

"Business as usual just won't cut it this time," says Democratic Rep. Levin of Michigan.

STRONG MESSAGE? On eve of 9/11 anniversary, Republicans distribute tabloid newspaper "America Weakly" mocking Democrats' security stance. Pro-Republican group Progress for America begins ad campaign featuring father of Flight 93 hero Todd Beamer backing antiterror war.

REPUBLICAN ESTABLISHMENT steps up efforts to stop conservative Laffey from toppling moderate Sen. Chafee in Rhode Island primary Tuesday. Senate campaign committee declares "Steve Laffey is unelectable" and sends mailing amid late turnout drive. Laffey receives $5,000 from illegal-immigration foe Minuteman PAC.

HOLE CARD? White House strategists see low November turnout blunting Democrats' edge in polls. In nearly all 2006 primaries so far, turnout has fallen below 1982-2002 midterm average. One exception: above-average participation in Connecticut's Senate primary nominating antiwar Democrat Lamont over incumbent Lieberman.

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COOPERATION? Citing counterterrorism demands, FBI crime lab tells law-enforcement agencies it will no longer routinely conduct latent fingerprint exams for state and local police. It will continue exams in cases posing unusual technical demands and in those "of a high-profile nature," the bureau says.

ASIA WANTS one of its own to succeed Annan at United Nations.

China and continental neighbors say the eighth U.N. secretary-general should be Asian. A Security Council straw poll testing five candidates showed South Korean Foreign Minister Ban Ki Moon leading, followed by Indian novelist and U.N. bureaucrat Shashi Tharoor. The U.S. doesn't support any of the five.

"Whoever wins will have to pass muster with China and the U.S., and speak at least a few lines of French," says one diplomat. Talk fades of Bill Clinton succeeding Annan at year's end; there's never been an American U.N. chief.

Of last seven in the slot, three were European, one South American, one Asian and two African.

MINOR MEMOS: Blasting Disney-owned ABC's 9/11 miniseries as biased against Democrats, liberal Web site dailykos.com declares, "Mickey joins Team Rove." ... Posting on redstate.com calls conservative obstruction of Bush-backed comprehensive immigration bill the Republican Party's "greatest achievement" of recent years.

Senate Approves $63 Billion More For War In Iraq (NYT/AP)

By The Associated Press

The New York Times, September 8, 2006

WASHINGTON, Sept. 7 (AP) — The Senate agreed Thursday to spend an additional $63 billion for military operations in Iraq and Afghanistan as it passed a bill to finance military spending.

The measure was approved 98 to 0 after senators added money to help track down Osama bin Laden and to fight the opium trade in Afghanistan, which is helping the Taliban's resurgence. The overwhelming support came despite Democrats' increasing criticism of the Bush administration's handling of the war in Iraq.

The bill now totals $469.7 billion. It grew more than $16 billion during a debate that began in July and was suspended during lawmakers' four-week August recess.

Lawmakers expect $7 billion to be added during House-Senate talks on a compromise bill. The House passed its version of the Pentagon budget bill in June.

With the latest infusion of money, Congress will have approved about $500 billion for the wars in Iraq and Afghanistan and other antiterrorism efforts in the five years since the Sept. 11 attacks, according to the Congressional Research Service. The Pentagon spending bill, a domestic security measure and perhaps legislation with money for veterans' programs will probably be the only appropriations bills to pass Congress by the Oct. 1 start of the new budget year.

The rest of the spending bills for government agencies will wait until a session after the Nov. 7 elections.

The military bill contains $99 billion for personnel, $126 billion for operations and maintenance, $81 billion for weapons procurement and $73 billion for research and development.

Court Allows FCC To Clarify Indecency-Policy Enforcement (WSJ)

By Siobhan Hughes

The Wall Street Journal, September 8, 2006

WASHINGTON -- A federal appeals court gave the Federal Communications Commission 60 days to clarify its enforcement of indecency rules for broadcasters.

A three-judge panel for the Second Circuit Court of Appeals in New York essentially suspended an FCC decision in which four television programs, aired between 2002 to 2004, were found to be indecent because they contained foul language. The appeals court sent the case back to the FCC, as the agency requested.

Some broadcasters and lawyers saw the decision as halting for two months the FCC's "fleeting expletive" policy, under which broadcast stations can be fined for airing profanities, even if the profanities were used only once. Andrew Schwartzman, president of the Media Access Project, a public-interest law firm, said the court order "cuts the heart out of" the FCC's policy for policing indecency on the airwaves, and should allow CBS Corp. affiliates to air its "9/11" documentary, which includes profanity by some firefighters.

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CBS spokeswoman Shannon Jacobs said the network would proceed with plans to air the program from 8 p.m. to 10 p.m. Eastern time on Sept. 10 on stations it owns.

Others, however, cautioned that the court didn't give broadcasters a green light to air profanities. Sinclair Broadcast Group Inc. stuck by its decision last week to delay airing the CBS documentary on its two affiliate stations until after 10 p.m., when more lenient indecency rules are in effect. "I don't believe it means that you can't be fined as a result of the use of indecency or profanity from the 6 a.m. to 10 p.m. hour," said Barry Faber, general counsel of Sinclair. Overall, about two dozen CBS affiliates are expected to pass on the program or delay airing it.

In April, News Corp.'s Fox Television Stations Inc. and CBS Corp.'s CBS Broadcasting Inc. filed a legal challenge to the FCC's March findings that four television programs were "indecent and profane."

The FCC didn't propose fines because it hadn't yet put broadcasters on notice that it was reverting back to a policy in which some profanities are so vulgar they can't be aired. But the broadcasters are concerned that the FCC decision will set a precedent that could result in a fine in the future just as Congress increased the maximum fines the FCC may impose for violating indecency standards to $325,000 from $32,500 per incident.

Regulators toughened their policies in March, but broadcasters widely view the rules as inconsistent. The FCC had asked the court to allow it to reopen the decision so that it could respond to the complaints.

Court Suspends Enforcement Of Indecency Ruling (WP)

By Frank Ahrens

The Washington Post, September 8, 2006

Television broadcasters won a temporary victory yesterday when a federal appeals court told the Federal Communications Commission not to enforce an indecency ruling it imposed on several television shows earlier this year.

The court action is the latest skirmish between the FCC and broadcasters over what can and cannot be said and shown on over-the-air television and radio. The FCC has toughened its indecency actions under Chairman Kevin J. Martin and his predecessor, Michael K. Powell, after several noteworthy incidents in the past few years, including the exposure of Janet Jackson's right breast during the 2004 Super Bowl halftime show.

Broadcasters have argued that they are held to a double standard when it comes to their programming -- cable and satellite channels are not under the FCC's jurisdiction -- and that government regulation of broadcast content has suppressed creativity and is increasingly irrelevant in a 200-channel, Internet world.

In March, the FCC ruled that episodes of ABC's "NYPD Blue" and shows on Fox and CBS violated the agency's indecency rules, which forbid the broadcast of sexual or excretory material between 6 a.m. and 10 p.m., when children are most likely to be watching.

Even though the FCC proposed no fines for the incidents, the networks appealed the ruling, saying the agency had exceeded its authority and set a precedent that would restrain free speech and crimp creative programming.

The penalized shows contained "fleeting" uses of profanity, which the broadcasters argued should not be automatically considered indecent. For example, a 2003 episode of "NYPD Blue" contained the profane word for bull excrement.

In April, the four major television networks and 800 affiliates appealed the FCC's ruling in federal court, asking judges to overturn the indecency judgments. Yesterday, the U.S. Court of Appeals for the 2nd Circuit issued an indefinite stay of the ruling while the judges consider whether to overturn the commission's action. Broadcasters expect a decision next year.

"We are gratified that the court has taken the first step in recognizing the serious First Amendment issues raised by the FCC's new enforcement policies," CBS said in a corporate statement.

The FCC also considered yesterday's ruling a partial victory. The agency said it made the March indecency rulings to give the broadcasters guidelines on what can be said on television. But when the broadcasters complained, the FCC acknowledged that it had not followed its usual procedure in declaring the shows indecent. The agency asked the court to send back the indecency decision so it could be reconsidered, which the court did yesterday.

Nevertheless, the FCC bristled at the court order to stay the indecency rulings.

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"Hollywood argues that they should be able to say the F-word on television whenever they want," FCC spokeswoman Tamara Lipper said in a written statement. "The commission continues to believe they are wrong, and there should be some limits on what can be shown on television."

Hedge Fund Link Ends For U.S. Official (WP)

By Brooke A. Masters, Washington Post Staff Writer

The Washington Post, September 8, 2006

Treasury Assistant to Forgo Severance From Former Firm

One of the Treasury Department's top officials dealing with hedge funds has agreed to forgo up to $1.5 million in severance payments from his former employer, which invests in hedge funds.

Emil Henry Jr., assistant secretary for financial institutions, came to Treasury in 2005 from Gleacher Partners LLC. This spring, he gave at least three speeches about hedge fund issues and chaired a closed-door meeting for government regulators about the $1 trillion industry. He also announced plans to host private meetings with hedge fund industry leaders.

Henry had received approval from government ethics lawyers for a severance agreement from Gleacher that called for him to receive 20 percent of the firm's 2005 and 2006 profits, up to $2.5 million. He received part of his severance payment last year, totaling about $1 million.

He also signed an ethics agreement promising not to participate in "any particular matter that would have a direct and predictable effect on my financial interests." His speeches did not advocate a particular policy position.

Ethics experts and at least one member of Congress began questioning the propriety of Henry's role after Bloomberg News reported the severance agreement on Aug. 24.

They said that the arrangement gave Henry a direct stake in the performance of particular hedge funds at time when federal officials are grappling with whether and how to regulate these rapidly growing investment pools and the Treasury is getting more involved in the issue.

Treasury spokeswoman Jennifer Zuccarelli said yesterday in an e-mail that Henry had decided to resolve the situation. "The Assistant Secretary's strong commitment to ethics led him to make a very personal sacrifice to forgo his 2006 severance package, despite the fact that the package had been vetted and approved by the Office of Government Ethics, so he could eliminate even the appearance of a conflict," she said.

Treasury officials had said that Henry's financial arrangements were proper. Government regulations allow officials to participate in setting policy for an industry or a sector in which they have an interest as long as they stay away from company-specific matters with "a direct and predictable effect" on their financial interests. Henry had also signed a letter on Aug. 10 recusing himself from making hedge fund policy until he received his last payment from Gleacher.

But Henry's speeches on hedge funds and his role in setting up meetings about the industry while he was still receiving severance payments had nonetheless drawn criticism.

Columbia University law professor John C. Coffee said that Henry "is falling short . . . If you disqualify yourself for a fairly unique conflict, I don't think you can be making speeches on behalf of Treasury or chairing meetings."

And Rep. Barney Frank (D-Mass.), ranking minority member of the House Financial Services Committee said: "The notion that he's not making policy is bizarre. He's the assistant secretary. What's he been doing if he's not making policy? Playing gin rummy? He should not be in that position [if] he's still making money from hedge funds."

The criticism of Henry's role and finances comes at a particularly delicate time. A federal court recently struck down the government's first attempt to regulate the industry by requiring managers to register with the Securities and Exchange Commission.

Questions have also been raised at recent congressional hearings about whether the Treasury Department might wade into the hedge fund issue as well.

As a result, Henry, with the approval of Treasury Secretary Henry M. Paulson Jr., decided to try to quell the dispute.

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Paulson's chief of staff Jim Wilkinson said in a written statement: "Secretary Paulson believes Emil's voluntary action to forgo severance, despite previous government ethics approval for this package, reflects Emil's personal commitment to go above and beyond what's necessary in order to remove even the appearance of a conflict."

Ethics experts agreed that Henry's decision helps eliminate concerns that he might have a direct financial stake in hedge fund policy. "If he foregoes the severance payment, he no longer has the problem. I think that fixes it," said F. Gary Davis, a former deputy director of the Office of Government Ethics.

How To Punish Rumsfeld (LAT)

By Michael Gerhardt

The Los Angeles Times, September 8, 2006

VERY FEW Cabinet secretaries have done what Donald Rumsfeld has done. He is both the youngest and oldest person to serve as secretary of Defense (having served previously in the job more than 30 years ago under President Ford), and, at least this time around, he has become one of the most despised Cabinet secretaries ever.

In fact, the number of people who have come to hate Rumsfeld has grown so much in the Senate and elsewhere that it's become necessary to take a step back to contemplate by what means the Constitution might allow them to vent their hatred.

The first and most obvious means is through the impeachment process. As a Cabinet secretary, Rumsfeld may be impeached and removed from office under Article 2 of the Constitution for "treason, bribery, or other high crimes or misdemeanors." Rumsfeld's critics charge him with a long list of what they say are impeachable offenses, including incompetence and ordering the torture of prisoners at Abu Ghraib and other military detention centers.

Because historical practices and the weight of legal opinion suggest that impeachable misconduct generally requires not just a bad act but a malicious intent as well, it's not clear that incompetence qualifies as an impeachable offense. Although it's true that one federal judge was removed from office in 1803 for mental incompetence, Congress has never again impeached, much less removed, anyone for incompetence.

Before Rumsfeld could be impeached and removed from office in connection with Abu Ghraib or, say, because of the authorized use of torture by Americans or the use of domestic wiretapping, the same rule would apply: He would have to be shown not just to have abused his power but to have done so maliciously. Demonstrating malice would require showing that he knew what the law required and that he deliberately disregarded it. That's a high bar.

In any case, political circumstances make impeaching, much less removing, Rumsfeld from office nearly impossible at the moment. With the House controlled by the Republicans, it is extremely unlikely — even with anger against Rumsfeld rising — that the chamber would even entertain an impeachment inquiry against the Defense secretary. Without an impeachment by the House, the Senate would not be able to conduct an impeachment trial.

The second way Congress could express disapproval of Rumsfeld is through censure, like the no-confidence vote Senate Democrats are seeking. This would have no force of law but would merely express their lack of confidence in Rumsfeld as Defense secretary. Both the House and the Senate pass resolutions expressing their opinions all the time. I doubt that Rumsfeld, or President Bush, would object on constitutional grounds if the House or Senate were to pass a resolution praising either or both of them. Similarly, a resolution condemning either is constitutionally unobjectionable.

A third option is to persuade the president to fire Rumsfeld. We have had unpopular Cabinet secretaries in the past. Sometimes presidents are persuaded to get rid of them, as when President Reagan removed Interior Secretary James Watt; sometimes they are not, as when a congressional delegation asked President Lincoln to get rid of Secretary of State William Seward.

The best opportunity to remove Rumsfeld may be after the midterm elections, which Democrats hope to make a referendum on Iraq and Rumsfeld. If their strategy works, the secretary may decide to fall on his sword like a good soldier — or he may be pushed. If the strategy fails — or if Bush's loyalty to Rumsfeld trumps whatever the voters may tell him — we can look forward to a celebration in November 2007 marking Rumsfeld's distinction as the longest-serving secretary of Defense in history.

Progress, Setbacks Among Bush's Workforce Reforms (column) (WP)

By Stephen Barr

DOJ_NMG_0059605

The Washington Post, September 8, 2006

Bold changes in the government's organization and ambitious plans to reshape personnel management continue to swirl around the federal workforce five years after the Sept. 11, 2001, terrorist attacks.

President Bush pointed to the structural changes yesterday in what he called a progress report on the struggle against terrorism. His list included creation of the Transportation Security Administration, which added about 54,000 jobs to the federal payroll; the merger of 22 agencies and 180,000 employees into a new Department of Homeland Security; and the decision to pull together the 16 agencies of the intelligence community with 100,000 employees under a new position, director of national intelligence.

"We're changing how people can work together. We're modernizing the system," Bush said in an Atlanta speech. "We're working to connect the dots."

Bush, of course, did not mention the turf wars and other tensions that have accompanied the reorganizations. He did not mention hard feelings between the administration and unions (although he expressed appreciation for federal agents, analysts and others who work to deter terrorist threats). He did not address critics who question whether the administration's changes may have created more problems than solutions.

Like many administration officials, Bush's longtime friend and chief adviser on federal management issues, Clay Johnson III of the Office of Management and Budget, believes there was little choice after Sept. 11 but to launch major reorganizations.

"The organizational changes were absolutely necessary, because the problems we face now and the opportunities we face now are unlike anything we have had before," he said.

Creating the Department of Homeland Security "was an absolute necessity," Johnson said. "Everyone knew it was going to add management challenges . . . and take several years to be a fully functioning and well-coordinated entity, but we had no choice."

Sen. Susan M. Collins (R-Maine), who chairs the Senate Homeland Security and Governmental Affairs Committee, said she thinks, on balance, that the Homeland Security merger, far larger than most private-sector consolidations, was the right approach.

"There has been too much turnover at the top levels of the Department of Homeland Security, and that has held the department back," Collins said. But, she added, "we are seeing progress."

Collins said the post-Hurricane Katrina team running the Federal Emergency Management Agency "is far stronger than it has been in some years, and I think the two Michaels at the top of the department" -- Secretary Michael Chertoff and Deputy Secretary Michael Jackson -- "have learned to work effectively together."

The promise of managerial changes that the Bush administration claimed would create a more agile federal workforce seem far off, however.

In 2002, Bush signed legislation authorizing a new approach to paying, promoting and disciplining employees at Homeland Security. In 2003, he signed similar legislation to overhaul pay and personnel rules for about 700,000 Defense Department civil service employees.

But federal courts have ruled, in response to lawsuits filed by federal unions, that the administration overreached when it tried to use the new laws to sharply restrict union rights at the Homeland Security and Defense departments. The court rulings have slowed the rollout of the new personnel systems.

"As far as personnel systems changing . . . the jury is still out on whether that is going to end up being successful," Collins said.

"Theoretically, it should allow us to recruit and retain better employees and reward them better, but it has been such a work in progress. It is difficult to assess at this point," she said.

Going forward, Collins said, the Department of Homeland Security should "draw more on the expertise of the career workforce." She added: "I think the department has a number of extraordinarily talented individuals, particularly in the Coast Guard."

From his vantage point near the White House, Johnson said he would like to see all agencies do a better job of working across their bureaucratic boundaries when addressing terrorist threats and natural disasters.

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"We have to absolutely demand that we be more capable than we have been in doing things on a government-wide basis," he said.Talk Shows

Marta Brito Perez , recently appointed the chief human capital officer at the Department of Homeland Security, will be the guest on "FEDtalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Capt. James J. Shannon , program manager for future combat systems open architecture for the Navy, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Book Says Rove Ordered Office Exorcism (CHIT)

By Newsday

Chicago Tribune, September 8, 2006

WASHINGTON -- Karl Rove says he's not The Exorcist.

Rove, the Bush political shaman Democrats love to demonize, enlisted a trio of clergymen to exorcise Hillary Rodham Clinton's left-wing spirit when he moved into her West Wing office in 2001, according to an unflattering new biography.

"I talked to Karl; he said it's not true and, beyond that, he will have no comment," White House spokeswoman Dana Perino said.

Clinton smiled and shook her head in disbelief Wednesday when asked about the tale, which appears in "The Architect: Karl Rove and the Master Plan for Absolute Power," by James Moore and Wayne Slater.

"I'm speechless," she finally said, heading toward a Senate elevator.

Later, Clinton spokesman Philippe Reines quipped, "If the story is true . . . they sure did exorcise any lingering competence right out of the building."

Deal Hudson, a former Fordham University professor Rove enlisted to woo Catholic voters, told Moore and Slater that he witnessed the exorcism, which he described as "an actual liturgical ceremony."

Hudson did not return a message seeking his comment.

Ed. Dept. Eases Teacher Quality Rule (AP-Y)

By Ben Feller

AP, September 8, 2006

Changing course, the Education Department will allow states to count teachers as highly qualified even under standards that may do little to ensure quality.

Federal law allows veteran teachers to be considered highly qualified under factors that states choose, such as job evaluations, teaching awards or service on school committees.

The department in May ordered states to phase out that system for most teachers. Watchdog groups and the department itself say many states were using this system to set weak, improper standards.

Yet Education Secretary Margaret Spellings has pulled back, telling states this week in a letter that they now are "strongly encouraged," though not required, to stop using the method to rate teachers.

The change could affect tens of thousands of teachers who have not met the conditions of the No Child Left Behind Act. Otherwise, teachers would have to demonstrate competence by holding academic majors or passing tests in every subject they teach.

The department says timing is the reason for the change.

Coming up with a regulation to enforce the change could take a year or more, department spokesman Chad Colby said Thursday. Instead, the agency plans to ask Congress to make the change when it renews the law. That is scheduled to happen next year, but may be delayed.

A lobbyist for the nation's largest teachers union said department leaders are turning to Congress because "they don't have the authority to do what they wanted to do."

The National Education Association considers Spellings' letter a victory.

The union opposed phasing out an option that could help teachers in many circumstances, such as when teachers change districts or assignments. The NEA also says the law protects the option anyway.

Lobbyist Joel Packer said the department for years has issued inconsistent guidance on what states can do. "I think they've created part of the problem, just a real level of confusion," he said.

Most states have used the option in question — called the "high objective uniform state standard of evaluation," or HOUSSE. It was meant to offer flexibility to veteran teachers.

Yet in her letter, Spellings admonishes some states for allowing teachers to be deemed highly qualified without making them prove they know their subjects.

"I urge you to re-examine your HOUSSE procedures to ensure that this is not the case in your state," she wrote to state school chiefs. "Our students and parents deserve no less."

President Bush's education law says teachers are highly qualified when they have a bachelor's degree, a state license and proven competency in every subject they teach.

States were supposed to have a highly qualified teacher in every core academic class by the end of the last school year. None met that deadline, so each must try again this year.

About 90 percent of teachers are highly qualified, states say, although numbers vary widely across the states.

Meanwhile, about half the states are phasing out their use of a uniform state standard to rate teachers, Colby said. But Packer said that trend was driven in part by urging from the department, and that the latest letter may encourage states to keep the option.

Blacks Only Welcome In Hill Caucus (WT)

By Brian Debose

The Washington Times, September 8, 2006

It is "critical" that the Congressional Black Caucus remain an all-black organization, one of the CBC's founders has said in a strategy memo.

"The CBC welcomes support from others in the House and Senate, especially those with liberal credentials, but it is critical that its membership remain exclusively African American," retired Rep. William Lacy Clay Sr. wrote earlier this year to the CBC.

Mr. Clay's letter -- distributed by his son, Rep. William Lacy Clay Jr., Missouri Democrat -- prompted a CBC meeting before the August recess.

"The members have discussed it, and we supported the tradition that only African-Americans have been full members of the CBC, but as always we will work with anyone as our coalition partners and some have become honorary members," said Rep. Carolyn Cheeks Kilpatrick, Michigan Democrat, who has been all but confirmed as the caucus' chairman for the 110th Congress.

The Clay letter was written in response to concerns that two Jewish congressional candidates, Tennessee state Rep. Steve Cohen and New York City Councilman David Yassky, both Democrats, would apply for CBC membership if elected from majority-black districts.

Neither candidate has announced plans to seek CBC membership, and some caucus members were skeptical of suggestions they would, with one CBC member saying that such talk might be "political ploys to bolster their image with the black constituency they are seeking to represent."

But with Election Day still two months away, the question addressed by the Clay letter remains hypothetical.

"And that is just the point," said one CBC member, who did not wish to be identified. "We should not be taking a position on an academic question considering neither of these guys has been elected."

In his letter, Mr. Clay said the CBC would work with whites, Asians and Pacific islanders, Hispanics, Democrats, and Republicans to move legislation that furthers its agenda, but only blacks can be official voting members.

Mr. Clay recalled that Rep. Pete Stark, California Democrat, attempted to join the organization in 1975. "Although Stark was sincere, intentions honest and honorable and record on civil rights impeccable, after thoughtfully and thoroughly examining the issue, a formal vote was taken that rejected his application," Mr. Clay wrote.

The issue arose this summer because of two unusual situations for Democrats.

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In Tennessee's 9th District, after Rep. Harold E. Ford Jr. opted to run for Senate, 15 Democrats entered the campaign for the seat, which had previously been held by Mr. Ford's father. Mr. Cohen won the Aug. 3 primary with 31 percent of the vote in the Memphis-area district, where 60 percent of voters are black. Mr. Cohen will face Republican Mark White and independent candidate Jake Ford, Harold Jr.'s brother, in November.

A similar situation could occur after next week's Democratic primary in New York's 11th District, where Rep. Major R. Owens is retiring. That Brooklyn district is nearly 60 percent black, as are Mr. Yassky's three rivals for the nomination. But in the four-way primary, Mr. Yassky -- who has raised $1.4 million for the campaign -- may emerge as a plurality winner in the solidly Democratic district.

No white politician has held the seat since 1960 when a federal judge ordered the district be reapportioned, and it has historical significance as it was once held by Rep. Shirley Chisholm, the first black woman elected to Congress and to run for the presidency in 1972. Mr. Owens -- whose son is a candidate for the seat -- has called Mr. Yassky a "colonizer."

Mr. Yassky has not said he intends to apply for CBC membership. "He has never said he would; he would certainly like to work with them, but it is not up to him. It is [the CBC's] decision on whether he can join," said Yassky spokesman Evan Theis.

The issue of white politicians attempting to join black political groups came up most recently last year in Tennessee when state Rep. Stacey Campfield, a Republican from Knoxville, attempted to join the Tennessee Black Caucus. After his application was rejected, Mr. Campfield angered black lawmakers by saying the group's bylaws were more exclusionary than the Ku Klux Klan.

In the past, the Congressional Black Caucus has been criticized by some black Republicans. Former Rep. Gary A. Franks, Connecticut Republican, was nearly ousted from the group for opposing the creation of majority-minority districts. The CBC's chairman at the time, Kweisi Mfume -- the Maryland Democrat who is currently running for Senate -- intervened and made it clear that the group was bipartisan.

Departure Of A Pragmatist (NYT)

The New York Times, September 8, 2006

Mark McClellan, a physician and health economist, announced his resignation this week as head of the agency that oversees Medicare and Medicaid. He will be missed. As a pragmatic expert embedded in a fiercely ideological administration, he brought uncommon intelligence, good humor and dispassionate judgment to politically charged issues.

True, there were blemishes on his record. As head of the Food and Drug Administration from late 2002 to early 2004, he oversaw the agency's first postponement of a decision on whether to make the controversial morning-after contraceptive available without a prescription. This led to a prolonged effort by the administration to placate religious conservatives by keeping the pills restricted despite overwhelming evidence that they are safe.

Then, as administrator of the Centers for Medicare and Medicaid Services since March 2004, he failed to anticipate the administrative glitches that marred the beginnings of the new Medicare prescription drug program. Tens of thousands of people were initially overcharged or unable to obtain essential medicines quickly. But Dr. McClellan stepped in to solve the problems and seems mostly to have succeeded. A June poll showed that 80 percent of those enrolled in a Medicare drug plan said they were satisfied with it.

Unfortunately, Republicans in Congress prohibited Medicare from using its huge purchasing power to negotiate low drug prices with the manufacturers. But Dr. McClellan still worked to change Medicare from a mere bill-payer into a catalyst for reforming the health system. He has used its financial clout to press for studies to prove whether certain expensive treatments really work, and he has promoted efforts to measure the quality of care provided by hospitals, doctors and nursing homes.

Dr. McClellan wins praise from some Democrats and leaders of advocacy groups for focusing on important policy issues and responding to valid complaints. Some critics disparage him for toeing the administration line too uncritically. But even they think they will be lucky to get anyone so accomplished as his successor.

OTHER NEWS:

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OPEC Likely To Keep Output Level (WSJ)

By Bhushan Bahree

The Wall Street Journal, September 8, 2006

With oil prices remaining lofty despite a recent decline, OPEC is expected to leave its formal crude-output limits unchanged when the cartel meets in Vienna Monday.

Still, next week's meeting of the Organization of Petroleum Exporting Countries comes at a crucial juncture. Oil buyers haven't suffered the kind of extended summer price run-up they confronted in 2004 and 2005, leaving open the possibility that the three-year surge in oil prices may be slowing.

Oil consumers remain vulnerable to supply outages, however. One potential trouble spot is oil-rich Iran, locked in a tense standoff with the West over Tehran's nuclear-development program. Another is the hurricane-prone American oil hub in the Gulf of Mexico, where storms ravaged output in 2005. The storm season has been mild, but has more than two months to go.

The result of this summer's relative calm: Oil prices have retreated significantly from a nominal high of $77.03 a barrel on July 14. Yesterday, light, sweet crude oil for October delivery settled at $67.32, down 18 cents, on the New York Mercantile Exchange. AAA, formerly the American Automobile Association, expects the average national price of regular unleaded gasoline to drop to $2.50 a gallon or less in the next four to six weeks from the current level of about $2.70 a gallon.

Oil prices still are triple what they were in 2002, and thus are far too high for OPEC -- which provides about a third of the world's daily oil needs -- to trim output in response to the recent decline. Cutting production likely would provoke an anti-OPEC backlash in the U.S., Europe and Asia. The Algerian oil minister, Chakib Khelil, said Wednesday that he expects the cartel to stand pat next week.

"There is not a whole lot OPEC can or may want to do" at this time, said Michael Wittner, head of energy-market research at Calyon Corporate and Investment Bank, a unit of French banking giant Crédit Agricole SA. "They are happy to take the prices the market is giving them" for oil, he said.

Mr. Wittner and many other analysts expect oil prices to continue to weaken in the absence of supply shocks or a leap in demand.

Some forecasters predict crude could fall toward $50 a barrel by the end of next year. But oil could just as easily spike past $80 a barrel in the final quarter of this year or the first quarter of 2007 if the market's fragile supply-and-demand balance is upset, said Deborah White, oil analyst at Société Générale SA in Paris.

World oil use typically rises sharply during winter in the Northern hemisphere. This year, the International Energy Agency in Paris expects fourth-quarter demand to rise by 1.5 million barrels a day from current levels. World oil use is forecast by the IEA to total 86.3 million barrels a day in the fourth quarter.

Industry experts also expect an increase in oil output from countries that don't belong to OPEC, reducing the need for extra oil from the cartel. The IEA forecasts a rise of about 900,000 barrels a day in non-OPEC output by the fourth quarter from the current quarter. By tapping both that increase plus the healthy commercial inventories of oil in consuming countries, the IEA says the industry can meet much of the rise in fourth-quarter demand, with OPEC providing the remainder.

OPEC last changed its output ceiling in July 2005, raising it by 500,000 barrels a day to 28 million barrels. Since then, the cartel's output has dipped as key suppliers have seen their production flat-line or fall. Iran, Venezuela, Indonesia and Nigeria haven't been able to produce as much as their quotas. That shortfall more than offset above-quota production by Saudi Arabia, Algeria and Libya.

Housing Slowdown Takes Its Toll (WSJ)

By Phil Izzo

The Wall Street Journal, September 8, 2006

Economists believe cooling in the housing market to extend into next year and many forecasters in the latest WSJ.com survey predict no change -- or an outright decline -- in home prices next year.

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Twenty-five of the 48 economists who answered the survey's question about housing predicted no change or a decline in a closely watched gauge of nationwide home prices during 2007. The average prediction for next year was for an increase of 0.43%, lifted by five economists who forecast gains of 5% or more.

The average forecast would leave home-price appreciation well below the expected rate of inflation. Just 27% of the respondents forecast an increase in home prices of greater than 2.7%, which was the economists' average expectation of the year-to-year increase in the Labor Department's consumer-price index for May 2007.

The housing market doesn't move uniformly across the country; some regions or individual cities often have price changes decidedly above or below the national average. But the economists' predictions stand in stark contrast to the red-hot price appreciation seen over recent years.

Moreover, broad-based declines in home prices are unusual. The Office of Federal Housing Enterprise Oversight's home price index, upon which the economists based their predictions, has never posted an annual decline since its first calculation, in 1975. The last time that the index trailed inflation was in 1996, when home prices rose 2.6% compared to a 2.9% inflation rate.

The Ofheo numbers are closely watched among economists as a key gauge of the housing market, though some believe the index understates weakness in the market because it doesn't reflect concessions sometimes offered by home sellers, such as help with closing costs, which are effective price cuts.

For this year, the economists forecast a 3.5% rise in the home-price index. The index rose 13% 2005 and 12% in 2004. Ofheo is the government agency that oversees mortgage titans Fannie Mae and Freddie Mac.

"The housing correction is just in its early stages now," said Joseph Carson of AllianceBernstein, who forecast a 5% decline for 2007. "Existing home prices have come down to no-change on a year-to-year basis. For new homes, prices are below year-ago levels when you include added features. The prices will have to go lower to give demand a lift in short term."

Mr. Carson expects broad-based difficulties throughout the nation. "Affordability is an issue across the board," he said, adding he believes a major correction is inevitable. "It's pretty clear now that national home prices will drop to correct housing imbalances," said Scott Anderson of Wells Fargo & Co.

Signs of cooling in the housing market have emerged in reports over recent months. Last week, David Lereah, chief economist of the National Association of Realtors, predicted that national median home prices will generally decline over the next few months. Although the group reported a slight increase3 in median home prices for July, it said that its index of pending home sales fell 7% in the month, the most recent figures available.

David Wyss, chief economist at Standard and Poor's, said he expects prices to change little nationally. He expects drops in areas that are overvalued, such as Florida, California and the Northeast, or those that are especially susceptible to economic weakness, such as the Great Lakes region.

"The most volatility will come in areas like Florida, where there are a large number of second homes and investment properties," he said. "Places like Michigan, which is seeing declining employment, will also see home prices declining."

ABOUT THE SURVEY

The Wall Street Journal surveys a group of more than 50 economists throughout the year. Broad surveys on more than 10 major economic indicators are conducted semiannually, at midyear and at year-end. Between each semiannual survey, four monthly updates are conducted for the most closely watched forecasts. This is the monthly survey for September. For prior installments of the semiannual and monthly surveys, see: WSJ.com/Economists4.

The survey showed that economists continue to expect modest economic growth through the middle of next year. Their average forecast for third-quarter gross domestic product, the broadest measure of economic output, put growth at a 2.8% annual rate, unchanged from their prediction in a survey conducted in August. The economists shaved their forecast for the fourth quarter to 2.5% growth from the 2.6% rate they had forecast when surveyed last month.

Twenty-two of 52 economists said recession is the greatest threat to the economy over the next 12 months, compared with 14 who said inflation is the biggest threat and nine who chose stagflation, which refers to rising inflation accompanied by stagnant economic growth. The economists raised their forecasts for the likelihood of recession for a third straight time. On average, they put the probability at 26%, compared with 15% just last spring.

Implications of 9/11

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As the fifth anniversary of the Sept. 11 attacks approaches, the majority of the economists, 32 of 48 respondents, said they believe the economy is now better able to withstand the shock of a major terrorist attack than it was in 2001.

Economists noted that the economy is stronger now than it was in September 2001, when it was already in recession. Some noted that the psychological impact of an attack would be less jarring, given that an attack wouldn't be the same kind of surprise that it was in 2001. Ian Shepherson at High Frequency Economics noted that corporations are generally in better financial shape now than they were then.

"Companies are taking a more conservative approach to corporate finances now," said John Lonski at Moody's Investor Service. The Sept. 11 attacks, combined with the bursting of the tech bubble, "reinforced above-average risk aversion and made suppliers of capital less willing to lend money" to unproven borrowers, he said.

The most significant lasting implication of the Sept. 11 attacks, economists said, has been the rise in oil prices that has occurred over recent years, spurred in part by conflict in the Mideast. Twenty-six of 47 economists cited oil, while three cited increased vulnerability of consumer confidence and three others selected a reduction in talented foreign workers entering the U.S. work force. Five economists said 9/11 has had no lasting implications for the economy.

"Although the human costs of the 9/11 are incalculable, the macroeconomic costs have been remarkably small," said Nariman Behravesh of Global Insight. "Both the economic costs and impact on GDP growth were much smaller than other events, such as Hurricane Katrina."

Among other findings in the survey:

• Economists appeared to be as divided as the rest of the country when it comes to politics. When asked which outcome of the midterm elections would most increase chances of legislation to reduce the long-term budget deficit, 14 answered Democratic control of both houses of Congress, while 14 said Republican control of both chambers. Ten said a split Congress would be most effective in trimming the deficit.

• The economists, on average, predict 115,000 new jobs a month will be added to nonfarm payrolls over the next year. That is the lowest forecast since the question was first asked in June 2005, and represents the sixth consecutive drop in the estimate. They expect the unemployment rate to rise slightly to 4.8% by November, up from the 4.7% level reported by the Labor Department for August. The rate is seen at 4.9% in May 2007.

• Economists cut forecasts for crude-oil prices. On average, the price of crude was seen declining to $66.95 a barrel by December, compared with an expectation last month of $69.50. It was the first time the forecast was lowered since March. The price of crude is expected to fall to $63.91 by June 2007.

Housing Market Forecast Worsens (USAT)

By Noelle Knox

USA Today, September 8, 2006

The outlook for the nation's housing market is even weaker than earlier projected, mainly because sellers are refusing to cut prices enough after the towering price gains of the boom years, the National Association of Realtors said Thursday.

The NAR's lower sales forecast followed profit warnings this week from two of the largest home builders, Beazer Homes USA and KB Home. A Federal Reserve official also indicated that interest rates might resume their upward climb, which would make it harder for buyers to afford homes.

The cascade of bad news weighed on stocks, which fell as investors worried about the ripple effect on the economy.

“Sellers are more stubborn than I expected,” said David Lereah, the NAR's chief economist. “For five years in a row, it was a seller's market. They were calling all the shots, and they got accustomed to it.”

The NAR now expects sales of existing homes to fall 7.6% this year, worse than the 4.4% drop predicted in January. New home sales are projected to plunge 16% — far below the 6% originally seen. Prices are still expected to rise above last year's highs, if just barely.

“Folks are still thinking they can get top dollar for their homes,” says Tom Rath, an agent at Re/Max Premier in Ocala, Fla. “I don't think reality has set in.”

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Within months, prices are likely to cave in to the forces of supply and demand, the NAR says. A record 3.86 million homes are for sale — a 7.3-month supply.

Several builders have acknowledged being too optimistic about how many homes they could sell this year. To entice buyers, they're offering free granite counters, pools and vacations — which eat into profits.

Beazer Homes on Thursday cut its profit estimate for the year by 13% and said it's considering selling some of its land holdings. For the past two months, Beazer's sales plunged 49% from last year's levels, and half its buyers canceled. In many cases, buyers backed out because they couldn't sell their existing homes.

Beazer's bad news came a day after KB Home slashed its fiscal-year profit predictions by 18% from what it projected just three months ago.

One challenge for home buyers is today's interest rates, which have risen over the past year. Janet Yellen, president of the Federal Reserve Bank of San Francisco, indicated Thursday that rates might have to rise further because inflation is still "uncomfortably high."

Mortgage rates are about 1 point higher than they were last year.

"The hikes have helped to slow the housing market and hurt affordability," says Phillip Neuhart, an economic analyst at Wachovia. Another increase "may make it a little worse, but I don't think it will drop like a rock."

Some Housing Pessimism From Real Estate Brokers (NYT)

By Jeremy W. Peters

The New York Times, September 8, 2006

Concerns about the housing market deepened yesterday as the nation's leading real estate brokers' group issued a more pessimistic outlook for the year, and two major builders cut their earnings estimates by hundreds of millions of dollars.

The news added to a growing unease about the economy and helped drive shares on Wall Street lower for the second straight day.

The latest report to predict a decline in the housing sector was notable for its source. The assessment from the National Association of Realtors, which has until recently been generally upbeat about the health of housing, was the group's least optimistic yet.

"The boom is cooling now," said David Lereah, the chief economist for the association, who added that falling home sales have been "a bit worse than we had anticipated."

The group said that it now expected sales to fall further than it has said in the past — about 7.5 percent this year compared with an earlier projection of a 5 percent decline. It also said it expected prices nationwide to drop during the next few months, instead of appreciating modestly. If that happens, it would be the first time since 1993 that median home prices have fallen in any given month.

The revised realtors' forecast came on the heels of announcements from KB Home and Beazer, two of the nation's largest home builders, that profits this year would be lower than initially predicted.

A third builder, Hovnanian Enterprises, said yesterday that its third-quarter profits fell by more than a third. It left its guidance for the year unchanged.

The Realtors' association said it expected both home prices and sales would slide in the coming months as the upper hand in the housing market shifts from the seller to the buyer. But that shift has yet to occur fully, with buyers and sellers staring each other down while unsold houses pile up.

"The seller is a lot more stubborn than any of us had anticipated," Mr. Lereah said. "Sellers for the last five years have been in control. It's very hard for them to give up control and revise their expectations downward."

But once sellers begin to drop their asking prices, housing industry officials hope that home sales will start to rise again.

The rising number of homes on the market and aggressive discounting by home builders are putting pressure on sellers to lower their prices, said Ronald J. Peltier, president and chief executive of HomeServices of America, a subsidiary of Berkshire Hathaway that owns real estate brokerage firms around the country.

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"It's going to take the rest of this year at a minimum for that inventory to be liquidated," he said. "This period of correction is going to take a little while, but it's healthy for the market."

The Realtors' association predicted that, at most, prices will decline for two or three months before picking back up again. For the year, home prices are still expected to appreciate, on average. Not since the Depression have home prices fallen over the course of a full year.

There are already signs that prices may soon start to decline nationwide. In a report issued last month, the Realtors' association said home prices in July barely inched up. The median selling price for existing homes, which rose at double-digit rates for much of the previous two years, rose only 0.9 percent compared with a year earlier. And that rise was entirely dependent on a 3 percent median price gain in the South, the only region in the country where prices did not fall.

John Lonski, chief economist for Moody's Investor Service, said, "That's got to be one of the biggest difficulties facing the sellers of real estate: the uncertainty of the durability of real estate prices into the foreseeable future."

As KB and Beazer cut their earnings guidance, they cited a growing supply of unsold homes.

"A higher percentage of home closings are being deferred or canceled," Beazer said in a statement yesterday, "immediately prior to closing in many cases, due to worsening buyer sentiment and the inability of buyers to sell their existing homes."

Beazer said yesterday that it expected earnings for the year of $8 to $8.50 a share, compared with its previous outlook of $9.25 to $9.75.

KB lowered its earnings guidance for the year to $8 to $8.50 a share, down from an earlier estimate of $10 a share. That is the second time this year the builder has lowered its guidance. Other major builders like Toll Brothers and D. R. Horton have also cut their earnings forecasts.

Wall Street's reaction was mixed. Shares of KB closed just 1 cent higher, at $40.40 a share, and Beazer dropped nearly 3 percent, to $37.33.

But in a sign that investors were expecting much worse, news of Hovnanian's profit decline helped lift shares more than 6 percent, to $27.09.

Slowing home sales actually helped give share prices in other sectors a lift in recent weeks. As it became clear that housing was entering a period of contraction — in line with the Federal Reserve's expectation of an orderly economic cooling — investors put more money into equities, betting that the Fed would not resume raising interest rates.

From Aug. 1 until the beginning of this week, the Standard & Poor's 500-stock index had risen more than 3 percent. But over the last two days, it has erased about half those gains.

Housing's decline, said Jeffrey Kleintop, a top investment strategist for PNC, "has encouraged the stock market in the last month or two to run up." He added: "The market is saying, 'Yeah, we feel pretty confident about a soft landing here.' "

Yesterday's housing news raised questions about just how soft that landing would be. "As an economy, we're more sensitive to housing than we've ever been," Mr. Kleintop said, adding that as home values have increased with the housing boom, so has individual net worth. "Having that suddenly go away and pull into a recession really creates a big question mark."

Fed Minutes Show Broad Backing For Rate 'Pause' (WSJ)

By Greg Ip

The Wall Street Journal, September 8, 2006

WASHINGTON -- Just two of the Federal Reserve's 12 regional banks wanted to raise interest rates ahead of the central bank's policy meeting last month, suggesting support for the Fed's rate "pause" is relatively broad within the central bank.

The minutes of the meeting, released Thursday, add to the evidence that the Fed is willing to leave rates alone for the time being to see how growth and inflation evolve. Federal Reserve Bank of San Francisco President Janet Yellen added to that sentiment Thursday, telling an audience in Boise, Idaho, that "It appears that the current stance of policy will move inflation gradually back to the comfort zone while giving due consideration to the risks to economic activity."

However, portions of her speech on the continued risk of inflation appeared to contribute to a decline in stocks. Markets Thursday put an 11% probability on a rate increase at the Fed's Sept. 20 meeting. (See related article1.)

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The boards of the Richmond, Va., and Philadelphia Fed banks asked in late July or early August for a quarter-percentage point increase in the discount rate to 6.5%, minutes to the Fed's deliberations on discount-rate requests show. The other 10 banks were happy to leave the discount rate unchanged.

The discount rate is charged on short-term loans from the Fed to commercial banks. It is far less influential than the federal-funds rate, charged on overnight loans between banks. Changes in the target for the federal-funds rate are voted on by the Federal Open Market Committee, which includes the seven Washington-based governors and five of the 12 Fed bank presidents. Discount-rate requests nonetheless can reveal the sentiments of bank presidents who don't vote.

Richmond Fed President Jeffrey Lacker had voted against the Fed's decision in early August to leave the federal-funds rate unchanged at 5.25% after increases at 17 straight meetings, leading some analysts to speculate other presidents, who didn't have a vote, felt the same way. The discount-rate minutes suggest only one did: Charles Plosser, who became president of the Philadelphia Fed on Aug. 1. A spokeswoman for the Philadelphia Fed said: "Although President Plosser makes a recommendation to the board, it's up to the board members to determine how they will vote, and in this case the directors felt that while growth had slowed, it was solid, but they felt the risk of accelerating inflation would outweigh the risk of a sharp deceleration in growth."

In her speech, Ms. Yellen said inflation is still uncomfortably high and as long as it is, the Fed should have a bias toward raising rates further. "However, our past actions have already put a lot of firming in the pipeline. With the lags in policy, we haven't yet seen the full effect of our past actions. These will unfold gradually over time," she added. "By pausing, we allowed ourselves more time to observe the data and more time to gauge how much, if any, additional firming is needed to pursue our dual mandate."

Ms. Yellen argued that inflation is likely to come down in the coming year because of slower growth and flattening energy prices. In addition, she said that research at the San Francisco Fed has found that in the past decade inflation has shown a greater tendency to revert to its long-run average. That runs contrary to the conventional finding that inflation, once it rises or falls, has a strong tendency to persist at its new level. (Read the research2)

"This evidence is important because, if it holds up, it implies that inflation may move down from its elevated level faster than many forecasters expect," Ms. Yellen said.

Fed Official Defends Interest Rate Policy (WP)

By Nell Henderson

The Washington Post, September 8, 2006

The Federal Reserve may be done raising interest rates, having probably increased them enough already to cause inflation to fall gradually, an influential central bank policymaker said yesterday.

Janet L. Yellen, president of the Federal Reserve Bank of San Francisco and a leading voice in recent Fed debates, said in a speech that inflation is too high, hovering a bit above a range she describes as her "comfort zone."

But she also expects inflation to recede because of the Fed's past interest-rate increases -- 17 consecutive increases over the past two years, which have already chilled the once-sizzling housing market and sharply slowed the nation's economic growth.

"It appears the current stance of [interest rate] policy will move inflation gradually back to the comfort zone," she said, adding that the Fed's benchmark short-term interest rate "is currently within the range that appears appropriate."

Yellen defended Fed policymakers' decision at their last meeting Aug. 8 to leave the benchmark rate unchanged at 5.25 percent. And she laid out the case for leaving the rate on hold at their meeting in two weeks and perhaps beyond.

"She didn't state it with finality, but she's suggesting that if the economy moderates as she expects, then that would eventually constrain inflation and -- under those circumstances -- the Fed would be done" raising rates, said Mickey Levy, chief economist at Bank of America Corp.

Futures contracts tied to the Fed's benchmark rate show that investors expect it to stay at 5.25 percent through the rest of the year.

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Yellen's arguments carry weight in the Fed's policymaking discussions because of her many years at the central bank, her academic credentials and her experience as a top economic policy adviser in the Clinton administration, Levy said.

However, he added, "still at issue is whether the economy slows sufficiently" for her forecast to come true.

Yellen's remarks came as she and her Fed colleagues are debating how long they can let inflation linger at a high level. She and Fed Chairman Ben S. Bernanke have made clear in public remarks that they think they can hold off on drastic credit-tightening and allow inflation to drift down slowly over several years.

Other central bankers are less patient. Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, dissented at the last meeting, arguing that the Fed should raise its benchmark interest rate again so as to bring inflation down more rapidly. He thought the economy was not likely to slow enough without further action, minutes of the meeting showed.

He and some other Fed policymakers have worried that it is dangerous to let inflation stay too long at high levels because it can become entrenched in businesses' and consumers' expectations, which become self-fulfilling.

Michael H. Moskow, president of the Fed Bank of Chicago, calls this "inflation inertia," saying in a June speech that inflation "has a pronounced tendency to stay near whatever level it has been in the recent past . . . once in place, the effects are very persistent."

Yellen took direct aim at that argument yesterday, citing research at the San Francisco Fed that has found inflation to be less persistent in the past decade. Instead, she said, the research found that inflation tends to revert over time to its long-term average, which is in her comfort zone.

Yellen defined this zone as 1 to 2 percent for "core inflation," which excludes volatile food and energy prices, as measured by a Commerce Department index. Bernanke and several other Fed policymakers have also identified that as their preferred range, leading financial markets to see it as the central bank's unofficial long-term target.

Core inflation, by that measure, has been more than 2 percent for two years and is forecast to stay above that level through next year. Yellen's remarks indicate she expects core inflation to be 2 percent or less by 2008.

Yellen said there were risks to her forecast, such as the "wild card" of energy prices, and left open the possibility of more rate increases if her forecast proves wrong, saying the Fed "must have a bias toward further firming."

But she also argued that the Fed's past rate increases are still working their way through the economy and have yet to be fully felt, justifying the decision to hold interest rates steady as policymakers wait to see how the economic slowdown plays out.

"Our past actions have already put a lot of [credit tightening] in the pipeline," she said. "With lags in policy, we haven't yet seen the full effect of our past actions."

Housing Report Worries Slam Stocks (USAT/AP)

By Tim Paradis

USA Today/AP, September 8, 2006

NEW YORK — Stocks fell for a second-consecutive day Thursday after warnings from several home builders raised investors' concerns about an economic slowdown.

In addition, comments about inflation from San Francisco Federal Reserve President Janet Yellen offered investors little comfort.

Wall Street has been trying to anticipate whether the Fed will keep interest rates stable or resume its rate increases, to keep inflation in check, when it meets later this month.

Investors, already armed with recent economic data pointing to a housing slowdown, were forced to digest sour anecdotal evidence as well. Beazer Homes USA, Hovnanian Enterprises and KB Home warned that the home-building sector is facing difficulties including cancellations and increases in inventories (story, 1B).

The bad news only worsened Thursday afternoon when news services quoted Yellen as saying the Fed should maintain its focus on containing inflation and that the outlook regarding inflation remains “highly uncertain.”

“It seems to me that the market is trading lower on the fears that the economy is perhaps having a hard landing versus a soft landing,” said Jim Herrick, head of equity trading at Robert W. Baird.

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He contends that the mounting news about a housing slowdown has spooked investors because of the major role the robust housing market played in driving economic growth in recent years.

The Dow Jones industrial average fell 74.76 points, or 0.7%, to 11,331.44. Broader gauges also declined. The Nasdaq composite fell 12.55 points, or 0.6%, to 2155.29 after posting its largest single-day point drop in more than a month on Wednesday. The Standard & Poor's 500 index was off 6.24 points, or 0.5%, at 1294.02.

Bond prices rose, pushing down the yield on the 10-year Treasury note to 4.79% from 4.80%. The yield was at a five-month low of 4.73% Sept. 1.

'Transparent' Vision New Fed Chairman Hopes To Downplay Impact Of His Words (WSJ)

By Greg Ip

The Wall Street Journal, September 8, 2006

At Federal Reserve meetings under Alan Greenspan, the chairman would state his recommendations for interest rates. Then the 18 other policy makers would say if they agreed. They usually did.

After Ben Bernanke took over in February, he made some subtle but significant changes. When Fed officials debate the interest-rate decision, he speaks last. Fed officials say it makes them feel freer to talk about what's on their minds, rather than responding to the chairman's views. When Fed policy makers submitted their projections for growth and inflation as part of a twice-a-year report to Congress, Mr. Greenspan wouldn't submit his own. Mr. Bernanke does.

These changes inside the Fed's policy-making body, the Federal Open Market Committee, are manifestations of an important shift under way in the world's most powerful economic institution. For years, the markets hung on every word of Mr. Greenspan. It was a sign of his dominance of the Fed, and his habit of embedding clues to the direction of interest rates in carefully crafted, often opaque speeches.

The new chairman is trying to depersonalize the Fed by making its decision-making more democratic and easier to understand. Mr. Bernanke, a 52-year-old former Princeton University economics professor, hopes he will one day be considered as successful as Mr. Greenspan and his predecessor, Paul Volcker. Yet Mr. Bernanke has long believed the Fed's success depended too much on the "personal preference" of those two men, as he once wrote.

Mr. Bernanke "wants to associate monetary policy less with the chairman and more with the institution," says Mark Gertler, a New York University economist and longtime Bernanke friend.

It's a conviction born from Mr. Bernanke's years as an academic, as well as a stint from 2002 to 2005 as a member of the Federal Reserve Board under Mr. Greenspan. Mr. Bernanke's early struggles to communicate in his new job have reinforced his belief that markets hang too much on the Fed chairman's choice of words. A comment he made in April, which he believed was misinterpreted, led some to question his anti-inflation resolve. His plan is for the Fed to be more clear about its goals and expectations for inflation and economic growth so the markets don't react so much to his every utterance.

VIDEO REPORT

1

Journal reporter Greg Ip discusses2 Fed Chairman Ben Bernanke's efforts to make the central bank more democratic and transparent.

Enviable Record

That will be challenging, in no small part because the Fed he inherited wasn't in obvious need of improvement. Mr. Greenspan left an enviable record: strong growth, low inflation, and a near-sterling reputation with the public, politicians, markets and his colleagues. Since Mr. Bernanke took over, the confluence of slowing economic growth and rising inflation has made interest-rate decisions trickier than in the closing months of Mr. Greenspan's reign.

In Mr. Bernanke's view, making the Fed more "transparent" doesn't mean talking more, but providing more systematic, specific information, in particular about the Fed's goals -- such as for the inflation rate -- and forecasts. This, he believes, would have several benefits. If the Fed were clearer about the inflation rate it aimed to achieve, the public and companies would be less likely to press for higher wages and prices in anticipation of higher inflation. That would make it easier for the Fed to keep inflation low and stable, without wrenching changes in interest rates.

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Publishing clearer and more frequent forecasts for growth, unemployment and inflation would also let the markets better anticipate the Fed's interest-rate actions, Mr. Bernanke believes. This might mean markets would move less on the particular words in a Fed speech or statement. For example, stocks declined yesterday in part because Federal Reserve Bank of San Francisco president Janet Yellen said she was worried about wage pressure. Yet other analysts focused more on her observation that inflation may decline faster than generally expected.

Mr. Bernanke's strategy carries risks. If the Fed's forecasts are repeatedly wrong or if the Fed fails to meet its goals, its credibility will be undermined. The public may ignore the Fed's pronouncements when making decisions about prices and wages. Additional information and opinions from the Fed could lead to more confusion, not less.

The Fed has long struggled with just how much to communicate. Past officials thought more information would make markets unnecessarily volatile, and limit the Fed's ability to change course. Before 1994, the Fed didn't even announce when it changed interest rates. Investors had to infer that action from how the Fed bought and sold securities in the markets. Mr. Volcker, long skeptical of the value of transparency, has said he liked to surprise the markets from time to time. Otherwise, investors became overconfident about rates and took on too much risk, he believed. "I liked a little constructive uncertainty," he said at a conference earlier this year, according to the conference organizer, Grant's Interest Rate Observer.

Mr. Greenspan, who took over in 1987, made the Fed more transparent in the latter part of his tenure, announcing rate actions and releasing a short statement on the day of its meetings, describing reasons for the action and where it thought growth and inflation were headed.

Still, he recognized there were limits. A central banker's views on the economy and interest rates are always subject to uncertainty and caveats. Yet markets will often ignore the uncertainty and caveats and overreact. Mr. Greenspan countered the market's inability to deal with nuance by speaking opaquely, or as he once put it, using language that "says less than it sounds."

As other members of the Fed's policy-making board are encouraged to speak out, it could lead to a more divergent group, leaving investors to wonder what the consensus is. Before, they could safely assume only Mr. Greenspan's opinion really mattered.

Some experts say making the Fed more democratic simply isn't compatible with the strong leadership the world expects from the U.S. central bank. "Like it or not, the institution has the ability to make markets move, and right, wrong or indifferent, you can't have 12 presidents and six governors with credibility sending different messages to the market," says Michael Belongia, a former adviser at the Federal Reserve Bank of St. Louis who now teaches economics at the University of Mississippi.

But Princeton economist Alan Blinder, who served as Fed vice chairman under Mr. Greenspan and is a friend of Mr. Bernanke, says the point of the new initiatives is to minimize the damage that can be done by one person. He cites the late Arthur Burns, who presided over a relentless rise in inflation during the 1970s. "Would I argue you'd get better policy than Alan Greenspan delivered? No. He was fabulous. But would you get a better policy than Arthur Burns delivered? Yes."

Mr. Bernanke, the first academic to run the Fed since Mr. Burns, formed his views during his 17-year career as a professor of monetary economics at Princeton. There, he was one of the country's leading advocates of setting a public target for inflation, an approach other countries have adopted.

The Bank of England, Britain's counterpart to the Fed, is a Bernanke favorite. It has a public inflation target of 2%. Each quarter, the bank publishes a report showing the growth and inflation forecast of the nine-member Monetary Policy Committee and prospects for meeting the inflation target. That report draws far more attention from markets than speeches by the head of the Bank of England.

Early Lessons

One of Mr. Bernanke's early lessons is that market participants will try to read something about interest rates into almost anything he says. Mr. Greenspan accepted and catered to this, often planting a vague signal about rates in a speech or testimony. Former governor Laurence Meyer once said hunting for the key sentence in a Greenspan speech was like the children's book, "Where's Waldo," where the reader must pick out Waldo from hundreds of faces.

In April, Mr. Bernanke told Congress's Joint Economic Committee that even if it thought the risks between higher inflation and lower growth "are not entirely balanced, at some point in the future the [Federal Open Market] Committee may decide to take

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no action at one or more meetings in the interest of allowing more time to receive information relevant to the outlook." This didn't, he added, "preclude actions at subsequent meetings."

Investors and reporters -- accustomed to reacting to the subtle clues Mr. Greenspan planted in his speeches -- thought Mr. Bernanke was signaling that the Fed, after raising rates a quarter of a percentage point for 15 straight meetings, would soon pause, and perhaps stop, in its rate increases.

Paul McCulley, an economist at Pacific Investment Management Co., a huge bond-fund-management company, in Newport Beach, Calif., says, "I thought he was giving a very articulate message very similar to Greenspan's very famous 'There will come a time' statement of February 1995." That's a reference to when Mr. Greenspan, at the end of a string of rate increases, told Congress: "There may come a time when we hold our policy stance unchanged, or even ease, despite adverse price data, should we see signs that underlying forces are acting ultimately to reduce inflation pressures." The Fed cut rates less than five months later.

After Mr. Bernanke's remarks in April, Pimco and others began positioning for a halt in rate increases; bond yields fell and stocks rose.

But as markets began to price in fewer Fed rate increases, they also priced in higher expected inflation. This troubled Mr. Bernanke, who has been dogged by suspicions that he is soft on inflation. A few days after his testimony, CNBC news anchor Maria Bartiromo reported that Mr. Bernanke told her at the White House Correspondents' Association dinner in Washington that the markets misinterpreted his testimony -- that a pause didn't necessarily mean a halt, and he was not soft on inflation. Stocks and bonds retreated.

The unorthodox way in which Mr. Bernanke's views became public surprised traders. Mr. Bernanke quickly recognized the potential damage of the incident. The next morning, at a scheduled meeting with a Wall Street bond advisory group, he said it was his intention to communicate through formal channels, and the Bartiromo incident was "not a good example of that," according to people in attendance. At a dinner for a retiring colleague shortly afterward, he made light of the incident. The annual correspondents' dinner, he said, "as you all know, is one of my favorite events."

Crossed Signals

Crossed signals continued to dog Mr. Bernanke. In June, he proposed a meeting with representatives of the Bond Market Association, a Wall Street trade group, to discuss technical bond-market matters. The association set up a meeting between Mr. Bernanke, another governor and a group of bond traders.

When some bond traders tried to elicit clues on interest rates, Mr. Bernanke wouldn't bite, these people said. Nonetheless, rumors circulated the next day that he had raised the possibility of a half-percentage-point rate increase, prompting some analysts to complain the Fed was overreacting.

Mr. McCulley, the fund manager, says in retrospect that he read Mr. Bernanke's testimony too much through the filter of what Mr. Greenspan had said 11 years before. Interpreting the Fed chairman now, he says, will require reading his entire speech rather than just one paragraph, and paying more attention to his discussion of the forecast and his goals. He expects "Greenspan-style sound bites will move to the back burner."

In recent months, markets have signaled greater confidence in Mr. Bernanke: Their expectations of inflation have declined, aided by a tame reading on consumer prices and rapid softening in the housing market.

Problems communicating the Fed's views this year have strengthened the case for transparency, Fed officials believe. Earlier this year, Mr. Bernanke appointed Vice Chairman Donald Kohn to head a committee on communications. It is expected to consider, among other things, naming an inflation target or "objective," and issuing forecasts four times a year instead of twice.

To do that, officials will have to answer some difficult questions. For example, whose forecast should the Fed release? Would they have to collectively agree on a single forecast? The forecast currently released twice a year to Congress is a range of many, often inconsistent, views. And if the Fed chooses an inflation target, what number, or range of numbers, and price index should it use, and over what time period?

In recent years, FOMC policy discussions had become somewhat scripted. Mr. Greenspan's views usually preordained the outcome. The critical statement released at the end of every FOMC meeting -- disclosing the interest rate action, with a brief description of the group's economic outlook -- was increasingly drafted prior to the meeting.

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Trying to shake this up, Mr. Bernanke, in addition to speaking last instead of first, has allowed more changes to the statement to be made during the meeting. He encourages members to speak out of turn in order to respond briefly to another's remarks. For permission to do so, they must raise two hands, a gesture dubbed a "two-handed intervention."

"It's a way of having a more complete dialogue and it's successful," says Federal Reserve Bank of St. Louis President William Poole.

A truly democratic Fed could reduce Mr. Bernanke's role to one vote, much like the chief justice of the Supreme Court. That hasn't happened. Fed insiders say Mr. Bernanke leads and shapes debates at meetings. Moreover, not all his colleagues' views carry the same weight. He turns in particular to the Vice Chairman Mr. Kohn and Federal Reserve Bank of New York President Timothy Geithner for advice and feedback.

Mr. Bernanke has also cultivated the Fed's professional staff, the core of which is more than 200 Ph.D. economists. Mr. Greenspan thought highly of the staff but kept most at arm's length, preferring memos to meetings except when a staffer was working on a special project for him. Mr. Bernanke often sits down with junior economists for lunch in the staff cafeteria to learn about their research or discuss baseball. He's a regular at Washington Nationals games.

While Mr. Greenspan played tennis on the Fed's courts with Washington power brokers, Mr. Bernanke plays pickup basketball with the junior staff. He occasionally can be found shooting baskets alone on the Fed's court.

Judicial Surveys Vex The Bench (LAW)

By Marcia Coyle, The National Law Journal

National Law Journal, September 8, 2006

When Tennessee Court of Criminal Appeals Judge John Everett Williams, who was up for retention election this year, got his questionnaire from the Tennessee Family Action Council soliciting his views on abortion, the death penalty, same-sex marriage, evolution and other issues, he declined to respond, citing Chief Justice John G. Roberts Jr. as setting "the gold standard" on ethical conduct during his U.S. Supreme Court confirmation hearings.

"As did Justice Roberts, I do not wish to hint or signal that I am predisposed to rule on any matter that may come before me as a judge," wrote Williams in June, one of 64 Tennessee judges receiving the questionnaire.

Questionnaires for judicial candidates have been an "issue" since at least 2000, according to court and election officials, because they raise concerns about sitting judges and judicial candidates campaigning and making promises just as other political candidates do.

But this year, the questionnaires are proliferating, more sophisticated and seemingly coordinated across states.

"My impression is there are more questionnaires and most are coming from what would be considered religious right groups and they are being vetted by the same folks working with each other," said Cynthia Gray, director of the Center for Judicial Ethics at the American Judicature Society. "I'm not suggesting that's a bad thing."

She said that there is probably a "reluctant consensus" that judicial candidates have a First Amendment right to respond to these questions. "However, there are also a lot of people, including incumbent judges and judicial candidates, who don't necessarily think it's a good idea."

Concerns about the questionnaires have reached the National Center for State Courts whose National Ad Hoc Advisory Committee on Judicial Campaign Oversight is preparing to send a letter to state courts, state bar associations and others with recommendations on how to deal with them.

Noting there is "no simple right answer" on how to respond, the advisory committee makes five recommendations:

Don't be rushed into deciding how to handle the questionnaire: The committee says questionnaires often come just a few days before the "due" date for response.

Never use the preprinted answers on the questionnaire: Simplifying a legal or political issue to a yes/no answer is "inconsistent" with a judge's role, and there's no legal obligation to discuss any issue, according to the committee.

Consider responding with a letter that educates voters on the role of judges.

Distinguish general interest, nonadvocacy groups from special interest advocacy groups and be consistent in dealing with their questionnaires.

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And never use a judicial canon of ethics to justify a decision not to respond.

That last recommendation is necessary because the result of citing a judicial canon as the reason for no response is a lawsuit, said committee member Roy Schotland of Georgetown University Law Center.

Schotland noted that questionnaires sent to judicial candidates in Tennessee, Kansas and Georgia contain almost identical footnotes to the "decline to respond" option.

The footnote states that that particular response indicates that the candidate would answer the question but for canons of conduct prohibiting pledges and promises, or statements that commit the candidate to positions on issues that may come before the court.

If a judicial candidate does cite those canons, it's a "pretty fair bet" the state and/or its judicial ethics commission will be sued, agreed Gray. Within weeks of issuing an advisory opinion counseling against answering questionnaires, Gray said, Kansas was sued. And there have been similar suits against Indiana, Alaska, Kentucky, Pennsylvania, Florida and North Dakota, she said.

GUNNING FOR CANONS

The lawyer behind most of those suits is James Bopp Jr. of Bopp, Coleson & Bostrom of Terre Haute, Ind., general counsel to the National Right to Life Committee and the victorious attorney in Republican Party of Minnesota v. White, 536 U.S. 762 (2002).

In White, the U.S. Supreme Court held that the so-called "announce clause" of the Minnesota judicial code, which prohibited judicial candidates from stating their views on legal issues within the province of the court for which they were running, violated the First Amendment.

Bopp confirms that he and his clients, relying on White, have been filing suits based on judges' responses that they can't answer the questionnaires because of judicial canons. And they have been remarkably successful.

"We've challenged a number of canons," he said, including those prohibiting judges from making campaign pledges and promises, and those prohibiting judges from committing themselves to certain positions once they are on the bench.

"The regulators and/or the courts in interpreting these clauses were prohibiting judges from announcing their views. My view is that's just cut and dry. The Supreme Court said you can announce your views and they can't prohibit it through some other clause."

Bopp also believes recusal and solicitation clauses are vulnerable to First Amendment attack and he is waging those attacks in the Kansas lawsuit.

A federal trial judge recently issued a temporary injunction in the Kansas suit after finding that the plaintiffs are substantially likely to succeed on the merits of their claim that the pledge and promise and commit clauses unconstitutionally chill a substantial amount of protected speech.

The court also found that plaintiffs are substantially likely to show that the clause barring solicitation of campaign funds is underinclusive and fails to address problems of partiality that are inherent in a system of judicial elections. However, the court rejected the plaintiffs' challenge to the recusal canon.

Recusal should not be required, said Bopp, where a judge has expressed a view on an issue but says he or she can keep an open mind. And solicitation clauses should not be used to bar a judicial candidate from seeking signatures on a nomination petition, he added.

FOOT IN DOOR

On the opposite side of Bopp in the Kansas and Indiana lawsuits is George T. Patton Jr. of the Washington office of Indianapolis' Bose, McKinney & Evans.

The Kansas case is now pending appeal of the injunction in the 10th U.S. Circuit Court of Appeals. Kansas Judicial Watch v. Stout, No. 06-3290.

In Pennsylvania, a federal district judge dismissed the challenge to the pledge and promise and commit clauses after finding that the plaintiffs had no standing. That case is pending appeal in the 3rd Circuit. Pennsylvania Family Institute v. Black, No. 05-5259.

And a suit in which Bopp successfully challenged those clauses in the Alaskan code of judicial conduct is pending appeal in the 9th Circuit. Alaska Right to Life PAC v. Feldman, Nos. 05-35902, 05-36027.

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Patton noted that challenges to those clauses succeeded in Kentucky, which settled the lawsuit after the 6th Circuit denied its appeal of the injunction in that case, and in North Dakota, which decided not to appeal.

In the Indiana case, Patton said, he is awaiting a ruling on his motion to dismiss for lack of standing. The plaintiffs are Indiana Right to Life and an individual who is not a judge or judicial candidate.

Patton said that he spoke to all of the judges who received a questionnaire and they said that despite their First Amendment right to speak on those issues, they chose not to answer. Indiana Right to Life then asked to depose the judges. The trial judge denied his motion for a protective order.

"This is what judges need to know -- the goal is to get them under oath and to ask: Did you contact the ethics commission and did the commission tell you not to answer? If there were no canons, would you answer?" said Patton. "They are trying to take a right and make an obligation out of it."

In 2002, the Supreme Court in its White decision could not have envisioned fallout from its ruling such as judges being deposed, detailed questionnaires being sent by special interest groups and the breadth of the pending legal challenges, said Patton.

"In the White opinion, Justice [Antonin] Scalia makes very clear the distinction between the announce clause and the pledge and promise and commit clauses," he said. "It shows that once you get a foot in the door, you try to crack the door more widely open."

And Bopp apparently has a large foot. Next on his list, he said, are First Amendment challenges to state rules prohibiting judicial candidates in nonpartisan competitive and retention elections from identifying their political party preference.

"It's a real good shorthand for giving your general philosophy," said Bopp, who recently filed such a lawsuit in Kentucky. "I think stating your party preference is indistinguishable from announcing your views."

Local Court Reporting School Founders (SDUT)

By Helen Gao, Union-tribune Staff Writer

The San Diego Union-Tribune, September 8, 2006

175 students are left in the lurch

The only private court reporting school of its kind in the county has shut down, disrupting the education of 175 students.

The Court Reporting Institute, housed on the second floor of a Gibbs Drive building near Montgomery Field in Kearny Mesa, closed Aug. 28. It had been in business at least since 1993. The school declined comment. An administrator in the school office where files and computers already have been packed into boxes said a company lawyer advised her not to say anything because of pending bankruptcy litigation.

Headquartered in Seattle with campuses in that city, Tacoma and Boise, Idaho, the Institute has had a troubled history in Washington state. It was repeatedly investigated there for false advertising, low graduation rates and poor instruction.

One investigation found that only 6 percent of its Seattle students graduate and only 1 percent become court reporters, according to The Seattle Times.

Tana Stenseng, a spokeswoman for the Washington state Workforce Training and Education Coordinating Board, said the Institute had been the subject of 29 complaints between 1996 and 2006.

Most recently the state upheld 14 complaints collectively seeking $286,000 in refunds from the Institute.

The Institute had sought to overturn the ruling, but abruptly decided late last month to drop its appeal. Shortly afterward, it announced plans to close.

Alen Janisch, listed in public records as president of the Court Reporting Institute Inc., did not return a call for comment.

California regulatory officials said the San Diego campus did not have the same kind of checkered history as the Washington state programs.

In its 13 years of operation, the California Bureau for Private Postsecondary and Vocational Education received five complaints about the San Diego school. One was unsubstantiated, one resulted in a settlement, and three filed this year are open cases.

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The recent complaints allege fraud, incompetence, negligence and use of an uncertified instructor – charges that mirror what some Seattle area students had said.

The Court Reporters Board of California, another regulatory body with oversight of the school, received no complaints about the San Diego campus.

“The school was meeting state standards. The complaint history is not unusual,” said Miles Bristow, a spokesman for the California Department of Consumer Affairs.

The bureau for private postsecondary education reapproved the San Diego school in 2005. At the time, it met regulatory standards for financial responsibility and educational quality.

State officials recently met with San Diego students after learning of the school's closure to inform them of their rights.

Students who borrowed money through the U.S. Department of Education to pay for tuition can request to have their loans forgiven.

Those who financed their education with their savings can seek restitution from the Student Tuition Recovery Fund. All students who attend a private postsecondary institution pay into the fund and can draw from it if their school shuts down.

The state is referring students to private online court reporting programs offered by Sage College in Moreno Valley and Bryan College in Los Angeles.

Another alternative for students is the publicly run Regional Occupation Program, or ROP, which offers tuition-free court reporting courses in Oceanside for students 16 and older. The courses are held at El Camino High School.

Peggy Miller, the Oceanside coordinator for ROP/adult education, said since the San Diego school closed, her program had received 15 to 20 inquiries from Institute students. An additional class could be created to accommodate them.

“We are working with them individually, and we are trying to serve them as well as we can. We probably won't be able to serve them all,” she said, adding the Oceanside program is staffed by only two teachers.

War Turns Southern Women Away From GOP (AP-Y)

By Shannon Mccaffrey

AP, September 8, 2006

President Bush's once-solid relationship with Southern women is on the rocks.

"I think history will show him to be the worst president since Ulysses S. Grant," said Barbara Knight, a self-described Republican since birth and the mother of three. "He's been an embarrassment."

In the heart of Dixie, comparisons to Grant, a symbol of the Union, are the worst sort of insult, especially from a Macon woman who voted for Bush in 2000 but turned away in 2004.

In recent years, Southern women have been some of Bush's biggest fans, defying the traditional gender gap in which women have preferred Democrats to Republicans. Bush secured a second term due in large part to support from 54 percent of Southern female voters while women nationally favored Democrat John Kerry, 51-48 percent.

"In 2004, you saw an utter collapse of the gender gap in the South," said Karen Kaufmann, a professor of government at the University of Maryland who has studied women's voting patterns. White Southern women liked Bush because "he spoke their religion and he spoke their values."

Now, anger over the Iraq war and frustration with the country's direction have taken a toll on the president's popularity and stirred dissatisfaction with the Republican-held Congress.

Republicans on the ballot this November have reason to worry. A recent Associated Press-Ipsos poll found that three out of five Southern women surveyed said they planned to vote for a Democrat in the midterm elections. With control of the Senate and House in the balance, such a seismic shift could have dire consequences for the GOP.

Democrats need to gain 15 seats in the House and six in the Senate to seize control.

In a sign of how crucial races in the South will be to the GOP national strategy, Bush traveled to Georgia Thursday to help former Rep. Max Burns raise money in his bid to unseat Democratic Rep. John Barrow. The president also gave a speech in Atlanta.

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Knight lives in another congressional district considered competitive. Republicans hope to oust Democratic Rep. Jim Marshall, whose district was redrawn by the GOP-controlled Georgia Legislature to make it more conservative.

Voters like Knight could prove to be spoilers. The 66-year-old real estate agent doesn't particularly like Marshall, a hawkish Democrat and former Army Ranger, but she said she'll vote for him because she likes his conservative Republican opponent, former Rep. Mac Collins, even less.

"I'm going to go for the moderate, and these days that tends to be Democrats," Knight said.

Sandy Rubin, a high school teacher in Macon, voted for Bush and said she's also likely to vote for Marshall. Rubin said the GOP's focus on issues that appeal to social conservatives, such as gay marriage and abortion, have turned her off.

"I care about job security and education. The things I hear the Republicans emphasizing in their campaigns are not things that affect me or my family," said the 39-year-old mother of two.

The movement of some Southern women away from the Republican Party tracks with national poll results showing that women have become more disillusioned with the war and were more likely than men to list the conflict as the important issue facing the country.

Nationally, the AP-Ipsos poll found that only 28 percent of women approve of Bush's handling of the war. Bush did better in the South, but only slightly — just 32 percent of women in the region said they approve of his handling of the war.

"I never did understand why we went into Iraq and didn't instead clean up the mess in Afghanistan first," Knight said.

Teresa Cranford, 39, also of Macon, said her support for Bush was lukewarm in 2004, but she ultimately voted for him so he could finish the job in Iraq. As the death toll has risen, so has her discomfort.

"I'm a mother and that makes me think differently about it," Cranford said.

Lynn Hamilton, 44, said she still supports Bush even though her backing for the ongoing war has waned.

"As a mother you worry, 'Am I going to lose my baby boy?'" said the Gray, Ga., resident. "A mother's view about war is often going to be a lot different than dad's is."

Neither Cranford nor Hamilton has decided how they plan to vote in the midterm elections, although neither ruled out voting for a Democrat.

"I'm not a straight party-line Republican anymore," Cranford said.

Still, some Southern women remain stalwart supporters of the president and the Republican Party. At a watermelon festival in Chickamauga, in the mountains of northwest Georgia, substitute teacher Clydeen Tomanio said she remains committed to the party she's called home for 43 years.

"There are some people, and I'm one of them, that believe George Bush was placed where he is by the Lord," Tomanio said. "I don't care how he governs, I will support him. I'm a Republican through and through."

Republicans Look Homeward (WSJ)

By Jackie Calmes

The Wall Street Journal, September 8, 2006

CLARENCE, N.Y. -- How tough a year is it for Republicans? On an overcast Labor Day, the House leader whose job is to help other congressional Republicans win Nov. 7 is back home yet again, campaigning for his own survival.

Rep. Tom Reynolds joins local officials in this small town's parade, waving to residents at the edges of their yards while supporters in "Team Reynolds" T-shirts throw candy to kids. Not far behind is his Democratic rival, a great-grandfather driving a flashy Excalibur convertible that gets the crowd's attention -- as does the challenger's mantra amplified by speakers on the luxury car: "Save American Jobs. Vote Jack Davis for Congress."

Mr. Davis and his antitrade message are still familiar here in economically troubled upstate New York from his race two years ago. Back then, Mr. Davis, a local industrialist, seemingly came from nowhere to hold Mr. Reynolds to a 56% re-election vote, below what President Bush pulled here in 2004. Two years before that, in 2002 the congressman had won 74% of the vote.

Mr. Reynolds, who harbors aspirations of being House speaker some day, remains favored for a fifth term despite a national climate that is threateningly cold to both the president, who isn't on the ballot, and Republicans in Congress, who are. But he is having to work for his votes.

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Typically, the leaders of both parties' campaign committees in the House and Senate are picked partly because they have such safe seats that they can focus full time on helping those who don't. Because Mr. Reynolds doesn't have that luxury, he is holding himself out as the personification of the strategy he presses on all other vulnerable Republicans in his role as chairman of the National Republican Congressional Committee. He isn't talking about the war in Iraq, national debt or illegal immigration, but about federal grants he has gotten for towns and companies in his district, and services he has done for his constituents: "I'm practicing what I preach: All politics is local."

Mr. Reynolds has expropriated advice the late Democratic House speaker, Thomas P. "Tip" O'Neill of Massachusetts, made famous as his political prescription for fellow Democrats back in the Reagan era of Republicans' ascendancy. He argues that the O'Neill formula -- pay close attention to local issues -- isn't just Republicans' best defense in a tough year. It is a better strategy all around, he insists, than the efforts of Democrats -- like his counterpart heading House Democrats' campaign committee, Rep. Rahm Emanuel -- to make the midterm elections a national referendum on Republicans' record at home and abroad.

"He is wrong to say it's either-or," counters Mr. Emanuel, who is a safe bet for re-election in Chicago. "This is a national election on whether George Bush and his policies have made the nation and Iraq more vulnerable" and "the country more economically insecure."

Mr. Reynolds acknowledges "we have the wind at our faces in the midpoint of a president's second term." But while some other Republicans openly predict Democrats will gain the 15 seats they need to have a House majority, he says, "At the end of the day, I'll have a Republican majority."

Mr. Reynolds says his optimism is based on the simple formula of good candidates, money to advertise, and a good organization to turn out votes. He says he helped hold down Republican retirements so the party had fewer open seats to defend and more well-funded, better-known incumbents running. As for funds, he says, "I'll have more money than I had last time," when he first served as chairman of the campaign committee in 2004. Republicans' ace in the hole, he says, may be the millions of dollars that Republican Party Chairman Ken Mehlman has committed for get-out-the-vote efforts, in contrast with Democratic Party Chairman Howard Dean, who has resisted Mr. Emanuel's demands for help.

Still, it is up to the candidates to get home to their districts and emphasize local "pocketbook issues," says Mr. Reynolds -- just as he does.

The congressman, who turned 56 years old Sunday, spent most of Congress's August recess in his district. It is an expanse of small towns, rural areas and suburbs stretching between Buffalo and Rochester, historically prosperous and Republican. But in more recent years, the region has experienced the economic dislocation of manufacturing-job losses and, in turn, a political shift more friendly to Democrats.

That is personified by Mr. Reynolds's rival. Mr. Davis, 73, says he was a lifelong Republican who voted for George Bush in 2000, and contributed through the years to Mr. Reynolds and his predecessors, former House Republican leaders Bill Paxon and Jack Kemp. But by 2003, outraged at trade policies he blamed for ravaging industries like his -- he employs 75 people at a plant making heating elements for commercial furnaces -- Mr. Davis switched parties.

He then decided to run for Congress. He spent $1.2 million in 2004 and says he will spend an additional $2 million of his own money this year.

Mr. Reynolds, with about $3 million in campaign contributions, has run ads on local television for more than a month, earlier than in past campaigns. The first emphasized his support for low taxes and few business regulations, ending, "Tom Reynolds -- Fighting to save New York jobs." Another had two retired military officers hailing his role in saving the Niagara Falls Air Reserve Station from shutdown. The third featured a mother holding her toddler while recalling the congressman's help in forcing Blue Cross/Blue Shield to cover surgeries for the child's cleft palate. "Tom Reynolds has a big heart," she says into the camera.

But in a sign of the Republican's nervousness, those three positive ads were followed on Wednesday by a new one in which he attacks "millionaire Jack Davis" for his trade stance. "His plan to increase tariffs is really a tax increase on families, raising the cost of everything," says the narrator.

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On Labor Day, the congressman is met at the parade starting point by the Grant family in navy Team Reynolds shirts, marching for him in their 20th parade this year. Terrence, 43, and his wife Mary, 38, both say they are unhappy with Republicans over the war and illegal immigration. But they have actively supported Mr. Reynolds ever since he replied to a letter their daughter Ashley, now 14, wrote to him when she was in third grade. They don't hold him accountable for the big problems.

Over homemade pie at the parade's end, Mr. Reynolds talks with the highway superintendent and a councilman for the town of Oakfield, both Republicans, about projects for which he has won, or is seeking, federal grants. "See," he says later, "we didn't talk about the Iraq war over pie. We talked about economic development and jobs."

First Lady Stumps For Drake In Norfolk (WT/AP)

By Sonja Barisic

The Washington Times, September 8, 2006

NORFOLK -- The vice president and then the president came to southeastern Virginia to raise campaign money for first-term Republican U.S. Rep. Thelma Drake.

Yesterday, Laura Bush did the same.

The first lady was the featured guest at a fundraising pancake breakfast at a downtown hotel. About a dozen protesters gathered across the street, holding signs that read "No More War" and "Protect Seniors, Not Drug Companies."

About 350 people paid $150 to $5,000 to attend the event, raising $150,000 for the Drake campaign, said Tim Murtaugh, Mrs. Drake's campaign manager.

Combined, the president, vice president and first lady have raised $850,000 for the campaign.

Mrs. Bush praised Mrs. Drake as an advocate for children, preserver of Virginia's natural resources, supporter of tax cuts and champion of military members.

The first lady also said the congresswoman is "a thoughtful, positive and powerful part" of the serious national dialogue needed for President Bush to accomplish his goals for the rest of his term, including rebuilding the hurricane-ravaged Gulf Coast and keeping the country safe from terrorism.

"Thelma's dedication to the people of Virginia and her achievements remind us of why she must be re-elected," she told the enthusiastic crowd. "Thelma understands that America faces challenges too important to be reduced to simple politics."

Before Mrs. Bush's 10-minute speech, Mrs. Drake introduced the first lady as "America's favorite mother," adding, "And she even has America's favorite mother-in-law."

Mrs. Drake has raised almost twice as much money as her Democratic challenger -- $1.4 million to Philip J. Kellam's $730,000 as of June 30, according to the Federal Election Commission.

But she has been the target of television ads by the liberal political group MoveOn.org, so she said having Republican luminaries campaign for her is a boon.

"They know the tenor of this campaign," Mrs. Drake said after the event. "They know the money that's being spent by outside groups such as MoveOn.org, and they're helping me to be able to run my own campaign."

Vice President Dick Cheney spoke at a dinner in Norfolk in February that raised more than $200,000 for Mrs. Drake.

In May, Mr. Bush attended an invitation-only, $5,000-a-plate luncheon in Virginia Beach that raised about $500,000 for Mrs. Drake, who was in Washington to vote on a military quality-of-life appropriations bill.

Mrs. Drake is on the House Armed Services Committee and represents the Republican-leaning 2nd District, which includes Virginia Beach, the Eastern Shore and parts of Norfolk and Hampton, and has a strong military presence.

As for Mrs. Bush's visit, Mrs. Drake said it was "such a great endorsement to have a woman who is such a champion for women, for girls, for education, to take her time and come here in support of my campaign. ... Everyone loves Laura Bush."

Conn. Senate Race Centers On Iraq War (AP-Y)

By Andrew Miga

AP, September 8, 2006

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The Iraq War is center stage again in Connecticut's increasingly nasty Senate race. Ned Lamont, whose upset of Sen. Joe Lieberman in last month's Democratic primary was fueled in large part by his opposition to the war, took fresh aim at Lieberman's staunch support of the conflict in a new television ad Thursday.

The senator fired back, calling Lamont's stance on the war "dangerous," and complained, "at some point my opponent has to start dealing with fact and not just be a perpetual whiner."

The Lamont commercial features a young man solemnly reading some of the names of U.S. troops who have died in Iraq.

"Why do we listen when George Bush and Joe Lieberman tell us they know how to fight terrorism?" Lamont says in the ad which began airing statewide. "How have they made us safer? What have they been right about so far?"

Lamont is spending about $175,000 to broadcast the commercial over two weeks, his campaign said.

Lieberman argued that Lamont "essentially wants to pick up and leave by a date certain" in Iraq.

"To me, that is wrong, dangerous, and dishonors all the service of the men and women who have been to Iraq wearing the uniform of our country," said the senator, who plans a major speech on Iraq sometime this month.

Lamont backs an immediate withdrawal of U.S. troops from the front lines, but he also wants American forces to remain in the region to provide support.

The Lamont ad comes as President Bush, seeking to rally support for an unpopular war as the midterm elections loom, has delivered speeches this week about the terrorist threat the country faces.

"Karl Rove, George Bush and Joe Lieberman have been on the same page since the primary trying to scare people in this election," said Lamont campaign manager Tom Swan. "We're not going to let them do the Swift Boat tactics that Rove is known for in Connecticut."

Swan was referring to the Swift Boat Veterans for Truth attack ads directed at Democratic Sen. John Kerry's military record that damaged his 2004 presidential bid.

The Lamont commercial is the third Iraq-war themed ad campaign directed at Connecticut voters in recent days. There are also dueling ads by two veterans groups. One group praises Lieberman's war support while the other criticizes him.

Vets for Freedom, an independent group with Republican ties, said it is spent $60,000 to air a TV ad featuring four veterans from the state thanking Lieberman for supporting the Iraq war. The ad ran for two days, ending Thursday.

The Lamont camp, joined by several Connecticut veterans, has denounced the Vets for Freedom ads while calling on Lieberman to renounce the group. Lieberman has refused to do so, saying the commercial is not an attack ad.

VoteVets Action Fund, which describes itself as a non-partisan advocacy group for U.S. troops and veterans, launched a radio and newspaper ad campaign Thursday assailing Lieberman.

"Connecticut needs to know, American troops depend on their leaders to ask the tough questions of the government when it comes to war, and Senator Lieberman has been too timid to do that," said Jon Soltz, an Iraq war veteran who heads the VoteVets Action Fund.

The group said it is spending $25,000 for two days of radio ads.

Battle Of Surnames Underlies Senate Contest In N.J. (USAT)

By Kathy Kiely

USA Today, September 8, 2006

WEST NEW YORK, N.J. — In the past four presidential elections, New Jersey has voted Democratic. The state has a Democratic governor and Democratic-controlled Legislature. Yet in a year when Republicans in the rest of the country are struggling, Tom Kean Jr. has a shot at knocking off Democratic Sen. Robert Menendez.

Several recent polls show Menendez, a veteran congressman appointed last year after Jon Corzine was elected governor, in a dead heat with Kean.

Menendez says the reason is that he's running against two Tom Keans: the 36-year-old state senator who is on the Nov. 7 ballot and his identically named father, one of New Jersey's most popular governors and chairman of the 9/11 Commission. “It's a competitive race only because of my opponent's surname,” Menendez said last week over coffee and eggs at one of his state's trademark diners.

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Others think Menendez's surname — and the state's growing ethnic mix — may be factors, too. "I'll be blunt. It's not a nice thing to say about New Jersey, but being a Latino may be costing him in some parts of the state," says David Rebovich, a political scientist at Rider University. That view is shared in this diverse community, part of a congressional district Menendez represented for 13 years before joining the Senate in January.

"The face of New Jersey is changing," says West New York Mayor Albio Sires, a Cuban-American like Menendez who is running to succeed him in the House. "Some people may resent that."

High on a bluff overlooking the Hudson River and Midtown Manhattan, West New York and neighboring Union City traditionally have been the first home to waves of immigrants entering the USA. When Sires was growing up, most of his neighbors were Italian. "I was one of three Cubans in school," Sires says laughing. Today, the congressional district is more than 49% Hispanic. Sires thinks that's one reason Menendez will win. "In this community, people will be motivated."

Menendez is vying to become the first Latino elected statewide in New Jersey, where more than 15% of the population is Hispanic and nearly one of every five residents was born outside USA.

The reaction hasn't been entirely welcoming: Steve Lonegan, mayor of the northern New Jersey borough of Bogota, called for a boycott of McDonald's this summer after the fast-food chain erected a Spanish billboard in his community.

Nationwide, the number of Hispanics in political office jumped from 3,743 in 1996 to 5,132 a decade later, according to the National Association of Latino Elected Officials. Two Hispanics were elected to the Senate in 2004: Mel Martinez, a Florida Republican, and Ken Salazar, a Colorado Democrat.

The two candidates in New Jersey's Senate race represent two faces of New Jersey, its old guard and its changing demographics.

Menendez, 52, is the first member of his family to be born in the USA, after his parents emigrated from Cuba with his older brother and sister. Kean, 38, is the scion of a distinguished line of public servants that traces back to New Jersey's first constitutional governor. Kean's grandfather, great-grandfather and great-uncle all served in Congress. Tom Kean Sr. was re-elected New Jersey governor in 1985 with 70% of the vote.

Menendez and the younger Kean have political bases just 30 minutes apart, but they live in different worlds. Menendez's old congressional district is a string of densely packed towns where storefronts are in need of a fresh coat of paint and clothes flap on lines strung between upper-story windows.

Westfield, where Kean lives, is a leafy community of upscale stores, white-tablecloth restaurants and well-tended lawns.

Kean touts himself as an independent — a useful credential in a state where unaffiliated voters outnumber Democrats and Republicans combined. He recently called for Defense Secretary Donald Rumsfeld's resignation. He sides with GOP conservatives on immigration, opposing any measures that would give legal status to people working here illegally. Menendez supports a path to citizenship.

Portraying himself as a reformer and Menendez as a political hack, Kean has made an issue of more than $300,000 in rent Menendez collected from the North Hudson Community Action Corp., an entity the Democrat helped fund as a member of Congress.

Menendez says the House ethics committee cleared the rental and accuses Kean of "the politics of personal destruction." Some Menendez supporters say the Republican is using code words to win the anti-immigrant vote. "That's all part of the campaign," Sires says, "they have to rev up their base."

Kean argues that he's defending the interests of New Jersey's immigrant population against corrupt politicians. "It's not anti-immigrant," he says of his campaign.

Even so, some Hispanic voters think pro- and anti-immigrant feelings will play a role in the campaign. Rick Perez, a Cuban-American who lives in West New York, says many voters in New Jersey's diverse Hispanic community will vote for Menendez because of "the Z factor," referring to the last letter of many Hispanic surnames. Julia Valdiva, a 70-year-old resident of Union City who calls herself a classica, or a classic, rather than a senior citizen, worries about a backlash against Menendez. "He's got a lot of people against him because of his name, unfortunately," she says.

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At the recent World Gujarati Conference, a gathering of people of Indian descent that drew both candidates, Upendra Chivukula was more hopeful. “The American people are smart,” says Chivukula, a Democratic state assemblyman. “It doesn't matter where you come from or how you look. It's who can do the best job.”

Tape Rolls On Gov.'s Meeting (LAT)

By Robert Salladay

The Los Angeles Times, September 8, 2006

SACRAMENTO — In the sanctuary of his Capitol office with an audio recorder rolling, Gov. Arnold Schwarzenegger describes Republican legislators as the "wild bunch" and, referring to a Latina lawmaker, casually says that "black blood" mixed with "Latino blood" equals "hot" — a fiery personality.

The governor is heard on a six-minute recording, obtained by The Times, of a meeting with some members of his inner circle last spring. At the time, Schwarzenegger was struggling to persuade Republican lawmakers to embrace his plan to place billions of dollars in borrowing on the November ballot.

It's unclear why the session was taped, but Schwarzenegger occasionally records private meetings so that speechwriters, in particular, can keep a record of his thoughts and cadence. This audio recording mainly consists of relaxed banter among Schwarzenegger and a few aides, and it offers an unusually candid look at his administration when the doors are closed.

On the recording, Schwarzenegger's Democratic chief of staff, Susan Kennedy, says Assembly Republican leader George Plescia of San Diego resembles a startled deer. That draws a chuckle from the Republican governor, who a moment earlier had referred to Plescia's predecessor, Assemblyman Kevin McCarthy, as "Bakersfield boy."

But Kennedy offers praise for Assemblywoman Bonnie Garcia, the lone Latina Republican in the Legislature. The governor and Kennedy debate her ethnicity, and Schwarzenegger opines that whether she is Cuban or Puerto Rican doesn't matter much.

"I mean, they are all very hot," the governor says. "They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

He goes on to recall a former weightlifter and competitor, Cuban-born Sergio Oliva. "He was like that," Schwarzenegger says.

Garcia and McCarthy called the conversation irrelevant, even funny, when contacted by The Times on Thursday. Plescia had no comment.

Garcia said the conversation didn't bother her in the least. She called herself an "unpolished politician" and said Schwarzenegger had shown nothing but respect for her.

"I love the governor because he is a straight talker just like I am," Garcia said. "Very often I tell him, 'Look, I am a hot-blooded Latina.' I label myself a hot-blooded Latina that is very passionate about the issues, and this is kind of an inside joke that I have with the governor."

Margita Thompson, a spokeswoman for the governor, issued this statement: "This is a small part of a long conversation that is taken totally out of context. The governor respects every member of the Legislature and holds them in the highest regard. It is not uncommon for him to have fun and joke with the members while they're working, especially during very tense negotiations."

The meeting probably took place in the Ronald Reagan Cabinet Room, the governor's de facto office that adjoins his smaller official quarters. The conference room faces east toward lush Capitol Park and has a long conference table that serves as a giant desk. The sword from Schwarzenegger's movie "Conan the Barbarian" rests on a nearby table.

Participants were Kennedy, who was Cabinet secretary under former Gov. Gray Davis; Gary Delsohn, a former Sacramento Bee reporter and author who recently became Schwarzenegger's chief speechwriter; and Walter Von Huene, a former TV director who is a close friend of the governor. Von Huene, a fellow cigar smoker and chess partner of Schwarzenegger, also serves as an informal speech coach.

Schwarzenegger's voice is heard first on the recording. He teases Delsohn and lavishly praises Kennedy as the conversation begins, suggesting that he knows the recording device is on. He calls Kennedy a "major, major champion."

"Got that on tape?" Kennedy says.

"It's on tape," Delsohn answers.

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The free-flowing conversation took place amid negotiations over the governor's proposals for a giant public works package. At the time, Schwarzenegger's own party was resisting the sheer size of the plan — the largest in state history — which entailed tens of billions of dollars in borrowing. They eventually settled on a package worth $37 billion, placed on the November ballot.

On the recording, Kennedy and Schwarzenegger review an exchange between Kennedy and McCarthy, the Central Valley lawmaker who was then the lead negotiator for the Assembly's Republicans.

"You really pissed him off," Schwarzenegger said. "But you know something? You pissed him off because it hit home. That's why it pissed him off. People always get irritated; always when you hit something that is the truth, that's when people flame out."

Schwarzenegger says he had to control himself, and tried to be "really gentle" in the day's negotiations with his fellow Republicans. He calls it "dancing the dance."

But he says to Kennedy: "Anyway, so you hit him, you hit Bakersfield boy hard today," referring to McCarthy, who had warned against upsetting the Legislature's minority Republicans.

The governor goes on to describe the negotiating session:

"And then all of a sudden she comes in out of nowhere. She says, 'Yeah, but you are f------ the governor. Everything that means something to us, you're not including."

Kennedy replies: "I couldn't help it. I could not stay quiet."

Schwarzenegger: "I stayed quiet."

Kennedy then says that McCarthy, who is leaving the Assembly this year, ignored the governor's specific requests on transportation funding.

"He doesn't care. There's no price," Kennedy says. "Anyway, don't get me started again. I am glad he's running for Congress."

McCarthy, who in June won the GOP primary for the 22nd Congressional District, said Thursday that the conversation was typical of the honest back-and-forth that was occurring at the time.

"I thought it was funny," McCarthy said when told of the exchange about him between Schwarzenegger and Kennedy. "What is on that tape is no different than what we said to one another" during private negotiations, he said.

On the recording, someone then asks about Plescia, who had been elected Assembly Republican leader but ceded negotiations on the infrastructure bonds to McCarthy. Kennedy dismisses him.

"Plescia looks like the deer that keeps getting caught in my yard when I leave the gate open," said Kennedy, who owns a home in Marin County.

Kennedy then apparently makes a face, and the governor laughs.

"Great look. I love it," Schwarzenegger says. "There was the Academy Award right there."

Kennedy says Plescia has "big eyes that just kinda like stare like a Stepford wife. He's a good-looking guy. Happy. Perky."

Schwarzenegger then turns to analyzing whether Plescia can "control that wild bunch upstairs" — the Assembly's Republicans — "because that is like a very, uh, unique, uh, unruly bunch of guys and girls."

They move on to Garcia, a Cathedral City lawmaker who is the daughter of Puerto Rican immigrants. On her website, Garcia is described as "born on the Lower East Side of New York to teen parents."

"Bonnie Garcia is great," Kennedy says on the recording. "She's a ball-buster. She's great. Is she Puerto Rican?"

"She seems to me like Cuban," Schwarzenegger says.

"She's not Mexican," Kennedy replies.

"No," the governor agrees.

"But she said something," Kennedy says, "and I thought, I thought she was Puerto Rican."

Then Schwarzenegger offers a theory.

"She maybe is Puerto Rican or the same thing as Cuban. I mean, they are all very hot. They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

Schwarzenegger then drifts off into a conversation about Oliva, who at one time was one of Schwarzenegger's great rivals.

As Schwarzenegger waxes nostalgic about Oliva, Kennedy abruptly says in the background: "I'm leaving."

Conversation trails off, and the recording ends.

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Money Is At The Root Of California's November Ballot (LAT)

By Michael Finnegan

The Los Angeles Times, September 8, 2006

Up and down the November ballot, Californians face choices about vast sums of money: how much to spend, how much to borrow, how much to generate by raising taxes.

Together, the proposals would open a $46-billion gusher of spending on highways, schools, levees, hospitals, housing, parkland and more. They would add $84 billion in debt and interest to state budgets over the next 30 years. Taxes, mainly on oil and tobacco, would rise by more than $3 billion a year.

The torrent of money on the ballot gives voters a chance to set California's fiscal course for decades: They could reaffirm the state's reputation for clamping restraints on public spending, launch a new era of activist government or opt for something in between.

With television ad skirmishes already underway, a key question is whether the sheer magnitude of the total spending risks eroding support for many, if not all, of the ballot measures. All 13 hold fiscal implications for California.

"It looks like people are getting inundated with separate spending requests," said Democratic pollster David Binder, whose surveys and focus groups have found growing voter resistance over the last decade to bond proposals. "My sense is that they all are going to suffer to some degree."

Squabbles over taxes and spending also have been the main conflict in the race between Republican Gov. Arnold Schwarzenegger and his Democratic challenger, state Treasurer Phil Angelides, making fiscal priorities the dominant theme of the California election season.

Schwarzenegger has made no new taxes his signature campaign pledge. Angelides has made his a $5-billion increase in taxes on corporations and high-income Californians; he says they should "pay their fair share again" to improve schools.

Facing relentless attacks from the governor over taxes, Angelides called last month for $1.4 billion in tax cuts, mostly for middle-income Californians and small businesses.

So far, polls showing Schwarzenegger running well ahead of Angelides appear to reflect, at least in part, a voter reluctance to embrace the sort of expansive fiscal agenda that the Democrat advocates.

In the election as a whole, "a threshold question that many voters will be asking themselves will be whether or not they pay enough taxes as it is," said Frank Schubert, a strategist for campaigns to defeat two ballot proposals that would raise taxes.

Darry Sragow, a veteran Democratic strategist who is not working on any November ballot measures, described the political climate for spending proposals as difficult, thanks to high gasoline and healthcare costs, along with the public's deep sense of insecurity in the 9/11 aftermath.

"When people are feeling uncertain and threatened and scared, they're much more likely to be risk-averse, and that means they're not particularly receptive to proposals that are going to take more money out of their pockets," said Sragow, who has run successful school-bond campaigns in Southern California.

Among other things, bond advocates must show that the borrowed money would meet critical needs, he said.

For proponents of the nearly $43 billion in public works bonds on the ballot, a danger sign appeared last week in a survey of likely voters by the Public Policy Institute of California: 59% said the total was too much money for the state to borrow.

Yet the only bond proposal that was clearly losing (40% yes; 45% no) was Proposition 84, a $5.4-billion plan by conservation and water-supply groups for projects to protect water quality, enhance flood controls, acquire parkland, preserve forests and clean up beaches, among other things.

As for the other four bond measures — which constitute the bulk of spending on the ballot — at least 50% backed each one of them, although voters so far know little about the proposals. (A measure requires a simple majority, 50% plus one vote, to pass.)

Combined, the four measures make up the $37.2 billion in public works projects proposed by Schwarzenegger and the Legislature: Proposition 1B, $19.9 billion for road construction; 1C, $2.8 billion for housing; 1D, $10.4 billion to build and repair schools; and 1E, $4.1 billion for flood protection.

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Schwarzenegger and Democratic lawmakers vowed to campaign for the bonds, but so far, the governor's focus has been more on his own reelection effort as legislators scrambled to wrap up their session last week in Sacramento.

A bipartisan group of consultants — described by many strategists as unwieldy — has assembled to push for voter approval of the bonds, but there has been scant public evidence of a campaign.

The construction industry has put millions of dollars behind the transportation and school proposals, and the California Teachers Assn. is expected to spend heavily on the school plan.

Aides to Schwarzenegger and Democratic leaders said the campaign would focus on concrete results that the bonds could produce in traffic relief, improved schools and disaster protection. They argue that the surge in California's population will otherwise overwhelm the state's infrastructure — a line of attack that they believe will counter concerns about the immense cost.

"We've got a good case to make," said Paul Hefner, a spokesman for Let's Rebuild California, the committee promoting the four bond measures.

Opponents have not mounted a substantial campaign, but ballot measure strategists say it will still take a major push to pass such a giant bond package.

"Anybody who thinks that's going to be a slam dunk, I think they're going to be surprised," said Rick Claussen, a strategist who led the campaign that defeated Proposition 82, filmmaker Rob Reiner's June ballot measure to raise income taxes on the wealthy by $2.4 billion a year to pay for universal preschool.

The June election did not portend well for the November bond proposals. In addition to the preschool proposal, which lost 61% to 39%, voters rejected, by 53% to 47%, Proposition 81, a $600-million library construction bond that had no organized opposition.

So far, with no ads airing on the bonds, the oil and tobacco industries threatened by other ballot measures have dominated television advertising.

"The targeted industries are not going to take it lying down," said Jon Coupal, president of the Howard Jarvis Taxpayers Assn., which opposes seven of the ballot measures and is neutral on others.

Chevron Corp., Aera Energy LLP, Occidental Oil and Gas Corp. and other energy companies have spent millions on ads against Proposition 87, which would tax California oil drillers up to $485 million a year to establish a $4-billion alternative energy research program.

Voters can expect to be confused: Industry ads say the measure would curb California oil production and lead to increased importing of more expensive foreign oil. The extra cost "will lawfully be passed on to the rest of us in higher gas prices," one ad says.

Proponents, however, point out that the measure would bar oil companies from passing the cost of the tax to consumers through higher pump prices.

Hollywood film mogul Stephen L. Bing, Silicon Valley venture capitalist Vinod Khosla and other supporters are spending millions on spots promoting the measure, which they say would cut air pollution and produce cheaper energy.

"The voters will hear both sides loud and clear," said Steve Smith, a Yes on 87 strategist.

Meanwhile, Philip Morris USA Inc., R.J. Reynolds Tobacco Co. and allies are spending millions to kill Proposition 86. It would increase tobacco taxes by $2.1 billion a year to raise money for hospital emergency services, nursing education, health insurance for children, cancer research and other medical programs. The state's 87-cent-a-pack tax on cigarettes would rise to $3.47.

The tobacco industry portrays the initiative as a money grab by hospitals and an invitation to collusion in fixing prices for medical care. Hospitals and medical groups have plowed millions into the Yes on 86 campaign but so far have spent minimally on their first ad, which urges voters to "stand up to big tobacco" to improve public health.

Claussen, a No on 86 strategist, said the campaigns to defeat tax proposals in November would benefit from a rise in voter skepticism of ballot measures. Labor unions heightened that public reluctance last year, he said, by urging voters to examine a "hidden agenda" behind Schwarzenegger's special election initiatives, all of which went on to lose.

"You're going to see a lot more scrutiny from voters," Claussen said. "People start to put two and two together and say, 'Gee, this money's got to come from somewhere.' "

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Doctors Feverishly Seek To Halt Planned Cuts In Medicare Fees (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, September 8, 2006

WASHINGTON — The Bush administration and Republican-led Congress are headed for a political confrontation with an influential constituency: the 700,000 doctors who treat seniors in the Medicare program and are frantically trying to stave off a planned cut in their fees.

The American Medical Assn. said Thursday that doctors may stop taking seniors as new patients — or even drop out of the program — if the cuts go through. It has launched a nationwide blitz to persuade Congress to rescind a 5.1% cut planned for next year, insisting that lawmakers act before they adjourn in October to campaign for reelection.

But no action is likely to occur, according to aides to key representatives and senators, given other priorities and the compressed schedule. The Bush administration is showing no sign that it wants to hold off on the cuts.

What is needed, according to a top Medicare official, is a revised system that rewards doctors for quality care rather than paying for numbers of office visits, tests and procedures.

"To throw more money into this old system is not the right answer. We need to work together to find a better and more appropriate way to pay," Herb Kuhn, head of the Medicare division that deals with healthcare providers, said in an interview.

The reduction for 2007 is part of a planned series of cuts that would reduce fees paid to physicians by 40% over the next nine years. In recent years, Congress has been willing to postpone the cuts. Now, frustration is mounting at the AMA because that no longer seems to be the case.

"It is probably fantasy to think that we are going to be able to create a quality program in the next 30 days that is going to solve Medicare's problem," said one AMA board member, Dr. William A. Hazel Jr., an orthopedic surgeon in Herndon, Va. "Absent that, we need to get the payment problem resolved.

"The predicate for having a quality system is to have enough funding in the system for physicians to be able to afford to practice," Hazel added. "We can't take the hit now and be expected to offer better services."

The AMA has also been disappointed trying to secure its top legislative priority: national limits on jury awards in malpractice cases. Despite administration support, doctors were unable to overcome Senate opposition.

On the payment issue, the organization is working with Medicare to design measurements of quality to serve as the foundation of a new fee system. But progress has been uneven; some medical specialty societies have come up with lists of potential benchmarks, but others are behind.

The chairman of the Senate Finance Committee, Sen. Charles E. Grassley (R-Iowa), has signaled that payment increases should be linked to reforms that reward quality. Grassley's committee has jurisdiction over Medicare.

Medicare expects to pay doctors about $60 billion in 2007, using a fee schedule that reimburses physicians for services they perform.

Payments to physicians have been rising steadily in recent years, driven largely by the volume and complexity of services now performed in doctors' offices.

But studies have shown no connection between more services and better health. Moreover, patterns of medical care seem to vary dramatically across the country.

A 2004 report by Dartmouth College health economists showed, for example, that higher spending did not necessarily lead to better outcomes; New Hampshire, which spent about $5,000 per Medicare beneficiary, had the highest overall quality ranking, while Louisiana — which spent $8,000 per beneficiary — had the lowest.

The cut scheduled for 2007 is part of an earlier, halfhearted attempt by Congress to control Medicare costs.

In 1997, lawmakers limited annual fee increases for doctors' services, and mandated cuts if the limits were exceeded. Congress later went on to waive the cuts in most of the years they would have applied.

Congressional and administration officials agree that slashing fees 40% over the next nine years is not feasible. Nonetheless, physicians face a struggle trying to get next year's 5% cut rescinded.

An AMA-sponsored poll released Thursday found 70% of the public had not heard about the cuts. But when told of them, nearly nine in 10 expressed concern that they would diminish seniors' access to care.

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Separately Thursday, polls of pharmacists and doctors found mixed reviews of the new Medicare prescription benefit.

Strong majorities said they believed the benefit was helping patients save money, but by even greater margins, doctors and pharmacists called the program too complicated.

Majorities of both groups said they had dealt with patients who had problems getting prescriptions, and some who suffered serious health setbacks as a result. The surveys were commissioned by the nonprofit Kaiser Family Foundation.

Down The Homestretch, The House Wanders Off Course (WP)

By Dana Milbank

The Washington Post, September 8, 2006

Let us stipulate, as the lawyers like to say, that horses should not be slaughtered for human consumption.

Let us further stipulate that there is nothing inherently offensive about minting coins to commemorate the bicentennial of Abraham Lincoln's birth.

Still, the question arises: What are House Republicans thinking?

Returning from a five-week summer vacation, GOP lawmakers have much to worry about: war in Iraq and Afghanistan, terrorism and border problems, high energy prices and health-care costs, and none of the federal government's annual spending bills enacted.

So what did House leaders decide to make the centerpiece of the week? H.R. 503: the American Horse Slaughter Prevention Act. This legislation, passed yesterday, followed Wednesday's action on a full slate of bills including H.R. 2808, the Abraham Lincoln Commemorative Coin Act.

And to think that Republicans are in jeopardy of losing their majority in the House.

Rep. Lincoln Diaz-Balart (R-Fla.), setting the pace for yesterday's debate, was champing at the bit. Holding a poster of a horse's bloody head in the well, he proclaimed: "What we are exposing today is a brutal, shadowy, shameful, predatory practice that borders on the perverse."

Rep. Steve King (R-Iowa) was equally hot-to-trot in support of horse slaughtering. "These horses are eating our cellulose and costing us ethanol," he countered.

The debate -- lasting nearly four hours while horse lover Bo Derek watched from the gallery -- quickly degenerated into dueling expressions of equestrian love.

"The horses are part of the history of this nation, and the West would never have been settled if it weren't for the horses," declared Rep. Walter Jones (R-N.C.) in support of the horsemeat ban.

Whoa, answered pro-slaughter Rep. Michael Conaway (R-Tex.) "My horse Skychief Poco and I won the 1997 SandHills Rodeo and quarter horse shows team penning championship."

Democrats enjoyed all the whinnying. "I'm for the horsies, too; I'll vote for it," allowed Rep. Zoe Lofgren (D-Calif.). But what about Iraq, energy, health care and the federal debt? "I can't believe that we are here today using the very limited time left to this Congress to deal with horsemeat," she said.

Majority Leader John Boehner (R-Ohio), meeting privately with colleagues in the morning, referred to the legislation as "the horse [expletive] bill," according to someone present at the meeting.

Even Rep. David Dreier (R-Calif.), who as Rules Committee chairman helped to jockey the horse bill to the floor, was a bit sheepish about trotting out the legislation. The work of Rep. John Sweeney (R-Saratoga Race Course), it would effectively close the three U.S.-based slaughterhouses that produce horsemeat for human consumption in Europe and Asia.

"When you've got Bo Derek twisting your arm, what can you say?" Dreier rationalized, noting that the actress visited the Republican breakfast caucus before the debate. The chairman, in a brief interview off the House floor, tried to rein in the story: "This will be old news as of tomorrow."

Even before the horse bill, House leaders had been a bit sensitive about their legislative pace. The People's Representatives have been in session for all of 80 days this year, and with 15 days remaining on the legislative calendar, the House is on pace to shatter all records for inactivity. The "Do-Nothing" House of 1948 was positively frenetic by comparison, passing 1,191 measures in 110 days in session.

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The current House has passed barely 400 measures, including this week's lineup of legislative priorities: H. Res. 912, "Supporting the goals and ideals of National Life Insurance Awareness Month" and H. Res. 605, "Recognizing the life of Preston Robert Tisch and his outstanding contributions to New York City, the New York Giants Football Club, the National Football League, and the United States."

By yesterday, when the House devoted itself to equine slaughter, even Nancy Pelosi (D-Calif.), the dead-serious House minority leader, was ready for a bit of horseplay. "And we can't even get out of the gate with any good legislation!" she observed as she headed to the speaker's office for a meeting.

For all their ridicule, Democrats weren't about to let the other side canter off with the horse-lover's vote. "I've been around horses all my life," said Rep. Carolyn Maloney (D-N.Y.), who represents Manhattan's Upper East Side. "They are cherished companions. They are sporting animals. . . . They are probably the most beloved animals native to the United States."

Nobody pointed out that the Spanish introduced the modern horse to the Americas; everybody was busy praising the beasts.

"They are as close to humans as any animal can get," asserted Rep. John Spratt (D-S.C.).

"I have as much appreciation and admiration for these creatures as anyone in this body," challenged Rep. Mac Thornberry (R-Tex.).

"Look at the monument in front of the Capitol -- it's a horse!" exulted Rep. Jim Moran (D-Va.). It took the long-in-the-tooth Rep. John Dingell (D-Mich.), the dean of the House, to rear up against the horse celebration. "It's a triumph of emotion over common sense," he scolded. "We have before us a solution, a poor one, to a nonexistent problem."

But in the final tally, 263 lawmakers voted for the horse bill. Only 146 dared to say "nay."

Conservatives Help Wal-Mart, And Vice Versa (NYT)

By Michael Barbaro And Stephanie Strom

The New York Times, September 8, 2006

As Wal-Mart Stores struggles to rebut criticism from unions and Democratic leaders, the company has discovered a reliable ally: prominent conservative research groups like the American Enterprise Institute, the Heritage Foundation and the Manhattan Institute.

Top policy analysts at these groups have written newspaper opinion pieces around the country supporting Wal-Mart, defended the company in interviews with reporters and testified on its behalf before government committees in Washington.

But the groups — and their employees — have consistently failed to disclose a tie to the giant discount retailer: financing from the Walton Family Foundation, which is run by the Wal-Mart founder Sam Walton's three children, who have a controlling stake in the company.

The groups said the donations from the foundation have no influence over their research, which is deliberately kept separate from their fund-raising activities. What's more, the pro-business philosophies of these groups often dovetail with the interests of Wal-Mart.

But the financing, which totaled more than $2.5 million over the last six years, according to data compiled by GuideStar, a research organization, raises questions about what the research groups should disclose to newspaper editors, reporters or government officials. The Walton Family Foundation must disclose its annual donations in forms filed with the Internal Revenue Service, but research groups are under no such obligation.

Companies and such groups have long courted one another — one seeking influence, the other donations — and liberal policy groups receive significant financing from unions and left-leaning organizations without disclosing their financing.

But the Walton donations could prove risky for Wal-Mart, given its escalating public relations campaign. The company's quiet outreach to bloggers, beginning last year, touched off a debate about what online writers should disclose to readers, and its financing to policy groups could do the same.

Asked about the donations yesterday, Mona Williams, a spokeswoman for Wal-Mart, said, "The fact is that editorial pages and prominent columnists of all stripes write favorably about our company because they recognize the value we provide to working families, the job opportunities we create and the contributions we make to the community we serve."

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At least five research and advocacy groups that have received Walton Family Foundation donations are vocal advocates of the company.

The American Enterprise Institute for Public Policy Research, for example, has received more than $100,000 from the foundation in the last three years, a fraction of the more than $24 million it raised in 2004 alone.

Richard Vedder, a visiting scholar at the institute, wrote an opinion article for The Washington Times last month, extolling Wal-Mart's benefits to the American economy. "There is enormous economic evidence that Wal-Mart has helped poor and middle-class consumers, in fact more than anyone else," Mr. Vedder wrote in the article, which prominently identified his ties to institute.

But neither Mr. Vedder nor the newspaper mentioned American Enterprise Institute's financial links to the Waltons. Mr. Vedder, a professor at Ohio University, said he might have disclosed the relationship had the American Enterprise Institute told him of it. "I always assumed that A.E.I. had no relationship or a modest, distant relationship with the company," said Mr. Vedder, who has written a forthcoming book about the company. The book, he said in an interview yesterday, would eventually contain a disclosure about the Walton donations to the institute.

A spokesman for the Walton Family Foundation, Jay Allen, said there was no organized campaign to build support for Wal-Mart among research groups. All of the foundation's giving, he said, is directed toward a handful of philanthropic issues, including school reform, the environment and the economy in Northwest Arkansas, where Wal-Mart is based. "That is the spirit and purpose of their giving," Mr. Allen said.

Mr. Allen said the foundation, which had assets of $608.7 million in 2004, the last year for which data is available, has never asked the research groups to disclose the donations because "the family leaves it up to the individual organization to decide."

Those groups, for the most part, say they have decided not to share the information with their analysts or the public.

For example, Sally C. Pipes, the president of the Pacific Research Institute, a free-market policy advocate, has written several opinion articles defending Wal-Mart in The Miami Herald and The San Francisco Examiner.

A month after a federal judge in California certified a sex discrimination lawsuit against the company as a class action in 2004, Ms. Pipes wrote an article in The Examiner criticizing the lawyers and the women behind the suit. "The case against Wal-Mart," she wrote, "follows the standard feminist stereotype of women as victims, men as villains and large corporations as inherently evil."

The article did not disclose that the Walton Family Foundation gave Pacific Research $175,000 from 1999 to 2004. Ms. Pipes was aware of the contributions, but said the money was earmarked for an education reform project and did not influence her thinking about the lawsuit. Asked why she typically did not disclose the donations to newspapers, she said: "It never occurs to me to put that out front unless I am asked. If newspapers ask, I am completely open about it."

The lack of disclosure highlights the absence of a consistent policy at the nation's newspapers about whether contributors must tell editors of potential conflicts of interest.

Juan M. Vasquez, the deputy editorial page editor of The Miami Herald, which ran an opinion article praising Wal-Mart by Ms. Pipes of Pacific Research, said his staff researches organizations that write opinion articles, including their financing. But that does not always require asking if the organization has received money from the subject of an article, he said.

The New York Times has a policy of asking outside contributors to disclose any potential conflicts of interest, including the financing for research groups.

Several of the research groups noted that their mission is to be an advocate for free market policies and less government intrusion in business. "Those aims are pro-business, so it's not surprising that companies would be supporters of our work," said Khristine Brookes, a spokeswoman for the Heritage Foundation.

Last year, for instance, The Baltimore Sun published an op-ed article by Tim Kane, a research fellow at Heritage, in which he criticized Maryland's efforts to require Wal-Mart to spend more on health care. He objected to the move on the grounds that it was undue government interference in the free market, a traditional concern of Heritage.

"The existence of Wal-Mart dented the rise in overall inflation so much that Jerry Hausman, an economist from the Massachusetts Institute of Technology, is calling on the federal government to change the way it measures prices," Mr. Kane wrote. "Translation: Wal-Mart is fighting poverty faster than government accountants can keep track."

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Ms. Brookes pointed out that the $20,000 Heritage has received from the Walton Family Foundation since 2000 amounts to less than 1 percent of its $40 million budget.

Ms. Brookes said it was unlikely that researchers and analysts at Heritage were even aware of the foundation's contributions. "Nobody here would know that unless they walked upstairs and asked someone in development," she said. "It's just never discussed."

She said Heritage did not accept money for specific research. "The money from the Walton Family Foundation has always been earmarked for our general operations," she said. "They've never given us any funds saying do this paper or that paper."

A spokeswoman for the American Enterprise Institute said the group did not comment on its donors. The group's focus on Wal-Mart has been notable. In June, the editor in chief then of the group's magazine, The American Enterprise, wrote a long essay defending Wal-Mart against critics. The editor, Karl Zinsmeister, now the chief domestic policy adviser at the White House, said the campaign against the company was "run by a clutch of political hacks."

Conservative groups are not the only ones weighing in on the Wal-Mart debate. Ms. Williams of Wal-Mart noted labor unions have financed organizations that have been critical of Wal-Mart, like the Economic Policy Institute, which received $2.5 million from unions in 2005.

In response, Chris Kofinis, communications director for WakeUpWalmart.com, an arm of the United Food and Commercial Workers Union that gives money to liberal research groups, said: "While we openly support the mission of economic justice, Wal-Mart and the Waltons put on a smiley face, hide the truth, all while supporting right-wing causes who are paid to defend Wal-Mart's exploitative practices."

The lack of a clear quid pro quo between research groups and corporations like Wal-Mart makes the issue murky, said Diana Aviv, chief executive of the Independent Sector, a trade organization representing nonprofits and foundations. "I don't know how one proves what's the chicken and what's the egg," she said.

Last year, the National Committee for Responsive Philanthropy, a research and watchdog group, published a report, "The Waltons and Wal-Mart: Self-Interested Philanthropy," that warned of the potential influence their vast wealth gives them.

But Rick Cohen, executive director of the group, said he was more concerned about the role the Walton foundation's money might play in shaping public policy in areas like public education, where it has supported charter schools and voucher systems.

"These are certainly not organizations created and controlled by the corporation or the family and promoted as somehow authentic when they aren't," Mr. Cohen said. "More important, I think, is the disclosure of the funding in whatever's written , a sort of disclaimer."

New Role For Rubin: Policy Guru (NYT)

By Landon Thomas Jr.

The New York Times, September 8, 2006

Does Robert E. Rubin still matter?

Many would probably say yes. In Washington, Mr. Rubin, who was President Bill Clinton's Treasury secretary, has started a small research group aimed at generating policy ideas for Democratic presidential candidates, as well as elevating the next generation of Democrat-supporting financiers.

On Wall Street, Mr. Rubin, from his perch on the board of Citigroup, has become an influential public defender of its chief executive, Charles O. Prince III, who is feeling the lash from investors over the stock's long stagnant run.

Just don't ask the man himself.

"I am a little pebble of sand on the beach," Mr. Rubin, 68, said this summer, speaking on a panel for his new policy initiative, the Hamilton Project. "So what I say does not matter anymore."

It was a classic form of a Bob Rubin koan. Asked why he didn't use his sway on Wall Street to prod policy makers in Congress, he offered up a slight smile and a nod of his gray head. So self-denying was the assertion that it bordered on self-aggrandizement. The audience, let in on the joke, laughed.

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But, as Democrats hope to take over control of the House from Republicans and as an aspiring presidential class of 2008 becomes more assertive, the Hamilton Project, named after the founding father and onetime Treasury secretary Alexander Hamilton, is arguably Mr. Rubin's most overt political act since he stepped down from the Treasury in 1999. Mr. Rubin, naturally, denies any such crass intent.

Housed in the Brookings Institution, the initiative embraces a number of mainstream economic prescriptions — like the necessity of equitable international trade agreements, the virtues of a balanced budget, and making economic growth more broad-based — that capture Mr. Rubin's eat-your-spinach approach to policy making.

But by addressing issues like the costs to the economy of excessive litigation and regulation, Mr. Rubin intends to make the project a laboratory for the type of pragmatic, ideology-free policies that appeal to the project's Wall Street advisers while also hoping to lure Democratic presidential candidates away from populist economic positions. And with Mr. Rubin and his successor and friend Lawrence H. Summers on board, it will also be a training ground for the next crop of financiers with ambitions to shape policy in a Democratic administration.

They include those who have done so, like Roger C. Altman, the chairman of Evercore and a former deputy Treasury secretary; those who aspire to do so, like Steven Rattner of Quadrangle, the private equity firm; and, perhaps most important, younger Wall Street executives just now flirting with the idea.

It is with this last group of executives, drawn largely from the booming world of hedge funds and private equity, that Mr. Rubin has loomed large as an Obi-Wan Kenobi figure.

In the 1980's he cultivated their early careers as arbitrage traders at Goldman Sachs, and he is now guiding them in the ways of securing influence in Washington.

Eric Mindich, who runs Eton Park, a $5 billion hedge fund, led Goldman's arbitrage desk at the age of 25, and in 1994, at 27, became Goldman's youngest partner ever. Of the bunch, he comes the closest to being Luke Skywalker: a Harvard graduate like Mr. Rubin, he is a trustee and major donor, with Mr. Rubin, at the Mount Sinai Medical Center. He is also a contributor to Mr. Rubin's favorite senator, Kent Conrad, the Democrat from North Dakota.

Then there is Richard C. Perry, who left Goldman's arbitrage desk in 1988 to form Perry Partners, now an $11 billion hedge fund. And Thomas F. Steyer, the founder of Farallon Capital, a $16 billion hedge fund, who also worked under Mr. Rubin in the 1980's and was an adviser to Senator John Kerry's presidential campaign in 2004.

All three men are generous Democratic donors. But in the public policy realm they are relative neophytes — just as Mr. Rubin was in the early 1990's before he signed on with President Clinton.

"This is not a political undertaking," Mr. Rubin said in an interview. "There have been some major policy disappointments and they need to be debated. You can conduct this debate without engaging the question of political attribution."

Asked if the project would take aim at Bush administration policies that he has criticized publicly, like tax cuts and the fiscal deficit, Mr. Rubin took the high road.

"If you go over everything I have said, you would never see the word 'Bush,' " he said. "I make a distinction between policy and politics. There are some immense issues — the stagnancy of real wages, economic security, the fiscal deficit. We are trying to stir debate."

True to his word, the initial output from the project has had a heavy, if not eye-glazing, emphasis on policy, and has been light on the politics. Among the topics tackled are the volatility of income levels, improving productivity of the federal government, and ensuring that free trade remains friendly to American workers. "When Bob Rubin and others are involved, it becomes an important vehicle," said Orin S. Kramer, a hedge fund investor and a prominent Democratic fund-raiser. "And if you are trying to change the direction of policy, that is what politics is all about."

So while Mr. Rubin remains above the fray — he says he will not lend his support to any individual until the party chooses a Democratic candidate — most of the others he has recruited have already become fully engaged.

Mr. Altman, a college classmate of President Clinton who also served briefly in his administration, has emerged as Senator Hillary Rodham Clinton's leading economic adviser, and Mr. Perry, Mr. Steyer and some other financial executives have lent their financial support.

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The project is largely financed by Mr. Rubin and his financial backers, all of whom contribute an equal amount each year — said to be between $100,000 and $150,000 — to its approximately $2 million operating budget.

As he has done in politics, Mr. Rubin has kept himself at a distant remove at Citigroup, his base of operations since 1999, particularly from the criticisms leveled at Mr. Prince over the bank's sluggish growth.

Partly this is a consequence of his unusual job description. As an executive at the company, he has no operational responsibility, and as a director he sits on no board committees (the executive committee, of which he is chairman, rarely meets). And partly it is a function of his personal style.

"He has this enormous influence and yet he is not on the radar screen when people are looking to assign credit or blame," said Michael Holland, an investor and longtime shareholder of Citigroup. "I presume it is very comfortable for him that way."

At Ford, where he was a director since 2000, he stepped down last month, citing banking conflicts.

Still, there are some who have asked what it is that he does to earn his guaranteed $15 million a year. An influential rainmaker at the company, he meets frequently with clients in the public and private sectors. His outside interests are broad as well as time-consuming. As part of his contract, he is given free rein to indulge himself in this regard and to use Citigroup's planes to do so.

Last year, he booked $330,000 worth of personal travel time, almost three times as much as Mr. Prince logged, according to the bank's proxy. Starting this year, he will reimburse Citigroup for his personal use of corporate aircraft.

At Citigroup's investor day last year, Michael L. Mayo, a bank analyst with Prudential Equity Group, put the question directly to Mr. Prince: What is it, exactly, that Mr. Rubin does?

"He has been very, very important in our strategic thinking," Mr. Prince replied. "Especially about international. Bob is a big influence in the place."

As a member of the chairman's office with Mr. Prince and part of the committee of 12 business heads, Mr. Rubin has become a valued adviser, especially now, given the youth and untested qualities of Mr. Prince's potential successors.

"My office is right next to Chuck's and he uses me as a sounding board," said Mr. Rubin. Currently, a crucial matter of debate on the board has been how much Citigroup needs to invest in its investment bank and consumer franchise to make up for the years of neglect in these areas. Mr. Prince, with the support of Mr. Rubin, has been an advocate for an aggressive commitment of more resources. Other directors have been less enthusiastic as costs have increased.

"I think he is on the right track," Mr. Rubin said. "My impression of the board is that there is broad-base agreement to invest to get us where we need to be. If there is discussion, it's a matter of degree and pace."

Anti-Judaism (WSJ)

By William Kristol

The Wall Street Journal, September 8, 2006

"How odd / Of God / To choose / The Jews." Thus the British journalist (and communist) William Norman Ewer, in the early part of the last century. The reply came from Cecil Browne: "But not so odd / As those who choose / A Jewish God / But spurn the Jews."

Browne's riposte may have won the poetic exchange. But Ewer's anti-Judaism prevailed in the next decades in Europe. Buried there after World War II, hatred of the Jews flourished for the rest of the 20th century in the Middle East. Is anti-Judaism now enjoying a broader revival? It would seem so.

University of Chicago political science professor John Mearsheimer came to Washington late last month along with his sidekick, Stephen Walt of Harvard's Kennedy School of Government. Speaking to the Council on American-Islamic Relations, they attacked the "Israel Lobby" (of which they claim I am a part) for its pernicious deeds, and singled out several Jews who served or serve in the Bush administration. These Jews, they explained, have special "attachments" in the Middle East. The attachment? Their religious belief -- Judaism. Bigotry now has an academic cachet.

Some of the activists at Moveon.org, the political organization that raises millions for Democratic candidates and generates support for left-wing policies, had a curious reason for cheering the Democratic primary defeat of Sen. Joe Lieberman. As Robert

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Goldberg reported in the Washington Times, after one Moveon member celebrated the defeat of "Jew Lieberman," 95% of those who responded to the post on the Moveon Web site expressed their approval.

Meanwhile, over in Europe, Norwegian writer Jostein Gaarder, author of "Sophie's World," announced in Norway's leading newspaper, the Aftenposten, the end of Israel: "There is no turning back. It is time to learn a new lesson: We do no longer recognize the state of Israel . . . We must now get used to the idea: The state of Israel in its current form is history . . . Fear not! The time of trouble shall soon be over. The state of Israel has seen its Soweto . . . May spirit and word sweep away the apartheid walls of Israel. The state of Israel does not exist. It is now without defense, without skin. May the world therefore have mercy on the civilian population."

Mr. Gaarder's distaste for Israel seemed to be based on his dislike of Israel's policies, his revulsion against the God of Israel ("an insatiable sadist"), and his anger that, "for two thousand years, we have rehearsed the syllabus of humanism, but Israel does not listen." It's not clear who that "we" has been for 2,000 years. But since Israel has only existed since 1948, it is presumably the Jews, not merely, Israel, who have not listened. (It was, however, generous of Mr. Gaarder to call for mercy for the Jewish civilian population.)

And then there's Mahmoud Ahmadinejad -- bidding fair to be the most powerful leader in the Islamic world. Mr. Ahmadinejad has called, of course, for the "the elimination of the Zionist regime" and "the destruction of Israel." He wants Israel eliminated because he wants Judaism eliminated (Christianity will take longer). Javier Solana of the EU and Kofi Annan of the U.N. are eagerly paying him court. Will Mr. Solana or Mr. Annan stand up in the presence of Mr. Ahmadinejad and denounce Jew-hatred? No.

Jews are under attack. And no one seems very concerned. Liberal Jews are more concerned about Mel Gibson than Mr. Ahmadinejad. The mainstream Jewish organizations have played the "anti-Semitism" card so often that it has been devalued. Much of the world is in denial about the jihadist threat. No one wants to be alarmist. This is, in a way, understandable. There are two large Jewish communities in the world. The Jews of America prosper in comfort and security. The Jews of Israel have been able to defend themselves. It's not 1938 again.

But the jihadists are on the move. Recently in Gaza, kidnapped journalists Steve Centanni and Olaf Wiig were forced to "convert" to Islam before being released. What would have happened to them if they had been Jewish? And, incidentally -- if they had refused to "convert," as some Jews and Christians have in the past -- what would have happened then?

Mr. Kristol is editor of The Weekly Standard.

Whining Over Discontent (NYT)

By Paul Krugman

The New York Times, September 8, 2006

We are, finally, having a national discussion about inequality, and right-wing commentators are in full panic mode. Statistics, most of them irrelevant or misleading, are flying; straw men are under furious attack. It's all very confusing — deliberately so. So let me offer a few clarifying comments.

First, why are we suddenly talking so much about inequality? Not because a few economists decided to make inequality an issue. It's the public — not progressive pundits — that has been telling pollsters the economy is "only fair" or "poor," even though the overall growth rate is O.K. by historical standards.

Political analysts tried all sorts of explanations for popular discontent with the "Bush boom" — it's the price of gasoline; no, people are in a bad mood because of Iraq — before finally acknowledging that most Americans think it's a bad economy because for them, it is. The lion's share of the benefits from recent economic growth has gone to a small, wealthy minority, while most Americans were worse off in 2005 than they were in 2000.

Some conservatives whine that people didn't complain as much about rising inequality when Bill Clinton was president. But most people were happy with the state of the economy in the late 1990's, even though the rich were getting much richer, because the middle class and the poor were also making substantial progress. Now the rich are getting richer, but most working Americans are losing ground.

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Second, notice the amount of time that inequality's apologists spend attacking a claim nobody is making: that there has been a clear long-term decline in middle-class living standards. Yes, real median family income has risen since the late 1970's (with the most convincing gains taking place during the Clinton years). But the rise was very small — small enough that other considerations, like increasing economic insecurity, make it unclear whether families are better or worse off. And that's the point: the United States as a whole has grown a lot richer over the past generation, but the typical American family hasn't.

Third, notice the desperate effort to find some number, any number, to support claims that increasing inequality is just a matter of a rising payoff to education and skill. Conservative commentators tell us about wage gains for one-eyed bearded men with 2.5 years of college, or whatever — and conveniently forget to adjust for inflation. In fact, the data refute any suggestion that education is a guarantee of income gains: once you adjust for inflation, you find that the income of a typical household headed by a college graduate was lower in 2005 than in 2000.

More broadly, right-wing commentators would like you to believe that the economy's winners are a large group, like college graduates or people with agreeable personalities. But the winners' circle is actually very small. Even households at the 95th percentile — that is, households richer than 19 out of 20 Americans — have seen their real income rise less than 1 percent a year since the late 1970's. But the income of the richest 1 percent has roughly doubled, and the income of the top 0.01 percent — people with incomes of more than $5 million in 2004 — has risen by a factor of 5.

Finally, while we can have an interesting discussion about questions like the role of unions in wage inequality, or the role of lax regulation in exploding C.E.O. pay, there is no question that the policies of the current majority party — a party that has held a much-needed increase in the minimum wage hostage to large tax cuts for giant estates — have relentlessly favored the interests of a tiny, wealthy minority against everyone else.

According to new estimates by Thomas Piketty and Emmanuel Saez, the leading experts on long-term trends in inequality, the effective federal tax rate on the richest 0.01 percent has fallen from about 60 percent in 1980 to about 34 percent today. Meanwhile, the U.S. government — unlike any other government in the advanced world — does nothing as more and more working families find themselves unable to obtain health insurance.

The good news is that these concerns are finally breaking through into our political discourse. I'm sure that the usual suspects will come up with further efforts to confuse the issue. I say, bring 'em on: we've got the arguments, and the facts, to win this debate.

Cashing Their Chips (NYT)

The New York Times, September 8, 2006

This week, Intel announced that it would be cutting 10,500 jobs, or about 10 percent of its work force. The company's chief executive, Paul Otellini, said that while it was a difficult decision, the move was "essential to Intel becoming a more agile and efficient company."

That kind of cutback is par for the course in today's business environment. What's notable about it is that Intel was also one of the major corporations that took advantage of the American Jobs Creation Act, a one-year tax holiday for American businesses operating overseas that lawmakers claimed was going to act as an engine for job growth. By reducing taxes on repatriated profits, it was supposed to generate cash for companies to use in underwriting new hiring at home.

In reality, it was little more than a multibillion-dollar giveaway. Intel repatriated $6.2 billion under the program, which taxed foreign profits at a rate of just 5.25 percent, compared with the normal rate of 35 percent. Now, instead of creating new jobs, it is cutting existing ones.

Intel points out that it has begun construction on a manufacturing facility in Arizona and has upgraded another in New Mexico. But the company hardly required a tax break to do that, since it was returning record amounts of cash to shareholders through dividends and share buybacks last year.

The moral is this: Businesses will slash jobs when they deem it wise and build plants when they think it's cost effective. All the Jobs Creation Act accomplished was to hand companies a nice little present with a big, fat price tag and a misleading name.

Russia And China 'stay Committed' On Tehran (FT)

By Hugh Williamson

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Financial Times, September 8, 2006

Western powers on Thursday held out hope that China and Russia would agree to sanctions against Tehran should it fail to rein in its nuclear programme despite often voiced doubts from Beijing and Moscow.

A senior European diplomat said the two countries "remained committed" in principle to a UN Security Council resolution adopted earlier this year that foresees steps towards economic measures against Iran if Tehran fails to suspend uranium enrichment.

The diplomat, who attended talks in Berlin on Thursday involving envoys from six world powers, said: "No country has changed its position."

The talks, involving foreign ministry political directors from Germany and the five permanent members of the UN Security Council – Russia, China, the US, France and Britain – came after Iran refused to meet a deadline of August 31 to suspend uranium enrichment, a process that can generate both nuclear fuel and weapons grade material.

Russia and China, which have strong economic ties to Iran, have in the past been resistant to moving swiftly towards sanctions.

The European diplomat said it was significant the six countries remained united on the possibility of "political and economic measures" against Iran. "The meeting was productive" and would not have been if such unity had not been preserved, the envoy said.

The issue will return to the Security Council later this month, the diplomat added. But the envoy noted that Thursday's meeting was only a "first discussion", adding that differences existed on the nature and speed of steps towards sanctions.

Russian and Chinese diplomats in Berlin were not immediately available for comment but earlier on Thursday both countries stressed the nuclear dispute with Iran should be resolved by dialogue.

US President George W. Bush said last week that Iran should face "consequences" for ignoring the August 31 deadline, and Washington is pushing for agreement among the six powers by late September.

Javier Solana, European Union foreign policy chief, said on Thursday he would meet Ali Larijani, Iran's nuclear envoy, for talks tomorrow. The meeting, in Vienna, is aimed at avoiding the move towards UN sanctions, diplomats said on Thursday.

Iran Moves Step Closer To U.N. Sanctions (AP)

By George Jahn

AP, September 8, 2006

Iran moved a step closer to U.N. sanctions Thursday, with a meeting of the five Security Council permanent members plus Germany making a "lot of progress" on ways of punishing Tehran for its nuclear defiance, a senior State Department official said.

Undersecretary of State Nicholas Burns said further discussions were needed on how harshly to penalize Tehran for its refusal to freeze uranium enrichment, as demanded by the Security Council.

But "we've made a lot of progress ... to push this along toward a sanctions resolution," Burns said, speaking at the end of the six-nation talks.

The meeting came amid broad moves by key European nations to enlist world support in pressuring Iran to give up uranium enrichment.

In a confidential document obtained by The Associated Press and sent to dozens of capitals last week, Britain, France and Germany warned that Tehran's stalling tactics were an attempt "to split the international community."

But it was marred by signs that France, a key U.S. ally in pushing for firm U.N. action against Iran, might be wavering.

While Iran has expressed a desire for negotiations, France and the five other nations offering Tehran a package of economic, political and strategic rewards have insisted it must first suspend enrichment activities before talks can begin.

But French Foreign Minister Philippe Douste-Blazy appeared to suggest Thursday that demand was negotiable, telling reporters: "The question is to know at what moment this suspension takes place compared to negotiations."

Burns, in comments to reporters, dismissed suggestions of a split, saying all five permanent Security Council members insist that "Iran must (first) suspend its nuclear operations, its enrichment activities, and (only) then would we sit down and negotiate."

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He said he and his counterparts from Russia, China, Britain, France and Germany would continue their discussion on the telephone Monday, adding he hoped for further progress by the time the U.N. General Assembly meets in late September.

As the Americans and their allies worked at the Berlin meeting to overcome Russian and Chinese opposition to sanctions, the European document appealed to other countries for support.

The 1 1/2-page paper labeled "In Confidence" said: "The Iranian goal obviously is to split the international community."

While not specifically threatening U.N. sanctions, it says the Security Council will have to consider "further steps" if Tehran continues to defy the council by refusing to stop enrichment.

While offering rewards, the six powers also have warned of punishments, including U.N. sanctions, if Tehran does not halt enrichment — something Iran refused to do by an Aug. 31 deadline set by the U.N. Security Council.

Iran's Aug. 22 response to the offer has been kept confidential. But the United States and its allies have described it as unsatisfactory, primarily because of Tehran's refusal to consider freezing enrichment.

Diplomats familiar with the document said it was drawn up to inform other nations of the substance of Iran's counteroffer and share the Western view that it was inadequate.

"The reply is along the lines of previous Iranian statements in that typically it neither accepts nor rejects outright" the six-power proposal, said the document.

By hinting that it is prepared to resume suspension of uranium enrichment, Iran's goal "obviously is to split the international community and draw us into a process of talks about talks, on Iranian terms, while making no commitments of its own while continuing with its enrichment program."

The document described Iran's response as "verbose and complicated, and ambiguous in many places."

At least some of the international strategy appeared to rest on the outcome of a meeting set for Saturday between senior EU envoy Javier Solana and Ali Larijani, the chief Iranian nuclear negotiator.

An Iranian official who demanded anonymity because he was revealing confidential information told the AP the talks were set for Vienna, with Larijani scheduled to arrive Friday evening.

The talks are considered a final attempt to see if there is common ground to start negotiations between Iran and the six powers.

At U.N. headquarters in New York, Britain's U.N. ambassador, Emyr Jones Parry, said "unless Solana is able to get Iranian movement on suspension of enrichment quickly, then the prospect of sanctions against Iran will be on the (Security) Council agenda soon."

Iran insists it has a right to enrich for generation of nuclear power. But suspicions are growing it wants to develop the technology to enrich uranium to the weapons-grade level for the fissile core of nuclear warheads.

Iran's Former President Takes Veiled Swipe At Bush (LEXHL)

By William Douglas

Lexington Herald-Leader (KY), September 8, 2006

CHARLOTTESVILLE, Va. - Just before heading for a visit to Washington, former Iranian President Mohammed Khatami took a veiled swipe at President Bush on Thursday and said differences between nations should be resolved through dialogue and civility, not name-calling and finger-pointing.

Khatami himself didn't name any names in his speech at the University of Virginia, but he left little doubt that one of his barbs was aimed at Bush.

"The rationale whereby the world is divided into `us and them,' the justification of `us' is contingent upon the negation of the other and results in statements such as `whomever is not with us is against us,' " Khatami said. "This `us' is a small circle encompassing a few that have the right to arrive at any verdict they please regarding the ones they consider `the other.' They can force this `other' to submit to their whims or even eliminate `the other' altogether."

Khatami said such logic flew in the face of the three faiths that descended from Abraham: Judaism, Islam and Christianity. A better way, he argued, was to achieve peace and tolerance through dialogue between governments and through nongovernmental organizations.

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He later planned to visit Washington for a news conference and speech at the National Cathedral. No Bush administration officials planned to meet with him, State Department spokesman Sean McCormack said.

Khatami is visiting five U.S. cities to discuss the role of religion in the peace process. The United Nations and some universities and other private organizations invited him to this country.

He's the highest-ranking Iranian to visit Washington since Islamist revolutionaries in Iran seized the U.S. Embassy in 1979 and held Americans hostage for 444 days. Diplomatic relations have been broken since 1980.

The U.S. government condemns Iran for supporting terrorists, refusing to cooperate fully with inspectors from the U.N.'s International Atomic Energy Agency and repressing religious freedoms.

The U.S. Commission on International Religious Freedom, a federal agency, sent the National Cathedral a letter criticizing the visit. It said that in Iran, where Shiite Islam is the state religion, people were tortured and harassed and religious minorities were persecuted while Khatami was president from 1997 to 2005.

The State Department said in a 2005 report that actions by Iran's government created "a threatening atmosphere for some religious minorities, especially Baha'is, Jews and evangelical Christians."

Khatami was elected as a reformer, but hard-liners blocked his proposals. His two-week visit to the United States was intended to show a more moderate image of Iran compared with the hard-line style of the country's current president, Mahmoud Ahmadinejad.

"He's trying to put a more human face on for Iran, you know, `We're not crazy. You used to think of me as a reasonable guy,'" said Marvin Weinbaum, an analyst for the Middle East Institute and a former State Department official. "He's going to play the softer line here. They (Iranian government) know he has some standing in the United States. He's a useful emissary."

Khatami didn't talk directly about the tensions between the United States and his country over Iran's uranium-enrichment program. His visit to Washington came on the same day that U.S. and European leaders discussed possible sanctions against Iran for its refusal to stop enriching uranium.

Different levels of enrichment produce uranium for nuclear energy or nuclear weapons. Iran says its programs are only for energy. The IAEA says Iran hasn't cooperated enough so that inspectors can certify that its nuclear program is strictly peaceful.

Massachusetts Gov. Mitt Romney ordered state agencies not to provide assistance when Khatami speaks at Harvard University on Sunday. Boston Mayor Thomas Menino said his city's police department would escort Khatami at the request of the State Department.

Sen. George Allen, R-Va., a possible Republican presidential candidate in 2008, sent Secretary of State Condoleezza Rice a letter asking that Khatami's visa be revoked because he had headed a regime that's considered a sponsor of terrorism and because of Iran's human rights record.

"I think a lot of what he's saying is dissimilation, which Iran is very good at," said James Phillips, a Middle East expert for the Heritage Foundation, a Washington-based conservative research center. "There will be a lot of newspaper articles and coverage, but Khatami's power is long gone and the people who run Iran now don't hold him in high regard."

Others said back channels and third parties were a way to start talking with Iran.

"We would be wise to listen to what Mr. Khatami has to say, though with some of the rhetoric coming out of the White House, I'm not going to hold my breath," said Mehrzad Boroujerdi, a political science professor at New York's Syracuse University. "In a subtle way, Iran is trying to send a signal that, at least, let's engage in public diplomacy."

Former Iranian Leader Suggests Dialogue (AP-Y)

By Anne Gearan

AP, September 8, 2006

The most senior Iranian to visit Washington in 25 years said Thursday the two nations' long estrangement should be repaired through dialogue instead of threats, as world powers moved closer to imposing punishments on Iran over its disputed nuclear program.

Mohammed Khatami, a two-term Iranian president once seen as the harbinger of moderation and better relations with the United States, also said three of the nations that have offered to bargain with Iran may be willing to change the terms.

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Khatami said Russia, China and France would agree to negotiate without preconditions that Iran has said are unacceptable, but he did not elaborate. Those nations, with the United States, Britain and Germany, have offered trade and aid incentives to Iran if it rolls back a nuclear program that the West fears could produce a weapon, with United Nations sanctions the price of refusal.

The group agreed that Iran must agree to shelve its uranium enrichment program before talks on the package could start and no nations have said publicly that they would reconsider.

"Even now I believe that relations between our two respective governments should be resolved through dialogue," Khatami said during a news conference with U.S. and other reporters. He spoke through a translator.

"Using violence by every side and violent language by every side is not conducive to dialogue and it will increase and exacerbate the problems," Khatami said.

He took a swipe at the Bush administration for what he called human rights abuses in the Iraq war and the pursuit of terrorists.

"I do not deny the existence of problems in Iran, but I would certainly say those are not (worse than) the violations in places like Abu Ghraib and Guantanamo," Khatami said. "Let's condemn the violation of human rights wherever it takes place."

Khatami will not meet with any U.S. officials. The trip has angered some conservatives in Congress, some influential Iranian exiles in the United States and some of the diplomats and employees held captive a quarter-century ago.

Khatami is the most senior Iranian to visit the capital since Islamic fundamentalists seized the U.S. Embassy in Tehran in 1979 and held Americans hostage for 444 days.

President Bush and his administration are not giving Khatami a warm reception, although the U.S. government is providing and paying for security agents for the former Iranian president.

The administration allowed the visit to demonstrate good will toward Iranians in general, if not their leaders, and to point up the free speech and freedom of movement that are possible in the United States. Before Khatami arrived, State Department spokesman Sean McCormack said he hoped the universities and others hosting Khatami would ask him tough questions.

The centerpiece of Khatami's visit to Washington was an address Thursday at Washington National Cathedral, a few miles from the White House.

In remarks prepared for delivery, the cleric made a scholarly, theological plea for greater dialogue among cultures but stayed away from current events.

The address coincides with what may be a turning point in the long and largely fruitless international effort to deny Iran technology and expertise that the West fears could lead to a nuclear weapon.

If the United States gets its way, world powers could vote in the next few weeks to impose the first in a series of punishments intended to further increase pressure on Iran to roll back its nuclear development program.

Iran claims its program is aimed only at generating nuclear energy. The nuclear program, begun in secret nearly two decades ago, has become a point of national pride for Iran and its hard-line president, Mahmoud Ahmadinejad.

Diplomats from the countries that have offered to bargain with Tehran met Thursday in Berlin to discuss the next step now that Iran has defied a U.N. deadline to shelve uranium enrichment activities. In different forms, enriched uranium can be used either for nuclear energy or weapons.

Khatami defended what he said is a peaceful nuclear program. He said Russia, China and France, which were part of Thursday's meeting "want negotiations without precondition ... and this is the right position."

The State Department granted Khatami a visa to visit the United States for a two-week speaking tour despite severe trade and other penalties the U.S. imposed on Iran after the 1979 revolution.

At Cathedral, Iran's Khatami Urges Dialogue (WP)

By Robin Wright

The Washington Post, September 8, 2006

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Amid noisy protests and tight security, former Iranian president Mohammad Khatami issued a call at the Washington National Cathedral yesterday for leaders in both the West and the Islamic world to launch a historic dialogue to "rescue life from the claws of the warmongers and violence-seekers and ostentatious leaders."

But Khatami, who served as president between 1997 and 2005, signaled that the time is not yet right for direct dialogue between the United States and Iran. He warned that the language of threats needs to end for any negotiation to have a chance -- an indirect reference to U.S. and U.N. pressure to impose new sanctions on Iran because of disputes over its nuclear program.

Khatami said Iran is prepared to discuss the suspension -- both the timing and the scope -- of its uranium enrichment in negotiations.

The former Iranian leader, who was elected on a reform platform but failed to deliver significant change, called the United States a "great" country "with great people, great capacities, and potential" -- language that stood in stark contrast to more than a quarter-century of Iran calling the United States "the Great Satan."

But he also condemned its unilateral foreign policy, and he cautioned at a news conference before last night's speech that Washington would be more effective if it worked alongside other nations.

Khatami, who is a mid-level Shiite cleric and wears the black turban of a descendant of the prophet Muhammad, focused heavily on religious themes and the need for the three Abrahamic faiths -- Judaism, Islam and Christianity -- to work together.

"Jesus is the prophet of kindness and peace. Muhammad is the prophet of ethics, morality and grace. Moses is the prophet of dialogue and exchange," he said. "It's good at the present time, where war, violence and repression is so prevalent across the world, for all of us who are followers of God's religion to pursue all efforts for the establishment of peace and security."

Khatami said he was not concerned about the vitriolic criticism that his five-city speaking tour of the United States has prompted in Iran. "If you want to accept to live in a democratic state, a democratic society, we have to tolerate the voices of dissent," he said.

Critics have charged that Khatami's trip is riddled with hypocritical contradictions since, during his presidency, the Islamic republic was guilty of widespread human rights abuses. Although Iran's hard-line judiciary is widely blamed for the arrest of dissidents, Khatami was unable to restrain political rivals.

Pressed on Iran's abuses, Khatami said he would not deny that his country has serious problems, but he cautioned that democracy is a "process" that cannot reverse centuries of despotic rule overnight. Iran was ruled by various dynasties for some 2,500 years.

As Khatami spoke inside the limestone Gothic cathedral, hundreds of diplomatic security agents, including their own SWAT teams, surrounded the church grounds.

On the other side of Wisconsin Avenue, a crowd of about 200 shouted, "Shame on you," as invitees waited to pass through security and enter the cathedral gates. Khatami spoke before an audience of 1,300.

Many of the protesters waved photographs of victims of Iranian government torture and pictures of Reza Pahlavi, the son of the last shah, toppled in the 1979 revolution. Banners urged, "No dialogue, no war, only regime change," and "Free all political prisoners in Iran."

Police cars lined up in front of the crowd and helicopters with searchlights circled overhead, but there were no incidents reported and no noticeable traffic delays from the protest.

Khatami is the highest-ranking Iranian figure to visit Washington since the United States severed ties in 1979, after its embassy in Tehran was overrun by revolutionaries who took 52 hostages and held them for 444 days.

He comes at a time when the United States is pressing for new international sanctions on Tehran over its nuclear program, and on a day when officials from the five countries with permanent seats on the U.N. Security Council joined German officials in Berlin to discuss those sanctions.

The visit prompted condemnation not only in some Iranian circles but also from some lawmakers on Capitol Hill.

At a news conference yesterday morning organized by Iranian dissidents, Sen. Sam Brownback (R-Kan.) announced that he planned to mark Khatami's visit by introducing the Iran Human Rights Act, to ensure that the United States supports opposition groups.

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The proposal calls for a new U.S. special envoy to coordinate with Iranian opposition groups, authorizes $100 million for new U.S. programs that focus on Iran's human rights practices, and requires more broadcasting into Iran on democracy and human rights issues.

Brownback also called on the State Department to give visas to liberal professors whom the Iranian government this week threatened to purge.

"For too long, the focus on Iran's nuclear program has overshadowed the human rights violations perpetrated by its tyrannical regime," Brownback said. His legislation would make Iran's human rights practices a top priority of U.S. foreign policy.

Rep. Brad Sherman (D-Calif.) criticized the Bush administration for allowing U.S. taxpayers to "subsidize" the former Iranian leader's visit by providing a security detail -- particularly after the treatment of U.S. diplomats in Iran during their captivity. The State Department's Bureau of Diplomatic Security is in charge of such protection.

A handful of former prisoners, as well as the sister of a student activist who was arrested during Khatami's presidency and died last month in jail, spoke emotionally to reporters about the incarcerations and their opposition to the regime.

"Don't be deceived by his smile," said Roya Tolooei, who said she once thought Khatami would be different. "It didn't take us long to realize he wasn't the one."

Reza Pahlavi urged the international community not to "waste time" on negotiating with Iran since an Aug. 31 deadline has passed for Tehran to comply with a U.N. demand that it stop uranium enrichment.

Before coming to the cathedral, Khatami spoke yesterday in Charlottesville at the University of Virginia, where he excoriated the idea of dividing the world into "us and them."

"This 'us' is a small circle encompassing a few that have the right to arrive at any verdict they please regarding the ones they consider 'the other.' They can force this 'other' to submit to their whims or even eliminate 'the other' altogether," Khatami said.

Khatami Defends Ahmadinejad, Iran's Nuke Plans (WT)

By David R. Sands

The Washington Times, September 8, 2006

Former Iranian President Mohammed Khatami yesterday defended his country's nuclear program and rejected suggestions that freedom and human rights in Iran had deteriorated under his hard-line successor Mahmoud Ahmadinejad.

Mr. Khatami, who is considered a moderate in Iran's political spectrum, told reporters at the Washington National Cathedral shortly before delivering a speech on "dialogue of civilizations" that Iran's nuclear effort is peaceful and that the world should focus on the atomic arsenals of Israel and other states before criticizing Iran.

At the press conference, Mr. Khatami said Iran could discuss suspending its nuclear program once talks with the West had begun. After meeting with reporters he addressed an audience of about 1,200 people at the cathedral.

That also was a paraphrase of the official Iranian position that there should be talks without preconditions.

Mr. Khatami appeared to be warning the United States against using force against Iran, saying this would never resolve the standoff over Iran's suspected pursuit of nuclear weapons.

Iran would not give up its nuclear program in the face of outside pressure, he said. "We must eliminate the language for the dialogue to be successful."

Dressed in a full-length black robe and black turban, Mr. Khatami said Iran's political system should not be judged by the standards of established Western democracies because the United States' own human rights record is not perfect.

"Iran has its problems, but they are not greater than the violations of human rights we saw at Abu Ghraib and Guantanamo," he said.

As Mr. Khatami spoke, a crowd of about 50 demonstrators gathered across the street from the cathedral, waving U.S. and Iranian flags and demanding freedom for the Iranian people.

In Berlin, meanwhile, the United States and five other countries remained deadlocked in negotiations over whether to punish Iran for continuing its nuclear program in defiance of the U.N. Security Council.

Mr. Khatami acknowledged that his two-week American tour had been criticized by religious hard-liners in Iran, but he said he did not think that Iran had regressed under Mr. Ahmadinejad.

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"I don't think things have reversed," he said. "Of course their interpretation may be different than mine, but on women and youth, the new president has said things that are very hopeful."

Mr. Ahmadinejad has enforced dress codes requiring that women be dressed in black or dark blue Islamic garb from head to toe and has begun a campaign to purge liberal and secular professors from the nation's universities. Mr. Khatami's successor has also called for Israel's destruction.

Mr. Khatami spoke in Farsi, the official language of Iran, and his remarks were translated by an interpreter. He began with a short statement, in which he praised Jesus and Muhammad as great prophets. He then took questions from reporters who packed the southeast section of the cathedral nave.

He spoke against the backdrop of a banner proclaiming "My house shall be called the house of prayer for all people." (Isaiah 56:7)

The State Department has said Mr. Khatami's visit is a private one, and that no U.S. officials will meet him while he is here.

Department spokesman Sean McCormack said U.S. officials hope Mr. Khatami will benefit from contacts with private U.S. groups, but said there was no change in the Bush administration's stance opposing Iran's Islamic regime.

But Iranian exiles and dissidents who had been jailed and tortured held a press briefing to condemn Mr. Khatami's visit and the administration's decision to issue the former president a visa and provide at no cost State Department security protection during his two-week U.S. stay.

Reza Pahlavi, son of the late shah who was ousted in the 1979 Islamic Revolution, said that despite Mr. Khatami's image as a "moderate," he has been a critical part of the "clerical dictatorship that holds our country hostage."

Religious minorities in Iran were harshly persecuted under Mr. Khatami, Mr. Pahlavi said. "Regardless of his smiling rhetoric, the true nature of the regime is far different from what Khatami wants us to believe."

Rep. Brad Sherman, California Democrat, said the State Department listed Iran as the world's top state sponsor of terrorism for all eight years of Mr. Khatami's administration, which ended last year.

With the fifth anniversary of the September 11 attacks looming, "it is an insult to those who died that day that American taxpayer money is being used to fund a terrorism promotion tour," Mr. Sherman said.

Mr. Khatami spoke earlier in the day at the University of Virginia in Charlottesville, and will speak Sunday at Harvard University, where critics have also attacked the decision to allow him to speak.

In earlier stops in Chicago and New York, the ex-president had sharply criticized what he called "aggressive" U.S. policies in the Mideast, but also appealed for better understanding between the Muslim world and the West.

In U.S. Visit, Iran's Khatami Urges Dialogue (LAT)

By Johanna Neuman

The Los Angeles Times, September 8, 2006

WASHINGTON — Former Iranian President Mohammad Khatami, undertaking an American tour rare for ex-officials of the government in Tehran, called Thursday for a "dialogue of civilizations" among Jews, Christians and Muslims, even as he scolded the Bush administration for its treatment of detainees and other alleged human rights abuses.

"I do not deny that there are a lot of problems in Iran. But I would certainly say those are not [worse] than the problems and violations in places like Abu Ghraib and Guantanamo," Khatami said at a news conference before a speech at Washington National Cathedral, referring to the former U.S. military prison at Abu Ghraib near Baghdad and the U.S. prison at Guantanamo Bay, Cuba. "Let's condemn the violation of human rights wherever it takes place."

Khatami is believed to wield little influence with the hard-line mullahs running Iran. Nonetheless, his two-week U.S. visit, which is also to include a speech Sunday at Harvard University, has provoked controversy.

He is the most prominent Iranian to visit the United States since the 1979-81 hostage crisis, apart from diplomatic visits to New York for official United Nations business. Khatami has spoken at mosques in Chicago and held private meetings at Georgetown University and at the University of Virginia in Charlottesville, where he toured Thomas Jefferson's home of Monticello.

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Despite his reputation as a moderate and a reformer, Khatami's visit has stoked anger over Iran's treatment of political dissidents and its persecution of religious minorities. Khatami was Iran's president from 1997 until 2005, when he was succeeded by Mahmoud Ahmadinejad.

Many of the 52 U.S. diplomats held hostage in Iran for 444 days during the Carter administration are furious with the U.S. government for issuing a visa to a man whose rhetoric is soft but whose policies they believe mirror those followed in Tehran ever since student radicals took over the U.S. Embassy.

"It is horrendous," said Barry Rosen, who was press attache at the embassy when it was seized Nov. 4, 1979. "It is as if the U.S. government is forgetting what happened."

Critics were particularly galled that Khatami had been invited to speak at the National Cathedral, where presidents have been memorialized and where the nation mourned the loss of about 3,000 citizens after the Sept. 11 attacks.

"There was open religious persecution during his tenure — Jews were arrested, the Bahai were persecuted, a Canadian journalist was killed," said Nina Shea, a conservative activist and vice chair of the U.S. Commission on International Religious Freedom, an independent government agency. "He should be confronting what occurred … and apologizing for it."

Massachusetts Gov. Mitt Romney, a potential Republican presidential candidate in 2008, assailed Harvard's Kennedy School of Government for inviting Khatami to speak and has banned state law enforcement agencies from providing security. Instead, the State Department is providing security.

"State taxpayers should not be providing special treatment to an individual who supports violent jihad and the destruction of Israel," said Romney, calling Harvard's decision to invite Khatami "a disgrace."

In response, the Kennedy School of Government issued a statement saying it was "surprised and disappointed" by Romney's stance.

Ibrahim Hooper, spokesman for the Council on AmericanIslamic Relations, or CAIR, agreed that there is a need for dialogue. "Most Americans don't want a repeat of the Iraq fiasco," said Hooper, whose organization is playing host at a dinner for Khatami tonight in Washington. "The way to prevent that is to listen to each other."

In the invitation to the private dinner, which also includes a photo opportunity for the estimated 100 guests, CAIR described Khatami as "Iran's first reformist president [who] focused his tenure on the rule of law, democracy and the inclusion of all Iranians in the political decision-making process."

But critics decried Khatami's record. "There is this mythology that somehow he is a better man than the current regime," said Danielle Pletka, vice president for foreign and defense policy studies at the conservative American Enterprise Institute. "His rhetoric may be softer, but blow for blow on policy, there isn't much difference."

Shibley Telhami, a Middle East expert at the University of Maryland, said the visit — and the controversy — were welcome developments.

"It opens up a window that didn't exist before," he said of the trip. "Not only does it indicate a probing on the American side but on the Iranian side. Neither the supreme leader nor the president vetoed the trip. He would not be here if they didn't want him to be."

State Department spokesman Sean McCormack defended the decision to grant a visa to Khatami even as the Bush administration pursues international sanctions against Iran for its nuclear enrichment program.

"President Khatami is here on a private visit, he is not here at the invitation of the United States government," McCormack said. "Private U.S. citizens wanted to have this interaction with him."

In the news conference at the National Cathedral, Khatami was asked whether he believed Jews are different from other human beings. "Not at all," said Khatami, who added that those who commit violence in the name of any religion commit two crimes — one against humanity, and one against religions "based on faith and love."

Khatami defended Iran's pursuit of nuclear technology for what he said was its energy needs. Unlike Israel, India and Pakistan — all believed or known to have the atomic bomb — Iran is a signatory of the nuclear Nonproliferation Treaty, subject to international safeguards and conditions, he said.

Asked whether he was disappointed he hadn't met with U.S. government officials, Khatami talked about the mistrust between the two countries, mistrust he said had historical roots, "some justifiable and others unjustifiable."

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"Before we can engage in dialogue, we have to eliminate the language of threat."

U.S. Takes Aim At Banks Controlled By Tehran (WSJ)

By Glenn R. Simpson And Neil King Jr.

The Wall Street Journal, September 8, 2006

WASHINGTON -- The Bush administration is seeking to isolate a network of European and Middle Eastern banks and companies controlled by the Iranian government that U.S. officials suspect Iran is using to acquire sophisticated weapons technology.

Top officials from the U.S. Treasury and State departments are trying to enlist European governments and big multinational banks in the effort, in part by sharing information with them about suspected money laundering and other illicit activities by these banks and firms, senior administration officials said yesterday.

The U.S. prohibits most technology exports to Iran, while other countries have lesser restrictions on selling items with potential military uses. Washington fears Iran is acquiring technology to build nuclear weapons as well as missiles that could be used against Israel and other countries.

Stuart Levey, the Treasury's undersecretary for terrorism and financial intelligence, will barnstorm Europe next week, meeting government officials and bank executives in the United Kingdom, France, Switzerland and Italy to discuss ways to combat what the Treasury calls "threats emanating from financial flows from Iran."

"This is a clear effort by Treasury and State to make sure governments around the world and the private sector understand what the Iranian government is engaging in," said a top U.S. foreign-policy official.

New Treasury Secretary Henry Paulson, meeting with Asian finance ministers, emphasized his interest in the issue. "It's very important that each country develop the appropriate authorities to identify those who abuse the system and isolate them so that they have no access to the global financial system, [which] is in many ways as strong as its weakest link," he said in Hanoi, Vietnam. Mr. Levey is also expected to address the matter in a speech in Washington today.

Law-enforcement officials from several countries say they have evidence that Iran has an elaborate weapons-acquisition program that resembles networks set up by China, Pakistan and North Korea, all three of which created scores of front companies to buy sophisticated equipment in Europe and sometimes the U.S. Prosecutors in the U.S. and the Commerce Department already have brought numerous cases against firms suspected of obtaining equipment for Iran, records show.

The U.S. effort, a greatly expanded version of an ad hoc campaign by Treasury that began last year, is expected to proceed on two levels, with efforts by Treasury to formally blacklist some firms and target others through "moral suasion" aimed at their business partners. Iranian banks and companies, long barred from doing business in the U.S. under American terrorism sanctions, have major operations in Europe's four biggest economies -- Germany, France, the U.K. and Italy.

U.S. officials say the campaign represents an important second front in a larger diplomatic bid to pressure Tehran over its nuclear program. Diplomats from the U.S. and other countries met in Berlin yesterday for a first attempt at forging a consensus on how to proceed with potential economic sanctions on Iran within the United Nations after Iran defied an Aug. 31 U.N. deadline to freeze its uranium-enrichment work.

Acknowledging that the U.N. bid may be derailed by Russian or Chinese opposition, Bush officials describe the Treasury-led campaign as an effort to win the support of financial powers in Europe and the Persian Gulf outside the U.N. framework. "What we're trying to do is convince finance ministries and banks that Iran is not a good bet," said one senior U.S. official.

U.S. officials essentially are hoping to persuade foreign banks to avoid doing business with Iranian financial institutions, figuring that will strain relations between the Iranian banks and the Iranian government because their ties are so close.

After quietly pushing the effort all year, U.S. officials say they plan to increase the pressure markedly in coming months, not only in Europe but also in Dubai, a major hub for trade and financial transactions with Iran. If a significant number of banks sign on, the campaign could have an impact on Iran's financial well-being, which despite the country's oil wealth is still hugely in need of outside investors to develop sectors ranging from oil exploration to gasoline refining.

Israel Lifts Blockade Of Air Access To Lebanon (WP)

By Scott Wilson

DOJ_NMG_0059650

The Washington Post, September 8, 2006

JERUSALEM, Sept. 7 -- Israel lifted its eight-week-long air blockade of Lebanon on Thursday, but maintained its sea cordon after determining that not enough international forces had taken up positions along the coast to enforce an arms embargo against the Shiite Muslim militia Hezbollah.

Israel began allowing commercial flights to land early Thursday evening at Beirut's Rafiq al-Hariri International Airport, following Prime Minister Ehud Olmert's pledge to do so the previous day.

A plane from Lebanon's Middle East Airlines, arriving on a direct flight from Paris, circled Beirut in a celebratory gesture before landing shortly after the blockade was lifted at 6 p.m. The pilot waved a Lebanese flag from the cockpit as the plane rolled up to the terminal.

Israeli officials said German and Lebanese troops had taken up posts in the airport's passenger and cargo terminals to prevent arms from reaching Hezbollah, whose forces Israel fought for 33 days in July and August. At the same time, the officials said that Israeli warplanes continued to patrol Lebanese skies on intelligence-gathering missions and that there were no plans to end them.

Israel did not carry out its pledge to lift the sea blockade at the same time, citing the inability of a U.N.-backed, multinational peacekeeping force to deploy enough ships off the coast to guarantee the arms embargo would remain intact. Olmert said in a statement Wednesday that U.N. Secretary General Kofi Annan had assured him that French, Italian, British and Greek vessels would monitor the coast until the German navy deployed in roughly two weeks.

Mark Regev, the Israeli Foreign Ministry spokesman, said that Israel hoped to stop its sea patrols "sooner rather than later" but that the timing depended on how quickly the international forces deployed. It was unclear Thursday evening how many, if any, foreign warships had taken up positions off Lebanon.

"The internationals are taking longer, unfortunately, to enforce the sea blockade," Regev said. "When they are ready to do so, we will be ready to leave. The timing depends on them. We have no interest in keeping this in place."

Lebanese Prime Minister Fouad Siniora sought to play down the delay in lifting the sea blockade, predicting it would end Friday after further coordination among the United Nations, Israel and the European nations providing sea patrols. He spoke after meeting with Foreign Minister Frank-Walter Steinmeier of Germany.

Israel has maintained its blockade three weeks after a U.N.-brokered cease-fire took effect Aug. 14, ending weeks of war that killed as many as 1,200 Lebanese, most of them civilians, and 158 Israelis, most of them soldiers.

The cease-fire resolution prohibits arms shipments to Hezbollah, which rained rockets on northern Israeli towns for much of the fighting, and calls for a 15,000-member multinational force to deploy alongside an equal number of Lebanese troops in the militia's southern stronghold. The U.N. force will have greater authority to prevent Hezbollah from rearming than did its predecessor in southern Lebanon.

The blockade represents an embarrassment to the weak Lebanese government and a daunting obstacle to the country's economic recovery. Lebanon is a shipping hub for the Middle East, as well as a prime destination for tourists from wealthy Persian Gulf states.

In the past, Hezbollah, whose political arm is represented in the Lebanese cabinet, has not received the bulk of its arms by air or sea. Israeli officials say the militia's arsenal comes from Iran and Syria, with much of it arriving through time-tested overland smuggling routes along Lebanon's porous border with Syria.

Israel has requested that multinational forces take up positions along the border to close those routes and prevent Hezbollah from restocking its arsenal of short- and longer-range missiles. But so far the multinational force has announced no plans to do so.

Correspondent Edward Cody in Beirut contributed to this report.

Lebanese Ports Still Blocked (NYT)

By Craig S. Smith

The New York Times, September 8, 2006

DOJ_NMG_0059651

BEIRUT, Lebanon, Sept. 7 — Commercial planes streamed into Beirut's international airport late Thursday after Israel formally ended its eight-week air blockade of Lebanon. But Israel announced that it was not yet lifting restrictions on sea traffic as planned.

"Unfortunately, we don't yet have a presence at the naval level that can implement an arms embargo," said Mark Regev, a spokesman for Israel's Foreign Ministry in Jerusalem. He said the sea blockade would remain in effect until United Nations forces were ready to help enforce an embargo intended to prevent Hezbollah from rearming after this summer's war.

The mixed signals, which forced frustrated fishermen back to shore less than an hour after beginning their first foray out to sea since July, angered Lebanese government officials and interrupted a round of celebratory speeches at the Parliament building where lawmakers were ending a six-day-old sit-in protesting the blockade.

Still, the blockade's end, brokered by Secretary General Kofi Annan of the United Nations, signaled what many Lebanese hoped would be a gradual return to normalcy after the sudden and devastating war.

The first plane to arrive after the end of the embargo, a flight by the Lebanese national carrier Middle East Airlines carrying 150 passengers from Paris, circled low over Beirut three times to mark the occasion. Prime Minister Fouad Siniora of Lebanon and the visiting German foreign minister, Frank-Walter Steinmeier, stepped out onto a balcony of a government building to wave at the plane.

"We're so happy," said Rita Beirouti, a passenger on the flight, surrounded by family and "Welcome Back" balloons in the airport terminal after landing. Ms. Beirouti, a French-Lebanese schoolteacher, was evacuated from the city by French marines in August.

Several other flights followed during the evening.

The flights Thursday night were not the first to land since the war's end: Middle East Airlines and Jordan's Royal Jordanian airlines have been flying in and out of Beirut by way of Amman since the cease-fire began, and Israel has gradually extended permission for other flights into Beirut as well.

But the complete removal of the ban countrywide lifted a weight off a Lebanese public worn down by siege and the beginning of rebuilding, bringing a rare moment of triumph.

"I announce that we have achieved our goal in bringing down the Israeli embargo," said the speaker of Parliament, Nabih Berri, a prominent Shiite politician, before learning that the sea blockade had not been lifted.

Others feel that, despite the pulverized bridges, collapsed apartment buildings and swollen cemeteries, the country has emerged with its honor intact — thanks to Hezbollah.

"May God protect Hassan Nasrallah for us, because he was able to make the whole Arab nation victorious," said Darweesh Haboush, 60, a fisherman waiting for the blockade to be lifted at the ancient Lebanese port of Sidon.

All over Lebanon, the roads are lined with billboard pictures of Hezbollah fighters, multibarreled Katyusha rocket launchers and other scenes of the war above the words "The Divine Victory."

For the moment, few people were talking about the economic damage wrought by the war, touched off by a Hezbollah raid in July. The effects of the blockade and the Israeli bombing are likely to add $1 billion to Lebanon's $40 billion national debt, already one of the highest in the world on a per capita basis, according to the English-language Lebanese newspaper, The Daily Star.

Israel said it was lifting the air blockade because German monitors had arrived at Beirut's international airport to help enforce the arms embargo. But the Israeli government said the United Nations had not yet decided who was in command of the multinational naval force off the Lebanese coast, and said it would not lift the sea blockade until the issue was settled.

Lebanese officials said they expected the problem to be solved by Friday when Beirut's port, which handles 80 percent of goods coming into the country, is expected to resume operations. Two shiploads of automobiles are scheduled to arrive during the day.

Mr. Siniora told a news conference, "I think that in the morning, God willing, this thing will be lifted."

French warships are already sitting offshore, and Greek, British and Italian ships are expected to arrive within days to help patrol Lebanon's coast until German ships arrive in two weeks to take over the task.

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Lebanon's transportation minister, Mohammed al-Safadi, said hundreds of ships, diverted from reaching the country during the war, were waiting in ports around the region. Lebanese officials have said the blockade is costing the country $50 million a day in lost trade.

Still, it is not clear how effective the multinational monitors or naval patrols will be. Mr. Safadi, the Lebanese transportation minister, insisted that Lebanon would remain in control of who and what entered and departed the country, adding that the German airport monitors' job was simply to verify the security measures that Lebanon has taken.

"There's no international presence at the airports or ports," Mr. Safadi said. "The only international presence will be six nautical miles from shore and that will be acting at the will of the Lebanese Army."

Lebanon's border with Syria, meanwhile, has been open since the war ended more than three weeks ago.

Mr. Safadi said the Lebanese Army had deployed 8,600 troops to build observation posts along the mountainous 205-mile Syrian border, which is unfenced and largely unmarked. He said Lebanon was awaiting X-ray machines that would permit border guards at the nine border crossings to more quickly inspect trucks entering the country.

"Miri Eisin, a spokeswoman for Prime Minister Ehud Olmert, said Israel's biggest concern was the possibility of renewed arms shipments to Hezbollah across the Syrian-Lebanese border.

Israeli military officials have said they reserve the right to bomb any trucks from Syria that they believe are carrying rockets, rocket launchers or other weapons.

The United Nations is amassing an expanded peacekeeping force in the south of the country. More than 3,000 peacekeepers are already there, and Mr. Annan said Thursday that the number was expected to reach 5,000 by mid-September. He urged Israel to pull all soldiers out of southern Lebanon by then.

The Spanish Parliament on Thursday approved a plan to contribute 1,100 troops to the United Nations force, which is authorized to grow to 15,000.

Few people expect it will reach that size, however, and Mr. Annan said Thursday that 5,000, along with the 16,000 Lebanese troops being sent to the south of the country, would constitute a "credible force."

Israel Lifts Air Blockade But Navy Stays (FT)

By Andrew England And Harvey Morris

Financial Times, September 8, 2006

Israel lifted its eight-week air blockade of Lebanon on Thursday, removing a key barrier to the country's postwar economic recovery.

However, at the last minute Israel said it would delay lifting its sea blockade until international forces were in position to monitor sea traffic.

Mark Regev, Israeli foreign ministry spokesman said: "Unfortunately, the international presence is not yet ready to enforce the sea embargo. When the internationals are ready to enforce the arms embargo on the sea, we will be ready to lift the blockade."

The embargo cost the nation tens of millions of dollars a day, effecting imports, exports, tourism, trade and other activities, said Marwan Mikhael, an adviser to the minister of economy and trade. "It's like announcing the end of the war," Mr Mikhael said.

Israel imposed the blockade after the conflict between Israel and Hizbollah erupted on July 12. The fighting ended with an August 14 UN-brokered ceasefire, but Israel refused to lift the blockade until it was satisfied enough foreign forces were deployed to prevent Hizbollah rearming.

After a flurry of diplomatic activity and international pressure, it was agreed that French, Italian, Greek and British ships could patrol Lebanon's coast until a German taskforce arrives. However, details of the naval force and its mandate still had to be worked out.

In Israel, the families of the two soldiers whose July 12 capture by Hizbollah triggered the fighting, complained that removing the blockade weakened Jerusalem's negotiating leverage to secure their freedom.

At Beirut's port and airport staff were preparing for a resumption of normal business. Earlier port officials had said the first ship was due to dock at about 9pm last night, while airport officials were gearing up for more flights.

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Earlier this week, Qatar Airways became the first airline to resume direct flights to Beirut, and on Wednesday British Airways franchise partner BMED followed suit.

However, the loss of business has been huge. Normally, the airport would expect 15,000 to 16,000 arrivals daily during the peak summer months of July and August, and 120 flights. That was expected to increase by 20 per cent this year.

But instead of enjoying a bumper season, the airport found itself the target of 25 Israeli bombs, damaging its three runways and taxiways, said Hamdi Chaouk, director general of civil aviation.

Mr Chaouk told the Financial Times that all but one hole had been repaired and he was confident business would shortly reach normal levels, describing the airport as the "gate of Lebanon."

He added that airport security was at international standards, saying there would be no foreign monitoring at the airport. "The Germans, British and Americans; everybody came here and found there was nothing to be done," Mr Chaouk said.

Israel Ends Its Lebanese Air Embargo; Seas May Be Next (LAT)

By Megan K. Stack And Laura King

The Los Angeles Times, September 8, 2006

BEIRUT — A passenger plane swept over downtown Beirut and sliced along the Mediterranean coast Thursday afternoon, a triumphant flourish that marked the end of the Israeli air blockade that has isolated Lebanon for weeks.

But a sea blockade remained in force. Israel vowed to keep control of its neighbor's waters until the Lebanese military and international forces were in place to prevent sea-based weapons smuggling.

The Middle East Airlines flight from Paris landed at Beirut's airport minutes after Israel relinquished its hold on Lebanon's skies. A land, sea and air blockade had continued to hammer the nation's floundering economy for the last three weeks, even after a U.N.-brokered cease-fire agreement put a stop to this summer's fighting between Israel and the militant group Hezbollah.

In a televised address, Lebanese Prime Minister Fouad Siniora said Israel would relinquish control over Lebanese waters today. There was a last-minute complication with the United Nations, he said.

"Be sure the embargo will be lifted," Siniora said. "It's a small problem at night, and I think that in the morning, God willing, this thing will be lifted."

Lebanon had appealed to the U.N. for help monitoring its seas, and Italian and French vessels were expected to begin patrolling them this week, and to watch the coast until German forces could take over.

Israel lifted the air embargo because the Lebanese army and international forces were "ready to effectively prevent illicit weapons shipments coming to Hezbollah," Israeli Foreign Ministry spokesman Mark Regev said.

"At the seaports and at sea, unfortunately, there's a situation whereby you don't have a presence of Lebanese or international forces to successfully enforce the arms embargo," Regev said. "The minute they are ready … we will be able to lift the sea restrictions."

Earlier, Israeli officials speaking on condition of anonymity were quoted as saying they hoped to lift the naval blockade within 48 hours. Later, they said it would depend on how quickly the international force and the Lebanese army could secure the coastline.

"From our point of view, the sooner the better," Regev said.

The easing of the embargo without tangible gains to Israel frustrated the families of two Israeli soldiers who were seized July 12 in a cross-border raid by Hezbollah, the incident that ignited the conflict.

Their well-publicized disappointment could magnify the political problems of Israeli Prime Minister Ehud Olmert, whose government is already the target of heavy criticism for its handling of the war.

"If lifting the blockade was indeed so important to Lebanon, what is their problem with giving us a sign of life in return?" Shlomo Goldwasser, the father of missing soldier Ehud Goldwasser, asked on Army Radio. "What is so difficult?"

No proof has been given that reservists Goldwasser and Eldad Regev are alive.

Olmert had promised indirectly that the embargo would not end until the soldiers were freed. His office said in a statement hours before the easing of the blockade that Israel was under heavy international pressure to pull back in order to help with the reconstruction of Lebanon.

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Lebanon's Other Border (NYT)

The New York Times, September 8, 2006

Israel is inching toward doing the right thing by agreeing to lift its blockade of Lebanon's airports. It has held up plans to also open the country's seaports, but it should take that step too, once European ships and monitors are in place to prevent Hezbollah from rearming. Reopening Lebanon is an essential first step to rebuilding its battered economy. But if the fragile peace is to hold, more must be done to police the border with Syria, the main route for Hezbollah's arms.

If not, despite a United Nations-ordered embargo, Hezbollah will quickly restock its arsenal of Iranian missiles and heavy arms. Prime Minister Ehud Olmert of Israel, badly weakened by this ill-conceived war, isn't likely to show much forbearance.

A deal is in the works to place a limited number of German advisers at key border crossings with Syria to provide technical support to Lebanese troops. These advisers will need to be ready to step in quickly — working the phones or if that fails perhaps calling in U.N. strikes — to turn back convoys. If not, the Israelis have made clear they will do it.

But monitoring is unlikely to work without some Syrian cooperation. Secretary General Kofi Annan went to Damascus last week and said he got President Bashar al-Assad's pledge to block weapons smuggling. Mr. Assad, who has tried to bully Lebanon into banning foreign peacekeepers from his border, was silent. We applaud Mr. Annan for trying. But getting Syria to cut Hezbollah's supply lines will take concerted international pressure and the possibility of easing its isolation.

The Europeans, whose troops would have to face a rearmed Hezbollah, need to deliver the message directly to Damascus. So does the Bush administration — this is one urgent diplomatic issue that the White House cannot subcontract. And more must be done to bolster Lebanon's prime minister, Fouad Siniora, so he has the wherewithal to stand up to Mr. Assad and to Hezbollah.

Donor countries have pledged nearly $1 billion for Lebanon's reconstruction. Experience suggests it could take months or years for that money to arrive, and the marquee total will never be reached. Hezbollah is already handing out Iranian cash.

What Lebanon needs is a smaller, more dependable group to work directly with Mr. Siniora on reconstruction. The United States, which isn't sending troops, should take the lead in making sure that pledges turn into real projects, and quickly. France and Saudi Arabia could be charter members.

A lot was finessed in the cease-fire resolution. That doesn't mean Hezbollah should be allowed to grow even stronger.

Blair To Give Up Post As Premier Within One Year (NYT)

By Alan Cowell

The New York Times, September 8, 2006

LONDON, Sept. 7 — Prime Minister Tony Blair announced Thursday that he would leave office within the next 12 months, bending to pressure after an open rebellion in his own party.

His announcement opened a troubled final chapter in a remarkable three-term premiership in which he moved from absolute political dominance of a prosperous Britain to fighting off open mockery about his closeness to President Bush.

Mr. Blair earlier said he would not run for a fourth term. Thursday's announcement narrows the timetable for his resignation. It means that, around or well before next summer, Mr. Blair will resign the leadership of the Labor Party and make way for Gordon Brown, his finance minister, to take over as prime minister. For much of this week, Britain has been gripped by the spectacle of a brutal, behind-the-scenes power struggle between the men over the timing of Mr. Blair's departure.

"This first thing I would like to do is to apologize, actually, on behalf of the Labor Party for the last week, which, with everything that is going on back here and in the world has not been our finest hour, to be frank," Mr. Blair said on television. "But I think what is important now is that we understand that it's the interests of the country that come first and we move on.''

"I would have preferred to do this my own way," he said. But he did not go as far as critics had wanted. Mr. Blair has insisted on setting the terms of his departure, the better to control how his legacy will be perceived during a time of steadily ebbing popularity.

For months the prime minister fought off calls to name a date for stepping down, despite the increasing fears that a delay would hurt his party in the next election and the growing unpopularity at home for his firm backing of American policy in Iraq and the Middle East.

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It is not clear whether the political costs of allying Britain so closely to the United States would prompt Mr. Brown to change course, though his political allies have suggested that he is eager to bring home British troops from Afghanistan and Iraq and would strike a more independent stance. Mr. Brown's brief has been managing the British economy, not foreign policy.

In his televised announcement from a schoolyard, Mr. Blair, alternately somber and testy, refused to name a specific date, saying he would act on his own timetable. It was not clear if that was enough to silence his critics, or whether further political bloodletting was in store.

An hour before Mr. Blair spoke, Mr. Brown pulled back from a final showdown with his onetime ally, pledging to abide by Mr. Blair's decision on timing. The choreography of the appearances suggested that Mr. Brown was signaling his supporters to suspend their rebellion and observe what may be an uneasy truce. Indeed, the eight ministers who resigned from Mr. Blair's government on Wednesday, calling on him to step down, remained silent on Thursday.

Temporarily at least, the maneuver spared Mr. Blair the same immediate fate as Margaret Thatcher, forced out of office by her own party in 1990 after months of maneuvering.

"I think the precise timetable has to be left up to me and got to be done in a proper way," Mr. Blair said.

Speaking an hour earlier, Mr. Brown said, "I want to make it absolutely clear today that when I met the prime minister yesterday, I said to him and I repeat today: It is for him to make the decision" on the timing of his departure.

Taken together, the two speeches seemed intended to calm the turmoil within Labor's ranks that risks imperiling the party's electoral prospects. "We cannot treat the public as irrelevant bystanders in a subject as important as who is their prime minister," Mr. Blair warned.

"It has been a somewhat difficult week, but I think it's time now to move on, and I think we will," he said. It was not clear whether his tattered authority could sustain his ability to do that.

Doug Henderson, a Labor legislator and supporter of Mr. Brown, indicated that the pressure for an earlier ouster of Mr. Blair had not disappeared.

...

The calculations underpinning both men's behavior emerged from conversations with politicians and associates in both camps, some of whom requested anonymity because they were not authorized to reveal confidences.

A member of the Blair camp said that, before the summer break, Mr. Blair had told a close friend that he was coming under renewed pressure from Mr. Brown to name a date he would step down, but the friend had advised him not to because that would rob Mr. Blair of his remaining power. Mr. Blair followed this advice, hoping the pressure would decrease after the summer break.

But Mr. Brown continued to press, a person close to his camp said. His allies were provoked by an interview with The Times of London on Friday in which Mr. Blair refused to set a date and by a memo, leaked to The Mirror, which showed Mr. Blair's plans for a drawn-out farewell.

"Brown had no choice but to act to put Blair in a position to name a date," said John Kampfner, editor of The New Statesman magazine, who has close links to Mr. Brown. "Brown knew that it would be horrible, but he thought, Let's have one terrible week and get something than having it drag on for weeks."

Mark Leonard, a British policy expert who ran a research organization championed by Mr. Blair, said Mr. Brown had calculated that he needed to act soon because another challenger for the leadership might emerge. Charles Clarke, former home secretary, has been making a series of recent speeches that have been seen as preparation for a leadership challenge.

"What is holding Brown back is that he does not want to give his party a habit of rebellion and insurrection," Mr. Leonard said. "That is not the way he wants to start his new government."

The political stagecraft was evident even in the choice of a school as backdrop for Mr. Blair's announcement, because Mr. Blair wants to be seen not just as a warrior but also as a leader who enhanced public services like schools, policing and health care.

For his part, Mr. Brown, less charismatic than Mr. Blair, has been a Labor Party stalwart throughout his political life, taking credit as finance minister for a remarkable era of economic growth.

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His main contacts with American politicians have been with Treasury Department and banking officials on issues like reducing third-world debt and managing shocks to the global economy. Closer to home, in Europe, he has been more of a euro-skeptic than Mr. Blair, opposed to joining the euro single currency.

At the same time, he has tried to build an image as a champion of the poor.

Last April, he visited Africa — paying a call on Nelson Mandela and posing for photographs with children in shanty towns — apparently to soften his public persona as a dour and austere "Iron Chancellor," a closet old-school socialist bent on taxing the middle classes to redistribute wealth.

The crisis this week has been building since the election two years ago, and sharpened over the summer when Mr. Blair rejected calls from Labor legislators to support a quick cease-fire in Lebanon, preferring to endorse American and Israeli policies.

Then, last Friday, Mr. Blair gave an interview to The Times of London, telling his critics to stop "obsessing" over his departure, which outraged Mr. Brown's allies. On Wednesday, Mr. Brown and Mr. Blair had a private meeting described in some newspaper reports as a shouting match. But by Thursday both men seemed to calculate that they needed to back away from a showdown that would have damaged them both.

Moreover, continuing political warfare could deepen Labor's unpopularity in advance of regional elections next May. A full national vote, to decide which party would run the government, is scheduled for 2010 at the latest.

Mr. Blair took power in 1997 on a wave of euphoria that built as he struck the 1998 Northern Ireland peace agreement and, with Mr. Brown running the economy, opened the country to a remarkable period of low unemployment and low interest rates.

In foreign affairs, he built a close relationship with President Bill Clinton and took a prominent role in the Kosovo war. He won another landslide in June 2001.

But it was on Sept. 11, 2001, that Mr. Blair's premiership changed. He became a close ally of President Bush, first in the Afghanistan war and then in Iraq — a war that was deeply unpopular among many Britons, including Muslims, who argued that the vision of British troops fighting in Islamic countries as allies of the United States exposed the country to terrorist attacks.

In the last national elections in May 2005, Mr. Blair won again but with a much reduced majority, after campaigning with Mr. Brown at his side to shore up his support. The vote was the first time a Labor leader had won a third straight victory.

At the same time, Mr. Blair lost the trust of many Britons because he insisted that the invasion of Iraq was needed to counter an imminent threat from Saddam Hussein's weapons of mass destruction, though no such weapons were found.

At home, his administration has been dogged by scandals in recent months relating to campaign financing and the personal behavior of some of his ministers.

As he seeks to emerge from the current crisis, Mr. Blair risks being seen as losing authority, not just at home but also abroad. He is planning a visit to Israel, Lebanon and the Palestinian territories in the next few days but, reports from the West Bank said on Thursday, Palestinians are reluctant to welcome him because of his refusal to seek an early cease-fire in the Lebanon war.

Another Tilt In The Uneasy Partnership Atop Britain's Governing Party (NYT)

By Sarah Lyall

The New York Times, September 8, 2006

LONDON, Sept. 7 — The most arresting political image to emerge here this week was not a picture of Prime Minister Tony Blair, who on Thursday clung to his job by announcing — sort of — when he planned to leave it. It was a photograph of Gordon Brown, the chancellor of the exchequer, driving away from an earlier meeting with Mr. Blair, an enormous grin across his normally glum face.

When it comes to the complicated, rivalrous and ever-changing relationship between the once-sprightly prime minister and the buttoned-up chancellor, the smile said it all. Theirs is a zero-sum partnership: the story of Mr. Blair's slow downward slide is every bit the story of Mr. Brown's dogged ascent.

It is also a story of two people who by all accounts cannot stand each other but have remained together nonetheless. "They hate each other — really, madly, deeply," said William Keegan, the author of "The Prudence of Mr. Gordon Brown." "It's been a

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peculiar bad marriage." If so, the two have stayed a couple not for the sake of the children, but for the sake of a government they both want desperately to run.

The unraveling of what was once a solid personal and political alliance is generally accepted to have begun in the summer of 1994, when the two had dinner at Granita, a restaurant in north London. Neither has revealed what exactly was said, but the result was that Mr. Brown agreed to remove himself from the Labor Party leadership race, clearing the way for Mr. Blair.

In return, Mr. Blair promised to give Mr. Brown a big role in any future Labor government and then eventually to step aside, allowing Mr. Brown to take his place as party leader and, presumably, prime minister.

But it turned out to be a devil's bargain. "It was a huge mistake to do that deal," the writer Geoffrey Wheatcroft, who is close to members of Mr. Blair's inner circle, said of the 1994 pact.

"Blair should have said, 'You and I are colleagues, and we both want to be leader of our party, and the only way for us to clear the air would be for us both to run,' " Mr. Wheatcroft said in an interview. "Brown would have been badly beaten by Blair, and it would have enormously changed the relationship. Blair wouldn't have felt beholden, and Brown wouldn't have felt betrayed."

At first, Mr. Blair seemed to be on track to keep his end of the deal. He made Mr. Brown the chancellor of the exchequer, or treasury secretary, handing him extraordinary autonomy and power. Mr. Brown has secured his position — and bolstered Mr. Blair's sometimes sagging political authority — by presiding over an unusually prosperous period of low inflation, low interest rates and low unemployment.

But the years have passed and Mr. Blair has stayed on and on, and Mr. Brown has had to wait and wait.

"Blair has broken a number of promises," Mr. Keegan said in an interview. "He gave Brown the impression that he'd stand down after his second term, and now he's in his third term. Brown feels he has been let down far too often."

Outwardly, the two men have put on an intermittent show of grudging solidarity. After Mr. Brown's supporters made it clear that he was annoyed at being left out of strategy sessions in the 2005 elections, for instance, the pair appeared together on the campaign trail. At one stop, Mr. Blair ostentatiously treated Mr. Brown to an ice cream cone.

On Wednesday, Mr. Brown broke his eloquent silence on the matter of Mr. Blair's leaving, saying the prime minister had to decide for himself when to go. Yet his statement was a master class in the art of damning with faint praise. Mr. Brown said that he and Mr. Blair "had worked together for 20 years, and we have done so in difficult times as well as in very good times," but the reality was that they had often fought behind the scenes, not only over the leadership issue but also over matters of policy.

Mr. Blair was eager, at first, to call a referendum on whether Britain should join the single European currency and trade its pounds for euros; Mr. Brown put an end to that idea. Mr. Brown unsuccessfully opposed Mr. Blair's plan to charge tuition to college students, but then showed his loyalty by helping Mr. Blair win enough votes to pass the measure. Mr. Brown has thwarted some of Mr. Blair's more expensive proposals to pour money into public services like education and health care, a cornerstone of the Blair premiership.

Personally, their styles are miles apart. Mr. Blair exudes telegenic eagerness to please and touchy-feely, facile candor. Mr. Brown has the sort of opaque, heavy-going personality that sends columnists competing to find new outlandishly unflattering metaphors. (The historian Peter Hennessey once described him as having "the social skills of a whelk.")

Although he has lately presented himself with more of a human face — having his teeth fixed so that they are even and brightly gleaming, publicly issuing a cozy photograph of himself and his wife, Sarah, with their two small children (she gave birth to the second this summer) — Mr. Brown hardly exudes the charm of a Bill Clinton, or even a Jimmy Carter.

Mr. Wheatcroft said Mr. Blair and Mr. Brown were barely on speaking terms. "Brown never calls Blair; Blair has to call him," he said.

The writer and columnist Robert Harris, who traveled with Mr. Blair during the 1997 election campaign and is close to several of Mr. Blair's backers, said that rumors of the demise of the Brown-Blair friendship had not been exaggerated.

"He's an implacable machine politician who despises Blair because, he thinks, the lesser man got the job that's rightfully his," Mr. Harris said in an interview. "I think he's been seething with resentment ever since."

It was not always this way. The two entered Parliament together in 1983, sharing an office and forging a friendship in the midst of political adversity. Margaret Thatcher's Conservative Party was in power; the Labor Party was a marginalized, squabbling force, riven by internecine disputes between the old-style left and a modernizing new guard.

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Young, energetic and practical, the two were part of the new order. When John Smith, then the party leader, died suddenly at the age of 55 in May 1994, both Mr. Blair and Mr. Brown were considered natural candidates to be his successor.

Two months later, and after the fateful dinner at Granita (which has since closed), Mr. Blair won the contest over John Prescott, who was made deputy party leader.

Over the years, the two men have avoided criticizing each other publicly, conducting their arguments through proxies and through strategic leaks to the newspapers. Alistair Campbell, the former chief spokesman for Mr. Blair, did not endear himself to Mr. Brown when, in 1998, he reportedly described him as "psychologically flawed."

Mr. Brown remains an enigma, particularly on matters of foreign policy. He spends his summer vacation on Cape Cod, but whether he would continue Mr. Blair's close association with President Bush is anybody's guess.

"It's a complete mystery," Mr. Harris said. "Whenever an international crisis has come along, he's kept his head down. We really have no idea of his views on the war on terror, the invasion of Iraq, Israel's invasion of Lebanon.

"He's the unknown prime minister."

Blair Says He Will Step Down Within 12 Months (WP)

By Kevin Sullivan And Mary Jordan

The Washington Post, September 8, 2006

LONDON, Sept. 7 -- Prime Minister Tony Blair, who has led Britain for nearly a decade through economic prosperity and the pain of war, announced Thursday that he would resign within 12 months.

Battered by diving public approval ratings and an increasingly acrimonious feud with his presumed successor, Chancellor Gordon Brown, Blair appeared stunned at the fevered demands in recent days that he make clear when he would step down. On Wednesday, eight junior members of his administration quit, the latest members of his party to say publicly that Blair has become a liability for them at the polls.

"The first thing I'd like to do is to apologize, actually," Blair said during a visit to a London school, adding that the Labor Party's public spat in the past week "has not been our finest hour."

"What is important now is that we understand that it's the interests of the country that come first and we move on," he said. Then, addressing what he called "my timing and date of departure," he said he would not be Labor's leader when it held its 2007 annual conference. That means he will leave at some point before this time next year.

"I think the precise timetable should be left up to me," he said. With an uncharacteristically weary look for a man famous for his ear-to-ear smile, Blair added, "I would have preferred to do this in my own way."

It was a muffled, small beginning to the final chapter of a historic premiership. Since his party's landslide election in 1997, Blair, 53, has outlasted every other major European leader in office and become one of the world's most recognized statesmen.

It was unclear if Blair's announcement would satisfy his critics.

"Some of Gordon Brown's supporters no doubt hold the view that since Blair has said he is going, the best thing is to get it over and done with," Karen Buck, a Labor member of Parliament who is close to Blair, said in an interview.

"He has been without doubt the most successful leader Labor has ever had in terms of winning elections," she said, citing gains in the economy, health services and education. But Blair's support of the Iraq war and his reluctance to call for an immediate cease-fire during the Israel-Hezbollah conflict in Lebanon, which many people here saw as another siding with Washington, "have been a major factor in undermining party support for him," she said.

While most West European leaders opposed the U.S. invasion of Iraq, Blair argued passionately that Saddam Hussein possessed weapons of mass destruction and was an imminent threat. When those claims were discredited, Blair's popularity here suffered severely. In a YouGov poll in July, only 27 percent of respondents said they were satisfied with Blair's job performance.

Despite the political cost, Blair has remained an unwavering spokesman for the Iraq war and has committed thousands of British troops to Afghanistan as well. "The Iraqi and Afghan fight for democracy is our fight," he told an audience in Los Angeles last month. "Same values. Same enemy. Victory for them is victory for us all."

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The next general election must be held by 2010 at the latest. When Blair steps aside, Labor members will vote for a new leader. If Brown is selected, as is expected, he will automatically become prime minister as the head of the largest party in Parliament. Although he has effectively been the second-ranking official in the country for more than nine years, Brown's supporters want him to have enough time to prove his command of the top job before facing David Cameron, leader of the Conservative Party, in the general election.

Buck said she believed Blair would leave next May and hoped that other party members would not squabble over "a few months here or there."

Blair has won three consecutive elections and served longer than any other prime minister since 1827, except for Margaret Thatcher.

But the scene outside the school where Blair spoke Thursday highlighted his recent unpopularity. While teachers and some students applauded, others joined a noisy antiwar protest. Some held up a four-foot-high model of a dog biscuit as a gift for "Tony the Poodle," a reference to what many Britons see as his blind obedience to President Bush.

Blair's popularity has also plummeted because of problems closer to home. Many Britons blame his policies for what they see as an excessive flow of immigrants into Britain over the past 10 years. A police investigation into Labor's campaign financing and sex scandals involving leading members of his cabinet also hurt his reputation.

"And lots of people are just tired of him," said Iain McLean, a professor of politics at Oxford University. Tired, he said, of a Blair who pursues policies, at home and abroad, as if he were on "God's mission to put the world right."

"I certainly welcome what he said," said Mark Tami, a Labor member of Parliament who resigned Wednesday from Blair's government. But Tami said Blair would soon need to be more specific about his resignation date. "Over the next several weeks we will be able to tell if the uncertainty over his departure has ended," he said.

The seeds of Thursday's statement were sown in October 2004, when Blair made two announcements in an interview with the BBC: He would go into the hospital the following day for a minor heart operation, and his third term as prime minister would be his last.

Blair has faced questions ever since about exactly when he would go.

Brown, 55, the prime minister's old friend and increasingly bitter rival, said Thursday that Blair had put the country in a "unique situation" by saying "he does not want to lead our party and our government into the next general election." While many analysts said they believed Brown helped orchestrate a virtual coup against Blair this week, Brown's supporters denied that.

"When I met the prime minister yesterday, I said to him -- as I've said on many occasions, and I repeat today -- it is for him to make the decision" about when to step down, Brown told reporters during a visit to his native Scotland. "I said also to him . . . that I will support him in the decision he makes."

Although Brown is the most likely successor, other top Labor officials, including Home Secretary John Reid, could mount a challenge.

Brown, the rumpled, bear-like son of an austere Scottish preacher, is a serious, brooding policy wonk far different from the flashy, telegenic Blair. But his foreign and domestic policies would be similar to Blair's, said Tony Travers, a government specialist at the London School of Economics.

As Britain's longest-serving chancellor of the exchequer, Brown has been widely credited with disciplined stewardship of financial policy. Citing years of strong growth, low inflation and low unemployment, Travers said: "You can't argue with the figures. It's an extraordinary achievement."

Just before he was whisked away in his dark green Jaguar on Thursday, the man who presided over the transformation of gray Britain into "cool Britannia" seemed to be pleading for his enemies to stop plotting his demise. "We can't treat the public as irrelevant bystanders in a subject as important as who is their prime minister," Blair said.

British gamblers, meanwhile, are wagering vast sums on his departure date. "It's not very becoming," Travers said. "Say what you like about the American system, but you know when the president's going."

Blair's U-turn Puts His Authority In Jeopardy (FT)

By James Blitz

DOJ_NMG_0059660

Financial Times, September 8, 2006

Tony Blair suffered a political humiliation on Thursday. One week ago, the prime minister declared he would not provide a timetable for his departure from Number 10, warning people to "stop obsessing" about his exit plans. On Thursday, after a revolt by Labour MPs, he performed a complete U-turn, publicly stating he would leave Number 10 within 12 months.

For Mr Blair, this is a major reverse. The question now is whether he retains enough authority to stay in office for another nine months, as he would seem to wish. Or will the humiliation simply get worse from here, forcing him out of Number 10 even earlier?

As expected, Mr Blair provided no precise date for his departure. But after discussions with Gordon Brown on Wednesday, the chancellor's allies say there is a rough understanding between both men on when Mr Blair will go. This forms the basis of an uneasy and informal truce between the two.

Mr Brown's allies believe Mr Blair will announce next February that he will step down one day after the May 3 regional assembly elections in Scotland and Wales. The Brown camp believes Mr Blair's formal resignation on May 4 will trigger a six-week Labour leadership election. This will almost certainly culminate in Mr Brown's entry into Number 10 in mid-June.

For the Brownites, this timetable is acceptable. It would give Mr Brown a six-week period between mid-June and the summer recess when the new prime minister can hope to make a serious political impact. But while both Mr Blair and Mr Brown may now be committed to this timetable, neither can be completely certain about what the next nine months will bring.

First, can Mr Blair really last until next summer? Many would now bet he will not. Scottish and Welsh MPs remain uneasy about how the assembly elections will go. If Labour declines further in the polls over the next few weeks, MPs fear that Labour will lose control in Wales, and get a serious drubbing in Scotland.

In this situation, Scottish and Welsh MPs, and possibly some of the party's grandees, may go to Mr Blair and tell him that, in order to boost Labour's election prospects, he must go much more quickly than he would like.

Mr Blair's remaining time as premier may be short-circuited by other factors. Now that he has made clear he will be gone by next summer, cabinet ministers and civil servants will increasingly defer to Mr Brown. The business of government may even dry up altogether. The prime minister is still set on securing a new settlement on Northern Ireland. But it is unclear what else he wishes to achieve in the time left to him.

For Mr Brown, meanwhile, this week's events may yet amount to a pyrrhic victory. The chancellor ends the week clutching a "bankable" assurance from Mr Blair that he will be gone by next May.

However, Mr Brown has been damaged by allegations that he forced the prime minister into a humiliating retreat after instigating a coup. Such claims may yet undermine the chancellor's election prospects.

Over the next few months, Mr Brown wants to see off possible leadership challengers by boosting his own authority. He wants Mr Blair to enter into a "dual premiership", in which both men are seen to be running the government. He wants Mr Blair to disown former ministers who want to tie the chancellor down on future policy. In short, he wants Mr Blair to anoint him as the new leader.

But Mr Blair, whose advisers clearly believe in the coup allegations, is now less likely than ever to make such a concession to his chancellor. In the meantime, the sudden surge of antipathy to Mr Brown may now drive other potential challengers into action.

Charles Clarke, the former home secretary, has made some striking attacks on Mr Brown in recent days. Mr Clarke has never ruled himself out of running for the top job. Many MPs will note how Mr Blair, at this poignant moment in his premiership, was yesterday flanked by another potential challenger, Alan Johnson, the education secretary.

This has been a momentous week for Tony Blair and Gordon Brown. Both now enter the final chapter of a historic, successful but acrimonious relationship. It is in both their interests that the final nine months of Mr Blair's premiership end in an orderly handover of power. The risk is that it will end in an ugly rout.

Blair Won't Set Specific Date For Exit (AP-Y)

By Beth Gardiner

AP, September 8, 2006

DOJ_NMG_0059661

Prime Minister Tony Blair, his reputation in Britain badly damaged by his refusal to break ranks with President Bush, gave in Thursday to a fierce revolt in his Labour Party and reluctantly promised to quit within a year.

Blair, whose popularity began sinking when he committed his nation to the U.S.-led war in Iraq three years ago, had long resisted calls to publicly set a timeframe for his departure from office. He feared such an announcement would make him a lame duck and sap his remaining authority.

But ultimately, the foreign leader best known to Americans could find no other way to end days of public turmoil that were severely damaging Labour, which has been in power for nearly a decade but now trails the opposition Conservatives in the polls.

"I would have preferred to do this in my own way," Blair said, as he conceded that the party's annual conference this month would be his last. Next year's conference is scheduled for September 2007.

He refused to set a specific departure date, saying, "The precise timetable has to be left to me and has to be done in the proper way."

Blair appeared to have struck a deal with his expected successor, Treasury chief Gordon Brown, who signaled his support in a statement minutes before Blair spoke to television cameras at a north London school.

The key question is whether the prime minister's exit strategy will be detailed and speedy enough to satisfy the impatient Labour legislators who forced his hand.

Early signals were that it would buy the 53-year-old Blair time — but not much. He's eager to reach the 10-year anniversary of his 1997 assumption of office, which would be in May.

White House spokesman Tony Snow said Blair and Bush still had a lot of work to do together.

"He's a valued ally," Snow said. "And at this point, we're not sitting around writing encomia for Tony Blair. We're instead busy working with him."

With the outbreak of the Iraq war in 2003, Blair began to lose the iron control he once exercised over his party.

Long derided by critics as the U.S. president's "poodle," he suffered a further blow at July's G-8 summit in St. Petersburg, Russia. An open microphone caught a chat in which he seemed embarrassingly subservient to Bush, who greeted him by shouting "Yo, Blair!"

Anger over his handling of this summer's Mideast fighting and anxiety over the party's slide in the polls fueled the rank-and-file's impatience for him to leave quickly, or at least to say when he planned to go. Blair's refusal to call for an early end to the Israel-Hezbollah fighting in Lebanon was the final provocation for many once-loyal supporters.

It served as yet another reminder of his close alliance with Bush — a friendship widely detested within the Labour Party — and stirred bitter memories of Blair's decision to commit Britain to the Iraq war despite intense public opposition.

That conflict is the root of his political problems, and continued bloodshed in Iraq keeps it in the headlines. The war has severely damaged his credibility and was widely seen as the reason Labour suffered a sharply reduced majority when he led it to a third straight election win last year.

Blair promised before that vote that he would not seek a fourth term.

A resurgent Conservative Party with a dynamic young leader, David Cameron, has added recently to his woes.

Cameron, benefiting from Labour's troubles, said the government was at war with itself.

"What's happened today isn't going to end the uncertainty," he said in a statement. "It will probably only add to the paralysis. And frankly Britain deserves better than this."

Brown's statement, though, seemed aimed at showing Labour remained united.

Opening a children's sports tournament in Glasgow, Scotland, Brown said that although he has had questions about Blair's plans, he would support his decisions.

"When I met the prime minister yesterday I said to him ... it is for him to make the decision," said Brown, who looked relaxed and cheerful. "I will support him in the decisions he makes."

Chris Bryant, who organized a letter in which 15 Labour lawmakers called this week for the prime minister's resignation, said he was encouraged.

"I hope we can get on with an open and transparent process of appointing our new leader sooner rather than later," he said.

Eight junior officials quit Wednesday rather than remove their names from the letter.

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Their revolt had raised the possibility that Labour's eventual change of command would be rancorous and messy — reminiscent of Margaret Thatcher's abrupt, involuntary departure from office in 1990 at the hand of rebels in her Conservative Party — rather than the "stable, orderly transition" that Blair has long promised.

The prime minister apologized on Labour's behalf for the tumultuous week, which also reportedly included shouting matches with Brown.

"With everything that's going on here and in the world (it) has not been our finest hour," Blair said.

The two men, now fierce rivals, jointly overhauled Labour in the 1990s, dragging it to the political center and making it electable again after 18 years in opposition.

Political legend says they struck a deal about the party's future at a chic north London restaurant shortly after then-leader John Smith died suddenly in 1994. Brown would stand aside and give Blair a clear shot at the top job, the gossip goes, if Blair committed to step down midway through a second term as prime minister and let his old competitor take the job.

Both have refused to comment on the rumor, but more than a year into Blair's third term Brown and his allies were clearly growing impatient.

Eager to prevent the eventual handover from getting even uglier — and throwing the elections expected in 2009 to the Tories — many party heavyweights strongly backed Brown as the next Labour leader and prime minister.

"I have no doubt that when the time comes next year, the party will choose Gordon to succeed Tony — and it's right that he should," said Peter Hain, Blair's secretary for Northern Irish affairs.

Theories about the exact timing for a leadership change abound.

Speculation focused on May but Blair's spokesman said widespread guesses about a specific date were "just plain wrong."

British governments usually serve maximum five-year terms before the House of Commons must face re-election. The prime minister is almost always the leader of the party that commands a parliamentary majority.

But an election can happen more quickly — either because the prime minister loses majority support in the Commons, or chooses to call an early election in hopes of increasing the government's majority. If a prime minister resigns or dies, an election is not required; the new leader of the governing party can become prime minister if backed by a Commons majority.

Brown, 55, keeps a low public profile.

Politically, he has been described as a brilliant thinker who has kept a steady hand on Britain's previously fickle economy in his role as Treasury chief and masterminded Labour's landslide election wins in 1997 and 2001.

But he lacks Blair's gregarious nature and polish and some Labour supporters worry he won't score as well with voters.

Blair Vows To Go Within Year, In Bid To Calm Crisis (AFP-Y)

By Prashant Rao

AFP, September 8, 2006

British Prime Minister Tony Blair vowed to resign within a year, in a drastic bid to calm a crisis threatening his government, but doubts remained whether he had quelled the protests.

While seeking to clarify his position, the embattled leader, who has repeatedly refused to discuss his exit plans, refused to name a specific departure date.

Blair, who will mark 10 years in power next May, was forced to break his silence after two days of high political drama which saw eight junior government members quit.

"The next party conference in a couple of weeks will be my last as party leader," he said, implicitly confirming reports that he will stand down before September 2007, when next year's Labour Party conference will be held.

"I'm not going to set a precise date now, I don't think that's right. I will do that at a future date and I'll do it in the interests of the country and depending on the circumstances of the time."

In an apparent joint attempt to ease tensions, the country's finance minister Gordon Brown -- widely tipped as Blair's successor and alleged by some to have orchestrated a "coup" against him -- said he would stand by whatever decision Blair took.

And, speaking shortly before Blair, he insisted that there had been no deal between the two men.

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"This cannot and should not be about private arrangements, but what is in the best interests of our party and most of all the best interests of our country," he said.

After Blair's statement Brown made no comment -- but a key Brown ally voiced skepticism.

"It does not seem to me that the public know any more about the prime minister's retirement plans," said Labour lawmaker Doug Henderson.

The issue of when Blair will go has dogged his leadership for nearly two years. In 2004 he said he would not stand for a fourth consecutive term of office but did not say when he would hand over power.

The next general election is due in May 2010 at the latest.

Speculation over dates has been rife for days. On Thursday, Sky News television said Blair would stand down as party leader on May 4 -- immediately after nationwide local elections -- and then as prime minister on June 15.

But a Downing Street spokesman poured cold water on such suggestions. "Some of the speculation I have seen in the last few hours is just plain wrong," he said.

A poll on Thursday, however, showed that 59 percent of Labour Party members want Blair gone before Scottish, Welsh and local council elections in May.

Brownite supporters are believed to fiercely oppose a transfer of power anytime from May onwards -- in particular saying that taking office in June or July would mean their crucial first 100 days would end right in the middle of the summer break.

Thursday's interventions by Blair and Brown followed a day of turmoil in Labour's ranks -- dubbed Blair's "Black Wednesday" by some -- in which a junior minister and seven official aides quit, demanding Blair's urgent resignation.

The fast-moving developments -- for some recalling the way prime minister Margaret Thatcher was brought down by her Conservative Party in 1990 -- came after The Sun newspaper reported that Blair planned to quit the premiership in July.

On Wednesday, Brown and Blair reportedly clashed head-on, with Brown demanding that Blair resign quickly enough for his successor to be in place by May, which the prime minister dismissed as "totally unreasonable".

The Sun said Brown also demanded that Blair publicly endorse Brown's leadership bid, and instigate a system of "co-decision" under which Brown would be able to veto key policy decisions until Blair's successor was in place.

The two apparently engaged in a shouting match, and The Guardian newspaper reported that Blair authorised the use of the word "blackmail" by his staff to describe Brown's actions.

It was all part of what was dubbed Labour's "moment of madness" by a long-term close ally of Blair, Peter Mandelson, the European Union trade chief.

"I hope that it will now move on and that the plotting and the shenanigans will be put behind them once and for all. They have got to concentrate on the needs of the country, not themselves," said Mandelson, who was dispatched to Brussels by Blair after twice being dismissed from government in London

The prime minister admitted Thursday that his hand had been forced.

"As for my timing and date of departure, I would have preferred to do this in my own way," he said.

The recent crisis "has not been our finest hour, to be frank," he said. "I think what is important now is that we understand that it's the interests of the country that come first and we move on."

British PM Will Step Down Within A Year (CHIT)

By Tom Hundley

Chicago Tribune, September 8, 2006

LONDON -- Fighting to prolong his political life and preserve his legacy in the face of an escalating Labor Party revolt, Prime Minister Tony Blair announced Thursday that he would resign within a year.

But Blair, whose standing with voters has suffered because of his close alliance with President Bush, refused to set a specific timetable for his departure. And his assurance that this month's annual Labor Party conference would be his last as the party's leader might not be enough to quell the mutiny.

Blair, who just 16 months ago led Labor to an unprecedented third consecutive term in power, sounded slightly bitter and looked uncomfortable when he made his announcement in a northwest London schoolyard.

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He said he would have preferred to orchestrate his departure "in my own way" and insisted peevishly that the "precise timetable has to be left up to me."

The end has not quite arrived for Blair, but Thursday's announcement signals the beginning of the final chapter and most likely a period of uncertainty in which Blair will struggle against the paralysis that comes with being a lame duck.

Few political analysts here believe Blair will last the full 12 months. Most expect he will resign as party leader sometime in May, triggering a six-week leadership battle that Gordon Brown, the chancellor of the exchequer, is expected to win. Blair would then step aside as prime minister in favor of Brown.

Blair and Brown are the co-architects of the New Labor strategy that led the party back to power after 18 years in the wilderness, but beneath a façade of party unity and bonhomie, the two are fierce political rivals.

From the first day that Blair took up residence at No. 10 Downing Street, it was understood that someday he would step aside for Brown, who occupies No. 11. The "when" and "how" of this handover has been one of the enduring subplots of Blair's nine-year premiership.

Blair will undoubtedly go down as one of Britain's most successful politicians, but his approval rating plummeted when he aligned Britain with the U.S. against Iraq and sent British troops to fight in a deeply unpopular war. His unwavering loyalty to President Bush has been viewed with distaste by many Britons.

He was reminded of this Thursday when some students at the school he visited greeted him with anti-war chants and placards that said "time to go." One student held aloft a large replica of a dog biscuit, recalling the frequent jibe that Blair is "Bush's poodle."

When Labor lost ground in the last general election and Blair's approval ratings continued to sag, the question of succession gained more urgency.

Blair tried to put the issue to rest Sunday in a lengthy interview with the Times newspaper in which he said it would be a mistake to set a specific timetable and urged his opponents in the party to "stop obsessing" on the matter.

The interview backfired spectacularly. Instead of mollifying the critics, it galvanized them. Labor backbenchers, many of them worried about their own electoral prospects in the face of polls that show Labor trailing the Conservatives by 9 or 10 points, began circulating letters demanding that Blair set a specific date for his departure.

Things quickly spiraled out of control. By Wednesday one junior minister and seven parliamentary aides had quit in protest and more were threatening to follow. Blair and Brown had had at least one face-to-face meeting that featured a "ferocious shouting match between the two men," according to The Guardian newspaper.

With his party on the brink of civil war, Blair capitulated, but not totally.

"I am not going to say a precise date now, I don't think that is right," he said. "I will do that at a future date and I will do it in the interest of the country and depending on the circumstances at the time."

That appeared to be enough to satisfy Brown, who spent Thursday visiting a sports training ground in Glasgow and made a statement of his own about an hour before Blair spoke in London.

"I want to make it absolutely clear today, that when I met the prime minister yesterday, I said to him—as I've said on many occasions and I repeat today—it is for him to make the decision," said the chancellor, who lacks his rival's charisma.

"I said also to him ... that I will support him in the decision he makes," Brown added, trying hard to give the impression that nothing was amiss between the two.

Bookmakers have installed Brown as the odds-on favorite to succeed Blair as the party's leader, but others are expected to join the contest. Brown has had little to say on foreign policy, but it is likely that whoever succeeds Blair will try to distance himself from Bush.

Several scenarios for Blair's departure have been circulating among political insiders. One has him resigning the party leadership in early May, allowing Brown to move into No. 10 by mid-June. This has apparently met with Brown's approval.

Another proposal pushes the date back to the end of May, meaning Brown would not take over until the middle of July, when parliament is in recess. Brown has reportedly rejected this.

But some of Brown's supporters suggest Blair should go much sooner—before the end of this year or early next year at the latest.

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Jeremy Corbyn, a member of Parliament from north London and a frequent critic of both men, echoed the suspicions of many when he suggested that Blair and Brown had made a deal "and we're not going to be told what the deal is."

Senior Labor Party figures busied themselves trying to restore peace. Peter Mandelson, the EU trade commissioner, told the British Broadcasting Corp. that the party has gone through a "moment of madness" over the last week. "I hope it will now move on and that the plotting and the shenanigans will be put behind them once and for all," he said.

Conservatives, who went through a similar internecine bloodletting when Margaret Thatcher was ousted by her senior ministers, were content to sit back and enjoy what their leader, David Cameron, cheerfully described as Labor's "meltdown."

Blair Says He'll Step Down As British PM Within A Year (USAT)

By Jeffrey Stinson

USA Today, September 8, 2006

LONDON — British Prime Minister Tony Blair, the U.S. government's closest ally on Iraq and the war on terrorism, said Thursday that he would leave office within the next year.

Blair's announcement was a rejection of new calls from rebel members of his ruling Labor Party to quit immediately as party leader and prime minister. He refused to say exactly when he would step aside so his likely successor, Finance Minister Gordon Brown, could move into the job before 2010 national elections.

"I'm not going to set a precise date now," Blair said. "I don't think that's right. I will do that at a future date, and I'll do it in the interests of the country."

Blair did say, though, that the Labor Party's national conference later this month would be his last one as party leader. That means that he no longer would head the governing party — or the government — at the conference a year from now.

Blair's statement came a day after some junior members of his government quit to protest the prime minister's refusal to set a departure date. They fear Blair's unpopularity could hurt the party going into local and regional elections next May.

Blair's popularity has slid and Labor has fallen behind the rival Conservative Party in the polls in response to government scandals; a failure to address domestic problems, including health care, education and crime; and Britain's support for the war in Iraq. In the latest Ipsos MORI Political Monitor, Labor trailed the Conservatives 32% to 36% among voters. Liberal Democrats were preferred by 24% in the July 20-24 poll of 2,019 adults.

Brown, whose allies have pressed Blair to give a timeline for relinquishing his leadership, said earlier Thursday that he would support Blair's decision.

Experts on U.S.-British relations expect no dramatic shifts in policy if Brown takes over, as expected, next year. But there could be a change in tone. "It will not be a Love Actually moment," says Robin Niblett, head of the Europe program at the Center for Strategic and International Studies, a Washington think tank — a reference to the 2003 movie starring Hugh Grant as a prime minister who repudiates U.S. policies.

Geoffrey Kemp, a Middle East expert at the Nixon Center in Washington, says Brown will face "enormous pressure from his party to show some distance from (President) Bush, particularly on Iran and Israel."

The U.S.-British relationship already has suffered as Blair has lost popularity, says Charles Kupchan, a Europe expert at the Woodrow Wilson International Center for Scholars. He says Bush "doesn't look to Blair to carry water like he used to" and has turned instead to German Chancellor Angela Merkel.

Brown's ties to the USA, however, are considerable. He has vacationed in Cape Cod, Mass., and given speeches in New York. Niblett says Brown is close to former Democratic presidential economic advisers such as Robert Rubin and Lawrence Summers. And top Brown aides were educated in the USA.

Robert Tuttle, U.S. ambassador to Britain, said Thursday he had met with many of Blair's possible successors, including Brown. He said all assured him of their "deep commitment to the special relationship" between the two countries.

Blair Promises To Step Down Within A Year (LAT)

By Kim Murphy

The Los Angeles Times, September 8, 2006

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LONDON — Prime Minister Tony Blair temporarily defused the biggest political crisis of his administration today by pledging to step down within the next 12 months, deflecting demands for an earlier departure that had threatened to throw his party into turmoil.

In a show of the political dexterity that has allowed him to preside over nearly a decade of turbulent British politics, Blair refused to set a precise timetable for concluding his reign over the Labor Party and forced challenger Gordon Brown to back down, at least publicly, or risk fatally damaging the party's prospects in the next elections.

"What is important now is that we understand that it is the interests of the country that come first, and we move on," Blair said.

While he will not be leading the next Labor Party conference in September 2007, he said, "I'm not going to set a precise date now. I don't think that's right. I will do that at a future date, and I will do that in the interests of the country, and depending on the circumstances of the time."

Brown, the treasury chancellor, has been in line to succeed Blair as Labor Party chief and reportedly had urged Blair to commit to stepping down as early as March. But he appeared to give up on a public confrontation and instead announced that the decision was Blair's to make.

"I want to make it absolutely clear today that when I met the prime minister yesterday, I said to him, as I have said to him on many occasions, and I repeat today, that it is for him to make the decision," Brown said.

"I said also to him, and I make clear again today, that I will support him in the decisions he makes," he added. "We continue to work together because we share a determination, both of us, that we will advance and get down to the business of a Labor government and doing our best by the people of the country."

The two low-key statements — Blair looked calm, if a bit dejected, Brown appeared resigned — followed days of near paralysis in London as the media focused on the tense meetings between the two men playing out behind closed doors on Downing Street.

British newspapers described the discussions as "hostile" and "appalling." The Blair camp accused Brown and his supporters of "blackmail" and a "coordinated coup attempt," according to the Guardian newspaper.

Despite Brown's apparent unwillingness to fight it out in public, it was not clear whether Blair's other critics within the Labor Party are equally ready to back down.

"I don't think it took us any further at all," Labor lawmaker Graham Stringer said of Blair's 12-month timetable in a statement to the BBC.

The only thing that will stabilize the situation "is to have a straightforward, open and honest leadership election between Gordon Brown and whoever will stand against him," Stringer said.

Rights Group: Sudan Bombing Civilians (AP)

By Henry Meyer

AP, September 8, 2006

The Sudanese government is indiscriminately bombing civilian-occupied villages in Darfur, a human rights group charged. France on Thursday raised the idea of sending U.N. peacekeepers to the war-torn region even without Sudanese permission.

U.N. resolutions calling for the peacekeeping mission say they must be deployed with the consent of Khartoum, which has staunchly rejected any U.N. troops.

But French Foreign Minister Philippe Douste-Blazy hinted that deploying anyway should be considered.

"Do we go there, in spite of them?" Douste-Blazy told a Paris news conference. "That's not on the table, nobody has asked the question like that. But it's a real question."

Sudanese government forces on Aug. 28 launched a major offensive believed to involve thousands of troops backed up by bomber aircraft and helicopter gunships in a bid to flush out rebel strongholds in the troubled western region.

Human Rights Watch said that sources report flight crews rolling bombs out the back ramps of their Soviet-made Antonov aircraft, a means of targeting rebels that was often practiced by government forces in their 21-year civil war with rebels in southern Sudan.

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This method is so inaccurate that it cannot strike at military targets without a substantial risk of harm to civilians, the New York-based rights group said in a statement posted on its Web site late Wednesday.

According to international observers in northern Darfur, where the offensive is taking place, a woman was killed and seven children wounded last week in Hassan, about 3 miles southeast of Kulkul, when a bomb was dropped on her house, the rights group said.

An understaffed and cash-starved African Union force of 7,000 peacekeeping troops has been unable to halt the violence in Darfur, a vast region the size of France, since a conflict began in 2003 between the Arab-led government and ethnic African rebels.

However, Sudan earlier this week said it would expel the African Union peacekeepers if they insist on transferring their mission to the United Nations after an AU mandate expires at the end of the month.

France's Douste-Blazy urged Sudan to accept the U.N. force and said he planned to visit the troubled region and meet with Sudanese officials soon.

But a top Sudanese diplomat Thursday denounced the proposed U.N. peacekeeping force.

"What would be occupation if this is not an occupation?" Sudanese State Minister for Foreign Affairs Ali Ahmed Kerti told reporters in Cairo. "What would be deprivation of sovereignty if this is not deprivation of sovereignty?"

More than 200,000 people have died from war and starvation and 2.5 million have been displaced.

US Senate Bill Would Create No-fly Zone Over Darfur (AFP)

AFP, September 8, 2006

A leading Democratic senator submitted a resolution calling for the appointment of a special US envoy to Sudan and the creation of a no-fly zone in the country's violence-wracked Darfur region.

"The situation in Darfur has spiraled out of control. Since the signing of the Darfur Peace Agreement on May 5, violence has increased exponentially," said US Senator Joseph Biden.

"Fifty thousand people have been displaced in the past two months. Two hundred women have been raped over the past five weeks -- two hundred more have been violently assaulted," Biden said. "We cannot stand by and let further tragedy unfold."

Biden said the international community must also step up and apply renewed pressure on Khartoum.

"The UN Security Council has finally done the right thing by authorizing a peacekeeping force for Darfur. The international community must make clear to the Sudanese government that it will not allow Khartoum to reject the deployment of that force," he said.

Last week, the United States said it had received reports of renewed fighting in the Darfur region, amid warnings in recent weeks that government forces were preparing for a new offensive against rebel groups which refused to sign a May peace deal with the government.

Recent news reports said that government aircraft had been airbombing villages in North Darfur suspected of supporting the rebels, and that thousands of government troops were headed to the region. Armed forces officials have denied bombing any villages.

Biden's resolution urges the international community to impose economic and diplomatic sanctions on the government of Sudan.

It further calls on US President George W. Bush to appoint a special envoy for Sudan, and calls for a special session of the UN Human Rights Council to address Darfur.

The combined effect of war and famine has left up to 300,000 people dead in Darfur and displaced 2.5 million in three and a half years of civil war pitting the Sudanese government and allied militias against ethnic minority rebels.

The United States has described Khartoum's repression of the Darfur uprising that broke out in February 2003 as a genocide.

A peace agreement was signed in Abuja on May 5 by the government and the main Darfur rebel faction. The deal was intended to draw a line on the fighting between the Arab-dominated regime in Khartoum and the ethnic minority rebels.

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But two other rebel groups that took part in the talks in the Nigerian capital have rejected the agreement, and violence has continued unabated in Darfur, hampering relief efforts.

Group Hopes To Free Reporter Imprisoned In Sudan (CHIT)

By William Neikirk

Chicago Tribune, September 8, 2006

WASHINGTON -- Hoping to return with imprisoned Chicago Tribune correspondent Paul Salopek, New Mexico Gov. Bill Richardson left Thursday on a plane to Sudan's capital, along with Salopek's wife and Tribune Editor Ann Marie Lipinski.

At a news conference in Albuquerque, Richardson told reporters that he would seek to secure Salopek's release on humanitarian grounds when he meets with Sudanese President Omar al-Bashir in Khartoum. The president formally invited Richardson to come to Sudan, raising hopes for a speedy resolution of the case.

Richardson, who was asked by Salopek's wife, Linda Lynch, and Lipinski to assist in winning Salopek's freedom, sounded an optimistic note.

"We will return whenever we bring him back," he told reporters. Pressed on what he meant by that, he quipped: "My hope is we bring him back before the election. I have other responsibilities. We are going to be very persistent, let me say that."

Lynch, an artist who lives in New Mexico, expressed gratitude to Richardson for his efforts to free her husband. "It is my deepest, most fervent hope that this mission is successful, and that we have him with us on Saturday or Sunday," she said.

Lipinski called Salopek "one of the most humble and distinguished journalists I have ever worked with. He has an amazing ability to really connect with the people he writes about, and there is a stack of letters I hope to show him someday from his readers and people he has written about, asking how they can help."

Salopek, 44, who twice has won the Pulitzer Prize, was arrested Aug. 6. He was formally charged Aug. 26 with espionage, writing "false news," passing information illegally and entering the country without a visa.

Also arrested were his driver, Idriss Abdulraham Anu, and his interpreter, Suleiman Abakar Moussa, both citizens of Chad. Richardson is also seeking their release.

At the time of his arrest, Salopek was on a scheduled leave of absence from the Tribune and was working on a freelance article for National Geographic Magazine. Editors at the Tribune and National Geographic have denied the espionage and other criminal charges, though Salopek has expressed regret for entering the country without a visa, a civil violation.

The three men are scheduled to go on trial Sunday in El Fasher, capital of North Darfur state.

The Democratic governor, a former United Nations ambassador, congressman and U.S. energy secretary, has helped negotiate the release of detainees in Cuba, North Korea and Sudan. He said Salopek was not a spy and was only doing his job reporting a story on the people, culture and history of the sub-Saharan region.

"I will encourage President al-Bashir to recognize the essential role of journalists and a free press and release Paul and his colleagues on humanitarian grounds," Richardson said.

The governor met the president and the Sudanese ambassador to the U.S. 10 years ago, when Richardson negotiated the release of three Red Cross workers and an Albuquerque pilot held hostage by rebels.

National Geographic Editor in Chief Chris Johns plans to meet the group in Khartoum. Also traveling with Richardson is Calvin Humphrey, a private consultant who has gone on similar missions with the governor.

"This has been a very trying time," Lynch said. She said she has been able to speak almost daily to her husband by telephone and that he has been treated well. "Naturally, none of this replaces having him home."

"We want him at home with his family; we want him back at work," Lipinski said.

Richardson praised Lipinski's efforts in trying to secure Salopek's release. He said he was assisting because Salopek and Lynch are constituents and because his help was requested. But he cautioned that he could not be certain Salopek would be released.

In Washington, State Department spokesman Sean McCormack said Richardson is going to Sudan as a private citizen. He added that the department has called for a speedy and fair judicial process and would like to see Salopek return home as soon as possible.

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Russia And U.S. Trade Deal Stalls (AP-Y)

By Martin Crutsinger

AP, September 8, 2006

U.S. and Russian trade negotiators have failed to overcome obstacles in Russia's bid to join the World Trade Organization, raising the prospect that the effort may drag into 2007.

Both sides took tough bargaining positions in public this week. Igor Shuvalov, a top adviser to Russian President Vladimir Putin, said it might be time to suspend the talks because Russia could not make further concessions.

For its part, the Bush administration insists it must reach an agreement that makes significant progress in tackling widespread copyright piracy in Russia and in opening up Russia's market to U.S. exports of agriculture and other products.

Deputy U.S. Trade Representative Karan Bhatia told a music industry group Wednesday that the administration was insisting as part of the WTO membership talks that Russia deal with what Bhatia called "a notorious Web site," that he said was stealing from many U.S. music companies.

"We have made clear to Russia that improved protection for intellectual property is critical to its joining the WTO and we have specifically raised our concerns with allofmp3.com," Bhatia said in a speech to the National Academy of Recording Arts and Sciences.

The U.S. music industry contends the site, which lets visitors download albums for less than $1, is providing pirated material and should be shut down.

Russia, the largest country outside of the WTO, has been trying since 1994 to join the 149-nation group that sets the rules for world trade. However, the talks have been contentious with the United States, the last major country whose approval Russia still needs.

Besides the dispute over protection of U.S. copyrights, the two sides are arguing over Russia's agricultural inspection procedures, which the U.S. believes are rigged to keep American products out of the country. Also still in contention are barriers Russia has erected to keep U.S. service companies including banks from doing business in Russia.

The two countries had hoped to reach an agreement when President Bush was in Russia in July for this year's Group of Eight economic summit. When that effort failed, officials predicted a deal could be reached by October.

However, that goal is also looking increasingly unlikely. Gretchen Hamel, a spokeswoman for U.S. Trade Representative Susan Schwab, refused on Thursday to characterize the status of the talks other than to say, "We are continuing to work."

Private trade analysts said they are growing less optimistic that a deal can be reached this year.

"My best guess is that there will be a delay. It is very similar to what happened in our talks with the Chinese," said Gary Hufbauer, a senior trade analyst with the Institute for International Economics, a Washington think tank.

China joined the WTO in 2001 after a 13-year negotiating effort, with U.S. approval coming last and only after a number of obstacles were cleared away.

Hufbauer said his best guess was that U.S. and Russian negotiators may not reach an agreement until the middle of 2007.

The Temptation Of Don Felipe (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, September 8, 2006

With so much attention focused on Mexico's disputed presidential election, it's been easy to miss another story in Mexican court which may tell more about the challenges faced by President-elect Felipe Calderón than do the anti-democratic antics of his losing rival Andrés Manuel López Obrador.

We refer here to four injunctions filed in Mexican federal court last month by companies owned by billionaire media mogul Ricardo Salinas Pliego. All four of the actions are against articles in a new securities law that protect minority investors, regulate insider trading, increase disclosure, mandate an all-independent audit committee and give the national banking and securities commission broader supervisory and investigative powers.

Mr. Salinas Pliego's attempt to destroy modern securities legislation in a fledgling democracy is worth paying attention to, as is the latest move in Mexican politics to grant, yet again, special treatment to telecom tycoon Carlos Slim. Both are

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symptomatic of the culture of privilege that has stifled Mexican growth and left a good part of the country so poor that it bought into the siren song of the authoritarian López Obrador.

Mr. Calderón is now wrestling with the clamor from the elite for more socialism in order to neutralize the radicalized Mr. López Obrador, who has refused to accept defeat. The president-elect has even suggested that he is ready to lean to port as a counteroffensive to his former rival's intransigence. Last month Mr. Calderón said that in order to address cries of illegitimacy coming from AMLO's tent-city protest movement, "from the government, we are going to pass them on the left."

...

This is an alarming development from a president-elect who ran on a platform to make the country fairer, more competitive and more prosperous -- and won. To adopt AMLO's platform of redistributing wealth would not only be a betrayal of those who voted for him. It would also be a recipe for disaster.

Modern economics already widely acknowledges that developing countries need 5-6% annual growth rates for at least a decade to alter the poverty profile. Decades of empirical evidence show that growth, not an expansion of entitlement programs, is what will make Mexicans better-off.

To that end, Mr. Calderón can best defeat the left by spending his political capital going against the country's notoriously anti-competitive cartels. As the World Bank's 2007 "Doing Business" report -- released this week -- notes, he will have the highest chance of success if he pushes reform early in his tenure. If he succeeds, greater competition and transparency will drive down the cost of doing business in Mexico. As the country becomes more attractive to investors, productivity, incomes and government revenues will all rise. The president will then have the resources to help the truly needy.

If Mr. Calderón feels the need to compete with AMLO's rhetoric, he can tell Mexico's poor that, as their champion, he is about to end the culture of privilege that has left them behind. What he must not do, though, is shrink from the confrontation with the titans who think they own Mexico. As Mr. Salinas Pliego is now showing, it won't be easy.

The World Bank report -- which measures the business climate in 175 countries -- applauds the new securities legislation that Mr. Salinas Pliego now hopes to destroy. In the category of "protecting investors," the bank bumps Mexico up 100 places, from a ranking of 133rd in the world last year to 33rd, citing this reform. Mexico's modernizers expect the law to make the country more attractive to investors, both domestic and foreign.

But Mr. Salinas doesn't seem to like oversight. Last year the U.S. SEC filed fraud charges against his company TV Azteca and two of its executives. He denied the charges and took his company out of the U.S., citing "excessive regulation." Last year in Mexico, using his special interest clout, he nearly killed the same legislation relating to minority shareholder protections as it was being born. He also used his television station to attack the integrity of one of the architects of the law. Those efforts failed. Now he's taken the case to court.

Mr. Salinas is not the only Mexican tycoon digging in his heels as Mexico tries to modernize. Telecom magnate Carlos Slim, who still controls 95% of Mexico's fixed-line telephone industry and almost all data traffic, has used the injunction process for years to stonewall deregulation and competition. Without competition, Mexico's telecom costs make the country unattractive to investors, a fact that drives up joblessness and poverty. It partly explains why China is eating Mexico's lunch in manufacturing.

Mr. Slim, who claims to be an advocate for the poor, seems to be pretty good at defending his own agenda. His former employee Pedro Cerisola is now President Vicente Fox's telecom minister and has been allegedly protecting Telmex's interests from inside the executive branch. This week Mr. Cerisola tried to unilaterally grant Telmex rights to the cable television market even though its license does not allow for such a privilege. The decision sparked a heated, public confrontation between Mr. Fox's pro-competition Treasury Secretary Francisco Gil Diaz, who objected to the deal, and Mr. Cerisola. Mexico's competition commission took Mr. Gil Diaz's side.

Mr. Calderón is not lacking political capital to spend. A poll conducted by Mexico's Reforma newspaper last week showed that if the election were held today, he would win handily with 54% of the vote and AMLO would run a distant second with 30%. That more people are now putting their hopes in Mr. Calderón's modern, civil and democratic vision for Mexico than in Mr. López Obrador's authoritarian path of vengeance is something to celebrate in North America's youngest democracy.

But now Mr. Calderón must allocate that capital to its highest use. Rather than spend it mimicking the messianic militant in the tent, he should make a big down payment on a future assault on privilege.

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Mexico's President-Elect (WP)

The Washington Post, September 8, 2006

FELIPE CALDERÓN, who finally was certified this week as the winner of Mexico's presidential election, reacted in just the right way. In his first speech after the unanimous decision of the Federal Electoral Judicial Tribunal upholding his narrow victory, Mr. Calderon focused on what his government would do for the country. "If something demands urgent action and all the power of the Mexican state, it is taking care of millions of families who still live in poverty," said the president-elect. In doing so, he clearly distinguished himself from leftist populist Andrés Manuel López Obrador, who claims to represent the poor but has set himself an entirely different goal: overthrowing the democratic system. "To hell with the institutions" is Mr. López Obrador's new slogan.

If Mr. Calderón keeps focusing on Mexicans' needs while his opponent trumpets his own, Mexico may just get through its political crisis without serious damage. Already many of those who voted for Mr. López Obrador are tiring of his attempt to reverse the results of an election that was clearly free and fair; polls show that if the vote were reheld now he would lose by a far larger margin. Members of Mr. López Obrador's own party ought to be wearying of him, too: After all, the same election he condemns gave them unprecedented gains in Congress as well as control over Mexico City. Some of those who supported Mr. López Obrador's post-election campaign, both in Mexico and in the United States, claimed their goal was to strengthen Mexico's democracy. If so, they now should feel bound to abandon a leader who is openly seeking to overturn that fragile system.

Mr. López Obrador will probably seek to reverse his slide toward irrelevance by provoking violence. He plans to form a parallel government at a rally staged in the path of the military's annual independence day parade next week. Mr. Calderón and outgoing president Vicente Fox, who will serve until Dec. 1, should sidestep such confrontations, as Mr. Fox deftly did last week when Mr. Calderón's supporters prevented him from delivering an annual address to Congress.

Instead, Mr. Calderón should elaborate and make public detailed proposals to deliver on his promise to the poor. These could include an expansion of Mr. Fox's program of providing subsidies to poor families who ensure that their children attend school, and patches in Mexico's spare safety net, especially for the elderly. But Mr. Calderón should also prepare a push for free-market reforms that can enable faster growth: Fixes in Mexico's antiquated labor laws could help create many new jobs. The new president is a relatively uncharismatic man, but one who has shown determination and the ability to overcome political obstacles through intelligence and hard work. He will need those qualities in the months ahead.

Chad Goes Bad (LAT)

The Los Angeles Times, September 8, 2006

CHAD, THE MOST CORRUPT COUNTRY on Earth and one of the poorest, has long represented a serious challenge for those seeking to alleviate Africa's relentless poverty. What is the best way to provide aid to a place where the rule of law is nearly nonexistent and the government entirely untrustworthy? One promising attempt to provide an answer may now be cut short.

Some background. Chad has oil reserves, but oil companies long had little desire to do business in a country with a record of rebellion and corruption (according to a survey by the watchdog group Transparency International, Chad was perceived as the world's most corrupt country in 2005). But after the World Bank put up $200 million, in 2003 a coalition of three oil companies completed a 660-mile, $4-billion pipeline from landlocked Chad through neighboring Cameroon to the Gulf of Guinea.

As part of the investment deal, the government of Chad agreed to put 70% of its oil revenues in an independently monitored account to be used for development projects such as clinics and schools. That was OK with Chad President Idriss Deby three years ago. But with oil prices rising and his grip on power fading, Deby now wants more government control and a bigger piece of the pie.

Last month, two of the three companies that funded the pipeline, Chevron Corp. and Malaysia-based Petronas, were told to leave the country, on the almost certainly bogus allegation that they weren't paying their taxes. Not coincidentally, the order came soon after Chad formed a national oil company to boost government revenues. The third oil company, ExxonMobil Corp., was not asked to leave.

Deby has since toned down his demands, saying only that he wants to renegotiate the deal with the three companies under which Chad gets a meager 12.5% of its oil revenues. For now, the development deal with the World Bank is unaffected. But Deby's moves look very much like the opening steps of a plan to nationalize the country's energy industry. That would likely mean

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an end to foreign investment in Chad, and it displays a blithe disregard for the rule of law, reducing confidence that the government will live up to its development commitments.

Deby is reliant on political and military support from France, and he recently traveled to Paris to meet with President Jacques Chirac. The latter is much more focused on enlisting Deby's help in stabilizing neighboring Sudan than in addressing Chad's oil grab, and Chirac may very well be willing to overlook the matter since it has increased Deby's popular support and could help stabilize his regime. But Chad's president is walking a dangerous path. Chirac should tell him to turn back before it's too late.

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TODAY'S EDITION

Terrorism News:

President Defends War In Speech Here (AJC) 4
Democrats Attack Bush's Anti-Terrorism Strategy (NYT) 5
Bush Outlines Steps To Close 9/11 Security Gaps (LAT) 6
Bush Moves To Shore Up War-on-terror Credentials (CSM) 8
Bush Calls For Greater Wiretap Authority (WP) 9
Bush Assures That The Nation Is Safer As Memories Turn To A Day Of Destruction (NYT) 10
Candidates Say Bush's Efforts Won't Hurt, But May Not Help (NYT) 11
Emphasis On Terrorism May Not Work On Voters, Analysts Say (CO) 12
Analysis: Bush Election Focus Is Risky (AP-Y) 13
Bush Slams Court Threat To Wiretaps (WT) 14
Bush Says It's Harder For Terrorists To Attack (USAT) 15
Bush Touts Progress Since 9/11 Attacks (AP-Y) 16
Five Years Later In Indonesia, War On Terror Shows Both Gains And Worrisome Trends (WSJ) 17
Preventing Days Of Infamy (WT) 20
Vanished Towers, Vanished Leadership (WP) 21
Five Years Later, No Attacks But Focus Blurs, Unity Fades (USAT) 21
Senate Terrorism Bill Meeting Dissent (AP-Y) 22
Legal Experts In Military Object To Bush Plan (MCT) 23
Bush's Detainee Plan Is Criticized (WP) 25
Guantanamo More Strict, Detainees Say (WP) 26
Top Military Lawyers Dislike Tribunal Plan (LAT) 27
Senate Republicans Seek Unity On Terror Tribunals (WSJ) 28
Lawyers And G.O.P. Chiefs Resist Proposal On Tribunal (NYT) 29
Rules For Terrorism Tribunals Unclear On Torture, Legal Adviser Says (MCT) 30
Interrogation Methods Rejected By Military Win Bush's Support (NYT) 31
Questions Raised About Bush's Primary Claims In Defense Of Secret Detention System (NYT) 33
Red Cross To See Alleged 9/11 Plotter (FT) 34
Confirmation Of CIA Prisons Leaves Europeans Mistrustful (WP) 35
Europeans Seek More Info On Secret Jails (AP-Y) 36
Europeans' Views Mixed On News Of C.I.A. Camps (NYT) 37
Interrogation And Intelligence (WSJ) 38
'Values' We Have To Hide Abroad (WP) 39
Decision To Move Detainees Resolved Two-Year Debate Among Bush Advisers (WP) 40
Federal Judge In Oregon Refuses To Dismiss Lawsuit Over Bush Administration Eavesdropping (AP) 41
Judge Allows Islamic Group To Challenge Wiretapping (NYT) ... 42
In The Defense Of Basic Rights, An Official Led A City's Defiance (NYT) 43
Video Shows Bin Laden With 9/11 Planners (WP/AP) 43
Al-Jazeera Shows Video Of 9/11 Hijackers Meeting (LAT/AP) ... 44
Al Jazeera Shows Tape Of Bin Laden And Planners Of 9/11 (NYT) 45
Tape Said To Be From Zarqawi Successor (USAT/AP) 46
DAN K. THOMASSON: Keeping Us Safe From Bows And Arrows (SCRIPPS) 46
Danish Investigators Fear Evidence Is Insufficient To Hold 5 Suspects In Possible Bombing Plot (NYT) 47
Wanted: Global Teamwork On Terrorism (WP) 48

Homeland Response:

FBI: Homegrown Terror Is A Minority (WP/AP) 49
Officials On Alert For A Different Sort Of Terrorist (LAT) 50
Echoes Of 9/11 Define Life 5 Years Later (NYT) 51
A Son And Soldier Unafraid, A Family Nonetheless In Grief (NYT) 51
At The Pentagon, A Shared Symbol Of Security For The Next Time Darkness Falls (NYT) 52
It's A Simple Scarf, But Its Meaning Is Much More Than Faith (NYT) 53
Rise Of Municipal Preparedness Comes With No Few Headaches (NYT) 53
A Post-9/11 Identity Shift (LAT) 54
9/11 Put Anonymous Faces On The Front Page Of History (USAT) 57
Passions Flare As Broadcast Of 9/11 Mini-Series Nears (NYT) . 59
ABC Revises 9/11 Film After Clinton Criticism (WT) 60
Clinton Officials Protest 9/11 TV Series (AP-Y) 61
Scholastic Pulls Teaching Material For 9/11 Show Faulted As Biased (WSJ) 62
Ex-Clinton Officials Demand ABC Change Its 9/11 Docudrama (USAT) 63
Laying Blame And Passing The Buck, Dramatized (NYT) 63
Inside Politics (WT) 65

9/11 Miniseries Is Bunk (LAT) ... 65
Cleared Man Cites Prejudice (DMN) ... 66
Man Cleared Of Terrorism Charge Cites Prejudice (FWST) ... 67
Man Wrongly Accused Of Plot Wants Apology (AP) ... 67
Cell Phone Makers Fight Resales (HC/AP) ... 68
The Disbelievers (WP) ... 69
Senators Agree On Ports Security Bill (AP-Y) ... 73
Feds Work To Link Fingerprint Databases (AP) ... 73
Designs For 3 WTC Towers Unveiled (AP-Y) ... 74
A First Look At Freedom Tower's Neighbors (NYT) ... 75
Plans For Three Trade Center Towers Are Unveiled (WSJ) ... 76
Ground Zero Bears America's Broken Politics (column) (WSJ) .. 77

War News:

Conservative Group Airs Pro-Bush Ad (AP-Y) ... 79
The Central Truth (NYT) ... 79
Iraq Takes Over Command Of Armed Forces (AP) ... 80
Iraq Begins To Take Formal Control Of Its Armed Forces (LAT) 81
Iraq: A Civil War We Can Still Win (WP) ... 82
Fall In Deaths In Baghdad Not As Steep As Predicted (NYT) ... 83
Body Count In Baghdad Nearly Triples (WP) ... 84
IED Attacks Keep Rising; U.S. Keeps Adjusting (USAT) ... 86
Army Faces Rising Number Of Roadside Bombs In Iraq (WP) ... 86
Pentagon: Bomb Detection Improves (AP-Y) ... 87
Tape Reportedly Features Voice Of Zarqawi Heir (WP) ... 88
Al-Arabiya: Told To Close Baghdad Office (AP) ... 89
Come Train Iraqis For Public Works Projects (WP) ... 89
NATO General: Troops Needed For Afghan Fight (USAT) ... 90
NATO General Wants More Troops In Afghan South (WP) ... 90
NATO Needs More Troops To Fight Taliban (AP) ... 91
NATO Seeks Reinforcement In Afghanistan (FT) ... 92
NATO General Seeks Reinforcements To Fight Taliban (WT/AP) ... 93
Inside The Ring (WT) ... 94
Musharraf Pledges To Pursue Qaeda And Taliban Insurgents (NYT) ... 95

Corporate Scandals:

Michaels Stock-option Inquiry Goes To Justice (FWST) ... 96
Reagan Aide Stockman Targeted In Fraud Probe (WP) ... 97
Lay's Estate To Pay $12 Million To Settle Enron Pension Dispute (MRKTWTCH) ... 98
U.S., Lay Estate Ink $12M Pension Settlement (CNN) ... 99
Former Officials Ask Gonzales To Reverse Policy About Corporations And Their Lawyers (FINDLAW/AP) ... 100
Corporate Fraud Policy Should Be Revised, Former Officials Say (BLOOM) ... 100
Former Justice Officials Critical Of Thompson Memo Policy (LAW) ... 101
Memo To Gonzales (WSJ) ... 102
H-P Scandal Puts Chairman, Lawyer In Awkward Light (WSJ) 102
Hewlett-Packard Spied On Writers In Leaks (NYT) ... 104
HP Investigators Got Reporters' Phone Records (WP) ... 106
Controversial HP Probe Started Under Fiorina (USAT) ... 107
Detectives Often Take The Heat If Things Sour (WSJ) ... 108
Scams Seeking Phone-Customer Data Are Growing Threat (WSJ) ... 109
Spitzer's Retreat (WSJ) ... 110

Criminal Law:

Source In C.I.A. Leak Case Voices Remorse (NYT) ... 111
Armitage Says He Was Source Of CIA Leak (WP) ... 111
Armitage Reveals That He Was A Source In Plame Leak (MCT)112
Armitage Says He Was Source In CIA Leak (AP) ... 113
Sportingbet Chairman Peter Dicks Is Arrested In U.S. (Update8) (BLOOM) ... 114
British Online Gaming Executive Is Arrested (LAT) ... 115
U.S. Detains Sportingbet Chairman (WSJ) ... 116
PartyGaming Chief Accuses America Of Protectionist Tactics (LGUARD) ... 116
Roane Judge Gets 42 Months (KNOXNS) ... 117
Vigil Trial: Yarbrough Details Kickback Scheme To Jurors (AP)118
Courthouse Inquiry Ends With No Sign Of Corruption (TAMPTRIB) ... 119
Sliwa Testifies In 3rd Gotti Trial (NSDY) ... 121
Guardian Angels Founder Testifies At 'Junior' Gotti Retrial (AP)121
Sliwa Helps Gotti? (NYDN) ... 122
SLIWA'S SLEAZY CHARADES (NYPOST) ... 122
Judge Sentences Gambino Underboss To More Than 11 Years (NSDY/AP) ... 123
'The Brain' Sentenced To 135 Months (WESTJN) ... 123
FEDS BUST 'TOXIC' L.I. METAL MAN (NYPOST) ... 124
Suffolk Firm Owner Busted In Toxic Waste Pollute Case (NYDN)124
Toxic Waste Leads To Bust (NSDY) ... 125
Pollster Pleads Guilty To Fraud (AP-Y) ... 126
Man Arrested In 2005 Phoenix Attack (USAT) ... 126
Despite Charges, Prep Football Standout Remains Tackle-Eligible (WP) ... 127

Civil Law:

Court: Wife Of Bulger Victim Cannot Sue (BOS) ... 129
Xanga To Pay $1 Million In Children's Privacy Case (WP) ... 130
Prison Whistleblower (quietly) Honored (MCT) ... 130

Civil Rights:

Appeals Court Hears Arguments Over Legislative Prayers (AP)131
3rd Circuit Reverses Itself On Groundbreaking Sex Discrimination Ruling (LAW) ... 132
Schools' Policies On Race In Spotlight (LCJ KY) ... 134
Let Schools 'Look Like America,' Too (LAT) ... 135

Antitrust:

Is Time Ripe For 'Dr. Miles' To Fall? (LAW) ... 136
Judge OKs New Microsoft Antitrust Deadline (CNET) ... 137
Microsoft May Delay Vista In Europe On Antitrust Case (Update2) (BLOOM) ... 137
Microsoft Threatens Vista Delay Amid Dispute With EU Regulators (WSJ) ... 138
Valero Energy Weighing Purchase Of One Or More Oil Refineries In Europe (BLOOM) ... 139
Wright Law Revision In Holding Pattern (DMN) ... 140
Alcatel, Lucent Shareholders Back Merger (AFP-Y) ... 140

DOJ_NMG_0059675

Alcatel, Lucent Owners Approve $10.5 Billion Takeover (Update1) (BLOOM) ... 141
Lukewarm Investors, Nervous Workers Await The New CEO At Lucent-Alcatel (WSJ) ... 142
No Happy Ending For Net Movie Renters (LAW) ... 144

Environment:

Congressmen Slam BP Executives At Oil Leak Hearing (USAT) 145
Former BP Executive Declines To Testify (AP-Y) ... 145
BP Executives Rebuked In Hill Appearance (WP) ... 147
Panel Questions BP On Managing Alaska Oil (NYT) ... 148
BP's Top U.S. Pipeline Inspector Refuses To Testify (WSJ) ... 148
BP Executive Refuses To Testify (FT) ... 149
Contrite BP Bosses Admit Blame For Alaskan Oil Leaks (LGUARD) ... 150
BP Official Refuses To Testify At Pipeline Hearing (MCT) ... 151
Cellulosic Ethanol Is Five Years Away, Energy Secretary Says (DMR) ... 152
Redesigning Crops To Harvest Fuel (NYT) ... 152
For Pods Of Whales, Celebrity Status And Now A Lawsuit (NYT) 154
Other Fish To Fry (NYT) ... 155

FBI/DEA/ATF/USMS:

Drug Use Rises In 50s, Dips Among Teens (USAT) ... 157
Drug Use Up For Boomers, Down For Young Teens (AP) ... 157
Drug Use Up For Boomers, Down For Young Teens (AP) ... 158
Bahamian Man Extradited To Miami For Drug Charges Five Years Ago (AP) ... 159
U.S. Trying To Deport Ex-drug Informant (HC) ... 159
Local Drug Kingpin Sentenced To 30 Years (NJ) ... 161
Bill To Revise Gun-show Laws Advances In House (RTD) ... 161
No Firing Of Rumsfeld To Appease Democrats (WP) ... 162
Fugitive Suspected In New York State Trooper Shootings Named To '15 Most Wanted' List (AP) ... 163
After Years Behind Bars, Now A Life On The Run (NYT) ... 163

Immigration:

19 Residents Arrested In Arranged-marriage Scam (WT) ... 166
House Crafting New Border Security Bill (AP-Y) ... 166
Immigration Pushed Aside As House GOP Sticks To Border Security Priorities (MCT) ... 167
Immigration Overhaul Takes A Back Seat As Campaign Season Begins (NYT) ... 168
House GOP Makes Border Security Its Priority (LAT) ... 169
House Republicans Reject Illegal-aliens Amnesty Bill (WT) ... 170
As Congress Stalls On Immigration, A Backlash Brews (CSM) 171
Immigration Rally's Low Turnout Disappoints Advocates (WP) 172
Mexican President-Elect To Press U.S. Reforms (WP/AP) ... 173
Conservatives, Liberals Hit 'Honor System' On Border (WT) ... 174

Congress-Administration:

Chafee Delays Vote On Bolton Nomination (AP) ... 174
Bolton's UN Position In Jeopardy (FT) ... 175
GOP Senators' Bid To Confirm Bolton Is Called Off (WP) ... 176
Committee Delays Vote On Bolton Confirmation (WT) ... 176
Republicans And Democrats Begin Plotting Post-Election Leadership (WSJ) ... 177
Senate Approves $63 Billion More For War In Iraq (NYT/AP) .. 178
Court Allows FCC To Clarify Indecency-Policy Enforcement (WSJ) ... 178
Court Suspends Enforcement Of Indecency Ruling (WP) ... 179
Hedge Fund Link Ends For U.S. Official (WP) ... 180
How To Punish Rumsfeld (LAT) ... 181
Progress, Setbacks Among Bush's Workforce Reforms (column) (WP) ... 181
Book Says Rove Ordered Office Exorcism (CHIT) ... 182
Ed. Dept. Eases Teacher Quality Rule (AP-Y) ... 183
Blacks Only Welcome In Hill Caucus (WT) ... 183
Departure Of A Pragmatist (NYT) ... 184

Other News:

OPEC Likely To Keep Output Level (WSJ) ... 185
Housing Slowdown Takes Its Toll (WSJ) ... 186
Housing Market Forecast Worsens (USAT) ... 187
Some Housing Pessimism From Real Estate Brokers (NYT) ... 188
Fed Minutes Show Broad Backing For Rate 'Pause' (WSJ) ... 189
Fed Official Defends Interest Rate Policy (WP) ... 190
Housing Report Worries Slam Stocks (USAT/AP) ... 191
'Transparent' Vision New Fed Chairman Hopes To Downplay Impact Of His Words (WSJ) ... 191
Judicial Surveys Vex The Bench (LAW) ... 194
Local Court Reporting School Founders (SDUT) ... 196
War Turns Southern Women Away From GOP (AP-Y) ... 196
Republicans Look Homeward (WSJ) ... 197
First Lady Stumps For Drake In Norfolk (WT/AP) ... 199
Conn. Senate Race Centers On Iraq War (AP-Y) ... 199
Battle Of Surnames Underlies Senate Contest In N.J. (USAT). 200
Tape Rolls On Gov.'s Meeting (LAT) ... 201
Money Is At The Root Of California's November Ballot (LAT) ... 203
Doctors Feverishly Seek To Halt Planned Cuts In Medicare Fees (LAT) ... 205
Down The Homestretch, The House Wanders Off Course (WP) 206
Conservatives Help Wal-Mart, And Vice Versa (NYT) ... 207
New Role For Rubin: Policy Guru (NYT) ... 209
Anti-Judaism (WSJ) ... 210
Whining Over Discontent (NYT) ... 211
Cashing Their Chips (NYT) ... 212
Russia And China 'stay Committed' On Tehran (FT) ... 212
Iran Moves Step Closer To U.N. Sanctions (AP) ... 213
Iran's Former President Takes Veiled Swipe At Bush (LEXHL) 214
Former Iranian Leader Suggests Dialogue (AP-Y) ... 215
At Cathedral, Iran's Khatami Urges Dialogue (WP) ... 216
Khatami Defends Ahmadinejad, Iran's Nuke Plans (WT) ... 217
In U.S. Visit, Iran's Khatami Urges Dialogue (LAT) ... 218
U.S. Takes Aim At Banks Controlled By Tehran (WSJ) ... 219
Israel Lifts Blockade Of Air Access To Lebanon (WP) ... 220
Lebanese Ports Still Blocked (NYT) ... 221
Israel Lifts Air Blockade But Navy Stays (FT) ... 222
Israel Ends Its Lebanese Air Embargo; Seas May Be Next (LAT) 223
Lebanon's Other Border (NYT) ... 224
Blair To Give Up Post As Premier Within One Year (NYT) ... 224

DOJ_NMG_0059676

Another Tilt In The Uneasy Partnership Atop Britain's Governing Party (NYT) ... 226
Blair Says He Will Step Down Within 12 Months (WP) ... 228
Blair's U-turn Puts His Authority In Jeopardy (FT) ... 229
Blair Won't Set Specific Date For Exit (AP-Y) ... 230
Blair Vows To Go Within Year, In Bid To Calm Crisis (AFP-Y) . 231
British PM Will Step Down Within A Year (CHIT) ... 232
Blair Says He'll Step Down As British PM Within A Year (USAT)234
Blair Promises To Step Down Within A Year (LAT) ... 234
Rights Group: Sudan Bombing Civilians (AP) ... 235
US Senate Bill Would Create No-fly Zone Over Darfur (AFP) .. 235
Group Hopes To Free Reporter Imprisoned In Sudan (CHIT) .. 236
Russia And U.S. Trade Deal Stalls (AP-Y) ... 237
The Temptation Of Don Felipe (WSJ) ... 238
Mexico's President-Elect (WP) ... 239
Chad Goes Bad (LAT) ... 239

TERRORISM NEWS:

President Defends War In Speech Here (AJC)

By Tom Baxter

The Atlanta Journal-Constitution, September 8, 2006

Five years after his "let's roll" speech in Atlanta helped launch the war on terrorism, President Bush returned Thursday to give an accounting of what his administration has accomplished since the 2001 attacks.

In the fourth in a series of election-season speeches leading up to the fifth anniversary of 9/11, Bush said the nation is safer because of his administration's homeland security reforms, but must remain on the offensive until its enemies are "finally defeated."

He spoke before an invited audience of 600 organized by the Georgia Public Policy Foundation, a conservative think tank, held at the Cobb Galleria Centre. From there, he flew to Pooler, outside Savannah, to attend a fund-raiser that netted $375,000 for Republican congressional candidate Max Burns in his race against incumbent Democratic U.S. Rep. John Barrow.

The president described his speech in Atlanta as "a progress report on the steps we have taken since 9/11 to protect the American people, steps we've taken to go on the offense against the enemy and steps we are taking to win the war on terror."

Two months after 9/11, in a speech at the Georgia World Congress Center, Bush spoke of "a war to save civilization itself" and concluded with the exhortation, "let's roll." The borrowed words, which became a rallying cry, came from an airline passenger who helped lead a revolt against hijackers on 9/11.

On Thursday, Bush called the revolt — which resulted in the plane's crash in Pennsylvania, aborting the terrorists' mission — the "first victory in the war on terror."

Detailed list of responses

There were no revelations in his speech, as there were Wednesday when he acknowledged for the first time that 14 top terrorist suspects had been held in secret locations and said they would be transferred to the prison facility at Guantanamo Naval Base to await military tribunals.

But Bush's Atlanta speech was perhaps his most carefully detailed listing of what the administration has done to respond to the terrorist attacks, from reorganizing the government's intelligence operations to requiring hardened cockpit doors on airplanes.

"Even if all the steps I have outlined this morning had been taken before 9/11, no one can say for sure that we would have prevented the attack," Bush said. "We can say that if America had these reforms in place in 2001, the terrorists would have found it harder to plan and finance their operations, harder to slip into the country undetected, and harder to board the airplanes and take control of the cockpits and succeed in striking their targets."

He also reiterated his support for the war in Iraq, recalling a fallen Georgia soldier, 1st Lt. Noah Harris of Ellijay, who joined the Army after 9/11 and died June 18, 2005, when his Humvee was hit by a roadside bomb.

"The best way to honor the memory of brave Americans like Lt. Harris is to complete the mission they began. So we will stay, we will fight and we will win in Iraq," Bush said, drawing the most sustained applause of his speech.

Sensing public impatience with the pace of the war, Democrats are aggressively challenging Bush. Among other things, they have pushed for the release, scheduled today, of a Senate intelligence committee report that is expected to underscore the overestimation of the threat posed by Iraq's weapons program and the reliance of intelligence agencies on questionable sources.

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"Republicans have ignored the lessons of 9/11 and failed to make America as safe as we can and should be," Senate Democratic leader Harry Reid of Nevada said Thursday. "They want to stay the course in the face of failure. We won't. We'll change course in Iraq."

Terror a campaign issue

Opinions inside and outside the Galleria were decidedly mixed.

"He's laying down the gauntlet and sending the message: We're not going to back down," said Gwinnett County developer Emory Morsberger, a former state legislator who was in the audience for Bush's speech.

But Atlanta elementary school teacher Heather Barbour, one of about 80 protesters outside, voiced opposition to the war.

"He's trying to tie it in with World War II, which was a unifying cause. But he has it wrong. His 'war on terror' is closer to Vietnam. It's a war that can't be won with anything that could be called 'victory,' " Barbour said.

Bush began his current series of speeches last week in Salt Lake City, outlining an "ideological struggle" he compared to the World War II struggle against fascism.

Speaking in Washington on Tuesday, he quoted extensively from terrorist leaders to underline the seriousness of the threat they pose, and in the White House speech Wednesday he called on Congress to pass legislation that would circumvent a U.S. Supreme Court ruling and allow the trial of suspected terrorists before military tribunals.

The series is set to culminate in a Sept. 19 speech at the United Nations.

The speeches coincide with a congressional campaign season in which Republicans hope to gain ground on security issues, as they have in the past two elections. In a year when Republicans are fighting to maintain control of Congress, Georgia is a rarity, with two former GOP congressmen, Burns and Mac Collins, challenging incumbent Democrats, Barrow and U.S. Rep. Jim Marshall of Macon.

David Johnson, CEO of Strategic Vision, a Republican polling firm, said Georgia is the only one of eight states his firm has surveyed this year in which the majority of voters continue to approve of Bush's handling of the war on terror, at 52 percent in a poll conducted Aug. 18-20, though the margin of error was 4.5 percent. The others are Florida, Washington, Michigan, Wisconsin, New York, Pennsylvania and New Jersey.

Even in Georgia, approval for Bush's handling of the war in Iraq has slipped, with 42 percent approval and 49 percent disapproval, Johnson said.

"The war on terrorism is his only strong card still left," he said.

Democrats Attack Bush's Anti-Terrorism Strategy (NYT)

By Christine Hauser And David Stout

The New York Times, September 8, 2006

Democrats sharply criticized the Bush administration's anti-terrorism efforts today as the Senate's top Democrat reiterated his call for the beginning of a phased withdrawal of American troops from Iraq by the end of the year.

The Democrats went on the offensive as President Bush, speaking in Atlanta, urged Congress to pass legislation that would give his administration the surveillance tools he said it needed to fight terrorism.

It was the latest in a series of speeches by the president this week as he works to rally support for his efforts to combat terrorism, some of which have been sharply constrained in recent months by the federal courts. Both parties are seeking to gain traction on national security and terrorism issues as the November elections approach.

The president is seeking Congressional approval for his Terrorist Surveillance Program, which has provoked fierce legal and political debate since it was disclosed last December that the National Security Agency was wiretapping the international communications of some Americans without a court warrant.

"The terrorists who want to harm America can now buy disposable cell phones, and open anonymous e-mail addresses. Our laws need to change to take these changes into account," Mr. Bush said today. "If an Al Qaeda commander or associate is calling into the United States, we need to know why they're calling. And Congress needs to pass legislation supporting this program."

But as the president was speaking, Senate Democrats were holding a news conference on Capitol Hill to denounce his anti-terrorism policies as "tough but empty rhetoric" and to offer a package of proposals of their own.

"Republicans have ignored the lessons of 9/11 and failed to make America as safe as we can and should be," said Senator Harry Reid of Nevada, the minority leader. "They want to 'stay the course' in the face of failure. We won't."

Mr. Reid and several colleagues offered what they called the "Real Security Act of 2006," calling for the beginning of a phased withdrawal of American troops from Iraq by the end of this year, a heightened effort to enlist more countries to take part in building a new Iraq, the ouster of Defense Secretary Donald H. Rumsfeld, and a faster adoption of the recommendations of the independent commission that investigated the 9/11 attacks.

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"Five years after Sept. 11, 2001, the American people deserve a government that has learned the lessons of the terrorist attacks," the Democrats said in a statement. "Bush Republicans have talked tough but failed to protect this country."

Mr. Bush argued in his speech today, however, that his administration had "waged an unprecedented campaign against terror at home and abroad, and that campaign has succeeded in protecting the homeland."

Five years after 9/11, he said, "America is safer."

He pointed to the renewal of the USA Patriot Act, which greatly expanded the government's investigative powers in the wake of the Sept. 11 attacks. And he emphasized that there had been a cultural change in the Federal Bureau of Investigation that tore down what he and other critics called a "wall" preventing the agency from sharing key information with intelligence agencies that might have foiled the 9/11 attacks.

"Nine-eleven lifted the veil on a threat that is far broader and more dangerous than we saw that morning," Mr. Bush said.

The Bush administration's national security efforts, such as detaining terrorist suspects, winning passage of the USA Patriot Act and implementing its Terrorist Surveillance program, have often come under attack by Democrats and rights groups who say the administration infringes on civil liberties.

Some prominent Republicans have also voiced reservations about the president's approach, including Senators John W. Warner of Virginia, the chairman of the Armed Services Committee, and Lindsey Graham of South Carolina, a member of the panel and a former military judge.

But Mr. Bush said it was essential that Congress give "explicit approval" to his Terrorist Surveillance Program.

Referring to international telephone calls made by the 9/11 terrorists as they plotted the attacks, Mr. Bush said that, "before 9/11, our intelligence professionals found it difficult to monitor international communications such as those between the Al Qaeda operatives secretly in the United States and planners of the 9/11 attacks."

The surveillance program initiated by his administration, he said, "helps protect Americans by allowing us to track terrorist communications, so we can learn about threats like the 9/11 plot before it is too late."

So far, two federal judges - one in Manhattan and one in Detroit - have considered the legality of the program, which is operated by the National Security Agency.

The judge in Manhattan indicated on Tuesday that he had serious reservations about the legality of the program but said that other issues might keep him from deciding whether it was lawful.

In August, Judge Anna Diggs Taylor of Federal District Court in Detroit ruled that the program was unconstitutional and ordered it shut down, but she stayed her decision after the government filed an appeal.

"My administration strongly disagrees with the ruling," Mr. Bush said. "We're appealing it, and we believe our appeal will be successful."

He said that a "series of protracted legal challenges would put a heavy burden on this critical and vital program" and that the surest way to keep it would be to get "explicit approval" from Congress.

"So today I'm calling on the Congress to promptly pass legislation providing additional authority for the Terrorist Surveillance Program, along with broader reforms in the Foreign Intelligence Surveillance Act," he said.

Critics say that the surveillance program violates the 1978 Foreign Intelligence Surveillance Act, under which the government must obtain a warrant from a secret court before wiretapping the international communications of Americans for national security purposes.

But Mr. Bush said that new laws needed to be adapted to new security challenges, saying that cellphones and the Internet have changed the way people communicate.

The politics of terrorism and the Iraq war continued to play out during the day. At a fund-raiser for former Representative Max Burns near Savannah, Mr. Bush again labeled Iraq a central front in the battle against worldwide terrorism. "If we ignore the hopes and aspirations of the Iraqi people, we will have failed when history looks back," Mr. Bush said.

Mr. Burns was one of only two Republican House incumbents who lost their seats in 2004, according to The Almanac of American Politics. Now, he is trying to unseat the Democrat who ousted him by 52 to 48 percent, Representative John Barrow.

Around the time that Mr. Bush was speaking for Mr. Burns, one of the president's most persistent Democratic critics denounced the administration in Washington. "Our disproportionate focus on Iraq has played into the terrorists' hands by undermining our ability to confront the terrorist threat around the globe," said Senator Russell D. Feingold of Wisconsin. Mr. Feingold was the only senator to vote against the Patriot Act in 2001.

Bush Outlines Steps To Close 9/11 Security Gaps (LAT)

By James Gerstenzang

The Los Angeles Times, September 8, 2006

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MARIETTA, Ga. — President Bush said Thursday that stepped-up security at home and U.S. operations overseas had made the United States better able to prevent a terrorist strike than it was five years ago. But, he said, "America still faces determined enemies, and we will not be safe until those enemies are finally defeated."

Delivering what he called a progress report on closing security gaps that the Sept. 11 strikes exposed, the president said the nation had learned it must aggressively seek out terrorists and those who harbor them overseas — a statement he has made increasingly often as opposition to the war in Iraq has mounted in the United States.

Citing terrorist actions since 2001 in Britain, Russia, Spain, Indonesia and elsewhere, the president said, "We've seen that the extremists have not given up on their dreams to strike our nation."

As he spoke, to an invited audience of Chamber of Commerce officials and others assembled by a public policy research institute in this Atlanta suburb, Senate Democrats in Washington highlighted what they presented as setbacks and mistakes in the anti-terrorism campaign and in Iraq.

The Democrats called for a shift in course to more directly target terrorist operatives and begin to draw down U.S. troops in Iraq.

The Senate Democrats said their plan, which they unveiled at a Capitol Hill news conference, would boost efforts by special operations forces "to kill and capture terrorists" overseas; better track nuclear weapons materials; and expand rail, air, port and other transportation security, among other provisions.

"Republicans have ignored the lessons of 9/11 and failed to make America as safe as we can and should be," Senate Minority Leader Harry Reid (D-Nev.) said in a statement issued by his office as Bush was speaking in Georgia. "They want to 'stay the course' in the face of failure. We won't. We'll change course in Iraq."

The long-distance debate between Bush and the Democrats went to the heart of the political battle now at center stage in Washington: With the Republican majority in the House and possibly the Senate at risk in the November elections, each party is vying to convince voters that it is better prepared to protect the country.

The president's speech was his third in three days, and fourth since Aug. 31, about the campaign against terrorism, the war in Iraq and efforts the administration has taken to improve security. The speaking campaign is built around the fifth anniversary of the Sept. 11 attacks and is leading up to a Sept. 19 address at the United Nations General Assembly.

The speeches are setting Republicans' debate for what they've dubbed "Security September," an effort to keep the political focus on security matters in the closing weeks of the congressional session before the election.

In his 45-minute address, Bush called on Congress to approve his Terrorist Surveillance Program, under which the National Security Agency has intercepted the international phone and e-mail communications of some people in the United States without court warrant. Disclosure of the program in December touched off sharp debate in Congress and in court. A federal judge in Michigan ruled last month that the surveillance was unconstitutional, but she stayed her order to end the program while the government appeals.

Senate Democrats used procedural tactics Thursday to delay a vote that would have sent to the floor legislation to authorize the program. Lawmakers from both parties have expressed concerns about the surveillance program, and four bills are under consideration by the Senate Judiciary Committee, with several more in the House.

Senate Judiciary Chairman Arlen Specter (R-Pa.), sponsor of a White House-backed bill, expressed frustration with Democrats. Specter said he was weighing whether to ask Senate leaders to bypass his committee and send his legislation directly to the floor.

Bush, in his speech, sought to show that his administration had learned from the Sept. 11 attacks and taken steps to prevent new terrorist strikes. He said that by ousting the Taliban government in Afghanistan soon after the 2001 attacks, the United States had demonstrated that any nation providing support for Al Qaeda or other terrorists was in jeopardy.

Describing gaps that the Sept. 11 hijackers exploited to enter the United States, Bush said the nation had moved to "correct weaknesses in our immigration and visa systems." He also said obstacles had been removed that had kept intelligence agents and criminal investigators from working together and sharing information.

"At every level, America's law enforcement officers now have a clear goal: to identify, locate and stop terrorists before they can kill people," the president said.

Bush also drew attention to increased screening of airplane passengers and cargo.

While the president focused on the steps taken to prevent new attacks, he made no reference to troublesome markers in the fight overseas.

In Afghanistan, Taliban militants have been showing new strength for several months, and NATO's commander, speaking in Belgium, called for reinforcements in southern regions, where Taliban forces have achieved battlefield successes.

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The Defense Department said Thursday that 145,000 U.S. troops were in Iraq — more than at any time since December, and 15,000 more than a month ago. Tours of some 3,500 have been extended in the wake of growing sectarian violence in Baghdad. The Pentagon said the increase stemmed from an overlap as new troops arrive before others leave.

Bush Moves To Shore Up War-on-terror Credentials (CSM)

By Linda Feldmann

The Christian Science Monitor, September 8, 2006

WASHINGTON

Two months before high-stakes congressional elections, President Bush has dramatically reframed the debate over the war on terror and laid down a stiff political challenge to the Democrats.

This week's series of national-security speeches, pegged to Monday's 9/11 anniversary, differ in a key way from similar rounds of speeches in the last year: Mr. Bush made major news, foremost his proposal for new rules governing trials of terror suspects. The accompanying announcement that 14 "high value" terrorism detainees - including top Al Qaeda planners of 9/11 - are being moved from secret CIA prisons to the US military prison in Guantánamo Bay, Cuba, puts a face on his plan for trials.

Bush's speeches demonstrate the power of the presidential bully pulpit, even for a chief executive struggling in the polls. And in the first week of the fall campaign, marked by the traditional Labor Day kickoff, they confirm a political strategy long telegraphed by Bush adviser Karl Rove: to make heavy use of the terrorism issue for the third election in a row.

The question now is whether the increasingly unpopular war in Iraq - long framed as a central front in the war on terror - will undo the White House's goal of portraying Republicans as more capable than Democrats of defending the nation. For the Democrats, who control neither the White House nor Congress, the task is to convince enough voters in key congressional races to make the leap for change.

In 2004, "what the White House did was to use the war on terror like a helium balloon to pull up the sagging ratings in the war in Iraq," says Norman Ornstein, a political analyst at the American Enterprise Institute. "Now, Iraq is like a lead weight pulling down on the war on terror. So they believe they need a more aggressive public approach to explain what the president is doing and put his critics back on their heels."

The Democrats are saying, in effect, "no more Mr. Nice Guy."

"They feel as if they've been battered for two elections in a row on the security issue and reacted either passively or defensively, and there will be no more of that," says Mr. Ornstein.

The Democrats had planned to make headlines Wednesday with a Senate debate over their resolution recommending that Bush fire Defense Secretary Donald Rumsfeld, whom they blame for strategic failures in the Iraq war, but Bush's speech overshadowed the action on Capitol Hill. Republican senators killed the measure in a point of order declaring it irrelevant to the Pentagon spending bill under consideration.

Democrats face a greater challenge over the substance of Bush's proposed legislation to change the rules for military trials of terror suspects. Last June, the administration suffered a major blow when the Supreme Court struck down the existing rules. Now, Bush is taking defeat and turning it on its ear, going on the offensive by promoting a plan that he promises will bring the likes of Khalid Sheik Mohammed - the self-described mastermind of 9/11 - to justice. Civil libertarians complain Bush's proposal still does not adequately protect the rights of the accused. The president, for example, would allow hearsay evidence in the trials.

Democrats who aggressively challenge Bush run the risk of being portrayed as soft on terror. But internal Republican debate on the matter could provide cover for Demo- crats. Republican Sens. John Warner of Virginia, John McCain of Arizona, and Lindsey Graham of South Carolina have drafted alternative legislation for military trials that would provide the kind of defendant rights that many military lawyers say are essential to due process, such as ensuring a defendant's right to know the evidence against him. The senators, all with military backgrounds, argue that denying such access would set a bad precedent for US military personnel if captured and tried abroad.

Republicans are also divided over how to craft legislation that would officially sanction the warrantless wiretapping program.

But Democrats aren't sitting back, assuming GOP debates won't be resolved, and they are trying to grab news attention on their own. Yesterday, Senate Democratic leaders introduced legislation called the Real Security Act of 2006, containing measures related to both Iraq and the larger war on terror. The proposal contains the so-called Reed-Levin resolution, which calls for redeployment of US troops out of Iraq this year; a provision for heightened security on transportation; rules for military trials of terror detainees; and other changes related to the war on terror.

Bush, meanwhile, delivered the latest in his series of 9/11 speeches yesterday in Atlanta.

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"I learned a lot of lessons on 9/11, and one lesson is this: In order to protect the country, we will keep steady pressure, unrelenting pressure, on Al Qaeda and its associates," he said. "We will deny them safe haven. We will find them, and we will bring them to justice."

Bush called on Congress to pass legislation providing additional authority for the wiretapping program, which he calls the Terrorist Surveillance Program, along with reforms to the Foreign Intelligence Surveillance Act. The warrantless wiretapping program was recently ruled illegal by a federal judge in Detroit.

Earlier this year, Sen. Arlen Specter (R) of Pennsylvania, chairman of the Judiciary Committee, and Vice President Cheney agreed to a plan that codifies in law the wiretapping plan, but other proposals, some from Republicans, are under consideration in both chambers.

Bush Calls For Greater Wiretap Authority (WP)

By Anushka Asthana And Karen Deyoung

The Washington Post, September 8, 2006

ATLANTA, Sept. 7 -- President Bush urged Congress Thursday to give him "additional authority" to continue his administration's warrantless eavesdropping program. The speech was his latest effort in several days to mark the fifth anniversary of the Sept. 11, 2001, attacks by framing the election-year national security debate to political and policy advantage.

Bush asserted that his administration has filled many of the security gaps exposed by the Sept. 11 attacks but said he needs more power to adapt to changes in the threat.

"The nature of communications has changed quite dramatically," Bush warned in an address here. "The terrorists who want to harm America can now buy disposable cellphones and open anonymous e-mail messages. Our laws need to change to take these changes into account."

The president's appeal for congressional action to strengthen the legal underpinnings of the National Security Agency's surveillance program ran into roadblocks even as he spoke. Senate Judiciary Committee Chairman Arlen Spector (R-Pa.) suspended efforts to draft legislation until at least next week after Sen. Russell Feingold (D-Wis.) proposed new amendments and a bipartisan group of senators urged more hearings.

Challenges also emerged to new rules Bush outlined Wednesday for putting foreign terrorist suspects on trial. In congressional testimony, U.S. military lawyers criticized his proposed military commissions as lacking sufficient judicial protections for defendants.

Meanwhile, Senate Democrats moved to match Bush in harnessing the emotional power of the anniversary commemoration to a policy argument. Introducing what they dubbed the Real Security Act of 2006, they called for a plan to accelerate redeployment of troops out of Iraq, overhaul procedures for bringing accused terrorists to trial and redistribute homeland security funds.

While the plan says Democrats want to "change the course in Iraq" by accelerating a phased redeployment, it does not offer specifics about troop levels or a timetable. Minority Leader Harry M. Reid (D-Nev.) told a Capitol Hill news conference that Republicans had "failed to make America as safe as we can and should be" and "want to 'stay the course' in the face of failure" in Iraq.

Bush's aggressive defense of the administration's national security policies, amid rising public disapproval of both the Iraq war and his overall management of the war against terrorism, has been a careful balance between claims of progress and warnings of remaining threats.

In his remarks here, Bush delivered what he called a "progress report" on "what we have done to fix the problems that the 9/11 attacks revealed."

Improved intelligence, tougher immigration and better airport security, coupled with diplomatic and military pressure, meant terrorists would find it far harder to plan or carry out an attack like the Sept. 11 assaults on New York and Washington, he told an audience assembled by the Georgia Public Policy Foundation.

"Many Americans look at these events and ask the same question. Five years after 9/11, are we safer? The answer is, yes, America is safer. We are safer because we've taken action to protect the homeland. We are safer because we are on offense against our enemies overseas. We're safer because of the skill and sacrifice of the brave Americans who defend our people.

"Yet five years after 9/11, America still faces determined enemies, and we will not be safe until those enemies are finally defeated."

Dividing the Sept. 11 attacks into four "stages," Bush said that each had exposed gaps in the nation's defenses. Osama bin Laden had found in Afghanistan a safe haven for terrorists to train and plan the attacks. Al-Qaeda operatives were able to enter the United States undetected and, once here, to transfer money and move about freely. Finally, they were able to pass through airport security and board planes with box cutters they used to take control of the aircraft.

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After the attacks, his "new doctrine" of holding nations harboring or supporting terrorists responsible had allowed the removal of the Taliban from power in Afghanistan and the installation of a democratic government, Bush said. Diplomatic, financial and intelligence initiatives had ensured that "al-Qaeda can no longer move widely without fearing for their lives."

Noting that the Sept. 11 commission that investigated the attacks and other inquiries had recommended a series of intelligence and institutional reforms, Bush recited what he called major changes in federal law enforcement that allowed the Justice Department and the FBI to concentrate more attention on terrorism. Walls that prevented intelligence and criminal investigators from talking to each other had been torn down by the USA Patriot Act, he said, and the establishment of the Office of the Director of National Intelligence (ODNI) and the National Counterterrorism Center (NCTC) allowed information-sharing between federal officials and their state and local counterparts.

Bush defended his initiation of a domestic "terrorist surveillance program" as vital to stay in front of the terrorists. The 2001 program secretly authorized the National Security Agency to monitor phone and e-mail communications between people in the United States and suspected terrorists abroad without first obtaining a warrant.

The program was "leaked to the news media" last year, and "was then challenged in court," Bush said. He said his administration. "strongly disagrees" with the ruling of a federal judge in Michigan who last month declared the program unconstitutional. "We are appealing it, and we believe our appeal will be successful," he said. "A series of protracted legal challenges would put a heavy burden on this critical and vital program."

Although Bush claimed credit for domestic reforms after the attacks, many of them -- including the establishment of the Department of Homeland Security, the ODNI and the NCTC -- were implemented in the face of initial administration resistance. The Sept. 11 commission, which last December assessed the administration's reform record as mediocre at best, has remained unimpressed. Six months after that report card, commission chairman Thomas H. Kean told Congress this summer that "our perspective now . . . is just about the same. There is still a great deal we have to do and still haven't done to protect the American people."

A report titled "9/11 Five Years Later: Success and Challenges," issued by the White House Thursday to coincide with Bush's speech, focused more on events overseas than at home. In it, the White House took credit only for adopting "a comprehensive approach" toward such priorities as maritime and aviation security, noting, "our Homeland is not immune from attack."

Congressional critics have focused on the administration's shortcomings in securing chemical plants and aviation cargo, and in scanning shipping containers for radiation. The Department of Homeland Security is far behind schedule in developing industry-specific plans to protect vital facilities, while states are resisting calls to overhaul national requirements for ID cards.

Interoperable communications -- a problem in the Sept. 11 attacks and in Hurricane Katrina last year -- remain a fundamental problem for emergency first responders, with 82 percent of states reporting recently that such efforts were still "in progress."

DeYoung reported from Washington. Staff writer Spencer S. Hsu in Washington contributed to this report.

Bush Assures That The Nation Is Safer As Memories Turn To A Day Of Destruction (NYT)

By Sheryl Gay Stolberg

The New York Times, September 8, 2006

ATLANTA, Sept. 7 — Setting out his own narrative of what happened on Sept. 11, 2001, President Bush on Thursday defended his administration's record on domestic security, saying he had "learned a lot of lessons" on that day and had made Americans safer as a result.

Speaking to an audience of conservative intellectuals here, Mr. Bush also called on Congress to pass legislation authorizing one of his most controversial antiterror initiatives, a once-secret National Security Agency program to eavesdrop on suspected members of Al Qaeda.

The president used the latest in a series of his addresses leading up to the fifth anniversary of Sept. 11 to continue his effort to reshape the political climate by focusing the nation on the threat from terrorism rather than the war in Iraq. He mentioned only briefly the proposal he unveiled on Wednesday for interrogating and trying detainees linked to terrorism.

Instead, he offered his version of how terrorists plotted to attack the United States on Sept. 11 and used that framework to present a "progress report" — a rebuttal to critics who say he has not done enough and a playbook that Republican candidates may use as they face skeptical voters in November.

There is a wide range of narratives competing to define how the Sept. 11 attacks came about and played out, from the liberal version embodied in Michael Moore's "Fahrenheit 911" to the partly fictionalized account in a coming ABC miniseries "The Path to 9/11," which has drawn intense criticism from former Clinton administration officials who say it misrepresents what they did to confront Al Qaeda.

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In Mr. Bush's version of events, there was no mention of the August 2001 intelligence report warning that Osama bin Laden was plotting to attack inside the United States. Nor was there any of his own early response, judged by his critics to have been erratic, after learning, during a visit to a Florida elementary school, that planes had crashed into the Word Trade Center.

Instead, the president laid out what he said were the four critical phases of the plot: its early planning abroad; the movement of the first Qaeda operatives to the United States; the arrival of the remainder of the plotters and the flight training they undertook; and the morning of the attacks, when the terrorists passed airport security to board the ill-fated flights.

"Many Americans look at these events," Mr. Bush said, "and ask the same question: Five years after 9/11, are we safer? The answer is, yes, America is safer. We are safer because we've taken action to protect the homeland."

For each phase, the president ticked off a litany of steps his administration had taken, like air security improvements and revamping intelligence agencies so they can share information more freely. To buttress his case, the White House released a 21-page report entitled "9/11 Five Years Later: Successes and Challenges," stuffed with facts and numbers.

"I learned a lot of lessons on 9/11," Mr. Bush said at one point. At another, he said, "We've learned the lessons of 9/11, and we have addressed the gaps in our defenses exposed by that attack."

Critics, including Democrats and the Republican co-chairman of the commission that investigated the Sept. 11 attacks, say the Bush administration has not done nearly enough to prevent another attack. The co-chairman, Thomas H. Kean, a former New Jersey governor, said in an interview last week that both the administration and Congress should be held accountable for failing to adopt his panel's recommendations in their entirety.

"The most dangerous gap is the possibility of a terrorist with a nuclear weapon," Mr. Kean said, when asked to cite an example of a vulnerability. "We still haven't done enough to contain about a hundred sites around the world that have enriched uranium."

During a year when control of Congress may turn on the question of which party is better suited to keep Americans safe, Mr. Bush is clearly trying to take the offensive. A senior White House official, who requested anonymity before talking about internal strategy, said that Thursday's address was a way to hammer home the "safer yet not safe" theme.

"It was a way for the president to go back and say, They got into the country, here's what would happen today," the official said. "They got money, here's what would happen today, and kind of go through those four phases to spell out how we are safer but still not safe."

Later in the day, Mr. Bush turned more directly to politics, traveling to Savannah to attend a fund-raiser for Max Burns, a former Republican congressman who is trying to regain his seat.

Mr. Bush's request for Congress to authorize the federal eavesdropping was his second legislative request in as many days. On Wednesday he called on lawmakers to approve a bill creating new military commissions to try terror suspects, replacing tribunals that the administration had authorized but that were struck down by the Supreme Court.

"The surest way to keep the program," Mr. Bush said, referring to the eavesdropping, "is to get explicit approval from the United States Congress."

Candidates Say Bush's Efforts Won't Hurt, But May Not Help (NYT)

By Carl Hulse And Adam Nagourney

The New York Times, September 8, 2006

WASHINGTON, Sept. 7 — President Bush's effort to refocus attention on national security is still in its early stages, but Republicans facing tough races said Thursday that their initial reaction was that it would not substantially alter the political environment in their favor.

Even as the White House followed up on Mr. Bush's series of speeches with steps like e-mailing talking points to sympathetic radio talk show hosts and unleashing new attacks on Democrats, the candidates who are the intended beneficiaries — Republicans in danger of losing House and Senate seats — suggested that the president might have trouble changing the way voters are approaching the election.

"It just doesn't help me; the things he says or does in my district don't really help," said Representative Rob Simmons of Connecticut, a Republican facing a particularly tough challenge from Democrats. "My race is about me, not about him. I learned a long time ago to continue to focus on my people and their needs."

Representative Chris Chocola, Republican of Indiana, said the war in Iraq had not played a central role in his campaign. "I don't think it will change the environment," Mr. Chocola said.

He added, "I think it will help focus on the issues, and I think it is an important issue to focus on."

In Michigan, Mike Bouchard, the Republican challenger to Senator Debbie Stabenow, said he was campaigning on economic issues, not security. Although Mr. Bush will visit Michigan on Friday to raise money for Mr. Bouchard at the end of what the White House sees as a successful week, the two men will not campaign together, Mr. Bouchard said.

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"I appreciate his support, and he's going to help me raise valuable resources," he said. "But the focus of my campaign is Michigan: I'm on the ballot."

Similarly, Mr. Bush will appear at a fund-raiser on the same day for Senator Jim Talent of Missouri, another endangered Republican. Mr. Talent's aides said that the president and Mr. Talent would not campaign together, continuing a pattern in which Republican candidates in tough races have distanced themselves from Mr. Bush even as they have taken advantage of his ability to raise money for them.

Mr. Bush's announcement on Wednesday that he had transferred 14 high-profile terrorism suspects into military custody and wanted them brought to trial in military tribunals was an example of a president's unmatched power to shape events and influence the politics of an issue.

In coming weeks, both parties will be trying to assess the impact of his move and recalibrate their strategies accordingly as they head toward Election Day.

The early responses from Republican candidates could change if the White House message breaks through, and some Republicans praised Mr. Bush on Thursday for having made his case.

Senator Rick Santorum of Pennsylvania, one of the most endangered Republicans in the Senate and a steadfast defender of Mr. Bush and his administration, said the president's effort could only help.

"I think it is important for the conduct of this war to better explain what is going on, the nature of the enemy we are facing, the complexity we are dealing with," Mr. Santorum said. "What I have found when I have talked about this and laid out in broader detail the threat we are confronting and the challenge in meeting that threat, people come up to me universally and say: 'Boy, I didn't know that. Now I have a better understanding.' "

"Until recently," he said, "I don't think the president has really done that effectively."

The remarks came as the White House continued to roll out a post-Labor Day campaign that offered echoes of the Republican National Convention in New York two years ago, where Mr. Bush was nominated to a second term amid constant reminders about the attacks of Sept. 11.

And the speeches by Mr. Bush were just one part of what Karl Rove, the president's chief strategist, told lobbyists in a private briefing this week would be a hard-charging effort that would include frequent quotations from Osama bin Laden and a warning that terrorists were out to destroy Israel and dominate the world economy through the control of oil reserves.

In a repeat of the 2004 campaign, a group supportive of the president, Progress for America, began running an advertisement this week on national cable television and on stations in Missouri echoing Mr. Bush's new theme. With images including the World Trade Center collapsing on Sept. 11, 2001, and pictures of terrorists, including Abu Musab al-Zarqawi, the leader of the Iraqi insurgency who was killed in June, an announcer says, "These people want to kill us."

The announcer continues: "Many seem to have forgotten the evil that happened only five years ago. They would cut and run in the Middle East, leaving Al Qaeda to attack us again."

Stuart Roy, a spokesman for Progress for America, said the group was not coordinating with the White House.

"I'm sure that there are people within the administration that are aware generally of what we are doing," Mr. Roy said. But, he said, "We haven't had any substantial heads-up from the White House about the elements of the speech or their particular schedule."

In addition to the talking points e-mailed by the Republican National Committee, Sara Taylor, the White House political director, held a briefing with hundreds of state Republican Party executive directors and communications directors going over points they should make to local reporters to reinforce the White House message. And the Republican National Committee released a mock newspaper called America Weakly, intended to portray Democrats as weak on national security.

Representative Christopher Shays of Connecticut, one of three Republicans in the state facing a tough challenge, said that while he appreciated the effort by Mr. Bush, it would not matter significantly in his race.

"I think he needs to be doing what he is doing, but I don't think it is going to be all that helpful," Mr. Shays said. "There are very few undecided folks. People have pretty much made up as to how they are going to vote. But do I think it is important the president says what he believes? Absolutely."

Emphasis On Terrorism May Not Work On Voters, Analysts Say (CO)

By Ron Hutcheson

The Charlotte Observer, September 8, 2006

WASHINGTON - White House adviser Karl Rove previewed the strategy in January, and now President Bush is putting it into action.

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Using the power of his office to full advantage, Bush has shifted the nation's focus from the war in Iraq to the war on terrorism, at least for the moment. In a series of speeches, Bush has sought to turn the November congressional elections into a referendum on which party can best protect Americans from terrorism.

It worked in 2002 and 2004, but it might not be as successful this time.

Pollsters say that while his handling of terrorism remains his strong point, any political benefit Bush gets from the issue is likely to be offset by discontent with the Iraq war, which Americans increasingly consider separate from the war on terrorism. While strategists in both parties say Bush has done a masterful job of drawing attention to his signature issue, his ability to set the national agenda is constrained by the realities of a conflict that even he concedes is testing the nation's patience.

Following up on Wednesday's confirmation that the CIA ran secret prisons and his announcement that he wants to bring top terrorist suspects to trial if Congress approves his plans for special military tribunals, Bush on Thursday delivered his third terrorism-related speech this week. He'll continue the theme through the weekend with a series of events marking Monday's fifth anniversary of the Sept. 11, 2001, terrorist attacks.

The president's role in commemorating a tragic event is a natural outgrowth of his job, but the larger political context was determined months ago. Rove spelled out the election-year theme in a speech to Republican activists in January.

"The United States faces a ruthless enemy, and we need a commander-in-chief and a Congress who understand the nature of the threat and the gravity that America finds itself in," he said at a party gathering in Washington. "President Bush and the Republican Party do. Unfortunately, the same cannot be said for many Democrats."

Within hours of Bush's speech on Wednesday, Republican Party chairman Ken Mehlman used the president's disclosures about the CIA's secret interrogation program to try to bash Democrats and rally Republicans.

"These new revelations are a clear reminder that the threat is real, and that we must pursue victory in this war with all our might. ... Time and time again, some Democrats in Washington have questioned why our government needs tools like these to prevent attacks on American soil," he said in a message to Republicans and others on the party's e-mail list.

Frank Newport, the editor in chief of the nonpartisan Gallup Poll, said the Republican focus on terrorism is a replay of a strategy that helped the party win congressional seats in 2002 and contributed to Bush's re-election in 2004.

"The White House strategy is fairly straight-forward, fairly blatant. A blunt instrument is effective in politics," he said. "Karl Rove and other strategists have gone back once again to what's worked in the past."

But the political landscape has shifted. Bush's standing with voters and support for the Iraq war have slipped. Voters are also less impressed with the president's handling of terrorism.

In September 2002, 75 percent of Americans felt that the war on terrorism was going well or somewhat well, according to Gallup. By 2004, the figure had fallen to 59 percent. Now only about half of Americans think it's going well.

To the extent that voters think Iraq is linked to the war on terrorism - and most don't agree with Bush that the two are intertwined - the attempt to link the two seems to have backfired on the president. Pollsters agree that the war in Iraq has helped drive Bush's approval ratings down to the upper 30s or low 40s from a record 90 percent shortly after the Sept. 11 attacks, depending on the poll.

"It's a double-edged sword. If Iraq is linked, then it neutralizes his strength," said Carroll Doherty, associate director of the Pew Research Center, another nonpartisan polling organization.

But pollsters also agree that Democrats cannot assume that dissatisfaction with Bush will give them control of the House and Senate.

"What the public is looking for is, where do we go from here? The challenge for Democrats is to say, `this is our plan,'" Newport said. "The onus is on them to take advantage of what nature has given them."

Analysis: Bush Election Focus Is Risky (AP-Y)

By Tom Raum

AP, September 8, 2006

President Bush is casting the war on global terrorism as the central issue of the midterm elections. But it's a risky political strategy.

The approach carries reminders of failures in Iraq, prisoner treatment at Guantanamo Bay, warrantless wiretapping at home and Osama bin Laden's endurance abroad.

"We learned the lessons of Sept. 11," Bush said Thursday in the latest in a new round of speeches on the subject. "We're working to connect the dots to stop the terrorists from hurting America again."

GOP strategists hope the new focus, including efforts by Republicans in Congress to press for votes on a string of anti-terror initiatives, will burnish Bush's image as commander in chief in responding to the 9/11 attacks and help to divert attention from Iraq.

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But Democrats were quick to portray the president's recent statements — including his acknowledgment Wednesday of a secret CIA prison system and the movement of 14 high-profile detainees to Guantanamo — as an admission of failure.

"Republicans have ignored the lessons of 9/11 and failed to make America as safe as we can and should be," Senate Democratic leader Harry Reid of Nevada said on Thursday. "They want to stay the course in the face of failure. We won't. We'll change course in Iraq."

With the electorate in a sour and generally anti-incumbent mood, majority-party Republicans have little choice but to run on the war against terrorism, suggest activists in both parties.

Frank Luntz, a GOP pollster and strategist who helped orchestrate the "Contract with America" campaign in 1994 that helped Republicans seize control of both House and Senate, sees parallels between then and now — but in reverse since Republicans now control both chambers.

"There is a deep desire for change and a consistent widespread rejection of the status quo," he said.

Republicans have little choice but to make the war on terrorism their central theme, Luntz said. "They have to, because this is their one area of strength. This goes to the core difference between the two parties and their visions. If you can't communicate a core difference, what can you do?"

Democratic pollster Mark Mellman noted that the one-time commanding Republican edge over Democrats on national security "has been dramatically diminished."

"The conclusion of a lot of polls is that people in this country do not feel safer and they feel that George Bush's policies in Iraq and elsewhere have increased the likelihood of terrorism against the United States, not decreased it," Mellman said.

Six in 10 in a recent AP-Ipsos poll said there will be more terrorism in the United States because the U.S. went to war in Iraq. A CNN poll published earlier this week asked the public if the war in Iraq was part of the war on terrorism. Fifty-three percent said "no;" 45 percent said "yes."

With two months to go before congressional elections that will determine whether Republicans can extend their control of Congress, Americans seem concerned over the threat of terrorism but ambivalent over assigning credit — or blame — to efforts to contain it.

"We're in a lot better shape than where we were before," Grant Miller, 28, a car salesman and Democrat said over lunch in Crestwood, Ky.

Fellow Kentuckian Tim Cox, 46, gave the president solid marks for combatting terrorism, which he said was his biggest present concern. "We're doing what we should be," the factory worker said while stopping by the post office in PeeWee Valley, Ky.

Frank Satterly, 45, a Republican who works as a meat cutter in New Albany, Ind., called it "pretty darn good" that there have been no further terrorist attacks in the U.S. in the past five years. However, he said, no matter who is president, "We're still going to have a terror threat. This is not going away."

Heavy emphasis on the war against terrorism could backfire for the Republicans, particularly if things get worse in Iraq, southern Lebanon, or in dealings with Iran.

But Democrats could also overplay their hand by being too harshly critical of the president.

"At any point, there could be a rally-around-the-president effect if there's another terrorist incident, another big arrest, or if — God forbid — we're attacked again," said James Thurber, a political scientist at American University.

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EDITOR'S NOTE — Tom Raum has covered Washington for The Associated Press since 1973, including five presidencies.

Bush Slams Court Threat To Wiretaps (WT)

By Stephen Dinan And Charles Hurt

The Washington Times, September 8, 2006

President Bush yesterday said the courts are threatening his wiretapping program and called on Congress to pass a law to put the program on sounder footing, but one hour later Senate Democrats blocked an effort to do just that.

Mr. Bush, speaking in Atlanta as part of a series of war-on-terror speeches, said his administration has made substantial progress in correcting the mistakes that allowed the September 11 terrorist attacks to happen. Delivering a five-year anniversary report card, the president said the nation boosted domestic security and disrupted terrorist plots through better intelligence and military action abroad.

"We've learned the lessons of September the 11th. We're changing how people can work together. We're modernizing the system. We're working to connect the dots to stop the terrorists from hurting America again," Mr. Bush said.

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But the president said a federal court in Michigan has jeopardized a key tool, the terrorist surveillance program, which allows the government to listen to phone calls between the U.S. and overseas without a warrant. Mr. Bush said he expects the ruling to be overturned, but wants action from Congress to protect the program.

"A series of protracted legal challenges would put a heavy burden on this critical and vital program," the president said. "The surest way to keep the program is to get explicit approval from the United States Congress."

But during a Senate Judiciary Committee meeting yesterday, Democrats blocked consideration of such a bill. Sen. Russ Feingold, Wisconsin Democrat, likened the bill to a "rubber stamp" by authorizing almost everything the administration requested.

"The president has basically said: I'll agree to let a court decide if I'm breaking the law if you pass a law first that says I'm not breaking the law," Mr. Feingold said.

Democrats then invoked a parliamentary rule forcing the committee to disband for the day and blocking further action on the bill.

Chairman Arlen Specter, the Pennsylvania Republican who has said publicly the program should be more closely monitored by Congress and the courts, accused Democrats on his committee of filibustering the bill.

"We have seen the incipient stage of filibuster by amendment," he said during one pointed exchange. "Filibuster by speech, filibuster by amendment. Obstructionism."

Republicans seized on the obstruction, noting that it came just an hour after Democratic leaders vowed that "Democrats want to do everything we can to defeat the terrorists by improving our monitoring of terrorists and finally bringing those in custody to justice."

"It's little wonder that Democrats have a serious credibility gap with the American people on the issue of national security when they continue to obstruct national security legislation that is critical to fighting the war on terror," said Sen. John Cornyn, Texas Republican and member of the Judiciary Committee.

In his five-year review yesterday, Mr. Bush dissected the September 11 plot into four phases: the overseas planning by al Qaeda leaders; insertion of the first two hijackers into the U.S.; deploying the rest of the 19 hijackers, and having some of them train to fly airplanes; and carrying out the attack.

The president said actions have been taken to close the exploited security gaps.

The White House released a report listing more than 100 specific steps ranging from improved visa verification to cracking down on terrorist finances to fighting the war in Iraq.

Mr. Bush also called on Congress to pass a bill authorizing trial by military commission of terrorist detainees. He said that is all that stands between the mastermind of the September 11 attacks and a trial.

"The sooner the Congress authorizes the military commissions I have called for, the sooner Khalid Shaikh Mohammed will receive the justice he deserves," he said.

By calling for Congress to authorize military tribunals and the wiretapping program, Mr. Bush has dumped two hot potatoes right into lawmakers' laps with midterm elections less than two months away.

Senate Minority Leader Harry Reid, Nevada Democrat, said Mr. Bush is just trying to scare voters.

"Roosevelt said, 'The only thing we have to fear is fear itself.' President Bush -- to the contrary -- says to each of us, 'Be afraid,' and then does nothing to make us safer," he said.

Bush Says It's Harder For Terrorists To Attack (USAT)

USA Today, September 8, 2006

Security improvements in the past five years make it harder for terrorists to attack the USA, but there's no way to know whether the changes would have prevented 9/11, President Bush said Thursday. Bush, speaking in Atlanta, urged Congress to take quick action on his proposed legislation that would allow terrorism suspects to be tried by military commissions and a bill that would give specific authority for his warrantless wiretapping program.

The surveillance bill hit a snag at the Senate Judiciary Committee. Chairman Arlen Specter, R-Pa., blamed election-year obstructionism for stalling action on legislation to authorize the formerly secret program under which the National Security Agency monitors, without a court order, international calls and e-mails of people in the USA when one party of the conversation may be linked to terrorists. “We have seen the incipient stage of filibuster by amendment,” Specter said after Sen. Russ Feingold, D-Wis., offered four amendments and spoke against the bill for about a quarter of the panel's meeting. Feingold said the bill would give the government too much power to eavesdrop.

Meanwhile, the Pentagon's top uniformed lawyers said that denying suspects' access to evidence, a key part of Bush's new plan to prosecute terrorism detainees, could violate the Geneva Conventions. Maj. Gen. Scott Black, the Army's judge advocate general, said at a House hearing that the government must disclose evidence against a suspect or drop the prosecution.

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The 14 terrorism suspects transferred from CIA custody at overseas prisons to the U.S. military prison at Guantanamo Bay, Cuba, arrived in good health, said the facility commander, Navy Rear Adm. Harry Harris.

FBI director notes terror probes in USA

The FBI is investigating hundreds of people in the USA as part of several thousand terrorism investigations worldwide, Director Robert Mueller said. He said there are "varied levels of intensity" to the investigations. Some are criminal cases, and some are for intelligence gathering. "We've decimated al-Qaeda's leadership," but the terrorists can still organize, finance and support attacks against the USA, he said. Deputy Director John Pistole said many people under investigation "are not bomb-throwers; these are people out there raising money or recruiting" help for terrorists.

Armitage apologizes for CIA leak

A former No. 2 State Department official said he inadvertently disclosed the identity of CIA officer Valerie Plame in talks with two reporters in 2003. Confirming that he was the source of a leak that triggered a federal probe, former deputy secretary of State Richard Armitage said he never intended to reveal Plame's identity. "I made a terrible mistake," he said in a phone interview with the Associated Press. "I embarrassed my president … and I embarrassed the Wilsons. And for that I'm very sorry." Armitage said he considered coming forward last month when news reports identified him as the leaker but said he did not want to be accused of trying to get the story out during summer's slow news cycle. Special prosecutor Patrick Fitzgerald had led a probe to try to determine whether Bush administration officials revealed Plame's identity. Her husband, former ambassador Joseph Wilson, claimed his wife's status was leaked because he discounted reports that Iraq tried to buy uranium ore from Niger.

Bush Touts Progress Since 9/11 Attacks (AP-Y)

By Nedra Pickler

AP, September 8, 2006

Terrorists today would have a tougher time plotting and carrying out attacks like the ones of Sept. 11 because of security improvements in the past five years, President Bush said Thursday.

There's no way to know if the attacks would have been prevented by the changes, Bush said, but he contended the nation is safer than in September 2001.

Keeping his focus on national security leading up to Monday's anniversary of the attacks and November's congressional elections, Bush said more still needs to be done to stop the terrorist threat.

He pressed Congress to take quick action on two new laws — legislation proposed Wednesday by the White House that would allow terror suspects to be tried by a military commission and a bill that would give specific authority for his anti-terror eavesdropping program.

Bush initially resisted eavesdropping legislation on the grounds that the once top-secret program was already legal and that legislation could expose sensitive details.

But some leading members of Congress disagreed, and a federal judge in Detroit ruled last month that the program violated rights to free speech and privacy as well as constitutional separation of powers.

"A series of protracted legal challenges would put a heavy burden on this critical and vital program," Bush said in a speech to the conservative Georgia Public Policy Foundation. "The surest way to keep the program is to get explicit approval from the United States Congress."

Senate Democratic leader Harry Reid accused Bush of trying to scare Americans into voting Republican in the midterm elections with his speeches. He said the president's announcement Wednesday that he was transferring 14 terror suspects from secret CIA prisons to military custody so they can be tried before military panels was also politically timed.

"He's had years to bring these murders to justice, and he's waited until now — two months before an election — to do it?" Reid said. "It's a cynical but typical move from the campaigner in chief."

Bush said the United States has been making progress against terrorists in the past five years, beginning with the unsuccessful mission of the terrorists on United Flight 93, which crashed into a field in Pennsylvania when passengers fought back. "They delivered America its first victory in the war on terror," the president said to sustained applause.

"Many Americans look at these events and ask the same question: Five years after 9/11, are we safer?" Bush said. "The answer is: Yes, America is safer."

Bush said that's because his administration has filled gaps in the country's defenses that the terrorists exploited.

He used the example of two hijackers, Khalid al-Mihdhar and Nawaf al-Hazmi, who had come to the attention of the CIA before they helped crash American Flight 77 into the Pentagon but still were able to enter the United States.

Today, Bush said, intelligence officials would put known suspects like al-Hazmi and al-Mihdhar on a watch list that would be accessible at airports, consulates, border crossings and for state and local law enforcement. The men would have face-to-face interviews today to get visas and would be fingerprinted and screened against a database of known or suspected terrorists.

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Al-Mihdhar and al-Hazmi were preparing for the attack while living in California, making phone calls to planners overseas. Bush said today, the National Security Agency monitors international calls "such as those between the al-Qaida operatives secretly in the United States and planners of the 9/11 attacks."

On the morning of Sept. 11, 2001, al-Hazmi, al-Mihdhar and 17 others were allowed to board their flights even though some of them were flagged by the passenger prescreening system. At the time, rules required only that their checked baggage be held until they boarded the planes.

Some of the hijackers also set off metal detectors. Security screeners manually checked them with handheld devices, but allowed them to board without verifying what had set off the alarms.

Bush said improved screening by the Transportation Security Administration, an increased number of federal air marshals, hardened cockpit doors and pilots trained to carry firearms would help stop a similar plot today.

"Even if all the steps I've outlined this morning had been taken before 9/11, no one can say for sure that we would have prevented the attack," Bush said. "We can say that if America had these reforms in place in 2001, the terrorists would have found it harder to plan and finance their operations, harder to slip into the country undetected, and harder to board the airplanes and take control of the cockpits, and succeed in striking their targets."

Five Years Later In Indonesia, War On Terror Shows Both Gains And Worrisome Trends (WSJ)

By Jay Solomon And James Hookway

The Wall Street Journal, September 8, 2006

JAKARTA, Indonesia -- At the five-year mark in America's global struggle against Islamic terrorism, the world's largest Muslim nation offers hope, and a warning.

Last November, Indonesian police trained by the U.S. tracked their region's most-wanted bomb-maker to a house in central Java. Bedecked in a suicide belt, Azahari Husin lobbed several bombs at his pursuers and invited them to enter the house and join him in "paradise." Police responded instead with a burst of bullets, some of which pierced Mr. Azahari's heart.

"He said he didn't want to die alone, but I made it clear I didn't want to join him," says Col. Petrus Reinhard Golose, an officer of Indonesia's crack counterterrorism police.

Elsewhere in Indonesia, however, Islamic militias this summer were openly recruiting men to go to Lebanon to fight alongside Hezbollah. A man the U.S. says is the spiritual leader of Southeast Asia's main terrorist group was freed from jail to resume his verbal attacks on the U.S. and Israel. And Islamic militias and fundamentalism are both growing forces inside Indonesia, say political analysts.

In the five years since Sept. 11, 2001, the U.S. has recorded some big tactical successes as it has cooperated closely with many governments to combat terrorism. In the Philippines, U.S. Special Forces working with the local army have cleansed much of the country's southern region of the Abu Sayyaf terrorist group. The government of Pakistan, also cooperating with the Pentagon, has killed or arrested more than 600 alleged al Qaeda members. Saudi Arabia and Jordan have cracked down on violent home-grown extremists and aided in the hunt for operatives such as Abu Musab al-Zarqawi, killed in Iraq in June.

Yet even as high-profile targets fall in ones and twos, concern is widespread that the U.S. is having much less success, or even is failing, in the broader mission of blocking the font of new terrorists. From Egypt to Bangladesh, they are incubated by religious extremism and, local officials say, by popular anger with American wars and U.S. foreign policy. The Sunni-Islam insurgency in Iraq, for instance, has directly produced fighters who have fanned out to countries like Jordan, Lebanon and Kuwait to try to widen their wars against pro-West governments and Shiite Muslims, say security officials from the neighboring lands.

To Western security officials fighting terrorism, the most troubling element is what they call growing militancy among some expatriates and Muslim populations far removed from the Middle East. Jihadist Web sites and Arab media have seized on the bloodshed in Iraq, Afghanistan and Lebanon to export images that help to radicalize Muslims in Europe and Southeast Asia, say these officials.

Indonesia illustrates the conflicting results in the war on terrorism since 9/11. Indonesia has captured or killed more than 200 terrorists in five years, its officials say. It has cut deeply into the top ranks of Jemaah Islamiyah, the principal ally of al Qaeda in Southeast Asia. But alongside this progress are a creeping shift to a more conservative brand of Islam in Indonesia and the continuing growth of hard-line militias.

Indonesian officials say anger about U.S. support for Israel and about wars in which Muslims die undercuts their ability to cooperate with the U.S. in fighting terrorism. "I've always appealed to my colleagues in the U.S.: If there are changes in U.S. policy in the Middle East, there would be a significant reduction in terrorist attacks here. This is not a theory," says Ansyaad Mbai, who oversees Indonesia's counterterrorism operations and is a close aide to President Susilo Bambang Yudhoyono.

Indonesia has a secular constitution, and traditionally its nearly 200 million Muslims practiced a moderate form of the faith. But lately, some local jurisdictions have been unilaterally implementing elements of Islamic law, or Shariah, such as alcohol bans

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and limits on women's rights. At the national level, parliament is debating an "anti-pornography" bill that, as initially filed, would authorize a government agency to regulate skirt lengths and how long couples may kiss in public.

More recently, radical Muslim leaders in Indonesia, furious over the recent combat in Lebanon, have urged supporters to strike out against American and Israeli targets. Militias such as the Islamic Defenders Front and Indonesian Mujahedeen Council openly recruited fighters to go to the Middle East to fight Israel in Lebanon, though the government says it prevented any from actually going.

An Islamic radicalization of Indonesia is far from a sure thing. Presidential elections in 2004 gave 60% of the vote to Mr. Yudhoyono, a staunchly secular retired general. Purely Islamist parties won only around 15% of parliamentary seats that year, though recently, some secular parties have also backed legislation with an Islamic tint. Senior Indonesian and American officials say Jakarta is making significant strides in building one of the Islamic world's most vibrant democracies, after nearly 30 years of dictatorial rule under former President Suharto, who resigned in 1998.

Women's and minority groups have increasingly taken to the streets in recent months to push back against attempts to implement forms of Shariah law. And Indonesia's two largest Islamic organizations, Nahdlatul Ulama and Muhammadiyah,have shown an increasing willingness to combat the radical preachers and boarding schools that bred the suicide bombers that struck Bali and Jakarta in recent years. "This is a Muslim-majority country but it's not an Islamic state," says Defense Minister Juwono Sudarsono, who has worked to strengthen military ties to Washington.

Yet the Indonesian government's sway over what localities decide on matters such as Shariah is somewhat limited, officials here acknowledge. The central government is trying to wield a light hand, a reaction to the long years of Suharto's authoritarian rule.

Before Sept. 11 and for a while afterward, the U.S. was frustrated that the Indonesians didn't seem to take terrorism very seriously. U.S. diplomats were deeply worried that al Qaeda or its Indonesian sympathizers were casing their embassy and planning to hit it. Indeed, in 2002, a captured al Qaeda operative, Omar al Farooq, provided detailed intelligence to Americans of a plot to strike inside Indonesia.

Indonesian officials played down the threats and declined to receive U.S. intelligence briefings, say U.S. diplomats. Americans "couldn't get a dial tone" to discuss terrorism with the Indonesians, says one U.S. diplomat who was based in Jakarta. He says the police even failed to close off a road in front of the embassy that could be used for a truck bombing.

Then came the nightclub bombings in Bali. The October 2002 attack killed 202 people. More than 80 were Australian tourists, and within hours, Australian police were at the resort island working with Indonesian police to provide forensic and other technical help. They used a serial number on an engine block to trace the attack to a mechanic in east Java. After that, software supplied by Australia let Indonesian police trace phone traffic to a wider web of plotters.

The attack was a wake-up call to Indonesian authorities. Today they pursue terrorism more vigorously with a police unit called Detachment 88, a name inspired by the pronunciation of "ATA," the U.S. Anti-Terrorism Assistance program. The State Department has pumped more than $35 million into Detachment 88 since 2001, according to the U.S. Embassy in Jakarta.

At a camp in the hills outside Jakarta, Detachment 88 operatives have been trained in counterterrorism tactics by the Federal Bureau of Investigation, Central Intelligence Agency and Secret Service. Indonesian forensic specialists have studied methods to identify the "signatures" of munitions. Others have received sniper training or been taught techniques such as how to preserve crime-scene evidence from water or other damage.

A payoff came in the hunt for Mr. Azahari, a British-trained engineer and former university professor who, Indonesian authorities say, made the bombs that Jemaah Islamiyah has used in four major terrorism strikes since 2002, including the Bali bombing of that year.

Last October, after a second lethal Bali attack, at outdoor gathering spots, Detachment 88 tracked plotters to just outside the Javanese city of Malang through phone calls and Internet traffic. Spies located Mr. Azahari and his men at a safe house, which police surrounded with snipers. They were able to kill him before he detonated his suicide belt, preventing a large explosion that would have obliterated documents and other evidence, say Indonesian officials.

An especially important technology obtained from the U.S. and Australia, says Indonesia's Col. Golose, is software that enhances police ability to monitor Internet chat rooms. As the capture or killing of top Jemaah Islamiyah leaders gradually erodes its hierarchy, smaller cells have emerged, increasing the importance of such tracking technology, he says.

Indonesia also needed legal upgrades to tackle terrorism. Its colonial-era legal code had to be amended to permit courtroom use of such modern evidence as emails and video clips revealing suspects at attack sites. The government instituted a new counterterrorism law after the first Bali attack that permitted detention of suspects for a week without charges and introduced new rules of evidence. Indonesia has sent police, judges and prosecutors on missions to the U.S. and Europe to learn how to implement the rules.

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American officials say these changes are impressive given the previous dictatorial rule in Indonesia, which marginalized the police and courts. "If you look at their system in 1998, everything depended on the army, as it was Suharto's instrument for control," says the U.S. ambassador to Indonesia, B. Lynn Pascoe. "They are now building new systems, including effective police operations."

Authorities have won several death sentences for Jemaah Islamiyah operatives, three of whom could face a firing squad this fall. In a court in Jakarta last September, Judge Roki Panjaitan pronounced such a sentence for Iwan Dharmawan, also known as Rois, a plotter of a September 2004 suicide bombing of Australia's embassy. (It's believed Australia was targeted because of its support of the U.S.-led wars in Iraq and Afghanistan.) Judge Panjaitan says he faced a crush of men in white robes screaming that his sentence "was a decision from Satan." He says a beefed-up police presence provided a sense of security both for him and for witnesses.

Despite the Indonesian police's sharpened skills, the threat posed by militants is palpable. Abu Bakar Baasyir, thought to be Jemaah Islamiyah's spiritual leader, is out of prison now after serving two years for conspiracy in the first Bali attack. During the recent fighting in Lebanon, he was on television calling for a global jihad against Israel and America.

Still at large is the suspected mastermind of the 2005 Bali attack, Noordin Mohammed Top, who escaped the shootout that killed Mr. Azahari. Counterterrorism officials here believe Mr. Noordin has established a network separate from Jemaah Islamiyah. Particularly troubling, investigators say, were the arrests last month of two men who were communicating with one of the imprisoned plotters of the first Bali bombing via the Internet.

Every year since 2002, terrorists have struck Western targets here in September or October, leading many Indonesians to call the period the "bombing season." Just last week, the U.S. Embassy issued a warning that terrorist groups "continue to plan attacks against Westerners and Western interests in Indonesia."

Many Indonesians voice concern that fundamentalist, militant Islam is gaining ground. Government officials and analysts are convinced the wars in Iraq and Afghanistan have helped push some Indonesians down a militant path. Islamist political parties here openly say their opposition to U.S. foreign policy has helped grow their ranks. While militancy alone doesn't equal terrorism, it sets the stage.

One organization that has fed off the U.S. wars is the Islamic Defenders Front, known as FPI. When the FPI emerged in the late 1990s after Mr. Suharto's fall, it focused on actions such as forcibly closing bars during the holy month of Ramadan. But after the U.S. invaded Afghanistan following 9/11 to rout the fundamentalist-Muslim protectors of al Qaeda, the FPI's ranks swelled and it became a loud voice against U.S. foreign policy.

The group has often massed white-robed followers outside the U.S. embassy and parliament in Jakarta to denounce the invasions of Iraq and Afghanistan. After months of relative quiet this year, the group rekindled its rhetorical offensive when Israel struck back at Hezbollah. The FPI militia claimed it had trained 2,000 warriors for action in support of Hezbollah in Lebanon.

At FPI headquarters in Jakarta, graffiti on a front walkway call the compound an "anti-Israeli zone" and label the U.S. "evil." Inside are photos of Osama bin Laden and various Palestinian clerics and Afghan mujahedeen. A 25-year-old administrator in the office, Soleh Mahmud, said the FPI must bear arms "to be prepared if George Bush will attack us." He claimed the FPI has 60,000 militiamen in Jakarta and operates in 23 of Indonesia's 32 provinces. Independent analysts acknowledge the FPI's swift growth but say its claims of 30 million supporters are vastly inflated.

After the tsunami that devastated the Indonesian province of Aceh 20 months ago, and was followed by a major aid effort from the U.S. military, the FPI offered help as well. It said it was there partly to prevent Western aid groups from "Christianizing" the province.

The FPI uses its growing ranks to target groups it regards as apostate or as agents of the West, say some Indonesian minorities and moderate Islamic groups. Last year, FPI militiamen helped shutter the offices of an Islamic sect called Ahmadiyah. Indonesia's powerful Muslim religious arbiter, known as the Ulamas Council, had issued a fatwa calling Ahmadiyah heretical.

On an August morning in 2005, about 300 members of the FPI and another Islamist militia appeared outside the offices of a group called the Liberal Islam Network, a U.S.-funded organization that promotes interfaith dialogue. A large police force prevented an attack, which leaders of Liberal Islam Network say they feared. The FPI says it had merely come to find out why the group was espousing doctrines contrary to Islamic teaching. "We went there to get an answer," Mr. Mahmud says.

Extremists "see us as a tool of the Americans" and sometimes telephone death threats, says the Liberal Islam Network's executive director, Hamid Basyaib. "The Islamists are riding the wave of democracy" to achieve their long-term goal of an Islamic state.

In recent months, more than 20 local districts and municipalities in Indonesia have enacted elements of Islamic law, Indonesian officials say. Among them is Aceh province. TV news sometimes shows public canings of offenders there.

The tug-of-war is evident in Tangerang, an industrial city an hour west of Jakarta. Tangerang houses textile mills and Korean-owned shoe factories, many of which operate night shifts. But last year, the city legislature made it illegal for a woman to

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be outdoors after 7 p.m. unaccompanied by a man. Among those arrested in a sweep was Lilies Lindawati, a 36-year-old mother of two. She was convicted of prostitution after police found lipstick and makeup in her purse.

Women's groups assembled to protest her treatment but were run off the street by an ethnic militia called the Betawi Brotherhood Forum. Ms. Lindawati, who spent three days in jail and was fined, tried suing the mayor for wrongful arrest, but a city judge dismissed her suit last week.

On the national level, Islamist and some secular parties have been pushing measures such as the anti-pornography law that, in its original form, would have regulated not only public kissing but dancing and forms of music. Secular Indonesians complained that it would essentially enact Shariah, and women's groups took to the streets of Jakarta to protest it. The Ulamas Council and Indonesia's fastest-growing Islamist party, Justice and Prosperity, responded by mobilizing hundreds of thousands of supporters for a march on parliament.

In parliament, the anti-pornography bill faces plenty of opposition from politicians who cite the country's secular constitution. In addition, the governor of Bali said its provisions would kill tourism, and has threatened that Bali will secede if the legislation passes. The bill now is being amended, and its critics are increasingly confident it will be watered down.

Some of these critics say that when faced with a threat such as this they normally might seek political and financial support from the U.S. government and American aid organizations, such as the Ford Foundation or the Asia Foundation. But now, they're afraid that doing so would open them to being labeled as tools of the U.S. "Once you're cast as a foot soldier of Bush, it's a powerful symbol" for adversaries, says Kamala Chandrakirana, chairwoman of the National Commission on Violence Against Women, who says the conflicts in Iraq and Lebanon have made her job harder.

Preventing Days Of Infamy (WT)

By Bernard B. Kerik

The Washington Times, September 8, 2006

On a day that has lived in infamy for 65 years, the Japanese attacked Pearl Harbor, killing 2,400 Americans. The result was an unshakable commitment by the American people to defeat a daunting and resourceful enemy. Reassuring his country in a time of war, President Franklin Roosevelt said: "Always will we remember the character of the onslaught against us. Hostilities exist. There is no blinking at the fact that our people, our territory, and our interests are in grave danger."

Monday marks the fifth anniversary of the day al Qaeda attacked America and extinguished the lives of almost 3,000 people in acts so calculated they challenge Pearl Harbor in their brutality. As I reflect on Roosevelt's words, I wonder why some Americans today don't have that same steadfast dedication to the presumptive victory Roosevelt took for granted.

In the aftermath of September 11, President Bush expressed our nation's collective outrage and resolve. To his credit, he invaded Afghanistan, al Qaeda's sanctuary, and then Iraq, where the leadership fomented regional instability and terrorism and, indisputably, employed weapons of mass destruction against its Kurdish population. I believe the president's actions -- coupled with significantly enhanced intelligence, military and law enforcement antiterrorism preparedness -- have made America safer and prevented similar attacks. But in contrast to the Roosevelt era, our response to September and its equally lethal enemy is now dangerously wavering.

Recent events demonstrate that the United States and its allies are far from achieving victory. In the past several weeks, American, British and Pakistani intelligence services uncovered a plot in the UK to blow up 10 airliners bound for U.S. cities. Other plots to blow up the Holland Tunnel and the Herald Square subway station in New York, the Sears Tower in Chicago and the FBI headquarters in Miami have also been thwarted. These cases serve as stark reminders that al Qaeda and its thousands of globally distributed acolytes continue to pursue more American deaths. Meanwhile, in Great Britain, Spain, the Philippines, Israel, and the Middle East, thousands have been killed in the terrorists' pursuit of global jihad.

Remarkably, the antiterrorism programs Mr. Bush instituted that have proven most effective at preventing follow-on "spectacular attacks" on America are at risk of being dismantled. The Patriot Act, the National Security Agency's foreign electronic eavesdropping program targeting al Qaeda's communications and programs that track the e-mail and money trails of transnational terrorists are only a few of these defensive tools under attack.

Despite the success of these programs, some on Capitol Hill and in the media -- blinded by a combination of misplaced priorities and politics -- have begun to minimize the magnitude of the ongoing threat and are attempting to disable the very programs that have been instrumental in identifying terrorists and frustrating their missions. Despite the presence of an enemy at our doorstep, their fixation is not on saving American lives, but on attacking perceived encroachments on American civil liberties.

As I reflect upon the fifth anniversary of September 11, and the tragic deaths of so many friends, coworkers and innocents, I am grateful not only for the protection these programs have offered, but also for those first responders and our military valiantly fighting a global war, the outcome of which is no less important than the one Roosevelt faced 65 years ago.

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Let none of us forget that the enemy living among us, looking to exploit cracks in our national commitment, is the same enemy that killed more people on September 11 than were killed at Pearl Harbor. On behalf of future generations, we must do everything in our power to prevent another day of infamy.

Bernard B. Kerik, chairman and president of the Kerik Group, served as the New York City Police Department's 40th police commissioner during the terrorist attacks of September 11, 2001.

Vanished Towers, Vanished Leadership (WP)

By E.j. Dionne Jr.

The Washington Post, September 8, 2006

The events of Sept. 11, 2001, are personal to every American. The day was not about politics or partisanship or elections. That's why the country, divided more or less 50-50 on political matters the day before the terrorist attacks, immediately drew together in sorrow, solidarity and determination. The rest of the world stood with us.

Five years later, you look at the rancid state of our politics, the decline in America's standing in the world and the behavior of our national leadership, and you want to shed tears for your nation. This year, so much of what's being said about the events of Sept. 11 is about the political survival of the Bush administration.

Our household's personal ties to that day pass through a neighborhood arrayed along the Atlantic Ocean in Rockaway, Queens, where my mother-in-law and two of my wife's brothers live.

That middle-class community is the home of many firefighters, police officers and mid-level employees of companies that happened to be housed in the World Trade Center buildings. In Rockaway, terrorism is not an abstraction.

Something missing in your skyline, we learned, can be as powerful a presence as something that's actually there. My kids always knew we were about to get to Grandma's house when we crossed the Verrazano-Narrows Bridge from Staten Island to Brooklyn. One of them would inevitably shout out, "The Twin Towers!" Whenever we cross that bridge now, the silence in the car and the absence of those buildings are a memorial to a day of pain and outrage.

Because Sept. 11 was experienced so personally, divisions melted. In our household my wife and I instructed our kids that all of us should wish President Bush well and hope for his success. Surely something like this happened in millions of other homes where Bush was not exactly a political hero.

For a while, Bush himself changed. He abandoned unilateralism in pursuit of a broad international coalition against terrorism. He cooperated with Democratic leaders, transforming a partisan administration into a coalition presidency. Perhaps Bush would follow the example of that unifying Republican president, Dwight D. Eisenhower.

History did not unfold that way.

Understanding the hope and truly national feeling of determination during that extraordinary moment five years ago is the only way to comprehend why hostility to the president has become so strong and why the country is now so divided. The temptation to use the nation's abhorrence of terrorism as a political tool was simply too strong for Bush to resist.

By mid-2002, the fight against terrorism was a means for winning a midterm election. A significant portion of the Republican National Convention in 2004 was given over to turning Sept. 11 into the backdrop for the Bush reelection campaign.

And on Tuesday, there was Bush's truly astonishing address to the Military Officers Association of America. Having not talked much about Osama bin Laden for years, Bush couldn't stop talking about him. By my count, bin Laden got 17 mentions.

Bush touted bin Laden's dream of a "caliphate" that "would be a totalitarian Islamic empire encompassing all current and former Muslim lands, stretching from Europe to North Africa, the Middle East and Southeast Asia."

Building up the theoretical threat of bin Laden's "radical empire" is a nifty way to shift attention away from the questions on the minds of most voters. What will this administration do to fix its flawed and terribly executed policy in Iraq? And if bin Laden is the threat after all, what exactly are we doing in Iraq? And why have we allowed the situation in Afghanistan to deteriorate?

The president has no good answers, so he wants to lift the whole debate to a misty, ideological plane where he can bunch bin Laden with Hitler and Lenin as totalitarian threats. A president who kept quiet about bin Laden when doing so served his political purposes now revives him rhetorically just before the anniversary of Sept. 11, at a moment when his party is in grave jeopardy in another election.

Whenever the president gets into trouble, he tries to remind us of who he was in the months immediately after Sept. 11, 2001. Most of us respected that George W. Bush.

But maybe that Bush was just a figment of the imagination of all Americans who actually thought the events of five years ago transcended partisan politics. Too bad that was an illusion.

Five Years Later, No Attacks But Focus Blurs, Unity Fades (USAT)

USA Today, September 8, 2006

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At times in American history, presidents have given speeches so perfectly fitting the nation's needs that the words came to capture and define the era. Think of Franklin D. Roosevelt's "the only thing we have to fear is fear itself." Or John F. Kennedy's "ask not what your country can do for you; ask what you can do for your country."

Nine days after the 9/11 attacks on New York and Washington, D.C., President Bush delivered one of those speeches. Standing before Congress, and with a stunned nation and much of a sympathetic world watching on television, Bush outlined what would become a new "war on terror."

That night, the president pitched it just right. He outlined a five-pronged approach the United States would employ to hunt down the terrorist leaders directly responsible for the attacks and destroy their al-Qaeda organization. It would, he said, use "every means of diplomacy, every tool of intelligence, every instrument of law enforcement, every financial influence, and every necessary weapon of war."

He told Americans that "we're in a fight for our principles, and our first responsibility is to live by them." He said America's future would not be one of fear because "this country will define our times, not be defined by them." And he went out of his way to assure Muslims that "we respect your faith" and to note that "the terrorists practice a fringe form of Islamic extremism."

Within weeks, the United States attacked Afghanistan, where the Taliban regime was harboring al-Qaeda leader Osama bin Laden. The regime was toppled, and the al-Qaeda training camps were destroyed. The war on terror was on the right track.

Five years later, it is painfully clear that the war has lost the focus it had in those months after 9/11. Bin Laden and his top deputy, Ayman al-Zawahri, escaped at the battle of Tora Bora in eastern Afghanistan in late 2001. They are in hiding but remain at large. Al-Qaeda's centralized structure has been degraded, but homegrown cells are springing up around the world. The Taliban is attempting a comeback in Afghanistan.

Most disturbingly, the mishandled war in Iraq — which had nothing to with the 9/11 attacks — has proved to be a devastating blunder. Lawrence Wright, author of a new book on al-Qaeda, The Looming Tower, says internal al-Qaeda documents show that after its rout from Afghanistan, the organization was in despair and on the ropes. But Iraq gave al-Qaeda a new lease on life, providing a place where extremists could go and fight — and helping prove their contention that the United States wants to attack Muslims and occupy Muslim lands.

The Iraq war has undermined U.S. efforts to win hearts and minds in the moderate Muslim world. In the five predominantly Muslim countries surveyed earlier this year by the Pew Global Attitudes Project, support for the U.S.-led war on terror was 10% in Egypt, 14% in Turkey, 16% in Jordan, 30% in Pakistan and 39% in Indonesia.

The past cannot be undone. But ways exist to regain the focus that the war on terror had in the early months after 9/11.

Capturing bin Laden and Zawahri remains a priority. Even though they are severely hampered — they can't organize attacks, train recruits, communicate by cellphone or transfer money as they used to — getting them would be an important victory for justice and help undermine their appeal. It wouldn't spell the end of al-Qaeda, but it would deprive the movement of its charismatic leaders, who are still churning out audio and video tapes with irritating frequency.

Domestically, nearly five years have passed without a follow-on attack. Security and public awareness are better than they were before Sept. 11. But Americans are still more vulnerable than they should be after so calamitous an event. The 9/11 Commission and others have spelled out glaring vulnerabilities and remaining priorities. Now it's a question of competence to address them.

Internationally, the United States squandered the post-9/11 goodwill it reaped. The administration's questionable approaches have ranged from a tolerance for torture to a "my way or the highway" attitude to much of the world. That has to change, and alliances must be rebuilt — something that has been handled better in Bush's second term. An even greater challenge is to develop policies that lead moderate Muslims — particularly in the Middle East — to see the United States as an asset, or at least reverse the trend toward increasing radicalization.

In the run-up to this anniversary, Bush, Vice President Cheney and Defense Secretary Donald Rumsfeld have delivered a series of speeches about the war on terror. But rather than the inclusive tone of the address on Sept. 20, 2001, they have had a divisive, partisan edge — portraying any who disagree with the administration's policies as appeasers oblivious to the severity of the threat.

Never mind that the administration has made far too many mistakes to claim unique wisdom in the ways of waging war on terrorism. This is a destructive course, essentially the opposite of FDR's call to turn fear aside.

When American presidents inspire the nation to its best, they candidly appeal not to fear but to the country's natural optimism and can-do spirit. Bush did that five years ago. It's time for an encore.

Senate Terrorism Bill Meeting Dissent (AP-Y)

By Anne Plummer Flaherty

AP, September 8, 2006

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Senate leaders are throwing their weight behind a White House plan to prosecute terrorism detainees despite dissent among some Republicans and the military's top lawyers.

Majority Leader Bill Frist, R-Tenn., said he wants to pass the proposal by the end of the month and would decide Friday how quickly to proceed on the bill, indicating a vote could come as soon as next week. The momentum placed behind President Bush's plan by Frist sent GOP moderates scrambling to develop an alternative that would address their concerns.

Also sounding alarms on Bush's legislation Thursday were the Pentagon's top uniformed lawyers. Testifying before a House panel, the service's judge advocate generals said the plan could violate treaty obligations and make U.S. troops vulnerable.

"While we seek that balance" of fairness and security, "we also must remember the concept of reciprocity," said Brig. Gen. James Walker, staff judge advocate for the Marine Corps. "What we do and how we treat these individuals can, in the future, have a direct impact on our service men and women overseas. "

The president's legislation would authorize the defense secretary to convene military tribunals to prosecute terrorism suspects and omit rights common in military and civil courts, such as the defendant's right to access all evidence and a ban on coerced testimony. Bush has said the plan is both fair and tough enough to ensure dangerous terrorists can be brought to justice.

Senate leaders also have hailed the legislation as necessary and practical, contending that terrorists must not be granted rights comparable with U.S. citizens or service members.

"I support the administration bill and hope that it's what the Senate will pass," said the majority whip, Sen. Mitch McConnell, R-Ky.

But GOP moderates — Sens. John Warner, John McCain and Lindsey Graham — have agreed with the Pentagon lawyers that Bush's plan may go too far. Warner, R-Va., chairman of the Armed Services Committee, convened closed-door meetings throughout the day Thursday with other panel members and a senior official from the Justice Department in a bid to generate consensus on an alternative proposal.

Some conservatives indicated they weren't biting. Sen. John Cornyn, R-Texas, a committee member, said he supports the administration's position and did not feel strongly "one way or the other" if a bill received the Armed Services Committee's blessing before reaching the floor.

"We're racing against the clock" to pass legislation allowing the president to proceed, he said.

Indeed, a leadership aide said Warner, McCain, R-Ariz., and Graham, R-S.C., were given "24 hours to think their position over," indicating that the bill could be routed around the committee and placed directly on the Senate floor.

The vote would come just as lawmakers are departing for midterm elections and Republicans are fighting to maintain the majority by trumpeting their tough stance on the war on terror. The short time table may also help to steamroll over any opposition mounted by Warner and McCain.

Whether to insist the system grant a defendant access to all evidence used against him, even if it would compromise classified material, remained the biggest sticking point.

Steven Bradbury, acting assistant attorney general, defended the White House plan in saying such cases would be rare.

"These procedures, properly administered by the military judge, would strike the appropriate balance between safeguarding our nation's secrets and ensuring a fair trial of the accused," Bradbury told the House Armed Services Committee.

Rep. Duncan Hunter, R-Calif., who heads the House panel and has sided with the administration on detainee treatment issues, said at the hearing that any military commission established to prosecute terrorists must allow the government to protect intelligence sources.

"Some of these acts of complicity in terrorist operations or plots are very small pieces — the guy that drives the car, the guy that delivers a document — and you don't have, in many cases, other broad evidence," Hunter said.

But the service's top lawyers reiterated their position that other alternatives must be explored — or the case dropped.

"I believe the accused should see that evidence," said Maj. Gen. Scott Black, the Army's judge advocate general.

The hearing came a day after Bush acknowledged for the first time that the CIA had secret prisons overseas and defended the practice of tough interrogations to force terrorists to reveal plots to attack the United States and its allies. Bush said 14 detainees would be transferred out of CIA custody to the military's Guantanamo Bay prison.

The announcement, however, did not signal an end to the controversial program. State Department legal adviser John Bellinger III told reporters Thursday that if additional members of the al-Qaida terror network were captured, "we reserve the right to have those people questioned by the CIA."

Legal Experts In Military Object To Bush Plan (MCT)

By Marisa Taylor And Greg Gordon

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McClatchy Newspapers, September 8, 2006

WASHINGTON - Top Pentagon lawyers took issue Thursday with key aspects of President Bush's proposal for a special court system that would limit the legal rights of terrorism suspects and exclude them from parts of their own death-penalty trials.

To protect classified information, Bush's proposal would bar terrorism detainees from trials in "extraordinary circumstances." It also would narrow what constitutes coerced admissions - a central issue in prosecuting 14 top terrorist suspects who were subjected to unorthodox interrogation techniques that critics call torture.

At a House Armed Services Committee hearing, lawyers for all of the armed services generally endorsed Bush's push for a separate new military court tailored to deal with the complexities of prosecuting dangerous terrorist suspects while protecting national security secrets.

But the lawyers voiced concern about the fairness of preventing a defendant from hearing and confronting evidence against him.

"I'm not aware of any situation in the world where there is a system of jurisprudence that is recognized by civilized people, where an individual can be tried without, and convicted without seeing the evidence against him," Brig. Gen. James C. Walker, staff judge advocate of the U.S. Marine Corps, told the panel.

The administration's court plan is likely to provoke a rousing debate when the measure goes before Congress next week. Democrats support an alternative bill being crafted by a trio of Republicans that would guarantee suspects more protections and would be more in line with international law.

During Thursday's hearing, Rep. Duncan Hunter, R-Calif., pressed Navy Judge Advocate General Bruce MacDonald as to whether he would bar the use of crucial classified evidence if it otherwise meant sharing it with suspected Sept. 11 mastermind Khalid Sheikh Mohammed.

"I can't imagine any military judge believing that an accused has had a full and fair hearing if all the government's evidence that was introduced was all classified and the accused was not able to see any of it," MacDonald replied.

Steven Bradbury, acting chief of the Justice Department's Office of Legal Counsel, contended that sharing the information with a defense lawyer, who has a national security clearance, would address the problem. But several of the military lawyers disagreed.

The administration proposed the legislation in response to a recent Supreme Court ruling that struck down the administration's earlier attempt to create a special military terrorism court.

Bradbury said a new system is needed because traditional military court rules are too rigid for terrorism cases. U.S. troops or intelligence agents can't read newly captured terrorists their Miranda rights, he said, and national security concerns make it impractical to comply with speedy trial rules.

The proposal also would allow the use of hearsay, testimony relayed from witnesses who don't have to appear in court and face cross-examination.

Experts in military law said Bush's proposal would raise a host of thorny legal issues, especially surrounding statements made during aggressive interrogation techniques.

Bradbury said military judges should be left to decide on a case-by-case basis whether the detainees were coerced into making incriminating statements.

But Scott Silliman, a Duke University law professor and former Air Force lawyer, said he expects the issue of coerced statements to produce legal problems for prosecutors unless Congress sanctions a system "that says no matter how you get the evidence, it's always going to be admissible, no matter what techniques you use."

He said the Uniform Military Code of Justice governing traditional military courts lets prosecutors show defendants summaries or substitutions for classified information, which is "an easy way to establish a system for prosecuting terrorists that satisfied the mandate of the Supreme Court."

Edward MacMahon, the chief defense lawyer for convicted Sept. 11 conspirator Zacarias Moussaoui, a case knotted for two years by voluminous amounts of classified information, also questioned why national security secrets couldn't be handled the way they are in traditional military courts.

"You could use classified information in a case and show it to the lawyers, the defendant and the jury and never let" the public see it, he said. "That happens all the time in these kinds of cases."

MacMahon sharply criticized the extent to which the government classified information. He noted that the defense team was barred from disclosing the existence of highly classified statements from suspected Sept. 11 architect Mohammed before the trial, although they'd been published a year earlier in the Sept. 11 commission's reports.

"Sometimes you wonder if you were a defense attorney whether it's national security or just a game?"

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It was unclear whether the bill could move in Congress in the few weeks left in the congressional session. Senate Majority Leader Bill Frist, R-Tenn., said he would decide on a course of action on Monday. Some Republicans want Frist to send Bush's plan to the Senate floor next week without review by the Senate Armed Services Committee.

That could lead to a legislative free-for-all unless a group of Republican critics of the White House plan can reach a compromise with the administration. Frist may also decide to offer a competing plan by Armed Services Committee Chairman John Warner, R-Va., and Sens. Lindsey Graham, R-S.C., and John McCain, R-Ariz., which would give terrorism defendants more rights at trial and might better withstand legal scrutiny and international judgment.

"Obviously, there's a lot of strategy here and a lot of politics," Silliman said. "We should rise above that. The whole world is looking at what we do."

Bush's Detainee Plan Is Criticized (WP)

By Charles Babington And R. Jeffrey Smith

The Washington Post, September 8, 2006

President Bush's campaign to sharply limit the courtroom rights of suspected terrorists ran into opposition yesterday from key Republican senators and even top uniformed military lawyers, who said it would violate basic principles of justice.

The military lawyers told a House panel that they particularly object to Bush's bid to allow terrorism suspects to be convicted on secret evidence that is withheld from the defendants, an objection embraced by at least three prominent members of the Senate Armed Services Committee.

One of those is John McCain (R-Ariz.), a former Vietnam War prisoner and a 2008 presidential hopeful who faces a political dilemma. He has won acclaim for standing up to Bush on issues such as humane treatment of detainees, but he also is eager to build conservative support for the GOP primaries. Several colleagues cautioned McCain and the others to stick with Bush on the tribunals question, and House leaders scheduled a vote in two weeks on legislation likely to mirror the White House's proposal.

The day's events suggest that Republicans may spend a good portion of the 109th Congress's final weeks trying to resolve an issue that could factor heavily in the Nov. 7 elections. Earlier divisions among Senate Republicans on issues such as immigration have contributed to legislative stalemates, and party leaders are eager to avoid a similar impasse over detainee trials.

Bush placed the issue near the top of the political agenda Wednesday when he announced that several top al-Qaeda suspects have been moved from secret CIA-run prisons to the U.S. military base at Guantanamo Bay, Cuba. The president suggested that Congress will be to blame if it fails to approve his proposals for prosecuting the detainees under guidelines that critics say are unconstitutional and unfair.

Lawmakers in both parties agree that enemy combatants should be afforded fewer rights than defendants enjoy in civil trials or, for the most part, in military courts-martial. But several uniformed military lawyers told the House Armed Services Committee yesterday that the White House goes too far in seeking to convict detainees on classified information never shared with the suspects.

"I am not aware of any situation in the world where there is a system of jurisprudence that is recognized by civilized people where an individual can be tried and convicted without seeing the evidence against him," said Brigadier Gen. James C. Walker, staff judge advocate to the Marine Corps commandant.

Bush's high-profile drive for his version of the legislation has been particularly awkward for the three Republican senators who circulated a different bill earlier this week: McCain; Armed Services Committee Chairman John W. Warner (Va.), a former Navy secretary; and Lindsey O. Graham (S.C.), a former Air Force lawyer.

A top GOP Senate aide, who asked that he not be identified because of the sensitive nature of the deliberations, predicted that the trio will find it difficult to hold their ground because they are defending "a bloodless legal principle" while the White House is pushing the politically popular idea of convicting those accused of the 2001 atrocities.

But virtually all Senate Democrats, and at least a few more Republicans, appear sympathetic to Warner, McCain and Graham. Sen. Chuck Hagel (R-Neb.) said in an interview that he takes very seriously the testimony of the uniformed lawyers. He also said Bush was "unwise" to come close to threatening Congress in his Wednesday speech. "We don't work for the president," Hagel said.

Under Bush's proposal, any detainees eventually put forward for trial -- a group that may or may not include all 14 suspects who figured in Wednesday's announcement -- could be convicted or acquitted under conditions that differ sharply from those in standard U.S. criminal trials. The "jury" in a trial by the commissions not involving the death penalty would consist of at least five military officers, and in death penalty cases a dozen officers. A presiding officer, dubbed the military "judge" and possessing legal training or experience, would decide all legal matters but would not vote.

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Those eligible for such military trials would be any foreigners deemed "unlawful enemy combatants," a term the administration defines more broadly than Bush did in an executive order shortly after the 2001 terrorist attacks. That category would include not just al-Qaeda and Taliban members, but also anyone who is affiliated with a "force or organization" engaged in hostilities against the United States and its allies, who commits hostile acts for such groups, or -- most broadly -- who "supports hostilities" that aid such groups.

Terrorism would be only one of 27 offenses that could be charged under the Bush plan; the others include conspiracy, hostage-taking, torture, rape and hijacking.

During the trials, prosecutors would be permitted to use classified information to secure convictions; defendants and their lawyers would not be told about such information. Prosecutors could also rely on hearsay, or evidence obtained indirectly, and evidence obtained by coercion if the panel's chief deemed it reliable and directly related to the accusations.

A rival set of rules circulated earlier this week by Warner, McCain and Graham would bar any use in the trials of secret evidence or information obtained from "cruel, inhuman, or degrading treatment" and would admit information from coercive interrogations only if the military judge found it reliable and pertinent. The proposal would allow trials to be closed only to protect information that would damage national security, leaving out any reference to "the public interest" as a reason.

Major human rights groups including Human Rights Watch also criticized the Bush plan's provisions allowing the use of coerced or secret evidence, and complained that the plan could lead to congressional approval for military trials or indefinite detentions of any foreigners accused of supporting terrorist activities.

Meanwhile yesterday, another key component of the GOP security agenda ran into trouble. Both the House and Senate Republican leadership have vowed to pass legislation this month authorizing the National Security Administration's warrantless wiretapping program. But when the Senate Judiciary Committee tried to draft wiretapping legislation, a Democrat who did not reveal his or her identity invoked an obscure Senate rule that halted the panel's efforts after two hours. Committee Chairman Arlen Specter (R-Pa.) vowed to try again next week.

Guantanamo More Strict, Detainees Say (WP)

By Josh White

The Washington Post, September 8, 2006

Defense attorneys for detainees who have spent years at the U.S. detention facility in Guantanamo Bay, Cuba, said the 14 high-value terrorism suspects transferred there Monday are entering a prison that appears to be increasingly restrictive.

Attorneys for several detainees said their clients have reported tighter enforcement of regulations and regular attempts to disrupt detainees' sleep and prayers since a violent melee in one housing unit in May and the apparently coordinated suicides of three detainees in June. Some attorneys said their clients seem more hopeless and worn down in recent weeks than at any time in their incarcerations.

"The strong sense I have is that ever since the suicides, things have just gotten really tense, really harsh, with no flexibility," said P. Sabin Willett, a lawyer who visited clients at Guantanamo in a trip that ended Friday. "I don't mean that they're torturing people; it's just that they are being harsher in how they respond. And that's creating a growing sense of despair."

Guantanamo Bay officials declined to provide many details yesterday about the conditions under which the terrorism suspects, who include suspected architects of the Sept. 11, 2001, attacks, will be held. But lawyers familiar with Guantanamo said they are likely to be placed in segregation at the prison, which has a range of cells. They include some that resemble cells at a typical U.S. prison, some dormitory-style blocks and some small mesh holding areas.

The 14 detainees -- transferred from secret CIA prisons on a Sunday night flight -- are the first to be brought to Guantanamo Bay in nearly two years.

Military officials said all detainees at Guantanamo are treated humanely and according to the protections afforded by the Geneva Conventions, which are now part of official Defense Department policy. They acknowledge that some policies and procedures had to be changed in light of the suicides and argued that detainees embellish and coordinate their stories.

"In the wake of the suicides and the disturbance, the procedures were looked at to see whether they could be improved for the detainees' health and safety and for the safety of the guards," said a Defense Department official who requested anonymity because he was not authorized to discuss the matter. "Things are a little tighter."

Rear Adm. Harry B. Harris Jr., the facility's commander, told reporters at the Pentagon yesterday that the 14 detainees arrived safely earlier this week and that "all appeared to be in good condition." Harris said he signed for their custody.

Harris declined to discuss where in the prison compound the detainees will be housed but said it is a "high security" facility. Harris also would not say how long ago Joint Task Force Guantanamo was alerted that it would be receiving new detainees. He said no policies or procedures were changed in anticipation of their arrival.

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The detainees will be afforded some of the same privileges as the approximately 440 other military detainees at Guantanamo, Harris said, including visits from the International Committee of the Red Cross, the ability to send and receive mail, access to reading materials, and exercise time. The detainees could soon have a chance to meet with legal counsel.

Because they had been held in secret sites, some of the detainees may be experiencing their first contact with the outside world in years.

Harris and other military officials reiterated the danger the detainees pose. The Joint Task Force, "as you know, exists to ensure that extremely dangerous individuals, such as these men, are unable to engage in their efforts to plan or conduct terrorist attacks," he said.

Defense attorneys worry that their clients, most of whom have not been charged, will face harsher conditions indefinitely.

Joshua Colangelo-Bryan, who represents several detainees at Guantanamo, said his recent visits have been alarming. Isa al-Murbati, 41, of Bahrain, told him that guards are purposefully interfering with Muslim prayers and sending out aggressive response teams to physically subdue detainees who do not cooperate.

"It appears that authorities at Guantanamo are trying to reassert control," Colangelo-Bryan said.

Melissa A. Hoffer visited clients in Cuba last month and said that the environment is "completely repressive" and that she had not seen her clients in such despair since she began representing them.

Lakhdar Boumediene, a Bosnian-Algerian in his early forties, told Hoffer that he now lives in a steel "cage" and that the restrictions have been "unbearable."

"Despite everything, they have retained some sense of hope, and that's something that has always blown me away about them," Hoffer said. "During my last visit, I sensed some erosion of that hope, and desperation creeping in."

Mohamed al-Qahtani, who is believed to have been a potential 20th hijacker in the Sept. 11 attacks, is living under conditions similar to those the new detainees may face. Though he has not faced aggressive interrogation since early 2003, Qahtani remains isolated in a cell with lights on 24 hours a day. Gitanjali Gutierrez, a lawyer with the Center for Constitutional Rights who represents Qahtani, said Qahtani has experienced psychological problems from the rough questioning.

She said her visits with about 10 clients during the month of July aroused concern.

"Now it's so tight and harsh that they're having mental breakdowns," Gutierrez said. "The deterioration of my clients is just remarkable."

Top Military Lawyers Dislike Tribunal Plan (LAT)

By Richard Simon

The Los Angeles Times, September 8, 2006

Washington — The Bush administration's proposal for bringing accused terrorists to trial drew criticism from top military lawyers on Thursday as congressional Republicans worked to bridge differences within their ranks over the White House proposal.

A group of influential GOP senators who have been critical of the administration's proposal worked through the day to come up with a compromise. Congressional Republicans leaders -- looking to highlight their party's efforts in fighting terrorism in advance of the November mid-term election -- are pushing for a vote on new rules for military commissions by the end of September.

President Bush exhorted Congress to adopt his plan for holding trials for terrorism suspects -- including the most notorious prisoners in U.S. custody -- after the Supreme Court in June struck down the administration's system.

"I think we're making some progress," Sen. John Warner, R-Va., chairman of the Senate Armed Services Committee, said after one round of closed-door meetings.

Sen. Lindsey Graham, R-S.C., a key negotiator, said only that he was optimistic that an agreement can be reached.

The flurry of activity occurred as Pentagon lawyers took issue with a key provision of the administration's proposal -- permitting judges to deny suspects the right to see classified evidence used against them.

"I can't imagine any military judge believing that an accused has had a full and fair hearing if all the government's evidence that was introduced was classified and the accused was not able to see any of it," the Army's Judge Advocate General, Maj. Gen. Scott Black, told the House Armed Services Committee.

Brig. Gen. James Walker, U.S. Marine Corps staff judge advocate, added: "I'm not aware of any situation in the world where there is a system of jurisprudence that is recognized by civilized people, where an individual can be tried and convicted without seeing the evidence against him. And I don't think that the United States needs to become the first in that scenario."

Supporters of the administration's proposal said they were worried that allowing accused terrorists to see classified information could threaten national security.

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"In the midst of the current conflict, we cannot share with captured terrorists the highly sensitive intelligence relevant to some military commission prosecutions," Steven Bradbury, acting assistant attorney general, told the committee.

Sen. John McCain, R-Ariz., who also has expressed concerns about the administration's proposal, said that if legislation is passed soon, trials could start as early as October.

"We want to act in the national interest on this issue," McCain said. "The initial desire is a bipartisan agreement. This is too important to get hung up in party politics."

Even as the McCain, Graham and Warner attempted to work out their differences with the White House, a number of Republicans were ready to move forward with a vote on the administration's proposal.

House GOP leaders -- whose rank and file appear to strongly support the president's proposal -- said they intend to bring the new rules up for a vote in two weeks, a week after the fifth anniversary of the Sept. 11 attacks.

"Khalid Shaikh Mohammed, his conspirators, and other terrorists should not be afforded rights from a judicial system of a country they seek to destroy," said House Majority Leader John Boehner, R-Ohio, and Rep. Duncan Hunter, R-Calif., chairman of the Senate Armed Services Committee, said in a statement.

Times staff writers Maura Reynolds and Janet Hook contributed to this report.

Senate Republicans Seek Unity On Terror Tribunals (WSJ)

By Sarah Lueck And David Rogers

The Wall Street Journal, September 8, 2006

WASHINGTON -- Senate Republicans sought to bridge their differences over President Bush's plan to prosecute terrorism suspects, even as top military lawyers aired doubts about the elements of the administration's proposal.

"It's not best to go to the floor and have a big fight," said Sen. John McCain (R., Ariz.), but the differences represent real hurdles facing Mr. Bush after his call for Congress to enact his proposal before the fall elections. White House officials said last night that no changes had been agreed to yet, but Sen. Lindsey Graham (R., S.C.) predicted: "Some of their positions put the bill in legal jeopardy and I think they'll back off."

Responding to a Supreme Court ruling in June, Mr. Bush wants lawmakers to authorize a military tribunal or commission structure to try foreign combatants in the terror war while insulating officials from legal action over possible violations of the Geneva Conventions. All this is to be accomplished in a partisan pre-election climate, and if Republicans are divided, it will encourage opposition from Democrats.

The uniformed lawyers' testimony, before the House Armed Services Committee, zeroed in on differences with the White House over whether terror suspects in military trials should be allowed to see classified evidence being brought against them. "I believe the accused should see that evidence," Maj. Gen. Scott Black, judge advocate general of the Army, told lawmakers.

The testimony could fortify Senate Armed Services Committee Republicans like Sens. McCain and Graham, who have worked with Chairman John Warner (R., Va.) on a draft bill that differs from key elements of Mr. Bush's proposal.

Meetings began yesterday to resolve these disagreements, including what rules will apply to the sharing of classified evidence, hearsay evidence and coerced testimony. Senate Majority Leader Bill Frist (R., Tenn.) last night positioned himself so he can pre-empt the panel and move directly to the president's bill. But he is expected to wait until Tuesday to see if a compromise can be reached.

"I feel that we will be given enough time by the leadership, assuming we can indicate that there is progress," Mr. Warner said. Last evening, Mr. McCain said, "I am optimistic we are going to iron out an agreement with the White House."

Senate Democrats criticized the timing of the decision to propose the legislation now, calling it a "cynical" attempt to focus attention on national-security issues before the elections. "I want to know what took him so long," said Senate Democratic Leader Harry Reid of Nevada. "Now the White House wants Congress to clean up their failures."

In the House, the administration is banking on Armed Services Committee Chairman Duncan Hunter (R., Calif.) producing a bill next week that is close to the president's request. The House Intelligence and Judiciary Committees are slated to draft companion legislation dealing with legal issues raised by the National Security Agency's warrantless surveillance of some overseas communications to and from the U.S.

The White House admits that the NSA wiretap legislation poses more hurdles than the military tribunals. Conservatives on the House Judiciary Committee have been critical of what they perceive as the administration circumventing existing law on such intelligence surveillance. Within the Intelligence Committee, Rep. Heather Wilson (R., N.M.) said yesterday that the White House hadn't yet "engaged" her on wiretapping.

These problems are compounded in the Senate by the limited time left for debate. To expedite matters, some Republicans would like to merge the tribunal and NSA bills, but this could invite a filibuster that could doom both initiatives.

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Most striking is how many of the key senators involved are major players in Mr. Bush's big domestic priority: immigration overhaul. After hours of talks on tribunals -- and even as the Senate was passing a $469.7 billion wartime Pentagon budget -- Senate Judiciary Committee Chairman Arlen Specter (R., Pa.) hosted a meeting off the floor to keep alive hopes of pressing the House to act on more comprehensive immigration legislation this fall.

"I think there's political peril," Mr. Specter said, "We have not performed."

Lawyers And G.O.P. Chiefs Resist Proposal On Tribunal (NYT)

By Kate Zernike

The New York Times, September 8, 2006

WASHINGTON, Sept. 7 — The Bush administration's proposal to bring leading terrorism suspects before military tribunals met stiff resistance Thursday from key Republicans and top military lawyers who said some provisions would not withstand legal scrutiny or do enough to repair the nation's tarnished reputation internationally.

Democrats, meanwhile, said they were inclined to go along with Senate Republicans drafting an alternative to the White House plan, one that would allow defendants more rights. That left Republicans to argue among themselves about what the tribunals would look like and threatened to rob the issue of the political momentum the White House hoped it would provide going into the closely fought midterm elections.

A day after President Bush unveiled the plan at the White House, senior administration officials said Mr. Bush was willing to negotiate with Congress about the shape of legislation to establish tribunals, which would replace those struck down in June by the Supreme Court.

The administration officials, who agreed to discuss internal administration deliberations in exchange for anonymity, said the decision to transfer high-level terror suspects from Central Intelligence Agency prisons to military custody had been the result of months of secret debate at the highest levels of government.

The officials said the change had been most vigorously championed by the State Department, under Condoleezza Rice, against some resistance from a range of officials, including Vice President Dick Cheney, who had defended the status quo, in which high-level leaders of Al Qaeda, including the man identified as the mastermind of the Sept. 11 attacks, have been held in secret C.I.A custody.

The 14 terror suspects recently transferred to the American detention center in Guantánamo Bay, Cuba, under the administration plan would face war-crimes trials if Congress approves the proposed tribunals. On Thursday, Rear Adm. Harry B. Harris Jr., the commander of the American detention facility, said the 14 prisoners had been registered for the first time with the International Committee of the Red Cross, but he would not say when they had arrived, whether they had arrived together or how long he had known in advance that they were coming.

In Congress, Republican leaders said the House would vote on the president's proposal the week after next, and the chairman of the Armed Services Committee, Representative Duncan Hunter of California, argued in favor of the administration's approach in a hearing on Thursday morning with military lawyers.

But the military lawyers argued back. And the Senate Republicans said there were still several areas of contention between them and the administration, chiefly, a proposal to deny the accused the right to see classified evidence shown to the jury.

Brig, Gen. James C. Walker, the top uniformed lawyer for the Marines, said that no civilized country should deny a defendant the right to see the evidence against him and that the United States "should not be the first."

Maj. Gen. Scott C. Black, the judge advocate general of the Army, made the same point, and Rear Adm. Bruce E. MacDonald, the judge advocate general of the Navy, said military law provided rules for using classified evidence, whereby a judge could prepare an unclassified version of the evidence to share with the jury and the accused and his lawyer.

Senate Republicans said the proposal to deny the accused the right to see classified evidence was one of the main points of contention remaining between them and the administration.

"It would be unacceptable, legally, in my opinion, to give someone the death penalty in a trial where they never heard the evidence against them," said Senator Lindsey Graham of South Carolina, who has played a key role in the drafting of alternative legislation as a member of the Armed Services Committee and a military judge. " 'Trust us, you're guilty, we're going to execute you, but we can't tell you why'? That's not going to pass muster; that's not necessary."

President Bush announced his proposal for bringing terror suspects to trial on Wednesday as part of a round of speeches on national security aimed at drawing a sharp distinction between the two parties: Democrats as weak on terror, Republicans strong. The administration created its system of tribunals shortly after the terrorist attacks of Sept. 11, 2001, but the Supreme Court struck down those tribunals in June, saying they violated the Constitution and international law.

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Senior administration officials said the decision to acknowledge the C.I.A. program, to move the 14 "high value'' detainees to Guantánamo and to set up a new system for putting them on trial emerged from a committee President Bush established in January, six months before a Supreme Court decision forced his hand on some of those issues.

The committee, run by J. D. Crouch, the deputy national security adviser, held more than 20 meetings in secret at the White House and a half-dozen higher-level sessions with Mr. Bush's national security team, which included Mr. Cheney, Ms. Rice, Defense Secretary Donald H. Rumsfeld and the director of national intelligence, John D. Negroponte.

While the White House described those meetings today as a largely harmonious effort to remake a detainee system that had raised objections around the world, other officials said Ms. Rice's State Department was often pitted against Mr. Cheney's staff.

"There were a range of opinions on a number of issues, but it's pretty fair to say that the State Department had been arguing for 18 months that we needed to put this whole thing on a strong legislative footing, and end the dispute with the allies,'' said one official who was part of the process. "And there were others, from the vice president's office to some in the Justice Department and the White House, who wanted to maintain the status quo.''

The standoff was broken by the Supreme Court's decision in June in the tribunal case, which took many in the White House by surprise, the officials said.

Administration lawyers on Capitol Hill said Thursday that the military trials now proposed by the administration were markedly different from the previous system and would pass court scrutiny. Among other changes, the proposal sets up tribunals overseen by a judge who could not also serve as part of the jury. Defendants would be given two appeals, and could not be tried twice.

But Senate Republicans remained divided over the White House proposal.

On one side, Mr. Graham and Senators John McCain of Arizona and John Warner of Virginia have argued that the system must provide enough fairness guarantees that the nation would feel comfortable having American troops tried under it. This is important, they argue, to repair a national reputation that has been damaged internationally by revelations of abuse at Guantánamo Bay and at Abu Ghraib prison in Iraq, and to set a model for how other countries might try American troops.

On the other side, Senators John Cornyn of Texas and Jeff Sessions of Alabama have shown more inclination to endorse the president's proposal. Mr. Cornyn said after a round of meetings Thursday that he still supported the president's approach on classified evidence, but that he hoped the differences could be bridged. "We're trying," he said.

Democrats have essentially said they would back Senators Warner, Graham and McCain, leaving the Republicans to lead the fight against the administration, and allowing the Democrats to avoid political fallout from challenging the administration while maintaining their criticism of the administration's handling of the war in Iraq.

"I think you're looking for a fight that doesn't exist," Senator Harry Reid of Nevada, the minority leader, told reporters.

In testimony on the Hill, an administration lawyer stood firm on the importance of denying suspects the right to know the classified evidence against them.

"In the midst of the current conflict, we simply cannot consider sharing with captured terrorists the highly sensitive intelligence that may be relevant to military-commission prosecutions," said the lawyer, Steven G. Bradbury, the acting assistant attorney general in the Office of Legal Counsel.

Rules For Terrorism Tribunals Unclear On Torture, Legal Adviser Says (MCT)

By Cam Simpson And Andrew Zajac, Chicago Tribune

McClatchy, September 8, 2006

WASHINGTON - Despite assurances that evidence obtained through torture will be off limits, the Bush administration's proposed rules for terrorism tribunals do not contain clear guidelines for determining whether torture was employed and would leave such decisions to military judges, according to documents and statements from a senior administration legal adviser.

Torture determinations, which would be made by judges appointed through a still-undefined method controlled by Defense Secretary Donald Rumsfeld, could be crucial to the conduct of tribunals for terrorism suspects under the White House plan.

The administration's tribunal proposal, which was unveiled Wednesday and is creating tension among some leading Republicans in the Senate, is already under attack because it could permit convictions based on evidence obtained from "coercion" while eliminating other protections long honored under American law. The Pentagon's top uniformed lawyers raised objections to the plan in congressional testimony Thursday, including to a provision that would allow suspects to be tried on secret evidence.

Although President Bush and senior administration officials have tried to minimize such concerns by promising that evidence obtained from torture would be barred, the 86-page bill proposed by the White House to establish tribunals appears to leave great latitude for defining whether torture occurred.

In the past, the administration operated under secret definitions of torture that drew international condemnation after they were made public, including for the interrogation rules in effect when most of the high-value al-Qaida detainees now facing tribunals were captured, records show.

The definition interrogators were working under for much of that time classified only the most extreme acts of abuse as torture, records show.

Under the new proposal, it would be up to defense attorneys in each case to raise the issue of torture at trial, John Bellinger, the top legal adviser to Secretary of State Condoleezza Rice, told reporters Thursday. Bellinger was legal adviser at the National Security Council when the CIA began operating secret jails and interrogation facilities overseas.

"It would be up to the judge to determine - based on an argument by the accused - whether he believed that something were torture and needed to be prohibited," Bellinger said, after being asked to define what kind of interrogations could lead to the exclusion of evidence.

He also said, "If there are questions that come up about confinement or treatment, and I expect that (there) would be, those would be things that would come out at trial just as they do in our ordinary criminal (justice) system."

The definition for torture offered in the White House bill simply refers to an existing U.S. criminal statute. That law classifies torture as the infliction of "severe physical or mental pain or suffering."

But in August 2002, when Justice Department lawyers were first crafting formal interrogation standards for the White House in the war on terrorism, they wrote a 50-page memo interpreting the law's prohibition against "severe physical" pain in such a way that it only came into effect when the "the most extreme acts" of abuse were perpetrated.

The memo, written for then-White House counsel Alberto Gonzales by the Justice Department's office of legal counsel, further said physical pain amounting to torture under the statute "must be equivalent in intensity to the pain accompanying serious physical injury, such as organ failure, impairment of bodily function, or even death." Gonzales is now attorney general.

That guidance was later rescinded. But at least 11 of the 14 suspects who have been transported from overseas CIA prisons to Guantanamo Bay, Cuba - and who now would be tried under Bush's proposal - were captured or interrogated during the roughly two years the controversial legal guidance on torture was in effect.

Critics also contend that Rumsfeld's control of the process for assigning judges who would determine whether torture occurred is troubling. It could allow the Pentagon to pick judges inclined to favor the administration's position, said retired Adm. John Hutson, a former judge advocate general of the Navy. Hutson has been critical of the administration's departure from military law when devising its tribunal proposals for terrorism suspects.

"It's unheard of for the secretary of defense to be that involved in the process," said Hutson, noting that under Bush's proposal, the secretary of defense also would pick members of a panel that would review tribunals' legal decisions following verdicts.

"If you start cherry-picking people with a prosecutorial bent, or with a standard for torture that is very, very high, it's going to be a problem," said Hutson, dean of the Franklin Pierce Law Center in New Hampshire. "The key to this thing is that judges be absolutely independent."

Beyond the torture issue, the tribunal proposal is controversial because it could allow for convictions based on coerced evidence and would limit defendants' rights further than those typically provided under longstanding military procedures.

Top House Republicans back Bush's proposal, despite the concerns raised by uniformed lawyers during a hearing Thursday. In the Senate, a rift appears to be emerging between Republican leaders and such influential members as Sen. John McCain, R-Ariz., a former prisoner of war in North Vietnam who has taken a leading role in trying to limit torture and abuse.

Questions about torture in two of the most high-profile cases could prove irrelevant, because prosecutors might already have enough evidence to convict the men without relying on interrogation statements. Khalid Sheikh Mohammed, the alleged Sept. 11 mastermind and al-Qaida's chief plotter until his March 2003 capture in Pakistan, and one of his underlings, Ramzi Binalshibh, boasted about their leading roles in the suicide plan during 2002 interviews with an Arab satellite news network.

Interrogation Methods Rejected By Military Win Bush's Support (NYT)

By Adam Liptak

The New York Times, September 8, 2006

Many of the harsh interrogation techniques repudiated by the Pentagon on Wednesday would be made lawful by legislation put forward the same day by the Bush administration. And the courts would be forbidden from intervening.

The proposal is in the last 10 pages of an 86-page bill devoted mostly to military commissions, and it is a tangled mix of cross-references and pregnant omissions.

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But legal experts say it adds up to an apparently unique interpretation of the Geneva Conventions, one that could allow C.I.A. operatives and others to use many of the very techniques disavowed by the Pentagon, including stress positions, sleep deprivation and extreme temperatures.

"It's a Jekyll and Hyde routine," Martin S. Lederman, who teaches constitutional law at Georgetown University, said of the administration's dual approaches.

In effect, the administration is proposing to write into law a two-track system that has existed as a practical matter for some time.

So-called high-value detainees held by the C.I.A. have been subjected to tough interrogation in secret prisons around the world.

More run-of-the-mill prisoners held by the Defense Department have, for the most part, faced milder questioning, although human rights groups say there have been widespread abuses.

The new bill would continue to give the C.I.A. the substantial freedom it has long enjoyed, while the revisions to the Army Field Manual announced Wednesday would further restrict military interrogators.

The legislation would leave open the possibility that the military could revise its own standards to allow the harsher techniques.

John C. Yoo, a law professor at the University of California, Berkeley, and a former Justice Department official who helped develop the administration's early legal response to the terrorist threat, said the bill would provide people on the front lines with important tools.

"When you're fighting a new kind of war against an enemy we haven't faced before," Professor Yoo said, "our system needs to give flexibility to people to respond to those challenges."

In June, in Hamdan v. Rumsfeld, the Supreme Court ruled that a provision of the Geneva Conventions concerning the humane treatment of prisoners applied to all aspects of the conflict with Al Qaeda. The new bill would keep the courts from that kind of meddling, Professor Yoo said.

"There is a rejection of what the court did in Hamdan," he said, "which is to try to judicially enforce the Geneva Conventions, which no court had ever tried to do before."

Indeed, the proposed legislation takes pains to try to ensure that the Supreme Court will not have a second bite at the apple. "The act makes clear," it says in its introductory findings, "that the Geneva Conventions are not a source of judicially enforceable individual rights."

Though lawsuits will almost certainly be filed challenging the bill should it become law, most legal experts said Congress probably had the power to restrict the courts' jurisdiction in this way.

The proposed legislation would provide retroactive immunity from prosecution to government agents who used harsh methods after the Sept. 11 attacks. And, as President Bush suggested on Wednesday, it would ensure that those techniques remain lawful.

"As more high-ranking terrorists are captured, the need to obtain intelligence from them will remain critical," Mr. Bush said. "And having a C.I.A. program for questioning terrorists will continue to be crucial to getting life-saving information."

Mr. Bush said he had never authorized torture but indicated that aggressive interrogation techniques short of torture remained important tools in the administration's efforts to combat terrorism.

"I cannot describe the specific methods used — I think you understand why," he said. "If I did, it would help the terrorists learn how to resist questioning, and to keep information from us that we need to prevent new attacks on our country. But I can say the procedures were tough, and they were safe and lawful and necessary."

A senior intelligence official said that the new legislation, if enacted, would make it clear that the techniques used by the C.I.A. on senior Qaeda members who had been held abroad in secret sites would not be prohibited and that interrogators who engaged in those practices both in the past and in the future would not face prosecution.

The official, who spoke on the condition of anonymity, would not discuss the techniques the agency had used or was prepared to use.

Other senior administration officials, all of whom declined to speak on the record, said there was no intention to undercut the interrogation rules in the new Army Field Manual, which does not include some of the most extreme techniques used on some suspected terrorists in American custody.

The intent of the legislation, they said, is to prevent the prosecution of interrogators under amendments to the War Crimes Act that were passed in the 1990's.

Common Article 3 of the Geneva Conventions bars, among other things, "outrages upon personal dignity, in particular, humiliating and degrading treatment." The administration says that language is too vague.

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That is nonsense, said Harold Hongju Koh, the dean of Yale Law School and a State Department official in the Clinton administration. "Outrages upon personal dignity is something like Abu Ghraib or parading our soldiers in Vietnam before the television cameras," he said. "Unconstitutionally vague means you don't know it when you see it."

But the new legislation would interpret "outrages upon personal dignity" relatively narrowly, adopting a standard enacted last year in an amendment to the Detainee Treatment Act proposed by Senator John McCain, Republican of Arizona. The amendment prohibits "cruel, inhuman or degrading treatment or punishment" and refers indirectly to an American constitutional standard that prohibits conduct which "shocks the conscience."

There is substantial room for interpretation, legal experts said, between Common Article 3's strict prohibition of, for instance, humiliating treatment and the McCain amendment's ban only on conduct that "shocks the conscience."

The proposed legislation, said Peter S. Margulies, a law professor at Roger Williams University, "seems to be trying to surgically remove from our compliance with Geneva the section of Common Article 3 that deals with humiliating and degrading treatment."

The net effect of the new legislation in the interrogation context, Professor Yoo said, is to allow the C.I.A. flexibility of the sort that the revisions to the Army Field Manual have denied to the Pentagon. The bill lets the C.I.A. "operate with a freer hand" than the Defense Department "in that space between the Army Field Manual and the McCain amendment," he said.

Dean Koh said the administration's new interpretation of the Geneva Conventions would further isolate the United States from the rest of the world.

"Making U.S. ratification of Common Article 3 narrower and more conditional than everyone else's," he said, "by its very nature suggests that we are not prepared to make the same commitment that every other nation has made."

The bill proposed by the White House would also amend the War Crimes Act, which makes violations of Common Article 3 a felony. Those amendments are needed, the administration said, to provide guidance to American personnel.

The new legislation makes a list of nine "serious violations" of Common Article 3 federal crimes. The prohibited conduct includes torture, murder, rape, and the infliction of severe physical or mental pain. By implication, some legal experts said, the bill endorses the use of those interrogation techniques that are not mentioned.

The proposed legislation in any event represents a further retreat from international legal standards by an administration already hostile to them, some scholars said. "It's strong evidence that this administration doesn't accept international legal processes,'' said Peter J. Spiro, a law professor at Temple University.

Questions Raised About Bush's Primary Claims In Defense Of Secret Detention System (NYT)

By Mark Mazzetti

The New York Times, September 8, 2006

WASHINGTON, Sept. 7 — In defending the Central Intelligence Agency's secret network of prisons on Wednesday, President Bush said the detention system had used lawful interrogation techniques, was fully described to select members of Congress and led directly to the capture of a string of terrorists over the past four years.

A review of public documents and interviews with American officials raises questions about Mr. Bush's claims on all three fronts.

Mr. Bush described the interrogation techniques used on the C.I.A. prisoners as having been "safe, lawful and effective," and he asserted that torture had not been used. But the Bush administration has yet to make public the legal papers prepared by government lawyers that served as the basis for its determination that those procedures did not violate American or international law.

The president said the Department of Justice approved a set of aggressive interrogation practices for C.I.A. detainees in 2002 after milder ones proved ineffective on Abu Zubaydah, the first of the Qaeda leaders taken into custody.

Current and former government officials said that specific interrogation methods were addressed in a series of documents, including an August 2002 memorandum by the Justice Department that authorized the C.I.A.'s use of 20 interrogation practices.

The August 2002 document, which was leaked to reporters in 2004, said interrogation methods just short of those that might cause pain comparable to "organ failure, impairment of bodily function or even death" could be allowable without being considered torture.

The memorandum was repudiated in another Justice Department document at the end of 2004, and Congressional officials said on Thursday that they had not received documents from the administration explaining the legal underpinnings of the program.

One prisoner is known to have died in Afghanistan after interrogation by a C.I.A. contract employee, but the agency has distanced itself from that episode, and the former employee was convicted on assault charges last month in federal court in North Carolina.

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Some lawmakers questioned Mr. Bush's claims that his administration fully briefed some members of Congress on details of the secret detention program.

Senator John D. Rockefeller IV of West Virginia, the ranking Democrat on the Senate Intelligence Committee, said on Wednesday that the Bush administration had "withheld details of the C.I.A. detention and interrogation program from the Congressional intelligence committees."

Congressional officials said on Thursday that the Senate Intelligence Committee was briefed about the existence of the C.I.A. detention program but was not informed about the locations of the secret prisons.

Public documents show that some of the information that led to the arrests of senior terrorism plotters like Khalid Shaikh Mohammed and Ramzi bin al-Shibh was known before the C.I.A. detained its first prisoner, Mr. Zubaydah, in the spring of 2002.

Mr. Bush said it was Mr. Zubaydah who disclosed to C.I.A. interrogators that Mr. Mohammed was the mastermind of the Sept. 11 attacks and often used the alias Mukhtar, sometimes spelled Muktar.

"This was a vital piece of intelligence that helped our intelligence community pursue K.S.M.," Mr. Bush said, referring to the terror suspect by his initials.

The report of the Sept. 11 commission said that the C.I.A. knew of the moniker for Mr. Mohammed months before the capture of Mr. Zubaydah.

According to the report, the C.I.A. unit given the task of tracking Osama bin Laden had intercepted a cable on Aug. 28, 2001, that revealed the alias of Mr. Mohammed.

Mr. Bush also said it was the interrogation of Mr. Zubaydah that identified Mr. bin al-Shibh as an accomplice in the Sept. 11 attacks.

American officials had identified Mr. bin al-Shibh's role in the attacks months before Mr. Zubaydah's capture. A December 2001 federal grand jury indictment of Zacarias Moussaoui, the so-called 20th hijacker, said that Mr. Moussaoui had received money from Mr. bin al-Shibh and that Mr. bin al-Shibh had shared an apartment with Mohamed Atta, the ringleader of the plot.

A C.I.A. spokesman said Thursday that the agency had vetted the president's speech and stood by its accuracy.

"Abu Zubaydah was the authoritative source who identified Khalid Shaikh Mohammed as the mastermind of 9/11 and the man behind the nickname Muktar," the spokesman, Paul Gimigliano, said in a statement. "His position in Al Qaeda — his access to terrorist secrets — gave his reporting exceptional weight and it gave C.I.A. insights that were truly unique and vital. Abu Zubaydah not only identified Ramzi Bin al-Shibh as a 9/11 accomplice — something that had been done before — he provided information that helped lead to his capture."

Besides the 14 prisoners identified on Wednesday, some officials and human rights advocates questioned the fate of dozens of others believed to have moved through the C.I.A. prison network over the past four years.

Human Rights Watch, in response to a request from The New York Times, provided a list of 14 men who the organization believes have been secretly detained since the Sept. 11 attacks and whose whereabouts are still unknown.

One of the men, Ibn al-Shaykh al-Libi, is believed to have given false information about links between Iraq and Al Qaeda after C.I.A. officials transferred him to Egyptian custody in 2002. Mr. al-Libi's statements were used by the Bush administration as the foundation for its claims that Iraq trained Qaeda members to use biological and chemical weapons.

It emerged later that Mr. al-Libi had fabricated these stories while in captivity to avoid harsh treatment by his Egyptian captors.

Human Rights Watch has also identified 20 other men it said were at the military prison at Guantánamo Bay, Cuba, and who the group believes were once in C.I.A. custody.

Red Cross To See Alleged 9/11 Plotter (FT)

By Demetri Sevastopulo, Guy Dinmore And Caroline Daniel In Washington

Financial Times, September 8, 2006

The International Red Cross is expected to get its first access next week to Khaled Sheikh Mohammed, the alleged mastermind behind the September 11 attacks, and 13 other high-value detainees who have been transferred from secret Central Intelligence Agency prisons to Guantánamo Bay.

In a surprise move on Wednesday, President George W. Bush acknowledged for the first time that the CIA had been holding and interrogating high-value al-Qaeda prisoners in secret detention facilities.

Mr Bush said the move, which was partly seen as an attempt to press Congress to pass legislation authorising its proposed new military commissions to try detainees at Guantánamo, would bring the alleged perpetrators of the September 11 attacks closer to justice. In June the Supreme Court ruled that the original military tribunals violated US law and the Geneva conventions.

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Mr Bush said the CIA had transferred all its prisoners to Guantánamo but he vowed to continue the controversial programme, saying it was crucial to help prevent further attacks on the US. The ICRC on Thursday repeated demands for a list of all detainees who have been held in secret CIA custody.

As the US moves forward with plans to try alleged al Qaeda leaders previously interrogated in secret prisons, a senior Bush administration legal advisor on Thursday acknowledged that defence lawyers were likely to try to exclude any evidence deemed to have been obtained under torture.

John Bellinger, legal advisor to the secretary of state, told reporters that he would expect a "vigorous defence attorney" to question how evidence was obtained if the prisoners contested their terms of treatment.

Mr Bellinger said the administration believed its draft legislation to authorise new military commissions would get enough votes to pass through Congress before recess at the end of this month. Some key Republican senators, including John McCain and Lindsey Graham, who have proposed separate legislation oppose some of the White House measures, including refusing to allow defendants access to some classified evidence.

Meanwhile, in his fourth speech over the last week on the war on terror, Mr Bush issued what he called a "progress report" on his actions since 9/11. He told an audience in Georgia: "Many Americans look at these events and ask the same question: Five years after 9/11, are we safer? The answer is yes, America is safer."

Mr Bush defended his decision to ask the National Security Agency to spy on the international phone calls of suspected terrorists. That programme has come under fire on Capitol Hill for byassing Congressional authorisation.

"The surest way to keep the program is to get explicit approval from the United States Congress. So today I am calling on the Congress to promptly pass legislation providing additional authority for the terrorist surveillance program, along with broader reforms in the Foreign Intelligence Surveillance Act," he said.

Mr Bush has used his speeches to force not only Democrats on the defensive on national security, but also to put pressure on Republicans and back some of his more controversial elements of the war on terror, such as the surveillance and military tribunals for suspected terrorists. Republicans are leery of further weakening Mr Bush by handing him a legislative defeat on these issues, undermining his authority on national security

Confirmation Of CIA Prisons Leaves Europeans Mistrustful (WP)

By John Ward Anderson

The Washington Post, September 8, 2006

PARIS, President Bush's transfer of terrorism suspects out of secret CIA prisons to the Guantanamo detention facility would do little to repair transatlantic distrust that has grown in recent years, political analysts in France and other European countries said Thursday.

"How willing a really liberal Democrat is to listen to George Bush -- that's about how willing the French are," said Nicole Bacharan, an expert on French-American relations at the Institute for Political Studies in Paris.

Bush's acknowledgment Wednesday of the CIA prisons' existence -- and his refusal to say where they were -- touched off new demands in Europe for a full accounting of the locations. The Washington Post reported last year that some were in Eastern Europe, but it did not name countries at the request of U.S. officials.

Poland and Romania, called likely locations by European investigators, issued new denials Thursday that such prisons were on their soil.

The CIA's detention of the suspects drew support from Australia, a close U.S. ally, where Foreign Minister Alexander Downer told Parliament that "a great deal has been achieved through these kinds of programs." He said that interrogations had led to the arrest of senior terrorism suspects.

U.N. Secretary General Kofi Annan, visiting Spain, took an opposing view. "I cannot believe that there can be a trade between the effective fight against terrorism and protection of civil liberties," he said. "If as individuals we are asked to give up our freedom, our liberties, our human rights, as protection against terrorism, do we in the end have protection?"

Asma Jehangir, chairwoman of the Human Rights Commission of Pakistan, demanded that the United States end the program immediately and apologize for ever bringing it into existence, the Associated Press reported.

"They have to admit that what they did was wrong," said Jehangir, who heads a U.N. panel that recently condemned the detention of suspects at Guantanamo Bay, Cuba. "They cannot justify it in the name of terrorism and frightening people."

Some analysts in Europe noted the president's statement that the CIA must use the prisons again in the future. The prisons "have not been liquidated or closed," said Michael Emerson, a senior research fellow at the Center for European Policy Studies in Brussels. If they are going to function again, "then the European body politic is not going to be entirely happy."

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FranÃ§ois Heisbourg, a military analyst at the Foundation for Strategic Research in Paris, said that people in France find it astounding that U.S. troops had to be told specifically not to employ what are widely viewed here as old torture techniques, particularly the practice known as waterboarding, in which prisoners are made to feel as if they're drowning.

"This hearkens back to one of the favorite practices of the Gestapo -- the bathtub torture, which was a synonym for waterboarding," he said. "The notion that the U.S. Army has to say explicitly that you shouldn't do this is unfortunately a way of saying that it may indeed have been standard operating procedure at the time."

Bush is unlikely "to get much credit for coming clean at this late stage in the story," said Heisbourg. "It's simply being received here as confirmation of what people thought already -- that these guys are doing things they shouldn't be doing."

Rene van der Linden, president of the parliamentary assembly of the Council of Europe, an intergovernmental watchdog agency, said in a statement that "kidnapping people and torturing them in secret -- however tempting the short-term gain may appear to be -- is what criminals do, not democratic governments."

"In the long term, such practices create more terrorists and undermine the values we are fighting for," he said. "Europe will have no part in such a degrading system." His group conducted an investigation of the CIA prison system.

Other European critics found fault with U.S. plans for military tribunals to try prisoners.

These panels are "really not in line with international law," said Liz Lynne, a British member of the European Parliament. Bush wants to try suspects without allowing them full access to the evidence against them, she said.

"The U.S.A. would be very quick to condemn any other country that tried people without letting them see the evidence," Lynne said.

If Bush "announced that he was closing Guantanamo Bay detention camp and bringing the people there to trial according to international law, or releasing them if there is no evidence, then he would repair his credibility," Lynne said. "If he doesn't do that, then I think he's whistling in the wind."

Europeans Seek More Info On Secret Jails (AP-Y)

By David Stringer

AP, September 8, 2006

President Bush's disclosure that terrorism suspects had been held in CIA-run prisons drew approval from activists and defense attorneys, but some called for details on the secret lockups.

Bush said in a White House speech Wednesday that a small number of high-value detainees — including the mastermind of the Sept. 11 attacks, Khalid Sheik Mohammed — had been kept in CIA custody in order to be "held secretly, questioned by experts and, when appropriate, prosecuted for terrorist acts."

International lawmakers and civil rights campaigners have long called on Bush to acknowledge the United States used a network of secret prisons and have transferred prisoners between them on covert flights.

Manfred Nowak, the U.N. special investigator on torture, called Bush's acknowledgment of CIA secret prisons "progress," but said their existence was already known.

"We knew there was secret places of detention because we knew there were people who had been arrested and then we lost track of them," Nowak told the AP.

The deputy president of Malaysia's largest opposition party, the Pan-Malaysian Islamic party, condemned the CIA prisons and said Bush's acknowledgment was not surprising.

"To us this is nothing new, Bush's use of military and force to act upon his agenda," said Nasharudin Mat Isa. "This latest boast of his (about CIA secret prisons abroad) will make him even more unpopular among Americans."

Australia, a staunch U.S. ally in the war on terror, praised the secret prison program, with Foreign Minister Alexander Downer saying it achieved "a great deal."

Downer conceded the prisons were controversial, but said critics should "understand how important it's been to get information from detainees which has led to the capture and in some cases the killing of terrorists who might have otherwise killed innocent people."

Nowak, who reports to the U.N. Human Rights Council, the global body's top right watchdog, has said the use of secret prisons violate anti-torture commitments under international law because keeping detainees in such places is a form of enforced disappearance.

He said the transfer of 14 detainees from clandestine centers to Guantanamo Bay was "an improvement," but warned that "of course there are many others."

In his comments, Bush said that with the transfer of the 14 men to Guantanamo, there currently are no detainees being held by the CIA. A senior administration official said the CIA had detained fewer than 100 suspected terrorists in the history of the program.

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"President Bush has finally realized that American values are the way to win the war on terror — the values of true openness, a commitment to having fair trials and not allowing the torture of detainees," lawyer Zachary Katznelson, who represents 36 Guantanamo detainees, told the AP.

Marine Maj. Michael Mori, the Pentagon-appointed lawyer for Australian Guantanamo detainee David Hicks, said that legislation the White House wants to use to prosecute terrorist suspects in military trials is similar to provisions already deemed illegal by the high court.

"It appears to be just a rubber stamp of the old illegal commission system," Mori told the Australian Associated Press in the United States.

Bush is pressing Congress to quickly pass administration-drafted legislation authorizing the use of military commissions for trials of terror suspects after the Supreme Court in June ruled that trying detainees in military tribunals violated U.S. and international law.

Shami Chakrabarti, director of London-based human rights group Liberty, said Bush's disclosure raised fresh questions about a possible role of Britain and other countries in so-called extraordinary rendition flights, allegedly used to ferry prisoners to and from the secret prisons.

"After years of allegations come shocking admissions of guilt by the U.S. President as to the existence of secret prisons outside the rule of law," Chakrabarti said in a statement.

Andrew Tyrie, a British lawmaker and chairman of the All Parliamentary Group on Extraordinary Rendition, said he hoped Bush would in the future provide more details about the treatment of detainees at the CIA prisons.

Bush said that interrogation techniques used were tough, but did not constitute torture.

Human Rights Watch has previously identified Poland and Romania as possible sites of secret prisons, a charge both countries have repeatedly denied.

Europeans' Views Mixed On News Of C.I.A. Camps (NYT)

By Brian Knowlton

The New York Times, September 8, 2006

WASHINGTON, Sept. 7 — Reaction in Europe and Afghanistan to the United States' transfer of 14 top terror suspects from secret C.I.A. camps to Guantánamo Bay, Cuba, for trial has been sharply mixed, welcomed by some but termed a half-measure by others.

Disclosure of the camps' existence last year generated widespread outrage abroad.

Several European lawmakers and human-rights groups said Thursday that while President Bush's acknowledgment of the camps' existence on Wednesday was helpful, it underscored concerns about clandestine practices by the United States and the complicity of some of their own governments.

Dick Marty, who led a Council of Europe investigation of the camps and of the secret transport of suspects from one foreign country to another for questioning, said President Bush had provided "just one piece of the truth."

Manfred Nowak, the United Nations special investigator on torture, called the transfer of the 14 detainees "an improvement," but added, "of course, there are many others."

José Luis Rodríguez Zapatero, the prime minister of Spain and one of the few world leaders to offer an opinion on Thursday, bluntly criticized the practices of the Central Intelligence Agency, The Associated Press reported. The fight by democracies against terrorism, he said in Madrid, "is not compatible with the existence of secret prisons."

Yet, European Union spokesmen insisted that there was still no proof of reports that there were secret camps on European soil, and officials in countries suspected of being hosts of such camps issued new denials. The European Union's foreign policy chief, Javier Solana, said in Copenhagen that "all the information that I have is that no country in the E.U., or candidate country, as far as I know, has had secret prisons."

In a statement from Geneva, the International Committee of the Red Cross welcomed "the transfer of these detainees from secret places of detention to an official place of detention," and said that it planned a visit to Guantánamo soon. But it questioned whether other detainees might still be held clandestinely, condemning the practice.

Mr. Bush said Wednesday that all the C.I.A. camps were now empty, but he reserved the right to reopen them and did not disclose their locations.

Some members of a European Parliament investigating committee were harshly critical of his comments. "Bush exposes not only his own previous lies," said Sarah Ludford, a British member.

...

In Afghanistan, Ahmad Nader Nadery, spokesman for the Afghan Independent Human Rights Commission, welcomed the United States moves.

"We have been looking for an improvement in the treatment of detainees in Guantánamo and Bagram," the Afghan city where an American military prison is located, The Associated Press quoted him as saying. "It will build more confidence in the war on terror."

The president's announcement had left European allies in an awkward position. They had denied knowledge of the camps, and in some cases of the C.I.A. flights carrying suspects to or from the camps through their airports or airspace. Yet, Mr. Bush said that information derived from the program had been shared with other countries.

The German opposition party criticized the government in Berlin for not pushing harder to unravel Germany's role in the affair. "The Merkel government, at no time, showed a real will to seek clarification," the deputy parliamentary leader of the Free Democratic Party, Sabine Leutheusser-Schnarrenberger, said in Berlin.

The government, she said, still owed an answer to the question: "What did the federal government know when about these secret prisons?"

Interrogation And Intelligence (WSJ)

The Wall Street Journal, September 8, 2006

President Bush in the White House East Room Wednesday explained for the first time in detail the importance of interrogation as an intelligence tool in the war on terror. He conceded that some of the techniques used against the likes of 9/11 mastermind Khalid Sheikh Mohammed were "tough." But he also used his remarks to declassify a fair bit of information about what's been learned. Quite clearly the interrogations are a major reason there have been no further terrorist attacks on American soil in the past five years. The demagogues alleging senseless "torture" at "secret" overseas prisons have now gotten a proper reply.

Like the programs for monitoring bank transfers and warrantless wiretaps overseas, interrogating those who would do us harm has helped keep the country safe with minimal intrusion into the lives of ordinary Americans. The alternative to such narrowly targeted programs is a culture of fear in which everyone is a suspect. Without them we'd see the unhappy experience of airport security repeated far more often, not to mention a lot more domestic surveillance. We often wonder if those who routinely object to the Bush Administration's tactics realize they're endangering not just our safety but our civil liberties.

It's worth devoting a little space to the details on interrogations that Mr. Bush offered Wednesday. The President explained that a small number of high-ranking al Qaeda operatives have been held by the CIA at undisclosed locations. They included KSM and others involved the 9/11 attacks, as well as al Qaeda operatives responsible for the 1998 African embassy bombings and the 2000 attack on the USS Cole.

And what did we learn from the CIA program? A lot, apparently. Senior al Qaeda leader Abu Zubaydah, captured after he was wounded in a firefight in Pakistan, revealed information such as KSM's alias ("Muktar"), which helped lead to the 9/11 ringleader's arrest. Zubaydah also identified Ramzi bin al Shibh as one of KSM's accomplices and provided information leading to his arrest too.

KSM, for his part, led U.S. intelligence to a Southeast Asian terrorist leader named Hambali, whose organization was responsible for the 2002 Bali bombing. After his brother was also arrested and a cell of 17 operatives broken up, Hambali confessed he had been acting on KSM's orders to plan another attack on the U.S. KSM also led U.S. intelligence to al Qaeda operatives responsible for a program to develop biological weapons such as anthrax.

In all, it appears a substantial number of plots were foiled because of the CIA interrogation program. They included attacks not only in the U.S. but on targets such as a U.S. Marine camp in Djibouti and the U.S. consulate in Karachi. Mr. Bush said that information from the program played a role in the arrest of "nearly every" senior al Qaeda member in U.S. custody. These detainees have proven invaluable to our general understanding of their organization and have helped the U.S. decipher captured documents and computer records and identified voices on recorded calls.

We're glad Mr. Bush has finally made all this a matter of public record. For too long his critics have been allowed to get away with blithe assertions that the U.S. has been "torturing" detainees and that "torture doesn't work." But as we've been pointing out, there is all the difference in the world between aggressive questioning aimed at saving lives and the infliction of grievous bodily harm for the purposes of punishment or retribution -- the latter being how most people understand the word "torture." Had the U.S. interrogated 1993 World Trade Center bomber Ramzi Yousef the way it did KSM, it might have learned enough to perhaps stop future attacks. Instead, he was processed through the criminal justice system and has revealed little of intelligence value.

Also Wednesday, Mr. Bush upped the stakes in the Congressional debate over authorizing military tribunals for terrorists by announcing that the high-level al Qaeda operatives have been moved to Guantanamo Bay, with a view to putting them on trial. The long delay in doing this may have been necessary to extract the full intelligence value from these men, but an unfortunate side effect has been to allow critics to paint a false picture of an ineffective and needlessly cruel detainee program

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and to grandstand over the procedural rights of the accused. We think most Americans will readily understand why it may be necessary to deny KSM access to some of the classified intelligence that will hopefully be used to convict him.

In addition to passing the bill establishing military tribunals, Congress needs to ensure that the men and women responsible for the intelligence success the President outlined Wednesday not be vulnerable to prosecution. The Supreme Court recently ruled the Geneva Convention's vague prohibitions against "degrading" treatment applicable to our conflict with al Qaeda, paving the way for misinterpretation by an ambitious prosecutor. Genuine detainee abuses should be punished, and have been thus far at the Abu Ghraib courts martial and elsewhere. But the men who interrogated KSM were acting on careful legal orders and in the national interest and deserve to be protected like any soldier in the field who defends his country.

'Values' We Have To Hide Abroad (WP)

By Eugene Robinson

The Washington Post, September 8, 2006

If the secret prisons where U.S. agents interrogated "high-value" terrorism suspects with "alternative" techniques are so legitimate and legal, if they're so fully consistent with American values and traditions, then why are they overseas?

That's one thing the Decider didn't tell us Wednesday in his forceful yet obfuscatory speech confirming the existence of the CIA prisons and announcing the transfer of 14 detainees to Guantanamo Bay, including boldface-name miscreants such as Khalid Sheik Mohammed, Ramzi Binalshibh and Abu Zubaida.

The president at least gave a reason why the locations of the prisons are still being kept secret, even if it wasn't the whole story. He said secrecy was needed to protect our allies from terrorist retribution, which might well be true. But governments of the host countries are probably more worried about the ire of the citizens who elected them, given the unpopularity of the Bush administration's foreign policy in much of the world, and some doubtless are concerned that the secret prisons violate host-country laws and international treaties.

In other words, the prisons (which apparently have been emptied, for the moment, but not closed down) were kept secret because they're overseas. But the Decider said not a word about why he decided the prisons had to be located in other countries in the first place.

Why not hold the suspects, say, in one of the many super-secure facilities in and around Washington? They would be much more accessible to the CIA, the FBI, the Pentagon and any other agency that wanted a crack at them. And since al-Qaeda is already determined to attack the United States, why even risk creating potential problems for loyal overseas allies? Why not interrogate America's deadliest enemies on American soil?

Since the president didn't address this question, I'll try. The only reason that makes any sense to me is that the Decider wanted to put his secret prisons beyond the reach of U.S. courts. I think the president and his lawyers knew from the beginning that detaining suspects indefinitely and wringing information out of them with methods that international agreements define as torture -- "an alternative set of procedures" was the president's delicate euphemism -- wouldn't amuse even the most law-and-order federal judge.

The full story of what has taken place at Guantanamo Bay and in the CIA's overseas prisons will come out someday. But even with the little we know so far, I remain convinced that history will view these acts of arbitrary detention, extraordinary rendition and coercive interrogation with strong censure and deep shame. The president's claim that "the United States does not torture" comes with an asterisk, since his definition of torture is as tortured as Bill Clinton's definition of "is."

Look, I know that when Khalid Sheik Mohammed (whom the president called "KSM") and the others came into U.S. custody, they were full of murderous intent and harbored vital knowledge of active plots to kill innocent people. If KSM was indeed "waterboarded," as has been reported, I shed no tears for his discomfort. My concern is for the rule of law and the norms of civilized behavior -- concepts the Decider says he wants the rest of the world to respect.

If the president needed a "hot pursuit" exemption to allow some specific forms of coercive interrogation, he should have asked Congress to give it to him -- rather than rely on a vague blanket authorization to pursue the war on terrorism. If the judgment was that coercion had to be applied anyway, absent a law allowing it, then the officials who ordered the coercion should have had to defend their actions in a court of law. Was it clearly a question of needing the information immediately? Was there no other way to get the suspects to talk?

There is less ambiguity about the question of arbitrary, indefinite detention. It's wrong, and the president knows it's wrong. The Supreme Court had to order the president to do what he knows he should -- formally charge the detainees at Guantanamo and give them fair trials of some kind -- but even now he wants to stack the deck by refusing to let the detainees even see or hear some of the evidence against them.

No, an American "detained" by al-Qaeda wouldn't enjoy a guarantee of due process. But we're not al-Qaeda. I thought that was the whole point.

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Oh, one more thing the president didn't mention, for some reason: Those 14 most-wanted terrorists who were kept in the secret prisons? As far as we know, not a single one was captured in Iraq.

Decision To Move Detainees Resolved Two-Year Debate Among Bush Advisers (WP)

By Dafna Linzer And Glenn Kessler

The Washington Post, September 8, 2006

Shackled and hooded, 14 men in secret CIA custody were gathered one by one from locations across the world last weekend and flown to a rallying point to await one more flight. For some of the prisoners, it was their third or fourth journey to yet another unknown destination since President Bush approved a covert plan for them to disappear into CIA facilities hidden throughout Eastern Europe and Asia.

On Sunday night, the men -- three Pakistanis, two Yemenis, two Saudis, two Malaysians, a Palestinian, a Libyan, a Somali, an Indonesian and a Tanzanian -- were sedated and placed together onto a flight to Guantanamo Bay, Cuba. They arrived Labor Day morning, an unusually quiet time at the Pentagon-run facility.

The arrival of the prisoners, witnessed by few beyond the CIA officers accompanying them, marked the end of a five-year effort by the Bush administration to conceal as many as 100 al-Qaeda suspects from the world and to shield the agency's interrogation tactics and facilities from public scrutiny. It was also the result of nearly two years of debate within the Bush White House, touched off by a personal plea from British Prime Minister Tony Blair for the release of British citizens in U.S. custody.

The debate divided the president's key advisers and kept open the CIA's "black sites" until President Bush himself, under the advice of Secretary of State Condoleezza Rice, ordered the facilities emptied for now, and possibly for good.

In a series of interviews, often on the condition of anonymity, key players from throughout the administration agreed to discuss events that led to the unraveling of one of the president's most controversial programs. Drawing on recollections and portions of personal notes, officials said major factors that pushed the president toward Wednesday's announcement were demands from allies to close sites down, an increased urgency from the CIA to find a longer-term solution to detentions and an appeal from Rice to Bush to consider the administration's legacy.

Favor for a Friend

For much of 2004, British officials pushed their counterparts at the State Department and the Pentagon to consider releasing the remaining four British men held at Guantanamo Bay. Blair's government was under pressure at home to get the men back and to denounce the Cuban facility on humanitarian grounds.

Senior lawyers representing the Office of the Vice President, the State Department, the Justice Department, the CIA and the Pentagon argued over the request. They had agreed earlier that year to release five suspects, but they couldn't agree on the remaining four.

The issue crystallized growing differences of opinion among Bush's top advisers, with Rice and Vice President Cheney increasingly at odds over the administration's detainee policies.

As debate dragged on, no consensus was ever sent to Bush for a decision. Finally, Blair raised the issue with the president during a trip to Washington that November. Officials briefed on their discussions said the president agreed immediately. "Blair said he really needed these guys, and the president was happy to help him," said one senior official who was involved in the deliberations.

Two months later, in January 2005, the four men were sent home to Britain and immediately freed. But as Cheney's lawyer David Addington had predicted, the decision opened up the floodgates of Guantanamo Bay. Over the coming months, every European prisoner was sent home and a total of 100 detainees were released.

Policymakers including Cheney and Attorney General Alberto R. Gonzales who were heavily invested in the detainee program were losing ground.

Meanwhile, State Department legal adviser John Bellinger III and counselor Philip D. Zelikow pushed for a major overhaul of detainee practices. Zelikow had been executive director of the 9/11 commission, which had recommended overhauling the detention policy to make it consistent with international norms.Hamdan Goes to Court

A turning point in the debate, senior administration officials said, came 10 months later, when The Washington Post reported the existence of the secret CIA prisons in November 2005. At the time the White House refused to confirm or deny the program but said the report had harmed national security. European leaders publicly demanded explanations and privately sought an end to both the CIA program and to incarcerations without trial at Guantanamo Bay.

The detainee issue dominated Rice's winter trip to Europe and became a prime subject between Bush and his European counterparts. After meeting with German Chancellor Angela Merkel in January of this year, Bush complained about the public "misperceptions" about Guantanamo. But by June, Bush bluntly asserted at a news conference, "I'd like to close Guantanamo." He said that the facility had become an excuse for "some of our friends" to say the United States was not upholding its values.

At the same time, Gen. Michael V. Hayden had taken over as CIA director and suggested in a speech to the agency staff that he was going to review the viability of the CIA's secret program.

That review all but collapsed later in June when the Supreme Court ruled, in Hamdan v. Rumsfeld , that detainees must be put under the protections of the Geneva Conventions, in effect declaring the CIA's program illegal.

Even though comments from the justices at oral argument had suggested that they might rule against the administration's detainee policies, the White House counsel had made no contingency plans for a loss and was stunned by the decision.

"The court's decision was much more sweeping than we expected," a senior White House official said yesterday.

Most senior Justice Department lawyers believed the ruling would force the government to close the CIA's "black sites." Other lawyers disagreed.

In a series of emergency meetings with top government lawyers after the Hamdan ruling, the CIA's legal adviser, John Rizzo, told his colleagues that the program was becoming increasingly difficult to maintain anyway. Since its disclosure in press reports, several countries had asked the CIA to close prisons on their soil and other countries had refused requests to host new ones. Other lawyers noted that it had simply damaged the ability of U.S. intelligence agencies to work with important allies on almost anything.

The lawyers ended up agreeing that the CIA could not hold the suspects indefinitely. "There had to be an end game," said one official close to the deliberations.

As a compromise, they agreed that in principle the Hamdan decision did not mean that the sites could not exist; it just meant that the CIA could no longer handle suspects outside the boundaries of the Geneva Conventions.

Hamdan "forced our hand," said White House counselor Dan Bartlett, the only administration official who agreed to speak on the record. "We knew there was going to have to be some acknowledgment that they were in our hands." Also, he said, the intelligence value of interrogations had diminished to the point where the administration thought "we could bring them to justice."The President Speaks

After nearly two dozen meetings of senior policymakers on the detainee issue, Bush convened his principal advisers at the end of August to make a final decision. Several had moved far away from the impassioned defenses of secret prisons that they had mounted a year earlier.

Rice had had a series of conversations with Bush on the detainee issue, but at that National Security Council meeting she made her final pitch for a change in policy. In front of her colleagues, according to several who attended, she said that it was important for the United States to bring the issue to closure, both on foreign policy grounds and moral grounds. She noted that the secret sites were having a corrosive effect on the nation's ability to win cooperation on a range of intelligence issues. Rice urged the president to resolve the issue rather than hand it off to his successor.

The president agreed.

"This is a paradigm shift for the administration," said one senior official who was involved.

The core of Rice's argument appeared in the penultimate paragraph of the president's speech.

"America is a nation of law," Bush said, adding that he had heard the concerns of other world leaders about the administration's detention policies. "I'll continue to work with the international community to construct a common foundation to defend our nations and protect our freedoms."

Other advisers, including Cheney, who had essentially lost out on a program he had fought to preserve, were rewarded in the speech, namely with the president's assurance, if only in theory, that the black sites program could be used again.

"It's true the program could continue, but it will never occur in the same manner that it operated before," said one influential official.

Federal Judge In Oregon Refuses To Dismiss Lawsuit Over Bush Administration Eavesdropping (AP)

By Tim Fought, Associated Press Writer

AP, September 8, 2006

PORTLAND, Ore. (AP) -- A federal judge Thursday rejected a Bush administration plea to throw out a lawsuit over the government's warrantless surveillance program, saying he is not convinced going ahead with the case would harm national security.

It is the latest of several differing rulings on a program the administration says is essential to fight terrorism, but that civil-liberties groups decry as an overreaching of presidential authority.

U.S. District Judge Garr King said he believes there may be a way for the lawsuit, filed by a now-defunct Islamic charity, to proceed without releasing information that could harm national security.

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The lawsuit was filed by the Al-Haramain Islamic Foundation, which had a chapter in Ashland that went out of business after the U.S. government labeled it a terrorist organization.

The foundation charged that two of its lawyers and at least one official were under electronic surveillance in March and April 2004. The foundation asked King to rule the surveillance a violation of a federal law that requires a special court to approve intelligence-related wiretapping.

The National Security Agency's program monitors phone calls and e-mails between people in the U.S. and people in other countries when a link to terrorism is suspected. The government has called for this and other lawsuits filed against the program to be thrown out, arguing that although it is well within the president's authority, proving that would require revealing state secrets.

"We are disappointed that the court did not dismiss the case, and we are reviewing the opinion and considering our options," Justice Department spokeswoman Gina Talamona said Thursday.

Tom Nelson, a lawyer for the plaintiffs, called the ruling "a positive development" that accommodates the government's desire to protect secrets. Eventually, he said, the U.S. Supreme Court may have to give trial judges a common direction for handling cases arising from the surveillance program.

Federal judges hearing other warrantless surveillance cases have split on the issue.

Last month a Detroit judge ordered an immediate end to the program, saying it violates free speech and privacy rights as well as the separation of powers, in a ruling that is under appeal. A hearing on whether the judge should issue a stay in that case, originally set for Thursday, has been postponed until Sept. 28; the plaintiffs have agreed that the program can continue in the interim.

A Chicago judge agreed with the government that state secrets would be exposed if a case went forward, but a San Francisco judge said the surveillance is already so well known there was no danger of spilling secrets.

The Portland case turns on what King called the "Sealed Document," information that government lawyers accidentally gave Al-Haramain lawyers in 2004 before demanding it back. King said the document is now in a secure room at the FBI's Portland office.

Al-Haramain's attorneys want to use the document to make their case, but the government says any use of it will compromise state secrets.

King said the document remains classified, despite its disclosure to the plaintiffs and to a reporter from the Washington Post.

He said he wants to consider editing the document, reaching agreement between the two sides on stipulations that wouldn't disclose state secrets, or hiring an expert to help him determine whether disclosures would result in harm.

Judge Allows Islamic Group To Challenge Wiretapping (NYT)

By Adam Liptak

The New York Times, September 8, 2006

A federal judge in Oregon yesterday allowed an Islamic charity to proceed with a suit challenging the surveillance program in which the government, without warrants, monitors some international communications of people in the United States.

The suit is similar to actions pending in Detroit and New York, but with a wrinkle: the charity says it has seen a classified document confirming that its communications with its lawyers were actually intercepted. In the other suits, the plaintiffs face the preliminary hurdle of establishing that they have standing to sue based only on the risk that there has been interception.

The charity, Al-Haramain Islamic Foundation, says the government inadvertently provided it the document in an unrelated lawsuit. The document includes a log, the charity says, of communications between its officials and its law firm that were obtained by the National Security Agency through electronic surveillance for which the government had no warrant.

According to the judge, Garr M. King of the Federal District Court in Portland, the charity has turned the document over to the F.B.I., which is holding it in a “secure compartmentalized information facility” in that city.

The government had asked Judge King to dismiss the lawsuit on national security grounds under the so-called state secrets privilege, which can require dismissal of suits in cases that would disclose classified information.

But Judge King said, “I have determined that there is no reasonable danger that the national security would be harmed if it is confirmed or denied that plaintiffs were subject to surveillance.”

Still, he said, he may revisit that issue. He suggested that the plaintiffs — the charity and two of its lawyers — could establish standing and other elements of their case by submitting sworn secret statements “attesting to the contents of the document from their memories.”

“It is no longer secret to plaintiffs whether their communications were intercepted as described in the sealed document,” the judge said.

Last month, a federal judge in Detroit ordered the surveillance program shut down, saying it violated the Constitution and a federal law; the government has appealed, and the ruling has been stayed. In July, a federal judge in San Francisco allowed a suit against AT&T over its cooperation with the program to proceed, notwithstanding the government's assertion of the state secrets privilege.

Judge King adopted aspects of those judges' reasoning regarding the privilege.

"The existence of the surveillance program is not a secret," he wrote, "the subjects of the program are not a secret, and the general method of the program — including that it is warrantless — is not a secret."

In The Defense Of Basic Rights, An Official Led A City's Defiance (NYT)

By William Yardley

The New York Times, September 8, 2006

Jeffrey L. Rogers remembers the letters, the e-mail messages and the taunts.

"You're a disgrace," one said. "When the terrorists blow up the Rose Garden, you'll be responsible," said another, referring to the 20,000-seat sports arena in Portland, Ore.

Two months after the attacks of Sept. 11, Attorney General John Ashcroft asked local police forces across the country to help federal agents interview 5,000 young Middle Eastern men as part of a nationwide antiterrorism effort.

Portland, which has long marched to a distinctive civic drummer, was the first city to refuse, citing an Oregon law that forbids such questioning if the subject is not a suspect in a crime.

Mr. Rogers, a Vietnam veteran from a prominent Republican family, was the city attorney here, making him an instant face of Portland's defiance.

"It's common sense in a less emotionally charged atmosphere," he said. "Let's say the same thing came up now. I think the reaction would be much more muted. I mean, the wounds were really fresh. It was really raw, and people were really scared."

Nearly five years later, nonetheless, the tension between protecting civil liberties and preventing another terrorist attack remains at the center of post-9/11 American life, with the disclosure that the federal Education Department shared personal information on hundreds of student loan applicants with the Federal Bureau of Investigation.

In 2005, Portland formally withdrew its Police Department from the Joint Terrorism Task Force of the F.B.I. Mr. Rogers approves of that position, though not necessarily with how civil liberties are protected elsewhere.

"We should be very worried that the way Bush and his handlers are going about 'defending the country' is eroding the essence of our country," he said. "Fortunately, history has shown that sooner of later Americans catch on to those who exploit fear, and we return to our true values."

Mr. Rogers grew up in what he called a "progressive Republican" household. His father, William P. Rogers, was attorney general in President Dwight D. Eisenhower's second term and the first secretary of state under President Richard M. Nixon.

When Nixon, as a congressman in the late 1940's, pursued espionage accusations against Alger Hiss, he did so based on advice from William Rogers, then a committee counsel on Capitol Hill.

"J. Edgar Hoover and Dad were pretty close, and I used to go to the firing range at the F.B.I. and all that stuff," Jeffrey Rogers said. "I had a lot of respect for the F.B.I."

He graduated from Yale Law School in the same class as Bill and Hillary Rodham Clinton. There are pictures of them all clowning around after moot court.

He campaigned for Mr. Clinton and has jogged with him in Oregon. Mr. Rogers is a Democrat and calls himself "pretty liberal."

Yet neither his Republican upbringing nor his Democratic views affected his actions in Portland in 2001, he said.

All that mattered was the law, which a deputy first pointed out conflicted with Mr. Ashcroft's request.

"And I believe with no question that we were right in our interpretation," he said. After 19 years in the city attorney's office, Mr. Rogers left in 2004 to pursue a second career.

He soon completed a master's in counseling psychology and now spends his days listening to the troubles of others. His specialty, according to his business card, is "lawyers, clients of lawyers and others affected by the legal system."

In some circles, Mr. Rogers is bitterly recalled as the city attorney who fought the American government rather than the terrorists. To many others, his stance was heroic.

"My favorite," he said as he recalled one note, "was that I was 'the Gandhi of Portland.' I kept that." WILLIAM YARDLEY

Video Shows Bin Laden With 9/11 Planners (WP/AP)

The Washington Post, September 8, 2006

DOJ_NMG_0059716

CAIRO, Sept. 7 -- Al-Jazeera broadcast a video Thursday showing preparations for the attacks of Sept. 11, 2001, in which al-Qaeda chief Osama bin Laden is seen meeting with some of the planners at a camp in Afghanistan.

The station said bin Laden also is shown greeting some of the hijackers, although their faces were not clear and it was not immediately known which were purportedly shown.

The video included the last wills and testaments of two of the hijackers, Wail M. Alshehri and Hamza Alghamdi.

Al-Jazeera did not say how it obtained the video, which was produced by al-Sahab, al-Qaeda's media branch. Islamic militant Web forums said the entire video would soon be posted on the Internet.

Thursday's release was the fourth in a series of long videos that al-Qaeda has put out to memorialize the Sept. 11 attacks in the United States, said Ben Venzke, head of IntelCenter, a private Virginia-based company that monitors militant message traffic and provides counterterrorism intelligence services for the U.S. government.

Venzke said the video had not been previously broadcast. "They produce long videos like these not just for 9/11, but for any significant events they feel warrant their attention," he said.

In the recording, bin Laden is shown sitting outside with his lieutenant, Muhammad Atef, and Ramzi Binalshibh, another suspected planner of the Sept. 11 attacks. Atef was killed in a U.S. airstrike in Afghanistan in 2001. Binalshibh was captured four years ago in Pakistan and is in U.S. custody.

Al-Jazeera Shows Video Of 9/11 Hijackers Meeting (LAT/AP)

The Los Angeles Times, September 8, 2006

CAIRO, Egypt — An Arab television station broadcast previously unseen footage today of a smiling Osama bin Laden meeting with the top planners of the Sept. 11 attacks in an Afghan mountain camp and calling on followers to pray for the hijackers as they carry out the suicide mission.

The sections shown on Al-Jazeera TV were part of a video that Al Qaeda announced it would release later on the Internet to mark the fifth anniversary of the airborne attacks on the United States.

The video includes the last testament of two of the hijackers, Wail al-Shehri and Hamza al-Ghamdi. It shows Bin Laden strolling in the camp, greeting followers, who Al-Jazeera said included some of the hijackers. But their faces are not clear in the video, and it was not immediately known which are purportedly shown.

In one scene, Bin Laden addresses the camera, calling on followers to support the hijackers.

"I ask you to pray for them and to ask God to make them successful, aim their shots well, set their feet strong and strengthen their hearts," Bin Laden said. The comments were apparently filmed before the attacks but never before released.

The footage was the fourth in a series of long videos that Al Qaeda has put out to memorialize the suicide hijackings against the Pentagon and World Trade Center, said Ben Venzke, head of IntelCenter, a private U.S. company that monitors militant message traffic and provides counterterrorism intelligence services for the American government.

The previous ones were issued in April and September 2002 and September 2003, each showing footage from the planning of the suicide hijackings and hijackers' last testimonies, Venzke told The Associated Press.

The latest full video probably lasts from 40 minutes to two hours, based on the past ones, he said. Al-Jazeera did not say how it obtained the video, which bore the logo of As-Sahab, Al Qaeda's media branch.

"They produce long videos like these not just for 9-11, but for any significant events they feel warrant their attention," Venzke said.

One aim is to boost recruitment, but such videos have several purposes -- "to speak to their supporters, to raise morale within their own group, to facilitate fundraising, and to serve as a psychological attack," he said.

In the footage shown by Al-Jazeera, Bin Laden is shown sitting outside in what appears to be a mountain camp with his former lieutenant Mohammed Atef and Ramzi Binalshibh, another suspected planner of the Sept. 11 attacks.

Atef, also known as Abu Hafs al-Masri, was killed by a U.S. airstrike in Afghanistan in 2001. Binalshibh was captured four years ago in Pakistan and is currently in U.S. custody, and this week President Bush announced plans to put him on military trial.

Bin Laden, wearing a dark robe and white head gear, strolls through the camp, greeting dozens of followers, some masked, some barefaced, many carrying automatic weapons.

Other scenes show training at the camp. Masked militants perform martial arts kicks or learn how to break the hold of someone who grabs them from behind. Several militants are shown practicing hiding and pulling out fold-out knives.

A voice-over narration with the video praises the mujahedeen for leaving their comfortable lives to survive in the mountains "on the soil of Kandahar" -- a southern Afghan city. Men are shown chopping wood and cutting up vegetables for dinner.

There was no confirmation of the tape's authenticity by the White House. "One by one we will bring the 9/11 plotters to justice for their vicious acts, including Ramzi Binalshibh, who is now in DOD custody," said Deputy Press Secretary Dana Perino.

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An advertisement from As-Sahab on an Islamic militant Web forum said the full video would be posted on the Web soon. In the past, such teasers have come a day or two before the video was posted.

Venzke said the full version of the video was believed to include a message from Azzam al-Amriki, the nom de guerre of Adam Yehiye Gadahn, an American who the FBI says has associated with Al Qaeda. Gadahn appeared in an Al Qaeda video released last week in which he called on Americans to convert to Islam.

It also likely includes a message from Bin Laden's deputy, Ayman al-Zawahri, though it may not be new, Venzke said, without elaborating on why he believed that.

Like the previous long videos, today's footage included last testimonies by some of the hijackers.

Al-Shehri and al-Ghamdi were each shown speaking to the camera, their image superimposed over background pictures of the crumbling World Trade Center towers and the burning Pentagon, as well as a model of a passenger jet.

They both spoke of how Muslims must stand up to fight back against the West.

"If jihad now is not an obligation (on Muslims), when will it be?" said al-Shehri, pointing to attacks on Muslims in Bosnia, Afghanistan and Chechnya.

"If we are content with being humiliated and inclined to comfort, the tooth of the enemy will stretch from Jerusalem to Mecca, and then everyone will regret on a day when regret is of no use," al-Ghamdi said.

Al-Shehri was on American Airlines Flight 11, which was the first to hit the World Trade Center. Al-Ghamdi was on United Airlines Flight 175, which hit the second tower.

The footage was broadcast on the same day Al Qaeda in Iraq released what was purported to be the first audiotape by its new leader, Abu Hamza al-Muhajer, in which he vowed victory was coming and condemned Sunni Muslims cooperating with the Iraqi government.

Al-Muhajer was named leader of Iraq's most feared terror group after his predecessor, Abu Musab al-Zarqawi, was killed in a June 7 airstrike north of Baghdad. The U.S. military has put a $5 million bounty on al-Muhajer's head.

Al Jazeera Shows Tape Of Bin Laden And Planners Of 9/11 (NYT)

By Michael Slackman

The New York Times, September 8, 2006

CAIRO, Sept. 7 — Five years ago, in the soaring mountains of Afghanistan, Osama bin Laden met with some of the men involved in planning the Sept. 11 attacks on the United States. He had a video camera rolling to document the moment.

On Thursday, four days before the fifth anniversary of the attack, that tape was made public and broadcast on the news channel Al Jazeera, allowing Al Qaeda once again to command headlines, even as its leaders remain in hiding and its organization apparently has been fractured.

A day earlier, in an interview broadcast on CBS, President Bush said it was still important to capture Mr. bin Laden.

“Of course,” he said in the interview with Katie Couric, just before giving a speech about his plans to put 14 terrorist suspects on trial. “It matters. He’s the head of Al Qaeda. But one thing is for certain, though, he’s not moving like he used to.

“Another thing is,” he added, “he’s, you know, not communicating like he used to.”

Just a few hours later, the previously unseen footage of Mr. bin Laden was being broadcast around the world, compliments of Al Jazeera. The tape shows Mr. bin Laden meeting with a top lieutenant, Muhammad Atef, who was killed in Afghanistan in 2001, and Ramzi bin al-Shibh, one of the men accused of helping plan the Sept. 11 attacks, who was captured four years ago.

Mr. Bush announced Wednesday that Mr. bin al-Shibh was one of a small group of prisoners previously held in secret prisons who had been transferred to the prison at Guantánamo Bay in Cuba and whom he wanted to face a military tribunal.

In Washington on Thursday, American intelligence officials said that they were studying the videotape but that they saw no immediate significance in its content or its release.

The most recent tape to surface from Al Qaeda is in many ways typical of the promotional materials put out by the group, with scenes of Mr. bin Laden and his lieutenants hiking in the mountains, Mr. bin Laden looking almost regal and calm beneath a white headdress and masked men carrying out paramilitary exercises and martial-arts drills. Al Jazeera said that the tape was 90 minutes long but that it chose to broadcast only three minutes of it.

The film also showed images of what were reported to be sections of the last wills and testaments of two of the Sept. 11 hijackers, Wail Alshehri and Hamza Alghamdi. Al Jazeera said several of the hijackers were shown on the tape but did not say which ones.

According to a translation of the tape provided by Al Jazeera, the men discussed the situation of Muslims in Chechnya and Bosnia.

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In one scene, Mr. bin Laden addresses the camera, calling on followers to support the hijackers, The Associated Press reported. “I ask you to pray for them and to ask God to make them successful, aim their shots well, set their feet strong and strengthen their hearts,” he said.

Mr. Alshehri and Mr. Alghamdi were each shown speaking to the camera, their images superimposed over background pictures of the crumbling World Trade Center towers and the burning Pentagon, as well as a model of a passenger jet.

They both spoke of how Muslims must stand up to fight the West.

“If jihad now is not an obligation, when will it be?” said Mr. Alshehri, speaking of attacks on Muslims in Bosnia, Afghanistan and Chechnya.

Mr. Alghamdi said, “If we are content with being humiliated and inclined to comfort, the tooth of the enemy will stretch from Jerusalem to Mecca, and then everyone will regret on a day when regret is of no use.”

Mr. Alshehri was on American Airlines Flight 11, which hit the north tower of the World Trade Center. Mr. Alghamdi was on United Airlines Flight 175, which hit the south tower. Al Jazeera said on its Web site that the tape also says that a previously unknown Arab Islamist, Abu al-Turab al-Urduni, supervised the training for the attacks. The video said the preparation for the attacks included not only flight training but also lessons in street fighting and how to forge official documents.

The reason for releasing the video seemed to be twofold: to try to breathe new life into Al Qaeda’s image, which has lately been overshadowed by the perceived success of Hezbollah in its recent war with Israel; and to warn the West that Al Qaeda is still in the picture and that it had trained many fighters who can be seen in the video.

“This tape shows to the Americans that, even after five years, we are still in the position to attack you,” said Marwan Shehadeh, an expert on Islamist movements in the Middle East who works in Jordan. “The Americans entered a war that they will not win.”

He added, “They released the videotape to prove to the Americans that their strategy in the war against terror has failed.”

Al Jazeera, a satellite broadcaster based in Qatar, did not say how it received the video, and it was not available on the Web sites normally used by militant Islamic groups, including Al Qaeda, to post messages.

Tape Said To Be From Zarqawi Successor (USAT/AP)

USA Today, September 8, 2006

CAIRO — Al-Jazeera TV broadcast an audiotape Thursday that was said to be the first released by the new leader of al-Qaeda in Iraq, who succeeded Abu Musab al-Zarqawi three months ago.

In the tape, Abu Hamza al-Muhajer, also known as Abu Ayyub al-Masri, said he was confident that victory will be achieved, and he called on all mujahedin to unite on the battlefield, Al-Jazeera reported.

It played a brief excerpt from the tape, in which the speaker said, “Our enemy has unified its ranks against us. Isn't it time to get together, worshipers of God?”

Al-Muhajer, a previously unknown militant, became the leader of the terrorist group after Zarqawi was killed in a U.S. airstrike June 7.

In other Iraq news:

·Attacks across Iraq killed at least 25 people. In Baghdad, six bombings killed at least 17 of the 25. The U.S. military command also said two soldiers and a Marine were killed Wednesday in separate incidents. One soldier and the Marine died in Anbar province west of Baghdad and the other soldier near Hawijah, 150 miles north of the capital.

·A parliamentary session degenerated into a shouting match during a debate on federalism when Sunni Arabs accused the majority Shiites of seeking to carve Iraq into sectarian enclaves.

·Iraq's government ordered the Arabic satellite network Al-Arabiya to shut down its Baghdad operations for one month, state television reported.

DAN K. THOMASSON: Keeping Us Safe From Bows And Arrows (SCRIPPS)

Scripps Howard News Service

Scripps Howard, September 8, 2006

WASHINGTON (SH) - Last June, Attorney General Alberto Gonzales made a dramatic announcement: The FBI had broken up a major terrorist cell in Miami and had arrested its leaders, who were in the early stages of plotting to blow up several government targets and the Sears Tower in Chicago.

But published reports based on court documents and testimony make it obvious that if brains were dynamite, the alleged terrorists couldn't blow their own noses.

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Furthermore, much of their plotting seems to have been furthered by the FBI itself. In fact, the bureau, through the good offices of an informant, actually conducted a formal ceremony inducting the alleged culprits into al-Qaida, administering a solemn oath in a comic-book ritual.

This truly bizarre affair began when the son of a Louisiana Christian minister (who thinks the son is nuts) contacted an acquaintance who is of Middle Eastern extraction to tell him he was interested in conducting jihad and needed help. The man was an FBI informant who reported this to the bureau, which offered to supply him with the wherewithal for an elaborate sting. As the operation proceeded, any number of utterly improbable schemes - including the establishment of Muslim armies under the flag of a new nation of Moors - began to take shape, at least in the minds of the alleged culprits, egged on by another bureau informant posing as an al-Qaida contact man and possible financier.

Much of the scheming took place in an old warehouse, where the alleged terrorists sat around dreaming of a new world and practicing their military prowess with karate and machetes. They called it their embassy. But the bureau didn't like that arrangement, so it had the informant provide a rent-free place for training that lent itself more to FBI surveillance.

The Miami leader brought in a Chicago associate, a convicted rapist who called himself Sultan Khan Bey, and his wife, Queen. This threat to national security (real name: Charles Stewart) announced his plans to set up a 10,000-man army that would be dress in green uniforms and carry bows and arrows. Presumably, he would turn Chicago's Grant Park into Sherwood Forest. But he squealed on his Miami partner when the two had a falling-out and the partner even took a shot at him.

To add a little reality to the situation, the FBI had its chief informant, who seems to have hatched most of the plot himself, tell the conspirators that al-Qaida wanted to attack FBI buildings in Miami, New York, Washington and Los Angeles. The informant then provided the jihad team with a camera to take pictures of the FBI field office headquarters in Miami to authenticate his claim.

It certainly doesn't take any legal genius to see that the first line of defense in all this would be entrapment, and that is what lawyers for the alleged terrorists have been quick to assert. After hearing the evidence, one of the initial magistrates reportedly was so dismayed that he noted that the plans seemed far beyond the defendants' abilities to carry out.

That the bureau would waste untold man hours and who knows how much money on these cartoon characters is more than a little evidence of the administration's need to convince Americans that it is on the job 24/7 when it comes to ferreting out threats to the homeland. A few minutes of listening to the clownish conspiracies should have convinced any intelligence expert that these pitiful plotters couldn't pull off a liquor-store heist. They were and are petty criminals at best.

Worse than that, it reveals a major flaw in the nation' counterterrorism efforts - the FBI's traditional reliance on informants who have their own interests at stake. Not only is the pay good (the first informant received $10,500 for his work plus $8,500 in expenses, and the second was given $17,000 for his efforts), often their own freedom from federal charges may depend on helping to encourage prosecutable conspiracies. In the Miami case, both informants had reasons beyond money to make this a big deal: One had previous arrests for assault and marijuana possession, and the second won political asylum here.

If the Justice Department and the bureau have that much manpower to waste on this nonsense - bows and arrows, for goodness' sake! - we should all be a bit frightened. The guys who ran this sting had to be right out of FBI school. In the old days, no self-respecting agent would have come near it.

Dan K. Thomasson is former editor of the Scripps Howard News Service.

Danish Investigators Fear Evidence Is Insufficient To Hold 5 Suspects In Possible Bombing Plot (NYT)

By Dan Bilefsky

The New York Times, September 8, 2006

ODENSE, Denmark, Sept. 7 — Danish investigators expressed concerns on Thursday that the evidence gathered of what is suspected of being a terrorist bombing plot, which Justice Minister Lene Espersen has called the most serious in the history of the country, could be too weak to hold five of the seven men who remain in custody.

Hans Jorgen Bonnichsen, a former operational chief of Danish intelligence, told the Danish radio broadcaster DR that the intelligence service faced a difficult challenge. While it had evidence of a potential attack, he said, it might have acted before it could be determined whether the evidence was sufficient to stand up in court.

For Danish investigators, the case recalls an incident in 1996, when three Egyptians were accused of planning to blow up a bridge, the Israeli Embassy and a train station in Copenhagen. Ultimately, the three were acquitted because of insufficient evidence, and the judge ordered the government to pay each of them $15,000 in compensation.

Hans Kjellund, a defense lawyer for the Egyptians, said the current case illustrated the growing challenge faced by intelligence services to act to prevent terrorist attacks.

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"The legal challenge for prosecutors in a case like this is: do you have enough evidence to show that suspects intended to commit a crime or were the suspects in the realm of thinking rather than doing?" he said. "While intelligence services can't afford to wait to prevent a terrorist attack, judicial authorities need to prove a crime was committed before they can act."

It also emerged Thursday that, just 90 minutes before the police crashed through his door in a sweep aimed at foiling what was alleged to be a terrorist plot, one of the suspects wrote an e-mail message to the editor of the Danish newspaper Politiken in which he railed against anti-Muslim hysteria, the paper reported Thursday.

In the message, the suspect, a recent convert to Islam, cited the authors of a new book, "Islamists and the Naïve," which compares Islam to Nazism and communism.

It was written by Karen Jespersen, a former interior minister from the Social Democrat Party, and her husband, Ralf Pittelkow, a columnist for Jyllands-Posten. It was that newspaper that provoked Muslim fury last year when it was the first to publish cartoons lampooning the Prophet Muhammad.

"Yes, there is fanaticism in Denmark and you have to ask yourself why the Danes are so hostile to foreigners," the letter says. "The answer is very simple for us Muslims living here," it continued, before mentioning Ms. Jespersen and Mr. Pittelkow, who was an adviser to Poul Nyrup Rasmussen when he was prime minister.

"He supports ridiculing people," the e-mail message said of Mr. Pittelkow.

The book has created a sensation in Denmark, in part because its authors are former leftist intellectuals who once advocated tolerance but now argue that anyone underestimating the threat posed by Islam to Denmark and the West is naïve.

Some have criticized the book for incendiary language that mimics the style of the far-right Danish People's Party, which advocates a zero-tolerance approach to immigration, and contends that Islam is incompatible with Denmark's liberal values. Ms. Jespersen and Mr. Pittelkow did not return phone calls on Thursday.

Asked in an interview in Politiken on Saturday how she could equate Islam with Nazism and communism, Ms. Jespersen responded: "We compare it to underline what kind of forces we are up against. It doesn't matter how many or how few there are. The link between politics and religion makes Islam a totalitarian movement, and it is gaining ground in the Middle East and Europe."

Wanted: Global Teamwork On Terrorism (WP)

By Jim Hoagland

The Washington Post, September 8, 2006

MOSCOW -- There is one way, at least, in which Americans are safer from surprise attack five years after Sept. 11, 2001. They live in a world that is more on guard against jihadist terrorism and more ready to act to foil it.

Other nations have also had to come to terms with the threat of indiscriminate attacks on their soil or citizens by radical Islamic extremists who see their struggle as a global one. Many abroad have gone from merely sympathizing with the overwhelming sense of vulnerability visited on Americans on that day of horror to sharing it.

This week alone, Denmark announced it had foiled a terrorist plot, Jordan captured a gunman who murdered and wounded tourists for motives that remain unclear, and Britain and Germany moved ahead with separate investigations of bomb conspiracies targeting U.K. airliners and German trains.

Morocco, meanwhile, uncovered an al-Qaeda-linked plot. And it was European and Canadian troops under a NATO command -- not U.S. soldiers -- who took the heaviest casualties in Afghanistan.

Here in the Russian capital, the second anniversary of the Beslan school massacre was marked with a mixture of somber ceremonies and political invective that seemed similar to the mood brought to Washington by the approaching Sept. 11 anniversary. And a transatlantic poll released by the German Marshall Fund on Wednesday reported that Americans and Europeans are in close agreement that the three greatest threats to global peace over the next decade are terrorism, Iran getting a nuclear weapon and radical Islamic fundamentalism.

But if the sense of vulnerability has spread abroad in the past five years, the international response to the threat of terrorist assaults has remained far from being unified or even particularly coherent. The greatest task for the next five years in the post-Sept. 11 era is to create and manage a truly integrated international campaign to displace and contain jihadist terrorism as a political weapon.

The Bush administration can help start that effort by adjusting the rhetoric, goals and style of its war on global terrorism. That is particularly true when its statements will reach non-American audiences. They are increasingly aware that they, too, are in the sights of religiously and racially inspired fanatics but are hard put to see how Washington's approach will help protect them as well as the U.S. homeland, which has been spared since 2001.

The White House should acknowledge that the gains in global vigilance and intrusive police work thus far have largely been a case of collateral help: These gains have everything to do with self-interest and only secondarily with U.S. leadership.

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Other nations have adopted cumbersome and spotty security measures at airports, government buildings and other sensitive spots -- the long-term legacy of Sept. 11 -- to protect themselves first and foremost.

Self-interest in this area should not be disdained, or obscured by U.S. boasts that the war on terrorism and a coalition assembled by Washington are alone responsible for keeping terrorist networks off balance and on the run. Americans need to be told by the president and his senior aides more, and more often, about the role that European, Asian, Arab and other forces and investigators are playing in this effort.

The White House paid passing tribute to the international dimension of this broad conflict in the new National Strategy for Combating Terrorism released on Tuesday as part of a pre-anniversary campaign to argue that it has made the world and the country safer. Terrorists have struck "from Bali to Beslan to Baghdad," the document notes.

But it then fails to make vital distinctions that separate the motivations and methods involved in the attacks on Western tourists in Indonesia, schoolchildren in Russia and Iraqi Shiite worshipers at holy shrines that the alliterative phrase conjures. The White House paints the terrorist threat with such a broad brush -- as does the phrase "Islamic fascism" -- that other nations may have difficulty finding their own interests and concerns being addressed.

Five years have not been nearly enough time to erase the particularly American nature of the anger, fear and determination that seized the nation in response to the unjustifiable atrocity of Sept. 11. Five hundred may not be long enough.

But it has become clear in five years that jihadist terrorism is not a uniquely American problem, and the responsibility for resolving it is not uniquely American, either. An opportunity to harness a broader, more coordinated international response is now available to Washington. But is the skill?

HOMELAND RESPONSE:

FBI: Homegrown Terror Is A Minority (WP/AP)

By Michael J. Sniffen, The Associated Press

The Washington Post, September 8, 2006

WASHINGTON -- FBI Director Robert Mueller sees a rising threat from homegrown terrorists but cautions that foreign groups are far from vanquished and still consume more bureau resources.

"We have certainly hundreds" of people within the country that the bureau is investigating with varied levels of intensity, Mueller told a group of reporters Wednesday. "But if you're looking at terrorism across the board ... we have several thousand cases."

That includes not only criminal cases headed for prosecution but also intelligence cases to gather information, he said.

With attention lately focused on the arrests of four groups of largely homegrown plotters in the past year in Miami; Atlanta; Toledo, Ohio; and Torrance, Calif., Mueller took pains to point out that al-Qaida and other international terrorists still represent a large threat.

"We've decimated al-Qaida's leadership and taken away their sanctuary, but there are still individuals in the al-Qaida hierarchy who are capable of organizing, financing and supporting attacks in the United States or against United States interests around the world," Mueller said.

"One cannot dismiss the potency of al-Qaida to undertake attacks," he added, but there are now also groups here and in other countries "motivated by radical Islamist ideology to undertake actions on their own."

Mueller added that many of the bureau's domestic cases "may have ties overseas."

The number of overall terrorist investigations has remained fairly static for the past two years after spiking immediately after the Sept. 11, 2001, attacks and after passage of the USA Patriot Act, Mueller said.

And FBI Deputy Director John Pistole said, "Many, if not most, of those cases are dealing with material support for terrorism. These are not bomb-throwers; these are people out there raising money or recruiting."

With the rise of homegrown plots here and aboard, Mueller said the bureau is putting some of the new resources it acquired after 9/11 to work on trying "to identify the various stages of radicalization and ... those who would be vulnerable to radicalization and those who would do the radicalization, so you could address them before they could engage" in attacks.

These include doubling the number of FBI intelligence analysts and tripling its linguists and putting analysts in all 56 bureau field offices. At the same time, the FBI has ramped up its regional joint terrorism task forces from 35 to 101 since 2001, expanding the number of federal, state and local agents assigned to them from 1,000 to nearly 4,000.

The FBI is looking at where radicalization can occur. Mueller said this was not necessarily in mosques but anywhere radical fundamentalism could be taught by individuals or even one charismatic individual, including gyms, schools, universities and prisons.

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"I hope the American people understand this problem (of terrorism) is going to be with us for a substantial period of time," Mueller said, "and the FBI does a heck of a good job."

He added that the bureau had expanded its resources and transformed its anti-terrorism focus from after-the-fact arrests to prevention while "we've maintained our operational tempo" against public corruption, organized crime, civil rights, white collar crime and gangs.

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On the Net:

FBI: http://www.fbi.gov

Officials On Alert For A Different Sort Of Terrorist (LAT)

By Richard B. Schmitt

The Los Angeles Times, September 8, 2006

WASHINGTON — Five years after the Sept. 11 attacks, federal law enforcement and intelligence officials are struggling to adapt to an increasingly worrisome threat: homegrown terrorists both in the U.S. and abroad who are not directly connected to Al Qaeda or other recognized terrorist groups.

Their concern is driven by recent arrests of suspected terrorists accused of plotting mayhem in countries including Germany and Denmark, as well as an alleged Canadian-based plot involving American citizens and a separate alleged plot centered in Torrance.

Though they have not discounted the continuing grave threat that even a splintered Al Qaeda network poses, U.S. officials said the enemy from within was posing a new and challenging danger.

U.S. Atty. Gen. Alberto R. Gonzales and FBI Director Robert S. Mueller III addressed the subject in interviews this week marking the fifth anniversary of the attacks in New York and near Washington.

"When you are talking about people that live and work in neighborhoods in this country that receive training over the Internet, that are radicalized over the Internet … it presents different challenges for the law enforcement community to try to identify them," Gonzales said Tuesday. "What we are seeing is a rising threat of homegrown terrorists … not just in this country but all over the world."

Gonzales addressed the issue again Thursday during a speech in New York in which he called for greater cooperation between federal authorities and state and local crime fighters. He said terrorist groups such as Al Qaeda were "finding disaffected souls in neighborhoods, mosques, prisons and universities all over the world, including our own backyards."

Mueller said Wednesday in a briefing with reporters that the bureau had "certainly several hundred" individuals under investigation in the U.S. as part of terrorism-related intelligence and criminal probes. He said the bureau was also devoting more resources to understanding the "radicalization" process — how people come to embrace extremist views.

"One cannot dismiss the potency still of Al Qaeda to undertake attacks. But by the same token, there also are those groups of individuals, as we have seen in various countries, that are motivated by radical Islamist ideology to undertake actions on their own," Mueller said.

Among other recent cases, he cited the arrests in Denmark this week of nine men — including an ethnic Dane — suspected of gathering explosives for a terrorist plot.

The FBI's deputy director, John S. Pistole, said during the same briefing that most of the subjects of U.S. investigations were being examined for their financial ties to terrorist groups rather than as actual operatives. "These are not bomb-throwers for the most part," Pistole said. "These are people who are out there raising money."

In a way, the statements show how concern about domestic threats has changed since the immediate aftermath of Sept. 11, when officials were focused on the possibility of a second round of attacks on the homeland.

When that did not materialize, "our attention on this issue receded," said Bruce Hoffman, a terrorism expert at Georgetown University's School of Foreign Service. "We were lulled into complacency."

One major reason, Hoffman said, was the universality with which American Muslims condemned the attacks. Leaders of many mosques around the country began actively cooperating with investigators.

But that has only driven terrorist wannabes to find other places to assemble and conspire. The July 2005 London subway bombings showed how terrorists had become more likely to recruit at gyms or health clubs or bookstores — places that law enforcement officials were not customarily targeting.

The ability to reach potential converts over the Internet is also enabling terrorists in countries thought to be immune from attack, experts said. For example, until the August arrests in Berlin of two Lebanese men accused of plotting to bomb two trains, many Germans did not consider their country a high-profile target in part because of their government's opposition to the Iraq war.

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The recruiting of homegrown converts is also changing the traditional profile of suspects.

"I think what really disturbs [U.S. officials] is to see growing numbers of people who do not fit any profiling model — they are not from the Middle East; they are not converted to any religion," said Evan Kohlmann, a terrorism expert who has advised the Justice Department in several terrorism prosecutions. "It is like a stealth convert — someone who radicalizes on their own. It is very difficult to find someone like that."

Echoes Of 9/11 Define Life 5 Years Later (NYT)

By Ralph Blumenthal

The New York Times, September 8, 2006

The echoes of Sept. 11, 2001, clatter through American life with continuing, tangible effect.

In many smaller towns and cities, shiny new fire trucks are the civic antidote to uncertainty — and the practical need to spend what the Department of Homeland Security dishes out. Other things Americans carry from that day are tiny and poignant, like Rick Edmond's flashlight, always on hand against a return of the darkness that he remembers in the corridors of the Pentagon.

Ideas have been amplified and altered by time, war and ideology into things never known or thought about. What does that head scarf say about where your loyalties lie? Who walks with the dead from Iraq and Afghanistan and tells the stories of what they believed in life and why they died?

Some echoes define a country at five years in ways many Americans have stopped even thinking about, because they are just life now. Here are five people in five cities — all of them uncertain in different ways about where they have come to, but resolved to some action or declaration on the nation's road forward.

A Son And Soldier Unafraid, A Family Nonetheless In Grief (NYT)

By Ralph Blumenthal

The New York Times, September 8, 2006

The flag that covered his coffin lies boxed on the television set with shell casings from the salute fired in his honor. His medals shine from a display case, along with the grinning portrait that sat beside his empty combat boots, inverted rifle, helmet and dog tags the day his Army buddies in Iraq filed past to say goodbye.

Two and a half years after he was killed in an ambush in Baghdad, Specialist Scott Quentin Larson Jr. still fills the modest home of his parents, Scott and Mary Larson, and their three other children in the northwestern suburbs of Houston.

The city has suffered the greatest number of American deaths — 27 as of Sept. 7, according to icasualties.org, a Web site that tracks military casualties — in the two wars, in Iraq and Afghanistan, that are consuming a newly terrorism-aware America.

Six-foot-4, 255 pounds when he enlisted and 197 pounds after basic training, he looms from photos that line the walls, along with a poem and a favorite Bible verse, from Psalm 144, beginning, "Praise be to the Lord my rock, who trains my hands for war, and my fingers for battle."

Remembering, Mrs. Larson, 52, a school administrator, grew misty eyed.

"A day does not go by. ..." she said, her voice trailing off. "When I wake up, when I'm getting dressed, I see his picture."

Mr. Larson, also 52, a broker for property and casualty insurance, nodded in agreement.

"There's six of us, and one of us is not here," he said. "That's never going to change."

But he said, "We're just so grateful for the 22 years we had him."

Like their son, the Larsons said, they support the war.

"He felt like we do, there was a purpose for it," Mr. Larson said. "We're obviously disappointed it has not worked out as everyone hoped. But the point was to enforce the U.N. resolution and fight the war on terrorism."

Specialist Larson today would undoubtedly be wondering too, he said, "why all the Muslims are killing each other.''

"We liberated you for a new start,'' he said. "Why are you doing this to your country?"

But Mr. Larson said, "He probably would have re-enlisted."

"He said, 'All the good things happening, the press is not reporting that,' " Mr. Larson said.

Well before the war, their son had been determined to serve, recalled the Larsons, who come from Navy families. He was "dabbling" in college courses and waiting tables at a Bennigan's restaurant.

"That's where he put on the weight," Mrs. Larson said.

Then came the Sept. 11 attacks.

"That's when it started,'' she said, recalling her son's declaration several months later, as he joined the Army: "O.K., this is it. It's my duty to my country.''

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Trained as an elite cavalry scout, he was manning the heavy gun on a Humvee escorting Iraqi troops near the Baghdad airport on April 5, 2004, when the convoy drove into an ambush. A bullet hit the round ring on his rifle, sending it into his body.

He died eight hours later. No one else in the unit was even injured. But that week proved the deadliest of the war until then for American forces, with 64 killed.

Mrs. Larson was working in the assistant principal's office at Cypress Creek High School in Cypress-Fairbanks, a suburb, the afternoon when an Army chaplain and another soldier walked in.

"They didn't say anything to me, but I knew," she said. "I saw them; I just knew.''

The principal called her husband at his insurance office. "Scott," he said, "you need to get over here."

Their son, a born-again Christian and an avid member of their Southern Baptist congregation, was not afraid of dying, they said. He began missions with a prayer that if anyone was to be killed, it should be him "because I know where I'm going."

The Larsons said that seeing the crawling bulletins on telecasts announcing combat deaths filled them with dread because they knew what the families would be suffering.

"This is an evil world, but good has to stand up, and there has to be a cost," Mr. Larson said. "For us, it was our son."

At The Pentagon, A Shared Symbol Of Security For The Next Time Darkness Falls (NYT)

By Ian Urbina

The New York Times, September 8, 2006

Rick Edmond calls it the brotherhood of the flashlight. They are men and women, some military, some civilian, working at the Pentagon, who feel that it is only a matter of time before they will be hit again and who, like Mr. Edmond, paid $4.99 for a tiny share of personal preparedness.

"The next time it goes dark here, I want to be ready," Mr. Edmond said, holding the five-inch metal flashlight he keeps with him at all times. "This place might as well have a bull's-eye painted on the side."

On any other day, Mr. Edmond would have been at his desk that Tuesday morning five years ago, when the tip of the 757 jetliner crashed into his office. But he had gone to a meeting. To this day, he carries the burden of guilt and the sense of duty instilled by that near miss. The plane that struck the Pentagon on Sept. 11, American Airlines Flight 77, did so within an hour of the attacks on the World Trade Center, killing 189 people.

"My friends say that I shouldn't go back, considering how close it came," he said. "For me, that's exactly why I keep going back."

His biggest act of bravery, he said, was to return to work the next day. Coping, however, has come in smaller actions, he said. One such act is the so-called brotherhood of the flashlight, which started with buying what dangles from his colleagues' key chains and tugs on their belts.

"One thing you notice about the hallways here is that they're really bright and really clean," said Mr. Edmond, who has worked at the Pentagon, in Arlington, Va., since 1993, coordinating communication satellites, and who retired from the Army in 1995.

The day after the plane struck, though, the halls reeked of jet fuel. The roof was a waterfall as firefighters continued to battle flames above. But it was the pitch blackness of the halls that shocked Mr. Edmond as he toured the wreckage.

"It just felt surreal,'' he said. "This place we thought invincible had no lights."

At home, as Mr. Edmond, 52, turns out the light each night, his thoughts turn to his recurring nightmare. In it, he finds himself pushing a cart down a Pentagon hallway when suddenly something unseen blocks his path.

"The lights are on, and I can see that no one is there blocking my way," he said. "Then I realize it's some ghost and I wake up."

At the Pentagon, rebuilding is complete. The hallways are again well lighted. Mr. Edmond said that for a long while after the attack, he noticed that many of his co-workers preferred to look away from the eye of the building, the central courtyard where bodies were stored in a makeshift morgue. Many fixed their gaze instead on the faces of those passing in the hallways, he said, where there was, and still is, earnest camaraderie and a sense of mission.

In those hallways, there are a lot of little flashlights.

"No one ever talks about it, but everyone seems to have gone out and bought one of these," he said, with a chuckle, as though recognizing what a small safeguard the flashlights represent.

Sometimes, in the halls, at the copy machines or in the cafeteria, two people with flashlights exchange a knowing glance, he said.

"I was meeting with a friend of mine who is a lieutenant colonel here and he saw mine and held up his," Mr. Edmond said. "We just sort of both shook our head."

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It's A Simple Scarf, But Its Meaning Is Much More Than Faith (NYT)

By Neil Macfarquhar

The New York Times, September 8, 2006

Everything seemed to be going well, recalled Dena al-Atassi, a young college student planning a career as a diet consultant, until her prospective boss caught sight of the head scarf she wears as a devout Muslim.

"She said something like, What the heck is that on your head?'' Ms. Atassi said in an interview at a recent Muslim conference in Chicago. "I don't remember the exact words, but I will always remember the derogatory tone."

Ms. Atassi, 21, said she argued that her head scarf would not interfere with her work, that the fleshy women who flocked to the Maryland office of the Jenny Craig diet chain where she had been a trainee seemed to appreciate the fact that she dressed modestly and avoided flaunting her own slim figure.

But the supervisor in the Jenny Craig office in Florida where Ms. Atassi hoped to relocate last summer was not moved, she said, and the job never materialized.

"She wanted her office to look all-American," recalled Ms. Atassi, who reported the incident to a prominent Muslim advocacy group at the time.

Norma Hubble, Jenny Craig's vice president of operations, said the supervisor in the Florida office no longer worked for Jenny Craig but "to the company's knowledge, neither Ms. Atassi's religion nor her religious dress was a factor in any employment decisions affecting her.''

Jenny Craig "has a policy of nondiscrimination on the basis of religion,'' Ms. Hubble said in a statement, "and it complies with all federal and state laws regarding employee requests for religious dress accommodations.''

Cozette Phifer, the spokeswoman for Jenny Craig, confirmed that some staff members wore head scarves.

Before Sept. 11, Muslim women who wore head scarves in the United States were often viewed as vaguely exotic. The terrorist attacks abruptly changed that, transforming the head scarf, for many people, into a symbol of something dangerous, and marking the women who wear them as among the most obvious targets for those who deem the faith threatening.

Muslim leaders call discrimination a problem for many of the faithful, particularly for women like Ms. Atassi who wear head scarves and who say they face widespread discrimination in their careers and in their daily lives.

Born to a Syrian father from a prominent political clan and an American mother who converted from Christianity, Ms. Atassi said she was the only Muslim at Flagler-Palm Coast High School in Bunnell, Fla., a wealthy area in the northeastern part of the state. During a three-year stay in Syria as a teenager, she began taking private religion classes and, she said, noticed that veiled women showed a self-confidence lacking among American women, who seemed to her to be trying to transform themselves into a Barbie-doll ideal.

"I would meet women who were not attractive by Western standards,'' Ms. Atassi said, "and when I told them, 'You look beautiful,' they would say, 'I know, thank God.' They really believe it. The veil facilitates inner strength, a greater feeling of self-esteem."

Ms. Atassi began wearing a head scarf, or hejab in Arabic, at age 16, along with a floor-length trench coat.

About a year later, in July 2002, she said, she was passing through the airport in Amsterdam on her first trip outside the Arab world after the Sept. 11 attacks, when the security screeners singled her out, questioned her and made her remove her coat. Feeling violated, she said, she tore off her scarf in a bathroom and wept.

"I had gained such a strong relationship with God that I didn't want to do anything to distance myself from him, and I felt like I was doing just that," she said.

The head scarf stayed off for eight months. But she said she felt like a hypocrite as, bareheaded, she waged a campaign against anti-Muslim stereotypes at the University of Central Florida, where she is chairwoman of the Florida chapter of the Muslim Students Association. After she began wearing a head scarf again, she said, death threats and other offensive telephone calls salted with expletives started the very next weekend.

Discriminating against people because of their religion is illegal in the United States. But it is difficult to prove, and many victims avoid even speaking about it publicly out of fear it may affect job prospects or bring other unwanted attention. Ms. Atassi said that her stepmother had removed her own head scarf after Sept. 11 and kept it off, afraid of her co-workers' reaction. Ms. Atassi said she did not want to live that way.

"I made the decision when I put it back on that I will never take it off again," she said.

Rise Of Municipal Preparedness Comes With No Few Headaches (NYT)

By Kirk Johnson

The New York Times, September 8, 2006

DOJ_NMG_0059726

The Fire Department in Colorado Springs is called out hundreds of times a year to deal with things like oil spills on the Interstate, gas pipeline leaks or the odd chemical residue left over from illegal drug labs.

And since this summer the hazardous-materials team has responded to those calls by tooling out in a shiny new vehicle paid for by taxpayers around the country through a grant from the Department of Homeland Security.

In cities and towns across the United States, five years of fighting terrorism has come closest to home in the form of modern emergency preparedness — or, critics would suggest, old-fashioned political pork.

Sloppy management has also been a big issue. The State of Colorado, one of those under greatest scrutiny, had to return $1.5 million to the federal government this year after a state audit found that the money had been improperly allocated. The inspector general's office at the Homeland Security Department opened a subsequent audit this summer.

Bret Waters, director of the Office of Emergency Management in Colorado Springs, said he certainly would not defend every decision made in the spending of more than $154 million that has flowed into the state for domestic security since 2003. But echoing local officials in many other parts of the country, he makes no apologies for the fact that acquisitions like new haz-mat and communications trucks allow his city of 370,000 to be better equipped to handle the routine misfortunes of urban life.

In this age of sleeper cells and other hidden threats, Mr. Waters said, his job is to prepare Colorado Springs for the risks that are not routine. And the best way to do that, he said, is to bolster every element in the city's disaster plan, get the best equipment and then put that equipment in the field to practice with day after day.

"If you don't use your equipment, if you wait until a terrorist event happens, you won't know how to use it," he said. "If I set pieces of equipment in closets until there's a terrorism attack in the city of Colorado Springs, I think we'd be foolhardy."

Still, Mr. Waters, a trim California native who arrived in Colorado Springs a year ago to oversee emergency planning and operations there, said politics had colored the process. Denver in particular, by far the state's leading population center, throws around too much of its influence, he said, and so lands even more antiterrorism money than is warranted by its status as a possible large-city target.

"The obvious risks are obvious to everybody," he said. "You have to protect the Golden Gate Bridge, you have the ports, whatever. The less obvious it is, the more challenge."

In addition, Colorado Springs has to share the money it gets — about $9.3 million in federal domestic security grants since 2003 — with a surrounding five-county region the size of Connecticut and Rhode Island combined.

But an even bigger wrinkle, Mr. Waters said, is that the definitions of risk have continued to evolve since the Sept. 11 attacks, especially in the year after Hurricane Katrina. Guidelines for federal grant applications since the hurricane have specifically encouraged consideration of risks broader than terrorism, he said, including natural disaster. That makes local decisions even harder to make, because the what-if menu grows all the time.

The neighbors are a complication as well. Colorado Springs has numerous military installations in its backyard, including Fort Carson, Peterson Air Force Base, the United States Air Force Academy and headquarters of the North American Aerospace Defense Command.

The city has prospered from those associations. Thousands of military people who were once stationed in the area have stayed on in retirement, contributing to its economy and its conservative, stiff-spined character.

But whether the military bases increase or reduce the burden of possible terrorism is a different matter. On one hand, even if they add to risk, they have their own security budgets to deal with it. Yet they cannot guarantee protection of the city, Mr. Waters said.

And neither the state nor the federal government has imposed any objective standards for determining how the pieces should fit together.

"It's more like, 'Locals, figure it out,' " he said. "Some have done better than others."

A Post-9/11 Identity Shift (LAT)

By Louis Sahagun

The Los Angeles Times, September 8, 2006

A Muslim homemaker from La Habra Heights, assuming authorities monitor her charity donations, has stopped giving to "any Muslim charity that touched my heart" and now contributes to less-suspected organizations.

In Sacramento, a young imam has broken with an ancient tradition among Muslim prayer leaders by shaving part of his beard to appear less threatening to non-Muslims.

Since Sept. 11, 2001, they say, increased scrutiny and suspicion have made them more cautious about expressing their faith. Other California Muslims have taken a different approach.

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In Irvine, a 19-year-old hijab-wearing UC Irvine student and others in her school's Muslim Student Union staged a program in May critical of Israel called Holocaust in the Holy Land. She also helps organize rallies and fundraisers to support Muslims whom she believes have been unfairly targeted by federal investigators.

The experiences of the homemaker, the imam and the student reflect the transforming and sometimes contradictory effects of Sept. 11 on Muslims in the United States. In the five years since the terrorist attacks, some Muslims have tried to be less visible, others more bold, as they live and work beside their fellow Americans.

"We are witnessing the creation of a new Muslim American identity that is still a work in progress," said Zahid H. Bukhari, director of the American Muslim studies program at Georgetown University.

"In times past, it happened to African Americans, Latinos, Jews, Japanese and Catholics; now, it's Muslims' turn to become part of the fabric of American life," he said. "Before 9/11, many Muslims were physically here but mentally living back in their homelands. That is starting to change."

Many who study U.S. Muslims say that, without Sept. 11, it might have taken the diverse, reclusive and largely immigrant community another decade to enter the public square.

The acts of terrorism on American soil forced them into it, albeit under what some Muslims believe are the prying eyes of government, the media or neighbors.

They speak of shifting to unlisted telephone numbers or obtaining post office boxes so they don't have to reveal their home addresses. Some have stopped going to mosque prayer meetings.

Compounding problems is an almost predictable increase in tensions and intimidation — vandalism, break-ins, slurs — after every arrest of a suspected terrorist who is a Muslim.

"The terrorists are just everyday Muslims following their satanic cult," read a recent e-mail to the Muslim Public Affairs Council in Los Angeles.

"It's an amazingly exhausting job being Muslim in America these days because we're always on," said Napha Phyukal Quach, a member of the Al-Fatiha Islamic Center in Azusa.

For some Muslims, the best way to respond is to embrace American institutions. A Georgetown University study in 2003 found that 93% of those surveyed believed that it was important to join the American political process.

That was the conclusion of Zubeida Khan, whose family's commitment to Islam is so strong that even Muslim friends jokingly call them "The Mullahs."

The La Habra Heights homemaker had come to the United States from India in 1977, under the terms of a family-arranged marriage, to wed Iftikhar Khan.

Her husband went on to become a cardiologist. In 1998, the couple and their two sons moved into a spacious hilltop home 15 miles east of Los Angeles.

For years, "I was content being a housewife," said Khan, who does not cover her hair with a hijab, which is not mandated by the Koran, but always dresses modestly in long-sleeve blouses and long skirts or pants.

Then came 9/11.

"With people being arrested left and right and negative images of Muslims filling the news, I told my sons to keep a low profile," recalled Khan, 49. "But I also felt I had to step out of my home and into the real world to stand up for Muslims and tell people what Islam really stands for: peace, mercy, equality for all. Surrender to God."

Khan began inviting people who might help promote understanding — city officials, pastors and rabbis — to her home for face-to-face talks.

A few years earlier, the Khans had supported a successful effort to preserve a swath of nearby hills from development.

After 9/11, they helped campaign door to door for City Council candidates and served on La Habra Heights' budget advisory committee. She volunteered for the board of trustees at Beverly Hospital in Montebello.

She also joined the Muslim Public Affairs Council Foundation in 2003 and now serves as the treasurer of its board.

Stirring a traditional Indian curry dish in the kitchen of her home, which is adorned with framed ayahs, or verses, from the Koran, Khan recalled: "It was a stressful time. But I've come to be quite well known in La Habra."

"In becoming more assertive in the public arena, I've made a statement about who and what I am at a time when a few unreasonable radicals have hijacked public attention," she said. "We have to make it loud and clear to other Muslims and our communities that we stick to the principles of the Koran and the life of the prophet."

Marya Bangee, the student at UC Irvine, says she too is trying to embody the principles of Islam. But she is among those who take a more aggressive approach when engaging American society.

Civil rights have become a banner issue among many Muslim youths. Unlike their parents, many of whom came from countries where political activism could be dangerous, today's students know their rights, speak the language and know American culture. They have no qualms about using edgy imagery to make a point.

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The Holocaust in the Holy Land program included a speech titled "Israel: the Fourth Reich" and a mock Israeli security wall.

Bangee, who was a high school sophomore in Riverside when she became a political activist, made no apologies for what she called "inflammatory" and "provocative titles and phrases that brought students into the discussion."

"Keep in mind that we are college students trying to inspire discussion and debate," she said, "and sometimes we say stupid things to get things moving."

What led Bangee, who was born in the United States, to political activism?

"It was the gradual buildup of negative stereotypes and misconceptions" after 9/11, she said. "I felt I had to do something to change that. I feel no kinship with Al Qaeda or Osama bin Laden, but I do feel an obligation to bring attention to what we believe are political realities that are not being heard.

"The Koran says we must stand up for justice, and doing just that consumes almost all my time," said Bangee, who is pursuing degrees in sociology and English.

"I'm optimistic," added Bangee, whose role models include the prophet Muhammad's virtuous and supportive first wife, Khadija, "because the overwhelming trend right now is away from fear and toward a sense of proudly reclaiming our lives and defining our roles before others define them for us."

Among Bangee's recent priorities has been campaigning on behalf of a Buena Park fundraiser jailed for two years because of his connection with a charity allegedly tied to terrorists. On July 27, a jubilant Abdel Jabbar Hamdan was ordered freed by a federal judge who rejected the government's contention that he was a national security threat.

The next day, Bangee helped stage a town hall meeting for Hamdan in Irvine. As more than 200 people filed into a sweltering auditorium, she said: "This event is a direct result of 9/11 and the subsequent government investigations of Muslim charities."

The investigations have resulted in the freezing of millions of dollars in bank assets and the closure of some Muslim charities.

"One of the mandates of Islam is that Muslims donate 2.5% of their assets to the poor and the needy," Bangee said. "But for us, it is more difficult than ever to get money to the people in places such as Palestine, one of the most pressing humanitarian disasters in the world.

"Our job now," she said, "is to put pressure on the government to make sure, inshallah" — God willing — "that justice prevails."

A surge of concern over how to divert Muslim youths from radical influences has created a post-9/11 demand for a rare and expensive commodity: English-speaking imams who understand American youth culture.

One such imam is Mohamed Abdul Azeez, the new prayer leader at the SALAM Islamic Center in Sacramento.

He's the kind of leader Mahdi Bray, executive director of the nonprofit Muslim American Society, had in mind when he observed: "We need imams who know that when our kids talk about Eminem, it's not chocolate candy, and 50 Cent isn't loose change and Usher is not going to take you to your seat."

Azeez, 30, was born in Egypt and attended a Catholic school, where he learned English. He memorized the Koran at a traditional Islamic school and later earned a medical degree at a university in Cairo.

He immigrated to the United States in 2000 with aspirations of establishing himself as a scholar and living near relatives who had arrived earlier. Azeez, who took charge of the mosque in 2004, is the one who shaved his beard.

The United States, he said, gives him the opportunity to continue studying Islam free of the cultural restraints of the Middle East. As Azeez put it, he could explore his faith "outside the box."

Shaving his beard was a break with a tradition calling on imams to take on the bearded prophet Muhammad's appearance. "I may be the only imam in America who doesn't wear a full beard," he said.

"But I don't want to scare people," said Azeez, who sports a mustache and goatee. "There are just too many negative ideas that go along with Muslims with full beards these days."

Azeez encourages congregants to vote and to support civil rights organizations, backs women on the mosque's board of trustees and welcomes non-Muslim participation in religious activities. Along with some other mosques after 9/11, his now flies an American flag.

Given that nearly everyone at his mosque has a relative or friend who has been visited by federal authorities, had a run-in with airport security or been called a profane name in public, Azeez also started a free lecture course called "Discover Islam."

Although Azeez insists that the theology at his mosque is "as orthodox as any mosque in Saudi," some congregants are dismayed by the changes, including his beard.

"Our biggest problem right now is internal squabbling," Azeez acknowledged. "I'm getting hate mail from members who say we're selling out. They don't want to adapt to what they consider a corrupt system."

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At his mosque one day this summer, Azeez led prayers in Arabic and then addressed 150 worshipers in English, presenting them a challenge.

"Brothers and sisters," he began, almost scolding, "I still hear Muslim immigrants in the United States say, 'I am from Turkey, or Jordan, or Morocco.' They never call themselves Americans. They say they will go back one day. But they don't. They spend their entire lives in a nice house in the suburbs and taking advantage of a system without giving back.

"This is extremely dangerous, brothers and sisters," he said. "There is no shame in saying, 'I am a Muslim American and will help make this a better place for everyone.' "

Later, in his office, Azeez conceded, "People think I have answers for everything. I don't. Nor do I have a coherent picture of reality to share. I tend to give people hope."

Staring out the window, he added, "I have a few deferred dreams of my own, like learning to fly, or buying a rifle to go deer hunting with friends. But I can't do either of those things without worrying about being reported to authorities. Non-Muslims can do those things. We can't."

9/11 Put Anonymous Faces On The Front Page Of History (USAT)

By Rick Hampson And Martha T. Moore

USA Today, September 8, 2006

On one of the worst days in U.S. history, they stepped — or were pushed — into an instant, unexpected, often unwanted prominence. They became supporting actors in a tragedy that saw almost 3,000 of their countrymen slaughtered in less than two hours.

After Sept. 11, 2001, their names and faces suddenly were familiar to millions, only to fade in public memory in the five years since.

The day's principal actors — Bush, Rumsfeld, Giuliani — have never left the stage. And we've never stopped waiting for bin Laden's next appearance.

But what of the supporting cast? The aide who whispered the catastrophic news in Bush's ear, the commissioners at Giuliani's side, the air-traffic manager who grounded every plane in the sky.

Some have prospered. Former New York fire commissioner Thomas Von Essen wrote a book and joined Rudy Giuliani's security consulting firm, which does a brisk business thanks largely to the former mayor's 9/11 reputation.

Former police commissioner Bernard Kerik, on the other hand, was blocked from becoming Homeland Security secretary because of tax and immigration issues involving a nanny. Then he admitted illegally accepting $165,000 in apartment renovations from a company that had alleged Mob ties and was fined $221,000.

Some have embraced celebrity. Ben Sliney, the FAA manager who grounded the planes, even played himself in the recent movie United 93.

Some have shunned it like a curse. The three firemen who raised an American flag in the wreckage of the World Trade Center have refused countless personal appearance invitations and interview requests. Ron DiFrancesco, the last person to escape from the south tower of the Trade Center, gave up a fast-track financial career in New York and moved back to his native Canada.

Some have moved on. Andrew Card, the chief of staff who told Bush of the attack as the president sat with schoolchildren in Florida, left the White House this year to return to private life. Coleen Rowley, the FBI agent in Minneapolis who blew the whistle on the failure to thoroughly investigate warnings before the attacks, is running for Congress.

Some have gone back. Sliney left his national managerial post near Washington in 2003 to again supervise air traffic controllers in New York. He prefers the action and says he feels a new urgency: “Can you ever look at a plane in the sky the same way again?”

Some have stayed put. Thomas Franklin, who snapped the photograph of the three firemen, still works at The Record of Hackensack, N.J. “A lot of people involved with 9/11 really haven't moved on,” Franklin says. “I would have thought we would have. But it still hovers over us.”

One reason: The ultimate meaning of the day — and his photo — “is still up for grabs,” he says. “The ending hasn't been written yet. Are we safer? Are we at peace?”

At a pivotal moment in George W. Bush's presidency, no one was closer than Bob Beckwith.

Remember the scene? The president and an old fireman standing on a battered firetruck at Ground Zero three days after the attack. The president has his arm around the fireman and a bullhorn in his hand, saying, “I can hear you. The rest of the world hears you. And the people who knocked these buildings down will hear all of us soon.”

Beckwith's proximity yanked him out of a retirement devoted to fishing and grandchildren and turned him into a fundraiser for charity and advocate for Bush who attended the 2004 Republican National Convention. “It changed everything,” he says.

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On 9/11, he was 69, retired seven years. His family told him he was too old to report for duty. But he knew the father of a missing fireman, and three days after the attacks, he grabbed his old helmet and gear, drove into the city and talked his way into Ground Zero.

Then he heard the president was coming. For a look, he stood up on a fire engine that had been pulled from the wreckage. A man (Bush political adviser Karl Rove, Beckwith later learned) came over and asked him to jump up and down to see whether the firetruck was stable. Satisfied, he dusted off a spot next to Beckwith and told him a VIP was going to stand there; when he got up, Beckwith should get down. The VIP was Bush.

The fireman helped the president up and began to step down as instructed. But Bush said, "Where you goin'? … Stay here."

Beckwith continues to support Bush and the president's pursuit of the war on terrorism: "I like the guy — he's a real man. … I think he's doing a good job."

As coroner in Somerset County, Pa., where United Airlines Flight 93 crashed, Wally Miller became what he calls "the local face" of the tragedy: "The nation was gonna draw its conclusions about us based on me."

The self-described "hick coroner" was not a forensic pathologist or even a doctor, just a part-time elected official who also ran the funeral business he inherited from his father.

Because the bodies were vaporized in the crash, "I realized early on that you didn't need a coroner, you needed a funeral director. This was going to be a giant funeral service, so I put that hat on."

He welcomed the victims' families when they came to see the crash site in Shanksville and guided, advised and consoled them. He befriended many; this summer he attended a birthday party for one.

Miller planted grass and wildflowers at the crash site, which has been returned to local owners pending creation of a memorial. In early August it was "waist-deep in clover — beautiful," he says.

When the Boeing 757 hit the ground at more than 500 mph, debris was thrown up into the trees around the site. It still drifts down slowly, week after week. Miller still finds pieces of wreckage — insulation, fabric, pieces of fuselage — and human remains. "We found some bony tissue last week," he says. "You're walking through a cemetery."

All remains, mostly small pieces of dried skin, are "casketed" with 350 pounds of other such material for eventual incorporation into a memorial.

Miller was re-elected easily last November and says that's the extent of his ambition: "I'm not writing a book. My job is to be the coroner." Although he has received many awards, he keeps only one reminder of his biggest case in his office: a 5-by-7-inch photo of a United Airlines 757.

The week after 9/11, Ed Fine got a call from a friend: "I think that's you on the cover of Fortune."

The magazine displayed a striking image: a refugee from the Trade Center covered with ash, trudging resolutely on, briefcase in hand.

The photo, widely distributed by Agence France-Presse, struck a chord. Rick Kirkland, Fortune's managing editor, said the then-unidentified man seemed like "everybusinessman — battered but unbowed."

Fine says he was no kind of hero. "My picture got taken. It was a perfect picture, but all I was trying to do was get uptown."

On 9/11, the 58-year-old investment consultant from New Jersey had a meeting in the north tower. He walked down 78 stories after American Airlines Flight 11 crashed into the tower 15 stories above. Outside, he was bowled over by a cloud of debris when the south tower collapsed.

He pulled himself up, covered his face with a damp towel someone handed him and starting walking.

Fine says the experience "made me realize how transitory life really is. You can be doing nothing but normal things, and your life can be wiped out in an instant."

He says that before 9/11 he was a workaholic. On vacations, he used to spend "half a day on the phone and the other half on the computer." Now, "if I make one business call a day, that's a lot." He says he and his wife have learned more about each other in the past five years than in the previous 37.

The battered black briefcase from 9/11 sits in his closet. He used it until a couple of years ago, when his wife insisted he get a new one, if only for appearances.

He agreed, he says, "but I felt a little disloyal."

When planes began crashing, Debra Burlingame, who lives in the New York suburbs, didn't know she would become a 9/11 family member. Or that she'd be reassured by a president she had always considered a "cowboy."

"For the first part of that morning, I was just another person who was seeing my hometown under attack," says Burlingame, now 52. And "I didn't particularly like George Bush."

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But late that day she learned her big brother, Capt. Charles "Chic" Burlingame, had been the pilot of the American Airlines jet that terrorists seized and crashed into the Pentagon. With her country under attack, "I was just an American, and there was the president, and you want him to succeed."

The 9/11 attack intensified the natural "gregariousness" that had served her as a lawyer and Court TV producer. She fought successfully to have her brother, a Navy reservist, buried at Arlington National Cemetery, although he did not meet the cemetery's standard criteria. She appeared at the 2004 Republican convention and campaigned for Bush. "With the fifth anniversary, now it's time for me to really figure out what to do with the rest of my life," she says. "Because it really came to a standstill."

Burlingame is on the board for the World Trade Center memorial. The memorial will list the names of all who died on Sept. 11 — including those killed at the Pentagon and aboard the four planes — and the six people killed in the 1993 bombing of the Trade Center. A memorial is under construction at the Pentagon for the 184 victims who died there.

She says the Pentagon attack is often overlooked because the death toll there is dwarfed by the number killed in New York. But more died at the Pentagon than in the 1995 Oklahoma City bombing.

"That just goes to show you how the world of terrorism has changed," she says. "It's really, really sad … 184 people, it's almost like a footnote."

They always call her "that girl," Dominic Guadagnoli says. As in, "How's that girl?"

That girl he was photographed carrying to an ambulance after she staggered out of the Trade Center, bleeding and burned. It was a photo that went around the world.

That girl — Donna Spera, now 41 and living in New Jersey — hasn't set foot in New York City since 9/11. Spera, who was an administrative assistant at Aon Financial Services, doesn't work now.

Her arms are scarred, and her left hand, which was shattered, remains weak. She is a member of a small club: those injured in the attack who survived. It's a club of which few are aware, she says: "When you hear the word 'survivors,' it's not me. It's the widows."

She's become fast friends with Guadagnoli, 37, a U.S. marshal who ran to the scene that morning from the federal courthouse. They talk on the phone and send e-mails. He flies up from Florida, where he now lives, to visit. (She still won't fly.)

They understand each other in a way their spouses can't: Why they get edgy and snappish as September approaches. How it feels to know that you survived when others died, but not know why. How exhausting it is to encounter references to 9/11 every day.

The photo that unites them in the public memory hasn't gone away. It's on copshop.com. Guadagnoli's parents saw it on a T-shirt at the mall. When he volunteered to help as a counselor in an employee assistance program, it was there on the brochure for post-traumatic stress disorder.

"I think that picture changed my life more than 9/11 did," he says.

It's also in a frame in Spera's living room, along with her battered World Trade Center ID and a Mass card for a friend who died in the north tower.

Spera says she's now both more anxious and more relaxed than before 9/11. (Her boss coined the word "Speratude" for her excess of attitude.)

"I got mellow. I look at things differently. I live each day. That's the only good thing that came out of it," she says. Then, nodding toward Guadagnoli, she adds, "besides meeting him."

Passions Flare As Broadcast Of 9/11 Mini-Series Nears (NYT)

By Patrick Healy And Jesse Mckinley

The New York Times, September 8, 2006

Under growing pressure from Democrats and aides to former President Bill Clinton, ABC is re-evaluating and in some cases re-editing crucial scenes in its new mini-series "The Path to 9/11" to soften its portrait of the Clinton administration's pursuit of Osama bin Laden, according to people involved in the project.

Among the changes, ABC is altering one scene in which an actor playing Samuel R. Berger, the former national security adviser, abruptly hangs up on a C.I.A. officer during a critical moment in a military operation, according to Thomas H. Kean, a consultant on the ABC project and co-chairman of the federal Sept. 11 commission.

Mr. Berger has said that the scene is a fiction, and Mr. Kean, in an interview, said that he believed Mr. Berger was correct and that ABC was making appropriate changes.

The reassessment came as two Clinton aides mounted an unusual attack last night on the motives of Mr. Kean, a Republican and a former governor of New Jersey. In a letter to Mr. Kean, the two aides, Bruce R. Lindsey and Douglas Band,

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wrote that his defense of the mini-series "is destroying the bipartisan aura of the 9/11 Commission," on whose findings the project is partly based. They asserted that Mr. Kean was driven by payments from ABC or his own partisan politics.

Mr. Kean, who called Mr. Clinton a good friend, said it was outrageous to suggest he was being swayed by money or politics, and added that any fee he received would be donated to charity. He said he stood by the film because he believed it would draw attention to the commission's security recommendations, many of which have not been put into effect, and because the film did not pretend to be a documentary.

Yet Mr. Kean, as well as other members of the commission, did say they were concerned that their widely praised investigation of the Sept. 11 attacks might be diminished in some way by the mini-series.

"Mini-series often make things more dramatic by fictionalizing," Mr. Kean said. "I don't think the fictional moments reflect on the work of the commission, but I do hope that the controversy doesn't tarnish it. ABC is trying to be as accurate as possible."

Democrats and allies of Mr. Clinton unleashed full-throated appeals to ABC yesterday to cancel the broadcast, which is scheduled for Sunday and Monday nights. The Senate Democratic leadership sent a letter to Robert A. Iger, the chief executive of the Walt Disney Company, ABC's parent, saying that broadcasting the film "would be a gross miscarriage of your corporate and civic responsibility."

The national Democratic Party drew more than 100,000 signatures in 24 hours to a petition of complaint that it plans to give to ABC today.

Senator Hillary Rodham Clinton of New York, one of 10 senators at a news conference yesterday where the mini-series came up, left before she could be asked about it. A small throng of reporters who followed her out of the building toward her office were kept at bay by her aides.

The changes to the mini-series are still being made inside an editing suite in Los Angeles, with a variety of creative staff members and executives, including Marc Platt, the executive producer, who has been monitoring the editing from London, and David L. Cunningham, the director, who is being consulted at his home in Hawaii.

Mr. Kean said that two other parts of the film are also under review. One is a scene where an actress playing former Secretary of State Madeleine K. Albright is apparently obstructing efforts to capture Mr. bin Laden. The other part suggests that Mr. Clinton was too distracted by impeachment and his marital problems to fully focus on Mr. bin Laden.

Mr. Platt said that he could not offer specifics about what scenes were being examined, but that editing was going on and "will continue to, if needed until we broadcast."

"From Day 1, we've examined any issue or question that's arisen," he said. "And we'll continue to do so until the last possible moment."

Mr. Kean said he was surprised by the outcry, since most of the critics have not seen the film. He said Mr. Clinton had spoken directly to Mr. Iger last Friday; Clinton aides declined to comment.

Several 9/11 commission members said yesterday that they respected Mr. Kean immensely but that they were concerned about the ABC project and his role in it. One of them, Timothy J. Roemer, a Democrat, said he called Mr. Kean yesterday to urge ABC to make changes. Another, Jamie S. Gorelick, a former Clinton administration official, wrote Mr. Iger yesterday that the nation and schoolchildren would be poorly served if they drew lessons from the mini-series that were inaccurate.

Scholastic, the children's publishing company, which had been working with ABC to use "The Path to 9/11" as a teaching tool, said yesterday that it was removing materials related to the film from its Web site. A spokeswoman said a new study guide was being prepared that would explain the difference between a docudrama and a documentary.

ABC Revises 9/11 Film After Clinton Criticism (WT)

By Shaun Waterman

The Washington Times, September 8, 2006

ABC Television continues to make changes to its miniseries "The Path to 9/11," after a barrage of criticism from former Clinton administration officials.

"No one has seen the final version of the film, because the editing process is not yet complete, so criticisms of ... specifics are premature and irresponsible," ABC said in a statement yesterday.

The statement was the network's first official confirmation that the version shown at a press event in Washington a few days ago -- and distributed in DVD format to hundreds of reporters and TV reviewers -- is not the one that will air Sunday and Monday.

The ABC statement gave no details about what changes might be made. The move follows complaints to Robert Iger, chairman of ABC parent company Disney, from former President Bill Clinton and two senior officials from his administration, criticizing the film's portrayal of their efforts to capture or kill al Qaeda leader Osama bin Laden.

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In a four-page "Dear Bob" letter sent to Mr. Iger on Sept. 1, Clinton lawyer Bruce Lindsey criticized the film's portrayal of several key events.

"The content of this drama is factually and incontrovertibly inaccurate, and ABC has a duty to fully correct all errors or pull the drama entirely," Mr. Lindsey wrote. "It is unconscionable to mislead the American public about one of the most horrendous tragedies our country has ever known."

Also yesterday, Senate Minority Leader Harry Reid of Nevada and four other Senate Democrats wrote to Mr. Iger urging him to cancel the miniseries, which they said "could be construed as right-wing political propaganda."

"We urge you, after full consideration of the facts, to uphold your responsibilities as a respected member of American society and as a beneficiary of the free use of the public airwaves to cancel this factually inaccurate and deeply misguided program," Mr. Reid wrote in a letter also signed by Democratic Sens. Richard J. Durbin of Illinois, Debbie Stabenow of Michigan, Charles E. Schumer of New York and Byron L. Dorgan of North Dakota.

The ABC program has generally been praised by conservatives, while the miniseries has drawn fire from liberal blogs such as ThinkProgress.org, which says that 25,000 of its readers have used the site to send letters of complaint to ABC about the film.

"The Path to 9/11" is billed as a dramatization based in part on the report of the National Commission on Terrorist Attacks Upon the United States, which investigated the events of September 11 and circumstances leading up to it.

A disclaimer that ABC plans to show at the beginning of each episode, which will air without commercial interruption, says the film "is not a documentary," adding that "for dramatic and narrative purposes," it "contains fictionalized scenes, composite and representative characters and dialogue, as well as time compression."

Nonetheless, many Democrats are angry about portions of the film which portray failed efforts to capture and kill bin Laden.

In one scene, CIA operatives working with Ahmed Shah Masood, the charismatic Afghan mujahideen leader who fought al Qaeda and their Taliban sponsors, are assembled on a hillside above bin Laden's residence at Tarnak Farms. "It's perfect for us," says "Kirk," a composite character representing several of the CIA operatives and analysts involved in the hunt for the terrorist leader.

But the team is forced to abort the mission when National Security Adviser Samuel R. Berger hangs up on them in the middle of a conference call, after telling them he cannot give the go-ahead for the action.

"I don't have that authority," he says.

"Are there any men in Washington," Masood asks Kirk later in the film, "Or are they all cowards?"

"No such episode ever occurred -- nor did anything like it," Mr. Berger wrote to Mr. Iger.

"I find it quite amazing that a former president would try to intimidate a TV network into sanitizing a dramatization of the events leading up to September 11," said Roger Aronoff, a media analyst with the conservative watchdog group Accuracy in Media. He said ABC is "buckling under the Clinton pressure" and warned that his organization "will be watching closely" when the six-hour program airs.

Clinton Officials Protest 9/11 TV Series (AP-Y)

By Deepti Hajela

AP, September 8, 2006

A "terribly wrong" miniseries about events leading to the Sept. 11 attacks blame President Clinton's policies, former Clinton administration officials said in letters demanding that ABC correct it or not air it.

But in a statement released Thursday afternoon in apparent response to the growing uproar, ABC said, "No one has seen the final version of the film, because the editing process is not yet complete, so criticisms of film specifics are premature and irresponsible."

Former Secretary of State Madeleine Albright, former National Security Adviser Sandy Berger, Clinton Foundation head Bruce Lindsey and Clinton adviser Douglas Band wrote in the past week to Robert Iger, CEO of ABC's parent The Walt Disney Co., to express concern over "The Path to 9/11."

The two-part miniseries, scheduled to be broadcast on Sunday and Monday, is drawn from interviews and documents including the report of the Sept. 11 commission. ABC has described it as a "dramatization" as opposed to a documentary.

"For dramatic and narrative purposes, the movie contains fictionalized scenes, composite and representative characters and dialogue, and time compression," ABC said in its statement. "We hope viewers will watch the entire broadcast of the finished film before forming an opinion about it."

The letter writers said the miniseries contained factual errors, and that their requests to see it had gone unanswered.

"By ABC's own standard, ABC has gotten it terribly wrong," Lindsey and Band said in their letter.

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"The content of this drama is factually and incontrovertibly inaccurate and ABC has a duty to fully correct all errors or pull the drama entirely. It is unconscionable to mislead the American public about one of the most horrendous tragedies our country has ever known."

The letters pointed out examples of scenes they had been told were in the miniseries, but which they said never happened. Albright objected to a scene that she was told showed her insisting on warning the Pakistani government before an airstrike on Afghanistan, and that she was the one who made the warning.

"The scene as explained to me is false and defamatory," she said.

Berger objected to a scene that he was told showed him refusing to authorize an attack on Osama bin Laden despite the request from CIA officials. "The fabrication of this scene (of such apparent magnitude) cannot be justified under any reasonable definition of dramatic license," he wrote.

Lindsey and Band objected to advertisements for the miniseries, which they said suggested that Clinton wasn't paying enough attention to the threat of terrorism.

"While ABC is promoting "The Path to 9/11" as a dramatization of historical fact, in truth it is a fictitious rewriting of history that will be misinterpreted by millions of Americans," they said. "Given your stated obligation to 'get it right,' we urge you to do so by not airing this drama until the egregious factual errors are corrected, an endeavor we could easily assist you with given the opportunity to view the film."

The five-hour miniseries is set to run without commercial interruption. Director David Cunningham said it was a massive undertaking, with close to 250 speaking parts, more than 300 sets, and a budget of $40 million. Cunningham has said he shot 550 hours of film. The cast includes Harvey Keitel, Patricia Heaton and Donnie Wahlberg.

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Associated Press writer Devlin Barrett in Washington and AP Television Writer Frazier Moore in New York contributed to this report.

Scholastic Pulls Teaching Material For 9/11 Show Faulted As Biased (WSJ)

By Jeffrey Trachtenberg And Brooks Barnes

The Wall Street Journal, September 8, 2006

Children's book publisher Scholastic Corp. yanked from its Web site classroom material it posted to help teachers discuss the coming ABC docudrama "The Path to 9/11." Scholastic's work had been sharply criticized by Media Matters for America, a nonprofit media-watchdog group that describes itself as monitoring and correcting "conservative information."

On its own Web site, the group states that the Scholastic material "omits critical information regarding the Bush administration's pre-Iraq war weapons of mass destruction claims; falsely suggests a tie between Iraq and the Sept. 11, 2001, terrorist attacks; gives upbeat accounts of reportedly dire conditions on the ground in both Iraq and Afghanistan; suggests that military responses to Osama bin Laden by the Clinton administration could have 'hinder[ed] the U.S. stance on the war on terror'; and asks students to debate whether the media 'hinder our national security.'"

Kyle Good, a spokeswoman for Scholastic, said the publisher had acted swiftly on Wednesday after concluding that its material wasn't up to its own standards. "We intend to have a new discussion guide complete with background information posted on Friday morning."

Ms. Good said Scholastic saw several online reports Tuesday morning that raised concerns about the material. "We immediately did a thorough review of the discussion guide and decided to redo it," she said. She noted that Scholastic has been providing classroom guides for television programs and films since the 1950s about major national and international events.

ABC, owned by Walt Disney Co., has come under fire in recent days from leading political figures for the $40 million movie, which is set to air Sunday and Monday. The politicians, mostly Democrats, have complained that the movie is biased and contains inaccuracies.

Lawyers for former President Clinton sent a letter to Disney earlier this week asking for the movie to be edited or pulled from the schedule. Former Secretary of State Madeleine Albright also sent a letter.

A spokeswoman for ABC said yesterday that there are no plans to pull "The Path to 9/11" from the schedule. However, ABC said the "editing process is not yet complete, so criticism of film specifics are premature and irresponsible." ABC emphasized that the five-hour movie will be clearly defined to viewers as a dramatization and not a documentary.

"The Path to 9/11," starring Harvey Keitel and Patricia Heaton, looks at the events leading up to the terrorist attacks of Sept. 11, 2001. As a result, it looks mostly at Mr. Clinton's policy and actions regarding terrorism and dramatizes what are deemed intelligence failures.

It was conservatives who created the last such uproar over a TV movie. In 2003 right-leaning pundits criticized "The Reagans," a CBS movie about the lives of the late president and former first lady. CBS ultimately pulled the program.

Rachel Evans, a spokeswoman for Media Matters for America, said the group is funded by a variety of progressive donors.

Write to Jeffrey Trachtenberg at jeffrey.trachtenberg@wsj.com1 and Brooks Barnes at brooks.barnes@wsj.com2

<hr/>ABC's Statement

"The Path to 9/11" is not a documentary of the events leading to 9/11. It is a dramatization, drawn from a variety of sources including the 9/11 Commission Report, other published materials, and personal interviews. As such, for dramatic and narrative purposes, the movie contains fictionalized scenes, composite and representative characters and dialogue, and time compression. No one has seen the final version of the film, because the editing process is not yet complete, so criticisms of film specifics are premature and irresponsible. The attacks of 9/11 were a pivotal moment in our history, and it is fitting that the debate about the events related to the attacks continue. However, we hope viewers will watch the entire broadcast of the finished film before forming an opinion about it.

Ex-Clinton Officials Demand ABC Change Its 9/11 Docudrama (USAT)

USA Today, September 8, 2006

Former Clinton administration officials on Thursday demanded revisions to or outright cancellation of an ABC miniseries about events leading up to 9/11. They say the program distorts their actions in the hunt for Osama bin Laden.

Former secretary of State Madeleine Albright wrote in a letter to ABC's parent company, Disney, that scenes in The Path to 9/11 involving her actions were “false and defamatory.”

Former national security adviser Sandy Berger complained about a scene that depicts a CIA operative who has bin Laden in his sights but is denied permission to attack by an actor portraying Berger. “There is nothing in the 9/11 Commission Report … to support this portrayal and the fabrication of this scene (of such apparent magnitude) cannot be justified,” Berger wrote.

ABC officials said in a statement that the miniseries, which is to air Sunday and Monday, is not a documentary, but a dramatization based on the 9/11 Commission's report and other factual sources that uses fictionalized scenes, “for dramatic and narrative purposes.”

“The editing process is not yet complete, so criticisms of film specifics are premature and irresponsible,” the statement read.

Former New Jersey governor Thomas Kean, chairman of the 9/11 Commission, which probed U.S. actions leading to the attacks. and a consultant for the miniseries, said the show is balanced. “People in both parties didn't particularly like the commission report, and I think people in both parties aren't going to love this one,” he said.

Laying Blame And Passing The Buck, Dramatized (NYT)

By Alessandra Stanley

The New York Times, September 8, 2006

THE first words spoken on “The Path to 9/11” are at check-in at Logan Airport at 7:13 a.m. “O.K., Mr. Atta,” an American Airlines agent says over the clickety-clack of computer keys. “One way, nonstop to Los Angeles, no return.”

Moments before American Airlines Flight 11 hits its target, ABC’s mini-series pivots back 8½ years to a Ryder rental van that blew up in the parking garage of the World Trade Center on Feb. 26, 1993.

And the events leading up to disaster unfold like a spy thriller. The two-part narrative, which ABC is scheduled to broadcast Sunday and Monday night, follows a few men and women who took the Osama bin Laden threat seriously and devoted their careers to battling it. Many are real, like the former F.B.I. counterterrorism expert John P. O’Neill, who died at the World Trade Center on Sept. 11 and who is played by Harvey Keitel. A few are composites, like an intrepid C.I.A. officer with the code name Kirk (Donnie Wahlberg).

The terrorists are ruthless and implacable. Some foreign informants and obscure civil servants turn out to be inspiringly tough-minded and smart: low profiles in courage. But “The Path to 9/11” is an unsparing, and at times hyperbolic, portrait of bureaucratic turf wars, buck passing and complacency. Senior managers at the F.B.I. and C.I.A. are overwhelmed and quicker to protect their own hides than national security. It’s always the enemy within that nettles the most.

ABC has been under assault by bloggers and former officials who claim the film paints an unfairly censorious portrait of the Clinton administration, with a lobbying campaign reminiscent of the one that drove CBS to cancel “The Reagans” biopic in 2003. (CBS’s parent company, Viacom, kicked it to the cable channel Showtime.) Some kind of reaction was inevitable this time.

All mini-series Photoshop the facts. “The Path to 9/11” is not a documentary, or even a docu-drama; it is a fictionalized account of what took place. It relies on the report of the Sept. 11 commission, the King James version of all Sept. 11 accounts, as well as other material and memoirs. Some scenes come straight from the writers’ imaginations. Yet any depiction of those times would have to focus on those who were in charge, and by their own accounts mistakes were made.

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The first bombing of the World Trade Center happened on Bill Clinton's watch. So did the 1998 embassy bombings in Kenya and Tanzania and the 2000 attack on the U.S.S. Cole in Yemen. The president's staff — and the civil servants who worked for them — witnessed the danger of Al Qaeda close up and personally. Some even lost their lives.

In 2001 President Bush and his newly appointed aides had ample warning, including a briefing paper titled "Bin Laden Determined to Strike in U.S.," and they failed to take it seriously enough, but their missteps are not equal. It's like focusing blame for a school shooting at the beginning of the school year on the student's new home room teacher; the adults who watched the boy torment classmates and poison small animals knew better. (It's safe to assume that any future mini-series about American foreign policy will not delve flatteringly into Mr. Bush's march to war in Iraq.)

The outside pressure was intense enough to persuade ABC to re-edit one of the more contested made-up scenes in the film. In the version sent to critics, it depicted C.I.A. operatives and their Afghan allies armed with guns and night-vision goggles creeping in the dark to snatch Mr. bin Laden from his compound in 1998. The men are told to stand by, in harm's way, as the C.I.A. director, George J. Tenet and the national security adviser, Samuel R. Berger, cavil by videoconference. Rather than take a firm decision, Mr. Berger flips off his videophone, and Mr. Tenet aborts the mission. (Among other things, ABC agreed to excise Mr. Berger's hissy fit.)

In reality the C.I.A. got close, but never that close. In May 1998 Mr. Tenet scrapped a heavily rehearsed raid to kidnap Mr. bin Laden from his compound before it was mounted. "No capture plan before 9/11 ever again attained the same level of detail and preparation," the Sept. 11 commission report said. "Working-level C.I.A. officers were disappointed."

The international manhunt for the 1993 World Trade Center bomber, Ramzi Yousef, is thrilling, but those early successes, led by local F.B.I. agents, district attorneys and the New York Police Department, also fed public complacency. It was easy for people to dismiss the terrorist threat as real but manageable.

"We're not safe yet," Mr. O'Neill laments after he has been sidelined at the bureau by rivals. "And nobody seems to care."

Lingering serenity collapses in the second part, which opens once again with ominous fragments of Sept. 11: military pilots ordered to scramble — "Is this real world or exercise?" — and a flight attendant on Flight 11 shakily saying over a plane phone, "We're flying way too low."

As the terrorist threat mounts, one of the more jarring moments is a real-life clip of President Bill Clinton addressing the nation about Monica Lewinsky.

The Sept. 11 commission concluded that the sex scandal distracted the Clinton administration from the terrorist threat. But in hindsight, surely the right-wing groups who drove for impeachment must look back at their partisan obsession with shame, like widows sickened by the memory of spats about dirty dishes and gambling debts.

The inserted news clips of Mr. Bush are not exactly inspiring. He is shown sweaty and dismissive in jogging shorts, dodging questions about tax cuts. Condoleezza Rice — who is impersonated by Penny Johnson Jerald, who played the conniving wife of David Palmer in "24" — cannot be too thrilled with her moment on screen either. She humors, but does not heed, the counter-terrorism adviser Richard A. Clarke; actually she demotes him.

Madeleine K. Albright has also objected to her portrayal, and Mr. Clarke, who is the Cassandra of Al Qaeda and one of the film's heroes, has complained about factual distortions.

But there is no dispute that in 2000, the destroyer Cole was attacked, Washington dithered and Mr. bin Laden's men kept burrowing deeper and deeper into their plot to attack America on its own soil. The film ends where it began, only the morning of Sept. 11 is finally shown, with slow, elegiac music, in its full horror.

Dramatic license was certainly taken, but blame is spread pretty evenly across the board. It's not the inaccuracies of "The Path to 9/11" that make ABC's mini-series so upsetting. It's the situation on the ground in Afghanistan now.

The television movie about the rise of Al Qaeda comes at a time when the Taliban is flaunting a resurgence in Afghanistan. Sept. 11 drove the United States to clean out that terrorist hole-in-the-wall, once and for all. After all the lessons learned from Sept. 11, the Taliban is back and growing stronger while the American military there seems as bogged down as it is in Iraq, powerless to check the spiraling violence.

Hindsight is heartbreaking and disturbing to watch, even in a made-for-television movie. But it's even harder to take when those steps continue to contaminate the present.

THE PATH TO 9/11

ABC, Sunday and Monday at 8 p.m., Eastern and Pacific times; 7, Central.

Directed by David L. Cunningham; written by Cyrus Nowrasteh; Mr. Cunningham, Mr. Nowrasteh and Hans Proppe, producers; Marc Platt, executive producer. Produced by UHP Productions and distributed by Touchstone Television.

WITH: Harvey Keitel (John P. O'Neill), Stephen Root (Richard A. Clarke), Donnie Wahlberg (Kirk), Barclay Hope (John Miller), Patricia Heaton (Ambassador Bodine), Shaun Toub (Emad Salem), Amy Madigan (Patricia Carver), Dan Lauria (George

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J. Tenet), Penny Johnson Jerald (Condoleezza Rice), Shirley Douglas (Madeleine K. Albright) and Nabil Elouahabi (Ramzi Yousef).

Inside Politics (WT)

By Greg Pierce

The Washington Times, September 8, 2006

'Fessing up

Richard L. Armitage has officially confirmed the worst-kept secret in Washington: He was the original source for press accounts that Joseph C. Wilson IV's wife worked at the CIA.

The former deputy secretary of state said he did not intend to reveal Valerie Plame's identity, the Associated Press reports, and apologized for his conversations with syndicated columnist Robert Novak and Washington Post reporter Bob Woodward. Special prosecutor Patrick J. Fitzgerald has spent three years investigating the case, after Mr. Wilson accused the Bush administration of retaliating for his New York Times column about a CIA-backed trip to Niger.

"I made a terrible mistake, not maliciously, but I made a terrible mistake," Mr. Armitage told the Associated Press in a telephone interview from his home last night.

He described a June 2003 conversation with Mr. Woodward as an afterthought at the end of a lengthy interview, in which Mr. Woodward reportedly asked, "Hey, what's the deal with Wilson?" Mr. Armitage said he responded: "I think his wife works out there."

Mr. Armitage also described his conversation with Mr. Novak: "He said to me, 'Why did the CIA send Ambassador Wilson to Niger?' I said, as I remember, 'I don't know, but his wife works out there.'"

9/11 Miniseries Is Bunk (LAT)

By Barbara Bodine

The Los Angeles Times, September 8, 2006

ON THE MORNING of Sept. 11, 2001, Americans — and the world — froze, saddened and angry. Five years later, we stop to remember those we lost and those who have sacrificed in our defense since, and to reflect on what we must learn. History will define us not by the events of that day but by who we choose to become as a result.

Regrettably, ABC has chosen not to document but to dramatize this most critical of times. Its miniseries, "The Path to 9/11," opts for fiction when fact is needed and chooses mythmaking when the candor of history is called for. The 9/11 commission report tells the story with clear-eyed honesty, precision and studious impartiality. The ABC drama does not. The 9/11 commission spent hours interviewing virtually everyone connected not just with the events of that day but those involved in counter-terrorism over 25 years — Republican as well as Democrat. ABC did not.

Many senior officials from President Clinton's administration, along with key members of the 9/11 commission, have publicly challenged the distortions and inaccuracies of "The Path to 9/11." From the part of the story I know firsthand, ABC has done the American people a disservice. Drama may be more profitable than reality, but at what cost to our national history?

One of the myths perpetuated by ABC played out in the steamy port city of Aden, Yemen, in October 2000, using an FBI agent out of New York, John O'Neill, and the U.S. ambassador to that country. According to the mythmakers, a battle ensued between a cop obsessed with tracking down Osama bin Laden and a bureaucrat more concerned with the feelings of the host government than the fate of Americans and the realities of terrorism. I know this is false. I was there. I was the ambassador.

I am not here to either defend or attack O'Neill. He was a complex man. But what happened after Al Qaeda's attack on the U.S. destroyer Cole was a complex story. Within hours, our embassy in Sana, Yemen, received support from Washington, U.S. military commands in the region and neighboring U.S. embassies. Within days, our presence in Aden went from zero to more than 300 people from the Navy, Marines, the intelligence community, the Naval Criminal Investigative Service, the FBI, the State Department and my embassy. We had a clear and common goal: honor those killed by finding those guilty.

As ambassador, I had four missions: recover the Cole and her crew; provide security for the burgeoning U.S. presence in Aden; establish a joint Yemeni-American criminal investigation, as agreed between the president of Yemen and FBI Director Louis Freeh; and maintain the Yemeni-American relationship.

These tasks were not sequential but deeply interdependent. The recovery of the ship and its crew was the most urgent. The Cole was also a crime scene, and crew members were witnesses. Recovery efforts had to be coordinated with naval investigators and the FBI. With an unsettled threat, I could not allow either to go forward without rigorous security at the harbor and at our base of operations. The least quantifiable of the four mandates was our relationship with the Yemeni authorities. Diplomatic relations are not an end in themselves but rather provide a context within which we are able to operate — or not. Our cooperative relationship enabled the recovery, the security and the investigation to move forward, to work through the tensions,

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disagreements and conflicts that naturally arose. The attack on the Cole was a hostile act, but this was not a hostile government or a hostile people. It was my job to make sure everyone involved understood that our actions must not subvert our goals.

The realities of a U.S. investigative style inevitably collided headlong with the limited capabilities of Yemen. The Yemenis knew Aden and its people but lacked technical and professional competence; the FBI had the forensic and technical capability but could not operate "on the street" in Aden. The friction, the suspicion, the miscommunication between the two could not, however, be allowed to derail a successful criminal investigation of the attack, its roots in Yemen and its links to other attacks against Americans around the world. Yemen's subsequent willingness to cooperate with us in the war on terrorism confirms the value of working with it — not seeing it as the enemy.

In the aftermath of the attack on the Cole, the stakes were high. Former Secretary of State Colin Powell's first lesson of leadership is that "being responsible sometimes means pissing people off." It's inevitable, if you are honorable. The job of the ambassador is to make the tough calls. To paraphrase a fellow Missourian, the buck stopped on my desk.

Cleared Man Cites Prejudice (DMN)

By Andrew D. Smith, The Dallas Morning News

The Dallas Morning News, September 8, 2006

FB: He says being Muslim was reason he was arrested in cell case

Frustration tempered celebration Thursday afternoon as Louai Othman and Muslim community leaders gathered to discuss the three-week ordeal that began with terrorism charges against three Mesquite men and ended Tuesday with all charges being dropped.

Mr. Othman, one of the men arrested after buying hundreds of cellphones, said he understands the need to prevent terrorism but noted that his activities wouldn't have led to his arrest but for his Palestinian heritage.

MICHAEL AINSWORTH / DMN Louai Othman (center) spoke from the Farmers Branch offices of the Council on American Islamic Relations.

Mr. Othman, 23, spoke at the Farmers Branch offices of the Council on American Islamic Relations, a group whose leaders say Muslims have been systematically mistreated since the 9/11 terrorism attacks.

"This incident is seen by the Muslim community as another example of the racial and religious profiling that has been prevalent since 9/11," said Mustafaa Carroll, a group board member. "Muslim and Arab-Americans have faced scrutiny beyond what is reasonable. Every Muslim has been the victim of suspicion."

The other two men arrested, Mr. Othman's 21-year-old brother, Adham Othman, and 18-year-old cousin, Maruan Muhareb, were not at the event.

Mr. Othman said he has no plans to sue over his experience but would like an apology from police and prosecutors who put him in jail for 12 days.

In addition to time spent in jail, Mr. Othman said, the arrest led to the closure of his bank account, his eviction from a storage facility in Mesquite, and terrorism accusations against his family at their Mesquite apartment.

He said that his family probably would move and that he would get out of the business of selling cellphones.

"I'm probably going to get a nice job at a computer store," said Mr. Othman, who said he had never experienced discrimination before his arrest. "I was always treated normal," he said.

The men's ordeal began around 1 a.m. on Aug. 11, when they entered a Wal-Mart Supercenter in Caro, Mich. Someone called police after hearing the men speak Arabic and seeing them pay cash for large numbers of cellphones.

A search of the trio's rented van turned up digital photographs of a massive bridge and roughly 1,000 cellphones, most of which had been cut from their original packaging, stripped of their batteries and placed in boxes. The batteries were stowed in separate boxes.

The three were arrested and arraigned the next day on charges of soliciting and providing material support for terrorism and obtaining information on a vulnerable target, the Mackinac Bridge.

Media outlets across the country picked up the story. Pictures of the men appeared in newspapers and on television and the Internet. Friends and family said the men were the innocent victims of racial bias.

State prosecutors dropped the terrorism charges several days later, saying that there was no imminent danger to the bridge that connects Michigan's two peninsulas.

The FBI, which helped with the investigation, also said the men had no known connections to terrorist organizations, but the case was not yet closed. Federal prosecutors brought the money laundering and conspiracy charges.

The government held that the men were defrauding consumers, TracFone Wireless Inc. and Nokia Corp. by removing TracFone's proprietary software from the phones and making it possible to use the phones with any cellular provider.

The men said they resold the phones without changing them.

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On Tuesday, a magistrate ruled at a preliminary hearing in Bay City, Mich., that there was insufficient evidence to try the men on the federal charges.

E-mail asmith@dallasnews.com

Man Cleared Of Terrorism Charge Cites Prejudice (FWST)

By John Kirsch

The Fort Worth Star-Telegram, September 8, 2006

DALLAS — A Mesquite man who was cleared of terrorism, money-laundering and conspiracy charges said Thursday afternoon that he hopes to resume his life in Mesquite, but he remains upset about the experience.

Louai Othman, 23, was one of three Mesquite men arrested in Michigan last month with about 1,000 cellphones and digital images of the Mackinac Bridge in their possession.

"I understand they are doing their jobs but they shouldn't accuse people without having any evidence," Othman said of authorities in Michigan. He spoke Thursday at a news conference held by the Council on American-Islamic Relations.

The three men — Othman, his 21-year-old brother, Adham Othman, and his 18-year-old cousin, Maruan Muhareb — were initially accused of planning a terrorist attack, but that state charge was dropped after authorities announced there was no evidence that they were affiliated with any terrorist groups. On Tuesday, federal conspiracy and money-laundering charges against them were thrown out for lack of evidence, and the men were released from jail.

They had traveled to Michigan to buy cellphones to resell in the Dallas-Fort Worth area, Louai Othman said. He said he, his brother and cousin have visited several other states to buy the cellphones, which he said are not available locally.

Othman said he believes that the men were singled out because of their ethnicity. They are Palestinian-American.

Othman said neighbors have harassed him and that his bank closed his account.

He said he does not plan to take legal action as a result of the incident. But the authorities who charged them should apologize on television, he said.

"We all bleed the same blood. We're not different from anybody else," Othman said.

After the incident in Michigan, Othman said he probably will get out of the cellphone resale business and look for a job at a computer store.

Mustafaa Carroll, a board member of the local chapter of the Council on American-Islamic Relations, said the arrests of the men were part of a pattern of racial profiling of Arab-Americans since the 9-11 attacks.

"Muslims and Arab-Americans have faced scrutiny beyond what is reasonable. Every Muslim has been the victim of suspicion," he said.

According to the council's Web site, the organization handled 1,522 reports of civil rights cases involving Muslims in 2004, compared with 1,019 in 2003.

Man Wrongly Accused Of Plot Wants Apology (AP)

By Matt Curry

AP, September 8, 2006

Palestinian American says he was targeted because of race.

DALLAS — One of three men wrongly accused of planning a terrorist attack on a Michigan bridge said Thursday he plans no formal action and just wants authorities to issue a public apology.

Louai Othman, 23, who spoke at the Council on American-Islamic Relations office in Dallas, said his bank account was closed and neighbors accuse him of being a terrorist. He said officials targeted him because of his race.

"We just want them to come on TV and apologize," Othman said. "Give us our innocence back."

Gina Balaya, a spokeswoman for the U.S. attorney's office in Detroit, did not return a phone call seeking comment.

A federal judge in Michigan ruled Tuesday that prosecutors failed to present enough evidence to justify bringing Othman and two others to trial on conspiracy and money laundering charges involving the buying and reselling of prepaid cell phones. They were cleared earlier of terrorism charges.

Othman, 23, his brother, Adham Othman, 21, and their cousin, Maruan Muhareb, 18, all of Mesquite, are Palestinian American. They were arrested Aug. 11 after buying large numbers of prepaid cell phones at a Wal-Mart outlet in Caro, Mich., about 80 miles north of Detroit.

The other former defendants did not appear at the Dallas news conference, which was called by CAIR, a civil rights group.

Othman said he has visited 15 states to buy prepaid cell phones for resale in Texas with few problems, but that the three were detained briefly in Wisconsin a day before their arrest.

He said he hopes to resume a normal life, but will change his line of work.

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"I'm going to find a job or do something else, maybe work at a computer store," he said.

Othman, who said he never felt personally affected by prejudice before the Michigan arrest, said he would probably move from his Mesquite apartment. He said the ordeal could someday prevent him from getting a job with the government.

"They shouldn't treat people different. We all bleed the same blood," he said. "We're not different than anybody else."

Tuscola County authorities in Michigan said they were alarmed by the hundreds of prepaid cell phones they said were found in the men's van and by images on their digital camera of the 5-mile-long Mackinac Bridge, which links Michigan's two peninsulas.

They charged the men with collecting or providing materials for terrorist acts and with surveillance of a vulnerable target for terrorist purposes.

The FBI and state police later said there was no imminent threat to the landmark span and no information linking the Othmans and Muhareb to known terrorist groups.

Mustafaa Carroll, a CAIR board member in Dallas, called the charges "ludicrous."

"It doesn't take 1,000 cell phones to do something bad," he said. "I know everybody wants to feel safe and be sure we don't have another 9/11, but we can't just trample people's rights under the auspices of helping everybody else."

Ultimately, CAIR officials said, most Muslims are overjoyed that the charges were dropped.

"It closed with a happy ending," said Nabil Sadoun, another board member of the Islamic group in Dallas.

Cell Phone Makers Fight Resales (HC/AP)

By Andrew Welsh-huggins, Associated Press Writer

Houston Chronicle, September 8, 2006

COLUMBUS, Ohio — People moving state to state, armed with cash and tricks to avoid scrutiny, are buying cheap prepaid mobile phones by the thousands with plans to sell them in Latin America and Hong Kong.

Cell phone companies say the practice is costing them millions of dollars, and some have hired private investigators to document what they say is illegal tampering with their phones. Wal-Mart, Radio Shack and other retailers are limiting how many phones they will sell at one time.

The buying has raised concerns the phones might be used to aid terrorism, though those in the trade say it's nothing but capitalism at its best _ no different than reselling stock for more than you paid.

The Federal Bureau of Investigation and Department of Homeland Security issued nationwide bulletins earlier this year warning police to be on the lookout for bulk purchases of cell phones. Authorities are worried that profits from the trade could end up financing terrorism or that the phones could be used as detonators in attacks.

The practice _ at the center of court cases in Florida, Ohio and Michigan _ appears widespread and in no danger of subsiding soon. Participants in the trade don't appear very bashful.

"Don't leave a phone behind. To make real money buy them all," urged an e-mail by Larry Riedeman of Larry's Cell in Altamonte Springs, Fla., that was included in a lawsuit against that entity by TracFone Wireless Inc. "Thousands a day if you can!"

Riedman and other small companies are considered the middlemen in a system that starts with buyers snapping up phones at retailers such as Wal-Mart Stores Inc. and ends with resale of the phones overseas.

In Ohio, two men acknowledged last month to authorities that they had delivered 600 TracFones to a middleman over three months.

Also in August, three Dallas men briefly charged in Michigan with trafficking counterfeited goods told the FBI that several businesses in Texas buy telephones "from hundreds of people like themselves," according to an FBI filing in that case. The phones are then sold to middlemen in California, New York or Miami.

Another buyer, Bilal Mustafa, 22, of Minneapolis, told The Associated Press he travels around the Midwest a week at a time in search of phones. He and a buddy will buy four to six at once at small-town department stores, as many as 250 a day.

Mustafa sells them to a cell phone business he wouldn't identify. He says he's doing nothing illegal and scoffs at FBI concerns that the practice could aid terrorists.

"If it did, I wouldn't do it," said Mustafa, a Palestinian immigrant from the West Bank. "I'm not stupid."

Purchasing cell phones in bulk is not illegal and authorities haven't had much luck trying to prosecute the buyers. Earlier this week, a federal judge threw out the charges against the men in the Michigan case, saying there wasn't enough evidence to take the case to trial.

The Michigan charges alleged that by removing the cell phones from their original packaging, the men made it easier to repackage the phones with counterfeit trademarks in violation of federal copyright law.

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The men arrested in Ohio in August face a low-level charge of giving misleading information to police, including changing their story about why they had so many cell phones when they were first stopped.

Terrorism charges were leveled in both cases but quickly dropped.

The middlemen indicate an apparently insatiable hunger for the phones, with profits in some cases of 100 percent for a handset that retails for as little as $20.

The phones are so cheap because TracFone and other providers of prepaid cellular service sell them at a loss to create a market for their real profit maker, selling customers more call time.

For example, a Nokia 1100 _ one of the phones referenced in TracFone's lawsuit against Larry's Cell _ was being sold in stores for about $20 a phone. However, it probably cost TracFone about $25 per phone wholesale, said Paul Sagawa, an industry analyst with Sanford C. Bernstein & Co. in New York.

The Dallas men arrested in Michigan said they had spent $20,000 on phones within just a few days.

The Riedeman e-mails promise earnings of $10,000 a month for aggressive buyers. Riedeman offered bonuses to such suppliers, from $120 to anyone bringing in 400 phones a month to $2,000 for someone buying 2,000 a month, according to court documents.

Mustafa wouldn't say how much he earns on each $20 phone but said it's a reasonable profit.

"I don't think I'll make a million bucks," he said. "Just enough to take care of my car, my gas, a hotel and make a little money."

Buyers _ often young men _ pay cash, frequently making purchases in the middle of the night to avoid scrutiny and to skirt store sales limits, according to affidavits and other filings in state and federal court.

They make up stories about why they need the phones, move from cashier to cashier or simply buy the limit from a store, wait awhile, then return.

"I have many times used other shoppers to help me," said the Riedeman e-mail. "You would be surprised how many folks will lend a helping hand."

Riedeman could not be reached to comment. E-mail and phone messages were not immediately returned. No lawyer for him is listed in federal court documents. A phone for his brother, Clint, who is also named in the lawsuit, rang unanswered.

After receiving the phones from the buyers, often in bulk shipments, the middlemen deactivate a software lock on the devices so they can be used on other cellular services. The phones are then repackaged and shipped to their next destination, records show.

A lawsuit filed in January by Nokia Corp. accuses Pan Ocean Communications of Pompano Beach, Fla., of buying $20 cell phones from Wal-Mart, Sam's Club and Target Corp. stores, disabling their software, then reselling them for $39 as legitimate Nokia handsets. The company sold them to distributors, wholesalers, exporters and flea market booth operators, the lawsuit said.

A judge ordered Pan Ocean and another company, Sol Wireless Group of Miami, to stop reselling the phones. Messages seeking comment were left with attorneys representing the businesses.

Destinations have changed over the years, from Singapore in the past to Mexico today, said John Walls, a spokesman for CTIA, a cellular industry trade association that opposes the practice.

"You're able to deliver a pretty good product that will operate on the Mexican network, the black market can deliver a handsome profit on that device, and Mexican consumers have the opportunity to save themselves a few dollars," Walls said.

Lawsuits filed by TracFone and Nokia also name markets in Latin America and Hong Kong, where resale prices are higher.

Since TracFones that haven't been tampered with can work only in the United States, overseas buyers ought to know they aren't being sold legitimately, said Jim Baldinger, a TracFone attorney in West Palm Beach, Fla.

Lawyers for the men arrested in Michigan and Ohio say their clients were conducting legal business and are being targeted only because they are of Middle Eastern descent.

"All these individuals were doing was buying and reselling phones," said Detroit attorney Nabih Ayad. "There's nothing illegal about it. They buy cell phones from one retailer and sell them to another retailer who can sell them for more."

Retailers, wireless service providers and phone makers don't see it that way. "Resale on the black market is never a good thing," said Wendy Dominguez, a Radio Shack Corp. spokeswoman.

At West Broad Cellular near downtown Columbus, owner Abdul Salameh sells prepaid phones starting at $50, far above the price charged by rivals whom he suspects of scooping them up at places such as Wal-Mart.

Salameh, 26, says he's being undercut by the practice but isn't sure how to combat it:

"If people are selling them for real cheap, we're getting destroyed."

The Disbelievers (WP)

By Michael Powell
The Washington Post, September 8, 2006
NEW YORK
He felt no shiver of doubt in those first terrible hours.

He watched the attacks on the World Trade Center and the Pentagon and assumed al-Qaeda had wreaked terrible vengeance. He listened to anchors and military experts and assumed the facts of Sept. 11, 2001, were as stated on the screen.

It was a year before David Ray Griffin, an eminent liberal theologian and philosopher, began his stroll down the path of disbelief. He wondered why Bush listened to a child's story while the nation was attacked and how Osama bin Laden, America's Public Enemy No. 1, escaped in the mountains of Tora Bora.

He wondered why 110-story towers crashed and military jets failed to intercept even one airliner. He read the 9/11 Commission report with a swell of anger. Contradictions were ignored and no military or civilian official was reprimanded, much less cashiered.

"To me, the report read as a cartoon." White-haired and courtly, Griffin sits on a couch in a hotel lobby in Manhattan, unspooling words in that reasonable Presbyterian minister's voice. "It's a much greater stretch to accept the official conspiracy story than to consider the alternatives."

Such as?

"There was massive complicity in this attack by U.S. government operatives."

If that feels like a skip off the cliff of established reality, more Americans are in free fall than you might guess. There are few more startling measures of American distrust of leaders than the widespread belief that the Bush administration had a hand in the attacks of Sept. 11 in order to spark an invasion of Afghanistan and Iraq.

A recent Scripps Howard/Ohio University poll of 1,010 Americans found that 36 percent suspect the U.S. government promoted the attacks or intentionally sat on its hands. Sixteen percent believe explosives brought down the towers. Twelve percent believe a cruise missile hit the Pentagon.

Distrust percolates more strongly near Ground Zero. A Zogby International poll of New York City residents two years ago found 49.3 percent believed the government "consciously failed to act."

You could dismiss this as a louder than usual howl from the CIA-controls-my-thoughts-through-the-filling-in-my-molar crowd. Establishment assessments of the believers tend toward the psychotherapeutic. Many academics, politicians and thinkers left, right and center say the conspiracy theories are a case of one plus one equals five. It's a piling up of improbabilities.

Thomas Eager, a professor of materials science at MIT, has studied the collapse of the twin towers. "At first, I thought it was amazing that the buildings would come down in their own footprints," Eager says. "Then I realized that it wasn't that amazing -- it's the only way a building that weighs a million tons and is 95 percent air can come down."

But the chatter out there is loud enough for the National Institute of Standards and Technology to post a Web "fact sheet" poking holes in the conspiracy theories and defending its report on the towers.

Yeah, as if . . .

The loose agglomeration known as the "9/11 Truth Movement" has stopped looking for truth from the government. As cacophonous and free-range a bunch of conspiracists anywhere this side of Guy Fawkes, they produce hip-hop inflected documentaries and scholarly conferences. The Web is their mother lode. Every citizen is a researcher. There's nothing like a triple, Google-fed epiphany lighting up the laptop at 2:44 a.m.

Did you see that the CIA met with bin Laden in a hospital room in Dubai? Check out this Pakistani site, there are really weird doings in Baluchistan . . .

The academic wing is led by Griffin, who founded the Center for a Postmodern World at Claremont University; James Fetzer, a tenured philosopher at the University of Minnesota (Fetzer's an old hand in JFK assassination research); and Daniel Orr, the retired chairman of the economics department at the University of Illinois. The movement's de facto minister of engineering is Steven Jones, a tenured physics professor at Brigham Young University, who's studied vectors and velocities and tested explosives and concluded that the collapse of the twin towers is best explained as controlled demolition, sped by a thousand pounds of high-grade thermite.

Former Reagan aide Barbara Honegger is a senior military affairs journalist at the Naval Postgraduate School in California. She's convinced, based on her freelance research, that a bomb went off about six minutes before an airplane hit the Pentagon -- or didn't hit it, as some believe the case may be. Catherine Austin Fitts served as assistant secretary of housing in the first President Bush's administration and gained a fine reputation as a fraud buster; David Bowman was chief of advanced space programs under presidents Ford and Carter. Fitts and Bowman agree that the "most unbelievable conspiracy" theory is the one retailed by the government.

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Then there's Morgan O. Reynolds, appointed by George W. Bush as chief economist at the Labor Department. He left in 2002 and doesn't think much of his former boss; he describes President Bush as a "dysfunctional creep," not to mention a "possible war criminal."

You reach Reynolds at his country home in the hills of Arkansas. His favored rhetorical style is long paragraphs without obvious punctuation: "Who did it? Elements of our government and M-16 and the Mossad. The government's case is a laugh-out-loud proposition. They used patsies and lies and subterfuge and there's no way that Bush and Cheney could have invaded Iraq without the help of 9/11."

They are cantankerous and sometimes distrust each other -- who knows where the double agents lurk? But unreasonable questions resonate with the reasonable. Colleen Kelly's brother, a salesman, had breakfast at the Windows on the World restaurant on Sept. 11. After he died she founded September Eleventh Families for Peaceful Tomorrows to oppose the Iraq war. She lives in the Bronx and gives a gingerly embrace to the conspiracy crowd.

"Sometimes I listen to them and I think that's sooooo outlandish and bizarre," she says. "But that day had such disastrous geopolitical consequences. If David Ray Griffin asks uncomfortable questions and points out painful discrepancies? Good for him."

Griffin's book, "The New Pearl Harbor: Disturbing Questions About the Bush Administration and 9/11," never reviewed in a major U.S. newspaper, sold more than 100,000 copies and became a movement founding stone. Last year he traveled through New England, giving speeches in whitewashed churches and gymnasiums. He came to West Hartford, Conn., on a rainy autumn evening. Four hundred mostly middle-aged and upper-middle-class doctors and lawyers, teachers and social workers sat waiting.

Griffin took the podium and laid down his ideas with calm and cool. He concluded:

"It is already possible to know beyond a reasonable doubt one very important thing: The destruction of the World Trade Center was an inside job, orchestrated by domestic terrorists," he says. "The welfare of our republic and perhaps even the survival of our civilization depend on getting the truth about 9/11 exposed."

The audience rose and applauded for more than a minute.

"Reality is a thin line between denial and paranoia."

-- Author unknown, but often quoted by the 9/11 truth movement

"Me?" You've asked the Rev. Frank Morales, the bohemian Episcopalian minister with the hipster goatee, where he stands on the nature of the conspiracy. We're standing in the ancient graveyard of St. Mark's Church in the Bowery on Second Avenue. "I lean to LIHOP."

The 9/11 truthers share a lieutenant colonel's love of acronyms. They divide themselves into LIHOPS and MIHOPS and differences are not trifling. LIHOP stands for "Let It Happen On Purpose," which means someone inside the U.S. government intentionally let the terror conspiracy go. MIHOP means "Made It Happen On Purpose," and its gradations center on whether Bush was in or out of the loop (a surprising number believe he was clueless) and whether the Mossad or British intelligence was dealt into the deal.

Morales, 57, who came out of the Lower East Side housing projects, spent days at Ground Zero performing last rites for the dead, many little more than a collection of body parts.

"I didn't presume to know who did it," he says. "There was a lot of shucking and jiving. I wonder at what point massive incompetence crosses over into negligent homicide."

To make sense of the truth movement's anger, you need to hit the rewind button to early 2001, with the hindsight of today. There was, as the 9/11 Commission hearings made clear, a bad moon rising. Warnings kept coming of a "high probability" of a "spectacular" terrorist attack. A national security adviser warned Condoleezza Rice there were terrorist cells, probably al-Qaeda guys, in the country. CIA chief George Tenet said the "system was blinking red."

A presidential bulletin on Aug. 6 had a catchy title: "Bin Laden Determined to Strike in U.S." Bush did not discuss it again with Tenet before Sept. 11.

So give the truth movement, many of whom are based in New York City, their props. They may be paranoid, but something nasty came our way. They pore over the paper trail with a Sherlock Holmesian intensity, alert to intriguing discrepancy.

Such as:

Former transporation secretary Norman Mineta told the commission he arrived in the presidential operations center -- under the White House -- at 9:20 a.m. on Sept. 11 and found Vice President Cheney. When an aide asked Cheney about the hijacked plane fast approaching the Pentagon, Mineta says the vice president snapped that the "orders still stand." Mineta assumed the orders were to shoot the plane down. Conspiracy theorists interpret this to mean: Don't shoot it down.

Cheney later said he was not in the operations center until after the plane hit. The commission never mentioned Mineta's contradictory version.

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In September 2001, NORAD generals said they learned of the hijackings in time to scramble fighter jets. But the government recently released tapes claiming to show the FAA did not tell the military about the hijackings until three of the four planes had crashed.

That would mean the FAA repeatedly lied. It would also mean, as Griffin points out, that the entire military chain of command stayed quiet about huge inaccuracies for four years "even though . . . the true story would put the military in a better light."

More mysteries pile up. The 9/11 Commission says Flight 77 hit the Pentagon at 9:37. But Honegger says clocks stopped at the Pentagon at 9:32. Then there's the collapse of the twin towers, which Jones, the physics professor, timed at just short of free fall. Griffin cites firefighters, including a captain, who said in hearings and on tapes from that day that they saw flashes and heard the sound of explosions before the collapse.

"It's like the Nazi-facilitated Reichstag fire," Honegger says from her home in California. "They guided and secretly protected it to justify their global agenda."

Let's put aside the could-anyone-do-something-that-spectacularly-twisted? question and touch on practicalities. Isn't the problem with big ugly conspiracies -- from the Gulf of Tonkin to My Lai to the 1961 Pentagon plan to provoke a war by attacking Americans and blaming it on Castro -- that they are too big and ugly to keep secret?

Griffin shrugs. History is littered with government black-bag jobs. "How do you know they can't keep big secrets? Can you be sure you know what you don't know?"

* * *

There is a "morning after" quality to the conspiratorial romance. One moment you groove on the epiphanies and the next moment you're lost in a dull haze of "this cannot be a coincidence," "perhaps significantly" and "if so . . ."

What of incompetence? Or the raw absurdity of life? The truth movement makes much of a 2001 BBC report that a half-dozen of the hijackers were still alive. They mention Waleed al Shehri, a pilot who still flies commercial runs in Morocco. But the BBC retracted that.

It turns out the live guy and the dead hijacker spelled their names differently.

Then there's the theory that Flight 77 did not hit the Pentagon and United 93 did not crash in Shanksville, Pa. But, like, what happened to the passengers? (Among the passengers on Flight 77 was Barbara Olson, wife of former U.S. solicitor general Ted Olson).

"Why should any of us know where it went?" Griffin says. "It could have been it crashed in Kentucky. We don't need a theory where it went."

Chip Berlet, senior analyst at Political Research Associates, a Boston-based left-leaning think tank, is no fan of the 9/11 Commission. He believes a serious investigation should have led to indictments and the firing of incompetent generals and civilian officials.

But he has no patience with the conspiracy theorists.

"They don't do their homework; it's a kind of charlatanism," Berlet says over the phone. "They say there's no debris on the lawn in front of the Pentagon, but they base their analysis on a photo on the Internet . That's like analyzing an impressionist painting by looking at a postcard."

Now comes a loud sigh.

"I love 'The X-Files' but I don't base my research on it," he says. "My vision of hell is having to review these [conspiracy] books over and over again."

Let's move on to Eager of MIT. "Demolition experts say, 'Ohhh, it's all science and timing.' Bull!" Eager says. "What's the technique? If 200,000 tons gives way, where do you think it's going? Straight down."

In the days after Sept. 11, experts claimed temperatures reached 2,000 degrees on the upper floors. Others claimed steel melted. Nope. What happened, Eager says, is that jet fuel sloshed around and beams got rubbery.

"It's not too much to think that you could have some regions at 900 degrees and others at 1,200 degrees, and that will distort the beams."

The truth movement doesn't really care for Eager. A Web site casts a fisheye of suspicion at the professor and his colleagues. "Did the MIT have prior knowledge?" notes one chat room. "This is for sure another speculative topic . . . "

"It is no measure of health to be sane in an insane society."

-- Krishnamurti

Nico Haupt, a gaunt fellow in black sneakers, black socks, black jeans and black T-shirt, stands up in St. Mark's Church in the Bowery. He holds aloft two blue Oreos boxes taped to resemble the twin towers. A pen juts out, kind of like a Boeing airplane.

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For an hour he's shown videos of planes hitting the towers. If you note the glinting sunlight and angle of wings and you're honest about vectors and maybe the hashish is kicking in, you'll realize there were no planes .

Truth movement veterans distance themselves from Haupt, who has a bit of a temper. But Reynolds, the former Labor Department economist, also is a "no-planer."

"There were no planes, there were no hijackers," Reynolds insists. "I know, I know, I'm out of the mainstream, but that's the way it is."

But what about all those New Yorkers who saw airplanes hitting the twin towers? A chuckle rumbles down the phone line. "I don't believe anyone in Lower Manhattan," he says. "You hire three dozen Actors' Equity dudes and they'll say anything ."

Some days the 9/11 truth movement resembles an Italian coalition government -- dissolution is a certainty. Honegger and Griffin believe bombs brought down the twin towers but have little truck with make-believe planes. There's a faction that says the Mossad did it and another that says that's insane, and maybe anti-Semitic.

Where are we going here? There's a Journal of 9/11 Studies, documentaries, CDs and DVDs. Is conspiracy thought getting codified?

"That's our worry, of course," Griffin says. "I want my life back. But how can I ignore that we have become entranced by demonic power, so focused on lust for wealth and control that almost anything becomes possible?"

You reach Honegger a few nights later. She'd like to give it up, too. "I am sitting here in my little office trying to figure out what happened to my country on this day. I wouldn't be a patriot if I didn't try to prove the government's story is preposterous."

Senators Agree On Ports Security Bill (AP-Y)

By Lara Jakes Jordan

AP, September 8, 2006

Senators announced agreement Thursday on ports security legislation, hoping to approve bolstered protections before November's elections to stop nuclear materials from being smuggled into the country.

The $835 million bill, which has languished in the Senate for years, resembles plans the House approved in May. But it's not clear how Congress will pay for the security measures, including putting monitors at the nation's 22 largest ports to screen for materials to make radiological "dirty" bombs or nuclear weapons.

The agreement among the Senate Finance, Commerce and Homeland Security committees cleared the way for quick consideration by the full Senate. House and Senate aides said they expected the legislation to go to a conference committee to hammer out any differences after Senate approval.

"When we talk to experts, they tell us that our two greatest vulnerabilities that have received inadequate attention are our seaports and our chemical facilities," said Senate Homeland Security Committee Chairwoman Susan Collins, R-Maine. She called the bill a "giant step forward in securing our homeland."

Sen. Patty Murray, D-Wash., said the plan will result in higher security for "every cargo container coming into the country."

Congress made port security an election-year priority after a February fight over a buyout that put a Dubai company in control of some operations at six American ports. The outcry led the Dubai company, DP World, to decide to sell the U.S. operations to an American company.

The Bush administration has spent about $10 billion on ports security since the Sept. 11, 2001, attacks. An estimated 6 percent of cargo at the nation's 120 ports is opened for inspection — although about 65 percent is already screened for nuclear or radiological materials, Homeland Security Secretary Michael Chertoff said in an interview last month.

His department aims to increase that number to 80 percent by the end of the year, and to almost 100 percent by the end of 2007. In 2003, few if any cargo containers were screened by radiation monitors, Chertoff said.

"That is, if you compare it to pre-9/11, just a quantum jump forward in security," Chertoff said. "There's just no other way to say it."

The 22 ports to get the monitors under the Senate plan would screen about 98 percent of incoming cargo, Collins said. The bill would also:

_Authorize $400 million in ports security grants.

_Establish a pilot program to screen all cargo headed for the U.S. at three foreign ports.

_Create a "green lane" to expedite incoming cargo from previously approved manufacturers and other business partners.

The House bill, which called for spending $5.5 billion over five years, would pay for the security with existing Customs fees. But the Senate Finance Committee has rejected doing so.

Feds Work To Link Fingerprint Databases (AP)

By Dan Caterinicchia, AP Business Writer

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AP, September 8, 2006

Feds Working to Connect Fingerprint Databases Used by DHS, DOJ

WASHINGTON (AP) -- The Department of Homeland Security on Thursday announced improvements to the fingerprint databases it and the Justice Department use, which the government hopes will improve information sharing among federal, state and local law enforcement.

The changes are part of a pilot program launched this week between federal authorities and the Boston Police Department, according to a DHS spokeswoman. The technology enhancements represent the first in a series of three phases to connect the U.S. Visitor and Immigrant Status Indicator Technology program's database and the FBI's Integrated Automated Fingerprint Identification System. US-VISIT will collect all 10 fingerprints instead of two to enhance accuracy and to complement the FBI's 10-fingerprint system. The upgrades should be complete by 2009.

Of more than 64 million visitors processed through US-VISIT, more than 1,300 criminals or immigration violators have been intercepted, according to DHS. Accenture Ltd., a management and technology consulting company, is the system's prime contractor and is supported by Raytheon Co., SRA International Inc. and Titan Corp., which is now part of L3 Communications Holdings Inc.

Military contractor Lockheed Martin Corp. built the FBI system and continues to maintain it, a spokesman for the Bethesda, Md.-based company said.

The first phase of enhancements will give state and local law enforcement officials access to immigration history through a single biometric submission to the databases. Fingerprints currently must be submitted separately for criminal and immigration verifications.

An automatic alert also will be sent to U.S. Customs officials when the fingerprints of a suspected criminal, being processed by local law enforcement, belong to someone with an immigration violation. State Department consular officers and DHS border and immigration officers also will have access to an additional number of FBI warrants when making decisions on foreigner admissions or visa applications.

During the second phase, DHS and DOJ will increase the amount of data they exchange, and the final phase will provide a complete view of a person's criminal and immigration history.

The FBI plans to upgrade its fingerprint database and is expected to release a request for proposals on the Next Generation Identification system next year. Lockheed Martin plans to bid on that contract, the company spokesman said.

Shares of Accenture lost 48 cents to close at $28.39 Thursday, while Raytheon dipped 11 cents to end at $47.65, both on the New York Stock Exchange.

SRA International fell 3 cents to close at $26.86, L3 Communications lost $1.20 to end at $74.82, and Lockheed Martin gained 25 cents to end at $83.50, all on the NYSE.

Designs For 3 WTC Towers Unveiled (AP-Y)

By Amy Westfeldt

AP, September 8, 2006

Architects presented striking new visions for the World Trade Center site Thursday with designs for three more towers — including a diamond-shaped skyscraper — that would replace the twin towers with some of the city's tallest buildings overlooking a Sept. 11 memorial.

The designs unveiled Thursday joined plans for the 1,776-foot-tall Freedom Tower skyscraper, an 8-acre memorial surrounding the spots where the twin towers stood and a winged glass-and-steel transit hub.

The three new towers would descend in height from the iconic Freedom Tower in a spiral around the memorial, which sets twin reflecting pools above the spots where the towers stood in a tree-filled plaza.

"These are some of the most stunning buildings you will see anywhere in the world," Gov. George Pataki said. "It does respect the sanctity of this entire site."

Architects Norman Foster and Richard Rogers, both of Britain, and Fumihiko Maki, of Japan, presented models of the towers at a news conference at developer Larry Silverstein's rebuilt 7 World Trade Center. A film showed the buildings' models from different angles while "New York, New York" played in the background.

Foster designed the tallest of the three buildings — at 1,254 feet, taller than anything in the city except the Empire State Building. It appears to connect four narrow towers, topped by four shining diamonds that would be lit at night.

Foster, who designed the Hearst Tower in Manhattan and used diamond patterns in his original "kissing towers" proposal for the trade center site, called the diamonds a "beacon" that would direct viewers down towards the memorial from any angle in the city.

"Wherever you are ... and you look at this tower, it will tell you where the memorial park is," he said.

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Foster's tower would have four wider floors for financial trading, a 65-foot-high lobby and retail space above and below ground. None of the buildings is planned to have storefronts or retail space that directly face the memorial.

Rogers proposed a slender 71-story tower with crisscrossing columns up and down its sides, topped by 100-foot spires at all four corners. He called it "a very slim tower, clearly structured, clearly legible" and said he wanted to create an effect of reaching into the sky.

Maki called his 61-story tower an "abstract, minimalist" creation and said it would be clad in a perforated aluminum that would make it the lightest-colored of the three buildings. It would house restaurants and cafes at its lower levels directly overlooking the memorial.

The Maki tower is the first scheduled to begin construction and the only with committed tenants. The Port Authority of New York and New Jersey, which owns the trade center site, and city officials have agreed to take space there.

Still to be designed are a performing arts center, a visitors center and a fifth tower, possibly residential, to be built just off the 16-acre site. Development officials said the entire site will be rebuilt by 2012.

Silverstein and the Port Authority are expected this month to finalize a deal to split rebuilding rights at ground zero, giving Silverstein control over the three towers on the eastern side of the site and handing over control of the Freedom Tower and the fifth tower to the Port Authority.

A First Look At Freedom Tower's Neighbors (NYT)

By David W. Dunlap

The New York Times, September 8, 2006

The developer of the new World Trade Center unveiled the designs yesterday for three gargantuan skyscrapers at ground zero that would serve as steppingstones to the Freedom Tower and, with it, remake the New York skyline.

Each building has a different famous architect — Norman Foster and Richard Rogers, both of London, and Fumihiko Maki of Tokyo — and a distinct design. Known simply as Towers 2, 3 and 4, they would occupy three parcels between Church and Greenwich Streets. Together with the PATH terminal by Santiago Calatrava, they would be the trade center's front door to the rest of downtown, with the signature Freedom Tower rising to the west.

Taken in a single sweep, the designs presented yesterday by the developer, Larry A. Silverstein, offered the most comprehensive picture to date of what the finished trade center might — just might — look like in 2011 or 2012, if development unfolds as planned.

That is something it has stubbornly refused to do so far. Mr. Silverstein still needs tenants and financing. And the Police Department, which will review the security, has only just received the plans. Its objections to the original Freedom Tower forced a redesign last summer. Foundation work finally started in March.

At the presentation, the architects and government officials said the three proposed towers were meant to respect and defer to the trade center memorial below, the true heart of the site. But only in contrast with the 1,368-foot Freedom Tower (1,776 feet if measured to the top of its mast) would these three skyscrapers seem deferential.

Lord Foster's Tower 2, across Church Street from the 18th-century St. Paul's Chapel, would be taller than the Empire State Building without its antenna. Topped by four enormous diamonds, illuminated at night and steeply inclined toward the memorial, it would reach 1,254 feet, with an 85-foot tripod-shaped antenna to complete the highest diamond.

Tower 3, by Lord Rogers, would rise 1,155 feet. Its bold exoskeletal framework of diagonal braces would create a diamond pattern echoing the rooftop of Tower 2. Even the smallest and subtlest building, Mr. Maki's 947-foot Tower 4, would be taller than the Citigroup Center.

The grouping has none of the original trade center's uniformity. The architects described the results of their collaboration as a fusion that adhered to the master site plan by Daniel Libeskind, but — except for Tower 2 — the designs bear little resemblance to Mr. Libeskind's early renderings, which showed buildings shaped like quartz crystals.

If these new designs form any kind of ensemble with the Freedom Tower — Tower 1, by David M. Childs of Skidmore, Owings & Merrill — it is probably more of a jazz quartet.

"Think about five years from now," Deputy Mayor Daniel L. Doctoroff urged the audience at the unveiling, on the top floor of Mr. Silverstein's 7 World Trade Center, the only finished building at ground zero. "We will stand on this site and literally side by side will be the work of seven of the world's greatest architects — Libeskind, Foster, Maki, Rogers, Calatrava, Childs — all there. In one place. Nowhere else in the entire world."

(The seventh, inadvertently omitted from Mr. Doctoroff's remarks, is Frank Gehry, who is to design the performing arts center next to the Freedom Tower.)

The new designs follow Mr. Libeskind's dictum that the office towers step up in height from the southernmost parcel to the Freedom Tower, forming a kind of skyscraping spiral around the memorial plaza.

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"The silhouette of the buildings does exactly what the master plan called for," Mr. Libeskind said yesterday, expressing his enthusiasm for the designs. "I never wanted a monolithic site where the buildings looked the same."

No matter the polish and refinement of the models and renderings seen yesterday, however, the designs will certainly be subject to change in coming months and years, like all of the other projects at ground zero.

Mr. Silverstein said security was a primary goal in the towers' design.

"We've spent time with N.Y.P.D.," Mr. Silverstein said, and will continue to do so "to make sure that these buildings are built as safe as a building can be built."

But Deputy Commissioner Paul J. Browne, a spokesman for the Police Department, said in an e-mail message: "The N.Y.P.D. was only shown plans for the additional structures on Tuesday, Sept. 5. Beyond that I can't comment."

Under the terms of an April agreement with the Port Authority of New York and New Jersey, which is in place conceptually but has yet to be signed, Mr. Silverstein would construct and control Towers 2, 3 and 4. He is also developing the Freedom Tower for the authority. Mr. Silverstein has surrendered his interest in the Tower 5 site, where the former Deutsche Bank building still stands, awaiting demolition. Tower 5 has not yet been designed.

Mr. Silverstein said Gov. George E. Pataki asked him in April whether conceptual designs could be prepared for the three towers before Sept. 11. "I looked at him and I said, 'Governor, if this needs to be done, I can tell you it's going to be excruciatingly difficult, but if it's a requirement that you've got to get it done in this timeframe, then let's get to it,' " he recalled yesterday.

Employees of Foster & Partners, the Richard Rogers Partnership and Maki & Associates worked together on the 25th floor of 7 World Trade Center, overlooking ground zero, with a digital clock on the wall counting off the hours to deadline.

The governor seemed pleased by the results. "These are some of the most stunning buildings you will ever see anywhere in the world," Mr. Pataki said yesterday.

Tower 2 at 200 Greenwich Street, between Vesey and Fulton Streets, would have 2.3 million square feet of office space. There would be 78 floors, four of them trading floors, and 143,000 square feet of retail space. Lord Foster said its southeast edge follows Mr. Libeskind's Wedge of Light, defined by the angle of the sun at 8:46 a.m. on Sept. 11, when the terrorist attack began.

The shaft is to be divided into quadrants, culminating in diamond forms meant to direct the eye down to the memorial. The surface of these diamonds is likely to be porous, so snow and ice will not accumulate.

Construction of Tower 2 will require the removal of the Vesey Street staircase, also called the "survivors' stairway," which is the only aboveground remnant of the original trade center that still stands where it did on 9/11.

Tower 3 at 175 Greenwich Street, between Dey and Cortlandt Streets, with 2.1 million square feet of office space, has been designed by Lord Rogers as flat-topped, with asymmetrical shoulders and a framework intended to distribute the building's weight load in case columns are knocked out. There are five trading floors in the 71-story tower and 133,000 square feet of retail space.

Cortlandt Street will be kept open between Tower 3 and Tower 4. The Port Authority had proposed building a shopping arcade that would have joined the buildings' bases, but city officials objected to the loss of an open, public corridor between the memorial and the rest of Lower Manhattan.

Tower 4 at 150 Greenwich Street, between Cortlandt and Liberty Streets, is the most understated, with a sheer curtain wall. The 61-story building, with 1.8 million square feet of office space, begins as a parallelogram and then becomes a trapezoid.

In the 146,000 square feet of retail space at the base, Mr. Maki has proposed a multilevel public chamber at Liberty Street, through which commuters bound for Wall Street will pass. He has also proposed a restaurant overlooking the memorial plaza, offering the public an elevated vantage.

Under the conceptual development agreement, most of Mr. Maki's tower is to be occupied by the Port Authority and New York City.

Asked whether the authority had a hand in shaping the building's minimalism, Kenneth J. Ringler Jr., the executive director, said: "We certainly were not involved in that. These are artists and these are their designs."

Plans For Three Trade Center Towers Are Unveiled (WSJ)

By Alex Frangos

The Wall Street Journal, September 8, 2006

NEW YORK -- Architects unveiled plans for three shimmering office towers at Ground Zero, completing the latest vision for the World Trade Center reconstruction.

Architects Fumihiko Maki, Richard Rogers and Norman Foster showed off their plans Thursday for three distinct-looking towers of ascending height that will line the east side of the trade-center site. The cost to construct the three buildings will be

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about $7 billion. The entire trade-center site, including the Freedom Tower, the Sept. 11 memorial and a transit hub will cost more than $12 billion, according to people familiar with the project. 1

While the unveilings show progress toward a goal of completing the rebuilding by 2012, obstacles remain nearly five years after terrorist attacks destroyed the World Trade Center. Private office developer Larry Silverstein and the site's owner, the Port Authority of New York and New Jersey, have yet to finalize an agreement on the designs of the buildings, the layout of the labyrinthine underground concourses the buildings share with retail and transit functions, and the way to pay for it all.

Mr. Foster's tower, known as Tower 2, at 200 Greenwich St., will rise 1,254 feet, topped by an 85-foot, triangular-shaped antenna -- making it one of the tallest buildings in the U.S. and only a shade shorter than the original Twin Towers. Earlier versions of Tower 2 put the height at 1,150 feet. The nearby planned Freedom Tower's roof parapet will rise to the same height as the taller of the Twin Towers, 1,368 feet, but its antenna will reach a symbolic 1,776 feet. Tower 2 will have a sloped roof with four diamond-shaped panels, which face the memorial. Mr. Foster described the panels as a "beacon" that will draw people's view from throughout the city toward the memorial.

Mr. Rogers's tower, known as Tower 3, at 175 Greenwich St., will rise 1,155 feet, also taller by 105 feet than originally envisioned. Plans show a flat top with four spires at the corners that rise an additional 100 feet. The façade exposes the structural steel that will hold up the tower, a signature of Mr. Rogers's work.

Mr. Maki's tower, known as Tower 4, at 150 Greenwich St., will be 947 feet and have a sleek, minimalist look. Notches run up the building along the corners, increasing the number of corner offices. The façade on the upper part of the tower is set at an angle to the lower portion of the building.

All three buildings have 50- to 70-foot-tall lobbies that face the memorial. The lower floors in each building include street-facing retail space and entrances to underground transportation. Towers 2 and 3 will include several large trading-room floors to attract major financial tenants. The towers will be paid for through a combination of insurance funds and government-subsidized, tax-exempt loans.

Construction at the site has long been delayed over how Mr. Silverstein, the Port Authority and other parties would divide and pay for the site's various functions. A tentative rebuilding agreement struck in April involved Mr. Silverstein ceding rights to own the iconic, but financially uncertain, Freedom Tower and another yet-to-be-designed tower to the Port Authority. In exchange, the Port Authority agreed to reduce Mr. Silverstein's lease payments. The developer kept the rights to own towers 2, 3 and 4.

After several groundbreakings and false starts, preliminary foundation work for the Freedom Tower, the memorial and the transit hub began earlier this year. To move forward on all the buildings at the site, however, an agreement on the design of the underground warren of delivery ramps, mechanical rooms and pedestrian walkways must be completed. Both sides had hoped to finalize the agreement in time for Thursday's unveiling. It now appears an agreement won't be ready until the Port Authority's next scheduled board meeting, Sept. 21.

Despite the lack of an agreement, Mr. Silverstein said unveiling the drawings was a significant step. "We're about to embark on the true rebuilding of the trade center," he said.

The federal government and New York state have tentatively agreed to rent at least half of the Freedom Tower, though leases haven't been signed. Of the towers unveiled Thursday, New York City and the Port Authority have offered to fill Tower 4 with government offices, though they are continuing to negotiate with Mr. Silverstein on rental prices. Mr. Silverstein is seeking private tenants for Tower 2 and Tower 3.

His prospects for landing major tenants have gotten better in recent months. Businesses are expanding in Manhattan, causing vacancy rates to decline and rents to increase. He has landed several tenants for his already-rebuilt 7 World Trade Center, including Moody's Investors Service, which is set to take 15 floors.

Ground Zero Bears America's Broken Politics (column) (WSJ)

By Daniel Henninger

The Wall Street Journal, September 8, 2006

Whatever else the homicidal Muslim gangs thought they were going to accomplish on September 11, none could have predicted that five years later the site of their attack in lower Manhattan would remain 16 empty acres.

More than nothing is happening at Ground Zero. Work has begun on the transportation hub designed by architect Santiago Calatrava. Because the hole is so deep, you have to look hard to see that the dirt floor has become busy with construction workers in orange hardhats. Most of the work is taking place below ground, preparing footings and foundations to hold the 2.6 million square-foot Freedom Tower, whose theoretical completion date is 2011.

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No matter these first signs of productive life, one's eyes inevitably move to the slurry walls, the huge slabs of torn, gray concrete that ring the site. The slurry walls will come down eventually, but after five years they have burned themselves into memory as the sad, oddly dignified remnant of the event.

Ground Zero, uncompleted and broken, is an apt metaphor for the consequent events in America that came after it -- the war on terror, Iraq, the fall into partisan division amid war, and the insular politics that left this awful unbuilt site. The site is an unclosed grave. It is a rebuke surely to New York's politics, but a mocking rebuke as well to a national ethos of public life that would rather wallow in problems than resolve them. Ironic it is that in our time the state of being most avidly sought after tragedy is "closure." In truth, we'd rather not.

Ground Zero has been the perfect storm of New York politics. Yes, politics by its nature is a slow process of extrusion. And yes, New Yorkers are famously opinionated. But in New York self-expression -- the exhibiting of the glorious self -- is a god worshipped many times a day. And so everything is fought over -- the design of the tower, the meaning of the Memorial, the money -- and no one gets to decide anything. Process, debate and not least, litigation, become the main event.

Something similar happened to our national politics through these years. It is one thing to disagree with the decision to go into Iraq, to oppose it and abhor its most painful consequences. It is something else, as some have done, especially in Congress, to withdraw and withhold support for a presidency amid war and to work to thwart virtually every aspect of its war program in Iraq and everywhere. When a Senator Lieberman partially dissents, the party purifies itself.

This is not opposition in normal political times. This is not Social Security reform; it is not a capital-gains tax cut. It is a war, or whatever euphemism one wishes to use to describe resisting the up-and-running forces that planned 9/11, London, Madrid, the foiled airline-bomb plot and all the other murders of innocent civilians whose crime was that they affronted radical Islam.

Presumably we want to succeed in this enterprise, that is, stop them. Instead, we stop ourselves -- feeling it necessary to contest, at length and in the loudest public way, surveillance techniques, interrogation techniques, the rules of engagement for U.S. military personnel, the holding of prisoners.

Is it possible to see all this as the inevitable yeastiness of an active politics? Once again, yes. And yes as well that there is a point past which, as with Ground Zero, it becomes mostly egoistic self-indulgence. Wallowing.

An army that declares a ban on "hooding" and "water-boarding" prisoners, as ours did this week with the release of its new Field Manual, is an army fully engaged in the current politics of inversion. This is a politics that amid war expands prisoners' rights even as it restricts the freedom of travelers in airports at risk from the uncaught cohorts of the prisoners.

One would think that a system serious about staying steps ahead of a declared mortal enemy -- whether by military means or diplomatic engagements -- would prefer to do so with a nation closer together than farther apart. Not us. Our evident presumption is that we can remain deeply divided politically, work daily to deepen the divide, and still prevail. This is a novel and untested theory.

At some point in the five years of the anti-terror wars, George Bush, Dick Cheney and Donald Rumsfeld should have extended their hands across the aisle to try to break the fall of our politics. Some good might have come of it. Or perhaps the offered hand would have been slapped away. We'll never know. It's too late for that. If the Democrats win the House in November, the war on terror overnight becomes a footnote in the smaller but infinitely more familiar war to win the White House.

September 11 and the place it left behind, Ground Zero, are entering the realm of abstraction. Oliver Stone can make a movie that transforms the event into a kind of cataclysmic natural disaster, disconnected from the politics that flew planes into the buildings 108 stories above. So be it. Ground Zero has been a zero-sum game for so long that it becomes hard to complain much when the mythmakers move in to fill the void.

So I'll offer a personal myth. Since September 11, the most uplifting thing I have seen as I walk daily to work past the 16-acre site has been the constant, truly constant, stream of people who come there year round -- in the bitterest, windy days of February -- to stand outside the galvanized steel fence and look in. A paradox: The failure of political will to close the wound has allowed everyone in the world who wished to see it, to see it.

And so for nearly 2,000 days, uncounted numbers of people, often families, have come to Ground Zero. Whether they arrive in a state of curiosity, anger, fear or pain, it doesn't matter. What has been available for them to see has not been renewal or designed remembrance. There is only the sight of something undeniably monstrous. All these people have looked and come to a private conclusion about what it meant.

My myth is to believe they are filling the world with more gravity and moral seriousness about September 11 than one might have guessed from the downward spiral of our politics since that day. What eventually becomes of Ground Zero isn't so important anymore. More good than one might have hoped for has walked away from it.

DOJ_NMG_0059751

WAR NEWS:

Conservative Group Airs Pro-Bush Ad (AP-Y)

By Jim Kuhnhenn

AP, September 8, 2006

Dovetailing with President Bush's war-on-terror message, a conservative advocacy group released a television ad Thursday warning that many critics of the war in Iraq "would cut and run in the Middle East, leaving al-Qaida to attack us again."

The ad by Progress for America, a conservative group that gained prominence in the 2004 presidential election, displays images of past terrorist acts against the U.S. by Islamic terrorists and links the war in Iraq to the broader campaign against terrorism.

Its release comes as President Bush is executing an aggressive political strategy nine weeks before midterm elections to draw attention to the continuing fight abroad and at home to thwart terrorists.

"Many times before 9-11, al-Qaida attacked America, and we took little action," the ad's narrator says. "But after 9-11, we struck back, destroying al-Qaida terrorists in Afghanistan and Iraq."

The ad is one of a growing number of independent advertising campaigns by advocacy groups that are weighing in with political messages that could influence the vote in November, and thus determine control of Congress.

The Progress for America ad does not mention any candidates, but its first statewide run Thursday was in Missouri, where Republican Sen. Jim Talent is facing a tough re-election challenge from Democrat Claire McCaskill. It doesn't even mention political parties, alluding only to "many (who) seem to have forgotten the evil that happened only five years ago."

The ad is scheduled to air for a week on broadcast television in the major markets of Kansas City, Mo., and St. Louis before moving on to other states, Progress for America spokesman Stuart Roy said. The ad is also running nationally on cable television.

In launching the ad, Progress for America enlisted the help of David Beamer, the father of Todd Beamer, one of the passengers on Flight 93 who tried to wrest the doomed Sept. 11 plane back from hijackers before it crashed in Pennsylvania.

"This enemy is not going to surrender," Beamer said. "The sacrifices that have been made and continue to be made are absolutely necessary."

Progress for America made its mark two years ago when it aired an ad, "Ashley's story," that depicted Bush hugging the daughter of Sept. 11 victim Wendy Faulkner. The group was the best financed Republican-oriented group in the 2004 campaign. Between January 2005 and July of this year, the group has raised nearly $4.7 million according to Internal Revenue Service records.

Meanwhile, a group aligned with former top Democratic officials aired an ad Thursday against Republican Rep. James Walsh of New York, who is in a close contest. Majority Action executive director Mark Longabaugh would not describe the cost of the ad, but Republicans estimated it at $80,000. The group also made a significantly smaller ad purchase against Rep. Deborah Pryce, R-Ohio, also in a tight race.

"Tell Congressman Walsh to stand up to Bush," a narrator says. "We need a smarter plan for national security that keeps us safe here at home."

Majority Action is an independent nonprofit organization whose leaders include former Democratic National Committee chairmen Joe Andrew and Don Fowler. The group has stepped up its fundraising this summer. It had raised $210,000 as of June 30, according to IRS records.

Longabaugh said the group was raising money from labor unions and trial lawyers. He said the group planned to run ads against other Republican incumbents in days to come, but would not say where.

Among other independent ads:

_The political action committee for the American Medical Association is spending more than $100,000 in television ads in Maryland to support Democratic Rep. Ben Cardin in his primary contest for U.S. Senate.

_The Democratic-leaning Public Campaign Action Fund is spending $20,000 to run 331 radio ads in rural southeast Ohio attacking scandal-scarred Rep. Bob Ney, R-Ohio, for a 2002 golfing trip he took to Scotland with disgraced lobbyist Jack Abramoff. Ney has dropped out of the race. A special election is Sept. 14 to replace him on the ballot.

The Central Truth (NYT)

By Thomas L. Friedman

The New York Times, September 8, 2006

DOJ_NMG_0059752

To listen to the latest Bush-Cheney-Rumsfeld speeches, you'd think that our biggest problem in Iraq is a violent minority of "extremists," defying the democratic will of the Iraqi people. And you'd think that our biggest problem at home is a misguided group of Democratic appeasers, who want to cut and run in the great totalitarian struggle of the 21st century.

I wish it were so. Unfortunately, we are in trouble in Iraq now not because of what the "fringes" there, or here, believe, but because of what the center in both places has been willing to tolerate or unwilling to change.

We have a "center problem."

Let me explain: We are stalled in Iraq not because of something some fringe antiwar critics said, or did, but because of how the Bush team, the center of U.S. policy, approached Iraq from the start. While it told the public — correctly, in my view — that building one example of a tolerant, pluralistic, democratizing society in the heart of the Arab-Muslim world was really important in the broader war of ideas against violent radical Islam, the administration acted as though this would be easy and sacrifice-free.

Bush-Cheney-Rumsfeld told us we are in the fight of our lives against a new Islamic fascism, and let's have an unprecedented wartime tax cut and shrink our armed forces. They told us we are in the fight of our lives against a new Islamic fascism, but let's send just enough troops to topple Saddam — and never control Iraq's borders, its ammo dumps or its looters. They told us we are in the fight of our lives against a new Islamic fascism, but rather than bring Democrats and Republicans together in a national unity war coalition, let's use the war as a wedge issue to embarrass Democrats, frighten voters and win elections. They told us we are in the fight of our lives against a new Islamic fascism — which is financed by our own oil purchases — but let's not do one serious thing about ending our oil addiction.

Donald Rumsfeld demonizes war critics as "morally confused." But it is the "moral confusion" at the heart of the Bush policy — a confusion between its important ends and insufficient means — that has hobbled us from the start. It truly, truly baffles me why a president who bet so much of his legacy on this project never gave it his best shot and tolerated so much incompetence. He summoned us to D-Day and gave us the moral equivalent of the invasion of Panama.

But there is not only a problem at the center of U.S. policy. We are also failing in Iraq because of what the Shiite and Sunni mainstreams — not the fringes — are tolerating. Democracy fails when centrist forces either won't stand up to extremists or try to use their violence for their own purposes.

The short history of the Iraq war is that the Sunnis in Iraq, and in the nearby Arab states, refused to accept one man, one vote, because it meant bringing the Shiite majority to power in Iraq for the first time. The Sunni mainstream, not the minority, believes Shiites are lesser Muslims and must never be allowed to rule Sunnis. Early in the Iraq war a prominent Sunni Arab leader said to me privately, "Thomas, these Shiites, they are not real Muslims."

For two years, the Shiite center in Iraq put up with the barbaric Sunni violence directed against its mosques and markets — violence the U.S. couldn't stop because it didn't have enough troops, and because the Sunni center inside and outside Iraq tacitly supported it.

But eventually the Shiites snapped, formed their own death squads, turned to Iran for military aid, and focused more on communal survival than on making Iraq's democracy work. Today we have Shiite and Sunni parties in the cabinet, but with their own private militias — exactly like Lebanon during its civil war. So, where the Iraqi center stops and the violent fringes start is no longer clear.

The dominant struggle in Iraq today, writes the Iranian-American analyst Vali Nasr in his provocative new book, "The Shia Revival," is not "the battle of liberty against oppression, but rather the age-old battle of the two halves of Islam, Shias and Sunnis. This is the conflict that Iraq has rekindled, and this is the conflict that will shape its future."

Just staying the course will not contain it. But before we throw up our hands on Iraq, why not make one more big push to produce a more stable accord between Shiites, Sunnis and Kurds over how to share power and oil revenues and demobilize militias. We still don't have such an understanding at the center of Iraqi politics. It may not be possible, but without it, neither is a self-sustaining, unified Iraqi democracy.

Iraq Takes Over Command Of Armed Forces (AP)

By Rebecca Santana, Associated Press Writer

AP, September 8, 2006

U.S.-led forces turned over control of Iraq's military command to the Shiite-led government Thursday, a key step toward the eventual withdrawal of foreign troops.

But the ceremony in the heavily fortified Green Zone only transferred authority for one of Iraq's 10 divisions and its small air force and navy, and it remained unclear how quickly Iraqi forces would be prepared to take over security.

A legislative session nearby, meanwhile, degenerated into a shouting match as Sunni Arabs accused the majority Shiites of seeking to carve Iraq into sectarian enclaves.

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Parliament Speaker Mahmoud al-Mashhadani interrupted a session after a draft bill submitted by the largest Shiite party led to accusations from Sunni Arabs that they were trying to divide Iraq. A live broadcast from parliament was pulled off the air amid acrimonious debate.

Sunni Arab legislator Saleh al-Mutlaq threatened his people "will not stay in a parliament that leads to the division of Iraq" and threatened to boycott any session that sought to approve such legislation.

The concept of federalism is enshrined in the new Iraqi constitution, and the Kurds in the north already have their own autonomous region. However, special legislation and a referendum would be needed to establish a federation comprised of autonomous regions.

Both the north and mainly Shiite south are rich in oil, and Sunni Arabs could end up squeezed into Baghdad and Iraq's western provinces, which have no resources. Many Sunnis fear that federalism will lead to the breakup of the country.

On Thursday, Shiite Prime Minister Nouri al-Maliki signed a document taking control of Iraq's small naval and air forces and the 8th Iraqi Army Division, based in the south.

The top U.S. general in Iraq, George Casey, promised to "continue to fight with you to protect the Iraqi people wherever they are threatened."

"Today is an important milestone, but we still have a way to go," Casey said during the ceremony.

Handing over control of the country's security to Iraqi forces is vital to any eventual drawdown of U.S. forces here. After disbanding the remaining Iraqi army following the U.S.-led invasion in 2003, coalition forces have been training the new Iraqi military.

The nine other Iraqi divisions remain under U.S. control, with authority gradually being transferred. U.S. military officials said there was no specific timetable for the transition but U.S. military spokesman Maj. Gen. William Caldwell said Wednesday the Iraqis have "talked about perhaps two divisions a month."

And, in an apparent blow to press freedom in Iraq, the government ordered the Arabic satellite network Al-Arabiya to shut its Baghdad operations for one month, state television reported. The network said Iraqi police came to its offices Thursday to enforce the order issued by al-Maliki's Cabinet.

Al-Arabiya said it did not know why it was being shut down. In July, al-Maliki warned television stations against broadcasting footage that could undermine the country's stability.

Attacks across Iraq killed at least 25 people. In Baghdad, six bombings — including three by suicide car bombers — killed at least 17 people.

The U.S. military command also said two soldiers and a Marine were killed Wednesday in separate incidents. One soldier and the Marine died in Anbar province west of Baghdad and the other soldier was killed near Hawija, 150 miles north of the capital.

Associated Press Writers Bushra Juhi, Qais al-Bashir, Elena Becatoros and Patrick Quinn contributed to this report.

Iraq Begins To Take Formal Control Of Its Armed Forces (LAT)

By Patrick J. Mcdonnell

The Los Angeles Times, September 8, 2006

BAGHDAD — The Iraqi government began to assume formal control of the nation's armed forces Thursday, in a highly symbolic move linked to a possible future drawdown of U.S. troops.

Even as U.S. and Iraqi officials lauded the move, however, violence raged in the capital, and an Iraqi official said Baghdad had recorded more than 1,500 violent deaths in August — not far behind the record level of July. The bloodshed continued despite a massive security crackdown in the capital that began Aug. 7.

The new figures would seem to contradict U.S. and Iraqi assertions that the homicide rate had dropped dramatically. U.S. officials said at one point that killings had plummeted 52% in August compared with July, but that was before a surge in violence during August's final week.

As half a dozen bomb attacks rocked the capital, Iraqi Prime Minister Nouri Maliki signed an agreement with U.S. commanders to begin the process of placing the Iraqi army's 10 divisions under the Baghdad government's jurisdiction, independent of U.S. command.

"Today the new Iraqi army has been rebuilt on values other than sectarianism," Maliki said at a joint ceremony in the capital with Army Gen. George W. Casey Jr., the top U.S. commander in Iraq.

For the moment, the transfer is more figurative than real: U.S. commanders still hold the military reins here, retaining command of nine of the 10 Iraqi divisions — the vast majority of Iraq's almost 130,000 troops.

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Still, at a time when both U.S. and Iraqi officials are striving to show signs of progress, both sides touted the signing as something beyond a public relations gimmick. The Iraqi government assumed full authority over the nation's embryonic air force and navy, along with the one army division.

Neither U.S. nor Iraqi officials gave any indication of large-scale reductions in U.S. troop levels, now at 145,000 as U.S. and Iraqi forces mount the intense security crackdown in the capital, scene of rampant guerrilla violence and sectarian slaughter.

The current U.S. troop deployment is the highest in months, but is expected to decrease gradually in coming weeks as troops rotate back to the United States.

"Today is an important milestone, but, as we say, we still have a long way to go," Casey said at the ceremony.

Full military control will gradually be transferred to the prime minister's office, U.S. authorities say, but no timetable was provided. Iraqi forces should be ready to take over security in Iraq within 12 to 18 months with "very little" U.S. support, Casey forecast recently.

The ability of Iraqi forces to provide security is central to the Bush administration's effort to stabilize this violence-roiled nation and, eventually, reduce the U.S. troop presence here.

Thursday's ceremony came two months before midterm U.S. elections in which Washington's clouded fortunes in Iraq have become a central issue.

Casey and other U.S. officials frequently cite "progress" in the development of Iraq's soldiers and police, but experts agree that the almost 300,000-strong army and police forces are riven with problems, from militia infiltration to logistical shortfalls to absenteeism to a sometimes questionable will to fight — as was the case in a recent mutiny in the nation's south.

Ill-equipped and outgunned Iraqi police often prefer to remain in their barricaded station houses, U.S. advisors acknowledge, while Iraqi military commanders complain of a lack of supplies and troops to face insurgents, death squads, militiamen and assorted other threats.

"We need more troops, more Humvees," an Iraqi commander, Col. Khaled Rasheed, told a reporter this week at an Iraqi base along the Tigris River in Baghdad, after his troops had discovered the bodies of five more civilians killed execution-style.

Thousands of members of the Iraqi security forces and recruits have been killed, many in bombings that caused multiple victims, say officials, who have not provided a precise casualty toll.

This month, the Iraqi military stood by as looters pillaged and burned a former British base near the southeastern city of Amarah. Another southern unit refused a posting to the ethnic tinderbox of Baghdad.

But U.S. advisors say the Iraqi military remains far ahead of the 165,000-member police force, which suffers from corruption, poor equipment and scant training in addition to its tendency to stay holed up.

On Wednesday evening, a contingent of police officers in the dangerous New Baghdad neighborhood was clearly less than enthusiastic about going on patrol with members of the 519th Military Police Battalion, a Louisiana outfit advising police here.

"It can be difficult to get them to patrol," Sgt. John Botts said.

Most serious, officials say, are the sectarian divisions within the police and army.

Shiite Muslim and ethnic Kurdish forces face considerable resentment in Sunni Arab regions that remain incubators of a potent insurgency that regularly targets police. Many Sunni Arabs consider Shiite police and soldiers to be sectarian warriors and active collaborators with death squads.

U.S. officials have been pouring military hardware and weapons into the country, providing the Iraqi army and police with hundreds of armored personnel carriers, Humvees, helicopters and even fixed-wing aircraft. But deadly strikes against the security forces continue.

On Thursday, the day of the transfer, authorities reported that the half a dozen bomb attacks in Baghdad had targeted police, killing at least 13 people and wounding 40.

In one attack, a suicide car bomber veered into a police convoy in Tayaran Square in the heart of Baghdad, killing at least four people and injuring 17 others. A car bomb exploded between a police precinct and a gas station, killing at least five people, including three police officers, and wounding 21 others, mostly civilians.

Also on Thursday, U.S. authorities announced the deaths of three more American service members, all attacked in hotbeds of the Sunni Arab insurgency. One soldier was killed near the northern city of Hawija, while a Marine and a soldier died in fighting in the western province of Al Anbar.

Iraq: A Civil War We Can Still Win (WP)

By Charles Krauthammer

The Washington Post, September 8, 2006

DOJ_NMG_0059755

As the Democrats turn themselves into the antiwar party, as popular support for the war continues to sink, as some who initially signed on to the war now heap scorn on the entire Iraqi project, the question of immediate withdrawal must be confronted.

There are two rationales for withdrawing from -- let's be honest, abandoning -- Iraq: (a) Iraq is not worth it, and (b) worth it or not, the cause is lost.

The first rationale was articulated most recently by John Kerry: "Iraq is not the center of the war on terror. The president keeps saying it is. The president keeps trying to push that down America's throat. It's wrong, it's a mistake and it's losing us the ability to do what we need to do in the region." This is absurd. If the United States leaves, the central government in Iraq will collapse, and the beneficiaries will be Iran, Syria and al-Qaeda, the three major terrorist actors in the world today. It would not just be a psychological victory but also a territorial one. Al-Qaeda would gain a base in Mesopotamia; Syria and Iran would share spheres of influence in what's left of the Iraqi state.

We might come out of this with an independent Kurdistan that could be a base for U.S. military power, but it would be a shrunken presence in a roiling area, a tragically small consolation prize.

One can argue that we should therefore have left Saddam Hussein in place. That assumes a stable and benign status quo ante . Both assumptions are false. But assume for a moment that the critics are right. That's the argument that should have been made -- that Kerry should have made -- four years ago, before he voted yes, before he voted no, before he voted yes on the war. At this point, it is simply indisputable that the collapse of Iraq's constitutional government would represent an enormous gain for the forces of terror.

The other rationale for withdrawal is that the war is lost and therefore it is unconscionable to make one more American soldier die for a cause that cannot be salvaged.

It is a serious argument from which we have been distracted during the past several months by the increasingly absurd debate over the meaning of the term "civil war," and whether Iraq is in one.

Of course it is. It began when the Sunni minority, unwilling to accept the finality of the Baathist defeat, began making indiscriminate war on the Kurdish-Shiite majority that had inherited the country as a result of the U.S. invasion.

Iraq is not Spain in the 1930s or America in the 1860s, but whether the phrase "civil war" is to be used is irrelevant. The relevant question is, can we still win, meaning can we leave behind a functioning, self-sustaining, Western-friendly constitutional government?

And that depends on whether the government of Prime Minister Nouri al-Maliki can face up to its two potentially mortal threats: the Sunni insurgency and the challenge from Shiite cleric Moqtada al-Sadr.

The vast majority of Sunnis are fighting not for ideology but for a share of power and (oil) money. A deal with them is eminently possible and could co-opt enough Sunnis to greatly shrink the insurgency. Even now, the insurgents have the capacity to massacre civilians and kill coalition soldiers with roadside bombs, but they have never demonstrated the capacity for the kind of sustained unit action that ultimately overthrows governments and wins civil wars. (See Castro, Mao, North Vietnam.) Our ambassador in Baghdad has been urging the Maliki government to make the bargain. He has also been urging it to get serious about the growing internal threat of Sadr's Mahdi Army, which is responsible for much of the recent sectarian violence and threatens to either marginalize or supplant the central government.

The only positive element in Sadr's rise has been a fracturing of the united Shiite front that can now allow some cross-sectarian (Sunni-Shiite) deals and alliances. But that requires a Maliki government decisively willing to deal with the Sunnis and take on Sadr.

Yesterday Maliki took over operational control of the Iraqi armed forces, the one national security institution that works. He needs to demonstrate the will to use it. The American people will support a cause that is noble and necessary, but not one that is unwinnable. And without a central Iraqi government willing to act in its own self-defense, this war will be unwinnable.

Fall In Deaths In Baghdad Not As Steep As Predicted (NYT)

By Paul Von Zielbauer

The New York Times, September 8, 2006

BAGHDAD, Sept. 7 — The Baghdad morgue recorded more than 1,500 violent deaths in August, a morgue official said Thursday, a notable reduction from July's toll but hardly the sharp drop that American military and Iraqi government officials had been predicting.

The morgue official said 1,535 bodies had been received in August, about the same number as in June and a 17 percent reduction from July. The morgue reported receiving 1,855 bodies in July, the highest number of civilian deaths for any month since the American-led invasion in 2003.

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The official, who provided the information on the condition that he not be named because he was not authorized to speak for attribution, spoke on the day when the American military formally began handing over control of Iraq's armed forces to the Iraqi government. The process, which American officials have hailed as a major step toward independence, will take months longer to complete, American officials said.

The August total of violent deaths, if accurate, contradicts the sense among many Baghdad residents and claims by American officials, after a lull early in August, that death rates had ebbed. A surge in attacks toward the end of August also casts doubt on the effectiveness of a four-week-old American military operation that added 4,000 American soldiers to secure several of the city's most dangerous neighborhoods.

In Baghdad on Thursday, the police reported finding a 24 bodies in various neighborhoods of the city, an Interior Ministry spokesman said, and a series of bombing attacks killed at least 16 Iraqis. The American military reported the deaths of three service members.

On Thursday, Maj. Gen. William B. Caldwell IV, the military's top spokesman here, wrote on a military Web site — www.mnf-iraq.com — that since Aug. 7, killings in Baghdad had declined by 52 percent compared with the average daily rate in July. But the military's figures do not include dozens, perhaps hundreds, of the civilians who died violently in August. The military's figures count only killings of individuals "targeted as a result of sectarian-related violence," said Lt. Col. Barry Johnson, a spokesman for the American military. Killings from other violent acts, like car bombings and mortar attacks, were not counted, he said.

The morgue's monthly body count in Baghdad has become a main indicator of the success of both the Iraqi government's national reconciliation plan and the American military's effort to secure Baghdad.

Colonel Johnson said he could not comment on the morgue's August figures or whether they contradicted the military's view that killings had precipitously dropped. On Wednesday, General Caldwell told reporters that "the cycle of retaliatory violence has been slowed in the target areas as we have specifically focused our efforts here within the Baghdad area." On Aug. 31, Iraq's national security adviser, Mowaffak al-Rubaie, said sectarian violence and other killings had dropped by 45 percent during the previous six weeks. "There's definitely a much better sense of security among the general public," The Associated Press quoted him as saying then.

Prime Minister Nuri Kamal al-Maliki's office said Thursday that it had imposed a one-month ban on the Al Arabiya television network as punishment for biased reporting. A government spokesman, Yaseen Majeed, said the station, based in the United Arab Emirates, had made several erroneous reports about sectarian killings and bombings.

The station also knowingly allowed a former government official who was fired for impersonating an Army general to masquerade as a high-ranking Interior Ministry official during an interview in which he said "that he had witnessed over 50 bodies in the streets," Mr. Majeed said. "We warned them in July, in an official letter, not to incite violence and sectarian unrest," Mr. Majeed said. "We asked them to abide by the standards of professionalism."

Al Arabiya's assignment editor in Baghdad, Nageeb bin al-Shareef, said Thursday that his office had not been officially notified of the government ban, and that the network was continuing its broadcasts from the fortified Green Zone here.

Mr. Maliki's office also said that 27 people who had been convicted of rape or murder were executed in Baghdad on Thursday.

In the bombings in Baghdad on Thursday, a roadside bomb that exploded at about 7:30 a.m. near the mosque in the Cairo neighborhood killed 3 people and wounded 16 others, the Interior Ministry official said. At about 9:30 a.m., a suicide car bomber detonated a bomb near police vehicles whose tanks were being filled at a gas station in the Karrada district, killing 10 people — some of them police officers — and wounding 17, the official said.

At 10:45 a.m., 2 more people were killed and 23 wounded when a second suicide car bomber exploded a bomb in the Bab al-Sharji district, a mile north of the gas station, near the Interior Ministry's headquarters. At 3:30 p.m., a third suicide car bomber blew up his vehicle in the Kadisiya neighborhood near a police convoy, wounding seven police commandos, the Interior Ministry official said. At 7:15 p.m., a roadside bomb killed a woman and wounded 13 others in the Amil district.

On Wednesday, Ahmad al-Mashhadani, the nephew of Mahmoud al-Mashhadani, the speaker of Parliament, was abducted while driving his car in northwest Baghdad, the Interior Ministry official said. Also on Wednesday, a roadside bomb killed two people at the funeral of a Shiite militia leader.

The American military announced the deaths of two soldiers and a marine on Thursday. In Anbar Province, a marine assigned to the First Marine Logistics Group died Thursday from wounds from hostile fire on Wednesday, the military said, and a soldier with the First Brigade, First Armored Division, died Wednesday, also from hostile fire. In Hawija, north of Baghdad, a soldier with the Third Brigade Combat Team, 25th Infantry Division, was killed by gunfire on Wednesday, the military said.

Body Count In Baghdad Nearly Triples (WP)

DOJ_NMG_0059757

By Ellen Knickmeyer

The Washington Post, September 8, 2006

BAGHDAD, Sept. 7 -- Baghdad's morgue almost tripled its count for violent deaths in Iraq's capital during August from 550 to 1,536, authorities said Thursday, appearing to erase most of what U.S. generals and Iraqi leaders had touted as evidence of progress in a major security operation to restore order in the capital.

Separately, the Health Ministry confirmed Thursday that it planned to construct two new branch morgues in Baghdad and add doctors and refrigerator units to raise capacity to as many as 250 corpses a day.

The morgue expansion plans and the final body count for August show the dramatic surge in violence in Baghdad since U.S.-led foreign troops entered Iraq in 2003. Baghdad's morgue chiefly handles unidentified gunshot victims, now predominantly shot execution-style and often found with hands bound and showing signs of torture.

Since the spring, as sectarian violence has mounted, monthly counts of civilian casualties have reached the highest levels of the war, topping 1,800 at the Baghdad morgue in July. At least 3,438 Iraqis were killed across the country that month, according to Iraqi government figures, nearing the total of roughly 5,000 for the entire first year of the war.

In 2002, before U.S.-led forces entered Iraq, the Baghdad morgue averaged 15 shooting victims a month, morgue officials have said.

Gianni Magazzeni, chief of the U.N. human rights office in Iraq, which tracks casualty figures from Iraq's government, confirmed Thursday that the government-run Baghdad morgue had reported 1,536 dead for August.

Bombing victims and many others who die violently in Baghdad are taken to the city's hospitals rather than the morgue. The figures announced Thursday do not include those killings, or killings outside Baghdad and its surrounding towns. A complete countrywide toll is due from the Health Ministry later this month.

At the end of August, Baghdad's morgue initially reported receiving 550 bodies during the month. U.S. military and Iraqi government officials hailed what they said was a massive decrease in violence, calling it a sign of the success of Operation Forward Together. The joint U.S.-Iraqi security push had placed at least four of Baghdad's most violent neighborhoods under cordons and search operations, which were welcomed by many residents as bringing a relief from violence.

The U.S. military had called in units from Germany and Kuwait and postponed the scheduled return home of an Alaska-based unit for the bid to return peace to Iraq's capital in the fourth year of the U.S. occupation. U.S. Ambassador Zalmay Khalilzad called it the Battle of Baghdad and said it was essential that American forces win it, although U.S. commanders cautioned that the work would take months rather than weeks.

By late August, Maj. Gen. William Caldwell was claiming a 46 percent decrease in the murder rate in Baghdad for that month. "We are actually seeing progress," Caldwell said at the time. A U.S. military Web site on Thursday continued to assert a roughly 50 percent drop in killings in Baghdad.

A U.S. military spokesman in Baghdad, Lt. Col. Barry Johnson, said Thursday that the U.S. figures were based on the military's "consolidated reporting with the Iraqi government." Johnson also disclosed that the military's numbers included only "individuals targeted as a result of sectarian-related violence, to include executions," and did not include "other violent acts such as car bombs and mortars."

Johnson said he did not track the morgue's figures and could not account for the substantial gap between the military's count for August killings and the latest figures from Baghdad's morgue.

The issue of civilian casualties has been politically charged since the start of the Iraq war. Soon after the invasion, U.S. and Iraqi officials for a time forbade Baghdad's medical officials to release morgue counts.

About a week after the bombing of a Shiite Muslim shrine in Samarra in February this year, a Baghdad morgue official, a Health Ministry official and an Interior Ministry official -- all of whom oversaw the morgue's body counts -- said 1,000 or more people had been killed as Shiite militias rolled openly across Baghdad to carry out retaliatory killings. Iraqi officials and Gen. George W. Casey Jr., the top U.S. commander in Iraq, called that figure exaggerated, saying only about 350 people were killed. An international official in Baghdad said Health Ministry officials had cited the higher toll before lowering it in response to what he said was political pressure.

The Health Ministry is run by the Shiite religious party of cleric Moqtada al-Sadr and is guarded by his militia, known as the Mahdi Army. Sadr's militia and that of the country's other main Shiite religious party have been blamed for much of the continuing Sunni-Shiite violence.

After the Samarra bombing, morgue officials brought in refrigerated trucks to hold corpses and crammed refrigerators in the morgue far beyond their intended capacity. Most of the corpses taken to Baghdad's morgue are unidentified and are held for long periods awaiting identification.

This week, Health Minister Ali Hussein al-Shamari said morgue workers plan to begin shooting videos of the unclaimed bodies so that officials can bury them after three or four days rather than storing them at the morgue for the required two weeks.

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Health officials were also working to increase the number of refrigerators to allow the morgue to handle as many as 200 to 250 bodies a day, Shamari said. Two new buildings were planned, in the districts of Karkh and Rasafa.

Morgue officials also intend to double the pay of the morgue's overworked doctors and award bonuses, the health minister said.

Shamari made his comments to a Health Ministry in-house newspaper. The ministry's spokesman, Qasim Yahia, on Thursday confirmed the details in the account. Yahia said expansion had "nothing to do with the violence and killing."

Magazzeni, the U.N. human rights official, said, "Reducing the level of violence and the number of civilians killed is crucially important." Doing so would take a "common effort" by the U.S. and Iraqi military, police and Iraq's debilitated justice system, he said.

IED Attacks Keep Rising; U.S. Keeps Adjusting (USAT)

By Tom Vanden Brook

USA Today, September 8, 2006

WASHINGTON — Iraqi insurgents continue to increase their homemade-bomb attacks on U.S. and other coalition troops, despite a $3.5 billion Pentagon effort to stop them, a Pentagon official said Thursday.

Iraqi insurgents attacked troops of the U.S.-led coalition 1,200 times in August with improvised explosive devices (IEDs), compared with 1,100 attacks in July, said retired Army general Montgomery Meigs. He heads the Pentagon's anti-IED task force, the Joint Improvised Explosive Device Defeat Organization.

August's figure is four times as many IED attacks as were reported in January 2004. “We know what (the enemy is) using,” Meigs said. “It's not an easy thing to counter. It can be countered.”

The top killers of U.S. troops in Iraq, IEDs have claimed the lives of more than 1,000 servicemembers and have wounded more than 10,000.

Among the challenges for the task force: Iraq is awash in the explosives — often artillery shells — used to make the homemade bombs, and the means of detonating them can come straight off the shelf.

“Ever been to Radio Shack? All the ways in Radio Shack you have of throwing a switch are potential ways of initiating or arming a bomb, or both,” said Meigs, a former commander of U.S. Army forces in Europe and NATO's peacekeeping force in Bosnia.

About 45% of IEDs are found and disarmed before an attack can be carried out, according to a report by the Brookings Institution, a think tank in Washington. Of troops wounded in IED attacks, about 75% return to duty, Meigs said.

Insurgents have had to more than triple their attacks to achieve the same numbers of casualties, Meigs said.

“We are making slow, grudging progress,” he said. “We will do better over time.”

Attacks aimed at the bottom of armored vehicles, a vulnerable spot, have been increasing in Sunni areas of Iraq, Meigs said. There have also been more attacks in Baghdad, where U.S. and Iraqi forces are engaged in a show of force to try to improve security.

“There's lots of ways of making that thing go ‘boom' under the vehicle,” Meigs said. “Once you're under the vehicle, that's the sweet spot if you're attacking.”

The Defense Department, Meigs said, is addressing the IED danger in three ways:

·Protection. More than 30,000 Humvees are getting new armored doors. About $1.4 billion has been spent this year on jammers that disrupt electronic signals used to detonate bombs. Vehicles with V-shaped hulls that disperse the force of a blast are being sent to Iraq as quickly as possible.

Michael O'Hanlon, a military analyst at the Brookings Institution, said the V-shaped hulls may be the best solution to the IED problem. He said he doubts that troops would ever find more than half of the bombs before they explode.

·Training. The Pentagon adopts new procedures within a month in response to changes in insurgent tactics.

·Attacks on insurgents. Iraqis are providing thousands of tips per month on insurgent activity, including IEDs and snipers. Tips this year peaked in April, when 5,900 were reported.

Army Faces Rising Number Of Roadside Bombs In Iraq (WP)

By Ann Scott Tyson

The Washington Post, September 8, 2006

Roadside bombs in Iraq escalated to record levels this summer -- to about four times the number of January 2004 -- as tips from Iraqi citizens warning of the bombs and other attacks have dropped sharply amid a flaring of sectarian violence, according to a senior U.S. defense official.

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The leading killer of U.S. troops in Iraq, about 1,200 improvised explosive devices [IEDs] were detonated in August as insurgents continue to invent new ways to design and hide the lethal munitions, according to retired Army Gen. Montgomery C. Meigs, director of the Joint Improvised Explosive Device Defeat Organization, which is spearheading efforts to curb the bombs.

"We're making slow, grudging progress," Meigs said in a briefing with reporters. "We're not going to bat a thousand." But he predicted his organization -- which has grown from a small Army initiative of 12 people in 2003 to a Pentagon entity with 269 employees and a fiscal 2006 budget of $3.47 billion -- would "do better" over time.

Despite the soaring number of roadside bombs, nearly half are now discovered and neutralized by the military before they explode, and the number of U.S. casualties caused by the devices has remained relatively constant, although it has edged upward in recent months, Meigs said.

But finding the bombs has grown more difficult, as fewer Iraqis have come forward to alert the military to bombs, snipers and other enemy activity since the February bombing of the gold-domed mosque in Samarra sparked a spiral of sectarian killings.

The number of tips from Iraqis that the military can act upon, known as "actionable intelligence," rose earlier this year from 4,000 in January to a peak of 5,900 in April, but then declined significantly, to 3,700, in July. "It will improve once it's not so darn lethal to go out on the street," Meigs said.

"You have to have really good intel in real time. You have to have operational analysis of what's going well and what's not going well. And you have to train everybody like crazy," he said.

Bombs that are particularly devastating for U.S. troops today include "explosively formed penetrators" -- metal slugs placed in cones that can punch through an inch of steel, he said. Another growing challenge comes from devices designed to detonate on the underbelly of armored vehicles, where they are most vulnerable.

"There is a higher incidence of bottom attack IEDs, especially in the Sunni areas," he said, adding that there is a particular concentration in Baghdad, where the U.S. military has stepped up operations to quell sectarian violence.

The Pentagon is adding new armored doors to Humvees, producing 5,000 kits so far for the estimated 35,000 Humvees in Iraq, Meigs said. But he said the military can add only so much armor to its vehicles while remaining mobile, and that he could not guarantee the new doors would protect against the penetrator bombs or other, bigger explosive devices being produced by insurgents.

Meigs's organization will spend about $1.43 billion -- or 41 percent -- of its budget this year on jamming devices to prevent remotely detonated bombs, and an additional $1.22 billion to detect, neutralize and gather intelligence on the road bombs. But he stressed that aggressive military operations, coupled with training in methods to defeat improvised explosives, were as important as new technology in tackling the problem.

Pentagon: Bomb Detection Improves (AP-Y)

By Pauline Jelinek

AP, September 8, 2006

The Pentagon is making progress against the No. 1 killer of U.S. troops in Iraq — roadside bombs — but a sharp drop in intelligence tips from Iraqis could hurt, the effort's head said Thursday.

As sectarian violence spiraled in Iraq, tips from Iraqis on bombs and all other issues dropped from 5,900 in April to 3,700 in July, said retired Army Gen. Montgomery Meigs.

Meigs was appointed by Defense Secretary Donald H. Rumsfeld to direct a program to find solutions to what the military calls "improvised explosive devices" through new technology, better training and improved battlefield tactics. It is called the Joint IED Defeat Organization.

Also key to countering the bombs and defeating insurgents is intelligence, like the tip from "the guy who leans over at a fruit stand and says, 'Don't go around the corner,'" Meigs told a group of defense writers.

Though he declined to give statistics, Meigs said the number of U.S. casualties from the bombs has remained almost constant over the last couple of years even though insurgents planted three or four times as many of the devices over that period. He said U.S. forces have been finding more of the bombs, which are remotely detonated and often hidden in rocks, debris and the like.

Meigs said insurgents use tribal or indigenous forces to plant bombs and make them with "off-the-shelf technologies" that they change about once a year, forcing the U.S. military to keep adapting to the threat.

He called the insurgent fighter "a very cagey enemy who has the advantage of going to the marketplace for research and development...

"We are making progress against defeating his system and we are going to get better," Meigs said. "But we have got to have patience. We are not going to solve this overnight."

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It was the organization's first briefing since the Pentagon clamped down months ago on information coming from the office, saying too much was being revealed to insurgents, officials said.

One piece of technology that officials have discussed publicly is the signal jammer, which can block many frequencies insurgents are using to set off bombs.

Tape Reportedly Features Voice Of Zarqawi Heir (WP)

By Sudarsan Raghavan

The Washington Post, September 8, 2006

BAGHDAD, Sept. 7 -- The new leader of al-Qaeda in Iraq called on insurgent groups to unite against the American occupation and vowed to avenge the death of his predecessor, Abu Musab al-Zarqawi, according to an audiotape broadcast on an Arabic satellite television network Thursday night.

The recording was believed to be the first taped message by Abu Hamza al-Muhajer, and it surfaced three months after Zarqawi was killed in a U.S. airstrike north of Baghdad.

"Our enemy has unified its ranks against us. Isn't it time to get together, worshipers of God?" the voice on the recording said in a brief excerpt played on Qatar-based al-Jazeera, which identified the speaker as Muhajer. On the tape, Muhajer said he was confident his group would emerge victorious and called upon all mujaheddin , or holy warriors, to close ranks against their common enemy.

Muhajer, using florid, rebellious language, threatened new assaults on U.S. and Iraqi forces and criticized Sunni Arab groups for participating in Iraq's new government. Addressing the United States and its allies, he said: "The fire in our blood will never cool, and the swords that have been colored with your blood are still thirsty for more of your rotten heads."

The Associated Press, which translated the message, said it could not independently confirm the tape's authenticity. The full 20-minute recording was later posted on an Islamic extremist Web site.

Muhajer also called on his followers "not to rest until each one of you kills at least one American within the next 15 days, by a sniper bullet, spear, explosive or martyrdom car."

Muhajer, a pseudonym meaning "the immigrant," is the same man U.S. officials identified after Zarqawi's death as Abu Ayyub al-Masri. An Egyptian about 40 years old, he is a longtime associate of Osama bin Laden's deputy, Ayman al-Zawahiri.

Unknown before he was anointed leader of al-Qaeda in Iraq's operations on June 12, Muhajer is believed to be an explosives expert and veteran of the Zawahiri-led network Egyptian Islamic Jihad and of al-Qaeda's organization in Afghanistan. Bin Laden has endorsed him in an audio message.

Several Sunni insurgent leaders said in telephone interviews Thursday that they would heed Muhajer's call to unite and vowed to launch attacks.

"We listened to the voice recording with acceptance and satisfaction, because he was calling the people to unite, and to unify the Islamic nation's weapons, against one clear enemy, who is the American forces," said Abu Anes, a leader of the Islamist Army, a Sunni insurgent group.

"From tonight, we're going to start to take revenge for the blood of Zarqawi," the Mujaheddin Shura Council, an umbrella organization of insurgent groups that includes al-Qaeda in Iraq, said in a statement Thursday night.

But Sunni politicians dismissed Muhajer's rallying cry, saying that most Sunnis in Iraq would pay little attention.

"They cannot unite, because their aim is different," said Saleh al-Mutlak, a Sunni member of parliament. "What al-Qaeda wants is not what the Iraqi resistance wants. All al-Qaeda wants is to fight the Americans everywhere. This is not in the interests of the Iraq resistance."

Al-Qaeda in Iraq's message aired on a mixed and emotional day for the country. U.S. troops formally turned over command of the Iraqi forces to Prime Minister Nouri al-Maliki, a move U.S. officials view as a milestone on the path to withdrawal of U.S. troops from Iraq. But the handover was overshadowed by a barrage of violence. Three suicide bombings, largely targeting Iraqi police across Baghdad, killed 17 people and wounded scores.

Meanwhile, Sunni political parties accused their Shiite Muslim counterparts Thursday of trying to break the country apart. The allegations flew during a legislative session after the largest Shiite party turned in a draft bill calling for Iraq to be carved up into a three-way federal system.

The bill provided for the creation of an autonomous region in the south, where Shiites predominate. The Shiite party, the Supreme Council for the Islamic Revolution in Iraq, headed by cleric Abdul Aziz al-Hakim, has spearheaded efforts to establish a southern mini-state.

The new Iraqi constitution upholds the concept of federalism. In the north, Kurds already run their own autonomous region. But for other parts of the country to do the same, special legislation and a referendum are required. Mutlak, the Sunni lawmaker, said Thursday night that his and other Sunni parties are considering leaving the parliament if the draft bill is approved.

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"What's happening shows the whole political process is not right," said Mutlak, whose party, the Iraqi National Dialogue Front, is the second-largest Sunni group in the legislature. "It looks like the parliament is divided according to sect. There is no feeling of responsibility of these parties to what's happening in Iraq."

Also Thursday, the Iraqi government temporarily shut down the Baghdad bureau of al-Arabiya television, a Dubai-based news network.

"Closing al-Arabiya for one month is a warning for the unprofessional conduct of their correspondents in covering events in Iraq," Iraqi government spokesman Ali al-Dabbagh said on state television.

Al-Jazeera has been barred from working in Iraq for the past two years.

Special correspondents Salih Dehema, Naseer Mehdawi, Naseer Nouri and other Washington Post staff contributed to this report.

Al-Arabiya: Told To Close Baghdad Office (AP)

AP, September 8, 2006

The Iraqi government on Thursday ordered Arabic satellite network Al-Arabiya to shut down its Baghdad operations for one month, state television reported. Al-Arabiya said Iraqi police later arrived at its offices to enforce the order.

The other pan-Arab satellite network, Al-Jazeera, had its office in the capital closed two years ago.

Al-Arabiya, which is based in Dubai, United Arab Emirates, at first said its headquarters had not yet been informed of a ban, but later said on live television that police had arrived at its Baghdad offices to close its operations down.

The order apparently was issued by Prime Minister Nouri al-Maliki's Cabinet.

"We have not officially been informed about the banning and we do not know the causes. Only the cabinet knows the causes," said Jawad Hatab, the Al-Arabiya bureau chief in Baghdad.

In July, al-Maliki warned television stations against broadcasting video that could undermine Iraq's stability.

A statement by al-Maliki's office cited news reports that "capitalize on the footage of victims of terrorist attacks." He called on media outlets to "respect the dignity of human beings and not to fall in the trap set up by terrorist groups who want to petrify the Iraqi people."

The statement said TV stations should uphold the code of media ethics, or else the government will take legal action against them.

The New York-based Committee to Protect Journalists — an independent group monitoring press freedom worldwide — condemned the decision to close the Al-Arabiya bureau.

"The arbitrary closure of Al-Arabiyas Baghdad bureau flies in the face of the Iraqi governments promise to uphold freedom of the press," CPJ Executive Director Joel Simon said. "We call on Prime Minister Nouri al-Maliki to rescind this ban immediately."

In November 2003, the U.S.-appointed Governing Council banned Al-Arabiya from reporting from Baghdad after it aired an audio tape said to be from Saddam Hussein, who was still at large at the time. The station was allowed to resume its work shortly afterward.

The Iraqi government closed the Baghdad news office of Al-Jazeera television in August 2004, accusing the station of inciting violence. The office is still closed but the station operates in the Kurdish-ruled area of the north.

At one time or another, Al-Jazeera has had bureaus closed in 18 countries and its signal blocked in 30.

President Bush and Defense Secretary Donald H. Rumsfeld also have criticized the Qatar-based station, accusing it of fueling anti-American sentiment and giving terrorists a podium. Al-Jazeera says it deals with tapes purely on the basis of news value.

Come Train Iraqis For Public Works Projects (WP)

By Walter Pincus

The Washington Post, September 8, 2006

Know something about public works and don't mind a bit of internecine strife in your workplace? This one may be for you.

The joint military command in Iraq is seeking a team to train 100 senior and mid-level employees of the Iraq Ministry of Construction and Housing how to exercise oversight over the policy, planning and construction of public buildings, military facilities, housing, roads and bridges funded by the Baghdad government.

In U.S. terms, the ministry is the equivalent of the U.S. Army Corps of Engineers, the Federal Highway Administration, the Department of Housing and Urban Development and the General Services Administration all wrapped in one.

The ministry, which goes back to Saddam Hussein's rule, plans and designs government construction projects, controls 12 state-owned construction companies and oversees 14,000 employees.

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The U.S. and coalition forces assigned the housing ministry some responsibility for reconstruction projects after the invasion, but the joint military command earlier this year determined that there was an "urgent need" to train the Iraqis "in program and project management," according to the statement of work put out by the Joint Contracting Command on Aug. 19.

The contract bid calls for the creation of a one-year training program to be structured in line with the management techniques and tools "utilized by the USG [United States government], coalition partners and other agencies," the work statement says.

The contract proposal suggests that a typical class contain 15 to 20 students and requires that it be taught in Arabic with Arabic texts and other teaching aids. The idea is to have what is termed a "training the trainer" approach so that personnel completing the program would be able to teach other housing ministry employees.

Among the U.S. methods to be emphasized, according to the work statement, are "managing the life-cycle . . . the phases that connect the beginning of a project to its end."

The training should also include a segment on "motivating the team" that would focus on issues such as "working for a new boss, relocation, concerns about long term prospects for the project and the distribution of work within the project environment . . . [which is] likely to be more successful under a democratic and consultative management style."

Another subject to be covered is "ethics and transparency in public organizations," which the work statement describes as "a beneficial factor within a public organization."

Safety is, of course, a major issue in Baghdad; the proposal requires the contractor to provide security for its employees' living quarters and for their transportation to and from the teaching sites.

Classrooms will be provided by the housing ministry, but if the contractor wants to establish its own teaching venue, the proposal requires that it be within "safe walking distance" from the ministry.

NATO General: Troops Needed For Afghan Fight (USAT)

USA Today, September 8, 2006

NATO's top commander in Afghanistan said “moderate reinforcements” are needed to help the Western alliance defeat militants who have been resurgent in the southern provinces. U.S. Army Gen. James Jones is asking for 2,000-2,500 troops to augment the 18,500 in place, plus attack helicopters and transport aircraft.

Jones said NATO has been surprised by the intensity of attacks and by the militants' willingness to stand and fight rather than hit and run. The coming weeks could be decisive in the battle against the Taliban and other Islamic fundamentalist fighters, he said.

Israel eases blockade of Lebanon

Israel lifted its nearly two-month-long air blockade of Lebanon but will keep its naval blockade in place until international forces can take over, said Miri Eisin, a spokeswoman for Prime Minister Ehud Olmert.

Israel imposed the blockade to prevent arms shipments to Hezbollah after the Lebanon-based guerrillas kidnapped two Israeli soldiers in a cross-border raid July 12, sparking a 34-day war.

A cease-fire brokered by the United Nations calls for 15,000 peacekeepers and a similar number of Lebanese troops in southern Lebanon.

Belgium detains soldiers in terror probe

Belgian police said they had arrested 17 neo-Nazi sympathizers in the military who were suspected of stockpiling arms for terrorist attacks.

“They were extreme right, with anti-Semitic and xenophobic ideals,” said Lieve Pellens, spokeswoman for the federal prosecutor's office in Brussels. “They had a number of ideas to plan attacks,” Dendermonde Police Chief Luc Boterberg said.

After a two-year investigation, police raided five army barracks and 18 soldiers' homes in northern Belgium's Dutch-speaking Flanders region.

Burundi and rebel leaders sign pact

Burundi's government and the rebel National Liberation Force (NLF) signed a cease-fire to end 12 years of civil war that killed more than 250,000 people, South African mediator Dieno Khama said. Elections were held last year after the main rebel groups signed peace deals. The NLF was a holdout. The war started in 1993, when Tutsi paratroopers assassinated the country's first democratically elected president, a Hutu.

NATO General Wants More Troops In Afghan South (WP)

By John Ward Anderson

The Washington Post, September 8, 2006

DOJ_NMG_0059763

PARIS, Sept. 7 -- NATO commander Gen. James L. Jones said Thursday that the military alliance needs as many as 2,500 more soldiers and additional aircraft for its sweeps in southern Afghanistan, acknowledging that officers were surprised by the force of the fight being mounted there by the resurgent Taliban militia.

Jones said in Brussels that NATO was facing a "difficult period" on the battlefield but would prevail even at its present strength. But more troops for the alliance commander would be "a cushion . . . some insurance, if you will, that he has more than enough force to do the job."

Jones said that NATO member states had to date sent only about 85 percent of the troops they pledged to the operation in Afghanistan's turbulent south. He urged them to come up with the full commitment, notably to add a squadron of attack helicopters and two to three C-130 transports. Marine attack squadrons typically have 18 attack helicopters.

Aides to Jones said afterward that the general was not implying that NATO members should increase their overall troop commitments for Afghanistan.

NATO Secretary General Jaap de Hoop Scheffer endorsed Jones's call, telling reporters that "all allies should think how they can help." Jones and de Hoop Scheffer had just returned from a three-day visit to Afghanistan.

Brig. Ed Butler, the British commander in Afghanistan, told the Press Association news service Thursday that his troops were being attacked a dozen times a day in fighting that was "up close and personal." His soldiers had fired 400,000 bullets since arriving in Helmand province earlier this year, he said.

On Aug. 1, U.S. commanders turned over military responsibility for southern Afghanistan to NATO. The alliance force in the south, led by contingents from Britain, Canada and the Netherlands, so far has about 6,000 members, Jones said.

Previously, NATO troops operated largely in the capital, Kabul, and other relatively calm parts of the country. Casualties resulting from their entry into a full-blown combat zone, where the enemy is using weapons and tactics reminiscent of Iraqi insurgents, have rattled public opinion in some alliance countries.

Fourteen British service members died when their Nimrod reconnaissance plane crashed Sept. 2. Five Canadians have been killed in the past week, four from hostile fire and one from an accidental strafing by a U.S. jet.

Jones declined to say which member countries he felt should provide more forces. Canadian Defense Minister Gordon O'Connor said in response to the remarks that his country had met its commitments, the Canadian Broadcasting Corp. reported.

...

The NATO troops are confronting fighters of the Taliban, a radical Islamic group closely allied with the al-Qaeda organization of Osama bin Laden. Both Taliban and al-Qaeda members operate with few restrictions in the remote tribal areas on both sides of the border between Afghanistan and Pakistan, where the groups have many supporters.

On Sept. 2, NATO launched an offensive outside of the southern Afghan city of Kandahar, the insurgents' traditional home base, and reported killing more than 200 Taliban fighters in the first two days. On Thursday, officials said that 21 suspected insurgents had died that day in Panjwayi district.

Jones said that NATO knew it was stirring up a "hornet's nest" when it took to the field in the south, but that the "tenacity of resistance" was more than expected. The militiamen were standing and fighting rather than employing their usual hit-and-run tactics, he said.

But he said that "the ultimate solution in Afghanistan is not a military solution." It will depend instead on "the cohesion and the consistent support of the international aid structure."

Senior military officers of the 26 NATO countries are to take up the issue of more forces during a meeting Friday in Warsaw.

NATO Needs More Troops To Fight Taliban (AP)

By Paul Garwood, Associated Press Writer

AP, September 8, 2006

NATO's top military commander said Thursday that he needs more troops to fight the Taliban in southern Afghanistan, where a widening insurgency has left hundreds dead, including 21 militants in the alliance's latest air and ground attacks.

U.S. Gen. James L. Jones acknowledged NATO had been surprised by the "level of intensity" of Taliban attacks since the alliance took over from American-led coalition forces in the south in August.

Iraq-style suicide bombings, highly organized ambushes and dogged resistance have become hallmarks of Taliban holdouts who are fueling Afghanistan's worst violence since the U.S.-led invasion toppled the hard-line regime in late 2001.

NATO officials say current troop levels are enough to combat militants in southern deserts and mountain ranges, or crossing from neighboring Pakistan. But the vast battlefield in the south provides ample cover for insurgents familiar with the terrain and the region's tribes. Additional air support and as many as 2,500 new, highly mobile reserve troops would help finish the conflict faster, the officials said.

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Pakistani President Gen. Pervez Musharraf acknowledged Thursday that al-Qaida and Taliban militants are crossing from his country to launch attacks in Afghanistan, but he denied his government sponsored them.

"You blame us for what is happening in Afghanistan," Musharraf told Afghan government and army officials and lawmakers after an anti-terror summit in Kabul with his Afghan counterpart, Hamid Karzai. He said neither the government of Pakistan nor its intelligence service "is involved in any kind of interference inside Afghanistan."

Jones, speaking in Belgium after a visit to Afghanistan, said NATO needed "additional insurance in terms of some forces that can be there, perhaps temporarily, to make sure that we can carry the moment."

That could take the form of helicopters, transport planes and "flexible" reserve troops able to move quickly to support NATO forces battling militants.

Jones later told reporters at the Pentagon by telephone that he was seeking roughly 2,000 to 2,500 extra NATO troops for the south. He said they would bring the NATO contribution up to 100 percent — up from 85 percent — of the force level pledged by allied governments before the southern deployment. There are now about 20,000 NATO troops in Afghanistan.

Jones said he was confident that generals from the 26 NATO nations, meeting Friday and Saturday in Warsaw, Poland, would authorize the reinforcements.

"In the relatively near future, certainly before the winter, we will see this decisive moment in the region turn in favor of the troops that represent the government," he said. "It will help us to reduce casualties and bring this to a successful conclusion in a short period of time."

Afghan officials and NATO commanders in Afghanistan welcomed the call for extra soldiers and air support for some 8,000 mainly British, Canadian and Dutch troops who took control of southern military operations from the U.S.-led coalition. At least 35 NATO troops have died since the handover.

"More troops and air support means we can do more things more quickly and achieve our goals of security, stability and spreading the Afghan government's authority," said NATO spokesman Col. Nick Grant-Thorold.

In the latest violence, some 21 suspected Taliban militants were killed Thursday in Kandahar province's Panjwayi district, the scene of a NATO-led campaign, dubbed Operation Medusa, that began Saturday. The deaths drove to 270 the number of militants NATO says have been killed in the operation — figures that have not been independently verified.

Fourteen died in a NATO airstrike and seven others were killed in clashes with ground forces, said Maj. Scott Lundy, another alliance spokesman.

In another example of the Taliban threat in the south, militants retook the Helmand provincial town of Garmser for the second time since July after police fled their compound late Wednesday, Police Chief Ghulam Nabi Malakhail said.

Lundy confirmed clashes in the town of 50,000 — including NATO airstrikes — but said he was unsure if all police had left or if there were any casualties.

"It is quite possible that some of the Afghan national police have vacated the area," Lundy said. "There is definitely fighting there."

Taliban forces defeated 40 poorly armed police in Garmser after 16 days of fighting in July. U.S., British, Canadian and Afghan ground troops won it back and handed it over to reinforced Afghan security forces.

Jones said he was disappointed by the lack of commitment by some member nations to supporting the alliance's military mission, or strengthening Afghanistan's government by promoting reconstruction and eradication of the country's thriving opium poppy industry — a source of funding for the Taliban.

"The future of Afghanistan will not be determined by the military," he said.

Associated Press writers Paul Ames in Brussels, Belgium, Amir Shah in Kabul and Noor Khan in Kandahar contributed to this report.

NATO Seeks Reinforcement In Afghanistan (FT)

By Daniel Dombey

Financial Times, September 8, 2006

Nato's top commander on Thursday called for up to 1,000 more soldiers to be sent to Afghanistan to fight a Taliban-led insurgency that has taken the military alliance by surprise.

General James Jones, Nato's supreme allied commander, said the alliance's 26 nations had failed to deliver fully on commitments to staff and equip its force in the country, where a bitter insurgency is raging in the south. He said much of the international strategy for Afghanistan's reconstruction was on "life support".

The admission that Nato needs more troops after clashes that have claimed the lives of British and Canadian soldiers in the past week, highlights the challenge facing the alliance in bringing order to the country where the attacks of September 11 2001 were planned.

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Nato took over responsibility for the south of Afghanistan, an area from which western forces were previously largely absent, only on July 31. Officials admit that in the past month the alliance has been engaged in the toughest fighting since it was formed in 1949.

Plans for Nato to concentrate on helping to develop infrastructure in the south of Afghanistan have taken a back step.

"We are a little bit surprised by the level of intensity and the fact that the opposition in certain areas is not relying on traditional hit and run tactics," Gen Jones said. Jaap de Hoop Scheffer, Nato secretary-general, said: "There are certainly a number of allies who can do more." He backed the call for additions to Nato's 20,000-strong force.

Gen Jones said that to date Nato's member countries had met only 85 per cent of their commitments towards the force. Speaking at his headquarters in Mons, Belgium, he said Nato countries needed to provide more helicopters and fixed-wing aircraft, and a reserve battalion. Military officials said this would involve 500-1,000 soldiers.

Gen Jones said a Nato meeting last month had failed to fill the gap and he would be pushing for the resources he needed at a gathering of Nato chiefs of defence staff in Warsaw, starting Friday.

He emphasised that Nato needed to step up quickly so that it could prevail in the current intense bout of fighting with the Taliban, which is likely to cease with the advent of winter.

He said that, without the resolution of Afghanistan's fundamental problems – notably, rampant opium production – Nato soldiers might have to remain for years. "We simply have to do better and more effectively in the war against drugs," he said.

The brunt of the combat has fallen on 4,500 British troops. The UK has already announced a reinforcement of 1,000 soldiers but officials say more Nato troops could be difficult to find.

Many Nato troop contributors are stretched by their commitments across the world. Gen Jones said he was not looking for a redeployment of soldiers stationed elsewhere in Afghanistan.

So far this year 21 Nato soldiers have died in battle, with 21 non-combat related deaths.

NATO General Seeks Reinforcements To Fight Taliban (WT/AP)

By Paul Garwood

The Washington Times, September 8, 2006

KABUL, Afghanistan -- NATO's top commander yesterday urged allied nations to send reinforcements to southern Afghanistan, where resurgent Taliban militants are inflicting heavy casualties on foreign forces and have captured a remote town for the second time in two months.

Gen. James L. Jones said after a trip to Afghanistan that the coming weeks could be decisive for thousands of troops fighting in the south of the country amid the worst upsurge in violence since the hard-line Taliban regime's ouster in late 2001.

He said in Belgium that NATO needed "additional insurance in terms of some forces that can be there, perhaps temporarily, to make sure that we can carry the moment."

That could take the form of helicopters, transport planes and several hundred "flexible" reserve troops able to move quickly to support NATO forces around the region. Gen. Jones said he was confident that a meeting with top generals from the 26 NATO nations today and tomorrow in Warsaw would authorize the reinforcements.

"In the relatively near future, certainly before the winter, we will see this decisive moment in the region turn in favor of the troops that represent the government," Gen. Jones said.

NATO has been surprised since moving into the region by the intensity of Taliban attacks and by insurgents' willingness to stand and fight rather than hit NATO forces and run, he said.

NATO took command of southern Afghanistan from a U.S.-led coalition on Aug 1.

Britain, Canada and the Netherlands have taken lead roles in the south since NATO took command there, pumping in around 8,000 troops and bringing the NATO force's presence to about 20,000 nationwide. The alliance claims to have inflicted grave insurgent losses, including more than 250 in an offensive near Kandahar city since the weekend.

But at least 35 British and Canadian soldiers have died within 38 days, and militants show no sign of giving up.

Late Wednesday, Taliban militants reclaimed the southern Helmand provincial town of Garmser after police fled their compound there for the second time since July, police said.

NATO spokesman Maj. Scott Lundy confirmed clashes in the town but said he was unaware that police had left.

Taliban forces held Garmser, a town of about 50,000 people, for two days in July, after defeating 40 poorly armed police in 16 days of fighting. U.S., British, Canadian and Afghan ground troops won the town back and left it to reinforced Afghan security forces.

In Kabul, Pakistani President Pervez Musharraf acknowledged that al Qaeda and Taliban militants cross from Pakistan to carry out attacks inside Afghanistan, but denied his government sponsored them.

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"You blame us for what is happening in Afghanistan," Gen. Musharraf told Afghan government and army officials and lawmakers. "Let me say neither the government of Pakistan nor [the Inter-Services Intelligence agency] is involved in any kind of interference inside Afghanistan."

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, September 8, 2006

Afghan habit

House International Relations Committee Chairman Henry J. Hyde is warning the White House that Afghanistan is in danger of becoming a "failed narcotics state." He is calling for another overhaul of the administration's counterdrug policies in that country: less eradication and more attacks on drug kingpins, warlord allies, production labs and supply routes.

We obtained a letter the Illinois Republican sent yesterday to President Bush. "We have to revisit our counterdrug and counterterrorism policies in Afghanistan or we risk creation of a failed narcotics state," Mr. Hyde wrote.

Mr. Hyde, who is retiring this year, has led the House's effort to get the Bush administration, and particularly the Pentagon, to focus more on Afghanistan's burgeoning poppy crop used to make opium and heroin. He has also hammered home the point that millions of dollars in drug proceeds are aiding the enemy. With a resurgent Taliban wreaking havoc in poppy-rich southern Afghanistan, new thinking on the drug problem is needed, congressional sources say.

Mr. Hyde also arranged for Colombian police officers to tour Afghanistan and offer pointers last month.

The Pentagon this year announced an entirely new strategy to support Afghan police and the U.S. Drug Enforcement Administration in combating drug traffickers. But the Pentagon pointedly said it would not become directly involved in drug raids and arrests.

Mr. Hyde is not impressed. "To succeed in Afghanistan, we need to change our failing strategies," he told the president. "We must build on and learn from our experiences in Colombia. There, we mistakenly focused on drugs to the exclusion of terrorism. In Afghanistan, we are focusing primarily on terrorism. In Colombia, we have jointly made great progress by conducting a unified campaign against both. In Afghanistan, we must do the same."

He said the U.S. military only supported three DEA operations last year. It should do three a month, he said.

Why is Mr. Hyde sounding the alarm? Check out the latest survey by the U.N. Office on Drugs and Crime.

It reported this week that opium cultivation in Afghanistan rose 59 percent this year and production reached 6,100 tons.

UNODC Executive Director Antonio Maria Costa urged the government of President Hamid Karzai to start using police powers. "We trained police and prosecutors, we constructed court houses and detention centers," Mr. Costa said. "Now the government has the responsibility to use the judicial system to impose the rule of law and re-establish confidence in Kabul. Significant arrests and convictions will set an example and serve as a deterrent."

Top Gun

Retired Navy Capt. Frank W. Ault, a key player in modern naval aviation as the father of the Navy Fighter Weapons School, died at his home in Arlington on Aug. 25 at age 84. A memorial service is planned today at the Fort Myer Chapel, where his former flying mates will gather to honor a man who served in three wars and ran four public corporations after his military retirement in 1971.

Capt. Ault, a 1942 Naval Academy graduate, was a good friend of The Washington Times, always taking time to explain the culture of carrier aviation, which he helped transform.

Vietnam-era pilots might remember the "Ault Report." The Navy tapped Capt. Ault to examine the state of aviation during the war. His report held nothing back, blasting commanders for inferior combat tactics and training.

The Navy accepted the criticism and in 1969 ordered Capt. Ault to create the Navy Fighter Weapons School, the Top Gun academy where pilots go to hone skills before deploying at sea. He had the experience to get the job done, having served as a squadron and air wing commander before commanding the carrier USS Coral Sea.

Capt. Ault's Silver Wings chapter will hold a "celebration and remembrance" of the pilot's life on Sept. 28 at Fort Myer's Spates Hall. The remembrance will be lead by an old friend, retired Adm. Whitey Feightner.

Supporting a spy

A senior U.S. intelligence official publicly defended Ron Montaperto, a former Defense Intelligence Agency analyst who in June pleaded guilty to mishandling classified documents but was not charged for what U.S. officials say were more serious spying charges because of lack of evidence.

Lonnie Henley, currently the deputy national intelligence officer for East Asia, stated in a sentencing memorandum in support of a light sentence that Montaperto is "conscientious, concerned and above all dedicated to the best interests of the United States."

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"I learned from him the importance of careful objective intelligence analysis, grounded in solid evidence and carefully free of personal opinion," Mr. Henley said. "He was a mentor and role model, admired by all who worked with him as a professional intelligence analyst."

Mr. Henley also was investigated by the office of Director of National Intelligence John D. Negroponte for sending an e-mail supporting Montaperto and criticizing the FBI.

Montaperto is set to be sentenced today. He pleaded guilty June 21 to one count of mishandling classified documents. He was not charged for passing secret and top-secret information to two Chinese military intelligence officers but the activities were outlined in court papers.

Montaperto, according to the sentencing memorandum written by his lawyers, passed the classified data to China in order to help U.S.-China relations, which contradicts Mr. Henley's description of him as an unbiased analyst.

The memorandum said Montaperto did not pass secrets to China out of "ideological alignment or sympathy with the People's Republic of China." Instead, he gave the classified data because he thought "the U.S. and the PRC needed to learn to get along and better understand each other, a belief that was and is consistent with United States foreign policy," it said.

Welcome mat

Navy Rear Adm. Harry Harris, who runs the detention center at Guantanamo Bay, told reporters yesterday how his newest prisoners -- 14 high-value al Qaeda terrorists, including September 11 mastermind Khalid Shaikh Mohammed -- will be treated.

"They are afforded the opportunity to worship, and will have access to the Koran in their native language and other prayer accessories," he said. "They will be allowed to send and receive mail. Their medical and dental care is comparable to that received by any service member deployed here at Guantanamo. They will be given access to reading material. They will have the opportunity to exercise. And they get three culturally sensitive meals a day and, if appropriate, blessed by an imam."

Helo hero

We received an amazing photograph from Afghanistan that shows some of the courageous and skillful work of our troops.

The photo reveals a CH-47 helicopter being flown by a Pennsylvania National Guard pilot who in civilian life flies emergency medical evacuation helicopters.

In the picture, the helicopter is shown landing the back portion of the giant, twin-rotor chopper on a shack in a mountainous and tree-covered region of Afghanistan during the transfer of detainees by U.S. soldiers.

As our correspondent put it: "If this does not impress you, nothing ever will. Gives me the chills and a serious case of vertigo. I can't even imagine having the nerve much less the talent and ability. God Bless our military."

Musharraf Pledges To Pursue Qaeda And Taliban Insurgents (NYT)

By Carlotta Gall

The New York Times, September 8, 2006

KABUL, Afghanistan, Sept. 7 — President Pervez Musharraf of Pakistan, in a conciliatory speech to Afghan officials and members of Parliament, conceded Thursday that Al Qaeda and Taliban insurgents had been crossing the border into Afghanistan to mount attacks but denied that he or his government were backing them.

In a major policy shift that may cost him support at home, General Musharraf pledged to seek out and destroy the command structure of insurgents apparently linked to Afghanistan's ousted Taliban rulers, who are fighting NATO and Afghan forces in southern Afghanistan.

It is the first time he has agreed to go after the Taliban leadership, something the Afghan government and Western countries with troops in Afghanistan have been demanding.

"There are Al Qaeda and Taliban in both Afghanistan and Pakistan,'' he said. "Clearly they are crossing from the Pakistan side and causing bomb blasts in Afghanistan.''

"Please do understand the Pakistan government," he continued, saying that neither he nor his intelligence agency is "behind anything that is happening in Afghanistan."

General Musharraf, on a state visit here, said that such a policy would be against his country's interests and his own vision for progress and development in Pakistan and across the Central Asian region. It would also bring Pakistan into direct conflict with the America-led coalition, which is battling the insurgents in Afghanistan, and General Musharraf said he had no intention of doing that.

"The coalition would become the enemy of Pakistan and start attacking Pakistan,'' he said. "Would we be so foolish to do this?"

President Hamid Karzai of Afghanistan applauded General Musharraf's statements and said, "I was very happy to hear this was not sponsored by Pakistan."

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Afghan officials have long contended that Pakistan has harbored Taliban leaders and fighters and has done too little to keep them from crossing into Afghanistan and carrying out attacks.

General Musharraf said his government had rounded up supporters of Al Qaeda in Pakistan's cities and had pursued foreign fighters in the frontier tribal areas, but he said the focus had now shifted to dealing with the Taliban.

On Tuesday, however, his government signed an agreement with tribal elders in the restive border region that would allow militants to operate freely in return for a pledge to halt attacks and infiltration into Afghanistan. The deal was widely viewed as a face-saving retreat for the Pakistani Army, and was seen by many as creating a haven for the militants.

"The Taliban are organizing themselves — they are much better organized," General Musharraf said Thursday. "We have to see where their command structure is, who is their commander and we must destroy the command structure."

"When you attack the command structure, the thing falls," he added.

Pakistan contends that the Taliban leader, Mullah Muhammad Omar, is in Kandahar Province in Afghanistan, once the home base of the Taliban. But General Musharraf conceded that support for the Taliban was coming from Pakistan.

The Taliban have sharply expanded operations this year across the southern and southeastern Afghanistan, increasing their attacks on government offices and coalition and NATO forces.

On Wednesday, Taliban fighters overran government administration buildings in two district centers, Garmser in Helmand Province and Argandab in Zabul Province, Interior Ministry officials said.

A British soldier died of his wounds in a mortar attack Wednesday afternoon and four more were wounded, NATO reported in a statement on Thursday.

Insurgents attacked a coalition convoy on the main highway south from Kabul on Thursday, a provincial governor said.

While Mr. Karzai's response to General Musharraf's speech was upbeat, he and other Afghans listening to it expressed caution.

Asadullah Khaled, the governor of Kandahar, where NATO and Afghan troops are fighting hundreds of Taliban, said he was encouraged because General Musharraf had not differentiated the Taliban attacks from terrorism, as he had in the past. But, the governor said, "I hope what he expressed was meant with sincerity."

CORPORATE SCANDALS:

Michaels Stock-option Inquiry Goes To Justice (FWST)

By Heather Landy

The Fort Worth Star-Telegram, September 8, 2006

An inquiry into stock-options grants made by Michaels Stores Inc. during the 1990s has been transferred to the Justice Department's fraud unit, but a review by the craft-supplies retailer's audit committee found no intentional wrongdoing in the way stock options were awarded to executives.

This summer Michaels, based in Irving, received a letter from the Securities and Exchange Commission and grand jury subpoenas issued in New York and Texas, all seeking documents related to stock-options grants.

According to a filing made Thursday with the SEC, Michaels learned this week that the New York subpoena had been withdrawn because of the transfer to the fraud unit.

Present and former directors and officers of Michaels also have been accused in several shareholder lawsuits of breaching their fiduciary duties by re-pricing or backdating stock-option grants in the mid-1990s to make the awards more lucrative for the recipients.

On Aug. 25, outside lawyers working with the audit committee found that the company committed no intentional misconduct in its options practices. A separate internal committee, composed of board members Liz Minyard and Cece Smith, was formed Aug. 28 to "investigate and make decisions on behalf of Michaels with respect to these subpoenas and any stock-option grant issue raised by the SEC," as well as the shareholder lawsuits.

Michaels' board historically approved stock-option grants through unanimous "written consent resolutions." Delays in the written consent process, "general administrative deficiencies" and corrections "to what the company believed were mistakes or omissions in the grant process" explained why option grants reviewed by the audit committee were dated earlier than their approval by the board, the filing said.

Some grants made from 1990 to 2001 were accounted for based on the wrong dates, the company found. Those errors amounted to an estimated $22.5 million of noncash compensation costs that should have been recorded, according to the filing. All of the stock options in question were exercised before the end of fiscal 2005, and any effect on the company's financial statements for this year and last "is not considered material," the filing said.

Michaels is getting ready to finalize a takeover by two private equity firms, The Blackstone Group and Bain Capital.

Reagan Aide Stockman Targeted In Fraud Probe (WP)

By Ralph Blumenthal

The Washington Post, September 8, 2006

To old hands in Washington, David A. Stockman will always be the long-haired numbers cruncher who led the cheers for Reaganomics but nearly lost his job for privately denigrating the administration's budget at the same time he sold it to the public.

Stockman's trip "to the woodshed" with President Ronald Reagan and his denouncement of the "rosy scenario" of White House fiscal policy helped coin political phrases that linger in the capital's lexicon more than two decades after he left government.

Now the man who put one over on Congress could face far more severe consequences for possibly misleading Wall Street.

Lawyers at the Securities and Exchange Commission recently notified Stockman that he could face civil charges related to upbeat statements he made to investors two months before an auto parts company he ran sought bankruptcy protection last year, according to sources familiar with the issues who spoke on condition of anonymity because the investigation continues.

Securities regulators are examining the role Stockman and other former executives played in alleged financial irregularities at Collins & Aikman Corp., with an eye on whether Stockman may have lied to investors by telling them the company's finances were being "managed quite effectively" when he was aware of mounting problems. Federal prosecutors have also subpoenaed financial records from the company.

Stockman, 59, declined interview requests. But two sources sympathetic to him who spoke on condition of anonymity because of the ongoing investigation said Stockman did nothing wrong. Rather, they said, he knocked himself out to save Collins & Aikman from crippling industry forces that sent several competitors into bankruptcy proceedings.

The sources said Stockman had no motivation to commit fraud. He apparently did not sell Collins & Aikman stock he owned during his tenure there and doubled his personal holdings to more than 300,000 shares between August 2004 and the day he left the Southfield, Mich., company in May 2005.

Stockman did not receive a salary or stock options from Collins & Aikman. Instead, the privately operated investment partnership he ran, Heartland Industrial Partners L.P., struck a deal that required the parts maker to pay it annual fees in exchange for financial services and Stockman's advice. Heartland bought a stake in Collins & Aikman in 2001 for $260 million and ultimately invested another $100 million in the company. The fee agreement is a relatively typical arrangement among Wall Street buyout firms and their portfolio companies, but it also makes it hard to know how much Stockman collected and what his incentives were as he ran Collins & Aikman. Stockman did not earn more money under the terms of the deal, nor did Heartland, after he became chief executive of Collins & Aikman in 2003.

Collins & Aikman agreed to pay Heartland $4 million each year as an advisory fee and to reimburse the partnership for out-of-pocket expenses and other services. It also agreed to give Heartland 1 percent of the value of acquisitions -- and there were many, valued at more than $1 billion total.

Between 2001 and 2004, a time when Collins & Aikman reported annual losses, Heartland received more than $44 million from the auto parts company, according to securities filings and a shareholder lawsuit. The money went into Heartland's coffers. How it was distributed among Stockman and his partners remains unclear. The percentage Stockman owns of Heartland, which operates with few public disclosure requirements, could not be determined. He stepped aside as managing partner last year.

A self-described Michigan farm boy who won a House seat before becoming one of the youngest Cabinet officials in history, Stockman was a key player in pushing Reagan's "supply side" economic platform, a crucial facet of the president's domestic policy, which reasoned that benefits from big tax cuts for corporations and wealthy individuals would trickle downhill to the middle class.

But as he made bold public pronouncements supporting the plan, Stockman and William Greider, a Washington Post editor at the time, for months privately discussed "Trojan horses" and "magic asterisks" that hid mounting budget deficits. Stockman grew disenchanted with politics, criticizing opponents and his own party for failing to cut entitlement programs and bring the deficit under control. Greider eventually published a magazine story containing Stockman's statements, which almost got the young White House aide fire. After leaving the government, Stockman received more than $2 million for a tell-all book, in which he skewered friends, enemies and himself. In it, Stockman wrote about his thought process as chief of the Office of Management and Budget, citing the hope that he and other officials could dig themselves out of the growing deficit hole. "All along I had assumed that somehow tomorrow it would all work out . . . All we needed was one more inning," he wrote.

Stockman, like many former politicians, decided to try his luck on Wall Street. He joined Salomon Bros. Inc. in an arrangement that both sides eventually agreed was a bad fit. Stockman preferred to crunch numbers rather than schmooze

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clients, colleagues told the Wall Street Journal at the time. Then he joined the Blackstone Group, a private New York investment fund that buys public companies with a little money down and lots of borrowing, then reshapes and ultimately sells them at large gains. Stockman prospered at Blackstone, taking a leading role in 10 deals with a combined value of $10 billion, including one involving Collins & Aikman, according to a biography since removed from the Heartland Web site.

His Blackstone tenure helped make Stockman wealthyHis stock sales of one company, GrafTech International Ltd., in the late 1990s had a market value of more than $800 million, according to securities filings.

Stockman is married to Jennifer Blei Stockman, a technology consultant. Friends credit Blei with giving the bookish Stockman social pizazz. In recent years, she has served as president of the Guggenheim Foundation and co-chair of abortion-rights group the Republican Majority for Choice. The Stockmans have two daughters, one of whom has attended Northwestern University. The couple owns a Greenwich, Conn., estate that was assessed at more than $11 million in 2003 and another multimillion-dollar home in Aspen, Colo.

Stockman's investment in Collins & Aikman was supposed to mark the triumphant return to the state he once represented in Congress. As part of a broader plan at Heartland to reinvigorate depressed Rust Belt companies, Stockman poured millions of dollars into Collins & Aikman, eventually becoming chief executive after he and the board expressed dissatisfaction with previous managers.

A lawsuit filed last year by debt-holder MacKay Shields LLC claimed that Stockman had a thorough grasp of the finances at Collins & Aikman, which outfits more than 90 percent of the vehicles made in North America with such items as cup holders, dashboards and floor mats. Stockman served as the company's chief liaison with Wall Street and investors, from whom he fielded increasingly pointed questions.

As costs for materials mounted and demand from the nation's biggest automakers dwindled, eventually squeezing Collins & Aikman's rivals into bankruptcy, Stockman acknowledged a "maelstrom" in the industry and said cash was a "challenge." On a March 17, 2005, conference call, Stockman assured Wall Street analysts that the company could manage its way out of trouble. He went on to call the rumors about a cash crisis "totally false" and said, according to conference call transcripts, "We're in a very good position over the next few weeks and months to improve our liquidity."

The sources sympathetic to Stockman said he genuinely thought that the company had enough cash and that he could force customers, including DaimlerChrysler AG, to accept price increases, giving it more room to maneuver.

In early April, an independent analyst issued a report asserting that the company's liquidity "is not as strong as recent headlines depict" and predicting that "bankruptcy is a definite possibility." Stockman raced to hit the phones, securing a $75 million line of credit from lenders, according to a company news release.

It was not enough. Stockman clashed with the board, which prodded him to resign May 12. Five days later, Collins & Aikman filed for bankruptcy protection. News reports at the time of Stockman's departure said company insiders had criticized Stockman for keeping information about the company's troubles too close to the vest.

The company's current management team has painted a dire portrait of Collins on the eve of its bankruptcy. Collins executives had "almost no working capital, had no source of liquidity and were leveraged," according to bankruptcy court documents filed last week. "The debtors had a negative cash balance and faced imminent interruptions in production . . . Cash management systems were in disarray."

Collins & Aikman is conducting its own investigation, for which the company's lawyers have reviewed 3 million documents and interviewed at least 70 current and former employees, according to papers filed with the bankruptcy court. The lawyers are negotiating with the SEC over whether Collins & Aikman will be required to pay fines to settle possible civil charges related to its accounting practices, the documents indicate. Dennis E. Glazer, a lawyer at Davis, Polk & Wardwell who is representing the company's board, declined to comment. A spokesman for Collins & Aikman said the company is "cooperating" with investigators.

Lay's Estate To Pay $12 Million To Settle Enron Pension Dispute (MRKTWTCH)

By Jim Jelter, MarketWatch

Market Watch, September 8, 2006

SAN FRANCISCO (MarketWatch) -- Kenneth Lay's estate has agreed to pay $12 million to settle claims filed against the late Enron boss by the U.S. Labor Department on behalf of the thousands of Enron employees who lost their pensions when the company collapsed in 2001, officials said Thursday.

"Although the proposed settlement provides a $12 million claim against the estate, the final recovery will depend upon the total amount of assets available for distribution from Lay's estate," the Labor Department said in a written statement.

The department sued Lay and other top Enron executives in 2003, alleging mismanagement of retirement plans and lying to them about the company's failing financial health while encouraging them to buy Enron stock even as they were selling their own shares.

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Despite Thursday's agreement, the settlement process is far from over for Lay's family.

The Justice Department earlier this week said it's seeking $40 million from the estate, asking Congress to pass a law that would allow it remove the "doctrine of abatement" clause in the criminal code, which is typically used by the families of deceased felons to keep what prosecutors call ill-gotten gains.

Also still outstanding are the government's claims against Jeffrey Skilling, Lay's top lieutenant who served as Enron chief executive for about six months before abruptly resigning in August 2001. The company declared bankruptcy less than four months later amid a raft of accounting scandals.

In May, a Houston jury convicted both Lay and Skilling of defrauding investors.

Lay, as head of what was once the sixth-biggest publicly traded company in the United States, had by 2000 amassed a fortune measured in the hundreds of millions of dollars. He claimed to have lost most of it when Enron's stock plunged from $80 to less than $1 a share in the company's final year.

On July 5, the 64-year-old Lay died of a heart attack in Colorado -- less than two months after being found guilty on all six federal charges brought against him. He was never sentenced.

Skilling, 52, was found guilty by the same jury on 19 of 28 counts of fraud and insider trading. He faces sentencing in Houston on Oct. 23.

So far, the Labor Department and other plaintiffs have recovered about $221 million for Enron's depleted pension plans from other company executives and directors. Appeals and legal fees could eventually whittle down the overall amount collected, though.

Jim Jelter is Industrials Editor for MarketWatch in San Francisco.

U.S., Lay Estate Ink $12M Pension Settlement (CNN)

By Shaheen Pasha, CNNMoney.com staff writer

CNNMoney, September 8, 2006

Enron workers who lost their pensions can seek up to $12 million from Enron founder's estate; payout could be less.

New York (CNNMoney.com) -- The federal government said Thursday that it agreed to cap at $12 million the amount of money that Enron workers who lost their pensions could try to recover from the estate of Ken Lay, the former Enron chairman who died in July.

But claimants may not receive the full $12 million in reparations for their losses, the Labor Department said in a statement.

Enron founder Kenneth Lay died in July after being convicted of fraud and conspiracy. His estate is facing civil claims filed against him.

Lay, who died of a heart attack after his conviction in May on charges on conspiracy and fraud related to Enron's collapse, testified during his trial that he was $250,000 in the red because most of his net worth was tied up in worthless Enron stock. He added that legal bills ate up the rest of his fortune and that he still owed millions to his attorneys.

The Labor Department said any final recovery will depend upon the total amount of assets available for distribution from Lay's estate. The proposed settlement is subject to approval from the U.S. District Court for the Southern District of Texas.

The department sued Lay in June 2003 for misrepresenting the company's financial turmoil to employees and encouraging them to continue to buy Enron stock even though he knew the company was in trouble.

He was also sued for failing to monitor those in charge of Enron's pension plans and, as a member of the board of the directors, for neglecting to appoint a trustee who would oversee the company's employee stock ownership plan.

The settlement, if approved, would add to the pot of money that's been recovered for the participants of Enron's doomed pension plan. The government and private plaintiffs have already recovered about $221 million from Enron, its board of directors, officers and fiduciaries that served on the pension plan's administrative committee.

But the recovery of the $221 million is being appealed. And the Labor Department has yet to settle with Enron's former chief executive Jeffrey Skilling, who was convicted of 19 counts of conspiracy and fraud in May.

Skilling's sentencing is scheduled for Oct. 23.

Lay's unexpected death left the government and civil litigants in a quandary over how to proceed with a mountain of civil lawsuits that had been facing the disgraced executive.

Because Lay died before he had the chance to appeal, not only does his conviction get thrown out under a legal doctrine called abatement, but it is now as if he had never been indicted in the first place.

And without a conviction, the government and a wide net of civil claimants are going to have a hard time recouping any financial restitution from Lay's estate.

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Federal prosecutors did file a motion Wednesday asking U.S. Judge Sim Lake - who presided over the Enron trial - to delay clearing Lay's conviction from the record until Congress can consider a U.S. Justice Department proposal to take such power away from the courts.

The proposed law would apply to any case still active on July 1, allowing U.S. prosecutors to force Lay's estate, overseen by his wife Linda, to forfeit $43.5 million the government has said Lay gained illegally.

Separately, the government has already filed a motion attempting to hold Lay's co-defendant Skilling responsible for Lay's $43.5 million forfeiture. That would obligate Skilling to pay $183 million in restitution to government for his and Lay's convictions.

Former Officials Ask Gonzales To Reverse Policy About Corporations And Their Lawyers (FINDLAW/AP)

By Hope Yen, Associated Press Writer

AP, September 8, 2006

(AP) - WASHINGTON-Former top Justice Department officials are asking Attorney General Alberto Gonzales to reverse a policy they say unfairly pressures corporations facing possible indictment to disclose their confidential communications with attorneys.

In a letter released Wednesday, the 10 former officials, including Solicitor General Ted Olson and Attorney General Dick Thornburgh, said the Justice Department needed to rethink the 2003 policy that guides prosecutors in deciding whether to seek criminal charges against a business.

That policy, issued after scandals at companies like Enron Corp. cost shareholders billions of dollars, says prosecutors can consider reducing charges or not bringing them at all if a company waives attorney-client privilege and hands over otherwise confidential documents.

In the letter, the former Justice officials from both political parties joined the American Bar Association, American Civil Liberties Union and U.S. Chamber of Commerce in saying the policy is harmful because it discourages employees from seeking needed advice from company lawyers for fear of later disclosure.

Company lawyers could cooperate in government investigations by answering questions rather than turning over privileged documents wholesale, they said.

"As former department officials, we appreciate and support your ongoing efforts to fight corporate crime," the former officials wrote. "Unfortunately, we believe that the department's current policy ... is undermining rather than strengthening compliance."

"Prosecutors can obtain needed information in ways that do not impinge upon the attorney-client relationship," they stated.

The officials joined other groups in lobbying Congress to force revisions to the policy, which the Justice Department has remained committed to following since waivers are not the norm. The Senate Judiciary Committee was scheduled to hold a hearing on the issue next week.

Other former officials who signed the letter were Attorney General Griffin Bell; acting Attorney General Stuart Gerson; deputy Attorney General Carol Dinkins; deputy Attorney General Jamie Gorelick; deputy Attorney General George Terwilliger; acting Solicitor General Walter Dellinger; Solicitor General Kenneth Starr; and Solicitor General Seth Waxman.

On the Net:

Justice Department: http://www.usdoj.gov/

Corporate Fraud Policy Should Be Revised, Former Officials Say (BLOOM)

By Robert Schmidt

Bloomberg, September 8, 2006

Sept. 7 (Bloomberg) -- Two ex-attorneys general and eight other former top U.S. Justice Department officials, siding with businesses, are urging the Bush administration to soften a corporate fraud policy aimed at compelling cooperation from potential defendants.

Former Attorneys General Richard Thornburgh, a Republican, and Griffin Bell, a Democrat, are among the officials who signed a letter to Attorney General Alberto Gonzales calling for changes in corporate fraud enforcement. The government's policy, which can force companies under investigation to disclose confidential conversations with lawyers, is ``seriously flawed'' and a threat to vital legal protections, the letter says.

``Most of us are former prosecutors who were able to effectively enforce the law without resorting to extorting a waiver of the attorney-client privilege,'' Thornburgh said in an interview.

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Critics of the policy, including the U.S. Chamber of Commerce and the American Bar Association, say potential defendants risk indictment by invoking their right to keep conversations with their attorneys private. The companies also say they are forced by the policy into unreasonable and costly settlements.

The letter to Gonzales, dated Sept. 5 and made public today, gives a boost to the business-led campaign to overturn the policy. The Senate Judiciary Committee plans to hold a public hearing next week on the prosecution tactics.

Federal Crackdown

In cracking down on corporate fraud following scandals at Enron Corp. and WorldCom Inc., the government has increasingly offered companies leniency if they cooperate in an investigation. Guidelines on how companies can aid prosecutors are laid out in a 2003 memorandum by then-Deputy Attorney General Larry Thompson.

The Thompson memo, advising prosecutors on how they should decide whether to indict a company, gives examples of cooperation. They include whether a company has reported the potential fraud, whether it conducted its own investigation and whether it waived attorney-client privilege.

Another sign of cooperation -- refusing to pay the legal bills of ``culpable employees'' -- has come under fire from a federal judge in New York. He said in a case involving former KPMG LLP partners that the practice violated the rights of employees at the accounting firm.

Justice Department officials have defended the policy on waiving attorney-client privilege as necessary to speed up investigations and ensure that a company is fully forthcoming.

Department Disagrees

Kathleen Blomquist, a department spokeswoman, said the agency ``appreciates the views'' of the former officials but disagrees with their criticisms.

``Rather than `demand' or `require' a corporation's waiver of attorney-client privilege, a corporation may decide to waive its privilege in the course of cooperating with the government's investigation to avoid being criminally charged,'' she said. ``This is why corporations, in many instances, waive this privilege without the government's request.''

In their letter, the former officials say companies have no choice but to disclose their conversations with lawyers.

``The threat of being labeled `uncooperative' simply poses too great a risk of indictment to do otherwise,'' they wrote.

Among those signing the letter were Kenneth Starr, an independent counsel who investigated President Bill Clinton; Theodore Olson, who headed the Justice Department office that argues Supreme Court cases under President George W. Bush; Walter Dellinger, who was acting head of that office under Clinton; and Stuart Gerson, former head of the Justice Department's civil division and briefly acting attorney general in 1993.

To contact the reporter on this story: Robert Schmidt in Washington at rschmidt5@bloomberg.net .

Former Justice Officials Critical Of Thompson Memo Policy (LAW)

By Jason Mclure, Legal Times

Legal Times, September 8, 2006

A bipartisan group of 11 former senior Justice Department officials has written Attorney General Alberto Gonzales to protest the government's tactics in investigating corporate wrongdoing, tactics that they see as "seriously eroding" attorney-client privilege.

The letter, dated Sept. 5, adds to a growing chorus of criticism of the aggressive way in which the Justice Department has pursued corporate-fraud investigations since the collapse of Enron in 2001. Signatories to the letter include former Attorneys General Richard Thornburgh and Griffin Bell.

Singled out for criticism are Justice Department policies, outlined in the 2003 Thompson memo (named for former Deputy Attorney General Larry Thompson), encouraging prosecutors to demand that companies under scrutiny waive the attorney-client privilege in return for more lenient treatment from government investigators.

"We believe that the Thompson Memorandum is seriously flawed and undermines, rather than enhances, compliance with the law," the letter states.

The former Justice officials argue that the Justice Department's policies have discouraged corporate boards and executives from consulting with their lawyers, harmed the ability of companies to conduct effective internal investigations into corporate misconduct and encourage "excessive" civil suits by shareholders.

"This policy has the potential for abuse and intimidation even when it's not being implemented in an abusive way," says Theodore Olson, a former solicitor general, who is a co-author of the letter.

A spokeswoman for the Justice Department says, "We received the letter and are reviewing it."

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Criticisms of the policies spelled out in the memo have come from a number of diverse interest groups, including the U.S. Chamber of Commerce, the American Civil Liberties Union, the American Bar Association and the Association of Corporate Counsel. The Senate Judiciary Committee is tentatively slated to conduct a hearing on the Thompson memo next week.

The policies outlined in the memo have also come under scrutiny in the courts. Earlier this summer a federal judge in New York ruled that federal prosecutors had exerted undue pressure on accounting firm KPMG in order to force it to cut off legal fees to former executives under indictment. That ruling has emboldened other companies under investigation, such as AOL, to take a more assertive stance in Justice Department probes.

Nearly all of the letter's signatories are now partners at large corporate law firms that defend companies and executives who have felt the sting of the Bush administration's current campaign against corporate misconduct.

Memo To Gonzales (WSJ)

The Wall Street Journal, September 8, 2006

It's not every day that top Justice Department officials from the Carter, Reagan, Bush 41, Clinton and Bush 43 Administrations can all agree on a matter of law. That's what happened Tuesday, when three former Attorneys General, three former Deputy AGs and four former Solicitors General sent Alberto Gonzales a letter.

In it, they call the "Thompson Memorandum" "seriously flawed" and argue that it "undermines, rather than enhances, compliance with the law." The 2003 memo, written by then- Deputy Attorney General Larry Thompson, set out standards that U.S. Attorneys must apply when deciding whether to indict a company under investigation.

The letter, which Mr. Gonzales told us he'd received but not yet read, focuses on the waiver of attorney-client privilege and a company's willingness to pay the legal fees of employees accused of wrongdoing. The memo makes plain that a company that refuses to waive attorney-client privilege or continues to pay accused employees' legal fees is more likely to face criminal indictment.

Yesterday, Mr. Gonzales allowed that "it shouldn't be the case that if a company pays the attorneys' fees, that represents 'circling the wagons.'" But that is certainly how the memo has been interpreted by prosecutors in cases like the KPMG tax-shelter prosecution.

Mr. Gonzales told us he believes the problem is more with how the memo has been perceived than with its language. Which suggests that Tuesday's letter, signed by Griffin Bell, Dick Thornburgh, Jamie Gorelick, Theodore Olson, Kenneth Starr and Seth Waxman, among others, will serve a purpose if it convinces Mr. Gonzales that the Thompson memo is more than a PR problem for Justice.

H-P Scandal Puts Chairman, Lawyer In Awkward Light (WSJ)

By Steve Stecklow And Charles Forelle In Boston, John R. Wilke In Washington And Rebecca Buckman In San Francisco

The Wall Street Journal, September 8, 2006

A widening scandal over Hewlett-Packard Co.'s investigation into leaks from its board of directors is casting an awkward light on the actions of its outside counsel, prominent Silicon Valley lawyer Larry Sonsini, and H-P's non-executive chairman, Patricia Dunn.

In an unusual email exchange this summer between Mr. Sonsini and Tom Perkins, an H-P director who angrily resigned in May over a search of directors' phone records, Mr. Sonsini assured Mr. Perkins that the probe -- including its use of a practice called pretexting to obtain the phone records -- was "well done and within legal limits."

READ KEY DOCUMENTS

1

See internal emails, a search warrant from the California attorney general's office, SEC filings and other key documents.2

Late yesterday, a spokesman for California Attorney General Bill Lockyer said that state investigators now believe there was criminal activity involved in the methods used to search those records. Besides H-P directors, the company disclosed3 that nine reporters, including Pui-Wing Tam of The Wall Street Journal, had their phone records accessed by investigators working for H-P.

The company, which said it was unaware that pretexting was being used, said it was "dismayed" that the information was accessed without reporters' knowledge.

It isn't clear to what extent the investigation might threaten the future of Ms. Dunn, who authorized the probe of leaks surrounding the ouster of H-P's former chairman and chief executive, Carly Fiorina, in 2005.

Mr. Sonsini wrote in an email to Mr. Perkins that the investigation was run by the H-P legal department, which is headed by general counsel Ann Baskins. H-P used an unidentified private investigator, who in turn hired a contractor who used pretexting to obtain directors' and reporters' phone records.

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Pretexting is the practice of posing as someone else in order to obtain that person's phone records or other private information. H-P has acknowledged pretexting was used in the probe but said it was done without the company's knowledge.

Some Silicon Valley veterans suggested that the flap could cost Ms. Dunn her job, and some called on her to resign -- or for H-P to dismiss her.

Ms. Dunn referred questions about the scandal to H-P. A spokesman for the company declined to comment.

According to one person who spoke to her recently, Ms. Dunn doesn't intend to resign because she was unaware that investigators used any improper tactics to search for phone records.

In his email exchange with Mr. Perkins, which was reviewed by The Wall Street Journal, Mr. Sonsini indicated that he believed the tactics employed had been proper. Mr. Perkins first wrote to Mr. Sonsini on June 19 after attending a London board meeting of News Corp., another company for which he is a director. Mr. Perkins said he had privately discussed the H-P probe with another News Corp. director, Viet Dinh, a former U.S. assistant attorney general, and that Mr. Dinh had called the monitoring of phone connections or email addresses "unconscionable." It isn't clear from the exchange whether Mr. Dinh was informed that phone records were obtained by pretexting.

Mr. Perkins asked Mr. Sonsini if he had "cleared" the monitoring beforehand. Mr. Sonsini replied that he hadn't -- that the probe was overseen by H-P's legal department with outside experts -- and that he was confident H-P's general counsel, Ms. Baskins, "had looked into the legality of every step of the inquiry and was satisfied that it was conducted properly." An H-P spokesman said Ms. Baskins was unavailable for comment.

Mr. Sonsini reminded Mr. Perkins in the email that he remained under obligation to keep H-P board matters confidential, even though he had resigned.

MORE ON H-P

· 'Pretexting' Scams Are Growing Threat4

· Protecting Yourself Against 'Pretexting'5

· Private Investigators Often Take the Heat6

· Reporters' Phone Records Targeted7

· Page One: H-P Board Clashes Over Leaks8

09/06/06

· Page One: H-P's Board Ousts Fiorina as CEO9

02/10/05

· Page One: H-P Considers a Reorganization10

01/24/05

Apparently not satisfied, Mr. Perkins asked Mr. Sonsini or his firm to look into the legality of the probe, noting "Viet's unqualified opinion that it was illegal."

"If it was illegal, it occurred under my purview, and on my watch, and I would like to know whether or not I share some responsibility," Mr. Perkins wrote on June 20. Mr. Perkins couldn't be reached for comment. Mr. Dinh declined to comment.

Mr. Sonsini agreed to look into the matter and responded on June 28, confirming that H-P had received information about phone calls made or received from directors' cellular or home phones. "This was done through a third party that made pretext calls to phone service providers," Mr. Sonsini wrote. "Apparently a common investigatory method which was confirmed with experts."

Noting that there was no "secret spying" with listening or recording devices, Mr. Sonsini wrote, "It appears, therefore, that the process was well done and within legal limits."

The disclosures come at a time when the 65-year-old Mr. Sonsini and the 600-lawyer firm that he chairs, Wilson Sonsini Goodrich & Rosati of Palo Alto, Calif., is drawing attention in another scandal. The firm represents a number of high-tech companies now under federal investigation for allegedly backdating or otherwise manipulating dates of stock-options grants to executives or directors to make them more lucrative.

In an interview yesterday, Mr. Sonsini said that at the time he responded to Mr. Perkins's query he and his firm hadn't yet been asked by H-P to do a thorough investigation of the probe, and that he was only relaying the view of an H-P lawyer that the methods used were legal. "That was the conclusion that they gave me, and I reported that," he said.

Mr. Sonsini says H-P's board subsequently asked his firm to review the legality of the leak probe. His firm concluded in a report that it couldn't confirm that the methods were legal, he says. He and two other Wilson Sonsini lawyers said that H-P accurately reflected their findings this week in a filing with the Securities and Exchange Commission.

In that filing, H-P said a board committee investigating the matter was "advised by the committee's outside counsel that the use of pretexting at the time of the investigation was not generally unlawful (except with respect to financial institutions), but such

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counsel could not confirm that the techniques" of outside investigators "complied in all respects with applicable law." Mr. Sonsini declined to elaborate. He also said he wasn't authorized to disclose the outside companies H-P used in its probe.

A low-key lawyer, Mr. Sonsini has the ear of some of Silicon Valley's most powerful personalities. He is friends with Apple Computer Inc.'s Steve Jobs, and also close to Oracle Corp.'s Larry Ellison. Countless companies, from giants like Google Inc. to smaller-time start-ups, seek his legal counsel, his business advice and his guiding hand. The attention has made Mr. Sonsini wealthy -- and a hot commodity as a corporate board member.

Mr. Sonsini first joined Wilson Sonsini, then known as McCloskey, Wilson and Mosher, in 1966 and served as chairman and CEO for more than 20 years. In that time, he helped to define Wilson Sonsini as the premier firm for several generations of aspiring Silicon Valley start-ups. Mr. Sonsini has served over the years as a director of at least 11 public companies, including LSI Logic Corp. and Silicon Valley Bancshares, according to securities filings, and is a trusted adviser for many valley CEOs. His law firm has eight offices nationwide and plans soon to expand to China.

Wilson Sonsini has also invested in technology firms. Google's securities filings show that Wilson Sonsini-related individuals and partnerships held a stake in the search company prior to its initial public offering. The stake was described as less than 0.1% of Google's Class B shares, which have 10 times the voting power of regular Class A shares. Securities filings show that a collection of investment partnerships affiliated with Wilson Sonsini have held stakes in several companies, sometimes including those of which Mr. Sonsini was a director or for which his firm did legal work or both.

Mr. Sonsini has close ties to Google; he was a director of Novell Inc. while Google CEO Eric Schmidt was chief of that company. Last year, he stepped down as CEO of Wilson Sonsini but remains chairman. Mr. Sonsini, who was a director of the New York Stock Exchange from 2001 to 2003, is currently chairman of NYSE Group Inc.'s legal advisory committee.

Mr. Sonsini is closely connected to several companies that have been caught up in the stock options backdating scandal. He hasn't been accused of any wrongdoing, and there is no evidence that he was involved in the practice. Mr. Sonsini previously served on the board of Brocade Communications Systems Inc., whose former chief executive and former human resources director have been indicted on criminal fraud charges. The two former executives deny the charges.

The attorney also is a longtime adviser and lawyer to Apple, among the highest-profile companies disclosing options problems. Apple has said its probe has discovered "irregularities" in its option grants, including one to Apple's Mr. Jobs. At Pixar Inc., another company of which Mr. Jobs was chief executive, several executives received grants dated at times when the share price was unusually low. Mr. Sonsini was a board member of Pixar, which was purchased this year by Walt Disney Co.

Novell, where Mr. Sonsini was a director from 1988 through 2002, said last month that it had begun a "self-initiated, voluntary" review of its past options practices and had hired an outside law firm to look into the matter.

In addition, Mr. Sonsini has been corporate secretary to KLA-Tencor Corp., which has disclosed that its past recorded grant dates "likely differ" from when they should have been recorded. The company has received a subpoena from federal prosecutors and is being investigated by the SEC. He said yesterday his position at KLA-Tencor "was merely clerical."

As for H-P's Ms. Dunn, some in the high-tech industry were skeptical about her future. Resigning "would be the dignified thing to do," said Dick Kramlich, a veteran venture capitalist at New Enterprise Associates who has sat on numerous corporate boards. The investigation sparked by Ms. Dunn, which amounted to spying on fellow board members, "just destroys her ability to govern," Mr. Kramlich said.

"I think she should be fired," said Rob Kuhling, a partner with venture-capital firm Onset Ventures, who has served on about a half-dozen public boards and more than 20 private ones. Mr. Kuhling said H-P's tactics were "absolutely unethical and not reflective of the trust you want in the boardroom."

A person close to the 53-year-old Ms. Dunn said she would step down "if she lost the confidence of the board" and other directors asked her to do so.

Experts on corporate governance said Ms. Dunn's fate may depend on whether she knew about the investigation tactics, and how well she kept fellow board members apprised. If Ms. Dunn knew, or should have known, about the questionable tactics, "she has a very short half-life" as H-P chairman, predicted Joseph Grundfest, a professor of law and business at Stanford University and former member of the SEC.

Mr. Grundfest, a Dunn acquaintance, said he "would be shocked" to learn she knew about or even suspected illegal investigatory methods. He believes investigations will show that "other people violated the trust she placed in them."

Hewlett-Packard Spied On Writers In Leaks (NYT)

By Damon Darlin

The New York Times, September 8, 2006

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SAN FRANCISCO, Sept. 7 — The California attorney general's investigation into the purloining of private phone records by agents of Hewlett-Packard has revealed that the monitoring effort began earlier than previously indicated and included journalists as targets.

The targets included nine journalists who have covered Hewlett-Packard, including one from The New York Times, the company said.

The company said this week that its board had hired private investigators to identify directors leaking information to the press and that those investigators had posed as board members — a technique known as pretexting — to gain access to their personal phone records.

In acknowledging Thursday that journalists' records had also been obtained, the company said it was apologizing to each one. "H.P. is dismayed that the phone records of journalists were accessed without their knowledge," a company spokesman, Michael Moeller, said.

In an interview Thursday about the state's criminal investigation of the Hewlett-Packard matter, Attorney General Bill Lockyer said, "A crime was committed." But he added: "It is unclear how strong the case is. Who is charged and for what is still an open question."

Mr. Lockyer said search warrants would be issued to obtain the records of Internet service providers in an attempt to trace the identities of the imposters. He said Hewlett-Packard was cooperating with the investigation into what he said was the first California case of a major corporation using such methods to obtain phone records.

An investigator with direct knowledge of the state's inquiry characterized the list of targets as "extensive," though that person would not elaborate. It could contain people other than journalists or directors.

Travis Dodd, general attorney with AT&T Services in San Antonio, who is working with the California prosecutors, said the records of John Markoff, a reporter for The Times in San Francisco, were a "target of the pretexting" in 2005.

Two other news organizations, the online technology news service CNET and The Wall Street Journal, said they had learned that their reporters had also been targets.

A top Hewlett-Packard official indicated earlier this week that the effort to obtain phone records had begun in January 2006 after an article appeared on CNET with accounts of a Hewlett-Packard management meeting. Those revelations prompted H.P.'s chairwoman, Patricia C. Dunn, to order an investigation of leaks, and the company has conceded that subterfuge was used by a subcontractor to gain phone records in the investigation.

Hewlett-Packard has refused to publicly disclose the names of the consulting firm it hired or the subcontractor that was used to pretext the records. The company has said that the outside consulting firm was instructed to conduct its investigation according to law and that the firm had told H.P. that its techniques were legal.

In May, that investigation identified the board's longest-serving member, George A. Keyworth II, as the source of the leak. He rebuffed a request to resign, but the company said he would not be renominated. Thomas J. Perkins, another board member, resigned in anger over the way the investigation was conducted. His efforts to get the company to acknowledge the reason for his departure led to this week's disclosures.

There had been earlier concerns at the company about leaks around the time of Carleton S. Fiorina's dismissal as chief executive in early 2005. An investigation at that time, however, was only known to have involved interviews of board members.

Viet D. Dinh, Mr. Perkins's lawyer, said Thursday, "If it is true that the pretexting started before January 2006 and dated back to 2005, it would suggest a deeper and more troubling chain of events than the hiring of third-party pretexters and would reach much higher to persons responsible at H.P."

By Mr. Perkins's account, only the law firm of Wilson Sonsini Goodrich & Rosati, a powerful Silicon Valley law firm and outside counsel for Hewlett-Packard, conducted investigations into leaks in 2005.

A spokeswoman for the law firm, Courtney Dorman, said the firm "absolutely, definitely did not" use pretexting or hire anyone who did pretexting during the firm's informal investigation of directors in 2005.

Mr. Moeller said Thursday that the company's statements about the pretexting had never confined those events to 2006.

A lawyer for The New York Times, David McCraw, said on Thursday evening, "We are deeply concerned by reports that the rights of one of our reporters were violated."

"To the extent that this is a criminal matter, we will cooperate with authorities to make sure any wrongdoing is prosecuted," he said. "To the extent it is a civil matter, we will pursue whatever legal recourse is available. We expect as an initial step that H.P. will make a prompt and full disclosure of what took place in regards to our reporter."

CNET said Thursday that phone records of two of its reporters, Dawn Kawamoto and Tom Krazit, had also been obtained. It said access to Ms. Kawamoto's records had been gained from the same Internet address used by the person who accessed the phone records of Mr. Perkins. A caller used the last four digits of her husband's Social Security number to establish an online account with AT&T to view the records. Access was gained on one date, in late January 2006, it said.

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A CNET spokeswoman, Sarah Cain, said: "These actions not only violated the privacy rights of our employee, but also the rights of all reporters to protect their confidential sources."

An article in The Wall Street Journal said records of its reporter, Pui-Wing Tam, had also been a target of pretexting activity. A spokesman for Dow Jones, owner of The Wall Street Journal, declined to comment.

Investor reaction to the Hewlett-Packard board furor has been muted. The company's stock closed Thursday at $35.42, down 2.85 percent from its close before news of the board's turmoil was reported. Indeed, at a Citigroup investor conference where Mark V. Hurd, the chief executive, spoke and answered questions Wednesday, no securities analyst asked about the problems.

HP Investigators Got Reporters' Phone Records (WP)

By Ellen Nakashima

The Washington Post, September 8, 2006

Hewlett-Packard Co. said yesterday that private investigators it hired to find out who leaked confidential corporate information to the media had accessed private phone records of nine journalists who covered the company, without obtaining their permission.

HP would not disclose the reporters' names or identify their publications. The Wall Street Journal said one of its reporters, Pui-Wing Tam, was alerted by the California attorney general's office that her records may have been disclosed to HP. The New York Times reported that its reporter John Markoff also was a target. Technology news service Cnet reported yesterday that a Cnet reporter, Dawn Kawamoto, was notified that her phone records had been accessed.

"HP is dismayed that the phone records of journalists were accessed without their knowledge, and we are fully cooperating with the attorney general's investigation," Hewlett-Packard spokesman Ryan Donovan said.

California Attorney General Bill Lockyer said yesterday that "people in high positions" at Hewlett-Packard "could be involved in illegal activity."

"Do we think a crime occurred?" Lockyer said. "Yes."

But he said the attorney general's office was still trying to figure out "who did what, when."

Lockyer disclosed this week that he had begun a criminal investigation of methods used by HP's contractor to determine the source of a January leak to the media. The leak involved confidential board discussions about potential acquisitions and other corporate business. George A. Keyworth II, the board member who HP determined had leaked the information, resigned, as did another board member, who protested the methods used to determine the leaker's identity.

Unauthorized access to and use of personal records through computers violates California laws, Lockyer said.

"There's kind of been an admission of guilt by Hewlett-Packard," Lockyer said. He cited the company's disclosures in a filing with the Securities and Exchange Commission that it had obtained personal phone records of its own directors. Those records were obtained by a subcontractor and in some cases involved "pretexting," in which people pose as someone else.

Lockyer said HP's defense has been to say, "Well, we didn't know they were going to do it that way." That means "you have to understand more of who said what to whom, what were the expectations, what was the actual or imputed knowledge -- a lot of things we don't know yet."

Lockyer previously called the breach of phone records "colossally stupid." Yesterday he called the accessing of journalists' phone records "stupid cubed."

Privacy and consumer advocates said the controversy demonstrates the need for comprehensive laws that protect personal information from unauthorized access. The practice of faking identities to obtain personal information is escalating, as is the scope of the records being breached, privacy experts said.

"Congress has been myopic at looking at this as a phone records issue," said Robert Douglas, a privacy consultant. "It's much broader: It's utility records, bank records, medical records, cable and satellite TV records -- all of American consumers' records."

At least four bills have emerged in Congress dealing specifically with unauthorized access to private phone records. But none has passed, despite lawmakers' vows early this year to have a bill on President Bush's desk by late spring.

In the absence of federal laws, states have taken the lead in enacting tough consumer protection and privacy statutes. California, where Hewlett-Packard is based, has some of the toughest, outlawing unauthorized access to computer records or computer systems to wrongly control or copy data. Another California law makes it a crime to obtain personal identifying information, such as a Social Security number, and use it for an unlawful purpose.

The Hewlett-Packard case could spur Congress to act before its current session ends, some consumer advocates said.

The House Energy and Commerce investigations subcommittee is expected to hold a hearing this month on what phone companies are doing to protect customers' records.

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"All pretexting should be prohibited," said Jeannine Kenney, senior policy analyst at Consumers Union. "Equally important, however, is that Congress take steps to prevent the violations from occurring in the first place by requiring the carriers or anyone who is entrusted with consumer data to better safeguard that information."

Viet Dinh, a former assistant U.S. attorney general who represents a Hewlett-Packard board member, said criminal laws regarding wire, computer and identity fraud are not comprehensive enough to protect consumers. "The current controversy highlights in a very dramatic manner a pervasive problem with respect to the illegal access and trading of personal records," he said.

Douglas, a former private investigator, said he thinks the case could provide momentum to stalled legislation.

But, then, he thought that before.

"One would have thought that the HP matter would be enough in the waning days of the session to push legislation through," he said. "If not, I think Congress owes the American public an explanation of how, in the course of a full year, they have not got a very simple bill to the president's desk to protect Americans' phone records."

Controversial HP Probe Started Under Fiorina (USAT)

By Michelle Kessler

USA Today, September 8, 2006

SAN FRANCISCO — Carly Fiorina left Hewlett-Packard more than a year ago, but the ousted former CEO continues to have plenty of influence over the computer giant's fortunes.

HP shares Thursday fell for the fourth day in a row as board members continued a very public fight with one another. The battle, which includes an outcry about the possibly stolen phone records of board members and reporters, dates back to Fiorina's last month in office.

At the same time, several notable business and technology news sources, including Forbes and CNet, have run articles attributing at least some of HP's recent successes to decisions Fiorina made.

The Fiorina buzz is expected to get even louder in October, when she releases her long-awaited tell-all book, Tough Choices. Publisher Portfolio had originally ordered 150,000 copies, which is a large run for a business book. But the company received so many calls this week that it might have to order more, says associate publisher Will Weisser.

Fiorina has stayed silent through the melee, promising to give interviews when her book comes out. But there's no question that the controversy is a huge distraction for her successor, CEO Mark Hurd, who is trying to turn HP around, says tech analyst Roger Kay at Endpoint Technologies Associates.

“It's the return of the ghost of Carly,” says independent tech analyst Rob Enderle.

Fiorina, a former executive at Lucent Technologies, became HP's CEO in 1999 and chairman in 2000. In 2001, during the dot-com bust, she spearheaded a controversial $25 billion acquisition of rival Compaq Computer.

Many shareholders questioned the deal. Board member Walter Hewlett, the son of an HP founder, led a revolt. It was defeated, and Hewlett left the board.

But new information suggests the discord continued.

In early 2005, Fiorina became upset that confidential company information was being leaked to the press. She hired lawyers to question board members. No one confessed.

Fiorina was forced to resign on Feb. 9. The leaks continued, so new Chairman Patricia Dunn hired an investigation firm to hunt down the source.

The firm reported that board member George Keyworth II, former science adviser to President Ronald Reagan, had been talking to the press. He was outed during a May 18 board meeting and asked to resign. He refused.

The public flaying angered board member Tom Perkins, a prominent venture capitalist, who had wanted Dunn to deal with Keyworth privately. Perkins resigned in protest.

The next month, Perkins asked HP to examine how the investigation firm obtained its information. HP hired lawyers to do the work.

The lawyers soon reported that a subcontractor hired by the investigation firm had used a controversial technique called “pretexting” to obtain phone records of board members and reporters.

Pretexting is the act of contacting a phone or other company pretending to be someone else, in order to get their confidential records.

Outraged, Perkins contacted his phone company, AT&T, and discovered that his account had been accessed that way. AT&T in turn contacted the California Attorney General's Office. HP was forced to respond last week by filing a document with the Securities and Exchange Commission outlining the battle.

It's unclear whether the investigators broke any laws, but the Attorney General and the SEC are both launching inquiries.

Such a pitched boardroom battle “is not normal,” says Charles Elson, a corporate governance professor at the University of Delaware. Leaks are unethical, but it's more important that board members are free to do their jobs without being snooped on, he says.

Dunn likely had good intentions, but if the controversy doesn't blow over, she may have to resign “for the good of the company,” Enderle says. That wouldn't be a huge blow for HP, he says. Although Dunn was crucial during HP's leadership transition, she plays less of a role now that Hurd is firmly in charge, he says.

But HP is worried that the mess will take away from the impressive recovery Hurd has presided over, spokesman Ryan Donovan says.

Since Fiorina left the company, HP shares have risen 76%. Net income is up 49%. HP has about 15% of the worldwide PC market and is gaining on rival Dell.

Kay says HP should be able to overcome its latest challenges. It also matters little to customers whether Fiorina or Hurd was responsible for HP's turnaround, he says. They just want good products, he says.

Fiorina may have more trouble rehabilitating her own image, Enderle says. The current board controversy will probably help her sell books, but it makes it clear that her relationships with her contemporaries “were a train wreck,” he says.

Detectives Often Take The Heat If Things Sour (WSJ)

By Christina Binkley And Merissa Marr

The Wall Street Journal, September 8, 2006

When private investigators are accused of bad things, the people who hired them -- companies, law firms or individuals -- often deny that they ordered up illegal or unethical actions. Sometimes, that's enough to escape criminal or civil liability, even when the investigators themselves are under heavy legal fire.

The question of who is responsible for the actions of a hired private investigator is front and center in the current dust-up over Hewlett-Packard Co.'s probe of boardroom leaks. H-P has acknowledged that "pretexting" -- the practice of posing as a person to obtain private phone records or other information about them -- was used in an investigation conducted on the company's behalf by a private investigator. A contractor hired by the investigator performed the pretexting.

In some other cases, the parties that have hired investigators accused of misdeeds have dodged responsibility by denying any knowledge of what the investigators were up to.

The most prominent recent example is the long-running federal probe of Anthony Pellicano, the so-called detective to the stars who for many years was in the employ of a long list of prominent Hollywood attorneys, actors and executives.

Earlier this year, Mr. Pellicano was indicted by a federal grand jury in Los Angeles accusing him of illegal activities including wiretapping and racketeering.

Mr. Pellicano's indictment has been messy and embarrassing for a number of people in show business -- including prominent Hollywood lawyer Bert Fields and executives like former agent Michael Ovitz, both of whom used Mr. Pellicano's services over the years. But the government hasn't charged those men, or their firms, and attorneys who have clients involved in the case say it's languishing.

The probe has snared one prominent attorney who employed Mr. Pellicano: Terry Christensen, a longtime ally of billionaire Kirk Kerkorian. Mr. Christensen was indicted by a grand jury for charges including conspiring to illegally wiretap. He has denied wrongdoing.

A spokesman for the U.S. attorney's office says it doesn't comment on continuing investigations. Messrs. Fields and Ovitz have repeatedly denied knowledge of any possible illegal conduct by Mr. Pellicano. Mr. Pellicano also denies the charges.

Attorneys don't all agree on whether a private detective's transgressions can enmesh an unknowing client in a criminal investigation, civil lawsuit or just an embarrassing situation.

To distance himself from the detectives he hires, New York divorce attorney Norman Sheresky says he won't allow detectives to tell him how they get the information they provide him. "I don't want to know that stuff," he says, "I just want the results."

Mr. Sheresky has hired detectives to trail his clients' spouses and even to collect urine from a toilet in an attempt to determine if a woman was pregnant (the attempt failed because water contaminated the sample).

He says he assumes the detectives he hires "follow the rules," but he acknowledges that the business often operates on a fine line.

Raoul Felder, another well-known divorce attorney, says he hires retired police officers for private detective work because they understand the laws.

"No wiretapping; no getting into computers," Mr. Felder says. "We tell them it's gotta be absolutely legal."

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Private investigators can play such a crucial role in legal cases that prominent criminal defense attorney Stanley Arkin formed his own detective agency several years ago, bringing on Jack Devine, former acting director of the Central Intelligence Agency, as a partner.

Mr. Arkin prefers to call the business, known as the Arkin Group, an "intelligence agency."

"If you hire somebody, you're responsible," Mr. Arkin says. "If you engage somebody who engages in dirty tricks, there's a good chance it'll come back on you."

Sometimes, the tricks don't even have to be illegal to cause problems. General Motors Corp. was forced to publicly apologize in the 1960s for hiring a detective to check into Ralph Nader's background, which turned out to be squeaky clean.

The auto company was responding to the activist's book, "Unsafe at Any Speed," which charged that the GM Corvair was inherently unsafe.

Still, the long-running government investigation into Mr. Pellicano illustrates the huge challenges prosecutors face in proving a client was aware of the illegal methods a detective may have used.

While many of Mr. Pellicano's clients and the executives they were working for have been subpoenaed as witnesses in the investigation, only two prominent Hollywood players have been charged: Mr. Christensen and the film director John McTiernan.

Instead, the indictments have mostly focused on a handful of small-time clients and people who allegedly aided Mr. Pellicano in his investigations, including police officers and telephone company employees.

In a number of cases, prosecutors simply charged suspects with perjury, for lying to the grand jury. They included Mr. Pellicano's ex-girlfriend Sandra Carradine, who pleaded guilty to perjury, and a former SBC Communications Inc. employee who was charged with perjury.

In the case of Mr. McTiernan, prosecutors charged him with making false statements after telling investigators in an interview that he had no knowledge of any wiretapping by Mr. Pellicano. He pleaded guilty.

Other Hollywood attorneys were long rumored to be in the prosecutor's sights. However, there have been no indictments since April. Fourteen people have been charged in the investigation.

Scams Seeking Phone-Customer Data Are Growing Threat (WSJ)

By Dionne Searcey And Shawn Young

The Wall Street Journal, September 8, 2006

Last year, the customer-service center at Verizon Wireless began receiving suspicious calls from someone posing as a Verizon Wireless employee who was helping "voice-impaired" customers gain access to their cellphone records.

"He just got out of the hospital with throat surgery" and couldn't make the call himself, the caller told the customer-service representative in one instance, according to legal filings.

But the caller was apparently operating a "pretexting" scam, in effect calling under the pretext of being a representative of the customer. (Pretexters also pretend to be the actual customer.) Verizon sought an injunction to shut down the caller's company and its affiliates, including Data Find Solutions Inc. The companies were allegedly operating Web sites that sold consumers' cellphone and regular phone records for fees of $60 or more. A judge granted Verizon Wireless's request.

Pretexting is a growing problem for phone companies, but it is even more of a problem for consumers. Private investigators, suspicious spouses and an increasing number of data-mining companies are engaging in the practice. Only in the past year or so has phone-company pretexting begun to draw attention from law-enforcement officials, lawmakers and phone-service providers.

In some instances, pretexters pretend to be phone-company employees seeking customer phone records. In others, the callers already have enough personal information about the actual customer to convince the phone company to let them access call records. This week, pretexting arose as an issue at Hewlett-Packard Co., where the practice was used in an internal board investigation to find out who was leaking company information to the media.

Phone companies have been striking back with legal action. In the past year, Cingular Wireless and T-Mobile as well as Verizon Wireless have gone to court against pretexters.

A smattering of antipretexting laws have passed in various states, and Congress is mulling its own bills. Still, companies can't always spot pretexters. Some use "spoofing" devices to make it appear as if they are phoning from a customer's actual phone. Others use voice-changing devices, making male voices sound female, for example.

Corporations have tried to crack down by training employees to spot suspicious callers and by aggressively pursuing legal action to shut down known pretexting companies.

While no method is foolproof, Verizon Communications Inc. urges its customers to set up passwords even for phone conversations with customer-service representatives. In that case, it requires the customers to present their passwords to the

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representatives before any information can be divulged. Otherwise, customers must be able to recite information provided only on their bills before they can access records. Verizon will also send account information only to a customer's billing address.

AT&T Inc. declined to disclose actions it has taken to safeguard customer records for fear of tipping off pretexters. In the past month, it has asked a court to stop two dozen pretexters whom it accuses of fraudulently accessing 2,500 customer accounts. The suspects in those instances were setting up online accounts to access bills.

In one complaint, AT&T said the pretexters in some cases would call the company to set up the online account using spoofing devices to make it appear they were phoning from their target's home phone. In other instances. they would simply go to the company's Web site, enter the customer's phone number and the last four digits of the customer's Social Security number and obtain an online account.

In its suits against pretexters claiming to aid disabled customers, Verizon Wireless claimed that from Sept. 14 to Oct. 19, 2005, the defendants made 5,108 calls to the company's customer-service centers to obtain records. In one of the cases, the caller posed as "Anthony -- supervisor over at the special needs center" and said he was calling on behalf of a voice-impaired customer. In another instance, a pretexter called posing as a Verizon Wireless employee from "financial services," saying she needed help getting data on a customer's account.

The alleged scam basically worked like this: The defendants adopted a pattern of posing as Verizon Wireless workers helping disabled customers, who were also impostors. The impostor customer was brought on the phone line with a customer-service representative to verify information but was nearly impossible to understand, according to the complaint. The caller then became impatient, insisting that the account had been verified and the information should be handed over.

In one instance, the Verizon representative asked for the customer's name and the last four digits of his Social Security number, according to the complaint.

"He's verified...ma'am," the caller said. "I need to hear that, though," the Verizon representative replied.

The caller then put on another person to say his name and Social Security number, but the words were unintelligible.

"O.K., I'm not understanding you," the Verizon worker said. At that point, the caller asked to speak with a supervisor. That's when the scheme unraveled.

Attempts to reach representatives of the defendants in the alleged pretexting cases for comment were unsuccessful.

--Sarmad Ali contributed to this article.

Write to Dionne Searcey at dionne.searcey@wsj.com10 and Shawn Young at shawn.young@wsj.com11

Spitzer's Retreat (WSJ)

The Wall Street Journal, September 8, 2006

New York Attorney General Eliot Spitzer's office quietly admitted this week that it is dropping certain civil charges against Hank Greenberg, former CEO of AIG. Here ends a monumental story of prosecutorial abuse.

Last year, as the whole world knows, Mr. Greenberg was drummed out of the insurance empire he created after Mr. Spitzer accused him of presiding over a firm that was a "black box" of accounting scandals. AIG settled with Mr. Spitzer, but Mr. Greenberg refused to roll over. Mr. Spitzer's spokesman, Darren Dopp, characterized this week's changes to the complaint as little more than a "routine amendment." Really?

The prosecutor has in fact abandoned nearly every substantive claim he'd made against the insurance titan, claims that helped lose Mr. Greenberg his job. Gone are charges that Mr. Greenberg deceived regulators about AIG's relationship with offshore reinsurers Union Excess and Richmond Reinsurance. Gone are charges that AIG falsely reported income from investments as underwriting income; and that AIG deliberately under-reported workers' compensation premiums it collected. Mr. Spitzer even removed inflammatory suggestions that Mr. Greenberg had improperly manipulated trading in AIG shares.

Post retreat, about the only material charge that remains relates to an AIG deal with General Re. That accusation is one of the flimsiest -- centering on what's known as "finite reinsurance." Such products are widely used, though there has always been controversy over how to account for them. Mr. Spitzer argues AIG did so improperly, but that will be tough to prove given there've never been bright-line rules about such accounting.

By the numbers, this story gets even worse. Of the $1.64 billion Mr. Spitzer wrenched from AIG, the charges he continues to press against Mr. Greenberg represent $25 million. So what we really have is a philosophical disagreement over how a near-negligible transaction was accounted for at a $150 billion to $200 billion company. Only in this case, Mr. Spitzer used that trifling dispute to ruin a man's career.

Let's also recall that when this hoopla broke, Mr. Spitzer astounded even fellow prosecutors by threatening to indict AIG unless it fired Mr. Greenberg. Then he broke further prosecutorial codes by going on national TV to accuse Mr. Greenberg of fraud -- before he'd even filed charges. It was only months later, in the media blackout of the Thanksgiving holiday, that Mr. Spitzer leaked the news that he wouldn't pursue criminal charges. Now he's admitting most of the civil case is also bunk.

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Not that any of this matters to Mr. Spitzer now. Surfing along on a wave of prosecutorial "triumphs" -- of which the Greenberg case was feted as one of those most significant -- he is cruising toward the governor's mansion. It's getting harder to believe that many of his suits weren't brought solely for that purpose.

CRIMINAL LAW:

Source In C.I.A. Leak Case Voices Remorse (NYT)

By David Johnston

The New York Times, September 8, 2006

WASHINGTON, Sept. 7 — Expressing regret for his actions and apologies to his administration colleagues, Richard L. Armitage, the former deputy secretary of state, confirmed Thursday that he was the primary source who first told a columnist about the intelligence officer at the center of the C.I.A. leak case.

"It was a terrible error on my part," Mr. Armitage said in an interview, discussing his conversations with reporters. He added: "There wasn't a day when I didn't feel like I had let down the president, the secretary of state, my colleagues, my family and the Wilsons. I value my ability to keep state secrets. This was bad, and I really felt badly about this."

Mr. Armitage also confirmed what had long been speculated — that he was the anonymous government official who talked to Bob Woodward, the Washington Post editor and reporter, about the Central Intelligence Agency officer, Valerie Wilson, in June 2003. It is the first known conversation between an administration official and a journalist about her.

Mr. Armitage, who has been criticized for keeping his silence for nearly three years, said he had wanted to disclose his role as soon as he realized that he was the main source for Robert D. Novak's column on July 14, 2003, which identified Ms. Wilson. But he held back at the request of Patrick J. Fitzgerald, the prosecutor. "He requested that I remain silent," Mr. Armitage said.

He expressed irritation over assertions in some editorials and blogs that, by his silence, he had been disloyal to the Bush administration, saying he had followed President Bush's repeated instruction that administration officials cooperate with the Fitzgerald inquiry. "I felt like I was doing exactly what he wanted," he said.

Mr. Armitage testified three times before the grand jury, the last time in December 2005. "I was never subpoenaed," he said. "I was a cooperating witness from the beginning."

He never hired a lawyer and did not believe he needed one. "I had made an inadvertent mistake, but a mistake in any event," he said. "I deserved whatever was coming to me. And I didn't need an attorney to tell the truth."

This week, after news reports clearly identified him as the source, Mr. Armitage said Mr. Fitzgerald had consented to his public disclosure of his role. Mr. Fitzgerald sent Mr. Armitage a letter in February, notifying him that the inquiry into his activities had been closed.

It was Mr. Novak's column that led to a formal request for a leak inquiry by the Central Intelligence Agency, resulting in the appointment of Mr. Fitzgerald. After nearly two years, that investigation led to an indictment of I. Lewis Libby Jr., the former chief of staff to Vice President Dick Cheney, on perjury and obstruction of justice charges.

Mr. Armitage said he first told the authorities about his conversation with Mr. Novak in October 2003, when he read in a follow-up column by Mr. Novak what he believed was a reference to him. That meant Mr. Armitage's role was known to the Justice Department almost from the outset of the inquiry, two months before Mr. Fitzgerald was named special counsel in the case.

The confirmation of Mr. Armitage's role, long the subject of news media speculation, showed that the initial leak of Ms. Wilson's identity did not originate from the White House as part of a concerted political attack against her husband, Joseph C. Wilson IV, who had criticized the administration over the Iraq war. Rather it was divulged by a senior State Department official who was not regarded as a close political ally of Mr. Cheney or other presidential aides involved in the underlying issues in the case.

Mr. Armitage said he did not tell prosecutors about his conversation with Mr. Woodward until the fall of 2005 because he had forgotten about it. Mr. Armitage said he did not recall the June 2003 conversation until Mr. Woodward called to remind him about it after Mr. Fitzgerald's news conference at the time of Mr. Libby's indictment.

Armitage Says He Was Source Of CIA Leak (WP)

By R. Jeffrey Smith

The Washington Post, September 8, 2006

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Former Deputy Secretary of State Richard L. Armitage said yesterday that he believes he was the initial source for a 2003 newspaper column by Robert D. Novak that disclosed the CIA's previously secret employment of Valerie Plame, the wife of a prominent critic of the U.S. war in Iraq.

Armitage said that he learned about Plame's employment from a State Department memo that did not mention her covert status, and that he had no knowledge of it at the time. In 40 years of reading classified materials, Armitage said in a telephone interview, "I have never seen in a memo . . . a covert agent's name."

Novak's disclosure of Plame's CIA employment ultimately led to the appointment of a special counsel to investigate the leak. In October of last year, a grand jury indicted vice presidential chief of staff I. Lewis "Scooter" Libby on charges of lying to investigators about his conversations with reporters about Plame, forcing his resignation and embarrassing the White House.

But Armitage, who said he testified about his actions to a grand jury three times, was not charged for making the disclosure, a circumstance he attributes to his candor in speaking with investigators about his action. He turned over his computers and never even hired an attorney, Armitage said, because "I did not need an attorney to tell me to tell the truth."

The confirmation of Armitage's role has provoked criticism of both him and the special counsel, Patrick J. Fitzgerald, who learned of it shortly after his appointment in 2003. Some have questioned why Armitage waited so long to speak up about it, and why Fitzgerald spent two years appearing to chase a question that had already been answered.

Armitage said yesterday that he did not disclose his role before now because Fitzgerald had asked him not to. But word of his role eventually began to circulate, and on Tuesday, Armitage said, he asked Fitzgerald to be freed of that promise. Fitzgerald agreed.

Armitage said that he was asked, during the course of the investigation, whether he had discussed the leak in advance with other senior administration officials, and that he replied: "Hell, no."

Instead, he said, he divulged Plame's name in an offhand way at the end of his conversation with Novak, whom he had not previously met. Novak had asked him why former ambassador Joseph C. Wilson IV -- Plame's husband -- had been tasked to probe Iraq's alleged interest in acquiring nuclear materials.

"Novak asked me, 'Hey, why did the CIA send Mr. Wilson to Niger?' I said, 'I don't know, but I think his wife worked out there,' " Armitage said.

Novak asked because Wilson at the time was accusing the White House of deliberately distorting the intelligence it had received on Iraq's nuclear program to justify its invasion of the country, an allegation that infuriated Vice President Cheney and other top officials.

But Armitage said he did not realize that he was a source for Novak's subsequent column naming Plame until October 2003, when Novak identified one of his sources as someone who was not a "partisan gunslinger." That mention provoked Armitage to tell then-Secretary of State Colin L. Powell, who told the State Department's top lawyer, who in turn arranged for Armitage to speak with the Justice Department.

Armitage also acknowledged making a similar offhand remark about Plame earlier in 2003 to Washington Post Assistant Managing Editor Bob Woodward, who was researching a book about the decision to invade Iraq. Armitage said he deeply regrets embarrassing Powell, the State Department, his friends and family, and the Wilsons.

Armitage Reveals That He Was A Source In Plame Leak (MCT)

By Warren P. Strobel

McClatchy Newspapers, September 8, 2006

WASHINGTON - Former Deputy Secretary of State Richard Armitage acknowledged Thursday that he was a columnist's primary source in the disclosure that retired U.S. Ambassador Joseph Wilson's wife worked at the CIA. The revelation touched off a wide-ranging special counsel's investigation and led to the indictment of Vice President Dick Cheney's chief of staff.

Armitage said in an interview that the disclosure was inadvertent and that he had cooperated fully with Justice Department special counsel Patrick Fitzgerald in the months since.

Fitzgerald, he said, had requested that he not talk about his role in the case, a restriction that was lifted only Tuesday.

"I called the special counsel on Tuesday of this week to ask if I could end this nightmare. He said yes," Armitage said.

Wilson traveled to the African country of Niger in February 2002 to check out claims that Iraq was seeking uranium ore there to restart its nuclear-weapons program. Wilson found the claims baseless, and after the Iraq invasion he went public with criticism that the White House had manipulated intelligence on Iraq.

The revelation that his wife, who used the name Valerie Plame, was a CIA officer in July 2003 by columnist Robert Novak prompted a series of events that led to Fitzgerald's probe and allegations that top aides to President Bush had leaked her name in an attempt to intimidate Wilson and other critics.

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The administration's defenders have claimed that Armitage's acknowledgement of his role, which has been speculated about for months, takes much of the sting out of those allegations.

But interviews and documents also portray the White House - in the persons of Bush aide Karl Rove, Cheney chief of staff I. Lewis "Scooter" Libby and others - as furiously trying to get information about Wilson and Plame, then discussing it with reporters.

Fitzgerald, whose probe hasn't concluded, indicted Libby last October on charges of obstruction of justice, perjury and making false statements. Libby is contesting the charges, and Armitage said he would testify at the trial if called.

In the interview with McClatchy Newspapers, CBS News and The New York Times, Armitage said he had no partisan intent in mentioning that Wilson's wife worked at the CIA at the end of an interview with Novak on other subjects in the summer of 2003. He didn't know her by the name Valerie Plame or that she was working undercover.

Armitage was rueful nonetheless, and disclosed that he had written a letter of resignation as the State Department's No. 2 official and closest adviser to then-Secretary of State Colin Powell.

"There wasn't a day that went by that I didn't feel that I let down the president, the secretary of state, the Department of State, my family and friends and for that matter, the Wilsons," he said.

"I consider myself someone who's valued the ability to keep state secrets," he said. "This was bad."

Novak didn't immediately return a phone call seeking comment.

Armitage also said he had discussed Wilson's wife's employment at the CIA in an earlier conversation with Washington Post editor Bob Woodward, on June 13, 2003.

He said he hadn't recalled that conversation until Woodward reminded him of it later, and he then immediately called the FBI and sought another meeting with Fitzgerald.

The affair also led to subpoenas for several journalists in connection with their conversations with top White House officials, including Matthew Cooper of Time magazine and Judith Miller of The New York Times. Miller spent nearly three months in jail for refusing to identify Libby as a source, although she never wrote an article on the matter.

Armitage said he first contacted the Justice Department on Oct. 1, 2003, the day after the department launched a criminal investigation into the leaking of Plame's name. Knowingly disclosing the identity of an undercover CIA officer is a felony.

The former senior U.S. diplomat and Pentagon official said he had never been accused of wrongdoing in the matter or subpoenaed, and had cooperated fully with Fitzgerald. "I offered everything fully ... even my wife's computer," he said.

Armitage, who appeared before a grand jury three times, said he could only guess as to why Fitzgerald continued the investigation.

There were allegations at the time, he noted, that two White House officials had discussed Plame's identity with a half-dozen reporters.

"There was a question, I believe, not only of who talked to Mr. Novak, no matter how inadvertent it was ... (but also there was) the question of whether there was some sort of `conspiracy,' unquote."

Armitage learned that Wilson's wife worked at the CIA from a memo that the State Department's intelligence bureau had produced in response to queries on the matter from the White House, relayed via then-Undersecretary of State Marc Grossman.

The memo, also read by White House officials aboard Air Force One while Bush was en route to Africa, identified her as Valerie Wilson, not Plame, her maiden name.

Armitage said that Novak, at the end of the interview, asked him why the CIA had sent Joseph Wilson to Niger to check on the reports of Iraq's interest in uranium. He said his recollection was that he replied, "I don't know, but his wife works out there."

"I had no real understanding I told Novak something of enormous interest," he said.

Armitage Says He Was Source In CIA Leak (AP)

By Matt Apuzzo, Associated Press Writer

AP, September 8, 2006

The former No. 2 State Department official said Thursday he inadvertently disclosed the identity of CIA employee Valerie Plame in conversations with two reporters in 2003.

Confirming that he was the source of a leak that triggered a federal investigation, former Deputy Secretary of State Richard Armitage said he never intended to reveal Plame's identity. He apologized for his conversations with syndicated columnist Robert Novak and Washington Post reporter Bob Woodward.

For almost three years, an investigation led by Special Prosecutor Patrick Fitzgerald has tried to determine whether Bush administration officials intentionally revealed Plame's identity as covert operative as a way to punish her husband, former ambassador Joseph Wilson, for criticizing the Bush administration's march to war with Iraq.

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"I made a terrible mistake, not maliciously, but I made a terrible mistake," Armitage said in a telephone interview from his home Thursday night.

He said he did not realize Plame's job was covert.

Armitage's admission suggested that the leak did not originate at the White House as retribution for Wilson's comments about the Iraq war. Wilson, a former ambassador, discounted reports that then-Iraqi leader Saddam Hussein had tried to buy yellowcake uranium from Niger to make a nuclear weapon — claims that wound up in President Bush's 2003 State of the Union address.

Armitage said he was not a part of a conspiracy to reveal Plame's identity and did not know whether one existed.

He described his June 2003 conversation with Woodward as an afterthought at the end of a lengthy interview.

"He said, 'Hey, what's the deal with Wilson?' and I said, 'I think his wife works out there,'" Armitage recalled.

He described a more direct conversation with Novak, who was the first to report on the issue: "He said to me, 'Why did the CIA send Ambassador Wilson to Niger?' I said, as I remember, 'I don't know, but his wife works out there.'"

Armitage, whose admission was first reported by CBS News Thursday, said he cooperated fully with Fitzgerald's investigation. He was never a target of the investigation and did not hire a lawyer. He agreed to speak to reporters after Fitzgerald released him from a promise of confidentiality.

Armitage said he considered coming forward late last month when a flurry of news reports identified him as the leak. But he said he did not want to be accused of trying to get the story out during the summer's slow news cycle.

"I did what I did," Armitage said. "I embarrassed my president, my secretary, my department, my family and I embarrassed the Wilsons. And for that I'm very sorry."

I. Lewis "Scooter" Libby, a former top aide to Vice President Dick Cheney, is the only administration official charged in the CIA leak case. He faces trial in January on charges he lied to authorities about conversations he had with reporters about Plame.

Armitage said he assumed Plame's job was not a secret because it was included in a State Department memo.

Sportingbet Chairman Peter Dicks Is Arrested In U.S. (Update8) (BLOOM)

By Dan Weeks

Bloomberg, September 8, 2006

Sept. 7 (Bloomberg) -- U.S. authorities arrested Sportingbet Plc Chairman Peter Dicks, the second executive of a British gambling company to be held amid a government crackdown on Internet betting.

Dicks, 64, was arrested yesterday at 11:30 p.m. at John F. Kennedy International Airport, said Pasquale DiFulco, a spokesman for the Port Authority of New York and New Jersey. He is being held as a fugitive based on a warrant from Louisiana and is awaiting extradition, DiFulco said. A spokesman for the company declined to comment on his detention.

Shares of online betting companies plunged, and Sportingbet, which gets more than half its revenue from the U.S., asked that trading in its stock be suspended. U.S. officials say online betting sites can be used to launder money and sell drugs, and that they lack safeguards to screen out minors and gambling addicts.

``Unless the chairman is being held on charges unrelated to online gaming, we can probably assume the Department of Justice has an agenda against sports-betting companies that are using telephone lines to make bets," said Andrew Lee, an online gaming analyst at Dresdner Kleinwort in London.

Dicks is scheduled to appear in court after 6:30 p.m. in state court in Queens, New York, as a fugitive, said a court clerk who declined to identify herself.

Separately today, Sportingbet said it's in talks with World Gaming Plc for an all-stock takeover valued at 46.2 million pounds ($86 million).

U.S. Clients

A message left at Dicks's home number in London wasn't immediately returned. Donna Sellers, a Justice Department spokeswoman, declined to comment.

Sportingbet, which first sold shares to investors in January 2001, accepted almost 150 million sports and gaming wagers in the fiscal third quarter that ended April 30. About four-fifths of clients are American.

The company's net income was 20.7 million pounds in the quarter through April, a 52 percent increase from the year before, on revenue of 507.3 million pounds.

Sportingbet stock slid 44 percent in two days in July after David Carruthers, then chief executive officer of U.K. Web bookmaker Betonsports Plc, was arrested and charged with crimes including racketeering and fraud.

A U.S. court ordered Betonsports to stop accepting wagers from the country, its main market, and return deposits to American gamblers. Betonsports said last month it would shut down units that take bets from the U.S.

U.S. Gains

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The number of American customers who used Sportingbet's Web sites to bet on athletics rose 51 percent from a year earlier to almost 165,000 in the quarter. Sports wagers numbered 8.2 million and averaged $51 in size.

Sportingbet, which has a stock market value of 1 billion pounds, announced Dicks was being held today in a statement after asking for the suspension of trading. Shares of PartyGaming Plc, the world's biggest Internet poker company, dropped as much as 19 percent in London.

Online gambling has become a $12 billion-a-year industry for companies including Gibraltar-based PartyGaming, which got more than four-fifths of its sales from the U.S. last year. Carruthers was indicted about a week after American legislators approved a measure to stifle online gambling by restricting the flow of money to illegal gaming Web sites.

Rivals' Shares Slide

PartyGaming shares fell 11.5 pence, or 9.8 percent, to 105.75 pence in London today, rebounding from earlier losses. Bwin Interactive Entertainment AG, an Austrian online bookmaker, slid 2.42 euros, or 8.9 percent, to 24.70 euros in Vienna after dropping as much as 19 percent earlier.

Leisure & Gaming Plc, which owns betting brands including VIPsports, declined 25.5 pence, or 35 percent, to 48 pence in London and closed at the day's lowest price. 888 Holdings Plc, the largest online casino operator, fell 27 pence, or 16 percent, to 144 pence. World Gaming dropped 27.5 pence, or 30 percent, to 64.5 pence.

The U.S. government views Internet gambling as illegal under a 1961 law that bars the use of telephone lines to make interstate wagers. Sports betting triggered the only case in which someone has been tried and jailed in the U.S. for running an illegal Web gambling business, Greg Harris, an analyst at Canaccord Adams in London, said when Carruthers was charged.

NFL Season

Dicks, whose detention was announced on the same day that the U.S. National Football League starts its season, was visiting the U.S. for reasons unrelated to Sportingbet, the company said in the statement. Betonsports' Carruthers was detained in Dallas while changing planes on a trip.

Along with Carruthers, the Betonsports indictment named people including company founder Gary Kaplan, who allegedly has not paid federal wagering excise taxes on more than $3.3 billion in bets taken from the U.S. The indictment seeks the forfeiture of $4.5 billion from Kaplan and other co-defendants.

Dicks became non-executive chairman of Sportingbet.com Plc, as the company was known, in January 2000 and also is chairman of Daniel Stewart Securities Plc.

Jay Cohen, the former president of online bookmaker World Sports Exchange, is the only person to be jailed for running an illegal Internet gambling business in the U.S. He was among 14 people charged in March 1998 and was convicted in February 2000. Cohen unsuccessfully appealed his 21-month sentence all the way to the Supreme Court.

To contact the reporter on this story: Dan Weeks in London at dweeks1@bloomberg.net

British Online Gaming Executive Is Arrested (LAT)

By Michael A. Hiltzik

The Los Angeles Times, September 8, 2006

In an action that roiled the fast-growing world of online gambling, a top executive of a British Internet company was arrested on U.S. soil late Wednesday on charges connected with taking wagers from bettors in the United States.

It was the second arrest in two months of a foreign Internet-gaming executive in the United States.

Wednesday, Peter Dicks, 64, chairman of London-based Sportingbet PLC, was taken into custody by airport police at New York's John F. Kennedy International Airport after he arrived on an overseas flight. He was held on a criminal warrant issued by the state of Louisiana. After the arrest, Sportingbet asked the London Stock Exchange, where its stock is listed, to halt trading in its shares.

The Dicks arrest follows the July 17 arrest of David Carruthers, chief executive of BetOnSports.com, another online sports book. Carruthers was on a layover at Dallas-Fort Worth Airport between Costa Rica and Great Britain when he was taken into custody on federal charges including racketeering and mail fraud. He is under house arrest in a St. Louis suburb and awaiting trial early next year. The company discharged Carruthers and has shut down its U.S. operation. Its future remains in doubt.

While it is not illegal under U.S. law for Americans to make online bets, federal prosecutors maintain that it is illegal for online operators to solicit or accept them, even when their operations are located offshore.

Experts in gambling law said the two arrests underscored an intensified government attack on Internet gambling at a time when the online customer base is expanding rapidly worldwide and the technology to mask the source and destination of wagers is improving. The online gambling market is estimated at more than $11 billion annually and is projected to reach $25 billion by 2010. More than half of that is estimated to come from bettors in the United States.

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Whether the government can shut down all Americans' access to such gambling is questionable, said I. Nelson Rose, a gaming law expert at Whittier Law School in California. "It's pretty clear you can't prevent it completely -- the Internet was designed to survive a nuclear war."

The law governing online betting in the United States, meanwhile, is in flux: In June, the House of Representatives passed a measure by Reps. Robert W. Goodlatte, R.-Va., and James Leach, R-Iowa, to prohibit banks and other financial service companies from passing payments to Internet wagering sites, even by check. A companion bill has been stalled in the Senate.

Experts -- and judges -- are divided over how existing laws apply to offshore Web sites such as those operated by BetOnSports and Sportingbet. The 1961 federal Wire Act specifically outlawed bets made using the national communications network -- principally via telephone -- on sporting events. Although at least one federal appeals court has ruled that the prohibition applies to Internet sports betting, some lawyers say that the law may someday be found to be inapplicable to Internet technologies that circumvent telephone networks entirely.

Dicks is charged with violating a Louisiana state law prohibiting computer gambling -- one of few such state laws in the country -- carrying a maximum sentence of five years in jail and a $25,000 fine, according to Senior Trooper Dwight Robinette, a spokesman for the state police. Robinette said the federal government was not involved in the prosecution. "It is our case," he said.

U.S. Detains Sportingbet Chairman (WSJ)

By Lilly Vitorovich

The Wall Street Journal, September 8, 2006

LONDON -- Online-gambling company Sportingbet PLC said nonexecutive Chairman Peter Dicks was detained by U.S. authorities, nearly two months after the U.S. arrest of David Carruthers, then-chief executive of BetOnSports PLC.

Sportingbet said Mr. Dicks, 64 years old, was detained while visiting the U.S. on non-Sportingbet business. A Sportingbet spokesman declined to comment further. A Port Authority spokesman said Mr. Dicks was taken into custody Wednesday night at John F. Kennedy International Airport on an outstanding warrant for the state of Louisiana and will likely face an extradition hearing.

MORE ON THE CASE

· BetOnSports to Close U.S. Business1
8/14/06

· Online Gamblers Have Little to Fear2
7/25/06

· BetOnSports and CEO Charged With Fraud3
7/19/06

· ReplyAll: Should Online Gambling Be Banned?4
4/4/06

Like BetOnSports, before it fired Mr. Carruthers and closed its U.S. operations, Sportingbet accepts online bets from U.S.-based customers on sporting events as well as games such as casino and poker. It generates 65% of its earnings from the U.S., where online sports betting is illegal.

Shares of Sportingbet were suspended as a result of the detainment of Mr. Dicks, but some of its peers took a heavy hit.

In London trading, PartyGaming PLC shares were down 9.8% at 105.75 pence ($2.01), while shares of 888 Holdings PLC fell 16% to 144 pence; Empire Online Ltd. slipped 4.5% to 69 pence, and Leisure & Gaming PLC declined 35% to 48 pence. In Vienna, BWIN Interactive Entertainment AG shares were down 8.9% at €24.70 ($31.71).

ABN Amro analyst Michael Pacitti said investors appear to be selling online-gambling stocks on concerns that the detainment of Mr. Dicks may be related to the BetOnSports case in the U.S.

"The market's concern is going to be that the regulation authorities in the U.S. are effectively clamping down on sports betting," he said, though he stressed that details surrounding the detainment of Mr. Dicks are still sketchy.

PartyGaming Chief Accuses America Of Protectionist Tactics (LGUARD)

By Simon Bowers, The Guardian

London Guardian, September 8, 2006

PartyGaming chief executive Mitch Garber yesterday issued a thinly veiled attack on the manner in which the US justice department appears to be pursuing offshore gambling operators that seek customers in America.

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Speaking less than an hour after learning of the arrest of Sportingbet chairman Peter Dicks, he said: "We are a FTSE 100-compliant company. If the department of justice has any issue with our business, I would hope they would notify us and communicate that with us fully."

Article continues

Mr Garber also said he was hopeful that the company would be licensed by the UK Gambling Commission, a move that would add regulatory legitimacy to the world's largest online gambling group.

Like most internet operators, PartyGaming is licensed in an offshore territory and not subject to regulation in the main markets in which it operates. He praised the British authorities, and the Treasury in particular, for a "progressive" attitude to online betting.

He attacked countries that appeared to be mirroring US attempts to ban online gambling while protecting their domestic industries. "They are penalising companies for being innovative and for their speed of growth - which is often faster than governments can cope with. All these countries have gaming themselves: casinos, racetracks and the like ... All we want is regulation."

To operate under a UK licence, PartyGaming would have to pay tax as a gambling operator in Britain. With other online gaming operators, it has been in lengthy talks with the Treasury over the level of such a tax. Mr Garber said it would have to be "competitive internationally".

He was speaking after PartyGaming reported a 74% jump in first-half earnings, aided by its diverse operations, new products and strong growth outside the North American market. Despite the strong figures, shares in the company fell more than 9% on news of Mr Dicks' arrest. PartyGaming, which operates PartyPoker and PartyCasino websites, said net profit for the six months to June 30 was $298m (£160m), up from $171m a year ago.

The company said it was adding more than 3,000 new players a day and had average gross daily poker revenues of $2.9m in July and $3.0m in August. It has also launched a PartyGammon site for backgammon players, which it said had made a promising start.

Roane Judge Gets 42 Months (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), September 8, 2006

Supporters' testimony, excuses don't win Austin a sentencing break

His supporters' glowing endorsements were laughable and his excuses unacceptable.

That was U.S. District Court Judge Thomas Phillips' blunt assessment of former Roane County General Sessions Court Judge Thomas Alva Austin's bid Thursday to win a sentencing break.

"I have a little difficulty keeping a straight face," Phillips said of his reaction to testimony from three attorneys and an addiction counselor offered up at Austin's sentencing hearing.

That testimony, which included tales of Austin's dedication to helping addicts and his "reputation" for being particularly tough on men in divorce cases, was juxtaposed against secret recordings of Austin admitting a fondness for marijuana and bragging about currying sexual favors from women appearing before him in divorce cases, Phillips noted.

Nor was this federal judge impressed with what he termed Austin's excuses for forcing kickbacks from driving school instructors and a probation office chief. Those excuses included Austin's claim that his second wife had an affair with another woman.

"None of those reasons are sufficient for me to grant a downward departure for this case," Phillips said. "I cannot look at him through the eyes of these witnesses and ignore the videotapes and audiotapes that have been made a part of this record."

Phillips ordered Austin to spend the next 42 months in a minimum-security federal prison for his guilty pleas earlier this year to charges he forced some $14,000 in kickbacks from operators of a driving school the judge created and a private probation firm where he ordered offenders to report.

A probe by FBI Special Agent Bob Gibson revealed allegations that Austin had been using his robe to line his pockets for a decade, collecting as much as $100,000 in kickbacks. Austin's own words, captured in secretly recorded conversations between the judge and his extortion victims, raised allegations that he solicited sexual favors from women appearing in his court and routinely smoked marijuana.

Before meting out punishment, Phillips presided over a two-hour sentencing hearing that included testimony from Austin supporters and arguments by defense attorneys Gregory P. Isaacs and Jerrold Becker and Assistant U.S. Attorney Charles Atchley.

Isaacs zeroed in on what he called the "paradox of the robe" and whether Austin was an otherwise good man who did "bad things."

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"If there were a compact disc that contained 27 years of good conduct, I guess we'd have to bring it in on a tractor-trailer," Isaacs said, a slap at Atchley's reference to a slew of video evidence against Austin.

"The paradox of the robe is treat him no better or no worse because he wore it," Isaacs argued. "The government has tried to inject information in this sentencing hearing of conduct which is outside the (scope of) his plea. It's very unfortunate when I picked up a copy of the News Sentinel and saw pictures of discovery for conduct that was specifically excluded from the guilty plea."

That was a reference to a recent story in the News Sentinel about the video evidence against Austin.

Phillips interrupted Isaacs in his argument, asking the veteran defense attorney why he should ignore the evidence at issue.

"On the one hand, you're asking me to look at the total individual," Phillips said. "At the same time, you are asking me to ignore everything that's not specifically set forth in the plea."

Atchley contended that the secret recordings offered a glimpse at the real Austin.

"I understand why the defense doesn't like those tapes," Atchley said. "They're very damning. They are very relevant and telling as to the true character of Mr. Austin. The hubris and arrogance with which he conducted himself, the Mr. Hyde of Mr. Austin, is what is most telling."

As for Austin, he alternated in his speech to Phillips between offering apologies and leveling blame.

"Ever since I was charged, information has been headline (news)," Austin complained. "I have not responded in any way. I do not blame anyone else beside myself. I'm very sorry. I've been humiliated by the press. I've embarrassed my friends and family. The media has published bits and pieces. The newspaper took it out of context in many instances."

While Isaacs shied away from asking Phillips for probation, he did mention the possibility of something known as split confinement, in which a criminal spends part of his sentence behind bars and the rest on probation.

Austin, on the other hand, asked Phillips for "some kind of alternative sentencing," suggesting a stay at a halfway house.

"I respectfully ask for an opportunity to speak to others about my mistakes," he said. "Maybe once again I can make a positive difference."

The plea deal brokered by Isaacs and Becker already won the disgraced judge a substantial break, as he could have faced nearly a decade behind bars but wound up with a penalty range of 37-46 months.

Although Phillips stopped short of imposing the maximum, he did not mince words.

"The defendant was a respected member of the judiciary who breached the public trust," Phillips said. "It appears the defendant engaged in this behavior for years. There is no excuse for what Mr. Austin did. He betrayed the respect and trust given to him by the community. If we cannot trust our system of justice, our justice system fails."

Austin was not immediately jailed but is being allowed to surrender to the U.S. Bureau of Prisons in the coming weeks.

Jamie Satterfield may be reached at 865-342-6308.

Vigil Trial: Yarbrough Details Kickback Scheme To Jurors (AP)

By Tim Korte

AP, September 8, 2006

ALBUQUERQUE (AP) - Assistant U.S. Attorney Steven Yarbrough on Thursday told jurors a kickback scheme in the state treasurer's office that began when Michael Montoya was treasurer in 1995 carried over into the term of Robert Vigil.

Yarbrough, in his opening statement in the retrial of Vigil on public corruption charges, described how investment advisers delivered kickbacks through alleged bagmen _ many of them witnesses who are cooperating with the government in the case.

Prosecutors and the defense delivered their opening statements in Vigil's second trial on extortion and racketeering charges. His first trial ended May 22 in a mistrial.

Yarbrough told jurors the alleged extortion doesn't have to involve the threat of violence to be a crime.

"Vigil never puts a gun to anyone's head," Yarbrough said. "He doesn't have to. His power comes from his office."

The prosecutor also mentioned an instance in which Vigil funneled money through California investment adviser Kent Nelson and requested that a $300 check be made out to Jeff Armijo in the Democratic race for state auditor.

Vigil sat still at the defense table during the opening statements and later conferred with his attorneys as testimony began. About two dozen of his relatives filled the first two benches behind him in the courtroom.

Defense attorney Sam Bregman said in introducing his case that Vigil believed money he accepted from investment advisers constituted legitimate campaign contributions.

Bregman also described how Montoya and other accomplices such as former treasurer's employee Leo Sandoval, Albuquerque businessman Angelo Garcia and Nelson conspired in a kickback scheme that he said Vigil had no knowledge of.

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He also attacked the FBI undercover operation that produced key pieces of evidence, such as tape recordings and videotapes showing Nelson handing $10,000 to Vigil.

Bregman urged jurors to keep an open mind and to study all the evidence first.

"You will come to the conclusion our political system is not perfect," he said. "You will also come to the conclusion Robert committed no crime."

Testimony began at midmorning. The government's first witness was San Diego FBI agent Lamont Siller, who described how he tape-recorded calls between Nelson and Vigil after Nelson agreed to cooperate with the government.

The defense team questioned the authenticity of compact discs of the conversations, prompting a break in Siller's testimony.

Prosecutors asked the next witness, state treasurer's office public information officer Jane Tabor, to describe the office's investment policies and accompanying lists showing respondents to formal requests for proposals during Vigil's term.

Half the jurors seated late Wednesday for the trial come from Dona Ana County and 12 of the 16 live in southern New Mexico. The group includes 12 jurors and four alternates.

Because of publicity in the case, prosecutors and defense attorneys agreed to send 1,200 jury questionnaires to residents across New Mexico. A list of 250 names was generated from the responses, with 120 summoned to Albuquerque.

Only 60 made it into the courtroom for two days of jury selection.

Over the past month, Bregman had predicted extensive pretrial publicity would make it difficult to find residents who weren't familiar with the case. In fact, he made another request Wednesday to have the trial moved outside New Mexico, similar to an effort rejected last month by U.S. District Judge James Browning. The judge again denied Bregman's motion, saying the process had worked well.

"Based on the extensive questioning of the jurors at the bench and in open court, I'm confident we have found a fair and impartial jury," Browning said.

Courthouse Inquiry Ends With No Sign Of Corruption (TAMPTRIB)

By ELAINE SILVESTRINI And THOMAS W. KRAUSE

Tampa Tribune, September 8, 2006

TAMPA - No officials at the Hillsborough County Courthouse will be charged with any crimes at the conclusion of a lengthy investigation into possible corruption.

Carl Whitehead, special agent in charge of the Tampa office of the FBI, said: "I am very confident that we have conducted a thorough and exhaustive investigation into these allegations. We were not able to substantiate those allegations. I believe the public should feel comfortable and have a sense of confidence that they can deal with their state court system. I have no information that would indicate otherwise."

U.S. Attorney Paul Perez said Thursday: "Bottom line, is that the FBI and the FDLE over the last number of years received a lot of complaints, leads, allegations, and they did their due diligence in running out each one of those, and that took time."

Perez wrote a letter to Hillsborough Chief Judge Manuel Menendez Jr. on Aug. 29, saying, "The investigation has concluded with our assessment that no current judicial officer or court employees engaged in any alleged wrongdoing and that there was no credible evidence of 'courthouse corruption' within the 13th Judicial Circuit."

Perez said Thursday that the investigation also cleared former judges and courthouse employees.

Menendez said he hopes the letter will assure the public that there's no corruption at the courthouse.

"I would really like this to be the last chapter of that saga," he said. Case Predated Investigators

Perez said the corruption investigation, which began before he took office in March 2002, really involved a series of unrelated incidents that were "all looked at by the same group of federal or state investigators."

"Whenever a lead or tip was given, it would go to them," Perez said. "To me this was unfortunate, because most of these [cases] stood on their own."

Whitehead said the investigation, which also predates his tenure, was an umbrella investigation into several similar allegations involving people who traveled in the same circles. But he said the allegations of wrongdoing were unrelated in that they didn't involve people who were accused of committing crimes together.

The way the investigation was set up, Whitehead said, "everything that came in that was remotely connected was kind of put in under this umbrella."

Because he was not involved in the beginning, Whitehead said he wasn't sure of the thinking behind that approach. "Maybe there was some good reason to do that," he said. "Tangentially, they were somewhat related, but not in the way that you would think of in an investigation."

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Whitehead said the investigation started in 2002 as a spinoff of an organized crime case in the Sarasota area. He said a subject in that investigation gave agents information about possible wrongdoing at the Hillsborough County Courthouse. The source, whom Whitehead wouldn't identify, mentioned former sheriff's Maj. Rocky Rodriguez, who would later figure prominently in stories about the investigation.

Perez said the only indictment resulting from the investigation was of former postal union chief Lenin "Lenny" Perez - not related to the U.S. attorney - who was accused of accepting kickbacks from health care providers for referring union workers' compensation claims to them.

Lenin Perez, past president of Local 599 of the National Association of Letter Carriers in Tampa, was sentenced in May to 21 months in federal prison after pleading guilty to a single felony charge of receiving a kickback. Under a plea deal, federal prosecutors dismissed 32 other charges. His co-defendant, private investigator Joseph Anthony Gonzalez, was sentenced to probation.

Whitehead said Lenin Perez was investigated as part of the larger investigation because authorities initially received allegations that he was involved in wrongdoing at the courthouse. "That was not substantiated," Whitehead said. "What was substantiated was that he was involved in other scams."

Menendez said he has spoken to Paul Perez about the courthouse investigation on several occasions. Typically, Menendez said, federal officials do not comment publicly on investigations. In this case, because there were public statements, Menendez said he made a special request to Perez.

"All I ask, in fairness to everyone involved, is that we announce when it is concluded," Menendez said.

The closed investigation, he said, shows that corruption did not exist. "If they found anything, they would have brought charges," he said. Chief Judge Criticizes Tribune

Menendez had harsh words for the local media, The Tampa Tribune specifically.

The Tribune strung together many unrelated events and tried to "paint a picture of some giant entity" of courthouse corruption, Menendez said.

He said federal agencies did investigate several allegations regarding courthouse officials.

"That doesn't mean there was a massive investigation into corruption at the courthouse," he said.

Although the investigations were minor and unrelated, Menendez said, the Tribune consistently pointed to them as evidence of one large corruption investigation.

At least three sworn affidavits acquired by the Tribune mention an investigation into corruption at the Hillsborough County Courthouse.

In 2003, Circuit Judge Gregory P. Holder provided an affidavit in which he says he has taken a stand against courthouse corruption. That same year, a Tampa police detective and a former FBI agent said in sworn affidavits that they worked with Holder as part of an investigation into corruption at the courthouse.

The affidavits were all filed as part of a separate investigation into Holder. The Judicial Qualifications Commission investigated whether Holder had plagiarized in a paper he wrote as an Air Force Reserve officer in 1997. Holder was cleared of that allegation.

Last year, during a JQC hearing, Holder said under oath that he assisted in a federal investigation into former chief Judge F. Dennis Alvarez, former Circuit Judge Robert H. Bonanno and former Hillsborough County sheriff's deputy Rodriguez.

Menendez dismissed Holder's testimony.

"I'm not going to disagree with him," Menendez said. "I don't have any details about what he was or was not doing."

Holder declined to comment on the closed investigation.

Barry Cohen, Alvarez's lawyer, said: "I think Mr. Perez is to be commended for sending a letter advising the courts that an investigation has been concluded. A person spends a lifetime building a reputation. Most of the time, it's more important that anything we have. When there is a suggestion in the media that someone has been involved in criminal or corrupt activity it is a serious matter and not to be taken lightly. … We're glad it's over with."

Bonanno, who is now in private practice, said no one from the FBI or FDLE has ever contacted him about any investigation.

"It's really nice to see that the Greg Holder flight of fantasy has finally landed," Bonanno said. "I don't need any vindication. No one has ever accused me of anything."

Bonanno was discovered after hours in July 2000 inside Holder's darkened chambers. He resigned in January 2002 as the state Legislature was about to commence an impeachment hearing.

Rodriguez, who now works as a private investigator, expressed relief that the investigation has closed, but frustration that it took so long. A former major with the sheriff's office, Rodriguez turned aside an undercover informant's attempt to give him a bribe in 2002.

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Rodriguez was forced to retire from the sheriff's department in 2003 for making thousands of dollars worth of unauthorized calls on his department-issued cell phone.

"I dedicated my entire adult life to law enforcement," he said Thursday. "I don't wish those allegations or those innuendos on my worst enemy."

Reporter Elaine Silvestrini can be reached at (813) 259-7837 or esilvestrini

@tampatrib.com. Reporter Thomas W. Krause can be reached at (813) 259-7698 or tkrause@tampatrib.com. @tampatrib.com. Reporter Thomas W. Krause can be reached at (813) 259-7698 or tkrause@tampatrib.com.

Sliwa Testifies In 3rd Gotti Trial (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, September 8, 2006

A former state correction officer who is now a clergyman testified Thursday that reputed mobster John A. Gotti often told him he wanted to emigrate to Canada.

Jerry Hargraves, a pastor with the Calvary Chapel of Hudson Valley in upstate Poughkeepsie, said he had numerous conversations with Gotti when the reputed Gambino crime family captain was being held at a state prison in Valhalla in 1998 while under a federal indictment.

"He wanted to just get out of the country and go to Canada," said Hargraves. "He wanted to get away."

Hargraves, who left his job as a full-time correction officer 2005, testified in Gotti's defense during his federal racketeering trial. Hargraves was called to buttress the defense's contention that Gotti, the son of the late Gambino crime boss, had abandoned his role as a member of the crime family by 1999. If the jury finds that Gotti withdrew from active membership in the crime family, the case would have exceeded the statute of limitations and further litigation would be doubtful.

Gotti is on trial for the third time -- the first two cases resulted in mistrials -- for orchestrating the 1992 abduction of Guardian Angels founder Curtis Sliwa, money laundering and other crimes. Prosecutors had called Sliwa as a key witness in the first two trials and had him describe how he was abducted on the Lower East Side in June 1992, was shot and escaped by jumping out of the window of a cab used by his captors.

But in a twist, prosecutors decided not to call Sliwa this time, possibly because of questions about his effectiveness as a witness. Instead, Sliwa testified for more than three hours Thursday as a defense witness in what appeared to be an effort to show how his testimony contradicted that of other informants.

Under questioning by defense attorney Charles Carnesi, Sliwa stuck to the essentials of his earlier testimony about being abducted and escaping. Sliwa testified that former television news crime reporter John Miller had first indicated to him that the "Gotti crew" was behind the attack. Prosecutors contend the younger Gotti wanted Sliwa, a talk-show host, beaten because he had bad-mouthed the Gambino crime family on the radio.

"I don't know to this day who shot me," Sliwa said.

Hargraves said the younger Gotti would often avoid entering prison rooms when his Gambino crime family associates were around. Gotti also had a lot of books in his cell about Canada and talked about his wife, children and religion, said Hargraves.

Lawrence Shacht of United Security testified that he monitored Gotti while he was under house arrest in Oyster Bay in 1999 and said he never violated any bail restrictions. Shacht said Gotti's uncle, Peter, the former crime boss, visited the home.

The defense is expected to rest Tuesday or Wednesday.

Guardian Angels Founder Testifies At 'Junior' Gotti Retrial (AP)

AP, September 8, 2006

NEW YORK Guardian Angels founder Curtis Sliwa testified at the racketeering trial of John "Junior" Gotti, who is accused of ordering his kidnapping and beating, that he often lied to draw attention to his civilian crimefighting group.

"I said, 'Well, if they won't give us credit for things we've done, I'll make something up," Sliwa recalled in his testimony Thursday.

Sliwa was called to testify by lawyers for the man accused of ordering him kidnapped and beaten. In the third trial of Gotti in a year, after two ended in hung juries, prosecutors had skipped Sliwa as they recast their case to emphasize what they say was evidence Gotti continued in the clutches of the Gambino crime family even after he claimed he had quit.

The move allowed Gotti lawyer Charles Carnesi to put heavy emphasis on Sliwa's failings and less focus on his 1992 baseball bat beating and dramatic escape from a taxi after he was shot a few months later.

Gotti has denied ordering attacks on Sliwa, which occurred after Sliwa on his radio show criticized Gotti's father, mobster John Gotti.

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Carnesi elicited a long life history from Sliwa and sought to portray Sliwa as a liar who staged bogus events to draw attention to his then-fledging Guardian Angels group in the late 1970s and early 1980s.

Sliwa then told how he was beaten by bat-wielding men as he headed to his radio show early one morning and of his lifesaving dive a few weeks later through the front window of a cab after he had been shot three times.

After the beating, he said, he was interviewed by police as he sat in his own blood behind a fence he had scaled to save himself.

His cab ride to work a few weeks later seemed normal enough until the driver took a wrong turn and a man hiding below the front passenger side popped up, "staring down at me with a silver-plated revolver, a cap and mask on," Sliwa said.

"Take this," he recalled the man shouting before he heard a powerful gun blast and saw a puff of smoke and fire exiting the gun's chamber.

He said he felt the worst pain of his life as a bullet entered his groin and another sliced through his leg.

He said he had a strong suspicion the Gotti family was behind the attacks, though he added: "I don't know to this day who shot me."

Sliwa Helps Gotti? (NYDN)

By Thomas Zambito And Jose Martinez, Daily News Staff Writers

New York Daily News, September 8, 2006

Curtis Sliwa unhappily found himself yesterday as a witness for the defense for his archenemy, John A. (Junior) Gotti.

Unlike Gotti's previous trials - which both ended in mistrials - the radio host wasn't testifying for the prosecutors trying to lock up the mob scion.

But he stuck to his account of how Gambino crime family goons tried to kill him in 1992 for badmouthing Dapper Don John Gotti.

"Take this, you son of a b----," Sliwa recalled a gunman saying, just before he was blasted in June 1992 with two bullets from a silver-plated revolver.

Under questioning from attorney Charles Carnesi, Sliwa conceded he could never be 100% sure of who tried to kill him because the gunman's face was concealed by a mask.

"A 9 is not a 10, Mr. Carnesi," Sliwa said while being grilled on his certainty of who shot him.

But he said former television newsman John Miller, who specialized in covering the mob, told him who was behind the attack while they dined at the Russian Tea Room in 1992.

"[Miller] said, 'Everybody knows. It's the Gotti crew,'" Sliwa said.

Attorneys for Gotti, who are trying to convince a jury he has ditched the mob life, yesterday also called a former prison guard who was known as "Brother Love" by inmates at a Westchester County jail.

The Rev. Robert Hargraves, now a pastor in Dutchess County, recounted how Gotti told him him in 1998 that he "didn't want anything to do with" other accused mobsters.

"I'm telling you, I've never hurt anyone, I've never killed anyone," Hargraves said Gotti told him during his stint at the Westchester jail. The pastor said Gotti seemed more interested in planning a move to Canada.

"I saw him reading books on Canada," Hargraves said.

SLIWA'S SLEAZY CHARADES (NYPOST)

By Kati Cornell

The New York Post, September 8, 2006

A defense lawyer yesterday grilled radio host Curtis Sliwa on his history of media hoaxes as head of the Guardian Angels in a bid to discredit his account of a botched 1992 kidnapping by two alleged Gambino goons.

Sliwa - who nearly died on June 19, 1992, when he was shot twice in the back of a stolen taxi - was forced to detail how he staged another kidnapping nine years earlier and concocted several sham crime-busting stunts between 1980 and 1993.

The radio host testified that he enlisted a pal to drive him to Jones Beach in 1983 and dump him off in a parking lot - part of a plan to claim two transit cops had kidnapped him.

"I opted to do this immaturely. This was probably the biggest mistake I made in my life," Sliwa said, explaining that the scheme was in reaction to the frequent arrests of his fellow Guardian Angels as they patrolled the city's subways.

The colorful radio host, who founded the volunteer patrol group, has testified against John "Junior" Gotti as a witness for the prosecution at two prior trials, which ended with hung juries.

This time around, prosecutors wrapped up their case without testimony from the baggage-laden victim, who took the witness stand under a subpoena from the defense.

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Among the media hoaxes detailed by Sliwa was a sensational crime-busting stunt in which he claimed he prevented a rape in a Brooklyn subway tunnel in 1993.

Sliwa said he falsely told police he'd disarmed a rapist who was "big like a gorilla."

The Guardian Angels founder said he later admitted publicly to his scams.

Sliwa pulled no punches yesterday when defense lawyer Charles Carnesi questioned him about being attacked in 1992.

The radio host described how he climbed into a taxi and was stunned when a masked gunman popped up in the front passenger seat.

"Take this, you son of a bitch," an animated Sliwa said, recounting the last words he heard before he was shot. "I felt pain like I had never felt in my life."

Sliwa eventually managed to throw himself from a front window after discovering handles on the rear doors had been removed. In cross-examination, Assistant U.S. Attorney Victor Hou showed Sliwa photos of his blood-soaked body, asking, "Is that fake blood? Is that a hoax?"

"No," Sliwa said.

Gotti is charged with orchestrating the kidnapping to silence Sliwa's on-air rants against his father, John "Dapper Don" Gotti, in addition to other racketeering charges.

Defense lawyers also called a former correction officer known as "Brother Love," who claimed to have met Gotti at a Westchester prison in 1998 - an attempt to bolster claims that the mob scion retired from the Mafia in 1999, longer than the five-year statute of limitations for charging him with racketeering.

Gotti "told me he was no longer involved with the [Mafia] life. He wanted to get out of the country. He was moving to Canada," said Robert Hargraves, who is now a pastor.

kati.cornell@nypost.com

Judge Sentences Gambino Underboss To More Than 11 Years (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, September 8, 2006

NEW YORK -- A judge sentenced Gambino crime family underboss Anthony Megale to more than 11 years in prison Wednesday, warning him to change his ways so he does not return to a life of crime when freed eventually.

U.S. District Judge Alvin K. Hellerstein imposed the sentence of 11 years and three months in prison after Anthony Megale pleaded guilty in March to racketeering and extortion charges, admitting participation in a wide ranging racketeering enterprise.

Hellerstein noted that Megale had been accused of being the No. 2 person or underboss of the Gambino crime family from 2002 through late 2004 as it engaged in violent assault, extortion, loansharking, union embezzlement, illegal gambling and mail fraud.

As part of Megale's plea, he admitted extorting the owners of a restaurant in Greenwich, Conn., a New Jersey trucking company and a construction company in Westchester County.

Megale was arrested as part of a crackdown on the Gambino family that resulted in charges against 32 defendants from crimes that spanned more than a decade. All but one of the defendants have pleaded guilty or been convicted at trial.

The judge said he had received letters describing good works by Megale, but he concluded they had to be balanced against "many very bad things."

Besides the prison term, Hellerstein also ordered Megale to pay a fine of $30,000 and to forfeit $100,000 he pocketed from his crimes. He said he could serve the sentence at the same time as he serves a seven year, four month sentence he received after a conviction in another case in Connecticut.

Before Hellerstein sentenced Megale, he listened to three of Megale's children plead for leniency. His son Michael told the judge his father had taught him "to do the right thing, to be respectful and stand by my family."

Prosecutors had reminded Hellerstein that Megale had been in trouble with the law before, returning to crime after a racketeering conviction in 1990.

"It's a steady progression and an absolute inability to take the lesson," Hellerstein said. "You lose your family. Your family loses you. You owe it to them to change your ways."

Megale was prosecuted after a three-year probe that included court authorization of intercepted conversations among high-ranking members of the Gambino crime family at several locations in the Bronx and Westchester County, including at the United Hebrew Geriatrics Home in New Rochelle.

'The Brain' Sentenced To 135 Months (WESTJN)

By TIMOTHY O'CONNOR

DOJ_NMG_0059796

Westchester Journal News, September 8, 2006

NEW YORK — Reputed Gambino underboss Anthony "The Brain" Megale smiled as Judge Alvin Hellerstein slapped him with 135 months in prison.

His shoulders relaxed and he nodded with approval to his lawyers as Hellerstein pronounced the stiffest sentence so far in the organized-crime case that centered on a Scarsdale capo and his Westchester County crew.

That's because Megale knew it could have been worse.

Hellerstein could have sentenced Megale, 53, of Stamford to a sentence that would begin after his current 86-month prison sentence expires.

Instead, after listening to the pleas of Megale's children, the judge made the sentence concurrent to the 86-month sentence Megale is now serving for racketeering in Connecticut.

"You love your family, your family loves you," Hellerstein said to Megale. "You owe it to them to change your ways."

But even the judge acknowledged yesterday that Megale had proved resistant to change.

After Assistant U.S Attorney Christopher Conniff recounted Megale's nearly two-decade association with the Gambinos, Hellerstein drew a harsh conclusion.

"It's a steady progression and an absolute inability to take the lesson," the judge said.

Megale rose from associate, to soldier, to underboss in the crime family, authorities said.

He was indicted in March 2005 along with 31 other alleged leaders and associates of the Gambino crime family in U.S. District Court in Manhattan.

The case centered on Scarsdale crime capo Gregory DePalma and his crew.

Megale pleaded guilty in March to extorting Valbella's Restaurant in Greenwich, Conn., a New Jersey trucking company and a Westchester County construction company.

That plea in U.S. District Court in Manhattan came a month before he was sentenced in federal court in Connecticut to more than seven years in prison for extorting a nightclub and restaurant in Fairfield County.

Yesterday, Megale's 17-year-old daughter, Nicole, started crying, even before she reached the podium to address the judge.

Megale's twin children, Lauren and Michael, also tearfully asked the judge to consider their fractured home. They described their father as an involved, dedicated dad.

"My father taught us to do the right thing," said Michael Megale, 23, "to be respectful and to stand by your family." COMMENT ON THIS STORY IN OUR FORUMS

FEDS BUST 'TOXIC' L.I. METAL MAN (NYPOST)

By Andy Geller

The New York Post, September 8, 2006

The owner of a Long Island titanium manufacturing firm was busted yesterday on charges of illegally storing more than 11 tons of corrosive hazardous waste at his plant, turning the site into a set for a "science-fiction horror movie."

Gerald Cohen, 72, owner of Lawrence Aviation Industries in Port Jefferson Station, also was accused of allowing the plant's generators to emit 444 tons of smog-producing nitrogen oxide.

He pleaded not guilty in Central Islip federal court and was released on $11 million bond.

The feds seek to recover $8 million in cleanup costs at the 125-acre site.

"It literally looked like a science-fiction horror movie," Assistant U.S. Attorney Mark Lesko said.

The plant makes titanium sheets used in the aircraft industry. Officials said soil, sediment, surface water and groundwater in and around the facility are contaminated.

Suffolk Firm Owner Busted In Toxic Waste Pollute Case (NYDN)

By Richard Weir, Daily News Staff Writer

New York Daily News, September 8, 2006

The owner of a Port Jefferson Station company was busted yesterday on federal charges that his defunct factory illegally disposed of tons of toxic waste.

Gerald Cohen and his company, Lawrence Aviation Industries, were also hit with a civil suit filed by the U.S. attorney's office that seeks to recoup $8 million the government spent to clean up the Superfund site.

FBI agents yesterday arrested Cohen, 72, at his 38 Bridle Path Road home in St. James. He was released on $11 million bail after pleading not guilty at arraignment yesterday in Central Islip Federal Court.

The bail was secured by his ownership of three parcels of property totaling 75 acres at the Lawrence Aviation site.

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His wife Nancy Cohen and the purchaser of the Lawrence site, Eugene Fernandez, were suretors.

Cohen is charged with illegally storing more than 11 tons of highly corrosive hazardous waste in old tanks at the 200,000-square-foot mill, located on a former turkey farm on Sheep Pasture Road.

"We will use every tool at our disposal to ensure that those who pollute our environment are held accountable," Roslynn Mauskopf, U.S. attorney for the Eastern District, said of the bust.

Lawrence Aviation manufactured titanium sheet metal for the aeronautics industry at the 160-acre property starting in 1959. The plant is on a hill in a wooded residential area about 1 mile south of Port Jefferson Harbor.

In 2000, the federal Environmental Protection Agency added the property to its National Priorities List of the most contaminated sites in the country.

According to an EPA report, the company in 1980 crushed more than 1,600 steel drums, permitting dangerous chemicals to spill onto "unprotected soil."

Among the hazardous waste that seeped into the ground - and eventually the water table - were trichloroethylene, tetrachloroethylene , hydrofluoric acid and nitric acid.

"There is contamination of the underground water," EPA spokesman Ben Barry said of the site.

He noted that there is a 600-yard-wide, 1-mile long "plume" of contaminated groundwater that extends from below the site to the harbor.

Investigators believe that the contaminants have affected the region's aquifer, which feeds 47 public supply wells and serves about 120,000 people within 4 miles of the site.

Barry said the EPA is studying how best to clean up the polluted underground water. The agency has also conducted air quality tests in nearby homes and schools to determine whether toxic vapors have penetrated the buildings.

Cohen faces up to 15 years in prison if convicted of the crimes.

Toxic Waste Leads To Bust (NSDY)

By Robert E. Kessler, Newsday Staff Writer

Long Island Newsday, September 8, 2006

Lawrence Aviation owner accused of storing tons of hazardous chemicals in Pt. Jefferson Station

The owner of one of the most notorious toxic-waste sites on Long Island was arrested yesterday by FBI agents on criminal charges of illegally storing tons of hazardous chemical waste, as well as allowing other pollutants to spew into the air, officials said.

Gerald Cohen, 72, the head of Lawrence Aviation Industries in Port Jefferson Station, was charged with two counts of violating the federal Resource Conservation and Recovery Act for failing to legally dispose of more than 11 tons of highly caustic alkaline chemicals that had been stored in two large tanks on the 125-acre property along Sheep Pasture Road for possibly as long as 20 years.

Cohen also was charged with one count of violating the Clean Air Act for allowing two diesel power generators that produced electricity for the company to discharge into the air as much as 440 tons of smog-producing nitrogen oxide between 2001 and 2003, according to Roslynn Mauskopf, the U.S. attorney for the Eastern District.

"The site looked like a science-fiction horror movie," until a recent cleanup was begun by the Environmental Protection Agency, said Mark Lesko, the assistant U.S. attorney prosecuting the case.

Cohen, of 38 Bridle Path in St. James, pleaded not guilty at arraignment before U.S. Magistrate Judge E. Thomas Boyle. His attorney, Anthony LaPinta of Hauppauge, declined to comment.

Cohen was released on $11-million bail. If convicted he faces up to 15 years in prison and fines of more than $300 million. Some of the toxic waste may have been stored at the site for 20 years, and fines for the illegal storage can run to $50,000 a day, according to officials.

In a separate civil action, federal prosecutors sued Cohen to pay $8 million for the current cost of the EPA cleanup operation, as well as future costs. The EPA cleanup also involves the elimination of a plume of contaminated groundwater that has seeped a mile downhill from the site almost to Port Jefferson Harbor.

The few houses located above the plume have been attached to the public water supply. The company was indicted on the same charges as Cohen and also was sued for the $8 million in the federal civil action.

Lawrence Aviation, which is essentially out of business, has a long history of supplying metals, mainly titanium, for aircraft parts to Grumman and other aviation companies on Long Island.

But the company also had a long history of clashing with local, state and federal authorities because of its almost lackadaisical treatment of hazardous materials, officials say. Cohen has denied his company was responsible for environmental problems.

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In court papers, Lesko said that in the 1980s, the company "routinely disposed of highly flammable titanium shavings, known affectionately at LAI [Lawrence] as 'pixie dust,'" at the Brookhaven landfill. The landfill stopped accepting the shavings after a fire started when the blade on a bulldozer struck shavings, Lesko said.

"Commerce and the economy can co-exist with conservation and ecology, provided people conduct themselves and their businesses lawfully," said Mark Mershon, the head of the FBI in New York.

A legacy of problems

Company's history of violations

1959 Lawrence Aviation facility opens in Port Jefferson Station, making aircraft parts.

1970s-80s On several occasions, health investigators find that contaminants have leaked into groundwater. Cleanup takes two decades.

1982 Gerald Cohen takes over company from his father.

2000 Company designated Superfund site, slated for cleanup.

2003 Health agency reports improperly stored acids, explosive titanium dust and hazardous waste. Some 65 tons of materials are later removed.

2005 U.S. health agency calls site an "indeterminate public hazard."

2006 Government outlines cleanup plan. Cohen is arrested in connection with violations.

Environmental nightmare

Plume where depth to water talbe is less than 100 feet

Pollster Pleads Guilty To Fraud (AP-Y)

AP, September 8, 2006

The owner of DataUSA Inc., a company that conducted political polls for the campaigns of President Bush, Sen. Joe Lieberman and other candidates, pleaded guilty to fraud for making up survey and poll results.

Tracy Costin pleaded guilty Wednesday to one count of conspiracy to commit wire fraud. Costin, 46, faces a maximum of five years in prison and a fine of up to $250,000 when she is sentenced Nov. 30.

As part of her plea agreement, Costin agreed to repay $82,732 to the unidentified clients for 11 jobs between June 2002 and May 2004. DataUSA is now known as Viewpoint USA.

According to a federal indictment, Costin told employees to alter poll data, and managers at the company told employees to "talk to cats and dogs" when instructing them to fabricate the surveys.

An FBI affidavit from 2004 quotes a supervisor of the company estimating that 50 percent of the data sent to Bush's campaign was falsified. FBI Special Agent Jeff Rovelli, who wrote the affidavit, said Thursday that investigators were not able to verify the claim related to Bush because that data was not located and analyzed.

Assistant U.S. Attorney Edward Chang said on several occasions when the company was running up against a deadline to complete a job, results were falsified. Sometimes, the respondent's gender or political affiliation were changed to meet a quota, other times all survey answers were fabricated.

Man Arrested In 2005 Phoenix Attack (USAT)

By Judi Villa And Michael Kiefer

USA Today, September 8, 2006

Sexual assaults were blamed on 'Baseline Killer'; police say man resembles sketch

PHOENIX — Police have arrested a construction worker on suspicion of sexually assaulting two sisters whose attack has been blamed on the city's "Baseline Killer."

However, police said the man has not been linked to the rash of crimes in the Phoenix area — including eight killings and 11 sexual assaults — that police have said may be the work of a single predator.

Mark Goudeau, 43, was arrested Wednesday on charges he is the man who attacked two sisters in a Phoenix park in September 2005. He was booked on suspicion of aggravated assault, kidnapping, sexual assault and sexual abuse. He was held without bail.

"This suspect has been arrested for the sexual assault in one case only and is not connected to any other case in this series at this time," Phoenix Police Chief Jack Harris said.

"We will continue to pore over evidence we have obtained, and further analysis is forthcoming," he said.

Police Cmdr. Kim Humphrey said investigators spent Thursday contacting victims and witnesses from other crimes to see whether any could pick Goudeau out of a photo lineup. Humphrey said Goudeau resembles a widely circulated police sketch depicting the Baseline Killer as a man with dreadlocks.

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The address listed for Goudeau, an ex-convict, is in an area where many of the Baseline Killer's 23 crimes were clustered.

In the past, the Phoenix police have said that the attack on the two sisters was believed to be part of the series of sexual assaults, robberies and slayings blamed on a serial predator whose earliest crimes happened along the city's Baseline Road.

The Baseline Killer has been linked to crimes dating to August 2005, including eight killings, 11 sexual assaults of women and girls, and several robberies. Investigators have said they connected the crimes through either forensic evidence or similarities in the way they were committed.

Only 11 of the 23 Baseline Killer crimes have been forensically linked. The sexual assaults of the two sisters in which Goudeau is charged is not one of the 11, police Sgt. Andy Hill said.

Hill said forensic evidence tied Goudeau to the attack on the sisters but provided no details.

Goudeau's family said he was singled out because he lived in the area and fits the killer's profile.

“He's innocent,” said Goudeau's niece, Ebony Goudeau. “They need a scapegoat. He didn't do it.”

Goudeau's wife, Wendy Carr, said, “My husband is innocent. This is a huge miscarriage of justice.”

Records from the Arizona Department of Corrections show Goudeau was released from prison in March 2004 after serving 13 years for aggravated assault, armed robbery and kidnapping.

Harris said police first got a tip with Goudeau's name in mid-July. Another tip was passed along to Phoenix detectives by investigators at the corrections department. Goudeau was questioned after his name surfaced, but he didn't become a suspect until last weekend, Humphrey said. At that point, police put Goudeau under surveillance.

On Wednesday, a DNA sample that Goudeau provided in prison was matched to evidence from the September 2005 sexual assaults, Humphrey said. Corrections Director Dora Schriro said her agency had made Goudeau's DNA sample available to Phoenix police.

Detectives need time to “work through everything else,” Assistant Phoenix Police Chief Kevin Robinson said. “Further charges are quite possible, but we're not there yet,” he said.

Goudeau was arrested during a traffic stop about 5 p.m. Wednesday. Police then searched his east-central Phoenix home and two cars.

The Baseline Killer case is one of two serial-killer cases that have shaken the Phoenix area. In the other, dubbed the Serial Shooter investigation, police arrested Dale Hausner, 33, and Samuel Dieteman, 30, last month. The roommates are charged with murder and attempted murder in 16 shootings, two of them fatal.

Despite Charges, Prep Football Standout Remains Tackle-Eligible (WP)

By Eli Saslow And Josh Barr

The Washington Post, September 8, 2006

They have decided, as a team, that Pat Lazear's troubles no longer exist. He and four friends were never arrested for the robbery of a Bethesda smoothie shop. Police never charged Lazear with two felonies. The Montgomery County school system never forced him to transfer from Whitman High School before his senior year.

None of the incidents is relevant to Lazear's new football teammates at Wheaton High School, so they've instituted a simple rule: Treat Lazear as if his life began Aug. 15, when the All-Met linebacker arrived at Wheaton's practice field and revived the school's football team.

More than five months after he allegedly drove the getaway car in a felony robbery and three months after Whitman forced him to finish his junior year at home, Lazear, 17, has reclaimed his place in football's hierarchy. More than 20 Division I colleges have offered Lazear scholarships, and he will likely choose between Alabama and Ohio State. Coaches at Wheaton consider Lazear's arrival to be the luckiest incident in the team's recent history. Teammates voted Lazear captain, even though the Maryland judicial system forces him to wear a black ankle monitor so it can track his whereabouts.

Lazear will face armed robbery charges as an adult in a trial set for Nov. 29, but his football community has already rendered its own verdict: His guilt or innocence hardly matters, Wheaton players and coaches said. Lazear has transformed Wheaton into a playoff contender, and he will start on offense, defense and as the punter tonight in the season-opening game at Seneca Valley.

"We're going to keep the past in the past and let him focus on football," said Tommy Neal, Wheaton's first-year football coach. "I told him: 'I don't care what happened in the past. Let's make this situation the best for everybody.' "

Lazear had worried briefly that his high school football career had ended May 18, when police came to Whitman, an academically acclaimed school that draws its students from upscale neighborhoods in Bethesda. They arrested Lazear for armed robbery and conspiracy to commit armed robbery -- charges that each carry a maximum penalty of 20 years in prison. The charges stemmed from an incident March 30 when, police said, Lazear met three friends -- Justin Schweiger, Tommy

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Ashley and Robert Warren -- with plans to rob the Smoothie King in downtown Bethesda where classmate Alex Krouskas worked.

According to charging documents, Lazear provided a gun -- his attorney claims it was a replica not capable of firing -- and dropped Warren off at the smoothie shop. Warren allegedly showed the gun and left the store with $463. According to testimony and police statements, the Whitman classmates then switched into a different car, divided the money and met Krouskas at a pizzeria later that night. Lazear refuses to talk specifically about the charges until his trial.

In May, Whitman asked Lazear to finish his school year at home. Whitman principal Alan Goodwin recommended expulsion, but an arbiter overturned that recommendation. Montgomery County reassigned Lazear to Wheaton, where he can attend classes and play football.

"I'm just going to go out and prove what I can do on the field," Lazear said. "People can say whatever they want to say to me, but after one play they're not going to be talking anymore. A player is a player no matter where you are. That's my philosophy. I'm just trying to put this all behind me."

Lazear learned last week that moving on might be more difficult than he had hoped. A Montgomery County Circuit Court judge denied Lazear's motion to move his charges to juvenile court despite a long list of character witnesses who testified on Lazear's behalf. One witness after another stepped to the stand and characterized Lazear as an athletic leader: a former judge who met Lazear at a gym; a personal trainer; a youth football coach; a Whitman wrestling coach; a Wheaton football assistant who testified in his Montgomery County police uniform.

But in his ruling, Judge Joseph A. Dugan Jr. said Lazear's track record contradicted that depiction. The judge referenced Lazear's previous offense -- the use of a stolen credit card to buy a $130 pair of sneakers in November 2004 -- and the ensuing 90 days of court supervision.

"Ten months later, not only is that all forgotten, but you're involved in a robbery with a dangerous weapon," Dugan said while delivering his verdict.

"My take on the seriousness of the offense and your role in it weighs very heavily against you going to juvenile court. Good people do not do this. This is not 'boys will be boys.' "

Schweiger also had his motion to move his charges to juvenile court denied last week; next week, Ashley, Krouskas and Warren will have similar motions heard.

The same week that Lazear's motion was heard, his new teammates submitted their choices for team captain, and they picked a player who is still working to memorize his teammates' names. It was a selection that said less about character than ability, Lazear admitted. Just by showing up, Lazear transformed a mediocre team into a threat to make Maryland's 3A West Region playoffs. Wheaton, which won its only state title in 1996, has not had a winning varsity season for three years, and Lazear has infused the team with optimism that it will end that streak.

"They know this is a way better team with me," Lazear said. "I'm a captain because I'm going to be a leader on the football field. I'm going to make sure we go out every Friday night and get things done."

On Aug. 14, the night before Lazear practiced with Wheaton for the first time, a handful of Wheaton players gathered to talk about their new teammate. Elijah Davis, a talented running back, invited four starters to his house and logged on to a recruiting Web site. They replayed 10-second clips of Lazear's highlights for almost an hour. "We were all gathered around the computer just like in shock," Davis said. "It was like . . . 'This guy is going to make us good.' "

Without so much as playing in a game, Lazear has already earned a reputation as his team's hardest hitter and most athletic offensive threat. At 6 feet 2 and 225 pounds, Lazear runs the 40-yard dash in 4.6 seconds. He made 124 tackles at Whitman last season, and he gained 1,068 yards and scored 18 touchdowns as a running back.

Lazear said his ankle monitor is light enough that he hardly notices it when he plays, and it will not encumber him. Even though Maryland high school players are not allowed to wear jewelry on the field, Lazear will be able to play with the monitor. "The umpire will inspect it before the game and make sure it is adequately padded," said Ned Sparks, executive director of the Maryland Public Secondary Schools Athletic Association. Wheaton coaches said Lazear fits well in their offensive and defense schemes, which Neal designed to spread the field and maximize the importance of speed. Lazear will start at inside linebacker, and he'll rotate with Davis, a senior, at fullback and running back.

"I'd be a fool to take him off the field," Neal said. "He'll play both ways all the time and do everything for us. Pat sees this as an opportunity to put Wheaton back on the map."

That Lazear gets that chance has generated little controversy. A few parents called Wheaton's athletic director, but he said most feedback remained positive. The county school board received about 10 letters in June pertaining to the charged students, and most consisted of family friends offering support. The letters echoed a common theme: Even teenagers who make mistakes need to participate in school.

But football?

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"He wouldn't be playing on Friday or Saturday or anytime" in Prince George's County, said a football coach from that county who asked not to be named because of the sensitivity of the issue. "That just isn't happening. Let's be real."

In Lazear's hearing last week, the judge asked Angela Lazear if she considered punishing her son by taking away football. "We don't look at football as an extracurricular activity," she said. "We look at it as an opportunity . . . to pay for his school. . . . We have never considered that. It would ruin his future."

After his arrest, Lazear said he worried that colleges would rescind scholarship offers. North Carolina State stopped its recruitment, Lazear said, and a Notre Dame coach visited Whitman to tell him the school would no longer pursue him. But Lazear still receives frequent text messages from coaches at Alabama and Ohio State among others.

"Coaches have said pretty much, 'We hope you can get it taken care of,' " Angela Lazear said during testimony last week. "It's been a hanging threat over our heads."

Lazear's attorney, the prosecutor and the judge debated Lazear's college prospects at the hearing. Said Dugan: "It depends how good he is. Even if he is convicted of armed robbery, some school out there will take him."

The judge will allow Lazear to visit Ohio State in early October, so long as a parent stays with him at all times, because he is also attending a family function. Although Paul Kemp, Lazear's attorney, told Dugan in court that he doesn't anticipate requesting any other college trips, Lazear said otherwise. "I might take some of my official trips," Lazear said, "like just as vacations."

It's been a long time since Lazear enjoyed such freedom. In May, the court issued a curfew that forced Lazear to be home by 7 p.m. Dugan extended that curfew to accommodate practice and games. "The curfew sucks," Lazear said. "I was going to have this great summer -- go on fishing trips, get a job, go to the beach. I couldn't do any of it."

Lazear said the focus of his next four months is simple: "I want to get a [championship] ring, finish school and just get to college," he said. Lazear is taking an English correspondence course through Brigham Young University that will enable him to graduate in December. He hopes to enroll in college in January to spend an extra semester taking classes and practicing with the football team.

Lazear anticipates going to trial in November, but Kemp, who once defended boxer Mike Tyson, said a plea agreement is possible.

Lazear will wait for the resolution of his criminal charges before making his college announcement. He said the ESPNU television network is interested in a live broadcast of the announcement.

"Even if the punishment is worse, I just want to get it over with and move on," Lazear said. "If this drags on . . . it might mess up getting to school and getting started with football."

CIVIL LAW:

Court: Wife Of Bulger Victim Cannot Sue (BOS)

The Boston Globe, September 8, 2006

BOSTON

A federal appeals court ruled yesterday that the wife of a Quincy safecracker who was kidnapped, tortured, and killed in 1983 by longtime FBI informants James ``Whitey" Bulger and Stephen ``The Rifleman" Flemmi can't sue the government because she waited too long to file her $50 million lawsuit. The US Court of Appeals for the First Circuit upheld a judge's dismissal of Elaine Barrett's lawsuit last year, finding that she knew by March 2000 that the FBI's mishandling of Bulger and Flemmi resulted in the murder of her husband, Arthur ``Bucky" Barrett, yet she waited nearly three years to file a claim. The Federal Tort Claims Act required Elaine Barrett to file her claim within two years of learning that FBI negligence played a role , the court found. Earlier this week, US District Judge Reginald C. Lindsay, the same judge who dismissed Barrett's suit, ordered the government to pay $3.1 million to the mother of Quincy fisherman John McIntyre, who was murdered in 1984.

Detective enters race for Wilkerson's seat A Boston police detective and former state representative announced yesterday that he will try to unseat state Senator Dianne Wilkerson in the Sept. 19 write-in campaign. John Kelleher , a Democrat who served in the House of Representatives from 1973 to 1978, said he will fund his campaign with his own money and is taking a leave of absence from the department without pay to run for Wilkerson's seat. Wilkerson, who has a history of legal problems, failed to garner the 300 signatures needed to get her name on the ballot this year, forcing her to wage a write-in campaign. Kelleher, a 32-year veteran of the Police Department, is the third challenger to enter the race. Republican Samiyah Diaz and Democrat Sonia Chang-Diaz, both 28, are vying for the seat.

NEWTON

DOJ_NMG_0059802

Indecent assault at book shop alleged A 9-year-old girl says she was the victim of an indecent assault at the New England Mobile Book Fair in Newton, making her the third girl to report such an attack at the business since June 2005, police said yesterday. The latest alleged assault occurred on Sept. 1 at about 7:30 p.m., when the girl walked unaccompanied through the 49-year-old bookstore's juvenile section, Newton police said. The girl described her assailant as a white man with red, curly hair, a goatee, and a light-blue shirt. She said the man fled the bookstore afterward. Steve Gans, the bookstore's chief operating officer, said they have taken measures to find the suspect, such as installing security cameras throughout the building. He said the bookstore has turned over video images to police. Anyone with information is asked to call Newton's detective bureau at 617-796-2104 or the department's tips line at 617-796-2121.

MASSACHUSETTS

Green-Rainbow running mate named Grace Ross, the Green-Rainbow Party candidate for governor, yesterday announced a new running mate, Martina Robinson of Belchertown. The announcement qualifies Ross and Robinson for the November ballot. She replaces Wendy Van Horne, who dropped off the ticket last week for personal reasons. Ross described Robinson, 30, as a disability rights activist. Robinson, who has cerebral palsy, has been active in American Disabled for Attendant Programs Today for more than 15 years.

BRAINTREE

Resident, neighbor injured in house fire A Braintree man was seriously injured in a fire in his Cape-style home on Arthur Street yesterday, Fire Department Lieutenant Dan McDonnell said. Firefighters arrived at the scene at 7:38 a.m. and found Joe Stover, 69, and neighbor Robert O'Toole, 44, inside near the front door. Officials believe that O'Toole entered the home to rescue Stover, McDonnell said. Stover was rushed to Massachusetts General Hospital with serious injuries, and O'Toole was taken to South Shore Hospital suffering from smoke inhalation. The fire is under investigation.

CAMBRIDGE

Reporter held hostage is named fellow Jill Carroll, the Christian Science Monitor writer who was held hostage for nearly three months in Iraq, is among the new class of fellows announced yesterday by the Joan Shorenstein Center on the Press, Politics and Public Policy at Harvard's John F. Kennedy School of Government. The Shorenstein Fellows will work on research projects while at the center. Carroll plans to analyze the decline of foreign bureaus following changes in the newspaper industry. The other 2006 fellows are: Garance Franke-Ruta, senior editor at The American Prospect; William Powers, media critic for National Journal magazine; and Allan M. Siegal, former assistant managing and standards editor at The New York Times. (AP)

Xanga To Pay $1 Million In Children's Privacy Case (WP)

By Yuki Noguchi

The Washington Post, September 8, 2006

Social-networking site Xanga.com Inc. and its operators said yesterday that they would pay a $1 million fine for alleged violations of the Children's Online Privacy Protection Act, at a time of heightened parental and government concern about children's safety online.

In a settlement with the Federal Trade Commission, Xanga also agreed to increase its privacy controls after allegedly collecting, using and disclosing personal information collected from children under age 13.

The settlement named the company and its principals, Marc Ginsberg and John Hiler.

The site, with 25 million registered members, is one of several Web sites where people meet and make connections.

The settlement followed numerous congressional hearings and several legislative proposals aimed at addressing concerns that younger Internet users are exposing themselves online to sexual and financial predators. MySpace, after complaints and media reports that its site was being used by sexual predators, this year hired a security chief.

The law "requires all commercial Web sites, including operators of social networking sites like Xanga, to give parents notice and obtain their consent before collecting personal information from kids they know are under 13," FTC Chairman Deborah Platt Majoras said in a written statement. Although the site said children under 13 were not permitted to join, it accepted registrations from those who submitted birth dates indicating that they were underage.

Hiler, Xanga's chief executive, said the company has hired a chief safety officer and would add safeguards to help it police the site for use by underage members.

"When these issues came to our attention, we instituted a stronger, more comprehensive safety and compliance program," Hiler said.

Prison Whistleblower (quietly) Honored (MCT)

By Michael Doyle, McClatchy Newspapers

McClatchy, September 8, 2006

DOJ_NMG_0059803

WASHINGTON -- Leroy Smith paid a price for blowing the whistle at Atwater federal prison. On Thursday, the Bush administration paid him back with some honors.

In a ceremony that vindicated Smith's work, but does not erase the pain he endured, the Office of Special Counsel presented Smith with its 2006 Public Servant Award. The award recognizes the prison safety officer as the nation's "outstanding whistleblower."

Smith had revealed that Atwater inmates and prison workers were being exposed to dangerous chemicals while recycling old computers. After prison officials minimized the health problems, Smith continued to pursue the complaints with the Office of Special Counsel.

"It's a great honor to receive this award," Smith said. "It gives some hope, and it gives some non-hope."

Smith's ambivalence arose because of a peculiar twist that tainted the award presentation itself, and seemingly raised questions about ongoing government concern about the charges he raised.

Some five years ago, Smith began calling attention to the computer recycling program at what is formally called United States Penitentiary Atwater. He reported that about 120 inmates were busting the old computers open with hammers, spreading toxic chemicals into the air.

Cancer, kidney disease, central nervous system ailments and other health problems have all been linked to toxic exposure.

"The inmates are seriously sick," Smith said, "and also they are contaminating the environment. They were sending this stuff out to landfills ... and water treatment plants."

Smith eventually brought the complaints to the Office of Special Counsel, an independent federal agency responsible for protecting whistleblowers and investigating their complaints.

"Managers recklessly, and in some cases knowingly, exposed inmates and staff to unsafe levels of lead, cadmium and other hazardous materials over a period of years," Scott Bloch of the Office of Special Counsel concluded in a 53-page report finished earlier this year.

Bloch, in written remarks prepared for delivery Thursday, added that prison officials "did nothing to stop (the hazards), and indeed frustrated attempts to investigate the matter." Smith's superiors at the Atwater prison, located on the grounds of the former Castle Air Force Base, reportedly rebuffed his efforts to install stronger safety protections.

Two separate reports by the federal Bureau of Prisons were "sadly inadequate," Bloch declared. As a result of Bloch's follow-up inquiry, the Justice Department's Office of Inspector General is now conducting its own investigation.

"All of us need to appreciate what Mr. Smith did," Bloch declared in his prepared written statement, "not just for the employees and inmates, but for the integrity of the system, and for the next time someone needs to step forward and bring the truth to light."

Bloch, however, never delivered his remarks in public.

The 42-year-old Smith was supposed to attend a formal ceremony Thursday afternoon, along with his wife, at the Office of Special Counsel's quarters in downtown Washington. Symbolizing the high-level recognition, Democratic Rep. Dennis Cardoza of Merced was going to attend.

But 15 minutes before the ceremony was set to start, Smith said his attorney learned the event was being cancelled. Instead, he was advised his award and certificate were simply being dropped in the mail.

Smith, backed by a whistleblowers' group called Public Employees for Environmental Responsibility, said he believes the canceled award ceremony reflected federal officials' fears about what he might say in public.

"I think they did not think I was going to give them a good review during the award ceremony," Smith said.

Loren Smith, spokesman for the Office of Special Counsel, said the event actually had to be canceled because one of the office's staffers had a death in her family. "We did not feel we could proceed in the event without her," Smith said.

Following his original complaints, Smith went on leave for a time because of stress and physical ailments he attributes to his treatment by prison officials. A 14-year veteran of the federal Bureau of Prisons, he is now working as a prison safety officer in Tucson, Ariz.

(Distributed by Scripps-McClatchy Western Service.)

CIVIL RIGHTS:

Appeals Court Hears Arguments Over Legislative Prayers (AP)

By Mike Smith

AP, September 8, 2006

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INDIANAPOLIS - Indiana's battle over prayer in the state House of Representatives headed to the 7th U.S. Circuit Court of Appeals Thursday in a case House Speaker Brian Bosma and one judge say could have national ramifications.

The U.S. Department of Justice and lawyers for Bosma urged a three-judge panel in Chicago to overturn a lower court ruling prohibiting the House from opening its daily business with sectarian prayers.

The same 7th Circuit panel voted 2-1 last spring to deny Bosma's request to temporarily lift the ban while the case was appealed. But the court said the case deserved review because it involved internal proceedings of a legislative body and raised important federalism concerns.

"The court clearly recognizes that this decision has implications far beyond the Indiana House of Representatives," Bosma, R-Indianapolis, said after the arguments.

Prayer in the Indiana House was a tradition for 189 years until the American Civil Liberties Union of Indiana challenged the practice on behalf of four people, who believed the prayers - usually Christian - were offensive and violated the constitutional separation of church and state.

Of 53 opening prayers during the 2005 House session, 41 were given by clergy identified with Christian churches and at least 29 mentioned Jesus Christ.

The ACLU claimed the practice violated a 1983 U.S. Supreme Court decision that the civil liberties group said permitted only nonsectarian prayer before legislative sessions. The ruling, in a Nebraska case, permitted legislative prayers if they did not "proselytize or advance any one or ... disparage any other faith or belief."

A footnote in the ruling said a chaplain for Nebraska's legislature had removed all references to Christ in his invocations.

Ken Falk, legal director of the ACLU of Indiana who argued the case Thursday, said numerous lower courts have interpreted the ruling as meaning sectarian legislative prayers violate the church-state separation.

"This was government speech regulated by the constitution," Falk said of the Indiana prayers after Thursday's arguments. "Existing precedent requires that legislative prayers be nonsectarian, and these prayers were certainly not nonsectarian."

U.S. District Judge David Hamilton sided with the ACLU in November 2005, ruling that prayers mentioning mention Jesus Christ or using terms such as savior amount to state endorsement of a religion.

Bosma's appeal argues that the Supreme Court case focused on whether prayers tried to convert people to a certain religion. The Justice Department claims the lower court erred by "erecting a more stringent constitutional line - one that bans any sectarian reference."

Both argue that Hamilton's ruling would require courts to make theological distinctions between sectarian and nonsectarian prayer.

In a brief filed in the case, the Justice Department says the United States has a substantial interest in the matter.

"The United States Congress, from the first Continental Congress in 1774, has appointed chaplains to open each legislative day with an invocation, and the prayers have frequently included sectarian references, including references to particular religious deities," the brief noted.

Appeals court Judge Michael Kane, the lone dissenter last spring, said then that case law supports the proposition that the Supreme Court has approved only nonsectarian prayer but that "powerful arguments to the contrary remain."

Bosma said Kane told attorneys Thursday that the case was "a surrogate for prayer in Congress" and could apply to "every state, local or national level of government that has prayer today."

Since Hamilton's ruling, several Indiana House members have gathered at the back of the chamber and prayed - often mentioning Christ. Falk says he has no problem with that, since it was done privately before official legislative business began.

The ruling also prompted U.S. Rep. Mike Sodrel, R-Ind., to file a bill that would bar federal judges from ruling on the content of prayer in state legislatures. It is pending in a House committee, according to Sodrel's office.

A provision that would prohibit using federal funds to enforce Hamilton's ruling was amended into an appropriations bill that passed the House and is now before the Senate.

It could be weeks or months before the appeals court rules. Bosma said he believes the case ultimately will be decided by the U.S. Supreme Court.

3rd Circuit Reverses Itself On Groundbreaking Sex Discrimination Ruling (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, September 8, 2006

In a judicial about-face, the 3rd U.S. Circuit Court of Appeals has reversed itself and upheld a lower court's dismissal of sex discrimination claims against Gannon University, a Catholic diocesan college in Erie, Pa., brought by a woman who said she was ousted from her post as chaplain only because she is a woman.

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In Petruska v. Gannon University, the court vacated a groundbreaking opinion authored by the late Judge Edward R. Becker just prior to his death in May that had revived Lynette M. Petruska's lawsuit and rejected the university's defense under the "ministerial exception" to Title VII.

Becker found that the ministerial exception should be "carefully tailored" and applied only when the alleged discrimination somehow relates to the religious beliefs, doctrine or internal regulations of a church.

"Where a church discriminates for reasons unrelated to religion, we hold that the Constitution does not foreclose Title VII suits," Becker wrote.

"Employment discrimination unconnected to religious belief, religious doctrine or the internal regulations of a church is simply the exercise of intolerance, not the free exercise of religion that the Constitution protects," Becker wrote in an opinion joined by Judge Richard L. Nygaard.

But in a dissent, Judge D. Brooks Smith said he believed Becker's opinion "effectively refuses to recognize any ministerial exception, placing this court at odds with every other federal court of appeals to consider the issue."

Smith said he disagreed with Becker's "fundamental premise that a church's choice regarding who performs particular spiritual functions is not necessarily a religious decision."

Instead, Smith said, "In my view, such a decision is, by its very nature, a religious one. Consequently, government interference with that decision necessarily infringes on a church's free exercise of religion and entangles the courts in religious matters."

Becker had died by the time Gannon University's lawyers filed a motion for rehearing, and the case was assigned to a newly constituted three-judge panel.

Because Judge Richard L. Nygaard had recused himself, two new judges -- Robert E. Cowen and Morton I. Greenberg -- were added to join Smith in deciding the motion for rehearing.

Now the new panel has issued a unanimous decision authored by Smith that significantly broadens the scope of the ministerial exception.

"Today, we join seven of our sister circuits in adopting the exception and hold that it applies to any claim, the resolution of which would limit a religious institution's right to choose who will perform particular spiritual functions," Smith wrote.

According to court papers, Lynette M. Petruska was hired in July 1997 by Gannon University to serve as its director of social concerns. Two years later, she was appointed chaplain -- the first female chaplain in Gannon's history.

Petruska claims that, prior to accepting the position, she sought assurances from Gannon's president, David Rubino, that she would not be replaced when the Rev. Nicholas Rouch returned from his study in Rome or when another male became available.

The suit alleges that Petruska knew that Gannon had a practice of gender discrimination and that Bishop Donald Trautman, the chairman of Gannon's board of directors, had a reputation for being unable to work with women and for removing women from leadership positions.

Petruska claims she was assured that decisions regarding her tenure as chaplain would be based solely on her performance and not her gender.

In her role as chaplain, the suit says, Petruska served as the equivalent of a vice president. Her post was a cabinet-level position on the president's staff and she was co-chairwoman of Gannon's Catholic Identity Task Force. Her religious duties included holding prayer services and planning liturgies.

Soon after her appointment, the suit says, Rubino was forced to take a leave of absence when he was accused of having a sexual affair with a female subordinate. According to court papers, Rubino admitted the affair to several university officials.

When a different female employee later accused Rubino of sexual harassment, the suit says, Petruska was instrumental in bringing her claim to the attention of top university officials.

But Petruska alleges that the university "began a campaign to conceal Rubino's misconduct."

According to the suit, Petruska soon found herself at odds with Gannon's new president, Thomas Ostrowski, who took over after Rubino resigned in May of 2000.

Petruska was serving on Gannon's sexual harassment committee as the university was in the process of revising its policy. The suit says that, although several of Gannon's lawyers advocated limiting the time period in which grievances could be filed, Petruska disagreed and her view ultimately prevailed. She was also involved in preparing a report that criticized Gannon's discrimination and harassment policies.

Despite a request from Ostrowski, the committee refused to modify portions of its report that criticized the university, the suit says.

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When Rouch returned from Rome, the suit says, the chaplain's division was put under his control, making Petruska Rouch's subordinate. Ostrowski allegedly told Petruska that the proposed action was being taken solely on the basis of Petruska's gender.

The suit also alleges that Ostrowski was informed that once a new president was appointed, Trautman intended to "clean house" by removing three high-ranking university officials -- including Petruska -- all of whom were female.

In May 2001, Antoine Garibaldi was appointed president of Gannon, the suit says, and Petruska was told about a year later that he had decided to "restructure" the university, that she would be removed from the president's staff.

Petruska claims she became convinced that she was on the verge of being fired, and that she decided instead to resign in October 2002.

The suit says that after Petruska's resignation, Rouch repeatedly told Gannon students and staff that a woman would not be considered to replace Petruska as chaplain.

Petruska filed suit in federal court in Pittsburgh alleging Title VII claims of sex discrimination and retaliation, as well as state law claims of fraudulent misrepresentation, civil conspiracy, breach of contract, and negligent supervision and retention.

But U.S. District Judge Sean J. McLaughlin dismissed the entire suit, holding that under the ministerial exception, a religious institution cannot be sued under federal anti-discrimination laws.

Now the 3rd Circuit has upheld most of McLaughlin's ruling, but found that Petruska should be allowed to pursue her claim of breach of contract.

Although the 3rd Circuit has never considered the scope of the ministerial exception, Smith found that seven other circuits have, and that all of them have concluded that applying Title VII to a minister-church relationship "would violate -- or would risk violating -- the First Amendment."

When a claim involves the church's selection of clergy, Smith said, most of the circuits have held that "the exception bars any inquiry into a religious organization's underlying motivation for the contested employment decision."

In applying the exception, Smith said, courts must decide "only whether the resolution of the plaintiff's claim would limit a church's right to choose who will perform particular spiritual functions."

The exception is also limited, Smith said, because "it does not apply to all employment decisions by religious institutions, nor does it apply to all claims by ministers. It applies only to claims involving a religious institution's choice as to who will perform spiritual functions."

But Smith found that the exception would not bar Petruska from pursuing her breach of contract claim in which she alleges that, under her contract with Gannon, she was entitled to serve on the president's staff and lead the chaplain's division.

"Application of state contract law does not involve government-imposed limits on Gannon's right to select its ministers," Smith wrote.

"Unlike the duties under Title VII and state tort law, contractual obligations are entirely voluntary. . . . Enforcement of a promise, willingly made and supported by consideration, in no way constitutes a state-imposed limit upon a church's free exercise rights," Smith wrote.

Schools' Policies On Race In Spotlight (LCJ KY)

By Chris Kenning

Louisville Courier-Journal, September 8, 2006

Conference comes amid legal challenges

More than 200 educators and civil-rights activists are gathering in Louisville for a conference on school desegregation -- at a time when such policies face landmark legal challenges.

The Louisville NAACP organized the conference to coincide with the 50th anniversary of the first school desegregation plan in Louisville, but participants said the event has taken on added significance since the U.S. Supreme Court agreed to hear cases challenging such policies in Louisville and Seattle.

"The implications are staggering," said Vanessa Siddle Walker, a speaker and Emory University professor who won a 2000 Grawemeyer Award in education. "To have a court shift what a school board is doing, and what a community values, and to create problems that many urban districts are having … it's going to take us back 100 years."

The three-day conference -- also sponsored by Jefferson County Public Schools and its teachers union, the Louisville Metro government and the University of Louisville -- is expected to draw top officials from groups such as the National Education Association and the National Association for the Advancement of Colored People to discuss the benefits, shortfalls and future of school integration.

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As part of the conference, Kentucky Educational Television will televise a "town hall" forum today from the Muhammad Ali Center. Speakers will include attorney Teddy Gordon, who is representing Crystal Meredith, a Louisville parent who challenged the district's student-assignment policies in 2003.

"It's very important to have the discussion," said Gordon, who argues that voluntary desegregation has been ineffective, costly and burdensome.

Meredith's is one of two cases that the U.S. Supreme Court is expected to rule on within the next year that may decide whether hundreds of districts in the country may, in an effort to keep schools diverse, consider race when assigning students.

Jefferson County was released in 2000 from a court-ordered desegregation plan. But it has continued to use a "managed choice" plan that gives parents some choice among schools while seeking to keep most school enrollment between 15 percent and 50 percent black. About 35 percent of the district's 97,000 students are black.

A 2001 district survey found that more than 80 percent of parents approved of the policy. Supporters say integrated schools benefit students socially and academically. Without the policy, they say, some schools would segregate.

But critics argue the district policy constitutes a discriminatory quota and hasn't eliminated racial achievement gaps.

The Bush administration recently filed a brief urging the high court to strike down Jefferson County Public Schools' policy, arguing it amounts to an illegal quota and unfairly burdens some students. The president's brother, Florida Gov. Jeb Bush, also filed a brief urging the court to find the policies unconstitutional.

If the justices agree, the implications could extend beyond education, said Michael Wotorson, the NAACP's national director of education, who will speak at the conference.

"You lay open the discussion about ongoing affirmative-action programs, not only in education, but in employment as well," he said.

Conference organizers plan to address the cases but also focus on a wide-ranging discussion of "the good, the bad and the ugly of desegregation: Did this community get what it expected," said Kathryn Wallace, education chairwoman with the NAACP.

Along with Wotorson, scheduled speakers include Marsha Smith, an executive committee member of the NEA; Lucian Yates, chairman of the school of education at Kentucky State University; and Ruby Wilkins Doyle, author of a book about the African-American experience in Louisville schools through 1975.

Workshops will cover subjects such as school integration since 1975; race and achievement; parent involvement and integration; the changing era of desegregation; and the number of teachers from culturally diverse backgrounds.

Reporter Chris Kenning can be reached at (502) 582-4697.

Let Schools 'Look Like America,' Too (LAT)

The Los Angeles Times, September 8, 2006

TO HIS CREDIT, PRESIDENT BUSH chose a Cabinet that (to quote former President Clinton) "looks like America." Now the same administration that takes race into account in assembling a government has asked the Supreme Court not to allow school districts to do the same thing in filling their classrooms.

Bush has appointed two African Americans — one a woman — as secretary of State, named the first Latino attorney general and had two Asian Americans in his original Cabinet. Of course, Bush would argue that these appointees were superbly qualified. But that doesn't mean that he was indifferent to their impact, both practically and symbolically.

Last month, Solicitor General Paul D. Clement sent a different message, filing a brief with the high court arguing that public schools in Seattle and Louisville, Ky. — and everywhere else — may not take steps to maintain a measure of racial balance. Like other school districts, Louisville and Seattle decided that bringing children of different races together makes for a better educational experience. The administration is siding with white parents who are challenging the programs as unconstitutional.

In the 1970s, such integration was fostered by what opponents called "forced busing." With federal courts no longer spearheading school integration, racial diversity in the classroom must be achieved through other kinds of pupil assignment. Many districts, including L.A. Unified, further this goal by establishing magnet schools aimed at parents who want their children to have an integrated experience.

There is a world of difference, morally and legally, between these schools and the all-white and all-black public schools that the Supreme Court outlawed in its landmark 1954 ruling in Brown vs. the Board of Education. One system was designed to separate white and black children. The other seeks to bring them together. The latter objective remains what the courts call a "compelling interest."

The Justice Department disagrees. The administration is telling the court that school systems that place a priority on diversity violate the "equal protection of the laws" guaranteed by the 14th Amendment. In his brief, Clement argues that "the use

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of a racial classification to achieve a desired racial balance in public schools" is just as unconstitutional as old-fashioned racial segregation.

It may well look that way to the parents of a child — white or black — who is denied a place in a specialized school because of racial-balance guidelines. As Chief Justice John G. Roberts Jr. observed in an opinion in a voting rights case: "It's a sordid business, this divvying us up by race." Yet the high court has recognized, sometimes reluctantly, that taking account of race is the lesser of two evils when the alternative is to perpetuate segregation and stereotypes.

In a colorblind society, there would be no need for school administration to keep track of the race of its pupils. That is not, unfortunately, the society in which we live. Given segregated housing patterns and persistent racial disparities in family income, in many places the only way to bring students of different races together is to take account of race — just as Bush has done in his own administration.

ANTITRUST:

Is Time Ripe For 'Dr. Miles' To Fall? (LAW)

By Tony Mauro, Legal Times

Legal Times, September 8, 2006

The Supreme Court has moved closer toward re-examining one of the biggest and hoariest precedents in antitrust law, known to law students everywhere as the Dr. Miles rule.

In an order released Aug. 28, the Court issued a stay of a judgment of the 5th U.S. Circuit Court of Appeals in a case that squarely tests the Dr. Miles precedent.

Under that rule, established in the 1911 case of Dr. Miles Medical Co. v. John D. Park & Sons Co., minimum prices manufacturers set on what dealers can charge customers for their products are deemed as illegal per se under the Sherman Act, no matter what evidence might be presented.

The per se rule has come under increasing attack in recent years as being too rigid to take into account market factors that argue for minimum price setting -- including the perceived problem of "free-rider" discount retailers, who piggyback on the advertising, promotion and informed sales force of other merchants selling the same product.

Critics of the rule suggest the time is right to mount an attack on Dr. Miles, after the Court's last term in which it rejected two lesser-known per se antitrust rules. The rule played a role in major antitrust litigation, including the Nine West litigation, in which several states and the Federal Trade Commission sued the company for fixing the price of women's shoes. A settlement in the case was reached in early 2000.

Though the Court has not yet granted review in the pending case, Leegin Creative Leather Products v. PSKS, its agreement to stay a 5th Circuit judgment that upheld Dr. Miles is a sign of substantial interest among the justices in taking up the case.

"This is a potentially very major development," says former Solicitor General Theodore Olson, a Gibson Dunn & Crutcher partner who sought the stay on behalf of Leegin, which makes women's accessories under the Brighton's label. "A stay is only granted if the justices regard a grant of cert as reasonably likely and there is a fair prospect that the decision below is erroneous."

But Olson's adversary, Wichita, Kan., lawyer Robert Coykendall, cautions that the case is still in its early stages and could be denied review by the Court. He also dismisses the Dr. Miles precedent as a "quiet little backwater issue" that has "high visibility but low impact." He says the case has been weakened by subsequent Court rulings and no longer is as important as it once was.

Coykendall, a partner in the Wichita firm Morris, Laing, Evans, Brock & Kennedy, represents PSKS, owner of the retail shop Kay's Kloset in Flower Mound, Texas. In violation of a price-setting agreement imposed by Leegin, the store discounted Brighton products, prompting Leegen to bar the shop from selling its products anymore.

PSKS sued, claiming illegal price fixing. The jury, adopting the Dr. Miles per se rule, awarded PSKS $3.6 million in damages and $375,000 in attorney fees. The 5th Circuit affirmed. Olson obtained from the high court a stay in the payment of damages and fees.

The rule has been a favorite target of the free-market-oriented "Chicago School" of economists. Five years ago, influential 7th Circuit Judge Richard Posner called the Dr. Miles rule "a sad mistake."

Former D.C. Circuit judge Robert Bork has described the precedent as "one decisive misstep that has controlled a whole body of law."

William & Mary law professor Alan Meese, who has criticized the rule in academic writings called it the "last fortress" of those who oppose the Chicago school, and said it "may well have significant support in Congress."

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Former Clinton-era FTC Chairman Robert Pitofsky, a fan of the precedent, predicts a battle royal if the Court takes a case challenging it. Asserting that the current administration has shown little interest in anti-price-fixing enforcement, the Georgetown University Law Center professor says, "It's a choice between the per se rule and no enforcement at all." If Dr. Miles falls, he says, "consumer groups will be very unhappy, and the price cutters will be, too."

Judge OKs New Microsoft Antitrust Deadline (CNET)

By Anne Broache, CNET News.com

CNET News, September 8, 2006

WASHINGTON--A federal judge has granted a two-year extension of portions of the landmark antitrust agreement reached by U.S. and state government plaintiffs with Microsoft.

At a periodic status conference here on Thursday, U.S. District Judge Colleen Kollar-Kotelly granted formal approval to the extension, saying she was satisfied with the parties' justifications for the extra time. The judge also said she would sign off, as expected, on the changes to the final judgment, which she initially approved in 2002.

Last week, the Justice Department and Microsoft filed a joint motion seeking an extension until Nov. 12, 2009, of provisions of the settlement relating to the Microsoft Communications Protocol Program. The MCPP, a requirement of the 2002 antitrust settlement, is designed to help third-party developers in creating software that works with Windows.

Keeping tabs on the MCPP documentation effort has become the central focus of federal and state prosecutors and the judge, who all recently criticized Microsoft for dragging its feet on compliance. Microsoft is undertaking a similar project to comply with orders in Europe.

Under the modified agreement, the government would have the "unilateral" ability to ask the court to extend the provisions related to the MCPP up to 2012. The remaining portions of the settlement, which relate to other licensing and middleware obligations, would expire as scheduled on Nov. 12, 2007.

U.S. Department of Justice attorney Aaron Hoag told the judge Thursday that the government has "no substantive complaints" about Microsoft's performance in the expiring areas. The company has fully resolved, for instance, a situation last fall in which it acknowledged it had circulated a draft marketing plan that would have forced portable-music player makers to exclude rival media player software from CDs packaged with their devices.

The judge's action on Thursday was largely a procedural step. The government, in agreement with Microsoft, had already aired its plans to seek the modifications at the last status conference in May, and Kollar-Kotelly had already voiced her support.

Keeping to schedule

The revised agreement also orders Microsoft, unless otherwise ordered by the court, to keep Robert Muglia, senior vice president for the company's server and tools unit, in charge of overseeing an ongoing rewrite of the technical documentation for MCPP licensees.

Muglia, appearing before Judge Kollar-Kotelly on Thursday, said Microsoft has now assigned 250 people to the project and "placed this as the highest priority in the company." Earlier this week, Microsoft proposed a new MCPP schedule that would see licensees receiving a first version of the technical documentation by May 2007, subject to further revision and testing.

"I do believe the schedule is achievable," Muglia said. "It is not without risk, however, because any engineering schedule is not without risk."

The state and federal prosecutors said Thursday that they remained "surprised" at the length of time Microsoft estimates the rewrite project will take and plan to keep a close watch. "It's hard to know at this point how realistic this is," said Stephen Houck, an attorney for the California plaintiffs. "Or is it something being imposed on the engineers because they want to make us happy?"

Judge Kollar-Kotelly and the prosecutors said they had also taken notice of the dozen guiding principles that general counsel Brad Smith laid out at a National Press Club appearance in July. The voluntary tenets were designed to reassure the public that Microsoft is committed to competition and consumer choice, the company said.

"There has certainly been a lot of progress made since the late 1990s," Kollar-Kotelly said. "But there is still a lot to be done."

Microsoft May Delay Vista In Europe On Antitrust Case (Update2) (BLOOM)

By Matthew Newman

Bloomberg, September 8, 2006

Sept. 7 (Bloomberg) -- Microsoft Corp., the world's largest software maker, said it may delay the release of its next version of the Windows operating system in Europe if regulators demand changes to the software.

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Microsoft is waiting for a response to the company's proposals to the European Commission to ensure that Windows Vista is ``fully compliant with European law,'' said Tom Brookes, a spokesman for Redmond, Washington-based Microsoft. The commission said it is reviewing the proposal that it received last month.

Vista is two years behind schedule and a further delay may cost Microsoft hundreds of millions of dollars in revenue, Chief Financial Officer Chris Liddell said in July. Microsoft said last month that legal uncertainties in Europe may cause the company ``to delay release dates for Windows.''

``Once we receive the Commission's response, we will know whether the Commission is seeking additional product design changes that would result in delay in Europe,'' Brookes said in a statement today.

Microsoft is planning to release Vista to corporate customers in November and to retail stores in January, Brookes said.

The commission said it's ``misleading'' for the company to say that regulators may cause delays to Vista in Europe.

Microsoft's legal battle with European regulators began almost eight years ago. In March 2004, the commission ordered the company to sell a version of Windows without a media player and to provide rivals information on how Windows communicates over a network.

Microsoft has appealed that decision. Meanwhile, the European Commission, the antitrust authority of the 25-nation European Union, fined the company 280 million euros for failing to comply with the antitrust order.

Ballmer Meeting

European Competition Commissioner Neelie Kroes spoke with Microsoft Chief Executive Steve Ballmer on Aug. 22, reminding him that Microsoft must respect EU competition rules, the commission said in a statement today.

``It is up to Microsoft to accept and implement its responsibilities as a near monopolist to ensure full compliance with EU competition rules and in particular the prohibition on abuse of a dominant market position,'' the commission said in the statement.

Today's statement by Microsoft was prompted by a letter to Kroes from four European Parliament members. They told Kroes that any delay to Vista may hurt European companies.

``It is alarming that one of the world's most successful technology companies considers the European Commission's attitude a `risk factor' that might delay European companies' access to future Microsoft products such as Windows Vista,'' Chris Heaton- Harris, Peter Skinner, Sharon Bowles and Michal Kaminski wrote in a letter to Kroes today.

`Regulatory Uncertainty'

Keith Jones, managing director at DSG International Plc's PC World chain, said that any further delay in the release of Vista would ``disrupt'' the industry. PC World sold 1.75 billion pounds ($3.3 billion) of computers, accessories and related services last year.

``The possibility of a further delay in the introduction of Microsoft's new operating system Vista in Europe due to regulatory uncertainty would disrupt the computing industry,'' Jones said in an e-mailed statement.

EU regulators said in February that they're reviewing complaints against Microsoft from computer makers concerned that Vista may prevent manufacturers from customizing the software.

Complaints

Kroes sent Microsoft a letter in March outlining concerns about Vista following complaints from European and U.S. companies. A group representing International Business Machines Corp. and Oracle Corp. complained to the EU that Vista will illegally bundle security and copy-protection software.

Adobe Systems Inc. has also threatened to file an antitrust complaint against Microsoft for including its PDF technology in Office 2007, which is expected to be released at the same time as Vista.

The EU is also weighing whether to double daily antitrust fines against Microsoft to as much as 3 million euros ($3.9 million) in a dispute over whether Microsoft has complied with a previous commission order.

Shares of Microsoft fell 18 cents to $25.43 in Nasdaq Stock Market Composite trading at 4:30 p.m. New York time. They have dropped 2.8 percent this year.

To contact the reporter on this story: Matthew Newman in Brussels at Mnewman6@bloomberg.net .

Microsoft Threatens Vista Delay Amid Dispute With EU Regulators (WSJ)

By William Echikson

The Wall Street Journal, September 8, 2006

BRUSSELS -- Microsoft Corp. threatened a delay in the launch of its next-generation Vista operating system in Europe because of a standoff with regulators.

European Union regulators had "raised various concerns" about the product, a company spokesman said. Microsoft said it made "concrete proposals" to resolve these worries in the spring.

"Once we receive the [European Commission's] response, we will know whether the commission is seeking additional product design changes that would result in delay in Europe," the spokesman said. Microsoft said it has provided regulators with "extensive briefings" on Vista during the past 15 months and has given regulators copies of the product to review.

In a written response, EU antitrust spokesman Jonathan Todd said it is misleading for Microsoft to imply regulators are delaying the launch of Vista. Regulators sent Microsoft a "detailed list" of concerns about Vista at the beginning of July. Microsoft asked for an extension to reply and finally did so at the end of August. The European Union's top antitrust regulator, Neelie Kroes, spoke by telephone about the issue Aug. 22 with Microsoft Chief Executive Steve Ballmer, Mr. Todd said.

In March 2004, the European Commission fined Microsoft a record €497 million, or more than $600 million, and ordered it to change some of its business practices. The company appealed that ruling in April at an EU court. The court's decision is expected next year.

The commission fined Microsoft an additional €280.5 million in July for defying its antitrust orders. Microsoft said it will appeal that decision, too, and is expected to file court documents within the next few weeks.

Separately, four members of the European Parliament, three from the United Kingdom and one from Poland, criticized European Union regulators for their handling of an antitrust investigation into Microsoft, saying regulators' "ongoing pursuit of Microsoft" could result in delayed release of the company's products in Europe.

A delay in the release of new Microsoft products in Europe could have grave economic consequences, the parliamentarians said in a letter to Ms. Kroes.

"We have concerns that the consequences of the commission's actions are undermining Europe's goal to become the most competitive and dynamic knowledge-driven economy in the world by 2010," the letter reads.

Mr. Todd rejected the lawmakers' assertions. "There is no reason why Microsoft cannot market Vista in a way that is fully compliant with competition regulations," he said.

Valero Energy Weighing Purchase Of One Or More Oil Refineries In Europe (BLOOM)

Bloomberg, September 8, 2006

Valero Energy Corp., North America's largest refiner, is looking to possible plant acquisitions in Europe to keep revenue growing and gain flexibility to capitalize on shifts in profit margins across continents.

Europe represents "a growth platform," Executive Vice President Richard Marcogliese said in a meeting Wednesday with workers at Valero's Corpus Christi refinery.

The San Antonio-based company is looking to overseas purchases and is considering expansions into other industries, such as chemicals, as U.S. refinery acquisitions become too expensive.

Valero already sells some fuel in Europe from its Aruba refinery. Having one or more plants in Europe would let it shift more of its sales when market swings make fuels more profitable on one continent than another.

"With our refinery in Aruba and two U.S. East Coast refineries, a European refinery could create opportunities to optimize our business across the Atlantic region," Marcogliese said later in an interview.

Another consideration for Valero is that it won't be inhibited by antitrust concerns in Europe, Marcogliese said. For example, he said, the Federal Trade Commission wouldn't let Valero acquire any more plants in California out of concern it would have too much market dominance there.

Chief Executive Officer Bill Klesse said in a January interview that Valero may make overseas acquisitions after spending $19 billion on U.S. deals in the past decade. In June, he told investors that Valero bowed out of the bidding for plants in Houston and Newfoundland because the prices were too high.

Valero's acquisition last year of Premcor Inc. valued its four refineries at about 75 percent of what it would cost to build them today, the most the company has ever paid, Marcogliese said. The latest refinery deals in North America valued plants at full replacement cost, he said.

The company may expand processing capacity at its plants by 11 percent, to 3.65 million barrels of oil a day, in the next five years, Marcogliese said. Those projects would cost an estimated $5 billion.

"Valero remains a growth company," Marcogliese said. "The acquisition market is a little bit overheated, so we may just focus on internal expansion this year."

Expansion work in 2006 will add $250 million to annual operating income, or revenue minus costs to supply and operate refineries, Marcogliese said.

"Valero has made quite a few acquisitions, and this is an ideal time to consolidate them," said Robert Hinckley, an analyst at Rochdale Securities in New York who rates Valero shares at "buy" and doesn't own any. "They'll probably continue to tweak their existing refineries to get more capacity out of them in this environment."

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Wright Law Revision In Holding Pattern (DMN)

By Sudeep Reddy, The Dallas Morning News

The Dallas Morning News, September 8, 2006

House panel weighing antitrust issues to take measure up next week

WASHINGTON – Legislators from North Texas continued scrambling Thursday to ease antitrust concerns in legislation to lift the Wright amendment.

But they'll have to wait another tense week.

The House Judiciary Committee deferred consideration of the bill that would end flight restrictions at Dallas Love Field. Other items on the panel's agenda forced the Wright battle into next week.

DallasNews.com/Extra

Read the letter from the Consumer Federation of America and Consumers Union (.pdf)

The panel was scheduled to consider language in the Wright bill related to competition laws and antitrust issues that have drawn concerns from key lawmakers.

The powerful chairman of the Judiciary Committee, Rep. James Sensenbrenner, R-Wis., has objected to parts of the legislation that could exempt American Airlines Inc. and Southwest Airlines Co. from laws governing competition.

The two North Texas carriers and other parties to the deal agreed Wednesday to remove a short phrase that would effectively immunize the deal from a legal challenge under competition laws. But it was unclear whether that would satisfy Mr. Sensenbrenner.

The legislation, which has already passed the House Transportation and Infrastructure Committee, would implement terms of a June agreement among American, Southwest, the cities of Dallas and Fort Worth and Dallas/Fort Worth International Airport.

Ongoing talks

Key lawmakers and their aides continued trading ideas Thursday with the agreement's backers and the staff of the Judiciary Committee, looking for changes that might satisfy Mr. Sensenbrenner.

"The fact that they're still working on it is good," said Rep. Kenny Marchant, R-Coppell.

The bill would repeal Wright after eight years, while immediately allowing for one-stop tickets anywhere in the U.S., as long as passengers first stopped within the nine-state Wright perimeter.

The agreement would also cut the number of gates at Love to 20 from 32, to compensate for an expected increase in traffic and noise at the inner-city airport.

The gate cuts would require demolishing a six-gate facility owned by Love Terminal Partners L.P. The group, which is suing the parties to the agreement under antitrust law, has lobbied against the legislation.

Forcing delays

Lawmakers acknowledged that the group's efforts have slowed the bill's movement.

"I don't think you're going to get the Love Terminal guys happy," Mr. Marchant said. "Hopefully that's not the test for it."

Critics say the gate reduction would reduce the potential for competition at Love Field.

This week, two prominent consumer advocacy groups became the latest to oppose the Wright bill.

Officials from Consumers Union and the Consumer Federation of America wrote to the heads of the House and Senate judiciary committees that the legislation "dramatically fails consumers and is a violation of antitrust laws."

Rep. Joe Barton, R-Ennis, chair of another powerful House committee, expected the bill to reach the House floor despite the concerns.

"I don't think there are any antitrust issues in the bill," Mr. Barton said. "We will either reach some accommodation on the Judiciary Committee or we'll move it out without changes."

Rep. Lamar Smith, R-San Antonio, said the Judiciary Committee's next likely opportunity to consider amendments would be Wednesday. The panel's authority to review the bill expires Sept. 15.

Backers remained hopeful.

"We're still confident that once the committee reviews the legislation, they'll approve it," said Southwest spokeswoman Beth Harbin.

Staff writer Terry Maxon contributed to this report from Dallas.

Alcatel, Lucent Shareholders Back Merger (AFP-Y)

AFP, September 8, 2006

DOJ_NMG_0059813

Shareholders in French telecommunications equipment maker Alcatel and US group Lucent approved a merger of the two companies to create a giant valued at 21.5 billion euros (27 billion dollars).

The backing came during special general assemblies held by Lucent shareholders in Wilmington, Delaware and Alcatel shareholders in Paris.

Lucent Technologies chairwoman and chief executive, Patricia Russo, who is to be chief executive in the combined entity, said the merger would create a strong global player.

"As we have said from the start, the primary driver of this combination is to create long-term value for shareowners, customers, and employees.

"Today we received approval for the merger from Lucent's shareowners, and as a result, we are another step closer to creating the first truly global communications solutions provider with the broadest wireless, wireline and services portfolio in the industry."

The merger creates a giant valued at 21.5 billion euros (27 billion dollars) that will be second only to US-based Cisco Systems in the field of telecoms equipment.

Alcatel and Lucent expect to complete their marriage by the end of 2006. The companies have already cleared several key regulatory hurdles, including antitrust clearance in the United States and the European Union.

The companies have also submitted a formal notice to the Committee on Foreign Investment in the United States, seeking US governmental approval of their merger.

In 2005 the two groups would have had combined sales of 21 billion euros.

The merger plan calls for an exchange of shares, 0.1952 Alcatel shares for one Lucent share.

Alcatel would have greater weight than Lucent in the combined entity, which would be based and legally registered in Paris. Alctael shareholders would hold 60 percent of the company and Lucent shareholders 40 percent.

The two groups at the end of 2005 had a combined workforce of about 88,000 people. But with the merger an estimated 8,800 jobs are to be eliminated, the companies have said.

The tie-up is expected to result in cost savings of 1.4 billion euros a year at the end of three years, notably in administration, logistics, purchasing and research and development.

The current chairman of Alcatel, Serge Tchuruk, would become the merged group's non-executive chairman, while Russo would be its chief executive.

Russo would therefore become the first woman to lead a company quoted on France's principal exchange, the CAC 40.

The merger project was announced at the end of March and received a possitive reception on the stock market. Tchuruk at the time argued that Alcatel and Lucent were "complementary" and that the telecom equipment sector was in need of consolidation.

But in the United States Lucent shareholders initially voiced displeasure and sought a postponement of the general assembly to protest a merger price they judged to be too low. Lucent managers eventually reached an accord with two blocs of shareholders, Resnick and AT Maley Trust, who agreed to call off a legal challenge.

In France some Alcatel shareholders had also lost their enthusiasm for the deal on learning that Lucent suffered an 82 percent decline in net earnings in the first nine months of its fiscal year.

Alcatel and Lucent are engaged in similar activities providing equipment for fixed and mobile phones, and a merger would create a world leader in telecommunications at a time of widespread consolidation among operators.

An earlier merger attempt failed in 2001.

The equipment-making arm of American Telephone and Telegraph that broke off and became independent in 1996, Lucent grew rapidly in the late 1990s until the technology bubble burst in 2002 when it almost went bankrupt.

It has survived through thousands of layoffs and drastic budget cuts.

Alcatel was also hard hit by the bursting of the Internet and high-tech bubble.

Both companies offer triple play and quadruple play systems for the Internet, telephones both fixed and mobile, and television, and are also working on new ideas on network renewal.

But Alcatel, unlike Lucent, is involved artificial satellites.

While Lucent is active mainly on the US market Alcatel focuses its operations on Europe and Asia.

Alcatel, Lucent Owners Approve $10.5 Billion Takeover (Update1) (BLOOM)

By Rudy Ruitenberg And Ari Levy

Bloomberg, September 8, 2006

Sept. 7 (Bloomberg) -- Alcatel SA and Lucent Technologies Inc. shareholders approved the French company's $10.5 billion purchase of its U.S. competitor to create the world's largest supplier of telephone networks.

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Alcatel, which held its shareholder meeting in Paris today, agreed in April to pay 0.1952 of its American depositary shares for every Lucent share, valuing the purchase at $13.5 billion at the time. Since then, Murray Hill, New Jersey-based Lucent said third-quarter net income plunged 79 percent and sales fell 12 percent as mobile-phone companies delayed equipment purchases.

``We compete in an increasingly global and competitive industry,'' Chief Executive Officer Patricia Russo said today at Lucent's meeting in Wilmington, Delaware. The deal ``represents an excellent match of solutions, geography and people.''

Alcatel will control 60 percent of the combined company, which Russo said will be named Alcatel Lucent, with the rest held by Lucent shareholders. Russo, 54, will lead the company from its Paris headquarters and Alcatel CEO Serge Tchuruk, 68, will be chairman. The companies have said they will fire 9,000 workers to help save $1.7 billion by the end of the third year of the merger, with 55 percent of the savings coming from job cuts.

Clients ``are merging, and it forces the equipment suppliers to merge,'' Andre Chassagnol, an analyst at HPC Paresco, said before the vote. ``Long-term, there's an industrial logic.''

Lucent shares fell 0.4 percent to $2.26 at 1:09 p.m. in New York Stock Exchange composite trading. Alcatel shares fell 1.6 percent to close at 9.43 euros in Paris.

Cost Benefits

``The cost synergies will be accretive from the first year and will be very important'' starting in 2008, Tchuruk said at the meeting in Paris today. ``Consolidation is not a luxury, not an option, it has almost become a necessity.''

Following a slide in Alcatel's shares, the stock swap is valued at $10.5 billion, based on yesterday's closing price for Alcatel's American depositary receipts.

The difference between the offer price and Lucent's share price narrowed to 7 cents yesterday, from as much as 19 cents on Aug. 16 and 8 cents after the deal was announced.

``On both sides of the Atlantic the shareholders have expressed their wish to see this major project through,'' Tchuruk said at the meeting.

Market Position

The entity will be first in wireline and third in wireless equipment with operations in 130 countries, Russo said. The companies have combined sales of $25 billion, compared with fiscal 2006 sales of $28.5 billion at San Jose, California-based Cisco Systems Inc., the world's largest maker of networking gear.

The merger should close by the end of the year and until then ``both companies will continue to operate their businesses independently and competitively,'' said Russo.

Alcatel in July won European antitrust approval to buy Lucent, six weeks after U.S. regulators approved the deal.

The companies have submitted a formal notice to the Committee on Foreign Investment in the U.S. for approval of the deal. Lucent is forming a separate unit for classified U.S. government research to allay security concerns as the company comes under French control.

Certain contracts from Bell Laboratories, Lucent's research arm, will be transferred to the new government unit.

Shares of the new company will trade on the Euronext with the ADRs trading in New York.

To contact the reporters on this story: Rudy Ruitenberg in Paris at rruitenberg@bloomberg.net ; Ari Levy in New York at Alevy5@bloomberg.net

Lukewarm Investors, Nervous Workers Await The New CEO At Lucent-Alcatel (WSJ)

By Shawn Young, Sara Silver And Leila Abboud

The Wall Street Journal, September 8, 2006

When Patricia Russo took the reins at Lucent Technologies Inc. four years ago, skeptics predicted she wouldn't be able to keep the teetering telecommunications-equipment giant solvent. But she did, returning the company to a profit in less than two years.

As the 54-year-old Trenton, N.J., native -- once nicknamed "curve breaker" for her off-the-charts work ethic -- takes charge of Lucent's combination with Alcatel SA to create a trans-Atlantic telecom giant, her task is to lead the companies in knitting themselves together in the face of an onslaught of new rivals and a consolidating customer base.

Lucent shareholders aren't hugely enthusiastic about the deal: Holders of just 52% of shares outstanding voted to proceed with the transaction yesterday, according to preliminary results. (Shares that weren't voted were counted as "no" votes.) Also on Thursday, Alcatel shareholders gave a green light to the agreement reached in April. Now, employees at Alcatel and Lucent are looking closely at Ms. Russo's plans to cut 9,000 jobs from the combined work force of 88,000 "in a fair and balanced manner."

An American who doesn't speak French, Ms. Russo will be running a company based in Paris and dominated by Alcatel. The deal is being billed as a merger of equals, but Alcatel will make up 60% of the combined companies' shareholder base and

will dominate the inner management circle. "These kinds of things always have significant challenges," Ms. Russo said in an interview not long after the deal was announced. "I'm not naive about that."

The second of seven children of a doctor and a homemaker, Ms. Russo studied political science and history at Georgetown University, before taking a job at International Business Machines Corp. She joined AT&T Corp. in 1981 and held various sales and executive posts until going with Lucent when it split from AT&T in 1996. She often found herself one of just a few women rising in a technology-saturated, male-dominated industry.

In 1991, she got her first vice president's title at AT&T, as head of sales and part of a turnaround team at a unit that was losing $500 million a year making internal phone systems for corporations. "People at AT&T were coming up to me and saying, 'Have you lost your mind?'" she recalls. Undaunted, she helped collapse the sales and services departments into a single lean unit and eliminate scores of jobs. Two years later, the unit was profitable.

In the process, colleagues took to teasing Ms. Russo about her meticulous work habits and long hours, according to a former Lucent spokeswoman, Kathleen Fitzgerald. They came up with the nickname "curve-breaker" because they said she was distorting the job-performance curve, Ms. Fitzgerald says.

Indeed, Ms. Russo is a fierce competitor. At a golf game years ago, her ball came to rest on an asphalt path. Instead of moving it off the pavement, as she was allowed to do, "she took a swing with her five iron and sparks flew," recalls John Zeglis, former chief executive of AT&T Wireless Services Inc. "She wanted a clear shot at that ball."

A penchant for facts stalled Ms. Russo's career at Lucent, where a former chief executive, Richard McGinn, reduced her role in 2000. According to people familiar with the matter, Ms. Russo wouldn't back down in presenting data challenging overly aggressive revenue-growth targets, and Mr. McGinn wouldn't accept her message.

Ms. Russo turned out to be right: Lucent went into a tailspin in 2001. By then, Ms. Russo had taken a job as chief operating officer at Eastman Kodak Co., but was quickly lured back by Henry Schacht, Lucent's returning chairman and chief executive.

As soon as she took the job, in early 2002, an influential Lehman Brothers analyst at the time, Steve Levy, publicly questioned whether Ms. Russo could save the flailing giant. He faulted Lucent's board for tapping an insider instead of bringing in new blood.

Ms. Russo's response was to call Mr. Levy that night, listen calmly to his criticisms and quickly agree that Lucent needed fresh leadership, according to Mr. Levy. She invited him to measure her on it, and from that day forward she called or sent a message every time she hired a new executive or shook up a division. "It showed that she heard me and followed through," Mr. Levy recalls.

Upon returning to Lucent, Ms. Russo cut the work force from 62,000 employees to about 30,000 employees now. She helped jettison many of the businesses Lucent had acquired in its heyday, spinning off some and shutting or selling others. Lucent returned to profitability in the fiscal third quarter of 2003. So far this year, Lucent would have reported a loss without income from its $30 billion pension plan.

Her work experiences have prepared her for the challenges of running a sprawling foreign company, Ms. Russo says. "I can't think of an easy job that I've had since that first vice president post," she says. "With all due respect to the naysayers, as I look at my jobs, I see that it hasn't always been smooth sailing."

Ms. Russo says she hasn't yet picked up a French dictionary or tried dusting off her high-school French. She isn't too worried about language barriers, though, she says. Alcatel derives 85% of its revenue outside France and uses English as its main language.

On the day the deal with Lucent was announced, Ms. Russo introduced herself at a meeting in Paris of about 70 Alcatel managers and mingled without a translator, because everyone was speaking English. Yet Ms. Russo will have to rely on colleagues and underlings to help her communicate with French media, government officials and some nonexecutive employees, who may not speak English.

Lucent and Alcatel had come close to a merger deal in 2001, but talks collapsed at the last minute when Lucent came to feel that the talk of a merger of equals was window dressing.

Having read consultants' accounts of failed mergers, Ms. Russo says she has concluded that things turn sour unless the chief executive is in clear control. In delegating decision-making authority, "you need to be clear that there's one person who makes the decision," she says. "In the end, the buck stops with me."

She has appointed her chief operating officer at Lucent, Frank D'Amelio, to the post of chief administrative officer, in charge of integrating the two operations. Mike Quigley, heir apparent at Alcatel to the company's 68-year-old CEO, Serge Tchuruk, was expected to remain in his chief operating officer post after the combination, but he switched "for personal reasons" to president of science, technology and strategy.

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Shareholders also have approved resolutions that make it very difficult to oust Ms. Russo and Mr. Tchuruk over the next three years, even if the company's performance suffers or the implementation of the merger stumbles. The changes drew criticism from Proxinvest and other shareholder-advocacy groups in France.

French workers, alarmed by the relative ease and speed with which U.S. executives slash jobs, have expressed concerns to their Alcatel managers that Ms. Russo will be too quick to cut positions and will favor employees at Lucent over those at Alcatel.

Meanwhile, workers at Lucent's Murray Hill, N.J., operations have questions of their own, having watched newscasts of rioting in France over proposals to weaken job security. "How can you take a fair and balanced approach [to job cuts] when you consider the fact that it's almost impossible to lay off anyone in France?" asked one employee who took the company up on an invitation to submit questions in writing just after the deal was announced.

Pointing to the thousands of workers that Alcatel has cut in recent years, Ms. Russo said in an employee broadcast the day after the deal was announced that it is "absolutely flat out not correct" to say that French workers can't be laid off.

No Happy Ending For Net Movie Renters (LAW)

By Tresa Baldas, The National Law Journal

National Law Journal, September 8, 2006

A legal clash between Blockbuster Inc. and Netflix Inc. has triggered a patent debate over who has the right to offer DVD-rental services over the Internet.

The litigation presents a crucial question: Is the concept of renting movies over the Internet an original idea that deserves patent protection?

Netflix claims it is, and is suing Blockbuster for patent infringement for allegedly copying its seven-year-old online movie-rental business method. Netflix Inc. v. Blockbuster Inc., No. C 06 2361 (N.D. Calif.)

Netflix argues that it has patents covering its many online features, including allowing subscribers to keep DVDs for as long as they want without incurring a late fee, obtaining new DVDs upon return of those already watched and prioritizing their own personal movie list.

But Blockbuster is countersuing, claiming that Netflix is trying to monopolize the online movie-rental industry and stifle competition. Blockbuster also alleges that Netflix obtained its patents fraudulently by failing to disclose pertinent information to the U.S. Patent and Trademark Office. Blockbuster also argues there is nothing original about renting videos online in the first place.

A FAST-FOOD COMPARISON

"There is nothing unique about what Netflix has sought to protect," said Blockbuster attorney Marshall Grossman, who likened Netflix to a fast food restaurant trying to patent drive-through services.

"Now, obviously, that's a method of doing business," said Grossman, of Alschuler Grossman Stein & Kahan in Santa Monica, Calif. "But are we going to give any business an exclusive monopoly on that type of business method? If the answer is no, then why would we give anybody that type of exclusivity on an Internet-conducted business?"

On Aug. 22, a federal judge in San Francisco allowed Blockbuster to go forward with its antitrust claims against Netflix. "As a result of Netflix's purported monopolistic conduct, Blockbuster may be forced out of the market, which would cede to Netflix virtually complete control of the online-DVD market," U.S. District Judge William Alsup wrote.

Jeffrey Chanin, a partner with Keker & Van Nest in San Francisco who is representing Netflix in the lawsuit, declined to comment.

Netflix, which filed its suit in April, has denied any monopolistic conduct, arguing that it is only trying to protect its online movie-rental concept, for which it secured two patents: one in 2003, the other in April 2006.

"The reason for patent law is to protect inventors and their inventions, and that's what we're doing," said Netflix spokesman Steve Swasey. "From top to bottom, Blockbuster has deliberately and willfully copied Netflix's business methods ... . We certainly welcome competition. We're a very good competitor. But we built a better mousetrap and Blockbuster copied us."

Swasey would neither comment on the judge's latest ruling nor explain why Netflix isn't suing other smaller companies, like QuikFlix or DVD Avenue, which also rent DVDs over the Internet.

MILLIONS AFFECTED

Meanwhile, the case has caught the attention of several patent lawyers, who believe a Netflix victory could affect millions of consumers who rent movies online from other companies.

"If Netflix is able to obtain an injunction, then that means that people who rent through Blockbuster's online service have to find some other way or go down to the local store to rent their movies. It's not going to shut down an entire class of users, like the

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BlackBerry case, but lots of people could be inconvenienced," said patent attorney Victor de Gyarfas, of the Los Angeles office of Foley & Lardner.

De Gyarfas, who is closely watching the Netflix-Blockbuster saga for his firm's intellectual property group, said that both sides have some hurdles to clear.

For Netflix, de Gyarfas said, the biggest hurdle is establishing the validity and enforceability of its patents. De Gyarfas noted that if a patent applicant has material information and fails to disclose it to the patent office -- as Blockbuster has alleged Netflix did -- that could render a patent unenforceable.

As for its countersuit, de Gyarfas said, Blockbuster will have to prove that the patents were obtained fraudulently, that Netflix has market power and that Netflix is trying to eliminate competition with its allegedly bogus patents.

ENVIRONMENT:

Congressmen Slam BP Executives At Oil Leak Hearing (USAT)

By Paul Davidson

USA Today, September 8, 2006

WASHINGTON — Members of Congress blasted BP executives Thursday for failing to prevent two oil leaks in Alaska this year, saying the company ignored signs of pipeline corrosion, cut costs despite record profits and harassed workers who raised concerns.

"Years of neglecting to inspect the most vital oil-gathering pipelines in this country is not acceptable," Rep. Joe Barton, R-Texas, the chairman of the House Energy and Commerce Committee, told BP officials at a hearing before the investigations subcommittee.

BP executives acknowledged their corrosion-monitoring program was deficient but insisted they were not aware of the crisis until this year.

"We didn't believe we had a corrosion problem in these lines," said Steve Marshall president of BP's Alaska operations. "Clearly in retrospect, we did."

In early August, BP was forced to shut down half its Prudhoe Bay oil field, the largest in the country, after it discovered a small pipeline leak and subsequent tests revealed severe corrosion in the eastern portion of the field. That has halved the field's normal output of 400,000 barrels a day, or 8% of domestic oil supply.

Marshall said bypasses around the decayed lines could allow full production to resume by October.

August's incident followed a March spill of about 5,000 barrels on Prudhoe Bay's western tundra. A federal grand jury is investigating that leak, the largest ever on Alaska's North Slope.

On Thursday, lawmakers criticized BP for failing to inspect the ruptured western line with a "smart pig," a probe that detects corrosion, since 1998. The eastern line was last "pigged" in 1992. Instead, BP has relied on imprecise "spot checks" of the line using methods such as ultrasound testing.

Committee members cited signals that they said should have raised concerns about corrosion, including the 1992 test that showed calcium in the line.

Marshall said he was unaware of 1992 results because he didn't take the helm in Alaska until 2001 and Arco, which BP bought in 2000, operated the line in the early 1990s.

"I frankly just don't believe it," said Rep. Ed Markey, D-Mass.

"Clearly in retrospect, pigging could have been a positive step we could have taken," Marshall said.

Lawmakers also castigated top executives for creating a climate of fear that prevented workers from approaching superiors about problems. A 2004 report for BP by law firm Vinson & Elkins describes an atmosphere that "chills" reporting concerns.

Marshall said Richard Woollam, the corrosion manager whom Marshall said created an atmosphere of "intimidation," was transferred from Alaska. Woollam, now on leave, refused to testify Thursday, citing his Fifth Amendment rights.

Rep. Tammy Baldwin, D-Wis., noted a company report last year said BP based its corrosion-fighting on a limited budget instead of needs. Marshall said low oil prices in the 1990s led to a belt-tightening mindset that he worked to change.

Former BP Executive Declines To Testify (AP-Y)

By Brad Foss, Ap Business Writer

AP, September 8, 2006

The former head of pipeline-corrosion monitoring for BP in Alaska refused to testify under oath Thursday as outraged lawmakers grilled company officials over the causes of a massive oil spill earlier this year.

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Richard C. Woollam, who was transferred to BP's Houston offices in 2005 amid concerns that he intimidated potential whistleblowers, invoked the Fifth Amendment of the Constitution in refusing to answer all questions from a House subcommittee.

Other BP executives apologized and pledged to fix operational lapses on the North Slope that led to the region's biggest ever oil spill in March and the partial shutdown last month of the country's largest oil field.

Lawmakers said BP's mistakes in Alaska — as well as its responsibility for a deadly refinery fire last spring — were particularly unacceptable given the industry's record profits and the relatively inexpensive measures that might have prevented the oil spill.

With Congress aiming to wrap up its current session by the end of the month, Thursday's House hearing was not expected to result in any specific legislative action; it did, however, offer lawmakers an opportunity to talk tough to Big Oil at a time of soaring prices and ahead of November elections.

Rep. Diana DeGette, D-Colo., said she was especially disappointed in BP, since it professes in advertising to pride itself on protecting the environment. "I applaud BP for trying to move beyond petroleum, but maybe it should start by sticking to the basics and begin to focus on rudimentary pipe maintenance."

In March, more than 200,000 gallons of oil leaked from a 34-inch pipeline that crosses the Alaska tundra. Follow-up inspections mandated by federal investigators led to the discovery of another much smaller leak, as well as "significant" corrosion, according to BP, which briefly shut down the entire Prudhoe Bay field on Aug. 6.

"It is critical that no further leaks occur on these lines," Rep. Joe Barton, R-Texas, said. But, he added, "I'm even more concerned about BP's corporate culture."

Lawmakers repeatedly hammered BP executives about allegations that the company failed to adequately address concerns raised by its own pipeline workers over the past five years, in part because of an atmosphere of fear and intimidation under the supervision of Woollam.

Steve Marshall, the president of BP Exploration Alaska Inc., conceded that Woollam's "abrasive nature" and "intimidation" may have silenced workers.

In 2004, BP hired the Houston-based law firm Vinson & Elkins to conduct an internal investigation of alleged workplace harrassment and pipeline-corrosion data falsification. The law firm concluded that some pipeline inspectors experienced "fear of retaliation" for reporting safety concerns and other issues, but said there was no evidence that BP employees or contractors were explicitly told not to raise red flags. Vinson & Elkins also found no proof that pipeline corrosion data was falsified.

Woollam, who has worked for BP for 20 years, agreed to undergo counseling while in Alaska and was later transferred to a non-supervisory job in Houston. He is now on paid leave.

In an effort to address criticism that the company for years has willfully ignored employee concerns about pipeline safety and other environmental issues, BP on Tuesday asked a former federal judge to serve as its ombudsman and hear complaints from workers in Alaska and elsewhere about the company's operations.

BP announced Thursday that the company has hired three outside corrosion experts to independently review the Alaska pipeline problems and to make recommendations for improving BP's corrosion prevention policies.

Robert A. Malone, the head of BP PLC's U.S. operations, conceded that the company's reputation has suffered, but he vowed that Prudhoe Bay would be managed in "a safe, efficient and environmentally sensitive way."

Thomas Barrett, head of the federal Pipeline and Hazardous Materials Safety Administration, said BP's lax oversight was "very puzzling" but he told lawmakers that the Prudhoe Bay spills "are not a bellwether for the health of the majority of the energy pipeline infrastructure."

For BP, though, Prudhoe Bay isn't the only trouble spot.

The London-based company faces victims' lawsuits from a deadly explosion last year at its Texas City, Texas-based refinery. And in June federal investigators said BP energy traders cornered the U.S. propane market in the winter of 2004 and illegally manipulated prices. Investigators are also reportedly looking into whether BP manipulated crude-oil and gasoline markets.

Thursday's hearing by the House Energy and Commerce Subcommittee on Oversight and Investigations was the first of several that will focus on BP in coming weeks.

Until last month's partial shutdown, Prudhoe Bay had been producing roughly 400,000 barrels per day, or 8 percent of total U.S. output. BP is currently pumping 220,000 barrels a day. Marshall said output could be fully restored as early as the end of October.

BP officials said early tests show that oil-eating bacteria may have contributed to the Alaska pipeline corrosion. Excrement from the bacteria inside the pipes produces an acid that eats through carbon steel.

Marshall acknowledged that the corrosion problem could have been mitigated by more consistent inspection and removal — or "pigging" — of sludge that builds up on the inner walls of oil pipelines, providing shelter for the bacteria.

"Clearly, in retrospect, pigging would have been a positive step we could have taken," Marshall said.

Marshall said BP's spending on major maintenance at Prudhoe Bay would rise to $195 million in 2007, a fourfold increase from 2004; $150 million will go toward replacing 16 miles of corroded oil transit lines.

BP Executives Rebuked In Hill Appearance (WP)

By Steven Mufson

The Washington Post, September 8, 2006

The former head of BP PLC's program to combat corrosion in its Alaska pipelines invoked the Fifth Amendment and refused to answer questions before a House subcommittee yesterday as lawmakers excoriated two other senior company executives for maintenance neglect that led to leaks and the closure of key oil pipelines last month.

The top executives of BP's North American and Alaskan operations faced grilling under oath about why they had failed to prevent a leak, found in March, that spilled 210,000 gallons of crude oil on the northern Alaska tundra. And they were pressed on how they could have failed until last month to detect corrosion so severe that BP was forced to shut down half the output of Prudhoe Bay, the largest U.S. oil field.

"If a company -- one of the world's most successful oil companies -- can't do the basic maintenance needed to keep Prudhoe Bay's oil field operating safely and without interruption, maybe it shouldn't be operating the pipeline," said House Energy and Commerce Committee Chairman Joe Barton (R-Tex.).

Although the pipeline is owned by BP and partners in the Prudhoe Bay field, company executives were eager to mollify Barton, whose committee deals with a broad variety of legislative issues important to BP from pipeline regulations to tax breaks. Robert A. Malone, the president of BP America, said the company had "stumbled," and he apologized to lawmakers. "We have fallen short of the high standards we hold for ourselves and the expectations that others have for us," he said.

The picture of BP executives, each with an attorney in tow, parrying questions about management failure erased millions of dollars of advertising that had sought to craft an image of an environmentally conscious company thinking "beyond petroleum." Rep. Edward J. Markey (D-Mass.) said BP stood for "bloated profits." Rep. Greg Walden (R-Ore.) said the company's name could stand for "broken pipelines."

Lawmakers on the oversight and investigations subcommittee of the House panel zeroed in on the company's failure to use a common pipeline diagnostic device known as a "smart pig" to detect problems. They also probed allegations that the company ignored or suppressed complaints from its workers about pipeline safety issues.

The subcommittee called Richard C. Woollam, the former manager for corrosion, inspection and chemicals for BP Exploration Alaska, to testify, but Woollam said, "Based upon the advice of counsel, I respectfully will not answer questions." Although it wasn't clear why Woollam invoked the Fifth Amendment, one possible reason is that a federal criminal investigation is underway about BP's oil spill and that he was involved in the design of the company's anti-corrosion program.

BP Alaska's president, Steve Marshall, said that Woollam had been transferred out of Alaska after a 2004 investigation by an outside law firm cited Woollam for intimidating workers who had raised safety issues. Marshall said the law firm, Vinson & Elkins LLP, "found evidence of intimidating behavior that had made some corrosion workers reluctant to raise health and safety concerns." Woollam, now based in BP's Houston office, no longer has a supervisory role, and Marshall said yesterday that Woollam was on paid leave.

But Barton asserted that "several individuals" the committee wanted to interview said "that they were reluctant to come forward to provide information due to concerns over possible retribution throughout the oil industry in Alaska." He warned that any company retaliating against such individuals would be prosecuted. "We are going to get to the bottom of this," he said.

Marshall also defended BP against allegations that it had disregarded other employee complaints. He said that in 2002, after receiving two anonymous calls alleging the falsification of corrosion inspection reports, BP hired an outside firm to audit records and found that "a small percentage of inspections had indeed been falsified." Marshall said the workers responsible were dismissed and the inspection firm's contract was not renewed.

He said that the company had also sent a senior engineer and several technical experts from outside Alaska to assess allegations that "cost-cutting and deficiencies in the corrosion program were going to lead to a major incident on the North Slope" of Alaska. He said that audit led to recommendations for improvements "that have been or which are still being implemented."

Marshall said BP's spending on maintenance at Prudhoe Bay would rise to $195 million in 2007, four times the 2004 level; $150 million will go toward replacing 16 miles of corroded oil transit lines.

Malone said that he has named an ombudsman for employees who have complaints -- Stanley Sporkin, former district court judge and former head of the Securities and Exchange Commission's enforcement division.

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Barton leveled scorching criticism at the company, citing concerns about "BP's corporate culture of seeming indifference to safety and environmental issues." Noting that "this comes from a company that prides itself in their ads on protecting the environment," Barton said, "Shame, shame, shame."

Panel Questions BP On Managing Alaska Oil (NYT)

By Felicity Barringer

The New York Times, September 8, 2006

WASHINGTON, Sept. 7 — Already facing a Justice Department inquiry over the management of the vast Prudhoe Bay complex, top executives of BP took a bipartisan pummeling on Thursday from a Congressional subcommittee.

Subcommittee members accused the executives of systematic neglect, leading to the short-term closing last month of the nation's largest oilfield.

The former BP manager in charge of preventing corrosion in the oilfields, Richard C. Woollam, was the first representative questioned. Mr. Woollam refused to answer any questions, invoking the Fifth Amendment privilege against self-incrimination.

A report that BP commissioned in 2004 touched on Mr. Woollam's apparent role in dealing with corrosion workers, who said they felt harassed.

As a result, most of the questions fell to Steve Marshall, president of BP Exploration Alaska, the Alaska subsidiary, who said at one point, "I am not a pipeline expert."

For the most part, Mr. Marshall maintained that the company had no indication of the looming problems until 2004 or 2005.

The field, operating at half capacity, or 200,000 barrels a day, could return to full strength by Oct. 31, he told the panel, the oversight subcommittee of the House Energy and Commerce Committee.

Representative Joe L. Barton, the Texas Republican who is chairman of the full committee and who has sponsored many measures favorable to oil interests, was not mollified.

Mr. Barton said that if "one of the world's most successful oil companies can't do simple basic maintenance needed to keep the Prudhoe Bay field operating safely without interruption, maybe it shouldn't operate the pipeline.''

"I am even more concerned about BP's corporate culture of seeming indifference to safety and environmental issues,'' Mr. Barton said. "And this comes from a company that prides itself in their ads on protecting the environment. Shame, shame, shame."

Other panel members questioned whether on-site managers had threatened and harassed employees who questioned the effectiveness of the anticorrosion program and pointed out that staff reductions could hamper inspections.

Committee members asked why a crucial form of internal inspection and maintenance, carried out every 14 days on the Trans-Alaska Pipeline, was not performed on major BP lines for as long as 14 years.

In March, a line carrying crude oil from the wells to pumping stations and on to the Trans-Alaska Pipeline was the source of a 200,000-gallon spill on the tundra, the worst in the history of North Slope production.

A broad inspection in July uncovered a smaller leak on the eastern side of the field, leading to the shutdown. That contributed to oil prices increasing to a record $78.65 a barrel on world markets.

"No one pointed to these transit lines as a potential problem," Mr. Marshall told the committee.

In response, Representative Greg Walden, Republican of Oregon, said, "The subcommittee has learned that numerous red flags were raised."

Representative Jay Inslee, Democrat of Washington, pointed out that a consultant's report in 2001 that criticized BP for not reporting the magnitude of increases in corrosion or quantifying damage to pipe walls, was edited to eliminate these comments after executives intervened.

The questioning focused on the failure to perform the maintenance checks performed on the larger Trans-Alaska pipeline. The procedure involves sending a device called a pig along the pipe to clear sediment, sludge and other materials that can contribute to corrosion.

If a pipe is especially dirty or has a chemical buildup called scale, the discharge at the end of a pig run can interfere with the screens that protect pumping stations, according to testimony by the BP executives and a corrosion specialist.

Mr. Marshall was repeatedly asked why BP had waited years for the inspections that Aleyska, which runs the Trans-Alaska, conducted every two weeks. He denied that this maintenance was postponed because of worries about sludge, although he said, "I wish we had done it quicker."

"We strive to know the condition of our lines at all times," he added. "Clearly, in retrospect, this was something we missed."

BP's Top U.S. Pipeline Inspector Refuses To Testify (WSJ)

By John J. Fialka

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The Wall Street Journal, September 8, 2006

WASHINGTON -- The chief pipeline-inspection expert for the U.S. subsidiary of BP PLC took the Fifth Amendment under oath before a House Energy and Commerce panel rather than explain what he knew about corrosion in the oil company's Prudhoe Bay pipelines in 2002.

Richard Woollam, who managed corrosion-control and inspection teams, also refused to respond, on the advice of his lawyer, to the committee's allegations that he reduced inspection personnel responsible for monitoring 22 miles of pipelines leading from the giant oil field by 25%, after an outside contractor suggested that accumulating sediment in the lines might be corroding them. A BP spokesman said Mr. Woollam remains with the company but no longer runs its Alaska inspection efforts and has been placed on leave.

Steve Marshall, president of BP Exploration Alaska Inc., which manages Prudhoe Bay, said neither he nor other BP officials knew about serious corrosion problems until March 2, when 250,000 gallons of crude oil spilled onto the tundra. He acknowledged the Department of Justice has ordered BP to preserve a cross section of the pipeline for inspection.

These responses provoked bipartisan agreement among members of the committee, in a year when Congress has been scrambling to find some way to respond to high gasoline prices and voter frustration with flush profits among oil companies. Oil prices rose further after BP last month partially shut down Alaska's Prudhoe Bay oil field, which it runs on behalf of a consortium of oil companies, following the discovery of more corrosion and a second leak.

After reviewing documents gathered during his panel's investigation of the London oil giant, Chairman Joe Barton, Republican of Texas, said: "It seems to me that BP was betting the company and their field that this field would be depleted before major parts of the pipeline failed and needed to be replaced." He added: "Maybe [BP] shouldn't operate the pipeline," suggesting that Congress might help arrange a private sale of the oil-field system.

Democrats piled on, with several paraphrasing BP's environmentally friendly slogan, "Beyond Petroleum," calling it "Broken Pipelines."

Mr. Marshall, the BP Exploration Alaska executive, yielded a little ground. He said BP officials suspected in 2005 that sediment in the pipelines might be exacerbating corrosion problems and planned a test of a robot called a "smart pig" to inspect the lines to take place this year. "In retrospect, I wish we'd done it sooner," he said.

Under questioning, Mr. Marshall also said he began hearing reports in early 2003 that lower-level BP officials were responding to complaints from work crews about safety and pipeline problems by intimidating them and threatening job losses. According to BP, Mr. Woollam was removed from his supervisory role in 2004 after an internal investigation turned up evidence of employee intimidation. Mr. Woollam's name wasn't mentioned in the report stemming from the investigation.

Mr. Marshall said such intimidation is against company policy. A BP spokesman said the company urged Mr. Woollam to cooperate with the committee, but that it respected his decision to exercise his right not to testify.

Mr. Marshall said he investigated other allegations raised by the committee that BP may have pressured an outside contractor to change a 2002 report that had originally concluded there could be serious corrosion problems in the pipelines, which were built in 1977 to feed oil from wells into the main pipeline system.

While he said BP officials disagreed with the conclusion -- which disappeared from later versions of the report -- Mr. Marshall said an internal investigation "found no evidence of pressure" to change the report. Rep. Barton warned Mr. Marshall and other BP witnesses at one point that his investigators found lower-level BP employees reluctant to talk because of "possible retribution" from BP or other large oil-industry employers in Alaska.

Robert A. Malone, chairman and president of BP America Inc., the U.S. subsidiary, said the company had hired outside advisers to counsel employees on safety and ethical problems. "We have fallen short of the high standards we hold for ourselves," he told the committee, "and the expectations that others have for us."

Write to John J. Fialka at john.fialka@wsj.com1

BP Executive Refuses To Testify (FT)

By Jeremy Grant

Financial Times, September 8, 2006

A BP executive formerly in charge of monitoring corrosion at the oil company's Prudhoe Bay operations in Alaska on Thursday refused to testify under oath at a congressional hearing that examined the oil company's litany of failures in the US.

The development came as US lawmakers got their first chance to grill BP since a massive March oil spill and the partial closure last month of the country's largest oilfield.

Richard Woollam, a former head of corrosion monitoring, cited his constitutional right against self-incrimination in refusing to testify.

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Steve Marshall, president of BP Exploration, told lawmakers that Mr Woollam had been removed last year from its Alaska operations after the company found evidence of an “atmosphere of intimidation” in his pipeline inspection operations team.

Lawmakers at the energy and commerce sub-committee hearing seized on the revelation as a sign that whistleblowers who may have tried to raise the alarm about the condition of BP’s pipelines were ignored.

BP last month shut down half its oilfield in Prudhoe Bay after government-ordered inspections found severe corrosion of the eastern oil transit line.

Bob Malone, president of BP North America, said Mr Woollam had been “put on leave” but remained on its payroll.

This week, BP moved to counter criticism that it failed to listen to its workers’ concerns by appointing a retired US judge as ombudsman.

Mr Malone called his company’s record “unacceptable” and said BP had “fallen short of the high standards we hold for ourselves, and the expectations that others have for us”.

Prudhoe Bay accounted for 8 per cent of US domestic supply. Its closure led to anger about BP’s safety and pipeline management policies and has prompted scrutiny in Washington at a time of public unease about petrol prices.

Mr Malone took issue with critics who “alleged that BP engineered the shutdown of Prudhoe Bay as a way to manipulate prices”.

He said: “I am here to assure you that nothing could be further from the truth. BP took the extraordinary step to shut down production because we saw unexpectedly severe corrosion that couldn’t be explained.”

Lawmakers expressed astonishment that BP could not have foreseen its pipeline problems by inspections known as “pigging”, in which a device is sent down a pipeline.

Joe Barton, a Texas Republican who chairs the House committee, said BP’s admissions in hindsight “just didn’t cut it” when it came to excusing “consistent failure”.

Contrite BP Bosses Admit Blame For Alaskan Oil Leaks (LGUARD)

By Andrew Clark In Washington

London Guardian, September 8, 2006

Senior BP executives owned up yesterday to "unacceptable" operating failures as they faced a barrage of attacks from US politicians over the company's leaking pipelines in the Alaskan wilderness.

The British oil company's US president, Robert Malone, and its head of Alaskan operations, Steve Marshall, ate humble pie in an appearance before members of Congress's energy and commerce committee. "We have fallen short of the high standards we hold for ourselves," Mr Malone said. "BP America's recent operating failures are unacceptable."

They were accused of ignoring warning signs and cutting back on maintenance checks in the run-up to discovery of corrosion and a spill that forced the shutdown of half of the Prudhoe Bay oilfield in August.

Mr Marshall said: "These spills occurred on my watch. As president, I'm in charge of the overall business in Alaska and the buck stops with me."

Their admission of blame did little to pacify congressmen, who said their constituents were paying higher prices at petrol pumps as a result of BP's shutdown. The Prudhoe Bay field accounts for 8% of US domestic oil production.

BP was accused by the committee of having safety policies "as rusty as its pipelines". In a packed hearing room, the committee demanded to know why it had been 14 years since BP last subjected its 29-year-old eastern pipeline to inspection by "pig" - a maintenance robot. Another pipeline operator, Alyeska, testified that it sent pigs along its lines every two weeks.

Edward Markey, a Democrat, told the BP executives: "You were essentially driving a car with over 100,000 miles on the clock without bothering to spend the money and time on maintaining it."

Another Democrat, Jan Schakowsky, said: "If this company had spent as much on inspection and maintenance as it does on advertising and lobbying for lower taxes, none of us would need to be here today."

BP's corrosion manager in Alaska, Richard Woollam, refused to answer questions, pleading the fifth amendment on advice from his lawyers. He was allowed to leave.

Mr Marshall repeatedly declined to discuss details of maintenance, saying that he was "not a corrosion expert" and did not have information available. He did agree with suggestions that BP had avoided using pigs because of a build-up of solids within the pipe which could have been dislodged, causing damage to pumps and further erosion.

Staff from the congressional committee recently visited Alaska to gather evidence. They said employees expressed fear of intimidation and harassment if they spoke out. A Democrat member, Bart Stupak, said staff turnover and a poor working culture in BP's corrosion control unit had created a "chilling atmosphere" for employees reporting problems.

BP responded last week by appointing a former district judge, Stanley Sporkin, as an independent ombudsman, and providing a 24-hour phone line for whistleblowers.

It emerged yesterday that the US justice department has subpoenaed an entire stretch of pipe as evidence in a criminal case being drawn up against BP. The US department of transportation is also investigating the company's conduct.

BP Official Refuses To Testify At Pipeline Hearing (MCT)

By Richard Mauer, McClatchy Newspapers

McClatchy, September 8, 2006

WASHINGTON -- The first of at least four congressional hearings into why BP failed to prevent pipeline failures on Alaska's North Slope began dramatically Thursday when Richard Woollam, the company's corrosion chief until 2005, refused to testify, citing his Fifth Amendment right against self-incrimination.

In a day marked with blistering criticism of BP from Republicans and Democrats on the House Energy and Commerce Committee, the British-born Woollam, derided in an internal BP report as "King Richard" for his dictatorial style, refused to answer any questions.

The committee's investigations panel is looking into the failure of BP to monitor and control corrosion on two smaller North Slope transit pipelines that feed the main trans-Alaska pipeline.

One of those lines had a catastrophic leak on March 2, spilling more than 200,000 gallons of oil in the tundra and the ice-locked shore of an unnamed lake. The other line had a smaller leak in August. Unsure of the reliability of either line, BP announced it would shut down all North Slope production Aug. 6, then limited the closure to the field's eastern half.

Over and over, the committee members grilled BP Exploration (Alaska) President Steve Marshall about why BP neglected to conduct the only reliable test of the decay of an entire pipeline, a "smart pig" that travels inside the pipe and records the thickness of the wall along its length.

Marshall replied that the company thought the line wasn't as susceptible to corrosion as others. The last smart pig run on the western line was in 1998 and on the eastern line in 1992.

But was it just an error in judgment, or was something else at work, the committee wanted to know. Was BP shaving costs to increase profits? Were executives trying to beef up their annual bonuses by meeting budgets regardless of the consequences? Committee chairman Joe Barton, R-Texas, wondered aloud whether BP was "betting the farm" that the Prudhoe Bay field would run out before the pipeline failed, saving the costs of replacing it.

"Shame, shame, shame," he said.

Marshall and the new BP America president, Bob Malone, denied that profit motive was the cause, but they were frequently at a loss to explain what happened.

Malone, Marshall and two others, Alyeska Pipeline Service Co. President Kevin Hostler and Dan Stears of Coffman Engineers in Anchorage, all testified under oath.

Woollam was a late entry on the witness list. House investigators looking into claims that corrosion workers were afraid to criticize BP's practices unearthed an internal BP report from 2004. That report, by the law firm Vinson & Elkins, said Woollam's "overbearing management style" created a climate "where the fear of retaliation and intimidation could and did occur."

The workers believed the company wasn't doing enough to test for corrosion and prevent its spread, according to the report, made public at the hearing.

Woollam was transferred to a non-supervisory job in Houston in January 2005 and recently was placed on administrative leave with pay, Malone said.

After taking the Fifth Amendment in the packed hearing room, Woollam was quickly dismissed from the hearing. He rushed from the Rayburn House Office Building without speaking to reporters.

Woollam, and the presence of a battery of defense attorneys, was a sharp reminder of grand jury proceedings in Anchorage hanging over the congressional hearings. The Justice Department and the Environmental Protection Agency are investigating whether the oil spill was a criminal violation of the Clean Water Act.

Barton reminded the BP officials that their shutdown briefly caused a 3 percent spike in the price of oil to nearly $77 a barrel.

The two transit lines were unregulated by the U.S. Transportation Department's Pipeline and Hazardous Materials Safety Administration because they operated on low pressure in a remote area. Even after the spill, when the agency decided to impose its regulatory authority, BP resisted, said its administrator, Thomas Barrett, testifying later before the committee.

"It's the kind of thing that would cause us to question their commitment," responded Rep. John Dingell, D-Mich.

Barrett's chief safety officer, Stacy Gerard, said BP had a pattern of resisting regulation. Gerard added BP argued had that a spill in the North Slope wouldn't hurt any animal protected by the endangered species act, so it shouldn't be required to join the program.

(Distributed by Scripps-McClatchy Western Service.)

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Cellulosic Ethanol Is Five Years Away, Energy Secretary Says (DMR)

By Philip Brasher

Des Moines Register, September 8, 2006

Washington, D.C. — Distilleries that can make fuel alcohol from crop waste, prairie grasses or trees rather than corn should be in operation within five years, says Energy Secretary Samuel Bodman.

Bodman said his department expects to issue loan guarantees next year for the first such projects. Construction will take an additional two to three years, he said Thursday.

"I'll say five years, giving myself a little flexibility on it, but potentially faster than five years," he said, answering questions at a press briefing with Agriculture Secretary Mike Johanns.

Ethanol is currently made almost exclusively from corn, and Iowa is the leading producer.

But ethanol cannot displace a significant amount of U.S. gasoline consumption — the country now uses 140 billion gallons a year — unless the alcohol can be made from more plentiful feedstocks, such as corn stover, wheat straw, switchgrass and other sources of plant cellulose.

Government and private scientists have been working for years on ways to reduce the cost of distilling ethanol and other types of alcohol from cellulose.

Despite the research, the Energy Department estimates that it still costs $2.20 a gallon to produce cellulosic ethanol, double the cost of making ethanol from corn.

Private companies closely guard their production costs, but Bodman has been told privately that some have lowered the cost of making cellulosic ethanol to $1.50 a gallon. He did not identify the companies.

"The goal is to get it down to commensurate with corn, which is $1.10," he said.

One industry official said Bodman was probably overestimating the time it will take to get commercial-scale plants in operation.

"I think we'll see some announcements here and they will be built in two to three years," said Brent Erickson, vice president of the industrial and environmental section at the Biotechnology Industry Organization.

Redesigning Crops To Harvest Fuel (NYT)

By Andrew Pollack

The New York Times, September 8, 2006

More miles to the bushel.

That is the new mission of crop scientists. In an era of $3-a-gallon gasoline and growing concern about global warming from fossil fuels, seed and biotechnology companies see a big new opportunity in developing corn and other crops tailored for use in ethanol and other biofuels.

Syngenta, for instance, hopes in 2008 to begin selling a genetically engineered corn designed to help convert itself into ethanol. Each kernel of this self-processing corn contains an enzyme that must otherwise be added separately at the ethanol factory.

Just last week, DuPont and Bunge announced that their existing joint venture to improve soybeans for food would also start designing beans for biodiesel fuel and other industrial uses.

And Ceres, a plant genetics company in California, is at work on turning switch grass, a Prairie States native, into an energy crop.

"You could turn Oklahoma into an OPEC member by converting all its farmland to switch grass," said Richard W. Hamilton, the Ceres chief executive.

Developing energy crops could mean new applications of genetic engineering, which for years has been aimed at making plants resistant to insects and herbicides, but would now include altering their fundamental structure. One goal, for example, is to reduce the amount of lignin, a substance that gives plants the stiffness to stand upright but interferes with turning a plant's cellulose into ethanol.

Such prospects are starting to alarm some environmentalists, who worry that altered plants will cross-pollinate in the wild, resulting in forests that practically droop for want of lignin. And some oppose the notion of altering corn to feed the nation's addiction to automobiles.

"I don't think people want extra enzymes in the food supply put there to better fit the crops for energy production," said Margaret Mellon, director of the food and environment program at the Union of Concerned Scientists.

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But proponents of designer fuel crops argue that the risks are small compared with the threat of dependence on foreign oil. Some studies also suggest that ethanol use could help fight global warming because the crops that help produce ethanol absorb carbon dioxide.

So far, much of the attention on bioenergy has focused on improving the chemical processes for turning crops into ethanol. But experts say that if biofuels are to make a significant dent in the nation's petroleum consumption, the crops themselves must be improved to provide more energy from an acre.

And new agricultural sources beyond corn must be developed, they say. Even if the nation's entire corn crop were converted to ethanol production, it would replace only about 15 percent of petroleum use, according to an Energy Department report.

"Half the improvement we make over the next 10 to 15 years will come from improving the feedstocks," said Gerald A. Tuskan, a biofuel expert in the department, referring to the crops fed into the ethanol factories.

Some of the work will not necessarily involve genetic engineering. Notably, Monsanto, the leader by far in crop biotechnology, says that its biofuel development will focus on conventional breeding, which it says is quicker.

Monsanto has tested its existing corn varieties to determine which ones are better for ethanol production. Pioneer Hi-Bred International, the DuPont subsidiary that is Monsanto's rival in the corn-seed business, is doing the same.

The companies say that the designated varieties, which have higher fermentable starch content, can increase ethanol production 2 to 5 percent over other corn. And some factories are starting to request certain types of corn or to pay a premium for more desirable corn, said Pradip Das, head of crop analytics at Monsanto.

Still, some ethanol factory operators say they do not really care which corn they get. The factories are so hungry that they take "pretty much all the commercial corn you can get your hands on," said David Nelson, chairman of Midwest Grain Processors, which runs an ethanol plant in Lakota, Iowa.

William S. Niebur, vice president for crop genetics research and development at DuPont, said the demands of ethanol production would require extremely hardy corn.

"The demand for this corn grain could be so dramatic," he said, "that it would change farming practices." Instead of rotating corn with other crops, he said, farmers would be pressed to grow corn year after year, which could strain the soil and allow the buildup of insects and disease.

Many of the traits needed for energy corn — high yield as well as tolerance to disease, insects and drought — would also be desirable in corn used for human and animal food. That is not the case, though, with Syngenta's enzyme corn, which would be specifically for energy production.

Generally, the enzyme, known as amylase, is made in vats of bacteria. Ethanol manufacturers add the enzyme to corn to break down starch into sugar, which can be fermented into ethanol.

To get corn to produce its own amylase, Syngenta inserted a gene borrowed from a type of microbe called archaea that live near hot-water vents on the floor of the ocean.

The gene — actually a composite of three amylase genes — was developed with the help of Diversa, a San Diego company that specializes in finding chemicals in organisms that inhabit extreme environments.

Diversa says that because its enzyme is derived from a heat-loving microbe, ethanol factories can operate at higher temperatures and under more acidic conditions, improving efficiency.

Some people in the biofuel industry question what the advantage is of having the enzyme in the corn rather than just buying the very similar amylase that Diversa is already selling.

While Syngenta's corn is meant for industrial use in the United States, it is almost inevitable that some of it will get into human and animal food supplies, including exports, because of cross-pollination or seed intermingling. That is what happened in 2000 with Aventis CropScience's StarLink corn, which was approved only for animal use, yet ended up in human food, forcing recalls and disrupting exports.

To prevent such liability, Syngenta is seeking approval of the corn for human and animal food use, not only in the United States but in Europe, South Africa and elsewhere. Syngenta says the amylase enzyme is safe, noting that these enzymes are found in saliva.

But Bill Freese of the Center for Food Safety, an advocacy group in Washington opposed to biotechnology crops, said that this particular amylase is from a little-studied exotic microbe and that some amylase induces allergy.

The Agriculture Department has asked Syngenta for more information on its application.

Regardless of what is done to corn, some experts say that starch alone will not provide enough ethanol. The new frontier is to produce ethanol from cellulose, the fibrous material in all plants. Cellulose is made of complex carbohydrates that can be broken down by enzymes into simpler sugars for fermenting into ethanol.

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While some of the cellulose for biofuels could come from agricultural residue like corn stalks, there will probably be a need for other crops grown specifically for energy production — in particular, perennial plants like grasses that require far less energy-consuming irrigation and fertilization than crops like corn that have to be replanted each year.

That is why Ceres, a privately owned supplier of genetics technology to Monsanto, sees a future in switch grass. The company's greenhouses are filled with versions of tall, gangly grass plants, some developed by conventional breeding and some by genetic engineering.

The grasses are meant to have higher yields, to withstand drought or to break down easily in the ethanol factory — "the energy crop that melts in your mouth, if you will," Mr. Hamilton said.

Ceres, based in Thousand Oaks, Calif., is not working with Monsanto on switch grass but is collaborating with the Samuel Roberts Noble Foundation in Ardmore, Okla., a leading research institute on forage grasses. Mr. Hamilton said the partners were already testing conventionally bred switch grass varieties that yield eight or nine tons of biomass an acre, compared with about five tons for typical switch grass.

Mendel Biotechnology, based in Hayward, Calif., is looking more at miscanthus, a perennial grass native to China, where Mendel has set up an operation.

The company said miscanthus could produce well over 20 tons an acre each year. "No planting, no fertilizing, no irrigation," said its chief executive, Chris Somerville, who is also the director of plant biology at the Carnegie Institution and a Stanford University professor. "You can just cut it every year for 10 years."

Another cellulose candidate is poplar, which recently became the first tree to have its entire genome sequenced, an effort led by the Energy Department.

At first, significantly higher-yielding cellulose sources can come from conventional breeding, experts say. But later, genetic engineering may be needed. That could raise concerns because trees and grasses live longer and spread more easily than currently engineered crops like corn and soybeans.

And yet, energy crops may also be an opportunity for the industry to burnish its public image.

"After all," the journal Nature Biotechnology said in a recent editorial, "it's difficult to oppose a technology that's helping to save the planet."

For Pods Of Whales, Celebrity Status And Now A Lawsuit (NYT)

By Jessica Kowal

The New York Times, September 8, 2006

FRIDAY HARBOR, Wash. — "We saw your baby!"

A crewman on a fishing boat shouted across open water to Kenneth C. Balcomb III, a zoologist whose work has helped turn killer whales into Puget Sound celebrities.

Mr. Balcomb has plied these waters for three decades on a mission to identify every killer whale, or orca, by the gray "saddle patch" behind its black dorsal fin. Half a million photographs later, the tribulations and triumphs of the three local orca pods, or families, that he follows are major news in the Pacific Northwest.

When a newborn orca was missing for a few days in mid-August, local newspapers put it on the front page and television reporters in Seattle went up in helicopters to cover it.

"People used to say, 'What good are they?' " said Mr. Balcomb, 65, who started the low-budget Center for Whale Research on San Juan Island, 80 miles north of Seattle. "Now they want to relate to the whales they've seen."

The public affection Mr. Balcomb and others have stirred up for these 10,000-pound creatures, the largest members of the dolphin family, has pushed the federal government to pay closer attention to their health, federal officials say. Last year, southern resident killer whales — the 90 current members of J, K and L pods — were added to the endangered species list.

By November, the National Oceanic and Atmospheric Administration's National Marine Fisheries Service, an arm of the Department of Commerce, plans to establish boundaries for the "critical habitat" the three pods need to survive: 2,500 square miles in Puget Sound and the Strait of Juan de Fuca that also constitute one of the nation's busiest waterways for commercial shipping.

Once that map is completed, federal agencies will be required to consider the killer whales' well-being before approving projects or policies that would affect these waters wherever they are deeper than 20 feet. Thus, most areas close to the shoreline would not be affected, the fisheries service said.

Orca protection, though, has brewed its own legal battle in a region familiar with debates about endangered salmon and the northern spotted owl. Washington's homebuilders and farmers, assisted by a conservative legal foundation, have sued the federal government to strip the killer whales of their endangered status.

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Lawyers for these groups say the government should not distinguish orcas in Puget Sound from a healthy global population numbering in the tens of thousands. The state's Farm Bureau and Building Industry Association warn, in particular, that local governments might react to federal protection of the orcas by locking up land near streams or along the coast to improve water quality for the orcas and for salmon, their main food source.

"Radical environmentalists" are using killer whale protection to block otherwise legal economic activity, said Russell C. Brooks, a lawyer at the Pacific Legal Foundation, which is handling the case for the plaintiffs.

"It all comes back to limiting development, limiting land use, limiting whatever, from people that probably want to run the nation's economic policy out of a tree house," Mr. Brooks said.

At the Center for Whale Research, which is actually Mr. Balcomb's split-level home on the west coast of this island, there is an orca skull on a coffee table in the living room. From the kitchen window, Mr. Balcomb can scan the Haro Strait with high-powered binoculars. His son, Kelley Balcomb-Bartok, 43, receives orca updates every half-hour from spotters in Canada who work for the whale-watching industry.

A windowless room downstairs holds much of Mr. Balcomb's research: the vast archive of photographs and wall posters detailing each pod's matrilineal family tree. Females typically give birth every five years until age 40 and can live into their 90's. Males rarely live beyond 50.

Resident killer whales like those in Puget Sound behave differently from two other types, called transient and offshore orcas, that roam the oceans. The residents have tight family relationships, especially between mother and calf, and communicate in dialects understood by their relatives. They return to the same waters every year and mainly eat Chinook salmon. Transient whales eat seals, sea lions and other marine mammals.

Puget Sound's killer whale population has increased in the past few decades, which the Pacific Legal Foundation has said is proof that local orcas are not headed toward extinction.

But Mr. Balcomb said the population had still not recovered since the late 1960's and early 1970's, when as many as 47 southern resident whales were captured and sent to public aquariums and water shows. And NOAA scientists say disease or a manmade disaster like an oil spill could send the population into rapid decline.

"If we lost them, it's not likely that they would be replaceable with just another killer whale," said Bob Lohn, regional administrator for the Fisheries Service.

It has been a federal crime since 1972 to kill orcas and other marine mammals, but the federal government is a recent convert to broader orca protection. In 2001, the Center for Biological Diversity, a nonprofit conservation group, asked the Fisheries Service to list the whales in the J, K and L pods as endangered.

The agency said then — as the farmers and homebuilders argue now — that federal law viewed them as members of a global species. After a lawsuit, a federal judge ordered the agency to reconsider, and NOAA added the animals to the endangered list in November 2005.

The agency will pay Mr. Balcomb's center about $100,000 this year, in part to track the whales' winter travels, Mr. Lohn said. This will double the center's annual budget. Most of the rest of the budget comes from the Earthwatch Institute, which charges people $2,500 to spend 11 days photographing and identifying whales for Mr. Balcomb.

Outside Mr. Balcomb's house is an old school bus that he is painting to resemble a killer whale. It used to be decorated with the words "Free Corky" and "Free Lolita," a reference to the two remaining Pacific Northwest killer whales that live in captivity in aquariums in, respectively, San Diego and Miami.

As Mr. Balcomb and others work on behalf of the larger orca population, they also imagine what it would be like to reunite Corky and Lolita with their pods one day.

Other Fish To Fry (NYT)

By Paul Greenberg

The New York Times, September 8, 2006

AFTER years of carving up tuna carcasses in my bathtub, catching cod in the dead of winter and cooking fish and chips for crowds of 50-plus I have come to be known among my friends as the fish guy.

Until recently I've enjoyed being the fish guy and my ability to correctly answer questions about fish has felt like a game of "Jeopardy" rigged for my benefit. How do you tell a flounder from a fluke? Easy, fluke have prominent teeth, flounder don't. Should bluefish and striped bass be cooked differently? Definitely: broil the bluefish, bake the bass.

But lately being the fish guy has become complicated. With every new warning about a species being overfished into extinction, friends have started asking if they should eat fish at all. The Pew Oceans Commission report "America's Living Oceans" first alerted the public to the desperate state of the seas in 2003 when it declared them to be "in crisis." That year a study in the journal Nature reported that up to 90 percent of the stocks of the ocean's major predators (Atlantic cod and bluefin

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tuna to name two) have been wiped out. In the next few weeks, Congress will debate what to do about the dire state of the nation's fisheries when it takes up the reauthorization of the Magnuson-Stevens fisheries management act.

Making matters more problematic, numerous recent studies on methyl mercury and PCB's have connected these pollutants in fish with health problems like birth defects, heart disease and memory loss.

It might now seem advisable for a fish guy to hang up his hooks and start pushing flax or any of the other dull foods that contain the legendary Omega-3 fatty acid — a compound found in fish that ameliorates as many ills as the fish-borne contaminants seem to aggravate. But for those of us who feel passionately about the ocean, abstinence is just not an option.

Unlike the land animals we confine to pens, fatten on synthetic feed and selectively breed for growth, most fish we eat roam the open ocean, hunt down prey and choose their mates according to their own inexplicable desires. They feed us without any interference on our part. Giving up on fish would mean the end of the last large-scale hunter-gatherer relationship we have with wild food, as well as signal our capitulation in the fight to save the oceans.

If we can learn to harvest wild fish sustainably we will have succeeded in something we have failed at on land: finding a balance with a naturally productive ecosystem. In addition, by keeping a food connection with the ocean we will retain a motivation to stop polluting it.

The route to a well-managed sea is not as difficult as many environmental problems. And, curiously, many of the modifications that would repair the damage we have done to marine fisheries would also steer us clear of mercury and PCB contamination. With that in mind here are some things to strive toward:

First, go vegetarian, in a manner of speaking. Farmed fish have gotten a bad name in recent years — even while our production of them has grown to rival the wild fish harvest, as the Food and Agriculture Organization reported this week.

This is mostly because the farmed fish we eat in the West are carnivores. Raising carnivores like salmon requires the capture of wild prey fish that wild fish also consume. By eating farmed carnivores we rob Peter to pay Paul, stealing the food source for wild fish and feeding them to farmed.

There are, however, species of vegetarian fish that grow well in captivity like tilapia, carp and catfish. Because these fish generally eat lower on the food chain, they are often lower in PCB's and methyl mercury.

In our ingredient-obsessed food culture, it might seem boring to order such commonplace fare. But I share the opinion of a fishing boat mate who once told me "fish is fish." Often it's the freshness and the cooking method that make a fish tasty, not its evolutionary provenance.

Second, don't eat the cheap fish. Once upon a time, we had more fish than we knew what to do with. The United States government practically shoved fish down consumers' throats after World War II, sponsoring ad campaigns on behalf of the fishing industry and subsidizing institutional purchases of seafood. But decades of this kind of behavior drove us to eat through our fish surpluses and we must now import the majority of our seafood, much of which is supplied by international conglomerates that use unsustainable fishing practices.

The modern commercial fishing vessel is most often a trawler — a large ship that pulls weighted nets along the seafloor, destroying all flora and fauna in its path. This practice does not have to continue. A new generation of hook-and-line fishermen is offering an alternative to trawl-caught fish. Line-caught fish cost more, sometimes twice the price of trawl-caught fish. But shouldn't we be willing to pay more for the chance to eat a truly undomesticated creature? Should we really be paying just a few dollars for a fast-food fish sandwich made from the pureed flesh of a wild animal?

Finally, don't eat the big fish. Dining on a 500-pound bluefin tuna is the seafood equivalent of driving a Hummer. Ten pounds of little fish are required to produce one pound of bluefin and all the pollutants contained in a tuna's prey "bio-concentrate" in a tuna's flesh, making it a particularly compromised animal, chemically speaking. And because it takes so many little fish to make a big fish, the sea can sustain only a relatively small amount of large fish.

It therefore follows that if we reduce our consumption of the big fish we can reduce our mercury and PCB load and reduce the burden we place on the marine environment. Sardines, mackerel and most fish that are shorter in total length than the diameter of a dinner plate are generally safer to eat.

I would like to report that I am now a fully reformed fish guy who adheres to all of the above. I know, however, that I would have a hard time throwing back a 500-pound bluefin and that I might be tempted to choose the swordfish over the tilapia in a high-end eatery. But fighting the American urge to consume whatever we want is a battle worth fighting with ourselves, particularly when it comes to the sea.

Considering what's at stake is the survival of the ecosystem of the world's oceans, I'd rather eat fewer, smaller and more expensive fish than no fish at all.

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FBI/DEA/ATF/USMS:

Drug Use Rises In 50s, Dips Among Teens (USAT)

By Donna Leinwand

USA Today, September 8, 2006

Baby boomers' use of marijuana and other drugs is increasing usage rates among older adults, while teens' drug use is declining, according to a national survey released Thursday.

Overall, illicit drug use among Americans rose slightly from 2004 to 2005, driven in part by small increases in cocaine and prescription-drug abuse by young adults 18-25 and by rising drug use — mostly marijuana — among adults 50-59, the National Survey on Drug Use and Health said. The survey said 8.1% of Americans 12 and older were illicit drug users in 2005, up from 7.9% in 2004 but down from 8.3% in 2002.

The use of illicit drugs among baby boomers 50-59 rose 63% from 2002 to 2005, according to the survey, which was sponsored by the federal Substance Abuse and Mental Health Services Administration. The survey questioned 68,308 people 12 and older about their substance abuse, smoking and drinking habits.

In 2005, 4.4% of adults in their 50s said they had used an illicit drug in the previous month, up from 2.7% in 2002. Drug use among youths 12-17, however, fell slightly for the third straight year, with 9.9% reporting illicit drug use during the previous month in 2005 compared with 10.6% in 2004.

Federal anti-drug officials say the survey indicates that while some baby boomers who were in their teens and 20s when drug-use rates peaked in the 1970s are taking their drug habits well into middle age, today's youths aren't embracing drugs as enthusiastically.

The Census Bureau says there are 78.2 million baby boomers, the generation born from 1946 to 1964. This year, the oldest of them are turning 60. When they were young, “substance abuse became seen as part of coming of age,” says John Walters, director of the Office of National Drug Control Policy. Some “have carried (it) on throughout their lifetimes.”

Steve Hager, 55, editor of the marijuana advocacy magazine High Times, says some ailing people his age choose marijuana over sleeping pills or anti-depressants. “People in their 60s are rediscovering it,” Hager says of marijuana, which has been used as a pain reliever for glaucoma and other maladies. “If you're using it sparingly, it's the most wondrous medicine.”

The U.S. government does not recognize marijuana as having a medicinal benefit, but 11 states allow its use for medical purposes. Marijuana is the most popular illicit drug. About 6% of those surveyed reported using it in the previous month. Stimulants and prescription drugs were the second-most-used illicit drugs; 2.6% reported using them illicitly in the prior month.

Drug Use Up For Boomers, Down For Young Teens (AP)

AP, September 7, 2006

WASHINGTON - Some moms and dads might want to take a lesson from their kids: Just say no.

The government reported Thursday that 4.4 percent of baby boomers ages 50 to 59 indicated that they had used illicit drugs in the past month. It marks the third consecutive yearly increase recorded for that age group by the National Survey on Drug Use and Health.

Meanwhile, illicit drug use among young teens went down for the third consecutive year - from 11.6 percent in 2002 to 9.9 percent in 2005.

"Rarely have we seen a story like this where this is such an obvious contrast as one generation goes off stage right, and entering stage left is a generation that learned a lesson somehow and they're doing something very different," said David Murray, special assistant to the director for the Office of National Drug Control Policy.

The annual survey on drug use and health involves interviews of about 67,500 people. It provides an important snapshot of how many Americans drink, smoke and use drugs such as marijuana, cocaine and methamphetamine.

Overall, drug use remained relatively unchanged among Americans age 12 and older in 2005. About 19.7 million Americans reported they had used an illicit drug in the past month, which represented a rise from 7.9 percent to 8.1 percent. The increase was not only due to the boomers, but an increase was also seen among those 18-25, the age category that always ranks highest when it comes to illicit drug use.

Among the 18-25 group, drug use rose from 19.4 percent to 20.1 percent. Federal officials commenting on the report emphasized the drop in use among younger teens without citing the increase in the next older age group.

"This is a culture change and welcome news for our nation's well-being," said John Walters, director of the Office of National Drug Control Policy.

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But groups seeking the legalization of marijuana said the results show that the United States is spending billions and incarcerating millions, yet drugs remain cheap, potent and widely available.

"The government's current approach to drugs, with its drug free rhetoric and over-reliance on punitive, criminal justice policies costs billions more each year yet delivers less and less," said Bill Piper, director of national affairs for the Drug Policy Alliance.

Murray said the peak of drug use among youth in the United States occurred in the late 1970s.

"And they brought it with them like baggage when they hit 50 and 60," Murray said.

Drug use by baby boomers increased from 2.7 percent in 2002 to 4.4 percent last year. Marijuana was by far their drug of choice, Murray said.

That's true overall. There were 14.6 million people who reported using marijuana in the past month, about 2.4 million cocaine users and 6.4 million people who used prescription drugs for nonmedical purposes, such as pain relievers, tranquilizers or sedatives. In 60 percent of those cases, the drugs came from a relative or friend for free. Only 4.3 percent reported buying the drug from a drug dealer or other stranger.

While drug use went up slightly in '05, so did alcohol use. Slightly more than half of Americans age 12 and older reported being current drinkers of alcohol. That translates to 126 million people, up from 121 million people the year before.

Officials noted that alcohol use among those 12-17 did decline from 17.6 percent to 16.5 percent.

The percentage of Americans who acknowledged driving drunk at least once in the past year also dropped slightly in 2005 - from 13.5 percent to 13 percent.

Meanwhile, tobacco use held steady at about 29.4 percent, even though among youths 12-17, tobacco use did drop from 14.4 percent to 13.1 percent.

On the Net:

Office of National Drug Control Policy: http://www.whitehousedrugpolicy.gov/

Drug Use Up For Boomers, Down For Young Teens (AP)

AP, September 8, 2006

WASHINGTON - Overall drug use increased in the United States just a smidgen in 2005, but another drop among young teens had federal drug policy officials beaming on Tuesday.

Illicit drug use among young teens went down for the third consecutive year - from 11.6 percent in 2002 to 9.9 percent in 2005.

“This is a culture change and welcome news for our nation’s well-being,” said John Walters, director of the Office of National Drug Control Policy.

But the good news did not extend to all age groups.

The government reported Thursday that 4.4 percent of baby boomers ages 50 to 59 indicated that they had used illicit drugs in the past month. It marks the third consecutive yearly increase recorded for that age group by the National Survey on Drug Use and Health.

“Rarely have we seen a story like this where this is such an obvious contrast as one generation goes off stage right, and entering stage left is a generation that learned a lesson somehow and they’re doing something very different,” said David Murray, special assistant to the director of the Office of National Drug Control Policy.

The annual survey on drug use and health involves interviews of about 67,500 people. It provides an important snapshot of how many Americans drink, smoke and use drugs such as marijuana, cocaine and methamphetamine.

Overall, drug use remained relatively unchanged among Americans age 12 and older in 2005. About 19.7 million Americans reported they had used an illicit drug in the past month, which represented a rise from 7.9 percent to 8.1 percent. The increase was not only due to the boomers; an increase was also seen among those 18-25, the age category that always ranks highest when it comes to illicit drug use.

Among the 18-25 group, drug use rose from 19.4 percent to 20.1 percent. Federal officials said that increase was not statistically significant.

But groups seeking the legalization of marijuana said the results show that the United States is spending billions and incarcerating millions, yet drugs remain cheap, potent and widely available.

“The government’s current approach to drugs, with its drug free rhetoric and over-reliance on punitive, criminal justice policies costs billions more each year yet delivers less and less,” said Bill Piper, director of national affairs for the Drug Policy Alliance.

Murray said the peak of drug use among youth in the United States occurred in the late 1970s.

"And they brought it with them like baggage when they hit 50 and 60," Murray said.

But they don't have great influence on younger Americans, officials said. Walters said that teens are more influenced by peers. That's why the trend among young teens is so important.

"The way this problem starts is not through some stranger," said Walters. "It's a boyfriend or a girlfriend, a brother or sister, or the kid next door who says 'hey, lets have some drugs everyone does it."'

Walters also noted that more than 91 percent of young teens said their parents would "strongly disapprove" of their using drugs, and those who felt that way were less likely to use drugs than children who consider their parents more ambivalent on the issue.

Meanwhile, drug use by baby boomers increased from 2.7 percent in 2002 to 4.4 percent last year. Marijuana was by far their drug of choice, Murray said.

That's true overall. There were 14.6 million people who reported using marijuana in the past month, about 2.4 million cocaine users and 6.4 million people who used prescription drugs for nonmedical purposes, such as pain relievers, tranquilizers or sedatives.

In 60 percent of the cases involving prescriptions, the drugs came from a relative or friend for free. Only 4.3 percent reported buying the drugs from a dealer or stranger.

While drug use went up slightly in '05, so did alcohol use. Slightly more than half of Americans age 12 and older reported being current drinkers of alcohol.

Officials noted that alcohol use among those 12-17 did decline from 17.6 percent to 16.5 percent.

However, the survey showed that heavy drinking went up among those 18-22. College students led the way in that category. Heavy drinking is defined as binge drinking at least five times in the past month. Nearly one in five college students report heavy alcohol use, but the numbers dropped to 13 percent for those not enrolled in college full time.

Meanwhile, tobacco use held steady at about 29.4 percent, even though among youths 12-17, tobacco use did drop from 14.4 percent to 13.1 percent.

Bahamian Man Extradited To Miami For Drug Charges Five Years Ago (AP)

AP, September 7, 2006

A Bahamian man appeared in court Thursday after being extradited to Miami to face drugs charges for leading a cocaine and marijuana trafficking ring that stretched from the Caribbean to Canada, the U.S. Attorney's Office said Thursday.

Samuel Knowles was faces charges of conspiracy to import cocaine and conspiracy to possess with intent to distribute cocaine, the U.S. Attorney's Office said.

U.S. agents took Knowles into custody late Monday, Jeannette Moran, a spokeswoman for the U.S. Drug Enforcement Administration said earlier this week.

Knowles had been fighting extradition since the United States made its first request in March 2001, shortly after he was indicted by a U.S. grand jury on drug trafficking charges.

He appealed to the highest court for the former British colonies, the London-based Privy Council, which rejected one extradition request. The council later upheld another U.S. request based on an indictment that charged Knowles with conspiracy to smuggle cocaine into the United States between 1995 and 1997.

Knowles was one of ten people indicted by a federal grand jury in 2001 in "Operation White Sea," a joint effort between Florida, Canadian, Bahamian and Jamaican law enforcement agencies. Officials seized 3,000 pounds of cocaine, 879 pounds of marijuana and about $2.5 million. The group used speedboats to haul drugs into South Florida from Caribbean nations.

Knowles was being held in custody until his arraignment and pretrial detention hearing Sept. 19.

It was not immediately known if Knowles had an attorney representing him in Miami.

U.S. Trying To Deport Ex-drug Informant (HC)

By James Pinkerton

Houston Chronicle, September 8, 2006

Accused of overseeing deaths at a safe house, he fears he will be killed in Mexico

HARLINGEN — The U.S. government is trying to deport one of its once-trusted drug informants, undermining a civil lawsuit charging that American authorities failed to prevent a dozen or more homicides at the Mexican safe house where the informant once worked.

Guillermo Ramirez Peyro, who earned more than $200,000 while informing on the Juarez drug cartel, is certain he'll be killed if he is sent back to Mexico, his lawyer said.

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"He fears being tortured or killed if he returns to Mexico," said Jodi Goodwin, a Harlingen immigration attorney who in June asked a federal appeals court to overturn an earlier decision to deport Ramirez.

Officials at the U.S. Attorney's Office in San Antonio refuse to talk about it.

"We have no comment on the matter," spokesman Daryl Fields said.

Ramirez, 35, a Mexican highway policeman turned drug trafficker, oversaw a cartel safe house in the border town of Juarez, across the border from El Paso. And he held the keys to the safe house as traffickers went on a brutal spree, killing and burying at least a dozen of their enemies on the property, according to court documents and former agents.

Dallas lawyer Raul Loya filed a wrongful death lawsuit in December 2005 in federal court in El Paso, alleging that the informant's supervisors at U.S. Immigration and Customs Enforcement, or ICE, knew the slayings were taking place and failed to stop them.

Loya wants Ramirez held as a material witness, not deported.

"The government wants him deported because as soon as he walks across the border, he'll be dead," said Loya, who represents the surviving family of Luis Padilla and seven other victims. "That's because he's the primary witness against the government, and the only one who can corroborate a lot of the things in the lawsuit."

'A greater danger'Sandalio Gonzalez, the former agent in charge of the Drug Enforcement Administration office in El Paso, agrees and alleges that U.S. officials want to deport Ramirez to cover up their own misdeeds.

Gonzalez claims he was forced to leave the DEA after he distributed a memo in February 2004 blasting ICE's handling of the informant. But "forget about what happened to me," he said from his home in Florida. "I see a greater danger to the country, to the nation as a whole, if our own government agents are allowed to get away with something like this. Then we're just as bad as the crooks, or even worse."

The former DEA agent's memo, first published by reporter Bill Conroy of the Web site Narcosphere, accuses ICE agents of mishandling Ramirez and allowing him "to continue on an unabated crime spree while under their so-called control."

The memo describes Ramirez as a "homicidal maniac" and alleges that he took part in the first slaying at the safe house — which Narcosphere dubbed "The House of Death" — on Aug. 5, 2003.

Ramirez, now being held at an undisclosed jail in the Midwest, denied that accusation in an interview with WFAA-TV of Dallas-Fort Worth.

"I'm not a killer," he said.

Twelve victims — most of them tortured and smothered with plastic bags over their heads — were found at the house in early 2004.

When cartel henchmen asked their underlings to prepare a "carne asada," or barbecue, for so-and-so, that meant they were going to kill them.

'Carne asadas'Ramirez, nicknamed Lalo, told WFAA that his U.S. government bosses knew that he was overseeing the safe house and helped prepare it for at least a dozen "carne asadas" that occurred there from August 2003 to January 2004.

The Gonzalez memo, which was also sent to U.S. Attorney Johnny Sutton in San Antonio, said ICE superiors ignored the DEA's advice to "take down" or end the case after their informant allegedly took part in the first killing.

The memo also said the informant continued the operation in Juarez, allowing at least 13 other slayings to take place "in what can only be described as a display of total disregard for human life."

Heriberto Santillan-Tabares, an admitted top boss in the Juarez cartel, was arrested and charged with five of the slayings committed in the House of Death.

Deal for top bossIn April 2005, Sutton struck a plea bargain with Santillan: He pled guilty to running a criminal enterprise and accepted a 25-year prison sentence. In exchange, the murder charges were dropped.

U.S. officials declined to talk about the plea; Sutton said in a news release, "Mexico has a superior interest in prosecuting those responsible" for the deaths.

Gonzalez said he fears nothing will come of his efforts to ensure that the U.S. government is held accountable in the House of Death case. The Inspector General of the Justice Department and congressional subcommittees have turned him down, he said.

"The legislative branch needs to do its job and oversee the executive branch," he said. "The only way to salvage any kind of honor for the government ... is whatever committee that has oversight needs to assign an independent investigator."

Charles Bowden, a Tucson author who has written several books about Mexico's drug trade, calls the case bizarre.

"It's a freak circumstance, not that it happened, but that it ever saw the light of day," he said.

"There's a rule the cops have, an axiom that says, 'You run the informant, and the informant doesn't run you.' In this case, it's pretty clear the informant ran the cops."

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Loya said the U.S. Attorney General's Office provides specific guidelines on the use of informants, and prohibits them from breaking the law while they are helping agents enforce the law.

"You can't have an informant with a firearm, let alone a full arsenal of weapons and a house, and let him kill indiscriminately," he said.

And agents have a duty to stop a crime if they know it will occur, he said.

Cigarette smugglingICE agents did not shut down the House of Death, Loya claims, because Ramirez was not only an informant, he was a witness in a cigarette smuggling case.

"In this case, they just didn't care," Loya said. "They were more interested in pursuing a contraband cigarette case and trying to make inroads into the cartel than actually protecting human life."

Ramirez, meanwhile, is hoping to avoid deportation to Mexico.

Because he's an admitted drug trafficker, he does not qualify for asylum. But his lawyer, Goodwin, argues that his deportation would violate a U.N. treaty preventing the return of persons who have a credible fear of being tortured.

The Department of Homeland Security "insists the record contains no evidence that Mr. Ramirez would be tortured by Mexican law enforcement" or by drug traffickers acting with the acquiescence of Mexican police, according to Goodwin's petition to the appeals court.

Local Drug Kingpin Sentenced To 30 Years (NJ)

The News Journal, September 7, 2006

WILMINGTON -- A man who ran a $1.7 million heroin operation, primarily in the Riverside area of Wilmington, was sentenced to 30 years in prison in federal court today.

Jesus Sarraga-Solana, also known as Christian Alberto Diaz, who prosecutors described as a drug kingpin with operations in Delaware and Philadelphia, was convicted of conspiracy to distribute more than one kilogram of heroin and possession with intent to distribute more than 100 grams of heroin.

Sarraga-Solana, 27, was arrested in December 2004, according to federal prosecutors, and convicted after a trial in October.

Seven other members of the distribution ring were arrested and pleaded guilty in the case, receiving sentences of 20 to 60 months.

The sentence was handed down by District Judge Joseph J. Farnan Jr.

U.S. Attorney Colm F. Connolly praised the cooperative nature of the investigation, between the DEA and Wilmington Police, which led to the arrests and elimination of a “major regional heroin organization.”

Bill To Revise Gun-show Laws Advances In House (RTD)

By Peter Hardin, TIMES-DISPATCH WASHINGTON CORRESPONDENT

Richmond Times-Dispatch, September 8, 2006

WASHINGTON -- A bill to revamp federal enforcement rules for gun dealers, born in part from complaints about heavy-handed tactics at Richmond gun shows, is headed to the House floor.

The House Judiciary Committee approved the bipartisan bill by voice vote yesterday, and a spokesman for the House majority leader said it could come up for a House vote as early as next week.

Backers said it would strengthen enforcement by the Bureau of Alcohol, Tobacco, Firearms and Explosives while critics contended it would gut the agency's powers.

A pair of lawmakers who are diametrically opposed on some issues joined forces on the bill: liberal Virginia Democrat Robert C. Scott, D-3rd, teamed with conservative North Carolina Republican Howard Coble to craft the bill and push it through.

With his action, Scott ended up on the same side as the National Rifle Association gun-rights lobby, while the gun-control group Brady Center to Prevent Gun Violence blasted the legislation.

The bill would give ATF more tools to punish federally licensed gun dealers who break U.S. firearm sale rules. It would offer an intermediate set of new penalties -- including civil penalties or a license suspension -- that fall short of revoking a dealer's license.

Current law offers just written warnings and revocation of licenses to punish rogue dealers.

The bill also directs the inspector general for the Justice Department to review the ATF's gun show enforcement program.

Coble is chairman of the House subcommittee on crime, terrorism, and homeland security. Scott is the panel's senior Democrat.

Coble said the bill came about as a result of a subcommittee hearing where complaints were lodged against ATF for questionable law-enforcement practices at gun shows in the Richmond area.

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"This gives ATF some flexibility, and as we heard during the hearing, the ATF used some heavy-handed tactics and they need to be reigned in," Coble said.

Scott, a Newport News resident whose district includes part of Richmond, said the bill was necessary to establish guidelines.

"This simplifies enforcement," Scott said in a recent interview. He added that "98 percent of the time you are not going to revoke a license for a technical offense" but the bill would let a firearms dealer be fined.

"I believe it will better ensure fairness, as well as accountability and ultimately will better ensure public safety," he said yesterday.

But critics asserted the bill would undermine or eviscerate ATF enforcement.

A top ATF official told Congress in February that federal agents made mistakes while searching for illegal firearm sales at the Richmond gun shows. Yet aggressive efforts there "have reduced violent crime," the official also said.

The bill had 137 co-sponsors yesterday, according to Coble. It is part of the American Values Agenda promoted by GOP leaders to reach out to their political base and win action on issues seen as important to conservatives.

Contact staff writer Peter Hardin at phardin@mediageneral.com or (202) 662-7669.

Mary Shaffrey of Media General News Service contributed to this report.

No Firing Of Rumsfeld To Appease Democrats (WP)

By Al Kamen

The Washington Post, September 8, 2006

For most Americans, the arrival of fall means the World Series or the beginning of the football season.

But here, in an election year, it's "issue-framing" time, when the parties furiously battle to position themselves on what they think will be the winning side in November.

So when Secretary of Defense Donald Rumsfeld implied last week that Iraq war critics were as misguided as Neville Chamberlain when he dealt with Adolf Hitler 's demands, the Democrats were shocked, shocked at the comparison.

They called on President Bush to fire Rumsfeld. Then Senate Republicans quickly de-railed a Democratic move to force a floor vote on Rummy's tenure. The maneuvers forced the White House to dig in behind Rumsfeld, with spokesman Tony Snow saying Rumsfeld's going nowhere.

"It's not going to happen," Snow said. "Creating Don Rumsfeld as a bogeyman may make for good politics but would make for very lousy strategy at this time."

But it is all politics now. Of course, the Democrats weren't surprised at Rumsfeld's framing the Iraq war as World War II redux. Remember how he and Soviet expert Condoleezza Rice three years ago adroitly compared the growing Iraq insurgency to the "werewolves" in Germany, the Nazi operation to harass advancing Allied troops?

Okay. So maybe experts estimate that three dozen or so American soldiers died in the six months after Germany fell. And only three were killed in 1946. Not exactly the situation today in Iraq.

But there are still ample similarities between the two conflicts. For example: Baghdad, Berlin. Each begins with a "B," has two syllables. . . .In 17 Days, We'll All Be Safe

Now this from yesterday's Associated Press daybook.

10:45 a.m. DEMOCRATS-SECURITY -- Senate Democratic leaders and New York Senators Charles Schumer and Hillary Clinton announce major new legislation to fix America's security policies and reflect the lessons of 9/11.

Well, there's still 17 legislative days left in the congressional session. Plenty of time to get those bills through committees, passed by both houses, then down to the White House. And there'll be time to spare to pass the overhaul of procedures for dealing with alleged terrorists that President Bush proposed Wednesday so we can quickly try "KSM" (a.k.a. Khalid Sheik Mohammed) and the others who were moved from secret prisons to Guantanamo Bay, Cuba.Teaching by Example

Our children is not learning?

President Bush , in a Labor Day speech to maritime workers at Piney Point, Md., noted: "But we also got to do some other things that's smart, and it starts with making sure our workers have the skills necessary to compete in the 21st century."Collective Delight

If you can't say anything at all, say something nice.

President Bush 's nomination of career National Park Service employee Mary Bomar , who's now head of the Northeast regional office, to run the agency pleased everyone over there, we were told.

Then we got this e-mail from David Barna , the NPS chief of public affairs, addressed to "Staff."

"Keep in mind that Mary Bomar will not be doing any press or news media interviews prior to her confirmation hearings," Barna said. "The following is a statement you can use with the news media:

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" 'The men and women of the National Park Service are delighted that the President has chosen a member of our family to serve as Director.' "But He's Only Acting

Often, when there's an opening at the top of an agency, a career official may fill in as acting head until the new political appointee is confirmed. But the White House last week announced that Michael J. Sullivan , the U.S. attorney in Boston, will be acting director of the Bureau of Alcohol, Tobacco, Firearms and Explosives.

There's no formal word, but news reports in Boston have successors lining up to take his job as top federal prosecutor for Massachusetts. And it seems widely assumed that he will get the nod.

"I love the work of the U.S. attorney's office," Sullivan told the Boston Globe, but when you get "an important challenge . . . obviously you jump at the opportunity." Sounds like a bit more than a short-term acting directorship.

The White House moved with lightning speed on this opening -- Deputy Director Edgar A. Domenech had just become acting director following the Aug. 8 departure of director Carl Truscott .

Loop Fans may recall our Aug. 18 item noting that Domenech, a career employee, had reversed Truscott's decision to engrave in stone a quotation from President Bush 's post-9/11 speech to Congress at the entry to the new ATF headquarters opening next year.

Not that that had anything to do with this.

Fugitive Suspected In New York State Trooper Shootings Named To '15 Most Wanted' List (AP)

By Carolyn Thompson, Associated Press

AP, September 8, 2006

BUFFALO, N.Y. – A fugitive suspected of killing a state trooper and wounding two others has been named by federal marshals to their “15 Most Wanted” list while a two-state manhunt continues.

The search for Ralph “Bucky” Phillips, a career thief who broke out of an Erie County jail in April, has become one of the largest in New York history.

Authorities believe Phillips has been helped by numerous people since his escape, but has also broken into unoccupied hunting cabins in New York and Pennsylvania and stolen about 15 cars to remain one step ahead of police, authorities said.

Phillips may have spent 11 days hiding out in a western Pennsylvania home last month, slipping back into New York at least once to steal 41 guns from a gun shop, authorities said Wednesday.

As New York lawmen searched for Phillips in the rural wooded areas of the southwestern tip of the state, he was staying – at least some of the time – at the home of Todd Allen Nelson in Ludlow, Pa., Pennsylvania state police said.

Nelson, 30, was charged Aug. 31 with hindering the apprehension of Phillips after Pennsylvania troopers recovered 35 guns believed stolen from an Ellington, N.Y., gun shop at his home.

Phillips, 44, is the main suspect in the gun shop break-in.

“We know now that a total of 35 firearms are in the custody of law enforcement,” said ATF spokesman Joseph Green. “The remaining weapons are two pistols, one shotgun, and three high-powered rifles that are still unaccounted for and we are actively seeking those weapons and seeking information.”

Investigators are looking into whether one of the stolen guns was used in the shootings of two New York state troopers on Aug. 31 as they staked out the home of Phillips' former girlfriend.

Trooper Joseph Longobardo died Sunday; Donald Baker Jr. has been in critical condition since the shooting. Both troopers were struck with bullets from a high-powered rifle.

In naming Phillips to the U.S. Marshals most wanted list, Marshals Service Director John Clark said the fugitive “has shown he is as dangerous as he is desperate. As such, Phillips is a major threat to the safety of communities throughout an entire region.”

He is suspected of shooting a state trooper near Elmira on June 10 as the officer approached the stolen car he was believed to be driving. Trooper Sean Brown survived the wound.

A $225,000 reward has been offered for information leading to Phillips' arrest and conviction.

After Years Behind Bars, Now A Life On The Run (NYT)

By Michael Wilson

The New York Times, September 8, 2006

STOCKTON, N.Y., Sept. 7 — His father went by the nickname Buck, and so he was called Bucky, a smiling boy in the old pictures, the woods behind him. He lived in a shack near here with a sister and poor parents, and played outside, sitting on a make-believe couch and watching a pretend television, both made of hay.

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"He'd play in the woods," said Shawn Horton, 46, a lifelong acquaintance. "Hide-and-seek. Small-game hunting. A normal country boy."

But as the boy, Ralph J. Phillips, grew, his game of hide-and-seek became far less innocent. "At one time, he had quite a cache of stolen vehicles in the woods," Ms. Horton said. "I believe it was just the thrill of it for him."

His latest round of hide-and-seek has brought hundreds of state troopers, national attention and tragedy to these woods in Chautauqua County. The police said he was the prime suspect in the Aug. 31 shootings of two state troopers, one of them killed, the other critically injured in an ambush from the woods. He is also a suspect in the shooting of a trooper on June 10 during a traffic stop, in which the officer was wounded, and in the robbery of a gun store.

Mr. Phillips, 44, has a long criminal history, stretching back perhaps 30 years, but it is not a history of bloodshed. That contradiction has left his family and old friends wondering just what it was, if he was the gunman, that transformed him from a unrepentant thief into someone ready to commit murder.

Most believe that when the police, four months into the hunt, arrested his daughter, her boyfriend and Mr. Phillips's former girlfriend, and the authorities temporarily took custody of his daughter's three young children, Mr. Phillips went from a man bent on escape, and who they say had already shot one trooper, to a man filled with rage.

He is believed to be hiding in or near Chautauqua County, a sweeping arc of woodlands threaded with narrow dirt lanes and pocked by abandoned cabins and cars with the keys tucked above the visor or dangling from the ignition.

He has survived, the police believe, with the help of a network of former girlfriends, friends from the nine state prisons where he has served time, and by using stolen cars and motorcycles. While his early exploits seemed to make him something of a folk hero, the killing of the trooper ended that. The vast majority of people in Chautauqua County want him caught.

A letter he wrote to his lawyer shortly before his escape on April 2 seemed to foreshadow his new existence. "I am just not cut out for the life you folks live," Mr. Phillips wrote. "I tried it. It didn't work. Oh well."

His old friends listen to police scanners day and night, updating each other on cellphones, and seem to know almost as much about the progress of the manhunt as the police do. Seven people have been arrested and charged with harboring him.

The latest, Todd A. Nelson, let Mr. Phillips stay in his home, in Ludlow, Pa., for as long as 11 days, sharing beer and pizza, the authorities said.

The reward for Mr. Phillips's arrest was raised to $425,000 on Thursday. And he was added to the F.B.I.'s most wanted list.

In interviews, Mr. Phillips's daughter, her maternal grandmother, his former brother-in-law and his estranged wife paint a complex picture of the fugitive. In their telling, Mr. Phillips grew from an abused and neglected boy to a thief who stole just for the rush of it, preferably leading the police into a chase.

For more than half his life — since 1983 — he has lived almost entirely behind bars. Short periods of freedom ended in crime and capture. He seemed, they said, more comfortable locked up.

Some women were drawn to him. He was gentle, handsome, mysterious. Indeed, Mr. Phillips, since his escape, has returned to several of the women from his past, according to the police and his wife, Terry Phillips, 43, who admits that she spent a day with him during his flight, early in the summer. They ran mundane errands, calmly strolling through a grocery store to buy detergent.

That was June 9, Ms. Phillips said. The next day, the first trooper was shot.

"What the hell is he doing?" she asked during a telephone interview on Wednesday, given on the condition that her current residence, in another state, not be revealed, for fear of putting herself in danger. "Why is he doing that?"

Mr. Phillips was born on June 19, 1962, to Ralph and April Phillips. His father was some 40 years older than his mother, and was prone to drink and to violent outbursts, several members of Mr. Phillips's extended family said.

"He'd make him sleep in a barn," said Emery Masiker, 43, a contractor and Christmas tree farmer who was once married to Mr. Phillips's sister, and who was close to his mother until her death. "He was just an old, tired man."

His father may have steered him down the wrong path early on. "He was the one who taught him how to jump cars," said Norma Gloss, 65, whose daughter had a child with Mr. Phillips.

Mr. Phillips and his future wife, Terry, played together as early as age 7, she said, recalling playing house in bales of hay and provoking a bull so it would chase him. She said Mr. Phillips was sent to a home for delinquent boys, though she did not know for how long, and they had not seen each other for six years, when he pulled up with a smile and a stolen car. He was 13. "He came up to the driveway and said, 'Come on, let's go for a drive,' " she said.

Then he was in custody again, she said. His juvenile record was not available, but those who know him said Mr. Phillips was a compulsive thief.

"He went from bicycles to tractors to cars," said Art Clever, 62, who owns a general store near the Phillips family's now-crumbling home. He said Mr. Phillips was once chased into the store by four police officers, their guns drawn, and was arrested in the back office.

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Mr. Masiker said what he stole did not seem to matter. “Cigarettes, guns, money,” he said. “ He’d steal a set of pop machine keys and come back with piles and piles of coins. He’d be all right for a couple of days, but then, like an alcoholic, he’d go back again.”

He fathered a daughter in December 1982 with his girlfriend Kasey Gloss, but he has spent most of the 23 years since then in prison, according to records.

He spent three years shuttling between three prisons for stealing property from a garage in 1983. Nine months after his release, he was locked up again, for entering a home and threatening the residents with a rifle. He was released three years later, and was back in prison nine months after that.

“I call them sabbaticals,” Ms. Horton said of the stints of freedom.

His longest stint behind bars, for burglary and selling drugs, began on Nov. 5, 1992, and lasted 13 years. Soon after he began serving that sentence, one of his girlfriends was caught trying to sneak him a handcuff key hidden in her mouth, according to parole records and his friends.

A Native American by blood, he enmeshed himself in Indian prison groups, his daughter said. He corresponded with Terry, his childhood friend and future wife, and she became a frequent visitor at Auburn Correctional Facility. They were married in a prison ceremony in 1995, she said.

“In the visiting room, you’ve got time to talk, when it’s just you two,” she said. “We talked about our pasts as children, when we were 13. That’s all he wanted.” But a series of disciplinary violations, including one for “tampering with electricity,” resulted in his transfer to prisons farther away.

“He built a CB radio in prison,” Ms. Phillips said. “He would invent. He did something with wires and a battery and he made a little night light.”

They split up in 2003, at his urging, and he told her to live her own life, she said. They never divorced.

He was released last November, a 43-year-old man, and moved to a halfway house in Buffalo. He seemed eager to reconnect with his daughter, whom he knew almost exclusively from her few prison visits.

“I don’t drink or drug anymore,” he wrote in one of the many letters that the daughter, Patrina Wright, now 23, keeps in a shoebox, and from which she read excerpts. “My new image, you might say. No more prison for me, love. All done.”

He continued: “I’m doing everything I am supposed to do, so don’t worry, O.K.? Things are different now, and I want to just be free.”

He was free, for 49 days. Then he was accused of violating his parole, after a counselor at the halfway house reported that Mr. Phillips had threatened his daughter and her family.

Mr. Phillips’s lawyer, John Keaney, said there was no threat. In his brief period of freedom, the lawyer said, Mr. Phillips had been given a pass to leave Buffalo.

While away, he shared a Christmas dinner with, among others, a former friend who had let Mr. Phillips take the blame for some of his own crimes in 1992, Mr. Keaney said.

The counselor wondered if spending more time in Chautauqua County, with his daughter, as Mr. Phillips wanted to do, was a good idea, because of the people like the former friend with whom he came into contact.

Mr. Phillips replied that there was no problem, with unfortunate bluntness. Referring to the former friend, “He said: ‘If I wanted to — I was carving a turkey two feet away from him. I could have stabbed him. I could get a gun and shoot him, and I wouldn’t be sitting here asking you for a pass,’ ” Mr. Keaney said.

Mr. Phillips’s daughter said her father would never have threatened her. “He just wanted his family,” she said. “He wanted to be a grandpa.”

He wrote her from his cell: “I want you to know the depth of my love for you, and I’ll prove myself to you by proving I can put the past behind me.” He escaped several weeks later.

A question arises: how can a man who has been locked up for so long be so knowledgeable about the outdoors? Mr. Masiker said he did not believe that his old friend was the survivalist he has been painted to be.

“He goes to work like everybody else,” he said, referring to recent thefts. “He’s not woods guy, he’s not skinning raccoons. He’s not this Indian hunting guy. He’s an opportunist.”

The grocer, Mr. Clever, predicted a violent end. “He’s a dead man walking,” he said. “Everyone around here has guns. If anybody sees him, they’re going to shoot him.”

His wife was surprised, two months after the escape, to receive a call from him. “He said, ‘Hey, can I come over?’ ” she said. “I said, ‘Yeah,’ and I gave him my address. I’m like, ‘You’re going to go to the Laundromat with me?’ He goes, ‘Yeah.’ ”

They shopped, and washed the clothes, and he returned to her home for a few short hours. His departure bore little resemblance to that teenager’s hopeful arrival in the driveway 30 years earlier, played in reverse this time and drained of light. “We said goodbye,” she said, “and he walked away in the dark, toward the car.”

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IMMIGRATION:

19 Residents Arrested In Arranged-marriage Scam (WT)

By Keyonna Summers, The Washington Times

The Washington Times, September 8, 2006

Federal authorities yesterday arrested 19 residents and charged three others from the region in connection with a scam that resulted in as many as 1,000 marriages between U.S. citizens and illegal aliens trying to avoid immigration laws.

U.S. Attorney Chuck Rosenberg said the early morning arrests capped a three-year undercover investigation that tracked nine persons who arranged marriages between citizens and 10 illegal aliens from Ghana who sought permanent residency and avoiding deportation. Authorities did not charge all of those involved because some acted as informants in the case, affidavit papers show.

Three of those arrested are U.S. citizens who accepted as much as $500 on the marriage day and $300 each month from their new spouse, in part for filing petitions their legal-residence petitions.

"Many, many illegal aliens are willing to pay cash, and lots of it, to facilitators and to fake spouses ... for the chance to become a United States citizens," Mr. Rosenberg said. "Illegal aliens who marry U.S. citizens have a quicker and easier road to lawful, permanent-resident status."

The crackdown was named "Operation Arlington Marriage Fraud" and is considered the largest of its kind in the region.

The investigation started with a tip from an unidentified Arlington County Courthouse clerk who noticed a "suspicious" pattern of what appeared to be "hastily arranged marriages" between couples behaved like strangers when they applied for their marriage licenses, officials said.

The potential spouses came from Maryland, Virginia and the District. The majority of the phony marriage licenses were obtained at the Arlington Courthouse, but others were obtained in Alexandria, Fairfax and Manassas, officials said.

"It was a pattern of folks appearing in this office [who] didn't seem to know each other, or the same arranger kept appearing," Mr. Rosenberg said. The investigation found "some of the newlyweds literally met on the day of their marriage."

The investigation also uncovered U.S. citizens recruiting others to meet with Ghanaian-born illegal alien facilitators who then matched them with other Ghanaian illegals, affidavit papers show.

For $2,500 to $6,000, the facilitators would find the illegals a spouse and coach them through the immigration process.

For example, Lillian Jackline, one of the illegal alien facilitators named in the case, helped a "couple" concoct photographs, utility bills, bank accounts and other evidence of their life together, an affidavit shows.

Immigration agents posing as friends and relatives of that couple said Mrs. Jackline also helped the spouses memorize such details as how they met and on which side of the bed they slept to successfully complete Citizenship and Immigration Services' marriage interviews.

The investigation identified "at least" 500 definite sham marriages, but officials say there may have been as many as 1,000.

"That's a pretty big number when you're talking about a relatively small geographical area over a three-year period," Mr. Rosenberg said.

Authorities plan to execute six more search warrants in Virginia and two in Maryland to get more evidence.

Such fraud is widespread across the country, said William F. Reid, Immigration and Customs Enforcement's assistant director of investigations. The agency leads 10 tasks forces across the country on document-and-benefits fraud.

Virginia might have one of the worst problems because there is no waiting period for marriage licenses, Mr. Rosenberg said. There is a two- to five-day wait in Maryland and the District, he said.

Nationally, document-fraud cases doubled from 2004 and 2005, Mr. Reid said. But officials are not sure whether marriage-fraud cases have increased specifically in the region or whether enforcement has tightened recently.

Authorities do not think those arrested are linked to terrorism.

They are being held on charges of immigration fraud, marriage fraud, conspiracy to commit immigration fraud and conspiracy to commit marriage fraud. The Internal Revenue Service, the State Department and police in Arlington and Fairfax counties also participated in the investigation.

House Crafting New Border Security Bill (AP-Y)

By Suzanne Gamboa

AP, September 8, 2006

House Republicans are crafting new bills to crack down on illegal immigrants, nailing the coffin shut for now on broader legislation that would give many illegal immigrants legal status.

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If the bills are approved, Republicans can go into midterm elections Nov. 7 saying they took action on illegal immigration. At the same time, they can appease conservatives who oppose giving illegal immigrants a chance at citizenship, which some have called amnesty.

"Our borders are a sieve and we are at war and we certainly need to act like we are at war. We need to close our borders," House Speaker Dennis Hastert, R-Ill., told reporters Thursday.

House leaders will preside over a meeting next week where Republican committee chairmen will propose border security measures based on what they learned from field hearings they conducted over the past month, Hastert said.

"It won't be the whole 95 tons of what we've tried to work between the House and Senate, but we will try to get some things done," he said.

Some possible ideas include voter identification cards and safer Social Security cards, he said.

The package also will include some immigration spending added to pending defense and homeland security appropriations bills. Congressional leaders want to get those bills to President Bush this month before adjourning to campaign for the November elections.

Senate Majority Bill Frist, R-Tenn., said Wednesday it would be "next to impossible" to pass a comprehensive immigration reform bill by the end of the month.

The House package would also need Senate approval. Sen. Kay Bailey Hutchison, R-Texas, said Congress has already been improving border security.

"I think it would be a huge lost opportunity if we don't try to create a system going forward that allows people to come into our country legally," Hutchison said. She has proposed an immigration bill with Rep. Mike Pence, R-Ind., that calls for a guest worker program.

Sen. Edward M. Kennedy, D-Mass., a chief architect of the Senate bill, said the House plan for more legislation "has more to do with solving a political problem for Republicans than solving our immigration problem."

Kennedy joined thousands of people who rallied on the National Mall to push for a comprehensive immigration bill. The crowd chanted "Si Se Puede," which translates to "Yes, it can be done." But some were skeptical it could be done soon.

"If we go back to the civil rights movement, people had to march for years and years to get something," said Jaime Castillo, chairman of the National Capital Immigration Council.

Flor Hernandez, 25, of Alexandria, Va., said she is already looking to the future. She is the daughter of immigrants from El Salvador.

"I'm here to support my next generation and to make sure we are going to vote," she said.

The House passed an enforcement-only immigration bill last December that would build 700 miles of fences on the border, require employers to verify workers are legal and subject to felony prosecution illegal immigrants and the people who help them.

The bill triggered massive street demonstrations last spring by immigrants and their advocates that helped build support for the Senate's broader immigration bill.

In June, the Senate passed a bill supported by Bush that would let a majority of the estimated 11 million illegal immigrants already in the United States remain in the country and eventually earn U.S. citizenship. It also would create a new guest worker program and toughen border security.

With elections looming, House Republicans balked at negotiating a compromise, instead holding dozens of hearings in July and August to criticize the Senate bill.

The Senate immigration bill is S 2611. The House bill is HR 4437.

Immigration Pushed Aside As House GOP Sticks To Border Security Priorities (MCT)

By Michael Doyle

McClatchy Newspapers, September 8, 2006

WASHINGTON - Comprehensive immigration reform appears dead for the year, as House Republicans on Thursday announced plans to push ahead with border security measures and leave everything else for another time.

Facing a tight schedule and sharp divisions within their own ranks, GOP leaders will be sticking with border-enforcement priorities that can be passed before the November election.

"The intention of the House is to secure the borders," House Speaker Dennis Hastert said Thursday afternoon after meeting with his leadership team. "We need to find the things that we can do to secure the border, before we have a guest-worker program or any other kind of (legalization) program."

The specific proposals including new fencing, stiffer penalties and more Border Patrol agents will be aired next week. In an unusual public relations maneuver, House Republican leaders will sit and listen to testimony offered by the chairmen of House committees that held hearings in August.

The House plans to approve the border measures, some included in annual appropriations bills, before the scheduled Sept. 29 adjournment date.

"We need to solve first problems first," Hastert said.

Senate Majority Leader Bill Frist earlier this week already had conceded it would be "next to impossible" to finish a comprehensive bill by the time lawmakers adjourn and resume campaigning.

"This is something that should not be held hostage to artificial deadlines, of elections or anything else," said Republican Rep. Deborah Pryce of Ohio, a member of the GOP leadership.

Translated politically, Republican Rep. George Radanovich of California said, this means that "the Senate version and the House version are dead."

Republican Rep. Jeff Flake of Arizona added that only a "hail Mary" play in the final days might salvage a comprehensive bill.

"It's very difficult to believe credibly that we can do it," Flake said.

Theoretically, a lame-duck session following the November election could yield a broader bill. Flake noted, though, that GOP leaders won't definitively declare a comprehensive bill dead for the year because "they want to resist that headline."

Even so, House GOP leaders foreshadowed the decision by devoting August to some 20 hearings largely devoted to bashing the Senate's comprehensive proposals.

Competing immigration measures passed the House and Senate earlier this year, but no negotiators have been named by either side. The chairman of the House Judiciary Committee, Rep. James Sensenbrenner, R-Wis., said he will continue talking to his Senate counterparts. It's unclear whether the Senate would respond to an enforcement-only measure.

For President Bush, the seeming collapse of comprehensive immigration reform is a black eye. After proposing a broad-strokes guest-worker plan in January 2004, then dropping it, and then resurrecting it again this year, Bush had declared immigration reform to be a top priority.

"I want to speak directly to members of the House and the Senate," Bush said in a nationally televised speech in May. "An immigration reform bill needs to be comprehensive, because all elements of this problem must be addressed together, or none of them will be solved at all."

Even congressional Republicans, though, had complained the White House rarely seemed fully engaged in day-to-day negotiations.

"Republicans control both houses and the White House. It's a major national problem," the Senate Judiciary Committee chairman, Republican Sen. Arlen Specter of Pennsylvania, told CNN on Sunday. "If we don't move toward solving it, we're not doing our job."

It's even more aggravating for the farm-worker advocates and farmers. Thousands of immigrant advocates rallied Thursday on the National Mall, in hopes of swaying lawmakers, while California farmers will be coming to the Capitol next week.

"It's been very frustrating," said Barry Bedwell, president of the Fresno-based California Grape and Tree Fruit League. "The polling numbers indicate that a clear majority wants immigration reform, and here you get the minority shouting down the majority."

Fifty-eight percent of those questioned in June for a Los Angeles Times/Bloomberg poll said they preferred combining a guest-worker program with tougher enforcement, while only 32 percent said they wanted strictly tougher enforcement.

The more important split is within the Republican caucus that's struggling to hold on to a 231-201 House majority.

Agribusiness leaders and the United Farm Workers had been pushing hard for an agricultural guest-worker plan included in the Senate's comprehensive bill. The plan would have granted legal status for 1.5 million illegal immigrants and streamlined a much-criticized guest-worker program already in use.

"If we have more troubles with labor this year, people may just say they won't farm next year," Bedwell said.

The Senate bill includes several other guest-worker, visa and legalization elements. A complicated compromise, authored by Republicans Mel Martinez of Florida and Chuck Hagel of Nebraska, would put many of the nation's estimated 12 million illegal immigrants on a path toward legal status.

The House approved a narrower bill last December. It includes plans for an additional 730 miles of fencing along the U.S.-Mexico border, reinforces staffing at the border and ports-of-entry, and requires employers to verify worker eligibility.

Some of the House's most controversial proposals, like creating a new felony crime of "illegal presence" in the United States, drew so much heat that they will be dropped.

Immigration Overhaul Takes A Back Seat As Campaign Season Begins (NYT)

By Rachel L. Swarns

The New York Times, September 8, 2006

DOJ_NMG_0059841

WASHINGTON, Sept. 7 — House Republicans vowed Thursday to move swiftly to pass a series of border security measures by the end of September. But they made it clear they would not heed President Bush's call to create a guest worker plan or grant legal status to the nation's illegal immigrants before the November midterm elections.

The House speaker, Representative J. Dennis Hastert, Republican of Illinois, and others said House leaders would hold a hearing — scheduled for Tuesday — to discuss strategies to secure the border and then present a package of legislation, perhaps as early as Wednesday.

Mr. Hastert said House Republicans would continue their discussions with the Senate in an effort to come to a consensus about overhauling immigration laws, but he emphasized that they would focus first on what could be accomplished this month before Congress recesses. He said the initiatives would emerge from hearings held around the country in August.

"Before you have a guest worker program or any other program, you need to heal the wound or stop the bleeding," Mr. Hastert said at a news conference. "We need to solve the first problems first."

"We're at war," he added. "Our borders are a sieve. We need to stop the bleeding."

After he spoke, hundreds of immigrants rallied outside the Capitol, waving American flags and warning lawmakers that they would be held accountable at the polls if they did not take steps to legalize the more than 11 million illegal immigrants in the United States.

But the political potency of such marches, which drew hundreds of thousands of immigrants in the spring, seemed to be waning. Organizers here had predicted hundreds of thousands of demonstrators on Thursday, but it appeared that only several thousand showed up. Rallies in Phoenix and Batavia, Ill., this week also drew smaller crowds than had been predicted.

Lily Najera, a 19-year-old community college student from El Salvador, said she was surprised by the low turnout.

"I don't know if people are losing hope because they don't see any progress," said Ms. Najera, who attended the rallies in the spring.

The prospects for passage of the House border security package in the Senate remained uncertain. Senate leaders have acknowledged that their bill, which would put the majority of illegal immigrants on a path to citizenship in addition to tightening the border, will probably not become law before November.

Senator Bill Frist, Republican of Tennessee, the majority leader, said this week that it would be "next to impossible" for Congress to pass such a bill in the next three weeks. Amy Call, a spokeswoman for Mr. Frist, said Senate Republicans would be willing to consider the border security initiatives proposed by the House.

"Securing the border is a key responsibility," Ms. Call said Thursday. "We'll be interested to see what they bring forward."

Senator Mel Martinez of Florida, a Republican champion of the Senate legislation, argued, however, that border security by itself was not enough. He said a mechanism like a guest worker program to create a legal pathway into the country was an essential component of any plan intended to deter immigrants from illegally crossing from Mexico into the United States.

"That may sound good politically speaking," Mr. Martinez said of the House plan. "But I think we need a sincere, comprehensive approach to the problem. That's what I would be insisting on, that we do provide for some legal pathway to enter the country."

Senator Edward M. Kennedy, Democrat of Massachusetts, assailed the House plan as little more than political posturing on the part of House Republicans.

"Secretary Chertoff, White House officials responsible for homeland security and every expert agree that you can't secure our borders without breaking the cycle of illegality for the millions who are already here," said Mr. Kennedy, referring to Michael Chertoff, the secretary of homeland security.

"The president understands this," Mr. Kennedy said, "and should step in to help his colleagues see the shortsightedness of their actions."

House GOP Makes Border Security Its Priority (LAT)

By Nicole Gaouette

The Los Angeles Times, September 8, 2006

WASHINGTON — House Republican leaders announced Thursday that rather than negotiate the type of sweeping overhaul of immigration law that President Bush had called for, they instead would hold an unusual hearing next week to help fashion a tightly focused "border security package."

The decision effectively ends any chance that Congress will pass legislation addressing the status of millions of illegal immigrants before November's midterm congressional elections.

It also adds another act to the House's summerlong series of immigration "field hearings" around the country, which critics said were meant less to solicit public input than to promote the get-tough approach to immigration favored by conservative lawmakers.

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At next week's session, various House Republicans will testify to their leaders about lessons learned in those hearings and measures that could be included in the border security effort.

"We will quickly do border security legislation before we leave" for Congress' preelection recess, said House Speaker J. Dennis Hastert (R-Ill.). "Congress can't wait to act on this issue. The border is a sieve. We're at war, and we certainly need to act like we are at war and close our borders."

The announcement came as a few thousand immigrants and their supporters demonstrated on the National Mall to demand legalization for the estimated 12 million illegal immigrants in the U.S.

House Republicans have announced that they will concentrate on national security for the rest of this session, before an election in which many Republican seats are at risk.

House Majority Whip Roy Blunt (R-Mo.) said the border security initiative would provide more border patrol agents, add fencing and surveillance along the southern border, and toughen the enforcement of immigration laws inside the country.

Republican aides said enhanced enforcement efforts could include giving state and local officials greater authority to enforce immigration laws. Hastert said measures could include tamper-proof Social Security cards.

"The House leadership is committed to sending legislation to the president's desk before Oct. 1," Blunt said.

House and Senate leaders met with Bush on Wednesday to discuss the fall agenda, and Blunt said the administration would issue its own series of proposals related to border security in the next few days.

In December, the House passed a bill focused on enforcement of immigration laws and border security, but there has been no progress since the Senate passed its bill in late May. The Senate legislation includes steps to improve enforcement, a guest worker program and a way for illegal immigrants to gain citizenship — elements that Bush has called for but which the House has adamantly rejected.

On Thursday, Hastert said that discussions were continuing with the Senate but that House leaders had no intention of considering measures beyond security.

"Before you have a guest worker program or any other program, you have to heal the wound," he said, referring to the border with Mexico. "There are nuggets of things we can do. It won't be the whole 95 tons of what we'd been trying to work out between the House and Senate, but we can get some things done."

Supporters of the Senate bill criticized the House announcement.

"Security alone cannot fix the problem of illegal immigration," said Sen. Mel Martinez (R-Fla.), who backs the Senate bill. "If we do enforcement without anything else, crops in the field will be rotting, nothing will be picked and the problems will ripple throughout the entire economy."

At the immigration rally, less than a mile from the Capitol, speakers promised the crowd of immigrants and activists that the fight for a broad overhaul was far from lost.

Gina Jean, a 20-year-old Haitian American from Brooklyn, clutched a Haitian flag and a sign urging bilingual education and English classes for recent immigrants.

"I see suffering people are trying to gain their rights, but people don't want to hear what we have to say," she said.

Separately, the Senate on Thursday passed a $470-billion defense spending bill for fiscal 2007 that includes $1.8 billion for the National Guard to install 370 miles of fencing and 500 miles of vehicle barriers along the southern border.

The Senate bill will have to be reconciled with the $428-billion defense spending bill the House passed in June.

House Republicans Reject Illegal-aliens Amnesty Bill (WT)

By Charles Hurt

The Washington Times, September 8, 2006

House Republicans yesterday officially rejected the Senate immigration bill that would grant citizenship rights to some 10 million illegal aliens now in the country.

"We agree that we cannot support the Senate amnesty bill," House Speaker J. Dennis Hastert said. "This Democrat immigration bill wouldn't secure the border. It would erase it."

Mr. Hastert met yesterday with other House leaders and the chairman of several committees to discuss how to proceed with the stalled immigration legislation and emerged saying new border security proposals will be offered next week.

The new initiatives will include more border patrol agents, new fencing and surveillance and stricter enforcement of current laws, which they hope will pass both the House and the Senate before November's elections.

"We will take many of these recommendations and move quickly to pass border security legislation in the next few weeks," Mr. Hastert said. "Congress cannot wait until next year to move on this issue. The American people expect us to tackle this problem and solve it."

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Sen. Edward M. Kennedy, Massachusetts Democrat, criticized the decision to abandon "comprehensive immigration reform."

"After a summer of cynical immigration campaign events and years of cutting billions from border security funding, today's announcement has more to do with solving a political problem for Republicans than solving our illegal-immigration problem," he said.

"While we all support more resources for border security, it is abundantly clear that these stop-gap measures are designed to provide cover for their failure to produce comprehensive reform."

House Majority Leader John A. Boehner vowed to complete legislation.

"Republicans will take immediate action to put legislation on the president's desk that fulfills our promise to strengthen our border security by providing more border patrol agents, enhancing enforcement, building more fencing and increasing surveillance," he said.

"Republicans will vote on these reforms before adjournment and work to send them to the president's desk for his signature."

As Congress Stalls On Immigration, A Backlash Brews (CSM)

By Amanda Paulson

The Christian Science Monitor, September 8, 2006

CHICAGO

Chicago activists marched 50 miles to House Speaker Dennis Hastert's house last weekend to protest congressional inaction over reforming immigration laws and what they say is his anti-immigrant stance. In Phoenix, protesters rallied at the state's Capitol, also to highlight the stalemate in Washington.

Bob Johnson is equally exercised. The structural engineer from Buffalo Grove, Ill., argues the other side of 2006's Great Immigration Debate - that the US needs to send home illegal immigrants and gain better control of its borders - but he says he cannot believe Congress is punting on immigration reform. He's been writing letters to his congressman and senators and says he may not vote in November or he may vote for a third-party or write-in candidate.

The decision by congressional leaders not to try to bridge the big gulf between the House and Senate versions of immigration reform, at least not before the November midterm elections, is touching off a backlash that may deliver a sting to some incumbent lawmakers.

How big the backlash grows may not be known until the day after the election, but it's surfacing in blogs, letters to the editor, and record-low approval ratings for Capitol Hill.

"When you have both Bob Novak and David Broder writing the same column about Congress's failure to act on immigration, you know something is wrong," says Tamar Jacoby, a senior fellow at the Manhattan Institute in New York, referring to two well-known columnists who typically have very different views. "People on both the right and left will see it as a huge failure" if Congress ends its term without a bill.

Certainly, many Americans are worked up over immigration. The issue sparked huge rallies and marches in the spring, and has been the subject of endless Lou Dobbs reports. Over the summer, House leaders held hearings on immigration all over the country.

But now, with inaction on the Hill, some businesses are mobilizing. A few national groups - like the Associated General Contractors of America - say they'll stop campaign contributions to lawmakers who take hard-line stances on immigration controls, according to The Wall Street Journal. The Texas Produce Association has said people may have to get used to an "outsourced" industry, with more growing done in Mexico, if Congress doesn't produce a bill.

"It's frustrating and troubling and bad for the country" that Congress hasn't taken action, says Ray Prewett, executive vice president of the Texas Vegetable Association. He adds that growers need at least a guest-worker program to enable them to harvest their crops. It angers him that Republicans in the House seem to have hardened in their opposition to compromise.

If the backlash to inaction proves to be a big one, it would probably hit Republican lawmakers, who control both houses of Congress, the hardest, observers say. Democrats hope to use that image of a "do-nothing" Congress under Republican leadership. But Republicans have presumably done the math and are calculating that voters who want a crackdown on illegal immigration would rather have no bill than a bill that offers any version of amnesty.

Still, experts see pitfalls for lawmakers. Congress "failed at crafting a Social Security plan that would sell. The same is true with immigration: It looks as if they can't tie their shoes," says David Mayhew, a political science professor and congressional scholar at Yale University. "This is a great prominent public issue, and it looked as if they were climbing up the hill earlier in the summer, but then couldn't make it and are going to do nothing."

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Some activists are responding to the inaction with laws and proposals at the state and local level, mostly aimed at cracking down on illegal immigration. Towns like Riverside, N.J., and Arcadia, Wis., have followed the lead of other cities in proposing ordinances that take aim at everything from flying non-US flags to hiring illegal immigrants or restricting the number of people who can live in rental housing. In state legislatures, almost 550 bills concerning immigrants have been introduced this year, and 33 have been enacted, according to the National Conference of State Legislatures.

"It's a domino effect," says John Keeley, a spokesman for the Center for Immigration Studies, which advocates restricting immigration. "Washington's at a stalemate, but the fact is there's large-scale illegal immigration, attendant crime, school overcrowding - all this stuff going on. At the state and local level, they don't have the luxury of filibustering."

Part of the impasse, say observers, has to do with the Republican Party's split stance on the issue.

"If they don't act, this has been their signature priority and the president's signature priority this year, and they look like idiots," says Norman Ornstein, a residential scholar at the American Enterprise Institute and coauthor of "The Broken Branch: How Congress Is Failing America and How to Get It Back on Track."

Advocates on both sides claim public-opinion majorities, with some pointing to polls showing that between two-thirds and three- quarters of the public favors a combination of enforcement and a path to citizenship. Others note that far more Americans think immigration should be decreased, than increased.

If fact, the security-only voices have been getting stronger, especially in some key districts, and many Republicans maintain they're better off with no bill than with a compromise involving some path to citizenship. And it's still possible that Congress will pass some smaller enforcement bills, increasing the resources for border security, in lieu of comprehensive reform.

But critics say that strategy is shortsighted and ignores the growing numbers of Latino voters.

"It seems to me like they're running an incredible risk," says Angela Kelley, deputy director of the National Immigration Forum, which favors reform more along the lines of the Senate's version. "It's unbelievable they would beat the drum on this issue for 18 months, have both chambers pass a bill, spend the summer doing hearings, and now say they aren't going to do anything.... They're going to have some 'splainin' to do."

Immigration Rally's Low Turnout Disappoints Advocates (WP)

By Darryl Fears And N.c. Aizenman

The Washington Post, September 8, 2006

A pro-immigration rally that promised to bring tens of thousands of marchers from across the nation to Washington yesterday managed to draw only a paltry number of demonstrators, raising questions about the movement's tactics and staying power.

With fewer than 5,000 people attending, organizers from other localities expressed two worries about the turnout: that they were losing the momentum built up by the huge marches in the spring, and that the movement's national organizers in Washington have lost touch with the people.

"I could have told you last week that there would not be that many people," said Ricardo Diaz, an organizer for A Day Without an Immigrant Coalition in Philadelphia. "Our meetings were low-energy."

Diaz said that the movement has failed to achieve any gains in Congress since the initial marches and that the people who attended them are disappointed.

"What did we have that was new?" he asked. "Why were we doing this?"

The We Are America Alliance of immigration rights groups billed the march as a post-Labor Day demonstration to show Congress that undocumented workers still want an immigration reform bill that would allow them to work in the country legally.

But, in contrast to spring's huge rallies -- which brought an estimated 100,000 to 300,000 people to the streets of Washington, and even larger turnouts in Los Angeles, Dallas, Phoenix and Chicago -- yesterday's march was the latest in a string of protests that drew paltry crowds in the past week.

In anticipation of a crush of people, Metro had planned to start its rush-hour service an hour early, at 2 p.m. But by early afternoon, "there were not enough people in the system" to warrant the extra rush-hour service, and none was added, spokeswoman Lisa Farbstein said.

Fifteen minutes before the march was scheduled to begin, only a few hundred demonstrators were milling before the stage.

Despite the poor showing, Deepak Bhargaba, executive director of the Center for Community Change, which helps fund and organize the alliance, said yesterday's march was important because it propelled the movement forward.

"I will say honestly that we continue to be amazed that people come by the thousands in spite of raids against immigrants," he said. "This was done without a lot of money and with a whole lot of guts."

It was also done in a climate that has markedly changed since spring.

In the four months since the first marches, competing immigration bills have stalled in the House and the Senate.

The House bill, favored by opponents of illegal immigration, would force undocumented workers currently in the country to return home before being allowed to work. The Senate bill would permit illegal immigrants to pay a fine and gain permission to work.

House Republican leaders made it clear yesterday that they are not about to move forward with any immigration measure that includes a guest worker provision or avenues for undocumented workers to find lawful employment and citizenship. They prefer smaller provisions that would fund border fences, surveillance equipment and tamper-proof identification cards.

"We're at war, and we need to act like it," House Speaker J. Dennis Hastert (R-Ill.) said. "We need to close the borders."

State legislatures, county boards and city governments throughout the country have ratcheted up enforcement this year, enacting measures that restrict illegal immigration and entering into agreements that allow local authorities to arrest illegal immigrants.

Advocates who want to limit legal immigration and clamp down on illegal immigration cheered yesterday's rally turnout.

"The attempt to recreate the atmosphere in the spring has completely failed because the illegal aliens and their supporters have gotten the message that the American people aren't going to roll over for this amnesty bill," said Mark Krikorian, executive director of the Center for Immigration Studies, referring to the Senate legislation.

Grace Rivera-Oven, 37, a Germantown resident who attended the rally in April but stayed home this time, said she fears that the movement has lost some of its momentum, noting that none of the roughly 40 friends with whom she attended the April event planned to go this time.

"I just think people are a little disappointed. Politically, it doesn't seem like we've made a dent" since the previous rally, Rivera-Oven said.

Clara Sabogal, 47, who left Miami early Wednesday and slept in her car at a Virginia rest stop en route to Washington, said she is not surprised that not many people attended yesterday's rally, given the backlash.

"People are afraid," she said. "They've been listening to the news, and they don't want to leave home. Even employers are cracking down."

Janet Murguia, president and chief executive of the National Council of La Raza, the nation's largest Hispanic civil rights organization, said the movement is of two minds.

"I think there have been a lot of mixed messages in the community," she said. "You have people who want to concentrate on marches, and other people who want to concentrate on voter mobilization and education in their communities."

Rick Swartz, an immigration rights advocate, said the timing of yesterday's rally was also at fault.

"It's a Thursday," he said. "People work. Even immigrants have lives."

Mexican President-Elect To Press U.S. Reforms (WP/AP)

By Will Weissert

The Washington Post, September 8, 2006

MEXICO CITY, Sept. 7 -- Mexican President-elect Felipe CalderÃ³n said Thursday that he is committed to winning broad immigration reform in the U.S. Congress before President Bush leaves office in January 2009.

Calderon, who spoke with Bush by telephone on Wednesday, said he believes the White House is ready for action. "We will work intensely over the next two years to arrive at a concrete agreement," he told foreign journalists.

Outgoing President Vicente Fox spent six years trying to obtain legal status for the 6 million undocumented Mexicans in the United States, and his inability to secure an accord was among the biggest failures of his term.

Mexican presidents are limited to one six-year term, and Calderon will replace Fox on Dec. 1. Both are members of the pro-business National Action Party.

Calderon said Mexico has to create more jobs to slow the flow of Mexicans heading north, noting that "every year, more than 1.2 million Mexican youths reach working age. Many, facing a lack of alternatives, go looking for opportunities in the United States."

"We can't ignore it, we can't write a law making it disappear," Calderon said. "We have to find ways to improve things. That is not only in the interest of Mexico, but also a U.S. interest."

The runner-up in Mexico's July 2 presidential election, Andres Manuel Lopez Obrador, has refused to recognize Calderon's victory and plans to hold a convention Sept. 16 to create a parallel government.

Thousands of his supporters have set up a protest camp in the heart of Mexico City, crippling traffic and hurting tourism and local businesses. They claim that fraud and illicit government spending were responsible for Calderon's victory by fewer than 234,000 votes out of the nearly 42 million cast.

Fox spokesman Ruben Aguilar said Thursday that the president was inviting Lopez Obrador's Democratic Revolutionary Party, or PRD, to negotiate a solution to the political crisis.

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Calderon has said he will reach out to the millions who didn't vote for him by proposing initiatives to reduce poverty, create jobs and combat crime. He also said he will include opposition party leaders in a coalition-style government.

But a PRD spokesman, Gerardo Fernandez, said Calderon would have to resign before the party would consider talks.

Conservatives, Liberals Hit 'Honor System' On Border (WT)

By Audrey Hudson

The Washington Times, September 8, 2006

A congressional mandate for new identification at the Canadian and Mexican borders amounts to an "honor system" that will give terrorists speedy access into the United States, conservatives and liberals said yesterday.

The Western Hemisphere Travel Initiative that goes into effect next year requires a passport or a new identification card for Americans traveling across the border.

Homeland Security officials are pushing for a People Access Security Service or PASS card with a radio frequency identification (RFID) chip that can be read at the border as the driver speeds by a reader. New passports also will contain RFID chips.

Critics of the program say information from the RFID chips can be stolen easily and will lead to a spike in identity thefts, and that cloned or stolen cards can be obtained easily by terrorists and illegal aliens.

"When you're going through the border at 30 miles per hour, all they know is that your card went through; they don't know if you were driving," said Jim Harper, director of information policy studies at the Cato Institute. "Whoever heard of a security system run on the honor system?"

Citizens Against Government Waste (CAGW) released its study of the identification program during a press conference yesterday that included Mr. Harper and Timothy Sparapani, legislative counsel for the American Civil Liberties Union.

"When we come together like this, you know something is going wrong," Mr. Harper said of the groups' varying political leanings.

RFID technology in commercial use to track inventory is "good for produce, not good for people," said Tom Schatz, CAGW president.

"Congress, in its infinite wisdom, decided to overdo it when it comes to securing the borders," Mr. Schatz said. "It's an intrusive form of identification which we think should be delayed or eliminated entirely."

The tiny chips contain a transmitter with information that can be retrieved from a computer or hand-held "reading" device that costs about $500.

Citing similar concerns, the Senate adopted a delay of the program until 2009 in the pending 2007 homeland security appropriations bill.

According to the CAGW report, the new requirements would stifle tourism and commerce costing the U.S. economy $1.5 billion in its first year.

"Recent polls reveal that less than 25 percent of U.S. citizens will purchase a PASS Card to travel across the border. Yet, the federal government continues to pour funding into developing this new document, while the public is not interested in purchasing the cards," the report said.

Personal information that could be stolen from the card includes a photo, Social Security number, address, and birth documentation.

"Someone doesn't need to pick your wallet or your bank account; all they have to do is stand near you with a scanner," Mr. Sparapani said. "It will drive ID theft up dramatically in this country and that's a real danger to our citizens and personal privacy."

CONGRESS-ADMINISTRATION:

Chafee Delays Vote On Bolton Nomination (AP)

By Anne Plummer Flaherty, Associated Press Writer

AP, September 8, 2006

A Senate committee unexpectedly postponed a vote Thursday on confirming John Bolton as U.N. ambassador when a lawmaker in a tough re-election fight said he had more questions.

The Foreign Relations Committee had been expected to vote along party lines to approve Bolton, whom Bush appointed temporarily to the post last year over opposition by Democrats and a few Republicans. The panel's vote is now expected to occur as early as next week.

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Supporting the postponement was Sen. Lincoln Chafee, R-R.I., who faces a difficult primary Tuesday against a conservative GOP challenger. Delaying the vote until later could spare Chafee from potentially alienating some GOP voters by supporting or opposing Bolton.

Republicans control the committee by 10-8. A tie vote is not enough to advance a nomination to the full Senate.

Chafee's opponent in the primary, Cranston Mayor Steve Laffey, immediately chastised the senator, issuing a statement that said, "Once again, Senator Chafee has demonstrated how indecisive he is on the critical issues." Earlier this week, a group backing Chafee ran a television ad thanking him for his support for Bolton.

Senate Foreign Relations Committee Chairman Richard Lugar, R-Ind., gave no reason for the delay and did not say when the vote would be held. Bolton had been opposed by many Democrats but was expected to be confirmed by the Republican-led panel.

Lugar said he removed the nomination from the agenda of Thursday's committee meeting after conferring with several senators.

"Senator Chafee said he still had questions that were not answered," said the senator's spokesman, Stephen Hourahan.

Chafee sent a letter to Secretary of State Condoleezza Rice later in the day saying he had questions about U.S. policy in the Middle East, including worries that the U.S. has not done enough to prevent Israel from expanding its settlements in the Palestinian West Bank.

"As we tackle enormous problems in the region, most notably with Iran and Iraq, I believe we need to be successful in forging alliances," Chafee wrote. "A critical part of that work is accomplished by our ambassador to the U.N."

The U.N. is playing pivotal roles in trying to resolve confrontations with North Korea and Iran over their nuclear programs, and in keeping peace in the Middle East.

The delay might be brief. State Department spokesman Sean McCormack said, "I would expect probably early next week they will have an opportunity to take it up again."

The United Nations is grappling with several critical issues and "we are very hopeful that John will get an up or down vote in the Senate and we would urge everybody to vote in a positive way on John's nomination," McCormack said.

Joseph Biden of Delaware, the panel's top Democrat, said he did not know what the delayed vote means for Bolton, or whether Democrats would push for a filibuster. Sen. Christopher Dodd, D-Conn., said he plans to recommend that his colleagues filibuster the floor vote to block Bolton's confirmation.

Democrats have questioned Bolton's brusque style and whether he could be an effective bureaucrat who could force reform at the U.N.

Biden did say Democrats would not push for a committee vote any time soon. "I feel zero urgency with Mr. Bolton," he said.

Bush temporarily installed Bolton as U.N. ambassador on Aug. 1, 2005, while Congress was in recess, an appointment that will expire in January. The recess appointment, provided for by the Constitution, came after Democrats blocked repeated attempts by GOP leaders to grant Bolton Senate confirmation.

Except for Chafee, Republicans on the committee have promised to support Bolton.

Associated Press Diplomatic Writer Barry Schweid contributed to this story.

Bolton's UN Position In Jeopardy (FT)

By Holly Yeager

Financial Times, September 8, 2006

A vote to allow John Bolton, US ambassador to the United Nations, to remain in his post beyond the end of the year was unexpectedly delayed on Thursday when a Republican senator said he still had questions about the nomination.

President George W. Bush's attempt last year to put Mr Bolton in the job met fierce opposition from Democrats and some Republicans, and he used a special procedure to install the sometimes gruff diplomat in the post without Senate confirmation.

That "recess appointment" expires in January and, with the support of some senators who had opposed him in the past, Republican leaders had hoped to confirm Mr Bolton under regular rules.

But Richard Lugar, chairman of the Senate foreign relations committee, abruptly removed the nomination from his committee's agenda on Thursday after Lincoln Chafee, a committee member, said he still had questions about Mr Bolton.

Mr Chafee, a moderate Republican, faces a tough challenge on Tuesday in Rhode Island's primary from Steve Laffey, who complains that his votes are frequently at odds with Bush administration policy.

Mr Chafee voted against the invasion of Iraq and several tax cuts.

But, with Republicans struggling to hold on to control of Congress, most national party officials have sided with him in the contest, arguing that a moderate Republican with an independent streak offers the best chance for Republicans to hold on to the seat in the heavily Democratic state.

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If Mr Chafee opposes the nomination in the committee, it could still move to the Senate floor, where Democrats could again move to block Mr Bolton.

The president could again use a recess appointment, but Mr Bolton would not be permitted to receive a salary.

Sean McCormack, State Department spokesman, said the committee could return to the nomination as early as next week, and he said he hoped all senators would have a chance to vote on it.

Bush administration officials have stood by Mr Bolton, insisting that his skill is needed as the UN Security Council deals with important issues such as Iran, Sudan and North Korea.

GOP Senators' Bid To Confirm Bolton Is Called Off (WP)

By Jonathan Weisman

The Washington Post, September 8, 2006

Republican efforts to formally confirm John R. Bolton as ambassador to the United Nations hit an unexpected snag yesterday when a Republican senator in a tough reelection bid said he could not support the diplomat until the Bush administration answers his questions on Middle East policy.

The protest by Sen. Lincoln D. Chafee (R.I.) is only the latest development in the long-running battle to get Bolton confirmed to the post he now holds on a temporary basis. Last year, Chafee supported Bolton's confirmation, but the opposition of Sen. George V. Voinovich (R-Ohio) prompted President Bush to name him to the U.N. post as a recess appointment.

This summer, Voinovich declared that his concerns over Bolton's temperament have been satisfactorily answered by the diplomat's performance at the United Nations. That conversion prompted Bush and GOP leaders to resubmit Bolton's name for confirmation. But Chafee informed Senate Foreign Relations Committee Chairman Richard G. Lugar (R-Ind.) of his change of heart yesterday, forcing Lugar to call off the confirmation vote or face the possibility of a 9 to 9 deadlock in the 18-member panel.

Chafee is fighting for his political life. Next Tuesday, Rhode Island primary voters must decide between Chafee, the Senate's most liberal Republican, and Cranston Mayor Stephen Laffey, who is challenging him from the right. If Chafee survives the GOP primary, he must then win reelection in one of the most Democratic states in the country.

Stephen Hourahan, Chafee's spokesman, said the senator's move against Bolton was not motivated by politics, noting that Chafee remains in a political bind. The move might play well with Democratic voters in November, he acknowledged, but next week it could enflame Republican primary voters already drawn to Laffey.

"Unfortunately, there was no win on this one," Hourahan said.

Moreover, Chafee's foreign policy concerns -- expressed in a letter to Secretary of State Condoleezza Rice -- could alienate Jewish voters and some Christian conservatives who tend to be staunchly pro-Israel. In the letter, Chafee, who chairs the Foreign Relations subcommittee on Near Eastern and South Asian affairs, urged the Bush administration to stop Israel's construction of 690 new homes in two West Bank settlements.

"It is no secret that I have serious questions about this Administration's policies in the Middle East," Chafee wrote.

But victory in the primary will probably be decided by independent voters, not party stalwarts, and burnishing his independent credentials may be a help. In a new campaign advertisement airing in Rhode Island, a character labels the senator "independent minded" before Chafee states: "I believe that neither Republicans nor Democrats are always right."

Republican leadership aides said GOP leaders are willing to give Chafee some room to maneuver ahead of Tuesday's primary. But they indicated they will probably push for a vote after the polls close next week.

Committee Delays Vote On Bolton Confirmation (WT)

By Christina Bellantoni

The Washington Times, September 8, 2006

Republican Sen. Lincoln Chafee dodged a tough vote yesterday when the Foreign Relations Committee postponed consideration of the confirmation of U.N. Ambassador John R. Bolton.

Committee Chairman Richard G. Lugar said there was a "Republican request" to remove the nomination from the day's agenda.

Mr. Lugar, Indiana Republican, wouldn't identify the person, but several senators assume the request came from Mr. Chafee, a moderate who will battle a conservative in Rhode Island's Republican primary election Tuesday. If he clears that hurdle, he will face a Democrat in one of the hottest races in the nation.

"I'm told that Senator Chafee was undecided," said Sen. Christopher J. Dodd, Connecticut Democrat and panel member. "He has got a primary on Tuesday, and I'm sure the chairman will want to reschedule after that."

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A "no" vote from Mr. Chafee would help him appear moderate in a November race but would hurt his credentials with conservative Republicans on Tuesday. Political observers say switching votes between the two elections would make him seem like a flip-flopper.

President Bush's recess appointment of Mr. Bolton last year came after Democrats blocked his confirmation. Unless the Senate confirms him, his tenure will expire in January.

Mr. Chafee, who voted in favor of Mr. Bolton last year after initially holding out, avoided reporters yesterday but has said he remains undecided this time. His Republican opponent, Stephen Laffey, criticized the senator's indecision and offered his support for Mr. Bolton.

"All the other senators have made up their minds on how to vote except Lincoln Chafee, who, like always, can't figure out where he stands," said Mr. Laffey, who called Mr. Bolton "capable and effective."

Mr. Chafee is the only Republican on the panel who has yet to say whether he will support Mr. Bolton.

He sent a letter to Secretary of State Condoleezza Rice yesterday, questioning her on the administration's Middle East policy.

"As we tackle enormous problems in the region, most notably with Iran and Iraq, I believe we need to be successful in forging alliances," he wrote. "A critical part of that work is accomplished by our ambassador to the U.N."

Sen. Joseph R. Biden Jr. of Delaware, the committee's ranking Democrat, said he was surprised when Mr. Lugar told him a Republican needed more time.

"Everybody's assuming who it is, but I don't know," Mr. Biden said.

A Lugar spokesman later told the Associated Press that Mr. Chafee asked for the postponement. Mr. Lugar said he felt no time constraints to muscle the nomination through the panel.

All the 10 Republicans on the panel must vote for Mr. Bolton for him to get floor consideration. Democrats are mostly opposed to the nomination and are considering another filibuster.

A spokesman for the Democratic Senatorial Campaign Committee accused Mr. Chafee of "riding the fence."

"He's a member of the Foreign Affairs Committee and has had months to figure out where he stands," said spokesman Phil Singer.

A Rhode Island poll conducted by Zogby before the confirmation vote last year showed that 80 percent of voters opposed Mr. Bolton's nomination.

Polls on the Senate race have been inconsistent, with some showing the senator with a large primary lead and others showing Mr. Laffey with the advantage.

Republicans And Democrats Begin Plotting Post-Election Leadership (WSJ)

By John Harwood

The Wall Street Journal, September 8, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

MANEUVERING STARTS for post-election House leadership.

Republican insiders say Speaker Hastert would likely become backbencher, not minority leader, if Democrats take over. Stronger Democratic gains would lift odds that Reps. Pence and Shadegg challenge incumbents Boehner and Blunt for leader and whip posts.

"Anyone who is even contemplating losing our majority or personal ambitions" should focus on election campaign, a top Boehner aide counters. While Pryce fights for her Ohio House seat, fellow Republicans warn she could lose leadership post over handling of party message. Pelosi looks set as Democrats' choice for speaker, but moderate Hoyer and war critic Murtha may face off for majority leader.

Still unclear: leadership aspirations of Democrats' campaign chief Emanuel.

PRE-ELECTION INDICATORS may show economy slowing further.

Economists expect employment reports and third-quarter GDP to show increasing sluggishness. But workers' purchasing power may get help from falling oil prices. Declining housing sector represents wild card.

Economists surveyed by WSJ.com put odds of recession within a year at 1 in 4, up from 1 in 5 a year ago. But they divide on how November results would affect long-term deficits; 14 say Republican rule would reduce them most, 14 say Democrats, while 10 say split control. "Democrats = tax increases," says Allen Sinai of Decision Economics, but S&P's David Wyss argues, "Republicans have turned into the spenders."

TRADE TENSIONS flavor midterm elections.

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Steel executives and unions jointly seek votes for candidates "willing to stand up for American workers and enforce the trade laws." Their ads in eight states blame China, India and Brazil for "stealing American jobs." Separately, Citizens Trade PAC targets pro-trade Republican incumbents Sherwood of Pennsylvania and Hayes of North Carolina.

U.S. auto makers, still waiting for Bush to meet with Big Three executives, have major stake in administration negotiations on South Korean trade deal. In Seattle, U.S. negotiators press South Korea to open market to U.S. vehicles.

"Business as usual just won't cut it this time," says Democratic Rep. Levin of Michigan.

STRONG MESSAGE? On eve of 9/11 anniversary, Republicans distribute tabloid newspaper "America Weakly" mocking Democrats' security stance. Pro-Republican group Progress for America begins ad campaign featuring father of Flight 93 hero Todd Beamer backing antiterror war.

REPUBLICAN ESTABLISHMENT steps up efforts to stop conservative Laffey from toppling moderate Sen. Chafee in Rhode Island primary Tuesday. Senate campaign committee declares "Steve Laffey is unelectable" and sends mailing amid late turnout drive. Laffey receives $5,000 from illegal-immigration foe Minuteman PAC.

HOLE CARD? White House strategists see low November turnout blunting Democrats' edge in polls. In nearly all 2006 primaries so far, turnout has fallen below 1982-2002 midterm average. One exception: above-average participation in Connecticut's Senate primary nominating antiwar Democrat Lamont over incumbent Lieberman.

COOPERATION? Citing counterterrorism demands, FBI crime lab tells law-enforcement agencies it will no longer routinely conduct latent fingerprint exams for state and local police. It will continue exams in cases posing unusual technical demands and in those "of a high-profile nature," the bureau says.

ASIA WANTS one of its own to succeed Annan at United Nations.

China and continental neighbors say the eighth U.N. secretary-general should be Asian. A Security Council straw poll testing five candidates showed South Korean Foreign Minister Ban Ki Moon leading, followed by Indian novelist and U.N. bureaucrat Shashi Tharoor. The U.S. doesn't support any of the five.

"Whoever wins will have to pass muster with China and the U.S., and speak at least a few lines of French," says one diplomat. Talk fades of Bill Clinton succeeding Annan at year's end; there's never been an American U.N. chief.

Of last seven in the slot, three were European, one South American, one Asian and two African.

MINOR MEMOS: Blasting Disney-owned ABC's 9/11 miniseries as biased against Democrats, liberal Web site dailykos.com declares, "Mickey joins Team Rove." ... Posting on redstate.com calls conservative obstruction of Bush-backed comprehensive immigration bill the Republican Party's "greatest achievement" of recent years.

Senate Approves $63 Billion More For War In Iraq (NYT/AP)

By The Associated Press

The New York Times, September 8, 2006

WASHINGTON, Sept. 7 (AP) — The Senate agreed Thursday to spend an additional $63 billion for military operations in Iraq and Afghanistan as it passed a bill to finance military spending.

The measure was approved 98 to 0 after senators added money to help track down Osama bin Laden and to fight the opium trade in Afghanistan, which is helping the Taliban's resurgence. The overwhelming support came despite Democrats' increasing criticism of the Bush administration's handling of the war in Iraq.

The bill now totals $469.7 billion. It grew more than $16 billion during a debate that began in July and was suspended during lawmakers' four-week August recess.

Lawmakers expect $7 billion to be added during House-Senate talks on a compromise bill. The House passed its version of the Pentagon budget bill in June.

With the latest infusion of money, Congress will have approved about $500 billion for the wars in Iraq and Afghanistan and other antiterrorism efforts in the five years since the Sept. 11 attacks, according to the Congressional Research Service. The Pentagon spending bill, a domestic security measure and perhaps legislation with money for veterans' programs will probably be the only appropriations bills to pass Congress by the Oct. 1 start of the new budget year.

The rest of the spending bills for government agencies will wait until a session after the Nov. 7 elections.

The military bill contains $99 billion for personnel, $126 billion for operations and maintenance, $81 billion for weapons procurement and $73 billion for research and development.

Court Allows FCC To Clarify Indecency-Policy Enforcement (WSJ)

By Siobhan Hughes

The Wall Street Journal, September 8, 2006

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WASHINGTON -- A federal appeals court gave the Federal Communications Commission 60 days to clarify its enforcement of indecency rules for broadcasters.

A three-judge panel for the Second Circuit Court of Appeals in New York essentially suspended an FCC decision in which four television programs, aired between 2002 to 2004, were found to be indecent because they contained foul language. The appeals court sent the case back to the FCC, as the agency requested.

Some broadcasters and lawyers saw the decision as halting for two months the FCC's "fleeting expletive" policy, under which broadcast stations can be fined for airing profanities, even if the profanities were used only once. Andrew Schwartzman, president of the Media Access Project, a public-interest law firm, said the court order "cuts the heart out of" the FCC's policy for policing indecency on the airwaves, and should allow CBS Corp. affiliates to air its "9/11" documentary, which includes profanity by some firefighters.

CBS spokeswoman Shannon Jacobs said the network would proceed with plans to air the program from 8 p.m. to 10 p.m. Eastern time on Sept. 10 on stations it owns.

Others, however, cautioned that the court didn't give broadcasters a green light to air profanities. Sinclair Broadcast Group Inc. stuck by its decision last week to delay airing the CBS documentary on its two affiliate stations until after 10 p.m., when more lenient indecency rules are in effect. "I don't believe it means that you can't be fined as a result of the use of indecency or profanity from the 6 a.m. to 10 p.m. hour," said Barry Faber, general counsel of Sinclair. Overall, about two dozen CBS affiliates are expected to pass on the program or delay airing it.

In April, News Corp.'s Fox Television Stations Inc. and CBS Corp.'s CBS Broadcasting Inc. filed a legal challenge to the FCC's March findings that four television programs were "indecent and profane."

The FCC didn't propose fines because it hadn't yet put broadcasters on notice that it was reverting back to a policy in which some profanities are so vulgar they can't be aired. But the broadcasters are concerned that the FCC decision will set a precedent that could result in a fine in the future just as Congress increased the maximum fines the FCC may impose for violating indecency standards to $325,000 from $32,500 per incident.

Regulators toughened their policies in March, but broadcasters widely view the rules as inconsistent. The FCC had asked the court to allow it to reopen the decision so that it could respond to the complaints.

Court Suspends Enforcement Of Indecency Ruling (WP)

By Frank Ahrens

The Washington Post, September 8, 2006

Television broadcasters won a temporary victory yesterday when a federal appeals court told the Federal Communications Commission not to enforce an indecency ruling it imposed on several television shows earlier this year.

The court action is the latest skirmish between the FCC and broadcasters over what can and cannot be said and shown on over-the-air television and radio. The FCC has toughened its indecency actions under Chairman Kevin J. Martin and his predecessor, Michael K. Powell, after several noteworthy incidents in the past few years, including the exposure of Janet Jackson's right breast during the 2004 Super Bowl halftime show.

Broadcasters have argued that they are held to a double standard when it comes to their programming -- cable and satellite channels are not under the FCC's jurisdiction -- and that government regulation of broadcast content has suppressed creativity and is increasingly irrelevant in a 200-channel, Internet world.

In March, the FCC ruled that episodes of ABC's "NYPD Blue" and shows on Fox and CBS violated the agency's indecency rules, which forbid the broadcast of sexual or excretory material between 6 a.m. and 10 p.m., when children are most likely to be watching.

Even though the FCC proposed no fines for the incidents, the networks appealed the ruling, saying the agency had exceeded its authority and set a precedent that would restrain free speech and crimp creative programming.

The penalized shows contained "fleeting" uses of profanity, which the broadcasters argued should not be automatically considered indecent. For example, a 2003 episode of "NYPD Blue" contained the profane word for bull excrement.

In April, the four major television networks and 800 affiliates appealed the FCC's ruling in federal court, asking judges to overturn the indecency judgments. Yesterday, the U.S. Court of Appeals for the 2nd Circuit issued an indefinite stay of the ruling while the judges consider whether to overturn the commission's action. Broadcasters expect a decision next year.

"We are gratified that the court has taken the first step in recognizing the serious First Amendment issues raised by the FCC's new enforcement policies," CBS said in a corporate statement.

The FCC also considered yesterday's ruling a partial victory. The agency said it made the March indecency rulings to give the broadcasters guidelines on what can be said on television. But when the broadcasters complained, the FCC acknowledged

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that it had not followed its usual procedure in declaring the shows indecent. The agency asked the court to send back the indecency decision so it could be reconsidered, which the court did yesterday.

Nevertheless, the FCC bristled at the court order to stay the indecency rulings.

"Hollywood argues that they should be able to say the F-word on television whenever they want," FCC spokeswoman Tamara Lipper said in a written statement. "The commission continues to believe they are wrong, and there should be some limits on what can be shown on television."

Hedge Fund Link Ends For U.S. Official (WP)

By Brooke A. Masters, Washington Post Staff Writer

The Washington Post, September 8, 2006

Treasury Assistant to Forgo Severance From Former Firm

One of the Treasury Department's top officials dealing with hedge funds has agreed to forgo up to $1.5 million in severance payments from his former employer, which invests in hedge funds.

Emil Henry Jr., assistant secretary for financial institutions, came to Treasury in 2005 from Gleacher Partners LLC. This spring, he gave at least three speeches about hedge fund issues and chaired a closed-door meeting for government regulators about the $1 trillion industry. He also announced plans to host private meetings with hedge fund industry leaders.

Henry had received approval from government ethics lawyers for a severance agreement from Gleacher that called for him to receive 20 percent of the firm's 2005 and 2006 profits, up to $2.5 million. He received part of his severance payment last year, totaling about $1 million.

He also signed an ethics agreement promising not to participate in "any particular matter that would have a direct and predictable effect on my financial interests." His speeches did not advocate a particular policy position.

Ethics experts and at least one member of Congress began questioning the propriety of Henry's role after Bloomberg News reported the severance agreement on Aug. 24.

They said that the arrangement gave Henry a direct stake in the performance of particular hedge funds at time when federal officials are grappling with whether and how to regulate these rapidly growing investment pools and the Treasury is getting more involved in the issue.

Treasury spokeswoman Jennifer Zuccarelli said yesterday in an e-mail that Henry had decided to resolve the situation. "The Assistant Secretary's strong commitment to ethics led him to make a very personal sacrifice to forgo his 2006 severance package, despite the fact that the package had been vetted and approved by the Office of Government Ethics, so he could eliminate even the appearance of a conflict," she said.

Treasury officials had said that Henry's financial arrangements were proper. Government regulations allow officials to participate in setting policy for an industry or a sector in which they have an interest as long as they stay away from company-specific matters with "a direct and predictable effect" on their financial interests. Henry had also signed a letter on Aug. 10 recusing himself from making hedge fund policy until he received his last payment from Gleacher.

But Henry's speeches on hedge funds and his role in setting up meetings about the industry while he was still receiving severance payments had nonetheless drawn criticism.

Columbia University law professor John C. Coffee said that Henry "is falling short . . . If you disqualify yourself for a fairly unique conflict, I don't think you can be making speeches on behalf of Treasury or chairing meetings."

And Rep. Barney Frank (D-Mass.), ranking minority member of the House Financial Services Committee said: "The notion that he's not making policy is bizarre. He's the assistant secretary. What's he been doing if he's not making policy? Playing gin rummy? He should not be in that position [if] he's still making money from hedge funds."

The criticism of Henry's role and finances comes at a particularly delicate time. A federal court recently struck down the government's first attempt to regulate the industry by requiring managers to register with the Securities and Exchange Commission.

Questions have also been raised at recent congressional hearings about whether the Treasury Department might wade into the hedge fund issue as well.

As a result, Henry, with the approval of Treasury Secretary Henry M. Paulson Jr., decided to try to quell the dispute.

Paulson's chief of staff Jim Wilkinson said in a written statement: "Secretary Paulson believes Emil's voluntary action to forgo severance, despite previous government ethics approval for this package, reflects Emil's personal commitment to go above and beyond what's necessary in order to remove even the appearance of a conflict."

Ethics experts agreed that Henry's decision helps eliminate concerns that he might have a direct financial stake in hedge fund policy. "If he foregoes the severance payment, he no longer has the problem. I think that fixes it," said F. Gary Davis, a former deputy director of the Office of Government Ethics.

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How To Punish Rumsfeld (LAT)

By Michael Gerhardt

The Los Angeles Times, September 8, 2006

VERY FEW Cabinet secretaries have done what Donald Rumsfeld has done. He is both the youngest and oldest person to serve as secretary of Defense (having served previously in the job more than 30 years ago under President Ford), and, at least this time around, he has become one of the most despised Cabinet secretaries ever.

In fact, the number of people who have come to hate Rumsfeld has grown so much in the Senate and elsewhere that it's become necessary to take a step back to contemplate by what means the Constitution might allow them to vent their hatred.

The first and most obvious means is through the impeachment process. As a Cabinet secretary, Rumsfeld may be impeached and removed from office under Article 2 of the Constitution for "treason, bribery, or other high crimes or misdemeanors." Rumsfeld's critics charge him with a long list of what they say are impeachable offenses, including incompetence and ordering the torture of prisoners at Abu Ghraib and other military detention centers.

Because historical practices and the weight of legal opinion suggest that impeachable misconduct generally requires not just a bad act but a malicious intent as well, it's not clear that incompetence qualifies as an impeachable offense. Although it's true that one federal judge was removed from office in 1803 for mental incompetence, Congress has never again impeached, much less removed, anyone for incompetence.

Before Rumsfeld could be impeached and removed from office in connection with Abu Ghraib or, say, because of the authorized use of torture by Americans or the use of domestic wiretapping, the same rule would apply: He would have to be shown not just to have abused his power but to have done so maliciously. Demonstrating malice would require showing that he knew what the law required and that he deliberately disregarded it. That's a high bar.

In any case, political circumstances make impeaching, much less removing, Rumsfeld from office nearly impossible at the moment. With the House controlled by the Republicans, it is extremely unlikely — even with anger against Rumsfeld rising — that the chamber would even entertain an impeachment inquiry against the Defense secretary. Without an impeachment by the House, the Senate would not be able to conduct an impeachment trial.

The second way Congress could express disapproval of Rumsfeld is through censure, like the no-confidence vote Senate Democrats are seeking. This would have no force of law but would merely express their lack of confidence in Rumsfeld as Defense secretary. Both the House and the Senate pass resolutions expressing their opinions all the time. I doubt that Rumsfeld, or President Bush, would object on constitutional grounds if the House or Senate were to pass a resolution praising either or both of them. Similarly, a resolution condemning either is constitutionally unobjectionable.

A third option is to persuade the president to fire Rumsfeld. We have had unpopular Cabinet secretaries in the past. Sometimes presidents are persuaded to get rid of them, as when President Reagan removed Interior Secretary James Watt; sometimes they are not, as when a congressional delegation asked President Lincoln to get rid of Secretary of State William Seward.

The best opportunity to remove Rumsfeld may be after the midterm elections, which Democrats hope to make a referendum on Iraq and Rumsfeld. If their strategy works, the secretary may decide to fall on his sword like a good soldier — or he may be pushed. If the strategy fails — or if Bush's loyalty to Rumsfeld trumps whatever the voters may tell him — we can look forward to a celebration in November 2007 marking Rumsfeld's distinction as the longest-serving secretary of Defense in history.

Progress, Setbacks Among Bush's Workforce Reforms (column) (WP)

By Stephen Barr

The Washington Post, September 8, 2006

Bold changes in the government's organization and ambitious plans to reshape personnel management continue to swirl around the federal workforce five years after the Sept. 11, 2001, terrorist attacks.

President Bush pointed to the structural changes yesterday in what he called a progress report on the struggle against terrorism. His list included creation of the Transportation Security Administration, which added about 54,000 jobs to the federal payroll; the merger of 22 agencies and 180,000 employees into a new Department of Homeland Security; and the decision to pull together the 16 agencies of the intelligence community with 100,000 employees under a new position, director of national intelligence.

"We're changing how people can work together. We're modernizing the system," Bush said in an Atlanta speech. "We're working to connect the dots."

Bush, of course, did not mention the turf wars and other tensions that have accompanied the reorganizations. He did not mention hard feelings between the administration and unions (although he expressed appreciation for federal agents, analysts

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and others who work to deter terrorist threats). He did not address critics who question whether the administration's changes may have created more problems than solutions.

Like many administration officials, Bush's longtime friend and chief adviser on federal management issues, Clay Johnson III of the Office of Management and Budget, believes there was little choice after Sept. 11 but to launch major reorganizations.

"The organizational changes were absolutely necessary, because the problems we face now and the opportunities we face now are unlike anything we have had before," he said.

Creating the Department of Homeland Security "was an absolute necessity," Johnson said. "Everyone knew it was going to add management challenges . . . and take several years to be a fully functioning and well-coordinated entity, but we had no choice."

Sen. Susan M. Collins (R-Maine), who chairs the Senate Homeland Security and Governmental Affairs Committee, said she thinks, on balance, that the Homeland Security merger, far larger than most private-sector consolidations, was the right approach.

"There has been too much turnover at the top levels of the Department of Homeland Security, and that has held the department back," Collins said. But, she added, "we are seeing progress."

Collins said the post-Hurricane Katrina team running the Federal Emergency Management Agency "is far stronger than it has been in some years, and I think the two Michaels at the top of the department" -- Secretary Michael Chertoff and Deputy Secretary Michael Jackson -- "have learned to work effectively together."

The promise of managerial changes that the Bush administration claimed would create a more agile federal workforce seem far off, however.

In 2002, Bush signed legislation authorizing a new approach to paying, promoting and disciplining employees at Homeland Security. In 2003, he signed similar legislation to overhaul pay and personnel rules for about 700,000 Defense Department civil service employees.

But federal courts have ruled, in response to lawsuits filed by federal unions, that the administration overreached when it tried to use the new laws to sharply restrict union rights at the Homeland Security and Defense departments. The court rulings have slowed the rollout of the new personnel systems.

"As far as personnel systems changing . . . the jury is still out on whether that is going to end up being successful," Collins said.

"Theoretically, it should allow us to recruit and retain better employees and reward them better, but it has been such a work in progress. It is difficult to assess at this point," she said.

Going forward, Collins said, the Department of Homeland Security should "draw more on the expertise of the career workforce." She added: "I think the department has a number of extraordinarily talented individuals, particularly in the Coast Guard."

From his vantage point near the White House, Johnson said he would like to see all agencies do a better job of working across their bureaucratic boundaries when addressing terrorist threats and natural disasters.

"We have to absolutely demand that we be more capable than we have been in doing things on a government-wide basis," he said.Talk Shows

Marta Brito Perez , recently appointed the chief human capital officer at the Department of Homeland Security, will be the guest on "FEDtalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Capt. James J. Shannon , program manager for future combat systems open architecture for the Navy, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Book Says Rove Ordered Office Exorcism (CHIT)

By Newsday

Chicago Tribune, September 8, 2006

WASHINGTON -- Karl Rove says he's not The Exorcist.

Rove, the Bush political shaman Democrats love to demonize, enlisted a trio of clergymen to exorcise Hillary Rodham Clinton's left-wing spirit when he moved into her West Wing office in 2001, according to an unflattering new biography.

"I talked to Karl; he said it's not true and, beyond that, he will have no comment," White House spokeswoman Dana Perino said.

Clinton smiled and shook her head in disbelief Wednesday when asked about the tale, which appears in "The Architect: Karl Rove and the Master Plan for Absolute Power," by James Moore and Wayne Slater.

"I'm speechless," she finally said, heading toward a Senate elevator.

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Later, Clinton spokesman Philippe Reines quipped, "If the story is true . . . they sure did exorcise any lingering competence right out of the building."

Deal Hudson, a former Fordham University professor Rove enlisted to woo Catholic voters, told Moore and Slater that he witnessed the exorcism, which he described as "an actual liturgical ceremony."

Hudson did not return a message seeking his comment.

Ed. Dept. Eases Teacher Quality Rule (AP-Y)

By Ben Feller

AP, September 8, 2006

Changing course, the Education Department will allow states to count teachers as highly qualified even under standards that may do little to ensure quality.

Federal law allows veteran teachers to be considered highly qualified under factors that states choose, such as job evaluations, teaching awards or service on school committees.

The department in May ordered states to phase out that system for most teachers. Watchdog groups and the department itself say many states were using this system to set weak, improper standards.

Yet Education Secretary Margaret Spellings has pulled back, telling states this week in a letter that they now are "strongly encouraged," though not required, to stop using the method to rate teachers.

The change could affect tens of thousands of teachers who have not met the conditions of the No Child Left Behind Act. Otherwise, teachers would have to demonstrate competence by holding academic majors or passing tests in every subject they teach.

The department says timing is the reason for the change.

Coming up with a regulation to enforce the change could take a year or more, department spokesman Chad Colby said Thursday. Instead, the agency plans to ask Congress to make the change when it renews the law. That is scheduled to happen next year, but may be delayed.

A lobbyist for the nation's largest teachers union said department leaders are turning to Congress because "they don't have the authority to do what they wanted to do."

The National Education Association considers Spellings' letter a victory.

The union opposed phasing out an option that could help teachers in many circumstances, such as when teachers change districts or assignments. The NEA also says the law protects the option anyway.

Lobbyist Joel Packer said the department for years has issued inconsistent guidance on what states can do. "I think they've created part of the problem, just a real level of confusion," he said.

Most states have used the option in question — called the "high objective uniform state standard of evaluation," or HOUSSE. It was meant to offer flexibility to veteran teachers.

Yet in her letter, Spellings admonishes some states for allowing teachers to be deemed highly qualified without making them prove they know their subjects.

"I urge you to re-examine your HOUSSE procedures to ensure that this is not the case in your state," she wrote to state school chiefs. "Our students and parents deserve no less."

President Bush's education law says teachers are highly qualified when they have a bachelor's degree, a state license and proven competency in every subject they teach.

States were supposed to have a highly qualified teacher in every core academic class by the end of the last school year. None met that deadline, so each must try again this year.

About 90 percent of teachers are highly qualified, states say, although numbers vary widely across the states.

Meanwhile, about half the states are phasing out their use of a uniform state standard to rate teachers, Colby said. But Packer said that trend was driven in part by urging from the department, and that the latest letter may encourage states to keep the option.

Blacks Only Welcome In Hill Caucus (WT)

By Brian Debose

The Washington Times, September 8, 2006

It is "critical" that the Congressional Black Caucus remain an all-black organization, one of the CBC's founders has said in a strategy memo.

"The CBC welcomes support from others in the House and Senate, especially those with liberal credentials, but it is critical that its membership remain exclusively African American," retired Rep. William Lacy Clay Sr. wrote earlier this year to the CBC.

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Mr. Clay's letter -- distributed by his son, Rep. William Lacy Clay Jr., Missouri Democrat -- prompted a CBC meeting before the August recess.

"The members have discussed it, and we supported the tradition that only African-Americans have been full members of the CBC, but as always we will work with anyone as our coalition partners and some have become honorary members," said Rep. Carolyn Cheeks Kilpatrick, Michigan Democrat, who has been all but confirmed as the caucus' chairman for the 110th Congress.

The Clay letter was written in response to concerns that two Jewish congressional candidates, Tennessee state Rep. Steve Cohen and New York City Councilman David Yassky, both Democrats, would apply for CBC membership if elected from majority-black districts.

Neither candidate has announced plans to seek CBC membership, and some caucus members were skeptical of suggestions they would, with one CBC member saying that such talk might be "political ploys to bolster their image with the black constituency they are seeking to represent."

But with Election Day still two months away, the question addressed by the Clay letter remains hypothetical.

"And that is just the point," said one CBC member, who did not wish to be identified. "We should not be taking a position on an academic question considering neither of these guys has been elected."

In his letter, Mr. Clay said the CBC would work with whites, Asians and Pacific islanders, Hispanics, Democrats, and Republicans to move legislation that furthers its agenda, but only blacks can be official voting members.

Mr. Clay recalled that Rep. Pete Stark, California Democrat, attempted to join the organization in 1975. "Although Stark was sincere, intentions honest and honorable and record on civil rights impeccable, after thoughtfully and thoroughly examining the issue, a formal vote was taken that rejected his application," Mr. Clay wrote.

The issue arose this summer because of two unusual situations for Democrats.

In Tennessee's 9th District, after Rep. Harold E. Ford Jr. opted to run for Senate, 15 Democrats entered the campaign for the seat, which had previously been held by Mr. Ford's father. Mr. Cohen won the Aug. 3 primary with 31 percent of the vote in the Memphis-area district, where 60 percent of voters are black. Mr. Cohen will face Republican Mark White and independent candidate Jake Ford, Harold Jr.'s brother, in November.

A similar situation could occur after next week's Democratic primary in New York's 11th District, where Rep. Major R. Owens is retiring. That Brooklyn district is nearly 60 percent black, as are Mr. Yassky's three rivals for the nomination. But in the four-way primary, Mr. Yassky -- who has raised $1.4 million for the campaign -- may emerge as a plurality winner in the solidly Democratic district.

No white politician has held the seat since 1960 when a federal judge ordered the district be reapportioned, and it has historical significance as it was once held by Rep. Shirley Chisholm, the first black woman elected to Congress and to run for the presidency in 1972. Mr. Owens -- whose son is a candidate for the seat -- has called Mr. Yassky a "colonizer."

Mr. Yassky has not said he intends to apply for CBC membership. "He has never said he would; he would certainly like to work with them, but it is not up to him. It is [the CBC's] decision on whether he can join," said Yassky spokesman Evan Theis.

The issue of white politicians attempting to join black political groups came up most recently last year in Tennessee when state Rep. Stacey Campfield, a Republican from Knoxville, attempted to join the Tennessee Black Caucus. After his application was rejected, Mr. Campfield angered black lawmakers by saying the group's bylaws were more exclusionary than the Ku Klux Klan.

In the past, the Congressional Black Caucus has been criticized by some black Republicans. Former Rep. Gary A. Franks, Connecticut Republican, was nearly ousted from the group for opposing the creation of majority-minority districts. The CBC's chairman at the time, Kweisi Mfume -- the Maryland Democrat who is currently running for Senate -- intervened and made it clear that the group was bipartisan.

Departure Of A Pragmatist (NYT)

The New York Times, September 8, 2006

Mark McClellan, a physician and health economist, announced his resignation this week as head of the agency that oversees Medicare and Medicaid. He will be missed. As a pragmatic expert embedded in a fiercely ideological administration, he brought uncommon intelligence, good humor and dispassionate judgment to politically charged issues.

True, there were blemishes on his record. As head of the Food and Drug Administration from late 2002 to early 2004, he oversaw the agency's first postponement of a decision on whether to make the controversial morning-after contraceptive available without a prescription. This led to a prolonged effort by the administration to placate religious conservatives by keeping the pills restricted despite overwhelming evidence that they are safe.

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Then, as administrator of the Centers for Medicare and Medicaid Services since March 2004, he failed to anticipate the administrative glitches that marred the beginnings of the new Medicare prescription drug program. Tens of thousands of people were initially overcharged or unable to obtain essential medicines quickly. But Dr. McClellan stepped in to solve the problems and seems mostly to have succeeded. A June poll showed that 80 percent of those enrolled in a Medicare drug plan said they were satisfied with it.

Unfortunately, Republicans in Congress prohibited Medicare from using its huge purchasing power to negotiate low drug prices with the manufacturers. But Dr. McClellan still worked to change Medicare from a mere bill-payer into a catalyst for reforming the health system. He has used its financial clout to press for studies to prove whether certain expensive treatments really work, and he has promoted efforts to measure the quality of care provided by hospitals, doctors and nursing homes.

Dr. McClellan wins praise from some Democrats and leaders of advocacy groups for focusing on important policy issues and responding to valid complaints. Some critics disparage him for toeing the administration line too uncritically. But even they think they will be lucky to get anyone so accomplished as his successor.

OTHER NEWS:

OPEC Likely To Keep Output Level (WSJ)

By Bhushan Bahree

The Wall Street Journal, September 8, 2006

With oil prices remaining lofty despite a recent decline, OPEC is expected to leave its formal crude-output limits unchanged when the cartel meets in Vienna Monday.

Still, next week's meeting of the Organization of Petroleum Exporting Countries comes at a crucial juncture. Oil buyers haven't suffered the kind of extended summer price run-up they confronted in 2004 and 2005, leaving open the possibility that the three-year surge in oil prices may be slowing.

Oil consumers remain vulnerable to supply outages, however. One potential trouble spot is oil-rich Iran, locked in a tense standoff with the West over Tehran's nuclear-development program. Another is the hurricane-prone American oil hub in the Gulf of Mexico, where storms ravaged output in 2005. The storm season has been mild, but has more than two months to go.

The result of this summer's relative calm: Oil prices have retreated significantly from a nominal high of $77.03 a barrel on July 14. Yesterday, light, sweet crude oil for October delivery settled at $67.32, down 18 cents, on the New York Mercantile Exchange. AAA, formerly the American Automobile Association, expects the average national price of regular unleaded gasoline to drop to $2.50 a gallon or less in the next four to six weeks from the current level of about $2.70 a gallon.

Oil prices still are triple what they were in 2002, and thus are far too high for OPEC -- which provides about a third of the world's daily oil needs -- to trim output in response to the recent decline. Cutting production likely would provoke an anti-OPEC backlash in the U.S., Europe and Asia. The Algerian oil minister, Chakib Khelil, said Wednesday that he expects the cartel to stand pat next week.

"There is not a whole lot OPEC can or may want to do" at this time, said Michael Wittner, head of energy-market research at Calyon Corporate and Investment Bank, a unit of French banking giant Crédit Agricole SA. "They are happy to take the prices the market is giving them" for oil, he said.

Mr. Wittner and many other analysts expect oil prices to continue to weaken in the absence of supply shocks or a leap in demand.

Some forecasters predict crude could fall toward $50 a barrel by the end of next year. But oil could just as easily spike past $80 a barrel in the final quarter of this year or the first quarter of 2007 if the market's fragile supply-and-demand balance is upset, said Deborah White, oil analyst at Société Générale SA in Paris.

World oil use typically rises sharply during winter in the Northern hemisphere. This year, the International Energy Agency in Paris expects fourth-quarter demand to rise by 1.5 million barrels a day from current levels. World oil use is forecast by the IEA to total 86.3 million barrels a day in the fourth quarter.

Industry experts also expect an increase in oil output from countries that don't belong to OPEC, reducing the need for extra oil from the cartel. The IEA forecasts a rise of about 900,000 barrels a day in non-OPEC output by the fourth quarter from the current quarter. By tapping both that increase plus the healthy commercial inventories of oil in consuming countries, the IEA says the industry can meet much of the rise in fourth-quarter demand, with OPEC providing the remainder.

OPEC last changed its output ceiling in July 2005, raising it by 500,000 barrels a day to 28 million barrels. Since then, the cartel's output has dipped as key suppliers have seen their production flat-line or fall. Iran, Venezuela, Indonesia and Nigeria

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haven't been able to produce as much as their quotas. That shortfall more than offset above-quota production by Saudi Arabia, Algeria and Libya.

Housing Slowdown Takes Its Toll (WSJ)

By Phil Izzo

The Wall Street Journal, September 8, 2006

Economists believe cooling in the housing market to extend into next year and many forecasters in the latest WSJ.com survey predict no change -- or an outright decline -- in home prices next year.

Twenty-five of the 48 economists who answered the survey's question about housing predicted no change or a decline in a closely watched gauge of nationwide home prices during 2007. The average prediction for next year was for an increase of 0.43%, lifted by five economists who forecast gains of 5% or more.

The average forecast would leave home-price appreciation well below the expected rate of inflation. Just 27% of the respondents forecast an increase in home prices of greater than 2.7%, which was the economists' average expectation of the year-to-year increase in the Labor Department's consumer-price index for May 2007.

The housing market doesn't move uniformly across the country; some regions or individual cities often have price changes decidedly above or below the national average. But the economists' predictions stand in stark contrast to the red-hot price appreciation seen over recent years.

Moreover, broad-based declines in home prices are unusual. The Office of Federal Housing Enterprise Oversight's home price index, upon which the economists based their predictions, has never posted an annual decline since its first calculation, in 1975. The last time that the index trailed inflation was in 1996, when home prices rose 2.6% compared to a 2.9% inflation rate.

The Ofheo numbers are closely watched among economists as a key gauge of the housing market, though some believe the index understates weakness in the market because it doesn't reflect concessions sometimes offered by home sellers, such as help with closing costs, which are effective price cuts.

For this year, the economists forecast a 3.5% rise in the home-price index. The index rose 13% 2005 and 12% in 2004. Ofheo is the government agency that oversees mortgage titans Fannie Mae and Freddie Mac.

"The housing correction is just in its early stages now," said Joseph Carson of AllianceBernstein, who forecast a 5% decline for 2007. "Existing home prices have come down to no-change on a year-to-year basis. For new homes, prices are below year-ago levels when you include added features. The prices will have to go lower to give demand a lift in short term."

Mr. Carson expects broad-based difficulties throughout the nation. "Affordability is an issue across the board," he said, adding he believes a major correction is inevitable. "It's pretty clear now that national home prices will drop to correct housing imbalances," said Scott Anderson of Wells Fargo & Co.

Signs of cooling in the housing market have emerged in reports over recent months. Last week, David Lereah, chief economist of the National Association of Realtors, predicted that national median home prices will generally decline over the next few months. Although the group reported a slight increase3 in median home prices for July, it said that its index of pending home sales fell 7% in the month, the most recent figures available.

David Wyss, chief economist at Standard and Poor's, said he expects prices to change little nationally. He expects drops in areas that are overvalued, such as Florida, California and the Northeast, or those that are especially susceptible to economic weakness, such as the Great Lakes region.

"The most volatility will come in areas like Florida, where there are a large number of second homes and investment properties," he said. "Places like Michigan, which is seeing declining employment, will also see home prices declining."

ABOUT THE SURVEY

The Wall Street Journal surveys a group of more than 50 economists throughout the year. Broad surveys on more than 10 major economic indicators are conducted semiannually, at midyear and at year-end. Between each semiannual survey, four monthly updates are conducted for the most closely watched forecasts. This is the monthly survey for September. For prior installments of the semiannual and monthly surveys, see: WSJ.com/Economists4.

The survey showed that economists continue to expect modest economic growth through the middle of next year. Their average forecast for third-quarter gross domestic product, the broadest measure of economic output, put growth at a 2.8% annual rate, unchanged from their prediction in a survey conducted in August. The economists shaved their forecast for the fourth quarter to 2.5% growth from the 2.6% rate they had forecast when surveyed last month.

Twenty-two of 52 economists said recession is the greatest threat to the economy over the next 12 months, compared with 14 who said inflation is the biggest threat and nine who chose stagflation, which refers to rising inflation accompanied by stagnant economic growth. The economists raised their forecasts for the likelihood of recession for a third straight time. On average, they put the probability at 26%, compared with 15% just last spring.

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Implications of 9/11

As the fifth anniversary of the Sept. 11 attacks approaches, the majority of the economists, 32 of 48 respondents, said they believe the economy is now better able to withstand the shock of a major terrorist attack than it was in 2001.

Economists noted that the economy is stronger now than it was in September 2001, when it was already in recession. Some noted that the psychological impact of an attack would be less jarring, given that an attack wouldn't be the same kind of surprise that it was in 2001. Ian Shepherson at High Frequency Economics noted that corporations are generally in better financial shape now than they were then.

"Companies are taking a more conservative approach to corporate finances now," said John Lonski at Moody's Investor Service. The Sept. 11 attacks, combined with the bursting of the tech bubble, "reinforced above-average risk aversion and made suppliers of capital less willing to lend money" to unproven borrowers, he said.

The most significant lasting implication of the Sept. 11 attacks, economists said, has been the rise in oil prices that has occurred over recent years, spurred in part by conflict in the Mideast. Twenty-six of 47 economists cited oil, while three cited increased vulnerability of consumer confidence and three others selected a reduction in talented foreign workers entering the U.S. work force. Five economists said 9/11 has had no lasting implications for the economy.

"Although the human costs of the 9/11 are incalculable, the macroeconomic costs have been remarkably small," said Nariman Behravesh of Global Insight. "Both the economic costs and impact on GDP growth were much smaller than other events, such as Hurricane Katrina."

Among other findings in the survey:

· Economists appeared to be as divided as the rest of the country when it comes to politics. When asked which outcome of the midterm elections would most increase chances of legislation to reduce the long-term budget deficit, 14 answered Democratic control of both houses of Congress, while 14 said Republican control of both chambers. Ten said a split Congress would be most effective in trimming the deficit.

· The economists, on average, predict 115,000 new jobs a month will be added to nonfarm payrolls over the next year. That is the lowest forecast since the question was first asked in June 2005, and represents the sixth consecutive drop in the estimate. They expect the unemployment rate to rise slightly to 4.8% by November, up from the 4.7% level reported by the Labor Department for August. The rate is seen at 4.9% in May 2007.

· Economists cut forecasts for crude-oil prices. On average, the price of crude was seen declining to $66.95 a barrel by December, compared with an expectation last month of $69.50. It was the first time the forecast was lowered since March. The price of crude is expected to fall to $63.91 by June 2007.

Housing Market Forecast Worsens (USAT)

By Noelle Knox

USA Today, September 8, 2006

The outlook for the nation's housing market is even weaker than earlier projected, mainly because sellers are refusing to cut prices enough after the towering price gains of the boom years, the National Association of Realtors said Thursday.

The NAR's lower sales forecast followed profit warnings this week from two of the largest home builders, Beazer Homes USA and KB Home. A Federal Reserve official also indicated that interest rates might resume their upward climb, which would make it harder for buyers to afford homes.

The cascade of bad news weighed on stocks, which fell as investors worried about the ripple effect on the economy.

“Sellers are more stubborn than I expected,” said David Lereah, the NAR's chief economist. “For five years in a row, it was a seller's market. They were calling all the shots, and they got accustomed to it.”

The NAR now expects sales of existing homes to fall 7.6% this year, worse than the 4.4% drop predicted in January. New home sales are projected to plunge 16% — far below the 6% originally seen. Prices are still expected to rise above last year's highs, if just barely.

“Folks are still thinking they can get top dollar for their homes,” says Tom Rath, an agent at Re/Max Premier in Ocala, Fla. “I don't think reality has set in.”

Within months, prices are likely to cave in to the forces of supply and demand, the NAR says. A record 3.86 million homes are for sale — a 7.3-month supply.

Several builders have acknowledged being too optimistic about how many homes they could sell this year. To entice buyers, they're offering free granite counters, pools and vacations — which eat into profits.

Beazer Homes on Thursday cut its profit estimate for the year by 13% and said it's considering selling some of its land holdings. For the past two months, Beazer's sales plunged 49% from last year's levels, and half its buyers canceled. In many cases, buyers backed out because they couldn't sell their existing homes.

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Beazer's bad news came a day after KB Home slashed its fiscal-year profit predictions by 18% from what it projected just three months ago.

One challenge for home buyers is today's interest rates, which have risen over the past year. Janet Yellen, president of the Federal Reserve Bank of San Francisco, indicated Thursday that rates might have to rise further because inflation is still "uncomfortably high."

Mortgage rates are about 1 point higher than they were last year.

"The hikes have helped to slow the housing market and hurt affordability," says Phillip Neuhart, an economic analyst at Wachovia. Another increase "may make it a little worse, but I don't think it will drop like a rock."

Some Housing Pessimism From Real Estate Brokers (NYT)

By Jeremy W. Peters

The New York Times, September 8, 2006

Concerns about the housing market deepened yesterday as the nation's leading real estate brokers' group issued a more pessimistic outlook for the year, and two major builders cut their earnings estimates by hundreds of millions of dollars.

The news added to a growing unease about the economy and helped drive shares on Wall Street lower for the second straight day.

The latest report to predict a decline in the housing sector was notable for its source. The assessment from the National Association of Realtors, which has until recently been generally upbeat about the health of housing, was the group's least optimistic yet.

"The boom is cooling now," said David Lereah, the chief economist for the association, who added that falling home sales have been "a bit worse than we had anticipated."

The group said that it now expected sales to fall further than it has said in the past — about 7.5 percent this year compared with an earlier projection of a 5 percent decline. It also said it expected prices nationwide to drop during the next few months, instead of appreciating modestly. If that happens, it would be the first time since 1993 that median home prices have fallen in any given month.

The revised realtors' forecast came on the heels of announcements from KB Home and Beazer, two of the nation's largest home builders, that profits this year would be lower than initially predicted.

A third builder, Hovnanian Enterprises, said yesterday that its third-quarter profits fell by more than a third. It left its guidance for the year unchanged.

The Realtors' association said it expected both home prices and sales would slide in the coming months as the upper hand in the housing market shifts from the seller to the buyer. But that shift has yet to occur fully, with buyers and sellers staring each other down while unsold houses pile up.

"The seller is a lot more stubborn than any of us had anticipated," Mr. Lereah said. "Sellers for the last five years have been in control. It's very hard for them to give up control and revise their expectations downward."

But once sellers begin to drop their asking prices, housing industry officials hope that home sales will start to rise again.

The rising number of homes on the market and aggressive discounting by home builders are putting pressure on sellers to lower their prices, said Ronald J. Peltier, president and chief executive of HomeServices of America, a subsidiary of Berkshire Hathaway that owns real estate brokerage firms around the country.

"It's going to take the rest of this year at a minimum for that inventory to be liquidated," he said. "This period of correction is going to take a little while, but it's healthy for the market."

The Realtors' association predicted that, at most, prices will decline for two or three months before picking back up again. For the year, home prices are still expected to appreciate, on average. Not since the Depression have home prices fallen over the course of a full year.

There are already signs that prices may soon start to decline nationwide. In a report issued last month, the Realtors' association said home prices in July barely inched up. The median selling price for existing homes, which rose at double-digit rates for much of the previous two years, rose only 0.9 percent compared with a year earlier. And that rise was entirely dependent on a 3 percent median price gain in the South, the only region in the country where prices did not fall.

John Lonski, chief economist for Moody's Investor Service, said, "That's got to be one of the biggest difficulties facing the sellers of real estate: the uncertainty of the durability of real estate prices into the foreseeable future."

As KB and Beazer cut their earnings guidance, they cited a growing supply of unsold homes.

"A higher percentage of home closings are being deferred or canceled," Beazer said in a statement yesterday, "immediately prior to closing in many cases, due to worsening buyer sentiment and the inability of buyers to sell their existing homes."

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Beazer said yesterday that it expected earnings for the year of $8 to $8.50 a share, compared with its previous outlook of $9.25 to $9.75.

KB lowered its earnings guidance for the year to $8 to $8.50 a share, down from an earlier estimate of $10 a share. That is the second time this year the builder has lowered its guidance. Other major builders like Toll Brothers and D. R. Horton have also cut their earnings forecasts.

Wall Street's reaction was mixed. Shares of KB closed just 1 cent higher, at $40.40 a share, and Beazer dropped nearly 3 percent, to $37.33.

But in a sign that investors were expecting much worse, news of Hovnanian's profit decline helped lift shares more than 6 percent, to $27.09.

Slowing home sales actually helped give share prices in other sectors a lift in recent weeks. As it became clear that housing was entering a period of contraction — in line with the Federal Reserve's expectation of an orderly economic cooling — investors put more money into equities, betting that the Fed would not resume raising interest rates.

From Aug. 1 until the beginning of this week, the Standard & Poor's 500-stock index had risen more than 3 percent. But over the last two days, it has erased about half those gains.

Housing's decline, said Jeffrey Kleintop, a top investment strategist for PNC, "has encouraged the stock market in the last month or two to run up." He added: "The market is saying, 'Yeah, we feel pretty confident about a soft landing here.' "

Yesterday's housing news raised questions about just how soft that landing would be. "As an economy, we're more sensitive to housing than we've ever been," Mr. Kleintop said, adding that as home values have increased with the housing boom, so has individual net worth. "Having that suddenly go away and pull into a recession really creates a big question mark."

Fed Minutes Show Broad Backing For Rate 'Pause' (WSJ)

By Greg Ip

The Wall Street Journal, September 8, 2006

WASHINGTON -- Just two of the Federal Reserve's 12 regional banks wanted to raise interest rates ahead of the central bank's policy meeting last month, suggesting support for the Fed's rate "pause" is relatively broad within the central bank.

The minutes of the meeting, released Thursday, add to the evidence that the Fed is willing to leave rates alone for the time being to see how growth and inflation evolve. Federal Reserve Bank of San Francisco President Janet Yellen added to that sentiment Thursday, telling an audience in Boise, Idaho, that "It appears that the current stance of policy will move inflation gradually back to the comfort zone while giving due consideration to the risks to economic activity."

However, portions of her speech on the continued risk of inflation appeared to contribute to a decline in stocks. Markets Thursday put an 11% probability on a rate increase at the Fed's Sept. 20 meeting. (See related article1.)

The boards of the Richmond, Va., and Philadelphia Fed banks asked in late July or early August for a quarter-percentage point increase in the discount rate to 6.5%, minutes to the Fed's deliberations on discount-rate requests show. The other 10 banks were happy to leave the discount rate unchanged.

The discount rate is charged on short-term loans from the Fed to commercial banks. It is far less influential than the federal-funds rate, charged on overnight loans between banks. Changes in the target for the federal-funds rate are voted on by the Federal Open Market Committee, which includes the seven Washington-based governors and five of the 12 Fed bank presidents. Discount-rate requests nonetheless can reveal the sentiments of bank presidents who don't vote.

Richmond Fed President Jeffrey Lacker had voted against the Fed's decision in early August to leave the federal-funds rate unchanged at 5.25% after increases at 17 straight meetings, leading some analysts to speculate other presidents, who didn't have a vote, felt the same way. The discount-rate minutes suggest only one did: Charles Plosser, who became president of the Philadelphia Fed on Aug. 1. A spokeswoman for the Philadelphia Fed said: "Although President Plosser makes a recommendation to the board, it's up to the board members to determine how they will vote, and in this case the directors felt that while growth had slowed, it was solid, but they felt the risk of accelerating inflation would outweigh the risk of a sharp deceleration in growth."

In her speech, Ms. Yellen said inflation is still uncomfortably high and as long as it is, the Fed should have a bias toward raising rates further. "However, our past actions have already put a lot of firming in the pipeline. With the lags in policy, we haven't yet seen the full effect of our past actions. These will unfold gradually over time," she added. "By pausing, we allowed ourselves more time to observe the data and more time to gauge how much, if any, additional firming is needed to pursue our dual mandate."

Ms. Yellen argued that inflation is likely to come down in the coming year because of slower growth and flattening energy prices. In addition, she said that research at the San Francisco Fed has found that in the past decade inflation has shown a

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greater tendency to revert to its long-run average. That runs contrary to the conventional finding that inflation, once it rises or falls, has a strong tendency to persist at its new level. (Read the research2)

"This evidence is important because, if it holds up, it implies that inflation may move down from its elevated level faster than many forecasters expect," Ms. Yellen said.

Fed Official Defends Interest Rate Policy (WP)

By Nell Henderson

The Washington Post, September 8, 2006

The Federal Reserve may be done raising interest rates, having probably increased them enough already to cause inflation to fall gradually, an influential central bank policymaker said yesterday.

Janet L. Yellen, president of the Federal Reserve Bank of San Francisco and a leading voice in recent Fed debates, said in a speech that inflation is too high, hovering a bit above a range she describes as her "comfort zone."

But she also expects inflation to recede because of the Fed's past interest-rate increases -- 17 consecutive increases over the past two years, which have already chilled the once-sizzling housing market and sharply slowed the nation's economic growth.

"It appears the current stance of [interest rate] policy will move inflation gradually back to the comfort zone," she said, adding that the Fed's benchmark short-term interest rate "is currently within the range that appears appropriate."

Yellen defended Fed policymakers' decision at their last meeting Aug. 8 to leave the benchmark rate unchanged at 5.25 percent. And she laid out the case for leaving the rate on hold at their meeting in two weeks and perhaps beyond.

"She didn't state it with finality, but she's suggesting that if the economy moderates as she expects, then that would eventually constrain inflation and -- under those circumstances -- the Fed would be done" raising rates, said Mickey Levy, chief economist at Bank of America Corp.

Futures contracts tied to the Fed's benchmark rate show that investors expect it to stay at 5.25 percent through the rest of the year.

Yellen's arguments carry weight in the Fed's policymaking discussions because of her many years at the central bank, her academic credentials and her experience as a top economic policy adviser in the Clinton administration, Levy said.

However, he added, "still at issue is whether the economy slows sufficiently" for her forecast to come true.

Yellen's remarks came as she and her Fed colleagues are debating how long they can let inflation linger at a high level. She and Fed Chairman Ben S. Bernanke have made clear in public remarks that they think they can hold off on drastic credit-tightening and allow inflation to drift down slowly over several years.

Other central bankers are less patient. Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond, dissented at the last meeting, arguing that the Fed should raise its benchmark interest rate again so as to bring inflation down more rapidly. He thought the economy was not likely to slow enough without further action, minutes of the meeting showed.

He and some other Fed policymakers have worried that it is dangerous to let inflation stay too long at high levels because it can become entrenched in businesses' and consumers' expectations, which become self-fulfilling.

Michael H. Moskow, president of the Fed Bank of Chicago, calls this "inflation inertia," saying in a June speech that inflation "has a pronounced tendency to stay near whatever level it has been in the recent past . . . once in place, the effects are very persistent."

Yellen took direct aim at that argument yesterday, citing research at the San Francisco Fed that has found inflation to be less persistent in the past decade. Instead, she said, the research found that inflation tends to revert over time to its long-term average, which is in her comfort zone.

Yellen defined this zone as 1 to 2 percent for "core inflation," which excludes volatile food and energy prices, as measured by a Commerce Department index. Bernanke and several other Fed policymakers have also identified that as their preferred range, leading financial markets to see it as the central bank's unofficial long-term target.

Core inflation, by that measure, has been more than 2 percent for two years and is forecast to stay above that level through next year. Yellen's remarks indicate she expects core inflation to be 2 percent or less by 2008.

Yellen said there were risks to her forecast, such as the "wild card" of energy prices, and left open the possibility of more rate increases if her forecast proves wrong, saying the Fed "must have a bias toward further firming."

But she also argued that the Fed's past rate increases are still working their way through the economy and have yet to be fully felt, justifying the decision to hold interest rates steady as policymakers wait to see how the economic slowdown plays out.

"Our past actions have already put a lot of [credit tightening] in the pipeline," she said. "With lags in policy, we haven't yet seen the full effect of our past actions."

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Housing Report Worries Slam Stocks (USAT/AP)

By Tim Paradis

USA Today/AP, September 8, 2006

NEW YORK — Stocks fell for a second-consecutive day Thursday after warnings from several home builders raised investors' concerns about an economic slowdown.

In addition, comments about inflation from San Francisco Federal Reserve President Janet Yellen offered investors little comfort.

Wall Street has been trying to anticipate whether the Fed will keep interest rates stable or resume its rate increases, to keep inflation in check, when it meets later this month.

Investors, already armed with recent economic data pointing to a housing slowdown, were forced to digest sour anecdotal evidence as well. Beazer Homes USA, Hovnanian Enterprises and KB Home warned that the home-building sector is facing difficulties including cancellations and increases in inventories (story, 1B).

The bad news only worsened Thursday afternoon when news services quoted Yellen as saying the Fed should maintain its focus on containing inflation and that the outlook regarding inflation remains "highly uncertain."

"It seems to me that the market is trading lower on the fears that the economy is perhaps having a hard landing versus a soft landing," said Jim Herrick, head of equity trading at Robert W. Baird.

He contends that the mounting news about a housing slowdown has spooked investors because of the major role the robust housing market played in driving economic growth in recent years.

The Dow Jones industrial average fell 74.76 points, or 0.7%, to 11,331.44. Broader gauges also declined. The Nasdaq composite fell 12.55 points, or 0.6%, to 2155.29 after posting its largest single-day point drop in more than a month on Wednesday. The Standard & Poor's 500 index was off 6.24 points, or 0.5%, at 1294.02.

Bond prices rose, pushing down the yield on the 10-year Treasury note to 4.79% from 4.80%. The yield was at a five-month low of 4.73% Sept. 1.

'Transparent' Vision New Fed Chairman Hopes To Downplay Impact Of His Words (WSJ)

By Greg Ip

The Wall Street Journal, September 8, 2006

At Federal Reserve meetings under Alan Greenspan, the chairman would state his recommendations for interest rates. Then the 18 other policy makers would say if they agreed. They usually did.

After Ben Bernanke took over in February, he made some subtle but significant changes. When Fed officials debate the interest-rate decision, he speaks last. Fed officials say it makes them feel freer to talk about what's on their minds, rather than responding to the chairman's views. When Fed policy makers submitted their projections for growth and inflation as part of a twice-a-year report to Congress, Mr. Greenspan wouldn't submit his own. Mr. Bernanke does.

These changes inside the Fed's policy-making body, the Federal Open Market Committee, are manifestations of an important shift under way in the world's most powerful economic institution. For years, the markets hung on every word of Mr. Greenspan. It was a sign of his dominance of the Fed, and his habit of embedding clues to the direction of interest rates in carefully crafted, often opaque speeches.

The new chairman is trying to depersonalize the Fed by making its decision-making more democratic and easier to understand. Mr. Bernanke, a 52-year-old former Princeton University economics professor, hopes he will one day be considered as successful as Mr. Greenspan and his predecessor, Paul Volcker. Yet Mr. Bernanke has long believed the Fed's success depended too much on the "personal preference" of those two men, as he once wrote.

Mr. Bernanke "wants to associate monetary policy less with the chairman and more with the institution," says Mark Gertler, a New York University economist and longtime Bernanke friend.

It's a conviction born from Mr. Bernanke's years as an academic, as well as a stint from 2002 to 2005 as a member of the Federal Reserve Board under Mr. Greenspan. Mr. Bernanke's early struggles to communicate in his new job have reinforced his belief that markets hang too much on the Fed chairman's choice of words. A comment he made in April, which he believed was misinterpreted, led some to question his anti-inflation resolve. His plan is for the Fed to be more clear about its goals and expectations for inflation and economic growth so the markets don't react so much to his every utterance.

VIDEO REPORT

1

Journal reporter Greg Ip discusses2 Fed Chairman Ben Bernanke's efforts to make the central bank more democratic and transparent.

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Enviable Record

That will be challenging, in no small part because the Fed he inherited wasn't in obvious need of improvement. Mr. Greenspan left an enviable record: strong growth, low inflation, and a near-sterling reputation with the public, politicians, markets and his colleagues. Since Mr. Bernanke took over, the confluence of slowing economic growth and rising inflation has made interest-rate decisions trickier than in the closing months of Mr. Greenspan's reign.

In Mr. Bernanke's view, making the Fed more "transparent" doesn't mean talking more, but providing more systematic, specific information, in particular about the Fed's goals -- such as for the inflation rate -- and forecasts. This, he believes, would have several benefits. If the Fed were clearer about the inflation rate it aimed to achieve, the public and companies would be less likely to press for higher wages and prices in anticipation of higher inflation. That would make it easier for the Fed to keep inflation low and stable, without wrenching changes in interest rates.

Publishing clearer and more frequent forecasts for growth, unemployment and inflation would also let the markets better anticipate the Fed's interest-rate actions, Mr. Bernanke believes. This might mean markets would move less on the particular words in a Fed speech or statement. For example, stocks declined yesterday in part because Federal Reserve Bank of San Francisco president Janet Yellen said she was worried about wage pressure. Yet other analysts focused more on her observation that inflation may decline faster than generally expected.

Mr. Bernanke's strategy carries risks. If the Fed's forecasts are repeatedly wrong or if the Fed fails to meet its goals, its credibility will be undermined. The public may ignore the Fed's pronouncements when making decisions about prices and wages. Additional information and opinions from the Fed could lead to more confusion, not less.

The Fed has long struggled with just how much to communicate. Past officials thought more information would make markets unnecessarily volatile, and limit the Fed's ability to change course. Before 1994, the Fed didn't even announce when it changed interest rates. Investors had to infer that action from how the Fed bought and sold securities in the markets. Mr. Volcker, long skeptical of the value of transparency, has said he liked to surprise the markets from time to time. Otherwise, investors became overconfident about rates and took on too much risk, he believed. "I liked a little constructive uncertainty," he said at a conference earlier this year, according to the conference organizer, Grant's Interest Rate Observer.

Mr. Greenspan, who took over in 1987, made the Fed more transparent in the latter part of his tenure, announcing rate actions and releasing a short statement on the day of its meetings, describing reasons for the action and where it thought growth and inflation were headed.

Still, he recognized there were limits. A central banker's views on the economy and interest rates are always subject to uncertainty and caveats. Yet markets will often ignore the uncertainty and caveats and overreact. Mr. Greenspan countered the market's inability to deal with nuance by speaking opaquely, or as he once put it, using language that "says less than it sounds."

As other members of the Fed's policy-making board are encouraged to speak out, it could lead to a more divergent group, leaving investors to wonder what the consensus is. Before, they could safely assume only Mr. Greenspan's opinion really mattered.

Some experts say making the Fed more democratic simply isn't compatible with the strong leadership the world expects from the U.S. central bank. "Like it or not, the institution has the ability to make markets move, and right, wrong or indifferent, you can't have 12 presidents and six governors with credibility sending different messages to the market," says Michael Belongia, a former adviser at the Federal Reserve Bank of St. Louis who now teaches economics at the University of Mississippi.

But Princeton economist Alan Blinder, who served as Fed vice chairman under Mr. Greenspan and is a friend of Mr. Bernanke, says the point of the new initiatives is to minimize the damage that can be done by one person. He cites the late Arthur Burns, who presided over a relentless rise in inflation during the 1970s. "Would I argue you'd get better policy than Alan Greenspan delivered? No. He was fabulous. But would you get a better policy than Arthur Burns delivered? Yes."

Mr. Bernanke, the first academic to run the Fed since Mr. Burns, formed his views during his 17-year career as a professor of monetary economics at Princeton. There, he was one of the country's leading advocates of setting a public target for inflation, an approach other countries have adopted.

The Bank of England, Britain's counterpart to the Fed, is a Bernanke favorite. It has a public inflation target of 2%. Each quarter, the bank publishes a report showing the growth and inflation forecast of the nine-member Monetary Policy Committee and prospects for meeting the inflation target. That report draws far more attention from markets than speeches by the head of the Bank of England.

Early Lessons

One of Mr. Bernanke's early lessons is that market participants will try to read something about interest rates into almost anything he says. Mr. Greenspan accepted and catered to this, often planting a vague signal about rates in a speech or testimony. Former governor Laurence Meyer once said hunting for the key sentence in a Greenspan speech was like the children's book, "Where's Waldo," where the reader must pick out Waldo from hundreds of faces.

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In April, Mr. Bernanke told Congress's Joint Economic Committee that even if it thought the risks between higher inflation and lower growth "are not entirely balanced, at some point in the future the [Federal Open Market] Committee may decide to take no action at one or more meetings in the interest of allowing more time to receive information relevant to the outlook." This didn't, he added, "preclude actions at subsequent meetings."

Investors and reporters -- accustomed to reacting to the subtle clues Mr. Greenspan planted in his speeches -- thought Mr. Bernanke was signaling that the Fed, after raising rates a quarter of a percentage point for 15 straight meetings, would soon pause, and perhaps stop, in its rate increases.

Paul McCulley, an economist at Pacific Investment Management Co., a huge bond-fund-management company, in Newport Beach, Calif., says, "I thought he was giving a very articulate message very similar to Greenspan's very famous 'There will come a time' statement of February 1995." That's a reference to when Mr. Greenspan, at the end of a string of rate increases, told Congress: "There may come a time when we hold our policy stance unchanged, or even ease, despite adverse price data, should we see signs that underlying forces are acting ultimately to reduce inflation pressures." The Fed cut rates less than five months later.

After Mr. Bernanke's remarks in April, Pimco and others began positioning for a halt in rate increases; bond yields fell and stocks rose.

But as markets began to price in fewer Fed rate increases, they also priced in higher expected inflation. This troubled Mr. Bernanke, who has been dogged by suspicions that he is soft on inflation. A few days after his testimony, CNBC news anchor Maria Bartiromo reported that Mr. Bernanke told her at the White House Correspondents' Association dinner in Washington that the markets misinterpreted his testimony -- that a pause didn't necessarily mean a halt, and he was not soft on inflation. Stocks and bonds retreated.

The unorthodox way in which Mr. Bernanke's views became public surprised traders. Mr. Bernanke quickly recognized the potential damage of the incident. The next morning, at a scheduled meeting with a Wall Street bond advisory group, he said it was his intention to communicate through formal channels, and the Bartiromo incident was "not a good example of that," according to people in attendance. At a dinner for a retiring colleague shortly afterward, he made light of the incident. The annual correspondents' dinner, he said, "as you all know, is one of my favorite events."

Crossed Signals

Crossed signals continued to dog Mr. Bernanke. In June, he proposed a meeting with representatives of the Bond Market Association, a Wall Street trade group, to discuss technical bond-market matters. The association set up a meeting between Mr. Bernanke, another governor and a group of bond traders.

When some bond traders tried to elicit clues on interest rates, Mr. Bernanke wouldn't bite, these people said. Nonetheless, rumors circulated the next day that he had raised the possibility of a half-percentage-point rate increase, prompting some analysts to complain the Fed was overreacting.

Mr. McCulley, the fund manager, says in retrospect that he read Mr. Bernanke's testimony too much through the filter of what Mr. Greenspan had said 11 years before. Interpreting the Fed chairman now, he says, will require reading his entire speech rather than just one paragraph, and paying more attention to his discussion of the forecast and his goals. He expects "Greenspan-style sound bites will move to the back burner."

In recent months, markets have signaled greater confidence in Mr. Bernanke: Their expectations of inflation have declined, aided by a tame reading on consumer prices and rapid softening in the housing market.

Problems communicating the Fed's views this year have strengthened the case for transparency, Fed officials believe. Earlier this year, Mr. Bernanke appointed Vice Chairman Donald Kohn to head a committee on communications. It is expected to consider, among other things, naming an inflation target or "objective," and issuing forecasts four times a year instead of twice.

To do that, officials will have to answer some difficult questions. For example, whose forecast should the Fed release? Would they have to collectively agree on a single forecast? The forecast currently released twice a year to Congress is a range of many, often inconsistent, views. And if the Fed chooses an inflation target, what number, or range of numbers, and price index should it use, and over what time period?

In recent years, FOMC policy discussions had become somewhat scripted. Mr. Greenspan's views usually preordained the outcome. The critical statement released at the end of every FOMC meeting -- disclosing the interest rate action, with a brief description of the group's economic outlook -- was increasingly drafted prior to the meeting.

Trying to shake this up, Mr. Bernanke, in addition to speaking last instead of first, has allowed more changes to the statement to be made during the meeting. He encourages members to speak out of turn in order to respond briefly to another's remarks. For permission to do so, they must raise two hands, a gesture dubbed a "two-handed intervention."

"It's a way of having a more complete dialogue and it's successful," says Federal Reserve Bank of St. Louis President William Poole.

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A truly democratic Fed could reduce Mr. Bernanke's role to one vote, much like the chief justice of the Supreme Court. That hasn't happened. Fed insiders say Mr. Bernanke leads and shapes debates at meetings. Moreover, not all his colleagues' views carry the same weight. He turns in particular to the Vice Chairman Mr. Kohn and Federal Reserve Bank of New York President Timothy Geithner for advice and feedback.

Mr. Bernanke has also cultivated the Fed's professional staff, the core of which is more than 200 Ph.D. economists. Mr. Greenspan thought highly of the staff but kept most at arm's length, preferring memos to meetings except when a staffer was working on a special project for him. Mr. Bernanke often sits down with junior economists for lunch in the staff cafeteria to learn about their research or discuss baseball. He's a regular at Washington Nationals games.

While Mr. Greenspan played tennis on the Fed's courts with Washington power brokers, Mr. Bernanke plays pickup basketball with the junior staff. He occasionally can be found shooting baskets alone on the Fed's court.

Judicial Surveys Vex The Bench (LAW)

By Marcia Coyle, The National Law Journal

National Law Journal, September 8, 2006

When Tennessee Court of Criminal Appeals Judge John Everett Williams, who was up for retention election this year, got his questionnaire from the Tennessee Family Action Council soliciting his views on abortion, the death penalty, same-sex marriage, evolution and other issues, he declined to respond, citing Chief Justice John G. Roberts Jr. as setting "the gold standard" on ethical conduct during his U.S. Supreme Court confirmation hearings.

"As did Justice Roberts, I do not wish to hint or signal that I am predisposed to rule on any matter that may come before me as a judge," wrote Williams in June, one of 64 Tennessee judges receiving the questionnaire.

Questionnaires for judicial candidates have been an "issue" since at least 2000, according to court and election officials, because they raise concerns about sitting judges and judicial candidates campaigning and making promises just as other political candidates do.

But this year, the questionnaires are proliferating, more sophisticated and seemingly coordinated across states.

"My impression is there are more questionnaires and most are coming from what would be considered religious right groups and they are being vetted by the same folks working with each other," said Cynthia Gray, director of the Center for Judicial Ethics at the American Judicature Society. "I'm not suggesting that's a bad thing."

She said that there is probably a "reluctant consensus" that judicial candidates have a First Amendment right to respond to these questions. "However, there are also a lot of people, including incumbent judges and judicial candidates, who don't necessarily think it's a good idea."

Concerns about the questionnaires have reached the National Center for State Courts whose National Ad Hoc Advisory Committee on Judicial Campaign Oversight is preparing to send a letter to state courts, state bar associations and others with recommendations on how to deal with them.

Noting there is "no simple right answer" on how to respond, the advisory committee makes five recommendations:

Don't be rushed into deciding how to handle the questionnaire: The committee says questionnaires often come just a few days before the "due" date for response.

Never use the preprinted answers on the questionnaire: Simplifying a legal or political issue to a yes/no answer is "inconsistent" with a judge's role, and there's no legal obligation to discuss any issue, according to the committee.

Consider responding with a letter that educates voters on the role of judges.

Distinguish general interest, nonadvocacy groups from special interest advocacy groups and be consistent in dealing with their questionnaires.

And never use a judicial canon of ethics to justify a decision not to respond.

That last recommendation is necessary because the result of citing a judicial canon as the reason for no response is a lawsuit, said committee member Roy Schotland of Georgetown University Law Center.

Schotland noted that questionnaires sent to judicial candidates in Tennessee, Kansas and Georgia contain almost identical footnotes to the "decline to respond" option.

The footnote states that that particular response indicates that the candidate would answer the question but for canons of conduct prohibiting pledges and promises, or statements that commit the candidate to positions on issues that may come before the court.

If a judicial candidate does cite those canons, it's a "pretty fair bet" the state and/or its judicial ethics commission will be sued, agreed Gray. Within weeks of issuing an advisory opinion counseling against answering questionnaires, Gray said, Kansas was sued. And there have been similar suits against Indiana, Alaska, Kentucky, Pennsylvania, Florida and North Dakota, she said.

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GUNNING FOR CANONS

The lawyer behind most of those suits is James Bopp Jr. of Bopp, Coleson & Bostrom of Terre Haute, Ind., general counsel to the National Right to Life Committee and the victorious attorney in Republican Party of Minnesota v. White, 536 U.S. 762 (2002).

In White, the U.S. Supreme Court held that the so-called "announce clause" of the Minnesota judicial code, which prohibited judicial candidates from stating their views on legal issues within the province of the court for which they were running, violated the First Amendment.

Bopp confirms that he and his clients, relying on White, have been filing suits based on judges' responses that they can't answer the questionnaires because of judicial canons. And they have been remarkably successful.

"We've challenged a number of canons," he said, including those prohibiting judges from making campaign pledges and promises, and those prohibiting judges from committing themselves to certain positions once they are on the bench.

"The regulators and/or the courts in interpreting these clauses were prohibiting judges from announcing their views. My view is that's just cut and dry. The Supreme Court said you can announce your views and they can't prohibit it through some other clause."

Bopp also believes recusal and solicitation clauses are vulnerable to First Amendment attack and he is waging those attacks in the Kansas lawsuit.

A federal trial judge recently issued a temporary injunction in the Kansas suit after finding that the plaintiffs are substantially likely to succeed on the merits of their claim that the pledge and promise and commit clauses unconstitutionally chill a substantial amount of protected speech.

The court also found that plaintiffs are substantially likely to show that the clause barring solicitation of campaign funds is underinclusive and fails to address problems of partiality that are inherent in a system of judicial elections. However, the court rejected the plaintiffs' challenge to the recusal canon.

Recusal should not be required, said Bopp, where a judge has expressed a view on an issue but says he or she can keep an open mind. And solicitation clauses should not be used to bar a judicial candidate from seeking signatures on a nomination petition, he added.

FOOT IN DOOR

On the opposite side of Bopp in the Kansas and Indiana lawsuits is George T. Patton Jr. of the Washington office of Indianapolis' Bose, McKinney & Evans.

The Kansas case is now pending appeal of the injunction in the 10th U.S. Circuit Court of Appeals. Kansas Judicial Watch v. Stout, No. 06-3290.

In Pennsylvania, a federal district judge dismissed the challenge to the pledge and promise and commit clauses after finding that the plaintiffs had no standing. That case is pending appeal in the 3rd Circuit. Pennsylvania Family Institute v. Black, No. 05-5259.

And a suit in which Bopp successfully challenged those clauses in the Alaskan code of judicial conduct is pending appeal in the 9th Circuit. Alaska Right to Life PAC v. Feldman, Nos. 05-35902, 05-36027.

Patton noted that challenges to those clauses succeeded in Kentucky, which settled the lawsuit after the 6th Circuit denied its appeal of the injunction in that case, and in North Dakota, which decided not to appeal.

In the Indiana case, Patton said, he is awaiting a ruling on his motion to dismiss for lack of standing. The plaintiffs are Indiana Right to Life and an individual who is not a judge or judicial candidate.

Patton said that he spoke to all of the judges who received a questionnaire and they said that despite their First Amendment right to speak on those issues, they chose not to answer. Indiana Right to Life then asked to depose the judges. The trial judge denied his motion for a protective order.

"This is what judges need to know -- the goal is to get them under oath and to ask: Did you contact the ethics commission and did the commission tell you not to answer? If there were no canons, would you answer?" said Patton. "They are trying to take a right and make an obligation out of it."

In 2002, the Supreme Court in its White decision could not have envisioned fallout from its ruling such as judges being deposed, detailed questionnaires being sent by special interest groups and the breadth of the pending legal challenges, said Patton.

"In the White opinion, Justice [Antonin] Scalia makes very clear the distinction between the announce clause and the pledge and promise and commit clauses," he said. "It shows that once you get a foot in the door, you try to crack the door more widely open."

And Bopp apparently has a large foot. Next on his list, he said, are First Amendment challenges to state rules prohibiting judicial candidates in nonpartisan competitive and retention elections from identifying their political party preference.

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"It's a real good shorthand for giving your general philosophy," said Bopp, who recently filed such a lawsuit in Kentucky. "I think stating your party preference is indistinguishable from announcing your views."

Local Court Reporting School Founders (SDUT)

By Helen Gao, Union-tribune Staff Writer

The San Diego Union-Tribune, September 8, 2006

175 students are left in the lurch

The only private court reporting school of its kind in the county has shut down, disrupting the education of 175 students.

The Court Reporting Institute, housed on the second floor of a Gibbs Drive building near Montgomery Field in Kearny Mesa, closed Aug. 28. It had been in business at least since 1993. The school declined comment. An administrator in the school office where files and computers already have been packed into boxes said a company lawyer advised her not to say anything because of pending bankruptcy litigation.

Headquartered in Seattle with campuses in that city, Tacoma and Boise, Idaho, the Institute has had a troubled history in Washington state. It was repeatedly investigated there for false advertising, low graduation rates and poor instruction.

One investigation found that only 6 percent of its Seattle students graduate and only 1 percent become court reporters, according to The Seattle Times.

Tana Stenseng, a spokeswoman for the Washington state Workforce Training and Education Coordinating Board, said the Institute had been the subject of 29 complaints between 1996 and 2006.

Most recently the state upheld 14 complaints collectively seeking $286,000 in refunds from the Institute.

The Institute had sought to overturn the ruling, but abruptly decided late last month to drop its appeal. Shortly afterward, it announced plans to close.

Alen Janisch, listed in public records as president of the Court Reporting Institute Inc., did not return a call for comment.

California regulatory officials said the San Diego campus did not have the same kind of checkered history as the Washington state programs.

In its 13 years of operation, the California Bureau for Private Postsecondary and Vocational Education received five complaints about the San Diego school. One was unsubstantiated, one resulted in a settlement, and three filed this year are open cases.

The recent complaints allege fraud, incompetence, negligence and use of an uncertified instructor – charges that mirror what some Seattle area students had said.

The Court Reporters Board of California, another regulatory body with oversight of the school, received no complaints about the San Diego campus.

“The school was meeting state standards. The complaint history is not unusual,” said Miles Bristow, a spokesman for the California Department of Consumer Affairs.

The bureau for private postsecondary education reapproved the San Diego school in 2005. At the time, it met regulatory standards for financial responsibility and educational quality.

State officials recently met with San Diego students after learning of the school's closure to inform them of their rights.

Students who borrowed money through the U.S. Department of Education to pay for tuition can request to have their loans forgiven.

Those who financed their education with their savings can seek restitution from the Student Tuition Recovery Fund. All students who attend a private postsecondary institution pay into the fund and can draw from it if their school shuts down.

The state is referring students to private online court reporting programs offered by Sage College in Moreno Valley and Bryan College in Los Angeles.

Another alternative for students is the publicly run Regional Occupation Program, or ROP, which offers tuition-free court reporting courses in Oceanside for students 16 and older. The courses are held at El Camino High School.

Peggy Miller, the Oceanside coordinator for ROP/adult education, said since the San Diego school closed, her program had received 15 to 20 inquiries from Institute students. An additional class could be created to accommodate them.

“We are working with them individually, and we are trying to serve them as well as we can. We probably won't be able to serve them all,” she said, adding the Oceanside program is staffed by only two teachers.

War Turns Southern Women Away From GOP (AP-Y)

By Shannon Mccaffrey

AP, September 8, 2006

President Bush's once-solid relationship with Southern women is on the rocks.

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"I think history will show him to be the worst president since Ulysses S. Grant," said Barbara Knight, a self-described Republican since birth and the mother of three. "He's been an embarrassment."

In the heart of Dixie, comparisons to Grant, a symbol of the Union, are the worst sort of insult, especially from a Macon woman who voted for Bush in 2000 but turned away in 2004.

In recent years, Southern women have been some of Bush's biggest fans, defying the traditional gender gap in which women have preferred Democrats to Republicans. Bush secured a second term due in large part to support from 54 percent of Southern female voters while women nationally favored Democrat John Kerry, 51-48 percent.

"In 2004, you saw an utter collapse of the gender gap in the South," said Karen Kaufmann, a professor of government at the University of Maryland who has studied women's voting patterns. White Southern women liked Bush because "he spoke their religion and he spoke their values."

Now, anger over the Iraq war and frustration with the country's direction have taken a toll on the president's popularity and stirred dissatisfaction with the Republican-held Congress.

Republicans on the ballot this November have reason to worry. A recent Associated Press-Ipsos poll found that three out of five Southern women surveyed said they planned to vote for a Democrat in the midterm elections. With control of the Senate and House in the balance, such a seismic shift could have dire consequences for the GOP.

Democrats need to gain 15 seats in the House and six in the Senate to seize control.

In a sign of how crucial races in the South will be to the GOP national strategy, Bush traveled to Georgia Thursday to help former Rep. Max Burns raise money in his bid to unseat Democratic Rep. John Barrow. The president also gave a speech in Atlanta.

Knight lives in another congressional district considered competitive. Republicans hope to oust Democratic Rep. Jim Marshall, whose district was redrawn by the GOP-controlled Georgia Legislature to make it more conservative.

Voters like Knight could prove to be spoilers. The 66-year-old real estate agent doesn't particularly like Marshall, a hawkish Democrat and former Army Ranger, but she said she'll vote for him because she likes his conservative Republican opponent, former Rep. Mac Collins, even less.

"I'm going to go for the moderate, and these days that tends to be Democrats," Knight said.

Sandy Rubin, a high school teacher in Macon, voted for Bush and said she's also likely to vote for Marshall. Rubin said the GOP's focus on issues that appeal to social conservatives, such as gay marriage and abortion, have turned her off.

"I care about job security and education. The things I hear the Republicans emphasizing in their campaigns are not things that affect me or my family," said the 39-year-old mother of two.

The movement of some Southern women away from the Republican Party tracks with national poll results showing that women have become more disillusioned with the war and were more likely than men to list the conflict as the important issue facing the country.

Nationally, the AP-Ipsos poll found that only 28 percent of women approve of Bush's handling of the war. Bush did better in the South, but only slightly — just 32 percent of women in the region said they approve of his handling of the war.

"I never did understand why we went into Iraq and didn't instead clean up the mess in Afghanistan first," Knight said.

Teresa Cranford, 39, also of Macon, said her support for Bush was lukewarm in 2004, but she ultimately voted for him so he could finish the job in Iraq. As the death toll has risen, so has her discomfort.

"I'm a mother and that makes me think differently about it," Cranford said.

Lynn Hamilton, 44, said she still supports Bush even though her backing for the ongoing war has waned.

"As a mother you worry, 'Am I going to lose my baby boy?'" said the Gray, Ga., resident. "A mother's view about war is often going to be a lot different than dad's is."

Neither Cranford nor Hamilton has decided how they plan to vote in the midterm elections, although neither ruled out voting for a Democrat.

"I'm not a straight party-line Republican anymore," Cranford said.

Still, some Southern women remain stalwart supporters of the president and the Republican Party. At a watermelon festival in Chickamauga, in the mountains of northwest Georgia, substitute teacher Clydeen Tomanio said she remains committed to the party she's called home for 43 years.

"There are some people, and I'm one of them, that believe George Bush was placed where he is by the Lord," Tomanio said. "I don't care how he governs, I will support him. I'm a Republican through and through."

Republicans Look Homeward (WSJ)

By Jackie Calmes

The Wall Street Journal, September 8, 2006

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CLARENCE, N.Y. -- How tough a year is it for Republicans? On an overcast Labor Day, the House leader whose job is to help other congressional Republicans win Nov. 7 is back home yet again, campaigning for his own survival.

Rep. Tom Reynolds joins local officials in this small town's parade, waving to residents at the edges of their yards while supporters in "Team Reynolds" T-shirts throw candy to kids. Not far behind is his Democratic rival, a great-grandfather driving a flashy Excalibur convertible that gets the crowd's attention -- as does the challenger's mantra amplified by speakers on the luxury car: "Save American Jobs. Vote Jack Davis for Congress."

Mr. Davis and his antitrade message are still familiar here in economically troubled upstate New York from his race two years ago. Back then, Mr. Davis, a local industrialist, seemingly came from nowhere to hold Mr. Reynolds to a 56% re-election vote, below what President Bush pulled here in 2004. Two years before that, in 2002 the congressman had won 74% of the vote.

Mr. Reynolds, who harbors aspirations of being House speaker some day, remains favored for a fifth term despite a national climate that is threateningly cold to both the president, who isn't on the ballot, and Republicans in Congress, who are. But he is having to work for his votes.

Typically, the leaders of both parties' campaign committees in the House and Senate are picked partly because they have such safe seats that they can focus full time on helping those who don't. Because Mr. Reynolds doesn't have that luxury, he is holding himself out as the personification of the strategy he presses on all other vulnerable Republicans in his role as chairman of the National Republican Congressional Committee. He isn't talking about the war in Iraq, national debt or illegal immigration, but about federal grants he has gotten for towns and companies in his district, and services he has done for his constituents: "I'm practicing what I preach: All politics is local."

Mr. Reynolds has expropriated advice the late Democratic House speaker, Thomas P. "Tip" O'Neill of Massachusetts, made famous as his political prescription for fellow Democrats back in the Reagan era of Republicans' ascendancy. He argues that the O'Neill formula -- pay close attention to local issues -- isn't just Republicans' best defense in a tough year. It is a better strategy all around, he insists, than the efforts of Democrats -- like his counterpart heading House Democrats' campaign committee, Rep. Rahm Emanuel -- to make the midterm elections a national referendum on Republicans' record at home and abroad.

"He is wrong to say it's either-or," counters Mr. Emanuel, who is a safe bet for re-election in Chicago. "This is a national election on whether George Bush and his policies have made the nation and Iraq more vulnerable" and "the country more economically insecure."

Mr. Reynolds acknowledges "we have the wind at our faces in the midpoint of a president's second term." But while some other Republicans openly predict Democrats will gain the 15 seats they need to have a House majority, he says, "At the end of the day, I'll have a Republican majority."

Mr. Reynolds says his optimism is based on the simple formula of good candidates, money to advertise, and a good organization to turn out votes. He says he helped hold down Republican retirements so the party had fewer open seats to defend and more well-funded, better-known incumbents running. As for funds, he says, "I'll have more money than I had last time," when he first served as chairman of the campaign committee in 2004. Republicans' ace in the hole, he says, may be the millions of dollars that Republican Party Chairman Ken Mehlman has committed for get-out-the-vote efforts, in contrast with Democratic Party Chairman Howard Dean, who has resisted Mr. Emanuel's demands for help.

Still, it is up to the candidates to get home to their districts and emphasize local "pocketbook issues," says Mr. Reynolds -- just as he does.

The congressman, who turned 56 years old Sunday, spent most of Congress's August recess in his district. It is an expanse of small towns, rural areas and suburbs stretching between Buffalo and Rochester, historically prosperous and Republican. But in more recent years, the region has experienced the economic dislocation of manufacturing-job losses and, in turn, a political shift more friendly to Democrats.

That is personified by Mr. Reynolds's rival. Mr. Davis, 73, says he was a lifelong Republican who voted for George Bush in 2000, and contributed through the years to Mr. Reynolds and his predecessors, former House Republican leaders Bill Paxon and Jack Kemp. But by 2003, outraged at trade policies he blamed for ravaging industries like his -- he employs 75 people at a plant making heating elements for commercial furnaces -- Mr. Davis switched parties.

He then decided to run for Congress. He spent $1.2 million in 2004 and says he will spend an additional $2 million of his own money this year.

Mr. Reynolds, with about $3 million in campaign contributions, has run ads on local television for more than a month, earlier than in past campaigns. The first emphasized his support for low taxes and few business regulations, ending, "Tom Reynolds -- Fighting to save New York jobs." Another had two retired military officers hailing his role in saving the Niagara Falls Air Reserve Station from shutdown. The third featured a mother holding her toddler while recalling the congressman's help in

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forcing Blue Cross/Blue Shield to cover surgeries for the child's cleft palate. "Tom Reynolds has a big heart," she says into the camera.

But in a sign of the Republican's nervousness, those three positive ads were followed on Wednesday by a new one in which he attacks "millionaire Jack Davis" for his trade stance. "His plan to increase tariffs is really a tax increase on families, raising the cost of everything," says the narrator.

On Labor Day, the congressman is met at the parade starting point by the Grant family in navy Team Reynolds shirts, marching for him in their 20th parade this year. Terrence, 43, and his wife Mary, 38, both say they are unhappy with Republicans over the war and illegal immigration. But they have actively supported Mr. Reynolds ever since he replied to a letter their daughter Ashley, now 14, wrote to him when she was in third grade. They don't hold him accountable for the big problems.

Over homemade pie at the parade's end, Mr. Reynolds talks with the highway superintendent and a councilman for the town of Oakfield, both Republicans, about projects for which he has won, or is seeking, federal grants. "See," he says later, "we didn't talk about the Iraq war over pie. We talked about economic development and jobs."

First Lady Stumps For Drake In Norfolk (WT/AP)

By Sonja Barisic

The Washington Times, September 8, 2006

NORFOLK -- The vice president and then the president came to southeastern Virginia to raise campaign money for first-term Republican U.S. Rep. Thelma Drake.

Yesterday, Laura Bush did the same.

The first lady was the featured guest at a fundraising pancake breakfast at a downtown hotel. About a dozen protesters gathered across the street, holding signs that read "No More War" and "Protect Seniors, Not Drug Companies."

About 350 people paid $150 to $5,000 to attend the event, raising $150,000 for the Drake campaign, said Tim Murtaugh, Mrs. Drake's campaign manager.

Combined, the president, vice president and first lady have raised $850,000 for the campaign.

Mrs. Bush praised Mrs. Drake as an advocate for children, preserver of Virginia's natural resources, supporter of tax cuts and champion of military members.

The first lady also said the congresswoman is "a thoughtful, positive and powerful part" of the serious national dialogue needed for President Bush to accomplish his goals for the rest of his term, including rebuilding the hurricane-ravaged Gulf Coast and keeping the country safe from terrorism.

"Thelma's dedication to the people of Virginia and her achievements remind us of why she must be re-elected," she told the enthusiastic crowd. "Thelma understands that America faces challenges too important to be reduced to simple politics."

Before Mrs. Bush's 10-minute speech, Mrs. Drake introduced the first lady as "America's favorite mother," adding, "And she even has America's favorite mother-in-law."

Mrs. Drake has raised almost twice as much money as her Democratic challenger -- $1.4 million to Philip J. Kellam's $730,000 as of June 30, according to the Federal Election Commission.

But she has been the target of television ads by the liberal political group MoveOn.org, so she said having Republican luminaries campaign for her is a boon.

"They know the tenor of this campaign," Mrs. Drake said after the event. "They know the money that's being spent by outside groups such as MoveOn.org, and they're helping me to be able to run my own campaign."

Vice President Dick Cheney spoke at a dinner in Norfolk in February that raised more than $200,000 for Mrs. Drake.

In May, Mr. Bush attended an invitation-only, $5,000-a-plate luncheon in Virginia Beach that raised about $500,000 for Mrs. Drake, who was in Washington to vote on a military quality-of-life appropriations bill.

Mrs. Drake is on the House Armed Services Committee and represents the Republican-leaning 2nd District, which includes Virginia Beach, the Eastern Shore and parts of Norfolk and Hampton, and has a strong military presence.

As for Mrs. Bush's visit, Mrs. Drake said it was "such a great endorsement to have a woman who is such a champion for women, for girls, for education, to take her time and come here in support of my campaign. ... Everyone loves Laura Bush."

Conn. Senate Race Centers On Iraq War (AP-Y)

By Andrew Miga

AP, September 8, 2006

The Iraq War is center stage again in Connecticut's increasingly nasty Senate race. Ned Lamont, whose upset of Sen. Joe Lieberman in last month's Democratic primary was fueled in large part by his opposition to the war, took fresh aim at Lieberman's staunch support of the conflict in a new television ad Thursday.

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The senator fired back, calling Lamont's stance on the war "dangerous," and complained, "at some point my opponent has to start dealing with fact and not just be a perpetual whiner."

The Lamont commercial features a young man solemnly reading some of the names of U.S. troops who have died in Iraq.

"Why do we listen when George Bush and Joe Lieberman tell us they know how to fight terrorism?" Lamont says in the ad which began airing statewide. "How have they made us safer? What have they been right about so far?"

Lamont is spending about $175,000 to broadcast the commercial over two weeks, his campaign said.

Lieberman argued that Lamont "essentially wants to pick up and leave by a date certain" in Iraq.

"To me, that is wrong, dangerous, and dishonors all the service of the men and women who have been to Iraq wearing the uniform of our country," said the senator, who plans a major speech on Iraq sometime this month.

Lamont backs an immediate withdrawal of U.S. troops from the front lines, but he also wants American forces to remain in the region to provide support.

The Lamont ad comes as President Bush, seeking to rally support for an unpopular war as the midterm elections loom, has delivered speeches this week about the terrorist threat the country faces.

"Karl Rove, George Bush and Joe Lieberman have been on the same page since the primary trying to scare people in this election," said Lamont campaign manager Tom Swan. "We're not going to let them do the Swift Boat tactics that Rove is known for in Connecticut."

Swan was referring to the Swift Boat Veterans for Truth attack ads directed at Democratic Sen. John Kerry's military record that damaged his 2004 presidential bid.

The Lamont commercial is the third Iraq-war themed ad campaign directed at Connecticut voters in recent days. There are also dueling ads by two veterans groups. One group praises Lieberman's war support while the other criticizes him.

Vets for Freedom, an independent group with Republican ties, said it is spent $60,000 to air a TV ad featuring four veterans from the state thanking Lieberman for supporting the Iraq war. The ad ran for two days, ending Thursday.

The Lamont camp, joined by several Connecticut veterans, has denounced the Vets for Freedom ads while calling on Lieberman to renounce the group. Lieberman has refused to do so, saying the commercial is not an attack ad.

VoteVets Action Fund, which describes itself as a non-partisan advocacy group for U.S. troops and veterans, launched a radio and newspaper ad campaign Thursday assailing Lieberman.

"Connecticut needs to know, American troops depend on their leaders to ask the tough questions of the government when it comes to war, and Senator Lieberman has been too timid to do that," said Jon Soltz, an Iraq war veteran who heads the VoteVets Action Fund.

The group said it is spending $25,000 for two days of radio ads.

Battle Of Surnames Underlies Senate Contest In N.J. (USAT)

By Kathy Kiely

USA Today, September 8, 2006

WEST NEW YORK, N.J. — In the past four presidential elections, New Jersey has voted Democratic. The state has a Democratic governor and Democratic-controlled Legislature. Yet in a year when Republicans in the rest of the country are struggling, Tom Kean Jr. has a shot at knocking off Democratic Sen. Robert Menendez.

Several recent polls show Menendez, a veteran congressman appointed last year after Jon Corzine was elected governor, in a dead heat with Kean.

Menendez says the reason is that he's running against two Tom Keans: the 36-year-old state senator who is on the Nov. 7 ballot and his identically named father, one of New Jersey's most popular governors and chairman of the 9/11 Commission. “It's a competitive race only because of my opponent's surname,” Menendez said last week over coffee and eggs at one of his state's trademark diners.

Others think Menendez's surname — and the state's growing ethnic mix — may be factors, too. “I'll be blunt. It's not a nice thing to say about New Jersey, but being a Latino may be costing him in some parts of the state,” says David Rebovich, a political scientist at Rider University. That view is shared in this diverse community, part of a congressional district Menendez represented for 13 years before joining the Senate in January.

“The face of New Jersey is changing,” says West New York Mayor Albio Sires, a Cuban-American like Menendez who is running to succeed him in the House. “Some people may resent that.”

High on a bluff overlooking the Hudson River and Midtown Manhattan, West New York and neighboring Union City traditionally have been the first home to waves of immigrants entering the USA. When Sires was growing up, most of his neighbors were Italian. “I was one of three Cubans in school,” Sires says laughing. Today, the congressional district is more than 49% Hispanic. Sires thinks that's one reason Menendez will win. “In this community, people will be motivated.”

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Menendez is vying to become the first Latino elected statewide in New Jersey, where more than 15% of the population is Hispanic and nearly one of every five residents was born outside USA.

The reaction hasn't been entirely welcoming: Steve Lonegan, mayor of the northern New Jersey borough of Bogota, called for a boycott of McDonald's this summer after the fast-food chain erected a Spanish billboard in his community.

Nationwide, the number of Hispanics in political office jumped from 3,743 in 1996 to 5,132 a decade later, according to the National Association of Latino Elected Officials. Two Hispanics were elected to the Senate in 2004: Mel Martinez, a Florida Republican, and Ken Salazar, a Colorado Democrat.

The two candidates in New Jersey's Senate race represent two faces of New Jersey, its old guard and its changing demographics.

Menendez, 52, is the first member of his family to be born in the USA, after his parents emigrated from Cuba with his older brother and sister. Kean, 38, is the scion of a distinguished line of public servants that traces back to New Jersey's first constitutional governor. Kean's grandfather, great-grandfather and great-uncle all served in Congress. Tom Kean Sr. was re-elected New Jersey governor in 1985 with 70% of the vote.

Menendez and the younger Kean have political bases just 30 minutes apart, but they live in different worlds. Menendez's old congressional district is a string of densely packed towns where storefronts are in need of a fresh coat of paint and clothes flap on lines strung between upper-story windows.

Westfield, where Kean lives, is a leafy community of upscale stores, white-tablecloth restaurants and well-tended lawns.

Kean touts himself as an independent — a useful credential in a state where unaffiliated voters outnumber Democrats and Republicans combined. He recently called for Defense Secretary Donald Rumsfeld's resignation. He sides with GOP conservatives on immigration, opposing any measures that would give legal status to people working here illegally. Menendez supports a path to citizenship.

Portraying himself as a reformer and Menendez as a political hack, Kean has made an issue of more than $300,000 in rent Menendez collected from the North Hudson Community Action Corp., an entity the Democrat helped fund as a member of Congress.

Menendez says the House ethics committee cleared the rental and accuses Kean of “the politics of personal destruction.” Some Menendez supporters say the Republican is using code words to win the anti-immigrant vote. “That's all part of the campaign,” Sires says, “they have to rev up their base.”

Kean argues that he's defending the interests of New Jersey's immigrant population against corrupt politicians. “It's not anti-immigrant,” he says of his campaign.

Even so, some Hispanic voters think pro- and anti-immigrant feelings will play a role in the campaign. Rick Perez, a Cuban-American who lives in West New York, says many voters in New Jersey's diverse Hispanic community will vote for Menendez because of “the Z factor,” referring to the last letter of many Hispanic surnames. Julia Valdiva, a 70-year-old resident of Union City who calls herself a classica, or a classic, rather than a senior citizen, worries about a backlash against Menendez. “He's got a lot of people against him because of his name, unfortunately,” she says.

At the recent World Gujarati Conference, a gathering of people of Indian descent that drew both candidates, Upendra Chivukula was more hopeful. “The American people are smart,” says Chivukula, a Democratic state assemblyman. “It doesn't matter where you come from or how you look. It's who can do the best job.”

Tape Rolls On Gov.'s Meeting (LAT)

By Robert Salladay

The Los Angeles Times, September 8, 2006

SACRAMENTO — In the sanctuary of his Capitol office with an audio recorder rolling, Gov. Arnold Schwarzenegger describes Republican legislators as the "wild bunch" and, referring to a Latina lawmaker, casually says that "black blood" mixed with "Latino blood" equals "hot" — a fiery personality.

The governor is heard on a six-minute recording, obtained by The Times, of a meeting with some members of his inner circle last spring. At the time, Schwarzenegger was struggling to persuade Republican lawmakers to embrace his plan to place billions of dollars in borrowing on the November ballot.

It's unclear why the session was taped, but Schwarzenegger occasionally records private meetings so that speechwriters, in particular, can keep a record of his thoughts and cadence. This audio recording mainly consists of relaxed banter among Schwarzenegger and a few aides, and it offers an unusually candid look at his administration when the doors are closed.

On the recording, Schwarzenegger's Democratic chief of staff, Susan Kennedy, says Assembly Republican leader George Plescia of San Diego resembles a startled deer. That draws a chuckle from the Republican governor, who a moment earlier had referred to Plescia's predecessor, Assemblyman Kevin McCarthy, as "Bakersfield boy."

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But Kennedy offers praise for Assemblywoman Bonnie Garcia, the lone Latina Republican in the Legislature. The governor and Kennedy debate her ethnicity, and Schwarzenegger opines that whether she is Cuban or Puerto Rican doesn't matter much.

"I mean, they are all very hot," the governor says. "They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

He goes on to recall a former weightlifter and competitor, Cuban-born Sergio Oliva. "He was like that," Schwarzenegger says.

Garcia and McCarthy called the conversation irrelevant, even funny, when contacted by The Times on Thursday. Plescia had no comment.

Garcia said the conversation didn't bother her in the least. She called herself an "unpolished politician" and said Schwarzenegger had shown nothing but respect for her.

"I love the governor because he is a straight talker just like I am," Garcia said. "Very often I tell him, 'Look, I am a hot-blooded Latina.' I label myself a hot-blooded Latina that is very passionate about the issues, and this is kind of an inside joke that I have with the governor."

Margita Thompson, a spokeswoman for the governor, issued this statement: "This is a small part of a long conversation that is taken totally out of context. The governor respects every member of the Legislature and holds them in the highest regard. It is not uncommon for him to have fun and joke with the members while they're working, especially during very tense negotiations."

The meeting probably took place in the Ronald Reagan Cabinet Room, the governor's de facto office that adjoins his smaller official quarters. The conference room faces east toward lush Capitol Park and has a long conference table that serves as a giant desk. The sword from Schwarzenegger's movie "Conan the Barbarian" rests on a nearby table.

Participants were Kennedy, who was Cabinet secretary under former Gov. Gray Davis; Gary Delsohn, a former Sacramento Bee reporter and author who recently became Schwarzenegger's chief speechwriter; and Walter Von Huene, a former TV director who is a close friend of the governor. Von Huene, a fellow cigar smoker and chess partner of Schwarzenegger, also serves as an informal speech coach.

Schwarzenegger's voice is heard first on the recording. He teases Delsohn and lavishly praises Kennedy as the conversation begins, suggesting that he knows the recording device is on. He calls Kennedy a "major, major champion."

"Got that on tape?" Kennedy says.

"It's on tape," Delsohn answers.

The free-flowing conversation took place amid negotiations over the governor's proposals for a giant public works package. At the time, Schwarzenegger's own party was resisting the sheer size of the plan — the largest in state history — which entailed tens of billions of dollars in borrowing. They eventually settled on a package worth $37 billion, placed on the November ballot.

On the recording, Kennedy and Schwarzenegger review an exchange between Kennedy and McCarthy, the Central Valley lawmaker who was then the lead negotiator for the Assembly's Republicans.

"You really pissed him off," Schwarzenegger said. "But you know something? You pissed him off because it hit home. That's why it pissed him off. People always get irritated; always when you hit something that is the truth, that's when people flame out."

Schwarzenegger says he had to control himself, and tried to be "really gentle" in the day's negotiations with his fellow Republicans. He calls it "dancing the dance."

But he says to Kennedy: "Anyway, so you hit him, you hit Bakersfield boy hard today," referring to McCarthy, who had warned against upsetting the Legislature's minority Republicans.

The governor goes on to describe the negotiating session:

"And then all of a sudden she comes in out of nowhere. She says, 'Yeah, but you are f------ the governor. Everything that means something to us, you're not including."

Kennedy replies: "I couldn't help it. I could not stay quiet."

Schwarzenegger: "I stayed quiet."

Kennedy then says that McCarthy, who is leaving the Assembly this year, ignored the governor's specific requests on transportation funding.

"He doesn't care. There's no price," Kennedy says. "Anyway, don't get me started again. I am glad he's running for Congress."

McCarthy, who in June won the GOP primary for the 22nd Congressional District, said Thursday that the conversation was typical of the honest back-and-forth that was occurring at the time.

"I thought it was funny," McCarthy said when told of the exchange about him between Schwarzenegger and Kennedy. "What is on that tape is no different than what we said to one another" during private negotiations, he said.

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On the recording, someone then asks about Plescia, who had been elected Assembly Republican leader but ceded negotiations on the infrastructure bonds to McCarthy. Kennedy dismisses him.

"Plescia looks like the deer that keeps getting caught in my yard when I leave the gate open," said Kennedy, who owns a home in Marin County.

Kennedy then apparently makes a face, and the governor laughs.

"Great look. I love it," Schwarzenegger says. "There was the Academy Award right there."

Kennedy says Plescia has "big eyes that just kinda like stare like a Stepford wife. He's a good-looking guy. Happy. Perky."

Schwarzenegger then turns to analyzing whether Plescia can "control that wild bunch upstairs" — the Assembly's Republicans — "because that is like a very, uh, unique, uh, unruly bunch of guys and girls."

They move on to Garcia, a Cathedral City lawmaker who is the daughter of Puerto Rican immigrants. On her website, Garcia is described as "born on the Lower East Side of New York to teen parents."

"Bonnie Garcia is great," Kennedy says on the recording. "She's a ball-buster. She's great. Is she Puerto Rican?"

"She seems to me like Cuban," Schwarzenegger says.

"She's not Mexican," Kennedy replies.

"No," the governor agrees.

"But she said something," Kennedy says, "and I thought, I thought she was Puerto Rican."

Then Schwarzenegger offers a theory.

"She maybe is Puerto Rican or the same thing as Cuban. I mean, they are all very hot. They have the, you know, part of the black blood in them and part of the Latino blood in them that together makes it."

Schwarzenegger then drifts off into a conversation about Oliva, who at one time was one of Schwarzenegger's great rivals.

As Schwarzenegger waxes nostalgic about Oliva, Kennedy abruptly says in the background: "I'm leaving."

Conversation trails off, and the recording ends.

Money Is At The Root Of California's November Ballot (LAT)

By Michael Finnegan

The Los Angeles Times, September 8, 2006

Up and down the November ballot, Californians face choices about vast sums of money: how much to spend, how much to borrow, how much to generate by raising taxes.

Together, the proposals would open a $46-billion gusher of spending on highways, schools, levees, hospitals, housing, parkland and more. They would add $84 billion in debt and interest to state budgets over the next 30 years. Taxes, mainly on oil and tobacco, would rise by more than $3 billion a year.

The torrent of money on the ballot gives voters a chance to set California's fiscal course for decades: They could reaffirm the state's reputation for clamping restraints on public spending, launch a new era of activist government or opt for something in between.

With television ad skirmishes already underway, a key question is whether the sheer magnitude of the total spending risks eroding support for many, if not all, of the ballot measures. All 13 hold fiscal implications for California.

"It looks like people are getting inundated with separate spending requests," said Democratic pollster David Binder, whose surveys and focus groups have found growing voter resistance over the last decade to bond proposals. "My sense is that they all are going to suffer to some degree."

Squabbles over taxes and spending also have been the main conflict in the race between Republican Gov. Arnold Schwarzenegger and his Democratic challenger, state Treasurer Phil Angelides, making fiscal priorities the dominant theme of the California election season.

Schwarzenegger has made no new taxes his signature campaign pledge. Angelides has made his a $5-billion increase in taxes on corporations and high-income Californians; he says they should "pay their fair share again" to improve schools.

Facing relentless attacks from the governor over taxes, Angelides called last month for $1.4 billion in tax cuts, mostly for middle-income Californians and small businesses.

So far, polls showing Schwarzenegger running well ahead of Angelides appear to reflect, at least in part, a voter reluctance to embrace the sort of expansive fiscal agenda that the Democrat advocates.

In the election as a whole, "a threshold question that many voters will be asking themselves will be whether or not they pay enough taxes as it is," said Frank Schubert, a strategist for campaigns to defeat two ballot proposals that would raise taxes.

Darry Sragow, a veteran Democratic strategist who is not working on any November ballot measures, described the political climate for spending proposals as difficult, thanks to high gasoline and healthcare costs, along with the public's deep sense of insecurity in the 9/11 aftermath.

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"When people are feeling uncertain and threatened and scared, they're much more likely to be risk-averse, and that means they're not particularly receptive to proposals that are going to take more money out of their pockets," said Sragow, who has run successful school-bond campaigns in Southern California.

Among other things, bond advocates must show that the borrowed money would meet critical needs, he said.

For proponents of the nearly $43 billion in public works bonds on the ballot, a danger sign appeared last week in a survey of likely voters by the Public Policy Institute of California: 59% said the total was too much money for the state to borrow.

Yet the only bond proposal that was clearly losing (40% yes; 45% no) was Proposition 84, a $5.4-billion plan by conservation and water-supply groups for projects to protect water quality, enhance flood controls, acquire parkland, preserve forests and clean up beaches, among other things.

As for the other four bond measures — which constitute the bulk of spending on the ballot — at least 50% backed each one of them, although voters so far know little about the proposals. (A measure requires a simple majority, 50% plus one vote, to pass.)

Combined, the four measures make up the $37.2 billion in public works projects proposed by Schwarzenegger and the Legislature: Proposition 1B, $19.9 billion for road construction; 1C, $2.8 billion for housing; 1D, $10.4 billion to build and repair schools; and 1E, $4.1 billion for flood protection.

Schwarzenegger and Democratic lawmakers vowed to campaign for the bonds, but so far, the governor's focus has been more on his own reelection effort as legislators scrambled to wrap up their session last week in Sacramento.

A bipartisan group of consultants — described by many strategists as unwieldy — has assembled to push for voter approval of the bonds, but there has been scant public evidence of a campaign.

The construction industry has put millions of dollars behind the transportation and school proposals, and the California Teachers Assn. is expected to spend heavily on the school plan.

Aides to Schwarzenegger and Democratic leaders said the campaign would focus on concrete results that the bonds could produce in traffic relief, improved schools and disaster protection. They argue that the surge in California's population will otherwise overwhelm the state's infrastructure — a line of attack that they believe will counter concerns about the immense cost.

"We've got a good case to make," said Paul Hefner, a spokesman for Let's Rebuild California, the committee promoting the four bond measures.

Opponents have not mounted a substantial campaign, but ballot measure strategists say it will still take a major push to pass such a giant bond package.

"Anybody who thinks that's going to be a slam dunk, I think they're going to be surprised," said Rick Claussen, a strategist who led the campaign that defeated Proposition 82, filmmaker Rob Reiner's June ballot measure to raise income taxes on the wealthy by $2.4 billion a year to pay for universal preschool.

The June election did not portend well for the November bond proposals. In addition to the preschool proposal, which lost 61% to 39%, voters rejected, by 53% to 47%, Proposition 81, a $600-million library construction bond that had no organized opposition.

So far, with no ads airing on the bonds, the oil and tobacco industries threatened by other ballot measures have dominated television advertising.

"The targeted industries are not going to take it lying down," said Jon Coupal, president of the Howard Jarvis Taxpayers Assn., which opposes seven of the ballot measures and is neutral on others.

Chevron Corp., Aera Energy LLP, Occidental Oil and Gas Corp. and other energy companies have spent millions on ads against Proposition 87, which would tax California oil drillers up to $485 million a year to establish a $4-billion alternative energy research program.

Voters can expect to be confused: Industry ads say the measure would curb California oil production and lead to increased importing of more expensive foreign oil. The extra cost "will lawfully be passed on to the rest of us in higher gas prices," one ad says.

Proponents, however, point out that the measure would bar oil companies from passing the cost of the tax to consumers through higher pump prices.

Hollywood film mogul Stephen L. Bing, Silicon Valley venture capitalist Vinod Khosla and other supporters are spending millions on spots promoting the measure, which they say would cut air pollution and produce cheaper energy.

"The voters will hear both sides loud and clear," said Steve Smith, a Yes on 87 strategist.

Meanwhile, Philip Morris USA Inc., R.J. Reynolds Tobacco Co. and allies are spending millions to kill Proposition 86. It would increase tobacco taxes by $2.1 billion a year to raise money for hospital emergency services, nursing education, health insurance for children, cancer research and other medical programs. The state's 87-cent-a-pack tax on cigarettes would rise to $3.47.

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The tobacco industry portrays the initiative as a money grab by hospitals and an invitation to collusion in fixing prices for medical care. Hospitals and medical groups have plowed millions into the Yes on 86 campaign but so far have spent minimally on their first ad, which urges voters to "stand up to big tobacco" to improve public health.

Claussen, a No on 86 strategist, said the campaigns to defeat tax proposals in November would benefit from a rise in voter skepticism of ballot measures. Labor unions heightened that public reluctance last year, he said, by urging voters to examine a "hidden agenda" behind Schwarzenegger's special election initiatives, all of which went on to lose.

"You're going to see a lot more scrutiny from voters," Claussen said. "People start to put two and two together and say, 'Gee, this money's got to come from somewhere.' "

Doctors Feverishly Seek To Halt Planned Cuts In Medicare Fees (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, September 8, 2006

WASHINGTON — The Bush administration and Republican-led Congress are headed for a political confrontation with an influential constituency: the 700,000 doctors who treat seniors in the Medicare program and are frantically trying to stave off a planned cut in their fees.

The American Medical Assn. said Thursday that doctors may stop taking seniors as new patients — or even drop out of the program — if the cuts go through. It has launched a nationwide blitz to persuade Congress to rescind a 5.1% cut planned for next year, insisting that lawmakers act before they adjourn in October to campaign for reelection.

But no action is likely to occur, according to aides to key representatives and senators, given other priorities and the compressed schedule. The Bush administration is showing no sign that it wants to hold off on the cuts.

What is needed, according to a top Medicare official, is a revised system that rewards doctors for quality care rather than paying for numbers of office visits, tests and procedures.

"To throw more money into this old system is not the right answer. We need to work together to find a better and more appropriate way to pay," Herb Kuhn, head of the Medicare division that deals with healthcare providers, said in an interview.

The reduction for 2007 is part of a planned series of cuts that would reduce fees paid to physicians by 40% over the next nine years. In recent years, Congress has been willing to postpone the cuts. Now, frustration is mounting at the AMA because that no longer seems to be the case.

"It is probably fantasy to think that we are going to be able to create a quality program in the next 30 days that is going to solve Medicare's problem," said one AMA board member, Dr. William A. Hazel Jr., an orthopedic surgeon in Herndon, Va. "Absent that, we need to get the payment problem resolved.

"The predicate for having a quality system is to have enough funding in the system for physicians to be able to afford to practice," Hazel added. "We can't take the hit now and be expected to offer better services."

The AMA has also been disappointed trying to secure its top legislative priority: national limits on jury awards in malpractice cases. Despite administration support, doctors were unable to overcome Senate opposition.

On the payment issue, the organization is working with Medicare to design measurements of quality to serve as the foundation of a new fee system. But progress has been uneven; some medical specialty societies have come up with lists of potential benchmarks, but others are behind.

The chairman of the Senate Finance Committee, Sen. Charles E. Grassley (R-Iowa), has signaled that payment increases should be linked to reforms that reward quality. Grassley's committee has jurisdiction over Medicare.

Medicare expects to pay doctors about $60 billion in 2007, using a fee schedule that reimburses physicians for services they perform.

Payments to physicians have been rising steadily in recent years, driven largely by the volume and complexity of services now performed in doctors' offices.

But studies have shown no connection between more services and better health. Moreover, patterns of medical care seem to vary dramatically across the country.

A 2004 report by Dartmouth College health economists showed, for example, that higher spending did not necessarily lead to better outcomes; New Hampshire, which spent about $5,000 per Medicare beneficiary, had the highest overall quality ranking, while Louisiana — which spent $8,000 per beneficiary — had the lowest.

The cut scheduled for 2007 is part of an earlier, halfhearted attempt by Congress to control Medicare costs.

In 1997, lawmakers limited annual fee increases for doctors' services, and mandated cuts if the limits were exceeded. Congress later went on to waive the cuts in most of the years they would have applied.

Congressional and administration officials agree that slashing fees 40% over the next nine years is not feasible. Nonetheless, physicians face a struggle trying to get next year's 5% cut rescinded.

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An AMA-sponsored poll released Thursday found 70% of the public had not heard about the cuts. But when told of them, nearly nine in 10 expressed concern that they would diminish seniors' access to care.

Separately Thursday, polls of pharmacists and doctors found mixed reviews of the new Medicare prescription benefit.

Strong majorities said they believed the benefit was helping patients save money, but by even greater margins, doctors and pharmacists called the program too complicated.

Majorities of both groups said they had dealt with patients who had problems getting prescriptions, and some who suffered serious health setbacks as a result. The surveys were commissioned by the nonprofit Kaiser Family Foundation.

Down The Homestretch, The House Wanders Off Course (WP)

By Dana Milbank

The Washington Post, September 8, 2006

Let us stipulate, as the lawyers like to say, that horses should not be slaughtered for human consumption.

Let us further stipulate that there is nothing inherently offensive about minting coins to commemorate the bicentennial of Abraham Lincoln's birth.

Still, the question arises: What are House Republicans thinking?

Returning from a five-week summer vacation, GOP lawmakers have much to worry about: war in Iraq and Afghanistan, terrorism and border problems, high energy prices and health-care costs, and none of the federal government's annual spending bills enacted.

So what did House leaders decide to make the centerpiece of the week? H.R. 503: the American Horse Slaughter Prevention Act. This legislation, passed yesterday, followed Wednesday's action on a full slate of bills including H.R. 2808, the Abraham Lincoln Commemorative Coin Act.

And to think that Republicans are in jeopardy of losing their majority in the House.

Rep. Lincoln Diaz-Balart (R-Fla.), setting the pace for yesterday's debate, was champing at the bit. Holding a poster of a horse's bloody head in the well, he proclaimed: "What we are exposing today is a brutal, shadowy, shameful, predatory practice that borders on the perverse."

Rep. Steve King (R-Iowa) was equally hot-to-trot in support of horse slaughtering. "These horses are eating our cellulose and costing us ethanol," he countered.

The debate -- lasting nearly four hours while horse lover Bo Derek watched from the gallery -- quickly degenerated into dueling expressions of equestrian love.

"The horses are part of the history of this nation, and the West would never have been settled if it weren't for the horses," declared Rep. Walter Jones (R-N.C.) in support of the horsemeat ban.

Whoa, answered pro-slaughter Rep. Michael Conaway (R-Tex.) "My horse Skychief Poco and I won the 1997 SandHills Rodeo and quarter horse shows team penning championship."

Democrats enjoyed all the whinnying. "I'm for the horsies, too; I'll vote for it," allowed Rep. Zoe Lofgren (D-Calif.). But what about Iraq, energy, health care and the federal debt? "I can't believe that we are here today using the very limited time left to this Congress to deal with horsemeat," she said.

Majority Leader John Boehner (R-Ohio), meeting privately with colleagues in the morning, referred to the legislation as "the horse [expletive] bill," according to someone present at the meeting.

Even Rep. David Dreier (R-Calif.), who as Rules Committee chairman helped to jockey the horse bill to the floor, was a bit sheepish about trotting out the legislation. The work of Rep. John Sweeney (R-Saratoga Race Course), it would effectively close the three U.S.-based slaughterhouses that produce horsemeat for human consumption in Europe and Asia.

"When you've got Bo Derek twisting your arm, what can you say?" Dreier rationalized, noting that the actress visited the Republican breakfast caucus before the debate. The chairman, in a brief interview off the House floor, tried to rein in the story: "This will be old news as of tomorrow."

Even before the horse bill, House leaders had been a bit sensitive about their legislative pace. The People's Representatives have been in session for all of 80 days this year, and with 15 days remaining on the legislative calendar, the House is on pace to shatter all records for inactivity. The "Do-Nothing" House of 1948 was positively frenetic by comparison, passing 1,191 measures in 110 days in session.

The current House has passed barely 400 measures, including this week's lineup of legislative priorities: H. Res. 912, "Supporting the goals and ideals of National Life Insurance Awareness Month" and H. Res. 605, "Recognizing the life of Preston Robert Tisch and his outstanding contributions to New York City, the New York Giants Football Club, the National Football League, and the United States."

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By yesterday, when the House devoted itself to equine slaughter, even Nancy Pelosi (D-Calif.), the dead-serious House minority leader, was ready for a bit of horseplay. "And we can't even get out of the gate with any good legislation!" she observed as she headed to the speaker's office for a meeting.

For all their ridicule, Democrats weren't about to let the other side canter off with the horse-lover's vote. "I've been around horses all my life," said Rep. Carolyn Maloney (D-N.Y.), who represents Manhattan's Upper East Side. "They are cherished companions. They are sporting animals. . . . They are probably the most beloved animals native to the United States."

Nobody pointed out that the Spanish introduced the modern horse to the Americas; everybody was busy praising the beasts.

"They are as close to humans as any animal can get," asserted Rep. John Spratt (D-S.C.).

"I have as much appreciation and admiration for these creatures as anyone in this body," challenged Rep. Mac Thornberry (R-Tex.).

"Look at the monument in front of the Capitol -- it's a horse!" exulted Rep. Jim Moran (D-Va.). It took the long-in-the-tooth Rep. John Dingell (D-Mich.), the dean of the House, to rear up against the horse celebration. "It's a triumph of emotion over common sense," he scolded. "We have before us a solution, a poor one, to a nonexistent problem."

But in the final tally, 263 lawmakers voted for the horse bill. Only 146 dared to say "nay."

Conservatives Help Wal-Mart, And Vice Versa (NYT)

By Michael Barbaro And Stephanie Strom

The New York Times, September 8, 2006

As Wal-Mart Stores struggles to rebut criticism from unions and Democratic leaders, the company has discovered a reliable ally: prominent conservative research groups like the American Enterprise Institute, the Heritage Foundation and the Manhattan Institute.

Top policy analysts at these groups have written newspaper opinion pieces around the country supporting Wal-Mart, defended the company in interviews with reporters and testified on its behalf before government committees in Washington.

But the groups — and their employees — have consistently failed to disclose a tie to the giant discount retailer: financing from the Walton Family Foundation, which is run by the Wal-Mart founder Sam Walton's three children, who have a controlling stake in the company.

The groups said the donations from the foundation have no influence over their research, which is deliberately kept separate from their fund-raising activities. What's more, the pro-business philosophies of these groups often dovetail with the interests of Wal-Mart.

But the financing, which totaled more than $2.5 million over the last six years, according to data compiled by GuideStar, a research organization, raises questions about what the research groups should disclose to newspaper editors, reporters or government officials. The Walton Family Foundation must disclose its annual donations in forms filed with the Internal Revenue Service, but research groups are under no such obligation.

Companies and such groups have long courted one another — one seeking influence, the other donations — and liberal policy groups receive significant financing from unions and left-leaning organizations without disclosing their financing.

But the Walton donations could prove risky for Wal-Mart, given its escalating public relations campaign. The company's quiet outreach to bloggers, beginning last year, touched off a debate about what online writers should disclose to readers, and its financing to policy groups could do the same.

Asked about the donations yesterday, Mona Williams, a spokeswoman for Wal-Mart, said, "The fact is that editorial pages and prominent columnists of all stripes write favorably about our company because they recognize the value we provide to working families, the job opportunities we create and the contributions we make to the community we serve."

At least five research and advocacy groups that have received Walton Family Foundation donations are vocal advocates of the company.

The American Enterprise Institute for Public Policy Research, for example, has received more than $100,000 from the foundation in the last three years, a fraction of the more than $24 million it raised in 2004 alone.

Richard Vedder, a visiting scholar at the institute, wrote an opinion article for The Washington Times last month, extolling Wal-Mart's benefits to the American economy. "There is enormous economic evidence that Wal-Mart has helped poor and middle-class consumers, in fact more than anyone else," Mr. Vedder wrote in the article, which prominently identified his ties to institute.

But neither Mr. Vedder nor the newspaper mentioned American Enterprise Institute's financial links to the Waltons. Mr. Vedder, a professor at Ohio University, said he might have disclosed the relationship had the American Enterprise Institute told him of it. "I always assumed that A.E.I. had no relationship or a modest, distant relationship with the company," said Mr. Vedder,

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who has written a forthcoming book about the company. The book, he said in an interview yesterday, would eventually contain a disclosure about the Walton donations to the institute.

A spokesman for the Walton Family Foundation, Jay Allen, said there was no organized campaign to build support for Wal-Mart among research groups. All of the foundation's giving, he said, is directed toward a handful of philanthropic issues, including school reform, the environment and the economy in Northwest Arkansas, where Wal-Mart is based. "That is the spirit and purpose of their giving," Mr. Allen said.

Mr. Allen said the foundation, which had assets of $608.7 million in 2004, the last year for which data is available, has never asked the research groups to disclose the donations because "the family leaves it up to the individual organization to decide."

Those groups, for the most part, say they have decided not to share the information with their analysts or the public.

For example, Sally C. Pipes, the president of the Pacific Research Institute, a free-market policy advocate, has written several opinion articles defending Wal-Mart in The Miami Herald and The San Francisco Examiner.

A month after a federal judge in California certified a sex discrimination lawsuit against the company as a class action in 2004, Ms. Pipes wrote an article in The Examiner criticizing the lawyers and the women behind the suit. "The case against Wal-Mart," she wrote, "follows the standard feminist stereotype of women as victims, men as villains and large corporations as inherently evil."

The article did not disclose that the Walton Family Foundation gave Pacific Research $175,000 from 1999 to 2004. Ms. Pipes was aware of the contributions, but said the money was earmarked for an education reform project and did not influence her thinking about the lawsuit. Asked why she typically did not disclose the donations to newspapers, she said: "It never occurs to me to put that out front unless I am asked. If newspapers ask, I am completely open about it."

The lack of disclosure highlights the absence of a consistent policy at the nation's newspapers about whether contributors must tell editors of potential conflicts of interest.

Juan M. Vasquez, the deputy editorial page editor of The Miami Herald, which ran an opinion article praising Wal-Mart by Ms. Pipes of Pacific Research, said his staff researches organizations that write opinion articles, including their financing. But that does not always require asking if the organization has received money from the subject of an article, he said.

The New York Times has a policy of asking outside contributors to disclose any potential conflicts of interest, including the financing for research groups.

Several of the research groups noted that their mission is to be an advocate for free market policies and less government intrusion in business. "Those aims are pro-business, so it's not surprising that companies would be supporters of our work," said Khristine Brookes, a spokeswoman for the Heritage Foundation.

Last year, for instance, The Baltimore Sun published an op-ed article by Tim Kane, a research fellow at Heritage, in which he criticized Maryland's efforts to require Wal-Mart to spend more on health care. He objected to the move on the grounds that it was undue government interference in the free market, a traditional concern of Heritage.

"The existence of Wal-Mart dented the rise in overall inflation so much that Jerry Hausman, an economist from the Massachusetts Institute of Technology, is calling on the federal government to change the way it measures prices," Mr. Kane wrote. "Translation: Wal-Mart is fighting poverty faster than government accountants can keep track."

Ms. Brookes pointed out that the $20,000 Heritage has received from the Walton Family Foundation since 2000 amounts to less than 1 percent of its $40 million budget.

Ms. Brookes said it was unlikely that researchers and analysts at Heritage were even aware of the foundation's contributions. "Nobody here would know that unless they walked upstairs and asked someone in development," she said. "It's just never discussed."

She said Heritage did not accept money for specific research. "The money from the Walton Family Foundation has always been earmarked for our general operations," she said. "They've never given us any funds saying do this paper or that paper."

A spokeswoman for the American Enterprise Institute said the group did not comment on its donors. The group's focus on Wal-Mart has been notable. In June, the editor in chief then of the group's magazine, The American Enterprise, wrote a long essay defending Wal-Mart against critics. The editor, Karl Zinsmeister, now the chief domestic policy adviser at the White House, said the campaign against the company was "run by a clutch of political hacks."

Conservative groups are not the only ones weighing in on the Wal-Mart debate. Ms. Williams of Wal-Mart noted labor unions have financed organizations that have been critical of Wal-Mart, like the Economic Policy Institute, which received $2.5 million from unions in 2005.

In response, Chris Kofinis, communications director for WakeUpWalmart.com, an arm of the United Food and Commercial Workers Union that gives money to liberal research groups, said: "While we openly support the mission of economic justice, Wal-

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Mart and the Waltons put on a smiley face, hide the truth, all while supporting right-wing causes who are paid to defend Wal-Mart's exploitative practices."

The lack of a clear quid pro quo between research groups and corporations like Wal-Mart makes the issue murky, said Diana Aviv, chief executive of the Independent Sector, a trade organization representing nonprofits and foundations. "I don't know how one proves what's the chicken and what's the egg," she said.

Last year, the National Committee for Responsive Philanthropy, a research and watchdog group, published a report, "The Waltons and Wal-Mart: Self-Interested Philanthropy," that warned of the potential influence their vast wealth gives them.

But Rick Cohen, executive director of the group, said he was more concerned about the role the Walton foundation's money might play in shaping public policy in areas like public education, where it has supported charter schools and voucher systems.

"These are certainly not organizations created and controlled by the corporation or the family and promoted as somehow authentic when they aren't," Mr. Cohen said. "More important, I think, is the disclosure of the funding in whatever's written, a sort of disclaimer."

New Role For Rubin: Policy Guru (NYT)

By Landon Thomas Jr.

The New York Times, September 8, 2006

Does Robert E. Rubin still matter?

Many would probably say yes. In Washington, Mr. Rubin, who was President Bill Clinton's Treasury secretary, has started a small research group aimed at generating policy ideas for Democratic presidential candidates, as well as elevating the next generation of Democrat-supporting financiers.

On Wall Street, Mr. Rubin, from his perch on the board of Citigroup, has become an influential public defender of its chief executive, Charles O. Prince III, who is feeling the lash from investors over the stock's long stagnant run.

Just don't ask the man himself.

"I am a little pebble of sand on the beach," Mr. Rubin, 68, said this summer, speaking on a panel for his new policy initiative, the Hamilton Project. "So what I say does not matter anymore."

It was a classic form of a Bob Rubin koan. Asked why he didn't use his sway on Wall Street to prod policy makers in Congress, he offered up a slight smile and a nod of his gray head. So self-denying was the assertion that it bordered on self-aggrandizement. The audience, let in on the joke, laughed.

But, as Democrats hope to take over control of the House from Republicans and as an aspiring presidential class of 2008 becomes more assertive, the Hamilton Project, named after the founding father and onetime Treasury secretary Alexander Hamilton, is arguably Mr. Rubin's most overt political act since he stepped down from the Treasury in 1999. Mr. Rubin, naturally, denies any such crass intent.

Housed in the Brookings Institution, the initiative embraces a number of mainstream economic prescriptions — like the necessity of equitable international trade agreements, the virtues of a balanced budget, and making economic growth more broad-based — that capture Mr. Rubin's eat-your-spinach approach to policy making.

But by addressing issues like the costs to the economy of excessive litigation and regulation, Mr. Rubin intends to make the project a laboratory for the type of pragmatic, ideology-free policies that appeal to the project's Wall Street advisers while also hoping to lure Democratic presidential candidates away from populist economic positions. And with Mr. Rubin and his successor and friend Lawrence H. Summers on board, it will also be a training ground for the next crop of financiers with ambitions to shape policy in a Democratic administration.

They include those who have done so, like Roger C. Altman, the chairman of Evercore and a former deputy Treasury secretary; those who aspire to do so, like Steven Rattner of Quadrangle, the private equity firm; and, perhaps most important, younger Wall Street executives just now flirting with the idea.

It is with this last group of executives, drawn largely from the booming world of hedge funds and private equity, that Mr. Rubin has loomed large as an Obi-Wan Kenobi figure.

In the 1980's he cultivated their early careers as arbitrage traders at Goldman Sachs, and he is now guiding them in the ways of securing influence in Washington.

Eric Mindich, who runs Eton Park, a $5 billion hedge fund, led Goldman's arbitrage desk at the age of 25, and in 1994, at 27, became Goldman's youngest partner ever. Of the bunch, he comes the closest to being Luke Skywalker: a Harvard graduate like Mr. Rubin, he is a trustee and major donor, with Mr. Rubin, at the Mount Sinai Medical Center. He is also a contributor to Mr. Rubin's favorite senator, Kent Conrad, the Democrat from North Dakota.

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Then there is Richard C. Perry, who left Goldman's arbitrage desk in 1988 to form Perry Partners, now an $11 billion hedge fund. And Thomas F. Steyer, the founder of Farallon Capital, a $16 billion hedge fund, who also worked under Mr. Rubin in the 1980's and was an adviser to Senator John Kerry's presidential campaign in 2004.

All three men are generous Democratic donors. But in the public policy realm they are relative neophytes — just as Mr. Rubin was in the early 1990's before he signed on with President Clinton.

"This is not a political undertaking," Mr. Rubin said in an interview. "There have been some major policy disappointments and they need to be debated. You can conduct this debate without engaging the question of political attribution."

Asked if the project would take aim at Bush administration policies that he has criticized publicly, like tax cuts and the fiscal deficit, Mr. Rubin took the high road.

"If you go over everything I have said, you would never see the word 'Bush,' " he said. "I make a distinction between policy and politics. There are some immense issues — the stagnancy of real wages, economic security, the fiscal deficit. We are trying to stir debate."

True to his word, the initial output from the project has had a heavy, if not eye-glazing, emphasis on policy, and has been light on the politics. Among the topics tackled are the volatility of income levels, improving productivity of the federal government, and ensuring that free trade remains friendly to American workers. "When Bob Rubin and others are involved, it becomes an important vehicle," said Orin S. Kramer, a hedge fund investor and a prominent Democratic fund-raiser. "And if you are trying to change the direction of policy, that is what politics is all about."

So while Mr. Rubin remains above the fray — he says he will not lend his support to any individual until the party chooses a Democratic candidate — most of the others he has recruited have already become fully engaged.

Mr. Altman, a college classmate of President Clinton who also served briefly in his administration, has emerged as Senator Hillary Rodham Clinton's leading economic adviser, and Mr. Perry, Mr. Steyer and some other financial executives have lent their financial support.

The project is largely financed by Mr. Rubin and his financial backers, all of whom contribute an equal amount each year — said to be between $100,000 and $150,000 — to its approximately $2 million operating budget.

As he has done in politics, Mr. Rubin has kept himself at a distant remove at Citigroup, his base of operations since 1999, particularly from the criticisms leveled at Mr. Prince over the bank's sluggish growth.

Partly this is a consequence of his unusual job description. As an executive at the company, he has no operational responsibility, and as a director he sits on no board committees (the executive committee, of which he is chairman, rarely meets). And partly it is a function of his personal style.

"He has this enormous influence and yet he is not on the radar screen when people are looking to assign credit or blame," said Michael Holland, an investor and longtime shareholder of Citigroup. "I presume it is very comfortable for him that way."

At Ford, where he was a director since 2000, he stepped down last month, citing banking conflicts.

Still, there are some who have asked what it is that he does to earn his guaranteed $15 million a year. An influential rainmaker at the company, he meets frequently with clients in the public and private sectors. His outside interests are broad as well as time-consuming. As part of his contract, he is given free rein to indulge himself in this regard and to use Citigroup's planes to do so.

Last year, he booked $330,000 worth of personal travel time, almost three times as much as Mr. Prince logged, according to the bank's proxy. Starting this year, he will reimburse Citigroup for his personal use of corporate aircraft.

At Citigroup's investor day last year, Michael L. Mayo, a bank analyst with Prudential Equity Group, put the question directly to Mr. Prince: What is it, exactly, that Mr. Rubin does?

"He has been very, very important in our strategic thinking," Mr. Prince replied. "Especially about international. Bob is a big influence in the place."

As a member of the chairman's office with Mr. Prince and part of the committee of 12 business heads, Mr. Rubin has become a valued adviser, especially now, given the youth and untested qualities of Mr. Prince's potential successors.

"My office is right next to Chuck's and he uses me as a sounding board," said Mr. Rubin. Currently, a crucial matter of debate on the board has been how much Citigroup needs to invest in its investment bank and consumer franchise to make up for the years of neglect in these areas. Mr. Prince, with the support of Mr. Rubin, has been an advocate for an aggressive commitment of more resources. Other directors have been less enthusiastic as costs have increased.

"I think he is on the right track," Mr. Rubin said. "My impression of the board is that there is broad-base agreement to invest to get us where we need to be. If there is discussion, it's a matter of degree and pace."

Anti-Judaism (WSJ)

By William Kristol

The Wall Street Journal, September 8, 2006

"How odd / Of God / To choose / The Jews." Thus the British journalist (and communist) William Norman Ewer, in the early part of the last century. The reply came from Cecil Browne: "But not so odd / As those who choose / A Jewish God / But spurn the Jews."

Browne's riposte may have won the poetic exchange. But Ewer's anti-Judaism prevailed in the next decades in Europe. Buried there after World War II, hatred of the Jews flourished for the rest of the 20th century in the Middle East. Is anti-Judaism now enjoying a broader revival? It would seem so.

University of Chicago political science professor John Mearsheimer came to Washington late last month along with his sidekick, Stephen Walt of Harvard's Kennedy School of Government. Speaking to the Council on American-Islamic Relations, they attacked the "Israel Lobby" (of which they claim I am a part) for its pernicious deeds, and singled out several Jews who served or serve in the Bush administration. These Jews, they explained, have special "attachments" in the Middle East. The attachment? Their religious belief -- Judaism. Bigotry now has an academic cachet.

Some of the activists at Moveon.org, the political organization that raises millions for Democratic candidates and generates support for left-wing policies, had a curious reason for cheering the Democratic primary defeat of Sen. Joe Lieberman. As Robert Goldberg reported in the Washington Times, after one Moveon member celebrated the defeat of "Jew Lieberman," 95% of those who responded to the post on the Moveon Web site expressed their approval.

Meanwhile, over in Europe, Norwegian writer Jostein Gaarder, author of "Sophie's World," announced in Norway's leading newspaper, the Aftenposten, the end of Israel: "There is no turning back. It is time to learn a new lesson: We do no longer recognize the state of Israel . . . We must now get used to the idea: The state of Israel in its current form is history . . . Fear not! The time of trouble shall soon be over. The state of Israel has seen its Soweto . . . May spirit and word sweep away the apartheid walls of Israel. The state of Israel does not exist. It is now without defense, without skin. May the world therefore have mercy on the civilian population."

Mr. Gaarder's distaste for Israel seemed to be based on his dislike of Israel's policies, his revulsion against the God of Israel ("an insatiable sadist"), and his anger that, "for two thousand years, we have rehearsed the syllabus of humanism, but Israel does not listen." It's not clear who that "we" has been for 2,000 years. But since Israel has only existed since 1948, it is presumably the Jews, not merely, Israel, who have not listened. (It was, however, generous of Mr. Gaarder to call for mercy for the Jewish civilian population.)

And then there's Mahmoud Ahmadinejad -- bidding fair to be the most powerful leader in the Islamic world. Mr. Ahmadinejad has called, of course, for the "the elimination of the Zionist regime" and "the destruction of Israel." He wants Israel eliminated because he wants Judaism eliminated (Christianity will take longer). Javier Solana of the EU and Kofi Annan of the U.N. are eagerly paying him court. Will Mr. Solana or Mr. Annan stand up in the presence of Mr. Ahmadinejad and denounce Jew-hatred? No.

Jews are under attack. And no one seems very concerned. Liberal Jews are more concerned about Mel Gibson than Mr. Ahmadinejad. The mainstream Jewish organizations have played the "anti-Semitism" card so often that it has been devalued. Much of the world is in denial about the jihadist threat. No one wants to be alarmist. This is, in a way, understandable. There are two large Jewish communities in the world. The Jews of America prosper in comfort and security. The Jews of Israel have been able to defend themselves. It's not 1938 again.

But the jihadists are on the move. Recently in Gaza, kidnapped journalists Steve Centanni and Olaf Wiig were forced to "convert" to Islam before being released. What would have happened to them if they had been Jewish? And, incidentally -- if they had refused to "convert," as some Jews and Christians have in the past -- what would have happened then?

Mr. Kristol is editor of The Weekly Standard.

Whining Over Discontent (NYT)

By Paul Krugman

The New York Times, September 8, 2006

We are, finally, having a national discussion about inequality, and right-wing commentators are in full panic mode. Statistics, most of them irrelevant or misleading, are flying; straw men are under furious attack. It's all very confusing — deliberately so. So let me offer a few clarifying comments.

First, why are we suddenly talking so much about inequality? Not because a few economists decided to make inequality an issue. It's the public — not progressive pundits — that has been telling pollsters the economy is "only fair" or "poor," even though the overall growth rate is O.K. by historical standards.

Political analysts tried all sorts of explanations for popular discontent with the "Bush boom" — it's the price of gasoline; no, people are in a bad mood because of Iraq — before finally acknowledging that most Americans think it's a bad economy

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because for them, it is. The lion's share of the benefits from recent economic growth has gone to a small, wealthy minority, while most Americans were worse off in 2005 than they were in 2000.

Some conservatives whine that people didn't complain as much about rising inequality when Bill Clinton was president. But most people were happy with the state of the economy in the late 1990's, even though the rich were getting much richer, because the middle class and the poor were also making substantial progress. Now the rich are getting richer, but most working Americans are losing ground.

Second, notice the amount of time that inequality's apologists spend attacking a claim nobody is making: that there has been a clear long-term decline in middle-class living standards. Yes, real median family income has risen since the late 1970's (with the most convincing gains taking place during the Clinton years). But the rise was very small — small enough that other considerations, like increasing economic insecurity, make it unclear whether families are better or worse off. And that's the point: the United States as a whole has grown a lot richer over the past generation, but the typical American family hasn't.

Third, notice the desperate effort to find some number, any number, to support claims that increasing inequality is just a matter of a rising payoff to education and skill. Conservative commentators tell us about wage gains for one-eyed bearded men with 2.5 years of college, or whatever — and conveniently forget to adjust for inflation. In fact, the data refute any suggestion that education is a guarantee of income gains: once you adjust for inflation, you find that the income of a typical household headed by a college graduate was lower in 2005 than in 2000.

More broadly, right-wing commentators would like you to believe that the economy's winners are a large group, like college graduates or people with agreeable personalities. But the winners' circle is actually very small. Even households at the 95th percentile — that is, households richer than 19 out of 20 Americans — have seen their real income rise less than 1 percent a year since the late 1970's. But the income of the richest 1 percent has roughly doubled, and the income of the top 0.01 percent — people with incomes of more than $5 million in 2004 — has risen by a factor of 5.

Finally, while we can have an interesting discussion about questions like the role of unions in wage inequality, or the role of lax regulation in exploding C.E.O. pay, there is no question that the policies of the current majority party — a party that has held a much-needed increase in the minimum wage hostage to large tax cuts for giant estates — have relentlessly favored the interests of a tiny, wealthy minority against everyone else.

According to new estimates by Thomas Piketty and Emmanuel Saez, the leading experts on long-term trends in inequality, the effective federal tax rate on the richest 0.01 percent has fallen from about 60 percent in 1980 to about 34 percent today. Meanwhile, the U.S. government — unlike any other government in the advanced world — does nothing as more and more working families find themselves unable to obtain health insurance.

The good news is that these concerns are finally breaking through into our political discourse. I'm sure that the usual suspects will come up with further efforts to confuse the issue. I say, bring 'em on: we've got the arguments, and the facts, to win this debate.

Cashing Their Chips (NYT)

The New York Times, September 8, 2006

This week, Intel announced that it would be cutting 10,500 jobs, or about 10 percent of its work force. The company's chief executive, Paul Otellini, said that while it was a difficult decision, the move was "essential to Intel becoming a more agile and efficient company."

That kind of cutback is par for the course in today's business environment. What's notable about it is that Intel was also one of the major corporations that took advantage of the American Jobs Creation Act, a one-year tax holiday for American businesses operating overseas that lawmakers claimed was going to act as an engine for job growth. By reducing taxes on repatriated profits, it was supposed to generate cash for companies to use in underwriting new hiring at home.

In reality, it was little more than a multibillion-dollar giveaway. Intel repatriated $6.2 billion under the program, which taxed foreign profits at a rate of just 5.25 percent, compared with the normal rate of 35 percent. Now, instead of creating new jobs, it is cutting existing ones.

Intel points out that it has begun construction on a manufacturing facility in Arizona and has upgraded another in New Mexico. But the company hardly required a tax break to do that, since it was returning record amounts of cash to shareholders through dividends and share buybacks last year.

The moral is this: Businesses will slash jobs when they deem it wise and build plants when they think it's cost effective. All the Jobs Creation Act accomplished was to hand companies a nice little present with a big, fat price tag and a misleading name.

Russia And China 'stay Committed' On Tehran (FT)

By Hugh Williamson

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Financial Times, September 8, 2006

Western powers on Thursday held out hope that China and Russia would agree to sanctions against Tehran should it fail to rein in its nuclear programme despite often voiced doubts from Beijing and Moscow.

A senior European diplomat said the two countries "remained committed" in principle to a UN Security Council resolution adopted earlier this year that foresees steps towards economic measures against Iran if Tehran fails to suspend uranium enrichment.

The diplomat, who attended talks in Berlin on Thursday involving envoys from six world powers, said: "No country has changed its position."

The talks, involving foreign ministry political directors from Germany and the five permanent members of the UN Security Council – Russia, China, the US, France and Britain – came after Iran refused to meet a deadline of August 31 to suspend uranium enrichment, a process that can generate both nuclear fuel and weapons grade material.

Russia and China, which have strong economic ties to Iran, have in the past been resistant to moving swiftly towards sanctions.

The European diplomat said it was significant the six countries remained united on the possibility of "political and economic measures" against Iran. "The meeting was productive" and would not have been if such unity had not been preserved, the envoy said.

The issue will return to the Security Council later this month, the diplomat added. But the envoy noted that Thursday's meeting was only a "first discussion", adding that differences existed on the nature and speed of steps towards sanctions.

Russian and Chinese diplomats in Berlin were not immediately available for comment but earlier on Thursday both countries stressed the nuclear dispute with Iran should be resolved by dialogue.

US President George W. Bush said last week that Iran should face "consequences" for ignoring the August 31 deadline, and Washington is pushing for agreement among the six powers by late September.

Javier Solana, European Union foreign policy chief, said on Thursday he would meet Ali Larijani, Iran's nuclear envoy, for talks tomorrow. The meeting, in Vienna, is aimed at avoiding the move towards UN sanctions, diplomats said on Thursday.

Iran Moves Step Closer To U.N. Sanctions (AP)

By George Jahn

AP, September 8, 2006

Iran moved a step closer to U.N. sanctions Thursday, with a meeting of the five Security Council permanent members plus Germany making a "lot of progress" on ways of punishing Tehran for its nuclear defiance, a senior State Department official said.

Undersecretary of State Nicholas Burns said further discussions were needed on how harshly to penalize Tehran for its refusal to freeze uranium enrichment, as demanded by the Security Council.

But "we've made a lot of progress ... to push this along toward a sanctions resolution," Burns said, speaking at the end of the six-nation talks.

The meeting came amid broad moves by key European nations to enlist world support in pressuring Iran to give up uranium enrichment.

In a confidential document obtained by The Associated Press and sent to dozens of capitals last week, Britain, France and Germany warned that Tehran's stalling tactics were an attempt "to split the international community."

But it was marred by signs that France, a key U.S. ally in pushing for firm U.N. action against Iran, might be wavering.

While Iran has expressed a desire for negotiations, France and the five other nations offering Tehran a package of economic, political and strategic rewards have insisted it must first suspend enrichment activities before talks can begin.

But French Foreign Minister Philippe Douste-Blazy appeared to suggest Thursday that demand was negotiable, telling reporters: "The question is to know at what moment this suspension takes place compared to negotiations."

Burns, in comments to reporters, dismissed suggestions of a split, saying all five permanent Security Council members insist that "Iran must (first) suspend its nuclear operations, its enrichment activities, and (only) then would we sit down and negotiate."

He said he and his counterparts from Russia, China, Britain, France and Germany would continue their discussion on the telephone Monday, adding he hoped for further progress by the time the U.N. General Assembly meets in late September.

As the Americans and their allies worked at the Berlin meeting to overcome Russian and Chinese opposition to sanctions, the European document appealed to other countries for support.

The 1 1/2-page paper labeled "In Confidence" said: "The Iranian goal obviously is to split the international community."

While not specifically threatening U.N. sanctions, it says the Security Council will have to consider "further steps" if Tehran continues to defy the council by refusing to stop enrichment.

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While offering rewards, the six powers also have warned of punishments, including U.N. sanctions, if Tehran does not halt enrichment — something Iran refused to do by an Aug. 31 deadline set by the U.N. Security Council.

Iran's Aug. 22 response to the offer has been kept confidential. But the United States and its allies have described it as unsatisfactory, primarily because of Tehran's refusal to consider freezing enrichment.

Diplomats familiar with the document said it was drawn up to inform other nations of the substance of Iran's counteroffer and share the Western view that it was inadequate.

"The reply is along the lines of previous Iranian statements in that typically it neither accepts nor rejects outright" the six-power proposal, said the document.

By hinting that it is prepared to resume suspension of uranium enrichment, Iran's goal "obviously is to split the international community and draw us into a process of talks about talks, on Iranian terms, while making no commitments of its own while continuing with its enrichment program."

The document described Iran's response as "verbose and complicated, and ambiguous in many places."

At least some of the international strategy appeared to rest on the outcome of a meeting set for Saturday between senior EU envoy Javier Solana and Ali Larijani, the chief Iranian nuclear negotiator.

An Iranian official who demanded anonymity because he was revealing confidential information told the AP the talks were set for Vienna, with Larijani scheduled to arrive Friday evening.

The talks are considered a final attempt to see if there is common ground to start negotiations between Iran and the six powers.

At U.N. headquarters in New York, Britain's U.N. ambassador, Emyr Jones Parry, said "unless Solana is able to get Iranian movement on suspension of enrichment quickly, then the prospect of sanctions against Iran will be on the (Security) Council agenda soon."

Iran insists it has a right to enrich for generation of nuclear power. But suspicions are growing it wants to develop the technology to enrich uranium to the weapons-grade level for the fissile core of nuclear warheads.

Iran's Former President Takes Veiled Swipe At Bush (LEXHL)

By William Douglas

Lexington Herald-Leader (KY), September 8, 2006

CHARLOTTESVILLE, Va. - Just before heading for a visit to Washington, former Iranian President Mohammed Khatami took a veiled swipe at President Bush on Thursday and said differences between nations should be resolved through dialogue and civility, not name-calling and finger-pointing.

Khatami himself didn't name any names in his speech at the University of Virginia, but he left little doubt that one of his barbs was aimed at Bush.

"The rationale whereby the world is divided into `us and them,' the justification of `us' is contingent upon the negation of the other and results in statements such as `whomever is not with us is against us,' " Khatami said. "This `us' is a small circle encompassing a few that have the right to arrive at any verdict they please regarding the ones they consider `the other.' They can force this `other' to submit to their whims or even eliminate `the other' altogether."

Khatami said such logic flew in the face of the three faiths that descended from Abraham: Judaism, Islam and Christianity. A better way, he argued, was to achieve peace and tolerance through dialogue between governments and through nongovernmental organizations.

He later planned to visit Washington for a news conference and speech at the National Cathedral. No Bush administration officials planned to meet with him, State Department spokesman Sean McCormack said.

Khatami is visiting five U.S. cities to discuss the role of religion in the peace process. The United Nations and some universities and other private organizations invited him to this country.

He's the highest-ranking Iranian to visit Washington since Islamist revolutionaries in Iran seized the U.S. Embassy in 1979 and held Americans hostage for 444 days. Diplomatic relations have been broken since 1980.

The U.S. government condemns Iran for supporting terrorists, refusing to cooperate fully with inspectors from the U.N.'s International Atomic Energy Agency and repressing religious freedoms.

The U.S. Commission on International Religious Freedom, a federal agency, sent the National Cathedral a letter criticizing the visit. It said that in Iran, where Shiite Islam is the state religion, people were tortured and harassed and religious minorities were persecuted while Khatami was president from 1997 to 2005.

The State Department said in a 2005 report that actions by Iran's government created "a threatening atmosphere for some religious minorities, especially Baha'is, Jews and evangelical Christians."

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Khatami was elected as a reformer, but hard-liners blocked his proposals. His two-week visit to the United States was intended to show a more moderate image of Iran compared with the hard-line style of the country's current president, Mahmoud Ahmadinejad.

"He's trying to put a more human face on for Iran, you know, `We're not crazy. You used to think of me as a reasonable guy,'" said Marvin Weinbaum, an analyst for the Middle East Institute and a former State Department official. "He's going to play the softer line here. They (Iranian government) know he has some standing in the United States. He's a useful emissary."

Khatami didn't talk directly about the tensions between the United States and his country over Iran's uranium-enrichment program. His visit to Washington came on the same day that U.S. and European leaders discussed possible sanctions against Iran for its refusal to stop enriching uranium.

Different levels of enrichment produce uranium for nuclear energy or nuclear weapons. Iran says its programs are only for energy. The IAEA says Iran hasn't cooperated enough so that inspectors can certify that its nuclear program is strictly peaceful.

Massachusetts Gov. Mitt Romney ordered state agencies not to provide assistance when Khatami speaks at Harvard University on Sunday. Boston Mayor Thomas Menino said his city's police department would escort Khatami at the request of the State Department.

Sen. George Allen, R-Va., a possible Republican presidential candidate in 2008, sent Secretary of State Condoleezza Rice a letter asking that Khatami's visa be revoked because he had headed a regime that's considered a sponsor of terrorism and because of Iran's human rights record.

"I think a lot of what he's saying is dissimilation, which Iran is very good at," said James Phillips, a Middle East expert for the Heritage Foundation, a Washington-based conservative research center. "There will be a lot of newspaper articles and coverage, but Khatami's power is long gone and the people who run Iran now don't hold him in high regard."

Others said back channels and third parties were a way to start talking with Iran.

"We would be wise to listen to what Mr. Khatami has to say, though with some of the rhetoric coming out of the White House, I'm not going to hold my breath," said Mehrzad Boroujerdi, a political science professor at New York's Syracuse University. "In a subtle way, Iran is trying to send a signal that, at least, let's engage in public diplomacy."

Former Iranian Leader Suggests Dialogue (AP-Y)

By Anne Gearan

AP, September 8, 2006

The most senior Iranian to visit Washington in 25 years said Thursday the two nations' long estrangement should be repaired through dialogue instead of threats, as world powers moved closer to imposing punishments on Iran over its disputed nuclear program.

Mohammed Khatami, a two-term Iranian president once seen as the harbinger of moderation and better relations with the United States, also said three of the nations that have offered to bargain with Iran may be willing to change the terms.

Khatami said Russia, China and France would agree to negotiate without preconditions that Iran has said are unacceptable, but he did not elaborate. Those nations, with the United States, Britain and Germany, have offered trade and aid incentives to Iran if it rolls back a nuclear program that the West fears could produce a weapon, with United Nations sanctions the price of refusal.

The group agreed that Iran must agree to shelve its uranium enrichment program before talks on the package could start and no nations have said publicly that they would reconsider.

"Even now I believe that relations between our two respective governments should be resolved through dialogue," Khatami said during a news conference with U.S. and other reporters. He spoke through a translator.

"Using violence by every side and violent language by every side is not conducive to dialogue and it will increase and exacerbate the problems," Khatami said.

He took a swipe at the Bush administration for what he called human rights abuses in the Iraq war and the pursuit of terrorists.

"I do not deny the existence of problems in Iran, but I would certainly say those are not (worse than) the violations in places like Abu Ghraib and Guantanamo," Khatami said. "Let's condemn the violation of human rights wherever it takes place."

Khatami will not meet with any U.S. officials. The trip has angered some conservatives in Congress, some influential Iranian exiles in the United States and some of the diplomats and employees held captive a quarter-century ago.

Khatami is the most senior Iranian to visit the capital since Islamic fundamentalists seized the U.S. Embassy in Tehran in 1979 and held Americans hostage for 444 days.

President Bush and his administration are not giving Khatami a warm reception, although the U.S. government is providing and paying for security agents for the former Iranian president.

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The administration allowed the visit to demonstrate good will toward Iranians in general, if not their leaders, and to point up the free speech and freedom of movement that are possible in the United States. Before Khatami arrived, State Department spokesman Sean McCormack said he hoped the universities and others hosting Khatami would ask him tough questions.

The centerpiece of Khatami's visit to Washington was an address Thursday at Washington National Cathedral, a few miles from the White House.

In remarks prepared for delivery, the cleric made a scholarly, theological plea for greater dialogue among cultures but stayed away from current events.

The address coincides with what may be a turning point in the long and largely fruitless international effort to deny Iran technology and expertise that the West fears could lead to a nuclear weapon.

If the United States gets its way, world powers could vote in the next few weeks to impose the first in a series of punishments intended to further increase pressure on Iran to roll back its nuclear development program.

Iran claims its program is aimed only at generating nuclear energy. The nuclear program, begun in secret nearly two decades ago, has become a point of national pride for Iran and its hard-line president, Mahmoud Ahmadinejad.

Diplomats from the countries that have offered to bargain with Tehran met Thursday in Berlin to discuss the next step now that Iran has defied a U.N. deadline to shelve uranium enrichment activities. In different forms, enriched uranium can be used either for nuclear energy or weapons.

Khatami defended what he said is a peaceful nuclear program. He said Russia, China and France, which were part of Thursday's meeting "want negotiations without precondition ... and this is the right position."

The State Department granted Khatami a visa to visit the United States for a two-week speaking tour despite severe trade and other penalties the U.S. imposed on Iran after the 1979 revolution.

At Cathedral, Iran's Khatami Urges Dialogue (WP)

By Robin Wright

The Washington Post, September 8, 2006

Amid noisy protests and tight security, former Iranian president Mohammad Khatami issued a call at the Washington National Cathedral yesterday for leaders in both the West and the Islamic world to launch a historic dialogue to "rescue life from the claws of the warmongers and violence-seekers and ostentatious leaders."

But Khatami, who served as president between 1997 and 2005, signaled that the time is not yet right for direct dialogue between the United States and Iran. He warned that the language of threats needs to end for any negotiation to have a chance -- an indirect reference to U.S. and U.N. pressure to impose new sanctions on Iran because of disputes over its nuclear program.

Khatami said Iran is prepared to discuss the suspension -- both the timing and the scope -- of its uranium enrichment in negotiations.

The former Iranian leader, who was elected on a reform platform but failed to deliver significant change, called the United States a "great" country "with great people, great capacities, and potential" -- language that stood in stark contrast to more than a quarter-century of Iran calling the United States "the Great Satan."

But he also condemned its unilateral foreign policy, and he cautioned at a news conference before last night's speech that Washington would be more effective if it worked alongside other nations.

Khatami, who is a mid-level Shiite cleric and wears the black turban of a descendant of the prophet Muhammad, focused heavily on religious themes and the need for the three Abrahamic faiths -- Judaism, Islam and Christianity -- to work together.

"Jesus is the prophet of kindness and peace. Muhammad is the prophet of ethics, morality and grace. Moses is the prophet of dialogue and exchange," he said. "It's good at the present time, where war, violence and repression is so prevalent across the world, for all of us who are followers of God's religion to pursue all efforts for the establishment of peace and security."

Khatami said he was not concerned about the vitriolic criticism that his five-city speaking tour of the United States has prompted in Iran. "If you want to accept to live in a democratic state, a democratic society, we have to tolerate the voices of dissent," he said.

Critics have charged that Khatami's trip is riddled with hypocritical contradictions since, during his presidency, the Islamic republic was guilty of widespread human rights abuses. Although Iran's hard-line judiciary is widely blamed for the arrest of dissidents, Khatami was unable to restrain political rivals.

Pressed on Iran's abuses, Khatami said he would not deny that his country has serious problems, but he cautioned that democracy is a "process" that cannot reverse centuries of despotic rule overnight. Iran was ruled by various dynasties for some 2,500 years.

As Khatami spoke inside the limestone Gothic cathedral, hundreds of diplomatic security agents, including their own SWAT teams, surrounded the church grounds.

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On the other side of Wisconsin Avenue, a crowd of about 200 shouted, "Shame on you," as invitees waited to pass through security and enter the cathedral gates. Khatami spoke before an audience of 1,300.

Many of the protesters waved photographs of victims of Iranian government torture and pictures of Reza Pahlavi, the son of the last shah, toppled in the 1979 revolution. Banners urged, "No dialogue, no war, only regime change," and "Free all political prisoners in Iran."

Police cars lined up in front of the crowd and helicopters with searchlights circled overhead, but there were no incidents reported and no noticeable traffic delays from the protest.

Khatami is the highest-ranking Iranian figure to visit Washington since the United States severed ties in 1979, after its embassy in Tehran was overrun by revolutionaries who took 52 hostages and held them for 444 days.

He comes at a time when the United States is pressing for new international sanctions on Tehran over its nuclear program, and on a day when officials from the five countries with permanent seats on the U.N. Security Council joined German officials in Berlin to discuss those sanctions.

The visit prompted condemnation not only in some Iranian circles but also from some lawmakers on Capitol Hill.

At a news conference yesterday morning organized by Iranian dissidents, Sen. Sam Brownback (R-Kan.) announced that he planned to mark Khatami's visit by introducing the Iran Human Rights Act, to ensure that the United States supports opposition groups.

The proposal calls for a new U.S. special envoy to coordinate with Iranian opposition groups, authorizes $100 million for new U.S. programs that focus on Iran's human rights practices, and requires more broadcasting into Iran on democracy and human rights issues.

Brownback also called on the State Department to give visas to liberal professors whom the Iranian government this week threatened to purge.

"For too long, the focus on Iran's nuclear program has overshadowed the human rights violations perpetrated by its tyrannical regime," Brownback said. His legislation would make Iran's human rights practices a top priority of U.S. foreign policy.

Rep. Brad Sherman (D-Calif.) criticized the Bush administration for allowing U.S. taxpayers to "subsidize" the former Iranian leader's visit by providing a security detail -- particularly after the treatment of U.S. diplomats in Iran during their captivity. The State Department's Bureau of Diplomatic Security is in charge of such protection.

A handful of former prisoners, as well as the sister of a student activist who was arrested during Khatami's presidency and died last month in jail, spoke emotionally to reporters about the incarcerations and their opposition to the regime.

"Don't be deceived by his smile," said Roya Tolooei, who said she once thought Khatami would be different. "It didn't take us long to realize he wasn't the one."

Reza Pahlavi urged the international community not to "waste time" on negotiating with Iran since an Aug. 31 deadline has passed for Tehran to comply with a U.N. demand that it stop uranium enrichment.

Before coming to the cathedral, Khatami spoke yesterday in Charlottesville at the University of Virginia, where he excoriated the idea of dividing the world into "us and them."

"This 'us' is a small circle encompassing a few that have the right to arrive at any verdict they please regarding the ones they consider 'the other.' They can force this 'other' to submit to their whims or even eliminate 'the other' altogether," Khatami said.

Khatami Defends Ahmadinejad, Iran's Nuke Plans (WT)

By David R. Sands

The Washington Times, September 8, 2006

Former Iranian President Mohammed Khatami yesterday defended his country's nuclear program and rejected suggestions that freedom and human rights in Iran had deteriorated under his hard-line successor Mahmoud Ahmadinejad.

Mr. Khatami, who is considered a moderate in Iran's political spectrum, told reporters at the Washington National Cathedral shortly before delivering a speech on "dialogue of civilizations" that Iran's nuclear effort is peaceful and that the world should focus on the atomic arsenals of Israel and other states before criticizing Iran.

At the press conference, Mr. Khatami said Iran could discuss suspending its nuclear program once talks with the West had begun. After meeting with reporters he addressed an audience of about 1,200 people at the cathedral.

That also was a paraphrase of the official Iranian position that there should be talks without preconditions.

Mr. Khatami appeared to be warning the United States against using force against Iran, saying this would never resolve the standoff over Iran's suspected pursuit of nuclear weapons.

Iran would not give up its nuclear program in the face of outside pressure, he said. "We must eliminate the language for the dialogue to be successful."

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Dressed in a full-length black robe and black turban, Mr. Khatami said Iran's political system should not be judged by the standards of established Western democracies because the United States' own human rights record is not perfect.

"Iran has its problems, but they are not greater than the violations of human rights we saw at Abu Ghraib and Guantanamo," he said.

As Mr. Khatami spoke, a crowd of about 50 demonstrators gathered across the street from the cathedral, waving U.S. and Iranian flags and demanding freedom for the Iranian people.

In Berlin, meanwhile, the United States and five other countries remained deadlocked in negotiations over whether to punish Iran for continuing its nuclear program in defiance of the U.N. Security Council.

Mr. Khatami acknowledged that his two-week American tour had been criticized by religious hard-liners in Iran, but he said he did not think that Iran had regressed under Mr. Ahmadinejad.

"I don't think things have reversed," he said. "Of course their interpretation may be different than mine, but on women and youth, the new president has said things that are very hopeful."

Mr. Ahmadinejad has enforced dress codes requiring that women be dressed in black or dark blue Islamic garb from head to toe and has begun a campaign to purge liberal and secular professors from the nation's universities. Mr. Khatami's successor has also called for Israel's destruction.

Mr. Khatami spoke in Farsi, the official language of Iran, and his remarks were translated by an interpreter. He began with a short statement, in which he praised Jesus and Muhammad as great prophets. He then took questions from reporters who packed the southeast section of the cathedral nave.

He spoke against the backdrop of a banner proclaiming "My house shall be called the house of prayer for all people." (Isaiah 56:7)

The State Department has said Mr. Khatami's visit is a private one, and that no U.S. officials will meet him while he is here.

Department spokesman Sean McCormack said U.S. officials hope Mr. Khatami will benefit from contacts with private U.S. groups, but said there was no change in the Bush administration's stance opposing Iran's Islamic regime.

But Iranian exiles and dissidents who had been jailed and tortured held a press briefing to condemn Mr. Khatami's visit and the administration's decision to issue the former president a visa and provide at no cost State Department security protection during his two-week U.S. stay.

Reza Pahlavi, son of the late shah who was ousted in the 1979 Islamic Revolution, said that despite Mr. Khatami's image as a "moderate," he has been a critical part of the "clerical dictatorship that holds our country hostage."

Religious minorities in Iran were harshly persecuted under Mr. Khatami, Mr. Pahlavi said. "Regardless of his smiling rhetoric, the true nature of the regime is far different from what Khatami wants us to believe."

Rep. Brad Sherman, California Democrat, said the State Department listed Iran as the world's top state sponsor of terrorism for all eight years of Mr. Khatami's administration, which ended last year.

With the fifth anniversary of the September 11 attacks looming, "it is an insult to those who died that day that American taxpayer money is being used to fund a terrorism promotion tour," Mr. Sherman said.

Mr. Khatami spoke earlier in the day at the University of Virginia in Charlottesville, and will speak Sunday at Harvard University, where critics have also attacked the decision to allow him to speak.

In earlier stops in Chicago and New York, the ex-president had sharply criticized what he called "aggressive" U.S. policies in the Mideast, but also appealed for better understanding between the Muslim world and the West.

In U.S. Visit, Iran's Khatami Urges Dialogue (LAT)

By Johanna Neuman

The Los Angeles Times, September 8, 2006

WASHINGTON — Former Iranian President Mohammad Khatami, undertaking an American tour rare for ex-officials of the government in Tehran, called Thursday for a "dialogue of civilizations" among Jews, Christians and Muslims, even as he scolded the Bush administration for its treatment of detainees and other alleged human rights abuses.

"I do not deny that there are a lot of problems in Iran. But I would certainly say those are not [worse] than the problems and violations in places like Abu Ghraib and Guantanamo," Khatami said at a news conference before a speech at Washington National Cathedral, referring to the former U.S. military prison at Abu Ghraib near Baghdad and the U.S. prison at Guantanamo Bay, Cuba. "Let's condemn the violation of human rights wherever it takes place."

Khatami is believed to wield little influence with the hard-line mullahs running Iran. Nonetheless, his two-week U.S. visit, which is also to include a speech Sunday at Harvard University, has provoked controversy.

He is the most prominent Iranian to visit the United States since the 1979-81 hostage crisis, apart from diplomatic visits to New York for official United Nations business. Khatami has spoken at mosques in Chicago and held private meetings at

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Georgetown University and at the University of Virginia in Charlottesville, where he toured Thomas Jefferson's home of Monticello.

Despite his reputation as a moderate and a reformer, Khatami's visit has stoked anger over Iran's treatment of political dissidents and its persecution of religious minorities. Khatami was Iran's president from 1997 until 2005, when he was succeeded by Mahmoud Ahmadinejad.

Many of the 52 U.S. diplomats held hostage in Iran for 444 days during the Carter administration are furious with the U.S. government for issuing a visa to a man whose rhetoric is soft but whose policies they believe mirror those followed in Tehran ever since student radicals took over the U.S. Embassy.

"It is horrendous," said Barry Rosen, who was press attache at the embassy when it was seized Nov. 4, 1979. "It is as if the U.S. government is forgetting what happened."

Critics were particularly galled that Khatami had been invited to speak at the National Cathedral, where presidents have been memorialized and where the nation mourned the loss of about 3,000 citizens after the Sept. 11 attacks.

"There was open religious persecution during his tenure — Jews were arrested, the Bahai were persecuted, a Canadian journalist was killed," said Nina Shea, a conservative activist and vice chair of the U.S. Commission on International Religious Freedom, an independent government agency. "He should be confronting what occurred … and apologizing for it."

Massachusetts Gov. Mitt Romney, a potential Republican presidential candidate in 2008, assailed Harvard's Kennedy School of Government for inviting Khatami to speak and has banned state law enforcement agencies from providing security. Instead, the State Department is providing security.

"State taxpayers should not be providing special treatment to an individual who supports violent jihad and the destruction of Israel," said Romney, calling Harvard's decision to invite Khatami "a disgrace."

In response, the Kennedy School of Government issued a statement saying it was "surprised and disappointed" by Romney's stance.

Ibrahim Hooper, spokesman for the Council on AmericanIslamic Relations, or CAIR, agreed that there is a need for dialogue. "Most Americans don't want a repeat of the Iraq fiasco," said Hooper, whose organization is playing host at a dinner for Khatami tonight in Washington. "The way to prevent that is to listen to each other."

In the invitation to the private dinner, which also includes a photo opportunity for the estimated 100 guests, CAIR described Khatami as "Iran's first reformist president [who] focused his tenure on the rule of law, democracy and the inclusion of all Iranians in the political decision-making process."

But critics decried Khatami's record. "There is this mythology that somehow he is a better man than the current regime," said Danielle Pletka, vice president for foreign and defense policy studies at the conservative American Enterprise Institute. "His rhetoric may be softer, but blow for blow on policy, there isn't much difference."

Shibley Telhami, a Middle East expert at the University of Maryland, said the visit — and the controversy — were welcome developments.

"It opens up a window that didn't exist before," he said of the trip. "Not only does it indicate a probing on the American side but on the Iranian side. Neither the supreme leader nor the president vetoed the trip. He would not be here if they didn't want him to be."

State Department spokesman Sean McCormack defended the decision to grant a visa to Khatami even as the Bush administration pursues international sanctions against Iran for its nuclear enrichment program.

"President Khatami is here on a private visit, he is not here at the invitation of the United States government," McCormack said. "Private U.S. citizens wanted to have this interaction with him."

In the news conference at the National Cathedral, Khatami was asked whether he believed Jews are different from other human beings. "Not at all," said Khatami, who added that those who commit violence in the name of any religion commit two crimes — one against humanity, and one against religions "based on faith and love."

Khatami defended Iran's pursuit of nuclear technology for what he said was its energy needs. Unlike Israel, India and Pakistan — all believed or known to have the atomic bomb — Iran is a signatory of the nuclear Nonproliferation Treaty, subject to international safeguards and conditions, he said.

Asked whether he was disappointed he hadn't met with U.S. government officials, Khatami talked about the mistrust between the two countries, mistrust he said had historical roots, "some justifiable and others unjustifiable."

"Before we can engage in dialogue, we have to eliminate the language of threat."

U.S. Takes Aim At Banks Controlled By Tehran (WSJ)

By Glenn R. Simpson And Neil King Jr.

The Wall Street Journal, September 8, 2006

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WASHINGTON -- The Bush administration is seeking to isolate a network of European and Middle Eastern banks and companies controlled by the Iranian government that U.S. officials suspect Iran is using to acquire sophisticated weapons technology.

Top officials from the U.S. Treasury and State departments are trying to enlist European governments and big multinational banks in the effort, in part by sharing information with them about suspected money laundering and other illicit activities by these banks and firms, senior administration officials said yesterday.

The U.S. prohibits most technology exports to Iran, while other countries have lesser restrictions on selling items with potential military uses. Washington fears Iran is acquiring technology to build nuclear weapons as well as missiles that could be used against Israel and other countries.

Stuart Levey, the Treasury's undersecretary for terrorism and financial intelligence, will barnstorm Europe next week, meeting government officials and bank executives in the United Kingdom, France, Switzerland and Italy to discuss ways to combat what the Treasury calls "threats emanating from financial flows from Iran."

"This is a clear effort by Treasury and State to make sure governments around the world and the private sector understand what the Iranian government is engaging in," said a top U.S. foreign-policy official.

New Treasury Secretary Henry Paulson, meeting with Asian finance ministers, emphasized his interest in the issue. "It's very important that each country develop the appropriate authorities to identify those who abuse the system and isolate them so that they have no access to the global financial system, [which] is in many ways as strong as its weakest link," he said in Hanoi, Vietnam. Mr. Levey is also expected to address the matter in a speech in Washington today.

Law-enforcement officials from several countries say they have evidence that Iran has an elaborate weapons-acquisition program that resembles networks set up by China, Pakistan and North Korea, all three of which created scores of front companies to buy sophisticated equipment in Europe and sometimes the U.S. Prosecutors in the U.S. and the Commerce Department already have brought numerous cases against firms suspected of obtaining equipment for Iran, records show.

The U.S. effort, a greatly expanded version of an ad hoc campaign by Treasury that began last year, is expected to proceed on two levels, with efforts by Treasury to formally blacklist some firms and target others through "moral suasion" aimed at their business partners. Iranian banks and companies, long barred from doing business in the U.S. under American terrorism sanctions, have major operations in Europe's four biggest economies -- Germany, France, the U.K. and Italy.

U.S. officials say the campaign represents an important second front in a larger diplomatic bid to pressure Tehran over its nuclear program. Diplomats from the U.S. and other countries met in Berlin yesterday for a first attempt at forging a consensus on how to proceed with potential economic sanctions on Iran within the United Nations after Iran defied an Aug. 31 U.N. deadline to freeze its uranium-enrichment work.

Acknowledging that the U.N. bid may be derailed by Russian or Chinese opposition, Bush officials describe the Treasury-led campaign as an effort to win the support of financial powers in Europe and the Persian Gulf outside the U.N. framework. "What we're trying to do is convince finance ministries and banks that Iran is not a good bet," said one senior U.S. official.

U.S. officials essentially are hoping to persuade foreign banks to avoid doing business with Iranian financial institutions, figuring that will strain relations between the Iranian banks and the Iranian government because their ties are so close.

After quietly pushing the effort all year, U.S. officials say they plan to increase the pressure markedly in coming months, not only in Europe but also in Dubai, a major hub for trade and financial transactions with Iran. If a significant number of banks sign on, the campaign could have an impact on Iran's financial well-being, which despite the country's oil wealth is still hugely in need of outside investors to develop sectors ranging from oil exploration to gasoline refining.

Israel Lifts Blockade Of Air Access To Lebanon (WP)

By Scott Wilson

The Washington Post, September 8, 2006

JERUSALEM, Sept. 7 -- Israel lifted its eight-week-long air blockade of Lebanon on Thursday, but maintained its sea cordon after determining that not enough international forces had taken up positions along the coast to enforce an arms embargo against the Shiite Muslim militia Hezbollah.

Israel began allowing commercial flights to land early Thursday evening at Beirut's Rafiq al-Hariri International Airport, following Prime Minister Ehud Olmert's pledge to do so the previous day.

A plane from Lebanon's Middle East Airlines, arriving on a direct flight from Paris, circled Beirut in a celebratory gesture before landing shortly after the blockade was lifted at 6 p.m. The pilot waved a Lebanese flag from the cockpit as the plane rolled up to the terminal.

Israeli officials said German and Lebanese troops had taken up posts in the airport's passenger and cargo terminals to prevent arms from reaching Hezbollah, whose forces Israel fought for 33 days in July and August. At the same time, the officials

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said that Israeli warplanes continued to patrol Lebanese skies on intelligence-gathering missions and that there were no plans to end them.

Israel did not carry out its pledge to lift the sea blockade at the same time, citing the inability of a U.N.-backed, multinational peacekeeping force to deploy enough ships off the coast to guarantee the arms embargo would remain intact. Olmert said in a statement Wednesday that U.N. Secretary General Kofi Annan had assured him that French, Italian, British and Greek vessels would monitor the coast until the German navy deployed in roughly two weeks.

Mark Regev, the Israeli Foreign Ministry spokesman, said that Israel hoped to stop its sea patrols "sooner rather than later" but that the timing depended on how quickly the international forces deployed. It was unclear Thursday evening how many, if any, foreign warships had taken up positions off Lebanon.

"The internationals are taking longer, unfortunately, to enforce the sea blockade," Regev said. "When they are ready to do so, we will be ready to leave. The timing depends on them. We have no interest in keeping this in place."

Lebanese Prime Minister Fouad Siniora sought to play down the delay in lifting the sea blockade, predicting it would end Friday after further coordination among the United Nations, Israel and the European nations providing sea patrols. He spoke after meeting with Foreign Minister Frank-Walter Steinmeier of Germany.

Israel has maintained its blockade three weeks after a U.N.-brokered cease-fire took effect Aug. 14, ending weeks of war that killed as many as 1,200 Lebanese, most of them civilians, and 158 Israelis, most of them soldiers.

The cease-fire resolution prohibits arms shipments to Hezbollah, which rained rockets on northern Israeli towns for much of the fighting, and calls for a 15,000-member multinational force to deploy alongside an equal number of Lebanese troops in the militia's southern stronghold. The U.N. force will have greater authority to prevent Hezbollah from rearming than did its predecessor in southern Lebanon.

The blockade represents an embarrassment to the weak Lebanese government and a daunting obstacle to the country's economic recovery. Lebanon is a shipping hub for the Middle East, as well as a prime destination for tourists from wealthy Persian Gulf states.

In the past, Hezbollah, whose political arm is represented in the Lebanese cabinet, has not received the bulk of its arms by air or sea. Israeli officials say the militia's arsenal comes from Iran and Syria, with much of it arriving through time-tested overland smuggling routes along Lebanon's porous border with Syria.

Israel has requested that multinational forces take up positions along the border to close those routes and prevent Hezbollah from restocking its arsenal of short- and longer-range missiles. But so far the multinational force has announced no plans to do so.

Correspondent Edward Cody in Beirut contributed to this report.

Lebanese Ports Still Blocked (NYT)

By Craig S. Smith

The New York Times, September 8, 2006

BEIRUT, Lebanon, Sept. 7 — Commercial planes streamed into Beirut's international airport late Thursday after Israel formally ended its eight-week air blockade of Lebanon. But Israel announced that it was not yet lifting restrictions on sea traffic as planned.

"Unfortunately, we don't yet have a presence at the naval level that can implement an arms embargo," said Mark Regev, a spokesman for Israel's Foreign Ministry in Jerusalem. He said the sea blockade would remain in effect until United Nations forces were ready to help enforce an embargo intended to prevent Hezbollah from rearming after this summer's war.

The mixed signals, which forced frustrated fishermen back to shore less than an hour after beginning their first foray out to sea since July, angered Lebanese government officials and interrupted a round of celebratory speeches at the Parliament building where lawmakers were ending a six-day-old sit-in protesting the blockade.

Still, the blockade's end, brokered by Secretary General Kofi Annan of the United Nations, signaled what many Lebanese hoped would be a gradual return to normalcy after the sudden and devastating war.

The first plane to arrive after the end of the embargo, a flight by the Lebanese national carrier Middle East Airlines carrying 150 passengers from Paris, circled low over Beirut three times to mark the occasion. Prime Minister Fouad Siniora of Lebanon and the visiting German foreign minister, Frank-Walter Steinmeier, stepped out onto a balcony of a government building to wave at the plane.

"We're so happy," said Rita Beirouti, a passenger on the flight, surrounded by family and "Welcome Back" balloons in the airport terminal after landing. Ms. Beirouti, a French-Lebanese schoolteacher, was evacuated from the city by French marines in August.

Several other flights followed during the evening.

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The flights Thursday night were not the first to land since the war's end: Middle East Airlines and Jordan's Royal Jordanian airlines have been flying in and out of Beirut by way of Amman since the cease-fire began, and Israel has gradually extended permission for other flights into Beirut as well.

But the complete removal of the ban countrywide lifted a weight off a Lebanese public worn down by siege and the beginning of rebuilding, bringing a rare moment of triumph.

"I announce that we have achieved our goal in bringing down the Israeli embargo," said the speaker of Parliament, Nabih Berri, a prominent Shiite politician, before learning that the sea blockade had not been lifted.

Others feel that, despite the pulverized bridges, collapsed apartment buildings and swollen cemeteries, the country has emerged with its honor intact — thanks to Hezbollah.

"May God protect Hassan Nasrallah for us, because he was able to make the whole Arab nation victorious," said Darweesh Haboush, 60, a fisherman waiting for the blockade to be lifted at the ancient Lebanese port of Sidon.

All over Lebanon, the roads are lined with billboard pictures of Hezbollah fighters, multibarreled Katyusha rocket launchers and other scenes of the war above the words "The Divine Victory."

For the moment, few people were talking about the economic damage wrought by the war, touched off by a Hezbollah raid in July. The effects of the blockade and the Israeli bombing are likely to add $1 billion to Lebanon's $40 billion national debt, already one of the highest in the world on a per capita basis, according to the English-language Lebanese newspaper, The Daily Star.

Israel said it was lifting the air blockade because German monitors had arrived at Beirut's international airport to help enforce the arms embargo. But the Israeli government said the United Nations had not yet decided who was in command of the multinational naval force off the Lebanese coast, and said it would not lift the sea blockade until the issue was settled.

Lebanese officials said they expected the problem to be solved by Friday when Beirut's port, which handles 80 percent of goods coming into the country, is expected to resume operations. Two shiploads of automobiles are scheduled to arrive during the day.

Mr. Siniora told a news conference, "I think that in the morning, God willing, this thing will be lifted."

French warships are already sitting offshore, and Greek, British and Italian ships are expected to arrive within days to help patrol Lebanon's coast until German ships arrive in two weeks to take over the task.

Lebanon's transportation minister, Mohammed al-Safadi, said hundreds of ships, diverted from reaching the country during the war, were waiting in ports around the region. Lebanese officials have said the blockade is costing the country $50 million a day in lost trade.

Still, it is not clear how effective the multinational monitors or naval patrols will be. Mr. Safadi, the Lebanese transportation minister, insisted that Lebanon would remain in control of who and what entered and departed the country, adding that the German airport monitors' job was simply to verify the security measures that Lebanon has taken.

"There's no international presence at the airports or ports," Mr. Safadi said. "The only international presence will be six nautical miles from shore and that will be acting at the will of the Lebanese Army."

Lebanon's border with Syria, meanwhile, has been open since the war ended more than three weeks ago.

Mr. Safadi said the Lebanese Army had deployed 8,600 troops to build observation posts along the mountainous 205-mile Syrian border, which is unfenced and largely unmarked. He said Lebanon was awaiting X-ray machines that would permit border guards at the nine border crossings to more quickly inspect trucks entering the country.

"Miri Eisin, a spokeswoman for Prime Minister Ehud Olmert, said Israel's biggest concern was the possibility of renewed arms shipments to Hezbollah across the Syrian-Lebanese border.

Israeli military officials have said they reserve the right to bomb any trucks from Syria that they believe are carrying rockets, rocket launchers or other weapons.

The United Nations is amassing an expanded peacekeeping force in the south of the country. More than 3,000 peacekeepers are already there, and Mr. Annan said Thursday that the number was expected to reach 5,000 by mid-September. He urged Israel to pull all soldiers out of southern Lebanon by then.

The Spanish Parliament on Thursday approved a plan to contribute 1,100 troops to the United Nations force, which is authorized to grow to 15,000.

Few people expect it will reach that size, however, and Mr. Annan said Thursday that 5,000, along with the 16,000 Lebanese troops being sent to the south of the country, would constitute a "credible force."

Israel Lifts Air Blockade But Navy Stays (FT)

By Andrew England And Harvey Morris

Financial Times, September 8, 2006

DOJ_NMG_0059895

Israel lifted its eight-week air blockade of Lebanon on Thursday, removing a key barrier to the country's postwar economic recovery.

However, at the last minute Israel said it would delay lifting its sea blockade until international forces were in position to monitor sea traffic.

Mark Regev, Israeli foreign ministry spokesman said: "Unfortunately, the international presence is not yet ready to enforce the sea embargo. When the internationals are ready to enforce the arms embargo on the sea, we will be ready to lift the blockade."

The embargo cost the nation tens of millions of dollars a day, effecting imports, exports, tourism, trade and other activities, said Marwan Mikhael, an adviser to the minister of economy and trade. "It's like announcing the end of the war," Mr Mikhael said.

Israel imposed the blockade after the conflict between Israel and Hizbollah erupted on July 12. The fighting ended with an August 14 UN-brokered ceasefire, but Israel refused to lift the blockade until it was satisfied enough foreign forces were deployed to prevent Hizbollah rearming.

After a flurry of diplomatic activity and international pressure, it was agreed that French, Italian, Greek and British ships could patrol Lebanon's coast until a German taskforce arrives. However, details of the naval force and its mandate still had to be worked out.

In Israel, the families of the two soldiers whose July 12 capture by Hizbollah triggered the fighting, complained that removing the blockade weakened Jerusalem's negotiating leverage to secure their freedom.

At Beirut's port and airport staff were preparing for a resumption of normal business. Earlier port officials had said the first ship was due to dock at about 9pm last night, while airport officials were gearing up for more flights.

Earlier this week, Qatar Airways became the first airline to resume direct flights to Beirut, and on Wednesday British Airways franchise partner BMED followed suit.

However, the loss of business has been huge. Normally, the airport would expect 15,000 to 16,000 arrivals daily during the peak summer months of July and August, and 120 flights. That was expected to increase by 20 per cent this year.

But instead of enjoying a bumper season, the airport found itself the target of 25 Israeli bombs, damaging its three runways and taxiways, said Hamdi Chaouk, director general of civil aviation.

Mr Chaouk told the Financial Times that all but one hole had been repaired and he was confident business would shortly reach normal levels, describing the airport as the "gate of Lebanon."

He added that airport security was at international standards, saying there would be no foreign monitoring at the airport. "The Germans, British and Americans; everybody came here and found there was nothing to be done," Mr Chaouk said.

Israel Ends Its Lebanese Air Embargo; Seas May Be Next (LAT)

By Megan K. Stack And Laura King

The Los Angeles Times, September 8, 2006

BEIRUT — A passenger plane swept over downtown Beirut and sliced along the Mediterranean coast Thursday afternoon, a triumphant flourish that marked the end of the Israeli air blockade that has isolated Lebanon for weeks.

But a sea blockade remained in force. Israel vowed to keep control of its neighbor's waters until the Lebanese military and international forces were in place to prevent sea-based weapons smuggling.

The Middle East Airlines flight from Paris landed at Beirut's airport minutes after Israel relinquished its hold on Lebanon's skies. A land, sea and air blockade had continued to hammer the nation's floundering economy for the last three weeks, even after a U.N.-brokered cease-fire agreement put a stop to this summer's fighting between Israel and the militant group Hezbollah.

In a televised address, Lebanese Prime Minister Fouad Siniora said Israel would relinquish control over Lebanese waters today. There was a last-minute complication with the United Nations, he said.

"Be sure the embargo will be lifted," Siniora said. "It's a small problem at night, and I think that in the morning, God willing, this thing will be lifted."

Lebanon had appealed to the U.N. for help monitoring its seas, and Italian and French vessels were expected to begin patrolling them this week, and to watch the coast until German forces could take over.

Israel lifted the air embargo because the Lebanese army and international forces were "ready to effectively prevent illicit weapons shipments coming to Hezbollah," Israeli Foreign Ministry spokesman Mark Regev said.

"At the seaports and at sea, unfortunately, there's a situation whereby you don't have a presence of Lebanese or international forces to successfully enforce the arms embargo," Regev said. "The minute they are ready … we will be able to lift the sea restrictions."

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Earlier, Israeli officials speaking on condition of anonymity were quoted as saying they hoped to lift the naval blockade within 48 hours. Later, they said it would depend on how quickly the international force and the Lebanese army could secure the coastline.

"From our point of view, the sooner the better," Regev said.

The easing of the embargo without tangible gains to Israel frustrated the families of two Israeli soldiers who were seized July 12 in a cross-border raid by Hezbollah, the incident that ignited the conflict.

Their well-publicized disappointment could magnify the political problems of Israeli Prime Minister Ehud Olmert, whose government is already the target of heavy criticism for its handling of the war.

"If lifting the blockade was indeed so important to Lebanon, what is their problem with giving us a sign of life in return?" Shlomo Goldwasser, the father of missing soldier Ehud Goldwasser, asked on Army Radio. "What is so difficult?"

No proof has been given that reservists Goldwasser and Eldad Regev are alive.

Olmert had promised indirectly that the embargo would not end until the soldiers were freed. His office said in a statement hours before the easing of the blockade that Israel was under heavy international pressure to pull back in order to help with the reconstruction of Lebanon.

Lebanon's Other Border (NYT)

The New York Times, September 8, 2006

Israel is inching toward doing the right thing by agreeing to lift its blockade of Lebanon's airports. It has held up plans to also open the country's seaports, but it should take that step too, once European ships and monitors are in place to prevent Hezbollah from rearming. Reopening Lebanon is an essential first step to rebuilding its battered economy. But if the fragile peace is to hold, more must be done to police the border with Syria, the main route for Hezbollah's arms.

If not, despite a United Nations-ordered embargo, Hezbollah will quickly restock its arsenal of Iranian missiles and heavy arms. Prime Minister Ehud Olmert of Israel, badly weakened by this ill-conceived war, isn't likely to show much forbearance.

A deal is in the works to place a limited number of German advisers at key border crossings with Syria to provide technical support to Lebanese troops. These advisers will need to be ready to step in quickly — working the phones or if that fails perhaps calling in U.N. strikes — to turn back convoys. If not, the Israelis have made clear they will do it.

But monitoring is unlikely to work without some Syrian cooperation. Secretary General Kofi Annan went to Damascus last week and said he got President Bashar al-Assad's pledge to block weapons smuggling. Mr. Assad, who has tried to bully Lebanon into banning foreign peacekeepers from his border, was silent. We applaud Mr. Annan for trying. But getting Syria to cut Hezbollah's supply lines will take concerted international pressure and the possibility of easing its isolation.

The Europeans, whose troops would have to face a rearmed Hezbollah, need to deliver the message directly to Damascus. So does the Bush administration — this is one urgent diplomatic issue that the White House cannot subcontract. And more must be done to bolster Lebanon's prime minister, Fouad Siniora, so he has the wherewithal to stand up to Mr. Assad and to Hezbollah.

Donor countries have pledged nearly $1 billion for Lebanon's reconstruction. Experience suggests it could take months or years for that money to arrive, and the marquee total will never be reached. Hezbollah is already handing out Iranian cash.

What Lebanon needs is a smaller, more dependable group to work directly with Mr. Siniora on reconstruction. The United States, which isn't sending troops, should take the lead in making sure that pledges turn into real projects, and quickly. France and Saudi Arabia could be charter members.

A lot was finessed in the cease-fire resolution. That doesn't mean Hezbollah should be allowed to grow even stronger.

Blair To Give Up Post As Premier Within One Year (NYT)

By Alan Cowell

The New York Times, September 8, 2006

LONDON, Sept. 7 — Prime Minister Tony Blair announced Thursday that he would leave office within the next 12 months, bending to pressure after an open rebellion in his own party.

His announcement opened a troubled final chapter in a remarkable three-term premiership in which he moved from absolute political dominance of a prosperous Britain to fighting off open mockery about his closeness to President Bush.

Mr. Blair earlier said he would not run for a fourth term. Thursday's announcement narrows the timetable for his resignation. It means that, around or well before next summer, Mr. Blair will resign the leadership of the Labor Party and make way for Gordon Brown, his finance minister, to take over as prime minister. For much of this week, Britain has been gripped by the spectacle of a brutal, behind-the-scenes power struggle between the men over the timing of Mr. Blair's departure.

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"This first thing I would like to do is to apologize, actually, on behalf of the Labor Party for the last week, which, with everything that is going on back here and in the world has not been our finest hour, to be frank," Mr. Blair said on television. "But I think what is important now is that we understand that it's the interests of the country that come first and we move on."

"I would have preferred to do this my own way," he said. But he did not go as far as critics had wanted. Mr. Blair has insisted on setting the terms of his departure, the better to control how his legacy will be perceived during a time of steadily ebbing popularity.

For months the prime minister fought off calls to name a date for stepping down, despite the increasing fears that a delay would hurt his party in the next election and the growing unpopularity at home for his firm backing of American policy in Iraq and the Middle East.

It is not clear whether the political costs of allying Britain so closely to the United States would prompt Mr. Brown to change course, though his political allies have suggested that he is eager to bring home British troops from Afghanistan and Iraq and would strike a more independent stance. Mr. Brown's brief has been managing the British economy, not foreign policy.

In his televised announcement from a schoolyard, Mr. Blair, alternately somber and testy, refused to name a specific date, saying he would act on his own timetable. It was not clear if that was enough to silence his critics, or whether further political bloodletting was in store.

An hour before Mr. Blair spoke, Mr. Brown pulled back from a final showdown with his onetime ally, pledging to abide by Mr. Blair's decision on timing. The choreography of the appearances suggested that Mr. Brown was signaling his supporters to suspend their rebellion and observe what may be an uneasy truce. Indeed, the eight ministers who resigned from Mr. Blair's government on Wednesday, calling on him to step down, remained silent on Thursday.

Temporarily at least, the maneuver spared Mr. Blair the same immediate fate as Margaret Thatcher, forced out of office by her own party in 1990 after months of maneuvering.

"I think the precise timetable has to be left up to me and got to be done in a proper way," Mr. Blair said.

Speaking an hour earlier, Mr. Brown said, "I want to make it absolutely clear today that when I met the prime minister yesterday, I said to him and I repeat today: It is for him to make the decision" on the timing of his departure.

Taken together, the two speeches seemed intended to calm the turmoil within Labor's ranks that risks imperiling the party's electoral prospects. "We cannot treat the public as irrelevant bystanders in a subject as important as who is their prime minister," Mr. Blair warned.

"It has been a somewhat difficult week, but I think it's time now to move on, and I think we will," he said. It was not clear whether his tattered authority could sustain his ability to do that.

Doug Henderson, a Labor legislator and supporter of Mr. Brown, indicated that the pressure for an earlier ouster of Mr. Blair had not disappeared.

...

The calculations underpinning both men's behavior emerged from conversations with politicians and associates in both camps, some of whom requested anonymity because they were not authorized to reveal confidences.

A member of the Blair camp said that, before the summer break, Mr. Blair had told a close friend that he was coming under renewed pressure from Mr. Brown to name a date he would step down, but the friend had advised him not to because that would rob Mr. Blair of his remaining power. Mr. Blair followed this advice, hoping the pressure would decrease after the summer break.

But Mr. Brown continued to press, a person close to his camp said. His allies were provoked by an interview with The Times of London on Friday in which Mr. Blair refused to set a date and by a memo, leaked to The Mirror, which showed Mr. Blair's plans for a drawn-out farewell.

"Brown had no choice but to act to put Blair in a position to name a date," said John Kampfner, editor of The New Statesman magazine, who has close links to Mr. Brown. "Brown knew that it would be horrible, but he thought, Let's have one terrible week and get something than having it drag on for weeks."

Mark Leonard, a British policy expert who ran a research organization championed by Mr. Blair, said Mr. Brown had calculated that he needed to act soon because another challenger for the leadership might emerge. Charles Clarke, former home secretary, has been making a series of recent speeches that have been seen as preparation for a leadership challenge.

"What is holding Brown back is that he does not want to give his party a habit of rebellion and insurrection," Mr. Leonard said. "That is not the way he wants to start his new government."

The political stagecraft was evident even in the choice of a school as backdrop for Mr. Blair's announcement, because Mr. Blair wants to be seen not just as a warrior but also as a leader who enhanced public services like schools, policing and health care.

For his part, Mr. Brown, less charismatic than Mr. Blair, has been a Labor Party stalwart throughout his political life, taking credit as finance minister for a remarkable era of economic growth.

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His main contacts with American politicians have been with Treasury Department and banking officials on issues like reducing third-world debt and managing shocks to the global economy. Closer to home, in Europe, he has been more of a euro-skeptic than Mr. Blair, opposed to joining the euro single currency.

At the same time, he has tried to build an image as a champion of the poor.

Last April, he visited Africa — paying a call on Nelson Mandela and posing for photographs with children in shanty towns — apparently to soften his public persona as a dour and austere "Iron Chancellor," a closet old-school socialist bent on taxing the middle classes to redistribute wealth.

The crisis this week has been building since the election two years ago, and sharpened over the summer when Mr. Blair rejected calls from Labor legislators to support a quick cease-fire in Lebanon, preferring to endorse American and Israeli policies.

Then, last Friday, Mr. Blair gave an interview to The Times of London, telling his critics to stop "obsessing" over his departure, which outraged Mr. Brown's allies. On Wednesday, Mr. Brown and Mr. Blair had a private meeting described in some newspaper reports as a shouting match. But by Thursday both men seemed to calculate that they needed to back away from a showdown that would have damaged them both.

Moreover, continuing political warfare could deepen Labor's unpopularity in advance of regional elections next May. A full national vote, to decide which party would run the government, is scheduled for 2010 at the latest.

Mr. Blair took power in 1997 on a wave of euphoria that built as he struck the 1998 Northern Ireland peace agreement and, with Mr. Brown running the economy, opened the country to a remarkable period of low unemployment and low interest rates.

In foreign affairs, he built a close relationship with President Bill Clinton and took a prominent role in the Kosovo war. He won another landslide in June 2001.

But it was on Sept. 11, 2001, that Mr. Blair's premiership changed. He became a close ally of President Bush, first in the Afghanistan war and then in Iraq — a war that was deeply unpopular among many Britons, including Muslims, who argued that the vision of British troops fighting in Islamic countries as allies of the United States exposed the country to terrorist attacks.

In the last national elections in May 2005, Mr. Blair won again but with a much reduced majority, after campaigning with Mr. Brown at his side to shore up his support. The vote was the first time a Labor leader had won a third straight victory.

At the same time, Mr. Blair lost the trust of many Britons because he insisted that the invasion of Iraq was needed to counter an imminent threat from Saddam Hussein's weapons of mass destruction, though no such weapons were found.

At home, his administration has been dogged by scandals in recent months relating to campaign financing and the personal behavior of some of his ministers.

As he seeks to emerge from the current crisis, Mr. Blair risks being seen as losing authority, not just at home but also abroad. He is planning a visit to Israel, Lebanon and the Palestinian territories in the next few days but, reports from the West Bank said on Thursday, Palestinians are reluctant to welcome him because of his refusal to seek an early cease-fire in the Lebanon war.

Another Tilt In The Uneasy Partnership Atop Britain's Governing Party (NYT)

By Sarah Lyall

The New York Times, September 8, 2006

LONDON, Sept. 7 — The most arresting political image to emerge here this week was not a picture of Prime Minister Tony Blair, who on Thursday clung to his job by announcing — sort of — when he planned to leave it. It was a photograph of Gordon Brown, the chancellor of the exchequer, driving away from an earlier meeting with Mr. Blair, an enormous grin across his normally glum face.

When it comes to the complicated, rivalrous and ever-changing relationship between the once-sprightly prime minister and the buttoned-up chancellor, the smile said it all. Theirs is a zero-sum partnership: the story of Mr. Blair's slow downward slide is every bit the story of Mr. Brown's dogged ascent.

It is also a story of two people who by all accounts cannot stand each other but have remained together nonetheless. "They hate each other — really, madly, deeply," said William Keegan, the author of "The Prudence of Mr. Gordon Brown." "It's been a peculiar bad marriage." If so, the two have stayed a couple not for the sake of the children, but for the sake of a government they both want desperately to run.

The unraveling of what was once a solid personal and political alliance is generally accepted to have begun in the summer of 1994, when the two had dinner at Granita, a restaurant in north London. Neither has revealed what exactly was said, but the result was that Mr. Brown agreed to remove himself from the Labor Party leadership race, clearing the way for Mr. Blair.

In return, Mr. Blair promised to give Mr. Brown a big role in any future Labor government and then eventually to step aside, allowing Mr. Brown to take his place as party leader and, presumably, prime minister.

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But it turned out to be a devil's bargain. "It was a huge mistake to do that deal," the writer Geoffrey Wheatcroft, who is close to members of Mr. Blair's inner circle, said of the 1994 pact.

"Blair should have said, 'You and I are colleagues, and we both want to be leader of our party, and the only way for us to clear the air would be for us both to run,' " Mr. Wheatcroft said in an interview. "Brown would have been badly beaten by Blair, and it would have enormously changed the relationship. Blair wouldn't have felt beholden, and Brown wouldn't have felt betrayed."

At first, Mr. Blair seemed to be on track to keep his end of the deal. He made Mr. Brown the chancellor of the exchequer, or treasury secretary, handing him extraordinary autonomy and power. Mr. Brown has secured his position — and bolstered Mr. Blair's sometimes sagging political authority — by presiding over an unusually prosperous period of low inflation, low interest rates and low unemployment.

But the years have passed and Mr. Blair has stayed on and on, and Mr. Brown has had to wait and wait.

"Blair has broken a number of promises," Mr. Keegan said in an interview. "He gave Brown the impression that he'd stand down after his second term, and now he's in his third term. Brown feels he has been let down far too often."

Outwardly, the two men have put on an intermittent show of grudging solidarity. After Mr. Brown's supporters made it clear that he was annoyed at being left out of strategy sessions in the 2005 elections, for instance, the pair appeared together on the campaign trail. At one stop, Mr. Blair ostentatiously treated Mr. Brown to an ice cream cone.

On Wednesday, Mr. Brown broke his eloquent silence on the matter of Mr. Blair's leaving, saying the prime minister had to decide for himself when to go. Yet his statement was a master class in the art of damning with faint praise. Mr. Brown said that he and Mr. Blair "had worked together for 20 years, and we have done so in difficult times as well as in very good times," but the reality was that they had often fought behind the scenes, not only over the leadership issue but also over matters of policy.

Mr. Blair was eager, at first, to call a referendum on whether Britain should join the single European currency and trade its pounds for euros; Mr. Brown put an end to that idea. Mr. Brown unsuccessfully opposed Mr. Blair's plan to charge tuition to college students, but then showed his loyalty by helping Mr. Blair win enough votes to pass the measure. Mr. Brown has thwarted some of Mr. Blair's more expensive proposals to pour money into public services like education and health care, a cornerstone of the Blair premiership.

Personally, their styles are miles apart. Mr. Blair exudes telegenic eagerness to please and touchy-feely, facile candor. Mr. Brown has the sort of opaque, heavy-going personality that sends columnists competing to find new outlandishly unflattering metaphors. (The historian Peter Hennessey once described him as having "the social skills of a whelk.")

Although he has lately presented himself with more of a human face — having his teeth fixed so that they are even and brightly gleaming, publicly issuing a cozy photograph of himself and his wife, Sarah, with their two small children (she gave birth to the second this summer) — Mr. Brown hardly exudes the charm of a Bill Clinton, or even a Jimmy Carter.

Mr. Wheatcroft said Mr. Blair and Mr. Brown were barely on speaking terms. "Brown never calls Blair; Blair has to call him," he said.

The writer and columnist Robert Harris, who traveled with Mr. Blair during the 1997 election campaign and is close to several of Mr. Blair's backers, said that rumors of the demise of the Brown-Blair friendship had not been exaggerated.

"He's an implacable machine politician who despises Blair because, he thinks, the lesser man got the job that's rightfully his," Mr. Harris said in an interview. "I think he's been seething with resentment ever since."

It was not always this way. The two entered Parliament together in 1983, sharing an office and forging a friendship in the midst of political adversity. Margaret Thatcher's Conservative Party was in power; the Labor Party was a marginalized, squabbling force, riven by internecine disputes between the old-style left and a modernizing new guard.

Young, energetic and practical, the two were part of the new order. When John Smith, then the party leader, died suddenly at the age of 55 in May 1994, both Mr. Blair and Mr. Brown were considered natural candidates to be his successor.

Two months later, and after the fateful dinner at Granita (which has since closed), Mr. Blair won the contest over John Prescott, who was made deputy party leader.

Over the years, the two men have avoided criticizing each other publicly, conducting their arguments through proxies and through strategic leaks to the newspapers. Alistair Campbell, the former chief spokesman for Mr. Blair, did not endear himself to Mr. Brown when, in 1998, he reportedly described him as "psychologically flawed."

Mr. Brown remains an enigma, particularly on matters of foreign policy. He spends his summer vacation on Cape Cod, but whether he would continue Mr. Blair's close association with President Bush is anybody's guess.

"It's a complete mystery," Mr. Harris said. "Whenever an international crisis has come along, he's kept his head down. We really have no idea of his views on the war on terror, the invasion of Iraq, Israel's invasion of Lebanon.

"He's the unknown prime minister."

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Blair Says He Will Step Down Within 12 Months (WP)

By Kevin Sullivan And Mary Jordan

The Washington Post, September 8, 2006

LONDON, Sept. 7 -- Prime Minister Tony Blair, who has led Britain for nearly a decade through economic prosperity and the pain of war, announced Thursday that he would resign within 12 months.

Battered by diving public approval ratings and an increasingly acrimonious feud with his presumed successor, Chancellor Gordon Brown, Blair appeared stunned at the fevered demands in recent days that he make clear when he would step down. On Wednesday, eight junior members of his administration quit, the latest members of his party to say publicly that Blair has become a liability for them at the polls.

"The first thing I'd like to do is to apologize, actually," Blair said during a visit to a London school, adding that the Labor Party's public spat in the past week "has not been our finest hour."

"What is important now is that we understand that it's the interests of the country that come first and we move on," he said. Then, addressing what he called "my timing and date of departure," he said he would not be Labor's leader when it held its 2007 annual conference. That means he will leave at some point before this time next year.

"I think the precise timetable should be left up to me," he said. With an uncharacteristically weary look for a man famous for his ear-to-ear smile, Blair added, "I would have preferred to do this in my own way."

It was a muffled, small beginning to the final chapter of a historic premiership. Since his party's landslide election in 1997, Blair, 53, has outlasted every other major European leader in office and become one of the world's most recognized statesmen.

It was unclear if Blair's announcement would satisfy his critics.

"Some of Gordon Brown's supporters no doubt hold the view that since Blair has said he is going, the best thing is to get it over and done with," Karen Buck, a Labor member of Parliament who is close to Blair, said in an interview.

"He has been without doubt the most successful leader Labor has ever had in terms of winning elections," she said, citing gains in the economy, health services and education. But Blair's support of the Iraq war and his reluctance to call for an immediate cease-fire during the Israel-Hezbollah conflict in Lebanon, which many people here saw as another siding with Washington, "have been a major factor in undermining party support for him," she said.

While most West European leaders opposed the U.S. invasion of Iraq, Blair argued passionately that Saddam Hussein possessed weapons of mass destruction and was an imminent threat. When those claims were discredited, Blair's popularity here suffered severely. In a YouGov poll in July, only 27 percent of respondents said they were satisfied with Blair's job performance.

Despite the political cost, Blair has remained an unwavering spokesman for the Iraq war and has committed thousands of British troops to Afghanistan as well. "The Iraqi and Afghan fight for democracy is our fight," he told an audience in Los Angeles last month. "Same values. Same enemy. Victory for them is victory for us all."

The next general election must be held by 2010 at the latest. When Blair steps aside, Labor members will vote for a new leader. If Brown is selected, as is expected, he will automatically become prime minister as the head of the largest party in Parliament. Although he has effectively been the second-ranking official in the country for more than nine years, Brown's supporters want him to have enough time to prove his command of the top job before facing David Cameron, leader of the Conservative Party, in the general election.

Buck said she believed Blair would leave next May and hoped that other party members would not squabble over "a few months here or there."

Blair has won three consecutive elections and served longer than any other prime minister since 1827, except for Margaret Thatcher.

But the scene outside the school where Blair spoke Thursday highlighted his recent unpopularity. While teachers and some students applauded, others joined a noisy antiwar protest. Some held up a four-foot-high model of a dog biscuit as a gift for "Tony the Poodle," a reference to what many Britons see as his blind obedience to President Bush.

Blair's popularity has also plummeted because of problems closer to home. Many Britons blame his policies for what they see as an excessive flow of immigrants into Britain over the past 10 years. A police investigation into Labor's campaign financing and sex scandals involving leading members of his cabinet also hurt his reputation.

"And lots of people are just tired of him," said Iain McLean, a professor of politics at Oxford University. Tired, he said, of a Blair who pursues policies, at home and abroad, as if he were on "God's mission to put the world right."

"I certainly welcome what he said," said Mark Tami, a Labor member of Parliament who resigned Wednesday from Blair's government. But Tami said Blair would soon need to be more specific about his resignation date. "Over the next several weeks we will be able to tell if the uncertainty over his departure has ended," he said.

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The seeds of Thursday's statement were sown in October 2004, when Blair made two announcements in an interview with the BBC: He would go into the hospital the following day for a minor heart operation, and his third term as prime minister would be his last.

Blair has faced questions ever since about exactly when he would go.

Brown, 55, the prime minister's old friend and increasingly bitter rival, said Thursday that Blair had put the country in a "unique situation" by saying "he does not want to lead our party and our government into the next general election." While many analysts said they believed Brown helped orchestrate a virtual coup against Blair this week, Brown's supporters denied that.

"When I met the prime minister yesterday, I said to him -- as I've said on many occasions, and I repeat today -- it is for him to make the decision" about when to step down, Brown told reporters during a visit to his native Scotland. "I said also to him . . . that I will support him in the decision he makes."

Although Brown is the most likely successor, other top Labor officials, including Home Secretary John Reid, could mount a challenge.

Brown, the rumpled, bear-like son of an austere Scottish preacher, is a serious, brooding policy wonk far different from the flashy, telegenic Blair. But his foreign and domestic policies would be similar to Blair's, said Tony Travers, a government specialist at the London School of Economics.

As Britain's longest-serving chancellor of the exchequer, Brown has been widely credited with disciplined stewardship of financial policy. Citing years of strong growth, low inflation and low unemployment, Travers said: "You can't argue with the figures. It's an extraordinary achievement."

Just before he was whisked away in his dark green Jaguar on Thursday, the man who presided over the transformation of gray Britain into "cool Britannia" seemed to be pleading for his enemies to stop plotting his demise. "We can't treat the public as irrelevant bystanders in a subject as important as who is their prime minister," Blair said.

British gamblers, meanwhile, are wagering vast sums on his departure date. "It's not very becoming," Travers said. "Say what you like about the American system, but you know when the president's going."

Blair's U-turn Puts His Authority In Jeopardy (FT)

By James Blitz

Financial Times, September 8, 2006

Tony Blair suffered a political humiliation on Thursday. One week ago, the prime minister declared he would not provide a timetable for his departure from Number 10, warning people to "stop obsessing" about his exit plans. On Thursday, after a revolt by Labour MPs, he performed a complete U-turn, publicly stating he would leave Number 10 within 12 months.

For Mr Blair, this is a major reverse. The question now is whether he retains enough authority to stay in office for another nine months, as he would seem to wish. Or will the humiliation simply get worse from here, forcing him out of Number 10 even earlier?

As expected, Mr Blair provided no precise date for his departure. But after discussions with Gordon Brown on Wednesday, the chancellor's allies say there is a rough understanding between both men on when Mr Blair will go. This forms the basis of an uneasy and informal truce between the two.

Mr Brown's allies believe Mr Blair will announce next February that he will step down one day after the May 3 regional assembly elections in Scotland and Wales. The Brown camp believes Mr Blair's formal resignation on May 4 will trigger a six-week Labour leadership election. This will almost certainly culminate in Mr Brown's entry into Number 10 in mid-June.

For the Brownites, this timetable is acceptable. It would give Mr Brown a six-week period between mid-June and the summer recess when the new prime minister can hope to make a serious political impact. But while both Mr Blair and Mr Brown may now be committed to this timetable, neither can be completely certain about what the next nine months will bring.

First, can Mr Blair really last until next summer? Many would now bet he will not. Scottish and Welsh MPs remain uneasy about how the assembly elections will go. If Labour declines further in the polls over the next few weeks, MPs fear that Labour will lose control in Wales, and get a serious drubbing in Scotland.

In this situation, Scottish and Welsh MPs, and possibly some of the party's grandees, may go to Mr Blair and tell him that, in order to boost Labour's election prospects, he must go much more quickly than he would like.

Mr Blair's remaining time as premier may be short-circuited by other factors. Now that he has made clear he will be gone by next summer, cabinet ministers and civil servants will increasingly defer to Mr Brown. The business of government may even dry up altogether. The prime minister is still set on securing a new settlement on Northern Ireland. But it is unclear what else he wishes to achieve in the time left to him.

For Mr Brown, meanwhile, this week's events may yet amount to a pyrrhic victory. The chancellor ends the week clutching a "bankable" assurance from Mr Blair that he will be gone by next May.

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However, Mr Brown has been damaged by allegations that he forced the prime minister into a humiliating retreat after instigating a coup. Such claims may yet undermine the chancellor's election prospects.

Over the next few months, Mr Brown wants to see off possible leadership challengers by boosting his own authority. He wants Mr Blair to enter into a "dual premiership", in which both men are seen to be running the government. He wants Mr Blair to disown former ministers who want to tie the chancellor down on future policy. In short, he wants Mr Blair to anoint him as the new leader.

But Mr Blair, whose advisers clearly believe in the coup allegations, is now less likely than ever to make such a concession to his chancellor. In the meantime, the sudden surge of antipathy to Mr Brown may now drive other potential challengers into action.

Charles Clarke, the former home secretary, has made some striking attacks on Mr Brown in recent days. Mr Clarke has never ruled himself out of running for the top job. Many MPs will note how Mr Blair, at this poignant moment in his premiership, was yesterday flanked by another potential challenger, Alan Johnson, the education secretary.

This has been a momentous week for Tony Blair and Gordon Brown. Both now enter the final chapter of a historic, successful but acrimonious relationship. It is in both their interests that the final nine months of Mr Blair's premiership end in an orderly handover of power. The risk is that it will end in an ugly rout.

Blair Won't Set Specific Date For Exit (AP-Y)

By Beth Gardiner

AP, September 8, 2006

Prime Minister Tony Blair, his reputation in Britain badly damaged by his refusal to break ranks with President Bush, gave in Thursday to a fierce revolt in his Labour Party and reluctantly promised to quit within a year.

Blair, whose popularity began sinking when he committed his nation to the U.S.-led war in Iraq three years ago, had long resisted calls to publicly set a timeframe for his departure from office. He feared such an announcement would make him a lame duck and sap his remaining authority.

But ultimately, the foreign leader best known to Americans could find no other way to end days of public turmoil that were severely damaging Labour, which has been in power for nearly a decade but now trails the opposition Conservatives in the polls.

"I would have preferred to do this in my own way," Blair said, as he conceded that the party's annual conference this month would be his last. Next year's conference is scheduled for September 2007.

He refused to set a specific departure date, saying, "The precise timetable has to be left to me and has to be done in the proper way."

Blair appeared to have struck a deal with his expected successor, Treasury chief Gordon Brown, who signaled his support in a statement minutes before Blair spoke to television cameras at a north London school.

The key question is whether the prime minister's exit strategy will be detailed and speedy enough to satisfy the impatient Labour legislators who forced his hand.

Early signals were that it would buy the 53-year-old Blair time — but not much. He's eager to reach the 10-year anniversary of his 1997 assumption of office, which would be in May.

White House spokesman Tony Snow said Blair and Bush still had a lot of work to do together.

"He's a valued ally," Snow said. "And at this point, we're not sitting around writing encomia for Tony Blair. We're instead busy working with him."

With the outbreak of the Iraq war in 2003, Blair began to lose the iron control he once exercised over his party.

Long derided by critics as the U.S. president's "poodle," he suffered a further blow at July's G-8 summit in St. Petersburg, Russia. An open microphone caught a chat in which he seemed embarrassingly subservient to Bush, who greeted him by shouting "Yo, Blair!"

Anger over his handling of this summer's Mideast fighting and anxiety over the party's slide in the polls fueled the rank-and-file's impatience for him to leave quickly, or at least to say when he planned to go. Blair's refusal to call for an early end to the Israel-Hezbollah fighting in Lebanon was the final provocation for many once-loyal supporters.

It served as yet another reminder of his close alliance with Bush — a friendship widely detested within the Labour Party — and stirred bitter memories of Blair's decision to commit Britain to the Iraq war despite intense public opposition.

That conflict is the root of his political problems, and continued bloodshed in Iraq keeps it in the headlines. The war has severely damaged his credibility and was widely seen as the reason Labour suffered a sharply reduced majority when he led it to a third straight election win last year.

Blair promised before that vote that he would not seek a fourth term.

A resurgent Conservative Party with a dynamic young leader, David Cameron, has added recently to his woes.

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Cameron, benefiting from Labour's troubles, said the government was at war with itself.

"What's happened today isn't going to end the uncertainty," he said in a statement. "It will probably only add to the paralysis. And frankly Britain deserves better than this."

Brown's statement, though, seemed aimed at showing Labour remained united.

Opening a children's sports tournament in Glasgow, Scotland, Brown said that although he has had questions about Blair's plans, he would support his decisions.

"When I met the prime minister yesterday I said to him ... it is for him to make the decision," said Brown, who looked relaxed and cheerful. "I will support him in the decisions he makes."

Chris Bryant, who organized a letter in which 15 Labour lawmakers called this week for the prime minister's resignation, said he was encouraged.

"I hope we can get on with an open and transparent process of appointing our new leader sooner rather than later," he said.

Eight junior officials quit Wednesday rather than remove their names from the letter.

Their revolt had raised the possibility that Labour's eventual change of command would be rancorous and messy — reminiscent of Margaret Thatcher's abrupt, involuntary departure from office in 1990 at the hand of rebels in her Conservative Party — rather than the "stable, orderly transition" that Blair has long promised.

The prime minister apologized on Labour's behalf for the tumultuous week, which also reportedly included shouting matches with Brown.

"With everything that's going on here and in the world (it) has not been our finest hour," Blair said.

The two men, now fierce rivals, jointly overhauled Labour in the 1990s, dragging it to the political center and making it electable again after 18 years in opposition.

Political legend says they struck a deal about the party's future at a chic north London restaurant shortly after then-leader John Smith died suddenly in 1994. Brown would stand aside and give Blair a clear shot at the top job, the gossip goes, if Blair committed to step down midway through a second term as prime minister and let his old competitor take the job.

Both have refused to comment on the rumor, but more than a year into Blair's third term Brown and his allies were clearly growing impatient.

Eager to prevent the eventual handover from getting even uglier — and throwing the elections expected in 2009 to the Tories — many party heavyweights strongly backed Brown as the next Labour leader and prime minister.

"I have no doubt that when the time comes next year, the party will choose Gordon to succeed Tony — and it's right that he should," said Peter Hain, Blair's secretary for Northern Irish affairs.

Theories about the exact timing for a leadership change abound.

Speculation focused on May but Blair's spokesman said widespread guesses about a specific date were "just plain wrong."

British governments usually serve maximum five-year terms before the House of Commons must face re-election. The prime minister is almost always the leader of the party that commands a parliamentary majority.

But an election can happen more quickly — either because the prime minister loses majority support in the Commons, or chooses to call an early election in hopes of increasing the government's majority. If a prime minister resigns or dies, an election is not required; the new leader of the governing party can become prime minister if backed by a Commons majority.

Brown, 55, keeps a low public profile.

Politically, he has been described as a brilliant thinker who has kept a steady hand on Britain's previously fickle economy in his role as Treasury chief and masterminded Labour's landslide election wins in 1997 and 2001.

But he lacks Blair's gregarious nature and polish and some Labour supporters worry he won't score as well with voters.

Blair Vows To Go Within Year, In Bid To Calm Crisis (AFP-Y)

By Prashant Rao

AFP, September 8, 2006

British Prime Minister Tony Blair vowed to resign within a year, in a drastic bid to calm a crisis threatening his government, but doubts remained whether he had quelled the protests.

While seeking to clarify his position, the embattled leader, who has repeatedly refused to discuss his exit plans, refused to name a specific departure date.

Blair, who will mark 10 years in power next May, was forced to break his silence after two days of high political drama which saw eight junior government members quit.

"The next party conference in a couple of weeks will be my last as party leader," he said, implicitly confirming reports that he will stand down before September 2007, when next year's Labour Party conference will be held.

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"I'm not going to set a precise date now, I don't think that's right. I will do that at a future date and I'll do it in the interests of the country and depending on the circumstances of the time."

In an apparent joint attempt to ease tensions, the country's finance minister Gordon Brown -- widely tipped as Blair's successor and alleged by some to have orchestrated a "coup" against him -- said he would stand by whatever decision Blair took.

And, speaking shortly before Blair, he insisted that there had been no deal between the two men.

"This cannot and should not be about private arrangements, but what is in the best interests of our party and most of all the best interests of our country," he said.

After Blair's statement Brown made no comment -- but a key Brown ally voiced skepticism.

"It does not seem to me that the public know any more about the prime minister's retirement plans," said Labour lawmaker Doug Henderson.

The issue of when Blair will go has dogged his leadership for nearly two years. In 2004 he said he would not stand for a fourth consecutive term of office but did not say when he would hand over power.

The next general election is due in May 2010 at the latest.

Speculation over dates has been rife for days. On Thursday, Sky News television said Blair would stand down as party leader on May 4 -- immediately after nationwide local elections -- and then as prime minister on June 15.

But a Downing Street spokesman poured cold water on such suggestions. "Some of the speculation I have seen in the last few hours is just plain wrong," he said.

A poll on Thursday, however, showed that 59 percent of Labour Party members want Blair gone before Scottish, Welsh and local council elections in May.

Brownite supporters are believed to fiercely oppose a transfer of power anytime from May onwards -- in particular saying that taking office in June or July would mean their crucial first 100 days would end right in the middle of the summer break.

Thursday's interventions by Blair and Brown followed a day of turmoil in Labour's ranks -- dubbed Blair's "Black Wednesday" by some -- in which a junior minister and seven official aides quit, demanding Blair's urgent resignation.

The fast-moving developments -- for some recalling the way prime minister Margaret Thatcher was brought down by her Conservative Party in 1990 -- came after The Sun newspaper reported that Blair planned to quit the premiership in July.

On Wednesday, Brown and Blair reportedly clashed head-on, with Brown demanding that Blair resign quickly enough for his successor to be in place by May, which the prime minister dismissed as "totally unreasonable".

The Sun said Brown also demanded that Blair publicly endorse Brown's leadership bid, and instigate a system of "co-decision" under which Brown would be able to veto key policy decisions until Blair's successor was in place.

The two apparently engaged in a shouting match, and The Guardian newspaper reported that Blair authorised the use of the word "blackmail" by his staff to describe Brown's actions.

It was all part of what was dubbed Labour's "moment of madness" by a long-term close ally of Blair, Peter Mandelson, the European Union trade chief.

"I hope that it will now move on and that the plotting and the shenanigans will be put behind them once and for all. They have got to concentrate on the needs of the country, not themselves," said Mandelson, who was dispatched to Brussels by Blair after twice being dismissed from government in London

The prime minister admitted Thursday that his hand had been forced.

"As for my timing and date of departure, I would have preferred to do this in my own way," he said.

The recent crisis "has not been our finest hour, to be frank," he said. "I think what is important now is that we understand that it's the interests of the country that come first and we move on."

British PM Will Step Down Within A Year (CHIT)

By Tom Hundley

Chicago Tribune, September 8, 2006

LONDON -- Fighting to prolong his political life and preserve his legacy in the face of an escalating Labor Party revolt, Prime Minister Tony Blair announced Thursday that he would resign within a year.

But Blair, whose standing with voters has suffered because of his close alliance with President Bush, refused to set a specific timetable for his departure. And his assurance that this month's annual Labor Party conference would be his last as the party's leader might not be enough to quell the mutiny.

Blair, who just 16 months ago led Labor to an unprecedented third consecutive term in power, sounded slightly bitter and looked uncomfortable when he made his announcement in a northwest London schoolyard.

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He said he would have preferred to orchestrate his departure "in my own way" and insisted peevishly that the "precise timetable has to be left up to me."

The end has not quite arrived for Blair, but Thursday's announcement signals the beginning of the final chapter and most likely a period of uncertainty in which Blair will struggle against the paralysis that comes with being a lame duck.

Few political analysts here believe Blair will last the full 12 months. Most expect he will resign as party leader sometime in May, triggering a six-week leadership battle that Gordon Brown, the chancellor of the exchequer, is expected to win. Blair would then step aside as prime minister in favor of Brown.

Blair and Brown are the co-architects of the New Labor strategy that led the party back to power after 18 years in the wilderness, but beneath a façade of party unity and bonhomie, the two are fierce political rivals.

From the first day that Blair took up residence at No. 10 Downing Street, it was understood that someday he would step aside for Brown, who occupies No. 11. The "when" and "how" of this handover has been one of the enduring subplots of Blair's nine-year premiership.

Blair will undoubtedly go down as one of Britain's most successful politicians, but his approval rating plummeted when he aligned Britain with the U.S. against Iraq and sent British troops to fight in a deeply unpopular war. His unwavering loyalty to President Bush has been viewed with distaste by many Britons.

He was reminded of this Thursday when some students at the school he visited greeted him with anti-war chants and placards that said "time to go." One student held aloft a large replica of a dog biscuit, recalling the frequent jibe that Blair is "Bush's poodle."

When Labor lost ground in the last general election and Blair's approval ratings continued to sag, the question of succession gained more urgency.

Blair tried to put the issue to rest Sunday in a lengthy interview with the Times newspaper in which he said it would be a mistake to set a specific timetable and urged his opponents in the party to "stop obsessing" on the matter.

The interview backfired spectacularly. Instead of mollifying the critics, it galvanized them. Labor backbenchers, many of them worried about their own electoral prospects in the face of polls that show Labor trailing the Conservatives by 9 or 10 points, began circulating letters demanding that Blair set a specific date for his departure.

Things quickly spiraled out of control. By Wednesday one junior minister and seven parliamentary aides had quit in protest and more were threatening to follow. Blair and Brown had had at least one face-to-face meeting that featured a "ferocious shouting match between the two men," according to The Guardian newspaper.

With his party on the brink of civil war, Blair capitulated, but not totally.

"I am not going to say a precise date now, I don't think that is right," he said. "I will do that at a future date and I will do it in the interest of the country and depending on the circumstances at the time."

That appeared to be enough to satisfy Brown, who spent Thursday visiting a sports training ground in Glasgow and made a statement of his own about an hour before Blair spoke in London.

"I want to make it absolutely clear today, that when I met the prime minister yesterday, I said to him—as I've said on many occasions and I repeat today—it is for him to make the decision," said the chancellor, who lacks his rival's charisma.

"I said also to him ... that I will support him in the decision he makes," Brown added, trying hard to give the impression that nothing was amiss between the two.

Bookmakers have installed Brown as the odds-on favorite to succeed Blair as the party's leader, but others are expected to join the contest. Brown has had little to say on foreign policy, but it is likely that whoever succeeds Blair will try to distance himself from Bush.

Several scenarios for Blair's departure have been circulating among political insiders. One has him resigning the party leadership in early May, allowing Brown to move into No. 10 by mid-June. This has apparently met with Brown's approval.

Another proposal pushes the date back to the end of May, meaning Brown would not take over until the middle of July, when parliament is in recess. Brown has reportedly rejected this.

But some of Brown's supporters suggest Blair should go much sooner—before the end of this year or early next year at the latest.

Jeremy Corbyn, a member of Parliament from north London and a frequent critic of both men, echoed the suspicions of many when he suggested that Blair and Brown had made a deal "and we're not going to be told what the deal is."

Senior Labor Party figures busied themselves trying to restore peace. Peter Mandelson, the EU trade commissioner, told the British Broadcasting Corp. that the party has gone through a "moment of madness" over the last week. "I hope it will now move on and that the plotting and the shenanigans will be put behind them once and for all," he said.

Conservatives, who went through a similar internecine bloodletting when Margaret Thatcher was ousted by her senior ministers, were content to sit back and enjoy what their leader, David Cameron, cheerfully described as Labor's "meltdown."

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Blair Says He'll Step Down As British PM Within A Year (USAT)

By Jeffrey Stinson

USA Today, September 8, 2006

LONDON — British Prime Minister Tony Blair, the U.S. government's closest ally on Iraq and the war on terrorism, said Thursday that he would leave office within the next year.

Blair's announcement was a rejection of new calls from rebel members of his ruling Labor Party to quit immediately as party leader and prime minister. He refused to say exactly when he would step aside so his likely successor, Finance Minister Gordon Brown, could move into the job before 2010 national elections.

"I'm not going to set a precise date now," Blair said. "I don't think that's right. I will do that at a future date, and I'll do it in the interests of the country."

Blair did say, though, that the Labor Party's national conference later this month would be his last one as party leader. That means that he no longer would head the governing party — or the government — at the conference a year from now.

Blair's statement came a day after some junior members of his government quit to protest the prime minister's refusal to set a departure date. They fear Blair's unpopularity could hurt the party going into local and regional elections next May.

Blair's popularity has slid and Labor has fallen behind the rival Conservative Party in the polls in response to government scandals; a failure to address domestic problems, including health care, education and crime; and Britain's support for the war in Iraq. In the latest Ipsos MORI Political Monitor, Labor trailed the Conservatives 32% to 36% among voters. Liberal Democrats were preferred by 24% in the July 20-24 poll of 2,019 adults.

Brown, whose allies have pressed Blair to give a timeline for relinquishing his leadership, said earlier Thursday that he would support Blair's decision.

Experts on U.S.-British relations expect no dramatic shifts in policy if Brown takes over, as expected, next year. But there could be a change in tone. "It will not be a Love Actually moment," says Robin Niblett, head of the Europe program at the Center for Strategic and International Studies, a Washington think tank — a reference to the 2003 movie starring Hugh Grant as a prime minister who repudiates U.S. policies.

Geoffrey Kemp, a Middle East expert at the Nixon Center in Washington, says Brown will face "enormous pressure from his party to show some distance from (President) Bush, particularly on Iran and Israel."

The U.S.-British relationship already has suffered as Blair has lost popularity, says Charles Kupchan, a Europe expert at the Woodrow Wilson International Center for Scholars. He says Bush "doesn't look to Blair to carry water like he used to" and has turned instead to German Chancellor Angela Merkel.

Brown's ties to the USA, however, are considerable. He has vacationed in Cape Cod, Mass., and given speeches in New York. Niblett says Brown is close to former Democratic presidential economic advisers such as Robert Rubin and Lawrence Summers. And top Brown aides were educated in the USA.

Robert Tuttle, U.S. ambassador to Britain, said Thursday he had met with many of Blair's possible successors, including Brown. He said all assured him of their "deep commitment to the special relationship" between the two countries.

Blair Promises To Step Down Within A Year (LAT)

By Kim Murphy

The Los Angeles Times, September 8, 2006

LONDON — Prime Minister Tony Blair temporarily defused the biggest political crisis of his administration today by pledging to step down within the next 12 months, deflecting demands for an earlier departure that had threatened to throw his party into turmoil.

In a show of the political dexterity that has allowed him to preside over nearly a decade of turbulent British politics, Blair refused to set a precise timetable for concluding his reign over the Labor Party and forced challenger Gordon Brown to back down, at least publicly, or risk fatally damaging the party's prospects in the next elections.

"What is important now is that we understand that it is the interests of the country that come first, and we move on," Blair said.

While he will not be leading the next Labor Party conference in September 2007, he said, "I'm not going to set a precise date now. I don't think that's right. I will do that at a future date, and I will do that in the interests of the country, and depending on the circumstances of the time."

Brown, the treasury chancellor, has been in line to succeed Blair as Labor Party chief and reportedly had urged Blair to commit to stepping down as early as March. But he appeared to give up on a public confrontation and instead announced that the decision was Blair's to make.

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"I want to make it absolutely clear today that when I met the prime minister yesterday, I said to him, as I have said to him on many occasions, and I repeat today, that it is for him to make the decision," Brown said.

"I said also to him, and I make clear again today, that I will support him in the decisions he makes," he added. "We continue to work together because we share a determination, both of us, that we will advance and get down to the business of a Labor government and doing our best by the people of the country."

The two low-key statements — Blair looked calm, if a bit dejected, Brown appeared resigned — followed days of near paralysis in London as the media focused on the tense meetings between the two men playing out behind closed doors on Downing Street.

British newspapers described the discussions as "hostile" and "appalling." The Blair camp accused Brown and his supporters of "blackmail" and a "coordinated coup attempt," according to the Guardian newspaper.

Despite Brown's apparent unwillingness to fight it out in public, it was not clear whether Blair's other critics within the Labor Party are equally ready to back down.

"I don't think it took us any further at all," Labor lawmaker Graham Stringer said of Blair's 12-month timetable in a statement to the BBC.

The only thing that will stabilize the situation "is to have a straightforward, open and honest leadership election between Gordon Brown and whoever will stand against him," Stringer said.

Rights Group: Sudan Bombing Civilians (AP)

By Henry Meyer

AP, September 8, 2006

The Sudanese government is indiscriminately bombing civilian-occupied villages in Darfur, a human rights group charged. France on Thursday raised the idea of sending U.N. peacekeepers to the war-torn region even without Sudanese permission.

U.N. resolutions calling for the peacekeeping mission say they must be deployed with the consent of Khartoum, which has staunchly rejected any U.N. troops.

But French Foreign Minister Philippe Douste-Blazy hinted that deploying anyway should be considered.

"Do we go there, in spite of them?" Douste-Blazy told a Paris news conference. "That's not on the table, nobody has asked the question like that. But it's a real question."

Sudanese government forces on Aug. 28 launched a major offensive believed to involve thousands of troops backed up by bomber aircraft and helicopter gunships in a bid to flush out rebel strongholds in the troubled western region.

Human Rights Watch said that sources report flight crews rolling bombs out the back ramps of their Soviet-made Antonov aircraft, a means of targeting rebels that was often practiced by government forces in their 21-year civil war with rebels in southern Sudan.

This method is so inaccurate that it cannot strike at military targets without a substantial risk of harm to civilians, the New York-based rights group said in a statement posted on its Web site late Wednesday.

According to international observers in northern Darfur, where the offensive is taking place, a woman was killed and seven children wounded last week in Hassan, about 3 miles southeast of Kulkul, when a bomb was dropped on her house, the rights group said.

An understaffed and cash-starved African Union force of 7,000 peacekeeping troops has been unable to halt the violence in Darfur, a vast region the size of France, since a conflict began in 2003 between the Arab-led government and ethnic African rebels.

However, Sudan earlier this week said it would expel the African Union peacekeepers if they insist on transferring their mission to the United Nations after an AU mandate expires at the end of the month.

France's Douste-Blazy urged Sudan to accept the U.N. force and said he planned to visit the troubled region and meet with Sudanese officials soon.

But a top Sudanese diplomat Thursday denounced the proposed U.N. peacekeeping force.

"What would be occupation if this is not an occupation?" Sudanese State Minister for Foreign Affairs Ali Ahmed Kerti told reporters in Cairo. "What would be deprivation of sovereignty if this is not deprivation of sovereignty?"

More than 200,000 people have died from war and starvation and 2.5 million have been displaced.

US Senate Bill Would Create No-fly Zone Over Darfur (AFP)

AFP, September 8, 2006

A leading Democratic senator submitted a resolution calling for the appointment of a special US envoy to Sudan and the creation of a no-fly zone in the country's violence-wracked Darfur region.

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"The situation in Darfur has spiraled out of control. Since the signing of the Darfur Peace Agreement on May 5, violence has increased exponentially," said US Senator Joseph Biden.

"Fifty thousand people have been displaced in the past two months. Two hundred women have been raped over the past five weeks -- two hundred more have been violently assaulted," Biden said. "We cannot stand by and let further tragedy unfold."

Biden said the international community must also step up and apply renewed pressure on Khartoum.

"The UN Security Council has finally done the right thing by authorizing a peacekeeping force for Darfur. The international community must make clear to the Sudanese government that it will not allow Khartoum to reject the deployment of that force," he said.

Last week, the United States said it had received reports of renewed fighting in the Darfur region, amid warnings in recent weeks that government forces were preparing for a new offensive against rebel groups which refused to sign a May peace deal with the government.

Recent news reports said that government aircraft had been airbombing villages in North Darfur suspected of supporting the rebels, and that thousands of government troops were headed to the region. Armed forces officials have denied bombing any villages.

Biden's resolution urges the international community to impose economic and diplomatic sanctions on the government of Sudan.

It further calls on US President George W. Bush to appoint a special envoy for Sudan, and calls for a special session of the UN Human Rights Council to address Darfur.

The combined effect of war and famine has left up to 300,000 people dead in Darfur and displaced 2.5 million in three and a half years of civil war pitting the Sudanese government and allied militias against ethnic minority rebels.

The United States has described Khartoum's repression of the Darfur uprising that broke out in February 2003 as a genocide.

A peace agreement was signed in Abuja on May 5 by the government and the main Darfur rebel faction. The deal was intended to draw a line on the fighting between the Arab-dominated regime in Khartoum and the ethnic minority rebels.

But two other rebel groups that took part in the talks in the Nigerian capital have rejected the agreement, and violence has continued unabated in Darfur, hampering relief efforts.

Group Hopes To Free Reporter Imprisoned In Sudan (CHIT)

By William Neikirk

Chicago Tribune, September 8, 2006

WASHINGTON -- Hoping to return with imprisoned Chicago Tribune correspondent Paul Salopek, New Mexico Gov. Bill Richardson left Thursday on a plane to Sudan's capital, along with Salopek's wife and Tribune Editor Ann Marie Lipinski.

At a news conference in Albuquerque, Richardson told reporters that he would seek to secure Salopek's release on humanitarian grounds when he meets with Sudanese President Omar al-Bashir in Khartoum. The president formally invited Richardson to come to Sudan, raising hopes for a speedy resolution of the case.

Richardson, who was asked by Salopek's wife, Linda Lynch, and Lipinski to assist in winning Salopek's freedom, sounded an optimistic note.

"We will return whenever we bring him back," he told reporters. Pressed on what he meant by that, he quipped: "My hope is we bring him back before the election. I have other responsibilities. We are going to be very persistent, let me say that."

Lynch, an artist who lives in New Mexico, expressed gratitude to Richardson for his efforts to free her husband. "It is my deepest, most fervent hope that this mission is successful, and that we have him with us on Saturday or Sunday," she said.

Lipinski called Salopek "one of the most humble and distinguished journalists I have ever worked with. He has an amazing ability to really connect with the people he writes about, and there is a stack of letters I hope to show him someday from his readers and people he has written about, asking how they can help."

Salopek, 44, who twice has won the Pulitzer Prize, was arrested Aug. 6. He was formally charged Aug. 26 with espionage, writing "false news," passing information illegally and entering the country without a visa.

Also arrested were his driver, Idriss Abdulraham Anu, and his interpreter, Suleiman Abakar Moussa, both citizens of Chad. Richardson is also seeking their release.

At the time of his arrest, Salopek was on a scheduled leave of absence from the Tribune and was working on a freelance article for National Geographic Magazine. Editors at the Tribune and National Geographic have denied the espionage and other criminal charges, though Salopek has expressed regret for entering the country without a visa, a civil violation.

The three men are scheduled to go on trial Sunday in El Fasher, capital of North Darfur state.

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The Democratic governor, a former United Nations ambassador, congressman and U.S. energy secretary, has helped negotiate the release of detainees in Cuba, North Korea and Sudan. He said Salopek was not a spy and was only doing his job reporting a story on the people, culture and history of the sub-Saharan region.

"I will encourage President al-Bashir to recognize the essential role of journalists and a free press and release Paul and his colleagues on humanitarian grounds," Richardson said.

The governor met the president and the Sudanese ambassador to the U.S. 10 years ago, when Richardson negotiated the release of three Red Cross workers and an Albuquerque pilot held hostage by rebels.

National Geographic Editor in Chief Chris Johns plans to meet the group in Khartoum. Also traveling with Richardson is Calvin Humphrey, a private consultant who has gone on similar missions with the governor.

"This has been a very trying time," Lynch said. She said she has been able to speak almost daily to her husband by telephone and that he has been treated well. "Naturally, none of this replaces having him home."

"We want him at home with his family; we want him back at work," Lipinski said.

Richardson praised Lipinski's efforts in trying to secure Salopek's release. He said he was assisting because Salopek and Lynch are constituents and because his help was requested. But he cautioned that he could not be certain Salopek would be released.

In Washington, State Department spokesman Sean McCormack said Richardson is going to Sudan as a private citizen. He added that the department has called for a speedy and fair judicial process and would like to see Salopek return home as soon as possible.

Russia And U.S. Trade Deal Stalls (AP-Y)

By Martin Crutsinger

AP, September 8, 2006

U.S. and Russian trade negotiators have failed to overcome obstacles in Russia's bid to join the World Trade Organization, raising the prospect that the effort may drag into 2007.

Both sides took tough bargaining positions in public this week. Igor Shuvalov, a top adviser to Russian President Vladimir Putin, said it might be time to suspend the talks because Russia could not make further concessions.

For its part, the Bush administration insists it must reach an agreement that makes significant progress in tackling widespread copyright piracy in Russia and in opening up Russia's market to U.S. exports of agriculture and other products.

Deputy U.S. Trade Representative Karan Bhatia told a music industry group Wednesday that the administration was insisting as part of the WTO membership talks that Russia deal with what Bhatia called "a notorious Web site," that he said was stealing from many U.S. music companies.

"We have made clear to Russia that improved protection for intellectual property is critical to its joining the WTO and we have specifically raised our concerns with allofmp3.com," Bhatia said in a speech to the National Academy of Recording Arts and Sciences.

The U.S. music industry contends the site, which lets visitors download albums for less than $1, is providing pirated material and should be shut down.

Russia, the largest country outside of the WTO, has been trying since 1994 to join the 149-nation group that sets the rules for world trade. However, the talks have been contentious with the United States, the last major country whose approval Russia still needs.

Besides the dispute over protection of U.S. copyrights, the two sides are arguing over Russia's agricultural inspection procedures, which the U.S. believes are rigged to keep American products out of the country. Also still in contention are barriers Russia has erected to keep U.S. service companies including banks from doing business in Russia.

The two countries had hoped to reach an agreement when President Bush was in Russia in July for this year's Group of Eight economic summit. When that effort failed, officials predicted a deal could be reached by October.

However, that goal is also looking increasingly unlikely. Gretchen Hamel, a spokeswoman for U.S. Trade Representative Susan Schwab, refused on Thursday to characterize the status of the talks other than to say, "We are continuing to work."

Private trade analysts said they are growing less optimistic that a deal can be reached this year.

"My best guess is that there will be a delay. It is very similar to what happened in our talks with the Chinese," said Gary Hufbauer, a senior trade analyst with the Institute for International Economics, a Washington think tank.

China joined the WTO in 2001 after a 13-year negotiating effort, with U.S. approval coming last and only after a number of obstacles were cleared away.

Hufbauer said his best guess was that U.S. and Russian negotiators may not reach an agreement until the middle of 2007.

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The Temptation Of Don Felipe (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, September 8, 2006

With so much attention focused on Mexico's disputed presidential election, it's been easy to miss another story in Mexican court which may tell more about the challenges faced by President-elect Felipe Calderón than do the anti-democratic antics of his losing rival Andrés Manuel López Obrador.

We refer here to four injunctions filed in Mexican federal court last month by companies owned by billionaire media mogul Ricardo Salinas Pliego. All four of the actions are against articles in a new securities law that protect minority investors, regulate insider trading, increase disclosure, mandate an all-independent audit committee and give the national banking and securities commission broader supervisory and investigative powers.

Mr. Salinas Pliego's attempt to destroy modern securities legislation in a fledgling democracy is worth paying attention to, as is the latest move in Mexican politics to grant, yet again, special treatment to telecom tycoon Carlos Slim. Both are symptomatic of the culture of privilege that has stifled Mexican growth and left a good part of the country so poor that it bought into the siren song of the authoritarian López Obrador.

Mr. Calderón is now wrestling with the clamor from the elite for more socialism in order to neutralize the radicalized Mr. López Obrador, who has refused to accept defeat. The president-elect has even suggested that he is ready to lean to port as a counteroffensive to his former rival's intransigence. Last month Mr. Calderón said that in order to address cries of illegitimacy coming from AMLO's tent-city protest movement, "from the government, we are going to pass them on the left."

...

This is an alarming development from a president-elect who ran on a platform to make the country fairer, more competitive and more prosperous -- and won. To adopt AMLO's platform of redistributing wealth would not only be a betrayal of those who voted for him. It would also be a recipe for disaster.

Modern economics already widely acknowledges that developing countries need 5-6% annual growth rates for at least a decade to alter the poverty profile. Decades of empirical evidence show that growth, not an expansion of entitlement programs, is what will make Mexicans better-off.

To that end, Mr. Calderón can best defeat the left by spending his political capital going against the country's notoriously anti-competitive cartels. As the World Bank's 2007 "Doing Business" report -- released this week -- notes, he will have the highest chance of success if he pushes reform early in his tenure. If he succeeds, greater competition and transparency will drive down the cost of doing business in Mexico. As the country becomes more attractive to investors, productivity, incomes and government revenues will all rise. The president will then have the resources to help the truly needy.

If Mr. Calderón feels the need to compete with AMLO's rhetoric, he can tell Mexico's poor that, as their champion, he is about to end the culture of privilege that has left them behind. What he must not do, though, is shrink from the confrontation with the titans who think they own Mexico. As Mr. Salinas Pliego is now showing, it won't be easy.

The World Bank report -- which measures the business climate in 175 countries -- applauds the new securities legislation that Mr. Salinas Pliego now hopes to destroy. In the category of "protecting investors," the bank bumps Mexico up 100 places, from a ranking of 133rd in the world last year to 33rd, citing this reform. Mexico's modernizers expect the law to make the country more attractive to investors, both domestic and foreign.

But Mr. Salinas doesn't seem to like oversight. Last year the U.S. SEC filed fraud charges against his company TV Azteca and two of its executives. He denied the charges and took his company out of the U.S., citing "excessive regulation." Last year in Mexico, using his special interest clout, he nearly killed the same legislation relating to minority shareholder protections as it was being born. He also used his television station to attack the integrity of one of the architects of the law. Those efforts failed. Now he's taken the case to court.

Mr. Salinas is not the only Mexican tycoon digging in his heels as Mexico tries to modernize. Telecom magnate Carlos Slim, who still controls 95% of Mexico's fixed-line telephone industry and almost all data traffic, has used the injunction process for years to stonewall deregulation and competition. Without competition, Mexico's telecom costs make the country unattractive to investors, a fact that drives up joblessness and poverty. It partly explains why China is eating Mexico's lunch in manufacturing.

Mr. Slim, who claims to be an advocate for the poor, seems to be pretty good at defending his own agenda. His former employee Pedro Cerisola is now President Vicente Fox's telecom minister and has been allegedly protecting Telmex's interests from inside the executive branch. This week Mr. Cerisola tried to unilaterally grant Telmex rights to the cable television market even though its license does not allow for such a privilege. The decision sparked a heated, public confrontation between Mr. Fox's pro-competition Treasury Secretary Francisco Gil Diaz, who objected to the deal, and Mr. Cerisola. Mexico's competition commission took Mr. Gil Diaz's side.

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Mr. Calderón is not lacking political capital to spend. A poll conducted by Mexico's Reforma newspaper last week showed that if the election were held today, he would win handily with 54% of the vote and AMLO would run a distant second with 30%. That more people are now putting their hopes in Mr. Calderón's modern, civil and democratic vision for Mexico than in Mr. López Obrador's authoritarian path of vengeance is something to celebrate in North America's youngest democracy.

But now Mr. Calderón must allocate that capital to its highest use. Rather than spend it mimicking the messianic militant in the tent, he should make a big down payment on a future assault on privilege.

Mexico's President-Elect (WP)

The Washington Post, September 8, 2006

FELIPE CALDERÓN, who finally was certified this week as the winner of Mexico's presidential election, reacted in just the right way. In his first speech after the unanimous decision of the Federal Electoral Judicial Tribunal upholding his narrow victory, Mr. Calderon focused on what his government would do for the country. "If something demands urgent action and all the power of the Mexican state, it is taking care of millions of families who still live in poverty," said the president-elect. In doing so, he clearly distinguished himself from leftist populist Andrés Manuel López Obrador, who claims to represent the poor but has set himself an entirely different goal: overthrowing the democratic system. "To hell with the institutions" is Mr. López Obrador's new slogan.

If Mr. Calderón keeps focusing on Mexicans' needs while his opponent trumpets his own, Mexico may just get through its political crisis without serious damage. Already many of those who voted for Mr. López Obrador are tiring of his attempt to reverse the results of an election that was clearly free and fair; polls show that if the vote were reheld now he would lose by a far larger margin. Members of Mr. López Obrador's own party ought to be wearying of him, too: After all, the same election he condemns gave them unprecedented gains in Congress as well as control over Mexico City. Some of those who supported Mr. López Obrador's post-election campaign, both in Mexico and in the United States, claimed their goal was to strengthen Mexico's democracy. If so, they now should feel bound to abandon a leader who is openly seeking to overturn that fragile system.

Mr. López Obrador will probably seek to reverse his slide toward irrelevance by provoking violence. He plans to form a parallel government at a rally staged in the path of the military's annual independence day parade next week. Mr. Calderón and outgoing president Vicente Fox, who will serve until Dec. 1, should sidestep such confrontations, as Mr. Fox deftly did last week when Mr. Calderón's supporters prevented him from delivering an annual address to Congress.

Instead, Mr. Calderón should elaborate and make public detailed proposals to deliver on his promise to the poor. These could include an expansion of Mr. Fox's program of providing subsidies to poor families who ensure that their children attend school, and patches in Mexico's spare safety net, especially for the elderly. But Mr. Calderón should also prepare a push for free-market reforms that can enable faster growth: Fixes in Mexico's antiquated labor laws could help create many new jobs. The new president is a relatively uncharismatic man, but one who has shown determination and the ability to overcome political obstacles through intelligence and hard work. He will need those qualities in the months ahead.

Chad Goes Bad (LAT)

The Los Angeles Times, September 8, 2006

CHAD, THE MOST CORRUPT COUNTRY on Earth and one of the poorest, has long represented a serious challenge for those seeking to alleviate Africa's relentless poverty. What is the best way to provide aid to a place where the rule of law is nearly nonexistent and the government entirely untrustworthy? One promising attempt to provide an answer may now be cut short.

Some background. Chad has oil reserves, but oil companies long had little desire to do business in a country with a record of rebellion and corruption (according to a survey by the watchdog group Transparency International, Chad was perceived as the world's most corrupt country in 2005). But after the World Bank put up $200 million, in 2003 a coalition of three oil companies completed a 660-mile, $4-billion pipeline from landlocked Chad through neighboring Cameroon to the Gulf of Guinea.

As part of the investment deal, the government of Chad agreed to put 70% of its oil revenues in an independently monitored account to be used for development projects such as clinics and schools. That was OK with Chad President Idriss Deby three years ago. But with oil prices rising and his grip on power fading, Deby now wants more government control and a bigger piece of the pie.

Last month, two of the three companies that funded the pipeline, Chevron Corp. and Malaysia-based Petronas, were told to leave the country, on the almost certainly bogus allegation that they weren't paying their taxes. Not coincidentally, the order came soon after Chad formed a national oil company to boost government revenues. The third oil company, ExxonMobil Corp., was not asked to leave.

Deby has since toned down his demands, saying only that he wants to renegotiate the deal with the three companies under which Chad gets a meager 12.5% of its oil revenues. For now, the development deal with the World Bank is unaffected.

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But Deby's moves look very much like the opening steps of a plan to nationalize the country's energy industry. That would likely mean an end to foreign investment in Chad, and it displays a blithe disregard for the rule of law, reducing confidence that the government will live up to its development commitments.

Deby is reliant on political and military support from France, and he recently traveled to Paris to meet with President Jacques Chirac. The latter is much more focused on enlisting Deby's help in stabilizing neighboring Sudan than in addressing Chad's oil grab, and Chirac may very well be willing to overlook the matter since it has increased Deby's popular support and could help stabilize his regime. But Chad's president is walking a dangerous path. Chirac should tell him to turn back before it's too late.

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USDOJ- Office of Public Affairs

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

Cheney, Rice Defend Administration's Antiterror Policies 3
White House Seeks Clear Authority To Restart CIA Detention Program 6
Republican Objections To Surveillance Program Could Undermine Party Strategy.....6
Judge Sets Sept 26 Deadline For US To Reveal Any NSA Surveillance In ELF Case 7

Homeland Response:

Bush Pays Silent Tribute To Victims Of 9/11 Attacks.....7
Americans To Mark Fifth Anniversary Of 9/11 Attacks 10
Local Volunteers Tend Flight 93 Crash Site..... 12
Marchers Honor Pentagon Victims Of 9/11 Attacks 12
DHS Criticized For Lack Of Contract Oversight..... 12
More CIA Counterterrorism Officers Signing Up For Legal Insurance 13
ABC Airs Docudrama Despite Complaints From Clinton Officials 13
Pataki Gets Bulk Of Criticism For Slow Pace Of WTC Site Redevelopment 14

War News:

Cheney Defends Iraq War, Says There Were Links Between Saddam Regime, Al Qaeda 14
"Secret" USMC Report Calls Anbar Situation Dire 15
Sadr Said To Remain US' "Core Challenge" In Iraq..... 15
Iraq Constitution Deal At Risk..... 15
Suicide Bomber Kills Afghan Provincial Governor 16
CIA Has Developed Secret Definition Of "Civil War."..... 17

Corporate Scandals:

H-P Chairwoman Defends Actions As Controversy Grows 17
Clinton Tax Hike Blamed For Backdated Stock Option Problems..... 18

Criminal Law:

DOJ Study Finds Gun Violence, Robbery On The Rise 19
Fugitive Wanted In New York Trooper Shooting Arrested 19
FBI Jailhouse Surveillance Tapes Seen As Key In Gotti Trial 19
New Orleans FBI Readying For Expected Surge In Hurricane Fraud Cases..... 20
Former FBI Colleagues Staunchly Defend Devecchio In Mob Murder Case..... 20
Miami Cuban Community Rallies Behind Anti-Castro Activist Facing Trial 20
Marion Barry Ticketed By Secret Service After Stop Near White House 21
Sex Offender Sues Virginia Over Web Site Naming 21
Cheney Says Libby Should Be Presumed Innocent 21

Civil Law:

Cancelled Award Ceremony For Whistleblower Sparks Controversy..... 22

Civil Rights:

LAPD Chief Orders Review Of Interrogation Policy After Murder Case Tossed..... 22
NYTimes Decries Felony Disenfranchisement In Alabama ... 22

Antitrust:

MGA Nears Deal To Purchase Newell Unit..... 23
Debate Grows Over Fashion Copyrights 23

Environment:

Youths' Willingness To Conserve Energy Has Plunged Since The 1980s..... 23
WSJournal Criticizes California's "Feel Good Environmentalism." 23

FBI/DEA/ATF/USMS:

Customs Officials Apprehend Woman With 53000 Ecstasy Pill At Buffalo Crossing..... 23

California AG Spotlights Campaign To Identify Large-Scale Marijuana Operations 24
Trenton Plagued By Heroin-Related Fatalities 24
DEA Seeks Mexican Man In Connection With Drug Kingpin's Boat 24
Plan Colombia Portrayed As A Failure 24

Immigration:

Immigrant Rights Movement Loses Steam 25

Tax:

DC Furniture Executive Charged With Tax-Evasion 25

Congress-Administration:

Republicans Divided On Earmark Reform 25
Higher-Income Beneficiaries To Pay Higher Medicare Premiums 25
First Lady "Ascending The Global Stage." 26
Cheney Says Times Report Of Waning Influence A "Thumbsucker." 26
Democrats Ponder House Reforms 26
WSJournal Criticizes Levin For Delaying National Security Nominees 26

Other News:

9/11 Attacks Added "Fear" Variable Into Stock Trading 26
IMF Urges US Gas Tax Hike 27
On Eve Of OPEC Meeting, Some Members Worried About Falling Prices 27
Cheney Expects GOP Will Hold Onto House, Senate 27
Analysts Say Democrats' Goal Of Picking Up Several New Seats "Increasingly Remote." 28
Economy Said To Be Top Issue This November 28
Republicans Hope Security Issue Will Help Them Keep Control Of Congress 28
Zogby Poll Shows Republicans On Track To Keep Senate Control 29
Allen Leads Webb By Four In Mason Dixon Poll 29
Both Parties Eye Lawmakers For Possible Party Switches 29
Rhode Island Senate Primary Down To The Wire 29
Democrats Appear Poised For Gains In Gubernatorial Races 30
Bill Clinton Said To Loom Large In Hillary Clinton's Possible '08 Plans 30
Gore Has Not Ruled Out Another Presidential Bid 30
Luntz Survey Finds 57% Say UN Should Be "Scrapped Altogether." 30
Gerson To Write Column For WPost 30
Miami Herald Reporters Fired For Taking Money From Federal Government 30
NYTimes Says Conservative Judges Are As Activist As Liberals 31
WPost Says DC Superintendent Seeks Accurate Student Performance Assessment 31
Tehran May Temporarily Comply With UNSC Demand 31
Blair, Abbas Discuss Palestinian Unity Government 32
North Korea Issue To Dominate Bush-Roh Summit 33
Blair "Heir" Brown Denies Plotting "Coup" Against PM 33
Al Jazeera International's Rollout Timetable Remains Uncertain 33
Negotiators Fail To Agree On Restart Of World Trade Talks 33
Putin Says Russia Will Markedly Expand Energy Exports 34
Karzai Says He Does Not Plan To Run Again In 2009 34
Georgia Alleges Moscow Backing Coup Against Saakashvili 34
Bolivian General Strike Splitting Nation 34
South Africa Reduces Authority Of AIDS Minister 34
China Increases Restrictions On Foreign-Media Access 34
German "Allowances" For Exceeding CO2 Caps Seen As Helping Environment 35
NYTimes Urges Bush To Name Special Envoy To Darfur 35

The Big Picture:

Headlines From Today's Front Pages 35

Washington's Schedule:

Today's Events In Washington 36

DOJ_NMG_0059916

TERRORISM NEWS:

Cheney, Rice Defend Administration's Antiterror Policies. On this, the fifth anniversary of the 9/11 terrorist attacks, Bush Administration officials are defending the counterrorism policies they have put in place. The Wall Street Journal (9/11, Dreazen, 2.03M) reports, "On Sunday television talk shows just hours before the president and first lady paid their respects at Ground Zero, Vice President Dick Cheney and Secretary of State Condoleezza Rice said they have no regrets about invading Iraq, which both officials called the central front in the global war on terror. They also said the administration's antiterrorism policies deserved much of the credit for the fact that there have been no attacks in the U.S. in the past five years."

NBC Nightly News (9/10, lead story, 2:50, Seigenthaler, 9.87M) reported on Cheney's interview on NBC's "Meet the Press." Cheney "insisted the country is safer" since the 9/11 attacks. The Vice President was shown saying, "We're here on the fifth anniversary and there has not been another attack on the United States. And that's not an accident. Because we've done a hell of a job here at home in terms of Homeland Security." NBC (Gregory) added, "Cheney's appearance today as well as [President] Bush's interview with Matt Lauer to air tomorrow on Today had all the signs of 9/11. This Administration will vigorously defend its conduct of the war on terror. Just two months now before an important mid-term election." On NBC's "Meet the Press" (9/10, Russert), Cheney's complete answer was, "And that's not an accident, because we've done a hell of a job here at home, in terms of homeland security, in terms of the terrorist surveillance program we've put in place, in terms of the financial tracking program we put in place, and because of our detainee policy, where we, in fact, were able to interrogate captured terrorists to get the kind of intelligence that has allowed us to disrupt [terrorist plots.]"

On NBC's "Meet the Press" (9/10, Russert), Russert asked Cheney about the Administration's position on the treatment of terrorist detainees, Cheney said, "I won't discuss techniques. It's important we preserve certain classified elements of the program. But I will say to you, Tim, that the information we've collected from the detainees, from the people like Khalid Shaikh Mohammed, the mastermind of 9/11, has probably been some of the most valuable intelligence we've had in the last five years."

The Washington Times (9/11, Pfeiffer, 88K) reports Cheney said the US "has made 'significant progress' in the war on terror five years after the September 11 attacks, particularly by pursuing leaders of the al Qaeda network, Vice President Dick Cheney said yesterday." Said Cheney, "We've done enormous damage to al Qaeda, to the leadership of al Qaeda." Host Tim Russert "pressed Mr. Cheney on whether US military action under the Bush administration created more terrorists than it captured or killed. Mr. Russert cited a poll in which 54 percent of respondents said the war on terror is creating more terrorists." Cheney replied, "I can't buy that. … I mean, I think you've got to look at what's happening in Afghanistan and Iraq in terms of where we were five years ago and where we are today." Sen. John D. Rockefeller IV, West Virginia Democrat, "said Friday that the world would be better off if Iraqi dictator Saddam Hussein were still in power. '[Saddam] wasn't going to attack us. He would've been isolated there,' the leading Democrat on the Senate Select Intelligence Committee told CBS News. '"He would have been in control of that country, but we wouldn't have depleted our resources, preventing us from prosecuting a war on terror, which is what this is all about.'"

Secretary Rice appeared on CBS Face The Nation (9/10, Schieffer), CNN Late Edition (9/10, Blitzer) and Fox News Sunday (9/10, Wallace) Sunday morning. The interviews primarily dealt with US and world security five years after the September 11, 2001, terrorist attacks on the United States.

On CBS, Bob Schieffer began by asking if the Iraq war was a "colossal mistake" as part of the war on terror. Secretary Rice said, "The overthrow of Saddam Hussein is very important and better for the world. One cannot imagine a Middle East that would be different and would not be a place in which extremism thrives without Saddam Hussein's removal and the chance for a different kind of Iraq. But at the time, Bob, the intelligence services in fact did not say that there was no connection between al-Qaida and Iraq. That's simply not the case."

Secretary Rice also discussed Bush Administration anti-terror policies, saying, "The President is going to retain, and I think the American people will want him to retain, all the tools that are available to him within our laws to be able to get

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information from captured terrorists, to be sure that we can use that information to make the country more secure. After September 11th, it was very clear that the big missing link in our abilities to fight the kind of attack that took place on September 11 was information. You can't go around like a needle in a haystack trying to find out who might attack. You need information."

On Fox, Chris Wallace asked, "Five years later, where do we stand in the war on terror? Where do we stand in the conflict against Islamic extremism?" Secretary Rice responded, "I think it's clear that we are safe -- safer, but not really yet safe. And we have done a lot. In terms of homeland we are more secure. Our ports are more secure. Our airports are more secure. We have a much stronger intelligence sharing operation, not just within the country where we've broken down walls between law enforcement and intelligence agencies to get all of the information to break up terrorist plots, but also across the world. We have really an intelligence network across the world of sharing information. We've clearly hurt badly the al-Qaida organization that planned and plotted and executed September 11th, capturing many of their major field generals. When the President talked the other day about bringing to justice people like Abu Zubaydah, people like Khalid Sheikh Mohammed, you're really talking about the people who were at the center of that kind of plot of 9/11."

Asked, "Why didn't we finish the job in Afghanistan?" Secretary Rice responded, "Well, it was not possible to 'finish the job in Afghanistan.' This is going to be also a long process of bringing stability to Afghanistan. We have made enormous progress over the last four and a half years in Afghanistan. You actually have a national government that is elected in Afghanistan whose forces are fighting alongside of us, rather than the Taliban which was both harboring al-Qaida and giving them support."

At the close of the Fox interview, Wallace said, "There have been several stories this week that you prevailed over Vice President Cheney in the debate over whether or not to pull these top high-valued prisoners like Zubaydah and Khalid Sheikh Mohammed out of the CIA prisons, also reports that you now have more clout with the President than Vice President Cheney because of mistakes in judgment he made in the first term. Have you replaced the Vice President?" Secretary Rice responded, "I think these are truly among most of the ridiculous stories. These stories float around Washington, who's up, who's down. The Vice President remains a crucial advisor to the President. … I'm the Secretary of State, Chris. I have a different role from the Vice President. But let's remember who ultimately makes the decisions in foreign policy. It's the President of the United States himself." The interviews received coverage from the AP (9/11, Feller) and UPI (9/10).

CNN Late Edition (9/10, Blitzer) also interviewed Rice. Asked why the Administration decided to remove high value detainees from the CIA's detention system and move them "into some sort of justice system," Secretary Rice said, "The President gave the rationale for this in his speech, which is that, now, almost five years after September 11, when we have exploited the intelligence value -- and exploited it, by the way, in a way that I think has kept America and its allies safer. Because these people have been a font of extremely important information. But now, many years later, we believe we've exploited that intelligence value to the degree that it's now time to bring them to justice."

Cheney Suggests Domestic Critics Validate Terrorists' Strategy. The Washington Post (9/11, A12, Abramowitz, 748K) reports the Vice President "offered a veiled attack yesterday on critics of the administration's Iraq policy, saying the domestic debate over the war is emboldening adversaries who believe they can undermine the resolve of the American people. 'They can't beat us in a stand-up fight -- they never have -- but they're absolutely convinced they can break our will, [that] the American people don't have the stomach for the fight,' Cheney said." Cheney added "US allies in Afghanistan and Iraq 'have doubts' the United States will finish the job there. 'And those doubts are encouraged, obviously, when they see the kind of debate that we've had in the United States,' he said. 'Suggestions, for example, that we should withdraw US forces from Iraq simply feed into that whole notion, validates the strategy of the terrorists.'"

Giuliani Says Country Must Not Lower Guard Against Terror. Former New York City Mayor Rudy Giuliani writes in USA Today (9/11, 2.27M), "The attacks of Sept. 11, 2001, continue to flood me with many memories. Some are sad, some are tragic, others are uplifting. But recently I have been reflecting on how the attacks are ongoing. The attacks of five years ago cannot be consigned to history." The "measures taken to improve safety in our country have made a difference. We are safer, but not safe enough. It might be tempting to lower our guard and allow our memories to fade into history. That's probably a natural tendency. But it would be a dangerous mistake for our country."

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Granger Says New Policies Have Prevented Another Attack. Rep. Kay Granger writes in the Washington Times (9/11, 88K), "Are we winning the war on terror? Not one terrorist attack has hit America in five years. Not one. An accident? No way. … We haven't had an attack in five years because our policies have prevented an attack and we have tools we simply didn't have before September ll. We haven't won yet. But we're getting there. How are we doing it? By aggressively taking the fight to the terrorists both here and abroad. By capturing, detaining and interrogating terrorists. By removing their safe havens. And by dismantling their networks." Granger adds, "Five years after the searing fire of September 11, we are indeed better prepared and we are taking action. But Congress needs to continue making available all the necessary tools to fight and win this war. Now is not the time to move on. Now is the time to keep moving forward."

Rumsfeld Says Iraq Is "Linchpin" In Terrorists' Efforts. Defense Secretary Donald Rumsfeld writes in the Wall Street Journal (9/11, 2.03M) that President Bush has "reminded us that it is important to understand the nature of this enemy, and what it is seeking to do. The extremist movement that threatens us is not a reactionary force -- it actively looks for opportunities to acquire new and deadlier weapons, to destabilize governments, and to create discord among our allies and within our own country." Rumsfeld adds, "Iraq is the linchpin in their effort. Osama bin Laden calls Iraq the 'epicenter' of this war, and he believes that 'America is prepared to wage easy wars but not prepared to fight long and bitter wars.'" Rumsfeld adds, "In this very public battle for hearts and minds, we must be as confident in the rightness of our cause as the enemy is in its evil purpose. We cannot allow the world to forget that America, though imperfect, is a force for good in the world."

Bin Laden Hunt Said To Have Gone "Stone Cold." NBC Nightly News (9/10, story 4, 1:40, Seigenthaler, 9.87M) reported, "In this morning's 'Washington Post' correspondent and NBC national security analyst Dana Priest reports the hunt for bin Laden has gone stone cold. She joins us tonight. How has bin Laden been able to vanish almost without a trace?" NBC (Priest) added, "Several ways. First of all, it was hard to begin with because of the rough terrain and all the knives but caves but after two years, there have been nothing like a close call. No tips, no snips, no point on a satellite image that have led US commanders anywhere close to catching him. The CIA never managed informants and neither they nor the military teams can operate freely in Pakistan. Pakistan has stopped the hunt because it's politically risky and bin Laden has stopped communicating in ways that can be picked up by technology. About three months ago the intelligence community vastly expanded the resources that it's using to hunt bin Laden, putting hundreds of more officers on the job, so there's a renewed effort but no one believes it will be easy."

Clarke Says Most Of US Pre-9/11 Vulnerabilities Are Still There. On ABC World News (9/10, story 4, 2:00) ABC News consultant Richard Clarke said, "Most of the vulnerabilities which we identified immediately after 9/11, are still there. Things that the terrorists know about and have attacked in other places. Such as subways and commuter rail, remain vulnerable today throughout the United States. Chemical plants, with lethal gas in them, are present in over 100 American cities. And Homeland Security Department has said that if they were attacked, as many as 17,000 Americans could die from one of them. And container shipping. We're still only scanning about 5% of the containers entering the United States. A container could have a dirty bomb or radioactive bomb in it."

Schumer Says We Are Safer, But Not Safe Enough. CBS' "Face The Nation" (9/10, Schieffer) interviewed Sen. Charles Schumer, who said, "Are we safer? We have made some progress in homeland security, there's no doubt about it, but not close to enough. The Homeland Security Department has been a mess. … When it comes to the defense in the war on terror, in homeland security, this Administration has talked the talk but they have not walked the walk."

Pataki Says Homeland Security Has Improved Since 9/11. CBS' "Face The Nation" (9/10, Schieffer) interviewed New York Gov. George Pataki. Asked if the US was safer five years out, Pataki said, "It's a vast improvement from what we were dealing with on September 10th of 2001. The Department of Homeland Security obviously is imperfect, but it's a brand new creation. It was something that came from the aftermath of these attacks. And what we have to do is make it work."

Dean Says US Has Not Pursued War On Terror With "Vigor." Fox News Sunday (9/10, Wallace) interviewed Democratic National Committee Chairman Howard Dean, who said, "I think we're in trouble. We have not pursued the war on terror with the vigor that we should have because we've gotten bogged down in this civil war in Iraq. What we

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ought to be doing is going after Osama bin Laden full-scale. We ought to capture him, we ought to kill him -- or kill him. And then we need to fight the terrorists which blew up the World Trade Center and killed 3,000 Americans." Dean added Democrats have "proposed, port security money, rail security money, airport security money, chemical plant security money. The Republicans turned it down. There's a lot of politics in this."

Kerry Says We Are Safe In "Small Ways." CNN Late Edition (9/10, Blitzer) interviewed Sen. John Kerry, who said, "We are safer in small ways. We are not as safe as we ought to be after 9/11. And the fact is, there are more terrorists in the world today who want to kill Americans and the terrorists at the highest level of incidence at any time since 9/11. The president sees a different world."

White House Seeks Clear Authority To Restart CIA Detention Program. U.S. News and World Report (9/18, Whitelaw, 2.03M) reports that President Bush's revelation last week outlining the CIA's secret detention program and announcing that 14 top al Qaeda suspects had been transferred to the US military prison in Guantánamo Bay "provided new insights into the structure, scope, and results of the controversial, covert jails." The White House "is using the publicity blitz to hammer Congress for clear legal authority to restart the CIA's detention program." Bush "wants Congress to insulate CIA personnel from any legal ramifications, a move that would allow the CIA to reopen its prisons." In a side bar story, US News examines the windfall of intelligence obtained from the captures a Qaeda suspects.

U.S. News and World Report (9/18, Marek, 2.03M) reports that while Bush's speech "skillfully put pressure on Congress to quickly approve a revised system for military tribunals", lawmakers "may not be in much of a cooperative mood." With "only four weeks left this session, the politics of midterm elections are intruding, and figuring out how to proceed has caused plenty of squabbling-much of it among Republicans." US News adds, "The biggest stumbling block for Congress is the administration's plan for handling classified evidence; sensitive security information could be introduced to seal a terrorist conviction without the accused-or his civilian lawyer-ever seeing it. The administration said the tactic would rarely be used, but that didn't mollify critics. Several top Pentagon lawyers told Congress last week that no civilized country has such a system, and Marine Brig. Gen. James Walker said the United States 'should not be the first.'"

Newsweek (9/18, Hosenball, Isikoff, 3.12M) reports, "Some of Bush's strongest opposition may come from within his own party. In the narrowly divided Senate, a small but influential group of Republicans, all military vets, is challenging the president's proposal. They have indicated they may hold up Bush's plan unless he agrees to soften his insistence on the use of secret evidence -- where the defendant cannot see classified details of the case against him -- and revisit the question of using confessions obtained under extreme physical duress. Democrats quickly aligned themselves with the renegade Republicans."

New Army Field Manual Explicitly Bans Certain Interrogation Practices. U.S. News and World Report (9/18, Mulrine, 2.03M) reports, "The Army Field Manual on interrogations was unveiled last week after more than a year of revisions and intergovernmental wrangling, and the result was a sound rebuke of the exercises in prisoner humiliation that came to light in the Abu Ghraib scandal. The new manual clearly lists banned practices like hooding prisoners, duct-taping their eyes, forcing them to be nude, or threatening them with dogs. It also accords Geneva Conventions protection-which bars 'outrages against personal dignity' -- for all detainees, for the first time establishing a single standard of treatment for uniformed prisoners and would-be terrorists alike." The manual "marks a sharp and significant rejection of the harsh methods backed by the Bush administration, say defense officials. What's more, it represents a win for military lawyers who pushed for the Geneva protections-against the wishes of some senior political appointees."

Republican Objections To Surveillance Program Could Undermine Party Strategy. The Wall Street Journal (9/11, Lueck, 2.03M) reports, "As Congress returns to work following commemoration of the Sept. 11 terror attacks, Republican leaders are eager to draw Democrats into a battle over President Bush's terrorism-surveillance program. But instead of finding an issue that could help them on Election Day, Republicans could be stymied by members of their own party who are raising concerns about the program." This week, House and Senate committees "are expected to take up legislation that would authorize and set limits for Mr. Bush's warrantless-wiretapping program, paving the way for showdowns in both chambers just before the November midterm elections.

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Republicans are confident the debate will bolster voters' impressions of their party as stronger on national security than the Democrats, many of whom have criticized the surveillance program on civil-liberties grounds." The debate over the National Security Agency's program, adds the Journal, "is far from clear-cut. Some Republican lawmakers say they are uncomfortable because the administration has provided little information about the program and how legislation would change it." The Journal goes on to name GOP Rep. Jeff Flake and Sens. Larry Craig of Idaho, John Sununu of New Hampshire and Lisa Murkowski of Alaska.

Scope Of Domestic Surveillance Has Increased Steadily Since 9/11. The Los Angeles Times (9/11, Meyer, 918K) reports that since the 9/11 attacks, Americans "are being monitored by their own government in ways unforeseen before terrorists flew planes into the World Trade Center and Pentagon. … In the five years since the attacks, the scope of domestic surveillance has steadily increased, according to interviews with dozens of current and former U.S. officials and privacy experts. Some of these programs have been debated and approved by the courts and Congress — the traditional checks against intrusions on Americans' privacy, protected under the 4th Amendment. Others have not. Some of them are operating without the knowledge or approval of judicial and legislative overseers, officials and experts say."

Dean Criticizes Surveillance Program. Fox News Sunday (9/10, Wallace) interviewed Democratic National Committee Chairman Howard Dean, who said, "There's mission creep here. We think it's a great thing to spy on Al Qaida; of course we should spy on Al Qaida. The problem is that's not just all they've been doing. It turns out they've had a broad-brush program so they can listen to everybody's phone calls if they want to. And they have. … You could do all the things the President is doing and still obey the law under the Constitution if you simply went and got a warrant. In fact, there's a provision in the law that says you can get a warrant after the fact."

Judge Sets Sept 26 Deadline For US To Reveal Any NSA Surveillance In ELF Case. The AP (9/9) reported, "A federal judge has given prosecutors until Sept. 26 to say if they used warrantless wiretaps against 13 defendants facing arson charges in cases believed linked to the radical Earth Liberation Front and Animal Liberation Front. The defendants are variously charged in a number of major arson cases across the West including fires at tree farms, an SUV dealership, a meatpacking plant and a lumber mill. If it is determined that there were such wiretaps and a court finds them unconstitutional, the largest indictment of radical environmental activists ever could be thrown out." The AP added that the defense lawyers "contend it is logical to believe their clients, as suspected members of groups targeted as 'terrorists,' may have been targeted." The Eugene (OR) Register-Guard (9/9, Bishop) noted, "In a hearing Aug. 22, Assistant U.S. Attorney Stephen Peifer told U.S. District Judge Ann Aiken that the NSA played no role in the investigation. He said he has been involved in the investigation since its inception 10 years ago. However, Peifer said no one on the prosecution team has the security clearance to completely answer the defense lawyers' request for NSA information."

HOMELAND RESPONSE:

Bush Pays Silent Tribute To Victims Of 9/11 Attacks. The AP (9/11, Loven) says "President Bush and his wife Laura stood in somber silence on Sunday after laying wreaths at the site where the twin towers of the World Trade Center once soared." The Bushes "set floral wreaths adrift in reflecting pools that mark the former locations of the north and south towers at the beginning of a two-day fifth-anniversary tour that will take them to all three sites of devastation." They "made a slow procession down a long ramp lined with a flag-bearing honor guard made up of firefighters and policemen, making their way four or five stories below ground level. Uttering no words, the Bushes walked hand-in-hand on the floor of the cavernous pit with bagpipes wailing in the background." Afterward, "the Bushes attended a service of prayer and remembrance at nearby St. Paul's Chapel, greeted firefighters at a firehouse overlooking ground zero and toured a private museum next door that is dedicated to 9/11 families." USA Today (9/11, Hampson, Gomez, 2.27M) reports that after meeting with firefighters at a rebuilt firehouse, Bush said, "Tomorrow is a day of sadness for a lot of people. I vowed that I'm never going to forget the lessons of that day. … So tomorrow is also a day of renewed resolve."

Media accounts last night and this morning draw parallels between this trip and Bush's visit to Ground Zero in the immediate aftermath of 9/11. Typical of the coverage was USA Today (9/11, Nichols, Jackson, 2.27M), which says that "coming less than two months before midterm elections, this

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year's 9/11 anniversary sparked political back-and-forth that was in stark contrast to the national unity seen after the attacks in 2001." Many reports reference what the Financial Times (9/11, Daniel) calls the "bullhorn moment," which "became an enduring image of a resolute leader." Both NBC and ABC, which led last night's broadcasts with the story, ran a clip of Bush saying that day, "I can hear you. The rest of the world hears you and the people. And the people who knocked these buildings down will hear all of us soon."

The quote also appears in major newspaper stories. The New York Times (9/11, Stolberg, 1.21M), for example, reports, "Bush's trip bore echoes of the one he made five years ago, three days after the attacks. Much has changed -- for the city, the country and the president himself -- since that day, when the president, surrounded by rescue workers streaked with mud and tears, climbed atop a charred fire truck in the smoldering ruins of the twin towers, picked up a bullhorn and bellowed, 'I can hear you,' in a moment that remade his presidency." The White House "is hoping that yesterday's visit, to be followed today by breakfast with New York City firefighters and wreath-laying ceremonies in Shanksville, Pa., and at the Pentagon, and then a prime-time Oval Office address, helps the president recapture that less divisive time."

NBC Nightly News (9/10, lead story, 2:50, Seigenthaler, 9.87M) reported, "It has been five years since the President first came to Ground Zero," and "the country is in a fierce debate about the President's path after the attacks. From Afghanistan to Iraq to surveillance at home and the detention of prisoners overseas."

ABC World News (9/10, lead story, 2:15, Harris) said Bush "came back to the spot where he experienced, perhaps, the defining moment of his Presidency. Back then, he stood in the rubble, seeking to reassure, a wounded, anxious nation. And the nation and the world responded." ABC (Morrell) added that a few days after 9/11, Bush's "popularity peaked at 92%, giving him enormous political capital. He returns today to Ground Zero with only 42% and far less power. The big difference, say critics, Iraq." Sen. Chuck Schumer was shown saying, "There was the great opportunity, right after 9/11, to bring everyone together, both in the world community and here in America. I think they more or less squandered it." Morrell: "That's why the President, in a series of recent speeches, has been trying to convince Americans that the war in Iraq is the war on terror, a war that started here on 9/11. But with midterm elections less than two months away, critics complain Mr. Bush is politicizing the anniversary of the attacks. Perhaps mindful of that, the President is not speaking tonight. Nor will he at any of the three memorial services he attends tomorrow. The White House says he does not want to upstage the victims' families."

The Los Angeles Times (9/11, Gerstenzang, 918K) reports, "The Bushes sat in the front pew of a church where George Washington worshiped April 30, 1789, the day of his inauguration as president." On a day "of quiet grief and symbolism, the front pew offered both: To the president's left sat Jane Vigiano, the mother of a fallen New York City police detective; to the first lady's right sat Barbara and Bob Beckwith, a retired firefighter. Bob Beckwith, atop a fire truck, with the president at his side, became an icon of resilience when Bush first visited the site three days after the attacks."

The Chicago Tribune (9/11, Silva, 623K) reports the anniversary "marks a continuation of what has been a decided push by the administration to focus on the perpetrators of those attacks to try to revive public support for the war in Iraq, the president's prosecution of the war on terror and Republican fortunes in the November midterm elections." Bush's "pursuit of the man responsible for the attacks, Al Qaeda leader Osama bin Laden, has helped shape the president's relationship with the American people. On the morning of the attacks, Bush pledged to 'hunt down and to find those folks who committed this act.' Within weeks, public support for the president's performance in office soared." Yet "now, with bin Laden at large and a majority of Americans opposed to the war in Iraq, the president is struggling."

The Washington Post (9/11, A6, Fletcher, 748K) reports, "No other terrorist attacks have occurred in the United States on Bush's watch." But "his policies have brought other consequences. The war in Iraq strained relations with European allies and continues to divide the nation, and critics say the use of aggressive tactics to ferret out terrorists have eroded civil liberties in the United States and hurt the perception of the nation. Meanwhile, terrorist incidents have spiked worldwide, even as much of the US public has returned to their routines."

The Washington Times (9/11, Curl, 88K) reports, "The polarization of the nation was evident near ground zero, where hundreds of protesters chanted 'Out of Iraq now' and held signs that said 'Bush lied.'"

Bush To Address Nation Tonight. USA Today (9/11, Nichols, Jackson, 2.27M) reports that the President will

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address the nation at 9:01 p.m. ET, tonight. White House spokesman Tony Snow said it "will be a reflection of what Sept. 11 has meant to the president and to the country." Snow "said that Bush planned no remarks at the commemorations and that the Oval Office address won't be a 'political speech. There are not going to be any calls for action for Congress.'"

Olson Looks Back On 9/11, And Forward To New Life. The Legal Times (9/11, Mauro) reports, "Undeniably, Theodore Olson has moved on from the horror of Sept. 11, 2001. … Early that day -- his 61st birthday -- his wife, Barbara, left their McLean, Va., house for Dulles International Airport to board American Airlines flight 77, bound for Los Angeles. Olson, then the solicitor general, headed to his Justice Department office. Not long after, Olson's longtime aide, Helen Voss, burst in to tell him that Barbara was on the phone, sounding panicked. Her plane had been hijacked, Barbara told him. What should she tell the pilot to do? The plane rammed into the Pentagon, and she was gone. Olson's wife, a well-known conservative commentator, was one of the best-known victims of the terrorist attacks." The Times continues, "On Sept. 11 this year, Ted Olson celebrates his 66th birthday and will attend a memorial ceremony for Barbara at the U.S. Attorney's Office in D.C., where she once worked. His daily life often brings reminders of the past, he acknowledges, but he adds, 'Mostly, I am looking forward.' … What Olson is looking forward to most right now is his wedding on Oct. 21 to the new love of his life, Lady Booth -- Lady is her name, not a title -- at a Napa Valley, Calif., resort."

More Commentary. An editorial in the New York Times (9/11, 1.21M) says, "Today, every elected official in the country will stop and remember 9/11. The president will remind the country that he has spent most of his administration fighting terrorism, and his opponents will point out that Osama bin Laden is still at large. It would be miraculous if the best of our leaders did something larger -- expressed grief and responsibility for the bad path down which we've gone, and promised to work together to turn us in a better direction. Over the last week, the White House has been vigorously warning the country what awful things would happen in Iraq if American troops left, while his critics have pointed out how impossible the current situation is. They are almost certainly both right. But unless people on both sides are willing to come up with a plan that acknowledges both truths and accepts the risk of making real-world proposals, we will be stuck in the same place forever."

The Los Angeles Times (9/11, 918K) editorializes, "What died on 9/11 was the illusion that history had ended. The halcyon Clinton years were a deceptive interlude between the fall of communism and the collapse of the twin towers. Capitalism had triumphed; investors could disregard such details as price-to-earnings ratios, while Republicans could divert their attention from tax cuts to focus on a president's sex life. It was a time of complacency without guilt. Now we are back to complacency tinged with guilt. … President Bush can be blamed for much oversimplification and for stretching his 'fascism' analogies in recent days. But it has at least been refreshing to hear him refer to Osama bin Laden again, and to remind audiences that it is an ideology (as opposed to a method) that threatens Western values."

Christopher Hitchens writes in the Wall Street Journal (9/11, 2.03M), "The time for commemoration lies very far in the future. War memorials are erected when the war is won. At the moment, anyone who insists on the primacy of September 11, 2001, is very likely to be accused -- not just overseas but in this country also -- of making or at least of implying a 'partisan' point.' I debate with the "antiwar" types almost every day, either in print or on the air or on the podium, and I can tell you that they have been "war-weary" ever since the sun first set on the wreckage of the World Trade Center and the Pentagon and on the noble debris of United Airlines 93. These clever critics are waiting, some of them gleefully, for the moment that is not far off: the moment when the number of American casualties in Afghanistan and Iraq will match or exceed the number of civilians of all nationalities who were slaughtered five years ago today."

Paul Krugman writes in the New York Times (9/11, 1.21M), "Five years ago, the nation rallied around a president who promised vengeance against those responsible for the atrocity of 9/11. Yet Osama bin Laden is still alive and at large. His trail, The Washington Post reports, has gone 'stone cold.' Osama and his deputy, Ayman al-Zawahiri, are evidently secure enough in their hideaway that they can taunt us with professional-quality videos." Krugman adds, "These days most agonizing about the state of America's foreign policy is focused, understandably, on the new enemies we've made in Iraq. But let's not forget that the perpetrators of 9/11 are still at large, five years later, and that they have re-established a large safe haven."

In a Washington Post (9/11, A17, 748K) op-ed, Pakistani journalist Ahmed Rashid writes that since 9/11, "the tactics and strategy of Islamic extremists fighting U.S. or NATO

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forces have improved dramatically." In Lebanon, Afghanistan, Waziristan and Iraq, "to a degree they could not approach five years ago, the extremists are successfully facing off against the overwhelming technological apparatus that modern armies can bring to bear against guerrillas." Rashid adds, "If this is indeed a long war, as the Bush administration says, then the United States has almost certainly lost the first phase. … As al-Qaeda and its allies prepare to spread their global jihad to Central Asia, the Caucasus and other parts of the Middle East, they will carry with them the accumulated experience and lessons of the past five years. The West and its regional allies are not prepared to match them."

In a New York Times (9/11, 1.21M) op-ed, author William Boyd writes from London, "Sometimes it feels as if terrorism began on Sept. 11, 2001, but a second's reflection reminds me that it's been a near-constant factor in my adult life. … We've forgotten the brutal wave of I.R.A. bombings and shootings in London at the end of 1975. … It begins to blur. Each I.R.A. cease-fire would inaugurate a sense of relief, of near euphoria. Life could return to normal, the streets were reclaimed. Then would come another bomb -- a building shattered, fatalities, innocent people in the wrong place at the wrong time -- and one experienced a feeling of heaviness, awful resignation. … London is not the Dante-esque hell of Baghdad, of course. People are fatalistic, stoical, warily feigning unconcern. What else can you do?"

Americans To Mark Fifth Anniversary Of 9/11 Attacks. Americans today will pause to remember the terrorist attacks of September 11, 2001, when terrorists slammed hijacked planes into the World Trade Center and Pentagon. McClatchy (9/10, Hutcheson) reported, "Observances in New York, Washington, Shanksville, Pa., and scores of other places across the nation will recall the horrific day that, according to new surveys, continues to have a profound impact on the lives of ordinary Americans."

NBC Nightly News (9/10, story 2, 2:00, Seigenthaler, 9.87M) reported, "On this day before 9/11 and every day of the year, many are drawn to this spot in Lower Manhattan. They come here to see the place where it happened and to pay their respects." NBC (Dawson) added, "It is a congregation of strangers come each day to stand in the shadow of a shared memory. … For the thousands who come to Ground Zero, remembrance takes many forms. But among those we spoke to all expressed a sense of belonging to something. A sense of community."

Fewer Than One In Four Americans Say Attacks Have Changed Way They Live. A front page story in USA Today (9/11, Hampson, 2.27M) reports, "According to a USA TODAY/Gallup Poll last month, about half of Americans think people have permanently changed the way they live as a result of 9/11. But fewer than 1 in 4 say they themselves have changed the way they live."

Likewise, the Los Angeles Times (9/11, Simon, 918K) reports that "the day-to-day lives of most Americans have changed very little. We have found it easy, perhaps startlingly easy, to stick to routines and habits and mind-sets forged before we could have conceived of planes as missiles. Last month, the Pew Research Center polled about 1,500 adults across the country. More than 40% said the terrorist attacks had not changed their personal lives at all. And 36% said their lives had been altered 'only a little bit.'"

Study Measures Students' Reactions To 9/11 Attacks. A separate story in USA Today (9/11, Jayson, 2.27M) reports, "An ongoing study of the lingering effects of Sept. 11, 2001, on young people who were in college then finds they reacted with shock and confusion, but also with muted expressions of patriotism and a new commitment to altruism. … It may be too early to say whether the young Americans often referred to as 'millennials' warrant the name 'Generation 9/11,' but researchers Patricia Somers at the University of Texas-Austin and Rob Wild at Washington University in St. Louis say initial interviews — conducted largely in 2004 — with the 120 students have proved interesting. Initial findings — yet unpublished — suggest that students greeted the events with shock and confusion and the desire to be with family and community. The students also were likely to engage in huddling or group hugging and became more activist in their altruism."

FBI Agents Discuss Post-9/11 Emphasis On Counter-Terrorism, Ongoing Threat. The Pittsburgh Post-Gazette (9/11, Ove, 241K) interviews Pittsburgh FBI Special Agent Jim Roth, noting that "in 2003, Mr. Roth joined the Joint Terrorism Task Force, where his work is classified." Roth said of counter-terrorism duty, "It can be frustrating. We know this is for real. It's not going away. It's long-term. But a lot of people in the public are complacent." Before 9/11, "I had some intelligence background, but I really wasn't geared toward terrorism. The bureau as a whole wasn't geared that way. We were good at what we did, but now we were going to shift gears. It's like turning a battleship."

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Under the headline "Agent's Career Forged In The Fires Of Terrorism," the Richmond (VA) Times-Dispatch (9/10, Nair) reported, "Inside the FBI nerve center in Washington, D.C., Kevin Foust pressed the phone to his ear and called out updates. Only Flight 93 had not responded. … Processing the horrifying news left Foust little room to ponder his own problems. Sept. 11, 2001, was his first day on the job." Foust, "who now supervises the Roanoke FBI office, realizes that his promotion to chief of the Osama bin Laden unit during the biggest crime in American history could have been his ticket to the top. But on that day five years ago, he was focused only on this: People were dying, and it was happening on his watch." The Times-Dispatch added, "Even in the relative calm of Roanoke, he remembers how 9/11 humbled him and what it taught him: Nothing is beneath terrorists, and they will stop at nothing to get what they want. 'We can never let our guard down,' he says." WDBJ-TV Richmond (9/10) also reported on Foust's discussion of post-9/11 changes at the bureau.

The Miami Herald (9/11, Weaver, 310K) reports FBI Miami SAC Jonathan Solomon was "jolted…out of bed at a hotel in New York" by a Blackberry message about "the foiled Islamic militant plot to blow up airliners departing from London for the United States." He "immediately called a half-dozen South Florida police chiefs and sheriffs that August morning. 'On a case like that, the coordination between law enforcement agencies, between the intelligence communities, between nations, was unbelievable,' Solomon told The Miami Herald." The Herald adds that before 9/11, "such a call from a top FBI administrator to local police officials was rare. But the assaults, which exposed intelligence flaws at all levels of the federal government, radically transformed the culture of law enforcement -- especially lines of communication. Miami Police Chief John Timoney said that in the pre-9/11 era 'the only time you'd get called by the FBI was on a really big case -- after it was solved.' He now views the agency as a partner. 'Solomon goes out of his way to communicate,' said Timoney."

In a Sunday story examining security improvements, and ongoing problems, at the Port of Miami, the Miami Herald (9/10, Arthur, Harrison, 310K) noted, "Jonathan I. Solomon, special agent in charge of the FBI division in Miami, worked closely with Director Robert Mueller to transform the agency's culture after the Sept. 11 attacks exposed flaws in its sharing of valuable information about al Qaeda suspects. Now he's working to help ensure the security of South Florida. In his mind, law enforcement is far more vigilant today than it was five years ago at all levels -- with an emphasis on prevention. 'We're absolutely safer in my mind because of all the changes that have occurred post-9/11,' Solomon told The Miami Herald. 'But that doesn't mean we can become complacent. There's still a threat out there. Certainly, if al Qaeda could attack and harm us, they would.'"

NYTimes Checks In With Families Of 9/11 Victims. The New York Times (9/11, 1.21M) updates readers on the lives of several of those who died in the 9/11 attacks. The Times reports that "while they were at markedly different stages in the healing process, many have found constructive ways of embracing life without forgetting. Widows and widowers have remarried. Children have gone on to college or begun first grade. Some people have settled into new homes, new geography. And a few, while still struggling with their loss, have arrived at surprising places that they could never have foreseen."

Despite Her Injuries. Survivor Of Pentagon Attack Counts Herself As Lucky. In the first of a five part series commemorating the anniversary of the attacks, the Washington Times (9/11, Boston, 88K) updates the story of Louise Kurtz, "who sustained severe burns -- some fourth-degree -- on 70 percent of her body during the terrorist attack on the Pentagon." Kurtz told The Times, "I just want to move on," but, "as much as Ms. Kurtz tries, she can't blot out the memory of seeing and trying to help another woman who was on fire, and then looking down at her own swelling, blistering and reddening arms." The Times notes, "Ms. Kurtz counts herself fortunate that she made it out alive that sunny September morning, her second day of working as an accountant for the budget office of the Department of the Army."

Families Of 9/11 Victims Launch Initiatives In Show Of "Post-Traumatic Growth." The Washington Post (9/11, A6, Salmon, 748K) reports on the "hundreds, if not thousands" of initiatives started by families of the victims of 9/11. "Mental health experts are labeling this phenomenon 'post-traumatic growth' -- when those affected by trauma seek meaning in the tragedy by turning grief into action." The Post notes the family of Mark McGinly, which "gives annual scholarships to graduates of Virginia high schools." Meanwhile, "Jay Winuk and a friend formed One Day's Pay to promote the Sept. 11 anniversary as an annual day of community service. Winuk said they hit on the idea as a way to honor his brother, Glenn,

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a lawyer and volunteer emergency medical technician who raced to the World Trade Center to join the rescue effort and was killed when the South Tower collapsed."

Local Volunteers Tend Flight 93 Crash Site.

The Wall Street Journal (9/11, Zaslow, 2.03M) reports that 43 local "ambassadors" tend to the site in Shanksville, PA where United Airlines Flight 93 crashed. According to the Journal, "They are all local people who now see it as their duty to tell visitors about the heroics on that plane, when passengers fought back against terrorists. … The locals 'watch over the area where the plane went down as if it were their own family cemetery,' says Christine Fraser, whose sister, Colleen, was on the flight."

Mother Of 9/11 Victim Looks For Positive Ways To Quiet Her Pain. The New York Times (9/11, Hamill, 1.21M) profiles Debbie Borza, mother of 20 year old Deora Bodley, the youngest of the 40 passengers and crew members killed on Flight 93. At a memorial ceremony at the crash site Sunday, Borza "roamed the temporary memorial that overlooks the crash site" looking for her "boys," four 17-year-old high school students from Rossford, Ohio, who "vowed to walk 650 miles from their homes outside Toledo to ground zero in New York, stopping in Shanksville along the way." The Times adds, "Ms. Borza said she decided long ago to look for positive ways to stifle the pain. 'Since I'm probably going to spend the rest of my life trying to fill that void, I choose joy and happiness and peace and love,' she said."

Marchers Honor Pentagon Victims Of 9/11 Attacks.

The Washington Times (9/11, Hunsberger, 88K) reports, "Thousands of somber marchers moved through historic Washington and across the Potomac River last evening to the Pentagon, where 184 died five years ago today when terrorists crashed a hijacked airliner into the nation's military headquarters. Shortly after sunset, 184 beams of light were projected into the clear, dark sky above the Pentagon. The lights will stay on through tonight. … The second annual event, called the America Supports You Freedom Walk, was led by Gen. Peter Pace, chairman of the Joint Chiefs of Staff. Marchers gathered in the afternoon at the Washington Monument, where a military chaplain led them in prayer."

Pentagon Employees Look Back On 9/11 Attacks. The Washington Post (9/11, D4, Barr, 748K) reports in its "Federal Diary" column, "On this morning five years ago, Steven M. Carter Sr. was at work as the assistant building manager for the Pentagon when terrorists slammed a jetliner into the nation's military headquarters." After the attack, Carter "sought safety, he stayed in the building to help contain damaged power and water systems." William Stout, a Defense Department law enforcement officer, "had the day off on Sept. 11, 2001. When he learned of the attack, he jumped in his car and headed for the Pentagon -- and into traffic gridlock. He returned home, got a bike and cycled about seven miles to the Pentagon, where he cleared the way for firefighting crews and helped set up a security perimeter. … Their memories of 9/11 -- the sequence of events, the confusion, the danger and fear of another attack -- have not faded. In a recent joint interview, they looked back at incidents and training exercises that helped prepare them for catastrophe."

Virginia Residents Cite Lingering Fears In Wake Of 9/11 Attacks. A front page story in the Washington Post (9/11, A1, McCrummen, 748K) reports, "Five years later and 40 miles west of the Pentagon, beyond a guard and iron gates and as the sun falls into a warm evening on Chalfont Drive, Roya Lovell does not think about Sept. 11, or terrorism, not exactly. … If you ask how the largest terrorist attack in U.S. history has affected everyday life here, people tend to answer, not much at all. Most of the time, life hums along, perhaps with longer waits at the airport. And yet it is also true that as the emotional urgency of Sept. 11 receded like a huge wave, it left behind an altered landscape here on Chalfont Drive, both mentally and materially. For some, there are lingering fears, almost more annoying than frightening, that have become part of the ebb and flow of day-to-day thought. For others, fears have settled into questions about all that has come after Sept. 11 and what it means."

DHS Criticized For Lack Of Contract Oversight.

USA Today (9/11, Stoller, 2.27M) reports, "As the biggest purchaser of anti-terrorism goods and services, the US Department of Homeland Security has come under withering criticism about waste, ineffectiveness and lack of contract oversight." The agency's "growing number of department contracts 'has not been accompanied by responsible, competent contract management,' says a report released in July by the House Committee on Government Reform." … Chief procurement officer Elaine Duke agrees with the House report, and says a lot of the problems cited involved contracts written 'during a time of immense urgency.' She says she agrees with the recommendations of Rep. Tom

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Davis, R-Va., chairman of the House government reform committee, who called for increasing the size of the procurement staff and upgrading its technical competence." Though others have said "that many products bought by the department are not effective in combating terrorism," John Kubricky, director of the department's office of system engineering and development, says the agency has "'things in the field today that work darn good' and weren't being used in September 2001."

Washington Region's Preparedness Examined. The Washington Post (9/11, B1, Sheridan, 748K) reports DHS "is taking a critical look at how well the Washington area is prepared for a terrorist strike or other disaster, amid complaints by business leaders and the local congressional delegation about a lack of sufficient emergency planning since the Sept. 11, 2001, attacks." The National Capital Region' Homeland Security office "has received a boost in funding and personnel in recent months" and DHS "has expanded an air-defense center in Herndon to serve as a possible regional operations hub in case of a crisis." Also, DHS Secretary Michael Chertoff "said he has ordered a comprehensive plan for evacuating the region. 'It is something I do think needs some significant attention,' Chertoff told reporters and editors at The Washington Post last week." Officials in the region "said they have made enormous strides," but that they still "worry about a repeat of some of the problems that unfolded in the Washington region after the Sept. 11, 2001, attacks -- such as the chaotic exit of thousands of employees from federal buildings."

Homeland Security Expected To Continue As Lucrative Industry. The Christian Science Monitor (9/11, Islam, 58K) reports the homeland security industry has come in to "the financial limelight," with security companies winning "billions of federal dollars in contracts." However, "industry analysts wonder just how many new security companies the market can sustain, especially with the bulk of the contracts coming from the federal government. … Industry watchers are convinced that security is a lucrative issue here to stay, as made evident by the Department of Homeland Security's (DHS) steadily increasing budget." But equity analyst Brian Ruttenbur of Morgan Keegan says continued growth "will largely be affected by the particular needs and priorities in the homeland security agenda."

More CIA Counterterrorism Officers Signing Up For Legal Insurance. The Washington Post (9/11, A1, Smith, 748K) reports in a front page article, "CIA counterterrorism officers have signed up in growing numbers for a government-reimbursed, private insurance plan that would pay their civil judgments and legal expenses if they are sued or charged with criminal wrongdoing, according to current and former intelligence officials and others with knowledge of the program. The new enrollments reflect heightened anxiety at the CIA that officers may be vulnerable to accusations they were involved in abuse, torture, human rights violations and other misconduct, including wrongdoing related to the Sept. 11, 2001, attacks." Their "anxieties stem partly from public controversy about a system of secret CIA prisons in which detainees were subjected to harsh interrogation methods, including temperature extremes and simulated drowning."

The Washington Times (9/11, Harnden, 88K) reports officers involved in the secret prisons program "have consulted lawyers after being warned that they could face prosecution for illegally detaining and interrogating terrorism suspects. Operatives at the CIA's headquarters in Langley fear they will be made scapegoats." The Times adds, "Senior Bush administration officials have said they intend to introduce legislation giving CIA officers immunity from prosecution for involvement in any activities later judged illegal. Democrats, however, will try to block any such move."

ABC Airs Docudrama Despite Complaints From Clinton Officials. ABC television aired its docudrama "The Path to 9/11" last night despite complaints from Clinton Administration officials that it distorts their efforts to locate Osama bin Laden. USA Today (9/11, Jackson, 2.27M) reports that Clinton Administration officials "had protested ABC's statements that the two-part film was based on the work of the 9/11 Commission. In a disclaimer that aired Sunday, ABC de-emphasized the report, saying material was 'drawn from a variety of sources including the 9/11 commission report and other published materials and from personal interviews.' Former commission chairman Thomas Kean, a movie consultant, said on ABC's This Week that filmmakers have been responsive to criticism by him and others 'and have made changes that were necessary.'"

ABC World News (9/10, story 5, 2:30, Tapper) reported, "It has been a full-bore political campaign, led by former President Clinton, to convince ABC entertainment to pull its 'Path to 9/11' miniseries from the air." President Bill Clinton: "I don't want any lies in there parading as truth. That's all."

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Tapper: "ABC Entertainment insists that the show is a 'dramatization, drawn from a variety of sources' that has 'for dramatic and narrative purposes, fictionalized scenes.' Some of the scenes in an early preview version have Clinton officials saying things they didn't say, doing things they didn't do, obstructing attempts to capture or kill Osama bin Laden in the 1990s. ABC entertainment now says some scenes have been edited but would not specify which ones."

On ABC News' "This Week" (9/10, Stephanopoulos), 9/11 Commission Chairman Thomas Kean said, "If people blame Bill Clinton after seeing this, then the miniseries has failed. That's wrong and shouldn't happen. … Both Administrations are faulted and I think in the end it led to our recommendations, led to at the end of the film why haven't with we done more to make the world safer and United States safer."

Pataki Gets Bulk Of Criticism For Slow Pace Of WTC Site Redevelopment. A lengthy story in the New York Times (9/11, Sontag, 1.21M) describes efforts to redevelop the World Trade Center site following the 9/11 attacks. According to the Times, "Five years after Sept. 11, 2001, ground zero remains a 16-acre, 70-foot-deep hole in the heart of Lower Manhattan. … Despite $20 billion in federal money and $4.6 billion anticipated in insurance proceeds, however, the site's two central projects, the Freedom Tower and the memorial, have stumbled financially, as in every other way." New York Gov. George Pataki "receives the lion's share of criticism, despite what many see as his heartfelt embrace of this project. He himself said that he had no regrets. … But dozens of people interviewed for this article, including some of the governor's allies, described his leadership as erratic, risk-averse and lacking vision."

ABC World News (9/10, story 6, 3:25, Harris) reported, New computer animation shows a shimmering cluster of skyscrapers, each unique, over Manhattan. Beneath the towers, the September 11th memorial and museum, where waterfalls will outline the twin towers. In April, construction began on the Freedom Tower. It will be the tallest building in the world. Under this plan, the last above-ground remnant of the World Trade Center still standing will be removed. The so-called survivors' stairway is the route that hundreds used to escape that morning. So far, only one new building, 7 World Trade Center, has been completed. The end of the rebuilding process may be years away. But Ground Zero has, nonetheless, become one of the most visited tourist attractions in New York City."

WSJournal Blames "Dysfunctional New York Politics" For Failure To Redevelop WTC Site. The Wall Street Journal (9/11, 2.03M) editorializes, "The tributes yesterday and today to the victims and the heroes of 9/11 are necessary reminders of that day. At the former World Trade Center site in New York, however, it's also impossible not to notice that five years later it remains a hole in the ground." The Journal notes the "failure of New York's political class to build anything on the main site itself. Yes, the restraining wall against the Hudson River has been reinforced, and public transit hubs have been reconstructed. But the hole on the site itself is embarrassing testimony to dysfunctional New York politics."

WAR NEWS:

Cheney Defends Iraq War, Says There Were Links Between Saddam Regime, Al Qaeda. On NBC's "Meet the Press" (9/10, Russert), Cheney was asked about polling data that shows a majority now believes Iraq is not a front in the war on terror. Cheney said, "Five years ago, Saddam Hussein was in power in Iraq. Iraq was a major state sponsor of terror. Saddam Hussein was providing payments, bonuses to the families of suicide bombers. He had a history of starting two wars, he had produced and used weapons of mass destruction. It was one of the worst regimes in modern times. We moved aggressively against Saddam Hussein. Today, you've got Saddam in jail, where he's being prosecuted for having butchered thousands of people; you've got a democratically elected government; there have been three nationwide elections; there has been a new constitution written; we've got almost 300,000 Iraqis now trained and equipped in the security forces."

The Financial Times (9/11, Sevastopulo) reports Cheney "repeated assertions on Sunday on links between the former Iraqi regime of Saddam Hussein and al-Qaeda despite a recent Senate intelligence committee report that concluded otherwise." In "defending the decision to invade Iraq despite its lack of weapons of mass destruction," Cheney "said the fact that Abu Musab al-Zarqawi, the former head of al-Qaeda in Iraq who was killed in a US air strike this year, was in Baghdad before the war was evidence that Iraq had links to al-Qaeda." He "acknowledged that the US intelligence on Iraq had been poor but he appeared to put the

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blame on the Central Intelligence Agency, saying George Tenet, the former director of the spy agency, had told President George W. Bush that the case that Mr Hussein had weapons of mass destruction was a 'slam dunk.'"

NBC Nightly News (9/10, lead story, 2:50, Gregory, 9.87M) reported, "Still, the Vice President for the first time made an important concession about the war on terror." Russert: "So, now the President has been asked, what did Iraq have to do with the attack on the World Trade Center and he said, nothing. Do you agree with that?" Vice President Cheney: "I do." Russert: "So its case closed?" Vice President Cheney: "We've never been able to confirm any connection between Iraq and 9/11." Gregory: "And was challenged by Tim Russert about his claim that American troops would be greeted as 'liberators' in Iraq." Vice President Cheney: "I think there's no question that we did not anticipate an insurgency would last this long."

The New York Times (9/11, Sanger, 1.21M) says in a "contentious television interview," Cheney "said that even if he had known in 2003 that his claims that Iraq had weapons of mass destruction were mistaken, 'we'd do exactly the same thing.'" Cheney's appearance "was part of the administration's drive before the fifth anniversary of the Sept. 11 terrorist attacks to change the minds of Americans who tell pollsters that they now believe the invasion of Iraq was a misguided diversion in the battle against terrorism." The Times adds, "By the end of the interview he appeared to be preparing the ground for arguments that the country would be far less safe if Republicans lost control of one or both houses of Congress in the November elections." Cheney "sounded uncharacteristically defensive at moments, particularly as he tried to explain statements he had made over the past five years about Saddam Hussein's weapons capabilities and ties to Al Qaeda."

McClatchy (9/11, Thomma) notes that "several times during the interview, Cheney was confronted with videotapes of his own assertions about the war that have since been proved to be false." Among them, "his prediction that US forces would be greeted by the Iraqi people as liberators. … His statement that Sept. 11 terrorist Mohammad Atta met with Iraqi forces, suggesting an Iraqi link to the attacks on the United States. 'We've never been able to confirm any connection,' he said, adding that it was the CIA that suggested an Iraq-Sept. 11 connection and that the CIA did not back off that suggestion until after Cheney spoke publicly."

"Secret" USMC Report Calls Anbar Situation Dire. The Washington Post (9/11, Ricks, 748K) in a bleak, 1,293-word front page article reports, "The chief of intelligence for the Marine Corps in Iraq recently filed an unusual secret report concluding that the prospects for securing that country's western Anbar province are dim and that there is almost nothing the U.S. military can do to improve the political and social situation there, said several military officers and intelligence officials familiar with its contents." It is allegedly "the first time" that such a "negative" report has been filed by a senior American officer. Col. Pete Devlin states in his report that "there are no functioning Iraqi government institutions in Anbar, leaving a vacuum that has been filled by the insurgent group al-Qaeda in Iraq." The Post calls his conclusions "striking because, even after four years of fighting an unexpectedly difficult war in Iraq, the U.S. military has tended to maintain an optimistic view."

Sadr Said To Remain US' "Core Challenge" In Iraq. The Washington Post (9/11, Raghavan, Knickmeyer, 748K) reports on US officials' efforts to adjust to Moqtada Sadr's changing role in Iraqi political life: "Though Sadr and his followers hold more seats in Iraq's parliament than any other faction, their attitude toward the U.S.-led occupation remains belligerent. They participate in government, but they remain outsiders, keenly aware that their authority is derived from their independence and their opposition to the occupation ... Sadr is increasingly seen as a man who has the power to either implode Iraq or keep it together, even as his militia continues to defy the authority of the Iraqi government and its U.S. backers."

Iraq Constitution Deal At Risk. The New York Times (9/11, Oppel, Al-Saiedi, 1.21M) reports, "An agreement struck 11 months ago by Shiite and Kurdish leaders to win Sunni Arab support for a new constitution is fraying, causing concern among some political leaders that it could jeopardize Iraq's fragile governing coalition." The Times adds that "a large Shiite faction continued to fight for quick approval of legislation giving provinces the authority to create autonomous states, which some powerful Shiites are seeking for southern Iraq. Sunni lawmakers and others who oppose the proposal refused to attend Parliament on Sunday, and warned that the plan could severely undermine the country's unity government." In additional news, "gunmen" killed a US

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soldier north of Baghdad on Sunday, and officials announced a delay of Prime Minister Maliki's planned trip to Iran.

The Washington Post (9/11, A10, Paley, Ibrahim, 748K) reports the same story, commenting, "Sunni members of parliament say they now feel betrayed that Abdul Aziz al-Hakim, leader of the Supreme Council for the Islamic Revolution in Iraq, a powerful Shiite political party, is pushing legislation that would create the first steps toward federalism. Analysts say that Hakim hopes to become the leader of the southern Shiite region, which comprises nine provinces." Sunnis oppose partition plans that would leave them with "the center of the country, a vast desert devoid of the oil reserves of the other regions."

Idea Of Dividing Iraq "Gains Traction In Iraq And US." The Christian Science Monitor (9/11, LaFranchi, 58K) reports, "A small but apparently growing number of Iraq experts believe dissolution of the country is inevitable. Others say a united and nominally democratic Iraq may still be possible, but suggest other solutions - including a redrawn Iraq - would eventually make the Middle East more stable. Still others say the US should face reality and help create the new Iraq that is already splintering along sectarian and ethnic lines." Observer Ralph Peters faults the administration for "not planning ahead sufficiently for" coming "curveballs," while professor Michael Hudson belongs to a camp that believes the "option of a united Iraq" was "doomed" by American action like "empowerment of the Shiites."

Suicide Bomber Kills Afghan Provincial Governor. The New York Times (9/11, Gall, 1.21M) reports, "A provincial governor and close friend of President Hamid Karzai was killed along with two staff members by a suicide bomber as they drove away from the governor's office on Sunday ... The governor, Hakim Taniwal of Paktia Province, southeast of the capital, is the highest-ranking official to be killed since the Taliban began a campaign of suicide bombings last year, especially singling out senior government officials." The pessimistic Times article says that NATO reports of enemy casualties are unverifiable and that "the scale of the fighting has surprised NATO commanders." It quotes a "disillusioned" British officer who said that "British soldiers were fighting off such heavy daily attacks that they had to call in repeated airstrikes on surrounding populated areas," thus alienating locals.

The Washington Post (9/11, Constable, 748K) reports that the slain governor "was a close confidant of President Hamid Karzai and a political figure known for his skill at bringing together hostile groups in the country's volatile tribal regions near the Pakistani border." He "was the first Afghan governor to be killed on the job since the Karzai government took office in late 2001."

Afghan Envoy Calls For Military, Financial Aid. The Washington Times (9/11, Behn, 88K) reports, "Afghanistan's ambassador to Washington called yesterday for more military and economic help from the West, citing a spike in terrorist activity in the past six months and fears that it could spread." Said Jawad said that "only half of the money pledged by the international community to rebuild Afghanistan has been delivered and spent." He predicted, "Had we invested more in development, we would have had less security problems today."

NATO Commanders Seek More Troops For Afghan Campaign. Reporting a story previously covered elsewhere, the Financial Times (9/10, Morarjee, Dombey) reports, "Nato will seek this week to find reinforcements for its hard-pressed troops in Afghanistan and elsewhere after a plea by the alliance's top military commander. The defence chiefs of Nato's 26 member countries agreed at the weekend to hold two 'force generation' conferences this week to meet the shortfalls." Gen. James Jones had requested more troops to carry out the "unexpectedly tough" fighting with the resurgent Taliban. The FT notes the assassination of the Paktika governor, calling it a blow to "one of the better governed areas" of Afghanistan and characterizing it as a sign "how Taliban fighters are broadening their reach."

Doubts Grow Over Afghanistan's Future. The Christian Science Monitor (9/11, Morarjee, 58K) reports, "Popular doubt here about the long-term direction of Afghanistan reflects a perception that the government of Hamid Karzai is weak and the West has not delivered on security and reconstruction, analysts say." Besides the violent south, "troubling signs are coming in from points north, east, and west as well, with no-go zones and pockets of violence creeping steadily toward the capital."

In an even more pessimistic, 1,607-word piece, the Washington Post (9/11, A9, Constable, 748K) reports that Afghans feel "dismay with the government" and "bitter disappointment." While there has been "remarkable progress" on some levels, "open warfare" has resumed in the south.

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CIA Has Developed Secret Definition Of "Civil War." Newsweek (9/18, 3.12M) reports in its "Periscope" column, "Is Iraq in a civil war? The CIA has developed its own secret guideline for answering that increasingly contentious question. CIA officials offered the definition of 'civil war,' which remains classified, at a closed-door Capitol Hill briefing to discuss the latest grim Pentagon assessment of the conflict, according to two US officials familiar with the briefing's content who asked for anonymity due to the sensitivity of the material." Newsweek adds, "Asked to comment, CIA spokesman Paul Gimigliano told Newsweek: 'There is a range of analytic views within the agency and the intelligence community on violence in Iraq, and we are careful in our products to identify those differences. It's not unusual for CIA to offer policymakers analytic frameworks -- comparative case studies, indicators, definitions and more -- to help them assess complex issues. In this case, the work is classified, so it would be inappropriate for me to get into specifics.'"

Extended Iraq Deployments Taking A Toll On US Troops, Families. Newsweek (9/18, Hastings, 3.12M) examines the effect of extended deployments on US troops in Iraq and their families at home. Newsweek reports, "The Army says troop morale remains high. For the first 11 months of fiscal 2006, two out of three soldiers who were eligible to re-enlist have done so—a rate unchanged since 9/11. But whatever the numbers say, the strain is showing." Newsweek adds that back home, news of the extended deployments "hit hard." Some families "are falling apart. … Gossip is running wild: who drinks too much, who has a compulsive-gambling problem, whose kids are left untended."

CORPORATE SCANDALS:

H-P Chairwoman Defends Actions As Controversy Grows. USA Today (9/11, Hopkins) reports, "Hewlett-Packard Chairwoman Patricia Dunn battled for her job Sunday over her role in an internal probe that plunged the tech giant into a scandal being investigated by law-enforcement authorities." USA continues, "The HP board, meeting Sunday in emergency session over the matter, adjourned and planned another meeting for Monday afternoon, the company said in a news release. It gave no other details on a case that's riveted Corporate America as one of Silicon Valley's pillars was engulfed in crisis in less than a week." USA adds, "Investigators hired at Dunn's behest to uncover news leaks from the board of directors stole private home phone records of at least one director and up to nine journalists, according to the California Attorney General's Office and HP spokesman Ryan Donovan. … Dunn, 53, mounting an 11th-hour defense, said Friday she did not learn about illegal tactics used by HP's hired investigators until it was too late. She told the Associated Press she found the tactics 'appalling' when she learned the truth. … That defense may have bought her more time, says Beth Young, a senior research associate at the Corporate Library, a corporate governance consultant. 'I think people are withholding judgment,' Young said." USA notes, "Dunn is battling forces aligned with dissident ex-director Tom Perkins, 74, a powerful Silicon Valley financier who resigned in May to protest the HP probe and is pushing for its full public disclosure. Perkins says company agents stole his private home phone records. He called for Dunn's resignation Saturday."

Pretexting Seen As Valuable But Controversial. The New York Times (9/11, Richtel, Helft) reports, "When Patrick Baird, a private detective in Granbury, Tex., was hunting a runaway or helping a husband find out if his wife was cheating, he would often look for clues in telephone records. He bought them from firms that specialized in obtaining them, and says he did not ask about their methods. … But late last year, as scrutiny of such firms and their often deceptive practices heated up, Mr. Baird stopped giving them business. … 'If my own mother came to me and said "I need this done," I couldn't do it,' he said in an interview last week. 'We're abiding by public opinion here.'" The Times continues, "People who obtain calling records often use a technique known as pretexting — using a pretext, like masquerading as a customer, to get a company to disclose information. Their shady subculture has been getting renewed attention since the revelation last week that a subcontractor for an investigative firm working for Hewlett-Packard used pretexting to obtain the call records of company board members and reporters. .. . It is hard to quantify the size of the telephone pretexting economy. But in recent years it has turned into a small industry, with dozens of Web sites offering calling records to anyone with a credit card, for a modest fee. Their main customers appear to be private investigators, although some in that field criticize the practice. … Pretexters often use techniques similar to those employed by identity thieves to obtain not only telephone

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records but also other private data. Robert Douglas, an information security consultant and former private detective, said they often called telephone companies armed with some personal information, like a customer's Social Security number, mailing address or date of birth. Then they charm and cajole the phone company employee into thinking they are the actual customer."

The American Lawyer (9/11, Beck) reports, "The sensational revelation that Hewlett-Packard Co. engaged in 'pretexting' to gain access to directors' and reporters' phone records has not just created damaging headlines for the Silicon Valley company, but made it a target of a criminal investigation. Larry Sonsini, the company's long-time outside counsel, stated in The Wall Street Journal on Thursday that although he told the company after the fact that the practice was 'within legal limits,' he was just relying on the opinion of an in-house lawyer." The AL continues, "Questions about the seamy practice of pretexting may be outside the normal scope of practice for a corporate lawyer. Questions about securities laws governing the disclosure of board activities, however, should be bread and butter matters for someone like Sonsini. … For that reason, the handling by Sonsini and his partners of the disclosure that followed the resignation of Tom Perkins from the board raises perplexing questions about their judgment." The AL adds, "Although Perkins resigned on May 18, it was not until Sept. 6 that the company amended its 8-K filing to give more detail about the director's action. In that filing, the company also revealed that it had received a comment letter from the SEC asking for more information about Perkins' resignation. … Perkins abruptly quit during an HP board meeting after another board member, George Keyworth, was asked to resign. A company investigation had identified Keyworth as the source of past press leaks. (Keyworth refused to resign, but the company has not renominated him for the board.)"

H-P General Counsel In Eye Of Pretexting Storm. The California Recorder (9/11, Schmitt) reports, "Ann Baskins has spent almost her entire career at Hewlett-Packard Co., and has been general counsel there for the last six years. Now she finds herself at -- or at least very near -- the center of the growing storm over the boardroom investigation at the computing giant." The Recorder continues, "Newspaper stories detailing the crisis -- kicked off by HP Chairwoman Patricia Dunn's decision to investigate leaks to the press by fellow board members -- place Baskins at several key junctures in the ongoing saga. The controversy so far has led to a criminal investigation by the state attorney general and public sniping by famed venture capitalist and now ex-HP director Thomas Perkins at HP outside counsel Wilson Sonsini Goodrich & Rosati." The Recorder adds, "Baskins, one of the most prominent female general counsel in the country, may figure into investigations now under way into how HP obtained phone records of its directors. Press accounts say Baskins had first asked Wilson Sonsini's Larry Sonsini to investigate possible leaks, then later called on him to probe the methods used by an undisclosed third party in a subsequent investigation. That probe apparently included the checking of board members' personal phone records."

H-P Merger May Spell End To Mercury Suit. The California Recorder (9/11, Scheck) reports, "The most prominent civil suit in the ongoing backdating disaster may evaporate -- but not before a bitter fight between two of California's most fearsome law firms." The Recorder continues, "Mercury Interactive Corp. was one of the first companies to publicly admit problems with its options grants, and its board of directors has been the first to join plaintiffs lawyers in a shareholder suit seeking damages from ousted executives." The Recorder adds, "The board turned over valuable materials to plaintiffs lawyer William Lerach early this summer -- including a report commissioned by a special committee of the board -- and the lead partner at Lerach Coughlin Stoia Geller Rudman & Robbins seemed to have a powerful case. … But then Mercury was bought by Hewlett-Packard. Now, one defendant claims that the suit should be halted. Lerach, of course, disagrees, and says that defendant's attorney has no business being in the case." The Recorder notes, "As in many of the options backdating cases, the controversy involves pay practices during the dot-com boom and the law firm of Wilson Sonsini Goodrich & Rosati. … The firm's lead partner, Larry Sonsini, advises HP's board, and his firm represents HP in its proposed $4.5 billion acquisition of Mercury, which was announced in July and should be finalized by the end of the year."

Clinton Tax Hike Blamed For Backdated Stock Option Problems. The Los Angeles Times (9/11, 918K) editorializes, "During his first year as President, Bill Clinton persuaded Congress to reduce the federal deficit by raising taxes and limiting spending." A provision "capped the amount of executive pay that a publicly held company could deduct from its taxable income. … The result: Numerous companies reduced top executives' salaries to

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below $1 million and made up the difference with stock options. … To keep valuable employees happy, dozens of companies appear to have manipulated the timing of the option awards surreptitiously -- and illegally -- to maximize the payoff. Federal investigators are now examining the records of more than 100 firms. … These companies may have avoided some taxes by awarding options instead of paying higher salaries. But their savings are a drop in the bucket compared to the losses faced by shareholders."

CRIMINAL LAW:

DOJ Study Finds Gun Violence, Robbery On The Rise. The Washington Post/AP (9/11, A2, Sniffen) reports, "Americans were robbed and victimized by gun violence at greater rates last year than the year before, even though overall violent and property crime reached a 32-year low, the Justice Department said yesterday." The AP continues, "Experts said the increases buttress reports from the FBI and many mayors and police chiefs that violent crime is beginning to rise after a long decline. Bush administration officials expressed concern but stressed that it is too soon to tell if an upward trend in violence had begun." The AP adds, "Last year, there were two violent gun crimes for every 1,000 individuals, compared with 1.4 in 2004, according to the department's Bureau of Justice Statistics. There were 2.6 robberies for every 1,000 persons, compared with 2.1 the year before. … 'This report tells us the more serious events -- robbery and gun crimes -- increased, and the FBI already told us homicides increased,' said James Alan Fox, a criminal justice professor at Boston's Northeastern University. … 'So while the report shows the more numerous but least serious violence -- simple assaults, which is pushing and shoving -- went down, the mix got worse in terms of severity. That wasn't a very good trade-off,' Fox said." The AP notes, "A preliminary FBI report in June on crimes reported to police showed a 4.8 percent increase in the number of murders and 4.5 percent increase in the number of robberies in 2005. .. . With congressional elections approaching, these reports could pose political problems for the administration. Department officials have been scurrying to understand and deal with the problem. … Deputy Attorney General Paul J. McNulty listened to complaints about dwindling federal anti-crime aid from several dozen mayors and police chiefs at a public meeting in Washington on Aug. 30. Several days later, Attorney General Alberto R. Gonzales told reporters that cities will have to work harder but should not count on more federal money because of growing demands in the fight against terrorism."

The Los Angeles Times (9/11, Roche) reports, "The national rates of homicide and firearm violence jumped in 2005, ending a decade-long decline, according to a new U.S. Justice Department report that reinforces recent warnings by law enforcement officials." The Times continues, "In a statement that accompanied the report, Deputy Atty. Gen. Paul J. McNulty noted that overall crime data for 2005 showed a continuing decline, but he acknowledged an increase in crimes committed with firearms. … 'Whether the increase from 2004 to 2005 marks a change in the trend towards reduced firearms victimization rates cannot be determined from one year's data,' he said." The Times adds, "He noted that the 2005 rate was still lower than the 2001 rate. … 'We recognize that some jurisdictions are experiencing a recent increase in certain types of violent crime,' McNulty said." The Times notes, "Among cities in that category is the nation's capital. More than a dozen homicides occurred in early July alone, prompting Police Chief Charles H. Ramsey to sign an emergency order extending officers' work shifts and putting hundreds more on patrol."

Fugitive Wanted In New York Trooper Shooting Arrested. USA Today/AP (9/11, Dobbin) reports from Carroll, NY, "Days before breaking out of jail in April, Ralph 'Bucky' Phillips sent his parole lawyer a thank-you note that hinted at an ominous turn in his life. .. . 'I'm just not cut out for the life you folks live. I tried it, it didn't work,' Phillips wrote, nearing the end of a 90-day sentence for a parole violation and fearing that his sentence was going to be extended — for months, if not years." The AP continues, "A petty criminal for most of his life, he had left prison in November after 13 years for burglary and larceny. Of the past 23 years, he spent 20 in prisons. … Friends and relatives insist Phillips was trying to straighten up. Then he became the suspect in the shootings of three state troopers, including one who died, and was pursued in the state's largest manhunt ever. He was placed on the FBI's Most Wanted list." The AP adds, "Phillips, 44, surrendered without firing a shot Friday night. He appeared in courts in two counties Saturday to face the first of many charges, including attempted murder."

FBI Jailhouse Surveillance Tapes Seen As Key In Gotti Trial. The New York Times (9/11, Williams, 1.21M) reports, "As the racketeering trial of John A.

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Gotti unfolds in Manhattan federal court, one of the subtexts to emerge is how the family business pulled Mr. Gotti in and left him almost powerless to resist. In secret F.B.I. recordings made while he was in prison…Gotti, who prosecutors say was in the top echelon of the Gambino organized crime family, can be heard agonizing Hamlet-like about whether he should stay faithful to the dictates of his father, John J. Gotti…or muster the courage to create his own identity." The Times notes, "Mr. Gotti's defense maintains that he left the Gambino crime family sometime before 1999, which would allow him to avoid conviction on most of the racketeering counts because of the five-year statute of limitations on those charges. The tapes are critical, however, because the conversations on them took place after 1999, and seem to back the prosecution's contention that Mr. Gotti still played a key role in the Gambino family."

New Orleans FBI Readying For Expected Surge In Hurricane Fraud Cases. The New Orleans Times-Picayune (9/10, Waller) reported, "So great is the surge of recovery dollars pouring into the region that the New Orleans FBI office is preparing a permanent hurricane fraud squad to investigate cases of bilking aid programs for years to come. … 'We're really on the beginning of the upward slope of the bell-shaped curve,' said James Bernazzani, special agent in charge of the FBI's regional office. 'The more money that comes down, the more temptation there is to steal.'" The Times-Picayune added, "Bernazzani said agents are even watching for organized crime entities trying to get a piece of the hurricane recovery, although so far none have been detected. … So far, the FBI seems to have done well. On Tuesday, 11 of its employees will receive attorney general's awards in Washington for their hurricane fraud work. … It is among the most prestigious honors for FBI agents, and it is rare for an office to receive that many in the same year, Bernazzani said."

Six Louisianans Indicted On Hurricane Fraud Charges. The Baton Rouge Advocate (9/8) reported, "A federal grand jury has indicted six Louisiana residents on fraud charges related to hurricane disaster relief programs. Timothy E. DeClouet, 38, of New Iberia was charged in a one-count indictment with wire fraud in obtaining disaster unemployment benefits for alleged losses resulting from Hurricane Rita. … Wanda Turner, 28, of New Iberia was charged in a one-count indictment with wire fraud in obtaining disaster unemployment benefits." The Advocate added, "Robin Becnel, 44, of Baton Rouge was charged with illegal conversion of government property," and "Koieasha Jones, 26, of Baton Rouge was charged in a two-count indictment with making a false and fraudulent claim for disaster assistance benefits and with illegal conversion of government property. … Bridgette Toney, 24, of Baton Rouge was charged in a two-count indictment with making a false and fraudulent claim for disaster assistance," as was Edwin L. Franklin, 24, of Port Allen." The AP (9/8) also reported on the charges.

Former FBI Colleagues Staunchly Defend Devecchio In Mob Murder Case. The New York Times (9/11, Feuer, 1.21M) reports, "Almost from the moment he was charged in March with helping to commit four murders for the mob, R. Lindley DeVecchio has been surrounded by this posse of supporters: retired F.B.I. men who for years were not only his colleagues, but also his friends. They watch his back. Personally guarantee his million-dollar bond. Solicit money for his legal bills. Scoff at his accusers. Interview — or, some have said, intimidate — witnesses in the case. And at every chance they get, tell whoever cares to listen that Mr. DeVecchio is an innocent man." The Times notes, "To a federal agent, there is nothing more toxic than a corruption charge," and "the charges faced by Mr. DeVecchio are radioactive: that he gave secret information to Mr. Scarpa in exchange for $66,000. Which makes it all the more remarkable that 19 former F.B.I. agents have put their names and reputations on the line to save their troubled friend."

Miami Cuban Community Rallies Behind Anti-Castro Activist Facing Trial. The Washington Post (9/11, A03, Whoriskey) reports from Miami, "He is, depending upon whom you talk to, either a terrorist or a patriot. … The trial of Santiago Alvarez, a 65-year-old businessman here, is scheduled to begin this week on federal charges of maintaining an illegal armory of machine guns, C-4 explosive and hand grenades at a suburban apartment complex he owned." The Post continues, "Federal prosecutors say the anti-Castro crusader was storing 'a staggering amount of illegal weaponry and ammunition.' The Cuban government, the presumed target, has denounced him as a terrorist. … But in this city of Cuban immigrants and countless schemes to invade the island and topple the Castro regime, the moral distinctions that elsewhere underlie global antiterrorism efforts seem harder to fix precisely. Alvarez's

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alleged stash is viewed by some less as a criminal offense than as a noble quest. … 'He's a patriot,' Miguel Saavedra, leader of the hard-line anti-Castro group Vigilia Mambisa, said of Alvarez. 'I don't see any good reason to prosecute him.'" The Post notes, "Particularly galling for many anti-Castro campaigners here is that one of their own has been charged as a criminal for conducting a campaign against Cuba. The country is included on the State Department's list of 'State Sponsors of Terrorism,' along with Iran, North Korea, Sudan and Syria. … Making matters worse, Alvarez's advocates say, is the slim likelihood of having a Cuban American on the jury -- because the indictment was made in Fort Lauderdale, rather than in Miami, the jury pool will be drawn far from the large Cuban community of Miami-Dade."

Marion Barry Ticketed By Secret Service After Stop Near White House. The Washington Post (9/11, Woodlee, Lengel) reports, "D.C. Council member Marion Barry was detained and ticketed by the Secret Service early yesterday, after uniformed officers stopped him near the White House for running a red light and detected the smell of alcohol, authorities said." The Post continues, "Tom Mazur, spokesman for the Secret Service, said Barry's car ran a red light at 16th and H streets NW. The officers administered a field sobriety test and took Barry to the U.S. Capitol Police station, where he was given a breathalyzer test. … Mazur said police could not get an accurate reading on the breathalyzer, so Barry was asked to submit to a urine analysis, which he refused. Barry was then ticketed for running a red light and failing to submit to a urine analysis, the spokesman said." The Post adds, "Barry, in a telephone interview yesterday, said he was not intoxicated and had not run the light. He said he passed the breathalyzer when the test registered a 0.02, far below the legal threshold for intoxication, 0.08. The former four-term mayor accused federal authorities of trying to 'embarrass and discredit me.' … This is the second time this year that police have questioned Barry's sobriety. In May, he was involved in a minor fender bender, and he passed a breath test, although the police report indicated that he appeared to be impaired. … Barry is on probation stemming from a tax-related conviction, and Frederick D. Cooke, Barry's attorney, said it is unclear whether the latest citation would affect Barry's legal status. Cooke said he could not comment because he did not have enough details."

Sex Offender Sues Virginia Over Web Site Naming. The Washington Post (9/11, B1, Vargas) reports, "John Doe is 31 years old, received degrees in philosophy and psychology from the University of Mary Washington and is an aquatics coach in the Washington area." The Post continues, "He does not want you to know his name or that when he was about 18 he was convicted of having sex with his 14-year-old sister. The sex started, police said, when she was in second grade. … Now that Virginia's online sex offender registry has been expanded to include all sex offenders -- not just those considered violent -- people such as Doe are being told that they must register or face arrest. That means that their names, photos and professions will be posted on the Internet amid the rapists and child molesters already there. Hidden under the cloak of a pseudonym, Doe is taking the fight to court." The Post adds, "Today, Doe's attorney will stand on one side of a Prince William County courtroom, asking a judge to allow him to remain anonymous and safe from arrest. On the other, attorneys for the defendants -- the county and the state -- will argue that the public has a right to know who Doe is and where he lives and works. And that he was convicted of incest, a misdemeanor. … Although the registry requirements changed in 2003 to include incest, it wasn't until this year that the information was to be made public online. In July, Doe filed suit. .. . 'Any requirement for Mr. Doe to register as a sex offender now, more than eleven years after his conviction, would not serve the community in the fashion that the legislators intended,' his attorney, Melinda VanLowe, argued in court papers. 'The registry would severely damage Mr. Doe's ability to maintain or gain employment, his standing in the community and general livelihood, causing irreparable injury that cannot be compensated by monetary damages.'"

Cheney Says Libby Should Be Presumed Innocent. On NBC's "Meet the Press" (9/10, Russert), host Tim Russert interviewed Vice President Dick Cheney. Asked if he authorized his former chief of staff, I. Lewis "Scooter" Libby to leak Valerie Plame's name to the press, Cheney said, "Scooter Libby is, he's a good man. He's a friend of mine. He's somebody -- one of the most competent and capable people I've ever known. He's entitled to the presumption of innocence. But there is a legal matter pending, there is going to be a trial next year, I could well be a witness in the trial, and much as I would like to talk about, and I certainly have strong opinions about the case, I think it'd be

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totally inappropriate for me to do so." Cheney refused to comment on other matters of the case, including whether he would seek a pardon from President Bush for Libby, but when asked his thoughts on former Deputy Secretary of State Richard Armitage, columnist Robert Novak's original source, Cheney said, "Does he need a pardon?"

CIVIL LAW:

Cancelled Award Ceremony For Whistleblower Sparks Controversy. The Washington Post (9/11, A15, Williamson, 748K) reports on Leroy Smith, "a prison safety manager who blew the whistle on life-threatening conditions in a prison-run factory." He "was to be honored Thursday afternoon by Special Counsel Scott J. Bloch as the office's Public Servant of the Year." Bloch "flew Smith and his wife in from Arizona, where they now live, put them up in a fancy hotel, invited media and dignitaries -- then, minutes before the event, canceled everything." Bloch "said he canceled the award presentation and news conference after Catherine McMullen, who is chief of the office's whistle-blower disclosure unit and played a key role in investigating Smith's case, suffered a death in her family and had to leave town." However, "special counsel staffers who came forward after Bloch pulled the rug out. McMullen's relative, they said, hadn't died suddenly, or even Thursday. Staff members had known for at least a day that McMullen would not attend the event, yet planning for it continued. McMullen could not be reached to comment." Bloch "scuttled Smith's fete, these employees believe, because he got wind of Smith's plan to take his award and head over to a news conference with Public Employees for Environmental Responsibility."

CIVIL RIGHTS:

LAPD Chief Orders Review Of Interrogation Policy After Murder Case Tossed. The Los Angeles Times (9/11, Blankstein) reports, "It began on an April afternoon in 2005 when neighbors in an upscale section of Manhattan Beach noticed black smoke billowing from an apartment rented by a local doctor. … Firefighters arrived and quickly extinguished the blaze. But when they got inside the home's bedroom, they found the body of the doctor's housekeeper, Libia Cabrera, lying under a window and burned beyond recognition." The Times continues, "The 41-year-old Lawndale mother had been bound, gagged, sexually assaulted and stabbed in the neck. … Months passed without any breaks. Then, in January, detectives arrested Herbert Orlando Gonzales, a 27-year-old clerical worker and aspiring musician. … Gonzales was charged with murder and three other felony counts including arson and residential burglary and, if convicted, could have faced the death penalty. … But the 'big break' in the murder mystery has become a black eye for the Los Angeles County Sheriff's Department." The Times adds, "A Los Angeles judge last month threw out the case, raising concerns about the detectives' conduct during a lengthy interrogation. .. . Though the deputies claimed that Gonzales made incriminating statements during the interview, the judge concluded that they might have violated Gonzales' Miranda rights and bullied him into making incriminating statements that he later recanted. … The judge also cast a skeptical eye on detectives' decision to record only part of the interrogation, saying later that the Sheriff's Department could not afford to audiotape the entire interview. … The decision has reverberated throughout the Sheriff's Department, prompting Sheriff Lee Baca to launch a review of detectives' in-custody interrogations, including the one involving Gonzales."

NYTimes Decries Felony Disenfranchisement In Alabama. The New York Times (9/11, 1.21M) editorializes, "It has been decades since federal laws overturned the literacy tests and poll taxes that were the most blatant forms of discrimination barring black people from voting in Southern states. But even today, felony disenfranchisement is an enormous obstacle to voting for black people in the Deep South. … The process for restoring voting rights for people who have been convicted of crimes can be so byzantine that officials don't know who is eligible." The Times adds, "In Alabama, an archaic law strips the right to vote from people convicted of crimes involving 'moral turpitude,' without explaining what that is or what crimes are covered. … The Legislature needs to stop tinkering at the margins of this problem. The only honorable solution is to automatically restore voting rights to Alabamians who have completed their sentences. That's the only way to take this issue out of the hands of bureaucrats and make amends for one of the most shameful voting rights records in American history."

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ANTITRUST:

MGA Nears Deal To Purchase Newell Unit. The Wall Street Journal (9/11, Binkley) reports, "MGA Entertainment Inc. is close to an agreement to buy Little Tikes Co., a division of Newell Rubbermaid Inc. that makes preschool toys and play equipment, according to people familiar with the situation." The Journal continues, "The move would put MGA, maker of the Bratz dolls and other so-called tween-targeted toys, into a new segment of products for young children. A deal could be announced as early as this morning, the people said." The Journal adds, "Little Tikes is known for the durable, brightly colored plastic trucks, climbing gyms and infant toys that it has been making since 1970. It may be best known for the foot-powered Cozy Coupe car. About six million of those cars have been sold, according to the company's Web site. .. . MGA has separately been strengthening its stake in German doll maker Zapf Creation AG, and last month launched an electronic hand-held toy and Internet game called Miuchiz. The Little Tikes acquisition would cement for MGA a broad range of products from babies and toddlers to tweens and teens. .. . The price of the acquisition wasn't clear. One person familiar with the talks said the Little Tikes company has about $250 million in annual revenue."

Debate Grows Over Fashion Copyrights. The Wall Street Journal (9/11, Winograd, Tan) reports, "As fashion models hit New York runways this week, they won't just be showing off spring 2007 designs aimed at high-end retailers. They'll also be providing a wealth of ideas for apparel manufacturers that copy runway looks -- usually with less-expensive fabrics, in foreign assembly plants -- for purchase by the masses." The Journal continues, "Hoping to change that by following Europe's lead, prominent fashion designers in the U.S. are pushing for federal legislation that would offer three years of copyright-like protection for designs ranging from dresses and shoes to belts and eyeglass frames. Though the odds of passage in the current Congress appear slim, the bill has ignited a fierce debate over how the creative process works in the women's fashion industry, which rang up retail sales of $101 billion in 2005." The Journal adds, "The central question is whether fashion design is an art worthy of protection or a craft whose practitioners can and should freely copy one another. In an industry where many designers come out with similar looks each season -- and where inspiration is said to be 'in the air' -- designers and the thriving knockoff industry are hotly debating the issue. … Another key question: whether knockoffs, somewhat counterintuitively, actually benefit the industry as a whole. Copying, some argue, propels the fashion cycle forward by creating popular trends that spur designers to move on to the next big idea."

ENVIRONMENT:

Youths' Willingness To Conserve Energy Has Plunged Since The 1980s. Laura Wray, a graduate student, and Constance Flanagan a professor of youth civic development at Pennsylvania State University, write in the Washington Post (9/11, A17, 748K), "'An Inconvenient Truth,' Al Gore's movie on global warming, is now the fourth-largest-grossing documentary of all time. But apparently it isn't young adults who are paying the price of the ticket -- or, more important, taking the truth about the environment to heart." Youths' "willingness to conserve gas, heat and energy has taken a precipitous plunge since the 1980s." Gore "argues that in America, 'political will is a renewable resource.' Perhaps one way to renew this resource is to start focusing more on young people and their understanding of, as well as contribution to, environmental problems."

WSJournal Criticizes California's "Feel Good Environmentalism." An editorial in the Wall Street Journal (9/11, 2.03M) criticizes California's "latest bout of feel-good environmentalism. We say feel-good, because even the supporters of that state's recent decision to unilaterally enact a mandatory global warming program are admitting it will accomplish, well, nothing much. … What we really have here, then, is the ultimate in political symbolism." Yet "even symbolism can have consequences, and California's economy will be lucky to escape this unscathed."

FBI/DEA/ATF/USMS:

Customs Officials Apprehend Woman With 53000 Ecstasy Pill At Buffalo Crossing. The AP (9/11) reports, "A 28-year-old American woman faces charges after federal officials say she tried to smuggle more than one (m) million dollars worth of the drug Ecstasy into the U-S at the border crossing in Buffalo. U-S Customs and

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Border Protection officials say officers at the Peace Bridge became suspicious after stopping the woman's car on Wednesday .Officers say a search of the trunk turned up more than 53-thousand Ecstasy tablets wrapped in vacuum-sealed bags. The woman -- whose name has been released -- with charged with importing and possessing a controlled substance with intent to sell it."

California AG Spotlights Campaign To Identify Large-Scale Marijuana Operations. The Santa Rosa Press Democrat (9/11, Geniella) reports California Attorney General Bill Lockyer "said Thursday that marijuana seizures this year are setting records, with Mendocino, Lake and Shasta counties accounting for about 40 percent of the statewide volume. Lockyer said so far nearly $5 billion worth of maturing pot plants have been destroyed in a beefed up state and federal campaign that will continue into October." Lockyer "said drug agents are finding 'larger and larger gardens worth tens of millions of dollars.' … Lockyer's comments echoed earlier remarks of local, state and federal agents who have cited surging pot production and a growing tie to Mexican crime families." The Press Democrat notes Lockyer "in the past has cited the growing role of Mexican drug organizations, concurring with state agents who estimate that as much as 70 percent to 80 percent of illegal pot production on state and federal lands is tied to them. But Lockyer on Thursday made no reference to the Mexican connection, preferring instead to credit the record seizures to increased numbers of drug teams, aerial surveillance and transportation to the typically remote gardens. … The federal Office of National Drug Control Policy last week estimated that 166 of 228 marijuana-growing operations found this year on public lands across the United States were associated with Mexican crime organizations. National drug czar John Walters said last week in Fresno that 'Mexican drug cartels are turning our national parks into centers of international drug trafficking,' according to the Fresno Bee."

Trenton Plagued By Heroin-Related Fatalities. The Trentonian (9/11) reports, "A potent new brand of heroin blamed for 400 deaths nationwide has killed at least seven people in Trenton in the past two months, police said. Police Director Joe Santiago "said he fears the killer brand of heroin, first seen in Philadelphia and Camden in April, has made its way to Trenton. Sold under the names 'Flatline' and 'Capone,' the so-called 'bad heroin' is believed to be cut with fentanyl, a pain killer 80 times more powerful than morphine. Developed by New Brunswick's Johnson & Johnson, it's been used legally for decades in anesthesia and pain management. But fentanyl is now found on the streets and is being manufactured illegally, law enforcement officials say. Traced to heroin labs in Chicago and said to be much more fentanyl than heroin, the stuff can retard breathing, making users feel like they're suffocating."

DEA Seeks Mexican Man In Connection With Drug Kingpin's Boat. The San Diego Union-Tribune (9/9, Cearley) reports, "A Chula Vista man who helped buy the boat used by suspected Mexican drug kingpin Francisco Javier Arellano Félix is now a fugitive wanted on arms charges. Edgardo Leyva Escandon Edgardo Leyva Escandon, a Mexican national with a residence in the United States, faces six counts of possessing thousands of rounds of ammunition while in the United States on a visitor's visa, according to an affidavit unsealed yesterday in U.S. District Court. Though the affidavit doesn't document his connection with the boat, Drug Enforcement Administration special agent Dan Simmons said Leyva was the treasurer of the company that bought the boat Arellano was using at the time of his arrest last month off the coast of La Paz. Leyva has a 'long-standing relationship with the Arellano Félix organization as far back as the early 1990s,' Simmons said. The Arellanos are believed to have controlled the flow of drugs along much of the Baja California border for almost 20 years. Leyva is part of a well-known Baja California family, and an uncle was once governor of that state.

Plan Colombia Portrayed As A Failure. The South Florida Sun-Sentinel (9/10) runs an article by the New York Times' Juan Forero which reports, "The latest chapter in America's long war on drugs -- a six-year, $4.7 billion effort to slash Colombia's coca crop -- has left the price, quality and availability of cocaine on American streets virtually unchanged. The effort, begun in 2000 and known as Plan Colombia, had a goal of halving Colombia's coca crop in five years. That has not happened. Instead, drug policy experts say, coca, the essential ingredient for cocaine, has been redistributed to smaller and harder-to-reach plots, adding to the cost and difficulty of the drug war. Bush administration officials say that coca farmers are on the run, and that the leftist guerrillas and right-wing paramilitaries who feed on

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drug profits are weaker than ever. That has made Colombia, Washington's closest ally in a tumultuous region, more stable, they say. They argue that the plan has scored important successes, like a spike in the price of cocaine last year. But that claim was disputed by drug policy experts, and in fact a wide range of them, and some politicians, are questioning the drug war's results. … 'If we were to evaluate Plan Colombia by its initial overriding criteria, the results of the drug war have been dubious at best,' said Russell Crandall, a former adviser to the White House and the author of Driven by Drugs, a book on the drug war in the Andes. Bush administration officials think that verdict is too harsh. 'Over the past five years, you see a compression on cultivation,' John P. Walters, director of the White House Office of National Drug Control Policy, said."

IMMIGRATION:

Immigrant Rights Movement Loses Steam. The New York Times (9/11, Swarns, Archibold, 1.21M) reports, "For a moment, it sounded like one of the spirited crowds from this past spring. There, at the foot of the Capitol, flag-waving immigrants chanted and cheered and warned lawmakers in Congress to take notice. … But this time, only a few thousand people protested, not the hundreds of thousands that organizers had expected at the rally here on Thursday. And similar scenes played out across the country last week as immigrant demonstrations drew much smaller crowds than anticipated in Los Angeles, Phoenix and Batavia, Ill." The Times adds, "Buoyed by the huge immigrant protests in April and May, some organizers had predicted that a million people would take to the streets around Labor Day. And they vowed to produce a million people, through voter registration and citizenship drives, to press for legislation that would grant legal status to the nation's illegal immigrants and help shape the outcome of the November midterm elections. Some organizers now acknowledge that both goals were overly optimistic." Political "analysts, policy makers and immigrants alike are questioning the staying power of the fledgling immigrant rights movement."

TAX:

DC Furniture Executive Charged With Tax-Evasion. The Washington Times (9/11, Mcelhatton) reports, "The founder of a prominent District-based furniture company who made an unsuccessful bid for a D.C. Council seat in 2000 is facing tax-evasion charges." The Times continues, "The charges against businessman Peter Ross were filed last week in federal court in the District, months after a trustee in his company's bankruptcy case said Mr. Ross had concealed more than $200,000 in assets." The Times adds, "Mr. Ross, president of Spectrum Ltd., a national furniture maker based on L Street in Northeast, failed to pay more than $200,000 in employment withholding taxes, prosecutors said. … Charging documents state that Mr. Ross did not disclose $288,000 in inventory when his company went bankrupt and that he failed, under penalty of perjury, to report more than $50,000 in yearly income from a trust fund. … The tax-evasion charges carry a five-year prison sentence."

CONGRESS-ADMINISTRATION:

Republicans Divided On Earmark Reform. Roll Call (9/11, Davis, Newmyer) reports, "With hopes for a broader lobbying package still stuck in neutral, House Republican leaders are working to head off another confrontation with GOP appropriators and pass an earmark reform resolution this week." GOP leaders "face a potentially rocky path to final passage as members of the Appropriations Committee balked at the initial proposal laid out Sept. 7, arguing that the language did not make good on a promise made by Speaker Dennis Hastert (R-Ill.) to Appropriations Chairman Jerry Lewis (R-Calif.) in late April to apply reforms equally to appropriations, tax and authorizing legislation. That last-minute deal was negotiated to secure appropriators' support for a procedural vote to bring the broader lobbying and ethics overhaul package to the floor." LaHood "said appropriators were unanimous in their opposition to the draft proposal but were open to further negotiations."

Higher-Income Beneficiaries To Pay Higher Medicare Premiums. The New York Times (9/11, Pear, 1.21M) reports, "Higher-income people will have to pay higher Medicare premiums than other beneficiaries next year, as the government takes a small but significant step to help the financially ailing program remain viable over the long term. The surcharge is a major departure from the traditional arrangement under which seniors have generally paid the same premium." It is expected "to affect one million to two million beneficiaries: individuals with incomes exceeding

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$80,000 and married couples with more than $160,000 of income. For individuals with incomes over $200,000, the premium, now $88.50 a month, is expected to quadruple by 2009." The surcharge "was established under a little-noticed provision of the 2003 law that added a prescription drug benefit to Medicare."

First Lady "Ascending The Global Stage." USA Today (9/11, Jackson, 2.27M) reports, "As her husband prepares his annual address to the United Nations next week, Laura Bush also is ascending the global stage." The First Lady "is putting the finishing touches on a conference to improve reading skills in the world's most illiterate countries, a roundtable discussion on Burma to press for the release of democracy activist Aung San Suu Kyi and other political prisoners, and a speech on health problems facing women worldwide." Her activities next week in New York "underscore how Bush is pursuing her own second-term agenda -- one that gets her out more to champion favorite causes and that some analysts say also helps burnish her husband's image and that of the United States around the world." In an interview last week with USA TODAY, Bush "dismissed with a smile the notion that her work might help the president overcome criticism in Europe and elsewhere. She said such talk is 'maybe slightly exaggerated in the media.' 'I'm traveling because I have this opportunity to talk about things that are important to me and that are important to our country,' she said." Bush "said she focuses on a wide range of global issues, including the impact of HIV and AIDS in Africa, that have long been personal concerns. She wants people in foreign countries to know they are not alone in facing these problems, she said."

Cheney Says Times Report Of Waning Influence A "Thumbsucker." On NBC's "Meet the Press" (9/10, Russert), host Tim Russert interviewed Vice President Dick Cheney. Asked if his influence in the Administration has waned, as suggested by the New York Times on Sunday, Cheney said, "I haven't read the story in any great detail. It looks like one of those thumbsuckers that's done periodically. It's probably as valid as the ones that were done saying I was in charge of everything."

Democrats Ponder House Reforms. Roll Call (9/11, Yachnin) reports, "As House Democrats consider changes in how they distribute top committee slots, the party also is working to gain pre-election publicity and differentiate itself from the GOP by proposing broader changes in how the House operates." With Democrats "at work on the first significant overhaul of their internal rules in a decade," Democratic Caucus Chairman James Clyburn "acknowledged that his colleagues may discuss adopting gavel term limits similar to those instituted by the House Republican Conference after the GOP took control of the chamber in 1995. … Beyond term limits and committee assignments, a draft of rules issued to lawmakers this week proposes an extended list of 'Democratic Principles,' addressing issues from floor procedures to ethics guidelines, according to Rep. Mike Capuano (D-Mass.), who chairs the Caucus' Organization, Study and Review Committee." Among the proposals, Capuano "suggested the Caucus rules could dictate the disclosure of private travel, as well as guide the process for earmarking. A letter issued to Democratic lawmakers Friday noted that lobbying guidelines could be included in the rules."

WSJournal Criticizes Levin For Delaying National Security Nominees. An editorial in the Wall Street Journal (9/11, 2.03M) says Sen. Carl Levin "continues to block Bush administration national security nominees for no discernible reason other than partisan gamesmanship. The Senator's latest political hostages are Ken Wainstein, who is waiting to become the Assistant Attorney General for National Security, and Alice Fisher, who is currently running up against the end of her recess appointment as Assistant Attorney General for the Criminal Division." The Journal adds, "Both of these nominees -- like several Pentagon targets of Mr. Levin before them -- would easily be confirmed if they'd get an up or down vote. His antics show how easy it is for a single Senator to disrupt vital operations of the executive branch, and without accountability or media coverage. In an earlier era, Senate grown-ups would have intervened to tell Mr. Levin there is a larger public good at stake. Today, Democratic Leader Harry Reid sits on his hands."

OTHER NEWS:

9/11 Attacks Added "Fear" Variable Into Stock Trading. USA Today (9/11, Krantz, 2.27M) reports that since the 9/11 attacks, stocks are up, "though not by much: The Dow Jones industrial average is up 18.6% and the Standard & Poor's 500 18.9% from just before the attacks, a

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3.5% annual return that's way below long-term averages. It's impossible to know how much the terrorist attacks are to blame for the market's malaise. After all, an earnings recession started in late 2000, and the USA has just emerged from one of its worst periods of corporate fraud in at least a generation. But the attacks injected a new permanent variable into stocks: fear."

Economist Says Predicted Post-9/11 Recession Never Materialized. Economist Brian Wesbury writes in the Wall Street Journal (9/11, 2.03M) that the 9/11 terrorists hoped the attacks "would send shock waves through the American financial system and severely harm the US economy. … Roughly two weeks after 9/11, a Bloomberg survey found 22 out of 30 economists predicting recession. … But someone forgot to turn out the lights. According to the National Bureau of Economic Research, the recession officially ended in November 2001, just 50 days after 9/11." Wesbury adds, "In the end, it was not the attacks, but the reaction to them that has defined the economy for the past five years. Monetary policy has a very limited ability to fix problems that are not directly related to liquidity, and often causes more problems than it cures. Much more important is for the government to get out of the way, keep tax rates low, and use our armed forces and intelligence capabilities to protect America. A capitalist economy, as long as it is kept free, is the ultimate hardened target."

IMF Urges US Gas Tax Hike. The Financial Times (9/11, Hoyos, Blas, Morrison) reports, "The US, the world's biggest energy consumer, should use the opportunity created by the recent drop in oil prices to raise petrol taxes, according to the [IMF]. This would prevent pollution and the wild swings in oil price that jeopardise world economic growth, the IMF said in a report to Group of Seven finance ministers meeting this week in Singapore." The "IMF argued that low prices at the petrol pump 'encouraged excessive consumption with adverse environmental implications.'" The Times says the "measure was unpopular" among OPEC oil ministers meeting in Vienna Sunday. They "are for the first time in two years beginning to voice concern that the demand slowdown could lead to a price slide that would hit the record profits they have enjoyed since 2003. Nevertheless, they are likely to postpone any reduction in their supply until the end of the hurricane season."

On Eve Of OPEC Meeting, Some Members Worried About Falling Prices. The New York Times (9/11, Mouawad, 1.21M) reports, "As OPEC ministers prepare to meet [in Vienna] Monday, the question on their minds is not how high oil prices will rise, but how far they may drop. ... While there is no sense of urgency about oil price increases, some members of OPEC are beginning to express anxiety about further price declines. The Times writes, "It is unlikely that the OPEC ministers will alter at Monday's meeting their current policy of keeping markets well supplied with oil. But some of them are beginning to think about whether to cut output next year, an effort that would be aimed at keeping prices from declining further."

The Wall Street Journal (9/11, Bahree, Levine, 2.03M) reports, "OPEC's ministers were struggling Sunday to ascertain whether the $10-a-barrel slide in the price of crude oil in recent weeks has been the result of excess supply or simply a correction in a frothy world market. The outcome of this debate will determine whether the cartel acts to curb output, even if informally, in an attempt to prevent the price decline from turning into a rout." The Journal notes, "several of the cartel's ministers have said they don't expect a formal decision to lower the group's production ceiling. But they have also expressed concern about falling prices." The Journal says, "Some OPEC officials say cartel members are prepared to continue letting their output fall informally if price declines and market dynamics further reduce demand for oil. Such action, they say, is preferable to a formal decision to reduce quotas," which "could invite a backlash from consumer countries."

Cheney Expects GOP Will Hold Onto House, Senate. On NBC's "Meet the Press" (9/10, Russert), host Tim Russert interviewed Vice President Dick Cheney. Asked about a report the NRCC will spend $50 million before the midterm races, with much of the funds going to negative advertising, Cheney said, "I haven't seen the ads. I hope our guys have good, hard-hitting advertisements, certainly the opposition does. And I don't see anything inappropriate about a tough, hard-charging campaign. This is an important campaign. Just think about what's at stake in this election in terms of national security and the global war on terror and where we go on these issues you and I have been talking about this morning." Cheney added, "I don't expect that Nancy Pelosi will be speaker. I think we're doing very well out there. I feel better about the election now than I did three

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months ago." Cheney later said he expected the GOP to retain the Senate majority, also."

Analysts Say Democrats' Goal Of Picking Up Several New Seats "Increasingly Remote." The New York Times (9/11, Hernandez, 1.21M) reports, "In a year when Democrats hope to take control of the House of Representatives, New York would appear to be fertile ground for toppling Republican incumbents. Democrats have a statewide edge in enrollment, and a popular incumbent, Senator Hillary Rodham Clinton, is at the top of the party's ticket. In fact, just a few months ago, Democrats envisioned significant gains in New York, perhaps picking up as many as four seats, possibly even five." But "that goal now seems increasingly remote, and there is an emerging consensus among political analysts that the party's best chance for capturing a Republican seat is the battle to succeed Representative Sherwood L. Boehlert, one of the most liberal Republicans in Congress, who is retiring." The Times adds, "The shifting local fortunes for Democrats could have serious political implications beyond New York. The party needs 15 seats to take control of the House. Even one victory in New York would be an important step toward that goal, giving the Democrats a cushion if they lose elsewhere in the nation. The situation in New York is particularly surprising given the state's reputation as a Democratic bastion." The incumbents in New York "are benefiting from being in legislative districts drawn to keep the Republican incumbents in place." In addition, "the Democrats' inability to gain traction can be measured in the fund-raising disparity between them and Republicans, and is reflected in interviews with strategists in both parties and independent analysts."

Economy Said To Be Top Issue This November. The Washington Times (9/11, Lambro, 88K) reports, "Several polls show that the No. 1 issue heading into the election season is not the war in Iraq or the terrorist threat, but the performance of the US economy, which has gotten poor marks from voters despite steady growth and lower unemployment." But "pollsters conducting election surveys for Republicans say persistently sour voter attitudes about the economy have begun to improve recently, partly because of last week's sharp decline in oil and gasoline prices." A CNN/Opinion Research poll of 1,004 Americans taken Sept. 4 and 5 "showed that 28 percent said the economy would be the most important factor in their congressional vote this November, followed by Iraq at 25 percent and terrorism at 18 percent. Moral issues (15 percent) and immigration (14 percent) were fourth and fifth, respectively." That poll "showed voters giving the economy failing grades, with 56 percent rating it 'poor' overall, compared with 44 percent who called it 'good.'" A Fox News/Opinion Dynamics poll of 900 registered voters taken Aug. 29 to 30 "reported similar results." But "with oil prices down from more than $70 a barrel a few weeks ago to $66 at the end of last week, and gas prices falling to an average of $2.68 a gallon for regular -- and to as low as $2.40 in places such as Ohio -- there was growing speculation among Republican strategists that if prices continue to fall, the political climate would improve for the party's candidates."

Republicans Hope Security Issue Will Help Them Keep Control Of Congress. U.S. News and World Report (9/18, Gilgoff, 2.03M) reports that with his announcement last week on the treatment of al Qaeda suspects, President Bush, "to the surprise of almost everyone in Washington-appeared to score a political victory, at least for the moment." The move "reminds the country that, as it marks the fifth anniversary of the September 11 attacks this week, another anniversary looms: the third national election in which the GOP hopes to maintain control of Washington by arguing that it will provide Americans with more security than the Democrats." But Democrats say the GOP's national security campaign "won't yield the benefits it did in 2002 and 2004."

Time (9/18, Allen, 4.03M) reports that President Bush "is taking a big gamble that an unflinching focus on national security will be his party's political salvation. … Many Republicans harbor doubts, and a few dissenters are even steering clear of the President and his game plan." Time adds, "Democrats, having largely steered clear of national-security issues in the 2002 and 2004 campaigns for fear their war reservations and civil-liberties concerns would brand them as effete, are embracing the topic, and they appear to have found their voice with a steady insistence that Iraq has been mishandled. Thus, for the first time in the five years since 9/11, national security is a jump ball." Time adds, "Deputy White House chief of staff Karl Rove, the architect one last time, says he is confident that voters will buy the President's message. 'Given a choice between doing the job and walking away, they will want to do the job,' Rove tells

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TIME. 'Given a choice between winning and losing, the American people will always pick winning.'"

Vulnerable Republicans Step Up Criticism Of Bush. U.S. News and World Report (9/18, Gilgoff, 2.03M) reports, "Many vulnerable Republicans…are stepping up criticism of Bush and the Iraq war or attempting to ignore both on the campaign trail. Florida Rep. Clay Shaw, facing a serious challenge this year, visited Iraq last month but spoke little of his trip other than answering some questions for local media. Shaw is focusing instead on issues like healthcare and Everglades restoration."

Democrats Must Overcome Perception That They Are Weak. Newsweek (9/18, Darman, Thomas, 3.12M) reports that with "polls showing some of the highest levels of antiwar sentiment since Vietnam -- with roughly three out of five Americans saying that they disapprove of President Bush's handling of the Iraq war -- the Democrats have a chance to recapture Congress, if only they can overcome the perception that they are somehow weak."

Webb Said To Make Allen Seem Like A "Tough-Guy Wanna Be." Newsweek's (9/18, Darman, Thomas) story focuses on Virginia Democratic Senate candidate James Webb, a Vietnam veteran who scorned antiwar protesters then "with the same contempt he shows today for so-called chicken hawks, the neocons who never served in the military but were all for invading Iraq. … Webb's opponent, incumbent GOP Sen. George Allen Jr., plays the good-ole-boy superpatriot. With his cowboy boots and swagger, he is a reasonable facsimile of George W. Bush. But next to a hardened combat veteran like Webb, he can seem like a tough-guy wanna-be." Webb "has yet to find a way to express his opposition to the Iraq war that does not sound as if he is either (a) advocating a policy of 'cut and run,' or (b) complaining and criticizing but offering no clear way out. Stiffly refusing to pander on the stump, Webb tends to ramble on, describing nuances and complexities."

Zogby Poll Shows Republicans On Track To Keep Senate Control. In its "Washington Wire" column on its web site, the Wall Street Journal (9/10, 2.03M) reported, "Republicans made some headway on Democrats in hotly contested Senate races, according to the latest Zogby Battlegrounds poll. Democratic challengers remain narrowly ahead in the run for several seats now held by Republicans, but the GOP is still on track to retain control of the chamber. The polls, conducted Aug. 29-Sept. 5 by Zogby Interactive in cooperation with The Wall Street Journal Online, show Democrats ahead in 11 of the 18 states polled, while Republicans lead in five."

Allen Leads Webb By Four In Mason Dixon Poll. In its "Washington Wire" column on its web site, the Wall Street Journal (9/10, 2.03M) reported, "Republican Sen. George Allen of Virginia sees the lead in his re-election race cut to just four percentage points -- 46% to 42% -- over Democratic challenger James Webb, in a Mason Dixon Polling & Research Inc. poll."

Both Parties Eye Lawmakers For Possible Party Switches. U.S. News and World Report (9/18, Bedard, 2.03M) reports in its "Washington Whispers" column that the results of this fall's elections "could lead to a nasty partisan battle to get enough House members to switch parties that the results will be scuttled. We hear that Republicans are already looking at conservative Democrats who might switch parties if the liberals take back control of the House by a seat or two. Ditto for the Democrats, by the way, who think they can lure the few liberal Republicans to their side with promises of pork or even committee chairmanships."

Rhode Island Senate Primary Down To The Wire. USA Today (9/11, Page, 2.27M) reports, "A New England senator often at odds with his party faces a down-to-the-wire showdown in his state's primary. Last month, that description applied to Democrat Joe Lieberman of Connecticut, who ended up losing to anti-war challenger Ned Lamont and is now running as an independent." In Rhode Island, "it depicts Lincoln Chafee...the Senate's most liberal Republican. He is imperiled by a challenge from anti-tax conservative Steve Laffey."

The Washington Times (9/11, Fagan, 88K) reports, "Senate Republicans face the prospect of one less seat Wednesday morning, party leaders say," if Chafee, :a liberal, loses his primary here tomorrow." Dan Ronayne, spokesman for the National Republican Senatorial Committee (NRSC), said Laffey "has no chance to win a general election. We would find ourselves down a seat going into the November elections." David Winston, a GOP pollster, agreed, "If Laffey wins, [Senate Minority Leader] Harry Reid is one step closer to being majority leader."

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Democrats Appear Poised For Gains In Gubernatorial Races. In its "Washington Wire" column on its web site, the Wall Street Journal (9/10, 2.03M) reported, "Democrats remain poised for big gains in gubernatorial races nationwide even as Republican candidates took the lead in a few tight contests, according to the latest Zogby Interactive poll, conducted in cooperation with The Wall Street Journal Online. Of 19 states tracked in the poll, conducted Aug. 29-Sept. 5, Democratic candidates were ahead in 12 races, while Republicans led in six and one race yielded mixed results. In Zogby's August poll, Democrats led 14 of the states polled, Republicans four and one race was mixed."

Stuart Rothenberg writes in Roll Call (9/11), "It is now clear that when the dust settles on Nov. 8, Democrats will find themselves holding a majority of governorships for the first time since the 1994 midterm elections, when Democratic ranks across the nation were decimated. While Republicans currently hold 28 of the nation's 50 governorships, Democrats are likely to gain from four to six. If they net as many as four, they should hold a majority of governorships for at least the next two years. … One big-state GOP governorship, New York, already seems to have slipped away, and another, Ohio, is in serious danger of doing so. I'd be surprised if Republicans win either race. … Four other states that currently have Republican governors now seem more likely than not to elect Democratic governors. Gov. Bob Ehrlich has an uphill, though not impossible, battle for re-election in very Democratic Maryland, while three other states with GOP governors -- Arkansas, Massachusetts and Colorado -- are more likely to elect Democratic than Republican governors. Four other races -- Alaska, Wisconsin, Iowa and Michigan -- fall into a broad 'too close to call' category." Gubernatorial races, adds Rothenberg, "are likely to result in significant gains for Democrats nationally. And that will only add to the GOP's problems heading into the crucial 2008 elections."

Bill Clinton Said To Loom Large In Hillary Clinton's Possible '08 Plans. The New Yorker (9/18, Remnick) analyzes former President Clinton's effort to build a legacy in the years following his departure from office, and his role in his wife's bid for the presidency. One "theme he kept returning to all week" was "the need for the Democratic Party to 'lean into' Republican attacks. He made no secret of his feeling that the Democrats had lost winnable elections in 2000 and in 2004; Al Gore and John Kerry were 'a couple of honorable men' but had been 'tarred' as men of low character, and their campaigns failed to fight back effectively." We "were somewhere above the Sahara, but Clinton's mind was fixed on the condition of the Democratic Party in the Age of Bush and on the way the White House, even as Iraq verged on civil war, remained on the rhetorical and ideological offensive." Clinton said, "I am sick of Karl Rove's bullshit." The New Yorker adds, "And yet there was a trace of admiration in the remark, a veteran pol's regard for the way his rival had packaged a radical brand of American conservatism as 'compassionate conservatism' and kept on pushing it long after its sell-by date had passed."

Gore Has Not Ruled Out Another Presidential Bid. The Washington Times (9/11, Pierce, 88K) reports in its "Inside Politics" column, "Former Vice President Al Gore said yesterday that he has not ruled out making a second bid for the White House, though he said it was unlikely. Mr. Gore spoke to reporters in Sydney, Australia, where he was promoting the local premiere of his documentary on global warming. 'I haven't completely ruled out running for president again in the future, but I don't expect to,' Mr. Gore said before the premiere last night of 'An Inconvenient Truth.'"

Luntz Survey Finds 57% Say UN Should Be "Scrapped Altogether." U.S. News and World Report (9/18, Bedard, 2.03M) reports in its "Washington Whispers" column that this week, the firm Luntz, Maslansky Strategic Research, will release "a huge benchmark survey done for the Hudson Institute that finds fifty-seven percent of Americans say "the UN should be 'scrapped altogether' if it isn't reformed fast; 62 percent say it's ineffective in stopping wars; 70 percent want the US contribution slashed; and only 34 percent say it promotes America's security interests."

Gerson To Write Column For WPost. The Washington Post (9/11, C1, Kurtz, 748K) reports in its "Media Notes" column, "Michael Gerson, a key member of President Bush's inner circle until 10 weeks ago, has a new job: Washington Post op-ed columnist. Editorial Page Editor Fred Hiatt has signed up the longtime White House speechwriter and policy adviser, who will start in January while remaining a member of the Council on Foreign Relations."

Miami Herald Reporters Fired For Taking Money From Federal Government. The

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Washington Post (9/11, C1, Kurtz, 748K) reports in its "Media Notes" column, "The Miami Herald has fired two reporters and a freelancer who work for its Spanish-language edition, El Nuevo Herald, for accepting money from the federal government. The journalists were compensated for appearances on Radio Marti and TV Marti, the broadcasting services beamed into Cuba. One of them, Pablo Alfonso, who covers Cuba, has been paid almost $175,000 over the past five years to host Marti programs. Fellow staff writer Wilfredo Cancio Isla, who covers the Cuban exile community and politics, was paid almost $15,000 in the past five years. The freelancer, Olga Connor, who writes about Cuban culture, received about $71,000, according to the Herald."

NYTimes Says Conservative Judges Are As Activist As Liberals. An editorial in the New York Times (9/11, 1.21M) says, "Anyone who follows the courts knows that conservative judges are as activist as liberal judges —just for different causes. A new study of Supreme Court voting patterns confirms this and suggests that the conservative Justices Antonin Scalia and Clarence Thomas are actually more activist than their liberal colleagues. … Activism is not necessarily a bad thing. The Supreme Court is supposed to strike down laws that are unconstitutional or otherwise flawed. Clearly, all nine justices, from across the political spectrum, believe this, since they all regularly vote to strike down laws. What is wrong is for one side to pretend its judges are not activist, and turn judicial activism into a partisan talking point, when the numbers show a very different story."

WPost Says DC Superintendent Seeks Accurate Student Performance Assessment. The Washington Post (9/11, A16, 748K) editorializes, "The recent Post article reporting that only 28 of the District's 146 public schools met academic benchmarks on a new city test in April was sobering news. The focus on school performance, however, may have obscured the story's more consequential finding: Takers of the new test were students, not the schools they attended. Students -- not their schools -- failed to achieve proficiency in reading, math and other subjects." Superintendent Clifford B. Janey "is seeking a more accurate assessment of student performance so that he and his teachers will know how much they have to do to reverse a failing situation. Parents need to know the truth as well. And city leaders must stop giving lip service to the crisis in their midst. Without an investment of time and resources by families and educators to raise student performance to a higher standard, generations of District children will not make the grade as contributing and self-sustaining adults. Both they and the city -- not schools -- will be the losers."

Tehran May Temporarily Comply With UNSC Demand. The AP (9/11, Jahn) reports Iran "is ready to consider complying -- at least temporarily -- with a U.N. Security Council demand that it freeze uranium enrichment, which can be used in developing atomic weapons." Such a concession "would be a major departure by Tehran as it faces possible U.N. sanctions for its nuclear defiance and would be a huge step toward defusing a confrontation over the program it says is only aimed at generating electricity." The compromise "was mentioned by senior Iranian nuclear negotiator Ali Larijani" during two-day talks with the EU's Javier Solana.

The New York Times (9/11, Dempsey, 1.21M) reports Larijani, "who spent most of last week touring European capitals in an effort to stave off the threat of sanctions, said 'many misunderstandings had been removed.'" The "cautious-but-positive tone of the statements from Mr. Solana and Mr. Larijani contrasted sharply" with the US position outlined by Undersecretary Burns last week, the Times says. It could "open up a rift between the Europeans and the United States, though Iran has been one of the few foreign policy issues in which they have worked together."

Cheney Says Evidence Of Iranian Nuclear Intent Is Clear. On NBC's "Meet the Press" (9/10, Russert), host Tim Russert interviewed Vice President Dick Cheney. Asked if former Iraqi President Khatami was correct in saying the US will not make the same "mistake of attacking Iran. ... Iran is not Iraq." The Vice President responded, "We certainly understand Iran is not Iraq. I'm not sure I would agree with much of what else he said. Obviously, we're concerned about what Iran is up to. We think their pursuit of enrichment capability that would allow them ultimately to produce nuclear weapons is fundamentally a problem for that part of the world. That's a view shared by most of our friends in the international community." Cheney noted that the intelligence the US is using to confirm the Iranian nuclear program is from the International Atomic Energy Agency, noting there is "not much dispute within the international community—and that includes the Russians, that includes the Europeans—that in fact the Iranians are pursuing capabilities that would allow them to

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produce nuclear weapons." However, Cheney refused "to speculate on military options. It's not wise. And Rumsfeld would probably object."

Rice Says US Not "Hyping" Iranian Threat. CNN Late Edition (9/10, Blitzer) interviewed Secretary of State Condoleezza Rice. Asked to remark on Sen. John Kerry's worry that the Administration would "hype" the threat posed by the Iranian nuclear program late in the campaign season, Rice said, "I think it's really quite remarkable when you have a statement like that when you've had the International Atomic Energy Agency board of governors register severe concerns about the Iranian nuclear activity, when you've had the UN Security Council vote just a little over a month and a half ago that Iran must mandatorily suspend its enrichment activities, when you have the IAEA director general, Mohamed ElBaradei, saying he's not getting full cooperation from Iran. This isn't the United States hyping a threat. This is the United States trying to build a coalition of states, all of whom know that Iranian nuclear activities are unexplained and troubling."

More Commentary. In an editorial titled "Wobbly Diplomacy," the Washington Post (9/11, A16, 748K) writes, "Last Spring the Bush administration struck what looked like a clever diplomatic bargain with European governments, Russia and China on addressing Iran. The Islamic regime, Secretary of State Condoleezza Rice said, would be offered a 'clear choice' between a package of economic and political treats -- including the direct dialogue with the United States that Tehran has long craved -- and international sanctions, depending on whether it agreed to suspend its nuclear program. Bush administration officials said they agreed to back the incentive package because Germany, France, Russia and China all pledged that in the event of a negative answer from Iran, they would support sanctions. Iran's answer is now in: It is unambiguously negative." The Administration "has consequently turned to its partners and asked for the response they committed themselves to. … Russian and Chinese officials may fear that international sanctions are a prelude to more drastic measures, such as U.S. military action. In fact, their resistance to sanctions only raises the chances that President Bush will see force as the only way to stop an Iranian bomb."

Blair, Abbas Discuss Palestinian Unity Government. The New York Times (9/11, Myre, 1.21M) reports Palestinian Authority President Mahmoud Abbas and British PM Tony Blair met Sunday "to discuss the possibility of forming a Palestinian unity government that would seek to win broad international acceptance and end the isolation of the current Hamas-led government." Blair "endorsed the idea of a Palestinian unity government and said it could receive widespread support as long as it met conditions set by Western countries and the United Nations."

Lebanon Cleric Tells Blair To Stay Away. The Financial Times (9/11, Adams, Devi, England) reports Blair "has been told to stay away from Lebanon by the country's most senior Shia cleric ahead of a visit on Monday to Beirut, the first by any western leader since the war with Israel." Grand Ayatollah Mohammed Hussein Fadlallah declared Blair "persona non grata for his unswerving support of President George W. Bush and the Israeli assault against Hizbollah guerillas. He said the British leader was 'a real partner in the Israeli-American war on Lebanon' and should have been brought to account instead of being welcomed to Lebanon."

Annan's Mideast Trip Praised. The New York Times (9/11, Hoge, 1.21M) reports on Kofi Annan's Mideast trip, "the kind of shuttle diplomacy that American secretaries of state used to do but could not now, given that there has been such a plunge in American credibility over Iraq and that two places Mr. Annan visited, Iran and Syria, are no-go zones for American officials." The Times adds, "The results: the end of the Israeli blockade of Lebanon on Friday and the agreement by both Israel and Lebanon that Mr. Annan would be the broker of confidential negotiations in the coming weeks seeking the release of two Israeli soldiers held by Hezbollah. … It was likely the last major diplomatic journey for Mr. Annan, who won a Nobel Peace Prize during his first five-year term but who has become more accustomed in recent years to being criticized for mismanagement. He will leave office on Dec. 31. During the trip, he mused about how he had no weapons, no troops, only the power of dialogue. That set him apart from all the leaders he was talking to, in a region where brazen show of muscle is the normal persuader. It also illustrated a founding idea of the United Nations: that an organization with no national agenda can bring together countries with competing agendas."

Abdullah Says Palestinian Issue Must Be Resolved. Time (9/18, MacLeod, 4.03M) interviews King Abdullah II of Jordan. Asked if the war on terrorism has made the world safer, Abdullah said, "What it's done is make it more complicated. We are still not addressing the root causes. The Lebanese war dramatically opened all eyes to the fact that if

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we don't solve the Palestinian issue, the future looks pretty bleak for the Middle East. Unless we solve the core problems, terrorism in its strength will always be with us." Asked why Israel should Israel deal with Hamas, Abdullah said, "don't think that Israel is looking just at having a problem with Hamas. It is looking further afield and seeing major security challenges. There are other regional powers that are vying for supremacy in this area. Usually when that happens the net result is conflict and violence."

North Korea Issue To Dominate Bush-Roh Summit. AFP (9/11, Martin) reports, "North Korea's military threat will dominate this week's summit between the South Korean and US presidents, but analysts say they are unlikely to narrow sharp differences on how to handle the isolated communist state." President Roh Moo-Hyun's administration, "which wants engagement with its prickly neighbour rather than isolation, plays down the military threat posed by the missile tests and sees them as a negotiating tactic. Relations between the South and the US -- its ally for six decades -- are in trouble, as Roh's administration admits."

Blair "Heir" Brown Denies Plotting "Coup" Against PM. The New York Times (9/11, Cowell, 1.21M) reports that as the "feud" over the departure of PM Tony Blair continued, "heir-apparent" Gordon Brown denied he had "sponsored a political coup that divided the ruling Labor Party and produced days of infighting and crisis." In his first television interview since Blair, "under severe pressure, pledged last Thursday that he would leave office within the next 12 months," Brown "sought to define the outlines of his likely political agenda and to leaven what newspaper columnists and political adversaries have depicted as a dour and charm-less persona lacking the charisma often ascribed to Mr. Blair." On Saturday, Blair "urged Labor supporters to end the squabbling, saying they would lose the next election" if they did not. Blair "spoke after Charles Clarke, a former senior minister, assailed Mr. Brown, calling him 'deluded' and a 'control-freak' bereft of collegiality -- charges seen by some as intended to undermine Mr. Brown's credentials as a future prime minister and to encourage rival contenders for the prime ministry."

The AP (9/10) also says "heir" Brown said he had "nothing to do with the letter" from Labour lawmakers urging Blair to stand down. Brown also said he "welcomed a contest to choose the next Labour Party leader, who also would be prime minister." In the West Bank, Blair was asked at a news whether he accepted Brown's assurances, and said, "Of course…but I really want to concentrate on Palestine today."

The Financial Times (9/11, Eaglesham, Adams) reports Brown said he would "continue to pursue a modernising centre-left agenda" if he succeeds Blair, "as is widely expected."

Mallaby Says UK Likely To Cool To US Once Blair Gone. In his Washington Post (9/11, A17, 748K) column, Sebastian Mallaby writes, "British politics has delivered its own verdict on the war on terror. By a poignant coincidence, Tony Blair, the prime minister who has often been the world's most forceful exponent of a virile response to militant Islam, became a political eunuch last week -- just as the world was taking stock of the fifth anniversary of 9/11. A revolt within Blair's Labor Party forced him to promise that he would be gone within a year. He had become too close to the foreign policy of George W. Bush: in short, too pro-American." Once Blair is gone, "nobody will play his role with comparable conviction." Brown "vacations in Cape Cod, but he evidently feels no love for Bush's foreign policy. David Cameron, the fresh leader of the opposition Conservative Party, knows how to read the national mood. He is not going to pick up the pro-American baton."

Al Jazeera International's Rollout Timetable Remains Uncertain. U.S. News and World Report (9/18, Halloran, 2.03M) reports on the launch of al Jazeera International, which has "CNN-like ambitions and hubs in Washington; London; Kuala Lumpur, Malaysia; and Doha-but its rollout timetable remains uncertain." So far, the launch has fallen victim to enormous technical difficulties and the herculean task of selling an al Jazeera product in a post-9/11 America that's at war in the Arab world and suspects-rightly or wrongly-that the network favors the bad guys." Al Jazeera "wants the new channel to reach up to 40 million households worldwide, but it's unclear who the target audience is, and the firm has found some US cable and satellite companies reluctant to carry the al Jazeera brand." US News adds, "Most insiders give the channel a fifty-fifty shot of getting off the ground in the United States."

Negotiators Fail To Agree On Restart Of World Trade Talks. The New York Times (9/11, A6, Rohter, 1.21M) reports that "despite repeated declarations of their desire to resuscitate suspended global trade

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negotiations," representatives of leading industrial and developing nations meeting in Brazil this weekend were "unable to agree on a resumption date." World Trade Organization director Pascal Lamy called July's collapse "a serious accident" that could lead to litigation and "protectionist surges" that would damage global trade. As was the case in July, "the sticking point is agriculture," the Times writes. EU trade commissioner Peter Mandelson said the EU was willing to make new concessions on agriculture, but said, "The US needs to make a fresh proposal during this time to reduce in real terms what it spends on trade-distorting subsidies and to discipline the programs it uses." However, US Trade Representative Susan Schwab said Washington had already agreed to "very real and very dramatic cuts" with a proposal that was "not a take-it-or-leave-it offer."

Putin Says Russia Will Markedly Expand Energy Exports. The Financial Times (9/11, Wagstyl) reports Russia "plans a massive increase in the scale of its exports of oil and gas to Asia in its quest to expand its political and economic role as a global energy supplier, Vladimir Putin has said." Putin said Russia "plans to export 30 per cent of its oil and gas to Asia in 10-15 years compared with 3 per cent today. Mr Putin said Russia would continue to 'behave in a responsible way' in the market. But his ambitious target will raise concerns in the European Union, the biggest importer of Russian energy, that its supplies might one day be affected by the flow of oil and gas to Asia."

Karzai Says He Does Not Plan To Run Again In 2009. Time (9/18, Ratnesar, Baker, 4.03M) reports that since becoming Afghanistan's President five years ago, President Hamid Karzai "has been the face, voice and guiding spirit of the new Afghanistan, an urbane antidote to the depraved rule of the Taliban." Time adds, "As the insurgency has intensified, so has carping about Karzai's failings -- not just his physical remoteness but also his willingness to placate the country's warlords, his failure to take on government corruption, even his inability to get the traffic lights working in Kabul. The very qualities that catapulted Karzai to power and burnished his celebrity abroad…now seem to be exactly the wrong traits for a leader of a developing country at war with itself. … The dilemma is that even if Karzai is the wrong man for the job, he is also the only one who can do it." Time adds, "The next Afghan presidential election is in 2009, and Karzai has said he doesn't plan to run again. But he hedged on that vow at the end of our interview. 'If there is an alternative three years from now that I can be comfortable with, who is patriotic, good and deserves to be elected, I would definitely quit in his favor.'"

Georgia Alleges Moscow Backing Coup Against Saakashvili. The Christian Science Monitor (9/11, Vaisman, Weir, 58K) reports, "Tensions ratcheted up between Russia and Georgia following a successful Georgian military offensive against a pro-Russian separatist rebellion in the remote Kodori Gorge in July - and they are soaring again with last week's sensational allegations of a Moscow-backed coup d'état planned to overthrow President Mikhael Saakashvili. Georgian security forces last week rounded up about 30 opposition leaders and charged 14 of them with treason in a purported plan to stage disturbances in Tbilisi, leading to an opposition seizure of power." Most of those arrested "were officials of the pro-Moscow Justice Party, whose leader, former Georgian KGB chief Igor Giorgadze, is reportedly hiding in Russia. Others were activists of the opposition Conservative Monarchists and of the Anti-Soros Movement, a coalition of groups that accuses billionaire George Soros of 'interfering' in Georgian politics by funding pro-Western nongovernmental organizations and think tanks."

Bolivian General Strike Splitting Nation. The Washington Times (9/11, Arostegui, 88K) reports, "Racial and economic tensions tearing at the social fabric of Bolivia have been laid bare by a general strike on Friday that sparked violent clashes and paralyzed the eastern half of the country. 'We are very close to a separation of the two regions of Bolivia,' said Ruben Dario Cuellar, a deputy for the conservative Podemos party, which accuses President Evo Morales of trying to force through a new constitution that would institutionalize an indigenous socialist state."

South Africa Reduces Authority Of AIDS Minister. The Washington Post/AP (9/11, A14, Leonard) reports South Africa's government "has scaled back the influence of its minister for AIDS policy, pilloried for questioning the effectiveness of antiretroviral drug treatments and promoting beetroot, garlic and African potatoes as ways to fight AIDS."

China Increases Restrictions On Foreign-Media Access. The Wall Street Journal (9/11, Browne,

DOJ_NMG_0059948

2.03M) reports, "China's government issued sweeping restrictions on foreign news in China yesterday as it also moved to bar international financial-information companies from selling directly to Chinese customers." The restrictions, announced by China's official Xinhua news agency, "make it illegal to distribute articles that 'undermine China's national unity, sovereignty and territorial integrity' and that 'endanger China's national security, reputation and interests.'" The new rules "appear to nullify a hard-fought agreement reached between U.S. and Chinese officials a decade ago that gave foreign financial-information companies direct access to the China market."

The New York Times (9/11, Kahn, 1.21M) reports, "Party leaders have been alarmed by the increasing assertiveness of the domestic and the foreign news media. After a period of relative openness, officials now seem determined to make sure that the Chinese public does not have easy access to information that could provoke popular discontent or weaken the governing party's grip on power." President Hu Jintao "has intensified a crackdown on all kinds of news media in recent months, arresting and harassing journalists, tightening regulation of Web sites and online forums, hiring tens of thousands of people to screen and block Web content deemed offensive and firing editors of state-run publications that resist official controls."

German "Allowances" For Exceeding CO2 Caps Seen As Helping Environment. The Wall Street Journal (9/11, A1, Ball, 2.03M) reports, "Last year, to help combat global warming, Europe started charging industry for the right to spew hot air. For the first time on such a scale, governments slapped limits on the carbon-dioxide emissions of power plants, steelworks and other factories. Companies exceeding the caps have to buy CO2 'allowances' that trade on a European market." Because "CO2 emissions now carry a cost, Germany's largest utility, RWE AG, is spending to improve the efficiency of its aging coal-fired power plants, including its biggest power station here in the country's industrial heartland. … In Germany, the caps are starting to have their intended environmental effect: They are prodding industry to burn fossil fuels more efficiently." At the same time, "the new rules have upset the business status quo. Industries battled hard to bend the rules in their favor, creating new winners and losers. The winners include utilities that can charge higher rates and profit from trading allowances -- permits that give companies the right to emit carbon dioxide -- at opportune moments. Losers include energy-intensive manufacturers.

NYTimes Urges Bush To Name Special Envoy To Darfur. The New York Times (9/11, 1.21M) editorializes, "Last month the United Nations Security Council passed a resolution authorizing the creation of a peacekeeping force to intervene in Darfur. But it had a big catch. These troops can be deployed only with the consent of Sudan's government, which in effect allows the regime responsible for this genocide to decide whether or not the killings will continue. Clearly, that cannot be the end of the discussion." The Times adds, "The next step is for leading governments, including Washington, to apply maximum political pressure on Sudan, all the countries that support it (including China) and all the nations that could help sway it from its current course. … This would be a good time for President Bush to name a special envoy for Darfur. To make clear that the full weight of the administration is behind the new envoy, Mr. Bush and Secretary of State Condoleezza Rice should call officials in Sudan, China and Russia, as well as in powerful African countries like South Africa and Nigeria. Similar efforts should be made by leaders of the European Union."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"The Subtle Changes Since September 11th."
"Situation Called Dire In West Iraq."
"Field Troops Primed To Storm District, Maryland."
"Worried CIA Officers Buy Legal Insurance."
"In China, Delicately Testing the Taboo on Talking About Sex."

USA Today:

"West On Track For Worst Wildfire Season In Decades."
"Does 2001's Shadow Of Fear Still Linger?"
"Nation Stops Again To Remember."

New York Times:

"Bush Mourns 9/11 At Ground Zero As New York Remembers."
"The Hole In The City's Heart."
"Getting Past The Pain Of 9/11 With Steps, Big And Small."

DOJ_NMG_0059949

"For Democrats' Hopes, Less Promise In New York."
"Suicide Bomber Kills A Governor In Afghanistan."

Washington Post:
"The Subtle Changes Since September 11th."
"Situation Called Dire In West Iraq."
"Field Troops Primed To Storm District, Maryland."
"Worried CIA Officers Buy Legal Insurance."
"In China, Delicately Testing The Taboo On Talking About Sex."

Washington Times:
"Bush Salutes Ground Zero With Silence."
"Walk Honors Pentagon Falken."
"Airlines Struggle To Climb Skyward."
"I Just Want To Move On."
"Senate Seat On Line For GOP In Rhode Island Primary."
"Pope Stresses Gospel Over Giving."

Detroit Free Press:
"Not So Bad, But Don't Tell Marinelli."
"Remembering Sept. 11."
"Teachers To Stay Off Jobs."
"Stares, Whispers Take Toll On Metro Muslims."

Atlanta Journal-Constitution:
"The Face Of Remembrance."
"Cheney Defends Role In Iraq War."
"Critics Ailing Hospital needs Shot In The Arm."
"Goodbye, Erk: Service Honors Football Icon."

Houston Chronicle:
"Renewing Resole.'"
"Contrasting Views Emerge On The Mix Of Faith, Politics."
"Existing Development Rules Clouding Vision Of Pedestrian-Friendly Midtown."

Story Lineup From Last Night's Network News:
ABC: Bush Ground Zero; Al Qaeda Videotapes; Afghanistan Violence; War On Terror Analysis; 9/11 Docu Drama; Rebuilding After 9/11-New York; Remembering Bush School Visit 9/11.
CBS: Preempted By Tennis.
NBC: Cheney On 'Meet the Press'; Visiting Ground Zero; Rebuilding After 9/11-New York; Al Qaeda Videotapes; Arab World Vs US Policy; Remembering Two Brothers-9/11; Sectarian Violence; Hurricane Florence; Manning Brothers-Football Game.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: 9/11 Anniversary; Al Qaeda Video; Hurricane Florence; Space Shuttle.
CBS: 9/11 Anniversary; Al Qaeda Video; Iraq-Suicide Bombing; Saddam Hussein Trial; Hurricane Florence; Berg Obit.
NPR: 9/11 Anniversary; Al Qaeda Video; Khatami-Harvard Speech; Cheney-Meet The Press Appearance; Iraq-Parliament-Federalism Debate; Gulf Of Mexico-Earthquake; Space Shuttle; Gas Prices.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends breakfast with New York City first responders, Location TBD, New York; participates in Moment of Silence, Location TBD, New York; participates in ceremony with New York City first responders, Location TBD, New York; attends wreath-laying ceremony, Skyline Road, Shanksville, Pa.; attends commemoration of Sept. 11th attacks, The Pentagon; 9 pm, Makes address to the nation. Oval Office.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 2 p.m. FINANCE _ Full Committee. Hearing on NAFTA in its 12th year. Location: Room 215, Dirksen.

US House: 10 a.m. GOVERNMENT REFORM _ Subcommittee on National Security, Emerging Threats, and International Relations. First of three-part oversight hearing on ``Iraq: Democracy or Civil War?" Today's topic: ``When Can Iraqis Assume Full Internal Security Responsibilities?" Under Secretary of Defense for Policy Eric Edelman; Rear Admiral William Sullivan, Joint Chiefs of Staff; retired Army Major General William Nash, Council on Foreign Relations; Bruce Hoffman, Georgetown University; Alan King, who commanded a Civil Affairs Battalion in Iraq and was an American adviser for tribal affairs. Location: Room 2154 Rayburn.

Other: 9/11 ANNIVERSARY RELATED EVENTS _ Highlights: Progressive Blend Radio broadcasts all day antiwar programming live from mobile radio transmitter at ``Camp Democracy" protest site on the Mall between 3rd and 7th Streets. Contact: Karen Schrager, 202-489-7233.

DOJ_NMG_0059950

5:30 a.m. Brian Jenkins, a leading authority on terrorism, speaks at the Johns Hopkins University Paul H. Nitze School of Advanced International Studies (SAIS). Rome Building, 1619 Massachusetts Ave. NW. Contact: Felisa Neuringer Klubes, 202-663-5626.

5:30 a.m. Radio Day, during which more than two dozen radio hosts will conduct live interviews with a wide range of government and DOD employees and service members throughout the day.

8 a.m. Archbishop Donald W. Wuerl, Archbishop of Washington, will celebrate a Mass for Peace to commemorate the fifth anniversary of 9/11. The time of the Mass will coincide with the time the planes involved in the tragedy took off from Boston, Newark and Washington Dulles airports (departure times were 7:58 to 8:10 a.m.). Cathedral of St. Matthew the Apostle, 1725 Rhode Island Ave. NW. Contact: Susan Gibbs, 301-853-4516.

8:15 a.m. - 8:45 a.m. Press arrival and checkin for the Pentagon Sept. 11 Memoiral OBservance for family members of those who perished at the Pentagon. Checkin at the Memorial Gate accessible through the South Parking Lot. Note: Satellite truck parking in the Mall Terrace North parking lot. Preset must be complete by 5:30 a.m. Contact for logistical questions: Lt. Col. Brian Maka, 703-697-5131. Media contact: same number.

8:45 a.m. Fairfax County holds its fifth annual 9/11 remembrance ceremony. Forum area of the Government Center, 12000 Government Center Parkway, Fairfax. Contact: Merni Fitzgerald, 703-324-3187.

9:30 a.m. Family Memorial Ceremony. Outside at the Pentagon Mall Entrance (closed to the public). Invitees include victims' family members and employees who were in the Pentagon, September 11, 2001.

9:30 a.m. The 9/11 Truth organization holds a news conference on ``Breaking the 9/11 Myth." National Press Club. Contact: John Edward Hurley, 703-855-1266.

10 a.m. On the fifth anniversary of 9/11, former Speaker of the House Newt Gingrich speaks on ``Where Do We Go from Here? Lessons from the First Five Years of the War." Wohlstetter Conference Center, 12th floor, AEI, 1150 17h St. NW. Contact: Veronique Rodman, 202-862-4871.

10 a.m. Pentagon Employee Memorial Ceremony. Pentagon Auditorium (closed to the public with media pool coverage); hosted by the Pentagon's chaplains and include a musical tribute by Selah, a contemporary Christian Group.

11 a.m. 9/11 families and speakers join producers of a recently-released documentary, ``9/11: Press for Truth," at a news conference to demand a news investigation into the attacks of September 11th. National Press Club. Media should RSVP with contact, Kyle Hence, 401-935-7715.

11 a.m. Bicycle Tour de Force. At the Pentagon, when representatives from the New York City Police Department arrive on bikes from New York City.

12 p.m. - 1:30 p.m. The RAND Corporation holds a Congressional briefing to discuss ways to fight terrorism at home and abroad while simultaneously defending freedom and civil liberties in the United States. These issues are highlighted in a new RAND book by international terrorism analyst Brian Michael Jenkins, titled ``Unconquerable Nation: Knowing our Enemy, Strengthening Ourselves." Room 2212, Rayburn House Office Building. Contact: Catherine Hunter, 703-413-1100 Ext 5781.Note: Lunch will be served.

12:10 p.m. Catholic University marks the fifth anniversary of the 9.11 atacks with a remembrance mass. Crypt church, Basilica of the National Shrine of the Immaculate Conception, 400 Michigan Ave. NE. Contact: 202-319-5600.

12:30 p.m. National Press Club luncheon with 9/11 Commission Chair Thomas Kean and co-chair Lee Hamilton. Note: NPC guests and members only. Credentialed press can cover with I.D.

5:30 p.m. Brian Jenkins, one of the worlds leading authorities on terrorism and a senior adviser to RAND, discusses the status of the war on terror, sponsored by the School of Advanced International Studies. Auditorium, 1619 Massachusetts Ave. NW. Contact: Felisa Neuringer Klubes, 202-663-5626.

6:30 p.m. American University holds an interfaith candlelight vigil. Friedheim Quadrangle, on campus. Contact: Maralee, 202-885-5950.

7 p.m. Redskins Season Kickoff. Landover, Md. Gen. Peter Pace, chairman of the Joint Chiefs of Staff, will participate in the opening coin toss; a joint service color guard and joint service soloists will perform the national anthem followed by an Army Apache helicopter flyover.

7:30 p.m. Former Transportation Secretary Norman Mineta discusses national security and immigration, sponsored by American University. Kay Spiritual Life Center, on campus. Contact: Maralee Csellar, 202-885-5950.

DOJ_NMG_0059951

8 p.m. Kalb Report, with Marvin Kalb and filmmaker Ken Burns discussing the evolution of monumental events from news to history. National Press Club.

MEDICAL STUDENTS _ Medical students from across the country gather for Paul Ambrose Legislative Affairs Leadership Institute, aimed at providing physicians-in-training the chance to learn practical political skills to help effect change. Speakers include: Rear Admiral Moritsugu, Acting Surgeon General and Jim Nicholson, Secretary of Veterans Affairs. Contacts: Amy Boudreau, 847-846-7047. Kate Thomas, 703-620-6600 ext 231.

ARAB-AMERICANS _ The Arab-American Institute holds its National Leadership Conference, ``Healing the Nation: Am Arab-American Agenda for Security, Liberty and Peace." Highlights: 12 p.m. Luncheon forum marking the 5th anniversary of 9/11, with Bishop Jane Holmes Dixon of the Interfaith Alliance, Imam Mohamed Magid of the All Dulles Areas Muslim Society, Rev. George Rados of Saints Peter and Paul Orthodox Church, Rabbi David Saperstein of the Religious Action Center for Reform Judiasm. 4:30 p.m. Session on the 2008 elections, with James Zogby and George Salem. Location: Capital Hilton, 16th and K Sts. NW., unless otherwise noted.

JEWISH CONFERENCE _ The United Jewish Communities hold the International Lion of Judah Conference. Highlights: 8:45 a.m. Kenneth Feinberg, Administrator, 9/11 Victim Compensation Fund; and Karnit Goldwasser, wife of kidnapped Israeli soldier Ehud Goldwasser speak on ``Drawing Hope From Crisis." 11:15 a.m. Remarks by Bill Clinton, former President of the United States. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

WATER SECURITY _ American Water Works Association holds Water Security Congress. Highlights: 8:15 a.m. Remarks by Robert B. Stephan, assistant secretary for infrastructure protection, Department of Homeland Security. 9 a.m. Remarks by Benjamin Grumbles, assistant administrator, Environmental Protection Agency's Office of Water. Location: Omni Shoreham.

MEDICARE-MEDICAID _ America's Health Insurance Plans holds annual Medicare and Medicaid conferences. Highlights: 9 a.m. Keynote address by Mark B. McClellan, MD, PhD, Administrator, Centers for Medicare and Medicaid Services. Location: Capital Hilton, 16th and K Sts. NW.

PUBLIC-PRIVATE PARNERSHIPS _ The Conference Board, others, hold the 2006 Business and Education Conference on global public-private partnerships in education. Highlights: 9 a.m. Session on the role of public-private partnerships in education, with Intel Corp. Chairman Craig Barrett. 9:45 a.m. Session on key challenges in influences in global education, with former UN Undersecretary-General K.Y. Amoako, AED President Stephen Moseley, and Conference Board Executive Vice President Gail Foster. 12:30 p.m. Luncheon session on ``The Non-Profit as a Partner," with Sesame Workshop President Gary Knell. 3:45 p.m. Session on challenges of educational leadership, with Intel Chairman Craig Barrett, Jordan's Education Minister, Khaled Toukan, and Deputy South African Education Minister ME Surty. Location: Academy for Educational Development, Suite 800, 1825 Connecticut Ave. NW.

RELIGIOUS ATTITUDES _ 9:30 a.m. Scholars from The Institute for Studies of Religion (ISR) at Baylor University will discuss the initial results of the most extensive survey ever conducted on Americans religious attitudes and their affect on politics and everyday life. Location: National Press Club, Ballroom.

WEBB _ 10 a.m. Virginia Democratic Senate candidate Jim Webb holds a telephone briefing to discuss global terrorism and national security. Contacts: Jeff Pyatt, 703-778-4080.

LOW-INCOME HOUSING-KATRINA _ 2:30 p.m. - 4 p.m. National Low Income Housing Association holds forum on housing needs for Katrina evacuees and across the Gulf Coast. Participants include the Texas Low Income Housing Information Service; Catholic Charities Archdiocese of New Orleans; Mississippi Coast Interfaith Disaster Task Force, others. Location: Room 342, Senate Dirksen.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, SEPTEMBER 11, 2006 7:45 AM EDT

TODAY'S EDITION

Terrorism News:
Cheney, Rice Defend Administration's Antiterror Policies 3
White House Seeks Clear Authority To Restart CIA Detention Program 5
Republican Objections To Surveillance Program Could Undermine Party Strategy 6
Judge Sets Sept 26 Deadline For US To Reveal Any NSA Surveillance In ELF Case 6

Homeland Response:
Bush Pays Silent Tribute To Victims Of 9/11 Attacks 7
Americans To Mark Fifth Anniversary Of 9/11 Attacks 9
Local Volunteers Tend Flight 93 Crash Site 10
Marchers Honor Pentagon Victims Of 9/11 Attacks 11
DHS Criticized For Lack Of Contract Oversight 11
More CIA Counterterrorism Officers Signing Up For Legal Insurance 12
ABC Airs Docudrama Despite Complaints From Clinton Officials 12
Pataki Gets Bulk Of Criticism For Slow Pace Of WTC Site Redevelopment 12

War News:
Cheney Defends Iraq War, Says There Were Links Between Saddam Regime, Al Qaeda 13
"Secret" USMC Report Calls Anbar Situation Dire 13
Sadr Said To Remain US' "Core Challenge" In Iraq 14
Iraq Constitution Deal At Risk 14
Suicide Bomber Kills Afghan Provincial Governor 14
CIA Has Developed Secret Definition Of "Civil War." 15

Corporate Scandals:
H-P Chairwoman Defends Actions As Controversy Grows 15
Clinton Tax Hike Blamed For Backdated Stock Option Problems 16

Criminal Law:
DOJ Study Finds Gun Violence, Robbery On The Rise 17
Fugitive Wanted In New York Trooper Shooting Arrested 17
FBI Jailhouse Surveillance Tapes Seen As Key In Gotti Trial 17
New Orleans FBI Readying For Expected Surge In Hurricane Fraud Cases 18
Former FBI Colleagues Staunchly Defend Devecchio In Mob Murder Case 18
Miami Cuban Community Rallies Behind Anti-Castro Activist Facing Trial 18
Marion Barry Ticketed By Secret Service After Stop Near White House 18
Sex Offender Sues Virginia Over Web Site Naming 19
Cheney Says Libby Should Be Presumed Innocent 19

Civil Law:
Cancelled Award Ceremony For Whistleblower Sparks Controversy 19

Civil Rights:
LAPD Chief Orders Review Of Interrogation Policy After Murder Case Tossed 20
NYTimes Decries Felony Disenfranchisement In Alabama 20

Antitrust:
MGA Nears Deal To Purchase Newell Unit 20
Debate Grows Over Fashion Copyrights 20

Environment:
Youths' Willingness To Conserve Energy Has Plunged Since The 1980s 21
WSJournal Criticizes California's "Feel Good Environmentalism." 21

FBI/DEA/ATF/USMS:
Customs Officials Apprehend Woman With 53000 Ecstasy Pill At Buffalo Crossing 21
California AG Spotlights Campaign To Identify Large-Scale Marijuana Operations 21
Trenton Plagued By Heroin-Related Fatalities 21
DEA Seeks Mexican Man In Connection With Drug Kingpin's Boat 21
Plan Colombia Portrayed As A Failure 22

Immigration:
Immigrant Rights Movement Loses Steam 22

Tax:
DC Furniture Executive Charged With Tax-Evasion 22

Congress-Administration:
Republicans Divided On Earmark Reform 22
Higher-Income Beneficiaries To Pay Higher Medicare Premiums 23
First Lady "Ascending The Global Stage." 23

Cheney Says Times Report Of Waning Influence A "Thumbsucker." ... 23
Democrats Ponder House Reforms ... 23
WSJournal Criticizes Levin For Delaying National Security Nominees ... 23

Other News:

9/11 Attacks Added "Fear" Variable Into Stock Trading ... 24
IMF Urges US Gas Tax Hike ... 24
On Eve Of OPEC Meeting, Some Members Worried About Falling Prices ... 24
Cheney Expects GOP Will Hold Onto House, Senate ... 24
Analysts Say Democrats' Goal Of Picking Up Several New Seats "Increasingly Remote." ... 24
Economy Said To Be Top Issue This November ... 25
Republicans Hope Security Issue Will Help Them Keep Control Of Congress ... 25
Zogby Poll Shows Republicans On Track To Keep Senate Control ... 26
Allen Leads Webb By Four In Mason Dixon Poll ... 26
Both Parties Eye Lawmakers For Possible Party Switches ... 26
Rhode Island Senate Primary Down To The Wire ... 26
Democrats Appear Poised For Gains In Gubernatorial Races ... 26
Bill Clinton Said To Loom Large In Hillary Clinton's Possible '08 Plans ... 27
Gore Has Not Ruled Out Another Presidential Bid ... 27
Luntz Survey Finds 57% Say UN Should Be "Scrapped Altogether." ... 27
Gerson To Write Column For WPost ... 27
Miami Herald Reporters Fired For Taking Money From Federal Government ... 27
NYTimes Says Conservative Judges Are As Activist As Liberals 27
WPost Says DC Superintendent Seeks Accurate Student Performance Assessment ... 27
Tehran May Temporarily Comply With UNSC Demand ... 28
Blair, Abbas Discuss Palestinian Unity Government ... 28
North Korea Issue To Dominate Bush-Roh Summit ... 29
Blair "Heir" Brown Denies Plotting "Coup" Against PM ... 29
Al Jazeera International's Rollout Timetable Remains Uncertain 30
Negotiators Fail To Agree On Restart Of World Trade Talks ... 30
Putin Says Russia Will Markedly Expand Energy Exports ... 30
Karzai Says He Does Not Plan To Run Again In 2009 ... 30
Georgia Alleges Moscow Backing Coup Against Saakashvili ... 30
Bolivian General Strike Splitting Nation ... 30
South Africa Reduces Authority Of AIDS Minister ... 31
China Increases Restrictions On Foreign-Media Access ... 31
German "Allowances" For Exceeding CO2 Caps Seen As Helping Environment ... 31
NYTimes Urges Bush To Name Special Envoy To Darfur ... 31

The Big Picture:

Headlines From Today's Front Pages ... 31

Washington's Schedule:

Today's Events In Washington ... 32

DOJ_NMG_0059954

TERRORISM NEWS:

Cheney, Rice Defend Administration's Antiterror Policies. On this, the fifth anniversary of the 9/11 terrorist attacks, Bush Administration officials are defending the counterrorism policies they have put in place. The Wall Street Journal (9/11, Dreazen, 2.03M) reports, "On Sunday television talk shows just hours before the president and first lady paid their respects at Ground Zero, Vice President Dick Cheney and Secretary of State Condoleezza Rice said they have no regrets about invading Iraq, which both officials called the central front in the global war on terror. They also said the administration's antiterrorism policies deserved much of the credit for the fact that there have been no attacks in the U.S. in the past five years."

NBC Nightly News (9/10, lead story, 2:50, Seigenthaler, 9.87M) reported on Cheney's interview on NBC's "Meet the Press." Cheney "insisted the country is safer" since the 9/11 attacks. The Vice President was shown saying, "We're here on the fifth anniversary and there has not been another attack on the United States. And that's not an accident. Because we've done a hell of a job here at home in terms of Homeland Security." NBC (Gregory) added, "Cheney's appearance today as well as [President] Bush's interview with Matt Lauer to air tomorrow on Today had all the signs of 9/11. This Administration will vigorously defend its conduct of the war on terror. Just two months now before an important mid-term election." On NBC's "Meet the Press" (9/10, Russert), Cheney's complete answer was, "And that's not an accident, because we've done a hell of a job here at home, in terms of homeland security, in terms of the terrorist surveillance program we've put in place, in terms of the financial tracking program we put in place, and because of our detainee policy, where we, in fact, were able to interrogate captured terrorists to get the kind of intelligence that has allowed us to disrupt [terrorist plots.]"

On NBC's "Meet the Press" (9/10, Russert), Russert asked Cheney about the Administration's position on the treatment of terrorist detainees, Cheney said, "I won't discuss techniques. It's important we preserve certain classified elements of the program. But I will say to you, Tim, that the information we've collected from the detainees, from the people like Khalid Shaikh Mohammed, the mastermind of 9/11, has probably been some of the most valuable intelligence we've had in the last five years."

The Washington Times (9/11, Pfeiffer, 88K) reports Cheney said the US "has made 'significant progress' in the war on terror five years after the September 11 attacks, particularly by pursuing leaders of the al Qaeda network, Vice President Dick Cheney said yesterday." Said Cheney, "We've done enormous damage to al Qaeda, to the leadership of al Qaeda." Host Tim Russert "pressed Mr. Cheney on whether US military action under the Bush administration created more terrorists than it captured or killed. Mr. Russert cited a poll in which 54 percent of respondents said the war on terror is creating more terrorists." Cheney replied, "I can't buy that. … I mean, I think you've got to look at what's happening in Afghanistan and Iraq in terms of where we were five years ago and where we are today." Sen. John D. Rockefeller IV, West Virginia Democrat, "said Friday that the world would be better off if Iraqi dictator Saddam Hussein were still in power. '[Saddam] wasn't going to attack us. He would've been isolated there,' the leading Democrat on the Senate Select Intelligence Committee told CBS News. '"He would have been in control of that country, but we wouldn't have depleted our resources, preventing us from prosecuting a war on terror, which is what this is all about.'"

Secretary Rice appeared on CBS Face The Nation (9/10, Schieffer), CNN Late Edition (9/10, Blitzer) and Fox News Sunday (9/10, Wallace) Sunday morning. The interviews primarily dealt with US and world security five years after the September 11, 2001, terrorist attacks on the United States.

On CBS, Bob Schieffer began by asking if the Iraq war was a "colossal mistake" as part of the war on terror. Secretary Rice said, "The overthrow of Saddam Hussein is very important and better for the world. One cannot imagine a Middle East that would be different and would not be a place in which extremism thrives without Saddam Hussein's removal and the chance for a different kind of Iraq. But at the time, Bob, the intelligence services in fact did not say that there was no connection between al-Qaida and Iraq. That's simply not the case."

Secretary Rice also discussed Bush Administration anti-terror policies, saying, "The President is going to retain, and I think the American people will want him to retain, all the tools that are available to him within our laws to be able to get information from captured terrorists, to be sure that we can use that information to make the country more secure. After September 11th, it was very clear that the big missing link in our abilities to fight the kind of attack that took place on September 11 was information. You can't go around like a needle in a haystack trying to find out who might attack. You need information."

On Fox, Chris Wallace asked, "Five years later, where do we stand in the war on terror? Where do we stand in the conflict against Islamic extremism?" Secretary Rice responded, "I think it's clear that we are safe -- safer, but not really yet safe. And we have done a lot. In terms of

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homeland we are more secure. Our ports are more secure. Our airports are more secure. We have a much stronger intelligence sharing operation, not just within the country where we've broken down walls between law enforcement and intelligence agencies to get all of the information to break up terrorist plots, but also across the world. We have really an intelligence network across the world of sharing information. We've clearly hurt badly the al-Qaida organization that planned and plotted and executed September 11th, capturing many of their major field generals. When the President talked the other day about bringing to justice people like Abu Zubaydah, people like Khalid Sheikh Mohammed, you're really talking about the people who were at the center of that kind of plot of 9/11."

Asked, "Why didn't we finish the job in Afghanistan?" Secretary Rice responded, "Well, it was not possible to 'finish the job in Afghanistan.' This is going to be also a long process of bringing stability to Afghanistan. We have made enormous progress over the last four and a half years in Afghanistan. You actually have a national government that is elected in Afghanistan whose forces are fighting alongside of us, rather than the Taliban which was both harboring al-Qaida and giving them support."

At the close of the Fox interview, Wallace said, "There have been several stories this week that you prevailed over Vice President Cheney in the debate over whether or not to pull these top high-valued prisoners like Zubaydah and Khalid Sheikh Mohammed out of the CIA prisons, also reports that you now have more clout with the President than Vice President Cheney because of mistakes in judgment he made in the first term. Have you replaced the Vice President?" Secretary Rice responded, "I think these are truly among most of the ridiculous stories. These stories float around Washington, who's up, who's down. The Vice President remains a crucial advisor to the President. … I'm the Secretary of State, Chris. I have a different role from the Vice President. But let's remember who ultimately makes the decisions in foreign policy. It's the President of the United States himself." The interviews received coverage from the AP (9/11, Feller) and UPI (9/10).

CNN Late Edition (9/10, Blitzer) also interviewed Rice. Asked why the Administration decided to remove high value detainees from the CIA's detention system and move them "into some sort of justice system," Secretary Rice said, "The President gave the rationale for this in his speech, which is that, now, almost five years after September 11, when we have exploited the intelligence value -- and exploited it, by the way, in a way that I think has kept America and its allies safer. Because these people have been a font of extremely important information. But now, many years later, we believe we've exploited that intelligence value to the degree that it's now time to bring them to justice."

Cheney Suggests Domestic Critics Validate Terrorists' Strategy. The Washington Post (9/11, A12, Abramowitz, 748K) reports the Vice President "offered a veiled attack yesterday on critics of the administration's Iraq policy, saying the domestic debate over the war is emboldening adversaries who believe they can undermine the resolve of the American people. 'They can't beat us in a stand-up fight -- they never have -- but they're absolutely convinced they can break our will, [that] the American people don't have the stomach for the fight,' Cheney said." Cheney added "US allies in Afghanistan and Iraq 'have doubts' the United States will finish the job there. 'And those doubts are encouraged, obviously, when they see the kind of debate that we've had in the United States,' he said. 'Suggestions, for example, that we should withdraw US forces from Iraq simply feed into that whole notion, validates the strategy of the terrorists.'"

Giuliani Says Country Must Not Lower Guard Against Terror. Former New York City Mayor Rudy Giuliani writes in USA Today (9/11, 2.27M), "The attacks of Sept. 11, 2001, continue to flood me with many memories. Some are sad, some are tragic, others are uplifting. But recently I have been reflecting on how the attacks are ongoing. The attacks of five years ago cannot be consigned to history." The "measures taken to improve safety in our country have made a difference. We are safer, but not safe enough. It might be tempting to lower our guard and allow our memories to fade into history. That's probably a natural tendency. But it would be a dangerous mistake for our country."

Granger Says New Policies Have Prevented Another Attack. Rep. Kay Granger writes in the Washington Times (9/11, 88K), "Are we winning the war on terror? Not one terrorist attack has hit America in five years. Not one. An accident? No way. … We haven't had an attack in five years because our policies have prevented an attack and we have tools we simply didn't have before September ll. We haven't won yet. But we're getting there. How are we doing it? By aggressively taking the fight to the terrorists both here and abroad. By capturing, detaining and interrogating terrorists. By removing their safe havens. And by dismantling their networks." Granger adds, "Five years after the searing fire of September 11, we are indeed better prepared and we are taking action. But Congress needs to continue making available all the necessary tools to fight and win this war. Now is not the time to move on. Now is the time to keep moving forward."

Rumsfeld Says Iraq Is "Linchpin" In Terrorists' Efforts. Defense Secretary Donald Rumsfeld writes in the Wall Street Journal (9/11, 2.03M) that President Bush has "reminded us that it is important to understand the nature of this enemy, and what it is seeking to do. The extremist movement that threatens us is not a reactionary force -- it actively looks for opportunities to acquire new and deadlier

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weapons, to destabilize governments, and to create discord among our allies and within our own country." Rumsfeld adds, "Iraq is the linchpin in their effort. Osama bin Laden calls Iraq the 'epicenter' of this war, and he believes that 'America is prepared to wage easy wars but not prepared to fight long and bitter wars.'" Rumsfeld adds, "In this very public battle for hearts and minds, we must be as confident in the rightness of our cause as the enemy is in its evil purpose. We cannot allow the world to forget that America, though imperfect, is a force for good in the world."

Bin Laden Hunt Said To Have Gone "Stone Cold." NBC Nightly News (9/10, story 4, 1:40, Seigenthaler, 9.87M) reported, "In this morning's 'Washington Post' correspondent and NBC national security analyst Dana Priest reports the hunt for bin Laden has gone stone cold. She joins us tonight. How has bin Laden been able to vanish almost without a trace?" NBC (Priest) added, "Several ways. First of all, it was hard to begin with because of the rough terrain and all the knives but caves but after two years, there have been nothing like a close call. No tips, no snips, no point on a satellite image that have led US commanders anywhere close to catching him. The CIA never managed informants and neither they nor the military teams can operate freely in Pakistan. Pakistan has stopped the hunt because it's politically risky and bin Laden has stopped communicating in ways that can be picked up by technology. About three months ago the intelligence community vastly expanded the resources that it's using to hunt bin Laden, putting hundreds of more officers on the job, so there's a renewed effort but no one believes it will be easy."

Clarke Says Most Of US Pre-9/11 Vulnerabilities Are Still There. On ABC World News (9/10, story 4, 2:00) ABC News consultant Richard Clarke said, "Most of the vulnerabilities which we identified immediately after 9/11, are still there. Things that the terrorists know about and have attacked in other places. Such as subways and commuter rail, remain vulnerable today throughout the United States. Chemical plants, with lethal gas in them, are present in over 100 American cities. And Homeland Security Department has said that if they were attacked, as many as 17,000 Americans could die from one of them. And container shipping. We're still only scanning about 5% of the containers entering the United States. A container could have a dirty bomb or radioactive bomb in it."

Schumer Says We Are Safer, But Not Safe Enough. CBS' "Face The Nation" (9/10, Schieffer) interviewed Sen. Charles Schumer, who said, "Are we safer? We have made some progress in homeland security, there's no doubt about it, but not close to enough. The Homeland Security Department has been a mess. … When it comes to the defense in the war on terror, in homeland security, this Administration has talked the talk but they have not walked the walk."

Pataki Says Homeland Security Has Improved Since 9/11. CBS' "Face The Nation" (9/10, Schieffer) interviewed New York Gov. George Pataki. Asked if the US was safer five years out, Pataki said, "It's a vast improvement from what we were dealing with on September 10th of 2001. The Department of Homeland Security obviously is imperfect, but it's a brand new creation. It was something that came from the aftermath of these attacks. And what we have to do is make it work."

Dean Says US Has Not Pursued War On Terror With "Vigor." Fox News Sunday (9/10, Wallace) interviewed Democratic National Committee Chairman Howard Dean, who said, "I think we're in trouble. We have not pursued the war on terror with the vigor that we should have because we've gotten bogged down in this civil war in Iraq. What we ought to be doing is going after Osama bin Laden full-scale. We ought to capture him, we ought to kill him -- or kill him. And then we need to fight the terrorists which blew up the World Trade Center and killed 3,000 Americans." Dean added Democrats have "proposed, port security money, rail security money, airport security money, chemical plant security money. The Republicans turned it down. There's a lot of politics in this."

Kerry Says We Are Safe In "Small Ways." CNN Late Edition (9/10, Blitzer) interviewed Sen. John Kerry, who said, "We are safer in small ways. We are not as safe as we ought to be after 9/11. And the fact is, there are more terrorists in the world today who want to kill Americans and the terrorists at the highest level of incidence at any time since 9/11. The president sees a different world."

White House Seeks Clear Authority To Restart CIA Detention Program. U.S. News and World Report (9/18, Whitelaw, 2.03M) reports that President Bush's revelation last week outlining the CIA's secret detention program and announcing that 14 top al Qaeda suspects had been transferred to the US military prison in Guantánamo Bay "provided new insights into the structure, scope, and results of the controversial, covert jails." The White House "is using the publicity blitz to hammer Congress for clear legal authority to restart the CIA's detention program." Bush "wants Congress to insulate CIA personnel from any legal ramifications, a move that would allow the CIA to reopen its prisons." In a side bar story, US News examines the windfall of intelligence obtained from the captures a Qaeda suspects.

U.S. News and World Report (9/18, Marek, 2.03M) reports that while Bush's speech "skillfully put pressure on Congress to quickly approve a revised system for military tribunals", lawmakers "may not be in much of a cooperative mood." With "only four weeks left this session, the politics of midterm elections are intruding, and figuring out how to proceed has caused plenty of squabbling-much of it among Republicans." US News adds, "The biggest stumbling block

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for Congress is the administration's plan for handling classified evidence; sensitive security information could be introduced to seal a terrorist conviction without the accused-or his civilian lawyer-ever seeing it. The administration said the tactic would rarely be used, but that didn't mollify critics. Several top Pentagon lawyers told Congress last week that no civilized country has such a system, and Marine Brig. Gen. James Walker said the United States 'should not be the first.'"

Newsweek (9/18, Hosenball, Isikoff, 3.12M) reports, "Some of Bush's strongest opposition may come from within his own party. In the narrowly divided Senate, a small but influential group of Republicans, all military vets, is challenging the president's proposal. They have indicated they may hold up Bush's plan unless he agrees to soften his insistence on the use of secret evidence -- where the defendant cannot see classified details of the case against him -- and revisit the question of using confessions obtained under extreme physical duress. Democrats quickly aligned themselves with the renegade Republicans."

New Army Field Manual Explicitly Bans Certain Interrogation Practices. U.S. News and World Report (9/18, Mulrine, 2.03M) reports, "The Army Field Manual on interrogations was unveiled last week after more than a year of revisions and intergovernmental wrangling, and the result was a sound rebuke of the exercises in prisoner humiliation that came to light in the Abu Ghraib scandal. The new manual clearly lists banned practices like hooding prisoners, duct-taping their eyes, forcing them to be nude, or threatening them with dogs. It also accords Geneva Conventions protection-which bars 'outrages against personal dignity' -- for all detainees, for the first time establishing a single standard of treatment for uniformed prisoners and would-be terrorists alike." The manual "marks a sharp and significant rejection of the harsh methods backed by the Bush administration, say defense officials. What's more, it represents a win for military lawyers who pushed for the Geneva protections-against the wishes of some senior political appointees."

Republican Objections To Surveillance Program Could Undermine Party Strategy. The Wall Street Journal (9/11, Lueck, 2.03M) reports, "As Congress returns to work following commemoration of the Sept. 11 terror attacks, Republican leaders are eager to draw Democrats into a battle over President Bush's terrorism-surveillance program. But instead of finding an issue that could help them on Election Day, Republicans could be stymied by members of their own party who are raising concerns about the program." This week, House and Senate committees "are expected to take up legislation that would authorize and set limits for Mr. Bush's warrantless-wiretapping program, paving the way for showdowns in both chambers just before the November midterm elections. Republicans are confident the debate will bolster voters' impressions of their party as stronger on national security than the Democrats, many of whom have criticized the surveillance program on civil-liberties grounds." The debate over the National Security Agency's program, adds the Journal, "is far from clear-cut. Some Republican lawmakers say they are uncomfortable because the administration has provided little information about the program and how legislation would change it." The Journal goes on to name GOP Rep. Jeff Flake and Sens. Larry Craig of Idaho, John Sununu of New Hampshire and Lisa Murkowski of Alaska.

Scope Of Domestic Surveillance Has Increased Steadily Since 9/11. The Los Angeles Times (9/11, Meyer, 918K) reports that since the 9/11 attacks, Americans "are being monitored by their own government in ways unforeseen before terrorists flew planes into the World Trade Center and Pentagon. … In the five years since the attacks, the scope of domestic surveillance has steadily increased, according to interviews with dozens of current and former U.S. officials and privacy experts. Some of these programs have been debated and approved by the courts and Congress — the traditional checks against intrusions on Americans' privacy, protected under the 4th Amendment. Others have not. Some of them are operating without the knowledge or approval of judicial and legislative overseers, officials and experts say."

Dean Criticizes Surveillance Program. Fox News Sunday (9/10, Wallace) interviewed Democratic National Committee Chairman Howard Dean, who said, "There's mission creep here. We think it's a great thing to spy on Al Qaida; of course we should spy on Al Qaida. The problem is that's not just all they've been doing. It turns out they've had a broad-brush program so they can listen to everybody's phone calls if they want to. And they have. … You could do all the things the President is doing and still obey the law under the Constitution if you simply went and got a warrant. In fact, there's a provision in the law that says you can get a warrant after the fact."

Judge Sets Sept 26 Deadline For US To Reveal Any NSA Surveillance In ELF Case. The AP (9/9) reported, "A federal judge has given prosecutors until Sept. 26 to say if they used warrantless wiretaps against 13 defendants facing arson charges in cases believed linked to the radical Earth Liberation Front and Animal Liberation Front. The defendants are variously charged in a number of major arson cases across the West including fires at tree farms, an SUV dealership, a meatpacking plant and a lumber mill. If it is determined that there were such wiretaps and a court finds them unconstitutional, the largest indictment of radical environmental activists ever could be thrown out." The AP added that the defense lawyers "contend it is logical to believe their clients, as suspected members of groups

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targeted as 'terrorists,' may have been targeted." The Eugene (OR) Register-Guard (9/9, Bishop) noted, "In a hearing Aug. 22, Assistant U.S. Attorney Stephen Peifer told U.S. District Judge Ann Aiken that the NSA played no role in the investigation. He said he has been involved in the investigation since its inception 10 years ago. However, Peifer said no one on the prosecution team has the security clearance to completely answer the defense lawyers' request for NSA information."

HOMELAND RESPONSE:

Bush Pays Silent Tribute To Victims Of 9/11 Attacks. The AP (9/11, Loven) says "President Bush and his wife Laura stood in somber silence on Sunday after laying wreaths at the site where the twin towers of the World Trade Center once soared." The Bushes "set floral wreaths adrift in reflecting pools that mark the former locations of the north and south towers at the beginning of a two-day fifth-anniversary tour that will take them to all three sites of devastation." They "made a slow procession down a long ramp lined with a flag-bearing honor guard made up of firefighters and policemen, making their way four or five stories below ground level. Uttering no words, the Bushes walked hand-in-hand on the floor of the cavernous pit with bagpipes wailing in the background." Afterward, "the Bushes attended a service of prayer and remembrance at nearby St. Paul's Chapel, greeted firefighters at a firehouse overlooking ground zero and toured a private museum next door that is dedicated to 9/11 families." USA Today (9/11, Hampson, Gomez, 2.27M) reports that after meeting with firefighters at a rebuilt firehouse, Bush said, "Tomorrow is a day of sadness for a lot of people. I vowed that I'm never going to forget the lessons of that day. … So tomorrow is also a day of renewed resolve."

Media accounts last night and this morning draw parallels between this trip and Bush's visit to Ground Zero in the immediate aftermath of 9/11. Typical of the coverage was USA Today (9/11, Nichols, Jackson, 2.27M), which says that "coming less than two months before midterm elections, this year's 9/11 anniversary sparked political back-and-forth that was in stark contrast to the national unity seen after the attacks in 2001." Many reports reference what the Financial Times (9/11, Daniel) calls the "bullhorn moment," which "became an enduring image of a resolute leader." Both NBC and ABC, which led last night's broadcasts with the story, ran a clip of Bush saying that day, "I can hear you. The rest of the world hears you and the people. And the people who knocked these buildings down will hear all of us soon."

The quote also appears in major newspaper stories. The New York Times (9/11, Stolberg, 1.21M), for example, reports, "Bush's trip bore echoes of the one he made five years ago, three days after the attacks. Much has changed -- for the city, the country and the president himself -- since that day, when the president, surrounded by rescue workers streaked with mud and tears, climbed atop a charred fire truck in the smoldering ruins of the twin towers, picked up a bullhorn and bellowed, 'I can hear you,' in a moment that remade his presidency." The White House "is hoping that yesterday's visit, to be followed today by breakfast with New York City firefighters and wreath-laying ceremonies in Shanksville, Pa., and at the Pentagon, and then a prime-time Oval Office address, helps the president recapture that less divisive time."

NBC Nightly News (9/10, lead story, 2:50, Seigenthaler, 9.87M) reported, "It has been five years since the President first came to Ground Zero," and "the country is in a fierce debate about the President's path after the attacks. From Afghanistan to Iraq to surveillance at home and the detention of prisoners overseas."

ABC World News (9/10, lead story, 2:15, Harris) said Bush "came back to the spot where he experienced, perhaps, the defining moment of his Presidency. Back then, he stood in the rubble, seeking to reassure, a wounded, anxious nation. And the nation and the world responded." ABC (Morrell) added that a few days after 9/11, Bush's "popularity peaked at 92%, giving him enormous political capital. He returns today to Ground Zero with only 42% and far less power. The big difference, say critics, Iraq." Sen. Chuck Schumer was shown saying, "There was the great opportunity, right after 9/11, to bring everyone together, both in the world community and here in America. I think they more or less squandered it." Morrell: "That's why the President, in a series of recent speeches, has been trying to convince Americans that the war in Iraq is the war on terror, a war that started here on 9/11. But with midterm elections less than two months away, critics complain Mr. Bush is politicizing the anniversary of the attacks. Perhaps mindful of that, the President is not speaking tonight. Nor will he at any of the three memorial services he attends tomorrow. The White House says he does not want to upstage the victims' families."

The Los Angeles Times (9/11, Gerstenzang, 918K) reports, "The Bushes sat in the front pew of a church where George Washington worshiped April 30, 1789, the day of his inauguration as president." On a day "of quiet grief and symbolism, the front pew offered both: To the president's left sat Jane Vigiano, the mother of a fallen New York City police detective; to the first lady's right sat Barbara and Bob Beckwith, a retired firefighter. Bob Beckwith, atop a fire truck, with the president at his side, became an icon of resilience when Bush first visited the site three days after the attacks."

The Chicago Tribune (9/11, Silva, 623K) reports the anniversary "marks a continuation of what has been a decided push by the administration to focus on the

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perpetrators of those attacks to try to revive public support for the war in Iraq, the president's prosecution of the war on terror and Republican fortunes in the November midterm elections." Bush's "pursuit of the man responsible for the attacks, Al Qaeda leader Osama bin Laden, has helped shape the president's relationship with the American people. On the morning of the attacks, Bush pledged to 'hunt down and to find those folks who committed this act.' Within weeks, public support for the president's performance in office soared." Yet "now, with bin Laden at large and a majority of Americans opposed to the war in Iraq, the president is struggling."

The Washington Post (9/11, A6, Fletcher, 748K) reports, "No other terrorist attacks have occurred in the United States on Bush's watch." But "his policies have brought other consequences. The war in Iraq strained relations with European allies and continues to divide the nation, and critics say the use of aggressive tactics to ferret out terrorists have eroded civil liberties in the United States and hurt the perception of the nation. Meanwhile, terrorist incidents have spiked worldwide, even as much of the US public has returned to their routines."

The Washington Times (9/11, Curl, 88K) reports, "The polarization of the nation was evident near ground zero, where hundreds of protesters chanted 'Out of Iraq now' and held signs that said 'Bush lied.'"

Bush To Address Nation Tonight. USA Today (9/11, Nichols, Jackson, 2.27M) reports that the President will address the nation at 9:01 p.m. ET, tonight. White House spokesman Tony Snow said it "will be a reflection of what Sept. 11 has meant to the president and to the country." Snow "said that Bush planned no remarks at the commemorations and that the Oval Office address won't be a 'political speech. There are not going to be any calls for action for Congress.'"

Olson Looks Back On 9/11, And Forward To New Life. The Legal Times (9/11, Mauro) reports, "Undeniably, Theodore Olson has moved on from the horror of Sept. 11, 2001. … Early that day -- his 61st birthday -- his wife, Barbara, left their McLean, Va., house for Dulles International Airport to board American Airlines flight 77, bound for Los Angeles. Olson, then the solicitor general, headed to his Justice Department office. Not long after, Olson's longtime aide, Helen Voss, burst in to tell him that Barbara was on the phone, sounding panicked. Her plane had been hijacked, Barbara told him. What should she tell the pilot to do? The plane rammed into the Pentagon, and she was gone. Olson's wife, a well-known conservative commentator, was one of the best-known victims of the terrorist attacks." The Times continues, "On Sept. 11 this year, Ted Olson celebrates his 66th birthday and will attend a memorial ceremony for Barbara at the U.S. Attorney's Office in D.C., where she once worked. His daily life often brings reminders of the past, he acknowledges, but he adds, 'Mostly, I am looking forward.' … What Olson is looking forward to most right now is his wedding on Oct. 21 to the new love of his life, Lady Booth -- Lady is her name, not a title -- at a Napa Valley, Calif., resort."

More Commentary. An editorial in the New York Times (9/11, 1.21M) says, "Today, every elected official in the country will stop and remember 9/11. The president will remind the country that he has spent most of his administration fighting terrorism, and his opponents will point out that Osama bin Laden is still at large. It would be miraculous if the best of our leaders did something larger -- expressed grief and responsibility for the bad path down which we've gone, and promised to work together to turn us in a better direction. Over the last week, the White House has been vigorously warning the country what awful things would happen in Iraq if American troops left, while his critics have pointed out how impossible the current situation is. They are almost certainly both right. But unless people on both sides are willing to come up with a plan that acknowledges both truths and accepts the risk of making real-world proposals, we will be stuck in the same place forever."

The Los Angeles Times (9/11, 918K) editorializes, "What died on 9/11 was the illusion that history had ended. The halcyon Clinton years were a deceptive interlude between the fall of communism and the collapse of the twin towers. Capitalism had triumphed; investors could disregard such details as price-to-earnings ratios, while Republicans could divert their attention from tax cuts to focus on a president's sex life. It was a time of complacency without guilt. Now we are back to complacency tinged with guilt. … President Bush can be blamed for much oversimplification and for stretching his 'fascism' analogies in recent days. But it has at least been refreshing to hear him refer to Osama bin Laden again, and to remind audiences that it is an ideology (as opposed to a method) that threatens Western values."

Christopher Hitchens writes in the Wall Street Journal (9/11, 2.03M), "The time for commemoration lies very far in the future. War memorials are erected when the war is won. At the moment, anyone who insists on the primacy of September 11, 2001, is very likely to be accused -- not just overseas but in this country also -- of making or at least of implying a 'partisan' point.' I debate with the "antiwar" types almost every day, either in print or on the air or on the podium, and I can tell you that they have been "war-weary" ever since the sun first set on the wreckage of the World Trade Center and the Pentagon and on the noble debris of United Airlines 93. These clever critics are waiting, some of them gleefully, for the moment that is not far off: the moment when the number of American casualties in Afghanistan and Iraq will match or exceed the number of civilians of all nationalities who were slaughtered five years ago today."

Paul Krugman writes in the New York Times (9/11, 1.21M), "Five years ago, the nation rallied around a president

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who promised vengeance against those responsible for the atrocity of 9/11. Yet Osama bin Laden is still alive and at large. His trail, The Washington Post reports, has gone 'stone cold.' Osama and his deputy, Ayman al-Zawahiri, are evidently secure enough in their hideaway that they can taunt us with professional-quality videos." Krugman adds, "These days most agonizing about the state of America's foreign policy is focused, understandably, on the new enemies we've made in Iraq. But let's not forget that the perpetrators of 9/11 are still at large, five years later, and that they have re-established a large safe haven."

In a Washington Post (9/11, A17, 748K) op-ed, Pakistani journalist Ahmed Rashid writes that since 9/11, "the tactics and strategy of Islamic extremists fighting U.S. or NATO forces have improved dramatically." In Lebanon, Afghanistan, Waziristan and Iraq, "to a degree they could not approach five years ago, the extremists are successfully facing off against the overwhelming technological apparatus that modern armies can bring to bear against guerrillas." Rashid adds, "If this is indeed a long war, as the Bush administration says, then the United States has almost certainly lost the first phase. … As al-Qaeda and its allies prepare to spread their global jihad to Central Asia, the Caucasus and other parts of the Middle East, they will carry with them the accumulated experience and lessons of the past five years. The West and its regional allies are not prepared to match them."

In a New York Times (9/11, 1.21M) op-ed, author William Boyd writes from London, "Sometimes it feels as if terrorism began on Sept. 11, 2001, but a second's reflection reminds me that it's been a near-constant factor in my adult life. … We've forgotten the brutal wave of I.R.A. bombings and shootings in London at the end of 1975. … It begins to blur. Each I.R.A. cease-fire would inaugurate a sense of relief, of near euphoria. Life could return to normal, the streets were reclaimed. Then would come another bomb -- a building shattered, fatalities, innocent people in the wrong place at the wrong time -- and one experienced a feeling of heaviness, awful resignation. … London is not the Dante-esque hell of Baghdad, of course. People are fatalistic, stoical, warily feigning unconcern. What else can you do?"

Americans To Mark Fifth Anniversary Of 9/11 Attacks. Americans today will pause to remember the terrorist attacks of September 11, 2001, when terrorists slammed hijacked planes into the World Trade Center and Pentagon. McClatchy (9/10, Hutcheson) reported, "Observances in New York, Washington, Shanksville, Pa., and scores of other places across the nation will recall the horrific day that, according to new surveys, continues to have a profound impact on the lives of ordinary Americans."

NBC Nightly News (9/10, story 2, 2:00, Seigenthaler, 9.87M) reported, "On this day before 9/11 and every day of the year, many are drawn to this spot in Lower Manhattan. They come here to see the place where it happened and to pay their respects." NBC (Dawson) added, "It is a congregation of strangers come each day to stand in the shadow of a shared memory. … For the thousands who come to Ground Zero, remembrance takes many forms. But among those we spoke to all expressed a sense of belonging to something. A sense of community."

Fewer Than One In Four Americans Say Attacks Have Changed Way They Live. A front page story in USA Today (9/11, Hampson, 2.27M) reports, "According to a USA TODAY/Gallup Poll last month, about half of Americans think people have permanently changed the way they live as a result of 9/11. But fewer than 1 in 4 say they themselves have changed the way they live."

Likewise, the Los Angeles Times (9/11, Simon, 918K) reports that "the day-to-day lives of most Americans have changed very little. We have found it easy, perhaps startlingly easy, to stick to routines and habits and mind-sets forged before we could have conceived of planes as missiles. Last month, the Pew Research Center polled about 1,500 adults across the country. More than 40% said the terrorist attacks had not changed their personal lives at all. And 36% said their lives had been altered 'only a little bit.'"

Study Measures Students' Reactions To 9/11 Attacks. A separate story in USA Today (9/11, Jayson, 2.27M) reports, "An ongoing study of the lingering effects of Sept. 11, 2001, on young people who were in college then finds they reacted with shock and confusion, but also with muted expressions of patriotism and a new commitment to altruism. … It may be too early to say whether the young Americans often referred to as 'millennials' warrant the name 'Generation 9/11,' but researchers Patricia Somers at the University of Texas-Austin and Rob Wild at Washington University in St. Louis say initial interviews — conducted largely in 2004 — with the 120 students have proved interesting. Initial findings — yet unpublished — suggest that students greeted the events with shock and confusion and the desire to be with family and community. The students also were likely to engage in huddling or group hugging and became more activist in their altruism."

FBI Agents Discuss Post-9/11 Emphasis On Counter-Terrorism, Ongoing Threat. The Pittsburgh Post-Gazette (9/11, Ove, 241K) interviews Pittsburgh FBI Special Agent Jim Roth, noting that "in 2003, Mr. Roth joined the Joint Terrorism Task Force, where his work is classified." Roth said of counter-terrorism duty, "It can be frustrating. We know this is for real. It's not going away. It's long-term. But a lot of people in the public are complacent." Before 9/11, "I had some intelligence background, but I really wasn't geared toward terrorism. The bureau as a whole wasn't geared that

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way. We were good at what we did, but now we were going to shift gears. It's like turning a battleship."

Under the headline "Agent's Career Forged In The Fires Of Terrorism," the Richmond (VA) Times-Dispatch (9/10, Nair) reported, "Inside the FBI nerve center in Washington, D.C., Kevin Foust pressed the phone to his ear and called out updates. Only Flight 93 had not responded. … Processing the horrifying news left Foust little room to ponder his own problems. Sept. 11, 2001, was his first day on the job." Foust, "who now supervises the Roanoke FBI office, realizes that his promotion to chief of the Osama bin Laden unit during the biggest crime in American history could have been his ticket to the top. But on that day five years ago, he was focused only on this: People were dying, and it was happening on his watch." The Times-Dispatch added, "Even in the relative calm of Roanoke, he remembers how 9/11 humbled him and what it taught him: Nothing is beneath terrorists, and they will stop at nothing to get what they want. 'We can never let our guard down,' he says." WDBJ-TV Richmond (9/10) also reported on Foust's discussion of post-9/11 changes at the bureau.

The Miami Herald (9/11, Weaver, 310K) reports FBI Miami SAC Jonathan Solomon was "jolted…out of bed at a hotel in New York" by a Blackberry message about "the foiled Islamic militant plot to blow up airliners departing from London for the United States." He "immediately called a half-dozen South Florida police chiefs and sheriffs that August morning. 'On a case like that, the coordination between law enforcement agencies, between the intelligence communities, between nations, was unbelievable,' Solomon told The Miami Herald." The Herald adds that before 9/11, "such a call from a top FBI administrator to local police officials was rare. But the assaults, which exposed intelligence flaws at all levels of the federal government, radically transformed the culture of law enforcement -- especially lines of communication. Miami Police Chief John Timoney said that in the pre-9/11 era 'the only time you'd get called by the FBI was on a really big case -- after it was solved.' He now views the agency as a partner. 'Solomon goes out of his way to communicate,' said Timoney."

In a Sunday story examining security improvements, and ongoing problems, at the Port of Miami, the Miami Herald (9/10, Arthur, Harrison, 310K) noted, "Jonathan I. Solomon, special agent in charge of the FBI division in Miami, worked closely with Director Robert Mueller to transform the agency's culture after the Sept. 11 attacks exposed flaws in its sharing of valuable information about al Qaeda suspects. Now he's working to help ensure the security of South Florida. In his mind, law enforcement is far more vigilant today than it was five years ago at all levels -- with an emphasis on prevention. 'We're absolutely safer in my mind because of all the changes that have occurred post-9/11,' Solomon told The Miami Herald. 'But that doesn't mean we can become complacent. There's still a threat out there. Certainly, if al Qaeda could attack and harm us, they would.'"

NYTimes Checks In With Families Of 9/11 Victims. The New York Times (9/11, 1.21M) updates readers on the lives of several of those who died in the 9/11 attacks. The Times reports that "while they were at markedly different stages in the healing process, many have found constructive ways of embracing life without forgetting. Widows and widowers have remarried. Children have gone on to college or begun first grade. Some people have settled into new homes, new geography. And a few, while still struggling with their loss, have arrived at surprising places that they could never have foreseen."

Despite Her Injuries. Survivor Of Pentagon Attack Counts Herself As Lucky. In the first of a five part series commemorating the anniversary of the attacks, the Washington Times (9/11, Boston, 88K) updates the story of Louise Kurtz, "who sustained severe burns -- some fourth-degree -- on 70 percent of her body during the terrorist attack on the Pentagon." Kurtz told The Times, "I just want to move on," but, "as much as Ms. Kurtz tries, she can't blot out the memory of seeing and trying to help another woman who was on fire, and then looking down at her own swelling, blistering and reddening arms." The Times notes, "Ms. Kurtz counts herself fortunate that she made it out alive that sunny September morning, her second day of working as an accountant for the budget office of the Department of the Army."

Families Of 9/11 Victims Launch Initiatives In Show Of "Post-Traumatic Growth." The Washington Post (9/11, A6, Salmon, 748K) reports on the "hundreds, if not thousands" of initiatives started by families of the victims of 9/11. "Mental health experts are labeling this phenomenon 'post-traumatic growth' -- when those affected by trauma seek meaning in the tragedy by turning grief into action." The Post notes the family of Mark McGinly, which "gives annual scholarships to graduates of Virginia high schools." Meanwhile, "Jay Winuk and a friend formed One Day's Pay to promote the Sept. 11 anniversary as an annual day of community service. Winuk said they hit on the idea as a way to honor his brother, Glenn, a lawyer and volunteer emergency medical technician who raced to the World Trade Center to join the rescue effort and was killed when the South Tower collapsed."

Local Volunteers Tend Flight 93 Crash Site. The Wall Street Journal (9/11, Zaslow, 2.03M) reports that 43 local "ambassadors" tend to the site in Shanksville, PA where United Airlines Flight 93 crashed. According to the Journal, "They are all local people who now see it as their duty to tell visitors about the heroics on that plane, when passengers fought back against terrorists. … The locals 'watch over the area where the plane went down as if it were their own family

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cemetery,' says Christine Fraser, whose sister, Colleen, was on the flight."

Mother Of 9/11 Victim Looks For Positive Ways To Quiet Her Pain. The New York Times (9/11, Hamill, 1.21M) profiles Debbie Borza, mother of 20 year old Deora Bodley, the youngest of the 40 passengers and crew members killed on Flight 93. At a memorial ceremony at the crash site Sunday, Borza "roamed the temporary memorial that overlooks the crash site" looking for her "boys," four 17-year-old high school students from Rossford, Ohio, who "vowed to walk 650 miles from their homes outside Toledo to ground zero in New York, stopping in Shanksville along the way." The Times adds, "Ms. Borza said she decided long ago to look for positive ways to stifle the pain. 'Since I'm probably going to spend the rest of my life trying to fill that void, I choose joy and happiness and peace and love,' she said."

Marchers Honor Pentagon Victims Of 9/11 Attacks. The Washington Times (9/11, Hunsberger, 88K) reports, "Thousands of somber marchers moved through historic Washington and across the Potomac River last evening to the Pentagon, where 184 died five years ago today when terrorists crashed a hijacked airliner into the nation's military headquarters. Shortly after sunset, 184 beams of light were projected into the clear, dark sky above the Pentagon. The lights will stay on through tonight. … The second annual event, called the America Supports You Freedom Walk, was led by Gen. Peter Pace, chairman of the Joint Chiefs of Staff. Marchers gathered in the afternoon at the Washington Monument, where a military chaplain led them in prayer."

Pentagon Employees Look Back On 9/11 Attacks. The Washington Post (9/11, D4, Barr, 748K) reports in its "Federal Diary" column, "On this morning five years ago, Steven M. Carter Sr. was at work as the assistant building manager for the Pentagon when terrorists slammed a jetliner into the nation's military headquarters." After the attack, Carter "sought safety, he stayed in the building to help contain damaged power and water systems." William Stout, a Defense Department law enforcement officer, "had the day off on Sept. 11, 2001. When he learned of the attack, he jumped in his car and headed for the Pentagon -- and into traffic gridlock. He returned home, got a bike and cycled about seven miles to the Pentagon, where he cleared the way for firefighting crews and helped set up a security perimeter. … Their memories of 9/11 -- the sequence of events, the confusion, the danger and fear of another attack -- have not faded. In a recent joint interview, they looked back at incidents and training exercises that helped prepare them for catastrophe."

Virginia Residents Cite Lingering Fears In Wake Of 9/11 Attacks. A front page story in the Washington Post (9/11, A1, McCrummen, 748K) reports, "Five years later and 40 miles west of the Pentagon, beyond a guard and iron gates and as the sun falls into a warm evening on Chalfont Drive, Roya Lovell does not think about Sept. 11, or terrorism, not exactly. … If you ask how the largest terrorist attack in U.S. history has affected everyday life here, people tend to answer, not much at all. Most of the time, life hums along, perhaps with longer waits at the airport. And yet it is also true that as the emotional urgency of Sept. 11 receded like a huge wave, it left behind an altered landscape here on Chalfont Drive, both mentally and materially. For some, there are lingering fears, almost more annoying than frightening, that have become part of the ebb and flow of day-to-day thought. For others, fears have settled into questions about all that has come after Sept. 11 and what it means."

DHS Criticized For Lack Of Contract Oversight. USA Today (9/11, Stoller, 2.27M) reports, "As the biggest purchaser of anti-terrorism goods and services, the US Department of Homeland Security has come under withering criticism about waste, ineffectiveness and lack of contract oversight." The agency's "growing number of department contracts 'has not been accompanied by responsible, competent contract management,' says a report released in July by the House Committee on Government Reform." … Chief procurement officer Elaine Duke agrees with the House report, and says a lot of the problems cited involved contracts written 'during a time of immense urgency.' She says she agrees with the recommendations of Rep. Tom Davis, R-Va., chairman of the House government reform committee, who called for increasing the size of the procurement staff and upgrading its technical competence." Though others have said "that many products bought by the department are not effective in combating terrorism," John Kubricky, director of the department's office of system engineering and development, says the agency has "'things in the field today that work darn good' and weren't being used in September 2001."

Washington Region's Preparedness Examined. The Washington Post (9/11, B1, Sheridan, 748K) reports DHS "is taking a critical look at how well the Washington area is prepared for a terrorist strike or other disaster, amid complaints by business leaders and the local congressional delegation about a lack of sufficient emergency planning since the Sept. 11, 2001, attacks." The National Capital Region' Homeland Security office "has received a boost in funding and personnel in recent months" and DHS "has expanded an air-defense center in Herndon to serve as a possible regional operations hub in case of a crisis." Also, DHS Secretary Michael Chertoff "said he has ordered a comprehensive plan for evacuating the region. 'It is something I do think needs some significant attention,' Chertoff told reporters and editors at The Washington Post last week." Officials in the region "said they have made

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enormous strides," but that they still "worry about a repeat of some of the problems that unfolded in the Washington region after the Sept. 11, 2001, attacks -- such as the chaotic exit of thousands of employees from federal buildings."

Homeland Security Expected To Continue As Lucrative Industry. The Christian Science Monitor (9/11, Islam, 58K) reports the homeland security industry has come in to "the financial limelight," with security companies winning "billions of federal dollars in contracts." However, "industry analysts wonder just how many new security companies the market can sustain, especially with the bulk of the contracts coming from the federal government. … Industry watchers are convinced that security is a lucrative issue here to stay, as made evident by the Department of Homeland Security's (DHS) steadily increasing budget." But equity analyst Brian Ruttenbur of Morgan Keegan says continued growth "will largely be affected by the particular needs and priorities in the homeland security agenda."

More CIA Counterterrorism Officers Signing Up For Legal Insurance. The Washington Post (9/11, A1, Smith, 748K) reports in a front page article, "CIA counterterrorism officers have signed up in growing numbers for a government-reimbursed, private insurance plan that would pay their civil judgments and legal expenses if they are sued or charged with criminal wrongdoing, according to current and former intelligence officials and others with knowledge of the program. The new enrollments reflect heightened anxiety at the CIA that officers may be vulnerable to accusations they were involved in abuse, torture, human rights violations and other misconduct, including wrongdoing related to the Sept. 11, 2001, attacks." Their "anxieties stem partly from public controversy about a system of secret CIA prisons in which detainees were subjected to harsh interrogation methods, including temperature extremes and simulated drowning."

The Washington Times (9/11, Harnden, 88K) reports officers involved in the secret prisons program "have consulted lawyers after being warned that they could face prosecution for illegally detaining and interrogating terrorism suspects. Operatives at the CIA's headquarters in Langley fear they will be made scapegoats." The Times adds, "Senior Bush administration officials have said they intend to introduce legislation giving CIA officers immunity from prosecution for involvement in any activities later judged illegal. Democrats, however, will try to block any such move."

ABC Airs Docudrama Despite Complaints From Clinton Officials. ABC television aired its docudrama "The Path to 9/11" last night despite complaints from Clinton Administration officials that it distorts their efforts to locate Osama bin Laden. USA Today (9/11, Jackson, 2.27M) reports that Clinton Administration officials "had protested ABC's statements that the two-part film was based on the work of the 9/11 Commission. In a disclaimer that aired Sunday, ABC de-emphasized the report, saying material was 'drawn from a variety of sources including the 9/11 commission report and other published materials and from personal interviews.' Former commission chairman Thomas Kean, a movie consultant, said on ABC's This Week that filmmakers have been responsive to criticism by him and others 'and have made changes that were necessary.'"

ABC World News (9/10, story 5, 2:30, Tapper) reported, "It has been a full-bore political campaign, led by former President Clinton, to convince ABC entertainment to pull its 'Path to 9/11' miniseries from the air." President Bill Clinton: "I don't want any lies in there parading as truth. That's all." Tapper: "ABC Entertainment insists that the show is a 'dramatization, drawn from a variety of sources' that has 'for dramatic and narrative purposes, fictionalized scenes.' Some of the scenes in an early preview version have Clinton officials saying things they didn't say, doing things they didn't do, obstructing attempts to capture or kill Osama bin Laden in the 1990s. ABC entertainment now says some scenes have been edited but would not specify which ones."

On ABC News' "This Week" (9/10, Stephanopoulos), 9/11 Commission Chairman Thomas Kean said, "If people blame Bill Clinton after seeing this, then the miniseries has failed. That's wrong and shouldn't happen. … Both Administrations are faulted and I think in the end it led to our recommendations, led to at the end of the film why haven't with we done more to make the world safer and United States safer."

Pataki Gets Bulk Of Criticism For Slow Pace Of WTC Site Redevelopment. A lengthy story in the New York Times (9/11, Sontag, 1.21M) describes efforts to redevelop the World Trade Center site following the 9/11 attacks. According to the Times, "Five years after Sept. 11, 2001, ground zero remains a 16-acre, 70-foot-deep hole in the heart of Lower Manhattan. … Despite $20 billion in federal money and $4.6 billion anticipated in insurance proceeds, however, the site's two central projects, the Freedom Tower and the memorial, have stumbled financially, as in every other way." New York Gov. George Pataki "receives the lion's share of criticism, despite what many see as his heartfelt embrace of this project. He himself said that he had no regrets. … But dozens of people interviewed for this article, including some of the governor's allies, described his leadership as erratic, risk-averse and lacking vision."

ABC World News (9/10, story 6, 3:25, Harris) reported, New computer animation shows a shimmering cluster of skyscrapers, each unique, over Manhattan. Beneath the towers, the September 11th memorial and museum, where

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waterfalls will outline the twin towers. In April, construction began on the Freedom Tower. It will be the tallest building in the world. Under this plan, the last above-ground remnant of the World Trade Center still standing will be removed. The so-called survivors' stairway is the route that hundreds used to escape that morning. So far, only one new building, 7 World Trade Center, has been completed. The end of the rebuilding process may be years away. But Ground Zero has, nonetheless, become one of the most visited tourist attractions in New York City."

WSJournal Blames "Dysfunctional New York Politics" For Failure To Redevelop WTC Site. The Wall Street Journal (9/11, 2.03M) editorializes, "The tributes yesterday and today to the victims and the heroes of 9/11 are necessary reminders of that day. At the former World Trade Center site in New York, however, it's also impossible not to notice that five years later it remains a hole in the ground." The Journal notes the "failure of New York's political class to build anything on the main site itself. Yes, the restraining wall against the Hudson River has been reinforced, and public transit hubs have been reconstructed. But the hole on the site itself is embarrassing testimony to dysfunctional New York politics."

WAR NEWS:

Cheney Defends Iraq War, Says There Were Links Between Saddam Regime, Al Qaeda. On NBC's "Meet the Press" (9/10, Russert), Cheney was asked about polling data that shows a majority now believes Iraq is not a front in the war on terror. Cheney said, "Five years ago, Saddam Hussein was in power in Iraq. Iraq was a major state sponsor of terror. Saddam Hussein was providing payments, bonuses to the families of suicide bombers. He had a history of starting two wars, he had produced and used weapons of mass destruction. It was one of the worst regimes in modern times. We moved aggressively against Saddam Hussein. Today, you've got Saddam in jail, where he's being prosecuted for having butchered thousands of people; you've got a democratically elected government; there have been three nationwide elections; there has been a new constitution written; we've got almost 300,000 Iraqis now trained and equipped in the security forces."

The Financial Times (9/11, Sevastopulo) reports Cheney "repeated assertions on Sunday on links between the former Iraqi regime of Saddam Hussein and al-Qaeda despite a recent Senate intelligence committee report that concluded otherwise." In "defending the decision to invade Iraq despite its lack of weapons of mass destruction," Cheney "said the fact that Abu Musab al-Zarqawi, the former head of al-Qaeda in Iraq who was killed in a US air strike this year, was in Baghdad before the war was evidence that Iraq had links to al-Qaeda." He "acknowledged that the US intelligence on Iraq had been poor but he appeared to put the blame on the Central Intelligence Agency, saying George Tenet, the former director of the spy agency, had told President George W. Bush that the case that Mr Hussein had weapons of mass destruction was a 'slam dunk.'"

NBC Nightly News (9/10, lead story, 2:50, Gregory, 9.87M) reported, "Still, the Vice President for the first time made an important concession about the war on terror." Russert: "So, now the President has been asked, what did Iraq have to do with the attack on the World Trade Center and he said, nothing. Do you agree with that?" Vice President Cheney: "I do." Russert: "So its case closed?" Vice President Cheney: "We've never been able to confirm any connection between Iraq and 9/11." Gregory: "And was challenged by Tim Russert about his claim that American troops would be greeted as 'liberators' in Iraq." Vice President Cheney: "I think there's no question that we did not anticipate an insurgency would last this long."

The New York Times (9/11, Sanger, 1.21M) says in a "contentious television interview," Cheney "said that even if he had known in 2003 that his claims that Iraq had weapons of mass destruction were mistaken, 'we'd do exactly the same thing.'" Cheney's appearance "was part of the administration's drive before the fifth anniversary of the Sept. 11 terrorist attacks to change the minds of Americans who tell pollsters that they now believe the invasion of Iraq was a misguided diversion in the battle against terrorism." The Times adds, "By the end of the interview he appeared to be preparing the ground for arguments that the country would be far less safe if Republicans lost control of one or both houses of Congress in the November elections." Cheney "sounded uncharacteristically defensive at moments, particularly as he tried to explain statements he had made over the past five years about Saddam Hussein's weapons capabilities and ties to Al Qaeda."

McClatchy (9/11, Thomma) notes that "several times during the interview, Cheney was confronted with videotapes of his own assertions about the war that have since been proved to be false." Among them, "his prediction that US forces would be greeted by the Iraqi people as liberators. … His statement that Sept. 11 terrorist Mohammad Atta met with Iraqi forces, suggesting an Iraqi link to the attacks on the United States. 'We've never been able to confirm any connection,' he said, adding that it was the CIA that suggested an Iraq-Sept. 11 connection and that the CIA did not back off that suggestion until after Cheney spoke publicly."

"Secret" USMC Report Calls Anbar Situation Dire. The Washington Post (9/11, Ricks, 748K) in a bleak, 1,293-word front page article reports, "The chief of

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intelligence for the Marine Corps in Iraq recently filed an unusual secret report concluding that the prospects for securing that country's western Anbar province are dim and that there is almost nothing the U.S. military can do to improve the political and social situation there, said several military officers and intelligence officials familiar with its contents." It is allegedly "the first time" that such a "negative" report has been filed by a senior American officer. Col. Pete Devlin states in his report that "there are no functioning Iraqi government institutions in Anbar, leaving a vacuum that has been filled by the insurgent group al-Qaeda in Iraq." The Post calls his conclusions "striking because, even after four years of fighting an unexpectedly difficult war in Iraq, the U.S. military has tended to maintain an optimistic view."

Sadr Said To Remain US' "Core Challenge" In Iraq. The Washington Post (9/11, Raghavan, Knickmeyer, 748K) reports on US officials' efforts to adjust to Moqtada Sadr's changing role in Iraqi political life: "Though Sadr and his followers hold more seats in Iraq's parliament than any other faction, their attitude toward the U.S.-led occupation remains belligerent. They participate in government, but they remain outsiders, keenly aware that their authority is derived from their independence and their opposition to the occupation ... Sadr is increasingly seen as a man who has the power to either implode Iraq or keep it together, even as his militia continues to defy the authority of the Iraqi government and its U.S. backers."

Iraq Constitution Deal At Risk. The New York Times (9/11, Oppel, Al-Saiedi, 1.21M) reports, "An agreement struck 11 months ago by Shiite and Kurdish leaders to win Sunni Arab support for a new constitution is fraying, causing concern among some political leaders that it could jeopardize Iraq's fragile governing coalition." The Times adds that "a large Shiite faction continued to fight for quick approval of legislation giving provinces the authority to create autonomous states, which some powerful Shiites are seeking for southern Iraq. Sunni lawmakers and others who oppose the proposal refused to attend Parliament on Sunday, and warned that the plan could severely undermine the country's unity government." In additional news, "gunmen" killed a US soldier north of Baghdad on Sunday, and officials announced a delay of Prime Minister Maliki's planned trip to Iran.

The Washington Post (9/11, A10, Paley, Ibrahim, 748K) reports the same story, commenting, "Sunni members of parliament say they now feel betrayed that Abdul Aziz al-Hakim, leader of the Supreme Council for the Islamic Revolution in Iraq, a powerful Shiite political party, is pushing legislation that would create the first steps toward federalism. Analysts say that Hakim hopes to become the leader of the southern Shiite region, which comprises nine provinces." Sunnis oppose partition plans that would leave them with "the center of the country, a vast desert devoid of the oil reserves of the other regions."

Idea Of Dividing Iraq "Gains Traction In Iraq And US." The Christian Science Monitor (9/11, LaFranchi, 58K) reports, "A small but apparently growing number of Iraq experts believe dissolution of the country is inevitable. Others say a united and nominally democratic Iraq may still be possible, but suggest other solutions - including a redrawn Iraq - would eventually make the Middle East more stable. Still others say the US should face reality and help create the new Iraq that is already splintering along sectarian and ethnic lines." Observer Ralph Peters faults the administration for "not planning ahead sufficiently for" coming "curveballs," while professor Michael Hudson belongs to a camp that believes the "option of a united Iraq" was "doomed" by American action like "empowerment of the Shiites."

Suicide Bomber Kills Afghan Provincial Governor. The New York Times (9/11, Gall, 1.21M) reports, "A provincial governor and close friend of President Hamid Karzai was killed along with two staff members by a suicide bomber as they drove away from the governor's office on Sunday ... The governor, Hakim Taniwal of Paktia Province, southeast of the capital, is the highest-ranking official to be killed since the Taliban began a campaign of suicide bombings last year, especially singling out senior government officials." The pessimistic Times article says that NATO reports of enemy casualties are unverifiable and that "the scale of the fighting has surprised NATO commanders." It quotes a "disillusioned" British officer who said that "British soldiers were fighting off such heavy daily attacks that they had to call in repeated airstrikes on surrounding populated areas," thus alienating locals.

The Washington Post (9/11, Constable, 748K) reports that the slain governor "was a close confidant of President Hamid Karzai and a political figure known for his skill at bringing together hostile groups in the country's volatile tribal regions near the Pakistani border." He "was the first Afghan governor to be killed on the job since the Karzai government took office in late 2001."

Afghan Envoy Calls For Military, Financial Aid. The Washington Times (9/11, Behn, 88K) reports, "Afghanistan's ambassador to Washington called yesterday for more military and economic help from the West, citing a spike in terrorist activity in the past six months and fears that it could spread." Said Jawad said that "only half of the money pledged by the international community to rebuild Afghanistan has been delivered and spent." He predicted, "Had we invested more in development, we would have had less security problems today."

NATO Commanders Seek More Troops For Afghan Campaign. Reporting a story previously covered elsewhere, the Financial Times (9/10, Morarjee, Dombey) reports, "Nato

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will seek this week to find reinforcements for its hard-pressed troops in Afghanistan and elsewhere after a plea by the alliance's top military commander. The defence chiefs of Nato's 26 member countries agreed at the weekend to hold two 'force generation' conferences this week to meet the shortfalls." Gen. James Jones had requested more troops to carry out the "unexpectedly tough" fighting with the resurgent Taliban. The FT notes the assassination of the Paktika governor, calling it a blow to "one of the better governed areas" of Afghanistan and characterizing it as a sign "how Taliban fighters are broadening their reach."

Doubts Grow Over Afghanistan's Future. The Christian Science Monitor (9/11, Morarjee, 58K) reports, "Popular doubt here about the long-term direction of Afghanistan reflects a perception that the government of Hamid Karzai is weak and the West has not delivered on security and reconstruction, analysts say." Besides the violent south, "troubling signs are coming in from points north, east, and west as well, with no-go zones and pockets of violence creeping steadily toward the capital."

In an even more pessimistic, 1,607-word piece, the Washington Post (9/11, A9, Constable, 748K) reports that Afghans feel "dismay with the government" and "bitter disappointment." While there has been "remarkable progress" on some levels, "open warfare" has resumed in the south.

CIA Has Developed Secret Definition Of "Civil War." Newsweek (9/18, 3.12M) reports in its "Periscope" column, "Is Iraq in a civil war? The CIA has developed its own secret guideline for answering that increasingly contentious question. CIA officials offered the definition of 'civil war,' which remains classified, at a closed-door Capitol Hill briefing to discuss the latest grim Pentagon assessment of the conflict, according to two US officials familiar with the briefing's content who asked for anonymity due to the sensitivity of the material." Newsweek adds, "Asked to comment, CIA spokesman Paul Gimigliano told Newsweek: 'There is a range of analytic views within the agency and the intelligence community on violence in Iraq, and we are careful in our products to identify those differences. It's not unusual for CIA to offer policymakers analytic frameworks -- comparative case studies, indicators, definitions and more -- to help them assess complex issues. In this case, the work is classified, so it would be inappropriate for me to get into specifics.'"

Extended Iraq Deployments Taking A Toll On US Troops, Families. Newsweek (9/18, Hastings, 3.12M) examines the effect of extended deployments on US troops in Iraq and their families at home. Newsweek reports, "The Army says troop morale remains high. For the first 11 months of fiscal 2006, two out of three soldiers who were eligible to re-enlist have done so—a rate unchanged since 9/11. But whatever the numbers say, the strain is showing." Newsweek adds that back home, news of the extended deployments "hit hard." Some families "are falling apart. … Gossip is running wild: who drinks too much, who has a compulsive-gambling problem, whose kids are left untended."

CORPORATE SCANDALS:

H-P Chairwoman Defends Actions As Controversy Grows. USA Today (9/11, Hopkins) reports, "Hewlett-Packard Chairwoman Patricia Dunn battled for her job Sunday over her role in an internal probe that plunged the tech giant into a scandal being investigated by law-enforcement authorities." USA continues, "The HP board, meeting Sunday in emergency session over the matter, adjourned and planned another meeting for Monday afternoon, the company said in a news release. It gave no other details on a case that's riveted Corporate America as one of Silicon Valley's pillars was engulfed in crisis in less than a week." USA adds, "Investigators hired at Dunn's behest to uncover news leaks from the board of directors stole private home phone records of at least one director and up to nine journalists, according to the California Attorney General's Office and HP spokesman Ryan Donovan. … Dunn, 53, mounting an 11th-hour defense, said Friday she did not learn about illegal tactics used by HP's hired investigators until it was too late. She told the Associated Press she found the tactics 'appalling' when she learned the truth. … That defense may have bought her more time, says Beth Young, a senior research associate at the Corporate Library, a corporate governance consultant. 'I think people are withholding judgment,' Young said." USA notes, "Dunn is battling forces aligned with dissident ex-director Tom Perkins, 74, a powerful Silicon Valley financier who resigned in May to protest the HP probe and is pushing for its full public disclosure. Perkins says company agents stole his private home phone records. He called for Dunn's resignation Saturday."

Pretexting Seen As Valuable But Controversial. The New York Times (9/11, Richtel, Helft) reports, "When Patrick Baird, a private detective in Granbury, Tex., was hunting a runaway or helping a husband find out if his wife was cheating, he would often look for clues in telephone records. He bought them from firms that specialized in obtaining them, and says he did not ask about their methods. … But late last year, as scrutiny of such firms and their often deceptive practices heated up, Mr. Baird stopped giving them business. … 'If my own mother came to me and said "I need this done," I couldn't do it,' he said in an interview last week. 'We're abiding by public opinion here.'" The Times continues, "People who obtain calling records often use a technique

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known as pretexting — using a pretext, like masquerading as a customer, to get a company to disclose information. Their shady subculture has been getting renewed attention since the revelation last week that a subcontractor for an investigative firm working for Hewlett-Packard used pretexting to obtain the call records of company board members and reporters. .. . It is hard to quantify the size of the telephone pretexting economy. But in recent years it has turned into a small industry, with dozens of Web sites offering calling records to anyone with a credit card, for a modest fee. Their main customers appear to be private investigators, although some in that field criticize the practice. … Pretexters often use techniques similar to those employed by identity thieves to obtain not only telephone records but also other private data. Robert Douglas, an information security consultant and former private detective, said they often called telephone companies armed with some personal information, like a customer's Social Security number, mailing address or date of birth. Then they charm and cajole the phone company employee into thinking they are the actual customer."

The American Lawyer (9/11, Beck) reports, "The sensational revelation that Hewlett-Packard Co. engaged in 'pretexting' to gain access to directors' and reporters' phone records has not just created damaging headlines for the Silicon Valley company, but made it a target of a criminal investigation. Larry Sonsini, the company's long-time outside counsel, stated in The Wall Street Journal on Thursday that although he told the company after the fact that the practice was 'within legal limits,' he was just relying on the opinion of an in-house lawyer." The AL continues, "Questions about the seamy practice of pretexting may be outside the normal scope of practice for a corporate lawyer. Questions about securities laws governing the disclosure of board activities, however, should be bread and butter matters for someone like Sonsini. … For that reason, the handling by Sonsini and his partners of the disclosure that followed the resignation of Tom Perkins from the board raises perplexing questions about their judgment." The AL adds, "Although Perkins resigned on May 18, it was not until Sept. 6 that the company amended its 8-K filing to give more detail about the director's action. In that filing, the company also revealed that it had received a comment letter from the SEC asking for more information about Perkins' resignation. … Perkins abruptly quit during an HP board meeting after another board member, George Keyworth, was asked to resign. A company investigation had identified Keyworth as the source of past press leaks. (Keyworth refused to resign, but the company has not renominated him for the board.)"

H-P General Counsel In Eye Of Pretexting Storm. The California Recorder (9/11, Schmitt) reports, "Ann Baskins has spent almost her entire career at Hewlett-Packard Co., and has been general counsel there for the last six years. Now she finds herself at -- or at least very near -- the center of the growing storm over the boardroom investigation at the computing giant." The Recorder continues, "Newspaper stories detailing the crisis -- kicked off by HP Chairwoman Patricia Dunn's decision to investigate leaks to the press by fellow board members -- place Baskins at several key junctures in the ongoing saga. The controversy so far has led to a criminal investigation by the state attorney general and public sniping by famed venture capitalist and now ex-HP director Thomas Perkins at HP outside counsel Wilson Sonsini Goodrich & Rosati." The Recorder adds, "Baskins, one of the most prominent female general counsel in the country, may figure into investigations now under way into how HP obtained phone records of its directors. Press accounts say Baskins had first asked Wilson Sonsini's Larry Sonsini to investigate possible leaks, then later called on him to probe the methods used by an undisclosed third party in a subsequent investigation. That probe apparently included the checking of board members' personal phone records."

H-P Merger May Spell End To Mercury Suit. The California Recorder (9/11, Scheck) reports, "The most prominent civil suit in the ongoing backdating disaster may evaporate -- but not before a bitter fight between two of California's most fearsome law firms." The Recorder continues, "Mercury Interactive Corp. was one of the first companies to publicly admit problems with its options grants, and its board of directors has been the first to join plaintiffs lawyers in a shareholder suit seeking damages from ousted executives." The Recorder adds, "The board turned over valuable materials to plaintiffs lawyer William Lerach early this summer -- including a report commissioned by a special committee of the board -- and the lead partner at Lerach Coughlin Stoia Geller Rudman & Robbins seemed to have a powerful case. … But then Mercury was bought by Hewlett-Packard. Now, one defendant claims that the suit should be halted. Lerach, of course, disagrees, and says that defendant's attorney has no business being in the case." The Recorder notes, "As in many of the options backdating cases, the controversy involves pay practices during the dot-com boom and the law firm of Wilson Sonsini Goodrich & Rosati. … The firm's lead partner, Larry Sonsini, advises HP's board, and his firm represents HP in its proposed $4.5 billion acquisition of Mercury, which was announced in July and should be finalized by the end of the year."

Clinton Tax Hike Blamed For Backdated Stock Option Problems. The Los Angeles Times (9/11, 918K) editorializes, "During his first year as President, Bill Clinton persuaded Congress to reduce the federal deficit by raising taxes and limiting spending." A provision "capped the amount of executive pay that a publicly held company could deduct from its taxable income. … The result: Numerous companies reduced top executives' salaries to below $1

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million and made up the difference with stock options. … To keep valuable employees happy, dozens of companies appear to have manipulated the timing of the option awards surreptitiously -- and illegally -- to maximize the payoff. Federal investigators are now examining the records of more than 100 firms. … These companies may have avoided some taxes by awarding options instead of paying higher salaries. But their savings are a drop in the bucket compared to the losses faced by shareholders."

CRIMINAL LAW:

DOJ Study Finds Gun Violence, Robbery On The Rise. The Washington Post/AP (9/11, A2, Sniffen) reports, "Americans were robbed and victimized by gun violence at greater rates last year than the year before, even though overall violent and property crime reached a 32-year low, the Justice Department said yesterday." The AP continues, "Experts said the increases buttress reports from the FBI and many mayors and police chiefs that violent crime is beginning to rise after a long decline. Bush administration officials expressed concern but stressed that it is too soon to tell if an upward trend in violence had begun." The AP adds, "Last year, there were two violent gun crimes for every 1,000 individuals, compared with 1.4 in 2004, according to the department's Bureau of Justice Statistics. There were 2.6 robberies for every 1,000 persons, compared with 2.1 the year before. … 'This report tells us the more serious events -- robbery and gun crimes -- increased, and the FBI already told us homicides increased,' said James Alan Fox, a criminal justice professor at Boston's Northeastern University. … 'So while the report shows the more numerous but least serious violence -- simple assaults, which is pushing and shoving -- went down, the mix got worse in terms of severity. That wasn't a very good trade-off,' Fox said." The AP notes, "A preliminary FBI report in June on crimes reported to police showed a 4.8 percent increase in the number of murders and 4.5 percent increase in the number of robberies in 2005. .. . With congressional elections approaching, these reports could pose political problems for the administration. Department officials have been scurrying to understand and deal with the problem. … Deputy Attorney General Paul J. McNulty listened to complaints about dwindling federal anti-crime aid from several dozen mayors and police chiefs at a public meeting in Washington on Aug. 30. Several days later, Attorney General Alberto R. Gonzales told reporters that cities will have to work harder but should not count on more federal money because of growing demands in the fight against terrorism."

The Los Angeles Times (9/11, Roche) reports, "The national rates of homicide and firearm violence jumped in 2005, ending a decade-long decline, according to a new U.S. Justice Department report that reinforces recent warnings by law enforcement officials." The Times continues, "In a statement that accompanied the report, Deputy Atty. Gen. Paul J. McNulty noted that overall crime data for 2005 showed a continuing decline, but he acknowledged an increase in crimes committed with firearms. … 'Whether the increase from 2004 to 2005 marks a change in the trend towards reduced firearms victimization rates cannot be determined from one year's data,' he said." The Times adds, "He noted that the 2005 rate was still lower than the 2001 rate. … 'We recognize that some jurisdictions are experiencing a recent increase in certain types of violent crime,' McNulty said." The Times notes, "Among cities in that category is the nation's capital. More than a dozen homicides occurred in early July alone, prompting Police Chief Charles H. Ramsey to sign an emergency order extending officers' work shifts and putting hundreds more on patrol."

Fugitive Wanted In New York Trooper Shooting Arrested. USA Today/AP (9/11, Dobbin) reports from Carroll, NY, "Days before breaking out of jail in April, Ralph 'Bucky' Phillips sent his parole lawyer a thank-you note that hinted at an ominous turn in his life. .. . 'I'm just not cut out for the life you folks live. I tried it, it didn't work,' Phillips wrote, nearing the end of a 90-day sentence for a parole violation and fearing that his sentence was going to be extended — for months, if not years." The AP continues, "A petty criminal for most of his life, he had left prison in November after 13 years for burglary and larceny. Of the past 23 years, he spent 20 in prisons. … Friends and relatives insist Phillips was trying to straighten up. Then he became the suspect in the shootings of three state troopers, including one who died, and was pursued in the state's largest manhunt ever. He was placed on the FBI's Most Wanted list." The AP adds, "Phillips, 44, surrendered without firing a shot Friday night. He appeared in courts in two counties Saturday to face the first of many charges, including attempted murder."

FBI Jailhouse Surveillance Tapes Seen As Key In Gotti Trial. The New York Times (9/11, Williams, 1.21M) reports, "As the racketeering trial of John A. Gotti unfolds in Manhattan federal court, one of the subtexts to emerge is how the family business pulled Mr. Gotti in and left him almost powerless to resist. In secret F.B.I. recordings made while he was in prison…Gotti, who prosecutors say was in the top echelon of the Gambino organized crime family, can be heard agonizing Hamlet-like about whether he should stay faithful to the dictates of his father, John J. Gotti…or muster the courage to create his own identity." The Times notes, "Mr. Gotti's defense maintains that he left the Gambino crime family sometime before 1999, which would allow him to avoid conviction on most of the racketeering

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counts because of the five-year statute of limitations on those charges. The tapes are critical, however, because the conversations on them took place after 1999, and seem to back the prosecution's contention that Mr. Gotti still played a key role in the Gambino family."

New Orleans FBI Readying For Expected Surge In Hurricane Fraud Cases. The New Orleans Times-Picayune (9/10, Waller) reported, "So great is the surge of recovery dollars pouring into the region that the New Orleans FBI office is preparing a permanent hurricane fraud squad to investigate cases of bilking aid programs for years to come. … 'We're really on the beginning of the upward slope of the bell-shaped curve,' said James Bernazzani, special agent in charge of the FBI's regional office. 'The more money that comes down, the more temptation there is to steal.'" The Times-Picayune added, "Bernazzani said agents are even watching for organized crime entities trying to get a piece of the hurricane recovery, although so far none have been detected. … So far, the FBI seems to have done well. On Tuesday, 11 of its employees will receive attorney general's awards in Washington for their hurricane fraud work. … It is among the most prestigious honors for FBI agents, and it is rare for an office to receive that many in the same year, Bernazzani said."

Six Louisianans Indicted On Hurricane Fraud Charges. The Baton Rouge Advocate (9/8) reported, "A federal grand jury has indicted six Louisiana residents on fraud charges related to hurricane disaster relief programs. Timothy E. DeClouet, 38, of New Iberia was charged in a one-count indictment with wire fraud in obtaining disaster unemployment benefits for alleged losses resulting from Hurricane Rita. … Wanda Turner, 28, of New Iberia was charged in a one-count indictment with wire fraud in obtaining disaster unemployment benefits." The Advocate added, "Robin Becnel, 44, of Baton Rouge was charged with illegal conversion of government property," and "Koieasha Jones, 26, of Baton Rouge was charged in a two-count indictment with making a false and fraudulent claim for disaster assistance benefits and with illegal conversion of government property. … Bridgette Toney, 24, of Baton Rouge was charged in a two-count indictment with making a false and fraudulent claim for disaster assistance," as was Edwin L. Franklin, 24, of Port Allen." The AP (9/8) also reported on the charges.

Former FBI Colleagues Staunchly Defend Devecchio In Mob Murder Case. The New York Times (9/11, Feuer, 1.21M) reports, "Almost from the moment he was charged in March with helping to commit four murders for the mob, R. Lindley DeVecchio has been surrounded by this posse of supporters: retired F.B.I. men who for years were not only his colleagues, but also his friends. They watch his back. Personally guarantee his million-dollar bond. Solicit money for his legal bills. Scoff at his accusers. Interview — or, some have said, intimidate — witnesses in the case. And at every chance they get, tell whoever cares to listen that Mr. DeVecchio is an innocent man." The Times notes, "To a federal agent, there is nothing more toxic than a corruption charge," and "the charges faced by Mr. DeVecchio are radioactive: that he gave secret information to Mr. Scarpa in exchange for $66,000. Which makes it all the more remarkable that 19 former F.B.I. agents have put their names and reputations on the line to save their troubled friend."

Miami Cuban Community Rallies Behind Anti-Castro Activist Facing Trial. The Washington Post (9/11, A03, Whoriskey) reports from Miami, "He is, depending upon whom you talk to, either a terrorist or a patriot. … The trial of Santiago Alvarez, a 65-year-old businessman here, is scheduled to begin this week on federal charges of maintaining an illegal armory of machine guns, C-4 explosive and hand grenades at a suburban apartment complex he owned." The Post continues, "Federal prosecutors say the anti-Castro crusader was storing 'a staggering amount of illegal weaponry and ammunition.' The Cuban government, the presumed target, has denounced him as a terrorist. … But in this city of Cuban immigrants and countless schemes to invade the island and topple the Castro regime, the moral distinctions that elsewhere underlie global antiterrorism efforts seem harder to fix precisely. Alvarez's alleged stash is viewed by some less as a criminal offense than as a noble quest. … 'He's a patriot,' Miguel Saavedra, leader of the hard-line anti-Castro group Vigilia Mambisa, said of Alvarez. 'I don't see any good reason to prosecute him.'" The Post notes, "Particularly galling for many anti-Castro campaigners here is that one of their own has been charged as a criminal for conducting a campaign against Cuba. The country is included on the State Department's list of 'State Sponsors of Terrorism,' along with Iran, North Korea, Sudan and Syria. … Making matters worse, Alvarez's advocates say, is the slim likelihood of having a Cuban American on the jury -- because the indictment was made in Fort Lauderdale, rather than in Miami, the jury pool will be drawn far from the large Cuban community of Miami-Dade."

Marion Barry Ticketed By Secret Service After Stop Near White House. The Washington Post (9/11, Woodlee, Lengel) reports, "D.C. Council member Marion Barry was detained and ticketed by the Secret Service early yesterday, after uniformed officers stopped him near the White House for running a red light and detected the smell of alcohol, authorities said." The Post continues, "Tom Mazur, spokesman for the Secret Service, said Barry's car ran a red

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light at 16th and H streets NW. The officers administered a field sobriety test and took Barry to the U.S. Capitol Police station, where he was given a breathalyzer test. … Mazur said police could not get an accurate reading on the breathalyzer, so Barry was asked to submit to a urine analysis, which he refused. Barry was then ticketed for running a red light and failing to submit to a urine analysis, the spokesman said." The Post adds, "Barry, in a telephone interview yesterday, said he was not intoxicated and had not run the light. He said he passed the breathalyzer when the test registered a 0.02, far below the legal threshold for intoxication, 0.08. The former four-term mayor accused federal authorities of trying to 'embarrass and discredit me.' … This is the second time this year that police have questioned Barry's sobriety. In May, he was involved in a minor fender bender, and he passed a breath test, although the police report indicated that he appeared to be impaired. … Barry is on probation stemming from a tax-related conviction, and Frederick D. Cooke, Barry's attorney, said it is unclear whether the latest citation would affect Barry's legal status. Cooke said he could not comment because he did not have enough details."

Sex Offender Sues Virginia Over Web Site Naming. The Washington Post (9/11, B1, Vargas) reports, "John Doe is 31 years old, received degrees in philosophy and psychology from the University of Mary Washington and is an aquatics coach in the Washington area." The Post continues, "He does not want you to know his name or that when he was about 18 he was convicted of having sex with his 14-year-old sister. The sex started, police said, when she was in second grade. … Now that Virginia's online sex offender registry has been expanded to include all sex offenders -- not just those considered violent -- people such as Doe are being told that they must register or face arrest. That means that their names, photos and professions will be posted on the Internet amid the rapists and child molesters already there. Hidden under the cloak of a pseudonym, Doe is taking the fight to court." The Post adds, "Today, Doe's attorney will stand on one side of a Prince William County courtroom, asking a judge to allow him to remain anonymous and safe from arrest. On the other, attorneys for the defendants -- the county and the state -- will argue that the public has a right to know who Doe is and where he lives and works. And that he was convicted of incest, a misdemeanor. … Although the registry requirements changed in 2003 to include incest, it wasn't until this year that the information was to be made public online. In July, Doe filed suit. .. . 'Any requirement for Mr. Doe to register as a sex offender now, more than eleven years after his conviction, would not serve the community in the fashion that the legislators intended,' his attorney, Melinda VanLowe, argued in court papers. 'The registry would severely damage Mr. Doe's ability to maintain or gain employment, his standing in the community and general livelihood, causing irreparable injury that cannot be compensated by monetary damages.'"

Cheney Says Libby Should Be Presumed Innocent. On NBC's "Meet the Press" (9/10, Russert), host Tim Russert interviewed Vice President Dick Cheney. Asked if he authorized his former chief of staff, I. Lewis "Scooter" Libby to leak Valerie Plame's name to the press, Cheney said, "Scooter Libby is, he's a good man. He's a friend of mine. He's somebody -- one of the most competent and capable people I've ever known. He's entitled to the presumption of innocence. But there is a legal matter pending, there is going to be a trial next year, I could well be a witness in the trial, and much as I would like to talk about, and I certainly have strong opinions about the case, I think it'd be totally inappropriate for me to do so." Cheney refused to comment on other matters of the case, including whether he would seek a pardon from President Bush for Libby, but when asked his thoughts on former Deputy Secretary of State Richard Armitage, columnist Robert Novak's original source, Cheney said, "Does he need a pardon?"

CIVIL LAW:

Cancelled Award Ceremony For Whistleblower Sparks Controversy. The Washington Post (9/11, A15, Williamson, 748K) reports on Leroy Smith, "a prison safety manager who blew the whistle on life-threatening conditions in a prison-run factory." He "was to be honored Thursday afternoon by Special Counsel Scott J. Bloch as the office's Public Servant of the Year." Bloch "flew Smith and his wife in from Arizona, where they now live, put them up in a fancy hotel, invited media and dignitaries -- then, minutes before the event, canceled everything." Bloch "said he canceled the award presentation and news conference after Catherine McMullen, who is chief of the office's whistle-blower disclosure unit and played a key role in investigating Smith's case, suffered a death in her family and had to leave town." However, "special counsel staffers who came forward after Bloch pulled the rug out. McMullen's relative, they said, hadn't died suddenly, or even Thursday. Staff members had known for at least a day that McMullen would not attend the event, yet planning for it continued. McMullen could not be reached to comment." Bloch "scuttled Smith's fete, these employees believe, because he got wind of Smith's plan to take his award and head over to a news conference with Public Employees for Environmental Responsibility."

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CIVIL RIGHTS:

LAPD Chief Orders Review Of Interrogation Policy After Murder Case Tossed. The Los Angeles Times (9/11, Blankstein) reports, "It began on an April afternoon in 2005 when neighbors in an upscale section of Manhattan Beach noticed black smoke billowing from an apartment rented by a local doctor. … Firefighters arrived and quickly extinguished the blaze. But when they got inside the home's bedroom, they found the body of the doctor's housekeeper, Libia Cabrera, lying under a window and burned beyond recognition." The Times continues, "The 41-year-old Lawndale mother had been bound, gagged, sexually assaulted and stabbed in the neck. … Months passed without any breaks. Then, in January, detectives arrested Herbert Orlando Gonzales, a 27-year-old clerical worker and aspiring musician. … Gonzales was charged with murder and three other felony counts including arson and residential burglary and, if convicted, could have faced the death penalty. … But the 'big break' in the murder mystery has become a black eye for the Los Angeles County Sheriff's Department." The Times adds, "A Los Angeles judge last month threw out the case, raising concerns about the detectives' conduct during a lengthy interrogation. .. . Though the deputies claimed that Gonzales made incriminating statements during the interview, the judge concluded that they might have violated Gonzales' Miranda rights and bullied him into making incriminating statements that he later recanted. … The judge also cast a skeptical eye on detectives' decision to record only part of the interrogation, saying later that the Sheriff's Department could not afford to audiotape the entire interview. … The decision has reverberated throughout the Sheriff's Department, prompting Sheriff Lee Baca to launch a review of detectives' in-custody interrogations, including the one involving Gonzales."

NYTimes Decries Felony Disenfranchisement In Alabama. The New York Times (9/11, 1.21M) editorializes, "It has been decades since federal laws overturned the literacy tests and poll taxes that were the most blatant forms of discrimination barring black people from voting in Southern states. But even today, felony disenfranchisement is an enormous obstacle to voting for black people in the Deep South. … The process for restoring voting rights for people who have been convicted of crimes can be so byzantine that officials don't know who is eligible." The Times adds, "In Alabama, an archaic law strips the right to vote from people convicted of crimes involving 'moral turpitude,' without explaining what that is or what crimes are covered. … The Legislature needs to stop tinkering at the margins of this problem. The only honorable solution is to automatically restore voting rights to Alabamians who have completed their sentences. That's the only way to take this issue out of the hands of bureaucrats and make amends for one of the most shameful voting rights records in American history."

ANTITRUST:

MGA Nears Deal To Purchase Newell Unit. The Wall Street Journal (9/11, Binkley) reports, "MGA Entertainment Inc. is close to an agreement to buy Little Tikes Co., a division of Newell Rubbermaid Inc. that makes preschool toys and play equipment, according to people familiar with the situation." The Journal continues, "The move would put MGA, maker of the Bratz dolls and other so-called tween-targeted toys, into a new segment of products for young children. A deal could be announced as early as this morning, the people said." The Journal adds, "Little Tikes is known for the durable, brightly colored plastic trucks, climbing gyms and infant toys that it has been making since 1970. It may be best known for the foot-powered Cozy Coupe car. About six million of those cars have been sold, according to the company's Web site. .. . MGA has separately been strengthening its stake in German doll maker Zapf Creation AG, and last month launched an electronic hand-held toy and Internet game called Miuchiz. The Little Tikes acquisition would cement for MGA a broad range of products from babies and toddlers to tweens and teens. .. . The price of the acquisition wasn't clear. One person familiar with the talks said the Little Tikes company has about $250 million in annual revenue."

Debate Grows Over Fashion Copyrights. The Wall Street Journal (9/11, Winograd, Tan) reports, "As fashion models hit New York runways this week, they won't just be showing off spring 2007 designs aimed at high-end retailers. They'll also be providing a wealth of ideas for apparel manufacturers that copy runway looks -- usually with less-expensive fabrics, in foreign assembly plants -- for purchase by the masses." The Journal continues, "Hoping to change that by following Europe's lead, prominent fashion designers in the U.S. are pushing for federal legislation that would offer three years of copyright-like protection for designs ranging from dresses and shoes to belts and eyeglass frames. Though the odds of passage in the current Congress appear slim, the bill has ignited a fierce debate over how the creative process works in the women's fashion industry, which rang up retail sales of $101 billion in 2005." The Journal adds, "The central question is whether fashion design is an art worthy of protection or a craft whose practitioners can and should freely copy one another. In an industry where many designers come out with similar looks each season -- and where inspiration is said to be 'in the air' -- designers and

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the thriving knockoff industry are hotly debating the issue. … Another key question: whether knockoffs, somewhat counterintuitively, actually benefit the industry as a whole. Copying, some argue, propels the fashion cycle forward by creating popular trends that spur designers to move on to the next big idea."

ENVIRONMENT:

Youths' Willingness To Conserve Energy Has Plunged Since The 1980s. Laura Wray, a graduate student, and Constance Flanagan a professor of youth civic development at Pennsylvania State University, write in the Washington Post (9/11, A17, 748K), "'An Inconvenient Truth,' Al Gore's movie on global warming, is now the fourth-largest-grossing documentary of all time. But apparently it isn't young adults who are paying the price of the ticket -- or, more important, taking the truth about the environment to heart." Youths' "willingness to conserve gas, heat and energy has taken a precipitous plunge since the 1980s." Gore "argues that in America, 'political will is a renewable resource.' Perhaps one way to renew this resource is to start focusing more on young people and their understanding of, as well as contribution to, environmental problems."

WSJournal Criticizes California's "Feel Good Environmentalism." An editorial in the Wall Street Journal (9/11, 2.03M) criticizes California's "latest bout of feel-good environmentalism. We say feel-good, because even the supporters of that state's recent decision to unilaterally enact a mandatory global warming program are admitting it will accomplish, well, nothing much. … What we really have here, then, is the ultimate in political symbolism." Yet "even symbolism can have consequences, and California's economy will be lucky to escape this unscathed."

FBI/DEA/ATF/USMS:

Customs Officials Apprehend Woman With 53000 Ecstasy Pill At Buffalo Crossing. The AP (9/11) reports, "A 28-year-old American woman faces charges after federal officials say she tried to smuggle more than one (m) million dollars worth of the drug Ecstasy into the U-S at the border crossing in Buffalo. U-S Customs and Border Protection officials say officers at the Peace Bridge became suspicious after stopping the woman's car on Wednesday .Officers say a search of the trunk turned up more than 53-thousand Ecstasy tablets wrapped in vacuum-sealed bags. The woman -- whose name has been released -- with charged with importing and possessing a controlled substance with intent to sell it."

California AG Spotlights Campaign To Identify Large-Scale Marijuana Operations. The Santa Rosa Press Democrat (9/11, Geniella) reports California Attorney General Bill Lockyer "said Thursday that marijuana seizures this year are setting records, with Mendocino, Lake and Shasta counties accounting for about 40 percent of the statewide volume. Lockyer said so far nearly $5 billion worth of maturing pot plants have been destroyed in a beefed up state and federal campaign that will continue into October." Lockyer "said drug agents are finding 'larger and larger gardens worth tens of millions of dollars.' … Lockyer's comments echoed earlier remarks of local, state and federal agents who have cited surging pot production and a growing tie to Mexican crime families." The Press Democrat notes Lockyer "in the past has cited the growing role of Mexican drug organizations, concurring with state agents who estimate that as much as 70 percent to 80 percent of illegal pot production on state and federal lands is tied to them. But Lockyer on Thursday made no reference to the Mexican connection, preferring instead to credit the record seizures to increased numbers of drug teams, aerial surveillance and transportation to the typically remote gardens. … The federal Office of National Drug Control Policy last week estimated that 166 of 228 marijuana-growing operations found this year on public lands across the United States were associated with Mexican crime organizations. National drug czar John Walters said last week in Fresno that 'Mexican drug cartels are turning our national parks into centers of international drug trafficking,' according to the Fresno Bee."

Trenton Plagued By Heroin-Related Fatalities. The Trentonian (9/11) reports, "A potent new brand of heroin blamed for 400 deaths nationwide has killed at least seven people in Trenton in the past two months, police said. Police Director Joe Santiago "said he fears the killer brand of heroin, first seen in Philadelphia and Camden in April, has made its way to Trenton. Sold under the names 'Flatline' and 'Capone,' the so-called 'bad heroin' is believed to be cut with fentanyl, a pain killer 80 times more powerful than morphine. Developed by New Brunswick's Johnson & Johnson, it's been used legally for decades in anesthesia and pain management. But fentanyl is now found on the streets and is being manufactured illegally, law enforcement officials say. Traced to heroin labs in Chicago and said to be much more fentanyl than heroin, the stuff can retard breathing, making users feel like they're suffocating."

DEA Seeks Mexican Man In Connection With Drug Kingpin's Boat. The San Diego Union-Tribune (9/9, Cearley) reports, "A Chula Vista man who helped buy the boat used by suspected Mexican drug kingpin Francisco Javier Arellano Félix is now a fugitive wanted on arms

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charges. Edgardo Leyva Escandon Edgardo Leyva Escandon, a Mexican national with a residence in the United States, faces six counts of possessing thousands of rounds of ammunition while in the United States on a visitor's visa, according to an affidavit unsealed yesterday in U.S. District Court. Though the affidavit doesn't document his connection with the boat, Drug Enforcement Administration special agent Dan Simmons said Leyva was the treasurer of the company that bought the boat Arellano was using at the time of his arrest last month off the coast of La Paz. Leyva has a 'long-standing relationship with the Arellano Félix organization as far back as the early 1990s,' Simmons said. The Arellanos are believed to have controlled the flow of drugs along much of the Baja California border for almost 20 years. Leyva is part of a well-known Baja California family, and an uncle was once governor of that state.

Plan Colombia Portrayed As A Failure. The South Florida Sun-Sentinel (9/10) runs an article by the New York Times' Juan Forero which reports, "The latest chapter in America's long war on drugs -- a six-year, $4.7 billion effort to slash Colombia's coca crop -- has left the price, quality and availability of cocaine on American streets virtually unchanged. The effort, begun in 2000 and known as Plan Colombia, had a goal of halving Colombia's coca crop in five years. That has not happened. Instead, drug policy experts say, coca, the essential ingredient for cocaine, has been redistributed to smaller and harder-to-reach plots, adding to the cost and difficulty of the drug war. Bush administration officials say that coca farmers are on the run, and that the leftist guerrillas and right-wing paramilitaries who feed on drug profits are weaker than ever. That has made Colombia, Washington's closest ally in a tumultuous region, more stable, they say. They argue that the plan has scored important successes, like a spike in the price of cocaine last year. But that claim was disputed by drug policy experts, and in fact a wide range of them, and some politicians, are questioning the drug war's results. … 'If we were to evaluate Plan Colombia by its initial overriding criteria, the results of the drug war have been dubious at best,' said Russell Crandall, a former adviser to the White House and the author of Driven by Drugs, a book on the drug war in the Andes. Bush administration officials think that verdict is too harsh. 'Over the past five years, you see a compression on cultivation,' John P. Walters, director of the White House Office of National Drug Control Policy, said."

IMMIGRATION:

Immigrant Rights Movement Loses Steam. The New York Times (9/11, Swarns, Archibold, 1.21M) reports, "For a moment, it sounded like one of the spirited crowds from this past spring. There, at the foot of the Capitol, flag-waving immigrants chanted and cheered and warned lawmakers in Congress to take notice. … But this time, only a few thousand people protested, not the hundreds of thousands that organizers had expected at the rally here on Thursday. And similar scenes played out across the country last week as immigrant demonstrations drew much smaller crowds than anticipated in Los Angeles, Phoenix and Batavia, Ill." The Times adds, "Buoyed by the huge immigrant protests in April and May, some organizers had predicted that a million people would take to the streets around Labor Day. And they vowed to produce a million people, through voter registration and citizenship drives, to press for legislation that would grant legal status to the nation's illegal immigrants and help shape the outcome of the November midterm elections. Some organizers now acknowledge that both goals were overly optimistic." Political "analysts, policy makers and immigrants alike are questioning the staying power of the fledgling immigrant rights movement."

TAX:

DC Furniture Executive Charged With Tax-Evasion. The Washington Times (9/11, Mcelhatton) reports, "The founder of a prominent District-based furniture company who made an unsuccessful bid for a D.C. Council seat in 2000 is facing tax-evasion charges." The Times continues, "The charges against businessman Peter Ross were filed last week in federal court in the District, months after a trustee in his company's bankruptcy case said Mr. Ross had concealed more than $200,000 in assets." The Times adds, "Mr. Ross, president of Spectrum Ltd., a national furniture maker based on L Street in Northeast, failed to pay more than $200,000 in employment withholding taxes, prosecutors said. … Charging documents state that Mr. Ross did not disclose $288,000 in inventory when his company went bankrupt and that he failed, under penalty of perjury, to report more than $50,000 in yearly income from a trust fund. … The tax-evasion charges carry a five-year prison sentence."

CONGRESS-ADMINISTRATION:

Republicans Divided On Earmark Reform. Roll Call (9/11, Davis, Newmyer) reports, "With hopes for a broader lobbying package still stuck in neutral, House Republican leaders are working to head off another confrontation with GOP appropriators and pass an earmark reform resolution this week." GOP leaders "face a potentially rocky path to final passage as members of the Appropriations

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Committee balked at the initial proposal laid out Sept. 7, arguing that the language did not make good on a promise made by Speaker Dennis Hastert (R-Ill.) to Appropriations Chairman Jerry Lewis (R-Calif.) in late April to apply reforms equally to appropriations, tax and authorizing legislation. That last-minute deal was negotiated to secure appropriators' support for a procedural vote to bring the broader lobbying and ethics overhaul package to the floor." LaHood "said appropriators were unanimous in their opposition to the draft proposal but were open to further negotiations."

Higher-Income Beneficiaries To Pay Higher Medicare Premiums. The New York Times (9/11, Pear, 1.21M) reports, "Higher-income people will have to pay higher Medicare premiums than other beneficiaries next year, as the government takes a small but significant step to help the financially ailing program remain viable over the long term. The surcharge is a major departure from the traditional arrangement under which seniors have generally paid the same premium." It is expected "to affect one million to two million beneficiaries: individuals with incomes exceeding $80,000 and married couples with more than $160,000 of income. For individuals with incomes over $200,000, the premium, now $88.50 a month, is expected to quadruple by 2009." The surcharge "was established under a little-noticed provision of the 2003 law that added a prescription drug benefit to Medicare."

First Lady "Ascending The Global Stage." USA Today (9/11, Jackson, 2.27M) reports, "As her husband prepares his annual address to the United Nations next week, Laura Bush also is ascending the global stage." The First Lady "is putting the finishing touches on a conference to improve reading skills in the world's most illiterate countries, a roundtable discussion on Burma to press for the release of democracy activist Aung San Suu Kyi and other political prisoners, and a speech on health problems facing women worldwide." Her activities next week in New York "underscore how Bush is pursuing her own second-term agenda -- one that gets her out more to champion favorite causes and that some analysts say also helps burnish her husband's image and that of the United States around the world." In an interview last week with USA TODAY, Bush "dismissed with a smile the notion that her work might help the president overcome criticism in Europe and elsewhere. She said such talk is 'maybe slightly exaggerated in the media.' 'I'm traveling because I have this opportunity to talk about things that are important to me and that are important to our country,' she said." Bush "said she focuses on a wide range of global issues, including the impact of HIV and AIDS in Africa, that have long been personal concerns. She wants people in foreign countries to know they are not alone in facing these problems, she said."

Cheney Says Times Report Of Waning Influence A "Thumbsucker." On NBC's "Meet the Press" (9/10, Russert), host Tim Russert interviewed Vice President Dick Cheney. Asked if his influence in the Administration has waned, as suggested by the New York Times on Sunday, Cheney said, "I haven't read the story in any great detail. It looks like one of those thumbsuckers that's done periodically. It's probably as valid as the ones that were done saying I was in charge of everything."

Democrats Ponder House Reforms. Roll Call (9/11, Yachnin) reports, "As House Democrats consider changes in how they distribute top committee slots, the party also is working to gain pre-election publicity and differentiate itself from the GOP by proposing broader changes in how the House operates." With Democrats "at work on the first significant overhaul of their internal rules in a decade," Democratic Caucus Chairman James Clyburn "acknowledged that his colleagues may discuss adopting gavel term limits similar to those instituted by the House Republican Conference after the GOP took control of the chamber in 1995. … Beyond term limits and committee assignments, a draft of rules issued to lawmakers this week proposes an extended list of 'Democratic Principles,' addressing issues from floor procedures to ethics guidelines, according to Rep. Mike Capuano (D-Mass.), who chairs the Caucus' Organization, Study and Review Committee." Among the proposals, Capuano "suggested the Caucus rules could dictate the disclosure of private travel, as well as guide the process for earmarking. A letter issued to Democratic lawmakers Friday noted that lobbying guidelines could be included in the rules."

WSJournal Criticizes Levin For Delaying National Security Nominees. An editorial in the Wall Street Journal (9/11, 2.03M) says Sen. Carl Levin "continues to block Bush administration national security nominees for no discernible reason other than partisan gamesmanship. The Senator's latest political hostages are Ken Wainstein, who is waiting to become the Assistant Attorney General for National Security, and Alice Fisher, who is currently running up against the end of her recess appointment as Assistant Attorney General for the Criminal Division." The Journal adds, "Both of these nominees -- like several Pentagon targets of Mr. Levin before them -- would easily be confirmed if they'd get an up or down vote. His antics show how easy it is for a single Senator to disrupt vital operations of the executive branch, and without accountability or media coverage. In an earlier era, Senate grown-ups would have intervened to tell Mr. Levin there is a larger public good at stake. Today, Democratic Leader Harry Reid sits on his hands."

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OTHER NEWS:

9/11 Attacks Added "Fear" Variable Into Stock Trading. USA Today (9/11, Krantz, 2.27M) reports that since the 9/11 attacks, stocks are up, "though not by much: The Dow Jones industrial average is up 18.6% and the Standard & Poor's 500 18.9% from just before the attacks, a 3.5% annual return that's way below long-term averages. It's impossible to know how much the terrorist attacks are to blame for the market's malaise. After all, an earnings recession started in late 2000, and the USA has just emerged from one of its worst periods of corporate fraud in at least a generation. But the attacks injected a new permanent variable into stocks: fear."

Economist Says Predicted Post-9/11 Recession Never Materialized. Economist Brian Wesbury writes in the Wall Street Journal (9/11, 2.03M) that the 9/11 terrorists hoped the attacks "would send shock waves through the American financial system and severely harm the US economy. … Roughly two weeks after 9/11, a Bloomberg survey found 22 out of 30 economists predicting recession. … But someone forgot to turn out the lights. According to the National Bureau of Economic Research, the recession officially ended in November 2001, just 50 days after 9/11." Wesbury adds, "In the end, it was not the attacks, but the reaction to them that has defined the economy for the past five years. Monetary policy has a very limited ability to fix problems that are not directly related to liquidity, and often causes more problems than it cures. Much more important is for the government to get out of the way, keep tax rates low, and use our armed forces and intelligence capabilities to protect America. A capitalist economy, as long as it is kept free, is the ultimate hardened target."

IMF Urges US Gas Tax Hike. The Financial Times (9/11, Hoyos, Blas, Morrison) reports, "The US, the world's biggest energy consumer, should use the opportunity created by the recent drop in oil prices to raise petrol taxes, according to the [IMF]. This would prevent pollution and the wild swings in oil price that jeopardise world economic growth, the IMF said in a report to Group of Seven finance ministers meeting this week in Singapore." The "IMF argued that low prices at the petrol pump 'encouraged excessive consumption with adverse environmental implications.'" The Times says the "measure was unpopular" among OPEC oil ministers meeting in Vienna Sunday. They "are for the first time in two years beginning to voice concern that the demand slowdown could lead to a price slide that would hit the record profits they have enjoyed since 2003. Nevertheless, they are likely to postpone any reduction in their supply until the end of the hurricane season."

On Eve Of OPEC Meeting, Some Members Worried About Falling Prices. The New York Times (9/11, Mouawad, 1.21M) reports, "As OPEC ministers prepare to meet [in Vienna] Monday, the question on their minds is not how high oil prices will rise, but how far they may drop. ... While there is no sense of urgency about oil price increases, some members of OPEC are beginning to express anxiety about further price declines. The Times writes, "It is unlikely that the OPEC ministers will alter at Monday's meeting their current policy of keeping markets well supplied with oil. But some of them are beginning to think about whether to cut output next year, an effort that would be aimed at keeping prices from declining further."

The Wall Street Journal (9/11, Bahree, Levine, 2.03M) reports, "OPEC's ministers were struggling Sunday to ascertain whether the $10-a-barrel slide in the price of crude oil in recent weeks has been the result of excess supply or simply a correction in a frothy world market. The outcome of this debate will determine whether the cartel acts to curb output, even if informally, in an attempt to prevent the price decline from turning into a rout." The Journal notes, "several of the cartel's ministers have said they don't expect a formal decision to lower the group's production ceiling. But they have also expressed concern about falling prices." The Journal says, "Some OPEC officials say cartel members are prepared to continue letting their output fall informally if price declines and market dynamics further reduce demand for oil. Such action, they say, is preferable to a formal decision to reduce quotas," which "could invite a backlash from consumer countries."

Cheney Expects GOP Will Hold Onto House, Senate. On NBC's "Meet the Press" (9/10, Russert), host Tim Russert interviewed Vice President Dick Cheney. Asked about a report the NRCC will spend $50 million before the midterm races, with much of the funds going to negative advertising, Cheney said, "I haven't seen the ads. I hope our guys have good, hard-hitting advertisements, certainly the opposition does. And I don't see anything inappropriate about a tough, hard-charging campaign. This is an important campaign. Just think about what's at stake in this election in terms of national security and the global war on terror and where we go on these issues you and I have been talking about this morning." Cheney added, "I don't expect that Nancy Pelosi will be speaker. I think we're doing very well out there. I feel better about the election now than I did three months ago." Cheney later said he expected the GOP to retain the Senate majority, also."

Analysts Say Democrats' Goal Of Picking Up Several New Seats "Increasingly Remote." The New York Times (9/11, Hernandez, 1.21M) reports, "In a year

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when Democrats hope to take control of the House of Representatives, New York would appear to be fertile ground for toppling Republican incumbents. Democrats have a statewide edge in enrollment, and a popular incumbent, Senator Hillary Rodham Clinton, is at the top of the party's ticket. In fact, just a few months ago, Democrats envisioned significant gains in New York, perhaps picking up as many as four seats, possibly even five." But "that goal now seems increasingly remote, and there is an emerging consensus among political analysts that the party's best chance for capturing a Republican seat is the battle to succeed Representative Sherwood L. Boehlert, one of the most liberal Republicans in Congress, who is retiring." The Times adds, "The shifting local fortunes for Democrats could have serious political implications beyond New York. The party needs 15 seats to take control of the House. Even one victory in New York would be an important step toward that goal, giving the Democrats a cushion if they lose elsewhere in the nation. The situation in New York is particularly surprising given the state's reputation as a Democratic bastion." The incumbents in New York "are benefiting from being in legislative districts drawn to keep the Republican incumbents in place." In addition, "the Democrats' inability to gain traction can be measured in the fund-raising disparity between them and Republicans, and is reflected in interviews with strategists in both parties and independent analysts."

Economy Said To Be Top Issue This November. The Washington Times (9/11, Lambro, 88K) reports, "Several polls show that the No. 1 issue heading into the election season is not the war in Iraq or the terrorist threat, but the performance of the US economy, which has gotten poor marks from voters despite steady growth and lower unemployment." But "pollsters conducting election surveys for Republicans say persistently sour voter attitudes about the economy have begun to improve recently, partly because of last week's sharp decline in oil and gasoline prices." A CNN/Opinion Research poll of 1,004 Americans taken Sept. 4 and 5 "showed that 28 percent said the economy would be the most important factor in their congressional vote this November, followed by Iraq at 25 percent and terrorism at 18 percent. Moral issues (15 percent) and immigration (14 percent) were fourth and fifth, respectively." That poll "showed voters giving the economy failing grades, with 56 percent rating it 'poor' overall, compared with 44 percent who called it 'good.'" A Fox News/Opinion Dynamics poll of 900 registered voters taken Aug. 29 to 30 "reported similar results." But "with oil prices down from more than $70 a barrel a few weeks ago to $66 at the end of last week, and gas prices falling to an average of $2.68 a gallon for regular -- and to as low as $2.40 in places such as Ohio -- there was growing speculation among Republican strategists that if prices continue to fall, the political climate would improve for the party's candidates."

Republicans Hope Security Issue Will Help Them Keep Control Of Congress. U.S. News and World Report (9/18, Gilgoff, 2.03M) reports that with his announcement last week on the treatment of al Qaeda suspects, President Bush, "to the surprise of almost everyone in Washington-appeared to score a political victory, at least for the moment." The move "reminds the country that, as it marks the fifth anniversary of the September 11 attacks this week, another anniversary looms: the third national election in which the GOP hopes to maintain control of Washington by arguing that it will provide Americans with more security than the Democrats." But Democrats say the GOP's national security campaign "won't yield the benefits it did in 2002 and 2004."

Time (9/18, Allen, 4.03M) reports that President Bush "is taking a big gamble that an unflinching focus on national security will be his party's political salvation. … Many Republicans harbor doubts, and a few dissenters are even steering clear of the President and his game plan." Time adds, "Democrats, having largely steered clear of national-security issues in the 2002 and 2004 campaigns for fear their war reservations and civil-liberties concerns would brand them as effete, are embracing the topic, and they appear to have found their voice with a steady insistence that Iraq has been mishandled. Thus, for the first time in the five years since 9/11, national security is a jump ball." Time adds, "Deputy White House chief of staff Karl Rove, the architect one last time, says he is confident that voters will buy the President's message. 'Given a choice between doing the job and walking away, they will want to do the job,' Rove tells TIME. 'Given a choice between winning and losing, the American people will always pick winning.'"

Vulnerable Republicans Step Up Criticism Of Bush. U.S. News and World Report (9/18, Gilgoff, 2.03M) reports, "Many vulnerable Republicans…are stepping up criticism of Bush and the Iraq war or attempting to ignore both on the campaign trail. Florida Rep. Clay Shaw, facing a serious challenge this year, visited Iraq last month but spoke little of his trip other than answering some questions for local media. Shaw is focusing instead on issues like healthcare and Everglades restoration."

Democrats Must Overcome Perception That They Are Weak. Newsweek (9/18, Darman, Thomas, 3.12M) reports that with "polls showing some of the highest levels of antiwar sentiment since Vietnam -- with roughly three out of five Americans saying that they disapprove of President Bush's handling of the Iraq war -- the Democrats have a chance to recapture Congress, if only they can overcome the perception that they are somehow weak."

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Webb Said To Make Allen Seem Like A "Tough-Guy Wanna Be." Newsweek's (9/18, Darman, Thomas) story focuses on Virginia Democratic Senate candidate James Webb, a Vietnam veteran who scorned antiwar protesters then "with the same contempt he shows today for so-called chicken hawks, the neocons who never served in the military but were all for invading Iraq. … Webb's opponent, incumbent GOP Sen. George Allen Jr., plays the good-ole-boy superpatriot. With his cowboy boots and swagger, he is a reasonable facsimile of George W. Bush. But next to a hardened combat veteran like Webb, he can seem like a tough-guy wanna-be." Webb "has yet to find a way to express his opposition to the Iraq war that does not sound as if he is either (a) advocating a policy of 'cut and run,' or (b) complaining and criticizing but offering no clear way out. Stiffly refusing to pander on the stump, Webb tends to ramble on, describing nuances and complexities."

Zogby Poll Shows Republicans On Track To Keep Senate Control. In its "Washington Wire" column on its web site, the Wall Street Journal (9/10, 2.03M) reported, "Republicans made some headway on Democrats in hotly contested Senate races, according to the latest Zogby Battlegrounds poll. Democratic challengers remain narrowly ahead in the run for several seats now held by Republicans, but the GOP is still on track to retain control of the chamber. The polls, conducted Aug. 29-Sept. 5 by Zogby Interactive in cooperation with The Wall Street Journal Online, show Democrats ahead in 11 of the 18 states polled, while Republicans lead in five."

Allen Leads Webb By Four In Mason Dixon Poll. In its "Washington Wire" column on its web site, the Wall Street Journal (9/10, 2.03M) reported, "Republican Sen. George Allen of Virginia sees the lead in his re-election race cut to just four percentage points -- 46% to 42% -- over Democratic challenger James Webb, in a Mason Dixon Polling & Research Inc. poll."

Both Parties Eye Lawmakers For Possible Party Switches. U.S. News and World Report (9/18, Bedard, 2.03M) reports in its "Washington Whispers" column that the results of this fall's elections "could lead to a nasty partisan battle to get enough House members to switch parties that the results will be scuttled. We hear that Republicans are already looking at conservative Democrats who might switch parties if the liberals take back control of the House by a seat or two. Ditto for the Democrats, by the way, who think they can lure the few liberal Republicans to their side with promises of pork or even committee chairmanships."

Rhode Island Senate Primary Down To The Wire. USA Today (9/11, Page, 2.27M) reports, "A New England senator often at odds with his party faces a down-to-the-wire showdown in his state's primary. Last month, that description applied to Democrat Joe Lieberman of Connecticut, who ended up losing to anti-war challenger Ned Lamont and is now running as an independent." In Rhode Island, "it depicts Lincoln Chafee...the Senate's most liberal Republican. He is imperiled by a challenge from anti-tax conservative Steve Laffey."

The Washington Times (9/11, Fagan, 88K) reports, "Senate Republicans face the prospect of one less seat Wednesday morning, party leaders say," if Chafee, :a liberal, loses his primary here tomorrow." Dan Ronayne, spokesman for the National Republican Senatorial Committee (NRSC), said Laffey "has no chance to win a general election. We would find ourselves down a seat going into the November elections." David Winston, a GOP pollster, agreed, "If Laffey wins, [Senate Minority Leader] Harry Reid is one step closer to being majority leader."

Democrats Appear Poised For Gains In Gubernatorial Races. In its "Washington Wire" column on its web site, the Wall Street Journal (9/10, 2.03M) reported, "Democrats remain poised for big gains in gubernatorial races nationwide even as Republican candidates took the lead in a few tight contests, according to the latest Zogby Interactive poll, conducted in cooperation with The Wall Street Journal Online. Of 19 states tracked in the poll, conducted Aug. 29-Sept. 5, Democratic candidates were ahead in 12 races, while Republicans led in six and one race yielded mixed results. In Zogby's August poll, Democrats led 14 of the states polled, Republicans four and one race was mixed."

Stuart Rothenberg writes in Roll Call (9/11), "It is now clear that when the dust settles on Nov. 8, Democrats will find themselves holding a majority of governorships for the first time since the 1994 midterm elections, when Democratic ranks across the nation were decimated. While Republicans currently hold 28 of the nation's 50 governorships, Democrats are likely to gain from four to six. If they net as many as four, they should hold a majority of governorships for at least the next two years. … One big-state GOP governorship, New York, already seems to have slipped away, and another, Ohio, is in serious danger of doing so. I'd be surprised if Republicans win either race. … Four other states that currently have Republican governors now seem more likely than not to elect Democratic governors. Gov. Bob Ehrlich has an uphill, though not impossible, battle for re-election in very Democratic Maryland, while three other states with GOP governors -- Arkansas, Massachusetts and Colorado -- are more likely to elect Democratic than Republican governors.

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Four other races -- Alaska, Wisconsin, Iowa and Michigan -- fall into a broad 'too close to call' category." Gubernatorial races, adds Rothenberg, "are likely to result in significant gains for Democrats nationally. And that will only add to the GOP's problems heading into the crucial 2008 elections."

Bill Clinton Said To Loom Large In Hillary Clinton's Possible '08 Plans. The New Yorker (9/18, Remnick) analyzes former President Clinton's effort to build a legacy in the years following his departure from office, and his role in his wife's bid for the presidency. One "theme he kept returning to all week" was "the need for the Democratic Party to 'lean into' Republican attacks. He made no secret of his feeling that the Democrats had lost winnable elections in 2000 and in 2004; Al Gore and John Kerry were 'a couple of honorable men' but had been 'tarred' as men of low character, and their campaigns failed to fight back effectively." We "were somewhere above the Sahara, but Clinton's mind was fixed on the condition of the Democratic Party in the Age of Bush and on the way the White House, even as Iraq verged on civil war, remained on the rhetorical and ideological offensive." Clinton said, "I am sick of Karl Rove's bullshit." The New Yorker adds, "And yet there was a trace of admiration in the remark, a veteran pol's regard for the way his rival had packaged a radical brand of American conservatism as 'compassionate conservatism' and kept on pushing it long after its sell-by date had passed."

Gore Has Not Ruled Out Another Presidential Bid. The Washington Times (9/11, Pierce, 88K) reports in its "Inside Politics" column, "Former Vice President Al Gore said yesterday that he has not ruled out making a second bid for the White House, though he said it was unlikely. Mr. Gore spoke to reporters in Sydney, Australia, where he was promoting the local premiere of his documentary on global warming. 'I haven't completely ruled out running for president again in the future, but I don't expect to,' Mr. Gore said before the premiere last night of 'An Inconvenient Truth.'"

Luntz Survey Finds 57% Say UN Should Be "Scrapped Altogether." U.S. News and World Report (9/18, Bedard, 2.03M) reports in its "Washington Whispers" column that this week, the firm Luntz, Maslansky Strategic Research, will release "a huge benchmark survey done for the Hudson Institute that finds fifty-seven percent of Americans say "the UN should be 'scrapped altogether' if it isn't reformed fast; 62 percent say it's ineffective in stopping wars; 70 percent want the US contribution slashed; and only 34 percent say it promotes America's security interests."

Gerson To Write Column For WPost. The Washington Post (9/11, C1, Kurtz, 748K) reports in its "Media Notes" column, "Michael Gerson, a key member of President Bush's inner circle until 10 weeks ago, has a new job: Washington Post op-ed columnist. Editorial Page Editor Fred Hiatt has signed up the longtime White House speechwriter and policy adviser, who will start in January while remaining a member of the Council on Foreign Relations."

Miami Herald Reporters Fired For Taking Money From Federal Government. The Washington Post (9/11, C1, Kurtz, 748K) reports in its "Media Notes" column, "The Miami Herald has fired two reporters and a freelancer who work for its Spanish-language edition, El Nuevo Herald, for accepting money from the federal government. The journalists were compensated for appearances on Radio Marti and TV Marti, the broadcasting services beamed into Cuba. One of them, Pablo Alfonso, who covers Cuba, has been paid almost $175,000 over the past five years to host Marti programs. Fellow staff writer Wilfredo Cancio Isla, who covers the Cuban exile community and politics, was paid almost $15,000 in the past five years. The freelancer, Olga Connor, who writes about Cuban culture, received about $71,000, according to the Herald."

NYTimes Says Conservative Judges Are As Activist As Liberals. An editorial in the New York Times (9/11, 1.21M) says, "Anyone who follows the courts knows that conservative judges are as activist as liberal judges — just for different causes. A new study of Supreme Court voting patterns confirms this and suggests that the conservative Justices Antonin Scalia and Clarence Thomas are actually more activist than their liberal colleagues. … Activism is not necessarily a bad thing. The Supreme Court is supposed to strike down laws that are unconstitutional or otherwise flawed. Clearly, all nine justices, from across the political spectrum, believe this, since they all regularly vote to strike down laws. What is wrong is for one side to pretend its judges are not activist, and turn judicial activism into a partisan talking point, when the numbers show a very different story."

WPost Says DC Superintendent Seeks Accurate Student Performance Assessment. The Washington Post (9/11, A16, 748K) editorializes, "The recent Post article reporting that only 28 of the District's 146 public schools met academic benchmarks on a new city test in April was sobering news. The focus on school performance, however, may have obscured the story's more consequential finding: Takers of the new test were students, not the schools they attended. Students -- not their schools -- failed to achieve proficiency in reading, math and other subjects." Superintendent Clifford B. Janey "is seeking a more accurate assessment of student performance so that he and his teachers will know how much they have to do to

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reverse a failing situation. Parents need to know the truth as well. And city leaders must stop giving lip service to the crisis in their midst. Without an investment of time and resources by families and educators to raise student performance to a higher standard, generations of District children will not make the grade as contributing and self-sustaining adults. Both they and the city -- not schools -- will be the losers."

Tehran May Temporarily Comply With UNSC Demand. The AP (9/11, Jahn) reports Iran "is ready to consider complying -- at least temporarily -- with a U.N. Security Council demand that it freeze uranium enrichment, which can be used in developing atomic weapons." Such a concession "would be a major departure by Tehran as it faces possible U.N. sanctions for its nuclear defiance and would be a huge step toward defusing a confrontation over the program it says is only aimed at generating electricity." The compromise "was mentioned by senior Iranian nuclear negotiator Ali Larijani" during two-day talks with the EU's Javier Solana.

The New York Times (9/11, Dempsey, 1.21M) reports Larijani, "who spent most of last week touring European capitals in an effort to stave off the threat of sanctions, said 'many misunderstandings had been removed.'" The "cautious-but-positive tone of the statements from Mr. Solana and Mr. Larijani contrasted sharply" with the US position outlined by Undersecretary Burns last week, the Times says. It could "open up a rift between the Europeans and the United States, though Iran has been one of the few foreign policy issues in which they have worked together."

Cheney Says Evidence Of Iranian Nuclear Intent Is Clear. On NBC's "Meet the Press" (9/10, Russert), host Tim Russert interviewed Vice President Dick Cheney. Asked if former Iraqi President Khatami was correct in saying the US will not make the same "mistake of attacking Iran. ... Iran is not Iraq." The Vice President responded, "We certainly understand Iran is not Iraq. I'm not sure I would agree with much of what else he said. Obviously, we're concerned about what Iran is up to. We think their pursuit of enrichment capability that would allow them ultimately to produce nuclear weapons is fundamentally a problem for that part of the world. That's a view shared by most of our friends in the international community." Cheney noted that the intelligence the US is using to confirm the Iranian nuclear program is from the International Atomic Energy Agency, noting there is "not much dispute within the international community—and that includes the Russians, that includes the Europeans—that in fact the Iranians are pursuing capabilities that would allow them to produce nuclear weapons." However, Cheney refused "to speculate on military options. It's not wise. And Rumsfeld would probably object."

Rice Says US Not "Hyping" Iranian Threat. CNN Late Edition (9/10, Blitzer) interviewed Secretary of State Condoleezza Rice. Asked to remark on Sen. John Kerry's worry that the Administration would "hype" the threat posed by the Iranian nuclear program late in the campaign season, Rice said, "I think it's really quite remarkable when you have a statement like that when you've had the International Atomic Energy Agency board of governors register severe concerns about the Iranian nuclear activity, when you've had the UN Security Council vote just a little over a month and a half ago that Iran must mandatorily suspend its enrichment activities, when you have the IAEA director general, Mohamed ElBaradei, saying he's not getting full cooperation from Iran. This isn't the United States hyping a threat. This is the United States trying to build a coalition of states, all of whom know that Iranian nuclear activities are unexplained and troubling."

More Commentary. In an editorial titled "Wobbly Diplomacy," the Washington Post (9/11, A16, 748K) writes, "Last Spring the Bush administration struck what looked like a clever diplomatic bargain with European governments, Russia and China on addressing Iran. The Islamic regime, Secretary of State Condoleezza Rice said, would be offered a 'clear choice' between a package of economic and political treats -- including the direct dialogue with the United States that Tehran has long craved -- and international sanctions, depending on whether it agreed to suspend its nuclear program. Bush administration officials said they agreed to back the incentive package because Germany, France, Russia and China all pledged that in the event of a negative answer from Iran, they would support sanctions. Iran's answer is now in: It is unambiguously negative." The Administration "has consequently turned to its partners and asked for the response they committed themselves to. … Russian and Chinese officials may fear that international sanctions are a prelude to more drastic measures, such as U.S. military action. In fact, their resistance to sanctions only raises the chances that President Bush will see force as the only way to stop an Iranian bomb."

Blair, Abbas Discuss Palestinian Unity Government. The New York Times (9/11, Myre, 1.21M) reports Palestinian Authority President Mahmoud Abbas and British PM Tony Blair met Sunday "to discuss the possibility of forming a Palestinian unity government that would seek to win broad international acceptance and end the isolation of the current Hamas-led government." Blair "endorsed the idea of a Palestinian unity government and said it could receive widespread support as long as it met conditions set by Western countries and the United Nations."

Lebanon Cleric Tells Blair To Stay Away. The Financial Times (9/11, Adams, Devi, England) reports Blair

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"has been told to stay away from Lebanon by the country's most senior Shia cleric ahead of a visit on Monday to Beirut, the first by any western leader since the war with Israel." Grand Ayatollah Mohammed Hussein Fadlallah declared Blair "persona non grata for his unswerving support of President George W. Bush and the Israeli assault against Hizbollah guerillas. He said the British leader was 'a real partner in the Israeli-American war on Lebanon' and should have been brought to account instead of being welcomed to Lebanon."

Annan's Mideast Trip Praised. The New York Times (9/11, Hoge, 1.21M) reports on Kofi Annan's Mideast trip, "the kind of shuttle diplomacy that American secretaries of state used to do but could not now, given that there has been such a plunge in American credibility over Iraq and that two places Mr. Annan visited, Iran and Syria, are no-go zones for American officials." The Times adds, "The results: the end of the Israeli blockade of Lebanon on Friday and the agreement by both Israel and Lebanon that Mr. Annan would be the broker of confidential negotiations in the coming weeks seeking the release of two Israeli soldiers held by Hezbollah. … It was likely the last major diplomatic journey for Mr. Annan, who won a Nobel Peace Prize during his first five-year term but who has become more accustomed in recent years to being criticized for mismanagement. He will leave office on Dec. 31. During the trip, he mused about how he had no weapons, no troops, only the power of dialogue. That set him apart from all the leaders he was talking to, in a region where brazen show of muscle is the normal persuader. It also illustrated a founding idea of the United Nations: that an organization with no national agenda can bring together countries with competing agendas."

Abdullah Says Palestinian Issue Must Be Resolved. Time (9/18, MacLeod, 4.03M) interviews King Abdullah II of Jordan. Asked if the war on terrorism has made the world safer, Abdullah said, "What it's done is make it more complicated. We are still not addressing the root causes. The Lebanese war dramatically opened all eyes to the fact that if we don't solve the Palestinian issue, the future looks pretty bleak for the Middle East. Unless we solve the core problems, terrorism in its strength will always be with us." Asked why Israel should Israel deal with Hamas, Abdullah said, "don't think that Israel is looking just at having a problem with Hamas. It is looking further afield and seeing major security challenges. There are other regional powers that are vying for supremacy in this area. Usually when that happens the net result is conflict and violence."

North Korea Issue To Dominate Bush-Roh Summit. AFP (9/11, Martin) reports, "North Korea's military threat will dominate this week's summit between the South Korean and US presidents, but analysts say they are unlikely to narrow sharp differences on how to handle the isolated communist state." President Roh Moo-Hyun's administration, "which wants engagement with its prickly neighbour rather than isolation, plays down the military threat posed by the missile tests and sees them as a negotiating tactic. Relations between the South and the US -- its ally for six decades -- are in trouble, as Roh's administration admits."

Blair "Heir" Brown Denies Plotting "Coup" Against PM. The New York Times (9/11, Cowell, 1.21M) reports that as the "feud" over the departure of PM Tony Blair continued, "heir-apparent" Gordon Brown denied he had "sponsored a political coup that divided the ruling Labor Party and produced days of infighting and crisis." In his first television interview since Blair, "under severe pressure, pledged last Thursday that he would leave office within the next 12 months," Brown "sought to define the outlines of his likely political agenda and to leaven what newspaper columnists and political adversaries have depicted as a dour and charm-less persona lacking the charisma often ascribed to Mr. Blair." On Saturday, Blair "urged Labor supporters to end the squabbling, saying they would lose the next election" if they did not. Blair "spoke after Charles Clarke, a former senior minister, assailed Mr. Brown, calling him 'deluded' and a 'control-freak' bereft of collegiality -- charges seen by some as intended to undermine Mr. Brown's credentials as a future prime minister and to encourage rival contenders for the prime ministry."

The AP (9/10) also says "heir" Brown said he had "nothing to do with the letter" from Labour lawmakers urging Blair to stand down. Brown also said he "welcomed a contest to choose the next Labour Party leader, who also would be prime minister." In the West Bank, Blair was asked at a news whether he accepted Brown's assurances, and said, "Of course…but I really want to concentrate on Palestine today."

The Financial Times (9/11, Eaglesham, Adams) reports Brown said he would "continue to pursue a modernising centre-left agenda" if he succeeds Blair, "as is widely expected."

Mallaby Says UK Likely To Cool To US Once Blair Gone. In his Washington Post (9/11, A17, 748K) column, Sebastian Mallaby writes, "British politics has delivered its own verdict on the war on terror. By a poignant coincidence, Tony Blair, the prime minister who has often been the world's most forceful exponent of a virile response to militant Islam, became a political eunuch last week -- just as the world was taking stock of the fifth anniversary of 9/11. A revolt within Blair's Labor Party forced him to promise that he would be gone within a year. He had become too close to the foreign policy of George W. Bush: in short, too pro-American." Once Blair is gone, "nobody will play his role with comparable conviction." Brown "vacations in Cape Cod, but he evidently

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feels no love for Bush's foreign policy. David Cameron, the fresh leader of the opposition Conservative Party, knows how to read the national mood. He is not going to pick up the pro-American baton."

Al Jazeera International's Rollout Timetable Remains Uncertain. U.S. News and World Report (9/18, Halloran, 2.03M) reports on the launch of al Jazeera International, which has "CNN-like ambitions and hubs in Washington; London; Kuala Lumpur, Malaysia; and Doha-but its rollout timetable remains uncertain." So far, the launch has fallen victim to enormous technical difficulties and the herculean task of selling an al Jazeera product in a post-9/11 America that's at war in the Arab world and suspects-rightly or wrongly-that the network favors the bad guys." Al Jazeera "wants the new channel to reach up to 40 million households worldwide, but it's unclear who the target audience is, and the firm has found some US cable and satellite companies reluctant to carry the al Jazeera brand." US News adds, "Most insiders give the channel a fifty-fifty shot of getting off the ground in the United States."

Negotiators Fail To Agree On Restart Of World Trade Talks. The New York Times (9/11, A6, Rohter, 1.21M) reports that "despite repeated declarations of their desire to resuscitate suspended global trade negotiations," representatives of leading industrial and developing nations meeting in Brazil this weekend were "unable to agree on a resumption date." World Trade Organization director Pascal Lamy called July's collapse "a serious accident" that could lead to litigation and "protectionist surges" that would damage global trade. As was the case in July, "the sticking point is agriculture," the Times writes. EU trade commissioner Peter Mandelson said the EU was willing to make new concessions on agriculture, but said, "The US needs to make a fresh proposal during this time to reduce in real terms what it spends on trade-distorting subsidies and to discipline the programs it uses." However, US Trade Representative Susan Schwab said Washington had already agreed to "very real and very dramatic cuts" with a proposal that was "not a take-it-or-leave-it offer."

Putin Says Russia Will Markedly Expand Energy Exports. The Financial Times (9/11, Wagstyl) reports Russia "plans a massive increase in the scale of its exports of oil and gas to Asia in its quest to expand its political and economic role as a global energy supplier, Vladimir Putin has said." Putin said Russia "plans to export 30 per cent of its oil and gas to Asia in 10-15 years compared with 3 per cent today. Mr Putin said Russia would continue to 'behave in a responsible way' in the market. But his ambitious target will raise concerns in the European Union, the biggest importer of Russian energy, that its supplies might one day be affected by the flow of oil and gas to Asia."

Karzai Says He Does Not Plan To Run Again In 2009. Time (9/18, Ratnesar, Baker, 4.03M) reports that since becoming Afghanistan's President five years ago, President Hamid Karzai "has been the face, voice and guiding spirit of the new Afghanistan, an urbane antidote to the depraved rule of the Taliban." Time adds, "As the insurgency has intensified, so has carping about Karzai's failings -- not just his physical remoteness but also his willingness to placate the country's warlords, his failure to take on government corruption, even his inability to get the traffic lights working in Kabul. The very qualities that catapulted Karzai to power and burnished his celebrity abroad…now seem to be exactly the wrong traits for a leader of a developing country at war with itself. … The dilemma is that even if Karzai is the wrong man for the job, he is also the only one who can do it." Time adds, "The next Afghan presidential election is in 2009, and Karzai has said he doesn't plan to run again. But he hedged on that vow at the end of our interview. 'If there is an alternative three years from now that I can be comfortable with, who is patriotic, good and deserves to be elected, I would definitely quit in his favor.'"

Georgia Alleges Moscow Backing Coup Against Saakashvili. The Christian Science Monitor (9/11, Vaisman, Weir, 58K) reports, "Tensions ratcheted up between Russia and Georgia following a successful Georgian military offensive against a pro-Russian separatist rebellion in the remote Kodori Gorge in July - and they are soaring again with last week's sensational allegations of a Moscow-backed coup d'état planned to overthrow President Mikhael Saakashvili. Georgian security forces last week rounded up about 30 opposition leaders and charged 14 of them with treason in a purported plan to stage disturbances in Tbilisi, leading to an opposition seizure of power." Most of those arrested "were officials of the pro-Moscow Justice Party, whose leader, former Georgian KGB chief Igor Giorgadze, is reportedly hiding in Russia. Others were activists of the opposition Conservative Monarchists and of the Anti-Soros Movement, a coalition of groups that accuses billionaire George Soros of 'interfering' in Georgian politics by funding pro-Western nongovernmental organizations and think tanks."

Bolivian General Strike Splitting Nation. The Washington Times (9/11, Arostegui, 88K) reports, "Racial and economic tensions tearing at the social fabric of Bolivia have been laid bare by a general strike on Friday that sparked violent clashes and paralyzed the eastern half of the country. 'We are very close to a separation of the two regions of

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Bolivia,' said Ruben Dario Cuellar, a deputy for the conservative Podemos party, which accuses President Evo Morales of trying to force through a new constitution that would institutionalize an indigenous socialist state."

South Africa Reduces Authority Of AIDS Minister. The Washington Post/AP (9/11, A14, Leonard) reports South Africa's government "has scaled back the influence of its minister for AIDS policy, pilloried for questioning the effectiveness of antiretroviral drug treatments and promoting beetroot, garlic and African potatoes as ways to fight AIDS."

China Increases Restrictions On Foreign-Media Access. The Wall Street Journal (9/11, Browne, 2.03M) reports, "China's government issued sweeping restrictions on foreign news in China yesterday as it also moved to bar international financial-information companies from selling directly to Chinese customers." The restrictions, announced by China's official Xinhua news agency, "make it illegal to distribute articles that 'undermine China's national unity, sovereignty and territorial integrity' and that 'endanger China's national security, reputation and interests.'" The new rules "appear to nullify a hard-fought agreement reached between U.S. and Chinese officials a decade ago that gave foreign financial-information companies direct access to the China market."

The New York Times (9/11, Kahn, 1.21M) reports, "Party leaders have been alarmed by the increasing assertiveness of the domestic and the foreign news media. After a period of relative openness, officials now seem determined to make sure that the Chinese public does not have easy access to information that could provoke popular discontent or weaken the governing party's grip on power." President Hu Jintao "has intensified a crackdown on all kinds of news media in recent months, arresting and harassing journalists, tightening regulation of Web sites and online forums, hiring tens of thousands of people to screen and block Web content deemed offensive and firing editors of state-run publications that resist official controls."

German "Allowances" For Exceeding CO2 Caps Seen As Helping Environment. The Wall Street Journal (9/11, A1, Ball, 2.03M) reports, "Last year, to help combat global warming, Europe started charging industry for the right to spew hot air. For the first time on such a scale, governments slapped limits on the carbon-dioxide emissions of power plants, steelworks and other factories. Companies exceeding the caps have to buy CO2 'allowances' that trade on a European market." Because "CO2 emissions now carry a cost, Germany's largest utility, RWE AG, is spending to improve the efficiency of its aging coal-fired power plants, including its biggest power station here in the country's industrial heartland. … In Germany, the caps are starting to have their intended environmental effect: They are prodding industry to burn fossil fuels more efficiently." At the same time, "the new rules have upset the business status quo. Industries battled hard to bend the rules in their favor, creating new winners and losers. The winners include utilities that can charge higher rates and profit from trading allowances -- permits that give companies the right to emit carbon dioxide -- at opportune moments. Losers include energy-intensive manufacturers.

NYTimes Urges Bush To Name Special Envoy To Darfur. The New York Times (9/11, 1.21M) editorializes, "Last month the United Nations Security Council passed a resolution authorizing the creation of a peacekeeping force to intervene in Darfur. But it had a big catch. These troops can be deployed only with the consent of Sudan's government, which in effect allows the regime responsible for this genocide to decide whether or not the killings will continue. Clearly, that cannot be the end of the discussion." The Times adds, "The next step is for leading governments, including Washington, to apply maximum political pressure on Sudan, all the countries that support it (including China) and all the nations that could help sway it from its current course. … This would be a good time for President Bush to name a special envoy for Darfur. To make clear that the full weight of the administration is behind the new envoy, Mr. Bush and Secretary of State Condoleezza Rice should call officials in Sudan, China and Russia, as well as in powerful African countries like South Africa and Nigeria. Similar efforts should be made by leaders of the European Union."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"The Subtle Changes Since September 11th."
"Situation Called Dire In West Iraq."
"Field Troops Primed To Storm District, Maryland."
"Worried CIA Officers Buy Legal Insurance."
"In China, Delicately Testing the Taboo on Talking About Sex."

USA Today:
"West On Track For Worst Wildfire Season In Decades."
"Does 2001's Shadow Of Fear Still Linger?"
"Nation Stops Again To Remember."

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New York Times:
"Bush Mourns 9/11 At Ground Zero As New York Remembers."
"The Hole In The City's Heart."
"Getting Past The Pain Of 9/11 With Steps, Big And Small."
"For Democrats' Hopes, Less Promise In New York."
"Suicide Bomber Kills A Governor In Afghanistan."

Washington Post:
"The Subtle Changes Since September 11th."
"Situation Called Dire In West Iraq."
"Field Troops Primed To Storm District, Maryland."
"Worried CIA Officers Buy Legal Insurance."
"In China, Delicately Testing The Taboo On Talking About Sex."

Washington Times:
"Bush Salutes Ground Zero With Silence."
"Walk Honors Pentagon Falken."
"Airlines Struggle To Climb Skyward."
"I Just Want To Move On."
"Senate Seat On Line For GOP In Rhode Island Primary."
"Pope Stresses Gospel Over Giving."

Detroit Free Press:
"Not So Bad, But Don't Tell Marinelli."
"Remembering Sept. 11."
"Teachers To Stay Off Jobs."
"Stares, Whispers Take Toll On Metro Muslims."

Atlanta Journal-Constitution:
"The Face Of Remembrance."
"Cheney Defends Role In Iraq War."
"Critics Ailing Hospital needs Shot In The Arm."
"Goodbye, Erk: Service Honors Football Icon."

Houston Chronicle:
"Renewing Resole.'"
"Contrasting Views Emerge On The Mix Of Faith, Politics."
"Existing Development Rules Clouding Vision Of Pedestrian-Friendly Midtown."

Story Lineup From Last Night's Network News:
ABC: Bush Ground Zero; Al Qaeda Videotapes; Afghanistan Violence; War On Terror Analysis; 9/11 Docu Drama; Rebuilding After 9/11-New York; Remembering Bush School Visit 9/11.
CBS: Preempted By Tennis.
NBC: Cheney On 'Meet the Press'; Visiting Ground Zero; Rebuilding After 9/11-New York; Al Qaeda Videotapes; Arab World Vs US Policy; Remembering Two Brothers-9/11; Sectarian Violence; Hurricane Florence; Manning Brothers-Football Game.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: 9/11 Anniversary; Al Qaeda Video; Hurricane Florence; Space Shuttle.
CBS: 9/11 Anniversary; Al Qaeda Video; Iraq-Suicide Bombing; Saddam Hussein Trial; Hurricane Florence; Berg Obit.
NPR: 9/11 Anniversary; Al Qaeda Video; Khatami-Harvard Speech; Cheney-Meet The Press Appearance; Iraq-Parliament-Federalism Debate; Gulf Of Mexico-Earthquake; Space Shuttle; Gas Prices.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Attends breakfast with New York City first responders, Location TBD, New York; participates in Moment of Silence, Location TBD, New York; participates in ceremony with New York City first responders, Location TBD, New York; attends wreath-laying ceremony, Skyline Road, Shanksville, Pa.; attends commemoration of Sept. 11th attacks, The Pentagon; 9 pm, Makes address to the nation. Oval Office.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 2 p.m. FINANCE _ Full Committee. Hearing on NAFTA in its 12th year. Location: Room 215, Dirksen.

US House: 10 a.m. GOVERNMENT REFORM _ Subcommittee on National Security, Emerging Threats, and International Relations. First of three-part oversight hearing on ``Iraq: Democracy or Civil War?'' Today's topic: ``When Can Iraqis Assume Full Internal Security Responsibilities?'' Under Secretary of Defense for Policy Eric Edelman; Rear Admiral William Sullivan, Joint Chiefs of Staff; retired Army Major General William Nash, Council on Foreign Relations; Bruce Hoffman, Georgetown University; Alan King, who commanded a Civil Affairs Battalion in Iraq and was an American adviser for tribal affairs. Location: Room 2154 Rayburn.

Other: 9/11 ANNIVERSARY RELATED EVENTS _ Highlights: Progressive Blend Radio broadcasts all day antiwar programming live from mobile radio transmitter at ``Camp Democracy'' protest site on the Mall between 3rd and 7th Streets. Contact: Karen Schrager, 202-489-7233.

5:30 a.m. Brian Jenkins, a leading authority on terrorism, speaks at the Johns Hopkins University Paul H. Nitze School of Advanced International Studies (SAIS). Rome Building, 1619 Massachusetts Ave. NW. Contact: Felisa Neuringer Klubes, 202-663-5626.

5:30 a.m. Radio Day, during which more than two dozen radio hosts will conduct live interviews with a wide

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range of government and DOD employees and service members throughout the day.

8 a.m. Archbishop Donald W. Wuerl, Archbishop of Washington, will celebrate a Mass for Peace to commemorate the fifth anniversary of 9/11. The time of the Mass will coincide with the time the planes involved in the tragedy took off from Boston, Newark and Washington Dulles airports (departure times were 7:58 to 8:10 a.m.). Cathedral of St. Matthew the Apostle, 1725 Rhode Island Ave. NW. Contact: Susan Gibbs, 301-853-4516.

8:15 a.m. - 8:45 a.m. Press arrival and checkin for the Pentagon Sept. 11 Memoiral OBservance for family members of those who perished at the Pentagon. Checkin at the Memorial Gate accessible through the South Parking Lot. Note: Satellite truck parking in the Mall Terrace North parking lot. Preset must be complete by 5:30 a.m. Contact for logistical questions: Lt. Col. Brian Maka, 703-697-5131. Media contact: same number.

8:45 a.m. Fairfax County holds its fifth annual 9/11 remembrance ceremony. Forum area of the Government Center, 12000 Government Center Parkway, Fairfax. Contact: Merni Fitzgerald, 703-324-3187.

9:30 a.m. Family Memorial Ceremony. Outside at the Pentagon Mall Entrance (closed to the public). Invitees include victims' family members and employees who were in the Pentagon, September 11, 2001.

9:30 a.m. The 9/11 Truth organization holds a news conference on ``Breaking the 9/11 Myth.'' National Press Club. Contact: John Edward Hurley, 703-855-1266.

10 a.m. On the fifth anniversary of 9/11, former Speaker of the House Newt Gingrich speaks on ``Where Do We Go from Here? Lessons from the First Five Years of the War.'' Wohlstetter Conference Center, 12th floor, AEI, 1150 17h St. NW. Contact: Veronique Rodman, 202-862-4871.

10 a.m. Pentagon Employee Memorial Ceremony. Pentagon Auditorium (closed to the public with media pool coverage); hosted by the Pentagon's chaplains and include a musical tribute by Selah, a contemporary Christian Group.

11 a.m. 9/11 families and speakers join producers of a recently-released documentary, ``9/11: Press for Truth,'' at a news conference to demand a news investigation into the attacks of September 11th. National Press Club. Media should RSVP with contact, Kyle Hence, 401-935-7715.

11 a.m. Bicycle Tour de Force. At the Pentagon, when representatives from the New York City Police Department arrive on bikes from New York City.

12 p.m. - 1:30 p.m. The RAND Corporation holds a Congressional briefing to discuss ways to fight terrorism at home and abroad while simultaneously defending freedom and civil liberties in the United States. These issues are highlighted in a new RAND book by international terrorism analyst Brian Michael Jenkins, titled ``Unconquerable Nation: Knowing our Enemy, Strengthening Ourselves.'' Room 2212, Rayburn House Office Building. Contact: Catherine Hunter, 703-413-1100 Ext 5781.Note: Lunch will be served.

12:10 p.m. Catholic University marks the fifth anniversary of the 9.11 atacks with a remembrance mass. Crypt church, Basilica of the National Shrine of the Immaculate Conception, 400 Michigan Ave. NE. Contact: 202-319-5600.

12:30 p.m. National Press Club luncheon with 9/11 Commission Chair Thomas Kean and co-chair Lee Hamilton. Note: NPC guests and members only. Credentialed press can cover with I.D.

5:30 p.m. Brian Jenkins, one of the worlds leading authorities on terrorism and a senior adviser to RAND, discusses the status of the war on terror, sponsored by the School of Advanced International Studies. Auditorium, 1619 Massachusetts Ave. NW. Contact: Felisa Neuringer Klubes, 202-663-5626.

6:30 p.m. American University holds an interfaith candlelight vigil. Friedheim Quadrangle, on campus. Contact: Maralee, 202-885-5950.

7 p.m. Redskins Season Kickoff. Landover, Md. Gen. Peter Pace, chairman of the Joint Chiefs of Staff, will participate in the opening coin toss; a joint service color guard and joint service soloists will perform the national anthem followed by an Army Apache helicopter flyover.

7:30 p.m. Former Transportation Secretary Norman Mineta discusses national security and immigration, sponsored by American University. Kay Spiritual Life Center, on campus. Contact: Maralee Csellar, 202-885-5950.

8 p.m. Kalb Report, with Marvin Kalb and filmmaker Ken Burns discussing the evolution of monumental events from news to history. National Press Club.

MEDICAL STUDENTS _ Medical students from across the country gather for Paul Ambrose Legislative Affairs Leadership Institute, aimed at providing physicians-in-training the chance to learn practical political skills to help effect change. Speakers include: Rear Admiral Moritsugu, Acting Surgeon General and Jim Nicholson, Secretary of Veterans Affairs. Contacts: Amy Boudreau, 847-846-7047. Kate Thomas, 703-620-6600 ext 231.

ARAB-AMERICANS _ The Arab-American Institute holds its National Leadership Conference, ``Healing the Nation: Am Arab-American Agenda for Security, Liberty and Peace.'' Highlights: 12 p.m. Luncheon forum marking the 5th anniversary of 9/11, with Bishop Jane Holmes Dixon of the Interfaith Alliance, Imam Mohamed Magid of the All Dulles Areas Muslim Society, Rev. George Rados of Saints Peter and Paul Orthodox Church, Rabbi David Saperstein of the Religious Action Center for Reform Judiasm. 4:30 p.m. Session on the 2008 elections, with James Zogby and George Salem. Location: Capital Hilton, 16th and K Sts. NW., unless otherwise noted.

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JEWISH CONFERENCE _ The United Jewish Communities hold the International Lion of Judah Conference. Highlights: 8:45 a.m. Kenneth Feinberg, Administrator, 9/11 Victim Compensation Fund; and Karnit Goldwasser, wife of kidnapped Israeli soldier Ehud Goldwasser speak on ``Drawing Hope From Crisis." 11:15 a.m. Remarks by Bill Clinton, former President of the United States. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

WATER SECURITY _ American Water Works Association holds Water Security Congress. Highlights: 8:15 a.m. Remarks by Robert B. Stephan, assistant secretary for infrastructure protection, Department of Homeland Security. 9 a.m. Remarks by Benjamin Grumbles, assistant administrator, Environmental Protection Agency's Office of Water. Location: Omni Shoreham.

MEDICARE-MEDICAID _ America's Health Insurance Plans holds annual Medicare and Medicaid conferences. Highlights: 9 a.m. Keynote address by Mark B. McClellan, MD, PhD, Administrator, Centers for Medicare and Medicaid Services. Location: Capital Hilton, 16th and K Sts. NW.

PUBLIC-PRIVATE PARNERSHIPS _ The Conference Board, others, hold the 2006 Business and Education Conference on global public-private partnerships in education. Highlights: 9 a.m. Session on the role of public-private partnerships in education, with Intel Corp. Chairman Craig Barrett. 9:45 a.m. Session on key challenges in influences in global education, with former UN Undersecretary-General K.Y. Amoako, AED President Stephen Moseley, and Conference Board Executive Vice President Gail Foster. 12:30 p.m. Luncheon session on ``The Non-Profit as a Partner," with Sesame Workshop President Gary Knell. 3:45 p.m. Session on challenges of educational leadership, with Intel Chairman Craig Barrett, Jordan's Education Minister, Khaled Toukan, and Deputy South African Education Minister ME Surty. Location: Academy for Educational Development, Suite 800, 1825 Connecticut Ave. NW.

RELIGIOUS ATTITUDES _ 9:30 a.m. Scholars from The Institute for Studies of Religion (ISR) at Baylor University will discuss the initial results of the most extensive survey ever conducted on Americans religious attitudes and their affect on politics and everyday life. Location: National Press Club, Ballroom.

WEBB _ 10 a.m. Virginia Democratic Senate candidate Jim Webb holds a telephone briefing to discuss global terrorism and national security. Contacts: Jeff Pyatt, 703-778-4080.

LOW-INCOME HOUSING-KATRINA _ 2:30 p.m. - 4 p.m. National Low Income Housing Association holds forum on housing needs for Katrina evacuees and across the Gulf Coast. Participants include the Texas Low Income Housing Information Service; Catholic Charities Archdiocese of New Orleans; Mississippi Coast Interfaith Disaster Task Force, others. Location: Room 342, Senate Dirksen.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

Terrorism News:

White House Reflects On Steps Taken Since Sept. 11 Attacks (WSJ) 3
Cheney Hails 'Progress' Since 9/11 (WT) 4
Rice: Do Not Relent In Fighting Iraq War (AP) 5
Rice: U.S. Is Safer 5 Years After Attacks (UPI) 6
War's Critics Abetting Terrorists, Cheney Says (WP) 6
'We Cannot Let Down Our Guard' (USAT) 8
Lessons Of September 11 (WT) 9
A Force For Good (WSJ) 10
Out Of A Black Hole (USNEWS) 11
Nation & World (USNEWS) 12
How To Try A Fanatic (USNEWS) 13
Out From The Shadows (NSWK) 13
Setting The Rules For Interrogations (USNEWS) 15
Party Lines Blur In Surveillance Debate (WSJ) 16
Hidden Depths To U.S. Monitoring (LAT) 17
Were Eco-arson Suspects Wiretapped? (AP) 20
Wiretap Possibility Raised In Eco-sabotage Case (ERG) 20

Homeland Response:

Bushes Lay Wreaths At Trade Center Site (AP) 21
Bush, Returning To WTC Site, Pays Silent Tribute To Victims (USAT) 22
Nation Stops Again To Remember (USAT) 23
Bush Lets Silence Fill Ground Zero (FT) 24
Bush Mourns 9/11 At Ground Zero As New York Revisits Loss In Ceremonies (NYT) 25
Bush Looks Back At 9/11, Looks Ahead To 'Enemy' (LAT) 27
Bush Playing Central Role In Sept. 11 Commemorations (CHIT) 28
Bush Honors 9/11 Anniversary (WP) 29
Bush Salutes Ground Zero With Silence (WT) 30
Former SG Olson Looks Back On 9/11 -- And Moves Forward (LAW) 31
9/11/06 (opinion) (NYT) 34
9/11/06 (LAT) 35
Solidarity (WSJ) 35
Promises Not Kept (NYT) 37
Losing The War On Terror (WP) 38
Carry On (NYT) 39
Americans Will Take Time Out To Mark Sept. 11 Anniversary (MCT) 39
Does 2001's Shadow Of Fear Still Linger? (USAT) 41
9/11 Has Changed Few Lives (LAT) 43
Will 9/11 Define A Generation? (USAT) 47
Jim Roth: FBI Agent Changes Gears (PPG) 47
Agent's Career Forged In The Fires Of Terrorism (RTD) 48
FBI Talks About Changes Since 9/11 (WDBJ-TV) 51
Miami Agent Plays Key FBI Role (MH) 52
Security At Port An Issue (MH) 53
Getting Past The Pain Of 9/11 With Steps, Big And Small (NYT) 55
'I Just Want To Move On' (WT) 56
Those Who Lost Loved Ones Sustain Memorial Charities (WP) 59
Near Shanksville, Pa., Local 'Ambassadors' Tend To Flight 93 Site (WSJ) 60
One Mother Looks Ahead, And Finds New Friends (NYT) 63
Walk Honors Pentagon Fallen (WT) 63
Five Years Later, Memories And Lessons Of Sept. 11 Remain Strong (WP) 64
The Subtle Changes Since 9/11 (WP) 65
Critics Slam Homeland Security Contracts, Cite Waste, Lack Of Oversight (USAT) 69
Emergency Readiness Questioned (WP) 69
Competition Heats Up For Homeland Security Dollars (CSM) 71
Worried CIA Officers Buy Legal Insurance (WP) 72

CIA Prisons Spell Trouble For Agents (WT) 74
ABC Edits Drama After Complaints (USAT) 75
The Hole In The City's Heart (NYT) 75
First Tribute (WSJ) 99

War News:

Cheney Reasserts Iraq/al-Qaeda Links (FT) 99
Cheney Returns To A 9/11 Forum For Latest Iraq Defense (NYT) 100
Cheney Says Iraq War Was The Right Call Even Without WMDs (MCT) 101
Situation Called Dire In West Iraq (WP) 102
Sadr, A Question Mark Etched In Black (WP) 104
Deal On A Constitution For Iraq Is Teetering (NYT) 106
Sunni Bloc Denounces Legislation To Split Iraq (WP) 108
As Violence Escalates, So Does Talk Of A Divided Iraq (CSM) 109
Suicide Bomber Kills A Governor In Afghanistan (NYT) 110
Afghan Governor Assassinated In Suicide Bombing (WP) 112
Afghan Envoy Seeks Military, Financial Aid (WT) 113
Nato Begins Hunt For More Troops (FT) 114
Doubts Intensify Over Afghanistan's Future (CSM) 115
Afghan Experiment Marked By Progress And Disillusionment (WP) 116
Iraq: A Secret Definition (NSWK) 118
Straight To The Heart (NSWK) 119

Corporate Scandals:

HP's Dunn Defends Actions In Emergency Board Meeting (USAT) 120
An Industry Is Based On A Simple Masquerade (NYT) 122
Disclosure A Key Question In HP Spat (LAW) 124
GC Ann Baskins Faces The Eye Of The HP Storm (LAW) 125
HP Merger May Kill Mercury Suit (LAW) 126
What Options For CEO Pay? (LAT) 127

Criminal Law:

Robberies, Gun Violence Increased Last Year, Justice Report Says (WP/AP) 128
U.S. Homicide Rate Up In 2005 (LAT) 129
Fugitive's Letter To Lawyer: 'I Tried … It Didn't Work' (USAT/AP) 130
Private Anguish Emerges In Gotti's Conversations (NYT) 130
FBI Preps For Storm Fraud Cases (NOTP) 131
Six La. Residents Indicted On Fraud Charges (BRADV) 132
Six Indicted On Hurricane Fraud (AP) 133
In Role Reversal, Ex-F.B.I. Agents Help Murder Defendant (NYT) 133
Cuban Community In Miami Rallies Behind Anti-Castro Activist (WP) 135
Secret Service Tickets Barry (WP) 136
Sex Offender Sues Va. To Keep Name Off Web (WP) 138

Civil Law:

Special Counsel Cancels Award Ceremony For Whistle-Blower (WP) 139

Civil Rights:

Baca Orders Review Of Interrogation Policy (LAT) 140
Denying The Vote (NYT) 142

Antitrust:

'Tween' Toy Firm MGA Nears Deal To Buy Newell's Little Tikes Arm (WSJ) 142
Can Fashion Be Copyrighted? (WSJ) 143

Environment:

An Inconvenient Truth About Youth (WP) 145
California Dreamin' (WSJ) 145

FBI/DEA/ATF/USMS:

Million-dollar Drug Bust At Buffalo's Peace Bridge (AP) 146
Marijuana Busts Setting Records (SRPD) 147
Smack Scourge Spreads To City (Trenton) 147
DEA Seeking Man Linked To Arellano Boat (SDUT) 148
Coca Crops Keep Growing (FLSUNSEN) 149

Immigration:

Immigration Movement Struggles To Regain Momentum Built In Spring Marches (NYT) 150

Tax:

Executive Accused Of Hiding Assets (WT) 152

Congress-Administration:

GOP Split On Earmark Reform (RC) 153
Medicare Costs To Increase For Wealthier Beneficiaries (NYT) 154
First Lady's Schedule Filled With World Issues (USAT) 155
Caucus Mulls Major Changes (RC) 157
Security Holdup (WSJ) 158

Other News:

'Caution And Pessimism' Follow 9/11 (USAT) 159
The Post-9/11 Economy (WSJ) 160
IMF Report Urges US To Raise Petrol Taxes (FT) 161
At OPEC, Some Worry As Oil Prices Start Falling (NYT) 162
OPEC, Vexed By Price Drop, To Debate Response (WSJ) 163
For Democrats' Hopes, Less Promise In New York (NYT) 164

DOJ_NMG_0059989

Americans Likely To Vote Their Wallet (WT) 167
The Terrorism Card (USNEWS) 167
Why Bush's Security Pitch May Not Work This Time (TIME) 168
Fight To The Finish (NSWK) 170
Among Governor Races, Iowa Lead Shifts Again (WSJ) 172
Washington Whispers (USNEWS) 177
R.I. Race A Tussle For Senate's Most Liberal Republican (USAT) 178
Senate Seat On Line For GOP In Rhode Island Primary (WT) 179
Gubernatorial Races: Another Big Democratic Gain (RC) ... 180
Inside Politics (WT) 181
The Couric Report, Week 1 (WP) 183
Activism Is In The Eye Of The Ideologist (NYT) 185
Mr. Janey's New Exam (WP) 185
Iran May Consider Enrichment Suspension (AP) 186
Wobbly Diplomacy (WP) 187
Blair Warned To Stay Away From Beirut (FT) 188
Diatribes And Dialogue In Mideast For Annan (NYT) 189
An Arab Peace Plan (TIME) 190
Roh And Bush Set For Bumpy Summit Amid Strains Over North Korea (AFP) 191
Brown Denies Role In British Political Coup (NYT) 192
PM "Heir" Denies Anti-Blair Plot (AP) 193
Brown Vows To Follow Blair's Agenda (FT) 194
A Chilled Relationship, For Now (WP) 195
A Major Image Problem (USNEWS) 196
Agriculture Discord Stymies World Trade Talks' Revival (NYT) 197
Russia To Boost Asia Energy Exports (FT) 198
Lonely Power (TIME) 198
Tensions Spike As Georgia Alleges Coup (CSM) 201
Bolivia 'Close' To Split After Violence, Eastern Strike (WT) ... 202
S. Africa Refocuses AIDS Program (WP/AP) 203
Beijing Is Cracking Down On Foreign-Media Access (WSJ) 203
Gas Bill For German Firms, New Emission Caps Roil Landscape (WSJ) 205
Three Weeks To Save Darfur (NYT) 208

TERRORISM NEWS:

White House Reflects On Steps Taken Since Sept. 11 Attacks (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, September 11, 2006

NEW YORK -- As President Bush marked the fifth anniversary of the Sept. 11 attacks, top administration officials renounced some rationales for the Iraq war and defended the counterterrorism policies they have put in place.

President Bush has described the Sept. 11 attacks on New York and Washington as the defining moment of his presidency, and the White House has portrayed a number of measures -- including the Iraq war and its warrantless surveillance of some electronic communication -- as efforts to prevent terrorism on American soil.

But Mr. Bush, who placed wreaths here Sunday in two reflecting pools at the site of the former World Trade Center, faces challenges to those policies from Congress and the courts.

On Sunday television talk shows just hours before the president and first lady paid their respects at Ground Zero, Vice President Dick Cheney and Secretary of State Condoleezza Rice said they have no regrets about invading Iraq, which both officials called the central front in the global war on terror. They also said the administration's antiterrorism policies deserved much of the credit for the fact that there have been no attacks in the U.S. in the past five years.

Mr. Cheney and Ms. Rice also said that two of the administration's central prewar claims -- that ousted Iraqi leader Saddam Hussein possessed weapons of mass destruction and was tied to the Sept. 11 attacks -- aren't accurate.

Mr. Cheney, on NBC-TV's "Meet the Press," said Mr. Hussein had no stockpiles of nuclear or chemical weapons, that Iraq wasn't connected to the Sept. 11 attacks and that a government investigation hadn't turned up evidence that would substantiate his previous assertion that Mohammad Atta, the lead Sept. 11 hijacker, met an Iraqi intelligence agent in Prague before the strikes.

RIPPLE EFFECT

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• Take a look at charts1 showing Sept. 11's impact on airlines, defense spending and the economy. (Sept. 11, 2006)

• Since Sept. 11:2 A look at how the WTC site has changed and will change (Sept. 8, 2005)

• See a slideshow3 of Bush's two-day Sept. 11 observances.

• Question of the Day:4 How did you first learn of the Sept. 11 attacks?

Speaking to NBC host Tim Russert, the vice president said he was wrong to assert, in May 2005, that the insurgency in Iraq was "in its last throes." Since then, insurgents have killed 1,000 American military personnel and at least 20,000 Iraqis. "I think there's no question, Tim, that the insurgency has gone on longer and been more difficult than I had anticipated," Mr. Cheney said. Mr. Cheney also noted rising violence and the Taliban resurgence in Afghanistan and said U.S. troops will be there "for some considerable" time.

Mr. Cheney credited efforts to step up homeland security, such as terrorist surveillance and financial tracking programs with making the nation safer. "I don't know how much better you can do than no attacks for the last five years," Mr. Cheney said.

Last week's series of presidential speeches showed that the administration is confronting a different legal and political landscape than in previous years. Months after the Supreme Court rejected his administration's argument that it had the authority to use military tribunals to try suspected terrorists, Mr. Bush is asking Congress to give him such powers, which some lawmakers may be unwilling to do. Similarly, some lawmakers in both parties are balking at approving the warrantless wiretapping program.

During the 9/11 fifth-anniversary remembrances, Mr. Bush is attempting to stay above the political fray. Administration aides say the president won't make any public comments when he meets with firefighters here Monday or places wreaths at the Pentagon and in Pennsylvania where terrorists crashed commandeered airliners.

White House spokesman Tony Snow added that the president's Oval Office speech this evening won't "be a political speech -- there are no calls to action, there are no attempts to segregate Democrats from Republicans."

Cheney Hails 'Progress' Since 9/11 (WT)

By Eric Pfeiffer

The Washington Times, September 11, 2006

The United States has made "significant progress" in the war on terror five years after the September 11 attacks, particularly by pursuing leaders of the al Qaeda network, Vice President Dick Cheney said yesterday.

"We've done enormous damage to al Qaeda, to the leadership of al Qaeda," Mr. Cheney said on NBC's "Meet the Press." "I would say I think we've made significant progress."

Host Tim Russert pressed Mr. Cheney on whether U.S. military action under the Bush administration created more terrorists than it captured or killed. Mr. Russert cited a poll in which 54 percent of respondents said the war on terror is creating more terrorists.

"I can't buy that," Mr. Cheney said. "I mean, I think you've got to look at what's happening in Afghanistan and Iraq in terms of where we were five years ago and where we are today."

Sen. John D. Rockefeller IV, West Virginia Democrat, said Friday that the world would be better off if Iraqi dictator Saddam Hussein were still in power.

"[Saddam] wasn't going to attack us. He would've been isolated there," the leading Democrat on the Senate Select Intelligence Committee told CBS News. "He would have been in control of that country, but we wouldn't have depleted our resources, preventing us from prosecuting a war on terror, which is what this is all about."

"Think where we'd be if he was still there," Mr. Cheney retorted yesterday. "He'd be sitting on top of a big pile of cash, because he'd have $65 and $70 [per barrel of] oil. He would by now have taken down the sanctions because he had already -- with the corrupted [United Nations] oil-for-food program -- nearly destroyed them when he was still in power. He would be a major state sponsor of terror."

Sen. Charles E. Schumer, New York Democrat, said Saddam is not the issue.

"It was a good thing to get rid of him. He was a brutal dictator," Mr. Schumer told CBS' "Face the Nation." "But the problem is that, once Saddam was gone, this administration had no plan as to what to do next. ... And so, that's the problem here. It's not getting rid of Saddam Hussein. It's that there was never a plan after he left."

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Mr. Schumer saved his sharpest criticism for the vice president.

"Cheney represents what's wrong with this administration policy," he said. "Because we can be both strong and smart. We've seen a lot of strength from this administration, no doubt about it. But we certainly haven't seen enough smarts. And that's why the things in Iraq are getting worse."

Secretary of State Condoleezza Rice, also on "Face the Nation," said that despite faulty intelligence on weapons of mass destruction in Iraq, the war was justified because of Saddam's ties to terrorism and al Qaeda.

"There were clearly links between terrorism and Iraq," Miss Rice said.

"The idea that somehow this was a peaceful relationship with Saddam Hussein -- if we had just let him be, the world would have been fine -- I just find a not-very-sustainable argument," she said.

On "Fox News Sunday," Democratic National Committee Chairman Howard Dean said the war in Iraq is a distraction from the war on terror.

"We have not pursued the war on terror with the vigor that we should have because we got bogged down in a civil war in Iraq," Mr. Dean said. "The bottom line here is the Democrats think we shouldn't be in Iraq and the Republicans want to stay there forever. ... Sixty percent of the American people think we shouldn't be in Iraq. They think it was a mistake. And I am one of those people."

Rice: Do Not Relent In Fighting Iraq War (AP)

By Ben Feller

AP, September 11, 2006

The United States is safer now than it was before the Sept. 11 attacks, but must not relent in fighting terrorism in Iraq and elsewhere, Secretary of State Condoleezza Rice said Sunday.

"I think it's clear that we are safe _ safer _ but not really yet safe," said Rice, who was President Bush's national security adviser when al-Qaida masterminded the attacks of Sept. 11, 2001.

Yet Democratic leaders said the Bush administration has gotten the U.S. bogged down in Iraq when there was no evidence of links to the Sept. 11 attacks, detracting from efforts against al-Qaida and other terrorist groups.

"I think we're in trouble," said Howard Dean, chairman of the Democratic National Committee.

A poll released Sunday found that 55 percent of those surveyed think the country is safer from terrorism than it was before Sept. 11, 2001, while 37 percent do not. The ABC News poll also said 38 percent think the government is doing all it can to prevent another terrorist attack, while 60 percent say it is not.

Vice President Dick Cheney defended the invasion of Iraq but acknowledged that the insurgency was not "in its last throes," as he said in May 2005. "I think there is no question but that we did not anticipate an insurgency that would last this long," he said.

A Senate report released Friday disclosed for the first time that a CIA assessment in October 2005 said Saddam's government "did not have a relationship, harbor or turn a blind eye toward" al-Qaida operative Abu Musab al-Zarqawi or his associates.

Rice, however, maintained "there were ties between Iraq and al-Qaida. Now, are we learning more now that we have access to people like Saddam Hussein's intelligence services? Of course we're going to learn more."

She said that "as far as we know," Saddam had no knowledge of or role in the Sept. 11 plot. "If you think that 9/11 was just about al-Qaida and the hijackers, then there's no connection to Iraq. But if you believe, as the president does and as I believe, that the problem is this ideology of hatred that has taken root, extremist ideology that has taken root in the Middle East, and that you have to go to the source and do something about the politics of that region.

"It is unimaginable that you could do something about the Middle East with Saddam Hussein sitting in the center of it, threatening his neighbors, threatening our allies, tying down American forces in Saudi Arabia," Rice.

Meantime, the U.S. intelligence chief said that over the past five years, the country has made major gains in "connecting the dots" about threats by sharing information among intelligence agencies.

"The American people should understand that the components of the nation's intelligence community are working together in ways that were almost unimaginable before Sept. 11," John Negroponte wrote in Sunday's Washington Post.

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According to recent AP-Ipsos polling, half in the U.S. say they feel the cost of fighting terrorism may be too high, and 45 percent say they have less faith in the government's ability to protect them. Also, just over half have little confidence that terrorist leader Osama bin Laden will ever be caught.

A Republican member of the commission that investigated the Sept. 11 attacks said the U.S. has taken important steps to stem terrorism by capturing many of those responsible for the planning.

"We have gotten rid of most if not all theater commanders of al-Qaida, but we have not addressed as a nation the root cause ... this jihadist ideology that is being preached around the world, basically funded with Persian Gulf money," John Lehman said.

Democrats contend the administration should do more to secure ports, chemical plants and other potential sites of homeland terrorism.

"We have not pursued the war on terror with the vigor that we should have because we've gotten bogged down in this civil war in Iraq," Dean said. "What we ought to be doing is going after Osama bin Laden full-scale."

Rice appeared on CNN's "Late Edition," CBS' "Face the Nation," and "Fox News Sunday," where Dean was interviewed, too. Cheney was on NBC's "Meet the Press" and Lehman on ABC's "This Week."

Rice: U.S. Is Safer 5 Years After Attacks (UPI)

UPI, September 10, 2006

WASHINGTON, Sept. 10 (UPI) -- U.S. Secretary of State Condoleeza Rice says the United States is safer five years after the Sept. 11 attacks and has new allies in the war on terror.

Rice said those new allies include a democratic Iraq and Afghanistan.

She also told "Fox News Sunday" al-Qaida has been "hurt badly" by U.S. efforts. Rice insisted the administration relied on the best U.S. intelligence when it linked pre-war Iraq to al-Qaida, even though a 2002 Defense Intelligence Agency report released last week by a Senate committee concluded there was no link.

Rice said there are "intelligence reports and conflicting intelligence reports all the time," and she doesn't remember seeing the DIA report.

"I think it's clear that we are ... safer, but not really yet safe ... In terms of homeland, we're more secure, our ports are more secure, our airports are more secure," Rice told Fox News.

"We have a much stronger intelligence-sharing operation, not just within the country, where we've broken down walls between law enforcement and intelligence agencies to get all of the information to break up terrorist plots, but also across the world."

Rice declined to say whether the administration had made mistakes, but said the world was better off without Saddam Hussein in power in Iraq.

War's Critics Abetting Terrorists, Cheney Says (WP)

By Michael Abramowitz

The Washington Post, September 11, 2006

Vice President Cheney offered a veiled attack yesterday on critics of the administration's Iraq policy, saying the domestic debate over the war is emboldening adversaries who believe they can undermine the resolve of the American people.

"They can't beat us in a stand-up fight -- they never have -- but they're absolutely convinced they can break our will, [that] the American people don't have the stomach for the fight," Cheney said on NBC's "Meet the Press."

The vice president said U.S. allies in Afghanistan and Iraq "have doubts" the United States will finish the job there. "And those doubts are encouraged, obviously, when they see the kind of debate that we've had in the United States," he said. "Suggestions, for example, that we should withdraw U.S. forces from Iraq simply feed into that whole notion, validates the strategy of the terrorists."

Cheney unapologetically defended the 2003 invasion that toppled Iraqi leader Saddam Hussein, saying the administration would have done "exactly the same thing" even if it knew before the war what he acknowledged knowing now -- that Iraq did not

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have stockpiles of weapons of mass destruction. Yet he also gave a bit of ground, as he was pressed repeatedly by interviewer Tim Russert about statements that turned out to be wrong or damaging to his credibility.

The vice president acknowledged he had been overly optimistic in predicting a quick demise to the Iraqi insurgency that continues to bedevil U.S. forces. More than a year ago, in May 2005, Cheney proclaimed the insurgency was in its "last throes." Since then, more than 1,000 U.S. troops have died and sectarian violence has intensified.

"I think there's no question . . . that the insurgency's gone on longer and been more difficult [than] I had anticipated," Cheney said. But he added that 2005 will be seen as a "turning point" in Iraq's history because of elections that have led to a democratic government.

He did not mention warnings from the intelligence community and others that the post-invasion Iraq could be consumed by religious violence, and that pacifying the country would require many thousands more troops than those committed by the White House.

Cheney's appearance came on the eve of the five-year anniversary of the Sept. 11, 2001, attacks and as the Bush administration ratchets up efforts to convince Americans that the war in Iraq is part of a global struggle against Islamic terrorism and extremism. As it tries to keep GOP majorities in Congress, the White House is hoping to make the elections more about battling terrorism in general than about the unpopular war in Iraq.

In sending out Cheney to do a nearly hour-long interview with Russert, the administration chose one of the principal authors of its national security strategy -- but one whose stature has been eroded, in part, by assertions that Democrats and even some administration allies consider as lacking credibility.

Democrats reacted with scorn to Cheney's latest comments.

"Vice President Cheney's influence over our nation's foreign policy and defense has made America less safe," said Senate Minority Leader Harry M. Reid (Nev.). "The vice president was a chief architect of the effort to manipulate intelligence to build a case for invading Iraq; he ignored the threat of insurgencies, he took our eye off the ball in Afghanistan, and today he made clear that he would do nothing different."

Cheney appeared unruffled as Russert asked him again and again about his past remarks or about policies that have lost popularity with Americans.

When Russert presented polling data suggesting that most Americans do not view Iraq as part of a war against terrorists, Cheney replied, "I beg to differ. . . . The fact is, the world is much better off today with Saddam Hussein out of power."

Russert pushed Cheney on his repeated assertions that Sept. 11 plotter Mohamed Atta met with an Iraqi intelligence officer in Prague, which the vice president has used to raise the possibility of a connection between Hussein and the Sept. 11 attacks.

Cheney said yesterday the CIA had presented a Czech intelligence report to him of the meeting but later "backed off" it; U.S. intelligence reports, however, repeatedly cast doubt on that meeting, even in the months before Cheney discussed it publicly in September 2002, according to a declassified report released Friday by the Senate intelligence committee.

Separate from the issue of Sept. 11, the vice president maintained, prewar Iraq was a state sponsor of terrorism. He quoted former CIA chief George Tenet in saying there was a relationship between Hussein and al-Qaeda going "back at least a decade" before the U.S. invasion.

Cheney asserted that the slain al-Qaeda operative Abu Musab al-Zarqawi had fled Afghanistan and "set up operations in Baghdad in the spring of '02 and was there from then, basically, until basically the time we launched into Iraq." The Senate intelligence committee reported that, by October 2005, the CIA had debunked the idea of any prewar relationship between Zarqawi and Hussein's government.

Cheney told Russert that he had not read the Senate report.

Cheney said it is "hard to say" whether there are more terrorists now than five years ago. But the fact that al-Qaeda has launched no successful attack on U.S. soil since Sept. 11, 2001, shows that the administration's policies are working, he added.

"I don't know how you can explain five years of no attacks, five years of successful disruption of attacks, five years of, of defeating the efforts of al-Qaeda to come back and kill more Americans," Cheney said. "You've got to give some credence to the notion that maybe somebody did something right."

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Cheney said he sees "part of my job is to think about the unthinkable, to focus upon what, in fact, the terrorists may have in store for us." He said the threat that drives administration thinking is "the possibility of a cell of al-Qaeda in the midst of one of our own cities with a nuclear weapon, or a biological agent. In that case, you'd be dealing -- for example, if on 9/11 they'd had a nuke instead of an airplane, you'd have been looking at a casualty toll that would rival all the deaths in all the wars fought by Americans in 230 years."

'We Cannot Let Down Our Guard' (USAT)

By Rudy Giuliani

USA Today, September 11, 2006

The attacks of Sept. 11, 2001, continue to flood me with many memories. Some are sad, some are tragic, others are uplifting. But recently I have been reflecting on how the attacks are ongoing. The attacks of five years ago cannot be consigned to history.

The attacks did not begin on Sept. 11, 2001. They actually began sometime in the late 1960s, when Islamic radicals started hijacking planes and directing terror at civilians. The first attack that drew significant international attention was the slaughter of the Israeli wrestling team at the Munich Olympics in 1972. Numerous attacks followed, leading up to Sept. 11 and the deadliest ever attack on American soil.

The attacks have continued unceasingly since 9/11 and include those on Bali, Indonesia; Madrid; Beslan, Russia; London — and the recent interrupted plot in the United Kingdom, which might have been even deadlier than the attacks five years ago.

So the killing of innocent civilians by Islamic fanatics has been going on for some time. What was quite different about the attacks of five years ago is that Sept. 11, 2001, marks the day that our nation went on offense against the terrorists.

We broke the pattern of inconsistent response to previous attacks. We began a concerted effort to defeat Islamic fundamentalist terrorism.

Five years later, the measures taken to improve safety in our country have made a difference. We are safer, but not safe enough. It might be tempting to lower our guard and allow our memories to fade into history. That's probably a natural tendency. But it would be a dangerous mistake for our country.

The people who consider democracy their enemy have not stopped fighting. They have not stopped killing. We cannot let down our guard.

This month brings us another sad anniversary, the second year since the siege at Beslan by terrorists. Imagine the kind of people who saw their intended targets — schoolchildren — enter for the first day of school laden with flowers for their teachers. Days later, those children would be so hungry they would eat those wilted flowers as the terrorists mocked them. Soon, many of the children and their parents would be dead.

Shortly after the siege ended, I happened to travel to the region. I was in Moscow on the day of the memorial gathering. Having recently endured a deadly takeover of a Moscow theater and the downing of commercial airliners, Russia's reaction was swift and overpowering. The war against radical Chechen Islamists continues, but Russia has won significant victories and seems to have turned the tide.

It is just over a year since the brutal bombing attacks in London that killed more than 50 innocent people on their way to work. I was visiting in London on that date, just a half block from Liverpool Street Station when the bombings occurred. These attacks made it clear to us that any place is vulnerable. Despite having perhaps the best intelligence services in the world, British authorities were not able to prevent the attack. They did, however, display superb skill in responding to the emergency. Their immediate action saved lives, reduced suffering and mitigated the shock the terrorists were attempting to achieve.

They had learned from years of terrorism how to handle an attack. The perpetrators were identified and their accomplices and plotters of further attacks were captured before additional planned attacks could be launched.

The British intelligence services learned a lesson from the bombings on July 7, 2005. They updated their methods and learned to identify new sources of danger. Then, homegrown British citizens planned and executed deadly plans without detection, possibly because the intelligence was focused on foreigners. By 2006, the security services had adapted. They were able to thwart a massive plot involving mostly homegrown terrorists.

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The United States has successfully prevented domestic attacks over the past five years, but the terrorists have not relented. Think of the innumerable attacks from Israel to Iraq and the reported attacks planned by sleeper cells in Buffalo, N.Y.; Portland, Ore.; and Canada that were disrupted by alert authorities.

Some argue that the attacks continue because of the war in Iraq. But the attacks began decades before the Iraq war. Some argue that our enemies seek negotiation and understanding. But our enemies have made clear to us that what they seek is the annihilation of our most precious freedoms.

One of the main reasons for the founding of the United States was to establish freedom, particularly freedom of religion. Our enemies oppose freedom, particularly freedom of religion. This was made shockingly clear by the recent gunpoint "conversion" of two kidnapped journalists in Gaza. The terrorists don't want to understand and co-exist alongside Western democracies. There are those over the past 30 years, and even to this day, who want to negotiate with the fanatic Islamic terrorists. But the fanatics don't want to negotiate. They want to establish a world in which everyone practices a perverted version of their religion. They want to return to a time before the modern age, to a world in which women have no rights and religious dissent is met with death.

These attacks are about a radical form of Islam that views our very existence as a grave threat. This is not a debate over values or policies. This is not a border dispute. This is a war over the preservation and expansion of the modern world.

We must realize the depth of the danger we face and the determination of our enemy. We have increased attention on air security. We have extended the USA Patriot Act, which has given us a greater opportunity to detect terrorist plots before they occur. We now receive much more help from other countries, such as Pakistan, including banks sharing information about money flow inside terrorist organizations. That information was vital to revealing this summer's airline terror plot in Britain.

As we continue to focus on what we've learned, we must also focus on goals for securing our future. We must improve our intelligence. We must commit to restoring a human intelligence base. We must increase our port security and expand the cooperation of other countries. We must ensure at least a minimum level of emergency preparation in every community in America.

If we remain steadfast in our commitment to these goals, we will succeed. We will make the world safe for the practice of all religions, including Islam. After all, the majority of Muslims are peaceful and law-abiding — they too have been victimized by the radical minority.

On the 10th anniversary of Sept. 11, 2001, I hope the world will visit the hallowed ground of the World Trade Center and see a soaring memorial to those who were killed there, as well as those in Washington, D.C., and Shanksville, Pa. A fitting tribute will pay honor not only to the victims of the attacks of Sept. 11, 2001, but also to the spirit of freedom.

There is a reason thousands of rescue personnel rushed into enormous danger to save men and women who were strangers to them. The reason was respect for the value of human life. It can also be described as love — the kind of love expressed in a biblical phrase, "Man has no greater love than to lay down his life for his friend." This respect for human life and love for others, including strangers, form the core of Western civilization. It is the driving force that helped us create freedom.

What I learned from Sept. 11, 2001, is that free people have much greater strength than they realize. Ultimately, free people prevail over oppression.

Rudy Giuliani was the mayor of New York on Sept. 11, 2001.

Lessons Of September 11 (WT)

By Kay Granger

The Washington Times, September 11, 2006

Two years ago, Tom Kean, the chairman of the bipartisan September 11 Commission, said that 3,000 Americans died that September day because the government "simply was not active enough in combating the terrorist threat." And he warned that the terrorists were not going away. "We must prepare," he said, "and we must act."

Last week, President Bush presented documented evidence that we are better prepared and we are taking action. His words should comfort Americans. His proof should silence critics.

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Yet as we arrive today on the fifth anniversary of the September 11 attacks, Americans still have legitimate questions about the Global War on Terror. They demand answers. They deserve the truth. And like President Bush last week, we should engage in a serious conversation about where we have been and where we are going.

Are we winning the war on terror? Not one terrorist attack has hit America in five years. Not one. An accident? No way. Have the terrorists stopped trying? Not a chance. Just last month we learned that an even bigger nightmare than September 11 was being planned in London. We haven't had an attack in five years because our policies have prevented an attack and we have tools we simply didn't have before September II. We haven't won yet. But we're getting there.

How are we doing it? By aggressively taking the fight to the terrorists both here and abroad. By capturing, detaining and interrogating terrorists. By removing their safe havens. And by dismantling their networks.

Why is our approach working? Because terrorists offer a rich quarry of information that we rightfully mine. This information helps us connect the dots to prevent attacks before they occur.

Take the example of Abu Zubaydah, a key terrorist leader captured not long after September 11. Using specialized procedures, the CIA extracted important information from Zubaydah that led to more arrests, including one of the masterminds of September 11 -- Khalid Shaikh Mohammed.

The CIA interrogated Mohammed with similar methods and generated similar results. Mohammed divulged details about al Qaeda's efforts to acquire biological weapons and revealed a planned operation in America. Based on this information, U.S. authorities prevented the attack.

President Bush last week gave us the details to prove that the information we obtained led to saving innocent American lives. He also explained what it would mean to lose the tools used to obtain that information because the CIA program is now at risk.

The administration is now ready to keep a commitment made to the families of the victims of September 11 -- to bring the terrorists to justice. The administration is ready to try 14 key terrorist leaders, some of whom are believed to have been the primary masterminds behind the September II attacks.

To do this the president needs Congress to authorize the use of military commissions -- a tool used by presidents during wartime since George Washington's day. After multiple reviews, the Department of Justice determined the use of military commissions to be legal. The Supreme Court agreed that the use of military commissions is appropriate; however, the Court stated that Congress should authorize such use.

That is what the president has asked us to do. And that is exactly what Congress should do.

It's time to bring these terrorists to justice and Congress should vote to create these commissions. I can't think of anything more important for this Congress than to address our national safety and we need to stay in session until this is completed, regardless of how long it takes.

As we commemorate the suffering and sacrifice of 3,000 Americans on September 11, we shouldn't forget the shock, anger and resolve that we all felt that September day. The families who lost their loved ones certainly haven't. Neither should we.

The terrorists certainly haven't.

Five years after the searing fire of September 11, we are indeed better prepared and we are taking action. But Congress needs to continue making available all the necessary tools to fight and win this war.

Now is not the time to move on. Now is the time to keep moving forward.

Rep. Kay Granger, Texas Republican, sits on the Defense Appropriations Subcommittee and chairs 8th Congressional War on Terror Team.

A Force For Good (WSJ)

By Donald H. Rumsfeld

The Wall Street Journal, September 11, 2006

We remember where we were that day.

At 9:38 a.m., the entire Pentagon shook. I went outside and saw the horrific face of war in the 21st century. Those present could feel the heat of the flames and smell the burning jet fuel -- all that remained of American Airlines flight 77.

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Destruction surrounded us: smoldering rubble, twisted steel, victims in agony. * * *

Last week, President Bush greeted the families of September 11 victims in the East Room of the White House and told them about the efforts to bring to justice those who attacked our nation -- and those who supported them. He said, "The families of those murdered that day have waited patiently for justice. . . . They should have to wait no longer." He announced that 14 high-level terrorists, including the man referred to as the mastermind of the attacks, have been transferred to the Department of Defense and incarcerated at Guantanamo Bay. There they will be treated humanely -- though their victims were not -- and, if and when the necessary legislation is passed by the Congress, prosecuted for their crimes, in accordance with law.

President Bush has reminded us that this enemy is still seeking new ways to attack us. He told us about captured terrorists who provided key information about planned attacks on buildings here in the U.S., and about al Qaeda's efforts to obtain biological weapons. Information the interrogators received from these terrorists has led to the capture of other terrorists, who have in turn led us to still more.

Yet, even with these victories in the war, President Bush reminded us that it is important to understand the nature of this enemy, and what it is seeking to do. The extremist movement that threatens us is not a reactionary force -- it actively looks for opportunities to acquire new and deadlier weapons, to destabilize governments, and to create discord among our allies and within our own country.

This enemy has made its immediate strategy clear in public announcements and in captured documents: to undermine the Coalition effort in Iraq, drive our forces out, and then use that nation as a base from which to destabilize the surrounding nations. They seek to extend a hoped-for victory in Iraq to a broad part of the Middle East and even parts of Europe and Asia -- to restore an ancient caliphate.

Iraq is the linchpin in their effort. Osama bin Laden calls Iraq the "epicenter" of this war, and he believes that "America is prepared to wage easy wars but not prepared to fight long and bitter wars." When Gen. Abizaid, commander of Central Command, was asked what effect pulling out of Iraq would have, he said the extremists would become "emboldened, empowered, more aggressive." They will turn whatever part of Iraq they can control into a safe haven for terrorists, just as Afghanistan was before September 11. They likely will attract still more recruits, inspired by their "victory" over the West.

To stop them in Iraq, our country has sent our finest young people -- all volunteers -- to help the Iraqis defeat the terrorists seeking to control the region. And while our military tactics, techniques and procedures have adapted as the enemy has changed its tactics, the guiding principle of the overall military strategy remains constant -- namely, to empower the Iraqi people to defend, govern and rebuild their own country. Extremists know that war and anarchy are their friends -- peace and order their enemies.

There are many challenges ahead in this young century: Among others, Iran's nuclear aspirations, North Korea and the proliferation of dangerous weapons, and the need to build on recent progress in missile defense.

All this while fighting a war in the media on a global stage. As I recently mentioned in remarks to the American Legion and Veterans of Foreign Wars, everyone is watching: the enemies, their supporters, their potential supporters, our allies and our potential allies. In this very public battle for hearts and minds, we must be as confident in the rightness of our cause as the enemy is in its evil purpose. We cannot allow the world to forget that America, though imperfect, is a force for good in the world.

Mr. Rumsfeld is secretary of defense.

Out Of A Black Hole (USNEWS)

By Kevin Whitelaw

U.S. News and World Report, September 11, 2006

For the past year, the CIA's secret overseas prisons were the giant elephant in Washington's parlor. Everybody knew of the jails-and that some of al Qaeda's top leaders were interned there. Officially, however, neither the jails nor the inmates existed.

All this changed last week when President Bush outlined the CIA's detention program and announced that 14 top al Qaeda suspects, including September 11 mastermind Khalid Shaikh Mohammed, had been transferred to the U.S. military prison in Guantánamo Bay. The unusual public revelations provided new insights into the structure, scope, and results of the controversial, covert jails. The facilities and interrogations were highly organized, handled fewer than 100 prisoners, and resulted in what officials say were significant intelligence gains.

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Today, the jails (in unnamed countries overseas) are said to stand empty, the result of a sharp reversal by the Bush administration of its terrorism policy. After 9/11, the Bush administration decided that the Geneva Conventions — which then White House counsel Alberto Gonzales dismissed as "quaint" — did not apply to al Qaeda terrorist suspects. This allowed the Bush administration to direct the CIA to use coercive interrogation methods. But a Supreme Court ruling this summer struck down the program.

Shipped out. All the detainees have been sent to Guantánamo or their home countries or a third country to face trial. What kind of trial for those in Guantánamo will be determined by Congress, in what is likely to be a contentious debate (story, Page 34).

Meanwhile, the White House is using the publicity blitz to hammer Congress for clear legal authority to restart the CIA's detention program. Officials made clear that the new Pentagon rules forbidding coercive interrogations (story, Page 35) do not apply to the CIA. "It's our intent that the CIA detention program continue," says a senior U.S. intelligence official. "It represents the single largest source of insight into al Qaeda."

In his speech, Bush outlined how the CIA's prisoners divulged crucial information about the inner workings and plans of al Qaeda. He detailed how a series of interrogations helped lead to arrests of other top operatives (box). In all, U.S. intelligence officials estimate that detainees have named some 86 individuals — many previously unknown — whom al Qaeda had deemed suitable for terrorist operations in the West. Many remain at large, but nearly half have been captured or killed.

Bush's account, however, left out some of the more embarrassing aspects of the program. In some cases, CIA operatives did employ very tough interrogation techniques widely condemned overseas. Mohammed, for instance, was subjected to water-boarding, or simulated drowning. Some of the rougher procedures also backfired. When Ibn al-Shaikh al-Libi was subjected to some of these techniques, he falsely confessed that Iraq had provided chemical and biological weapons training to al Qaeda. "You can make them talk, but you can't make them tell the truth," says Dan Coleman, a retired FBI expert on al Qaeda.

Bush defended the program as legal, despite the Supreme Court ruling. "The United States does not torture," he insisted. Some Democrats, among others, took exception. "It goes back to the claim that this president can do anything as a wartime president, whether it's ignoring [the Foreign Intelligence Surveillance Act] or U.S. law regarding treatment of people," says Rep. Rush Holt, a New Jersey Democrat who serves on the House Intelligence Committee.

Nation & World (USNEWS)

U.S. News and World Report, September 11, 2006

U.S. officials last week offered a rare glimpse at the windfall of intelligence obtained from captured al Qaeda suspects, adding new details on how terrorist plots were stopped and key leaders rounded up after 9/11.

Abu Zubaydah: Captured: March 2002

Top al Qaeda facilitator. Identified key 9/11 plotters and operatives planning new U.S. attack. Gave tips that helped lead to Ramzi Binalshibh and Khalid Shaikh Mohammed.

Ramzi Binalshibh: Captured: Sept. 2002

Paymaster and key operative in 9/11 attacks. Provided tips helping lead to Khalid Shaikh Mohammed.

Khalid Shaikh Mohammed: Captured: March 2003

9/11 mastermind. Revealed planned attacks on U.S. and Sufaat work on anthrax. Told of Khan's $50,000 delivery to Hambali group in Southeast Asia, and fingered Hambali's brother as group's key link to al Qaeda.

Yazid Sufaat: Captured: Dec. 2001

Ran al Qaeda anthrax program. Provided tips that led to capture of his two key assistants.

Rusman "Gun Gun" Gunawan: Captured: Sept. 2003

Brother of Hambali and key al Qaeda link to Southeast Asia. Arrest led to breakup of 17-member Southeast Asian cell in Pakistan, thought to be plotting U.S. attack.

Majid Khan: Captured: Spring 2003

Bag man for al Qaeda affiliate in Southeast Asia. Confirmed $50,000 delivered to operative named Zubair.

Mohd Farik bin Amin (aka Zubair): Captured: June 2003

Malaysian-born operative and key player in Southeast Asia. Provided tips leading to capture of Hambali.

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Riduan bin Isomuddin (aka Hambali): Captured: August 2003

Al Qaeda's top man in Southeast Asia, leader of Jemmah Islamiyah affiliate. Helped plan Bali bombings that killed over 200.

Sources: Director of National Intelligence, White House

Sidebar: Gitmo Bound

These eight leading terrorism suspects and the others (with the exception of Yazid Sufaat and Rusman Gunawan) have been transferred from secret CIA prisons to the military's detention center at Guantanamo Bay, Cuba.

How To Try A Fanatic (USNEWS)

By Angie C. Marek

U.S. News and World Report, September 11, 2006

Last week's speech by President George W. Bush skillfully put pressure on Congress to quickly approve a revised system for military tribunals that could pass constitutional muster. But Capitol Hill may not be in much of a cooperative mood. Lawmakers have only four weeks left this session, the politics of midterm elections are intruding, and figuring out how to proceed has caused plenty of squabbling-much of it among Republicans.

It's an unenviable position for Congress-but not unexpected. In June the administration got a stinging rebuke from the Supreme Court, which ruled in Hamdan v. Rumsfeld that the military commissions designed to try foreign terrorists were illegal under U.S. law. The high court chided the White House for creating a system that didn't meet basic fairness standards and said congressional authorization was needed to create such courts. The administration last week floated a bill that responded in some respects; for instance, defendants could appeal their convictions to a federal court.

Divisive. The bill immediately caused Republican fissures, mostly because controversial aspects of the pre- Hamdan tribunals would remain intact. Senate Majority Leader Bill Frist vowed to bring the president's measure to the floor as is, but several Republicans on the Senate Armed Services Committee-Sens. John McCain, Lindsey Graham, and John Warner-scrambled to finish a counterproposal they said would be more legally defensible. "What I want to do is try these guys within my lifetime," said Graham, a former military lawyer. "If we keep passing bills that get struck down by the Supreme Court, we've done no good."

The biggest stumbling block for Congress is the administration's plan for handling classified evidence; sensitive security information could be introduced to seal a terrorist conviction without the accused-or his civilian lawyer-ever seeing it. The administration said the tactic would rarely be used, but that didn't mollify critics. Several top Pentagon lawyers told Congress last week that no civilized country has such a system, and Marine Brig. Gen. James Walker said the United States "should not be the first."

Kangaroo court. Another major point of friction: exactly what would be admissible in the tribunals. Any confessions gained through coercion would be permissible, as would hearsay evidence-crucial in cases relying on the secondhand knowledge of a small number of terrorists. But Michael Greenberger, a University of Maryland legal scholar, says that by greenlighting hearsay, the administration could create a slippery slope in which unauthenticated documents might be treated like hard proof. The standards Congress adopts, he adds, could set precedents elsewhere. "We're going to put our armed services all around the world at risk," says Greenberger, "if we create a kangaroo court here."

McCain, Warner, and Graham-backed by Senate Democrats who want to avoid being labeled as soft on terrorism-will offer details of their alternative this week. Evidence gleaned through coercion will almost certainly be forbidden in their model, and McCain says they will use the "200-year [accepted] standard" designed for courts-martial to deal with classified evidence: A judge views sensitive information privately and forbids its use in court if it is too sensitive to be shared with the accused. The administration's allies say that could torpedo some cases. Those same players will push to preserve a clause in the administration's bill that says U.S. interrogators cannot be charged under the U.S. War Crimes Act for questioning techniques they've used since Sept. 11, 2001. "No one said this stuff is easy," muses Greenberger. The coming debate in Congress will very likely underscore that point.

Out From The Shadows (NSWK)

DOJ_NMG_0060000

By Mark Hosenball And Michael Isikoff

Newsweek, September 11, 2006

Here is a fact about spies you won't find in your average thriller: they worry about getting sued. Veteran CIA officers know from sorry experience that secrets, especially big ones, rarely stay secret forever. When the unseemly details do come to light, it's the agency that often takes the fall. So when President George W. Bush at last acknowledged the existence of an international network of secret CIA prisons where "high value" terror suspects were housed and interrogated, some officials at the agency began worrying about their futures. Would ugly details be revealed about the methods used to extract information from prisoners? And if so, could Clandestine Service officers be taken to court by detainees claiming they were tortured?

To protect themselves, many CIA officers take out insurance policies, according to current and former intelligence officials who, like all agency employees, would not be named. For a $300 yearly premium, Wright & Co. (known around the agency as Wright Brothers) will cover legal fees for CIA employees sued in the line of duty. Last week, at CIA headquarters, agency employees darkly joked among themselves about the possible fallout to come. "A lot of people are checking their Wright Brothers insurance," says a former senior Clandestine Service official.

If the president gets his way, those policies will never have to pay out. Now that the prisons are effectively closed and 14 of the remaining detainees—including suspected 9/11 mastermind Khalid Shaikh Mohammed—have been moved to Guantánamo Bay, administration officials are working out the many complex details of bringing them to trial. The White House insists on military trials that would allow secret evidence—and permit the use of confessions extracted under extreme physical duress. This might keep some embarrassing details from spilling out that could put the interrogators in legal jeopardy and do political harm to the president, who has denied the use of torture. One administration fear has been the spectacle of the suspects' lawyers running to the cameras with claims of mistreatment.

But Congress must approve the trial rules, and that may not be as easy as the president once thought. Many on Capitol Hill insist on tribunals that will convince Americans, and the world, that justice has been done. Some of Bush's strongest opposition may come from within his own party. In the narrowly divided Senate, a small but influential group of Republicans, all military vets, is challenging the president's proposal. They have indicated they may hold up Bush's plan unless he agrees to soften his insistence on the use of secret evidence—where the defendant cannot see classified details of the case against him—and revisit the question of using confessions obtained under extreme physical duress. Democrats quickly aligned themselves with the renegade Republicans.

A just-released Senate report on prewar intelligence highlighted the unreliability of forced confession. Ibn Al-Shaykh al-Libi, a high-ranking Qaeda suspect captured by the United States soon after 9/11 and "rendered" to Egypt, told interrogators that Osama bin Laden had sent operatives to Iraq for chemical- and biological-weapons training. It became a key administration claim for the supposed link between Iraq and Al Qaeda. But the report revealed that after the ground war, al-Libi admitted he'd made it all up so his Egyptian interrogators would stop beating him.

Bush has long known that a confrontation over tribunals was coming. Two years ago, the administration began a sweeping review of the program aimed at finding a way to hold military trials for the captured suspects. According to a senior administration official (who, following policy, agreed to speak on the condition of anonymity), high-ranking aides were concerned that the only Qaeda suspect brought to justice was Zacarias Moussaoui, who had never even met any of the 9/11 hijackers. Meanwhile, high-level 9/11 conspirators like Khalid Shaikh Mohammed and Ramzi bin al-Shibh were languishing in secret cells, out of the courts' reach—and out of the public's mind. Bringing the prisoners to trial "reminds people what this is all about," says the official.

External pressure helped force Bush's hand. The prisons' secrecy was blown when The Washington Post exposed the locations of some of the facilities. And a Supreme Court ruling in June, which said captured terror suspects must be treated according to the Geneva Conventions, put the program's future in question. (The CIA, which had never wanted the burden of running the secret prisons in the first place, had also lobbied the White House to end the program. A former senior agency official says: "The agency was desperate to get rid of this.")

The timing of last week's announcement, just before the fifth anniversary of 9/11, was no accident. It allowed the White House to showcase its successes in capturing terrorists, and to put pressure on Congress to quickly approve the tribunals.

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"There were obviously messaging opportunities," says a senior Bush aide. "We could sit back and let the war be defined by the media and our critics, or we can define it ourselves."

The White House may not have anticipated such determined opposition from Republicans. Senators Lindsey Graham, John McCain and John Warner, all members of the Senate Armed Services Committee, are worried about the appearance of show trials that diminish the standing of the United States in the world. Graham is particularly incensed by the idea that the suspects could be convicted—and sentenced to death—without seeing the evidence against them. "Can you imagine somebody being led to the death chamber and asking on the way, 'What did I do?' " he asks. "This would be a legal and PR disaster."

In public, the White House is taking a firm line, saying it will stick with its version. But privately, it concedes it will have to come to a deal with the three wayward Republicans. "I am confident we're going to work that out," the senior Bush aide says. That alone may be enough to bring along Democrats, who don't want to be seen as coddling terrorists. Which is exactly how the White House will tar them if they try to put the administration's interrogation methods on trial alongside the terror suspects. "We'll see if the Democrats come out and say they believe these Al Qaeda members have the same rights as our U.S. military," says another senior White House aide.

The secret prisons may now be empty, but there are still plenty of unanswered questions about the program. The 14 suspects shipped to Guantánamo account for only a small portion of the approximately 100 prisoners cycled through the system. Asked by NEWSWEEK about their fate, an intelligence official would say only that none died in the program. Those who are unaccounted for may have been rendered to other countries, where they could face continued interrogation. It's just those sorts of details that Clandestine officers—and their insurance agents—would just as soon keep quiet.

Setting The Rules For Interrogations (USNEWS)

U.S. News and World Report, September 11, 2006

It has been the subject of what Pentagon officials last week referred to as "robust discussion"-and what others might safely call some serious political fighting. The Army Field Manual on interrogations was unveiled last week after more than a year of revisions and intergovernmental wrangling, and the result was a sound rebuke of the exercises in prisoner humiliation that came to light in the Abu Ghraib scandal.

The new manual clearly lists banned practices like hooding prisoners, duct-taping their eyes, forcing them to be nude, or threatening them with dogs. It also accords Geneva Conventions protection-which bars "outrages against personal dignity"-for all detainees, for the first time establishing a single standard of treatment for uniformed prisoners and would-be terrorists alike. The manual does not apply to those held in now-acknowledged CIA prisons, where techniques like waterboarding, which simulates drowning and is now explicitly prohibited in the new field manual, have been used. Still, it marks a sharp and significant rejection of the harsh methods backed by the Bush administration, say defense officials.

What's more, it represents a win for military lawyers who pushed for the Geneva protections-against the wishes of some senior political appointees. "We don't need abusive practices in there. Nothing good will come from them," says Lt. Gen. John Kimmons, the Army's senior intelligence officer. "I think the empirical evidence of the last five years-hard years-tells us that."

New reality. The manual, which replaces the 1992 version, reflects new realities. "It takes into consideration now that the foe we're fighting today ... will be a non-stateactor, such as a terrorist," says Cully Stimson, deputy assistant secretary of defense for detainee affairs. Some of the lessons learned include the value of good press-and the damage that the abuses at places like Abu Ghraib prison have done to the U.S. image abroad. To that end, a push to classify three new approved techniques-including playing good cop/bad cop and pretending to be someone other than an American interrogator-was also abandoned. "From the standpoint of world opinion, it's vital that we don't have a separate set of rules that we're not going to release and disclose," says Victor Hansen, a former JAG officer who represented Lt. Gen. Ricardo Sanchez, former head of coalition forces in Iraq, in Abu Ghraib inquiries. The manual is not without its controversies; for instance, suspected terrorists, with expressed command approval, may be separated from the general population-"so they cannot coordinate their stories," says Kimmons-which some argue could violate Geneva Conventions if it amounts to prolonged isolation.

As for concerns that publishing interrogation techniques would allow prisoners to prepare for interrogations and hinder intelligence gathering, Kimmons is philosophical. "Even classified techniques, once you use them on the battlefield over time,

become increasingly known to your enemies." The manual stresses reporting both abuses-and alleged abuses-up the chain of command, and outlines procedures to follow when soldiers feel that leadership might be complicit. It also defines areas of responsibility. "Military police do not participate in interrogation," says Kimmons. "They do not 'soften up' our detainees."

Most important, defense officials say, is that the manual clearly specifies what's allowed-and what's not-for soldiers in the field. "We have used straightforward language in the field manual. It is not written for lawyers," says Kimmons. "We chose consciously not to be cute with this thing."

Party Lines Blur In Surveillance Debate (WSJ)

By Sarah Lueck

The Wall Street Journal, September 11, 2006

WASHINGTON -- As Congress returns to work following commemoration of the Sept. 11 terror attacks, Republican leaders are eager to draw Democrats into a battle over President Bush's terrorism-surveillance program. But instead of finding an issue that could help them on Election Day, Republicans could be stymied by members of their own party who are raising concerns about the program.

This week, House and Senate committees are expected to take up legislation that would authorize and set limits for Mr. Bush's warrantless-wiretapping program, paving the way for showdowns in both chambers just before the November midterm elections. Republicans are confident the debate will bolster voters' impressions of their party as stronger on national security than the Democrats, many of whom have criticized the surveillance program on civil-liberties grounds.

There are similar splits as Congress prepares to debate the Bush plan to prosecute suspected terrorists using military commissions. "As we bring terrorists to justice, we're acting to secure the homeland," Mr. Bush said in his Saturday radio address. But Democrats, some Republicans and top military lawyers are concerned that the Bush plan wouldn't offer detainees full and fair trials and would invite trouble for U.S. troops abroad.

This week's debates on both issues come amid the fifth-anniversary remembrances of the 9/11 terrorist strikes and as the nation continues to wrestle with ways to thwart such attacks. Indeed, the fall campaign season has been shaped by U.S. terrorism policies and the continued violence in Iraq, which the Bush administration calls a major front in its war on terrorism.

As a tool to prevent terrorist attacks, wiretapping gets strong public support, Republicans say. "We will continue to demonstrate that we are the party that is best prepared to protect the American people both here at home and abroad," House Majority Leader John Boehner, (R., Ohio) said last week.

But the debate over the National Security Agency's program is far from clear-cut. Some Republican lawmakers say they are uncomfortable because the administration has provided little information about the program and how legislation would change it.

The main House bill, sponsored by Rep. Heather Wilson of New Mexico along with fellow Republicans James Sensenbrenner of Wisconsin and Pete Hoekstra of Michigan, would simplify the process of getting a warrant to conduct surveillance from a secret intelligence court and give investigators 60 days after an attack on the U.S. to conduct a wiretap without a warrant. It also requires Congress to be kept informed about groups under surveillance.

Rep. Jeff Flake says that when the House Judiciary Committee takes up the Wilson bill this week, he will propose several amendments to require more disclosure to lawmakers. "The perception is the Wilson bill would put some parameters around this surveillance program, and in reality it looks to be the opposite," the Arizona Republican says, adding that he and some colleagues find it frustrating to legislate when they have few details about the program. "We're in the dark," he says. The administration's assertion that the president has constitutional authority to conduct such programs without congressional approval also stings, he says. "We feel sort of like potted plants here."

Mr. Flake, who gives House Democrats some cover by praising most of them for taking a measured stance on wiretapping, is pushing his own legislation with Democratic Rep. Adam Schiff of California. The measure would require the administration to provide more information on surveillance and classified programs to relevant committees, such as the Judiciary Committee, on which both men serve.

Senators also are grappling with a number of competing proposals. Judiciary Committee Chairman Arlen Specter, (R., Pa.) negotiated a bill with the White House that would allow -- but wouldn't require -- the administration to submit its wiretapping

program to legal review by a secret intelligence court. Democrats and the American Civil Liberties Union object, saying the review should be mandatory and the measure would permit surveillance of purely domestic communications.

Meantime, Sen. Mike DeWine of Ohio and several other Republicans have proposed a measure allowing surveillance without a warrant for up to 45 days if the president determines it is necessary and if the communications appear to start or end outside the U.S. Another bill, sponsored by California Democratic Sen. Dianne Feinstein and Mr. Specter, would require the president to brief congressional intelligence panels on the National Security Agency's program and certain other surveillance of people in the U.S.

Democrats, facing their own difficult political calculations on the issue, and possibly internal divisions as well, are taking care to avoid sounding too strident. While they largely oppose wiretapping without judicial review, they say they want to provide the administration with the tools it needs to prevent terrorism. They focus their criticism on the Bush administration, which they say hasn't worked in a bipartisan manner, and they accuse Republicans of trying to rush legislation through Congress for political gain.

But some of the Democratic Party's more liberal members and more vocal civil libertarians have been trying to block legislation. When Mr. Specter brought his bill before his committee last week, Wisconsin Sen. Russ Feingold took the lead in running out the two-hour clock by offering amendments that Republicans said would gut the bill.

"This bill makes the [Foreign Intelligence Surveillance Act] system entirely optional, and I cannot support any proposal that gives the executive branch the power to wiretap our citizens' phones and search their homes without any judicial involvement," Mr. Feingold said in a statement.

Still, three Republicans -- Sens. Larry Craig of Idaho, John Sununu of New Hampshire and Lisa Murkowski of Alaska -- joined Mr. Feingold and two other Democrats in a letter urging Mr. Specter to hold more hearings on his proposal, saying that "additional information is necessary before the Senate can responsibly consider legislation that would dramatically alter" the FISA.

Mr. Specter, who blames election-year "obstructionism" for the delay, plans to try to move the bill again this week. If that doesn't work, Senate Majority Leader Bill Frist of Tennessee could decide to bring it directly to the Senate floor.

Hidden Depths To U.S. Monitoring (LAT)

By Josh Meyer

The Los Angeles Times, September 11, 2006

WASHINGTON — As Americans consider whether they are more safe or less five years after the Sept. 11 attacks, one thing is certain: They are being monitored by their own government in ways unforeseen before terrorists flew planes into the World Trade Center and Pentagon.

Within minutes of the strikes, U.S. law enforcement and intelligence-gathering authorities mobilized to find the culprits and prevent another attack.

They increased the tapping of Americans' phone calls and voice mails. They watched Internet traffic and e-mails as never before. They tailed greater numbers of people and into places previously deemed off-limits, such as mosques.

They clandestinely accessed bank and credit card transactions and school records. They monitored travel. And they entered homes without notice, looking for signs of terrorist activity and copying the contents of entire file cabinets and computer hard drives.

Authorities even tried to get inside people's heads, using supercomputers and "predictive" software to analyze enormous amounts of personal data about them and their associates in an effort to foretell who might become a terrorist, and when.

In the five years since the attacks, the scope of domestic surveillance has steadily increased, according to interviews with dozens of current and former U.S. officials and privacy experts.

Some of these programs have been debated and approved by the courts and Congress — the traditional checks against intrusions on Americans' privacy, protected under the 4th Amendment.

Others have not. Some of them are operating without the knowledge or approval of judicial and legislative overseers, officials and experts say.

Two such classified programs have been disclosed by the media, over the objections of the Bush administration. One involves the National Security Agency's warrantless wiretapping of suspicious phone calls and e-mails into and out of the United States. The other is an effort by the Treasury Department and the CIA to monitor international bank transfers.

Privacy experts and even some ranking lawmakers in Congress say their efforts to learn about other suspected surveillance efforts have been blocked.

They believe that some of the activity is so secret that none but a small circle of top administration officials and operational support personnel know about it — though notification of congressional leaders is legally required.

"The White House simply refuses to be straight with us about what they're up to," said Sen. Ron Wyden (D-Ore.), who says he has pressed unsuccessfully for answers as a member of the Senate's Select Committee on Intelligence, which entitles him to classified briefings on the subject.

"My sense today is that there is a staggering amount of personal information being collected on millions of Americans," Wyden said. "And how it's accessed and how it's used is at best unclear. What is certain is that there is no real accountability to ensure that a balance is struck between fighting terrorism and protecting privacy."

In response, administration officials say that they have the authority to conduct whatever surveillance is underway, in part due to the special war powers granted to President Bush by Congress a week after the Sept. 11 attacks.

In a speech Thursday, Bush lobbied Congress for updated and expanded surveillance powers, saying they were needed to keep pace with a stealthy and technologically savvy enemy.

Meanwhile, the domestic surveillance effort continues within virtually every U.S. counter-terrorism, law enforcement and intelligence agency.

The programs comprise actual surveillance of Americans' activities and communications, and "dataveillance," the practice of mining the vast amounts of personal data compiled on Americans.

On both fronts, the NSA is leading the effort from its headquarters in Fort Meade, Md., just outside Washington.

For decades, the NSA's satellites and land-based listening posts have intercepted billions of phone calls and e-mails, searching for keywords that might suggest terrorist or criminal activity, espionage, or other efforts harmful to national security.

After Sept. 11 such activity increased dramatically, and has been aided by the cooperation of at least some phone and Internet companies that have granted access to their mammoth caches of digitized information, current and former U.S. officials and privacy experts say.

Robert L. Deitz, general counsel for the NSA, told Congress last week that the NSA's primary mission since Sept. 11 has been to develop ways of eavesdropping on Al Qaeda and other terrorist organizations that have used cutting-edge technologies to stay ahead of their pursuers.

The NSA has improved its ability to monitor the entire spectrum of communications, including fiber-optic and wireless transmissions, instant messages, BlackBerry e-mails and voice conversations sent over the Internet, officials and experts say.

They add that the intelligence community may not be breaking any laws because these kinds of communication might not be covered under loosely worded federal laws that don't account for advances in technology.

Several congressional officials and privacy experts said they believed the NSA also tracked the movement of "persons of interest" by the electronic signals emitted by their cellphones and the Global Positioning Systems in the vehicles they drive.

The NSA had no comment on any aspect of its intelligence-gathering efforts.

The FBI has led the way on the low-tech surveillance front, using little-known powers given to it under the Patriot Act and other post-Sept. 11 policies.

Before Sept. 11, virtually all FBI surveillance was authorized by court-approved warrants and subpoenas issued through federal grand juries, which have some measure of oversight by citizen jurors and judges.

Since then, however, the FBI has sharply increased the use of so-called national security letters, which allow agents to obtain information on people they deem suspicious with little probable cause and without seeking judicial approval. Unlike with traditional search warrants, the target does not have to be notified.

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Last year, federal agents issued 9,254 substantive national security letters to access financial transactions and personal data, interviews and government records indicate. Privacy experts and congressional staffers say these letters were rarely used before Sept. 11.

FBI agents are also using what are known as "sneak and peek" warrants on a wider scale, entering hundreds of homes clandestinely to gather intelligence and copy files and computer drives, again without notification. And they have conducted surveillance on antiwar, religious, civil rights and environmental groups, including Greenpeace and the American-Arab Anti-Discrimination Committee.

The NSA and FBI are not the only agencies conducting heightened domestic surveillance.

Treasury Department agents have directed searches of bank records and other financial information in more than 4,000 cases, usually without notifying the U.S.-based individuals, companies, charities and nonprofit organizations, interviews and documents show.

The U.S. military has a program known as Threat and Local Observation Notice, which compiles reports of suspicious activity in and around military installations. Under TALON, military intelligence squads have monitored American citizens at scores of events, including religious and antiwar protests, and have filed suspicious-action reports, according to records obtained by Sen. Patrick J. Leahy (D-Vt.).

Many government officials and privacy experts say the most alarming expansion in domestic surveillance involves the use of computers.

Because gadget-happy consumers are snapping up the latest devices and online services, authorities and private data brokers now have easy access to a digitized footprint of their activities and interests. Phone records, political preferences and purchasing habits are now only mouse clicks away from government agents.

After Sept. 11, government agencies began combining information collected by private companies with their own storehouses of intelligence. Authorities then used "social networking" software to map relationships among numerous people here and abroad. And they used predictive software to determine terrorism risks associated with individuals based on their activities, purchases, quirks and habits.

In 2004, an investigation by the Government Accountability Office found 199 U.S. government uses of such data mining, 54 of which used private-sector data including credit card records, Internet logs and other information, some of which was of questionable accuracy.

That same year, a Defense Department advisory committee concluded that although data mining could help uncover possible terrorist activity in the United States, "rapid action" was necessary to address "significant" privacy problems associated with such programs.

Nothing has been done since then to address the problem, said Wyden, whose 2003 bill to create a citizens' data-collection Bill of Rights went nowhere. The legislation would have compelled the government to disclose all the ways it is spying on Americans, and establish controls over and oversight of those activities.

"This has to be the largest intrusion on privacy that we have ever seen in the history of this country, undoubtedly," said James Dempsey, policy director for the nonpartisan Center for Democracy and Technology and a former congressional staffer.

One former senior U.S. intelligence official familiar with the most secret surveillance and data-mining programs defended them, saying that combined, they form a nearly all-encompassing web crucial to the counter-terrorism effort.

He said the programs had been hugely successful in catching individual terrorists and in allowing authorities to home in on geographic "hot spots" and ways that terrorist cells communicate and operate.

"If you lose programs like these, you rip a huge hole out of the hide of protection we have put in place around the United States," the former official said. "They are tremendously important, in ways people cannot even imagine."

But even some supporters of such programs believe the administration's failure to disclose them to Congress and the courts could lead to a constitutional showdown, and soon.

Rep. Peter Hoekstra (R-Mich.), the chairman of the House Permanent Select Committee on Intelligence, wrote in May to Bush that he had learned of "some alleged intelligence community activities about which our committee has not been briefed."

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"If these allegations are true, they may represent a breach of responsibility by the administration, a violation of the law and, just as importantly, a direct affront to me and the members of this committee who have so ardently supported efforts to collect information on our enemies," wrote Hoekstra, a staunch Bush ally.

"The U.S. Congress," Hoekstra added, "simply should not have to play Twenty Questions to get the information that it deserves under our Constitution."

Were Eco-arson Suspects Wiretapped? (AP)

AP, September 11, 2006

Judge demands an answer from prosecutors

EUGENE — A federal judge has given prosecutors until Sept. 26 to say if they used warrantless wiretaps against 13 defendants facing arson charges in cases believed linked to the radical Earth Liberation Front and Animal Liberation Front.

The defendants are variously charged in a number of major arson cases across the West including fires at tree farms, an SUV dealership, a meatpacking plant and a lumber mill.

If it is determined that there were such wiretaps and a court finds them unconstitutional, the largest indictment of radical environmental activists ever could be thrown out.

A prosecutor said earlier that wiretaps were not involved.

"The only question at this stage is whether there is or is not NSA surveillance material. After we get an answer to that question, we can move on to other questions, such as how much of it the defense may obtain and under what conditions,'' Seattle lawyer Amanda Lee said Thursday.

Lee represents Daniel McGowan, one of the 13 defendants. Defense lawyers for several others joined Lee's request.

Lee based the request on news accounts that President Bush, citing the war on terrorism, had authorized the National Security Agency to eavesdrop on U.S. residents without showing a court any evidence that the residents might be tied to illegal activities.

The lawyers contend it is logical to believe their clients, as suspected members of groups targeted as "terrorists,'' may have been targeted.

On Aug. 22, Assistant U.S. Attorney Stephen Peifer told U.S. District Judge Ann Aiken that the NSA played no role in the investigation. He said he has been involved in the investigation since its inception 10 years ago.

But he said nobody on the prosecution team has the security clearance to completely answer the defense lawyers' request for NSA information.

Aiken had given the prosecutors until Tuesday to provide a solid answer but has extended it to Sept. 26.

Wiretap Possibility Raised In Eco-sabotage Case (ERG)

By Bill Bishop, The Register-Guard

The Eugene (OR) Register-Guard, September 8, 2006

Prosecutors have until Sept. 26 to reveal whether warrantless wiretaps were used to gather evidence against 13 defendants facing federal charges of arson in the name of the underground radical environmental groups Environmental Liberation Front and Animal Liberation Front.

The case, the largest indictment of radical environmental activists ever, could be thrown out if the wiretaps exist, and if a court finds them unconstitutional. A prosecutor has said such wiretaps were not part of the investigation.

"The only question at this stage is whether there is or is not NSA surveillance material. After we get an answer to that question, we can move on to other questions, such as how much of it the defense may obtain and under what conditions," Seattle lawyer Amanda Lee said Thursday. Lee represents Daniel McGowan, one of the 13 defendants.

Defense lawyers for several of the defendants joined Lee's request for the information, if it exists.

In a legal brief, Lee based the request on news media revelations that President Bush, citing the war on terrorism, had authorized the National Security Agency to eavesdrop on U.S. residents without showing a court any evidence that the residents might be tied to illegal activities.

Lee cited statements by top administration counterterrorism officials who described ELF and ALF as "one of today's most serious domestic terrorism threats."

The lawyers argue that it is only logical to believe that their clients, as suspected members of groups targeted as "terrorists," may have been subject to warrantless wiretaps and other surveillance that may be unconstitutional.

In a hearing Aug. 22, Assistant U.S. Attorney Stephen Peifer told U.S. District Judge Ann Aiken that the NSA played no role in the investigation. He said he has been involved in the investigation since its inception 10 years ago.

However, Peifer said no one on the prosecution team has the security clearance to completely answer the defense lawyers' request for NSA information.

Aiken allowed the prosecutors until Sept. 12 to provide a solid answer. With agreement from both sides, the judge on Wednesday extended the deadline to Sept. 26. The next scheduled hearing is Oct. 31.

HOMELAND RESPONSE:

Bushes Lay Wreaths At Trade Center Site (AP)

By Jennifer Loven

AP, September 11, 2006

President Bush and his wife Laura stood in somber silence on Sunday after laying wreaths at the site where the twin towers of the World Trade Center once soared. He later pledged to make the anniversary "a day of renewing resolve" to remember the lessons of the Sept. 11 terror attacks.

The Bushes set floral wreaths adrift in reflecting pools that mark the former locations of the north and south towers at the beginning of a two-day fifth-anniversary tour that will take them to all three sites of devastation.

They made a slow procession down a long ramp lined with a flag-bearing honor guard made up of firefighters and policemen, making their way four or five stories below ground level. Uttering no words, the Bushes walked hand-in-hand on the floor of the cavernous pit with bagpipes wailing in the background.

Afterward, the Bushes attended a service of prayer and remembrance at nearby St. Paul's Chapel, greeted firefighters at a firehouse overlooking ground zero and toured a private museum next door that is dedicated to 9/11 families.

"Laura and I approach tomorrow with a heavy heart. It's hard not to think about people who lost their lives on Sept. 11th, 2001," a tight-faced Bush told reporters outside the firehouse, which was destroyed in the attack and rebuilt. "I just wish there were some way we could make them whole."

Bush also called Monday's anniversay "a day of renewing resolve."

"I vowed that I'm never going to forget the lessons of that day," he said, still clutching his wife's hand. "There is still an enemy out there who would like to inflict the same kind of damage again."

They were the first stops of nearly 24 hours of observances at the three sites where terrorists wrought death and destruction and transformed his presidency.

On Monday, he was to visit with firefighters and other first responders at a firehouse in lower Manhattan; attend a ceremony at the field in Shanksville, Pa., where one of the hijacked planes hurtled to the ground; and participate in a wreath-laying ceremony at the Pentagon. Like at ground zero, Bush did not plan to participate in the official anniversary observances at the other crash sites, intending to avoid the distraction that accompanies a presidential appearance.

He was ending Monday with a 9 p.m. EDT address from the Oval Office.

The president's five-year anniversary schedule recalls his marking of the first anniversary in 2002, when he also toured each crash site, embracing family members of the victims and speaking at the Pentagon and New York's Ellis Island. Since then, he has kept a lower profile on each anniversary.

Across New York on Sunday, residents marked the day at other ceremonies large and small. From a service of remembrance at St. Patrick's Cathedral in midtown Manhattan to a chant at a Buddhist temple on Staten Island, New Yorkers observed the somber anniversary with prayer and reflection.

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Bush and his wife wore grim expressions as they took their places for the interfaith service at St. Paul's. The 240-year-old Episcopal church, across the street from the site, escaped damage and became a center of refuge for weary rescue workers.

Bush's pew in the church was filled with representatives of the president's experience of the attacks. Jane Vigiano, who lost two sons in the attack — Joe, a policeman and John, a firefighter — greeted the Bushes and sat next to the president. On Laura Bush's side was Bob Beckwith, the retired firefighter who handed Bush a bullhorn on the president's first ground zero visit. Farther down was Arlene Howard, the mother of 9/11 victim George Howard, a New York Port Authority police officer. Bush keeps Howard's badge as a constant reminder of the attacks.

A printed message from the Rev. James H. Cooper said: "The message to people who visit St. Paul's is simple: Go back to your communities knowing that a place of love stood next door to Ground Zero. Try to make the world a better place."

Outside the church, several dozen protesters shouted "arrest Bush" as the president's motorcade left. They held black balloons that said, "Troops home."

Accompanying the president and first lady at ground zero and in church were New York Gov. George Pataki, New York Mayor Michael Bloomberg, and Rudy Giuliani, who was New York mayor at the time of the attacks.

Even before Bush left Washington, surrogates from Vice President Dick Cheney on down spent the Sept. 11 anniversary's eve vigorously defending the administration's record on improving the national defense over the past five years.

"There has not been another attack on the United States," Cheney said on NBC's "Meet the Press." "And that's not an accident."

On television and newspaper opinion columns, Cabinet secretaries and agency heads sought to make the case that the government under Bush has made important changes that have lessened the risk of attack.

Secretary of State Condoleezza Rice cited additional security at ports and airports and increased cooperation among intelligence agencies, a point echoed by the nation's intelligence chief, John Negroponte.

Democrats, however, contend the administration has fallen short because so little cargo is inspected at U.S. ports and chemical plants, and other high-value sites are vulnerable.

"I think we're in trouble," said Democratic National Committee chairman Howard Dean. "We have not pursued the war on terror with the vigor that we should have because we've gotten bogged down in this civil war in Iraq."

Presidential spokesman Tony Snow rejected suggestions that the administration's hunt for al-Qaida leader bin Laden — mastermind of the 9/11 attacks — had bogged down. "We're not at liberty to go into sources and methods, but we have never stopped looking for him," Snow told reporters aboard Air Force One as Bush flew to New York.

"Bin Laden is harder to find these days because he in fact does not feel at liberty to move about, he does not feel at liberty to use electronic communications...Under such circumstances, somebody leaves fewer clues," Snow added.

The fifth anniversary falls less than two months before elections in which Republican control of Congress is seen as in danger.

In a series of speeches that began more than a week ago and continue for at least one more, Bush and his political advisers are seeking to frame the vote as a choice between Republicans who are effective stewards of Americans' safety and Democrats who would erode protections.

A poll released Sunday shows the landscape in which the parties are competing. Just over half of those surveyed believe the country is safer from attack than on Sept. 11, 2001, and that the fight against terrorism is going well, according to ABC News. In December 2003, nearly two-thirds of those questioned felt the anti-terrorism battle was going well.

Some 2,749 died when the twin towers collapsed after being pierced by hijacked airliners. In all, some 2,973 died in the World Trade Center, Pennsylvania and Pentagon attacks, not counting the 19 hijackers.

Bush, Returning To WTC Site, Pays Silent Tribute To Victims (USAT)

By Rick Hampson And Alan Gomez

USA Today, September 11, 2006

NEW YORK — President Bush returned Sunday to the scene of one of the most stirring speeches of his presidency and this time said not one public word.

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Visiting Ground Zero to mark the five years since the Sept. 11 terrorist attacks, Bush placed two wreaths in honor of the more than 2,700 people who perished when hijackers crashed airliners into the twin towers of the World Trade Center. The ceremony's silence was broken only by the wail of bagpipes playing America the Beautiful.

Across the Potomac River from Washington, D.C., thousands marched from the National Mall to the Pentagon to honor the 184 who died in the attack there. The Pentagon itself became a memorial as a giant U.S. flag was draped over the crash site and 184 beams of light shot up from the courtyard.

In Lower Manhattan, the president and first lady Laura Bush, escorted by New York Gov. George Pataki, Mayor Michael Bloomberg and former mayor Rudy Giuliani, walked down a long ramp to the floor of the vast pit where the towers once stood.

There, the Bushes walked hand in hand to two square reflecting pools designed to evoke the towers' footprints. They placed a floating floral wreath on each and stood in somber silence.

A small crowd — no more than a few thousand — watched quietly from around the edge of the site.

The Bushes left after the ceremony to attend a memorial service at St. Paul's Chapel, an Episcopal church where rescue workers rested and recovered from their labors in 2001.

After meeting with firefighters at a rebuilt firehouse, Bush said: "Tomorrow is a day of sadness for a lot of people. I vowed that I'm never going to forget the lessons of that day. … So tomorrow is also a day of renewed resolve."

Three days after the attacks, Bush visited the Trade Center ruins. He stood on a wrecked fire engine and grabbed a bullhorn to speak to emergency rescue workers. When some of the workers shouted that they couldn't hear him, Bush replied, "I can hear you. The rest of the world hears you. And the people who knocked these buildings down will hear all of us soon."

At the edge of the site Sunday, a group called the Granny Peace Brigade staged a protest against the war in Iraq. "We think Bush is doing (the fight against terrorism) all wrong," said Joan Wile, a member of the group.

John Cartier, whose brother James, a Queens electrician, died at the Trade Center, said: "The president isn't here for politics or his policies. He's here to remember people like my brother."

In Washington, Michelle Burkes was with her two children. Burkes' mother, Judith Jones, died in the attack on the Pentagon. "It's very hard to come to these," she said, "but it warms your heart to see that there's this many people who care so much."

Nation Stops Again To Remember (USAT)

By Bill Nichols And David Jackson

USA Today, September 11, 2006

Americans remember the sacrifice and horror of the Sept. 11 attacks today on a fifth anniversary capped by a prime-time address from the Oval Office by President Bush.

Bush will attend ceremonies at the three sites where nearly 3,000 people died five years ago: New York City, the Pentagon and the field in Shanksville, Pa., where United Airlines Flight 93 crashed.

Bush began the 9/11 commemoration Sunday at the site of the World Trade Center in New York, where he and his wife, Laura, set wreaths adrift in two reflecting pools that mark where the north and south towers stood. The Bushes then went to a prayer service at St. Paul's Chapel, the 240-year-old Episcopal church across the street from the site, and stopped at a nearby fire station.

In Washington on Sunday evening, thousands of participants, including more than 400 friends and family of victims who died on 9/11, walked from the National Mall to the Pentagon.

One hundred eighty-four beams of light — matching the number of victims killed in the Pentagon attack — were projected into the evening sky.

Other events are being held from Alaska to Florida to mark the day in 2001 when Muslim terrorists hijacked four passenger jets and turned them into missiles.

U.S. allies abroad also were observing the anniversary. "During these days of sad commemoration, I want to express the friendship and solidarity of the French people with the American people," French President Jacques Chirac wrote in a letter to Bush.

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Bush's speech, set for 9:01 p.m. ET, "will be a reflection of what Sept. 11 has meant to the president and to the country," White House spokesman Tony Snow said.

Snow said that Bush planned no remarks at the commemorations and that the Oval Office address won't be a "political speech. There are not going to be any calls for action for Congress."

Nevertheless, coming less than two months before midterm elections, this year's 9/11 anniversary sparked political back-and-forth that was in stark contrast to the national unity seen after the attacks in 2001.

Vice President Cheney said on NBC's Meet The Press Sunday that the Bush administration deserves credit for the fact that "there has not been another attack on the United States" since 9/11. "That's not an accident," Cheney said.

Democratic leaders said the administration has gotten enmeshed in a difficult war in Iraq, where there is no evidence of links to 9/11, causing it to lose focus on combating terrorist groups.

"We're in trouble," Democratic National Chairman Howard Dean said on Fox News Sunday. "We have not pursued the war on terror with the vigor that we should have."

Bush Lets Silence Fill Ground Zero (FT)

By Caroline Daniel In New York

Financial Times, September 11, 2006

President George W. Bush has spoken 22,000 words in the past week in a series of speeches on the "war on terror" but on Sunday he let a carefully posed silence remind Americans of September 11 2001 as he laid a wreath at Ground Zero.

Faced with criticism from Democrats that he was politicising the day, the White House said Mr Bush would make no prepared remarks on Monday, as he marks the fifth anniversary of the attacks with a meeting of emergency personnel in New York and holds further moments of silence at the Pentagon and Shanksville, Pennsylvania.

The return to Ground Zero will revive images of the day that Mr Bush's presidency, and his personality, were transformed, and whose "bullhorn moment" on top of the smouldering rubble became an enduring image of a resolute leader. Tony Snow, the White House spokesman, denied, however, that the aim was to evoke those memories or "draw on some atavistic sense of nostalgia about the date".

Even so, Mr Bush who has let the last two anniversaries pass without much fanfare, has spent the past two weeks framing the debate on the midterm congressional elections in quiet but clear political tones.

In the speeches he has used every opportunity to cast himself and the Republican party as the best hope to secure the US from future attack.

"I just read all the speeches in one sitting this weekend. They set out the mortal threat to our civilisation that America and our allies have to wrestle with," said Newt Gingrich, the former House speaker. "The president is staking his presidency and his place in history on his courage to tell the truth, even if at times it is politically inconvenient. These speeches were a deliberate, systematic effort to reframe the threat for the country, at an historic level, which went beyond partisan politics."

Yet he criticised the administration for how long it had taken to present a more systematic defence. "They probably should have from day one followed a more open policy of engaging the civilised world in this discussion."

Mr Bush's message on the dangers posed by Islamist terrorism will be reinforced on Sunday night with a prime-time television address. "This is not a political speech; there are not going to be any calls to action for Congress," said Mr Snow. "This is not something where we're trying to draw bright lines to separate Democrats from Republicans."

The White House strategy has been crafted to blunt efforts by Democrats to turn the mid-term elections into a referendum on the Iraq war. The aim is to dent the political potency of Iraq by placing it in a wider context of the "war on terror". Polls, however, show that the majority of Americans do not agree the two are connected.

A key part of the strategy has been to use the anniversary to revive fears of Osama bin Laden. The al-Qaeda leader, who has been largely absent in Mr Bush's speeches for the past few years, was cited 17 times in a speech last Tuesday. "They have gone back to the world's leading bogeymen," said Daniel Benjamin, a senior fellow at the Center for Strategic and International Studies.

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A leading Republican strategist who attended a dinner last week with senior White House advisers said the mood in the party remained bleak. "It is the only card Republicans have to play. The country may well say they are not buying it another time."

Bush Mourns 9/11 At Ground Zero As New York Revisits Loss In Ceremonies (NYT)

By Sheryl Gay Stolberg

The New York Times, September 11, 2006

Vowing that he was "never going to forget the lessons of that day," President Bush paid tribute last night to the victims of the Sept. 11, 2001, terrorist attack, laying wreaths at ground zero, attending a prayer service at St. Paul's Chapel and making a surprise stop at a firehouse and a memorial museum overlooking the vast gash in the ground where the twin towers once stood.

The official commemoration of the fifth anniversary of the attacks, one of many memorial gatherings around New York and the United States yesterday, began without a word. The strains of bagpipes were all that could be heard as the president and Mrs. Bush, joined by Gov. George E. Pataki, Mayor Michael R. Bloomberg and former Mayor Rudolph W. Giuliani, descended into the pit at ground zero under a steel-gray sky.

There, the president and the first lady set wreaths of red, white and blue flowers afloat in separate small reflecting pools, one in the footprint of each fallen tower. It was a hint of life in a place that still brims with memories of death, a reminder that even five years later, the attacks are not so very distant.

"Laura and I approach tomorrow with a heavy heart," the president, visibly moved, said later, after an unscripted stop to shake hands with fire crews and view what he called "horrific scenes" inside a small gallery near ground zero established by relatives of trade center victims. "It's hard not to think about the people who lost their lives on September the 11th, 2001. You know, you see the relatives of those who still grieve — I just wish there were some way we could make them whole."

The president spoke outside the brick exterior of the firehouse for Ladder Company 10 and Engine Company 10, against the backdrop of a 56-foot-long bronze bas-relief depicting the towers in flames. Harking back to the theme of a series of speeches he delivered last week, he said he was reminded that "there's still an enemy out there that would like to inflict the same kind of damage again."

The president's visit, on the eve of the anniversary, ushered in what will be a solemn day of remembrance of the attacks that tore through the city and the nation.

Across the city yesterday, there was a feeling of bittersweet reunion as streams of humanity converged and mingled at dozens of memorial services.

They heard the mayor sing the praises of a city largely resurrected. They watched a sprout from a tree damaged in the Oklahoma City bombing be planted near City Hall, beside trees scarred by trade center debris. They gathered in houses of worship and across dinner tables.

"The first year or two, I just tried to forget about it," said Joyce Ng, who was at a restaurant just south of the trade center site where survivors of the devastation of the Marriott hotel at 3 World Trade Center gathered for their annual reunion. She was a guest at the hotel, which was badly damaged when the towers collapsed. "But gradually it's become about celebration because we survived."

Jean Cleere, whose husband, Jim, was a guest at the Marriott and died on Sept. 11, made her annual pilgrimage from Iowa. "This is my husband's death spot," she said, "but I love New York and I love New Yorkers."

At St. Patrick's Cathedral, firefighters in dress blues and white gloves escorted families to the pews for a memorial service, led by Mr. Bloomberg, to honor the 343 Fire Department employees killed on 9/11.

"The events of 9/11 remain a source of great pain to all of us in this country, but our memories of those who responded are also a source of great pride," the mayor said.

"The city that many thought would be down for the count is now back on its feet," he said. "I believe the 2,749 victims of the World Trade Center attack would be proud of just how far we've come."

Several survivors of the firefighters who died on 9/11 said they appreciated the service, but they expressed mixed feelings about the political leaders who have wrestled over the struggle against terrorism and the war in Iraq.

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Robin Freund, 51, whose husband, Lt. Peter L. Freund, died on 9/11, said she did not wish to revisit ground zero anytime soon.

"I haven't been to the site since October 2001, five days before they recovered my husband's body," she said. "I don't have a desire to go to the site until there's an appropriate memorial there."

Accompanied by her children, ages 17, 15 and 14, Mrs. Freund said, "It's nice that these men are going to be remembered for their bravery. It's appropriate that we pay homage to them and the sacrifices they made."

A woman whose fiancé died on Sept. 11, Maria Barreto-Mojica, said she noticed that something about yesterday had seemed eerily familiar. "I looked at the sky this morning. It was so blue, just the same as it was that morning," said Ms. Barreto-Mojica, 48, who was to marry fire lieutenant Dennis Mojica. "As beautiful as it is, it's sad. I don't know what normal is anymore."

Mr. Bush's trip bore echoes of the one he made five years ago, three days after the attacks. Much has changed — for the city, the country and the president himself — since that day, when the president, surrounded by rescue workers streaked with mud and tears, climbed atop a charred fire truck in the smoldering ruins of the twin towers, picked up a bullhorn and bellowed, "I can hear you," in a moment that remade his presidency.

The city is thriving again, its physical — if not emotional — scars nearly healed, despite the 16-acre expanse that is ground zero. The country, united five years ago in anger and grief, is now bitterly divided over the war in Iraq, a division that has driven down Mr. Bush's approval ratings and is dominating the fall midterm campaigns.

"To many of us, that was the high point of his presidency," said Senator Charles E. Schumer, a New York Democrat, who is playing a central role in the elections by running the committee responsible for electing Democrats to the Senate. "We just wish that this same man we saw those days would be the president today."

The White House is hoping that yesterday's visit, to be followed today by breakfast with New York City firefighters and wreath-laying ceremonies in Shanksville, Pa., and at the Pentagon, and then a prime-time Oval Office address, helps the president recapture that less divisive time.

Others would like to recapture it too. "Whether you were a political leader or a firefighter at ground zero, or just an American citizen, I think we had that sense of pride and patriotism and unity," Governor Pataki said as he waited for the president to land at the Wall Street heliport. "I think it's very important we try to recapture that."

Mr. Bush arrived shortly before 5 p.m. and quickly sped to ground zero for the brief wreath-laying ceremony. The presidential motorcade then headed for St. Paul's Chapel, an unassuming stone church that opened its doors to rescue workers for months after the attacks. Along the way, Mr. Bush passed protesters wearing black T-shirts and carrying black balloons, demanding that the troops come home from Iraq.

Near ground zero, where hundreds of people lined the streets to await the president, Sidney Bender, a 79-year-old lawyer from Searington on Long Island and a lifelong Democrat, said that he felt it was his patriotic duty to greet him.

"The trouble is the country has forgotten about 9/11," Mr. Bender said. "Most of the people have gone about their business, which is all right, but you can't forget about it. You've got to make sure we're constantly vigilant because we're at war." He added, "Five years later, I'm even more supportive of the president."

Inside the church, the signs of five years ago were palpable: in the display of uniform patches left behind by police officers and firefighters who came from around the country to help, in the scars on the wooden pews left by the equipment of the rescue workers who used them to rest, in the words of the homily, delivered by the Rev. Timothy J. Keller of Redeemer Presbyterian Church in Manhattan, who said he still struggles with how to reconcile the attacks with his faith in God.

"The very best way to honor the memories of the ones that we've lost and loved is to live productive, confident lives," Dr. Keller said, adding, "We have to have the strength to face a world filled with constant devastation and loss."

The pews were filled with dignitaries, including the four senators from New York and New Jersey, and also families of the fallen.

Mr. and Mrs. Bush were seated in the front row, a few spots away from Arlene Howard, whose son, George, a Port Authority police officer, died in the attack. Five years ago, when Mr. Bush made his first trip to ground zero, Mrs. Howard gave the president her son's badge. White House aides say Mr. Bush still carries it with him.

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To the president's left sat Jane Vigiano, whose son, Joe, a New York City detective, died in the attacks. Bob Beckwith, the New York City firefighter who stood beside Mr. Bush as the president addressed the nation through a bullhorn five years ago, also sat in the president's pew.

When the hourlong service was over, a lone clergyman, draped in black, stood in the churchyard facing the western entrance of the chapel to ring the Bell of Hope, presented to New Yorkers by the mayor of London on the first anniversary of the attacks. The bell pealed 20 times, clanging into the dusk as Mr. Bush's motorcade drove off.

Bush Looks Back At 9/11, Looks Ahead To 'Enemy' (LAT)

By James Gerstenzang

The Los Angeles Times, September 11, 2006

NEW YORK -- Declaring that he was approaching the fifth anniversary of the Sept. 11 attacks "with a heavy heart," President Bush said Sunday "there's still an enemy out there that would like to inflict the same kind of damage again."

The president flew to New York on Sunday afternoon at the start of commemorations that will take him from Manhattan to Pennsylvania and then the Pentagon on Monday before he delivers an address to the nation from the Oval Office at 9 p.m.

In a deep and sad pit under a somber gray sky, the president and his wife, Laura, stepped up to a red, white and blue wreath and set it afloat in a small square pool, where, five years ago, the World Trade Center's North Tower had stood. Moments later, accompanied by a lone Marine in dress uniform, they repeated the presentation of a second wreath where the South Tower had stood. In silence, they bowed their heads, and then watched the wreath drift toward the center of the pool.

They reached the "foot print" of the towers after a five-minute walk through air made damp by the Hudson River just to the west, down a steep ramp to the bedrock of Manhattan. Just to the east, the now visible tracks of a subway system carry trains under the river to New Jersey.

Then, the president and his wife rode through the mostly quiet streets of lower Manhattan to St. Paul's Chapel, built in 1766, that became a resting point for emergency crews on Sept. 11 and the following days, for an hour-long interfaith worship service. A block from the church, demonstrators shouted "arrest Bush," and held black balloons with the message "troops home now."

The Bushes sat in the front pew of a church where George Washington worshiped April 30, 1789, the day of his inauguration as president.

On a day of quiet grief and symbolism, the front pew offered both: To the president's left sat Jane Vigiano, the mother of a fallen New York City police detective; to the first lady's right sat Barbara and Bob Beckwith, a retired firefighter. Bob Beckwith, atop a fire truck, with the president at his side, became an icon of resilience when Bush first visited the site three days after the attacks.

Reflecting efforts to present an image of a nation united in its commemoration -- if not united now, five years later, in the president's conduct of the fight against terrorism -- the service was conducted by an ecumenical gathering: An Episcopal bishop, a rabbi, a Baptist bishop, the Greek Orthodox primate of America, and, among others, a Muslim imam, Muzammil H. Siddiqi of the Islamic Society of Orange County, Calif.

The president made one stop that had not been included on his public schedule: From the church, his motorcade returned to the trade center site, and he and his wife walked a block along Liberty Street, the southern perimeter, to the rebuilt fire station of Ladder Co. 10 and Engine Co. 10.

They shook hands with firefighters, and then spent about 15 minutes inside an adjacent building, the Tribute WTC Visitors Center, a museum that houses artifacts of the attack: Pieces of the airplanes that struck the towers, remnants of the building, and mementos of the victims.

Around the corner, they viewed a 56-foot-long bronze bas relief depicting firefighters on Sept. 11.

Speaking with reporters in his only public comments of the day, Bush said on the sidewalk in front of the sculpture that it was hard not to think about those who died in the attacks -- brought home, with great emotion, by the museum and by his brief visit to ground zero.

"You know, you see the relatives of those who still grieve -- I just wish there were some way we could make them whole. So tomorrow is going to be a day of sadness for a lot of people."

"It's also a day of remembrance," he said. "And I vowed that I'm never going to forget the lessons of that day."

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The "horrific scenes," brought back by the exhibits he viewed, reminded him, he said, "that there's still an enemy out there that would like to inflict the same kind of damage again."

"So," he said, "tomorrow is also a day of renewing resolve."

Bush Playing Central Role In Sept. 11 Commemorations (CHIT)

By Mark Silva

Chicago Tribune, September 11, 2006

WASHINGTON -- President Bush, whose time in office and place in history was forever shaped by the Sept. 11 attacks, is playing a central role in the commemorations, from a solemn wreath-laying ceremony at Ground Zero on Sunday afternoon to a prime-time address Monday to a nation that has grown more skeptical of his leadership.

The president and his wife Laura on Sunday lay wreaths at the site and then attended a service at nearby St. Paul's Chapel. Joining the president and first lady at ground zero were New York Gov. George Pataki, New York Mayor Michael Bloomberg and Rudolph Giuliani, who was New York mayor on Sept. 11, 2001.

In his televised address, the president will attempt to bridge the horrific and the optimistic, delivering a "note of optimism as well as sobriety about what we've been through," a spokesman said. It marks a continuation of what has been a decided push by the administration to focus on the perpetrators of those attacks to try to revive public support for the war in Iraq, the president's prosecution of the war on terror and Republican fortunes in the November midterm elections.

Bush's pursuit of the man responsible for the attacks, Al Qaeda leader Osama bin Laden, has helped shape the president's relationship with the American people. On the morning of the attacks, Bush pledged to "hunt down and to find those folks who committed this act." Within weeks, public support for the president's performance in office soared.

Yet now, with bin Laden at large and a majority of Americans opposed to the war in Iraq, the president is struggling.

It is in fact difficult for most to think of a pre-9/11 Bush presidency.

Bush could not have been in better shape early on the morning of Sept. 11, 2001, when he set out for a predawn jog around a Florida golf course. With a crescent moon peeking through a beachfront fog, he logged 4.5 miles before showering and boarding his motorcade at 8:30 a.m. for a brief ride to a Sarasota schoolhouse.

As he arrived at Emma E. Booker Elementary School, he learned that an airplane had crashed into a tower of the World Trade Center at 8:46. But not until he had settled into a chair in the gray-carpeted 2nd-grade classroom of teacher Sandra Kay Daniels, at 9:07 a.m., did he learn of the second assault on the Twin Towers, as then-Chief of Staff Andrew Card stepped into the room to whisper the news in the president's ear: "America is under attack."

For five more minutes, as aides outside and in Washington scrambled to sort out unfolding events, the president followed the reading of 18 children seated before him, with the teacher tapping her pencil in rhythm. As they finished reading with the phrase, "More to come," Bush asked them what that means. Something is going to happen, some replied. "That's exactly right," he said.

Moments later, standing in the school library, the president vowed "to conduct a full-scale investigation to hunt down and to find those folks who committed this act. … Terrorism against our nation will not stand."

Within weeks, public support for Bush reached 90 percent in the Gallup Poll, an astounding figure for a president elected less than a year before who did not win the popular vote. But when Bush strayed from the hunt, turning his attention to the invasion and subsequent war in Iraq and away from the elusive bin Laden, the public started to stray from him.

Some of the Democrats challenging Bush's re-election in 2004 taunted him with the image of "Osama been Forgotten." Yet the oft-stated resolve to fight terrorism and his response to the public's persistent fears helped him win a second term.

Now, with a majority of Americans opposing the war in Iraq and questioning its role in the broader war on terror, the president's party is struggling to maintain control of Congress.

While bin Laden and second-in-command Ayman al-Zawahiri remain free, Bush announced last week that the Central Intelligence Agency had moved several Al Qaeda operatives responsible for 9/11 and other attacks to military custody, after years of "tough" interrogation in secret CIA prisons.

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The Republican Party has picked up the drumbeat, hoping that voters will again embrace these aggressive tactics in the name of fighting terrorism.

"Because of interrogation programs by the CIA, our nation has gained invaluable intelligence that has saved American lives," Ken Mehlman, chairman of the Republican National Committee, wrote to supporters. "Time and time again, some Democrats in Washington have questioned why our government needs tools like these to prevent attacks on American soil."

Following 9/11 anniversary observances in New York on Monday morning, Bush will travel to the field near Shanksville, Pa., where a commandeered airliner crashed after its passengers tried to take control from the hijackers. He will continue the day's commemoration at the Pentagon, where another hijacked airliner carried out the third strike on Sept. 11. And Monday night, Bush gives his address from the Oval Office.

"It is a day for us to remember the sorrow and the horror of that day," Bush said last week. "It's a day for us to remember the incredible bravery of first responders who were willing to rush into danger to save life. It's a day to remember those on the airplane that drove that airplane into the ground, which was the first victory in the war on terror."

And for many Americans, it will be a day for the public to assess all that has unfolded in five wrenching years.

Bush Honors 9/11 Anniversary (WP)

By Michael A. Fletcher

The Washington Post, September 11, 2006

NEW YORK, Sept. 10 -- Beginning two days of solemn ceremonies to mark the fifth anniversary of the deadliest terrorist attacks in the nation's history, President Bush on Sunday laid two wreaths at Ground Zero before attending a memorial service in remembrance of the Sept. 11, 2001, victims.

Bush's visit here for the moment left aside the partisan rancor that long ago supplanted the sense of unity and shared purpose emerging immediately after the attacks, in which hijackers crashed four planes, killing about 3,000 people.

With the assistance of first lady Laura Bush, the president placed a floral wreath in a reflecting pool in the center of the footprint of what was once the North Tower of the World Trade Center. Then, escorted by a Marine officer, the Bushes walked to the site of the South Tower, where they placed another wreath in an identical pool before returning to their car to the strains of bagpipes playing patriotic music.

Accompanied by Gov. George E. Pataki (R), New York Mayor Michael Bloomberg (R) and former mayor Rudolph W. Giuliani (R), the Bushes joined survivors of the attack's victims in an interfaith memorial service at nearby St. Paul's Chapel. The 240-year-old Episcopalian church served as a base for relief efforts for months after the attacks collapsed the 110-story twin towers.

The president also toured a firehouse that overlooks Ground Zero and has been rebuilt since the attacks. The station lost five people that day, one firefighter said.

Speaking to reporters after emerging from the firehouse, Bush said he is approaching the anniversary with "a heavy heart" as he recalls those who lost their lives. He also called the day one for "renewing resolve."

"I vowed that I'm never going to forget the lessons of that day," he said.

The attacks did more than change the landscape of Lower Manhattan and the lives of the victims and their families. They also profoundly reshaped Bush's presidency, altering the goals of his foreign policy and leaving him determined to confront perceived terrorist threats before they reach the shores of the United States.

No other terrorist attacks have occurred in the United States on Bush's watch. But his policies have brought other consequences. The war in Iraq strained relations with European allies and continues to divide the nation, and critics say the use of aggressive tactics to ferret out terrorists have eroded civil liberties in the United States and hurt the perception of the nation.

Meanwhile, terrorist incidents have spiked worldwide, even as much of the U.S. public has returned to their routines.

"There is an inherent contradiction between two conflicting but necessary messages," said White House counselor Dan Bartlett. Bush has implored Americans to go about their daily lives, even as he has invoked extraordinary powers that he says are the prerogative of a president leading a nation at war. "I think he recognized this was going to be a challenge," Bartlett said.

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Earlier, French President Jacques Chirac sent a handwritten letter to Bush in recognition of the anniversary. Although the popularity of Bush and the United States plummeted in France and across much of Europe after the invasion of Iraq, Chirac said France remains committed to defeating terrorists.

"In these days of sorrowful commemoration, I would like to express the French people's friendship and solidarity with the American people," Chirac wrote. "Together we commune in our remembrance of the victims, their families and their loved ones. Together we pay tribute to all the victims of terrorism throughout the world. Together we will pursue our resolute combat against this scourge that nothing can ever justify."

Bush is scheduled to make a nationally televised address Monday night after touring New York, Shanksville, Pa., and Washington, the sites where the hijacked planes crashed five years ago.

In the days leading up to the anniversary, the president delivered a series of fiery speeches aimed at portraying Republicans as strong on national security and Democrats as weak on the issue, as part of an effort to give the GOP a boost in this fall's midterm elections.

Sunday, he left it to other administration officials to defend how he has conducted the war on terror.

"We are here on the fifth anniversary, and there has not been another attack on the United States," Vice President Cheney said on NBC's "Meet the Press." "And that's not an accident, because we've done a hell of a job here at home."

Secretary of State Condoleezza Rice defended the invasion of Iraq, calling it justified.

"The notion, somehow, that the world would be better off with Saddam Hussein still in power seems to me quite ludicrous," Rice said on "Fox News Sunday."

Democratic National Committee Chairman Howard Dean repeated an assertion made by many in his party: The war in Iraq has hurt anti-terrorism efforts.

"I think we're in trouble," he said on "Fox News Sunday." "We have not pursued the war on terror with the vigor that we should have because we got bogged down in this civil war in Iraq."

Bush Salutes Ground Zero With Silence (WT)

By Joseph Curl

The Washington Times, September 11, 2006

NEW YORK -- President Bush and first lady Laura Bush yesterday descended somberly into the rubble-strewn chasm of ground zero to set afloat two wreaths of red, white and blue flowers in reflecting pools at the site where Islamic terrorists killed 2,749 persons five years ago today.

The president and his wife, holding hands, walked down a long ramp into the hole where the World Trade Center towers once stood.

On a gray afternoon threatening rain, they stepped through a phalanx of soldiers holding U.S. flags, accompanied by former New York Mayor Rudolph W. Giuliani, Gov. George E. Pataki and current Mayor Michael R. Bloomberg.

The Bushes stood silently for more than a minute, watching as the wreaths floated into the center of the water-filled wooden boxes, where families of those killed on September 11 will lay roses today.

After two weeks of speeches connecting the war in Iraq with the global war on terrorism and urging Americans to stay the course, Mr. Bush let the wordless image speak for itself.

He and Mrs. Bush walked away with heads bowed as bagpipes played "America the Beautiful."

Earlier in the day, Vice President Dick Cheney said the nation has "made significant progress" in its fight against the Islamic extremists who perpetrated the attacks.

"We've done enormous damage to al Qaeda, to the leadership of al Qaeda," Mr. Cheney said on NBC's "Meet the Press."

Democrats kept up their political battle against the Bush administration's response to terrorism, particularly the 2003 invasion of Iraq.

"Cheney represents what's wrong with this administration policy," Sen. Charles E. Schumer, New York Democrat, said on CBS' "Face the Nation," arguing that the administration has not shown "enough smarts" in its policies. "And that's why the things in Iraq are getting worse."

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Mr. Bush will address Americans tonight at 9 in a speech from the Oval Office.

The polarization of the nation was evident near ground zero, where hundreds of protesters chanted "Out of Iraq now" and held signs that said "Bush lied."

The immediate aftermath five years ago brought Americans together and sent Mr. Bush's popularity soaring, especially after he grabbed a bullhorn at ground zero on Sept. 14, 2001, and promised that "the people who knocked these buildings down will hear all of us soon."

But support for the president plummeted after U.S. casualties in Afghanistan and Iraq increased. Now, both parties are engaged in a war of words in the lead-up to the November elections, which some analysts say could cost the Republicans control of one or both congressional chambers.

In three speeches and a White House statement on his administration's policy on detention of suspected terrorists, the president laid out the case for war in Iraq, justified his counterterrorism efforts, including a terrorist-surveillance program, and warned Americans that the United States is safer but still not safe from attack.

In one speech, he mentioned al Qaeda leader Osama bin Laden 17 times; in another, he divulged details of plots that have been foiled -- the first time many of those details had been released.

"This time, we're not waiting for our enemies to gather in strength. This time, we're confronting them before they gain the capacity to inflict unspeakable damage on the world. And we're confronting their hateful ideology before it fully takes root," Mr. Bush said last week, defending his doctrine of pre-emption laid out in the months after the attacks.

A new poll released yesterday found his effort may be having some effect.

Just over half of those surveyed by ABC News think the country is safer from attack than on September 11, and that the fight against terrorism is going well. While other polls show American support for the Iraq war waning, the administration has gone on the offensive to paint Iraq as crucial to the war on terrorism.

Democrats have charged that the president is politicizing the anniversary of the September 11 attacks, but Mr. Bush plans only silent observances today.

He plans no comments during appearances this morning when he meets with New York City firefighters and police, or at noon in the Pennsylvania field where one plane crashed after passengers battled terrorists, or at the Pentagon crash site this afternoon. Then he will speak to the nation tonight.

Mr. Bush has led an orchestrated campaign to remind Americans of the attacks. He has framed the November elections as a choice between Republicans, who say they are best able to secure America and have done so for five years, and Democrats, some of whom have opposed the president's efforts at every turn.

Democrats oppose Mr. Bush's contention that Iraq is crucial to the war on terror.

"There is simply no way to overstate how Iraq has subverted our efforts to free the world from global terror," said Sen. John Kerry, Massachusetts Democrat, who Mr. Bush defeated in the 2004 election. "The demagogic drumbeat about fighting terrorists over there instead of here -- even though they weren't in Iraq until we went in, and it's now a civil war we're fighting -- has compromised America's real interests and made us less safe than we ought to be five years after 9/11."

Today's three stops will mark the first time the president has visited each site since 2002. During the past two years, the anniversary fell on a weekend day, and the Bushes did not travel to all three sites.

Former SG Olson Looks Back On 9/11 -- And Moves Forward (LAW)

By Tony Mauro, Legal Times

Legal Times, September 11, 2006

Undeniably, Theodore Olson has moved on from the horror of Sept. 11, 2001.

Early that day -- his 61st birthday -- his wife, Barbara, left their McLean, Va., house for Dulles International Airport to board American Airlines flight 77, bound for Los Angeles. Olson, then the solicitor general, headed to his Justice Department office. Not long after, Olson's longtime aide, Helen Voss, burst in to tell him that Barbara was on the phone, sounding panicked. Her plane had been hijacked, Barbara told him. What should she tell the pilot to do? The plane rammed into the Pentagon, and she was gone. Olson's wife, a well-known conservative commentator, was one of the best-known victims of the terrorist attacks.

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On Sept. 11 this year, Ted Olson celebrates his 66th birthday and will attend a memorial ceremony for Barbara at the U.S. Attorney's Office in D.C., where she once worked. His daily life often brings reminders of the past, he acknowledges, but he adds, "Mostly, I am looking forward."

What Olson is looking forward to most right now is his wedding on Oct. 21 to the new love of his life, Lady Booth -- Lady is her name, not a title -- at a Napa Valley, Calif., resort.

Olson speaks happily but gingerly about his fiancee at first, not wanting to burden her with being mentioned in a story that dwells on Barbara. But once it is clear the interview is about Olson's post-9/11 life, he opens up, just a bit. Booth is a Georgetown University-educated lawyer, he says, with a master's degree in law from New York University. She once launched a successful home health care business and does not currently practice law. And, Olson says, she is a daughter of Kentucky for whom attending the Kentucky Derby is a "religious experience." One of their first dates, he says, was at the derby in May 2002.

But Olson does not want to say much more. Asked how he and Booth met, he goes no further than "We were introduced by mutual friends."

CHARGING AHEAD

Then it is back to business for Olson in his airy office overlooking Connecticut Avenue and L Street at Gibson, Dunn & Crutcher, to which he returned after leaving Justice in 2004. On a shelf sits a bowl jammed full of white quill pens, souvenirs of his 43 oral arguments at the Supreme Court.

Arguing before the Court is the sentimental core of his practice, but since leaving the Justice Department he has joined the Gibson Dunn executive committee and now heads up a new crisis-management group for the firm. The group assists clients (though he won't name them) when disaster strikes -- natural, criminal, or regulatory, or, as Olson puts it, "an oil spill, the SEC, or [New York Attorney General] Eliot Spitzer."

With pride, not regret, Olson says, "I am working as hard as I ever have worked." Close friends agree that if anything, Olson is charging harder ahead than at any time in his long legal career.

"Of course, he was badly shaken by his wife's death," says longtime friend Laurence Silberman, senior judge on the U.S. Court of Appeals for the D.C. Circuit, who will preside over Olson's wedding next month. "Ted threw himself into his work as an antidote. But that is certainly not to suggest that he didn't bear heavy scars for a while."

Silberman offers Booth two compliments. "She's a lovely woman, and she's a tax lawyer," he says. Tax lawyers are the most stable and well-adjusted members of the profession, Silberman explains, because "they spend their time working puzzles that no one else understands.

Gibson Dunn partner Mark Perry also attests to Olson's strong comeback from loss. "From that moment on, he threw himself into his work. I get here by 6:30 a.m., and he's generally in the building before me," says Perry, whose office is next to Olson's. "He has always worked hard, but somehow he has managed to turn that up another level. I think it has been solace for him, and an outlet."

Others might have become depressed or decided to "retire in place," Perry says, but not Olson -- he is growing the practice and mentoring young lawyers. Of Olson's impending marriage, Perry says, "It's healthy that he is emotionally capable of not withdrawing into a shell."

Olson has a long history of aggressively elbowing adversity aside. He survived an independent counsel investigation in the 1980s launched to determine if Olson, then in the Reagan Justice Department, had obstructed justice or committed perjury in testimony before the House Judiciary Committee regarding the DOJ's handling of documents related to the Environmental Protection Agency's Superfund program. No charges were brought.

When President George W. Bush picked Olson as solicitor general, the confirmation hearings turned unusually nasty. Olson's allies believe that Senate Democrats hassled him as payback for representing Bush in the 2000 election litigation, culminating successfully in Bush v. Gore. Olson won Senate confirmation by a narrow 51-47 vote.

After 9/11, Olson took on an expanded portfolio in the Office of the Solicitor General as a leading defender of the administration's anti-terror legal strategy. He coordinated the government's response to the tide of litigation against the USA Patriot Act and the handling of detainees, among other issues. Olson's own loss lent an unspoken gravity to his arguments but, in the end, did not appear to make them any more successful.

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Olson's role in actually devising post-9/11 policy appears to have been limited. "I was involved to a small degree," he says. "But I wasn't drafting legislation or making any policy judgments."

A leading critic of the administration's policies concurs. "I doubt he played much of a role at the creation," says Northwestern University School of Law professor Joseph Margulies, author of a new book on the administration's handling of Guantanamo Bay detainees, "Guantanamo and the Abuse of Presidential Power."

If anything, Olson's office may have had a moderating effect, says Margulies. "What we saw was that, just before the solicitor general had the job of defending these policies, they'd be changed." That was the case in Rasul v. Bush, which Olson himself argued before the Court in April 2004. Margulies, lead counsel for detainee Shafiq Rasul, says that three weeks after the Court granted review in Rasul, the administration announced it would release 140 detainees. As oral arguments approached, the Defense Department announced an administrative review process to examine each detainee's status.

But those moves did not save Olson's case, and that June, the Court ruled that detainees could appeal their imprisonment in U.S. courts. It was among the first of several defeats for the administration's post-9/11 policies at the hands of the Supreme Court.

Looking back, does Olson think the administration asked for too much from the Supreme Court? Did his personal tragedy color his judgment in defending what proved to be flawed policies?

Olson flatly rejects the suggestion.

He did recuse himself from dealing with the case of Zacarias Moussaoui, the only person prosecuted in the United States for a role in the 9/11 hijackings.

But the cases he handled and the arguments his office made, Olson insists, were all based on a valid reading of precedent. "In Rasul, we were relying heavily on a decision [Johnson v. Eisentrager] by Robert Jackson, a very well-respected justice," he says. "The Supreme Court decided to depart from that precedent. I don't think we could have argued that case any differently." Each of the cases, Olson says, was fact-specific and argued on its own terms.

He adds, with emphasis, "I don't think my analysis was colored in any way by my personal experience. There wasn't any area where my position would have been different."

In any event, Olson says, "I haven't gone back and second-guessed myself."

CLIENTS AS CATHARSIS

The rest of his record as solicitor general was strong: He won almost all of the 26 cases he argued, and he won points among career attorneys for attending all of their arguments during his tenure. "At bottom, Ted is an advocate," says Perry. "We all win some and we lose some. He's among the best I've ever seen."

But at the end of the 2004 term, Olson says," it was the right time to leave" the Solicitor General's Office, "given my age and my desire to practice again in the private sector." It was an easy choice to return to Gibson Dunn, where he'd begun in 1965 -- his only other employer besides the government. "I didn't want to go into the marketplace and auction myself off. I didn't feel right about that."

Ever since, the work has flowed in the door, and in this past term he argued two cases before the Supreme Court (others in the firm argued three more), a strong number, given the Court's decreasing docket size. Noncorporate clients range from convicted murderer Michael Skakel to then-Time magazine reporter Matt Cooper, called to testify to a grand jury in the Valerie Plame matter.

Olson has often represented the news media and has argued in favor of a federal shield law for journalists. This, even though he has served Republican administrations which have launched leak investigations and have been largely hostile to the press. Olson sees no contradiction. Is there anything The New York Times could print, he is asked, that would make him unwilling to defend it? "I doubt it," Olson replies. "I can't think of any circumstance where The New York Times wouldn't deserve a really good lawyer." There is only one kind of client Olson would probably decline, he says. "A terrorist. I would have a problem with a terrorist." A reminder, however brief, of Olson's 9/11 scars. In the five years since his loss, Olson says, he has not connected often with other relatives of 9/11 victims. "I didn't have the time or the emotional resources to do my job and also connect with victims' families," he explains.

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But he knows he is still one of the most visible symbols of that day and says that his message, his mantra, has been to extol hard work. "I felt that the wonderful job I had as solicitor general would be a catharsis, a way to focus," Olson says. "I thought it would be good for me and good as a symbol for those who were watching me."

He adds: "It's important to understand that while I suffered a great loss, everyone else experiences great loss at some time too. It's important for each of us to accept what happened and move on and do everything possible to go on with leading a productive life."

At this point in the interview, there is a knock on Olson's office door. A colleague enters to tell him that the Supreme Court has just issued a stay in an antitrust case Olson is bringing before the justices. It is a good sign that the Court is interested in the case, which will be good news to his client.

Memories of the past melt away as Olson reads and savors the Court's order. "This is huge," he says with a smile. Another chance to argue at the Supreme Court suddenly looms larger, and once again, Olson is ready to answer the call.

9/11/06 (opinion) (NYT)

The New York Times, September 11, 2006

The feelings of sadness and loss with which we look back on Sept. 11, 2001, have shifted focus over the last five years. The attacks themselves have begun to acquire the aura of inevitability that comes with being part of history. We can argue about what one president or another might have done to head them off, but we cannot really imagine a world in which they never happened, any more than we can imagine what we would be like today if the Japanese had never attacked Pearl Harbor.

What we do revisit, over and over again, is the period that followed, when sorrow was merged with a sense of community and purpose. How, having lost so much on the day itself, did we also manage to lose that as well?

The time when we felt drawn together, changed by the shock of what had occurred, lasted long beyond the funerals, ceremonies and promises never to forget. It was a time when the nation was waiting to find out what it was supposed to do, to be called to the task that would give special lasting meaning to the tragedy that it had endured.

But the call never came. Without ever having asked to be exempt from the demands of this new post-9/11 war, we were cut out. Everything would be paid for with the blood of other people's children, and with money earned by the next generation. Our role appeared to be confined to waiting in longer lines at the airport. President Bush, searching the other day for an example of post-9/11 sacrifice, pointed out that everybody pays taxes.

That pinched view of our responsibility as citizens got us tax cuts we didn't need and an invasion that never would have occurred if every voter's sons and daughters were eligible for the draft. With no call to work together on some effort greater than ourselves, we were free to relapse into a self- centeredness that became a second national tragedy. We have spent the last few years fighting each other with more avidity than we fight the enemy.

When we measure the possibilities created by 9/11 against what we have actually accomplished, it is clear that we have found one way after another to compound the tragedy. Homeland security is half-finished, the development at ground zero barely begun. The war against terror we meant to fight in Afghanistan is at best stuck in neutral, with the Taliban resurgent and the best economic news involving a bumper crop of opium. Iraq, which had nothing to do with 9/11 when it was invaded, is now a breeding ground for a new generation of terrorists.

Listing the sins of the Bush administration may help to clarify how we got here, but it will not get us out. The country still hungers for something better, for evidence that our leaders also believe in ideas larger than their own political advancement.

Today, every elected official in the country will stop and remember 9/11. The president will remind the country that he has spent most of his administration fighting terrorism, and his opponents will point out that Osama bin Laden is still at large. It would be miraculous if the best of our leaders did something larger — expressed grief and responsibility for the bad path down which we've gone, and promised to work together to turn us in a better direction.

Over the last week, the White House has been vigorously warning the country what awful things would happen in Iraq if American troops left, while his critics have pointed out how impossible the current situation is. They are almost certainly both right. But unless people on both sides are willing to come up with a plan that acknowledges both truths and accepts the risk of making real-world proposals, we will be stuck in the same place forever.

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If that kind of coming together happened today, we could look back on Sept. 11, 2006, as more than a day for recalling bad memories and lost chances.

9/11/06 (LAT)

The Los Angeles Times, September 11, 2006

FIVE YEARS AGO TODAY, this space was occupied by what must have been the least-read editorial we've ever published. It was before 6 a.m. Pacific Daylight Time, after all, when the U.S. was attacked by terrorists using airliners as missiles, rendering that morning's newspaper instantly stale, a relic from a more frivolous era.

The only hint of what was to come was a front-page story of an anti-Taliban leader killed in Afghanistan by a suicide bomber posing as a journalist.

9/11 changed everything, Americans earnestly told themselves in the ensuing days, weeks and months. How could it not? A clash of civilizations had brought the apocalypse to ground zero of American capitalism, and the resulting hole in Lower Manhattan and in the nation's heart became Ground Zero of something more. The attack on the Pentagon only reinforced our sense of vulnerability, and that horrible day could have been even more horrible if not for the valor of passengers on United Flight 93.

Five years later, the rawness of that day has dissipated, and Washington's trivializing war-on-terror rhetoric has become tedious background chatter, not unlike the stream of terrorist chatter officials shrugged off before 9/11. Too much chatter elicits shrugs; it's human nature.

We know now that 9/11 did not change everything, at least not permanently. In some ways, that is unfortunate. New York City subway riders can once again be inconsiderate; cable news networks can again feast on such melodramas as the JonBenet Ramsey case; politicians can again question each other's patriotism; Homeland Security funds can be mischievously diverted to Kansas, just another form of pork.

On the whole, the return of petty politics, crass entertainment, satire and celebrity news is all reassuring, almost a tribute to U.S. resilience. We still fly, even if we have to take off our shoes in the process. The Dow Jones industrial average is 1,787 points higher today than it was on that 9/11. Your home has appreciated considerably in value, as one exuberant bubble succeeded another. The Supreme Court still reins in presidents who overreach. America lives on.

What died on 9/11 was the illusion that history had ended. The halcyon Clinton years were a deceptive interlude between the fall of communism and the collapse of the twin towers. Capitalism had triumphed; investors could disregard such details as price-to-earnings ratios, while Republicans could divert their attention from tax cuts to focus on a president's sex life. It was a time of complacency without guilt.

Now we are back to complacency tinged with guilt. In Washington, the war on terror has been institutionalized, like the war on poverty, or cancer: something for politicians to talk about while the rest of us go about our business. The very abstraction of the term — why not call it a "war on violence" or a "war on hatred"? — invites people to tune it out.

President Bush can be blamed for much oversimplification and for stretching his "fascism" analogies in recent days. But it has at least been refreshing to hear him refer to Osama bin Laden again, and to remind audiences that it is an ideology (as opposed to a method) that threatens Western values. What distinguishes the United States from its enemies in this battle, after all, isn't mainly the prowess of our military or the resilience of our shoppers. It's the vitality of our society and the openness of our culture. That's a message that needs reinforcing in the years ahead.

Solidarity (WSJ)

By Christopher Hitchens

The Wall Street Journal, September 11, 2006

Never mind where I was standing or what I was doing this time five years ago. (Because really, what could be less pertinent?) Except that I do remember wondering, with apparent irrelevance, how soon I would be hearing one familiar cliché. And that I do remember hearing, with annoyance, one other observation that I believe started the whole post-9/11 epoch on the wrong foot.

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The cliché, from which we have been generally but not completely spared, was the one about American "loss of innocence." Nobody, or nobody serious, thought that this store-bought phrase would quite rise to the occasion of the incineration of downtown Manhattan and 3,000 of its workers. It might have done for the Kennedy assassination or Watergate, but partly for that very reason it was redundant or pathetic by mid-day on September 11, 2001. Indeed, I believe that the expression, with its concomitant naïve self-regard, may have become superseded for all time. If so, good. The beginning of wisdom is to recognize that the U.S. was assaulted for what it really is, and what it understands as the center of modernity, and not for its unworldliness.

But here I am, writing that it was "the United States" that was assaulted. And there was the president, and most of the media, speaking about "an attack on America." True as this was and is, it is not quite the truth. I deliberately declined, for example, an invitation to attend a memorial for the many hundreds of my fellow-Englishmen who had perished in the inferno. I could have done the same if I was Armenian or Zanzibari -- more than 80 nationalities could count their dead on that day. It would have been far better if President Bush had characterized the atrocity as an attack on civilization itself, and it would be preferable if we observed the anniversary in the same spirit.

In the past five years, I have either registered or witnessed or protested at or simply "observed" the following:

(1) The reopening of a restaurant in Bali, where several dozen Australian holidaymakers and many Indonesian civilians had earlier been torn to shreds. (2) The explosion of a bomb at a Tube station in London which is regularly used by two of my children. (3) The murder of a senior Shiite cleric outside his place of worship in Iraq. (4) The attempt to destroy the Danish economy -- and to torch Danish embassies and civilians -- as a consequence of the publication of a few caricatures in the Danish press. (5) The murder of the U.N. envoy to Baghdad: a heroic Brazilian named Sergio Vieira de Mello, as vengeance (according to his murderers) for his role in shepherding East Timor to independence. (6) The near-successful attempt to blow up the Indian parliament in New Delhi, and two successful attempts to disrupt the commerce and society of Mumbai. (7) The destruction of the Golden Dome in Samara: a place of aesthetic as well as devotional importance. (8) The bombing of ancient synagogues in Tunisia, Turkey and Morocco. (9) The evisceration in the street of a Dutch filmmaker, Theo van Gogh, and the lethal threats that drove his Somali-born colleague, a duly elected member of the Dutch parliament, into hiding and then exile. (10) The ritual slaughter on video of a Jewish reporter for this newspaper.

This list is not exhaustive or in any special order, and it does not include any of the depredations undertaken by the votaries of the Iranian version of Islamic fundamentalism. I shall just say that I have stood, alone or in company, with Hindus, Jews, Shiites and secularists (my own non-sectarian group) in the face of a cult of death that worships suicide and exalts murder and desecration. This has not dimmed, for me, the importance of what happened in New York and Washington and Pennsylvania. But it has made me slightly bored with those who continue to wonder, fruitlessly so far, in what fashion "we" should commemorate it.

The time for commemoration lies very far in the future. War memorials are erected when the war is won. At the moment, anyone who insists on the primacy of September 11, 2001, is very likely to be accused -- not just overseas but in this country also -- of making or at least of implying a "partisan" point. I debate with the "antiwar" types almost every day, either in print or on the air or on the podium, and I can tell you that they have been "war-weary" ever since the sun first set on the wreckage of the World Trade Center and the Pentagon and on the noble debris of United Airlines 93. These clever critics are waiting, some of them gleefully, for the moment that is not far off: the moment when the number of American casualties in Afghanistan and Iraq will match or exceed the number of civilians of all nationalities who were slaughtered five years ago today. But to the bored, cynical neutrals, it also comes naturally to say that it is "the war" that has taken, and is taking, the lives of tens of thousands of other civilians. In other words, homicidal nihilism is produced only by the resistance to it! If these hacks were honest, and conceded the simple truth that it is the forces of the Taliban and of al Qaeda in Mesopotamia that are conducting a Saturnalia of murder and destruction, they would have to hide their faces and admit that they were not "antiwar" at all.

One must have a blunt answer to the banal chat-show and op-ed question: What have we learned? (The answer ought not to be that we have learned how to bully and harass citizens who try to take shampoo on flights on which they have lawfully booked passage. Yet incompetent collective punishment of the innocent, and absurd color-coding of the "threat level," is the way in which most Americans actually experience the "war on terror.") Anyone who lost their "innocence" on September 11 was too naïve by far, or too stupid to begin with. On that day, we learned what we ought to have known already, which is that clerical fanaticism

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means to fight a war which can only have one victor. Afghans, Kurds, Kashmiris, Timorese and many others could have told us this from experience, and for nothing (and did warn us, especially in the person of Ahmad Shah Massoud, leader of Afghanistan's Northern Alliance). Does anyone suppose that an ideology that slaughters and enslaves them will ever be amenable to "us"? The first duty, therefore, is one of solidarity with bin-Ladenism's other victims and targets, from India to Kurdistan.

The second point makes me queasy, but cannot be ducked. "We" -- and our allies -- simply have to become more ruthless and more experienced. An unspoken advantage of the current awful strife in Iraq and Afghanistan is that it is training tens of thousands of our young officers and soldiers to fight on the worst imaginable terrain, and gradually to learn how to confront, infiltrate, "turn," isolate and kill the worst imaginable enemy. These are faculties that we shall be needing in the future. It is a shame that we have to expend our talent in this way, but it was far worse five years and one day ago, when the enemy knew that there was a war in progress, and was giggling at how easy the attacks would be, and "we" did not even know that hostilities had commenced. Come to think of it, perhaps we were a bit "innocent" after all.

Mr. Hitchens is a columnist for Vanity Fair. His most recent book is "Thomas Jefferson: Author of America" (HarperCollins, 2006).

Promises Not Kept (NYT)

By Paul Krugman

The New York Times, September 11, 2006

Five years ago, the nation rallied around a president who promised vengeance against those responsible for the atrocity of 9/11. Yet Osama bin Laden is still alive and at large. His trail, The Washington Post reports, has gone “stone cold.” Osama and his deputy, Ayman al-Zawahiri, are evidently secure enough in their hideaway that they can taunt us with professional-quality videos.

They certainly don’t lack for places to stay. Pakistan’s government has signed a truce with Islamic militants in North Waziristan, the province where bin Laden is presumed to be hiding. Although the Pakistanis say that this doesn’t mean that bin Laden is immune from arrest, their claims aren’t very credible.

Meanwhile, much of Afghanistan has fallen back under the control of drug-dealing warlords and of the Taliban, which sheltered Al Qaeda before it was driven from Kabul. NATO’s top commander has appealed for more troops; the top British commander in Afghanistan has said that fighting there is fiercer than in Iraq. And the numbers bear him out: since the beginning of 2006, the NATO force in Afghanistan has had a higher rate of fatalities than that suffered by coalition troops in Iraq.

The path to this strategic defeat began with the failure to capture or kill bin Laden. Never mind the anti-Clinton hit piece, produced for ABC by a friend of Rush Limbaugh; there never was a clear shot at Osama before 9/11, let alone one rejected by Clinton officials. But there was a clear shot in December 2001, when Al Qaeda’s leader was trapped in the caves of Tora Bora. He made his escape because the Pentagon refused to use American ground troops to cut him off.

No matter, declared President Bush: “I truly am not that concerned about him,” he said about bin Laden in March 2002, and more or less stopped mentioning Osama for the next four years. By the time he made his what-me-worry remarks — just six months after 9/11 — the pursuit of Al Qaeda had already been relegated to second-class status. A long report in yesterday’s Washington Post adds detail to what has long been an open secret: early in 2002, the administration began pulling key resources, such as special forces units and unmanned aircraft, off the hunt for Al Qaeda’s leaders, in preparation for the invasion of Iraq.

At the same time, the administration balked at giving the new regime in Kabul the support it needed. As he often does, Mr. Bush said the right things: the history of conflict in Afghanistan, he declared in April 2002, has been “one of initial success, followed by long years of floundering and ultimate failure. We’re not going to repeat that mistake.”

But he proceeded to do just that, neglecting Afghanistan in ways that foreshadowed the future calamity in Iraq. During the first 18 months after the Taliban were driven from power, the U.S.-led coalition provided no peacekeeping troops outside the capital city. Economic aid, in a destitute nation shattered by war, was minimal in the crucial first year, when the new government was trying to build legitimacy. And the result was the floundering and failure we see today.

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How did it all go so wrong? The diversion of resources into a gratuitous war in Iraq is certainly a large part of the story. Although administration officials continue to insist that the invasion of Iraq somehow made sense as part of a broadly defined war on terror, the Senate Select Committee on Intelligence has just released a report confirming that Saddam Hussein regarded Al Qaeda as a threat, not an ally; he even made attempts to capture Abu Musab al-Zarqawi.

But Iraq doesn't explain it all. Even though the Bush administration was secretly planning another war in early 2002, it could still have spared some troops to provide security and allocated more money to help the Karzai government. As in the case of planning for postwar Iraq, however, Bush officials apparently refused even to consider the possibility that things wouldn't go exactly the way they hoped.

These days most agonizing about the state of America's foreign policy is focused, understandably, on the new enemies we've made in Iraq. But let's not forget that the perpetrators of 9/11 are still at large, five years later, and that they have re-established a large safe haven.

Losing The War On Terror (WP)

By Ahmed Rashid

The Washington Post, September 11, 2006

LAHORE, Pakistan -- In the five years since Sept. 11, the tactics and strategy of Islamic extremists fighting U.S. or NATO forces have improved dramatically. To a degree they could not approach five years ago, the extremists are successfully facing off against the overwhelming technological apparatus that modern armies can bring to bear against guerrillas. Islamic extremists are winning the war by not losing, and they are steadily expanding to create new battlefronts.

Imagine an Arab guerrilla army that is never seen by Israeli forces, never publicly celebrates victories or mourns defeats, and merges so successfully into the local population that Western TV networks can't interview its commanders or fighters. Such was the achievement of Hezbollah's 33-day war against Israeli troops, who admitted that they rarely saw the enemy until they were shot at.

Israel's high-tech surveillance and weaponry were no match for Hezbollah's low-tech network of underground tunnels. Hezbollah's success in stealth and total battlefield secrecy is an example of what extremists are trying to do worldwide.

In southern Afghanistan, the Taliban have learned to avoid U.S. and NATO surveillance satellites and drones in order to gather up to 400 guerrillas at a time for attacks on Afghan police stations and army posts. They have also learned to disperse before U.S. airpower is unleashed on them, to hide their weapons and merge into the local population.

In North and South Waziristan, the tribal regions along the border between Pakistan and Afghanistan, an alliance of extremist groups that includes al-Qaeda, Pakistani and Afghan Taliban, Central Asians, and Chechens has won a significant victory against the army of Pakistan. The army, which has lost some 800 soldiers in the past three years, has retreated, dismantled its checkpoints, released al-Qaeda prisoners and is now paying large "compensation" sums to the extremists.

This region, considered "terrorism central" by U.S. commanders in Afghanistan, is now a fully operational al-Qaeda base area offering a wide range of services, facilities, and military and explosives training for extremists around the world planning attacks. Waziristan is now a regional magnet. In the past six months up to 1,000 Uzbeks, escaping the crackdown in Uzbekistan after last year's massacre by government security forces in the town of Andijan, have found sanctuary with al-Qaeda in Waziristan.

In Iraq, according to a recent Pentagon study, attacks by insurgents jumped to 800 per week in the second quarter of this year -- double the number in the first quarter. Iraqi casualties have increased by 50 percent. The organization al-Qaeda in Iraq has spawned an array of new guerrilla tactics, weapons and explosive devices that it is conveying to the Taliban and other groups.

Moreover, efforts by armies to win the local citizens' hearts and minds and carry out reconstruction projects are also failing as extremists attack "soft" targets, such as teachers, civil servants and police officers, decapitating the local administration and terrorizing the people.

No doubt on all these battlefields Islamic extremists are taking massive casualties -- at least a thousand Taliban have been killed by NATO forces in the past six months. But on many fronts there is an inexhaustible supply of recruits for suicide-style warfare.

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Western armies, with their Vietnam-era obsession with body counts, are not lessening the number of potential extremists every time they kill them but are actually encouraging more to join, because they have no political strategy to close adjacent borders and put pressure on the neighbors.

Militants from around the Arab world and even Europe are arriving in Iraq to kill Americans. Yet the United States refuses to speak to neighbors Syria and Iran, which facilitate their arrival.

Hundreds of Pakistani Pashtuns are joining the Taliban in their fight against NATO. Yet NATO has adopted a head-in-the-sand attitude, pretending that Afghanistan is a self-contained operational theater without neighbors and so declining to put pressure on Pakistan to close down Taliban bases in Baluchistan and Waziristan.

If this is indeed a long war, as the Bush administration says, then the United States has almost certainly lost the first phase. Guerrillas are learning faster than Western armies, and the West makes appalling strategic mistakes while the extremists make brilliant tactical moves.

As al-Qaeda and its allies prepare to spread their global jihad to Central Asia, the Caucasus and other parts of the Middle East, they will carry with them the accumulated experience and lessons of the past five years. The West and its regional allies are not prepared to match them.

Ahmed Rashid, a Pakistani journalist, is the author of "Taliban" and "Jihad: The Rise of Militant Islam in Central Asia."

Carry On (NYT)

By William Boyd

The New York Times, September 11, 2006

SOMETIMES it feels as if terrorism began on Sept. 11, 2001, but a second's reflection reminds me that it's been a near-constant factor in my adult life. I encountered human conflict early enough, living in Nigeria during that country's civil war (1967-70), but terrorism arrived when I was in my late teens. A school friend was caught up in the multiple P.L.O. plane hijackings of Sept. 6, 1970 (he was unhurt). I happened to be in Munich in 1972 during the Olympic Games when the Israeli athletes were killed. And when I first visited London in the mid-1970's, I remember walking past Walton's restaurant in Chelsea, its windows still covered with chicken wire, grim testimony to its bombing in 1975 (two died).

We've forgotten the brutal wave of I.R.A. bombings and shootings in London at the end of 1975. When I moved to London in the early 1980's, the terrorist threat we endured was all I.R.A.-driven. I knew a young journalist who was killed by the Harrods bomb on Christmas 1983. Then in 1988 a colleague of my wife died in the Pan Am 103 Lockerbie disaster. Terrorism had begun to touch the outer circle of our own existence.

It begins to blur. Each I.R.A. cease-fire would inaugurate a sense of relief, of near euphoria. Life could return to normal, the streets were reclaimed. Then would come another bomb — a building shattered, fatalities, innocent people in the wrong place at the wrong time — and one experienced a feeling of heaviness, awful resignation. It was dread, I suppose.

I was in a taxi going to a meeting at the BBC to talk about a film I was writing when the bombs went off on July 7 last year. The taxi driver got a cellphone call from his son: "They've blown up the Underground, Dad." We nervously speculated that it must have been a fire, some huge electrical malfunction. In the meeting at the BBC we tried to talk but we kept a TV on, soundless, in the corner, and when we saw the images of the ravaged double-decker bus we knew it was something different.

Because suicide bombing changes everything. With the I.R.A. bombing campaigns, buildings were the targets, and warnings were given in most cases. The I.R.A. terrorists didn't want to die. Today as you go about London you realize that the self-immolating terrorist makes every place a potential target. Suspicion waxes and wanes — it's tiring being on your guard all the time.

London is not the Dante-esque hell of Baghdad, of course. People are fatalistic, stoical, warily feigning unconcern. What else can you do? We know that beneath the seemingly ordered surface of our daily existence all is chaos and uncertainty, anyway. But since the suicide bombs, life has just become that bit more unsettlingly chaotic, that bit more worryingly, lethally uncertain.

Americans Will Take Time Out To Mark Sept. 11 Anniversary (MCT)

By Ron Hutcheson

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McClatchy Newspapers, September 11, 2006

NEW YORK - Five years after terrorists slammed hijacked planes into the World Trade Center and the Pentagon, Americans will pause Monday to remember the day terrorism changed their lives.

Observances in New York, Washington, Shanksville, Pa., and scores of other places across the nation will recall the horrific day that, according to new surveys, continues to have a profound impact on the lives of ordinary Americans.

Bayonne, N.J., will dedicate a 175-ton bronze monument built around a 40-foot steel teardrop - a gift from Russia. Residents of Joplin, Mo., will place red, white and blue carnations at the foot of an American flag. The town green in Windsor, Conn., will glow with the light from 2,973 luminary bags, one for each of the Sept. 11 victims.

To a great degree, most people have adjusted to Sept. 11's legacy - long lines at the airport, color-coded threat levels, metal detectors, identity checks and security clampdowns.

"People take it as part of their lives now," said Carroll Doherty, associate director of the Pew Research Center, a nonpartisan polling organization that monitors public attitudes on a wide variety of topics. "This is the world in which we're now living."

Yet memories of the day remain vivid; nearly every adult can recall where he or she first learned of the attacks. An ABC News poll on Sunday found that nearly 80 percent of Americans changed their outlook on life as a result of the tragedy. Nearly 75 percent worry about the possibility of another attack, and about a third are concerned that they could become terrorist victims.

About half, without prompting, listed Sept. 11 as the single most important international event of their lifetime.

"It's still very, very sad," said Anton Kozick of Brooklyn, N.Y., as he stared Sunday at the gaping hole where the World Trade Center used to be. "It's definitely changed our thinking in how we're seeing things. Think back to the day before all this started - it didn't exist, all this business about terrorism."

Anton and his wife, Christine, still have a piece of paper that blew from the World Trade Center to their house, four miles away, on Sept. 11. "Every so often I touch it and pray for whoever touched it last," said Christine.

The couple joined large crowds at Ground Zero in lower Manhattan as President Bush and first lady Laura Bush placed wreaths in two reflecting pools, symbols of the twin towers that collapsed in flame and rubble. Afterward, they attended a memorial service at nearby St. Paul's Chapel, the 230-year-old church that miraculously survived the carnage.

Earlier in the day, worshippers in churches across the country prayed for the victims and their surviving families.

The president will give a televised speech to the nation Monday night after attending commemorative events in New York, at the Pentagon and in Shanksville, where one of the hijacked planes crashed as passengers resisted the terrorists. On Capitol Hill, members of Congress from both parties will gather on the steps of the Capitol for a moment of silence and patriotic songs.

White House spokesman Tony Snow said Bush would avoid partisan commentary while reflecting on a tragedy that left its mark on the American psyche.

"Terrorism was not a concern at all before 9-11," said Frank Newport, editor in chief of the Gallup Poll. Now, most Americans expect another attack.

Yet, life goes on.

While terrorism has become a fact of modern life, Newport called it a "latent concern" - a back-of-the-mind worry that ranks well below day-to-day anxieties about work, kids and money.

Last month's announcement that British authorities had foiled a plot to blow up as many as 10 trans-Atlantic aircraft didn't dent the crowds that have filled the nation's airports since the immediate shock of Sept. 11 wore off.

Five years on, an event that horrified the world and killed nearly 3,000 people has even become acceptable fodder for date-night entertainment. "World Trade Center," the movie version of the disaster, has raked in more than $64 million since its release last month, just in time for the fifth anniversary of the real thing. It'll open overseas later this month.

The shock has faded, but so has the unity that Americans experienced after the attacks. Esteem for government institutions and the media soared as the nation pulled together. Bush's approval rating shot to a record 90 percent - 6 percentage points higher than Franklin Roosevelt's standing after the surprise attack on Pearl Harbor.

No one expected national harmony to last forever, but the breakdown accelerated as war in Iraq and hotly contested national elections in 2002 and 2004 inflamed passions.

"It was inevitable," Doherty said. "But what Iraq did, starting in the fall of 2002, was divide people even more."

In a sense, the return to partisan bickering is a return to normalcy. Snow said Americans just aren't the type to have "an endless string of Kumbaya moments."

"We're fractious. We disagree with each other. We scrap, we argue, and at the end, we come to consensus about how we move forward," he said. "It's perfectly natural for people, once the painful memories begin to recede, to begin resuming their normal lives. It happens any time you face a crisis in your life, whether it be an illness, or a disaster, or a loss."

On Monday, on this day of remembrance, most Americans will put aside their differences to count the losses.

Does 2001's Shadow Of Fear Still Linger? (USAT)

By Rick Hampson

USA Today, September 11, 2006

The girl's nightmare was always the same: Her airline pilot father is in the cockpit when terrorists break in and take over. The 757 begins to dive, down, down.

Five years later, Claire McGrath's mother can still hear her daughter's cries. “It was a terrible time,” Lynette McGrath says. “It's a time I'd like to forget.”

It's a time no one can forget — late summer and early fall 2001. It was our season of fear, a season that never really ended. There were the 9/11 attacks; the anthrax scare; a jumbo jet crash in New York that killed all 260 on board, five on the ground, and for a few hours inspired fears of terrorism.

They combined with other events to make the last third of 2001 one of the most unnerving periods in American history. Never have so many of us been so angry, so frustrated, so scared. We were afraid to get on a plane, open the mail, eat Halloween candy. In Chicago, guacamole on the sidewalk prompted hysteria; in Boston, burning pizza evacuated a mall.

Today, the fifth anniversary of 9/11, that season of fear seems like more than just a bad dream and less than the advent of a “new normal.” According to a USA TODAY/Gallup Poll last month, about half of Americans think people have permanently changed the way they live as a result of 9/11. But fewer than 1 in 4 say they themselves have changed the way they live.

In retrospect, the days and weeks after 9/11 were not as much a time when everything changed as when everyone changed. Kim Johnson, 41, of Lincoln, Neb., experienced the season's traumas mostly via television. Still, she said, “I feel like a memory was forced on me.”

Roxane Cohen Silver is a psychologist at the University of California, Irvine (UCI) who has studied the mental health of a national sample audience since shortly after the terror attacks. “We're not where we were on Sept. 12, 2001,” Silver says, “but we're not back to where we were on Sept. 10, 2001. We're different.”

On Sept. 12, 2001, in suburban Buffalo, 12-year-old Claire McGrath felt what she later described as “an unbearable weight on my shoulders.” Her father was a Delta pilot who flew Boeing 757s, a model the hijackers had seized. She didn't want him to go back to work.

To make matters worse, her yellow Labrador — who waited with her each day for the school bus and was sitting there when she got off — died three days after the attacks.

Her mother had to read her to sleep and often spend the night with her. The next morning she'd drop Claire off at school, only to be called later to pick her up because she was crying. Claire's grades suffered. She couldn't concentrate; she was withdrawn, anxious. Her father tried to reassure her, telling her how airline security had improved dramatically, what he'd do if anything happened. It didn't ease her fears.

A therapist helped. “But she didn't really know me,” Claire recalls. “I didn't feel it was enough.”

In October, Claire's Girl Scout troop decided to write letters to members of the U.S. military in the Middle East. Her letter, addressed to “Dear Friend,” wound up in the mailbox of a Marine pilot, Capt. Brian Murphy, then 28. It was the first step in a recovery from fear that would mirror her nation's.

Five autumns ago, a generation of Americans found out what history really feels like — not an inevitable sequence of events marching across the page, but calamity and chaos, like Paris 1789, Sarajevo 1914, Honolulu 1941.

Terrorism seemed everywhere — even when it wasn't.

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In one week in early October:

•Greyhound idled its national fleet of buses for eight hours after a passenger stabbed a bus driver on a highway in Tennessee.

•A Russian airliner exploded over the Black Sea (accidentally hit by a Ukrainian missile).

•A Washington, D.C., subway station was closed for six hours after a fare jumper squirted a liquid (that proved harmless) at other passengers.

On Nov. 12, when it seemed New York couldn't get any more tense, mental health workers gathered in a Manhattan hotel ballroom for Red Cross post-9/11 disaster-assistance training. They were watching a video about the 1988 terrorist bombing of a Pan Am jetliner over Lockerbie, Scotland, when suddenly the lights went up.

The session organizer, Paul Ofman, stepped to the podium. He said an airliner had just crashed in Queens. "This was too much, too scary," Ofman recalls today. "It felt like a siege in many different places, not just New York. … Tragedies, horrors, threats — everywhere."

When mechanical failure was determined to have caused the Flight 587 crash, it passed for good news. As New York Mayor Rudy Giuliani said, "It could have been worse" — it could have been terrorism.

In those early weeks, Americans took more anti-depressants and placed more calls to mental health hotlines. Some psychologists prescribed media abstinence for patients overwrought by 24/7 terror news. Gas masks sold out after the revelation that the hijackers had investigated crop dusters.

Everyone seemed to be afraid of something: stock brokers of a market crash, retailers of a recession, Arab-Americans of misguided retaliation.

It wasn't just New York and Washington. Air Force fighters patrolled the skies over a dozen other big cities. After someone began sending anthrax-tainted letters to politicians and journalists the fear spread geographically.

Two weeks after the first anthrax report, postal authorities reported receiving reports of 4,600 incidents around the nation, most involving items such as talcum powder and jelly donuts. At the U.S. Capitol, even the police dogs got nasal swabs for anthrax.

On Halloween, fear wasn't as much fun. The mayor of Seat Pleasant, Md., told trick-or-treaters to stay home. In Madison, Wis., the zoo's Tunnel of Terror was renamed the Tunnel of Thrills and Chills.

A hazmat team responded after green goo was found on a Chicago sidewalk. It wasn't lethal. "Guacamole is not dangerous. It's good for you," Mayor Richard Daley said. "People have to start calming down."

At his airbase in Pakistan, Brian Murphy got more than a dozen letters from strangers back home and replied to all. Only one person wrote back — Claire McGrath. They were an unlikely pair: he a 6-foot surfer and Harley rider from Southern California, she a 5-foot snowboarder from Upstate New York.

Over the next three years, through wars in Afghanistan and Iraq, they exchanged scores of letters and e-mails. He'd write of scorpions, of sandstorms, of digging a hole to sleep in at night — tales to fascinate and appall an adolescent girl. He'd kid her about being grounded — he sent her an MRE ("meals ready to eat") to eat in her room — and complain about the lack of surf on the Tigris River.

She sent him a Groucho-style nose, glasses and mustache disguise for use in Iraq, chewing tobacco (valuable currency in the war zone), and stuff to eat. He sent her a Republican Guard beret, a flag that had flown over the caskets of fallen Marines in his air transport cargo bay, and a discarded copy of a physics exam from Saddam University College of Science in Baghdad.

In January, a fellow Marine pilot whom Murphy had befriended in flight school was killed along with six others when their KC-130 cargo plane crashed in Pakistan.

"I was so relieved that your name wasn't on the list," Claire e-mailed him. "But I still feel so terrible that they were friends of yours. I can't imagine how you must feel."

She used her babysitting money to buy some outfits for the Marine's infant son and mailed them to Murphy. That was a watershed in their correspondence, Murphy says: "My writing about how that affected me helped Claire to open up."

She agrees. "Even though the times were really depressing, everything seemed to be getting better after I started writing to him." She felt she was contributing. "Even though it was just one Marine, I really felt like I was doing something."

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Brian's nonchalant confidence — "I only honestly remember having been shot at twice, personally" he wrote while serving an infantry tour in Iraq — undercut her anxiety.

"He didn't talk about all the bad stuff that was going on," she says. "When he wrote, everything seemed OK. I felt more secure. I was reassured by that. … I felt I could tell him anything and he would understand. It was like talking back and forth to a friend, not a counselor or anything."

In religion class at Claire's Catholic high school, students asked how God could have let the terrorists succeed. "It seemed so nonsensical," she thought. In the end, she did not blame God for terrorism; she thanked God for Brian — "a special gift," she called him.

Claire McGrath's recovery from the season of fear shared the same elements as the nation's.

There was faith — in God or America or ourselves. There was action — coping through doing, from writing to soldiers to enlisting to fight with them.

There was leadership — from officials such as Giuliani and President Bush, and from those in the field, like Murphy.

That confidence was bolstered as one milestone after another passed without incident: Halloween, New Year's Eve, the State of the Union address, the Super Bowl, the Winter Olympics. The anthrax scare ended after the fifth death in November 2001. But for some, the season of fear has never ended.

Carnegie Mellon psychologist Jennifer Lerner says her research indicates that, as a result of that period, some Americans still have a "heightened response to fear"— not just of terrorism, but of garden-variety risks like getting the flu.

Some people around the nation continue to experience post-traumatic stress symptoms, according to research by Silver, the UCI psychologist.

Two years ago, the last time Silver's group was surveyed, 4.5% still reported such symptoms. People who merely watched the attacks on television or otherwise learned about them secondhand reported symptoms "at levels comparable" to those who were at or near the scene, Silver says.

Claire McGrath is now 17 and getting ready to apply to college. She keeps in touch with Murphy, who has visited the McGraths twice since becoming Claire's pen pal. He left the Marines last year and is getting his MBA at the University of Southern California.

Lynette McGrath says her daughter is "more mature at the same age than my other daughters were. It makes you grow up fast to have to deal with these things."

Claire agrees that she learned a few things:

•No matter the problem, it's OK to ask for help.

•If you love someone - like a dad you're worried about - then tell him so, every day, before he leaves for work.

•Sometimes when you try to help someone else — like a lonely soldier overseas — you end up helping yourself.

That's what one girl took away from her season of fear. In the weeks ahead, the nation faces a similar reckoning.

9/11 Has Changed Few Lives (LAT)

By Stephanie Simon

The Los Angeles Times, September 11, 2006

Airport trash cans overflow with toothpaste and deodorant.

Thousands of college students bend their heads over Arabic texts.

In Minneapolis, networks of sensors continually sample air for anthrax, smallpox and bubonic plague. In Nebraska, Gov. Dave Heineman is alerted when cars with out-of-state license plates are spotted cruising cattle feedlots.

On a gravel road in rural Indiana, the Amish Country Popcorn factory makes the federal list of potential terrorist targets — a list of 77,069.

Five years after Sept. 11, this is the new normal.

Nearly 3,000 Americans died when terrorists hijacked four planes, crashing two into the World Trade Center's twin towers, one into the Pentagon and another into a field in Pennsylvania.

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Documentary filmmaker Ric Burns calls the attack "as seismic as an event can be …. Rarely does the future announce itself so vividly and horrifyingly."

Residents of New York and Washington remain edgy. And those who lost loved ones, or have relatives or friends serving in the military abroad, can't help but be reminded all too often of Sept. 11.

Remarkably, though, the day-to-day lives of most Americans have changed very little. We have found it easy, perhaps startlingly easy, to stick to routines and habits and mind-sets forged before we could have conceived of planes as missiles. Last month, the Pew Research Center polled about 1,500 adults across the country. More than 40% said the terrorist attacks had not changed their personal lives at all. And 36% said their lives had been altered "only a little bit."

Sept. 11 is often compared to another day of infamy, Japan's bombing of Pearl Harbor on Dec. 7, 1941. Historians, however, see no comparison. World War II demanded personal sacrifice from every American family. The global war on terrorism has touched only a few directly, even as the threat level bounces from orange to yellow to orange to red.

"Many of the predictions made five years ago by cultural pundits about positive long-term changes on our behavior, on our attitudes, even on the art we make, have proved largely untrue," says novelist Julia Glass, who won a National Book Award for "Three Junes."

She finds the lack of transformation depressing, a moment missed. "You could say it's because human beings are so good at adapting," Glass suggests. "Or because we tend toward a certain set point of selfishness and complacency."

That capacity for moving on, for getting back to normal, infuriated Army Staff Sgt. Jay White when he was home last summer between tours of duty in Iraq. "It used to drive him nuts when we were standing in line and somebody was complaining about their Frappuccino," recalls his wife, Jessica.

Jessica feels that same frustration at the high school in Cromwell, Conn., where she teaches history.

"It's a feeling of isolation and loneliness and confusion," she says. Her husband left on his most recent deployment less than three weeks after their wedding. "You hear about the dramas of the 16-year-old girls all the time, and I want to go: 'You don't even know what people are going through. What your own teacher's going through,' " she says.

Though most Americans have seen little change in their lives, many do recognize the effect Sept. 11 had on their neighbors and on society as a whole. In the Pew poll, 51% said their country had changed "in a major way."

Those changes are not exactly what the pundits predicted in the days after Sept. 11.

Back then, President Bush publicly wrapped the top Democrat in the Senate, Tom Daschle, in a bear hug; unity in the face of adversity seemed the only possible course. But fighting terrorism proved a sharply partisan issue — and all too susceptible to fear-mongering.

"National security has become just another political weapon to beat each other up with," says Leon E. Panetta, White House chief of staff under President Clinton.

It has also become a top priority for many voters, a noted change from decades past.

"Generally speaking, you could almost [always] gauge the outcome of elections by the economy," says Sen. John McCain (R-Ariz.), a likely candidate for the Republican presidential nomination in 2008. "Now that issue has been trumped by the war on terror … and understandably. We received a national shock on 9/11."

Immediately after the terrorist strikes, 64% of Americans said they trusted their government to do the right thing all or most of the time. By the summer of 2002, the figure had dropped to 39%.

These days, the paradigm has shifted so dramatically that 36% of Americans say it's at least somewhat likely the federal government was complicit in the attacks, according to a recent Scripps-Howard poll.

Tens of thousands of people have viewed an online film that asserts the government plotted to bring down the twin towers and blow up the Pentagon — and then pin the blame on Arab hijackers as a pretext to invade the Middle East. In the weeks after the attacks, when American flags seemed to fly from nearly every home, when nearly every marquee proclaimed "God Bless America," it would have been impossible to imagine such a dark conspiracy theory gaining such traction.

In those days, many pundits predicted Americans would turn to God in their moment of stress, and, for a time, church attendance shot up. Polls showed Americans grappling with big questions about God and salvation.

The revival lasted three months.

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By January, church attendance was back to normal. The Barna Group, a polling firm for religious groups, found no movement in standard measures of faith, such as Bible reading. "Spiritually speaking, it's as if nothing significant ever happened," says David Kinnaman, a Barna vice president.

So what, then, has changed since Sept. 11?

The American Civil Liberties Union has devoted vast amounts to fighting Bush administration policies such as eavesdropping without a warrant on certain phone calls and imprisoning American citizens indefinitely without charges or access to a lawyer. Those efforts have clearly resonated: ACLU membership has grown more than 80%, revenue has jumped 34%, and the group has nearly doubled the size of its national staff.

Other civil liberties groups have been equally charged. At New York's Center for Constitutional Rights, Legal Director Bill Goodman has handled cases brought by terrorist suspects imprisoned at Guantanamo Bay and by U.S. soldiers forced to serve beyond their terms of enlistment. He has sued on behalf of immigrants detained after Sept. 11 and foreigners who allege they were tortured by American agents.

The center's caseload has "been taken over by post-9/11 litigation," Goodman says.

The government, too, has been consumed by its new focus on terrorism. The FBI's budget has doubled. Federal spending on air security has quadrupled. The Department of Homeland Security has checked 2.7 million truckers against a terrorist watch list.

In Los Angeles, Edina Lekovic, a Muslim, senses Sept. 11 fallout when she leaves the house in her head scarf. Strangers stop her in the supermarket to ask if her father forces her to cover her hair. They wonder aloud if she's oppressed. Then they grill her about jihad.

"Life has gotten a lot more complicated," says Lekovic, communications director for the Muslim Public Affairs Council, a national policy group. "To be a Muslim in this day and age is to be in a pressure cooker, 24/7. You have to constantly explain your faith…. [We] went from private citizens to public ambassadors."

For Chris Simcox, the new normal means a new vigilance — and long nights pacing the Mexican border with a gun. Long disturbed by illegal immigration, Simcox says he had an epiphany after Sept. 11: "The next terrorists are not going to come in on visas." So he moved to Phoenix and founded the Minuteman Civil Defense Corps to help guard his country.

Simcox says he has signed up 8,000 volunteer Minutemen. His themes are also seeping into election-year politics. Randy Graf, an Arizona Republican running for a U.S. House seat, explains his call for a crackdown on illegal immigration this way: "We all remember what happened on Sept. 11."

"I tell you," Simcox says, triumphant, "the sleeping giant has awakened."

The fallout from Sept. 11 has affected the world of culture as well.

Musicians have channeled sorrow, rage and fear into anthems to that indelible day. Classical composer John Adams gave us a haunting elegy with "On the Transmigration of Souls." Country singer Toby Keith served up a lusty cry for vengeance with "Courtesy of the Red, White and Blue (The Angry American)." And Bruce Springsteen poured out his empathy for terrorism's victims — and its perpetrators — in his 2002 album, "The Rising."

With his novel "A Disorder Peculiar to the Country," Ken Kalfus brought black comedy to the age of terror. He sets his satire about a divorcing couple in Manhattan in 2001; at one point, husband and wife each think the other has died in the World Trade Center — and each is secretly delighted. It's a deliberate effort, Kalfus says, to disprove what "we were told after 9/11, that irony was dead."

For her part, New York writer Martha McPhee, a former National Book Award finalist, had one of the main characters in her cross-cultural love story, "L'America," die in the collapse of the north tower.

"It's not surprising that novelists want to try" to take on Sept. 11, McPhee says, "because what a novel tries to do is make sense out of something that makes no sense."

That's what Americans have tried to do as well these last five years: make sense of the senseless. Shock waves from Sept. 11 reverberate still, but carrying on with the familiar humdrum of our lives lets us feel stable, even as radiation detectors are installed at the Super Bowl and security guards at the airport order us to toss our bottled water.

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"Probably no American life is totally unaffected by 9/11, but very few people are immobilized or totally preoccupied with it," says Robert Jay Lifton, a psychiatrist at Harvard Medical School.

Lifton studies the psychology of survival, and he says we as a nation have not fully come to terms with the fear, the anger — or the humiliation — 9/11 evoked. We have learned to live with the new normal, yes. But that doesn't mean we've moved past that bright September day of unthinkable horror.

"It's a powerful event which has not been fully absorbed," Lifton says, "and in many ways floats in and out of our psyches."

stephanie.simon@latimes.com

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Times staff writers Richard Fausset, Janet Hook, Jenny Jarvie, Lynn Marshall, Scott Martelle, Charles McNulty, Ann Powers, Maria Russo, Mark Swed, David L. Ulin, Henry Weinstein and Robert W. Welkos contributed to this report.

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(INFOBOX BELOW)

VOICES

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'The implications of what this country did in response to Sept. 11 will be with us for the rest of our lives, and probably the rest of the century. We will be coping with the culture of vengeance…. If we had changed our policies after Sept. 11 and spent billions alleviating hunger around the world, we would have won over millions of people. We had a real moment, and we lost it.'

Father John Dear

Veteran peace activist,

Santa Fe, N.M.

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'As a teacher who works with emerging American writers, I experience 9/11 and the trauma of the aftermath … in each and every workshop. Plays are pouring in from this rising generation, brave and bold, and 9/11 is not the elephant in the room, it is the walls, the floor, the air.'

Paula Vogel

Pulitzer Prize-winning playwright and professor

at Brown University

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Sept. 11 'has changed every congressional race in the country. Every candidate will be talking about national security — as they did in the last election, and the one before that.'

Vin Weber

Former Republican

member of the House

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'Until 9/11, the U.S. could … be seen as a beacon, the protector of individual freedoms and liberty …. We have grievously tarnished that image around the world, largely unnecessarily, in our handling of individual liberties, torture, Guantanamo, the allegations of secret prisons abroad and the way we dealt with aliens in the U.S. right after 9/11…. We made ourselves look like bullies.'

Geoffrey R. Stone

Constitutional law professor

at the University of Chicago

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'I was six months pregnant with my first daughter on Sept. 11, and I kept thinking, "The world's gone crazy and here I am having children." It changed my outlook. It made me so much more supportive of [my husband's] being in the Army. I'm just so proud of it.'

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Will 9/11 Define A Generation? (USAT)

By Sharon Jayson

USA Today, September 11, 2006

An ongoing study of the lingering effects of Sept. 11, 2001, on young people who were in college then finds they reacted with shock and confusion, but also with muted expressions of patriotism and a new commitment to altruism.

In addition to learning about attitudes, the researchers are seeking to find out whether 9/11 is the life marker for today's young people that the Kennedy assassination or Pearl Harbor were for previous generations.

It may be too early to say whether the young Americans often referred to as "millennials" warrant the name "Generation 9/11," but researchers Patricia Somers at the University of Texas-Austin and Rob Wild at Washington University in St. Louis say initial interviews — conducted largely in 2004 — with the 120 students have proved interesting.

Initial findings — yet unpublished — suggest that students greeted the events with shock and confusion and the desire to be with family and community.

The students also were likely to engage in huddling or group hugging and became more activist in their altruism.

Wild says the students did not necessarily support the blind patriotism they saw in the images of 9/11, nor did they necessarily support military action in Afghanistan or Iraq.

The post-9/11 campus environment appeared to inspire blood drives, community service and greater civic engagement, he says. "A very large portion of the population I interviewed talked about really doing some things differently that they would attribute to Sept. 11 — changing their major because they felt after Sept. 11 they wanted do something more related to social justice," he says.

One student, he says, switched his major from pre-med to social work.

Somers says younger millennials will feel the impact even if they don't recall the event. "They may not have been old enough to understand what happened on 9/11, but they are going to see the after-effects — the long-term war on terror," she says. "Things will be different for their everyday lives, even though they may not connect everything with 9/11."

This fall, Somers will launch the second of what she hopes will be at least four cycles of the study to gauge student responses over time. In addition to many more interviews, she plans focus groups and a questionnaire for 1,500 students across the country.

Somers also is studying "helicopter parents," who some say are too heavily involved in directing their kids' lives.

"The working hypothesis is that one of the reasons helicopter parents act the way they do is because of 9/11," Somers says.

Jim Roth: FBI Agent Changes Gears (PPG)

Pittsburgh Post-Gazette, September 11, 2006

FBI Agent Jim Roth, 53, is in charge of investigating terrorist financing in Pittsburgh. An accountant and former retail manager for Kmart, the Cleveland native worked briefly in the Dallas office and then spent seven years during the Cold War on foreign counterintelligence cases in Chicago. He came to Pittsburgh in 1992, handling big white-collar investigations like the $31 million Michael Carlow check-kiting scheme and the collapse of the Allegheny Health Education and Research Foundation. Since 9/11, the entire bureau has shifted its focus to stopping terrorists. In 2003, Mr. Roth joined the Joint Terrorism Task Force, where his work is classified.

Here's his story, as told to Post-Gazette reporter Torsten Ove:

It can be frustrating. We know this is for real. It's not going away. It's long-term.

But a lot of people in the public are complacent. You know, "9/11, that was a long time ago. We haven't had another attack."

I think I was ready for a change in '03. I could draw on my foreign counterintelligence experience. Terrorism cases are similar to that. During the Cold War, it was spy vs. spy. It's serious in that they can do a great deal of damage to national security. But it's different in the sense that buildings aren't blown up.

I think with terrorism there's a little more urgency.

I had some intelligence background, but I really wasn't geared toward terrorism. The bureau as a whole wasn't geared that way. We were good at what we did, but now we were going to shift gears. It's like turning a battleship.

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The main difference obviously is the proactive nature. You can solve a bank robbery. But how do you prevent a bank robbery?

That's a whole different thing. You're going to have to go out and develop informants and other forms of intelligence to figure out who's going to commit a bank robbery and stop them before they do. And how do you prove that?

And then if we announce that today we prevented a bank robbery, the skeptics are not going to believe us. If there's a press conference and they announce that we broke up a big terrorist plot, like the London one, there are people who don't believe that. "They're exaggerating. They were just guys praying together."

We can't get up there and defend it. In some cases maybe we wouldn't even announce it because maybe we're doing other things to prevent another terror attack.

But you do get satisfaction from this work because you know you're doing something that's vitally important. So the satisfaction you have, but the recognition you might not.

It gets frustrating because we could sit here and prevent 99 of the next terrorist attacks. But if number 100 gets pulled off, then we've failed.

It's realistic to think that there is going to be another attack. It's not a matter of if, it's a matter of when. God help the guy who's the case agent for the next Mohamed Atta.

Agent's Career Forged In The Fires Of Terrorism (RTD)

By Lindsey Nair

Richmond (VA) Times-Dispatch, September 11, 2006

Kevin Foust's work in the FBI took unexpected turns after 9/11, including a move to Roanoke.

Inside the FBI nerve center in Washington, D.C., Kevin Foust pressed the phone to his ear and called out updates.

Only Flight 93 had not responded.

If it continued on its course, it would be shot down.

Processing the horrifying news left Foust little room to ponder his own problems.

Sept. 11, 2001, was his first day on the job.

Foust, 45, who now supervises the Roanoke FBI office, realizes that his promotion to chief of the Osama bin Laden unit during the biggest crime in American history could have been his ticket to the top.

But on that day five years ago, he was focused only on this:

People were dying, and it was happening on his watch.

Under attack

The counterterrorism division of the FBI's Washington field office was supposed to begin Sept. 11, 2001, with muffins and fruit.

One of Foust's staff, Howard "Butch" Luker, was three days from retirement, and the FBI airport liaison headed in to the office to start saying goodbyes.

But nobody gathered around Luker in celebration that day. Instead, they crowded around a credenza in Foust's office about 9 a.m. and stared in disbelief at the television screen.

It was a sunny, sparkling day and there was a gaping hole in the north World Trade Center tower.

As the tower spewed black smoke, the agents kicked around theories. Maybe this was an accident, or a suicidal pilot bent on taking out innocent civilians with his cowardice.

"It looks like a Piper," someone said.

"There's no way in hell that was a Piper," Luker replied.

Then a second jet appeared, plowing into the second tower and shocking the agents into momentary silence.

"Oh my God, we're under attack," someone said, and the office cleared out.

Immediately, Foust began to assemble one of the office's Rapid Deployment Teams. The 150-person teams respond to terrorism incidents anywhere in the world.

A page went out. They had two hours to assemble.

The New York field office at 26 Federal Plaza had gone out of commission shortly after the attacks. Not knowing if agents were hurt, Foust expected his team to be ordered to New York to help investigate.

In the midst of the frenzy to determine what the team would take with them and how they would get there -- because they surely weren't flying -- someone walked in and said, "We're not going anywhere. We just got a report that a plane went into the Pentagon."

Foust looked out his office window and saw smoke rising from the structure across the Potomac.

Washington had its own crime scene.

Almost immediately, investigators suspected al-Qaida was behind the attacks.

Foust and his supervisor, Tom Carey, were summoned to FBI headquarters by Dale Watson, assistant director of counterterrorism.

After a discussion of the FBI's planned response to the attacks, Watson turned to Carey.

"Tom, you can go back to the Washington field office," he said.

He looked at Foust.

"You're not going anywhere," he said.

With a half-smile, Foust reminded Watson that he was not scheduled to report to the Osama bin Laden unit until the end of September.

"No," Watson said. "You've just reported."

A career diverted

If not for a nasty snowstorm, Foust might have ended up a loan officer.

During a business trip in 1982, the recent graduate of Grove City College in Pennsylvania stopped at the Mercer County Courthouse to find a safe haven from the storm.

He ran into an old acquaintance, Mercer County Chief Deputy Bill Romine, who asked what he was up to. Foust told him he was selling investments and writing loans, which bored him to death.

Foust landed a job as a sheriff's deputy, and camping with an FBI buddy made him want to be a federal agent.

In his self-deprecating style, Foust says he is convinced that his FBI admission test -- an extremely difficult, top-secret exam -- was accidentally swapped with someone else's.

In 1987, Foust joined the FBI and moved to Jacksonville, Fla., with his wife, Linda, who had been his high school sweetheart.

He worked mostly drug cases in Jacksonville and continued to do so when he was transferred to Washington in 1991. But he didn't like the assignment in the capital.

Public support for agents' work in the drug arena was low. If he was going to risk his life in the line of duty, he figured, he would rather it be for something people appreciated.

In late 1992, Foust joined one of the counterterrorism units in the Washington field office. It was the perfect assignment for agents who could work alone in high-pressure situations.

Periodically, Foust's supervisor would walk out of his office, look around to see which agents were there, and point at them.

"What are you doing right now? Can you travel?" he would ask.

If the answer was yes, the agent would board a plane, pronto.

Foust's miniature flag collection grew extensively. His investigations, which included mostly hijackings, kidnappings and bombings, took him from the jungles of Uganda to the pyramids of Egypt.

He was assigned to the 1985 EgyptAir 648 hijacking and the 1988 bombing of Pan Am 103 over Lockerbie, Scotland, which were still open cases. He also worked the 1998 embassy bombings in Kenya and Tanzania and the 2000 attack on the USS Cole, which were later tied to al-Qaida.

The work was exciting, but also demanding. In 1997, Foust missed his son's second birthday while traveling in Panama.

When he returned from Tanzania, he was promoted to supervisory special agent in his counterterrorism squad.

But in order to be promoted higher, Foust would have to spend two years working at headquarters in Washington. So he applied for the job as unit chief of the Osama bin Laden unit.

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The UBLU, as it is called in the bureau (because the FBI spells it Usama, not Osama), had only existed for about four years. Before that, bin Laden and al-Qaida were the responsibility of the Radical Fundamentalist Unit.

The UBLU's mission was to track bin Laden, his actions, his intentions and anything related to al-Qaida.

The unit consisted of 18 people, including analysts who ate, slept and breathed bin Laden.

"They knew his underwear size, they knew his shoe size, they knew what hand he picked his nose with," Foust said.

He got the job as UBLU chief and was told he would start in 60 days -- by the end of September 2001.

Round-the-clock job

With the slap of closing blinds, the Strategic Information Operation Center at FBI headquarters was battened down to secure mode.

Director Robert Mueller and his staff set up shop in a room at SIOC. Luker set up open telephone lines with the Department of Defense, the Federal Aviation Administration and National and Dulles airports, while Foust passed on what Luker heard.

By late afternoon on 9/11, hundreds of people from divisions across the FBI were assigned to SIOC to process tips as they poured in. Information flowed into the nerve center from all over the world.

More than a million tips would come in within the next month.

Three teams on rotating eight-hour shifts sorted through the data, picking out the relevant information. Intelligence teams and investigative teams were set up, and each doomed flight got its own field team.

The director was briefed hourly. Written reports were constantly updated.

Representatives from the Department of Energy, Secret Service, Virginia State Police, New York Police Department and other agencies filled seats in SIOC and digested information.

That afternoon, Foust finally turned to his new charges. The last thing they needed was upheaval from a new boss.

"You guys have been here in this unit for some time; I have not," he told them. "I'm not going to get in your way. You know what you have to do. Do it."

Suddenly, field offices worldwide that had never had an al-Qaida investigation before found themselves with more than one, and an avalanche of work descended on the unit.

Everything al-Qaida funneled through the UBLU. If Los Angeles turned up something relevant to an al-Qaida investigation in New York, it was the UBLU's job to connect those dots.

At the same time, analysts continued to dig up data on bin Laden and his organization. They also gave daily briefings, sometimes multiple times a day and sometimes to the president himself.

Sept. 11 stretched into a days-long work marathon. Agents stayed up all night and into the next day, grabbing a shower in the FBI locker room and throwing soiled clothes back on.

For months after, Foust arrived at work by 5:30 or 6 a.m., ate lunch at his desk and got home at 9 or 10 p.m. at the earliest. Weekends were no different.

When he was home, the telephone often rang late at night, waking his exceedingly patient wife and his son, Nathan, then 6. Foust took to sleeping in his downstairs office to minimize the disruptions to his family.

Before long, Congress sought responsibility for the attacks, and Foust watched as guilt gripped his staff.

They assumed they were to blame for all those deaths, and they could not bear it.

Every person on his team at some point needed a closed-door session in his office. Foust let them yell, scream, cry, jump up and down or throw things.

He counseled them and offered his shoulder. He told them 9/11 was a crime so huge that no single person could ever be responsible.

In his opinion, it was a failure on many levels.

Sharing responsibility

Foust won't watch "United 93." He heard the cockpit tapes, and the memories are enough to crack his composure.

He has also not read "The 9/11 Commission Report." But that is a decision born of frustration rather than pain.

The commission said CIA and FBI failures allowed the attacks to happen, and in some ways, Foust agrees.

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He says law enforcement got complacent and claimed to be handcuffed by the law. They weren't willing to be creative and look for ways to make their tools work.

But lawmakers like the ones who sat on the commission were also partially responsible, he said. They lacked the political will before 9/11 to pass laws with enough teeth to tear out the underbelly of terrorism.

It reminds him of lyrics by the Who: "The men who spurred us on sit in judgment of all wrong."

Foust thinks the Islamic world itself should also be blamed for failing to condemn the actions of extremists who claim to act in the name of religion, but instead stray far from the teachings in their mosques.

He faults the American public, too, for not taking terrorism seriously until it was on our shores.

In his opinion, Americans were more concerned with individual freedom before 9/11 than with society's right to be safe from terrorism. And while he knows the Patriot Act has sparked fear that freedoms are being eroded, he credits the act with toppling The Wall.

That's the invisible barrier that prevented the flow of intelligence information between the FBI and the CIA, the top two counterterrorism agencies in the country.

Before 9/11, the standards by which an agent could gather information for intelligence and for prosecution were different. But the priority, Foust says, should be to prevent an attack before it happens.

So the implosion of The Wall is probably the biggest tool in counterterrorism's post-9/11 arsenal, Foust says.

Another tool is American vigilance.

Ever since the attacks, the Roanoke FBI office has been getting calls that start out with, "I know this is probably a waste of your time, but ..." or "I know you're going to think I'm crazy, but ...."

Keep them coming, Foust says. Under FBI mandate, they must investigate every tip, no matter how insignificant it might appear.

The next terrorist attack could happen at any time, he says, and it's going to take more than just police or the FBI to stop it.

A wake-up call

Kevin Foust can remember the very moment he decided to leave the Osama bin Laden unit.

One rare night, about a year after the attacks, he got home early enough to sit down and talk to his wife.

She told him that when he used to travel overseas, their son would ask every night when his father was coming home.

Right after Sept. 11, Nathan started asking the same questions each night:

"When is Daddy coming home? Is Daddy coming home soon?"

After a while, she said, something changed.

He just stopped asking.

In 2003, not long after what Foust calls the "baseball bat to the head," he requested a transfer to Roanoke.

He struggled with the feeling that he had abandoned the UBLU and its work.

But the move put him near his in-laws, and he can picture himself retiring here. He still believes that he is contributing to society, just on a different scale.

Per FBI rules, he worked as a special agent for a year before he was promoted again to management in January 2004.

He is the kind of boss who rarely takes himself too seriously, who walks to lunch with his staff and keeps miniature Butterfingers in bowls in his office.

"He keeps his hands on the steering wheel, but he's not going to jerk it either way," said Special Agent Richard Ress.

When Foust misses the excitement badly enough, he grabs his coat and tells his agents, "I'm coming with you."

Even in the relative calm of Roanoke, he remembers how 9/11 humbled him and what it taught him: Nothing is beneath terrorists, and they will stop at nothing to get what they want.

"We can never let our guard down," he says. "We just can't. Never again."

FBI Talks About Changes Since 9/11 (WDBJ-TV)

WDBJ-TV, September 11, 2006

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Nine eleven changed this country forever. And, that includes the way federal intelligence agencies think and operate, including the FBI.

And in Richmond, one of the organizations agents talked about some of the changes they've seen.

Pre-nine eleven FBI leaders say the agency was known for its ability to investigate but now, the mission is evolving.

That's where the organizations' 12,000 agents come in. The focus is now on trying to prevent another terrorist attack.

New technology, specialized teams, better management and joint task forces have helped the FBI to focus more attention on counterterrorism since nine eleven.

Miami Agent Plays Key FBI Role (MH)

By Jay Weaver

The Miami Herald, September 11, 2006

In the middle of the night, his buzzing BlackBerry jolted him out of bed at a hotel in New York.

The urgent message: Call the FBI field office in Miami.

Jonathan Solomon, the top agent in charge of that division, was filled in on the foiled Islamic militant plot to blow up airliners departing from London for the United States.

Solomon, who was attending a counterterrorism conference, immediately called a half-dozen South Florida police chiefs and sheriffs that August morning.

"On a case like that, the coordination between law enforcement agencies, between the intelligence communities, between nations, was unbelievable," Solomon told The Miami Herald. ``That's the reality of this business we're in today."

It wasn't always that way.

Before the Sept. 11, 2001, terrorist attacks, such a call from a top FBI administrator to local police officials was rare. But the assaults, which exposed intelligence flaws at all levels of the federal government, radically transformed the culture of law enforcement -- especially lines of communication.

Miami Police Chief John Timoney said that in the pre-9/11 era ``the only time you'd get called by the FBI was on a really big case -- after it was solved."

He now views the agency as a partner. "Solomon goes out of his way to communicate," said Timoney, who received one of his calls on Aug. 10. ``He made that call so we wouldn't be caught off guard."

Timoney, a former high-ranking police official in New York and the ex-police commissioner in Philadelphia, drew some attention after the Sept. 11 attacks when he complained in testimony before Congress about the poor communication between the FBI and local law enforcement.

MUELLER AT HELM

FBI Director Robert Mueller, who took over the reins of the agency just one week before the attacks, held talks with top police officials that fall. He broke the ice with Timoney with a joke about Timoney's "beating up" on the agency.

Mueller told Timoney and the other police chiefs that his goal was to make the nearly century-old FBI -- known for its stubborn secrecy -- more transparent by sharing vital counterterrorism information, including expanded joint terrorism task forces with local police.

At first, Timoney was skeptical. Not today.

"He promised me things would change, and he fulfilled that promise," Timoney said in a phone interview.

Of course, the cataclysmic event that fueled the reform was the Sept. 11 attacks. They were plotted overseas by the al Qaeda terrorist group and carried out in the United States by "sleepers." Of the 19 al Qaeda hijackers, as many as 14 were hiding out at different times in the Fort Lauderdale area and other parts of Florida -- including ringleader Mohamed Atta.

Solomon, a senior agent in the FBI's Tampa office at the time, watched the live TV coverage of the attack on the World Trade Center.

His immediate reaction -- horror and sadness.

Solomon then joined thousands of other FBI agents around the country on a 24/7 terrorism investigation with no apparent end in sight.

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Within hours, intelligence was coming in about the names of hijackers and their whereabouts before the attacks. Florida's role as a base of operation became clear.

"The concern was there were other sleeper cells that we were unaware of," said Solomon. 'In the immediate aftermath of the attacks it was, `Who are these people, what have they been doing here, who else do they know and are there others here intending to do us harm?' "

As the investigation unfolded, the FBI faced the reality that it had failed to follow up on critical leads about al Qaeda suspects in other parts of the country -- leads that may have thwarted the terrorist attacks in the first place.

That pushed Mueller to overhaul the vast agency -- historically known for investigating organized crime, bank robberies and kidnappings -- in the new age of terrorism.

In spring 2002, he announced plans to centralize counterterrorism operations in Washington, create a domestic intelligence section, and double the number of counterterrorism agents, analysts and linguists nationwide. More computer information, such as a watch list of terror suspects, was shared not only with the CIA but also local and state police agencies.

Mueller also bolstered joint terrorism task forces to deal with regional investigations, intelligence and tips.

Solomon, who worked at Mueller's side as a special assistant and later as a senior administrator at headquarters, said the Sept. 11 investigation itself revealed the importance of sharing information at all levels.

Before the attacks, the FBI had 34 joint terrorism task forces. Today, there are 101 FBI-led task forces nationwide. In South Florida, the task force has doubled in size to about 170 FBI agents and police investigators.

NO LEAD IGNORED

"One of the sea changes in the area of counterterrorism -- there is not a lead that goes unaddressed," Solomon said. ``If we get a call that may seem improbable, we're still going to run it to ground and we're still going to check to make sure it's nothing. . . . In counterterrorism, everything is treated as a serious matter."

Since the attacks, South Florida has been the site of three major terror investigations:

• Adnan El Shukrijumah, a former Broward Community College student of Saudi descent, is still the subject of a global manhunt because of his alleged ties to al Qaeda. Shukrijumah, who disappeared from South Florida weeks before the Sept. 11 attacks, was not suspected of being part of that plot but is still considered a threat.

• Jose Padilla was arrested in Chicago in 2002 amid accusations that he had planned to detonate a radioactive "dirty bomb" on American soil. Last fall, Padilla, who lived in Broward during the 1990s, was charged in a Miami indictment with being a recruit for an alleged North American terror cell that provided resources for "violent jihad" overseas. The dirty-bomb allegation is not part of the indictment.

• A group of Miami men dubbed the Liberty City Seven were charged in June with conspiring with al Qaeda to bomb FBI buildings and the Sears Tower in Chicago. They're accused of taking an oath to the terrorist group in March before playing some role to carry out an alleged terror war against the United States. Their lawyers have countered that authorities entrapped the men in a fictitious crime fashioned by an FBI informant.

Solomon, a 23-year agency veteran, defended the Liberty City Seven case as a textbook example of stopping a possible terrorist attack before it happens.

"I'd rather have [entrapment] be the issue in court rather than trying to explain why we didn't prevent an attack. The bottom line is, prevention is prevention," he said.

Security At Port An Issue (MH)

By Lisa Arthur And Steve Harrison

The Miami Herald, September 11, 2006

In the five years since the Sept. 11 attacks, Southeast Florida has received about $256 million in state and federal funds to shore up its defenses against terrorist attacks.

The money has bought Hazmat protective suits, upgraded emergency radio equipment, and paid for training for scores of first responders -- police, fire and public-works employees among them.

But the co-chairman of the region's Domestic Security Task Force says the federal government is still underfunding vulnerable areas like South Florida's ports.

"It's time the federal government get off its duff and fund security at the ports in South Florida and nationwide," said Ken Jenne, Broward County sheriff and outgoing co-chairman of the regional task force.

"The port is scary to me," he said. ``In Broward, we've had a County Commission that has been willing to foot the bill to pay for concrete barriers and a harbor-patrol boat and other things we need at Port Everglades. But they get a lot of pressure for that money."

While security at the Port of Miami-Dade and Port Everglades is vastly improved over five years ago, there are holes. The federal government's philosophy has been that it's impossible to scan or physically search all cargo containers entering ports because that would cripple international commerce.

U.S. Customs and Border Protection has, instead, collected manifest information on all containers, which is analyzed in Northern Virginia. Containers from unknown shippers or with unusual contents are often flagged for further inspection.

Still, it's estimated that less than 5 percent of containers are physically inspected.

MONEY AT ISSUE

Earlier this year, the American Association of Port Authorities estimated that ports would need $5.4 billion over 10 years to upgrade security. The Bush administration had budgeted $708 million, although Congress is debating spending more money.

U.S. Customs and Border Protection said that Port Everglades and the Port of Miami-Dade will get new machines later this year that can scan cargo containers leaving the port for radiation.

Some concerns linger at airports as well. There, debate centers on the effectiveness of the Transportation Security Administration, which critics have dubbed "Thousand guys Standing Around." Congressional Republicans have capped the nation's screeners at 45,000, down from about 53,000 in 2002.

At Miami International Airport, the TSA trimmed the number of screeners this year, prompting the airport to lobby intensely to restore the cuts.

On the local level, one early hiccup in security planning has eased: Miami-Dade and Broward counties no longer have to compete for the same dollop of federal funds.

This year, for the first time, Fort Lauderdale was designated an urban area and received its own pot of money to distribute in Broward and Palm Beach. Previously, it shared a pot with Miami, and that city was responsible for splitting the pie. Turf battles ensued after Broward received only a 12 percent share of about $32 million in federal grants for 2003-04.

`MAKING DO'

"I don't think there's ever going to be a point where everyone is going to be satisfied that all their needs are being met," said Robert Parker, director of the Miami-Dade police, who takes over as co-chair of the regional task force this month. ``We're making do with the allocations, and we've made a lot of progress."

Overall, Jenne said, the millions that have flowed into South Florida have made a difference.

"This community, this state is much safer than it was five years ago at this time," he said.

Amos Rojas, co-chair with Jenne and the special agent in charge of the Florida Department of Law Enforcement office in Miami, agreed -- although he also noted that there is always more to do.

"If it is up to us, we want to be 100 percent assured that nothing will ever happen here, but that's just not possible," Rojas said. ``I don't think all the money in the world could do that."

Jonathan I. Solomon, special agent in charge of the FBI division in Miami, worked closely with Director Robert Mueller to transform the agency's culture after the Sept. 11 attacks exposed flaws in its sharing of valuable information about al Qaeda suspects.

Now he's working to help ensure the security of South Florida. In his mind, law enforcement is far more vigilant today than it was five years ago at all levels -- with an emphasis on prevention.

"We're absolutely safer in my mind because of all the changes that have occurred post-9/11," Solomon told The Miami Herald. ``But that doesn't mean we can become complacent. There's still a threat out there. Certainly, if al Qaeda could attack and harm us, they would."

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Getting Past The Pain Of 9/11 With Steps, Big And Small (NYT)

The New York Times, September 11, 2006

For a year after Sept. 11, reporters for The Times offered capsule portraits of 2,400 victims. Their families have now had five years to reflect, to mourn, to recover. Interviews with a sampling of them found that, while they were at markedly different stages in the healing process, many have found constructive ways of embracing life without forgetting. Widows and widowers have remarried. Children have gone on to college or begun first grade. Some people have settled into new homes, new geography. And a few, while still struggling with their loss, have arrived at surprising places that they could never have foreseen.

STEPHEN KEVIN TOMPSETT: Worrying Enough for Two

For Dorry Tompsett it is a daily struggle, trying to make sure her daughter does not mother her too much.

NEILIE ANNE CASEY: A Life With More Meaning

"The cliché is that time heals all wounds," Michael Casey said. "But I don't want to say it's easier after five years. Maybe it's just less hard."

ALVIN BERGSOHN: Needing to Help Others

For the problem-solver that Michele Bergsohn was on Sept. 10, 2001, one bewilderment about life afterward was how to be needed by people who assumed that she would be the needy one.

ROBERT G. McILVAINE: Reacquainted With Laughter

The painful annual pilgrimage of Robert McIlvaine Sr. and his family from Oreland, Pa., to the memorial commemoration at ground zero "is a double-edged sword," he said.

MICHAEL EGAN: In the Embrace of Friends

Anna Maria Egan has been arguing with angels.

KAREN HAWLEY JUDAY: 'It's Still Like Yesterday'

Richard A. Pecorella has been invited to call out the name Karen Hawley Juday at the ground zero ceremony today, memorializing the woman with whom he'd lived and planned to grow old.

LEON W. SMITH JR.: A Legacy of Scholarships

"When 9/11 comes, it's like a slap in the head," said Irene Smith, recalling when her usually peppy mailman approached her slowly the other day, as she was watering her flowers.

SEAN SCHIELKE: A Difficult Adjustment

Sarah Christie, 32, had gone out with Sean Schielke for four years, and they moved in together just four or five months before Sept. 11.

KEITH FAIRBEN: Delivering 'Keith's Gift'

For six months, Kenneth Fairben helped bury other people's dead, even though his own son, Keith, was missing, his remains lost at ground zero.

MICHAEL EDWARD ROBERTS: A Mother's Mantra

They are one in their grief, but the three members of Firefighter Michael Edward Roberts's family mourn in their own way.

FRANCIS S. RICCARDELLI: No Room for Hate

Over the course of five years, Sept. 11 has become shorthand for many things — a national tragedy; an attack on a way of life; an intelligence failure; a cause for war.

KENNETH VAN AUKEN: Birth of a 'Jersey Girl'

Lorie Van Auken was not content to grieve quietly. Almost from the moment the towers fell, she raised her voice, demanding to know the answer to the big question: why?

ROBERT LEBLANC: Finding a New Purpose

For the first year-and-a-half, she kept up her veterinary practice in Lee, N.H., but otherwise Andrea LeBlanc withdrew.

MARIA RAMIREZ: Solace in Small Things

Elise Cintron-Rosada still lives with Mozart, all 92 slobbering, hairy pounds of him. Her daughter, Maria Ramirez, spotted the dog in a Long Island shelter in 1995.

KENNETH F. TIETJEN: A Love That Lasts

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"This is the first time I won't go to the ceremony," Karen DallaValle said of the annual memorial at ground zero. "I don't want to be sad publicly. I'd like to be sad privately."

SAMUEL OITICE: Feeling Daddy's Presence

Jean Oitice moved out of the house where she had spent almost all of her married life, to be with her elderly mother and to make it easier for her children, who felt too much of the presence of their father, Samuel Oitice, who had been a firefighter.

SIGRID WISWE: Some Things Don't Change

Year by year, Dr. Birgit Wiswe has had to explain to her new daughter what happened to her sister, Sigrid Wiswe, 41.

ALICIA TITUS: An Activist for Peace

"I think this last year has been more difficult, I don't know why," said Bev Titus, describing how she has mourned her daughter, Alicia, a flight attendant on Flight 175.

EDWARD LEHMAN: Keeping Contact

Exactly one month later, Oct. 11, and they were both supposed to be in the delivery room, Joanne Lehman and her husband, Edward, an assistant director in risk management at the Aon Corporation.

THOMAS H. McGINNIS: Love and Marriage, Again

Thomas H. McGinnis and his childhood sweetheart, Iliana, perfected their partnership in Oakland, N.J.

ROBERT A. CAMPBELL: A Down Day Once More

For her, the sadness won't lift. She still sleeps fitfully, and must force herself to begin another day.

DAVID SUAREZ: Writing Out His Grief

They got smaller in number, and as they got smaller they became stronger.

THOMAS BUTLER: A New Neighborhood

Just a few miles made such an enormous difference. Two years ago, Martha Butler and her three young children moved from Kings Point, N.Y., to a house in the adjoining town of Northport.

DAVID RATHKEY: Helping Grieving Children

There was so much solitude during her day. Her three children were at school. She worried so much about them. No resources seemed adequate to address their pain.

ROBERT J. MAYO: Notes of Comfort

For some time now, Meryl Mayo-Marshall has found comfort in sending gifts and notes of hope and strength — and condolences, when necessary — to strangers.

SCOTT HAZELCORN: Setting Up Camp Haze

It is that time of year again, when Charles and Janice Hazelcorn come off their seasonal high.

RICHARD MORGAN: Another Parent Gone

Patricia Morgan's cancer came back three months before the attacks.

JOSEPH E. MALONEY: A Nurse's New Mission

For nearly two years after 9/11, Kathy Maloney of Farmingville, L.I., tried to stick with her job as an intensive care unit nurse.

These are glimpses of those who lost family members in the Sept. 11, 2001, attack on the World Trade Center, and of their lives since. They were written by Cara Buckley, Glenn Collins, Anthony DePalma, Robin Finn, Jan Hoffman, Tina Kelley, N. R. Kleinfield and Andy Newman. Their stories appear alongside photographs of the victims. With the exception of Ms. Buckley, the writers interviewed families they had spoken to five years ago. The families were chosen by the reporters; some who were contacted chose not to participate.

'I Just Want To Move On' (WT)

By Gabriella Boston

The Washington Times, September 11, 2006

The Washington Times, in a special section commemorating the first anniversary of September 11, profiled three men and two women who survived the attack on the Pentagon. They agreed to update their stories for a series this week marking the fifth anniversary.

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First of five parts

As fellow Americans today remember September 11, 2001, with tributes, prayers and other commemorations, Louise Kurtz will try her best to forget that terrible day ever happened.

"I usually try to ignore 9/11. It stirs memories and emotions in me that I've been trying to forget," says Ms. Kurtz, who sustained severe burns -- some fourth-degree -- on 70 percent of her body during the terrorist attack on the Pentagon. "I just want to move on."

But as much as Ms. Kurtz tries, she can't blot out the memory of seeing and trying to help another woman who was on fire, and then looking down at her own swelling, blistering and reddening arms.

Or vanquish the memory of seeing pieces of the Pentagon crumbling around her.

She can't easily forget the 48 surgeries that followed, a year of wearing a "burn suit," the loss of her fingers and severe damage to her face and arms.

"My legs did OK," she says, pulling up black stretch pants to reveal some smooth skin and plenty of square indentations -- skin used for grafting.

A year after terrorists flew American Airlines Flight 77 into the Pentagon, Ms. Kurtz told The Washington Times about her injuries and recovery. She had undergone 39 surgeries by then and been fitted for prosthetic ears that would sport gold earrings.

Now, at the fifth anniversary, the Spotsylvania resident says she doesn't feel sorry for herself. Instead, Ms. Kurtz counts herself fortunate that she made it out alive that sunny September morning, her second day of working as an accountant for the budget office of the Department of the Army.

Two other persons in her office got out and lived, she says. The remaining 50 or so, including the woman she saw on fire, didn't.

When the airliner plowed into the Pentagon, Ms. Kurtz was standing at a machine faxing personnel papers.

"It was dark," she says. "I had grit in my teeth. There was debris everywhere. ... I smelled the jet fuel, and I knew what had happened."

Everything around her appeared to be gone. Amazingly, she remained standing.

For a moment, she wondered if she was dying and about to join her father, who had died a few years earlier.

"I remember looking around for my father, but I didn't see him," she says. "I made a conscious choice at that time to get out, because this was not the way I was supposed to die."

'No room for hatred'

Ms. Kurtz had so much for which to live. Her marriage to Michael Kurtz was in its 30th year, its best year, and her relationships with her two children and two grandchildren were strong and loving, she says.

She climbed out of a shattered window from the ground-floor office. A police officer told her to sit down and wait in his car. She says she didn't realize the extent of her injuries.

"I was wondering what the fuss was about. I didn't think I was that badly off."

Ms. Kurtz was taken to Washington Hospital Center, where she would spend weeks being treated for and recovering from her severe burn wounds. Her ears fell off. Surgeons had to amputate her fingers.

Her husband was by her side through it all.

"It's not the love story it was five years ago," she says, her eyes welling with tears.

She traps a Kleenex between what is left of her hands and uses it to dab her eyes and cheeks.

In the years after September 11, the marriage crumbled. The Kurtzes separated.

But although she cries often -- if not for long -- about the separation and about her traumatized body, Ms. Kurtz, who turned 54 on Aug. 13, does not wish to dwell on what she calls "life's obstacles."

"I'm not buried in self-pity, because there is no point in it," she says, leaning back in an elegant armchair in her living room. Curled on her lap rests Maggie, one of her miniature pinschers.

"I hated [the terrorists] for about two minutes. But there just is no room for hatred in my life."

Adds Monica Youngblood, the certified nursing assistant who helps Ms. Kurtz five days a week: "I think she wants to stay focused on her little corner of the world."

'She's amazing'

Lousie Kurtz remains the matriarch of her family. Her two children, Corey Shaver, 34, and Michael Kurtz Jr., 31, and two grandchildren, Brittany, 18, and Tyler, 11, turn to her for support, advice and love.

Brittany, who lives in Rome, N.Y., calls on a recent afternoon to talk relationships. A few minutes later, son Michael Jr., who recently moved to Southern California to become a kindergarten teacher, calls to check in.

"She's always provided stability in my life. ... She still does," Michael Jr. says. "She's always thinking about others, helping others. What happened to her is never going to stop her from doing that."

Just as Ms. Kurtz remained standing amid the carnage, an inner strength served her well during her recovery.

Her son says she used to dislike depending on others for anything. She has to now, though, if just a little. But Mrs. Youngblood says Ms. Kurtz needs less and less help every week.

"The one thing she can't do is put on a fitted sheet," Mrs. Youngblood says. "But that's hard for all of us."

Yet, Ms. Kurtz has relearned much. She is a woman craving a return to normal.

She cooks with a crockpot. She dresses herself. She grabs and lifts by squeezing the thumb joint of her right hand against the base of what had been the index finger. She uses bamboo tongs to pick up small items, such as a napkin. Her silverware is outfitted with Velcro straps.

She used to be left-handed. Now she signs her name with her right hand, while paying by credit card, for example, because less remains of the left hand. She has retaken and passed her driver's test, using a special gadget to steer.

Ms. Kurtz says she might undergo more surgeries. She would like to tighten the skin around her right eye, smooth out the skin on her neck and expand the skin on her arms so she can extend them fully.

But the bulk of the operations, therapy and other recovery is finished, and she has had to adjust to the possibilities and limitations of her new body.

"She's amazing. I don't really do much," Mrs. Youngblood says. "I'm more of a cheerleader than anything else."

Ms. Kurtz lives in a plus-sized house in Spotsylvania in which she and her husband had planned to spend the rest of their lives.

Aside from weekly doctor appointments, cooking and cleaning and other daily routines, she and Mrs. Youngblood try to include fun activities. They enjoy going to lunch at Camille's Sidewalk Cafe or the Cracker Barrel at nearby Central Park shopping center.

'Been there, done that'

Ms. Kurtz and Mrs. Youngblood, who jokingly liken themselves to the title characters in the 1991 movie "Thelma and Louise," go out to see "chick flicks," such as "Failure to Launch" and "Rumor Has It."

They recently went to a Faith Hill and Tim McGraw concert in the District.

"We had so much fun. We were really close to the stage and Tim McGraw [Miss Hill's husband] pointed right at Louise ...," Mrs. Youngblood says.

"And I was looking the other way and missed it, of course," Ms. Kurtz interjects with a chuckle.

She does that all the time, using self-effacing humor to defuse dark memories and emotions. She jokes, for example, that she has a young face -- only four years old -- and she makes fun of her sometimes slurred speech: "Come on, spit it out, Louise."

"Been there, done that," she says of the various films about September 11, noting she has no interest in seeing them. She once threatened to wear a T-shirt reading, "I got baked at the Pentagon."

Ms. Kurtz attributes her strength to her Christian faith. She is an Episcopalian.

"It's part of me and it's important, but I don't like talking about politics and religion," she says. "I don't want to be offended, and I don't want to offend anyone."

Her family is a source of strength, too.

"I live for my kids and my grandkids," she says. "And Jake and Maggie are great company." The beloved miniature pinschers have been with her since before September 11.

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But Ms. Kurtz admits she wants more out of life. She's considering a second career as an interior designer. She's decorated her home to make it cozy, using plenty of Hawaiian patterns and motifs. Clearly, she likes stalky, elegant white and pink orchids.

"She has the ambition and drive and focus, but she gets tired easily," Michael Kurtz Jr. says. Still, her son stresses, she has the talent and perseverance to make it happen.

Mrs. Youngblood agrees.

"Her spirit never dies," the nursing assistant says. "She gets out of bed no matter what. She's a true hero."

Mrs. Youngblood adds with a chuckle: "One day, I came over and there she was rearranging furniture."

Ms. Kurtz doesn't want to speculate too much about the future but acknowledges that the company of a life partner is high on her wish list.

"I have no clue what I'll be doing in five years. I hope not to be alone," Ms. Kurtz says, her hazel eyes tearing up.

"I still have the faith that someone is out there," she says, a hesitant and slightly quivering smile spreading across her face. "Someone who can see past the face to what's inside."

Those Who Lost Loved Ones Sustain Memorial Charities (WP)

By Jacqueline L. Salmon

The Washington Post, September 11, 2006

Five years after the Sept. 11 terrorist attacks, the billions of dollars donated to the families of those killed have largely been spent, but the charity work hasn't stopped.

Now the families themselves have taken the stage. They have started scholarship funds and international relief efforts, raised money for memorials to honor the dead and launched organizations that have coalesced into multifaceted crusades for a variety of issues, including skyscraper safety, airline security and national security.

Although it's difficult to gauge exactly how many there are, it's clear that hundreds, if not thousands, of such initiatives have been started by families of the nearly 3,000 killed in the attacks.

And the number keeps rising.

"It's trying to bring redemption out of what happened," said Eugene Steuerle, who lost his wife, Norma, in the attack on the Pentagon. Steuerle and two dozen other Sept. 11 families and friends created a group last year, Our Voices Together. "That's what all of us, at different levels, are trying to do."

Mental health experts are labeling this phenomenon "post-traumatic growth" -- when those affected by trauma seek meaning in the tragedy by turning grief into action.

"It's a common occurrence," said District therapist Duane Bowers, who specializes in treating those who have suffered traumatic loss. Victims are "able to look at this negative event and somehow get something positive out of it."

For some, the efforts focus close to home.

The family of Mark McGinly, who grew up in Vienna and died at the World Trade Center, gives annual scholarships to graduates of Virginia high schools. Entrants are required to write a short essay on their similarities to McGinly, a 26-year-old metals trader who squeezed every ounce of fun out of life, said his family.

In the past five years, the family has raised close to $500,000 through an annual golf tournament and dinner for the scholarship program, said McGinly's father, Bill McGinly.

"It's far exceeded anything I thought would happen," he said.

For others, the attacks have spurred a broader mission.

Jay Winuk and a friend formed One Day's Pay to promote the Sept. 11 anniversary as an annual day of community service. Winuk said they hit on the idea as a way to honor his brother, Glenn, a lawyer and volunteer emergency medical technician who raced to the World Trade Center to join the rescue effort and was killed when the South Tower collapsed.

About 3 million people have participated in One Day's Pay since 2002, Winuk said, and it has received widespread support in Congress.

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"It's really representative of the way Glenn lived his life, and I think it would be the thing he would be most proud of," Winuk said.

In some instances, small initiatives sketched out on a kitchen table by grieving relatives immediately after the attacks have morphed into sophisticated operations that take on broader issues and a wider membership.

Nearly half of those who belong to Families of September 11, whose initial members were mostly relatives of those killed, have no direct ties to the attacks.

The organization pushed for an investigation into the attacks and has advocated for airline safety and other national security issues. This week, it is combining forces with another group, the Nuclear Threat Initiative, to urge the federal government to better secure material that could be used for nuclear weapons.

For many, the efforts have become their life's work.

Mary Fetchet's group, Voices of September 11th, at first lobbied for a federal investigation of the attacks. Now it is creating a Web-based archive of mementos of those killed.

"As you become involved, it becomes very difficult -- at least for me personally -- not to continue," said Fetchet, a Connecticut clinical social worker whose 24-year-old son Brad was killed at the World Trade Center.

But money is drying up for some groups. Payments from large Sept. 11 funds, such as the Red Cross's $1 billion Liberty Disaster Fund, are diminishing, and expenses are chewing up life insurance money and federal government payments that had funded programs.

Donn Marshall, whose wife, Shelley, died at the Pentagon, said he is struggling to raise money for the Shelley A. Marshall Foundation, which he started five years ago with his wife's retirement account.

The group sponsors art programs, community tea parties and library story hours.

Marshall sent out his first mail appeal for funds but netted only one check, he said.

He had hoped the couple's two young children would eventually take over the foundation and keep it going. Now, Marshall said, "I just don't know."

Liz and Steve Alderman, who lost their son, Peter, at the World Trade Center, spend about $150,000 of their own money each year to pay the overhead expenses of the charity they founded, the Peter C. Alderman Foundation.

The group trains doctors to treat victims of mass violence in countries including Iraq, Bosnia and Uganda. Money for the training comes from the $1.5 million they received for Alderman's death from the federal Victim Compensation Fund.

Liz Alderman said the couple is beginning to look elsewhere for money to cover overhead costs, such as their travel to training seminars and office expenses.

More than 50,000 people have been treated by doctors trained through the foundation, Alderman said, and it recently opened a mental health clinic in Cambodia.

"It is the best memorial that we could ever, ever give," she said.

Near Shanksville, Pa., Local 'Ambassadors' Tend To Flight 93 Site (WSJ)

By Jeffrey Zaslow

The Wall Street Journal, September 11, 2006

SHANKSVILLE, Pa. -- On Sept. 11, 2001, United Airlines Flight 93 fell from the sky and crashed in a field three miles from Chuck Wagner's house.

Five years later, he says, his life priorities are now crystallized: "My family, my church, Flight 93."

A 57-year-old heavy-equipment operator, Mr. Wagner is one of 42 volunteer "ambassadors" at the crash site. They are all local people who now see it as their duty to tell visitors about the heroics on that plane, when passengers fought back against terrorists.

Mr. Wagner helps preserve the thousands of mementos left by visitors at the site's makeshift memorial. He maintains decorum; if tourists are giggling into cellphones, he asks them to take their calls elsewhere. When people cry, he has cried with them. "I've told the story thousands of times, but some things just grab my heart," he says. "I'll see a tear running down a woman's cheek, and it's hard for me to keep talking."

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Like Mr. Wagner, many of the 2,500-or-so area residents here say Flight 93 forever changed how they view their role in the world. And their sense of purpose has profoundly touched the families of the passengers and crew members. The locals "watch over the area where the plane went down as if it were their own family cemetery," says Christine Fraser, whose sister, Colleen, was on the flight.

"From day one, they opened their arms, their hearts and their homes to all of us," says Larry Catuzzi, who lost his daughter, Lauren, on the plane.

For residents here, such praise makes them wonder: Is there something about their rural area -- populated largely by blue-collar, church-going families -- that makes them special, or would any community have risen to the occasion?

Locals say the past five years haven't been easy for them. Some ambassadors say their home lives have been tested, as they pay less attention to their children while giving long hours to Flight 93 projects. Others have been targeted by bloggers and conspiracy theorists, who charge that they are somehow involved in nefarious cover-ups involving the flight.

At the crash site just outside of Shanksville, in the township of Stonycreek, a $58 million permanent memorial is slated to open in 2011. The 2,200-acre National Park Service project will have 40 groves of maple trees leading to what it calls the "Sacred Ground," where the plane fell. A tower with 40 wind chimes will mark entry to the site, which will include a museum. About $30 million of the cost is to come from nongovernment sources. About $7 million has been raised so far.

Many Shanksville-area residents approve of the design, calling it a fitting tribute to the 40 passengers and crew, whose actions prevented terrorists from reaching their alleged target in Washington, D.C. Others fear the formal memorial won't offer the emotional tugs found at the "temporary" one, which overflows with handmade tributes, crosses, flags and photos.

The current memorial has a Mom-and-Pop quality to it. Mementos are placed on a 40-foot-long, 10-foot-high section of fencing erected on a gravel lot overlooking the filled-in, now grassy crash site, 500 yards away. Ambassadors bring their personal photo albums, showing snapshots they took in the aftermath of the crash. They share stories about how their homes shook when the plane hit, or how debris from the crash floated into their yards. In bad weather, ambassadors invite visitors to talk in a small former state-park guard shack.

Locals think of the memorial as "the people's place," says Donna Glessner, 48, who works at her family's building-supply store and organized the ambassadors. "We didn't make it. The world made it. We just take care of it."

More than 130,000 people visit the site each year -- the ambassadors count them on hand-held clickers -- and all have questions. The ambassadors say they try not to speculate too much. During a training process led by Ms. Glessner, ambassadors agree to stick to the official 9/11 Commission Report or to say, "We don't know."

Dignitaries come and go here, usually on anniversaries. President Bush is due to visit today. But the ambassadors are on duty 365 days a year, from morning to sunset. They are scheduled in two-hour shifts. They have collected 30,000 mementos and notes left by visitors, all of which are stored and catalogued: poems, baby pacifiers, guitar picks, soldiers' boots. "We can understand the visitors' words," says Barbara Black, curator of the collection. "Their objects are harder to understand."

Some ambassadors say they appreciate all the crosses and religious tokens now at the site, and worry that the permanent memorial won't have references to faith. "If it is secularized and sanitized, I don't know if I will be involved," says Ed Klein, an ambassador. He believes symbols of faith "bring order out of the chaos that was that flight."

Many say religious expressions belong here, because the crash site is a final resting place. Flight 93 took off from Newark, N.J., bound for San Francisco. There were 33 passengers, seven crew members and four hijackers, and given the impact of the crash -- the plane hit the ground at 580 miles an hour and debris was imbedded 45 feet deep -- more than 90% of human remains couldn't be recovered from the site, according to the county coroner.

Shanksville-area residents understand the impulse people have to come to the site. And they are getting used to outsiders. At first, they admit, they were nervous when hundreds of leather-clad motorcyclists would roar through town in search of the crash site. Ambassadors now say bikers are among the most reverent and patriotic visitors.

At the site, ambassadors show visitors a photo taken by local real-estate agent Val McClatchey. She lives just over a mile from where the plane fell. At 10:03 a.m. on Sept. 11, 2001, she was in her living room, watching TV coverage of the World Trade Center attacks. A loud boom shook her house. She grabbed a digital camera that was by her front door.

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The photo she took shows a mushroom cloud rising into a blue sky, with a neighbor's barn in the foreground. The FBI says it is the only known image taken within seconds of the crash. Ms. McClatchey, 50, says, "If I knew how much chaos it would create in my life, I might have just deleted it."

Accusations about her photo have spread across the Internet. Conspiracy theorists say the photo actually depicts a bomb blast, or that the cloud suggests the plane was shot down by the U.S. government. Others charge the photo is a phony. It is hard, she says, to see her name on the Internet alongside the words "total fraud."

The ambassadors feel for Ms. McClatchey. If bloggers would come to Shanksville, "they could talk to a hundred people who saw that same cloud that day," Ms. Glessner says.

Many ambassadors and other locals have formed lasting friendships with the victims' families. Shirley Hillegass, 68, lives three miles from the crash site. Six months after the plane fell, she attended a church service for victims and sat behind a woman who was weeping. Ms. Hillegass says she felt the woman's pain so deeply that "it was like I was in her body." The woman was Esther Heymann, stepmother of Honor Elizabeth Wainio, who died on Flight 93 at age 27.

Ms. Hillegass also has lost a child. Her 32-year-old daughter, Annette, died in a car accident during a 1994 snowstorm.

Ms. Heymann, 57, lives in Catonsville, Md., and every couple of months, drives 180 miles to the crash site. Over time, the two mothers have grown close. They talk about their daughters: vivacious young career women who were alike in many ways. They also recognize the differences in their losses -- one so public, one little noticed beyond friends and loved ones.

Ms. Hillegass last talked to her daughter, who lived out of town, a week before the car accident. It was an uneventful conversation.

By contrast, Ms. Heymann received a cellphone call from her stepdaughter before Flight 93 crashed. They decided that, to remain calm, they both would look at the beauty outside their windows. Ms. Heymann, safe in her home, looked into the sky above Maryland. Ms. Wainio gazed out of the plane at the sky above western Pennsylvania. Ms. Wainio expressed her love for each family member, then said she had to hang up because passengers were "breaking into the cockpit."

Lined up on the grounds of the Flight 93 memorial are 40 painted angels on sticks. The angel bearing Ms. Wainio's name has a photo of her looking radiant, wearing jeans and a short-sleeve white shirt. In the winter, that photo saddens her stepmother. "She's not dressed for snow, and I feel so impotent," Ms. Heymann says. "I wish I could keep her safe." Between Ms. Heymann's visits to the site, Ms. Hillegass checks up on the photo, or places flowers there.

Mr. Wagner, the heavy-equipment operator, is the ambassador in charge of maintenance at the site. He often emails Flight 93 families to let them know that tributes or photos have gotten sun-bleached or tattered and should be replaced. "I try to be their hands and eyes at the site," he says.

For seven days after Sept. 11, 2001, Mr. Wagner volunteered at the crash site, helping to gather plane parts, personal effects such as clothing and shoes, and human remains. "I asked God to direct me," he says. "If it was something I could handle, I wanted to be part of it." Some passengers' loved ones know that Mr. Wagner saw a lot that week. They don't ask him many questions, he says, "and I don't share much."

At the crash site, presentations have changed as information has become available. This spring, the transcript of Flight 93's cockpit voice recorder was made public, revealing the mayhem of the final 31 minutes. Ambassadors now bring photocopies of the transcript to the site each day. Many visitors stand there, solemnly reading every word.

Ambassadors keep a log about each day's visitors. One entry describes a busload of blind people, who crawled along the ground, feeling the tributes left by other visitors. They also asked to touch the ambassador's face.

The ambassadors, who will remain on duty once the permanent memorial opens, say they have become better listeners since 2001. Many visitors want to tell them where they were on Sept. 11, and how they felt, and ambassadors see it as their job to listen.

When Ms. Glessner interacts with visitors, a mix of sadness and anger sometimes creeps up on her, she says. "I think, 'Why am I, this little person in this little town, talking about Osama bin Laden and Mohammed Atta? Why did they invade my space?' "

Her children, ages 17 and 20, are proud of her work on the memorial but have little interest in Flight 93 anymore, she says. "They see it as something that has taken me away from the family." Though two-thirds of the ambassadors are senior citizens,

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there is optimism in Shanksville that the younger generation eventually will step up when called on. Ms. Glessner says: "It's a story that will be told as long as stories are told."

Ben Wainio, who lost his daughter on the flight, has visited the crash site on the coldest, windiest days of winter. At times, he has been alone there -- except for the ambassador on duty. Ambassadors have helped him wipe snow off a bench that bears his daughter's name, and they have sat next to him in the cold, saying little. "We just look out at the field together," Mr. Wainio says.

Shanksville's embrace has led him to look at his loss in new ways. There is a thought that never would have occurred to him five years ago, but now he feels comfortable saying it aloud: Americans were murdered on four planes on Sept. 11, and if Elizabeth was fated to be on one of them, he says, "I'm so glad it was Flight 93."

One Mother Looks Ahead, And Finds New Friends (NYT)

By Sean D. Hamill

The New York Times, September 11, 2006

SHANKSVILLE, Pa., Sept. 10 — Knowing the grief she carries with her, Debbie Borza should have been easy to miss on Sunday among the throng of people who showed up for a private service to remember those who died five years ago aboard United Flight 93.

But Ms. Borza, 52, whose 20-year-old daughter, Deora Bodley, was the youngest victim of the 40 passengers and crew members killed on the flight on Sept. 11, 2001, was the one with the wide smile and darting brown eyes looking for four teenagers she had not met in person.

“I’ve got to find my boys,” she said as she scanned the crowd and roamed the temporary memorial that overlooks the crash site.

Her “boys,” four 17-year-old high school students from Rossford, Ohio, touched a chord in Ms. Borza two months ago when she read an article about their efforts to raise money for the Flight 93 and ground zero memorials.

In an idea hatched over lunch in their school cafeteria, the four friends — Chad Coulter, Dustin Dean, Tad Millinger and Brandon Reinhard — vowed to walk 650 miles from their homes outside Toledo to ground zero in New York, stopping in Shanksville along the way.

Ms. Borza encouraged them regularly, talking with them on the telephone and sending motivational e-mails to their Web site, myspace.com/groundzero2006.

After Ms. Borza found the boys on Sunday, she gave them big hugs and accepted a check for $3,500 for the permanent Flight 93 memorial. She then invited them to accompany her to the crash site, which is typically open only to family members of the victims.

This year has been particularly difficult for Ms. Borza. Besides being the fifth anniversary of her daughter’s death, it will be, in just over a week, the first anniversary of the death of her former husband, Derrill Bodley, Ms. Bodley’s father. He was killed last Sept. 21 in a motorcycle accident on his 60th birthday, Ms. Borza said.

Whether it has been viewing the recent movie “United 93,” listening to the jazz great Dave Brubeck’s recording of a song written by Mr. Bodley and dedicated to their daughter, or seeking out people encouraged by her daughter’s life, Ms. Borza said she decided long ago to look for positive ways to stifle the pain.

“Since I’m probably going to spend the rest of my life trying to fill that void, I choose joy and happiness and peace and love,” she said.

Accompanied by 10 relatives and friends, Ms. Borza was composed and steady as she described the crash of Flight 93 in detail, even as the teenagers from Ohio and their family members teared up.

But Ms. Borza began to lose her composure when she began explaining why she reached out to the boys two months ago.

“I just love seeing my daughter in you,” she told them as tears flooded her eyes, a sight that brought her younger daughter, Murial, 15, rushing to her side. “That’s why I called. Thank you for bringing her alive.”

Walk Honors Pentagon Fallen (WT)

By Michael Hunsberger

The Washington Times, September 11, 2006

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Thousands of somber marchers moved through historic Washington and across the Potomac River last evening to the Pentagon, where 184 died five years ago today when terrorists crashed a hijacked airliner into the nation's military headquarters.

Shortly after sunset, 184 beams of light were projected into the clear, dark sky above the Pentagon. The lights will stay on through tonight.

"When you're with people who went through the same thing you did, it's very cathartic," said Danielle Lamana, 32, of Louisiana, whose brother, Navy Lt. Michael "Scott" Lamana, was killed at the Pentagon, where he was a briefer for the chief of naval operations.

"You cannot say thanks enough to the people," she said. "We remember him every day, but when other people memorialize him in some way or another, it makes you feel good."

A flight officer from Baton Rouge, La., Lt. Lamana was working his usual job as a briefer for the chief of naval operations when the terrorists struck.

The second annual event, called the America Supports You Freedom Walk, was led by Gen. Peter Pace, chairman of the Joint Chiefs of Staff.

Marchers gathered in the afternoon at the Washington Monument, where a military chaplain led them in prayer.

"I am proud to represent 2.4 million servicemen and women," Gen. Pace said. "We are here to tell the terrorists: 'Not on our watch.' "

Among those joining the general were students from three D.C. schools -- Ketcham Elementary, Bertie Backus Middle and Leckie Elementary -- that lost classmates and teachers aboard American Airlines Flight 77 when hijackers crashed it into the southwest side of the Pentagon.

"It is so important for us not to forget the impact that this had on our school community," Leckie Principal Clementine Homesley said. "This walk has been a wonderful experience."

Of the dead, 59 were on the jetliner and 125 were in the Pentagon.

"When you organize an event that brings together 15,000 people, that says we will not forget," said Allison Barber, deputy assistant secretary of defense.

The marchers, most wearing white T-shirts with the words "Freedom Walk," carried signs in remembrance of the more than 3,000 people killing in the attacks at the Pentagon and the World Trade Center, and when a fourth hijacked airliner crashed near Shanksville, Pa.

"I'm walking because I support my country, and this is one good way," Joanna Matthews, 14, said.

"It is very moving that so many people came and that there is still so much support five years later," said Keith Redding, 39, of Arlington, whose best friend and roommate, Joe Ferguson, was on Flight 77.

Marchers were met along the route by anti-war protesters, whose chants were muted by the walkers' refrain of "USA."

The Freedom Walk expanded this year to 125 events covering all 50 states. The event originated with America Supports You, a Department of Defense program.

"We weren't sure what to expect when we shared the idea of a walk," Mrs. Barber said. "Now we can barely keep up. That's the answer to the question: Do people still remember?"

A 9-year-old boy led the walk in Sebring, Ohio.

Earlier yesterday, the Washington Hebrew Congregation sponsored a Unity Walk from its home on Macomb Street Northwest to the Mahatma Gandhi Memorial at Q and 21st streets Northwest.

Several hundred participants walked past the Washington National Cathedral and the Islamic Center.

Arun Gandhi, a grandson of India's icon of nonviolent resistance, Mohandas K. "Mahatma" Gandhi, took part.

"One of the cornerstones of nonviolence," he said, "was about understanding one another's faith and building bridges."

Five Years Later, Memories And Lessons Of Sept. 11 Remain Strong (WP)

By Stephen Barr

The Washington Post, September 11, 2006

DOJ_NMG_0060051

On this morning five years ago, Steven M. Carter Sr. was at work as the assistant building manager for the Pentagon when terrorists slammed a jetliner into the nation's military headquarters. As others sought safety, he stayed in the building to help contain damaged power and water systems.

William Stout , a Defense Department law enforcement officer, had the day off on Sept. 11, 2001. When he learned of the attack, he jumped in his car and headed for the Pentagon -- and into traffic gridlock. He returned home, got a bike and cycled about seven miles to the Pentagon, where he cleared the way for firefighting crews and helped set up a security perimeter.

Carter and Stout that day showed the importance of leadership, experience and training.

"It didn't matter what position you were in or how many stars were on your shoulder at that point. The people looked to the ones they had faith in," Carter said.

Stout found that "to be an effective leader in that environment, you had to have credibility with your people."

Their memories of 9/11 -- the sequence of events, the confusion, the danger and fear of another attack -- have not faded. In a recent joint interview, they looked back at incidents and training exercises that helped prepare them for catastrophe.

Three weeks before the attack, for example, a Pentagon laundry room caught on fire, putting Carter's building maintenance and operations staff through an emergency drill. "When the plane hit, that was so fresh in everybody's mind that they immediately started those same steps again. When an event happens, it kind of takes your footing out from underneath you. You start to reach back for something familiar," Carter said.

In his office, Carter had been watching televised coverage of the jetliner that had sliced into the north tower of the World Trade Center. When he saw another plane hit the south tower, he grew uneasy and called his boss to suggest they begin locking down electrical and mechanical rooms in the Pentagon in the event that officials upgraded building security.

"All of a sudden, my room shook," Carter said. About 300 yards away, parts of the Pentagon were in ruins. Fire alarms went off and phones began ringing. Fire and smoke began to spread, and broken pipes dumped water.

Not far from his office, Carter discovered a line of Navy and civilian employees near the Navy command center standing calf-deep in water, handing injured employees through an open space where a wall had once stood. They were in an electrical vault that normally handled 13,800 volts of power, at risk of electrocution. Within minutes, though, an electrician on Carter's team arrived to turn off the power.

Warned that a second attack was possible, Carter pulled most of his staff out of the building. He and six others stayed, climbing down tunnels to turn off water pipes in an effort to contain leaks.

Outside the Pentagon, Stout provided what he called "infrastructure support," escorting fire, rescue, natural gas, telephone and electrical crews to the crash site. The next day, he was named the assistant incident commander, part of a unified command that included Arlington County law enforcement and emergency response personnel.

Stout was on duty every day for seven months, overseeing security for the collection of evidence and for building stabilization efforts. The military, National Guard and local police approached the crash site with different priorities, and, Stout said, "to get the job done with the least amount of friction, that was a leadership challenge."

Stout, a lieutenant in 2001, was promoted to major this year and is a deputy division commander with the Pentagon Force Protection Agency. Carter now serves as the Pentagon liaison for the building's renovation project and was put in charge of expediting repairs to areas damaged in the terrorist attack.

Since the attack, the Pentagon has replaced its decades-old manual controls for power and water with automated systems, and Carter has reviewed procedures to minimize "putting people in harm's way" in the event of another catastrophe.

It took four days to get the fires from the jetliner crash extinguished, and Carter is especially proud that "my building" never closed because of the attack.

The terrorists, he said, "bruised us but didn't shut us down."

The Subtle Changes Since 9/11 (WP)

By Stephanie Mccrummen

The Washington Post, September 11, 2006

DOJ_NMG_0060052

Five years later and 40 miles west of the Pentagon, beyond a guard and iron gates and as the sun falls into a warm evening on Chalfont Drive, Roya Lovell does not think about Sept. 11, or terrorism, not exactly.

She thinks about what she can make her three kids for dinner -- "Should we order a pizza?" her husband asks, arriving home with them from taekwondo class -- whether she feels like a walk, what she has to do to get ready for a business trip to California in a few days.

Across the wide street, a lazy sprinkler waters a lawn, and several neighbors stand outside watching their children play in the cul-de-sac, discussing vacations and the spate of hot weather.

In this particular corner of Piedmont, a gated golf-course community in western Prince William County, no one lost friends or relatives in the Sept. 11, 2001, terrorist attacks. No one ran down stairs, dived under desks or felt such imminent threats as a rolling cloud of choking dust.

If you ask how the largest terrorist attack in U.S. history has affected everyday life here, people tend to answer, not much at all. Most of the time, life hums along, perhaps with longer waits at the airport.

And yet it is also true that as the emotional urgency of Sept. 11 receded like a huge wave, it left behind an altered landscape here on Chalfont Drive, both mentally and materially.

For some, there are lingering fears, almost more annoying than frightening, that have become part of the ebb and flow of day-to-day thought. For others, fears have settled into questions about all that has come after Sept. 11 and what it means. Questions have settled into a sober desire to understand the world. And even among those most supportive of U.S. policy after Sept. 11, there is skepticism now -- what one woman calls a "more cynical" view of U.S. power and its limits.

Then there are the more personal, elemental changes that have become such a part of daily life as to escape notice.

Pulling into driveways on this evening, for instance, are several neighbors who moved to Piedmont, in Haymarket, precisely because of the attacks, because they wanted to be far from the bull's-eye that the Washington area seems to have become.

Among them are an Iranian, an Iraqi and two couples named Parsons, comfortably affluent professional couples with young kids living in a booming part of the region very much defined by optimism: a strong economy and brand-new streets, just-planted begonias and vaulted ceilings -- a place that depends on the hopeful and that promises a measure of escape.

Playing in the cul-de-sac is Amber, who is 4 now and who owes her existence to the emotionally intense fall of 2001, when Nicole Parsons and her future husband decided that life is short and had a child. Across the street are Tanya and Scott Charbo. They moved from Colorado when Scott got a high-level position at the Department of Homeland Security, an agency that did not exist before Sept. 11.

Next door is the mom who quit her job to be home with her children after the terrorist attacks and only last month returned to work. A few houses down is the minivan whose gas tank never drops below half-full, a practice begun after Sept. 11 that has become habit.Feeling Less Safe

And here is Roya Lovell, coming home from a long day at work and opening her refrigerator, where there is a bright-orange bottle of expired amoxicillin behind the A1 sauce.

It is vestigial, she realizes, a useless thing that she can't quite bring herself to part with.

"I had this fear of a biological attack," Lovell said, explaining that she has kept the antibiotic for years in case it could protect her kids in another terrorist attack. "Who knows if this antibiotic still works, but I was kind of like, why not keep it?"

She poured herself a glass of iced tea.

Lovell, who works in financial services in Herndon, would put herself with the 63 percent who responded in a national poll this summer by Bloomberg and the Los Angeles Times that Sept. 11 has not changed the way they live. After all, life carries on.

But now and then, Lovell sees the amoxicillin. And she thinks about things -- about the foiled terrorist plots, about her friend who works for Homeland Security and who told her how easily a biological attack could be pulled off, about how much more hatred there seems to be for the United States.

"There's so much intervention, with us in Iraq, and the fighting in Lebanon. . . . I don't know," she said. "There's more anger."

It adds up to her feeling less safe five years later, not more.

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And so, Lovell said, she thinks about how to prepare her children for the next terrorist attack, which she considers inevitable. "I think of how to prepare myself, how to prepare my family," she said. "I always think about where my brother lives, 15 minutes away from D.C. I always tell him, 'You need to move out of the area.' But I never tell him why."

Sometimes, wheeling down the bottled-water aisle in the grocery store, she thinks about stockpiling -- "I think, liquid, liquid, liquid," Lovell said. She will not fly in a plane with her children, because she imagines a scene in which they look at her and she has to tell them there's nothing she can do.

For the most part, though, these sorts of darker thoughts are confined to her morning commute, when she's alone for a solid hour, heading closer to the District, one of the most obvious terrorist targets in the world.

It is difficult not to think about it then, about the United Airlines flight that crashed into a Pennsylvania field instead of the U.S. Capitol or the White House. It is difficult to brush aside the idea that if plans were thwarted, they also remain unfinished.

And so Lovell will zip along the Herndon Parkway and near Dulles International Airport, where five of the Sept. 11 hijackers boarded the American Airlines flight that hit the Pentagon. She'll see a plane and wonder, What would I do if it slammed into the cars?

She'll pass a big field of weather satellite dishes to the right and think, "No, the plane wouldn't land there because there are no humans," she said. Then she'll look to the field on the left where houses are going up and consider how much easier her commute would be if she moved there, until she thinks, "No . . . those guys got on those planes right down the street. Right at Dulles."

"It enters my head," Lovell said. "And I stop myself, because I could go on."

She sipped her tea and pulled her daughter into her lap while her husband, John, tapped an order for pizza into the computer.

"Definitely, over time I've thought about it less and less," John Lovell said, referring to Sept. 11.

For him, all the nervousness and anxiety faded away at some point that he cannot identify. What's left is something perhaps more permanent, more intellectual than emotional.

For one, he does not want to work in the District again. He has accepted the possibility of a terrorist attack as a cold, hard fact. And in the past five years, he has found himself more interested in learning about the rest of the world.

Immediately after Sept. 11, he recalled, he was shocked to hear that there were people who felt the United States somehow had brought the attacks upon itself. "I remember getting angry and thinking, How could they possibly think that?" he said. "But then that enabled me to start digging deeper."

So he began paying more attention to the news, talking more to his wife's family, which is Iranian, and now finds himself to be "the voice of reason" as he debates Middle East policy with friends.

"I just don't assume that a perspective from the Middle East is the wrong perspective," said Lovell, who was raised in a conservative family in a small Virginia town and works for Fannie Mae in Bethesda. "I try to take a look and understand it."

"He's a lot more calm than me," said his wife, who decided she would take a walk after all.

She headed across the street to meet her friend Nicole, who was outside talking with a few neighbors.Seeing the World Differently

Among them were people who had heard fighter jets overhead Sept. 11, who had gotten stuck in the exodus from the District. Mindy Parsons was not one of them, however. She was far away that day, living in Michigan, and watched the whole thing on TV in a hospital, where her daughter was having surgery.

She and her husband, an engineer for Exxon Mobil, flew their U.S. flag in the days after, but the whole awful thing felt distant even as it was happening, she said, and it feels more distant now. When her husband was transferred to the corporate offices in Fairfax, she had no second thoughts about moving to the Washington area.

"I think the chances of another attack are slim," said Parsons, who is originally from Indiana. "It's more the mechanical failure I fear when I'm flying."

She says all the things that people tend to say about Sept. 11: that it will "go down in history," that it was a "wake-up call."

Yet when she really thinks about it, Parsons said, Sept. 11 probably did not change things much at all. People have always hated the United States, she figures, so that's nothing new. And there has always been some type of conflict in the world.

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Five years later, she decided, what has really changed is us.

"In recent years, it seems like the U.S. has said, 'Our way or the highway,' and that's not necessarily a good thing," she said. "A lot of people hate our country. Understandably."

It is the sort of statement that was unthinkable for many people in the hyper-patriotic days just after Sept. 11 but that has become a common, if uncomfortable, realization.

Carol Himes, who lives a few doors down, said the past five years have led her and her husband to reconsider their notions of U.S. influence in the world. Although they believed strongly in President Bush's idea of promoting democracy abroad as a deterrent to terrorism, the couple, who consider themselves moderate Republicans, have adopted what Carol calls a "more cynical" view.

"I just feel like at some point, maybe someone would just reflect on the fact that these people don't want our help," she said, referring to Iraq specifically and the Middle East more generally. "Maybe they look at life differently. And maybe what we're hoping to do is just not feasible. This just might be one thing the U.S. can't accomplish."

On a more personal level, though, Himes finds herself better off five years later, if only because Sept. 11 forced her and her husband to reassess their priorities. In the aftermath, they decided to move to Piedmont to be farther from the District, and Carol decided to quit her job managing a health club to be home with their two children until they were both school age, which happened this year.

"It was kind of a reality check for us, especially being a generation of working people and career-oriented people into making money," she said. "We realized that is not as important to us as we had initially thought."

She has had conversations on the subject with Roya Lovell and another neighbor, Faddia Gobi, who is Iraqi American. They both have made distant conflicts seem more real: Lovell's mother and sister were visiting Lebanon when the recent fighting with Israel started; Gobi has cousins in Baghdad.

Gobi is the one who keeps her minivan's tank filled up, just in case; the one who has television news on all day, just in case; and who, like Himes, moved to Piedmont to escape the underlying fear she felt living closer to the District, which, even here, she can't quite shake.

She sat in her living room recently on a sunny afternoon, looking out the window at the rolling green lawn.

"Look at how peaceful it is, how beautiful it is," she said. "But you never know when a bomb is going to fall."

A few weeks ago, she was visiting her family in Staunton, where her sister lives on 100 acres. They were out on the deck, having dinner and a pleasant conversation in the early evening.

"And we were like, 'Okay, if something happens, this is where we're meeting,' " she said. "We were joking, but it's not a joke. . . . It's in the back of your mind constantly."

Gobi's neighbor Nicole Parsons explained the effects of Sept. 11 this way: "I almost think it's an underlying, unspoken bond. My mom never talked about [World War II], but she lived it."

She forgets sometimes, but the trajectory of her life changed Sept. 11, when she and her boyfriend got more serious and decided to have a baby.

She left her job at the Washington Speakers Bureau, and they got married and moved from Alexandria out to Piedmont, where Parsons hoped they could escape a little bit from all those worries.

"It's almost like we're in our own safe little world . . . like when you go on vacation," she said.

Still, the worries have managed to seep in.

"It was 9/11, then it was Iraq, then all this fighting and the war in Lebanon and North Korea. And the more you hear, the less safe you feel. It's almost like 9/11 is what got the faucet going," Parsons said. "Now it's Hez-bo-llah -- I don't even know how to pronounce these things."

She'd never paid that much attention to world affairs before, but she's trying to now, she said. And if she doesn't fully understand how all the pieces fit or don't fit together, she knows one thing: Five years after Sept. 11, she is exhausted by it all. She is craving some relief.

It was dark on Chalfont Drive, and Parsons and Lovell set off for their nightly power walk in the neighborhood.

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They bounded along the sidewalk under the stars and laughed, kind of, about Lovell's amoxicillin in the refrigerator. They strolled past spotlighted houses and white picket fences and said words such as "terrorism" and "bombing" into the quiet evening. They walked along stretches of golf green and talked about how they felt less safe than ever.

They passed a man taking out his garbage and joked about how they take note when Scott Charbo, the Department of Homeland Security official on their cul-de-sac, comes home especially late.

And after a couple of miles, they headed back home, breathing heavily.

"I'm very patriotic, and after 9/11, I was majorly patriotic," Nicole Parsons said, wiping sweat from her face. "But it's getting to the point now where everything is getting so out of control. . . . I do get to the point when I think: When is it enough? When can we stop?

"I feel like we're involved with everything that's going on in the world. I support my country, but at some point we have to stop. I just want it to stop."

Critics Slam Homeland Security Contracts, Cite Waste, Lack Of Oversight (USAT)

By Gary Stoller

USA Today, September 11, 2006

As the biggest purchaser of anti-terrorism goods and services, the U.S. Department of Homeland Security has come under withering criticism about waste, ineffectiveness and lack of contract oversight.

The department spent $17.5 billion while issuing nearly 67,000 contracts last year.

The growing number of department contracts "has not been accompanied by responsible, competent contract management," says a report released in July by the House Committee on Government Reform. The report cited 32 contracts, worth $34.3 billion and issued during the past three years, for "waste, abuse or mismanagement."

Some contracts cited in the report: a $10 billion border-security contract to Accenture; a $1.2 billion contract to Boeing for installation of explosives detectors at airports; and a $17 million contract to Lockheed Martin and Northrop Grumman for replacing or modernizing Coast Guard ships and aircraft.

Chief procurement officer Elaine Duke agrees with the House report, and says a lot of the problems cited involved contracts written "during a time of immense urgency." She says she agrees with the recommendations of Rep. Tom Davis, R-Va., chairman of the House government reform committee, who called for increasing the size of the procurement staff and upgrading its technical competence.

Separately, the Government Accountability Office last month criticized the Transportation Security Administration for lax oversight of contracts with Boeing for bomb detectors.

Critics outside government, including security consultant Doug Laird, also charge that many products bought by the department are not effective in combating terrorism. "Much of what we've seen touted by vendors after 9/11," Laird says, "is nothing more than a sales force trying to use 9/11 as the hype to get poorly advised folks to buy their products."

But John Kubricky, director of the department's office of system engineering and development, defends the agency's record. "We have things in the field today that work darn good" and weren't being used in September 2001, Kubricky says.

Dan Verton, founder of the Homeland Defense Week website, says the Sept. 11 attacks created "an urgency to improve and enhance" new technologies. As a result, anti-terror technology is better than five years ago and should continue to improve, he says.

Emergency Readiness Questioned (WP)

By Mary Beth Sheridan

The Washington Post, September 11, 2006

The Department of Homeland Security is taking a critical look at how well the Washington area is prepared for a terrorist strike or other disaster, amid complaints by business leaders and the local congressional delegation about a lack of sufficient emergency planning since the Sept. 11, 2001, attacks.

As a result of the scrutiny, the tiny Homeland Security office for the National Capital Region has received a boost in funding and personnel in recent months, officials said. Homeland Security has expanded an air-defense center in Herndon to serve as a

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possible regional operations hub in case of a crisis. And Homeland Security Secretary Michael Chertoff said he has ordered a comprehensive plan for evacuating the region.

"It is something I do think needs some significant attention," Chertoff told reporters and editors at The Washington Post last week.

As the region marks the fifth anniversary of the attacks on the World Trade Center and the Pentagon, officials said they have made enormous strides. Hundreds of millions of dollars have been spent on disaster equipment and training. State and local officials will issue a regionwide strategic plan this week, listing dozens of steps they have agreed to take in the next three years to better prepare for a crisis.

Still, officials said they worry about a repeat of some of the problems that unfolded in the Washington region after the Sept. 11, 2001, attacks -- such as the chaotic exit of thousands of employees from federal buildings. Coordinating disaster response is particularly complex because the area includes parts of two states and the District, a host of local governments and scores of federal agencies.

"We can't have 218 different reactions and 218 different speakers for those agencies" in a crisis, said George Vradenburg, a senior official at the Greater Washington Board of Trade, which has been lobbying Homeland Security to improve disaster coordination between local and federal officials.

Congress tried to address that issue by creating the Office of National Capital Region Coordination within the massive bureaucracy of Homeland Security in 2003. Its director was supposed to be the region's main contact with the federal government on civil defense matters; he also was supposed to help secure federal aid for the region.

But the office can only urge -- not require -- people from different entities to cooperate. And it has been underfunded and understaffed, according to members of the local congressional delegation. Thomas J. Lockwood became the director of the office in May 2004, after the position had been empty for six months.

The office has helped the region form a common disaster strategy, said Rep. Thomas M. Davis III (R-Va.), whose House Committee on Government Reform has held four hearings on the area's preparedness since 2001. "These are steps," Davis said Friday in a statement. "But they're baby steps."

Frustrated by the office's limitations, as well as a lack of coordination during several terrorism scares in the Washington area since 2001, leaders of the influential Board of Trade have stepped in. They have met with Chertoff as well as President Bush's homeland security adviser, Frances Fragos Townsend, and other officials in recent months to urge a greater federal role in organizing the response to a possible catastrophe.

The National Capital Region office "has been okay but not as effective as we had hoped," Vradenburg said. "It was never assigned an operational ability, which is a weakness we're seeing right now."

Asked about the complaints, Chertoff told The Post on Thursday that he had asked one of his deputies, George W. Foresman, "to take kind of a hard look at how the . . . National Capital Region preparedness stuff is going."

The review has already led to some changes.

The number of staff members at the National Capital Region office has roughly doubled in recent months to about 15 people, including several borrowed from other areas of Homeland Security, Foresman said in a telephone interview. The budget, about $883,000, is expected to double or even triple in 2007, thanks in part to a measure sponsored by Virginia's two senators, Republicans John W. Warner and George Allen, seeking $2.74 million for the office.

With the added resources, the office has increased its planning for how the federal government would handle the evacuation of employees in a crisis, said Foresman, a former homeland security official for the Virginia government.

In addition, Chertoff said he convened a meeting with officials from as far away as West Virginia and Delaware to focus on drawing up an evacuation plan for the Washington area.

Local government officials said they welcome efforts to improve Homeland Security coordination with federal agencies. But they cautioned that they are opposed to federal officials taking charge of an emergency in the region.

"We absolutely do not want a federal government entity assuming control of disaster response," said Edward D. Reiskin, the District's deputy mayor for public safety.

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Reiskin and other officials noted that the Arlington County Fire Department led the much-praised response to the Pentagon attack in 2001, with the U.S. military, police, neighboring firefighters and others providing support.

Officials said cooperation among local governments and first responders has gotten even better since then, aided by hundreds of millions of dollars in federal grants.

"We're acting more like one big response agency," said Arlington County Fire Chief James Schwartz, who oversaw the relief and rescue effort at the Pentagon on Sept. 11.

He offered an example: The region's firefighters recently agreed on common procedures in case of a radiological emergency such as a "dirty bomb." All the responders would take the same protective steps and use the same equipment, depending upon the radiation levels, he said.

On Wednesday, state and local representatives are scheduled to vote on a regional strategic plan that would commit them to further measures to improve response. Federal legislators have been sharply critical of the lengthy, two-year process to craft the plan.

Lockwood, however, said it was important to build consensus among officials and first responders in a region with a dozen jurisdictions, two state governments as well as the District's, three branches of the federal government, more than 2,000 nonprofit organizations and many business and civic groups.

"People say it's taken so long, when the real question is, it's been remarkable what's been accomplished," Lockwood said in a telephone interview.

Even as the plan was being developed, it suffered a setback when Homeland Security officials announced in June that they were sharply reducing a major anti-terror grant for the region. As a result, some regional projects, such as a planned high-tech communications system, will take longer than anticipated.

Work on the strategic plan began in 2004, after the Government Accountability Office expressed concern that there was no regionwide framework for spending the hundreds of millions of dollars in federal funds provided to make the area safer after Sept. 11, 2001.

Asked last week how much the area has received in federal funds to improve homeland security in the past five years, Lockwood said his office can't say for certain.

Grants from the Department of Homeland Security total about $239 million for the Washington area, according to a spokeswoman. Hundreds of millions more dollars have been provided by the departments of Defense, Justice and Health and Human Services. But some of those grants went straight to local jurisdictions or private sector institutions such as hospitals.

William O. Jenkins, director of homeland security issues at GAO, who had called for the strategic plan in 2004, said that progress was being made, albeit slowly.

"There has been more communication among the different jurisdictions and people and subgroups," he said. "They're getting more used to talking to each other."

Competition Heats Up For Homeland Security Dollars (CSM)

By Ranty Islam

The Christian Science Monitor, September 11, 2006

The "war on terror" has brought the homeland security industry into the financial limelight. Screening technologies, biometric identification, "smart" detectors, network security, background and database checking, among other things, are in high demand as the US government strives to boost transportation and border security and improve intelligence gathering.

Security companies have scooped billions of federal dollars in contracts and seen company stocks skyrocket. As a result, a number of new stock indices and investment banks catering to the security sector have appeared on the scene. But industry analysts wonder just how many new security companies the market can sustain, especially with the bulk of the contracts coming from the federal government.

"Since 9/11, hundreds of new companies have appeared," says Jack Mallon, founder and principal of Mallon Associates, an investment bank focusing on the security sector. "But with strong competition and a highly fragmented market, consolidation is inevitable."

On average, homeland security stocks tripled in value within three months of the Sept. 11 attacks, says equity analyst Brian Ruttenbur of Morgan Keegan, an investment firm, although growth has since slowed significantly. One example is InVision Technologies, a California company that installs sophisticated explosive detectors in major US airports. Four months after 9/11, InVision (now owned by GE) saw its stock grow an unprecedented 2,000 percent. Since then, the company has secured billions of federal dollars in contracts, making it one of the single largest recipients of homeland security dollars.

Stock indices focusing on security companies, such as the Spade Defense index or the SecurityStockWatch index, claim a close to 100 percent increase over the past four and five years, respectively - clearly outstripping the Dow Jones and Nasdaq.

Industry watchers are convinced that security is a lucrative issue here to stay, as made evident by the Department of Homeland Security's (DHS) steadily increasing budget. (For fiscal year 2007, President Bush has asked for a record $42.7 billion for the DHS - almost $2 billion more than 2006.)

The hope of securing more government contracts has persuaded some defense contractors to branch out. For instance, Boeing, Lockheed Martin, and Raytheon have dedicated corporate divisions to homeland security or acquired smaller companies in the sector.

War and associated defense spending is "cyclical," says Mr. Ruttenbur. In contrast, "spending on homeland security grows continuously as the threat persists," he says. Ruttenbur expects the DHS's budget to increase by 5 to 7 percent annually over the next 10 years.

According to the Federal Procurement Database, the DHS has awarded at least $15 billion in contracts to the private sector over the past 12 months. Of these, more than one-third were granted after limited or no open bidding.

Despite the large offerings of tax dollars, however, the industry seems uneasy about most of the money coming from just one source. Bruce Aitken, president of the Homeland Security Industries Association insists, not surprisingly, that the private sector needs to vastly increase spending in this area, too.

Presently, the biggest government contracts typically end up in the coffers of the established players, namely defense contractors with a track record of delivering military equipment and services. The government is more comfortable dealing with them, says Mr. Mallon.

Further, continued growth in the industry will largely be affected by the particular needs and priorities in the homeland security agenda. Some sectors can expect to fare better than others, says Ruttenbur.

For instance, as governments and authorities in the United States and abroad move to equip citizens with biometric IDs, companies offering products or services related to biometric identification (such as scanning and processing of a person's fingerprints, irises, facial features, etc.) have a promising future, he says. He adds that prospects also look good for any business involving chemical, biological, and radiation sensors and "smart" cameras - devices that not only monitor an area but also detect unusual behavior of individuals.

Even now, these sectors, together with companies offering computer and network security solutions, already clock an average 20 percent annual rise in stock value - more than double the growth rate of the general security industry, says Mallon.

But the market remains highly fragmented. Hundreds of small- and medium-sized companies - many of them startups - offer narrowly specific services or products. Whether they fit the requirements of the DHS or the large defense companies who may hire them for DHS contracts is vital to their success. Market consolidation is inevitable, says Mallon. And many of the smaller firms with complementary products will likely merge.

However, "we have not seen large-scale acquisitions of small homeland security companies by the big defense contractors," says Mallon. Instead, smaller firms prefer to link up with larger players in the general security business. Organizations like Mallon's, which advise security companies on mergers and acquisitions, may be getting more business in the near future.

But as competition in the marketplace grows, the industry understandably looks for a still larger pie to share. To attain remotely adequate provisions for homeland security, "we need a threefold increase in government spending," according to Mr. Aitken, head of the security industry trade group.

Worried CIA Officers Buy Legal Insurance (WP)

By R. Jeffrey Smith

The Washington Post, September 11, 2006

CIA counterterrorism officers have signed up in growing numbers for a government-reimbursed, private insurance plan that would pay their civil judgments and legal expenses if they are sued or charged with criminal wrongdoing, according to current and former intelligence officials and others with knowledge of the program.

The new enrollments reflect heightened anxiety at the CIA that officers may be vulnerable to accusations they were involved in abuse, torture, human rights violations and other misconduct, including wrongdoing related to the Sept. 11, 2001, attacks. They worry that they will not have Justice Department representation in court or congressional inquiries, the officials said.

The anxieties stem partly from public controversy about a system of secret CIA prisons in which detainees were subjected to harsh interrogation methods, including temperature extremes and simulated drowning. The White House contends the methods were legal, but some CIA officers have worried privately that they may have violated international law or domestic criminal statutes.

Details of the rough interrogations could come to light if trials are held for any of the approximately 100 detainees who were held in the prisons. President Bush announced last week that he had transferred the last 14 detainees in the facilities to the military prison at Guantanamo Bay, Cuba, and had submitted a proposal to Congress for the rules under which the administration would like the suspects to be tried.

Terrorism suspects' defense attorneys are expected to argue that admissions made by their clients were illegally coerced as the result of policies set in Washington.

Justice Department political appointees have strongly backed the CIA interrogations. But "there are a lot of people who think that subpoenas could be coming" from Congress after the November elections or from federal prosecutors if Democrats capture the White House in 2008, said a retired senior intelligence officer who remains in contact with former colleagues in the agency's Directorate of Operations, which ran the secret prisons.

"People are worried about a pendulum swing" that could lead to accusations of wrongdoing, said another former CIA officer.

The insurance policies were bought from Arlington-based Wright and Co., a subsidiary of the private Special Agents Mutual Benefit Association created by former FBI officials. The CIA has encouraged many of its officers to take out the insurance, current and former intelligence officials said, but no one interviewed would reveal precisely how many have bought policies.

As part of the administration's efforts to protect intelligence officers from liability, Bush last week called for Congress to approve legislation drafted by the White House that would exempt CIA officers and other federal civilian officials from prosecution for humiliating and degrading terrorism suspects in U.S. custody. Its wording would keep prosecutors or courts from considering a wider definition of actions that constitute torture.

Bush also asked Congress to bar federal courts from considering lawsuits by detainees who were in CIA or military custody that allege violations of international treaties and laws governing treatment of detainees.

The proposals have won mixed reviews in the Senate, where they are generally opposed by Democrats and a group of dissident Republicans. The proposals were deliberately omitted, for example, from competing legislation circulated last week by Senate Armed Services Committee Chairman John W. Warner (R-Va.), Sen. John McCain (R-Ariz.) and Sen. Lindsey O. Graham (R-S.C.).

Several former intelligence officials who said CIA officers do not need insurance because they can rely on the government to defend their lawful actions depicted the growing number of policies as a barometer of the uncertainty officers have of the legality of their work.

A recently retired CIA officer who said he had not bought insurance contended that "if an individual does get sued in the course of their official duties, then you get the biggest law firm in the world to step in" -- the Justice Department. Justice regulations allow defending federal workers if the conduct is within the scope of an employee's job and doing so is in the government's "interest."

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The insurance, costing about $300 a year, would pay as much as $200,000 toward legal expenses and $1 million in civil judgments. Since the late 1990s, the CIA's senior managers have been eligible for reimbursement of half the insurance premium.

In December 2001, with congressional authorization, the CIA expanded the reimbursements to 100 percent for CIA counterterrorism officers. That was about the time J. Cofer Black, then the CIA's counterterrorism chief, told Bush that "the gloves come off" and promised "heads on spikes" in the counterterrorism effort.

"Why would [CIA officers] take any risks in their professional duties if the government was unwilling to cover the cost of their liability?" asked Rep. Rob Simmons (R-Conn.), a former CIA officer, during congressional debate that year.

Although suing federal officials for their actions is not easy, it is possible; the Supreme Court left the door ajar in two rulings. It ruled in 1971 that six narcotics agents could be sued for monetary damages arising from a warrantless search. Eleven years later, it held that government officials should be immune from civil liability only if their conduct does not violate clear statutory or constitutional rights that should be known by "a reasonable person."

William L. Bransford, a senior partner at the law firm that defends people who take out the insurance, said he is unaware of any recent increase in claims. But agency officials said that interest has been stoked over the years by the $2 million legal bill incurred by CIA officer Clair George before his 1992 conviction for lying to Congress about the Iran-contra arms sales; by the Justice Department's lengthy investigation of CIA officers for allegedly lying to Congress about the agency's role in shooting down a civilian aircraft in 2001 in Peru; and by other events.

One former intelligence official said CIA officers have recently expressed concern that lawsuits will erupt if details of the agency's internal probe of wrongdoing related to the September 2001 attacks become public.

In his report, CIA Inspector General John L. Helgerson recommended that the agency convene an accountability board to examine the actions of senior officials. But last October, then-CIA director Porter J. Goss rejected the advice and decided the report should remain secret.

CIA spokesman Mark Mansfield said Friday that "it's fair to say that more employees have chosen to get this insurance, including those who work in counterterrorism." He said the agency's office of general counsel "advises employees to consider it" and called it a "prudent measure, in case of legal claims." But he said more employees at other federal agencies are also enrolling.

CIA employees outside the counterterrorism field who are eligible for reimbursement include the agency's supervisors, attorneys, equal-opportunity- employment counselors, auditors, polygraph examiners, security adjudicators, grievance officers, inspectors general and internal investigators, he said. One in 10 eligible employees sought reimbursement last year, Mansfield said, adding that the fraction from previous years and a breakdown on those in the counterterrorism field were not immediately available.

Brian Lewis, president of Wright and Co., confirmed that the number of new policies "has gone up, especially in the last two years." But he said that the company lumped CIA officers with Justice Department employees who also have the insurance and that he did not have exact numbers for the CIA.

Robert M. McNamara Jr., the CIA's general counsel from 1997 to November 2001, said he advised station chiefs to buy the insurance. "The problem is that we are the victims of shifting winds here," McNamara said he told the officers. "I can't sit here and tell you in all cases that I will be able to defend you."

However, McNamara's predecessor as CIA general counsel, Jeffrey H. Smith, said: "I'm deeply troubled that CIA officers have to buy insurance. . . . There should be clear rules about what the officers can and can't do. The fault here is with more senior people who authorized interrogation techniques that amount to torture" and should now be liable, instead of "the officers who carried it out."

CIA Prisons Spell Trouble For Agents (WT)

By Toby Harnden

The Washington Times, September 11, 2006

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Central Intelligence Agency officers involved in the Bush administration's secret prisons program have consulted lawyers after being warned that they could face prosecution for illegally detaining and interrogating terrorism suspects.

Operatives at the CIA's headquarters in Langley fear they will be made scapegoats. President Bush announced last week that the remaining 14 prisoners in CIA jails had been transferred to the U.S. Naval Base Guantanamo Bay, Cuba, to face military trials.

The CIA officers will have to pay for their own defense if they face legal action. CIA recruits are advised on joining to take out private liability insurance against the risk of lawsuits.

"It's bad," said Robert Baer, a former CIA operative specializing in the Middle East. "You get the [White House] Office of Legal Counsel telling the CIA something is legal, and then someone changes their mind. But it's not the counsel that's held responsible, it's the CIA employee."

Some CIA officers, concerned about becoming embroiled in a scandal, refused to take part in meetings to discuss secret prisons, interrogation methods that may breach the Geneva Convention, or the "extraordinary rendition" of prisoners between countries.

Senior Bush administration officials have said they intend to introduce legislation giving CIA officers immunity from prosecution for involvement in any activities later judged illegal. Democrats, however, will try to block any such move.

ABC Edits Drama After Complaints (USAT)

By David Jackson

USA Today, September 11, 2006

WASHINGTON — ABC aired its disputed 9/11 docudrama Sunday night, despite demands from former Clinton administration officials to pull it because they say it distorts their actions to find Osama bin Laden.

“This TV show started out as an ideological attack piece, and no amount of editing can change that,” Jay Carson, spokesman for ex-president Bill Clinton, said in an e-mail Sunday. ABC spokeswoman Hope Hartman said the network would have no comment.

Former Clinton administration officials who saw an advance screening called The Path to 9/11 inaccurate, particularly its claims they missed opportunities to kill bin Laden, the al-Qaeda leader. They had protested ABC's statements that the two-part film was based on the work of the 9/11 Commission. In a disclaimer that aired Sunday, ABC de-emphasized the report, saying material was “drawn from a variety of sources including the 9/11 commission report and other published materials and from personal interviews.”

Former commission chairman Thomas Kean, a movie consultant, said on ABC's This Week that filmmakers have been responsive to criticism by him and others “and have made changes that were necessary.” Kean is a former Republican governor of New Jersey.

Changes included rewriting and trimming dialogue tying the Monica Lewinsky scandal to Clinton's inaction against bin Laden. Another controversial scene — showing aide Samuel Berger in a videoconference with CIA Director George Tenet, stalling and refusing to approve an attack on bin Laden — was trimmed.

The Center For American Progress Action Fund, part of a Democratic think tank founded by former Clinton chief of staff John Podesta, said the film “largely places the blame for failing to prevent the attacks on the Clinton administration.”

Eryn Witcher, a spokeswoman for President Bush, said the White House had no comment. Monday's part of the movie deals with the Bush administration.

The Hole In The City’s Heart (NYT)

By Deborah Sontag

The New York Times, September 11, 2006

On July Fourth two years ago, eight weeks before the Republican National Convention in New York City, Gov. George E. Pataki traveled from the Hamptons summer home of his senior economic adviser, Charles A. Gargano, to the dusty crater in the center of Lower Manhattan.

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Draped in the symbolism of Independence Day, the two men descended into the baking-hot pit at ground zero. There they oversaw the ceremonial laying of a 20-ton Adirondack granite cornerstone — flecked with garnet, the state gem — for what was to be the first building to rise at the new World Trade Center: the 1,776-foot Freedom Tower.

"How badly our enemies underestimated the resiliency of this city and the resolve of these United States," Mr. Pataki said.

For almost two years after that day's Declaration of Independence reading and "God Bless America" singing, the cornerstone sat forlornly in the 16-acre depression, waiting for a beacon of hope to soar above it. Even as a building redesign left the cornerstone in the wrong place, it waited, inside a blue shed surrounded, often, by a brackish moat.

During that time, Larry A. Silverstein, the commercial leaseholder of the World Trade Center site, often found himself gazing down at the stone, remembering the way he had smiled through his teeth at the July Fourth ceremony. "The whole thing was speeches," he said. "To me, it was illusory, almost like a farce. People were thinking, 'God, this is wonderful,' when I knew in my heart that it was sheer rubbish."

Then, this June, after construction actually began on the substructure of the Freedom Tower, the cornerstone was in the way. Mr. Silverstein's workers used a crane to hoist it from the site, transferring it to a flatbed for a journey that would reverse the one that the governor made on Independence Day 2004: from ground zero out to Long Island, where it is now stored.

Five years after Sept. 11, 2001, ground zero remains a 16-acre, 70-foot-deep hole in the heart of Lower Manhattan. High above it, a scaffolded bank building, contaminated during the attack, hulks like a metal skeleton, waiting endlessly to be razed.

The wreck that still stands tall and the pit that still sinks deep sum up the troubled history of ground zero. A site of horrific tragedy whose rescue and cleanup operation was a model of valiant efficiency, ground zero turned into a sinkhole of good intentions where it was as difficult to demolish a building as to construct one.

For all that has not yet risen from the ashes, there has been considerable sturm und drang, "like a novel, a cheap novel," said Daniel Libeskind, the master planner for the site. The combination of big money, prime real estate, bottomless grief, artistic ego and dreams of legacy transformed ground zero into a mosh pit of stakeholders banging heads over billions in federal aid, tax breaks and insurance proceeds.

Only now, after a whirlwind of negotiations to resolve crises in advance of the fifth anniversary, is subterranean work substantially under way, raising the hope that reconstruction may proceed. Even so, many family members of victims are quick to point out that they still have nowhere to go to mourn their loved ones and only shaken faith that they will see a fitting memorial in the near future.

Governor Pataki, who assumed control of the reconstruction effort in the earliest days, did not intend it to be so protracted. In the spring of 2003, pressed by business leaders who had denounced the anemic pace of rebuilding, Mr. Pataki promised to be "bold and daring and swift."

Standing in a hotel ballroom, he pledged that the skyline would be restored by this fifth anniversary when the Freedom Tower, as he christened it that day, would be topped off at 1,776 feet. By the end of 2006, he continued, a grand new PATH terminal and Fulton Street Transit Center would open, the substructure for a memorial would be built and a grand piazza, the Wedge of Light, would be created.

None of this has come to pass.

Lower Manhattan itself has experienced an unexpected resurgence with the conversion of outdated office buildings to luxury residential properties. "The problem," as John C. Whitehead, 84, the former chairman of the Lower Manhattan Development Corporation, said baldly in an interview last spring, "is the 16-acre ditch."

To Julie Menin, the chairwoman of Community Board 1 in Lower Manhattan, the ditch represents the "colossal failure" of the reconstruction effort. John E. Zuccotti, whose company is a principal owner of the neighboring World Financial Center, sees it more charitably. He would give officials "an A for planning," given the challenges posed by "a situation where more than 2,700 have been murdered."

"Where it has stumbled," he said crisply, "has been in the execution."

Not long after Sept. 11, it became apparent that ground zero had very many owners, from its technical owners — the Port Authority of New York and New Jersey and Mr. Silverstein — to those who possessed a different kind of claim on the site.

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There were developers, architects, politicians, insurers, community residents, relatives of Sept. 11 victims and multiple competing government entities. "Too many cooks," Mr. Whitehead said. And they all viewed ground zero differently.

Where some saw lucrative real estate, others saw a graveyard. Where some saw Rockefeller Center or Lincoln Center or Grand Central Terminal, others saw Gettysburg.

By destroying 16 acres of Manhattan, Sept. 11 produced "an opportunity, as horrible as that sounds," said Anthony G. Cracchiolo, a former Port Authority executive, referring, in his case, to the opportunity to remake a century-old transit system.

For many in government and business, it provided the heady opportunity, also, to participate in history, to "wear the ring," as development officials used to say.

Ambitions were grand, or, critics would say, grandiose, leading to plans for: the tallest building in the country, the most expensive commuter rail station ($2.2 billion), the costliest memorial complex (at least $740 million) and the most technologically advanced "vehicle security center" ($478 million).

Despite $20 billion in federal money and $4.6 billion anticipated in insurance proceeds, however, the site's two central projects, the Freedom Tower and the memorial, have stumbled financially, as in every other way.

Some victims' family members consider it a skewed priority that the World Trade Center transportation hub is claiming about 13 percent of the direct federal aid while the memorial, which recently underwent cost-cutting and depends on a fund-raising campaign, is getting only about 1.6 percent.

"They saw 9/11 as an opportunity to right all the wrongs of Lower Manhattan," said Edith Lutnick, the executive director of the Cantor Fitzgerald Relief Fund. "There's nothing wrong with that. But if you're doing it in the name of 9/11, then take care of 9/11 first."

Over the last five years, as problems arose, blame was assigned to a shifting cast of colorful characters for standing in the way of progress, including: Mr. Silverstein, who was portrayed as a greedy businessman, the architects Daniel Libeskind and Michael Arad, who were labeled difficult and precious, and the most vocal relatives of victims, who were treated as if they were addled by grief.

Ultimately, however, politicians and public institutions bear responsibility for what did and did not occur. As a cangorous public process played out, decisions were made and unmade behind closed doors. Nobody wanted to play the role of a Robert Moses, the fabled planning czar who used to bulldoze projects into existence, and yet the complexity of this reconstruction effort demanded a strong leader.

Mayor Michael R. Bloomberg did not, and, he said, could not, play that role because the city possesses no direct control over the site. "It is what it is," he said in an interview. "This is Port Authority land." His reconstruction vision — that housing and schools should be built — was never even entertained, and his preference for a modest memorial was rebuffed when, as he put it, "everybody voted against me, and that's what democracy is all about."

Nonetheless, some have faulted the mayor for taking a back seat while the governor drove the process. They lament what they saw as his detachment from ground zero, his pragmatism regarding the memorial and his reluctance to use his bully pulpit until this year.

Others find fault with the Port Authority for viewing the scarred site as a source of revenue. Since 2001, the Port Authority has reported about $530 million in net income on the devastated trade center, mostly from Mr. Silverstein's rent for the empty site, which has gone into the authority's general operating budget. It also has reported a net income of $869 million from its insurance proceeds and Federal Emergency Management Agency money, which has been used to pay off the Port Authority's debts.

It is Mr. Pataki, however, who receives the lion's share of criticism, despite what many see as his heartfelt embrace of this project. He himself said that he had no regrets. The important thing, he said, is that ideas have finally become "shovels in the ground."

"This is not about meeting any particular timeline," he said in a recent interview. "This is not about 2005 or 2006 or 2008 or 2010. We want it to proceed as quickly as it can be done consistent with, 50 years from now, people saying, 'They didn't do it in a hurry, they did it right.' "

But dozens of people interviewed for this article, including some of the governor's allies, described his leadership as erratic, risk-averse and lacking vision.

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"Governor Pataki had great intentions, but if this is a great project, it will be despite and not because of him," said Nina Libeskind, whose husband and business partner Daniel's master plan was selected by Mr. Pataki. "Personally, he has been very kind to us. But professionally, he has lacked follow-through. Every once in a while, he would pop up, like the spike of an irregular heartbeat, and then he'd be gone again."

I. THE BRASS RING

At 75, Larry Silverstein is a preternaturally zippy man who has been cast in an unlikely starring role at the end of a successful but largely uncelebrated career in real estate. Given that he signed a 99-year commercial lease on the World Trade Center site just six weeks before the Sept. 11 attack, it is a fluke, really, that he has ended up at the heart of this drama. But he is a genuine New York character, and so he very much fits in this genuine New York story.

Now a chauffeur-driven, cufflink-wearing resident of Park Avenue, Mr. Silverstein spent his earliest years on the top floor of a Bedford-Stuyvesant walkup, "not a very commodious nor sweet-smelling place." The son of Eastern European immigrants, Mr. Silverstein is a classic self-made man whose very way of talking — crisp diction on the one hand, earthy phraseology on the other — carries hints of both old-school rhetoric classes and Depression-era street life.

"You couldn't make Larry up," said Roland W. Betts, a founder and chairman of Chelsea Piers and a former development corporation director. "He should have hosted 'Saturday Night Live' twice by now, playing himself."

Thirty-eight stories above ground zero, Mr. Silverstein, a lanky man whose head seems to sit directly on his shoulders, cannot help but pause at the floor-to-ceiling windows and look down. It does give him a headache, though, he said one morning last spring, as he pushed away from the view.

Mr. Silverstein, dapper in a pink silk tie with blue polka dots, was in the middle of a speed-walking tour of the sprawling office of Silverstein Properties in the newly opened and otherwise empty 7 World Trade Center. It is a glass-skinned, 52-story tower abutting ground zero that he erected "without government interference."

After signing off to his secretary through a window that he closes by remote control — "Nifty, ain't it?" — Mr. Silverstein began bounding through the hallways, distributing salutations like air kisses: "Good morning, good morning. Mo, still of sound mind? Hey, Ed. Hey, Shari. How are you this morning? Hey, Steve. Hey, Roz. Hey, Cliff. Hey, Cath, how are you, honey?"

It was the morning after a "massive" party for his 75th birthday and his 50th wedding anniversary. He was feeling "dandy," he said, as he skidded to a stop before a painting.

An oil of no great subtlety, the painting depicted a sailboat tossing in a rough sea. Mr. Silverstein said he had bought it at a Christie's auction because he saw it as a metaphor for his entanglement with insurers and government at ground zero.

"Look at that ship," Mr. Silverstein said. "It's coming through these mountainous seas obviously having weathered, because of its tattered sails, a massive storm, right? There are storm clouds overhead. Yet you can see in the distance that the sun is beginning to come through, the sky is beginning to clear and the ship is going to make it."

GRABBING THE TROPHY

The World Trade Center was born through a marriage of public and private interests, primarily those of David Rockefeller, whose Chase Manhattan Bank opened new headquarters in a declining Lower Manhattan in 1960, and Austin J. Tobin, the powerful Port Authority director, who saw an opportunity for profitable expansion.

Together they created a gigantic office and retail complex financed by government bonds. The Port Authority shut down a vibrant electronics district and eliminated city streets to form the superblock on which the World Trade Center rose. This gave the authority a large chunk of Lower Manhattan, which frustrated the city's mayors from that point through the ground zero reconstruction effort.

When it was dedicated in 1973, the World Trade Center was not welcomed. Architecture critics derided its monumentalism. New Yorkers did not warm easily to the monolithic austerity of the twin towers or the barren sweep of the plaza. For many years, the project was a financial burden on the Port Authority.

By the late 1990's, however, the trade center was renovated, upgraded and nearly fully occupied, and the Port Authority made the long-debated move to get out of the commercial real estate business and focus on the region's transportation. While the World Trade Center had never obtained the luster of a premier address, many developers coveted it and none more than Mr. Silverstein, who owned the original 7 World Trade, which sat in the shadow of the twin towers.

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When Port Authority officials asked him if he would be interested in submitting a bid for the lease on the trade center, his response, he said, was "affirmative without hesitation."

"The trade center was perceived by many as the brass ring," he said. "Given an opportunity to acquire it, how does anybody who has been in this business for 50 years not salivate at the thought?"

Given the trajectory of his life, it made perfect sense that Mr. Silverstein, at retirement age, would leap for this particular brass ring.

Mr. Silverstein first got into the real estate business by joining his father, Harry, a classical pianist who made a paltry living as a leasing broker of loft space in SoHo, which was then known more prosaically as the rags, woolens and remnants district. Larry Silverstein quickly grew dissatisfied, telling his father: "Dad, we're starving to death as brokers. The people really making the money are owners."

Harry Silverstein, according to his son, answered: "We have nothing. How do you buy a building with nothing?"

And that was the question that propelled Mr. Silverstein on the path toward the World Trade Center. Mr. Silverstein said he found inspiration in "a gentleman by the name of Lawrence Wien and a gentleman by the name of Harry Helmsley," pioneer real estate syndicators who eventually gathered several thousand investors to buy the Empire State Building. Putting together his own first small syndicate to buy a loft building in 1957, Mr. Silverstein established the business model for future transactions, including, one day, the purchase of the World Trade Center lease.

Gradually, Mr. Silverstein made himself into a player in the Manhattan real estate world, securing himself especially in the downtown firmament. Seven World Trade Center, which opened in 1987, was the first office building that he actually built.

Way back then, Mr. Silverstein gave the Port Authority an early taste of his exacting bargaining style, prevailing in his quest to double the square footage of 7 World Trade.

He also gave New York a taste of his tolerance for bottom-line aesthetics. Mr. Silverstein asked his architects "for the most inexpensive box I could build" because he had no tenants lined up. Later, he would refer to 7 World Trade as "the ugliest building in New York City," according to David M. Childs, the architect who designed its replacement after Sept. 11.

In January 2001, a week before the final bids on the World Trade Center were due, Mr. Silverstein attended a real estate dinner at Le Cirque. The room buzzed with speculation about who would bid what on the trade center. At the end of the evening, he bundled up for a leisurely walk home.

When he crossed 57th Street at Madison Avenue, a car slammed into him, sending him "sailing in an easterly direction eight feet closer to the hospital," he said. His pelvis was smashed in a dozen places, and he spent the next three days in a morphine haze. On Jan. 28, 2001, Mr. Silverstein stuttered into consciousness and realized that the bids were due imminently.

"Right away, I called the doctor and I said, 'Kill the morphine. I got to think.' "

On the day that Mr. Silverstein was discharged from the hospital, he received a call that he had lost to Vornado Realty, the largest commercial landlord in Manhattan, by $50 million. "Really, it's de minimis when you're talking about that much money, what I call a rounding error," he said.

But the Port Authority's negotiations with Vornado broke down, and Mr. Silverstein got a second chance. To put together a deal, Mr. Silverstein, who then owned 5.5 million square feet of office space downtown, formed a partnership with Westfield America, a shopping center company. Over the course of negotiations, the Port Authority grew concerned about Mr. Silverstein's financial viability and his ability to manage the gargantuan complex.

But Mr. Silverstein came up with $125 million in equity, including $14 million of his own money, and $563 million in financing from the GMAC Commercial Mortgage Corporation. He paid the Port Authority $491.3 million and pledged to pay more than $100 million a year in rent.

After Sept. 11, Mr. Silverstein was lambasted for underinsuring the trade center. But the Port Authority had carried only $1.5 billion in insurance coverage on the complex, which Mr. Silverstein more than doubled, as required by GMAC. As a result, Joseph J. Seymour, a former executive director of the Port Authority, noted, "Right before Sept. 11, we got additional insurance coverage because of Larry."

On July 24, 2001, Mr. Silverstein took delivery of the World Trade Center. In a ceremony at the complex, he thrust a giant key chain into the air like a glittering trophy of his ascent from the rags district.

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DETERMINATION TO REBUILD

Every morning after the deal was finalized, Mr. Silverstein held breakfast meetings at Windows on the World. Early on Sept. 11, his wife, Klara, reminded him that he had an appointment with his dermatologist. He tried to wriggle out of it, he said, but Mrs. Silverstein insisted.

By the next day, Mr. Silverstein, whose own company had lost four employees, was grappling with how he should confront the tragedy. In a meeting with Howard J. Rubenstein, his public relations adviser, it was decided that "our message needs to reflect the national shock, anger and ultimate defiance against terrorism" while refraining from any suggestion "that the financial markets and the lawyers may ultimately dictate what we do on the property," according to the notes of the meeting.

On Sept. 13, Mr. Silverstein contacted Herbert M. Wachtell, a fierce litigator and a friend since high school. Mr. Wachtell, he said, told him that he had obligations and rights: the obligation to continue paying $10 million in monthly rent and the right to rebuild. Mr. Wachtell would also lead Mr. Silverstein's court battles seeking to double his insurance benefits, claiming that each plane constituted a separate "occurrence," each reimbursable for $3.55 billion.

Mr. Silverstein proclaimed that he would spend the next five years of his life rebuilding ground zero, although he did not propose precise replicas of the twin towers, as others did. Mr. Childs, the architect, who had been hired two weeks before the attack to upgrade the World Trade Center, said that Mr. Silverstein came to feel that the hand of fate had tapped him on the shoulder.

"I think he felt that there was some reason he was there," Mr. Childs said, "that he must have been destined to take this on."

II. A SENSE OF MISSION

A few weeks after Sept. 11, Monica Iken was trying to wrap her arms around the idea that her husband, Michael, a bond trader, had gone to work one morning and would never return home. Ms. Iken, who was then 31 and looking forward to starting a family, had been listening numbly to radio and television reports, but the early chatter about rebuilding the trade center startled her into feeling.

She burst out of her bedroom. "They're going to build over dead people," she told the relatives gathered to keep her company. "I can't let that happen. I have to go on a mission."

Ms. Iken's family treated her pronouncement as if she were unhinged by grief, she recalled. "They said, 'You've just lost your husband. You don't know what you're saying. What do you mean, a mission? Who are you to do that?' "

That was a question that all the family advocates would face at one time, but like Ms. Iken, they were driven to speak out.

Tall and willowy, Ms. Iken found herself in front of television cameras right after Sept. 11, when she was waiting outside a hospital to learn if her husband was a John Doe inside. Over the years, people would take potshots at her for what they saw as glorying in the spotlight. One Lower Manhattan community advocate told a reporter that Ms. Iken used to attend public meetings with a makeup artist, which Ms. Iken, sighing, denied.

Ms. Iken said that she only availed herself of the spotlight that found her first. In those first few months, Ms. Iken, unaware of the real estate complexities that would become paramount, began pushing the idea that all 16 acres should be preserved as a memorial. The idea caught on, and, thrilling her, Rudolph W. Giuliani embraced it in his farewell mayoral address in December 2001.

"I really believe that we shouldn't think about the site out there, right beyond us, as a site for economic development," Mr. Giuliani said. "We really have to be able to do with it what they did with Normandy or Valley Forge or Bunker Hill or Gettysburg. We have to be able to create something here that enshrines this forever."

Publicly, a debate over possibilities for the 16 open acres raged well into 2002.

But the most pivotal conversation over ground zero's future took place in late 2001, behind the Port Authority's closed doors, when officials briefly entertained and then, fearing lengthy, costly litigation, rejected the idea of forcing out Mr. Silverstein.

"No matter who talked about, 'Let's get rid of Larry,' it was not something that could be done unless he was a willing participant or did not meet his contractual obligations," said Kenneth J. Ringler Jr., the authority's current executive director.

This decision vested a private businessman with extraordinary influence over the reconstruction effort and yet, because it is essentially a public project, tied his hands at the same time. It is a decision that has been second-guessed so often it is like a parlor game in certain Manhattan circles.

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"They could have gotten Larry out," Mr. Betts said. It would have meant writing a check, Mr. Zuccotti said, but it could have been done. Robert D. Yaro, president of the Regional Plan Association, said the mayor and the governor "could have gotten in a room with Larry Silverstein and said, 'You're out of here.' "

But Mr. Yaro said the Port Authority had multiple motivations for retaining the Silverstein lease. "They saw it as their key to hanging on to the site," he said. "They were afraid of losing control to the city or the state."

Further, the Port Authority was counting on Mr. Silverstein's aggressive pursuit of insurance proceeds as well as the more than $100 million a year in rent that the Port Authority depended on to keep its overall operation flush.

"I don't think that should shock anybody," Mr. Ringler said. "The World Trade Center was a moneymaker for this agency so that this agency, who pools its resources, can do all the other things we have to do."

The World Trade Center site has been an even better moneymaker since Sept. 11, however, primarily because the attack coincided with the sale of the lease to Mr. Silverstein. While the Port Authority reported an average annual net income of $22 million on the complex in the five years before Sept. 11, it reported an average annual net income of $106 million on the empty site in the five years after.

"When you look at how much more profit we made," Anthony R. Coscia, the authority's chairman, said, "all it represents is monetizing an asset we sold before Sept. 11," that is, turning the buildings into cash.

Although the public would not realize it for some time, there was little room for any wholesale reimagining of the World Trade Center site once the Port Authority made the decision to respect Mr. Silverstein's lease.

"You had this very quiet, very rapid elimination of the idea that it could be something other than 10 million square feet of office space plus a decorative necklace of ancillary institutions," said Michael Sorkin, director of the graduate urban design program at City College of New York.

But that decision did not translate into quick action. The Port Authority, a fiercely independent entity unaccustomed to much public review, was pushed temporarily to the side as Governor Pataki and the Lower Manhattan Development Corporation, a new state entity, took over planning for the site.

That fall, it was anticipated that Mark Green, the Democratic candidate, would be elected mayor in November, and Mr. Giuliani assented to the creation of a state-run development corporation to oversee the rebuilding of Lower Manhattan.

FEELING OUT OF PLACE

When Governor Pataki first phoned him, John Whitehead assumed that he was calling to solicit a campaign contribution. Mr. Whitehead, then 79, a former chairman of Goldman Sachs and a former deputy secretary of state under Ronald Reagan, is an old-school establishment Republican, genteel, decorous and a reliable donor.

But Mr. Pataki was calling instead to ask Mr. Whitehead to serve as chairman of the development corporation, which Mr. Whitehead, keenly aware of his age and his lack of experience in architecture, construction and urban planning, initially considered declining but then accepted.

By the time of the City Hall press conference announcing Mr. Whitehead's appointment, Mr. Bloomberg had won the election, inheriting a development corporation that he considered an additional layer of bureaucracy. Still, Mr. Bloomberg stood beside Mr. Pataki and Mr. Giuliani and embraced the selection of Mr. Whitehead, a fellow Harvard Business School alumnus and, Mr. Whitehead noted in an interview, a fellow Eagle Scout, too.

At the end of that press conference, Mr. Whitehead began having second thoughts. "The governor and the mayor — the two mayors — headed to their limousines clapping each other on their back," he said. "I hailed a cab, sat alone in the back seat and thought it was one of the lowest points in my life. I didn't know what to do next. I had no money, no staff, no office, no program.

"Luckily," he continued, "the good Congress soon put $2.7 billion in the bank for us to spend."

Shortly before Christmas, Mr. Whitehead bumped into Thomas S. Johnson at a holiday cocktail party at the home of Robin Chandler Duke, a leading socialite, former ambassador and champion of reproductive rights. It was the first social engagement that Mr. Johnson had attended since his 26-year-old son, Scott M. Johnson, a securities analyst, was killed on Sept. 11.

By that time, Mr. Johnson, then the chief executive of GreenPoint Bank, had returned to work but he was not "operating on all cylinders," he said in an interview. He ached for his son, whom he describes, after a long pause, as: "No. 1, never had an unkind moment in his life, No. 2, enthusiastic about his life and positive, and No. 3, great-looking."

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At the party, Mr. Johnson asked Mr. Whitehead what the development corporation was going to do with ground zero. Mr. Whitehead told him, "We're going to cover it over, make a temporary memorial and think about a permanent memorial way down the road," Mr. Johnson said.

AN EARLY PLAN GOES NOWHERE

The idea that Mr. Whitehead mentioned never really left the inner sanctum of the Port Authority.

The Port Authority lost 84 of its own employees on Sept. 11, including its executive director, Neil D. Levin. Port officials pride themselves on the work ethic that kept employees on the job day and night in the weeks and months that followed. It was their way of coping.

Christopher O. Ward's job was to direct strategic planning and external affairs at the Port Authority. He said he feared that some might want to exclude the authority from the redevelopment of ground zero, thinking, "They're too big and lumbering and they'll waste money."

"I thought we needed to do something dramatic to put the port in a good place," Mr. Ward said.

Mr. Ward's idea, developed with other officials and an outside consultant, was to create an interim memorial.

Because ground zero itself would be a recovery and construction site for a long time, the Port Authority would create a bare-bones exhibition space, like the temporary Museum of Modern Art in Queens, on the abandoned piers of the Brooklyn Heights waterfront. There, artifacts from the World Trade Center — a crushed police car, a twisted antenna, a steel beam with firefighters' messages — could be displayed.

The public would get a quick way to connect with one another and with the enormity of Sept. 11, and the interim memorial would alleviate time pressure on the difficult planning process for a permanent memorial. Or so it was thought.

At a December 2001 meeting, Mr. Ward, who went on to become Mr. Bloomberg's commissioner of environmental protection, presented the idea to Port Authority commissioners. He told them that the temporary memorial would take seven months to put in place, and he also recommended draping the pit to make it more palatable.

Mr. Ward said he thought that the governor's office squelched the plan, making it clear that all memorial planning would emanate directly from there. Mr. Gargano, the governor's adviser, who is also a Port Authority commissioner, said that he did not remember the idea at all.

Whatever happened to that evanescent concept, the artifacts themselves were eventually transported to Hangar 17 at Kennedy International Airport, where they have been off limits to the public ever since.

THE POWER OF GRIEF

In the spring of 2002, John P. Cahill, the governor's chief of staff, asked Thomas Johnson to serve on the board of the development corporation. At first, the board did not include a single family member, making families feel then, as many times afterward, that the memorial would come second to economic reconstruction.

Mr. Johnson requested a meeting with the governor first. In the governor's Midtown office, Mr. Johnson said, he told Mr. Pataki that he would not be able to represent solely "the narrow interests of the family survivors — important as they are." His allegiance, he said, would have to be to the "whole of the institution and all of its constituencies."

Mr. Pataki accepted this, having chosen a banker and not, say, a firefighter's widow, for a reason.

Still, the suspenders-wearing Mr. Johnson, now 65, did end up playing what he called the "very, very painful and very, very difficult" role of liaison to the families, who alternately resented him for being an insider and appreciated him for standing up to political authorities.

He had a fine line to walk. Some family members believed from the start that government officials were more comfortable with those relatives who were part of the elite establishment, like Mr. Johnson; Paula Grant Berry, a former publishing executive who served on the memorial design jury; and Christine A. Ferer, a business owner, widow of Mr. Levin, the Port Authority's executive director, and Mr. Bloomberg's liaison to the families (who, some time ago, had dated the mayor).

"I think there was an element of elitism towards the families that was quite palpable," said Gretchen Dykstra, former president of the memorial foundation, "and also a naïveté on the part of the families."

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Sally Regenhard, a former nursing home administrator married to a retired New York City detective sergeant, said she gradually felt disregarded, as did others who served on the development corporation's family advisory council. "Oh, please," she said. "They say they are inclusionary. And they take everyone's opinion, that's true. But then they put it in the circular file."

On the very day that Ms. Regenhard watched the towers burning from her Bronx apartment, even before she knew that her 28-year-old son, Christian, a probationary firefighter, was at risk, she experienced her first shudder of outrage, she said.

A couple of months later, during Christian's memorial service at St. Patrick's Cathedral, she did not denounce the authorities, as she had intended, for how the emergency communications and building safety systems had failed her son. A onetime Roman Catholic schoolgirl, she felt intimidated by the scarlet-robed Cardinal Edward M. Egan, she said.

But several months later, Ms. Regenhard, a compact woman with blond bangs, stood at the edge of City Hall Park in the pouring rain and gave her first press conference. She announced the formation of the Skyscraper Safety Campaign to push, among other things, for safety issues to be paramount in the rebuilding of ground zero.

"I was a different person before 9/11," said Ms. Regenhard, who wears a locket with Christian's picture and sometimes carries his ponytail, which he cut off before entering the Fire Academy, in a velvet pouch. "I tried to speak out, let's say in Co-op City, where I lived. But now — I'm fueled by adrenaline, outrage and love for my son and that has made me a bigger pain in the ass than I ever was before."

There is a constellation of family members who have been transformed by loss and anger into advocates. Over time, they have formed organizations with different missions, from safety concerns to how the victims' names should be displayed on the memorial.

And, over time, they have come to be seen by some community, business and redevelopment leaders as impediments to progress. Some view the advocates as self-appointed and unrepresentative; others, in private conversations, describe them heatedly as radical or loopy or desperate for attention.

"My favorite description of the families is: They haven't moved on," said Ms. Lutnick of the Cantor Fitzgerald Relief Fund, which assists the families of the financial service firm's 658 employees who were killed, including her younger brother, Gary. "They also say that we are incapable of being satisfied, that all we want is for everyone else to feel as bad as we do, that we're crazy."

"It's very dismissive," she said, "and it couldn't be further from the truth."

Mr. Pataki said that it was "wrong to generically lump thousands of people together and give them a title" as family members. There is no one way that family members think and feel, he said, and he has worked to balance their concerns.

"I don't expect everybody to stand and cheer," Mr. Pataki said. "All those family members who continually do nothing but bash me — when I see them, I give them a hug, because I appreciate their sense of loss."

Yet many involved in the reconstruction effort say that Mr. Pataki empowered the family advocates and also gave them veto power.

They point to one of Mr. Pataki's first crucial decisions, announced to an ovation at a memorial service in June 2002: that nothing would be built on the twin towers' footprints, where so many victims' remains were found.

Development officials discovered Mr. Pataki's commitment in the morning newspapers the next day. Since that commitment carved nearly five acres out of the site for a memorial, including the underground area that was going to be used for parking, roadways and mechanical components, they were startled that such a fundamental decision had been made without consultation.

Mr. Bloomberg said that declaring the footprints inviolable drove the process from that point forward, although he said he was not sure whether it was Mr. Pataki or Mr. Giuliani, in earlier remarks, who made the decision.

"Once you say that, you've set the scale of the memorial, you've set where the other buildings on the site will be, and you've set the cost," Mr. Bloomberg said.

'IT LOOKS LIKE ALBANY'

In a conference room overlooking the Hudson River, Mr. Betts, a tall, barrel-chested businessman wearing a blue vest with the Chelsea Piers logo, recalled the way that his sports complex was rapidly transformed on Sept. 11 into a triage center.

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"Right from that day I remember telling Tom that I wanted to get involved in this thing," Mr. Betts said, referring to his partner, Tom A. Bernstein.

Mr. Betts, a development corporation board member, asked its chairman, Mr. Whitehead, "to put me in charge of ground zero." It was not long before Mr. Betts got a taste of just how difficult it would be to oversee a public project involving clashing government entities, a private developer and a grieving public.

"With 20/20 hindsight, we never should have moved forward with so many conflicting stakes on this piece of real estate," he said. "Those people bombed the most complicated site in the state. If they had chosen the Empire State Building, there would have been no Port Authority, no Larry Silverstein. It seemed like everybody had a vested interest in ground zero."

It took more than a year to settle on a master plan. In early 2002, the Port Authority and the development corporation began the process by seeking bids from architects. And that is when it came to light that the government was treating Mr. Silverstein's lease as sacrosanct, that it wanted to replace the 10 million square feet of office space that was lost.

"This was a disastrous decision, and no one could believe it," said Mr. Yaro of the Regional Plan Association.

A Manhattan architectural firm was awarded the contract and a challenge: to come up with six alternative land-use plans.

When the plans were unveiled in July 2002, critics dismissed them as uninspired. The public's response, delivered at a meeting, called "Listening to the City," that drew thousands to the Jacob K. Javits Convention Center, amounted to a Bronx cheer. What people especially condemned was the site's density, particularly the scale of the commercial square footage.

"Somebody said, 'It looks like Albany,' " Mr. Betts said. "That was the killer line."

In the name of democracy, the development corporation discarded the six plans and embarked on a worldwide search for a more visionary master planner.

A SWAP IS CONSIDERED

From the start, Mr. Bloomberg's advisers had been fretting over the city's limited control of the redevelopment. Like many New Yorkers at "Listening to the City," Mayor Bloomberg disagreed with an approach that made significant office space so central.

"Nobody was being honest about Lower Manhattan," said Daniel L. Doctoroff, deputy mayor for economic development. "The truth is, Lower Manhattan before 9/11 had a growing residential population, but it had been losing worker population since 1970. By and large, the problems of Lower Manhattan were swept under the rug in the wake of 9/11 by kind of this nostalgia for the World Trade Center and the tremendous emotion that existed."

One night in mid-2002, at a moment of simultaneous frustration about ground zero and about negotiations over the renewal of the Port Authority's leases on the city's airports, Mr. Bloomberg, Mr. Doctoroff and Roy Bahat, a deputy to Mr. Doctoroff, sat in the garden behind City Hall looking at spreadsheets.

Flipping back and forth between the two sets of numbers, Mr. Bahat had an epiphany. The city was looking to collect from the Port Authority about $100 million in annual rent on the airports, and the Port Authority was looking to collect from Mr. Silverstein about $100 million in annual rent on the World Trade Center.

"I think it was even Roy who kind of, late one night, said, 'Why not just trade?' " Mr. Doctoroff said. "We would have gotten the World Trade Center site plus cash," and the Port Authority would have gotten the airports.

The idea was broached.

The city suggested that the World Trade Center site was worth $4.4 billion to $5.5 billion and the airports $7 billion to $9 billion, Port Authority officials said — figures the authority questioned.

But Mr. Doctoroff said that the numbers could have worked out, and that the swap would have served ground zero well. "I'm not sure at the end of the day that it would been the best deal financially for the city, but the hope was that having a single government entity in charge" would have been better, he said.

City officials said that the governor was not interested, preferring to retain control of the site. Aides to the governor, however, said they never took the idea seriously. Mayor Bloomberg never even called Governor Pataki to discuss it, they said. "Come on, of course it wasn't real," Mr. Gargano said. "What were we going to do, abandon the World Trade Center?"

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Referring indirectly to the mayor's interest in developing the Far West Side of Manhattan, Mr. Gargano said, "There was speculation that some didn't want the rebuilding of ground zero because they thought there was a better real estate market elsewhere."

After the swap idea dissolved, city officials seemed to disengage from ground zero. Mr. Bloomberg said that they focused their attention on what they did control, the rest of Lower Manhattan. More visibly, he pursued unsuccessful quests to build a West Side football stadium for the Jets and to secure the 2012 Olympics. It was, many community, business and civic leaders said, as if the mayor and the governor had made a pact to divide up Manhattan.

Such an understanding, Mr. Doctoroff said, never existed, even tacitly. "There never was a quid pro quo," he said.

III. ARCHITECT VS. ARCHITECT

The Lower Manhattan Development Corporation's office overlooks ground zero. The blinds in its conference room are often tightly drawn, blotting out the view. On the fall day in 2002 that the seven finalist teams for master planner gathered there, though, they stood at the picture windows and gazed down at the stillness of the site.

"Somebody from the Port said, 'Does anybody want to go down?' " Daniel Libeskind, known then as the architect who had designed the Jewish Museum in Berlin, recalled. "There was complete silence. I said, 'I want to.' It was miserable rain. We borrowed galoshes and bought cheap umbrellas. And as we descended down that huge ramp, really, my view of the world changed."

Deep down at the bedrock level, Mr. Libeskind said, he felt both the "enormity of the loss" and the unadorned power of the pit itself. After placing his hands on the rough face of the concrete slurry wall, he turned to his wife and said, "Call Berlin. Drop everything we're doing. I have a complete vision of what should be."

Mr. Libeskind, 60, whose bubbly, pixyish demeanor contrasts almost comically with his severe black clothing and rectangular eyeglasses, has a talent for packaging his own stories and ideas. Call it salesmanship or, as Mr. Libeskind does, "rhetoric, one of the arts that Aristotle and the Greeks thought fundamental." That fall, when Mr. Libeskind, who immigrated to the United States as a child, presented his ideas to development officials, it made an impression.

"When that magical little guy with the black pants, black shoes, black socks, black belt, black shirt and black glasses stood up and talked about his approach, everybody was emotionally moved," said Mr. Johnson, who served on Mr. Betts's site committee. "When he talked about coming on a boat to America, seeing the Statue of Liberty, going down to ground zero — I don't know anybody there that didn't start out thinking that his plan would be the very best."

But that thinking changed in early 2003 when it came down to a bake-off between two finalists. It was Mr. Libeskind, an architectural theorist who had seen his first building built only four years earlier, versus the Think design team, which included the Argentine-born architect Rafael Viñoly and Frederic Schwartz of New York.

Think's design centered on two latticework structures that rose like Eiffel Towers above the footprints of the twin towers. Mr. Libeskind's "Memory Foundations" featured a memorial site sinking 70 feet down to bedrock with the slurry wall exposed. That hollow would be surrounded by office towers that spiraled progressively higher, with the tallest, at 1,776 feet, reaching up into the sky to echo the Statue of Liberty.

The competition was intense and mean-spirited. The Think designers rolled their eyes at the American flag lapel pin that Mr. Libeskind, a naturalized American living in Berlin, took to wearing and referred to Mr. Libeskind's design as a death pit. Mr. Libeskind described the design team's name as disturbingly Orwellian and the Think towers as skeletons — a perception that Mr. Pataki came to share.

Some family groups had embraced Mr. Libeskind's plan because it treated bedrock as sacrosanct. Mr. Betts's committee, however, came to favor the Think lattice towers, which members saw as a vertical memorial. "I thought that Libeskind's was down in a hole and depressing while the Viñoly was soaring and uplifting," Mr. Betts said.

The tower would have been built segment by segment, like an Erector Set. "For the public, it would have been an event, like a rising phoenix," Mr. Betts said, growing animated and then wistful.

The day before the two models were to be presented to Mr. Pataki and Mr. Bloomberg, a site committee member told The New York Times that it had chosen the Think design and did not expect to be overruled.

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Reading the newspaper the following morning, Nina Libeskind, who grew up in a family of Canadian politicians, reached for the telephone. She called Edward W. Hayes, the Libeskinds' friend and lawyer who also happened to be Mr. Pataki's buddy since law school (and the model for Tommy Killian, the defense lawyer in Tom Wolfe's "Bonfire of the Vanities").

Mr. Hayes had accompanied the governor when he toured an exhibition of the models, giving Mr. Pataki a picture of Mr. Libeskind. The photograph, which showed a young Mr. Libeskind posing before a haystack, echoed a similar photograph of the governor as a child (the haystack being a favorite backdrop of Eastern European immigrants), according to Mr. Libeskind.

After Mrs. Libeskind called him, Mr. Hayes phoned the governor and told him to "do whatever you think is right" for a project that would define his legacy.

The governor arrived at the development corporation's office and met with Mr. Betts's committee, knowing that one member had leaked its choice. "Pataki was really, really irked at us," Mr. Betts said. "It was less substantive than, 'Who do you guys think you are? I'm the governor. I make the decisions.' We did not really have a debate. I made the point that the L.M.D.C. expected to make certain decisions. But instead the decision was crammed down our throats."

Mr. Pataki overruled Mr. Betts's site committee. To this day, committee members regret the governor's intervention. Some of them say that the Think towers would be built by now, lighted for this fifth anniversary like the beacon that the Freedom Tower has yet to become.

At a celebration after the governor, with the mayor's assent, made his decision, Mr. Hayes told Mr. Libeskind, "The governor said that it was the haystack that did it in the end."

ARTISTE VS. MONEYMAN

Right before Mr. Libeskind was chosen, Mr. Silverstein sent Mr. Whitehead a cautionary letter on his World Trade Center Properties stationery.

"Our group has the right to select the architect responsible for preparing rebuilding plans," Mr. Silverstein wrote. Right after Sept. 11, in fact, Mr. Silverstein had chosen David Childs, turning to him and saying, "You can be the new Yamasaki!" (He referred to Minoru Yamasaki, architect for the original World Trade Center.)

Mr. Libeskind would never possess absolute authority as master planner. Even before his plan was selected, he was made to raise the sunken memorial from bedrock to 30 feet below street level for structural reasons. His ability to absorb challenges was tested repeatedly.

But Mr. Silverstein, as he saw it, was a particular challenge. The feeling was mutual.

In some ways, Mr. Silverstein and Mr. Libeskind have a good deal in common. They are both Jews of Eastern European descent raised in working-class immigrant homes in New York City. They were both classically trained musicians, Mr. Libeskind as an accordionist, Mr. Silverstein as a pianist and drummer. They both met their wives at camps in the Catskills. They are both remarkably optimistic by nature.

But to Mr. Silverstein, Mr. Libeskind was an egghead artiste, and to Mr. Libeskind, Mr. Silverstein was a profit-driven developer.

A few days after Mr. Libeskind was "anointed," as Mr. Silverstein put it, the men got together. In Mr. Silverstein's conference room, Nina Libeskind made it clear that her husband would be designing the 1776 building, as it was then known.

"I looked at her in absolute shock and said, 'But he's never designed a high-rise in his life,' " Mr. Silverstein recalled. "I said, 'Tell me something. If you were needing neurosurgery, would you go to a general practitioner who has never done any kind of operating in his life?' She said, 'Daniel is a quick learner.' "

Mr. Silverstein started picking apart Mr. Libeskind's master plan. He objected first to the location of the Freedom Tower at the northwest corner of the site, where it would be farthest from the transportation hub and, complicating construction, above the train tracks.

But Mr. Silverstein lost that battle, and the next: "I said to Larry," Mr. Childs recalled, " 'If the governor won't move the tower, ask him if he would build it last. Then you'll have more of a market, the train station will be done and the slurry wall fixed.' But the governor said: 'No. I want to build it first. I want to build it there. And I want to build it quickly.' "

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And the governor wanted Mr. Childs, a corporate architect, to collaborate with Mr. Libeskind, an academic architect about a foot shorter, whom Mr. Childs addressed with the diminutive Danny. Mr. Libeskind describes it as a forced marriage — in which he reluctantly agreed to play the role of subservient spouse.

As Mr. Childs put it, "I said, 'Danny, if we have a million disagreements, I get 51 percent of the vote on each one.' And he said, 'Yes, I understand.' "

The two architects met weekly in the office of Mr. Childs's Wall Street firm, Skidmore, Owings & Merrill, which has developed a specialty in super-tall buildings. Mr. Childs was elaborating on the design of what he called a torqued building and Mr. Libeskind saw as a "giant corkscrew with a bird on top." Mr. Libeskind still believed strongly in his original asymmetrical tower with a spire mirroring the Statue of Liberty's arm. But Mr. Childs thought, "God doesn't like eccentric loads. That's why he makes trees tapered and they don't have a big branch sticking off the top."

Public officials mediated. As unveiled at the very end of 2003, the Freedom Tower, with a twisted torso and off-center antenna, was a bartered design. At the unveiling, the politicians and architects joined hands, but neither that Kumbaya moment nor the design itself would last.

FROM A DESKTOP FOUNTAIN

After his experience with Mr. Pataki's selection of Mr. Libeskind, Mr. Johnson set out to organize a memorial design competition that the governor "couldn't mess with."

"I worked really hard, with others, to set up a process that would result in a truly independent jury," he said.

The jury of 13 included representatives of the governor and the mayor, one family member and professionals from the art and architecture world, including Maya Lin, who designed the Vietnam Veterans Memorial.

Paula Grant Berry, the family representative, said she entered hesitantly into what became an all-consuming experience. "I felt that the jury was happening at the wrong time," she said. "How can you memorialize something when you are still in it? I wondered what was driving the haste. Why not stop, build a temporary park, put in the PATH station and take a breath?"

Like the other jurors, Ms. Berry did not like the way that Mr. Libeskind had prescribed a large sunken memorial, "a gigantic bomb crater," as James E. Young, a scholar of Judaic and Near Eastern studies who has written books on memorials, put it. "We wanted to bring it to grade, to stitch the site back into downtown and not have a giant hole that people had to walk around."

In April 2003, the development corporation announced an international competition, soliciting "creative and exceptional" design concepts to honor the loss of life on Sept. 11, 2001, and on Feb. 26, 1993, when six people were killed in a bombing attack on the World Trade Center.

At the last minute, the jury inserted into the design guidelines a quiet invitation to ignore Mr. Libeskind's master plan, which many designers were reluctant to do.

Michael Arad, an assistant architect for the New York City Housing Authority, was not.

Unlike the voluble Mr. Libeskind, Mr. Arad speaks softly and methodically.

Try to interrupt him with a question and he says, "I'll get to that." He does not like to be diverted, which made it difficult for him during the fractious reconstruction process, where no path was ever a straight one.

Mr. Arad, now 37, a slim, pale man with rectangular glasses and an intense gaze, had started sketching ideas for a memorial about a year after the attack. Because of a Sept. 11-related delay in the renewal of his work visa, Mr. Arad, the son of an Israeli diplomat who grew up partly in the United States, found himself on leave from an architectural firm, with time to ponder. He imagined two voids in the Hudson River; water would flow into them but they would never fill up. Then he built a model, with a desktop fountain from Bed Bath and Beyond, carried it to his rooftop, photographed it and said to himself, "O.K., now what?"

When the memorial competition was announced, Mr. Arad dusted off his model and contemplated creating the voids on the World Trade Center site itself. He made an early decision to discard important aspects of the master plan, like the sunken plaza and the cultural buildings. He thought Mr. Libeskind had all but designed a memorial himself, relegating prospective designers to "selecting fabric swatches."

In June 2003, Mr. Arad submitted "Reflecting Absence," which carved out an enormous, barren street-level plaza featuring two square depressions 30 feet deep. At the bottom of each depression sat a reflecting pool fed by sheets of water. Each pool was broken by another square, with water falling again into a second void, and the victims' names engraved on parapets around

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the pools' edges. Visitors could either gaze down into the pools or descend into what Mr. Arad envisioned as a cool, dim, contemplative space vital to the experience.

'LESS IS MORE'

A few months later, in August 2003, the 13 members of the World Trade Center memorial design jury sat cloistered in a bland meeting room.

Ahead of them was a daunting task. They had received 5,201 designs submitted, as required, on 30- by-40-inch poster boards, as if they were middle school science projects. And no single design had jumped out at them.

That day, they were to receive first Governor Pataki, then Mayor Bloomberg and finally Mr. Giuliani. It was a formality, as the jurors saw it. They had been assured that their decision-making was to be free from political interference.

And yet what they heard from the politicians that day, particularly Mr. Bloomberg, presaged the troubles that lay ahead.

While Governor Pataki essentially gave the jurors a pep talk, the mayor and the former mayor presented them with contrasting and irreconcilable visions of how best to honor the dead. They raised the issues of cost, of scale and of timing: was it too soon to make such a potentially divisive decision?

Most astonishingly, although this was almost two years into an arduous process of determining the fate of ground zero, it was clear that neither of the two mayors believed in the reconstruction program that an Albany-led process had established.

Mr. Giuliani encouraged them to consider the entire site "sacred ground," making it clear that his views had remained consistent since he left office. He said of the memorial, "I think it should be big."

Mr. Bloomberg said just the opposite: "Less is more."

With his hands chopping the air, Mayor Bloomberg told the jurors that he thought they should build a school instead of a monument. "I always thought the best memorial for anybody is to build a better world in their memory," he said. "I'm a believer in the future, not the past. I can't do anything about the past."

Mr. Bloomberg related that before the first anniversary, he had tried to call the families of about 400 uniformed workers killed on Sept. 11. Most were moving on with their lives, he said. "Then there were 15-odd families where the spouse, I think it was probably all women, they just kept crying and crying,'' he said. "It's not my business to say that to a woman, 'Suck it up and get going,' but that is the way I feel. You've got to look to the future."

Mr. Bloomberg also revealed that he had specified in his will a desire to be buried in a plain pine box. "It's not like I can't afford a fancy coffin," he told the jurors. "It's just a waste."

Adding that "there are too many things that are wrong with society that a dollar can fix," Mr. Bloomberg spoke about famine, war and the preventability of deaths from diarrhea in the developing world. He wanted the jurors to think about the memorial project in a broader context, he said.

Vartan Gregorian, a juror and president of the Carnegie Corporation, told the mayor, "In fairness to us, this is the first time we've heard about cost." But it wouldn't be the last, for the estimated cost of the memorial would balloon to almost $1 billion, enough to pay for 20 schools.

Like the deliberations of the memorial jury, these frank conversations were private, but the development corporation had them videotaped for a documentary on the making of the memorial. The videotapes, with a State Supreme Court justice's assent, have been closely guarded ever since. Denied the tapes officially, The New York Times was nonetheless able to view them.

The public may never have that opportunity. The documentary was abandoned.

AN EXPENSIVE VISION

When it came to selecting an architect to build the new PATH station, the Port Authority had no intention of following in the development corporation's footsteps.

"We did not want an endless public process with 5,000 public submittals," said Anthony Cracchiolo, who was in charge of capital projects for the authority. "We said, 'Let's do it the traditional way.' "

Santiago Calatrava, a Spanish architect, artist and engineer who had earned an international reputation for his bridges and transportation terminals, submitted a bid in partnership with two New York firms.

"You see," Mr. Calatrava said in an interview, explaining his interest, "to make a statement of construction in a place that has suffered such a devastating destruction — you cannot be in a better place."

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In the summer of 2003, Mr. Calatrava's partnership, which includes the STV Group and DMJM Harris, won a $155.6 million contract to design the PATH station.

(Several years later, Mr. Cracchiolo, who retired from the Port Authority with a $145,000 annual pension, went to work for STV. So did two other former Port executives involved with the PATH project, although the firm said that none of them are working on that terminal.)

Inspired by the idea of a child releasing a dove, Mr. Calatrava designed a soaring winged structure, with a roof that could open to the sky every Sept. 11.

Port Authority officials quickly found themselves enchanted by Mr. Calatrava's considerable charm. "I have become very, very fond of Santiago," said Mr. Ringler, the Port Authority's executive director. "The guy's a genius. But the first thing that hits you in the face — he gives you a hug."

Mr. Calatrava's business is based in Zurich and Valencia, Spain, but since 2002 he has lived part-time on the Upper East Side of Manhattan.

Unlike many other architects at ground zero, Mr. Calatrava has retained significant creative control, although he has faced both security issues and some minor cost concerns. He was asked to use polished granite instead of marble, for instance, but Port Authority officials have not wanted to tie the hands of a man they consider an artist.

"Our people call him the Da Vinci of our time," said Mr. Seymour of the Port Authority.

After Sept. 11, Port Authority officials jumped at the opportunity to remake the antiquated transportation infrastructure of Lower Manhattan. Almost immediately, they decided that they would not only restore what was lost but also improve on it.

"The trade center had been attacked twice," Mr. Cracchiolo said. "Our thinking at the time was we needed to make a statement. We wanted to create a Grand Central Terminal in Lower Manhattan. It could be a catalyst for development as Grand Central was in Midtown."

Grand Central, however, was built by the Vanderbilts. The new terminal in Lower Manhattan will be built by the taxpayers.

The central hall in Mr. Calatrava's station will be roughly as capacious as Grand Central's main concourse. But while Grand Central has 45 train tracks, the PATH station will have 5. And while Grand Central serves 200,000 train commuters and 700,000 subway riders daily, the World Trade Center PATH station now serves 42,000.

The Port Authority anticipates the number of commuters doubling in a couple of decades, just as it anticipates the transportation hub — with its stores and store-lined underground corridors — evolving into a heavily trafficked crossroads.

New York's leaders stand solidly behind the PATH project even if some gape at the price tag. "It's the only part of the project that has not been controversial," Carl Weisbrod, president of Trinity Real Estate, said. "It's a lot of money to spend on a PATH station. But the Calatrava may well end up becoming the icon of the site."

In trips to Washington after Sept. 11, New York officials made transportation projects a priority, persuading Congress to dedicate $4.55 billion of the ground zero money to them. That was a substantial chunk — almost a third — of the $15 billion in direct federal aid. (Another $5 billion came in the form of a tax incentive program.)

The two major transportation projects, the Metropolitan Transportation Authority's Fulton Street Transit Center and the Port Authority's World Trade Center transportation hub, are nearly side by side. "It will be like having Grand Central and Penn Station a block apart," Mr. Yaro of the Regional Plan Association said.

The M.T.A. project is budgeted at $847 million, and the port's at $2.2 billion, with a $280 million reserve fund. (The Port Authority will contribute $300 million of its own money to the PATH complex.) Neither terminal adds capacity to its system.

As now estimated, the PATH complex — whose price tag includes underground passageways radiating from the terminal and the east foundation — costs roughly the same as the Freedom Tower. But it requires much less concrete and steel, chief ingredients that drive cost, according to construction estimates.

Where the Freedom Tower will need 190,000 cubic yards of concrete and 53,700 tons of steel, according to the estimate, the PATH complex will need less than half as much of those materials.

One reason for the disproportionate cost of the PATH project is that the government is spending more on "soft costs" than Silverstein Properties, which is building the Freedom Tower. For instance, the PATH complex's administration, design and insurance costs will total about $620 million, or 28 percent of the project's total, according to federal transportation documents.

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The same costs for the Freedom Tower will be about $290 million, or 14.5 percent of that project's total, according to Silverstein Properties.

Port officials say the projects are not comparable. "Ours is a complex transportation project,'' said John J. McCarthy, the agency's public affairs director. "It's very different than a stand-alone office building.''

The new PATH terminal will replace the $323 million temporary PATH terminal built to replace the one destroyed on Sept. 11. That temporary station, an impressively rapid government construction project that seemed to herald a quick rebirth of the site, opened in the fall of 2003.

A WINNER, AND A COMPROMISE

Late one night that same fall, Mr. Arad, after changing his newborn son's diaper, got a cryptic e-mail message asking him to contact the development corporation. He thought, he said, that his $25 entry fee check had bounced, but learned instead that he was one of eight finalists for the memorial.

As the jury slogged through thousands of entries, it knew what it wanted.

"None of us were looking for a literal reference to the attack," Professor Young said. "We weren't interested in planes crashing into towers or flames. We were more disposed to an abstract, under-determined design."

But finding what it wanted was not easy. All the finalists "needed a lot of help," Mr. Young said. Mr. Arad was no exception.

Mr. Arad met with the jury at least three times, the first time talking with nervous rapidity and coming across as arrogant. After a subsequent presentation at Gracie Mansion, Mr. Arad was startled when the jurors broke into applause — all except Maya Lin, he said, who crinkled her nose. In the end, though, it was Ms. Lin who championed his design.

Yet the jurors challenged Mr. Arad on what they saw as the austerity of his memorial plaza. And, at that point, Mr. Arad said, "I tried to find a path between resistance and accommodation."

He agreed to join with an older, more experienced professional, a landscape architect named Peter Walker, in a partnership that grew disharmonious as officials came to prefer dealing with Mr. Walker.

Over time, the memorial concept came to be seen as the seed of an idea rather than as a design itself. Even before he was selected, Mr. Arad agreed to add a grove of trees and cultural buildings to his spare plaza.

In January 2004, Mr. Arad's selection was announced. For all those who admired his design's stark elegance, others found it bland, minimal and so abstract as to be meaningless.

Mr. Arad prepared to defend his design against further changes while development officials, based on initial impressions, worried that he would prove immature and uncompromising. It was the start of an uncomfortable relationship.

Mr. Johnson, the board member, was pleased that the jury had remained immune from political pressure. "That's the good news," he said. "The bad news is that Michael Arad won."

Mr. Libeskind struggled with his emotions as his master plan was altered by the winning memorial design. Initially, he fumed. Eventually, he shrugged.

"I would be throwing myself off an elevation," Mrs. Libeskind said. "But Daniel had the capacity to look at something and find the good in it, to find the way it respected this or that element of his concept."

Friends often suggested that Mr. Libeskind walk away, she said: "They'd come in and say, 'Haven't you had enough? First the Freedom Tower, now the memorial.' "

Mr. Libeskind's response: "In my opinion, people give up too easily."

His equanimity was put to the test one more time that very January when Mr. Calatrava conducted a private unveiling of the model for his PATH station. As designed, the terminal encroached on Mr. Libeskind's Wedge of Light plaza, whose outlines were defined, Mr. Libeskind said, by the angle of the sun's rays on Sept. 11.

Anxious Port Authority officials gathered with the architects on the first floor of Mr. Calatrava's Park Avenue town house, where sweeping white walls and blond wood floors serve as a minimalist backdrop for the Spanish architect's sculptures and watercolors.

"The tension was very high," Mr. Seymour said. "Then Santiago made the point that when the roof opened every Sept. 11, that would allow the wedge of light. Nina started to say something against it. But Daniel stopped her. He said, 'No. He's accented the Wedge of Light. I like it.' And then the wine was served."

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A TOXIC BUILDING

By the end of 2003, the black-shrouded Deutsche Bank building at 130 Liberty Street seemed to be standing in the way of progress, which was elusive enough in this one step forward, one step backward reconstruction effort.

It was really just a bystander building on the periphery of ground zero, but it got sucked into the dysfunction all the same.

As a result of the collapse of the southern twin tower, the bank building suffered a 15-story gash, filling with toxic ash and debris. A long, bitter battle between Deutsche Bank and its insurers ensued. Two years passed, during which the master plan that was created counted on the building's property to expand the reconstruction site.

One day, two young executives of the development corporation were sitting in a diner bemoaning that the impasse between Deutsche Bank and its insurers seemed as insurmountable as conflicts of far greater proportion. What we need, Kevin M. Rampe and Matthew T. Higgins joked over lunch, is the kind of world-class mediator who gets dispatched to the Middle East or Northern Ireland.

Enter former Senator George J. Mitchell, his conflict resolution skills honed in Jerusalem and Belfast. And Mr. Mitchell indeed provided a speedy resolution, or so it seemed: the government would save the day, with the development corporation buying the toxic building and razing it.

It was a deal, Governor Pataki proclaimed in early 2004, that would "show the world that we are moving rapidly."

IV. COMING UNDONE

By early 2004, a master plan was in place, a memorial design had been chosen, a PATH station design had been unveiled, a Freedom Tower design had been negotiated and the Deutsche Bank building was in government hands. Everything finally seemed to be coming together. Then the unraveling began.

Throughout 2004, more than 100 architects, engineers and consultants worked to take the conceptual design for the Freedom Tower through the design development process, level by level. But a dispute between the Port Authority and the Police Department ended up rendering most of their work a waste of time and money (an estimated $30 million).

The dispute, which did not become widely known until April 2005, had been simmering for more than a year before that.

Police officials said that they first voiced their concerns to development officials in late 2003 but were unable to obtain documents from the Port Authority or set up meetings with them.

In the spring of 2004, Raymond W. Kelly, the New York City police commissioner, told Mr. Silverstein that he was "deeply concerned about the Freedom Tower location and design from a terror standpoint," Mr. Silverstein said. He asked for a document called the threat assessment risk analysis. Mr. Silverstein gave it to him, the police said.

As then designed, the Freedom Tower met the security standards of a federal courthouse. Police officials did not think that level of security was high enough. But the Port Authority believed that "doing it at courthouse standards was going far enough," according to Mr. Seymour, then the Port Authority's executive director, and police officials did not suggest an alternative.

Further, port officials thought that the Police Department's discomfort was more fundamental, Mr. Seymour said: "The N.Y.P.D. was really not receptive, in my opinion, to the idea of building the Freedom Tower at all."

On July 4, Mr. Pataki laid the cornerstone for the building.

This irked the police.

On Aug. 31, 2004, Michael A. Sheehan, the police deputy commissioner for counterterrorism, wrote Mr. Seymour a letter expressing his discomfort with the Freedom Tower's "insufficient standoff distance" from West Street and about the use of glass on lower floors. These specific concerns, he wrote, had been voiced in previous meetings and ignored.

Mr. Sheehan did not get a response.

On Oct. 1, 2004, Mr. Sheehan wrote Mr. Seymour again. "Due to the history of Al Qaeda strikes at this location and the symbolic nature of the Freedom Tower itself, it seems clear that this building will become the prime terrorist target in New York City as soon as it is occupied."

Eighteen days later, Mr. Seymour wrote back. "I just received your Oct. 1 letter today, which was apparently misrouted within the Port Authority," he said. "We also have no record of receiving the Aug. 31 letter that was attached."

Still, for the next several months, the Freedom Tower's designers soldiered on.

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"I do think that the port and Silverstein, to some extent, had their heads in the sand," said Mr. Doctoroff, the deputy mayor. "They didn't want to slow things down."

A HANDFUL OF M & M's

At the same time, during twice-weekly meetings, the Port Authority, the development corporation and city planners tried to hammer out commercial design guidelines.

The dense site is like a three-dimensional jigsaw puzzle whose interlocking parts made all the government entities co-dependent, like it or not. And, to their chagrin, Mr. Silverstein held a lot of the pieces.

The arduous process involved setting building heights, bulk and setback as well as the width of sidewalks and streets. Mr. Silverstein consistently wanted bigger floors and taller buildings, participants said, leading to such paralysis that Roland Betts stepped in to mediate. It took 12 weeks.

During one mediation session at Chelsea Piers, participants haggled over space allocations for the eastern boundary of the site. That boundary was 1,700 feet long, but it had 1,703 feet worth of things on it. Mr. Betts implored Mr. Silverstein to relinquish one foot of space per floor in each of three buildings. Mr. Silverstein held firm.

Finally, Mr. Betts grabbed a fistful of red, white and blue peanut M & M's from a bowl. He asked for a ruler and lined up the M & M's alongside it. "You can't tell me that you won't concede this amount of M & M's out of each building," he said to Mr. Silverstein.

Mr. Silverstein relented, Mr. Betts said.

There was considerably more at stake when Mr. Silverstein battled his insurers.

In May 2004, after a 52-day trial involving some of his many insurers, Mr. Silverstein lost his first effort to claim that the two planes represented two attacks and required double payments. At the end of 2004, however, after a separate 35-day trial, he won the right to collect double payments from another set of insurers. He had spent about $100 million paying lawyers to fight this particular fight, which critics said was an unconscionable siphoning of money that should have been used for rebuilding. But in his mind, that $100 million produced an additional $1.1 billion for rebuilding ground zero, which was worth it.

The insurers had portrayed Mr. Silverstein as — "What the hell phrase did they use?" Mr. Silverstein said. "Not greedy. Not overreaching. Begins with an 'r' " — rapacious in his scheme to recover as much insurance money as possible. But in an indication that his legal position was not that exotic, the Port Authority, after Mr. Silverstein won the second case, quietly filed its own lawsuit seeking a double payout on its own insurance policy.

OBJECTIONS FROM THE POLICE

By April 2005, Mr. Silverstein had what amounted to a conditional building permit from the Port Authority. Yet, he said, he was uneasy about proceeding without the Police Department's blessing.

Complicating matters, the Freedom Tower had been designed with the expectation that West Street, a state highway, would be slimmed from six lanes to four for local traffic, with an express roadway depressed in a tunnel. The tunnel, according to some security experts, could have contained damage to the Freedom Tower from a car or truck bomb, reducing the need for standoff distance and bunker-like reinforcements.

If the tunnel idea were to be abandoned, however, that would pose a problem, which is where the future of the Freedom Tower intersected with the future of Goldman Sachs & Company, the investment banking firm.

One of Lower Manhattan's largest employers, Goldman Sachs had resisted political pressure to establish new headquarters in the Freedom Tower, announcing instead that it would build its own building across West Street from ground zero.

But Goldman, whose continued presence downtown was considered vital, did not favor the tunnel, which would have disgorged traffic at its front door. According to government officials and business leaders, Goldman was promised by the governor's office that the tunnel would be quashed. But, as the security concerns over the Freedom Tower became more pronounced, the tunnel, in various iterations, remained alive.

In early April 2005, Goldman Sachs announced that it was suspending plans to build its headquarters across from ground zero.

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Less than two weeks later, the tunnel was killed. And, eventually, Goldman announced that it would revive its downtown headquarters, enticed by government incentives. The firm received $1.65 billion in Liberty Bonds, 20 percent of the $8 billion in low-cost, tax-free financing created by the federal government to help New York recover from Sept. 11.

According to a city official involved, it was "too good a deal, but then, the state wanted them to get twice as much."

After the Police Department finally produced a report suggesting that the Freedom Tower be built to the security standards of an American embassy, Mr. Pataki announced at a public breakfast that it would be redesigned. Mr. Silverstein, according to a rebuilding official, was "apoplectic."

"It was an unmitigated disaster," Mr. Silverstein said. "We had wasted two years, and, as I pointed out to the governor, inflation was starting to take hold in the construction trades and everything was going to be more costly."

Mr. Pataki announced that his chief of staff, John Cahill, would oversee the reconstruction effort and that James K. Kallstrom, a former assistant director of the F.B.I., would become the site's security czar.

Kevin M. Rampe resigned as president of the development corporation, the second leader in three years to step down. He said that his resignation had nothing to do with the state of crisis, that he had lined up a job as an insurance executive. But Mr. Rampe disagreed with the abandonment of the tunnel and the redesign of the Freedom Tower.

"The minute the governor made the decision to redesign the Freedom Tower," Mr. Rampe said, "people said, 'Hey, if you can redesign that, why not rethink everything else?' "

Mr. Childs went back to the drawing board, this time alone. By the end of June 2005, he had unveiled yet another version of the Freedom Tower, sitting atop a 200-foot-tall bunker of concrete and steel, its torso slimmer and straighter and crowned by a centered antenna. Mr. Childs declared it a much better building, and Governor Pataki wholeheartedly agreed. But the next controversy was already bubbling.

A MUSEUM IS DERAILED

Tom A. Bernstein, Mr. Betts's partner at Chelsea Piers, first broached the idea of a freedom museum with development officials in early 2002. The idea had been sparked by a casual conversation with Peter W. Kunhardt, a filmmaker who was producing a PBS series called "Freedom: A History of US."

"Peter and I started talking about how to frame the horror of 9/11 in a bigger story," Mr. Bernstein said. "We thought, what if we had an institution devoted to telling the story of the struggle for freedom here and around the world?"

In May 2003, Mr. Bernstein and his friend Kenneth I. Chenault, the chief executive of American Express and a backer of the concept, met with Governor Pataki. They found him receptive.

In June 2004, Mr. Pataki, Mr. Bloomberg and development officials announced the selection, from among more than 100 applicants, of the International Freedom Center and three other institutions — the Drawing Center, the Joyce Theater and the Signature Theater Company — as the cultural anchors for the World Trade Center site.

By that point, Mr. Bernstein and Mr. Kunhardt had invested considerable time into building what they saw primarily as an educational institution, recruiting advisers, conducting feasibility studies and developing the concept.

With the Drawing Center's leaders, they selected an architect, Snohetta of Norway, which got a $3.25 million contract from the government. In May 2005, Governor Pataki and Mayor Bloomberg unveiled Snohetta's design, which the governor called "part of a lasting tribute to freedom."

A month later, the troubles began, and, like so much of the controversy at ground zero, it involved ad hominem attack. Mr. Bernstein, like Mr. Betts, is a friend of President Bush. But politically, he is a member of the city's liberal intelligentsia, son of the founder of Human Rights Watch and a leader himself of Human Rights First.

In June 2005, Debra Burlingame, a memorial foundation board member whose brother was a pilot of the plane that crashed at the Pentagon on Sept. 11, wrote an op-ed article in The Wall Street Journal calling the Freedom Center "a multimillion-dollar insult" that would offer a "slanted history lesson" without telling the story of Sept. 11. Ms. Burlingame pointed out that Mr. Bernstein's human rights organization had sued Defense Secretary Donald H. Rumsfeld on behalf of the administration's detainees in Afghanistan and Iraq.

"This is a freedom center that will not use the word 'patriot' the way our Founding Fathers did," Ms. Burlingame wrote.

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Talk radio snapped up the dispute. At the end of June, Mr. Pataki issued a statement demanding a guarantee that the center would not become a forum for "denigrating America." In July, Mr. Bernstein made that pledge. But it was not enough. Mr. Pataki's advisers said that the freedom center did not "clarify its message" in a way that tamped down the mounting furor.

"The site was supposed to bring people together to heal the wounds of Sept. 11," said Mr. Cahill, the governor's chief of staff. "It was never envisioned as a place that would breed controversy."

Although the development corporation had undertaken a review of the Freedom Center's program, Governor Pataki cut it short and evicted the institution from the memorial quadrangle. The SoHo-based Drawing Center, which had also come under attack, had already pulled out, later accepting an apology in the form of a $10 million grant from the development corporation.

The development corporation board, including Mr. Whitehead, who usually chose to stay above the fray, expressed outrage at Mr. Pataki's intervention. Mr. Betts resigned.

"That was frankly the turning point for me and many others," Mr. Betts said. "We were running a process, and Pataki just blew it all away. He trashed the museum, he upstaged the L.M.D.C., he ceded to the victims, he let them portray Tom as a leftie nut and he made a parody of the process."

"Basically Pataki went like this," Mr. Betts said, wetting his finger in his mouth, and holding it up to the wind.

NAMES AND NUMBERS

Eliminating the Freedom Center did not eliminate controversy from the memorial complex, though. From the time that "Reflecting Absence" was selected in early 2004, the understated eloquence that the jury had admired did not satisfy the need that many families felt to dramatize Sept. 11.

"We did not like the mind-set that 9/11 is too dark and horrific of a story to tell so you need to be general and illustrate a concept, like loss, instead," said Anthony Gardner of the Coalition for 9/11 Families.

Christine Ferer, widow of the Port Authority director, took Mr. Arad "by the hand" to Hangar 17 to experience the power of the World Trade Center artifacts. His eyes welled with tears, she said. At the behest of the jury, he had already added an underground "interpretive center" to house some artifacts, although some family members, like Mr. Gardner and Ms. Ferer, wanted at least some at street level, too.

Even before his design was unveiled, some family advocates urged Mr. Arad to change the way that he had displayed the names of the dead. Mr. Arad had arranged them randomly, but — on what Mr. Bloomberg said was his suggestion — he had placed service insignia beside the names of uniformed emergency workers. Some family members believed that the insignia created an offensive hierarchy among the dead.

"I said to Arad and Rampe, 'Please don't do this,' " said Edith Lutnick of Cantor Fitzgerald. "I said, 'This will cause a tremendous amount of pain to a tremendous amount of people.' But they did it."

Ms. Lutnick then gathered leaders of family organizations and unions. It took more than a year, but eventually they hammered out a proposal for allowing victims to be listed in some kind of context — by tower or workplace name or fire battalion and so on. Civilians would be listed alphabetically, and uniformed workers by rank.

"What the families really want is some kind of affiliation, so they don't have to search for their loved ones anymore," she said.

But the development corporation persisted in supporting Mr. Arad's vision on this one issue, and Mr. Bloomberg, in particular, defended it as one decision that would not be unmade.

The underground interpretive center grew in size and importance, becoming a memorial museum. And Mr. Arad found himself further sidelined when the firm of Davis Brody Bond was brought on as associate architect for the memorial and then named design architect for the museum.

Eventually, Mr. Arad was barely on speaking terms with any of his associates, although, Mr. Libeskind commented, the development corporation did not foster collegiality. "We were not even allowed to meet together with the others involved to converse and discuss," Mr. Libeskind said. "Do you believe that?"

Mrs. Libeskind added, "It was supposed to be divide, control and conquer. It turned out to be just divide."

After a while, some family members began identifying with Mr. Arad's beleaguered state. "I have a great respect for him," Ms. Iken said, "He's fighting the process like we're fighting the process."

Underlying all the tension was the elephant in the living room: the cost.

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The mayor wanted to talk about the memorial's cost from the beginning, but others did not. "When we asked about the various proposals' costs at the behest of the mayor, we got criticism," Mr. Rampe, then president of the development corporation, said. "It was like, 'How can you put a cost on the memorial?' "

There was, at the time, deep-seated confidence in the fund-raising potential of a memorial. "People all over the country will want to contribute," Mr. Whitehead told the mayor.

In late 2004, the corporation spun off a foundation to raise money for the memorial and oversee its construction, which added another layer of bureaucracy and another assemblage of egos to a difficult decision-making process.

"When Whitehead started telling me that we needed a foundation to fund this, my response was, 'Why?' " Mr. Betts said. "Washington gave us tons of money. We're building parks with it. What is that all about? It's great to have the parks. But I mean, this money was about Sept. 11, wasn't it?"

The Lower Manhattan Development Corporation awarded $250 million of federal ground zero money to the memorial and $273.5 million to parks and waterfronts.

Rebuilding officials say that since the Vietnam Veterans Memorial opened in 1982, memorials have been financed privately. The Vietnam memorial, however, one whose scale the mayor often cited, cost $8.4 million. The World Trade Center memorial foundation's fund-raising goal was $300 million.

After trying unsuccessfully to recruit a chairman for the foundation, Mr. Whitehead decided to head it himself. In short order, he single-handedly raised $130 million from 15 companies and individuals, he said. But that left $170 million to be raised, and with all the chaos swirling around the memorial, it was not.

Until this year, though, nobody knew how much the memorial was going to cost. Estimates ranged from $300 million to $350 million during the design competition to $500 million when the memorial foundation was created to the outsized figure of almost $1 billion this spring.

That is when Mayor Bloomberg blew the whistle.

V. SORTING OUT THE FUTURE

Shortly before Election Day last fall, Mr. Bloomberg started using public pressure to force change in the commercial part of ground zero.

According to Mr. Doctoroff, the deputy mayor, Mr. Bloomberg did not have the political clout to assert himself more persuasively earlier, and needed to proceed deftly. "We were facing a $7 billion deficit and needed Albany and the governor's help," Mr. Doctoroff said.

Over time, however, the dynamic changed. By late 2005, the city was posting a record budget surplus, the mayor was celebrating his re-election by a 20 percentage-point margin and the governor was facing his final year in office.

The mayor's first push was to call publicly for Mr. Silverstein to relinquish control of the site.

This public pressure represented collaboration behind the scenes between City Hall and Mr. Coscia, the chairman of the Port Authority.

As Mr. Coscia describes it, the Port Authority had taken a seat on the sidelines while the public process played itself out. The agency did what it could by itself, he said, on its PATH stations. By last fall, however, once ground was broken on Mr. Calatrava's terminal, the Port Authority needed to collaborate more intimately with Mr. Silverstein on the infrastructure for the site and found itself "butting heads" with him on a daily basis.

Mr. Coscia invited the developer to his office to suggest a partial relinquishment of the site and the insurance proceeds so that the site could be developed more quickly.

"I stressed, 'Let's divide the work and do it faster,' " said Mr. Coscia, 46. "Larry, who's always been a gentleman to me, said, 'You're a very nice young man and you probably have good things in your future, but you're very naïve. Have a nice day.' "

"I didn't convince Larry," Mr. Coscia said. "But I did convince Doctoroff and City Hall."

When Mr. Silverstein applied for $3.35 billion in tax-exempt Liberty Bonds to help finance the Freedom Tower and his other buildings on the site, Mr. Bloomberg found a lever. The city and the state each control half those bonds, and the mayor said that he would not agree to the city's half unless Mr. Silverstein made certain concessions.

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Mr. Silverstein needed the Liberty Bonds because insurance proceeds, which amounted to about $4.6 billion, would not nearly cover the expected costs of the five towers.

Mr. Silverstein and the Port Authority together had spent more than $1.5 billion of the insurance money already, including more than $500 million for Mr. Silverstein's rent to the Port Authority; about $190 million for the Port Authority to buy out Westfield America's retail rights; and more than $700 million to repay Mr. Silverstein's lender, GMAC, and to repay Mr. Silverstein and his partners most of their equity.

In the middle of December, Governor Pataki declared that the state would grant Mr. Silverstein $1.67 billion in Liberty Bonds, the state's half of the financing he had requested. But he set a 90-day deadline for the developer and the Port Authority to work out a new understanding.

During that time, City Hall turned up the heat on Mr. Silverstein, pressing the idea that he would not have enough money to build five office towers at the site. The city disseminated a financial analysis concluding that Mr. Silverstein would be able to afford only two towers, at best, and could then pocket tens of millions of dollars while defaulting on the others. Mr. Silverstein disagreed with the analysis.

On March 14, the 90th day, the parties assembled at the Port Authority's headquarters near Union Square in Manhattan. (City officials were not present.) They negotiated all afternoon over how to re-divide the site, breaking at 6 p.m. with a pledge to reassemble after dinner.

According to Janno Lieber, Mr. Silverstein's World Trade Center project director, several substantial issues remained unresolved. He said that Mr. Silverstein, his executives and his lawyers spent the next several hours preparing a "counterdraft" of an agreement and working out differences with Mr. Silverstein's co-investors.

Then they returned, with Mr. Silverstein fueled by several cups of coffee in anticipation of a long night. From the perspective of infuriated government officials, however, Mr. Silverstein and his people had disappeared for hours.

"They came back raring to go not long enough before the midnight deadline, and my normal calm demeanor did not stay calm," Mr. Ringler said. "Quite honestly, this was an example of Larry waiting until the last minute to cut a deal, and probably viewing that he could extract more from us because we were under the gun. So I said, 'It's over.' And I may have uttered profanities."

According to several people present, what Mr. Ringler said was: "Get the hell out of here. This deal is dead. Pay your goddamn rent."

In Mr. Silverstein's eyes, the Port Authority had violated accepted "codes of conduct" by walking away from the negotiating table. He felt insulted by what followed: Mr. Pataki said that the developer had "betrayed the public trust." Mr. Gargano, the governor's senior adviser, called Mr. Silverstein "greedy."

"After I cooled down," Mr. Silverstein said, "I said to myself, 'It's a good thing I'm 74 going on 75.' Because if I were 20 years younger, I would have exploded and told them all to go fly a kite and we would have ended up in litigation and the truth of the matter is, that would have been wrong."

Indeed, the two sides were back at the negotiating table within a few days, and this time the negotiations included the city and the State of New Jersey. By the end of April, Mr. Pataki, Mr. Bloomberg and Gov. Jon S. Corzine of New Jersey presented Mr. Silverstein with two choices in a take-it-or-leave-it offer.

Mr. Silverstein turned down the first choice: $50 million in cash plus the Deutsche Bank property to walk away from the World Trade Center.

Under the offer that he ended up accepting, Mr. Silverstein would retain three towers and 6.2 million square feet of office space on Church Street, with promises of government leases and some $2.6 billion in Liberty Bonds. For a reduction in rent and an approximately $20 million developers' fee, he would cede control of the 2.6-million-square-foot Freedom Tower and the Deutsche Bank property, which might become a hotel and residential building, to the Port Authority. And he would promise to adhere to a strict construction schedule.

In order to take on the Freedom Tower, the Port Authority, although it can issue bonds itself, demanded some $700 million in Liberty Bonds, about a third of the remaining insurance proceeds and a guarantee of 1 million square feet in tenants, which

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Mr. Pataki promised to secure from government agencies. The Port Authority does not plan to move its own offices into the 1,776-foot building but rather into one of Mr. Silverstein's shorter towers on Church Street.

As part of the deal, the Port Authority made a pledge to set aside $100 million for the memorial. That will go toward infrastructure costs that many thought to be the Port's responsibility all along — including Mr. Coscia, who said that he was a "chorus of one on that issue until I got Corzine on board and he said that he wouldn't allow his commissioners to vote in favor of the agreement unless that was in there." (The Port Authority later agreed to pay for an additional $50 million in infrastructure costs.)

On April 27, with the specifics of the deal still to be negotiated, Mr. Pataki, Mr. Bloomberg and Mr. Silverstein gathered at ground zero to proclaim the start of construction on the Freedom Tower. And then Mr. Pataki, who is contemplating a presidential bid, left for a two-day trip to New Hampshire.

THE MEMORIAL UNDER ATTACK

Two years after the development corporation took over the Deutsche Bank building, it still loomed over ground zero, as if defying the site to be redeveloped. Its demolition had not proved straightforward at all; the building had been highly contaminated, and, making matters worse, more than 750 human bone fragments were discovered on its roof and in its air vents.

Reluctantly and sometimes resentfully, development officials confronted horrified families, anxious community residents and zealous environmental regulators. The project's anticipated cost rose to $207 million, and delay followed delay while some family advocates took to the streets.

One week, they called for an elite military unit that specializes in the identification of human remains to be enlisted in the Deutsche Bank project. The next week, they held vigils to protest the underground components of the memorial.

The two issues converged briefly on the battlefield of muddy emotions. And tensions over the memorial, which by then was under attack from families, preservationists, politicians, security experts and Mr. Arad himself, finally boiled over.

At City Hall in late March, Councilman Alan Jay Gerson conducted a hearing on the redevelopment of Lower Manhattan, which, Mr. Gerson said, the development corporation would not allow Mr. Arad to attend.

"What do the families want?" Ms. Regenhard said at the hearing, in a short speech that touched all the hot buttons: the perceived elitism and secretiveness of the process, safety and security, cost. "We want a memorial that's above the ground. We want the names above the ground. We want a safe and secure memorial that's built under the legal jurisdiction of the New York City building and fire codes. We don't want this convoluted multimillion- and billion-dollar, really meshuggeneh idea, O.K.?"

In a play on Mr. Arad's name for his design, Ms. Iken protested that the memorial did not reflect absence but an absence of leadership. Mr. Gerson pressed development officials on the names issue. Preservationists complained that tanks, pumps and other mechanical support for the memorial would desecrate the footprints of the towers.

The language was fierce. Referring to a proposed underground family room, Robert J. Kornfeld Jr., an architect representing the Historic Districts Council, described a windowless space wedged between a train track, water tanks and a medical examiner's office. "I can't imagine why anyone would ever go there other than to shoot themselves," he said.

Into this volatile climate, a leaked letter written by Mr. Kallstrom, Mr. Pataki's counterterrorism adviser, landed like a torpedo. In it, Mr. Kallstrom expressed concerns that the memorial would be vulnerable to attack.

In May, a cost analysis overseen by Mr. Betts produced a staggering estimate of $972 million, of which $672 million represented the memorial and memorial museum and the rest infrastructure costs.

Mr. Bloomberg drew a line in the sand. He called for a $500 million cap on spending for the memorial, speaking, he said, on behalf of Governor Pataki and Governor Corzine, too.

In May, Mr. Whitehead, after almost five years, stepped down as chairman of the development corporation and Ms. Dykstra resigned after only a year as president of the memorial foundation.

Weary of the turmoil and with the fifth anniversary of the attack approaching, political leaders wanted to resolve the problems with the memorial just as they had restructured the commercial portion of the site. Frank J. Sciame, a builder who had lost a bid to construct the memorial, was given the task of streamlining the memorial in a way that would cut costs and appease family critics both.

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His final cost estimate for the memorial, which called for the elimination of six of eight underground galleries, came out to about $740 million: $510 million for the memorial and the memorial museum, $80 million for a visitors' center and the rest for infrastructure. But that figure is already being revised upward.

Hours before that resolution was made public in late June, Mr. Sciame, Mr. Cahill and Mr. Rampe met with Mr. Arad and asked him if he would publicly challenge the decision to eliminate the underground galleries that he considered a fundamental part of his concept. Happily for them, Mr. Arad had already resigned himself to what was coming, having decided that going public with his discontent "would satisfy nothing but my own feelings."

'MAYBE SAD IS A BETTER WORD'

In his spacious office high above Midtown, Mr. Whitehead sat surrounded by a careerlong arsenal of photographs of himself with world leaders. And then there was the framed picture of Brad Pitt.

Inside a bag over Mr. Pitt's shoulder was a flash of blue, the back cover of Mr. Whitehead's autobiography, "A Life in Leadership, From D-Day to Ground Zero." Mr. Pitt, it seems, borrowed the book from his girlfriend, Angelina Jolie, whom Mr. Whitehead got to know during the filming of "The Good Shepherd,'' a movie in which "my friend Bobby De Niro" gave him a small role as a priest.

Robert De Niro himself has played a role in the making of the Sept. 11 memorial as a board member on the memorial foundation. His Tribeca Film Festival benefited from a $3 million grant from the development corporation, and he and partners received $38.9 million in Liberty Bonds to finance a luxury hotel downtown.

After Mr. Whitehead stepped down as chairman of the development corporation last spring, a colleague mentioned that he felt despondent. Asked if this were accurate, Mr. Whitehead said, "Yes. I felt responsible. Here I had this job, which gave me responsibility for rebuilding, and I couldn't complete it. Now, despondent is sort of a medical problem. Maybe sad is a better word. I felt sad that a lot of things had gone wrong and I hadn't been able to set them right."

After Mr. Whitehead's resignation, Eliot Spitzer, who is running to succeed the governor, publicly declared the development corporation a failure.

At the end of July, the development corporation announced that it was shutting down. It had, it said, completed its mission. Mr. Spitzer called that declaration "one of the great Orwellian moments of the decade."

After the corporation's announcement, Mr. Whitehead sent this reporter an e-mail message, saying that, upon reflection, he realized how much it really had accomplished, from conducting more than 200 public hearings to producing a master plan that, he said, "has endured.''

For rebuilding officials, progress is the message of this fifth anniversary.

Mr. Pataki said that the vicissitudes of this difficult process would be forgotten with time. One day, he said, the site will be magnificent. "History will write that story, maybe not on Sept. 11, 2006," he said.

But there are a lot of hurdles to clear between now and history.

The future of the memorial probably demands some resolution of the names issue. In the recent redesign, the names of the dead were raised to street level, which greatly placated the families. But because the names were left in random order, Ms. Lutnick says that major family groups will not endorse the memorial as is, and that no fund-raising drive is likely to succeed without their support.

The future of a performing arts center at ground zero, for which the development corporation hired Frank Gehry as architect, remains unclear, with only $50 million set aside for its creation.

Even the future of the Freedom Tower, which many downtown business people consider a potential white elephant, is still uncertain. If the governor does not secure the promised 1 million square feet in government leases at market rates, the tower's construction could be suspended after it is brought up to street level, according to Mr. Coscia, chairman of the Port Authority.

"I'm not a fan of the Freedom Tower if it could financially impair the port," Mr. Coscia said.

Only the PATH station and Mr. Silverstein's three office towers seem securely on track, signaling that at the end of the day, real control of the site has returned to its technical owners, the Port Authority and Mr. Silverstein.

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The Port Authority, which sought to divest itself of responsibility for the World Trade Center five years ago, will end up fully immersed in a site two acres bigger than the original. In addition to building the train station, it will now construct the memorial and two of the five towers.

All summer, facing the deadline of a Sept. 21 board meeting, the Port Authority and Mr. Silverstein have been embrangled in difficult negotiations to finalize their April agreement. While Mr. Pataki pressed them to conclude by Sept. 11, it proved impossible.

On Thursday, it fell to Mr. Silverstein, who said the five-year planning process "should have made me a manic-depressive by now,'' to deliver news of progress in time for today's anniversary.

With the governor by his side, Mr. Silverstein unveiled the designs of Towers 2, 3 and 4 by three renowned architects of his generation -- Fumihiko Maki, 78, of Tokyo, and Richard Rogers, 73, and Norman Foster, 71, of London.

For the first time, there was a complete image of ground zero reborn. Monumental and densely packed, it did not overtly resemble Mr. Libeskind's ascending spiral of glass structures. And, with one glance, it raised the lingering issue of whether Lower Manhattan will be able to absorb 8.8 million square feet of new office space.

But it looked tangible, like something that could actually take shape.

Mr. Libeskind says he retains faith that the new World Trade Center will be "memorable'' because of the combined talents — "It's not some schlock architects'' — joined together under the umbrella of his master plan.

Yet he worries that the city's passion for the project has dissipated, that the urgency and idealism have faded.

"For many, Sept. 11 has become very abstract,'' he said. "People forget already what this was all about. They think it's about pretty facades and square-footage prices. They don't remember anymore that it's about people who perished, it's about America, it's about some pretty big ideas."

First Tribute (WSJ)

The Wall Street Journal, September 11, 2006

The tributes yesterday and today to the victims and the heroes of 9/11 are necessary reminders of that day. At the former World Trade Center site in New York, however, it's also impossible not to notice that five years later it remains a hole in the ground.

The Pentagon was rebuilt long ago, and the site north of the hole, where 7 WTC fell, has also been rebuilt by private developer Larry Silverstein. Just south of the pit, a bronze bas-relief memorial to the 343 firemen who died that day was recently unveiled. It was paid for by private donors organized by the law firm of Holland & Knight, one of whose partners was a volunteer firefighter who died on September 11.

These efforts contrast with the failure of New York's political class to build anything on the main site itself. Yes, the restraining wall against the Hudson River has been reinforced, and public transit hubs have been reconstructed. But the hole on the site itself is embarrassing testimony to dysfunctional New York politics. There is plenty of blame to go around -- from the Port Authority to timid and squabbling politicians, to legal fights over insurance money, to vainglorious architects, to the special interests that have tried to attach their own hobby horses to the site. Construction may finally begin soon on the large official memorial, with a goal of opening by September 11, 2009.

On 9/11's first anniversary, we argued that the best tribute to the dead would be a modest memorial along with a robust effort to revive the trade and commerce whose symbol the terrorists had targeted. The latter has been happening, as Julia Vitullo-Martin argues nearby, and at least the firefighters now have their dignified and deserved tribute.

WAR NEWS:

Cheney Reasserts Iraq/al-Qaeda Links (FT)

By Demetri Sevastopulo

Financial Times, September 11, 2006

DOJ_NMG_0060086

US Vice-President Dick Cheney repeated assertions on Sunday on links between the former Iraqi regime of Saddam Hussein and al-Qaeda despite a recent Senate intelligence committee report that concluded otherwise.

In defending the decision to invade Iraq despite its lack of weapons of mass destruction, Mr Cheney said the fact that Abu Musab al-Zarqawi, the former head of al-Qaeda in Iraq who was killed in a US air strike this year, was in Baghdad before the war was evidence that Iraq had links to al-Qaeda.

But a Senate intelligence committee report on prewar Iraq intelligence released on Friday concluded that there was no evidence that Mr Hussein's Ba'athist regime had either harboured or turned a blind eye to Mr Zarqawi.

In an hour-long interview on NBC television, Mr Cheney argued that the invas-ion of Iraq had imp-roved the country. While recognising the increase in sectarian violence, he said Iraq was better off without Mr Hussein. "If we weren't there . . . the situation would be far worse than it is today," Mr Cheney said.

He acknowledged that the US intelligence on Iraq had been poor but he appeared to put the blame on the Central Intelligence Agency, saying George Tenet, the former director of the spy agency, had told President George W. Bush that the case that Mr Hussein had weapons of mass destruction was a "slam dunk".

But he said the lack of weapons of mass destruction would not have changed the decision to invade Iraq.

"If we had to do [it] over again, we would do exactly the same thing," Mr Cheney said. He also defended the use of controversial methods – including the domestic spying programme and US detention policies – in the "war on terror", saying they had helped stop further attacks on the US. "There has not been another attack on the US," he said. "That is not an accident."

Congress is considering legislation to authorise the National Security Agency's warrantless eavesdropping programme. In the wake of a June Supreme Court ruling that the military commissions created to try prisoners at Guantánamo Bay were illegal, the White House and Congress are working towards approving a revamped military tribunal.

Republicans are becoming concerned that Democrats could gain control of one, or both, houses of Congress in November elections. With decreasing support for the Iraq war, which has resulted in the deaths of 2,662 US soldiers and tens of thousands of Iraqis, the administration is trying to argue that success in Iraq is key to winning the "war on terror".

Mr Cheney, who said last year the insurgency was in its "last throes", acknowledged on Sunday that "we did not anticipate an insurgency that would last this long". But he said the US was "well on the way" to success, meaning viable government, a country that was not a safe haven for terrorists, and the elimination of al-Qaeda.

Cheney Returns To A 9/11 Forum For Latest Iraq Defense (NYT)

By David E. Sanger

The New York Times, September 11, 2006

WASHINGTON, Sept. 10 — Vice President Dick Cheney on Sunday backed away from his insistence last year that the insurgency in Iraq was in its "last throes,'' but in a contentious television interview he said that even if he had known in 2003 that his claims that Iraq had weapons of mass destruction were mistaken, "we'd do exactly the same thing.''

Mr. Cheney's appearance on "Meet the Press'' on NBC was part of the administration's drive before the fifth anniversary of the Sept. 11 terrorist attacks to change the minds of Americans who tell pollsters that they now believe the invasion of Iraq was a misguided diversion in the battle against terrorism.

By the end of the interview he appeared to be preparing the ground for arguments that the country would be far less safe if Republicans lost control of one or both houses of Congress in the November elections.

Mr. Cheney, who is rarely challenged in public, was returning to a forum he used just after the terrorist attacks and just before the Iraq war.

He sounded uncharacteristically defensive at moments, particularly as he tried to explain statements he had made over the past five years about Saddam Hussein's weapons capabilities and ties to Al Qaeda.

After watching videotape of himself declaring in May 2005 that the level of military conflict in Iraq "will clearly decline'' and his now-famous characterization of the insurgents, Mr. Cheney told the program's host, Tim Russert: "I think there's no question, Tim, that the insurgency has gone on longer and been more difficult than I anticipated. I'll be the first to admit that.''

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But he defended the invasion of Iraq as being in America's long-term strategic interests. Arguing that "the world is much better off today" with Mr. Hussein in jail, Mr. Cheney said: "Think where we'd be if he was still there. He'd be sitting on top of a big pile of cash, because he'd have $65- and $70-oil. He would by now have taken down the sanctions" imposed by the United Nations. "He would be a major state sponsor of terror. We also would have a situation where he would have resumed his W.M.D. programs."

He also argued that in a decade's time, "2005 will have been the turning point'' in giving Iraqis responsibility for running their country.

Mr. Cheney also struggled to explain his statements, three days before the war began in 2003, that American forces "will, in fact, be greeted as liberators'' and that the war was unlikely to become long or costly.

Asked if — more than 2,500 American deaths and 20,000 casualties later — his statement had been "overly rosy,'' Mr. Cheney responded that he had been correct that the battle to depose Mr. Hussein "was over in a relatively short period of time.'' But he conceded that "the insurgency has been long and costly and bloody, no question.''

He did not answer questions about why the administration had not made adequate contingency plans for the rise of Sunni insurgents or for the outbreak of sectarian war, questions that President Bush has also sidestepped in interviews dating to the 2004 election campaign.

Mr. Cheney appeared to blame the former director of central intelligence, George J. Tenet, for much of the misleading intelligence leading up to the war. But Mr. Cheney did not explain why he had been so dismissive of contrary evidence provided by the International Atomic Energy Agency, whose inspectors re-entered Iraq in 2002, shortly after he had argued that their return would be counterproductive because they would be misled by Mr. Hussein.

Asked on Sunday if the director general of the agency, Mohammed el-Baradei, had been "right about Iraq,'' Mr. Cheney said: "I haven't looked at it. I have to go back and look at it again.''

Mr. Cheney's view of the atomic agency's reliability appears to have changed, however. Asked how, after the failures surrounding Iraq, he could defend the intelligence suggesting that Iran is seeking a nuclear weapon, he noted that the agency's inspectors were in the country, and he called the agency "an international body that, I think, most people wouldn't question.''

Mr. Cheney would not speculate on whether the administration would turn to military force if diplomacy with Iran failed. And he did not directly respond to Mr. Russert's contention that North Korea had built up its nuclear capabilities while the United States focused on Iraq.

Mr. Cheney also declined to be led into a discussion of what he intended in 2003 when he wrote a note to I. Lewis Libby Jr., then his chief of staff, on the margin of a copy of an Op-Ed article in The New York Times written by Joseph C. Wilson IV. In the article, Mr. Wilson accused the administration of manufacturing reports that Mr. Hussein had sought uranium in Africa.

The note, in Mr. Cheney's hand, read "or did his wife send him on a junket?''

Mr. Cheney would not say if he had asked Mr. Libby to talk to reporters about Mr. Wilson or his wife, Valerie, then a C.I.A. officer, whose exposure became the focus of a long investigation. Last week, Richard L. Armitage, the former deputy secretary of state and no ally of Mr. Cheney's, said he had been the inadvertent source of the leak of Ms. Wilson's name.

"I've said all I'm going to say on the subject, Tim,'' Mr. Cheney repeated three times, explaining he could be called as a witness in the perjury case against Mr. Libby, which resulted from the inquiry.

Mr. Cheney was also asked about an article in The Times on Sunday citing reports from his associates that his influence in the administration had weakened.

Saying he had not "read the story in any great detail,'' Mr. Cheney, who had declined to be interviewed for the article, said, "It looks like one of those thumbsuckers that's done periodically," adding, "It's probably as valid as the ones that were done saying I was in charge of everything.''

On a less political topic, he said he would hunt again, despite the accident this year in which he shot a good friend.

"Should I be relieved you didn't bring your shotgun today?'' Mr. Russert asked with a smile.

"I wouldn't worry about it,'' Mr. Cheney responded. "You're not in season.''

Cheney Says Iraq War Was The Right Call Even Without WMDs (MCT)

DOJ_NMG_0060088

By Steven Thomma

McClatchy Newspapers, September 11, 2006

WASHINGTON - Vice President Dick Cheney said Sunday he was wrong to predict a quicker end to fighting in Iraq, but added that the Bush administration would invade again - even knowing that Iraq had no weapons of mass destruction, the administration's primary rationale for war.

"It was the right thing to do and if we had it to do over again, we'd do exactly the same thing," he said during a nearly hour-long appearance on NBC's "Meet the Press" program.

Cheney defended not only the war in Iraq but the war in Afghanistan, the detention and interrogation of suspected terrorists, the search for Osama bin Laden, and progress building up U.S. defenses against terrorist attack.

"I think we've done a pretty good job of securing the nation against terrorists," he said, adding that it is "no accident" that there has not been a terrorist attack in the country since Sept. 11, 2001.

On the Iraq war, he noted that it was former CIA director George Tenet who assured President Bush that Saddam Hussein still had weapons.

"Clearly, the intelligence that said he did was wrong," Cheney said, without elaborating on his own role or the White House decision to later honor Tenet with the Medal of Freedom.

Still, he said invasion was warranted even without the stockpiled weapons because Saddam was already working around sanctions and eventually would have defeated them outright and rebuilt his weapons programs.

Several times during the interview, Cheney was confronted with videotapes of his own assertions about the war that have since been proved to be false.

Among them:

-His prediction that U.S. forces would be greeted by the Iraqi people as liberators. "We were," he said Sunday. "What obviously has developed after that, the insurgency, has been long and costly and bloody, no question."

-His claim in 2005 that Iraqi insurgents were in their "last throes." "There's no question that the insurgency has gone on longer and been more difficult," he said Sunday.

-His statement that Sept. 11 terrorist Mohammad Atta met with Iraqi forces, suggesting an Iraqi link to the attacks on the United States. "We've never been able to confirm any connection," he said, adding that it was the CIA that suggested an Iraq-Sept. 11 connection and that the CIA did not back off that suggestion until after Cheney spoke publicly.

Former intelligence officials have repeatedly challenged the idea that the CIA was promoting links between Iraq and Atta or wider connections between Iraq and al-Qaida.

Former White House terrorism official Richard Clarke said he was pressured by Cheney's former top aide, Lewis "Scooter" Libby, to accept as fact the Atta-Iraqi connection. And a former senior U.S. intelligence official, who spoke on condition of anonymity because of his continued involvement in sensitive issues, said administration officials have promoted the idea that the CIA "led them to this cliff that they jumped off. And the contrary is actually the truth."

On Afghanistan, Cheney insisted that progress is being made despite a resurgence of violence by the Taliban regime.

He also said the United States remains committed to capturing or killing bin Laden.

Confronted with polls showing majority sentiment solidly against the war or the Bush administration's rationale, Cheney conceded that Americans "obviously are frustrated."

But he said debating how or whether to withdraw from Iraq or Afghanistan plays into a terrorist strategy that hopes to test American resolve.

"They can't beat us in a stand-up fight, they never have, but they're absolutely convinced they can break our will," he said.

Cheney said U.S. allies in Afghanistan, Iraq and Pakistan have doubts about U.S. resolve, and fear they could be left prematurely to face terrorists alone.

"Suggestions, for example, that we should withdraw U.S. forces from Iraq simply feed into that whole notion, validates the strategy of the terrorists," Cheney said.

Situation Called Dire In West Iraq (WP)

DOJ_NMG_0060089

By Thomas E. Ricks

The Washington Post, September 11, 2006

The chief of intelligence for the Marine Corps in Iraq recently filed an unusual secret report concluding that the prospects for securing that country's western Anbar province are dim and that there is almost nothing the U.S. military can do to improve the political and social situation there, said several military officers and intelligence officials familiar with its contents.

The officials described Col. Pete Devlin's classified assessment of the dire state of Anbar as the first time that a senior U.S. military officer has filed so negative a report from Iraq.

One Army officer summarized it as arguing that in Anbar province, "We haven't been defeated militarily but we have been defeated politically -- and that's where wars are won and lost."

The "very pessimistic" statement, as one Marine officer called it, was dated Aug. 16 and sent to Washington shortly after that, and has been discussed across the Pentagon and elsewhere in national security circles. "I don't know if it is a shock wave, but it's made people uncomfortable," said a Defense Department official who has read the report. Like others interviewed about the report, he spoke on the condition that he not be identified by name because of the document's sensitivity.

Devlin reports that there are no functioning Iraqi government institutions in Anbar, leaving a vacuum that has been filled by the insurgent group al-Qaeda in Iraq, which has become the province's most significant political force, said the Army officer, who has read the report. Another person familiar with the report said it describes Anbar as beyond repair; a third said it concludes that the United States has lost in Anbar.

Devlin offers a series of reasons for the situation, including a lack of U.S. and Iraqi troops, a problem that has dogged commanders since the fall of Baghdad more than three years ago, said people who have read it. These people said he reported that not only are military operations facing a stalemate, unable to extend and sustain security beyond the perimeters of their bases, but also local governments in the province have collapsed and the weak central government has almost no presence.

Those conclusions are striking because, even after four years of fighting an unexpectedly difficult war in Iraq, the U.S. military has tended to maintain an optimistic view: that its mission is difficult, but that progress is being made. Although CIA station chiefs in Baghdad have filed negative classified reports over the past several years, military intelligence officials have consistently been more positive, both in public statements and in internal reports.

Devlin, as part of the 1st Marine Expeditionary Force (Forward) headquarters in Iraq, has been stationed there since February, so his report isn't being dismissed as the stunned assessment of a newly arrived officer. In addition, he has the reputation of being one of the Marine Corps' best intelligence officers, with a tendency to be careful and straightforward, said another Marine intelligence officer. Hence, the report is being taken seriously as it is examined inside the military establishment and also by some CIA officials.

Not everyone interviewed about the report agrees with its glum findings. The Defense Department official, who worked in Iraq earlier this year, said his sense is that Anbar province is going to be troubled as long as U.S. troops are in Iraq. "Lawlessness is a way of life there," he said. As for the report, he said, "It's one conclusion about one area. The conclusion on al Anbar doesn't translate into a perspective on the entire country."

No one interviewed would quote from the report, citing its classification, and The Washington Post was not shown a copy of it. But over the past three weeks, Devlin's paper has been widely disseminated in military and intelligence circles. It is provoking intense debate over the key finding that in Anbar, the U.S. effort to clear and hold major cities and the upper Euphrates valley has failed.

The report comes at an awkward time politically, just as a midterm election campaign gets underway that promises to be in part a referendum on the Bush administration's handling of the Iraq war. It also follows by just a few weeks the testimony of Army Gen. John P. Abizaid, the top U.S. commander for the Middle East, who told the Senate Armed Services Committee early last month that "it is possible that Iraq could move toward civil war."

"It's hard to be optimistic right now," said one Army general who has served in Iraq. "There's a sort of critical mass of tough news," he said, with intensifying violence from the insurgency and between Sunnis and Shiites, a lack of effective Iraqi government and a growing concern that Iraq may be falling apart.

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"In the analytical world, there is a real pall of gloom descending," said Jeffrey White, a former analyst of Middle Eastern militaries for the Defense Intelligence Agency, who also had been told about the pessimistic Marine report.

Devlin, who is in Iraq, could not be reached to comment. Col. Jerry Renne, a spokesman for the U.S. Central Command, said Saturday that "as a matter of policy, we don't comment on classified documents."

Anbar is a key province; it encompasses Ramadi and Fallujah, which with Baghdad pose the greatest challenge U.S. forces have faced in Iraq. It accounts for 30 percent of Iraq's land mass, encompassing the vast area from the capital to the borders of Syria and Jordan, including much of the area that has come to be known as the Sunni Triangle.

The insurgency arguably began there with fighting in Fallujah not long after U.S. troops arrived in April 2003, and fighting has since continued. Thirty-three U.S. military personnel died there in August -- 17 from the Marines, 13 from the Army and three from the Navy.

A second general who has read the report warned that he thought it was accurate as far as it went, but agreed with the defense official that Devlin's "dismal" view may not have much applicability elsewhere in Iraq. The problems facing Anbar are peculiar to that region, he and others argued.

But an Army officer in Iraq familiar with the report said he considers it accurate. "It is best characterized as 'realistic,' " he said.

"From what I understand, it is very candid, very unvarnished," said retired Marine Col. G. I. Wilson. "It says the emperor has no clothes."

One view of the report offered by some Marine officers is that it is a cry for help from an area where fighting remains intense, yet which recently has been neglected by top commanders and Bush administration officials as they focus on bringing a sense of security to Baghdad. An Army unit of Stryker light armored vehicles that had been slated to replace another unit in Anbar was sent to reinforce operations in Baghdad, leaving commanders in the west scrambling to move around other troops to fill the gap.

Devlin's report is a work of intelligence analysis, not of policy prescription, so it does not try to suggest what, if anything, can be done to fix the situation. It is not clear what the implications would be for U.S. forces if Devlin's view is embraced by top commanders elsewhere in Iraq. U.S. officials are wary of simply abandoning the Sunni parts of Iraq, for fear that they could become havens for al-Qaeda and other terrorist groups.

One possible solution would be to try to turn over the province to Iraqi forces, but that could increase the risk of a full-blown civil war. Shiite-dominated forces might begin slaughtering Sunnis, while Sunni-dominated units might simply begin acting independently of the central government.

Sadr, A Question Mark Etched In Black (WP)

By Sudarsan Raghavan And Ellen Knickmeyer

The Washington Post, September 11, 2006

NAJAF, Iraq -- A mother's sad wail pierced the stillness of the Cemetery of the Martyrs, where green and black resistance flags fluttered over the graves of hundreds of Shiite Muslim militiamen. Kneeling on the hot, chalk-like dirt, Abbas Sabah, 17, didn't stir. His mind was focused on his brother Anwar, 29, killed in a clash with U.S. troops, like many of the dead here. He poured water on Anwar's gravestone and gently wiped it clean.

"We want vengeance," said Sabah, who was dressed in the black uniform of the Mahdi Army, the militia of anti-U.S. cleric Moqtada al-Sadr. "I want to fight or die for the cause."

In another neighborhood, Mustafa Yaqoubi, a top Sadr deputy who also lost a brother in a battle with U.S. soldiers, was waging a different kind of war.

"We have entered a political game," said Yaqoubi, who wore a black turban signifying his descent from the prophet Muhammad. "We entered this government to use it as a weapon to make pressure on the occupiers."

Sabah and Yaqoubi embody the dilemma Sadr poses for the Bush administration and Iraq's fragile government. Though Sadr and his followers hold more seats in Iraq's parliament than any other faction, their attitude toward the U.S.-led occupation

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remains belligerent. They participate in government, but they remain outsiders, keenly aware that their authority is derived from their independence and their opposition to the occupation.

The ongoing evolution of Sadr from populist cleric to guerrilla leader to political kingmaker is emerging as a core challenge to U.S. visions of stability in Iraq. He's a question mark that many analysts say needs to be dealt with immediately and delicately.

"Sadr is a work in progress," said Phebe Marr, a leading expert on Iraqi politics. "He is volatile, an opportunist and dangerous. But he is also popular and has grass-roots support among an important slice of the population. He and his movement need to be dealt with carefully and skillfully before he can take permanent root.

"He is too powerful now to take him on frontally."

Senior U.S. military officials are starting to share this view. Once dismissed by Bush administration officials and U.S. generals as irrelevant to Iraq's future, Sadr is increasingly seen as a man who has the power to either implode Iraq or keep it together, even as his militia continues to defy the authority of the Iraqi government and its U.S. backers. As sectarian violence ravages Baghdad and other parts of the country, Sunni Muslims accuse Sadr's Mahdi Army of operating death squads under the mantle of Islam.

"There's not a military solution in my view to Moqtada al-Sadr," a senior coalition official said, speaking on condition of anonymity. "We may be a bit uncomfortable with his position as a legitimate political figure, but he is a legitimate player."

It's a remarkable shift for two enemies whose forces are the most powerful in Iraq and fought some of the deadliest battles since the 2003 U.S.-led invasion. But in the fourth year of the occupation, the nature of the Iraqi resistance has changed as politics, religion and war have melded. The guerrilla fighters now control key ministries and derive legitimacy as much from the polls as they do from the battlefield.

Publicly, U.S. officials have declared the Mahdi Army and other militias the biggest threat to Iraq's stability. Privately, their views are now more nuanced.

"We've got to be careful that we don't demonize Jaish al-Mahdi, because look at the polls," the senior coalition official said, using the Arabic name for the Mahdi Army. "Moqtada al-Sadr himself is an enormously popular figure. Why? Because he's thumbing his nose at the coalition. So we do have to be careful that we don't demonize him."

Today, Sadr controls 30 seats in the Iraqi parliament and four ministries. All of Sadr's portfolios revolve around providing key services, such as health and transportation. They give him the ability to funnel resources to supportive constituents and boost his popular base. During the protracted negotiations over who would become prime minister after elections in January, Sadr reluctantly supported Nouri al-Maliki, also a Shiite, to head the government.

"Sadr presents a complex problem," said Vali Nasr, an expert on political Islam with the Council on Foreign Relations. "It is difficult dealing with him politically and militarily without undermining Maliki's government that relies on him."

That predicament was underscored last month when Iraqi soldiers and American military advisers raided Sadr City, the vast slum that is Sadr's Baghdad stronghold, and engaged in a two-hour gun battle. Maliki went on local television the next day to denounce the operation as hindering efforts at national reconciliation, promising Iraqis, "This won't happen again."

The U.S. military, too, has shied away from publicly declaring Sadr and his Mahdi Army a threat to Iraq's stability. But American diplomats have identified Sadr as a threat to the country and have made no overtures to him. In March, U.S. Ambassador Zalmay Khalilzad said in an interview that the United States has had no face-to-face dealings with the cleric.

But Ali al-Dabbagh, an Iraqi government spokesman, said the Bush administration and the U.S. military need to engage Sadr and treat him as a political leader at a time when many Iraqis fear a civil war is on the horizon.

"They have not done anything, taken any steps in this direction," Dabbagh said. "They should do their best to have a dialogue with Moqtada. It's not a wise step to exclude Moqtada. It could mean a push in the other direction.

"Nobody should ignore Moqtada."Switching Strategies

Seated on a chocolate-brown sofa, Yaqoubi, Sadr's aide, spoke with a confidence born of the power his movement now wields. When asked why he thought U.S. officials were not publicly attacking Sadr, Yaqoubi replied with a smile, "They are trying not to inflame the situation."

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Soft-voiced, with a thick, neatly kept black beard, Yaqoubi acknowledges that guerrilla warfare has not been effective in ending the U.S. occupation. Now, Sadr and his followers have switched strategies and are focusing on the political arena, in the belief that domestic pressure in the United States will inevitably force U.S. troops to leave Iraq.

"Everyone thought the Sadrists cared only about fighting, like the Taliban," Yaqoubi said. "We'd like to prove that we have the ability to take part in the political process."

The Sadrists refuse to deal with U.S. officials. Yaqoubi expressed some bitterness over the lack of U.S. support for a Shiite uprising after the 1991 Persian Gulf War that Saddam Hussein brutally suppressed.

Asked whether Khalilzad has ever spoken with Sadr, Yaqoubi replied: "He doesn't need to make the effort. He needs not to be an occupier. If he's not an occupier, we can talk to him."

He added that Sadr had turned down diplomatic overtures made by U.S. officials through the United Nations and other third parties.

At the same time, the Sadrists are concerned about the impact the Mahdi Army's reprisal killings and clashes with Iraqi soldiers are having on their image and on their ability to be taken seriously on the political stage. And U.S. officials and Iraq experts are increasingly questioning how much control Sadr actually has over his militiamen.

"I've always believed that he is far less in control of his organization than he would have us believe, and that you've got sort of franchised lieutenants out there who are taking broad guidance but applying it differently," the senior coalition official said. "You can see, on occasion, him trying to change the dynamic."

That happened after intense clashes last week between Mahdi Army militiamen and Iraqi forces in the southern city of Diwaniyah. The attacks unsettled even some of Sadr's own followers. Afterward, Sadr indicated to the governor of Diwaniyah that he would investigate the actions of his militiamen. In recent days, he also ordered all photos of him to be taken down from ministries and government offices to prevent any abuse of his name or image.

"It can affect the reputation of Moqtada Sadr," Yaqoubi said.

Yet Sadr has proved unpredictable and surpassingly able to mobilize his followers. Casting a shadow over Yaqoubi's words was his willingness to employ violence, in case Sadr's political experiment fails to achieve its objectives.

"If we leave the decision to them, they will not leave. They'll stay," Yaqoubi said of the Americans. "To get the occupiers to leave, they need some sacrifice. The people need to sacrifice their souls for the Americans to leave."Pressure to Respond

At Najaf's gold-domed Imam Ali Shrine, the burial site of Shiite Islam's most beloved saint, Mahdi Army militiamen in their trademark black uniforms hover around the entrances, watching all who enter. Less than a hundred yards away, young men gravitate toward a stall playing videos of Mahdi Army propaganda films.

Many observers argue that at a time when the Bush administration and Sadr aren't talking, one political option is to try and wean poor and lower-middle-class men such as these from the streets.

"The best way to do it is to give them jobs, not in the security system, but where they could be active in the economy," said Dabbagh, the government spokesman, referring to the Mahdi Army militiamen. "Once they get an income, I don't think they will follow an ideology or become fundamentalist and extremist."

Other observers say the Iraqi government and its U.S. benefactors need to undercut Sadr's social services network by providing health, education and other services, as well as establishing the rule of law.

"Only if moderate Shia leaders deliver on security and governance can they challenge Sadr," Nasr said. "It will be a mistake to confront him directly. He will become martyred, and his movement will become stronger. Also, breaking Sadrists can create much more militant and multifarious militias."

Sadr needs to be gradually integrated into the political mainstream, Marr said, "keeping him above ground, where he can be watched and pressured. . . . We should be clipping his wings militarily, undercutting his support by providing government services, jobs, and publicly discrediting his extremism."

Deal On A Constitution For Iraq Is Teetering (NYT)

By Richard A. Oppel Jr. And Abdul Razzaq Al-saiedi

The New York Times, September 11, 2006

DOJ_NMG_0060093

BAGHDAD, Sept. 10 — An agreement struck 11 months ago by Shiite and Kurdish leaders to win Sunni Arab support for a new constitution is fraying, causing concern among some political leaders that it could jeopardize Iraq's fragile governing coalition.

The dispute peaked Sunday as a large Shiite faction continued to fight for quick approval of legislation giving provinces the authority to create autonomous states, which some powerful Shiites are seeking for southern Iraq. Sunni lawmakers and others who oppose the proposal refused to attend Parliament on Sunday, and warned that the plan could severely undermine the country's unity government.

Shiite lawmakers said earlier on Sunday that they had reached an agreement with Sunnis and other political coalitions to delay the debate on the proposal until Sept. 19. But hours later legislators said that agreement had fallen apart, and it remained unclear whether Shiites would adhere to the delay.

A faction of Shiites led by Abdul Aziz al-Hakim, leader of the Supreme Council for Islamic Revolution in Iraq, a powerful party with close ties to Iran, wants legislation to establish a mechanism for provinces to start the process of creating semi-independent states. The new regions would have wide powers to control their own security and petroleum resources.

Over the weekend, Mr. Hakim renewed his call for a large autonomous region in southern Iraq that would encompass much of the country's Shiite population and oil wealth. Kurds in the northeast already have a semi-autonomous region. The Sunnis fear that approval of such legislation would strip them of their rightful share of the country's petroleum revenue, as western and north-central Iraq, where the Sunnis dominate, have little oil. The Sunnis accuse some Shiite leaders of breaking a promise last year in exchange for Sunni support for the constitution to follow through on a constitutional requirement to allow Parliament to renegotiate the issue.

A leader of the main Sunni political bloc, Adnan al-Dulaimi, denounced the legislation favored by Mr. Hakim and called for "all Iraqis — whether Sunni, Shiite, Arab, Kurd, Turkmen, Muslim or Christian — to stand against this scheme."

He contended that it was wrong to debate any proposal that could lead to autonomous regions until Parliament had the chance to rewrite portions of the Constitution. He was supported by an official from the secular coalition of the former interim prime minister, Ayad Allawi. Some Shiite legislators from the Fadhila Party and the coalition loyal to the militant cleric Moktada al-Sadr also voiced support for the Sunnis, saying they were concerned that Mr. Hakim's party was racing ahead too quickly.

The Constitution approved in October requires Parliament to quickly form a committee that would take four months to propose amendments to the Constitution. The Constitution also calls for Parliament to pass, within six months, a law defining the means by which provinces could form autonomous regions. Neither has happened.

Shiites led by Mr. Hakim, and joined by Kurds, may have the votes for the simple majority required to pass the bill for autonomous regions. But Sunnis have powerful allies who want to delay this issue, including members of Mr. Allawi's coalition and some within the Fadhila and Sadr blocs, giving Sunnis hope that they can block the proposal for now.

"The majority of Parliament members are standing with us against this issue," said Dhafir al-Ani, a Sunni member of Parliament.

For a while on Sunday there appeared to be progress. A Shiite legislator, Sami al-Askari, said a deal was struck to delay debate until next week to allow Parliament to examine constitutional changes sought by Sunnis. Khalid al-Atiya, a Shiite and deputy speaker of Parliament, said debate would begin on the Shiite proposal a week from Tuesday, with a vote six days later.

But later on Sunday, an aide released a statement from Mr. Atiya saying political leaders had disavowed the deal. Sayed Ayyad Jamaladin, a politician from Mr. Allawi's coalition who had been involved with the issue, said there was "no deal," and he contended that backers of the Shiite proposal were improperly trying to rush the bill through Parliament "as fast as they can."

If Mr. Hakim's party were to speed the proposal through Parliament it could undermine the consensus government that Shiites and Kurds worked hard to create this year. Last fall, Sunni leaders staked their credibility on the constitutional compromise that called for Parliament to allow for a quick renegotiation of the issue of autonomous regions.

Sunni leaders are quick to point out how central that promise was to supporting the Constitution and joining the government. Mr. Ani said that approving Mr. Hakim's proposal without first resolving these issues would "abort the plan for national reconciliation and will make the national unity government fail."

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Moreover, he is skeptical about assurances from Mr. Hakim's party that they would wait a year or two before taking the actual steps to form autonomous regions. "If this draft is approved, that will give the green light for regions to be formed immediately," he said.

Some Shiites respond that the long-term survival of a unified Iraq would be helped, not harmed, if Iraq transferred a lot of authority to regional states.

Some parties are trying "to mislead the people when they say federalism will fragment Iraq," said the statement released by Mr. Atiya's aide. He said a central government that ceded little power to the regions would run a higher risk of inciting a move to partition Iraq.

Elsewhere, the American military reported Sunday night that gunmen killed a United States soldier north of Baghdad about 6:45 p.m.

Residents of Sadr City, home base of Mr. Sadr's powerful Mahdi Army militia, said that American troops backed by armor rolled through portions of the northern Baghdad district on Sunday but that by early evening the area appeared relatively calm.

Officials also said that a planned visit to Tehran by the Iraqi prime minister, Nuri Kamal al-Maliki, had been delayed. It would have been the prime minister's first visit to Iran since taking office earlier this year.

Sunni Bloc Denounces Legislation To Split Iraq (WP)

By Amit R. Paley And K.i. Ibrahim

The Washington Post, September 11, 2006

BAGHDAD, Sept. 10 -- The main Sunni Arab political bloc boycotted parliament Sunday to protest legislation supported by Shiite Muslims and Kurds that would carve Iraq into a federation of three autonomous states.

The bill would create a predominantly Shiite region in the south of Iraq much like the largely independent zone currently controlled by the Kurds in the north. Sunnis vigorously oppose the plan, which would leave them with the center of the country, a vast desert devoid of the oil reserves of the other regions.

"I call on all the people of Iraq -- whether Kurds, Arabs, Turkmen, Muslims or non-Muslims -- to stand with us against the federalism project," Adnan al-Dulaimi, leader of the Iraqi Accordance Front, the main Sunni bloc, said at a televised news conference.

The new Iraqi constitution, approved by voters last fall, includes a provision allowing for the creation of autonomous regions.

Sunnis reluctantly supported the charter with the understanding that the issue of federalism would be reexamined by parliament.

Sunni members of parliament say they now feel betrayed that Abdul Aziz al-Hakim, leader of the Supreme Council for the Islamic Revolution in Iraq, a powerful Shiite political party, is pushing legislation that would create the first steps toward federalism. Analysts say that Hakim hopes to become the leader of the southern Shiite region, which comprises nine provinces.

The Kurds strongly back the bill.

"We ourselves have a federal region, and we want more authority for our federal region," Mahmoud Othman, a Kurdish member of parliament, said in a telephone interview from London. "So we don't object to others having the same right."

Mahmoud al-Mashhadani, the parliament speaker and an outspoken Sunni, said in an interview that he assembled the leaders of all the political parties in his office Sunday in an effort to strike a compromise: The federalism bill and a constitutional amendment to repeal the charter's federalism provision would be considered simultaneously by parliament next week.

But two Sunni groups -- the Iraqi Accordance Front and the Iraqi National Dialogue Front -- rejected the deal and announced a boycott. They were joined by the Iraqi National List, a secular party led by former prime minister Ayad Allawi, and Shiite politicians who usually side with Hakim's party but oppose federalism.

"We should first introduce the amendments on the constitution, and then we can look into the question of federalism and the establishment of regions," Dulaimi said.

Supporters of federalism said the boycott is a stalling tactic to prevent the implementation of autonomous regions. "They're trying to delay the whole issue," Othman said.

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Meanwhile, sectarian violence continued to roil the country. At least 29 people were killed or found dead on Sunday, the Associated Press reported.

An American soldier was killed in combat Sunday night north of Baghdad, the U.S. military said. No other details were released.

Iraqi Interior Ministry officials said they killed three members of the insurgent group al-Qaeda in Iraq on Sunday in Baghdad's Karrada district. They said the three had carried out attacks two weeks ago that killed more than 70 people in the New Baghdad section of the capital.

As Violence Escalates, So Does Talk Of A Divided Iraq (CSM)

By Howard Lafranchi, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, September 11, 2006

An idea to redraw the map to give religious and ethnic groups more autonomy gains traction in Iraq and US.

WASHINGTON

In Iraq's Kurdish north, the Iraqi flag no longer flies alongside the Kurdish banner on public buildings - the presi- dent of the largely autonomous Kurdish region has banned it.

And in Baghdad, Shiite politicians last week introduced legislation defining how the sectarian-riven country could eventually be divided into autonomous regions - including a powerful and oil-rich Shiite region in the south.

Following recent fighting between Iraqi government forces and the militia of Shiite powerhouse Moqtada al-Sadr, the steps suggest a further spiraling toward at least a semiautonomous confederacy, if not a complete dissolution of the country.

A small but apparently growing number of Iraq experts believe dissolution of the country is inevitable. Others say a united and nominally democratic Iraq may still be possible, but suggest other solutions - including a redrawn Iraq - would eventually make the Middle East more stable. Still others say the US should face reality and help create the new Iraq that is already splintering along sectarian and ethnic lines.

But where many specialists agree is that the Bush administration is not planning ahead sufficiently for the curveballs that continuing sectarian and religious conflict might have in store for the US in terms of Iraq's final architecture.

"Of course we should be planning, and not just for Plan B but Plans C, D, E, and F, and maybe G and H, but I see very little sign we're doing that," says Ralph Peters, a retired Army intelligence officer and Middle East specialist who consults on regional policy. "They've gone through the motions of war-gaming some alternative scenarios, but they're not serious about it, and that's because they are still convinced this [Iraq project] is going to work."

Even some Iraqis insist the recent suggestions of a gradual slide toward a divided country are being given too much weight. Some Kurdish leaders, including Iraq president Jalal Talabani, say the banishing of the black-star-studded, green, white, and red Iraqi flag is designed to pressure the government to make good on a promised replacement of a banner that is associated with Saddam Hussein. And some Shiite politicians say the legislation on regions would merely define a provision that is already contained in the new Iraqi constitution approved by referendum last year.

But Mr. Peters says that's the point: that steps being taken now are merely fulfilling the direction the Iraqi people chose with a series of votes over the past year.

"The voters did what we didn't have the courage to do, their voting divided Iraq," he says, pointing to voting that was overwhelmingly along ethnic and sectarian lines. "The question now is whether [Iraq] can continue as a loose confederation - or will it officially break up? We need to be prepared for all of that."

That may be true now, but some experts say the option of a united Iraq - which remained viable after Hussein's fall - may have been doomed by subsequent American action, including empowerment of the Shiites at the expense of the Sunni elite.

"What we're seeing now may be signs of things to come, but that wasn't so much inevitable as it is a result of our actions," says Michael Hudson, a professor of Arab studies at Georgetown University in Washington.

An Iraqi confederacy with a weak Sunni enclave sandwiched between oil-rich Kurdish regions to the north and Shiite regions to the south is a "recipe for endless trouble," he says. As far back as 2002, before the Iraq war, he says the late Lebanese Prime Minister Rafik Hariri warned him in a conversation about the repercussions of such an outcome.

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One worst-case scenario for the US - and perhaps the global economy - is that an autonomous Shiite region in the south could embolden the Shiite minority in Saudi Arabia's north, a significant petroleum region, to press for its own autonomy, or even to join with its Iraqi brethren to the north.

Worries over this kind of scenario, Peters says, caused the US to dismiss the breakup of Iraq after the war - the very thing that may be happening now, he says, though more haphazardly. "At the time of Operation Iraqi Freedom the best solution was to break up Iraq," he says, "but the Bush administration didn't pursue it because the Saudis, among others, absolutely didn't want it."

Peters has raised hackles across the Arab and Muslim worlds in recent months with a proposal for redrawing the post-colonial-era borders of the Middle East. Many experts are critical of such a top-to-bottom redo, including Georgetown's Mr. Hudson, who says it is reminiscent of a Zionist plan of the early 20th century to create many small and unthreatening Arab states. Peters says his plan would simply follow the ethnic and sectarian contours of the region, and thus over time result in greater stability.

As for Iraq, it may actually take a division into ethnic regions - and outside help to facilitate that - to save the country, some experts say. Already Sen. Joseph Biden (D) of Delaware, seconded by Council on Foreign Relations President Emeritus Leslie Gelb, is calling for Iraq to be divided into Shiite, Sunni, and Kurdish regions that would provide their own security but share oil revenue -and leave foreign policy to a central government.

Another proposal, from Michael O'Hanlon of the Brookings Institution in Washington, calls for the US to accept that its project for a "multiethnic democracy" in Iraq may no longer be viable. In its place the US should consider facilitating voluntary sectarian and ethnic relocation, he says, as a means of short-circuiting a long and potentially genocidal civil war.

Any ideas to mold Iraq may remain just that, since the period of the US dictating what happens in the country has largely passed, analysts say.

Hudson notes that it has been suggested, though certainly facetiously, that if the US is set on seeing Iraq remain united, it should switch sides in the civil conflict and champion the Sunni insurgents, since they may be the strongest force opposing Iraq's division.

Short of that, he adds, the US might be best off leaving the fight and letting the Iraqis decide what they really want. "Maybe we need to let things play out," he says. "If we're out of there, the Iraqis might be forced to start talking sense to each other - and to find out if they are irretrievably sectarian or not."

Suicide Bomber Kills A Governor In Afghanistan (NYT)

By Carlotta Gall

The New York Times, September 11, 2006

KABUL, Afghanistan, Sept. 10 — A provincial governor and close friend of President Hamid Karzai was killed along with two staff members by a suicide bomber as they drove away from the governor's office on Sunday, government officials said.

The governor, Hakim Taniwal of Paktia Province, southeast of the capital, is the highest-ranking official to be killed since the Taliban began a campaign of suicide bombings last year, especially singling out senior government officials. At least two other governors and the chairman of the upper house of Parliament have narrowly escaped death in similar attacks.

The bombings have come at a furious rate this year, with 47 so far, including the suicide attack that killed 14 Afghan civilians and two American soldiers in the capital on Friday. They have unnerved the public and Mr. Karzai's government, raising fears of an Iraq-style escalation of violence in large cities.

The governor was assassinated as heavy fighting continued in southern Afghanistan, where NATO and Afghan forces have been battling wave after wave of Taliban fighters in an attempt to drive them out of two districts just west of Kandahar, the main city in the south. At the same time, military leaders of NATO countries wrapped up a meeting in Warsaw without any firm commitments to answer the NATO command's call for 2,000 to 2,500 extra troops to help in the offensive in the south.

Mr. Taniwal, a former sociology professor at Kabul University who went into exile in Australia during the Taliban's rule, returned to join Mr. Karzai's administration in 2002, serving as governor of Khost Province, as minister of mines and industry, and for the past year as governor of Paktia Province. An elder of his Tanai tribe, he was the type of man Mr. Karzai was trying to place

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in senior posts around the country, replacing the warlords and mujahedeen commanders with educated men who could promote education and the rule of law.

"Mr. Taniwal was a patriot, a man of both action and academic achievements," Mr. Karzai said in a statement condemning the attack. "The enemies of Afghanistan are trying to kill those people who are working for the peace and prosperity of Afghanistan. The enemies of Afghanistan must understand that we have millions of people like Mr. Taniwal who will continue to serve this great nation."

The United Nations representative in Afghanistan, Tom Koenigs, released a statement praising Mr. Taniwal as a trusted colleague. "His death is a great loss to the people of Paktia, to the people of the Tanai tribe, of which he was a leader, and to the country as a whole," he said.

The suicide bomber who killed Mr. Taniwal was on foot, detonating his explosives around 1 p.m. as the governor's unarmored car was pulling away from his office in Gardez, the Paktia Province police chief, Gen. Abdul Hanan Raufi, said in a telephone interview.

"We don't know who he was," General Raufi said. "But we know that he had the explosives around his waist."

The blast killed all three men in the car, including the driver and Mr. Taniwal's assistant, his cousin, the general said. The blast also wounded six others, including three police officers at the gate.

Two Americans were reported killed in the fighting in southern Afghanistan, NATO officials said. The two were Special Forces trainers embedded with Afghan Army troops, and they died in separate attacks on Saturday night: one in Kandahar Province and the other in neighboring Zabul Province.

NATO officials said Sunday that troops had killed 94 Taliban fighters in several clashes overnight in the Panjwai and Zhare districts of Kandahar Province. In one episode, Taliban fighters were seen gathering to mount a counterattack and were killed in airstrikes before they could do so, the statement said.

NATO spokesmen have said that their estimates of Taliban casualties have been conservative and are gathered from battle reports, air surveillance and satellite pictures. But there has been no way to independently verify the losses amid the heavy fighting in the area and the lack of access for journalists.

Last week, the governor of Kandahar, Asadullah Khalid, said he had learned that a family of 13 had been killed in an airstrike on their house in the area. The NATO spokesman in Kabul, Mark Laity, said the command was not aware of any confirmed civilian casualties but was not denying the possibility.

NATO forces are trying to dislodge the Taliban fighters in the region, estimated to number several hundred even accounting for the 400 reported to have been killed in the past 10 days of fighting. The operation, meant to allow the return of villagers displaced by the fighting and Taliban presence, is now in its second week. NATO forces are relying on heavy air support daily and have yet to declare any areas ready for civilians to return.

The scale of the fighting has surprised NATO commanders, who took over security in southern Afghanistan from the Americans in August.

NATO officials announced more meetings this week to urge member nations to send long-promised reinforcements to Afghanistan, after the meeting in Warsaw ended with no sure commitments.

The first meeting will be led by NATO's secretary general, Jaap de Hoop Scheffer, in Brussels. That will be followed by two so-called force generation meetings led by NATO's military chief, Gen. James L. Jones, at the alliance's military headquarters in Mons, Belgium, on Wednesday and Friday.

General Jones said in an interview last week that 85 percent of the Afghan force's troop requirements had been met. But despite repeated requests, member states had failed to fill the gap.

James Appathurai, a NATO spokesman, said Sunday that "in most missions, NATO could get by with 85 percent."

"But in the case of southern Afghanistan," he said, "the commanders on the ground really need the entire 100 percent."

Gen. Ray Henault, chairman of NATO's military committee, said after the meeting in Warsaw that the conference on Wednesday would address the "shortfalls" of the alliance's mission in Afghanistan.

"Afghanistan is our No. 1 operational priority," General Henault said. "We will continue to establish a robust military presence throughout the country."

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NATO has about 20,000 troops throughout Afghanistan, including about 8,000 in the south, who are mostly British, Canadian and Dutch. The south is the heart of the Taliban resistance, and commanders seek to drive them out and establish enough security so that reconstruction and economic development efforts can establish a foothold.

Civil-military units, known as Provincial Reconstruction Teams, are already operating in most provinces, but reconstruction has ground to a halt in places like Helmand Province, in the south, where British troops are fighting off attacks daily.

In an interview with The Sunday Times in Britain, a former British officer who was stationed in Helmand in July said Sunday that he was disillusioned by the progress of NATO's deployment. British soldiers were fighting off such heavy daily attacks that they had to call in repeated airstrikes on surrounding populated areas, and the mission to win the hearts and minds of the people had already been lost, he said.

The officer, Capt. Leo Docherty, who served as the aide-de-camp to a British commander in Helmand, said that the Afghan governor of Helmand had insisted that British troops protect the district centers to prevent them from falling to the Taliban, but that it was a pointless exercise that had only worsened relations with the civilian population.

Lt. Gen. David Richards, the commander of NATO forces in Afghanistan, admitted in an interview last week that the troops were experiencing difficulties. But he said NATO had to fight the Taliban head on in order to establish credibility on the battlefield and among the population.

Amid the grim developments on Sunday, there was one piece of promising news: Mr. Karzai inaugurated a $25 million Coca-Cola bottling plant in a new industrial park on the edge of Kabul. The bottling plant, the project of an Afghan businessman, will provide 600 jobs, and is the first large new factory to open in the country.

Afghan Governor Assassinated In Suicide Bombing (WP)

By Pamela Constable

The Washington Post, September 11, 2006

KABUL, Afghanistan, Sept. 10 -- A suicide bomber with explosives strapped to his body assassinated a popular governor in eastern Afghanistan on Sunday, two days after a powerful car bombing killed 16 people, including two U.S. soldiers, in downtown Kabul, the capital.

Hakim Taniwal, 63, the scholarly and soft-voiced governor of Paktia province, was a close confidant of President Hamid Karzai and a political figure known for his skill at bringing together hostile groups in the country's volatile tribal regions near the Pakistani border.

Taniwal and a nephew, driver and bodyguard were killed when the bomber threw himself under their vehicle and detonated the explosives as they were approaching the governor's office in the provincial capital, Gardez, about 80 miles south of Kabul.

The killing shocked foreign diplomats and political leaders, who praised Taniwal for his service to the country. Long exiled in Australia, the former sociology professor returned home in 2002 after Karzai asked him to become governor of Khost province, also in the east. He shifted to Paktia several months ago.

"He was a great patriot who had fought against violence and corruption in Paktia, he brought tribes together, and he made a great contribution to the national reconciliation program," said Khaleeq Ahmad, a spokesman for Karzai. "It is a very sad day for Afghanistan to lose such a good man."

Officials attributed the killing to unspecified "enemies of peace and stability in Afghanistan," but it came as NATO forces have been battling a fierce insurgency dominated by the revived Taliban militia across southern Afghanistan.

On Sunday, NATO officials in Kabul said their troops had killed more than 400 Taliban fighters in nine days of combat in the southern province of Kandahar, where insurgents have captured several villages in two districts.

In addition to attacking with firearms, insurgents in recent months have increasingly employed suicide bombings, once virtually unknown in Afghanistan. A U.S. military spokesman in Kabul said a suicide cell was now believed to be operating in the city and attempting to target international military facilities.

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The suicide bombing Friday in Kabul occurred on the same block as the U.S. Embassy. The bomber drove a white sedan into a passing U.S. military convoy, setting off an explosion that killed two soldiers and 14 Afghan civilians. More than 20 people were injured.

Taniwal was the first Afghan governor to be killed on the job since the Karzai government took office in late 2001. Several other governors have survived assassination attempts, and two cabinet ministers were killed in Kabul by unknown assailants.

In recent months, Taliban fighters have killed numerous local officials in the south, including religious leaders, mayors, members of parliament and others they denounced as traitors for supporting the Karzai government and its Western backers.

In an interview with The Washington Post in 2002 in his former office in Khost province, Taniwal said he had been reluctant to leave his family in Australia but wanted to help Karzai establish a strong democratic government after years of bloodshed and repression in Afghanistan.

He said he believed in bringing all Afghans into a national dialogue, including former Taliban members who were willing to return to civilian life. Afghan officials said Sunday that he had been attempting to do the same thing in his new post in Paktia province.

"I am not a commander. I am a peaceful man, and I want to resolve this peacefully. . . . I want to finish the Kalashnikov culture," Taniwal said in the 2002 interview in Khost, where he was attempting to negotiate with a renegade militia commander.

Taniwal had said that his children opposed his returning to Afghanistan to serve in the Karzai government but that he agreed to help pacify the turbulent eastern region.

"This is my home, and I wanted to do something for my people," he said. "I am not alone here."

Afghan Envoy Seeks Military, Financial Aid (WT)

By Sharon Behn, The Washington Times

The Washington Times, September 11, 2006

Afghanistan's ambassador to Washington called yesterday for more military and economic help from the West, citing a spike in terrorist activity in the past six months and fears that it could spread.

Almost five years after the U.S.-led invasion that ousted the repressive Taliban regime, only half of the money pledged by the international community to rebuild Afghanistan has been delivered and spent, Said T. Jawad said in an interview with The Washington Times.

"We will not be able to stabilize the country if we don't build up the domestic security forces and have development in the countryside," Mr. Jawad said. "Had we invested more in development, we would have had less security problems today."

Military spending is now about 10 times greater than spending on economic development, he added.

U.S. troops joined an indigenous rebel force to dislodge the ruling Taliban -- the al Qaeda terror network's patrons in Afghanistan -- beginning less than a month after the September 11 attacks on the World Trade Center and the Pentagon.

Afghan President Hamid Karzai yesterday thanked the United States for that assistance and called for a reinvigorated fight against terrorism.

"For many years, the Afghan people were held hostage in their own country and subjected to unspeakable atrocities by foreign terrorists and their Taliban friends," Mr. Karzai said, according to Agence France-Presse.

"The world must continue the fight against the menace of terrorism with greater resolve and dedication," he said.

Al Qaeda leader Osama bin Laden remains on the run from the U.S. military. The Taliban has regrouped and rearmed and, in recent months, mounted increasingly stiff resistance to NATO and government forces, particularly in four southern provinces and one eastern province.

More than 420 insurgents have died in the past nine days during fierce battles with NATO and Afghan forces in southern Kandahar province, a Taliban stronghold.

Two suicide bombings for which the Taliban claimed responsibility in the last three days -- one in the capital Kabul and another in eastern Afghanistan -- have killed at least 17 persons, including Paktia provincial governor Hakim Taniwal and two U.S. soldiers.

In Washington, Mr. Jawad warned that the violence could worsen.

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"If we don't build up the capacity of the security forces, there is a danger of the terrorist activities spreading to different provinces," the ambassador said.

NATO commander Gen. Ray Henault has called for an additional 2,000 troops to fight the Taliban. Currently, there are about 20,000 international troops in Afghanistan.

But one analyst involved in the counter-narcotics effort there said international troops already were in danger of wearing out their welcome.

"Now it is in a stage where it is not so clear that the international presence is welcome," said the analyst, who has worked in the country for 10 years but would speak only on the condition of anonymity.

The international community and Afghan government needs to do more to improve basic living conditions and the rule of law, he said.

"The danger if we don't is that we lose the country for sure, or at least certain segments of the south, to anti-government forces," said the analyst, who travels extensively around Afghanistan.

Mr. Jawad said existing troops need more resources -- including helicopters for better mobility -- and improved cooperation with the Afghan security forces and police.

He said the problem in the south was twofold.

"In the past five years, we never had a strong permanent presence of international or Afghan security forces in the south, and just across the border the terrorists are finding financial and ideological support," Mr. Jawad said, apparently referring to Pakistan.

The lack of an effective police presence also is beginning to be felt in the north, where common criminals are becoming increasingly daring, Mr. Jawad said.

The ambassador said there had been vast improvements in Afghanistan, particularly politically, but daily life for the average Afghan must improve more.

The anti-narcotics analyst agreed, saying, "I can go to farmers in villages where life has remained unchanged in 10 years. Maybe there is a road and a cell phone works, but the fundamentals of how to earn a living remain unchanged."

Poppy cultivation -- which is tied to areas where the government has the least control -- has soared in recent months.

According to the United Nations, Afghanistan freshly produced a record crop -- enough for 6,100 tons of opium, exceeding the total requirements of all the world's heroin users by one-third.

Nato Begins Hunt For More Troops (FT)

By Rachel Morarjee, Dan Dombey

Financial Times, September 11, 2006

Nato will seek this week to find reinforcements for its hard-pressed troops in Afghanistan and elsewhere after a plea by the alliance's top military commander.

The defence chiefs of Nato's 26 member countries agreed at the weekend to hold two "force generation" conferences this week to meet the shortfalls.

The first one, on Wednesday, would seek to obtain enough pledges to send up to 2,500 extra soldiers to Afghanistan. General James Jones, Nato's supreme allied commander Europe, said last week that he urgently needed a reserve battalion of about 1,000 soldiers plus air support involving up to 1,500 more in the wake of the unexpectedly tough fighting in Afghanistan.

The second force generation meeting, on Friday, will attempt to salvage Nato's showpiece rapid response force.

The Nato response force is scheduled to be declared fully operational next month – but last week Gen Jones said it was still significantly under-resourced.

Meanwhile, a suicide bomber killed the governor of the eastern province of Paktika province, striking as he emerged from his office in the provincial capital of Gardez, killing his secretary and his nephew, officials said.

Three others were wounded in the attack outside Governor Abdul Hakim Taniwal's house in the provincial capital of Gardez, according to provincial police chief Abdul Annan Raufi. The attack was the latest outside the traditional Taliban

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heartland of southern Afghanistan and came as a US military official warned that a suicide bombing cell was operating in Kabul, targeting foreign troops – to coincide with the fifth anniversary of the September 11 attacks on the US.

"Through our intelligence sources we know there's a cell here in Kabul, at least one, whose primary mission is to seek coalition or international troops and hit them with suicide bombs," Colonel Tom Collins, the chief US spokesman, said in Kabul.

On Friday, two US soldiers and at least 14 Afghan civilians were killed by a suicide bomber in the worst bomb attack to hit the Afghan capital in recent years, four days after a British soldier and four civilians were killed.

"The Taliban are showing that they can operate anywhere at will, even in highly secured areas," said Joanna Nathan, senior analyst for the International Crisis Group.

The suicide attack in Paktika was a blow for the province, which has been one of better governed areas of the country, and showed how Taliban fighters are broadening their reach beyond the four southern provinces which are in the grips of fierce guerrilla war.

Over 400 Taliban fighters have been killed in the last week in southern Afghanistan as part of Operation Medusa, a bid by Nato troops to push the Taliban out of Panjwai district on the outskirts of Kandahar.

Doubts Intensify Over Afghanistan's Future (CSM)

By Rachel Morarjee

The Christian Science Monitor, September 11, 2006

KABUL, AFGHANISTAN

When the Taliban suicide car bomb struck the center of Kabul on Friday, it found grandmother Amena Wahidi in the wrong place at the wrong time - and signaled that five years after Sept. 11, the first chapter in the US war on terror is far from over.

Mrs. Wahidi died, along with 13 other Afghan civilians and two US soldiers, when the explosion in central Kabul - the first such Taliban attack in the Afghan capital - targeted a US military convoy. The attack coincides with heavy resistance from Taliban fighters to the new NATO presence in southern Afghanistan. NATO forces say they have killed some 420 fighters over the past week alone.

"The Taliban are showing that they can operate anywhere at will, even in very high security areas," says Joanna Nathan, senior analyst with the International Crisis Group in Kabul. "It is a not a popular uprising at the moment, but people are sitting on the fence waiting to see who will be the winning side."

Popular doubt here about the long-term direction of Afghanistan reflects a perception that the government of Hamid Karzai is weak and the West has not delivered on security and reconstruction, analysts say. Military commanders, international observers, and officials are sounding urgent calls for a redoubling of efforts by the government and its Western backers.

"We can count ourselves lucky that almost five years after Sept. 11, we have approximately 35,000 to 40,000 troops here. Of course things are salvageable, but it's going to be a hard road," says Francis Vendrell, the European Union's Special Representative to Afghanistan.

Mr. Vendrell argues for a three-pronged approach: Kick out corrupt officials, fast-track reconstruction efforts, and - echoing calls by NATO's own commanders - send more troops.

"The government is facing a crisis of legitimacy," says Michael Shaikh with Human Rights Watch. "The only way to deal with this is to tackle the people within its own ranks."

In the past few months, President Karzai has made efforts to crack down on corruption and bad governance. He's appointed an attorney general who has made corruption his top target. Religious conservatives have been swept off the Supreme Court, yielding to more judges trained in modern jurisprudence. And the government has dispatched a raft of new police chiefs and governors to the south, admitting that the central government has not paid enough attention to the volatile south.

"It's not that the Taliban were strong, it's that the government was weak. They have moved into a vacuum [in the south]. There was protracted negligence on our part of those provinces," says Karzai's chief of staff, Jawed Ludin.

But turning around the security situation is now a much more difficult task as the violence has spread beyond the south. Troubling signs are coming in from points north, east, and west as well, with no-go zones and pockets of violence creeping steadily toward the capital:

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• Weapons prices in northern Afghanistan - a region where warlords still hold sway - have more than doubled in the past few months, signaling a setback for disarmament efforts. "It's not that there are no weapons available on the market, it's that people are stockpiling and waiting for something to happen," said a Western military official.

• Many parts of Wardak Province, on the western border of Kabul Province, are no longer safe for aid agencies to operate. "People are starting to pull out, and this will give the Taliban a stronger case to win the population over," says an aid worker, who asked not to be identified.

• A week ago, another blast on the Jalalabad road east of Kabul killed a British soldier and four civilians.

• In the western province of Farah, 100 Taliban fighters in pickup trucks armed with rocket-propelled grenades stormed the district headquarters in Kailargar, killing two policemen and torching a health clinic Sunday.

• And a suicide car bomb killed the governor of the southeastern Paktia Province and two others Sunday.

The notion that Kabul remains an oasis of relative stability was punctured by Friday's bombing.

"Through our intelligence sources, we know there's a cell here in Kabul, at least one, whose primary mission is to seek coalition or international troops and hit them with suicide bombs," Col. Tom Collins, a US military spokesman, told reporters in Kabul.

Suicide bombs first became a phenomenon last summer in Afghanistan but the bombers were inept, often killing no one but themselves. That has changed, with more than 70 suicide attacks since the beginning of this year that have become increasingly lethal.

The number of Taliban fighters met on the battlefields of the south has also risen. Partly, this may be due to the Taliban's willingness to pay better. Police are paid around $2 a day, Afghan National Army fighters are paid roughly $4 a day, but Taliban fighters get $8 a day, says Lt. Col. David Hammond, who is training the Afghan National Army in Helmand Province.

While the lure of a little more money no doubt draws some Afghans to the insurgency, the overall economic picture of the country since 2001 is brighter.

According to the IMF, official GDP growth averaged 22.5 percent between 2002 and 2004 and the organization has projected a 14 percent increase for 2005-06. Over a fifth of GDP comes from investment activity with $1.5 billion new since 2003. Most of it is donor aided public investment, but one-third comes as foreign direct investment.

The downside is that nearly a third of the total licit - illicit GDP (almost $6 billion the IMF estimates) - stems from the production and export of opium.

For some Western observers, the past four years feel like a missed opportunity. "US and international attention veered from Afghanistan in mid-2002, and focused on Iraq," says a senior Western diplomat in Kabul. "There was a feeling they had got rid of the Taliban, and left a good man [Karzai], and that things would settle down."

Afghan Experiment Marked By Progress And Disillusionment (WP)

By Pamela Constable

The Washington Post, September 11, 2006

KARABAGH, Afghanistan -- When Mahmad Naib ventured back to his village, north of Kabul, after U.S. warplanes and Afghan fighters drove out the Taliban militia in November 2001, he found little but scorched earth. The grapevines were dead, the houses looted, the mosque in ruins and the magnificent sycamores burned black.

Today, the resettled mud-and-timber village is surrounded by ripening grapes and obscured by a thicket of new restaurants, workshops and gas stations lining the nearby Shomali highway. The roar of fast traffic drowns out the ping of hammers as workers erect a shiny tin dome on the half-restored village mosque.

"Life is hard, but it is peaceful, and that is what matters most," said Naib, 55, a mason who was shoveling debris Thursday out of the newly plastered mosque. "We do have our complaints. Wages are low, water is scarce, and the government never dug the wells it promised. But . . . by God's grace, we will finish this mosque in time for Ramadan."

One day after he spoke, a massive car bombing killed 16 people in Kabul, the capital, 30 miles to the south. The brazen midday attack underscored the fragility of peace in Afghanistan today, nearly five years after the overthrow of the Taliban rulers who imposed an extreme form of Islam and harbored Osama bin Laden.

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Since late 2001, the country of 25 million people has undergone an ambitious experiment, backed by international troops, expertise and aid, to bring modern democracy to an impoverished, deeply conservative Muslim society.

On some levels, there has been remarkable progress: presidential and parliamentary elections, a new constitution, a new national army and greater freedoms for women. In poor but stable communities such as Karabagh, halting social and economic gains have been made: a part-time nurse in a clinic, carpets in a school where students once crouched on concrete, a grape harvest that is approaching half the pre-Taliban crop.

But in the southern provinces that spawned the Taliban movement, open warfare has resumed after four years of relative quiet. Insurgents are battling NATO troops and employing suicide bombs. Thousands of villagers have fled their homes, to escape both insurgent violence and NATO airstrikes. Schools have shut down, and development projects have stopped.

At the same time, opium poppy cultivation, virtually wiped out by the Taliban, has soared to record levels, largely in the south. Nationwide it increased by 59 percent in the past year alone, according to new U.N. figures. Drug traffickers have formed protective alliances with the Islamic insurgents.

"The situation in the south is difficult and fragile," said Mark Laity, a spokesman here for NATO forces. "We are conducting a number of offensives, but the Taliban have also been pushing hard. They are taking heavy casualties but standing their ground more. Our strategy is still to create secure spaces for development and governance, but the effort is taking longer and involving a lot more combat than expected."

NATO's commanding general, citing the surprising toughness of the insurgents, called last week on member nations to provide as many as 2,500 additional troops for the south. But the proposal faces questions in European capitals about the risks involved. Since taking responsibility for the south from U.S.-led forces at the beginning of August, NATO has lost 35 troops.

Senior Taliban leaders and al-Qaeda figures, including bin Laden, who is widely believed to be hiding in the wilds along the Afghan-Pakistani border, meanwhile continue to elude capture. Afghan officials have repeatedly accused neighboring Pakistan of allowing Taliban insurgents to find refuge in the border region.

In recent months, the violence has spread to the Kabul area and the east, creating a sense of insecurity that now overshadows all other national concerns. Even in the north and west, where the insurgency has hardly reached, many people today express dismay with the government of President Hamid Karzai. They say it remains weak and distant, that public services and protection are grossly inadequate, and that commanders from the war against Soviet troops in the 1980s often hold extortionate sway over daily life.

Foreign analysts and domestic critics point to a daunting list of social, economic and institutional problems that Karzai's government has largely failed to correct despite massive aid and training from abroad: impassable roads, ineffective courts, too few doctors, too few police officers. Complaints of corruption are constant, taking a huge toll on public confidence in the system.

"We have had some big successes -- the development of media, the parliamentary and presidential elections. But real successes that people can feel in their daily lives? Honestly, there is nothing," said Shukria Barakzai, 34, a member of parliament from Kabul. "Poppy is booming, but farmers are still poor. Good jobs are available, but only for the few with computer and English skills. Clinics are open, but anyone with a serious illness has to go to Pakistan for treatment."

For the first four years after Karzai came to office in late 2001, such harsh criticism was rare. The influx of foreign support -- more than $3.5 billion in U.S. economic aid alone -- brought a sense of progress. More than 6 million children were enrolled in schools; crews built a new highway between the two major cities, Kabul and Kandahar; and the economy grew at a brisk 15 percent a year.

But the high expectations that democracy would deliver jobs and development has gradually turned to bitter disappointment as reports of corruption spread and the massive doses of foreign aid seemed to produce few tangible benefits for the poor.

Kabul, the capital of 3.5 million, did acquire a veneer of commercial and social progress. Dozens of glittering office buildings and wedding salons opened; ATMs whirred and cellphones buzzed. But many neighborhoods remained without electricity and water, and urban poverty exploded with the massive return of war refugees. A major riot in late May revealed both the depth of public frustration and the failure of police protection.

Ethnic tensions deepened despite foreign efforts to craft a government in which major ethnic groups shared power.

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Many Afghan Muslims also began to equate modernization with immorality. They mistrusted the emancipation of women enshrined in the new charter and disapproved of Kabul restaurants selling alcohol to foreigners. Earlier this year, an Afghan man was nearly sentenced to death for converting to Christianity.

The strong initial welcome for U.S. and other foreign troops in the country also began to chill. There were complaints about airstrikes on village compounds that killed civilians. As the insurgency erupted this year, with more firefights and bombings in civilian areas, Afghans began blaming the foreign soldiers for exposing them to danger.

"We don't want these troops patrolling here, because it only brings trouble and kills innocent people," said Akbar, a 54-year-old teacher standing beside the Kabul boulevard where a suicide bomber attacked a NATO patrol last week, killing at least three bystanders. "We were happy when the Taliban fell and the new government came, because we thought it would bring peace and development," he said. "Now the people are not starving, but with all these deaths and bombs, it seems like the Taliban time was better."

Afghan officials acknowledge that legal and democratic institutions are still weak, but they point to recent improvements such as the appointments of better-qualified Supreme Court justices and an anti-corruption commission. Human rights activists said they were encouraged by these changes but concerned that they would not trickle down to rural regions.

"We have built institutions and elected legitimate leaders . . . but in much of the country, there is no government at all, just empty locked offices," said Ahmad Nader Nadery of the Afghanistan Independent Human Rights Commission. As a result, he said, some communities are beginning to accept the Taliban, and others are turning to local militias.

With the insurgents exploiting government weaknesses and public frustrations, a variety of experts have warned that the achievements of the past five years -- and even the stability of the Afghan government -- could be in serious jeopardy.

Barnett R. Rubin, an American expert on Afghanistan, conducted a broad survey here last month. In a resulting report, "Still Ours to Lose: Afghanistan on the Brink," sponsored by the Council on Foreign Relations, he wrote that many Afghans had lost faith in the Karzai government and that some felt conditions in the country were "ripe for fundamentalism."

Salvaging the situation, Rubin wrote, will require a major increase and redirection in foreign aid, serious reforms in the justice and police systems, and the shutting down of Taliban support networks in neighboring Pakistan -- none of which seems likely to happen in the near future.

In Karabagh, the Taliban threat still seems far away. Schools are full, tourist shops are stocked with local pottery, smoking kilns bake mountains of construction bricks, and cargo trucks haul away crate after crate of grapes.

But even here, people here are beginning to voice the disillusionment and anxiety expressed by Afghans in more troubled regions. They complain that local officials, linked to former militia commanders, demand shares of their crop profits, bridal dowries and rationed irrigation water.

"Everyone knows the money goes into certain pockets, but at least we can walk down the road without fear," said Naimullah, 40, who was picking grapes on a rented plot Thursday with his wife, brother and four children. "I heard about the Taliban trying to come back, but no one in Afghanistan wants more fighting and killing," he said. "We have come home, so we must plant our crops and see what they produce."

Iraq: A Secret Definition (NSWK)

By Mark Hosenball

Newsweek, September 11, 2006

Is Iraq in a civil war? The CIA has developed its own secret guideline for answering that increasingly contentious question. CIA officials offered the definition of "civil war," which remains classified, at a closed-door Capitol Hill briefing to discuss the latest grim Pentagon assessment of the conflict, according to two U.S. officials familiar with the briefing's content who asked for anonymity due to the sensitivity of the material.

The officials declined to share the CIA's precise criteria for civil war. One former high-level intel official who worked on similar analytical issues said his definition included a conflict in which two or more factions claimed to be operating rival governments, with checkpoints established to separate the parties. A counterterror official who, like the former official, also asked for anonymity due to the sensitive subject, indicated the CIA definition was more "subtle," and alluded to the existence of

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identifiable factions fighting the government and of "no go" areas in which government forces had no sway. (In other words, the situation in Iraq is too chaotic to qualify as civil war, being as much a matter of thuggery as of a clear competition for political power.) But the official added that among intel agencies there are differing opinions over what constitutes civil war, and also about how to describe what is happening in Iraq.

Asked to comment, CIA spokesman Paul Gimigliano told news-week: "There is a range of analytic views within the agency and the intelligence community on violence in Iraq, and we are careful in our products to identify those differences. It's not unusual for CIA to offer policymakers analytic frameworks—comparative case studies, indicators, definitions and more—to help them assess complex issues. In this case, the work is classified, so it would be inappropriate for me to get into specifics."

Straight To The Heart (NSWK)

By Michael Hastings

Newsweek, September 11, 2006

Toward the end of July, Capt. Brad Velotta began daydreaming a lot. He thought about making the summer's last run of salmon in Alaska's Russian River, where bears lumber down from the woods and chase fishermen out of the water. He thought about getting a kitten for his 3-year-old daughter, Sophia. Most of all, Velotta hoped to see his 83-year-old grandmother Mary one last time before she died of cancer. "She thought she could hold on," says Velotta's father, Albert, at the family home in Alexandria, La. Her grandson was supposed to leave Iraq on Aug. 2. "She thought it would only be a few weeks more."

But it wasn't. On July 26, Velotta learned that he and his unit, the 172nd Stryker Brigade, were going not home but to the core of Iraq's sectarian blood feud: Baghdad. After a solid year of battling the insurgency, from Mosul to Tall Afar to the westernmost reaches of Al Anbar province, the 172nd has been extended until after Thanksgiving—if not later. Velotta, 29, Blackhawk Company commander in the 172nd's 4-23 infantry battalion, gave a tough talk to his squad leaders: "I know it f---ing sucks. But you don't have the option to not be motivated. You don't have the privilege to be worn out. This is Baghdad. This is graduate-level s--t."

No one has to tell the 4-23 that every war is cruel. Its members freely admit they've been luckier than a lot of units in Iraq. The 172nd has lost fewer than 20 of its roughly 4,000 troops in the past year, and the 4-23 has had no one killed in action. Their record in the field, along with their almost indestructible armored vehicles, made the 172nd an obvious choice to clean out Baghdad's sectarian death squads. "We were victims of our own success," says Capt. Phillip Mann, the 4-23's intelligence officer. Even so, the war's emotional and spiritual costs keep rising for them and their loved ones back home. Velotta's little girl tells of bad dreams that he's going to die. "No, baby," her mother says. "He is coming home"—wishing she could be sure of that. The wedding of Spc. Shawn Mott and Nina Herrera was set for Sept. 16. Eight hours after she mailed the invitations, he called to say he had to go to Baghdad instead of flying home. "I was so scared to call you," he told her afterward. "I thought you'd leave me."

The Army says troop morale remains high. For the first 11 months of fiscal 2006, two out of three soldiers who were eligible to re-enlist have done so—a rate unchanged since 9/11. But whatever the numbers say, the strain is showing. Capt. John Grauer, the 4-23's chaplain, describes the scene when the order came down: "There was a rush of soldiers trying to get on the phone to call home. Some literally threw up when they heard the news. Some were extremely angry ... Some went to sleep for a couple of days, hoping maybe it was all a bad dream." It was tough for Grauer to tell his wife, Tyra, and their two girls—especially Morriah, 9. "She started crying," he says. "That's when I put the sunglasses on." Behind the shades, he wept.

Back home, the news hit hard. Some 172nd wives are too proud to complain. "At least our husbands are out there saving the world," says one. "They're not wussies just sitting there on the couch." But at Fort Richardson, Alaska, the 4-23rd's home base, chaos erupted at the announcement of the extension. Some wives had already packed up and shipped their household goods to their husbands' next duty stations. There were families without a place to live; children pre-enrolled in schools thousands of miles away; parents scrambling for winter clothing they had given away; household goods in storage; airplane tickets for vacations that could not be taken—not to mention thousands of broken hearts. Grauer says soldiers have told him, "This has killed my marriage, It's been my third deployment in five years, and we've only spent 15 months together."

Staff Sgt. Chad Denton is on his second deployment. "It takes its toll," says his wife, Beth, back home in Anchorage. "You just don't know each other anymore." The Dentons have five children, 1 to 13 years old, and the two middle sons, 6 and 8, are

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having trouble. "They need their dad," Beth says. "I keep telling him, 'I know you guys are getting blown up, but I'd rather be on that side, doing what you're doing, than on this side, being mom and dad'." Telling her about the extension was "brutal," says Chad. "At first she said she couldn't believe it. I guess there are three stages: denial, shock ... " His voice trails off. He doesn't get to the third stage.

The 172nd is in the thick of Baghdad's largest military action since 2003. U.S. and Iraqi officials call it the Battle of Baghdad. Gen. George Casey, head of all Coalition forces in Iraq, told 172nd officers it's "the defining moment, the defining battle of the war." This summer's sectarian violence was the worst Baghdad has seen since the war began, with roughly 1,800 killings in July alone, according to the Iraqi Health Ministry. Large parts of the city have fallen into virtual anarchy. Privately, senior U.S. officials say the Iraqi government has only a few months to stop the killing or collapse.

The Stryker teams are supposed to hold the line. They spend their days searching bad neighborhoods for weapons and evidence of death-squad activities. But Baghdad, like much of Iraq, is suffering from "whack-a-mole" syndrome. The militias keep popping up elsewhere. "With two Stryker brigades, one on the east side, one on the west side, we could secure Baghdad," says a 172nd officer, who asks not to be named disputing Coalition strategy. Even then, he adds, it would take more than four months to finish the job. As things stand, many 4-23 members say the sweeps are no more than a temporary fix. Some argue that the aim is only to make Iraq look good before the Nov. 7 U.S. elections—"fighting for the House of Representatives," as Sgt. Brian Patton describes it.

Meanwhile, families are falling apart. Back in Alaska, one 4-23 wife has a suicidal child in the hospital; another suffered an ectopic pregnancy and had to beg her husband's commander to let him come home to care for her. Another wife attempted suicide. Her husband was sent home, but his career, the other wives say, is over. Gossip is running wild: who drinks too much, who has a compulsive-gambling problem, whose kids are left untended.

Defense Secretary Donald Rumsfeld got a taste of this rage and frustration in August when he met with family members of the 172nd at Fort Wainwright, near Fairbanks, Alaska. In a video of the meeting obtained by NEWSWEEK, one woman asked him why the 172nd was spending most of its time clearing houses, instead of patrolling the streets in the relative safety of the big armored vehicles. "My husband hasn't set foot in his Stryker since he arrived in Baghdad," she said. "Over 90 percent of the house clearings are being handled by the Iraqis," Rumsfeld responded, whereupon women in the audience began shouting "No!" and "That's not true!" Flummoxed, Rumsfeld shot back, "No? What do you mean? Don't say 'No,' that's what I've been told. It's the task of the Iraqis to go through the buildings."

The 4-23's soldiers say they, not the Iraqis, do 95 percent of the searches. "I'd like to punch [Rumsfeld] in the gut," says one seasoned NCO on his second Iraq tour. "He treats us like we're not human. He acts like he's not destroying families."

Baghdad in August breeds thoughts like that. Outside it's 120 degrees Fahrenheit. Inside a Stryker armored vehicle it's 130, sometimes 140. Team members sweat more than seems humanly possible. Their mustaches leak with sweat. Their soaked pants leave damp marks where they sit. The sweat collects in the protective goggles they wear, pouring off the eyebrows and into the lenses. Each soldier has to wear 15-pound side plates, 20-pound body armor, and a three-pound helmet that feels like it's baking the brain. When the vehicle stops, the teams dismount and go to work, climbing stairs, scaling walls, breaking down doors—always watching out for snipers and booby traps.

The unit has had plenty of close calls. Capt. Benjamin Nagy, who goes by the nickname Ox, has been hit by 15 IEDs. Chaplain Grauer has been IED'd seven times. Strykers routinely drive away unscathed from explosions that would kill everyone in a Humvee. Sometimes Velotta's men, sick of the drudgery of house searches, say things like: "Please, can someone just shoot at us?" But a single call over the radio can turn the tedium into something far worse. In the Adamiyah neighborhood, a soldier from another 172nd unit, the 4-14, recently became the extension's first loss. He was shot in the face by a sniper and died a week later after being evacuated to a hospital in Germany.

Postscript: Mary Velotta died on Aug. 19. Her grandson missed the funeral.

CORPORATE SCANDALS:

HP's Dunn Defends Actions In Emergency Board Meeting (USAT)

By Jim Hopkins, Usa Today

USA Today, September 11, 2006

SAN FRANCISCO — Hewlett-Packard (HPQ) Chairwoman Patricia Dunn battled for her job Sunday over her role in an internal probe that plunged the tech giant into a scandal being investigated by law-enforcement authorities.

The HP board, meeting Sunday in emergency session over the matter, adjourned and planned another meeting for Monday afternoon, the company said in a news release. It gave no other details on a case that's riveted Corporate America as one of Silicon Valley's pillars was engulfed in crisis in less than a week.

Investigators hired at Dunn's behest to uncover news leaks from the board of directors stole private home phone records of at least one director and up to nine journalists, according to the California Attorney General's Office and HP spokesman Ryan Donovan.

Dunn, 53, mounting an 11th-hour defense, said Friday she did not learn about illegal tactics used by HP's hired investigators until it was too late. She told the Associated Press she found the tactics "appalling" when she learned the truth.

That defense may have bought her more time, says Beth Young, a senior research associate at the Corporate Library, a corporate governance consultant. "I think people are withholding judgment," Young said.

Dunn is battling forces aligned with dissident ex-director Tom Perkins, 74, a powerful Silicon Valley financier who resigned in May to protest the HP probe and is pushing for its full public disclosure. Perkins says company agents stole his private home phone records. He called for Dunn's resignation Saturday.

Perkins and his attorney had no comment Sunday, said their publicist, Mark Corallo.

The Securities and Exchange Commisson has contacted HP about how it reported Perkins' resignation. And Sen. Dick Durbin, D-Ill., on Friday asked U.S. Attorney General Alberto Gonzales to investigate.

The board starts Monday's meeting divided as HP is recovering under CEO Mark Hurd, hired last year from NCR after the forced ouster of Chairman and CEO Carly Fiorina in an earlier boardroom fight.

HP's news leak probe, first disclosed by HP Wednesday in an SEC filing, has captivated Silicon Valley. It has brought a muted response from Wall Street. HP shares rose 2.1% on Friday, closing at $36.17, near the closing price before the revelations.

The growing scandal came to a head Sunday amid a clash escalating this year between Dunn, a prominent San Francisco banker, and Perkins, a wealthy Valley insider.

Dunn acknowledged publicly that she'd crossed the wrong man, Perkins, over the investigation's course.

"Tom is a very powerful, very formidable individual to have as an enemy," she told the Valley's San Jose Mercury News Friday.

Perkins' reply Saturday: Dunn must resign.

"I am saddened but not surprised that Patricia Dunn has attacked me personally for doing my job," he said through Corallo, the publicist. "I acted not from any ill will toward Ms. Dunn but to protect the best interests of HP."

Dunn, vice chair of money manager Barclays Global Investors, has been an HP director since 1998. Perkins co-founded Kleiner Perkins Caufield & Byers, a venture-capital firm that's backed some of the biggest tech companies, including search giant Google.

The Dunn-Perkins tensions go back to February 2005, when Perkins returned as a director just as the board was ousting Fiorina.

Perkins and his friend and co-director, George Keyworth, wanted Hurd, Fiorina's replacement as CEO, to be given the board chairmanship, Corallo says.

Directors elected Dunn, creating further divisions on a board already restive over Fiorina's exit and a painful restructuring expected under Hurd.

As the probe into boardroom news leaks advanced, Perkins said he had a deal with Dunn to keep the investigation between the two of them. Dunn says she never agreed to that.

The battle reached a climax May 18, when Perkins says directors first learned details of how the company conducted the probe — and Keyworth was identified as the leak in front of the board. HP says Keyworth acknowledged being the source, but refused a board demand to resign.

Perkins resigned on the spot, telling directors Dunn had "betrayed" him.

The situation worsened around Aug. 11, when Perkins learned from AT&T that his personal home phone calling records had been stolen online by HP's agents earlier that year. He demanded HP review how it conducted its investigation.

And in a crucial turn of events, he insisted HP make public the more damaging details of why he resigned. Perkins insisted that HP amend its May 22 SEC filing reporting his resignation. HP refused.

HP agreed to Perkins' demand for a review of the news leak probe, which the company assigned to its outside law firm. That firm found HP's private investigators used a sometimes illegal technique called "pretexting," where investigators posed as directors and journalists to trick telephone companies into handing over records of home phone and cellphone calls.

The use of such pretexting was criminal, according to California Attorney General Bill Lockyer. His office has not ruled out civil or criminal charges, including against top HP executives, spokesman Tom Dresslar said.

Contributing: Greg Farrell, Kevin Johnson and Jon Swartz

An Industry Is Based On A Simple Masquerade (NYT)

By Matt Richtel And Miguel Helft

The New York Times, September 11, 2006

When Patrick Baird, a private detective in Granbury, Tex., was hunting a runaway or helping a husband find out if his wife was cheating, he would often look for clues in telephone records. He bought them from firms that specialized in obtaining them, and says he did not ask about their methods.

But late last year, as scrutiny of such firms and their often deceptive practices heated up, Mr. Baird stopped giving them business.

“If my own mother came to me and said ‘I need this done,’ I couldn’t do it,” he said in an interview last week. “We’re abiding by public opinion here.”

People who obtain calling records often use a technique known as pretexting — using a pretext, like masquerading as a customer, to get a company to disclose information. Their shady subculture has been getting renewed attention since the revelation last week that a subcontractor for an investigative firm working for Hewlett-Packard used pretexting to obtain the call records of company board members and reporters.

It is hard to quantify the size of the telephone pretexting economy. But in recent years it has turned into a small industry, with dozens of Web sites offering calling records to anyone with a credit card, for a modest fee. Their main customers appear to be private investigators, although some in that field criticize the practice.

“Web sites came out of the woodwork like locusts in the last five to seven years,” said Eddy L. McClain, past president of the National Council of Investigation and Security Services, a trade group. “It was too tempting for many investigators not to take that shortcut.”

Pretexting “is at a minimum unethical and at a maximum unlawful,” Mr. McClain said. “It is a real smear on our profession.”

Pretexters often use techniques similar to those employed by identity thieves to obtain not only telephone records but also other private data. Robert Douglas, an information security consultant and former private detective, said they often called telephone companies armed with some personal information, like a customer’s Social Security number, mailing address or date of birth. Then they charm and cajole the phone company employee into thinking they are the actual customer.

“They have the knack,” Mr. Douglas said. “It’s more art than science.”

Many professionals pretexters, including those who have used the practice to build lucrative data brokering businesses, are reluctant to discuss their methods. At a Congressional hearing in June, 11 of the witnesses who were called refused to answer questions, invoking their Fifth Amendment right against self-incrimination.

But two others agreed to speak. One of them was David Gandal of Loveland, Colo., whose business, Shpondow.com, helps repossession companies find cars whose owners have defaulted on their loans.

Mr. Gandal said in an interview that he used pretexting to obtain cellphone records, when necessary, until last year. He stopped, in part, because carriers began suing some pretexters. But there was nothing difficult about getting cellphone records, Mr. Gandal said.

"All you need is the last four digits of a Social Security number and a correct ZIP code," he said. "You go to the wireless company's Web site, you sign up like you are that person, you can view the bill."

In most cases, Mr. Gandal said, he already had the Social Security number from the lien holder. But if necessary, he could find it in commercial databases. To demonstrate, he asked a reporter his full name and state of residence and read him back his Social Security number within seconds.

Another witness at the June hearing, James Rapp, a former data broker from Colorado with a long history of run-ins with law enforcement, described how he used pretexting to gather all sorts of information: addresses linked to a specific phone number from the telephone company, Social Security numbers from credit reporting agencies, and an address and phone number from a utility company.

Mr. Rapp explained how he might call the utility company pretending to be a customer with a gas leak. He would then give the operator a false address for that customer, only to have the operator correct him. "They're going to say, 'Oh, well, we have you over here, 144 Northwest,' whatever," Mr. Rapp told the committee, according to a transcript. With a bit more subterfuge he could easily get the customer's phone number as well.

At the hearing, Representative Edward Whitfield, a Kentucky Republican who is chairman of the Oversight and Investigations Subcommittee of the House Energy and Commerce Committee, said that research had showed that in addition to private investigators, lawyers and tabloids, the customers of these data brokers included "automobile finance companies and repossession companies and major banks and major corporations around America."

The Federal Trade Commission, some state legislatures and telephone companies have all tried to shut the industry down, with mixed success so far. Many Web sites that sold calling records have disappeared, but experts say many pretexters remain in business.

"Part of the problem is that there is still no law at the federal level making it clear that the activity is illegal," said Marc Rotenberg, executive director of the Electronic Privacy Information Center.

Using pretexting to obtain financial records was made illegal in 1999. Many legal experts say that pretexting to get phone records is already illegal under federal and state laws against fraud, but Congress is considering bills that would make this more explicit.

The California Legislature has passed a bill that makes it unlawful to obtain phone records by fraud or deceit, and to buy or sell someone's phone records without their consent. The bill has not yet been signed by Gov. Arnold Schwarzenegger.

The F.T.C. has filed suits against several pretexters under laws barring unfair and deceptive practices. AT&T, Cingular, Verizon and other companies have also sued dozens of people whom they accuse of fraudulently obtaining phone records.

And some carriers have changed the way they do business in an attempt to thwart pretexters. Last year Verizon stopped asking customers for their Social Security numbers as a chief way to establish their identity, said Eric Rabe, a Verizon spokesman. Instead, he said, the company is asking people to provide information that is on their phone bill, like an account number. Verizon is also teaching customer service representatives what they should look for to identify possible pretexters, Mr. Rabe said.

The new vigilance comes at a price. Customers often want to get information quickly and are impatient when they have to put up with a series of questions to establish their identity. Mr. Rabe said.

Walt Sharp, a spokesman for AT&T, said his company continued to accept Social Security numbers as a central means of identification. "That's generally something known only to customers, or it should be," Mr. Sharp said.

Mr. Douglas, the security consultant, agreed that the carriers faced a tough balancing act. "We're in the McDonald's generation. Everybody wants information and they don't want to wait for it," he said. "That's why these guys win."

No system is foolproof if a wily pretexter knows how to convince a company representative that he is a customer who is desperate for account information, Mr. Douglas said. This person might say he is on a business trip, without access to account information, but needs to check his records quickly.

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"You come up with a plausible scenario as to why you need the information now," he said.

Mr. Baird, who operates a detective agency with three employees, said he did not know if the people he paid for phone records used duplicitous means to get records, though he assumed that their approach may have involved pretexting. He said he once regularly contracted with various companies and people that charged $110 to $175 for sets of records. The records, he said, were of use in many instances, such as tracking runaways, helping insurance companies ferret out fraud or helping the police determine if a criminal suspect was having conversations with another bad actor.

"It's an issue for law enforcement wanting to move on something early and we were able to give them a direction while they're waiting for a subpoena," Mr. Baird said. He said that he stopped trying to obtain phone records because of the negative attention it has received, and the uncertainty about whether obtaining them was legal.

Mr. Baird said he felt that his and other detective agencies were using the phone records in beneficial and legitimate ways. The decision to stop using them has cost him in lost business, though he declined to say how much. "We'll leave it alone and let Congress figure it out," he said.

Disclosure A Key Question In HP Spat (LAW)

By Susan Beck, The American Lawyer

American Lawyer, September 11, 2006

The sensational revelation that Hewlett-Packard Co. engaged in "pretexting" to gain access to directors' and reporters' phone records has not just created damaging headlines for the Silicon Valley company, but made it a target of a criminal investigation. Larry Sonsini, the company's long-time outside counsel, stated in The Wall Street Journal on Thursday that although he told the company after the fact that the practice was "within legal limits," he was just relying on the opinion of an in-house lawyer.

Questions about the seamy practice of pretexting may be outside the normal scope of practice for a corporate lawyer. Questions about securities laws governing the disclosure of board activities, however, should be bread and butter matters for someone like Sonsini.

For that reason, the handling by Sonsini and his partners of the disclosure that followed the resignation of Tom Perkins from the board raises perplexing questions about their judgment.

Although Perkins resigned on May 18, it was not until Sept. 6 that the company amended its 8-K filing to give more detail about the director's action. In that filing, the company also revealed that it had received a comment letter from the SEC asking for more information about Perkins' resignation.

"We engaged in a 3 1/2 month effort to get Hewlett-Packard to come clean about Tom Perkins' reasons for resigning," says Perkins' lawyer, Viet Dinh, a professor at Georgetown University Law Center.

Perkins abruptly quit during an HP board meeting after another board member, George Keyworth, was asked to resign. A company investigation had identified Keyworth as the source of past press leaks. (Keyworth refused to resign, but the company has not renominated him for the board.)

According to Dinh, Sonsini was not present at that board meeting, but Sonsini soon after called Perkins to discuss his resignation. What was said in that phone call is disputed. According to Sonsini, Perkins told him that he had no disagreement with the company or the board, but did have issues with Chairwoman Patricia Dunn, who ordered the leak investigation.

Dinh says this is not correct. "Tom Perkins disagrees with Mr. Sonsini's recollection" of the phone conversation. "Recollections may differ, but any reasonable person would recognize that 90 minutes of heated discussion [in the boardroom] are not just over personal issues."

Under federal securities law, if a director resigns because of a disagreement with the company over its operations, policies or practices, the company must describe the disagreement. In an 8-K filing made on May 22, Hewlett-Packard announced that Perkins had resigned, without giving any reason.

If there was any confusion about Perkins' resignation, he made his sentiments clear in an Aug. 14 letter to the board. In that two-page letter, which was copied to Sonsini, he stated that he resigned to protest the "questionable ethics and the dubious

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legality" of the methods used to investigate the leaks. He also stated that he considered the 8-K to be defective because it didn't describe the circumstances of his departure.

Under securities law, if a director sends the company a letter regarding his resignation, the company must file it with the SEC within two business days.

Why HP chose not to do so isn't yet clear.

Instead, HP General Counsel Ann Baskins sent a letter Aug. 16 to Perkins and Sonsini citing Sonsini's version of his discussions with Perkins. Based on that, she said, "it would be inappropriate to amend the 8-K at this time because it was accurate when filed."

The next day Dinh wrote to Baskins in a letter copied to Sonsini and the directors. He contended that, regardless of what the parties remember about that board meeting, the company should have filed the Aug. 14 letter with the SEC. He accused the company of a "willful attempt to evade the company's obligations."

The next volley came from Sonsini's partner, litigator Boris Feldman. Feldman reiterated in an Aug. 22 letter that the 8-K was correct at the time it was filed, but he did not address Dinh's argument that HP was required to disclose Perkins' Aug. 14 letter. Feldman also demanded to know whom Perkins might have discussed internal HP deliberations with.

Dinh raised the stakes Aug. 23 by accusing Wilson Sonsini of having a conflict of interest, in part because of "Mr. Sonsini's key participation in the events at issue." Returning to the disclosure issue, he wrote: "It simply defies legal and common sense to suggest that, by HP's unilateral fiat, 90 minutes of vigorous disagreement leading to the resignation of a senior board member did not happen or can be ignored."

At some point, Perkins contacted the SEC, according to The Wall Street Journal. On Sept. 6, the day the story broke in the Journal, HP filed an 8-K with more details about Perkins' resignation and admitting the use of the pretexting by an outside contractor.

Ryan Donovan, a spokesman for HP, said the company believed its disclosure was adequate based on what it knew at the time of Perkins' resignation.

As for the company's duty to disclose the Aug. 14 letter, Donovan said he needed to look into that issue and did not get back by press time. At Wilson Sonsini, Feldman referred questions to HP. Sonsini did not return a call. Firm spokeswoman Courtney Dorman returned a call to take questions, but did not call back with a response from the firm.

Charles Elson, the director of the Weinberg Center for Corporate Governance at the University of Delaware, says the HP board should have disclosed the circumstances of Perkins' resignation immediately. "Clearly it's something an investor would find important," he says.

Elson also believes the law required that HP disclose the Aug. 14 letter within two days. He says it's immaterial that Perkins wrote his letter to the board two months after his resignation. "In my view, the letter should have been disclosed, under the spirit of the rule."

He adds, "This is about as bad as it gets," referring to the whole controversy surrounding Hewlett-Packard.

GC Ann Baskins Faces The Eye Of The HP Storm (LAW)

By Kellie Schmitt, The Recorder

California Recorder, September 11, 2006

Ann Baskins has spent almost her entire career at Hewlett-Packard Co., and has been general counsel there for the last six years. Now she finds herself at -- or at least very near -- the center of the growing storm over the boardroom investigation at the computing giant.

Newspaper stories detailing the crisis -- kicked off by HP Chairwoman Patricia Dunn's decision to investigate leaks to the press by fellow board members -- place Baskins at several key junctures in the ongoing saga. The controversy so far has led to a criminal investigation by the state attorney general and public sniping by famed venture capitalist and now ex-HP director Thomas Perkins at HP outside counsel Wilson Sonsini Goodrich & Rosati.

Baskins, one of the most prominent female general counsel in the country, may figure into investigations now under way into how HP obtained phone records of its directors. Press accounts say Baskins had first asked Wilson Sonsini's Larry Sonsini to

investigate possible leaks, then later called on him to probe the methods used by an undisclosed third party in a subsequent investigation. That probe apparently included the checking of board members' personal phone records.

In a June e-mail exchange with Perkins, Sonsini said he was not involved in the third-party investigation, according to documents posted Thursday on the Wall Street Journal Web site.

"The investigation was run by the HP legal department with outside experts. ... I am sure that Ann Baskins looked into the legality of every step of the inquiry and was satisfied it was conducted properly," Sonsini stated in one e-mail.

In a subsequent e-mail, he added that the investigatory methods had been checked with unidentified "outside counsel."

Baskins may also be called on to explain the company's decision to disclose as routine Perkins' angry exit from the board.

An HP spokesman said Baskins declined to comment for this story.

Baskins, who is about 50, graduated from Stanford University and obtained her law degree from UCLA. A summer job with an in-house legal department shaped her career path.

"People enjoyed their jobs and had a clear understanding of business because they were part of it," she recalled in an interview with The Recorder in 2000.

Baskins joined HP in 1982 after briefly working at Crosby, Heafey, Roach & May. She worked her way up the ranks and, less than a year after Carly Fiorina became HP's CEO in 1999, was tapped to succeed Jack Brigham, the first corporate attorney at Hewlett-Packard and GC since 1976.

HP's legal department has more than 300 lawyers. It dishes work to a long list of firms, including Wilson, as well as Gibson, Dunn & Crutcher; DLA Piper; Hunton & Williams; Littler Mendelson; Morgan, Lewis & Bockius; and Irell & Manella.

During her career, Baskins has steered HP through a series of deals and suits and, more recently, mergers and related corporate restructurings.

She helped with the spin-off of Agilent Technologies, which she described in 2000 as part of HP's "reinvention process."

Baskins played a visible role in the legal infighting that came with Fiorina's decision to acquire Compaq Computer in 2002. When dissident HP heirs tried to block the acquisition, Baskins teamed up with Sonsini and other Wilson lawyers to defeat that effort in court.

Though the drama has yet to play out, there are already calls, in some quarters, for Baskins to be fired.

"By all accounts, HP's general counsel Ann Baskins showed extremely bad judgment during the affair," wrote David Kirkpatrick, a Fortune senior editor, in a Sept. 7 analysis. "CEO Mark Hurd ought to fire her immediately, along with anyone else who is determined to have played a critical role in hiring or defending investigators who behaved improperly."

HP Merger May Kill Mercury Suit (LAW)

By Justin Scheck, The Recorder

California Recorder, September 11, 2006

The most prominent civil suit in the ongoing backdating disaster may evaporate -- but not before a bitter fight between two of California's most fearsome law firms.

Mercury Interactive Corp. was one of the first companies to publicly admit problems with its options grants, and its board of directors has been the first to join plaintiffs lawyers in a shareholder suit seeking damages from ousted executives.

The board turned over valuable materials to plaintiffs lawyer William Lerach early this summer -- including a report commissioned by a special committee of the board -- and the lead partner at Lerach Coughlin Stoia Geller Rudman & Robbins seemed to have a powerful case.

But then Mercury was bought by Hewlett-Packard. Now, one defendant claims that the suit should be halted. Lerach, of course, disagrees, and says that defendant's attorney has no business being in the case.

As in many of the options backdating cases, the controversy involves pay practices during the dot-com boom and the law firm of Wilson Sonsini Goodrich & Rosati.

The firm's lead partner, Larry Sonsini, advises HP's board, and his firm represents HP in its proposed $4.5 billion acquisition of Mercury, which was announced in July and should be finalized by the end of the year.

The firm also represents Kenneth Klein, the erstwhile Mercury chief operating officer and a defendant in Lerach's suit.

In court papers filed late last month, Klein's lawyer, Wilson partner Jared Kopel, said that once finalized, the deal should kill the suit now in California's Santa Clara County Superior Court.

"Plaintiffs will lose standing to proceed with this litigation when Mercury Interactive Corp. merges with Hewlett-Packard," Kopel wrote in court filings. The only way the case could continue, he said Thursday, is if the HP board were to take the case up on its own.

Lerach says that could well happen, since -- in his opinion -- Klein and the other former executives owe the company money. With that looming possibility, he argues that Wilson Sonsini is wearing too many hats in the case.

"It simply is unacceptable for a law firm to represent both a defendant and the party in control of the claim," said Lerach. "It's a very clear conflict, and is simply unacceptable."

Kopel disagrees. "Right now they're not adverse to each other, so there's no conflict of interest," he said, since HP does not yet own Mercury, and is not in a position to decide whether to prosecute the case.

And, he added, since it's been publicly known for months that Wilson Sonsini represents HP, Klein has had ample time to switch counsel, which he has not chosen to do.

"He was aware, just from press reports, that HP would be acquiring Mercury, and that we had represented HP," Kopel said.

When it comes to the merger, Kopel added, an ethical wall has been constructed between Wilson Sonsini's HP lawyers and the Klein team to prevent conflicts.

For now, Kopel said his only source of information on the deal is the media. And he wants Judge James Kleinberg to halt discovery requested by Lerach until the merger is done.

The plaintiffs object and want the case to continue moving forward. They bristle at Kopel's claim that the suit is clearly governed by Delaware law -- and that Delaware law clearly puts a stop to such litigation in the event of a merger.

BEST IN SHOW?

The fate of the Mercury suit is of interest to many litigators, since it's the most advanced of the backdating cases and involves a group of executives who've been closely scrutinized in the press and by government investigators.

Since Mercury disclosed its options problems last year, the practice of backdating stock options has become a major corporate scandal, with more than 100 companies having either admitted to having past problems or to being under investigation by the government.

But plaintiff and defense bar hopes that they could get a sense of the trajectory of civil backdating suits from the Mercury case may be dashed with the merger.

And the deal's added involvement of Wilson Sonsini has also raised eyebrows, since Larry Sonsini's name has repeatedly come up in backdating cases -- both because his firm represents several defendants and also because Sonsini himself sat on the boards of at least three companies whose options issues have been publicly questioned. Neither Sonsini nor a spokeswoman for the firm returned calls seeking comment.

But Melinda Haag, a partner at Orrick, Herrington & Sutcliffe who represents the former Mercury general counsel, Susan Skaer, said the conflict issue that Lerach points out is the type of thing that's become increasingly common in Silicon Valley in recent years.

"Conflicts are a mess these days, just generally," she said. "We have ethical walls, we have conflict waiver letters. I think all firms are in this situation now, accounting firms, law firms, we're all so big."

What Options For CEO Pay? (LAT)

The Los Angeles Times, September 11, 2006

DURING HIS FIRST YEAR AS PRESIDENT, Bill Clinton persuaded Congress to reduce the federal deficit by raising taxes and limiting spending. At the time, higher rates and a 10% surcharge on taxpayers who earned more than $250,000 a year attracted most of the attention. But a less publicized increase in corporate taxes has turned out to have had unexpected consequences — which Congress is still addressing.

The provision capped the amount of executive pay that a publicly held company could deduct from its taxable income. Beginning in 1994, only $1 million of the annual salary and benefits paid to a top executive could be deducted as a business

expense. This wasn't a wage control so much as a surtax on compensation; the deduction amounted to a subsidy, and capping the deduction eliminated the subsidy for paychecks greater than that amount.

The Congressional Budget Office thought so little of the provision that it made only a passing reference to it in a 72-page analysis of the legislation's changes to tax law. Nor was any mention made of the loophole lawmakers created: The provision did not apply to compensation tied to performance goals, pensions, commissions or pre-existing contracts. The result: Numerous companies reduced top executives' salaries to below $1 million and made up the difference with stock options. The latter could still be deducted because they were theoretically tied to a company's performance — the better a company did, the more its share price should rise, increasing the value of the options.

The shift to options paid off handsomely for many executives during the dot-com boom. But outfits with gyrating or falling share prices were at a disadvantage because their options didn't have a predictable payout. To keep valuable employees happy, dozens of companies appear to have manipulated the timing of the option awards surreptitiously — and illegally — to maximize the payoff. Federal investigators are now examining the records of more than 100 firms.

The Sarbanes-Oxley Act of 2002 has already put a crimp in options manipulation by requiring companies to tell the public who has been granted options within two days. Still, enough possibilities for mischief remain that some lawmakers are rethinking the change made in 1993. One possibility is to eliminate the exemption for performance-based pay; another is to raise the cap on deductible compensation.

Either way, the shenanigans have already taken their toll on investors in scores of firms whose shares slumped after the wrongdoing was alleged. These companies may have avoided some taxes by awarding options instead of paying higher salaries. But their savings are a drop in the bucket compared to the losses faced by shareholders.

CRIMINAL LAW:

Robberies, Gun Violence Increased Last Year, Justice Report Says (WP/AP)

By Michael J. Sniffen

The Washington Post, September 11, 2006

Americans were robbed and victimized by gun violence at greater rates last year than the year before, even though overall violent and property crime reached a 32-year low, the Justice Department said yesterday.

Experts said the increases buttress reports from the FBI and many mayors and police chiefs that violent crime is beginning to rise after a long decline. Bush administration officials expressed concern but stressed that it is too soon to tell if an upward trend in violence had begun.

Last year, there were two violent gun crimes for every 1,000 individuals, compared with 1.4 in 2004, according to the department's Bureau of Justice Statistics. There were 2.6 robberies for every 1,000 persons, compared with 2.1 the year before.

"This report tells us the more serious events -- robbery and gun crimes -- increased, and the FBI already told us homicides increased," said James Alan Fox, a criminal justice professor at Boston's Northeastern University.

"So while the report shows the more numerous but least serious violence -- simple assaults, which is pushing and shoving -- went down, the mix got worse in terms of severity. That wasn't a very good trade-off," Fox said.

A preliminary FBI report in June on crimes reported to police showed a 4.8 percent increase in the number of murders and 4.5 percent increase in the number of robberies in 2005.

With congressional elections approaching, these reports could pose political problems for the administration. Department officials have been scurrying to understand and deal with the problem.

Deputy Attorney General Paul J. McNulty listened to complaints about dwindling federal anti-crime aid from several dozen mayors and police chiefs at a public meeting in Washington on Aug. 30. Several days later, Attorney General Alberto R. Gonzales told reporters that cities will have to work harder but should not count on more federal money because of growing demands in the fight against terrorism.

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Dean Esserman, the police chief of Providence, R.I., said all but a few cities have fewer police officers than in 2001, with big reductions in New York, Boston and Detroit "because of the loss of federal money." A Clinton administration program paid for local departments to hire community-oriented police officers, but the Bush administration stopped the money for such hiring.

"I believe in homeland defense, but I also believe in crime-fighting," Esserman said. "I don't want one neglected for the other. Every year we're losing 16,000 people to murder, mostly young people and mostly killed by guns, and that's more than three times the number that died at the World Trade Center" in the attacks of Sept. 11, 2001.

U.S. Homicide Rate Up In 2005 (LAT)

By Walter F. Roche Jr., Times Staff Writer

The Los Angeles Times, September 11, 2006

A national victimization report echoes what FBI data show. But a one-year rise doesn't necessarily mark a trend, officials say.

WASHINGTON — The national rates of homicide and firearm violence jumped in 2005, ending a decade-long decline, according to a new U.S. Justice Department report that reinforces recent warnings by law enforcement officials.

The National Crime Victimization Survey, released Sunday, found that homicides increased 4.8%, from 16,140 in 2004 to 16,910 last year. The biggest increases were reported in the Midwest and South.

In a statement that accompanied the report, Deputy Atty. Gen. Paul J. McNulty noted that overall crime data for 2005 showed a continuing decline, but he acknowledged an increase in crimes committed with firearms.

"Whether the increase from 2004 to 2005 marks a change in the trend towards reduced firearms victimization rates cannot be determined from one year's data," he said.

He noted that the 2005 rate was still lower than the 2001 rate.

"We recognize that some jurisdictions are experiencing a recent increase in certain types of violent crime," McNulty said.

Among cities in that category is the nation's capital. More than a dozen homicides occurred in early July alone, prompting Police Chief Charles H. Ramsey to sign an emergency order extending officers' work shifts and putting hundreds more on patrol.

"We're at the front end of an epidemic," said Chuck Wexler, executive director of the Police Executive Research Forum, a law enforcement policy center based in Washington.

Wexler, commenting on the report, said police chiefs from around the country who attended an August forum sponsored by his group reported that the increase in violent crimes first seen in 2005 had continued into this year, with major rises in three categories — homicides, robberies and aggravated assaults.

Noting that McNulty had attended the forum, Wexler said: "There is genuine concern among police agencies that the increases are continuing and expanding. There's a need to pay closer attention."

The victimization survey follows an FBI report issued in June showing that violent crime increased 2.5% in 2005.

Wexler said the FBI data, which also showed a substantial rise in the number of homicides, reflected conditions currently experienced by law enforcement officials.

He said that in Sacramento, for instance, the homicide rate this year had jumped 45%.

According to the report released Sunday, the 2005 overall homicide rate was 5.7 per 100,000 individuals.

The rate in the Midwest jumped 5.8% from 2004 and in the South, 5.3%.

Males, blacks and those under 24 were victims of violent crime more frequently than other groups.

According to the report, 24% of the violent crimes were committed by an armed offender, and the victimization rate of firearm violence jumped from 1.4 individuals per 100,000 in 2004 to 2.0 per 100,000 in 2005.

Overall in 2005, according to the report, U.S. residents 12 or older were the victims of 18 million property crimes and 5.2 million violent crimes.

At the August forum, law enforcement officials called on the federal government to refocus on fighting violent crime and suggested that international anti-terrorism efforts had sapped crime-fighting efforts.

In response, Atty. Gen. Alberto R. Gonzales said cities would have to work harder to fight violence and said they should not count on increased federal assistance.

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wally.roche@latimes.com

Fugitive's Letter To Lawyer: 'I Tried … It Didn't Work' (USAT/AP)

By Ben Dobbin

USA Today, September 11, 2006

CARROLL, N.Y. — Days before breaking out of jail in April, Ralph "Bucky" Phillips sent his parole lawyer a thank-you note that hinted at an ominous turn in his life.

"I'm just not cut out for the life you folks live. I tried it, it didn't work," Phillips wrote, nearing the end of a 90-day sentence for a parole violation and fearing that his sentence was going to be extended — for months, if not years.

A petty criminal for most of his life, he had left prison in November after 13 years for burglary and larceny. Of the past 23 years, he spent 20 in prisons.

Friends and relatives insist Phillips was trying to straighten up. Then he became the suspect in the shootings of three state troopers, including one who died, and was pursued in the state's largest manhunt ever. He was placed on the FBI's Most Wanted list.

Phillips, 44, surrendered without firing a shot Friday night. He appeared in courts in two counties Saturday to face the first of many charges, including attempted murder.

Despite a long disciplinary record in prison, he had no criminal history of violence.

"He's certainly no angel," said John Keavey, Phillips' court-appointed parole lawyer. "But the Phillips I knew was definitely not some kind of animal. This was a guy who was really trying to turn his life around when he came out of prison, who wanted just to work and reconnect with his daughter and was not allowed to."

Phillips got a job after his prison release in November, said his employer and longtime friend Dan Suitor.

"I know what he's accused of doing, you can't get any worse than that," Suitor said. "But to know him the way I have for as long as I have, up to this point, I could never say a bad word about him. He's very generous, very giving, very caring."

Phillips spent Christmas Day with his former girlfriend and their 23-year-old daughter.

In January, Phillips violated his parole when he was ejected from a halfway house after an argument with a counselor.

Back in jail, Phillips wrote to Keavey in late March.

"I just wanted you to know I enjoyed meeting you and I hope you and your kids will always be able to share the things that make your life most happy," Phillips wrote. "At least one of us has it."

Within days, Phillips started his high-profile flight from justice. He allegedly used a can opener to cut a hole in the ceiling at the Erie County jail near Buffalo and escape April 2.

On June 10, Phillips allegedly shot Trooper Sean Brown during a traffic stop near Elmira. Brown survived.

On Aug. 31, two members of a state police team, Joseph Longobardo, 32, and Donald Baker, 38, were ambushed by a sniper who was in the woods behind the cabin of Phillips' former girlfriend, Kasey Crowe. Longobardo died Sept. 3.

In the weeks leading up to those shootings, Phillips allegedly zigzagged across western New York state and into Pennsylvania.

Private Anguish Emerges In Gotti's Conversations (NYT)

By Timothy Williams

The New York Times, September 11, 2006

As the racketeering trial of John A. Gotti unfolds in Manhattan federal court, one of the subtexts to emerge is how the family business pulled Mr. Gotti in and left him almost powerless to resist.

In secret F.B.I. recordings made while he was in prison from 1999 to 2004, Mr. Gotti, who prosecutors say was in the top echelon of the Gambino organized crime family, can be heard agonizing Hamlet-like about whether he should stay faithful to the dictates of his father, John J. Gotti, who was then the Gambino boss, or muster the courage to create his own identity.

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"My father couldn't have loved me to push me into this life," he told a visitor to the federal prison in Ray Brook, N.Y., in September 2003. "I had a good life. I had good guys around me. We did our own thing; we minded our own business. I mean, I know — I know my father loved me, but I got to question how much. He put me with all these wolves."

But Mr. Gotti seemed to change his mind minutes later, apparently accepting that his fate was to remain a member of La Cosa Nostra for life, as he had pledged in the blood oath he had made on Christmas Eve in 1988.

"That's my choice, my choice. When they open the gates, I can go home and be a pacifist, or I can go home and take care of my business," he said. "You know I'm not a pacifist."

The recordings were not used during Mr. Gotti's first two racketeering trials. Both of those trials ended with juries unable to reach a verdict on the most significant racketeering charges, including the allegation that Mr. Gotti ordered the 1992 kidnap ping and beating of Curtis Sliwa, a radio talk show host and the founder of the Guardian Angels.

Mr. Gotti's defense maintains that he left the Gambino crime family sometime before 1999, which would allow him to avoid conviction on most of the racketeering counts because of the five-year statute of limitations on those charges.

The tapes are critical, however, because the conversations on them took place after 1999, and seem to back the prosecution's contention that Mr. Gotti still played a key role in the Gambino family.

If convicted of each count, Mr. Gotti, 42, faces at least 30 years in prison. His father died in prison in 2002 at age 61.

It is unclear how the younger Gotti had been employed when his father paved his entry into the Gambino family. But by all accounts, Mr. Gotti learned quickly under his father's tutelage. As a teenager, he spent a good deal of time with older relatives at social clubs. He became proficient at bribery, extortion, loan sharking and running illegal gambling operations.

Mr. Gotti pleaded guilty to those crimes in 1999 and spent about six years in prison.

A former confidante and a Gambino family captain, Michael DiLeonardo, testified during Mr. Gotti's current trial. When he opens his front door, Mr. DiLeonardo said of himself, "felons fall in."

Mr. Gotti did not have to even answer the door. Many of his male relatives — father, brother, uncles, brothers-in-law, cousins — and his close male friends were members or associates of the Gambino family. During the past 15 years, the federal government has worked systematically to prosecute them.

"I know what I'm doing," Mr. Gotti told two friends who had been members of his crew during a prison visit in August 2003. "I worked on all my father's cases." Mr. Gotti eventually became acting chief of the family before he was abruptly demote d to captain while in prison. The orders reportedly came from Mr. Gotti's father, though the recordings show that the younger Gotti's rage is frequently directed at two of his uncles — Peter Gotti, who became the new boss, and Richard Gotti, a captain, who had delivered the news.

He believed that they had lied to his father about him in order to take control of the family.

"It came from Richie," Mr. Gotti told his sister Angel Gotti during an August 2003 prison visit. "I'm a captain? What happened? And when I get out, I want to see this kid. He can send me all the love letters he wants, I don't have to answer to him."

The following month, Mr. Gotti complained to John "Johnny Boy" Ruggiero, a member of his crew, that his uncles had turned his father against him, apparently by saying that the younger Gotti had stolen money from the mob and had been verbally abusive to fellow mafia members. For a period of time, Mr. Gotti refused to communicate with his son.

"The only man that had to have my love and undying respect," the younger Gotti said of his father. "Respect more than anything else in this world. They tried to turn my father against me. Keep this garbage life. I don't want it. You turn someo ne that I love that much against me."

In another 2003 conversation with his sister about their uncles, Mr. Gotti said, "They destroyed me, and they tried to destroy me in my father's eyes."

Although the father and son had eventually made peace through an intermediary, it seemed to have done little to quell the younger Gotti's tortured thoughts.

"Oh, I'd rather be a Latin King than be what I am," he told Steven Kaplan, a member of his crew in 2003, referring to a gang. "I swear to you, Steve, and I, I mean it on my father's grave. I'm so ashamed. I am so ashamed."

FBI Preps For Storm Fraud Cases (NOTP)

DOJ_NMG_0060118

By Mark Waller

New Orleans Times-Picayune, September 11, 2006

So great is the surge of recovery dollars pouring into the region that the New Orleans FBI office is preparing a permanent hurricane fraud squad to investigate cases of bilking aid programs for years to come.

The cases started with people lying about their Hurricane Katrina losses to receive the initial $2,000 disbursements from the Federal Emergency Management Agency and money from the Red Cross. The trend continues with overbilling, ghost employees, favoritism in hiring and kickbacks in recovery contracts.

"We're really on the beginning of the upward slope of the bell-shaped curve," said James Bernazzani, special agent in charge of the FBI's regional office. "The more money that comes down, the more temptation there is to steal."

A recent example is two former FEMA employees who were sentenced in August to 21 months in prison for soliciting bribes while running a base camp in Algiers. U.S. Attorney Jim Letten's office said the pair offered to inflate the head count for a food contract in exchange for payments from the vendor.

Also last month, a Metairie man pleaded guilty to collecting about $5,500 in federal rental assistance although he had a place to live rent-free. He faces up to five years in prison, three years of supervised release and a $250,000 fine.

Hundreds of people face federal charges accusing them of abusing relief programs. And Louisiana's Road Home program, with its billions of dollars in home rebuilding grants, is just getting under way. Officials said last week that all Road Home applicants must provide thumbprints to ensure identity.

Bernazzani said agents are even watching for organized crime entities trying to get a piece of the hurricane recovery, although so far none have been detected.

"More things are in place than I can remember on anything to prevent fraud," said Howard Schwartz, a 19-year agent who supervises public corruption and hurricane fraud cases.

Temporary reinforcements have helped the local FBI office pursue fraud cases since Katrina. But by early 2007 a transition to the permanent fraud squad should be complete, Bernazzani said. The cases could be plentiful for a decade, he said.

So far, the FBI seems to have done well. On Tuesday, 11 of its employees will receive attorney general's awards in Washington for their hurricane fraud work. Only 15 such awards will be granted in the fraud category for the entire country.

It is among the most prestigious honors for FBI agents, and it is rare for an office to receive that many in the same year, Bernazzani said.

"It's unprecedented for the New Orleans division," he said.

The honorees include Schwartz and special agents Donald Bostic, William Carter, Brad Casey, Wayne Horner, Jenny Orona, Ed Reed, Peter Smith and Dennis Swikert, assistant special agent in charge Matt Chapman and administrative assistant Rebecca Giddens. Another supervising special agent, Todd Cox, is receiving a distinguished service award not specifically involving fraud cases.

Bernazzani would not give the number of agents working on hurricane fraud, but he said it has become the agency's largest function in New Orleans. Before Katrina, said agency spokeswoman Sheila Thorne, it was counterterrorism, an effort that has not lessened but been eclipsed by hurricane fraud.

Part of the job, Bernazzani said, is warning people against abusing relief money through news conferences and public service announcements.

The early $2,000 FEMA payments resulted in 2.5 million claims -- and thousands of fraud cases nationwide -- Schwartz said. Punishment for cheating that program can be up to five years in prison, he said.

"It ain't worth it," Bernazzani said. "We are out there. The fellow you may be talking to could be cooperating with the FBI."

Six La. Residents Indicted On Fraud Charges (BRADV)

Advocate Staff Report

Baton Rouge Advocate, September 11, 2006

A federal grand jury has indicted six Louisiana residents on fraud charges related to hurricane disaster relief programs.

DOJ_NMG_0060119

Timothy E. DeClouet, 38, of New Iberia was charged in a one-count indictment with wire fraud in obtaining disaster unemployment benefits for alleged losses resulting from Hurricane Rita. According to the indictment, DeClouet is charged with defrauding the Louisiana Department of Labor and the Federal Emergency Management Agency for applying for disaster unemployment benefits without notifying the department that he was working.

Wanda Turner, 28, of New Iberia was charged in a one-count indictment with wire fraud in obtaining disaster unemployment benefits. Turner applied for and received unemployment benefits and did not notify the Labor Department that she was working, according to the indictment.

If convicted as charged, both Turner and DeClouet face a maximum of 20 years in prison, a $250,000 fine or both.

Robin Becnel, 44, of Baton Rouge was charged with illegal conversion of government property. Becnel allegedly cashed a check from FEMA for expedited disaster assistance to which she was not entitled. If convicted, Becnel faces a maximum sentence of 10 years in prison, a $250,000 fine or both.

Koieasha Jones, 26, of Baton Rouge was charged in a two-count indictment with making a false and fraudulent claim for disaster assistance benefits and with illegal conversion of government property. The second count carries a 10-year maximum sentence, a $250,000 fine or both.

Bridgette Toney, 24, of Baton Rouge was charged in a two-count indictment with making a false and fraudulent claim for disaster assistance benefits and with making false and fraudulent claim for disaster assistance benefits and with making false and fraudulent statements to FEMA.

Edwin L. Franklin, 24, of Port Allen was charged in a two-count indictment with making false and fraudulent claims for disaster assistance benefits and with making false and fraudulent statements to FEMA.

Toney and Franklin both face a maximum of five years in prison, a $250,000 fine or both, per count.

The indictments were handed down Wednesday. These six people bring to 74 the total number of defendants who have been charged in the Baton Rouge based Middle District of Louisiana with violations related to hurricane disaster relief funds.

In September 2005, U.S. Attorney General Alberto R. Gonzales formed the Hurricane Katrina Fraud Task Force, designed to deter, investigate and prosecute disaster-related federal crimes such as charity fraud, identity theft, procurement fraud and insurance fraud.

Story originally published in The Advocate

Six Indicted On Hurricane Fraud (AP)

AP, September 11, 2006

Six people, including two from New Iberia, have been indicted by a federal grand jury on charges related to hurricane disaster relief.

38-year-old Timothy Declouet and 28-year-old Wanda Turner are charged with wire fraud by trying to apply for disaster unemployment benefits.

If convicted both Turner and Declouet face a maximum of 20 years in prison, a quarter-million dollar fine or both.

Four other people from Baton Rouge were indicted on various charges.

Investigators say so far, 74 people have been charged in the Baton Rouge district.

In Role Reversal, Ex-F.B.I. Agents Help Murder Defendant (NYT)

By Alan Feuer

The New York Times, September 11, 2006

When Lin DeVecchio goes to court, he never goes alone.

His lawyers are there, making arguments. The news media are there, taking photographs and notes.

His wife sometimes shows up, making small, sorrowful faces as she grips him by the hand.

Then there are the men who make a path for him as they escort him back and forth through the crowd. The ones with the gray hair and the jowls, the stern faces and the off-the-rack suits.

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Almost from the moment he was charged in March with helping to commit four murders for the mob, R. Lindley DeVecchio has been surrounded by this posse of supporters: retired F.B.I. men who for years were not only his colleagues, but also his friends.

They watch his back. Personally guarantee his million-dollar bond. Solicit money for his legal bills. Scoff at his accusers. Interview — or, some have said, intimidate — witnesses in the case.

And at every chance they get, tell whoever cares to listen that Mr. DeVecchio is an innocent man.

Sixty-five years old and retired from the F.B.I., Mr. DeVecchio stands accused in a state indictment of four counts of second-degree murder.

The Brooklyn district attorney's office says he helped an informant in the mob, Gregory Scarpa Sr., kill four times in the 1980's and early 1990's, so that Mr. Scarpa could rid himself of rivals and win bloody battles in a war within the Colombo family.

To a federal agent, there is nothing more toxic than a corruption charge — which even by association can ruin a career. And the charges faced by Mr. DeVecchio are radioactive: that he gave secret information to Mr. Scarpa in exchange for $66,000.

Which makes it all the more remarkable that 19 former F.B.I. agents have put their names and reputations on the line to save their troubled friend. These were not the bureaucrats or pencil pushers of the New York office, but its veteran undercover and investigative men.

"We've all worked with Lin since the early 1970's," said Joseph D. Pistone, the real-life Donnie Brasco, who infiltrated the Bonanno crime family as an undercover agent in the 1970's.

"We're all veteran street guys," Mr. Pistone said. "If anyone could smell something bad, it would be us. And with Lin, we never smelled bad."

The so-called Friends of Lin DeVecchio have a total of 480 years of street experience, give or take a few, and while most spend their time these days on a golf course or at the shore, they remain encyclopedic on the subject of the mob.

Who knows better than us, they say, what happened 20 years ago at Carmine Sessa's bar or at Larry Lampesi's house near McDonald Avenue in Brooklyn? (Both places will figure prominently at trial.)

"We gathered the information," said James M. Kossler, who from 1979 to 1989 was Mr. DeVecchio's boss.

Much of that information has been posted on a Web site, www.lindevecchio.com, which attempts to refute the state indictment with transcripts of federal trials and with private F.B.I. reports called 302's. There is information about how to donate money toward Mr. DeVecchio's legal expenses.

The Web site also levels personal attacks against the state's lead prosecutor, Michael Vecchione; its chief witness, Linda Schiro, Mr. Scarpa's former companion; and Sandra Harmon, who is a self-described relationship coach and the co-author with Priscilla Presley of a tell-all book on Elvis Presley, and who had planned to write a book with Ms. Schiro but wrote one instead about Mr. Scarpa's son.

Mr. DeVecchio's supporters make no bones about their deep disdain for the Brooklyn district attorney, Charles J. Hynes, who they say considers a good Mafia case to be rounding up gamblers on Super Bowl Sunday.

"Here you have a rackets bureau that doesn't know a thing about organized crime," Mr. Kossler said. "They don't know what they're doing. If they had a track record of making great O.C. cases, fine — but they don't."

The bad blood between the state and the F.B.I. goes back many years, to at least 1992, when Mr. Scarpa went into hiding after Brooklyn prosecutors obtained a warrant for his arrest on a gun possession charge. From April to August of that year, court papers say, Mr. Scarpa met or spoke with Mr. DeVecchio seven times, but the F.B.I. neither informed the state of his whereabouts nor arrested Mr. Scarpa.

Jerry Schmetterer, a spokesman for Mr. Hynes, waved off accusations that the office was incompetent.

"These people who are making these allegations can't possibly know the depth of the evidence we have compiled to make this case," he said.

Part of that evidence is likely to include the testimony of Lawrence Mazza, Mr. Scarpa's one-time disciple, who has already told investigators that Mr. Scarpa had a friend in law enforcement, whom he used to call "the girlfriend."

Mr. Mazza, who now works at a gym in southern Florida, said that several weeks ago, one of the retired agents paid him a visit. Without saying exactly what happened, he said the agent had tried to intimidate him in connection with the case.

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Mr. Kossler scoffed at the charge, saying the former agent had gone to Florida merely to interview Mr. Mazza on Mr. DeVecchio's behalf. As a witness for the prosecution, Mr. Mazza is of obvious interest to the defense, he said.

While the prosecution has said in court that intimidation of witnesses may have occurred, it will not publicly discuss Mr. Mazza's accusation.

At its core, the DeVecchio case is about the tenuous give-and-take that exists between an agent and a confidential source.

Prosecutors say that Mr. DeVecchio abused that give-and-take, giving Mr. Scarpa names and addresses of men who wound up dead.

Mr. DeVecchio has said that in the 12 years he "ran" Mr. Scarpa, he never leaked a secret and never received anything more than a Cabbage Patch doll, a bottle of wine and a pan of lasagna.

As for the Friends of Lin DeVecchio, they maintain it takes a special sort of man to handle Mafia informants. He must speak the language of the street and of the F.B.I. He must appreciate the criminal mind without admiring it. He must be able to cultivate trust among those who trust no one but themselves.

"That's the fine line the agent has to walk — to always remember who he is and who he's dealing with," said Christopher Mattice, who served for many years as the F.B.I.'s informant coordinator in New York.

"You have to talk the language and make them understand you understand what's going on."

And most important, he said, you must remember that no conversation between an agent and a mole takes place in a vacuum. Questions fashioned to elicit information give information: If Agent X asks about Gangster Y, it means that he is interested in Gangster Y. If Gangster Y winds up dead, is that Agent X's fault?

For now, Mr. DeVecchio's trial is scheduled to open at the beginning of next year, and his federal friends are planning to attend.

"The bond is very close," said Douglas E. Grover, Mr. DeVecchio's lawyer. "It's not just that they worked together; it's like they were in the Army together, like they went through the wars."

Should things go poorly for Mr. DeVecchio, his supporters will not quit, they say.

"We'll continue to do what we're doing," Mr. Kossler said. "We'll fight this as far as it has to go."

Cuban Community In Miami Rallies Behind Anti-Castro Activist (WP)

By Peter Whoriskey

The Washington Post, September 11, 2006

MIAMI -- He is, depending upon whom you talk to, either a terrorist or a patriot.

The trial of Santiago Alvarez, a 65-year-old businessman here, is scheduled to begin this week on federal charges of maintaining an illegal armory of machine guns, C-4 explosive and hand grenades at a suburban apartment complex he owned.

Federal prosecutors say the anti-Castro crusader was storing "a staggering amount of illegal weaponry and ammunition." The Cuban government, the presumed target, has denounced him as a terrorist.

But in this city of Cuban immigrants and countless schemes to invade the island and topple the Castro regime, the moral distinctions that elsewhere underlie global antiterrorism efforts seem harder to fix precisely. Alvarez's alleged stash is viewed by some less as a criminal offense than as a noble quest.

"He's a patriot," Miguel Saavedra, leader of the hard-line anti-Castro group Vigilia Mambisa, said of Alvarez. "I don't see any good reason to prosecute him."

Particularly galling for many anti-Castro campaigners here is that one of their own has been charged as a criminal for conducting a campaign against Cuba. The country is included on the State Department's list of "State Sponsors of Terrorism," along with Iran, North Korea, Sudan and Syria.

Making matters worse, Alvarez's advocates say, is the slim likelihood of having a Cuban American on the jury -- because the indictment was made in Fort Lauderdale, rather than in Miami, the jury pool will be drawn far from the large Cuban community of Miami-Dade.

Dozens of his supporters staged a protest on the courthouse steps here last year chanting " Libertad! " On Friday evenings, Saavedra and others stand outside the federal detention center holding a Cuban flag and a U.S. flag.

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"We just want a chance to fight Fidel Castro," Saavedra said. "But the U.S. government is not giving us that chance."

It's a fight, he says, that is justified by Cuba's role in the world.

According to a State Department terrorism report, "the government of Cuba maintains close relationships with other state sponsors of terror such as Iran and North Korea, and has provided safe haven to members of ETA, FARC and the ELN," citing terrorist groups in Spain and Colombia.

Before his arrest, Alvarez may have been best known for his advocacy on behalf of Luis Posada Carriles, a CIA-trained Cuban immigrant linked to the bombing of a Cuban airliner that killed 73 people in 1976 and to other violent plots. When Posada sought asylum in the United States last year, it was Alvarez who helped present his case to the public.

"He's been a fighter against Castro all his life," Alvarez said of Posada, whom he called a hero. "He advocates violence, but that does not mean violence and terrorism are the same thing."

His association with Posada and other campaigns has earned him the enmity of the Castro regime, according to some press accounts. Supporters say that made Alvarez a likely target for a setup by the Cuban government.

Castro "for an extended period of time campaigned openly in several speeches for the arrest of Mr. Alvarez," according to a defense document filed in March.

The case against Alvarez and his employee, Osvaldo Mitat, began last year when Customs agents intercepted a FedEx package from Guatemala to Alvarez's office in Hialeah, Fla. Inside a book entitled "Cuba Mia" (My Cuba), agents found a fraudulent Guatemalan passport and a fake identity card.

Agents searched Alvarez's office and found electrical switches and detonating cord for explosives. A confidential informant told the agents that Alvarez had asked him to transport a large white cooler of weapons from the apartment complex where they had been stored to a Miami location, according to the agents' affidavit.

Once the informant delivered the cooler to Mitat, agents moved in. They discovered inside the cooler three live grenades, a grenade launcher, four fully automatic machine guns, a silencer and other weapons, some with the serial numbers obliterated.

"Unfortunately, you guys are doing your job and we got caught with a bunch of guns," Mitat said at the time, according to the agents' account. "I love the United States and would never do anything to hurt this country. These guns were not meant to be used against this country."

The outcome of the trial is expected to turn at least partly on the credibility of the confidential informant, who has been identified as Gilberto Abascal, a former Alvarez employee.

Prosecutors disclosed in April that Abascal was sharing information with a Cuban government official known as "Daniel." Defense attorneys are expected to portray him as a mentally ill "double agent" who cannot be trusted.

Yet a substantial portion of the pretrial maneuvering has concerned exactly who will sit in judgment of Alvarez and Mitat -- and more precisely, how many Cuban Americans are likely to turn up in the jury pool.

Federal prosecutors sought the indictment in Fort Lauderdale, meaning the trial will be heard by a jury from Broward County, where roughly one in 25 people are of Cuban descent. Prosecutors justified the location by saying the apartment complex where the weapons had been stored is in a Fort Lauderdale suburb.

Defense attorneys, noting that the arrests were in Miami-Dade, have charged that the Fort Lauderdale location was strategic -- and discriminatory -- because it avoids a trial in Miami-Dade, where nearly one in three people are of Cuban descent.

"The government's decision to indict in Fort Lauderdale to move the case to Broward County is no accident," they wrote. "No experienced attorney could fairly deny the dramatic difference in jury composition that has resulted."

While U.S. District Judge James I. Cohn has denied two defense motions intended to draw more Cuban Americans into the jury pool, the issue continues to roil debate about the trial and its larger meanings here.

"The Cuban-American community is still suffering from the Elian [Gonzalez] case and the demonization it suffered," Jaime Suchlicki, a University of Miami history professor and Cuba expert, wrote in an affidavit for the defense. "The media and elements of the U.S. government stereotyped the Cuban-Americans as 'terrorists,' 'violators of laws', and 'radical right wingers.' "

"This case," he wrote, " has meaning beyond its facts."

Secret Service Tickets Barry (WP)

DOJ_NMG_0060123

By Yolanda Woodlee And Allan Lengel, Washington Post Staff Writers

The Washington Post, September 11, 2006

Officers Say They Smelled Alcohol During Traffic Stop for Running Light

D.C. Council member Marion Barry was detained and ticketed by the Secret Service early yesterday, after uniformed officers stopped him near the White House for running a red light and detected the smell of alcohol, authorities said.

Tom Mazur, spokesman for the Secret Service, said Barry's car ran a red light at 16th and H streets NW. The officers administered a field sobriety test and took Barry to the U.S. Capitol Police station, where he was given a breathalyzer test.

Mazur said police could not get an accurate reading on the breathalyzer, so Barry was asked to submit to a urine analysis, which he refused. Barry was then ticketed for running a red light and failing to submit to a urine analysis, the spokesman said.

Barry, in a telephone interview yesterday, said he was not intoxicated and had not run the light. He said he passed the breathalyzer when the test registered a 0.02, far below the legal threshold for intoxication, 0.08. The former four-term mayor accused federal authorities of trying to "embarrass and discredit me."

This is the second time this year that police have questioned Barry's sobriety. In May, he was involved in a minor fender bender, and he passed a breath test, although the police report indicated that he appeared to be impaired.

Barry is on probation stemming from a tax-related conviction, and Frederick D. Cooke, Barry's attorney, said it is unclear whether the latest citation would affect Barry's legal status. Cooke said he could not comment because he did not have enough details.

Barry (D-Ward 8) was sentenced in March to three years' supervised probation after pleading guilty in U.S. District Court to misdemeanor charges of failing to file federal and local income tax returns. He tested positive for marijuana and cocaine use in a court-required screening in November, soon after his guilty plea, and underwent drug treatment and counseling.

The former mayor also was convicted of a misdemeanor count of cocaine possession in 1990 after being arrested in a downtown D.C. hotel.

Barry, 70, said he was released yesterday with a citation. He said he believes he was the victim of racial profiling because all the officers involved in the incident are white.

On Saturday night, Barry attended a Ward 8 rally for mayoral candidate and D.C. Council member Adrian M. Fenty (D-Ward 4), whom Barry has endorsed in tomorrow's Democratic primary.

Barry would not discuss his refusal to submit a urine sample but said it was clear that if he had been drinking, "it wasn't much of anything." He said the breathalyzer test was successful and registered his blood alcohol content at 0.02.

"How is that unsuccessful?" Barry said. "They didn't get their desired results."

Barry said the incident occurred after he saw Secret Service officers gesturing at him as he drove near the White House. He was giving a brief tour to an out-of-state elected official, whom he would not identify, when authorities stopped him.

Barry said he had met with two elected officials in the lobby of a hotel about 12:30 a.m. after one of the officials called him at home to say he could not attend a scheduled breakfast meeting.

Barry agreed to drive one of the officials around town after he mentioned that he had visited Washington on many occasions but had never actually seen the city.

After driving past the John A. Wilson Building and the Washington Monument, Barry said, he was approaching Lafayette Square near the White House. The officers pulled him over, and before he gave them his license and registration, six of them surrounded the Camaro he was driving. He said the vehicle is on loan from a dealership while his car is being repaired.

"I was outraged," Barry said. "They were looking for something to deal with me on. I asked, 'Why?' and they wouldn't tell me."

Barry said he took the field sobriety test and was asked to blow into the breathalyzer twice at the station.

A similar incident occurred in March 2002, when the U.S. Park Police said they found traces of marijuana and cocaine in Barry's car while he was parked in a remote area of Southwest Washington. No arrest was made, but it derailed Barry's plan to run for an at-large D.C. Council seat.

Barry later ran for the Ward 8 seat in 2004 and overwhelmingly defeated former ally Sandy Allen.

In the May incident, Barry was ticketed for failing to yield the right of way after a minor accident on First Street SE. That offense is punishable by a $50 fine.

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Both the red light violation and the urine analysis citation are considered administrative offenses and not criminal, meaning they typically would be heard before a Department of Motor Vehicles examiner and not a Superior Court judge.

Staff writers Henri E. Cauvin and Martin Weil contributed to this report.

Sex Offender Sues Va. To Keep Name Off Web (WP)

By Theresa Vargas

The Washington Post, September 11, 2006

John Doe is 31 years old, received degrees in philosophy and psychology from the University of Mary Washington and is an aquatics coach in the Washington area.

He does not want you to know his name or that when he was about 18 he was convicted of having sex with his 14-year-old sister. The sex started, police said, when she was in second grade.

Now that Virginia's online sex offender registry has been expanded to include all sex offenders -- not just those considered violent -- people such as Doe are being told that they must register or face arrest. That means that their names, photos and professions will be posted on the Internet amid the rapists and child molesters already there. Hidden under the cloak of a pseudonym, Doe is taking the fight to court.

Today, Doe's attorney will stand on one side of a Prince William County courtroom, asking a judge to allow him to remain anonymous and safe from arrest. On the other, attorneys for the defendants -- the county and the state -- will argue that the public has a right to know who Doe is and where he lives and works. And that he was convicted of incest, a misdemeanor.

"The whole purpose of the registry is public notification and tracking," said Sandra Sylvester, a Prince William prosecutor. "From our point of view, it's not the ones we know about, the ones who are compliant, that worry us. It's the ones we don't know."

Although the registry requirements changed in 2003 to include incest, it wasn't until this year that the information was to be made public online. In July, Doe filed suit.

"Any requirement for Mr. Doe to register as a sex offender now, more than eleven years after his conviction, would not serve the community in the fashion that the legislators intended," his attorney, Melinda VanLowe, argued in court papers. "The registry would severely damage Mr. Doe's ability to maintain or gain employment, his standing in the community and general livelihood, causing irreparable injury that cannot be compensated by monetary damages." VanLowe would not comment further.

On the registry's Web site is this disclosure: "Effective July 1, 2006, this website will contain information on all sex offenders required to be registered in the Commonwealth, both classifications of offenders, the violent sexual offender and the sexual offender."

County and state officials said they predict that many more nonviolent offenders will challenge the stricter regulation.

Tucker Martin, a spokesman for the attorney general's office, said it is unfortunate that a registry is needed. But with the high recidivism rate among sex offenders, he said, awareness is a community's best protection.

"The question becomes: Do you let the feelings of a convicted sex offender outweigh the safety of Virginia citizens?" Martin said. "Law enforcement must work in the world we live in, not in the world that we wish we had."

Since July, Virginia State Police have added the names of about 2,800 nonviolent sex offenders to the online database, Lt. Thomas W. Turner said.

The agency, which administers the registry, is also creating a 45-member unit dedicated to ensuring that all sex offenders comply with the law. Turner estimates that at any time, 1,300 sex offenders are noncompliant, and his office often fields "outraged" calls from people reporting an offender in their community.

"It's not a matter of wanting to know," Turner said. "They are demanding to know."

Randi Lanzafama, deputy chief probation and parole officer for Prince William, said that even before the new regulations, her office had treated nonviolent sex offenders the same as violent ones.

"Everybody wants to know, 'Are these guys never going to re-offend?' " she said. "I can't ever say they won't. But I believe in what we do, and I believe we give them the opportunity to change, if they want to."

Doe pleaded guilty to incest in February 1994. According to an arrest warrant at the time, his sister told police that for seven years she and her brother had engaged in a variety of sexual acts, including intercourse.

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In April 1994, a judge sentenced Doe to 90 days in jail, with all of it suspended if he stayed out of trouble and got counseling. In March 1995, Doe fulfilled his obligations and was released from probation.

Doe's sister wrote a letter of support for her brother to Prince William Commonwealth's Attorney Paul B. Ebert, saying that she and her brother received counseling and that she is doing well in life. She is a lawyer and is married with two young children.

"We have resolved our issues and maintain a close relationship often sharing in large family holidays and vacations," she wrote of her brother in May. "He is an important part of my family."

She described him as an "excellent uncle" to her children, saying she doesn't fear leaving them with him.

"I have healed from what happened to me as a child and continue to grow despite it," she wrote.

Their mother also wrote a letter, saying the two "enjoy a normal brother sister relationship in the family."

CIVIL LAW:

Special Counsel Cancels Award Ceremony For Whistle-Blower (WP)

By Elizabeth Williamson

The Washington Post, September 11, 2006

A funny thing happened to Leroy Smith on his way to the Office of Special Counsel last week.

Smith, a prison safety manager who blew the whistle on life-threatening conditions in a prison-run factory, was to be honored Thursday afternoon by Special Counsel Scott J. Bloch as the office's Public Servant of the Year.

Bloch flew Smith and his wife in from Arizona, where they now live, put them up in a fancy hotel, invited media and dignitaries -- then, minutes before the event, canceled everything. Instead of an acrylic obelisk and 10 minutes of fame, Smith was left with a free hour and no idea what happened. Special counsel staffers wound up with a roomful of free catered food and almost -- but not for long -- as many questions as Smith.

"I'm very disappointed," Smith said. "And it's kind of fishy."

Bloch said Smith remains the 2006 Public Servant of the Year. Bloch said he canceled the award presentation and news conference after Catherine McMullen, who is chief of the office's whistle-blower disclosure unit and played a key role in investigating Smith's case, suffered a death in her family and had to leave town. "It just didn't feel right," Bloch said, to celebrate Smith without McMullen.

And that, sadly, would have been that. Except for the special counsel staffers who came forward after Bloch pulled the rug out. McMullen's relative, they said, hadn't died suddenly, or even Thursday. Staff members had known for at least a day that McMullen would not attend the event, yet planning for it continued. McMullen could not be reached to comment.

Bloch scuttled Smith's fete, these employees believe, because he got wind of Smith's plan to take his award and head over to a news conference with Public Employees for Environmental Responsibility. Smith and the watchdog group -- which has criticized Bloch in the past -- planned to blast a whistle-blower investigation process that they believe is so lengthy, uncertain and short on employee protections that would-be whistle-blowers might decide it's not worth it.

For Bloch, one staff attorney said, being upstaged by a group of gadflies would put the capper on a bad day that began with a Washington Post story poking fun at the workplace fashion tips published in his office newsletter last month. "Scott does not like negative things said about himself," said the attorney, who would not agree to be named because "I have to keep this job until I can find another one."

Minutes after the cancellation, "We all got an e-mail saying, 'It's cancelled . . . there's food up here if you want it,' " the attorney said. "They had sentries posted in the lobby and up here on the third floor to turn folks away."

Smith reported that his congressman, Rep. Dennis Cardoza (D-Calif.), got the cancellation as he was leaving his office for the event.

As for Bloch, "I don't know anything about what [Smith] was doing" after the ceremony, he said. "The most important consideration is the great service that he performed."

Quibbling over lost pomp and circumstance is "getting lost in nonessential things," Bloch said.

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Leroy Smith feels differently. His two-year quest to call attention to airborne toxins poisoning workers and inmates in a computer recycling plant at California's Atwater federal penitentiary has endangered his job and has threatened his marriage. He has taken a year off to deal with stress-related health problems. "The award was kind of semi-closure for me," he said.

CIVIL RIGHTS:

Baca Orders Review Of Interrogation Policy (LAT)

By Andrew Blankstein

The Los Angeles Times, September 11, 2006

It began on an April afternoon in 2005 when neighbors in an upscale section of Manhattan Beach noticed black smoke billowing from an apartment rented by a local doctor.

Firefighters arrived and quickly extinguished the blaze. But when they got inside the home's bedroom, they found the body of the doctor's housekeeper, Libia Cabrera, lying under a window and burned beyond recognition.

The 41-year-old Lawndale mother had been bound, gagged, sexually assaulted and stabbed in the neck.

Months passed without any breaks. Then, in January, detectives arrested Herbert Orlando Gonzales, a 27-year-old clerical worker and aspiring musician.

Gonzales was charged with murder and three other felony counts including arson and residential burglary and, if convicted, could have faced the death penalty.

But the "big break" in the murder mystery has become a black eye for the Los Angeles County Sheriff's Department.

A Los Angeles judge last month threw out the case, raising concerns about the detectives' conduct during a lengthy interrogation.

Though the deputies claimed that Gonzales made incriminating statements during the interview, the judge concluded that they might have violated Gonzales' Miranda rights and bullied him into making incriminating statements that he later recanted.

The judge also cast a skeptical eye on detectives' decision to record only part of the interrogation, saying later that the Sheriff's Department could not afford to audiotape the entire interview.

The decision has reverberated throughout the Sheriff's Department, prompting Sheriff Lee Baca to launch a review of detectives' in-custody interrogations, including the one involving Gonzales.

Michael Gennaco, head of the Sheriff's Office of Independent Review, said he thought the department should consider standardizing policies for how interrogations are carried out and recorded.

Though Gennaco reserved judgment on the Gonzales case, he said it was important for the department to have a consistent policy.

He noted that a confession, absent supporting physical or circumstantial evidence, can be a tenuous foundation for a case.

The issue also has been debated at the state level. A blue-ribbon panel examining reform of the state's criminal justice system released a report in July urging the Legislature to adopt a law mandating electronic recording of all jailhouse interrogations.

The California Commission on the Fair Administration of Justice — which included Atty. Gen. Bill Lockyer and LAPD Chief William J. Bratton — recommended that if a law enforcement officer fails to make an audiotape, the law should require that criminal juries be instructed to view any confessions with caution.

Baca, who also was on the commission, abstained from the vote, saying he needed more time to study the proposal. The recommendations have since been adopted in a bill passed by the Legislature and sent to the governor's desk for signing.

Homicide investigators had little to go on when they started investigating Cabrera's killing.

Witnesses said they saw little out of the ordinary that day.

Detectives eventually focused on a surveillance video of the ground floor of the apartment building.

Grainy images showed a white truck with a camper shell parked on the street. It also showed a man with a receding hairline and a white stripe on his pants walking back and forth.

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At one point, the man appears with a strap over his shoulder, which authorities thought was a carrying case for a laptop computer that was reported missing from the doctor's apartment building.

Although there was nothing definitive, investigators had another element working in their favor: a genetic profile of the killer from DNA evidence recovered from Cabrera's body.

But for months, detectives could not figure out who the man in the video was — or whether he had anything to do with the crime. They moved on to other cases.

Then the case picked up again in December when detectives decided to take a fresh look at the evidence. They opted to focus heavily on identifying the man in the videotape.

So sheriff's investigators descended on the victim's Lawndale neighborhood, hoping residents might have seen the man.

One woman told detectives that the man in the video resembled someone she had seen visiting a neighbor who had since moved to Virginia.

The detectives traveled to the East Coast, where the woman told them after repeated questioning — and viewings of the videotape — that the shadowy figure looked a lot like Herbert Gonzales, the cousin of her former husband.

Finally, the detectives thought they had a solid lead.

On Jan. 6, detectives arrested Gonzales at a South Los Angeles home that he and a fiancee were considering buying.

The interview, with Dets. Randy Seymour and Kathy Gallagher and a Manhattan Beach homicide investigator, occurred the next day at the Twin Towers Jail in downtown Los Angeles.

The interview lasted nearly two hours, but detectives recorded only the last hour, according to court records.

A transcript of the recorded interview shows that detectives told Gonzales their theory of the case: He, a cousin and another man were driving around Manhattan Beach that day in the white truck. They broke into the doctor's building because they needed money and stole the laptop.

At first, Gonzales vehemently denied the allegations. But as detectives pressed him, he seemed to waver.

"Just talk to us about how you came into possession of the laptop, and don't worry about going down for the murder, because you're not," one detective said, according to the transcript.

The detectives repeatedly told Gonzales that the videotape clearly showed him at the scene.

At one point, Gonzales admitted that he was at the apartment building but later recanted.

In throwing out the case, Los Angeles Superior Court Judge Carey H. Nishimoto expressed grave concerns about the interrogation.

His biggest criticism was that the detectives recorded just a portion of it, the part in which they lay out their theory of the case and press Gonzales to admit his role.

The judge noted that the recorded interrogation "consists 90% or more of the detectives talking, not the defendant."

Earlier parts of the interview, in which Gonzales repeatedly denied any involvement in the murder, were not recorded, he said.

The judge also found that the detectives' testimony in court contradicted what was heard on the audiotape, such as whether they fully advised Gonzales of his legal right to an attorney.

"The detectives testified that the defendant answered 'Yes' in response to the question 'Did you understand you rights, your Miranda rights?' " Nishimoto said. "The tape recording transcription shows that this question was followed by '(no audible response).' Not a statement that could be deciphered, but no statement at all."

Nishimoto also said investigators made "what appeared to be false promises of leniency," which "prompted the defendant to make an incriminating statement."

With the judge's decision, the mystery of who killed Libia Cabrera remains.

Capt. Ray Peavy, head of the sheriff's homicide unit, declined to comment on the status of the case other than to say it was still open. Peavy also declined to discuss the judge's criticism of his detectives' tactics.

Sandi Gibbons, a spokeswoman for the Los Angeles County district attorney, said her office also was still investigating the case.

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Gonzales' criminal defense attorney, Joseph Shemaria, said that his client is innocent and that the Sheriff's Department built the entire case against him on a tenuous identification from the grainy security video and a dubious interrogation.

Investigators still have the DNA evidence found in the apartment. But both Shemaria and a top Sheriff's Department source said the DNA didn't match Gonzales'. Authorities have not found the missing laptop computer.

As for Gonzales, he was released in August after six months in jail and said he is trying to get his life back on track.

Before his arrest, Gonzales said, he had a steady job with a company that manages shopping malls and had landed two music recording jobs, including an appearance in a music video.

He recently found a job. But he said sheriff's investigators continue to suggest that he had something to do with the crime.

"People think I'm some sort of monster," he said.

Denying The Vote (NYT)

The New York Times, September 11, 2006

It has been decades since federal laws overturned the literacy tests and poll taxes that were the most blatant forms of discrimination barring black people from voting in Southern states. But even today, felony disenfranchisement is an enormous obstacle to voting for black people in the Deep South. These laws are the worst in the free world. The process for restoring voting rights for people who have been convicted of crimes can be so byzantine that officials don't know who is eligible. The confusion bars some eligible voters from the polls for life.

In Alabama, an archaic law strips the right to vote from people convicted of crimes involving "moral turpitude,'' without explaining what that is or what crimes are covered. A man who was convicted of a felony for driving under the influence of alcohol, for example, was stripped of his right to vote. When he reapplied for the vote, different agencies gave him contradictory answers, and he was initially prohibited from registering.

An Alabama judge has instructed the Legislature to clear up the confusion by clearly defining what the phrase means. But the problem with the state's system runs far deeper than that. The Legislature recognized that something was seriously wrong in 2003, when it passed a law streamlining the process of restoration of voting rights for people who have completed their sentences for certain crimes. The expedited system has failed, however, because of foot-dragging and endemic confusion.

The Legislature needs to stop tinkering at the margins of this problem. The only honorable solution is to automatically restore voting rights to Alabamians who have completed their sentences. That's the only way to take this issue out of the hands of bureaucrats and make amends for one of the most shameful voting rights records in American history.

ANTITRUST:

'Tween' Toy Firm MGA Nears Deal To Buy Newell's Little Tikes Arm (WSJ)

By Christina Binkley

The Wall Street Journal, September 11, 2006

MGA Entertainment Inc. is close to an agreement to buy Little Tikes Co., a division of Newell Rubbermaid Inc. that makes preschool toys and play equipment, according to people familiar with the situation.

The move would put MGA, maker of the Bratz dolls and other so-called tween-targeted toys, into a new segment of products for young children. A deal could be announced as early as this morning, the people said.

Little Tikes is known for the durable, brightly colored plastic trucks, climbing gyms and infant toys that it has been making since 1970. It may be best known for the foot-powered Cozy Coupe car. About six million of those cars have been sold, according to the company's Web site.

MGA has separately been strengthening its stake in German doll maker Zapf Creation AG, and last month launched an electronic hand-held toy and Internet game called Miuchiz. The Little Tikes acquisition would cement for MGA a broad range of products from babies and toddlers to tweens and teens.

The price of the acquisition wasn't clear. One person familiar with the talks said the Little Tikes company has about $250 million in annual revenue.

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A spokesman for MGA declined to comment. A Newell representative couldn't be reached.

Newell, based in Atlanta, makes office products, tools, and other products from Sharpie pens to Levolor home fashions. The Little Tikes division is based in Hudson, Ohio. The division was acquired by Newell in 1999, as part of the company's acquisition of Rubbermaid Inc.

MGA is expected to leave most of those operations in Ohio, but to move some product-development offices to its Van Nuys, Calif., offices, where there will be an aggressive effort to quickly increase the product line and sales, a person familiar with the discussion said.

Write to Christina Binkley at christina.binkley@wsj.com1

Can Fashion Be Copyrighted? (WSJ)

By Ben Winograd And Cheryl Lu-lien Tan

The Wall Street Journal, September 11, 2006

As fashion models hit New York runways this week, they won't just be showing off spring 2007 designs aimed at high-end retailers. They'll also be providing a wealth of ideas for apparel manufacturers that copy runway looks -- usually with less-expensive fabrics, in foreign assembly plants -- for purchase by the masses.

Hoping to change that by following Europe's lead, prominent fashion designers in the U.S. are pushing for federal legislation that would offer three years of copyright-like protection for designs ranging from dresses and shoes to belts and eyeglass frames. Though the odds of passage in the current Congress appear slim, the bill has ignited a fierce debate over how the creative process works in the women's fashion industry, which rang up retail sales of $101 billion in 2005.

The central question is whether fashion design is an art worthy of protection or a craft whose practitioners can and should freely copy one another. In an industry where many designers come out with similar looks each season -- and where inspiration is said to be "in the air" -- designers and the thriving knockoff industry are hotly debating the issue.

Another key question: whether knockoffs, somewhat counterintuitively, actually benefit the industry as a whole. Copying, some argue, propels the fashion cycle forward by creating popular trends that spur designers to move on to the next big idea. In what they dub the "piracy paradox," law professors Kal Raustiala of the University of California, Los Angeles, and Christopher Sprigman of the University of Virginia argue that copying makes trends saturate the market quickly, driving the fashion cognoscenti to search out newer looks. "If copying were illegal, the fashion cycle would occur very slowly, if at all," they write in an article to be published in the Virginia Law Review. While they concede copying can harm individual designers, they say Congress should protect industries only when piracy stymies -- rather than encourages -- innovation.

Joel Paris, who offers some 2,000 handbag styles resembling designer models on his Anyknockoff.com Web site and clearly benefits from others' design inspirations, maintains that knockoffs can boost a design house's profile. "Let's say Versace does a pair of parachute pants. Then three months later, some other designers do versions of parachute pants, and a year later you go to Costco or Target and you see parachute pants there," he says. "Everybody's going to know that it was Versace that kicked off the trend. It's great for the high-end fashion designer."

Taking a different tack, Allen Schwartz, founder and design director of the label A.B.S. by Allen Schwartz, says he makes affordable knockoffs of red-carpet and runway looks to serve average consumers who can't afford high-fashion designs. For example, Mr. Schwartz is selling a $396 white strapless chiffon gown inspired by a $6,700 Alberta Ferretti gown worn by Debra Messing at the Emmy Awards. He's also introducing a $385 purple satin and chiffon version of a silk dress Evangeline Lilly wore to the Emmys. The original was designed by Versace, which says its price is available upon request.

"My job is to bring trends to the consumer at a fair market price," says Mr. Schwartz. "Few people can spend $4,000 on a dress."

But fashion designers -- who invest time and money drawing sketches, ordering samples and making adjustments -- say such arguments ring hollow. Designer Catherine Malandrino, who says she has seen almost identical versions of her blouses and sweaters in such stores as H&M and Esprit, maintains that copying isn't the only way to bring fashion to the masses. "If you're creative, you can design original designs that are affordable," she says. "You don't have to knock off what other people are creating."

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Designer Tracy Reese, whose dresses sell for several hundred dollars, says she recently saw a dress from her Spring 2003 collection knocked off by Eci New York, a sportswear brand that sells in such stores as Macy's and Nordstrom. The $164 dress by Eci featured both a similar pattern and silhouette, Ms. Reese says. "My first thought was, 'Can I sue them for this?'"

At the moment, probably not. Currently, federal trademark law protects against infringement of registered logos, brand names and distinctive patterns, like Burberry plaid. Counterfeiting, in which bags, sunglasses and other fashion items are fraudulently stamped with the designer's name, is outlawed.

But when it comes to the basic cut of a dress or shape of a purse, manufacturers are generally free to copy -- or "reference," as many put it -- any style they want. Fashion design has historically fallen outside the scope of copyright protection because it was considered a craft, not an art, dating back to a time when clothing served to simply cover the body, says Susan Scafidi, a law professor at Southern Methodist University who runs a blog on counterfeit fashion. Today, "fabric is a means of expression, just like pen or ink," she says.

Under the proposal, designers for the first time could register clothing designs with the U.S. Copyright Office. Registrations would cover the overall appearance of the item in question, barring even those made with inferior fabrics. But designers couldn't protect commonplace designs already in the public domain, like jeans, T-shirts, wrap dresses or trench coats, or anything before the law was passed, such as styles from previous seasons.

If the designer believes another person infringed his copyright, he could sue those who sell or manufacture the design in federal court. Those found guilty would face fines of 250,000 or $5 a copy, whichever is greater.

In other fields, copyright law bars duplicates found to be "substantially similar" to originals. But critics say applying that standard to fashion design would be difficult, and some fear the bill would stifle innovation because designers would constantly worry about being sued. "I don't know how they're going to police this," says Mr. Schwartz of ABS, whose knockoff gowns could be a prime target if the law passes. "This could really damage the creative part of the business if they start putting restrictions on people."

"It's going to be crazy -- there are going to be a lot of lawsuits flying around that have no merit," says Steven Feinstein, president of Eci. He says his company designed the kimono-like dress that upset Tracy Reese after hearing that Japanese-style pieces would be popular this past spring.

The proposed U.S. law would be more modest than the protections offered in Europe. In one famous dispute, Yves Saint Laurent successfully sued Polo Ralph Lauren under a French law in 1994 for copying his $15,000 tuxedo dress. The European Union now grants three years' protection to original fashion designs and allows creators to apply for 25-year extensions. Even so, knockoffs are a thriving business in Europe where purveyors of fast fashion as H&M, Zara and Top Shop freely adapt recent designs from the runway to make inexpensive versions.

In addition to established names, the U.S. bill's supporters say that copying hurts young designers in particular. One example is Jennifer Baum Lagdameo, who runs the handbag label Ananas from the basement of her home outside Washington. For fall 2004, she designed a leather handbag with coconut-shell rings -- dubbed the "Furoshiki" -- inspired by the shape of a traditional cloth used to wrap gifts in Japan, where she once lived. The bag was once her best-selling model, but she says numerous retailers canceled orders after several clothing labels produced similar designs that sold for between 10% and 50% of her $285 price.

As it is, even designers can have difficulty discerning their originals from the copies. Evening-wear designer Carmen Marc Valvo recalls recently meeting a fan who was wearing a chocolate-brown, halter-necked cocktail dress he initially thought was his. "She came up to me and said, 'Oh my god, I love your designs,'" he says. "When I took a closer look, I said, 'Wait a minute, there's something different about this dress -- it has a different back!'"

Still, Mr. Valvo says he's been copied so much he now shrugs it off when he sees styles that imitate his work. He finds the idea of legislation "insane," he says. "Fashion is more evolutionary than revolutionary -- you're always inspired by something else. Besides, I don't think anyone copying me would be able to do it the same way."

ENVIRONMENT:

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An Inconvenient Truth About Youth (WP)

By Laura Wray And Constance Flanagan

The Washington Post, September 11, 2006

"An Inconvenient Truth," Al Gore's movie on global warming, is now the fourth-largest-grossing documentary of all time. But apparently it isn't young adults who are paying the price of the ticket -- or, more important, taking the truth about the environment to heart. In fact, the inconvenient truth today is that youths' willingness to conserve gas, heat and energy has taken a precipitous plunge since the 1980s.

According to data from Monitoring the Future, a federally funded national survey on trends in the attitudes, values and behavior of high school seniors since 1976, there has been a clear decline in conservation behavior among 18-year-olds over the past 27 years -- although we are not yet sure whether these attitudes follow youths into adulthood. This decline, interestingly, is coupled with a rise in materialistic values.

In fact, trends in materialism and conservation are highly related: At times when youths place higher value on material goods, they are also much less likely to say they would conserve resources. And when youths are more materially driven, they are also less likely to believe that natural resources will become scarce in the future.

Since the 1990s, the trends in materialism seem to have topped out at a steady high level, while willingness to conserve keeps declining. These opposing values should raise a red flag about the consumer culture and its influence on youth.

Youths also consistently believe that government is more responsible for the environment than they are personally. Importantly, when they perceive that the government's role in solving environmental problems is declining, so does their belief that they, personally, must do their part to save the environment.

Conservation is a collective responsibility. Likewise, in the minds of youth, their own actions to preserve the environment are inextricably linked to their perception of the government's role in environmental conservation.

Indeed, environmental attitudes of youth seem to mirror the opinions of those in the White House at the time. The highest levels of conservation occurred in the mid- to late 1970s, at the same time President Jimmy Carter was publicly petitioning citizens to take individual responsibility for conserving resources. The steepest decline in conservation occurred during the Reagan administration, which has been widely criticized for its environmental policies. Willingness to conserve enjoyed a slight surge around 1992-93, when Bill Clinton first took office, but this increase was short-lived. (Al Gore must not have been speaking up too loudly about the environment back then.)

The good news in these trends is that when government responds, so do youth. If our country's leaders follow the example of Al Gore and start to genuinely explore sustainable solutions, it's likely that young people will follow suit.

Policymakers and elected officials might also want to note that when youths embrace conservation and pro-environmental attitudes, they are more likely to engage in conventional politics, from writing to officials to giving money to a political campaign, or working on a campaign.

Gore argues that in America, "political will is a renewable resource." Perhaps one way to renew this resource is to start focusing more on young people and their understanding of, as well as contribution to, environmental problems.

Laura Wray is a graduate student and Constance Flanagan a professor of youth civic development at Pennsylvania State University. They work with the MacArthur Research Network on Transitions to Adulthood in mapping the attitudes of young adults.

California Dreamin' (WSJ)

The Wall Street Journal, September 11, 2006

If you've noticed a certain glow emanating from somewhere out West, don't be alarmed. It's only California, engaged in its latest bout of feel-good environmentalism.

We say feel-good, because even the supporters of that state's recent decision to unilaterally enact a mandatory global warming program are admitting it will accomplish, well, nothing much. That didn't stop a round of media huzzahs when Governor Arnold Schwarzenegger and Sacramento Democrats announced a program to require a 25% cut in carbon dioxide emissions by 2020. A point of special pride was that the new regime would be the most stringent in the nation, encompassing not just power plants but companies ranging from oil refineries to cement manufacturers.

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This self-congratulation took place despite an understanding that by 2020 California is expected to account for all of 1.3% of total world-wide CO2 emissions. Even if it reaches its CO2 goals (a big if), the state will have reduced global emissions by 0.3%. By contrast, China is expected by 2020 to increase its share of global greenhouse emissions to more than 22% of the world's total, surpassing the output of the entire U.S. "None of it matters or works if other states or nations don't copy us . . . ," admitted Catherine Witherspoon, who runs the California agency charged with implementing the mandate.

What we really have here, then, is the ultimate in political symbolism. California is getting good at this sort of thing, having passed an equally ineffectual global warming program for automobiles in 2004. Its politicians understand that none of this will register on the global temperature dial -- assuming that humans are even the cause of global warming. They also know the Kyoto Protocol has proven to be a failure, as European countries routinely ignore their CO2 limits. What the bill does provide, however, is a chance for the state's elite, including the Silicon Valley crowd, to feel virtuous, and for politicians such as Mr. Schwarzenegger to bolster their green bone-fides in a election year.

Yet even symbolism can have consequences, and California's economy will be lucky to escape this unscathed. Supporters say the Golden State's "leadership" will force other governments to reduce their emissions too. This is part of the environmental community's latest strategy, which is to whip up enough grassroots support to force the federal government to enact a mandatory CO2 program. They've had some limited blue-state success: In addition to California, seven Northeast states recently approved mandatory limits on carbon from power plants.

But there's little evidence that the federal government is any closer to subjecting the economy to a similar CO2 straitjacket. Even California Senator Dianne Feinstein, who has pledged to introduce federal CO2 legislation, noted that some 40 states rely on coal-fired power plants for their energy and aren't likely to cripple their main electricity producers any time soon. "Forty times two, in terms of Senators, makes a bill very difficult," she sighed. Most of those state legislatures also won't be enacting a California-like program.

Which gets to California's potential problem. That state already boasts some of the highest energy prices, highest taxes, and toughest regulatory regimes in the U.S. Many of its businesses already depend on lower-cost energy from nearby states, and that practice will likely increase. Others have been looking for an excuse to leave the state for better business climes, and a costly global warming mandate could be the final enticement. One irony is that those companies that do depart for other states or other countries, such as China or India, may well be allowed to emit even more CO2 than they do now.

Supporters argue that the new program will simply require utilities and others to become more efficient, which will save them money in the long run. But California's high energy prices and strict pollution controls long ago forced utilities to tighten up; any low-hanging fruit has been picked. Those companies that do stay in the state will thus pay more for the privilege, passing those costs along to consumers via higher energy prices and more expensive products.

The architects of the bill appear to have realized this, too, which is why they included an escape hatch allowing the Governor to extend compliance deadlines if faced with "the threat of significant economic harm." California's politicians may have to take advantage of that wiggle room down the road -- though they can feel good about themselves all the way up to the point they have to do it.

FBI/DEA/ATF/USMS:

Million-dollar Drug Bust At Buffalo's Peace Bridge (AP)

AP, September 11, 2006

BUFFALO, N.Y. A 28-year-old American woman faces charges after federal officials say she tried to smuggle more than one (m) million dollars worth of the drug Ecstasy into the U-S at the border crossing in Buffalo.U-S Customs and Border Protection officials say officers at the Peace Bridge became suspicious after stopping the woman's car on Wednesday.Officers say a search of the trunk turned up more than 53-thousand Ecstasy tablets wrapped in vacuum-sealed bags.The woman -- whose name has been released -- with charged with importing and possessing a controlled substance with intent to sell it.Federal authorities say the 40 pounds of drugs had a street value of more than one (m) million dollars. Copyright 2006 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

Marijuana Busts Setting Records (SRPD)

By Mike Geniella

The Santa Rosa Press Democrat, September 11, 2006

Attorney General Bill Lockyer said Thursday that marijuana seizures this year are setting records, with Mendocino, Lake and Shasta counties accounting for about 40 percent of the statewide volume.

Lockyer said so far nearly $5 billion worth of maturing pot plants have been destroyed in a beefed up state and federal campaign that will continue into October.

"This is another record-breaking year in finding and destroying illegal enterprises," Lockyer said.

He said drug agents are finding "larger and larger gardens worth tens of millions of dollars."

"It's not unusual for a single garden to have 20,000 plants," Lockyer said.

Lockyer's comments echoed earlier remarks of local, state and federal agents who have cited surging pot production and a growing tie to Mexican crime families.

"There's more marijuana than ever growing out there," Sheriff's Sgt. Rusty Noe, the veteran director of Mendocino County's anti-marijuana growing efforts, has said.

Lockyer in the past has cited the growing role of Mexican drug organizations, concurring with state agents who estimate that as much as 70 percent to 80 percent of illegal pot production on state and federal lands is tied to them.

But Lockyer on Thursday made no reference to the Mexican connection, preferring instead to credit the record seizures to increased numbers of drug teams, aerial surveillance and transportation to the typically remote gardens.

Lockyer spokesman Aaron Carruthers said Thursday the attorney general wanted to emphasize government "efficiencies" over the Mexican crime ties.

The federal Office of National Drug Control Policy last week estimated that 166 of 228 marijuana-growing operations found this year on public lands across the United States were associated with Mexican crime organizations.

National drug czar John Walters said last week in Fresno that "Mexican drug cartels are turning our national parks into centers of international drug trafficking," according to the Fresno Bee.

Lockyer's statewide marijuana statistics released Thursday show that Shasta County led in overall pot seizures, with 204,571 plants yanked.

Lake County was next with 186,327 plants, followed by Mendocino with 114,441. Together the street value of the seized plants in the three counties totaled about $2 billion, according to Lockyer's statement.

State figures were not available Thursday for Sonoma County, but local officials have said at least 70,000 marijuana plants have been uprooted so far this summer. Comment on this article Comments can take a few minutes to display.

Smack Scourge Spreads To City (Trenton)

Trentonian, September 11, 2006

TRENTON -- A potent new brand of heroin blamed for 400 deaths nationwide has killed at least seven people in Trenton in the past two months, police said.

City detectives are waiting for toxicological tests to confirm their suspicions of death by narcotic overdose.

But Police Director Joe Santiago said all the deaths bear the hallmark of the fatal overdose: No signs of murder on a victim like the single woman of 38 who died in the bathtub of a male acquaintance last week, or the new father from Hopewell found dead in a room at a city shelter hours after his release from the county jail.

Santiago said he fears the killer brand of heroin, first seen in Philadelphia and Camden in April, has made its way to Trenton. Sold under the names "Flatline" and "Capone," the so-called "bad heroin" is believed to be cut with fentanyl, a pain killer 80 times more powerful than morphine.

Developed by New Brunswick's Johnson & Johnson, it's been used legally for decades in anesthesia and pain management.

But fentanyl is now found on the streets and is being manufactured illegally, law enforcement officials say.

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Traced to heroin labs in Chicago and said to be much more fentanyl than heroin, the stuff can retard breathing, making users feel like they're suffocating.

When mixed with heroin and injected, snorted or smoked, it provides a powerful high.

Addicts can be unaware they are taking fentanyl-laced heroin because it can not be detected through taste or smell.

New Jersey heroin is the purest in the nation, according to the Drug Enforcement Agency.

An Associated Press article put the number of deaths from the heroin at 400 and said thousands of others have been hospitalized.

Trenton's police spokesman, Sgt. Pedro Medina, mentioned the heroin last week in making the disclosures about the woman who died in the bathtub.

"We're not sure yet, but it appears that she died of an overdose," said Medina. "There have been some similar problems in Camden and Philly. Our detectives are reaching out now to police departments and also hospitals in those cities to find out if there's been an upswing in those areas with overdoses, to see if there is any connection with what's happening in Trenton."

Medina said detectives were awaiting toxicology test results on the six other suspected overdoses, and need intelligence from other police departments "before we can see if they are connected to heroin, or not. We believe it could be heroin,'' Medina said. "But detectives don't like to speculate. They don't want to give out wrong information."

As Santiago said, however, signs of overdose are common in sudden deaths among young people and others heroin addicts. He said the woman in the bathtub might have been selling herself to support her heroin habit.

Santiago also confirmed there was a fatal heroin overdose at the shelter on Escher Street late last month. A shelter insider said a 20-something native of Hopewell who had just been released from jail and become a father shot up with the heroin, perhaps knowing it was going to kill him.

Police are also looking into the death of a 26-year-old man in a vacant warehouse and the death of a man of 27 nearby in his Chambersburg home.

And the suburbs have not been immune: In June, West Windsor police responded to a street called Glengarry Way for two men who were hospitalized due to overdoses.

DEA Seeking Man Linked To Arellano Boat (SDUT)

By Anna Cearley

San Diego Union-Tribune, September 9, 2006

A Chula Vista man who helped buy the boat used by suspected Mexican drug kingpin Francisco Javier Arellano Félix is now a fugitive wanted on arms charges.

Edgardo Leyva Escandon Edgardo Leyva Escandon, a Mexican national with a residence in the United States, faces six counts of possessing thousands of rounds of ammunition while in the United States on a visitor's visa, according to an affidavit unsealed yesterday in U.S. District Court.

Though the affidavit doesn't document his connection with the boat, Drug Enforcement Administration special agent Dan Simmons said Leyva was the treasurer of the company that bought the boat Arellano was using at the time of his arrest last month off the coast of La Paz.

Leyva has a "long-standing relationship with the Arellano Félix organization as far back as the early 1990s," Simmons said. The Arellanos are believed to have controlled the flow of drugs along much of the Baja California border for almost 20 years.

Leyva is part of a well-known Baja California family, and an uncle was once governor of that state. His father, Edgardo Leyva Mortera, defended his son yesterday.

"I can say that he's a decent man, a hard worker and honest, and I have full confidence that whatever he is accused of he will be able to defend himself with success through his legal representative," Leyva Mortera said.

He said he hasn't been in contact with his son lately, and he wasn't aware of who would be representing him.

The DEA revealed the name of Edgardo Leyva Escandon on Tuesday and made a photo available in an attempt to get him to come forward and share information on his relationship with Arellano Félix.

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The arrest warrant was filed Tuesday and sealed the next day. It was unsealed yesterday when DEA agents decided that publicity might provide leads on his whereabouts.

The hotline number for tips on the Arellano Félix organization is (800) 720-7775 for calls from the United States, 011-858-277-4215 from Mexico. U.S. authorities, who also are seeking a provisional arrest warrant for Leyva in Mexico, view Leyva as someone who could provide information on Arellano and the drug cartel. Arellano faces a multi-count indictment in U.S. federal court, and prosecutors are holding other men captured on the boat as material witnesses.

The 43-foot-long Dock Holiday was registered in February by a Delaware corporation, M/Y Junior. Simmons, who wouldn't say who else was listed as part of the corporation, said the boat cost $450,000 to $500,000.

Leyva's father said he didn't know how the boat ended up being used by Arellano Félix. He said his son, who lived in the United States with his wife and three children, was an accountant who bought and sold water-sports equipment, including boats.

Simmons said Leyva Escandon is believed to have associated with Ramon Arellano Félix, the cartel's suspected enforcer who was gunned down in 2002, and later with Francisco Javier Arellano Félix.

Leyva's father said he doesn't believe his son, who is 37, would associate with criminals.

“I can't say exactly who his friends are,” he said. “I believe that all his friendships are with honest people like he is.”

The affidavit information is based on surveillance by the U.S. Bureau of Alcohol, Tobacco and Firearms. Agents said they saw him pick up ammunition from gun stores in Santee and San Diego on five occasions starting in December 2004, when he obtained about 8,000 rounds of .223-caliber ammunition.

ATF agents also served a search warrant at Leyva's Chula Vista residence on July 22, in which they seized parts for an Uzi submachine gun, radio transmitters and bugging devices, along with 478 rounds of ammunition of various calibers, according to the affidavit.

The affidavit says the visa he was using limits him to visiting the United States temporarily for business or pleasure.

Simmons, of the DEA's San Diego office, said Leyva would have needed a U.S. hunting license to possess the ammunition listed in the affidavit, and agents have not been able to find one in his name.

The Leyva family has come under scrutiny in the past. Xicotencatl Leyva Mortera, Leyva's uncle, was a former Tijuana mayor and served as governor from the mid-to the late-1980s. He was forced to leave his governor's post amid allegations that his administration was involved in shady land deals and misappropriation of funds.

No one was at the Leyva family's Chula Vista home yesterday afternoon.

“I believe this is all a lack of communication, a misunderstanding,” said one of his relatives in Tijuana, José Leyva Castro.

Coca Crops Keep Growing (FLSUNSEN)

By Juan Forero, The New York Times

South Florida Sun-Sentinel, September 10, 2006

BOGOTA · The latest chapter in America's long war on drugs -- a six-year, $4.7 billion effort to slash Colombia's coca crop -- has left the price, quality and availability of cocaine on American streets virtually unchanged.

The effort, begun in 2000 and known as Plan Colombia, had a goal of halving Colombia's coca crop in five years. That has not happened. Instead, drug policy experts say, coca, the essential ingredient for cocaine, has been redistributed to smaller and harder-to-reach plots, adding to the cost and difficulty of the drug war.

Bush administration officials say that coca farmers are on the run, and that the leftist guerrillas and right-wing paramilitaries who feed on drug profits are weaker than ever. That has made Colombia, Washington's closest ally in a tumultuous region, more stable, they say. They argue that the plan has scored important successes, like a spike in the price of cocaine last year.

But that claim was disputed by drug policy experts, and in fact a wide range of them, and some politicians, are questioning the drug war's results.

The plan seemed simple enough. "The closer we can attack to the source, the greater the likelihood of halting the flow of drugs altogether," a State Department report said soon after Plan Colombia began.

Yet recent data show the following results:

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>As much coca is cultivated today in Colombia as was grown at the start of the large-scale aerial fumigation effort in 2000, according to State Department figures.

>Colombia, Peru and Bolivia, the leading sources of coca and cocaine, produce more than enough cocaine to satisfy world demand, and possibly as much tonnage as in the mid-1990s, the United Nations says.

>In the United States, the government's tracking over the past quarter century shows that the price of cocaine has tumbled and that purity remains high, signs that the drug is as available as ever.

Overall, demand in the United States has dipped in recent years, but experts say that may be the result of many factors, including changing social fads and better law-enforcement techniques at home.

"If we were to evaluate Plan Colombia by its initial overriding criteria, the results of the drug war have been dubious at best," said Russell Crandall, a former adviser to the White House and the author of Driven by Drugs, a book on the drug war in the Andes.

Bush administration officials think that verdict is too harsh. "Over the past five years, you see a compression on cultivation," John P. Walters, director of the White House Office of National Drug Control Policy, said.

Jon Caulkins, a drug policy expert at Carnegie Mellon University, echoing other analysts, estimates that the drug war has cost American taxpayers upward of $40 billion annually in recent years, though there is no comprehensive government tally of all its state and federal spending.

Progress itself is difficult to measure, experts caution. Numbers of arrests, acres fumigated or tons seized may not provide the most accurate snapshot, simply because it is hard to say what portion of the total hidden trade they actually make up.

But by any estimate, the amount of cocaine produced vastly exceeds demand.

For local farmers, the incentive to plant and preserve their coca crop is enormous; few other crops pay as well or as consistently as coca. "We all have a hectare or so of coca," said one farmer, Joel Rubio, 40, in Caldas, a western state better known for coffee. "You keep doing it."

And America's anti-drug planes keep spraying. As the coca crop spreads out in Colombia, they must now fumigate three times as much land as they did in 2002 just to kill the same amount of coca, according to State Department data.

IMMIGRATION:

Immigration Movement Struggles To Regain Momentum Built In Spring Marches (NYT)

By Rachel L. Swarns And Randal C. Archibold

The New York Times, September 11, 2006

WASHINGTON, Sept. 10 — For a moment, it sounded like one of the spirited crowds from this past spring. There, at the foot of the Capitol, flag-waving immigrants chanted and cheered and warned lawmakers in Congress to take notice.

“Legalization now!” they shouted. “Who are we? America!”

But this time, only a few thousand people protested, not the hundreds of thousands that organizers had expected at the rally here on Thursday. And similar scenes played out across the country last week as immigrant demonstrations drew much smaller crowds than anticipated in Los Angeles, Phoenix and Batavia, Ill.

Buoyed by the huge immigrant protests in April and May, some organizers had predicted that a million people would take to the streets around Labor Day. And they vowed to produce a million people, through voter registration and citizenship drives, to press for legislation that would grant legal status to the nation’s illegal immigrants and help shape the outcome of the November midterm elections.

Some organizers now acknowledge that both goals were overly optimistic. And political analysts, policy makers and immigrants alike are questioning the staying power of the fledgling immigrant rights movement. Can the disparate group of churches, unions and immigrant rights organizations that tapped the frustration of immigrant communities transform itself into a political force that can reliably mobilize the masses to march and vote?

The movement, some organizers say, may have blunted some of the harsher legislation that had been under consideration in Congress. But it faces an uphill effort, and the shifting political landscape will play a major role in its long-term vitality.

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Armando Navarro, a professor who helped organize the Los Angeles demonstrations in the spring, said he believed the protest movement had sputtered once it was clear that the harshest legislation would not pass.

Many immigrant marchers were outraged by House legislation, approved in December, that would have made it a federal crime to live in the United States illegally. The provision would have turned millions of illegal immigrants into felons, ineligible to win any legal status. Living in this country without a document like a visa or a green card is now a violation of civil immigration law, not criminal law.

That bill has stalled along with a competing Senate bill, which would have granted legal status to most of the nation's illegal immigrants. The Congressional stalemate has left immigrants less motivated to march, Mr. Navarro said, and less optimistic about the prospects for legislative change while immigrant leaders try to find a new strategy.

"Division has set in over strategy," said Mr. Navarro, who teaches ethnic studies at the University of California, Riverside. "There was no consensus on what we should do next. We lost an opportunity to create a transition to a new rhythm."

Roberto Suro, director of the Pew Hispanic Center, a Washington research group that tracks political trends, said it remained uncertain whether the groups could easily regain their momentum.

"There was an effort to resurrect that collective outpouring of the spring, and it clearly didn't succeed," Mr. Suro said of last week's marches. "The question is, What do they do next? If it's going to be a movement, it's definitely struggling, not just for legs, but probably for air right now."

Organizers counter that their movement is alive and well, but grappling with the inevitable growing pains that afflict any emerging political organization.

Juan Carlos Ruiz, the general coordinator of the National Capital Immigration Coalition, which organized last week's rally in Washington, said immigrant groups were still struggling to raise money, develop strategy and overcome internal divisions and disappointment among their constituents at the slow pace of change.

Mr. Ruiz said the campaign to register voters and naturalize immigrants was initially hobbled by poor financing and the lack of technical expertise to identify potential voters and new citizens. But he said that his group and others were steadily building that expertise and hoped to have an impact in November and beyond, with a particular focus on the presidential election in 2008.

"We had the number of volunteers ready to go, but without financial support, without the technical support, it is very difficult," Mr. Ruiz said.

"But we are building capacity, educating our communities, building relationships with other groups," he said, pointing to emerging alliances with African-American churches, unions, antiwar groups and others. "We are growing, and we are learning. And my sense is that we are cultivating something very powerful. In the presidential election we will see a big shift."

Cecilia Muñoz, a vice president of the National Council of La Raza, an immigrant advocacy group, said she believed many illegal immigrants were reluctant to march because increasing numbers of those immigrants had been arrested in recent months.

This year, the Department of Homeland Security sharply increased the number of workplace raids, making 245 criminal arrests of employers, up from 25 in 2002. Some 2,700 immigrant workers were caught up in those operations, and most were deported, officials said.

Ms. Muñoz also said that immigrants who had hoped the spring marches would move Congress were feeling increasingly disheartened. "In the spring when people were marching, there was a real sense that this could be within our grasp," she said, referring to legislation that would legalize illegal immigrants. "It's clear to people now that we have a long way to go before this is going to happen."

But she, too, emphasized that the immigrant rights movement was shifting into a more critical phase, beyond marching and rallies.

"We're not picking up on diminished urgency or energy in our communities," Ms. Muñoz said. "But a lot of the energy invested in marches in the spring has been invested in developing infrastructure for the long term. And we're discovering it's hard to do that and organize marches."

A survey conducted by the Pew Hispanic Center found that many Hispanics were energized by the demonstrations. About 75 percent of the 2,000 Hispanics randomly surveyed from June 5 to July 3 said they thought the debate would prompt more

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Latinos to vote in November, and 63 percent said they thought the marches signaled the beginning of a new and lasting social movement.

But the political outlook has changed enormously since then. President Bush, who championed legislation that would put illegal immigrants on a path to citizenship, has found his stature weakened. And conservatives in Congress, who once seemed on the defensive, have rallied.

Representative Jeff Flake, an Arizona Republican who favors legalization of illegal immigrants, said the protests were ultimately counterproductive because they galvanized conservatives who criticize legalization as amnesty for lawbreakers.

"Looking back, the massive protests with immigrants waving Mexican flags was detrimental to those of us who wanted comprehensive reform," Mr. Flake said. "It just polarized us."

At the rally here in Washington, some marchers said they were disappointed by the low turnout. Aurora Flores, a hotel worker from El Salvador, said people were beginning to doubt that the marches would change anything.

"With the last rally having been so big — so many people — and nothing seemed to happen, a lot of people were discouraged," Ms. Flores said.

But Siu Hin Lee, an immigration advocate from Los Angeles who attended the rally here, said he was hopeful about the power of the movement, even though the crowds had been smaller than expected.

"It's not one march, one mobilization, and you get change," said Mr. Lee, coordinator of the National Immigration Solidarity Network. "It's a long-term struggle. And we're keeping up the momentum."

TAX:

Executive Accused Of Hiding Assets (WT)

By Jim Mcelhatton

The Washington Times, September 11, 2006

The founder of a prominent District-based furniture company who made an unsuccessful bid for a D.C. Council seat in 2000 is facing tax-evasion charges.

The charges against businessman Peter Ross were filed last week in federal court in the District, months after a trustee in his company's bankruptcy case said Mr. Ross had concealed more than $200,000 in assets.

Mr. Ross, president of Spectrum Ltd., a national furniture maker based on L Street in Northeast, failed to pay more than $200,000 in employment withholding taxes, prosecutors said.

Charging documents state that Mr. Ross did not disclose $288,000 in inventory when his company went bankrupt and that he failed, under penalty of perjury, to report more than $50,000 in yearly income from a trust fund.

Mr. Ross' attorney, David Lamb, has declined to comment on the charges.

A phone message left at Spectrum was not returned.

Mr. Ross has been a figure in local politics over the years, including the unsuccessful run to represent Ward 2 on the D.C. Council in 2000.

The tax-evasion charges carry a five-year prison sentence.

In June, the trustee who oversaw Spectrum's bankruptcy sought to reopen the case on the grounds that Mr. Ross had not disclosed all of his company's assets, according to filings in the case.

Authorities say that some of the assets included furniture in showrooms in Atlanta, Dallas and San Francisco.

Prosecutors charged Mr. Ross through a "criminal information" filing, as opposed to a formal indictment. The move indicates that a plea deal likely is being sought.

Spectrum went bankrupt in 2002, and the federal government was one of its major creditors.

The Internal Revenue Service filed a claim for more than $360,000 against Spectrum. The case was closed in 2004, with the IRS receiving less than $4,000, according to records in the case.

In June, bankruptcy trustee Marc Albert moved to reopen the case, citing the discovery of $288,061 worth of previously undisclosed inventory.

He included a letter from Mr. Ross' bankruptcy attorney, Richard Hall, who noted that his client had "not been truthful" in reporting all of Spectrum's assets.

CONGRESS-ADMINISTRATION:

GOP Split On Earmark Reform (RC)

By Susan Davis And Tory Newmyer

Roll Call, September 11, 2006

With hopes for a broader lobbying package still stuck in neutral, House Republican leaders are working to head off another confrontation with GOP appropriators and pass an earmark reform resolution this week.

"We are working with all of the relevant chairmen and Members on the language and the mechanics," said Kevin Madden, spokesman for Majority Leader John Boehner (R-Ohio), on Friday. Boehner "is determined to get it done."

Leaders face a potentially rocky path to final passage as members of the Appropriations Committee balked at the initial proposal laid out Sept. 7, arguing that the language did not make good on a promise made by Speaker Dennis Hastert (R-Ill.) to Appropriations Chairman Jerry Lewis (R-Calif.) in late April to apply reforms equally to appropriations, tax and authorizing legislation. That last-minute deal was negotiated to secure appropriators' support for a procedural vote to bring the broader lobbying and ethics overhaul package to the floor.

"The committee is very much against what's been put on paper," Rep. Ray LaHood (R-Ill.), an appropriator, said Thursday. "It doesn't allow for the same standard to be set for other committees, and it doesn't keep the promise made by the leadership."

LaHood said appropriators were unanimous in their opposition to the draft proposal but were open to further negotiations. "We're going to try and get back to the commitment they made," LaHood said.

Aides familiar with the legislation cautioned last week that it was a working document and that the proposal given to appropriators was not the final draft. "We are not shoving anything down their throats," one GOP aide said.

No formal meetings were scheduled this week as of press time Friday, but conversations were expected into the weekend among senior aides and Members.

The resolution, which would take effect immediately and apply only to the House, would create a new point of order that could be raised against committee reports or conference agreements if the sponsors of earmarks included in the legislation were not identified.

The reform measure does not eliminate earmarks or change the process by which earmarks are inserted into legislation, but rather it increases transparency on a popular process that has increasingly become the target of fiscal conservatives' ire over how federal dollars are spent.

Passage of an earmark resolution would also give Republicans an accomplishment to cite when critics — especially Democrats — criticize the GOP for being unable to reach a bicameral agreement on the broader lobbying and ethics reform package.

Drew Hammill, a spokesman for House Minority Leader Nancy Pelosi (D-Calif.), said Democrats have yet to see the language of the proposal but believe it does not represent real reform.

"From what we understand, their measure won't save a single dollar for the American taxpayers, and it doesn't impact earmarks in authorizing legislation," he said. "It's not the full amount of transparency that American taxpayers expect and deserve."

Democrats are likely to offer a motion to recommit the resolution, substituting instead their own ethics package.

Appropriators' support may be critical for passage, and Boehner is committed to a vote this week, likely Thursday. While the final bill likely will enjoy some Democratic support, GOP leaders may again face an uphill battle to pass the rule to allow floor consideration of the underlying resolution if appropriators are not on board.

Rule votes generally are viewed as tests of party loyalty, but as appropriators demonstrated earlier this year, they are willing to buck the leadership when it involves their turf. Leaders face a potentially embarrassing situation if they cannot pass the rule to consider the bill, as a defeat of the rule would force the GOP to pull the measure from consideration.

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Boehner, who boasts of never making earmark requests, has committed the House to reforming the earmark process. Failing to do so could further agitate an already restless base of voters who believe Republicans have become too freewheeling with their tax dollars.

GOP appropriators insist they support earmark reform but want the provisions addressing other committees to be strengthened. "We're trying to be helpful on this. We don't want to be a stick in the mud," Rep. Mike Simpson (R-Idaho) said. "But we have serious concerns it doesn't meet the agreement we had with leadership that it apply to everybody equally."

Sources familiar with negotiations said the proposal floated to appropriators last Thursday was acceptable to the chairmen of the authorizing committees and the House Ways and Means Committee. It remains to be seen if those panels will revolt if leadership concedes to further reforms sought by appropriators.

Rep. Zach Wamp (R-Tenn.), another appropriator, argued that the draft resolution would not have applied to narrowly targeted tax provisions stuffed into the recently passed pension overhaul bill as corporate giveaways. Nor, he said, would the measure have fingered the notorious "bridge to nowhere" earmark in last year's highway bill. "You've got to make it comprehensive or you're not being honest with the American people," he said.

According to one House aide, the draft proposal would only require disclosure of tax provisions tailored for single entities. Such a standard would not have captured provisions in the pension bill, which were more broadly drawn, but still awarded duty relief to Estée Lauder, Sony and Home Depot, according to the aide.

The draft earmark reform proposal would also only apply to conference reports on authorizing bills, the aide said, meaning earmarked goodies added in managers' amendments — such as the Alaskan bridge to nowhere project — would not have to be identified.

Across the Capitol, Republican Senate leaders also have pledged to tackle earmark reforms through an internal rules change, though the timeline for action on that side of the Capitol is not yet clear. Lawmakers and staffers alike have warned that House approval of a reform measure without similar action by the Senate could cause confusion as Members move to wrap up work on spending bills this year.

Medicare Costs To Increase For Wealthier Beneficiaries (NYT)

By Robert Pear

The New York Times, September 11, 2006

WASHINGTON, Sept. 9 — Higher-income people will have to pay higher Medicare premiums than other beneficiaries next year, as the government takes a small but significant step to help the financially ailing program remain viable over the long term.

The surcharge is a major departure from the traditional arrangement under which seniors have generally paid the same premium.

It is expected to affect one million to two million beneficiaries: individuals with incomes exceeding $80,000 and married couples with more than $160,000 of income. For individuals with incomes over $200,000, the premium, now $88.50 a month, is expected to quadruple by 2009.

The surcharge was established under a little-noticed provision of the 2003 law that added a prescription drug benefit to Medicare.

Supporters of the surcharge say it makes sense for wealthy people to pay more at a time when Medicare costs are soaring. But some Medicare experts worry that wealthy retirees will abandon the program and rely on private insurance instead, leaving poorer, sicker people in Medicare.

The premium in question is for Part B of Medicare, a voluntary program that covers doctors' services, diagnostic tests and outpatient hospital care.

"The higher premiums could drive people with higher incomes out of Medicare," said Samuel M. Goodman, a 73-year-old retiree in Derwood, Md. "Medicare would then become a welfare program, rather than a universal social insurance program, and it would be easier to attack."

Federal officials have repeatedly said that Medicare is financially unsustainable in its current form.

Congress said the surcharge would "begin to address fiscal challenges facing the program."

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Joanne S. Shulman, who worked at the Social Security Administration for 35 years, said, "The surcharge will come as a shock to many people because they have not received any warning."

Most beneficiaries now pay the same premium for Part B of Medicare. That amount has been increasing rapidly even without a surcharge. The standard premium has shot up an average of 12 percent a year since 2001, when it was $50 a month.

The premium is set each year to cover about 25 percent of projected spending under Part B of Medicare, which has been growing because of increases in the number and complexity of doctors' services. General tax revenues pay 75 percent of the cost.

The Bush administration plans to announce the standard premium for 2007 later this month. In July, Medicare officials estimated that it would be $98.40 a month. The surcharge will be phased in from 2007 to 2009.

Here is how it will work: The surcharge for 2007 will be computed by the Social Security Administration, using income data obtained by the Internal Revenue Service from tax returns for 2005. If an individual has modified adjusted gross income of $80,000 to $100,000, the surcharge will be 13.3 percent, which adds about $13 to the monthly premium, for a total of about $111.50. For a single person with income of more than $200,000, the surcharge will be 73.3 percent, or about $72 a month, for a total premium of about $170.50.

When the transition is complete in January 2009, according to Medicare actuaries, the total premium for a person with income of $80,000 to $100,000 will be 1.4 times the standard premium. A person with income of $100,000 to 150,000 will pay twice the standard premium. A person with income of $150,000 to $200,000 will pay 2.6 times the standard premium, and a beneficiary with more than $200,000 of income will pay 3.2 times the standard amount.

If the basic premium rises 10 percent a year — a relatively conservative forecast — the most affluent beneficiaries will be paying premiums of more than $375 a month in 2009.

Under current law, the $80,000 threshold and the income brackets will be adjusted each year to keep pace with inflation, as measured by the Consumer Price Index.

President Bush recently proposed eliminating these annual adjustments, so that more people would pay a surcharge. "This change gives beneficiaries increased participation in their health care," he said.

More than 40 million people are in Part B. Medicare officials estimate that 2 percent of them will have to pay a surcharge next year. The Congressional Budget Office says 5 percent of beneficiaries will be affected. The Social Security Administration puts the figure at 4 percent to 5 percent. Most people have their premiums deducted from monthly Social Security checks.

Fiscally conservative Republicans supported the surcharge. But so did some Democrats, who saw it as a progressive way to finance Medicare without cutting benefits or raising payroll taxes.

Senator Dianne Feinstein, Democrat of California, argued that "high-income beneficiaries can afford to pay a larger share of Medicare's costs," in part because Congress has cut their taxes in recent years.

The Congressional Budget Office estimates that the surcharge will raise $15 billion from 2007 to 2013.

Representative Nita M. Lowey, Democrat of New York, recently introduced a bill to repeal the surcharge, which she says will hit "more and more middle-class seniors." Some advocates for older Americans, including the Senior Citizens League, with 1.2 million members, are lobbying for repeal.

A beneficiary can obtain relief from the surcharge by showing that the I.R.S. data was incorrect or that the person's income declined because of a "major life-changing event" like the death of a spouse or the loss of pension benefits.

Theodore R. Marmor, a professor of political science at Yale, said the surcharge was more important for the politics of Medicare than for the financing of the program.

"The new income-related premium is fundamentally at odds with the premises of social insurance," Mr. Marmor said. "Large numbers of upper-income people will eventually want to find alternatives to Part B of Medicare and will no longer be in the same pool with other people who are 65 and older or disabled. Congress will then have less reluctance to cut the program."

First Lady's Schedule Filled With World Issues (USAT)

By David Jackson

USA Today, September 11, 2006

WASHINGTON — As her husband prepares his annual address to the United Nations next week, Laura Bush also is ascending the global stage.

The first lady is putting the finishing touches on a conference to improve reading skills in the world's most illiterate countries, a roundtable discussion on Burma to press for the release of democracy activist Aung San Suu Kyi and other political prisoners, and a speech on health problems facing women worldwide.

Her activities next week in New York underscore how Bush is pursuing her own second-term agenda — one that gets her out more to champion favorite causes and that some analysts say also helps burnish her husband's image and that of the United States around the world.

In an interview last week with USA TODAY, Bush dismissed with a smile the notion that her work might help the president overcome criticism in Europe and elsewhere. She said such talk is "maybe slightly exaggerated in the media."

"I'm traveling because I have this opportunity to talk about things that are important to me and that are important to our country," she said.

A poll released this month of people in European countries said only 18% of respondents approve of President Bush's handling of foreign affairs, compared with 39% in the USA. With that in mind, the first lady's personable style can be an asset, according to pollster Andrew Kohut.

"Even many people who don't like President Bush here like her," said Kohut, director of the Pew Research Center for the People and the Press. "Maybe she can lend a hand on the other side of the Atlantic."

Barbara Kellerman, a public policy lecturer at Harvard University's Kennedy School of Government, said Laura Bush's popularity ratings have been above 60%. Kellerman said a first lady can help by being "what we used to call an ambassador of goodwill."

Bush said she focuses on a wide range of global issues, including the impact of HIV and AIDS in Africa, that have long been personal concerns. She wants people in foreign countries to know they are not alone in facing these problems, she said.

"The people of the United States are standing with them as they address these various challenges," she said.

First ladies have long mixed advocacy with ceremony around the world. Eleanor Roosevelt became the first presidential spouse to fly overseas without her husband during a 1934 trip to the Virgin Islands, Haiti, and Cuba to inspect labor, housing and farm conditions. Nancy Reagan attended the 1981 wedding of Britain's Prince Charles and Diana Spencer and participated in an anti-drug program in Sweden six years later.

Bush's predecessor, Hillary Rodham Clinton, made at least 23 solo trips abroad, many of them focused on women's education and human rights for children.

Laura Bush so far has made 11 solo foreign trips, White House records show. She was the first member of her family to visit Afghanistan after the Taliban's fall, and the first to meet with Pope Benedict XVI.

At times, Bush has attracted controversy overseas. During visits last year to Jerusalem shrines sacred to both Jews and Muslims, a group of Palestinians heckled her. She played down the incident, telling reporters at the time, "I knew very well exactly how emotions run in this very, very important part of the world."

At the U.N., Bush — a former librarian and schoolteacher — will participate in a literacy conference co-sponsored by the United Nations Educational, Scientific and Cultural Organization. UNESCO has developed plans in 34 countries to show how improving literacy can have health and economic benefits, Bush said. "People who are educated are much more likely to be able to contribute to a workforce."

As the president addresses the U.N General Assembly on Tuesday, the first lady's roundtable will discuss the plight of Suu Kyi, the Nobel Peace Prize winner whose party won elections in 1990 only to be blocked from taking power by the military junta that controls the nation, also known as Myanmar. Bush calls Suu Kyi, under house arrest off and on ever since, a "role model for women around the world."

Bush plans separate events in Vietnam during her husband's trip there in November and continues a domestic focus on the midterm elections. A woman who once told her husband she never wanted to make a political speech, Bush has been featured in at least 30 GOP events since last year and has helped raise almost $12 million, according to Republican Party records.

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Sarah Feinberg of the Democratic Congressional Campaign Committee said the first lady's political influence is most evident in fundraising. "We haven't seen her move any races."

Caucus Mulls Major Changes (RC)

By Jennifer Yachnin, Roll Call Staff

Roll Call, September 11, 2006

As House Democrats consider changes in how they distribute top committee slots, the party also is working to gain pre-election publicity and differentiate itself from the GOP by proposing broader changes in how the House operates.

With Democrats at work on the first significant overhaul of their internal rules in a decade, Democratic Caucus Chairman James Clyburn (S.C.) acknowledged that his colleagues may discuss adopting gavel term limits similar to those instituted by the House Republican Conference after the GOP took control of the chamber in 1995.

"I suspect there could be some discussions of that," Clyburn said.

While Clyburn said he would not support such limitations — "I'm not an advocate of that," he said, asserting that no chairmanship is permanent, given the two-year election cycle — he added that he could not rule out his colleagues implementing such a change.

"I suspect anybody who's been here one or two terms would like to see term limits," he added, noting that more senior Members likely would resist.

Beyond term limits and committee assignments, a draft of rules issued to lawmakers this week proposes an extended list of "Democratic Principles," addressing issues from floor procedures to ethics guidelines, according to Rep. Mike Capuano (D-Mass.), who chairs the Caucus' Organization, Study and Review Committee.

"It's important to let the American public know how we would run the Caucus if we win the majority," Capuano said Thursday.

Among the proposals, Capuano suggested the Caucus rules could dictate the disclosure of private travel, as well as guide the process for earmarking. A letter issued to Democratic lawmakers Friday noted that lobbying guidelines could be included in the rules.

Although a final version of the rules — which must be approved by the full Caucus — is not expected until after the November elections, Capuano said he hoped to have at least a portion of the rules, including the section on principles, approved in late September, before the House is scheduled to go into recess.

In the meantime, Capuano wrote that the 40-member committee is scheduled to hold at least 10 meetings this month, as Members seek to review the 51 Caucus rules now on the books, as well as new suggestions.

In addition to routine procedural policies, the rules also govern the election of Caucus leaders as well as the distribution of committee assignments and selection of chairmen.

While the latter could carry significant consequence should the minority party retake control of the House in the 110th Congress — handing committee gavels to Democratic lawmakers for the first time in 12 years — Clyburn remained adamant Wednesday that the issue has not prompted a stir among lawmakers.

"Every single member of this body would want to one day be a chairman, but that's not something you wake up in the morning thinking about," Clyburn said Wednesday.

But in a closed meeting with Democrats prior to the August recess, House Minority Leader Nancy Pelosi (D-Calif.) informed Caucus members that new guidelines could expand on the criteria now taken into consideration, while reducing the importance now given to seniority in those decisions.

Pelosi spokeswoman Jennifer Crider declined to discuss potential changes Friday, stating: "We'll organize the 110th Congress when we get there. Leader Pelosi is focused on Nov. 7."

Under current rules, committee chairmen (and ranking members when in the minority) are selected by the Democratic Steering and Policy Committee, which must take into consideration "all relevant factors, including merit, length of service on the committee and degree of commitment to the Democratic agenda, and the diversity of the Caucus," the rules state.

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"Seniority is very important, but only one consideration," Clyburn said, citing Rep. David Obey (D-Wis.), who bucked the seniority system in 1994 when he beat out Iowa's Neal Smith to become the Appropriations chairman in the months before Republicans took control of the chamber.

"The focus should be on the ability of the Caucus to work its will," Capuano said of potential rules changes. Committee chairmanships must be confirmed by the entire Caucus.

"We respect seniority. We are not beholden to it," he added.

But Clyburn acknowledged that regardless of what rules changes may be adopted, seniority will remain a significant influence in the selection process.

"Seniority is very, very important, and always will be in the House of Representatives," he said. The seniority system has proved beneficial to many of the Democrats' "Old Bulls"; were all of the current ranking members to be re-elected to their seats, the average age of Democratic committee chairmen next year would be almost 70.

In addition to creating more competitive gavel races, several senior Democratic lawmakers — all contenders for one of the 21 House panels — suggested that devaluing seniority also could serve to consolidate power in the House leadership, mirroring the model used by Republican leaders in recent years.

According to one senior Democratic lawmakers, the leadership hopes to circumvent otherwise autonomous chairmen and prevent "chairmen going off in different directions" rather than following the party's agenda.

Whether such a system could be successful, given that Democratic chairmen remained largely independent during 40 years in the majority, remains to be seen, but the lawmaker said: "I'm optimistic."

But a senior Democratic aide asserted that a divergence would not give House leaders more power, but instead would push Democratic chairmen to lead by consensus from their colleagues.

"You would not have the majority of the minority like you have under Speaker [Dennis] Hastert (R-Ill.)," the aide said.

Another Democratic lawmaker, also speaking on the condition of anonymity, suggested that rules changes are not focused on shoring up the leadership's powers, but instead on pushing Members to raise campaign funds in the final weeks before Election Day.

But it is unlikely the Democrats will determine any changes to chairmanship selection rules before November, Capuano said, adding: "Some things you can't look at until we're there."

Meanwhile, he said, Democrats also could alter the assignment process for rank-and-file committee members. Capuano said the new rules could include a division of the Steering and Policy Committee, creating two panels, one of which would be tasked solely with issuing committee assignments.

Security Holdup (WSJ)

The Wall Street Journal, September 11, 2006

Democrats want Americans to trust them on national security, but one reason many voters don't is the wrecking-ball performance of Carl Levin. The Michigan Senator continues to block Bush administration national security nominees for no discernible reason other than partisan gamesmanship.

The Senator's latest political hostages are Ken Wainstein, who is waiting to become the Assistant Attorney General for National Security, and Alice Fisher, who is currently running up against the end of her recess appointment as Assistant Attorney General for the Criminal Division. Both have testified in front of the Senate, have been voted out of committee and face no real opposition. Yet Mr. Levin has blocked Mr. Wainstein since this spring, and Ms. Fisher for more than a year.

Mr. Wainstein is waiting to fill a new post recommended in last year's Robb-Silberman report to further break down the "wall" between intelligence and law enforcement. The new post would bring Justice's counterespionage, counterintelligence and wiretapping units under one Assistant AG. Mr. Wainstein would also be the law enforcement world's primary liaison with the intelligence community. President Bush approved the change, Congress authorized it while renewing the Patriot Act earlier this year, and Mr. Wainstein's offices are humming with computers. All that's missing is a leader.

Mr. Levin's campaign against Mr. Wainstein flows from the Senator's obsession with the alleged but unproven "abuse" of jihadis held at Guantanamo Bay. His interest was fueled last year when emails came to light in which FBI officials had

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disapproved of the tactics of military interrogators at Gitmo. As former FBI general counsel, Mr. Wainstein's name shows up in some of the correspondence.

It's hardly a revelation that the FBI and military sometimes disagree over interrogation tactics. The FBI focuses on eliciting information that can win a conviction in court; the military wants to prevent future attacks and win on the battlefield. In any case, Mr. Wainstein had no authority over military or CIA interrogations. Mr. Levin has nonetheless barred Mr. Wainstein's confirmation until the administration gives him more classified Gitmo information. We're told Mr. Levin has received all the documents he requested but is annoyed that certain classified names and details have been redacted -- as is standard intelligence procedure.

Mr. Levin's hold on Ms. Fisher is even more bizarre. Given a recess appointment last year to run the Criminal Division, Ms. Fisher also once worked at the FBI and was mentioned in emails, including one claiming she'd attended meetings at which the Pentagon's interrogation techniques were discussed. Ms. Fisher has testified to the Senate about this, met with Senators (including Mr. Levin) in private, and answered written questions.

But this still isn't enough for Senator Ahab, who in July demanded to meet the FBI agent who wrote the email. This is a remarkable intrusion into executive authority, but in desperation the administration allowed the agent to meet with Mr. Levin and Judiciary Chairman Arlen Specter in July. The agent recalled one meeting at which Ms. Fisher was present, in which someone noted that the Pentagon was "pushing hard" to get the FBI to elicit more information from a Gitmo detainee.

The FBI agent also mentioned that he'd separately had discussions with two Justice employees about "inappropriate" Gitmo techniques. These conversations were not in the presence of Ms. Fisher, but Mr. Levin is demanding to meet with those two employees. Meanwhile, the Criminal Division is left hanging, because Ms. Fisher's recess appointment can't be extended past this Congress unless she works without pay.

Both of these nominees -- like several Pentagon targets of Mr. Levin before them -- would easily be confirmed if they'd get an up or down vote. His antics show how easy it is for a single Senator to disrupt vital operations of the executive branch, and without accountability or media coverage. In an earlier era, Senate grown-ups would have intervened to tell Mr. Levin there is a larger public good at stake. Today, Democratic Leader Harry Reid sits on his hands.

OTHER NEWS:

'Caution And Pessimism' Follow 9/11 (USAT)

By Matt Krantz

USA Today, September 11, 2006

Five years is a long time on Wall Street, except when it comes to erasing the psychological damage from the Sept. 11 attacks.

Stocks are up since then, though not by much: The Dow Jones industrial average is up 18.6% and the Standard & Poor's 500 18.9% from just before the attacks, a 3.5% annual return that's way below long-term averages.

It's impossible to know how much the terrorist attacks are to blame for the market's malaise. After all, an earnings recession started in late 2000, and the USA has just emerged from one of its worst periods of corporate fraud in at least a generation. But the attacks injected a new permanent variable into stocks: fear.

"There's a chronic sense of caution and pessimism" that didn't exist before the attacks, says Jim Paulsen of Wells Capital Management. That is showing up in:

•Depressed valuations. Heightened trepidation partly explains why investors won't pay as much for stocks, says Bob Doll, chief investment officer of Merrill Lynch Investment Managers.

Since Sept. 11, 2001, U.S. corporate profits have jumped nearly 75%. Yet that has minimal effect on stock prices, which have pushed the price-earnings ratio down. On Sept. 10, 2001, the S&P 500 traded for 23.2 times its earnings over the previous 12 months. That's sunk to 15.9. That quantifies reduced investor confidence. "The threat of terrorism is in people's minds, so it's in their investment lives," Doll says.

•Ripple effects. Since the attacks hit during a recession, it forced the Federal Reserve to slash short-term interest rates more than expected, says Liz Ann Sonders of Charles Schwab. Short-term rates hit an almost unheard of low of 1% in 2003,

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which helped inflate a housing bubble, she says. Now that bubble's deflation is haunting stocks as investors worry how consumers will be affected, she says.

•Faster reactions. Investors have learned to react more rapidly and less severely to terrorism, Doll says. When trading resumed after the Sept. 11 attacks, the S&P 500 initially tumbled 11.6% before bottoming. But investors collected themselves: The S&P was up 20.3% six months afterward. The Bali bombings in 2002 had a similar shock: The Jakarta composite index fell 10.4% at first and six months later was up 29.9%. Responses have been more muted since. The IBEX 35, FTSE 100 and BSE Sensex 30 indexes fell just 7.2%, 1.4% and 6.3%, respectively, after the 2004 Madrid, 2005 London and 2006 India bombings.

Investors realized many doomsday scenarios didn't materialize. "We now know that many of the fears …that emerged in the wake of 9/11 proved to be unfounded," Joseph Quinlan of Bank of America wrote in a report. But Sonders hopes investors aren't forgetting the risk. "With additional time without an attack, (investors) may be lulled into the sense (terrorism) may not affect them."

The Post-9/11 Economy (WSJ)

By Brian S. Wesbury

The Wall Street Journal, September 11, 2006

The terrorists of 9/11 had bigger plans than just killing people and blowing up buildings. They hoped that the attacks would send shock waves through the American financial system and severely harm the U.S. economy. In December 2001, Osama bin Laden said that the attacks had "shaken the throne of America and hit hard the American economy at its heart and its core."

The economy was already in recession on 9/11, and was theoretically vulnerable. At the time of the attacks, industrial production had fallen for 11 consecutive months, new orders for durable goods were down 8.5% from the previous year, retail sales were barely growing and the unemployment rate had jumped by a full point to 4.9%.

For the most part this recession had gone unrecognized. In July 2001, The Wall Street Journal's semiannual survey of 54 economists found only five with forecasts of negative real GDP growth. The attacks changed this quickly.

Roughly two weeks after 9/11, a Bloomberg survey found 22 out of 30 economists predicting recession. Many feared that the direct and indirect costs of security would reduce profits and productivity, consumer spending would slow sharply, deflationary pressures could worsen, and fearful businesses would lower investment, boost inventories and think more local and less global.

But someone forgot to turn out the lights. According to the National Bureau of Economic Research, the recession officially ended in November 2001, just 50 days after 9/11. Retail sales, excluding autos, were higher in October 2001 than they were in August. Real GDP expanded at an annualized rate of 1.6% in the fourth quarter of 2001, and since then has grown at an annual real rate of 3.2% -- roughly equal to the 50-year average.

What a great story: The vibrant U.S. economy takes a tremendous blow and not only remains standing, but rebounds almost immediately. A free market economy is the ultimate hardened target -- the equivalent of 65 feet of steel-reinforced concrete. The story should end right there. But, it doesn't. The markets and economy are still reverberating with the impact of that day. Not from the actual attack, but from the reaction of government agencies and private industries.

In the three months after 9/11, the Fed cut the federal funds rate four times -- three 50 basis point rate cuts and another of 25 basis points. The nominal funds rate fell from 3.5% to 1.75%, while the real rate fell from a positive 1% to a negative 1%. Before this, the Fed had already cut interest rates seven times in 2001. These cuts pushed interest rates below neutral, and with the normal lag, the economy was already responding. The final four were an overreaction that we are still dealing with to this day.

The price of gold stopped falling in early 2001, was up 8% by the time of the attacks, and since then has climbed another 124%. The dollar fell 7% against the Euro between July and early September 2001, and since then has fallen another 40%. Oil prices fell in the immediate aftermath, but have more than tripled in the past five years. Excessively accommodative monetary policy is one of the key reasons for rising commodity prices and a falling dollar.

Low rates also fueled a housing boom. With the federal funds rate eventually falling to a low of 1%, the demand for housing and the price of residential real estate rose above an already strong trend. Lately, with interest rates back up to more normal levels, the bloom is finally coming off the turbocharged housing market.

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Hotels were hammered after 9/11, and the industry pulled in its horns. Ironically, in New York City, as fears that travel would remain subdued and a gold rush into housing took hold, many hotels were converted into condos. But today, there is a shortage of hotel rooms, prices are surging, and housing demand is slowing. It is these unintended consequences that are often overlooked.

A significant reason for the Fed's sustained and absurdly accommodative policy was the fact that real business fixed investment fell for nine consecutive quarters between the first quarter of 2001 and the first quarter of 2003. This was the worst period of decline in business investment since the data were first collected in 1947.

Even though consumer spending and the housing market recovered quickly from recession and the attacks, business investment and the stock market did not. There were many reasons for this. The deflation of the late 1990s and early 2000s created massive uncertainty and undermined decision making. In addition, business didn't need new computers or software after a binge of spending to prepare for Y2K. And finally, because the tax cut of 2001 phased in lower rates over five years, entrepreneurs were encouraged to push as much activity into future, lower tax years as they could. Phased-in tax cuts always reduce growth in the early years.

But this wasn't all. The surprise terrorist attacks raised the risk level associated with business investment. While entrepreneurs thumb risk in the eye every day, 9/11 increased perceived risks and reduced perceived returns. No matter how many times the Fed cut interest rates, stocks and investments were pulled lower because the risk-reward ratio was still out of balance. Shifting it back in a positive direction could not be accomplished with monetary policy alone.

By taking the battle to the enemy in Afghanistan (in 2002) and Iraq (in early 2003), and beefing up security here at home, the Bush administration reduced the perceived risks from terrorism. CBS news polls show that the percentage of Americans who think it is "very likely" that there will be another terrorist attack in the U.S. within the next few months has fallen from 53% in October 2001 to roughly 27% in early 2003 to 17% today. With no U.S. attacks in five years, and many successful intelligence operations against terror cells, perceived risks continue to fall.

Moreover, in May 2003, scheduled cuts in marginal tax rates were accelerated, while capital gains and dividend tax rates were cut sharply. These tax cuts immediately lowered the cost of capital and raised after-tax rewards. This caused a shift in the risk-reward ratio, and business investment turned on a dime. Real business fixed investment has now climbed for 13 consecutive quarters, at an annual rate of 7%. While some say it is immoral to cut taxes and at the same time fight a war, it was these two actions working together that finally turned the entire U.S. economy around.

Many assumed that 9/11 would slow globalization, but the opposite happened. Both imports and exports had fallen in the year before the attacks, but turned around in its aftermath. U.S. imports and exports have both grown over 12% in the past year and global trade is a larger share of U.S. GDP than at anytime in at least 135 years. Productivity growth and rising corporate profits act like shock absorbers, allowing the economy to grow rapidly despite higher costs for security.

In the end, it was not the attacks, but the reaction to them that has defined the economy for the past five years. Monetary policy has a very limited ability to fix problems that are not directly related to liquidity, and often causes more problems than it cures. Much more important is for the government to get out of the way, keep tax rates low, and use our armed forces and intelligence capabilities to protect America. A capitalist economy, as long as it is kept free, is the ultimate hardened target.

Mr. Wesbury is chief economist of First Trust Advisors L.P. in Lisle, Ill.

IMF Report Urges US To Raise Petrol Taxes (FT)

By Carola Hoyos, Javier Blas, Kevin Morrison

Financial Times, September 11, 2006

The US, the world's biggest energy consumer, should use the opportunity created by the recent drop in oil prices to raise petrol taxes, according to the International Monetary Fund.

This would prevent pollution and the wild swings in oil price that jeopardise world economic growth, the IMF said in a report to Group of Seven finance ministers meeting this week in Singapore. In the report, which was seen by Expansion, the FT's sister paper, the IMF argued that low prices at the petrol pump "encouraged excessive consumption with adverse environmental implications".

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The measure was unpopular among oil ministers of the Organisation of the Petroleum Exporting Countries meeting in Vienna on Sunday. They are already seeing signs of changes in consumer behaviour, such as the trading in of "gasoline-guzzlers" for newer, more efficient vehicles. US sports utility vehicle sales fell 14 per cent in August, while sales of compact cars were up 18 per cent.

The ministers are for the first time in two years beginning to voice concern that the demand slowdown could lead to a price slide that would hit the record profits they have enjoyed since 2003. Nevertheless, they are likely to postpone any reduction in their supply until the end of the hurricane season.

Last year, hurricanes Katrina and Rita smashed into the Gulf of Mexico, the centre of US oil and gas production and refining, driving oil prices to new highs.

Ali al-Naimi, Saudi Arabia's oil minister and Opec's most powerful member, said in Vienna: "Inventories are very comfortable, prices are coming down and nobody is concerned about a shortage of supply. This is nothing more than the reflection of Opec, and Saudi Arabia in particular, showing that they care about the interests of the world's economic growth, and particularly the economic growth of developing countries."

Edmund Daukoru, Nigeria's energy minister and Opec's president, voiced more serious concerns: "We need to review it [the oil price]. We do not know how much further it can go. I am very concerned."

Since mid-July, oil prices have fallen more than $10, or 16 per cent, with Brent oil futures ending last week at $65.33 a barrel. Oil prices fell to a five-month low on Friday. Traders attributed the drop to fear that US economic growth was slowing, a cooling in tension between the west and Iran over its nuclear ambitions, a lack of hurricanes in the Gulf of Mexico region and an end to the US summer driving season.

¦Production-sharing agreements with international oil companies were the best way to increase Iraq's oil production, Barham Saleh, the country's deputy foreign minister, said yesterday at a United Nations- and US-sponsored conference to boost donor aid to the country, writes Steve Negus. "We need to engage with the major oil companies who will bring in investment as well as technology," Mr Saleh said on the sidelines of the International Compact for Iraq talks in Abu Dhabi.

At OPEC, Some Worry As Oil Prices Start Falling (NYT)

By Jad Mouawad

The New York Times, September 11, 2006

VIENNA, Sept. 10 — What a difference a few weeks can make. As OPEC ministers prepare to meet here Monday, the question on their minds is not how high oil prices will rise, but how far they may drop.

Crude oil prices have fallen more than $10 a barrel in the last month, driving down the retail price of gasoline and providing some relief for consumers. While energy prices remain high, they have not risen to the heights that many analysts had feared, in part because of a light hurricane season this summer, the cease-fire between Israel and Hezbollah, and the fact that the United Nations has not imposed sanctions on Iran.

While there is no sense of urgency about oil price increases, some members of OPEC are beginning to express anxiety about further price declines. Nigeria's representative, Edmund Daukoru, who currently holds the rotating presidency of the group, said Sunday, "I am very concerned about the drop in prices. We do not know how much further they can go and we need to review that in depth."

Others are more optimistic. Ali al-Naimi, Saudi Arabia's oil minister, said on Saturday, "Demand is very well satisfied — you read the numbers, you see the inventories rising. I think the market is very comfortable and very well supplied. We are very happy with the situation."

Members of the Organization of the Petroleum Exporting Countries account for 40 percent of the world's oil exports, and they have been pumping at maximum capacity over the last year in an effort to drive down prices.

It is unlikely that the OPEC ministers will alter at Monday's meeting their current policy of keeping markets well supplied with oil. But some of them are beginning to think about whether to cut output next year, an effort that would be aimed at keeping prices from declining further.

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One consideration is that a sharp infusion of new energy supplies is expected to hit the market from producers outside of OPEC. The biggest increases are likely to come from African producers like Angola, from Russia and from Caspian nations, and from unconventional sources of fuel like ethanol, biodiesel or liquefied gases.

"OPEC will have to cut supplies at some point, it's a no-brainer, but not until new supplies come on the market," said Deborah White, an energy economist with Société Générale in Paris. "There were forecasts for substantial non-OPEC supplies for 2005, but everything is running late and behind schedule."

She added, "The only thing OPEC is capable of doing is setting a floor for prices, but not a ceiling."

Like most oil producers, OPEC's 11 members have struggled to catch up with rising demand in the last two years. For some, production has dropped because of armed conflicts, like those in Iraq and Nigeria; for others, lower production has stemmed from restrictive policies at home, as in Iran and Venezuela.

Still, oil prices have dropped. Crude oil futures on the New York Mercantile Exchange fell on Friday to their lowest level in five months. The light, sweet crude contract for October delivery closed at $66.25 a barrel.

Oil markets seem to have evaded predictions that the price would rise to $100 a barrel, but they remain at the mercy of sudden production interruptions. The hurricane season is only at the halfway point, the United Nations may still agree to impose sanctions on Iran, and Nigeria's output remains crimped by violence in the Niger Delta region.

Oil traders have recently been encouraged by signs that the physical market — actual barrels that are traded — is oversupplied, helping bolster fuel stockpiles in the United States to higher-than-average levels and helping to push prices down. Commercial stockpiles of crude oil and products are 6 percent higher today than they were last summer.

Greg Priddy, an analyst in Eurasia Group's Global Energy practice, said: "We've had two sets of factors moving in opposite directions: fundamentals are pulling the market down a little. But the political issues like Iran and Nigeria are still around."

At a meeting in June 2005, OPEC set an official quota of 28 million barrels a day for all its members except Iraq, which has not had a production target for years. Since then, the group has met five times without changing its output goal.

OPEC members are currently pumping about 27.8 million barrels of crude oil a day, 200,000 barrels less than the quota. With Iraq, the group's output is closer to 30 million barrels a day.

As a group, OPEC failed to anticipate the rapid growth in consumption from China and the United States, an oversight that contributed to a sharp increase in energy prices. Production disruptions in Alaska and the Gulf of Mexico, and geopolitical tensions in the Middle East, have increased fears of supply shortfalls in the global energy markets.

But just a few weeks ago, oil analysts and forecasters were issuing bleaker predictions still. The Atlantic hurricane season was expected to be as bad as last year's; Iran, a top oil producer, was defying the United Nations over a nuclear research program; and BP was forced to shut down a major field in Alaska because of a pipeline leak.

Then there was a monthlong war in the Middle East, which sent oil prices spinning to their highest levels in three decades, almost $80. Gasoline prices soared in the middle of the driving summer season.

But just as suddenly, the bubble seems to have deflated.

So far, there has been only one major hurricane, compared with six at the same time last year, including Hurricane Katrina, which flooded New Orleans and shattered the offshore oil infrastructure in the Gulf of Mexico. The war between Israel and the Hezbollah in Lebanon stopped last month without escalating into a regional conflict. And the prospect of sanctions against Iran seemed further off Sunday, as Iranian and European negotiators appeared to make some headway in their discussions, which are also taking place here.

Of course, oil prices have tripled in the last five years. But when adjusted for inflation, prices have yet to reach records from the 1970's, which would translate into more than $90 a barrel in today's prices.

Regular gasoline averaged $2.68 a gallon last week, an 11 percent drop from last month, according to the Energy Department.

OPEC, Vexed By Price Drop, To Debate Response (WSJ)

By Bhushan Bahree And Steve Levine

The Wall Street Journal, September 11, 2006

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VIENNA -- OPEC's ministers were struggling Sunday to ascertain whether the $10-a-barrel slide in the price of crude oil in recent weeks has been the result of excess supply or simply a correction in a frothy world market. The outcome of this debate will determine whether the cartel acts to curb output, even if informally, in an attempt to prevent the price decline from turning into a rout.

The formal meeting of the Organization of Petroleum Exporting Countries starts Monday, and several of the cartel's ministers have said they don't expect a formal decision to lower the group's production ceiling. But they have also expressed concern about falling prices.

"We have to look very, very carefully at what's going on with prices," said Edmund Daukoru, OPEC's president and Nigeria's oil minister. "It's time to look at things. ... We have been producing with no regard to our quotas."

In a development Sunday that could lead to a further decline in crude-oil prices, an Iranian official said the country is willing to suspend its development of enriched uranium temporarily while talks proceed over the country's nuclear program. Analysts say that the prospect of Iran developing nuclear weapons has been among the factors driving up crude-oil prices in recent months. "The fears of a disruption to Iran's oil supply is receding as Iran softens its position in the nuclear talks," said Roger Diwan, an analyst with PFC Energy, a Washington-based consultant firm.

OPEC officials and industry analysts say that the cartel has been producing below its ceiling of 28 million barrels a day for months because there simply hasn't been demand for more.

Some OPEC officials say cartel members are prepared to continue letting their output fall informally if price declines and market dynamics further reduce demand for oil. Such action, they say, is preferable to a formal decision to reduce quotas. That is because a move to formally reduce output quotas could invite a backlash from consumer countries. A barrel of crude oil is still fetching close to $67 a barrel in New York, triple what it was three years ago, at a time when economic growth is slowing in the U.S., which consumes about a quarter of the world's petroleum.

Oil prices have been falling fast, in part because many recent supply fears have proved to be unfounded. These have included a wider conflict in the Middle East, possibly involving Iran, OPEC's second-largest producer; violence in Nigeria and Iraq; and the hurricane season in the Gulf of Mexico. Also, demand for crude oil tends to dip around this time of the year as refineries enter a maintenance period to prepare for a changeover to winter-specification fuels. But extraordinary events, like last year's hurricanes that devastated production facilities in the Gulf of Mexico, resulted in price surges during what would otherwise be the trough before a surge in demand for oil for winter use in the Northern Hemisphere.

For the week, crude for October delivery fell 4.2%, or $2.94 a barrel, to end at $66.25 on the New York Mercantile Exchange on Friday. That was the lowest since April 4, and well below the intraday high of $78.40 a barrel recorded July 14, when fears of a wider Middle East conflict were seen as threatening supplies from the Persian Gulf region, the world's richest oil province. At Friday's closing level, crude oil is up $5.21 a barrel, or 8.5%, year to date.

OPEC members "are facing a dilemma," says Vera de Ladoucette, head of Middle East Research at Cambridge Energy Research Associates. "They don't know what part of the price decline relates to the fear premium and what part is due to the fundamentals" of oil supply and demand, she said on the sidelines of discussions here.

Technical analysts inside the cartel argue that prices confirm the market is oversupplied with oil, with excess crude swelling commercial inventories world-wide. This assessment suggests OPEC ought to tighten the spigots some. But a decision to do so rests with the ministers, who have to take a wider view of the response to any formal action on their part.

For Democrats' Hopes, Less Promise In New York (NYT)

By Raymond Hernandez

The New York Times, September 11, 2006

In a year when Democrats hope to take control of the House of Representatives, New York would appear to be fertile ground for toppling Republican incumbents. Democrats have a statewide edge in enrollment, and a popular incumbent, Senator Hillary Rodham Clinton, is at the top of the party's ticket.

In fact, just a few months ago, Democrats envisioned significant gains in New York, perhaps picking up as many as four seats, possibly even five. But that goal now seems increasingly remote, and there is an emerging consensus among political

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analysts that the party's best chance for capturing a Republican seat is the battle to succeed Representative Sherwood L. Boehlert, one of the most liberal Republicans in Congress, who is retiring.

At the same time, the Democratic Congressional Campaign Committee plans to spend roughly $50 million on advertisements for races around the country, according to Republican estimates. But none of that money has been set aside for New York races, except for Mr. Boehlert's seat in the 24th District in the Utica area, according to Democrats involved in the races.

The shifting local fortunes for Democrats could have serious political implications beyond New York. The party needs 15 seats to take control of the House. Even one victory in New York would be an important step toward that goal, giving the Democrats a cushion if they lose elsewhere in the nation.

The situation in New York is particularly surprising given the state's reputation as a Democratic bastion. National and state party officials have spent months trying to create buzz around those races. But Republican incumbents, in New York and elsewhere, have been trying to shift the focus of the races away from hostility toward the Bush administration to more local concerns, like the potential loss of federal aid to their districts if they lose veteran congressmen.

Representative John E. Sweeney, one of the Republican incumbents, said the situation in New York demonstrated the drawbacks of the Democratic effort to present the midterm elections as a national referendum on President Bush and the policies of Republican leaders in Washington. "Congressional races are local," he said. "There can be superseding events like Watergate. But those are rare. These races really are a referendum on the people running."

In addition — and perhaps most important — the incumbents in New York are benefiting from being in legislative districts drawn to keep the Republican incumbents in place.

The Democrats' inability to gain traction can be measured in the fund-raising disparity between them and Republicans, and is reflected in interviews with strategists in both parties and independent analysts. The national party assesses the strengths of a campaign according to several factors, including the ability of candidates to raise money on their own and their standing in polls.

Some Democrats argue that national party leaders are making a strategic mistake by not being more aggressive in contesting Congressional seats early in a heavily Democratic state like New York. This year in particular, strong campaigns by Eliot Spitzer and Mrs. Clinton, who are both expected to win primary races tomorrow by wide margins, could help generate a huge Democratic voter turnout on Election Day.

Dan Maffei, a Democrat running against Representative James T. Walsh, a Republican representing the Syracuse region, argued in a recent interview that the national party should do more to help him and other Democrats challenging potentially vulnerable incumbents in New York. He said that such support would, if nothing else, give Democrats a strategic advantage in the larger battle for the House and force national Republicans to allocate resources that they otherwise plan to use to defend Republicans elsewhere in the country.

The Congressional campaign committee "needs to be contesting in more districts," Mr. Maffei said.

"If you open up this front," he said, "the Republicans will have to defend it."

Among the seats Democrats have hoped to capture is the Albany-area seat held by Mr. Sweeney, a four-term Republican who has come under criticism for his ties to lobbyists. Kirsten Gillibrand, the Democrat trying to unseat him, also argued that Democratic leaders in Washington ought to be aggressively expanding the map by stepping in with financial support for races like hers.

The campaign committee should "invest in a range of races in a range of districts so it can come up with a winning combination on Election Day," Ms. Gillibrand said, though she noted that national party leaders had lent support by, for example, helping her raise money.

Representative Charles B. Rangel, a Harlem Democrat who is the dean of New York's Congressional delegation, said he understood the strategy of national Democratic leaders, given the limited amount of money the party has. But he expressed hope that more money would pour into New York as some races tightened.

In the meantime, he said, the unusually high level of public unhappiness with the direction of the nation works in favor of Democratic challengers, as long as they have enough money to keep their campaigns running. "It is just as important as money," he added.

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Some Democrats say nothing should be read into the fact that the House Democrats' campaign committee has not begun investing heavily in New York races, noting that it is still early in the fall campaign season and that national Democratic leaders have offered support by making campaign appearances with the challengers and helping them raise money.

"We continue to feel great about our opportunities in New York and even more so than we did a couple of months ago," said Bill Burton, a spokesman for the Democratic Congressional Campaign Committee.

Independent analysts say that several factors make New York an especially difficult place for challengers. The state has 29 House seats, and 9 are held by Republicans, most in upstate areas where districts have been drawn to give Republicans a significant edge, countering increasing Democratic enrollment in the state.

The situation in New York contrasts with the political dynamic elsewhere in the Northeast, a heavily Democratic region that is central to the party's plans for wresting control of the House. In Connecticut, for example, two Republican seats are being fiercely contested in races described as toss-ups. Republican incumbents are also facing stiff challenges in a handful of other states, including Pennsylvania, Indiana, Ohio and Florida.

Amy Walter, an analyst of House races for the nonpartisan Cook Political Report, said that independents would not play nearly as crucial a role in New York's Congressional races as they do in states like Connecticut and Pennsylvania because New York's districts tend to be heavily Republican.

"New York is a tougher place for Democrats than other parts of the Northeast," she said.

The Gillibrand-Sweeney contest in the 20th Congressional District outside Albany underscores the challenges that Democrats face in New York.

Ms. Gillibrand, a lawyer, has been a strong fund-raiser, taking in nearly as much money as Mr. Sweeney. And she and her advisers have run a tenacious campaign, generating headlines by exploiting some of Mr. Sweeney's actions, including a $2,000-a-person "Skiing With Sweeney" weekend getaway he organized that was attended by lobbyists at a resort in Park City, Utah. Mr. Sweeney denied doing anything improper. A spokeswoman said that a lobbyist involved with the trip represented two companies that employ more than 2,000 people in the congressman's district, and that Mr. Sweeney had discussed economic development efforts with him.

But for all that, Ms. Gillibrand appears to have a long way to go in a district where there are nearly 100,000 more Republicans than Democrats. A recent poll released by the Siena Research Institute showed Mr. Sweeney with a 19-point lead.

The Sweeney-Gillibrand race shows how Republicans have deliberately focused on local circumstances and personalities rather than on national issues, at a time when President Bush continues to show weakness in the polls around the country.

For example, one advertisement that the Sweeney campaign began airing in June talks about the congressman's "humble roots" in Troy, a blue-collar city in the district, and describes his father "as a union guy who worked three jobs." Fittingly, the advertisement is called "The Kid From Troy," and it concludes that Mr. Sweeney's rise to Congress is nothing short of a "New York story about America's promise."

Ms. Gillibrand, whose campaign released a poll showing Mr. Sweeney ahead by a smaller margin, sought to play down the significance of polls showing her far behind and predicted that the Democrats' campaign committee would begin funneling resources into her race as she closed in on Mr. Sweeney.

"In the abstract, this is not an obvious race," she said. "But I have made the case from the beginning that this race is winnable because of the changing nature of our district, the voting record of John Sweeney and the strength of our campaign."

Republicans say another reason for the situation shaping up in New York is that their party's incumbents quickly turned their attention on potential challenges to head off serious problems later.

For example, two Republican incumbents in New York, Mr. Walsh and Mr. Sweeney, began running advertisements in June, long before the traditional start of the campaign season, on Labor Day.

Even Thomas M. Reynolds, a Buffalo-area congressman who is the chairman of the National Republican Congressional Committee, weighed in with advertisements of his own, in late July, apparently to head off attacks from his Democratic challenger, Jack Davis, a multimillionaire businessman.

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"The G.O.P. incumbents recognized the difficult environment early on and mobilized to beat back their challenges early," said Carl Forti, a spokesman for the National Republican Campaign Committee. Mr. Reynolds has been highlighting his ability to deliver federal aid to the economically struggling region.

Democrats say there is plenty of time for challengers to close any gaps. To that end, one prominent liberal group, MoveOn.org Political Action, is running advertisements attacking Mr. Sweeney and John R. Kuhl Jr., a first-term Republican from the Corning area, as part of a national campaign to help Democratic challengers who are in so-called second-tier races: contests that have the potential to become competitive but are not considered competitive yet.

The seats that the Democrats had identified as enticing targets include those held by Mr. Sweeney, Mr. Kuhl, Mr. Walsh, Sue Kelly of Westchester, and Mr. Boehlert. State Senator Raymond A. Meier, a Republican, and his Democratic opponent, Michael A. Arcuri, the Oneida County district attorney, are fighting for the seat that Mr. Boehlert is vacating.

The Democrats have also had their eye on Mr. Reynolds, who in 2004 won with 56 percent of the vote over Mr. Davis, who has vowed to spend $2 million on his campaign this year.

Americans Likely To Vote Their Wallet (WT)

By Donald Lambro

The Washington Times, September 11, 2006

Several polls show that the No. 1 issue heading into the election season is not the war in Iraq or the terrorist threat, but the performance of the U.S. economy, which has gotten poor marks from voters despite steady growth and lower unemployment.

But pollsters conducting election surveys for Republicans say persistently sour voter attitudes about the economy have begun to improve recently, partly because of last week's sharp decline in oil and gasoline prices.

"We're seeing that as gas prices have come down, attitudes about the direction of the economy have improved," pollster David Winston said.

Voter concern over the top two or three issues has risen or fallen in tandem with progress in the war in Iraq, the cost of oil and gas and news about the foiled terrorist plot in London. For much of the year, the top three issues -- Iraq, terrorism and the economy -- jockeyed for first place.

But as the political battles over Iraq and the war on terrorism were ratcheted up by President Bush and the Democrats in recent weeks, polls showed that Americans were more concerned about the economy and pocketbook issues closer to home.

A CNN/Opinion Research poll of 1,004 Americans taken Sept. 4 and 5 showed that 28 percent said the economy would be the most important factor in their congressional vote this November, followed by Iraq at 25 percent and terrorism at 18 percent. Moral issues (15 percent) and immigration (14 percent) were fourth and fifth, respectively.

That poll showed voters giving the economy failing grades, with 56 percent rating it "poor" overall, compared with 44 percent who called it "good."

A Fox News/Opinion Dynamics poll of 900 registered voters taken Aug. 29 to 30 reported similar results. When asked which issue would be most important for their vote, 23 percent said the economy, compared with 14 percent who said Iraq and 12 percent who said terrorism.

When gas prices began to climb in the summer driving season, voter complaints about the economy climbed, too.

"Those are the two top issues now, Iraq and the economy," Mr. Winston said. "Those are the two areas that are leading people's concerns."

But with oil prices down from more than $70 a barrel a few weeks ago to $66 at the end of last week, and gas prices falling to an average of $2.68 a gallon for regular -- and to as low as $2.40 in places such as Ohio -- there was growing speculation among Republican strategists that if prices continue to fall, the political climate would improve for the party's candidates.

"Gas prices is one of those issues that is very important as long as they are high," Michigan pollster Steve Mitchell said. "But when they drop, the issue falls off the radar screen."

Mr. Winston said he is seeing movement in the polls as a result of lower gas prices.

"The more positive views people have of the economy, the more favorable the environment is for Republicans," he said.

The Terrorism Card (USNEWS)

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By Dan Gilgoff

U.S. News and World Report, September 11, 2006

What a difference two months can make. In late June, the U.S. Supreme Court dealt two major blows to President Bush's strategy in the war on terrorism, ruling that the military tribunals his administration established to try al Qaeda suspects was unconstitutional and that the Geneva Conventions' standards for prisoner treatment applied to suspected terrorists in U.S. military custody, a view at odds with the White House. Last week, in announcing that his administration would reverse course and meet those demands, the president-to the surprise of almost everyone in Washington-appeared to score a political victory, at least for the moment.

Bush's call for Congress to pass legislation authorizing a revised version of his military tribunals succeeded not only in co-opting the last congressional session before the midterm elections; it came in a speech in which the president disclosed that CIA interrogations in secret prisons abroad had foiled a series of deadly terrorist plots. The revelations raised the specter of more attacks just two months before the midterm elections, playing to one of the only political advantages Republicans have left. On the same day, the Defense Department announced that all detainees in U.S. military custody would now be treated in accordance with the Geneva Conventions, depriving Bush critics of a main attack line. "The White House just gave all Republican congressmen exactly what they need," says GOP strategist Scott Reed. "Every time you see mug shots of those [terrorists], it reminds people that Republicans are on the offensive, and that Democrats don't have a plan."

GOP control. It also reminds the country that, as it marks the fifth anniversary of the September 11 attacks this week, another anniversary looms: the third national election in which the GOP hopes to maintain control of Washington by arguing that it will provide Americans with more security than the Democrats. "Terrorism is not at the top of people's minds day in and day out," says Frank Newport, editor-in-chief of the Gallup Poll. "Republicans are trying to drive it to the fore of public consciousness." The campaign includes Bush's request late last week for congressional authorization of the NSA's warrantless wiretapping program, and even the launch of a new anti-Democrat online newspaper called America Weakly, paid for by the Republican National Committee. With the president's approval rating under 40 percent and a majority of Americans continuing to view the Iraq war as a mistake, the Republicans have little choice but to turn their focus to terrorism, where 42 percent of Americans think the GOP is stronger, compared with 34 percent for Democrats.

But Democrats say the Republican national security campaign, which Senate Minority Leader Harry Reid summed up as "fear, fear, fear, and more fear," won't yield the benefits it did in 2002 and 2004. Even as Democrats pledged cooperation on tribunals legislation, they upped the ante and claimed that they are in fact stronger than their opponents on security issues, framing the Iraq war as a distraction from the war on terrorism. Last week, party leaders distributed a report alleging that Bush has made the country weaker and called for implementing more 9/11 commission recommendations. Democratic pollster Stan Greenberg says last week's White House offensive was another instance where "they get a few points bump up, and then the reality of Iraq ... sets back in, and their numbers go back or even worsen."

Why Bush's Security Pitch May Not Work This Time (TIME)

By Mike Allen

Time, September 11, 2006

Thirty-five minutes after President Bush finished his surprise East Room announcement last week about plans for prosecuting some of the world's most prominent terrorists, White House and Republican officials convened a conference call of conservative TV pundits and other allies, and later of state party leaders around the country. A participant said listeners were urged to spread the word about the aggressive speech "by talking about it in the context of the election." The message: Republicans are strong, and Democrats are weak. The White House strategy isn't subtle. With Republicans worried about losing the House and conceivably even the Senate in November, the President is taking a big gamble that an unflinching focus on national security will be his party's political salvation. That approach helped Bush defy history in 2002 when the Republicans, the party in power, avoided midterm losses. Two years later, his re-election rode largely on reminding Americans that they were a nation at war. But will the gambit work one more time? Many Republicans harbor doubts, and a few dissenters are even steering clear of the President and his game plan. One problem with rerunning an old play is that the opposition figures out how to thwart

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it. Democrats, having largely steered clear of national-security issues in the 2002 and 2004 campaigns for fear their war reservations and civil-liberties concerns would brand them as effete, are embracing the topic, and they appear to have found their voice with a steady insistence that Iraq has been mishandled. Thus, for the first time in the five years since 9/11, national security is a jump ball.

Recognizing the stakes for his legacy and his party, Bush is dropping into key states and districts with a schedule so ferocious, he seems to be running for a third term. Retreat from his Iraq policy, he has argued, would mean that some 2,660 American soldiers "have given their lives for nothing." In an effort to convince an increasingly skeptical public that Iraq is a critical part of the broader war on terrorism, the Administration has declassified letters, videos and audiotapes of top al-Qaeda members talking about Iraq, including a message from Osama bin Laden in which he calls Iraq a "war of destiny between infidelity and Islam."

Deputy White House chief of staff Karl Rove, the architect one last time, says he is confident that voters will buy the President's message. "Given a choice between doing the job and walking away, they will want to do the job," Rove tells TIME. "Given a choice between winning and losing, the American people will always pick winning." But the trouble for Bush is that, at the moment, lots of folks think he lacks a winning formula. In a TIME poll last month, 63% of those surveyed disapproved of the President's handling of the Iraq war, and the figure was 51% for the war on terrorism. What's more, 54% thought the Iraq engagement was hurting U.S. efforts to combat terrorism.

Other polls have shown Bush losing security moms, NASCAR dads and plain ole Southern women--all groups that were tent poles in the coalition that re-elected the President. Voters cite a large stew of concerns, including gas prices and immigration. But political consultants say they find the sourness grounded in the war. "It's the only issue that matters," says a strategist working closely with the White House.

The issue is poisonous enough to have provoked a revolt by a few imperiled Republican candidates, who either have refused to follow the White House advice to beat the war drums or are modifying it drastically to try to save their skin. Representative Tom Reynolds of New York, chairman of the House Republican campaign committee, says that local issues are more important than national security. "The national media always asks, 'What's your national issue?'" says Reynolds. "We don't have a national issue." At least, that's his hope. Most of the Republicans in tough races who distance themselves from Bush do so subtly, by not inviting him in to campaign, for instance. Not so Mike Fitzpatrick, a Representative facing stiff opposition in Philadelphia, who sent out a mailer last month blaring "Mike Fitzpatrick to President Bush: 'America needs a better, smarter plan in Iraq.'"

Democrats, of course, agree. The G.O.P. has scourged the opposition as the party of cut and run, but that tack is of limited value when the Democratic leadership has reined in calls by members for a prompt withdrawal from Iraq and when most Americans no longer support the war. In any case, the Democrats are now playing offense on Iraq. The home page of Diane Farrell, a Democrat seeking to unseat Representative Christopher Shays in Connecticut, features a calculator for the cost of the war in Iraq that updates second by second--$313 billion and counting. In a crucial seat in New Mexico, challenger Patricia Madrid bought a TV ad chiding the incumbent, "Heather Wilson is on the Intelligence Committee, but she never questioned George Bush on the war--and she never said a word about how we've spent $300 billion there."

And it's not just Bush's handling of Iraq that Democrats are targeting but also the larger war on terrorism. Democrats have begun to echo a message template e-mailed to them by party leaders: "President Bush and his Republican Congress have not learned the lessons of 9/11 and, as a result of their failed policies in Iraq and in the War on Terror, America is less safe."

This is where the White House does not want Democrats to get traction. If Bush's Iraq policies are a tough sell with voters, at least he has enjoyed credibility as a terrorism fighter overall. During the summer, Republican consultants watching focus groups of married women with children, a sector that strongly supported Bush's re-election, found that the mothers often asked questions about Iraq like "Does this go on forever?" But if the women were reminded of Iraq in the context of a war on terrorism--say, by being shown a video of a plane flying into the World Trade Center--their opposition waned.

Which may help explain why the White House so excitedly trumpeted Bush's announcement last week that the Administration was transferring 14 high-profile al-Qaeda terrorists to the U.S. prison at GuantÃ¡namo Bay, Cuba. Bush had to acknowledge that the 14 had been held in secret CIA facilities in undisclosed locations, a fact that had been reported and had

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generated international controversy. But the value for the Administration in bringing these men into the light was to remind Americans of the very real enemies they face.

In the same speech, the President asked Congress to pass an Administration bill allowing the Pentagon to try the 14 before military commissions that would replace the tribunals Bush originally set up, which were struck down by the Supreme Court in June. The bill also spells out specific acts that U.S. interrogators of terrorists are banned from committing--such as torture, murder, rape and infliction of severe physical or mental pain--and by design, some legal scholars say, permits anything else.

If the idea was to dare Democrats to oppose those counterterrorism measures, they were on to the trick. In a private memo to Senate Democratic leader Harry Reid on Jan. 31, his staff laid out the danger in mounting too aggressive a criticism of the freshly disclosed National Security Agency's espionage program: "National security issues are the only issues propping up President Bush. Democrats in general cannot permit themselves to be characterized as being weak on terrorism. We must make it clear that Democrats believe the terrorist threat must be dealt with forcefully and effectively." With that in mind, Democrats were largely quiet about Bush's calls for legislation. Instead, they let Republican Senators argue about it among themselves. "This time we're not taking the bait," declared a Democratic aide.

That took the air out of Bush's premature October surprise. Anyway, an October surprise isn't much use in September. And between now and the November voting, Bush is likely to find that opportunities for spinning news about terrorism, which tends to help the Republicans, will come up less often than bad news about his millstone, Iraq. The day after his East Room talk, at least 45 people died in violence in Iraq. It wasn't even a particularly bad day. With reporting by Perry Bacon Jr., Massimo Calabresi, Karen Tumulty/Washington, Pat Dawson/Billings, Rita Healy/Denver, Christopher Maag/Cleveland, Eli Sanders/Seattle

Fight To The Finish (NSWK)

By Jonathan Darman And Evan Thomas

Newsweek, September 11, 2006

Candidates for the November elections usually campaign flat-out in the week after Labor Day. Jim Webb, Democratic nominee for the U.S. Senate from Virginia, took off to hang out with a bunch of 20-year-olds on a Marine base in North Carolina, to drink beer, make small talk and wait. He was not on holiday: one of the young men was Webb's son, Jimmy, 24, a lance corporal in the Marines who was about to ship out to Iraq. "I had to clear my schedule and clear my head," says Webb. "I just wanted to be with my son."

Webb is not a normal politician. He is a warrior, with the medals (a Navy Cross, a Silver Star, two Bronze Stars) and the wounds (shrapnel in his head, back, left arm, kidney and left leg) to show for it. He comes from a family that has fought in America's wars back to the Revolution. An ancestor rode with Nathan Bedford Forrest in the Civil War; Webb's father was an Air Force pilot in World War II. Webb has been preparing his own son for war since childhood. The two have walked battlefields from Antietam to Shiloh to Verdun to Webb's own "fields of fire" in Vietnam. Webb hates the Iraq war and is now running against it, but he taught his son the family code: soldiers do their duty, regardless of whether the politicians who lead them into wars are right or wrong. Jimmy understands, says Webb, "because he's part of a continuum. My family has always done this."

Webb's decision to become a politician could be an answered prayer for the Democratic Party. Ever since Vietnam, Democrats have been bedeviled by charges that they are "soft" on national security. GOP operatives now jeer at the Democrats as "Defeatocrats." And last week, as President George W. Bush delivered a flurry of speeches staking out security as the centerpiece of the fall campaign, the Republican National Committee launched a Web site called America Weakly, aimed at undermining voters' confidence in the opposition party. But with polls showing some of the highest levels of antiwar sentiment since Vietnam—with roughly three out of five Americans saying that they disapprove of President Bush's handling of the Iraq war—the Democrats have a chance to recapture Congress, if only they can overcome the perception that they are somehow weak. The war may dominate the 2008 election as well: voters overwhelmingly cite Iraq over the economy as the No. 1 priority for the next president.

John Kerry was a genuine war hero, but in 2004 he was pilloried for growing his hair long and attending peace rallies with the likes of Jane Fonda. No one is going to "Swift Boat" Jim Webb. During Vietnam, he scorned antiwar protesters with the same contempt he shows today for so-called chicken hawks, the neocons who never served in the military but were all for invading Iraq.

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Webb refuses to speak of sending "forces" into combat. To Webb, they are soldiers who have lives and families to live for. Webb's opponent, incumbent GOP Sen. George Allen Jr., plays the good-ole-boy superpatriot. With his cowboy boots and swagger, he is a reasonable facsimile of George W. Bush. But next to a hardened combat veteran like Webb, he can seem like a tough-guy wanna-be.

Webb's electoral chances went from long shot to medium shot a month ago after his opponent blundered by referring to one of Webb's supporters, an Indian-American college student, as a "macaca," a racially offensive term that refers to a genus of monkey. But Webb must contend with some serious liabilities. As with most other Democratic candidates, he has yet to find a way to express his opposition to the Iraq war that does not sound as if he is either (a) advocating a policy of "cut and run," or (b) complaining and criticizing but offering no clear way out. Stiffly refusing to pander on the stump, Webb tends to ramble on, describing nuances and complexities. "He's never run for office before, and you can tell," says Larry Sabato, director of the Center for Politics at the University of Virginia. "He doesn't know how to give a speech. He seems incapable of comparison campaigning, much less negative campaigning." Way behind Allen in fund-raising, Webb lacks Allen's common touch. Walking around a street fair in Salem, Va., last Saturday, Webb had to be formally introduced to each voter.

In his brooding intensity, he can seem haunted. In Vietnam, 56 members of the platoon Webb commanded were killed or wounded. Webb threw himself in front of a grenade to save one soldier (his badly infected wound finally forced him to resign from the Marines). Webb seethed when he returned to civilian life, and never forgot those veterans who had turned against the war. In 1984, Webb was working with a group involved in building the Vietnam Veterans Memorial. Webb met with sculptor Frederick Hart, who had been an antiwar protester. As Hart walked into what was supposed to be a friendly session, Webb sneered, "Welcome to the other side of the picket line, motherf---er." (Webb says he was joking with Hart, a close friend, about a conflict over the design of the memorial.) Webb has mellowed, sort of. He won't overtly criticize men, like Allen, who didn't serve in Vietnam. (Allen had a student deferment.)

But it was Allen's obtuseness about the Iraq war that drew Webb into politics. Webb was an early opponent of invading Iraq. He had opposed the 1991 gulf war because, he said at the time, he was worried that American troops could get bogged down in a long occupation if they pushed on to Baghdad. In a speech at a Naval Institute conference in 2002, he warned that invading Iraq would be a "strategic blunder," a distraction from the war on terror and a potential quagmire for U.S. soldiers. At about that time, Webb met with Allen to press his senator to oppose an invasion. According to Webb, Allen responded, "I feel like you're asking me to be disloyal to my president." (Allen's office confirmed the meeting but declined to comment on a private conversation.)

Webb began thinking about opposing Allen's 2006 re-election bid. At the time, he was writing a book about the warrior tradition of his kinsmen, the Scots-Irish who settled Appalachia and have been disproportionately represented in America's bloodiest battles. Their hero was Andrew Jackson, and Webb regarded Old Hickory as a soldier-statesman role model.

Webb had been a Democrat until, as he puts it, "Jimmy Carter made me a Republican" by appearing weak on foreign policy. Webb went back into government service in the Reagan administration, first as an assistant secretary of Defense for reserve affairs, then as secretary of the Navy. Among his causes was stripping away combat decorations from veterans who had not demonstrably earned them. He quit the Pentagon after two years rather than going along with a diminution in the size of the 600-ship Navy.

Webb was already a cult figure at his alma mater, the U.S. Naval Academy. He charged that academy officials were promoting academics over physical toughness and wrote a defiant Washingtonian magazine article, "Women Can't Fight," after the Academy went coed in the late 1970s. Friends say Webb can seem a little defensive when he launches into a long explanation of why he lost the Academy boxing championship to a fellow midshipman, a mauler named Oliver North, back in 1967.

Webb is something of a literary figure as well as a Hollywood screenwriter. His Vietnam roman à clef, "Fields of Fire," was widely praised; among his books is a brilliant historical novel, "The Emperor's General," about Gen. Douglas MacArthur's running of postwar Japan. Now Allen is trying to portray Webb as a dilettante. "Are we going to choose someone who's spent the last 20 years in service to the state of Virginia as governor and senator? Or do we choose someone whose priority has been writing novels and hanging around Hollywood?" Allen asks.

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The GOP's overall strategy to preserve its majorities in the House and Senate is to morph all Democratic candidates into the mold of Senate Minority Leader Harry Reid and House Minority Leader Nancy Pelosi. But the Democrats have had unusual success at fielding candidates like Webb who hardly fit the "San Francisco Democrat" template. Tammy Duckworth, a female helicopter pilot who lost both legs in combat in Iraq in 2004, is running a close race to win an open House seat long held by the GOP in Illinois, and Vice Adm. Joe Sestak, who oversaw combat operations in Afghanistan and Iraq, has a shot at unseating veteran Republican Rep. Curt Weldon in Pennsylvania. GOP candidates like Weldon are showing signs of nervousness. The No. 2 member of the House Armed Services Committee, Weldon is introducing a resolution to give ground commanders more say in deciding troop levels in Iraq. "I'm not trying to undermine the president," protests Weldon. "I am just asking for a clear plan."

A clear plan is not what voters will hear from Jim Webb, however. Webb takes his cue from another soldier-politician, Dwight Eisenhower, whose approach to the Korean stalemate in 1952 was to argue, somewhat vaguely, that America's foreign policy was in shambles and that voters needed a different set of eyes on the problem. Webb avoids any timetables for getting out of Iraq, preferring to rely on "American ingenuity."

Webb does not strongly stir voters. Last Friday night, at a rally of some 200 people in western Virginia, the ex-Marine did take a shot at Allen. He explained that he had driven that day 300 miles from Camp Lejeune, N.C. "I was thinking that if I was George Allen, I'd have been in a helicopter. But then if I was George Allen I'd have $20 to $30 million and I'd be bought and paid for." Biting words, but Webb spoke in a harsh monotone, like a drill sergeant. He seemed weary. He had arisen at 3 a.m. to see off his son, Jimmy, whose Marine battalion left for Iraq that morning at 5.

Among Governor Races, Iowa Lead Shifts Again (WSJ)

WSJ Online's "Washington Wire", September 11, 2006

Democrats remain poised for big gains in gubernatorial races nationwide even as Republican candidates took the lead in a few tight contests, according to the latest Zogby Interactive poll, conducted in cooperation with The Wall Street Journal Online. Of 19 states tracked in the poll, conducted Aug. 29-Sept. 5, Democratic candidates were ahead in 12 races, while Republicans led in six and one race yielded mixed results. In Zogby's August poll, Democrats led 14 of the states polled, Republicans four and one race was mixed. The Republican pickups came in Iowa, where Republican Jim Nussle recaptured his slim lead over Chet Culver, and in Nevada, where Republican nominee Jim Gibbons climbed back into the lead over Dina Tutus.

Among high-profile states, Arnold Schwarzenegger held onto his come-from-behind lead in California over Democratic challenger Phil Angelides. Meanwhile, in Pennsylvania, Democratic incumbent Ed Rendell pulled to his widest lead this year over Republican Lynn Swann, a former Pittsburgh Steeler wide receiver and TV commentator.

See full results of the Battlegrounds poll.

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September 10, 2006, 8:54 pm Zogby Poll Shows Slide for Allen, Lieberman

Republicans made some headway on Democrats in hotly contested Senate races, according to the latest Zogby Battlegrounds poll. Democratic challengers remain narrowly ahead in the run for several seats now held by Republicans, but the GOP is still on track to retain control of the chamber.

The polls, conducted Aug. 29-Sept. 5 by Zogby Interactive in cooperation with The Wall Street Journal Online, show Democrats ahead in 11 of the 18 states polled, while Republicans lead in five. In a Zogby poll conducted in August, Democrats were ahead in 12 and Republicans in five. Joe Lieberman, running as an independent, maintains a lead in Connecticut, though his advantage over Democrat Ned Lamont has weakened considerably — to four points from 10 in the previous Zogby poll.

Republican incumbents picked up ground in Ohio and Pennsylvania, two of the seats Democrats had led solidly. Ohio Sen. Mike DeWine and Pennsylvania Sen. Rick Santorum each pulled to four percentage points from their respective opponents Sherrod Brown and Bob Casey. In Virginia, however, Republican incumbent Sen. George Allen's Aug. 11 "macaca" remarks continued to hurt support. In the mid-August Zogby poll, challenger James Webb took a one-percentage-point lead; the latest poll shows Webb now ahead by a seven-point margin.

See the full results of Battlegrounds poll.

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September 10, 2006, 4:10 pm Sen. Allen's Lead Shrivels in Virginia

Republican Sen. George Allen of Virginia sees the lead in his re-election race cut to just four percentage points–46% to 42%–over Democratic challenger James Webb, in a Mason Dixon Polling & Research Inc. poll. It was the first since Aug. 11, when Sen. Allen, at a rally of mostly white supporters in the southwestern part of the state, referred to a Webb campaign aide of Indian descent as "macaca," considered an ethnic slur in some countries. (Update: A Zogby Interactive/WSJ.com poll out late Sunday also shows Webb leading, by 7.5 percentage points.)

Polls have tightened all year in the hotly contested race. As recently as April, Allen had a 20 point lead over Webb, a decorated former U.S. marine and a Reagan administration Navy secretary who resigned, refusing to cut the Navy's size.

Allen, long a Bush supporter with presidential aspirations in 2008, has seen his popularity, along with that of the current president, decline. He now appears to be struggling to hold onto his Senate seat. But the poll, with an error margin of four percentage points, might not be as tight as the numbers suggest –or it might be worse. – Bernard Wysocki Jr.

Read more: Global, Campaign 2006

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September 10, 2006, 3:29 pm Cheney Makes Fall Predictions

On NBC's "Meet the Press" this morning, Tim Russert asked Vice President Dick Cheney if he thinks the Democrats will take the House in the midterm elections.

According to the transcript, Cheney responded: "I don't think it'll happen. I don't expect that Nancy Pelosi will be speaker. I think we're doing very well out there. I feel better about the election now than I did three months ago." Asked if he thinks Republicans will keep both the House and the Senate, Cheney says: "I think we will, I really do. … I've seen our candidates. I've seen how they're handling the issues. We've generated the resources we need to be able to have a good, hard-fought competition. I—if I had to bet today, I'd bet that—well, I can bet you a dinner that we hold both houses."

Russert said he doesn't bet, then asked whether Cheney has gone hunting since the accidental shooting earlier this year of Harry Whittington. After Cheney replied no, Russert asked: "Should I be relieved you didn't bring your shotgun in today?" Cheney answered: "I wouldn't worry about it. You're not in season." – Tim Hanrahan

Read more: Global, Campaign 2006, White House

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September 9, 2006, 10:50 am Bush 9/11 Tour Aims to Bolster Republicans

President Bush will visit the sites of the Sept. 11, 2001, terrorist attacks Sunday and Monday for a series of events that the administration hopes can once more lift Republicans to victory. Bush sees the attacks as the defining moment of his presidency, and made his muscular response a centerpiece of his re-election campaign in 2004. With the Republican majorities in Congress endangered by economic uncertainty and public fury over the war in Iraq, the White House is striving to remind voters of its response to Sept. 11 — part of a broader assertion that Republicans take the terrorist threat more seriously than Democrats do and are better prepared to defend against it.

Although Bush and other aides have long made terrorism a central part of their argument that Democrats are soft on national defense, administration officials say the president will make the Sept. 11 commemorations as apolitical as possible by not giving prepared remarks at any of the three sites. White House spokesman Tony Snow says Bush's only formal speech either day will be an Oval Office address to the nation Monday night on "what he thought Sept. 11th has meant to the country, what it taught us, and how Americans have demonstrated their toughness, compassion, courage and optimism in the many days since." Read the full article. –Yochi J. Dreazen

Read more: Global, Homeland Security, Iraq, White House

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September 8, 2006, 5:43 pm Here's a Clue for Ben Bernanke

Bernanke Fed Chairman Ben Bernanke wants to the markets to stop looking to him for cryptic clues about interest rates. Some say he'll be disappointed.

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"As a well-respected economist, [Bernanke's] opinions mean something and are worth listening to," said James Bianco, president of Bianco Research, a Chicago research firm that closely watches the Fed and has a large trader clientele. "Unfortunately as Fed chairman, all we care about is, 'Are you raising rates, or aren't you?'"

The problem then becomes that traders and reporters may see clues that don't exist — or overreact because they ignored important points made elsewhere in the speech or testimony. As described in Friday's Wall Street Journal, Bernanke wants to wean the markets and the public off looking for clues for interest rates in his speeches and testimony, and instead wants them to focus on the Fed's objectives and forecasts, extrapolating from them the likely path of rates. But traders and reporters may try to read interest rates hints into what he says, anyway.

"The problem wasn't just Greenspan's tendency for sound bites, it's also the mutually reinforcing need for news services to deliver instant headlines and market participants' short attention spans," noted Tom Gallagher, the Fed watcher for brokerage firm ISI Group, referring to former Fed Chairman Alan Greenspan. "I really think there's a risk that those who read the whole speech can miss the market's read on the Fed for sustained periods of time. Think of Bernanke's early June speech in which he talked about the three and six month annualized inflation rates… If you read the whole speech you got the 'medium-term outlook' and 'take full account of lags' messages, but everyone focused on his use of the recent inflation trends. News services can't put the full speech in their headlines, and I'm not sure how many of us would read them anyway." –Greg Ip

Read more: Global, Economy

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September 8, 2006, 5:31 pm Another Round in Softwood Lumber Trade Dispute

A coalition of independent lumber companies is pressing to reopen a key part of the agreement that settled the long-drawn-out dispute between the U.S. and Canada over trade in softwood lumber.

The settlement provides for tens of millions of dollars to be distributed among some top U.S. lumber producers. The Lumber Manufacturers for Ethics and Equity, a group of about 30 independent producers from around the country, complains the payments will be spread unevenly, benefiting big companies that were party to the original trade dispute and putting smaller producers at a competitive disadvantage.

Next week, coalition members plan to visit lawmakers on Capitol Hill as well as officials at the Commerce Department and the U.S. Trade Representative's office. "What we hope to do is to highlight the issue so Congress might take action," said Edward Lebow, a lawyer representing the group. Lebow said the coalition doesn't want to kill the overall deal, but suggests putting the planned industry payments to different use, perhaps benefiting Habitat for Humanity, the non-profit housing group. –Greg Hitt

Read more: Global, Congress, Trade

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September 8, 2006, 4:24 pm Rumsfeld Handshake Proves Popular

With Defense Secretary Rumsfeld making "appeasement" the big buzzword of the month, the George Washington University's National Security Archive notes that its single most-downloaded file is now the once-classified batch of documents, photos and video documenting Rumsfeld's handshake and meeting with Saddam Hussein in December 1983. President Reagan had sent Rumsfeld to Baghdad to help restore diplomatic ties with Iraq and aid Baghdad in its fight against Iran.

The National Security Archive

Saddam Hussein greets Rumsfeld in Baghdad, 1983 "Rumsfeld meeting Saddam has now far outpaced the previous winner, which was Elvis meeting Nixon," says Thomas Blanton, director of the archive, which collects and posts significant declassified documents under the Freedom of Information Act.

Rumsfeld last week warned of a rise of Islamic fascism and said that people should not fall into the trap of appeasement as did those who tried to accommodate the Nazis in the 1930s. The remarks led many pundits to compare Rumsfeld's 1983 meeting with Hussein to British Prime Minister Neville Chamberlain's meeting with Adolf Hitler in 1938. One liberal hawker of political posters is now offering one that features photos of the two meetings with the caption "Appeased to meet you…hope you guessed my name." – Neil King Jr.

Read more: Global, Iraq

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DOJ_NMG_0060161

September 8, 2006, 10:42 am Schwarzenegger Wades into Hot Water

Want to lay odds on how long it takes the Internet crowd to make a techno-mix using a leaked audio tape of California Gov. Arnold Schwarzenegger? Think Stevens' "Tubes!"

The Los Angeles Times obtained a copy of the tape, in which the governor, who is running for re-election this year, allegedly describes Cubans and Puerto Ricans as "very hot" personalities because of their combo of "black blood" and "Latino blood." The tape, which makes it clear that the governor and other participants knew they were being recorded, comes from a spring meeting of Schwarzenegger and close advisers over Republican lawmakers' resistance to a huge state borrowing effort. If this gets leaked two months before Election Day, imagine what sort of October surprise the governor's opponents may have in mind. –Amy Schatz

Read more: Campaign 2006

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September 8, 2006, 10:26 am If It Quacks…

Congress's lame-duck session emerges as potential venue for action on legislation important to business. Majority Leader Bill Frist rules out action on comprehensive immigration legislation before the midterm elections but says a deal remains possible during post-election session as the White House hopes.

Frist The lame-duck session will largely be consumed with completion of annual spending bills that Congress won't finish before recessing in October to hit the campaign trail. But lawmakers may take up other issues as well.

Another possibility aside from immigration: extension of the research and development tax credit, a top priority for high technology businesses and a key element of President Bush's competitiveness initiative. So far, the tax credit has been stalled as part of the so-called trifecta bill encompassing cuts in the estate tax and an increase in the minimum wage.

Frist says he intends to keep that controversial package intact through the election and not permit separate action on the R&D credit, which has bipartisan support. But a top Republican aide predicts it may be passed individually in the lame-duck session if Republicans keep control of Capitol Hill.

If Democrats take over, the aide says, Republicans would likely hold back on the extension so that it could "became an opportunity" for the party in the next Congress. –John Harwood

Read more: Congress, Business

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September 8, 2006, 6:40 am Some '08 Hopefuls Attend Black Caucus's Conference

Where the Votes Are: 2008 Democratic presidential hopefuls flock to the annual conference of the Congressional Black Caucus.

2004 nominee Kerry participates in sessions on government contracting with Rep. Carolyn Kilpatrick of Michigan, in line to become next Black Caucus chair. Gov. Richardson of New Mexico attends meeting on energy, while former Gov. Warner of Virginia attends Saturday's gala dinner.

African American politicians and voters "pay attention" to those who pay attention to them, says Paul Brathwaite, executive director of the Black Caucus. "Where are the other… potential '08 candidates?" –John Harwood

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September 8, 2006, 5:55 am AIDS Bill Faces Serious Hurdles

Senate aides say they're close to a bipartisan deal on the contentious reworking of the Ryan White CARE Act, which funds AIDS treatment in the states. Unless Congress passes a bill by Oct. 1, several states risk a drop in federal funding under the program.

Even with the deadline looming, negotiations between the House and Senate committees and the Bush administration have been difficult. One aide likened the infighting between cities and rural areas, northern states and those in the South, to a "civil war."

Draft legislation circulated this week strikes a compromise on several of the most controversial issues in the protracted talks, which are meant to update the program, named for a young hemophiliac who died of AIDS. To satisfy calls for greater HIV

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testing without cutting into funds for treatment, the bill would set up a $30 million grant program at the Centers for Disease Control and Prevention that states could tap for testing. Overall, states would be able to use 25% of the funds for services other than care and treatment, such as nutrition and transportation, or they could use all the money for treatment if they already provide those services through programs such as Medicaid.

States that use codes to track HIV and AIDS patients would get more time to switch to systems using patients' names, and patients identified by codes would still be counted in the formula that determines funding—a boon to states such as California, Massachusetts and Washington. Still, states would have to switch to a name-based AIDS tracking system by 2011.

It remains to be seen whether state governors, HIV patient-advocacy groups and other members of Congress will back the deal. For the states, much depends on their funding level. –Sarah Lueck

Read more: Congress, Health

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September 8, 2006, 12:02 am Maneuvering Starts for Post-Election House Leadership

Republican insiders say Speaker Hastert would likely become backbencher, not minority leader, if Democrats take over. Stronger Democratic gains would lift odds that Reps. Pence and Shadegg challenge incumbents Boehner and Blunt for leader and whip posts.

"Anyone who is even contemplating losing our majority or personal ambitions" should focus on election campaign, a top Boehner aide counters. While Pryce fights for her Ohio House seat, fellow Republicans warn she could lose leadership post over handling of party message. Pelosi looks set as Democrats' choice for speaker, but moderate Hoyer and war critic Murtha may face off for majority leader.

Still unclear: leadership aspirations of Democrats' campaign chief Emanuel.

PRE-ELECTION INDICATORS may show economy slowing further.

Economists expect employment reports and third-quarter GDP to show increasing sluggishness. But workers' purchasing power may get help from falling oil prices. Declining housing sector represents wild card.

Economists surveyed by WSJ.com put odds of recession within a year at 1 in 4, up from 1 in 5 a year ago. But they divide on how November results would affect long-term deficits; 14 say Republican rule would reduce them most, 14 say Democrats, while 10 say split control. "Democrats = tax increases," says Allen Sinai of Decision Economics, but S&P's David Wyss argues, "Republicans have turned into the spenders."

TRADE TENSIONS flavor midterm elections.

Steel executives and unions jointly seek votes for candidates "willing to stand up for American workers and enforce the trade laws." Their ads in eight states blame China, India and Brazil for "stealing American jobs." Separately, Citizens Trade PAC targets pro-trade Republican incumbents Sherwood of Pennsylvania and Hayes of North Carolina.

U.S. auto makers, still waiting for Bush to meet with Big Three executives, have major stake in administration negotiations on South Korean trade deal. In Seattle, U.S. negotiators press South Korea to open market to U.S. vehicles.

"Business as usual just won't cut it this time," says Democratic Rep. Levin of Michigan.

STRONG MESSAGE? On eve of 9/11 anniversary, Republicans distribute tabloid newspaper "America Weakly" mocking Democrats' security stance. Pro-Republican group Progress for America begins ad campaign featuring father of Flight 93 hero Todd Beamer backing antiterror war.

REPUBLICAN ESTABLISHMENT steps up efforts to stop conservative Laffey from toppling moderate Sen. Chafee in Rhode Island primary Tuesday. Senate campaign committee declares "Steve Laffey is unelectable" and sends mailing amid late turnout drive. Laffey receives $5,000 from illegal-immigration foe Minuteman PAC.

HOLE CARD? White House strategists see low November turnout blunting Democrats' edge in polls. In nearly all 2006 primaries so far, turnout has fallen below 1982-2002 midterm average. One exception: above-average participation in Connecticut's Senate primary nominating antiwar Democrat Lamont over incumbent Lieberman.

COOPERATION? Citing counterterrorism demands, FBI crime lab tells law-enforcement agencies it will no longer routinely conduct latent fingerprint exams for state and local police. It will continue exams in cases posing unusual technical demands and in those "of a high-profile nature," the bureau says.

ASIA WANTS one of its own to succeed Annan at United Nations.

China and continental neighbors say the eighth U.N. secretary-general should be Asian. A Security Council straw poll testing five candidates showed South Korean Foreign Minister Ban Ki Moon leading, followed by Indian novelist and U.N. bureaucrat Shashi Tharoor. The U.S. doesn't support any of the five.

"Whoever wins will have to pass muster with China and the U.S., and speak at least a few lines of French," says one diplomat. Talk fades of Bill Clinton succeeding Annan at year's end; there's never been an American U.N. chief.

Of last seven in the slot, three were European, one South American, one Asian and two African.

MINOR MEMOS: Blasting Disney-owned ABC's 9/11 miniseries as biased against Democrats, liberal Web site dailykos.com declares, "Mickey joins Team Rove." … Posting on redstate.com calls conservative obstruction of Bush-backed comprehensive immigration bill the Republican Party's "greatest achievement" of recent years. – John Harwood

Another Round in Softwood Lumber Trade Dispute

Sep.8, 2006

Rumsfeld Handshake Proves Popular

Sep.8, 2006

ABOUT THIS BLOG

The Washington Wire, which is among the most venerated products of the Journal's Washington bureau, also is one of the oldest standing features in American journalism. Since the Wire was launched on Sept. 20, 1940, the Journal has offered readers an informal look at the capital's comings and goings in a series of newsy, and sometimes even gossipy, items. Now online each weekday, the Wire provides a succession of glimpses at what's happening behind hot stories and early warnings of what to watch for in the days ahead. The Wire is the collective product of the Washington bureau, some 40 journalists strong. Write to Washington Wire at washwire@wsj.com.

CAMPAIGN WATCH

Throughout the crucial congressional election season, Journal reporter Amy Schatz will provide daily updates on campaign activities. At the same time, Jackie Calmes will write Campaign Journal, a regular online column offering insights about political developments from the front lines of the fall races. See complete campaign coverage. Plus, several key resources, including a roundup of Senate and gubernatorial races, The Wall Street Journal/NBC News poll and links to government, political and public-policy Web sites.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, September 11, 2006

Sure, he's got only a few more months before giving up the reins of the United Nations, but if Americans had a say, they'd have Secretary General Kofi Annan turn out the lights right now, lock the doors, and call in the Wrecking Corp. of America. "A majority of Americans," pollster Frank Luntz tells Whispers, "are saying that if the U.N. doesn't shape up, it should be shipped out." Republican Luntz isn't making it up. His firm, Luntz, Maslansky Strategic Research, this week releases a huge benchmark survey done for the Hudson Institute that finds Americans sick and tired of U.N. corruption, irked at their tax bill for the sprawling institution, and ready to junk it if the world's diplomats don't show a lot more accountability and a smidge more respect for Uncle Sam.

The figures from his bipartisan poll provided exclusively to Whispers: Fifty-seven percent say the U.N. should be "scrapped altogether" if it isn't reformed fast; 62 percent say it's ineffective in stopping wars; 70 percent want the U.S. contribution slashed; and only 34 percent say it promotes America's security interests. Luntz says it should help embattled U.S. Ambassador John Bolton make his case for radical reform and help Bushies beat back those in the Senate trying to fire him. "It's an indictment of the way the U.N. runs," says Luntz, "and a huge endorsement of Bolton's reforms."

43 Days, Already in Upgrade Heaven

With a 50,000-mile requirement, it normally takes years for United customers to gain entry into the "Premier Executive" club. But new U.S. Trade Representative Susan Schwab has done it before her 100-day anniversary on September 16. A Foreign

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Service brat who fans say feels more at home on the road, she's logged 67,000 miles in 43 days of travel to nine countries. "That's a lot," says an aide. And, yes, she does travel on United, though almost always in coach. Reason: The Bushies won't pay for business class unless a trip is 14,001 miles or more. But with all those miles, upgrades shouldn't be a prob.

Bidding 'Hooroo, Mate' to Croc Man

Few on Capitol Hill were as busted up about Crocodile Hunter Steve Irwin's death by stingray last week as Sen.John Kerry. Friends tell us that the 2004 Democratic presidential nominee used to spend early mornings in Iowa watching Irwin, even mimicking the Aussie's accent, a game of impressions he'd play with stepson Andre Heinz. Seems he did a bee's knees "crikey," an Irwin fave. Kerry, a huge Jacques Cousteau fan, says Irwin "was my kid's own Cousteau."

A Few to Cross the Aisle For

Connecticut Democratic Senate candidate Ned Lamont is pretty blunt when it comes to his politics. "My dad was a Republican. I've never been a Republican," he tells us. But that doesn't mean he doesn't admire a few in the enemy camp. Like? Maverick Sens. Chuck Hagel, who's tough on Bush foreign policy, and John McCain, who questions some tactics in the war on terrorism. "I admire a guy who stands up" for his views, says Lamont, who will face independent Sen. Joe Lieberman again, this time in the general election. Lamont knows mavericks: His socialist uncle and banker dad used to fight it out over dinner. "We had some pretty good kick-ass discussions."

R.I. Race A Tussle For Senate's Most Liberal Republican (USAT)

By Susan Page

USA Today, September 11, 2006

WASHINGTON — A New England senator often at odds with his party faces a down-to-the-wire showdown in his state's primary.

Last month, that description applied to Democrat Joe Lieberman of Connecticut, who ended up losing to anti-war challenger Ned Lamont and is now running as an independent. On Tuesday, it depicts Lincoln Chafee of Rhode Island, the Senate's most liberal Republican. He is imperiled by a challenge from anti-tax conservative Steve Laffey.

“It's a mirror image of what went on next door in Connecticut,” says Bob Benenson, editor of the non-partisan CQpolitics.com.

Tuesday's primaries will test whether voters in Rhode Island and Arizona choose a candidate more in tune with the party's ideological base or the one analysts say has a better chance of prevailing in the general election on Nov. 7.

Seven other states — Delaware, Maryland, Minnesota, New Hampshire, New York, Vermont and Wisconsin — and the District of Columbia also hold elections on the busiest primary night of the year, eight weeks before Election Day.

“For Republicans, voters have to decide between their preferences and pragmatism,” Darrell West, a political scientist at Brown University, says of Rhode Island's contest. Chafee — such a maverick that in 2004 he didn't vote for President Bush, writing in the name of Bush's father instead — has pitched his appeals to independents, who are allowed to vote in the state's primary.

Who will win? “Flip a coin and take your pick,” West says. He predicts Chafee will but “wouldn't be stunned” if the victor was Laffey, the mayor of Cranston.

Laffey is backed by the Club for Growth, a conservative group that has targeted some Republican officeholders who have voted against tax cuts. Chafee also has riled some Republicans by opposing the Iraq war, supporting abortion rights and voting against the Supreme Court nomination of Samuel Alito.

In Arizona, in the congressional district that stretches from Tucson to the Mexican border, state Rep. Steve Huffman has the backing of the GOP establishment for the nomination to succeed Rep. Jim Kolbe, a moderate Republican who is retiring. Randy Graf, a former state representative and golf pro, has tapped voter anger against illegal immigration. The flood of TV ads on immigration and national security may leave scars, says Barbara Norrander, a political scientist at the University of Arizona who lives in the district.

“Republicans might have a hard time coming back together” afterward, she says, in a race against Democrat Gabrielle Giffords, a former state senator.

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The National Republican Congressional Committee has run ads boosting Huffman. The Democratic Congressional Campaign Committee has run ads attacking him. Both groups calculate he would be a stronger contender in November.

The race in the Republican-leaning district is rated a tossup in November, one of a handful that may determine whether Democrats pick up the 15 seats they need to gain control of the House.

In the Senate, where Democrats need to pick up six seats for control, Benenson says Laffey's nomination would prompt his online political newsletter to rate the race as leaning toward or favoring Democrat Sheldon Whitehouse, a former state attorney general. A contest between Chafee and Whitehouse — whose fathers were roommates at Yale — would be rated a tossup.

“Polls and common sense have said all along Steve Laffey is unelectable in a general election,” Dan Ronayne, a spokesman for the National Republican Senatorial Committee, said Thursday. The committee has run ads blasting Laffey's record as mayor. “Republican voters in the Rhode Island primary are probably troubled that Laffey's biggest cheerleader in the primary is Chuck Schumer.”

Schumer is the New York senator who heads the Democrats' Senate campaign committee.

Senate Seat On Line For GOP In Rhode Island Primary (WT)

By Amy Fagan

The Washington Times, September 11, 2006

WARWICK, R.I. -- Senate Republicans face the prospect of one less seat Wednesday morning, party leaders say, if Sen. Lincoln Chafee, a liberal, loses his primary here tomorrow to conservative challenger Stephen Laffey.

"Mr. Laffey has no chance to win a general election. We would find ourselves down a seat going into the November elections," said Dan Ronayne, spokesman for the National Republican Senatorial Committee (NRSC).

Mr. Ronayne has said the committee will not back Mr. Laffey if he wins, but is confident that Mr. Chafee will prevail.

"If Laffey wins, [Senate Minority Leader] Harry Reid is one step closer to being majority leader," agreed David Winston, a District-based Republican pollster.

In a bitterly competitive election year, every seat counts. Polls indicate that Mr. Laffey would lose badly to the presumed Democratic challenger, former state Attorney General Sheldon Whitehouse, in this Democratic state.

As a result, the national Republican machine has devoted time, money and resources to securing a primary victory for Mr. Chafee. This support came even though the incumbent opposes party leaders on key issues ranging from abortion to tax cuts, and repeatedly criticizes President Bush, whom Mr. Chafee says he didn't vote for in 2004.

The Republican Party has sponsored TV ads and sent volunteers here for a get-out-the-vote effort for Mr. Chafee's re-election. So intense is concern and desire for him to win that Senate Republicans last week delayed a committee vote to confirm U.N. Ambassador John R. Bolton, after Mr. Chafee said he would use the hearing to question the administration's Middle East policy.

Such stands score points for Mr. Chafee with Democrats and independents here, but have angered conservatives.

Darrell West, a professor of political science at Brown University, said the Rhode Island primary is "a battle for the heart and soul of the Republican Party."

"Many Republicans are unhappy with how Chafee has opposed the president," Mr. West said.

That divide helped Mr. Laffey, mayor of Cranston, to make tomorrow's primary a tossup. Two polls last week showed conflicting results: One gave a decided advantage to Mr. Laffey; the other gave Mr. Chafee a clear edge.

Mr. Laffey, 44, backed by the fiscally conservative Club for Growth, campaigned as a Washington outsider and reformer who, unlike Mr. Chafee, would cut federal taxes and spending and get things done.

Mr. Laffey said top Republicans such as Karl Rove and NRSC Chairman Sen. Elizabeth Dole of North Carolina are trying to defeat him because "they are about power" and don't like his aggressiveness. He pushed his 26-page paper on how to win the war on terrorism by reducing dependence on Middle East oil.

Mr. Chafee and supporters stress that he works with both parties and is a calm, trustworthy presence in increasingly partisan Washington.

"They want someone in the middle," Mr. Chafee, 53, said of voters.

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Last month, Democrats in Connecticut had a similar internal primary battle. Voters ended up ousting Sen. Joe Lieberman in favor of a more liberal Democrat that supporters said was more in line with the party.

Now from the flip side, Republicans in Rhode Island face a similar choice tomorrow. But although Mr. Lieberman now is running as an independent, Mr. Chafee does not have that option should he lose.

Republicans insist that he won't lose. Republicans leaders' assistance to Mr. Chafee in the primary, however, could alienate some of the incumbent's liberal supporters.

Asked about this, Mr. Chafee said that having Republicans such as first lady Laura Bush campaign for him sends a message: "I can work with anybody."

A self-described "populist" blogger on a Web site called Rhode Island's Future (www.rifuture.org) posted a picture in July of Mrs. Bush campaigning for Mr. Chafee.

The blogger lamented, "Who wants to 'Keep Chafee?' Answer: George W. & Laura Bush. Solution: Remove Chafee."

Gubernatorial Races: Another Big Democratic Gain (RC)

By Stuart Rothenberg

Roll Call, September 11, 2006

It is now clear that when the dust settles on Nov. 8, Democrats will find themselves holding a majority of governorships for the first time since the 1994 midterm elections, when Democratic ranks across the nation were decimated.

While Republicans currently hold 28 of the nation's 50 governorships, Democrats are likely to gain from four to six. If they net as many as four, they should hold a majority of governorships for at least the next two years.

Governorships become particularly important toward the end of a decade, of course, because of the role some governors play in redistricting, as well as in the presidential nominating process.

One big-state GOP governorship, New York, already seems to have slipped away, and another, Ohio, is in serious danger of doing so. I'd be surprised if Republicans win either race.

Republican Govs. George Pataki of New York and Bob Taft of Ohio are widely unpopular at home, and voters in those states appear inclined to vote for change by electing Democrats — state Attorney General Eliot Spitzer in New York and Rep. Ted Strickland in Ohio.

While Ohio Secretary of State Ken Blackwell is trying to run as a candidate of change, he is still the GOP nominee and represents continuity with the Taft administration and with President Bush more than he stands as a vehicle for change.

Four other states that currently have Republican governors now seem more likely than not to elect Democratic governors.

Gov. Bob Ehrlich has an uphill, though not impossible, battle for re-election in very Democratic Maryland, while three other states with GOP governors — Arkansas, Massachusetts and Colorado — are more likely to elect Democratic than Republican governors.

Four other races — Alaska, Wisconsin, Iowa and Michigan — fall into a broad "too close to call" category.

While Republicans once appeared likely to lose the top job in Alaska, the primary victory of former Wasilla Mayor Sarah Palin gives Republicans a chance to hold the state's top job against Democrat Tony Knowles, a former two-term governor. Knowles lost his bid for the Senate in 2004, and his two victories for governor occurred under unusual circumstances.

In Wisconsin, Democratic Gov. Jim Doyle's administration has had ethics issues to deal with, and the governor's leadership skills are being questioned. As a result, Doyle's job ratings are poor. Rep. Mark Green (R), who is giving up a safe Congressional seat to run for his state's top job, is running about even with Doyle in polls and delivering the same successful "change" message that is being delivered by Democrats nationwide.

Another Republican Member of Congress who's giving up his seat to run for governor, Rep. Jim Nussle, finds himself in a tight race against Iowa Secretary of State Chet Culver (D). Nussle earned a reputation as a tough campaigner while in the House, but he's finding the going a bit rougher than expected this year.

Essentially all of the GOP House Members who ran for governor this cycle have found their years on Capitol Hill at best a mixed blessing in their runs for state office. In addition to Nussle and Green, famed former football coach Tom Osborne lost a GOP gubernatorial primary in Nebraska; Colorado's Bob Beauprez is having a tough time against Democrat Bill Ritter;

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Oklahoma's Ernest Istook is an underdog in his race against an incumbent Democrat; and Nevada's Jim Gibbons has stumbled even though he retains an edge. Even Idaho's Butch Otter, while favored, is facing a surprisingly aggressive Democratic challenge in his solidly Republican state.

Michigan remains one of the more interesting contests in the nation, as businessman Dick DeVos (R) has opened his checkbook against Democratic Gov. Jennifer Granholm. DeVos and Granholm have generally been locked in a tight contest, with neither one ahead by more than 2 or 3 points. Granholm now has launched a major attack on DeVos, charging him with exporting jobs to Asia. He's answering the ads, and if he can withstand the attacks, he'll have a chance to overtake her in the last month of the race.

Democratic prospects in three of the nation's biggest states now look increasingly poor. In Texas and California, GOP governors appear headed for re-election. California Gov. Arnold Schwarzenegger, in particular, has rallied in the polls and looks headed for a comfortable win over state Treasurer Phil Angelides (D).

And in Florida, Democratic hopes of electing a Democrat to succeed outgoing Gov. Jeb Bush (R) seem to be fading. State Attorney General Charlie Crist (R) is a favorite over his Democratic opponent, Rep. Jim Davis.

While voters will likely elect more Democratic governors, they will also confirm the recent pattern of voters being willing to elect candidates from the minority party to a state's top job. Even with horrible national and state political environments for Republicans, GOP governors in Connecticut, Hawaii and Vermont are likely to win re-election, just as Democrats in heavily Republican states such as Kansas, Oklahoma and Wyoming are headed for another term.

Still, as in the fight for House and Senate seats, gubernatorial races are likely to result in significant gains for Democrats nationally. And that will only add to the GOP's problems heading into the crucial 2008 elections.

Inside Politics (WT)

By Greg Pierce

The Washington Times, September 11, 2006

Self-indulgence

"Ground Zero has been the perfect storm of New York politics," Wall Street Journal columnist Daniel Henninger writes.

"Yes, politics by its nature is a slow process of extrusion. And yes, New Yorkers are famously opinionated. But in New York self-expression -- the exhibiting of the glorious self -- is a god worshipped many times a day. And so everything is fought over -- the design of the tower, the meaning of the Memorial, the money -- and no one gets to decide anything. Process, debate and not least, litigation, become the main event," Mr. Henninger said.

"Something similar happened to our national politics through these years. It is one thing to disagree with the decision to go into Iraq, to oppose it and abhor its most painful consequences. It is something else, as some have done, especially in Congress, to withdraw and withhold support for a presidency amid war and to work to thwart virtually every aspect of its war program in Iraq and everywhere. When a Senator [Joe] Lieberman partially dissents, the party purifies itself.

"This is not opposition in normal political times. This is not Social Security reform; it is not a capital-gains tax cut. It is a war, or whatever euphemism one wishes to use to describe resisting the up-and-running forces that planned 9/11, London, Madrid, the foiled airline-bomb plot and all the other murders of innocent civilians whose crime was that they affronted radical Islam.

"Presumably we want to succeed in this enterprise, that is, stop them. Instead, we stop ourselves -- feeling it necessary to contest, at length and in the loudest public way, surveillance techniques, interrogation techniques, the rules of engagement for U.S. military personnel, the holding of prisoners.

"Is it possible to see all this as the inevitable yeastiness of an active politics? Once again, yes. And yes as well that there is a point past which, as with Ground Zero, it becomes mostly egoistic self-indulgence. Wallowing."

A new answer

Former Vice President Al Gore said yesterday that he has not ruled out making a second bid for the White House, though he said it was unlikely.

Mr. Gore spoke to reporters in Sydney, Australia, where he was promoting the local premiere of his documentary on global warming.

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"I haven't completely ruled out running for president again in the future, but I don't expect to," Mr. Gore said before the premiere last night of "An Inconvenient Truth."

"I offer the explanation not as an effort to be coy or clever. It's just the internal shifting of gears after being in politics almost 30 years. I hate to grind the gears," he added.

Mr. Gore, who lost the presidency to George W. Bush in 2000 in disputed circumstances, said there was no doubt the impact of global warming would be best addressed through the power of the presidency, but making a documentary was second best.

Mr. Gore's renewed popularity and movie tours across the United States have spurred speculation of a White House run in 2008. He has previously repeatedly denied such intentions.

The documentary, which Mr. Gore narrates, is critical of the United States and Australia for refusing to adopt the Kyoto Protocol for reducing greenhouse gas emissions.

Prime Minister John Howard, a friend and ally of Mr. Bush, said he would not meet Mr. Gore during his Australian visit and would not heed his advice to sign up to Kyoto, the Associated Press reports.

"I don't take policy advice from films," Mr. Howard told reporters.

Top fundraiser

Sen. Hillary Rodham Clinton, New York Democrat, is the most prolific fundraiser in Congress, far outpacing other lawmakers by collecting $44.9 million over the past six years for her campaign to win a second Senate term, new government reports show.

This is twice the amount raised by the No. 2 fundraiser, Sen. Charles E. Schumer, New York Democrat, Hearst Newspapers reports.

Mrs. Clinton says her fundraising advantage partly reflects that people from New York tend to be so politically active and generous.

"New Yorkers have a many-century-long tradition of being right in the thick of American politics," she said. "We know what the stakes are and that encourages people to be generous and get behind the candidates."

Mrs. Clinton may have a point, though much of the Democratic senator's money comes from out-of-state contributors, reporter Judy Holland said.

New York leads all states in donations to Democratic federal candidates, shelling out $56 million in the 2006 election cycle through the end of June, according to the Center for Responsive Politics.

Seeking switchers

"Here's the bad news about the fall elections: The results of November 7 could lead to a nasty partisan battle to get enough House members to switch parties that the results will be scuttled," Paul Bedard writes in the Washington Whispers column of U.S. News & World Report.

"We hear that Republicans are already looking at conservative Democrats who might switch parties if the liberals take back control of the House by a seat or two. Ditto for the Democrats, by the way, who think they can lure the few liberal Republicans to their side with promises of pork or even committee chairmanships," Mr. Bedard said.

"'Do they pick off a couple of our guys,' asks a key GOP insider, 'or can we find one or two Democrats to switch to keep control? That'll be the real fight.'"

A Muslim ad

In remembrance of the fifth anniversary of the September 11 attacks, the Free Muslim Coalition Against Terrorism has produced an anti-terrorism TV commercial at www.freemuslims.org.

"After September 11, many in the Muslim leadership chose denial and conspiracy theories rather than face up to the sad fact that Muslims perpetrated the 9-11 terrorist acts," the group said in a press release.

"Early on, the Free Muslims rejected the approach of denial and conspiracy theories. We felt that the current war on terror is an ideological battle and only good Muslims can win this battle.

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"We knew that Islam is a great religion and that extremism is a result of an ideology called 'political Islam' or 'islamofascism' as others call it. The basis of this ideology is the rejection of the secular state and the utopian (delusional) ideology that religion and politics must be one and the same."

The group added: "As to fighting terrorism, we did not wait for others to do the correct thing and we took it upon ourselves to lay the foundation for defeating bin Laden and others. Our latest achievement is an anti-terror TV commercial in remembrance of 9-11."

Blogs remember

While the terrorist attacks of September 11, 2001, are being remembered today at services across the country, bloggers are paying tribute to the victims of the attacks.

Dale Roe organized the online project called simply "2,996" -- www.dcroe.com/2996 -- in which individual bloggers were assigned to prepare a tribute to one of the nearly 3,000 victims.

"We will honor them by remembering their lives, and not by remembering their murderers," Mr. Roe said.

The Couric Report, Week 1 (WP)

By Howard Kurtz

The Washington Post, September 11, 2006

Now that everyone in America has analyzed Katie Couric's look and legs and wardrobe and delivery and all-around suitability for sitting in Walter Cronkite's chair, this question remains:

Couric's gamble -- and it is one big roll of the dice -- is that so many people already know the headlines by 6:30 p.m. that she can dispense with some of the day's fare and devote the time to longer features, interviews, commentary and chat. On her first four nights, that approach produced some solid storytelling and funny moments but also bypassed or truncated some important daily events. And therein lies the trade-off.

The show's executive producer, Rome Hartman, says Couric's debut might have conveyed the wrong impression because "Tuesday was a slow news day. There were not a lot of stories competing to get into that broadcast that we ignored.

"We know most of our viewers come to the evening news already having a sense of the events of the day. . . . We've never been the broadcast of record, and we're less the broadcast of record than ever." Their mission, Hartman says, is to provide "a little more depth" at the expense of routine news. "On a day we can say this and this happened but we have this incredible story from Afghanistan, damn right."

The first day's lead, in fact, was Lara Logan's dispatch from Afghanistan, which, although lacking a hard-news peg, included eye-catching footage of Taliban fighters displaying their weapons and later praying. Much of the program was devoted to features, such as the first look at Vanity Fair's cover shot of Tom Cruise and Katie Holmes with new baby Suri.

CBS News President Sean McManus calls criticism of the news mix "completely unfounded," saying that some of the detractors "must not have watched the evening news in a long time, because the mix of hard news is basically the same as we've been doing with Bob Schieffer and basically the same as every network does."

"There's zero desire or effort to minimize hard news," he says. "The fact that we spent all of 20 seconds on the Cruise baby is not an indication of our dedication to hard news."

On that first broadcast, what was condensed into two sentences apiece -- but got longer treatment on the other networks -- was William Ford stepping down as chief executive of the automaker that bears his family name and a study showing that 7 out of 10 workers at Ground Zero had developed lung problems.

The rest of the week was newsier. On Wednesday, Couric interviewed President Bush, pressing him about the treatment of detainees and the war in Iraq. On Thursday, correspondent David Martin scored the first interview with former deputy secretary of state Richard Armitage expressing regret for his role in outing CIA operative Valerie Plame. On Friday, Couric was seen confronting former Environmental Protection Agency chief Christine Todd Whitman about her reassurances of air quality at Ground Zero -- an excerpt from Couric's first "60 Minutes" piece last night.

There were other interesting news features, such as Martin's behind-the-scenes peek at the National Counterterrorism Center and Byron Pitts's look at how support for the Iraq war has declined around Camp Lejeune, N.C. There was Couric's

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quickie look at what's hot on the Web (her newscast is the first to be simulcast online). There was also standard television fare, such as a profile of an irrepressible blind teenager.

As the week wore on, Couric began doing brief chats with CBS correspondents such as Schieffer. And Couric, who often talked about her family on "Today," was not afraid to get personal. During an interview about a new vaccine for cervical cancer, she mentioned her teenage daughters, and when her medical expert said there was a 50 percent chance that a 17-year-old girl has had intercourse, Couric said: "Well, you've just ruined my day." Among the stories that didn't make the cut at CBS but appeared on "NBC Nightly News" or ABC's "World News": Democrats pushing for a no-confidence vote against Donald Rumsfeld, the certification of a Mexican presidential winner, and the furor over the ABC docudrama "The Path to 9/11" (which Gibson's program, to its credit, was quick to cover). British Prime Minister Tony Blair's decision to step down within a year got two sentences and a sound bite on the "CBS Evening News" and full stories on the rival newscasts. On Friday, Couric's broadcast carried nothing on a Senate report finding that intelligence officials were disputing alleged links between Saddam Hussein and al-Qaeda while the Bush administration was pushing that argument -- news that got big play on NBC, ABC and in the next day's papers.

CBS's much-ballyhooed "Free Speech" segment was a mixed bag. "Super Size Me" filmmaker Morgan Spurlock's rant about a polarized media culture drew catcalls from the critics. Rush Limbaugh's skewering of those who fail to support Bush's war against terrorism was not the sort of thing you usually see on the nightly news. But aren't opinions available on the cable channels around the clock?

Whatever the gibes by television writers and rival network executives, Couric boosted the third-place "Evening News" to the No. 1 spot for her first three nights, drawing a remarkable 13.5 million viewers for her debut. But no one, including the folks at CBS, expects that to last once the curiosity factor fades.

Couric's new role rekindles an old debate: Why do people watch one newscast over another? Williams has remained No. 1 since taking over for Tom Brokaw 21 months ago not only because viewers feel comfortable with him, but also with his NBC team. Whether Couric's charm and celebrity can steal part of her rivals' audience depends on how people take to her chattier approach to the news, as well as on the journalistic hustle of her supporting cast.

The much-scrutinized first show "is being looked at as the culmination of a process. It's not," Hartman says. "It's the beginning of a broadcast. Her goal is to try some new things, some different things, acknowledge that not everything is going to work and try to make it better day after day."

Post Bush Pundit

Michael Gerson, a key member of President Bush's inner circle until 10 weeks ago, has a new job: Washington Post op-ed columnist.

Editorial Page Editor Fred Hiatt has signed up the longtime White House speechwriter and policy adviser, who will start in January while remaining a member of the Council on Foreign Relations. Hiatt, who says he first raised the possibility of a future job with Gerson years ago, describes him as having "a really interesting mind" and being "a different kind of conservative from the other conservatives on our page. . . . He's been part of this White House, but I expect he will be an independent voice."

The hiring of Gerson, who is widely credited with crafting some of Bush's most eloquent addresses, will undoubtedly draw fire from liberals unhappy with The Post's editorial page for supporting the war in Iraq.

Gerson, a former senior editor at U.S. News & World Report, says he is "looking forward to doing things in my own voice." He says his spin through the revolving door is hardly unprecedented, citing William Safire's jump from the Nixon White House to the New York Times op-ed page and George Stephanopoulos's move from the Clinton White House to ABC News.

Although he greatly respects the president, says Gerson, who will also contribute to The Post Co.'s Newsweek, "I'm going to call them the way I see them. I don't believe in criticism for the sake of criticism."

On the Payroll

The Miami Herald has fired two reporters and a freelancer who work for its Spanish-language edition, El Nuevo Herald, for accepting money from the federal government.

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The journalists were compensated for appearances on Radio Marti and TV Marti, the broadcasting services beamed into Cuba. One of them, Pablo Alfonso, who covers Cuba, has been paid almost $175,000 over the past five years to host Marti programs. Fellow staff writer Wilfredo Cancio Isla, who covers the Cuban exile community and politics, was paid almost $15,000 in the past five years. The freelancer, Olga Connor, who writes about Cuban culture, received about $71,000, according to the Herald.

Jesus Diaz Jr., publisher of both Herald papers, was quoted as saying the journalists had violated a "sacred trust." A Freedom of Information Act request by the Herald found that at least 10 South Florida journalists accepted payments from Radio and TV Marti.

Juan Manuel Cao, a reporter for Miami's WJAN who received $11,400 this year from TV Marti, drew attention in July when he confronted Fidel Castro about his refusal to let a dissident leave the island. The Cuban leader asked Cao whether anyone was paying him to ask that question.

"There is nothing suspect in this," Cao told the Herald. "I would do it for free. But the regulations don't allow it. I charge symbolically, below market prices."

Activism Is In The Eye Of The Ideologist (NYT)

The New York Times, September 11, 2006

Conservatives like to divide judges into liberal "activists" and conservative nonactivists who interpret the law rather than making it. Anyone who follows the courts knows that conservative judges are as activist as liberal judges —just for different causes. A new study of Supreme Court voting patterns confirms this and suggests that the conservative Justices Antonin Scalia and Clarence Thomas are actually more activist than their liberal colleagues.

Lori Ringhand, a professor at the University of Kentucky College of Law, examined the voting records of the Supreme Court justices from 1994 to 2005. Because judicial activism is a vague concept, she applied a reasonable, objective standard. In the study, which is forthcoming in Constitutional Commentary, justices were considered to have voted in an activist way when they voted to overturn a federal or state law, or one of the court's own precedents.

The conservative justices were far more willing than the liberals to strike down federal laws — clearly an activist stance, since they were substituting their own judgment for that of the people's elected representatives in Congress. Justice Thomas voted to overturn federal laws in 34 cases and Justice Scalia in 31, compared with just 15 for Justice Stephen Breyer. When state laws were at issue, the liberals were more activist. Add up the two categories, and the conservatives and liberals turned out to be roughly equal. But Justices Thomas and Scalia, who are often held out as models of nonactivism, voted to strike down laws in more of these cases than Justice Breyer and Justice Ruth Bader Ginsburg, the court's two Clinton appointees.

By the third measure, overturning the court's own precedents (for which data were available only up to 2000), the conservatives were far more activist. Justice Thomas voted to overturn precedent 23 times and Justice Scalia 19 times, while the court's four liberals did so in 10 cases or fewer.

Activism is not necessarily a bad thing. The Supreme Court is supposed to strike down laws that are unconstitutional or otherwise flawed. Clearly, all nine justices, from across the political spectrum, believe this, since they all regularly vote to strike down laws. What is wrong is for one side to pretend its judges are not activist, and turn judicial activism into a partisan talking point, when the numbers show a very different story.

Mr. Janey's New Exam (WP)

The Washington Post, September 11, 2006

THE RECENT Post article reporting that only 28 of the District's 146 public schools met academic benchmarks on a new city test in April was sobering news. The focus on school performance, however, may have obscured the story's more consequential finding: Takers of the new test were students, not the schools they attended. Students -- not their schools -- failed to achieve proficiency in reading, math and other subjects. And equally important, the adverse effects of those academic failures -- if not remedied in time -- will be felt directly by students themselves, not the buildings, classrooms or playgrounds where they spend time during the day.

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We state what perhaps is obvious, for a purpose. Under the federal No Child Left Behind law, students in so-called failing schools are allowed to transfer to higher-performing schools in their districts. With an overwhelming majority of District schools falling short of the standard, there are few "better" schools for students to attend. Put another way, the District's large numbers of poorly performing students swamp the number of available schools attended predominantly by proficient students.

At a community meeting to discuss the test results, Superintendent Clifford B. Janey went to the heart of what faces poorly performing students. Schools will not be the ones to suffer. "We see universities banning kids if they need remediation. We see businesses cutting back on the amount they spend on remediation," he said. Without the skills that come with a quality education, students will not become "gainfully employable . . . and able to finish college," Mr. Janey added. That, as it stands, is the stark future for thousands of District students unless parents and school and city leaders address the problem with the urgency it deserves.

True, Mr. Janey has introduced a test with strict standards. And yes, some administrators and teachers may feel they haven't had enough time to prepare for the changes. But the additional truth is that Mr. Janey is seeking a more accurate assessment of student performance so that he and his teachers will know how much they have to do to reverse a failing situation. Parents need to know the truth as well. And city leaders must stop giving lip service to the crisis in their midst. Without an investment of time and resources by families and educators to raise student performance to a higher standard, generations of District children will not make the grade as contributing and self-sustaining adults. Both they and the city -- not schools -- will be the losers.

Iran May Consider Enrichment Suspension (AP)

By George Jahn

AP, September 11, 2006

Iran is ready to consider complying — at least temporarily — with a U.N. Security Council demand that it freeze uranium enrichment, which can be used in developing atomic weapons, diplomats told The Associated Press on Sunday.

Such a concession would be a major departure by Tehran as it faces possible U.N. sanctions for its nuclear defiance and would be a huge step toward defusing a confrontation over the program it says is only aimed at generating electricity.

The compromise was mentioned by senior Iranian nuclear negotiator Ali Larijani during two-day talks that ended Sunday with European Union foreign policy chief Javier Solana, the diplomats said.

The diplomats, who spoke on condition of anonymity in exchange for sharing confidential information, were familiar with the substance of the discussions.

One of them said Larijani floated the possibility of Iran stopping its enrichment activities "voluntarily, for one or two months, if presented ... in such a way that it does it without pressure." The diplomats did not say when such a move might occur.

Iran says its nuclear program is intended solely to produce fuel for nuclear reactors to generate electricity. But there are growing concerns Tehran seeks the technology to enrich uranium for use in atomic warheads.

The compromise, which would defuse a confrontation that all sides do not want, would likely be welcomed by three of the five U.N. permanent members of the Security Council who are reluctant to support a quick move to sanctions.

It might fall short of U.S. and British demands that Iran freeze enrichment before broader negotiations on its nuclear program. But Washington and London — the chief backers of a quick move to sanctions — might back off and accept a later freeze for the interests of maintaining council unity.

Russia and China have resisted U.S. pressure for fast action on sanctions even though they agree to them as a lever. And French Foreign Minister Philippe Douste-Blazy last week appeared to suggest that the demand to stop enrichment before any talks on Iran's nuclear program begin was negotiable.

He later reversed himself. Still, such vacillation appeared to reflect that — although Britain, France and Germany formally represent the European Union in the talks_ a sizable number of countries within the 25-member bloc are against quick punishment.

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A European diplomat told AP on Sunday that much of the opposition came from Italy, Spain, Portugal and Slovenia. Italy and Spain have agitated for a larger role in talks with Iran, and Larijani met with Spanish and Italian leaders before coming to Vienna on Friday.

A European official said Solana discussed the issue with Secretary of State Condoleezza Rice before going into the weekend meetings, but declined to offer details.

Solana was to brief senior representatives of the six powers on Monday by phone on his Vienna talks in a conference call, he added. Those discussions will likely influence what steps are next taken by the Security Council.

Before the Solana-Larijani talks, U.S. Undersecretary of State Nicholas Burns had said Washington expected the Security Council to start discussing a draft on sanctions as early as next week.

In Washington, State Department spokeswoman Janelle Hironimus said the telephone conference would proceed as scheduled on Monday and further negotiations on sanctions would be held at the United Nations later in the week.

Emerging from the Vienna talks, both Larijani and Solana spoke of progress and agreed to meet again later this week.

While neither side disclosed the substance of discussions, Solana said "the meeting was worth it," while Larijani told reporters that "many of the misunderstandings were removed."

"We have reached a common point of view on a number of issues," he said.

The meeting had been billed as possibly the last chance for Iran to avoid penalties for rejecting the U.N. Security Council's demand to stop uranium enrichment by Aug. 31.

The six powers agreed in June on a package of economic and political rewards to be offered to Tehran, but only if it stops enrichment before the start of such negotiations — meant to achieve a long-term enrichment moratorium.

Iran's package of counterproposals, made Aug. 22, has not been disclosed but was initially dismissed as inadequate by leaders of the six-nation alliance, primarily because it did not mention the demanded pre-negotiation enrichment freeze. A confidential memo from Britain, France and Germany made available to AP and sent to dozens of capitals also said it fell short.

Still, both Solana and Larijani suggested Sunday the gap had been narrowed.

Their comments — and the information given the AP on Iran's readiness to consider a temporary enrichment stop — jibed with indications that positions may have shifted, both for Iran and within the six-nation alliance.

European officials had suggested earlier that at least some of the six nations were ready to listen if Iran committed itself to an enrichment freeze soon after the start of negotiations instead of before talks.

Ali Ashgar Soltanieh, the chief Iranian delegate to the International Atomic Energy Agency, told AP that Larijani briefed IAEA chief Mohamed ElBaradei before flying back to Tehran on Sunday.

Wobbly Diplomacy (WP)

The Washington Post, September 11, 2006

What happened to the support that the Bush administration said it had for sanctions against Iran?

LAST SPRING the Bush administration struck what looked like a clever diplomatic bargain with European governments, Russia and China on addressing Iran. The Islamic regime, Secretary of State Condoleezza Rice said, would be offered a "clear choice" between a package of economic and political treats -- including the direct dialogue with the United States that Tehran has long craved -- and international sanctions, depending on whether it agreed to suspend its nuclear program. Bush administration officials said they agreed to back the incentive package because Germany, France, Russia and China all pledged that in the event of a negative answer from Iran, they would support sanctions.

Iran's answer is now in: It is unambiguously negative. The administration has consequently turned to its partners and asked for the response they committed themselves to. Their reactions -- at least in public -- have been almost as dismaying as that of the mullahs. "The parties involved should be cautious about moving toward sanctions," said Chinese Premier Wen Jiabao, whose country imports almost 12 percent of its oil from Iran. "We cannot support ultimatums that lead everyone to a dead end," said Russian Foreign Minister Sergei Lavrov, whose country is selling Iran hundred of millions of dollars in nuclear materials that might be affected by the proposed sanctions.

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French Foreign Minister Philippe Douste-Blazy, whose country is reluctantly deploying troops to Lebanon within range of the Iranian-backed Hezbollah militia, cynically claimed the middle ground: "If the Americans want sanctions, and the Russians and Chinese don't, there will be no sanctions," he said last week. "We must continue more than ever to keep the dialogue with Iran open."

Bush administration officials maintain they are not alarmed by these declarations; better answers, they suggest, will come in closed-door negotiations among the permanent members of the U.N. Security Council and Germany that began Thursday in Vienna. They predict that a new U.N. resolution applying a first set of mild sanctions will be passed in the end -- though not before many weeks of negotiations among the allies.

Meanwhile, Iran's nuclear program will continue. U.N. inspectors reported last week that the uranium enrichment operation that began this year is proceeding more slowly than expected. At the same time, they came across new traces of bomb-grade uranium for which Iran provided no explanation -- just as it has refused to explain its president's public statement that work is proceeding on a new, advanced centrifuge that would greatly speed enrichment.

Russian and Chinese officials may fear that international sanctions are a prelude to more drastic measures, such as U.S. military action. In fact, their resistance to sanctions only raises the chances that President Bush will see force as the only way to stop an Iranian bomb.

Blair Warned To Stay Away From Beirut (FT)

By Christopher Adams, Sharmila Devi, Andrew England

Financial Times, September 11, 2006

Tony Blair, Britain's prime minister, has been told to stay away from Lebanon by the country's most senior Shia cleric ahead of a visit on Monday to Beirut, the first by any western leader since the war with Israel.

Grand Ayatollah Mohammed Hussein Fadlallah declared the prime minister persona non grata for his unswerving support of President George W. Bush and the Israeli assault against Hizbollah guerillas.

He said the British leader was "a real partner in the Israeli-American war on Lebanon" and should have been brought to account instead of being welcomed to Lebanon.

Mr Blair travels to Lebanon at the end of a Middle-East tour that also saw him visit Israel and the Palestinian territories. On Sunday, Israeli and Palestinian leaders said they would meet within weeks to restart stalled peace talks.

The British premier told reporters at a joint press conference with Mahmoud Abbas, the Palestinian president, in Ramallah that a "window of opportunity" existed to secure a lasting peace between the two sides.

But Hamas, which runs the Palestinian Authority that is subject to a western aid boycott, rejected Mr Blair's conditions for any dialogue, signalling one of the many hurdles that lie ahead.

The premier said the international community would restore contacts with any Palestinian national unity government as long as it renounced violence and recognised Israel, conditions set by the international quartet made up of the US, European Union, Russia and the United Nations.

Mr Abbas said he was willing to meet Ehud Olmert, the Israeli prime minister, who said on Saturday that he would meet the PA president. But any negotiations are unlikely to lead to much progress while an Israeli soldier, Gilad Shalit, remains in captivity in Gaza and Hamas refuses to change its stance on the recognition of Israel.

The British prime minister is braced for a frosty reception when he arrives in Beirut on Monday for talks with Fouad Siniora, his Lebanese counterpart, on reconstructing the battered economy.

He has made revival of the stalled peace efforts in the Middle East a priority for his last nine months in office as he seeks to build a political legacy before quitting. However, officials in London had made it clear they did not expect him to be welcomed on every stage of his trip.

In Lebanon, where more than 1,000 people, most of them civilians, were killed in the 34-day conflict, Mr Blair has been criticised for not demanding an immediate ceasefire in the early days of the war. Ayatollah Fadallah said in a statement issued last night that the government should have told him "he is not wanted in Lebanon . . . so that he – and those like him – would know that we are not so naive as to welcome him when he has contributed to killing us and slaughtering our children".

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Diatribes And Dialogue In Mideast For Annan (NYT)

By Warren Hoge

The New York Times, September 11, 2006

UNITED NATIONS, Sept. 10 — "It was the longest and most strenuous and most demanding trip that I have done in my 10 years in office," Secretary General Kofi Annan said last week of his just-ended 11-day Middle Eastern marathon.

The trip was the kind of shuttle diplomacy that American secretaries of state used to do but could not now, given that there has been such a plunge in American credibility over Iraq and that two places Mr. Annan visited, Iran and Syria, are no-go zones for American officials.

At the same time, Mr. Annan and his aides had to struggle against their own perception problem. The United Nations, sometimes portrayed in the United States as standing in the way of American objectives, is often seen abroad as being much too close to America.

From the outside, the trip was a whirl of motorcades twisting through streets hung with banners portraying the "divine victory" of Hezbollah's leader, Sheik Hassan Nasrallah; audiences with presidents, prime ministers and mullahs in grandiose palaces with courtiers seated in stiff formations around the national leader; and formal greetings at garden entrances with fountains sparkling in the sunlight.

Behind the pageantry, Mr. Annan made dozens of phone calls to leaders in the region, Europe and the United States. The results: the end of the Israeli blockade of Lebanon on Friday and the agreement by both Israel and Lebanon that Mr. Annan would be the broker of confidential negotiations in the coming weeks seeking the release of two Israeli soldiers held by Hezbollah.

A daily contact was Secretary of State Condoleezza Rice, the Bush administration official with whom Mr. Annan has a close association, offsetting his strained relations with John R. Bolton, the United States ambassador to the United Nations.

The purpose of the swing through nine Middle East countries, the West Bank and stops in Brussels, Geneva and Madrid was to build support for the Security Council resolution that ended the fighting between Israel and Hezbollah in Lebanon.

In Damascus, Syria, Mr. Annan and his associates said they sat through a diatribe from Bashar al-Assad, the Syrian president, depicting the Western powers as bankrupt and powerless. They said he included in his list of Western failures the inability of the European Union to adopt a constitution — a comment they said they found remarkable coming from a strongman leader with no known constitutional concerns of his own.

Terje Roed-Larsen, one of Mr. Annan's Middle East envoys, said the United Nations team had made no demands of Mr. Assad, whose country finances and arms Hezbollah, but rather "told him what was expected of him." Two days later, Walid al-Moallem, the Syrian foreign minister, called Mr. Annan in Qatar to say Syria was sending a battalion to the border with Lebanon to help the Lebanese Army and German inspection experts stationed there enforce an embargo on illegal arms.

In Iran, which also finances and arms Hezbollah, the United Nations diplomats said, the tenor was one of supreme confidence. "The Iranians told me, 'The West says we have to re-establish confidence with them,' " Mr. Annan said. "But they said, 'We think it's for the West to re-establish confidence with us.' " The team listened as Mahmoud Ahmadinejad, the Iranian president, told them that Iran was the dominant player in the region and would soon consign Britain and America to secondary roles.

"He said that Britain and America won the last world war, but they wouldn't win the next one, Iran would," said one of the aides, who said he could not comment for attribution on a private meeting.

"It wasn't the tone and content that stunned us," he said. "It was the fact that he talked like he meant it and believed it. Remember, this is a man with very little exposure to the outside world." The Iranians offered no direct assurances about Hezbollah, but said they would cooperate in carrying out the Security Council resolution, which calls for disarming it in Lebanon.

In their visits to all Arab capitals except Damascus, Mr. Annan's associates said they found deep concern over Iran and its pursuit of nuclear energy. "It's the ancient rivalry between the Arabs and Persia that used to motivate this region returning now with force," one of them said.

In discussing Iran's nuclear program, the Iranian negotiator Ali Larijani artfully claimed that, by rejecting Western demands to suspend it before entering negotiations over its purposes, Iran was simply acting in keeping with Mr. Annan's stated preference

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for unconditional talks. An Egyptian official said there was a local expression for this maneuver. "They're trying to put the turban on Kofi," he said.

In Jerusalem, the Annan team had to face the longtime distrust of the Israeli public over actions by the United Nations seen as favoring Palestinian claims. The diplomats said they were impressed by the Israeli prime minister, Ehud Olmert, who, they said, cited a desire to be cooperative. "Olmert's tough and direct," Mr. Roed-Larsen said. "He admitted to us up front that he had constraints, which made it easer for us to help."

Mr. Annan's first stop was Lebanon, where he saw the destruction in Beirut's suburbs and the ruins of villages in southern Lebanon. He reported with some sympathy the growing frustration of Fouad Siniora, the prime minister, over the blockade of his country. "When I spoke to Siniora the last time," Mr. Annan said in Amman, Jordan, "he said he's getting really fed up. You know he's getting one condition after the other, and he says, 'What I want is for somebody to give me a clear indication of what needs to be done.' "

Mr. Siniora received it on Wednesday in a six-point plan composed by Mr. Annan involving sequenced steps by naval forces from Britain, France, Germany, Greece and Italy. The plan, which was also presented to Mr. Olmert, provided the Israelis the assurances they needed. Two days later, the blockade ended.

It was likely the last major diplomatic journey for Mr. Annan, who won a Nobel Peace Prize during his first five-year term but who has become more accustomed in recent years to being criticized for mismanagement. He will leave office on Dec. 31. During the trip, he mused about how he had no weapons, no troops, only the power of dialogue. That set him apart from all the leaders he was talking to, in a region where brazen show of muscle is the normal persuader. It also illustrated a founding idea of the United Nations: that an organization with no national agenda can bring together countries with competing agendas.

"Individual nations have individual views and they convince themselves they are right and they are so sure of what they say, and they don't want to budge because they feel if they budge, they will lose face," Mr. Annan said in an interview aboard his plane on Wednesday night while departing Ankara, Turkey. "My job is to give them a ladder to climb down from the precipice."

An Arab Peace Plan (TIME)

By Scott Macleod

Time, September 11, 2006

King Abdullah II of Jordan has few opportunities to relax. Speaking with TIME at Basman Palace last week, he spent a moment describing how he likes to take Queen Rania out for a spin on his Harley-Davidson and hopes to get the family, including two sons and two daughters, away for a picnic soon. Then it was on to business. While much of the interview focused on his uncharacteristically dark outlook on the Middle East--Abdullah, 44, is usually known for his optimism--he also revealed the outlines of a new Arab peace initiative, dubbed Beirut Plus (a reference to an Arab League initiative adopted in Beirut in 2002). The effort, which the King insists is "really one of the last chances" for peace, hopes to revive Arab-Israeli talks before the November elections in the U.S.

Five years after 9/11, has the war on terrorism made the world safer?

What it's done is make it more complicated. We are still not addressing the root causes. The Lebanese war dramatically opened all eyes to the fact that if we don't solve the Palestinian issue, the future looks pretty bleak for the Middle East. Unless we solve the core problems, terrorism in its strength will always be with us.

Why stress the Palestinian issue?

There needs to be some sort of Palestinian integral geographic state, today and not tomorrow. If we don't achieve that, the trend is maybe Israel doesn't want peace, maybe the Americans don't want peace. That's what we moderates are having to fight. We are running out of arguments. If we don't see tangible results on the ground by 2007, then I don't think there will ever be a Palestinian state. Then I think we are doomed to another decade or decades of violence between Israelis and Arabs, which affects everybody.

Why so dire?

A lot of people in the area feel that because Israel is not invincible, as people thought, maybe dialogue is not the way to discuss issues with Israel. The moderate voice now has been neutralized.

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What can you do?

We are relaunching the Arab initiative, reaching out to the Israeli public, saying, Look, it is Beirut Plus now. There is movement by core Arab and Muslim countries [Saudi Arabia, Egypt and Jordan], saying, Look, if we solve the Palestinian issue, it is one major step forward in bringing peace and stability to the region.

What's new with Beirut Plus?

The short-term objective is to get straight back to negotiations. But we want to jump ahead to something tangible. We need to get to the point where people want to sign on the dotted line. We want to move to a two-state solution, but we are not going to go back and forth with lawyers until we get there. We need to start building things on the ground. What we have seen with Israel and its Arab neighbors is a unilateral approach. I think it has finally dawned on our friends in Israel that that doesn't work.

What does this plan have for the Israelis?

Security guarantees by the Arabs. The assurance that they [the Israelis] are fully integrated--socially, economically, politically and culturally--into the Middle East.

Is the Bush Administration on board? The back-and-forth is very positive.

What about Israeli Prime Minister Ehud Olmert?

He is a man that I trust will commit to peace and deliver.

Why should Israel deal with Hamas when you don't trust it either? I don't think that Israel is looking just at having a problem with Hamas. It is looking further afield and seeing major security challenges. There are other regional powers that are vying for supremacy in this area. Usually when that happens the net result is conflict and violence.

If you mean Iran, does President Mahmoud Ahmadinejad scare you?

Nobody scares me. I think part of the Iranian policy is to say, I am here, people, take me seriously.

How tough should the U.S. get with Iran over its nuclear program?

I don't think the Middle East could afford another war. And a war with Iran would open a Pandora's box, one that I don't think the Middle East would recover from.

Roh And Bush Set For Bumpy Summit Amid Strains Over North Korea (AFP)

By Simon Martin

AFP, September 11, 2006

North Korea's military threat will dominate this week's summit between the South Korean and US presidents, but analysts say they are unlikely to narrow sharp differences on how to handle the isolated communist state.

The self-declared nuclear-armed North, which sparked international alarm by test-firing seven missiles in July, is seen by President George W. Bush as part of an "axis of evil."

President Roh Moo-Hyun's administration, which wants engagement with its prickly neighbour rather than isolation, plays down the military threat posed by the missile tests and sees them as a negotiating tactic.

Relations between the South and the US -- its ally for six decades -- are in trouble, as Roh's administration admits.

"Unfortunately there exists a perception gap between South Korea and the US," Foreign Minister Ban Ki-Moon acknowledged recently without elaborating.

"This summit meeting between Korea and the United States is far more important than before."

Roh promised to coordinate relations "to make them trouble-free" but acknowledged concerns.

"Some people in South Korea and the United States are worried that there are problems in Korea-US relations," he said last week during a trip to Romania.

"Such concerns die down for a time whenever I meet the US president, though this does not last for long."

The presidential Blue House said the two leaders were expected on Thursday to discuss ways of strengthening their alliance "and talk deeply and widely about North Korea's nuclear and missile issues..."

The greatest crisis facing the military alliance, Seoul's international security affairs ambassador said Thursday, is the different perceptions of North Korea's potential threat.

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Moon Chung-in told a seminar that Seoul looks at Pyongyang both as a threat and a partner that it must deal with to bring peace and stability.

He was quoted by Yonhap news agency as saying Washington sees the North merely as a rogue state that must be contained or overturned.

The North since November has boycotted six-nation talks aimed at curbing its nuclear programme in return for economic and diplomatic rewards, in protest at US financial sanctions.

It also dismissed a UN Security Council resolution, backed by its major ally China, which condemned the missile tests and imposed missile-related sanctions.

A US news report has said the North may now also be preparing a nuclear test. It declared itself nuclear-armed in February last year.

With the US pushing for enforcement of the missile-related sanctions and curbs on the North's missile exports, and South Korea pushing its "Sunshine Policy" of engagement, "expectations are very low going into the summit" as one analyst said.

"They have fundamentally different world views on North Korea," said Peter Beck, director for Northeast Asia of the International Crisis Group.

"Seoul wants to expand economic cooperation with North Korea, Washington wants to tighten the financial noose around its neck."

The two leaders, Beck told AFP, are from opposite ends of the political spectrum and don't give "good chemistry".

"Washington faces a president who thinks Japan is a bigger threat than North Korea," he added in reference to a Japanese-South Korean dispute over an island chain.

"It will be really a 'grin and a handshake' kind of meeting."

Beck said the distance between the two countries was growing rather than diminishing.

Other likely summit topics are a free trade agreement now under negotiation, which Roh is pushing despite intense domestic opposition.

Seoul's push to regain wartime control over its military from a US-led unified command may not come up for discussion, officials say.

The proposal has sparked protests in Seoul from veterans, former defence ministers and academics which say it would threaten security.

The US, which has stationed tens of thousands of troops in the South since the end of the Korean War in 1953, has not publicly objected to the proposal. It even said the change could take effect in 2009 -- three years earlier than Seoul proposes.

"It may be a case of 'Be careful what you wish for'," said Beck.

Brown Denies Role In British Political Coup (NYT)

By Alan Cowell

The New York Times, September 11, 2006

LONDON, Sept. 10 — As the feud over Prime Minister Tony Blair's succession continued, Gordon Brown, the heir-apparent, denied today that he had sponsored a political coup that divided the ruling Labor Party and produced days of infighting and crisis.

Mr. Brown, the chancellor of the exchequer, was speaking in his first television interview since Mr. Blair, under severe pressure, pledged last Thursday that he would leave office within the next 12 months. Some of his critics are still pressing for a commitment to a much quicker timetable.

Speaking Saturday, Mr. Blair urged Labor supporters to end the squabbling, saying they would lose the next election, due by 2010 at the latest, if they did. He spoke after Charles Clarke, a former senior minister, assailed Mr. Brown, calling him "deluded'' and a "control-freak'' bereft of collegiality — charges seen by some as intended to undermine Mr. Brown's credentials as a future prime minister and to encourage rival contenders for the prime ministry.

The attack reinforced a calculation among political analysts that the pressure has shifted to Mr. Brown to prove his suitability as a national leader.

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"Brown has branded himself a traitor, almost as if he had wielded the dagger,'' Michael Portillo, a former Conservative minister, wrote in The Sunday Times of London, comparing Mr. Brown to Michael Heseltine, the Conservative challenger who took the lead in bringing down Margaret Thatcher in 1990 but did not replace her. "Even those who had wanted her gone balked at rewarding the lead plotter,'' Mr. Portillo said.

Indeed, said Andrew Rawnsley in a column in The Observer: "His time almost done, Tony Blair has not much left to lose. Gordon Brown has everything to lose. The departing king knows his destiny. More uneasy lies the head that would wear that bloodied crown.''

In his interview today, Mr. Brown sought to define the outlines of his likely political agenda and to leaven what newspaper columnists and political adversaries have depicted as a dour and charm-less persona lacking the charisma often ascribed to Mr. Blair.

He was asked specifically if he had sponsored a letter by 17 dissident Labor legislators that triggered the crisis last week by urging Mr. Blair to quit. Eight of the signatories subsequently resigned from junior government positions, strengthening the rebellion against Mr. Blair.

"If anybody had asked me about the contents of that letter I would have said it was completely ill-advised,'' Mr. Brown said. "And the reason is this. Some people want to tell Tony Blair when he should finally make the decision that he has said he will make about when he wishes to go.''

"I've always said to Tony - and I think this should be clear, and it was made clear on many occasions when I've talked to Tony, the decision is for him, it should be for him,'' Mr. Brown said. Traveling in the Middle East, Mr. Blair said he accepted the assurance from Mr. Brown.

Seeking to reshape his image as a brooding loner, Mr. Brown called himself a "team player'' and said that, if chosen to replace Mr. Blair, he would seek to lead a "government of all talents'' including some leading Blairites.

He said he would be guided by a "moral compass'' toward hard work, fairness and responsibility towards others and indicated that there would be no immediate change in policies promising a withdrawal of British troops from Iraq only when Iraqi forces can replace them. Mr. Brown spoke, too, of "managed migration'' as the European Union is enlarged to embrace Bulgaria and Romania – a development that may Britons fear will bring an upsurge of migrants from southeastern Europe.

Moreover, Mr. Brown said he would welcome a leadership contest to replace Mr. Blair. For years, it had been assumed that Mr. Brown will take over from Mr. Blair under a secret deal between the two men struck three years before Labor came to power in 1997.

But the crisis has undermined that assumption. Indeed, Mr. Blair has refused to endorse Mr. Brown as his successor. Mr. Brown said today:

"I think it's good for the party if there's an election. I've got no difficulty and certainly there's no personal issues about other people standing.''

PM "Heir" Denies Anti-Blair Plot (AP)

AP, September 10, 2006

LONDON, England (AP) -- Treasury chief Gordon Brown denied plotting to bring down Tony Blair, saying Sunday he had nothing to do with the letter from governing party lawmakers that urged the British prime minister to stand aside.

Brown, though long regarded as Blair's heir apparent, told British Broadcasting Corp. television that he welcomed a contest to choose the next Labour Party leader, who also would be prime minister.

"I would welcome the candidates for the election. They should be free ... to stand, if that's what they want to do," Brown told BBC interviewer Andrew Marr. "It's good for the party if there is an election."

It was the first time Brown had talked in depth publicly about the bitter infighting that has torn the party in recent days.

Many in the Labour Party had hoped that Blair's reluctant announcement on Thursday that he would resign within a year would end the strife. But questions about his departure have followed the prime minister to the Middle East, where he is pushing for a renewal of stalled Israeli-Palestinian peace efforts.

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Asked at a news conference in the West Bank town of Ramallah whether he accepted Brown's assurances that he was not part of a plot, Blair replied: "Of course ... but I really want to concentrate on Palestine today."

Senior party figures have publicly backed Brown as the next Labour leader in an effort to prevent the eventual handover of power from getting even uglier and throwing national elections, expected in 2009, to a resurgent Conservative Party.

But Brown has been damaged by reports that he was behind attempts to get Blair to stand down, and is now more likely to face rival bids from other senior Labour figures.

After he met Blair this week it was reported that the two men had reached a private understanding over the handover of power.

Brown's BBC interview appeared to be a carefully crafted attempt to dampen the claims that he was plotting a takeover, while promoting his bid to be the next prime minister. He appeared upbeat, presenting himself as serious and caring, and he answered questions on everything from Iraq to his personal style.

The chancellor denied that there had been an attempted coup against Blair, or that he was behind a letter from 15 Labour lawmakers sent Tuesday telling Blair it was time to go. "I have not even seen a letter," he said. "There were rumors, of course, about all sorts of things happening ... If anybody had asked me about the contents of that letter, I would have said it was completely ill-advised."

Brown said Blair "will make his decision (about standing down) in his own way, and that is the right position."

Brown said he did not know any timetable for Blair's departure, and did not want Blair to go earlier than he has intimated. "It's for him to make the announcement, not for me," Brown said.

Brown was also conciliatory about former Home Secretary Charles Clarke, who recently accused Brown of being a "control-freak" who could not work with people and who lacked Blair's charm.

Brown said that, if he took over, he might consider Clarke for a ministerial post as he hoped to form a "government of all the talents."

"I'm not going to hold against him statements that he made," Brown said.

Brown Vows To Follow Blair's Agenda (FT)

By Jean Eaglesham, Christopher Adams

Financial Times, September 11, 2006

Gordon Brown, chancellor of the exchequer, on Sunday pledged to continue to pursue a modernising centre-left agenda if – as is widely expected – he succeeds Tony Blair as UK prime minister.

Outlining his leadership manifesto, Mr Brown, who is typically seen as being to the left of Mr Blair, offered an olive branch to his critics by promising to include "all talents" in his cabinet and welcoming a contest for the leadership of the ruling Labour party as "good for the party".

In his first interview since Mr Blair last week confirmed he was stepping down as prime minister within a year, Mr Brown also backed many of the most contentious Blairite policies.

On domestic policy, Mr Brown backed the prime minister's drive further to strengthen anti-terrorism laws by allowing suspects to be held for longer than 28 days. He reiterated his previous commitment that reform of the public services "will continue [and] in some cases intensify quickly" under a Brown government. He also signalled the need for a "policy of managed immigration in the future".

The chancellor told the BBC he was "holding to the policy" of the government on Iraq, while conceding that mistakes had been made by not preparing sufficiently for the postwar transition.

US President George W. Bush "deserves support" in the fight against terrorism, as well as by the nature of his office, Mr Brown argued.

Mr Brown's conciliatory tones follow a week of bitter and public infighting within Labour ranks over the succession issue, which many in the party fear may prove to be highly damaging electorally.

Critics of Mr Brown claim the chancellor lacks Mr Blair's popular appeal and that his supposed preference for more leftwing "traditional" Labour policies will lose the party support among the middle classes.

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David Cameron, the leader of the opposition Conservatives, will today differentiate his party from Labour's unflinching support for Mr Bush. He will cite concerns about American policy, evidenced by a poll for Sky TV on Sunday showing only 7 per cent thought the US-led war on terror was being won. Mr Cameron will attack the "deeply worrying" anti-US sentiment in Europe, but will argue it is best addressed by moving "beyond neoconservatism".

"That means reviving the best traditions of the special relationship. And it means developing with America a tough and effective foreign policy for the age of international terrorism – a policy that moves beyond neoconservatism, retaining its strengths but learning from its failures," the Conservative leader will state.

Mr Brown insisted he was unaware of any attempts to oust Mr Blair, saying he had not seen the letter sent last week by 17 Labour MPs calling on the prime minister to quit. Mr Brown promised to support Mr Blair on whatever handover date he chose, insisting he would be happy with a May succession. Asked if he wanted the prime minister to go earlier, Mr Brown said: "No, I don't."

Mr Blair, asked if he was "100 per cent convinced" by these assurances, said: "Of course". But the prime minister, on a tour of the Middle East, declined invitations from reporters to endorse the chancellor as his successor.

A Chilled Relationship, For Now (WP)

By Sebastian Mallaby

The Washington Post, September 11, 2006

British politics has delivered its own verdict on the war on terror. By a poignant coincidence, Tony Blair, the prime minister who has often been the world's most forceful exponent of a virile response to militant Islam, became a political eunuch last week -- just as the world was taking stock of the fifth anniversary of 9/11. A revolt within Blair's Labor Party forced him to promise that he would be gone within a year. He had become too close to the foreign policy of George W. Bush: in short, too pro-American.

Blair has always been that way, even before those hijacked planes smashed into the World Trade Center and the Pentagon. In the 1990s he bonded with the Clinton team, promoting a new politics that eschewed the statist left and free-market right in favor of a Third Way synthesis. Ideas such as welfare reform and wage subsidies for poor workers were test-driven in the United States and then rolled out in Britain. The Blairites embraced the Clinton mix of pro-market economics and pro-poor social policies.

But Blair's affinity with the United States went deeper than policy. His can-do optimism, his relentlessly on-message spin, his frank love of the camera: All would have been unremarkable in an American pol, but all challenged British tradition. Blair's predecessors respected their countrymen's distaste for showmanship, and they often seemed mousy when appearing alongside U.S. leaders. But Blair smiled his enormous chipmunk smile. He was even more upbeat than Americans.

It's worth pondering these things as you contemplate the future of the war on terror. The United States has few allies in the world, and Blair's forced promise to step down reduces America's most faithful friend to lame-duck status. Under Blair's leadership, the British did more than contribute troops to Afghanistan and Iraq. They contributed Blair's singular, self-certain voice. Often the prime minister seemed to be acting as Bush's chief spokesman and chief diplomat all rolled into one. He could make the arguments that the president struggled crudely to articulate -- and make them sound sophisticated.

Once Blair is gone, nobody will play his role with comparable conviction. Gordon Brown, the all-but-anointed prime minister-in-waiting, vacations in Cape Cod, but he evidently feels no love for Bush's foreign policy. David Cameron, the fresh leader of the opposition Conservative Party, knows how to read the national mood. He is not going to pick up the pro-American baton.

Some commentators, reacting to Brown's emphasis on British national identity, predict that the country may be entering a prickly phase -- the Frenchification of British foreign policy, you might call it. But my hunch is that the Anglo-American affair will resume relatively soon: most likely, the day after George W. Bush leaves office. Despite all those opinion polls that show anti-Americanism running at alarming levels, the pull of pro-Americanism is strong and growing stronger in Britain.

This hunch is based on personal experience. I grew up in the Britain of the 1970s and 1980s, a land in which class resentments were intense, success was regarded as suspect and pessimism was the unofficial national religion. The only relief

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from the sensation of national decline came from a perfunctory military victory over a third-rate Argentine dictatorship. The Britain of that time was profoundly un-American.

But that changed during the 1990s. Unemployment came down, the economy bloomed and Britain started to outpace some of its European rivals. Optimism ceased to be a heretical credo; a go-getting meritocracy hatched from the cracked husk of the class system. London became a city of American investment bankers and Indian entrepreneurs. The national soccer team was coached by a Swede, and the most celebrated soccer club was owned by a Russian.

If you could date the crystallization of this new Britain, it was the moment when Tony Blair was elected in 1997. "New Labour, New Britain," his campaign slogan went, and he showed what he meant by promoting women and racial minorities in his cabinet, chasing hereditary lords out of their privileged position in the upper house of Parliament, and generally by championing energy and ideas rather than caution and tradition. It was only natural that this exuberance was accompanied by a love affair with the United States. Whether he was embracing the Third Way ambition to remake social policy or the neoconservative ambition to remake entire countries, Blair could not resist the sense of possibility that American optimism brings -- the sheer idealism of it.

In electing Blair nine years ago, Britons showed they identified with this American sensibility. Two more Blair victories later, this is even truer. Continued economic growth has pushed the old class system further off to the margins; melting-pot meritocracy has been strengthened. All of which sets Britain apart from the congenitally pessimistic and anti-American nations of stagnant Europe. The next blooming of the Anglo-American affair will not be long in coming.

A Major Image Problem (USNEWS)

By Liz Halloran

U.S. News and World Report, September 11, 2006

Angling for laughs at the recent Emmy Awards, host Conan O'Brien noted that some big-screen actors had been seduced by television: "Alec Baldwin has a new show on NBC. James Woods has a new show on CBS," he said. "And Mel Gibson has a new show on al Jazeera."

The Hollywood crowd roared at the tongue-in-cheek suggestion that Gibson, who'd just unleashed an anti-Semitic rant during his arrest for drunk driving, might have a deal with the Arab network that is seen by many Americans as Osama bin Laden's favorite news outlet.

But they weren't laughing in the Qatar-based network's well-staffed Washington bureau, which is part of an effort to launch a global English-language sibling to the all-Arabic news channel. Al Jazeera International has CNN-like ambitions and hubs in Washington; London; Kuala Lumpur, Malaysia; and Doha-but its rollout timetable remains uncertain. Though 500 staffers have been hired worldwide, including about 100 in Washington, the launch has fallen victim to enormous technical difficulties and the herculean task of selling an al Jazeera product in a post-9/11 America that's at war in the Arab world and suspects-rightly or wrongly-that the network favors the bad guys.

Delayed. The kickoff for the new channel was originally expected in early 2006; then a spokesman predicted a September date, later amending that in favor of "the end of the year." Now, says Lindsey Oliver, the channel's commercial director, "We won't confirm a specific launch date, other than to say we are very close." Al Jazeera wants the new channel to reach up to 40 million households worldwide, but it's unclear who the target audience is, and the firm has found some U.S. cable and satellite companies reluctant to carry the al Jazeera brand. Several U.S. companies declined to comment.

Ironically, in its quest to convince U.S. broadcast and advertising muckety-mucks that the new channel, led by a British-dominated management team, will be independent from its Arabic sister, al Jazeera has also managed to anger many in the Arab community.

"This is an Arab network from the Arab world-if people are going to watch a western point of view, they already have CNN, Fox, and the rest," says Mohammud el-Nawawy, a professor at Queens University of Charlotte (N.C.) and coauthor of Al Jazeera: How the Free Arab News Network Scooped the World and Changed the Middle East.

A decade ago, when al Jazeera's Arabic channel was founded with a grant from the emir of Qatar, it was the first network in the Arab world not directly government operated. It quickly won huge audiences and plaudits here and abroad for bringing a

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more open press to the Middle East, reporting on government corruption and at times angering Arab viewers for giving Israelis an on-air voice. Defense Secretary Donald Rumsfeld was among top officials who appeared on the network.

But after 9/11, when the network began airing gruesome images of Arab casualties and became the conduit through which bin Laden released his statements,the al Jazeera brand became poison in the United States. Just last week, al Jazeera broadcast excerpts of a new video showing bin Laden meeting with some of the 9/11 hijackers. And Rumsfeld has denounced the network for anti-U.S. propaganda, including reports that American troops in Fallujah were terrorizing civilians. "They are simply lying," he said.

Agriculture Discord Stymies World Trade Talks' Revival (NYT)

By Larry Rohter

The New York Times, September 11, 2006

RIO DE JANEIRO, Sept. 10 — Despite repeated declarations of their desire to resuscitate suspended global trade negotiations, representatives of leading industrial and developing nations meeting here this weekend were unable to agree on a resumption date.

The talks were suspended in July, and much of the blame over an impasse in resuming them has been directed at the United States.

"What happened in July was a serious accident" that could lead to litigation and "protectionist surges" that would damage global trade, Pascal Lamy, director general of the World Trade Organization, said at a news conference here on Sunday. "We want the negotiations to resume," he continued, "but I'm not sure we have all the elements in line" to do so.

As was the case in July, the sticking point is agriculture. Developing nations have been demanding that in return for opening their markets to more manufactured goods and services, the United States and other rich industrialized countries eliminate farm subsidies and related measures that inhibit exports of agricultural products from poorer nations.

The meeting here was sponsored by the Group of 20, or G-20, a coalition led by large fast-developing countries from Asia, Latin America and Africa. After meeting on Saturday to form their common position, the G-20 emissaries were joined Sunday by representatives of the United States, the European Union and Japan, as well as Mr. Lamy.

Taking the offensive, the European Union said it was willing to make new concessions on agriculture and called on the Bush administration to do the same. "The U.S. needs to make a fresh proposal during this time to reduce in real terms what it spends on trade-distorting subsidies and to discipline the programs it uses," said Peter Mandelson of Britain, the trade commissioner for the European Union.

But the United States trade representative, Susan C. Schwab, said Washington had already agreed to "very real and very dramatic cuts" with a proposal that was "not a take-it-or-leave-it offer." She rejected suggestions that the Bush administration was acting primarily to protect powerful farm groups in Republican or swing states. "Being a champion of small family farms cuts across party lines," she said.

The breakdown of talks in July stemmed from "a collective effort and a collective failure," she continued. "The Doha round is in serious trouble, there is no question," she said, referring to the global trade talks that began five years ago in Doha, the capital of Qatar. She said the United States was committed to a successful outcome "if one can be found."

Several emissaries expressed hope that negotiations could resume after the American midterm elections in November, when the Bush administration will presumably be less subject to pressure from the farm lobby. They spoke of a "window of opportunity" that would extend until the middle of next year, when Congress would be drafting the next farm bill and President Bush's authority to negotiate trade pacts that Congress could not amend would expire.

"It seems to me so patently obvious that farmers have votes and write checks," Mr. Mandelson said at a news conference on Sunday afternoon. While the United States electoral calendar is not the only factor that will determine the date of any resumption of talks, said Celso Amorim, Brazil's foreign minister, "the fact the elections are over can help" break the logjam.

Brazil itself has a presidential election in three weeks, and the meeting here, a joint initiative of Brazil and India, allowed Brazil's left-wing government, whose own foreign policy has been criticized by opposition parties, to play the role of champion of

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the developing world. President Luiz Inácio Lula da Silva will meet in Brasília this week with his counterparts from India and South Africa to fine-tune the G-20's position.

"We saw signs of flexibility and a preparedness to move," Mr. Amorim said, in summarizing the meetings between the camps. "We didn't have any sign of blockages."

Russia To Boost Asia Energy Exports (FT)

By Stefan Wagstyl

Financial Times, September 11, 2006

Russia plans a massive increase in the scale of its exports of oil and gas to Asia in its quest to expand its political and economic role as a global energy supplier, Vladimir Putin has said.

According to the Russian president, it plans to export 30 per cent of its oil and gas to Asia in 10-15 years compared with 3 per cent today.

Mr Putin said Russia would continue to "behave in a responsible way" in the market. But his ambitious target will raise concerns in the European Union, the biggest importer of Russian energy, that its supplies might one day be affected by the flow of oil and gas to Asia.

Oil industry experts are debating whether Russia will find sufficient new reserves in western and – especially – in eastern Siberia to fill the eastbound oil pipeline it is already building and the two proposed gas links to China.

It is believed to be the first time Mr Putin has publicly put his name to the 30 per cent goal. Speaking on Saturday to foreign academics and journalists, Mr Putin said prospects for the eastbound energy links were "very good" and that Russia, with its border on the Pacific Ocean, had "a certain natural advantage" in developing ties in Asia.

Mr Putin did not specifically address the possible concerns of European customers but said Russia would consider other states' interests.

"I have never stated Russia is an energy superpower but we have more reserves than almost anybody else. We have always behaved, and we will continue to behave, in a responsible way. We intend to participate in the elaboration of common rules in the energy sector and to abide by rules that are developed together. But these should be fair rules that include the production of energy, the transport of energy and the consumption of energy."

Mr Putin warned the EU to act fairly in its demands for Russia to implement the European Energy Charter, a Europe-wide liberalisation programme that would commit Russia to granting private companies access to the state-run gas pipe network.

He repeated proposals for the EU to open its energy sector to Russian companies in return for access to pipelines. "If they want something from us, if we allow them in, what will be the benefit for us? . . . There is no gas production in Europe and no gas pipelines in Europe. So let's have something equivalent in western Europe and discuss how we will be let in."

Gazprom, the Russian gas monopoly, is already buying a small UK gas distributor and has expressed interest in acquiring Centrica. Mr Putin indicated Russia was also interested in supplying the EU nuclear fuel market – dominated by France.

Lonely Power (TIME)

By Romesh Ratnesar, Aryn Baker

Time, September 11, 2006

Hamid Karzai is a hard man to see. Even for those who gain access to the Presidential Palace in Kabul, his office is nearly invisible, tucked into the corner of a two-story building and marked only by a plainclothes security guard who sits outside its wooden door holding a machine gun. The interior of the office is adorned with large Afghan rugs, cream-colored sofas and a marble fireplace; behind Karzai's desk is a bookcase that prominently displays the collected writings of George Washington. From the serenity of that perch, it's tempting to gaze down at the blossoming rose garden below and convince yourself that the war being waged to save Karzai's country is far, far away.

But in Afghanistan, peace is still an illusion. Minutes before we are ushered in to meet Karzai, a distant blast shakes the windows of the palace. When he opens the door, he's in a typically affable mood, joking with his advisers, offering visitors coffee and apologizing for having a cold. As Karzai sits down for the interview, Amrullah Saleh, the head of Afghan intelligence, appears. "The chief of the spooks! How are you--good?" Karzai asks. But he knows the news is bad. The two men retreat into a back room,

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where Saleh tells him that a suicide bombing near the U.S. embassy, about a mile away, has killed two U.S. soldiers and 14 Afghans. It is the worst attack in the capital since the fall of the Taliban five years before, and for a moment, Karzai becomes grim. "Afghanistan has been going through this suffering for a long time," he says, "and you get very angry. Each time you get angrier." So how does he cope when every day seems to bring more tragedy? Karzai sighs. "We're used to it," he says.

Since becoming Afghan leader nearly five years ago, Karzai has been the face, voice and guiding spirit of the new Afghanistan, an urbane antidote to the depraved rule of the Taliban. In 2004, bolstered by billions of dollars in Western aid and the firepower of 18,000 U.S. troops, Karzai won Afghanistan's first presidential election in a half-century. Since then, nothing has gone right. Taliban guerrillas have overrun swaths of territory in the south, sparking a battle for control with NATO forces that has left 55 Western troops dead in five weeks. Squabbles between Western military commanders and the Karzai government over antidrug policies have allowed poppy growth to reach an all-time peak. It's a sign of how much security has deteriorated in Kabul that Karzai's movements are as restricted as ever. In his meeting with TIME, Karzai's aides would not allow him to be photographed beyond the door of his office, for fear that his whereabouts could be exposed. "The palace is like a jail," says Shukria Barakzai, a member of Afghanistan's parliament and a Karzai ally. "The walls are so high that he has become distant from his own nation." That helps explain why, as hope fades and parts of the country drift into lawlessness, Afghans have started to direct their anger toward Karzai himself.

As the insurgency has intensified, so has carping about Karzai's failings--not just his physical remoteness but also his willingness to placate the country's warlords, his failure to take on government corruption, even his inability to get the traffic lights working in Kabul. The very qualities that catapulted Karzai to power and burnished his celebrity abroad--his flair, openness and old-world gentility--now seem to be exactly the wrong traits for a leader of a developing country at war with itself. "He brought a new face to Afghanistan by being nice to everybody," says Ahmad Nader Nadery, head of the Afghan Independent Human Rights Commission. "But as the challenges have multiplied, he's revealed weaknesses that we never could have expected." Jan Mohammed, an adviser to Karzai and former provincial governor, is more blunt. "Kindness will not help him. If Karzai does not get stronger, it will be difficult for him to run the country."

Karzai isn't naturally imposing. In person, his slight frame, drawn countenance and trimmed white beard make him look a decade older than his 48 years. "If I adopt a style of not consulting, and of doing it alone, the country will not have the kind of harmony it has today," he says. "My problem is perhaps that I'm too much of a democrat for this time of the country's life. If you need a dictator, then go to the Afghan people. Let them elect a dictator. I am not one of those." Of course, what Karzai and his Western benefactors know is that the alternative to a democratically elected Afghan leader isn't despotism--it's all-out anarchy. "If Karzai isn't there," says Jamil Karzai, a member of parliament and second cousin of the President, "forget about democracy. Forget about human rights. Forget about Afghanistan." The dilemma is that even if Karzai is the wrong man for the job, he is also the only one who can do it.

Karzai says, "What the world should see is the desire of the Afghan people, not the problems we have along the way." A first-time visitor to Kabul is struck by the relative normality of the place, the absence of the barbed wire, blast walls and paranoia that have become familiar in Baghdad. The roads bustle with traffic--the number of cars in Kabul has tripled since the fall of the Taliban in 2001. Garish new building projects loom over some of Kabul's oldest, poorest slums, dramatizing the extent to which the country is beginning to emerge from decades of underdevelopment. A late-afternoon walk through Shar-i-Naw Park offers a glimpse of the country's transformation: while Afghan boys play volleyball and girls mingle uncovered by burqas, local men gather with a member of parliament to voice complaints about the government. Although small-bore, all of those activities happen every day; none were tolerated by the Taliban.

So much for the good news. Venture outside Kabul, and the reality of the country's blight becomes overwhelming. Sixty percent of the country is still without electricity, 80% without potable water. Unemployment hovers around 40%. The absence of credible police and consistent government services in rural areas has created vacuums that are being filled by an array of antigovernment forces: Islamists in the south, '80s-era warlords in the west and drug runners in the north. Meanwhile, the fighting between coalition troops and the Taliban has halted new reconstruction projects and undermined the impact of finished ones. Only half the aid pledged to the country since 2001 has been distributed, and violence has rendered the road from Kabul to Kandahar--until now, the U.S.'s biggest reconstruction success--impassable.

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The 20,000 U.S. troops that have until now been largely focused on hunting al-Qaeda are turning toward nation building. Not a week goes by without the launch of a new school, road, medical clinic or water project, but those successes are overshadowed by reports of schools burning and teachers being assassinated.

Few Afghans blame Karzai for the rise of the insurgency. They're more likely to share his view that culpability for the Taliban's resurgence lies with Pakistan, for harboring the movement's leaders (a charge Pakistan denies), and with the U.S., for not committing sufficient troops to fight them. In a visit to Kabul last week, Pakistani President Pervez Musharraf vowed to do more to curb the support the insurgents receive from their brethren, but Karzai has yet to be convinced. "That is what I want the international community to focus on," he says.

However, ordinary Afghans do criticize Karzai and his government for failing to improve anything else. The most common complaint is the pervasiveness of official corruption. Karzai says he has addressed the problem by appointing a new attorney general and a chief justice, but no one expects results. Electrician Shapoor Malik Zada, 42, says he doesn't have electricity in his house because he refused to pay the $140 in extra "fees" to hook up his connection a few months ago. Now, he says, a standard bribe runs $600. (The average annual income is about $300 per capita.) Another man, Samiullah, 24, says the price for obtaining a driver's license has doubled in the past two months. "Now that the government says it is fighting corruption," he says, "everyone is trying to get as much money as they can."

It's debatable whether Karzai deserves blame for such abuses, since low-level graft has been a fact of life in Afghanistan, as in most poor countries, for decades. But it's indisputable that Karzai has been slow to expel corrupt government officials, nor has he taken on the warlords, many of whom helped overthrow the Taliban but also have records of drug trafficking and human-rights abuses. Far from being sidelined in the new Afghanistan, militia leaders have won seats in parliament and landed jobs in the Presidential Palace. Human-rights commissioner Nadery says the government's coddling of widely loathed strongmen is fueling resentment that the Taliban has managed to exploit. "There's a strong relationship between this policy of accommodating bad guys and the increase in the insurgency," he says. "In places like Kandahar, I see huge differences from what I saw a year ago. Last year we had the active support of the tribal leaders against the Taliban. But now they see the kind of people in power, and they've become convinced that the government won't help them either."

Karzai vigorously defends his decision to work with the warlords. "They have done a service to their country," he says. "We can't shun those who have served this country and throw them into nothing. That will bring us into another form of instability. My job here is to try to move forward, keeping this very delicate jar of the Afghan peace process and reconstruction and institution building in my hands, through troubled waters ... Along the way I may have to do things that some in the international community may not like. But I have my Afghan judgment, and that is what I use."

Those who have worked with Karzai say he can be generous to a fault with other Afghans, answering his own phones and holding listening sessions with dozens of tribal leaders in the palace every day. But those meetings often come at the expense of serious policy analysis, and Afghans and Western officials say Karzai's avuncular, consensus-building approach is ill suited to a time when what the country needs most is decisive action--not just against the Taliban and the drug lords but also against unaccountable, rogue officials who are undermining faith in the country's nascent democracy. "He does move too slowly," says a Western official in Kabul. "He is a ditherer. He's not always wrong, and he is doing better ... It's not like things aren't happening." The official adds, "But we still have a national government without broad-based institutions of governance across the country. So this is going to be really hard and slow."

Even those critical of Karzai sympathize with the demands he faces: working 14-hour days, he hasn't taken a vacation in five years. Karzai's burdens are compounded by his isolation. He rarely leaves his compound, although he says he recently slipped out of the palace in an unmarked car to press the flesh in Kabul. For all his ebullience, he can't help sounding weary from having to shoulder so much of the responsibility, and the blame, for Afghanistan's turbulent rebirth. "Our expectations were too high. My own expectations were too high," he says. "We came, we thought the neighbors were going to be good with us, that terrorism was gone, that everybody was cooperating, that the little politics around the region were no longer there to sabotage the process." Karzai adds, "You can't imagine how dispirited this country was. How miserable it had become. Unbelievable. When you go to the country, to the mountains where I was fighting the Taliban, I came across families and people who had nothing on earth. Nothing. We have to provide them a better life."

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The next Afghan presidential election is in 2009, and Karzai has said he doesn't plan to run again. But he hedged on that vow at the end of our interview. "If there is an alternative three years from now that I can be comfortable with, who is patriotic, good and deserves to be elected, I would definitely quit in his favor." That's hard to imagine, both because of Karzai's ambitions and because the country's survival depends on the international support that only Karzai can guarantee. But sooner or later, both will run out. Karzai's biggest test, and his country's, will come when he is gone.

Tensions Spike As Georgia Alleges Coup (CSM)

By Daria Vaisman And Fred Weir

The Christian Science Monitor, September 11, 2006

TBILISI, GEORGIA; AND MOSCOW

Tensions ratcheted up between Russia and Georgia following a successful Georgian military offensive against a pro-Russian separatist rebellion in the remote Kodori Gorge in July - and they are soaring again with last week's sensational allegations of a Moscow-backed coup d'état planned to overthrow President Mikhael Saakashvili.

Georgian security forces last week rounded up about 30 opposition leaders and charged 14 of them with treason in a purported plan to stage disturbances in Tbilisi, leading to an opposition seizure of power.

Most of those arrested were officials of the pro-Moscow Justice Party, whose leader, former Georgian KGB chief Igor Giorgadze, is reportedly hiding in Russia. Others were activists of the opposition Conservative Monarchists and of the Anti-Soros Movement, a coalition of groups that accuses billionaire George Soros of "interfering" in Georgian politics by funding pro-Western nongovernmental organizations and think tanks.

Mr. Saakashvili, who himself came to power on a wave of mass unrest in 2003's pro-democracy "Rose Revolution," suggested that the Kremlin stood behind the alleged coup plotters. "Certain forces in Russia decided that this autumn is the last time when it is still possible to stop the process of Georgia's formation," Saakashvili said. "Their ... hope was that local collaborators would help them. But this scenario has failed."

Russia has denied any involvement. Breakaway statelets fuel deadly feud

It's just the latest chapter in a deadly chess game - played out on Georgian soil - between Moscow and successive Georgian leaders who've sought to loosen traditional ties with Russia and move closer to the West. In the early 1990s, Russia backed the violent emergence of two separatist statelets, South Ossetia and Abkhazia, to keep pressure on Georgia, experts say. Former Soviet foreign minister Eduard Shevardnadze, who ran Georgia from 1992 to 2003, walked a cautious line between Russia and the West. But Saakashvili, a US-trained lawyer, has pledged to reunite his nation and lead it into NATO before his term expires in 2009.

In a recent speech, Saakashvili acknowledged that this might lead to conflict with Russia. "Moscow has very firmly expressed its policy in respect to Georgia. I want to believe that this is the policy of only one part of the Russian authorities - and this policy is very simple: not to let Georgia become strong and not to let Georgia restore its territorial integrity," he said.

The danger of war with Russia was on full display when Georgia moved this summer to crush a local warlord, Emzar Kvitsiani, who was threatening to move his tiny fiefdom in the rugged Kodori Gorge away from central government control and into the arms of separatist forces in Abkhazia. In late July, Mr. Kvitsiani announced he would take up arms against the central Georgian government. Kvitsiani's paramilitary group, called Mondaire, or Hunter, was officially disbanded by Minister of Defense Irakli Okruashvili more than a year ago. A stronger show for Georgia's military

Saakashvili ordered his ministers of interior and defense to lead an operation deep into the tight gorge, disbanding Mondaire, though failing to capture Kvitsiani. Journalists were prevented from entering the gorge and camped out in a nearby village, unable to make telephone calls after the government cut the lines.

Still, successful seizure of the district is widely seen as a key step for the Georgian military, which has been remaking itself, with US assistance, after being defeated by Abkhazia and South Ossetia's separatist armies more than 10 years ago.

"It's not about the Kodori Gorge. It's about the success of the Georgian state," said Parliamentary Deputy Chairman of Defense Nick Rurua. Part of Georgia's Svaneti region, the gorge is virtually inaccessible for four months of the year when snows block the mountain passes, and has traditionally been seen as a zone of lawlessness and tribal rule.

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But Georgia's Kodori operation was viewed with deep alarm by Russia, whose armed peacekeepers police the region under a 1994 cease-fire accord. At the height of the crisis, Moscow sent 6,000 special alpine troops to hold "exercises" nearby and the Russian Foreign Ministry warned in a statement that, "this area borders directly on Russian territory, and what is going on there affects the security of the Russian Federation." Russian officials have repeatedly said that Moscow will intervene "to protect Russian citizens" if Georgia moves militarily against South Ossetia or Abkhazia. Experts say about 90 percent of the population in both statelets have been issued Russian passports.

Occupation of the Kodori Gorge, which makes up 17 percent of Abkhazian territory, brings Georgian forces much closer to the Abkhaz capital of Sukhumi. The Abkhaz separatist government and Russia claim that Georgia has violated the cease-fire pact, which forbids the use of military troops in the conflict zone. But Georgia claims the Kodori invasion was a "police action." Abkhaz leaders warn that they, too, might turn to military action. "Countermeasures will be tough," said Abkhaz president Sergei Bagapsh.

Georgia has since installed a shadow Abkhazian government, housed in Tbilisi.

Fighting has also flared around South Ossetia. Last month, Ossetian gunners nearly brought down a helicopter carrying Georgian Defense Minister Okruashvili, while forces of the two sides clashed last week near Tskhinvali, South Ossetia's capital, killing four people.

But for now, the impact of the Kodori siege is most visible at home. In recent months, Georgians have been swept by a resurgent nationalism. But some experts worry that Saakashvili may be moving too quickly to end Georgia's multiple separatist threats and cement the country's pro-Western course. "There is a Russian expression that talks about the hangover of success," says Georgian Open Society Institute chief Dato Darchiashvili. "That is what I am afraid of here."

Bolivia 'Close' To Split After Violence, Eastern Strike (WT)

By Martin Arostegui

The Washington Times, September 11, 2006

SANTA CRUZ, Bolivia -- Racial and economic tensions tearing at the social fabric of Bolivia have been laid bare by a general strike on Friday that sparked violent clashes and paralyzed the eastern half of the country.

"We are very close to a separation of the two regions of Bolivia," said Ruben Dario Cuellar, a deputy for the conservative Podemos party, which accuses President Evo Morales of trying to force through a new constitution that would institutionalize an indigenous socialist state.

All commerce and transport halted during the daylong work stoppage called by opposition leaders and regional governors in the four eastern provinces that produce 60 percent of Bolivia's economic output.

Pro-government groups trying to break the strike clashed in several eastern cities with members of civic and militant youth organizations that favor regional independence for Bolivia's wealthiest provinces.

Mr. Morales accused his opponents of seeking to "sabotage" the constituent assembly in which his Movement to Socialism (MAS) party has a majority of delegates. He also called the strike "racist" and said the opposition wanted to "humiliate the original indigenous people of Bolivia."

But Mr. Cuellar said the country is "divided between two visions. The west wants to take us back a thousand years to a savage primitivism while the east wants to move toward the future through a culture of free enterprise."

MAS scored barely a quarter of votes in Santa Cruz, Beni, Tarija and Pando during recent balloting, in which the four eastern departments voted overwhelmingly for regional autonomy.

Mountainous western Bolivia strongly backed the central government, but fell short of delivering the two-thirds majority required to force constitutional changes that would restrict private enterprise and empower a peasant-controlled "council of original peoples."

The assembly fell apart when opposition leaders protested rulings by MAS Assembly President Sylvia Lazarte, a Quechua coca farmer, that would allow key clauses to be approved by a simple majority.

The conflict is also marked by racial animosities. Eastern lowland "cambas" are a mix of European whites and Guarani Indians. The western Andean region is mainly composed of Quechua and Aymara Indians.

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Santa Cruz civic leader German Antelo warned at a weekend press conference that the opposition will adopt "further measures" if the government does not give in to regional demands.

"They have until Thursday to agree to our conditions for restoring two-thirds majority and recognize regional autonomy," he said.

The coordinator of civic committees, Mariano Aguilera, says that eastern Bolivia is going to hold its own constitutional assembly.

"If they want their Aymara nation in the west, let them have it. We can write our own constitution here in the east," he said.

S. Africa Refocuses AIDS Program (WP/AP)

By Terry Leonard

The Washington Post, September 11, 2006

JOHANNESBURG, Sept. 10 -- South Africa's government has scaled back the influence of its minister for AIDS policy, pilloried for questioning the effectiveness of antiretroviral drug treatments and promoting beetroot, garlic and African potatoes as ways to fight AIDS.

A group of international scientists called last week for the health minister, Manto Tshabalala-Msimang, nicknamed "Dr. Beetroot," to be fired, and they labeled South Africa's program "inefficient and immoral."

Government spokesman Themba Maseko defended the minister but said Friday that the cabinet had appointed a committee headed by Deputy President Phumzilie Mlambo-Ngcuka to oversee the implementation of the country's AIDS program.

"We need to shift focus from saying the problem in the program is the minister of health," Maseko said.

In an open letter to President Thabo Mbeki on Wednesday, 81 international AIDS scientists said the health minister was an embarrassment to South Africa, had undermined HIV science and lacked international respect.

The scientists included American Nobel laureate David Baltimore and Robert Gallo, a co-discoverer of the virus that causes AIDS and developer of the first HIV blood test. The group called for an end to South Africa's "disastrous, pseudoscientific policies" and urged Mbeki to remove the health minister immediately.

With the letter, the scientists joined mounting calls by AIDS activists and opposition parties for the president to fire Tshabalala-Msimang.

South Africa has an estimated 5.5 million people infected with HIV, a number second only to India and one that amounts to about an eighth of estimated cases worldwide. On average, more than 900 people die of the disease each day in South Africa. The government said Thursday that the adult death rate had climbed significantly over a seven-year period, largely because of AIDS.

Mbeki previously has expressed doubts about the connection between HIV and AIDS, and along with Tshabalala-Msimang has questioned the effectiveness of antiretroviral drugs in treating the disease.

Tshabalala-Msimang's office said in a statement Friday that there was a campaign aimed at deliberately misrepresenting the government's program to fight the disease.

The government estimates it treats 140,000 people with antiretroviral drugs.

Beijing Is Cracking Down On Foreign-Media Access (WSJ)

By Andrew Browne

The Wall Street Journal, September 11, 2006

Stricter Curbs Give Xinhua More Control Over Financial News

BEIJING -- China's government issued sweeping restrictions on foreign news in China yesterday as it also moved to bar international financial-information companies from selling directly to Chinese customers.

The restrictions, announced by China's official Xinhua news agency, make it illegal to distribute articles that "undermine China's national unity, sovereignty and territorial integrity" and that "endanger China's national security, reputation and interests."

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They also place curbs on access to a multimillion-dollar financial-information market for companies such as Reuters Group PLC and Bloomberg LP, which currently sell directly to Chinese banks, brokerage firms and corporations. Chinese traders rely on this information to buy and sell financial products in global markets.

The new rules appear to nullify a hard-fought agreement reached between U.S. and Chinese officials a decade ago that gave foreign financial-information companies direct access to the China market.

Under the new rules, Reuters and other companies will have to sell their products through the China Economic Information Service, an agency appointed by Xinhua, according to an official at Xinhua's Foreign Information Administration Center. The rules take effect immediately.

The new restrictions are part of a broader crackdown on the media under the administration of President Hu Jintao. Independent-minded editors and journalists have been fired for pushing the limits of press freedom by publishing news articles that go beyond the stodgy fare offered by Xinhua, which openly describes itself as the "mouth and throat" of the Communist Party.

Xinhua has long claimed a monopoly over the distribution of general news in China covering areas such as politics, natural disasters, social developments and sport. It insists that foreign news agencies, such as the Associated Press and Agence France Presse can't sell general news or news pictures directly to the Chinese media.

Chinese media are required to use Xinhua articles as the benchmark for reporting on sensitive political issues, including accounts of natural and man-made disasters

However, foreign media companies have been allowed to sell financial products in China by registering themselves and their clients with Xinhua. That will now change, according to the official from the Foreign Information Administration Center, which was set up to register foreign financial-news vendors and monitor their output under the 1996 regulations.

The official described the information service as a commercial enterprise with no links to Xinhua. Asked whether the service would take fees or make other demands, the official said "it's up to them [foreign companies] to negotiate."

Simon Walker, a Reuters spokesman in London, said that Reuters is studying the measures and intends to discuss the details with Xinhua but couldn't comment further.

Reuters is the dominant supplier of international financial information in China. Bloomberg has growing business in the country, too. Bloomberg didn't immediately return a call seeking comment.

According to people close to the situation, Reuters may be potentially vulnerable because its news and financial data are mixed together in products delivered by electronic screens. Some of that news includes content that China may regard as politically sensitive. Recently, Reuters was forced to pull a Chinese-language channel from its screens after pressure from the Foreign Information Administration Center, which complained that it contained sensitive news from Taiwan and Hong Kong newspapers, according to these people.

Dow Jones & Co. was formerly a large player in the financial-data market through Telerate, a subsidiary that it sold. Dow Jones is registered with the Foreign Information Administration Center as a financial-news vendor.

Joe Spitzer, a Dow Jones spokesman, said he had no immediate comment. In addition to The Wall Street Journal and its international and online editions and other publications, Dow Jones publishes Dow Jones Newswires, Dow Jones Indexes and MarketWatch and is co-owner with Reuters of Factiva. Reuters and Bloomberg also distribute Dow Jones Newswires.

The official from the Foreign Information Administration Center said the new rules were aimed at protecting the intellectual-property rights of foreign financial information vendors. "We hope this will not be misinterpreted," the official said, maintaining that because such information is being pirated around the country, creating a single channel to distribute it will bring order to the market.

The new rules supersede a set of regulations governing the distribution of foreign financial news and information announced in 1996. At that time, Xinhua sought to muscle in on the rapidly growing financial-information market by demanding the right to set prices charged by foreign suppliers, share their revenue, vet their information output and gain access to their technical secrets.

Xinhua's demands became an irritant in trade relations between China and the U.S. and European Union, which saw it as a test of China's readiness to open its markets and join the World Trade Organization.

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After talks between U.S. and Chinese officials, China eventually backed down. Foreign suppliers were allowed to continue selling financial information directly, albeit after registering with Xinhua. The Chinese news agency was given the right to monitor their news but didn't get any of their revenue. China joined the WTO in 2001.

However, Xinhua hasn't abandoned its efforts to grab market share in the financial-information business -- an aspiration that potentially sets up a conflict of interest under WTO rules between its role as government regulator and a market player.

In a recent speech carried by a Xinhua-owned magazine, Xinhua President Tian Congming said that the news agency's goal was to dislodge Reuters in the China market. He said Xinhua had carried out a study of Reuters products, printing out a week of its output, to "see what we can learn, what can be substituted. He added that Xinhua's goal was to "replace the competition."

China's demand for international financial information has exploded as it integrates more with the global economy. Its stash of foreign-exchange reserves, which are about to top $1 trillion, is the world's largest. Its banks are among the biggest in the world, and several are listed on the Hong Kong stock exchange. This year, Chinese savers were allowed for the first time to invest in overseas stock and bond markets -- boosting demand in China for news about international markets.

Chinese bank traders are active in the world's $2 trillion-a-day foreign-exchange market, and they increasingly participate in complex derivative markets. Reuters and Bloomberg not only supply key data and trading systems but also products to help Chinese banks manage their financial risks.

The regulations also cover news and information supplied by Hong Kong and Taiwan companies, but don't represent an effort to control information sold into their markets.

--Gren Manuel in London contributed to this article.

Write to Andrew Browne at andrew.browne@wsj.com1

Gas Bill For German Firms, New Emission Caps Roil Landscape (WSJ)

By Jeffrey Ball

The Wall Street Journal, September 11, 2006

NIEDERAUSSEM, Germany -- Last year, to help combat global warming, Europe started charging industry for the right to spew hot air. For the first time on such a scale, governments slapped limits on the carbon-dioxide emissions of power plants, steelworks and other factories. Companies exceeding the caps have to buy CO2 "allowances" that trade on a European market.

Because CO2 emissions now carry a cost, Germany's largest utility, RWE AG, is spending to improve the efficiency of its aging coal-fired power plants, including its biggest power station here in the country's industrial heartland.

Carbon dioxide also is padding the profits of RWE and other utilities, because they have been able to raise electricity rates to more than cover the new costs. Manufacturers that use a lot of juice are fuming. "The utilities get a huge amount of windfall profits, and the energy users get windfall costs," complains Markus Weber, a manager responsible for CO2-allowance trading at steelmaker ThyssenKrupp AG.

Germany's experience with Europe's new emissions constraints holds important lessons for countries that want to curb emissions of CO2, a product of fossil-fuel combustion that contributes to global warming. In Germany, the caps are starting to have their intended environmental effect: They are prodding industry to burn fossil fuels more efficiently.

At the same time, the new rules have upset the business status quo. Industries battled hard to bend the rules in their favor, creating new winners and losers. The winners include utilities that can charge higher rates and profit from trading allowances -- permits that give companies the right to emit carbon dioxide -- at opportune moments. Losers include energy-intensive manufacturers.

Although the U.S., the world's biggest emitter of CO2, has rejected the Kyoto Protocol, many U.S. business leaders say it is only a matter of time before the country imposes some sort of carbon constraint. Earlier this year, Congress discussed how such a nationwide cap might be structured. Last month, California passed a law that will impose the U.S.'s first cap on global-warming emissions. Now the state has to figure out how to put that mandate into practice.

Europe's caps have their roots in Kyoto, which requires ratifying industrialized countries to cut annual global-warming emissions a collective 5% by 2012. To prepare, the European Union decided to run a road test ending in 2007, levying caps on

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utilities and energy-intensive industries such as steel, cement and paper, which account for roughly half the EU's total emissions. Each European country was allowed to pick its own emissions-reduction target, which then had to pass muster with the EU.

Biggest Chunk

Germany, which accounts for the biggest chunk of emissions covered by the European Union mandate, has pledged a Kyoto-related emissions cut of 21%. Its pledge under the EU experiment is far smaller: The 1,849 facilities covered by the caps have to cut more-recent emissions by 0.4%. Scientists generally agree that neither Kyoto nor the EU experiment, both of which are considered first steps only, is enough to meaningfully curb global warming.

In Germany, companies scrambled to shape the rules to their benefit. Coal-dependent utilities protested government proposals that would have encouraged gas-fired power stations. (Burning coal to produce electricity emits about double the amount of CO2 as is produced from burning gas.) The utilities largely won the battle, helped by support from Germany's then-economics minister, who hailed from a coal-rich region.

After pressure from manufacturers, Germany also scaled back emissions cuts required of companies who emit most of their CO2 in the course of making things, rather than from burning fuel. One byproduct of the steelmaking process, for example, is an industrial gas that is about half CO2. In their lobbying, some industries threatened to relocate to countries without emission constraints. When it was over, Germany's CO2 plan contained 58 combinations of emissions rules from which companies could pick and choose.

Each allowance entitles its holder to emit one ton of CO2. The price of the allowance is set on several exchanges around Europe; one is in the German city of Leipzig. The actual buying and selling is done by hundreds of traders sitting at computer screens. The market's most active players are utilities, many of which have hired specialized traders. Bankers and independent brokers also trade, both speculatively and on behalf of corporate clients.

Throughout 2005 and early 2006, the price of European CO2 allowances rose amid speculation that industry was having a tough time complying with the caps, suggesting companies would need to buy more. In April, European countries began disclosing that their capped industries had emitted less CO2 than permitted under their 2005 allowances. The price of CO2 plummeted. In mid-May, the EU confirmed that the EU as a whole ended 2005 with allowances to spare. The biggest surplus was in Germany.

One cause of the surplus was the rules allowing big emitters to snag relatively permissive CO2 allocations, the German government says. Another factor was real energy-efficiency improvements.

"Emissions trading is working," says Franzjosef Schafhausen, an environment ministry official who oversees the country's CO2-trading program. Companies "are thinking about possibilities to reduce their CO2 emissions."

One such company is the municipal utility in Würzburg, a city of about 100,000 people about an hour's drive southeast of Frankfurt. The utility's main power plant was built in 1954. In 2002, it faced a choice: Modernize the plant to reduce production costs or shut down its generators and buy power from the grid.

Though the details of Germany's CO2 cap had yet to be worked out, "we could assume it would be an advantage" to improve the plant's efficiency, and that "it would be a disadvantage if we did nothing," recalls Armin Lewetz, head of the utility's power-generation company.

In 2003, the utility began switching its coal-fired boilers to gas-fired models. The project cost about €45 million ($57 million), nearly half of which will be defrayed by a German government subsidy.

The plant received 319,000 annual CO2 allowances for 2005, based on its prior life as a coal burner. Because of the switch, it emitted just 267,000 tons of CO2. It sold the extra 52,000 allowances, plus several thousand allowances for 2006, on the European market for a profit of about €1.5 million.

Würzburg's gas-fired equipment produces more electricity than the coal-fired plant, which means it can sell more electricity to the grid. It also is selling power at higher rates.

Utilities across the country have raised prices to reflect additional costs they have incurred -- for example, from buying extra CO2 allowances. They also can turn a profit from the initial allowances they received from the government, thanks to an accounting move: Even though the allowances are free, the utilities incorporate the value into the price of electricity.

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"It doesn't matter if you get it free or not," says Ralf Schäfer, vice president for legal and compliance issues at the trading unit of RWE, the nation's biggest utility. "It becomes part of your production cost."

That has manufacturers such as ThyssenKrupp seething. ThyssenKrupp's economic heart is the steelmaking complex in Duisburg, a company town at the confluence of the Ruhr and the Rhine rivers in western Germany. It sprawls across more than three square miles, comprising four blast furnaces and two steel mills.

Inside the factory, molten metal flows and orange sparks fly in a process whose basic steps haven't changed much in a century. This is the world's second-biggest steel plant, cranking out more than 11 million tons of steel a year. It is sold far beyond Europe, which means ThyssenKrupp faces competitors in countries that haven't imposed CO2 caps, including South Korea, home to the world's biggest steel plant.

ThyssenKrupp's Mr. Weber says wholesale electricity rates in Germany have risen 25% to 60% in the past few years. ThyssenKrupp blames the run-up largely on the actions of a few dominant utilities.

A German energy-market regulator has said it is investigating whether utilities abused their market power to raise electricity rates. That inquiry hasn't reached a conclusion. The German government already has said it will impose tougher emission-reduction requirements on utilities starting in 2008. In a report, it justified the move because power plants "are seen to be generating 'windfall profits' as operators are taking into account the value of emissions allowances allocated free of charge when establishing their product prices."

ThyssenKrupp faces its own CO2 cap under the German rules. The company says there isn't much it can do to reduce its emissions, most of which come from the chemical process by which steel is produced, Mr. Weber says. Though the steel industry has chipped away at those "process emissions" over the years, "there's a limit that you can't go below, and we are getting closer to that limit," Mr. Weber says.

Looking Abroad

So ThyssenKrupp is looking abroad for help in meeting its CO2 obligation. A unit of the company is selling equipment to three South Korean chemical plants that will reduce their emissions of nitrous oxide, a greenhouse gas believed to be more dangerous to the atmosphere than CO2. Under the EU cap-and-trade program, such projects produce credits that companies like ThyssenKrupp can buy to offset their emissions back home.

An hour's drive south of Duisburg is a triangular swath of countryside dominated by another German industrial giant: RWE. The company is here because of what sits just below the ground: massive quantities of a soft, wet coal called lignite.

Spread across this roughly 120-square-mile triangle is a soup-to-nuts operation that powers a good chunk of the German economy. It comprises three strip mines, four massive power plants and an RWE railroad.

Last year, these plants burned about 90 million tons of lignite, cranking out 13% of all the electricity generated in Germany. They also emitted about 90 million tons of CO2, or about 10% of Germany's total. Lignite is among the most CO2-intensive types of coal.

Many environmental advocates hope the CO2 caps will force power companies to replace lignite with cleaner-burning fuels. Not RWE.

Lignite "is our holding in the bank," says Theo Tippkötter, the coordinator of RWE's lignite power stations, standing at the Niederaussem plant. "We have the whole supply chain in our hands."

RWE denies ThyssenKrupp's assertion that German utilities have inappropriately exploited CO2 to raise prices. They say market prices have risen naturally because of the caps, other government mandates and higher fuel prices. Mr. Schäfer, the RWE trading official, says companies that use large amounts of electricity could have protected themselves by negotiating long-term contracts.

"We offered them hedges but they didn't hedge with us," Mr. Schäfer says. "You can't have the cake and eat it too."

RWE, for its part, coughed out slightly more CO2 last year than it was given allowances to emit. It is scrambling to burn its lignite more efficiently. Just before the caps took effect, RWE decided to invest about €150 million to improve a lignite plant in the village of Weisweiler, about 25 miles from Niederaussem. The company is bolting onto two lignite-fired power units contraptions called "topping-gas turbines" -- essentially turbo-chargers powered by natural gas that boosts the plant's electrical output at a lower rate of CO2 emissions.

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At the Niederaussem plant, RWE plans to replace blades in two turbines with new, three-dimensional ones that use less energy. Refurbishing the turbines, along with other improvements, will cost about €117 million, Mr. Tippkötter says. Without the CO2 caps, the project would have taken eight to 10 years to pay off. Now, the project may pay off in as little as two years, depending on the market price of CO2.

The CO2 limits have become part of daily business. In April, when European CO2 prices peaked, an RWE manager told the Niederaussem operators to shut down the plant's two oldest, and least-efficient, units. The price surge meant they no longer were profitable to run.

Within days, the market price of CO2 fell back, and the Niederaussem plant got the go-ahead to restart the units.

"We have a clear signal," says Joachim Löchte, a manager responsible for environmental affairs at RWE. "There will be a carbon-constrained world."

Three Weeks To Save Darfur (NYT)

The New York Times, September 11, 2006

Last month the United Nations Security Council passed a resolution authorizing the creation of a peacekeeping force to intervene in Darfur. But it had a big catch. These troops can be deployed only with the consent of Sudan's government, which in effect allows the regime responsible for this genocide to decide whether or not the killings will continue.

Clearly, that cannot be the end of the discussion. The next step is for leading governments, including Washington, to apply maximum political pressure on Sudan, all the countries that support it (including China) and all the nations that could help sway it from its current course. The Bush administration needs to couple its tough talk on Darfur with some focused, high-level diplomacy. This would be a good time for President Bush to name a special envoy for Darfur. To make clear that the full weight of the administration is behind the new envoy, Mr. Bush and Secretary of State Condoleezza Rice should call officials in Sudan, China and Russia, as well as in powerful African countries like South Africa and Nigeria. Similar efforts should be made by leaders of the European Union.

At the end of this month, African Union forces, the only peacekeepers in Darfur, are scheduled to go home. That will leave the field open to President Omar Hassan al-Bashir and his army to resume the killing, which they have given every indication of doing. That gives the rest of the world only three weeks to avoid a worsening tragedy.

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